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PROCEEDINGS AND DEBATES OF THE 87th CONGRESS, SECOND SESSION

SENATE

SATURDAY, JUNE 23, 1962

The Senate met at 10 o'clock a.m., and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O Thou Master of all good workmen, who dost accomplish Thy purposes on the earth through Thy servants who make Thy will their own: For all such who from their labors rest, who Thy name before the world confessed—Hallelujah.

Once more in this Chamber, in all the strife of tongues, a voice is hushed. Again, as a session here is called to order, there sounds in our ears, out of the silence, the solemn reminder: "In the midst of life, we are in death."

We pause with a sense of personal grief and with the poignant consciousness that a voice which rang out so passionately within these walls but a few hours ago is silent now, as suddenly an honored Member of this body has laid down his burdens of public service, with his stewardship of world responsibility well performed. Gazing at the empty seat of our friend and colleague, Francis Case, we think with admiration of his ethical integrity as his strict and sensitive conscience, molded in the dedication of church parsonages, was never betrayed or even lured by the sirens of expediency.

And now, as we pray for Thy sustaining grace upon those who were nearest and dearest to our brother who answers no longer to his name here, may they and we be comforted and inspired by the record he has left, that—

E'en as he trod that day to God,
So walked he from his birth:
In simpleness and gentleness
And honor and clean mirth.

In the name of the risen Redeemer, who declares, "Because I live, ye, too, shall live." Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, June 22, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Ratchford, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, communicated to the Senate the resolutions of the House adopted as a tribute to the memory of Hon. Francis Case, late a Senator from the State of South Dakota.

The message announced that the House had passed, without amendment, the following bill and joint resolution of the Senate:

S. 3266. An act to amend section 2 of the act entitled "An act to create a Library of Congress Trust Fund Board, and for other purposes," approved March 3, 1925, as amended (2 U.S.C. 158), relating to deposits with the Treasurer of the United States of gifts and bequests to the Library of Congress and to raise the statutory limitation provided for in that section; and

S.J. Res. 192. Joint resolution providing for the filling of a vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress.

The message also announced that the House had passed the bill (S. 3025) to supplement certain provisions of Federal law incorporating the Texas & Pacific Railway Co. in order to give certain additional authority to such company, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 11643. An act to amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates;

H.R. 11670. An act to postpone by 3 months the date on or before which the Securities and Exchange Commission shall report to the Congress the results of its study and investigation pursuant to section 19(d) of the Securities Exchange Act of 1934, and for other purposes; and

H.R. 12037. An act to authorize the loan of naval vessels to friendly foreign countries and the extension of certain naval vessel loans now in existence.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H.R. 11643. An act to amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates; to the Committee on Commerce.

H.R. 11670. An act to postpone by 3 months the date on or before which the Securities and Exchange Commission shall report to the Congress the results of its study and investigation pursuant to section 19(d) of the Securities Exchange Act of 1934, and for other purposes; to the Committee on Banking and Currency.

H.R. 12037. An act to authorize the loan of naval vessels to friendly foreign countries and the extension of certain naval vessel loans now in existence; to the Committee on Armed Services.

REPORTS OF COMMITTEES SUBMITTED DURING ADJOURNMENT

Pursuant to the order of the Senate of January 15, 1962,

Mr. HOLLAND, from the Committee on Appropriations, reported favorably, with amendments, on June 22, 1962, the joint resolution (H.J. Res. 745) making supplemental appropriations for the fiscal year 1962, and submitted a report (No. 1617) thereon, which was printed.

Pursuant to the order of the Senate of June 22, 1962,

Mr. BYRD of Virginia, from the Committee on Finance, reported favorably, with amendments, on June 22, 1962, the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, and for other purposes, and submitted a report (No. 1616) thereon, which was printed.

TRANSACTION OF ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT ON REVIEW OF SELECTED ASPECTS OF AWARDS BY GENERAL SERVICES ADMINISTRATION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of selected aspects of awards by General Services Administration and administration by certain using agencies of contracts for rental of electronic data processing equipment, dated June 1962 (with an accompanying report); to the Committee on Government Operations.

Amendment of Sections 281 and 344 of Immigration and Nationality Act

A letter from the Attorney General, transmitting a draft of proposed legislation to amend sections 281 and 344 of the Immigration and Nationality Act (with accompanying papers); to the Committee on the Judiciary.

Report on Tort Claims Paid by Department of the Interior

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a report on tort claims paid by that Department, during the fiscal year 1961 (with an accompanying report); to the Committee on the Judiciary.

Report of Board of Actuaries of Civil Service Retirement System

A letter from the Chairman, U.S. Civil Service Commission, transmitting, pursuant to law, a report of the Board of Actuaries of the Civil Service Retirement System, for the fiscal year ended June 30, 1961 (with an accompanying report); to the Committee on Post Office and Civil Service.

Disposition of Executive Papers

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a report of the Archivist of the United States on a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. Johnston and Mr. Carlson members of the committee on the part of the Senate.

FEDERAL INCOME TAX ON INTEREST DERIVED FROM PUBLIC BONDS—RESOLUTION

The VICE PRESIDENT laid before the Senate a resolution adopted by the City Council of the City of South San Francisco, protesting against the imposition of a Federal income tax on income derived from public bonds, which was referred to the Committee on the Judiciary.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. METCALF, from the Committee on Interior and Insular Affairs, with an amendment:

S. 1912. A bill to increase the appropriation authorization for the completion of the construction of the irrigation and power systems of the Flathead Indian irrigation project, Montana (Rept. No. 1618).

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, with an amendment:

H.R. 3840. An act to provide for the conveyance of certain real property of the United States to the Carolina Power & Light Co. (Rept. No. 1619).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMITH of Massachusetts:

S. 3462. A bill for the relief of Jose De Oliveira Gamellas; to the Committee on the Judiciary.

By Mr. COTTON (by request):

S. 3463. A bill to provide for the case of inability of the President or Vice President or interim successor; to the Committee on the Judiciary.

By Mr. HILL:

S. 3464. A bill to change the name of the Memphis lock and dam on the Tombigbee River near Aliceville, Ala.; to the Committee on Public Works.

By Mr. HUMPHREY:

S. 3465. A bill for the relief of Dr. Alex P. Avestruz, his wife, Dr. Nerissa L. Avestruz, and their children, Alex P. Avestruz, Jr., and Alner Avestruz; and

S. 3466. A bill for the relief of Dr. Mustaffa Muharrem Aksoy; to the Committee on the Judiciary.

FUNERAL EXPENSES OF THE LATE SENATOR FRANCIS CASE OF SOUTH DAKOTA

Mr. MUNDT. Mr. President, after consultation with the majority leadership, I submit a resolution, in connection with the death of Senator Case of South Dakota, and ask for its immediate consideration.

The VICE PRESIDENT. The resolution will be stated.

The legislative clerk read as follows:

Resolved, That the Secretary of the Senate is hereby authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed to arrange for and attend the funeral of the Honorable Francis Case, late a Senator from the State of South Dakota, on vouchers to be approved by the chairman of the Committee on Rules and Administration.

The VICE PRESIDENT. Is there objection to the immediate consideration of the resolution?

There being no objection, the resolution (S. Res. 353) was considered and agreed to.

EXTENSION AND IMPROVEMENT OF PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES PROGRAMS OF SOCIAL SECURITY ACT—AMENDMENTS

Mr. SALTONSTALL. Mr. President, I submit amendments, intended to be proposed by me to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, and I ask that the amendments be printed and lie on the table.

The amendments affect the public welfare assistance bill. I have talked about the amendments with the Senator from Oklahoma [Mr. Kerr], who is in charge of the bill. I hope the amendments will be acceptable to him and to his associates. They mean much to Massachusetts and, I believe, to a number of other States.

The VICE PRESIDENT. The amendments will be received, printed, and lie on the table.

COMMERCIAL COMMUNICATIONS SATELLITE—AMENDMENT

Mr. SPARKMAN. Mr. President, I submit an amendment to the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes, which is designed to insure that small business concerns have an equitable opportunity to share in the procurement incidental to the satellite program. This amendment would provide that the Federal Communications Commission and the Small Business Administration cooperatively develop a small business contracting program.

Last year, the Congress provided for this kind of a program with respect to the Department of Defense and the General Services Administration. The purpose of this amendment is to make the satellite program consonant with existing law.

I think it is necessary and, if approved, will greatly strengthen small business participation in this new venture into space.

I ask that the amendment be printed and that it lie on the table.

Also, Mr. President, I ask unanimous consent that the amendment be printed at this point in the Record.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table; and, without objection, the amendment will be printed in the Record.

The amendment is as follows:

On page 27, line 17, beginning with "and the commission shall consult" strike out all through "maintenance and repair." on line 24.

On page 30, after line 18, insert the following:

"(12) in order to insure that small business concerns are given an equitable opportunity to share in the procurement programs of the corporation and communications common carriers for property and services (including but not limited to research, development, construction, maintenance and repair), cooperatively develop with the Small Business Administration within 4 months after the effective date of this Act a small business contracting program which shall contain such provisions as may be necessary to (A) enable small business concerns to receive, either directly or as subcontractors, a fair proportion of the contracts and procurements for property and services (including but not limited to research, development, construction, maintenance and repair) awarded in the implementation and effectuation of the purposes of this Act, and (B) enable the Small Business Administration to obtain from the corporation and communications common carriers such reasonably obtainable information concerning contracts and procurements, including subcontracts thereunder, awarded in the implementation and effectuation of the purposes of this Act. In the event the Federal Communications Commission and the Small Business Administration cannot reach agreement on any matter with regard to the development of the small business contracting program, the matter in disagreement shall be submitted to the President who shall make the final determination. The small business contracting program developed pursuant to this subsection shall be incorporated into the articles of incorporation of the corporation created under title III of this Act and shall be made applicable to the communications common carriers participating in the corporation."

NOTICE OF RECEIPT OF NOMINATION BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that the Senate has received the nomination of Charles Edward Rhetts, of Indiana, to be Ambassador to Liberia.

In accordance with the committee rule, this pending nomination may not be considered prior to the expiration of 6 days of its receipt in the Senate.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on June 22, 1962, he presented to the President of the United States the enrolled bill (S. 1745) to amend the act of August 9, 1955, relating to the regulation of fares for the transportation of schoolchildren in the District of Columbia.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. GOLDWATER:

Address delivered by him before the 77th annual convention of the National Editorial Association, at Hershey, Pa., on June 22, 1962.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

Mr. MANSFIELD. Mr. President, I ask that the unfinished business be laid before the Senate and be made the pending business.

There being no objection, the Senate resumed the consideration of the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

REGULATION OF EXPORTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 1536, Senate bill 3161.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered; and the bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes.

Mr. STENNIS. Mr. President, a parliamentary inquiry: Is the Senate now proceeding with morning business?

The VICE PRESIDENT. No.

Mr. STENNIS. Mr. President, earlier this month, as we know, the Senate acted on amendments to the foreign aid bill that prohibited aid to any country "known to be dominated by communism or Marxism," but later relaxing that action, so as to permit the shipment of agricultural products to such countries. I heartily commend Senators PROXMIRE and LAUSCHE for their timely and effective work on their amendments.

We have not yet heard from the House; therefore, the amended aid bill has not been enacted into law. I note that on Wednesday, debate on the question of aid to Communist countries continued on the floor of the Senate.

It is eminently proper and germane to this continuing issue that such debate should continue, despite the vote on June 6 and 7 on the Proxmire-Lausche and the Mansfield-Dirksen amendments, because the underlying issues in the matter have not been resolved by our votes, nor will they be resolved under any action we take on the current measures.

From the furor caused in the executive branch by the Lausche-Proxmire amendment, it might be thought that the Senate suddenly, and without notice, had taken precipitate action wholly contrary to any previous expression or manifestation on the subject. But, of course, this is not true. Indeed, Public Law 480, enacted in 1954, prohibits aid, not alone to Russia, but also to "any nation or area dominated by or controlled by the foreign government or foreign organization controlling the world Communist movement."

Again, the Battle Act operates, unless an exception is granted by the President, to prohibit aid to any country sending strategic materials behind the Iron Curtain.

So Congress has spoken before on the subject, under Public Law 480 and the Battle Act, against the shipment of agricultural products and strategic materials to Communist or Communist-dominated countries. Special findings are required, under Public Law 480, that a country receiving aid is not "controlled by the foreign government or foreign organization controlling the world Communist movement."

Similar findings are required under the Proxmire-Lausche amendment—namely, that the recipient country is not known to be dominated by communism or Marxism.

In the face of such analogous provisions of laws before and after June 1962, there was no reason for Mr. Kennan or Mr. Ball to believe that Congress had suddenly adopted views, departing from those previously held, concerning aid to Communist countries or Communist-dominated countries.

In this connection, I am reminded of the numerous times the late Senator Styles Bridges took the floor of the Senate and spoke on the critical questions at hand, and I well recall his lucid and refreshing expressions of view on other occasions.

Another to whom I am indebted for perceptive analysis of the problem is Robert E. Hansen, now commander in chief of the Veterans of Foreign Wars, who has several times, with powerful logic, spoken to me of his strong opposition to continuation of aid in any form to Communist countries. Commander Hansen has been ceaselessly active in alerting the Nation to the dangers inherent in such policy, as have a number of other worthy organizations which have sounded the same note. I cite these examples as evidence of general concern outside of the Halls of Congress.

Those of us in Washington opposed to this assistance are not alone in our view; and if we are to be pilloried, the people must be pilloried, too. Washington is not a vacuum sealing us off from grassroots feeling and expression.

Bearing in mind this background of awareness and concern in Congress and throughout the Nation, awareness and concern by people in the forefront of the struggle to preserve this great Nation against all of our foes, I found myself both distressed and perplexed when the Senate action on the Lausche-Proxmire amendment was referred to in derogatory terms by an administration spokesman, Under Secretary George W. Ball. Appearing on June 7 as a witness before the Special Preparedness Subcommittee, of which I am chairman, Mr. Ball stated that he wanted "to try to put the Yugoslav matter in some perspective"; and then he characterized the Senate vote on the Lausche-Proxmire amendment as "pursuing a no-win policy." Mr. Ball contended that foreign assistance to Poland and Yugoslavia was in aid of eventually separating the people of these countries from their Communist masters. Then Mr. Ball said:

> And if we are not going to offer them hope, then I submit, Mr. Chairman, we are pursuing, not a "win," but a "no win" policy.

Mr. President, I am one who believes that resort to catch phrases and to slogans is not in aid of clear thinking or precise analysis; nor does Mr. Ball's resort to this mode of expression assist us in bolstering the struggle against world communism.

Is Mr. Ball saying to us that we win only if we subsidize our enemies; that we win only by giving assistance, so that Communist dictators will be preserved in continuance of offices which otherwise they might be thrust out of by an angry, hungry people?

Is Mr. Ball saying that it is to our advantage to preserve a Tito, who said on June 11, 1956, at Belgrade:

> Yugoslavia, in time of war, as well as in time of peace, marches shoulder to shoulder with the Communist people toward the same goal—victory over the enemies of socialism.

Is Mr. Ball saying that it is pursuing a no-win policy—whatever that means—to deny aid to Tito, who visited Nasser, in Cairo, Egypt, on April 19, 1961, and, according to the Arab Review, together with Nasser expressed views antagonistic to our position on Cuba. The Arab Review states:

> Topping the agenda of their talks was the Cuban issue. They regarded recent and current acts of foreign intervention in Cuba, through the supply of arms, and aiding invading elements, as a flagrant assault on Cuba's independence, a denial of the United Nations principles and a breach of world peace. To frustrate these attempts the two

leaders called for collective and immediate action by the world community of nations.

And do we pursue a no-win policy if we withdraw or decrease our aid, after supplying $2,392 million in economic and military assistance since 1946 to Yugoslavia while they continue highly critical of the United States. In the well-advertised conclave of so-called neutral nations at Belgrade, in September 1961, Marshal Tito delivered his own critical speech, and then led his country in voting for a communique in which the United States was lambasted.

On the eve of the conference, the Soviet Union launched its series of nuclear explosions. With typical timidity and fear, the nonalined countries simply called for resumption of negotiations on a nuclear-test ban. There was not the slightest censure, actual or implied, of the Soviet Union for resuming these tests.

Indeed, the greater part of the communique issued by the conference was on a par with their flagrantly unneutral attitude. The conference roundly condemned colonialism-imperialism as the source of all conflict, but found "colonialism" only in Africa; it approved the struggle of the Algerian people for independence, and encouraged the Angolans to do the same; but it said not a word about national self-determination for the Germans, or indeed, for the people of South Vietnam or Laos. The communique demanded the withdrawal of Western forces from Asia, Africa, and Latin America—but made no mention of Soviet forces in eastern Europe. The so-called neutrals supported in specific terms the Cuban Government and even suggested the evacuation of our naval base at Guantanamo.

What has there been in the conduct of Yugoslavia in the United Nations to demonstrate a friendly attitude in return for our great largesse through the years? Under date of June 13, 1962, I was supplied with a compilation by the State Department showing that during the period 1961 through February 1962, Yugoslavia's voting coincided with that of the Soviet Union 30 times, but coincided with that of the United States only 5 times. This sounds something like the "marching shoulder to shoulder" Mr. Tito spoke about in 1956.

The State Department argues that we should distinguish between governments and peoples. This is a contention that seems to have appeal, but which invites more than superficial examination, because it is undeniably true, I believe, that we cannot help the people without assisting the regime that controls its people. For example, with India receiving economic aid at a rate well over $700 million a year, an unfriendly Krishna Menon finds he is able to criticize the United States. At the same time he negotiates for the purchase of supersonic airplanes from the U.S.S.R., a purchase calculated to put the purchaser in the thrall of the vendor, because India would have to go to Russia for spares and replacements. So do we help to perpetuate the hostile in office.

Here I subscribe to the proposition that the lives of Americans are the paramount consideration, transcending the highly creditable motive of seeing that no one goes hungry.

I find no substance in the contention that, unless we continue to furnish aid to the Communist countries, that they will ally themselves with the Soviets.

By what a slender thread of allegiance are these countries bound to us after all these years if, with the withdrawal of our assistance, they would immediately ally themselves with another nation? If this be so, the sooner we know it the better. If the mounting evidence of the years be consulted, there is a very good chance that these peoples do not even know that it is not Tito or Gomulka who is responsible for the assistance.

As I have stated, the question of assistance to Communist countries is of deep and vital concern to the American people. Our commitments, military and economic, are worldwide. Our economic programs continue to build up, not to decrease, and we now have assistance programs of one kind or another in 95 countries. At enormous cost we have built a powerful military machine, with our troops stationed all over the world.

The question inevitably presents itself as to how long we can continue this unbelievable effort in the face of rising costs, budget deficits, and ever-increasing demands from the beneficiaries of our bounty.

I think the time is at hand when we will have to make necessary decisions as to where our aid programs can be further decreased. What better place to start than with the Communist countries? The bills we have passed at least have made some start in this question. At least we are guaranteed for the time being against development loans and military assistance to the Communists.

I hope this debate will continue, that it will be a matter of the deepest concern to the legislative branch of Government, and that this year, in a clear-cut, decisive vote, the will of the legislative branch of the Government will be clearly and firmly determined. This is a matter that, in a measure, we have played with for many years, and I think the time for decision is now at hand.

Mr. **KEATING**. Mr. President, will the Senator yield?

Mr. **STENNIS**. I yield to the Senator from New York.

Mr. **KEATING**. I commend the distinguished Senator on the excellent speech he has made, which has put this problem, in my judgment, in proper focus. We shall have an opportunity today, in some amendments to the extension of the Export Control Act, to further strengthen, in my judgment, our hand in the worldwide struggle with which we are faced.

Mr. **STENNIS**. I thank the Senator. I do not know the nature of the amendments to which he refers. I hope they are something I can support. I do not know that what I was striking at would apply in that bill. I know it would apply more directly in the other bill.

Mr. **KEATING**. The problem the Senator was striking at was the problem of our aid to other countries which either are Communist or are building up the Communist potential.

Mr. **STENNIS**. That is correct.

Mr. **KEATING**. The problem before us today is with regard to our own export policies and the question of our exports of strategic goods to Iron Curtain countries. I hope the Senator will be able to hear the debate.

Mr. **STENNIS**. I thank the Senator. I merely did not want to pledge myself now to supporting the amendments when I did not know what they were.

The **VICE PRESIDENT**. The question is on agreeing to the committee amendment.

THE LAST B-52

Mr. **CARLSON**. Mr. President, the last Air Force B-52H on order for the Strategic Air Command was rolled out yesterday at 11:40 a.m. central standard time from final assembly at the Boeing Co.'s Military Aircraft Systems Division in Wichita, Kans.

There was no fanfare connected with the rollout of the last B-52, the Nation's only long-range manned bomber in operational service today. I feel, however, it is the time to pay tribute to a great aircraft and to a great aircraft company.

It was my privilege to be present at Boeing, Wichita, when the first of the great four-engine long-range B-29's was rolled off this same assembly line back in September of 1942. Since that date Boeing, Wichita, and Boeing, Seattle, have been the great centers for the production of Air Force aircraft.

The final B-52H was moved out of the same area where 466 of the eight-jet global weapon systems were produced before it, and towed across the ramp to the paints and finishes hangar. It emerges from the same area where 1,390 six-jet B-47 medium bombers and 1,644 four-engine, long-range B-29's also were built for the Air Force.

At its peak, the B-52 manufacturing program provided employment for some 35,000 persons in Witchita and created a subcontractor-supplier network of nearly 4,000 firms in 43 of the Nation's 50 States.

History of the B-52 Stratofortress dates back to 1946, when the Air Force set up basic requirements for the new weapon system. The first one was flown April 15, 1952, and on September 4, 1954, the YB-52 traveled from Seattle to Dayton, Ohio, to the National Aircraft Show at an average speed of 624 miles an hour, better than the jet fighters in the Bendix trophy race that year.

Equipped with Pratt & Whitney turbofan engines, each developing 17,000 pounds of thrust, the B-52H has an unrefueled range of more than 12,500 miles and is capable of delivering nuclear or conventional weapons from its bomb bays to any military target on earth.

The B-52H also will carry four long-range hypersonic Skybolt ballistic missiles, when they become operational, enabling it to strike multitargets thousands of miles apart on a single mission. In the meantime, it is armed with two supersonic Hound Dog missiles.

Among B-52H refinements is the advanced capability radar system which permits "treetop" level strike runs of hundreds of miles on an unerring course. At the other extreme, the 488,000-pound intercontinental bomber has been flown to altitudes above 60,000 feet.

Outstanding B-52 records include an around-the-world flight in 45 hours and 19 minutes set by three B-52's January 18, 1957, and a 10,000-mile closed circuit course by SAC B-52G December 14, 1960. A SAC B-52H topped this mark by 1,303 miles on June 7, 1962, without refueling, setting new speed and distance records. A SAC B-52H also claimed 11 distance, course, and speed records for an unrefueled flight of 12,519 miles, from Okinawa to Torrejon, Spain, on January 11, of this year.

The Air Force said:

> Addition of the B-52H to SAC's operational inventory significantly increases the Command's deterrent capability. With its added capability to launch Hound Dog missiles and later the Skybolt air-launched ballistic missiles, the B-52H represents the most flexible deterrent found in this country today.

Although the production effort is ended, the B-52 fleet will continue to serve as a front-line defense system for many years to come. Air Force officials have indicated that the B-52 fleet will be constantly improved to meet continuing changes in future defense requirements.

With the rollout of the last mighty B-52 aircraft, another milestone in superior defense aircraft production has been reached by the Boeing Co. and her thousands of skilled employees.

PROTECTION AGAINST DISSEMINATION OF LIVESTOCK AND POULTRY DISEASES

Mr. ELLENDER. Mr. President, I ask the Presiding Officer to lay before the Senate a message from the House of Representatives pertaining to S. 860.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 860) to provide greater protection against the introduction and dissemination of diseases of livestock and poultry, and for other purposes, which were, on page 2, line 24, strike out "extremely"; on page 5, line 5, strike out "knowingly"; on page 5, line 6, after "agent" insert "knowingly"; on page 6, line 23, strike out "person or", and on page 6, line 25, strike out "person or".

Mr. ELLENDER. Mr. President, the amendments to S. 860 which were adopted by the House of Representatives are minor and principally of a technical nature. S. 860 is a comprehensive law dealing with animal quarantine problems. Our animal quarantine laws have been enacted from time to time to meet particular situations and have been made applicable to specific animals, diseases or circumstances. They fail to cover or provide different authority with respect to other animals, diseases or circumstances where there should be broad and uniform authority. S. 860 provides that authority. The House amendments make three changes in the bill. First, the word "extremely" would be omitted in one place where it appears to be redundant. Second, the word "knowingly" would be transposed for the purposes of clarity. Third, the authority to stop and inspect persons without a warrant would be omitted. The authority to stop and inspect means of conveyance would be left in the bill.

I move that the Senate concur in the House amendments.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

DISPUTE BETWEEN APPROPRIATIONS COMMITTEES OF THE TWO HOUSES OF CONGRESS

Mr. MANSFIELD. Mr. President, the Nation may presently view with a kind of humor the dispute which has developed between the Appropriations Committees of the two Houses. If this situation persists much longer, however, the Nation as a whole will discover that it is not a laughing matter. There will be payless pay days for an ever-increasing number of Government employees, even as there already are for the Secret Service. There will be work stoppages throughout the Nation and thousands thrown out of employment in industries dependent on defense and other Government contracts. No part of the Nation will escape the disastrous effects of this jurisdictional dispute. There is no Taft-Hartley law, no Presidential seizure powers, which can be invoked in this instance. The responsibility is solely ours—that of the two Houses of Congress.

Parliamentary difficulties of this kind have occurred in other nations. We have been amused by them, safe in the assumption that they could not happen here. But we are close to the point in this dispute when this Nation may well become the object of ridicule.

Mr. President, I do not underestimate the importance of symbolism and protocol in the legislative branch of the Government. It is immensely important for orderly procedure. But it seems to me that we had best be on guard lest an obsession with the form erode the substance of our function.

I daresay that if this matter were put to a vote in the Senate at this time, this body would support the position of its Appropriation Committee 100 percent. By the same token, if the matter were put to a vote in the other House, the results would be the same in support of their committee. Each body would have thus proved its fealty to its own segment of the institution of the Congress. In so doing, however, we would have each placed the institution above the needs of the Nation; and on a matter, moreover, which is to all outward appearances not one of substance. I cannot believe that either the Senate or the House is prepared to quibble in this fashion at the expense of the Nation. Therefore, Mr. President, I am inclined to think that there is more at stake here than protocol or procedure. Underlying this dispute may well be a deeper and more fundamental issue which has to do with the relative importance and power of the House and the Senate in the total constitutional structure of this Government.

As Members of the Senate know, I have seen service both in the House and the Senate—almost an equal number of years in each. I have always assumed and acted on the assumption that the two bodies were of coequal importance and power, except where the Constitution specifically designates a somewhat emphasized or unique role for the one or the other. I have always assumed that the protocol and procedures of the conference committees—taken as a whole—reflected this equality with reasonable faithfulness. I am at a loss, therefore, to understand why the House has challenged this situation in this instance after so many years of established practice.

I should not foreclose the possibility that there may be a just grievance here. But I do not think that the question is properly viewed on the basis of one conference committee alone. I think the problem, if there is one, must be seen in the perspective of the sum-total of the relationships of the two Houses. And I most certainly do not believe that a dispute in one conference committee should go on unnoticed by the rest of the two Houses until it reaches the point that it threatens to throw into disrepute the entire Congress and to embarrass the entire Nation. Each House is responsible for its committees. Both Houses are responsible to the Nation.

If there is a problem, if there are just grievances, if the procedures and protocol do not reflect the essential equality of the two Houses, reason suggests that the whole question of the conference as between the two Houses and not merely the question in this one Committee be examined in the leisure of adjournment by bipartisan groups from both Houses meeting together and soberly considering the matter. Reason suggests, further, that the interests of the entire Congress and the Nation would be served in the interim by the two committees proceeding in general as they have proceeded for years and decades without prejudice to any claim which may be made for subsequent adjustment in protocol or procedure in terms of the total relationships of the two Houses.

If this dispute can be resolved on this basis, I would be most happy to support a thorough and dispassionate review of the entire situation by a bipartisan and bicameral group of Members in the ensuing months.

I must emphasize that even as this Government depends on checks and balances, it depends equally on restraint and comity as among the branches and within the branches. The latter can be ignored only at the risk of the breakdown of orderly government.

HOUSE REJECTION OF THE KENNEDY FARM PROGRAM

Mr. WILLIAMS of Delaware. Mr. President, a couple more victories for the American taxpayers such as was achieved the day before yesterday when the House defeated the Kennedy-Freeman farm program will do more to restore the confidence of the business world than all the speeches that can be made at Yale and Harvard combined.

Both the American taxpayers and the American farmers scored a tremendous victory when the House rejected the Kennedy farm program. Instead of the administration's farm program saving the American taxpayers $1 billion annually, it would have cost at least $1 billion more than the present program as the result of the higher support prices and the higher production payments provided for in the administration's plan.

The taxpayer-farmer victory does represent a great loss to the corporate type of farming operations such as I described last week when I pointed out how some of our major corporations, banks, penitentiaries, airports, et cetera, under the Kennedy feed grains program were all reaping tremendous windfalls. It was a death blow to the Billie Sol Estes type of operations.

Secretary Benson advocated a lower and more realistic support price for feed grains and reduced government controls, but for years Congress has rejected his plan and insisted upon a continuation of the higher support program. The Kennedy-Freeman program would have increased these already high supports even further, and then to control production they proposed to place the American farmers in a straitjacket of controls whereby they could be sent to the penitentiary for disobeying any whim of some New Frontier bureaucrat.

As proof that the Kennedy farm program would not cut surpluses I call attention to the fact that under the 1961 Kennedy feed grains program more corn was placed under Government loan and in Government warehouses than ever before.

The administration's pious claim that it could further increase support prices on all feed grains and still cut the overall cost of the farm program was just too fantastic for Congress to swallow.

The President has charged the Republican Party with the sole responsibility for the defeat of the Kennedy-Freeman farm program. As one Republican, I accept this charge as a compliment and welcome to the Republican Party, the 48 Democratic Congressmen who joined us in defeating this bill and whom the President is now repudiating.

The real reason for the defeat of the Kennedy-Freeman farm program can be summed up in just one sentence: Congress, as well as the business world, is becoming concerned and alarmed over what appears to be the insatiable greed for power on the part of the Kennedy Frontiersmen.

The solution to the farm program is for the Government to begin an orderly withdrawal from the support and control of the American farmers rather than the adoption of a plan to extend such supports and controls even further. This does not mean that we can repeal these programs overnight and thereby dump the $8 billion inventories on the market as threatened by the administration. This would create chaos both domestically and internationally, but certainly you do not correct a bad situation by expanding the evils which created it.

Mr. MORSE. Mr. President, the speech of the Senator from Delaware was very interesting. It was very interesting indeed. The great economizer from Delaware apparently is not interested in the $1 billion that would have been saved if the farm bill had been passed.

The farm bill was not a perfect bill. It could have stood some improvement. Some of us who were among its advocates had recommended improvements. I am willing to take to the Republican Party in the coming campaign the farm issue, if the Republicans wish to make it a political issue. Although I think the subject should be a nonpartisan issue, I am ready to take them on, as I am ready to take on that great white collar farmer from Gettysburg, Pa., whose farm was principally subsidized by gifts. When he was President of the United States, the great white-collar farmer from Gettysburg, in clear violation of the spirit, intent, and ethical standards of the conflict-of-interest doctrine, accepted gifts of livestock, farm machinery, and many other gifts connected with equipping his farm, amounting to many, many thousands of dollars in value. He should be about the last person in the country to comment upon the farm subsidy issue or for that matter any other subsidy issue including stockpile subsidies to his business cronies.

Last night the great farmer from Gettysburg who suggested that the old people in our country should not support a medical bill under social security at the Sheraton-Park Hotel had much to say on the farm question. The great farmer from Gettysburg does not have to worry about ever paying a hospital bill. The old people of the country should repudiate and resent his views on medicare just as the farmers should remind him that 8 years of his Benson farm program will go down in history as a gross injustice to the farmers.

He is against social security protection for the health needs of the old people of America, but the old people should not forget that he has been taken care of all his adult life at the expense of the taxpayers of the country in Government hospitals. I speak of the medical bills paid for by all the taxpayers for the pocket benefit of the great farmer from Gettysburg who drew a partisan line last night on the farm issue. His petulant speech attacking the Kennedy administration was not only in bad taste, but it was a psychological revelation of what is bothering the great farmer from Gettysburg. He obviously knows that the people know that Kennedy is for the people, while Eisenhower's political record has been one of surrendering to the exploiters of the people.

I wish to say to the Senator from Delaware that we will make the farm issue and medicare issue partisan issues in the 1962 campaign, if that is what the Republicans want. However, I think we ought to try to work out a farm bill that would seek to bring to an end the kind of waste with which we are confronted now in the storage of agriculture commodities under a return to the Eisenhower-Benson wasteful debacle. The huge payments that are made for storage under the Eisenhower-Benson wasteful program go to business interests and not to farmers.

Mr. President, if we are to talk about what has happened in our country by way of subsidies, then let us talk about the subsidy that American business receives in our defense economy. American businessmen receive great defense subsidies from what is really nonproductive economic activity. From the standpoint of a sound civilian economy and a sound free economy, the kind of defense subsidy that American businessmen are getting makes the subsidy to the American farmer look like economic peanuts.

The fact is that we must have that kind of a defense subsidy in order to keep our country secure. Therefore, I have supported the defense production subsidy program in the interest of national defense security. The fact is that to date we have had to have farm subsidies in order to keep our food economy secure. However, there has been waste in the Eisenhower-Benson program, and the Kennedy farm bill would have saved at least $1 billion of it. But one of the great defense weapons we have is our surplus food. We are constantly demonstrating to the Communists our superiority in the production of food. One of the great failings of the Communist segment of the world is that they cannot feed their people.

Of course, we ought to put our great food surplus to work in the cause of freedom around the world rather than let so much of it spoil in Government storage. We try to do it under our Public Law 480 food program, which many of us have supported for years, and continue to do so. But some of us are urging that surplus food be taken out of Government storage and placed into the empty stomachs of people around the world. That is one way to help win the cause for freedom and show up the Russians. That is why some of us have been impolitic enough in the last couple of weeks—and while we are criticized for it, we are used to such criticism—to suggest that some of the surplus food should be distributed through the International Red Cross, or through one of the economic agencies of the United Nations, or through some other international organizations so that we get it into empty stomachs.

In my speech on this subject in the Senate the other day I stressed the moral obligations involved in this matter. Our religious teachings press down upon us for consideration on this issue. As a Christian I cannot forget that all people including hungry Communists are also the children of God. Incidentally I think that Christian charity is a sound rule of governmental action as well as private action in respect to feeding starving or hungry people. The use of our surplus food as a foreign policy weapon in the battle for men's minds in the underdeveloped and Communist areas of the world will show up the failure of communism about as much as anything we could do. We should support President Kennedy in the farm bill that he has proposed and that all of the Republicans in the House save one scuttled in a bitter partisan attack. True, 48 Democrats undercut the President's farm program along with the Republicans, and in so doing helped throw away $1 billion that could have been saved.

For the Senator from Delaware to stand here this morning as a great economizer and express his glee in hearing that the farm bill had been defeated, I do not believe, is in keeping with the Senate record that the Senator from Delaware has made for economy in other respects. I am disappointed to hear partisan talk from the Senator from Delaware on the farm issue. It is talk that is not in the best interest of our farm population.

Working together, we have an opportunity in the closing weeks of the present session of Congress to get together once again and see what kind of farm bill we can work out which will accomplish the objectives that the Senator from Delaware and many of us want to support in bringing about a needed reduction in the cost of our farm administration. But at the same time we must protect the family farmer, which in my judgment would have been helped under the Kennedy farm bill which was passed by the Senate.

Mr. President, to defeat the Kennedy program and return to the Eisenhower-Benson program, which is about all that is now left, is the greatest disservice that we could render the American farmer. As of this hour the Republican contribution to the farm problem is a suggestion that we return to the Eisenhower-Benson program. The voters repudiated that program in election after election at the State levels in 1960 and also in the national election. I am convinced they will again in 1962.

I wish to say to the Chairman of the Senate Committee on Agriculture and Forestry, the Senator from Louisiana [Mr. ELLENDER], who sits in front of me, that I appreciate what he did in taking through the Senate so effectively the Kennedy program. I appreciate all that he tried to do in regard to the farm bill.

I am satisfied that he will try to pick up the debris and see what we, working in a nonpartisan manner in the interest of the farmer, can do to bring back together again the kind of farm bill that we ought to pass before we adjourn, even if we remain here until Christmas.

Mr. WILLIAMS of Delaware. Mr. President, on some points I wish to say that I agree with my good friend from Oregon. The subsidy to the American farmer is but one of many subsidies, that should be attacked and reduced. As the Senator well knows, I have opposed these many subsidy programs for the past several years, I opposed them before the present administration came into power and I oppose them now. However, extension and expansion of the evils which created these surpluses would not correct it in the present administration any more than it would under any other administration.

The Senator has made the point that certain segments of business are being subsidized, and that therefore we should not criticize a subsidy for the farmer. All of these many subsidies should be corrected. The other day we had a yea-and-nay vote on one such subsidy. I refer to the subsidy for the lead and zinc industry. I do not know how the Senator from Oregon stood on that vote. That is his business. But at that time the Senate voted to continue a special subsidy for the lead and zinc industry, which I thought was wrong. I do not believe it can be justified any more than you can justify a continuation of the high support program for farmers.

High supports create surpluses and surpluses create huge storage costs. I have always opposed these excessive and expensive subsidy programs and they do not smell any better merely because they have the blessing of the New Frontier.

Another example is the enormous subsidy paid to the American shipping industry. I recognize that there is a need for some subsidy to readjust the wage scales of American-flag vessels as compared with foreign-flag vessels, but I think it has gone too far. As one example, I believe the 6-percent west coast differential that is now allowed to be paid for the construction of ships on the west coast over the east coast is wrong. I think when the Government buys ships or contracts for their construction it should do so at the best competitive price from responsible bidders. Thus far I have been unsuccessful in correcting this abuse of the taxpayers' money.

I agree fully with what has been said so many times on the floor of the Senate that what we are all trying to achieve is a farm program that will protect the American family farmer. The aspiration sounds nice. We all agree with that aspiration just as we agree with the defense of motherhood in America.

But what has the Congress or the administration done about it?

How can we justify under the 1961 feed grain program payments of over $5,000 to the Ford Motor Co. in return for an agreement to stop growing agricultural products? I did not know that the Ford Motor Co. could be classified as a small family farmer. I did not know how the Louisiana State Penitentiary, which in 1961 has collected $45,414 in return for its agreement to curtail its farming operations, could classify as a small family farmer. I did not know that these two outfits were small family farmers in America. Yet they are classified as small family farmers on the New Frontier.

Nor do I believe that airports should qualify as family farmers. Yet under the plan that was before us, if it had become law, these payments would have been mandatory to these people. If they refused to comply with the plan, they would have been subject to fine and even penitentiary terms. Just how you could put the Louisiana State Penitentiary in the penitentiary for noncompliance, only a Frontiersman can explain.

I do not believe that we should perpetuate such a program. I notice the Senator from Louisiana [Mr. ELLENDER] is getting on his feet—and I hope he will correct me if I am wrong—but I am sure he will agree that if the bill had become law, the farmers would have been obligated to comply, if the plan had been approved in a referendum.

I voted against this ridiculous program and repeat it was a victory for the taxpayers when it was defeated by the House.

Some may argue to what extent we need a farm program. I have always said that we cannot cut the farmer loose and repeal the farm program overnight. However, there should be introduced some elements of good commonsense into the program. Under no circumstances would I support a bill under this administration or any other administration which would put the farmers of America or put American business under the straitjacket control such as suggested by the Kennedy administration. It is this insatiable greed for power on the part of the New Frontiersmen that has scared not only the American farmers—the business world—but the Congress as well.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. ELLENDER. I feel that my good friend from Delaware does not yet understand what was in the farm bill which passed the Senate some time ago. The purpose of the bill was to tell a farmer, "If you desire your Government to give you price supports, you will have to agree to reduce your acreage in keeping with what we need."

That is all the bill proposed to do. We have in the law a provision relating to wheat which was adopted in 1938, when we wrote a new wheat program. That provided for price supports ranging from 75 percent to 90 percent of parity. Someone was able to add an amendment to the bill which provided for a minimum national allotment and the Secretary of Agriculture is powerless to reduce the national allotment below 55 million acres. At that time wheat production was 13.3 bushels per acre. Today wheat production is 26.2 bushels per acre. We still grow it on a minimum acreage of 55 million acres.

The senior Senator from Louisiana desires to reduce that acreage and to tell the farmer, "If you accept price supports from your Government, you will be required to reduce your acreage so that the production can be kept in keeping with our needs."

What is wrong with that?

Mr. WILLIAMS of Delaware. I supported the Senator from Louisiana in that objective. In the preceding year, the offer that was made was not the same proposal as that made this year. Under the bill as passed by the Senate and defeated by the House when the farmers voted in the referendum—and I agree that if they are going to accept Government support, they must accept an element of Government control, and that applies to the farmer and to industry and to every other segment of our economy—but in this instance when the farmers voted, they would have a loaded gun placed at their head, because if they rejected the program as advocated by the administration, the farmers would be cut loose, and the Secretary of Agriculture would then be free, had he elected to do so, to dump the $6 billion or $8 billion worth of agricultural products on the market. That was not a fair choice.

Mr. ELLENDER. Again my good friend is ignorant of what is in the bill. The bill merely provided that if the farmers turned down the corn program, the Secretary of Agriculture had the right to dispose of as many as 10 million tons out of the 85 million tons of corn and other feed grains on hand at 102 percent of parity. Even at that rate it would take the Government about 6 to 7 years to get rid of all Government stocks. What is wrong with that?

Mr. WILLIAMS of Delaware. The Senator knows what is wrong with that. Ten million tons of corn dumped on the market could and would break it at any time offered.

Mr. ELLENDER. It has been a good many years now that we have been trying to get rid of the surpluses under the Benson program.

Mr. WILLIAMS of Delaware. The Secretary of Agriculture used his authority last year under the feed grain program to break the price of corn by 10 to 20 cents a bushel and did it deliberately.

Mr. ELLENDER. I deny that. The Senator cannot prove it.

Mr. WILLIAMS of Delaware. I ask unanimous consent to have placed in the RECORD at this point certain information on the market price on corn over the months of December of last year and January of this year. I will supply the figures later. These reports show how the Freeman program has been a bonanza to the grain dealers.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. WILLIAMS of Delaware. First I offer a report which I prepared on this subject and delivered March 5, 1962, followed by a letter from the Department of Agriculture dated February 10, 1962.

The first report shows how the grain dealers reaped multimillion-dollar windfalls as the result of decisions made by Secretary Freeman.

The second report from the Department shows the decline in the price of corn by 6 cents per bushel in one 30-day period during heavy selling by the Government.

I point out that this decline came in a month when normally corn and feed grain prices rise. It declined even further over the longer period.

There being no objection, the report and letter, including the table, were ordered to be printed in the RECORD, as follows:

REPORT

Recently Secretary Freeman launched another program which will result in a multimillion-dollar windfall for the grain and feed dealers, and he attempts to justify this action with the pious hope that a part of the windfall profits will trickle down to the American poultry farmers.

He announced having negotiated lower rates with the southern railroads whereby he can now deliver corn to the feed dealers in the Southeastern States of Virginia, North Carolina, South Carolina, and Georgia at prices averaging between 10 and 15 cents below regular market price and below the price being paid by their competitors in the surrounding areas.

Only the larger grain dealers will get the cheaper price while smaller dealers buying single carloads will get some reduction but not as much.

The Robinson-Patman Act was enacted by Congress to prevent large companies from selling to customers in one area at prices cheaper than to others in competitive areas. Also, this law prohibits different prices to different size dealers in the same area when such differential results in a competitive advantage.

The Secretary of Agriculture apparently figures that his agency is above the law and that they can select the areas and the dealers who will get bargains from the Federal Government.

This recent action will have two major results:

First, it will give a definite competitive advantage to the poultrymen and the feed dealers in the favored States, who as a result of this decision will be able to buy the corn at prices below those available to dealers in competitive areas.

Second, sale of this corn at the reduced prices will break the local price of corn at farm levels in those States, thereby causing a substantial loss to the local corn producing farmers.

The Federal Government's program of subsidizing the production of broilers will encourage increased production of both poultry and livestock in those areas, with the result that a few months hence the poultry farmers will again be in the same situation that they were last year when the finished product was selling at less than cost of production.

Apparently Secretary Freeman wants to keep the poultry market in a demoralized condition in the hope that they will eventually be forced to appeal to the Government for aid.

The Department has already stated that they will be glad to support the price and control the production of poultry.

The officials of some of our electric companies were recently convicted of fixing prices and rigging markets, yet this is a far more serious action which the Secretary of Agriculture is now taking wherein he manipulates the markets in a selected area for the apparent purpose of forcing the farmers producing corn in those areas to put their next year's acreage under the Government's price support program and to force the poultry farmers to accept Government subsidies and controls.

Furthermore, the loss which the Government and the taxpayers will sustain on the corn being sold at these bargain prices will not necessarily accrue to the farmers producing poultry and livestock. If this were a general break in market prices nationally the effect of the lower prices would eventually be reflected in lower feed costs, but with the price of corn being reduced in one area alone it merely means that the dealers in those areas will get a definite competitive advantage. Corn already bought for future delivery will be diverted to other areas at the higher prices and replaced with cheap Government corn. The most of the savings thereon will merely result in wider margins of profits for the dealers since the retail prices of feed which in an integrated industry is reflected in the finished broiler, would be gaged by competitive prices in other areas.

Secretary Freeman's theory is that by making these large windfalls, resulting from the wider margins of profit available to the feed dealers of those areas, some of it may "trickle down" to the farmers growing these broilers.

This is not the first instance wherein decisions of Secretary Freeman have resulted in multimillion-dollar windfalls for grain dealers instead of profiting the farmers.

For example, last year the Secretary of Agriculture arbitrarily announced a 45 cents per bushel increase in the support price for the 1961 crop of soybeans. At the same time the Government greatly accelerated its export program of soybean oil with the result that the cash market on soybeans spectacularly rose nearly $1 per bushel.

For years farmers had been producing soybeans and had considered this a profitable crop, selling their beans on the free market without the need for any Government supports.

Already the higher support price of soybeans as announced last year has resulted in a 25-percent increase in the 1961 crop. Much of this increased production is going under Government supports, and warehouses are beginning to bulge with heavy inventories of Government-owned soybeans.

The New Frontier bureaucrats are now starting to advocate controls over production and getting ready to shed crocodile tears over the plight of the soybean farmers.

Last year's announced raise in the support price of soybeans, followed by the accelerated export sales, took place in the spring of 1961 long after most of the farmers producing these soybeans had sold their 1960 crops. The bulk of the beans was then in the hands of the dealers, and it was the warehousemen and speculators who capitalized on this multimillion-dollar windfall resulting from the Agriculture Department's actions.

Many grain dealers who had large inventories of these soybeans made millions thereon following Secretary Freeman's decision to raise the 1961 support price.

Also, last year the Secretary made another decision which resulted in a multimillion-dollar windfall to a group of grain dealers who were storing the Government's inventories of durum wheat.

Last year there was a severe drought in the durum wheat producing areas. This drought which resulted in a sharp reduction in the 1961 production of durum wheat was certainly known to the Department of Agriculture. It was that agency which was surveying the area to determine the need for disaster aid for the farmers.

The Department of Agriculture had in its inventories around 5 million bushels of durum wheat which it had obtained under the price support program of earlier years. Notwithstanding this advance knowledge of a short crop they sold all of their durum wheat holdings on the eve of the price rise which approximated $1 per bushel. Practically all of these bargain sales were made to the warehousemen and grain dealers in the area.

Again the farmers did not benefit on this multimillion-dollar windfall. Not only did the Department of Agriculture sell this wheat on the eve of its substantial market rise (which anyone could have recognized as inevitable in view of the drastic crop failure) but also in many instances they sold it to those grain dealers at prices below the prevailing market price.

Both in the case of the sale of durum wheat at bargain prices and in the case of the arbitrary announcement raising the support price of soybeans last year the farmers did not reap the benefit of the multimillion-dollar windfalls.

Just as in the case of his action of a couple of weeks ago of announcing a program to sell corn at reduced prices in the southeastern States, practically all of the multimillion-dollar windfall profits went to the grain and feed dealers.

Lest there be any misunderstanding, I am not indicting the grain and feed dealers of America, but I am saying that they do not need these multimillion-dollar windfalls being passed out so freely by the Secretary of Agriculture.

For 25 years prior to my coming to Washington I was a grain and feed dealer, and I am still associated with the industry and proud of that connection; and it is based upon my experience as a grain and feed dealer that I charge that these three decisions of Secretary Freeman were not in the best interests of the American farmers.

In fact, some of the New Frontier decisions of Secretary Freeman are so obviously resulting in wider profits for the grain dealers that Kennedy's new farm program, which he describes as the A-B-C-D program of agriculture, is becoming a standard joke in the grain trade. They are laughingly referring to this A-B-C-D as standing for Always Bigger Commissions for Dealers.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., February 15, 1962.

Hon. JOHN J. WILLIAMS,
U.S. Senate.

DEAR SENATOR WILLIAMS: This is in further reply to your letter of January 26, 1962, in which you requested data concerning Commodity Credit Corporation sales of corn.

Dollar values of corn sales are not summarized by weeks in CCC records. The report of CCC financial condition and operations for December 1960 shows a total disposition of 9,874,000 bushels of which 8,226,000 were sold domestically for $7,131,000 or an average price of 86.7 cents per bushel. In January 1961 the total dispositions amounted to 8,561,000 bushels of which 4,726,000 bushels were sold domestically for $4,013,000 or an average price of 84.9 cents per bushel. The balance of the dispositions during these 2 months were to title I, title II, barter, payment-in-kind programs, transfers to other Government agencies and donations and the dollar proceeds for this corn ranged from full reimbursement for title II to no proceeds for the donations. A considerable amount of the domestic sales for these 2 months was of "out of condition" corn or corn in danger of deterioration which may account for the low average per bushel proceeds.

The data for December 1961 and January 1962 are operating figures and therefore must be considered as approximate. During this period sales and values are reported weekly only for the feed grain program certificate pool. The data given below consists of the weekly certificate pool sales and the total CCC dispositions.

Week ending—	Certificate pool sales			Total CCC dispositions (bushels)
	Bushels	Proceeds	Average per bushel proceeds	
Dec. 1, 1961	27, 180, 764	$27, 920, 390	$1. 027	27, 800, 132
Dec. 8, 1961	54, 261, 219	53, 734, 390	. 990	61, 754, 219
Dec. 15, 1961	47, 635, 256	46, 977, 147	. 986	49, 663, 585
Dec. 22, 1961	32, 861, 454	31, 987, 048	. 973	33, 305, 329
Dec. 29, 1961	29, 666, 457	28, 877, 470	. 973	29, 691, 872
Jan. 5, 1962	20, 336, 657	19, 826, 186	. 974	29, 023, 363
Jan. 12, 1962	40, 364, 573	38, 508, 940	. 954	53, 661, 988
Jan. 19, 1962	34, 664, 256	33, 793, 626	. 975	44, 680, 975
Jan. 26, 1962	25, 386, 121	24, 559, 399	. 967	30, 837, 228

The difference in the certificate pool sales and the total dispositions consists of corn for the various programs mentioned above, except that domestic sales for "out of condition" corn were not included in certificate pool sales after January 1, 1962.

Sincerely yours,
ORVILLE L. FREEMAN,
Secretary.

Mr. WILLIAMS of Delaware. If the Senator from Louisiana will check his statistics he will find that there was a reduction in feed grain prices as the result of Department selling. That is an established fact.

Mr. ELLENDER. The Senator must not forget that a great deal of the corn that found its way on the market was corn that could not be put in storage because of the fact that it contained so much moisture. The Senator knows that that has the effect of raising or lowering the price support.

Mr. WILLIAMS of Delaware. I have been connected with the grain business as long as the Senator from Louisiana has been a Member of the Senate. I know salable corn when I see it. It has come to the Delmarva Peninsula, and it is grade No. 3 or grade No. 4 corn, which is suitable for feed purposes. Likewise, a great deal of No. 2 corn—and we have the certificates in the office to prove it—have been sold; much of this cheap corn went to the brewery in Philadelphia at the subsidized price.

There is a great deal of talk about the fact that the Department of Agriculture was taking under loan corn which could not be put in storage. Why was he doing that in the first place? The act calls for the delivery of good corn. That is only an excuse to break the market price.

Mr. ELLENDER. The Senator knows about the rules and regulations which permit the storing of corn purchased by the Government which contains a certain amount of moisture. That moisture content must not be more than 14 percent. If it is above that the Secretary of Agriculture cannot, under the rules and regulations, offer price support for it. The Senator knows that.

Mr. WILLIAMS of Delaware. Of course, but what the Senator from Louisiana has forgotten is that we have dryers in this country, in which we can cut a 17 percent moisture down to the required 14 percent moisture, in order to have the corn of storage grade.

Mr. ELLENDER. The Senator from Delaware is a great economizer, as my friend, the senior Senator from Oregon [Mr. MORSE] has said. The defeat of the farm program by the House simply means that the producers of corn, sorghum, and other feed grains, will now be able to produce all they desire, with price supports, and with no acreage controls.

Mr. WILLIAMS of Delaware. With price supports set at a level to be determined by the Secretary of Agriculture.

Mr. ELLENDER. Yes; but that level is fixed in the law at 65 percent, or 90 percent of the average of the last 3 years, which amounts to about $1.06. A good many farmers in America can make a great deal of money by doing that. All that the Senate did was to say to the farmers who produce the grain, of which we have more than we can use—as a matter of fact, we have today about $3 billion worth of it, and it is going to keep on increasing—that we want to cut that production.

Mr. WILLIAMS of Delaware. I will join the Senator in lowering that 65 percent provision. Will he sponsor such a proposal with me? In that way we will eliminate the overproduction, cut down storage costs, and cut down the overall cost of the program. Will the Senator join me in this proposal to cut down, so the Secretary would not have to pay for these profitable operations?

Mr. ELLENDER. I believe the Senator from Delaware has been in the grain business all his life, has he not? Is not that the Senator's main business? I am not trying to cast any reflection upon the Senator.

Mr. WILLIAMS of Delaware. Yes, I have been in business. I am proud of my record of proper ability to meet a payroll. It is good experience and I only wish there were more of it in Washington.

Mr. ELLENDER. The Senator understands that business. He is in the chicken business. There has been much misrepresentation made about the farm bill. The leaders of the opposition—I shall not name them—fail to point out that the large amounts of feed grains and wheat which are now on hand will continue to increase. Our requirements of wheat for export as well as domestic use are about 1.2 billion bushels. As the law now stands, farmers are permitted to plant 55 million acres, which produces about 1,350 million bushels of wheat. So we have been adding and are continuing to add about one to two hundred million bushels in addition to the amount which is on hand. Actually, as I pointed out on the Senate floor, the surplus of wheat now on hand is sufficient to take care of our needs for more than a year. Why the Senator from Delaware desires to have a law which would permit farmers to grow more wheat which would fill the bins higher at Government expense, I cannot understand.

Mr. WILLIAMS of Delaware. I have never said anything of the kind. If the storage bins have continued to be filled, they have continued to be filled because the Senator from Louisiana and his followers continue to insist upon higher support prices, which makes it profitable for farmers to continuously increase their production.

If the Senator from Louisiana will join with me in an effort to roll back the artificially high support prices for farmers as well as for other segments of industry, we can make progress. Let us roll back the support price of wheat, corn, cotton, rice, all of them. I recognize we cannot stop this overnight but we can make a start in the right direction and cut these subsidies down to a realistic level. I have always opposed these high subsidies for the farmers, the shipping industry, the mining industry, or any other segment of industry. I have supported that position on all those subsidies. When any segment of industry asks the Federal Government to underwrite a part of its responsibility, that segment should first lose a little of its own money before it receives benefits from the Government. That goes for the farm program, as well.

The Federal Government should never be asked to underwrite a profit for any segment of a free enterprise system.

If we continue to keep a high support price so that it will continue to be profitable to increase production—and the bill raised the support prices even further—it will be necessary to accompany it with an element of controls, which I do not believe will be accepted by the farmers of America. The 90-percent support price may have been justified during the war, when increased production was desired. The country then needed increased production of farm commodities. Had I been in Congress, I would have supported such a program at that time. But when the war ended, the high support program should have been stopped. As the Senator from Louisiana well knows, the 90-percent support price was extended on a 1-year basis or a 2-year basis, until now there is a 6 or 8 billion surplus inventory.

I made a statement on the floor of the Senate in 1948 that if there was insistence upon a continuation of high 90-percent support prices, then in a matter of a few years there would be an accumulation of surpluses to the extent that the support price would in effect become the ceiling price. That has happened under laws which the Senator from Louisiana has supported and the Kennedy-Freeman "monstrosity" would only have made it worse.

Mr. ELLENDER. I am not surprised at the Senator's ignorance. The Senator knows that only a few years ago the support price on cotton and on rice was reduced from 75 to 90 percent of parity to 65 to 90 percent of parity. Those two programs are working well today. We tried to do something for wheat, but could not make any progress in that direction.

Mr. WILLIAMS of Delaware. Mr. President, first the Senator from Louisiana refers to my ignorance. I accept that coming from him, because I know of no Member of the Senate who is more qualified to recognize "ignorance" than the Senator from Louisiana.

But I say to the Senator from Louisiana that when he boasts that the cotton and rice subsidies have cost the taxpayers nothing, he is wrong. Cotton is out of trouble only because the Government is subsidizing the export of cotton. It does not make any difference to the taxpayers whether the cost of this subsidy is charged to the farm program or to Public Law 480 foreign aid. If the taxpayers are subsidizing its operations, then the taxpayers are the ones who pay. The same thing is true of rice and sugar.

The policy of supporting at artificially high prices all agriculture commodities is costing the taxpayers large sums of money, and the Kennedy farm bill did not get to the heart of the problem. It will not be possible to get to the heart of the problem by increasing the subsidy rates, as the bill provided. I do not think the American farmers would ever have accepted the straitjacket of controls in the program.

Speaking of rice, the Senator from Louisiana knows—and I pointed this out earlier—that one of the largest producers of rice in the area close to the State of the Senator from Louisiana is a company which is owned by a British corporation. The taxpayers of the United States were subsidizing that company's operations. In 1 year they received $20,761.20 in soil bank payments and then received another $1,167,502.81 in price support loans. That is not protecting the American family farm when a foreign corporation which produces rice and cotton in this country is subsidized by this Government to that extent. If there is to be a farm program, let us make certain that the benefits will be received by the bona fide farmer. The absentee ownership by doctors, lawyers, Senators, corporations, banks, and penitentiaries, and airports is certainly, by no stretch of the imagination, supposed to be classified as family farms. I ask the Senator from Louisiana how could the Ford Motor Co. or the largest bank in Illinois or the Louisiana State Penitentiary ever be classified as family farms?

Mr. ELLENDER. Of course, the Senator from Delaware knows better than that. As an honorable member of our committee, on which he served for a long time, the Senator from Delaware knows that on two occasions the committee tried to rectify the situation so far as wheat was concerned. The Senate passed a bill whereby the minimum acreage would be reduced from 55 million to 42 million.

Mr. WILLIAMS of Delaware. I supported that objective.

Mr. ELLENDER. Yes. So that provision would be in keeping with our demands. But what happened? The President in the previous administration vetoed it. A year later Congress passed another law having the same objectives. In that instance, Secretary Benson intervened in the House and persuaded the House to refuse to adopt the conference report. That was agreed to.

I have nothing against wheat growers, but it strikes me that we ought to be realistic. What the Senate did the other day—and I am proud that we did it—was to make it possible to provide a reasonable price support for the producers of corn and other feed grains, and of wheat, as well, while at the same time curtailing production in keeping with the requirements. That is all we sought to do, and that is all the bill provides. I might add that in 1952 the price support level for corn was $1.60, for grain sorghums $1.33 and for wheat $2.20 per bushel. In 1960, however, the price support level for corn had dropped to $1.06, for grain sorghum to 85 cents, and for wheat to $1.78 per bushel. But what happened to Government stocks? Well, CCC holdings of corn increased from 513.8 million bushels to 1,927.3 million bushels, grain sorghum increased from 3 million to 716.7 million bushels, and wheat holdings increased from 514.4 million to 1,368.1 million bushels. And that is the kind of program that we will go back to if the new Senate farm bill is not accepted. To me this is the height of fiscal irresponsibility.

Mr. WILLIAMS of Delaware. I do not wish to prolong the discussion with the Senator from Louisiana. However, I repeat, I supported the cutback in production when the high supports were extended. I said that if the farmers or any other segment of industry were to accept high price supports from the Government, they should have to accept some allotments and controls. The reason why the President vetoed the bill was that after the committee reported the bill it had got out of hand. It ended by authorizing the continuation of the 90-percent support prices, which the President thought were not justified and he did veto it. He was right in that veto. My point is that these excessive high support prices do not look any sounder on the New Frontier.

Such programs have been too expensive in the past and they would be equally or even more expensive under the repudiated Kennedy-Freeman proposal.

THE MAJORITY HAS RIGHTS

Mr. ROBERTSON. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Richmond News Leader of Friday, June 22, 1962, relating to an opinion of the Supreme Court of Florida of June 6 dealing with the rights of the majority of the people of this Nation to publicly recognize the fact that we have a form of Government based upon the teachings of the Bible. In the words of the evangelist, Billy Graham:

> This generation must face the fact that it is either back to the Bible or back to the jungle.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MOUTHFUL FROM FLORIDA

The Supreme Court of Florida delivered itself on June 6 of one of the most refreshing judicial opinions to come our way in many months. Its author is Justice Millard F. Caldwell, onetime Governor and former National Director of Civil Defense, who joined the Florida court in February. Excerpts from the opinion appear below.

The case at bar was one of those high-flown forays into constitutional law beloved of civil libertarians. An agnostic, a Jew, and a Unitarian in Miami sought to enjoin all religious activities in the Dade County public schools. They especially objected to a Florida statute that requires the daily reading of a brief passage from the Bible, but they also wanted to put an end to the occasional singing of hymns in music classes, the painting of pictures on religious themes, the decoration of schoolrooms at Christmastime, the saying of grace or other prayers at school functions, and the holding of baccalaureate ceremonies at commencement. In brief, they wanted to wipe out every vestige of religious affirmation in the public school system, even though the Florida law specifically excuses those children who do not wish to listen to the Bible verse or to participate in other activities of a religious nature.

The plaintiffs' contention was that the very act of excusing certain children at their parents' request tends to single out these children and to discriminate against them. This affects their minds and hearts, it was argued, in a manner unlikely ever to be undone. It puts them through a "traumatic experience," and bruises their little psyches.

Justice Caldwell's tart dismissal of this line of argument carries the bell-like ring of commonsense. The constitutional prohibition against State support of an "establishment of religion," he says, never on earth was intended to obliterate all references to divine power from public activities in which the State has a part. In a part of his opinion not quoted below, he noted that Congress itself has—

Provided chaplains for both Houses of Congress, who daily invoke divine blessings.

Commissioned chaplains in the Armed Forces.

Approved Bible reading and the recital of the Lord's Prayer in opening activities of the District of Columbia's public schools.

Required compulsory chapel attendance on the part of cadets at the service academies.

Authorized the flying of the church flag above the national flag during services at sea by Navy chaplains.

Required the President, Members of Congress, and Federal judges to subscribe to an oath invoking the aid of the Deity.

Inscribed "In God We Trust" upon the Nation's currency.

Designated a national anthem which proclaims the Deity.

Sanctioned the bailiff's traditional "God save this honorable court" as Federal courts are opened daily.

In the light of all this, as the Florida court pointed out, it is absurd to urge an interpretation of the Constitution by which all religious feeling would be expunged from the schools. An objecting minority of parents have rights that must be respected; they cannot be compelled to engage in religious activities offensive to them. But the majority of parents and taxpayers have rights as well, and it is time to rid ourselves of the notion that in every case, in the name of some frivolous assertion of "liberty," a minority tail has the right to wag the majority dog.

MAJORITY HAS RIGHTS, TOO—FLORIDA COURT BLASTS MINORITY DEMANDS

(On June 6, the Supreme Court of Florida handed down a unanimous opinion, strongly upholding the right of the State's public school to offer certain religious instruction, so long as such instruction is not compulsory. Excerpts follow from the opinion by Associate Justice Millard F. Caldwell, a former Florida Governor.)

In this case the basic facts are that Florida statute, section 231.09, requires the daily reading of the Bible without sectarian comment. Moreover, the record shows that by appropriate regulation the Dade County Board of Public Instruction requires that pupils be excused from attendance upon request by the parents or guardians.

Our problem is to determine whether the practices complained of violate the constitutional safeguards. If the facts constitute an "establishment" of religion or restriction of the free exercise thereof it must be because there is compulsion. If the pupils are compelled to attend upon the practices cited, or if their free exercise of religion is otherwise circumscribed, then we must conclude there is a violation of the "establishment" and "free exercise" safeguards.

We think it necessary that, unless otherwise clearly commanded by the plain language of the statutes or the Constitution, the courts refrain from purely philosophical invasion of the Constitution or long established and accepted customs of the vast majority of the American people. The recurrent whittling away of the bedrock foundations of our society can be nothing short of destructive of free government. Every doubtful judicial withdrawal of the sovereignty of the States or the traditional freedoms of the people weakens the fabric of the Nation and the confidence of its citizens. If the Constitution be wrong it should be corrected by amendment and not judicial usurpation.

It is of interest here that the U.S. Supreme Court decision in the *Zorach* case (342 U.S. 306) makes it clear that the first amendment does not say there must be in every and all respects a separation of church and state. Rather the first amendment defines the manner and specific way in which there shall be no concert, or union, or dependency, one on the other. The Court held that to be "the commonsense of the matter" and that otherwise the state and religion would be aliens to each other—hostile, suspicious, and even unfriendly; that prayers in our legislative halls; appeals to the Almighty by the chief executives; the words "So help me God" in our courtroom oaths; the supplication with which the Supreme Court of the United States opens each session, "God save the United States and this honorable Court," could be held objectionable.

In the light of this reasoning in the Zorach case the Court held that the public schools of New York City, upon written request of the parents, were permitted to release, during the schoolday, those students who wished to attend religious exercises held outside the school building. The Court found that it was proper that the school board assemble the students upon school property and, during the schoolday, excuse them from attendance upon classes of regular and secular instruction by teachers and in classrooms provided at public expense. The time of the teachers and the use of the classrooms, the utilities and conveniences, made available at public expense, were not, in the absence of such released students, put to use; [these] represented, in actual fact, albeit by indirection, public tax funds expended in aid of religion. But the infringement was thought by the Court to be inconsequential and therefore permitted under the Constitution.

In principle there is no substantial difference between the excusing of the Zorach students who wished to attend religious exercises elsewhere and the excusing of the Dade County students who do not wish to hear the Bible read in school. And, in substance, there is no difference in principle between the 3 and 5 minutes' use of Dade County public school facilities for the reading of the Bible to those who wish to hear it and the nonuse, during school hours, of such facilities in Zorach while those who wish religious instruction elsewhere are excused from the premises. To beg the question between the facts in Zorach and the instant case is to engage in cynical trivialities.

It does not appear by the pleadings and testimony that there is any serious contention that the children of the plaintiffs have suffered or will suffer any measurable psychological trauma as a consequence of the reading of the Bible, either in or out of their presence. Rather, it seems that this is just another case in which the tender sensibilities of certain minorities are sought to be protected against the allegedly harsh laws and customs enacted and established by the more rugged pioneers of the Nation.

In the instant case we are told that the primary objects of solicitude are the children of the plaintiffs, atheists, Unitarians, and Jews, which children, although not required to be present at the time, will, so it is said, suffer some supposedly irreparable emotional stress if their classmates are permitted to hear the Bible read. It seems more likely that the children in question are the unwitting victims of a quasi-political contest.

The plaintiffs assume, inferentially at least, that minorities enjoy a peculiar susceptibility to psychological and emotional trauma and compulsions and are entitled to some peculiar and fatherly protection against the strange ways of the ordinary American citizen. But such is not the case. The minority is entitled to enjoy the same privileges and the same justice as are enjoyed by people generally as an inherent right. The minority and the majority are both denied the privilege of disrupting the lives of others because of some hypersensitivity or fractious temperament.

To say that the vast majority of students in the Dade County public school system are to be foreclosed of the privilege of living a few moments each day with the words of the Bible, the greatest of all literature, or of observing in the classroom, if such were possible, the magnificent painting of the "Last Supper," or of listening to Caruso's recording of "Adeste Fidelis," because a minority might suffer some imagined and nebulous confusion, is to approach the ridiculous.

We believe it necessary that public education give due recognition to the place of religion and the culture and convictions of our people but that in doing so the principle of separation of church and state must be safeguarded. The road is a difficult one but, certainly, we cannot agree that banishing the Bible and music and paintings of religious connotation will benefit the plaintiff's children in any material way. We are of the opinion that erasing the influence of the best literature, music, and art and gentler aspects of American life in general would be to create an antireligious attitude in the schools and substantially injure the well-being of the majority of the schoolchildren. And although it may be urged that to take such drastic action is to incur the good will of the Nation's enemy we think the cost too great and the proposal ill founded in law.

We are sensible of the extent to which the sophistries of agnosticism have gained credence. And we acknowledge the trend toward the preference of minorities over the majority and toward the requiring of the majority, which seem never to suffer psychological trauma, to yield up its cherished customs and rights. Although we concede the duty to turn the other cheek to the enemy and to deal gently with the weak, we do not agree that it is our function to subvert the purpose and intent of the Constitution to those ends, nor do we feel impelled to indulge in flights of fanciful philosophy. When we subscribed to our official oaths it was with "no mental reservations and with no purpose to construe the Constitution by any hypercritical rules."

For all practical purposes there are now in the world just two forms of government,

> loosely denominated democracy and communism. The vital difference between the two is that the democracies accept religion and guarantee its free exercise, in one form or another, as part of the day-to-day lives of their people, whereas communism has banished religion, except as it may be bootlegged in the dark and inhospitable corners. A consequential distinction, as the major difference is applied to these United States, is that here we prohibit the governmental establishment of religion but guarantee to all the free exercise thereof while, under communism, religion is denied and those who profess religion are hounded underground.
>
> We feel it equally imperative that we preserve the safeguards of the Constitution against all violations of the "establishment" and "free exercise" clauses and, at the same time, preserve those clauses and the rights of the States and the people thereunder against weasel-worded constructions and distinctions designed to impute to them either more or less than was originally intended.

Mr. HOLLAND. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON. I yield.

Mr. HOLLAND. I appreciate the thoughtfulness of the Senator from Virginia in placing this in the RECORD. It is the opinion of a former Member of Congress who served in the other body with the able Senator from Virginia.

Mr. ROBERTSON. I served with Representative Caldwell, a distinguished former Member of the House and a distinguished former Governor of Florida. I was particularly struck by the editorial because of its reference to an opinion written by Justice Caldwell, which I think is excellent.

Mr. HOLLAND. I thank the Senator. Justice Caldwell is a very dear friend of mine and a highly respected citizen of our State and of the Nation. He has indicated in the opinion that he is one who will uphold the bulwarks of both our government and our society in a way of which we may all be proud.

I appreciate the courtesy of the Senator from Virginia in mentioning our former Governor, our former Congressman, and our former National Civil Defense Administrator, who now is a member of the Supreme Court of the State of Florida.

Mr. ROBERTSON. And I shall be very glad to support him for the next vacancy on the U.S. Supreme Court, which needs some views of this character.

Mr. HOLLAND. I thank the distinguished Senator from Virginia, and I agree implicitly with him.

REGULATION OF EXPORTS

The Senate resumed the consideration of the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes.

Mr. JAVITS. Mr. President, today we are dealing with the Export Control Act. In connection with that issue, which I am glad to see us take up for I consider it of great importance, I wish to call attention to the fact that one of the most important and vital aspects of the entire situation is the need to amend the Antidumping Act of 1921, in order to deal with the politically motivated trading policies of the Communist bloc.

Let me point out that the Export Control Act deals, not with fundamental economics, but with Government controls over fundamental economics. The antidumping law does deal with fundamental economics; however, its current definition of "dumping" does not take into consideration the pricing policies of the Soviet bloc state trading organization. Hence, in this connection, the Communist bloc countries can shape that situation in exactly the way they want it.

In addition, the present definition of "dumping" fails to show up what obviously is true, namely, that the Soviet bloc is victimizing its own satellite nations by overcharging them for the goods it sells them—and of even greater importance—by discriminating against them in the most blatant way, in that it charges them much more for what it sells to them, as against its charges for the same commodities to other countries.

Mr. President, on May 10, I introduced in the Senate four measures designed to provide a basis for free world cooperation in trade practices with the Communist bloc. These measures—one of which is incorporated in the bill before us today—would provide a beginning to a solution of the increasingly dangerous problem of Communist trade penetration. A start must be made, lest free world nations grow heavily dependent on trade with the Communists and, thus, vulnerable to the political and economic machinations of the Kremlin, and lest free world markets be exposed to disruption.

Another one of the four measures which I introduced is S. 3284. It would amend the Antidumping Act of 1921 in order to focus on the politically motivated pricing policies of the Communist bloc. It would define as "dumping" the sale of goods by state-controlled trading organizations at prices lower than the prices charged to other countries, or lower than free world market prices. Furthermore, it would broaden the definition of injured parties from such "dumping," in order to include industries of friendly nations—not U.S. industries alone. Therefore, the sanctions of the Antidumping Act could be invoked if cutrate sales by the Communist bloc threatened to destroy the U.S. market for the products of free world nations.

The effect of the redefinition of "dumping" would be twofold: First, it would set some realistic standards by which the free world could judge the pricing of Communist bloc exports and it would highlight the overcharging engaged in by the Soviet Union in its exports to its satellite nations. For instance, in 1960, the U.S.S.R. charged the captive satellite nations prices which averaged 31.8 percent higher than prices for similar items exported to Western Europe. Especially glaring was the price differential—88 percent higher prices for the satellites—in crude oil which the Soviet Union has been using as an increasingly threatening instrument for economic disruption in the free world, most recently in Ceylon.

Second, the use of such a definition of dumping for free world imports from the Communist bloc would tend to ease the heavy discrimination of the Soviet Union against its captive nations by making U.S.S.R. sales to the West dependent on the prices charged to its satellites. Thus, some of the exploitation of the satellites may have to cease, enabling them to gain strength in their own right. Furthermore, the Soviet Union would be less able to make up its losses from sales to the West by overcharging its helpless captives.

Of course, it is essential that other free world nations, especially those with which the United States has defense treaties, such as the NATO, CENTO, SEATO and Rio Pact members, adopt similar antidumping statutes. But we can hardly ask others to do so before we have taken this action ourselves. We must lead in this as in other matters of East-West trade policy unification.

Mr. President, the effect of such a policy on imports from the Communist bloc is made clear by an analysis of Soviet prices in intrabloc trade which was published by the Assembly of Captive European Nations in April of 1962. I ask unanimous consent to have excerpts from this analysis inserted in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. JAVITS. Mr. President, the calculations presented by Mr. A. Kutt, of the Assembly of Captive European Nations, have been a matter of public discussion over the past 3 years.

The first analyst to investigate this problem was an economist of the Rand Corp., Dr. Horst Mendershausen, in the Review of Economics and Statistics—Harvard—May 1959. Since then, the discussion has been gaining in momentum.

The evidence submitted in this and previous reports, through the comparison of prices—more accurately, unit values—in Russia's intrabloc commodity transactions with its trade in the world market, has not to date been challenged by the competent authorities in the U.S.S.R. While the evidence is for the most part indirect and incomplete, it nevertheless adds up to a convincing case of Soviet price discrimination against its weaker trade partners within the Communist alliance.

Given the nature of the East European political leadership, it is unlikely that the available statistical evidence will be confirmed anytime in the near future by the victims of this particular bit of commercial exploitation. The Yugoslav Government did complain of extreme price discrimination at the hands of the U.S.S.R. after their political break in June 1948.

The Soviet Union enjoys a position of preponderant power within the Communist bloc, and has never shown any hesitation to use its advantage, either in the economic or political sphere, to the hilt. Over the years, it has encouraged the satellites to build up large units of heavy industry, almost entirely on the basis of Soviet raw materials, such as: crude oil, coal, coke, petroleum products, iron ore, manganese ore, chrome ore, raw cotton, steel sheets and plates, and so forth. As a result, the satellite nations are dependent to the extent of some 80 to 100 percent on Soviet imports in these spheres of production.

The unequal position of the satellite nations relative to the U.S.S.R. in the degree of dependence on each other's trade may be seen from figures which I ask unanimous consent to have inserted in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	Satellite dependence on Soviet trade	Soviet dependence on satellite trade
	Percent	*Percent*
Bulgaria	55	6
Czechoslovakia	36	11
East Germany	47	17
Hungary	31	5
Poland	31	8
Rumania	48	5

Mr. JAVITS. According to frequently repeated official statements, the Soviet bloc countries trade among themselves on the basis of world—that is, capitalist—prices. The internal price systems of the Communist countries are too arbitrary and inconsistent to be useful for commodity exchanges across the frontier. However, these world prices are, according to official explanations, adjusted, by some unknown authority within the bloc, to exclude the influence of capitalist speculative practices. This adjustment, presumably made by the Soviet Ministry of Foreign Trade, opens wide the door to arbitrary action on the part of the stronger partner in the intrabloc exchanges. The results of such discriminatory action are probably reflected only in part in the published statistical returns of the U.S.S.R., analyzed by Mr. Kutt, thus making his analysis a conservative estimate of Soviet exploitation of its captive satellite nations.

Mr. President, before inserting excerpts from this analysis, I should like to express the hope that the amendments to the Antidumping Act embodied in S. 3284 will receive serious and early consideration from the Congress and from the executive departments and agencies concerned. It is my understanding that the Senate Committee on Finance has requested reports on this bill from the Departments of State, Treasury, and Commerce, and from the Bureau of the Budget and the Tariff Commission.

I hope that these reports can be submitted at the earliest possible time so that hearings may be held after the Committee on Finance completes its work on the priority legislation still before it.

I know the Finance Committee is very busy; but this measure could be disposed of after a brief hearing, and it is a measure of great importance to the Nation—at least as important in economic terms, in my judgment, as the bill the Senate is considering today.

EXHIBIT 1

EXCERPTS FROM SOVIET-CAPTIVE NATIONS TRADE IN 1960

(The 1955–60 balance sheet report by Aleksander Kutt (Estonia), Chairman of the Economic Committee)

Withheld from sale in the West until December 1961, the 1960 Yearbook of the U.S.S.R. Ministry of Foreign Trade contains the latest Soviet statistics available on the exchange of goods between the Soviet Union and the captive European nations. These statistics disclose that the captive European countries incurred in 1960 their heaviest annual loss from Soviet price discrimination in bilateral trade since the U.S.S.R. began releasing pertinent statistics in 1955.

The Soviet Union engaged in price discrimination against the captive European nations, which incurred a total loss from Soviet overcharges on exports and underpayments for imports of an estimated $1,578 million in 1960. As we can see, unrealistic prices in Soviet-East Europe trade disguise the fact that the Soviet Union in 1960 was a net importer instead of a net exporter and that it therefore continued to drain rather than contribute positively to the economies of the captive European nations.

Because the 1960 yearbook discloses prices and quantities of individual commodities imported from and exported to each nation, it's possible to compare average prices of goods in Soviet trade with East Europe with the average prices of goods in Soviet trade with West Europe. In this way, some measure may be taken of the magnitude of Soviet price discrimination against its East European trading "partners."

PRICE DISCRIMINATION IN EXPORTS

Out of the 51 commodities for which Soviet exports to East Europe can be compared in physical specifications with those to West Europe, the average prices charged to the captive nations were higher in 41 cases. In 10 cases, as table 1 shows, the Soviets charged the captive nations less. Altogether, these 51 commodities account for 58.9 percent of the total value of Soviet exports to the captive European nations and represent as a sample the largest possible coverage.

Amounting to 413.9 million rubles, Soviet overcharges on exports in this sample wipe out entirely the advantage of 14.6 million rubles accruing to the captive nations in the 10 cases of undercharge. The net loss amounts to 399.3 million rubles, or $443.6 million at the new official rate of exchange.

Obviously, the differential between what the Soviet Union makes on overcharges and the relatively small losses it incurs on undercharges is due to more than just the simple fact that the Soviet Union overcharged in four times as many cases as it undercharged. As table 1 shows, overcharges are 30 times greater in total value than undercharges.

For one thing, the commodities in which overcharges occur are items in which trade is heaviest (with the exception of iron ore, a major Soviet export that is underpriced in the East Europe market). Among the 41 commodities with excessive prices, the average export figure comes to 36 million rubles. This compares with an average of only 17.8 million rubles among underpriced commodities (including, of course, iron ore, for which the figure is 153.7 million rubles).

Beyond that, the Soviet Union marks prices up with more zeal than it reduces them. The captive nations paid an average of 38 percent more than West European buyers on the items overcharged in East Europe, but received an advantage averaging only 7.6 percent on the 10 items for which they were undercharged in the sample.

Soviet profits from overcharging in 1960 were highest in rolled ferrous metals, with this commodity netting—in overcharges alone—99.7 million rubles. Next in rank came crude oil, with overcharges amounting to 57.8 million rubles, followed by cotton fiber (48.3 million rubles), coal (43.9 million rubles), and wheat (41.4 million rubles).

With some commodities, the Soviet Union expanded the price gap between exports to West Europe and East Europe. In 1959, Soviet crude oil cost the captive countries an average of 59 percent more than it cost the West Europeans; in 1960, the overcharge rose to 88 percent. Overcharge on gasoline jumped from 8 percent to 36 percent, on diesel oil from 25 percent to 41 percent, on coal from 42 percent to 77 percent, and on coke from 55 percent to 66 percent.

On other commodities, the price gap narrowed, as the Soviet Union reduced its average overcharge rates on pig iron from 56 percent to 39 percent, on rolled ferrous metals from 66 percent to 53 percent, on sawn lumber from 33 percent to 20 percent, and on cotton fiber from 34 percent to 30 percent. In two important commodities, there was virtually no change, with the overcharge on wheat (17.6 percent) remaining approximately at the 1959 level (17.7 percent) and the undercharge on iron ore (6.8 percent) doing the same (1959 level—6.5 percent).

On balance, Soviet price discrimination against the captive European countries is expanding rather than diminishing. As table 3 shows, Soviet price discrimination on exports increased from an average of 29.3 percent in 1959 to 31.8 percent in 1960 and on imports from an average of 13.3 percent in 1959 to 22.6 in 1960. In terms of value, calculated for the entire trade with the captive nations on the basis of the samples in tables 1 and 2, the Soviet Union increased its price discrimination profits from $1,055 million in 1959 to $1,578 million in 1960—the largest annual increment since the Soviet Union began making the statistics available 7 years ago.

PRICE DISCRIMINATION IN IMPORTS

In analysis of Soviet price discrimination on imports from the captive European nations, the sample of commodities is restricted to 24 items that constituted 10.1 percent of total Soviet imports from these nations. The main reason the sample for imports is smaller than the sample for exports is that the types of machinery and equipment purchased by the Soviet Union from East Europe cannot be compared with the types imported from West Europe; and machinery and equipment imports constituted 43 percent of Soviet purchases from the captive nations in 1960.

Of course, there is no reason to assume that the Soviet Union was more lenient in pricing goods unsuitable for comparision. On the contrary, they might have tended to be less lenient in these cases. At any rate, the only recourse is to study price discrimination in the 24 items available for analysis and extrapolate from there.

For eight commodities, the Soviet Union actually paid the captive nations higher prices than it paid for comparable imports from West Europe. This amounted to a Soviet overpayment of 8.84 million rubles.

In the 16 other cases, however, the Soviet Union underpaid the captive European nations for a total Soviet gain through price discrimination on these products of 83.69 million rubles.

Thus, the captive European nations suffered a net loss of 74.8 million rubles on goods in this sample exported to the Soviet Union.

As might be expected after analysis of Soviet price discrimination on exports, average value (11.9 million rubles) for the 16 imported commodities on which the Soviet Union made underpayments exceeded the average value (8.1 million rubles) of overpaid goods, with underpayment averaging 43.8 percent and overpayment only 13.7 percent in relation to prices paid to the captive European countries.

As table 3 shows, price discrimination on imports from captive countries increased from 15.3 percent in 1959 to 29.3 percent in 1960. Contributing to this were significant increases in the rate of underpayment for such individual commodities as sawn lumber (from 57.4 percent in 1959 to 86.6 percent), tobacco (from an overpayment of 8.1 percent to an underpayment of 58.7 percent), and pipe (from 27 to 39.5 percent).

TOTAL LOSSES OF CAPTIVE COUNTRIES

While it cannot be said that the figures in this analysis express with absolute precision the extent of Soviet price discrimination against the captive European countries, they nevertheless present a picture that should be reasonably accurate. It is justified to extrapolate from comparable commodities in order to find the approximate total loss suffered by the captive nations, on their imports from and exports to the Soviet Union, through Soviet price discrimination.

Since the samples cover 58.9 percent of Soviet exports to the captive nations and 10.1 percent of Soviet imports from them, extrapolation shows that the Soviet price discrimination on exports alone netted a profit of $753 million and on imports a profit of $825 million, for an overall gain of $1,578 million for 1960. Table 4 shows that such Soviet gains in the 6-year period 1955-60 have cost the captive European nations a total of about $5,028 million.

HOW PRICE DISCRIMINATION IS SPREAD UNEVENLY AMONG COUNTRIES

Soviet price discrimination varies in degree from captive country to captive country, as tables 6 and 7 show. Thus, in relation to prices charged West European customers, the Soviet Union overcharged its exports to Poland at the lowest average rate (23.4 percent) and Bulgaria at the highest (44.6 percent). In underpayment for goods that it imported from these nations, the Soviet Union inflicted the least average loss on Hungary (19.2 percent) and the most on Bulgaria (36.4 percent). (East Germany is excluded from consideration in these computations due to the inadequacy of statistics released on Soviet trade with that nation.)

Among the six captive nations for which statistics are adequate for extrapolation, it would appear that Albania in absolute values suffered the least through price discrimination ($9 million on net overcharge, $8 million on net underpayment) and Czechoslovakia the most ($136 million and $216 million, respectively).

Even in exporting a single commodity, the Soviet Union did not apply price discrimination uniformly among the captive countries. For crude oil East Germany was overcharged 68 percent and Poland 105 percent; for coke Bulgaria 30 percent and Hungary 74 percent; for cotton fiber, Rumania 25 percent and Poland 26 percent, but Albania 50 percent and Bulgaria 55 percent; for wheat, Poland 13 percent and Bulgaria 32 percent.

TABLES TO THE SOVIET-CAPTIVE COUNTRIES TRADE IN 1960

TABLE 1.—*Price discrimination on Soviet exports to 7 captive European countries (CEC) in 1960 in relation to prices charged to Western Europe*

Commodity	Unit	Quantity	Weighted average price in rubles for—		Percent of CEC price to Western European price	Overcharge or undercharge (−) to CEC, thousand rubles
			CEC	Western Europe		
Crude oil	Thousand tons	6,239.7	19.8	10.5	188.0	57,813
Gasoline	do	1,185.4	33.8	24.8	136.1	10,610
Kerosene	do	386.0	30.0	22.0	136.3	3,089
Diesel oil	do	898.0	28.2	20.0	141.1	7,378
Mazut	do	332.2	14.5	9.7	149.8	1,604
Coal	do	7,121.0	14.1	8.0	177.4	43,921
Anthracite	do	130.0	22.3	15.3	145.3	903
Coke	do	2,130.0	23.6	14.2	166.3	20,047
Iron ore	do	14,841.0	10.4	11.1	93.2	−11,198
Manganese ore	do	524.0	36.0	30.9	116.6	2,682
Chrome ore	do	116.0	39.2	23.8	164.9	1,789
Asbestos	do	43.5	184.8	123.4	149.8	2,672
Sulfur	do	63.7	39.7	21.5	184.5	1,158
Pig iron	do	926.6	60.8	43.7	139.2	15,856
Ferroalloys	do	66.0	257.9	164.6	156.7	6,157
Rolled ferrous metals	do	2,079.9	139.0	91.0	152.7	99,735
Pipes, crude oil	do	45.4	210.7	175.4	120.1	1,602
Pipes, rolled	do	26.6	215.9	164.7	131.1	1,361
Pipes, gas	Tons	19,837.0	157.4	166.2	94.7	−165
Zinc	Thousand tons	36.0	210.9	222.7	94.7	−426
Lead	Tons	46,337.0	240.4	178.1	135.0	2,886
Tin	do	3,030.0	1,882.2	1,914.9	98.3	−99
Aluminum	Thousand tons	49.0	478.1	421.2	113.5	2,792
Benzol	do	47.5	72.4	88.3	82.0	−756
Toluol	do	12.6	74.5	50.1	148.6	307
Creosote oil	do	44.4	38.3	25.9	147.9	550
Naphthalene	do	21.8	87.2	154.4	56.5	−1,465
Varnish	Tons	4,199.0	145.8	124.1	117.5	91
Colophony	do	6,830.0	166.8	224.5	74.3	−394
Apatite concentrate	Thousand tons	1,207.2	16.3	14.7	110.5	1,867
Potassium salts	do	30.9	20.6	18.9	109.2	54
Ammonium nitrate	do	68.5	77.6	54.1	143.3	1,605
Round lumber	Thousand cubic meters	1,451.9	14.7	10.3	142.0	6,307
Sawn lumber	do	1,426.2	37.0	30.7	120.3	8,887
Plywood	do	3.1	129.7	95.8	135.3	105
Cellulose	Thousand tons	52.7	116.7	85.4	136.6	1,649
Newsprint	do	16.2	126.1	107.8	117.0	296
Cotton fiber	do	301.1	699.5	539.1	129.8	48,202
Flax fiber	do	17.9	330.2	258.7	127.6	1,280
Flax short fiber	do	3.0	122.7	133.5	91.9	−33
Oil cakes and bran	do	30.2	70.2	69.0	101.8	37
Wheat	do	4,176.4	66.4	56.5	117.6	41,424
Rye	do	520.9	57.0	50.0	113.9	3,625
Barley	do	145.4	55.8	43.7	127.5	1,750
Oats	do	16.0	46.1	50.9	90.4	−78
Corn	do	48.6	60.3	52.0	116.1	406
Whale fat	Tons	10,570.0	229.2	162.1	141.4	710
Frozen meat	Thousand tons	11.3	471.4	372.1	126.7	1,122
Canned salmon	Thousand condensed cans	1,600.0	328.1	296.4	110.7	51
Crab meat	do	1,100.0	618.2	648.2	95.4	−33
Cotton fabrics	Thousand meters	36,894.0	379.8	125.2	303.4	9,393
Total overcharge						413,863
Total undercharge						−14,647
Net overcharge						399,216

Value of 51 comparable sample commodities exported from the Soviet Union to the captive European countries—	*In thousand rubles*
At prices charged to the captive European countries	1,654,319
At prices charged to Western Europe	1,255,103
Total value of Soviet exports to captive European countries	2,807,600

Sample coverage: 1,654,319:2,807,600=58.9229 percent.

TABLE 2.—*Price discrimination on Soviet imports from 7 captive European countries (CEC) in 1960 in relation to prices paid to CEC*

Commodity	Unit	Quantity	Weighted average price in rubles for—		Percent of Western European price to CEC price	Underpayment or overpayment (−) to CEC thousand rubles
			CEC	Western Europe		
Crude oil	Thousand tons	163.0	14.0	16.9	121.0	477
Rolled ferrous metals	do	86.0	146.5	154.7	105.6	707
Pipes	do	181.0	193.2	269.6	139.5	13,827
Cable, power	Kilometers	7,954.0	2,743.2	2,694.0	98.2	−391
Cable, control	do	700.0	1,500.0	854.3	57.0	−452
Cable, telephone	do	400.0	412.5	574.1	139.2	65
Cable, cord	do	1,200.0	1,943.3	2,252.7	115.9	371
Cable, signal-blocking	do	301.0	744.2	1,078.3	144.9	101
Caustic soda	Thousand tons	63.0	62.8	68.3	108.7	343
Calcinated soda	do	148.2	29.0	31.6	108.7	375
Caoutchouc, synthetic	do	24.8	486.5	386.8	79.5	−2,473
Cement	do	797.0	9.7	9.0	92.7	−568
Sawn lumber, leaf	Thousand cubic meters	235.6	57.5	107.3	186.6	11,735
Plywood, knife	Thousand square meters	4,816.4	241.1	422.2	175.1	872
Staple fiber	Thousand tons	15.9	439.5	416.9	94.9	−360
Wool yarn	do	.2	2,380.0	3,851.6	161.8	294
Small hides	Thousand pieces	215.0	837.2	1,192.4	142.4	76
Raw tobacco	Thousand tons	45.5	657.6	1,043.3	158.7	17,552
Corn	do	100.5	65.0	51.8	79.6	−1,332
Hops	Tons	860.0	1,229.1	1,271.7	103.5	37
Frozen meat	Thousand tons	3.4	420.3	372.0	88.5	−164
Wool fabrics	Thousand meters	10,300.0	2,186.3	3,981.5	182.1	18,491
Silk fabrics	do	8,900.0	786.5	437.8	55.7	−3,104
Leather footwear	Thousand pairs	16,132.0	3,810.9	4,949.5	129.9	18,367
Total overcharge						83,690
Total undercharge						−8,844
Net underpayment						74,846

	In thousand rubles
Value of 24 comparable sample commodities imported by the Soviet Union from the captive European countries—	
At prices paid to Western Europe	330,638
At prices paid to the captive European countries	255,792
Total value of Soviet imports from captive European countries	2,537,500
Sample coverage: 255,792 : 2,537,500 = 10.08047 percent.	

TABLE 3.—*Losses of 7 captive European countries on sample commodities in trade with U.S.S.R. in 1959 and 1960 in percentage of value (by commodities only)*

	Soviet exports		Soviet imports	
	1959	1960	1959	1960
In relation to value at prices charged on Soviet exports to, or paid for Soviet imports from, captive European countries	22.7	24.1	15.3	29.3
In relation to value at prices charged on Soviet exports to, or paid for Soviet imports from, Western Europe	29.3	31.8	13.3	22.6

TABLE 4.—*Losses of 7 captive European countries (CEC) on all trade with U.S.S.R. in 1955–60 calculated on the basis of losses on sample commodities, in percentage of value and in millions of dollars (by commodities only)*

	U.S.S.R. exports to CEC, in millions of dollars	Loss to CEC		U.S.S.R. imports from CEC, in millions of dollars	Loss to CEC		Total loss, millions of dollars
		Percent	Millions of dollars		Percent	Millions of dollars	
1955	1,792	16.0	287	1,663	13.0	216	503
1956	1,768	11.0	194	1,815	22.0	399	593
1957	2,550	7.0	178	1,914	21.0	402	580
1958	2,320	12.0	278	2,206	20.0	441	719
1959	2,950	22.7	668	2,530	15.3	387	1,055
1960	3,120	24.1	753	2,819	29.3	825	1,578
1955–60	14,500		2,358	12,937		2,670	5,028

TABLE 6.—*Losses of 6 captive European countries on account of price discrimination in trade with U.S.S.R. on sample commodities in 1960, by countries, in thousand dollars and in percentage of value*

Country	U.S.S.R. exports to captive European countries					U.S.S.R. imports from captive European countries				
	Value of samples at—		Net overcharge	Percent of net overcharge in relation to value at—		Value of samples at—		Net underpayment	Percent of net underpayment in relation to value at—	
	Actual prices	Western European prices		Actual prices	Western European prices	Actual prices	Western European prices		Actual prices	Western European prices
Albania	12,183	9,581	2,602	21.4	27.2	8,707	11,659	2,952	33.9	25.3
Bulgaria	128,910	89,173	39,737	30.8	44.6	34,650	54,311	19,761	57.2	36.4
Czechoslovakia	365,115	286,702	78,353	21.5	27.3	72,908	97,148	24,180	33.1	24.9
Hungary	172,936	127,176	45,760	26.5	36.0	19,508	24,130	4,622	23.7	19.2
Poland	298,502	241,949	56,643	19.0	23.4	46,341	62,671	16,330	35.2	26.1
Rumania	148,512	108,397	40,115	27.0	37.0	60,532	82,068	21,536	35.6	26.2
Total	1,126,248	863,038	263,210	23.4	30.5	242,606	331,987	89,381	36.8	26.9

TABLE 7.—*Losses of 6 captive European countries on account of price discrimination in trade with U.S.S.R. in 1960, by countries, in millions of dollars*

Country	U.S.S.R. exports			U.S.S.R. imports			Total loss
	Value at actual price	Overcharge, percent	Loss	Value at actual price	Underpayment, percent	Loss	
Albania	43.5	21.4	9.3	24.2	33.9	8.2	17.5
Bulgaria	329.0	30.8	101.4	298.6	57.2	170.8	272.2
Czechoslovakia	632.4	21.5	135.7	652.4	33.1	216.2	351.9
Hungary	311.4	26.5	82.4	248.2	23.7	58.8	141.2
Poland	490.8	19.0	93.1	386.7	35.2	136.3	229.4
Rumania	260.7	27.0	70.4	280.0	35.6	99.6	170.0
Total	2,067.8	23.8	492.3	1,890.1	36.5	689.9	1,182.2

TABLE 8.—*Average prices of some more important commodities of U.S.S.R. exports to Western Europe and to captive European countries in 1960, by countries, in rubles and indexes (Western Europe=100)*

Country	Overall price index	Crude oil		Coal		Coke		Pig iron		Cotton fiber		Wheat	
		Rubles per ton	Index	Rubles per ton	Index	Rubles per ton	Index	Rubles per ton	Index	Rubles per ton	Index	Rubles per ton	Index
Western Europe	100	10.53	100	7.97	100	14.19	100	43.66	100	539.1	100	56.52	100
Albania	127	----	----	----	----	----	----	----	----	810.0	150	68.22	121
Bulgaria	145	----	----	----	----	18.44	130	56.56	130	834.1	155	74.83	132
Czechoslovakia	127	20.65	196	14.16	178	----	----	64.90	149	685.3	127	66.82	118
Eastern Germany	134	17.71	168	14.01	176	23.85	168	60.24	138	701.9	130	65.99	117
Hungary	136	20.11	191	13.81	173	24.73	174	64.43	148	707.1	131	65.83	116
Poland	123	21.56	205	14.79	186	----	----	98.00	224	680.0	126	64.04	113
Rumania	137	----	----	15.29	192	22.64	160	64.50	148	673.9	125	73.98	131

TRADE POLICY

Mr. JAVITS. Mr. President, a recent editorial by William Randolph Hearst, Jr., editor in chief of the Hearst newspapers, has come to my attention. It is entitled "We Support Trade Program," and is, in my opinion, in the highest tradition of responsible journalism. It is both thoughtful and hard hitting, and it presents the case for the trade program which "is not a partisan program, but an American one." I ask unanimous consent to have this editorial inserted in the RECORD at the conclusion of my remarks.

Trade expansion is indeed a national issue which has enlisted the support of a broad and bipartisan group of our national leaders. It is a program which still is being shaped to meet the challenges of our time, to project the power and the energy of our country forward into the great and changing stream of world history. For this purpose, I have presented certain alternative proposals to the trade bill as it was originally presented to the Congress. Some of these suggestions have found a place in the bill which now is in the other body. Some of the others I expect to present again, in a form suitable to the bill which will come to the Senate, so they may be considered here.

But all these suggestions have been offered and will be offered in the spirit of furthering the objectives of a program on which this Nation finds itself increasingly united—a program which, as is pointed out by Mr. Hearst, is designed to serve the best interests of our country and all our people, whether management, labor, or farmers.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

EDITOR'S REPORT: WE SUPPORT TRADE PROGRAM

(By William Randolph Hearst, Jr.)

Almost 4 months ago to the day, following a visit to Washington and a chat with the President and some of his aids, I devoted part of this column of January 21 to one of the great issues of our time—the new trade expansion program the administration and Congress are shaping into legislation. In fact, the House Ways and Means Committee is expected to report it out to the floor this week.

At the time I deliberately refrained from taking a stand one way or the other. This matter is far too complex, far too enormous in its implications, to permit conclusion jumping, a practice we try to avoid, even if it only concerns election of a dogcatcher.

The trade program involves the economic health, progress, and prosperity of our country; the welfare of management, labor, and agriculture; the wallets and pocketbooks of all of us, and the strength of the free world.

What was urged in the January column was that Americans take a long, hard look at the arguments for and against the program—which would give the President far greater authority to negotiate on tariffs than could possibly have been envisioned, say 10 years ago.

It is a popular cliche that one rarely follows the good advice he gives to others, but in this instance we of the Hearst newspapers have a clear conscience. We really did our homework. Each of our papers dug into conditions in its area and published the findings. Here in this office we've been discussing it for months.

Our conclusion is that it is not only desirable but necessary to support the program—otherwise we'll find ourselves outside the great trade ball park, peering through a knothole in the fence.

And this conclusion in turn is based on our belief that it would serve the best interests of our country and all our people, whether management, labor, or farmers.

This has been the measuring rod, I need scarcely add, of the Hearst newspapers since they were founded by my father.

I have purposely not identified the plan as a Kennedy administration program, because although the administration is backing it now, the necessity for the concept was realized back in the Eisenhower administration.

It is supported by such influential Republicans as former Presidents Eisenhower and Hoover, Dick Nixon, former U.N. Ambassador Henry Cabot Lodge, former Secretary of State Herter, and Alf Landon, onetime Governor of the great Midwest State of Kansas and Republican nominee for President in 1936. Add to them the U.S. Chamber of Commerce, the AFL–CIO, and—with some strong reservations—the National Association of Manufacturers. None of these gentlemen or groups can be classified as dreamy-eyed visionaries.

So in a very real sense it is not a partisan program but an American one.

The concept of greater Presidential power to lower tariff walls on a reciprocal tit-for-tat basis is not some New Frontier economist's flash-in-the-night inspiration, but rather a developing idea growing out of the changed and changing world in which we live. The most dramatic and significant aspect of this change is the formation of the European Common Market.

This is an economic community of six nations (France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg) with a combined population of some 200 million. Its program is to eliminate among themselves customs duties and other trade barriers, while setting up a common outside tariff wall. The program is advancing far more rapidly than its most optimistic leaders hoped.

There is also the prospect that sooner or later some or all of the so-called Outer Seven nations (Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and Great Britain) will join up. Some have already applied for a working relationship with the Common Market.

As the January Editor's Report noted, the Common Market "is simply an adaptation of the principle we have had here among our United States since the adoption of the Constitution—that there be no tariff of any kind between our States." The column went on to say: "Under this system we flourished and became the greatest industrial nation in the world. We had varying low or high tariffs toward the other nations, but on the whole we protected our young and growing industries from foreign competition."

It is no secret—in fact we affirm it with pride—that the Hearst newspapers have been "protectionist" in behalf of American industry and labor. We still are "protectionist," but we believe the best kind of protection—and incitement to progress—will come from a realistic, workable relationship with the European Common Market, plus all the nations of the free world.

Otherwise the U.S. economic leadership of the world would be dangerously threatened. We could find ourselves involved in a ruinous trade war, which would only abet Khrushchev's aim to divide and conquer the free world. It would tend to confirm the conviction of Marx that the capitalist nations are bound by their very nature to render themselves impotent and open to Communist domination by the attrition of economic hostility.

What the trade program seeks is a grant of Presidential authority to negotiate tariffs on a broad basis of categories (textiles, food products, chemicals, for instance), rather than the item-by-item system he has been confined to up to now. (To take a hypotheticaly exaggerated example, heretofore he could negotiate a tariff deal on swiss cheese, but not on swiss, camembert, limburger, and edam combined.)

One of the encouraging things about the approach of the White House and Congress to the problem is that they have not only been consulting cooperatively together, but also have been working behind the scenes with business, agriculture and labor. In other words the administration is not attempting to cram it down our throats in its first tentative draft. It is being amended, tempered, and buttressed, recognizing the indisputable fact that some segments of business and labor are going to be badly hurt.

One revision, which I understand the White House is willing to accept, would establish a "special representative" with the rank of ambassador. He would be appointed by the President, subject to Senate confirmation, and would in effect be an ambassador for the American people in tariff negotiations. He would be required to seek advice from industry, labor, and agriculture on each negotiation.

Another amendment would retain congressional power to override the President in escape-clause cases by a two-thirds majority of House and Senate. An escape clause is simply an authorization to the President to impose increased duties or quotas when increased imports, due to a trade agreement concession, are causing or threatening serious injury to a domestic industry.

In addition there are the original safeguards proposed by Mr. Kennedy. They would—

1. Continue the escape clause provision.
2. Provide expanded unemployment compensation, retraining and relocation allowances for workers forced out of their jobs (the official estimate is 18,000 workers a year for 5 years—that is, a total of 90,000).
3. Provide tax relief, technical assistance, and low-cost loans for hurt businesses.

It is reported that pressure is being applied by some groups in Washington to water down relief to workers.

I want to make it clear right here and now that the Hearst newspapers wholeheartedly support (1) reasonable and rightful compensation for dislocated workers, and (2) reasonable and rightful compensation for hurt businesses.

I have been discussing the trade program largely in terms of the European Common Market, because that is the most striking economic phenomenon of this decade. But actually the application and implications of the program would be worldwide.

Not free trade but freer trade which is the purpose of the program, would inevitably affect the prosperity of all the free world—Latin America, Japan, and other Asian allies, and the emerged or emerging African states. It has the potentialities—and I use that word advisedly—of becoming a tremendously effective response to Khrushchev's boast that communism will bury us.

As President Kennedy put it in his Thursday speech: "Now the time has come for a new chapter in American trade policy—a chapter that symbolizes our new great aspirations for greater growth at home, greater progress around the world, and above all, the emergence of a great Atlantic partnership."

We are a trading nation. Right now we enjoy a favorable trade balance (the difference between $15 billion imports and $20.8 billion exports) of nearly $6 billion. Where we are hurting is in the balance of payments, a deficit arising from total payments to foreign countries which is greater than our income from them.

That is due chiefly to the billions we have spent and are spending on foreign aid, some of it essential, some of it absurd. It is logical to suppose that the more countries which are able to participate in trade fewer will require our help, and the drain of our taxpayers' dollars, if not plugged, at least will be reduced.

Finally we are a competing people. Competition is our heritage and we play to win. Given a fair break, we have no reason to fear the Common Market or any other economic grouping.

WORLD LAW

Mr. JAVITS. Mr. President, one of the most important positive advances the world can make toward peace is establishment of the rule of international justice and world law. The great political and ideological challenges that confront the free world can best be dealt with when national security is not threatened by force. Law must become the substitute for force as the controlling factor in world affairs, and this recognition is spurring a movement for peace that has been gathering increasing momentum throughout the world.

Charles S. Rhyne, a former president of the American Bar Association, and now chairman of the ABA Special Committee on World Peace Through Law, has been devoting his energies and ability without stint to this great task. I ask unanimous consent to have printed in the RECORD his report on the conference of international lawyers held in Rome in April, entitled "World's Lawyers Join the Peace Race." It appeared in the War/Peace Report for June 1962.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WORLD'S LAWYERS JOIN THE PEACE RACE

(By Charles S. Rhyne)

(The lawyers of more than 100 nations, including representatives of the Soviet Union and other Communist countries, are moving ahead with a broad program aimed at establishing a world ruled by law.)

If you walk into an American lawyer's office, you are likely to see the four or five shelves of volumes needed to contain the principal U.S. laws. But every international law of worldwide application could be printed in just two or three volumes—and even that hasn't been done yet.

It is humbling for a lawyer to reflect on how far his profession has lagged behind the spectacular advances of the scientists. But, I am happy to say, lawyers are now beginning to make up for lost time.

In the past 5 years a worldwide search for methods to build a world ruled by law and justice has been launched. What began as a committee of the American Bar Association has grown to the point where today more than 10,000 lawyers in 109 countries are active in this drive. Within the past year four continental conferences of these lawyers have been held in Costa Rica, Japan, Nigeria, and Italy. Now a world conference is set for next year.

A 150-page working paper prepared for the conferences shows how short a distance world law has yet come, how far it must go. Beyond the law of the sea, the law of diplomatic immunity, and the postal convention there is little really universally adopted world law. Many existing treaties which should have been signed by all nations, or by the nations of a particular region or continent, have been accepted by only two, or five, or perhaps a dozen nations. This situation has arisen because of the cumbersome lawmaking process existing in the world today. It has been aggravated by the lack of information about existing treaties among government officials of many nations—despite the fact that adherence to these treaties would benefit their nations.

Historically, international law has grown up in two principal ways. One is by having rules become established over the centuries through custom, as was the case originally with the law of the sea and the law of diplomatic immunity. The other is through the creation of treaties or conventions, as in the case of the Postal Convention. World law cannot be created in a world legislative body because none exists, nor is one likely to exist soon.

NEED FASTER WAYS

These ancient ways of making world law are too slow in a day of almost instantaneous communication, space travel, and sufficient power to destroy mankind within minutes. Over and over in the lawyer's continental conferences the point was made that bigger bombs and the accelerated arms race have not brought peace and security to the world, and that in fact people feel less and less secure with each passing year.

The continental conferences recognized that the rule of law provides mankind's best hope for world peace because it provides a credible system of security for nations in lieu of the security now sought so unsuccessfully through arms. Only the Russian delegate at the Rome conference demurred from this view, but even his demurral did not prevent him from saying:

"Never in history has the role of lawyers been such a responsible one as in our time. Owing to their profession, lawyers are entrusted with the task of safeguarding law and justice, subduing abuse and violence, urging punishment for murder or destruction of cultural values of a material character. But nowadays the development of weapons and the arms race has reached such an unprecedented point that hundreds of millions of human lives, peoples' greatest achievements and the very future of mankind are at stake. That is why the voice of lawyers against war, and for peace, should be heard all over the world. It should reach all peoples and governments who hold the destiny of mankind in their hands.

"Gentlemen, the questions which are being debated here have been called to the attention of Soviet lawyers. We respect any suggestion, opinion or plan which is advanced by lawyers for the purpose of safeguarding peace. We, Soviet lawyers, may not accept many of the proposals made here but nevertheless we are participating in the procedures of this conference mainly because we believe that despite diversity in opinions, we must meet and discuss these differences so that by convincing each other we can arrive at mutually acceptable solutions."

This delegate was Dr. Victor Chkhikhvadze, vice president of the law institute of the U.S.S.R. Academy of Sciences. He gave his reservations to world law as follows:

"The concept of world peace through the rule of law raises a certain degree of doubt and objections in my mind. It would appear to me that this concept underestimates the importance of principles of national sovereignty, which are the legal expression of self-determination of peoples. We strive for adherence to international law, for a further development and for establishing new institutions and ideas.

"You have all witnessed the rapid growth of international law since World War II, and in this connection I would like to emphasize the role of the United Nations. It is significant that the development of international law did not take place at the expense of national sovereignty, although it is widely known that any international obligation assumed by a state involves a voluntary limitation of its sovereignty. Absolute sovereignty is not compatible with international law. As soon as the state assumes an international obligation it relinquishes some of its sovereignty, since any international obligation imposes some restriction on the rights of a state.

"I also think that the concept of world peace through the rule of law overestimates the importance of the role of law. In spite of all my respect for and devotion to law, I must admit, for honesty's sake, that although it plays a very important part in safeguarding world peace, it is, nevertheless, not the sole means for achieving it. Peace can be secured by political, diplomatic, economic, and legal means all combined. In my opinion the actual task before lawyers throughout the world is the strengthening and further development of present-day international law."

FATAL FLAW

A majority of delegates felt there was a fatal flaw in the Soviet delegate's opinion that a nation gives up some sovereignty when it makes a treaty. Actually, in making a treaty, a nation is exercising its sovereignty to get something it needs, such as trade, air or mail service, or even disarmament. However, while it was generally felt that the spread of law in the world community is the best road to peace, no one contended it is the only way. Some delegates pointed out that all methods must ultimately express themselves in legal rules and institutions in order to be effective. For example, any disarmament plan or treaty for the peaceful use of outer space must take the form of new world law.

Although these conferences were not the first international gatherings of lawyers, they were nevertheless unique. They were the first to concentrate exclusively on the whole spectrum of world law experience in a search for a legal formula for world peace. They involved more lawyers from more countries than had ever assembled before. This participation was assured by the practical expedient of paying the expenses of each participant. The Ford Foundation provided the necessary funds, although it took no part in the conferences themselves. This allowed each lawyer to participate on the basis of absolute equality.

The support of governments of the world was impressive. President Kennedy and 61 other heads of state sent messages to the conferences approving their objectives and urging an all-out effort to develop concrete plans and programs for a world of law and justice. Pope John XXIII spoke in person to the Rome conference.

The backgrounds of the delegates were also remarkable. Many were outstanding trial lawyers in their own countries who lacked experience in international gatherings. But others were former foreign ministers, ambassadors, chief justices and international law experts. With such a cross section, the first job of the delegates was to learn to talk, work, and think together. The informal discussion format of the conferences, the working paper, and the equality of the participants all helped to do this quickly. Most important of all, the lawyers found that despite differences in race, creed, and national origin they shared a common understanding of the principles of law.

As the lawyers surveyed ideas, the thrust of the group's thinking led generally toward support for strengthening the United Nations regional organizations, and the World Court. New regional or specialized courts similar to the highly successful European Court of Justice were highly favored. The deciding of over a hundred disputes by this European Court is a bright new chapter in international adjudication, especially when compared with the World Court's disuse. This experience with the European Court led to unanimous recommendations for the creation of similar new regional and specialized courts for the Americas, for Asia, and for Africa.

The current campaign to downgrade the U.N. found no adherents among these lawyers from 103 nations. They voted unanimously that: "The United Nations is the world's best hope for international peace under the rule of law; it must be supported and strengthened by all possible means, and the obligations of its charter must be scrupulously respected by all nations."

The four continental conferences approved a program of specific, step-by-step building of a world of law and justice. Among the main programs agreed on were these five:

1. A World Law Conference will be held in the spring of 1963, possibly in New Delhi, India. This will be attended by lawyers from each of the nations that have taken part in the program so far, with lawyers from the few nonparticipating countries also to be invited to insure full world cooperation.

2. A World Law Day will coincide with the opening day of the World Law Conference so as to focus public attention throughout the world upon the promise and potential of world law.

3. A World Law Year (similar to the International Geophysical Year, which accomplished so much for science) will be planned to carry out a broad series of projects. One of these will be the codification of existing international law into world law codes, to be prepared subject by subject for ready reference. Also, needed new treaties and conventions will be drafted.

4. A permanent World Peace Through Law Institute or Center will serve as a world clearinghouse for cooperative activity of existing international, national, and local groups of lawyers, law schools, and other bodies.

5. Permanent Committees on World Peace Through Law will be established in each nation. Temporary committees already exist in many countries. These committees, as part of the World Peace Through Law Institute, will undertake to educate both the public and government officials of their own nations on the value of specific measures leading toward world rule of law.

WITHIN REACH

Lawyers alone cannot win the peace race. Every individual, no matter what his station in life, has his role to play if we are in fact to avoid nuclear war and establish a durable peace under law and justice. But lawyers, who are in the forefront of public affairs in every nation where free discussion is allowed, are by training and tradition one of the best equipped groups to provide sound leadership toward peace. I sincerely believe that the work I have reported upon here is bringing a world ruled by law within the reach of our generation. If we put as much brainpower and manpower—and money—into the effort to achieve world law as we have into such hitherto "impossible" projects as putting a man into space or on the moon, we will succeed. And that success will be much more meaningful because when a world of law is achieved man will be able to walk anywhere on the face of the earth, or travel in outer space, in freedom, in dignity, and in peace.

PUBLIC HOUSING IN THE URBAN ENVIRONMENT

Mr. **WILLIAMS** of New Jersey. Mr. President, I think it is fair to say that nothing better has happened in the field of public housing in recent years than the appointment of Mrs. Marie McGuire as Commissioner of the Public Housing Administration.

That Mrs. McGuire has brought new energy, zest, and imagination to this program is amply demonstrated, I believe, in the statement she made earlier this year to the Woman's National Democratic Club here in Washington.

Mrs. McGuire's speech reflects her clear recognition that public housing is not an island unto itself, that it is and must be an integral part of the community.

> Our goal—

She states—

> is the provision of design freedom and an atmosphere in which imagination readily may work to improve not only the exterior appearance of public housing, but also to create better functional living environments in which the dwellings are related both to the site and to community resources.

Also apparent is her understanding that "salvation cannot be achieved by bricks and mortar alone," as one observer has noted. Mrs. McGuire describes the new and encouraging coordination of efforts between HHFA and HEW in combining necessary social services with the low-income housing programs. As she states:

> We have not forgotten that this program has at its heart the human factor, the resident.

Mr. President, I hope the Members of this body will have an opportunity to discover the new directions being taken in the public housing program under the capable leadership of Mrs. McGuire, and I ask unanimous consent that her talk of April 30 be printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

Speech by Marie C. McGuire, Commissioner, Public Housing Administration, Before the Woman's National Democratic Club, Washington, D.C.

You know, having a twin sister, I sometimes am tempted to be a little devilish and change places with her just for a day. Especially now, with the wonderful excitement of her campaign in Maryland, the temptation is very strong. Then, this morning I was thinking about getting together with you for lunch and the marvelous opportunity you have given me to be a little political and still talk about my favorite subject, low-rent public housing. I can't thank you enough.

It really isn't possible to divorce the philosophy of the public housing program from political philosophy. I'm not thinking specifically of party politics although, generally speaking, Democrats have been the strong supporters of the program over the years while the main opposition came from Republican quarters. But, on the other hand, Republican leaders such as Senator Jacob K. Javits and the late Senator Robert Taft strongly supported the program. Their expressed concern for our country's housing poor, I believe, was above party politics. In this regard, their political philosophy was for the common good of all our citizens, economic circumstances notwithstanding, and this is our goal in public housing.

Naturally, our sphere of activity is limited by law to providing housing for families of low income. But, we count ourselves fortunate for two reasons, first, because the low-rent public housing program serves those families in greatest need—it provides safe, decent housing to the victims of slum landlords. And, second, because for the first time in 8 years, the low-rent program is considered to be a full partner in our Government's efforts toward urban betterment. This has come about through President Kennedy's leadership and the organizing ability of U.S. Housing Administrator Robert C. Weaver.

The President has long recognized the need for a comprehensive and total approach to cure the basic ills of our cities. Elimination of neon nightmares; pockets of decay and dilapidation in the cities' core; helter-skelter, unplanned growth of the suburbs; halting the reckless devouring of vacant land so we might plan for parks and open spaces within and surrounding our cities—all, and more, are goals of this administration.

In October 1960, Senator John F. Kennedy, speaking before the Urban Affairs Conference in Pittsburgh, described these problems as "the new urban frontier, which exists in every city in America and its suburbs." Turning his attention to the specific of housing, he said our programs "should be brought into a better balance—so that they will be designed to build homes not only for higher income families but also for lower income and middle income, not only in the newer suburbs but also in our older cities." And, a little later he explained, "We should meet the neglected needs of the elderly and of minority groups. And let us improve the help we are giving to those families and businesses that are displaced by redevelopment and other governmental programs. The cost of projects which benefit a whole community should not be disproportionately borne by a few."

President Kennedy was not speaking of the disorganized approach in which separate housing programs merely pick at total and glaring urban problems—a little redevelopment here, some public housing there, FHA mortgage insurance in another area.

The President envisioned a united effort coordinated by a new Cabinet officer. Specifically, he said, "To coordinate its own participation, the Federal Government should raise to that status of Cabinet department all of its activities relating to urban development and metropolitan planning. It is time the people who live in urban areas receive equal representation."

I'm sure each of you is aware of the events which followed regarding the establishment of a Department of Urban Affairs and Housing. On several occasions the President vigorously urged and supported legislation creating it and then, when it was not forthcoming, presented his reorganization plan to establish it. We all know that, unfortunately, it did not come to pass. But, I believe, with President Kennedy and Administrator Weaver, that it will—not because it is a Democratic administration which proposes it, but because the American people need and want it. What is lacking is the translation of this need and desire into action.

This is not an area in which the Federal Government can carry the full load. It must work in cooperation with State and local governments. But, one reason why Federal interest and activity have been increasing in this field is the fact that there is now an urban-rural representation imbalance at the State level. While the Federal Legislature is reapportioned every 10 years to reflect shifts in population, thereby providing proper representation in Congress, governments of many States have been reluctant to effect reapportionment in spite of the demonstrated shift of population from rural to urban areas. This situation continues to result in a representation imbalance in favor of rural areas. Hopefully, the recent Supreme Court decision will clear the way for States to take prompt action to correct this unfair situation. Through this means, a true city-State-Federal partnership may be achieved.

I have been speaking of the problems of our cities in general terms and of past actions and in hope of future ones. But, we in the housing agencies have not been preoccupied by past disappointments or hopes for the days ahead. Lacking the establishment of a Cabinet post, Administrator Weaver, by the power of his personality and the infectious nature of his enthusiasm, has brought a unity and close coordination of the constituent agencies of the Housing and Home Finance Agency that had never before been realized. There exists today, a true teamwork among the Government's housing agencies, a most necessary factor if we are to develop the comprehensive programs we must.

For example, when urban redevelopment programs are being planned, public housing is now made part of them—often as a land reuse developer. Usually it is planned as a relocation resource for families displaced as a result of redevelopment. In the localities where they have tried to eliminate low-rent housing from their redevelopment planning, they have found it cannot be done. Public housing and urban renewal programs supplement and complement one another and, when they are planned together, the community reaps the benefits.

In other areas, the low-rent program has tied in with FHA and community facilities programs where properties were in default and available for purchase to fill a local low-rent housing need with existing housing.

To further demonstrate our coordinated efforts, let me cite another example. There is a pressing need for more middle income housing. The low-rent program has been adding to this need and we are proud of this because it means we are doing the job of helping to uplift families so they might move into the standard private housing market. Unfortunately, the lack of middle income housing for these "graduating" families, too often forced them back into substandard housing since, by law, their incomes were too high for continued occupancy in low-rent dwellings and no housing at the next step was available.

The FHA is encouraging the production, by private industry, of more middle income housing to help meet this demand, and we in PHA are studying the possibility of selling low-rent dwellings to over-income tenants. Our plan would provide for sale of public housing to tenants who have moved up sufficiently in the income scale to purchase such units with the assistance, where available, of the 1961 FHA long-term low interest rates provisions. It would not just be sale for its own sake, but would make maximum use of the incentive of home ownership to provide public housing tenants with the desire to better their economic status and to take a personnal interest in the maintenance and operation of their dwellings and the community in which they live. This plan would have to be tried in the proper spot from the standpoint of the physical aspects, the legal aspects, and the social and environmental climate. We hope to be interesting some such localities to try it before very long.

Coordination of our programs does not merely relate to the bread and butter aspects of physically producing homes and community facilities. It extends to concerted effort toward meeting a social need as well. Recently, a Portland, Oreg., newspaper vividly described this fact. The elderly citizen population of Portland as elsewhere in the country consists of persons in various economic levels. Some are well-to-do, others have moderate incomes, but the majority are retired persons living on low, fixed incomes, pensions, social security, and so on.

It was clear that housing need existed at several levels. For those who could afford it, luxury retirement apartments were developed by local builders through mortgage financing programs of FHA. Church groups and other nonprofit organizations undertook to produce housing for elderly families of modest income. Under the public housing program, the local housing authority designed, and is now constructing, a modern tower apartment house for low income elderly persons. These homes have been specially designed to meet the safety and livability needs of older persons.

Portland is not alone in viewing its elderly citizen housing needs as a total problem. Other cities, and not only big cities, but small towns as well, have these same difficulties and are working to overcome them. Their success in meeting them will depend, as in Portland, on city, State, and Federal interest.

Public housing and all other programs will prosper and serve the common good only to the extent that they remain responsive to current and changing need. While we can be guided by achievements and mistakes of the past, we cannot afford to accept the traditional procedure as being viable enough to meet the demands of a dynamic and changing city scene.

For years the opponents and sometimes the friends of the low-rent program have criticized the homes it produces as institutional in appearance, relating neither to the neighborhood nor community resources, and perpetuating ugliness and stagnating a desirable social living quality to the city.

While not all of these criticisms are valid in all places, nevertheless we took a long look at what had been produced.

It is one thing to know and point out what is wrong and another to achieve the remedies. For example, we have known for some time now that it is not a good idea to build large stratified "Government projects." We certainly are convinced of it in the PHA, and I believe that local housing officials are aware of this. Yet, as recently as a month or so ago, some of the most knowledgeable members of our profession were still hammering away exclusively at the PHA, in open forum in Washington, attended by representatives of all the constituent agencies of the HHFA, local housing authorities and communities from all over the country. We in the PHA are willing to accept our share of the blame and responsibility, but these critics would be better advised instead to help PHA convince the public in general, the local governmental officials, the urban renewal authorities, the planning commissions, the architectural and planning profession of what is needed—the proper components for achieving a fulfilling living environment.

Our goal in eliminating what has often been called the redtape of public housing development requirement is the provision of design freedom and an atmosphere in which imagination readily may work to improve not only the exterior appearance of public housing, but also to create better functional living environments in which the dwellings are related both to the site and to community resources.

Public housing in its development should not be clearly identifiable even when faced with density problems. Unfortunately, too often in cities around the country, public housing dwellings have been designed that, instead of blending with the architectural patterns surrounding them, stick out like sore thumbs creating a sense of pride neither in the occupant nor in the community. This certainly need not be. It costs no more to produce good design than poor design.

While we have given consideration to design and other physical problems relating to the public housing program, we have not forgotten that this program has at its heart the human factor, the resident. The public housing program was designed to provide families with decent homes until they were able to become renters or owners in the private housing market. For years we have preached the doctrine that this program provides a steppingstone from the slum to private home ownership. It is natural to this process that there will be a distilling effect in which those families unable to improve their lot tend to remain. In a situation such as this, over a long period of time, it is to be expected that the number of these families will grow in proportion to the total tenant population.

Realizing that the public housing program is something more than just a construction program and yet keenly aware of the fact that we do not have authority or budget to perform the social welfare services required by some of the tenants if they are to become contributing citizens, local housing authorities have maintained liaison and cooperated with local community service programs ever since the first unit was occupied but generally these services were not sufficient to meet the changing and growing problems of the families housed.

Therefore, during 1961, PHA and the Department of Health, Education, and Welfare began to investigate areas in which the agencies would be mutually benefited by coordination of existing programs. This groundwork culminated in the announcement of a joint effort to promote health, education, and welfare services in public housing projects and urban development areas, which was announced by Secretary Abraham Ribicoff of HEW and Administrator Robert C. Weaver, on March 15.

Within recent weeks, the task force established by Secretary Ribicoff and Dr. Weaver selected two public housing communities as the first in which to concentrate social and welfare services. We are hopeful that this program will benefit the tenant, the city, and the low-rent program, and we will watch its progress with great interest. Other cities will be chosen in which to demonstrate the principle of massive services and the results obtained therefrom.

We in housing have accomplished a great deal in 1961 and much more might have been done if it were not for the disappointments I spoke of earlier. It might have been possible under a Department of Urban Affairs and Housing, in 1961, to focus the spotlight of public and official sentiment and interest on problems other than housing which are impeding the growth of our cities. Perhaps the overall, fruitless competition between the central city and the suburbs—for which we are paying too high an economic, social, and cultural price—might have been brought under control through local action and Federal assistance.

Then, too, there is the problem of urban mass transportation. We in the District of Columbia and others in cities throughout the country endure the difficulties involved in this area on a day-to-day basis, and we know just how serious the problem is. I'm not being critical of our local transit company; it is doing a fine job, considering the circumstances. But, the problems involved in moving a city's work force from home to the office and then back again in the evening, coupled with trips by shoppers, and automobiles and commercial vehicles pose myriad problems for city planners, traffic engineers, and transportation officials to which solutions must be found—otherwise our cities will be strangled by their own commerce.

Last Tuesday, in testimony on pending urban mass transportation legislation, Administrator Weaver said, "Our concern for urban transportation is rooted in the fact that transportation is one of the key factors in the well-being and prosperity of our urban people. More and more communities have plans and programs underway to handle their problems and to guide their development and renewal. We want to be sure that these efforts are not defeated or canceled out for lack of sound transportation plans and development."

And so, as Mr. Weaver clearly pointed out, transportation, housing, redevelopment—in effect, all urban improvement programs—are very closely tied together. I submit, it does not seem wise not to pull them together so they might be most effectively administered at the Federal level through one arm of government.

Now, if I might be permitted one personal note, 5 days ago I observed an anniversary—the end of 1 year as Public Housing Commissioner.

During this time, the low-rent program has enjoyed several milestone events, the latest being the opening of the half-millionth unit developed under the program. Some of you may have read newspaper reports of the very heart-warming ceremony, in which it was my pleasure to participate, which took place on March 28 at McKinley Houses in New York City.

But, 1962 is much more than an anniversary year for me; it is the silver anniversary year of the public housing program. In September, we will formally recognize 25 years of public service under the Housing Act of 1937. So you see, I have two very excellent reasons for reflecting on our program's accomplishments.

On the positive side, the quarter century of this local-Federal program has produced 500,000 homes and has provided decent shelter for 5 million persons who at a given time needed such housing. Today shelter is afforded to some 2 million persons, half of them children, and 124,000 elderly persons of low income.

The large proportion of children within the tenant population reflects the fact that for 19 years following the inception of the program in 1937 its basic purpose was to serve large families and young families of low income. Program activity was in response to the philosophy that the degradation and stark disadvantages of slum living must not be the environmental heritage of any segment of American youth. This is still a principal goal of the low-rent program.

Within the past decade, however, the public housing program also has focused on the needs of the growing group of older people, a movement that calls for social and economic adjustment in our country which slowly is getting underway. Long before the economic and special housing problems of our country's elderly population were recognized through legislation, the public housing program was providing homes for elderly persons who were part of low-income families and 96,000 older dwellings are occupied by this special group of low-income people. It was only as recent as 1956, however, that this program was permitted to admit the single elderly person.

Current legislation recognizes that the elderly have passed the years of peak earning power, that income has dropped sharply, that many elderly are widows or widowers and otherwise alone in the world. Congress also recognizes that properly designed housing for the elderly will make it possible to extend the independent living span, to decrease the demand for State institutions, and to more nearly achieve the goal of a healthier, happier, and more contributing older population.

At the end of 1961, more than 40,000 housekeeping dwellings were in various stages of planning or had been built with special safety factors for the elderly.

Localities are increasingly expressing interest in developing low-rent housing for use by elderly families. Half of the applications coming into the Public Housing Administration today are for the elderly.

It is evident, therefore, that while the problem is not new and for many years a vast number of elderly persons have been tragically trapped by economics in deteriorating hearts of our cities, today the cities and citizens have recognized the problem and are giving it high priority in relation to overall housing needs. The latter years of life are becoming as significant in our community planning as the early years and this is how it should be.

While it is not a part of the city problem as we know it in Washington, public housing today is reaching two other areas of long neglected housing need: that of the American Indians on their reservations and the serious housing problem, in some sections, of the migratory workers. When President Kennedy declared that the housing conditions of the American Indian are a disgrace to our country and he proposed action to correct the situation, a large part of the burden of cure fell upon the PHA. Our investigations reveal such stark need, such abject neglect, that we are hastening to fashion the best methods and tools. It is not an easy task, but it is certainly a challenging one although the total number of dwelling units for the 35 or so tribes requesting better housing is small compared with the total program. Just as housing for the low income elderly must encompass much more than simple shelter, so too underlying psychological factors on reservations call for special understanding and techniques. We are working with the Bureau of Indian Affairs, with the Department of Labor, and with the Department of Health, Education, and Welfare, attempting to bring a coordinated and many faceted program to bear on the complex of needs.

Another area of interest is the present investigation in conjunction with public and private agencies and the answers to housing of skid row occupants, the nonelderly single persons, the families unable to pay even minimum public housing rents, those unable to get welfare aid because of noncitizenship status, and a host of unmet areas of need. Where there are unmet housing needs of low income people, both the Federal agency and the local authority must be concerned and work forward on solutions. Leadership and originality are the responsibility and not the special province of either group. Imaginative Federal leadership cannot go far beyond the imagination, courage, and desires of the local community. Imaginative local approaches can be diluted or stopped by unimaginative Federal partners.

We realize that the solutions to the problems involved in these areas of desperate housing need will not come overnight. But, the Housing Act of 1961 provided the necessary legislative tools to make a good beginning and this we have done. It remains only for Congress to perfect what it provided in the 1961 law through the establishment of the necessary administrative arm of the executive branch at the Cabinet level. We feel certain this will be done through the expressed interest of State and city officials, citizens, and members of clubs like yours throughout the country. Our Government needs it, our cities need it, but, most of all, our people need it.

URBAN MASS TRANSPORTATION

Mr. WILLIAMS of New Jersey. Mr. President, last week the Senate Housing Subcommittee favorably reported the administration's mass transportation bill, which I had the privilege of introducing.

Extensive hearings were held on S. 3126 and I have collected a few newspaper accounts of the proceedings of the hearings, which may be of interest to other Senators. As the articles indicate, the bill received broad, bipartisan support from all over the country.

I believe the testimony at the hearings reflect a growing recognition that balanced urban transportation, including the use of transit and highways to their greatest natural advantage in coordination with each other and in coordination with plans for urban land use development, represents the most realistic and the most economical solution to the problems of traffic congestion and urban growth.

In addition, I have been gratified to see considerable editorial support for the achievement of balanced urban transportation, and I ask unanimous consent to have printed in the RECORD the various articles and editorials I have mentioned.

There being no objection, the articles and editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Apr. 25, 1962]

TRANSIT BILL RECEIVED WELL ON CAPITOL HILL

(By Laurence Stern)

President Kennedy's $500 million program to help cure the Nation's urban transportation ills got a sunny reception yesterday on Capitol Hill.

Senator HARRISON A. WILLIAMS, Democrat, of New Jersey, sponsor of the administration proposal, said he hoped it would usher in a new era of "togetherness" between highway and transit advocates.

His views were promptly echoed by Housing and Home Finance Administrator Robert C. Weaver and Federal Highway Administrator Rex M. Whitton. They testified at a hearing before the Housing Subcommittee of the Senate Banking and Currency Committee.

The President proposed a 3-year, $500 million program of demonstration grants to local transit systems as a means of reversing the decline in patronage and service. These grants would meet two-thirds of local net project costs.

Weaver referred to the administration proposal as the "first rather than final installment" in a program of broader Federal subsidies for urban transit operation.

"We have faced up to our long-range highway needs," WILLIAMS observed. "Now we must face up to our needs for mass transportation."

WILLIAMS and other backers of Federal aid for transit have appealed for a more balanced Government role in transportation spending. While the Bureau of Public Roads has been moving ahead with its $4_ billion interstate highway program, Congress until last year provided no money for mass transit in traffic-choked urban areas.

On the Washington area, Whitton cited the current Shirley Highway widening project as an example of coordinated freeway and transit planning. He told the committee that highway consultants for the project have been instructed "to consider as one alternative * * * inclusion of special bus lanes."

The Federal roads boss acknowledged afterward to newsmen that he is not firmly committed at present to the express bus lanes. It will depend, he said, on willingness of local transit companies to provide express service.

Congress has expressed a clear interest in seeing mass transit facilities along reconstructed Shirley.

While Whitton endorsed the administration plan for mass transit, he made a strong pitch for use of highways to meet peak-hour commuting needs.

Transit advocates, most notably WILLIAMS, envision the new program as a means of curtailing extensive new freeway construction in urban areas. They conceive of subways and other fixed rail facilities as the principal carriers of peak-hour commuters.

[From the Newark Evening News, Apr. 27, 1962]

BULK OF TESTIMONY FAVORS ADMINISTRATION'S TRANSIT BILL

(By William May)

WASHINGTON.—A Senate committee wound up 4 days of hearings on mass transit legislation today with the tide of opinion thus far running in favor of the administration's proposals as embodied in a bill introduced by Senator WILLIAMS, Democrat, of New Jersey.

The legislation was supported today by Senator KEATING, Republican, of New York; Mayor Stanley Church, of New Rochelle, N.Y., representing the U.S. Conference of Mayors; representatives of the National Association of County Officials, and the industrial union department of the AFL–CIO.

KEATING told the committee he favored the general principles of the Williams bill. He said he was opposed to any back-door financing in connection with the legislation. He also said it was important that State, county, and local control of mass transit programs should be preserved.

Church said that the mayors' group, in backing the Williams bill, wanted to make it clear that "to support improved mass transit is not to downgrade the private auto."

"Rather, we believe that the use of the private auto will become totally impractical unless we have efficient mass transit systems to permit people to move to and from their places of abode and employment," Church said.

CALLED ONLY HOPE

"Improved mass transit is the only hope for the continued enjoyment of the use of the family car. Some see the development and improvement of mass transit as a way to save the central city. My colleagues, the mayors of the suburban cities, know that our cities must also have improved transit. We need mass transit to circulate the people in and around the central city and in and around the suburbs; from the suburb to the central city and home again."

Two Governors—New Jersey's Richard J. Hughes and Massachusetts' John A. Volpe—joined Gov. Edmund G. Brown of California yesterday in supporting the bill together with New Jersey's highway commissioner, Dwight R. G. Palmer, and representatives of a number of transit groups.

The only major opposition expressed so far has been from the Farm Bureau Federation and the U.S. Chamber of Commerce. The farm group objected to additional Federal spending "for what is essentially a local problem." The Williams bill calls for a $500 million 3-year program of Federal grants in the mass transit field.

CHAMBER OPPOSITION

The chamber's position, outlined by Dr. John H. Frederick, professor of transportation at the University of Maryland, was that the proposed mass transit program would hinder rather than stimulate improvements in bus and rail systems.

Frederick said increased Federal support would "discourage or halt" local plans to revitalize transit systems. "The evidence clearly indicates that urban areas are generally rising to the challenge," he said.

WILLIAMS told Frederick there was "grassroots" support for the administration proposal from a number of local chambers of commerce. To support this contention testimony was heard later in the day from Robert Jenney of the Greater Boston Chamber of Commerce who said his group "emphatically" supports the transit plans.

NEW JERSEY READY

WILLIAMS said the transit program has been endorsed by chambers of commerce in Bergen County, N.J., Pennsylvania, Philadelphia, and Brooklyn.

In expressing support for the Williams bill, Palmer said New Jersey had the comprehensive plans to take advantage of the funds which would be available through the administration program.

"The missing ingredient is—and always has been—money," he said. President Kennedy's message on transportation, Palmer told the committee, was greeted "with considerable elation by those of us who firmly believe in mass transit.

"In anticipation of the success of this measure, which our Senator WILLIAMS introduced, we in New Jersey have prepared legislation, which we hope will be enacted promptly, which will enable us to submit proposals and participate in demonstration and improvement programs approved by the Housing and Home Finance Agency, meeting our share of the cost," Palmer said.

"We ask with the greatest sense of urgency that the legislation which you are considering be expedited," Hughes said in a statement submitted to the Banking Subcommittee by Palmer.

[From the St. Louis Post-Dispatch, May 13, 1962]

HEARINGS SHOW SUPPORT FOR TRANSIT AID TO CITIES

(By Thomas W. Ottenad)

WASHINGTON, May 12.—When Mayor Raymond R. Tucker of St. Louis appeared here this week to plea for Federal help in solving the problems of mass transportation that are vexing American cities, he apparently spoke for many people throughout the country.

Three weeks of congressional hearings, ended yesterday, have disclosed broad support for such action. From major organizations representing business, labor, and public officials has come strong indorsement for a bill that would establish a 3-year, $500 million program of loans and matching Federal grants to States and local communities. The money could be used for constructing, acquiring or improving mass transportation facilities either through direct public action or through assistance to private concerns in financing capital improvements.

The only major opposition to the new legislation, which would expand and revise a more limited Federal aid program passed last year, has come from the American Farm Bureau Federation and the U.S. Chamber of Commerce. Both opposed entry by the Federal Government into what they regarded as a purely local field. Several other groups, representing automobile and highway interests, have taken no public position on the measure.

Supporters of the bill are confident Congress will approve it this year. Senator HARRISON A. WILLIAMS, JR., Democrat, of New Jersey, sponsor of the measure in the Senate, said he had been assured by the Senate leadership that the bill will have a high priority for action at this session. Representative ABRAHAM J. MULTER, Democrat, of New York, author of a companion bill in the House, said chances there are excellent.

Whether the program will get the full $500 million appropriation being sought is open to question. In enacting last year's bill, Congress authorized expenditures up to $75 million. Under leadership of the economy-minded House Appropriations Committee, however, it actually appropriated only $42,500,000.

People who feel that fast bus or rail service is essential in crowded urban areas have accumulated dramatic evidence of what traffic snarls are doing to American cities. For example, it has been estimated that traffice jams cost the Nation about $5 billion a year in lost time and wages, extra fuel consumption, faster depreciation of vehicles, lower taxes, and reduced sales in downtown commercial areas.

Equally impressive are the warnings of worse to come if effective steps are not taken. Mayor Ivan Allen, of Atlanta, Ga., told a Senate subcommittee that unless his city develops a satisfactory system it will need 120 new highway expressway lanes radiating from the downtown area by 1970. The amount of land, homes, and trees that such highways would gobble up would have serious effects on the community.

The danger of relying on automobiles alone for mass transportation was emphasized by a recent survey in the Nation's Capital. It found that by 1980 the area would require so many highway lanes that residential communities and the entire character of the central area of the city would suffer excessive damage.

A frequently heard argument against expanding mass transit operations is that people prefer automobiles and will not use public systems, no matter how attractive they are. Not so, says Senator WILLIAMS. He points out that the number of persons riding transit lines in New York, Boston, Philadelphia, and Chicago rose sharply after service was improved.

The Federal-aid program enacted last year has had only limited use so far. Only one grant, an allocation of $224,000 to Detroit, has been made. Supporters say restrictions in the bill have prevented more widespread use. Loans offered under the measure have not been effective, because many hard-pressed transit systems could not afford them, it was said. A prohibition against using grants for long-term, major capital improvements also is credited with hampering the program.

The new bill is intended to overcome these difficulties, principally by offering grants, rather than loans, to improve mass transit operations. Costs of capital improvements would be shared. Part would be financed out of operating revenues of the transit system. The portion that could not be paid in this way would be met out of public funds, the Government contributing two-thirds, local agencies one-third.

Senator WILLIAMS is confident the plan will trigger a burst of local activity aimed at making bus service and other transit systems more useful and attractive.

[From the New Brunswick (N.J.) Home News, Apr. 27, 1962]

PRESIDENT'S TRANSIT PROGRAM ENDORSED

WASHINGTON.—Dwight R. G. Palmer, New Jersey highway commissioner and transit official of Morris County, N.J., were among a group of witnesses heard yesterday in support of President Kennedy's $500 million mass transit subsidy plan.

Gov. Richard J. Hughes, of New Jersey, and Massachusetts' Gov. John A. Volpe also backed the bill in statements submitted to the Senate Housing Subcommittee.

A major dissenting voice at the hearing was that of the U.S. Chamber of Commerce, which contended that mass transit is a local problem and that Federal funds should not be poured into its solution.

NEED PUBLIC FUNDS

Senator HARRISON A. WILLIAMS, JR., Democrat, of New Jersey, entered a quick rebuttal to the chamber's position, saying it erred in claiming the Kennedy program would encourage Government operation of local transit and commuter service.

"Without public funds to fill the gap between the shrinking financial abilities of the private carriers and the growing needs of the metropolitan areas, the demise of private enterprises will become all but inevitable," said WILLIAMS, who introduced the President's plan in the Senate.

The national chamber's stand, he said, was in conflict with the support local chambers of commerce voiced last year for a mass transit program. He said the chambers of Pennsylvania, Bergen County, N.J., Boston, Atlanta, Philadelphia, and San Francisco favor Government action.

Many of the witnesses supporting the legislation said in effect that mass transit has become a losing proposition in most cities and that subsidies are essential to keep it alive.

COST GOING UP

Palmer said New Jersey now spends four to five times what it did a few years ago for highways, but that it is "clear that highways alone cannot meet the total travel needs."

He told the Senate group that New Jersey has created a railroad transportation division in its highway department and the new agency is working on plans to save and improve rail transit in the New York and Philadelphia commuting areas.

"We are counting on the availability of Federal funds to assist the carrying out of our recommendations," he said.

"The missing ingredient is—and always has been—money," said Palmer.

"The railroads in New Jersey are in no position to expend large sums of money to improve a service, the losses from which constitute a constant drain on their resources.

RECOMMENDATIONS ENDORSED

"Our State is limited in avenues of taxation and many other worthwhile and urgent requirements exist drawing heavily on all tax resources.

"It was with considerable elation, therefore, that the President's message on transportation was reviewed by those of us who firmly believe in mass transit.

"We endorse the President's recommendations in respect to this bulwark of our economy, mass transportation, and are looking to it to find the financial assistance that we need to initiate the needed improvements."

Witnesses from Morris County, as well as others from Massachusetts commuting areas, indicate that while they support the proposed Federal program, they disagree with plans put forward by local and State agencies.

The vice chairman of the Morris County Board of Public Transportation, F. T. Richardson, of Mendham, N.J., was critical of proposals by the State division of rail transportation.

The division, he said, "Wants to have all trains diverted from a long-established route to an interior line, so that it may then buy the line, tear up the tracks on about 7 miles of heavy duty, taxpaying, main line railroad and construct on the right-of-way a fabulously expensive, tax-dollar-eating superhighway."

[From the New York Times, Apr. 25, 1962]

TRANSIT AID PLAN PUSHED IN SENATE

(By Peter Braestrup)

WASHINGTON, April 24.—The administration opened its campaign today for congressional endorsement of a $500 million program to help cities and towns develop better commuter trains, buses and subways.

Leading off in testimony before the Senate Housing subcommittee were Robert C. Weaver, Administrator of the Housing and Home Finance Agency, and Rex M. Whitton, Federal Highway Director.

Mr. Weaver emphasized that experience under a limited $75 million program enacted last year "convinced us that major capital expenditures for mass transportation in most instances cannot be supported entirely from the fare box."

The administration's new 3-year program, Mr. Weaver said, would pay two-thirds of the costs of major capital improvements. The fare box would take care of operation expenses, he added.

He said Federal loans had been found to be impractical under the present limited loan-grant program. Most transit systems, he commented, "are not going to be able to pay back the loans out of the fare box."

John C. Kohl, head of the Housing Agency's Office of Transportation, said inquiries on or requests for transit aid had been received from 152 cities in 37 States.

A $200,000 "demonstration grant" has been awarded to Detroit to help improve its bus service. No loans have been granted.

EXPERIMENTATION HELD VITAL

Mr. Weaver acknowledged that "we still don't know what people want; the people themselves don't know what they want." Hence, he said, a $10-million-a-year budget for experimentation with various types of service is vital.

Mr. Whitton conceded that most city transportation programs had been "highway-oriented" because of a lack of Federal financing for other modes of transportation.

In most urban areas, Mr. Whitton said, more than 85 percent of daily travel is by car, and about 75 percent of transit travel is by bus. In the largest cities, he said, 40 to 90 percent of rush hour traffic is handled by mass transit, including buses.

"While I believe that the great bulk of the trips in urban areas will continue to be handled by automobile," he said, "I recognize that public mass transit performs an important function."

The administration's bill should correct the present "imbalance" in favor of autos, he declared.

Mr. Whitton indicated that his agency, the Bureau of Public Roads, was working with the HHFA on the possibilities of reserving lanes on new superhighways for commuter buses during rush hours.

Unlike the non-Government witnesses, neither Mr. Weaver nor Mr. Whitton volunteered support for a controversial amendment to the administration bill introduced last Thursday by Senator HARRISON A. WILLIAMS, New Jersey Democrat.

Mr. WILLIAMS, principal sponsor of the measure, presided over most of today's hearing in the absence of JOHN J. SPARKMAN, Alabama Democrat, who has been attacked by the chairman.

His amendment provoked conservatives as "back-door spending." It would give the Housing and Home Finance Agency "contract authority" to make advance commitments for aid to local public transit authorities over a 3-year period without having to go to Congress each year for an appropriation.

This financing method is used in urban renewal aid and other long-range Federal housing programs.

However, the Budget Bureau has opposed such new contract authority. It argues that "forward funding," or advance appropriations, can provide the same flexibility.

Moreover, administration officials expressed belief that a back-door spending issue would kill the bill's chances in the House. Mr. SPARKMAN predicted that the bill would pass the Senate.

The Williams amendment was endorsed by several witnesses, including spokesmen for the three-county San Francisco Bay area rapid transit district.

[From the New York Times, Apr. 27, 1962]

Two Governors Back Transit Aid Bill

(By Warren Weaver)

Washington, April 26.—The Democratic Governor of New Jersey and the Republican Governor of Massachusetts today joined the ranks of supporters of the Kennedy administration's $500 million urban mass transportation program.

Gov. Richard J. Hughes told a Senate Housing Subcommittee that Federal-State cooperation on transportation planning was needed in New Jersey or "our highways, rails and indeed our economic life will reach the point of strangulation not too many years in the future."

Gov. John A. Volpe of Massachusetts called for speedy adoption of the transit plan "not only because of its beneficial effects on mass transportation but also because it insures that our Federal and State highway programs will successfully carry out their purposes."

Neither Governor was present at the hearing, both submitting their views in statements that were buttressed by groups of witnesses from the two States.

At the same time, the plan to provide Federal aid for mass transit facilities that cannot be self-supporting on fare revenue ran into strenuous opposition from the U.S. Chamber of Commerce. Only one other group, the American Farm Bureau Federation, is on record against the program.

CHALLENGED BY WILLIAMS

The chamber of commerce position was challenged, first by Senator Harrison A. Williams Jr., Democrat, of New Jersey, the principal sponsor of the transportation bill.

Appearing for the chamber of commerce was Dr. John H. Frederick, professor of transportation at the University of Maryland. He said that mass transportation was not "a broad national problem" that justified spending the taxpayers' money.

Dr. Frederick also argued that establishment of a Federal-aid program would discourage local efforts to solve transportation problems by the metropolitan areas themselves.

In response, Senator Williams maintained that a number of local chambers of commerce favored the legislation. He said that it would take far less Federal money to aid the transit systems than to build expressways to attempt to handle the same traffic, if that were possible.

As for the chamber's charge that the Federal assistance was not needed, Mr. Williams declared that "there are tons of studies of mass transportation in the New York metropolitan area gathering dust for lack of funds."

The administration program would make $500 million available over a 3-year period to meet up to two-thirds of the part of the cost of expanded urban mass transit facilities that could not be covered by their fare revenues.

[From the Washington Evening Star, Apr. 24, 1962]

Mass Transit Aid Bill Seen Passing Senate

Senate passage of President Kennedy's $500 million mass transportation grant program was predicted today by the Senate Banking Committee chairman.

As he opened hearings, the chairman, Senator Sparkman, Democrat, of Alabama, urged both transit and highway experts to cooperate to move more people faster.

Robert C. Weaver, Housing and Home Finance Administrator, assured the Senate committee that the President's transportation bill was firmly grounded on close working relationships between transit, highway, and housing officials.

Rex M. Whitton, Federal Highway Administrator, also promised that old "battle lines" drawn by highways versus mass transit had been abandoned.

"I am sure you share our terror at trying to meet peak traffic needs in American cities with the automobile alone," Senator Williams, Democrat, of New Jersey, said. He has introduced the President's bill with 20 cosponsors, both Democrats and Republicans.

"I thoroughly agree," Mr. Whitton assured him.

SHIRLEY HIGHWAY CITED

The highway administrator said Shirley Highway in nearby Virginia was an example of cooperative planning for automobile and transit movements, as contemplated in the President's program.

Congress authorized a widening of Shirley to eight lanes last year. The Public Roads Bureau consultant planning the highway has been instructed to consider the inclusion of special bus lanes, Mr. Whitton testified.

Later he told reporters he could not guarantee a transit lane on Shirley. But "we are working toward that possibility," he added. The National Capital Transportation Agency wants the transit lanes and has hired its own consultant to analyze the Shirley job. Mr. Whitton said the consultants were cooperating.

The major provision of the President's bill is a 3-year authorization of $500 million to State and local governments. The money would finance construction and purchase of mass transportation facilities, including land, parking lots, buses, signal equipment, stations, and terminals. The Federal share would be two-thirds of the total cost.

LOANS ALSO PLANNED

Also provided would be loans limited to $50 million, a $10 million research program, uniform payments of relocation expenses to persons displaced by a transportation project and planning grants.

Acceptance of the President's bill would recognize mass transit needs for Federal support as highway needs are now recognized.

Mr. Weaver said the President shifted to grants from a temporary loan program cleared by Congress last year because of economic necessity.

Loans help some small communities, Mr. Weaver said. In larger cities, however, he said money from the "fare box" could not cover costs of urgently needed transportation. So loans could not be repaid from current receipts, he reasoned.

[From the Newark Star-Ledger, Apr. 22, 1962]

Top U.S. Officials To Testify First on Mass Transit Bill

Washington.—Top Federal officials will be the leadoff witnesses Tuesday at the opening of a Senate hearing on the administration's $500 million mass transit bill.

Rex Whitton, Federal Highway Administrator, is expected to be called to the stand first and be followed by Robert Weaver, Housing and Home Finance Administrator.

Senator Harrison A. Williams, who introduced the measure, predicted that the bill will get broad bipartisan support and with other leading Democrats, he predicted its passage.

The hearings will be held by the Senate Banking and Currency Committee and will be open to the public. They will continue throughout the week and be followed by House hearings which will continue for 2 additional weeks.

Senator Williams announced that Senator Clifford P. Case, Republican, of New Jersey, a cosponsor of Federal transit legislation, will testify Wednesday, and Dwight Palmer, New Jersey highway commissioner, will be a witness the following day.

"NEW COOPERATIVE ERA"

Senator Williams termed the appearance of Weaver and Whitton a "significant demonstration that we are entering a new era of cooperative effort to insure that both highways and transit achieve their maximum potential in meeting our growing urban transportation needs and contributing to more rational and effective forms of urban transportation."

Williams said the transit bills are aimed at producing coordinated urban transportation. His bill calls for a $500 million Federal program over a 3-year period.

"People are rapidly coming to recognize the stark economic truth that if we don't do something soon to preserve essential mass transportation to help meet rush hour travel in urban areas, we will be forced into simply incredible expenditures to move the rush hour traffic by automobile," the Senator declared.

Extensive highway construction in cities, he indicated, leads to inevitable injuries from family dislocation to the replacement of commercial and cultural activities with downtown parking facilities."

PROVISIONS LISTED

Williams, backing the balanced transportation concept, pointed out "there are some jobs that highways simply cannot perform except at prohibitive costs and damage to heavily built-up urban areas."

The major provisions of the administration's bill are:

A continuing matching grant program with an initial 3-year authorization of $500 million to State and local governments for the construction and acquisition of mass transportation facilities and equipment such as land, right-of-way, parking facilities, buses, rail rolling stock, signal equipment, stations, terminals, and so forth. The Federal share would be two-thirds of that portion of the cost that cannot be financed by revenues from the system.

The grants would be contingent on the development of a program for coordinated transportation within a comprehensive plan for the development of the urban area.

An emergency program limited to 3 years of 50–50 grants where there is an urgent need for the preservation or provision of mass transportation facilities, and where the comprehensive program is being actively developed.

A $10-million-a-year research and development program in the field of mass transportation, with emphasis on new technology.

Payment of relocation expenses, similar to those paid under the urban renewal program, for families and business displaced by a mass transportation project.

A continuation of the existing $50 million loan program, scheduled to expire at the end of 1962.

[From the Elizabeth (N.J.) Daily Journal, Apr. 24, 1962]

Senate Committee Seeks Transit Key

Senatorial hearings are underway in Washington on a vast and intricate situation—the confusion and the failure of mass urban transport. This is a process of strangulation clutching at the New Jersey-New York metropolis and practically every other major center of population and activity across the country.

The White House has proposed that the Federal Government intervene; New Jersey's two Senators, Mr. Case and Mr. Williams, have offered texts of helpful measures; other legislators have acknowledged this to be a primary trouble zone, and spokesmen from many State capitals and city halls have appealed for action in Washington.

Consequently, the hearings, with an abundance of proposed laws and an encompassing array of data, hold great promise.

From the White House and on both sides of the aisle in the Senate appears recognition that mass transit is far more than the controversy of rubber versus rails; that its needs exceed the capacity of most afflicted cities; that frequently it transcends even State lines. No longer is it a purely local matter; whatever is to be done must be done big.

In another two decades more than half of the Nation's people will be concentrated in 40 urban complexes of deteriorating centers, new marketing concepts, congested and scattered residential districts. No space would be available for the highways necessary for transit and transport, if rail movement ceased. The railroads, however, are failing simultaneously for fiscal reasons.

New Jersey, Philadelphia, Massachusetts, and Chicago are testing expedients to preserve rapid transit; New York City and New York State are pouring millions of dollars into resuscitation of subways.

From this background, the administration proposes far more direct participation by the Federal Government, both in the determination of policy and by staggering appropriations to be expended in coordination with State and local governments, as far as they are able, to provide both railways and highways. Neither alone can suffice.

The purpose of the Senate hearings is to find among the welter of bills, statements by experts and officials, surveys and testimony the substance of legislation that can activate the intent of the administration and best serve the harassed communities it will reach.

The urgency of action is recognized fully here and across the river and in many other cities. Congressional progress can be impeded by the indifference of places not affected by choked traffic arteries. That cannot be tolerated.

[From the New Brunswick (N.J.) Daily Home News, Feb. 3, 1962]

TOWARD NEW TRAFFIC TACK

The country's mass transit systems do not appear to have made much headway yet under programs set up to help solve their problems.

In many modest size communities the problem is that public transportation has disappeared altogether. In the bigger centers, the problems are to cope with growth and keep afloat financially.

The 1961 Housing Act provides certain funds for transit planning, for demonstration grants, and for loans for development of transit facilities and equipment. Though the authorizations were larger, last minute congressional maneuvering imposed restrictions whose effect is to limit the program to $42 million.

As might be expected, little has been done to implement these provisions in the few short months since passage. A new unit in the Housing and Home Finance Agency is largely in the organization and policy statement phase.

Meantime, the harsh facts pile up. Communities keep on growing, their existing facilities are overburdened, and they find themselves laying out—or contemplating—immense sums for street and highway improvements to handle the swelling motor traffic.

Many surveys of the transit problem wind up with the conclusion that some kind of rapid rail transit, combined where it is practical with regular railroads' commuter service, is the real key to the future.

In numerous cases where rapid transit lines are either inadequate or nonexistent, the prospective cost obviously could be high.

Where expanded commuter service is thought sensible, the question is how the railroads involved can meet the losses that seem inevitably to accompany commuter operations.

Analysts dealing with the problem in the Senate hint that the country, the States, and the cities may simply have to face the prospect of deficit financing for transit systems.

One view is that, unhappy as this prospect may be, it has to be set beside the incredible cost of street and highway programs—and the added fact that many new roads are heavily congested almost from the moment they open.

Philadelphia plans one expressway whose 22 miles would cost $300 million. The New Jersey Turnpike, 118 miles long, cost $255 million in 1951.

The barriers to more and better rail transit are formidable. But the motor traffic alternative keeps looking worse and worse. The start is slow, yet painful logic may be pushing us steadily toward transit systems on a big scale.

[From the Business Week, Apr. 14, 1962, as reprinted by Passenger Transport, Apr. 27, 1962]

In a long and dreary history of studies and reports on transportation, President Kennedy's latest message to Congress is unique. Never before have the intricate problems that have grown with our transportation industry been tackled so comprehensively and boldly. And never before has the industry had such an opportunity for the complete overhaul it so desperately needs.

Broadly speaking, the President's recommendations would remove much Federal regulation and subsidization from intercity public transportation. They would put the different carriers on a more equal footing, allowing each to fight for traffic under rules that were the same for all.

Passenger fares would not be kept high to support the weakest carriers. Trunk airlines would not be eligible for Federal subsidy, to bail the poorest out. And subsidies for local service and helicopter airlines would be reduced. Finally, taxes amounting to "user charges" would be imposed on airlines and inland waterway operators to help recover the Government's capital and maintenance costs.

The net of all this would be an industry left more to its own devices and to the laws and consequences of competition in order to cure its own ills. There would necessarily be a period of painful confusion. Many of the weaker carriers would necessarily fall by the wayside, with only their viable segments being purchased by the strong. But after this period had passed, the industry would, in the President's words, be made "fit, lean, and progressive by vigorous competition and innovation."

Competition, however, cannot be expected to solve the problems of urban transportation. In many areas, public transportation is disappearing because the people who use it and benefit from it either can't or won't pay the full costs. Unpleasant as it is to have the Federal Government moving into the local transportation business, this is often the only authority willing to do the job. But here again, the President's message shows wisdom. Grants and loans would be made only to cities that take the initiative of setting up long-range planning bodies. Furthermore, the plans must first be integrated so that the previously competing forms of mass transportation would complement each other.

As the debate over the President's proposals progresses, it may develop that some of them can be dropped or modified. But as a broad philosophy, a body of principles to guide the formulation of a new transportation policy, they offer the ailing industry the only real solution to an otherwise impossible situation.

The political and emotional bickering attendant on any proposed transportation legislation must not be allowed to relegate President Kennedy's message to the same dusty shelf where reside so many previous transportation reports. The opportunity for a cure is too great; the consequences of continued inaction are too evident.

[From the New York Times, Apr. 11, 1962]

PLANNED URBAN TRANSIT

By 1980 more than half of the country's growing population is likely to be concentrated in 40 great urban complexes. Many smaller cities will also undergo spectacular expansion. The danger that these population centers may suffocate through inadequate or ill-planned transportation facilities has prompted the program for Federal aid to urban mass transit that President Kennedy put forward in his recent message to Congress on national transportation problems.

The program is based on the sound premise that long-term aid should be authorized only for projects that are part of a unified or coordinated transportation system geared to a comprehensive plan for development of an urban area. In recognition of the urgent needs that now exist in many communities, the Kennedy proposal also would allow emergency grants to keep existing mass transportation facilities operating while an official long-range plan was in preparation.

The merits of the urban transportation program are so compelling that it ought not to be held up by the much fiercer debate that is likely to rage over the President's recommendations for overhauling the regulatory and subsidy structure governing railroads, airlines, waterways and other carriers. The urban transit plan can and should be separated from the rest of the message in congressional consideration. The problems of the cities are multiplying too rapidly to permit indefinite delay in a Federal contribution to their solution.

[From the New York Times, Apr. 22, 1962, as reprinted by Passenger Transport]

URBAN TRANSIT IMPROVEMENT

Democrats and Republicans in Congress appear agreed that a satisfactory version of the administration's $500 million mass transit bill will be approved this year. Passage cannot come too soon for anyone who has spent weary hours in bumper-to-bumper traffic on suburban highways, circled endlessly in search of a nonexistent downtown parking place or scrambled for a commuter train that was dropped from the timetable last week.

The outlook for speedy action has been brightened by the ending of a long wrangle over jurisdiction and concept between the Commerce Department's Bureau of Public Roads and the Housing and Home Finance Agency. A meeting of the minds has been reached on joint planning to insure balance in improving rail and highway facilities.

With the number of motor vehicles in the country expected to increase by 50 percent in the next 15 years and with traffic jams already costing an estimated $5 billion in annual economic waste, Congress will be making a contribution to the country's progress and its peace of mind by moving promptly on a coordinated approach to urban transit improvement.

[From the Asbury Park (N.J.) Evening Press, Apr. 23, 1962]

BARNES ON MASS TRANSIT

Having for years pointed to the need for improved mass transportation, this newspaper is gratified to hear Henry A. Barnes, New York City's traffic commissioner, call for more adequate mass transit facilities to relieve traffic and parking problems within the cities.

It has long been obvious that this country can never build enough highways and parking lots to permit everyone to enter and leave congested metropolitan areas by private automobile. With all of the vehicular bridges and tunnels and expensive approaches leading to New York City, for instance, it would be impossible to transport commuters to the city without railroads and subways. But even were there sufficient facilities to permit every commuter to enter the city by private car, there is no room within the city to move and park these automobiles. In fact, the prevailing load of vehicular traffic in New York and many other cities is already strangling them.

When one train passing through the city can transport as many persons as hundreds of automobiles it is obvious that the only solution lies in improved mass transit. Otherwise street traffic and parking will choke the urban centers to the point where all productive enterprise will perish.

Mr. Barnes complains that former parks commissioner, Robert Moses, built many fine parkways "to the edge of Manhattan Island and left them there." Thus it becomes necessary to provide facilities for bringing people into the city. And, as Mr. Barnes observes, "it is a whale of a lot cheaper to subsidize public transportation than to build highways."

Mr. Barnes has contributed his expert opinion to the great mass of evidence showing the need for improving our public transportation system, especially in urban areas where there is neither room for more highways and parking lots nor the funds to finance them. For years now too much emphasis has been placed on highway construction while too little attention has been given to the improvement of mass transit. And as a result our system of public transportation, as the deterioration of the railroads demonstrates, is near collapse. It is late, but not too late, to reach a balance between private and mass transit and salvage and improve railroads and other rapid transit facilities to the point where they are equipped to do the job that only they can do.

[From the Washington Post, Apr. 26, 1962]

FUTURE OF OUR CITIES

The idea of increased Federal responsibility for future growth trends of American cities is winning a favorable response in Congress. One reason for this seems to be the persuasive report recently submitted to the President by Secretary of Commerce Luther H. Hodges and Administrator Robert C. Weaver of the Housing and Home Finance Agency. The reasoning behind this report helped to shape the President's recent message to Congress on transportation, and it should now guide Congress in the shaping of legislation that will modify the transportation systems of large urban communities. The growth of our cities in the decades ahead will be determined in large measure by their transportation facilities, and these in turn will be determined in large measure by Federal assistance programs.

The Hodges-Weaver report forecasts that by 1980 some 140 million people will be living in 40 great urban complexes with more than 1 million population each. Most of the country's rapid growth is taking place in urban centers, but in the suburbs rather than in the central cities. The cities have scarcely begun to cope with the transportation problems resulting from this astonishing spread of urbanization. Indeed, problems of transit have been multiplied in many cities, for the trend in recent years has been away from mass transit to greater use of private automobiles. The survey showed that in most urban areas "over 85 percent of the total daily travel is by automobile."

It is not surprising in these circumstances that the emphasis of the current report should be on Federal aid for mass transit. Of course no drastic shift from urban freeways to rail lines for commuters is contemplated. The necessity for continued large-scale aid for better urban highways is fully recognized. In many instances improved public transportation will take the form of modern buses operating on loops and expressways. What the new policy does insist on is comprehensive planning for all transportation requirements while the highways program goes forward.

If the recommendations of this report are accepted, each city seeking Federal aid for highways will have to demonstrate to the Secretary of Commerce by 1965 that its projects are consistent with a balanced transportation system for its entire metropolitan area. To encourage increased reliance on mass transit, this report also recommends grants totaling $500 million over a 3-year period to finance up to two thirds of the cost of public transportation systems. Grants and loans would be made only to local public agencies, but they could arrange for private operation of transit lines if they should so desire.

Messrs. Hodges and Weaver clearly recognize that mass transportation is not likely to pay its own way. Large-scale public intervention is justified as a means of saving cities from slow strangulation on one hand and partial destruction through the proliferation of freeways on the other. We have no doubt as to the necessity of this program if our cities are to become desirable places for future generations.

Several other aspects of the report are important. It contemplates sustained research into ways and means of meeting urban transportation problems, continuous community planning in the light of transportation needs, and more adequate assistance for the families who are displaced by highway and other improvements. The report estimates that 85,000 urban families are forced to move each year by public action, much of it assisted with Federal funds. Certainly Federal aid for relief of these families is an essential part of the comprehensive planning that this program calls for.

[From the Philadelphia Inquirer, Apr. 27, 1962, reprinted in Passenger Transport, May 11, 1962]

MASS TRANSPORTATION

Those who object to the use of public funds for mass transit facilities should take a good, hard look at some of the alternatives.

A Senate banking subcommittee has been exploring this area during its consideration of President Kennedy's plan to provide $500 million in Federal grants over a 3-year period to help cities meet up to two-thirds of the capital cost of mass transit improvements that could not be supported by fare revenues.

What will happen in our big cities if transit facilities are not adequately available? Some of the witnesses before the committee have painted a picture of mounting motor traffic and pyramided highway construction to accommodate it that is horrible to contemplate.

Senator CLAIR ENGLE, of California, said that experts estimate it would soon require 90 highway lanes to handle traffic moving into San Francisco from the south. Transit-deprived Los Angeles is coping with a staggering problem of finding more space for new highways.

Mayor Ivan Allen, Jr., of Atlanta, predicted that by 1970 his city would require 120 expressway lanes to move traffic in and out if no supplementary mass transit facilities are developed.

It has been previously estimated that the expenditure of $31 billion would be required to build the necessary extra highways should the rail commuter lines serving Philadelphia, New York, Chicago, Boston, and Cleveland be abandoned. Additional highways for displaced Pennsylvania Railroad commuters in this city and New York would cost at least $1 billion alone.

The requirements of a highway program, to handle increasing traffic would be of such tremendous proportions, Mayor Allen warned the Senators, that it could bankrupt every level of government.

It seems strange that some of the opponents of public appropriations for mass transit projects have found no fault with vast grants of taxpayers' money for highways and parking garages. And it is not only the high cost in dollars of such construction that is material but the cost to the cities in traffic saturation of their streets and the encroachment on their living space of multiplex highways and parking lots.

The relatively small amount allotted by the city of Philadelphia for its various commuter rail operations, and the proposed appropriations to provide similar projects in the adjacent counties, fade into insignificance alongside the great sums and land space that would be required for new highways should the rail lines in this area go out of business.

The city of Philadelphia has spent many millions to establish and improve high-speed transit systems here. That expenditure can hardly be dismissed as unnecessary and extravagant subsidy. Neither can the plans now in the making in this and other cities for imperatively needed mass transportation.

[From the Atlantic City Press, Apr. 27, 1962]

MASS TRANSPORTATION LEGISLATION

Hearings in Washington this week are developing strong bipartisan support for urban mass transportation legislation.

The hearings are being held by the Senate Banking and Currency Committee's Subcommittee on Housing. New Jersey Senators CLIFFORD P. CASE and HARRISON A. WILLIAMS are among those directing their efforts toward improved mass transportation services in metropolitan areas.

Both are actively backing the administration's mass transportation proposals. The program was put forward by President Kennedy in a recent message to Congress on national transportation problems.

The program is based on the premise that long term aid should be authorized only for projects that are part of a unified or coordinated transportation system geared to a comprehensive plan for development of an urban area. President Kennedy's proposals would allow emergency grants to keep existing mass transportation facilities operating while an official long-range plan was in preparation.

Senator CASE has a bill of his own, the purpose of which is to make the most effective use of whatever highway and new mass transportation funds the Congress allows.

The President would authorize the Secretary of Commerce to withhold highway funds until assured that proposed projects have been brought into harmony with plans for rapid transit systems and other aspects of urban planning. CASE proposes to lodge a similar authority in the Administrator of the Housing and Home Finance Agency.

Both are trying by somewhat different means to assure advance planning that will prevent, insofar as possible, workings at cross-purposes where transportation needs are concerned.

Senator WILLIAMS initiated a program of Federal planning grants for mass transit facilities which was enacted into law as part of the Housing Act of 1961. He says the administration proposals will broaden this program.

It's gratifying to know both Senators are keenly aware of the problem and determined to do something about it.

[From the Asbury Park (N.J.) Evening Press, Apr. 30, 1962]

Transit Plan Is Sound

It will be difficult to develop any tenable opposition to President Kennedy's mass transportation plan. Even should it be found advisable to alter details of the program, its basic soundness and the pressing need for it should assure rapid adoption.

The President's proposal is aimed at salvaging the deteriorating mass transit systems that jeopardize the economy of most metropolitan areas. In the effort to provide adequate, modern service it appropriates $500 million in public funds to improve facilities and service and it calls for research and planning to integrate them into an efficient system.

If there be any other way to reach this objective we have not heard of it. New Jersey has tried valiantly through subsidies to maintain adequate rail service, especially for its thousands of commuters, but the State cannot alone do the job. The only solution thus lies in Federal assistance that will supply the funds and the leadership needed to rehabilitate our mass transit system, especially in urban areas.

No one any longer questions the need for first-rate mass transit. Despite the billions spent on urban highway development it is obvious that private automobiles cannot carry hundreds of thousands of commuters daily into and out of metropolitan centers. Not only is it impossible to build sufficient highways, bridges, and tunnels for this purpose but there would be no place in which to park the cars of commuters could they gain access to such congested areas as New York City. In fact, the construction of adequate highways to carry all traffic to New York, San Francisco, Los Angeles, and most other metropolitan centers would require the confiscation of hundreds of square miles of residential and commercial developments for the necessary rights of way. With this sort of transportation system there would be little room for anything else.

With the need for mass transit thus established, a means for providing it must be adopted. Obviously the railroads are not financially able to do it. Highway competition, high taxes, and declining revenue have forced them to curtail rather than expand service. Nor can the States supply sufficient revenue for an adequate urban transit system, especially when it must cross State lines. Thus the only hope lies in the Federal assistance that Mr. Kennedy's program proposes.

Fortunately New Jersey is in the forefront in the battle for improved mass transportation. For years Senator Case has called for coordinated Federal assistance. Senator Williams is aggressively sponsoring the President's program in the upper House. Governor Hughes has supported the bill and Highway Commissioner Palmer has testified before a Senate committee to urge its adoption. With such effective support the program should be promptly adopted so that our mass transit system can be rehabilitated before it collapses.

Mass Transportation Bill—WJRZ Radio Editorial, Wednesday, April 25, 1962

New Jersey has a vital interest in the hearings on the administration's mass transportation bill which started before a Senate subcommittee. The bill was introduced by Senator Williams. Under the bill, the Federal Government would initially make $500 million available over a period of 3 years to State and local agencies. The Federal Government would match State and local money on a 2-to-1 basis.

After the current Senate hearings are concluded, the House will conduct its own hearings.

The passage of the bill is a prime requisite to New Jersey's continued development. As Senator Williams testified yesterday, the population of New Jersey will increase by 39 percent in the next 13 years, and the increase in motor vehicle registrations will be 47 percent.

Under present budget limitations, the State would fall short by $1 billion of funds necessary to maintain a highway system adequate to meet the increase in people and autos.

More important is the lack of funds with which to develop and increase mass transportation facilities not dependent upon the private auto. In the past decade, the mass transportation facilities of northern New Jersey, such as they were, have deteriorated completely.

We are just beginning the long fight back. The acquisition of the Hudson & Manhattan Railroad by the port authority is the first of a long series of vital projects.

Most important of all is the need for a comprehensive plan to develop all mass transportation or devices—railroads, buses, helicopter service, monorail systems, rights-of-way, and terminal and parking facilities.

Let's begin now to plan the intelligent use of funds which may become available to northern New Jersey.

[From the Plainfield (N.J.) Courier-News, May 7, 1962]

The Railroads

In the opinion of Roger H. Gilman of Plainfield, who is executive director of the Tri-State Transportation Committee, the effort in behalf of commuter railroad transportation has turned a corner in the right direction. This is good news.

At the present time, the administration's transportation bill in Washington has the strong support of Senators Case and Williams, both of New Jersey. They are keenly aware of the need for a coordinated plan of highways and railroads. The proposed bill suggests less Federal regulation and more opportunity for the free enterprise system to function.

In Trenton, the Division of Railroad Transportation, New Jersey Highway Department, under Commissioner Dwight R. G. Palmer, has recognized that "practical down-to-earth action is vital—and now, not tomorrow." In a recent report, the State department indicated that it is working toward, and has asked legislative support for, a modern rail system that will meet the needs of New Jersey residents and its industrial and business life. One of the State's objectives is faster and more convenient service to Newark and New York from the Westfield-Plainfield-Somerville corridor. Use of the Hudson and Manhattan Tubes under the Hudson River is part of that future plan.

Gilman, working to help solve the problem in the New York, New Jersey, and Connecticut area surrounding New York City, says that his committee has close liaison with both the Federal and State activities. He is confident that the combined activities will produce constructive action. The report issued by his committee last Wednesday put the emphasis on an "immediate-action program" leading to solutions for current critical transportation problems. That is certainly what is needed.

Our entire area will benefit from a transportation program that relieves bottlenecks and opens the right-of-way for the fast, convenient movement of people and freight by rail, air, highway, and water. The proposed program makes the railroads a revitalized part of that four-part transportation plan.

We thoroughly agree with the Tri-State Committee recommendation which places at the top of the list for immediate action "the maintenance and improvement of mass transportation services to assure the continuance of vital commuter services in the region."

Transit Recommendations—A WJRZ Radio Editorial, May 5 and 7, 1962

This past week, the Tri-State Transportation Committee representing the Governors of New York, New Jersey, and Connecticut issued a report which will make a few small but much-needed dents in the area's transit problems.

The steps recommended by the committee will improve service on the New York Central, the New York-New Haven, and the Pennsylvania railroads. Five specific projects were recommended by the committee.

Only one of these will be of any direct benefit to New Jersey commuters. Some New Jersey interests were disappointed by the distribution of benefits among the three States, but this is a short-sighted attitude.

This is only the first proposal of specific projects by the committee. Others will follow. And in the future the balance of benefits will be equalized among the three contracting States.

The significant thing about the committee's report was that it concentrated on stimulating the use of mass transit facilities by encouraging parking facilities at railroad stations and the improvement of station facilities.

The projects by the committee will be in operation by the end of the year. Two-thirds of the necessary money will be contributed by the Federal Government.

The partnership of State and Federal Governments to achieve a long range solution to this area's transit problems has had an auspicious beginning. New Jersey can look to increased benefits in the near future.

PROTECTION AGAINST FLOODS

Mr. WILLIAMS of New Jersey. Mr. President, on March 26, shortly after the tremendous storm that hit the east coast, I introduced a bill, S. 3066, calling for an immediate study of alternative programs that might be established to help provide financial assistance to those suffering property losses in flood disasters.

The bill specified that the feasibility and cost of each alternative should be studied and that the findings and recommendations of the study should be reported to the President for submission to Congress no later than January 30, 1963.

The purpose of the bill was not only to provide for a reevaluation of the 1956 flood insurance program, but also to provide for an exploration of other alternatives which might overcome the objections that led to the rejection of funds to implement the 1956 insurance program by the House of Representatives.

As I said at the time, I believe that legislation calling for this kind of broad-scale study offers the best hope for allowing positive and constructive action to be taken in the reasonably near future.

I was greatly pleased when, on May 31, the President issued a special statement endorsing this bill, stating that the administration would request a supplemental appropriation of $500,000 to finance the study should Congress indicate favorable action on the authorization.

I should also add that the bill was endorsed by a conference of eastern Governors on April 18, which met in Atlantic City to discuss steps for coping with the earlier storm disaster.

I hope that Congress will act favorably on the legislation, and I ask unanimous consent that the President's statement be printed in the Record.

There being no objection, the statement by the President was ordered to be printed in the RECORD, as follows:

STATEMENT BY THE PRESIDENT

THE WHITE HOUSE,
May 31, 1962.

With regard to flood insurance, I would like to state that the subject has been carefully reviewed by the executive branch following the tremendous east coast storms of last spring. We are prepared to undertake a series of pilot studies under the programs authorized by the Congress in 1956. However, it is clear that alternative means must be considered, and thus the administration is supporting the proposal of Senator HARRISON WILLIAMS, of New Jersey, calling for an immediate study of alternative programs to provide financial assistance to those suffering property losses as a result of floods. A supplemental request for appropriations of approximately one-half million dollars to finance the study will be submitted as soon as there is indication that Congress will act favorably on the Williams bill. It is our belief that the report would be made within 9 months after funds are available.

INDIANA DRIVE FOR DEEP HARBOR POINTS UP MANY CONSERVATION VERSUS DEVELOPMENT ISSUES

Mr. DOUGLAS. Mr. President, on June 19, the Wall Street Journal carried an extensive article on the effort to save the Indiana Dunes and the threat posed to this wonderful natural area by those who would construct a federally supported harbor and a huge industrial development near Burns Ditch in the midst of the dunes.

The article is signed by Edwin A. Roberts, Jr., and carries an Indianapolis dateline. While the article gives a predominantly Indianapolis point of view, I nevertheless feel the author and the Journal should be congratulated for this effort to present a balanced and extensive discussion of the issue.

I would, however, like to state one correction of a major false impression left by the article. It is true, as the article points out, that I have been charged by Indiana politicians with seeking to preserve the dunes as a national lakeshore in order to defend business interests in Chicago from the competition of an Indiana port. But the charge has no truth, and I would like to state again for the information of the Senate what my position is and why I am trying to save Indian's most exceptional natural wonder.

I do not oppose Indiana's having another harbor. It already has four; two public and two private.

I do oppose having the Federal Government finance an Indiana harbor in such a manner as will bring about the destruction of these few remaining miles of beautiful beaches, rolling dunes, and other areas of great scientific and recreational value.

I have stated that I will help Indiana to get another harbor, but a harbor at another site.

There are other sites in Indiana. Three have been suggested: enlargement of the existing Michigan City Harbor; an inland harbor connected by a channel to the lake; and a huge harbor in Lake County, Ind., to be formed by extending the present Indiana and Calumet Harbor breakwaters.

The latter proposal, called the Tri-City Harbor has significant support in Indiana. Indeed, nearly all the business and political leaders of Lake County strongly endorse the Tri-City Harbor proposal.

On May 18, I testified before the Senate Appropriations Subcommittee on Public Works in support of Congressman RAY MADDEN's request for a $150,000 appropriation for a feasibility study of this Tri-City Harbor proposal.

I hope the Congress will approve this appropriation. The key issue is whether Indiana can both have a harbor and preserve this irreplaceable natural area. I believe the dunes can be saved and that Indiana can have a fine deepwater harbor. I shall continue to support this principle.

May I add, Mr. President, that I undertook this fight to save the dunes only after being repeatedly urged to do so by the Indiana group known as the Save the Dunes Council, and only after the Senators from Indiana refused my request that they work to save this priceless treasure of the Midwest.

Mr. President, I ask unanimous consent that this Wall Street Journal article of June 19, 1962, entitled "Indiana Drive for Deep Harbor Points Up Many Conservation Versus Development Issues," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INDIANA DRIVE FOR DEEP HARBOR POINTS UP MANY CONSERVATION VERSUS DEVELOPMENT ISSUES

(By Edwin A. Roberts, Jr..)

INDIANAPOLIS, IND.—Some 140 miles north of here, on the south shore of Lake Michigan, lies a small stretch of beachfront that has politicians, businessmen, and conservationists bumping heads.

On a strip of lakeshore that measures less than a mile, the State of Indiana wants to build a public deepwater port, to take advantage of commerce opportunities opened by the St. Lawrence Seaway and specifically to provide an Indiana gateway for iron ore, finished steel, grain, and various other commodities that figure importantly in the State's economy.

Chief opposition to the plan comes from Illinois interests whose spokesman is Democratic Senator DOUGLAS. The Senator has said it would be a shame to carve up a part of Indiana's unique sand dunes to make way for a port. But Indiana officials believe Mr. DOUGLAS is motivated by more than a bucolic interest in a neighboring State.

Two bills bearing on the controversy are currently before the Senate Public Lands Subcommittee. One, sponsored by Senator DOUGLAS, would establish a 9,000-acre national recreation area along the Indiana shore, blocking the port project. The other bill, introduce by Indiana Senator VANCE HARTKE, would establish a smaller Federal recreation area, leaving room for the harbor.

Senator HARTKE is a Democrat, as is the present Indiana Governor, Matthew E. Welsh. But among Hoosiers, the public port question is about as bipartisan as any issue can be. Indeed Senator HOMER CAPEHART, a Republican, supports the port project as have all Governors of both parties for three decades.

PERIL TO RIVAL PORT?

The reason for such intrastate unanimity is not hard to find. A modern Great Lakes port would be a boon to Indiana. The closest rival gateway is Calumet Harbor in Chicago, a port that is 3 hours' costly sailing time down the Calumet River from Lake Michigan. Hoosiers claim that an Indiana port would imperil the economic health of the Chicago port and this, they say, is the real reason Mr. DOUGLAS is trying to block a deep-water harbor in the Indiana Dunes. Mr. DOUGLAS, however, has frequently said he favors a new Indiana port so long as it is not located in the dunes.

But the controversy is much more than a political tussle between two States. In fact, the port debate offers in almost perfect microcosm a look at the arguments that surround the old national wrangle over conservation versus commercial development—a wrangle currently in the news as the administration seeks to add to the Nation's reserve of wilderness.

This is so because the land that comprises Indiana's northwest corner is a naturalist's dream. The so-called sand dunes that rim Lake Michigan are something more than the seashore sandbanks most people are familiar with. The Indiana dunes rise as high as 100 feet and they are covered with a variety of flora and fauna that some ecologists claim is unequaled anywhere in the world.

The Hoosier State's lakefront is 51 miles long and much of it, especially the section around East Chicago and Gary, is highly industrialized. But there is an area approximately halfway between the Illinois and Michigan borders that is as wild as Eden.

Much of this duneland (2,182 acres) constitutes Indiana Dunes State Park, a preserve set aside for visitors who agree to treat the dunes with respect. In fact, in one section of the State park, a visitor found the dunes were fenced off and posted with dire warnings against climbing them. Thus, at least at that point, there wasn't much for a tourist to do but contemplate Lake Michigan, a body of water that hasn't been made famous by poets.

To get a bird's eye view of the dunes, one's best bet is to fly over them at the lowest legal altitude. From above, especially in late afternoon when the sun's color deepens, it is possible to see the dazzling white sand turn to copper. On the crests of the dunes, and marching down all sides, are the contrasting greens of the pine, tamarack, sassafras, birch, sugar maple, and beech trees. Among the trees are countless kinds of grasses, cactus, and wildflowers, including the ladyslipper orchid. And amid this luxuriant bush live deer, beaver, fox, and dozens of other furry creatures.

Uncounted kinds of birds nest in the dunes with chickadee and quail much in evidence. And at certain times of the year the area is dotted with ducks. Game fishing from the lakeshore is nonexistent but in the spring, when the smelt run up the local streams to spawn, a smelt lover could scoop up lots of the little fish with a peach basket.

It is, in sum, a paradise—a paradise built on a foundation left by the great glaciers 20,000 years ago and modeled by the lake winds and the hand of a generous providence. Now the question is: Shall seven-tenths of a mile of this wild shoreline be dredged out to make way for a harbor?

The answer in Indiana is overwhelmingly "Yes." The arguments for the port are economic and they find eager support from unemployed steelworkers in Gary, from farmers looking for easier, cheaper access to new markets, and from the man in the street who, with a note of pride, believes his States needs and deserves a port' that will link it with the oceans of the world.

The Army Corps of Engineers has estimated the cost of digging out the harbor at $25.5 million, an outlay that would be footed by the Federal Government. The cost of acquiring land and building related port facilities, some $30 million, would be financed through bonds issued by the Indiana Port Commission which believes the debt could be amortized out of port revenues. It was necessary to establish a port commission because Indiana law prohibits the State government from going directly into debt.

Under present plans, the port would offer shippers a 10-million-bushel grain handling facility, vast warehouses and a railroad yard that could marshal between 1,200 and 1,400 cars. The yard would be built and paid for by the New York Central Railroad.

Clinton Green, secretary-treasurer of the port commission and right-hand man to Governor Welsh, says that private companies are prepared to construct a coal unloading dock, a scrap iron operation, a salt storage yard and other facilities at the site.

MIDWEST STEEL'S PLANS

Until quite recently, the land in question, was owned by the Midwest Steel division of National Steel, private parties, and Bethlehem Steel. But the port commission has just purchased a 700-foot parcel of lakefront from Midwest for $160,555.50. This land is immediately east of Midwest's modern rolling mill and will comprise the west end of the proposed harbor. If the harbor project goes through, Midwest plans to convert its facility to an integrated-steel plant and feed its furnaces with ore brought directly to its door. Even if the public port plan is blocked, the company intends to build its own private harbor to accommodate a blast-furnace operation.

Bethlehem Steel, which owns 1.5 miles of lakefront on the easterly side of the port site, is reported to have similar plans, although it has not yet begun any construction on its dunes property.

Indiana officials believe it would be better to build a public port, which would serve the entire State, than to sit back and watch two steel companies put in their own docks which would serve only themselves. Senator Douglas, on the other hand, wants the steel companies' land taken over by the Federal Government for a national monument. The Senator estimates the Government could buy the property, together with several small parcels owned by private individuals, for between $8 million and $9 million.

One Indiana official termed this price "a pipedream."

But it is not the cost of a national park in the area that bothers most Hoosiers. Rather it is the belief that the State's 2,182-acre preserve plus other wild areas owned by individuals makes the establishment of a Federal park unnecessary. Beyond that, of course, is the conviction that Indiana should have a port of its own.

From Governor Welsh down, Indiana officials believe a deep-water port taking up but seven-tenths of a mile of coastline would not be injurious to the recreational character of the dunelands. Modern industrial waste disposal systems, they contend, would prevent pollution of water and air.

Senator Douglas disputes this and in fact has painted a grim picture of belching smokestacks, dirty water and vast stretches of asphalt.

And if charges have flown at Senator Douglas for allegedly trying to protect Illinois harbor interests, at least an equal number of charges have flown at Indiana officials for allegedly trying to help land speculators make a fast bundle. The fact is that much of the property in the vicinity of the proposed port is held by private groups that indeed would see their investment soar if the harbor in the dunes is built. One such real estate investor claims his land would triple in value.

The controversial site is usually referred to as the Burns Ditch area, not because the phrase is geographically accurate but because no one has thought of a better name. Burns Ditch is a muddy drainage creek on the west side of Midwest Steel's property, about a mile from the place where the harbor would be built. It's generally agreed that anybody owning land within a long cannon shot of Burns Ditch stands to make money. If the port is built, a large industrial complex is certain to spring up around it.

And there have been many land transactions in the area ever since the port issue got hot.

Critics of the project, in citing the boost in land values and those who have sought to profit from them, have stopped short of accusing anybody of doing anything illegal. But the term "real estate speculation" can be a convenient barb in political debate.

The controversy has been going for so long now that many interesting and somewhat incongruous angles have developed. Particularly interesting is the Big Sand Deal of Northwestern University.

Northwestern, located at Evanston, Ill., decided to add 74 acres to its campus by dumping land fill into Lake Michigan. The university hired the Missouri Valley Dredging Co., Omaha, Nebr., to fill in the designated area with 2,500,000 tons of sand. Nobody at that time gave much thought to where the sand would come from. But the dredging company then contracted with Bethlehem Steel to take the fill from part of Bethlehem's dunelands—the part, in fact, that the State of Indiana wants to buy as part of the Burns Ditch port.

Bethlehem and Indiana officials were delighted with the arrangement. The sand removed from the dunelands for Northwestern's campus would eventually mean a saving of $1,750,000 in the cost of port construction. But Senator Douglas was furious and wired Northwestern his feelings. Northwestern referred the Senator's telegram to Missouri Valley Dredging Co., which has yet to start digging.

RECREATION FOR CHICAGOANS

Whatever negative impact the proposed port might have on harbor business in Illinois, there is certainly little question that Senator Douglas has much more than that in mind in leading the opposition to the project. The Indiana lakefront is less than an hour's drive from Chicago, and if the area were made a national monument it would be an important recreational facility for Chicagoans. The Burns Ditch site, for instance, is but 40 miles from downtown Chicago. Beyond that, Senator Douglas is a long time conservationist who does not have to think twice when the choice is between a factory and a forest.

The Senator is fond of quoting Carl Sandburg on the subject: "The Indiana Dunes are to the Midwest what the Grand Canyon is to Arizona and Yosemite to California, they constitute a signature of time and eternity. Once lost, their loss would be irrevocable."

But Indiana officials don't equate the Burns Ditch port with a loss of the dunes. Anyhow, they've waited a long time for a deepwater gateway and there's marked irritation around the statehouse that a Senator from another State should try to impose his views upon what is regarded here as pretty much an Indiana question.

In fact Hoosiers are fond of telling a story that, if nothing else, illustrates how long the idea of an Indiana port has been kicking around. It seems, so the story goes, that in 1836 two Indiana towns on the shore of Lake Michigan each wanted to be the site for a deepwater harbor. Then, as now, the Federal Government was responsible for dredging harbors, so Daniel Webster took a trip to Indiana ostensibly to look over the towns and recommend one for the port.

Both towns went all out to convince Senator Webster of their respective merits and, to bolster their arguments, one community offered the famous orator $5,000 and the other offered him a wagonload of whisky. Mr. Webster, so it is said took both the cash and the whisky and advised the Government not to build any port at all in Indiana.

"That's the way it's always been on this harbor plan," says one Indiana official. The people of Indiana giveth and the Federal Government taketh away. But now we're going to have our port. After all, if they hadn't put up all those skyscrapers in New York City, Manhattan would have made a wonderful beach. We're luckier. We're going to have a modern harbor so more people in Indiana will be able to afford a vacation by the dunes."

PROPOSED BURNS DITCH HARBOR

Mr. DOUGLAS. Mr. President, Secretary of the Interior Stewart Udall on June 20 submitted to the Chief of Army Engineers the departmental comments on the proposed Burns Ditch Harbor. I am sure that Members of the Senate will be interested in the Secretary's concise and frank statement of the issues and that all those who want to preserve the irreplaceable Indiana Dunes will be heartened by the Secretary's recommendations.

The Secretary's report correctly points out that the proposed harbor at the Burns Ditch site would level several hundred acres of the finest surviving natural dunes; and, further, that the commercial and industrial development and the inevitable pollution which would necessarily follow the construction of the harbor at this location would have a detrimental effect on the public recreation potential in this area.

There can be no other conclusion than this, Mr. President: A harbor and industrial development at the Burns Ditch site will certainly destroy the recreational and scientific values of the entire dunes area, including the State park several miles east of Burns Ditch.

What the report says in effect is that you cannot have it both ways: if there is a harbor, constructed at the proposed Burns Ditch site with two steel mills following it, there will be no point to a Federal park.

Secretary Udall puts this forcefully in his report when he writes:

> It must be recognized that only an area of sufficient size and possessing sufficient scenic and recreational values can be considered appropriate for inclusion in the national park system. Under these circumstances, we are forced to the conclusion that if the port is constructed, the possibility of establishing a unit of the national park system in this area of Lake Michigan will be foreclosed for all time.

This is strong language, Mr. President, and it puts the Congress squarely on the spot. Those who would promote a so-called "compromise" which would give up the central unit of the proposed national lakeshore to a harbor and industry now have the expert conclusion of the Department of the Interior. This has most serious implications and I believe it is clear that since the decision must be either harbor or park the Congress and the Bureau of the Budget must give extraordinary attention to every facet of the harbor proposal. I shall undertake to assist in this detailed examination.

Mr. President, Secretary Udall's letter to the Engineers, without going into the economics of the harbor proposal, underscores two very serious deficiencies in the Engineers' report. These are, first, that the Engineers' study "made no effort to balance off the conflicting claims between navigational and recreational use." The fact is that despite President Kennedy's recommendation for a national lakeshore in the Indiana Dunes, the Engineers completely ignored the effect of the proposed project on the President's recommendation. While the Engineers purport to submit a scientific report on the benefits which will accrue from the harbor in contrast to the costs of constructing it, they nowhere include in their computations the costs of destroying this irreplaceable natural resource.

Second, the Secretary points out that "the Corps did not weigh seriously the Burns Ditch site for a harbor against other potential sites along the 45-mile Lake Michigan shoreline in the State of Indiana."

This absence of any detailed study of the alternative sites in Indiana is the key deficiency in the Engineers' report. There are other sites for a new deepwater port in Indiana. Everyone knows this. But present State officials do not want to look at the other sites. During recent appropriations hearings, State officials openly opposed an appropriation for a feasibility study of a Lake County, Ind., deepwater harbor which Congressman Ray Madden has requested with the almost unanimous endorsement of Lake County political and business leaders.

Why does the State administration oppose even a study of the Lake County harbor proposal? The district engineer's report openly states the reason:

> The proposed site at Burns Waterway * * * is the only one which would satisfy the requirements of the State of Indiana and the Midwest Steel Corp.

Mr. President, more than 90 percent of the benefits from this harbor—to be built with $25.5 million of Federal funds—would go to this one steel company. No more brazenly selfish proposal has been before the Congress in some time.

On the basis of this extraordinary proposal to destroy the Indiana Dunes in order to build at Federal expense a harbor which is almost solely for the benefit of one steel company, what conclusion can reasonably be reached?

The Department of the Interior concludes that "there is no substitute for the scenic and recreational opportunities which the Indiana Dunes can be made to provide for almost 7 million persons who live in the surrounding metropolitan area."

The Department recommends that "approval of the proposed reports be withheld until thorough study can be given by the Corps of Engineers to alternative sites for the harbor and until the impact of the Burns Waterway project on the proposed national lakeshore is fully evaluated."

This is a sound recommendation, and I hope Lieutenant General Wilson and the Secretary of the Army will review the procedural and substantive deficiencies in the Engineers' report and that they will concur in the recommendation of the Secretary of the Interior.

I ask unanimous consent that the full text of Secretary Udall's letter of June 20, 1962, addressed to the Chief of Engineers, be printed in the Record along with my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Secretary Udall Urges Restudy of Corps of Engineers' Proposed Harbor in Indiana Dunes Area Along Lake Michigan

June 20, 1962.

Dear General Wilson: This is in reply to your letter of April 12, transmitting for our comments reports on Burns Waterway Harbor, Ind. The reports recommend construction of an artificial harbor, by dredging and erection of breakwaters, near Burns Ditch, between Gary and Michigan City, Ind., at a net Federal cost of $25,500,000.

The proposed harbor would be located in the heart of the Indiana Dunes area of northern Indiana along the shore of Lake Michigan. As you know, this Department has proposed that the remaining natural environment of the dunes be preserved in public ownership. We have supported the purposes of S. 1797, a bill which would establish an Indiana Dunes National Lakeshore consisting of approximately 9,000 acres with nearly 5½ miles of undeveloped shoreline. The President in his message on conservation also endorsed the establishment of a national lakeshore in northern Indiana.

Development of the proposed public harbor at the Burns Waterway site would level several hundred acres of the finest surviving natural dunes. The commercial and industrial development and the inevitable pollution which would necessarily follow the construction of the harbor at this location would have a detrimental effect on the public recreation potential in this area. It must be recognized that only an area of sufficient size and possessing sufficient scenic and recreational values can be considered appropriate for inclusion in the national park system. Under these circumstances, we are forced to the conclusion that if the port is constructed, the possibility of establishing a unit of the national park system in this area of Lake Michigan will be foreclosed for all time.

The report of the Corps of Engineers raises two basic questions which we consider significant in light of the conflict between the harbor and the national lakeshore proposal. First, we note that the study made no effort to balance off the conflicting claims between navigational and recreational use. The impact of the project on the national lakeshore proposal was not studied. There is no evidence that the significant loss of park and recreational resources is included in the analysis and cost-benefit evaluation of the harbor project.

Second, we note that the corps did not weigh seriously the Burns Ditch site for a harbor against other potential sites along the 45-mile Lake Michigan shoreline in the State of Indiana. The reasons for planning a harbor at this particular point, it is stated in the report, are that this is the site selected by the State of Indiana and "the only one which will serve * * * the needs of the Midwest Steel Corp." (p. 19). "Consideration was given to other locations, including the area between Calumet and Indiana Harbors. However, detailed study was limited to the proposed site at Burns Waterway since the location selected is the only one which would satisfy the requirements of the State of Indiana and the Midwest Steel Corp." (P. 30.)

While we understand the desire of the State of Indiana to have its own deep-draft harbor on the shores of Lake Michigan, this particular project's adverse effect on an irreplaceable natural resource of national significance must also be weighed in the balance. While there are alternative sites within the same general area for artificial harbors which have not been studied in detail, there is no substitute for the scenic and recreational opportunities which the Indiana Dunes can be made to provide for almost 7 million persons who live in the surrounding metropolitan area. Accordingly, it is our recommendation that approval of the proposed reports be withheld until thorough study can be given by the Corps of Engineers to alternative sites for the harbor and until the impact of the Burns Waterway project on the proposed national lakeshore is fully evaluated. Only then can a wise decision be made as to whether the proposed harbor, or the proposed park, is more in the national interest.

Sincerely yours,

Stewart L. Udall,
Secretary of the Interior.

FISH PROTEIN CONCENTRATE

Mr. DOUGLAS. Mr. President, I have had a great number of inquiries from Members of Congress as well as people from across the Nation concerning the public hearings on fish protein concentrate that were scheduled to begin June 18, 1962. At the request of the Department of the Interior, as well as from the two other petitioners for this public hearing, I agreed to request a postponement. This would give time for the National Academy of Sciences to complete its studies on this most valuable product.

Because of the tremendous potential of this product, made from whole fish, I am very anxious that it be made available to the people of America. It then can be used by our country to help alleviate the suffering from hunger so apparent in the world today. The Food and Drug Administration has not approved this product because it says some of the consuming public would object to using it in their food. The Food and Drug Administration has never challenged the product's purity or safety, even after testing it in its laboratories. In fact, it even announced its approval that the product could be sold to other nations by American producers.

I ask unanimous consent to have printed in the Record the correspondence between my office, the Department of the Interior, and the Food and Drug Administration on the subject of postponing the June 18 public hearings. I am very anxious that this product's merits be thoroughly explored before the American public, and I look forward to reading the final report from the National Academy of Sciences on the quality of the product. I hope this can be made speedily.

There being no objection, the correspondence was ordered to be printed in the Record, as follows:

U.S. Department of the Interior,
Office of the Secretary,
Washington, D.C., May 31, 1962.

Dear Senator Douglas: We have noted with interest that you are one of the petitioners seeking approval from the Food and Drug Administration for a standard of identity for a fish protein concentrate (FPC) prepared from whole fish.

As you know, the Bureau of Commercial Fisheries of this Department has wholeheartedly assisted in the development of this standard. We agree with you that fish protein concentrate is of extreme importance—sociologically to the protein-hungry people of the world, politically to our Nation, and economically to our domestic fishing industry.

Since both of us are interested in the development of a strong case at the hearing, it seemed worthwhile to report to you a significant development concerning the question of product wholesomeness which will be one of the subjects examined at the hearing. The entire matter of fish protein concentrate, including the question of product wholesomeness and usefulness, was discussed in my office recently by a large group interested in this subject. It was the consensus of that meeting, as expressed in a recommendation by the eminent pediatrician, Dr. Paul Gyorgy, that the matter of product safety deserved additional study even though the results of such research could not be made available by the date now set for the hearing.

In response to the recommendation, we have asked the National Academy of Sciences to initiate a study by an appropriate group under their supervision. We feel that conclusions made by this organization should satisfy completely the general public and officials of Government as to the wholesomeness, safety and usefulness of the product.

In your correspondence with the Food and Drug Administration concerning the inception or postponement of the hearing, may we suggest that you give consideration, as a factor in your decision, to the availability, at a later date, of the report on this additional product research?

We will be most interested to hear of your decision on this matter.

Sincerely yours,

STEWART L. UDALL,
Secretary of the Interior.

JUNE 4, 1962.

Mr. GEORGE P. LARRICK,
Commissioner, Food and Drug Administration, Department of Health, Education, and Welfare, Washington, D.C.

DEAR MR. LARRICK: The Bureau of Commercial Fisheries of the Department of the Interior has asked the National Academy of Sciences to initiate a study of the wholesomeness and usefulness of fish protein concentrate and have suggested that the hearing before your administration be postponed until these results are available. I am agreeing to this but I am urging the Bureau of Fisheries and the Academy of Sciences to speed up action so that the report will not be unduly delayed.

I would therefore suggest that the hearings set for June 18 be postponed for a reasonable period of time until such a report is available which should settle once and for all the question of the safety of the product as well as its usefulness.

With best wishes.

Faithfully yours,

PAUL H. DOUGLAS.

JUNE 4, 1962.

Hon. STEWART L. UDALL,
Secretary of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: Thank you for your letter of May 31 suggesting that I ask for a delay in the hearings on fish protein concentrate.

I am perfectly willing to ask for this delay but I do hope the study can be completed soon and not be one of those interminable affairs, the affect of which is not merely to postpone but to prevent action.

I am enclosing a copy of my letter to the Food and Drug Administration.

With best wishes.

Faithfully yours,

PAUL H. DOUGLAS.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
FOOD AND DRUG ADMINISTRATION,
June 7, 1962.

Hon. PAUL H. DOUGLAS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DOUGLAS: We have your letter of June 4, 1962, requesting a postponement of the fish flour hearings scheduled to start on June 18.

This request has been granted and an announcement to appear in the Federal Register of June 9 is enclosed.

With best personal regards.

GEO. P. LARRICK,
Commissioner of Food and Drugs.

[Published in the Federal Register, June 9, 1962]

TITLE 21, FOOD AND DRUGS—CHAPTER I, FOOD AND DRUG ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—SUBCHAPTER B, FOOD AND FOOD PRODUCTS (DOCKET NO. FDC-71)

PART 37—FISH; DEFINITIONS AND STANDARDS OF IDENTITY; STANDARDS OF FILL OF CONTAINER; FISH FLOUR; IDENTITY; POSTPONEMENT OF PUBLIC HEARING

In the Federal Register of April 20, 1962 (27 F.R. 4063), there was published a notice of a hearing on objections to the order establishing a standard of identity for fish flour under authority of section 401 of the Federal Food, Drug, and Cosmetic Act. This notice was based on formal objections to the order received from Hon. Paul H. Douglas, U.S. Senate; Mr. Harold Putnam, on behalf of VioBin Corp., Monticello, Ill.; and Mr. Vincent A. Kleinfeld of Bernstein, Kleinfeld & Alper, on behalf of Gulf Menhaden Co., Cameron, La., the members of Industrial Products Division, National Fisheries Institute, Inc., Washington, D.C., the members of Virginia Fishermen's Association, Reedville, Va., and Fish Products Co., Lewes, Del.

The Commissioner of Food and Drugs is now in receipt of requests from Senator Douglas, Mr. Putnam, and Mr. Kleinfeld requesting that the hearing be postponed.

In response to these requests, notice is given that the prehearing conference scheduled for June 12, 1962, and the hearing scheduled for June 18, 1962, will not be held until further notice. This is without prejudice to the objectors' requesting that the hearing be rescheduled at a later date. (Sec. 701(e)(2), 70 Stat. 919; 21 U.S.C. 371(e)(2).)

Dated June 6, 1962.

GEO. P. LARRICK,
Commissioner of Food and Drugs.

COMMEMORATION OF THE MASS DEPORTATIONS FROM THE BALTIC STATES—JUNE 14, 15, 16

Mr. DOUGLAS. Mr. President, June 14 to 21 marked the anniversary of the tragic mass deportations and executions of the peoples of the Baltic States by the Soviet Union in 1941.

On February 16, 1918, the Lithuanian nation had reestablished its independence after over a century of Russian domination followed by German occupation during World War I. During her two decades of independence, Lithuania made great economic and social progress as a democratic state with a constitution that guaranteed the basic freedoms of speech, assembly, and religion.

With the outbreak of the Second World War, Lithuania had attempted to maintain a policy of absolute neutrality but she was gradually engulfed. In 1939, the Soviet Union forced a mutual assistance treaty upon the country requiring Lithuania to grant airbases to the Soviet Union and to admit Soviet garrisons. On June 15, 1940, the Soviets demanded immediate formation of a friendly government and occupied the country. In August of that year the Baltic States were deprived of their independence and incorporated into the U.S.S.R. by means of force and fraudulent elections.

On June 14, 1941, the Soviet police began the deportations. It is estimated that between June 14 and 21 close to 40,000 persons—young and old, men and women and children—were forcibly torn from their homes and loved ones and shipped off to slave labor camps in remote areas of Siberia and the Arctic. Several thousand more were executed when the Soviet forces retreated in haste under German attack. When the Soviets retook the country in 1944 new waves of mass deportations followed.

The United States has denounced this crime of aggression and consistently refused to recognize the Communist claims to these people and their territories. On the anniversary of these inhuman crimes against the people of Lithuania and the other Baltic States, it is only right that we should pay tribute to these brave, freedom loving people who have endured so much. We can only hope and pray that the time will soon come when these brave people will regain their rightful place among freemen.

LAND-GRANT COLLEGE CENTENNIAL

Mr. HRUSKA. Mr. President, July 2 of this year marks the centennial of the enactment, under signature of President Lincoln, of the Morrill, or Land-Grant College Act.

The University of Nebraska which will be celebrating its own centennial in 1969, is among the 68 American colleges and universities founded or developed under the land-grant program.

Opening its doors in a single brick building on a plot of raw prairie land at Lincoln to 20 collegiate students and 100 preparatory school youngsters in 1871, the University of Nebraska has since conferred more than 65,000 degrees and served upward of 100,000 students.

Its admirable record is quite typical of the land-grant institutions which now enroll approximately 20 percent of the undergraduate students and grant almost 40 percent of the doctoral degrees. Of the 40 living U.S. citizens who attended college in our country and won Nobel prizes, 24 received their degrees from land-grant institutions. Moreover, these same institutions train almost half of all of the Regular and Reserve officers for the Armed Forces.

Through the research conducted at land-grant institutions have come some of the most important advancements of modern times: the first cyclotron; pioneering research in television and radio transistors; streptomycin and open-heart surgery; development of rockets and rocket fuels; and foods for spacemen, to give a few examples.

Perhaps more important than any of the specific accomplishments, however, is the influence of the land-grant program on the development of a distinctly American kind of higher education. The immediate aim of the Morrill Act was to help establish colleges and universities which, without neglecting classical instruction, would offer opportunities to apply scientific knowledge to agriculture and what the original act called the mechanic arts.

In the accomplishment of this objective, the land-grant program has given millions of young people reasons for wanting to participate in higher education. It has also offered education to adults through extension programs and, more recently, through rapidly developing programs of continuing education to serve people who are not going to college and provide refresher courses for degree holders. In a very real sense, the Morrill Act gave substance and form to a peculiar American interest in technical progress. It has proved to be the foundation of our great technological advance, the growth of our professional services, and of our recordbreaking participation in higher education. Together all of these things have been of substantial help in giving America the highest living standard in the world.

The achievements resulting from the Morrill Act, and from subsequent related legislation, are worthy of note in this centennial year. They stand also as a guide for the future in emphasizing the importance of keeping educational opportunity within the reach of ordinary people who with the help of education, as the record demonstrates, are capable of extraordinary accomplishments.

REGULATION OF EXPORTS

The Senate resumed the consideration of the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes.

The PRESIDING OFFICER (Mr. Smith of Massachusetts in the chair). The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. SPARKMAN. Mr. President, the committee amendment has been agreed to; and the bill as thus amended is now before us as original text, is it not?

The PRESIDING OFFICER. That is correct.

Mr. SPARKMAN. Mr. President, the Committee on Banking and Currency has reported S. 3161, a bill which would repeal the termination date from the Export Control Act of 1949, thereby making the act permanent legislation. In addition to this amendment, which was recommended by the administration, the committee added an amendment proposed by Senator Javits which expresses the policy of the United States with respect to the exercise of controls over trade by the free world nations with the Communist-dominated nations.

The Export Control Act authorizes the President to regulate exports from the United States under standards based on national security, foreign policy and domestic shortages. The act is administered by the Secretary of Commerce under delegation from the President. Careful arrangements are made to provide coordination with other departments, including several interdepartmental committees, and the Export Control Review Board established by President Kennedy by Executive order in 1961. Under the act the Commerce Department reports every quarter to the Congress, and the bill makes no change in this requirement.

The committee felt that it was desirable to make the act permanent as are various related economic defense laws such as the Trading With the Enemy Act, the Mutual Defense Assistance Control Act of 1951 and the special export laws governing arms, ammunition, implements of war and atomic energy materials. The committee recognizes that this amendment eliminates the biennial review of the program involved in the 2-year extensions which have been the custom in the past. However, the committee is mindful of its responsibility under the Legislative Reorganization Act to exercise continuous watchfulness of the execution of the act by the agencies involved. The committee intends to do this and to make any appropriate recommendations for amendments.

The Javits amendment to the bill would make it the policy of the United States to formulate, reformulate, and apply export controls to the maximum extent possible in cooperation with all nations with which the United States has defense treaty commitments, and to formulate a unified commercial and trading policy to be observed by the non-Communist-dominated nations in their dealings with the Communist-dominated nations. It would require the administrator of the act, and the departments and agencies that advise him, to seek the maximum degree of cooperation from other countries in their export controls and in their trading and commercial policies toward the Soviet bloc, so as to aid in the effectuation of U.S. export control objectives.

The record of the hearings contains a great deal of information on the subject of the multilateral export controls exercised over free world trade with the Soviet bloc—for example, the consultative group and coordinating committee arrangements, the import certificates and delivery verifications, and the transit authorization certificates designed to prevent transshipment of strategic commodities to the Soviet bloc. Generally speaking, the free world nations participating in this arrangement have achieved a high degree of agreement on these controls. I think it can be safely said that on all of the most important matters we are in full and complete agreement. But we must recognize that there is not complete agreement. In some cases our allies do not agree with us on individual commodities being shipped to the Soviet bloc. And we have gone much farther than our allies in imposing embargoes on shipments to Communist China and other Far East Communist-controlled areas, and in imposing a limited embargo on U.S. exports to Cuba.

The Javits amendment would call upon the executive branch to exert every effort to obtain maximum cooperation among the free world nations for the purpose of establishing a unified system of controls over free world trade with the Sino-Soviet bloc and with other unfriendly nations.

At the same time, in seeking to maximize cooperative efforts, we must recognize that we are dealing with sovereign foreign nations. We cannot expect complete agreement with us on every individual item or transaction, nor should we abandon controls to any country or on any item which we regard as important to U.S. national security or foreign policy merely because multilateral agreement cannot be obtained.

Under these circumstances, it is highly desirable that the executive branch should exert every effort to eliminate confusion and conflict among free world nations and to obtain the maximum cooperation in exercising controls over trade by the free world with Communist-dominated nations.

The Export Control Act of 1949 expires June 30. We cannot allow it to expire. I urge the Senate to act without delay.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KEATING. Mr. President, I call up my amendment 6-15-61—B, and ask that it be read.

The PRESIDING OFFICER. The amendment offered by the Senator from New York will be stated.

The legislative clerk proceeded to read the amendment.

Mr. KEATING. Mr. President, I ask unanimous consent to dispense with the reading of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. Keating is as follows:

Sec. —. Section 5 of the Export Control Act of 1949, as amended, is further amended to read as follows:

"Sec. 5. (a) Except as provided in subsection (b) of this section, in case of any violation of any provision of this Act or any regulation, order, or license issued hereunder, such violator or violators, upon conviction, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than one year, or by both such fine and imprisonment. For a second or subsequent offense, the offender shall be punished by a fine of not more than three times the value of the exports involved or $20,000, whichever is greater, or by imprisonment for not more than five years, or both such fine and imprisonment.

"(b) Whoever willfully exports any material contrary to any provision of this Act or any regulation, order, or license issued hereunder, with knowledge that such exports will be used for the benefit of any Communist-dominated nation, shall be punished by a fine of not more than five times the value of the exports involved or $20,000, whichever is greater, or by imprisonment for not more than five years, or both such fine and imprisonment."

Mr. KEATING. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KEATING. Mr. President, I ask unanimous consent to rescind the order for the quorum call.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEATING. I yield to the Senator from Utah [Mr. BENNETT].

TAX PROPOSALS ON FOREIGN SUBSIDIARIES OF AMERICAN FIRMS

Mr. BENNETT. Mr. President, as a result of the hearings held in the Finance Committee, I have known that American firms doing business through subsidiaries abroad have been greatly worried about the foreign tax proposals contained in H.R. 10650, but until I read a statement in the New York Times of June 21, I did not realize that the very existence of this bill has begun to disturb the government and people of friendly nations.

The story to which I refer has a dateline of Sydney, Australia, June 20, and reveals that the U.S. Embassy in Canberra found it necessary to make a statement whose purpose was to quiet the fears of the people of Australia that, as a result of this bill, American investment in Australia would be reduced. Of course, the Embassy official who made this statement had no way of knowing what might happen if the bill were actually passed, but the fact that the statement was made is a part of the present pattern and program of the New Frontier to try and calm with words the fears that are created by its recommendations.

I ask unanimous consent that this newspaper report may be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AUSTRALIA ASSURED ON U.S. INVESTMENT

SYDNEY, AUSTRALIA, June 20.—The U.S. Embassy in Canberra sought to reassure Australia today that a proposed U.S. tax law would not check the flow of American private capital to Australia.

An Embassy spokesman said that the proposed tax on undistributed profits of American subsidiary companies overseas was directed at "tax haven" countries and Australia was not in this category.

The statement was issued following suggestions by Australian business authorities that the Australian economy might suffer if the proposed tax was realized.

The U.S. spokesman said that "American capital has been invested in Australia at an increasing rate over the past 7 years because of the growing appreciation in American financial circles of the favorable opportunities offered for growth and earnings in Australia.

"As long as these conditions prevail there are no reasons to believe American capital will not continue to seek investments in Australia even if the law against 'tax havens' is passed."

The spokesman added that it was not the intention of his Government to discourage American private capital from going to Australia or to any other country which did not attract capital through tax advantages.

ADMINISTRATION PURCHASE OF FOREIGN STEEL IS UNDERMINING AMERICAN STEELWORKERS

Mr. BENNETT. Mr. President, I was very much troubled to learn this week that the administration permitted the Navy Department to purchase 3,500 tons of steel from West Germany to be used in the construction of three missile frigates at Bremerton, Wash. Immediately after receiving this disquieting report, I learned that much, or perhaps all, of this steel would have been rolled at the United States Steel plant at Geneva, Utah, had the contract gone to United States Steel, which is likely since it submitted a tie low bid among domestic steel producers.

UNEMPLOYMENT IN UNITED STATES STEEL AND UTAH STEEL MILLS

In my opinion, the President should immediately reverse this misguided policy which results in the expenditure of taxpayers' dollars to purchase material abroad for the Department of Defense, at a time when there is unemployment in our own domestic steel industry. For example, it is known that there are approximately 900 steelworkers out of work at the Geneva and Ironton mills in Utah. This figure would be even higher were it not for the fact that many of the workers are being required to take as much as 3-week vacations to which they are entitled because of their long service. Moreover, a good one-half of the total number of people employed at the Geneva mill are on a 4-day week, while the nearby Ironton plant is completely shut down. Only five open hearths are in operation which is the lowest number in the history of the plant. Normally 8 are in operation out of a total of 10 open hearths available for production. The Geneva mill now is operating at only 55 percent of capacity. Unfortunately the Utah situation is typical of the steel industry generally throughout the United States.

Yet, in the face of these serious domestic problems, the Kennedy administration has purchased 3,500 tons of steel from West Germany.

AT LEAST 300 STEELWORKERS LOSE WORK OPPORTUNITY TO FOREIGN COUNTRIES

This order would have, I am advised, kept more than 300 American steelworkers busy for a month. In other words, we are exporting jobs from the United States to West Germany. This is happening at a time when the Kennedy administration is supposedly concerned about the serious deficit in our international balance of payments which has resulted in an alarming outflow of gold from the United States. Yet, millions of American dollars are now being spent to purchase German-produced steel to be used in Bremerton, Wash. This will further add to our balance-of-payments deficit and increase the likelihood of greater shipments of American gold to Europe.

While this particular Navy purchase may seem relatively insignificant to some, it is not insignificant to 300 American steelworkers who would have had an additional month's work. According to an article which appeared in the June 18 edition of Steel magazine, it has even more significance than appears on the surface. The article notes that when final figures are in for fiscal year 1962, which ends on June 30, the Navy will have tripled its foreign steel purchases over fiscal year 1961. In fiscal 1961 the Navy purchased $629,000 worth of foreign steel, which was 3.3 percent of its total steel purchases. But in just the first 10 months of fiscal 1962, the Navy bought $1,739,000 worth of foreign steel—7.4 percent of its steel needs. This is a most dangerous trend, particularly since the foreign steelmakers are just beginning to hit their peak in steel production. It must be remembered that much of the steel capacity of West Germany and Japan was built with the assistance of funds supplied by the U.S. taxpayers, as the result of an unselfish effort to help rebuild the economies of these two countries which were substantially destroyed during World War II.

NO SAVINGS FROM FOREIGN PURCHASES

Evidently the purported rationale of the recently announced purchase of steel from West Germany is an alleged saving of $153,000, or 30 percent of the total cost. The Navy paid approximately $357,000 for the German steel, and would have paid $510,000 for it in this country. This argument, however, conveniently overlooks the fact that 75 percent of the cost incurred by our steel industry goes to pay the wages of steelworkers. Seventy-five percent of $510,000 is $382,000, which means that the deal with West Germany cost U.S. steelworkers that amount in their pay envelopes. These workers would all pay a Federal income tax of about 20 percent on the money, which means that the Federal Government lost an additional $76,500 in individual income taxes. What is more, the Government also lost $25,500 in corporate income taxes, which is the amount that would normally be paid on such a contract. The corporate tax rates are set at 52 percent of a corporation's profit. Thus the alleged saving of $153,000 must be offset by the $102,000 lost in individual and corporate income taxes alone—not counting the loss in wages amounting to $382,000.

Moreover, these figures do no include lost State and local taxes or such other taxes as those imposed on stockholders' earnings. To this must be added the increased cost of unemployment compensation to the resulting unemployed American workers.

It is inconceivable that any other nation would use its money to purchase its defense supplies abroad when it could buy them at home. President Kennedy and his economic adviser, Walter W. Heller, are sending teams abroad to study the economies of leading Western European countries to find out why their economic growth rates are greater than ours. From this example, they can find at least one valuable clue at home and perhaps spare themselves the expense of taking such a lengthy journey.

STOP SUBSIDIZING FOREIGN STEEL

The Defense Department steel purchase abroad is regrettably typical of our long outmoded policy of subsidizing and propping up industrialized foreign countries and foreign business while we impose excessively high, growth-stunting taxes on our own business at home. As a result our steel industry, for instance, is placed in a position where it finds it increasingly difficult to compete with foreign steel companies. Our tax rates are so high that American steel producers have not been able to modernize their equipment and mills, while foreign competitors, many times with U.S. subsidies, have built magnificent, new, efficient steel plants. An integrated steel plant soon will be built even in Turkey with the aid of a U.S. Government loan. Foreign steel producers plan to spend approximately $5 billion for new and improved facilities during 1962, while our steel companies have available at most only $1.3 billion for capital improvements during the same period largely because of the profit squeeze.

PROGRAM TO GIVE AMERICAN STEELWORKERS A BREAK

There are several steps which the Kennedy Administration could and should take in order to deal with purchases of steel from abroad by our Defense Department. Domestic producers, under existing law are entitled to a 6-percent differential in bidding against foreign producers and a 12-percent differential if the U.S. bidders are in a major labor surplus area. The United States Steel plant at Geneva, Utah, is in a major labor surplus area. However, the German and Japanese steel producers know what the domestic bids are likely to be because of their knowledge of our costs; so they merely bid 13 percent under the domestic price and thus jump over the present differential. It is apparent, therefore, that this protection is completely inadequate. It is clear that the President should immediately consider restoring the differential under the Buy American Act to the 25-percent level at which it stood for many years.

Secondly, the administration should immediately conduct an investigation to determine whether or not the Anti-Dumping Act is being violated. There is considerable evidence that foreign producers are selling steel abroad at a lower price than they are charging buyers in their own countries. There is also considerable evidence that many of these same producers are running their steel mills at full capacity, using what they need at home, and then dumping the rest abroad, including the United States, at dump-rate prices.

The incongruity of the administration's policy toward Defense Department purchases abroad is further illustrated by the fact that the Agency for International Development applies a completely different policy to its purchases. AID was directed by former President Eisenhower on November 16, 1960, to stop all purchase of commodity procurement financed with AID funds in 19 industrialized countries including all major steel-producing nations. This was done to help stop the gold outflow, help our balance-of-payment situation, and assist industry in the United States. In contrast, however, the Defense Department is permitted indiscriminately to buy foreign goods with Defense procurement funds. Let not the right hand know what the left hand doeth.

PRESIDENT CAN ACT IF HE WILL

The President has abundant authority to intervene immediately in behalf of our American steelworkers and keep their jobs from being exported abroad by the Defense Department. I urge him to do so. This could be the salutary start of a multifaceted policy, which must also involve substantial and far-sweeping liberalization of tax depreciation rates, to permit a revival and restoration to good health of our American steel industry. I am in agreement with a front page editorial dealing with Navy steel purchases which appeared in the Sentinel, the newspaper published by Local 1397, United Steelworkers, which is entitled "All Right, J.F.K., Let's Stop This." American steelworkers are entitled to better treatment than they are getting from the Kennedy administration.

REGULATION OF EXPORTS

The Senate resumed the consideration of the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes.

Mr. KEATING. Mr. President, the first amendment, now before the Senate, is designed to increase the penalties for serious or repeated violations of export controls. Under the present provisions of the Export Control Act all export violations, regardless of the circumstances involved, are considered to be misdemeanors. In my judgment, this provision is inadequate for those cases involving either repeated violations of the law, which are covered by the first paragraph of the amendment, or willful violations knowingly designed to benefit Communist-dominated nations.

Illegal exports can have an impact on our national security. They can contribute directly to the strength of our potential enemies at a time of crisis. They can undermine the whole control system. In such cases, a misdemeanor penalty simply does not fit the crime.

Here are some of the categories of violations described in a report to me from the Department of Commerce: trafficking in validated export licenses, altering and forging validated licenses, making false representations, bribing customs officials, reexports to unauthorized persons or destinations, smuggling, concealment of material facts, failure to insert destination control notices, transshipments via Canada.

Some of these categories may involve violations of related laws carrying more than misdemeanor penalties. Others, however, violate only the Export Control Act. Should a company which knowingly sends strategic goods out of this country for transshipment to Red China, Cuba, or the Communist bloc be treated like a petty thief? I don't believe that anyone would place such dangerous transactions from the point of view of our security in the same category as petty larcenies and simple assaults—two typical misdemeanor offenses.

There are some cases in which a misdemeanor penalty would be appropriate such as the failure to stamp destination control notices on shipping documents without any intent to transship. My amendment retains the misdemeanor penalty of the present law for such cases. This will give the Department the flexibility it wants in connection with criminal prosecutions. In other words, under the provisions of this amendment, we will be able to shape the punishment to fit the crime.

The Department of Commerce has to process thousands of export license applications every month involving millions of dollars. Its export control investigations staff is composed of only 27 employees, of whom only 15 are described as professional investigators. Their work is supplemented by the equivalent of 7 investigating agents and 4 customs enforcement officers provided by the Customs Service on a reimbursable basis. Some additional help is provided by economic defense officers assigned to our embassies overseas. The most this meager force can do is spotcheck applicants and shipments. It should be augmented, but even if this investigative force were doubled, cooperation on the part of exporters would be essential if this program is to have any measure of success.

Most exporters, of course, do comply with the law and cooperate in every way in the enforcement of the Department's rules and regulations. It is in their interest as well as in the interest of the program to take every reasonable measure against the unscrupulous few who flout the law either out of sympathy with our Communist enemies or out of greed.

The Soviet bloc continues to bait, lure, mislead, and falsify in order to obtain U.S. goods illegally. Such efforts to obtain vitally important U.S. goods have not abated. Known cases in recent months have involved repair and replacement parts for oil-processing equipment located in Cuban refineries confiscated by Castro; steam generators with accessories for 72-volt direct current for a Soviet bloc country; 22,178 pounds of pure titanium scrap to another Soviet bloc country; a P–33 seismograph system to a Soviet bloc country; and a 12-inch electromagnet used for laboratory research, and a noise and field intensity meter, a strategic electronic measuring instrument, to a Soviet bloc customer. To get these goods, the Soviet traders resorted to false representations, illegal diversions, fictitious firm names, and other knowingly unlawful devices. In almost every case the Department of Commerce was duped into issuing valid export licenses to the American supplier by the foreign agent's tactics.

In 1961 the Department of Commerce moved against a group of firms conspiring to ship American goods to Cuba in violation of U.S. export controls. The action was based on evidence that the firms and their officials ordered U.S. products ostensibly for shipment to Mexico, which were actually intended for transshipment to Cuba. Over $300,000 was involved in the known operations of these firms of which only $45,000 was halted in Mexico or returned to the United States for seizure. The rest of the equipment, which included U.S. aircraft, marine and auto supplies, apparently found its way into Cuba.

Another recent case involving a U.S. firm reveals some of the practices to which unscrupulous exporters resort to make profitable sales to the Communists.

In this case, after rejection by the Department of Commerce of an application for an export license to ship 240 metric tons of tin mill black plate rejects to Hungary, the American exporter entered into a deal with an Austrian importer acting as agent for the Hungarians, under which a new order would be submitted for the same quantity of the same material with Austria designated as the ultimate designation. Shipments under this new order were allowed to leave the country, and it is evident that they eventually were diverted to Hungary.

Mexico has been reliably reported to be a principal supply line for transshipments of U.S. goods to Cuba. Since the U.S. embargo on Cuba, which Mexico refused to join, companies have been set up in the neighboring country for the specific purpose of acquiring goods from U.S. firms for diversion to Castro. As a result of these operations, Castro has been able to get many spare parts and other equipment desperately needed to keep his precarious economy from complete collapse.

Prior to the U.S. embargo, Cuba, now the destination for many illegal sales, served as a willing intermediary for transshipments to the bloc. In one case, two Cuban nationals procured strategic electronic tubes and transistors from an American electronics firm by representing that they were for use in Cuba although they actually were intended for transshipment to the bloc. Other items involved in similar deals through Cuba in this period were gravity meters and a spectrum analyzer. Our embargo on Cuba has made such shipments more difficult, but as I have indicated, there is considerable evidence that Cubans are continuing to get U.S. goods from Mexico.

In my judgment the criminal penalties of the present Export Control Act are entirely inadequate to deter such flagrant and serious violations of the law. This kind of international intrigue presents tremendous enforcement difficulties under the best of circumstances. We should at least make certain that in those cases in which conviction for trading with the enemy is obtained, a punishment suited to the crime is available.

Acting Secretary of Commerce Gudeman has objected to the amendment. He says it will interfere with enforcement flexibility. This is ridiculous. If there is anything more inflexible than providing a misdemeanor penalty for every case regardless of the circumstances—I cannot think of it. Yet that is the provision of the present law.

My amendment, as I have indicated, will retain the misdemeanor penalty for appropriate cases, but provides more severe penalties for repeated or more serious offenses. In this manner real enforcement flexibility is obtained—not the kind of flexibility which allows a district attorney to avoid a grand jury indictment in serious cases, but the kind of flexibility which permits a punishment to be imposed which fits the crime.

Acting Secretary Gudeman also says that many export violations involve the making of false statements which is already a felony. That is fine as far as it goes. But it is clear from the Department's reports to me that many export violations do not involve the making of false statements. Trafficking in licenses, diversions of shipments through Canadian and Mexican intermediaries need not involve any false statements. Where shipments to the bloc of strategic materials is the ultimate purpose of such schemes, a misdemeanor fine and sentence is woefully inadequate.

It is true that this amendment will not make it any easier to obtain the proof needed for convictions. Nor will it make it any more difficult to obtain such proof. However, it will make it possible, in cases which are brought, to impose a term of imprisonment and fine much more suited to the offense. And it will provide the kind of effective deterrent which we must have to discourage illegal exports in the first place.

If we want to put some teeth into this program, we can do it by approving this amendment.

This is another effort to show that we mean business in preventing trade with the bloc in strategic or other economically important goods. Severe penalties will deter the tempted, set an example for our free world allies, convince the Soviets of our determination to halt their illegal procurement and assure that justice will be meted out to those who would deliberately violate our export controls.

I hope this amendment will be approved.

Mr. JAVITS. Mr. President, the whole story must be put into focus. We must understand the character of the law and what is sought to be done. I have little doubt that an adjustment can be reached.

What is the ultimate purpose to be attained? First, I should like to speak of my own amendment, which is the product of work along a somewhat different line from that of my colleague from New York—and I respect his work very much in the field of internal security—but which must be understood and evaluated in terms of its critical importance to the foreign policy of our Nation.

My amendment, to which the committee agreed, and to which the Senate has now agreed, is intended to fix the attention of all our Government agencies on the need for a unified commercial and trading policy with the Communist-dominated nations. The orientation from which that proceeds is the idea that there shall be trade. The other side of the medal, which we must carefully evaluate, is to make it so tough and so dangerous, in terms of criminality, that there will not be trade. I think there are two points of view on this question, and that they are both very important. One point of view I adopt. I believe there should be trade, but I believe that trade should be handled in such a way as to do the free world the most good. The answer is that there is now trade anyway with many countries in the world in very large amounts.

Generally speaking, the Soviet Union and the Communist bloc do something like 3 percent of the export and import trade done in the world. That proportion results in a figure which is very appreciable. It is in the area of perhaps $4 to $6 billion a year.

When I was in the Soviet Union, I found that the Communists play off one country against another, in the most crass way, as I shall explain in a moment. The important thing I wish to emphasize now is that, on the one hand, there is the feeling of those like myself, who believe that we should have trade, because it would be another area of contact. We do not want to have a completely blank wall facing us in the Communist bloc. We must get through somehow, and have some relations with the people of those countries, because in my opinion, a complete cutoff and a complete blank in that situation, would be far more conducive to war than would be some relationship. But we must watch that relationship, first, to see that Russia does not jeopardize us by shipping in strategic goods, and second, to see that even by nonstrategic goods we do not so heavily supply the Communist bloc as to ease its own internal problems—for example, in connection with its shortage of food.

The other point of view would essentially cut off trade. In my view, we should be careful not to make trade with Communist countries so dangerous and tough to businessmen that they will not engage in it. We should examine the policy declarations of the Keating amendments, which my colleague has not yet called up, though I am confident he will, and the criminal section, which has now been referred. I have little doubt that the amendments may have to undergo some refinement to adjust the criminal sections which we already have, though they are very well drawn. My colleague is a very competent lawyer. Nonetheless, I see no reason whatever why we should not make it crystal clear that we regard the question as serious. The act makes it a misdemeanor, according to the penalty, to violate the Export Control Act. But section 1001 of the United States Code makes it a felony to make any misrepresentation or false writing or statement about the very matter covered by the Export Control Act. Before he can get a license, every exporter must submit an application. So there is now a penalty. Though it is for a different crime, it is equally effective as to those who would violate the Export Control Act by any misstatement to our officials. Obviously, if they did not make a misstatement, but intended to do something they should not do, the license would not be granted. In the first instance a felony would be involved. It would not be dependent on a second felony.

However, I see no objection to adopting criminal penalties, nor do I see any particular objection to adopting policy declarations. However, considerable concern has been expressed with respect to the disclosure-of-information amendment. I hope very much that in the course of the discussion we may be able to solve that problem, because it would place a very material danger in the path of businessmen who may wish to do perfectly legitimate business with nations behind the Iron Curtain—business which would be conducive to our national interest and to our foreign policy—by reason of the types of disclosure of their business which it may require.

The thrust of my amendment which the committee and the Senate have agreed to is to bring about unity in our policy. I should like to address myself to that point briefly. When I interviewed the officials in the Soviet Union who deal with trade policy, it was very clear that they adopted the most callous attitude toward us, because, they said, "What do we care about what the United States does about this particular strategic material or that one? We have the money. What do you have to offer? We say that to you, we say it to France, we say it to Germany, we say it to Austria, we say it to Italy, and we say it to the United Kingdom. If you do not want to sell to us, it is immaterial to us. We will buy whatever we want, so long as we have the money, from one of the other countries."

Obviously that is a divide-and-ruin policy which is most conducive to Communist operations. It is a very persuasive and power weapon; first, in separating the Allies from each other and, second, in really getting the benefit of the technical know-how, the technology and skill of the whole Western World.

Let us remember that the leapfrogging which the Russians did in rocketry and missiles, and which to this very day is overshadowing our whole foreign policy, and indeed is having much to do with dictating it and jeopardizing very seriously the security of our own country and the free world, was attained not through the great exercise of Russian skills, but through the fact that the Russians captured all the know-how of Nazi Germany, as well as many of the technicians from that country. So what the Russians obtain in the way of technological know-how from the Western World enables them to accelerate their drive forward, and thus to do immeasurably better than they otherwise would do in the cold war.

What we are talking about is really substantive. It is not generality. It is the hard reality of power. The rate of productivity in the Soviet Union is estimated by our own estimators to be twice that of ours. That must be countered somehow. I have described one of the ways in which it can be done.

So it is critically important that we strive toward a greater unification of our policy. We have done very badly in that respect. We have a coordinating committee with all the industrialized nations of Europe, Japan, and Canada, called COCOM, but it is dispersed all over the land. The definitions are not the same. It is as full of loopholes as a sieve.

It is very damaging to us and extremely helpful to the Communists. It presents to the Communists the picture of a free world divided. What they preach to their people is that we are capitalists, and that the only thing we worship is the dollar. They say that here is the acid test, because they can buy anything they want almost anywhere else if they cannot buy it from this country, and that they can do it in a legitimate way, from any one of a dozen other countries, even if they cannot buy it from us, and that it does not make any difference that they cannot get it from us. That is the situation, Mr. President.

Let us remember, also, that there is an absolute embargo on North Korea, and North Vietnam, and Communist China. Yet that embargo is nullified every day, because of the transshipments that the Russians are able to make with respect to anything that they can get from other countries and cannot get from us.

Therefore, I urge very strongly that the amendment, which is contained in the bill, calling for a unified trade policy is a critically important element of our foreign policy and a critically important part of the high strategy of our country. I express the expectation that the State Department and the President will understand that this means "business" and that they will do their utmost to make far more effective progress in that field than has been made to date.

I speak from personal experience when I speak of the impact this is having on the Kremlin.

I am gratified that the committee and the Senate has adopted the amendment. I hope very much that our colleagues in the other body will realize the effectiveness of the authority which is contained in the amendment.

I should like to make one other point in that connection, and that is this. With respect to the exports from the Communist bloc to the free world, the Communists have been playing fast and loose with us in the most massive way. I made a little speech with respect to the antidumping situation in the face of a state trading organization, such as exists in the Communist bloc. My colleague from New York [Mr. KEATING] has made a signal contribution on the threat of oil exports in Europe. That is a situation which is also being studied by the NATO parliamentarians conference, in which I am very heavily involved.

In other words, under these circumstances we are giving the Russians a weapon with which, once they are placed in the situation of supplying a commodity, they attain the capability of shutting it off, with the resulting tremendous dislocations which would be entailed in going to another source for such an essential commodity as oil.

There, too, it has been advocated that the free world should adopt uniform trade rules which would require of the Russians what we require of each other under GATT, to which the Russians obviously do not subscribe.

Mr. President, they are victimizing us both in terms of what they are importing from us, as I have discussed, and also in terms of what they are exporting to us.

We are in no way prepared for this very real economic warfare, of which at least the potential exists in the Soviet bloc.

It is for that reason that the amendment which is contained in the bill offers us such a tremendous opportunity of giving the President the backing of Congress in what should be a stern effort so indispensable to the security of the country and the defense of our foreign policy objective for peace.

Mr. SPARKMAN. Mr. President, let me say at the beginning that I have no objection to the penalty amendment which has been offered by the Senator from New York [Mr. KEATING]. My purpose is not to speak in opposition to it. Certainly there is no objection to a stiffer penalty for a second offense. I go along with him wholeheartedly on that provision.

We might be a little objective, however, as to the second part of the amendment. I have discussed it with the Senator from New York. It would impose a stiff penalty, which ought to be imposed upon the kind of offense covered there. However, there will be great difficulty in most cases in proving a willful act. The chances are that a great many cases will have to be handled, as the Senator from New York himself has suggested, as misdemeanors, simply because these cases often involve not just shipments to the Soviet bloc but transshipments, which might go through three or four different hands.

I can see that there could be doubt about the usefulness of this provision on the part of the Justice Department, and I understand it may want to question that particular part of the amendment because of the difficulty that might be involved.

However, I believe that the Senator from New York [Mr. KEATING] has made a reasonable statement on it and has recognized that difficulty, and realizes that in case the difficulty is too great, if there is failure to prove willfulness in connection with it, the accused could perhaps be convicted of the lesser offense of the same indictment.

In any event, I want to point out this problem which may be involved in this amendment.

The Senator from New York has three different amendments to the bill. It is my understanding with the Senator that we will accept two of them and that he will not insist upon the third. Letters were sent to the chairman of the committee, the Senator from Virginia [Mr. ROBERTSON], by the Department of Commerce; also from the Department of Defense, and the Department of the Treasury, and the Department of State, dealing with these proposed amendments. These letters, except the State Department letter, deal with all three amendments, and the Departments set forth their position on the three amendments. I ask unanimous consent that these letters may be inserted in the RECORD at this point.

The VICE PRESIDENT. Is there objection?

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE SECRETARY OF COMMERCE,
Washington, D.C., June 20, 1962.

HON. A. WILLIS ROBERTSON,
Chairman, Banking and Currency Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request that we comment on three amendments proposed by Senator KEATING to S. 3161 (extending the Export Control Act).

One proposed amendment would provide that certain violations of the Export Control Act should be subject to prosecution as felonies rather than misdemeanors as under existing law. When the Export Control Act was revised several years ago the criminal sanction was reduced to a misdemeanor on the recommendation of the Department of Justice in order to permit U.S. attorneys some flexibility in proceeding by criminal information rather than by way of indictment. Our experience since that time suggests that there would probably be no enforcement advantage in making the change suggested by Senator KEATING. It should be kept in mind, in this connection, that in many violation cases under the Export Control Act there would also be involved the making of false representations to the Government within the purview of 18 U.S.C., section 1001, which is a felony statute. In other words, we already have the practical possibility of prosecuting on the basis of a felony statute. Also, there are usually a number of counts in export control cases, each of which carries a penalty of 1 year in prison and a substantial fine. We, of course, desire to make the fullest proper use of the criminal sanction in deterring export control violators. However, we cannot say as a matter of experience or logic that there is any demonstrated need for increasing that sanction and we, therefore, have no basis for urging your support of this amendment.

The second amendment consists of (1) a statement of fact that the Communist bloc is engaged in economic warfare against the United States and (2) a declaration of policy that we should use our economic resources and advantages in trade with Communist-dominated nations to further our national security and foreign policy objectives. We regard this amendment as simply stating in somewhat more specific and different language what is already contained in the existing law. The present findings of fact and declarations of policy have, in our judgment, proven entirely adequate to protect the national interest under changing conditions and should serve equally well in the future. We do not believe any additional provisions of this nature are necessary. Moreover, they would not add to or in any way improve the kind or extent of basic control authority already available. We do not, therefore, favor enactment of this amendment.

Senator KEATING's third proposed amendment would modify the present provisions of the Export Control Act dealing with the disclosure of information which may be obtained in the course of administering the act. Under present law, such information is not to be published or disclosed unless it is determined that to withhold it would be contrary to the national interest. Senator KEATING's proposed amendment would affirmatively require publication of all such information (except for "trade secrets submitted in confidence") unless it is determined that such disclosure would be contrary to national security.

We have several objections to this proposed amendment. In the first place, it goes far beyond Senator KEATING's stated purpose, as reported in the CONGRESSIONAL RECORD of June 15, 1962, at pages 10701–10702, to "reverse the presumption in the present law against disclosure of information relating to trade with the Communists." Actually, his amendment would extend to all license information submitted by exporters in connection with their export trade, whether with European allies, friendly nations of Latin America or Africa or Soviet-bloc countries.

Secondly, the only exception his amendment authorizes has to do with so-called trade secrets. Apparently this term means unpublished or otherwise secret plans, formulas, or processes, and it would not cover equally valuable and nonpublic trade information, such as the identity of an exporter's customers, the nature and terms of the orders he receives from them, the exact prices and quantities involved, and so on.

We have noted Senator KEATING's statement to the effect that the presumption in any area of governmental activity should be in favor of disclosure and that he cannot recall any act of Congress, except possibly those concerned with military defense, making a presumption against public information. The fact is, I am informed, there is a longstanding provision of the United States Criminal Code (18 U.S.C. 1905) which makes it a crime for any Government officer or employee to disclose in any manner or extent not authorized by law any information he may receive officially from a business firm regarding not only its trade secrets but also the amount and source of any income, profits, losses, expenditures, and the like. In other words, contrary to Senator KEATING's impression, it is general policy not to publicize information of this nature. And, it was such policy (which also prevails in laws dealing with the collection of business data for other official purposes) that the Congress had in mind when it decided some years ago to enact the present provisions of the Export Control Act properly preserving some degree of protection (consistent with the national interest) to private citizens from whom information is necessarily elicited in administering and enforcing the Export Control Act.

As you know, we reviewed the question of export control information very carefully last year, shortly after this administration took office. The previous administration had been making public only the regular quarterly report on export control which is furnished all Members of Congress. (A copy of the most recent quarterly report is enclosed for your convenient reference.) We reached the conclusion that we should make available more information on export licensing and on a more frequent basis than had previously been done. Accordingly, we began the practice last year of issuing, Mondays through Fridays, a list of export licenses approved by the Department of Commerce. This list gives the name of the commodity, the total dollar value, and the country of destination for each export license approved by the Department. For your convenient reference, two copies each of our daily report for June 14 and 15 are enclosed.

It is my considered judgment that, in terms of the proper public interest, the vital information on the details of approved export licenses is what commodity has the Government authorized to be exported to what country and in what amount. This latter factor could be stated either in dollar value or in number of units. The only question raised with us last year, and the only question that has been raised since, by a few people, is why we do not publish the names of the export applicant. The argument is made that we "ought to know who it is that would dare to make exports to Soviet bloc countries." It seems that this argument ignores entirely the essential fact that authorized Government officials make the decision to license certain exports whether to a Soviet bloc country or to any country outside the Soviet bloc. On the basis of plain and obvious administrative merit, there is no good reason why the Government should publicize individual names of applicants for exports to certain countries and not publicize the same information for all countries. Yet Senator KEATING, by his own statement, is interested only in publicizing the names of applicants for exports to the Soviet bloc.

We respectfully suggest that any Member of Congress or any member of the public can look at the regular daily report which the Department of Commerce began publishing only last year, and can assess the issue of exports to Soviet bloc countries or anywhere else in the world in terms of the total national interest. One reason we have heard during the past year for publicizing names of export applicants is to make this information available to a very few trade papers which apparently feel they would improve their circulation among the export trade by being able in effect to publish a daily list of export orders, by company. Certainly this is hardly sufficient to support a policy reversal by the U.S. Government.

Senator KEATING also referred in his remarks reported at page 10702 of the CONGRESSIONAL RECORD to "some disputes in recent months by the investigating committees of Congress and the departments of Government administering export controls as to the conditions under which this information should be made available." On that point, Senator KEATING apparently has in mind the report of the House Select Committee on Export Control, copy of which I enclose. As a matter of fact, this Department furnished to the House committee the names of export license applicants and detail about the license application on every case requested by the House committee. That information was furnished to the committee with the full agreement of the committee that the names of individual export license applicants should not be published but should be handled on the same basis as handled by the executive departments. The information which was not furnished to the House committee, and on which a question was raised, concerned the specific advice and recommendations of staff personnel in the various departments, and at various levels, improcessing export license applications. We took the position that the head of the Department of Commerce must step forward and assume full responsibility for the decisions this Department has made on export license applications and that staff personnel should not have to defend before an investigative committee their individual efforts to carry out the policies of this administration. (And I would emphasize very strongly that the policies on export control which have been followed since January 1961 have been basically the same as followed for several years prior to that time except, as the records will show, we have exercised a more strict scrutiny of license applications and the amount of exports to Soviet bloc countries during the past year and a half has decreased compared to the immediate preceding level of exports to these same countries. This same pattern of fluctuation, in the light of changing international conditions, is apparent for the previous administration.)

I would also comment that our position with reference to the role of staff personnel processing license applications is no different from what has been expressed on numerous occasions before, by administrations of both political parties.

Finally, with regard to the disclosure of information issue which Senator KEATING raises, I would observe that the majority of the Democratic members on the House Select Committee on Export Controls did not take issue with the manner in which this Department and others cooperated in furnishing very detailed information on a large number of export license applications.

I would also observe that the Internal Security Subcommittee of the Senate Judiciary Committee has within the last several months conducted studies of export control under the chairmanship of Senator DODD. I am informed that Senator KEATING is a member of that subcommittee. We are not aware that the subcommittee made any issue whatever about wanting to know what detailed recommendations and actions specific staff personnel took on individual export license applications, nor that the subcommittee raised any objection against our request not to publicize export license information which we obtained in confidence, and which we freely made available to the subcommittee on the same basis for its investigative purposes.

In summary, we have always made available and will continue to make available to any congressional committee detailed information contained on any export license application, including the name of the license applicant. We do ask only that the committee receiving such information treat it on the same basis as does the Department; that is, not publicize business trade information that the Department itself does not publicize. Second, the only reservation expressed to any congressional committee concerned the identity and specific action taken by various staff people in the Department in processing a license application. We have furnished and will continue to furnish full information on the detailed considerations, the reasons pro and con, on any license application and we have furnished and will continue to furnish information on all personnel and their backgrounds who may work in this area. It should clearly be understood that the ultimate position of the Department of Commerce on any export license application is the Secretary's responsibility, whether the decision later looks good or looks bad. There is nothing in the present language of the Export Control Act which prohibits disclosure of information, either to the public or to the Congress. We do not believe that Senator Keating has, as a matter of fact, any substantial case for criticizing the administration of the Export Control Act during the past year and a half in the terms that any of his amendments imply. Therefore, we cannot avoid the conclusion that these amendments are unnecessary, and we cannot endorse their adoption.

Sincerely yours,

Edward Gudeman,
Acting Secretary of Commerce.

(Enclosures.)

Department of State,
Washington, June 21, 1962.

The Honorable A. Willis Robertson,
Chairman, Committee on Banking and Currency, U.S. Senate.

Dear Mr. Chairman: The Department welcomes your request to comment on the amendments proposed by Senator Keating to S. 3161. The comments will be restricted to those two amendments which propose additions to sections 1 and 2 of the Export Control Act. These additions read:

"The Communist bloc is engaged in economic warfare against the United States and the free world, and strong economic measures are necessary to preserve our freedom and security.

"The Congress further declares that it is the policy of the United States to use its economic resources and advantages in trade with Communist-dominated nations to further the national security and foreign-policy objectives of the United States."

The Department believes that the existing Export Control Act provides ample authority for any level of control, up to and including a trade embargo, that is deemed likely to advance the national security position of the United States, and allows to the executive branch the required flexibility in the application of such controls.

The U.S. Government long has recognized that economic policy toward the Sino-Soviet bloc is an instrument of overall U.S. policy toward the bloc and of total U.S. national strategy, and has so used this instrument. It is the Department's view that the present Export Control Act and present export control policy are realistically adapted to U.S. security requirements and to the world situation, and that the enactment of these amendments would not require a change in present policy. While cooperating with allied and friendly nations in a system of multilateral security trade controls, the United States is not prevented from applying controls unilaterally or differentially. The United States can and does restrict more items of trade with the Soviet Union than do its allies. The United States maintains a full embargo on Communist China, North Vietnam, and North Korea, and very tight controls toward Cuba.

As an instrument of policy during a crisis situation, export controls can and do provide a means of putting pressure on Soviet bloc leaders to force them, short of a resort to arms, to realize the free world's determination and to reconsider their own course of action. To be most effective, however, there must exist some trade of importance to the bloc, whose termination would have an adverse impact on the bloc, and there must be flexibility in determining the degree of severity of the controls. The present Export Control Act allows such trade and provides the required flexibility to allow the United States to tighten controls against any or all members of the Soviet bloc when this is judged to be advantageous.

In the circumstances that have prevailed since international tensions were heightened by Soviet actions with respect to Berlin in 1961, this Department and other agencies of the Government have reviewed on frequent occasions the application of the Export Control Act. The United States has also had discussions with its allies in the North Atlantic Treaty Organization concerning the application in certain contingencies of greatly expanded trade controls on the Soviet Union. It is expected that trade control policy will continue to receive active attention on the part of the United States and on the part of its major allies, so long as international tensions remain substantially undiminished.

On the other hand, the free world must maintain and expand contacts with the Soviet Union and countries of the bloc which will influence them over the long run to become more responsible and peaceful members of the community of nations. Trade relations are an important channel, and one of the few channels, of communication with bloc countries, and it is on this basis that the maintenance of commercial contacts and of trade in peaceful goods with the bloc has been encouraged. It has been this Government's aim, likewise, to encourage greater independence of action on the part of the Soviet-dominated nations. A policy of selective trade relations, fully in accord with existing export control legislation, has contributed and can contribute further to the attainment of this aim.

The application of much more stringent controls, except in a period of great crisis, would increase the degree of economic interdependence within the Soviet bloc, would further limit peaceful relationships between the bloc countries and the free societies of the West, and would enhance the central position and control of the Soviet Union within the bloc.

In summary, the Department does not believe that the proposed amendments would add to or in any way improve the kind or extent of basic control authority already available. Therefore, their inclusion in this legislation is unnecessary.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely yours,

Frederick G. Dutton,
Assistant Secretary.

The General Counsel
of the Treasury,
Washington, June 20, 1962.

The Honorable A. Willis Robertson,
Chairman, Committee on Banking and Currency, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: There have come to the attention of the Treasury Department amendments proposed by Senator Keating to S. 3161 (extending the Export Control Act). The Commerce Department has made available to us its report to you of today's date in which it sets forth the reasons why it is opposed to these amendments. The Treasury Department is also opposed to these amendments for the reasons fully set forth in the Commerce report.

In addition, we wish to bring to your attention a further consideration relating to the amendment to section 6(c) of the act offered by Senator Keating which would change the requirements governing the disclosure of information obtained by the Department of Commerce in connection with its administration of the act. We feel that this provision is objectionable on the ground, in addition to those stated by the Department of Commerce, that it would have a tendency to discourage exports to free-world countries of goods and technical data subject to the Department of Commerce's licensing controls in certain cases where for private business reasons the prospective exporter would not wish to run the risk that information concerning his business transactions, e.g., prices, customers, etc., might be made public. As you know, in dealing with our current balance-of-payments problem a key part of the administration's program involves efforts on various fronts to promote increased exports. While no estimate can be made as to the magnitude of exports which might be deterred by a provision on disclosure such as that proposed by Senator Keating, we believe that the effect on U.S. exports could be significant. This risk to our existing and potential exports is one which we feel under present conditions should not be taken, particularly since, for the reasons indicated in the Commerce Department report, we feel that adequate arrangements now exist for appropriate disclosure to the public and to the Congress of information relating to the administration of the Export Control Act.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

Sincerely yours,

Robert H. Knight,
General Counsel.

General Counsel of the
Department of Defense,
Washington, D.C., June 22, 1962.

Hon. A. Willis Robertson,
Chairman, Committee on Banking and Currency, U.S. Senate.

Dear Mr. Chairman: Reference is made to your informal request for the views of the Department of Defense with respect to the three amendments proposed by Senator Keating to S. 3161, 87th Congress, a bill to provide for continuation of authority for regulation of exports, and for other purposes.

The Keating amendments and the reports submitted to your committee by the Departments of State, Treasury, and Commerce have been reviewed in the Department of Defense.

The Department of Defense is in general agreement with the position taken by those Departments and recommends that the amendments not be adopted.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely,

L. Niederlehner,
(For Cyrus R. Vance).

Mr. KEATING. Mr. President, I ask unanimous consent to have printed at this point in the Record a statement with respect to the report of the Department of Commerce.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The statement is as follows:

STATEMENT BY SENATOR KEATING

Last week I submitted three amendments to the bill to extend the Export Control Act which I intend to offer at the appropriate time. The amendments are designed to offer guidelines for a more effective response to Communist economic warfare tactics, to increase the penalties for willful or repeated violations of export controls, and to provide a fuller disclosure of information about export policies.

The Department of Commerce has now submitted a report which is critical of these proposed amendments. This report, in my judgment, actually offers further evidence of why these amendments are urgently required. This report certainly has not dissuaded me and I doubt if any Member who has had an opportunity to study the operations of the Export Control Act will find the Department's position convincing.

The first amendment considered in the Department's report relates to the criminal sanctions for violations of export controls. The present law provides that violations of export control laws are a misdemeanor regardless of the circumstances. The Department indicates that this provision was intended to allow flexibility and that neither experience or logic indicates any need for increasing the sanction.

Frankly, I cannot follow the experience or logic of the suggestion that a blanket misdemeanor penalty for all export violations provides enforcement flexibility. Violations of export controls can involve such varied items as boron for missile fuel or surplus feed grains. The methods employed in violations can range from the failure to stamp appropriate destination notices on shipping documents to premeditated diversions or transshipments of the goods or data. The beneficiaries may be members of the Communist bloc, neutrals, or even nations of friendly countries. The offenders may have acted out of ignorance or out of a conscious desire to flout the law. It is absurd to suggest that enforcement flexibility is provided by the imposition of a misdemeanor penalty in all such cases.

My amendment retains the misdemeanor penalty of the present law for cases which do not involve willful violations of export controls or knowledge that such violations are for the benefit of any Communist dominated nation. In such cases, unless a second or subsequent criminal offense is involved, the maximum penalty would continue to be 1 year imprisonment and a fine of $10,000. In this manner real enforcement flexibility is preserved—not the kind of flexibility which allows a district attorney to avoid a grand jury indictment in serious cases, but the kind of flexibility which permits a punishment to be imposed which fits the crime.

The second amendment to which the Department of Commerce objects consists of a statement of fact that the Communist bloc is engaged in economic warfare against the United States and a declaration of policy that we should use our economic resources and advantages in trade with Communist dominated nations to further our national security and foreign policy objectives. Describing this amendment as "unnecessary," the Department states: "The present findings of fact and declarations of policy have, in our judgment, proven entirely adequate to protect the national interest under changing conditions and should serve equally well in the future."

I simply cannot understand how anyone familiar with the administration of export controls in past years can express such satisfaction with their adequacy. The truth is that Communist procurement from the United States as well as other Western countries has been a major factor in the development of Communist industrial and military strength. We have furnished the Communists with machinery, technical data and raw materials urgently needed in the development of their economies. We have received nothing in exchange for this valuable technology which we could not get from other sources. Our supplies to the Communist bloc have made it possible for them to maintain a foreign aid program in competition with our own. Our supplies to the Communist bloc have enabled them to concentrate their own resources on dramatic and important developments like sputnik and lunik. Our supplies to some Communist nations even have enabled them to furnish parts and equipment to Cuba and Red China on which we maintain a complete embargo. How can anyone express satisfaction with the standards in the Export Control Act which allow such conditions?

Recent investigations of the administration of export controls conducted by the Senate Internal Security Subcommittee as well as a select committee in the other body have disclosed many such transactions. It has been established beyond any doubt, for example, that dozens of licenses have been approved for exports to the Communist bloc over the objections of the Department of Defense. Unlike Mr. Gudeman, the President was sufficiently impressed with the results of these investigations to establish a new Export Review Board consisting of the Secretaries of Commerce, Defense, and State Departments. Unfortunately, the President did not at the same time spell out clearly the standards this Board was to follow. It is up to Congress to do this by amending the act to make it clear that we were prepared to take whatever steps were necessary to counter Communist economic warfare tactics. It is this gap in the law that my amendment is intended to fill.

It is no wonder, in view of Acting Secretary Gudeman's complete satisfaction with the way export controls have been operating, that he has reserved his strongest criticism for my third amendment—an amendment designed to provide maximum information about this program to the American people and the committees of Congress. The present Export Control Act actually contains a presumption against disclosure of any information. Acting Secretary Gudeman seriously contends that this is in harmony with the general policy of the Government.

In my judgment, such a point of view is a threat to the right of the people to know about the operations of the Government and to get the information essential to pass judgment on the wisdom of particular policies. I cannot believe that President Kennedy would subscribe to the Gudeman approach to problems of public information. During the campaign the President strongly criticized efforts to suppress important information. He quoted the Biblical injunction, "Ye shall know the truth and the truth will make ye free." He expressed his confidence that the American people "if they are armed with the truth, can be trusted to make the right decision." These statements cannot be reconciled with Acting Secretary Gudeman's pronouncements. If this were called to the attention of the President, I am sure he would repudiate the Gudeman report. Those in the Congress who trust the people, who believe in the right to know, and who want our congressional committees to be able to get the information they need to do a proper job, should do the same.

Mr. KEATING. Mr. President, it has been said that although the amendment as now worded provides that it shall be a misdemeanor to violate the Export Control Act, a conviction could be obtained under other provisions for false statements. I will give one illustration which will make it clear that that is not always the case. There is no export control of any kind on shipments to Canada. It is not necessary to represent anything to the Government in order to ship goods to Canada. Goods have been transshipped from Canada to Communist countries. That will happen again. When it happens the next time, I hope that this amendment will help to put a stop to such a practice.

I am grateful to the distinguished Senator from Alabama, who is always cooperative and has been willing to accept the amendment.

Mr. SPARKMAN. Mr. President, I desire the record to be clear that I did not say anything about false statements.

Mr. KEATING. That is very true. I was not referring to any statement of the Senator from Alabama.

Mr. SPARKMAN. I merely referred to the difficulty which would be imposed upon the judicial branch of the Government to prove willfulness, particularly when several different transshipments might be involved. I thought the Senator from New York had satisfactorily explained that if difficulty arose, the Government could proceed under the misdemeanor statute, or perhaps an indictment could be so drawn as to obtain a conviction for the lesser offense.

I should like to make one more insertion in the RECORD. It involves enforcement activities. I should like to get across the idea—and I am sure the Senator from New York will agree with me—that the Export Control Act has not been a dead letter by any means. It has been quite actively enforced. I notice that during the first quarter of this year $343,590 worth of shipments were apparently destined for Cuba. There has been a total seizure of 53 different shipments valued at $502,497. Of that number, four, having a value of $343,590, were destined for Cuba.

During the past 2 years, according to the report from the Secretary of Commerce, shipments to the value of $1,335,066 have been made. I think Senators will be interested to know that of that amount $513,003 was apparently destined for Cuba. Cuba did not come under the act until within the last year or two. So during that time there have been seizures of half a million dollars' worth of shipments destined for Cuba.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an excerpt from the hearings on S. 3161, beginning at page 23 of the hearings, entitled "Legal Enforcement Activities." This information was furnished to us by the Department of Commerce.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

LEGAL ENFORCEMENT ACTIVITIES

Both criminal and civil penalties as well as administrative remedial sanctions may be invoked against violators of the export control regulations. Under the Export Control Act, violators are punishable by fine and imprisonment. By regulation, provision has been made for denying U.S. export privileges to American and foreign companies and individuals pursuant to administrative compliance proceedings instituted in connection with violations of the export regulations. In addition, the customs collectors have authority to seize and have forfeited goods being or attempting to be exported contrary to the export regulations.

This report is concerned with export control enforcement cases handled between January 1, 1960, and December 31, 1961. Earlier cases were reported to this committee at the 1960 hearing on the prior extension of the Export Control Act.

During this period, 45 temporary, indefinite, and final export denial orders were issued against more than 142 American and foreign individuals and companies for various kinds of violations of the export regulations, including 32 orders involving actual or attempted transshipments to the Sino-Soviet bloc and Cuba. The other 13 orders involved such violations as misuse of export licenses, falsification of shipper's export declarations, and other export control documents, violations of outstanding denial orders, smuggling of goods from the United States, and other negligent or willful offenses not related, however, to transshipments to the Sino-Soviet bloc countries.

The orders which deny export privileges describe the nature of the case, and in the decretal portion provide for the denial to the respondent of the privileges of participating, directly or indirectly, in any manner or capacity, in any transaction involving commodities or technical data in whole or in part exported or to be exported from the United States to any foreign destination, including Canada, for a determined period of time (with or without probationary terms) ranging up to the entire duration of U.S. export controls. The orders are made applicable not only to the respondents but also, to prevent evasion thereof, to any other individual or firm with which he is or may become related by affiliation, ownership, control, position of responsibility, or other connection in the conduct of trade or services connected therewith. Each denial order also contains a notice that no third person may perform any acts with or for the benefit of the denied party which he is prohibited from doing by the order.

Final orders are issued following a detailed notice of charges to the respondent, a hearing based thereon, and findings that violations have occurred. Temporary orders are issued, when necessary, without notice, to protect the public interest pending the continuation or conclusion of an investigative or administrative or judicial proceeding. Indefinite orders are issued when companies or individuals fail or refuse to answer questions of the Department regarding their participation in suspected transshipments or other unauthorized transactions and remain in effect until the party answers or gives a satisfactory reason for not doing so.

The full text of each denial order is published in the Federal Register. The Department issues a press release at the time that each denial order is issued. The substance of these press releases describing the nature of each of the cases are contained in the quarterly reports submitted by the Department to the Congress in accord with the Export Control Act. The quarterly reports also contain actions which are taken in criminal cases involving export control violations. The lists of firms and individuals in the United States and abroad currently under export denial orders, the respective Federal Register citations, and the export privileges denied (and probation periods) are regularly published in the comprehensive export schedule issued by the Bureau of International Programs. These lists are separately reprinted and receive wide dissemination here and abroad.

On December 31, 1961, the BIP investigations staff had 99 investigations in process, of which 68 percent involved reports of transshipment, 10 percent smuggling of goods from the United States, 6 percent violations of BIP denial orders, and 16 percent other offenses, principally misrepresentations in connection with obtaining or maintaining in effect official documents relating to exports.

We may add that as of May 1, 1962, there were 8 administrative cases awaiting hearings or decisions involving over 30 American and foreign individuals and companies. Of these, seven involve charges of attempted or actual transshipments to the Sino-Soviet bloc. Eleven other cases are presently pending in the Office of the General Counsel of the Department, transferred to it by the BIP investigations staff, being reviewed for administrative compliance proceedings and/or criminal or other disposition. Nine of these cases involve actual or attempted transshipments to the Sino-Soviet bloc and Cuba.

By a separate Federal law the Bureau of Customs is authorized to seize and have forfeited to the United States, commodities attempted to be exported in violation of export controls. This seizure sanction has continued to be applied in appropriate cases and during the past 2 years, 646 seizures were made involving U.S. goods valued at more than $1,335,066 (27 of these seizures, all in 1961, with a total value of $513,093 concerned shipments apparently destined for Cuba).

Criminal prosecutions and administrative export denial proceedings are contemplated by the Export Control Act and the regulations issued thereunder. Criminal prosecutions are traditionally for punitive and deterrent purposes. Administrative proceedings are, however, primarily remedial and deterrent in nature, and are designed to protect the integrity of export controls against abuse by denying export privileges to those who, through willful or careless misconduct, have demonstrated their unreliability as shippers, handlers, or recipients of U.S.-origin commodities and technical data. The decision to institute one or the other, or in some cases both of these procedures, depends, among other things, on the gravity of the offense, the intent, past record, and reputation of the offender, and what is especially significant in this field of international offenses, the availability of the kind and quantity of evidence that is required by Federal courts in criminal cases.

In considering the utility of the criminal sanction as a means of enforcing the Export Control Act, it is important to bear in mind that such cases cannot feasibly be brought against foreign persons not subject to U.S. jurisdiction for prosecution, and that the success of such prosecutions against American parties is substantially limited by the difficulty of producing for appearance and use in our courts the necessary witnesses and documentary evidence as required by our Constitution and laws in criminal cases. Witnesses and documents located in foreign countries are often the only sources of evidence to establish the U.S.-origin goods were transshipped, diverted, or reexported to the Sino-Soviet bloc, and the identity of the persons responsible therefor. Inability to compel attendance in our courts of such foreign witnesses and the production here of such foreign documentary evidence, by subpena or otherwise, may make it impossible for the Government to prove a criminal case since hearsay evidence is inadmissible, depositions are confined to very narrow limits, and in some cases only evidence classified for security and foreign policy reasons may be available which could not be used without breach of classification.

Considering that the national security and foreign policy objectives of the act would be frustrated if known transshippers and other violators could not be prevented from continuing to export, handle, receive, and reexport U.S.-origin commodities and technical data, and that administrative export denial proceedings are available for the remedial purpose of protecting the integrity of the export control system against harms from demonstrably unreliable persons, here and abroad, the Department has followed the practice of using such proceedings against foreign violators and against American violators where criminal prosecution would not be appropriate or could not be successful for the foregoing reasons. While the Department's regulations adopted under the Export Control Act undertake to provide both American and foreign respondents as fair a notice and administrative hearings as is practicable, it must be recognized that it is necessary, for the above reasons, to employ such proceedings even when proof of transshipment and culpable participation cannot be adduced in a form traditionally acceptable in our criminal courts. Thus, these elements of the Government's case may be established by probative hearsay evidence, which is admitted in accordance with general principles of administrative law.

Furthermore, in some cases the only available proof of transshipment and culpable participation may be classified information reported by U.S intelligence and investigative agencies operating here and abroad. To protect their confidential and secret sources, which are often of a foreign governmental nature, it is generally required by law and Executive order, and for national security and foreign policy reasons, that this classified information be used only in such a way that the source will not be identified to the respondent. The Department's practice is to accomplish this by offering in evidence as part of the Government's case an unclassified summary of the classified information, upon a finding by the hearing officer that he has compared the summary with the original classified report, and that he is satisfied that the summary is fair and accurate, omitting only what is required to be kept confidential. The summary is available to the respondent for use in presenting his defense to the administrative charges.

This procedure is deemed to provide the fairest practicable means of using classified information which it is necessary to use to prevent frustration of the national security and foreign policy objectives of the act. The use of such information in this way is deemed to be authorized by the provisions of the Export Control Act, construed in the light of its legislative history, and by the regulations adopted thereunder, as well as by general principles of administrative law applicable to cases involving national security and foreign policy and the use of classified information therein.

The Department has found administrative export denial proceedings to be an effective means of enforcing the Export Control Act because of the substantial economic impact of denial orders on the American and foreign firms affected directly and through the deterrent impact of publicity.

Mr. BUSH. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield to the Senator from Connecticut.

Mr. BUSH. I think the amendments the Senator from New York is proposing are very important. One of the major areas of disagreement between our free world allies and ourselves is the question of East-West trade. This has been discussed in the Joint Economic Committee; and although I do not think there is unanimous agreement, I do think there is a very strong feeling that there must be better agreements between ourselves and our free world allies.

COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM

The VICE PRESIDENT. The hour of 12 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes.

REGULATION OF EXPORTS

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside, and that the Senate resume the consideration of Senate bill 3161.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

The Senate resumed the consideration of the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes.

Mr. BUSH. Mr. President, I think the sentiment of the Joint Economic Committee is somewhat expressed by the Javits amendment to this bill, which "further declares that it is the policy of the United States to formulate, reformulate, and apply such controls to the maximum extent possible in cooperation with all nations with which the United States has defense treaty commitments, and to formulate a unified commercial and trading policy to be observed by the non-Communist-dominated nations or areas in their dealings with the Communist-dominated nations."

In my judgment the Javits amendment points up the necessity for adoption of the Keating amendments.

Mr. SPARKMAN. Mr. President, at this point I should like to comment on what the Senator from Connecticut has said about the Joint Economic Committee. He may be pleased to know that the Javits amendment originated from the proceedings of the Joint Economic Committee.

Mr. BUSH. I am glad to know that, and am very proud of it.

But my point is that the Keating amendments are very important in order to implement the Javits amendment, because they say, in effect, that we mean business and that we are going to tighten up.

I think there should be a yea-and-nay vote on this question, to show that it is the sentiment of the Senate that we should tighten up.

I appreciate the Senator's willingness to accept the amendments and take them to conference. However, I have seen many amendments accepted and taken to conference, as I am sure the Senator from Alabama has, too; and I am of the opinion that amendments accepted and taken to conference, and not made the subject of a yea-and-nay vote in the Senate, really do not have much force and effect in the conference. However, I believe it important that the Keating amendments have force and effect in the conference, so they will become a part of the bill.

Therefore, I intend to ask for the yeas and nays on the question of agreeing to the Keating amendments; and if the yea-and-nay vote cannot be taken today, I am perfectly willing to have it postponed until Monday.

However, when I spoke to the majority leader about this matter, he said that if a vote is to be taken, it must be taken today. So I am perfectly willing to vote now, and I am ready to vote, because ample notice has been given.

Mr. MANSFIELD. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. Ample notice has been given to Senators that three votes, probably rollcall votes, might be taken today. Therefore, it cannot be said that ample notice has not been given.

Mr. BUSH. I agree, and I am ready to ask for the yeas and nays.

Mr. SPARKMAN. Mr. President, this is a little embarrassing to me, because after the Senator from New York [Mr. KEATING] and I discussed these amendments, I told several Senators that an agreement had been reached. Although I did not specifically state that there would not be a rollcall vote, yet they may have assumed that that was the situation.

I am perfectly willing to have a yea-and-nay vote taken. The Senator and I discussed the situation which exists when amendments are casually taken to conference. I assured him that it was not my intention to take these casually to conference; and I said that if I were a conferee—and I assume I shall be—it would be my purpose to defend the position taken by the Senate. I believe that will be true insofar as all the Senate conferees are concerned.

So I say to him that I do not believe there is a necessity for a yea-and-nay vote because of any fear along the line he has mentioned, even though I know the situation to which he has referred often exists.

Mr. BUSH. Mr. President, I am pleased to hear the Senator's statement. But I believe there should be a yea-and-nay vote in order to strengthen our position on the amendments. I thank the Senator for his statement as to the position he will take in the conference.

Mr. SPARKMAN. And I shall take it in cooperation with the Senator from Connecticut.

Mr. BUSH. I thank the Senator for that suggestion, although I had not counted upon being one of the conferees.

Mr. SPARKMAN. The Senator from Connecticut usually is one of the Senate conferees on such measures.

Mr. BUSH. Mr. President, I am one of a number of Senators who have come to the Chamber today in the expectation of voting on this bill. These amendments are very important. However, I would be glad to have one vote taken on the three amendments, en bloc, and then a vote on the bill as thus amended.

Mr. KEATING. Mr. President, I am a little embarrassed by this development. Of course, I confirm completely the statement the Senator from Alabama has made. As he has said, we discussed the problem which so often exists when amendments are accepted and taken to conference, where it is easy to slough off the amendments. But it would be improper for me to sit here and not state that the Senator from Alabama and I did reach an agreement.

I cannot object to the taking of yea-and-nay votes. I suggest that perhaps a vote on the question of passage of the bill after the amendments have been adopted would enable the Senate to dispose of the entire measure by one vote.

Mr. BUSH. Mr. President, I should be glad to modify my request in order to call for one yea-and-nay vote on the question of passage of the bill after the amendments have been adopted.

Mr. MANSFIELD. Mr. President, on this question, I ask for the yeas and nays.

Mr. SPARKMAN. Mr. President, first let me point out that there are two amendments.

Mr. KEATING. First, Mr. President, in order that Senators may not be misled, let me say that my agreement with the Senator from Alabama was that two of the amendments would be accepted, and that I would explain the third one. And that at the conclusion of the explanation, after pointing out that perhaps some further hearings are desirable, I would withdraw that amendment. So it is not my anticipation that the amendment relating to publicity will be voted on with the others.

Mr. MORSE. Mr. President, I rise to propound a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Oregon will state it.

Mr. MORSE. I entered the Chamber a little late, and I am somewhat at a loss to understand what the pending proposal is.

I understood the Senator from Connecticut to offer to withdraw some request, on the condition that he would have some assurance that the amendments would be adopted, and that then there would be a yea-and-nay vote on the question of passage of the bill as thus amended.

Such a procedure would be a most unfortunate precedent to establish. If the Senator wants a yea-and-nay vote taken on the amendments, I am perfectly willing to have that done; but I do not wish to have tied to an agreement for a yea-and-nay vote a commitment that some amendment or amendments will be adopted, because first we must find out what the amendments are. At this time I do not know whether I shall vote for them or not.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MORSE. I think all the Senator has to do is obtain an order for the yeas and nays on final passage, so that if another Senator wants a roll call on something else he may get it. I may want a roll call on an amendment. I am not going to tie myself to a commitment that I will not have a roll call on an amendment. I will agree to a roll call on final passage.

Mr. MANSFIELD. No Senator is bound. This request is for a roll call on final passage. If any Senator wants to ask for the yeas and nays on an amendment, he is at liberty to do so.

Mr. MORSE. That is why I put the parliamentary inquiry. I will let the record speak for itself, but I think there could be such an interpretation that we were voting to tie ourselves to a roll call on the amendment.

Mr. PROXMIRE. Mr. President, if the Senator will yield, I think we should make it absolutely clear for the legislative record that the reason why the Senator from Connecticut wanted roll calls on the amendments was so they would remain in the bill in conference. Therefore, it is very hard for this intention to come through unless there is a roll call on the amendments.

Mr. MANSFIELD. It is all right with me. I do not care.

Mr. PROXMIRE. One roll call on final passage would not mean anything to the conferees and would have no significance in showing how we felt on the amendments.

Mr. MORSE. There has to be a roll call on the bill, and if so, why not have a roll call on the amendments?

Mr. BUSH. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. BUSH. I had assumed, having talked with the majority leader, that if we voted on final passage we would be voting on the bill as amended and the vote would show that we wanted to be recorded in favor of the amendments in the bill, rather than just taking the amendments to conference, as the Senator from Alabama has offered. If any Senator wants to call for a vote on the amendment, I will support it.

Mr. KEATING. Mr. President, will the Senator yield to me for another suggestion which I think might expedite the proceedings?

Mr. BUSH. I yield.

Mr. KEATING. That is to have one vote on the two amendments, instead of two separate votes on the two amendments which the Senator from Alabama has agreed to accept. If that were done, I would not think there needed to be a rollcall on final passage.

Mr. JAVITS. Mr. President, if the Senator will yield, I will ask for a vote on final passage if we have a vote on the amendments.

Mr. PROXMIRE. Mr. President, the Senator from New York's suggestion is a good one. If there is a rollcall on the amendments, then a rollcall on the final vote will not be necessary. It is the amendments that are vital.

Mr. MANSFIELD. Mr. President, on that basis I ask unanimous consent that my previous request for the yeas and nays on final passage be vacated.

Mr. JAVITS. Mr. President, reserving the right to object——

The VICE PRESIDENT. The Senator from Montana withdraws his request. The yeas and nays have not been ordered.

Mr. BUSH. Mr. President, I now ask for the yeas and nays on the amendments en bloc.

Mr. SPARKMAN. En bloc.

Mr. BUSH. On the two amendments en bloc.

The VICE PRESIDENT. The Senator from Connecticut asks unanimous consent that the Senate may have one rollcall on two amendments, one of which has not been offered. Is there objection? The Chair hears none.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I ask for the yeas and nays on final passage.

The VICE PRESIDENT. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. KEATING. Mr. President——

Mr. MANSFIELD. Mr. President, if the Senator will yield, I am surprised that the Senator from New York [Mr. JAVITS], whom I was trying to accommodate so he could leave at a reasonable hour this afternoon to keep an important engagement, wants to have a rollcall on the two amendments and final passage. To me it makes no difference, but I thought in withdrawing the request, I was complying with the accommodation of the Senator from New York.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MANSFIELD. The Senator from New York [Mr. KEATING] has the floor.

Mr. JAVITS. I do not think so.

Mr. MANSFIELD. I am glad to yield.

Mr. JAVITS. I make this statement so that both of us may clearly understand each other. When I came here today it was in the expectation that we would agree on some amendments and have rollcalls. If we are going to have rollcalls, as obviously we are, I think we should have one on final passage, because, with all respect, I consider the amendment to section 2 in the bill to be fully as important as the amendments on which we will have a vote. If the intention of the Senate is to express itself on rollcalls as to the critical importance of these amendments in conference, I want that valued judgment to apply as well to the amendment which the committee adopted. I do not think we are saving any time, once Senators are going to be recorded, if we do not record them on final passage, because that is the only way to record them on the committee amendment as well as the amendments offered by my colleague. I suggest this is the right thing to do.

I make the parliamentary inquiry as to whether the yeas and nays on final passage have been ordered.

The VICE PRESIDENT. They have been.

Mr. JAVITS. I thank the Senator.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Connecticut will state it.

Mr. BUSH. Would it be in order to request unanimous consent that the Senate vote on final passage immediately following the vote on the amendments, in order to conserve the time of the Senate?

The VICE PRESIDENT. It can be done by unanimous consent, if the Senate wants to close off debate.

Mr. BUSH. In order that Senators will be on notice when they come to the floor, I ask unanimous consent that following the yea-and-nay vote on the amendments the Senate immediately proceed to vote on final passage without intervening business.

Mr. DWORSHAK. Mr. President, reserving the right to object, I intend to offer an amendment.

Mr. MANSFIELD. Mr. President, I object.

The VICE PRESIDENT. The Senator from Montana objects.

The question is on the amendment of the Senator from New York.

Mr. KEATING. Mr. President, under the parliamentary situation, would it be appropriate for me now to call up, or simply to explain, the amendment which has been the subject of all this colloquy?

Mr. BUSH. I suggest the Senator call it up.

Mr. KEATING. I call up my amendment designated "6-15-62—C."

The VICE PRESIDENT. The amendment offered by the Senator from New York will be stated.

The LEGISLATIVE CLERK. It is proposed at the end of the bill to insert the following new sections:

SEC. 3. Section 1 of the Export Control Act of 1949, as amended, is further amended by adding a new subsection (c) as follows:

"(c) The Communist bloc is engaged in economic warfare against the United States and the free world, and strong economic measures are necessary to preserve our freedom and security."

SEC. 4. Section 2 of the Export Control Act of 1949, as amended, is further amended by adding at the end thereof the following new paragraph:

"The Congress further declares that it is the policy of the United States to use its economic resources and advantages in trade with Communist-dominated nations to further the national security and foreign policy objectives of the United States."

Mr. KEATING. Mr. President, this amendment does two things. It adds a new subsection to the findings in the Export Control Act and it adds a new paragraph to the declaration of policy.

The Export Control Act declares it to be the policy of the United States to use export controls to "further the foreign policy of the United States" and to "exercise the necessary vigilance over exports from the standpoint of their significance to the national security."

These broad terms undoubtedly were designed to give the agencies charged with enforcing the act the widest possible latitude. Such latitude is necessary and desirable in order to permit our controls to be adjusted to changing international conditions. At the same time the language is so broad that conflicting interpretations and inconsistent policies are almost inevitable.

Our present policies—in my judgment—are inadequate, vague, illogical, and unrealistic. Irreconcilable contrasts and inexplicable shortcomings are evident to anyone who will give this subject close attention.

The United States and its free world allies have a tremendous advantage in trade with the bloc. Despite the highly touted success of the Soviets in a few areas in which they have concentrated major attention, the bloc countries—in general—lag far behind the West in the state of their technology.

Our policies to date have failed to exploit this advantage. Instead of applying an economic squeeze against the Reds, the free world over a period of years has made a substantial contribution to building up Soviet economic strength. In the process we have forfeited one of the most powerful weapons we have in the protracted struggle against international communism.

The amendment I have offered is designed to help reverse this trend. It will write into the Export Control Act recognition of the importance of economic considerations in regulating exports to the bloc. The amendment would assure that economic as well as military factors will be given weight in determining our response to Communist aggression. This change in the law would give emphasis to this too often neglected phase of the cold war.

A dozen years ago trade between the West and the Soviet bloc was almost negligible—today it is of significant importance, particularly to the Eastern European satellites. Over one-fourth of all of the Communist bloc trade is now with the free world. This percentage is considerably higher in some Communist countries, especially in East Germany where the economy has become almost dependent upon the flow of goods from West Germany.

Our concern with the military issues of the cold war at times has clouded the strategic importance of trade in our arsenal of weapons. We sometimes forget that trade with the West is of prime necessity to the Communist camp if their economic strength is to continue to increase at a rapid pace. Trade is of particular importance to the Soviet bloc now because of the economic crisis that confronts the Communists. Reports of agricultural failures and industrial strains in the Soviet-bloc economy are now confirmed even by Khrushchev. From all indications, the Communist economy is in a state of crisis. Trade is a weapon we have been too reluctant to utilize in our various crises with the Soviet Union—either out of a desire not to unduly hamper the sale of various Western goods to the Soviet bloc, or because of a reticence to halt the free flow of trade. However, our solicitude for free enterprise must not blind us to the fact that the struggle in which we are engaged is not conducted by the rules of supply and demand. Soviet trade relations with the West are carried out not in the hope of fostering peaceful commercial intercourse with the West, as some naively assert. The Soviet camp buys from the West for two primary reasons: Economic necessity and to gain political ends. Trade is a weapon the Soviets do not hesitate to utilize when they have the upper hand in their dealings with other countries.

The military potential of the United States and the Soviet Union is rapidly approaching the point of stalemate—the destructive power of nuclear weapons has now made the prospect of armed conflict a suicidal one. This situation demands, if we are ever to achieve a victory over communism, or, if the phrase be preferred, a victory for freedom, that we focus more and more attention on the other aspects of the conflict—the political and the economic. The shifting battleground can be to our advantage because we hold the upper hand in any economic contest with communism. We can no more consider surrendering this advantage than we would consider giving up our military defenses. The economic struggle is proceeding at an accelerating rate, and we must take steps now to make certain that we don't lose this battle.

In practice, the Export Control Act has been administered to curb trade only in goods of potential "military significance." Even this standard has been narrowly applied. Since 1960, for example, the United States has licensed many items for shipments to the Communist bloc despite the objections of the Department of Defense. These have included hundreds of millions of pounds of carbon steel sheets, technical data for a fluid process heater, diesel generators, vacuum power units, centrifugal pumps, roller bearings and spare parts for plastic extrusion equipment and electrolytic tinplate samples. In other cases, the Defense Department concurred in the issuance of licenses for shipments of strategic material where the evidence of alternative sources of supply was persuasive. These included synthetic rubber, petroleum flowmeters and flanges, technical data for steelplate mill construction and electric power excavator and equipment. I do not pretend to have the competence to judge whether these items are of strategic importance. But if the Department of Defense concluded that they were—this should have been the end of the matter. If we are going to err in determining what goods are of strategic importance to the Communists, I would much rather we erred in favor of our security than in favor of Soviet interests.

Last year, after the Internal Security Subcommittee highlighted the shortcomings of the existing administrative organization for preventing such shipments of strategic goods to the bloc, the President issued an Executive order establishing an Export Control Review Board consisting of the Secretary of Commerce as Chairman and the Secretaries of Defense and State as members. I am hopeful that this Board will prevent any future shipments of strategic goods to the bloc.

My amendment will not interfere with this Board's decision on strategic items, but it will provide additional criteria for regulating U.S. trade with the Soviets. I know that this is a complex subject, and I do not contend that my amendment will eliminate the necessity for hard decisions. Flexibility is important and would not be endangered. The only effect of the change I propose would be to encourage the use of our economic power in promoting our foreign policy objectives in relation to the Communist bloc.

The amendment would also serve as a declaration to our allies that we desire to utilize the vast economic strength of the West in this struggle with communism. Although the Soviets seek and have gained valuable industrial and technological equipment from the United States, it is in Western Europe where they have been most successful in this pursuit. The growing strength of the European industrial economy has provided the Soviet bloc with a valuable source of economic material. Through the procurement of industrial equipment from the West the Communists have been able to build up lagging sectors of their economy and have been able to divert their energies and resources to maintaining a powerful military machine. The industrial strength of the Soviets would not have advanced as rapidly as it has without procurement from the West.

Effective control of exports to the Communist countries requires the cooperation of our NATO allies. Unilateral control by the United States does deprive the Soviet bloc of unique industrial goods and know-how available in this country, and this policy of our Government must be continued and strengthened. However, we must do more to obtain the maximum cooperation necessary for the full use of our economic strength. For that reason, I strongly support the amendment to the Export Control Act reported by the committee which makes it a policy of the United States to obtain maximum cooperation from our allies in the formulation of a unified trading policy with the Soviet bloc. This provision is an expression of our desire to have our allies join us in utilizing the free world's economic power to the fullest extent possible in combating communism. Our objective, however, must be to raise the standards for cooperative action and not to reduce those we apply to any level on which we can reach multilateral agreement.

The Soviets are well aware of the advantages that accrue from trade with the West. They have no reluctance to exploit Western know-how for as long as it takes to develop bloc self-sufficiency. The Communists have told us they intend to bury us, and they will be glad to do it with our economic help for as long as they can get away with such tactics.

Trade with the bloc has not been a two-way proposition. Soviet bloc procurement is ruthlessly directed by a central apparatus to produce maximum results with a minimum exchange. The typical trade mission may entice Western producers with references to virtually countless markets for consumers goods, but the agreements they sign are more often for heavy machinery, advanced technical data, ships and planes. The major items they give in exchange are manufactured goods such as cotton fabrics, and food such as wheat, meat, fruits, and vegetables.

In the face of industrial failures and agricultural shortages, the Communists are maintaining a costly program of aid to other countries for political and military objectives. There is no assurance that goods they obtain from the United States and other free world countries are not being used for the Communists' own version of a foreign aid program. We know that some of the wheat the Red Chinese have imported from Canada was diverted to Albania. We know that pipeline and drilling equipment the Soviets are buying from Italy and other Western countries is being used to promote Soviet interests in India, Ceylon, Japan, and other vulnerable areas. We have no real assurance that machinery we are selling to the Reds is not being used in Soviet efforts to rescue the Cuban economy.

The United States and the other nations of the free world have not adopted the guidelines or the machinery for combating Communist economic tactics.

We have been foolishly and dangerously hesitant to use our economic arsenal against the Communists. We have displayed no such hesitation in dispatching troops to Berlin, to southeast Asia, or to other trouble spots around the globe whenever the need arose. Should we not display the same action in our economic relations with the Communist bloc? Too often we have continued our business-as-usual attitude even in the height of crisis. But we should not wait until trouble flares up before we bring our economic weapons to the fore. This is a valuable instrument in this crucial struggle, during a crisis or in the uneasy calm that prevails some of the time.

Significant examples are already recorded for us to see the strength of this weapon. In 1960 East German agents began interfering with the access to Berlin of West German civilians. In response to this situation the West Berlin administrator of the Interzonal Trade Agreement, which regulates trade between West Berlin and East Germany, gave notice that the agreement would be terminated by December 31 of 1960. The notice in effect was a threat of total embargo against trade with East Germany unless the harassment ceased. The reaction was prompt and dramatic. The harassment did cease, and instances of interference by the Soviets and their East German agents with such travel have been virtually nonexistent since that date. The fear of the halt of goods from the West overrode the Communists' desire to interfere with the access routes of civilians to Berlin.

Another opportunity for the West to exert economic pressure for political ends is now before us. The East German regime has asked West Germany for huge credits in order to purchase machinery and food. The West should seize this chance to work in concert with West Germany in an effort to obtain political concessions in Berlin from the East Germans. Trade with the Communist camp is not simply a matter of commercial relations, and we should not treat it as such.

The economic aspects of the cold war have received far too little attention. We have failed to achieve a unified Western policy to really utilize our economic strength for political goals. There has been reluctance to exert economic pressure against the Soviet bloc for political gain. The example provided by West Germany in 1960 is all too rare.

All my amendment is designed to do is to make certain that those who administer the Export Control Act recognize the fact that economics is one of the areas in which the cold war is now being waged. We have too long delayed a decision that we must make now—while we still have our vast economic advantage: the decision to exploit Communist economic dependence on the West to exact important political and military concessions from them. A change in policy is essential now while our economic advantages are still decisive and the Communist economy is in a state of crisis.

The amendment I offer is an effort to aid in the making of that decision. The President will still have the widest possible discretion in utilizing our economic power in the interest of national security or foreign policy. But he will hereafter have to consider the intent of this Congress that the United States employ its economic power to the fullest possible extent in the fight against the Communists.

The redirection of policy which I am advcoating will require some sacrifices. These sacrifices do not compare to those we impose upon our young men manning the Berlin garrison and on guard in southeast Asia. These are sacrifices we must make in the interest of freedom and to preserve the peace. We can withstand economic pressure far more effectively and readily than can the Communist bloc economy. We must be willing—the United States and its allies—to take this step if we are to face up realistically to the challenge confronting the free world.

In summary, this amendment is needed, first, to express clearly U.S. awareness of the economic warfare being waged by the Communists;

Second, to express our determination to use our economic resources in the battle against international communism;

Third, to convince our allies of our resolve not to contribute senselessly to the economic or military buildup of the Communists;

Fourth, to make certain that trade with the bloc is designed for our advantage and not to give every advantage to the Communists with no benefit to the free world in exchange; and

Fifth, to encourage the use of our economic advantages over the Communist world to combat their aggression, advance the cause of freedom, and bring us closer to victory without war.

The Export Control Act was given intensive study by the Select Committee on Export Control of the House of Representatives. Their final report states:

> It makes no more sense to strengthen the economic potential of our cold war Communist enemies than to arm them; and yet the select committee has found glaring instances where we have economically strengthened countries in the Soviet bloc.

The Senate Internal Security Subcommittee has also given this subject intensive study from the point of view of its impact on national security. No one who has participated in the hearings of this subcommittee can doubt that U.S. controls have not been realistic and that over a period of years the Soviet bloc has been able to acquire invaluable technology and equipment from the free world.

I do not blame any administration or individuals for this situation. These conditions are not of recent origin but have continued for many years. My only interest is in providing the guidelines for a policy which will better protect the interests of the United States. I have no interest in casting blame and will gladly say for the record that I have as much confidence that Secretary Hodges will carry out whatever policy Congress enunciates as I would that any other dedicated Republican or Democratic Secretary of Commerce would carry out such policies. This is not now and never need be a partisan issue.

The Departments have objected to my amendments. In essence they have advised the Banking and Currency Committee that they are satisfied with the way they are carrying out export controls.

The question, however, is whether the Senate and the public are satisfied. Do we want to continue to see complete plants shipped to the bloc? Do we want to continue the exchange of valuable machinery and technical data for Communist products we can get from a dozen other sources? Or are we ready to go all out in the economic contest with communism? Do we have the will to win in this vital area of the cold war conflict?

Let us not shrink from this challenge. Let us give this act the backbone it has been sorely lacking. I hope my amendment will be approved.

Mr. PROXMIRE. Mr. President, I rise in support of these amendments. I earnestly hope they will receive the overwhelming approval of the Senate.

I feel very strongly that they go right to the heart of the struggle between the free world and the Communist world. While I, of course, have the greatest of admiration and respect for the officials in both the Department of Commerce and the Department of State, I think it is most desirable and necessary that the Senate underline this situation and emphasize, especially to our allies, that fundamentally today we are engaged in an economic struggle with communism, and when we give trade assistance or aid assistance to Communist-dominated nations we are giving them an advantage which might be extremely important and helpful to them.

I am especially glad that the distinguished Senator from Connecticut [Mr. BUSH] has insisted on a yea-and-nay vote on the amendments.

It is not only important that these amendments be maintained in conference, but it is also particularly important that our allies understand the depth and the breadth of the feeling of the Congress of the United States, of the Senate of the United States, and of the people of the United States—that we recognize this is an economic struggle, economic warfare, and that we intend to win.

The fact is that we are winning. Communism is losing economically. The only way the economic tide could turn against us, I think, would be following false or misguided economic policies.

I think the amendment of the Senator from New York would go a long way toward assuring that our policies will be designed to win against the Soviet Union and against the Communist bloc generally.

Mr. HUMPHREY. Mr. President, I should like to have the attention of the Senator from New York.

Mr. KEATING. Yes.

Mr. HUMPHREY. I am somewhat concerned about one amendment, and I should like to have the Senator's comment on the disclosure-of-information amendment.

Mr. KEATING. I will say to the Senator from Minnesota, who was necessarily out of the Chamber during an earlier colloquy, it is my intention to explain that amendment and to comment on the statements made by the Acting Secretary of Commerce with regard to it. At the conclusion of that, if the other two amendments have been agreed to, I shall not press that amendment at this time, because I think there is some merit in the suggestion that some further hearings are desirable before action on the exact language of that amendment.

Mr. HUMPHREY. I thank the Senator. The only reason I inquired about it is that I had a call this morning from one of our larger electronics manufacturing companies.

Mr. KEATING. I know which one it was.

Mr. HUMPHREY. The company was deeply concerned about the possibility of information being made available, I suppose to competitors as well as to foreign countries.

I assured them that was not the purpose of the amendment. I know what its purpose is. Its purpose is legitimate. But I wanted to get some assurance as to what the Senator's intentions were.

Mr. KEATING. Let me address myself precisely to that point. For that very reason an exception was made in the amendment for trade secrets submitted on a confidential basis. It is my judgment that if the concern to which the Senator has referred, or any other company, submitted any trade secret information to the Department of Commerce on a confidential basis, it would be protected by the amendment. I am confident that the company has nothing whatever to fear if the amendment is agreed to. However, because I agree that the part of the amendment referring to "trade secrets" submitted on a confidential basis is open to some question, I am willing to withdraw the amendment at this time in order to give an opportunity for hearings to be held on the subject. We do not want to injure unfairly any concern selling goods abroad, or its employees. We want to increase legitimate exports, not decrease them.

Mr. HUMPHREY. I knew that was the intention of the Senator. I thought my inquiry might possibly develop the point a little. I am hopeful that the amendment of the Senator will go to the committee. I am not particularly opposed to the amendment. To the contrary. But I think there is some sensitivity to it, and it ought perhaps to be given further consideration.

Would the amendment be referred to the Committee on the Judiciary?

Mr. KEATING. No; I think the amendment would go to the Commitee on Banking and Currency, since it would be an amendment to the Export Control Act.

Mr. MILLER. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. MILLER. Is there not some possibility of slightly modifying the amendment so as to bring about at least an interim improvement over what we have now, and at the same time cover the concern which the Senator from New York [Mr. KEATING] and the Senator from Minnesota [Mr. HUMPHREY] have expressed? The Senator from New York suggested that the phrase "trade secrets" might cause some difficulty. Why could not the words "trade secrets" be stricken out and the word "information" inserted in lieu thereof? That word would be very broad—probably too broad to achieve the objectives of the amendment—but at the same time I believe it would give us a little improvement over what we now have. The word "information" would cover such things as trade secrets, which private corporations might be concerned over.

Mr. HUMPHREY. My only point is that sometimes words mean one thing to Senators and something different when applied in the field of international commerce. Frankly, I do not feel competent to render a judgment on the question. It is a delicate question. The Senator from New York showed prudence in his suggestion for approaching the problem cautiously, and not in haste, to see what we can do to improve the present situation.

Mr. KEATING. Frankly, I would be concerned that the word "information," might go too far. I really do not believe I would like to have that word substituted. I think we could do better. The objections I have heard relate to the names of customers and the prices charged. I do not think there is any serious objection to telling what companies shipped the goods, but I think there is some objection to telling who the customers are, because some competitors might try to get those customers away from the shipper.

I hope the Senator from Alabama understands that I am not in any way going back on our agreement, but it is my judgment that if a legislative record were made that trade secrets submitted on a confidential basis included the names of customers, prices and similar matters, that would take care of any apprehension which business concerns might have. However, since I felt that the best way to handle the question would be through committee discussion, so that no one could come back later and say, "We did not have an opportunity to be heard on that question," I suggested that the amendment be referred to the committee, rather than attempting to make the change on the floor of the Senate. For that reason I am willing to withdraw the amendment.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. I think the Senator from New York is eminently correct. There should be no objection to trying to improve existing law. Everyone should be in favor of all proper information being reported. The Senator suggests that the question could appropriately be handled by the Committee on Banking and Currency. I am of the opinion that it ought to be handled by both the Committee on Banking and Currency and the Judiciary Committee, because of the existence of section 1905 of the U.S. Criminal Code, which deals with the same subject matter. It seems to me that very close study ought to be given to that subject in connection with anything dealing with that problem. I am sure the Senator is familiar with that point. It is quite a broad statute. It covers not only trade secrets, but 15 or 20 other enumerated items. Certainly the question ought to be carefully considered. It is a part of the general code. It seems to me that it is a question that the Judiciary Committee should properly consider. Therefore I hope no effort will be made to write legislation at this time that would deal with such a complex subject, but that the amendment may be referred to the proper committee.

SHIPMENTS OF OIL

Mr. HUMPHREY. Mr. President, about a year ago I addressed the Senate on the subject of the Soviet economic offensive, particularly in the energy field, the field of fuels. I have done considerable research, and my staff has engaged in several weeks of research on the subject of penetration of the Western European market by Soviet oil. I noted before that much of the oil was coming through Italy, where a private Italian firm, the ENNI Corporation, had been marketing vast quantities of Soviet oil which was being delivered to the ENNI Corporation in a crude form. It was refined, processed, and shipped into the Western European market.

When I was in Geneva and Zurich, Switzerland, last year, and subsequently in the Middle East, I had an opportunity to talk with American citizens and friends of the United States from Western Europe who had attended the petroleum congress or conference at Alexandria, Egypt. In that congress there was considerable discussion of the subject.

In that congress there was considerable discussion of the activities of the Soviet Union in dumping, so to speak, crude oil at very low prices into the Western European, Asian, and African markets, but particularly Western Europe.

I pointed out a year ago that the Soviet Union was selling its crude oil in its satellite countries like Poland and East Germany at more than $2 a barrel, while it was selling the same oil in Italy for $1.25 a barrel.

The Senator from New York has properly pointed out, and very helpfully so, that the Soviets utilize their productive capacity—and particularly is this true in terms of raw materials—as a weapon in the cold war, not merely in the pursuit of normal trade relations.

Some years ago I used to keep an account in the Senate of the trade agreements that the Soviet Union had signed with a number of countries. When I visited the Soviet Union in 1958 I found that the No. 1 subject of the leaders of the Communist Party and the leaders of the Soviet Government was that of trade. They wanted a great deal of trade with the United States, but wanted it on credits. This is the same Soviet Union that was extending credits to other countries to stimulate trade between the Soviet Union and those countries. Yet they wanted to have credits from the United States to purchase supplies from us on credit for the development of the Soviet economy.

Of course, our Government officials did not agree to that, and very wisely so.

I am happy to report that in the New York Times of June 22 there appears an article datelined at Paris, which gives us a ray of hope in terms of competition with the Soviet economic offensive so far as Western Europe is concerned. Let me restate that point to say that the Common Market countries have now recognized openly, in public discussion and in official comment, the threat of the Soviet economic offensive, an economic offensive which does not deal with normal trade relations but which is political, to infiltrate and penetrate and dominate the markets of the world for more than economic purposes.

I read a few paragraphs from the article:

> PARIS, June 22.—The European Common Market is moving gradually toward a common energy policy whose chief emphasis is on non-Soviet oil.
>
> There now is a good prospect that within another year, perhaps two, the Common Market will impose import quotas on Soviet oil, limiting it to the share of the market it already has acquired. This would allow for some growth in volume of Soviet imports but no growth in its percentage of the total consumption.
>
> The new policy is based on relatively cheap energy. And that means some lessening of the present protection afforded coal. Present thinking among the key authorities is that a fairly sizable coal production should be maintained, but by means of various kinds of subsidies rather than by high prices.
>
> ### OFFICIAL BACKS IDEAS
>
> Many of these ideas, gaining increasing acceptance in the Community, have been expressed publicly by Robert Marjolin, a vice president of the Common Market Commission. M. Marjolin is the member of the Commission charged with energy policy. The six member governments have charged the Commission, together with the High Authority of the Coal and Steel Community, with production of agreed energy policy.
>
> They are reportedly close to agreement. But there remains some resistance in the High Authority because of its basic role as watchdog and protector of the coal industry.
>
> No early agreement among the governments on an overall energy policy is expected. But the trend appears to be strongly in the direction of a policy of cheap energy based on oil.
>
> ### RESISTANCE FROM ITALY
>
> The main resistance to the idea of applying import quotas on Soviet oil has always come from Italy. Italy imports more Soviet oil than any other member—slightly more than 20 percent of domestic consumption—and has benefited from the low cost of this oil.
>
> However, Italy is trying already to impose a form of ceiling on Soviet oil imports—though the ceiling is understood to have been exceeded last year. Without quantitative import controls, the Italian Government cannot block importers from buying where they want to, though the main importer, the State-owned oil monopoly, can be kept in line.

What the article indicates is that at long last the Western European Common Market, which is a tremendous consumer of energy and fuels, because of its high productive capacity in industrial items, is recognizing the potential danger of a massive Soviet penetration in the energy or fuel needs of the European Common Market.

As I indicated earlier, I saw last year the plans of the Soviet Union to build pipelines into Czechoslovakia and into East Germany, and the plans of the Soviet Union, in cooperation with ENNI in Italy, to build pipelines which would come up into Austria and southern Germany. If that were to take place, there would be a massive penetration of the Western European market with Soviet oil which would have the following effect:

It would make the Western European Common Market dependent in a large measure upon Soviet fuel. Secondly, I believe it would visit a catastrophe on Great Britain, which depends to a large measure on its reserves and its favorable balance of payments on the oil production of the Middle East. Thirdly, it could be a real threat to the American market because we export coal, as we know. It is not as much as we ought to sell, but we do have a considerable export trade in coal.

Therefore the policy statements which are being worked out today, recognizing that we should utilize our tremendous economic power in a constructive manner for our national security and for the areas of freedom and the improvement of economic strength in the areas of freedom, are desirable indeed.

I believe it is important that we recognize that the Soviet Union does not engage in the kind of conventional aggression or attack that we have been accustomed to throughout the history of the world; namely, the movement of armies. The Soviet Union knows that it would mean total war if they were engaged in a conflict of that kind. The Soviet understands how to use propaganda for the purposes of its national policies or its international policies. The Soviet understands how to use trade for purposes of its international goals. The Soviet has used it. It has dumped benzine on the American market.

By doing so, it has broken the price. It has today on hand fantastic aluminum supplies, which can be used to cause havoc in the international market with respect to aluminum prices. It has vast amounts of raw materials which can be used to cause considerable disruption in normal market practices of generations and centuries.

In the Soviet Union I saw a geological survey of the Soviet Union. It is located on the seventh floor of Moscow University. This country is derelict in failing to have a complete geological survey of our vast land area made. I can say that most of the Western States, particularly in the great Rocky Mountain area, have as little as two-fifths of their area actually surveyed for purposes of metals and fuels and strategic materials. The Soviet Union has expended vast sums of money, and has recruited for that purpose hundreds of thousands of trained geologists to make a complete survey of its vast land area. Any Senator who sees that survey will be impressed by it. Incidentally, I have checked to determine whether it is a credible survey, and whether it can stand the test of professional criticism and professional examination by geologists. I was told it was a very responsible and reliable and credible geological survey. When we see how the Soviet Union can manage its economy to push into one particular area for the purpose of political policy—not trade policy, but political policy—then we have reason to be concerned about the Soviet economic offensive.

Frankly I wish to say this is one of the major threats that faces us, and it is perhaps even more dangerous than the military offensive threat.

That is why this Senator is deeply concerned whenever he sees trouble in the stockmarket; whenever he sees trouble about employment; whenever he observes any faltering in our economy; because I still believe that this is what the Soviet Union is hoping for and what international communism is hoping for. They know they will not be able to disturb this Nation militarily, because they understand very well that we can mobilize Congress in a military effort; we can get the people in America excited about a military effort. The main problem is, how do we get the people who have been accustomed to read in history books about generations gone by, about wars on battlefields where guns and cannon were used, to understand the threat of competition we face today? How do we get them to understand how economics and international trade can be used as an instrument of national policy or international policy for the purpose of conquest and penetration, or should I say, first, penetration and then conquest?

I am encouraged by the activity in the Common Market area. I am encouraged by the fact that our country has taken a greater interest in these matters. I think the foreign trade bill will give us additional strength in the great field of international economic competition. But if nothing else comes out of the discussion today—and I understand that at least all these amendments will be most likely accepted, or at least discussed and voted upon—I think what we need to understand clearly is that the United States of America must wake up to the competition we face from friend and foe alike—first, from our friends, to be sure, as we compete for markets; and then from our foes, who utilize economics, trade, raw materials, and processed materials, not merely to obtain dollars or gold reserves, for they are relatively unimportant—but to utilize them to penetrate markets, to take markets, and to hold markets, and, by so doing, to hold people.

It has been my view for a long time that one of the most important political advantages that a nation can have is when our people become accustomed to using that competition. This is why Senator HUMPHREY has felt that the food exports under Public Law 480 are vital to the security of America. What is more important for our security than to have other people dependent on the United States for a large measure of their food and fiber needs? This is why I believe the United States needs a much more vigorous export policy.

I think it is our biggest item. We must get our business people, in cooperation with the Government, into a high gear export policy. We must export credits which will permit our businessmen to penetrate markets. We must get American businessmen to understand that the new markets of the world are not all in the United States, but are in strange places, far away from New York or San Francisco or Minneapolis or Des Moines, and the many other places to which we ship in our own country.

We are not really good international businessmen. Our Government has not been helpful in this matter. Our own businessmen believe their biggest market is in the United States. They have never quite sensed the potentialities abroad.

More important, this is a matter of national security. It is no longer simply a matter of business. We ought to make certain that the business is profitable, if we can. But we must make it more than that. We must make certain that American goods are found in more and more places, because just as it is important that Americans themselves visit other areas of the world and become acquainted with them, and the people of other areas of the world become acquainted with us, similarly I believe it is equally important—it may even be more important—that people in other areas of the world become acquainted with American products, with American economic habits, and become somewhat dependent upon the United States both for raw materials, processed goods, and industrial goods.

Mr. President, I ask unanimous consent that the entire article to which I have referred be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

Energy Accord Near

PARIS, June 22.—The European Common Market is moving gradually toward a common energy policy whose chief emphasis is on non-Soviet oil.

There now is a good prospect that within another year, perhaps two, the Common Market will impose import quotas on Soviet oil, limiting it to the share of the market it already has acquired. This would allow for some growth in volume of Soviet imports but no growth in its percentage of the total consumption.

The new policy is based on relatively cheap energy. And that means some lessening of the present protection afforded coal. Present thinking among the key authorities is that a fairly sizable coal production should be maintained, but by means of various kinds of subsidies rather than by high prices.

OFFICIAL BACKS IDEAS

Many of these ideas, gaining increasing acceptance in the Community, have been expressed publicly by Robert Marjolin, a vice president of the Common Market Commission. M. Marjolin is the member of the Commission charged with energy policy. The six-member governments have charged the Commission, together with the High Authority of the Coal and Steel Community, with production of agreed energy policy.

They are reportedly close to agreement. But there remains some resistance in the High Authority because of its basic role as watchdog and protector of the coal industry.

No early agreement among the governments on an overall energy policy is expected. But the trend appears to be strongly in the direction of a policy of cheap energy based on oil.

RESISTANCE FROM ITALY

The main resistance to the idea of applying import quotas on Soviet oil has always come from Italy. Italy imports more Soviet oil than any other member—slightly more than 20 percent of domestic consumption—and has benefited from the low cost of this oil.

However, Italy is trying already to impose a form of ceiling on Soviet oil imports—though the ceiling is understood to have been exceeded last year. Without quantitative import controls, the Italian Government cannot block importers from buying where they want to, though the main importer, the state-owned oil monopoly can be kept in line.

The belief that Italy will come around to a joint policy of controlled imports is based on general acceptance of a cheap-energy policy.

Italy, it is thought, will accept a formal check on Soviet oil imports only when she is assured that the overall Community policy is based on relatively cheap oil and relatively cheap coal.

Under the policy as it is emerging, there would be duty-free entry of crude oil, very low duties on oil products, a gradual harmonization at a low level of taxes on oil, and some form of subsidy for a level of coal production somewhat reduced from the present level. Cheap American coal would continue to be imported.

The main opposition is expected to come from West Germany, with its powerful coal interests. However, in the end, according to qualified officials, West Germany will inevitably see the overall benefit of a policy of low-cost energy.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. JAVITS. The Senator from Minnesota has raised many important questions. I know he would like to have the Senate get on with the pending business, and so would I. First, however, I should like to make a comment. The Senator earlier referred to the trade policy of the Government. He and I feel strongly about private enterprise winning the cold war. We shall have plenty of opportunity to discuss that subject when the trade bill comes before the Senate. But two other items are covered by the bill now under consideration.

As often happens in the consideration of a bill, we come up with what we should not have come up with.

One of the amendments offered by the junior Senator from New York [Mr. KEATING] is designed to strengthen the penalties materially. Whether that will be so can be argued one way or the other. The point is that we are trying to hold the line with our own exports, and the declaration of policy should buttress that. I hope it will be followed.

Then there is another approach, the multilateral approach, for which I was responsible. It deals with the larger phase, especially the exports of the Soviet Union, and the trading rules of the Soviets when they make their exports.

The big lack is that there is no economic warfare mechanism in the free world, the Atlantic Community, which is one of the important things which needs to be provided. For instance, in the NATO Parliamentarians Conference we have discussed the need for an economic warfare board. It is necessary to have a regulation of our interest in respect of our exports to Communist China. That is contained in my amendment. We also need a commercial trade policy, when they sell to us. They are not bound by GATT. They can dump anything and write their own prices. They are really in warfare on the economic front.

The Russians are waging such a war, although not too much of one yet, but they are moving toward it particularly in oil, benzene, and flax. They have shown their muscle, their power.

This bill is the first thing we have really done. Now that we have got it all worked out on both sides of the issue, to try to find a way to begin to come to grips with the problem, we must keep abreast of the problem. At least, we are beginning to see that there are two kinds of activity: Toughening up of our own people, to see to it that they do not transgress; and striving for a unified policy with the Communist bloc on both exports and imports.

Mr. HUMPHREY. I fully agree with the Senator's view. He and I have talked about this subject privately and publicly. Something which has disturbed me for a long time is the lack of a diversified policy among our allies and ourselves vis-a-vis exports to the Sino-Soviet bloc, and the imports from the Sino-Soviet bloc. I think there must be common help.

I read in yesterday's Wall Street Journal a report on steel expansion in the Soviet bloc, Japan, Western Europe, and the United States. Mark my words, the next great trade offensive from friend and foe alike, will be in steel. Regrettably, steel furnaces in the United States today are not so modern as those of Western Europe or of Japan. For example, I heard the other day that the Export-Import Bank had made a development loan to Japan at a low rate of interest for the construction of a large new steel plant. If the Export-Import Bank has any extra money, I suggest they go to northeastern Minnesota, where there is massive unemployment in the iron mines, and where there is some difficulty in terms of steel production.

Furthermore, Western Europe is contemplating an expansion in steel production amounting to a billion dollars. The Soviet Union is spending a billion dollars to improve its steel production.

The United States will have some trouble in the next 2 or 3 years in this area, primarily because we have no policy. I repeat: we—the United States, our allies, and our friends—have no common policy. We are still operating as if, somehow or other, communism never happened; that the Common Market was never created. We are still operating as though this were 1915 or 1925. I submit that we had better get up to date. We have in the Common Market a friendly competitor; but while they are friendly, anybody who knows our good friends, the British, the Dutch, the Italians, the Germans, the French, the Belgians, the Luxembourgers, knows that they are competitors; they are out to get business; and they are doing an outstanding job. In fact, they are making a great penetration into the Western Hemisphere. I have been studying this matter to ascertain their plans for trade with South America.

Then there is the matter of trade between the Communist-bloc nations and the Soviet Union. Certainly Khrushchev it not visiting Bucharest, Belgrade, and other places in that area merely for the purpose of making speeches. He is going there to advance Soviet industrial expansion.

Finally there is the question of trade with our friends in the Far East, who also are our competitors.

Mr. KEATING. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. KEATING. The Senator from Minnesota has made one of the most effective addresses I have heard on the problems we face in the entire area of economic warfare. I compliment him on his speech, and I am glad he has pointed out what might be called a ray of hope coming from this morning's report on the Soviet oil offensive.

The Senator from Minnesota was among the first to raise this problem here. As he knows, I have become very much interested in this subject. I am deeply concerned about the Soviet oil offensive in Western Europe.

In 1950, the Soviet Union produced 37 million metric tons of petroleum, and exported 3 percent. But in 1960, the Soviet Union produced 148 million metric tons of petroleum—four times as much as its production in 1950—and exported 14 percent. This tremendous increase of Soviet oil production and exports has been designed for strategic and military purposes. They sell the petroleum to Poland, their friend, for $2.87; but they sell it to a free country at $1.25—which shows that what they are interested in is not economics, but political penetration through the guise of economics.

I may say that on Tuesday a very fine study will be issued by Dr. Halford Hoskins, who is connected with the Library of Congress. He is a recognized authority in this field, and I respectfully call the attention of the Senator from Minnesota to this study.

Mr. HUMPHREY. I thank the Senator from New York. It seems to me that in the very near future it will be necessary for our Government to get together with some of our oil producers and exporters, to discuss the entire matter of our policy concerning Soviet competition, because today we have no real policy, except company by company, and that is not adequate.

Mr. KEATING. I may say that I have written a foreword to the document prepared by Dr. Hoskins, and that is very much in line with one of the recommendations which I make in the foreword. So it is obvious that on this subject the Senator from Minnesota and I are practically moving as one.

Mr. HUMPHREY. Well, certainly we are coming closer. [Laughter.]

Mr. SPARKMAN. Mr. President, as I indicated earlier, I have agreed with the Senator from New York [Mr. Keating] that, so far as I am concerned, we are willing to accept his pending amendments. The objective of the amendments is good, even though I do not believe they actually add anything new to the law as it now stands. However, these two amendments constitute a good statement of the present policy, and it does not hurt to have it repeated. This might give additional emphasis; and they are very much in line with the amendment of the Senator from New York [Mr. Javits], which the committee accepted.

Mr. President, so far as I am concerned, I am ready to have the Senate vote on these two amendments.

Mr. KEATING. Mr. President, I have no objection to having the vote taken now. At a later time this afternoon I shall explain my position in regard to the third amendment. I shall do that after this vote is taken.

The VICE PRESIDENT. The question is on agreeing to the two amendments of the Senator from New York. The yeas and nays have been ordered on the question of agreeing to the two amendments, which are to be voted upon en bloc; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from Nevada [Mr. Cannon], the Senator from Connecticut [Mr. Dodd], the Senator from Mississippi [Mr. Eastland], the Senator from California [Mr. Engle], the Senator from Michigan [Mr. Hart], the Senator from Indiana [Mr. Hartke], the Senator from Washington [Mr. Jackson], the Senator from North Carolina [Mr. Jordan], the Senator from Tennessee [Mr. Kefauver], the Senator from Oklahoma [Mr. Kerr], the Senator from Ohio [Mr. Lausche], the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from Michigan [Mr. McNamara], the Senator from Utah [Mr. Moss], the Senator from Maine [Mr. Muskie], the Senator from Rhode Island [Mr. Pastore], the Senator from Georgia [Mr. Russell], the Senator from Georgia [Mr. Talmadge], and the Senator from Texas [Mr. Yarborough] are absent on official business.

I also announce that the Senator from Colorado [Mr. Carroll], the Senator from New Mexico [Mr. Chavez], the Senator from Idaho [Mr. Church], the Senator from Arkansas [Mr. Fulbright], the Senator from Missouri [Mr. Long], the Senator from Florida [Mr. Smathers], and the Senator from Missouri [Mr. Symington] are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. Bible], the Senator from Virginia [Mr. Byrd], the Senator from Nevada [Mr. Cannon], the Senator from Connecticut [Mr. Dodd], the Senator from Mississippi [Mr. Eastland], the Senator from California [Mr. Engle], the Senator from Michigan [Mr. Hart], the Senator from Indiana [Mr. Hartke], the Senator from Washington [Mr. Jackson], the Senator from North Carolina [Mr. Jordan], the Senator from Tennessee [Mr. Kefauver], the Senator from Oklahoma [Mr. Kerr], the Senator from Ohio [Mr. Lausche], the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from Michigan [Mr. McNamara], the Senator from Utah [Mr. Moss], the Senator from Maine [Mr. Muskie], the Senator from Rhode Island [Mr. Pastore], the Senator from Georgia [Mr. Russell], the Senator from Georgia [Mr. Talmadge], the Senator from Texas [Mr. Yarborough], the Senator from Colorado [Mr. Carroll], the Senator from New Mexico [Mr. Chavez], the Senator from Idaho [Mr. Church], the Senator from Arkansas [Mr. Fulbright], the Senator from Missouri [Mr. Long], the Senator from Florida [Mr. Smathers], and the Senator from Missouri [Mr. Symington] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Indiana [Mr. Capehart], the Senator from Illinois [Mr. Dirksen], the Senator from Arizona [Mr. Goldwater], the Senator from Iowa [Mr. Hickenlooper], the Senator from Kentucky [Mr. Morton], the Senator from New Hampshire [Mr. Murphy], the Senator from Kansas Mr. [Pearson], the Senator from Pennsylvania [Mr. Scott], and the Senator from Wisconsin [Mr. Wiley] are necessarily absent.

The Senator from Hawaii [Mr. Fong] is absent on official business.

The Senator from Vermont [Mr. Prouty] is detained on official business.

If present and voting, the Senator from Indiana [Mr. Capehart], the Senator from Illinois [Mr. Dirksen], the Senator from Kentucky [Mr. Morton], the Senator from New Hampshire [Mr. Murphy], the Senator from Kansas [Mr. Pearson], the Senator from Vermont [Mr. Prouty], the Senator from Pennsylvania [Mr. Scott], and the Senator from Wisconsin [Mr. Wiley] would each vote "yea."

The result was announced—yeas 57, nays 2, as follows:

[No. 98 Leg.]

YEAS—57

Aiken
Allott
Anderson
Bartlett
Beall
Bennett
Boggs
Burdick
Bush
Butler
Byrd, W. Va.
Carlson
Case
Clark
Cooper
Cotton
Curtis
Douglas
Dworshak
Ellender
Ervin
Gore
Gruening
Hayden
Hickey
Hill
Holland
Hruska
Humphrey
Javits
Johnston
Keating
Kuchel
Long, Hawaii
Mansfield
McCarthy
McClellan
McGee
Miller

Monroney
Morse
Mundt
Pell
Proxmire
Randolph
Robertson
Saltonstall
Smith, Maine
Smith, Mass.
Sparkman
Stennis
Thurmond
Tower
Williams, Del.
Williams, N.J.
Young, N. Dak.
Young, Ohio

NAYS—2

Metcalf
Neuberger

NOT VOTING—40

Bible
Byrd, Va.
Cannon
Capehart
Carroll
Chaves
Church
Dirksen
Dodd
Eastland
Engle
Fong
Fulbright
Goldwater
Hart
Hartke
Hickenlooper
Jackson
Jordan
Kefauver
Kerr
Lausche
Long, La.
Long, Mo.
Magnuson
McNamara
Morton
Moss
Murphy
Muskie
Pastore
Pearson
Prouty
Russell
Scott
Smathers
Symington
Talmadge
Wiley
Yarborough

So Mr. KEATING's amendments were agreed to en bloc.

Mr. KEATING. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

Mr. KUCHEL. Mr. President, I move to lay that motion on the table.

The VICE PRESIDENT. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. DWORSHAK. Mr. President, I had intended to offer an amendment to terminate the extension of the law on June 30, 1965, or after a 3-year period. However, I think the adoption of the two amendments has greatly strengthened the bill. The companion bill in the House, as reported and now pending before the Committee on Rules, would provide a 3-year extension. I feel that the proviso will be in conference between the two Houses.

I should like to inquire, very briefly, why the committee wishes to make this a permanent act, rather than following the pattern we have had in the past of extending the law for either a 2-year or 3-year period.

Mr. SPARKMAN. Mr. President——

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). The Senator from Alabama is recognized.

Mr. SPARKMAN. Mr. President, the request from the Department was to remove the limitation. As I explained in the previous presentation of the bill—and this is carried in our report on page 5, near the bottom of the page:

> By making the Export Control Act permanent legislation, Congress will make it consistent in this respect with the related economic defense laws, namely, the Trading With the Enemy Act, the Mutual Defense Assistance Control Act of 1951, and the special export control laws governing arms, ammunition, implements of war, and atomic energy materials.

We also explained that the Department of Commerce, in urging removal of the termination date, instead of temporary extension of the act as we have done in the past, has pointed out the difficulty in obtaining qualified employees to administer the act; the short life of the act makes it hard to recruit and retain employees with the engineering and scientific knowledge necessary to deal with proposed exports of advanced technical data and equiqment. In my discussion with the Senator from Idaho [Mr. DWORSHAK], I reminded him also that in my presentation I said that the Committee on Banking and Currency has jurisdiction over the administration of the act—at least to watch over it—and we certainly plan to discharge that responsibility and to keep close watch on it.

Mr. DWORSHAK. Mr. President, on the top of page 6 of the report the following language appears:

> The committee recognizes that the review of operations under the Export Control Act, which has been conducted every 2 years in connection with the extension of the statute, has been a helpful means of keeping the Congress in close touch with the administration of the Export Control Act. By making the act permanent the Congress will forgo this biennial review.

Mr. SPARKMAN. The Senator is absolutely correct. Had he read a little further, he would have come across the following language:

> However, the committee is mindful of its duties under section 136 of the Legislative Reorganization Act of 1946, "to exercise continuous watchfulness of the execution by the administrative agencies concerned," of laws under the jurisdiction of the committee. The committee intends to review the quarterly reports submitted under the act and to make such regular reviews of agency activities as may be necessary to make sure that the act is being carried out in accordance with the intent of Congress.

I assure the Senator that the chairman of our committee, the distinguished Senator from Virginia [Mr. ROBERTSON] has been quite active in the field. I think the Senator knows that he can rely upon his continuing activity.

Mr. DWORSHAK. The Senator recognizes that there is great interest on the part of the Senate in the administration of the act, in view of the vital developments concerning our trading and relations with nations behind the Iron Curtain. Under such circumstances it seems to me that it would be indefensible for the Congress not to continue to exercise that watchfulness, which means much toward seeing that the executive department does not usurp some of the powers which rightly belong in the Congress.

Mr. SPARKMAN. The Senator is eminently correct.

In addition, I believe every Senator receives a copy of the Commerce Department's quarterly report on export control. It is a very good report, being brief and easy to read and understand. Other publicity is given to the subject from time to time. I assure the Senator from Idaho that the Committee on Banking and Currency will discharge its responsibility.

Mr. DWORSHAK. If it does not, I am sure the Senate will be ready to do its duty.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KEATING. Mr. President, I withdraw my amendment "6–15–62–A." In order not to delay the Senate at this time, I shall explain later my reasons for the withdrawal.

The PRESIDING OFFICER. The bill is open to further amendment. If there is no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question now is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Nevada [Mr. CANNON], the Senator from Connecticut [Mr. DODD], the Senator from Mississippi [Mr. EASTLAND], the Senator from California [Mr. ENGLE], the Senator from Michigan [Mr. HART], the Senator from Indiana [Mr. HARTKE], the Senator from Washington [Mr. JACKSON], the Senator from North Carolina [Mr. JORDAN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Ohio [Mr. LAUSCHE], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Michigan [Mr. MCNAMARA], the Senator from Utah [Mr. MOSS], the Senator from Maine [Mr. MUSKIE], the Senator from Rhode Island [Mr. PASTORE], the Senator from Georgia [Mr. RUSSELL], the Senator from Georgia [Mr. TALMADGE], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from Colorado [Mr. CARROLL], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. LONG], the Senator from Florida [Mr. SMATHERS], and the Senator from Missouri [Mr. SYMINGTON] are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Nevada [Mr. CANNON], the Senator from Connecticut [Mr. DODD], the Senator from Mississippi [Mr. EASTLAND], the Senator from California [Mr. ENGLE], the Senator from Michigan [Mr. HART], the Senator from Indiana [Mr. HARTKE], the Senator from Washington [Mr. JACKSON], the Senator from North Carolina [Mr. JORDAN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Ohio [Mr. LAUSCHE], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Michigan [Mr. MCNAMARA], the Senator from Utah [Mr. MOSS], the Senator from Maine [Mr. MUSKIE], the Senator from Rhode Island [Mr. PASTORE], the Senator from Georgia [Mr. RUSSELL], the Senator from Georgia [Mr. TALMADGE], the Senator from Texas [Mr. YARBOROUGH], the Senator from Colorado [Mr. CARROLL], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. LONG], the Senator from Florida [Mr. SMATHERS], and the Senator from Missouri [Mr. Symington] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Indiana [Mr. Capehart], the Senator from Illinois [Mr. Dirksen], the Senator from Arizona [Mr. Goldwater], the Senator from Iowa [Mr. Hickenlooper], the Senator from Kentucky [Mr. Morton], the Senator from New Hampshire [Mr. Murphy], the Senator from Kansas [Mr. Pearson], the Senator from Pennsylvania [Mr. Scott], and the Senator from Wisconsin [Mr. Wiley] are necessarily absent.

The Senator from Hawaii [Mr. Fong] is absent on official business.

If present and voting, the Senator from Indiana [Mr. Capehart], the Senator from Illinois [Mr. Dirksen], the Senator from Kentucky [Mr. Morton], the Senator from New Hampshire [Mr. Murphy], the Senator from Kansas [Mr. Pearson], the Senator from Pennsylvania [Mr. Scott], and the Senator from Wisconsin [Mr. Wiley] would each vote "yea."

The result was announced—59 yeas, 1 nay, as follows:

[No. 99 Leg.]

YEAS—59

Aiken
Allott
Anderson
Bartlett
Beall
Bennett
Boggs
Burdick
Bush
Butler
Byrd, W. Va.
Carlson
Case
Clark
Cooper
Cotton
Curtis
Douglas
Dworshak
Ellender
Ervin
Gore
Gruening
Hayden
Hickey
Hill
Holland
Hruska
Humphrey
Javits
Johnston
Keating
Kuchel
Long, Hawaii
Mansfield
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Morse
Mundt
Pell
Prouty
Proxmire
Randolph
Robertson
Saltonstall
Smith, Maine
Smith, Mass.
Sparkman
Stennis
Thurmond
Tower
Williams, Del.
Williams, N.J.
Young, N. Dak.
Young, Ohio

NAY—1

Neuberger

NOT VOTING—39

Bible
Byrd, Va.
Cannon
Capehart
Carroll
Chavez
Church
Dirksen
Dodd
Eastland
Engle
Fong
Fulbright
Goldwater
Hart
Hartke
Hickenlooper
Jackson
Jordan
Kefauver
Kerr
Lausche
Long, La.
Long, Mo.
Magnuson
McNamara
Morton
Moss
Murphy
Muskie
Pastore
Pearson
Russell
Scott
Smathers
Symington
Talmadge
Wiley
Yarborough

So the bill (S. 3161) was passed.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BUSH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Mr. President, when discussing briefly with the Senator from New York the amendment which he had planned to propose on disclosure of information, I referred to section 1905 of the Criminal Code. Of course, I meant title 18 of the United States Code.

Mr. JAVITS. Mr. President, also, in the discussion of the amendment of the Senator from New York reference was made to the fact that no declaration need be filed on exports to Canada. We have inquired of the Commerce Department with regard to this and find that a shipper's export declaration must be made for all shipments of items that are on the positive list. Therefore, there is a certain document, showing destination, for example, that must be filed.

INVESTIGATION OF NATIONAL STOCK EXCHANGE

Mr. ROBERTSON. Mr. President, the House has passed and has sent to the Senate this morning H.R. 11670, a bill to permit the Securities and Exchange Commission to continue for another 3 months a study of the operations of the National Stock Exchange. The bill has been endorsed by the Association of National Securities Dealers. No Member of the House voted against the bill.

As rapidly as possible, I had the clerk of the Committee on Banking and Currency bring the bill to the attention of the members of that committee who were available. No member of the committee objected to it. One member of the committee thought that perhaps it would be better, as a routine matter, to have the bill referred to the committee. But the last three times we have tried to have the committee meet, it has not been possible to get a quorum. We are entering a very difficult period in the Senate. Under the circumstances, unless some Senator wishes to have testimoney taken or desires to object to the consideration of the bill, I ask unanimous consent for the immediate consideration of the bill.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (H.R. 11670) to postpone by 3 months the date on or before which the Securities and Exchange Commission shall report to the Congress the results of its study and investigation pursuant to section 19(d) of the Securities Exchange Act of 1934, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. JAVITS. Mr. President, reserving the right to object—and under my reservation, I understand the Senator from Wisconsin [Mr. Proxmire] desires to be heard also—naturally this is not a critical subject. Nonetheless, there is involved a full-dress study concerning all stock exchanges and all security transactions. It is my desire in interjecting a reservation—although I shall not object, because I do not believe the proposal will be forwarded by objecting—to reiterate to the chairman something which I believe is very important. Perhaps the Senator from Wisconsin has the same thought in mind; that when we considered the operations of the stock exchanges and of allowing the investigation to continue, we made the very strong point that legislative oversight would be maintained in a very pronounced way.

I should like to ask the chairman again, so that the Senate may be reassured on that score, if it is not our policy that if any member of the committee really felt that the SEC should be called either before the subcommittee or the full committee, to account to the committee concerning the way in which it was conducting highly sensitive investigations, the chairman would be most sympathetic, even if one member of the committee requested it, to doing that?

Mr. ROBERTSON. That is correct; that is our policy and it will be followed.

I observe in the Chamber the chairman of the subcommittee which would normally handle this subject. I shall yield to him, if he wishes to make a statement.

Mr. WILLIAMS of New Jersey. As I understand, the bill will extend the time for the investigation by 3 months and will increase the amount which may be spent for the investigation by $200,000.

Mr. ROBERTSON. That is all that is proposed.

Mr. WILLIAMS of New Jersey. The proposal was discussed informally in committee. The chairman of the Securities and Exchange Commission explained the need for the additional period of time in which to report was because of the difficulty of the staff in having sufficient time in which to complete its work after the original legislation was passed.

Mr. President, I ask unanimous consent to have printed at this point in the Record a statement of the background and status of this study.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Purpose of the Bill

H.R. 11670 would postpone from January 3, 1963, until April 3, 1963, the date on or before which the Securities and Exchange Commission shall report to the Congress the results of its study and investigation persuant to section 19(d) of the Securities Exchange Act of 1934. In addition, this bill would increase from $750,000 to $950,000 the total amount authorized for the study.

BACKGROUND OF THE BILL

On June 1, 1961, Congressman Mack introduced House Joint Resolution 438, a joint resolution to amend the Securities and Exchange Act of 1934 so as to authorize and direct the Securities and Exchange Commission to conduct a study and investigation of the adequacy, for the protection of investors, of the rules of national securities exchanges and national securities associations.

Hearings were held on June 27, 28, 29, and July 10, 1961, before a subcommittee of the House Committee on Interstate and Foreign Commerce. On August 24, 1961, the House passed House Joint Resolution 438, as amended; within hours the Committee on Banking and Currency unanimously voted to waive the referral of the joint resolution to this committee and requested that it be given immediate consideration on the Senate floor.

The Senate passed House Joint Resolution 438 on August 25, 1961; the resolution became Public Law 87-196 on September 5, 1961, when it was signed by the President. Initial funds for the study were appropriated on September 30, 1961.

H.R. 11670, which would extend the reporting date by 3 months, was introduced by Congressman Mack on May 9, 1962. Hearings were held on May 14, 1962, by a subcommittee of the House Committee on Interstate and Foreign Commerce. The

Securities and Exchange Commission appeared in support of the bill. There was no adverse testimony.

On June 6, 1962, the Committee on Interstate and Foreign Commerce reported the bill favorably without amendment. It was passed by the House on June 22, 1962.

NEED FOR LEGISLATION

Although House Joint Resolution 438 became public law on September 5, 1961, the initial funds for the study and investigation were not appropriated until nearly a month later. Not until early November was the Commission able to recruit a special study staff of 65 employees with the qualifications in law, accounting, and other technical fields which an inquiry of this nature would demand. In addition, according to Chairman Cary, "Further time was necessarily consumed in preliminary analyses before formulating any final study plans. In the same vein the techniques of the investigation had to be developed." Consequently, as circumstances show, an extension of 3 months would be unnecessary if the SEC had been in a position to begin its study and investigation immediately after the passage of the enabling legislation.

The study and investigation of the securities markets was intended to be a broad one. In recommending the passage of House Joint Resolution 438, Senator WILLIAMS of New Jersey said on the Senate floor:

"It is intended that the study and investigation be wide in scope, otherwise the resulting information will not enable Congress to examine the broad spectrum of the securities industry."

The Commission has at present reached an intermediate stage in many of the areas which it feels the inquiry should cover. Several sets of questionnaires have been issued to different elements of the securities industry and to the general public seeking information regarding various practices of the industry. It is the intention of the Commission to evaluate these questionnaires and to test their accuracy through private and, in certain cases, public hearings. If, however, the Commission is required to make its final report to Congress on or before January 3 of next year, certain of these projects will have to be abandoned or seriously curtailed in their scope.

The special study has already achieved substantial, beneficial results. Chairman Cary stated in his testimony before a subcommittee of the House Interstate and Foreign Commerce Committee on May 14, 1962:

"I believe that the study, although only about 6 months old, has already demonstrated its importance and value. The special study has apparently stimulated a number of significant developments in the form of rule changes, internal control procedures, and disciplinary actions. These are reflective of an increased awareness by the financial community of their responsibilities and further have assisted in establishing a more salutary climate in the securities markets."

Whatever the report of the Commission may contain, its value to the investing public will be enhanced by extending for 3 months the date on or before which it must be presented to the Congress and by authorizing an additional $200,000 to maintain the special study staff during this period.

Mr. ROBERTSON. Mr. President, I have been informed that the members of the committee were fully conversant with what is involved and approve of the motion which the chairman is now making.

Mr. WILLIAMS of New Jersey. At that time, all members of the committee agreed.

Mr. PROXMIRE. Mr. President, reserving the right to object to the original request of the Senator from Virginia, first, I should like to propound a parliamentary question.

The PRESIDING OFFICER. The Senator from Wisconsin will state it.

Mr. PROXMIRE. If one Senator objects to the immediate consideration of the bill, will immediate consideration be blocked? Or can a Senator simply move that the bill be taken up, and have the bill taken up in any event if a majority support the Senator from Virginia?

The PRESIDING OFFICER. An objection would block the consideration of the bill by unanimous consent.

Mr. PROXMIRE. In that event, I should like to explain to the chairman of the committee why I believe the bill should be referred to the committee. I have checked with the staff of the committee, who explained to me that there is no urgency about the bill at all. It will not matter when the bill is passed.

Second, while the bill was considered, and very competently so, by the subcommittee, it was not considered by the full committee. This Senator did not have a chance to consider the bill fully.

I think there are perhaps reasons why the bill should be considered, but I feel deeply that if action is to be taken by the Senate, the committee should have had the opportunity to pass upon it. All members of the committee should have had that opportunity, unless there was some very important reason of urgency.

Since there is evidently no urgency in this case, I feel very strongly that the bill should be considered by the committee. For that reason, I object to the present consideration of the bill.

Mr. ROBERTSON. With all due deference, several Senators were not present to act on the last bill which was before the full committee. I hope they will be present when we act on this one. I withdraw the unanimous-consent request, but I hope Senators who wish to study the proposal will be present when we set the bill down for study.

EISENHOWER FAVORS REDUCING DEFENSE SPENDING

Mr. PROXMIRE. Mr. President, last night the former President of the United States, Gen. Dwight Eisenhower, spoke. In the course of his speech, he said:

> Here I must record my personal belief that substantial amounts in our current defense budget reflect unjustified fears, plus a reluctance in some quarters to relinquish outmoded concepts.

The Associated Press, in reporting former President Eisenhower's statement, commented:

> Eisenhower did not elaborate. He did not say where he would cut defense spending which has been regarded by both parties as sacrosanct and above the debate overbalancing the budget.

President Eisenhower went on to say:

> Accordingly, I personally believe—with I am sure very little company in either party—that the defense budget should be substantially reduced.

Mr. President, I am one Senator who supports former President Eisenhower in that feeling. I support him enthusiastically. I welcome the statement by the former President of the United States, a man who is certainly an outstanding authority in our defense, he having served a lifetime in the armed services of this country, many years as a top military officer, and 8 years as President and Commander in Chief. I hope that this excellent statement by former President Eisenhower will persuade Members of Congress to discuss every item in the defense budget on its merits, whether in authorization bills or appropriation bills.

The defense bill passed the Senate unanimously, with no consideration, no debate, no discussion of most of the very heavy requests for spending. Actually, Congress has substantially increased the requests of both former President Eisenhower and President Kennedy, over their objections, in military spending. So I earnestly hope that the statement by former President Eisenhower will have real force and effect on Congress.

I earnestly hope General Eisenhower will now come forth and specify just where our defense spending should be reduced. That would be an immensely helpful service.

I do not subscribe to the rest of President Eisenhower's speech, which was a partisan Republican speech; but I do subscribe to this particular aspect of it.

HOUSE SUGAR BILL SHOULD BE REPLACED WITH ADMINISTRATION BILL

Mr. PROXMIRE. Mr. President, Congress should pass the administration sugar bill by June 30 or let the present program expire.

The present sugar act expires June 30. Unless Congress acts, the existing program of foreign quotas and subsidies will come to an end, and the price of sugar to the consumer will drop.

President Kennedy submitted a sound, fair proposal for new sugar legislation, which would reduce costs to the taxpayers and protect domestic producers.

Unfortunately the House Agriculture Committee rejected the administration-backed program and came up with a plan of its own which first, imposes a high price on the consumer; second, allocates our sugar market among foreign producers with no apparent rhyme or reason—except on the basis of well-financed, extensive lobbying; and, third, places an extra burden on the American taxpayer to pay for the sugar subsidy to the foreign producers.

Now backers of the House bill are trying to put a gun to our heads by sending over their bill just a few days before the old program expires.

I say let the present program expire if the administration bill is not enacted by June 30.

There is talk of extending the present program for 30, 60, or 90 days. We tried that last year, and what was the result? In the end, all the main features of the bill devised by the House Committee were adopted.

This year the pressure of time is on the side of those who favor the administration bill. The bill has wide cosponsorship in the Senate, and is likely to win approval in the Finance Committee, where hearings are now underway on a rush basis.

If the Senate passes the administration bill before June 30, I wish to serve notice here and now that I will strongly object to any action to continue the present program or to adopt the House sugar bill in any form. There can be no compromise between earmarked subsidies to foreign producers and the administration plan.

The Senate bill is sound and workable. It is fair to consumers and taxpayers. In addition, it is fair to all foreign producers, since it treats them on a first-come, first-served basis. It should be enacted by Congress.

But if it is not, the logical alternative is to let the present law expire. One result might even be to give the long-suffering American consumer a break with a lower price for sugar.

Mr. President, I ask unanimous consent to have printed in the RECORD, in connection with this matter, a New York Times editorial published on April 25.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

UNCLE SAM, SUGAR DADDY

Present sugar legislation guarantees domestic beet and cane growers more than half the American market. It also authorizes the Government to limit the total supply of sugar available for sale here—by limiting imports—to permit an artificially high price for this high-cost American industry.

This cozy system of Government economic planning for the benefit of the relatively small group of producers has not satisfied the beneficiaries. They now complain that the President's proposed changes in the sugar law would only lift their guaranteed share of the market from 53.5 to 56 percent. They want 61.13 percent of the market, and their pressure may kill the President's proposals, which are overcautious and center about changes in the system of import quotas and bonuses for foreign sugar. As we have previously stated, we believe these changes to be desirable.

In this situation, President Kennedy has an opportunity for bold action. It arises from the fact that there is now no rational reason for a sugar control system, the subsidy features of which last year cost the American people almost $700 million. The old desire to protect Cuba's economy has been removed by the Castro regime's behavior. The argument that a domestic sugar industry assures at least partial satisfaction of our sugar needs in the event of war has been made almost irrelevant by the probable shape of any future nuclear conflict.

There is thus a strong case for gradually bringing to an end the expensive and troublesome system of sugar planning and subsidy. Such action would help consumers by tending to lower the price of sugar, thus counteracting inflationary pressures. It would also help increase the role of the free market in our economy. The many tropical lands that produce sugar would be glad to sell us all we need at a much lower price than is expected by domestic beet and cane growers.

The President would do well to reply to the domestic sugar lobby's demand for expansion of its plantings and its subsidies by an announcement that he will move in the opposite direction, helping beet and cane growers to shift their crops to other and more economical uses for their land.

Mr. PROXMIRE. I also ask unanimous consent, Mr. President, to have printed in the RECORD excerpts from a June 19 editorial published in the Washington Post and a very detailed article published on June 15 in the Wall Street Journal.

There being no objection, the editorial and the article were ordered to be printed in the RECORD, as follows:

[From the Washington Post, June 19, 1962]

The bill reported out Friday by the House committee is a caricature of the legislation the administration sought and the country needs. Great pains were taken to show the importance of keeping the old Cuban sugar quota open until the time Havana severs its ties with the Soviet bloc. A strong case was made against carving up Cuba's share and awarding new quotas to countries that will soon regard their premium-price allotment as a permanent right.

These considerations were brushed aside by the committee. The global quota sought by the administration was neatly razored from the bill and instead the committee, on its own initiative, doled out country-by-country quotas, bringing 15 areas into the program for the first time. This was made possible in part by chopping up the old Cuban quota, leaving the island with a standby quota of 1.5 million tons as against the 3.2 million tons Cuba supplied the United States in 1960.

How did the committee decide which countries to reward and which to punish? What criteria determined that the Fiji Islands, South Africa, and Paraguay should receive a windfall award of a quota? What political judgments impelled the committee to double Nicaragua's quota and to bring Guatemala into the program for the first time? Is it possible that the list was influenced by the well-heeled lobbyists who swarm into Washington whenever sugar legislation comes up? * * *

The sugar legislation is reported out at the last minute, only days before the present law expires. The House probably will be stampeded into accepting the bill and relief may have to come from the Senate, where the Finance Committee will take the matter up. To their credit, five Republicans on the House committee dissented; it is not too late to rally constructive opposition to a sugar bill that reeks of the sweet smell of politics.

[From the Wall Street Journal, June 15, 1962]

HOUSE PANEL APPROVES SUGAR ACT BOOSTING U.S. GROWERS' QUOTA, ADDING 15 NATIONS

WASHINGTON.—The House Agriculture Committee climaxed weeks of closed-door wrangling by drafting a new 5-year Sugar Act that gives domestic producers a larger share of the U.S. market and allots 15 foreign areas import quotas for the first time.

The committee tentatively approved the measure by voice vote and is expected to give final endorsement today. The legislation probably will come up on the House floor next week. Chances for passage are considered good.

The House measure ignores most of the Kennedy administration's far-reaching recommendations, however, and the Senate may draft its own version. Agriculture Secretary Freeman several weeks ago abandoned hope of House support and decided to try in the Senate for a bill more to his liking, hoping that a subsequent Senate-House conference will frame a final measure acceptable to the administration.

But the administration faces a serious obstacle. The present sugar law expires June 30, and the Senate will have little time to weigh new legislation unless the present law is extended. The Senate Finance Committee, waiting for the House to act, hasn't begun consideration of new sugar legislation. * * *

QUOTA BASIS RETAINED

The Sugar Act, now 27 years old, supports the price of sugar in the United States by limiting the amount that can be marketed. Every sugar-growing area, both in and out of this country, that is permitted to sell sugar on the domestic market is assigned a quota, or a share of the market. The administration wants to move away from this method and throw part of the market open on a first-come, first-served basis. It would redistribute most of Cuba's former 3-million-ton quota on a "global" basis in hopes of avoiding hurt feelings in dividing the Cuban allotment among friendly nations. The Cuban quota was dropped in 1960 because of Premier Castro's hostility.

The House committee decided not only to retain the country-by-country allocation formula, however, but to assign permanent quotas for the first time to 15 additional areas.

Of Cuba's former quota, half of it, or 1.5 million tons, would be reassigned on a 1 year basis to other countries. In a report accompanying the bill, the committee intends to recommend that these countries be urged to buy surplus U.S. farm products in return for the extra business awarded by the United States. There is an implicit warning that otherwise they may find their bonus quotas ended when Congress reconsiders the temporary allocations next year.

The rest of the Cuban quota would be redistributed permanently to domestic and foreign producers. The committee adopted the administration's proposal to set the basic U.S. quota at 9,700,000 tons for each of the next 5 years. It also went along with the administration's recommendation that domestic growers be given a 5,810,000-ton share of the total market, or 59.8 percent, up from the current 53 percent. In addition, the domestic industry would get 63 percent of the increased demand from annual population growth, up from the current 55 percent.

GOP SUBSTITUTE REJECTED

The new basic quota of 9,700,000 tons compares with the present quota of 8,350,000 tons. The domestic quota, up from the current 5,186,500 tons, would break down this way: Domestic beet sugar, 2,650,000 tons; mainland cane sugar, 895,000 tons; Hawaii, 1,110,000 tons; Puerto Rico, 1,140,000 tons; and the Virgin Islands, 15,000 tons.

The new law would go into effect June 30, but current quotas would continue for the rest of the year because allotments already have been made in most instances. Thus, the new ones would actually go into effect next January.

Before approving the Democratic-backed bill, the committee rejected by voice vote a Republican substitute offered by Representative QUIE, of Minnesota. He suggested that the Cuban quota be set at 2 million tons and that this amount be brought in under the administration's "global" quota plan, but only from countries agreeing to buy surplus farm commodities. The remaining 1 million tons of the Cuban quota would have been redistributed among sugar-growing Western Hemisphere countries.

The committee, however, did adopt several amendments, including one offered by Representative HOEVEN (Republican, of Iowa), that would permit the President to end the quota of any country that expropriated American property without proper compensation, and one by Representative Poage (Democrat, of Texas), aimed at prohibiting discrimination against American-owned companies that produce sugar in foreign lands. The amendment is aimed specifically at protecting the U.S.-owned Haitian American Sugar Co. in its attempt to share in Haiti's shipments to the United States and to prevent that country from exporting only sugar produced by locally owned companies.

COMPENSATION FOR DOMINICAN REPUBLIC

The committee rejected, 22 to 10, a motion by Representative Findley (Republican, of Illinois), to strike out a provision inserted by Mr. Cooley to pay the Dominican Republic some $22 million as compensation for an extra duty imposed on the country's shipments in late 1960 and early 1961 when the United States was having trouble with the now-departed Trujillo regime. Republicans took the view that it was unwise to direct the Government to make such payments at this time because the matter is being considered in the courts.

The committee voted against permitting any country to take over Cuba's 375,000-ton refined sugar quota. The reassignment of the Cuban quota was strictly on the basis of raw, unmanufactured sugar.

Countries receiving permanent quotas for the first time would be: Brazil, 190,000 tons; British West Indies, 100,000; Australia, 50,000; French West Indies, 40,000; Colombia, 35,000; Ecuador and India, 30,000 each; Guatemala, Argentina and South Africa, 20,000 each; El Salvador, Paraguay, British Honduras, Fiji Islands and Mauritius, 10,000 each.

Countries receiving a temporary 1-year share of the Cuban quota: Philippines, Peru, Dominican Republic, Mexico, Brazil, British West Indies, Australia, Formosa, 150,000 tons each; South Africa, India, and Mauritius, 100,000 each.

Permanent quotas of other countries: Philippines, 1,050,000 tons; Peru, Dominican Republic and Mexico, 200,000 each; Formosa, 45,000; Nicaragua and Costa Rica, 30,000 each; Haiti, 25,000; Panama, 15,000; and the Netherlands, 10,000.

Mr. PROXMIRE. Mr. President, a further important consideration regarding the sugar program is the wage provisions for workers in the sugar industry. These laboring people are among the most poorly paid and under privileged agricultural workers in our Nation. In my view, any Federal sugar legislation should contain strict guarantees that sugar workers will be paid decent wages, at the very least commensurate with the substantial profits available to owners of sugar operations as a result of the sugar subsidy program.

I ask unanimous consent that a memorandum and statement by the National Advisory Committee on Farm Labor on the wage provisions of the Sugar Act be printed at this point in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Memorandum on Wage Provisions of the Sugar Act

National Advisory Committee
on Farm Labor,
New York, N.Y., June 15, 1962.

To: Members of the U.S. Senate.
From: Fay Bennett, executive secretary.

Since the question of extending the Sugar Act will soon come before the Senate, I am taking the liberty of sending you a copy of our statement on this program. I want to call your attention especially to the need for clarifying the provision of the Sugar Act requiring that in return for subsidies and tariff protections, sugar growers must pay their workers a fair and reasonable wage.

I believe you will be interested in reading the full statement, which discusses the history of the act and shows the wide disparity of sugar wages paid in different areas, as well as the effect of the wage payment upon large and small sugarcane growers.

The statement shows that the requirement of the act for payment of a fair and reasonable wage has not been honored, and that while growers, processors, and industrial users of sugar have all benefited by the Sugar Act, the fieldworkers have not.

The statement suggests that the wage set under the Fair Labor Standards Act should be substituted for the term "fair and reasonable," since the latter has proved inadequate and vague. Wages currently set for mainland sugar workers, ranging from 60 to 95 cents an hour, would certainly seem to be neither fair nor reasonable.

Statement of the National Advisory Committee on Farm Labor on Wage Provisions of the Sugar Act, Presented to the House Agriculture Committee on May 18, 1962, by Rabbi Eugene J. Lipman

My name is Eugene J. Lipman. I am rabbi of Temple Sinai in Washington, D.C. I am a member of the National Advisory Committee on Farm Labor and present this statement on behalf of the committee. While I do not consider myself an expert on all the problems of agriculture, I do attempt to keep myself informed of the issues having to do with the conditions of life and labor for hired workers in agriculture. The material in this statement has been prepared by the research department of the National Advisory Committee on Farm Labor. I want to thank this committee for permitting us this time to present our views.

The National Advisory Committee on Farm Labor is a nonpartisan, factfinding agency, concerned with making information available on the conditions of farm labor. Its members are listed on this stationery. We wish to draw the committee attention to the need for strengthening the provisions of the Sugar Act intended to protect the interests of American farmworkers in sugarbeet and sugarcane fields.

The National Advisory Committee on Farm Labor is concerned with this problem because the history of the Department of Agriculture's enforcement of the requirement that sugar workers be paid a "fair and reasonable wage" leaves much to be desired. This requirement was included in the original Jones-Costigan Act of 1934 on the ground that a public subsidy given to the sugar industry should contain protections for all affected groups, and not merely constitute a guarantee of grower and processor profits.

In our opinion, this requirement is not sufficiently precise to insure the intended protection. "Fair and reasonable" has proved too vague a term. Experience indicates that the present criteria, cost of living and ability to pay, have not produced wage levels that can be honestly regarded as fair and reasonable. Surely it is neither fair nor reasonable to expect anyone to support himself and his family on 60 cents an hour—the wage currently certified as the minimum for sugarcane workers in Louisiana. We are therefore suggesting that another and more objective criterion be substituted: the wage set under the Fair Labor Standards Act as the minimum necessary to support a worker and his dependents in decency.

Since 1934, the sugar industry has been one of the most heavily subsidized and protected sections of the American economy. We are not here to object to that protection. We realize that it has stabilized the sugar industry and given a needed measure of security to small sugar producers that was not present before the act. On the other hand, we are very much concerned that sugar workers have not enjoyed a similar measure of security, that the act's mandate to protect fieldworkers in the industry has not been carried out. Far from receiving the benefits intended for them under this legislation, their wages remain at substandard levels, even when compared to depressed State average wages for farmworkers. Only in Hawaii, where strong unionization is responsible, have sugar fieldworkers substantially improved their conditions.

Minimum hourly wage rates, set by the Department of Agriculture after public hearings in some of the sugar-raising areas, have followed a curious pattern. Currently, the minimum standard of "fair and reasonable wages" ranges from 60 cents an hour in Louisiana to $1.46 an hour (plus fringe benefits worth close to another 50 cents an hour) in Hawaii. What appears fair and reasonable pay for identical work in the State of Hawaii is almost two and a half times what is ruled fair and reasonable in Louisiana. While beetworkers generally fare somewhat better, their wages—currently at least 95 cents an hour—are below the national average farm wage and State averages in major beet-growing regions.

The wage determinations in Louisiana have had an effect not intended by Congress: They have handicapped several attemps to establish collective bargaining there. Once a rate was ruled "fair and reasonable" by the Department of Agriculture, cane workers' demands for higher pay were effectively stopped by growers' contentions that their wages had been officially certified as fair. Thus, the vague references in the Sugar Act to the alternative "higher rates agreed to by employees and their employers" have had no meaning except in Hawaii, and collective bargaining has been hampered—albeit unintentionally—by governmental action.

There is good reason to believe that many small sugarcane producers—in competition with very large-scale growers—would also benefit from increased minimum rates. The labor costs of these small producers are much less than those of their competitors, and increased wage rates would affect their production costs much less than they would affect the large-scale growers who rely heavily on hired labor. Therefore, higher wages could be expected to improve the marketing position of small farmers vis-a-vis large producers. Moreover, higher wages would increase the value of the labor supplied by the small grower and his family.

Of relevance here is some data which appeared in the U.S. Department of Agriculture's "Farm Cost Situation of November 1957." This is the only official data, so far as we know, which breaks down and compares production for large- and small-scale farms competing in a given area. The data pertains to cotton farms in the Mississippi Delta. On the small-scale farms, the cost of hired labor was about 10 percent of total operating expenses, while on the large cotton farms in the delta, labor costs amounted to 36 percent of total operating expenses.

In other words, the small-scale farmer performs most of his own work, and wages therefore constitute only a small part of his production costs. Moreover, given the decline of small farms and the expansion of large farms, it seems clear that the net income of small producers is dropping while their operating expenses are either steady or rising. The opposite appears to be true for their large-scale competitors. Assuming that to be the case, it is obvious that higher wages would increase the operating costs of the large farmers much more than those of their struggling competitors who hire less labor. The latter as a result would be in a more favorable competitive position. Thus the overall result of wage increases for farmers who do most of their own work would be higher net incomes. It seems to us that this would apply to sugargrowers as much as to cottongrowers.

We are not impressed by statements that growers cannot pay wages higher than have generally been certified. For one thing, actual wages paid are in many cases higher than the minimum rate—although they are still far below what the Fair Labor Standards Act calls a fair wage. Hawaiian growers paying much higher wages, while admittedly large operators with considerable resources, must nonetheless pay much greater transportation costs than mainland producers. But the Hawaiian growers still make profits. Finally, ability to pay has quite properly never been the primary consideration in determining fair wages. Public policy in this country has repeatedly denied that any employer has an absolute right to dictate terms of employment—no matter how hard pressed a particular employer might be. It is in keeping with this tradition that we call for minimum wages to sugarworkers at least equal to the rate set under the Fair Labor Standards Act.

We would point out, in addition, that cost of living is supposed to be given just as much weight as ability to pay in setting the wages for sugarworkers. The cost-of-living factor seems, however, to have served more as an excuse for perpetuating low wages in this country's depressed rural areas. We certainly find it hard to believe that 60 cents an hour is a realistic index to the cost of living in any part of America today.

A fair and reasonable wage should presumably mean a wage sufficient to feed, clothe, and house a worker and his dependents in minimal health and well-being. It should presumably pay a man enough to insure that he need not call upon his young children to help support the family. In a seasonal industry where workers are denied unemployment benefits, we do not see how a wage less than the $1.15 an hour required by the Fair Labor Standards Act could possibly support a worker and his family in any part of the United States.

To conclude, we hope it is clear that we are not objecting to justifiable protections for sugar producers. Our concern is that sugarworkers receive the protections legally due them for nearly 30 years but never in fact extended to them. We do not consider any wage less than the national minimum as set by the Fair Labor Standards Act to be either fair or reasonable in this day and age. We do believe that payment of $1.15 an hour would be to the advantage of most small-scale sugargrowers as well as of sugarworkers. Higher wages for sugarworkers and higher net incomes for small sugargrowers would, moreover, constitute an injection of purchasing power into many regions that are presently depressed areas. Higher wages would therefore complement the purposes of the rural areas development program and the Area Redevelopment Administration by improving the economy and standard of living not only in those blighted areas but throughout the country.

Mr. PROXMIRE. Mr. President, I yield the floor.

WHEAT PRODUCTION

Mr. HOLLAND obtained the floor.

Mr. CARLSON. Mr. President, will the Senator from Florida yield at this time to me?

Mr. HOLLAND. I yield briefly to the Senator from Kansas.

Mr. CARLSON. I appreciate very much the courtesy of the Senator from Florida.

Mr. President, wheat is the staff of life, and Kansas is just completing another 200-million-bushel wheat harvest.

Our State has long been known as the Wheat State. Normally, Kansas produces one-fourth of the winter wheat of the Nation. In the past 4 years, we have grown a total of 1 billion bushels of wheat, or an average of better than 250 million bushels a year. This large production of wheat has been grown in our State, despite substantial reductions in our acreage.

Millions of bushels of this wheat have been sent to hungry people in underdeveloped countries, through our foreign-aid program. As a result of exporting millions of bushels of wheat, we have furnished hope to these people, and have created much good will for our Nation.

It is most important that we do not approve farm programs that would endanger the quantity of food needed by our own people; and it is also important that we have additional food to send to millions of people in other countries who are not so fortunate.

We hear much about surpluses and some of the burdens resulting from these surpluses; but it would be most disastrous if it were reversed and if we did not have sufficient food to care for our people and many others, as is the situation in many Communist-controlled countries.

The farmers of this Nation are entitled to praise and credit—not condemnation and criticism, which we often hear—for their ability to produce this food.

The Wichita Eagle published on Sunday, June 10, over 200 pages of information and articles about our great State of Kansas. It mentioned items of special interest from every county in the State. In this issue there also appeared the famous editorial entitled "Wheat," which first delighted Kansans in 1937. It was written by the late Victor Murdock, who for many years served in the U.S. Congress. I ask unanimous consent that the editorial be made a part of these remarks in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WHEAT

(By Victor Murdock)

The sun is setting in the wheat country. The wind halts as the day dies, and the birds, after careening conclave in midair, wheel with much dispute and wing ruffling confusion of choice, to their final tree in the grove where as the rustling leaves grow still their greenery deepens into shadows and turns purple against the shafts of gold, lanced by the sun across the landscape. Along the damp edges of the hedge the crickets intone for the night-long chorus and a hunch-backed yellow sunfish noses a single widening circle upon the blue-green mirror of the pond. Across the meadow, grass, flower, and weed from their drab, day array brightened to translucent pinks and shining fibrous silvers, quiver, ripple, flush in the pagenantry of leveled light.

Silence grows. The house, the barn merge into the tranquility and thrust with strength from a window, back to the weak sun, a blazing bolt of his own light. The horses in their stalls, taking their respite erect, twitch the hay from the mow and grind and grind, in contemplative content, and the cow, moved by some vagrant emotional unrest, offers an unavailing protest from her place, which, having begun weakly, she as incontinently concludes. The pullets fidget and fluff fussily and feebly along their perch. The swine contest for the single undesirable corner of the sty in repeated pyramids which at last collapse to a permanent repose. The dog, with an air of despair in exploration, makes final forage at the back door.

Silence grows. Down by the stream, with its trees which bend over it to look upon it and never tire, a moccasin evidences his presence on a log, by sliding from it, and a muskrat plunges from one hiding place to another with a single splash and leaves no trace. A raincrow, alone at last with silence, mourns and prophesies. Between purpling east, house, barn, grove, stream, and the empty west, the wheat raiser stands before the wheatfield and its wigwam shocks, marshaled in far-flung line as at attention. They and the bristling stubble are gold, dull, dead gold.

He and they have traveled long and far together. This is one of the thousands of resting places, of breathing places they have come to. The sweat, the vexations, the defeats, the depredations and deprivations of toil a little while ago were heavy enough upon him. But now as he turns and looks across the dull, dead goldfield to the empty west the burden of the day's work lifts, and the yellow twilight strokes his soul in benediction.

SUPPLEMENTAL APPROPRIATIONS, 1962

Mr. HOLLAND. Mr. President, at the suggestion of the majority leader, I move that the Senate now proceed to the consideration of Calendar No. 1577, House Joint Resolution 745, as reported from the Senate Appropriations Committee, so that the joint resolution will be made the pending business.

The motion was agreed to; and the Senate proceeded to consider the joint resolution (H.J. Res. 745) making supplemental appropriations for the fiscal year 1962, which had been reported from the Committee on Appropriations, with amendments, which were on page 2, line 10, after the word "for", to strike out "payment of"; in line 13, after the word "commissioners", to strike out "and"; in line 14, after the word "witnesses"; to insert "(not to exceed $400,000), and salaries and expenses, United States attorneys and marshals (not to exceed $100,000); (d) Department of Agriculture, Farmers Home Administration, direct loans and advances, subtitle B and section 335(a) of the Consolidated Farmers Home Administration Act of 1961, $25,000,000 from the direct loan account; (e) Department of Commerce, Coast and Geodetic Survey, salaries and expenses, $234,000 in addition to the amount provided in section 1 hereof; (f) Department of Health, Education, and Welfare, Public Health Service, hospital and medical care; and (g) payments to widows of deceased Senators."

At the top of page 3, to insert a new section, as follows:

SEC. 3. There are also hereby appropriated such amounts as may be necessary to provide for items carried in H.R. 11038, as passed by the Senate and House of Representatives for (a) Department of Commerce, general administration, participation in New York World's Fair, including compensation of a United States Commissioner, who shall be appointed by the President, at the rate of $19,500 per annum; (b) funds appropriated to the President, disaster relief; (c) Department of Health, Education, and Welfare, Office of Education, payments to school districts; (d) Small Business Administration, revolving fund; (e) the judiciary, expenses of referees; (f) House of Representatives, payments to widows or estates of deceased

Representatives; and (g) Department of State, administration of foreign affairs, salaries and expenses: *Provided*, That in case an item is carried in both versions of H.R. 11038 but at a different amount as passed by the Senate than that as passed by the House, the lower of the two amounts shall prevail.

And on page 3, after line 18, to insert a new section, as follows:

Sec. 4. There is also hereby appropriated the following amount for payment to Myrle G. Case, widow of Francis Case, late a Senator from the State of South Dakota, $22,500.

Mr. HOLLAND. Mr. President, the second supplemental appropriation bill, 1962—H.R. 11038—passed the House on April 4, and reached the Senate on April 5. The Senate Committee on Appropriations proceeded with all possible speed, devoting 3 full days to hearings on the measure and on various supplemental budget requests which had reached the Senate since the House concluded its hearings on the bill. The bill was reported to the Senate on April 11, and passed the Senate on April 16. For some reason the House of Representatives did not appoint conferees until 6 weeks later—on May 28. It would be fruitless here to go into the matter of disagreement on procedure between the two Appropriations Committees of the House and the Senate. Suffice it to say that on June 14 the House Appropriations Committee reported to the House of Representatives House Joint Resolution 745, continuing provisions for certain activities of the government for which H.R. 11038 had made provision. This continuing resolution passed the House on the same date, June 14, and came to the Senate.

The Senate Appropriations Committee felt that a conference on the second supplemental appropriations bill was much preferable to the consideration of a continuing resolution, and so advised the House committee. But when it became apparent that there was no possibility of having a conference on the second supplemental appropriations bill, the Senate committee took up and considered the continuing resolution—House Joint Resolution 745—in the light of certain communications which it had received from various governmental agencies, indicating critical need for funds not covered by the terms of House Joint Resolution 745. The Senate committee also considered the various items involved in the second supplemental bill, and picked out several items which it thought were of similar importance to those contained within the House joint resolution. The Senate committee thereupon amended the House joint resolution so as to include these added items, and reported House Joint Resolution 745 with several recommended committee amendments, which are now before the Senate under the pending measure.

Mr. President, the committee recommended that the joint resolution as amended and reported to the Senate be passed.

As reported to the Senate, this measure will provide funds for the remainder of the fiscal year for the programs and activities for which funds have been exhausted, and also for certain programs and activities which the committee believes are of such importance that funds should be made available immediately.

Mr. President, rather than read the items by list, I shall merely proceed to discuss briefly the items added by the Senate Appropriations Committee.

First, under the Department of Agriculture, is the Farmers Home Administration loan authorization. The committee inserted language authorizing $25 million for farm operating loans in the direct loan account which was authorized by the Consolidated Farmer Home Administration Act of 1961. H.R. 11038, as passed by the Senate, provided $50 million for this item. In other words, because of the passage of time, the committee felt that half of the amount provided in the bill as passed by the Senate some 2 months ago would suffice.

Mr. YOUNG of North Dakota. Madam President, will the Senator from Florida yield?

The PRESIDING OFFICER (Mrs. Neuberger in the chair). Does the Senator from Florida yield to the Senator from North Dakota?

Mr. HOLLAND. I yield.

Mr. YOUNG of North Dakota. According to the testimony given our committee, $50 million—and more, too—was needed at the time when the committee held the hearings. That was the testimony of the Department of Agriculture. Many of these farmers have since that time either gone broke or carried on their farming operations in a limited way. So at the present time many of them no longer need the loans. But this amount now in the bill would cover those who still can be helped.

Mr. HOLLAND. I thank the distinguished Senator from North Dakota, who was very active in getting the original appropriation provided for by our committee. I am sure he is correct in his statement that farmers have suffered because that amount was not made quickly available.

I have before me a letter, dated June 22, from Mr. Joseph M. Robertson, Administrative Assistant Secretary of the Department of Agriculture, in which he states that it is estimated that a maximum of $25 million of Farmers' Home Administration operating loans could be closed between now and June 30 of this year. I ask unanimous consent that the letter be printed at this point in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Department of Agriculture,
Washington, D.C. June 22, 1962.

Hon. Spessard L. Holland,
Chairman, Subcommittee on Deficiences and Supplementals, Committee on Appropriations, U.S. Senate.

Dear Senator Holland: In response to the request from your staff, it is estimated that a maximum of $25 million of Farmers Home Administration operating loans could be closed between now and June 30, 1962.

Sincerely yours,
Joseph M. Robertson,
Administrative Assistant Secretary.

Mr. HAYDEN. Madam President, will the Senator from Florida yield to me?

Mr. HOLLAND. I yield.

Mr. HAYDEN. Madam President, an article in today's Washington Post states that I was asked by newsmen as to whether at the Appropriations Committee meeting on yesterday, the committee discussed any solution of the impasse with the House over conference reports, to which I am supposed to have replied, "No, none of that foolishness."

Madam President, I made no such statement to any reporter or newsman because, as a matter of fact, the current impasse with the House inevitably was discussed, and it is because of it that the Senate should now take action on House Joint Resolution 745, which was referred to the Senate Committee on Appropriations on June 14, and which was reported to the Senate yesterday.

Mr. HOLLAND. Madam President, I concur in the statement made by the distinguished Senator from Arizona. It appearing that there would not be any conference, the committee and staff worked up the items which I am now attempting to report to the Senate, in an effort to make the continuing resolution as adequate as possible to meet the various needs of the governmental agencies.

The second item is for the Coast and Geodetic Survey in the Department of Commerce. The situation is this. The House resolution included $200,000; the Senate Committee had put in an additional $425,000, which were disaster funds, because the Coast and Geodetic Survey was having to resurvey many of the inlets and small harbors along the Atlantic coast that were recently damaged by the storm. Since so much time had elapsed, we checked with the Coast and Geodetic Survey and were advised that, instead of $425,000, $234,000 is now urgently needed; and it is that additional amount that we have included in this resolution.

The memorandum from the Department of Commerce, Coast and Geodetic Survey, on this subject, dated June 15, 1962, states:

If the additional funds in the amount of $234,000 are not made available, the Coast and Geodetic Survey will have to cancel orders for procurement of vital surveying equipment for which bids have been accepted. Additionally, large numbers of personnel will have to be furloughed without pay in order to stay within the availability of the amount currently appropriated.

I ask unanimous consent that the memorandum be placed in the Record as a part of my remarks.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Effect of House Joint Resolution 745

Department of Commerce,
Coast and Geodetic Survey,
June 15, 1962.

The second supplemental request contains an appropriation item for an additional amount for salaries and expenses of $625,000 to cover mandatory pay increases in an amount of $200,000 and storm damage surveys in the amount of $425,000.

It is our understanding that enactment of House Joint Resolution 745 as it passed the House will provide $200,000 for mandatory pay increases, since this item meets the provisions of the joint resolution. However, the amount of $425,000 would not be made available under the joint resolution in its present form.

A careful analysis of the funding requirements of the Coast and Geodetic Survey from June 15 through June 30, 1962, indicates a minimum additional requirement in the amount of $234,000 which is $191,000 below the amount of $425,000 originally requested for this purpose. A breakdown of additional requirements in the amount of $234,000 is as follows:

Geodesy	$114,000
Photogrammetry	70,000
Cartography	50,000
Total	[1] 234,000

[1] This is based on cancellation of items under procurement and delaying balance of repairs on ship *Scott*.

If the additional funds in the amount of $234,000 are not made available, the Coast and Geodetic Survey will have to cancel orders for procurement of vital surveying equipment for which bids have been accepted. Additionally, large numbers of personnel will have to be furloughed without pay in order to stay within the availability of the amount currently appropriated.

Mr. HOLLAND. Madam President, the next item is for participation in New York's World Fair. The Senate may recall that the House bill provided $17 million for this item, and that the Senate committee recommended $15 million, and the Senate adopted that amount. We are advised by the General Services Administration, who would handle the construction of the Federal building there, that the time remaining, even when our hearings were underway, was really inadequate for the proper completion of the building, and, as stated by Mr. Hunter, "We are going to have to telescope this all into those 2 years and 15 days."

We are also advised that this is of very great importance, not only to various Members of the Senate, but to various Members of the House of Representatives. We felt this item should be continued, because it has been determined by separate votes of both Houses of Congress that the United States should go into this project. We have, therefore, included the item for the smaller amount in either bill, or for $15 million.

The next item appropriates funds to the President for disaster relief. Both versions of the bill included $25 million for that purpose. It had to do with other relatively small disasters in the Nation, but principally with the disasters along the eastern seaboard in connection with the storm of a few months ago.

We have a communication from the Office of Emergency Planning, to the effect that $15 million has already been awarded, and they have not been able to pay the money to five States, as follows: New York, in the amount of $3,500,000; Maryland, in the amount of $500,000; Delaware, in the amount of $2,500,000; Virginia, in the amount of $3,500,000; and New Jersey, in the amount of $5 million.

We have felt that this is one of those items that, by all means, ought to be carried forward in a supplemental bill, and we regret the delay by virtue of the fact that it has been postponed so long. We have insisted that this item go into the continuing resolution. I am not advised why it was left out.

Mr. CASE. Madam President, will the Senator yield?

Mr. HOLLAND. I yield to the distinguished Senator from New Jersey.

Mr. CASE. I thank the Senator for his persistent understanding of the needs of New Jersey and other States along the Atlantic seaboard. On behalf of myself and everyone in my State, I express the appreciation of all of us for what the Senator from Florida has done, with respect to that item, and also in regard to the small business revolving fund, which the Senator will explain later, also affecting my State.

Mr. HOLLAND. I thank the Senator. I am sure he would take the same position if any other State in the Nation were involved. Certainly, I would. I feel this disaster money is a first charge upon the pocketbook of the Nation.

Madam President, I ask unanimous consent that there be included in the RECORD at this point a letter from Mr. Edward A. McDermott, the Director of the Office of Emergency Planning, Executive Office of the President, dated June 15, 1962, together with the enclosure.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF
THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
Washington, D.C., June 15, 1962.

Hon. SPESSARD L. HOLLAND,
Chairman, Subcommittee on Deficiencies and Supplementals, Senate Appropriations Committee, U.S. Senate, Washington, D.C.

DEAR SENATOR HOLLAND: On April 4, 1962, I appeared before your subcommittee in support of a supplemental appropriation of $25 million to finance Federal disaster assistance to the States. There is a critical need for this appropriation, and I urge that the sum requested be made available as quickly as possible.

The President during March made declarations of "major disasters" in the States of Delaware, Maryland, Virginia, and New York. The lack of funds has made it impossible to provide these States with the Federal funds required for recovery and restoration work eligible under Public Law 81–875. In addition, the State of New Jersey, which received an initial allocation of $10 million on March 23, will soon reach a point where the funds available for eligible projects will be exhausted.

Some disaster recovery work is performed by Federal agencies. In other situations the local governments themselves contract for the performance of repair and restoration work eligible for Federal assistance under Public Law 81–875. These governments have made application to the Office of Emergency Planning for financial assistance. We cannot take action on these applications and obligate the necessary moneys until funds are made available to cover the amounts requested.

Many of the eligible projects for which local governments have let contracts have been completed or will soon be completed. Officials of cities and counties are understandably pressing for approval of their project applications and for provision of Federal funds for the eligible disaster work. The Governors are likewise concerned that allocations of Federal funds be made as soon as possible.

The present balance in the President's Disaster Fund is $1,278,429, consisting of funds recently recovered from prior years' allocations. The immediate need for disaster work in the east coast States amounts to $15 million, as shown on the enclosed table. The balance of the $25 million requested would provide funds for the remainder of this fiscal year and for a carryover into fiscal year 1963. No funds are included for this purpose in our regular appropriations request for 1963.

Sincerely,

EDWARD A. MCDERMOTT.

Immediate fund requirements for Federal disaster assistance

New York	$3,500,000
Maryland	500,000
Delaware	2,500,000
Virginia	3,500,000
New Jersey	5,000,000
Total	15,000,000

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. HOLLAND. I yield to the distinguished Senator from Delaware.

Mr. WILLIAMS of Delaware. I am going to support this joint resolution. I agree with the Senator from Florida that there are many items on which it is very important to act at this time, including some of the appropriations for the disaster areas, and I shall support these efforts. However, there was one item in one of the supplemental appropriation bills which passed which I did not think was necessary. It is my understanding it has been deleted from this joint resolution. I wanted to make sure of it.

Mr. HOLLAND. What was that item?

Mr. WILLIAMS of Delaware. That was the item of $4,880,000 which had been included in one of the appropriation bills for the subsidization of the lead and zinc mining industry. I did not feel it was an emergency. Personally, I thought it would have been better if we had defeated that item.

Am I correct in my understanding that, as we approve the joint resolution, the item of $4,880,000, supposedly a subsidy for the lead and zinc mining industry, has been deleted and will not be brought back before us unless it is brought back as a part of another appropriation bill for consideration, at which time we can consider it?

Mr. HOLLAND. The item has been deleted. It does not appear either in the House joint resolution or the Senate amendments. I cannot say when or whether or how the matter will come back to the floor, but it is not involved at all in the matter now pending before the Senate.

Mr. SALTONSTALL. Madam President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. SALTONSTALL. If it comes up again, it will have to come up either on the Presidential budget or in a measure from the House, in which case there will be an opportunity for an open hearing. We can almost affirmatively say that it could not be brought up before us in this fiscal year. The time will expire on June 30 of this year. It would have to come in a Presidential message.

Mr. HOLLAND. I agree that, almost certainly, it would have to come in by one of the two methods the Senator has mentioned. There is one other possibility, and that is only remote, which is that the House will send us another continuing resolution between now and the end of the fiscal year which would include that item. I know of no probability of such an occurrence. So far as I am concerned, that is not an appropriate item at this time, because with the few days remaining in this fiscal year, I think we should confine the measure not only to matters of grave emergency, but also to matters which would not lead to a conference between the two bodies, but which would be susceptible, we hope, of being taken by the other body in the form in which we approve it.

Mr. SALTONSTALL. If there were another continuing resolution, which is extremely doubtful, there would be an opportunity to have a consideration of it before the Appropriations Committee, at which time the Senator from Delaware would have an opportunity to discuss it.

Mr. HOLLAND. The Senator is completely right. Both the committee and the Senate would have a full chance to work their will on such a continuing resolution.

Again I say that I have no expectation whatever that another such continuing resolution will come along, but since it is in the realm of possibility, I felt I should mention it.

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. WILLIAMS of Delaware. I appreciate the assurances of the Senator from Florida and the Senator from Massachusetts. With those assurances I have no objection to the joint resolution, and I will support it.

I close with the statement that if such a request should be renewed—as to putting $4 million, $5 million, or whatever the item might be for the lead and zinc subsidy into the resolution—when it comes to the Senate I shall appreciate it if the Senator from Florida or whoever is in charge of presentation of the measure will notify me, if I should happen to miss the item.

Mr. HOLLAND. Madam President, I assure the Senator that I shall take personal responsibility for notifying him.

One further point was called to my attention by one of the watchful members of the staff of the Committee on Appropriations. This point is with respect to the remote possibility that the supplemental bill should go to conference. In that event, that item would not be in conference, because it has been passed in both Houses in the same way. I think the possibility of such a conference is even more remote than the other possibility I suggested a while ago.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, OFFICE OF EDUCATION

Madam President, the next item is for the Department of Health, Education, and Welfare, for the Office of Education. The committee has included $15,707,000 to provide sufficient funds to pay the full entitlements under Public Law 874 to school districts in federally affected areas for maintenance and operation of schools.

This figure appears both in the House version and the Senate version of the second supplemental appropriation bill. Why the item did not appear in the continuing resolution I am unable to say.

Mr. JOHNSTON. Madam President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from South Carolina.

Mr. JOHNSTON. I should like to ask the Senator from Florida, who is handling the presentation of the joint resolution, what happened to the $7,092,000 for buildings?

Mr. HOLLAND. The distinguished Senator from South Carolina, who has been so interested in this particular item and so effective in getting it made a part of the Senate version of the supplemental appropriation bill knows that that item was not in the original House supplemental appropriation bill; it appeared in only the Senate version of the bill. Likewise, we were advised by some who have been following closely the conference between the two bodies on another education bill that the question of construction of school facilities with Federal money is at present quite a controversial item as between the two Houses.

While our committee is strongly in favor of this item and will take the first opportunity to place it in some other measure, hoping that this resolution will not lead to a request for a conference, we felt that this item should not be placed in the Senate amendments. That is as much a matter of regret to the Senator from Florida as it is to the Senator from South Carolina, because we both have impacted districts in our States, where this is a very practical and important item.

Mr. JOHNSTON. I presume the Senator will agree with me on the fact that since the impacted areas have been caused by the Federal Government, this construction item is in a little different category from the ordinary buildings being built in various States.

Mr. HOLLAND. I agree.

To complete my statement on this item, we had before us in the hearings on the bill Dr. Sterling M. McMurrin, Commissioner of Education, who stated that the first named amount, $15,707,000, would pay in full the entitlements of the various impacted areas for fiscal year 1962. We have included and continued that item. Regretfully, for the reasons already stated, we had to eliminate the item which the Senator from South Carolina has mentioned.

Mr. JOHNSTON. I am glad the Senator still holds out a hope for the future for this special appropriation.

Mr. HOLLAND. I not only hold out a hope, but I express the view of members of the committee for whom I speak that the amendment should be enacted. We shall seek the occasion to place it in a bill soon to be considered, in the hope that the item may be enacted in the near future.

Mr. JOHNSTON. Since I know the difficulties under which the Senators are acting at the present time, I agree with the Senator from Florida that that is probably as far as we can go at this time.

Mr. HOLLAND. I thank the Senator for his understanding and forbearance. I shall regret the decision as much as he.

PUBLIC HEALTH SERVICE HOSPITALS AND MEDICAL CARE

For the Public Health Service, Hospitals, and Medical Care, the committee has added $174,000. That is the item, as shown by the testimony of Dr. Miller, which is to be found on page 277 of the hearings of the committee, as already due to other than Government hospitals for the care of patients for whom the Public Health Service is responsible under the law. We felt that by all means this deficiency item should likewise appear in the resolution.

SMALL BUSINESS ADMINISTRATION REVOLVING FUND

I invite attention in particular to the item for the Small Business Administration. The Small Business Administration had to discontinue the granting of badly needed loans in March or early April because of the exhaustion or practical exhaustion of its revolving fund. Both versions of the supplemental appropriation bill took care of this problem; the House bill in the amount of $85 million, and the Senate amendment in the amount of $90 million. We were advised by John E. Horne, Administrator of the Small Business Administration, by letter dated June 15, that the organization has been practically stymied in this long period of time.

This appropriation also affects disaster relief loans in the disaster-ridden parts of the country. Therefore, we have placed in the resolution the $85 million, which is the smaller of the two amounts. We have deleted the special direction which was in the Senate bill for $15 million to be spent alone in disaster relief, because we have learned from the Administrator that the whole amount, if it is needed, can be used for that purpose, and that the Administrator places it as the first item for consideration by the Small Business Administration.

Mr. RANDOLPH. Madam President, will my capable colleague yield?

Mr. HOLLAND. I yield to the able Senator from West Virginia.

Mr. RANDOLPH. This is an appropriation item in which I have an intense interest. The Small Business Administration has accommplished throughout the Nation—and I invite particular attention to the State of West Virginia—a program of necessary assistance in loans for the development of new industries and in the desirable enlargement of present plants. Manpower is employed and products are manufactured when these loans are consummated. Local banks cooperate in this lending effort.

There are in West Virginia at the present time several loans which have been processed favorably but with respect to which no funds are available as of now. The moneys have not been forthcoming from the Small Business Administration to assist in the economic strengthening of the industrial base in West Virginia. There is affirmative action by SBA, at State, regional and Federal levels in prompt consideration of requests. Our applications are given prompt attention.

I recognize the problems which have been inherent in the consideration of this $85 million by the Senate Committee on Appropriations. I am also impressed with the realization of the need as well expressed by the Senator from Florida. An absorbing effort is being made to allow the Small Business Administration to proceed in an orderly manner, not only with the processing of the loans, but also with the funding of the loans.

In West Virginia we have been very careful to see that loans were not given precedence for what we might call "desirable but unnecessary" items or enlargements, such as bowling alleys and the like. I do not speak in disparagement of such applications, but in our State, where men need to be gainfully employed, the loans have largely gone for the development and expansion of industrial enterprises.

For that reason, in West Virginia we are very conscious of the worthwhile work which is being carried forward by the Small Business Administration. I wish to express my appreciation for the realistic manner in which the Senate, through action of the Committee on Appropriations, has attempted to meet, at least partially, this very pressing problem.

Madam President, I do not overemphasize when I state this is a pressing problem. In a speech in this forum on June 14 I called attention to the plight of SBA in carrying forward its work, in accordance with the intent of the Congress. This agency has, I repeat, been given too little attention commensurate with the vital role it performs in our economic well-being.

In a letter to President Kennedy on June 6, 1962, I wrote:

> I feel sure, Mr. President, that you deplore, as I do, the fact that because of controversy between the Appropriations Committees, not even the $90 million request of the Budget Bureau has been made available. Thus, since March of this year, SBA has been without funds for lending purposes, except for the relatively small amounts made available from loan collections accruing to the revolving fund.

In concluding the letter to the President, I wrote:

> I intend to urge in the Senate without delay that there be a cognizance of these conditions, both in the legislative and executive branches. When such a vital element of our Government's economy stimulating agencies as the Small Business Administration is virtually forced by fiscal starvation to ride at anchor we are permitting both the agency and the economy to rust and erode. I am disturbed by this condition and urge that it be corrected. This is a petition both to my colleagues of the Congress and to you as the Chief Executive.

I commend my knowledgeable colleague, who handles this measure, for his voiced concern, in which I join, for the availability of funds to meet immediate calls on SBA. This is a partial step, but it is a positive one.

Mr. HOLLAND. Madam President, on behalf of the committee, I thank the distinguished Senator. I ask that there be printed at this point in my remarks the letter to me from Mr. John E. Horne, Administrator of the Small Business Administration, dated June 15, 1962.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SMALL BUSINESS ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR,
Washington, D.C., June 15, 1962.

Hon. SPESSARD L. HOLLAND,
Chairman, Subcommittee on Deficiencies and Supplementals, Committee on Appropriations, U.S. Senate, Washington, D.C.

DEAR SENATOR HOLLAND: Knowing of your interest in the SBA programs, I thought I should report to you on the current status of our lending operations.

As you will recall, I found it necessary on March 9 to discontinue the approval of business and investment company loans in order that the small balance remaining in the revolving fund could be reserved for disaster loans. This situation was made most urgent at that time because of the magnitude of the disaster which struck the east coast on March 6 and 7. With the small balance remaining at that time plus current collections in the fund, we have been able to continue the processing of disaster loans without interruption and we have been able to approve some very urgent business loans.

In order that applicants for business loans and investment and development company loans could be advised of the status of their applications, we continued the processing of all applications received. We, of course, advised applicants of those requests we could not approve. For those applications which otherwise would have been approved, we informed the applicant of that fact but that formal approval could not be made until such time as additional funds were made available through an appropriation to the revolving fund.

H.R. 11038 included $85 million as it passed the House and was amended to $90 million in the Senate. The portion of the above amounts to be available for business and investment and development company loans was $75 million. At the present time, business loan applications which have been processed to the point of approval total $43,280,000. Investment and development company loans in the same category total $14,600,000. In other words, we have a total of about $58 million in loans processed and awaiting the appropriation contained in the Second Supplemental Appropriation Act, 1962, and this total is increasing daily. I should mention also that some of these applications were processed during the month of March and are now over 3 months old.

Anything that you can do to expedite action on H.R. 11038 will be sincerely appreciated.

With kind regards, I am,
Sincerely,
JOHN E. HORNE,
Administrator.

Mr. STENNIS. Madam President, if the Senator has completed his statement on the subject of the Small Business Administration, I wish he would yield to me for one comment.

Mr. HOLLAND. I yield to the Senator from Mississippi.

Mr. STENNIS. Madam President, I have noted with interest an item of $25 million in the bill for Farm Home Administration loans. Is the figure of $25 million correct?

Mr. HOLLAND. The Senator is correct. The Senator from Mississippi is one of those who have been very active, along with the Senator from North Dakota and the Senator from South Dakota and others, in placing in the Senate bill the larger amount of $50 million for that same purpose. The amount was reduced to $25 million for the reasons already stated in the RECORD.

Mr. STENNIS. I appreciate the interest of the Senator from Florida in that item. I am sure that it will be vigorously defended if there is a conference on the bill. In Mississippi we have been unusually successful with the loans. They serve a very fine purpose. No money has been lost. On the other hand, the interest has been paid. Interest payments have taken care of the servicing of the loans. We now have on hand applications which meet the requirements and which have already been approved totaling almost $5 million. I am now referring to building loans rather than operating loans. That proves conclusively the demand for the sound, proven program of which we are speaking. If we were to fail to provide the funds, we would withhold benefits from potential borrowers. The funds made available through the program represent the only source from which the borrowers can obtain loans of the kind needed.

I hope the Senate will agree to the figure recommended, and that the Senate conferees will vigorously defend it should there be a conference on the bill.

Mr. HOLLAND. I thank the Senator from Mississippi. I assure him that the committee as a whole was exceedingly interested in the retention of that much of the original item.

The next item refers to the Judiciary. One hundred thousand dollars would be transferred from the referee's special account of moneys already on hand, and the payment of funds which must be made available so that referees may be paid would be authorized.

I see the distinguished Senator from Nebraska [Mr. HRUSKA] present in the Chamber. He is especially interested in that item and the one which follows. All members of the committee were glad to agree that those items should be included in the resolution.

Mr. HRUSKA. Madam President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. HRUSKA. The Senator from Nebraska would like to express his appreciation for the understanding and cooperation which have been extended by the Senator from Florida, particularly in connection with the two items referred to. They are very necessary at this stage to enable the court system to finish out the year, which will shortly be concluded. At the same time, I take this opportunity to extend my commendations and congratulations to the Senator from Florida for his very excellent work in obtaining the cooperation of the entire committee toward the end that the procedure may be concluded promptly and efficiently.

Mr. HOLLAND. I thank my distinguished friend. Again I point out that it is the action of the entire committee, for which I am merely serving at this moment as a mouthpiece.

The next item relates to the Department of Justice. The proposed appropriation is for U.S. attorneys and marshals. It develops that only $100,000 of the $200,000 provided in the Senate version of this bill would actually be needed for the payment of the extra attorneys and marshals appointed in connection with the service of new judges whose nominations we have confirmed in recent months.

I have received a letter from Mr. S. A. Andretta, Administrative Assistant of the Attorney General, dated June 15, in which he asked for the full $200,000. Later he called to say that $100,000 would see the Department through until the end of the year. I shall not ask to have the letter printed in the RECORD because it covers the original request of $200,000. But I wish to state for the record that Mr. Andretta has advised us that $100,000 is urgently needed and will be required to be paid out between now and the end of the fiscal year.

I refer next to the item "Legislative branch—Senate"; $45,000 is allowed for payment to the widows of our late distinguished colleagues, Senator Bridges of New Hampshire and Senator Schoeppel of Kansas. I state this item separately because it was included in our supplemental bill.

We also added a new but similar item—and it is the only item added to the resolution which does not already appear in the supplemental bill—of $22,500 for payment to the widow of our late beloved friend Senator Case of South Dakota.

For the House of Representatives there is inserted a similar item for $80,000 for payment to the beneficiaries of three Members of the House of Representatives.

With reference to the Department of State, there is an item of $2,500,000, which was contained in both versions of the bill, and which is urgently required for traveling and other expenses. The Department is already without money to pay such expenses.

In closing, let me say that by our action we have tried to add items which we believed to be so urgent that they will receive the approval of our brethren at the other end of the Capitol. We have necessarily omitted many items which we believe to be necessary and were contained in the original supplemental bill. The total amount proposed by the resolution, with the Senate amendments, is a little less than half as much as the original supplemental bill. Many items will have to be dealt with shortly, but they are not as urgent or as emergent in nature as the ones which we have included.

Mr. YOUNG of North Dakota. Madam President, will the Senator yield?

Mr. HOLLAND. I will yield in a moment.

I ask that there be printed at this point in the RECORD a table showing the comparison of House Joint Resolution 745 as passed by the House and as passed by the Senate, showing also budget estimates and House and Senate versions of H.R. 11038, the Second Supplemental for 1962.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

H.J. Res. 745, passed House June 14 and passed Senate June 23—Comparison of House joint resolution with 2d supplemental, 1962 (H.R. 11038)

H. Doc. No.	Department or activity	2d supplemental, 1962			Ceilings included in H.J. Res. 745 by House	H.J. Res. 745 compared with Senate version of H.R. 11038	Senate version of H.J. Res. 745	Senate increases
		Budget estimates	House bill	Senate bill				
	DEPARTMENT OF AGRICULTURE							
333	Agricultural Research Service: Salaries and expenses	$3,000,000	$2,500,000	$3,000,000		−$3,000,000		
333	Agricultural Marketing Service: Marketing research and service	450,000	425,000	425,000	$425,000		$425,000	
	Farmers Home Administration: Direct loan account			*(50,000,000)*		*(−50,000,000)*	*(25,000,000)*	*($25,000,000)*
333	Forest Service: Forest protection and utilization	37,000,000	37,000,000	37,000,000	37,000,000		37,000,000	
	Total, Department of Agriculture	40,450,000	39,925,000	40,425,000	37,425,000	−3,000,000	37,425,000	*(25,000,000)*
	DEPARTMENT OF COMMERCE							
333 and S. Doc. 83	Coast and Geodetic Survey: Salaries and expenses	633,000	200,000	625,000	200,000	−245,000	434,000	234,000
333	Maritime Administration: Operating-differential subsidies (liquidation of contract authorization)	25,000,000	20,000,000	20,000,000		−20,000,000		
363	General administration: Participation in New York World's Fair	25,000,000	17,000,000	15,000,000		−15,000,000	15,000,000	15,000,000
	Total, Department of Commerce	50,633,000	37,200,000	35,625,000	200,000	−35,425,000	15,434,000	15,234,000
	DEPARTMENT OF DEFENSE—CIVIL							
333 and S. Doc. 83	Department of the Army: Corps of Engineers—Civil: Operation and maintenance, general	3,900,000	1,500,000	3,900,000		−3,900,000		
333	U.S. Soldiers' Home: Limitation on operation and maintenance and capital outlay	*(144,000)*	*(134,000)*	*(134,000)*	*(134,000)*		*(134,000)*	
	DISTRICT OF COLUMBIA							
	District of Columbia funds:							
	Operating expenses:							
333	General operating expenses	*(86,500)*	*(63,000)*	*(77,500)*		*(−77,500)*		
333	Public safety	*(377,000)*	*(355,000)*	*(355,000)*		*(−355,000)*		
333	Personal services, wage-board employees	*(231,000)*	*(225,000)*	*(225,000)*		*(−225,000)*		
333	Settlement of claims and suits	*(7,347)*	*(7,347)*	*(7,347)*		*(−7,347)*		
333	Capital outlay (language)	*(914,000)*	*(60,000)*	*(60,000)*		*(−60,000)*		
	Total, District of Columbia	*(701,847)*	*(650,347)*	*(664,847)*		*(−664,847)*		
	FUNDS APPROPRIATED TO THE PRESIDENT							
365	Disaster relief	25,000,000	25,000,000	25,000,000		−25,000,000	25,000,000	25,000,000
	DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE							
	Office of Education:							
333	Defense educational activities	16,155,000	16,155,000	16,155,000		−16,155,000		
	Payments to school districts		15,707,000	15,707,000		−15,707,000	15,707,000	15,707,000
	Assistance for school construction			7,092,000		−7,092,000		
	Public Health Service:							
S. Doc. 83	Grants for waste treatment works construction	5,000,000		5,000,000		−5,000,000		
S. Doc. 83	Hospitals and medical care	174,000		174,000		−174,000	174,000	174,000
333	Indian health activities	267,000	250,000	250,000	250,000		250,000	
333	St. Elizabeths Hospital: Salaries and expenses	146,000	135,000	135,000	135,000		135,000	
333	Social Security Administration, Bureau of Public Assistance: Grants to States for public assistance	85,000,000	80,000,000	80,000,000	80,000,000		80,000,000	
	Total, Department of Health, Education, and Welfare	106,742,000	112,247,000	124,513,000	80,385,000	−44,128,000	96,266,000	15,881,000
	INDEPENDENT OFFICES							
333	Civil Aeronautics Board: Salaries and expenses	*(40,000)*	*(40,000)*	*(40,000)*		*(−40,000)*		
	Delaware River Basin Commission:							
333	Salaries and expenses	18,000	18,000	18,000		−18,000		

H.J. Res. 745, passed House June 14 and passed Senate June 23—Comparison of House joint resolution with 2d supplemental, 1962 (H.R. 11038)—Continued

H. Doc. No.	Department or activity	2d supplemental, 1962			Ceilings included in H.J. Res. 745 by House	H.J. Res. 745 compared with Senate version of H.R. 11038	Senate version of H.J. Res. 745	Senate increases
		Budget estimates	House bill	Senate bill				
	INDEPENDENT OFFICES—continued							
	Delaware River Basin Commission—Continued							
S. Doc. 83	Contributions to Delaware River Basin Commission	$20,000		$20,000		−$20,000		
	Federal Home Loan Bank Board:							
333	Limitation on administrative and nonadministrative expenses	*(200,000)*						
333	Limitation on administrative expenses, Federal Savings and Loan Insurance Corporation	*(20,000)*						
333	Federal Maritime Commission: Salaries and expenses	330,000		175,000		−175,000		
333	Federal Power Commission: Salaries and expenses	325,000		150,000		−150,000		
333	General Accounting Office: Salaries and expenses	*(375,000)*	*($375,000)*	*(375,000)*		*(−375,000)*		
	General Services Administration:							
333	Additional court facilities	2,500,000	2,000,000	2,000,000		−2,000,000		
333	Operating expenses, Public Buildings Service	2,650,000	2,250,000	2,250,000	$2,250,000		$2,250,000	
S. Doc. 83	Acquisition of land and building, Chicago, Ill	2,703,000		2,703,000	2,703,000		2,703,000	
333	General supply fund	10,000,000	5,000,000	10,000,000		−10,000,000		
333	Expenses, supply distribution	488,000	350,000	488,000	350,000	−138,000	350,000	
	Total, General Services Administration	18,341,000	9,600,000	17,441,000	5,303,000	−12,138,000	5,303,000	
	Housing and Home Finance Agency:							
S. Doc. 83	Office of the Administrator: Public works planning fund	2,000,000		2,000,000		−2,000,000		
	Public Housing Administration:							
333	Administrative expenses	80,000						
333	Limitation on administrative and nonadministrative expenses	*(18,000)*						
333	Interstate Commerce Commission: Salaries and expenses	125,000	100,000	125,000		−125,000		
	National Aeronautics and Space Administration:							
333	Research and development	85,000,000	80,000,000	85,000,000		−85,000,000		
333	Construction of facilities	71,000,000		71,000,000		−71,000,000		
	Total, National Aeronautics and Space Administration	156,000,000	80,000,000	156,000,000		−156,000,000		
333	National Mediation Board: Salaries and expenses	60,000	50,000	50,000	50,000		50,000	
333	Securities and Exchange Commission: Salaries and expenses	*(64,000)*	*(64,000)*	*(64,000)*		*(−64,000)*		
333	Selective Service System: Salaries and expenses	*(13,000)*	*(13,000)*	*(13,000)*		*(−13,000)*		
333, 365	Small Business Administration: Revolving fund	90,000,000	85,000,000	90,000,000		−90,000,000	85,000,00	$85,000,000
333	Tax Court of the United States: Salaries and expenses	*(20,000)*	*(20,000)*	*(20,000)*		*(−20,000)*		
	Veterans' Administration:							
333	Medical care	5,360,000	4,000,000	4,000,000	4,000,000		4,000,000	
333	Compensation and pensions	21,000,000	15,000,000	15,000,000		−15,000,000		
	Total, Veterans' Administration	26,360,000	19,000,000	19,000,090	4,000,000	−15,000,000	4,000,000	
	Total, independent offices	293,659,000	193,768,000	284,979,000	9,353,000	−275,626,000	94,353,000	85,000,000
	DEPARTMENT OF THE INTERIOR							
	Bureau of Land Management:							
333	Management of lands and resources	1,760,000	1,250,000	1,760,000	1,250,000	−510,000	1,250,000	
S. Doc. 83	Construction	200,000		200,000		−200,000		
333	National Park Service: Management and protection	875,000	775,000	875,000	775,000	−100,000	775,000	
	National Park Service:							
333	Maintenance and rehabilitation of physical facilities	445,000	400,000	455,000	400,000	−55,000	400,000	
S. Doc. 83	Construction	1,850,000		1,850,000		−1,850,000		
	Bureau of Indian Affairs:							
333	Resources management	820,000	720,000	820,000	720,000	−100,000	720,000	
S. Doc. 83	Menominee educational grants	220,000		220,000		−220,000		
333	Bureau of Mines: Development and operation of helium properties	*(17,500,000)*	*(15,500,000)*	*(15,500,000)*		*(−15,500,000)*		
333	Office of Minerals Exploration: Lead and zinc stabilization program	4,880,000	4,880,000	4,880,000		−4,880,000		
333 and S. Doc. 83	Fish and Wildlife Service, Bureau of Sport Fisheries and Wildlife: Construction	1,990,000	300,000	1,990,000		−1,990,000		
	Total, Department of the Interior	13,050,000	8,325,000	13,050,000	3,145,000	−9,905,000	3,145,000	
	THE JUDICIARY							
	Supreme Court of the United States:							
333	Printing and binding Supreme Court reports	16,000	13,000	13,000		−13,000		
333	Care of the buildings and grounds	3,000	3,000	3,000		−3,000		
	Court of appeals, district courts, and other judicial services:							
S. Doc. 83	Fees of jurors and commissioners	300,000		300,000	300,000		300,000	
333	Travel and miscellaneous expenses	314,000	230,000	230,000		−230,000		
333	Administrative Office of the U.S. Courts	17,000		11,250		−11,250		
333	Expenses of referees (special account)	*(195,000)*	*(100,000)*	*(100,000)*		*(−100,000)*	*(100,00)*	*(100,000)*
	Total, the judiciary	650,000	246,000	557,250	300,000	−257,250	300,000	*(100,000)*
	DEPARTMENT OF JUSTICE							
S. Doc. 83	Legal activities and general administration: Salaries and expenses, U.S. attorneys and marshals	200,000		200,000		−200,000	100,000	100,000
S. Doc. 83	Fees and expenses of witnesses	400,000		400,000	400,000		400,000	

H.J. Res. 745, passed House June 14 and passed Senate June 23—Comparison of House joint resolution with 2d supplemental, 1962 (H.R. 11038)—Continued

H. Doc. No.	Department or activity	2d supplemental, 1962			Ceilings included in H.J. Res. 745 by House	H.J. Res. 745 compared with Senate version of H.R. 11038	Senate version of H.J. Res. 745	Senate increases
		Budget estimates	House bill	Senate bill				
	DEPARTMENT OF JUSTICE—Continued							
	Federal Prison System:							
333	Salaries and expenses, Bureau of Prisons	$176,000	$176,000	$176,000	$176,000		$176,000	
S. Doc. 83	Buildings and facilities, Bureau of Prisons	300,000		300,000		−$300,000		
333 and S. Doc. 83	Support of U.S. prisoners	800,000	600,000	800,000	600,000	−200,000	600,000	
	Total, Department of Justice	1,876,000	776,000	1,876,000	1,176,000	−700,000	1,276,000	$100,000
	DEPARTMENT OF LABOR							
S. Doc. 83	Manpower development and training activities	*(2,850,000)*		*(2,850,000)*		*(−2,850,000)*		
	LEGISLATIVE BRANCH							
	Senate:							
	Payments to beneficiaries of deceased Senators			45,000		−45,000	67,500	67,500
	Salaries, officers and employees:							
	Office of the Vice President			1,185		−1,185		
	Administrative and clerical assistance to Senators			122,980		−122,980		
	Contingent expenses of the Senate:							
	Joint Economic Committee			20,000		−20,000		
333	Miscellaneous items	286,000		286,000		−286,000		
	House of Representatives: Payments to beneficiaries of deceased Members		80,000	80,000		−80,000	80,000	80,000
	Architect of the Capitol:							
	Capitol buildings and grounds:							
355	Capitol buildings	7,500	7,500	7,500		−7,500		
355	Senate office buildings	15,000		15,000		−15,000		
355	House office buildings	7,500	7,500	7,500		−7,500		
355	Library buildings and grounds	6,000	6,000	6,000		−6,000		
	Total, legislative branch	322,000	101,000	591,165		−591,165	147,500	147,500
	DEPARTMENT OF STATE							
333	Administration of foreign affairs: Salaries and expenses	3,500,000	2,500,000	2,500,000		−2,500,000	2,500,000	2,500,000
333	International organizations and conferences: Contributions to international organizations	25,616,000	25,616,000	25,616,000		−25,616,000		
	Total, Department of State	29,116,000	28,116,000	28,116,000		−28,116,000	2,500,000	2,500,000
	DEPARTMENT OF TREASURY							
333	U.S. Secret Service: Salaries and expenses	210,000	210,000	210,000	210,000		210,000	
S. Doc. 84	Claims and judgments	1,065,929		1,065,929	1,065,929		1,065,929	
	Total, definite appropriations	566,673,929	447,414,000	559,908,344	133,259,929	−426,648,415	277,122,429	143,862,500
	Total, special account appropriations	195,000	100,000	100,000		−100,000	100,000	100,000
	Total in bill	566,868,929	447,514,000	560,008,344	133,259,929	−426,748,415	277,222,429	143,962,500

Mr. YOUNG of North Dakota. Madam President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from North Dakota.

Mr. YOUNG of North Dakota. Is it not true that a great many items which have been omitted from the bill were contained in the supplemental bill. These were for many items that were requested by the Bureau of the Budget and approved by both the House and Senate.

Mr. HOLLAND. The statement of the Senator is completely true. The table just inserted in the RECORD should show this quite clearly.

I regret that we could not have had a conference on the bill itself and have enacted a fuller measure dealing with more of the difficulties which assailed the agencies at the end of the fiscal year. But we felt that it was incumbent upon us, since the House had approached the problem in a limited manner, merely to select items which we thought were comparable to the items placed in the resolution by the House, and to record the fact that there were other items appearing in both bills, some of them in the same amount, which at this time we felt could not be placed in the most urgent group of items. I agree with the Senator that there are many items that we shall have to find a way to fund very shortly.

Mr. YOUNG of North Dakota. I believe the distinguished Senator has expressed the sentiment of the committee very well. I should like to mention two or three rather sizable items that were included in the supplemental bill which are left out of the pending resolution.

There was a budget estimate of $3 million for the Agricultural Research Service, which was for the eradication of the screwworm in the Southwest States. These moneys are to be matched by the various States in that area. The States involved have assured us they were ready to match the Federal funds. The House cut the appropriation to $2.5 million. The Senate restored the appropriation to $3 million. This $3 million item is not included in the resolution before the Senate.

We left that item out. We also left out the item for the Commerce Department involving the Maritime Administration, on which $25 million was requested by the President, and on which the House allowed $20 million and the Senate allowed $20 million. That item was deleted.

Mr. HOLLAND. The Senator is correct.

Mr. YOUNG of North Dakota. Another item that was deleted was for the defense education activity, to which the Senator has already referred. The budget estimate was $16,155,000. The House allowed the full amount, and so did the Senate. That is another item that does not appear in the joint resolution.

Mr. HOLLAND. The Senator is correct.

Mr. YOUNG of North Dakota. I call attention to one more item. This deals with the National Aeronautics and Space Administration. The budget estimate was $85 million. The House allowed $80 million. The Senate bill allowed $85 million. That item does not appear in the joint resolution.

Mr. HOLLAND. The Senator is correct. That particular item gives some concern to the Senator from Florida, because a sizable portion of that amount concerns the State which I have the honor to represent in part.

Mr. YOUNG of North Dakota. These amounts were left out because of the difficulty we are in at the present time.

Mr. HOLLAND. Yes. The Senator has illustrated the way in which the committee has been moved to place into the joint resolution, by way of amendments, items which we feel were comparable, under the emergency conditions obtaining, with items already included in the House joint resolution. I thank the Senator for bringing out these facts.

The PRESIDING OFFICER. The committee amendments will be stated.

Mr. HOLLAND. Madam President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments are considered and agreed to en bloc.

The House joint resolution is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the joint resolution.

The amendments were ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution (H.J. Res. 745) was read the third time and passed.

Mr. HOLLAND. Madam President, I move that the Senate reconsider the vote by which the joint resolution was passed.

Mr. KUCHEL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KEATING. Madam President, now that action has been taken on the joint resolution, I wish to express to my distinguished friend from Florida the gratitude which I feel and I know my colleague from New York feels for the action which was taken with reference to the New York World's Fair. Time is getting short, as he has said, and it will take a herculean effort to be able to build the kind of pavilion which all of us want and which will compare favorably with the exhibits of other nations.

I also wish to express to the Senator from Florida our gratitude for the prompt action which was taken on the disaster situation we had in New York and New Jersey and other areas by reason of the recent floods, and for the help which will be extended by the action taken on this measure.

The Senator from Florida has been unusually cooperative and thoughtful and helpful in these matters. I did not want the occasion to pass without expressing my deep gratitude to him.

Mr. HOLLAND. I appreciate the gracious comment of my distinguished friend.

Mr. JAVITS. Madam President, I wish to express my appreciation to my distinguished colleague, the Senator from Florida [Mr. HOLLAND], to the subcommittee he heads, and to the Appropriations Committee for the gracious and considered way in which the appropriation for the New York World's Fair is being dealt with in this supplemental appropriation bill. I did not wish to interrupt the Senator while he was discussing this supplemental appropriation in its details but desire now to express what I know to be the satisfaction of New York's authorities and the World's Fair authorities for the consideration which is being shown for the distinguished contribution which the U.S. exhibit and the World's Fair in New York in 1964 will make to our mission of peace in the world.

Mr. HOLLAND. I thank the Senator.

EXPORT CONTROL ACT—AMENDMENT REQUIRING DISCLOSURE OF INFORMATION

Mr. KEATING. Madam President, during the debate on S. 3161 I had sent to the desk an amendment designated as "6–15–62—A." In order not to delay the vote on the measure I said at the time that I would withdraw the amendment, in accordance with the agreement entered into between the Senator from Alabama and myself. However, I would like to explain briefly the purpose of the amendment since I believe it is important that we deal with this situation at an early date.

This amendment is directed at the need to foster the fullest, freest flow of information reasonably possible between the agencies that administer this act, and the public and the Congress. If we are to be informed and to understand the operation of our Government in this critical area of the struggle with communism, we must not allow unnecessary barriers to the flow of information to continue to stand.

As the law is now written, there is a presumption against the disclosure of any of the information obtained in the operation of this act. The act forbids the dissemination of any information unless it is determined that the withholding itself would endanger the national interest. I submit that this procedure is precisely the reverse of our long, historical tradition of trying to maintain as far as possible the free flow of information. A law which actually promotes the withholding of information by the Government, cannot be reconciled with principles of freedom.

It is difficult to understand how we are protecting our national security by withholding information about procurement by the Soviet bloc. The Communists know precisely what they are buying and from whom. Any claim that this policy of secrecy is necessary to keep information from the Reds would be without merit. In most cases it is only the American public, not the Soviet Government, which is being denied access to full information about Communist procurement from the United States.

There is no way to judge and evaluate our bloc trade policy if we hide behind a wall of bureaucratic secrecy. The public has a right to know about our policies in this area, and a shroud of secrecy does little to aid in public understanding and appreciation. Silence only adds fuel to the concern and confusion that follows in the wake of particular revelations. There would be far less confusion if full information was made available. It is secrecy that nourishes confusion, not the true facts and reasoning behind the operation of our policy in this area.

There has been an unnecessary amount of secrecy in this whole area of Western trade with the Soviet bloc, not only in relation to this act, but in others as well. During a colloquy with the Senator from Alabama in the course of debate on the foreign aid authorization bill, the Senator stated that there had been 33 instances of exceptions made in the enforcement of the Battle Act since 1951. He pointed out that all of the reports pertaining to these exceptions were classified, and not made generally available. The newspaper accounts of some of these cases have come not as a result of the free flow of information but through the initiative of the press in obtaining what they could. A Senator has access to this material, but he is, to all intents and purposes, barred from making the information public. The people of the country are entitled to more information about what has taken place under all of these laws dealing with trade with the Soviet bloc.

There is no question that foreign policy decisions cannot be made in the marketplace. But there is equally no doubting the fact that the policy that is made must be understood before it can receive the intelligent support it must achieve from the American people, and understanding requires knowledge of the facts.

In recent years, the need for the fullest communication between the Government, in all branches and at all levels, and the public has become even more acute. Congressional committees are constantly studying this problem in order to keep Congress abreast of the situation and to recommend corrective legislation. The provision now in the Export Control Act, with reference to the dissemination of information about this operation, looks exactly in the opposite direction from what our goal should be and what our goal is so frequently stated to be.

The amendment which I offered would provide two necessary exceptions to the disclosure of information—national security and trade secrets. The national security exception is an obvious one, about which, it seems to me, there can be little dispute. The trade secrets exception, I concede, raises some difficult questions, questions which have been raised by several Senators with whom I have spoken, including the distinguished Senator from Minnesota [Mr. HUMPHREY]. I have no particular pride of authorship of the language of the amendment; perhaps it could be better worded. The language is: "except trade secrets accepted on a confidential basis." That raises some questions, and I have been persuaded that it might be wise to hold hearings on this amendment.

We have today written an Export Control Act as permanent legislation. It is no longer temporary. It is now permanent law. I believe it has been greatly strengthened as permanent law by the amendments which were adopted. I should not want to have any amendment included about which there was any reasonable question.

The strongest opposition by the Department of Commerce to the amendments I proposed was reserved for this particular provision. Some of the opposition may have been warranted, but some clearly was unwarranted.

Acting Secretary Gudeman actually claimed, in opposing my amendment, that the presumption in the Export Control Act against the disclosure of information was in general harmony with Government policy on freedom of information. That strikes me as being an astounding statement. I take strong exception to it. In a free society, the presumption must always be in favor of, not against, the communication of vital facts to the body politic.

The Gudeman report enunciates a point of view which, in my judgment, is a threat to the right of the people to know about the operations of their Government and to get information essential to passing judgment of the wisdom of particular policies. The Gudeman report reveals an attitude at a high level of government which makes even more acute the need to give this provision in the law immediate attention by the interested committees.

As the Senator from Alabama [Mr. SPARKMAN] pointed out, there is an interest on the part of both the Committee on Banking and Currency and the Committee on the Judiciary, because penal provisions are involved in this problem. So undoubtedly it would be wise to have both committees pass on the wording of the amendment.

Madam President, I cannot believe that President Kennedy would subscribe to the approach taken in the Gudeman report to the problem of public information. The President made one of the major themes of his campaign an attack upon the suppression of important information. During a speech at Mount Clemens, Mich., on October 26, 1960, the then Senator Kennedy declared that in America "the people, if they are armed with the truth, can be trusted to make the right decision." He stated that if "we are to make the sacrifices that are necessary to meet the challenge of the 1960's, we need to know the truth, the bad news as well as the good."

Senator Kennedy closed that speech by invoking the Biblical injunction:

> Ye shall know the truth, and the truth shall make ye free.

In another speech, in Philadelphia, just a week before the election, Senator Kennedy declared firmly:

> I have the utmost confidence in the American people to face all the facts, however harsh, and to provide for them.

These statements by President Kennedy cannot be reconciled with Acting Secretary Gudeman's pronouncements, and I cannot believe that President Kennedy is aware of the contents of the Gudeman report. If this report were called to the attention of the President, I am confident that he would repudiate the Gudeman report, unless he has drastically altered his views since 1960.

We in the Congress who trust the people, who believe in the right to know, and who desire congressional committees to be able to get the information they need to do a proper job, should—and must—do the same. We should take the position which the President took in his campaign speeches in 1960, and against the position taken in the report submitted by Acting Secretary Gudeman.

Madam President, I hope the Senate will be given an opportunity to deal with this problem at an early date, and that both the committees to which I have referred will give the subject their earnest attention.

Again I express my gratitude to the distinguished Senator from Alabama [Mr. SPARKMAN] for his generous cooperation today.

ORDER OF BUSINESS

Mr. MANSFIELD. Madam President, I ask unanimous consent that the Senate may proceed to the consideration of measures on the calendar beginning with Calenar No. 1567 and ending with Calendar No. 1575. Before the question is put, I may say that this procedure has been cleared on both sides of the aisle and with interested Senators. To the best of my knowledge, these measures are noncontroversial.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Madam President, has consent been given to the request for consideration at this time of the measures on the calendar beginning with Calender No. 1567 and extending to and including Calendar No. 1575?

The PRESIDING OFFICER. Yes, that request has been granted.

Mr. MANSFIELD. I understand that all of these are measures to which there is no objection. If there is objection to any of these bills, no action on the bills objected to will be taken.

The PRESIDING OFFICER. Pursuant to the order which has been entered, the Clerk will proceed to state the measures referred to.

Mr. MANSFIELD. Madam President, I ask unanimous consent that following the consideration of each of the measures referred to, excerpts from the committee reports and other appropriate material be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The first measure included in this group will be stated.

EXEMPTION OF FOWLING NETS FROM DUTY

The Senate proceeded to consider the bill (H.R. 6682) to provide for the exemption of fowling nets from duty, which had been reported from the Committee on Finance, with amendments, on page 2, after line 2, to insert a new section, as follows:

> SEC. 2. For the purpose of applying the provisions of sections 4218, 4220, and 6416 (b)(3) of the Internal Revenue Code of 1954, during the period beginning on January 1, 1955, and ending at the close of August 31, 1955, and for the purpose of applying the corresponding provisions of the Internal Revenue Code of 1939 for the period beginning on October 1, 1952, and ending at the close of December 31, 1954, with respect to the sale of a tube taxable under section 4141 of the Internal Revenue Code of 1954 or section 3404(b) of the Internal Revenue Code of 1939, as the case may be, to the manufacturer or producer of an article which—
>
> (1) was primarily adapted for use as a component part of a television receiving set;
>
> (2) was not a radio and television component taxable under section 4141 of the Internal Revenue Code of 1954 or a chassis taxable under section 3404(b) of the Internal Revenue Code of 1939, as the case may be; and
>
> (3) was sold to a manufacturer or producer of television receiving sets taxable under section 4141 of the Internal Revenue Code of 1954 or section 3404(a) of the Internal Revenue Code of 1939, as the case may be;
>
> such article shall be treated as having been taxable under section 4141 of the Internal Revenue Code of 1954 or section 3404(b) of the Internal Revenue Code of 1939, as the case may be.

And, on page 3, after line 3, to insert a new section, as follows:

> SEC. 3. (a) Section 4216(f)(4)(C) of the Internal Revenue Code of 1954 (relating to the definition of local advertising) is amended by striking out "or appears in a newspaper" and inserting in lieu thereof ", appears in a newspaper or magazine, or is displayed by means of an outdoor advertising sign or poster".
>
> (b) The amendment made by subsection (a) shall apply with respect to articles sold on or after the first day of the first calendar quarter beginning more than 20 days after the date of the enactment of this Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended, so as to read: "An act to provide for the exemption of fowling nets from duty, and for other purposes."

The excerpt from the report (No. 1607) is as follows:

I. PURPOSE

The purpose of H.R. 6682 is to provide for the duty-free entry of nets or sections or parts of nets, finished or unfinished, of whatever material or materials composed, for use in taking wild birds under licenses issued by an appropriate Federal or State governmental authority.

Your committee has added two provisions to this bill. One of these provides for the period from October 1, 1952, through August 31, 1955, that under certain conditions television tubes could be purchased tax free for incorporation in television tuners and similar nontaxable articles which subsequently are sold for use in taxable television sets. Second, your committee's bill provides that local (usually cooperative) advertising which may be excluded from the sales price to which the various manufacturers' excise tax rates apply may include advertising in magazines and on outdoor advertising signs or posters.

LANDS HELD IN TRUST FOR THE JICARILLA APACHE TRIBE

The bill (S. 2971) to declare that certain lands of the United States are held by the United States in trust for the Jicarilla Apache Tribe of the Jicarilla Reservation, was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all right, title, and interest of the United States in and of the following described lands, containing 7.00 acres, more or less, situated within the Jicarilla Apache Indian Reservation in the State of New Mexico, are hereby declared to be held by the United States in trust for the Jicarilla Apache Tribe of the Jicarilla Reservation, New Mexico, subject to a reservation of the right of the United States to use so much of such lands, together with all facilities now thereon or hereafter installed by the United States, as shall in the opinion of the Secretary of the Interior be needed for the administration of the affairs of the tribe, and subject to a reservation in the United States of a right-of-way across any part of such lands which the Secretary of the Interior deems desirable in connection with the administration of the affairs of the tribe:

Township 30 north, range 1 west, New Mexico principal meridian (surveyed): Beginning at corner numbered 1 from which the southwest corner of section 15, township 30 north, range 1 west, New Mexico principal meridian, Rio Arriba County (surveyed), bears due south a distance of 11.142 chains and due west a distance of 15.651 chains; thence from corner numbered 1 due north a distance of 7.071 chains to corner numbered 2; thence due east a distance of 7.071 chains to corner numbered 3; thence due south a distance of 7.071 chains to corner numbered 4; thence due west a distance of 7.071 chains to the point of beginning, containing 5 acres, more or less.

Township 31 north, range 2 west, New Mexico principal meridian (surveyed): Beginning at corner numbered 1 from which the southwest corner of section 29, township 31 north, range 2 west, New Mexico principal meridian, Rio Arriba County (surveyed), bears due south a distance of 21.471 chains and due west a distance of 23.138 chains; thence from corner numbered 1 due west a distance of 3.162 chains to corner numbered 2; thence due north a distance of 3.162 chains to corner numbered 3; thence due east a distance of 3.162 chains to corner numbered 4; thence due south a distance of 3.162 chains to the point of beginning, containing 1 acre, more or less.

Also beginning at corner numbered 1 from which the southwest corner of section 29, township 31 north, range 2 west, New Mexico principal meridian, Rio Arriba County (surveyed), bears due south a distance of 26.043 chains and due west a distance of 23.138 chains; thence from corner numbered 1 due north a distance of 3.162 chains to corner numbered 2; thence due east a distance of 3.162 chains to corner numbered 3; thence due south a distance of 3.162 chains to corner numbered 4; thence due west a distance of 3.162 chains to the point of beginning, containing 1 acre, more or less.

SEC. 2. The Indian Claims Commission is directed to determine in accordance with the provisions of section 2 of the Act of August 13, 1946 (60 Stat. 1050), the extent to which the value of the title conveyed by this Act should or should not be set off against any claim against the United States determined by the Commission.

The excerpt from the report (No. 1608) is as follows:

PURPOSE

The purpose of S. 2971, introduced by Senator ANDERSON, of New Mexico, is to declare that 7 acres of Federal lands on the Jicarilla Indian Reservation in New Mexico shall be held in trust for the tribe. The lands are all within the boundaries of the reservation.

The lands covered by the bill were purchased by the United States in 1931. Improvements on the lands consisting of lookout towers, two cabins, and two concrete cisterns, were transferred to the tribe in 1953. The tribe desires the land for forest fire protection purposes in connection with its sustained-yield forest management program. The right to use the lands and improvements thereon in the administration of tribal affairs is reserved to the United States.

The bill contains a directive in section 2 to the Indian Claims Commission relating to a possible setoff of the value of the lands donated. This section conforms to the language in several other bills enacted by Congress making gifts of surplus Federal property to Indian tribes.

CONVEYANCE OF CERTAIN TRIBAL LAND FROM FOND DU LAC INDIAN RESERVATION, MINN.

The bill (S. 3018) to provide for the conveyance of 39 acres of Minnesota Chippewa tribal land on the Fond du Lac Indian Reservation to the SS. Mary and Joseph Church, Sawyer, Minn., was announced as next in order.

The PRESIDING OFFICER. There is an identical House bill. Without objection, the Committee on Interior and Insular Affairs will be discharged from the further consideration of the House bill, which is H.R. 10459, and at this time the Senate will proceed to the consideration of that bill.

The bill (H.R. 10459) to provide for the conveyance of 39 acres of Minnesota Chippewa tribal land on the Fond du Lac Indian Reservation to the SS. Mary and Joseph Church, Sawyer, Minn., was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 3018 will be indefinitely postponed.

The excerpt from the report (No. 1609) is as follows:

PURPOSE

The purpose of S. 3018 is to permit the Secretary of the Interior, with the concurrence of the Minnesota Chippewa Tribe, to convey 39 acres of tribal land on the Fond du Lac Indian Reservation to the SS. Mary and Joseph Church, Sawyer, Minn., for church and cemetery expansion.

EASTERN CHEROKEE RESERVATION, N.C.

The bill (S. 3224) to declare that the United States holds certain lands on the Eastern Cherokee Reservation in trust for the Eastern Band of Cherokee Indians of North Carolina was announced as next in order.

The PRESIDING OFFICER. There is an identical House bill, H.R. 11057. Without objection, the Senate Committee on Interior and Insular Affairs will be discharged from the further consideration of House bill 11057, and the Senate will proceed to consider the bill.

The bill (H.R. 11057) to declare that the United States holds certain lands on the Eastern Cherokee Reservation in trust for the Eastern Band of Cherokee Indians of North Carolina was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 3224 will be indefinitely postponed.

The excerpt from the report (No. 1610) is as follows:

PURPOSE

The purpose of S. 3224, introduced by Senators ERVIN and JORDAN of North Carolina, is to convey in trust to the Eastern Band of Cherokee Indians of North Carolina 22.71 acres of federally owned school land and improvements thereon.

CANCELLATION OF CERTAIN IRRIGATION CHARGES ON WIND RIVER INDIAN IRRIGATION PROJECT, WYOMING

The bill (S. 536) to approve an order of the Secretary of the Interior adjusting, deferring, and canceling certain irrigation charges against non-Indian-owned lands under the Wind River Indian irrigation project, Wyoming, and for other purposes was announced as next in order.

The PRESIDING OFFICER. There is an identical House bill (H.R. 3444). Without objection, the Committee on Interior and Insular Affairs will be discharged from the further consideration of the House bill, and it will be considered at this time.

The bill (H.R. 3444) to approve an order of the Secretray of the Interior adjusting, deferring, and canceling certain irrigation charges against non-Indian-owned lands under the Wind River Indian irrigation project, Wyoming, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 536 will be indefinitely postponed.

The excerpt from the report (No. 1611) is as follows:

PURPOSE

The purpose of S. 536, introduced by Senators HICKEY and MCGEE, of Wyoming, is to approve an order of the Secretary adjusting, deferring, and canceling certain irrigation charges against non-Indian-owned lands on the Wind River Indian irrigation project in Wyoming.

AMENDMENT OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938

The Senate proceeded to consider the joint resolution (S.J. Res. 201) to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed, which had been reported from the Committee on Agriculture and Forestry, with amendments, on page 1, at the beginning of line 6, to strike out "SEC. 316."; in line 7, after the word "section", to strike out

"316 (c)" and insert "(c)"; and on page 2, line 8, after the word "this", to strike out "joint resolution" and insert "subsection"; so as to make the joint resolution read:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 316 of the Agricultural Adjustment Act of 1938 is amended by adding thereto a new subsection (g) to read:

"(g) Notwithstanding the provisions of subsection (c) relating to the filing of a lease with the county committee, the lease and transfer of an allotment for the 1962 crop year shall be effective if, (1) pursuant to regulations issued by the Secretary, the county committee, with the approval of a representative of the State committee, finds a lease in compliance with the provisions of this section was agreed upon prior to the normal planting time in the county, as determined by the Secretary, or June 15, 1962, whichever is earlier, and (2) the terms of the lease are reduced to writing and filed in the county office in which the farms involved are located within twenty days of the days this subsection becomes law."

The amendments were agreed to.

The joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed.

The excerpt from the report (No. 1612) is as follows:

The Committee on Agriculture and Forestry, to whom was referred the joint resolution (S.J. Res. 201) to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed, having considered the same, report thereon with a recommendation that it do pass with amendments.

This joint resolution would extend the time for filing 1962 crop tobacco allotment leases for 20 days following its enactment.

Public Law 87-200 added a new section 316 to the Agricultural Adjustment Act of 1938 permitting the limited leasing of tobacco acreage allotments for each of the 1962 and 1963 crops. Section 316(c) provided that no such lease would be effective unless a copy was filed with the county committee prior to a date fixed by the Secretary of Agriculture not later than normal planting time. In some cases, through mistake or misunderstanding of the new provisions, the copy of the lease was not filed with the county committee within the prescribed time. Unless such mistakes are corrected the tobacco planted pursuant to such leases will be subject to marketing penalties. This resolution would extend the time for reducing such leases to writing and filing them with the county committee until 20 days after its enactment. It would not extend the time for entering into such leases, its only purpose being to correct situations resulting from late filing.

The committee amendments make purely technical corrections, and are not substantive in nature.

FEDERAL AGRICULTURAL SERVICES TO GUAM

The bill (S. 2121) to establish Federal agricultural services to Guam, and for other purposes, was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized to establish and maintain an agricultural program in Guam which will include such programs administered by the United States Department of Agriculture, hereinafter referred to as "Department", as are determined by the Secretary will promote the welfare of that island. This authority may be exercised without regard to section 25(b) of the Organic Act of Guam (64 Stat. 390; 48 U.S.C. 1421c(b)), or any other provision of law under which Guam may have been excluded from such programs. The Secretary is authorized to provide for such modification of any such programs extended to Guam as he deems necessary in order to adapt it to the needs of Guam. The program authorized by this section shall be developed in cooperation with the territorial government of Guam and shall be covered by a memorandum of understanding agreed to by the territorial government and the Department. The Secretary may also utilize the agencies, facilities, and employees of the Department, and may cooperate with other public agencies and with private organizations and individuals in Guam and elsewhere: *Provided,* That the number of employees of the United States Department of Agriculture stationed on Guam to carry out the purposes of this Act shall not exceed five at any one time.

SEC. 2. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act. The moneys appropriated in pursuance of this Act shall also be available for the purchase and rental of land, the construction or acquisition of buildings, for the equipment and maintenance of such buildings, and such other expenditures as may be necessary to carry out the purposes of this Act. Sums appropriated in pursuance of this Act shall be in addition to, and not in substitution for, sums appropriated or otherwise made available to the Department, and may be allocated to such agencies of the Department as are concerned with the administration of the program in Guam.

The excerpt from the report (No. 1613) is as follows:

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2121), to establish Federal agricultural services to Guam, and for other purposes, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill authorizes the Secretary of Agriculture to establish an agricultural program for Guam under a memorandum of understanding with the territorial government of Guam. Any program of the Department of Agriculture which will promote the welfare of Guam may be included in the program with any appropriate modification. The primary need is for technical assistance. The number of USDA employees stationed on Guam under the act at any one time would be limited to five.

The bill was requested by the Department of Agriculture and results from a survey made by USDA employees in 1956 and the recommendations in their report made in 1958.

INCREASE IN NUMBER OF COUNTIES UNDER FEDERAL CROP INSURANCE ACT

The bill (S. 2859) to amend the Federal Crop Insurance Act, as amended, in order to increase the number of new counties in which crop insurance may be offered each year was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the fourth sentence of section 508(a) of the Federal Crop Insurance Act, as amended (7 U.S.C. 1508(a)), is amended by striking out "in not to exceed 100 counties", and inserting in lieu thereof "in not to exceed 150 counties".

The excerpt from the report (No. 1614) is as follows:

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2859) to amend the Federal Crop Insurance Act, as amended, in order to increase the number of new counties in which crop insurance may be offered each year, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would permit Federal crop insurance to be offered in 150 additional counties each year. At present expansion is limited to 100 new counties each year.

Crop insurance is offered farmers in selected counties by the Federal Crop Insurance Corporation. This Corporation is wholly Government owned and provides all-risk crop insurance protection against unavoidable causes of loss.

In 1948 the crop insurance program was placed on a limited, experimental basis to gain experience and accumulate actuarial data. This was done by Congress because of the adverse experience the crop insurance program had from 1938 to 1947 when it was on a national basis. During this experimental period (1948–61) expansion to new counties has been limited. In no year during this period did the number of new counties allocated approach the 100-county limitation. The objective was the development of a sound program that could be operated on a national basis.

Although expansion in the last 14 years has been limited, the Department feels that the experience gained during this period is sufficient to justify a more rapid rate of expansion so as to provide more farmers with the protection provided under the all-risk crop insurance program.

MOVEMENT OF DISEASED ANIMALS

The bill (S. 3120) to amend section 6 of the act of May 29, 1884, was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Act of May 29, 1884 (23 Stat. 32), as amended (21 U.S.C. 115), is further amended by changing the period at the end of such section to a colon and inserting immediately thereafter the following: "*Provided,* That such livestock or poultry may be so delivered and received for such transportation and so transported and moved if the Secretary of Agriculture determines that such action will not endanger the livestock or poultry of the United States and authorizes such action, and such delivery, receipt, transportation, and movement are made in strict compliance with such rules and regulations as the Secretary of Agriculture may prescribe to protect the livestock and poultry of the United States."

The excerpt from the report (No. 1615) is as follows:

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3120) to amend section 6 of the act of May 29, 1884, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would permit the interstate movement under adequate safeguards of livestock and poultry affected with a communicable disease, if the Secretary of Agriculture determines such action will not endanger the livestock or poultry of the United States. Such action is now prohibited, except for certain diseases.

The Department of Agriculture, in requesting this legislation states that interstate movement is essential to an eradication program; tends to reduce slaughter indemnities as a result of the better salvage values resulting from wider slaughter markets; and allows for the movement of diseased animals to market instead of holding them at stockyards or elsewhere where they may expose other animals and disrupt normal marketing.

EXTENSION OF EXISTING CORPORATE AND EXCISE TAX RATES

Mr. MANSFIELD. Madam President, I move that the Senate proceed to the consideration of Calendar No. 1576, the corporate and excise tax rate extension bill.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes, which had been reported from the Committee on Finance with amendments.

Mr. MANSFIELD. Madam President, this measure, which now is the pending business, will not be given further consideration this afternoon, but it is being laid down now for the purpose of notifying the Senate ahead of time as to what the schedule on Monday will be.

In a few moments I intend to make a further announcement regarding the business of the Senate for next week.

LEGISLATIVE PROGRAM

Mr. KUCHEL. Madam President, I shall be grateful to the distinguished majority leader if he will indicate what business he proposes to schedule for the Senate for next week.

Mr. MANSFIELD. Madam President, in reply to the question asked by the distinguished acting minority leader, let me state, both for his information and for the information of the entire Senate, that the leadership anticipates a strong possibility that a health-care bill for older citizens which adheres to the social security principle will be offered as an amendment to pending legislation, toward the end of next week. This bill will, in my opinion, be the product of the combined efforts of Democrats and Republicans who will have worked together with understanding, diligence, and restraint to incorporate the separate approaches which they have heretofore pursued in trying to find a solution to this problem.

Let me say that I shall be delighted if such a bipartisan approach develops. The whole Nation has long recognized that in connection with the cost of health care there exists a serious national problem which weighs most heavily on older people of limited means and on their children. What we have heretofore lacked has not been a sympathetic understanding of this problem; I daresay that all Members of the Senate, who have available, at very little cost, the finest Government hospital and medical service as part of their job-rights, can appreciate this problem as it affects those who do not have adequate means for adequate hospital care. What we have heretofore lacked has been, not understanding of this problem but, rather, an effective and acceptable legislative approach to this problem as it involves the citizens of the Nation.

There is reason to hope that this approach will now be found. I anticipate that the amendment which is likely to be offered, as I have noted, will safeguard the social security principle, thereby insuring that hospital care will come as a matter of hard-earned right to older citizens, just as do their monthly social security checks, and thus relieve them, with dignity and decency, of a part of the financial worry which now attaches to serious and prolonged illness. At the same time, the amendment may provide further assistance to several million additional citizens who, because they are not presently under social security, would not have been covered by the original King-Anderson approach. This new approach may also provide a significant role for nongovernmental agencies in administering the program and offer consideration to the possibility of multiple plans.

The amendment, which probably will be offered, I am sure, will set forth a sound approach to the critical question of hospital care for older citizens, and will go far toward meeting the objections which heretofore have been expressed. If this can be worked out, it will be a significant legislative achievement which would not have been possible without the understanding, perception, and restraint of the distinguished Senator from New Mexico [Mr. ANDERSON] and other interested Senators on both sides of the aisle.

I hope that the Senate will give this measure, when it is introduced, the most careful consideration and act on it one way or the other. I say that notwithstanding that it would have been preferable as a matter of legislative procedure had the House moved first. But, Mr. President, we have waited and waited for the House to act, and it has not acted. We may feel inclined to wait longer, but illness does not wait. Hospital bills do not wait. I do not know what the House may do in the weeks ahead and I do not wish to prejudge the other body's action. But whatever the House may or may not do, the Senate's duty is clear. It is to face this issue now even as millions of citizens are face to face with the grim realities of the problem. If the Senate wishes to register what I believe is the deep and direct concern of these citizens in this issue—even as the President has already expressed it—then the amendment which I anticipate and hope will be offered next week will provide the opportunity.

Prior to taking up the consideration of the Health and Welfare Act, to which these proposals may well be appended, it is the intention of the leadership to call up, as has already been announced, Calendar No. 1576, House bill 11879, the corporate and excise tax extension bill, for Monday; and following that, such other acts with a time limitation as the Sugar Act, the act authorizing an increase in the public debt limit, the Renegotiation Act, and any others which may fall in that category.

Mr. KUCHEL. I thank the distinguished Senator. Under the schedule which he has outlined, does he contemplate scheduling late in the week the legislation in which the problem of medical assistance or hospital assistance to the aged would become the relevant issue?

Mr. MANSFIELD. The present intention of the leadership is to take it up the latter part of next week.

Mr. KUCHEL. Does the majority leader intend to schedule a meeting for Saturday one week from today?

Mr. MANSFIELD. My guess at the moment would be "Yes," because the legislation which has a termination date of June 30 is piling up. It will depend in large part on how expeditiously the Senate as a whole faces the challenge of the bills which will be coming up before us this coming week.

Mr. KUCHEL. A number of leaders in my party are scheduled to meet with General Eisenhower in Gettysburg the coming Saturday, and it will pose a problem for them, since it is a long-standing engagement. I simply want the RECORD to show we will be faced with that problem.

May I ask whether the majority leader can give us any enlightenment as to the possibility of evening sessions during the week?

Mr. MANSFIELD. First let me say that it is almost a tradition in the Senate for this body to meet on June 30, because of the importance of that particular date. I realize that it might be inimical to the best interests of Republican leaders if they missed out on a visit to Mr. Eisenhower at Gettysburg; but, if my memory serves me correctly, this morning's papers carried a story to the effect that he had been in Washington last night, and I assume met with the Republican leaders at that time——

Mr. KUCHEL. That is a sound, logical assumption.

Mr. MANSFIELD. Perhaps General Eisenhower, in view of the difficulties which confront his party colleagues in this body, might consider making a return visit to Washington to help take some of the burdens of responsibility off the Members who have such great burdens at this time, and give him some reason to say he was willing to meet with his party people at least halfway. That is the situation as it is developing.

I have forgotten the second part of the question.

Mr. SALTONSTALL. With respect to evenings.

Mr. MANSFIELD. Evening sessions would depend on circumstances. I hope we could complete our business within a reasonable time. The decision is not mine; it is the Senate's collectively.

Mr. KUCHEL. I assume, therefore, the able majority leader intends, at the very least, to consider seriously a Saturday session for 1 week from today.

In addition, I wonder if the Senator will inform the Senate, in this colloquy, what his plan is for the week following next week, when July 4 occurs, on Wednesday.

Mr. MANSFIELD. It is anticipated that we will be on the communications satellite bill when we are through with these temporarily most important measures; and it is anticipated also that, once we get back on that bill, after these matters of immediate concern are disposed of, we will stay on that measure for some time.

So far as the Fourth of July is concerned, there will be no business in the Senate that day, but that is the only day I can think of between now and possibly Labor Day when a day will be had off in the middle of the week.

Mr. KUCHEL. Sundays, of course, not being considered in the statement of the distinguished majority leader?

Mr. MANSFIELD. The Sabbath day occupies a special significance in our history.

Mr. SALTONSTALL. Madam President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. SALTONSTALL. When the Senator refers to public welfare-public assistance, I assume he is referring to Calendar No. 1549, H.R. 10606.

Mr. MANSFIELD. Calendar No. 1549. That is correct.

Mr. SALTONSTALL. Does that have a termination date to it? Is that an emergency measure?

Mr. MANSFIELD. Yes; it has a termination date of June 30.

Mr. KEATING. Madam President, I want to say a word in commendation of my distinguished colleague for the effort being made to arrive at what might be called a bipartisan measure with reference to health care.

I find some objections to the King-Anderson bill in its present form. Perhaps I should say the Anderson-King bill. I think there has been a great lack of appreciation in the general public's eyes of the contribution made by our own colleague. But I do recognize the need, as I think many of us do, for a better, more adequate provision for medical care for our older people; and I believe it is possible to arrive at a measure which will have wide support.

I fear that if anybody gets his back up, and if there is an intransigence on any side, we will not come up with constructive legislation. So I welcome the statement the distinguished Senator has made that an effort will be made to try to reconcile the views that many of us hold who find many good things in the Anderson-King bill, but who feel it needs some modifications. I hope it will be possible to enact some legislation in this vital field.

Mr. MANSFIELD. I deeply appreciate the spirit in which the Senator has uttered those words, because it augurs well for a meeting of the minds and the possibility for the creation of a bipartisan measure which will contain the best elements in the number of proposals which have been made.

Mr. ANDERSON. Madam President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. ANDERSON. I appreciate the fine statement of the Senator from New York, and I particularly appreciate the statement he made that he hoped people would not get their backs up. I assure him that I will not get my back up. I am open to suggestions of every kind and character. I do, however, feel that I will not retreat an inch on the question of social security financing, because I think it is an essential part of any legislation we may enact in this field. There can be an expansion made outside the area where people are now covered by social security, but I realize that the Governor of the State so well represented by the distinguished Senator from New York indicated some things he thought were wrong with the King-Anderson measure. Those matters have been and will be closely studied. Before a bill comes up to which an amendment is offered on this subject, we will have full discussion on the part of the minority side, particularly the Senator from New York [Mr. KEATING], the Senator from California [Mr. KUCHEL], and I see the Senator from Massachusetts [Mr. SALTONSTALL] on his feet. A Representative in Congress from his State has issued a statement with reference to the question of medical care which impressed me very much as a sound approach.

All of those things, I hope, will be carefully kept in mind in regard to any amendment to be offered in the Senate.

I assure the Senator that I do not have so much mind but that I cannot change it in regard to things which look to be possible impediments to the passage of the bill. To use one example, the able Governor of New York suggested that the money to finance what we may decide to do should be put into a special fund. I suggested it should be put into a special account. Personally, I do not believe there is much difference between a special account and a special fund. I find there are people who attach great significance to that question. Therefore, I am quite willing to surrender my own views and to accept the views of those who believe it should be a special fund.

In that spirit I hope we can write a good bill.

Mr. KEATING. Madam President, I wish to say that in all my dealings with the Senator from New Mexico [Mr. ANDERSON] I have never found him to be one who "gets his back up." He is always amenable to discussion. I hope very much that the plan outlined will result in fruitful legislation.

Mr. MANSFIELD. Again I state my appreciation for what the distinguished Senator has said.

ADDRESS BY DWIGHT D. EISENHOWER

Mr. KUCHEL. Madam President, in war and in peace, at the White House or at his farm at Gettysburg, as a private citizen Dwight D. Eisenhower speaks as he has always spoken, from a unique background of devoted duty to the American people and to the cause of peace and justice around the globe.

Last night the former President spoke to his fellow Republicans and to the people of America at a Republican dinner in the Nation's Capital. His address is timely. His words are incisive. They deserve the careful study of my colleagues in the Senate and they will merit study by all the people in the United States. I am most proud to ask that the text of General Eisenhower's address last night be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF GEN. DWIGHT D. EISENHOWER

Fellow Republicans, on occasions of this kind, most of us are accustomed to speakers who use exaggeration and frenzied rhetoric to stir us up against the common political foe. Tonight we have no need for either forensic device. The realities facing our country today are packed with drama, as just a few facts made clear.

Our national economy has become uncertain, fearful, ill at ease.

Stock prices have plummeted by scores of billions, to the consternation of the investing public.

Persistent unemployment, in spite of promises of the late campaign, remains, as in past years, a cancerous problem in many areas.

The Nation's rate of economic growth, so bitterly criticized 2 years ago, falls behind the rate of prior years.

The adverse balance of payments and outflow of gold are still gnawing concerns and, if present policies persist, could grow worse. Federal spending is still pushing rapidly upward. Revenues falls short. Deficits grow larger. Confidence, at home and abroad, weakens.

These are ugly splotches in the beautiful picture of the economic future painted for us in 1960 by confident New Frontiersmen. Today these blemishes can no longer be blinked or ignored.

The end of this is not yet.

Recently we were told that next year the administration will increase spending still more, yet will simultaneously cut taxes. Here is political paradise! It suggests that if only we can get the Government to spend fast enough, we can soon do away with taxes altogether.

Such untoward developments have prompted some to advocate the election of Republicans not primarily because these people believe our leaders and our programs are worthy, but merely because they think we cannot possibly do as badly as the Democrats.

If this purely negative approach should be our only claim to support this year, I, for one—and, I believe, the vast majority of our citizens—would be deeply resentful.

So I trust that Republicans will never succumb to a sterile negativeness. Mere resistance and complaint, and criticism of the mess back in Washington, will never be enough. Happily, we have programs that are truly constructive, and a leadership competent to serve the Nation's needs.

These programs make sense. They are not only positive, progressive and responsible; they are also salable. But to sell them we have got to work day and night. We should not spend too much time, manpower and money bewailing the glaring failures of the opposition.

By this I do not mean that there is not room for—indeed, a need for—rational, responsible criticism.

The American people know this. They expect us to criticize. They want us to protest. It is our duty to do so—always vigorously, but always fairly, and always responsibly.

To list all examples of political maladministration, malfunctioning and maladjustment in Washington is here impracticable, but to mention a few will help us understand better how profoundly Republican and Democratic philosophies differ.

Quite obviously, this administration is floundering—thrashing aimlessly and a bit desperately about—in the surging financial, fiscal and economic currents of our times. Its difficulty appears to stem primarily from an inadequate understanding of our American system—of how it really works, of the psychological, motivational and economic factors that make it ebb and flow.

One cannot doubt that the principal figures in official Washington today are academically proficient. As the administration modestly asserts, it is sophisticated. But its actions have started the whole Nation to question its ability to comprehend.

For instance, the Administration seems almost driven to alienate major elements of the business community. Even in its speeches, which are publicly advertised as friendly toward business, menacing language somehow has to appear. Indeed, the official administration posture can be interpreted only as: "Business, get friendly—or else."

Additionally, the administration is publicly disgruntled with the entire medical profession, and has apparently persuaded itself that doctors are against people.

We find newspapers blacklisted for failing to handle news White House style. We hear that reporters are verbally spanked for writing critical passages. The administration even annoys a growing faction within its own party, including many southerners in the Congress.

Now all of us are taken to task by references at Yale a few days ago to myths and incantations. Particularly we were admonished to stop living by cliches. One so singled out was the virtue of the balanced budget. Let us consider this one a moment.

America has always held that it is honest to pay one's bills—dishonest to repudiate them. So we have thought a balanced budget was not simply a basic requirement for sensible government but a hallmark of honesty as well. But now, are we to throw out—as a myth or as a cliche—Ben Franklin's old adage, "Honesty is the best policy?"

Perhaps what is now called sophistication will indeed destroy all hope of a balanced budget. But Republicans will continue to believe that it is bad for America to stop practicing frugality, prudence, and self-discipline.

This use of the word "sophistication" seems to include quite a number of things. Among them, apparently, is a planned economy—that is, the Central Government should undertake to fix prices, determine the appropriate level of profits, control wages directly or indirectly, and otherwise manipulate and guide the economy. Recent events suggest it also means that Government has the right to use the FBI, the Internal Revenue Service, the Defense Department, the Justice Department, as well as the White House, to control labor-management affairs, especially to dictate the economic decisions of management.

Well may we ask: In all such matters is a Federal club of reprisal to be held threateningly over the heads of citizens, ready for instant use, with or without sanction of law? Is the only authority needed for the club's use an Executive assertion that this is in the public interest?

Sophistication of this kind can penetrate into many fields—iron control by a Federal bureaucracy over every farm decision—the usurping of the responsibilities of the States—spending more and more every year from the National Treasury regardless of fluctuations in the national income. At all events, we know from the Yale address that the full potential of sophistication will be realized when we redesign Federal bookkeeping to make today's dull deficits appear tomorrow as bright surpluses.

One sharp-penciled New Frontiersman, I am told, recently computed that more than $18 billion—20 percent of the present Federal budget—ought to be lumped together and charged off as capital investments. In this way the administration could develop a real bookkeeping surplus. But sophistication abruptly halts here as we crash into the obstacle of how to pay for the "written off" $18 billion. Such a performance strikes me as something less than sophistication—rather it looks like oldtime medicine show skulduggery—now made respectable by top hat and tails.

But let us hurry to a few other things that baffle and amaze the unsophisticated.

We learn that we should give to one man rather than to the Congress the right to cut income taxes and undertake vast public works. We learn that one regulatory agency should be permitted, independently of our courts, to interdict any business activity it finds distasteful. We hear and read much about a ponderous system of medical care, which for some millions of people will provide help that is not needed, for a few million others will give inadequate help, and for still other millions will give no help at all. In the meantime, it would overburden and possibly founder the Social Security System.

Is it, indeed, a yearning for sophistication that impels us to include in our vast space expenditures huge sums for low-priority projects? Estimates for space exploration are already reaching almost four thousand million dollars a year and will shortly reach seven thousand million dollars a year—all this while urgent needs on earth must go unattended and our fiscal affairs are in serious disarray?

Clearly such administration policies and deeds invite our extensive criticism; we shall not neglect this critical function in our free society.

But what contrasting principles and programs do we Republicans offer?

My friends, the principles we follow are profoundly significant to free Americans. They are founded in an unshakeable faith in the people of our country. It is this faith that makes us cleave to constitutional government, that leads us to maintain a diffusion of power, to respect the checks and balances on the national level, to work for strong, effective government on lower levels, and always to keep government as close as possible to home and community.

It is likewise our faith in the individual that incites us to be vigilant sentinels of liberty. As such we fight, as against a plague, the whole host of national planning and spending schemes that would destroy the enterprise and individuality of our people.

So our Republican programs are citizen oriented, not state oriented. They reflect our certainty that it is the individual citizen back home, not the far-away bureaucrat, who knows best how to meet the needs of himself and his family.

What, then, are some of the Republican programs that evolve from the principles which I have just stated in general terms?

I cite just a few.

As for matters projecting beyond our shores, I simply reaffirm this truth—Republicans will do their part, in recognition of the constitutional responsibilities of our elected President, to maintain the bipartisanship approach in foreign affairs which, with minor lapses on the part of both parties, has prevailed since World War II.

Essentially this approach is one of advancing justice, freedom, peace, and human betterment everywhere in the world. It presumes continuation of our worldwide systems of alliances; our great interlocking defensive measures; the courage to stand firm against Communist bluster and force; and a never-tiring quest for peaceful resolution of the great issues tormenting mankind, leading, we prayfully hope, to universal disarmament at some future time.

On the military side of our security efforts, we Republicans will continue to work across the political aisle for strength unencumbered by waste, and strength not bloated by hysteria. Here I must record my personal belief that substantial amounts in our current defense budgets reflect unjustified fears, plus a reluctance in some quarters to relinquish outmoded concepts. Accordingly, I personally believe—with, I am sure, very little company in either party—that the defense budget should be substantially reduced. At least, all America understands that every defense dollar wastefully expended, that every defense dollar needlessly appropriated, weakens this Nation. It is always necessary to examine critically these appropriations and to stop assuming that mere spending means increased strength.

Turning to fiscal and economic affairs, we Republicans, here, sharply divide from the opposition.

We are steadfast in our insistence upon balancing the Federal budget in all but emergency periods. Indeed, we see dedication to balanced budgets as one measure of responsibility in political leadership. We reject the New Frontierism that this effort is no longer desirable. I deeply regret the administration's apparent change of heart on this point. It bodes ill for America.

Now as to tax reform, and its counterpart, spending reform, nothing could be more beneficial to America at this moment than a tax bill so designed as to rebuild confidence in the consuming public and among investors—provided always, however, that such legislation is accompanied by a clear reduction in Federal spending. To the Republican Party, it is simply irresponsible to keep spending ourselves ever deeper into debt.

The adverse balance of payments and gold outflow are likewise gravely significant. Here some of our immediate problems are, first, to induce our allies—particularly those which have profited measurably from our help—to do more to help carry the burden of the common defense and foreign assistance; next, to subject our spending programs to the scalpel; next, to generate more exports for America. Unless corrective measures are taken, and swiftly, fiscal calamity must be the eventual consequence. We Republicans are already enlisted in these urgent efforts. Hopefully we await a like determination on the part of the administration.

Concerning education, here we stand for temporary help, according to need, for the building of elementary and secondary classrooms. We are not for using Federal funds for operating costs, not for broadcasting tax dollars nationwide regardless of local effort or necessity, and not for undertaking a permanent Federal responsibility in this construction area. Republicans are behind the concept that whatever is done in education must be meticulously circumscribed to preclude any possibility of Federal control.

In agriculture—we demand that the ground rule be not only economic health but also the return of freedom. We believe that whatever would further constrict the farmer's freedom is headed in the wrong direction, that whatever moves toward restoring his freedom has at least a presumption in its favor.

Thank heaven that viewpoint prevailed yesterday in the House of Representatives. I salute Charlie Halleck and Charlie Hoeven, our other House Republicans, and the band of courageous Democrats who joined with them in defeating the legislative monstrosity that was based upon a ruthless concept of ruling or ruining American agriculture.

As to human welfare, Republican programs are a marriage of head and heart.

This is evidenced by our great expansion between 1953 and 1961 of social security coverage and unemployment insurance, as well as increases in their benefits. We blended these advances with attempts to reduce public assistance payments made unnecessary by the broadened social security coverage. We oppose the dole approach, the paternalistic approach, the shepherd of the people concept, which seem to hold so much appeal for our opponents. We Republicans insist that welfare efforts should strive constantly to build self-reliance, initiative, and self-respect, not destroy them.

We believe that all such must be administered with painstaking care to avoid abuses harmful both to the recipient and the taxpaying public.

Republicans stand for partnership, not Federal monopoly, in many aspects of public affairs—for example, water resource development. We are for effective and diligent but not vindictive enforcement of antitrust statutes; for labor-management negotiations kept free of Federal domination; for helping the aged meet the crises of catastrophic illness but avoiding compulsory participation in programs of medical care; for giving needed aid to colleges to help them meet exploding enrollments; for continuing civil rights advances with a responsible appreciation of the profound sensitivities with which this area has always been charged.

As to the power-concentrating trends of New Frontier legislation—Republicans are as united in resistance to these as we are united in support of efforts to keep the power of Government properly balanced and diffused. In this posture I believe our party is four square with the American people.

This is why, my friends, it is so important that we work as we have never before worked for increased Republican strength in both Houses of Congress. Our first objective is to win control of the House of Representatives.

It is not to win power for its own sake that we must strive for these gains; neither is it to satisfy anyone's personal ambition. Rather, we are attempting to assure governmental results in harmony with the principles I have outlined.

As for us Republicans, we are simply trying to do for our country, not trying to have it do more and more for us.

If America is to stay free—if our Nation is to stay solvent—if local government is to survive—if the worker and his family are to be able to do for themselves, to acquire more for themselves, and to bequeath to their children an America burgeoning with opportunities—I believe that the first great step is for Republicans to win the congressional elections this fall. A sure-footed and dedicated Republican Congress can help preserve the necessary balance and perspective in Government—even as our forefathers intended.

Now, my friends, one final thought. Recently I read that the word "victory" has been expunged from certain New Frontier dictionaries. Personally I—and I think all Republicans—still like the word.

So starting tonight, let's set out on an unremitting campaign, with all our talents, all our numbers, all our resources, to make certain that victory will be ours—victory in 1962—and then, victory in 1964.

SENATOR FROM KENTUCKY: JOHN SHERMAN COOPER

Mr. PELL. Madam President, the May 1962, edition of Harper's magazine had a most interesting article by Mr. William S. White about the distinguished Senator from Kentucky, JOHN SHERMAN COOPER. I commend both Mr. White upon his accuracy and his warm and excellent style of writing and Senator COOPER upon his being the fine and rare kind of man who could evoke such praise from such a knowledgeable and longtime observer of our Senate.

I know of the distinguished manner in which the Senator from Kentucky represented us in India where he earned the respect of Prime Minister Nehru and literally millions of Indians. Regarding his work in the Senate, we all have had the honor of gaining firsthand knowledge. It is no understatement to say that his integrity and dedication to what he believes to be right is as solid as the mountains of his native Kentucky.

Madam President, I ask unanimous consent that the article entitled "Public and Personal," by William S. White, be printed in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHAT MAKES JOHNNY (COOPER) WALK

(By William S. White)

(If any Senate Republican can prevent BARRY GOLDWATER from taking over the party, it may be the quiet gentleman from Kentucky.)

WASHINGTON.—Among the choir of voices within the GOP now competing in a very cacophony of self-criticism over the broad, stoic back of Old Papa Elephant, one of the best voices of all is being little heard and less regarded.

This is the troubled, hesitant baritone of what—to borrow a phrase from the sloganmakers of televisionland—I shall call the thinking man's politician: Senator JOHN SHERMAN COOPER, of Kentucky. COOPER is the damnedest fellow in his arduous profession. He is a philosopher in politics. But his bent for high and often moody cerebration, plus his spectacular inability to be a good fellow among the boys, not only fail to repel but in fact enormously attract the voters at home.

When, in 1960, he last went to bat in Kentucky (after some shaky starts at the polls earlier in his Senate career) he returned with the biggest majority ever given by Kentuckians to any candidate for any kind of office. All of the State's presidential landslide records he easily surpassed. Not even the redoubtable and nearly irresistible extrovert, Alben Barkley, the late Veep, of fond memory, had ever done nearly so well as did this classic introvert, JOHN SHERMAN, among the tough people, mountain and urban and blue grass, of the State of Kentucky.

Given the extraordinary circumstance that he literally never lies to anybody—not even in extremis to a random voter or stray pressure group—the question "How does COOPER do it?" positively begs an answer. But I confess at the outset that I will not even try to answer this plaintive query. I did make an early pass or two at it, by talking to friends full of the lore of Kentucky. But they only told me, most earnestly and also rather mystically: "Don't you see, they understand JOHN SHERMAN down in Kentucky?" Somehow, I could not see too well; so leave all that to the experts in Kentuckiana. Let the record simply show that COOPER does do it.

What I will try to show here is what makes Johnny walk—this JOHNNY who is, in every sense, the antithesis of the Sammy who ran so hard in Budd Schulberg's novel. COOPER walks, not runs, even in times such as the present when, profoundly concerned at what he believes to be a vital and possibly mortal struggle for the mind of the Republican Party, he feels deep private urgency and alarm.

In his quiet way he is attempting to provide a rallying point for those parts of the Republican Party—call them liberal or moderate or whatnot—which he fears are being outtalked and possibly outmaneuvered by the gusty virility of what is now called Goldwater Republicanism. Absolutely incapable of screaming in order to make any point, COOPER is also incapable, really, of even talking very loudly to the same purpose.

His calm—and, at the moment also somewhat gloomy—view is that the GOP right and far right are taking the party down not only a politically dangerous road, but also a wrong road. (COOPER, for all his essentially philosophic orientation, speaks words like "right" and "wrong" with the firm simplicity of the mountaineer. This is notwithstanding that he is one of Washington's most sophisticated men and was worldly enough to get along well as Eisenhower's Ambassador to one of the most cynical of all the great powers, Nehru's India.)

Thus he has set himself, from a sense of duty and not of personal pride, as GOLDWATER's most earnest—if not loudest—antagonist within the Senate wing of the Republican Party. He has not gladly entered this combat. For, like practically everybody else known to me, he likes BARRY GOLDWATER and admires both his strong self-assurance on the issues of the day and his high quotient of courage and candor. In a word, there is no hate or hissing dislike between these two contenders. They simply deeply disagree.

HOW MUCH HIS "FAULT"?

There is no need to say which antagonist is receiving greater attention. Nor is it hard to predict which will continue to receive it. For GOLDWATER, as effectively extrovert as Alben Barkley, is a far more natural politician. And in any kind of public meeting—including the Republican National Convention of 1964—he would far outperform COOPER in practical politics.

Moreover, the amazing capacity of JOHN SHERMAN COOPER to influence the voters of Kentucky has not, to date anyhow, been paralleled by COOPER influence in the Senate. Though detached observers of the Senate invariably give him high marks—for integrity, for ability, for courage most of all—he is no powerhouse in that body, nor in its Republican minority. He is in fact a minority man within a minority—and of course knows as much—for reasons that are in some small ways partly his "fault" and are in the larger sense inevitable.

The orthodox Senate Republicans so far give him all of their respect, much of their affection—and very little of their time. Of course, he has hardly a chemical trace of the joiner's blood. Too, his cast of mind is essentially judicious, in a forum where the quality of objective fairness is, so to speak, not universally prized. Again, he shrinks from that self-assertiveness which is so characteristic of Senate successes—outside the southern wing—however blandly it may be covered over. In manner and personal grace he is a southerner, but politically he is a strictly nonsouthern representative of a border State in a party which tends to prefer its southerners to be excessively southern-southern Democrats and its border State people to be far more tractable than JOHN SHERMAN COOPER cares to be.

Beyond all this, however, COOPER's Republicanism is distinctly not the dominant Republicanism of the Senate. Congressional Republicanism for many years has been a breed apart from that national Republicanism which nominates—and sometimes actually elects—Republican candidates for President. Though its great exemplar, Robert A. Taft, is long dead, a certain variation of Taft Republicanism still hold the mind and heart of congressional Republicanism. And it has that hold to an exceptional degree just now precisely because of those curious ills which beset the Republican elephant and which cause the oddly humble muttering of self-analysis now going on within the party. For, the more pressing and complex its problems may become in a time of Democratic control of the White House, such as this, the more faithfully will orthodox congressional Republicanism cling to the known brand of leadership and familiar symbols of the past.

This may seem pretty psychoanalytical stuff; all the same it is true. Cooper therefore faces an odd conflict. He is convinced that Goldwater Republicanism—which has now to a degree superimposed itself upon Taft Republicanism—is leading the party to disaster in 1964, if not in this congressional election year. He is not a rebel against Taft Republicanism, as such. He is in revolt against a Taft-cum-Goldwater Republicanism which he believes is decent but oversimplified, and, worse yet, not even authentic Republicanism—as he sees it, looking down the long past of his party.

In talking to Cooper, one has understandable difficulty in pinning him down to sharp definitions of what is proper and what is improper Republicanism. Being an intellectually honest man—and politician—he knows that such definitions are very hard to come by, and even harder to expound and defend in detail.

WHAT HE BELIEVES

Still Cooper understands what he is talking about. His conviction is that the true Republican Party was fairly well typified by Lincoln, by Theodore Roosevelt and by Eisenhower. It is and should be more prudent than the Democratic Party but need not therefore be either unimaginative or so enamored of the past—or of balanced budgets, for that matter—as to foreclose the present and mortgage the future. He shudders at past examples of Republican isolationism, believing these to be aberrations which no Lincoln, no Theodore Roosevelt, no Eisenhower, would have tolerated.

He strongly believes that the Republican Party, because it is not bedeviled by Mason-Dixon line trouble, is the natural instrument for promoting civil rights. This view, parenthetically, has helped to isolate him from the orthodox Republicans, both because they are in far less hurry about civil rights than he is and because he has been thrown into close association with such wholly non-Republican Republicans as Senators Javits, of New York, and Case of New Jersey.

He also strongly believes that the Republican Party really does care more about States rights (in what to him is their proper sense) and local responsibility than does the Democratic Party, nationally. Finally, he is convinced that the Republicans are more concerned with fiscal soundness than are the Democrats. To put the thing crudely, he believes that the Republicans ideally can dot it better "it" being the promotion of national interest and international stability—and can do it cheaper.

Therefore, what he is trying to do is to avoid a polarization of the GOP around this double center: (a) The attractively simple but wrong foreign policy ideas of Goldwater; and (b) those civil rights and social welfare ideas of many orthodox Republicans that are in practice so close to the conservative southern Democrats' beliefs. He can be described, in a catch-as-catch-can way, as a "liberal" Republican; except that his personal commitment to responsibility far outruns any personal commitment to reform.

Cooper's task is to prevent Goldwater Republicanism from becoming inextricably embedded in Taft Republicanism and so producing a condition of party sterility. How well—and even how—he will perform it he does not pretend to know. In recent months his mail has given him no cause for cheer. He has been at the receiving end of a large flow of steaming missives from right and far-right Republicans demanding to know why he doesn't get in there and help Goldwater save party and country. Some of these even come from rockbound, Cooperbound Kentucky.

Temperamentally unable even to contemplate undertaking a loud, positive, and purple personal "crusade," he can only go the way he knows. This is the quiet, thoughtful way, preparing a reasoned speech here, raising a low and troubled occasional voice in Senate Republican caucuses and on the Senate floor, calling in unstrident tones upon the shades of Lincoln and Theodore Roosevelt and upon the still corporal image of Eisenhower.

THE M'CARTHY CASE

Whether he is right in his views on all this I do not know, nor much care; the politicians can take care of their politics. One thing anyhow is sure enough: There is more than one kind of success in politics. And one of those kinds, the rare success of esteem, is already firmly in the possession of Cooper, of Kentucky.

This form of success is late in arriving; but, once gained, very slow to depart. And Cooper has been overmatched before this and out-hit in every inning until the last one. He was, for example, one of the earliest of all Senators to perceive the dangers of McCarthyism—and one of the first to do the patient, unheadlined work to find a responsible means for dealing with it. Characteristically, he spoke of his objections to McCarthy where they would do the most good, among fellow Republicans whom he was patiently trying to persuade to do their duty—knowing that it was the Senate and not public rallies which must bring McCarthy to book. Characteristically, he told McCarthy's friends of what he was doing before proclaiming his courage and purity to McCarthy's enemies. Characteristically, he took much risk but received little credit. The same has been true of his action on many other delicate and thankless issues, labor reform among them. But he won in the end.

So, when it comes to that, maybe John Sherman Cooper, tall, graying, earnest, and hesitant, can take care of himself, if the past is any guide.

FOOD IS PEACE POWER

Mr. HUMPHREY. Madam President, we all are aware that one of the most important and one of the most pleasant jobs of a Senator is reading, digesting the material in the newspapers published in our States. This is a way for us to keep abreast of what is happening back home. This gives us an important insight into the feeling of our constituency on matters before the Congress—matters of national and international concern. And this produces on many occasions profound writing which would go unnoticed were we not to examine these newspapers.

I speak now not only of our large metropolitan papers, but also of our many smaller publications which provide an important public service to their communities. An example of the outstanding material which I find so often in our Minnesota press is a letter to the editor of the Becker County Record, which is published in Detroit Lakes, Minn. The letter is from Mr. Frank H. De Groat, a resident of Lake Park, Minn. Mr. De Groat was a delegate to the June 9 American Food for Peace Council regional meeting at the University of Minnesota. I had the pleasure of addressing this meeting.

In his letter, Mr. De Groat contends—as I so often have—that food, not military power, will win our peace.

Mr. De Groat asks how we can influence in Christian love anyone who has an empty stomach or a mother with a starving baby in her arms.

Mr. De Groat believes the Christian peoples of the world have failed to recognize the means God has provided to combat the godless political evil of communism.

> The responsibility is yours as an individual—

He writes.

> What is your answer?

I said in the Senate on June 14 that the food for peace program has been greatly accelerated, that we are beginning to utilize our abundance in a coordinated attack on hunger and poverty throughout the world. But I also stated—and this needs repeating—that three basic challenges to our generation, and perhaps to many generations to come, are represented by three tragic statistics of human need reported to me by the Library of Congress.

First, 83 percent of the world's people are underfed.

Second, 70 percent of the world's people are either sick or ill housed.

Third, 62 percent of the world's people are illiterate.

These figures are no less than tragic. Eighty-three percent of the world's people are underfed. Eighty-three percent—more than four-fifths of the human beings on this earth. And here we are with more food than we can use. We do not have a farm problem. We never have had a farm problem, except in those days when we have not had enough to feed our own people.

No, we do not have the problem. We have the solution. We have the solution to the problem of hunger, the solution to the problem of sickness, the solution to the problem of illiteracy—and, I might add, the program for peace.

Mr. De Groat writes that "today we may draw uneasy consolation from the knowledge that nowhere are conditions as bad as those described two decades ago. But mass hunger is still with us. Progress against this ancient enemy of mankind has not kept pace with the march of technology."

Madam President, I ask unanimous consent that Mr. De Groat's letter be printed in the Record. I hope it will be widely read and provoke serious thought as to how we can make this a better world for everyone through continued and expanded use of our most potent weapon—food.

There being no objection, the letter was ordered to be printed in the Record, as follows:

De Groat Reports on Food for Peace Meeting

To the Editor:

Covering the 1943 famine in China's west Honan Province, Time magazine correspondent Theodore White wrote:

"My notes tell me that I am reporting only what I saw or verified; yet even to me it seems unreal: dogs eating human bodies by the road, peasants seeking dead human flesh under the cover of darkness, endless deserted villages, beggars swarming at every city gate, babies abandoned to die on every highway. Nobody knows or cares how many refugees die. * * * Of Honan's 34 million we estimated that there have been 3 million refugees. In addition, 5 million will have died by the time the new harvest is gathered."

In that same year, nearly 20 years ago, famine struck the Bengal Province of India. No one knows how many Indians died of starvation; the estimates range from 1 to 3 million. An acquaintance of mine who was there at the time tells of "The constant rumble of trucks piled high with human bodies bound for mass graves at the edge of Calcutta."

Today we may draw uneasy consolation from the knowledge that nowhere are conditions as bad as those described two decades ago. But mass hunger is still with us. Progress against this ancient enemy of mankind has not kept pace with the march of technology.

I just returned from the world food for peace district meeting, sponsored by Governor Andersen of Minnesota. I have long been interested in this program so I appreciated very much having the invitation to be a delegate from this area to the world food-for-peace conference in the Midwest.

This is one of the most interesting conferences that I have ever attended and I have been to a variety of organization conferences.

We had two very good panel discussions, with active participation from the audience. Questions were asked that involved transportation of the relief foods, and distribution costs which to many people are not feasible, or are just not acceptable to the taxpayer of the world, especially the United States.

There were many very prominent people present, and I had the opportunity to meet them all and ask questions and discuss them. Senator HUBERT HUMPHREY gave the keynote address. I say I had to agree with him almost wholeheartedly, for the distribution of our feed grains, and also our cereal crops is a very vital food that we have in our possession that we have neglected to use for the cause of freedom.

I have often said that our supply was created by under consumption in a world where 70 to 80 percent of the world's people are starving or are under nourished. We are a Christian Nation, we often confess that all men should be treated equally and have equal opportunities; this I believe. Did you ever try telling this to a man that has never in his life had a good well-balanced meal, one who has never in his life gone to sleep at night without the feeling of hunger? As long as we continue to live in luxury by eating our $5 steaks and giving a generous portion to the dog, but leave this man and his family hungry, we will never be able to make him believe that our way of life is the way that God intended man to live.

How can you influence anyone in Christian love who has an empty stomach or a mother with a starving baby in her arms? This is a question that I cannot find an answer to. Did Stalin have the answer when he said to the starving people, "when you were hungry who fed you; was it your God?" No, it was the United Society of the Soviet Republics, that gave you the food that saved your children from starvation. They don't have a surplus of food in Russia, and they never have had to my knowledge.

What is the answer that you would give if you were obligated to make this decision; go without eating tomorrow, or keep your family from eating one day? Then what would your answer be?

We ask whether we should make food available to the people behind the Iron Curtain. When we say I am my brother's keeper does it mean that he must belong to the same political party, or do we mean all men wherever they may be; the latter is what I like to believe.

We fly the torch of freedom throughout the world, freedom from want, yet over half of the world's people are hungry.

Our newspaper headlines glow to the world, "Commodity Credit Corporation Holds $8 Billion Worth of Farm Surplus"; this is feed and cereal grain that we do not need. It is costing the taxpayer $1 million a day for storage. The Department of Agriculture must seek means of reducing the supply to relieve the burden on the taxpayer. We can spend $50 million to take one shot at the moon, and I don't know what we are going to do after we get there, but we must keep up with the Joneses in spite of the cost. Who is going to have control of the world, the man in the moon or the people of the world? What would you say if you lived in a nation of starving people and heard this story? I would prefer that we believe that love is the only true way to a world of peace. We can do this with what we have in food.

Let us spend some of the millions we are spending for grain storage, some of the millions we are spending for space exploration; let us tighten our belts and get back to earth and live with the people on earth; let us show the world that we believe in the brotherhood of man, let us not only have it as a banner to hide behind, while we spend millions to create a way to destroy mankind.

Many hours I have spent in meditation on this problem. I conclude that our ability to produce—also land—has been provided for us by God's creation. I also believe that we have especially been selected to provide for the needy of the world, for certainly there is no area in the world that could be provided with more means of sustaining Christianity with love and compassion than we have around us here in the Midwest.

I believe that food will win our peace, not our military power. I believe the Christian peoples of the world have failed to recognize the means God has provided to combat the godless political evil of communism.

The responsibility is yours as an individual, what is your answer?

Sincerely yours,

FRANK H. DE GROAT.

DETROIT LAKES.

Mr. HUMPHREY. Madam President, I call to the attention of the Senate an article by Mr. James Reston entitled, "The Big Economic Debate Never Came Off" which appeared in the June 21 issue of the New York Times.

The article calls attention to the fact that the careful discussion of national economic policy called for by the President in his recent speech at Yale is not taking place. Mr. Reston also calls attention to the fact that neither the Congress nor the press in this country has fully or seriously debated the economic problems of our Nation with sufficient thoughtfulness, seriousness or candor. I agree with Mr. Reston that more discussion should be engendered at the local level and I think his suggestion of a series of pamphlets to be made available to all existing social, service, educational and religious organizations is an excellent one.

Madam President, I ask unanimous consent that this article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE BIG ECONOMIC DEBATE THAT NEVER CAME OFF

(By James Reston)

WASHINGTON, June 21.—President Kennedy has called for a "sober, dispassionate and careful discussion" of national economic policy, but it is not taking place.

Instead, since his Yale speech, much of the discussion has been passionate, partisan and ideological, which is precisely the opposite of what he intended.

Part of the reason for this is that, while the President called for a separation of economic myth from reality, and of false problems from real problems, he prejudged the issue by implying in the same speech that he was the realist and his opponents the myth-makers.

This produced the inevitable reaction: his opponents immediately asserted that they were grounding their arguments in reality whereas the President was merely dredging up all the old liberal myths of the thirties and tacking on the biggest myth of all, that maybe deficits were good for us.

CONGRESSIONAL DOG FIGHTS

Probably the main reason why we are choosing up sides rather than discussing problems on their merits, however, is that the country is poorly organized for dispassionate debate.

It is a great place for a dog fight or an argument, or a series of anecdotes about Roger Blough, or Arthur Schlesinger, Jr., (who is supposed to be dragging President Kennedy into domestic socialism, but who really has almost nothing to do with national economic policy), but it is not geared for patient analysis of complicated issues which do not conform to the usual political and economic baloney.

The Congress, for example, does not debate economic policy in its widest terms. It merely argues politically on small segments of economic policy, depending on the bill of the moment. Under the parliamentary system of government, Kennedy's speech would not have been made at a university commencement, but at the opening of a 3- or 4-day discussion in which Kennedy's five main economic questions would have been carefully dissected and analyzed.

Such a debate illuminates the problems before the Nation. The best brains on both sides of the aisle talk to the central point, and at the end the opposition's questions have to be answered by the leaders of the administration.

This seldom happens in the Congress, though our system is flexible enough to permit a version of such a debate to happen. Instead, the problem is dismembered and envenomed by personal charges of bad faith and ideological bias, and the country never gets a chance to bring the larger questions into focus.

Many Members of Congress are conscious of this problem, and sometimes in the committees of the two Houses a serious and searching debate takes place, but more often than not this does not command the attention of the Nation. And this is the second problem.

President Kennedy's speech at Yale, for example, was printed in full by very few newspapers in the country. They all summarized it, of course, but it came out as a conflict between myths and reality, enlivened by some fun about a Harvard man at Yale.

Accordingly, the call for a debate on economic growth, new competition from abroad, automation and the growing labor market, inflation and deflation, prices and wages has somehow slipped away into a partisan and ideological argument, involving a great many people who haven't yet read what the President said.

AN OBVIOUS LESSON

The lesson of this is obvious enough. The future economy of the country, which affects everybody, is too serious to be left to commencement speeches and disorganized arguments in Congress and truncated newspaper reports and the articulate spokesmen of vested political and commercial interests.

The issues have to be laid out before the whole Nation in a way to command the attention of a much wider audience. The President and the Joint Economic Committee of the Congress can do more than they have to bring this about.

Beyond this, there is still a need for more orderly discussion at the local level. The people of the country are interested. The trouble is that they have difficulty in getting clearly and concisely (1) a statement of the facts, (2) a definition of the central questions, (3) a summary of the main courses of action proposed, conservative and liberal.

If these things could be brought together in a series of pamphlets and made available to all existing social, service, educational and religious organizations, there is little doubt that study groups within each organization would soon produce a wider and more positive national debate.

As things now stand, the voter is confused by a babel of partisan arguments, misleading summaries and mystifying clarifications. What is at issue is the test of whether a democracy can reach a consensus on highly complicated modern economic questions, and the thing will not be done until a more orderly and objective procedure is devised for getting and discussing the facts.

POWER, NOT ECONOMICS

Mr. HUMPHREY. Madam President, I call to the attention of the Senate an article by Mr. Bernard D. Nossiter entitled, "The Business Feud: Power, Not Economics, at Issue," which appeared in the June 16 issue of the Washington Post.

As the title suggests, it is Mr. Nossiter's opinion that the hostility shown by certain business leaders toward the administration has no economic basis since the economic policies of the administration have generally been favorable to business. It is Mr. Nossiter's further opinion that certain business leaders are engaging in a power struggle with the White House. The reason for this, he says, is that their power to manage is being diminished.

I agree with Mr. Nossiter that much of the problem stems from technological change which necessarily affects the corporate status in our society. Certainly no one would deny the right of modern society to demand full employment, and to achieve this the Government must necessarily exercise some of the things which in a less complex society might be left to the private sector. I submit that the business leaders insisting on this struggle are performing a grave disservice to 190 million Americans and are taking the chance of affecting the economy of the whole world. I should like to point out that the strength of the business community is obtained from the overall strength of the country and that ceasing this struggle would serve the national interest, and, in the longrun, result in greater benefits to business in general.

Madam President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE BUSINESS FEUD: POWER, NOT ECONOMICS, AT ISSUE

(By Bernard D. Nossiter)

The hostility of business leaders toward the Kennedy administration is creating a mood like that of the New Deal days.

In Wall Street, the crude stories circulating about the President reflect an animus that economic observers can't reconcile with Mr. Kennedy's conservative programs.

This is a paradox of a high order. Nearly every fresh announcement from the White House enunciates a policy rooted in orthodoxy and each evokes a louder outcry from business, particularly when the stock market slides.

QUARREL OVER POWER

The contradiction between action and response suggests that the quarrel is not over economics but power. The business community, with some justification, appears to believe that its power to manage is slowly being diminished.

When the import of Archibald Cox's Harvard speech of Wednesday sinks in, the cries should reach a greater crescendo even though the President stepped away from the speech on Thursday. The Solicitor General suggested that the trouble with the steel crisis was not that the President acted, but that there was no prescribed procedure for asserting the public interest in wage and price decisions. He was suggesting that the administration's actions had too much of an ad hoc flavor instead of being institutionalized.

For skeptics who doubt Mr. Kennedy's credentials as a conservative, it might be well to recall the actions—as distinguished from the words—of the New Frontier's first 17 months.

PROPPED INTEREST RATES

On entering office, the administration devoted its major energies to the orthodox task of checking the gold outflow, and embarked on policies to raise short-term interest rates. It did this at a time when the Nation was at the bottom of a slump, a situation that generally calls for lowering all interest rates. Expenditures were, indeed, increased, but the lion's share did not for welfare programs but for military outlays.

The first complete Kennedy budget was designed to yield a $4.4 billion surplus, not a deficit, in the product and income account, the measure most meaningful for the economy. (This mildly restraining budget is probably "too conservative," as Budget Director David Bell suggested earlier this week and may be helping to restrain the business advance.)

The President's principal innovation in economic technique was the elaboration of wage-price guides. They were deliberately spelled out in much greater detail for wages than for prices.

SEEKS TAX CUTS

In agreeing with the business-supported Committee for Economic Development that the spending tax balance bears too heavily on the economy, Mr. Kennedy rejected the advice of John Kenneth Galbraith and others who believe that the public sector is starved. Instead, he proposes to do what business wants: relaxing the fiscal brake by cutting taxes rather than increasing spending.

Among his specific proposals, the most striking are a cut of more than $1 billion in business taxes to spur investment and authority to break down tariff barriers raised against business sales overseas.

Nevertheless, the attitude of business leaders would indicate that they think the administration is threatening their prerogatives.

A current explanation holds that the steel crisis demonstrated this concern with power. If United States Steel had simply wanted more money it could have gotten more than the equivalent of a $6-a-ton price increase by nibbling away, by taking turns with other companies in raising the price of a product here, lifting an extra charge there and spreading the whole process out over a long period of time. Administration aids acknowledge they would have been powerless against this familiar technique.

But Chairman Roger M. Blough and his directors, drawn from elite corporations, opted for a price increase in the most provocative possible fashion. Clearly, as the explanation goes, they were testing power, attempting to assert supremacy.

The power issue was also dramatized recently by a group of 75 responsible businessmen who met in Chicago to discuss the trade bill. Many of them had an economic interest in lower tariffs and sales abroad. But they all came out against the measure because they themselves said that they are hostile to an increase in Presidential power.

Such hostility has its roots in the rapid technological changes generated by the Second World War, changes that are reshaping economic and political institutions around the world. Even a stable and largely successful society like that of the United States can't be immune to these changes. Corporate power is inevitably affected by them. and the business leaders are acting as if they suspect as much.

UNEMPLOYMENT CREATES SHIFT

Modern societies insist on full employment. This means much greater use of the Government's fiscal powers and consequently a diminution of corporate power.

In an open trading world, with the United States supplying that world's reserve currency, wage and price decisions can no longer be left entirely in private hands. This too means an infringement on business power.

More and more, national needs are entering into investment decisions, where investments will be made and what form they will take. This too shrinks business power.

In time, the affronted business leaders are likely to remember that they can and do exert enormous influence on Government, that Government is neither the instrument of the ruling class (as rigid Marxists would have it) nor the enemy of the corporate elite.

But change is always painful, particularly for those who benefit most from things as they are. It is this pain in the private power centers that is apparently producing the cries.

CHINESE REFUGEES

Mr. HUMPHREY. Madam President, many Members of the Senate have an interest in the Chinese refugee situation and the immigration problem that bears so heavily on Hong Kong. Recently I obtained a copy of the statement of the Colonial Secretary of the Hong Kong Government, Mr. Claude Burgess, concerning the so-called refugee problem. This statement was referred to in a recent press conference by President Kennedy.

The statement of Mr. Burgess reminds us that the Hong Kong Government has pursued a policy that all entrants into the Colony of Hong Kong are treated as immigrants and not refugees. In other words, those who have come to Hong Kong have been integrated into the life of the colony and have been granted equal status with the original inhabitants.

Mr. Burgess outlines in some detail the broad program of public works, including housing, schools, hospitals, roads, community centers, and other basic community facilities which have been established by the Government of Hong Kong in order to accommodate the tremendous growth of population—most of which is due to the flow of immigrants or refugees.

It is very difficult to obtain by a quick reading of press dispatches the full story of what has happened in Hong Kong in the years since 1945 and what has happened in recent weeks. It is even more difficult to obtain from the news media all that has been done to cope with these developments.

The statement of Mr. Claude Burgess, Colonial Secretary of the Hong Kong Government to the regional council concerning the crown colony policy on immigration from China should be read and studied by all who have expressed interest and concern over recent developments pertaining to Chinese refugees.

I ask unanimous consent that the full text of the statement of Mr. Burgess on the date of June 13, 1962, entitled "Hong Kong—Government Policy Statement on Immigration From China and Offers of Help From Overseas" be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Hong Kong—Government Policy Statement on Immigration From China and Offers of Help From Overseas

Mr. Claude Burgess, colonial secretary, today, June 13, outlined to Hong Kong's legislative council the crown colony's policy on immigration from China and recent offers of help from overseas. He was replying to a question by Mr. C. Y. Kwan, Chinese unofficial member of the council, who asked "In recent weeks Hong Kong's immigration problem has given rise to many and varied offers of help, particularly from overseas. What is Government's policy in this matter?"

Mr. Burgess replied:

"This question touches on matters of major policy and I will reply at some length. The honorable member referred to the problem of immigration. I think that I must first make it clear that, so far as Hong Kong is concerned, this is not a new problem, but a problem which the people of this colony have been living with for the last 12 years. What is new in the situation (and this is attested by many well-qualified observers who have visited the colony or written about it in the last few weeks) is that the problem is newly apparent to the conscience of the outside world. The events of the past 2 months have opened the eyes of the world to Hong Kong's predicament (and to a less extent its achievement) in a way that the World Refugee Year, for all its high inspiration and generous response, failed to do.

"The present situation can be analyzed only in relation to the facts and achievements of the last 12 years. As to facts, these are clearly set out in a concise booklet called 'A Problem of People,' first published in 1957 and brought up to date in 1960. This is still the classic account of the nature of the problem and the way in which we met it and are still meeting it. A very large number of copies of this booklet have been sold or issued free and copies are still readily available in Hong Kong. As to our achievements in this sphere, details of these have been reported to this council from time to time and I do not wish to burden members with a repetition of detailed figures on this occasion.

"As I said in this council nearly 2 months ago we expect that in 5 years time nearly one-third of our present population will live in houses built from public funds. One-third of the population is about 1 million people. One million people is approximately the number of our immigrants in the last 12 years. Surely figures of this kind can never have been equalled by any national unit in the world. To be more specific—575,000 people now live in houses that this Government has financed directly or indirectly, the great majority in multistory resettlement blocks each capable of housing more than 2,000 people. We have built 200 of these blocks since 1955 and they are now going up at the rate of 1 multistory block every 9 days. Our pace and record in the educational field is no less dramatic. Government alone has built or subsidized 180 full-sized schools of all kinds since 1955. Nowadays a new Government school or Government-subsidized school opens in Hong Kong every 10 days. If privately owned schools are included, we get the astonishing figure of one new school every 4 days.

"Over the last decade our annual revenue has averaged Hong Kong dollars 595m. (U.S. $104,125,000) During those years our capital expenditure on Government and subsidized housing has been Hong Kong dollars 475m. (U.S. $83,125,000) On water supplies Hong Kong dollars 356m. (U.S. $62,300,000) on education H.K. dollars 131m. (U.S. $22,925,000) on medical/health services H.K. dollars 134m. (U.S. $23,450,000). These figures are I repeat all capital expenditure. In Hong Kong we reckon that in any given year it costs between one-half and one-third of capital costs to keep any medical, educational, or social welfare institution in efficient operation. These costs (all recurrent costs and all but a very small fraction of capital costs) have been met from our own resources; and we have been able to do all this, remarkably, without laying any burden of public debt upon our children. The pace is also typically our own and there is no question but that it is being maintained or improved upon. The job is of course not yet finished; and since we are entirely dependent on external trade for our livelihood, it is not possible for Hong Kong itself to say whether it ever will be finished; but I think both pace and achievement hitherto might well be sufficient to deter anyone who felt inclined to criticize Hong Kong for lack of efficient and effective humanitarianism. We have been faced with a certain situation and I do not think anyone in this chamber would wish to claim credit for what has been done. Indeed I give these details only to illustrate the sort of thing that happens when a country takes in one immigrant for every two of its population.

"The fundamental point in our policy hitherto is that Government has never distinguished in any way between immigrant population and population which has its roots here. All have the same rights and the same opportunities. Once an immigrant has been admitted he will take his turn for our resettlement housing if he needs it; and our schools, our clinics and our hospitals are available to him on precisely the same terms as apply to people who were here before he came.

"When we decided some 7 years ago (I say 'we decided' because it soon became very clear there was no practical solution in emigration and the problem was ours alone to decide upon) when we decided to integrate every immigrant into our community we were in effect making a decision that put the word 'refugee' out of our dictionary. Refugees live in camps; they do not normally earn their keep; by definition they believe that home is somewhere other than where they are now; their well-being depends on someone else's charity; perhaps they do not expect rice or bread to come to them from the conscience of humanity but it comes nevertheless; and it brings with it the humiliation of the zoo—at any rate the bars are there, the food passes through the bars, and somewhere else is home.

"This we would not have. The new people became our people; and our people stepped aside to give them equal access to all the jobs and houses and schools and clinics that the enterprise of our economy could provide. Every time a Hong Kong-born man stands in a queue for a clinic, enters his name for a subsidized flat or waits for a school place, he tactitly endorses that policy. Since in consequence the real burden was borne by the man whose roots were here, we have always insisted that he, too, must share in any gifts that a charitable world bestowed on us. We always made this clear. Money and food and clothing; projects like schools and community centers; technical assistance of various kinds were offered for refugees. In each technical assistance case and on every occasion we said that the help was welcome but that the terms were impossible—not only did we not know who the refugees were but it was against our policy to distinguish between different elements of the population on such a basis. We had poor and deprived and handicapped people who could be identified but we could not and would not identify refugees in our community.

"I venture to think that public opinion overseas has found and still finds this position very difficult to understand. And we for our part have not found it easy to explain. Sometimes offers are received of generous quantities of surplus foodstuffs of a particular kind, used clothing, or money tied to projects which have more relation perhaps to sentiments in the giving countries than to carefully planned programs in the receiving country. In such circumstances it is very difficult to explain, not only that charity of this kind in fact does very little to assist us in achieving our specific aim, but that it may, in certain circumstances, actually impede us in our progress toward that aim. Let me hasten to add that I have never been one to look a gift horse in the mouth. But I have been deeply touched by the understanding attitude shown by many Governments and voluntary agencies during these past weeks and by their quiet and tactful inquiries as to whether they could help. This Government has never asked for aid and does not do so now, but if a generous world wishes to help us we have a duty to respond and from expert knowledge of our own problems give a clear lead and indicate the fields in which we believe benevolence and charity can usefully be deployed in order to bring lasting benefit to our population—and also indicate the fields in which we believe it would be misspent, illusory or merely ephemeral significance. The question gives me opportunity to do precisely this.

"One of the ways in which it has been proposed, though not by us, that our burdens should be lightened is by emigration. This Government does not believe that in the circumstances of Hong Kong emigration schemes can make any significant contribution toward solving the colony's basic problem of excess population. The potential is so vast that we don't think it realistic to entertain hopes of a solution along such lines. Moreover, in matters of this kind the wishes of the people concerned are paramount. There is clear evidence that the aim of most immigrants is to join their families, clansmen and people of their own race, language, and dialect in Hong Kong, and that they do not in many cases desire to go further afield. Our experience of emigration schemes shows that they are invariably, in someway or other, selective. Both these considerations imply that in any major emigration scheme there would inevitably be a residue for retention in Hong Kong—a residue which both in numbers and in kind Hong Kong could not absorb. That is not to say that this Government is opposed to emigration as such—far from it. People who want to leave and have anywhere to go, are of course free to depart whenever they wish. Ample transport exists, and many individuals would no doubt have joined relations and friends already in other countries but for severe restrictions imposed on the entry of Chinese from Hong Kong. We welcome such relaxation as has recently occurred in the United States and Canada, and acknowledge the generous motives of these Governments. This holds out to some individuals the prospects of a new life elsewhere—in some cases reunited with their families. Emigration of this sort involves no new principle and can be handled through channels and by procedures already in existence; it requires no intervention by this Government. However, let me emphasize that, though we welcome these developments, we welcome them because of the benefit they may bring to individuals (I repeat, individuals), rather than because we believe they can contribute anything tangible to the basic problems of Hong Kong. We are skeptical of emigration schemes purporting to offer the prospect of large scale relief; they do not conform with the realities of the situation, and this Government is not prepared to divert to them financial or administrative resources, nor does it wish to encourage others to do so. We urge that these should be devoted to meeting the problem of population in the only place in which I believe it is realistic to suppose it will or can be met—in Hong Kong itself.

"Another way in which people have shown themselves willing to help is by sending us aid in kind. This is natural. In some parts of the world there is a surplus of food and it is understandable that those who live there should wish to help the needy in Hong Kong from their own abundance. But, thank God, a shortage of food or clothing has not been a basic problem in Hong Kong. Food programs of certain special kinds and related to certain special circumstances have been of great assistance to us; they have helped people in transitional periods and in the cases of real hardship that exist; but present programs, notably that mounted by the U.S. Government, suffice for those purposes. Generally speaking the burden placed upon us by the immigrant population is not eased by the concept that relief can in any way mitigate the basic needs of active men. 'Relief mentality' is insidious and breeds a special form of economic servitude. The basic need of every man is economic freedom and viability, and that is precisely what we aim to provide for every member of our huge community.

"Nothing could wreck both our plans and our achievements more rapidly or certainly than a further flood of immigrants. I explained the reasons for this in reply to a question in this council on April 18. We have accepted our heavy burden and are willing to bear it, but we cannot allow that burden to be intolerably increased, and we must be allowed to pursue our policy of containment in the immigration sphere. If the conscience of the world is stirred by the needs of people who are affected by that policy, then it would seem that the needs of those people can only be met elsewhere than in Hong Kong.

"Much of the foregoing is negative. We refuse to identify or segregate any element of the population as refugee; our problems are not such as can be solved by emigration; we have at present no additional need for relief in kind; and our policy of containing illegal immigration must continue. On the other hand, perhaps for the first time, the public and governments of friendly countries are stirred by our problems, and I am glad to take the opportunity of this question to indicate not only where assistance is not needed but where it is needed.

"Not from choice but from necessity we are a manufacturing and commercial community. Our only real asset is the industriousness, efficiency and strong instinct for survival of our people. Hong Kong's rapid industrialization is the key solution to its problem of people. Indeed, the prosperity of Hong Kong's industry provides the reason why the world does not have an additional million refugees on its conscience at this moment; and its continuing prosperity provides the best hope, perhaps the only hope that the needs of our expanding population can be met in a constructive and efficient way. As this Council is well aware we have recently had to accept certain serious restrictions on our external trade. The grim possibility of still further restrictions lies ahead. The first way in which the outside world can help this colony with its burdens is to assure reasonable access to oversea markets for the limited range of goods we can produce efficiently. This Government can see no better way in which effective help, in a form in which it is most needed, can be given to people about whose future the outside world has shown so much concern. These people's welfare depends upon our trade and, if our trade can be maintained with adequate scope for growth and without artificial restriction, there is every chance that we can complete a task we first set ourselves 12 years ago. But the stifling of our exports would, sooner rather than later, transform this dynamic community into an international pauper and would thus create conditions in which massive and wholesale relief would be the only remedy.

"Secondly we have limitless need of assistance in our construction program. Hitherto it has been the Hong Kong taxpayer with occasional but marginal assistance from friendly governments or charitable and voluntary agencies who has borne the cost of all the vast infrastructure that is needed to support new immigrants and our excess population generally, and I refer particularly to water supply, roads, housing, hospitals, clinics, community centers and primary and secondary schools. A very valuable contribution would be to pay for any item or items on our construction list. If any governments are interested, I invite them to get in touch with us direct through official channels and this Government will gratefully explain the range of items on which financial assistance would be welcome. An interdepartmental committee is being constituted immediately in order to deal with any such offers of assistance received from abroad, and also give guidance to voluntary agencies already operating here who may seek advice as to the fields in which they can most usefully contribute either service, expertise or money.

"A situation of this kind inevitably calls to mind the classic words of Sir Winston Churchill: 'Give us the tools and we will finish the job.' For us in Hong Kong today, the necessary tools are the opportunity to trade freely, a reasonable access to world markets, and a vigorous capital program. Given these, we too will finish the job."

CROP DISASTER IN MINNESOTA

Mr. HUMPHREY. Madam President, throughout northwestern Minnesota, along the great Red River Valley, one of the most fertile areas in the country, a crop disaster of major proportions is taking place. At least 17 counties are affected—some of them to the extent of 95 to 100 percent crop loss—due to extraordinary rains commencing on May 1 and continuing until the present date.

The prospects for getting planting in any later than this week are extremely poor; and the shortages of hay, feed, and credit are being compounded by the fact that the ground is so wet over thousands of square miles that it will be necessary to take emergency steps this summer to keep this land in any kind of shape for crop production in 1963.

The following counties have already been declared disaster areas by the Secretary of Agriculture: Kittson, Marshall, Pennington, Red Lake, Clearwater, Norman, and Polk, and it is anticipated that up to 10 additional counties may be requesting disaster status.

I understand, from my office, that additional counties of Minnesota have been declared to be disaster areas as of today.

To illustrate the situation, I ask unanimous consent to have printed in the RECORD letters from Mr. C. J. Flick, of Warroad, Minn., and Mr. Everett Helmstetter, of Roosevelt, Minn., reporting detailed surveys of two of our counties—Lake of the Woods and Roseau. The reports in these two letters are very typical of reports which my staff found on a recent survey of 21 counties in northwestern Minnesota.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

ROSEAU COUNTY FARMERS UNION,
Warroad, Minn., June 13, 1962.

Mr. "CY" CARPENTER,
Thief River Falls, Minn.

DEAR "CY": I have tried to pick out about what I would call average farmers and contacted each and these are the results. Not very good are they?

I drove west on No. 11, to Roseau County road No. 13 and on to Roseau County No. 12, then home. This is about what you would call the average country. This jaunt went across Moranville, Lake, Enstrom, and Cederbend Townships.

Afred Nessa's wife was telling my wife that they didn't have a thing seeded. This is true of possibly half of the Roseau County farmers.

Cliff Hamlin or Ernest Brandli, I'd call them pretty fair farmers, and Everett Battles was telling me last night that neither of them had any seeding done at all.

Even today the picture doesn't look very promising, but it might look somewhat better in a day or two.

I am enclosing a clipping from the Warroad Pioneer and you can see for yourself what a small town editor thinks. He has a plane and he flew over the entire area.

Trusting that I have been of some use to you, I remain,

Sincerely yours,

C. J. FLICK.

HEAVY RAINS DIM HOPES OF CROP SEEDING IN THIS AREA

More rainfall during the past week has dimmed what little hope there had been for seeding of crops in the Warroad area. Two inches and more over this area added to what had fallen earlier has made most fields too wet to work, with water standing everywhere.

Dry as the soil was after the drought of last summer, most of the heavy snowfall melted into the soil this spring. When the rains started, the soil rapidly filled, and for the past several weeks ditches and creeks have been running full and over their banks. The Warroad River is out of its banks throughout the countryside and is over country roads in places.

Only a very small percentage of area crops were planted this spring, and farmers say that some seed that was planted just rotted in the ground due to continual wetness.

ROOSEVELT, MINN., *June 13, 1962*.

"CY" CARPENTER,
Field Representative,
Farmers Union Comm. Co.

DEAR "CY": I now have some firm figures on the extent of the seeding here in Lake of the Woods County. Starting with our own and our community which seems to have been somewhat less unfortunate:

	Percent
Helmstetter	25
Ravndaln	5
Tveit	25
Bergan, Dale	5
Bergan, Albert	10
Gillie	5
Mason	10
Davis	10
Slick	5
Oberg	0
Clementson	25
Gillie, Fred	5

These are all serious farm operations and are picked from throughout the county. I'm sure the overall average could not exceed 10 percent and some damage has occurred to that also. Some of the planting was done under unsatisfactory conditions (mudded in) and much of it was later than normal so the potential from that which is seeded is substantially less than would normally be expected. The foundation seed potato industry here in this county is also hard hit with very little planted; however, potatoes for seed may be planted up until July though hazards will be increased and yields reduced. There will undoubtedly be some planting of flax and perhaps barley through most of June but the production which may be expected from this would not be of any significance.

The hay situation is mixed. Old stands promise to produce heavy crops if the fields dry sufficiently so it can be harvested. New stands are extremely poor, some with insufficient growth to be worth cutting. For some reason the seedling plants have been unable to progress with the soil so moist and of course the plant population on new seedings is reduced because of the drought last year.

I would say the situation is one of unprecedented severity, creating problems of tragic proportions for many farm operators.

Sincerely,

EVERETT HELMSTETTER.

P.S.—The only bright spots here are pasture and timothy and bluegrass for seed production.

E. H.

Name	Address	Number of acres to plant	Number of acres planted	Township
Felford Wicklander, June 12	Route 2, Roseau	60	18	Falun, sec. 3.
Raymond O.Donnell, June 12	Route 1, Warroad	450	10	Moranville, sec. 20 (½); Clear River, sec. 10 (½).
Harry Thompson, June 12	do	200	10	Clear River, sec. 17.
Eugene Battle, June 13	do	115	7	Clear River, sec. 19.
Olson Bros. (Raymond and Dwyer) (Joe Sidle and Erickson farms), June 13.	Swift [1]	600	0	Laona, secs. 5, 16, 17, 29, 30, 31, and 32.
John Harder	Route 1, Warroad	65	0	Moranville, sec. 22, 28.
Ivan Bendickson	do	100	20	Loona.
Oscar Holm	Star route, Warroad	69	9	Lake, sec. 34.
Paul Schroeder	Route 2, Solol	132	39	Enstrom, secs. 22, 23.
John Holmgrem	Route 1, Solol	375	40	Enstrom, secs. 3, 10, 14, 4, 27, 74.
Norman Walkstrom	do	350	100	Enstrom, secs. 26, 27, 34.
Andy Strieff	Route 1, Warroad	45	0	Clear River, sec. 8.

[1] In sec. 5 they were going to try to plant some wheat today. I didn't have the heart to ask how much.

Mr. HUMPHREY. Madam President, I wish to compliment Secretary of Agriculture Freeman and the State ASC Committee in Minnesota for having acted with dispatch and intelligence in meeting the request of the county disaster committees in the hardest hit counties of the area. Already seven counties—those I have named—have received permission to graze cattle and to harvest hay on soil bank acreage.

My colleague [Mr. MCCARTHY] and I also have discussed with the Secretary of Agriculture and with his top credit officials the very extensive problem of lack of credit in these areas, and we have been assured that not only will there be adequate credit for the 20,000 farmers who are estimated to be sharing a $70 million crop loss this year, but also the Farmers Home Administration will be very generous in considering the plight of farmers who have previous production emergency loans outstanding.

I add, Madam President, that will require some action on the part of Congress, to see to it that the funds are made available for these loans.

The Farmers Home Administration already is offering emergency credit to farmers in 12 Minnesota counties: Beltrami, Clay, Clearwater, Kittson, Lake of the Woods, Marshall, Norman, Pennington, Polk, Red Lake, Roseau, and Wilkin.

Madam President, I ask unanimous consent that a letter to me concerning FHA emergency loans, from Acting Administrator Floyd F. Higbee, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF AGRICULTURE,
FARMERS HOME ADMINISTRATION,
Washington, D.C., June 19, 1962.

Hon. HUBERT H. HUMPHREY,
U.S. Senate, Washington, D.C.

DEAR SENATOR HUMPHREY: This is in reference to your telephone inquiry of June 18 concerning the servicing of operating and emergency loans to borrowers who have been unable to meet their scheduled payments because of conditions beyond their control.

We should like to emphasize first that it is definitely not the policy of the Farmers Home Administration to discontinue its loans with borrowers simply because they are delinquent. Sometimes borrowers are unable to meet the scheduled payments on their loans because of circumstances beyond their control such as drouth or other natural catastrophes, or even unfavorable economic conditions. Under such circumstances it is the policy of the agency to continue its loans with borrowers provided they have carried out their obligations to the best of their abilities and are making the progress that would be expected under the existing conditions. Additional Farmers Home Administration loans may be advanced these borrowers to enable them to continue their farming operations even though they are delinquent on their existing loans. Agreements are reached as to the amounts that they will be expected to pay on their loans in line with their anticipated income and such agreements are recorded in the farm and home plan that is prepared in connection with the servicing of their loans. Where these policies are properly understood there have actually been very few borrowers who expressed any desire for a formal renewal of their loans.

While we have legal authority for scheduling loans over a period not to exceed 7 years from the date of the loan and to renew such loans for not more than 5 additional years, such renewals have not been used to date except where it has been necessary to extend security instruments in order to protect the priority of the Government's lien.

We wish to assure you that we will keep in close touch with our officials in Minnesota to be sure that they are servicing the loans of Farmers Home Administration borrowers with a sympathetic attitude consistent with the policies expressed herein.

Sincerely yours,

FLOYD F. HIGBEE,
Acting Administrator.

Mr. HUMPHREY. Madam President, it is clear there is going to be a critical feed situation in the area, and I am hopeful the Secretary of Agriculture will permit the designation of these areas for an emergency feed program this summer and the coming winter. Discussions have begun on this.

Finally, we are discussing with the Secretary and the Department of Agriculture the possibility of an emergency ACP program that will keep the rain-devastated fields of northwestern Minnesota from further deterioration during the summer of 1962 so that a good crop may be anticipated in the crop year of 1963.

I ask my colleagues to consider the plight of these Minnesota farmers, and to lend us their cooperation if legislation becomes necessary to deal with the extraordinary situation in this area.

Madam President, I am returning this afternoon to my home State. I am going to visit this area again. Some of our finest farmers live in this particular part of Minnesota. This is a beautiful area of our State. As I have indicated, it has some of the most fertile soil of Minnesota, and, indeed, some of the most modern up-to-date, efficient and dedicated farmers, as good as one could find any place in the Nation.

Not only are the farm people themselves suffering because of this crop disaster, but also I have received resolutions and letters from merchants and merchant associations, from city councils in the counties I have mentioned. The losses will go far beyond the $70 million, which is the present crop estimate. It may well run to $100 million,

$150 million, or more of direct farm income loss. This must be added to the retail sales loss, as well as the loss of sales of farm machinery, and the many other economic difficulties which will be encountered. I suggest this indicates a very major economic disaster.

Therefore, we are calling upon the facilities of the Federal Government, and indeed of the State government, to do everything possible to be of assistance to self-sustaining people who do not seek relief, but who in this instance are every bit as much the victims of a disaster as those who lived on the east coast of the United States when the high winds and high seas in the spring of the year destroyed vast areas of the Eastern United States.

I notice that the Congress acted with dispatch when the high waters of the seas inundated coastal areas. The water that pours down from the heavens is every bit as wet and devastating when it comes in unbelievable quantities upon the fertile land areas of northwestern Minnesota and the northeastern and southeastern parts of North Dakota and the northeastern parts of South Dakota. That is one of the garden spots of the Nation. But the garden today is under water. Instead of there being 22,000 lakes that we pride ourselves upon in Minnesota today, many more hundreds have been added, and some of the lakes have taken on extra size.

So I am hopeful that there will be prompt action by the Department of Agriculture, the Small Business Administration, the civil defense authorities, and whatever other authorities the Federal Government can bring to bear upon the plight of our people.

ADDRESS BY FORMER PRESIDENT DWIGHT D. EISENHOWER

Mr. HUMPHREY. Madam President, I heard my good friend, the minority whip, the Senator from California [Mr. KUCHEL], remind us of the speech of General Eisenhower last evening. That was some speech. It was about the most partisan speech I have known the general to deliver. He has become more political each year. Some of us have wondered whether the leader of the Republican Party was a partisan when he took office. But he learned in a hurry. Since leaving office he has become even more of a partisan leader than at any time previously.

Of course, we all have a very high personal regard for a very great man—General Eisenhower—and those of us who are of different political persuasion naturally take notice of his comments, observations and speeches, as we should. The Republicans are indeed fortunate to have a man of the strength and the quality of General Eisenhower as their spokesman. I, for one, would never say anything personal about the general and former President that was not responsive, and, I hope, responsible. But when we come to partisan questions relating to Government policy, there may be some honest disagreement. I always try to listen with considerable interest and respect to the general's observations on military subjects, even though there may be honest disagreements over policy statements in this area. But when the general ventures off into the field of agriculture, I say that, like Alice, he makes a trip into wonderland. His dissertation deals with fiction rather than fact.

Mr. KUCHEL. Madam President, will the Senator yield?

Mr. HUMPHREY. I am delighted. I was hoping that the Senator from California would ask a question.

Mr. KUCHEL. My able friend—and he is my friend—is thoroughly acquainted with the fact that the distinguished former Chief Executive of the United States, General Eisenhower, lives on a farm in Gettysburg.

Mr. HUMPHREY. Yes.

Mr. KUCHEL. He classifies himself as a farmer.

Mr. HUMPHREY. Yes.

Mr. KUCHEL. Therefore, to say the very least, General Eisenhower is not entirely unacquainted with the jungle of farm legislation to which he and others in that occupation are subjected.

Mr. HUMPHREY. I respect the thoughtful, pertinent, and friendly observations of the Senator from California. If only our Minnesota farmers could operate their farms in Minnesota from Palm Springs, Calif. Oh, what farming it would be. What joy would come to the plains of the Midwest.

I have great interest in the general's farm at Gettysburg. I understand it is beautiful. But it is one of the farms that seems to be on a "do-it-yourself" basis, because the manager is seldom present.

Mr. KUCHEL. Madam President, will the Senator yield further?

Mr. HUMPHREY. Yes, I am happy to yield.

Mr. KUCHEL. The proposed farm legislation which was recommended by the Chief Executive of our country purports to apply with equal vigor and equal restriction to the farmers of our land, whether they come from the fine State represented by the distinguished majority whip, whether they come from Gettysburg, or whether they have the opportunity to travel to the State from which I come, and enjoy an opportunity in their later years to bask in God's sunlight at Palm Springs.

Mr. HUMPHREY. Oh, I hope every Minnesota farmer can have the same privilege that the distinguished general has of spending at least some months out of the year at Palm Springs. It is beautiful, magnificent, well groomed. One might say it is the final word for the soil bank. It really requires a bank to live there. It is great.

But I wish to discuss the agricultural policy statement of the Republican leader, who addressed the $100-a-plate pork chop banquet last night. That is an extremely good price for a farm banquet.

Mr. KUCHEL. Madam President, will the Senator yield to me?

Mr. HUMPHREY. I yield.

Mr. KUCHEL. My able friend and I have great respect for our former colleague, who now has the awesome responsibility of being President of the United States. Would the Senator suggest where the present President of the United States acquired a facility in the field of agricultural legislation which prompted him to send to the Senate his recommendations with respect to agriculture?

Mr. HOLLAND. Madam President, will the Senator yield at that point?

Mr. HUMPHREY. Madam President, I was about to ask my good friend from Florida to respond to that statement, because I know he has some thoughts on agriculture to give us at this point.

Mr. HOLLAND. I thank my good friend. I merely wished to inform my able friend the Senator from California—and he is a good friend—that I am sure the distinguished former Senator who now presides over the destiny of the United States gained great experience and knowledge of agriculture, as well as a great deal of good rest, relaxation and pleasure, at Palm Beach, Fla. Many fine citizens from other States, including many fine ones from the State so ably represented by the Senator from Minnesota, come to Florida for months at a time. I do not know whether they manage their farms from there, but the fact is that thousands of good people engaged in agriculture do come to Florida.

I was somewhat alarmed when my distinguished friend from Minnesota, with his well known flair for publicity, said something that sounded as if he were willing to make Palm Springs the acme of perfection agriculturally and from the standpoint of soil development.

Mr. HUMPHREY. I merely started with Palm Springs. I intended to go to Palm Beach. Then I intended to come back to that agricultural area known as Burning Tree. There are many such garden spots in America. But with all due respect to the Senators from California and Florida—in the present discussion I feel that my situation is much like the description in Tennyson's poem,

> Cannon to right of them,
> Cannon to left of them—

Senators and I know where I am marching. My friend from California and my friend from Florida sometimes have rather similar views on agricultural policy. I respect those views, and I respect both of these good friends.

I wish to say a word about the Republican agricultural policy which has come to light in recent years.

The first thing about it is that it has one line: "Stand still. Do nothing. Resist. Be against."

That is the line of the Republican Party in agriculture. This attitude has become contagious in other areas of government. The document which was revealed by the House subcommittee indicated the Republican leaders in the House had taken the position their duty was to oppose.

Madam President, it is the duty of the opposition to oppose. I would be the last one to say that that is not a proper responsibility for the opposition party. However, it is also the duty of those who oppose, if the situation becomes critical, to present or propose. Opposition also requires proposition. Opposition requires that one take something more than merely a negative point of view.

When it comes to agricultural policy, it seems to me that the leaders of the former administration wish merely to say "I pass," when it comes to recommendations.

Let me recite some facts. In 1952, the last year of the Democratic administration before 1961, the budget for the Department of Agricultural was about $2 billion. In 1960, the last half of the year, and up to the end of fiscal 1961, the budget for the Department of Agriculture had risen to $7 billion. In 1952 the agricultural income was $14.7 billion. For 1953 it had gone up—and that is including the last half of calendar year 1952--to $15.2 billion.

During each year of the Benson farm program, which was a Republican program, one-half billion dollars more each year was sliced off the income of American agriculture. Despite the increase in population and despite the fact there was inflation in every other segment of the economy, the American farmer took a licking 8 years in a row. The income dropped from $15 to $11.2 billion. The total loss in income in 8 years of the Eisenhower-Benson program was more than $30 billion—$30 billion of income was lost, never to be put into the hands of the farm producers, never to be made available for the producers to expend in the marketplace.

Anyone with such a dismal record in agricultural policy as that which we experienced in the 8 years from 1953 to 1961 is hardly in a position to criticize. Those who live in glass houses should not throw stones.

Mr. KUCHEL. Madam President, will the Senator yield?

Mr. HUMPHREY. That is an old axiom. Those who have a record of failure should not talk about how to get an A grade or about how to get a program of excellence.

Mr. KUCHEL. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. KUCHEL. Let the record show that on many occasions I have been most happy to join the distinguished assistant majority leader in sponsoring legislation to make progress in our land, but in this instance my able friend from Minnesota is mistaken. There is one Member of the Senate who knows as much about agriculture as does any other Member of the Senate. He was Secretary of Agriculture in the administration of President Truman, a Democratic President. His views are not dissimilar to the views expressed by the man from Gettysburg; nor different from those stated on this side of the aisle.

Let me say to the Senator from Minnesota, who ably champions the cause of the farmers he represents, that it is generally conceded that we have a farm problem. I believe it is generally conceded that something ought to be done about it. In that regard, I ask unanimous consent that at this point in my questioning of the Senator from Minnesota there may be printed in the RECORD an editorial published in today's Washington Daily News.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CHANGE OF STANCE NEEDED

Thomas Jefferson said: "Were we directed from Washington when to sow, and when to reap, we should soon want bread."

The Kennedy administration's just defeated and unlamented farm bill didn't promise to go quite that far, but it was headed full tilt in the direction feared by Mr. Jefferson.

It would have regimented American agriculture as never before. Except for livestock, it would have meant farming by Government certificate or permit.

That's why defeat was merited. But we agree with the Kennedy administration's original position that change is needed from the present costly farm setup.

The change, though, should come by a different method than that envisaged by the Kennedy planners. Instead of through more controls, it should come from a program designed with only one thought in mind: "How can we move gradually and continually to get Government out of agriculture and set it free?"

To those who say it can't be done without disaster to farmers, we recall the days when the Government destroyed mountains of potatoes to keep up potato prices and kept trainloads of dried eggs in Kansas caves to keep up egg prices.

These programs were junked long ago, and we still have farmers producing potatoes and eggs—at prices at which they apparently can make money and which, at the same time, offer comparative bargains to consumers. True, the inefficient producer of potatoes and eggs has largely been eliminated, but that is the eventual fate of inefficient producers anyway, in all walks of life.

It remains highly uncertain what will evolve in the way of farm legislation at this session of Congress, with the Kennedy administration now going to push in the House for a 1-year extension of the present voluntary program of curbing surpluses.

But what is needed is a change of stance on the part of the Kennedy administration—the adoption of a goal of striving to set American agriculture free from controls.

Certainly, mountains of surpluses will pile up as long as we maintain price supports that guarantee healthy profits to producers. That's what we have now. Price supports should be as originally intended—a safeguard against economic disaster, not a guarantee of a fancy profit.

Mr. KUCHEL. I say with great respect to my colleagues in the Senate who belong to the Democratic Party that they control the Senate and the House of Representatives. The terrible responsibility of the executive branch of the Government now rests in the hands of a very great and gallant American who is a Democrat, not a Republican. When Dwight Eisenhower had the awesome responsibility of being the Chief Executive of this country time after time he sent to Congress his carefully considered recommendations for farm legislation, only to see those recommendations go down to defeat because for 6 of the 8 years that Eisenhower was President the Democratic Party controlled the Congress. On every one of those occasions the Senator from New Mexico [Mr. ANDERSON], a former Democratic Secretary of Agriculture, voted along with the Eisenhower recommendations.

I merely wish to show—and I know my friend from Minnesota will agree with me—that most of us desire, in good faith, to try to solve the problem. Nevertheless, there are some honest differences as to how this goal can be attained most effectively without placing shackles on the American farmer. I know the Senator will agree with that statement.

Mr. HUMPHREY. I thank the Senator. Of course, we have some differences. I would be the last Member of the Senate ever to suggest that the Senator from California is not as sincere in his desire to serve the public interest and the national welfare as is the Senator from Minnesota or any other Senator. We have disagreements. In many instances the Senator from California, the minority whip, and the Senator from Minnesota have agreed and have worked together. It has been a joy for me to do so.

It is with a heavy heart and in a sad spirit that I find myself in disagreement with the distinguished Senator from California on this occasion.

Madam President, I am in disagreement on agricultural policy. I am in disagreement because the record shows that the policy pursued by the previous administration was one of economic ruin, and that the policy that has been advocated by this administration points the way toward economic solution of the problems of American agriculture.

In the past some Democratic Members of the Senate have agreed with the farm policies presented by the previous administration. However, I think it is crystal clear that the majority of the Democratic Party disagreed with that point of view. It ought to be equally clear that the recommendations of the previous administration on agricultural policy, while frequently amended, in the main were accepted by Congress, because the votes were available to carry them through Congress.

It is well known that there are differences of opinion in both parties on the subject of agriculture. For example, consider the case of the able Senator from North Dakota [Mr. YOUNG]. He is one of the most able members of the Committee on Agriculture and Forestry. He and the Senator from Minnesota have agreed on agricultural policy. The same thing is true with respect to the Senator from South Dakota [Mr. MUNDT], who served on the Committee on Agriculture with the Senator from Minnesota. We have agreed basically on agricultural policy. However, it is fair to say that the overwhelming majority of Republican Senators supported the Benson program and that the overwhelming majority of the Democrats resisted the Benson program.

The Benson program had one economic theory. That was its weakness and ultimately its source of destruction. That economic theory was that if we cut the price, we reduce production; and if we reduce production, we reduce the Government costs involved in the program. The theory was just that simple, but it did not work. The fact is that when we cut prices we do not reduce production. We increase it.

I remind the Senate of one example that no one can dispute; namely, that when we cut the support price on corn to 65 percent of parity—that was the Benson program and the Republican policy program, which was put through over my resistance by a close vote in the Senate—the result was that 18 million acres more of corn were planted in 1 year, which resulted in a production in 1 year of approximately 1 billion bushels more of corn.

The feed grains surplus with which we are struggling is due to a policy of low supports and no controls. I believe if there are to be price supports, there must be production controls. The taxpayers should not be taken to the cleaners. They should not be asked to support unlimited production with price supports at 50, 55, 60, 65, or 90 percent. If there are to be meaningful price supports, there must be some managed type of production. Therefore, the previous administration, saying that it wanted no regimentation, repudiated controls. But in saying it wanted no regimentation, it did not have the courage to say it wanted no price supports. So, with price supports but no controls, $9 billion worth of commodities were in Commodity Credit Corporation stocks at the end of 1960. This surplus stood as a constant pressure on the price in the market, forcing down the price farmers receive for their goods. The surplus increased the costs of the Commodity Credit Corporation until the Government spent hundreds of millions of dollars every year in storage costs; until the Government spent hundreds of millions of dollars every year for spoiled grain.

That program has led to all kinds of trouble—everything from corruption to the destruction of commodities. This situation must be changed. What we have tried to do and what the Senate did, was to pass a program which we call the A B C D's of agriculture—an agriculture of abundance, an agriculture that can be put to use, a better balance between production and consumption; conservation of the soil; and development of agricultural resources. This is the Kennedy-Freeman program. The Senate passed it. I deeply regret the other body saw fit to reject it by a close vote. It is true that 48 Democrats, out of 215 votes, voted against the administration program. But it is interesting to note that 204 Democrats and 1 Republican voted for the program. I have heard it said that the Democratic Party coerced and put pressure on its members to vote for the Kennedy-Freeman Democratic program. But who was coerced when the Republican leadership persuaded every Republican but one to vote against the administration program? If that was by accident, it was one of the most coincidental accidents I have ever heard of. There is no doubt that the Republican leadership did its job. I commend it for this. It followed the party line: "Obstruct. No, no. A thousand times no."

Mr. McGEE. Madam President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield to the Senator from Wyoming; then I will further yield to the Senator from California.

Mr. McGEE. The point I wish to raise with the distinguished majority whip, who has taken a realistic approach to America's assault on the agricultural problem, is a simple fact of agricultural experience in our Nation's history. I am not a farmer. However, I have read much in agricultural history; in fact, I taught a little of it.

The record is clear—and I think even the Republicans are about ready to comprehend it in 1962—that since the end of the 19th century the farmer has produced more than he or we can use up, wear out, or do anything else with. Therefore, he has had to gear himself to world markets. But his economic plight is that he must sell on an unprotected world market everything he grows. Therefore, he gets the lowest possible price for his products.

But he has to buy his own needs on a relatively high protective home market. Therefore, he faces the inescapable gap between what he gets for what he sells and what he must have in order to live. I submit that the most ingenious free-enterprise Republican farmer in the world cannot close that gap by skillful tilling of the soil or management of his farm.

Therefore, it is necessary to return to the assault on the plight of the farm problem. His problem cannot be turned over to the marketplace for a settlement of his plight, because that would not overcome the discrepancy between cost and receipts. But if we cannot give the farmer an advantage to enable him to overcome the discrepancy between cost and receipts which we give to American businessmen, we cannot hope to resolve the farmers' difficulties. We do not beat the business community when we seek to help it. We do not beat the banking community when we seek to assist it in its activities around the globe. But every time we seek to close the built-in gap against the farmer, he is accused of accepting a handout from the Government. He is accused of accepting subsidies. How can a man of the soil actually compete in a world in which most of the other sources which compete with him are aided and abetted by their governments or are aided by a low cost of production?

Therefore, it seems to me that this question ought to be moved even beyond the realm of whether Republicans or some stray Democrats are responsible for the destruction of the bill. It is time to face the facts with the farmer, and provide that he shall have a supported price for the difference between his income and his expenses, in order that he may make a reasonable profit in agriculture.

Does the distinguished majority whip agree with that analysis of the economic plight of the farmer?

Mr. HUMPHREY. I certainly do. The Senator from Wyoming is intimately acquainted with the difficulties of farm producers in his own State and throughout the Nation. He knows that the history of agricultural economics reveals, first, that low prices do not restrict production. It reveals also that farmers have fixed costs, the same as everyone else, and that the only basis on which farmers can meet these costs is the aggregate income from the sale of units of a particular commodity—bushels, pounds, or whatever it may be. Thus, if the price of wheat is $2 a bushel, and the cost of a tractor is $2,000, 1,000 bushels of wheat will be required to pay for the tractor. If the price of wheat is $1.50 a bushel and the price of a tractor is $2,000, approximately 1,300 bushels of wheat will be required to pay for the same tractor. So the farmer must expand his production.

When we consider the production figures and the crop loans which are provided by the Government—what are called price supports—the simple truth is that the Government accumulates more and more of the commodity which is not absorbed by normal consumption and exports in the regular marketing of agricultural commodities. That is why there are large surpluses of wheat and feed grains which at present burden the Commodity Credit Corporation.

I noticed that former President Eisenhower said his program for the farmer was "a return to freedom." That is nothing but a pleasant sounding Fourth of July statement. After all, the farmer of America is a free man. He is as free as anyone else I know of in terms of his political freedom, his spiritual freedom, freedom of the press, and freedom of movement. The farmer's real problem has been and is his economic plight. The so-called freedom that the Republican leader talks about was freedom to do what? First of all, it was freedom to commit economic suicide by taking small doses each year of political arsenic. Arsenic is a poison which has a cumulative affect. It does not affect a person the first day. But by the time it has taken its toll, the person is as dead as if he had been put away on the first day.

Another "freedom" which farmers were given under the previous administration was to liquidate their numbers by an average of 100,000 farm units a year. They could not endure the economic conditions under which they produced and sold in the marketplace.

Another of the previous administration's "freedoms" was that of losing $30 billion of farm income in 8 years. That was the only alternative it offered under the program, aside from causing the farmers to go out of business.

The farmers had another "freedom," namely, the freedom of having saddled upon themselves and upon the American people a farm program which took a welfare claim upon the Treasury every year. The very same administration that talked about balanced budgets gave the Government $28 billion worth of deficits in 8 peacetime years. The very administration that talked about freedom for the farmer saddled on the taxpayer every year the increased cost of a Government program which resulted in reduced income for the farmers.

Madam President, I could make a case for an increased cost to the Government of a farm program if it would result in a net gain for the farmers. But, to the contrary, 100,000 fewer farmers a year and, in 8 years, 14,000 more employees in the Department of Agriculture—more employees to take care of fewer farmers; and at the end of the 8 years we had over $7 billion worth of farm expenditures, with reduced farm income, reduced farm population, reduced farm units, higher farm costs, and higher farm mortgage indebtedness. In the 8 years of the Eisenhower administration the farm mortgage indebtedness doubled—a 100-percent increase.

Madam President, when President Eisenhower took office, there were about $2 billion worth of stocks in the Commodity Credit Corporation. When he left office $9 billion worth of those stocks was there. But there also were approximately 100,000 fewer farmers and there was nearly $4 billion less farm income in that year, 1960, than there had been in 1952—quite a record to talk about, let me say, even though I now indulge in a bit of political sarcasm. In fact, it is no record at all, except a record of failure.

I do not say the new administration has performed miracles, but certainly it has improved the situation. This administration's program of last year, as regards emergency feed grains and wheat, reduced the Commodity Credit Corporation stocks of feed grains by 300 million bushels and wheat by about 150 million bushels. Let me say to the taxpayers that those 300 million bushels of feed grains were removed from the storage bins, with the result that the government—the taxpayers—did not have to pay 15 cents a year storage charge for each bushel. The carrying costs for feed grains alone was reduced $150 million. That was the first major reduction in 8 years in carrying costs for feed grains.

But the former President and leader of the Republican Party says, "Let us return to what we had, and let us have freedom for the farmer."

Mr. KUCHEL. Madam President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. KUCHEL. I ask my friend whether or not it is true that in the farm legislation which was defeated in the House of Representatives there was a provision for the conviction of a farmer of a Federal crime if he failed to comply with its provisions.

Mr. HUMPHREY. That provision was stricken in the committee. I think it was an unwarranted provision, and I think the Senator from California is absolutely correct in criticizing it; I, too, was one of those who criticized it.

Mr. KUCHEL. That is what the former President of the United States had in mind when he spoke in terms of freedom.

Mr. HUMPHREY. The distinguished Senator from Oregon [Mrs. NEUBERGER], who now is the Presiding Officer of the Senate, is a member of the Committee on Agriculture and Forestry; and I believe she would state—were it not for the fact that, under the rules of the Senate, the Presiding Officer is not permitted to participate in the debate—that the first witness to appear before the committee to ask that that provision be stricken was the Secretary of Agriculture, himself. I notice that the Presiding Officer is nodding her head in agreement with what I say.

The agricultural bill passed by the Senate did have differences from the bill introduced at the request of the administration. But the basic features of the bill were those which the administration wanted.

The battle on the bill was a hard-fought one, and the votes were close. I believe on the final vote there was a difference of only about four votes. A number of Senators were absent at the time; but the only record to which we can point is the actual tally taken at the conclusion of the debate and after the bill had been read the third time.

Madam President, I am not trying to say every feature of the bill is the last word; but I am saying it is a well documented fact that the bill, as passed by the Senate, would have saved the Government of the United States, and the U.S. taxpayers, approximately $1 billion in the cost of the farm program.

These figures were given by the President, the Bureau of the Budget, and the Department of Agriculture; and they have not been successfully disputed. It is a fact that the emergency feed grains program last year saved the taxpayers about $400 million. That itself is a significant accomplishment. But when I hear leaders of the opposition party talk about fiscal responsibility, and then when a chance comes to save the taxpayers a billion dollars—and, by the way, also to improve farm income and to have a farm program which the farmers themselves will have a right to approve, for the program requires the holding of a referendum and a two-thirds favorable vote by the farm producers if it is to go into effect—then, Madam President, when I see a political party stand like a solid wall and resist a farm program that could save the taxpayers a billion dollars and could improve farm income at least to the extent of a billion dollars, I say it is politically irresponsible.

Madam President, last year—the first year of the Kennedy administration—farm income increased $1 billion. This year the administration wanted to cut the cost of a farm program by means of more effective management of production; and it proposed to give the farmers a good choice and an honest choice. It said, "Mr. Farmer, you are entitled to a fair price for what you produce, in terms of what the Nation can use in its domestic economy and in its exports and in its international programs and in its relief programs." This is what we call supply. Under the administration program, the farmer was told, "Mr. Farmer, we will outline what we consider the necessary supply for our national needs, and we will see to it that if you produce that amount, you will be paid a fair price; but you will have to accept controls over your production, so that if you produce more than what the country really needs, you cannot call upon the Treasury of the United States to pay for that."

Madam President, farmers are decent, wholesome, honest, good people; and I do not think the farmers want the Government to pay for everything they produce, if they are given an alternative. What we offered them was an honest alternative. We said, "You will get a fair price if you agree to some control over your production; but you will get a price at 50 percent of parity or less if there is no control of production."

This is what the opposition calls regimentation. But no one is forcing that upon anyone; it would be a choice—an honest choice, with provision for the farm producers—not the Members of Congress—to participate in a referendum vote.

Mr. KUCHEL. Madam President, will the Senator from Minnesota yield again?

Mr. HUMPHREY. I yield.

Mr. KUCHEL. I wish to say that when the farm legislation was defeated several days ago in the House of Representatives, by a combination of votes of both Republicans and Democrats, it was defeated, I think, not by reason of an act of "stupidity"—and I use that word in quotation marks, because the able Senator suggested that it was stupid to oppose it——

Mr. HUMPHREY. Madam President, I did not mean to say it was stupid to oppose this program. I say it was unfortunate. Let me say I think it was unfortunate and also unwise. That is a more sophisticated way of saying what I was about to say, anyway. [Laughter.]

Mr. KUCHEL. Very well.

My point is that I think a reading of the record of the debate in the House of Representatives discloses that numerous amendments were offered solely to solicit additional support. For example, if I correctly understand the farm legislation as it was presented to the House, it provided that it would not apply to those who own 25 acres of land or less.

An attempt was made by amendment to change that provision so that it would not apply to farms of 40 acres or less, in an attempt, I take it, to attract additional support.

I read one sentence from a statement by a Member of the House of Representatives during the debate:

> I wish to express my profound disgust at the action of cynical advocates of high price supports and rigid crop controls who blandly urge these principles for all farmers and then proceed to exempt from controls their particular friends and constituents by little understood amendments of the law.

Those words came from the mouth of a distinguished Democratic Member of the House of Representatives, and not from a distinguished Republican Member of the House of Representatives.

So as we try to find a way to be of honorable assistance to the American farmer, sometimes pitfalls are thrown in our paths that make it difficult to move forward.

I cannot say this off the record, but I would like to leave pretty soon. This is Saturday afternoon. However, coming back to the point which put my very able friend into an intellectual paroxysm, namely, the Eisenhower comments, let the record show that the Senator from

Minnesota, who graces the Senate and the Democratic Party as one of its leaders, shares with me a high respect for General Eisenhower. When the former President made his comments concerning freedom for the American farmer he set a goal to which the wise and honest could repair.

Mr. HUMPHREY. I thank the Senator. My respect for the general is full and complete. It is like my respect for my late uncle, John Humphrey, who lived in Lexington, Ky. He was a good businessman, a fine citizen, a good father, a good uncle, who was generous, particularly at Christmas, but he had bad political habits—he was a rock-ribbed Republican, and his political thinking—and I say this in all respect to a dear, departed relative—had moved right up alongside William McKinley, in 1950. That fact did not in any way reduce my affection for him or my high respect for him.

I think it is fair to say that on both sides of the aisle we do not find ourselves in political agreement with some of our closest social, personal friends, because politics, like religion, is a matter of personal conviction.

I always hope we can argue political questions without anger. We have always been able to do that with my delightful friend from California, Senator KUCHEL, from whom I have a different point of view, particularly on agricultural policy. Perhaps this is because I was born in South Dakota and was raised in a rural area, that my family has a business in a rural area, that I lived in Minnesota most of my adult life, and that I was mayor of the large city of Minneapolis that depends in large measure on rural purchasing power.

I have visited thousands of farm homes. I have walked the fields of thousands of farms in Minnesota, the Dakotas, and elsewhere. I may not be an expert in any endeavor in this body. I claim no expertise on any problem, but I claim some understanding of the problems facing farm families, particularly in the Great Plains of the Middle West; and they are no different there than they are elsewhere.

I shall conclude soon because, like the Senator from California, I wish to leave. When I leave I shall board a plane bound for the beautiful North Star State of Minnesota, where I shall join my family and visit some of my constituents; and I shall go into the northwestern part of my State, which today suffers from serious floods and heavy rains.

When I go there I want to take them a message of hope, and I do not want to have to leave this floor and have somebody say to me, "Senator, did you let that Republican leader get by telling us what we ought to do in agriculture when we had to suffer 8 years of a kind of low-grade fever that we call Bensonism out our way? It was very difficult. It was not a high fever. You just did not feel good over a long period of time; that is all."

That feeling interpreted itself in very practical ways in bank accounts. It started to show itself in reduced savings and increased indebtedness.

I conclude my remarks by saying that some of the freedoms talked about are freedoms we can get along without—the "freedom," for example, for the farmer to pile up more and more surpluses he does not want and does not need, and that the Government does not want or need; and the "freedom" to see his income reduced year after year.

I submit that the program presented by the administration is a sincere, and I believe, a great endeavor to rectify and correct the situation. Of course, when strong action is taken, some people are going to resist it. It is never easy to correct bad habits. It is never easy to say, "Next year you are going to get help from your Government, but you are also going to have to exercise self-discipline. You are going to have to take some controls which you yourself will determine."

This is not easy. It is not easy, for example, for me to go to farmers in Minnesota who raise feed grains—and they feed and sell feed grains there—and say, "You cannot raise all the corn you wish. If you are going to get price supports on corn, for the sake of orderly marketing purposes you will have to cut back your corn acreage and your corn distribution."

This is not easy. People will say, "Senator, for years we have produced all the corn we wanted to produce." I reply to that, "Yes; and we ran out of storage space."

I have made no bones about it. I have many friends to whom I have said, "I want to see you get profitable prices for what you produce, but if you are going to have help in your marketing, crop loans and price supports, there must be, along with it, something you yourself will have to impose, namely, some production controls so there may be a fair price in the marketplace for what you grow."

This administration has done things which are creditable. Farm income has gone up. Price supports for 1961 for cotton, rice, peanuts, and other products have gone up.

More than 1,100,000 farmers in 47 States signed up for the 1961 feed grain program diverting 25,200,000 acres out of corn and grain sorghums, and the program brought about a reduction of 600 million bushels from what would have been carried over without a program.

This administration has strengthened and revitalized the farm committee system. Under the leadership of Secretary of Agriculture Freeman, it carried out an unremitting campaign to improve the public image of agriculture and increase the appreciation of the farmers' unparalleled accomplishments in producing our vast amount of nourishing products.

I feel we still can come forth with a good farm program. I am not too discouraged over what happened in the other body. I think the criticism the Senator has brought to our attention concerning the number of amendments added is a valid criticism. I do not think we ought to try to pretend that everything was wonderful. It was not. I regret all these patchwork efforts were made.

What we need now, as has been indicated, is a better farm program. Whether it be the one the administration has offered, or some other program, it needs to be an improvement over what we have. This is one of the reasons why Senators and Members of the other body are elected.

I understand the other body will make another attempt at some amendments to the farm program. I hope proposed legislation will pass the other body. I have been told the amendments will be very much along the lines of the emergency feed grains program and the present wheat program.

Then, Madam President, we shall go to conference. In that conference we can iron out some of the differences—even what may be, perhaps, unwarranted propositions or amendments—and see if we finally can arrive at a bill which will do at least three things:

First, improve farm income. This is the major purpose of farm legislation.

Second, bring some reasonable degree of order and balance into our supply situation. I am not one of those who feel supply should be so restricted we cannot fulfill the requirements under what I think is the finest of all our programs, the food for peace program. We must continue that program.

Third, a farm program which will cut down the cost of the Department of Agriculture and its many price-supporting activities. We can do this. We can do it without hurting anybody. I think it is the duty of those of us who serve in the Congress to accomplish it.

I doubt that anyone would disagree with those objectives.

How can we do these things? We in this body have taken action. We now wait for the other body to take some constructive action. After this is done, I hope we can provide a program of value to the farmers. Some adjustments will have to be made. At least, we can cut back on some of our overproduction of cereal grains. We can have a feed grains program that will take care of the needs of the cattle raisers and the stock producers, the normal users of feed grains, and at the same time bring supply into a better balance with consumption.

I think we can do it. I hope it will be done promptly, because the people of the country do not wish to see merely a political battle. I think there have been too many fights over agriculture and too little accomplishment. What we need is the fulfillment of the goal or objective of a better farm program for the American economy.

Mr. McGEE. Madam President, I commend the Senator from Minnesota for his articulate comments on the farm problem today. I remember that when I was formerly an assistant to a Wyoming Senator, when I first had the privilege of being on this floor as a staff member, the first speech I heard any Senator deliver on this floor was a speech by the Senator from Minnesota, and it was on the farm problem. He made good sense then. He makes the same good sense now. I only wish that the majority of those who must make judgments would listen to him more consistently.

It has been interesting, likewise, to listen to the exchange between the whips this afternoon. We talk about cracking the whip, but it has been another kind of revelation to watch a whip whip a whip back and forth. I think the real role of the whip has been made clear for the benefit of Members of this body this afternoon.

THE AIR IS PURE IN CHEYENNE, WYO.

Mr. McGEE. Madam President, I wish to put into the Record a brief notation carried by the Associated Press a couple of days ago. It was published in the Denver Post on the 21st of June 1962, under the title "Phoenix Air Dirtiest in Nation—Cheyenne Tops."

Madam President, I understand the article to have no political connotations. It reads:

> Scientists describe the air at Phoenix as the dirtiest of any city in the Nation, an air pollution expert says, and Los Angeles leads in organic pollutants.

Lest my distinguished colleague, the minority whip [Mr. Kuchel], think this is intended as a criticism of Los Angeles, I wish to say that it gets Los Angeles off the hook, because the report goes on to say that no longer is Los Angeles the worst city with respect to pollution in the United States. Los Angeles has come up in the standings.

The article says:

> Smith Griswold, chief Los Angeles air pollution control district officer, said Wednesday that a national survey of 48 cities showed the Arizona city had the greatest amount of dust, ash, and soot in its air and the second greatest percentage of organic pollutants—primarily auto exhaust fumes.
>
> He added that Los Angeles dirt pollutants have dropped 11 percent in the past 3 years, while they have risen by 33 percent in other cities. St. Louis, Philadelphia, and New York, he said, have dirtier air than Los Angeles.
>
> The figures came from analyzing a survey by the national air sampling network of the U.S. Public Health Service.

I hasten to add:

> The survey reported that Helena, Mont., and Cheyenne, have the purest air in the Nation.

I add, for the benefit of the distinguished majority whip [Mr. Humphrey], that as he heads out to Minnesota this weekend—I assume within the next few minutes—he might go over to enjoy the pure air which extends over the nearly 100,000 square miles of the Rocky Mountain State of Wyoming. He has been there many times in our behalf. I think perhaps he might return to the Senate refreshed and rejoicing.

Mr. HUMPHREY. Madam President, will the Senator yield?

Mr. McGEE. I yield.

Mr. HUMPHREY. Would the Senator clear that invitation with the majority leader?

I should like for the Senator to know that nothing would please me more than to be able, first, to visit Minnesota; then to go to the great State of Wyoming, which is so beautiful; and then to travel all the way across that great area of the Rockies and into sunny California.

Mr. KUCHEL. To Palm Springs.

Mr. HUMPHREY. To Palm Springs, where, most likely, I could meet the general and my distinguished friend, the minority whip.

Mr. KUCHEL. Madam President, will the Senator yield?

Mr. McGEE. I am glad to yield.

Mr. KUCHEL. The article to which the Senator refers is most interesting to me, because I was born and raised a stone's throw from the city of Los Angeles.

Madam President, I was born and raised in Anaheim. When I tell that to people in the East, they usually look a little quizzical. Once I say, "That's Disneyland," they understand from where I come.

The people of Los Angeles have had a problem with respect to air pollution, and they have been overcoming the problem. They have been overcoming it in part because of the legislation for which my good friend from Wyoming has been a constant and devoted advocate. The U.S. Senate has given to the House of Representatives proposed legislation which I was honored to author to increase the jurisdiction of the U.S. Surgeon General and the Department of Health, Education, and Welfare so that they could intensify their efforts in eliminating from the air pollutants in all their many forms.

I salute my friend from Wyoming. I was most interested in his comments. If the invitation is extended to me to come out to Wyoming, I will come out to visit him, and also visit a relative of mine who lives in his State.

Mr. McGEE. We should be most delighted to have the Senator visit, before he leaves the State, his relative, Russ Kuchel, the head of the Economics Department of the University of Wyoming.

It seems that "Keekels" are spreading their wings, along with the "Kookels" of Wyoming, to other parts of the land.

Mr. KUCHEL. Madam President, will the Senator yield?

Mr. McGEE. I yield.

Mr. KUCHEL. This points up a problem which I have in my political campaigns.

Mr. HUMPHREY rose.

Mr. KUCHEL. I ask my friend from Minnesota not to leave. I will get back to him in a moment.

My grandfather was an immigrant to this country from Germany in the 1830's. My grandfather married a girl in Indiana who was part Irish. They then went to California, where my late father was born. That was more than a century ago.

My people were among the immigrants who founded the town of Anaheim. Everybody there knew how to pronounce my name. When I went to school in Anaheim, I had no difficulty. My name, although spelled K-u-c-h-e-l, was pronounced "Keekel" because it had an umlaut over it.

Mr. HUMPHREY. A what?

Mr. KUCHEL. An umlaut is a form of diacritical mark, which we do not now use in the English language.

The difficulty of pronouncing my name has gone along with me as I have gone through life. In a primary campaign in California, Madam President—this story may be true and it may be apocryphal—I am told that one citizen in California said, "I am going to vote for 'Kookel' but I am not going to vote for 'Keekel'," and I defy the Official Reporter to state that accurately in the Record.

Mr. McGEE. I conclude with the comment that in the studies of air pollution in our country I have always supported the Senator. I salute him and his hometown. I have spoken in Anaheim. It is a beautiful city. However, I believe that the bills we have enacted so far have left out the kind of air pollution he and I agree should be eliminated. It is a kind of political pollution of air that is concentrated around the Los Angeles area at the present time. I know that the Senator from California has had the courage, even in a political year, to disavow the John Birchers and other groups of that stripe. In the national interest I for one will fight to get rid of that kind of pollution, so that it will no longer obscure the true voice of America that is important to be heard at all times. I think it would be a contribution to the Nation.

Mr. KUCHEL. I thank my friend.

Madam President, I have no intention of delaying the adjournment of the Senate this Saturday afternoon. Therefore, I shall not make any extensive comments.

I believe that by reason of the views on farm legislation which the majority whip has expressed here today I should merely indicate that in my judgment the agricultural legislation recommended by the present administration is wrong. I opposed it. It has gone down to what I believe is a deserved defeat.

I am not one of those who will indulge in recriminations on a political basis. I think that every administration, as it evolves through the years in which it has the mantle of responsibility, makes progress here and mistakes there. It may well be, as the Senator from Minnesota has suggested, that there were 10,000 more employees on the payroll of the Department of Agriculture at the time President Eisenhower left office than when he started. I do not know. But if the Senator makes that statement, I have no doubt that he is correct. I recall that in 1 month under the present administration the number of employees in the Department of Agriculture increased by 2,500 or more. If that regrettable statistic were to form a pattern, the statistic which my friend suggested—a 10,000 increase over an 8-year period in the Department of Agriculture under the Eisenhower administration—would dwindle away to nothing. I make that statement so the Senator may have an example of the care with which he and I must watch the budgetary items as they come before us for a vote.

I do not consider myself an expert on farm legislation. I sit in the Senate and listen to those who I believe are experts on farm legislation. I listen to my able friend from Minnesota. I listen to the distinguished Republican Senator from Vermont [Mr. AIKEN]. I listen to the distinguished former Secretary of Agriculture under President Truman, on the Democratic side of the aisle, the Senator from New Mexico [Mr. ANDERSON]. I listen to Senators like the Senator from Iowa [Mr. HICKENLOOPER], who represent the Great Plains States of the Midwest. I then draw my own conclusions. I want the record clearly to demonstrate that when the roll was called on the proposed farm legislation advocated by the present administration, the GEORGE AIKENS, the CLINTON ANDERSONS, the BOURKE HICKENLOOPERS and the WILLIAM PROXMIRES were among those who voted "nay" on the proposed farm legislation. They did not do so because they turned their backs on the American farmer. They themselves are farmers, and they come from farm States. They registered a vote of "nay" because they do not want to place shackles on the American farmer. They want to help the American farmer at the same time that they desire to help the entire American economy.

The American consumer has a stake in farm legislation. The average consumer in America wants the American farmer to enjoy that which under the American system he has a right to enjoy. But the Senate, represented by so many individuals who have devoted a long lifetime to the subject, demonstrates on the record that most of those who come from farm States stood up and said, when the present farm bill was before the Senate, "This bill ought not to pass."

Madam President, one additional comment and I shall be finished. I should not like the RECORD to show, even in the absence of the Senator from Florida [Mr. HOLLAND], that I would demean Palm Beach as a place in which farming and animal husbandry may be studied. But by the same token I wish the RECORD to show that beautiful Palm Springs, in the State from which I come, is a part of a vast expanse of God's wonderful desert, which, with the water which my friends have permitted us to use in southern California, has ripened into a veritable Garden of Eden. Here one can study farming, if he so desires, or merely rest and enjoy the magnificence of which we in California are so proud.

With that statement I bid my able friend from Minnesota goodnight. I hope he will now forthwith suggest that we conclude our deliberations for the week.

Mr. HUMPHREY. Madam President, first I wish to compliment my good friend from California for his repartee and splendid argument. I have never known a man who could make such a good case out of so little information and facts. I heartily commend him.

ADJOURNMENT

Mr. HUMPHREY. Madam President, on that happy note, I now move that the Senate adjourn until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock and 38 minutes p.m.) the Senate adjourned until Monday, June 25, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate, June 23, 1962:

U.S. DISTRICT JUDGES

Edward J. McManus, of Iowa, to be U.S. district judge for the northern district of Iowa, vice Henry N. Craven, retired.

William C. Hanson, of Iowa, to be U.S. district judge for the northern and southern districts of Iowa, vice a new position.

EXTENSIONS OF REMARKS

Address by Senator Goldwater Before National Editorial Association

EXTENSION OF REMARKS

OF

HON. BARRY GOLDWATER

OF ARIZONA

IN THE SENATE OF THE UNITED STATES

Saturday, June 23, 1962

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the text of an address delivered by myself before the 77th annual convention of the National Editorial Association, at Hershey, Pa., on June 22, 1962.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

TEXT OF A SPEECH BY U.S. SENATOR BARRY GOLDWATER, REPUBLICAN, OF ARIZONA, TO THE 77TH ANNUAL CONVENTION OF THE NATIONAL EDITORIAL ASSOCIATION, HERSHEY HOTEL, HERSHEY, PA., JUNE 22, 1962

Mr. Chairman and members of the National Editorial Association, I am highly honored to be here tonight and to be able to share with you some of my views and some of my concern over the development of public policy in these critical days of challenge and opportunity. You know, when I stop to think of the number of dry political speeches to which newsmen are subjected these days, I begin to wonder, even marvel, that I was invited to appear on this important occasion. I guess you know that I am not exactly noted for making nonpolitical speeches. And I make no apologies. Politics, in a very important sense, is my business, and today I believe it is becoming the business of everyone in this country who worries about the present trend of events and our ability to lead the free world. Certainly every one of you here tonight who has a financial stake in the newspaper business has cause for taking a direct part in the selection and election of government officials who believe in sound fiscal practices as well as firmness and resolution in the handling of our international affairs.

Tonight, I want to talk to you primarily about the domestic situation and the problems which confront us in the drive to expand our economic growth and provide a rapidly expanding population with the employment and living standards necessary to maintain our national strength.

Figures aren't always a useful tool in explaining the magnitude of a national problem, but very often there is no other way. So in order to get some perspective on the great need today for economic growth, let me remind you that in 1961 more than 2.2 million new workers joined the scramble for jobs in the United States. By 1970, the number of new workers entering the American labor market every year will be 3 million. This will give you some idea of the job ahead.

Now how do you create new jobs? Can you do it through Government fiat or legislative action? Could the President issue an Executive order saying the Government will provide them? Will they come from the $2.6 billion public works program the administration has proposed? Will they be provided through increased Government spending in other fields?

The answer, of course, is that only the private enterprise economy can provide the kind of jobs needed. And this requires an investment of $18,500 on the average for each new job. So where do we get investments of the magnitude required? We can get it only from people with enough nerve and enough faith in the business future to put their money into new enterprises and into programs for expanding existing ones.

This being the case, the big job today—as always—is the fostering of the kind of climate that will encourage investors; that will deepen the faith of the American people in the future of the free enterprise system. An investor must have reasonable assurance of a fair return on his money or he won't put it up. He'll leave it idle on deposit. And this does nothing to enhance the economic growth of the United States. It does nothing to ease the persistent and nagging problem of unemployment. It does nothing to correct our unfavorable balance of international payments. It does nothing to ease the high rate of business failures which plague our economy.

Today, you have only to look at the stock market to understand that something is wrong. I don't care how many scholarly explanations we get from the White House and the Treasury Department, the fact remains that the stock market in this country is a gigantic mirror which reflects business attitudes and the man-on-the-street opinion. It is a sensitive mechanism which responds quickly to national events and public trends.

We have seen how it reacts when a President suffers a heart attack. We have seen how it reacts when a threat of war arises. We have seen how it reacts when a strike occurs in a basic industry.

And we also have seen how it reacts to executive action aimed at a single industry. We have seen it react to the steady insistence upon foolish and unsound economic policies. We have seen it react to new threats of Government recourse in the event of what the President describes as "angry argument."

What you have seen in the stock market reactions of the past weeks is a massive vote of "no confidence" in the present administration's policies. But we are told that it is something else. We are told that the trouble stems from myths and legends and the retelling of old cliches. We are told that Government is not hostile to business, but that big business is hostile to the Government.

Now let's examine that last premise a bit, because I am convinced that we are going to hear more and more talk to the effect that the present era of strained relations between Government and business started with the business community. This is the current line being taken by the administration, its official spokesmen and its nonofficial but active supporters among newspaper columnists. The President set the tone for this dialog in his speech at Yale. Let me quote a portion of that speech for you. Here is what the President said:

"If a contest in angry argument were forced upon it, no administration would shrink from response, and history does not suggest that American Presidents are totally without recourse in an engagement forced upon them because of hostility in one section of society."

This, of course, was an attempt to put all the blame for what has happened in recent weeks on the back of business and also to warn that the Government won't shrink from using its power again if a segment of the business community gets out of line. Perhaps the strangest thing of all about the President's well-advertised speech at Yale was the way some newspapers hailed it as a peace offering to business. Far from being anything of the sort, I am sure that the President's remarks only served to deepen the confusion and uncertainty that reign not only on the business front but among the American people as well.

It is important to remember that economic stagnation results when people begin to retrench. I've seen this happen in the retail business where I spent many years. It works like this: A woman will come into the store and admire a dress. She may even try it on and spend considerable time talking about it with the saleswoman. But finally she'll decide not to buy it because her husband has been complaining about the business outlook. You might eventually find out that the husband was basing his views on the performance of the stock market. Then have this multiplied across the land and economic trouble begins.

Thus we see that it isn't particularly important what the market plunge actually means in the context of strict economics. Nor is it especially important what the President, or his advisers, or the Members of Congress think it means. What is important is what the public generally—the man on the street and his wife—the great consuming population of America—think it means. If they adopt the general view that a plunging market means that something is wrong which might affect the future, their reaction will be one of caution.

There is no accurate way of knowing what the Government's action in the steel price dispute has meant to the American economy in terms of canceled contracts, delayed expansion projects, deferred purchasing. But it stands to reason that we haven't yet felt the full impact of that inadvised burst of temper and what followed it.

Where I think the President made a grave mistake for which the entire Nation will pay was in using the cocked and loaded pistol of Government power on a single industry. The gun had been at his disposal for a long time—it is always on the President's desk. We had all witnessed the accumulation of centralized authority in unanswerable proportions. And many of us had warned that the mere existence of great power in the hands of Government was dangerous; that the temptation to use it might someday prove too great for an American President determined to have his own way. I believe that the fact that it was used in a situation where no laws were broken and no great national emergency existed profoundly shook the American people.

Just how the President can now overcome the uneasiness and confusion that his action brought about isn't easy to answer. One thing is certain: assertions such as the one I have quoted from the President's speech at Yale will do nothing but extend and compound the difficulty. In effect, the President reminded the business community that the pistol is still cocked and loaded and that he won't hesitate to use it again if he feels the necessity.

I don't think business is hostile to the administration. More than any other group, the businessmen in America want to see a return of confidence. And why wouldn't they? Businessmen are in business to make money. They can't serve their own purpose if a psychology develops that slows down trade and causes investors to pull in their horns. Consequently, in their own best interests, the businessmen of America seek friendly relations with the Government.

But cordial relations and proper understanding and a return of confidence cannot be achieved by words alone—certainly not the kind of words we have been recently hearing from the President and his supporters. The President can repeat 50 times a day that business and labor and government must work together in harmony for the sake of economic growth and the good of the Nation. But it won't mean a thing unless he acts accordingly. In other words, I don't think the President can have a return of confidence in his administration merely for the asking. I think he's got to earn it by adopting some policies and attitudes in which the business community and the people of America can put faith.

What isn't fully realized in the present situation is how long the businessmen of America went along with the administration, retaining their optimism and their confidence in the face of early and growing signs of antibusiness attitudes in the Government.

The evidence of such an attitude developed very early in the new administration. For example, one of the first things President Kennedy did upon taking office was to skip the traditional appearance of a new Chief Executive before the annual meeting of the U.S. Chamber of Commerce. After that, you will remember, came the flurry which demonstrated the Commerce Department's lack of confidence in the Business Advisory Council. Then the Interior Department junked the partnership plan devised by President Eisenhower for the cooperation of government and private enterprise in the development of the Nation's electric power resources. A steady stream of criticism was directed by new administration officials at the ethics of the business community—a generalized assault which blamed an entire segment of the country for the transgressions of a mere handful of alleged price fixers.

And the business community remained optimistic and hopeful even when the administration staffed its key policymaking branches with union leaders and members of Americans for Democratic Action and other groups noted for their lukewarm feelings about the advantages of a free enterprise economy. As Scripps-Howard writer Henry J. Taylor has written: "These men brought about as much confidence to business as Jesse James brought to a bank. But, still the attitude of the business community never got past the phase of mild concern."

I believe you will find that the businessmen of America maintained a high degree of confidence in the present administration right up to the time of the steel price crackdown. At least, the surveys conducted by business magazines throughout the country certainly showed that there was no active hostility on the part of the business community.

What the steel dispute pointed up more than anything else was the administration's determination to ride roughshod over all obstacles in the way of its planning for the economy. When you strip that situation of all arguments over whether the price increase was justified, whether the announcement was timed wrong, whether the steel industry deliberately set out to embarrass the administration, you still confront the question of whether a private industry has the right to make a private decision. The question comes down to a matter of freedom—the freedom of a private group to make a decision it felt was justified in the best interests of its workers, its stockholders, and its customers. That freedom is basic to the operation of our business system. It is the important wellspring of our strength, our initiative, and our industry. It is an indispensable underpinning to the American economy.

And when you tamper with that freedom—in a massive unmistakable way—you tamper with the confidence of the business community and the American people. Government economic planning is one thing; but when a government begins to use power to enforce its plans the whole idea becomes dictatorial in nature.

This is the thing that has infused the economic system with uneasiness, and doubt, and caution. This is what makes businessmen wonder about the future. How great a part does the Government expect to play in economic decisionmaking? How rigid are those mysterious guidelines laid down by the White House brain trust for wages and prices? How far can industry go in laying plans for the future based on prices of its own making?

For all the speeches and explanations we have heard along the New Frontier, these questions are still unanswered. But the fact that the administration is implementing its drive for a thoroughly planned economy is plain enough. Why else is the President asking Congress for more power than any other Chief Executive has ever held in a period when we are not engaged in an out-and-out shooting war? Why is the administration seeking vast new authority over the tax structure, the tariff machinery, the money supply? Why is the administration seeking new public works spending authority to the tune of over $2 billion? Why is there such a concerted drive shaping up in the administration to convince the American people that deficit financing does not lead to inflation; that the national debt is not excessive; that balanced budgets are dangerous?

These moves on the part of the Government are not likely to increase confidence in the economic attitudes of the administration. Nor are suggestions such as we heard a few days ago from the President's Solicitor General, Mr. Archibald Cox. This administration official, sometimes called the Government's top attorney, claims that some formal procedure will have to be established to bring the Government into wage and price policy decisionmaking in basic industries "at a fairly early stage." In other words, the administration wants to formalize its meddling. It wants an official procedure for the injection of brain trust decisions in the affairs of management and labor.

Now in this I suggest that the Nation's labor unions have as great a stake as does the business community. I have heard it said that confidence would return if the President would use his temper and his power against some union wage demand in the same fashion as he used them against the steel industry's price increase. The theory here is that the President needs to establish his impartiality; that he needs to demonstrate that the requirements of bureaucratic planning for the economy apply as stringently to the labor segment as to management. And here I disagree emphatically. I believe the Government should stay out. I don't believe Government has any place at the bargaining table, either on the side of management or labor. I believe the freedom of our economic system requires that the men of labor and the men of management decide their own differences—and that these decisions be reached at the bargaining table and not in the office of Labor Secretary Goldberg, White House Economist Heller or Attorney General Kennedy.

When the Government gets into these matters, it does great disservice to the economic system. It destroys confidence and brings confusion. It aggravates conditions of unemployment, business failures, and allied economic problems. It slows down economic growth and adds to the forces which engender recissions. This has been the history of Government interference down through the ages.

But the lessons of history appear to have no importance to the men who presently direct the economic policies of the Government. If they did, we wouldn't today be hearing statements like that of Solicitor General Cox which suggest the need for Government wage-and-price controls, because conditions have changed.

And here is something to remember: every time you hear an administration beginning to harp on the idea of changing conditions and economic complexities you can start looking for the theorists and the brain trusters to come up with some overnight panacea. And this always means more Government control. Remember when our agricultural problems began taking on this mantle of complexity? Remember what the Government's answer was to those changed conditions? And see where it has led us. We haven't solved our farm problem but we have succeeded in loading ourselves down with billions of tons of surplus and billions of dollars' worth of public debt. In this instance we let the Government go in for control and regimentation. We let the Government tamper with the natural laws of supply and demand. We let the Government replace natural pricing with Federal edict. And the result is a bureaucratic nightmare which gets only worse.

You begin to get an idea of where we're headed if you just take the conditions existing today in our agriculture industry and apply them to the economy as a whole. Government planning and controls never work. They never have. They never will. We have the evidence right before our eyes. Yet the present administration continues to toy with this economic dynamite at a time when we are facing the greatest challenge yet to our productive capability.

Let me describe a country to you.

This country was going in heavily for government spending on welfare projects.

This country was interpreting the "public interest" in terms of vast housing programs and other projects it felt the people must have but which its people had not asked for.

This country had a steady rate of employment but a rising rate of unemployment.

This country's business was caught in a profit squeeze because of the unresisted demands of labor unions.

This country was plagued by a high and increasing rate of business failures.

This country was suffering from foreign competition and a loss of oversea markets.

This country's stock market prices were declining at a time when its officials were contending that its economy was basically sound.

Now, despite the similarities you might have noted, I have not been describing the United States of America in the year 1962. I have been describing the country of Austria in the period between 1925 and 1929, just before it led the entire world into financial panic which brought on the great depression of the 1930's.

I suggest that we would do well to take a close look at the conditions in Austria which triggered the greatest depression the world has ever known. The slide began in Austria, not in the United States, and I believe almost all the economic experts are in general agreement with that premise. So, for the real roots of the great depression, we must study the conditions in Austria prior to the collapse of the Kredit Anstadt banking system. And when we do this we come face to face with the evils of government spending.

The whole problem in Austria stemmed from the fact that for a long time prior to the 1929 collapse, that country had been living on its capital funds. In the year 1931 it was calculated that if all the undertakings in Austria were to be sold at the value of their stock exchange quotations, the proceeds would not cover one-half of the public expenditures for a single year. The expenditures of the Viennese municipality on its housing program alone since the armistice exceeded the total value of the capital of all Austrian manufacturing joint-stock companies.

Of course, no financial system could stand such a strain. One by one, the financial houses in Vienna closed their doors. The slump intensified the capital consumption. Finally, in early May 1931, the Kredit Anstadt, which had taken over the bad debts of its predecessors, announced that it could not meet its liabilities. And the collapse of the Kredit Anstadt was the beginning of a worldwide financial crisis.

Now I don't mean to suggest that the United States is right now headed for a depression such as we experienced in the 1930's. But I do believe that we must understand the ultimate consequences of constantly enlarging Government expenditures in a time of heavy deficit. I think we must see, and see clearly, what can happen when a nation's capital structure begins to dry up and stagnate. I think we must avoid the experience of Austria by adopting policies that will greatly accelerate the rate of capital investment in this country.

It is extremely important for us to understand that the more money the Government pumps into noncapital ventures—ventures which cost a lot but do not create economic growth—the more it takes away from our private economic system. And the cost of this is always counted in terms of lower production and fewer jobs.

And this is happening to an ever greater degree in the United States. The figures on our capital growth over the years show a dangerous trend. I would remind you, for example, that in 1957 new capital investment in the United States totaled $36.9 billion. And the second quarter rate for 1962 is estimated at only $36.6 billion.

I suggest that the more we go in for these huge Government spending schemes, the closer we get to the situation that existed in Austria prior to the great depression. If the trend isn't checked, this Nation eventually will begin to live off its capital, and its industry will be forced to operate at a net loss.

This is the direction in which we are headed. It can be changed only if actions are taken to spur capital so that it can keep pace with the increasing demands of our obligations at home and abroad.

So what can the Government do about all this? I believe the President should begin by bringing some hardheaded businessmen into his advisory circle—men who are able to see beyond theory and who can back their decisions with experience gained in the marketplace—men who have college degrees but also know what it means to meet a payroll, struggle with technological changes and increased labor costs and burdensome taxes. In short, I believe the President would do well to replace many of his braintrusters with men who understand the private enterprise system and know what it takes to make it grow and expand.

At the same time, I believe the administration should immediately start cutting down on Government expenditures. A good starting place would be the new $2 billion-plus public works program. When the legislation for this reaches the White House, which I believe it will, the President should veto it and thus dramatize—by jettisoning one of his own bills—a new administration intention to reduce expenditures. I suggest this is the only sound course if the administration is going to insist on a tax cut next year. We've already got a big deficit. If the Government plans to further cut its revenues, it stands to reason that it must seek ways to reduce its expenditures. Always assuming, of course, that there is any tendency left in the White House to adhere to tenets of sound fiscal practice.

Another move open to the President which I believe would help to restore confidence in the Government and increase the rate of economic growth would be to propose a realistic program for liberalization of depreciation allowances in the tax structure. It would help immeasurably if he would ask Congress to forget the tiny 8 percent tax credit idea he proposed earlier and substitute for it a new and expanded schedule of writeoffs. This would permit business immediately to begin on the task of replacing some $90 to $100 billion worth of aging and obsolete equipment. It would prove a greater boon to the economy and do more to correct the unemployment problem than any other single course now open to the Government. It also would do a great deal to ease the problem of foreign competition with American industry. We need this new equipment. We need to modernize our industrial plant if we are to compete on a quality basis with Western Europe and Japan.

In conclusion let me say that the President and the administration are not helpless in the present economic situation. There are many things they can do—sound things that will encourage American businessmen and American investors to look to the future with confidence and faith. But to do them the President must rid himself of the radical economic theories of men who believe that present conditions are too sophisticated to allow for balanced budgets, reduced expenditures, and payments on the national debt. He must understand that sound business practices are what businessmen live by and that they cannot take encouragement from patently unsound government policies. In other words, the President can have a new, enlightened, and confident relationship with business—but only if he earns it.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 25, 1962

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore (Mr. ALBERT).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

JUNE 25, 1962.

I hereby designate the Honorable CARL ALBERT to act as Speaker pro tempore today.

JOHN W. MCCORMACK,
Speaker of the House of Representatives.

PRAYER

The Reverend Arthur L. Martin, First Methodist Church, Crestview, Fla., offered the following prayer:

Almighty and Eternal God, whose loving kindness never faileth, who rulest both in heaven and in earth, keeping mercy for Thy people who walk before the presence of Thy glory; graciously vouchsafe Thy presence as we open Congress today. Thou who hast mercifully promised to hear the prayers of Thy people who call upon Thee; we beseech Thee graciously to bless this great Nation of ours and especially this Congress of the United States of America. In this space age with its problems and opportunities, give this Congress the wisdom to make the right decision. Watch over this Congress in their going out and in their coming in, and direct their footsteps ever in the ways of wisdom and right, through Jesus Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, June 22, 1962, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 3444. An act to approve an order of the Secretary of the Interior adjusting, deferring, and canceling certain irrigation charges against non-Indian-owned lands under the Wind River Indian irrigation project, Wyoming, and for other purposes;

H.R. 10459. An act to provide for the conveyance of 39 acres of Minnesota Chippewa tribal land on the Fond du Lac Indian Reservation to the SS. Mary and Joseph Church, Sawyer, Minn.; and

H.R. 11057. An act to declare that the United States holds certain lands on the Eastern Cherokee Reservation in trust for the Eastern Band of Cherokee Indians of North Carolina.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill and a joint resolution of the House of the following titles:

H.R. 6682. An act to provide for the exemption of fowling nets from duty; and

H.J. Res. 745. Joint resolution making supplemental appropriations for the fiscal year 1962.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 2121. An act to establish Federal agricultural services to Guam, and for other purposes;

S. 2859. An act to amend the Federal Crop Insurance Act, as amended, in order to increase the number of new counties in which crop insurance may be offered each year;

S. 2971. An act to declare that certain lands of the United States are held by the United States in trust for the Jicarilla Apache Tribe of the Jicarilla Reservation;

S. 3120. An act to amend section 6 of the act of May 29, 1884;

S. 3161. An act to provide for continuation of authority for regulation of exports, and for other purposes; and

S.J. Res. 210. Joint resolution to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 860. An act to provide greater protection against the introduction and dissemination of diseases of livestock and poultry, and for other purposes.

The message also announced that the Vice President has appointed Mr. JOHNSTON and Mr. CARLSON members of the Joint Select Committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the U.S. Government," for the disposition of executive papers referred to in the Report of the Archivist of the United States numbered 62-20.

AUTHORIZING CERTAIN CONSTRUCTION AT MILITARY INSTALLATIONS

Mr. VINSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 11131) authorizing certain construction at military installations, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference with the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

The Chair hears none, and appoints the following conferees: Messrs. VINSON, RIVERS of South Carolina, PHILBIN, HÉBERT, WINSTEAD, ARENDS, GAVIN, NORBLAD, and VAN ZANDT.

THE FARM BILL

Mr. DOLE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the reqeust of the gentleman from Kansas?

There was no objection.

Mr. DOLE. Mr. Speaker, there has been much said about the defeat of the farm bill, and I would like to refer to the release by the Secretary of Agriculture, Orville Freeman, June 22, 1962, issued after defeat of his bill. In that release, Freeman referred to a "secret meeting" of Republicans and indicated there was something wrong in having "secret" meetings. As everyone knows the farm bill was defeated last Thursday, hence, according to the Washington farm letter written by Wayne Dorrow, the Democrats must have held a secret meeting as this letter refers to a meeting of the House Committee on Agriculture last Friday. I have checked with all Republican members of the committee and none of them were invited or attended any meeting of the Agriculture Committee last Friday. I think it is high time Freeman stops talking about secret meetings and gives some attention to the plight of the American farmer.

COMMITTEE ON THE JUDICIARY

Mr. WALTER. Mr. Speaker, I ask unanimous consent that Subcommittee No. 3 of the Committee on the Judiciary may sit during general debate on Thursday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

INCREASE FUNDS FOR HOSPITAL FACILITIES IN DISTRICT OF COLUMBIA

Mr. McMILLAN. Mr. Speaker, I call up the bill (S. 1834) to amend further the act of August 7, 1946—60 Stat. 896—as amended, by providing for an increase in the authorization funds to be granted for the construction of hospital facilities in the District of Columbia; by extending the time in which grants may be made; and for other purposes, and ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Act of August 7, 1946 (60 Stat. 896), as amended, is amended (1) by striking out "$40,730,000" and inserting in lieu thereof "$41,105,000" and (2) by striking out "June 30, 1962" and inserting in lieu thereof "on the last day of the second session of the Eighty-Seventh Congress".

Mr. McMILLAN. Mr. Speaker, the purpose of this legislation is to extend the hospital act in connection with the Greater Southeast Community Hospital, Washington, D.C. It seems that the hospital costs have increased considerably since the erection of the hospital began and since the sponsors of the hospital were able to collect the matching funds.

During this time the Federal share of the cost of building the hospital had gone up by $375,000. The District of Columbia is supposed to pay 30 percent of the hospital cost.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. McMILLAN. I yield to the gentleman from Iowa.

Mr. GROSS. What is the increased Federal contribution to this hospital?

Mr. McMILLAN. It would be $375,000, less 30 percent.

Mr. GROSS. And, the necessity for this increased authorization is because construction costs have increased?

Mr. McMILLAN. That is correct. Several years ago the Congress appropriated funds for this hospital but the sponsors of the hospital were unable to collect the matching funds until recently. Now, the cost has gone up to that extent as the Federal Government share.

Mr. GROSS. If the gentleman will yield further, it is not within the capability of the taxpayers of the District of Columbia to put up this additional money; is that correct?

Mr. McMILLAN. They also had to collect $375,000 extra private funds for their half of the extra cost.

Mr. GROSS. Their half?

Mr. McMILLAN. Yes, sir; their matching funds. The District of Columbia is supposed to pay 30 percent of the Federal share.

Mr. GROSS. If the gentleman will yield further, this money is exclusively for the Washington Hospital Center, is that correct?

Mr. McMILLAN. Yes, sir. This is the Southeast Hospital which comes under the Washington Hospital Center Act.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INCORPORATE METROPOLITAN POLICE RELIEF ASSOCIATION OF THE DISTRICT OF COLUMBIA

Mr. McMILLAN. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (S. 3063) to incorporate the Metropolitan Police Relief Association of the District of Columbia, and ask for its immediate consideration.

The Clerk read the title of the bill.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Clarence H. Lutz, Francis Conley, Garland B. Waters, William G. Schenck, Lawrence D. Johnson, Anthony A. Cuozzo, Lester W. Hebbard, and Royce L. Givens are hereby created and declared to be a body corporate by the name of "Metropolitan Police Relief Association of the District of Columbia" (hereinafter in this Act referred to as the "corporation"), and by such name shall be known and have perpetual succession and the powers and limitations contained in this Act.

COMPLETION OF ORGANIZATION

SEC. 2. The persons named in the first section of this Act are authorized to complete the organization of the corporation by the selection of officers and employees, the adoption of a constitution and bylaws not inconsistent with this Act, and the doing of such other acts as may be necessary for such purposes.

OBJECT AND PURPOSE OF CORPORATION

SEC. 3. The corporation shall not be conducted for profit but shall have as its object and purpose, upon the payment of specified amounts, the payment of death benefits with respect to (1) persons who are or have been officers or members of the Metropolitan Police force of the District of Columbia, (2) wives of persons who are or have been officers or members of the Metropolitan Police force of the District of Columbia, and (3) persons who are or have been employees of the District of Columbia assigned to the Metropolitan Police Department.

CORPORATE POWERS

SEC. 4. The corporation shall have power—

(1) to enter into contracts with those persons described in section 3 of this Act to pay death benefits not to exceed $1,500 with respect to such persons;

(2) to issue certificates of membership as evidence of the contracts referred to in paragraph (1);

(3) to collect specified amounts with respect to contracts for the payment of death benefits;

(4) to sue and be sued in any court of competent jurisdiction;

(5) to choose such officers, directors, managers, agents, and employees as the business of the corporation may require;

(6) to adopt, amend, and alter a constitution and bylaws, not inconsistent with the provisions of this Act, the laws of the United States, and the laws in force in the District of Columbia for the management of its property and regulation of its affairs;

(7) to contract and be contracted with;

(8) to take and hold by lease, gift, purchase, grant, devise, or bequest any property, real or personal, necessary for attaining the object and carrying into effect the purpose of the corporation subject to applicable provisions of law in force in the District of Columbia;

(9) to transfer, encumber, and convey real or personal property;

(10) to adopt, alter, and use a corporate seal;

(11) to borrow money for the purposes of the corporation, issue bonds therefor, and secure such bonds, subject to the laws of the United States, and the laws in force in the District of Columbia;

(12) to invest the funds of the corporation only in such securities as the United States District Court for the District of Columbia may approve, from time to time, for the investment of funds by fiduciaries operating under its jurisdiction; and

(13) to do any and all acts and things necessary and proper to carry out the object and purpose of the corporation.

MEMBERSHIP; VOTING RIGHTS

SEC. 5. (a) Eligibility for membership in the corporation and the rights and privileges of members of the corporation shall, except as provided in this Act, be determined by the constitution and bylaws of the corporation.

(b) Only members of the corporation shall have the right to vote on matters submitted to a vote at meetings of members of the corporation. Each member of the corporation shall have only one vote with respect to matters submitted to a vote at meetings of members of the corporation.

BOARD OF DIRECTORS; COMPOSITION, RESPONSIBILITIES

SEC. 6. (a) Upon enactment of this Act, the membership of the board of directors of the corporation shall consist of those persons named in the first section of this Act. Such persons shall remain on the board of directors of the corporation for a period of one year from the date of enactment of this Act.

(b) After one year from the date of enactment of this Act, the board of directors of the corporation shall be composed of (1) one officer or member from each precinct, bureau, and division of the Metropolitan Police force of the District of Columbia (who is a certificate holder of the corporation) elected by a majority vote of the certificate holders of the corporation who are assigned to the precinct, bureau, or division from which such officer or member is elected; (2) one member of the White House Police force (who is a certificate holder of the corporation) elected by a majority vote of the certificate holders of the corporation who are members of the White House Police force; and (3) one member of the Retired Men's Association of the Metropolitan Police Department (who is a certificate holder of the corporation) elected by a majority vote of the certificate holders of the corporation who are members of such association.

(c) The board of directors shall be the governing board of the corporation and shall be responsible for the general policies and program of the corporation. The board of directors may appoint from among its membership such committees as it may deem advisable to carry out the affairs of the corporation, including an executive committee and an investment committee.

(d) The board of directors shall make and adopt such bylaws for the conduct of the corporation as it may deem necessary and proper which are consistent with the terms of this Act.

OFFICERS OF THE CORPORATION

SEC. 7. (a) The officers of the corporation shall be a chairman of the board of directors who shall also be the president of the corporation, a vice president, a secretary-treasurer, and an assistant secretary-treasurer. The duties of the officers of the corporation shall be as prescribed in the constitution and bylaws of the corporation.

(b) Before entering upon his duties as secretary-treasurer or as assistant secretary-treasurer, each such officer shall be required to give a good and sufficient surety bond to the corporation in the amount of $10,000, conditioned upon the faithful performance of his duties. For the purposes of this section the term "faithful performance of his duties" shall include the proper accounting for all funds and property received by reason of the position or employment of the individual so bonded and all duties and responsibilities imposed upon such individual by this Act and by the constitution and bylaws of the corporation.

(c) The board of directors shall elect the officers of the corporation in such manner as may be prescribed by the constitution and bylaws of the corporation.

USE OF INCOME; LOANS TO OFFICERS, DIRECTORS, OR EMPLOYEES

SEC. 8. (a) No part of the income or assets of the corporation shall inure to any member, officer, or director, except as payment of death benefits or as remuneration for services which remuneration for services must be approved by the board of directors of the corporation.

(b) The corporation shall not make loans to its officers, directors, or employees. Any director who votes for or assents to the making of a loan to an officer, director, or employee of the corporation, and any officer who participates in the making of such loans, shall be jointly and severally liable to the corporation for the amount of such loan until the repayment thereof.

(c) No director or officer of the corporation shall receive any money or valuable thing for negotiating, procuring, recommending, or aiding in any purchase by or sale to the corporation of any property, or any loan from the corporation, nor be pecuniarily interested, either as principal, coprincipal, agent, or beneficiary, in any such purchase, sale, or loan, nor shall the financial obligation of any such director or officer be guaranteed by the corporation in any capacity: *Provided*, That nothing herein contained shall prevent any such director or officer from receiving a fee for serving on any committee that passes on the investments of the corporation.

NONPOLITICAL NATURE OF CORPORATION

SEC. 9. The corporation, and its officers, directors, and duly appointed agents, as such, shall not contribute to or otherwise support or assist any political party or candidate for elective public office.

LIABILITY FOR ACTS OF OFFICERS AND AGENTS

SEC. 10. The corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

CHARITABLE CORPORATION, NOT SUBJECT TO INSURANCE LAWS OF THE DISTRICT OF COLUMBIA

SEC. 11. The corporation created by this Act is declared to be a benevolent and charitable corporation, and all of the funds and property of such corporation shall be exempt from taxation, other than taxation on the real property of the corporation. Such corporation shall not be subject to the laws regulating the business of insurance in the District of Columbia.

BOOKS AND RECORDS: INSPECTION

SEC. 12. The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, board of directors, and committees having any of the authority of the board of directors; and it shall also keep a record of the names of its members. All books and records of the corporation may be inspected by any member, or his agent or attorney, for any proper purpose, at any reasonable time.

FILING WITH THE BOARD OF COMMISSIONERS OF THE DISTRICT OF COLUMBIA

SEC. 13. (a) The corporation shall file, with the Board of Commissioners of the District of Columbia or an agent designated by the Board, a copy of its bylaws and copies of the forms of contracts to be offered to eligible persons.

(b) The accounts of the corporation shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The audit shall be conducted at the place or places where the accounts of the corporation are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the corporation and necessary to facilitate the audit shall be made available to the person or persons conducting the audit; and the full facilities for verifying transactions with the balances or securities held by depositors, fiscal agents, and custodians shall be afforded to such person or persons.

(c) A report of such audits shall be made by the corporation to the Board of Commissioners of the District of Columbia or an agent designated by the Board not later than six months following the close of such fiscal year for which the audit is made. The report shall set forth the scope of the audit and shall include verification by the person or persons conducting the audit of statements of (1) assets and liabilities, (2) capital and surplus or deficit, (3) surplus or deficit analysis, (4) income and expenses, and (5) sources and application of funds. Such report shall also include a statement of the operations of the corporation for such fiscal year.

(d) If the Board of Commissioners of the District of Columbia or an agent designated by the Board for such purpose shall have reason to believe that the corporation is not complying with the provisions of this Act, or is being operated for profit, or is being fraudulently conducted, they shall cause to be instituted the necessary proceedings to require compliance with this Act, or to enjoin such improper conduct.

TRANSFER OF CONTRACTS, OBLIGATIONS, AND ASSETS

SEC. 14. The corporation is authorized and empowered to take over, assume, and carry out all contracts, obligations, and assets of the corporation heretofore organized and now doing business in the District of Columbia under the name of the Metropolitan Police Relief Association of the District of Columbia, upon discharging or satisfactorily providing for the payment and discharge of all liability of such corporation and upon complying with all laws in force in the District of Columbia applicable thereto.

AGENT IN DISTRICT OF COLUMBIA

SEC. 15. The corporation shall maintain at all times in the District of Columbia a designated agent authorized to accept service of process for the corporation, and notice to or service upon such agent, or mailed to the business address of such agent, shall be deemed notice to or service upon the corporation.

RESERVATION OF RIGHT TO ALTER, AMEND, OR REPEAL CHARTER

SEC. 16. The right to alter, amend, or repeal this Act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THE NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Mr. McMILLAN. Mr. Speaker, by direction of the Committee on the District of Columbia I call up the bill (H.R. 9954) to amend the act of June 6, 1924, chapter 270—43 Stat. 463—relating to the National Capital Park and Planning Commission, as amended by the National Capital Planning Act of 1952—66 Stat. 781; 40 U.S.C. 71—and ask unanimous concent that the bill be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2b of the Act of June 6, 1924 (43 Stat. 463), relating to the National Capital Park and Planning Commission, as amended by the Act of July 19, 1952, chapter 949, known as the National Capital Planning Act of 1952 (66 Stat. 781; 40 U.S.C. 71(a)(b)(1)), is hereby amended by inserting after the words "Federal Highway Administrator," the words "the Administrator of the National Capital Transportation Agency,".

With the following committee amendment:

Page 1, strike out line 8 and insert in lieu thereof the following: "inserting before 'the chairmen of the committees' ".

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. McMILLAN. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, could we have a few words of explanation of these bills as they go through?

Mr. McMILLAN. Mr. Speaker, the only explanation of this bill is that since they have created this Capital Transit Agency we feel that the head of the Agency should belong to the Planning Commission. The heads of practically all other agencies in the District do belong to that Agency. We feel that the Director of the Capital Transit Commission should be a member of this Commission since he is the man who is planning the new traffic system for the District of Columbia.

Mr. GROSS. This does not provide for a new setup?

Mr. McMILLAN. No; no new setup, and no pay or anything. It just makes him a member of the panel.

Mr. GROSS. Is there per diem involved in this bill?

Mr. McMILLAN. It is my understanding that the clerical staff are the only ones who receive per diem. These people who are heads of these agencies do not receive any expense. I am a member of it, and I do not receive any expense.

Mr. GROSS. If the gentleman will yield further, the gentleman is a Member of Congress, and I doubt that he could be given added compensation for this purpose.

The SPEAKER pro tempore. The question is on the committee amendment.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXEMPTION FOR DISTRICT OF COLUMBIA LIFE INSURANCE COMPANIES

Mr. McMILLAN. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 9441) to exempt life insurance companies from the act of February 4, 1913, regulating loaning of money on securities in the District of Columbia and ask for its immediate consideration.

The Clerk read the title of the bill.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 10 of the Act entitled "An Act to regulate the business of loaning money on security of any kind by persons, firms, and corporations other than national banks, licensed bankers, trust companies, savings banks, building and loan associations, and real estate brokers in the District of Columbia", approved February 4, 1913 (D.C. Code, sec. 26-610), is amended by striking out the period at the end thereof and inserting in lieu thereof the following: "or to life insurance companies."

With the following committee amendment:

Page 1, line 10, strike out the word " "or" and strike out line 11, and insert in lieu thereof the following: "or to life insurance companies or to welfare and pension plans. As used in this section (i) the term 'life insurance companies' means and includes any life insurance company authorized to do business in the District of Columbia pursuant to the Life Insurance Act (48 Stat. 1127, et seq.) and any other life insurance company which has a valid, current license to do business as such in any State of the United States and (ii) the term 'welfare and pension plans' means and includes any employee welfare benefit plan or any employee pension benefit plan within the meaning of and subject to the provisions of the Welfare and Pension Plans Disclosure Act, approved August 28, 1958 (72 Stat. 997, U.S.C., title 29, sec. 301, et seq.).

"Sec. 2. Any person or legal entity making a loan secured on real or personal property in the District of Columbia who or which does not maintain an office for doing business in the District of Columbia or a residence in said District shall appoint and maintain at all times in the District of Columbia a resident agent upon whom process may be served in suits arising out of any such transaction or in connection with such property, and shall register with the Commissioners of the District of Columbia or with their designee the name and address of such resident agent. Any such person or legal entity which fails to appoint and maintain at all times in the District of Columbia such resident agent shall not, while such failure continues, be entitled to the exemption provided in section 10 of the Act entitled 'An Act to regulate the business of loaning money on security of any kind by persons, firms, and corporations other than national banks, licensed bankers, trust companies, savings banks, building and loan associations, and real estate brokers in the District of Columbia', approved February 4, 1913, as amended (D.C. Code, sec. 26-610). Whenever any such person or entity does not have an agent for service of process or such agent cannot with reasonable diligence be found at his registered address, then the said Commissioners or their designee shall be the agent for the service of process for such person or entity. Service of process on the Commissioners or their designee shall be made by delivering to, and leaving with them, or with any person having charge of their office, or with their designee, duplicate copies of the process. In the event of such service, the Commissioners, or their designee, shall immediately cause one of such copies to be forwarded by registered or certified mail, addressed to such person or entity at his or its address, as such address appears on the records of the Commissioners or their designee. Any such service shall be returnable in not less than thirty days unless the rules of the court issuing such process prescribe another period, in which case such prescribed period shall govern. Nothing contained in this section shall limit or affect the right to serve any process, notice or demand required or permitted by law to be served on any such person or entity in any other manner now or hereafter permitted by law."

Mr. McMILLAN. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. McMillan to the committee amendment: On page 2, at the end of line 17, insert the following language, "where such person or legal entity may be served with process in any suit arising out of any such transaction or in connection with such property".

On page 2 strike line 20 and in line 21 strike out the words "with such property" and insert the following "in any such suit".

The amendment to the committee amendment was agreed to.

The committee amendment, as amended, was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING LIFE INSURANCE ACT FOR THE DISTRICT OF COLUMBIA

Mr. McMILLAN. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 8738) to amend sections 1 and 5b of chapter V of the Life Insurance Act for the District of Columbia and ask for its immediate consideration.

The Clerk read the title of the bill.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (1) of subsection (c) of section 1 of chapter V of the Life Insurance Act (D.C. Code, sec. 35-701(c)(1)) is amended to read as follows:

"(1) The minimum standard for the valuation of all such policies and contracts shall be the Commissioners reserve valuation method defined in paragraph (2), 3½ per centum interest, and the following tables:

"(i) For all ordinary policies of life insurance issued on the standard basis, excluding any disability and accidental death benefits in such policies, the Commissioners 1941 Standard Ordinary Mortality Table for such policies issued prior to the operative date of the last paragraph of section 5b(d) of this chapter, and the Commissioners 1958 Standard Ordinary Mortality Table for such policies issued on or after such operative date; provided that for any category of such policies issued on female risks all modified net premiums and present values referred to in this section may be calculated according to an age not more than three years younger than the actual age of the insured.

"(ii) For all industrial life insurance policies issued on the standard basis, excluding any disability and accidental death benefits in such policies, the 1941 Standard Industrial Mortality Table.

"(iii) For individual annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies, the 1937 Standard Annuity Mortality Table or, at the option of the company, the Annuity Mortality Table for 1949. Ultimate, or any modification of either of these tables approved by the Superintendent.

"(iv) For group annuity and pure endowment contracts, excluding any disability and accidental death benefits in such policies, the Group Annuity Mortality Table for 1951, any modification of such table approved by the Superintendent, or, at the option of the company, any of the tables or modifications of tables specified for individual annuity and pure endowment contracts.

"(v) For total and permanent disability benefits in or supplementary to ordinary policies or contracts, for policies or contracts issued on or after January 1, 1966, the tables of period 2 disablement rates and the 1930 to 1950 termination rates of the 1952 Disability Study of the Society of Actuaries, with due regard to the type of benefit; for policies or contracts issued on or after January 1, 1961, and prior to January 1, 1966, either such tables or, at the option of the company, the Class (3) Disability Table (1926); and for policies issued prior to January 1, 1961, the Class (3) Disability Table (1926). Any such table shall, for active lives, be combined with a mortality table permitted for calculating the reserves for life insurance policies.

"(vi) For accidental death benefits in or supplementary to policies, for policies issued on or after January 1, 1966, the 1959 Accidental Death Benefits Table; for policies issued on or after January 1, 1961, and prior to January 1, 1966, either such table or, at the option of the company, the Intercompany Double Indemnity Mortality Table; and for policies issued prior to January 1, 1961, the Intercompany Double Indemnity Mortality Table. Either table shall be combined with a mortality table permitted for calculating the reserves for life insurance policies.

(vii) For group life insurance, life insurance issued on the substandard basis and other special benefits, such tables as may be approved by the Superintendent."

Sec. 2. Subsections (d) and (e) of section 5b of chapter V of the Life Insurance Act (D.C. Code, sec. 35-705b(d)) are amended to read as follows:

"(d) Except as provided in the third paragraph of this subsection, the adjusted premiums for any policy referred to in subsection (a) shall be calculated on an annual basis and shall be such uniform percentage of the respective premiums specified in the policy for each policy year, excluding any extra premiums charged because of impairments or special hazards, that the present value, at the date of issue of the policy, of all such adjusted premiums shall be equal to the sum of (i) the then present value of the future guaranteed benefits provided for by the policy; (ii) 2 per centum of the amount of insurance, if the insurance be uniform in amount, or of the equivalent uniform amount, as hereinafter defined, if the amount of insurance varies with duration of the policy; (iii) 40 per centum of the adjusted premium for the first policy year; (iv) 25 per centum of either the adjusted premium for the first policy year or the adjusted premium for a whole life policy of the same uniform or equivalent uniform amount with uniform premiums for the whole of life issued at the same age for the same amount of insurance, whichever is less: *Provided, however,* That in applying the percentages specified (iii) and (iv) above, no adjusted premium shall be deemed to exceed 4 per centum of the amount of insurance or uniform amount equivalent thereto.

"In the case of a policy providing an amount of insurance varying with duration of the policy, the equivalent uniform amount thereof for the purpose of this subsection shall be deemed to be the uniform amount of insurance provided by an otherwise similar policy, containing the same endowment benefit or benefits, if any, issued at the same age and for the same term, the amount of which does not vary with duration and the benefits under which have the same present value at the date of issue as the benefits under the policy: *Provided, however,* That in the case of a policy providing a varying amount of insurance issued on the life of a child under age ten, the equivalent uniform amount may be computed as though the amount of insurance provided by the policy prior to the attainment of age ten were the amount provided by such policy at age ten.

"The adjusted premiums for any policy providing term insurance benefits by rider or supplemental policy provision shall be equal to (a) the adjusted premiums for an otherwise similar policy issued at the same age without such term insurance benefits, increased, during the period for which premiums for such term insurance benefits are payable, by (b) the adjusted premiums for such term insurance, the foregoing items (a) and (b) being calculated separately and as specified in the first two paragraphs of this subsection except that, for the purposes of (ii), (iii), and (iv) of the first such paragraph, the amount of insurance or equivalent uniform amount of insurance used in the calculation of the adjusted premiums referred to in (b) shall be equal to the excess of the corresponding amount determined for the entire policy over the amount used in the calculation of the adjusted premiums in (a).

"Except as otherwise provided in the next succeeding paragraph of this subsection, all adjusted premiums and present values referred to in this section shall for all policies of ordinary insurance be calculated on the basis of the Commissioners 1941 Standard Ordinary Mortality Table: *Provided*, That for any category of ordinary insurance issued on female risks, adjusted premiums and present values may be calculated according to an age not more than three years younger than the actual age of the insured. Such calculations for all policies of industrial insurance shall be made on the basis of the 1941 Standard Industrial Mortality Table. All calculations shall be made on the basis of the rate of interest, not exceeding 3½ per centum per annum, specified in the policy for calculating cash surrender values, if any, and paid-up nonforfeiture benefits: *Provided, however*, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than 130 per centum of the rates of mortality according to such applicable table: *Provided further*, That for insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the company and approved by the Superintendent.

"In the case of ordinary policies issued on or after the operative date of this paragraph as defined herein, all adjusted premiums and present values referred to in this section shall be calculated on the basis of the Commissioners 1958 Standard Ordinary Mortality Table and the rate of interest, not exceeding 3½ per centum per annum, specified in the policy for calculating cash surrender values, if any, and paid-up nonforfeiture benefits: *Provided*, That for any category of ordinary insurance issued on female risks, adjusted premiums and present values may be calculated according to an age not more than three years younger than the actual age of the insured: *Provided, however*, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than those shown in the Commissioners 1958 Extended Term Insurance Table: *Provided further*, That for insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the company and approved by the Superintendent. After the effective date of this amendatory Act of 1960, any company may file with the Superintendent a written notice of its election to comply with the provisions of this paragraph after a specified date before January first, nineteen hundred and sixty-six. After the filing of such notice, then upon such specified date (which shall be the operative date of this paragraph for such company), this paragraph shall become operative with respect to the ordinary policies thereafter issued by such company. If a company makes no such election, the operative date of this paragraph for such company shall be January first, ninteen hundred and sixty-six.

"(e) Any cash surrender value and any paid-up nonforeiture benefit, available under any such policy in the event of default in the payment of any premium due at any time other than on the policy anniversary, shall be calculated with allowance for the lapse of time and the payment of fractional premiums beyond the last preceding policy anniversary. All values referred to in subsections (b), (c), and (d) may be calculated upon the assumption that any death benefit is payable at the end of the policy or contract year of death. The net value of any paid-up additions, other than paid-up term additions, shall be not less than the dividends used to provide such additions. Notwithstanding the provisions of subsection (b), additional benefits payable (i) in the event of death or dismemberment by accident or accidental means, (ii) in the event of total and permanent disability, (iii) as reversionary annuity or deferred reversionary annuity benefits, (iv) as term insurance benefits provided by a rider or supplemental policy provision to which, if issued as a separate policy, this section would not apply, (v) as term insurance on the life of a child or on the lives of children provided in a policy on the life of a parent of the child, if such term insurance expires before the child's age is twenty-six, is uniform in amount after the child's age is one, and has not become paid up by reason of the death of a parent of the child, and (vi) as other policy benefits additional to life insurance and endowment benefits, and premiums for all such additional benefits, shall be disregarded in ascertaining cash surrender values and nonforfeiture benefits required by this section, and no such additional benefits shall be required to be included in any paid-up nonforeiture benefits."

With the following committee amendments:

On page 2, line 4, insert at the beginning of the line the words "next to the".

On page 2, line 20, delete the period and substitute a comma.

On page 2, line 15, insert before the period the words "for such policies issued prior to the operative date of the last paragraph of section 5b(d) of this chapter, and the Commissioners 1961 Standard Industrial Mortality Table for such policies issued on or after such operative date".

On page 4, line 9, strike out "and (e)" and insert in lieu thereof ", (e) and (g)".

On page 6, line 18, strike out the word "paragraph" and insert in lieu thereof "paragraphs".

On page 6, line 25, strike out ". Such" and insert in lieu thereof ", and such".

On page 8, line 12, substitute "the" for "this".

On page 8, between lines 22 and 23, insert the following new paragraph:

"In the case of industrial policies issued on or after the operative date of this paragraph as defined herein, all adjusted premiums and present values referred to in this section shall be calculated on the basis of the Commissioners 1961 Standard Industrial Mortality Table and the rate of interest, not exceeding 3½ per centum per annum, specified in the policy for calculating cash surrender values, if any, and paid-up nonforfeiture benefits: *Provided, however*, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a nonforfeiture benefit, the rates of mortality assumed may be not more than those shown in the Commissioners 1961 Industrial Extended Term Insurance Table: *Provided further*, That for insurance issued on a substandard basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be specified by the company and approved by the Superintendent. After the effective date of this amendatory Act of 1962, any company may file with the Superintendent a written notice of its election to comply with the provisions of this paragraph after a specified date before January 1, 1968. After the filing of such notice, then upon such specified date (which shall be the operative date of this paragraph for such company), this paragraph shall become operative with respect to the industrial policies thereafter issued by such company. If a company makes no such election, the operative date of this paragraph for such company shall be January 1, 1968."

On page 10, line 4, strike out the quotation mark after the period.

On page 10, after line 4, add the following subsection (g):

"(g) After February 19, 1948, any company may file with the Superintendent a written notice of its election to comply with the provisions of this section after a specified date before January 1, 1950. After the filing of such notice, then upon such specified date (which shall be the operative date for such company), this section shall become operative with respect to the policies and contracts thereafter issued by such company. If a company makes no such election, the operative date of this section for such company shall be January 1, 1950: *Provided, however*, That the operative date of the last two paragraphs of subsection (d) shall be as stated therein."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SALE OF U. S. OBLIGATIONS TO FEDERAL RESERVE BANKS

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 709 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11654) to amend section 14(b) of the Federal Reserve Act, as amended, to extend for two years the authority of Federal Reserve banks to purchase United States obligations directly from the Treasury. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening notion except one motion to recommit.

Mr. TRIMBLE. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN]; pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 709 provides for the consideration of H.R. 11654, a bill to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase U.S. obligations directly from the Treasury.

The resolution provides for an open rule with 1 hour of general debate.

H.R. 11654 would extend until June 30, 1964, the present authority of the Federal Reserve banks to purchase securities directly from the Treasury in amounts not to exceed $5 billion outstanding at any one time. In the absence of this amendment such purchases could only be made in the open market on and after July 1, 1962.

The present authority was granted for 2 years and expires June 30, 1962.

Mr. Speaker, I urge the adoption of House Resolution 709.

Mr. BROWN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the gentleman from Arkansas has explained, this rule makes in order consideration of the bill H.R. 11654 with 1 hour of general debate. It is an open rule. This is a measure to extend for 2 years the authority for the Treasury to sell U.S. obligations directly to the Federal Reserve banks of the Nation.

This has been the law for a great many years. This bill simply extends for 2 years more that authority which I understand has seldom been used, but I fear may have to be used sometime in the future.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentleman.

Mr. GROSS. This is the bill, if I recall correctly, when first enacted in Congress, that was described by the late great Senator Taft, of Ohio, as a printing press money bill.

I do not know whether the gentleman recalls his statement, but that was the way he labeled this particular piece of legislation. It is also further proof that there is nothing so permanent in Washington, D.C., as something temporary for this was originally enacted as a temporary financing bill. It has now been on the books for some 20 years.

Mr. BROWN. May I reply to the gentleman from Iowa by saying that if this bill was originally enacted while Senator Taft was in the Congress, I have not been informed of that. I was of the opinion, and still am, that it was enacted in the earlier days of the Roosevelt administration.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentleman from Ohio.

Mr. DEVINE. I suppose that it authorizes the Federal Reserve to purchase U.S. Government bonds where there is no market for them among the general public, which also leads to inflation.

Mr. BROWN. Certainly, that is correct, as I stated a moment ago, but the reason for the extension was made clear a little later on. This act was originally passed in 1941 or 1942, I understand.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentleman from Texas.

Mr. PATMAN. I think the gentleman's statement as to the object of this bill was that it was to permit the Federal Reserve to purchase bonds where there is no market for them. This does not concern that at all. This is to permit financing under different situations from that. That does not belong in here as part of the legislative history of this bill, because it does not touch that at all.

Mr. BROWN. It permits the U.S. Treasury to sell U.S. obligations directly to the Federal Reserve banks.

Mr. PATMAN. Directly, up to $5 billion.

Mr. BROWN. In that instance and under those circumstances the gentleman from the 12th District of Ohio [Mr. DEVINE] was entirely correct, in that it does permit the sale of these obligations by the Treasury to the Federal Reserve banks.

Mr. PATMAN. The gentleman made the statement that it was to permit the sale of bonds that were not immediately salable to other people or to other persons, firms, or corporations, which is not the case. This is a case of direct financing up to $5 billion, only it is very seldom used.

Mr. BROWN. I assume, however, that in all probability if the Treasury can find an easy and ready sale of these bonds or other securities to some other purchaser, it would not be desirous of using, and evidently, from the report, has not used that authority too much in the past.

Mr. PATMAN. This really does not concern bonds, it concerns short-term obligations.

Mr. BROWN. It is the same thing. It is evidence of a debt of the Government. You can call it what you please, short term or whatever you want to call it. This power has been exercised just in certain years. For instance, in 1944, 1946, 1947, 1948, and again in 1955, 1956, and 1957, and again in 1959, 1960, and 1961, and up to date in 1962, this authority was not used. But it is, in my opinion, a standby authority for the Treasury to sell U.S. obligations to the Federal Reserve banks, although I assume it is to be used only in case of need. If that is not the case, there would be no reason why the authority has not been used except under the certain circumstances I have described.

There is no objection to the rule, Mr. Speaker, and I have no requests for time.

Mr. TRIMBLE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF EXPORT CONTROL ACT OF 1949

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 707 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11309) to provide for continuation of authority for regulation of exports, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SISK. Mr. Speaker, I yield to the gentleman from Ohio [Mr. BROWN] 30 minutes and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 707 provides for consideration of H.R. 11309, a bill to provide for continuation of authority for regulation of exports, and for other purposes. The resolution provides for an open rule with 2 hours of general debate.

The purpose of H.R. 11309 is to amend section 12 of the Export Control Act of 1949 changing the expiration date to June 30, 1965. The Export Control Act authorizes the regulation of exports to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the inflationary impact of abnormal foreign demand; to further the foreign policy of the United States and to aid in fulfilling its international responsibilities; and to exercise the necessary vigilance over exports from the standpoint of their significance to the national security.

Mr. Speaker, I urge the adoption of House Resolution 707.

Mr. BROWN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the gentleman from California has well explained, this rule does make in order, for 2 hours' consideration, under an open rule, the bill, H.R. 11309, which would simply extend until June 30, 1965, for 3 years, the present provisions of the Export Control Act of 1949.

However, when this measure was before the Committee on Rules, while there was no minority report on the bill from the House Committee on Banking and Currency, the chairman of the special or select committee of this House, created by this body for the purpose of studying the sale of strategic materials, and the export of such materials, to certain unfriendly nations did testify that in his opinion, this measure did need some strengthening, that is the Export Control Act of 1949, before it should be continued for another 3 years. The gentleman from California [Mr. LIPSCOMB], the minority member of the special committee, also appeared before the Rules Committee urging the adoption of an open rule, which this resolution provides, and I am informed there will be amendments offered on behalf of this special or select committee named to study this very problem, to this bill when it comes to the floor of the House.

Mr. Speaker, I have no requests for time.

Mr. LIPSCOMB. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentleman from California, a member of the select committee.

Mr. LIPSCOMB. Mr. Speaker, House Resolution 707 provides for the consideration of H.R 11309 "a bill to extend the Export Control Act of 1949, as amended."

The extension of the law is necessary. However, equally as important, amendments will be offered to the bill which are essential, in my opinion, to clarify our Nation's policy on exports to the Communist bloc and to cope with the economic aspects of the long and vital conflict with international communism.

An extension of the present act for another 3 years is not enough. The act must be strengthened.

The Export Control Act of 1949 is the basic general statute by which the export control program is governed. It has been continuously in force since its enactment by periodic extensions, a course of action which has been followed with occasional modification, since the inception of export control in 1940. The act will expire June 30, 1962, if this legislation and the proposed amendments are not acted upon.

The law was originally passed as an emergency measure, prompted in part by domestic shortages and threats of inflation created by abnormal foreign demand. It also plainly recognized the important relationship between exports and our foreign policy and national security. It conferred on the President broad general powers to restrict and control export trade.

In the 1st session of the 87th Congress the House passed House Resolution 403 authorizing a five-member select committee and provided among other things:

> The committee is authorized and directed to conduct a full and complete investigation and study of the administration, operation, and enforcement of the Export Control Act of 1949 (63 Stat. 7), as amended, with a view to assessing the accomplishments under that Act, determining whether improvements can be made in the administration, operation, or enforcement thereof, and improving congressional oversight and guidance over the formation of United States policies involved in such Act.

The select committee collected voluminous, detailed exhibits, held extensive hearings with testimony from officials at the Secretary level and other key officials of the departments and agencies concerned with the administration of the program as well as witnesses from private industry.

In the Secretary of Commerce's 58th Quarterly Report, covering the fourth quarter 1961, as required under the Export Control Act of 1949 made to the President and the Congress, it states:

> In summary, this was the year in which a new administration and the Congress undertook to study and measure the efficacy of export controls to aid our national security and foreign policies, for the first time since the end of the Korean hostilities in 1953. The Department is awaiting the reports and recommendations of the Senate and House investigating committees.

Mr. Speaker, the House Select Committee on Export Control has submitted its report and recommendation to the House. The amendments to the Export Control Act of 1949 which will be offered to H.R. 11309 are a result of a detailed study and investigation by the Select Committee on Export Control.

The amendments serve to tighten our export controls in the interest of national security.

Essentially, the purpose of export controls in peacetime is to make certain that the exports of the products of our strong free enterprise economy does not adversely affect our national security or further the aims of those who would subvert the free world. As stated in the select committee report:

> It makes no more sense to strengthen the economic potential of our cold war Communist enemies than to arm them; and yet the select committee has found glaring instances where we have economically strengthened countries in the Soviet bloc.

The proposed amendments to sections 1 and 3 of the Export Control Act provide expressly for consideration of the economic impact as well as military impact in approving exports to certain countries. Specifically, the amendment to section 3 provides for denial of an export license unless it is determined the export does not significantly contribute to the military or economic potential of the destination country which could prove detrimental to the national security and welfare of the United States. Also, the amendment to this section includes similar language contained in the Mutual Defense Control Act of 1951—Battle Act—to more specifically identify those nations threatening the national security of the United States.

The amendment to section 2 adds "of the United States" to make the section more specific.

The amendment to section 5 would strengthen the penalty provisions of the law, thereby greatly improving the effectiveness of enforcement activities of the Department of Commerce. At present all violations are misdemeanors no matter how serious the circumstances. The other acts relating to export controls carry felony provisions. For example, the Mutual Security Act of 1954 provides a penalty of $25,000 and/or 2 years; the Atomic Energy Act of 1954 provides a penalty of $5,000 and/or 2 years and is increased to $20,000 and/or 20 years if the offense were committed with intent to injure the United States or to secure an advantage for any foreign nation, and the Trading With the Enemy Act of 1917 provides for a penalty of $10,000 and/or 10 years.

This amendment would reflect the attitude of Congress to such serious violations which affect the national security of the country. By making the offense a felony rather than a misdemeanor, the Congress more clearly reflects its attitude as to the seriousness of such violations. This would result in a more adequate deterrent to those disposed to violate the act.

Mr. Speaker, the extension of the Export Control Act of 1949 and the amendments offered to strengthen the act are important to our Nation's security and welfare. I respectfully urge the Members to adopt House Resolution 707 and H.R. 11309 with the proposed amendments.

Mr. BECKER. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentleman from New York.

Mr. BECKER. I would like to ask whether, before the Committee on Rules, there were questions raised about the amendments, and whether they will strengthen export controls of goods going to Communist or Communist-controlled countries? This is a problem we have had in recent years of letting down the bars on exports to those countries.

Mr. BROWN. The chairman of the special or select committee named by the House to study this very problem of exporting strategic materials to unfriendly countries, the gentleman from North Carolina [Mr. KITCHIN] did appear before our committee and did urge a rule which would permit him and other members of the House special or select committee to offer amendments to strengthen the Export Control Act of 1949, which this bill would simply amend by extending its life for 3 years.

Mr. BECKER. I appreciate the gentleman's explanation and I hope these amendments, as proposed by the gentlemen from North Carolina [Mr. KITCHIN] and the gentleman from California [Mr. LIPSCOMB], will be adopted and strengthen this act.

Mr. BROWN. Mr. Speaker, I have no further requests for time.

Mr. SISK. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1962

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 708 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

> *Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11500) to extend the Defense Production Act of 1950, as amended, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Banking and Currency now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN], and pending that I yield myself such time as I may consume.

The SPEAKER pro tempore. The gentleman from Missouri is recognized.

Mr. BOLLING. Mr. Speaker, the bill which this resolution makes in order is controversial. However, I know of no controversy on the rule which provides 2 hours of general debate. The controversy will be discussed when the bill is called up. I, therefore, reserve the balance of my time.

Mr. BROWN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the gentleman from Missouri has explained, this resolution makes in order the bill H.R. 11500 with 2 hours of general debate. It is an open rule.

This bill is a very controversial measure. Minority views were filed on the bill and some 12 members of the legislative committee in which this bill originated, the House Committee on Banking and Currency, are opposed to the measure in its present form.

As I understand, the bill would amend the Defense Production Act by adding some five or six amendments thereto. I think the controversy in connection with this bill arises primarily over the fifth amendment which deals with the Nicaro nickel plant in Cuba, which, as you will recall, was seized by Castro. The amendment would permit the Federal Government to write off the investment.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield.

Mr. SPENCE. I wish to say to the gentleman from Ohio that the committee is not going to insist on the amendments to the bill.

Mr. BROWN. As I understand, the gentleman from Kentucky will not insist on this amendment. Is it the gentleman's intention to submit an amendment to strike this particular fifth amendment from the bill?

Mr. SPENCE. It will be a straight extension of the bill without amendment.

Mr. BROWN. All amendments will be stricken out.

Mr. SPENCE. Yes.

Mr. BROWN. It will be just a straight extension of the bill without any amendment?

Mr. SPENCE. Without any amendment.

Mr. BROWN. That would certainly eliminate the controversy that has arisen.

Mr. Speaker, I have no further requests for time, and yield back the balance of my time.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DISTRICT OF COLUMBIA HOSPITAL CENTER

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3350) to amend the act of August 7, 1946, relating to the District of Columbia hospital center to extend the time during which appropriations may be made for the purposes of that act.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Act entitled "An Act to provide for the establishment of a modern, adequate, and efficient hospital center in the District of Columbia, to authorize the making of grants for hospital facilities to private agencies in the District of Columbia, to provide a basis for repayment to the Government by the Commissioners of the District of Columbia, and for other purposes", approved August 7, 1946, as amended, is further amended by striking out "1962" and inserting in lieu thereof "1963".

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

By unanimous consent, a call of the House was ordered.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 126]

Addabbo
Addonizio
Alford
Andersen, Minn.
Anfuso
Ashley
Bailey
Baker
Barrett
Bass, N.H.
Battin
Berry
Blatnik
Blitch
Boggs
Boland
Bow
Boykin
Brewster
Buckley
Celler
Chamberlain
Clark
Coad
Colmer
Corman
Cramer
Curtis, Mass.
Davis, James C.
Davis, Tenn.
Delaney
Derounian
Diggs
Dooley
Dulski
Elliott
Evins
Farbstein
Fino
Flood
Fogarty
Gallagher
Garland
Gary
Gilbert
Glenn
Gonzalez
Granahan
Gray
Hagan, Ga.
Hall
Halpern
Hansen
Hardy
Harrison, Va.
Harsha
Healey
Hoffman, Ill.
Hoffman, Mich.
Holifield
Horan
Ichord, Mo.
Jarman
Johnson, Md.
Jones, Ala.
Jones, Mo.
Kearns
Kelly
Keogh
Kluczynski
Kowalski
Libonati
Lindsay
McDowell
McSween
Macdonald
Magnuson
Martin, Mass.
Mathias
Meader
Merrow
Miller, N.Y.
Moeller
Morrison
Multer
Nedzi
O'Hara, Mich.
O'Neill
Philbin
Pirnie
Powell
Pucinski
Riehlman
Riley
Roberts, Tex.
Robison
St. Germain
Saund
Scherer
Scott
Shelley
Siler
Smith, Miss.
Steed
Stephens
Stubblefield
Teague, Tex.
Thompson, La.
Thompson, N.J.
Weaver
Whalley
Wilson, Calif.
Yates
Zelenko

The SPEAKER pro tempore. On this rollcall 323 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

SALE OF U.S. OBLIGATIONS TO FEDERAL RESERVE BANKS

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11654) to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase U.S. obligations directly from the Treasury.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11654, with Mr. TRIMBLE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SPENCE. Mr. Chairman, this bill is to authorize direct sale of Government obligations to the Federal Reserve banks up to an amount of $5 billion. It was designed to meet emergencies and to give the Treasury an opportunity to obtain cash readily when the supply was low in the Treasury. Congress authorizes the Federal Reserve banks to purchase short-term bills to the extent that cash is needed by the Treasury.

The bill was originally enacted into law in 1942. It has been on the statute books for 20 years. The authority has been very seldom used and even then to not a great extent. But it is an emergency measure, one which is desired by the Treasury and one which is desired by the Federal Reserve. It prevents the Treasury from resorting to the complicated and time-consuming issue of bonds, so there will always be a ready supply of cash to meet the deficiencies of the Treasury if this bill is passed. It has worked well in the past. The Senate has passed a similar bill. I cannot see any objection to it. There is no objection to it on the committee or outside the committee. The bill was reported by the unanimous vote of the subcommittee and it was reported to the House by the unanimous vote of the full committee. So I ask that it be passed.

Mr. KILBURN. Mr. Chairman, I think the chairman of my committee has given a very good explanation of this bill, and I think everyone understands it. I know of no opposition to it.

Mr. Chairman, I yield 3 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, since becoming a Member of the Congress I have opposed this legislation for the reason that it is, as the late Senator Taft from Ohio well described it, a printing press money bill. I say to you that this legislation, this method of financing is potentially dangerous. Make no mistake about it, there can be issued $5 billion of Treasury obligations and every dollar can be outstanding at the end of this 2-year period. The only way you would ever get the money out of circulation would be through the process of taxation—taxing the people to get the money to take it out of circulation. There can be $5 billion added to the debt through this method of financing. I am opposed to the bill for I say again that it is potentially dangerous even though it has not been used to any substantial extent in the past. I reiterate, there is nothing, absolutely nothing, legally to prevent this administration from having outstanding at the termination 2 years hence of the extension of this authority to issue Treasury notes or Treasury certificates—there is nothing to prevent $5 billion outstanding at that time.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Before the Members of the House think that there is only one Member against this, I would like to add that I am opposed to this legislation and concur in what the gentleman from Iowa has said.

Mr. GROSS. I am pleased to have that statement from my Ohio friend, Mr. ASHBROOK. What we ought to do is to get our financial house in order by limiting spending to income. There should be no resort to this kind of potentially dangerous financing.

Every Member of the House should know that all that is required to legally float this $5 billion is to print Federal Treasury obligations in that amount and sell them to the member banks of the Federal Reserve System. It would serve the same purpose if Federal officials printed paper money in commonly accepted denominations and paid it out for services rendered the Government. At least there would be no interest paid on the paper money for the period during which it was used. After serving the purpose of a cushion it could be recalled and destroyed.

Let me make it clear, Mr. Chairman, that I am opposed to the use of printing press money whether it be in the form of Treasury notes or certificates as this law provides or whether it be in the form of greenbacks.

Mr. KILBURN. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, I take this moment of the time of the House to point out in concurrence with the explanation offered by the gentleman from New York [Mr. KILBURN], that this bill did receive complete support in the committee from both the minority as well as the majority side. I should like to emphasize that one of the reasons why the committee without controversy was willing to extend this power to the Federal Reserve Bank was the confidence we have in the board members and the operations of the Fed. We shall continue to have this confidence as long as we find the Federal Reserve providing leadership and the degree of independence that they have been permitted to exercise up to this point. I personally would have fears with respect to legislation of this type, if it were not for the tremendous faith and confidence I have in Chairman Martin and the members of the Federal Reserve Board. As long as their independence of the executive is maintained, I believe that the Congress will give them this consideration.

At this time I also wish to commend the gentleman from Kentucky [Mr. SPENCE] for the leadership he has played in processing this legislation and also the complete cooperation that he has always extended the Federal Reserve Board. The gentleman from Kentucky deserves our personal commendation and support in this proposal.

However, Mr. Chairman, may I advise my colleagues, that many of us who support this measure this afternoon do not look with favor upon the proposals emanating from the administration that would strip the Federal Reserve Board of its independence. We are especially concerned with these proposals at this time since the Federal Reserve does command the respect of the banking and business fraternity, both at home and abroad. But a similar support is not present for the fiscal policies of the administration and the office of the present Director of the Budget, the President's economic advisers, and other anti-free enterprise officials who obviously have the President's ear.

Mr. SPENCE. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 14(b) of the Federal Reserve Act, as amended (12 U.S.C. 355) is amended by striking out "July 1, 1962" and inserting in lieu thereof "July 1, 1964", and by striking out "June 30, 1962" and inserting in lieu thereof "June 30, 1964".

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose, and the Speaker pro tempore having assumed the chair, Mr. TRIMBLE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 11654) to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase U.S. obligations directly from the Treasury, pursuant to House Resolution 709, he reported the same back to the House.

The SPEAKER pro tempore. Under the rule the previous question is ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 3291) to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase U.S. obligations directly from the Treasury.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 14(b) of the Federal Reserve Act, as amended (12 U.S.C. 355) is amended by striking out "July 1, 1962" and inserting in lieu thereof "July 1, 1964" and by striking out "June 30, 1962" and inserting in lieu thereof "June 30, 1964".

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider and a similar House bill (H.R. 11654) were laid on the table.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11500) to extend the Defense Production Act of 1950, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11500), with Mr. BOLLING in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Kentucky [Mr. SPENCE] will be recognized for 1 hour and the gentleman from New York [Mr. KILBURN] for 1 hour.

The gentleman from Kentucky is recognized.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent to withdraw the committee amendments as printed in the bill.

The CHAIRMAN. The Chair will inform the gentleman from Kentucky that that request should be submitted at the conclusion of general debate.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Chairman, the bill H.R. 11500 will be the subject of a unanimous consent request presently from the distinguished chairman of the committee, the gentleman from Kentucky [Mr. SPENCE], to excise from the bill the various amendments which appear in the printed bill H.R. 11500. Thus, the matter before the House is essentially the extension of the Defense Production Act for another 2 years, until June 30, 1964.

The Defense Production Act has been on the statute books since 1950 and has been the legislative authority for a great number of national emergency provisions. Some titles of the original act have been terminated by legislation since 1950, but the vital portions that remain relate in general to the defense materials system and to our stockpiling.

The continuation bill now before the House would permit the carrying on of the present authority and is, I think without any question, needed in the national interest.

Mr. KILBURN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am glad that our committee has acted by taking the controversial part of this bill out. It was a bad bill, in my opinion, before, but now I think it is fine. I congratulate all of the members of the committee for so acting.

After passage I hope the chairman of our committee, the distinguished gentleman from Kentucky, will hold some more hearings on this matter, because I have a feeling that all the facts were not brought out in the hearings we had. I think we should get some more witnesses from downtown and go into this thing very, very thoroughly before we ever pass a different kind of a bill.

Mr. Chairman, I now yield 5 minutes to the gentleman from California [Mr. McDONOUGH].

Mr. McDONOUGH. Mr. Chairman, I want to compliment the majority members of the committee, especially the chairman, for withdrawing the proposals that were in the first bill before the committee, and conceding to simply a 2-year extension.

For the benefit of the Members of the House, I think their attention should be called to the minority views in the report. The minority members of the committee unanimously signed a minority report which included comments on the vital parts of the bill, with particular reference to the fifth amendment, which was proposed by the majority in which the Congress of the United States by enacting the proposals that the committee first submitted would be agreeing to the submission of the Nicari nickel plant in Cuba as a writeoff item which would give Castro a tremendous weapon for propaganda by saying that "Here, I have confiscated this plant. Now the Congress of the United States is agreeing with that." He would have reason to believe his expropriation proceedings received our support with the proposal that the majority members of the committee agreed to.

This is not in the bill, and therefore further consideration of proceedings under the Defense Production Act should be gone into by the committee as recommended by the gentleman from New York [Mr. KILBURN]. The other parts of the bill which we are discussing now but which are not a part of the bill, are vital to the defense production of this Nation and should be thoroughly gone over before any further legislation is submitted.

In view of the fact that the proposal now before us is to extend for 2 years these remarks may be extraneous, but nevertheless pertinent to the importance of this kind of legislation where the strategic materials that were stored for the defense of this Nation should be given a very thorough going over before we finally decide on what to do about them.

Following are the unanimous recommendations of the minority members of the Banking and Currency Committee:

MINORITY VIEWS

This bill would make five amendments to authorities contained in the Defense Production Act and in the sixth amendment provide for a 2-year extension of the act beyond its June 30, 1962, expiration date. In our opinion it would be unwise for the Congress at this late date to provide for other than a 1- or 2-year extension of the act.

THE FIRST AMENDMENT

The first amendment would permit foreign sales of DPA inventory minerals and metals at foreign market prices, while retaining the requirement of existing law that domestic sales of such materials may not be made at less than domestic market prices. In many cases the foreign price is below the domestic price so there can be adverse effects on our own economy. There is the question of price impact for the commodity itself. There is the question of reexport of these bargain price commodities back into our domestic market, at a profit to the foreigner engaging in the reexport operation. There is the question of foreign manufacturers buying our own materials at cheap prices to be used in manufactured products to be shipped to this country in competition with our own manufacturers with possible adverse impacts on our own production efforts and unemployment situation. In the hearings on this bill, we did not have testimony from industry and labor. We think there should be such testimony before the Congress embarks on any such potentially far-reaching proposal. The rationale for the proposal essentially boils down to using some of these materials in our foreign-aid programs at foreign market prices. The answer to that is simple. If by administrative action we can force our GI's abroad to "Buy American" in their PX's we can take administrative action to require that the policy of "Buy American" be applied to purchases made with our giveaway funds under foreign-aid programs.

THE SECOND AMENDMENT

The second amendment would remove the time limit, presently June 30, 1965, on contracts for sales or processing and refining of materials in the DPA inventory. There is merit in this provision but it is premature and for that reason academic from a practical point of view. We have a big stockpile investigation in process, one of the objectives of which is supposed to be establishment of guidelines for orderly disposition of excess materials in government stockpiles. The Defense Department is in the process of updating its 3-year-old estimates of material requirements. We are in the process of trying to determine postatomic attack objectives for critical materials. Until these determinations are made we most seriously doubt that any Administrator of the DPA inventory would be so foolish as to enter into long-term disposition contracts which conceivably could be in conflict with basic disposition policies to be established in the foreseeable future.

Furthermore, we question the desirability of permitting the agency to enter into such contracts with no statutory time limit on the contracts. Agency representatives mentioned the possibility of contracts as long as 30 and 40 years. While even those terms are an improvement over the infinity proposed in the bill we would want to have much more information than has been presented so far as to the necessity and desirability of even such long-term contracts.

THE THIRD AMENDMENT

The third amendment would permit DPA inventories to be used as "payment in kind" for the upgrading of materials in the national stockpile with the cost of DPA inventories so used to be charged as losses and corresponding reductions made in the DPA borrowing authority. After the bill was reported by the subcommittee it developed there had been a token arrangement for the use of DPA aluminum to be used as "payment in kind" for the upgrading of vanadium. When the full committee considered the bill it was concerned that the term "payment in kind" would be so broadly interpreted. The committee recognized the disruptive price impact that could occur in feeding inventory materials into the market to be dumped at cutrate prices by others than those engaged in the regular channels of trade for such materials. The committee adopted an amendment intended to guard against this. We suspect, however, the amendment goes so far as to virtually nullify the provision, as "payment in kind" would have to mean in the "same" material. This experience also points up the fact the committee should have industry and labor testimony before embarking on changes in this act.

THE FOURTH AMENDMENT

This amendment is an ingenious backdoor financing scheme. Under it, unpaid interest to June 30, 1961, and future interest accruing on DPA activities under section 303 of the act would be written off without any corresponding reduction in the DPA $2.1 billion of Treasury borrowing authority. In dollar amounts this would seem to mean $129,618,000 of interest unpaid as of June 30, 1961, plus an estimated $12,084,000 for fiscal 1962, plus an estimated $45,735,000 for fiscal 1963, plus an estimated $101,895,000 for fiscal 1964, plus an estimated $117,510,000 for fiscal 1965 or a total of $406,842,000. Those are the figures given in the December 31, 1961, report on DPA borrowing authority in table 2 setting forth long-range forecast of maximum cash requirements and in the Senate hearings, pages 78 and 79, in response to a direct question of the chairman as to the amount of interest involved for the current year and also for fiscal 1963 and a question by Senator Proxmire as to such figures for fiscal years 1964 and 1965. But that apparently is not the whole story. The bill covers the chargeoff both of interest owed or accrued. A letter from the Director of the Office of Emergency Planning to the Speaker of the House, transmitting a draft of this legislation states, "Interest for the fiscal year 1962 has been estimated at $71 million." A footnote to a table with reference to proposed cancellations in a letter to the chairman of the House Banking and Currency Committee from the Deputy Director of the Office of Emergency Planning under date of May 31, 1962, states, "In addition, it is proposed to waive interest under section 303 for fiscal year 1962, estimated at $70.9 million; for 1963, $72.5 million; and thereafter." These amounts for fiscal 1962 and 1963, of course, are substantially larger than the indicated amounts in the $406 million total above mentioned on a probable cash requirement basis. In any event, clearly a large amount of back-door financing is involved in this proposal to charge off interest without reducing the agency's $2.1 billion of Treasury borrowing authority.

Aside from short circuiting the Appropriations Committee the proposal is bad from another point of view. Disregarding and charging off the interest cost of carrying the program completely distorts the cost of the program. It would be a departure from the established procedure for the approximate 12 years the Defense Production Act has been in existence. It would be a departure from the practice followed in the Commodity Credit Corporation. It just isn't sound accounting to bury costs as important as these as if they did not exist.

According to the March 31, 1962, cash requirement estimate of the agency, it will not be necessary actually to increase the fund availability before the latter part of fiscal 1964. Further to restore the estimated cash fund impairment by the close of fiscal 1965 would only require an estimated appropriation of $100.6 million.

In the late 1950's when the Congress faced a similar impairment of cash availability in the fund it met the problem through the regular appropriation process. An appropriation of $108 million was provided in a supplemental appropriation bill approved September 1, 1959, to meet additional estimated cash requirements through 1960. Actually, as noted above, the March 31, 1962, estimate which is the latest available from the agency indicates the fund will not move into a deficit position on cash requirements until late in fiscal 1964. If and when additional funds are needed, it is our opinion they should be provided through the regular appropriation process just as was done on the previous occasion when such a need arose. We therefore conclude this section of the bill should not be favorably acted upon by the Congress.

THE FIFTH AMENDMENT

Ironically this fifth amendment is not without Communist implications. Action under it would hand to Fidel Castro a propaganda weapon that could be used effectively against the best interests of the United States. Here is what could happen.

The amendment would authorize the charging off of losses incurred by the DPA and provide for a corresponding reduction in the agency's borrowing authority. Under this authority it is proposed that included in losses written off would be the investment of the United States in the Nicaro nickel plant in Cuba. The table appearing on page 19 of the committee hearings on this bill includes as a nonrecoverable expense "Loss sustained by nationalization of Nicaro nickel plant by the Government of Cuba—$68,294,000." If the Congress adopted this fifth amendment, Castro could point to this law and claim, "We seized the Yankees' nickel plant and the Congress has sanctioned our action because the Congress has authorized the writing off of this investment 100 percent as a nonrecoverable expense."

Whoever proposed this action blundered and blundered badly, in our opinion. We are also disturbed that the State Department has apparently failed to appreciate the devastating propaganda implications of this proposed action. Instead of the Congress giving tacit approval to this highjacking action by the Government of Cuba, the Congress should make crystal clear that although temporarily the plant may be in the custody of the Government of Cuba, that Government will be held strictly accountable for this investment of the United States in that nickel plant in Cuba.

It is true there is a proviso in the amendment seeking to preserve rights of the United States in connection with items written off as unrecoverable losses but it is deficient in that the preservation of such rights only runs to "any person, association, or corporation." It doesn't say a thing about preserving rights against the government of a foreign nation. Even if this defect was corrected it would be no deterrent to a Communist dictator making his propaganda charge when he could point to a table in the hearings which only treats with the "loss sustained by nationalization of Nicaro Nickel Plant by the Government of Cuba" as a nonrecoverable expense.

While we have other reservations about this chargeoff provision, in our opinion the propaganda implications of the proposed chargeoff of the Cuban nickel plant alone are so potentially devastating that we strongly urge the Congress to reject this proposed amendment completely.

CONCLUSION

In committee we supported an amendment to strip this bill down to a simple 2-year extension of the act beyond its present June 30, 1962, expiration date. When the bill is before the House we intend to support a similar simple extension amendment. Continuation of the remaining authorities now in the act is essential but we think further hearings should be conducted before the other changes proposed in this bill are again brought to the Congress for consideration.

Clarence E. Kilburn, Gordon L. McDonough, William B. Widnall, Eugene Siler, Paul A. Fino, Florence P. Dwyer, Edward J. Derwinski, Seymour Halpern, James Harvey, Tom V. Moorehead, John H. Rousselot, William W. Scranton.

Mr. KILBURN. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. Widnall].

Mr. WIDNALL. Mr. Chairman, I concur in the observations made by the gentleman from New York [Mr. Kilburn] and the gentleman from California [Mr. McDonough]. I also want to compliment our distinguished chairman, the gentleman from Kentucky [Mr. Spence], and the majority Members for accepting a simple 2-year extension. I offered this amendment in the Banking and Currency Committee hoping that it would be accepted at that time, because many of us felt that the importance of the matter contained in this bill was such that it required further hearings. And we believe that those further hearings should be held after the extension goes through. There are many items on which we have not had sufficient information or sufficient testimony to do an intelligent job. I hope that we can do this, and I urge upon the chairman at this time that the hearings be held as soon as practicable.

At the time this measure was considered before the committee, we urged striking the five amendments later outlined completely in our minority views. I felt that our criticism and suggestions were not specious and were based on very sound reasoning and certainly worthy of very serious consideration. We of the minority felt that the fourth amendment, which would have written off unpaid interest to June 30, 1961, and future interests accruing on defense production activities under section 303 of the act without any corresponding reduction in the DPA $2.1 billion of Treasury borrowing authority, was back-door financing of the most ingenious kind. In dollar amounts the bill as submitted by the majority vote would have charged off both interest owed or accrued to the extent of hundreds of millions of dollars. It appeared to be very unsound accounting and we of the minority asserted unanimously that if additional funds were needed they should be provided through the regular appropriation process, just as was done on the previous occasion when such a need arose.

We of the minority were particularly alarmed by what seemed to be a completely irresponsible and uncalled for blunder in asking authority to write off completely as a nonrecoverable expense "loss sustained by nationalization of Nicaro Nickel Plant by the Government of Cuba—$68,294,000." Certainly, as the minority report indicated, "the State Department has apparently failed to appreciate the devastating propaganda implication of this proposed action."

May I point this out further and reemphasize by stating it directly from the minority views:

It is true there is a proviso in the amendment seeking to preserve rights of the United States in connection with items written off as unrecoverable losses but it is deficient in that the preservation of such rights only runs to "any person, association, or corporation." It does not say a thing about preserving rights against the government of a foreign nation.

We are pleased that the original amendment for a simple 2-year extension of the act has now been accepted by the majority, as we feel confident this is the best interest of the United States.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. I would merely like to express appreciation as one member to the entire committee for its decision to defer the earlier policy decisions that have been made in regard to these five amendments. I think they do raise some very serious questions. I have been particularly disturbed about the provision dealing with disposal from the stockpile authorized under one of these amendments. I certainly want to thank both the distinguished chairman and the other members of the committee for the decision to strike them from this extension legislation.

Mr. KILBURN. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. Derwinski].

Mr. DERWINSKI. Mr. Chairman, my purpose for taking this moment of time at this point is to ask that all Members, regardless of the fact that we have temporarily settled the controversial aspects of this bill, give some attention to the minority views, specifically to the original fourth and fifth amendments to the bill which appear on pages 8 and 9 of the committee report. We think those minority views are worthy of your study and consideration. Were it not for the vigorous minority dissent, to which I refer, administration leaders would have slipped this bill past the House, containing the clause to which we vigorously objected.

Mr. Chairman, I would also take this time to make a practical observation. Last week when we had a controversial piece of legislation on the floor, from time to time the word "politics" was injected, and occasionally we on the minority side were accused of obstructing progress or accused of introducing amendments with political motivation. This afternoon on the previous bill, the bill we are discussing at the moment, and the one to follow, all of which provide for simple extensions of the present law, proposed in each case by the minority and concurred in by the majority. I believe this leadership exercised by the minority sets a good example of the constructive attitude of the minority in this session of the Congress. I feel that this constructive attitude of the minority should be recognized and appreciated whenever a bill of any consequence reaches the floor. This is the type of example we are trying to set, and we hope it will be followed.

May I point out to my colleagues of the majority that we in the Congress have a responsibility to the constitutional principles of our Government and in a very personal sense, to ourselves as individuals holding a public trust, to maintain proper independence of the executive branch of Government. In three bills before us today, sent to us by the Banking and Currency Committee, we find in each case, they were written in the executive branch, with the demand that they be passed as presented. The majority in the Congress follows the instructions as loyal puppets. Only when vigorous minority objections to the weaknesses, distortion and abuse in the proposals were directed to the attention of the leadership, did the majority party spokesmen reluctantly abandon the distasteful features of these bills. Certainly, we would be willing to support members of the majority party in maintaining personal self-respect in helping to protect their independence from the impractical, socialistic theorists, who have seized control of all departments and agencies since the arrival of the New Frontier.

Mr. KING of Utah. Mr. Chairman, I want to commend the fine work of the gentleman from Montana [Mr. OLSEN] for his able presentation, and to the gentleman from Wisconsin [Mr. REUSS] for his work on this bill in the subcommittee. There is no question that the sale of stockpile materials at foreign market prices would indeed jeopardize and harm the domestic market, if there were a disparity in the prices. When American companies think of selling their goods, they think of selling in the domestic market, and it is there the price is set. If the Government were able to sell at a lower foreign market price, obviously domestic concerns would go into the foreign markets, for it would be cheaper for them to do so. It was not the fault of the domestic producers that these stockpiles were created, and these producers have a right to be protected to the extent of the domestic market price. I too express my appreciation to the gentleman from Kentucky, chairman of the Committee on Banking and Currency, for his wisdom in eliminating the proposed amendment to the Defense Production Act, which would have permitted the sale of stockpile materials at foreign market prices. My own State of Utah will be particularly grateful because it is one of the leading producers of copper and other minerals.

Mr. JOHANSEN. Mr. Chairman, does the current Kennedy administration proposal to write off American property hijacked by Castro imply a writeoff of Cuba itself?

This question is prompted by an amazing provision in the administration-sponsored bill to extend and amend the Defense Production Act, voted out of the House Committee on Banking and Currency last week.

One of the proposed amendments to the act would authorize listing as a "nonrecoverable expense" the "loss sustained by nationalization of the Nicaro Nickel plant by the Government of Cuba."

At best the mere proposal—to say nothing of possible approval by Congress—of this provision hands the Castro regime a devastating propaganda weapon.

As the minority views, signed by all 12 Republican members of the committee, stated, if this amendment were adopted by Congress, Castro could point to this law and claim, "We seized the Yankees' nickel plant and the Congress has sanctioned our action because the Congress has authorized the writing off of this investment 100 percent as a nonrecoverable expense."

So far as I am concerned, whether intentionally or not, this proposal actually reflects an administration attitude and policy of inaction which, in effect, writes off Cuba itself as a "nonrecoverable loss" to the Communists.

This is merely an extension of the administration writeoff of the invasion attempt last year—when promised American air support was withheld at the crucial last moment.

It is also an extension of the administration do-little policy regarding Cuba which has followed that invasion fiasco.

And all this despite the brave words of President Kennedy, immediately after that failure, solemnly pledging that the United States did not intend to abandon Cuba to the Communists.

Apparently the handful of bitter critics of my advocacy of military liberation of Cuba have nothing to worry about from this administration.

True, the United States and the Organization of American States have imposed a nominal embargo on Cuba—but as long as Communist—and other—countries can extend economic or military aid to Cuba this embargo is only nominal.

So far as I am aware, we are making no genuine effort to impose an effective blockade—or to invoke a declaration of contraband, which involves interception of military supplies to Cuba from Iron Curtain countries.

These are minimum measures, if we hope to avoid either a complete writeoff of Cuba or outright military intervention.

Meanwhile there is growing evidence that Cuba is the base for intensified Communist infiltration and subversion of other Latin American countries—the very threat President Kennedy himself has acknowledged.

I wish I could share the editorial optimism voiced by a newspaper in my district to the effect that communism everywhere is losing ground, and that there is a chance of possible early collapse of the Castro regime.

I am not only skeptical of the real prospect of such a collapse—I am even more skeptical of the existence of any well formulated plans by this administration either to encourage or exploit such a development.

Meanwhile, the grave threat of what the State Department, in August 1961, termed the "bridgehead of Sino-Soviet imperialism within the inner defenses of the Western Hemisphere" remains.

Meanwhile, the captive people of Cuba continue to writhe in their tragic thralldom.

One advocate of a do-nothing, wait-and-see policy denounced the suggestion of military liberation as hideous and reckless.

I believe that any writeoff of Cuba and the Cuban people—either by act of commission or omission—is what is really hideous and reckless.

There is mounting evidence that the American people share this view and the concern over the do-nothing, wait-and-see policy regarding Cuba.

I cite as an example, an excellent editorial in the June 23 issue of the Battle Creek, Mich., Enquirer and News as follows:

LEST WE FORGET CUBA AND ITS RED THREAT

A deafening silence from Washington has prevailed for many months about Fidel Castro's Cuba and its Communist domination. This official silence could easily lead the American people to believe that Cuba no longer is a problem for the United States.

Nothing could be farther from the truth and the tiny nation of Costa Rica, under the constant threat of Communist aggression from Cuba, should be congratulated for bringing this potential threat before the American public once again.

At a meeting of the Organization of American States in Washington, Costa Rica suggested that the OAS take new steps to topple the Communist Cuba regime. The suggestion was made by Gonzalo Facio, the new Costa Rican Ambassador to the United States and the OAS.

Ambassador Facio said:

"The ouster of Cuba from the inter-American system in January should be but only the first step for a more effective collective juridical action. Only through the removal of the bloody dictatorship that today oppresses the Caribbean nation, could the suffering Cuban people exercise once more the right to self-determination which has been denied them since 1952."

These words of Ambassador Facio vividly recall the strong statement of President Kennedy in April 1961, immediately after the unsuccessful invasion of Cuba, when he told a meeting of newspaper publishers that the OAS would be called upon to take decisive action to remove this cancer from the American hemisphere and if the OAS did not take such action the United States would act independently to halt Castro's drive toward establishment of a Communist nation in this hemisphere.

That was more than a year ago and since then the administration has chosen to all but ignore the Communist Cuban dictator. In fact, State Department spokesmen say that no action is contemplated against Cuba unless the Cubans attack our naval base at Guantanamo or unless solid evidence is obtained that Communist missile bases are being constructed on the island.

It seems obvious that the administration would rather not talk about Cuba at this time. Unfortunately the silent treatment does not give the American people reason to believe that there is a lessening of the Communist menace just 90 miles off the American shoreline.

The CHAIRMAN. Are there any further requests for time? If not, the clerk will read the bill for amendment.

The clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Defense Production Act of 1950, as amended, is hereby further amended as follows: Section 303(a) is amended by deleting from the parenthetical clause the word "domestic."

SEC. 2. Section 303(b) is amended by inserting a comma and the words "except for sales or contracts for processing or refining," after the phrase "but not extending".

Sec. 3. Section 303(f) is amended by adding the following paragraph at the end of the section:

"In lieu of such transfers, metals, minerals, and materials so acquired may be used to make payment in kind for the refining or processing into a form better suitable for stockpiling of any materials held in, or to be transferred pursuant to this subsection, to the national stockpile established pursuant to the Act of June 7, 1939, as amended (50 U.S.C. 98–98h). Such use shall otherwise be treated as a transfer under this subsection."

Sec. 4. Section 304(b) is amended by inserting the following after the first two words of the penultimate sentence: "incurred for the purpose of carrying out transactions under section 302". Section 304(b) is further amended by inserting after the penultimate sentence the following: "Notes or obligations issued on amounts borrowed or which may be borrowed from, the Secretary of the Treasury to carry out activities under section 303 shall not bear interest after June 30, 1961, and interest accrued or owing to the Treasury on such notes or obligations is hereby canceled."

Sec. 5. Section 304 of the Defense Production Act of 1950, as amended, is amended by adding at the end thereof the following new subsection:

"(c) The net unrecovered loss, including nonrecoverable expenses and the unrecovered balance of exploration grants, incurred prior to and including June 30, 1961, by departments, agencies, officials, and corporations of the Government through the use of funds borrowed from the Treasury of the United States pursuant to this section shall, with the approval of the Director of the Bureau of the Budget, be written off by such departments, agencies, officials, and corporations, and the notes, debentures, bonds, or other obligations issued to the Secretary of the Treasury in connection therewith shall be reduced or canceled accordingly. Upon the cancellation of any such notes or other obligations issued to the Secretary of the Treasury, the aggregate amount of borrowing which may be outstanding at any one time under section 304(b) of this Act, as amended, shall be reduced in an amount equal to the amount of such notes or to the obligations so canceled: *Provided*, That nothing herein shall be construed to reduce or write off the liability of any person, association, or corporation to the United States."

Sec. 6. The first sentence of section 717(a) is amended by striking out "June 30, 1962" and inserting in lieu thereof "June 30, 1964".

Sec. 7. This Act may be cited as the "Defense Production Act Amendments of 1962".

With the following committee amendment:

Strike out all after the enacting clause and insert: "That section 303(a) of the Defense Production Act of 1950 is amended by striking out the first proviso and inserting in lieu thereof the following: ': *Provided, however*, That purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial use or stockpiling; metals and minerals purchased under this subsection shall not be sold at less than the current domestic market price in the case of domestic sales or the current foreign market price in the case of foreign sales; and other commodities purchased under this subsection shall not be sold at less than the higher of the following: (i) the current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress'.

"Sec. 2. Section 303(b) of the Defense Production Act of 1950 is amended by inserting ', except for sales or contracts for processing or refining,' after 'but not extending'.

"Sec. 3. Section 303(f) of the Defense Production Act of 1950 is amended by adding at the end thereof the following new paragraph:

"'In lieu of such transfers, any metal, mineral, or material so acquired may be used to make payment in kind for the refining or processing (into a form better suitable for stockpiling) of the same metal, mineral, or material held in, or to be transferred pursuant to this subsection to, the national stockpile established pursuant to the Act of June 7, 1939, as amended (50 U.S.C. 98–98h). Such use shall otherwise be treated as a transfer under this subsection.'

"Sec. 4. (a) Section 304(b) of the Defense Production Act of 1950 is amended by inserting after 'Such obligations' in the next to last sentence the following: 'incurred for the purpose of carrying out transactions under section 302'.

"(b) Section 304(b) of such Act is further amended by inserting after the next to last sentence the following new sentence: 'Notes or obligations issued for the purpose of borrowing from the Secretary of the Treasury to carry out activities under section 303 shall not bear interest after June 30, 1961, and interest accrued or owing to the Treasury on such notes or obligations is hereby canceled.'

"Sec. 5. Section 304 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"'(c) Any net unrecovered loss (including nonrecoverable expenses and the unrecovered balance of exploration grants) incurred by a department, agency, official, or corporation of the Government prior to the close of June 30, 1961, through the use of funds borrowed from the Treasury pursuant to subsection (b) shall, with the approval of the Director of the Bureau of the Budget, be written off by such department, agency, official, or corporation, and the notes, debentures, bonds, or other obligations issued to the Secretary of the Treasury in connection therewith shall be canceled accordingly: *Provided*, That except as specifically provided in this sentence, nothing in this subsection shall be construed to reduce or write off the liability of any person, association, or corporation to the United States. Upon the cancellation of any obligations under the preceding sentence, the aggregate amount of borrowing which may be outstanding at any one time under subsection (b) shall be reduced in an amount equal to the amount of such obligations so canceled.'

"Sec. 6. The first sentence of section 717(a) of the Defense Production Act of 1950 is amended by striking out 'June 30, 1962' and inserting in lieu thereof 'June 30, 1964'.

"Sec. 7. This Act may be cited as the 'Defense Production Act Amendments of 1962'."

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that the committee amendment be withdrawn.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SPENCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Spence. Strike out all after the enacting clause and insert the following: "That the first sentence of section 717(a) of the Defense Production Act of 1950 is amended by striking out 'June 30, 1962' and inserting in lieu thereof 'June 30, 1964'."

Mr. SPENCE. Mr. Chairman, this amendment provides for a straight continuance for a period of 2 years of the Defense Production Act of 1950.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The amendment was agreed to.

Mr. OLSEN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this time to express my appreciation to the gentleman from Kentucky, the chairman of the Committee on Banking and Currency, for the decision to eliminate that portion of the committee amendments which would have amended the Defense Production Act so as to permit the sale of stockpile metals at foreign market prices.

Mr. Chairman, I wish to point up the fact that in the Senate hearings on a bill almost identical to the bill that was originally before us under this number, H.R. 11500, there was S. 3203 in the other body. In the other body in the hearings a Colonel Chambers from the Office of Emergency Planning made the following statement:

> The world market price is not a nice, neat, set figure that is printed in publications. You will find when you sell in any given market, there is perhaps a published price and there is also an actual price that is being paid for the materials in that area.

Mr. Chairman, Colonel Chambers further testified before the Senate committee that the bill would "permit the Government to sell the material at the current market price in the area of the world where the material is being used rather than at the U.S. price."

Further, Mr. Chairman, in its hearings—and in hearings, I am sure, in the House committee—there was disclosed the fact that the present domestic price of copper is 31 cents a pound; whereas, the foreign price of copper is 29.5 cents a pound.

Mr. Chairman, the question of this difference—that is, that the foreign price is less than the domestic price of copper—will cause a very grievous effect upon the domestic price of copper by the sale of metals on the foreign market, at a price less than the domestic market price.

Some 2 years ago, Mr. Chairman, we had such an experience as a threat to sell from our domestic supplies on the foreign market, and I quote from two news stories that appeared in the Daily Metal Reporter, the official trade paper of the mining industry, of Friday, April 17, 1959. One article is headed "Government Penny Wise, Pound Foolish Copper Policy," an editorial; the other is entitled "Copper Markets Weakened by Government Disposal Talk."

Mr. Chairman, these stories show that the price of copper on the London market dropped sharply in a matter of 7 days about 2.62½ cents per pound. During the same period of time, the domestic prices dropped from 31.5 to 29.5 cents per pound.

Mr. Chairman, why my interest? Well, I come from Montana, and the vicinity of Butte and Anaconda, where we mine and smelt a very substantial part of the copper of this country.

My friends and neighbors are miners and smeltermen working for day's wages in these mines and smelters. A drop in the price of copper domestically affects whether or not they continue in employment. Two cents especially as a difference in price would affect their employment. I do not think it should be up to the domestic copper miners and smeltermen working for day's wages to correct the error of a surplus in the stockpiles of copper.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. OLSEN. I yield to the gentleman.

Mr. REUSS. Mr. Chairman, I want to commend the gentleman from Montana [Mr. OLSEN] for the persuasive presentation he is making of the interest of American miners in the American mining industry. As a member of the subcommittee dealing with this question I have been helped by the very clear discussions I have had within the last few days with the gentleman from Montana [Mr. OLSEN], the gentleman from Oklahoma [Mr EDMONDSON], the gentleman from Utah [Mr. KING], and various other Members. I think that the committee decision to strike from the bill the section having to do with foreign sales of our stockpile inventory of minerals and metals at foreign market prices is in large part due to that persuasive presentation.

Mr. OLSEN. I thank the gentleman from Wisconsin [Mr. REUSS]. For the reasons I have stated, I am opposed to the language contained in the original H.R. 11500 and in the amendments earlier proposed by the Committee on Banking and Currency; and I commend them for their decision to simply continue and extend the Defense Production Act for an additional 2 years. I look forward to an opportunity to appear before your committee and to testify in behalf of the miners and smeltermen of the mining district of Montana and the necessity for maintaining stable metal prices—vital necessity dealing with the question of employment of my folks.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I will take only 1 minute to express my appreciation for the minority views as set forth in the report accompanying this bill and point out to those who may not have read the minority views as well as the majority views, that they are diametrically opposed. Apparently the minority views have resulted in taking care of this bill to the extent that there is now no real controversy. Again, I want to commend the minority for the views they have expressed and for the good work they have accomplished with respect to this bill.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11500) to extend the Defense Production Act of 1950, as amended, and for other purposes, pursuant to House Resolution 708, he reported the bill back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on passage of the bill.

The question was taken; and the Speaker pro tempore announced that the "ayes" had it.

Mr. DERWINSKI. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 329, nays 0, not voting 98, as follows:

[Roll No. 127]

YEAS—329

Abbitt
Abernethy
Adair
Albert
Alexander
Alger
Andersen, Minn.
Anderson, Ill.
Andrews
Arends
Ashbrook
Ashmore
Aspinall
Auchincloss
Avery
Ayres
Baldwin
Baring
Barry
Bass, Tenn.
Bates
Becker
Beckworth
Beermann
Belcher
Bell
Bennett, Fla.
Bennett, Mich.
Betts
Blatnik
Bolling
Bolton
Bonner
Boykin
Brademas
Bray
Breeding
Bromwell
Brooks, Tex.
Broomfield
Brown
Broyhill
Bruce
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Byrnes, Wis.
Cannon
Casey
Cederberg
Chelf
Chenoweth
Chiperfield
Church
Clancy
Cohelan
Collier
Colmer
Conte
Cooley
Corbett
Cunningham
Curtin
Curtis, Mo.
Daddario
Dague
Daniels
Davis, John W.
Dawson
Dent
Denton
Derwinski
Devine
Diggs
Dingell
Dole
Donohue
Dorn
Dowdy
Downing
Doyle
Durno
Dwyer
Edmondson
Ellsworth
Everett
Evins
Fallon
Fascell
Feighan
Fenton
Findley
Finnegan
Fisher
Flynt
Ford
Forrester
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Garmatz
Gathings
Gavin
Giaimo
Goodell
Goodling
Grant
Gray
Green, Oreg.
Green, Pa.
Griffin
Griffiths
Gross
Gubser
Hagen, Calif.
Haley
Halleck
Harding
Harris
Harrison, Wyo.
Harsha
Harvey, Ind.
Harvey, Mich.
Hays
Hébert
Hechler
Hemphill
Henderson
Herlong
Hiestand
Hoeven
Holland
Hosmer
Huddleston
Hull
Inouye
Jennings
Jensen
Joelson
Johansen
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Judd
Karsten
Karth
Kastenmeier
Kearns
Kee
Keith
Kilburn
Kilgore
King, Calif.
King, N.Y.
King, Utah
Kirwan
Kitchin
Knox
Kornegay
Kunkel
Kyl
Laird
Landrum
Lane
Langen
Lankford
Latta
Lennon
Lesinski
Lipscomb
Loser
McCulloch
McDonough
McFall
McIntire
McMillan
McVey
MacGregor
Mack
Madden
Mahon
Mailliard
Marshall
Martin, Mass.
Martin, Nebr.
Mason
Matthews
May
Michel
Miller, Clem
Miller, George P.
Milliken
Mills
Minshall
Monagan
Montoya
Moore
Moorehead, Ohio
Moorhead, Pa.
Morgan
Morris
Morse
Mosher
Moss
Moulder
Murphy
Murray
Natcher
Nelsen
Nix
Norblad
Norrell
Nygaard
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Konski
Olsen
Ostertag
Passman
Patman
Pelly
Perkins
Peterson
Pfost
Pike
Pilcher
Pillion
Poage
Poff
Price
Purcell
Quie
Randall
Ray
Reece
Reifel
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Rivers, Alaska
Rivers, S.C.
Roberts, Ala.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Roberts, Tex.
Rosenthal
Rostenkowski
Roudebush
Roush
Rousselot
Rutherford
Ryan, Mich.
Ryan, N.Y.
St. George
Santangelo
Saylor
Schadeberg
Schenck
Schneebeli
Schweiker
Schwengel
Scranton
Seely-Brown
Selden
Shelley
Sheppard
Shipley
Short
Shriver
Sibal
Sikes
Siler
Sisk
Slack
Smith, Calif.
Smith, Iowa
Smith, Va.
Spence
Springer
Stafford
Staggers
Stratton
Sullivan
Taber
Taylor
Teague, Calif.
Thomas
Thompson, Tex.
Thomson, Wis.
Thornberry
Toll
Tollefson
Trimble
Tuck
Tupper
Udall, Morris K.
Ullman
Utt
Vanik
Van Pelt
Van Zandt
Vinson
Waggonner
Wallhauser
Walter
Watts
Weaver
Weis
Westland
Wharton
Whitener
Whitten
Wickersham
Widnall
Williams
Willis
Wilson, Ind.
Winstead
Wright
Young
Zablocki

NAYS—0

NOT VOTING—98

Addabbo
Addonizio
Alford
Anfuso
Ashley
Bailey
Baker
Barrett
Bass, N.H.
Battin
Berry
Blitch
Boggs
Boland
Bow
Brewster
Buckley
Cahill
Carey
Celler
Chamberlain
Clark
Coad
Cook
Corman
Cramer
Curtis, Mass.
Davis, James C.
Davis, Tenn.
Delaney
Derounian
Dominick
Dooley
Dulski
Elliott
Farbstein
Fino
Flood
Fogarty
Gallagher
Garland
Gary
Gilbert
Glenn
Gonzalez
Granahan
Hagan, Ga.
Hall
Halpern
Hansen
Hardy
Harrison, Va.
Healey
Hoffman, Ill.
Hoffman, Mich.
Holifield
Horan
Ichord, Mo.
Jarman
Jonas
Jones, Ala.
Jones, Mo.
Kelly
Keogh
Kluczynski
Kowalski
Libonati
Lindsay
McDowell
McSween
Macdonald
Magnuson
Mathias
Meader
Merrow
Miller, N.Y.
Moeller
Morrison
Multer
Nedzi
O'Hara, Mich.
O'Neill
Osmers
Philbin
Pirnie
Powell
Pucinski
Rains
Riehlman
Riley
Robison
St. Germain
Saund
Scherer
Scott
Smith, Miss.
Steed
Stephens
Stubblefield
Teague, Tex.
Thompson, La.
Thompson, N.J.
Whalley
Wilson, Calif.
Yates
Younger
Zelenko

So the bill was passed.

The Clerk announced the following pairs:

Mr. Libonati with Mr. Baker.

Mr. Alford with Mr. Bow.

Mr. Farbstein with Mr. Riehlman.

Mr. Addabbo with Mr. Jonas.

Mr. Ashley with Mr. Glenn.

Mr. Jones of Alabama with Mr. Bennett of Michigan.

Mr. Thompson of New Jersey with Mr. Halpern.

Mr. Morrison with Mr. Miller of New York.

Mr. Brewster with Mr. Younger.

Mr. Corman with Mr. Bass of New Hampshire.

Mr. Healey with Mr. Dominick.

Mr. Bailey with Mr. Cramer.

Mr. Keogh with Mr. Scherer.

Mr. Buckley with Mr. Osmers.

Mr. O'Neill with Mr. Garland.

Mr. Fogarty with Mr. Curtis of Massachusetts.

Mr. St. Germain with Mr. Horan.

Mr. Holifield with Mr. Cahill.

Mr. Gilbert with Mr. Fino.

Mr. Gallagher with Mr. Wilson of California.

Mr. Anfuso with Mr. Mathias.

Mrs. Kelly with Mr. Pirnie.

Mr. Boggs with Mr. Hoffman of Illinois.

Mr. Dulski with Mr. Battin.

Mr. Delaney with Mr. Derounian.

Mr. Carey with Mr. Lindsay.

Mr. Multer with Mr. Hall.

Mr. Philbin with Mr. Dooley.

Mr. Hagan of Georgia with Mr. Chamberlain.

Mr. Powell with Mr. Meader.

Mr. Zelenko with Mr. Hoffman of Michigan.

Mr. Barrett with Mr. Merrow.

Mr. Kluczynski with Mr. Whalley.

The result of the vote was announced as above recorded.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3203) to extend the Defense Production Act of 1950, as amended, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 717(a) is amended by striking out "June 30, 1962" and inserting in lieu thereof "June 30, 1963".

Mr. SPENCE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SPENCE: Strike out all after the enacting clause of S. 3203 and insert the provisions of H.R. 11500 as passed.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Kentucky.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 11500) was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

EXTENSION OF EXPORT CONTROL ACT OF 1949

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11309) to provide for continuation of authority for regulation of exports, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kentucky.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11309 with Mr. SISK in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. SPENCE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in order to clarify the proceedings, I understand that the gentleman from North Carolina [Mr. KITCHIN] will offer an amendment containing sections 1, 2, 3, and 4 of the gentleman's bill as reported by the select committee.

Mr. Chairman, we shall accept those amendments.

Mr. Chairman, with the inclusion of these amendments, I do not see how there can be any controversy, and I hope the bill will pass.

Mr. KILBURN. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. LIPSCOMB].

Mr. LIPSCOMB. Mr. Chairman, the bill before the House, H.R. 11309, would extend the Export Control Act of 1949 for a 3-year period, until June 30, 1965.

I believe it is essential to our national security that this act be extended to continue in force the program to control exports from the United States to Soviet bloc destinations.

As a member of the Select Committee on Export Control I also believe it is vitally necessary for the United States to take adequate steps to deal with the economic aspects of the grim struggle between communism and the free world, and to make clear U.S. determination to utilize its economic strength for our freedom and security.

Amendments will therefore be offered to H.R. 11309 aimed at carrying out that goal.

Section 1(b) of the Export Control Act contains a finding of the Congress that unrestricted export of materials without regard to their potential military significance may affect the national security of the United States. This section would be amended to provide that exports would be judged not only with regard to their potential military significance, but also with regard to their potential economic significance.

Section 3 of the act has to do with the authority conferred on the President to place into effect the policies set forth in the act. It authorizes the President to prohibit or curtail the exportation from the United States of articles, materials, and supplies, including technical data, and to prescribe rules and regulations to carry out such controls.

The amendment would provide that rules and regulations adopted under section 3 shall require denial of applications for exports from the United States to any nation or combination of nations threatening the national security of the United States, including the U.S.S.R. and all countries under its domination, unless the President shall determine that such export does not make a significant contribution to the military or economic potentials of such nation or nations which would prove detrimental to the national security and welfare of the United States.

Under the Export Control Act as presently written the President is authorized to control exports but there is no requirement that applications for shipments to the Soviet bloc must be denied unless a finding is made that it would not be contrary to our interest and welfare.

The Select Committee on Export Control conducted extensive hearings into the operation of the Export Control Act, policies adopted in carrying it out, how the act is enforced and related aspects of the overall problem. It looked into many examples of specific items which have been authorized for export to the Soviet bloc. The committee is unanimous in the opinion that it is necessary to require by law that economic considerations enter into the formulation of policies to administer the act.

The report of the Select Committee on Export Control states:

> Congress has declared that these laws governing exports must be administered in the interest of our national security. The committee's attention has been directed to many licenses for exports to Communist countries over the past years which may have caused an adverse impact on our national security. Decisions to permit such exports in the past apparently have been made under a narrow interpretation of the term "national security." The select committee recommends that our export control laws be amended to require consideration of the economic significance of exports to Communist countries.

It is commonly understood that in assessing the strength and potential of any country, its industry, its resources, its technical achievements, in short, its entire economy must be taken into consideration. These amendments are intended to require that consideration is given to those factors.

The Export Control Act is administered by the Department of Commerce. Under it are controlled exports of most items from the United States to foreign nations. As a nation, we also belong to an organization known as the Coordinating Committee, Cocom, which is made up of 14 Western nations, to try to reach agreement on the control of trade with the Soviet bloc. This activity is carried out under the direction of the Department of State, which also administers the Mutual Defense Assistance Control Act of 1951, the so-called Battle Act, the purpose of which is to control the flow of strategic goods to the Communist bloc from nations which receive U.S. aid.

The Department of Commerce has important duties in administering the Export Control Act and in interpreting the policies adopted under the act. In essence, however, the basic trade control policies which determine how our trade control programs are to be administered are determined by the Department of State. It provides the overall guidelines under which these programs operate.

What are those guidelines? The following gives a fairly accurate picture of the goal that has been laid down.

Secretary of State Rusk told the select committee:

> Our objective must be a limited one. That objective is to delay the development of Soviet military capability in selected areas where a coordinated denial policy by Western suppliers may have an impact.

Note that he said it is to delay the development of Soviet military capability in selected areas. Not a word of their economic capabilities.

In view of such policy determination, it is not at all surprising that the major agencies having to do with the administration of the export control program, the Departments of State, Commerce, and Defense, have indicated disagreement with the intent of these amendments.

The Department of Commerce has stated that it believes the proposals say in more express language what is already authorized to be done under the terms of the present law, and therefore believes that the amendments are unnecessary.

The Department of Defense stated its belief that the amendment proposed to section 1 of the act, with regard to requiring that exports would be judged on their economic as well as their military significance, is unnecessary in that it would not significantly change the U.S. policy. In the case of the proposed amendment to section 3 to require that exports be denied, unless a finding is made that they are not contrary to our welfare, the Department states the amendment is not necessary on the basis that the present statutory authority is adequate.

The Department of State expressed complete opposition to the amendments on the basis that they would establish a presumption against peaceful trade with the Soviet bloc. The Department claims the existing Export Control Act provides ample authority for trade control and urges rejection of these proposed amendments.

I would like to explore this matter further to see whether these judgments are appropriate or whether we need to act to place tighter restrictions on the flow of goods to the Communist nations.

I will quote from testimony of Secretary Rusk himself to the select committee in support of the view that economic considerations are all important in the administration of our Export Control Act.

He told the committee, for example:

> Selecting the U.S. policy with respect to trade between the United States and the Soviet bloc which best serves the U.S. interests is a difficult and complicated task. It involves broad political and economic consideration as well as study of a mass of technical details. It is necessary to consider long-term and short-term factors.

It is also interesting to see what he said concerning our embargo on trade with Communist China and North Korea. He said:

> If the United States were to relax its trade and financial control against Communist China and North Korea to the level now applied against the Soviet bloc generally, it would significantly increase the capacity of Communist China to overcome its present domestic economic difficulties and to extend its aid and influence to the so-called uncommitted nations of Asia, Africa, and Latin America.

We have taken stern action in the case of communistic Cuba, imposing an embargo on trade between the United States and Cuba, under which the only products allowed for export to Cuba are certain foodstuffs and medical supplies. This action is based on an awareness of the importance of trade to the economy of Cuba.

In commenting on the Cuban situation and the embargo, the Department of State recently said:

> The period ahead will be a critical time for the present Cuban regime. It has been clear for some months that the rationing of staple foods and certain household items has begun. Lack of convertible foreign exchange impedes Cuban purchases of needed supplies outside the Sino-Soviet bloc. Further, the bloc has not yet fulfilled its promises to supply the industrial and agricultural equipment which might supersede the present free world plant.
>
> The repression which the Castro regime exercises over the Cuban people has multiplied and deepened their disillusionment. The United States is confident that the Cuban people will not permanently tolerate the oppression of the present Cuban regime and we look forward to the day when the Cuban people will realize their hopes within the framework of free institutions.

It is obvious that in the case of Red China, North Korea, and Cuba, United States policy recognizes the significance of economic considerations in formulating our trade policies and the meaning of economic factors to the overall national strength of those nations and the regimes in power. Why, however, should this policy be limited to only a selected few Communist nations?

Khrushchev obviously is not unmindful of the overriding significance of the economic factors in the struggle between communistic socialism and the free world. In 1961 he told the Moscow Conference of Representatives of Communist and Workers Parties:

> The victory of the U.S.S.R. in economic competition with the United States, the victory of the whole socialist system over the capitalist system, will be the biggest turning point in history, will exert a still more powerful, revolutionizing influence on the workers movement all over the world. Then, even to the greatest skeptics, it will become clear that it is only socialism that provides everything necessary for the happy life of man, and they will make their choice in favor of socialism.
>
> To win time in the economic contest with capitalism is now the main thing. The quicker we increase economic construction, the stronger we are economically and politically, the greater will be the influence of the socialist camp on historical development, on the destiny of the world.

Incidentally, it appears Khrushchev does not share the qualms of our censors over the use of the term "victory" in referring to the competition between the U.S.S.R. and the United States.

Should we not also take meaningful cognizance of the importance of economic factors in the grim struggle we are in with the Communist world? Yet when it comes down to establishing our export control policies, such policy is based on some sort of broad test to the effect that we will try to delay Communist military capacity in selected areas. Actually, that leaves the door potentially open for practically any kind of export short of guns, ammunition, and the like. As a practical matter we would not ship such items anyhow, so what real measure of control remains?

Here are some of the items that have been licensed for shipment to the Communist bloc.

In its study the select committee again looked into the example which I have discussed before with the House concerning the license which was approved to authorize shipment to the U.S.S.R. of a highly specialized automatic transfer machine capable of manufacturing 360,000 V-8 cylinder blocks per year. The Department of Defense had previously been in strong opposition to this proposal on the basis that the shipment of such a machine, which it said was the most advanced of any in the world, would help substantially in building up Soviet industrial and military capacity.

The license was revoked in March 1961. Subsequently, however, in April 1961, the matter was reconsidered at the highest level within the Department of Defense and the protest against this proposed export was reversed.

To show what happens in a case such as this, when this action became known, a number of applications to ship similar machines were received by the Department of Commerce. Final action has been withheld on these applications. It is all too easy to see, however, how the floodgates can be opened.

Certainly to allow the Soviets to purchase this type of machine, capable of constructing motors for all types of vehicles, would have a significant effect on the economic or military potential of the Soviet bloc.

A few years ago, we permitted the U.S.S.R. to purchase from us for $25 million a complete textile plant, which included the most improved processes and technical know-how in the American textile industry.

Recently, an export license was granted for the shipment of radio equipment to Poland to be used as equipment on trawlers. It has been claimed that the trawlers were being constructed for shipment to France, but there is, of course, no reliable way of following up on this. While willing to take everything they can get, the Communists naturally have and likely will continue to refuse out of hand any request for post-shipment checkups. Furthermore, Poland is known to be a heavy supplier of fishing trawlers to the U.S.S.R.

The April 1962 issue of the Reader's Digest carries an item entitled "Soviet's Little Known Wet War." The item discusses huge fleets of Soviet fishing trawlers patroling our waters gathering information and intelligence. As the article notes:

> The fact is that the Soviets are using their fishing fleets for military and scientific intelligence, as part of an all-out "wet war" against the Western World. The evidence is irrefutable.

Synthetic rubber is another item that has been licensed for shipment to the Communist bloc. Synthetic rubber has many peacetime, peaceful uses but by the same token it has a very important direct military application. Modern armies roll on rubber tires. Synthetic rubber furthermore has countless other military and key industrial uses.

Last year a license previously approved and then canceled was reapproved to ship to the Soviet bloc miniature ball-bearing grinding machines of the type used to produce ball bearings in aircraft and missile guidance systems. It was described as the most advanced miniature ball-bearing grinding machine in the world, available only in the United States, and as having almost 100 percent military application. Only after strong congressional protests was the license canceled.

Electronic computers have been licensed for export to Czechoslovakia. The Department of Commerce advised:

> Electronic computers of this type have no potential military significance and are exempted from the agreed international embargo control to the Soviet bloc.

Electronic computers are not used for frontline fighting but they have important uses in industry and other activities which do have military significance.

Another example. A license was granted, though as it turned out it was not used, to authorize shipment of modern railroad equipment to Bulgaria. In response to my request for the comments of the Department of Defense on this matter, the Department related to me:

> It seems reasonable to assume that the Bulgarians expect to improve their economic potential to a certain degree by the dieselization or electrification of their railroads, and indeed this is probably the main purpose of such modernization, as it has been in other countries.
>
> Undoubtedly in the long range this modernization would improve the movement of men and material and to this extent would add to military mobility. However, it cannot be said at this time that such would present a significant security risk to the United States.

Recently the export of a large papermill was authorized for export to the U.S.S.R. The Soviets have for several years made requests for a papermill. This item was included in Khrushchev's list of things he indicated several years ago he would like to buy from us. Suddenly a few months ago it showed up on the list of licenses granted, presumably under the theory that papermills have no direct military application.

Substantial amounts of other items such as iron and steel scrap, electrolytic copper, copper scrap, electron tubes, and other electron components, sheet steel, steel pipes, pumps have been licensed for export to the Soviet bloc.

While many of the examples I have given are very disturbing, it is clear that this is the natural result if the overall policy in administering the export control programs is established so that only items of military significance are to be excluded. If this policy is followed to its logical extremes, there would be practically no limit short of guns and tanks themselves that could not be shipped to the Soviet bloc.

The Communist bloc has been making strides in its ruthless economic warfare campaign such as in its oil offensive into European markets, into Ceylon, and so forth. It would be thought that every effort would be made by the Western nations to avoid selling supplies that can be used by the Communists in the oil offensive but that is not the case. Pipeline and drilling equipment are being sold to them by Western nations. Licenses have been granted to ship to the bloc, directly and indirectly, certain items, such as meters, drill bits, materials to make pipes, from the United States. It is claimed that denial of certain of such items would not represent a "sufficient adverse impact" to the Communist oil offensive to merit refusal of licenses. Other claims are that the Communist bloc can get certain of these items from other Western nations. My position is that in view of the seriousness of the Soviet oil offensive, why do we send them anything? Every effort we can make to hinder any aspect of their economic warfare it appears to me would be worthwhile.

One of the things we have heard constantly throughout the hearings by the Select Committee on Export Control and previously is the claim that if we did not sell certain items to the Communist bloc, other nations would, and the net result would be simply a transfer of business from the United States to some other supplier.

There is an element of validity in that claim, but I firmly believe that it has only limited application.

One of the most obvious observations one could make would be: Why would attempts be made to buy here if they are readily available elsewhere? In many cases, for example, the items desired to be bought here are superior in quality to others, or far better delivery schedules may be available from U.S. suppliers.

A recitation in such cases that a denial to ship would only result in transfer of business simply would not be valid. It is a handy argument, however, and is used glibly and often.

In many of the cases where we hear that American exports should be allowed because such and such item is available anyhow from another nation, the very fact that it or a facsimile is available from such other nation is because such item is sellable to the Communist bloc because of the weakened Cocom controls. It is the vicious circle type of matter, where the further the floodgates are open the more emphasis there is on trying to open them further, as the scramble is heightened for the dubious honor of selling to the members of the international Communist conspiracy whose leader, Khrushchev, is reported to have claimed he will bury us economically.

This bears on what is definitely a weak spot in our entire export control program. The long-range trend, ever since the Cocom effort was begun in 1951, has been to weaken the Cocom embargo list periodically. Today it appears it is considered merely a paper tiger in some quarters. Some measure of control over shipments is still obtainable from the Cocom effort, but it certainly has been diminishing substantially over the years.

On the matter of how successful we are in inducing other Western nations to curb trade with the Communist bloc through Cocom, the following is of interest.

It was testified in the select committee hearings, with reference to a certain type of synthetic rubber, that even though the United States is the only producer in the world of this particular item, we have been unsuccessful in having it placed on the Cocom list as an item that will not be shipped to the Communist bloc. In other words, we are the only Nation that produces this item but cannot gain acceptance by Cocom in having it placed on the list for embargo to the Communist bloc.

It is my belief that the U.S. effort toward attempting to maintain a firm, adequate Cocom list has been less than adequate. We go through the motions apparently but with varying degrees of enthusiasm and resources in terms of stuff and so forth. The net result, from my point of view, is unsatisfactory.

Action taken by the Congress on the Export Control Act here today not only should strengthen our own internal export controls but will serve notice on other Cocom nations of our concern over the trend toward increasing sales of strategic items to the Soviet bloc of many supplies and goods that help to build up their economic and military potential.

Another important aspect of our export control program has to do with favorable policies accorded to Yugoslavia and Poland. Many strategic items of significance that could help build up the military and economic potential of those two countries have been allowed to be shipped to them under a special, liberalized policy for those nations.

Lengthy testimony was presented to the committee, the general tenor of which I am sure you are all familiar with, attempting to explain that it is worthwhile to allow them to purchase vast quantities of goods. It is difficult to see how any claim can be made that this policy is effective when everything points to the conclusion that it simply has not worked. Tito and the Kremlin have very close ties. They agree on major issues. We see reports of Red tanks in Belgrade. Yugoslavia and the U.S.S.R. have entered into trade agreements.

Poland, though a part of the Soviet bloc, reflects nationalistic sentiments within the bloc, we were told. But by granting favorable trade concessions, are we not helping those in power to become more firmly entrenched? And certainly those sentiments do not seem to be working to our benefit when we see reports that Poland is sending trucks, machines, and other goods to Communist Castro.

Poland and Yugoslavia could very well also operate as transshipment points into other Soviet bloc nations for items which are not allowed to be shipped to them.

Assertions that our favorable trade policies and other aids allow the people in these countries to maintain a greater degree of freedom than that enjoyed by people within other satellite bloc nations and that the proposed termination of aid will drive them deeper into the clutches of the Kremlin simply do not seem to be supported by facts.

It is high time to realize that our help to Poland since 1957 and to Yugoslavia since 1948, did not reach the people of the countries but only entrenched the autocratic governments in power, the governments in service of international communism.

It is claimed that the amendment which calls for a denial of a license to ship goods to the Communist bloc would tie the hands of those administering the Export Control Act. It must be remembered that the same section provides that it can be determined by the President that if such export does not significantly contribute to the military or economic potential of such nation or nations which could prove detrimental to the national security of the United States, such export license application need not be denied.

If it can reasonably be found that a proposed export would not prove detrimental to our security there should be no difficulty in waiving the requirement against granting an export. Certainly the American people would expect no more. If proposed exports are of a type that could prove detrimental to our security, however, certainly the American people are entitled to no less than determinations that the exports be denied.

We have reached, I believe, a crucial point in regard to policies on trade with the Soviet bloc. We must determine whether we will go along with the crowd on less and less stringent policies on trade control until there is in effect no control of trade with the bloc, or whether we will knuckle down and work for firm policies in the interest of our welfare and security. In my view there is no doubt as to the answer, and I urge the House to approve the amendments which will be offered.

Mr. BECKER. Mr. Chairman, will the gentleman yield?

Mr. LIPSCOMB. I yield to the gentleman from New York.

Mr. BECKER. In dealing with this section that the gentleman mentioned was to be amended, this would have to do with food supplies and technical assistance. Is that correct?

Mr. LIPSCOMB. It does not deal with food supplies.

Mr. BECKER. Would this in any way restrict the example shown to us at the present time, about the shipment of food to Poland, with Poland negotiating with Cuba to give her food to Cuba?

Mr. LIPSCOMB. It would not. The administration could take action under other acts, however.

Mr. BECKER. Does it affect other supplies?

Mr. LIPSCOMB. That is right.

Mr. BECKER. Would it restrict their going to certain countries, and then their being able to reship to other countries against our interest?

Mr. LIPSCOMB. It would.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. LIPSCOMB. I yield to the gentleman from Illinois.

Mr. COLLIER. As I understand it, presently the names of the firms which are granted permits for shipments of any goods to the Soviet Union or to the satellite countries are held as secret in the Department of Commerce and are not available to the Members of Congress. Is that correct?

Mr. LIPSCOMB. That is correct.

Mr. COLLIER. Did this come up at any time in the discussion of this legislation? Was there a reason given for withholding this information from Members of Congress?

Mr. LIPSCOMB. The controversy that we had within the committee was over the fact that we as a committee, at least the majority of the members of our committee, felt that the Department of Commerce had been less than frank with the committee by not allowing the committee to go over the files and details of how licenses were granted. This was our quarrel with the Department of Commerce. The Department of Commerce felt it was privileged information and that the committee was not entitled to it. Toward the close of our investigation, the Department of Commerce changed their position somewhat to allow the chairman of the select committee to observe the files. Later on they amended this position to allow the ranking minority member, which was myself, also to examine the files. There is a section in the act which will remain which says that the information submitted to the Department of Commerce can be held as classified in the interest of national security.

Mr. COLLIER. For my own edification, if the materiel and the products that we are shipping to the Soviet Union and the satellite countries are of such a nature that they are not good for any military use or would assist the military strength of the Soviet Union, then how, may I ask, is the withholding of this information in the interests of national security? I am simply looking for information here. There may be a good reason. If there is, I would like to know what it is, because up to now and in my correspondence with the Department of Commerce I have not been given a good reason for withholding this information from Members of Congress.

Mr. LIPSCOMB. In my opinion, I can see no good reason for it, either. There is one thing manufacturers and suppliers do not want. In a case where they submit technical information which is not generally available, a trade secret, so to speak, which they submit to the Department of Commerce as information on a license, they do not want this released for competitive reasons. This is one of the reasons, I am told.

Mr. COLLIER. Would the gentleman say that was a personal reason, and not in the interest of national security?

Mr. LIPSCOMB. That is my feeling in the matter, yes. I believe this is a subject matter that the Subcommittee on Information should continue to look into. They have looked into it a little, I understand. But I think this is an area where the Committee on Information, a subcommittee of the Committee on Government Operations, could well put in some time to find out what the trouble is and what should be done in the release of information in regard to dealing with the Soviet bloc.

Mr. COLLIER. I simply want to say I appreciate that there are times when information must be withheld in the interest of national security, and I certainly approve of this when it is for national security. But I simply am trying to find out how this can be construed to be in the interest of national security when, in fact, the material and products we ship to the Soviet Union or to the satellite countries or the Communist countries is not, in fact, in the interest of their military buildup and normally would be those things which would not have anything to do with building their basic economy or the military operations of these countries.

Mr. LIPSCOMB. I thank the gentleman.

Mr. LAIRD. Mr. Chairman, will my friend, the gentleman from California, yield?

Mr. LIPSCOMB. I yield to the gentleman from Wisconsin.

Mr. LAIRD. Mr. Chairman, I would like to commend the gentleman from California [Mr. LIPSCOMB] for the hard work he has put in on this export control problem. During the last 2 years, he has put in many long and hard hours studying this entire problem. It was through his efforts and as cosponsor of a House resolution that the special select committee was set up which made this very fine study and has brought this bill to us through the House Committee on Banking and Currency. I know the hard work that has been put into this matter. It is in the interest of the future of our great Nation in building a stronger security for the free world that has motivated the gentleman from California to do this wonderful work and I do want to take this opportunity to pay tribute to him.

Mr. LIPSCOMB. I thank the gentleman.

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from North Carolina [Mr. KITCHIN].

Mr. KITCHIN. Mr. Chairman, I do not anticipate that unless I am asked to yield, or some questions arise on the basis of the amendment to be offered, that I will take the entire 15 minutes. I do want to say that I am very happy that the chairman of the Banking and Currency Committee, the gentleman from Kentucky, and the rest of his committee have seen fit to accept the amendment that will be offered when the bill is read for amendments.

I would like to take this opportunity to express my sincere appreciation to those members of the select committee who have worked so diligently and arduously on this particular problem of export control. The gentleman who just preceded me, from California [Mr. LIPSCOMB], ranking minority member of the committee, has been very, very eager in getting something done about this program for many, many months prior to the adoption of the resolution that created the Select Committee on Export Control.

The gentleman from Ohio [Mr. LATTA] likewise deserves commendation, and the gentleman from California [Mr. SISK] and the gentleman from Massachusetts [Mr. BOLAND] are to be congratulated for their diligence in performing this arduous and tedious task. They did a wonderful job. I congratulate each of them.

Mr. Chairman, the gentleman from California [Mr. LIPSCOMB] has given a very good and accurate description of the effect of the amendment that will be offered and accepted when we get to reading the bill for amendment. I want to take just a minute to say something about the Select Committee on Export Control and call the attention of the House to the report filed by this committee dated May 25, 1962. I sincerely trust every Member of this body will read this report if he has not already done so, and be prepared for some resolutions that will be offered subsequent to the extension of this act, which I think are very pertinent to the correct handling of the export-control problems we are going to face.

I invite your attention to the fact that subsequent to the adoption of this particular bill and the amendment thereto and within the next several days I am going to offer a resolution to change the rules of the House so that another select committee can be appointed or give a standing committee of the House the jurisdiction that was given to the select committee by House Resolution 403. I feel that it is absolutely necessary in that there are so many things that pertain directly to our export control.

The Battle Act, the foreign assets control under the mutual security program, the Atomic Energy Act, the Trading With the Enemy Act, and other related acts, have dovetailed closely into the procedures involved in export control, so I think there should be a permanent committee in the House, an oversight committee, to correlate the various and sundry reports and to tie into a recognizable and readable dissertation of the problems we are confronted with in connection with export control.

We will have this week a trade bill. We are going to have other matters before us, including the Antidumping Act and probably others and so many of these acts directly pertain to the export control problem. That is, the licensing of material to these countries constituting the Soviet bloc.

I sincerely hope the Members will read this report and follow the recommendations that have been made by the select committee closely, so that when the resolution is presented to create a committee it will have a salutary effect on those administering the Export Control Act.

Mr. Chairman, the gentleman from California has explained the amendments we will offer. I would like to enlarge to the extent of saying in these amendments we are only offering amendments to four sections of the bill. One of them pertains to the increasing of the penalty under the act from a misdemeanor to a felony. The other three amendments confine themselves to making it mandatory under the statute that those administering the Export Control Act shall take into consideration the economic phases of the situation we are now concerned with and not confine themselves only to military phases. We have found in our investigations and studies that have been made that those administering the act at the present time do take into consideration the economic phase of the conditions in the country to which an item is being licensed for export. But there is nothing in the statute that says that shall be done, and we do not know what the policy might be once this select committee expires. We would like to have it as a permanent part of the act, and therefore they will have to take into consideration the economic phase of any licenses they are trying to validate.

I take the position, Mr. Chairman, in this cold war we are now engaged in—and the Lord forbid that it will ever change into a hot one—we have reached almost a military stalemate.

Both sides, the free world and nonfree world, are now in a position militarily that when someone pushes a button we are in for an awful conflagration on this entire globe. I think the Soviets recognize this. As far as the military aspects of the situation are concerned, both sides recognize that they are fast reaching the point where we have a stalemate in our military situation. We are going to have a cold war with us for a long time, and we are going to have to fight it, not on a military basis but directly in the economic stages of our relationship in trade with the Soviet bloc. We have a policy now of a complete embargo on Communist China, North Korea, and other areas in Asia, but in the Soviet bloc the relationship which we have, and apparently it has been the policy of several of the administrations with those satellites of the Soviet Union, Poland for instance, and those that declare an independence but are still communistic, Yugoslavia and other areas of the Sino-Soviet bloc are handled under a different policy. There has not been a material curtailment of those areas involved in the economic policies of our Export Control Act. For that reason, Mr. Chairman, I think it is essential that we do inject into the statute the permanency of having them consider the economic significance of these license applications. Now, I do not think it is necessary to take much more time, Mr. Chairman, unless there are some questions pertaining to the export control problem that I will try to answer.

Mr. FLYNT. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. I will be glad to yield to the gentleman from Georgia.

Mr. FLYNT. Mr. Chairman, I would like to associate myself with the remarks which have been made by the gentleman from North Carolina [Mr. KITCHIN]. I would also like to commend the gentleman from North Carolina for the distinguished service which he has performed as chairman of the Select Committee on Export Control, which select committee was created during the 1st session of the 87th Congress.

The work which was done by this Select Committee on Export Control brought to the attention of the Congress, and through the Congress to the attention of the American people, the fact that there were, in fact, certain circumventions of the intent of existing laws which were on the statute books pertaining to the export of certain strategic items to countries which could be, and many of which are, hostile to the interests of the United States of America.

Again, Mr. Chairman, I would like to say that I remember the grand work which preceded the creation of this Select Committee on Export Control. During the days and weeks which preceded the creation of this select committee it was my privilege to discuss this very important subject with the gentleman from North Carolina [Mr. KITCHIN]. At that time I strongly supported the resolution which created the Select Committee on Export Control. Along with many other Members of the House, I was very pleased and gratified when the gentleman from North Carolina was named chairman of this select committee, and I think that the House of Representatives, indeed the Congress and the American people, are indebted to the gentleman from North Carolina and his colleagues on this select committee for the outstanding service which this select committee performed.

Mr. KITCHIN. I want to thank the gentleman.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. I will be happy to.

Mr. EDMONDSON. I would like to join my friend, the gentleman from Georgia [Mr. FLYNT] in commending the able gentleman from North Carolina [Mr. KITCHIN] for his leadership in this field. I think export controls give to us one of the best weapons that we have in the cold war. I believe the gentleman from North Carolina has been one of the ablest exponents of a vigorous and effective use of that weapon. I certainly want to commend him for the work he did as chairman of this select committee.

Mr. KITCHIN. I thank the gentleman very much.

Mr. KILBURN. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Chairman, I desire to comment on the provisions of H.R. 10309 that provides for a 3-year extension of the Export Control Act of 1949, through June 30, 1965.

As Members of the House know the Kennedy administration had requested legislation to make the act permanent and I want to commend the House Committee on Banking and Currency for not reporting the bill as proposed to extend the act indefinitely.

Congress should recognize that under the Constitution of the United States it has the responsibility of regulating foreign commerce. In the delegation of its authority to the President, a time limitation is essential to assure that a regular periodic study is made as to how the executive branch administers the act. The need to enact legislation to renew the law would assure such a study. It has been abundantly clear from the hearings last fall of the Select Committee on Export Control that policymaking and administration are scattered among many individuals and agencies. The program is complex and under separate laws.

Certainly, many of us in Congress have been unhappy over many policy decisions of the Secretary of Commerce, who administers the act for the President in allowing licenses to be issued for export of materials which we believe are strategic. I think, Mr. Chairman, a regular review by Congress is absolutely necessary and I am pleased that the House Committee on Banking and Currency limited the bill to 3 years.

The real reason, however, that I have taken the floor today is to register strong regret that the bill does not spell out a stronger policy restricting our exports to all Communist nations. Last March I introduced H.R. 10809 which would have prohibited all shipments of agricultural commodities to any foreign country unless the President had determined that such country was not dominated or controlled by the international Communist movement. This provision would have accomplished two things; it would have established agricultural products as strategic materials—which they are—and then treated trade the same as aid on shipment of these commodities to Communist bloc nations.

As I say, my belief is that such a policy would be effective in hastening our victory over communism. However, I recognize this law expires June 30 and I know if the House adopted my proposal any differences of House bill provisions with the Senate version would have to be adjusted and that might create a roadblock and delay final agreement.

The other body recently, by 57 to 24, voted to bar U.S. aid to any Communist country. Then, the following day 56 to 34, this bar was declared not to include shipment of foods under Public Law 480 under certain restrictions. The administration made it clear it wants to remain free to ship surplus farm commodities to Yugoslavia and Poland. My proposal is opposed by the executive branch and I know it would not survive a conference with the other body. It would be a gesture of futility and accomplish nothing.

Therefore, Mr. Chairman, I am urging, instead, that this bill be amended in accordance with the recommendations of the Select Committee on Export Control. I refer to their report which suggests an amendment to require the administrator of the act to consider the economic significance of any exports to the Sino-Soviet bloc which could prove detrimental to the national security and welfare of the United States.

I am informed an amendment to this effect will be offered and I intend to support it. I hope other Members will do so also and that thereby the importance of economic aid to the Communists as detrimental to the interests of the free world will be recognized.

Right now the chief planner in the State Department, Walt W. Rostow, is said to be proposing a new trade and aid strategy. I do not wish to cry wolf prematurely as far as such rumors are concerned. Rather, I think, in a positive way the House should follow the select committee report and agree affirmatively with its comment:

> It makes no more sense to strengthen the economic potential of the cold war Communist enemies than to arm them.

In the past according to the select committee report we have economically strengthened countries in the Soviet bloc. By an economic-impact amendment Congress would establish policy and thereafter if the act is administered in a manner inconsistent with such policy, there will be an opportunity to express criticism.

Meanwhile, I express the hope that the report of the Select Committee on Export Control will be carefully studied by the administration in administering this act.

For example, Congress must follow through to see what steps the administration takes to more effectively control exports of technical data on strategic items. Also to see if controls are tightened on prototypes or single units for the Communists to copy. Also we must ascertain any use of foreign American subsidiaries for bypassing controls under this act.

Let me say too that the Congress would do well to find out what attitude is taken by the administration on the select committee's recommendation that our Government take a firm position with our allies on their controls on export of strategic commodities to Communist countries.

I would hope especially too that the executive branch would reexamine and reevaluate its own liberal policy of aid and trade with Poland and Yugoslavia.

As I said earlier I do not wish to cry wolf prematurely but I strongly support total embargo with the Communists.

H.R. 10309 is a necessary tool to the President to administer foreign policy. With an amendment to assure that economic impact factors in the cold war will not be overlooked, the bill should be passed forthwith.

Mr. KILBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. Latta].

Mr. LATTA. Mr. Chairman, I wish to say at the outset of my remarks that I wholeheartedly support H.R. 11309. Having served on this Special Export Control Committee with the gentleman from North Carolina [Mr. Kitchin], with the gentleman from California [Mr. Lipscomb], and also with the gentleman who is presently presiding over the Committee of the Whole House on the State of the Union, the gentleman from California [Mr. Sisk], I want to say that our committee really went into this problem and there is a need for the extension of this act.

Mr. Chairman, I would hate to think what would happen if this act were not extended. During the time we sat on this committee, we had many, many executive sessions and also learned firsthand how these license applications are considered.

I want to say at the outset of my remarks that I, as a member of this committee, feel that we could certainly tighten up a lot more than we have on the granting of these licenses. I agree with our majority report that we are in an economic war with the Communist nations and it does not make sense to grant economic assistance to these Communist nations, as we have been and are doing. I agree with those who say that we should not grant a license for a prototype machine to be shipped to the Soviet Union or to Yugoslavia or to Communist Poland or any other Communist government, for that particular government to break the machine down and then mass-produce it. I feel that this is against our best interests and I do not think that those responsible for granting these export control licenses should grant them when such an intended purpose is easily discernible.

We have, however, had case after case brought to our attention during our deliberations, of just such applications being granted.

Mr. Chairman, I do want to compliment the Department for the tightening up that has been taking place, but I do feel that more tightening up should take place.

Mr. Chairman, just to digress very briefly I want to say that I think that the Cocom has not been doing the job it should be doing; that the so-called Cocom list has been gradually getting smaller and smaller and smaller. It seems that whenever the United States has any item it wants to remain on the Cocom list we invariably lose the battle to the other Cocom nations and that particular item comes off the Cocom list. Instead of this list getting smaller and smaller it should be getting larger and larger. I think the Congress of the United States should have a look-see at the operations of this particular Committee.

I want to say that the gentleman from California did take time off after the last session of Congress to pay a visit to this Cocom, and he brought back some very valuable information to the members of the committee. In view of his finding, I think a committee of this Congress should take a look at this particular Committee's operations.

I would like to say that after Secretary Rusk had been to the Punta del Este meeting I interrogated him on what to expect from this Cocom, and I would like to read from the colloquy between Secretary Rusk and myself concerning this particular item. I asked the Secretary:

> So actually these foreign ministers who voted to immediately suspend all trade with Cuba in arms and implements of war didn't actually give up anything, did they?

Secretary Rusk. What we—they did not give up any trade which they were sending to Cuba but what we are aiming at is advance shipment of these arms from Cuba to anywhere else in this hemisphere, and that is a very important aspect of it.

I further inquired:

Mr. Latta. What further steps are being taken to follow up on the study on "the feasibility and desirability of extending the suspension to other items?"

Meaning the suspension of trade with Cuba.

Secretary Rusk. That will come up immediately in the Council of the Organization which was directed to make that study. I might say again this was the formula that was used in economic measures against the Dominican Republic and the wording there was almost identical with that wording. Under that certain action was taken by the Council.

Mr. Latta. So I have this clear in my mind and so that it is clear in the record, what was achieved at Punta del Este was that we got a promise of a study from these other countries on items other than arms and implements of war?

Secretary Rusk. Are you referring now solely to trade?

Mr. Latta. Yes.

Secretary Rusk. On the trade side the action that was taken at Punta del Este did two things or three things: One, it unanimously decided to interrupt the trade and traffic in arms between Cuba and other countries in the hemisphere.

Second, it called on the Council of the Organization to consider the extension of these measures to other items with special attention to items of strategic importance.

And third, in connection with the resolution on the security and defense of the hemisphere there was a paragraph which urged member governments to take individual and collective measures to interrupt subversion, et cetera, et cetera, which has also a hearing on such acts as the President took on Saturday. So I think those were the three points that have a bearing on trade, sir.

Mr. Latta. Since there aren't any international controls of exports to Cuba through the Cocom structure—

And this is the point I want to particularly emphasize—

are we going to recommend to the Cocom nations that they take action similar to what we have taken?

Secretary Rusk. I think following the Punta del Este meeting there will be discussion with a number of governments on this kind of problem.

Mr. Latta. No date has been set for it?

Secretary Rusk. No, sir, we are just back this weekend from Punta del Este.

Mr. Latta. It certainly will probably be the position of our Government that Cocom take similar action?

Secretary Rusk. We believe that it would be inconsistent with the attitude of all the inter-American states for friends of ours elsewhere to send Cuba materials which we are trying to interrupt.

I might say now that I have not heard of Cocom taking similar action. I think the Members of this Congress are interested in seeing these Cocom nations take similar action. I call upon the State Department to advise the Congress of its progress toward securing such "interruptions" in trade with Cuba by these other Cocom nations.

Mr. SPENCE. Mr. Chairman, I have no further requests for time.

Mr. KILBURN. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 12 of the Export Control Act of 1949, as amended, is repealed.

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That section 12 of the Export Control Act of 1949 is amended by striking out "June 30, 1962" and inserting in lieu thereof "June 30, 1965".

The committee amendment was agreed to.

Mr. KITCHIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Kitchin: Page 1, after line 7, add the following new sections:

"Sec. 2. Section 1(b) of the Export Control Act of 1949 is amended to read as follows:

" '(b) The unrestricted export of materials without regard to their potential military and economic significance may adversely affect the national security of the United States.'

"Sec. 3. Section 2 of the Export Control Act of 1949 is amended by inserting 'of the United States' immediately before the period at the end thereof.

"Sec. 4. Section 3(a) of the Export Control Act of 1949 is amended by adding at the end thereof the following new sentence: 'Such rules and regulations shall provide for denial of any request or application for authority to export articles, materials, or supplies, including technical data, from the United States, its territories and possessions, to any nation or combination of nations threatening the national security of the United States, unless the President shall determine that such export does not make a significant contribution to the military or economic potential of such nation or nations which could prove detrimental to the national security and welfare of the United States.'

"Sec. 5. Section 5 of the Export Control Act of 1949 is amended by striking out 'one year' and inserting in lieu thereof 'two years'."

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. I am delighted to yield to the gentleman from Kentucky.

Mr. SPENCE. The committee will accept your amendment.

Mr. KITCHIN. Thank you very much.

In view of that, Mr. Chairman, I will not discuss the amendment further, but I would like to yield to the gentleman from California for a question.

Mr. LIPSCOMB. Mr. Chairman, in connection with the investigation of the Export Control Act of 1949 by the distinguished chairman and the Select Committee on Export Control, in our report we came up with a recommendation that the act should be amended as follows:

Nothing in this subsection shall be deemed to prohibit the disclosure of any information obtained under this Act to either House of Congress or to any duly authorized committee thereof, if a request is made for such information by either House of Congress or by a duly authorized committee thereof.

That was proposed as an amendment to section 6, subsection (c) of the act.

I am wondering if the chairman of the Select Committee on Export Controls would like to comment on the reasons why it is not included in the proposed amendment presently before the House?

Mr. KITCHIN. I would be delighted to respond to that.

As the gentleman who propounded the question well knows, we had some little difficulty with reference to getting information as pertains to the examination of the total files of the Export Control Division of the Department of Commerce.

We finally had an agreement or arrangement whereby a summary was made by the Department itself and sent to our committee which was under confidential or secret cover, or designated as such.

In some correspondence later, after the President had made a statement in general to the effect that no executive privilege could be taken except in individual cases and then with his authority, we communicated with the General Counsel of the Department of Commerce and asked him whether or not that would change his position and allow the investigative staff of the select committee to review the files of the Export Control Division.

He then countered with the statement, and stated in correspondence and orally to me that they had never claimed executive privilege.

In the report on page 44 in a letter dated May 3 directed to me as chairman of the Select Committee on Export Controls, Hon. Robert E. Giles, General Counsel of the Department of Commerce, Mr. Giles states, in the second paragraph thereof, that neither his Department nor the Department of Defense, and so forth, had claimed executive privilege.

In a subsequent conversation with Mr. Giles, he stated to me that nothing in the present act would prohibit the Department from furnishing such information to a recognized committee of either House of Congress.

I would like to put in the Record, by reference, a statement made in a letter dated May 29, 1962, to the gentleman from Kentucky, Hon. Brent Spence, chairman of the Banking and Currency Committee of the House of Representatives and signed by Hon. Luther H. Hodges, Secretary of Commerce. In the second page of that letter, in the second paragraph, the Secretary says:

At the same time, there is nothing in the present language of the act which prohibits disclosure of information to Congress or to a committee of Congress. We believe, therefore, that it is not necessary to adopt this proposed amendment to section 6(c) of the act.

Mr. LIPSCOMB. I thank the gentleman.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. I am glad to yield to the gentleman.

Mr. PELLY. When the Clerk read the gentleman's amendment, I noticed he read the words "two years". My understanding is that this extension is for 3 years so I do not quite understand that.

Mr. KITCHIN. The 2 years referred to in the amendment is the penalty section, changing it from 1 year, which is a misdemeanor, to 2 years which makes it a felony.

Mr. PELLY. I thank the gentleman.

Mr. DEVINE. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. I yield to the gentleman.

Mr. DEVINE. Notwithstanding the letter which the gentleman just read to the chairman of the Committee on Banking and Currency, could the gentleman suggest how we could go about obtaining this information from the Department of Commerce? I know that I, as well as a number of Members of the Congress, have asked the Department of Commerce for a list of these persons who have been exporting, or getting export licenses to deal with some of these countries that we think they should not. And we have not met with any success thus far. Other than in your capacity as chairman of this special subcommittee, do you know of anyone who has been able to obtain this list?

Mr. KITCHIN. It is true that the Moss subcommittee ran into the same difficulty, I understand, and had quite a colloquy with the Secretary of Commerce on that particular provision that you are talking about.

The Secretary, as has been said here before, has taken the position that the name of the applicant for license and the provisions of the license which would constitute trade secrets per se were matter of privileged communication and, therefore, would not be divulged except under confidential restrictions.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. LENNON. Mr. Chairman, I ask unanimous consent that the gentleman from North Carolina [Mr. KITCHIN] may proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. KITCHIN. To answer the question further, I do not know what procedure you would consider in order to circumvent that particular problem. I think, however, it is a matter within the discretion of the Secretary of Commerce.

Mr. DEVINE. I will ask the gentleman if he knows whether or not the same restriction is applied to export licenses granted to trade with allied or friendly nations? Do they also withhold that information in such instances?

Mr. KITCHIN. The Secretary said it made no difference, because the trade secret and the name of the applicant are the things that are confidential, not the fact that he had made application to trade with a Soviet country or friendly country.

Mr. DEVINE. Then this amendment would not resolve this particular difference.

Mr. KITCHIN. That is right.

Mr. LENNON. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. I yield.

Mr. LENNON. I want to join with others who extended their congratulations to the gentleman from North Carolina and his associates on this Select Committee on Export Control. I believe this committee has rendered a very distinct service, not only to the House of Representatives, but also to our country as a whole. I hope, and hope very sincerely that the gentleman's resolution which will extend the life of this committee beyond this particular session will be favorably considered by all the Members of the House. This points out so conclusively the inability of Members of Congress and the committee to obtain from executive branches of the Government essential information that we must have in order to consider legislation on these matters.

I commend the gentleman and all the members of the select committee for the great service they have rendered to the country and urge the Members to support the resolution that will be brought forward to continue the life of this essential and necessary committee and its investigation.

Mr. KITCHIN. I thank the gentleman from North Carolina.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. I yield.

Mr. COLLIER. Following up what my colleague from Ohio asked the gentleman, we will probably be considering a new trade policy bill within a few days. In dealing with the divulgence of names, when we talk about certain industries that are going to be injured by the new trade policy which, of course, we expect in some instances, what impact will it have on a particular industry inasmuch as the proposed subsidy under the new Trade Act will deal with specific companies and not with the broad industries? I am wondering how we can reconcile the two policies when it comes to determining what will be necessary in the way of aid under the proposed trade policy.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. GROSS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, with reference to export controls and international policies in general, I recently came across a copy of the June 18, 1962, St. Louis Post-Dispatch. I might say in passing that the St. Louis Post-Dispatch is the newspaper to which the President said he subscribed when he threw out the New York Herald Tribune. I might also say in passing that I hope the President will not find the CONGRESSIONAL RECORD so distasteful that he cancels his subscription to that.

The St. Louis Post-Dispatch editorial makes this statement:

> The administration is reported considering returning our Ambassadors to Yugoslavia and Poland to Washington to try to knock some sense into the Senators and Representatives who voted to restrict the execution of U.S. policy toward these two Communist countries.

I hope he does call those Ambassadors back. It would give Congress an opportunity, to use the words of the editorial, to pound a little sense into the heads of a couple of Ambassadors, if it becomes necessary.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Wisconsin.

Mr. REUSS. I would like to ask the gentleman from Iowa whether he does not think it may have been a good thing to discontinue the subscription to the paper from New York City and substitute therefor a paper from the great heart of America, the great Midwest? Would not the gentleman think that may have been a worthy exchange?

Mr. GROSS. Apparently from the text of the editorial contained in this particular issue of the paper, the President made the exchange for the purpose of getting a newspaper which carries the New Frontier torch as high as it can be raised. That is apparently the reason why the change was made.

Mr. REUSS. The gentleman has no objection to the President reading a Midwestern newspaper?

Mr. GROSS. No; I have no objection. It is interesting, though, to note that he reached for a newspaper that is subservient to his dictates and wishes.

Mr. WESTLAND. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Washington.

Mr. WESTLAND. I imagine the management of the New York Herald Tribune is happy that the President did cancel his subscription. I am told that since then their circulation has gone up 20 percent.

Mr. GROSS. I thank the gentleman.

Mr. SISK. Mr. Chairman, as a member of the Select Committee on Export Control, I wish to support the statement of my able chairman, Mr. PAUL KITCHIN, and to support the amendments offered as the unanimous recommendation of our select committee.

There was considerable discussion of the proposed amendments by members of our select committee as to the necessity of emphasizing the possible economic effects upon the receiving country with reference to the Export Control Act. In view of the statements by the various department witnesses before our committee in hearings last winter that the economic advantages or disadvantages were being given due consideration, along with possible military effects, it was the consensus of opinion that we were simply putting into law policies that are already being practiced by the departments who are administering this act.

In view of the fact that, in my opinion, the Department of Commerce is doing an excellent job in the administration of this act, it is my hope that none of this new language will cause any substantial change in policy or act to hinder our national program with reference to the countries affected by this act.

Further, Mr. Chairman, I would like to comment briefly upon the statements by my colleague on the select committee, Mr. LIPSCOMB, of California, with reference to the furnishing of information by the Department of Commerce to our committee during our hearings. I recommend to the Members of the House that they read the report put out by our select committee and specifically refer to the supplemental views by Mr. **Boland**, of Massachusetts, and myself wherein we outline the procedures with reference to requests to the Department of Commerce for information and reaction to these requests. It is my feeling that generally they were cooperative and I do not agree that there was any arbitrary withholding of essential information.

I think it is important to the Members of the House to understand that the confidential nature of the material dealing with our trade applies equally to all countries, those of the free world as well as the satellite countries, and is a policy of long standing which was developed to protect American businessmen from the promiscuous disclosure of so-called business and trade secrets and nowise represents a desire to withhold essential information pertaining to the criteria used in making a determination as to whether a license should or should not be granted as it concerns any item.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. Kitchin].

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. **Albert**] having resumed the Chair, Mr. **Sisk**, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 11309) to provide for continuation of authority for regulation of exports, and for other purposes, pursuant to House Resolution 707, he reported the bill back to the House, with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the "ayes" appeared to have it.

Mr. LIPSCOMB. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 339, nays 0, not voting 98, as follows:

[Roll No. 128]

YEAS—339

Abbitt
Abernethy
Adair
Albert
Alexander
Alger
Andersen, Minn.
Anderson, Ill.
Andrews
Arends
Ashbrook
Ashley
Ashmore
Aspinall
Auchincloss
Avery
Ayres
Bailey
Baldwin
Baring
Barry
Bass, Tenn.
Bates
Becker
Beckworth
Beermann
Belcher
Bell
Bennett, Fla.
Bennett, Mich.
Betts
Blatnik
Bolling
Bolton
Bonner
Boykin
Brademas
Bray
Bromwell
Brooks, Tex.
Broomfield
Brown
Broyhill
Bruce
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Byrnes, Wis.
Cahill
Cannon
Carey
Casey
Cederberg
Chamberlain
Chelf
Chenoweth
Chiperfield
Church
Clancy
Cohelan
Collier
Colmer
Conte
Cooley
Corbett
Cunningham
Curtin
Curtis, Mo.
Daddario
Dague
Daniels
Davis, John W.
Dawson
Dent
Denton
Derwinski
Devine
Diggs
Dole
Donohue
Dorn
Dowdy
Downing
Doyle
Durno
Dwyer
Edmondson
Ellsworth
Everett
Evins
Fallon
Fascell
Feighan
Fenton
Findley
Finnegan
Fisher
Flynt
Ford
Forrester
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Garmatz
Gary
Gathings
Gavin
Giaimo
Goodell
Goodling
Grant
Gray
Green, Oreg.
Green, Pa.
Griffin
Griffiths
Gross
Hagen, Calif.
Haley
Halleck
Hansen
Harding
Harris
Harrison, Wyo.
Harsha
Harvey, Ind.
Harvey, Mich.
Hays
Hébert
Hechler
Hemphill
Henderson
Herlong
Hiestand
Hoeven
Holland
Hosmer
Huddleston
Hull
Inouye
Jennings
Jensen
Joelson
Johansen
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Judd
Karsten
Karth
Kastenmeier
Kearns
Keith
Kilburn
Kilgore
King, Calif.
King, N.Y.
King, Utah
Kirwan
Kitchin
Knox
Kornegay
Kunkel
Kyl
Laird
Landrum
Lane
Langen
Lankford
Latta
Lennon
Lesinski
Lipscomb
Loser
McCulloch
McDonough
McFall
McIntire
McMillan
McVey
MacGregor
Mack
Madden
Mahon
Mailliard
Marshall
Martin, Mass.
Martin, Nebr.
Mason
Matthews
May
Meader
Michel
Miller, Clem
Miller, George P.
Milliken
Mills
Minshall
Monagan
Montoya
Moore
Moorehead, Ohio
Moorhead, Pa.
Morgan
Morris
Morse
Mosher
Moss
Murphy
Murray
Natcher
Nelsen
Nix
Norblad
Norrell
Nygaard
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Konski
Olsen
Ostertag
Passman
Patman
Pelly
Perkins
Peterson
Pfost
Philbin
Pike
Pilcher
Pillion
Poage
Poff
Price
Purcell
Quie
Rains
Randall
Ray
Reece
Reifel
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Riehlman
Rivers, Alaska
Rivers, S.C.
Roberts, Ala.
Roberts, Tex.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roudebush
Roush
Rousselot
Rutherford
Ryan, Mich.
Ryan, N.Y.
St. George
Santangelo
Saylor
Schadeberg
Schenck
Schneebeli
Schweiker
Schwengel
Scranton
Seely-Brown
Selden
Shelley
Sheppard
Shipley
Short
Shriver
Sibal
Sikes
Siler
Sisk
Slack
Smith, Calif.
Smith, Iowa
Smith, Miss.
Smith, Va.
Spence
Springer
Stafford
Staggers
Steed
Stratton
Sullivan
Taber
Taylor
Teague, Calif.
Teague, Tex.
Thomas
Thompson, N.J.
Thompson, Tex.
Thomson, Wis.
Thornberry
Toll
Tollefson
Trimble
Tuck
Tupper
Udall, Morris K.
Ullman
Vanik
Van Pelt
Van Zandt
Vinson
Waggonner
Wallhauser
Walter
Watts
Weaver
Weis
Westland
Wharton
Whitener
Whitten
Wickersham
Widnall
Williams
Willis
Wilson, Ind.
Winstead
Wright
Young
Younger
Zablocki

NAYS—0

NOT VOTING—98

Addabbo
Addonizio
Alford
Anfuso
Baker
Barrett
Bass, N.H.
Battin
Berry
Blitch
Boggs
Boland
Bow
Breeding
Brewster
Buckley
Celler
Clark
Coad
Cook
Corman
Cramer
Curtis, Mass.
Davis, James C.
Davis, Tenn.
Delaney
Derounian
Dingell
Dominick
Dooley
Dulski
Elliott
Farbstein
Fino
Flood
Fogarty
Gallagher
Garland
Gilbert
Glenn
Gonzalez
Granahan
Gubser
Hagan, Ga.
Hall
Halpern
Hardy
Harrison, Va.
Healey
Hoffman, Ill.
Hoffman, Mich.
Holifield
Horan
Ichord, Mo.
Jarman
Jonas
Jones, Ala.
Jones, Mo.
Kee
Kelly
Keogh
Kluczynski
Kowalski
Libonati
Lindsay
McDowell
McSween
Macdonald
Magnuson
Mathias
Merrow
Miller, N.Y.
Moeller
Morrison
Moulder
Multer
Nedzi
O'Hara, Mich.
O'Neill
Osmers
Pirnie
Powell
Pucinski
Riley
Robison
St. Germain
Saund
Scherer
Scott
Stephens
Stubblefield
Thompson, La.
Utt
Whalley
Wilson, Calif.
Yates
Zelenko

So the bill was passed.

The Clerk announced the following pairs:

Mr. Libonati with Mr. Osmers.
Mrs. Riley with Mr. Baker.
Mr. Kowalski with Mr. Horan.
Mr. Alford with Mr. Utt.
Mr. Kluczynski with Mr. Whalley.
Mr. Macdonald with Mr. Bass, of New Hampshire.
Mr. McSween with Mr. Mathias.
Mr. Dingell with Mr. Glenn.
Mr. Boggs with Mr. Halpern.
Mr. O'Hara of Michigan with Mr. Bow.
Mr. Moeller with Mr. Garland.
Mr. Fogarty with Mr. Cramer.
Mr. Magnuson with Mr. Fino.
Mr. St. Germain with Mr. Dooley.
Mr. Morrison with Mr. Scherer.
Mr. Saund with Mr. Hall.
Mr. O'Neill with Mr. Berry.
Mr. Holifield with Mr. Wilson of California.
Mrs. Granahan with Mr. Miller of New York.
Mr. Hagan of Georgia with Mr. Robison.
Mr. Yates with Mr. Battin.
Mr. Thompson of Louisiana with Mr. Pirnie.
Mr. Brewster with Mr. Lindsay.
Mr. McDowell with Mr. Gubser.
Mr. Moulder with Mr. Derounian.
Mr. Ichord of Missouri with Mr. Merrow.
Mr. Jarman with Mr. Curtis of Massachusetts.
Mr. Clark with Mr. Jonas.
Mr. Corman with Mr. Dominick.
Mr. Elliott with Mr. Hoffman of Michigan.
Mr. Harrison of Virginia with Mr. Hoffman of Illinois.

The result of the vote was announced as above recorded.

The doors were opened.

PROVIDING FOR CONTINUATION OF AUTHORITY FOR REGULATION OF EXPORTS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky [Mr. Spence]?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 12 of the Export Control Act of 1949, as amended, is repealed.

Sec. 2. Section 2 of the Export Control Act of 1949, as amended, is amended, by adding at the end thereof the following new paragraph:

"The Congress further declares that it is the policy of the United States to formulate, reformulate, and apply such controls to the maximum extent possible in cooperation with all nations with which the United States has defense treaty commitments, and to formulate a unified commercial and trading policy to be observed by the non-Communist-dominated nations or areas in their dealings with the Communist-dominated nations."

Sec. 3. Section 1 of the Export Control Act of 1949, as amended, is further amended by adding a new subsection (c) as follows:

"(c) The Communist bloc is engaged in economic warfare against the United States and the free world, and strong economic measures are necessary to preserve our freedom and security."

Sec. 4. Section 2 of the Export Control Act of 1949, as amended, is further amended by adding at the end thereof the following new paragraph:

"The Congress further declares that it is the policy of the United States to use its economic resources and advantages in trade with Communist-dominated nations to further the national security and foreign policy objectives of the United States."

Sec. 5. Section 5 of the Export Control Act of 1949, as amended, is further amended to read as follows:

"Sec. 5. (a) Except as provided in subsection (b) of this section, in case of any violation of any provision of this Act or any regulation, order, or license issued hereunder, such violator or violators, upon conviction, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than one year, or by both such fine and imprisonment. For a second or subsequent offense, the offender shall be punished by a fine of not more than three times the value of the exports involved or $20,000, whichever is greater, or by imprisonment for not more than five years, or both such fine and imprisonment.

"(b) Whoever willfully exports any material contrary to any provision of this Act or any regulation, order, or license issued hereunder, with knowledge that such exports will be used for the benefit of any Communist-dominated nation, shall be punished by a fine of not more than five times the value of the exports involved or $20,000, whichever is greater, or by imprisonment for not more than five years, or both such fine and imprisonment."

Mr. SPENCE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Spence: Strike out all after the enacting clause of S. 3161 and insert the provisions of H.R. 11309.

The SPEAKER pro tempore. The question is on the amendment.

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill, H.R. 11309, was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

AUTHORIZING COOPERATION WITH FIRST WORLD CONFERENCE ON NATIONAL PARKS

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2164) to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized to cooperate with the First World Conference on National Parks, scheduled to be held in Seattle, Washington, in 1962, and in connection therewith he may participate in defraying the expenses of the conference on a matching basis in an amount not to exceed $50,000, the appropriation of which is hereby authorized.

With the following committee amendment:

On page 1, line 8, strike out "$50,000" and insert "$30,000".

Mr. JENSEN. Mr. Speaker, I move to strike out the last word to ask whether the gentleman from Colorado will explain the bill.

Mr. ASPINALL. Mr. Speaker, if the gentleman from Iowa will yield. The Senate bill provides for cooperation by the Secretary of the Interior in the first World Conference on National Parks and will assist in defraying the expenses of valuating and publishing the proceedings of the conference.

The original bill that came to our committee contained a request for an authorization of expenditures of $200,000. The House committee failed to consider that bill. The bill that came from the Senate provided for an authorization of $50,000. The House committee has recommended that the amount be reduced to $30,000 which will provide for necessary expenses of our participation in the conference. We also provide in the House report that this is not to be considered as any precedent or as an authorization for any future participation in world conferences on national park matters.

Mr. JENSEN. Will the gentleman tell the House if he feels the benefits to be derived will be worth the cost?

Mr. ASPINALL. Yes; if the gentleman will yield further, I think that the Federal Government engaging in the activities of a world conference in these particulars is a worthwhile undertaking and that the results will be valuable. The gentleman from Colorado was of the opinion that we would not receive $200,000 worth of value from such a conference, but in the amount set forth here for expenses other than expenses of sending representatives there, I think it would be of value to the United States.

May I say also that this is in the interest of the world cooperation program and undoubtedly will bring us in contact with men from other nations who are active in these matters and from whom we can gain something, as well as their gaining something of value from sitting down at the conference tables and conferring with us.

Mr. JENSEN. I must say I do not see how any benefits can possibly accrue to the United States from such an expenditure of funds. We are quite liberal as far as furnishing money for the national parks is concerned and cooperating in the park programs.

Mr. ASPINALL. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. ASPINALL. It so happens that the funds authorized to be appropriated in this bill more than likely will not be appropriated for the reason that the conference will be over before the appropriation can be made, yet by approving this legislation we will officially recognize this world conference.

Mr. JENSEN. So, in effect, this bill is just a little window dressing to make someone feel good for a short time.

Mr. KYL. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. KYL. The gentleman's statement is justifiable. This worldwide organization includes both governmental agencies and private groups. In other words, you have the Government in France and also an organization in France similar to the Izaak Walton League in this country. We have many similar groups in the United States. This is not essentially a conference of governmental agencies because it does include private groups. For that reason our Government has never become a part of this organization.

This group decided in a meeting abroad that they would like to have a session in the United States. They coordinated it with the World's Fair. It is close also to the original national park and others.

Under our law the Department of the Interior actually had no right to participate in this type of meeting unless specifically authorized by Congress. Originally they planned to use $200,000 for this purpose, but private groups in this country raised all but $30,000. They would get along without the funds; and, as the Chairman said, undoubtedly we will not be appropriating anything in the long run. This little piece of legislation simply authorizes our Secretary of the Interior and other people in the Interior Department to participate in the conference. Undoubtedly it will be of value to this country.

Mr. JENSEN. I can see no reason for including any money in this resolution, especially since time will not permit funds to be appropriated. If it is only to permit us and the foreign governments to participate in a conference on national parks, then, of course, I have no objection.

Mr. ASPINALL. If the gentleman will yield further. In the report it is stated:

> The $30,000 which the bill, as amended, will authorize to be appropriated will supplement these private funds and will be used to finance such facilities as a simultaneous interpretation system, publication of the proceedings, and other similar expenses.

Most certainly we will rely on the gentleman from Iowa and all the other gentlemen serving on the Appropriations Committee to see that the request for this money is justified.

Mr. KYL. I would also like to say that the gentleman from Colorado, chairman of this committee, and the gentleman from Pennsylvania [Mr. Saylor], always give very thorough consideration to the possibilities involved so far as the Appropriations Committee is concerned.

Mr. JENSEN. I am sure they do.

Mr. KYL. And always in their procedure in the committee, they are very conscientious in their desire to leave that authority with the Committee on Appropriations. We have trouble enough without going into that end of it.

Mr. JENSEN. I have complete confidence in not only the gentleman from Iowa [Mr. Kyl], but also the gentleman from Colorado [Mr. Aspinall], and the gentleman from Pennsylvania [Mr. Saylor], as I know they watch the purse strings very carefully in their legislative actions. So I shall not burden the record longer. I thank the gentlemen for their explanation of the bill.

The SPEAKER pro tempore. The question is on the committee amendment.

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that those who spoke on the amendment just passed may have permission to revise and extend their remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

FIRST WORLD CONFERENCE ON NATIONAL PARKS

Mr. CLEM MILLER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CLEM MILLER. Mr. Speaker, the First World Conference on National Parks will meet at Seattle, Wash., from Saturday, June 30, to Friday, July 6.

As the sponsor of a bill to authorize $30,000 to help defray the costs of the conference, I strongly support this legislation.

I would like to say a few words about the significance of this First World Conference on National Parks. As its name connotes, it is the first worldwide conference on national parks ever to be held.

It has been called by the International Union for the Conservation of Nature, an international body of nations and organizations concerned with conservation of the world's resources. Founded in 1948, the international union now includes more than a dozen member governments and several hundred organizations in 46 different countries, all 6 continents, and Oceania.

It is regarded as a special instrument of the United Nations Educational, Scientific, and Cultural Organization—UNESCO—and the Economic and Social Council of the United Nations, and as part of its duties, aids the United Nations Secretariat on matters pertaining to national parks. An International Committee on National Parks has been established by the International Union for the Conservation of Nature to encourage cooperation among the nations in matters relating to national parks.

The United States has not joined the International Union for the Conservation of Nature because the Union's constitution appears to equate membership by governments with membership by private organizations. Our nonmember status, however, does not erase the vital and continuing interest that the United States has in conservation of natural resources and our interest in a park program.

At its 10th general assembly, held in Warsaw, Poland, in 1960, the Union selected our country as the most fitting place to hold the First World Conference on National Parks. Seattle, Wash., was chosen as the location for the Conference, partly because of its proximity to some of our great national parks and to the Waterton-Glacier International Peace Park. Also influencing the decision was the fact that the Century 21 Exposition would be in progress at Seattle and would draw visitors from all quarters of the globe.

Because the national park concept had its origin and has experienced its greatest advancement in the United States, most nations look to this country for leadership in the park conservation field. While Yellowstone and Yosemite National Parks stand out as the world's first great examples of national parks, the national park movement has become worldwide and some 400 national parks and more than 3,000 nature reserves have been established in other countries of the world. Up to now there has been relatively little international cooperation in the fields of park administration and planning.

The First World Conference on National Parks will lend encouragement to the efforts of people in all countries who recognize the park movement as a further instrument for international peace and good will. And, most important, it offers the opportunity for an interchange of ideas and the advancement of the park concept.

ANNOUNCEMENT

Mr. GUBSER. Mr. Speaker, I was delayed in my office and arrived about 15 seconds late on the last rollcall. Had I been present on the last rollcall, I would have voted "yea."

BUREAU OF RECLAMATION PROJECT NEAR WAURIKA, OKLA.

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, I rise again today to speak in behalf of the Bureau of Reclamation project near Waurika, Okla.

On this Monday, I would like to review for the record the history in brief of this most vital Waurika project. The material here presented was assimilated and has been given to the gentleman from Colorado, the Honorable Wayne Aspinall, our good colleague and chairman of the Interior and Insular Affairs Committee, at his request.

The potentialities for developing the water resources of the Waurika-Beaver Creek area were first recognized in 1903 by the U.S. Reclamation Service, later designated the Bureau of Reclamation. Thus, the basis for our passage of the Waurika project was laid down more than a half century ago.

In 1936, the U.S. Corps of Engineers surveyed the area as part of the Red River Basin for flood control, navigation, hydroelectric power, irrigation, and other purposes.

In 1947, the year of the greatest and most destructive Waurika flood, to date, the Bureau of Reclamation began an inventory. The study assimilated material on land and water resources, needs and problems of the Red River Basin, including the Waurika-Beaver Creek area.

In 1952, the University of Texas survey, which had been contracted for by the Bureau of Reclamation, and again in 1956, the University of Oklahoma survey, another contract of the Bureau of Reclamation, indicated a need for additional supplies of municipal and industrial water in the four-county area of Jefferson, Stephens, Comanche, and Cotton Counties.

In 1955, the Arkansas-White, Red Basins Interagency Committee formulated a comprehensive long-range plan for development of the land, water, and related resources of these basins, including the Waurika-Beaver Creek area. The committee's report, dated June 1955, considered the Waurika project engineeringly feasible and stated that there was sufficient merit to justify the project.

Also in 1955, the towns and cities in the four-county area organized the Beaver-Cow Creek Watershed Development Association to promote developments for the use and control of the water resources of the Beaver-Cow Creek Basin.

In 1956, the Bureau of Reclamation initiated a project reconnaissance investigation of the watersheds of the Beaver and Cow Creeks.

In 1957, the report issued as a result of this investigation, established that the water use and control needs of the Oklahoma area involved could best be served by a reservoir at Waurika.

On June 15, 1960, Oklahoma's two Senators, ROBERT S. KERR and MIKE MONRONEY introduced Senate bill 3674 of the 86th Congress, and my predecessor the Honorable Toby Morris introduced House bill 12664 of the 86th Congress, for the construction of the Waurika project.

In January 1961, it was my pleasure to introduce the same bill as the Kerr-Monroney bill for the construction of this Waurika project.

On July 20, 1961, the Bureau of Reclamation recommended the Waurika project.

On July 28, 1961, the Secretary of the Interior recommended the Waurika project.

On August 29, 1961, the Bureau of the Budget stated that it had no objections to the Waurika project.

In September 1961, the Senate Interior and Insular Affairs Committee heard testimony on the project.

Earlier this year the Subcommittee on Irrigation and Reclamation in the House of Representatives heard the Government witnesses as to the merits of the project.

Only last week, the Senate subcommittee of this committee gave approval to the project. The measure is now awaiting the "go sign" from the full committee.

Today, we are fortunate in having a three-man committee with us in Washington, D.C., representing this association. This committee is headed by Mr. J. M. Bullard, of Duncan, Okla. Mr. Bullard is a longtime member of the State Legislature of Oklahoma, who, for the past 3 or 4 years has served as president of the association. Mr. Don Morrison, publisher of the Waurika News-Democrat, and former president of the association, is here with us. Also, Mr. Milton Keating, secretary-manager of the Lawton Chamber of Commerce, who is a member of this committee.

Today, Mr. Speaker, this is where we stand. There has been no further action in the House. My people have again been flooded. Their homes, businesses, and property have again been ransacked. And today, Senators KERR and MONRONEY, and myself are still working for the passage of this project in both Houses of this Congress. During this past week, the gentleman from Oklahoma, the Honorable CARL ALBERT, majority leader of this House, stated the obvious need for the Waurika project. Also, the gentleman from Oklahoma, the Honorable ED EDMONDSON, another of my colleagues from Oklahoma, stated that he was doing everything he could to encourage the project in the Interior and Insular Affairs Committee of which he is a member.

Today, I am again pleading the case of my people. This is not a political project; this is one of need. We in Congress must be able to place politics aside and serve the American people.

Today, I will venture to say that there is probably no water project in this country that is so badly needed, that will cost the Government less, and will prevent so much unnecessary loss and deprivation.

FEED GRAIN AND WHEAT CONTROL LEGISLATION

Mr. GATHINGS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include an editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr GATHINGS. Mr. Speaker, the House defeated the feed grain and wheat control legislation but the decision was a negative one. The issue of excessive surpluses and costs, security for agriculture generally, and stability in the feed grain and wheat areas must, of necessity, be solved. Price supports without accompanying acreage controls is the cause of the dilemna we face in grain surpluses. The Washington Post of Saturday, June 23, carried a most thought-provoking editorial entitled "Farm Defeat," the full text of which is incorporated below:

> The House of Representatives, confronted with making a choice between farm policies, solved the problem by voting not to have a farm policy. That is the effect of the motion to recommit the administration's farm bill. This action has solved the legislative problem for the House, but it has not solved the farm problem for the country. The House has done a reckless and irresponsible thing. It is too bad that there is not some device to compel a legislative body either to approve one method of dealing with a grave national problem or to embrace some logical alternative to it.
>
> It is not easy to forgive three groups in the House who voted to recommit this bill. One group is composed of the Congressmen from the States that produce feed grains, wheat, beef, and hogs, who have voted against the interest of their own constituents. The other group is composed of southern Congressmen who have in the past voted for strict controls on cotton, tobacco, and peanuts, and who now resist similar controls for the producers of feed grains and wheat. The other group is composed of Representatives of urban districts whose constituents are better fed than any other people in the world through the exertions of an efficient and illy rewarded agriculture.
>
> What alternative to this farm bill does the House propose? Would it allow farm production and farm prices to be governed entirely by the free play of the market? To do this to agriculture, in a society in which Government has helped labor and industry to control their production and their prices and wages, would be to condemn farmers to a second-class citizenship economically. Would the House favor the continuation of governmental price supports without control of acreage? To do this would be to endorse a limitless and increasing drain on the Federal Treasury.
>
> The House did not like this farm bill. It would not like any course alternative to it any better. It has blithely rejected all solutions. Something more will have to be done, sooner or later. This Congress, at the very least, should continue the emergency program on wheat and feed grains in effect for the past 2 years. That will give Congress time to consider a more permanent solution. It is too bad that the House could not bring itself to perfect that solution now—to embrace either compulsory control or an alternative to it at this session.

TO HONOR JULY 9, 1962, AS GENERAL KRZYZANOWSKI MEMORIAL DAY

Mr. LANE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, the United States is a Nation created by immigrants, and strengthened by succeeding generations of immigrants who loved freedom above all else.

In the long line of freedom fighters who star-brighten our history, none is more inspiring than the Polish-born patriot who became one of us. His immortal name is: Wladimir B. Krzyzanowski. When the Civil War broke out, he was one of the first to volunteer in defense of the Union. The indomitable courage that he brought to the service of his country won for him grateful recognition and increasing responsibilities.

On the day before the attack on Fort Sumter he enlisted as a private of the Turner Rifles at Washington, D.C. Advancing to company commander, he aided materially in defense of the Capital. He was promoted to major, and later was authorized to recruit a regiment which he designated as the United States Rifles. Subsequently he became colonel of the 58th Infantry Division of New York, listed in the official register as "The Polish Legion." After participating in the battles of Cross Keys, Bull Run—where he was wounded—Chancellorsville, and Gettysburg, President Lincoln made him a brigadier general with the approval of Congress.

He was an engineer by profession, and a first cousin of the famous composer, Frederic Chopin. Before the war, he had married a niece of General Burnett and made his home in Washington, D.C. His service of 55 months in the Civil War was distinguished by personal valor, organizational skill, and leadership that won the hearts of all under his command.

Historians who knew him rated him highly. Bruce Catton, Civil War historian, stated:

> Krzyzanowski is as good an American name as Cabot.

After the war, he was appointed as an administrator in the newly acquired Territory of Alaska. He devoted the remainder of his life to the service of the Government, as a customs inspector in Panama, and finally, in New York.

In tribute to Americans of Polish descent and their contributions of faith and work and skill and bravery to the building of our free society, we single out for special honor, the name and deeds of one who symbolizes those qualities.

I am proud to ask your unanimous support of House Joint Resolution 707, requesting the President to issue a proclamation designating July 9, 1962, as "General Krzyzanowski Memorial Day," and inviting the people of the United States to observe such day with appropriate ceremonies and activities.

ELECTRIC GENERATING FACILITIES AT NEW PRODUCTION REACTOR, HANFORD, WASH.

The SPEAKER pro tempore. Under previous order of the House, the gentlewoman from Washington [Mrs. MAY] is recognized for 60 minutes.

Mrs. MAY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mrs. MAY. Mr. Speaker, the purpose of this special order today is to bring to the attention of the Members of this body the merits of the proposal of the Washington Public Power Supply System to add the generating facilities to the new production reactor at Hanford, Wash.

The Members of this body who represent the State of Washington feel that the current proposal, which is far different from the Federal plan rejected last year, should be approved by this body when the Atomic Energy Commission authorization bill is debated on the floor. It is our purpose today to explain the great differences in the current proposal so that Members of this body may be able to fairly judge and reach a logical decision on this matter.

First, Mr. Speaker, the following background will be helpful:

Now under construction at Hanford, Wash., is a new production reactor for the manufacture of plutonium. At an additional cost of $25 million or more, it has been designed and is being built for the dual purpose of producing plutonium and electricity.

Last year the Atomic Energy Commission requested authority for the appropriations necessary to add the electrical generation facilities. The Senate approved AEC's request; the House of Representatives did not.

At the present session of Congress, AEC has not renewed its request for Federal construction of the generating facilities at Hanford. In an effort to save the Federal investment of $25 million or more, and to utilize the tremendous quantity of steam energy otherwise to be wasted, the Washington Public Power Supply System has proposed to AEC that it will provide the necessary funds to construct and operate the generating facilities at Hanford. Washington Public Power Supply System is a public agency of the State of Washington. Its members are 16 public utility districts of the State of Washington, all of which are customers of the Bonneville Power Administration. In 1961 they purchased $14,500,000 worth of power from Bonneville. In addition to the members comprising Washington Public Power Supply System, a number of other public agencies and cooperatives in the Pacific Northwest have shown interest in participating with the supply system in this project. We have been informed by the management of Washington Public Power Supply System that private utilities in the Pacific Northwest will be offered an opportunity to participate along with the public agencies and thereby secure a long-term power supply at Bonneville Power Administration rates—something which they cannot now do.

Mr. NORBLAD. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. I am glad to yield to the gentleman from Oregon.

Mr. NORBLAD. Mr. Speaker, when the gentlewoman uses the words "Pacific Northwest" with reference to the conferences which have been held on this matter with both private and public utilities, have representatives of the State of Oregon, as well as the State of Washington participated in these conferences?

Mrs. MAY. I can assure the gentleman from Oregon that it has been reported to me that such conferences have taken place and have been going on for the last year.

Mr. NORBLAD. If the gentlewoman will yield further, are the groups in the State of Oregon, both public and private, in favor of this proposal?

Mrs. MAY. Certainly. They have been on record as being in favor of this project since last year, and are working very closely with those who are interested in this proposal. This is just in the negotiating stage now. They are trying to bring this to a successful conclusion as a local or State or regional enterprise.

Mr. NORBLAD. I thank the gentlewoman for yielding.

Mr. TOLLEFSON. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. I am glad to yield to the gentleman from Washington.

Mr. TOLLEFSON. Mr. Speaker, the gentlewoman made reference to the $25 million which has been invested by the Federal Government at Hanford in connection with this new reactor.

Do I understand that we have appropriated the sum of $25 million, and that such amount has been expended?

Mrs. MAY. The gentleman is quite correct. This has already been invested by the Federal Government in this project.

Mr. TOLLEFSON. Therefore, if the gentlewoman will yield further, if the Federal Government does nothing and no one else does anything in connection with the provision of electrical facilities, about $25 million then has gone down the drain?

Mrs. MAY. Not only has the $25 million, or more, gone down the drain, but the energy will continue to go into the Columbia River to heat it up.

Mr. TOLLEFSON. If the gentlewoman will yield further, in other words, this heat and energy is constantly being wasted, so to speak?

Mrs. MAY. That is correct.

Mr. TOLLEFSON. Is it not true in that connection—the thought comes to me—that heat going into the Columbia River has some impact on the fish life there also? Is not that a problem?

Mrs. MAY. The gentleman knows, because the gentleman represents some very fine sportsmen's groups who are very concerned over this problem. They are consistently representing to us that this can have a very bad effect upon the fish industry which is so important to the gentleman's part of the State.

Mr. TOLLEFSON. May I say to the gentlewoman that that is absolutely correct. The fishing industry is not only concerned about the impact of the heat which raises the temperature of the water upon the fish, but is also concerned about the possible atomic effect upon the fish. So, this is a matter that concerns this section of the country. However, coming back to the financing problem, I want to understand it correctly.

Mr. NORBLAD. Mr. Speaker, will the gentleman yield to me at this point before he gets away from the fish problem?

Mrs. MAY. I yield to the gentleman from Oregon.

Mr. NORBLAD. As the representative of Astoria and Clatsop County, which has a great fishing industry, I would agree with the gentleman from Washington [Mr. TOLLEFSON], and the gentlewoman from Washington [Mrs. MAY]; they are very, very concerned about pouring this heat into the Columbia River which has a very serious effect upon the fish life.

Mr. TOLLEFSON. Mr. Speaker, will the gentlewoman yield further?

Mrs. MAY. I yield further to the gentleman from Washington.

Mr. TOLLEFSON. With respect to the construction of the facilities necessary for the generation of electricity from the steam, this funding is to be done on the basis of the selling of revenue bonds by these power industries which the gentlewoman has mentioned?

Mrs. MAY. That is correct. There will be no Federal money, as such, involved in this financing, or of the building of the generating features, or operation and maintenance.

Mr. TOLLEFSON. If the gentlewoman will yield further, one of the questions which has been proposed to me by the Members of the House has been this: Who will buy these revenue bonds? This is in the nature of an experiment. Would the public buy these bonds—these public power bodies in the State of Washington have been issuing utility bonds or revenue bonds for some time, have they not?

Mrs. MAY. They certainly have. We have a good record with reference to the sale of bonds of this type in that area.

Mr. TOLLEFSON. Are they not convinced and assured that they will have no difficulty in selling these revenue bonds?

Mrs. MAY. I would be glad to tell the gentleman that not only are they convinced, or were convinced before they even started actual negotiations which, as the gentleman knows, are going on now, but I have received word in recent days that the outlook is excellent as soon as the proposition has been resolved and gotten through with no objections from Congress, that there will be no trouble whatsoever in that respect. They recognize what a good investment this is in the future of our country.

Mr. TOLLEFSON. Based on their experience which is a wide one, extending over the years, these public power people are confident that this project will pay itself out?

Mrs. MAY. Yes, indeed, they are. And I would like to say that later, in this special order today I intend to offer some facts and figures in that connection.

Mr. TOLLEFSON. Mr. Speaker, I thank the gentlewoman for yielding to me, and I want to commend her for her hard work in connection with this project. Sometimes we hear people say that Congress does not always act on the merits of a proposal. In this instance it seems to me we have a meritorious position which Congress should look at with great interest.

Mrs. MAY. I sincerely hope the gentleman is right, and I appreciate his efforts in joining with me to put the merits of this proposal before our colleagues.

I have already discussed the general proposition of such long-term contracts with officers of several private utilities in our region.

The proposal of the Washington Public Power Supply System to add the generating facilities to Hanford contemplates that it would deliver the entire output of the plant into the Bonneville grid. No appropriations would be needed under this arrangement. Washington Public Power Supply System's proposal to Bonneville is that in return for supplying Bonneville with the energy output of Hanford, Bonneville would supply the participating utilities with an amount of firm power equivalent under Bonneville's rate schedules to the annual operating and capital costs of the Hanford generating plant. The Washington Public Power Supply System and other participating utilities do not stand to profit from the installation of the generating facilities inasmuch as Washington Public Power Supply System proposes to give the United States an option to acquire the generating facilities at any time for their unamortized cost. At such time as the generating facilities are fully amortized, the United States would have an option to acquire them without cost.

Mr. PELLY. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. I am glad to yield to the gentleman from Seattle.

Mr. PELLY. Mr. Speaker, at the outset of her remarks our colleague referred to important differences between this present plan and the original plan that was defeated last year. I think it would be helpful if the gentlewoman at this point would explain those differences.

Mrs. MAY. I agree with the gentleman that this is really the crux of the matter that is before us here. It may be decided on the merits of those important differences and I will be glad to emphasize them.

First. It does not require any appropriations. Last year Congress was asked to appropriate $95 million to finance the addition of the power facilities.

Second. No authorizing legislation is required since the arrangements can be carried out under existing statutory authority by all parties. Last year, Congress was asked to enact legislation authorizing Atomic Energy Commission and Bonneville Power Administration to engage in the construction and operation of a major commercial power generating facility.

Third. Neither the Atomic Energy Commission nor Bonneville Power Administration will be responsible for the operation of the power facilities under the Washington Public Power Supply System proposal, in contrast to the plans proposed last year for Federal ownership and operation.

Fourth. Under the Washington Public Power Supply System proposal, the Government is relieved of any risks which might be involved due to the uncertainty of the period of dual-purpose operation or for other reasons.

Fifth. Without need for investing additional Federal funds or incurring risks, the Federal Government and the taxpayers generally will receive the benefits of the economic utilization of the new production reactor waste heat and the continued use of this military reactor for peaceful and beneficial purposes for its expected useful life of 35 years.

The proposal of last year would have required the expenditure of Federal funds to accomplish the objective.

Mr. WESTLAND. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. I yield to the gentleman from Washington.

Mr. WESTLAND. I want to compliment my colleague from the State of Washington for her excellent dissertation on this problem of the Hanford project. It is obvious that the gentlewoman from Washington has gone to great lengths in gathering data, and correct data, to present a factual situation to the House of Representatives.

The facts of the case, it seems to me, and I am sure the gentlewoman will agree, are that this investment which has already been made by the Federal Government to provide for generating facilities will never be repaid unless somebody takes it over and produces the electric power.

Mrs. MAY. That is correct.

Mr. WESTLAND. We tried one means here last year by having the Federal Government do this job, and we were turned down by the House of Representatives. So we said, "All right, we will do it ourselves," which has been a thesis around this House for some time. So we now come to the House of Representatives, saying, "All right, this won't cost the Federal Government 1 red cent. We will do the whole thing ourselves." Is that correct?

Mrs. MAY. That is completely correct, 100 percent, the proposition we are bringing to the Congress this year.

Mr. WESTLAND. Furthermore, we say that provided this reactor has a dual purpose life, this not only will get the money back that you have put into these facilities; that is, Uncle Sam will get it back, but you no doubt will get considerable more. Is that not the fact?

Mrs. MAY. That is correct. Not only while the reactor is leading its double life will it be producing what might be called the dual-purpose type of benefits to all but you will get increased benefits, of course, far beyond the dual-purpose state of the reactor, as long as it is producing power.

Mr. WESTLAND. There have been some comments I have heard in cloakroom conversations to the effect that we are trying to do by the back door what we could not do by the front door.

Mrs. MAY. That just is not true.

Mr. WESTLAND. I believe, too, it is not trying to do it by the back door. The facts are these. The Atomic Energy Commission have had their legal counsel research this question very thoroughly. They have come up with the answer through Dr. Seaborg. We think they have the authority to make the contract with WPPSS.

Mrs. MAY. Later today I plan to introduce into the RECORD a letter from Dr. Seaborg. I think it is very proper that the Appropriations Committee wrote him and brought up this question. Let me say he gave a very good, sound answer to the problem the gentleman has just brought up. They have the authority now.

Mr. WESTLAND. Has not the Bonneville Power Administration gone about the same thing?

Mrs. MAY. That is right. They have anticipated that quite properly Congress would bring this question up. Their legal opinion is based on several sources; they have gone into it very thoroughly, and certainly the legal proof is there that the authority is in the present law.

Mr. WESTLAND. So we have here two agencies of Government in complete agreement on their authority to go ahead with this provision. We have the agreement of a public body of the State of Washington, which is ready to assume the liability for the construction of this power-producing facility. We have, I am sure, the 100-percent agreement of the congressional delegation from the State of Washington. And again, as I said, we are not asking a penny from anyone. Is there any further that we could go?

Mrs. MAY. I would tell the gentleman that I think that right there, right up to this point in our discussion, we have given the full merits of our case, that should certainly attract the support of our colleagues in this House.

However, there are other questions that are still being brought up and I intend to discuss them. I think every question should be answered before the House makes its decision and that is what we intend to do.

Mr. WESTLAND. Is there any question about the sale of this power that would be created of some 700,000 to 800,000 kilowatts?

Mrs. MAY. I am told by all those who are involved in the negotiations that the sale of the power features has been worked out, and as far as a market for this power, I do not think we will have any problem on that.

Mr. WESTLAND. There are those areas to the south of us that are all seeking to get power from the Pacific Northwest. I certainly hope those people will support this program. It seems to me that Bonneville and the Atomic Energy Commission and all of us have leaned over backward trying to get the blessing, you might say, of the Congress, where legally it is not even needed.

Mrs. MAY. The Pacific Northwest, and the State of Washington in particular, has always been ready and certainly willing to supply our good neighbors with power, if we could just get firm power. Of course, we cannot rob those industries presently in existence of needed power, but I would think those neighbors of ours to the east and to the south and all around us who might be interested in a firm supply of energy from our area would be joining us in supporting this particular project 100 percent.

Mr. WESTLAND. May I again compliment the gentlewoman from Washington on her efforts to bring this matter before the House of Representatives. I am pleased to see the lead that she is taking in fighting to get that program through.

Mrs. MAY. I thank the gentleman.

Mr. DURNO. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. I am glad to yield to my colleague, the gentleman from Oregon.

Mr. DURNO. How would this power of 700,000 or 800,000 kilowatts be distributed?

Mrs. MAY. Through the Bonneville system. As I said earlier in my statement, the Washington Public Power Supply System would send this out through the Bonneville system and it would be available to both public and private customers, as it is now.

Mr. DURNO. And it would be distributed wherever the Bonneville power authority goes?

Mrs. MAY. That is correct.

Mr. DURNO. I want to associate myself with the gentlewoman from Washington in her continuing endeavor to create increased power for the Pacific Northwest and for our country. I think it is important to realize that we are taking advantage of the power potentials which presently exist, and it is inconceivable to me that all people who are interested in utilizing the full value of the taxpayer's dollar would not be very happy to vote for this measure, and I say that with the full realization that it will not cost the taxpayers a single additional dollar, but will more completely utilize and pay back to them money that has been expended by the Federal Government. So I want to associate myself with the gentlewoman and again congratulate her on her untiring and continued efforts to improve the power situation.

Mrs. MAY. I thank the gentleman from Oregon very much.

In answer to the question the gentleman originally propounded to me, let me just repeat, because I know this is important to all the people in our Pacific Northwest area.

The WPPSS proposal to Bonneville is that, in return for supplying Bonneville with the full energy output of the reactor at Hanford, Bonneville would supply the participating utilities with an amount of firm power equivalent under their rate schedules to the annual operating and capital costs of the Hanford generating plant. The power would go completely into the Bonneville grid to be available to all, as it is at present.

Mr. PELLY. Mr. Speaker, will the gentlewoman yield at that point?

Mrs. MAY. I shall be glad to.

Mr. PELLY. In my congressional district I have a municipally owned and operated power system, and likewise a private company. It is my understanding that any electric power generated as a result of this proposed plan would go to Bonneville and then come back and benefit the private and municipal plants, and that is why everyone, as I understand, in my district, supports the proposal which the gentlewoman is discussing.

Mrs. MAY. The gentleman is so correct, and I am very grateful for his bringing up this particular point, for it is not in any sense of the word a public versus private power controversy such as we have had in other situations. We are living together very well in the Northwest, progressing together very well—municipal systems, private utilities, and public utility districts. They are working side by side and, of course, they would all benefit from this additional power for Bonneville.

Mr. NORBLAD. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. I yield.

Mr. NORBLAD. I gather from the gentlewoman's answers to my friend, the gentleman from Oregon, Dr. DURNO, that Oregon would certainly get its fair share of this power?

Mrs. MAY. It certainly would and I think the people of Oregon know that.

Mr. NORBLAD. I just wanted to put that in the RECORD and in the RECORD very firmly.

Mrs. MAY. There is one further point I wish to touch upon. I have heard it said since we have been discussing this that even though there are no Federal appropriations involved here, there would be risks for the Federal Government.

I would like to discuss in a little more detail this question of risks to the Government under the new proposal:

First. Costs incurred as a result of most risks of the failure of the proposed power project would be covered by insurance. The proposed contracts provide that Washington Public Power Supply System will protect all parties, including the Federal Government, from financial loss resulting from such failure. The cost of such insurance is included in the costs of the project. Specifically, the Washington Public Power Supply System agrees to obtain adequate insurance by responsible insurers to cover claims, loss, or damage which may result from the following: (a) Claims against the supply system under the workmen's compensation law of the State of Washington and employers' liability; (b) public liability for bodily injury and property damage; (c) physical loss or damage to the project on a replacement cost basis; (d) business interruption loss to the supply system or to the participants, or to all or any of them, resulting from a delay in completion of the project, or by interruption or reduction of generation or transmission of power and energy from the system caused by physical loss, damage, or destruction; and (e) such other risks as may be agreed upon by the supply system and the Bonneville Power Administration.

Second. The risks are not considered substantially different from those undertaken in the construction of any large project—such as a multipurpose hydroelectric project from which power is marketed under long-term contracts.

Third. If the dual-purpose period becomes less than 7 years, the cost of power from Hanford would be higher but the effect would not be drastic since the output would be commingled with other lower cost hydro projects which is standard utility practice.

Fourth. The bond counsel for the Washington Public Power Supply System sees no unusual risk in the financing of the project through issue of revenue bonds. In fact, there is a tremendous interest in financial circles for the bond financing of the project.

Mr. PELLY. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. I yield.

Mr. PELLY. Mr. Speaker, last year when the Hanford project was the subject of great controversy in this House one group which strongly opposed this was the so-called coal industry. In the State of Washington we have a very substantial coal industry, and it is my understanding that they are not actively opposing the present plan as contrasted with any other plan.

Mrs. MAY. Let me say this for the record: In my own district we have just come up with the proposition by Grant and Kittitas Counties public utilities to build a long-hoped-for and certainly greatly desired steamplant in Kittitas County. We want power from every source we can get it because of the great need. We are trying to work side by side in partnership on the development of power from coal, from steam, from atomic energy. We are not fighting each other.

This is why I say the present plan certainly justifies the withdrawal of such opposition from other coal areas in this country.

I would like to point out some of those reasons as I go on with my statement here. Again, to go back to the gentleman's question: No, not all our coal interests are fighting this. As a matter of fact, you and I are certainly on record in fighting for the Cle Elum steamplant and I have asked that they be given complete and equal consideration in the Bonneville system with this new reactor plant.

Mr. PELLY. I think it would be fair to say that no one in this House has been more consistently fighting to develop generating facilities to meet our power needs in the Pacific Northwest than the gentlewoman from Washington. I recognize that last year in the controversy she had a great deal of trouble from the coal interests in other areas. I would be hopeful as she brings this information to their attention that their coal industry will join in support of developing facilities for generating power without any cost to the taxpayer, as proposed in this new plan.

Mrs. MAY. I may say to the gentleman that I certainly cannot quarrel with any of my colleagues on either side of the aisle for trying to represent what they think are the best interests of their particular districts, whether it be coal or something else. Therefore, this year I would point out to them this proposition certainly does not justify a continuation of that opposition based on the points they made last year.

Mr. Speaker, last year opposition to the Federal plan of financing and operation of the new production reactor power facilities was expressed by those interested in the use of coal for power production. I believe that the present plan justifies the withdrawal of such opposition for the following reasons:

First. The use of the new production reactor waste heat and of the reactor for power production will not result in any less coal being used for power production in the Northwest or elsewhere. In fact, the use of new production reactor waste heat under presently expected circumstances can result in an earlier and more economic use of Northwest coal deposits for power purposes than would otherwise be the case. The transition in the Pacific Northwest from an all-hydro to a hydrothermal power system will be brought about in the most economic and expeditious manner when the region's hydro resources are integrated with thermal plants to achieve the lowest cost of power and when the higher cost of thermal power is widely and equitably shared by the region's power users. The low cost of new production reactor power in the early years—dual purpose—and its integration with the Federal hydro reserves will be a logical first step in the transition from all-hydro to a system where privately financed steampower is integrated with the Federal hydro, and will encourage and accelerate this inevitable change in Northwest power supply.

Second. The new production reactor dual-purpose power potential is unique and will not be duplicated in the Northwest or elsewhere. Therefore, it cannot be considered as a precedent which would offer any possible competition with coal as a future source of energy.

Third. The increased availability of low-cost power in the Northwest, as would be the case elsewhere, will stimulate the local, regional, and national economy and thereby result in a greater demand for coal in areas where coal is now available and economic for power production.

Fourth. The coalworkers and mine operators should welcome this plan for private financing and local responsibility which promises to relieve the burden on the taxpayers of the Nation, even if only to a relatively small extent, by the recovery of an investment in a facility which will otherwise be a nonreimbursable defense program expense.

Mr. Speaker, opponents to the current proposal, just as last year, are again talking of the costs of the new production reactor itself.

The reactor itself is going to cost about $50 million more than originally estimated—original estimate $145 million; current estimate $195 million.

It is not unusual for new and unique projects to end up costing more than originally planned. Such costs must be charged to research and development and the experience gained will result in benefits in future programs. The Yankee atomic powerplant is an example of this whereby its final costs exceeded the original estimate by about 25 percent.

The fact that the new production reactor costs are higher, does not mean that the cost of the power generating facilities will be excessive. The turbine-generator designs have been carefully analyzed by experts in this field—specifically TVA which has one of the largest steam systems in the United States. In fact, the cost estimates used in the feasibility studies are now estimated to be higher than what the final costs will be. A conservative approach has been used. The steam turbines actually will be very similar to the low pressure sections of multistage compound turbines widely used by the electric utility industry. In today's large so-called high pressure, high temperature turbine units, the steam is only high in pressure and temperature in the first stage of the turbine. After it leaves this stage at lower pressures and temperatures it is reused in further stages of the turbine in order to squeeze as much energy out of the steam as is possible. These latter stages are larger in size than the initial stage and are of the type that can efficiently utilize the steam from the Hanford reactor that otherwise would be wasted.

In any event if this steam is not utilized the Federal Government will have no opportunity of recouping the additional investment in the reactor which makes it a dual-purpose facility. In 1958 the Congress authorized this dual-purpose design. If the dual-purpose period exceeds the contemplated 7 years, which could very well happen, very substantial payments for steam will be made by Washington Public Power Supply System to AEC. If the dual-purpose period runs as long as 24 years the proposed payments for steam amount to some $125 million.

Mr. Speaker, there has also been discussion on whether or not the Bonneville Power Administration has authority to enter into an exchange contract with the Washington Public Power Supply System.

It is the opinion of the Portland regional solicitor, Department of the Interior, that the Administrator, Bonneville Power Administrator, as the delegate of the Secretary has express statutory authority to enter into an exchange contract if: first, his purpose in doing so is to obtain or accomplish orderly and economic operation and maintenance of the Columbia Basin project; and second, such contract is, in his judgment, necessary and in the interests of the United States and such project.

In addition, the Atomic Energy Commission's legal staff has stated its opinion that AEC has authority to enter into the necessary contracts to permit Washington Public Power Supply System to install the generating facilities.

Although counsel believe that Bonneville Power Administration has the legal authority to execute the contracts with Washington Public Power Supply System, Administrator Charles Luce has stated he does not propose to do so if the Appropriations Committees, before whom Bonneville Power Administration appears each year, object. The scope of the project is so large, and its impact upon Bonneville's operations so great, that Bonneville Power Administration does not propose to sign any contracts pending this review.

Mr. Speaker, it is my understanding that both the Atomic Energy Commission and the Bonneville Power Administration have or are preparing the necessary contracts for signature, having reached agreement with Washington Public Power Supply System as to the necessary terms and arrangements subject only to a favorable expression from this body.

I have a letter dated May 4, 1962, addressed to several members of the Public Works Subcommittee of the House Appropriations Committee from Dr. Glenn T. Seaborg, Chairman of the Atomic Energy Commission. The committee members had written to Dr. Seaborg submitting a number of questions regarding the proposal for constructing the powerplant at Hanford. Dr. Seaborg's reply is self-explanatory and is pertinent to this discussion and therefore I insert his letter at this point in the RECORD:

MAY 4, 1962.

Hon. BEN F. JENSEN,
House of Representatives.

DEAR MR. JENSEN: Reference is made to the letter of April 18, cosigned by you, regarding the proposal to the AEC and the Bonneville Power Administration (BPA) submitted by the Washington Public Power Supply System (WPPSS) to finance, construct, and operate electric power recovery facilities in association with the new production reactor (NPR) now under construction at AEC's Hanford Works in the State of Washington. The proposed undertaking would involve separate contracts between WPPSS and AEC on the one hand; and between WPPSS and BPA on the other. A copy of the proposal is attached for your information.

At the present time, we are in the initial stages of negotiations with the WPPSS, and no contract has as yet been agreed upon.

In our evaluation of the WPPSS proposal, we studied carefully whether additional or amendatory legislation would be required to permit an organization other than the AEC to construct power generating facilities at the NPR. Apparently, no new legislation would be required for the AEC—in connection with its role in the matter—to enter into arrangements with WPPSS on the basis of its proposal, as modified by the comments contained in our reply to the WPPSS, a copy of which is also attached.

In replying to your letter, we can comment on only those aspects of the proposal related to AEC's proposed role, AEC's authority to undertake arrangements of the nature proposed, and the potential benefits of such a project to AEC.

Last year, Congress disapproved authorizing appropriations for the construction of NPR generating facilities by AEC with Federal funds. In our judgment, this action did not pertain to the possible construction of the generating facilities by other agencies such as the WPPSS. Thus, we do not believe that AEC's possible participation in the project, as now conceived, would conflict with the expressed will of Congress.

Lease of land to WPPSS is, of course, a part of the proposal. It also involves the sale to WPPSS of steam produced in the NPR for use in generating facilities. With respect to making Federal property available to WPPSS in connection with this proposed project, the AEC has existing authority, under section 161g of the Atomic Energy Act of 1954, as amended, to lease property under its jurisdiction. In order to minimize serious energy losses in delivering steam, it is necessary for the generating facilities to be located in close proximity to the reactor. Inasmuch as the AEC has jurisdiction over land adjacent to the NPR, we might lease a parcel of land to WPPSS upon which the generating facilities may be constructed. We believe that the exercise of our authority in this instance would be in furtherance of our programmatic responsibility to encourage widespread participation in the development and utilization of atomic energy for peaceful purposes and to make arrangements under which the practical value of production facilities for industrial or commercial purposes may be demonstrated.

AEC's position with respect to the financial aspects of the proposal is that AEC must be fully reimbursed for all additional costs which may be brought about by the installation by WPPSS of electric power generating facilities at NPR. We do not plan to make any commitment to operate the reactor beyond the period required for AEC purposes, but would agree in that event to lease the facility to WPPSS—with the right reserved to AEC to recapture the reactor if it should be again required for AEC purposes.

It is anticipated that there would be revenues to AEC resulting from the sale of steam to WPPSS. Excess steam produced in the course of operation of the NPR by AEC would be disposed of under the authority set forth in Section 44 of the Atomic Energy Act of 1954, as amended. Section 44 requires, in part, that such energy be sold at reasonable and nondiscriminatory prices. AEC has adopted the position that since the steam is available as a byproduct of plutonium production, the reasonable price should be based on the value of the steam for its intended use, giving appropriate recognition to the uncertainty in the duration of the period during which AEC would operate the NPR.

AEC is seeking the advice of the Federal Power Commission to assist in the determination of NPR power values. As FPC has only recently begun its analysis and as AEC is currently only in the earliest stages of negotiations with WPPSS, we are not able to provide quantitative information at this time regarding the price at which AEC would provide steam to the WPPSS. The price negotiated with WPPSS for the sale of the steam together with the duration of the period of AEC operation of NPR, would determine the extent to which the costs of convertibility might be recovered and the cost of plutonium reduced.

With respect to the provisions of the proposed agreements whereby the Government would be provided an option to acquire the plant by purchasing the outstanding bonds, I wish to make clear that AEC is making no commitment whatsoever to exercise this option. In order to exercise the option, it would be necessary for AEC to obtain specific authorization and appropriation of funds by the Congress.

In conclusion, I should like to state, again, that while we have the WPPSS proposal under consideration and are in the initial stages of negotiation, no final agreement has been reached between the Commission and WPPSS.

A similar reply has been forwarded to each of the cosigners of the April 18 letter. I am sure you recognize the difficulty of presenting, in a letter, all of the many aspects relating to this complex subject. Accordingly, I should appreciate the opportunity to meet with you and your colleagues, at your convenience for the purpose of discussing the matter in detail.

Sincerely yours,

GLENN T. SEABORG,
Chairman.

Mr. Speaker, in summary the following compelling reasons are enumerated as the reasons the Congress should encourage Bonneville Power Administration and Atomic Energy Commission to cooperate in the plan proposed by Washington Public Power Supply System to use the new production reactor for power production:

First. The plan does not require any appropriations by the Congress yet secures for the Government essentially the same benefits which would have resulted had the Government itself undertaken the project as originally contemplated.

Second. The local public agencies deserve the encouragement of Congress to undertake at their own risk and initiative such a major undertaking, which will be of great benefit to the region and Nation.

Third. The Northwest needs the source of low-cost power to meet expected power shortage in 1965–66, to reduce Bonneville Power Administration's current deficits in power revenues, and to meet future power needs for expansion of existing power consuming industries.

Fourth. The plan offers an opportunity for putting a defense facility to useful peaceful purpose without impairing its ability to perform its primary purpose.

Fifth. This plan offers an opportunity—and very likely the last chance—to achieve the recovery of some or all of the Government's investment already made in the convertible features of the new production reactor as well as making maximum use of the facility.

Mr. PELLY. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. Yes, I would be glad to yield to the gentleman from Washington.

Mr. PELLY. Mr. Speaker, it is always obvious that when a Member of Congress has taken a position on a particular matter, it is very difficult to change. It takes a big man to change his position, because it is necessary to defend the others who are in opposition to it.

Mr. Speaker, it seems to me that the gentlewoman from Washington has done a very important task here in pointing out the differences between the former proposal which was defeated, and the new plan. I hope that Members of the House who did not support the previous proposal will carefully read the remarks of the gentlewoman and recognize the differences. As I say, in this instance there are important differences. The gentlewoman has pointed them out.

Mr. Speaker, I would want to finally compliment the gentlewoman on doing a very excellent job in very simple words, making clear the distinctions, and that no appropriations are involved. It is a matter that is supported by public and private power interests alike. It is a case where there is no controversy, or should be no controversy with the coal industry or any factors that previously have caused opposition.

Mr. Speaker, I certainly assure the gentlewoman that I will join with her in every way possible in trying to get the true facts and information to all the Members of the House, and hope, indeed, when this matter comes up we will see it successfully passed so that we can go ahead in the Pacific Northwest where we do have a great need for additional generating facilities in order to meet our growth; that we will start using the waste that is going into the Columbia River and damaging our fish industry. But, rather, will turn it to a positive production, as well as other factors that are so essential to the development of the Pacific Northwest.

Mr. Speaker, I compliment the gentlewoman on a very fine presentation.

Mrs. MAY. I thank the gentleman for this fine summation of the case which we present today to our colleagues in the House of Representatives.

Mr. Speaker, I ask unanimous consent that the gentleman from Washington [Mr. HORAN] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

Mr. HORAN. Mr. Speaker, the economic expansion and growth of our Nation has always depended upon the sound development of electric energy. Water power or hydroelectric power development has been our ace in the hole and, thus far, our power requirements have been met.

But, we cannot forget our future power needs. If our Nation is to continue to progress and prosper, we must anticipate our future power needs. We must investigate and seek out feasible power sites and develop them.

One such undeveloped but feasible power site is the plutonium reactor at the Hanford, Wash., atomic energy plant. We must decide whether or not steam from this atomic plant should be used to develop power. The following editorial on this subject appeared in the June 12, 1962, edition of the Wenatchee Daily World newspaper and I believe it generally sums up what the advantages are and, more important, it illustrates just how important this additional power supply is in meeting our future needs:

JEALOUSY, SELFISHNESS ONLY THREATS TO HANFORD POWER PLAN

This may be the week of decision on whether steam from the atomic reactor at Hanford can be used to generate power, or not.

Or the decision may come next week, or the week after, and so on.

This is a strange situation in which right to build the plant will come from lack of legislation, rather than legislation authorizing it. And all the sponsors can do is wait, and watch, and hope.

Sponsor is the Washington public power supply system, a combination of power utilities of the Northwest.

Under consideration is the system's offer to build the plant that would utilize waste heat from the Hanford atomic works to produce electricity.

A year ago the Federal Government wanted to do the job. But opposition by the coal industry, which wants coal to do any firming up of electricity that is needed, and by the Midwest, which fears the movement of industry to the Northwest, doomed it in Congress. Their fight wasn't on such obvious self-interest, though. Reason publicly given was opposition to generation of electric power by the Government in competition with private utilities.

This reason has been eliminated by the Washington public power supply system offer.

This combination of local utility companies (Chelan County Public Utilities District is one) proposes to build the plant by the sale of $130 million in revenue bonds, secured by a 30-year contract between the Washington public power supply system and participating utilities.

It won't be Government built or Government operated. But agreements must be worked out with the Atomic Energy Commission and the Bonneville Power Administration. The AEC owns the power site and the reactors. Bonneville Power Administration must absorb the power in order to firm it up.

No congressional authority is needed to permit Washington Public Power Supply System to go ahead. But legislation could be passed preventing it. Congressmen from the Midwest and the coal States have introduced resolutions which would require approval by Congress after all data has been gathered and final contract terms arrived at.

Adoption of such a resolution would doom the project, Washington Public Power Supply System Director Owen Hurd says, by closing the present avenue of studies that will determine the feasibility of the project. This can be determined only after the bonds are sold.

There will be no formal bill proposing this. If it comes, it will be a resolution tacked on to another bill. Hurd says two are most like vehicles—one an Atomic Energy Commission authorization bill and another the Bonneville Power Administration appropriations bill. If these go through without the resolution attached, Hurd feels the project can go ahead. Contracts with Atomic Energy Commission and Bonneville Power Administration will be pursued and bonds can be sold by the first of next year. This timetable will put power on the line in the fall of 1965, which forecasters say will be the time of critical power shortage in the Northwest.

It has long seemed that utilization of the Hanford reactors for power production is a wise course. Here is a case where heat is produced and wasted, when with a reasonable expenditure it could be put to work to provide power that is needed. To let sectional jealousy and industrial selfishness thwart such a beneficial project is the height of folly.

As Hurd explains it, BPA must be partner to the agreement because size is needed to utilize the power Hanford will produce.

In the production of plutonium at Hanford the heat-producing reactor has unscheduled shutdowns. These are periods when power can't be produced. So, the 900,000 kilowatts that can be produced at Hanford can't be considered firm.

A single dam couldn't use the Hanford power to completely firm up its secondary or dump power because of the chance the Hanford power might go off at an uncheduled moment.

Only by mixing the Hanford power with BPA's massive supply can Hanford contribute firm power to the Northwest.

Hurd characterizes the availability of the Hanford site, the Washington Public Power Supply System plan for financing and operation, and BPA's ability to absorb this big block of nonfirm power in a way that will provide more firm power to the Northwest as a "fortunate set of circumstances."

Reasons for the expressed opposition to the Hanford development of last year—on the basis of Federal participation and Federal risk—has been eliminated.

There is no sound reason now that this program for putting to profitable use what is now waste heat should not go forward.

Mrs. MAY. Mr. Speaker, I ask unanimous consent, on behalf of those who have participated in this discussion, that they may have permission to revise and extend their remarks and include at this point in the RECORD extraneous matter, including newspaper editorials and articles from several newspapers in the State of Washington which are pertinent to our discussion.

The **SPEAKER** pro tempore. Is there objection to the request of the gentlewoman from Washington?

There was no objection.

The matters referred to follow:

[From the Spokane (Wash.) Spokesman-Review, May 13, 1962]

CONGRESS SHOULD CONSIDER REACTOR

The latest move for construction of an electric power reactor at Hanford in connection with the new plutonium reactor now being built there, is quite a different proposition from the Federal Atomic Energy Commission proposal rejected last year by the House of Representatives.

The new plan being advanced by the Washington public power supply system calls for non-Federal financing of a power plant to be erected on the Federal reservation at Hanford. The plan also calls for the marketing of the power through the facilities of the Federal Bonneville Power Administration.

Officials of the Washington public power supply system, a combine of Washington Public Utility District (PUD's), have enlisted the cooperation of the AEC and the BPA in working out the agreements necessary before revenue bonds could be sold to the public. These officials have also discussed their problems with members of the House Appropriations Committee.

Their proposition is unique, in more ways than one. It involves a public interest, not only in the Pacific Northwest, where the Hanford power would be beneficial to economic growth, but also in the country as a whole.

Any change in Federal policies involving the operations of either the AEC or the BPA ought to be outlined clearly and authorized specifically by the Congress of the United States. It is well for the committees of Congress to be aware of the new Hanford reactor proposals. But in view of the previous rejection of the Federal reactor plan, it should be necessary for the non-Federal cooperative project to be reviewed thoroughly and objectively before formal legal consent is granted by act of Congress.

[From the Pasco (Wash.) Tri-City Herald, June 18, 1962]

OPPONENTS DON'T MAKE SENSE

The opposition to conversion of the Hanford reactor for generation of electricity has been characterized as a dog-in-the-manger attitude. This is inaccurate.

The attitude is so complex as to defy easy definition.

Particularly puzzling is why some of the most active diehard opponents of the plan to build a steamplant are the same ones who originally opposed authorization of a dual-purpose reactor. Their opposition was on "idealogical grounds"—they didn't want the Government in the atomic-power business. They continue to fight with the same arguments, despite the circumstances have changed substantially.

The reactor is under construction. And being built into it is $25-million worth of features that will make it possible to use steam to make electricity.

If these features are not used, the $25 million will be wasted. Likewise the steam.

Opponents of public power might be justified in continuing to oppose the steam plant if the Government were to build it. But there is absolutely no sense in their opposing the proposal of Washington Public Power Supply System to build the plant with private money.

To do so is completely unrealistic. It's as if a rich aunt was murdered and you inherited her money but refused to use it because you are opposed to murder.

The reactor is there. It's designed to produce steam and plutonium. And produce them it will, whether or not electrical generators are installed to utilize the steam.

The electricity that can be generated with this steam is badly needed by the Pacific Northwest, which is faced with a brownout in 1965.

To waste the steam can work a severe hardship on the Northwest, and it will make opponents of the generating plant look utterly ridiculous.

[From the Pasco (Wash.) Tri-City Herald, June 7, 1962]

Another "Priest Rapids Dam" stands on the bank of the Columbia River, awaiting only a "go" signal to produce power.

With the addition of turbine generators, the new production reactor at Hanford would become a powerplant equal to the concrete river stopper which Luther Hodges, Secretary of Commerce, dedicated for Grant County Public Utility District last week.

It would be almost the equal of Ice Harbor Dam which Vice President LYNDON JOHNSON dedicated on the Snake River, May 9.

Congress now is considering a proposal for the addition of the electrical-generating equipment to the new reactor, at no cost to the Government, and with ownership of the giant plant reverting eventually to the Federal Government.

The $188 million, plutonium-producing reactor was designed with $25 million worth of built-in features making it possible to produce steam by high-temperature operation. None of the other eight reactors at Hanford have this capability.

This steam can be used to spin electrical generators—or to warm the Columbia River as the other reactors do.

Not adding the equipment will mean the waste of the steam and the $25 million already invested.

There is strong opposition to the idea—opposition which can be traced to the private power industry and the coal-mining States.

The Edison Electric Institute, which is a collection of all private utilities in the United States; congressional Representatives from Pennsylvania, West Virginia, and other coal-mining States; such companies as Northern Pacific Railway which owns coal mines near Roslyn, opposed the converting of the reactor into the world's large nuclear powerplant.

Backers of the reactor-conversion project have a struggle facing them.

How well they put their story across may determine the fate of the project which would be of benefit to the tricities, the Pacific Northwest, and the Nation.

The reactor was proposed first as a dual-purpose package, entirely a Government project. Opposition to this idea could have been predicted.

Authorization for the reactor with the built-in power features was a compromise. A plan for Federal financing of the conversion died in the House of Representatives last year.

Now, there is a new plan which erases many of the arguments presented in opposition, while supplementing the arguments favorable to the project.

The Washington public power supply system, a collection of public utility districts, is offering to finance the $105 million conversion project with revenue bonds and market the power through the Bonneville Power Administration.

Charles Luce, head of BPA, adopted the plan and outlined it in his budget request which Congress is considering. Luce said he would not sign any contracts for the reactor power without some indication of approval from Congress.

The stage is set now for a renewal of the battle. The answer should be given within the next few weeks.

There are reasons for the conversion which transcend the interests of the private power people and the coal-mining people. Ignoring them does not change them.

First, few Government projects are self liquidating. The hydroelectric projects are; the reactor could be.

Converting the reactor to dual-purpose operation would provide a training ground for operators of reactors which even the private utilities will build some day.

Only a few nuclear power stations are now in operation in the United States. None is as large as the proposed Hanford project.

Those operating are frankly experimental, or pilot-plant operations, subsidized by the Federal Government with few exceptions—one is in Pennsylvania, the home State of JAMES E. VAN ZANDT, a leader of the opposition to the Hanford project.

Other countries already have dual-purpose reactors. The newest plutonium reactors in Russia are dual-purpose type.

This provides a flexibility in the national defense program which the United States does not have. Reactor operation can be shifted easily to emphasize either plutonium or power production.

Power-need studies made by BPA indicate a shortage of electrical energy, starting in about 1965, which is the same time that the first power could be produced from the reactor.

The argument that the power was not needed was used to oppose the great hydroelectric projects in the Pacific Northwest. But these projects proved power demand develops as the power supply develops.

Hanford plant requirements amount to half, or more than half of the power which the new reactor could produce. Adding the electrical-generating facilities would be a lifting-by-the-bootstraps operation, with the reactor producing more than enough power for the whole Hanford plant.

The coal industry is shortsighted in opposing a project because they fear it would lessen the demand for their product.

Backers of the Hanford project believe the conversion would not interfere with plans for a coal-fired plant near Roslyn and could even make this plant more desirable for backup power to the reactor.

Fear that the power would not be economical was expressed by some utility leaders. The real test of this question will come with the sale of the bonds. If they sell easily, at reasonable interest, it will be an expression of faith after a cold appraisal by disinterested parties.

No useful purpose can be served by blocking the progress of the dual-purpose project. If Wall Street financial experts see merit in the plan and back it with their money, can private interests object?

What the objectors fear will happen is inevitable, in substance.

The growth of the west coast and the Pacific Northwest population make a shifting of the country's center of market gravity inevitable.

Blocking the Hanford project will not change this ultimate reality.

The reactor is being built for only one purpose, when it could, at no cost to the Government, without delay and with slight inconvenience make use of facilities already in it to produce electricity which is needed.

What argument is there against that?

[From the Pasco (Wash.) Columbia Basin News, Mar. 30, 1962]

CONGRESS SHOULD OKAY WPPSS PROPOSAL

Proposal by Washington Public Power Supply System to sell $130 million in revenue bonds to convert the new Hanford reactor to produce power is a bold step by an enterprising organization.

If the Federal Government refuses to convert the reactor itself, Congress should have no objection to Washington public power supply system stepping in to do the job.

The Eisenhower administration approved funds to provide convertibility features, the Kennedy administration has advocated conversion and the legislation gained the blessing of the Senate. But the House rejected it last year, and while hopes remain that the bill can be pushed through, this will at best be a difficult task.

Washington public power supply, of which Kennewick's Owen Hurd is managing director, proposed last fall to take on the project and now has drawn up feasible plans for financing.

Advantages of converting the reactor to power production are numerous. It would help meet growing power needs in the Northwest. Generating capacity during the dual-purpose years would be 905,000 kilowatts of firm power. If plutonium production were halted the reactor could produce 975,000 kilowatts, save the Government's $25 million investment in convertible features, which otherwise will be wasted; harness steam which now is being wasted; provide peaceful uses of atomic energy; and, enhance the international prestige of the United States through installation of the largest atomic-power facility in the world.

Congressmen for many years have talked about greater effort toward harnessing nuclear energy for peacetime use. Here is their chance to accomplish this and solve several other problems at the same time.

Mrs. MAY. Mr. Speaker, I yield back the balance of my time.

ATHLETIC POLICIES OF THE SERVICE ACADEMIES

The SPEAKER pro tempore (Mr. KING of Utah.) Under previous order of the House, the gentleman from North Carolina [Mr. WHITENER] is recognized for 30 minutes.

Mr. WHITENER. Mr. Speaker, in recent days we have seen and heard a great deal of contention with reference to the athletic policies of our great military academies. In the CONGRESSIONAL RECORD of June 21, 1962, on page 11262 there appears a statement issued jointly by the Superintendents of the Military, Naval, and Air Force Academies. In this statement the Superintendents of our academies have said in substance as follows:

That a young man applying for one of the service academies will in the future be advised to sign a letter of intent or grant-in-aid with another institution if he desires, but contingent upon his acceptance as a cadet or a midshipman.

The second proposition that they hand down is that no contact with signers of letters of intent or grants-in-aid will be initiated by a service academy.

And then the Superintendents of these three academies recommend language which a prospective applicant or an applicant for the academies shall sign at the time that he accepts an appointment at one of the academies. This would have him say:

> I have not signed a letter of intent or grant-in-aid with any institution. In the event I do, I will notify the authorities of the institution concerned that my commitment with them is contingent upon my acceptance or rejection of appointment as a cadet or midshipman.

I think that all who have watched this controversy know that this statement by the Superintendents of the three academies was brought about because of complaints made by certain football coaches at some civilian institutions of learning in our Nation. It, perhaps, is not original with me to suggest that in all of these complaints we have not seen any of our football coaches or heads of civilian educational institutions complaining about nonathletic brilliant students transferring from their institutions and going into the great military academies. None of them is complaining that any outstanding student of science or of the liberal arts is being taken by these academies in some unholy manner. It is always a football player that they are concerned about.

Mr. Speaker, I happen to be one of those who is very much interested in athletics.

I have been all of my life, and I suppose that I shall always be, interested in athletics. I attended institutions other than the great military academies. I am interested in seeing the institutions which I attended have success in athletics, whether it be football, basketball, baseball, or some of the other sports. But, I think it is high time that those who are interested in higher education take an intelligent attitude toward our military academies.

At the outset, when a military academy seeks to qualify a student who is a great athlete, they are faced with a handicap insofar as recruitment is concerned unlike that of many other institutions in the Nation. This young man must not only pass the mental examination but he must in some way get an appointment from a Member of the Congress, the President, or in some other legal way, and then he must be a perfect physical specimen. Our civilian institutions are not nearly so limited in their opportunities of recruitment, and certainly no one would say that recruitment does not go on in the institutions which have great athletic records.

But let us think about this statement issued by the superintendent of these three academies. I think that when we see what is being done we realize the pressure under which these gentlemen are apparently operating because of the furor created in the halls of Congress by some who apparently were disappointed because one of the academies was getting some athletes who they thought should go to school in their own State.

This statement that a boy in the future will be required to sign a statement that he has not signed a letter of intent or grant-in-aid with any other institution is in my judgment quite unfair to the young man. Secondly, I think that if we carry it to its full meaning it may be an attempt to limit Members of Congress in appointments that they may make to these academies.

I can only say for myself that it will be no limitation upon me because I am not concerned with whether an applicant to a military academy has signed a letter of intent to any other institution. I am interested primarily in determining whether he is good material for the academy and whether he has a sincere desire to dedicate himself throughout his lifetime to the military service.

Just this year I appointed a young man to one of the military academies who had a grant-in-aid for a full scholarship from one of the great institutions in the State of North Carolina. He had that grant-in-aid when I named him as my principal appointee to this academy. It did not deter me at all because this young man had said to me that he was interested in a career at the academy. If we are to follow this new policy which our superintendents have laid down I think it can work a great unfairness to these young men.

It was said by some of those who have referred recently to the cases of some boys in my neighboring State of South Carolina that something improper was done there about getting those young fellows appointed to West Point. I have in my possession an Associated Press story which appeared in the papers of my area a few days ago which relates to this particular subject. I think it is interesting to note this language in that article:

> ### Academy First Choice, Say South Carolina Gridders
>
> Charleston, S.C.—Two South Carolina athletes who stirred up a controversy when they decided to play their college football at West Point after signing grants-in-aid with other colleges, said Tuesday the Military Academy was their first choice all along.
>
> Wayne Page, a halfback who had signed to play at Clemson, and Curtiss Lindler, a fullback who had signed with South Carolina, both said they wanted to go to West Point and had discussed the matter with Clemson and South Carolina officials before signing.
>
> "I asked him (Bill McLellan, Clemson business manager) if the contract would prevent me from signing with West Point," Page said. "He told me it would not. I then told him I was going to try to get into West Point."
>
> Then Page met a West Point scout, Tony Bullotta, when Bullotta visited Page's school. Page said Bullotta told him it was best he had already signed with Clemson because he might not get into West Point.
>
> Page, who signed with Clemson last December, took the physical and mental exams for the Military Academy in March. He said Clemson officials learned of it and started to call him.
>
> Page said he told them there was no change and he would advise them if there was. He then visited the Academy and decided to go there if accepted. When acceptance came, he said he called Clemson and informed McLellan.
>
> Page said he had many calls and visits by Clemson scouts and coaches after that, the latest one Sunday night.
>
> Lindler said he had long been interested in going to the Military Academy, and wrote to West Point during his junior year in high school.
>
> Page said the pressure was put on him by Clemson, not by West Point. Lindler said neither put pressure on him. He said he made up his mind to go there after a visit to the Academy. Before he could tell South Carolina officials of his decision, it was in the newspapers, he said.

This article points out just what is happening in the athletic world about which we read so much, when some disappointed coach is upset about losing a football player. If this story is accurate, as I assume it is, then it seems to me that any pressure or any tugging going on with these two young men is not properly attributable to the service academies.

I was interested to read in the press that one of the Members of the other body had suggested there should be an investigation by the Congress of the athletic policies of our service academies. Certainly, I have no reason to suggest that that should not be done. I believe it would be very revealing if such an investigation were had. But I would hasten to suggest that if any such investigation is instituted, it may be well for the same investigating committee to look into some of the practices of some of our civilian institutions insofar as their efforts to take athletes away from the great service academies.

Several years ago I had some personal experience with one of my appointees to the Naval Academy which I think would make very interesting reading and may be of particular interest to some of those who are now raising their voices against these academies.

I think such an investigation would be very revealing and that some of those who are screaming to their Congressmen and Representatives when a worthy boy is admitted to one of these academies after they have tried to proselyte him would have their eyes opened as to some of the things that are going on.

I am not here today to defend the military academies; I am not here to condemn any of these other institutions. My only purpose in taking this time is to point out that when these academies have been attacked by several Members of Congress in both bodies, through statements on the floor and in the press—and to this day there is nothing in the record that they have shown which would indicate that the academies are subject to this sort of assault—it is by those who are disappointed about a few athletes who may have decided to go to an academy.

Let me say something about my own personal procedure in the appointment of academy boys.

No one complained when three young men left the campus of North Carolina State College to take up their training at the Air Force Academy by reason of my nomination. Nobody is concerned about a fine young man who is entering the Naval Academy within the next few days after a year at the University of North Carolina. No doubt Members from other congressional districts can say the same as I am saying today.

So when we dress this matter down to what it is, those who are screaming about academic policies are not screaming, in my judgment, because of their great interest in the welfare of these young men or because of their great interest in the military future of our country. They are merely complaining because of their inflated alumni-itis or whatever you might call it. It is because they want the "Big Red" or the "Big Blue" or whatever their teams are called, to go out next fall and year after next in the fall and trample over every other school that runs a football team in front of them.

I think it is unfortunate that fine young men who have the capability physically and mentally of being admitted to our service academies should be subjected to this sort of unfortunate press attention and that these three academies which have rendered such a great service to our Nation must be bothered with the nit picking and petty jealousies of the athletic directors and coaches in some of the institutions of our country who do not seem to feel that the academies should have the opportunity to take into their ranks outstanding young men who are scholars and who are at the same time fine physical beings who happen to be athletes.

Mr. Speaker, I yield back the balance of my time.

THE LATE PHILIP F. WHITMORE

Mr. CONTE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONTE. Mr. Speaker, I am deeply grieved over the death of Philip F. Whitmore, one of Massachusetts' leading citizens and the State representative from the First Franklin District since 1950.

Phil Whitmore's tragic death on the Massachusetts turnpike left his family and his many friends stricken with grief. He was one of those rare men who is held in highest esteem by everyone with whom he came in contact. His fellow members of the legislature had the greatest confidence in his ability, and all respected him for his sincere devotion to his community, his State, and his country. He was one of Franklin County's most active leaders for more than four decades, and he was proudest of his record as Sunderland town moderator for 38 years.

Among his many accomplishments, the one with which I have been most impressed, was his position as trustee of the University of Massachusetts since

1929. I know of no man who worked harder for the university than did he, and I sincerely hope that he will be appropriately remembered by the university. He worked for a higher president's salary, for greater university autonomy, and he did all in his power to place the University in a position of favorable competition with other major schools in highly competitive New England. During his funeral the university flag was flown at half mast—overwhelming evidence of the regard in which he was held.

His death is a tremendous loss to all of Massachusetts agriculture as he had a hand in nearly every major argricultural bill before the legislature and was one of few men who have such a thorough understanding of all the phases of Massachusetts agriculture.

Phil Whitmore was one of the most dedicated public servants I have ever known: such a man as he will be long remembered for all the good he has done during his long life as a public servant in Massachusetts, and I am proud to have known as a friend, a man of his calibre. Paul Whitmore was, in the greatest sense of the word, a "good" man.

THE AMERICAN PATENT SYSTEM AND TEAM RESEARCH IN MODERN INDUSTRIAL ORGANIZATIONS

The SPEAKER pro tempore (Mr. KING of Utah). Under previous order of the House, the gentleman from Indiana [Mr. ROUDEBUSH] is recognized for 45 minutes.

Mr. ROUDEBUSH. Mr. Speaker, on previous occasions I have discussed with my colleagues the contributions of our patent system to various aspects of American contemporary civilization. It provides an incentive for individuals to meet the challenges that confront us in the decade of the 1960's as it has since the birth of our Republic.

Our Founding Fathers recognized the need for the stimulus of the patent system during the deliberations of the Constitutional Convention. They were learned men and were aware of the views of such earlier scientists as Galileo, who invented a machine for raising water and irrigating land. He received a patent on this development as early as 1594 and expressed the view that if he were encouraged by a patent he might be able to devise other new inventions for universal benefit.

The science of metallurgy had long been practiced as an art, but Georgius Agricola, a German metallurgist, combined scientific theory and practice and wrote the first standard textbook on metallurgy in the first part of the 16th century. It was translated into English by President Herbert Hoover and his wife, Mary Lou Hoover, engineers of great distinction.

Because of early abuses where patents had been granted by ruling monarchs to court favorites, a new principle was added to the patent structure early in the 17th century. It provided that patents for inventions deprived society of nothing, and they could not be considered as monopolies harmful to liberty. Edward Coke, the lord chief justice of England, set forth this interpretation in 1602 when he stated:

> The patenting of invention, though it gave exclusive rights to individuals, could not in any way infringe upon any man's liberty, for it took nothing away from society; instead, it brought into use something that had not existed before.

Hence, patents were no longer granted for age-old products as a monopoly privilege. In the United States service to the public rather than to the individual became the principal justification of the Founding Fathers in creating a patent system.

Since the enactment of America's first patent legislation, the modern corporation, perhaps the greatest innovation to mobilize human resources, has become the dominant force in utilizing all of our resources in a continuing enterprise. Currently, well over half of this Nation's income stems from corporate efforts. Needless to say, it has provided the base for scientific research and development.

Technological innovation has multiplied our national income, created new products and services which have in turn provided the capital resources for further development. It is not surprising that a large portion of our labor force is employed in industries based on inventions that were stimulated over the years by the patent system.

As a single noteworthy example, Alexander Graham Bell was awarded a patent on the telephone in 1876, and today the Bell System employs more than 800,000 people and requires an investment in plant and equipment in excess of $25 billion. Similar dramatic illustrations can be found throughout the American economy. Many recent developments which further economic growth, the health and welfare of our people, and our military security were developed in the research laboratories of American industrial enterprises. Originally, the patent system was conceived to provide incentives for individuals to dedicate their efforts in order to promote the advancement of science and the useful arts. However, progress has been hastened by assembling talented and imaginative inventors into teams and providing them with equipment which few individuals could possibly afford. It is not surprising that today two-thirds of all patents are assigned by inventors to organizations which not only support their inventive efforts but also provide the capital to produce and market new products that advance our common welfare.

These resources also make it possible to support projects that may continue for a decade and then be terminated, as it is apparent that no useful and new result has been achieved. No commercial organization could undertake to underwrite these research development projects and assume the marketing costs were it not for a patent system which assures at least a first claim to any profits that may result from these costly efforts.

Because of the prevalence of team research today, it is well to reappraise the effectiveness of the patent system in meeting the needs of our modern economy.

A patent is basically an agreement between the U.S. Government and the inventor. It provides that the Government will grant an inventor the exclusive use of his concept for a limited period of time in exchange for a clear and complete description of his invention. The patent, if granted, is published and contains specifications, claims, and drawings which provide a store of technical knowledge which in turn enables others to build upon the sound foundation of experience, and thus accelerate the rate of technical progress.

As a member of the Science and Astronautics Committee, I have been impressed with the vast amount of information on new developments that is regularly published by professional organizations representing every major field of scientific interest. The freedom to publish and discuss new developments stems from the fact that the patent system provides the inventor with a protection to enjoy the fruits of his efforts in exchange for disclosure. The free availability of information in America may be attributed to our patent system. Its principles were well established in the United States long before they had gained acceptance in other industrialized nations. Our industrial laboratories are characterized by the minimum restrictions of secrecy. There are few restrictions on the free interchange of ideas in our industrial society, except in two areas; namely, those projects where patent applications have not been filed as research has not proceeded to completion and those affecting national security. The granting of a patent results in rewards to inventors which are balanced by gains to society in the form of new products, processes and, perhaps of most significance, disclosed knowledge.

Were it not for the patent system and the legal protection which it provides an inventor, many companies would be unwilling to conduct any research. If they decided to do so, they would be confronted with defending themselves against industrial spies, bribery, and similar unsavory practices. If their efforts in these uneconomic directions were unsuccessful, competitors would enjoy the fruits of their inventive efforts. On the other hand, if they are successful in imposing complete secrecy, society loses the opportunity for others to build upon the results of the past. Those who are familiar with the rapid tempo of modern science and technology are well aware of the debt this generation owes to those that have preceded it. Certainly a limited protection extending for only 17 years for complete disclosure is perhaps the most important attribute of the patent system in maintaining America's industrial supremacy.

The importance of inventive activity is shown by a recent publication of the National Bureau of Economic Research. It deals with the economic and social factors which bear on the rate and direction of inventive activity. It comprises a number of papers presented at a special conference to consider how

America's inventive resources might be augmented.

Prof. Jesse W. Markham, of Princeton University, who was formerly Director of the Bureau of Economics of the Federal Trade Commission, is the author of one of the studies included in this significant publication. He has set forth the principal criteria by which to determine the effectiveness of the patent system in attaining desired social objectives in our modern era. Mr. Speaker, I wish to insert a pertinent excerpt from his paper with respect to the patent system at this point in my remarks:

> While the rationale of patent systems varies from country to country—and even from time to time within each country—most students of the U.S. patent system appear to agree that it finds its principal justification in terms of the following premises.
>
> 1. Prospective rewards to the inventor during the 17-year period of protection will often exceed the costs of research, adaptation, and disclosure. The prospective rewards would exceed such costs in fewer cases were the 17-year property right not granted. Hence, the patent system induces inventive activity which would not otherwise be undertaken. Stated differently, in the absence of patent protection the social benefits of inventive activity often exceed the private rewards; the patent system is designed to narrow the difference.
>
> 2. Prospective gains to society in the form of new products, processes, and disclosed knowledge the patent system encourages exceeds the social costs of the 17-year monopoly grant.
>
> It is in terms of these two premises that the patent system, as distinct from abuses of the system, must be assessed. If the system accounts for a net increase in inventions having a value to society exceeding the costs society pays for them, the patent system is justifiable in economic terms. It is worth pointing out that fulfillment of this condition justifies the system irrespective of how much inventive activity the system encourages, provided the costs of maintaining the system itself is included among the costs society incurs. In the sense the patent system is not unlike any other incentive-creating public policy, for example, a change in interest rates by the monetary authorities. Conceptually, the system performs optimally if it produces marginal social benefits equal to the marginal social costs it imposes, irrespective of the level of activity at which this equality occurs.

Professor Markham recognizes that team research undertaken in the laboratories of America's corporate enterprises provides the primary source of new patent applications. However, his study reveals that the social costs of the patent system have not increased relative to the benefits conferred. Because of the high level of technology we already enjoy, the efforts required to produce new inventions today are vastly greater than in earlier periods.

Again, Mr. Speaker, I wish to insert another significant statement from Professor Markham's study at this point in my remarks:

> The statistical evidence, while far from satisfactory, suggests either that the research required to produce a patentable invention, or that the research which does not lead to patents, increased substantially over the past half century. It probably suggests a combination of both. In 1900 one patent was issued for every 1.7 scientists and engineers in the United States; in 1954 one patent was issued for every 20.5 scientists and engineers. Research outlays by business firms have increased, especially since 1930, more rapidly than the population of scientists and engineers. Hence, the scientific manpower and dollar costs per patentable invention or nonpatentable inventive effort, or both, have increased enormously. Much of the high-cost research characterized by uncertainty may have been stimulated by the patent system; much of the research was directed toward small products, and process innovations led to relatively few patents and probably would have occurred in the absence of the patent system. The absolute decline in recent years in the number of patents issued while research outlays in the private sector registered large increases is consistent with this interpretation.

A basic tenet of the free enterprise economy is that competition rather than Government planning shall determine the output of our economy so that it may reflect the wants and desires of individual consumers. Before innovation became a dominant factor in our industrial society, most economists were concerned with so-called pure price competition for standardized homogeneous commodities. These competitive concepts still play a dominant role in the marketing of many basic raw materials and agricultural commodities. However, in today's society competition is far more pervasive.

The late Prof. Joseph A. Schumpeter, of Harvard University, in his classic text "Capitalism, Socialism, and Democracy" set forth the nature of modern competition. Mr. Speaker, I wish to insert the following statement by Professor Schumpeter at this point in my remarks:

> Economists are at long last emerging from the stage in which price competition was all they saw. As soon as quality competition and sales effort are admitted into the sacred precincts of theory, the price variable is ousted from its dominant position. However, it is still competition within a rigid pattern of invariant conditions, methods of production and forms of industrial organization in particular, that practically monopolizes attention. But in capitalist reality as distinguished from its textbook picture, it is not that kind of competition which counts but the competition from the new commodity, the new technology, the new source of supply, the new type of organization (the largest scale unit of control, for instance)—competition which commands a decisive cost or quality advantage and which strikes not at the margins of the profits and the outputs of the existing firms but at their foundations and their very lives. This kind of competition is as much more effective than the other as a bombardment is in comparison with forcing a door, and so much more important that it becomes a matter of comparative indifference whether competition in the ordinary sense functions more or less promptly; the powerful lever that in the long run expands output and brings down prices is in any case made of other stuff.

The incentive to develop new products in diverse fields which may provide intense competition for well-established firms requires the stimulus of the patent system to justify the tremendous financial outlays that must be assumed to support an industrial research activity. The fact that aluminum, copper, plastics, and other materials compete in many applications with the products of the steel industry is far more significant than pure price competition between steel producers. Furthermore, since the world has become so closely interrelated, competition now requires that sellers meet the price of comparable products if they are to grow and expand. The limits of price variances for any product have been reduced largely because of the possibility of new competition arising from research activities in other industries. The consumer has been the beneficiary of these basic advances in our society and our technology. The patent system has responded to the challenge of change in business organizations which stems from the fact that the United States first adopted a common market without barriers for the free movement of commerce among the several States. A wide market is available for any producer, and this makes it possible to reduce costs through the application of mass production techniques. However, the cost of establishments to utilize these methods requires high expenditures for distribution and promotion. It is thus not surprising that the major portion of our commercial research activities have been assumed by corporate enterprises. One instance of proliferation of scientific advances is found in the case of the chemical industry, where the production of basic inorganic chemicals has long since been subordinated to the development of new products which were previously unknown.

The founder of the Du Pont Co., Mr. E. I. du Pont, a close friend of Thomas Jefferson, was granted his first patent in 1804. However, the changing nature of chemical research was set forth by Mr. Crawford H. Greenwalt, now president of the Du Pont Co., in his appearance before a subcommittee of the House Committee on the Judiciary. He testified in November 1949 that—

> For the Du Pont Co., and I believe this is also true for the chemical industry, I can say categorically that our present size and our present success have come about through the new products and new processes that have been developed in our laboratories. The proof of that statement is in our sales figures. Sixty percent of Du Pont sales in 1948 consisted of products that did not exist or were not in large-scale commercial production in 1928, just two decades ago. Among these products are acetate rayon; neoprene, the first practical, general purpose synthetic rubber; moistureproof cellophane, Dulux enamels, Cordura rayon tire yarns, numerous plastics, and, of course, nylon. Had we chosen to grow by reaching for the largest possible market in products sold in 1928, we would be a much smaller company and, in my opinion, a weaker one. We elected to take our chances on the new rather than to rest comfortably or possibly uncomfortably on the old.

A paper by Prof. Willard F. Mueller of the University of Wisconsin included in the National Bureau of Economic Research study to which I have already referred showed that for nearly all of its 100 years of growth before 1920 Du Pont was a manufacturer of explosives and related products. Today the major share of the output of not only Du Pont but of most firms in the chemical industry represents products which were unknown a few years ago. The cost of such research is set forth in Professor Mueller's paper. In the case of nylon, which Professor Mueller ranks as one of the most outstanding accomplishments of modern industrial chemistry and research sponsored by private enterprise, he shows that by the time Du Pont had reached the point where it could build a pilot plant expenditures amounted to $787,000. The pilot plant, which was completed in 1938, was designed and built at a cost of $391,000.

In addition, $782,000, almost the same amount as was required for all prepilot plant research, was needed for sales development in order to insure a market for this new product which would compete with silk and other fibers. In addition to these costs, the first commercial nylon plant required expenditures of $8,600,000. Without patent protection, it is doubtful that any organization could support the necessary research activity to synthesize new products which, as they have become better known, have displaced natural products in such diverse fields as automobile tires and women's stockings. Furthermore, this development directly contributed to the security of our country, as it has made it unnecessary for us to depend upon foreign silk production.

Orlon, another Du Pont fiber reviewed by Professor Mueller, represented more than 8 years of intensive research and development work and an initial investment of at least $25 million for bringing it from the research laboratory through the pilot plant, market development, and initial plant development stages to gain public acceptance.

Agricultural chemicals are still another field where the chemical industry has provided new products that have benefited the American economy. These include pesticides, weed killers, and a host of other products which enable us to produce an abundance of food and fibers. At the same time manpower which would otherwise have been dedicated to agriculture has been set free to contribute to the production of the countless other goods and services which characterize the standard well-being that Americans enjoy.

The Secretary of Agriculture, Mr. Orville Freeman, on March 19 of this year stated, and I quote:

> The technological explosion in American agriculture assures us of abundant supplies of food and fiber from fewer acres than ever before. Pressure on the land for food production has been relieved by the unmatched scientific progress of the American farmer. All of our food and fiber needs for the foreseeable future can be met with 51 million fewer acres of cropland than we now have. This land, under both private and public stewardship, can now be used to enhance the opportunities of the American people to enjoy the simple pleasures of the out of doors.

Again without patent protection, it is inconceivable that it would have been possible to finance the research activities of those whose natural interests led them toward the development of the scientific advances underlying the modern petroleum industry.

Mr. Speaker, those of us who have been principally concerned with America's progress in the field of astronautics have long recognized the important contribution of the transistor which was developed by the Bell Telephone Laboratories. Dr. Richard R. Nelson, of the Rand Corp., in his paper included in the National Bureau's study, reviews the organization of the research project undertaken by the Bell Telephone Laboratories which made this basic development possible. Its importance to our entire civilian and military economy is described by Dr. Nelson and I wish to insert an excerpt from his paper at this point in my remarks:

> The transistor was invented in the course of a research program started in 1946 at the Bell Telephone Laboratories. The transistor has several advantages over the triode vacuum tube, Lee De Forest's invention of half a century ago; it is much smaller than the vacuum tube, it requires much less energy input to do a given job, and in many applications it is much more durable. On the negative side, the performance of the transistor is much more sensitive to varying temperature than is that of the vacuum tube; at present the transistor is not as capable as the vacuum tube at high frequencies and in handling high power, and thus far, problems of quality control have proven quite serious in transistor manufacture.
>
> The transistor has had its most significant impact not as a component replacing vacuum tubes in established products, but as a component of products which were uneconomical before the development of the transistor. There has been an increase in the use of electronic packages where the transistor's strong points are important. Very compact computers are the most striking example. Without transistors, computers of a given capability would have to be much larger both because vacuum tubes are larger than equivalent transistors and because cooling requirements are much greater for vacuum tubes. Almost all of our new airborne navigation, bombing, and fire control systems, for example, are transistorized. So are all of our satellite computers. And without transistors our large computers, which are playing an increasingly important role in science, engineering, and management, undoubtedly would be much more expensive—probably so much so that many of their present uses would not be economically sound.
>
> Thus the transistor has stimulated growth, including the invention and innovation on a considerable scale of products which can profitably use transistors as components. The transistor has also stimulated research and development aimed at reducing the size of complementary electronic circuit elements. Much of the work in printed circuitry, for example, certainly fits this picture. Further, as we shall see, the research which led to the transistor also produced a number of other new and improved semiconductor devices. Thus, if it be argued that one of the indexes of the importance of an invention is the amount of inventive activity it stimulates, then, by this criterion, the transistor is a major invention indeed.

Once again, Mr. Speaker, let me emphasize that a development such as the transistor which was initially conceived as a means to improve the service of the Bell System necessarily contributes to our store of knowledge and opens new fields for application research for countless others. I shall quote directly from Dr. Nelson:

> And since the birth of the transistor there have been substantial improvements in vacuum tubes, many of these improvements certainly stimulated by the competition of the transistor. Almost no invention eliminates all of its competition overnight, and the transistor is no exception. But there is reason to believe that the transistor may be one of the most important inventions of the 20th century.

Perhaps the most applicable term I might use in describing the benefits of any invention is to refer to borrowed technology where a patent on an invention created to fill a limited need ultimately has effects far beyond the narrow range of the technical specialty of immediate concern to the inventor. In some instances the new applications are developed and marketed during the life of the patent, but in others many years may elapse before the many possibilities of utilizing an invention are realized. Needless to say, if the patent has expired, anyone is then free to use this addition to our store of knowledge without the payment of a royalty.

Certainly, the profits derived by those who undertake an important breakthrough such as the transistor when contrasted with the benefits every American receives show that patent protection is a small price to pay to insure the continuing development of these new and important applications of the basic sciences. In fact, in the modern research laboratory, the dividing line between application and invention and scientific discovery has become blurred. The fact that our patent system provides rewards for pioneering efforts insures a demand for the talented personnel that are continuously being graduated from American universities. The motivation of our society is based on a system of personal rewards as contrasted with overall central direction which necessarily is not concerned with the individual aspirations of scientists and inventors.

Mr. Speaker, Dr. Nelson's paper was of great interest to me as he traced the entire concept of the transistor from the announcement in 1948 of the invention of a point contact transistor to the award of a Nobel Prize in 1952 to three of the principal participants in the research which led to the broad-scale development and application of transistor technology.

Dr. Nelson's perception of the role of modern corporate team research efforts and the continuing reward of the private inventor is of such interest that I wish to insert another excerpt from his paper at this point in my remarks:

> The transistor was the result of the research of a group of extremely able scientists working close to the frontiers of scientific knowledge in one of the world's largest industrial research laboratories. As such, the invention of the transistor is a model of what many writers believe to be the coming norm. In another paper I have argued that the large industrial laboratory has by no means usurped the field of invention—the private inventor still is playing a very important role—and that many important inventions still are being made quite independently of closely preceding scientific advances. But the role of the industrial laboratory is important and growing and it is likely that, particularly in the large laboratories, a growing share of inventive activity will be motivated by recent advances in fundamental science.

> The inventive activity studied in this paper—the type which has led to such technical advances, in addition to the transistor, as nylon, dacron, hybrid corn, radar, and the new molecular electronics—is not generally an activity motivated by, and directed toward, the objective of a closely defined marketable product. The research scientists involved may have an idea of the practical fruits to which their work may lead. But the research projects undertaken are far less closely focused on a single objective than were, say, the projects which led to the automatic cotton picker, the jet engine, and Kodachrome, where the scientists and technologists were aiming at one particular target.

The genius of our forefathers in establishing the American system of government has been vindicated by the achievements of our society where individual initiative and effort provide us with ever-rising living standards. In spite of the drastic change in the scale of our commercial activities to serve growing mass markets, the incentives provided by the patent system are still furnishing a reward for those whose efforts enhance the well-being of everyone. It is important to recognize that a patent does not guarantee a reward to an inventor or to any commercial firm which supports his efforts. It merely makes it possible for inventors to seek financial support and the opportunity to develop their conceptions and enjoy whatever benefit may be realized for a limited period of time if they meet with success. Whether such a benefit will ever be realized is left to the judgment of the marketplace. However, the patent is limited in time, and upon its expiration new competitive efforts are stimulated which might not have been forthcoming without the initial incentive the patent system provided.

The Congress is once again considering basic patent legislation and it is well to remember that many of the questions which are currently raised with respect to the effectiveness of the patent system were considered more than 20 years ago during the extensive review of competition in the American economy undertaken by the Temporary National Economic Committee. The late Mr. Charles F. Kettering, then director of the General Motors Research Laboratory, in his appearance before the TNEC reviewed the aims of team research in a modern industrial society. Patents are awarded to individuals and the system of rewards for personal effort described by Mr. Kettering is still applicable in most industrial research laboratories. He was asked whether an employee who makes an important invention is rewarded beyond his usual compensation. Mr. Kettering stated that normally this is the case. However, the broad philosophy underlying team research that he set forth is worthy of the attention of my colleagues. Mr. Speaker, I wish to insert an excerpt from Mr. Kettering's testimony which is applicable to today's industrial research efforts at this point in my remarks:

> You see, when you are working on an invention—well, we don't work on inventions; we try to solve some industrial problem; try to make a new piece of apparatus. Now, you never know what inventions are going to be useful and what are not, because as you come upon the problem, you can't tell what is important and what is not important, so we have to kind of study the whole thing on the whole front. It may go off at that angle or this angle. What we would rather do is to try to reward the whole laboratory, to keep the individuals working together. If you gave the reward to a particular individual for his particular invention, then he would be secretive about the thing, so we try to reward the whole laboratory, if they do good. In other words, if he makes some things that are valuable, we reward the laboratory, because one department may make an important contribution one year and another department another year; but then we always give a little particular bonus to the fellow who did that job.
>
> You have to keep the collective reward in order to keep the thing from crystallizing and segregating. A one-man invention isn't very possible these days, because there are so many ramifications that we have to work together as a group. I think that one of the hardest problems we have had is to get scientific men to sit down and work on a common problem, because their whole training has been individualistic, but if you get a good problem and can divide it up into a number of sections and assign the metallurgical department to the metallurgical part and assign another problem to the physicist and another to the chemist, and so forth, then our particular job is to correlate that so when their work comes together, it is the thing we are trying to get made. It works out pretty nice. You see our stuff fails so often; it is about 99 percent failure, and our biggest problem is to keep the men enthusiastic, especially a young fellow will come in and set up something and develop it, and it doesn't work, then he is all down. We say, "You are just an amateur failure; you have to learn how to fail over and over and over again," but after they understand that, there is no trouble about working together then.

Mr. Cox, of the Antitrust Division of the Department of Justice, asked Mr. Kettering an interesting question. He asked:

> Mr. Cox. When you were making those inventions did the possibility of the acquisition of a patent serve to stimulate you in your work?

Mr. Kettering's reply shows that the reward inherent in the patent system makes it possible for an invention to be translated from a nebulous concept to a product or process vital to the security and welfare of all our citizens. He answered Mr. Cox's question as follows:

> Mr. Kettering. No; I wouldn't say it did; I would say it came more as a reward rather than as an incentive, because when you are working on a problem, you see, I have had to give an order to get people to understand. They say, "What is research?" Well, a research worker is a fellow who is working on something he doesn't understand—he is trying to solve a problem. * * *
>
> So you never know when you get the problem solved whether there is anything that is patentable in there or whether there isn't, so if you start out to make an invention for the sake of making an invention it will never be a very good one. An invention comes as really the secondary thing of having accomplished a useful thing. You see, that is what you start out with, by saying that a patent is a new and useful improvement, but to start to make an invention for the sake of making an invention, I don't think you would get a very good one. It has to be worked out as part of the general problem. * * *
>
> As I say, it comes to them, especially these younger boys, as a reward of merit and it is very highly prized, and, of course, patents are very valuable things in many different ways. It has been mentioned here that there are many different ways by which a patent can be valuable.

The Temporary National Economic Committee received testimony from the late Mr. William S. Knudsen, who was then president of General Motors. President Roosevelt asked him to play a major role in the mobilization of America's industrial resources during World War II. Mr. Knudsen and Mr. Kettering both stressed the importance of our patent system during the development and production stages of any new invention.

Mr. Speaker, I shall quote directly from Mr. Knudsen's statement:

> There are three stages in the development of an article. The first is the inventive stage, that is the idea; the second is the development stage, that is when the device is being perfected for production; and the third is the mass production stage. Now anyone who invents anything has got to pass those stages before it becomes really profitable, and the first stage he can probably do himself, the second he can partly do himself; with the third he might have to engage capital to carry it through, and that is the way he makes the real money.

Subsequently, Mr. Kettering with his characteristic candor in explaining a complex subject in terms that could be readily understood testified at length on the role of the patent system in stimulating new products through team research. Again, Mr. Speaker, I wish to insert a portion of Mr. Kettering's testimony at this point in my remarks:

> Mr. Kettering. * * * If the invention is going to be of any use, it has to be translated into a product and there is such an enormous step between the patent and the product. Mr. Knudsen mentioned this morning the three steps: the idea step, the development step, and the production step. We call that second step the shirt-losing zone, the development zone. It is a very difficult zone to work in because, first of all, you haven't any market yet, and yet you have to put a product out that is good enough so that somebody buys it and it will be all right and yet you have no commercial experience on it at all, and that feeling of the road from the patent out through to get a successful product is a very, very difficult thing. It isn't understood at all, and that is where industry has got to take their chances, and you have got to spend a lot of money in there sometimes before you get a really satisfactory product.
>
> It doesn't seem to me it makes any difference whether it is an individual or a corporation, or what not, as I said a while ago when you start out to do a thing, you are an amateur at it; the first time you do anything you are an amateur at it, so you are always an amateur at doing the jobs. That patent is a very important thing because you have to spend some money to make tools and build a factory and to go into production. After you go into production, you find out from the experience you learned in the field, from the commercial operations, that if you had it to do over you wouldn't do it that way. If you don't have some protection for that thing, a competitor can start out with that fresh information and he could bypass this thing, and so you have to have some protection while you are getting the thing straightened out.
>
> I think the patent protection is just as good for the big organization in that development period as it is for the individual. * * *

> As I told you a while ago, we don't take these problems with the idea that we will get patents on them. We take these problems with the idea that we will get a new product or new style of product. If we get it, and there are new and useful developments in it, those are the things upon which we get patents. * * *
>
> I think perhaps the psychology of an inventor is not very well understood here. An inventor is a fellow who wants to do something because he doesn't know why he wants to do it but he has an aptitude for it, just like a fellow who wants to play a musical instrument or paint a picture. He would invent whether he got a patent or not and he doesn't know why he invents. He has an aptitude for doing that thing and he wants to do it and enjoys doing it.
>
> If you try to invent with your eye on the patent, you never get very good patents, because they won't be so useful; but if you invent with the idea of protecting this new thing—you have a problem and you say, "I would like to have a new tool for that," and if I develop the new tool that does your work all right and that happens to open up a new field, you say, "You ought to get a patent on that." That is the only good patent there is.
>
> Sometimes there are half a dozen ways of doing a thing after you start to do it. When you put your money on that way, you take out these auxiliary patents as sort of protective things you didn't find yourself, and I think that is all right, too * * * because the amount of capital that you have to put in some of these things sometimes is perfectly appalling, because you have to make a set of tools. You make a few hundreds and you find out you have to change the whole thing. Any development of a new product is a very expensive thing because, you see, your customers are the fellows who really tell you what your product ought to be, and when you haven't got any customers on that product you have to use your best judgment as to what you think they are going to like. You have got to make the best thing you know how to make, put it on the market, get the customer reaction on it, and he comes back and says, "Why didn't you make this this way instead of that way?" You never thought about it, because he doesn't look at it the way you do; he looks at it from his particular standpoint. You find a good thing to modify and you have to throw your tools away and start all over. We usually have to start about three times with any new product before we really get something that has an ability to broaden in the field.

Mr. Speaker, I am certain that it is generally recognized that in undertaking team research the inventor normally assigns patents developed in corporate laboratories to the company for which he works. However, his own financial success largely reflects his creativity and the usefulness of his inventions. He is, of course, furnished equipment, assistance, and support to work full time at the business he likes best. I myself believe it would otherwise be impossible for but a few of America's many talented scientists, engineers, doctors and other specialists to enter the research field.

Mr. Speaker, measures have been proposed in the 87th Congress which would severely limit patent protection on inventions developed through the team research I have described. Some of them suggest that Government officials should predetermine the significance of a patent development rather than permit such a determination to be made in our free markets. Another proposal has been advanced to establish a different set of criteria for new inventions in the pharmaceutical industry than apply to other fields of activity. Upon reflection and based on some of the statements to which I have referred, it must be apparent that science and invention are not confined to narrow industrial classifications. Chemistry, physics, and the biological sciences overlap and there is no clear line of division. One of the proposals considered by this Congress would establish different criteria for those patents involving so-called molecular modifications in the pharmaceutical industry. Again, Mr. Speaker, may I remind my colleagues that orlon, dacron, and the many significant refining processes in the petroleum industry all deal with molecular modifications. The science of chemistry is based on relationships of atoms and molecules which apply whether they are usable for drugs or not.

This Congress is also considering many measures which directly concern the competitive relationships of our producers with individuals and firms throughout the world. We are entering into a period where economic competition will undoubtedly be more intense and certainly the needs of defense will continue to mount. The patent system by providing a stimulus for invention which experience has shown will produce unintended byproducts pervading the entire economy still appears to be the most desirable method to induce a high rate of inventive activity without imposing centralized controls and directives upon individual inventors. Those of us who embrace the philosophy of freedom and are convinced that the efforts of free men are more productive than those under Government regimentation wish to preserve the basic concept of the American patent system so that our rate of industrial progress may continue to rise while our scientific and technological efforts provide world leadership during this critical decade.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. PUCINSKI (at the request of Mr. O'HARA of Illinois), for June 25 and June 26, on account of death in family.

Mr. BREWSTER (at the request of Mr. GARMATZ), for Monday, June 25, through Wednesday, June 27, on account of official business.

Mr. HAGAN of Georgia (at the request of Mr. ALBERT), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. WHITENER, for 30 minutes, today.

Mr. CURTIS of Missouri, for 1 hour, on tomorrow.

Mr. ROUDEBUSH (at the request of Mr. CONTE), for 45 minutes, today, to revise and extend his remarks and to include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. REIFEL and to include extraneous matter.

(The following Members (at the request of Mr. CONTE) and to include extraneous matter:)

Mr. HALPERN.
Mr. ELLSWORTH.
Mr. ALGER.
Mr. FINO.
Mr. VAN ZANDT.

(The following Members (at the request of Mr. MOSS) and to include extraneous matter:)

Mr. BAILEY.
Mr. FISHER.
Mr. BREEDING.
Mr. TEAGUE of Texas.

SENATE BILLS AND JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2121. An act to establish Federal agricultural services to Guam, and for other purposes; to the Committee on Agriculture.

S. 2859. An act to amend the Federal Crop Insurance Act, as amended, in order to increase the number of new counties in which crop insurance may be offered each year; to the Committee on Agriculture.

S. 2971. An act to declare that certain lands of the United States are held by the United States in trust for the Jicarilla Apache Tribe of the Jicarilla Reservation; to the Committee on Interior and Insular Affairs.

S. 3120. An Act to amend section 6 of the act of May 29, 1884; to the Committee on Agriculture.

S.J. Res. 201. Joint resolution to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed; to the Committee on Agriculture.

ADJOURNMENT

Mr. WHITENER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 42 minutes p.m.) the House adjourned until tomorrow, Tuesday, June 26, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2220. A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1963 in the amount of $2 billion for loans to the International Monetary Fund (H. Doc. No. 446); to the Committee on Appropriations and ordered to be printed.

2221. A communication from the President of the United States, transmitting amendments to the budget for the fiscal year 1963, involving increases in the amount of $1,500,000 for the Department of Agriculture (H. Doc. No. 447); to the Committee on Appropriations and ordered to be printed.

2222. A letter from the Comptroller General of the United States transmitting a report on an audit of the Development Loan Fund, a wholly owned Government corporation, for the fiscal year ended June 30, 1961 (H. Doc. No. 448); to the Committee on Government Operations and ordered to be printed.

2223. A letter from the Secretary, Department of Health, Education, and Welfare, transmitting the annual report of the U.S. Department of Health, Education, and Welfare, for the fiscal year 1961; to the Committee on Education and Labor.

2224. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics of the House of Representatives pursuant to section 3 of the act of July 21, 1961 (75 Stat. 216, 217), and is submitted to the Speaker of the House of Representatives pursuant to rule XL of the Rules of the House of Representatives; to the Committee on Science and Astronautics.

2225. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 18, 1962, submitting a report, together with accompanying papers and an illustration, on a letter report on the St. Croix River, Stillwater, Minn., requested by a resolution of the Committee on Public Works, House of Representatives, adopted April 9, 1957; to the Committee on Public Works.

2226. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 22, 1962, submitting a report, together with accompanying papers and an illustration, on a letter report on the Lavaca and Navidad Rivers, Tex., requested by a resolution of the Committee on Public Works, House of Representatives, adopted September 27, 1951; to the Committee on Public Works.

2227. A letter from the Secretary of the Army transmitting a letter from the Chief of Engineers, Department of the Army, dated April 4, 1962, submitting a report, together with accompanying papers and an illustration, on a survey of the Warroad River and Bull Dog Creek, Minn., authorized by the Flood Control Act approved December 22, 1944 (H. Doc. No. 449); to the Committee on Public Works and ordered to be printed with one illustration.

2228. A letter from the Secretary of the Army transmitting a letter from the Chief of Engineers, Department of the Army, dated May 2, 1962, submitting a report, together with accompanying papers and illustrations on an interim report on the Mississippi River, urban areas from Hampton, Ill., to Cassville, Wis., requested by resolutions of the Committee on Flood Control, House of Representatives, adopted September 18, 1944 (H. Doc. No. 450); to the Committee on Public Works and ordered to be printed with three illustrations.

2229. A letter from the Secretary of the Army transmitting a letter from the Chief of Engineers, Department of the Army, dated May 18, 1962, submitting a report, together with accompanying papers and an illustration, on the Great Lakes Harbors study—second interim report on the Buffalo Harbor, N.Y., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted May 18, 1956 and June 27, 1956 (H Doc. No. 451); to the Committee on Public Works and ordered to be printed with one illustration.

2230. A letter from the Secretary of the Army transmitting a letter from the Chief of Engineers, Department of the Army, dated May 4, 1962, submitting a report, together with accompanying papers and illustrations, on a review of the reports on the Columbia and lower Willamette Rivers below Vancouver, Wash., and Portland, Oreg., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted March 14, 1957 and April 9, 1957 (H. Doc. No. 452); to the Committee on Public Works and ordered to be printed with two illustrations.

2231. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated March 22, 1962, submitting a report, together with accompanying papers and an illustration on a review of the reports on the New Melones project, Stanislaus River, Calif., requested by a resolution of the Committee on Public Works, House of Representatives, adopted April 12, 1961 (H. Doc. No. 453); to the Committee on Public Works and ordered to be printed with one illustration.

2232. A letter from the Secretary of the Army transmitting a letter from the Chief of Engineers, Department of the Army, dated May 18, 1962, submitting a report, together with accompanying papers and illustrations, on a review of the reports on the Trinity River and tributaries, Texas, Fort Worth area, part II, requested by a resolution of the Committee on Public Works, House of Representatives, adopted June 27, 1957 (H. Doc. No. 454); to the Committee on Public Works and ordered to be printed with six illustrations.

2233. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated March 31, 1961, submitting a report, together with accompanying papers and illustrations, on a review of interim report No. 2, Cook inlet and tributaries, part No. 1, hydroelectric power, Bradley Lake, Alaska, authorized by the Flood Control Act, approved June 30, 1948 (H. Doc. No. 455); to the Committee on Public Works and ordered to be printed with two illustrations.

2234. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 18, 1962, submitting a report, together with accompanying papers and illustrations, on an interim hurricane survey of Colonial Beach, Va., authorized by Public Law 71, 84th Congress, approved June 15, 1955 (H. Doc. No. 456); to the Committee on Public Works and ordered to be printed with four illustrations.

2235. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated April 30, 1962, submitting a report, together with accompanying papers and illustrations, on a review of the reports on Rollinson Channel and channel from Hatteras Inlet to Hatteras, N.C., requested by resolutions of the Committee on Public Works, House of Representatives, adopted July 29, 1955, July 31, 1957, and July 16, 1958, respectively (H. Doc. No. 457); to the Committee on Public Works and ordered to be printed with two illustrations.

2236. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 4, 1962, submitting a report, together with accompanying papers and illustrations, on a cooperative beach erosion control study of the coast of southern California—special interim report on the Ventura area, authorized by section 2 of the River and Harbor Act, approved July 3, 1930, as amended and supplemented (H. Doc. No. 458); to the Committee on Public Works and ordered to be printed with three illustrations.

2237. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 18, 1962, submitting a report, together with accompanying papers and an illustration, on the Kennebunk River, Maine, requested by a resolution of the Committee on Public Works, House of Representatives, adopted June 3, 1959 (H. Doc. No. 459); to the Committee on Public Works and ordered to be printed with one illustration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DAWSON: Committee on Government Operations. Nineteenth report, pertaining to commingling of United States and Communist foreign aid (Rept. No. 1907). Referred to the Committee of the Whole House on the State of the Union.

Mr. RUTHERFORD: Committee on Interior and Insular Affairs. H.R. 11405. A bill to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the act of August 25, 1916 (39 Stat. 535), as amended, and for other purposes; with amendment (Rept. No. 1908). Referred to the Committee of the Whole House on the State of the Union.

Mr. RUTHERFORD: Committee on Interior and Insular Affairs. H.R. 10276. A bill to change the name of the Petersburg National Military Park, to provide for acquisition of a portion of the Five Forks Battlefield, and for other purposes; with amendment (Rept. No. 1909). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CHELF:

H.R. 12277. A bill to provide for the establishment of a new trout fish hatchery on or near the Cumberland River in the eastern part of the State of Kentucky; to the Committee on Merchant Marine and Fisheries.

By Mr. DINGELL:

H.R. 12278. A bill to amend title I of the Social Security Act to prohibit any State from applying a means test in determining eligibility for medical assistance for the aged thereunder, and to provide Federal grants in increased amounts (payable annually in advance) to cover the full cost of such assistance; to the Committee on Ways and Means.

By Mr. KING of California:

H.R. 12279. A bill to amend the Tariff Act of 1930 with respect to the rate of duty on particle board; to the Committee on Ways and Means.

By Mr. NATCHER:

H.R. 12280. A bill to provide for the establishment of a new fish hatchery on or near the Cumberland River in the eastern part of the State of Kentucky; to the Committee on Merchant Marine and Fisheries.

By Mr. PERKINS:

H.R. 12281. A bill to provide for the establishment of a fish hatchery in the State of Kentucky; to the committee on Merchant Marine and Fisheries.

By Mr. ROOSEVELT:

H.R. 12282. A bill to change the name of the Small Business Administration to the "Federal Small Business Administration"; to the Committee on Banking and Currency.

By Mr. STUBBLEFIELD:

H.R. 12283. A bill to provide for the establishment of a new fish hatchery on or near the Cumberland River in the eastern part of the State of Kentucky; to the Committee on Merchant Marine and Fisheries.

By Mr. WATTS:

H.R. 12284. A bill to provide for the establishment of a trout fish hatchery on or near the Cumberland River in the eastern part of the State of Kentucky; to the Committee on Merchant Marine and Fisheries.

By Mr. ADDABBO:

H.R. 12285. A bill to amend the Civil Service Retirement Act to provide for the adjustment of inequities and for other purposes;

to the Committee on Post Office and Civil Service.

By Mr. HALPERN:

H.R. 12286. A bill to amend the Mutual Security Act of 1954, as amended, so as to provide for the establishment of a White Fleet designed to render emergency assistance to the people of other nations in case of disaster; to the Committee on Foreign Affairs.

H.R. 12287. A bill to establish an Interdepartmental Highway Safety Board; to the Committee on Interstate and Foreign Commerce.

By Mr. SILER:

H.R. 12288. A bill to provide for the establishment of a new fish hatchery on or near the Cumberland River in the eastern part of the State of Kentucky; to the Committee on Merchant Marine and Fisheries.

By Mr. BRAY:

H.R. 12289. A bill to amend title 10, United States Code, to provide for the identification of a military airlift command as a specified command, to provide for its military mission, and to eliminate unnecessary duplication in airlift; to the Committee on Armed Services.

By Mr. FASCELL:

H.R. 12290. A bill to authorize assistance under the Area Redevelopment Act in the case of any area which has been adversely affected by the imposition by the United States of an embargo on the importation of products from Communist or Communist-dominated countries; to the Committee on Banking and Currency.

By Mr. KEARNS:

H.R. 12291. A bill to designate the reservoir on the Shenango River above Sharpsville, Pa., as the George Mahaney Reservoir; to the Committee on Public Works.

By Mr. FULTON:

H.R. 12292. A bill to facilitate the entry of alien skilled specialists and certain relatives of U.S. citizens, and for other purposes; to the Committee on the Judiciary.

By Mr. SCHWEIKER:

H.R. 12293. A bill to provide an elected mayor, city council, and nonvoting Delegate to the House of Representatives for the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. ULLMAN:

H.R. 12294. A bill to add table eggs to the Agricultural Marketing Agreement Act of 1937; to the Committee on Agriculture.

By Mr. TAYLOR:

H.J. Res. 751. Joint resolution requesting the President to enter into negotiations with Canada with respect to imports of softwood, and authorizing the establishment of temporary import quotas for softwood; to the Committee on Ways and Means.

By Mr. HALPERN:

H. Con. Res. 499. Concurrent resolution to establish a Joint Committee on Ethics in the legislative branch of Government; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DONOHUE:

H.R. 12295. A bill for the relief of Salvatore (Selvin) Zoppo; to the Committee on the Judiciary.

By Mr. LAIRD:

H.R. 12296. A bill for the relief of Tadao Nagashima; to the Committee on the Judiciary.

By Mr. CLEM MILLER:

H.R. 12297. A bill for the relief of Salim Salti; to the Committee on the Judiciary.

By Mr. O'NEILL:

H.R. 12298. A bill for the relief of Angelina De Stefano; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

369. The SPEAKER presented a petition of J. J. Mulrooney, executive vice president, National-American Wholesale Lumber Association, New York, N.Y., requesting that they be placed on record as opposing the favored and unjust tax position of cooperatives in competitive business, which was referred to the Committee on Ways and Means.

* * *

SENATE

MONDAY, JUNE 25, 1962

The Senate met at 12 o'clock meridian, and was called to order by the Vice President.

Rabbi David Shapiro, of Temple Sinai, Hollywood, Fla., offered the following prayer:

Father of the universe and of mankind:

In these soul-stirring times, we need Thy guidance and Thy blessing. Serious is the challenge that freedom-loving America faces. We seek peace; but we must safeguard life and liberty from possible onslaughts of godless, ruthless, and unprincipled aggressors.

While we must develop superior military might and diplomatic competence, we must also be filled with Thy holy spirit.

To win friends among wavering nations and to influence those who are on our side to continue to side with us, we must manifest by our own righteous conduct, superiority of the American way of thinking and living.

Bless Thou the Members of this great legislative body—the Senate of the United States of America—who have been chosen by the citizens of our country to preserve and advance our precious democracy.

May this land, under Thy providence, be an influence for good throughout the world, uniting men in peace and freedom, and helping to fulfill the vision of Thine inspired seers: "Nation shall not lift up sword against nation, neither shall men learn war any more." Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Saturday, June 23, 1962, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Miller, one of his secretaries.

CALL OF THE LEGISLATIVE CALENDAR DISPENSED WITH

On request of Mr. MANSFIELD, and by unanimous consent, the call of the legislative calendar was dispensed with.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Permanent Subcommittee on Investigations, of the Committee on Government Operations, was authorized to meet during the session of the Senate today.

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on Finance was authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting the nomination of Chaplain (Col.) Charles Edwin Brown, Jr., U.S. Army, for appointment as Chief of Chaplains, U.S. Army, as major general in the Regular Army of the United States and as major general in the Army of the United States, which was referred to the Committee on Armed Services.

The VICE PRESIDENT. If there be no reports of committees, the nominations on the Executive Calendar will be stated.

U.S. AIR FORCE

The Chief Clerk read the nomination of Col. Arthur R. DeBolt, for appointment in the Air Force Reserve, to the grade of brigadier general, under the provisions of chapter 35 and section 8373, title 10, of the United States Code.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE NAVY AND THE MARINE CORPS

The Chief Clerk proceeded to read sundry nominations, in the Navy and in the Marine Corps, which had been placed on the secretary's desk.

The VICE PRESIDENT. Without objection, these nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to make inquiry of the distinguished majority leader: In view of the services to be held tomorrow in South Dakota, will the Senator from Montana state what the schedule of the Senate will be?

Mr. MANSFIELD. Mr. President, in view of the sad circumstances concerning the passing of our late, beloved colleague, Senator Francis Case, of South Dakota, and the understandable desire of many of our colleagues, on both sides of the aisle, to attend the funeral services in Rapid City, I ask unanimous consent that if there are any rollcall votes ordered tomorrow, they be put over until Wednesday.

In explanation, I wish to state that it is my understanding that the plane carrying the Members of Congress to the funeral will leave sometime early tomorrow morning and will return sometime tomorrow night.

Therefore, if my colleagues will agree with me, I make that request.

The VICE PRESIDENT. Is there objection? The Chair hears none; and it is so ordered.

Mr. DIRKSEN. Mr. President, I wonder whether the majority leader has any other observation to make in regard to the program for the remainder of the week.

Mr. MANSFIELD. It is anticipated that after the disposal of Calendar No. 1576, House bill 11879, an act to provide a 1-year extension of the existing normal tax rate and of certain excise tax rates, the Senate will proceed to the consideration of the following:

H.R. 12154, the Sugar Act extension, which I understand is being marked up today in the Finance Committee.

H.R. 12061, the Renegotiation Act extension, which has not been reported from the Finance Committee.

H.R. 11990, the debt ceiling increase, which has not been reported from the Finance Committee.

H.R. 10606, the extension of the Welfare Act, which will be brought up later in the week.

That is the best I can state at this time.

THE AIRLINE STRIKE

Mr. MORSE. Mr. President, I wish to make a very brief statement regarding the very serious airline strike of Eastern Air Lines and of Pan American Airways, the latter checked for the time being by a temporary restraining order.

First, Mr. President, I wish to say that the President of the United States is unanswerably correct in his statement to the American people that a strike on these airlines at this time is bound to create a very serious national emergency, involving the economy of the Nation.

The Secretary of Labor continues to deserve the confidence and the high commendation of the Congress and of all the American people for the industrial statesmanship he has displayed and is displaying in connection with the pending disputes.

But now the time has come, in my judgment, when the American people must be the judges of this strike. When all of the facts are called to their attention, there is no doubt that they will come to the conclusion that this strike is basically a jurisdictional dispute between unions; for that, Mr. President, is what is involved here.

In my many years of work in the field of labor-dispute arbitration, I have always taken the position that free labor has the responsibility for settling its own family quarrels and cannot justify the use of the strike to resolve disputes of the nature and dimension of the kind which now involves the airlines. It is one thing for labor to be involved in an economic dispute with management; but it is quite another for labor to involve itself in a family quarrel and then proceed to bring upon the economy of the Nation the consequences of this irresponsible course of action which in my judgment characterizes this airline strike. I am hopeful that in the next few hours the parties concerned will work out with the Secretary of Labor a satisfactory solution of this problem.

But I would have the American people keep in mind at least two salient facts involved in this dispute: First of all, it is an old strategy, when there is a strike in an industry which is vested with a public interest—and the airlines are vested with a public interest—for labor to set up itself as the judge of the public safety or of some other public issue. Thus it is that these days the flight engineers are maintaining that they, and they alone, are the guardians of the safety of the American people on the airplanes which fly in this country. But, Mr. President, I would have the American people keep in mind that the members of all the other unions involved in the airline traffic in this country believe their lives to be as precious as those of the flight engineers; and I believe we can take notice of the fact that if the position of the flight engineers in regard to the matter of safety in air traffic were correct, none of the members of any other union could be persuaded to be flying on these airlines.

The VICE PRESIDENT. Under the 3-minute limitation, the time available to the Senator from Oregon has expired.

Mr. MORSE. Mr. President, I ask unanimous consent that I may proceed for several additional minutes.

Mr. MANSFIELD. Mr. President, the statement the Senator from Oregon is making is a very important one; and I ask that he be permitted to have as much time as he desires, in order to elaborate on the matter.

Mr. MORSE. I wish to have only a few additional minutes; but before I conclude, I intend to make a statement about my position on the introduction of appropriate and necessary legislation.

The VICE PRESIDENT. Is there objection to the request of the Senator from Montana? Without objection, it is so ordered.

Mr. MORSE. Mr. President, it is well to have the advice of the flight engineers in regard to what they think safety requirements are. But under our law, we have established a Government agency for the express purpose of protecting and maintaining the safety of the public in connection with the operation of the airlines. That agency is known as the Federal Aviation Agency. I say to the American people, "Look to the Federal Aviation Agency for the determination of whether the safety of the traveling public is endangered one whit by the decisions of five Presidential emergency boards and two Presidential commissions in rejecting the demands of the flight engineers on engineers' qualifications on jet aircraft."

I want labor to keep in mind the fact that it cannot stop the hands of the clock. It cannot turn back technology. It cannot turn back scientific advancement.

The view of the flight engineers on third-seat qualifications on jetplanes is part and parcel of their jurisdictional dispute. They feel that if they can hold onto their position, then they can have an unbreakable hold on the third-seat job on jet aircraft, and can manage their jurisdictional dispute with the pilots from an unassailable position.

The statesmanlike agreement that was negotiated last week with TWA, with the assistance of the Secretary of Labor, protects the Flight Engineers' Union, assures them of their collective bargaining rights, and offers them full retraining opportunities at the expense of the airline to meet third-seat jet aircraft qualifications. What they seem to want is a guarantee, in perpetuity, for certain license requirements and certain assurances that would simply mean that they could stop the hands of the clock in the field of technology.

Why the kind of air agreement which settled the identical issues in the TWA negotiations is not acceptable to them is beyond my understanding. I know of nothing in connection with the Eastern Airlines controversy or the Pan American controversy that would justify putting the flight engineers on those airlines in any different position from those covered by the TWA agreement negotiated last week.

Mr. President, it is very important that we keep the doors of collective bargaining open in regard to this question. They are being kept open in regard to the TWA matter.

We come now to the crux of the situation, which is whether or not any union in this country or any combination of unions, can put a jurisdictional dispute above the welfare of the public of the United States.

Here happens to be one U.S. Senator who takes the position that labor does not have that right. I repeat—for I know what the word "right" means in this whole field of labor law—labor does not have the right to impose upon the public of the country the irreparable losses to the economy that are suffered when the flight engineers-pilots dispute over job qualifications is allowed to develop to a point where it shuts down the operations of the airlines of this country. No union, in the name of free labor, ought to have the right to cause irreparable damage to the public because it cannot settle its family quarrels.

Therefore, I announce now that I shall wait for a reasonable time, with the doors of collective bargaining open to the parties to the dispute, to iron out the issue on the basis of voluntarism in the field of labor relations. But if it becomes clear that the flight engineers are going to carry on a jurisdictional strike, endangering the health, safety, and welfare of the American economy, here is one Senator who will propose legislation for Congress to enact—and I hope it will enact it—that will set up a board for the handling of these jurisdictional disputes which labor has been unable to settle within its own house.

This is no new position for the Senator from Oregon. How well I remember a certain occasion, and although it relates to a personal experience, I want the RECORD to show it, because all I am proposing today is to carry out the same principle I fought for and insisted on in 1942 as a member of the War Labor Board. A jurisdictional dispute occurred in the Sperry-Gyroscope plant on the west coast. The Board was notified of the shutdown at 4 o'clock in the afternoon. There was not any doubt what that jurisdictional dispute would do to the war effort in time of war. The senior Senator from Oregon, then a member of the War Labor Board, made a motion that Mr. William Green, the head of the A.F. of L., and Mr. Murray, the head of the CIO, be notified by the War Labor Board that, unless they had that dispute settled within 24 hours, the War Labor Board would assign a board of arbitration to the dispute with final jurisdiction to settle it on the basis of the merits of the dispute.

I thought the ceiling would fall in on me as I listened to the protests from the labor side of the table, stating that I was arguing for compulsory arbitration of jurisdictional disputes. I said, "There is no doubt that the member from Oregon is proposing it, because I take the position that in time of war"—and I take the same position in time of any national emergency, but at that time I said in time of war—"labor does not have the right to engage in jurisdictional disputes within the house of labor that brings such a great loss to the war effort as this dispute will bring."

So I pressed my motion. A recess was called which lasted for several hours. Then labor said, "We have the dispute settled." I said, "You do not have the issue settled as far as this member is concerned. I now move, Mr. Chairman, that in the future, when a jurisdictional dispute breaks out between the labor unions that will result in irreparable damage to the war effort, it will be the policy of the Board to notify Mr. Green and Mr. Murray that they must proceed forthwith to settle the dispute, and if they cannot give assurance to the Board within 24 hours that they are going to get the matter settled quickly, then the Board will appoint a board of arbitration to settle the dispute for labor."

That motion was adopted by the Board, with the union members voting against the proposal. That was the policy of the Board throughout the war. The result was it showed how promptly labor could settle disputes within its own house.

I have advocated this principle on the floor of the Senate since 1947. The record will show that in 1947 the jurisdictional disputes settlement procedures specified in the Morse-Ives labor bill served as the model for the settlement procedures ultimately enacted in the Labor-Management Relations Act of 1947. I participated fully as a member of the Senate Committee on Labor and Public Welfare in the development of what is now the section 10(k) procedures of the National Labor Relations Act and my judgment on the most effective method for handling these disputes, which I again urge at this time, was ultimately vindicated in the Hake case decided by the U.S. Supreme Court a few years ago.

The record will also show that in 1947 I said the emergency disputes section in title II of the Labor-Management Relations Act would not work when labor or management did not want it to work. Experience of these past 15 years has demonstrated beyond any doubt the accuracy of this judgment.

The other day I introduced a general emergency dispute bill which refined the bill I had previously introduced. I plead again that Congress give attention to a general study of the question. I serve notice on the floor of the Senate that in the next few days we may be confronted with an emergency situation that will call for some emergency legislation.

So far as the senior Senator from Oregon is concerned, my bill, if I come to introduce it with regard to the pending dispute, will propose the procedures for the settlement of jurisdictional issues such as those involved in this dispute. We will find out whether or not in a jurisdictional disputes emergency such as we have here the Government of the United States is more powerful than any union or group of unions that seek to put their selfish interests above the welfare of the American people.

I well know the speech I have just made is not going to be popular in certain halls of labor, but that is no new experience for the senior Senator from Oregon. Time and time again, when I have been satisfied that labor has been wrong in a matter of principle, I have been as vigorous in my criticism of labor as I have been vigorous in my criticism of management when management has followed a similar course of action not in the public interest.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MORSE. I will yield to the Senator in a minute.

I hope, Mr. President, that it will not be necessary for me to introduce such a bill in the next few hours, but I serve notice now that I shall introduce it unless, in regard to this dispute on Pan American and Eastern, labor can put its own house in order and settle what is, after all, basically a jurisdictional dispute.

I now yield to the Senator from Florida.

Mr. HOLLAND. Mr. President, I thank the Senator for yielding. I commend the Senator with all the strength I can state for the position he is taking and for the position which he took as a member of the War Labor Board on the occasion which he mentioned.

So far as the Senator from Florida is concerned, for the past two or three Congresses I have proposed legislation to take care of emergencies of the type mentioned. It may not be in exactly the same form as that which would be suggested by the Senator from Oregon, but, as now pending, it is S. 88 of the current Congress, introduced by the Senator from Florida on January 5 the first day for introduction of bills in 1961. It would provide in this important field of commercial aviation for compulsory arbitration under certain conditions.

I hope that the distinguished Senator, with the great background of knowledge which he has in this field, will examine that bill. The Senator from Florida has felt that not only is the public convenience and necessity to be considered, but also weight must be given to the fact that the public is the greatest investor in the system of commercial aviation.

The United States has several billion dollars invested in airfields. The local communities have several billion dollars of public funds invested in airfields. The United States is now engaged in an additional program of about three or four billion dollars having to do with giving greater safety in the air for travelers on commercial airlines, as well as for all others who travel in aircraft.

The U.S. Government, through various agencies, controls the schedules, the granting of routes, the rates upon those routes, the licensing of aviators, the allowance of subsidies, and every other incident which is vital in this whole field.

Since the public has made this immense investment and has set up this great organization, to assure the giving of safe and continuous service, why the public should have to see that service disrupted because of an arbitrary position of a small union, of a large union, or of any group of unions, the Senator from Florida does not understand.

I commend as strongly as I can the position taken by my able friend, who has a greater background of knowledge and experience in this field than is possessed by any other Member of the Senate. I hope he will pursue the question not solely from the standpoint of meeting the current threat, but also from the standpoint of having effective machinery available to prevent any such threat, because we have seen, from unhappy experience of the past 3 or 4 years, that the selfish groups are not all in one field or confined to the presently affected group of airline carriers alone. The public must be better protected than is possible under current law.

I shall join the distinguished Senator in every effective way possible.

Mr. MORSE. I thank the Senator from Florida very much. If we can get hearings on the general emergency dispute bill which I introduced the other day, that would incorporate hearings on the Senator's bill. When I introduced my bill I said I was not married to it, that I thought we would have to hammer out on the anvil of give and take a bill which would accomplish the purpose I have in mind, which would be fair to all interests concerned. I think we ought to get on to the job of hearings on a general bill. I am serving notice that so far as this particular emergency is concerned it may be we shall have to take action.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GRUENING. I join my colleague from Florida in highly commending the senior Senator from Oregon for his forthright, clear, appropriate, and timely comment on the situation which confronts us. His speech deserves the widest recognition. It is courageous, pertinent, and contains statements which should be made. Both Florida and Alaska, at opposite ends of our Nation, will be seriously injured if Eastern and Pan American are prevented from flying.

We in Alaska, as well as the people of the whole country, would suffer if vital transportation were paralyzed by a jurisdictional dispute in which one small group of airline workers point a pistol at the head of the Government Agency, at all other unions, and the public and say, "These planes will not fly." That is an intolerable situation both in time of war and in time of peace when a vital industry is paralyzed by a jurisdictional strike within it. I hope that the legislation which the senior Senator from Oregon proposes will not be needed, and that his clear statement on the subject will suffice to prevent such a future disaster.

Mr. MORSE. I thank the Senator from Alaska very much.

Mr. HOLLAND subsequently said: Mr. President, a few minutes ago the distinguished senior Senator from Oregon [Mr. Morse] delivered an excellent address on the subject of the necessity of safeguarding the public against jurisdictional strikes in the commercial aviation industry. The Senator from Florida participated in a colloquy at that time with the Senator from Oregon. Since that time I have noted an editorial in the Washington Star of today entitled "Inexcusable Strike." I ask unanimous consent that the editorial may be printed at the end of the colloquy which I had with the distinguished Senator from Oregon.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

INEXCUSABLE STRIKE

President Kennedy says that continuation of the strike by the flight engineers would be the "height of irresponsibility." George Meany, AFL-CIO president, says the strike is not in the national interest. And Secretary of Labor Goldberg says that he personally will lead a new Government effort to settle the dispute.

All of this is fine as far as it goes. But it doesn't go far enough.

There are several issues, but this, at heart, is a jurisdictional strike—that is, a strike growing out of a fight between two unions which management has no means of settling. It is an attempt to enforce a purely selfish demand by punishing the employer and the public. It is a strike which, as Mr. Kennedy suggests, reflects less than a "minimum concern for the public interest." And it is the latest in almost a score of strikes growing out of this same jurisdictional issue in the past 10 years.

Perhaps the dispute can be patched up temporarily along the lines of the TWA agreement, although this is far from certain. Even the TWA agreement, however, it is not a settlement of the basic jurisdictional dispute. At best, if ratified by the union members, it would merely delay a showdown.

In this situation, if the public interest is to be safeguarded, there can be but one real remedy. And this is an amendment of the Railway Labor Act to require that disputes such as this be submitted to binding arbitration. Many people, on both sides of the labor-management street, are against compulsory arbitration of anything. But the public, we think, would welcome it. And the reckless behavior of the flight engineers demonstrates that the public is entitled to it.

Mr. HOLLAND. Mr. President, in line with the remarks of the Senator from Oregon [Mr. Morse], the Senator from Florida, the Senator from Alaska [Mr. Gruening], and others at that time, I quote the following paragraph from the editorial:

> In this situation, if the public interest is to be safeguarded, there can be but one real remedy. And this is an amendment of the Railway Labor Act to require that disputes such as this be submitted to binding arbitration. Many people, on both sides of the labor-management street, are against compulsory arbitration of anything. But the public, we think, would welcome it. And the reckless behavior of the flight engineers demonstrates that the public is entitled to it.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT ON SPACECRAFT OPERATIONS AND CHECKOUT FACILITY, CAPE CANAVERAL, FLA.

A letter from the Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law, on a project in the amount of $8,550,000 for a spacecraft operations and checkout facility to be located at the Atlantic Missile Range, Cape Canaveral, Fla.; to the Committee on Aeronautical and Space Sciences.

REPEAL OF SECTION 557 AND AMENDMENT OF SECTION 559 OF ACT TO ESTABLISH A CODE OF LAW FOR THE DISTRICT OF COLUMBIA

A letter from the Attorney General, transmitting a draft of proposed legislation to repeal section 557 and to amend section 559 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901 (with an accompanying paper); to the Committee on the District of Columbia.

REPORT OF DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report of that Department, for the fiscal year 1961 (with an accompanying report); to the Committee on Labor and Public Welfare.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, with amendments:

S. 114. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Waurika reclamation project, Oklahoma (Rept. No. 1621).

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, with an amendment:

S. 2973. A bill to revise the boundaries of Capulin Mountain National Monument, N. Mex., to authorize acquisition of lands therein, and for other purposes (Rept. No. 1625); and

S. 3112. A bill to add certain lands to the Pike National Forest in Colorado and the Carson National Forest and the Santa Fe National Forest in New Mexico, and for other purposes (Rept. No. 1626).

By Mr. CHURCH, from the Committee on Interior and Insular Affairs, without amendment:

S. 3342. A bill to approve an order of the Secretary of the Interior canceling irrigation charges against non-Indian-owned lands under the Klamath Indian irrigation project, Oregon, and for other purposes (Rept. No. 1624).

By Mr. CHURCH, from the Committee on Interior and Insular Affairs, with an amendment:

S. 3174. A bill to provide for the division of the tribal assets of the Ponca Tribe of Native Americans of Nebraska among the members of the tribe, and for other purposes (Rept. No. 1623).

By Mr. CHURCH, from the Committee on Interior and Insular Affairs, with amendments:

S. 405. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Mann Creek Federal reclamation project, Idaho, and for other purposes (Rept. No. 1620).

By Mr. GRUENING, from the Committee on Interior and Insular Affairs, without amendment:

S. 2530. A bill regarding a homestead entry of Lewis S. Cass (Rept. No. 1627).

By Mr. BIBLE, from the Committee on Interior and Insular Affairs, without amendment:

S. 3089. A bill to amend the act directing the Secretary of the Interior to convey certain public lands in the State of Nevada to the Colorado River Commission of Nevada in order to extend for 5 years the time for selecting such lands; (Rept. No. 1622); and

H.R. 9822. An act to provide that lands within the exterior boundaries of a national forest acquired under section 8 of the act of June 28, 1934, as amended (43 U.S.C. 315g), may be added to the national forest; (Rept. No. 1628).

By Mr. BARTLETT, from the Committee on Armed Services, with an amendment:

S. 2020. A bill to amend part IV of subtitle C of title 10, United States Code, to authorize the Secretary of the Navy to develop the South Barrow gasfield, naval petroleum reserve numbered 4, for the purpose of making gas available for sale to the native village of Barrow and to other non-Federal communities and installations, and for other purposes; (Rept. No. 1629).

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MANSFIELD (for Mr. Chavez):

S. 3467. A bill for the relief of Joan M. Brush; to the Committee on the Judiciary.

By Mr. KEATING:

S. 3468. A bill to amend section 1905 of title 18 of the United States Code, and for other purposes; to the Committee on Banking and Currency.

(See the remarks of Mr. Keating when he introduced the above bill, which appear under a separate heading.)

By Mr. HAYDEN:

S. 3469. A bill for the relief of Tung Gay Yee; to the Committee on the Judiciary.

By Mr. LAUSCHE:

S. 3470. A bill for the relief of Mrs. Nesta D. Staples; to the Committee on the Judiciary.

By Mr. COOPER (for himself and Mr. Morton):

S. 3471. A bill to provide for the establishment of a new fish hatchery on or near the Cumberland River in the eastern part of the State of Kentucky; to the Committee on Commerce.

By Mr. PROXMIRE:

S. 3472. A bill to provide for the vesting of primary responsibility for the protection of the public health and safety from radiation hazards in the Public Health Service of the Department of Health, Education, and Welfare, and for other purposes; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. Proxmire when he introduced the above bill, which appear under a separate heading.)

By Mr. BENNETT:

S. 3473. A bill relating to the refund to the States of any unexpended balance of taxes collected under the Temporary Extended Unemployment Compensation Act of 1961; to the Committee on Finance.

(See the remarks of Mr. Bennett when he introduced the above bill, which appear under a separate heading.)

By Mr. CLARK:

S.J. Res. 203. Joint resolution to authorize the President to designate Philadelphia, Pa., as the site of a world's fair commemorating the 200th anniversary of the signing of the Declaration of Independence; to the Committee on Foreign Relations.

RESOLUTIONS

PRINTING OF ADDITIONAL COPIES OF COMMITTEE PRINT ENTITLED "PERFORMANCE OF THE STATES" (UNDER KERR-MILLS BILL)

Mr. SMATHERS (for Mr. McNamara) submitted the following resolution (S. Res. 354); which was referred to the Committee on Rules and Administration:

Resolved, That there be printed for the use of the Special Committee on Aging nine thousand additional copies of its committee print of the Eighty-seventh Congress, second session, entitled "Performance of the States—Eighteen Months of Experience with the Medical Assistance for the Aged (Kerr-Mills) Program."

THE PRESIDENT-ELECT OF COLOMBIA AND HIS WIFE

Mr. GORE submitted a resolution (S. Res. 355) extending greetings of the Senate to President-elect Valencia of Colombia and his wife, which was considered and agreed to.

(See the above resolution printed in full when submitted by Mr. Gore, which appears under a separate heading.)

FREEDOM OF INFORMATION UNDER THE EXPORT CONTROL ACT

Mr. KEATING. Mr. President, I introduce, for appropriate reference, a bill to amend section 1905 of title 18 of the Criminal Code with regard to the disclosure of information under the Export Control Act. The bill incorporates the general principles embodied in my proposed amendment to the Export Control Act relating to the disclosure of information. I withdrew that amendment prior to our approval of the bill to extend the act on Saturday because of the concern expressed as to the meaning of the term "trade secret." My amendment was not intended for the benefit of rival business firms, but for the benefit of the public and the Congress. Hearings on this provision will enable us to develop clear guidelines for differentiating between legitimate trade secrets and other types of information which should not be suppressed by those administering export controls.

The purpose of this bill is to insure the fullest and freest possible flow of information between our Government and the public in this crucial area of the cold war struggle. The law is now written to create a presumption against the disclosure of all such information. The Commerce Department, in defending this provision, relied upon a section of the U.S. Criminal Code which, in my judgment, is designed to prohibit anyone who has access to confidential information from using it in an unauthorized manner for personal gain or other improper purposes. I certainly do not interpret this provision of the Criminal Code as justification for a general policy of secrecy in Government, and my bill, by amending this section of the code, will make this clear.

The withholding of information—with few essential exceptions—can never be in harmony with our system of government. During the discussion on the Export Control Act, there appeared to be general agreement that we should attempt to improve existing law in this area. There should be no dispute over attempts to eliminate all possible barriers to the flow of information.

It is in this spirit that I introduce this measure today. I am confident that we can arrive at a reasonable solution to this serious problem during this session of Congress. It is my hope in the light of the colloquy which took place on Saturday that there will be early hearings on this bill by both of the interested committees, the Committee on the Judiciary and the Committee on Banking and Currency, and that the Senate will have an early opportunity to act on this measure.

Mr. President, I ask unanimous consent that the text of my bill be printed at this point in the Record.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill may be printed in the Record as requested.

The bill (S. 3468) to amend section 1905 of title 18 of the United States Code, and for other purposes, introduced by Mr. Keating was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the Record, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1905 of title 18 of the United States Code is amended by adding at the end thereof the following new paragraph:

"Nothing in this section shall be construed to authorize any department, agency, or official exercising any functions under the Export Control Act of 1949, as amended, to withhold or refuse to disclose information obtained thereunder, except trade secrets and similar information submitted on a confidential basis, unless the head of such department or agency determines that the disclosure of such information will be contrary to the national security. No such information shall be withheld from either House of Congress or any duly authorized committee thereof, if a request is made for such information by either House of Congress or by a duly authorized committee thereof."

Sec. 2. Subsection (c) of section 6 of the Export Control Act, as amended, is repealed.

RESPONSIBILITY FOR PROTECTION AGAINST RADIATION HAZARDS

Mr. PROXMIRE. Mr. President, in the 9 months since the Soviet Union resumed nuclear testing, there has been one radioactivity scare after another. Faced with this obvious problem the Federal Government has been indecisive. It has failed to provide the authoritative, comprehensive guidance that the public needs and wants.

The absence of central authority on radiation health dangers has created a situation of distrust and confusion fanned by often ill-informed public debate. As a result many families, especially those with young children, are alarmed by the often conflicting reports of possible danger from nuclear test byproducts. In addition, an important food, milk, has been singled out unfairly for criticism and economic boycott.

Up to now, many milk producers have hoped that if they keep silent, the radiation problem will clear up and will go away. But it is plain that this is wishful thinking. Positive, definite steps are needed in order to combat the widespread public uncertainty about milk.

I am therefore today introducing a bill to put the Public Health Service in charge of health and safety problems relating to radioactivity. The Service would be given full responsibility by law for stating comprehensive, authoritative guidelines on radioactive hazards and protection.

One result of the present state of confusion is that milk has been singled out as a carrier of radioactive strontium 90, when in fact the key ratio of strontium to calcium in milk is one-tenth that of plant foods. This means that if a child gets its necessary bone-building calcium from plant foods, rather than from milk which is the natural important source, its strontium 90 intake is multiplied.

Far from being criticized, the dairy cow is winning high praise from nutrition experts because it does such an effective job in eliminating strontium 90 from human diets. Testimony on this point was presented last week to the Congressional Joint Atomic Energy Committee. Unfortunately, it did not receive the public attention which it merits.

Putting the Public Health Service in charge of all aspects of health and safety problems relating to radioacivity would go a long way toward clearing up the confusion and apprehension which now surround this important problem. I recognize that the Public Health Service already has important responsibility in the field of protection against radiation hazards. President Eisenhower's Executive order in 1959 went some way toward establishing the necessary authority. But it did not go far enough, as we have seen in the past few months. I firmly believe that firm legislative authority is needed now, in order to put the Public Health Service fully in charge of this important subject.

With this in mind, Mr. President, I introduce a bill to give the U.S. Public Health Service primary responsibility for protecting the public health and safety from radiation hazards; and I ask that the bill be appropriately referred.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3472) to provide for the vesting of primary responsibility for the protection of the public health and safety from radiation hazards in the Public Health Service of the Department of Health, Education, and Welfare, and for other purposes, introduced by Mr. PROXMIRE, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

Mr. PROXMIRE. Mr. President, the June 12, 1962, issue of the Dairy Industry Newsletter, contained an excellent, comprehensive summary of the radioactivity problem as it affects milk and dairy products. The editor of the Newsletter, Miss A. Olivia Nicoll, is recognized as an outstanding expert on subjects affecting the dairy industry. I ask unanimous consent that her report, based in large part on the radiation hearings conducted by the Joint Atomic Energy Committee, be printed at this point in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

RADIOACTIVITY COUNTERMEASURES

At the Joint Committee on Atomic Energy's radiation hearings last week there was a good deal of emphasis on the need for developing countermeasures which could be instituted in the event that iodine 131 and the strontium 90 levels reached a point in certain "hot spots" where they might be sustained for a dangerous period at the top of Range II of the Radiation Protection Guides promulgated by the Federal Radiation Council. This could mean, probably only in a few isolated instances, that the annual average daily intake level could be reached which would call for the institution of some controls. The developments at the radiation hearings are covered in more detail in a subsequent report in this Dairy Industry Newsletter. During the week the National Advisory Committee on Radiation submitted a report which dealt at some length with this countermeasure activity. Incidentally, it might be appropriate to mention here that during the Atomic Energy Committee hearings a great deal was said about the need for clearly defining the authority for the institution of countermeasures. Up to this time there is no such clear definition. Most of the witnesses appeared to feel that the appropriate agency to have the responsibility for the promulgation of control regulations would be the U.S. Public Health Service, but, of course, the President should probably be the one in whom the authority is vested to actually invoke countermeasures.

I–131 controls

The NACOR Report states that one of the first countermeasures to consider against iodine 131 is the placing of all children of early age, lactating mothers and pregnant women on evaporated milk or powdered dry skim milk. They point out that this would produce no deleterious side effects to health and that the dairy industry has sufficient capacity to supply the additional quantities of processed milk which the women and children may need.

Other control measures mentioned by the committee which have been considered include the use of refrigerated storage of fluid milk; frozen fluid milk; frozen whole milk concentrates; and canned, sterile whole milk, each of which has been stored for an appropriate time. However, they state that the milk industry does not now have the storage, refrigeration, or processing capacities to make such countermeasures applicable for the entire population. Also considered was the pooling of fresh fluid milk from regions of high contamination with that produced in uncontaminated areas. The committee comments that such a countermeasure is considered generally unsatisfactory because of logistical problems and a need to have more detailed knowledge of radionuclide levels than is now available.

The NACOR report says that the decontamination of iodine 131 from milk by the ion exchange method is another countermeasure which has been studied intensively. However, they say that the research needed to bring this to the point where it is satisfactory has not been completed and, furthermore, the process poses a number of legal questions due to changes in the composition of decontaminated milk which are of concern to the Food and Drug Administration. They also speak of the possibility of feeding dairy cows uncontaminated feeds, or with feeds which have been stored for a long enough period for their radioactivity to decay. They point out, however, that this countermeasure requires the availability of a large feed storage capacity the year round.

As far as the addition of stable iodine to the diet and the medical administration of thyroid extracts are concerned, the committee said that these two countermeasures have received considerable study. They say that in spite of the ability of both methods to reduce radio iodine accumulation, their use as countermeasures should usually be reserved for limited application due to dangers inherent in the administration of food additives and medicants to large population groups.

Strontium 90 controls

As far as strontium 90 is concerned, the NACOR report says that at the present time there are no countermeasures which fulfill all of the primary requirements of effectiveness, safety, and feasibility. The countermeasure which has probably received the most attention is the removal of strontium 90 by the ion exchange technique and the report says that encouraging progress has been made in this regard. The NACOR report goes on to say: "However, much more research must be done, both in the laboratory and in the field to test the method's applicability on a commercial scale. Furthermore, studies are needed by the Food and Drug Administration to resolve a number of legal problems associated with the method since the composition and ion balance of the milk are altered by the process."

Independent action

A striking bit of testimony was offered at the Atomic Energy Committee hearings by Mr. Alexander Grendon, coordinator of atomic energy development and radioprotection in California. He said: "It should be helpful, for example, in orienting those well-meaning individuals who demand prompt introduction of processes for the removal of strontium 90 from milk, to point out that with the prevailing levels of that radionuclide, the estimated present cost of the process, and the more pessimistic of current estimate of leukemia incidence per strontium units, the cost per case averted would be of the order of a billion dollars."

The NACOR report also deals briefly with independent countermeasure action and says that there has been a tendency of certain population groups to make their own interpretation of published levels of radio contamination and to urge the application of those countermeasures which seem appropriate. The report says: "The committee is sympathetic with the concern of such groups. Some public authorities have not always seemed alert to the problem which widespread contamination poses. There has also been no clear definition of countermeasure policy in the United States. In spite of this, the committee urges the avoidance of independent countermeasure action. Not infrequently, such action involves the use of countermeasures which are associated with risks approaching or exceeding those of the contaminants. Often, such action is ineffective in reaching the objectives sought. To avoid these and similar problems, recommendations on countermeasures must be promulgated from a single authority, acting after full evaluation of the effectiveness, safety and feasibility of the measures to be taken."

Budget increase recommended

The NACOR report recommends that the U.S. Public Health Service be provided with funds adequate to meet its broad responsibilities in radiological health. They estimate a budget requirement of $25 million in 1962–63 and increasing amounts each year thereafter until an annual budget of $100 million is reached by 1970. They point out that the 1962–63 budget currently before Congress calls for expenditures just under $16 million. They say further that this figure includes undesirably small amounts of money for research and development and inadequate funds for the promulgation of strong Federal-State activities, with much too little support for countermeasure efforts.

RADIOACTIVITY

Milk came off well in some of the expert testimony presented to the Joint Committee on Atomic Energy at hearings last week. Dr. C. L. Comar, head of the Department of Physical Biology at Cornell University and a member of the Food Protection Committee of the National Academy of Sciences, told the committee that the amounts of strontium 90 and calcium in the total diet determine the body burden of strontium 90. He pointed out that the strontium-calcium ratio of milk is one-tenth that of plant foods. Therefore, according to Dr. Comar, if an individual reduced milk consumption to zero and derived all of his calcium from plant sources, the strontium-calcium ratio of his diet would be doubled. Conversely, if an individual derived all of his calcium from milk, his diet would have about one-fifth the typical strontium-calcium ratio. Dr. Comar went to great lengths to emphasize this point. He said, "Human beings and animals of all ages must have a certain amount of calcium in the diet to build new bones and teeth or to remodel and rebuild bones already formed. Calcium in the diet comes primarily from dairy products and plant foods, both of which contain strontium 90. The calcium from dairy products will most always have less strontium 90 than the calcium from plant foods because of discrimination by the cow. If the consumption of dairy produced is reduced without compensating additional minerals, the body has to use plant sources of calcium for building and replacement of bone. In effect, this means that reduction of the intake of dairy products will raise the strontium 90-calcium intake and therefore the body burden of strontium 90. At present and foreseeable levels of strontium 90 it appears best to follow accepted nutritional practice."

Later in a colloquy with Senator AIKEN, Republican, of Vermont, Dr. Comar again said that evidence would indicate that a person drinking more milk would develop a lower body burden of strontium 90. The Senator asked Dr. Comar why certain peace groups concentrate on the dangers of milk, when obviously it is the least of the offenders. Dr. Comar replied that he would like, in generosity, to think that it is because of misunderstanding. The scientist said that if it were proper to "strike" against strontium 90, then the "strike" should be against food in general. He said that milk was prominent because it was used as a measurement for strontium 90 levels. However, he said, "one has to understand that all foods contain strontium 90 and milk contributes the least in terms of body burden."

Hearings illustrate magnitude of problem

The hearings, which had as their objective the updating of information previously developed on fallout and radiation standards; identification and clarification of policy problems and organizational responsibilities associated with the establishment and administration of radiation standards and the risks involved in man-made radiation, have contributed importantly to the body of data on this vital subject. We would like to emphasize that the caliber of the witnesses and the nature of their papers testified eloquently to the vastness and the seriousness of this whole question of radiation and human exposure. It seemed to this reporter that there is no validity to "pushing the panic button" on the one hand, nor resenting the dissemination of sound factual data on the other. Because of the highly technical nature of much of the testimony, we will attempt to deal here only with those aspects of it which can be translated into practical terms for the dairy industry.

Risk versus benefit

Dr. Donald R. Chadwick, Chief of the Radiological Health Division at U.S. Public Health Service stated that, to date, there was no area where fallout has come to a point where USPHS has even thought about stopping milk consumption. He was asked how long USPHS would allow levels in range III of the radiation protection guides to go before taking steps to prevent the total intake from getting to a dangerously high annual average level. Dr. Chadwick answered that there were many factors involved in such a determination. First it would be appropriate to find out whether the high levels had every indication that they were only temporary. He said that if at any time there seemed to be a damaging burden in prospect, it would be the policy of PHS to make this known to the public and to take such control measures as the law allows. However, he emphasized that in such a determination there must be consideration of the risk involved versus the economic impact. Dr. Chadwick said that this is not entirely a health decision.

This philosophy of risk versus gain was also enunciated by Dr. Wright Langham of the Los Alamos Scientific Laboratory. Dr. Langham said that he enjoyed the privilege of appearing before a congressional committee in a democratic society such as ours and "to me this is worth a few strontium units in my milk." Dr. Langham was asked what was being done to find out how much strontium 90 will produce bone cancer. He said there were any number of animal experiments in this field but pointed out that it may never be possible to know how much it takes to produce bone cancer in a human. "All we can do," he said, "is to extrapolate the animal data to human data."

Monitoring and surveillance

Mr. James G. Terrill, Jr., Deputy Chief of the Radiological Health Division at PHS described in detail the monitoring and surveillance activities of his agency. He was asked what legal authority PHS had to stop the consumption of milk if fallout reaches a degree where it would be necessary. He answered that the agency has not yet come to that point. However, Mr. Terrill said that the way it would probably be done would be through State health or agricultural departments and for interstate activities he believed the Food and Drug Administration would have to act.

Among the surveillance activities described by Mr. Terrill was the institutional diet sampling program which is designed to secure an estimate of total dietary intake of radionuclides by a limited population. It consists of the sampling of diets in 20 boarding schools or institutions located throughout the United States. In this connection it is interesting to note that a later witness, Mr. Irving Michelson of the Consumers Union of the United States, testified that total diet studies have several shortcomings. He said that the present system of handling total diet samples requires longer collecting periods and more lengthy analytical procedures, thus making them not as useful as other types of sampling for the determination of short-lived isotopes. Also for these reasons, the determinations of long-lived isotopes require at present a minimum of 3 months, so that the present system cannot be said to furnish the information quickly. A third disadvantage, according to Mr. Michelson, is that total diet studies examine only composite sample, and, therefore, they do not identify individual highly contaminated foods and so cannot guide the use of countermeasures which might involve withholding some foods from the market.

Mr. Michelson summarized the conclusions of radioactivity studies to date. He said that the studies show that the strontium 90 level in the total diet decreased by 40 percent between the fall of 1959 and the spring of 1961. Also, there are large variations in levels of fallout in the total diet among different regions of the United States. Another showing from the various studies is that the ratio between strontium 90 levels in milk and in total diet varies from place to place and from time to time; from this it is concluded that milk is not a reliable index of the strontium 90 level in total diet in any one place, but it may furnish a fairly good index for the average level for the entire country.

RPG's in question

A most interesting statement was put into the hearing record by Dr. Gordon Dunning of the Atomic Energy Commission on the subject of the application of the radiation protection guides. Dr. Dunning said that these guides were intended to apply to normal peacetime operations only, and they do not, nor were they intended to, constitute precise health standards. Dr. Dunning said that the RPG should not be likened to a precipice such as is implied when we speak of environmental levels approaching the top of range II, as though this should call for drastic countermeasures, such as taking milk away from babies or disrupting dietary habits. He said that the health hazards from such actions could outweigh any potential radiation exposures. Dr. Dunning also stated: "Finally, and most importantly, the FRC guides were developed for, and should be applied only to, normal peacetime operations. This should be clarified at once, before there is further confusion and before there may be an ill-advised action taken by some regulatory body."

Mr. PROXMIRE. Mr. President, I also ask unanimous consent that an article by William L. Laurence, the distinguished science writer of the New York Times, discussing the concern about fallout and food, be printed at this point in the RECORD. Mr. Laurence's article appeared in the Times of June 24, 1962.

I wish to draw special attention to one paragraph of Mr. Laurence's article, in which he points out that the present U.S. program for monitoring fallout is not satisfactory. He writes:

> The National Advisory Committee on Radiation * * * (appointed by the Surgeon General to advise the Public Health Service) criticized the U.S. program for monitoring fallout as inadequate, and recommended that the Public Health Service substantially increase its surveillance and control of radioactive contamination.

I was glad to note that, as Mr. Laurence reports:

> Dr. Terry (the Surgeon General) endorsed the committee's recommendation that the Public Health Service expand its radiated surveillance activities and devote more research toward developing countermeasures that might be used if radiation does reach high levels.

I ask unanimous consent that Mr. Laurence's article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FALLOUT CONCERN—POTENTIAL DAMAGE TO MAN FROM NUCLEAR TESTING IS EXAMINED

(By William L. Laurence)

The current series of nuclear tests by the United States in the Pacific has again focused attention on the potential danger of radioactive fallout. This danger was stressed last fall with the start of the Soviet test series, which alone accounted for almost 25 percent of the radiation from all nuclear testing up to that time.

Radiation is caused by fragments from split atoms. These fragments, known as fission products, descend on the soil as fallout. A number of these radioactive elements, such as strontium 90, cesium 137, carbon 14, and iodine 131, are absorbed by the plants eaten by food animals and are incorporated into the animal's flesh and milk.

These radioactive substances, if ingested by man in large enough doses may cause two kinds of damage—somatic and genetic. Somatic effects are injuries to the body as a whole, which may lead to leukemia (cancer of the white blood cells), bone cancer, and the shortening of life. Such damage is not transmitted by the individual to his offspring.

GENETIC DAMAGE

Genetic damage is inflicted by the exposure of the reproductive organs of the male or female to radiation. Such exposure, even in minute doses, is known to produce mutations, or changes, in the genes which transmit hereditary characteristics from parent to offspring. Such mutations, which are largely deleterious, may be carried from generation to generation for hundreds and thousands of years and cause a host of congenital abnormalities.

Strontium 90, which chemically resembles calcium, concentrates in bones and bone marrow, and therefore is implicated as a possible cause of bone cancer and leukemia. Iodine 131, which concentrates in the thyroid gland, may lead to cancer of that important organ. Cesium 137 and carbon 14, which may be incorporated in all tissues, are regarded as potential dangers to the genetic organs.

While these facts are universally agreed on by radiation authorities, the lack of definite knowledge about dosages has led to considerable controversy on certain points. It is universally agreed that any amount of exposure of the heredity-transmitting genes, no matter how small, will cause deleterious mutations. On the other hand, there is still considerable disagreement on the dosage required to produce somatic damage. Some hold there is a "threshold" below which no somatic damage will take place. Others hold that no such "threshold" exists, and that, furthermore, even if it did exist, no facts are available that establish the limit of this hypothetical borderline. Too, the amount of radiation man receives from his natural background is much greater than that from nuclear explosions. This radiation emanates from the soil, materials commonly used in construction and many other sources.

MIDWEST FALLOUT

A disturbing report came last week, when the Public Health Service disclosed that the amount of radiactive iodine created by fallout from U.S. tests in the Pacific is continuing at a high level in the milk in certain areas of the Midwest. In Minneapolis and Des Moines the radiation exposure to the thyroid of children has approached four-fifths of the level set in the radiation protection guide established by the Federal Radiation Council.

Both public officials and Presidential advisers emphasize that the iodine 131 level did not present an imminent danger.

Last Thursday the Public Health Service announced that preliminary reports showed substantial declines in radioactive iodine levels in milk in the first half of June. The reports covered 11 States in which iodine 131 levels in milk showed sharp decreases in May. But even the lower June levels were still relatively high in comparison with levels for March and April.

UNITED STATES CRITICIZED

At the same time, the National Advisory Committee on Radiation, composed of 14 scientific experts on radiation, criticized the U.S. program for monitoring fallout as inadequate, and recommended that the Public Health Service substantially increase its surveillance and control of radioactive contamination. The long-secret report made public this month, was presented to Surgeon General Luther L. Terry and declared that "important gaps" existed in the present surveillance network and that countermeasures to combat excessive radioactive contamination levels were "inadequately developed."

The committee urged that the health service's budget of $16 million for radiological health protection in the coming fiscal year be increased to $25 million. It also recommended that the budget grow in succeeding years until it reaches a level of $100 million in 1970. Dr. Terry endorsed the committee's recommendation that the Public Health Service expand its radiation surveillance activities and devote more research toward developing countermeasures that might be used if radiation doses reach high levels.

The only comprehensive survey of radioactive materials entering the American diet has been made in the last 3 years by the Consumers Union, with financial support from the Atomic Energy Commission and the Public Health Service. Irving Michelson, who headed the survey, in testimony this month before a subcommittee of the Joint Congressional Committee on Atomic Energy, charged that the radiation monitoring system had "serious deficiencies with respect to speed and effectiveness."

NOT AVAILABLE

As a result, he said, information about levels of radioactivity "is not available soon enough to take any protective action which may be warranted."

For example, he said, the total diet samples, which are especially useful for determining the amount of such materials as strontium 90 in food, "do not give us data until 3 or 4 months after the food has been eaten."

Mr. PROXMIRE. Mr. President, I also ask unanimous consent that an article by Nate Haseltine, science reporter for the Washington Post, entitled "Scientist Says Don't Stop, But Look and Learn as Fallout Mounts in Milk," be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SCIENTIST SAYS DON'T STOP, BUT LOOK AND LEARN AS FALLOUT MOUNTS IN MILK

(By Nate Haseltine)

Constant radioactivity surveillance and continuing research are still the Nation's best protection against radioactive fallout hazards it was declared yesterday.

The watch-and-study view on unexpected rises in radioactive iodine in milk in some sectors of United States was presented to dairy scientists in scientific sessions at the University of Maryland.

"Drastic measures to control air, water, and foods of large population groups might hold more health risks to those populations than their benefits (radiation protection)," industry scientists were told by Dr. Simon Abraham, assistant chief of the research bureau, Division of Radiological Health, Public Health Service.

Dr. Abraham said that before counter measures, such as banning fresh milk from threatened areas, are instituted by health authorities the risks must be balanced against possible benefits.

"Any disruption of dietary patterns, particularly for infants and children," he declared, "might have more serious effects to their health than the harms from radioactive iodine in their milk.

"Vigilance is still our best protection," he declared, in what might be considered the official viewpoint of the U.S. Public Health Service.

The presentation to the American Dairy Science Association was prepared by Dr. Donald R. Chadwick, chief of the PHS Division of Radiological Health, but was presented in his stead by Dr. Abraham.

Areas most involved are Minneapolis, Des Moines and St. Louis, where radioactive iodine levels in milk have been moving toward so-called maximum permissible levels, where health authorities must decide whether action is needed.

In the Chadwick report it noted that radioactive iodine is the most easily controlled type of milk contamination. Because of its short half-life (8 days) contamination is reduced to a small fraction of its original value within 35 days.

This is considerably longer than fresh milk can be safely stored, but such contaminated milk could be processed into dry milk. Ordinarily there is a 2-month interval between processing of dry milk and distribution to the consumers.

REFUND TO THE STATES UNEXPENDED BALANCES OF TAXES COLLECTED UNDER THE TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION ACT OF 1961

Mr. BENNETT. Mr. President, I introduce, for appropriate reference, a bill to refund to the States unexpended balances of taxes collected under the temporary extended Unemployment Compensation Act of 1961.

The administration is proposing in H.R. 7640 to provide a permanent program for a 50-percent extension, at Federal expense, of the time of coverage for most unemployed claimants, and in periods of recession for all claimants. Since this bill is apparently dead, the administration is asking Congress instead to extend the 1961 law for 12 months and to pay for that extension by using the $184 million surplus, and also to levy an additional tax of 0.1 percent on wages paid in 1964. It is estimated that about 1.5 million State exhaustees would get some Federal benefits under this plan.

At the present time there is no sound basis for an extension. The TEC program was enacted to meet the needs of workers suffering unemployment because of the 1960 to 1961 recession. According to statements made by the administration itself, employment in general is improving. And the insured unemployment ratio in particular is showing marked improvement. According to reports of the Department of Labor, the insured unemployment ratio has dropped from 6 percent, a point it reached early in 1961, to less than 4 percent today, and is continuing each month to decline. The latest available figure—for May—shows 3.8 percent of covered workers unemployed.

A far more equitable way to handle the surplus created under the temporary program would be to allocate this money back to the States in proportion to the amount each State contributed to that surplus. The bill I am introducing would accomplish this. Thus the States would receive not only their share of the $184 million surplus, but would be spared a one-tenth of 1 percent tax on the 1964 payrolls. In the case of my own State of Utah, this would mean an expected refund of $1.9 million and a tax saving of $500,000, for a total of $2.4 million.

I ask unanimous consent to insert in the RECORD a table which presents estimates of the refunds each State might expect to receive if the temporary program is not extended and my bill is passed. This table also shows the added cost if the program is extended.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Cost of TEC extension

REFUNDS STATES MIGHT RECEIVE IF TEC IS NOT EXTENDED, AND ADDED COST IF TEC IS EXTENDED

State	Expected refund (1)	Tax at 0.1 percent (2)	Total (3)
Total	$184.0	$125.0	$309.0
Alabama	1.6	1.5	3.1
Alaska	.2	.2	.4
Arizona	2.8	.7	3.5
Arkansas	1.7	.7	2.4
California	3.4	13.1	16.5
Colorado	4.4	1.0	5.4
Connecticut	1.0	2.3	3.3
Delaware	.9	.4	1.3
District of Columbia	3.1	.7	3.8
Florida	8.0	3.1	11.1
Georgia	3.1	2.1	5.2
Hawaii	1.4	.4	1.8
Idaho	.8	.3	1.1
Illinois	13.1	8.6	21.7
Indiana	6.2	3.5	9.7
Iowa	5.9	1.4	7.3
Kansas	3.6	1.1	4.7
Kentucky	0	1.3	1.3
Louisiana	1.5	1.6	3.1
Maine	2.5	.6	3.1
Maryland	2.4	2.0	4.4
Massachusetts	4.6	4.3	8.9
Michigan	0	5.8	5.8
Minnesota	6.0	2.0	8.0
Mississippi	1.4	.7	2.1
Missouri	9.6	3.0	12.6
Montana	.7	.3	1.0
Nebraska	3.1	.7	3.8
Nevada	.5	.3	.8
New Hampshire	1.9	.4	2.3
New Jersey	.6	5.0	5.6
New Mexico	1.7	.5	2.2
New York	19.4	15.6	35.0
North Carolina	7.9	2.5	10.4
North Dakota	.8	.2	1.0
Ohio	0	7.8	7.8
Oklahoma	3.1	1.1	4.2
Oregon	2.3	1.2	3.5
Pennsylvania	0	8.8	8.8
Puerto Rico	.1	.4	.5
Rhode Island	.7	.7	1.4
South Carolina	3.1	1.1	4.2
South Dakota	1.1	.2	1.3
Tennessee	1.5	1.9	3.4
Texas	20.8	5.3	26.1
Utah	1.9	.5	2.4
Vermont	.6	.2	.8
Virginia	8.8	2.0	10.8
Washington	4.9	1.9	6.8
West Virginia	1.1	1.1	2.2
Wisconsin	7.5	2.7	10.2
Wyoming	.6	.2	.8

Col. (1) is derived from Department of Labor estimates of the expected surplus or deficit based on TEC experience through December 1961 giving each State its proportionate share of the surplus.

Col. (2) is an estimate of added taxes which would be paid if the administration proposal to extend TEC were enacted.

Col. (3) is the sum of cols. (1) and (2), and represents the total cost to each State of extending TEC.

Mr. BENNETT. Mr. President, the real issue at hand is whether we want to continue the traditional pattern of State control of our unemployment insurance programs. If we continue the pattern set up in the TEC program of last year, Federal bureaucracy would eventually disrupt the State programs and would divert unemployment taxes imposed within each State to various other States and would correspondingly reduce State control over these programs. I think we should cut off this Federal grab for power here and now.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3473) relating to the refund to the States of any unexpended balance of taxes collected under the Temporary Extended Unemployment Compensation Act of 1961, introduced by Mr. BENNETT, was received, read twice by its title, and referred to the Committee on Finance.

LUMP-SUM READJUSTMENT PAYMENTS FOR MEMBERS OF RESERVE COMPONENTS INVOLUNTARILY RELEASED FROM ACTIVE DUTY—AMENDMENT

Mr. CLARK. Mr. President, I submit an amendment to H.R. 8773, an act to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the Reserve components who are involuntarily released from active duty, and for other purposes.

My amendment is a simple one, Mr. President. All it does is make June 30, 1962, the effective date of H.R. 8773 rather than the date of enactment. Its purpose is to make the provisions apply to several hundred reservists who are being involuntarily released from active duty on June 30 and who otherwise will not receive the benefits this bill intends they should have.

This bill was passed by the House in the first session of this Congress and has been on the Senate Calendar since September 20, 1961. It has not been considered until this time, I understand, because there was a possibility that other provisions relating to retirement of military personnel might be added to it. I further understand that possibility no longer holds and the bill is cleared for action. The bill is noncontroversial so far as I know and all it does is to grant military reservists who are involuntarily released the same readjustment allowance granted Regulars who are involuntarily separated. The bill will surely be approved by the Senate, but there just is not time to arrange the necessary conference and clear the bill for the President in time to cover several hundred reservists who are being involuntarily separated on June 30. I am certain the Congress and the administration have no wish to cause these reservists to lose an allowance they would receive if it had been possible under the press of current legislative business to clear this bill sooner and make it law.

I ask that my amendment may be printed.

The VICE PRESIDENT. Without objection, the amendment will be received, printed, and lie on the table.

AMENDMENT OF SECTION 302 OF CAREER COMPENSATION ACT—AMENDMENT

Mrs. SMITH of Maine submitted an amendment, intended to be proposed by her, to the bill (H.R. 11221) to amend section 302 of the Career Compensation Act of 1949, as amended (37 U.S.C. 252), to increase the basic allowance for quarters of members of the uniformed services and to make permanent the Dependents Assistance Act of 1950, as amended (50 App. U.S.C. 2201 et seq.), and for other purposes, which was ordered to lie on the table and to be printed.

EXTENSION OF EXISTING CORPORATE AND EXCISE TAX RATES—AMENDMENT

Mr. ERVIN submitted an amendment, intended to be proposed by him, to the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT OF TITLE 3 OF THE SUGAR ACT OF 1948—ADDITIONAL COSPONSORS OF BILL

Under authority of the orders of the Senate of June 21 and 22, 1962, the names of Senators NEUBERGER, YOUNG of Ohio, GRUENING, FONG, HUMPHREY, BARTLETT, LONG of Hawaii, ENGLE, HICKEY, BURDICK, and WILLIAMS of New Jersey were added as additional cosponsors of the bill (S. 3457) to amend title 3 of the Sugar Act of 1948 to provide for the establishment of fair and reasonable minimum wage rates for workers employed on sugar farms, and for other purposes, introduced by Mr. MCCARTHY on June 21, 1962.

NOTICE OF RESUMPTION OF HEARING ON NOMINATION OF THURGOOD MARSHALL, OF NEW YORK, TO BE U.S. CIRCUIT JUDGE, SECOND CIRCUIT

Mr. JOHNSTON. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that public hearing will be resumed on Thursday, July 12, 1962, at 10:30 a.m., in room 2228, New Senate Office Building, on the nomination of Thurgood Marshall, of New York, to be U.S. circuit judge, second circuit.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 1834. An act to further amend the act of August 7, 1946 (60 Stat. 896), as amended, by providing for an increase in the authorization funds to be granted for the construction of hospital facilities in the District of Columbia; by extending the time in which grants may be made; and for other purposes;

S. 3063. An act to incorporate the Metropolitan Police Relief Association of the District of Columbia;

S. 3291. An act to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase U.S. obligations directly from the Treasury; and

S. 3350. An act to amend the act of August 7, 1946, relating to the District of Columbia Hospital Center to extend the time during which appropriations may be made for the purposes of that act.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 11131) to authorize certain construction at military installations, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Vinson, Mr. Rivers of South Carolina, Mr. Philbin, Mr. Hébert, Mr. Winstead, Mr. Arends, Mr. Gavin, Mr. Norblad, and Mr. Van Zandt were appointed managers on the part of the House at the conference.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. WILEY:

Excerpts from address prepared for delivery by himself over Wisconsin radio stations on June 23, 1962, dealing with the school-lunch program.

Excerpts from address prepared for delivery by himself at the American Legion picnic at Little Chute, Wis., on June 24, 1962, dealing with the major challenges confronting the Nation.

THE DEATH OF FRANCIS CASE

Mr. SYMINGTON. Mr. President, 16 years ago as Assistant Secretary of War I started presenting defense budgets to the Military Appropriations Subcommittee of the House Appropriations Committee.

At that time it was my privilege to come to know the late junior Senator from South Dakota, who in 1950 joined this body.

Over the years our friendship ripened. It could not have done otherwise because, with his sterling character, his passion for the truth, and his rugged endurance in debates on those issues when he felt principle was involved, Francis Case was a true friend, warmhearted and kind even in disagreement, to the point that it could not have been possible but to develop great affection for him, along with deep respect.

This country mourns a great American patriot. Mrs. Symington and I send his gracious wife and daughter deepest sympathy. Their loss is also a loss to all those who believe in the heritage and traditions of the United States.

SECRECY IN STOCKPILE LOSSES

Mr. SYMINGTON. Mr. President, in the New York Times of Sunday, June 24, Joseph A. Loftus wrote an article entitled "Secrecy Blamed in Stockpile Losses."

This news story puts one of the two major objectives of the present investigation in at least as clear perspective as any article written on the subject.

The last paragraph notes that if this Government business had been conducted in the open, public and political forces would have been able to insist on a change of course.

That is only too true.

I ask unanimous consent that the Loftus article be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Secrecy Blamed in Stockpile Losses

(By Joseph A. Loftus)

Washington, June 23.—Secrecy in Government stockpile purchasing has cost the taxpayers hundreds of millions of dollars, the Senate's chief investigator of that program said today.

Senator Stuart Symington, Democrat, of Missouri, drew the conclusion from this week's hearings on the Government's program for lead and zinc.

"The scope of the problem would be nothing like this if the information had been declassified," the chairman of the Armed Services Subcommittee on Stockpiling said.

By the scope of the problem he meant the "actual and potential losses" shown in the lead and zinc stockpiling. The losses, because of great stocks and fallen prices, exceed $200,000,000.

Both metals are vastly overstocked, measured by the objectives set in 1958. The big lead- and zinc-buying program took place in the 4 years preceding 1958. Stockpile objectives for all materials were higher then, but special criteria were devised to justify buying of lead and zinc and the public was not told about them.

President Kennedy several months ago ordered the secret and confidential classifications removed from most stockpile files and the information is now coming out in the Symington hearings.

INFORMATION CURBED

When the Eisenhower administration embarked on new long-term stockpiling for metals in 1954, a limited amount of information was given to the public. The decision to withhold data on actual supplies, requirements, and inventory objectives for critical metals raised no significant protest at the time, presumably because many persons accepted the need for secrecy where military planning was concerned.

The withholding of information went beyond that. News releases issued by the Eisenhower administration spoke of the need to broaden the mobilization base, reactivate mining capacity, and aid depressed metals industries.

Nothing was said, however, of the extraordinary objectives for lead and zinc, that higher price targets had been set for these metals by a former industry executive who had joined the administration, that these targets later were elevated, and that a few big lead and zinc companies would get all the Government business.

For example, a secret memorandum addressed to Arthur S. Flemming, Director of the Office of Defense Mobilization, dated June 24, 1954, and signed by E. H. Weaver, Assistant Director for Materials in agency, said:

"The proposed purchase would not help to alleviate the situation of most of the small domestic mines that are closed down at the present time, for many of these properties are in the hands of small firms that have gone bankrupt."

WARNING ON CRITICISM

"Political critics of the proposed purchase might charge that businessmen in the Government 'bailed out' big business firms since it is the large firms, currently operating at a profit and paying dividends, that would receive the most immediate and substantial benefits. These large firms, of course, constitute the bulk of our domestic mobilization base."

The administration proceeded with the program and these large companies received the benefits. St. Joseph Lead Co. received 43 percent of the Government's lead business in those 4 years, plus a share of the zinc business. The Government paid to St. Joseph Lead $53,980,000. Only 3 other companies shared in the lead business and only 11 others in the zinc business.

In the early part of this period, when the program was getting underway, the suggestions on price targets and stockpile objectives were being made by Felix E. Wormser, who had left St. Joseph Lead to become Assistant Secretary of the Interior for Mineral Resources. He later returned to his company post. He testified this week that when he left the company in 1953 he had sold his stock and had had no intention of returning. The committee dropped the matter.

SOME OFFICIALS DISTURBED

Some officials in the Eisenhower administration were privately disturbed about the minerals program. Joseph M. Dodge, then Director of the Budget, said in a letter to Mr. Flemming on April 14, 1954, that "press interpretations of the new stockpile policy are giving us concern."

Mr. Dodge urged use of the barter program—trading surplus crops to foreign countries for their lead and zinc and thereby holding down expenditures, and declared:

"To do otherwise could lead to the creation of a stockpile of materials which would be comparable to the situation confronting us in the field of agriculture.

"Already the public interpretation of this program tends toward that of a new policy of 'price supports' for the mining industry and away from that of defense requirements'."

The administration had trouble giving help to the domestic lead and zinc industries when it found that the "long-term" objectives for metals generally were inadequate for this goal.

In the "secret" letter, Mr. Weaver told Mr. Flemming that "it will be very difficult, under present assumptions, to develop estimates of long-term objectives for these two materials that will be larger than present minimum objectives, since most of the U.S. supplies come from the United States of America, Canada, and Mexico—all of which are accessible countries under the 'long-term' stockpile concept."

In other words, since it was not necessary to cross an ocean to get lead and zinc, these commodities had a low critical rating and therefore stockpile needs had already been met.

Officials then devised a new stockpile concept for lead and zinc—the equivalent of 1 normal year's U.S. consumption. A witness this week, William N. Lawrence of the Office of Emergency Planning, said this concept bore no relationship to the mobilization base.

Even this addition to the guidelines for buying lead and zinc proved unsatisfactory to whoever was pushing for more and more buying. And so the "normal year's use" was given several different interpretations to provide a paper justification for more buying.

CABINET DISAGREEMENT

None of this was made public. Nor was it disclosed that Secretary of State John Foster Dulles and Secretary of the Treasury George M. Humphrey were drawn into a peripheral disagreement. Foreign lead and zinc, attracted by the higher price generated by the Government's noncompetitive buying, took advantage of the artificial market.

To curb the imports, the Tariff Commission recommended use of the "escape" clause in the Reciprocal Trade Act. This would have permitted President Eisenhower to raise the distress flag and levy a tariff of 1½ cents a pound on imports.

Secretary Humphrey argued for this. Secretary Dulles argued that grave international repercussions would follow. Mr. Dulles persuaded the President to reject the Tariff Commission's recommendations; President Eisenhower's decision was, of course, made public. The imports continued and, in a measure, diluted the effect of the program to support the domestic industry.

Senator Symington's point is that if Government business had been conducted in the open, public and political forces would have been able to insist on a change of course.

THE GROWING PROBLEM OF THE RELATIONSHIP OF THE UNITED STATES WITH THE PRESENT LEADERS OF INDIA

Mr. SYMINGTON. Mr. President, as my colleagues know, after an extensive visit last fall to the Middle East and south Asia, I became skeptical about some of the characteristics of the relationship between this country and India.

In this connection, I ask unanimous consent that an editorial from this morning's New York Times, entitled "Mr. Nehru's Double Standard," be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Mr. Nehru's Double Standard

By rejecting the latest United Nations effort to promote a settlement of the Kashmir dispute, India has passed up another opportunity to heal what has become a bleeding sore in her relations with Pakistan.

The Security Council resolution that India found objectionable could scarcely have been more mild. Introduced by Ireland and supported—as it deserved to be—by the United States, it simply reminded both India and Pakistan of past Security Council resolutions calling for a plebiscite in Kashmir—a proposal accepted at the time by India—and asked for talks between the two countries. But India does not want to be reminded of her past commitments to a plebiscite. She is only willing to have talks on a basis that rejects a plebiscite and, in effect, asks Pakistan to accept the status quo. So a Soviet veto in India's behalf has killed the resolution.

U.S. support of the resolution has caused Prime Minister Nehru to complain vehemently and to question American good will toward India. The fundamental good will in this country toward India is probably no less widespread now than before. But, clearly, there has been disapproval and disappointment at some of the actions India has taken recently, notably her resort to aggression in Goa and her refusal to reach a Kashmir settlement. In both these cases India has damaged her image in this country and at the same time weakened the peacekeeping and dispute-settling capacity of the United Nations.

India would do well to look to the example of an Asian neighbor, Thailand, whose Government, despite a feeling of bitterness and injustice, has acted like a good world citizen in accepting an adverse World Court decision in a territorial dispute with Cambodia. The Court awarded to Cambodia an enclave on the Thai-Cambodian border that Thailand has regarded as hers for half a century and has occupied for the last 8 years.

India has long pronounced moral judgments on the rest of the world. She is not justified now in resenting judgments of herself on the basis of standards she has long used to judge others. Good will, after all, is a two-way street.

Mr. SYMINGTON. Mr. President, I also ask unanimous consent to have printed in the Record an editorial published in the New York Tribune entitled "India Hides Behind Russia's Veto."

There being no objection, the editorial was ordered to be printed in the Record, as follows:

India Hides Behind Russia's Veto

India, which justly complains of Communist China's inroads into its territory, unjustly refuses an equitable settlement of Pakistan's protests against its seizure of two-thirds of Kashmir. Prime Minister Nehru and his troubleshooting emissary, Krishna Menon, are great sticklers for legality—when it suits their purposes.

Holding the greater part of Kashmir by might rather than by right, India has now become a party to a legalistic maneuver to thwart the wishes of the majority of U.N. members and to continue its defiance of two previous resolutions by the Security Council. These directed both parties to resolve the dispute by permitting the Kashmiris to choose between them. Self-determination, as expressed by a plebiscite, is approved by India for others, but not for itself.

The maneuver was to rely on the Soviet Union to cast its veto, if necessary, to kill a new Security Council resolution renewing the call for a solution by plebiscite. Seven of the eleven members of the Council supported the resolution, advanced by Ireland.

The veto became necessary and Russia, which shares the view that justice and principle should not interfere with one's possessions, however acquired, did not hesitate to cast it, motivated by its aim to play power politics with India against Communist China on the one hand and the United States on the other. India now enjoys the unenviable distinction of having inspired Russia to raise the number of its obstructionist vetoes to the century mark.

Krishna Menon may deceive himself and Mr. Nehru into believing they again have scored a victory at the United Nations. But the Kashmir issue, though killed for the time being in the U.N. is hardly over. Pakistan is toying with the idea of flirting with Communst China to offset India's flirtation with Russia. And Communist China, as India has learned to its sorrow, does not feel bound by the U.N. or by respect for anyone else's frontiers.

PRESIDENT EISENHOWER SHOULD TELL THE NATION WHERE TO REDUCE DEFENSE SPENDING

Mr. SYMINGTON. Mr. President, in an address last Friday evening, former President Eisenhower is reported to have said:

> Here I must record my personal belief that substantial amounts in our current defense budget reflect unjustified fears, plus a reluctance in some quarters to relinquish outmoded concepts.

The former President is then reported to have said:

> Accordingly, I personally believe—with I am very sure very little company in either party—that the defense budget should be substantially reduced.

It would appear very important to me that the former President should tell us, promptly, where he believes these reductions in the military budget can be made.

As to "unjustified fears," perhaps he could also furnish details about that.

The former President knows of the problems incident to the Formosa Straits, the Korean truce, the Lao and South Vietnamese tensions. Of all people also he knows of the tensions incident to the problems of West Berlin, and the relationship of those problems to West Germany and the North Atlantic Treaty Organization.

It is logical, therefore, for us to ask for the prompt benefit of his thoughts in these matters—and we will be looking forward to hearing from him.

FHA BACKS OBJECTIVE OF GRUENING BILL TO GIVE MEANING TO WORDS "FHA-INSURED"

Mr. GRUENING. Mr. President, I ask unanimous consent to have printed in the Congressional Record a story by William Stief in today's Washington News entitled "Hardy Backs New FHA Policy" commenting on the favorable response to the objective sought in the bill (S. 3460) I introduced last Thursday to make meaningful the term "'FHA Insured." Mr. Neal Hardy, the Federal Housing Commissioner, is to be congratulated upon his prompt response to the suggestions contained in my bill, which is now at the desk awaiting additional cosponsors. It will remain at the desk until the close of business Friday.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington, D.C., Daily News, June 25, 1962]

Hardy Backs New FHA Policy

(By William Stief)

Federal Housing Commissioner Neal J. Hardy today indorsed a proposed FHA policy change calling for the Government to accept some responsibility when buyers of FHA-insured homes are stuck with shoddy construction.

The proposed change results from 80 Alaska families' complaints that they were bilked in buying FHA-insured homes.

Until now FHA has insured only the mortgages of homes, staying out of insuring the homes and officially letting home buyers and sellers fight it out if the buyers don't think the homes come up to specifications.

REQUEST

Because of this year's experience outside Anchorage, Alaska, Mr. Hardy wants FHA authorization to:

Force contractors to bring homes up to adequate standards.

Use FHA money to bring homes up to standard if the contractors fail to live up to their agreements.

Mr. Hardy indorsed "the large idea" of a bill introduced to these ends by Senator Ernest Gruening, Democrat of Alaska. The FHA boss disagreed on some details of Senator Gruening's bill, introduced Thursday, and said he is "studying its administrative feasibility." But he admitted original FHA error in insuring the $24,000 to $26,000 prefab homes, produced at Carlisle, Ind.

Senator Gruening first started to hear from constituents at Eagle River, Alaska, just outside Anchorage and near two big Air Force bases, last winter.

SUBSTANCE

The substance of their complaints was that in Alaska's 30-below-zero weather their homes:

Lost heat through the roofs.

Ice formed on living room and bedroom walls.

Cabinets, floors, and walls were cracked and warped badly.

The contractor, Modern Homes, Inc., a subsidiary of Centex Construction Co., owned by Clint and John Murchison, was not making good on its 1-year warranty.

FHA said it sent an investigation team to Alaska and confirmed Senator GRUENING's information. A report now is being made to Robert Weaver, chief of the Housing and Home Finance Agency. On the basis of the report, Mr. Weaver either will support Senator GRUENING's bill with slight amendments or draft a separate bill embodying ideas in Senator GRUENING's bill.

FOR A BETTER COMMUNICATIONS SATELLITE SYSTEM BILL

Mr. GRUENING. Mr. President, in connection with the current debate on the communications satellite system, those of us who have urged substantial modification of the pending bill and strongly believe that before action is taken it should be thoroughly reconsidered, amended, or replaced by a substitute bill, and in any event recommitted to the Foreign Relations Committee, are gratified by the public response to our position.

I ask unanimous consent that two sample letters I have received approving this stand be printed at this point in my remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

LOS ANGELES, CALIF.,
June 19, 1962.

Hon. ERNEST GRUENING,
Senate Office Building,
Washington, D.C.

DEAR SENATOR GRUENING: As an average American citizen, I wish to express to you my thanks for your having been one of the seven Senators who are presenting a substitute Senate bill to establish a publicly owned Communications Satellite Authority, thus saving to the American people as a whole their $25 billion investment in space research instead of turning over that investment to a commercial communications satellite system to be owned and managed by a private corporation and operated for private profit as was done blindly by the House of Representatives a few days ago by a vote of 354 to 9. Such disregard of the interests and rights of the average American citizen is incredible. I am asking California's two Senators to support your bill in every way they can.

Sincerely yours,

E. J. SPENCER.

LONG ISLAND CITY, N.Y.,
June 22, 1962.

DEAR SENATOR GRUENING: Thank you for pressing the fight against the giveway of billions of taxpayer money to A.T. & T. The vote in the House on the satellite communications bill indicates the Members never gave it a second thought. I hope that you and the few who now stand with you will be able to make the Senate see what is afoot.

This certainly is the biggest attempted steal in history.

I have followed your career since at least your days on The Nation, and I know you will find the will and the energy to emulate the great Senator George W. Norris in his long struggle for the TVA. If you can finally show the people what is at stake, the battle is won.

With renewed assurances of my highest personal consideration, I am, sir,

Yours truly,

EMMETT SWISSHELM.

FOR THE RELIEF OF ALASKA HOMESTEADERS FROM BUREAUCRATIC BUNGLING

Mr. GRUENING. Mr. President, in 1959, I introduced a bill, S. 1670, to provide relief for certain homesteaders in Alaska. Their difficulties arose when the classification of their homesteads was arbitrarily changed from land not potentially valuable for gas and oil.

This change in classification was made by the U.S. Geological Survey.

It was made stealthily.

No one was given notice of the proposed change.

The homesteaders who were to be affected by it—drastically affected, I might say—were given no warning that such a move was to be made. Actually, they were not told about it until months later.

The Bureau of Land Management was not informed of this change. A copy of this change in homestead land classification was not even sent to Alaska. It was kept here in Washington labeled: "Not for Public Inspection."

The curious part of this change, Mr. President, was that the U.S. Geological Survey, when it made the change, based its action on information that had been available to it for years and years.

The Geological Survey decided that thenceforth all sedimentary lands in the United States should be classified as potentially valuable for gas and oil.

Had any new facts been brought to light concerning sedimentary lands? Had any new scientific discovery been made which caused the Geological Survey to change its opinion and come to the conclusion that the same lands which on the same facts it had considered not valuable for gas and oil the day before, had suddenly become potentially valuable for this purpose?

There had been no change in facts. The Geological Survey simply changed its mind. But that change caused many homesteaders in Alaska many a heartbreak.

The vast majority of these homesteaders were veterans.

During World War II, in anticipation of the entry into the United States of war refugees, the Department of the Interior had withdrawn certain lands in Alaska which the Department of Agriculture, after careful study, had determined were suitable for agriculture. However that project of opening these lands to refugees was abandoned and it was decided instead to open these lands to veterans for homesteading.

Homesteading in Alaska is not the same pursuit it was in the Great Plains States in the western homesteading days beginning a century ago. Homesteading in Alaska is much more difficult since the land must first be cleared of dense covering of trees. At the time the land on the Kenai Peninsula was opened to homesteaders heavy equipment was almost completely unavailable in the then Territory. Clearing the land of trees was a slow, backbreaking task.

In addition, the veterans who took up homesteading on the Kenai Peninsula had to brave the cold and snow of the long winters.

Some idea of the hardships encountered can be gathered from the account given to a Senate subcommittee during the course of hearings I conducted in Anchorage late in 1959. This is one homesteader's experience. I ask unanimous consent that excerpts from the testimony by Mr. William Gibbs before a subcommittee of the Committee on Interior and Insular Affairs be printed in the CONGRESSIONAL RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

I am William E. Gibbs, a homesteader and resident of the Kenai Peninsula, Alaska.

I entered the U.S. Navy Reserve in 1942 from California. I spent over 3 years in the Pacific theater of war in the Seabees. My outfit was attached to the 3d Amphibious Marines. I worked with a sapper and demolition crew and have experienced combat. I was honorably discharged in November of 1945 in California.

At this time I returned to work for Macco Corp. as a general construction foreman. In 1950 I went with Los Angeles County as an engineering inspector. I was still with them at the time I left California to come to Alaska.

My grandfathers and my father were homesteaders and farmers in New Mexico, Texas, and Arizona Territory. I have two brothers who are successful farmers in the San Joaquin Valley in California, and believe me, they kept me busy when I was younger. So I am not without knowledge of what is involved in farming and homesteading.

Because of time limitations of this hearing, it would not be possible for all homesteaders to appear. I am here to represent others with similar situations by presenting my case and some of the problems involved in the process of proving up on a homestead.

After gathering information for 2 years on homesteading in Alaska from the Department of Interior, the Anchorage BLM, the University of Alaska, and various soil conservation agencies, we decided to come to Alaska and homestead under my veteran's rights of World War II. The Anchorage BLM sent me information to the effect that there had been a land closure on the Kenai Peninsula for study and classification, and that there was very little land open along the then existing roads, but there was still land back away from the highway open and that it was class 2, which was the best classification one could get in Alaska. They assured me that I could still homestead under veteran's rights programs, which consisted of building a habitable residence and living on the land 7 months to prove up. Meeting these requirements, I would receive full title to my homestead.

My wife and I, having four children, the oldest being 10 years old, decided to buy a house trailer and bring it with us in order to be able to care for the children properly. We paid $4,500 for the trailer. We bought a 1-ton, heavy-duty Ford truck, the minimum allowed by Canada to pull our type trailer through Canada over the highway. Rebuilt, the truck cost $1,550. To bring my family, the truck and trailer and a station wagon to Kenai cost $783.

On this trip and while in Fairbanks, we went through the experimental farm at the university. I was especially interested in the hay and grains. The professor in charge of this section took us through their fields, explaining varieties and their hardiness to the Alaskan climate. In the course of our conversation, I told him why I was in Alaska and asked for his opinion on what would be the best area in which to settle. He told me that he felt the area between the Kenai and the Kasilof Rivers and the Sterling

Highway and the beach was the best potential farmland in Alaska, that it held the largest concentrated area of class 2 land on the peninsula. Also, the mildest climate and a very good potential for future hydroelectric power.

We came to Anchorage and on down the peninsula where we went into the different areas. From firsthand observation and from talking to people who had homesteaded in the area, I came to the conclusion that the professor knew what he was talking about. We went back to Anchorage, to the BLM, and tried to file on the land and were told that it was withdrawn from all entry and could not be filed on. At this time they showed us on the maps some land in the Moose River area and the Clam Gulch area that was open to entry. They also told us that they expected the area we were interested in to be opened in the near future. After checking the other areas again, and deciding they did not suit my purposes for farming, and having thus far invested a total of $6,655 on the homestead venture, we decided to settle at Soldotna, and wait out the land opening. This was in the summer of 1953.

After intensive soil studies made by the Soil Conservation Service, Public Land Order 1212 opened to homestead entry the area south of the Kenai River in which I was interested. The land opening was September 9, 1955, for group settlement, veteran 90-day preference. Approximately 9,000 selective units, was set up by the BLM as shown on this map. [Not printed in RECORD.]

Now, I want to point out that there were no roads in this area. As you can see here, the Sterling Highway comes through here, and this is the Y, the junction that goes into Kenai and around to the harbor. Now, this area is inaccessible. They set it up in an inaccessible area without roads. Now, the people in the area had a petition up, they started in 1948 trying to get a road in this area and, of course, we were in notice later and pushed it, and finally in the spring of 1959 we have a road which is in there this year. They started in 1959, and it is complete, goes down here and around and on down the beach here.

I filed October 12, 1955, entry allowed. In other words, the drawing was October 17, 1955, and the entry was allowed October 18, 1955.

My final proof was submitted by mail the 27th day of July 1957, arrived in the Anchorage Land Office and was stamped July 31, 1957.

I chartered a plane and flew over the area, then hired a boat and my wife and I went down the Kenai River to walk over the area in order to choose the plot I wished to file upon. I decided on unit 49, which was high, relatively level land with considerable timber. The drawing was October 17, 1955, and my notice of allowance is dated October 18, 1955, Anchorage serial No. 051363.

Because of the heavy snow of 1955 and 1956 and the children being in school in Kenai, we requested and received an extension of time to move on the land.

In April of 1956, Morris Coursen walked a D7 "cat" 7 miles in from the Sterling Highway, making a trail to Grant Phillips' homestead, which is 2 miles west of my homestead. Phillips moved his family in at the same time and had Morris clear his land. Incidentally, this was the only "cat" available in the area.

Now, in the course of moving this family in there, this was in the spring shortly before breakup, because actually that is the best time to clear the land in order to save the topsoil. In going into that area there, LeCocq Creek, which has to be crossed, and the only way you could get across that was take a "cat," shove timber, and dirt, and stuff in there until you could build it up enough to walk, say, a "six by," or an all-wheel drive vehicle through, and have the "cat" stand by to pull it in case it got stuck. And the morning that we moved Grant Phillips and them in, they were just a little bit late getting down there and the breakup had already started and it was washing out. We had to cross over, Morris and Grant did, and go down and bring the "cat" back about 3½ miles and rebuild it again in order to get across. So after they got across, why, that killed that part of it until later. There was no means of getting in and out except a walk or come in and out by boat.

My family and I took our house trailer over the "cat" trail to the homestead and established residence August 2, 1956. But due to the condition of the "cat" trail to the homestead, we built a boat to use for transportation and to haul supplies. I don't know whether any of you have built a boat or not, but there is quite a bit of work in it, quite a bit of money involved.

My wife taught three of the children the Calvert Course, furnished by the Territory, since the children could not possibly go to school in Kenai. When I was at King Salmon working, my wife would ski to Soldotna once a week for mail and supplies. The family had completed out 7 months residence by March 3, 1957.

Now, in order to ski out to get to the post office to pick up these supplies at that particular time, my wife had to climb down a bank about 75 feet high onto the river and ski down the river about a mile and a half on the ice, and come out at Big Eddy and go a quarter of a mile out to the road and then ski down the road about another mile and a half to Soldotna to get to the post office, and then back in the same way. So I give her full credit for what she has done.

As soon as I could get on the land in June 1957, I cultivated my cleared fields by using a D7 "cat" and a big disk. I went over the fields three times and had the land in good condition for seeding. At that time, too, in order to get a "cat" in there, I took a D7 back there and I dropped it to the belly in frozen pockets four times. It took me quite a while to get them out. And as you can see here, we have pictures showing the land in the raw process shortly after the clearing and then how it is when you go over it.

Now, I spent a month on this with equipment. That is on just that part of it, just that phase of it. And it shows the steps as you go through, how the land looks to start with and then as you break it and then the clearing and then seeded and then with the grain up.

Contrary to other areas, the soil on my homestead is at least 3 feet deep, but it is the top 6 inches that is fertile. And Gene Smith pointed out, you have to be very careful in order to preserve that part of it, which makes it a harder job to prove up. I had completed all requirements by July 4, 1957.

Mr. GRUENING. That, Mr. President, should give some idea of the hardships of homesteading in Alaska.

However, after an investment of thousands of dollars and hardship in clearing the land, erecting a residence, and cultivating and seeding the land, these pioneer homesteaders woke up one morning to find that their lands had been reclassified and if they wanted a patent on the lands they would be required to waive their mineral rights.

Many of the homesteaders were understandably confused.

First, they were told by the Bureau of Land Management that because of the change in classification of their lands by the Geological Survey they had no oil and gas rights.

In almost the same breath they were told by the Bureau of Land Management that if they wanted their patents they would have to waive oil and gas rights which the Bureau of Land Management had told them they did not have in the first place.

The same situation was also taking place in the Matanuska Valley where another group of brave homesteaders were industriously clearing their land and trying to carve a niche for themselves and their families on the last frontier.

I have previously recounted on this floor my efforts to save the mineral rights of these homesteaders in the face of tremendous opposition.

These homesteaders were not seeking oil and gas rights. They had come to settle and make Alaska their home. But at the same time they did not want a Federal agency 5,000 miles away taking away something that belonged to them.

In the closing days of the 86th Congress, my bill was passed in greatly curtailed form giving some of the homesteaders on the Kenai Peninsula their oil and gas rights.

However, my investigations of how these homesteaders were treated convinced me that a drastic revision was needed in the procedures of the Buerau of Land Management and of the Geological Survey to safeguard the men and women affected by the actions of those Bureaus from arbitrary and capricious action.

The small sheepherder denied a grazing permit in Montana or Oregon or Idaho just cannot afford to come to Washington, hire a lawyer and carry his case up to the Secretary of the Interior. As a matter of fact his traveling to Washington might not do any good. He is not given a right—either by law or regulations—to a hearing before the Secretary or anything in that Department. He cannot plead his own case. He cannot cross-examine to bring out all the facts.

Earlier in this session, therefore, I introduced a bill, S. 3107, cosponsored by Senators CHAVEZ, MORSE, DWORSHAK, BENNETT, CANNON, MCGEE, LONG of Hawaii, NEUBERGER, MOSS, BARTLETT, HICKEY, BIBLE, and CHURCH.

This is really a simple bill.

It would establish in the Department of the Interior a Board of Public Land Appeals affording appellants from decisions of the Bureau of Land Management or the Geological Survey an opportunity for a fair hearing before an impartial hearing examiner selected by the Board. Or even a hearing before the Board itself. The hearing would be held in locations convenient to the appellant and close to where the land in question was located.

I have sent copies of my bill to many persons throughout the country versed in public land matters and have asked them for their suggestions.

I am pleased that the responses I have received have been universally favorable to the approach taken. Some modifications in procedure have been suggested by some.

I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a letter of inquiry by me to the Secretary of the Interior, and a copy of a letter sent by me to individuals throughout the country asking for comments on S. 3107, and excerpts from comments received.

There being no objection, the letters and excerpts were ordered to be printed in the RECORD, as follows:

DEAR ——— ———: I am enclosing a copy of S. 3107 which I introduced to establish in the Office of the Secretary of the Department of the Interior a Board of Public Lands Appeals to hear appeals from decisions by the Bureau of Land Management and the Geological Survey. I am also sending you a copy of my remarks at the time I introduced this bill.

I would greatly appreciate receiving your comments and suggestions on this proposed legislation. I am especially anxious to obtain examples of specific situations in your dealings with the Bureau of Land Management which could have been handled more equitably.

There is also enclosed a copy of my letter to Secretary of the Interior Udall requesting suspension of proposed changes in the already meager safeguards afforded appellants.

With all best wishes, I am,

Cordially yours,

ERNEST GRUENING,
U.S. Senator.

U.S. SENATE,
Washington, D.C., April 11, 1962.

Hon. STEWART UDALL,
Secretary of the Interior, Department of the Interior, Washington, D.C.

DEAR MR. SECRETARY: It has come to my attention that proposals are now being considered by the Department of the Interior under which safeguards for appellants from decisions of the Bureau of Land Management would be greatly weakened.

I understand that it is proposed:

1. To abolish the right of appeal to the Secretary from decisions of the Director to substitute a procedure for review of Director's decisions by the Secretary as a discretionary matter. This would be similar to the certiorari procedure in the U.S. Supreme Court;

2. To limit the review of cases and to increase the use of memorandum decisions, placing, in effect, the burden on the appellant to prove his case and limiting review to the errors asserted by the appellant.

These proposals concern me greatly in view of the numerous cases which have come to my attention in which it has seemed to me that those appealing from Bureau of Land Management decisions have not been accorded the consideration to which they should be entitled.

As you know, in order to correct this situation, I have introduced a bill, S. 3107, to establish a Public Lands Appeals Board in the Department of the Interior, granting to those who would appeal from a decision of the Bureau of Land Management or the Geological Survey the right to an opportunity to appeal to this newly established Board.

Ten other Senators have joined me as cosponsors in this measure.

I trust that you will take no steps to weaken the present inadequate safeguards involved in appeals from decisions by the Bureau of Land Management until there has been a full opportunity for the Congress to act.

With best wishes, I remain,

Cordially yours,

ERNEST GRUENING,
U.S. Senator.

Section 8 of the bill, providing a method to eliminate injustices where strict compliance with the regulation would be harsh, will reduce some of the rigidity in the regulations. This rigidity is a basic cause of inequities arising in Bureau of Land Management operations. The personnel in the Bureau have been very cooperative and understanding in their dealings with the petroleum industry; however, rigidity in the regulations has limited their discretion to deal equitably.

I approve your proposal to create a Board of Public Lands Appeals. I would, however, like to see a regional or area appeal system, whereby the appeal from a district Bureau of Land Management decision would be made to an area office before any appeal is made to the Director's office, and then to the Solicitor's office. Under such a setup, perhaps the Solicitor's office and the Board of Public Lands Appeals should be combined. Such a setup might reduce a number of the cases now being appealed to Washington.

ANCHORAGE, ALASKA,
April 24, 1962.

We have examined the material which you have forwarded to us and I personally believe that the bill as introduced, at least the idea contained therein; namely, of establishing a Board of Public Land Appeals in the office of the Secretary, is an excellent idea and would be of great assistance to people in Alaska, and particularly it would have been of great assistance to the two specific examples which I will discuss herein below.

At the outset, you should of course understand, with regard to the matters above referred to, we represented a party in each case and accordingly you will understand that our observations may perhaps be slanted. We will attempt throughout to maintain a sense of objectivity, but we do not wish to fly under false colors.

First, with regard to the application of Mr. James E. Allen, which is a noncontested matter except so far as the position of the Government is concerned. This matter is pending, as we understand, before the Secretary of the Interior on an appeal from the decision of the Director of Bureau of Land Management. Such decision of the Director was dated January 25, 1961, and our brief on appeal to the Secretary was forwarded to the Director of the Bureau of Land Management on April 27, 1961. To date we have had absolutely no word whatsoever as to disposition of this matter, with the exception of a letter from the Department of Interior dated May 24, 1961, advising that our brief in support of our appeal to the Secretary of Interior had been filed. That letter also assured us of careful consideration of the matters contained therein. Almost an entire year has passed and we have had no word whatsoever from the Department of Interior, the Secretary, or anyone else in that good office with regard to the application pending by Mr. Allen. A cursory examination of that file will show that Mr. Allen expended considerable effort with regard to doing work on the land involved. He not only expended effort, but expended money in an attempt to improve the area and render a valuable service to the surrounding community, only to be met with delay upon delay. We are, of course, powerless to do anything so far as moving the Secretary along to making a decision and are somewhat reluctant to jog his memory for fear that it will result in an automatic affirmance of the Director's decision. Consequently, we have been patiently waiting, sitting on our hands as it were. I am sure you will agree with me that an application of this nature and an appeal certainly deserves much more prompt treatment than it has received in this case. An Appeals Board within the Office of the Secretary with duties to handle these matters would certainly expedite matters, I believe. Thus it seems to me that this is an outstanding example of a breakdown of the machinery for reviewing appeals in the Office of the Secretary of the Interior.

With regard now to the matter of *Davidson* v. *Killen*, this is a land contest which was commenced by Morris Killen against Mr. and Mrs. Hubert Lee Davidson. Mr. and Mrs. Davidson improved their property and did the necessary prove-up work, and submitted final proof in May of 1953. This matter was heard once by Chester McNally, a former employee of the Department of Interior here at Anchorage, subsequently was heard by a hearing officer from Portland, Oreg., was appealed by us for Mr. and Mrs. Davidson to the Department of the Interior and was appealed by us to the Office of the Secretary, our brief going forward June 13, 1961. Once again, almost an entire year has passed and no action has been taken. Once again, these people have waited patiently for some action by the Office of the Secretary and none has been forthcoming. Mr. William Sanders represents the appellee-contestant, Mr. Killen, in this matter and you are probably acquainted with Mr. Sanders. You will note from the enclosures that these people, like Mr. Allen, expended considerable time and effort with regard to their application and the same has been pending for much too long a time, and particularly pending in the Office of the Secretary for review.

I might say in passing, with regard to applications of this nature in the Office of the Secretary, that I sometimes have the feeling when I tell my clients that we should take this matter up with the Office of the Secretary, that we may be doing something that will net us absolutely nothing inasmuch as I have the feeling from past experience that an appeal to the Secretary of the Interior is simply a mechanical process whereby the decision of the Director is affirmed. I have nothing concrete on which to base this, but that is my feeling. I therefore feel that your bill which would establish a Board of Appeals in the Department and Office of the Secretary would be very helpful to insure a full and objective review by a Board so that the applicants might receive fair treatment. I think these two cases are outstanding, both so far as their time waiting for decision from the Secretary of Interior and from a meritorious standpoint. They both represent people who have worked hard and have expended and invested considerable sums of money out of their own pocket as well as valuable time under adverse conditions in an area that needed and needs development. We would appreciate any assistance you might give us so far as obtaining a ruling from the Secretary of Interior. Our clients are receiving a copy of this letter so that they may be advised as to your interest in their problems as well as the efforts that you are making with regard to people similarly situated.

I would like to make a further suggestion, namely, that two of the members of the Board be selected from the public domain States and one from any State. It is possible that if two of the members of the Appeal Board came from public domain States, they may be more understanding of the problems at the local level.

My experience has been chiefly in the oil and gas phase of the Bureau's work. Our problems in general do not arise from disputed facts but concern disputes over the interpretation of the law as given to a set of facts. Our experience with the personnel of the district offices of the Bureau of Land Management on the whole have been pleasant. We have found the employees to be helpful. However, these employees at the district level are so limited by the regulations, the decisions, and the memorandum that it is difficult for them to act except by rule. I can well understand why they do act by rule, when I realize that the statutes with reference to leasing for oil and gas purposes have been amended many times, the regulations of late years are constantly being amended and the volume of the work has increased.

Therefore, perhaps the heart of the trouble is with true understanding of the needs of the public with reference to our land system. I think your comment is good about the fact that those who seek to use or obtain public lands should not be treated as though they were trying to deprive the Federal Government of something. I realize that there are, of course, persons who take advantage of any loophole possible and therefore, the employees of the Government must necessarily protect the Government's interest. However, I have read decisions which fail to consider the spirit of the law and with results which may be inequitable.

I think the Secretary's Division should spend more money for more employees, since the business of the Bureau of Land Management is "big" business. I think your proposal for a separate board may be helpful. I suppose that the Secretary himself could set up a separate board of appeals, but that would not necessarily provide for "hearings" which you think are necessary and which may be necessary if there are disputed facts. Your proposed legislation might be a lever to accomplish the desired results within the Secretary's Division itself. At any rate, I hope my suggestions may be of some small help.

You are, I am sure, familiar with a good deal of the arbitrary and high-handed treatment that the Alaska Methodist University has received at the hands of the Bureau of Land Management, Department of Interior. I am sure that your office personnel can tell you of the treatment received by Wendell Kay, myself, and Fred McGinnis when we appeared in Washington for the purpose of an appeal. The then Director of the Bureau of Land Management advised the Under Secretary that he had made a decision on the appeal without offering the appellant an opportunity to be heard. Mr. Bennett, the then Under Secretary of Interior, indicated that he could scarcely understand such a procedure; however, the Director made no apology for his behavior and before any opportunity was given at this informal hearing to present our side, he announced that he had another meeting to attend and got up and left. It seemed to me pretty obvious that no appeal procedure in fact existed.

An appeal is presently pending on another question regarding certain land which has been pending for more than 2 years and no action has been taken on it whatsoever, nor has there been any notice of any hearing or has there been any indication that there will be a hearing.

I could undoubtedly cite other examples, but I am so exercised over the shabby treatment which the university has received there at the hands of these bureaucrats that I shall restrict this letter to that particular subject. In any event, if it will be of any assistance to you, I shall be glad to review my files and I am certain that I can find other situations where such a Board of Appeals as you envision in S. 3107 would have resulted in a fair and impartial hearing with a right of review and which is all that anyone can ask.

Unhappily, however, our experiences on behalf of clients with the administration of the Public Land Laws and the Mineral Leasing Act have indicated a very serious need for corrective action. It may be that such corrective action could be taken administratively, but there has been no suggestion to our knowledge that such administrative correction is forthcoming. Certainly, it is competent for the Congress to arm the Department of the Interior with an administrative tribunal to correct the many inequities and injustices to which persons dealing with the Department are subjected.

One example of what we consider to be a flagrant abuse of administrative discretion is the rather notorious "protracted section" rule, which has been interpreted by the Director of the Bureau of Land Management as precluding the leasing, under the Mineral Leasing Act of less than full protracted sections, where such protracted sections have been adopted and published in the Federal Register (43 CFR 192.42a(c)). The language of the regulation itself does not obviate such leasing, and such an intent, even if it could be read into the regulation would be so absurd and contrary to the public interest that the regulation itself could not bear the test of reasonable necessity to the public interest, required by law. However, some clerk in the Director's office made such a misconstruction of the language of the regulation, and instruction was issued to the field officers, and now the field officers are bound by such instruction until the Secretary or a court directs otherwise. We have a number of cases on appeal to the Director's office and to the Secretary on this principle, and other major oil company attorneys in Alaska have appeals pending on the identical issue. One of our appeals has already been denied by the Director's office, the Director's decision being signed by an employee who was transferred from the Anchorage office to the Washington office at about the time the unfortunate instruction was handed down from the Director's office. He, thus, has had an opportunity to handle the matter, at least in principle, at both the land office level and at the office to which the appeal is taken. Among other errors we have alleged in this line of reasoning is the attempt by the Director's office to give a dignity and status to protracted surveys as "official surveys," a status not conferred upon them by the statutes governing surveys of the public lands.

Another matter, handled by one of my partners, involved an application under the Alaska Public Sale Act of August 30, 1949 (48 U.S.C. 364a–363e). Our client purchased the land by quitclaim deed from a native in the early fifties. Some improvements were made thereon. Around 1954, the Bureau of Land Management determined that he was liable to the United States for trespass damages for occupying public lands without authority. A stipulated amount was paid in settlement of this claim. The applicant then filed a request to have the land sold under the Alaska Public Sale Act. The land was classified as suitable for such sale, and, at the sale, the applicant was the successful bidder. The applicant thereupon improved the land for use as a chicken ranch, and submitted such proposed development to the Bureau of Land Management. This proposal was rejected. Applicant then proposed to utilize the land for salvage of surplus buildings from the nearby military installation, and for utilization of the remaining acreage as a riding academy, as the applicant is a skilled horseman. This proposal was rejected. Thereafter, without any application therefor by the community, the State, the National Park Service, or U.S. Forest Service, or any other agency having an interest in recreational lands, the lands were reclassified for disposition under the Recreation and Public Purposes Act (43 U.S.C. 869–869—4). Applicant's entry was disallowed, and he was informed that further occupation would be considered a trespass. This decision was appealed to the Director's office. Again, a former official of the Anchorage land office who participated in the reclassification of the land and the application had been transferred to Washington, during pendency of the appeal, and, not unexpectedly, there came down a decision from the Director's office denying the appeal. Virtually every allegation and statement made in the statement of grounds for the appeal was disregarded, and the appeal decision was based upon facts and allegations not contained in the case file. It can only be surmised that these facts and allegations were obtained from the transferred official (not the same one who participated in the Mineral Leasing Act decision previously discussed). An appeal from this decision of the Director has been taken to the Secretary's office, and the decision is still pending. We have other matters pending with the Bureau of Land Management in which we consider our clients' positions as having been prejudiced by wrongful action by the Interior Department, but, rather than prolong our comments, we feel that the foregoing are sufficient as examples to indicate the need for the proposed legislation and to protect applicants under the public land and other applicable laws from arbitrary action by Interior Department officials. It is our opinion that there is continual abuse of the trust imposed in the Interior Department in respect of the public lands, most of which probably never come to the attention of attorneys or others capable to assist those misused, because of the cost of proceedings to protect the rights involved.

I think there is real merit in your proposal for the establishment of a Board of Public Lands Appeals, and I heartily concur in your remarks which were published in the April 4 issue of the CONGRESSIONAL RECORD, as well as with the contents of your letter to Secretary Udall dated April 11, 1962.

It seems to me that the public interest in fair treatment to all persons dealing with the public lands would be well served by a division of the administrative power and the quasi-judicial power exercised in the Department of the Interior. I realize that the establishment of a Board of Public Lands Appeals and the conduct of hearings in the field might entail some additional cost, but it seems to me that the proposal nevertheless is well justified. If cost is a considerable factor, perhaps the additional expense might be offset, at least to some degree, by a reasonable increase in fees charged by the Department.

I want you to know that I heartily endorse your proposal to provide automatic appeals before a Board of Public Lands Appeals, which would insure each applicant a right of appeal with the benefit of regional hearings and with the protection provided by the Administrative Procedure Act.

I would commend for your consideration certain amendments which would make the Board an independent administrative tribunal rather than a subordinate agency of the Department of the Interior. The Board should consist of a presiding judge and two associate judges appointed by the President with the consent and approval of the Senate. The terms of office should be for a period of at least 10 years. I have in mind the same type of legislation applicable to the U.S. Tax Court, which has served well as an independent tribunal. I have had the benefit of an extensive amount of practice before so-called administrative boards of appeal established by the agency litigant. Whenever a board is subject to hire and fire by a particular agency of the Government involved in the litigation, the board itself is unable to render objective findings.

I do feel, however, that the present system is out of date and in need of improvement in order to make it serve the needs of the increasing numbers of people who deal with the Government on these matters. I recently had occasion to communicate to Congressman BROOKS my view that an effort should be made to provide within the department a body of personnel trained in the process of adjudicating cases and with sufficient independence to insure that these problems would be disposed of impartially and uniformly. The present system is not so designed and to the extent that its work has produced satisfactory results we should congratulate the persons involved, rather than the organization.

In my view S. 3107 seems well designed to accomplish this end, while at the same time meeting the additional problems caused by the great distance which presently separates the citizen from the forum in which his case is being adjudicated. It seems to me that by seting up a board of the type suggested with the means and authority to hear these contests at a place where the parties can attend or be represented by their own local attorneys, the desired objective could be attained without materially increasing the number of persons employed in this function.

Let us first say that we wholeheartedly support the thoughts expressed in your letter to Secretary Udall. At the request of the Honorable JACK BROOKS, chairman of the Government Activities Subcommittee of the House Committee on Government Operations we recently had occasion to express our views on the removal of one of the appellate steps and the use of memorandum decisions. The enclosed copy of our April 5, 1962, letter to Mr. BROOKS clearly shows our agreement with your statement that the statutory rights of the public in the public domain are not being safeguarded.

We especially like two ideas contained in S. 3107:

1. Hearings will be held at a location convenient to the appellant. Present hearings before field commissions and examiners are held at a time and place of their own choosing without much regard to the location of the land or the private party.

2. Appeals from final decisions of the Board of Public Lands Appeals shall be to the U.S. court of appeals for the circuit in which the land involved is situated. This will avoid the bulk of the public land cases having to be prosecuted in the Federal courts in Washington, D.C.

Many justifiable appeals are not taken because of the expense and delay involved and these provisions should cut down on such expense and delay.

We agree with your statements that there should be a division between the administrative power and the quasi-judicial power exercised in the name of the Secretary of the Interior and that there should be a complete separation of personnel and authority between the two present appellate levels. For the reasons expressed in the enclosed letter, we do believe that there should be two completely separate administrative reviews of an appellant's contentions. In fact, if the Secretary persists in his present plan to curtail the administrative review procedure, we strongly support the substance of S. 1037 as being necessary to afford our clients an opportunity to avail themselves of a review of their contentions by at least two administrative offices.

As we stated in the enclosed letter, however we doubt that it is necessary to alter the present system and increase the number of administrative personnel in order to achieve the desired goals. As a possible alternative, we offer the suggestions contained and discussed in the enclosed letter relating to:

1. Simplification of the statutes and regulations.

2. Codification and promulgation of decisions.

3. Speeding up the processing of appeals.

We do not believe that it is necessary to abolish the Solicitor's review of appeals and substitute a Board of Public Lands appeals in order to have decisions made in accordance with the statutes and regulations. The Solicitor's Office is a legal one and should make judicial type decisions in accordance with the law as codified and amplified by prior decisions. If the administrative side of the Interior Department decides that changes are needed, let the regulations be altered after due notice and hearing. The Solicitor's Office should in the good faith performance of its duties decide a case according to what the law is and not according to what the administrative planners deem it should be.

It would also seem that the Secretary could easily provide for different personnel and different levels of authority to handle the two steps in the appellate procedure; i.e., the Director's level and the Solicitor's level. This change could and should certainly be brought about without the necessity of a new statute. As discussed in the enclosed letter, we believe that there has already been too much patchwork legislation in this area.

The provision of S. 3107 that gives us the most concern is that part of section 8 which would allow a decision to be delayed until the Secretary has considered whether or not to change a regulation if the result under the prior regulation "would lead to are inequitable, unjust, or unintended application of the law." Presumably then, the decision would be decided under the new regulations. This strikes us as being ex post facto and not very likely to lead to an efficient administration of the public domain.

You especially requested examples of situations that could have been handled more equitably. The primary situation where inequitable results have resulted in the past is where a decision has departed from a prior line of decisions. As long as the statutes, regulations, and decisions are reasonably clear and uniformly adhered to, we can, together with our client, plan a course of conduct which will afford the client a reasonably high degree of safety. However, when stare decisis is disregarded and the rules of the game keep changing, our clients cannot be as well protected and are less apt to develop the public domain. Two recent examples of decisions that did not follow the prior law are:

1. Franco Western Oil Co., et al., 65 I.D. 316 as modified, 65 I.D. 427 (1958). This decision especially led to uncertainty of Federal titles and many appeals, some of which have not yet been finally decided in the courts. Enclosed is a copy of a statement submitted by a member of this firm when H.R. 7610 was introduced to correct the first Franco Western decision. This statement shows the kind of hardships that are created when decisions are written without regard to stare decisis.

2. Kirby Petroleum Co., et al., 67 I.D. 404 (1960).

DENVER, COLO., *April 5, 1962.*

Hon. JACK BROOKS,
Chairman, Government Activities Subcommittee, Committee on Government Operations, Washington, D.C.

DEAR MR. BROOKS: We appreciate your letter of March 21 requesting our views on the instituted and proposed actions by Solicitor Barry to reduce the large backlog of pending appeals.

While we fully realize the deleterious effects of a large backlog of appeals, and the denial of due process often involved, we favor the retention of the present system of appeals. Since the decision of the local land officers are usually made by nonlawyers and without any opportunity for a formal presentation of alternative positions, we feel that in justice our clients should be able to avail themselves of a review of their contentions by at least two levels of legally trained persons. We would therefore not like any appeal step eliminated although we would like the time it takes to reach a final administrative determination materially shortened.

As is true in many other matters affecting the United States, administrative review of laws and regulations has largely superseded recourse to the U.S. courts. Even though the Government is judge, jury, and prosecutor in these proceedings, the end results are not unsatisfactory if an aggrieved citizen has two opportunities to present his views as are now afforded him. We have observed that as to many unsettled questions it is often useful to bring the Director and the Solicitor's office into direct conflict with each other so that a truly definitive and mutually acceptable answer can be achieved.

However, if one of the appellate steps is to be removed, we would much prefer to have a direct appeal to the Secretary rather than a certiorari procedure. It has been our experience that generally the Solicitor's decisions have been better reasoned and more comprehensive than decisions at the Directors' level.

We believe that much the same kind of delay would be involved in obtaining a ruling on a certiorari petition as is involved in obtaining a substantive decision by the Solicitor. Also, if the petition is granted, time would be consumed in the additional process of preparing and serving statements of reasons for appeal and the formal decision-making process.

We have no objection to the institution of a review procedure which rules only upon errors asserted by an appellant in his statement of reasons. We do, however, object to any use of memorandum decisions. We believe that the interested public is entitled to complete and comprehensive decisions and not just to brief rulings without any expression of the underlying rationale. We also believe that complete decisions are a necessary aid to the local land offices in their day-to-day administration of the public domain.

While we do believe that better trained and qualified adjudicators at all administrative levels would greatly reduce the backlog of appeals, we are convinced that a mere increase in the staff would not provide relief. Parkinson's first law is in full force and effect in the Department of the Interior and we suspect that adding personnel would not materially change the time required to process an appeal. Any permanent solution to this problem must come by reducing the number of appeals and not by increasing the number of adjudicators.

Of course, there is no easy answer to reducing the number of appeals. We do believe, however, that compliance with the following suggestions would lead to a reduction.

1. Simplification of the statutes and regulations: The Mineral Leasing Act of February 25, 1920, as amended, under which most of the appeals we handle are taken, has been altered, amended, and patched so often that it is now far from a model piece of legislation and contains many provisions which do not further any worthwhile interest of the United States or the oil and gas industry. The regulations have not only followed the law but have, in and of themselves, introduced another layer of complexities, ambiguities, and technicalities, some of which either serve no useful purpose or achieve a useful purpose in a complicated manner.

We earnestly believe that the statutes and regulations could and should be completely reworked to make them simpler and clearer. Such a revision would, with the passage of time and the cessation of rights vested under the present law, lead not only to fewer appeals but also to a reduction of the workload throughout the entire Bureau of Land Management.

2. Codification and promulgation of decisions: Regardless of whether or not statutes and regulations are revised, it would lead to a more efficient administration of

the public domain and to fewer appeals if all decisions by the Director and the Solicitor were swiftly and systematically made available to the interested public and the local land offices. The only General Government promulgation of decisions of which we are aware is the decisions of the U.S. Department of the Interior, the ID's. An ID only purports to report "the most important administrative decisions and legal opinions" that were rendered at the Solicitor's level during a given period of time. There is thus no general promulgation of the other decisions of the Solicitor (which might be the "most important" decisions on a particular point) or of any decisions of the Director of the Bureau of Land Management. A private publication, the Gower Federal Service, has been a great aid in the oil and gas area but it has no convenient topical arrangement nor does it purport to be complete. No systematic collection of decisions relating to other types of public lands problems is now available to the public as far as we know.

If this developed body of administrative law were made available to the interested public and the local land offices in a complete and systematic fashion, it is our belief that many appeals would be avoided. If the public is informed on what the law is, they will not have to appeal to find out what it is. Even if a full set of decisions cannot be made public with reasonable speed, there exists in the Department an index of all decisions which could be of great use if it was generally available. Our several attempts to acquire a copy have been fruitless. Without it we are forced to appeal what appear to be unsettled questions only to find that the final administrative decision turns on an unpublicized decision.

3. Speeding up the processing of appeals: Although this office has been bluntly advised by a previous Solicitor that "the Government does not operate within deadlines" we feel that it can and should do so, again referring to Parkinson's law "that work expands to fill the time available for its performance." We have a strong suspicion that in the normal course of an appeal the subject file is in transit between desks or idle on a desk over 90 percent of the time. This is the normal result of no deadline and of the duplication of effort which results from every man double checking his work, prior to its submission to the next higher echelon with every other man in the same and lower echelons who is even remotely interested in the concepts involved. A system involving reasonable time limits and a vertical line of review and supervision should cut appeal time to a fraction of that presently possible. While single instances are not of great importance, we at one time became involved with 17 people in the Department before we obtained a negative answer to a fairly simple problem. The shocking thing to us was that each of the 17 had a fairly comprehensive knowledge of the case but no one had or would exercise the authority necessary to dispose of it.

Thank you again for affording us this opportunity to express our views and please let us know if we can be of any further service to you in this matter.

Respectfully submitted.

HOLME, ROBERTS, MORE & OWEN,
By TED P. STOCKMAR.

STATEMENT OF L. DOUGLAS HOYT WITH RESPECT TO H.R. 7610 BEFORE THE SUBCOMMITTEE ON PUBLIC LANDS, HOUSE OF REPRESENTATIVES, COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, AUGUST 6, 1959

I am an attorney at law, in private practice in Denver, Colo. The firm of which I am a partner represents a number of independent oil and gas producers, who hold oil and gas leases issued under the Mineral Leasing Act and acquired by those producers through assignment. These leases, while approved and extended by the Department of the Interior, are now under challenge by contests filed by a group of individuals in Colorado. H.R. 7610 would, by congressional action, ratify the actions of the Department of the Interior and place the questioned leases in a status whereby development could be commenced or continued by the holders of the leases.

The following set of circumstances has given rise to the attack upon these leases: By section 6 of the act of July 29, 1954, Public Law 555, section 30(a) of the Mineral Leasing Act was amended to provide that an assignment of a segregated portion of a nonproducing lease in its extended term would continue the segregated lease for a period of not less than 2 years from the effective date of the assignment. By a decision of the Solicitor of December 14, 1956, the parent lease from which the assignment was made, as well as the assigned portion of the lease, was determined to be subject to the benefits of the 1954 amendment. Section 30(a) of the Mineral Leasing Act also provided that "any assignment or sublease shall take effect as of the first day of the lease month following the date of filing in the proper land office. * * *" By decision of June 4, 1957, the Solicitor ruled that the last moment of the last day of the lease term would be instantaneous with the first moment of the effective date of the assignment.

At this point, everyone holding Federal oil and gas leases felt there was a clear understanding of the operation of section 30(a) of the Mineral Leasing Act. It was concluded that one could take an assignment of a segregated portion of a nonproducing lease under a farmout agreement during the last month of the extended lease term, immediately file the assignment for approval and then proceed to drill with a firm understanding that a 2-year extension would be granted. However, on August 11, 1958, the Solicitor wrote an opinion, commonly known as the first Franco Western decision, in which the Solicitor ruled that the Department of the Interior would no longer consider the last moment of the last day of the lease term as instantaneous with the first moment of the effective date of the assignment. Therefore segregated assignments filed for approval in the 12th month of the 10th year would no longer be granted continuations under the 1954 amendment. Unfortunately, the opinion did not state what its effect would be upon previously granted continuations. Perhaps even more disastrous was the fact that while the opinion was dated August 11, 1958, it was not made known to the regional offices of the Solicitor until the middle of the following month (i.e., until the middle of September).

Immediately after the first Franco Western decision, groups of individuals moved into the land offices in California, Colorado, Montana, New Mexico, Utah and Wyoming and filed offers for leases on all lands, producing and nonproducing, covered by leases which had been previously extended by the Department of the Interior by reason of segregated assignments filed for approval in the 12th month of the 10th year.

This matter was called to the attention of the Department of the Interior, and in an attempt to rectify the hardships resulting from the first Franco Western decision, the Solicitor on September 30, 1958, modified his first decision by the second Franco Western decision. The second Franco Western decision stated that the announced policy of the Department not to approve assignments filed in the last month of the extended lease term would not be applicable to assignments filed for approval on or before August 29, 1958.

The damage done by the first Franco Western decision was not, however cured. As the applications of the people who had filed after the first Franco Western decision were rejected by the local land offices, the offerors filed mimeographed briefs appealing the rejection of their offers. It can only be expected that as the appeals are uniformly rejected within the Department of the Interior, exhausting the administrative remedy, that the offerors will pursue their claims in the courts.

Literally hundreds and perhaps a thousand or more lease titles have been clouded by reason of the foregoing facts. Approximately 1 year has elapsed since the first Franco Western decision. While I and most other attorneys feel that if litigation in the courts follows, the leases as recognized by the Department of the Interior would be sustained, all benefits of the extensions granted to our clients by the Department of the Interior will have been lost. The need of H.R. 7610 is therefore urgent. Its immediate passage by Congress in this session cannot be too strongly urged.

In conclusion, I should like to give you one practical example of the results of the first Franco Western decision and the urgency of the need of H.R. 7610. Consolidated Oil & Gas, Inc., a relatively small independent oil and gas producing corporation, acquired in August of 1958, an assignment of a segregated portion of a Federal oil and gas lease from Pan American Petroleum Corp. The lease, then in its extended term was due to expire August 31, 1958, unless given the benefit of the 1954 amendment. By the terms of the farmout agreement under which Consolidated acquired the assignment of lease, it had to commence a test well within a short period of time. Consolidated immediately filed the assignment for approval, received the permission of the U.S. Geological Survey Office to commence the well, and did commence the well in August of 1958. The assignment into Consolidated was approved and a 2-year extension was granted. By the time the first Franco Western decision was announced, Consolidated had spent $125,000 in drilling its well. One of the groups of individuals of whom I previously spoke filed an offer for lease on the land covered by Consolidated's lease and has appealed the rejection of his offer. Consolidated now has spent approximately $200,000 on the well and is ready to put the well in production. Consolidated must, however, as is the case with most small producers, immediately mortgage the property with a bank to finance its future operations. A serious question exists, however, with the appeal of the other party as to whether or not Consolidated has a marketable title until the question of the conflicting offer is finally determined.

The appeals procedure on Bureau of Land Management cases is to my mind entirely unsatisfactory and I welcome your efforts at creating a more equitable appeals system. I am highly in accord with your proposal to establish a Land Appeals Board for the reason that I believe a party should be able to present his appeal to an appeals body in person, or through counsel, to present his case more effectively.

More important, under the present setup there is no opportunity to cross-examine the so-called experts in the Bureau of Land Management who have made the decision regarding the land problem. In other words, I have had the experience of fighting a determination by a lower level person in the Department that a certain tract of land should be classified as a "recreational" area. This is a factual determination obviously by a man in the field supposedly with some expertise on the situation. Appeals of these matters are practically fruitless because the Director of the Bureau of Land Management and then the Secretary of the Interior will hardly ever question or reverse a discretionary finding by a lower level person. In other words, we never know who is making the decision and have no opportunity to question same in any stage of the proceeding. To me this violates the essential thesis of due process and would be contrary to the tenants of the Administrative Procedures Act. The people in the Bureau of Land Management should be called upon and be required to substantiate their discretionary decisions the same as any other administrative agency is.

It is appalling to me to see that the Secretary of the Interior is considering a further weakening of the appeals process in Bureau of Land Management matters. It is bad enough as it is without limiting the appeals still further by a discretionary review procedure. I hope that you will do everything in your power to fight this proposed appeals system and to push for enactment of your bill, S. 3107.

I should also state a further matter that happened to me personally in making an appeal on a land problem involving a friend's and my ownership of a piece of property upon being turned down on an appeal to the Director of the Bureau of Land Management. I submitted an appeal to the Secretary of the Interior and in the press of business forgot to send the check for $5. The appeal was, of course, summarily dismissed in accordance with the regulations of the Department of the Interior for nonpayment of the filing fee. This, of course, could not happen in an ordinary legal matter where you are dealing with local authorities because you would need your filing fee to file the papers in the appropriate court. I wonder how many other appeals are dismissed in the Department of Interior for the neglect of persons to send in the $5 filing fee. It seems to me that the law could be changed so that in the event this fee was overlooked, that it could be paid within 10 days of notice of nonpayment of the Department. One other course of action to ease this problem would be to allow the appeals to the Secretary of the Interior to be filed on the local offices of the Bureau of Land Management.

In reply to your letter of April 13, 1962, asking for our comments on S. 3107 to establish a Board of Public Lands Appeals in the Department of the Interior, we would be in favor of any procedure which might make available the procedures for review of Land Department decisions in a more judicial atmosphere, such as presumably would be the case if the Board of Public Lands Appeals or some similar body was established. We also would be in favor of any procedure which would permit appellants from decisions of the officials of the Department of the Interior to have their appeals heard locally, as, for example, is now the case with tax matters through the Board of Tax Appeals. This also appears to be contemplated by S. 3107.

Our principal objection to the present review procedure is twofold:

1. It is too lengthy, in that to complete the full administrative review requires approximately 2 years and in many cases longer.

2. It has seemed to us that with increasing frequency the Land Department decisions, both at the Director and at the Secretary level, have come to rely more and more upon decisions which in and of themselves should have been reviewed in the first instance; in other words, there is a growing body of administrative common law which is getting further and further from any semblance of judicial approval and which in many instances determines property rights of considerable value.

We believe your proposed procedure would have considerable merit. Our only suggestion is that a definition of what constitutes a "final decision" be added and that such a definition should be broad enough so that it would permit appeals from the decisions of the local Land Office Manager or Regional Geological Supervisor and not merely add a third level of administrative review on top of the existing two step procedure; that is, through the Director of the Bureau of Land Management and the Secretary of the Interior. To put it another way, we believe the Board of Public Lands Appeals would have merit only if it takes the place of the existing departmental review procedures. To this end, we suggest that there be language added to your bill to the effect that all appeals from initial decisions of officials of the Bureau of Land Management and U.S. Geological Survey could be made to the Board of Public Lands Appeals and to no other official or agency of the Department.

As you may recall, I represented an August F. Scheele who initiated a land contest, in the Anchorage Land Office, on June 12, 1959. I have enclosed the entire file with respect to this contest. Actually it was two contests directed against persons whose claims overlapped claimed land of Mr. Scheele. It is for this reason that some of the documents refer to Johnny H. Dockery and others refer to James E. Sullivan. Both contests were handled concurrently.

Reference to the file will show that my client complied with the regulations. However, hearing was delayed for such an extended period of time that a court action was subsequently, to the initiation of the land contest, commenced and completed before final decision was received. One of the primary reasons for the administrative hearings is to expedite matters like contests so they would not become embroiled in court litigation which is frequently of extended duration. However, in the case which I have described above, the court action was actually commenced after the land contest was begun and completed before the final decision was rendered. It would seem that there is something very seriously wrong with a system that permits such extended delay.

The ironical part of the entire matter is the fact that my client lost in court, but their position was subsequently upheld by the final decision in the administrative channels. It is my fervent belief that an expeditious hearing would have resulted in success for my clients. At the court trial, my clients showed an expenditure of much more money and much more substantial improvements. However, the other side brought in a parade of witnesses which apparently impressed the jury.

As a result of all of this activity, my client was forced to spend thousands of dollars which would not have been required if the matter had been handled expeditiously at the administrative level. It would appear your bill would permit this.

I am particularly interested in this measure because of the unjustified manner in which the Forest Service and the Bureau of Land Management have been treating mining claim holders. Without going into detail on the matter, I presume this appeals board will be available to claim holders who feel they have been wrongly deprived of their mineral rights.

It was with great joy that I read in the California Mining Journal, May number, of both your and Senator HOWARD CANNON's efforts to have a Board of Public Land Appeals established to insure proper review of the actions of the Bureau of Land Management and Forest Service. They have gone simply berserk in their unconstitutional actions.

I have noticed that you have introduced a bill, S. 3107, which would establish in the office of the Secretary of Interior a three-member Board of Public Land Appeals. I think this is an excellent move and I wish you all success in passage of this measure.

I would like to see enacted bill S. 3107 to establish in the Office of the Secretary of the Department of the Interior a Board of Public Land Appeal as introduced April 4 by Senator GRUENING for himself and other Western State Senators. Would appreciate if you would aid and expedite enactment introducing identical bill in the House if necessary to help and expedite.

The introduction of your legislation, S. 3107, to establish a three-member Board of Public Lands Appeals, is desirable legislation that is greatly needed. The mining industry of the United States has suffered greatly the past few years because of arbitrary decisions made by the Forest Service mineral examiners and hearing officers of the Bureau of Land Management that completely disregard the basic laws as related to the mineral development of the natural resources.

I will give you one case in point, and many others are available, but in this one case I am qualified to speak since as a result of this case I have an appeal in the Solicitor's Office in Washington at this time regarding a patent application on 16 lode mining claims.

Over the past years I have developed considerable manganese reserves on the Mogollon Rim of Arizona that yields a product that brings a premium from the steel industry. I have patented a number of these claims, constructed a mill for upgrading, and I have constantly continued exploration work to develop reserves in this area. Many tons of this manganese have been sold to the steel industry and to the General Administration Organization for stockpiling, all high grade manganese of 40 percent plus MnO. At the present domestic price we could break even selling manganese, but our desire is to realize a profit; therefore, we will not process or sell this ore until the domestic price will justify our efforts. My family has been in the manganese business since 1886 and we are aware of the fluctuating market, so we continue our exploration work.

In continuation of our efforts to develop a natural resource and to protect the large expenditures that I have made, I have applied for mineral patents for an additional portion of the ground that I have explored and developed. The Forest Service has tried every conceivable way to circumvent the mining laws. As you are aware, to patent mineral claims the basic mining laws of May 10, 1872, as amended, are still the laws of the country as they refer to mineral development. The Forest Service brought adverse proceedings on these claims contending that they were nonmineral in character, predicating the charges on the theory that manganese is not presently a marketable mineral, therefore it is not a valuable mineral, and that the claims should have been located as placer instead of lode. (Note: Of the 16 claims in my patent application 14 are contiguous with patented lode mining claims and the ore bodies that are exposed on 4 patented lode claims extend over and into 4 of these unpatented lode claims that are in the patent application. A civil law suit on adjacent property, in which the same Forest Service mineral examiner was a participant, the judge ruled that the claims were lode and the decision was adverse to the parties for which the Forest Service mineral examiner appeared as a witness.)

The hearings examiner for the Bureau of Land Management ruled adversely on my application, the decision was arbitrary and in complete disregard to the testimony of eminently qualified expert mining witnesses. In brief, the basic mining laws as relate to the mineral development of the natural resources are being completely disregarded and arbitrarily regulated according to the desires of the Bureau.

In my hearing the Bureau supported decisions of the Bureau with decisions that the Bureau had made in the first place. At present there seems to be no way in which I can get an objective review of my appeal until I can get my case into a U.S. Court of Appeals. If the Bureaus complied with the mining laws as laid down by the Congress and the decisions of the Bureaus were objectively reviewed, the laws and regulations governing the disposition of public lands could be uniformly and equitably administered. At present it seems that any claim to public lands is considered by Bureau officials to be depriving the Federal Government of its just dues.

If the provisions of your bill had have been applicable at the time of my patent application, and the Forest Service and the Bureau of Land Management knew that any decision that they rendered would have been subject to an objective review based on time proven and court tested procedures in passing on mineral patent applications and mineral locations I am certain that a sound judgment would have been made; however, under the present procedure the Bureau can make arbitrary decisions because they know that in a majority of the cases it is financially impossible for a prospector or small mine operator to challenge a ruling of the Secretary of the Interior.

In general, we have concluded that the establishment of a Board of Public Lands Appeals would be desirable. It may be that such a Board could expedite the handling of the large volume of appeals now being administered under the Mineral Leasing Acts. Furthermore, this Board—if properly staffed—could be an effective instrument in instituting any future necessary changes in the procedures and regulations.

The introduction of your bill S. 3107 to curb abuses in the Interior Department is a most constructive piece of legislation. I am very hopeful that the bill won't suffer because your friends can't handle the 5,000-plus-mile trip to appear in your favor at hearings.

The most important element is section 9 which allows appeal in the court district where the land is located. Therefore, if possible, I should like to see your section 9 expanded to protect all appellants from adverse BLM decisions, without limitation to appeals from your Board only. Your bill would be more valuable if it incorporated the following thought, to be rephrased in accordance with your advice of counsel: "Any appeal from final decisions of the Department of the Interior shall be to the Federal court having jurisdiction in the area where the involved land is located." You would have done a great service if you could get enacted only this one thought at this session.

Section 5 appears to preclude appeal by the Government, which it should. Does it prevent Government appeal from a down-the-line decision favorable to entryman up to the Board as well as up from the Board to court? It should.

I am now being harassed by an appeal to the Director by the local Bureau of Land Management against a hearing examiner's decision in my favor. If I should be reversed, and if the Bureau of Land Management uses the same tactics they have used in the past of having an Assistant Secretary approve the Director's decision, then I stand with appeal to the Secretary denied and with court appeal practically denied because the Bureau evades court review on the technicality that the Director lives in Washington and must be sued in Washington, not in the district where the land is. They could steal my land because I can't afford a Washington lawsuit. I am hoping responsible people in the Bureau will forestall this.

I have written Harold Hachmuth in the Bureau and I am enclosing a copy of the letter, which argues why the Government should not appeal against a decision favorable to the entryman. Please use the material freely as you see fit without thought of acknowledgement or credit, if it will advance your position.

May I first state that we feel congressional attention to the appeals procedure, and the current backlog of appeals in the Department of the Interior, is most welcome at this time. The facts of the situation speak for themselves, and certainly indicate the need for some immediate remedial action, either by the action of the Secretary of the Interior, or as a result of legislation enacted by the Congress.

We feel it would be inappropriate to comment on the specifics of the proposed legislation as set out in your bill. However, we should like to make certain general observations on some of the features of S. 3107.

You are undoubtedly aware that at one time, and for many years, a Board of Appeals functioned with great effectiveness in the Department of the Interior. Of course, since the abolition of that Board, both the character and volume of the appeals reaching the Office of the Secretary of the Interior have changed greatly.

We suggest that it might be well, at this time, to consider some sort of separation of the appeals procedure in the Office of the Secretary or Solicitor, even to the extent of two boards of appeal. It might be well, for instance, to consider an appeals procedure relating strictly to matters involving surface titles and claims to public land, and a different procedure or mechanism to govern appeals with respect to oil and gas leases and problems relating thereto. We make this suggestion for the following reasons:

1. An oil and gas lease is for a term of years. Long delays in determining an appeal involving a lease which has issued, in effect takes from the lessee a great deal of the term of the lease allowed by the law. In addition, unresolved questions relating to leases oftentimes hold up development of other leases until these questions are settled. On the other hand, long delays in determining an appeal involving a lease offer denies the Government rental revenues, and possible revenues inuring from the development of the lands in question. Whereas procedures relating to disposition of the public lands produce no revenue to the Government, oil and gas rentals and royalties are productive of great revenue to the States, the Reclamation Service, and the United States.

2. Controversies over oil and gas leases, whether between two parties before the Department of the Interior, or before some individual and the Department of the Interior, seldom involve any real controversy as to the facts. Thus, even when such matters are taken to the court by way of a suit against the Secretary of the Interior, the factual situation is almost invariably stipulated or agreed to, and cases are determined on the law as a result of cross motions by plaintiff and defendant for summary judgment. In such cases, any provision for oral hearing before the Department of the Interior as to the facts would appear unnecessary.

We do desire to make specific comment on sections 8 and 9 of the proposed legislation. In connection with section 8, we recognize the intent of the proposed legislation as in an effort to do equitable justice in each case. However, we question the propriety of legislation which would allow the Secretary of the Interior to change his regulations, as applied to a specific case, or, for that matter, to the specific case in question and all cases thereafter, during the pendency of that case. The courts have seen fit to remind the Secretary of the Interior that he is bound to follow his own regulations, as are all those appearing before him; and we feel that, in the long run, this view of the law operates to the advantage of those appearing before the Secretary. Regulations which do not protect the Government and the rights of litigants before the Department result in chaos.

In connection with section 9 of the proposed legislation, we note that your statement in the CONGRESSIONAL RECORD contains some concern as to the cost of litigation in connection with these appeals in the Department of the Interior. May we simply point out that, considering only the rules of the court, relating to printed records and briefs, litigation before the U.S. Court of Appeals is considerably more expensive than litigation before a District Court of the United States. Further, in connection with section 9, we have certain reservations about an appeal from a decision by a hearing examiner which might be the net effect of section 4 of the proposed legislation, to the U.S. Court of Appeals.

I have had dealings with the Anchorage office of the Bureau of Land Management, both on oil and gas and homestead and surface rights appeals representing clients and my own interests. I have found the Bureau of Land Management personnel both cooperative and conscientious. I am also quite familiar with the regulations governing public lands in Alaska having worked with them for the past 8 years.

I am convinced that something like the Board of Public Lands Appeals which you propose would be a great help in solving land problems in Alaska. My experience has been that only by appealing to the Secretary of the Interior (after failing in reversing the land office decision) is one able to receive a thorough and honest appraisal of the appeal on its merits. However, the delay in rendering such a decision is one of the drawbacks of the present administrative appellate system.

If an independent hearing officer were to hold hearings at the place where the land is situated and were to hear an appeal directly from the land office, much good could be had. My experience has been that the adjudicator here in Anchorage is swamped with work. Each case which comes across his desk should be treated separately on its merits, but because of the volume of cases which the adjudicator has to handle, and for other reasons, he simply has no time other than to apply the regulations to the particular facts, read in the strongest light against the applicant, and to make his decision. Partly because most applicants aren't familiar with the regulations (Who is?) and partly because a homesteader is not by inclination or training a lawyer, he fails to conform to the letter of the regulation. His application is, therefore, rejected. To appeal a rejection is an almost insurmountable job without a lawyer, so many of the cases die for lack of appeal.

A local appeal hearing, if properly managed, would allow the equities of the situation to be viewed, and, more importantly, would allow the Board, or its designatee, to tell the applicant what curative action he can take so as to comply with the regulations. As it now stands, the applicant receives a printed decision which, in most cases, simply tells him that he has failed to comply. And, in most cases, if he knew what to do to meet the requirements he would do so. Fraudulent intent on the part of Alaska homesteaders is something the Interior Department need not fear.

As for specific situations where a hearing such as you envision might have been able to handle the matter more equitably, I cite you the Dr. Joseph B. Deisher (Seward) matter about which we corresponded last on March 26, 1962. The Director's decision of December 29, 1961, made absolutely no attempt to treat the merits of the case. Whomever handled the appeal must have simply changed a few words in a homestead entry form decision and cranked it out. Dr. Deisher deserves better treatment in view of the work he has gone to to settle wilderness land. A public hearing here in Anchorage or Seward could more probably bring him that treatment.

CAPTIVE NATIONS WEEK

Mr. JAVITS. Mr. President, in late years the President of the United States has declared a week in the middle of July as Captive Nations Week. With the Senator from Illinois [Mr. DOUGLAS] I had the honor to sponsor the original Captive Nations resolution. Very little we have been able to do in the world, in terms of declaring our position, which has stirred up the men who rule the Communist bloc in the Kremlin more actively than the Captive Nations resolution. After all, the very criterion of their bid for world power is found in the fact that they hold in their grip practically the whole of Central Europe, the nations along the Baltic, and a very great part of the nations in the Balkans.

Therefore, it is extremely important that the United States keep alive the hope of freedom for those people. They know and we know that we will not try to liberate them by force, but nonetheless the hope of freedom, so long as we show that we are devoted to it, is a very critical element in such shows of independence as they occasionally make and in maintaining in the hearts of those people a memory of self-determination and personal dignity, freedom of which they will avail themselves, given the remotest opportunity.

That is extremely important in our struggle for freedom and in the struggle called the cold war. Since time is passing and time is required to prepare for the celebrations with a view of keeping the hope of freedom alive in the captive nations that take place in this country, and for the activities of various organizations like Radio Free Europe and others of the same kind, I express the hope that President Kennedy will, quite promptly, issue the proclamation declaring the middle of July—I suggest the week of July 15–21—as Captive Nations Week. I hope that he does so promptly, and with the vigor which befits the fact that there is something of a shift in the struggle between ourselves and the Communists in our favor. That kind of activity is a very useful element in accelerating the trend.

I notice with great intent an editorial published in the New York Daily News entitled "Memo for the President," which calls for this action to take place right now. I strongly endorse the editorial, and I ask unanimous consent that it may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MEMO FOR THE PRESIDENT

Since 1959, it has been customary for the President of the United States, about this time of year, to proclaim Captive Nations Week—which in 1962 will be July 15–21.

During that week, it is customary for all interested groups to stage demonstrations of various kinds in honor of the once proud and independent nations which Soviet Russia is holding in slavery behind its Iron Curtain.

CAPTIVE NATIONS

These nations are Albania, Bulgaria, Czechoslovakia, Estonia, East Germany. Hungary, Latvia, Lithuania, Poland, and Rumania—to say nothing of the Ukraine, Armenia, and Stalin's old home province of Georgia in southern Russia.

The Kremlin is cordially hated in all of these areas, and Khrushchev is mortally afraid of their people.

That hatred and that fear add up to one of our best weapons in the cold war, if we'll only keep using this weapon as persistently and as shrewdly as we know how.

Every time we wave the weapon at Khrushchev, he foams at the mouth and breaks into a cold sweat—and it is a safe bet that news of our continued interest in the captive nations gets through in one way or another to the people of those nations.

So how about President Kennedy issuing the customary Captive Nations Week proclamation at any minute now? And how about making it some 99 percent tougher and more specific than the wishy-washy document his appeaser and chicken-heart advisers persuaded him to get out last year at about the 11th hour?

A STRONG CASE EXISTS FOR A GOLD MINING SUBSIDY DESPITE THE TREASURY DEPARTMENT MONETARY EXPERTS

Mr. GRUENING. Mr. President, nearly 30 years have elapsed since the President of the United States set the price of gold at $35 per fine troy ounce.

Since Franklin Roosevelt's proclamation of January 31, 1934, raising the price from $20.70 an ounce to $35, gold has been purchased by the U.S. Government at that same rate and it has been sold by the mints and Assay Office at the same rate.

I suggest it is time for all of us to look more realistically at today's prices before ignoring again the urgent request by the gold mining industry and those of us concerned by the drastic decline and imminent demise of a once great American industry and before closing the door to the suggestion that the Government provide subsidy for newly mined gold.

Gold, like historic Gibraltar, has remained firm. But planes today fly over Gibraltar just as 1962 prices have skyrocketed above the fixed price of gold. Small wonder that miners have left their diggings. Small wonder that the gold mining industry finds itself perched alongside a precipice into which it will have to fall if we do not act.

Representatives of the gold mining industry have attempted to warn the Treasury Department of impending disaster to the industry. They have presented their case truthfully and effectively. But as the mines continue to close the Treasury closes its eyes to this needless closing.

Treasury Department representatives cannot separate rumor from fact.

On June 8 this year a spokesman for Secretary of the Treasury Dillon said a proposed subsidy for domestic gold production would disrupt the monetary system of the free world.

I regret to report that the excellent questions posed by many Senators of the Subcommittee on Mining and Materials of the Interior Committee at the time, and were unsatisfactorally answered, did not receive the news coverage they deserved.

I ask unanimous consent that the story—an inedaquate reporting in my view—which appeared in the New York Times on the day following the hearing before members of the Minerals, Materials, and Fuels Subcommittee of the Senate Interior and Insular Affairs Committee, be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TOP TREASURY AID FIGHTS GOLD SUBSIDY

WASHINGTON, June 8.—A spokesman for the administration testified against a proposed subsidy for domestic gold production today. He said it would disrupt the monetary system of the non-Communist nations.

The witness, Robert V. Roosa, Under Secretary of the Treasury for Monetary Affairs, appeared before a subcommittee of the Senate Interior and Insular Affairs Committee. The panel is conducting hearings on legislation to provide a subsidy of up to $35 on ounce. This would be in addition to the $35 an ounce paid by the Government for gold.

Senator JOHN A. CARROLL, Democrat, of Colorado, is the chairman of the subcommittee. He said today that incentive payments were needed to stimulate domestic gold production.

But Mr. Roosa declared:

"Ours is the only currency that maintains the link between money and gold; we do that by standing ready to purchase and sell gold at the fixed price of $35 per ounce.

"The monetary system of the entire free world is hinged to the interconvertibility which we maintain between gold and dollars at that price. Any form of subsidy to American gold production would impair that relationship."

A subsidy "would be construed by the rest of the world as evidence that devaluation was underway," he said.

Mr. GRUENING. Mr. President, I confess that it is difficult to report in a detailed fashion the proceedings from the many congressional hearings and it is therefore of great value that the hearings are printed and made available to the general public. However, since the hearings on Senate Joint Resolution 44 sponsored by our able colleague from California, CLAIR ENGLE, are only in progress and will not be printed until their conclusion, I should like at this time to highlight some of the findings of the June 8 hearing for the information of the Senators who could not be present and for all other parties who wish to keep our gold reserve strong.

A certain unvarying monotony appeared in the testimony of Under Secretary of the Treasury for Monetary Affairs Robert V. Roosa. Mr. Roosa represented Secretary of the Treasury Dillon and came authorized to speak for the Department. I feel confident that the Under Secretary is familiar with Senate Joint Resolution 44 which in no way affects the Government fixed price of $35 an ounce. Furthermore, I and others of the Congress have suggested that the resolution might be amended to provide unequivocal assurance that the United States would continue to buy or sell gold at $35 an ounce if such assurance were judged to be in the national interest. In fact our able and knowledgable colleague, Senator Frank Church, of Idaho, suggested that the President could, if he deemed it proper, issue a statement for international consumption to give the assurance of a firm gold price. And it seems to me that the word of the President of the United States is the strongest possible assurance for peoples of all nations that this Nation intends to keep the price of gold at its present level.

But I will confess that throughout the June 8 hearing and on previous occasions the Treasury Department was unable to provide a single solution to the crisis in which the gold-mining industry finds itself.

Let us examine some of Under Secretary Roosa's remarks. He starts by noting that he would welcome an opportunity to discuss the problem, and thanks the chairman of the Interior and Insular Affairs Committee [Mr. Anderson] for supplying the Treasury with a copy of the previous day-long hearing on Senate Joint Resolution 44 at which time representatives of the industry testified.

The Under Secretary told the committee that in response to a letter from Senator Anderson the Treasury Department more than a year ago stated that it opposed the enactment of the proposed resolution. On June 8 he testified at length. I ask unanimous consent that his remarks be reprinted in the Record at this time.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Mr. Roosa. And, despite our best efforts to be as cooperative as we could, we studied the March hearings carefully, we have discussed these matters further with public officials and with representatives of the gold-mining industry, and have, indeed carefully reexamined the role of gold in our own monetary system, but we have not changed our view.

It seems to us that the usual reasons for urging gold subsidies in other countries or for urging subsidies to other industries in this country are not applicable to gold in the United States. This cannot be viewed simply as a case of a marginal or depressed industry seeking relief from the compelling pressures of economic change. Gold is a unique metal. The dollar is a unique currency. Ours is the only currency that maintains the link between money and gold; we do that by standing ready to purchase and sell gold at the fixed price of $35 an ounce.

The monetary system of the entire free world is hinged to the interconvertibility which we maintain between gold and dollars at that price. Any form of subsidy to American gold production would impair that relationship.

An understandable, compassionate effort, in the spirit of which we can all share, to assist a relatively few people to keep or obtain employment in the gold mining industry—desirable as employment there would be, or their employment, in any event—that effort, instead of helping those in the gold mining industry, would, in our considered and deliberate judgment, disrupt the monetary system upon which not only their own livelihood, but also that of all the rest of us, depends.

To us, it seems there is no compensating advantage in the promise that subsidies would produce a vast enlargement of the existing gold stock. The fact is that even if productive capacity would achieve the most optimistic estimate of the Department of Interior, American facilities could not in less than a century add—these are additions—to our gold production the amount of gold contemplated by the present terms of Senate Joint Resolution 44. But even if that total could by some alchemy be produced within a single year, it could not begin to offset the losses to the world economy that would be created by devaluation of the dollar. And in blunt, simple terms, if the U.S. Government should add an unprecedented subsidy to the official $35 price for gold, such action would be construed by the rest of the world as evidence that devaluation was under way.

I would be glad to discuss further any aspects of this question relating to the function of gold in the world's monetary system, along whatever lines the chairman and members of this committee may wish to pursue. But I would stress, before we begin, that I can give you full assurance, based on intimate, continuous, extensive contact with financial officials of most of the leading countries of the world that a step of the kind contemplated by this resolution would be regarded as synonomous with a declaration of intent to devalue the dollar of the United States. That is why the Treasury Department is opposed to this resolution.

Mr. President, I have cited the Under Secretary's opening remarks at length in order to give as clearly as possible a picture of the inflexibility which confronts members of the Senate Interior and Insular Affairs Committee and the gold mining industry as they try to keep U.S. gold reserves firm and as they seek to keep the industry which provides us with our gold supply alive.

In the questioning which followed, a number of facts were established.

First. Senator John Carroll, chairman of the subcommittee, ascertained that not even the Treasury Department knows the productive capacity of the Soviet Union. Let me quote further from the transcript of the June 8 session:

Senator Carroll. All I am asking is whether or not the Soviet Union also uses gold.

Mr. GRUENING. After some discussion, Mr. Roosa was asked by Senator Carroll:

What are they producing?

Mr. Roosa. There are estimates, but no one knows. We do know what they sell each year into the outside world, and that figure ranges between $200 million and $300 million a year.

Senator Carroll. Between $200 million and $300 million a year?

Mr. Roosa. $200 million and $300 million; yes, sir.

Senator Carroll. That is freshly minted gold, do you think, being sold by the Soviet Union on the world market?

Mr. Roosa. Yes, sir. Whether it is out of new production or accumulated stocks, it is impossible to tell.

Senator Carroll. Do you know what our production is or was in the last year?

Mr. Roosa. Yes. Ours is running roughly at the rate of $60 million a year.

Senator Carroll. Then can we assume from that, is it a safe assumption to say that they are producing or at least putting on the market three times as much as we are?

Mr. Roosa. Certainly, in terms of what they are putting on the market, that is true, yes.

The colloquy as it developed emphasized that our country apparently does not know how much gold is produced in the Soviet Union. It further developed that the Soviet Union is placing on the world market between $200 million and $300 million a year. Our gold production is $60 million a year.

It is not difficult to compare these figures and arrive at a 5 to 1 or nearly 3 to 1 ratio—a ratio not in our favor.

Shortly thereafter, Mr. Roosa noted that the Union of South Africa produces approximately $800 million a year and Canada produces roughly $150 million a year. Mr. Roosa also said:

Well, both Canada and South Africa have subsidies in the form of direct incentive payments as well as in preferential tax treatment.

Later in the hearing the distinguished minority whip, Senator Thomas Kuchel, of California, who is a cosponsor of Senate Joint Resolution 44, asked Under Secretary Roosa if the Treasury Department had any recommendations that it might make to the subcommittee to help the gold mining industry of America in any fashion. Mr. Roosa's reply was direct:

Mr. Roosa. No, sir. We explored this matter with, I feel, thoroughness, and the same sympathetic consideration that you bring to it—I hope we have.

It is our feeling that the problem of gold mining, as distinct from all other kinds of mining—you may know that the Treasury Department did, in the case of lead and zinc, give its concurrence to the proposed legislation which has been authorized but for which no money has been appropriated yet to provide some assistance to the smaller, marginal producers.

In the case of any other metal, where there were similar problems we would take the same approach. But in the case of gold, because of its special nature, we feel there is no alternative; that no special measures can be taken that would be aimed at gold as such; and that it is possible that the general workings of the changes we have proposed in the tax regulation and legislation may have benefit to gold mining as to all other forms of productive industry.

But to deal with gold mining specially and alone, we are unable to come up with the kind of helpful suggestion that in our hearts we would just as much like to do, as I know you do, sir.

Senator Kuchel. Mr. Secretary, all I can say is that I rather bitterly regret the position of the Treasury Department.

I have listened to the answers which my colleagues from Colorado elicited.

This is a difficult problem, I understand that.

> This committee does not want to do anything to create any panic situation anyplace around the world.
>
> But it is very difficult for this Senator to understand the basis and the reasoning on which purchases of gold that are made abroad with all the elements of cheap labor that are involved, and, at the same time, we turn our back on the American gold industry.
>
> Insofar as I am concerned, I think the consensus of this committee this morning, of the Senators who are here, is just about as I speak, and I do believe that the time has come for the Congress to indicate that it does desire to take some steps to help the domestic American gold mining industry.

Senator Kuchel's comments are well taken.

But the unvarying inflexibility of the Under Secretary's replies made it impossible to develop a new approach.

Senator Henry Dworshak, of Idaho, pointedly asked Mr. Roosa:

> Would the Treasury Department recommend that the President veto the bill?

This is the response:

> Mr. Roosa. Yes, sir.
>
> Senator Dworshak. The resolution.
>
> Mr. Roosa. Yes, sir.

Such responses while making the issue crystal clear, I suggest, do little to encourage the mining of new gold.

Senator Alan Bible, of Nevada, offered another suggestion to Mr. Roosa:

> Senator Bible. The suggestion has been made from time to time to this committee that it would be helpful to the gold mining industry in rehabilitating the gold mining industry if the United States would permit the holding and trading of gold as a free commodity.
>
> What is the Treasury position on that?
>
> Mr. Roosa. Well, sir, we are a very negative lot, I am afraid. "We are opposed to that, too."

Later in his reply to Senator Bible's question, Mr. Roosa said:

> It is our judgment that gold has acquired such a special status as the monetary metal that it cannot be subject to either the procedures or the understandable reasons for trading that would apply to any other commodity.

When Senator Bible asked if the Treasury Department planned to make some recommendation as to the proper depletion allowance for gold, Under Secretary Roosa responded that if there were consideration of such a proposal it would come before the end of August, he hoped.

The feeling of the committee seemed properly expressed when Senator Church commented:

> Senator Church. I do not quite understand how depletion would be very helpful, whatever change might be made in the schedules, if the fact is that we cannot now mine gold profitably at $35 an ounce.
>
> There is nothing to deplete, is that not true?

When Senator Bible asked if there were any way for the United States to build up its domestic gold reserves that would not shake the monetary system, Under Secretary Roosa replied:

> Not that we have been able to discover, sir, because the interpretation given to this is that the U.S. Government would, in some official way and public way, have indicated that there is something wrong or unsupportable about the $35 price.
>
> And, as I said, we have to be impeccable and uniform in insisting that we take no action that raises any question about that.
>
> Senator Bible. The sum and substance, then, about what you are saying is that you are in complete disagreement with what the Western members say?
>
> Mr. Roosa. Yes, sir.

It is at this point in the hearing that the able chairman of the Senate Interior and Insular Affairs Committee [Mr. Anderson] began his questioning of the witness. Recall that Under Secretary Roosa had said:

> We have to be impeccable and uniform in insisting that we take no action that raises any question about that.

The "that" to which he referred is the $35 price paid for an ounce of gold, a price established 28 years ago when prices of materials and labor were considerably lower.

> Senator Anderson. You say it would have to be impeccable and uniform?
>
> Mr. Roosa. Yes, sir.
>
> Senator Anderson. Now, what about the cotton situation. We give a little extra on cotton by support price. Does that affect the world price?
>
> Mr. Roosa. No, sir. This is the special, unique problem.
>
> Senator Anderson. Oh, but we must be uniform and impeccable, now.
>
> Mr. Roosa. I am talking about the gold only, sir.
>
> Senator Anderson. You are just impeccable and uniform on gold?
>
> Mr. Roosa. We like to be in all matter, but—
>
> Senator Anderson. But only in gold?
>
> Mr. Roosa. But with respect to gold, it is an absolute; yes, sir.
>
> Senator Anderson. Why do you use the term "uniform." You mean "unique," do you not?
>
> Mr. Roosa. Yes.
>
> Senator Anderson. Nothing like it?
>
> Mr. Roosa. That is right, sir, yes.
>
> Senator Anderson. That is right?
>
> Mr. Roosa. Yes, sir.
>
> Senator Anderson. Now, you were asked a question a while ago and I swear I could not understand what you said. I apologize for that.
>
> Mr. Roosa. Well, I apologize.
>
> Senator Anderson. The acting chairman of this committee asked you a question. He wanted to know whether or not there had been a flow of gold outside the United States as a result of the stock market crash. That could be answered yes or no, but you did not answer quite that crisply. Could you answer it again?
>
> Mr. Roosa. No.
>
> Senator Anderson. You could not?
>
> Mr. Roosa. There has not been, no, sir.
>
> Senator Anderson. There has not been?
>
> Mr. Roosa. No, sir.
>
> Senator Anderson. Therefore, the flow of gold does not depend upon all these things we have been talking about, does it?
>
> Mr. Roosa. There are differences. I understand your question to be whether there was any significance or definable relation between the recent stock market decline and the flow of gold.
>
> Senator Anderson. No; I did not ask anything about the relationship. Has there been a flow of gold as a result of the stock market break?
>
> Mr. Roosa. And the answer to that, sir, is no, there has not.
>
> Senator Anderson. Therefore, the flight of gold was not related to the fact that stocks were too highly priced, was it?
>
> Mr. Roosa. This is perhaps too soon to say, but, in any immediate sense you must remember that the action to draw gold from the United States is taken by central banks. The central banks base their judgments sometimes on elements that are different from the private community. There has, of course, been, not gold, but some outflow of funds through foreign selling, much less than one might have thought from the newspapers, but there has been some, Senator Anderson. Now, those funds, when they flow out, may eventually choose to take gold, but that is a time lag, and we cannot tell about that yet.
>
> Senator Anderson. Could this flow of funds have been related in any way to the short-term price of Government money, to the Government bond situation? The Treasury is sort of keeping the price at 2.70 is it not?
>
> Mr. Roosa. As close as we can.
>
> Senator Anderson. Where it will only cost the Government 2 percent to borrow, you still boost it up to 2.70 in order to keep the money here, do you not?
>
> Mr. Roosa. Yes, sir.
>
> Senator Anderson. How do you explain that? Is that a subsidy?
>
> Mr. Roosa. The only way I can explain it is that in every other country in the world, except Switzerland, the rate is considerably higher, and——
>
> Senator Anderson. But if we are trying to borrow billions of dollars and are talking theoretically, we are trying to balance the budget.
>
> Mr. Roosa. Yes, sir.
>
> Senator Anderson. Now, if the money market goes down to about 2 percent, where it wants to go, would not the Government save millions of dollars a year?
>
> Mr. Roosa. No, sir.
>
> Senator Anderson. No?
>
> Mr. Roosa. No.
>
> Senator Anderson. If you borrow money at 2 percent instead of paying 2.70, does that not save money?
>
> Mr. Roosa. That is only part of it, sir, in my view.

This exchange of information continued at length and I should like now to recount the valid and interesting conclusion drawn by Senator Anderson.

The Senator from New Mexico said he became interested in the bolstering of short term money because of the inconsistency in thinking revealed. He commented:

> Senator Anderson. You think it is all right for the Government to pay more money to these people, mainly banks, to have this short-term money available, but it is a horrible thing if you give a gold miner a chance to live.
>
> Never give a gold miner a chance or a lead and zinc miner, but just take good care of the banks.
>
> I never could follow how that contributes to the welfare of the country.
>
> You were asked question after question. You say, We are negative on this; we are negative on that. How in the world does a subsidy that might be given to a producer of gold frighten somebody in some other land? You say they think we are going to go off this and change completely and devalue the dollar.
>
> Why?
>
> We did not devalue the dollar when we put it in cotton, and there is more money tied up in cotton, almost, than there is in gold.
>
> Billy Sol Estes got enough to start two or three banks. I do not see why it is so awful to think about the gold miner. We do not have very much in our great State, but I was born and raised in South Dakota where they had a little bit at that time.

Now, you have mentioned the fact that you have something to do with lead and zinc, and in your attitude toward lead and zinc you have been uniformly against anything that would really help the producers of lead and zinc * * * the mines are closing down one by one. When they all close down, you can write off lead and zinc. When the gold mines all close, you can write that off. But is that the best way to help the American economy?

These points which were raised by Senator ANDERSON were not satisfactorily answered by the Under Secretary. How can the Treasury Department subsidize some problem areas with obvious alacrity and yet ignore other pressure points?

When it came my turn to testify, the witness, Mr. Roosa, admitted that no other industry had been subject to such stringent limitations as had the gold mining industry.

I looked into a number of cost of living increases which had occurred while the price for gold remained stationary. I found no commodity or service price of 1934 exists at the same level today as in 1934.

Some price increases were as much as 717 percent. Mr. President, I ask unanimous consent that a tabulation of these increases containing the commodity, its 1934 price, its 1962 price, and the percentage of price increase be printed in the RECORD at this point in my remarks.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

Cost of living increases while the price for gold remains stationary

Commodity	1934 price	1962 price [1]	Percent price increase
Bread, loaf, 1 pound	7 cents, A&P	21.1 cents, CPI	201.42
Milk, quart	13 cents, Nation-wide	24.9 cents, CPI	91.53
Flour, 5 pounds	27 cents, A&P, Pillsbury	56.2 cents, CPI	108.14
Chicken, 1 pound	29 cents, fryers	40.4 cents, CPI	93.31
Pork chops, 1 pound	27 cents, A&P, center cuts	87.4 cents, CPI	223.70
White potatoes:			
5 pounds	15 cents, Idaho baking		
10 pounds	15 cents, regular A&P	55.8 cents, A&P, CPI	272.00
Corn	2 No. 2 cans, 23 cents, Piggly-Wiggly	1 No. 303 can, 20.2 cents, CPI	75.65
Tomatoes	1 medium can, 8 cents, A&P	No. 303 can, 15.8 cents, CPI	97.50
Eggs, 1 dozen	29 cents, A&P	2 for 85 cents, A&P (large size)	46.55
Apples	3 pounds, 13 cents, cooking; 17 cents, Delicious	1 pound, 13.7 cents, CPI	1.94
Cheese, 1 pound, American	21 cents, A&P	49 cents, sliced, A&P	133.33
Lard, 1 pound, Crisco	19 cents, A&P	36 cents, A&P	89.47
Coffee, 1 pound	19 cents, A. & P., 8 o'clock	Pound can, 71.2 cents	274.74
Butter, 1 pound	31 cents, A. & P.	76.2 cents, CPI	145.81
Man's winter suit	$25, Hecht's	$55-$115, Hecht's	120.00
	$23.50 Raleigh's	$69.50-$135, Raleigh's	195.74
Woman's everyday dress	$2.95 Palais Royal	$3.99, Woodward & Lothrop budget store	35.25
Car, Chevrolet	$625, Master 6 sedan, Taylor Motor Co	$2,402.94, Biscayne 6 sedan, Hicks Chevrolet	284.46
Room and board	$35 a month	$90 a month	157.14
Canned spaghetti, 15½-ounce can	5 cents, Phillips	2 for 29 cents, Safeway, Franco-American	190.00
California oranges	2 dozen, 49 cents	74.5 cents a dozen, CPI	204.07
Season ticket to National Symphony, 8 concerts	$3	$6 plus $5 dues, Prince Georges series	272.72
Ground beef, 1 pound	18 cents, Piggly Wiggly	51.5 cents, CPI	186.11
Electric iron	$1.95, Kann's Universal	$7.77, Sears', Kenmore	298.46
Jewelry:			
Gold bead necklace	$70, Galt & Bros., Inc	$100	[2] 30.00
Gold cuff links	$50, Galt & Bros., Inc	$65	[2] 30.00
14 carat gold ring	$50, Galt & Bros., Inc	$60	[2] 30.00
Man's hat	$5, $4	$9.95, $11.95, Hecht's	139.00
Lamb, 1 pound	21 cents	49 cents, Safeway, shoulder cut	133.33
Men's shoes	$5, Hecht's	$17.95, Hecht's average price	259.00
Wilson Line (ride to Mount Vernon)	50 cents, round trip	$2.75, round trip	450.00
Rye or bourbon, case of 12 quarts	$11.95, Star Liquor	$38, Star Liquor Co	217.99
Calves liver, 1 pound	17 cents, Swifts	$1.39, Safeway	717.65
New home in Foxhall Village, Washington, D.C., 7 rooms	$8,950-$9,250	$32,500-$50,000	[2] 263.10

[1] Consumer Price Index (CPI), U.S. Department of Labor, January 1962. Prices for 1934 obtained from the Washington Post (September 1934). Remaining prices were obtained from personal phone contact, stores listed above have headquarters in Washington, D.C.

[2] Approximate.

NOTE.—Mining equipment cost has increased 190 percent since 1934 according to information supplied by the industry.

Mr. GRUENING. Mr. President, gold is gold, I agree. But facts are facts.

I have suggested that the position of the Department of the Treasury is like that of the leaf on the quaking aspen tree which trembles and quivers even when there is no breeze and no apparent cause. Secretary Roosa appears honestly to believe that a subsidy for newly mined domestic gold paid to our miners would create a psychological situation, tending to instill alarm and apprehension in financial circles around the world.

I have seen no scintilla of proof thereof and whether we legislate and act for ourselves or are led docilely down that garden path by others who are, perhaps, more interested in their own well being.

If the nations of the world cannot be assured by a statement from our President that a subsidy for newly mined gold in no way alters the price of gold, then one may wonder whether our world position is not molded on shifting sand.

I suggest that it is the Treasury Department which, by voicing its fears, is spreading this alarm and apprehension as it goes about intimidating those who inquire, saying disastrous worldwide consequences will ensue if our gold miners are subsidized to save them and their industry from economic extinction.

ALASKA DAIRY PRODUCTION INCREASES

Mr. GRUENING. Mr. President, the largest agricultural industry in Alaska today is dairying, and the State division of agriculture has announced that 1961 was another record year for Alaska dairymen.

Total value of farm production in Alaska last year was estimated at $5,703,000, of which about one-fourth was used by farm families. Milk represented 43 percent of the value of the State's farm production, potatoes 14 percent, and eggs 8 percent.

According to information contained in a news story appearing in the June 16, 1962, issue of the Anchorage Daily Times, dairy production increased 17 percent in 1961 over 1960. This is encouraging news because the agriculture potential in Alaska is generally unknown.

The dairy production figures reported by Acting Director of Agriculture George Crowther are modest when compared to the production of the great dairy States. However, I do wish to applaud the dairymen of my State for their continuing efforts to supply as much of the milk needs within the State as is possible.

We of Alaska must today import some 90 percent of our foodstuffs. We are working toward decreasing that figure and to producing within the State more of the products which can grow in the rich soils of the area. To do this will take time.

With the help of the U.S. Department of Agriculture the soils of the State are being sampled so that the approximate number of acres suitable for farming will be known. Estimates today of tillable soil acreage or acreage suitable for pastures vary astonishingly.

The dairy industry in my State is receiving valuable assistance from such Department of Agriculture agencies as the Farmers Home Administration which is making available long-term, low-interest credit enabling dairymen to modernize and in some cases expand their facilities. At this point in the State's agricultural history this type of assistance is needed. Its value cannot be judged in mere dollars and cents.

To encourage long-range development of the State's agriculture Senator E. L. (Bob) Bartlett introduced S. 2805 and I cosponsored the legislation. Known as the Alaska Farmland Development Act of 1962, this bill would make possible a program of planned land development. Its total cost, excluding administrative costs, could not exceed $1,250,000. Expenditure in any one year would be limited to $125,000.

The program is modest.

Favorable reports have been received on S. 2805 by the Senate Committee on Agriculture and Forestry which is considering the legislation. I ask unanimous consent that reports on S. 2805 made by the Department of Agriculture and the Department of the Interior and the news story from the Anchorage Times be reprinted in the Record following my remarks.

There being no objection, the material was ordered to be printed in the Record, as follows:

Department of Agriculture,
Washington, D.C., May 24, 1962.

Hon. Allen J. Ellender,
Chairman, Committee on Agriculture and Forestry, U.S. Senate.

Dear Mr. Chairman: This is in reply to your request of February 7, 1962, for a report on S. 2805, a bill to provide for a program of agricultural land development in the State of Alaska.

This Department recommends that the bill be passed.

The purpose of this bill is to provide for a program of land development which will assist agricultural producers in the State of Alaska to develop and utilize more effectively the productive capacity of the State's land resources for agricultural purposes. The bill would authorize the Secretary of Agriculture to formulate and carry out a land development program under which payments or grants would be made to agricultural producers in Alaska for carrying out specified farmland development measures. Such measures may include, but would not be limited to, clearing, draining, shaping, and otherwise conditioning land for the production of crops or for pasture. In making this assistance available, the Secretary would have authority to enter into agreements with agricultural producers extending for a period of years.

Provision is made for utilizing the farmer committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act in the administration of the proposed program. The program authorized in this bill would be in addition to other programs in the State of Alaska now provided by law. There is authorized to be appropriated, without fiscal year limitations, a maximum of $1,250,000 for the entire program, excluding administrative costs, but not to exceed $125,000 is to be expended in any one program year.

We believe the program authorized in this bill is a desirable long-term approach in the needed expansion of agriculture in Alaska. The agricultural economy of the State has not kept pace with its rapid growth in population. Data from the Bureau of the Census show that the population of Alaska increased by 75 percent between 1950 and 1960. While the population as a whole is still predominantly rural (62 percent rural to 38 percent urban), the urban centers increased by 150 percent, as against less than 50 percent in the farming areas.

At present, a high proportion of the food consumed in the State of Alaska must be imported. Such importation is costly and acts as a deterrent to orderly economic growth. Lack of local agricultural production could also pose serious problems in maintaining the health and well-being of the people in this strategic area of national security and defense.

The Department recognizes the need for building a stronger agricultural base in Alaska and believes that the proposed legislation would prove a valuable and practical addition to other programs now in operation in the State. There are ample land resources which could be developed into family-type farms as economic units of production under the assistance authorized in this bill. Such development would prove of value not only to the people of Alaska but would serve the national interest by providing the means by which Alaska's growth would be better assured in an orderly and well balanced manner for the benefit of the Nation as a whole.

Conditioning land for production in Alaska is expensive because of high labor and equipment costs. The program authorized in this bill would provide for the development of probably 20,000 acres during its authorization, with a maximum in any year of 1,500 to 2,000 acres, assuming a cost-sharing arrangement whereby landowners would pay a part of the cost. This amount of land would help to only partially fill the gap between food needs and supply in the State. It would not affect materially the total demand for agricultural products. The demand for fresh produce (vegetables, and dairy and poultry products) is so pressing that expansion in farming would be expected to take place in those directions. The expected expansion would not be great enough to offset the expanded need for these products for the projected increase in population.

It is believed that the enactment of this proposed legislation would result in a total need for $1,250,000 additional for the entire program, but that an initial appropriation of about $125,000 would be sufficient for the first year after the bill is enacted. Since the presently established Agricultural Stabilization and Conservation Committees may be used to operate the program, the additional administrative costs would be much less than if a new organization were required.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

Orville L. Freeman,
Secretary.

U.S. Department of the Interior,
Washington, D.C. May 31, 1962.

Hon. Allen J. Ellender,
Chairman, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

Dear Senator Ellender: This responds to your committee's request for a report on S. 2805, a bill to provide for a program of agricultural land development in the State of Alaska.

We have no objection to the enactment of the bill.

The bill states a need to promote the agricultural land resources of the State of Alaska and is intended to provide a program to assist farmers in developing and utilizing more effectively the land resources in Alaska for agricultural purposes. This bill further provides that the Secretary of Agriculture is authorized to formulate and carry out a land development program which envisages the making of payments or grants to agricultural producers in Alaska for carrying out farmland development or treatment measures, including, but not limited to, clearing, draining, shaping, and otherwise conditioning land for the production of crops or for pasture. The Secretary of Agriculture, under the bill, would also be authorized to (1) enter into agreements with agricultural producers for a period of years; (2) issue appropriate rules and regulations; and (3) utilize the committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, 16 U.S.C. 590h(b).

The bill also authorizes appropriations for such sums as may be necessary to carry out the act, without fiscal year limitations. The total cost of the program (excluding administrative costs) could not exceed $1,250,000, and for any program year could not exceed $125,000. The program envisaged by the bill would be in addition to, and not in substitution of, other programs in Alaska authorized under any other law.

We recognize that many difficulties impede agricultural development in Alaska. Studies by the Alaska Agricultural Experiment Station indicate that the limitations on production involve, in addition to on-the-farm problems, transportation, processing, packing, and marketing facilities. The cost of conditioning land in Alaska is an expensive operation. Labor and equipment costs are very high.

Although the program authorized by the bill would affect our responsibilities indirectly, we favor full development of the natural resources of Alaska in accordance with sound conservation principles.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

John A. Carver, Jr.,
Assistant Secretary of the Interior.

[From the Anchorage (Alaska) Times, June 16, 1962]

Dairy Production in Alaska Sets Record

Reports from the State division of agriculture in Palmer state that 1961 was another record year for Alaska dairymen. Some 23.5 million pounds of milk were produced, or enough to fill nearly 11 million quart containers.

Last year's production showed a 17-percent increase over 1960.

"Dairying continued to be the State's largest agricultural industry, and, by far the greatest single source of farm income," said George Crowther, acting director of agriculture. "In 1961, more than $1 out of every $2 in cash receipts from farm products was a dairy dollar."

He noted that farm receipts total $4.3 million, of which $2.3 million or 53 percent was from milk sales.

Of the estimated 3,200 milk cows in Alaska on January 1 this year, 2,430 of them were in the Matanuska Valley area. The Matanuska population of milk heifers was 460, and milk heifer calves 400, while the total State count was 600 for each.

The report states that of the $2.3 million of milk sales in the State in 1960, some $1.9 million came from the Matanuska area.

Milk sales in the valley have nearly tripled since 1953 when $665,000 was recorded.

At the beginning of this year, milk cows in Alaska were valued at $1.4 million, of which some $1.1 million were in Matanuska Valley.

LET US STRENGTHEN OUR NATION THROUGH ENACTMENT OF THE VETERANS' READJUSTMENT ASSISTANCE ACT

Mr. GRUENING. Mr. President, in his now famous inaugural address, President John Fitzgerald Kennedy said:

> In the long history of the world, only a few generations have been granted the role

of defending freedom in its hour of maximum danger.

Later, as he concluded, the President uttered these words:

> And so, my fellow Americans, ask not what your country can do for you. Ask what you can do for your country.

Our fellow Americans have responded nobly to this suggestion.

Because we live during what is a continuing century of emergency it has been necessary for the President to recall to active duty many servicemen. In so doing he has of necessity had to interrupt the personal lives of many Americans. Men just starting in business, or men starting anew in business after earlier interruptions caused by other "hot" emergencies and I refer, of course, to World War II and the Korean war.

What of these veterans and what of our responsibility to them?

Pending on the Senate Calendar is a bill which I regard as "must" legislation. It is S. 349, the cold war bill.

The cold war bill which would provide readjustment assistance to veterans who serve in the Armed Forces between January 31, 1955, the cutoff date for the Korean conflict, and July 1, 1963, the termination date of the present draft law has been pending on the Senate Calendar since August 10, 1961.

This legislation would offer educational opportunities to 5 million young Americans serving this country during the period from January 31, 1955, to July 1 of next year.

The concept is not revolutionary.

As Senator Ralph Yarborough, my able colleague from Texas, has pointed out earlier this month:

> Of the more than 15½ million veterans of World War II, 7.8 million went to school under the GI bill.

Now how did these men and women utilize the assistance provided them in the GI bill?

Well, 29 percent attended college; the other 71 percent went to high school, vocational school, or business college, or took on-the-job training, or took advantage of various other types of educational facilities, according to information available to Senator Yarborough.

Senator Yarborough is the chief sponsor of S. 349.

The bill has bipartisan support. Its cosponsors number nearly 40. I am proud to be one of them and I should point out at this time that approximately 600 Alaskan veterans could benefit were this important legislation called up and subsequently approved by the Congress.

I ask unanimous consent that part of my testimony on behalf of the bill be reprinted in the Record at this point in my remarks.

There being no objection, the excerpt from the testimony was ordered to be printed in the Record, as follows:

> Our continuing recognition of the need for extension of universal military training and service requires continued recognition of responsibility for assistance to the men whose services are required by the Armed Forces.
>
> Although no current armed conflict exists for which our forces are required, the interruption to a man's career is no less serious when his services are needed by the Armed Forces during a period of cold war than during a period of actual conflict. In a sense it might be said that service in the absence of armed combat between nations is somewhat more of a sacrifice than that performed at a time when the need is dictated by war. Every good American is or should be prepared to enlist once war has been declared.
>
> Men now drafted into the Armed Forces are still in need of assistance in obtaining an education which will prepare them for the careers of their choice. Men whose service has been required during the period since the Korean conflict should not be discriminated against with respect to Government assistance for education merely because of the dates during which they served. It is just as true of post-Korea service as of any other period of service in the Armed Forces that the time spent as a soldier, sailor, airman, or marine could not have been spent achieving an education. It is just as true that men whose service has occurred since the Korean conflict require education and training to prepare them for jobs as was the case for men whose service occurred at an earlier date.

Mr. GRUENING. Mr. President, the world situation today has altered very little since that testimony was given on February 28, 1961. The free world has had to show that it meant what it said and this has made it necessary to call to active service, men in reserve units.

Certainly it cannot be denied that men whose service has occurred since the Korean conflict require education and training to prepare them for jobs as was the case for men whose service occurred at an earlier date.

More than 15 months ago I said:

> No group in our society is more deserving and more in need of vocational rehabilitation assistance than veterans who are the victims of service-connected disabilities. Certainly eligibility for vocational rehabilitation assistance should be extended to all veterans who would be covered by the provisions of section 3 of this bill. This would include the group whose service occurred during the period between World War II and the Korean conflict as well as those who are post-Korean veterans and whose disabilities are particularly severe.

My thinking has not changed.

The Secretary of Health, Education, and Welfare, the Honorable Abraham Ribicoff, has spoken before many audiences around this Nation. He told them specifically in speeches in Oregon and California:

> Those who seek, by their own words, to bury us have realized that education is the first step toward national strength and power.

I say this Nation took that first important step long before the Soviet Union but I suggest that unless we move ahead, not back, we may negate the gains achieved as a result of the GI bill.

To those who would oppose this legislation I am discussing today I would point out that this bill offers simple equality. Nothing more.

We know that this bill would offer educational opportunities to 5 million young Americans.

Past experience shows that the opportunity while available to all would be utilized by about half. This is as it should be. We do not force people to avail themselves of opportunity. But I do believe we should make the opportunity available.

Senator Yarborough has said that, were it not for the engineers, scientists, and scientific personnel educated under the GI bill, this Nation today would be in much shorter supply of doctors, dentists and schoolteachers and other highly trained personnel.

I believe this point is well taken.

Can we afford to deny this opportunity to the veterans who would qualify for the proposed Veterans' Readjustment Assistance Act? I think not.

The report on the Veterans' Readjustment Assistance Act notes that the young men who will have served "will need readjustment assistance when they return to civil life."

I should like at this time to comment in greater detail on the need for readjustment assistance and I now quote directly from the Senate report on S. 349:

> No person, no matter how ambitious, industrious, or talented he may be, can progress at a normal rate in our rapidly expanding economy when a series of threats to world peace calls him away to military duty for long periods of time.
>
> A cold war GI bill (S. 1138) passed the Senate by a vote of 57 to 31 in the 86th Congress. The obligation owed these young citizens is greater than ever before. The enactment of a cold war GI bill will not only constitute an act of justice for the persons sacrificing civil gains for military duty, it will also be in the best interests of the Nation.

The veteran eligible to participiate in the Veterans' Readjustment Assistance Act will, of course, receive a monthly monetary allowance. If he is single he would receive $110 per month. If he has a dependent the rate would be slightly more, or $135. If he has more than one dependent the rate would be $160.

The eligible veteran may participate in the program on less than a full-time basis if he should so desire.

It should be stressed that although the greatest benefit to the individual under the program comes through higher education that there are other benefits. The members of the Senate Committee on Labor and Public Welfare believe that the results of continued vocational and farm training will also be highly beneficial.

At this time I request unanimous consent to reprint in the Record a part of the report which describes in more detail how such benefits will be provided.

There being no objection, the excerpt from the report was ordered to be printed in the Record, as follows:

> Although the greatest benefit to the individual under this program would come through higher education, the committee is convinced that the results of continued vocational and farm training will also be highly beneficial. It is well known that our industrial and business enterprises require more skilled workers. These skilled workers could be trained under this program. Upgrading workers' skills would help eliminate labor waste which occurs when jobs are available, but the skilled workers to fill them are not. This kind of economic waste frequently exists even during periods of widespread unemployment. A survey in the State of Pennsylvania, for example, during a period of serious unemployment, disclosed that

there were jobs available in no less than 197 occupations requiring skilled and trained workers. The vocational and technical training provided by this bill would produce the skilled workers needed to fill these gaps in our economy.

Section 3 of S. 349, providing vocational rehabilitation of those veterans suffering from service-connected disabilities, will become a permanent feature of the serviceman's service-connected disability program. This feature is in contrast to the programs found in sections 2 and 4 which are related to the existence of the draft, and which have specific termination dates. The great benefits and simple equity of section 3 of the program are obvious: the Government should do all possible to restore the veteran's earning power lost in the service of his country. Some 25,000 disabled veterans will be assisted during the first 5 years in finding the most suitable and self-supporting occupation under this provision.

Section 4 of S. 349 continues for post-Korean veterans the home and farm loan guarantee and direct loan provisions of the Korean GI bill. This law as applied to World War II and Korean veterans has proved of tremendous benefit in helping veterans secure homes quickly without the usual downpayment requirements particularly onerous to those who have been in the service. The quite remarkable stability of our World War II and Korean veterans, as compared historically, is due in great degree to the approximately 5.6 million of them who were able to become homeowners through these programs. These benefits may be expected also to accrue to the post-Korean veterans. The already small costs of this program will be further reduced by the requirement of a one-half-of-1-percent fee charged to post-Korean veterans to pay for any losses to the Government on the programs, and the elimination of business and insured loans, which, because of the average younger age of the post-Korean veteran, were deemed not so suitable a readjustment benefit as the other programs. It is expected that some 1 million post-Korean veterans will be able to purchase homes and farms under this section, of which some 700,000 may be expected to be new construction.

Mr. GRUENING. Mr. President, think of it.

It is expected that some 1 million post-Korean veterans will be able to purchase homes and farms under this section.

Furthermore, it is expected that some 700,000 will be new construction.

I need not remind my colleagues that this means jobs in related industries.

Seven hundred thousand new homes, be they in the city or on farms or in suburbia, will use a vast amount of lumber, bricks, glass, electrical wiring, plumbing, tile, paint, concrete, insulation, sewage facilities, shingles. The list is endless. And these homes will be furnished and it is fair to suggest that at least some of that furniture will be new.

Mr. President, the justification for this legislation is clear. Let us not delay its passage longer. Let us act as soon as is possible to eliminate the existing discriminations in benefits for veterans based on the period of time of their services.

And let us realistically appraise the value of S. 349 which cannot be categorized. Certainly the men and women who would benefit from the bill are deserving. The interruption to their careers is as much an economic dislocation today as it was in 1949 or in 1954.

LAKE AFTON'S BOYS RANCH

Mr. PEARSON. Mr. President, Federal legislation on juvenile delinquency, by way of review shows that the Senate Judiciary Subcommittee To Investigate Juvenile Delinquency began hearings in 1953 and continued them in subsequent years. The first Presidential request for legislation to aid the States in combating this problem came from Eisenhower in 1955. He repeated the request in his budget messages in 1956 and 1957.

The White House Conference on Children and Youth recommended in April 1960 that Congress provide matching funds for programs to prevent and treat juvenile delinquency.

Last September the Juvenile Delinquency and Youth Offenses Control Act became law. This was the first act in this field to ever pass both Houses of Congress. The law authorized Federal grants of $10 million annually for 3 years to develop techniques and train personnel to control or prevent juvenile delinquency. Under this act the Secretary of Health, Education, and Welfare was to administer the program. Areas where pilot programs were set up were expected to share some of the cost. It was expected that more than half of the $30 million authorized would be spent on pilot demonstration projects. The other funds would be used for training of personnel who would deal with juvenile delinquents and to administer the project.

To date, a number of training grants have been established, and six different planning grants are now in operation. One demonstration grant is now operating in New York City. The training grants are for the purpose of training all personnel to cope with this program; the planning grants are to develop a program; and the demonstration grant puts into effect what has been developed.

On May 11, 1961, the President, by Executive order, established the President's Interdepartmental Committee on Juvenile Delinquency and Youth Crime.

The Secretary of Health, Education, and Welfare and other administrative authorities involved in the juvenile delinquency and youth offenses control law might well look to Sedgwick County in Kansas if they need a working model on the prevention and treatment of juvenile delinquency. I would like to point out to the Senate that local pople, the people of Sedgwick County and Wichita, Kans., have the capacity and know-how to meet the needs of their young people. To emphasize my point, I would like also to identify an individual in that community who assumed his responsibility for youth and the end result of his dedication toward this principle.

A ranching plan for juvenile delinquents began as an idea of Sedgwick County's Probate Court Judge James V. Riddel, Jr., back in 1956. Today, 80 acres of sprawling green land known as Lake Afton's Boys Ranch is the living and working example of his concern turned into reality in the area of juvenile rehabilitation.

Judge Riddel met with county organizations as well as community groups to emphasize the country's need for a "ranch plan" of handling juvenile cases. Civic clubs, PTA's, church groups, and individuals were informed as to what such a plan would involve.

The people of Sedgwick County, Kans., felt responsible enough for their young people that they voted a $595,000 bond issue for the boys ranch in 1958 by a margin of 3 to 1.

The boys' ranch is a model of architectural teamwork which provides cheerful, well-integrated facilities of modern construction, in line with progressive juvenile detention policies that afford a brief but constructive rehabilitation program for boys between the ages of 6 and 16.

The housing and school building is a trilevel affair. It contains both dormitories and private rooms. And it is planned so boys can be divided by age groups. A spacious visiting room is available as a place where boys can talk with their parents. Recreation and television rooms are also provided. Family-styled dining is a feature of the ceramic-tiled dining room furnished with gay multicolored dining tables and chairs. The main building includes a medical office, classrooms, library, Bible classroom, and vocational woodwork shop.

Outside the main building are located a full-size gymnaisum, 4–H barn, and athletic field. The juvenile members of the Lake Afton Boys' Ranch have access to adjoining Lake Afton for fishing, water sports, and picnics with their parents on visitors' day.

Judge Riddel believes in a full basic education for all the boys, and this is evident in the school's curriculum where the boys are instructed by three teachers furnished by the board of education in academic subjects and vocational courses. Courses in machine shop, printing, and journalism is planned for the future.

Religious training is encouraged through Bible classes, and transportation to Sunday Mass is provided to the Catholic boys by the Knights of Columbus. Parents also have the opportunity to take their children to church.

Farming plays an important part in the rehabilitation training with acres of corn and alfalfa being planted. This demonstrates that congressional and administrative efforts should be directed toward encouraging local interest rather than embarking on further Federal plans which increase the reliance of youth, parents and committees on federally controlled programs.

It is indeed invigorating and encouraging to see the people of Sedgwick County take the initiative for the responsibility of their young people.

TEXTILES DESERVE A FAIR DEAL

Mr. JOHNSTON. Mr. President, a proposal has been before the U.S. Tariff Commission for 3 months which would apply an equalization fee upon any finished textile cotton goods being imported into this country for sale in competition with products made by American cotton textile manufacturers.

The purpose of applying this equalization fee of 8½ cents is to offset the reduced price for cotton goods exported to foreign countries used in the manufacture of these products.

When a cotton mill in Japan can buy American cotton at a price 8½ cents cheaper than American mills must pay, it is only fair that if these manufactured goods are returned to the United States, that an equalization fee be applied, placing the foreign competitor, who already has cheap labor advantage, on an equal footing.

As recent as 2 weeks ago I wired Secretary of the Tariff Commission Donn N. Bent requesting early action by the Commission on this pending case. In addition, I wired the President of the United States to urge that he persuade the Commission to make an early favorable decision.

As of this date we have not received a decision. The textile industry is in great need of a favorable decision in this matter and the jobs of thousands of textile workers may depend upon how the tariff Commission rules in this matter.

One of the most excellent editorials I have seen written on this subject appeared in the Daily Mail, of Anderson, S.C., on Saturday, June 23, 1962. This editorial was entitled "Textiles Deserve a Fair Deal."

I ask that this editorial be printed in the RECORD immediately following my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

TEXTILES DESERVE A FAIR DEAL

Anderson County's economic welfare is unalterably linked with that of the textile industry.

If textiles falter the incomes of thousands upon thousands in Anderson County decline.

If all textile plants in the county were to suspend, possibly 15,000 persons would find themselves out of employment.

That's how vital textiles are to Anderson.

It is no secret, of course, that the textile industry in this area and over the Nation has seen brighter days.

Its principal thorn in the flesh today, as it has been for several years, is cheap imports, especially from Japan and, in more recent months, from Hong Kong.

There is reason to suspect that many of the goods shipped to this country from the port of Hong Kong actually originate in Communist China.

The current textile difficulty dates back a number of years to the time the Federal Government, in a "Rob Peter to pay Paul" maneuver, set out to assist American farmers in unloading their cotton surplus by reducing the export price of cotton by 8½ cents per pound, thus bringing American cotton more nearly in line with the world price.

This means that cotton mills in Japan and elsewhere are able to buy American cotton at a price 8½ cents lower than American mills are paying.

Foreign mills have continued to buy American cotton at that discount, process it into cotton goods with labor that costs only a fraction of the wages paid American textile employees, and then ship the cotton goods back into this country. Eventually the goods turn up in American stores, where they are sold in competition with American-made goods.

The price advantage granted foreign mills in the purchase of American cotton has been a veritable millstone around the neck of the domestic textile industry, including mills in Anderson County.

In 1960, for example, mills in South Carolina paid $113,312,000 more for their cotton than Japanese mills had to pay for a similar quantity of American raw cotton.

In Anderson County the difference was between $18 and $19 million—a figure, we imagine, that far exceeds the net profits of all county textile plants.

What is the solution?

Textile leaders say it rests in the hands of the U.S. Tax Commission.

It is simple, and it makes sense.

Foreign mills would still be able to buy cotton 8½ cents cheaper than the domestic price. That would keep cotton flowing from storage warehouses, and would keep farmers satisfied.

However, any finished goods returned to this country for sale would have an equalization fee attached. It would exactly offset the advantage granted of the 8½-cent Government subsidy on foreign purchases.

That proposal has been before the Tariff Commission since March 26—almost 3 months ago.

The Commission has acted upon other proposals in a matter of days. Textile leaders fear that the cotton equalization plan has been interred within Commission files.

There have been many favorable indications, numerous half-promises that aid is on its way, but nothing has happened.

In the meantime, the domestic textile situation continues to deteriorate as the flood of cheap textile imports arrive in an ever mounting flow.

It is placing American mills, including those in Anderson County, in an increasingly difficult position.

The jobs of every textile employee may be in jeopardy, should the present trend continue.

South Carolina Senators and Congressmen have not been idle. They have done all they can to get action.

Textile manufacturers, however, consider this a fight that not only involves the continued existence of mills, but is one in which textile employees, merchants who depend upon their paychecks, and all who are interested in the well-being of this good area should join.

A letter to Senators and Congressmen would show them that the public is back of this proposal.

A flood of cards, telegrams, and letters directed to Donn N. Bent, secretary, U.S. Tariff Commission, Eighth and E Streets, in Washington, D.C., might galvanize commissioners into activity.

Thousands such letters have already been written. A simple note from hundreds in this area, asking the Commission to act quickly and favorably on the textile import plan, might be effective in getting action on the part of the Commission.

SENATOR GRUENING ON CBS TELEVISION PROGRAM "WASHINGTON CONVERSATION"

Mr. MANSFIELD. Mr. President, yesterday I had the distinct pleasure of observing and listening to the distinguished Senator from Alaska [Mr. GRUENING] as he took part on the CBS television network program "Washington Conversation." Because I was highly impressed with what the Senator from Alaska said, I ask unanimous consent that the text of the program as broadcast over the CBS television network on June 24, 1962, be printed at this point in the RECORD.

There being no objection, the text of the broadcast was ordered to be printed in the RECORD, as follows:

"WASHINGTON CONVERSATION"

(As broadcast over the CBS Television Network, June 24, 1962)

(Guest: The honorable ERNEST GRUENING, U.S. Senate (Democrat of Alaska). Host: Paul Niven. Producer: Michael J. Marlow.)

ANNOUNCER. Join us now for a Washington conversation with a man of 75 who has been living a life rich in public service, Senator ERNEST GRUENING, Democrat, of Alaska.

The CBS Television Network presents "Washington Conversation," an attempt to sketch in some of the details of this man, ERNEST GRUENING, of Alaska. He was born in New York City, graduated from Harvard in 1907 and intended to become a physician, graduating from Harvard Medical School the year Wilson became President. He didn't practice medicine but instead went on to a career as newspaper and magazine editor and public official, and fought two decades for Alaskan statehood which came about just 4 years ago this week. Today we invite you to meet him in a personal biography, one of the Senators of the 49th State, ERNEST GRUENING.

Your host for this informal, unrehearsed "Washington Conversation," prerecorded on video tape, is CBS News Correspondent Paul Niven.

Mr. Niven.

Mr. NIVEN. Senator GRUENING, you are the first medical doctor to serve in the Senate for some 20 years. I believe you've never practiced, but somehow along the way you've delivered nine babies. How did that happen?

Senator GRUENING. Well, actually, 14. This was during my third year in medical school when the class in obstetrics gets some practical training and in those days we went into the slums which existed plentifully and we delivered babies in the families of the less well-to-do and I brought 14 into the world.

Mr. NIVEN. You haven't delivered any since, sir, on Capitol Hill or anything like that?

Senator GRUENING. Not babies of that kind. I mean, we hope to deliver other things.

Mr. NIVEN. What deflected you from medicine? You went right into journalism instead of practicing. Why did you change your mind about a career?

Senator GRUENING. Well, it was like this: my father was a distinguished physician in New York. I was the fourth child and the first and only son and it was just taken for granted that I would study medicine—the phrase was: "follow in father's footsteps." I was never compelled, I was never forced to do it, it was just taken for granted. And it was not until my third year in medical school that I began to have doubts and those doubts were not that I did not like medicine or find it interesting, but that I was interested in many other things and I had a feeling which I still have that if you want to do medicine, you shouldn't be interested in anything else.

My friends in college had gone into newspaper work. My very good friend Earl Derr Biggers, the author of the Charlie Chan stories, was dramatic critic of the Boston Traveler and on nights when there would be more than one opening he would ask me to cover the other show. I found these things very interesting and began to think that if I was interested in so many other things, economic and social problems, this, that and the other, I shouldn't be in medicine.

Mr. NIVEN. As an editor in Boston you had a run-in with Mayor James Michael Curley. What was the issue?

Senator GRUENING. I sure did.

Well, I found that Mayor Curley was doing something that was rather improper and we exposed him in the Boston Traveler, of which I was managing editor. We had gotten a censorship bill through, very unwisely. At the time a film called "The Birth of a Nation" was showing, which struck me as a film that incited race ratred and violence and we wanted to get it stopped. I think now that that was a very unwise and juvenile decision. I think we should not have censorship of that kind. But in any event we got the kind of legislation through the Massachusetts Legislature which gave the mayor of Boston, Curley, that censorship power. And then he proceeded to do nothing about this particular film but used it in other ways against other theatrical productions. And then a picture came that was called "Where Are My Children." It was rather scandalous. It dealt with abortions. The film ran half-page ads instead of the usual 1-inch theatrical advertisements daring Mayor Curley to do something about it and wondering why he didn't. We began to smell a rat. And at that time I got a tip that Curley had gone to Pennsylvania and talked to Senator Boies Penrose who was the boss of Pennsylvania and asked him to use his influence to have the picture shown in Pennsylvania where it had been barred by the board of censors. And, following this I sent a man down to see Penrose. He said, "Yes, Mayor Curley came down here to see me and asked me to have this picture shown."

"What did you do?" I asked Senator Penrose.

"Well, I called up the board of censors at Harrisburg but they said it was just too rotten and that they wouldn't reverse their decision."

So we published this story under a double headline in 144-point type "Mayor Curley Lobbied in Pennsylvania for 'Where Are My Children.'" That was considered very damaging to Curley and he brought all the pressures possible to have us apologize and retract, and he brought pressure on the Republican national committeeman, Winthrop Murray Crane, the chairman of the Republican National Committee, who was the controlling stockholder in the Boston Herald, which was the morning edition of the Boston Traveler.

And, to make a long story short, they succeeded in getting his assent that there would be a retraction, at which point I resigned.

Mr. NIVEN. How could Curley, a Democratic mayor, bring pressure on a Republican paper and Republican politicians?

Senator GRUENING. That's one of the most interesting questions, and I asked that of my immediate boss who was then the editor of the Boston Herald, and he said: "Well, I don't know." He said: "Maybe it's Otis Elevator." And I said, "What does that mean?" "Well," he said, "Winthrop Murray Crane," who was the chairman of the Republican National Committee, "is the leading stockholder in Otis Elevator and Curley is having them put into a lot of municipal buildings. That's one explanation. Another is that in national campaigns he lines up the Democratic voters in Boston for the Republican ticket."

So, it was rather shocking that a man of Crane's supposed stature could be in league with Curley, but I wasn't very realistic at that time and that's what happened.

Mr. NIVEN. I believe you were one of the first editors in the country to order that Negroes not be identified as such in news stories unless it was essential.

Senator GRUENING. I think I was. That happened in 1914 when I first became managing editor of the Boston Traveler, and I issued instructions that Negroes should not be identified as such in news stories unless their being Negroes was essential to the story.

Mr. NIVEN. And of course that practice has become widely copied now.

Senator GRUENING. Yes.

Mr. NIVEN. Then you went on to the New York Nation, the famous liberal weekly magazine, didn't you?

Senator GRUENING. That's correct.

Mr. NIVEN. Now, right now there is a postal bill before the Senate which threatens the existence of many small magazines and political weeklies. As an ex-editor, do you have any feeling one way or the other on this?

Senator GRUENING. Yes, I certainly have. Of course I have learned in my relatively brief experience in the Senate that it's unwise to state in advance what you are going to do because when a bill comes up it may have been modified; but I shall vote against any measure that is likely to put some of our magazines out of business. Magazines like Harpers and the Atlantic and others are barely getting by. I know that, and if they are going to be socked with a tremendous postal bill, they will not be able to exist and I think that would be a very serious loss and very regrettable.

Mr. NIVEN. Senator, you became interested in Alaska via Latin America, so to speak, didn't you? Wasn't your interest first in——

Senator GRUENING. Well, in a sense, yes; because my first connection with government was to be appointed the adviser to the U.S. delegation to the Seventh Inter-American Conference which took place in Montevideo in the late fall and early winter of 1933. That was President Roosevelt's first venture into Latin American affairs. I had talked to him previously about the desirability of starting what would be a good neighbor policy and ceasing our gunboat diplomacy, our armed interventions into our smaller neighbors. And, suddenly, I found myself appointed the adviser. And so I was down there, and at this Conference of which Cordell Hull was the Chairman, we did certain things. We proposed that the Monroe Doctrine be multilateralized. We sought to make it, in President Roosevelt's words, "a joint concern" of the 20-odd American Republics and not a unilateral policy as it had been. We abjured armed intervention. And we recommended the lifting of the Platt amendment from Cuba, which gave us the right to intervene. That does not look quite so good now, but it was the right thing to do in any event. Apparently the President liked my work and so a little later when this new position was created, the Office of Territories and Island Possessions in the Department of the Interior, which was to have supervision over the Federal relations of our outlying areas, I was appointed its Director.

Mr. NIVEN. Did you visit Alaska first in that capacity?

Senator GRUENING. I visited Alaska after I had been appointed because I had never been to Alaska at the time I was appointed. I visited Alaska first in the spring of 1935, and I had been appointed in September of 1934.

Mr. NIVEN. Later Mr. Roosevelt offered you the Governorship of Alaska. There was a story that you were hesitant, is that correct?

Senator GRUENING. Well, I wasn't only hesitant, I definitely declined it when it was first offered to me. I felt that it should be an Alaskan, one who was a resident of Alaska and that sending in outsiders who were then referred to, and not incorrectly as carpetbaggers, was all wrong, and I did turn it down; but the President, with his persuasive charm, felt I could be useful. He said to me, "The people of Alaska have lost touch with the New Deal. They don't know what we are trying to accomplish. You know your way around here and you can be very helpful to Alaska and I wish you'd go."

Well, when the President of the United States talks to you that way, you do it.

Mr. NIVEN. You have written that Alaska was discovered three times. What do you mean by that?

Senator GRUENING. Well, it was discovered first by Vitus Bering, a Danish explorer sailing for the czars who came to find out whether there was a separate continent or whether Bering Strait was not a reality. That was the first discovery of Alaska.

The maps of the world prior to 1741 are blank in one part only, and that is the northern west coast of North America northward from a point about halfway up the coast of California. The map there had been blank and that was filled in by Bering.

The second discovery was, of course, when William H. Seward, with great wisdom, decided that Alaska should become part of the Union.

The third discovery was the gold rush. In the interval between the purchase of Alaska in 1867 and the late nineties, Alaska was a completely forgotten and abandoned Province.

Mr. NIVEN. Congress didn't do much about it, did it?

Senator GRUENING. It neglected Alaska completely. During the first 17 years we had no government at all. Such government as there was was exercised without any legal authority by the commanding officer of the troops stationed at Sitka and when, after 10 years, in 1877, 10 years after the purchase he was called down to put down an uprising of the Indians in the Northwest, there wasn't even that semblance of government. The people became alarmed up there and appealed to their distant Government to send up some kind of a gunboat or armed vessel to overawe any possible uprisers. But Congress paid no attention whatsoever; neither did the President.

Mr. NIVEN. The Alaskans finally got a Canadian gunboat——

Senator GRUENING. They got a Canadian vessel to come in to do the job Uncle Sam's vessel should have; and when a few months later an American sloop of war came up, the captain of that vessel and his successors without authority were in effect the rulers of Alaska for the next 4 years.

Mr. NIVEN. To get back to the sale from Russia in 1867, why were the Russians so shortsighted as to sell Alaska for $7 million?

Senator GRUENING. Well, in the first place they had not made a financial success of it. They were getting to the point where they were losing money on their venture. In the next place they were afraid that the British would grab it and they preferred to have Americans, the United States, as their neighbors and they were interested more or less in expanding southward and consolidating their hold in Siberia. Those were the two reasons why they gave Alaska up.

Mr. NIVEN. Did any Russians or any Russian influence persist in Alaska?

Senator GRUENING. Very, very little. There are some Russian Orthodox churches there in Sitka and other places. There are some Russian place names there. The Russian Orthodox services are conducted in several communities but there is very little other influence. Of course these are White Russians, not——

Mr. NIVEN. They are White Russians——

Senator GRUENING. Those were White Russians and their descendants of course would be very unsympathetic with Soviet communism.

Mr. NIVEN. Does the church maintain any ties with the church in Russia?

Senator GRUENING. Just the ties of religion, no political ties.

Mr. NIVEN. Senator, is there any communication, any contact of any kind across the Bering Strait?

Senator GRUENING. Not now. There was before the Soviet regime. Some of our Eskimos who were related to Eskimos in Siberia would paddle across Bering Strait in the summertime, but that was stopped when the Iron Curtain was pulled down.

Mr. NIVEN. There is no communication; it's not possible for anybody to get into a boat and go over into——

Senator GRUENING. Well, it's possible but they would be likely to be arrested and they might get into trouble.

Mr. NIVEN. There are no immigration facilities——

Senator GRUENING. There is no traffic whatever.

Mr. NIVEN. It's one of the most unusual frontiers in the world, isn't it?

Senator GRUENING. It certainly is.

Mr. NIVEN. Are there any incidents along this border, any military——

Senator GRUENING. I know of none. Oh, in the past there were one or two incidents where people, Eskimos from Little Diomede going to Big Diomede, which is Russian, only two and a half miles away, were arrested and questioned and one American priest was rather badly treated at one time, but there have been no incidents in recent years.

Mr. NIVEN. Alaska is one-fifth the size of the continental—the rest of the United States?

Senator GRUENING. That's right. And its coastline, 26,000 miles, is longer than the combined Atlantic, gulf, and Pacific coastlines of the 48 lower States.

Mr. NIVEN. And yet your population is what—around a quarter of a million?

Senator GRUENING. No; it's a little less than that; it's about 225,000.

Mr. NIVEN. And the capacity for absorption is almost unlimited, isn't it?

Senator GRUENING. Well, I think so. Across the world in the three Scandinavian countries and Finland, in an area about three-quarters of the size, the same latitude, there is a population of over 20 million. However, conditions are different there. They have been near the great centers of population; they have markets for their products there; and they have been at it for a thousand years or more whereas Alaska is a very young country and has been off the beaten track of travel.

Mr. NIVEN. Do you think that with the development of cheaper heat and possibly human control of weather that the northern part of Alaska will become habitable, can be reclaimed?

Senator GRUENING. I think that all Alaska is habitable now. There are many illusions about Alaska's climates. People always used to ask me, "What is the weather in Alaska like?" And they would say it with distinct overtones of sympathy, wondering how we could stand the cold. And I would have to explain that in the first place you couldn't any more answer the question "what's the weather in Alaska like?" than you could ask "what's the weather in the United States like?" because we are a vast region and we have four or five different climates. We are as wide as the United States and as deep. We cross 4 time zones, just as many as the older 48 states and we would have a fifth time zone in Alaska if the international dateline were not obligingly bent westward so as to include that in the fourth time zone. And along the coast of Alaska where most Alaskans live, where my home is, for instance, near Juneau, we have a very mild winter climate because of the Japan current, the so-called Kuro-Shio which raises the winter temperatures and produces quite a bit of rain.

Now the winter temperatures in Juneau are just about like those of New York City; and Anchorage would be very much like Chicago or Minneapolis. Now when you do go north of the Alaska range, you go where there are very low temperatures that you used to read about in the Jack London stories. But it is true that not too many people are living in that region now but where they do live there, they know how to dress; their houses are well insulated, and Alaska is just as livable a place as any other part of the Union.

Mr. NIVEN. It's a big State to campaign in.

Senator GRUENING. And in addition to that, let me point this out. We do not have some of the disastrous natural phenomena that afflict the United States. Now every year several hundred people are killed in the United States by tornadoes. We have never had a tornado in Alaska. Every other year, every third or fourth year we have a terrific hurricane which hits either the Atlantic or the gulf coast. We never have those in Alaska. No one in Alaska has ever been killed by lightning. Those are some of the compensating facts that few people know about because the myth persists that Alaska is a land of snow and ice, with a savage climate.

Now, about your saying it's a difficult place to campaign in, it's difficult only because the distances are great.

Mr. NIVEN. How do you get around?

Senator GRUENING. Fly. Everybody flies in Alaska. We are the flyingest Americans. We fly between 30 and 40 times as much as other Americans.

Mr. NIVEN. That is partly because you weren't very well treated on other forms of transportation——

Senator GRUENING. That is correct because we were denied inclusion in the Federal-Aid Highway Act until we got Statehood, and now we have a lot of roads that are missing that we have to try and get, in order to catch up with the rest of the Union. And so, flying is essential.

Mr. NIVEN. You were first elected to the Senate in 1956 when there was no such Senate seat, weren't you?

Senator GRUENING. That's right. Under an odd historical precedent which was first started by Tennessee in 1796, the people of that area became indignant that the first three Congresses had not given them statehood. So they proceeded to elect two Senators, which was easier in those days because Senators were elected by the legislature, and sent them to the National Capital which was then Philadelphia to fight for statehood. And they brought it back.

The same procedure was then followed by six other States, Michigan, Iowa, California, Minnesota, Oregon, and Kansas, but the last time, Kansas, was in 1861 and most people have forgotten this. But a friend of ours had dug up this precedent, came up and presented it to the constitutional convention which was meeting in Alaska, and the delegates put it on the ballot, when the constitution which they had drafted was up for approval or disapproval, and the people voted for the proposal. And so we were called, the three of us who were elected, Alaska-Tennessee Plan Senators. From the standpoint of Alaskans we were Senators but from the standpoint of the U.S. Senate and the Congress we were nothing more than lobbyists, with a little more authority perhaps, but that was all. So the three of us, Governor Egan, who was then my colleague as a Tennessee Plan Senator, and Ralph Rivers who is now the Representative of Alaska in the House, spent 2 years in lobbying. We approached Senators and House Members and tried to persuade them that it was desirable in the national interest to admit Alaska to statehood and we succeeded.

Mr. NIVEN. You had a difficult time with President Eisenhower, didn't you?

Senator GRUENING. Yes. It was very disappointing, because back in 1950, I think it was, when he was President of Columbia, he made a ringing statement saying that quick admission of Alaska and Hawaii, and he mentioned Alaska first, would show the world that America practices what it preaches. And on the basis of that we thought we would have his support, but we didn't have it.

During his first term he was all for statehood for Hawaii but not for Alaska. We felt he had been misinformed, that someone had misled him, because he made some statements that were entirely incorrect about Alaska. He said in one statement that all the population was concentrated in the southeast corner, which it wasn't; and, that there were very few people. It's true there were very few people, but he had become opposed to it.

Mr. NIVEN. His Secretary of Interior Fred Seaton was a great friend of Alaska, wasn't he?

Senator GRUENING. He was a friend of statehood, and I was the person who first persuaded him to be for statehood.

When Fred Seaton came to the Senate he was an appointive Senator. He took the place of Kenneth Wherry who had died and was appointed to the Senate by Governor Val Peterson. And I was down here in Washington. I was Governor of Alaska at the time and I was down here lobbying for statehood. This was before we had the Tennessee Plan. I'd come down here repeatedly for that purpose. Our first statehood hearings were held in the late 40's and I went in to see Fred Seaton and I told him what I was there for. He said he was completely uninformed on the subject but would be glad to listen. And I told him why we should have statehood and he said, "well, come back in a week and meanwhile I want to talk to Joe Farrington", who was a delegate from Hawaii. When I came back in a week he surprised me pleasantly by saying, "I'm for statehood now, for both Alaska and Hawaii". And he said, "sit down and let's talk a while."

The conversation was very interesting to him, because as part of my work I had been doing some research on the history of the admission of former States, which I found very useful. I started with the previous history of Arizona and New Mexico, the last two States. They had been trying to get in for fifty years. I also discovered the interesting fact that his State, Seaton's State, Nebraska, had actually got in by fraud and I told him this story. He hadn't known that and he said, "would you mind writing this out for me." He said, "I'd like to use that in a speech."

Well, what happened was that I ended up by writing his speech. He delivered it just as I had written it and it was the only speech that he ever made while he was in the Senate. It was a strong speech for statehood for Alaska and Hawaii.

Mr. NIVEN. Senator, you are considered a strong favorite for re-election this year by impartial observers up in Alaska. Are you going to bother to campaign?

Senator GRUENING. I hope that's true. I think that that is a very unwise assumption. I've seen many good Senators go down to defeat because they assumed it was "in the bag." My good friend Bob La Follette had that very unhappy experience. He was in Washington attending to business; he was working on the reorganization bill with MIKE MONRONEY who was then a Member of the House and he thought "I'm a cinch, everybody knows me," and in the last week Joe McCarthy was out campaigning and beat him.

Mr. NIVEN. So you are going to campaign. Thank you very much, Senator GRUENING.

EXPANSION OF FEDERAL CROP INSURANCE PROGRAM

Mr. FULBRIGHT. Mr. President, I am pleased that the Senate on Saturday unanimously passed the bill I introduced to expand the Federal crop insurance program.

This bill is meritorious and I do not know of any objection to it from any source. I became interested in the need for expanding the crop insurance program when I was contacted earlier this year by some of my constituents in southwest Arkansas who wanted to have the peach crops in their counties brought under this year's program. Upon investigation, I found that commitments had already been made for the 100 new counties that can be added each year under the existing law. No doubt many other Senators have encountered similar problems recently due to the growing success and popularity of the crop insurance program.

It will be recalled that we had a national crop insurance program from 1938 to 1947, which was not financially successful since it was attempted on such a wide scale. In 1948 this program was replaced by one which was to be operated on an experimental, limited basis. We are still conducting the insurance program on an experimental basis, but the Department of Agriculture has now accumulated sufficient data to expand it more rapidly than is possible under existing law. During this experimental period the law prohibits adding more than 100 new counties each year. This was a sensible limitation in view of the difficulties that arose under the old nationwide program.

Much experience has been gained during this 14-year trial period and it is obvious that the 100-county limit should be expanded to take care of additional farmers who desire this insurance. For the last 5 years insurance premiums have exceeded indemnities by nearly $33 million. This has permitted the accumulation of a reserve that will be available in years when the elements are not so kind.

In my own State we now have 18 programs in operation in 9 counties. Cotton is insured in all nine counties, rice in three, soybeans in four, and peaches, the newest program, in two. It is my understanding that five new counties are tentatively scheduled to be added in Arkansas next year. I know that the farmers of my State are pleased with the operation of this program and that it has saved many from financial disaster. The crop insurance program has not only proven to be a boon to the farmers by providing a financial cushion in time of crop failure, but it has also put the farmer in a much more favorable position in getting needed production credit. Bankers are happy to see their production loans backed up by crop insurance. The business community in farm areas is also the beneficiary of this program since the crop insurance checks received by a farmer who has suffered a crop loss helps to keep the local economy functioning until the next crop comes along.

This program has proved to be invaluable in protecting our farm economy. The expansion of it to enable 150 new counties to be added each year will make this protection available to thousands of additional farmers throughout the Nation who cannot be accommodated because of the existing limitation.

THE COMING BOOM IN IGNORANCE

Mr. MORSE. Mr. President, the editors of the Saturday Evening Post in their May 12, 1962, issue have performed a most valuable public service in bringing to the attention of their readers an editorial entitled "The Coming Boom in Ignorance." This editorial is a most lucid and persuasive argument in favor of President Kennedy's education program as it is encompassed in the various bills which have been passed by this body or which are under consideration by the Senate Committee on Labor and Public Welfare.

The thrust of the editorial is contained in its concluding paragraph wherein it is stated:

> But aid to public schools, surely the primary problem of them all, remains ensnarled and entangled on the same old hook: the question of aid to parochial and private institutions. If we are not smart enough to solve that controversy—and soon—then we cannot expect our children to be smart enough to assert American leadership for the years to come.

The editorial pinpoints the problem and provides the basic statistics upon the problem and it raises a question in the public interest which ought to be resolved. In my judgment, each Member of the House and Senate can with profit read and absorb what has been said in this splendid presentation. I therefore ask unanimous consent that the editorial to which I have alluded be printed at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE COMING BOOM IN IGNORANCE

The most fearful sound of our continuing population explosion could, within the decade, be a big boom in ignorance. American education, once a legitimate source of national pride because it provided a chance at learning for almost everybody, may wind up offering less and less for anybody. Right now, alongside the old three R's, almost every school system in the United States would have to chalk the four U's: Understaffed, underequipped, underfinanced, and under par. With each passing semester the situation gets worse.

Almost 1½ years ago, in a special message to Congress, President Kennedy asked Congress for a $5,600 million aid-to-education bill. Impaled on a side issue concerning whether additional Federal assistance would be extended to parochial and private schools, the legislation died ingloriously in the House of Representatives. This year Mr. Kennedy, a Roman Catholic, repeated his plea for school legislation and once again omitted Government aid to parochial schools on constitutional grounds. Realizing that he may have to settle for half a loaf, the President has sliced his program into separate sections and has assigned highest priority to the less controversial features: funds for college construction; expanded training and more scholarships for teachers; adult education to eradicate the nearly 8 million "functional illiterates" in the United States. Already this year the House and Senate committees have spent more than 3 months tinkering with the machinery of the college-aid bill alone.

Behind the heated congressional conferences on aid to education lie these cold statistics:

This year about 4 million Americans are attending college; by 1970, 6 million will be qualified to attend if funds and facilities are available.

To accommodate those 6 million will require almost $15 billion worth of new facilities and repairs to existing facilities. (Kennedy has asked that the Government make available $1,500 million of those construction funds.)

Nearly 100,000 of the country's public-school teachers either have not been certified to teach or have not graduated from college. (We have no minimum national standard for education, let alone for teachers' credentials.)

Today American public schools are awesomely crowded because we have a shortage of 127,000 classrooms; to meet the population demands of 1970, we require 600,000 new rooms.

Every day that legislators continue their debates, 11,000 Americans are born to be fed into the school system.

The argument that Federal aid to education is reprehensible is not impressive. School systems have been—and will continue to be—supported primarily by local community property taxes and controlled by States and communities. These taxes have already ballooned more than 200 percent across the country since the end of World War II. It is cruel truth that many American communities simply cannot afford anything approaching an adequate school system given today's costs and tomorrow's population.

Federal aid in some form is an old fact of American education life. In 1785 parcels of Federal land were set aside in every township for public-school use. In the middle of the 19th century Government land grants began for agricultural schools; today there are 68 land-grant colleges. World War I prompted the Government to finance vocational training. World War II produced the famous GI bill of rights. After sputnik, we enacted the National Defense Education Act which, this year alone, provides about $200 million for training engineers and scientists. In short, we have always extended some Federal aid to education. But never has education required aid the way it does right now.

Those who would still argue that any Government assistance must at the same time include aid to parochial and private schools should immediately consider some basic arithmetic. Today there are 43 million Americans in elementary and high schools. About one in seven of those students attends a private or church institution. Without prejudice as to how the debate will finally be resolved, it seems not only unfair but unconscionable to keep an entire nation wanting for education while the church-state arguments continue interminably. Eventually the issue appears certain to wind up in the Supreme Court anyway.

Several portions of President Kennedy's educational program now stand a chance of passage during the present Congress; loans for college construction; competitive Federal college scholarships for deserving students, aid to medical and dental schools, expansion of the Defense Education Act. His program for expanded teacher training might pass. But aid to public schools, surely the primary problem of them all, remains ensnarled and entangled on the same old hook: the question of aid to parochial and private institutions. If we are not smart enough to solve that controversy—and soon—then we cannot expect our children to be smart enough to assert American leadership for the years to come.

TEACHING SALARIES

Mr. MORSE. Mr. President, Mr. Sidney G. Tickton in an article entitled "A Look Into the Crystal Ball" which was published in the May 19, 1962, issue of the Saturday Review, has pointed out the costs of education in the years that lie immediately ahead. I was particularly interested to note his comments at the conclusion of the article concerning the cost of higher education to the student of limited means. He says, for example:

> The reason is that the typical $500 to $700 scholarship doesn't go very far these days at a private college where the room, board, and tuition already come to $2,000 or more and other expenses (including books, travel to and from home, clothes and pocket money) add up to an additional $1,000 a year, at least. As a result only 5 to 7 percent of the students come from the lowest third of the Nation's income levels. No one dares to tabulate the statistics but you don't have to be a Gallup pollster to find this out.
>
> Where does the impecunious student with high potential find his greatest opportunity for higher education? Mainly at municipal and State colleges where he can take his room and board at home and where out-of-pocket overhead is not great. The facts are indisputable. Private colleges may not like to admit this or think of themselves as educators of only the well heeled, but the signs are that they aren't likely to be able to do very much about it in the decade ahead.

In view of the importance of this subject at the time the conferees meet on H.R. 8900, I ask unanimous consent that the article to which I have alluded be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A LOOK INTO THE CRYSTAL BALL

(By Sidney G. Tickton)

Ten years from now most of the Nation's strong private liberal arts colleges can be expected to look very much as they do today—at least on the outside. But on the inside there will be differences. Faculties will be better fed, better clothed, and better housed—because they will be better paid. Students will be sharper on the average (they will have higher college board scores than the current crop), and they will come from richer families. They will spend fewer hours in class than they do now and more time in the library, the language laboratory, and the audiovisual center. They will take fewer courses, and will spend more time on each; and there will be a lot of independent study.

Tuition will be much higher 10 years hence and can be expected to cover a greater proportion of the actual cost of a college education—in fact, full cost at many institutions for students whose families can afford to pay. Endowment income, although it will grow, will provide a smaller proportion of college income than now, and a higher percentage of the endowment income involved is likely to go into scholarships. Gifts will be even more important than they are now; at least twice as much money per year will be needed for scholarships, buildings, endowment, research projects, and, in some cases, operating subsidy. All strong private colleges will, therefore, have strong fund-raising teams. These will contact alumni, local businesses and corporations, and wealthy patrons more systematically and regularly than they do today, and with much greater intensity and effectiveness.

These are the gleanings from 100 projections into the future which liberal arts colleges, strong and weak, sent across my desk in recent months. All follow the worksheet format incorporated in my report, "Needed: A 10-Year College Budget," published by the Fund for the Advancement of Education last year. If the figures point to one thing, it is this: to be strong, a private college must have a strong constituency—national or local, religious or nonsectarian—which believes in a "mission to be accomplished" and is willing to back that mission with its money. Such a college, says Sharvy Umbeck, president of Knox College, has a sense of purpose which influences every single member of the college family—not only faculty and students but administrators, trustees, alumni, and other donors, too.

How does it happen that with booming costs, soaring tuition, and sharply higher fund-raising demands clearly ahead, presidents of strong private colleges look to the future with confidence? There are at least five reasons:

1. There will be more students to select from. Strong private liberal arts colleges expect to increase enrollments by no more than 20 to 25 percent by 1972. This compares with an expected doubling of enrollments in all other colleges and universities in the country taken as a whole, and means that in the future every strong private college (not only the eastern prestige schools) can be as choosy about students as it wishes.

2. Families of collegebound students are richer than they used to be. Colleges are confident that these families will pay the higher tuition and room and board to be required. Colleges now realize (a little too late, unfortunately) that many families could afford higher tuition in the past. Doubters need only look at the cars parked on the average campus. The students own the new sports models; the old Chevies belong to the faculty.

3. Donors are more willing to support institutions they consider to be of high quality. Tremendous public backing has been given such large institutions as Harvard, Johns Hopkins, Stanford, and Brandeis, and such small colleges as Carleton, Amherst, and Wellesley.

4. A college education is becoming an economic and social necessity for a large percentage of our young people, and parents are ready to extend themselves to provide it. Many now consider a college education for a child as a kind of "consumer good" the purchase of which can be an alternative to buying a new car every third year, a long vacation trip, a new home, early retirement, etc.

5. There are real possibilities of making funds go further at many colleges through better utilization of time, space, and personnel. The man who said, "We run our college from 9 to 12 and from 1 to 4, 5 days a week, 8½ months a year, and like it that way," died and has been replaced by the man who is persuading his faculty that better utilization pays off in higher salaries. The faculties at Antioch, Kalamazoo, Middlebury, and others, for example, find that year-round operation of the campus is wholly consistent with the maintenance of a high quality program. The combination of large lecture classes followed by some small discussion groups is working at colleges that never tried it before. As for language laboratories, programed instruction, and television courses, the claim that these new techniques could be effective and economical was based only on theory a few years ago; today there are many successes to cite.

What does all this add up to? A pretty rosey outlook for strong private liberal arts colleges, but a lot of hard work ahead, particularly at fundraising. There is, however, one big fly in the ointment: Private colleges are beginning to realize that they haven't been taking many impecunious students in recent years. The figures show that they can be expected to take an even smaller proportion in the future.

The reason is that the typical $500 to $700 scholarship doesn't go very far these days at a private college where the room, board, and tuition already come to $2,000 or more and other expenses (including books, travel to and from home, clothes, and pocket money) add up to an additional $1,000 a year, at least. As a result only 5 to 7 percent of the students come from the lowest third of the Nation's income levels. No one dares to tabulate the statistics but you don't have to be a Gallup pollster to find this out.

Where does the impecunious student with high potential find his greatest opportunity for higher education? Mainly at municipal and State colleges where he can take his room and board at home and where out-of-pocket overhead is not great. The facts are indisputable. Private colleges may not like to admit this or think of themselves as educators of only the well heeled, but the signs are that they aren't likely to be able to do very much about it in the decade ahead.

Faculty salaries at a typical strong college—Up 3 to 4 times in one generation

Rank	1952	1962	1972
Professor:			
Maximum	$6,500	$12,800	$24,000
Minimum	4,700	9,200	15,000
Mean	5,450	10,500	19,000
Associate professor:			
Maximum	5,000	9,500	16,000
Minimum	3,900	7,300	12,000
Mean	4,325	8,400	14,000
Assistant professor:			
Maximum	4,400	8,100	13,000
Minimum	3,300	6,100	9,600
Mean	3,750	7,000	11,000
Instructor:			
Maximum	3,600	6,400	10,000
Minimum	2,650	5,000	7,500
Mean	3,100	5,700	8,500
All ranks together:			
Mean	4,300	8,300	14,000

In addition colleges provide fringe benefits: 5 percent in 1952; 11 percent in 1962; 17 percent in 1972.

(Based on studies by Mr. Tickton.)

WHAT IS A WELL-EDUCATED MAN?

Mr. MORSE. Mr. President, Dr. Ewald Turner, president of the National Education Association, who has the additional distinction of being a distinguished educator from Pendleton, Oreg., has brought to my attention an article which appeared in the April issue of the NEA Journal entitled "What Is a Well-Educated Man?" The article consists of definitions contributed by outstanding citizens including two of our colleagues in the Senate, the able junior Senator from Oregon and the distinguished senior Senator from Maine.

I ask unanimous consent that the article to which I have alluded be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHAT IS A WELL-EDUCATED MAN?

Journal editors recently asked a group of distinguished American statesmen, educators, scientists, religious and cultural leaders, and others for their definition of a well-educated person in today's world. Statements of those who responded appear below.

Teachers may wish to ask their students to study these definitions and to express their own thoughts on what it means to be well educated. Students' comments may be published in a later Journal.

Sterling M. McMurrin, U.S. Commissioner of Education:

"An educated man is at home with ideas. He is as comfortable with concepts as he is with objects. He readily infers the general from the particular, for his capacities for rational abstraction equal his powers of concrete perception.

"An educated man is one whose reason disciplines his attitudes and action, but in whom the emotions are alive and sensitive and in whom there is genuine moral awareness, artistic perceptiveness, and spiritual commitment.

"An educated man has some understanding of himself. He is aware of his own prejudices, is critical of his own assumptions, and knows his own limitations.

"An educated man is aware of the events that have brought the world to where he finds it. He knows the wellsprings of his own society and culture and understands the essential unity of past, present, and future.

"An educated man has a fine sense of the relation of the ideal to the real, of the possible to the actual. He is not satisfied with the world as it is, but he knows that it will never be what he would like it to be. He has hope for the future, but refuses to deny the tragedies of the present.

"An educated man has a cultivated curiosity that leads him beyond the bounds of his own place and circumstance. Provincialism and parochialism have no place in his world, for they stifle thought and inhibit creativity.

"Finally, an educated man is one who loves knowledge and will accept no substitutes and whose life is made meaningful through the never-ending process of the cultivation of his total intellectual resources."

Glenn T. Seaborg, Chairman, Atomic Energy Commission:

"An educated man is a man whose mind is open and whose spirit is free. He is always searching for knowledge, always seeking the truth. He is aware of his own nature and of the nature of his physical and social environment, and he can, because of this awareness, adjust to his environment and contribute to its betterment.

"He is well grounded in the fundamentals of science as well as in other traditional fields of knowledge: he understands the origins and the development of social, religious, and political institutions and their influence on the past, the present, and the future. He is able to communicate intelligently. He is alert to his responsibilities to all segments of society, and he is active—never passive—in their performance.

"He is learned, but also conscious of the stream of life. He is a proud part of the mass of humanity, and yet aspires to understand it better and to leave it some legacy of material, mind, or spirit."

Ewald Turner, NEA president; on leave from his duties as a classroom teacher in Pendleton, Oreg.:

"The educated man is one who has learned where to go to find the answers to the problems which confront all men. Not all the answers he will need will be supplied to him in the classroom or between the covers of books. Formal study will have played a part in his educational development; and it should have taught him how to think. Having learned to do that, he must then search relentlessly, within himself, for the truths by which to set his course.

"The educated man will have the vision to know where he is going and where he has been. He will find, within himself, understandings that are the heritage of his past, and he will have the creative energy, acting upon these stored resources in the light of new experiences, to transmit and, in at least some small way, enhance them before handing down the heritage to those who come after him.

"Compassion will lead him to share generously with his fellows, for he will have learned that there is no easy road to wisdom. He will have constructed a system of values which will prompt him to employ his learning for worthy objectives, consistent with his dignity as an individual. He will remain steadfast to his principles even at a loss of personal prestige.

"In a troubled world he will discover the faith and courage to play his role cheerfully, confident that, this side of paradise, he lives in the best of all possible worlds."

Paul C. Reinert, S.J., president, St. Louis University:

"Subjectively viewed, the well-educated man must be one in whom basic human potentialities have been harmoniously developed, in whom the powers of mind and body, of imagination and intellect, of emotion and will, have been strengthened and trained to maturity within an integrated personality.

"He will have a basic grasp on the facts, the disciplines, and the creative activities which constitute our culture. He will understand the society and the world in which he lives so that he can fulfill his social duties to family, nation, and all men.

"He will have elected an area of deeper and more thorough training in which he will exercise his vocational role as an expert finding his livelihood and his career in a special contribution to society.

"His personality will be integrated and his development and activities harmonized by the real personal acceptance of (and commitment to) what has often been called wisdom; that is, an intelligently grounded and intellectually grasped set of values integrated with the supreme end of human life. Of its very nature this wisdom must be religious in character and, for those who have come to know that God has spoken through Christ, His Son, it must be not only humanly good but specifically Christian and illumined and unlifted by divine love."

MARGARET CHASE SMITH, U.S. Senator:

"In today's world, a well-educated man has a college education. However, it does not end there; he continues to study after college, for in our world today there is always an opportunity to further one's education.

"Keeping informed of the world situation as well as of the current events of our own country is vital to the well-educated man. To him, integrity is essential—for integrity is that personal ingredient which makes men and women speak up when they know that in doing so they are going to make themselves unpopular. It is outspoken recognition that the right way is not always the popular and easy way.

"The ability to lead is another very important characteristic, in addition to having initiative and the quality of being able to handle any responsibility one may be expected to assume. Being well dressed and well groomed is a necessary asset.

"In this rapidly changing world of ours, knowledge has clearly replaced physical force as the dominant power and the factor which determines the relative strength of nations of the world."

Label A. Katz, president, B'nai B'rith:

"It seems to me that the well-educated man fears he isn't. This because he is a sophisticate; humbly aware of the dynamism of human experience. The Talmud—that remarkable compilation of Jewish laws and parables—reminds him that humility is a prerequisite to knowledge. Thus, his pursuit of education is not a goal but a way of life, never a fulfillment but only a lifelong process toward it.

"The well-educated man is a reader. Books are his provocative companions. He reveres initiative and ideas as the catalysts of human progress. He has a catholic curiosity. He seeks to understand others not merely from his own vantage or by his own values, but as others see themselves in their environment.

"He is endowed with a sense of social obligation, responsive to the events that shape his world and to the people in it. He does not exist by himself; he is not the passive scholar. Yet he does not fear the splendid isolation of the nonconformist. He encourages dissent as a stimulating prod to creativity.

"He honors tradition by refusing to embalm it; he wants to apply the wisdom of the past to an understanding of the future. He wants to learn from history so that, as Santayana warned, he won't doom himself to repeating it.

"He wants to leave something of himself to the succeeding generation. He believes with the sage Maimonides that the advancement of learning is the highest commandment."

Marya Mannes, author:

"The first mark of the well-educated man is that he speak well. I would put knowledge of his own language as a prime element, for until a man can communicate what he knows, he does not know it. This ability is as essential as the reading of prose and poetry from the earliest written expression until the present. It is my belief, moreover, that the study of Latin is an invaluable aid not only in the precision of thought but in familiarity with word roots.

"I believe, too, that a man cannot be considered truly educated without fluent knowledge of at least one modern foreign language. This is more than a convenience abroad or a tool for a career. It provides an experience vital to this contracting world: The ability to think and feel in an alien idiom.

"I do not consider a man or woman well educated who has not learned enough about the history and techniques of art, music, architecture, and dance to give him that extra dimension of awareness which only trained senses can provide.

"For this same reason, and for many others, today's man must know something about the nature of matter, the laws of the universe, and the basic principles of the technology by which we now live.

"Finally, the educated man's mind is an open mind; he is willing to hear thoughts in opposition to his own even though he may continue to reject them. In the well-educated man or woman, the capacity to learn remains infinite."

Pauline Tompkins, general director, American Association of University Women:

"In any era, the well-educated man is one whose mind, throughout his life, is questingly exposed to at least some of the most significant theories, facts, and dreams which have shaped his past and present and are influencing his future.

"The quality of his education is demonstrated in the first instance by his general and specific knowledge reflected in his responses to the problems posed by his time. Infinitely more important is the temper of his mind, revealed in the logic and integrity of his thought. The well-educated man is the intellectually honest—and humble—man. The appetite for knowledge is the hunger for truth. The more of it one grasps, the more his knowledge approaches wisdom, and the more profound his awe.

"The well-educated man is, by the same token, the liberated man. His commitment to the search for truth pervades all his thinking. He, more than others, dares to rise above the parochialism of his day, to cast it in the bold relief of history, and to voice the perplexing questions which accompany this appraisal. His freedom and his education are equally marked by the disciplined versatility of his mind, the absence of mental taboos, the ordered breadth of his imagination, the humaneness of his understanding."

Maurine B. Neuberger, U.S. Senator:

"The well-educated man is one to whom the myriad doors of the 20th century have been opened. He has learned to live with himself, to be a constructive member of his society, and to utilize the technological advances to create a better world."

David D. Henry, president, University of Illinois:

"The educated man may be marked by the nature of his participation in the discussion of public affairs: Does he show urbanity or narrow partisanship? Does he contribute to reconciliation or divisiveness? Does he seek to clarify or merely to argue? * * * Is he interested in public purpose?

"Controversy has a part in the crystallization of public decisions. The search for truth is characterized by the free play of minds working upon one another, and in the process, strong men sharply differ. But, in differing, educated men behave as serious men going about important business, with deliberation, thoroughness, and mutual respect. * * *

"The educated man will apply the standards of reason and scholarship to public questions and let his opinion be guided by the results. He believes in independent judgment, but he also respects the point of view of others, even when it differs widely from his own.

"The educated citizen, with an understanding of the contending forces for the control of the minds of men, is the hope for fulfillment in action of the democratic ideal; he is devoted to problem solving, not panaceas; and he is willing to have patience for progress as he seeks to apply intelligence to the civic tasks of every day."

Helen C. White, chairman, department of English, University of Wisconsin:

"A well-educated man knows what he cares about and what he can do; but he knows, too, that he must go beyond himself if he is to do his part. He knows that he can only begin to understand even the natural world. As for the forces at work among his fellow men, he realizes that he needs all the experience, past or present, that he can draw upon even to ask the questions that will open up the meaning of what he sees before him.

"Beyond the limits of his own competence, he knows how to find the experts he wants and how to use them critically and constructively. Because he cannot know everything, he does not refuse to act on what he does know. And always he is alert for the fresh insight that is the reward of the man who never wearies in the pursuit of understanding."

Allen P. Britton, president, Music Educators National Conference, NEA:

"The phrase 'well educated' has two connotations, one of which is occasionally overlooked. Both connotations are equally important, however, and deserve equal emphasis.

"The connotation which seems to be universally understood is that the well-educated man should be a broadly educated man, educated in all of the most significant aspects of the Western cultural heritage. I believe that an education of adequate breadth must include an education in the great arts of our culture, including music, of course, but also the dance, the theater, painting, sculpture, and architecture.

"The second connotation and the one which does not always receive proper emphasis is that the well-educated man is one whose education has been of the highest quality.

"Once upon a time an ancient monarch inquired as to whether or not there was some comparatively easy and quick method by which he could acquire the basic principles of geometry. He was told, 'Sire, there is no royal road to geometry.' Neither is there such a road to music or any art or any body of scientific or literary knowledge. The great disciplines are not come by without discipline. Thus, the well-educated man must not only be broadly educated in the intellectual and artistic glories of our civilization but also thoroughly educated in them."

Dorothy B. Ferebee, M.D., medical director, Howard University health service:

"In today's world, a well-educated man reveals himself by his attitudes, his bebehavior, his speech, and by the depth of his concerns.

"One of the most significant and important characteristics of an educated man is his manner, his projection of himself through ways of thinking and through his attitudes toward life and lives. The wholeness of his thinking and attitudes emerges into an ability to relate daily activities to worthwhile and purposeful ends; a kind of relatedness that enables him to seek truth through honesty and dignity. His whole being is illumined by the way he chooses, or makes judgments, or effects a balance between his emotions and his intellect. An educated man is one who has used his opportunity to grow in understanding of himself and of the environment in which he lives.

"In the truly educated man, there is always apparent a command and a control of responses and reactions reflected in regard and respect for the rights and dignity of other humans, irrespective of differences. He reveals himself in a quiet, well-modulated voice, employing good word usage and lucid expression born of an ability to think straight and to deploy ideas effectively.

"Finally, an educated man shows a sensitivity to the changing needs of people in the society around him and throughout a dynamic world. His world mindedness envisions the reality of the problems and aspirations of unseen millions. He responds to our shrinking world and its demands with informed concern. In short, he has a humaneness which he is not afraid to express."

Rt. Rev. Msgr. O'Neil C. D'Amour, associate secretary, National Catholic Educational Association:

"In any age, a man is well educated insofar as he has developed his potentialities—physical, emotional, moral, and intellectual—so as to enable him to meet the problems and challenges of his environment and finally to obtain that union with God that is the destiny of every man.

"Since in our age the expanse of human knowledge has broadened dramatically, the well-educated man is one who has used his inborn abilities to the utmost in the bringing of a sense of order to that knowledge and in the using of it for bettering his life and that of others.

"Since our society places its stress not on authority but on freedom, he must have strengthened his will in the right use of freedom. Since our culture is one depending on the social responsibility of the individual, he must have made himself vitally aware of his duties to society. Since the minds of men have probed the secrets of nature as never before, he must have become mindful of how little he and all mankind truly know and must recognize his humility before his Maker.

"Only the man who, under the grace of God, has so lived his life can be considered truly well educated."

Lillian M. Gilbreth, consulting engineer; president, Gilbreth, Inc.:

"A well-educated person is one who does credit to his education. The dictionary says that education develops natural powers, and mentions the knowledge and skill that result from education and training. Training is described as the result of systematic instruction and practice. Education should prepare us to live fully and richly; training fits us to live usefully. The educated person has need of both.

"Learning, of course, involves work, and work can be best approached by asking: Why do I do it? Exactly what should be done—when, where, by whom, how? Answers to these questions help us to clarify our thinking and planning, and properly evaluate the results.

"We can learn in every area of our lives as individuals, as members of a family group, as citizens, as voluntary workers, as paid workers. Learning is a lifelong process, and our long-term planning must utilize every facility.

"We must recognize and grasp our own opportunities for education and training, and contribute to the opportunities of others. It is a service that blesseth him that gives and him that takes.

"We have a responsibility to see that everyone everywhere can enjoy an educated head, educated hands, and an educated heart."

Ralph W. Sockman, minister emeritus, Christ Church, New York:

"An educated person is one so eager to learn that he continues his lifelong study. He knows where to find the needed facts and how to weigh them so that his factfinding becomes truth seeking. He studies deeply enough in some field to pursue effectively a line of work and broadly enough to see how his specialty fits into the social pattern.

"He has a philosophy of life sufficiently sound to give meaning to his daily work and clear goals to his long pursuits. He has a sense of history which enables him to see the passing scene in the perspective of things invisible and eternal. His imagination is trained and sensitized to see how life looks to people of other cultures and creeds and colors. His sympathy is cultivated to the point where he does not sacrifice persons on the altar of principles or compromise principles by easy conformity. His aim is not to master men for the making of things, but to master things for the making of men.

"In short, the educated man is one whose knowledge matures into wisdom."

THE COMMUNITY COLLEGE

Mr. MORSE. Mr. President, Mr. Edmund J. Gleazer, Jr., executive director of the American Association of Junior Colleges, on May 21, 1962, in a dedication address of the Kellogg Community College in Battle Creek, Mich., took occasion to point out the fact that the community college fills a major educational void by assisting many of our young people who otherwise would be unable to obtain the benefits of higher education. As he said:

> The junior college can tap new manpower markets. It can motivate the unmotivated. It can give some hope to those who have not dared to aspire. It can dignify those who have been underprivileged in financial and social position. It can conserve for the good of society as well as their own fulfillment the inherent and valuable resources of a broad segment of our population not yet served appropriately.

In view of the widespread interest presented before the Education Subcommittee as we considered H.R. 8900 on the role of the community college, in my judgment, Senators may wish to have the opportunity of reading the full text of Mr. Gleazer's speech. I therefore ask unanimous consent that it be printed at this point in my remarks.

There being no objection, the speech was ordered to be printed in the Record, as follows:

The Community College—An Instrument for Social Mobility

(By Edmund J. Gleazer, Jr.)

We have met here tonight to dedicate the new campus of Kellogg Community College. This convocation has more than local interest. Leadership in humanitarian fields demonstrated by citizens of this community has had worldwide influence for good. This city has become widely known for its economic products. In addition, its reputation has been enhanced by encouragement and support given to ideas and ideals of persons both near at hand and thousands of miles away. Basic to these activities has been the concept so important to the democratic tradition that assistance is most valuable when it helps people to help themselves.

No community enterprise could be truer to that credo than the community college—in the words of Jesse Parker Bogue—"Community centered, community servicing, community controlled, it aims at the fullest possible participation by all members of the community." It seems most suitable that we are here, in a sense, to wed to the community college idea the name of Kellogg—a name which has come to be identified with the kind of idealism on which that college is based. I am honored to have a part in this program, but I consider it to be somewhat appropriate because of the lines of communication which have been established from Battle Creek to community colleges, established or projected, in cities throughout this land and even abroad. In my opinion what is done here now and in the future will be important for this new social invention in areas far beyond this city or State. I would hope that Kellogg Community College because of its unique setting could become in a sense a prototype for the community college of tomorrow.

Pilot institutions are needed in this rapidly growing field. Few things are more difficult than the introduction of new ideas. We tend to compromise or accommodate a new concept to that which already exists to such an extent that the innovation very often has its potential usefulness greatly reduced. Traditions, organizations, laws, definitions, regulations, bureaus of all conspire, though sincerely enough and in what is considered the interests of the public, to slow the acceptance of the invention, social or material. This has been the case with the community college although the promising outlines of what can be and what should be are more rapidly beginning to appear. Still the tremendous potential of this institution for the new age into which we are moving has not been generally perceived. We have limited its usefulness by defining it in terms of present structures, for example the first 2 years of the college program, or the 13th and 14th grades.

At the second annual meeting of the American Association of Junior Colleges in 1922, the definition offered of junior colleges was: "The junior college is an institution offering 2 years of instruction of strictly collegiate grade." Three years later there was added: "The junior college may, and is likely to, develop a different type of curriculum suited to the larger and ever-changing civic, social, religious, and vocational needs of the entire community in which the college is located."

The idea of a community college was given impetus by the report of the President's Commission on Higher Education in 1947. However, there still exists generally the view that the major justification for junior or community colleges is to "take the load off the universities" by providing, near the homes of the students and at low cost, the first 2 years of the baccalaureate program. It was this interpretation that was given by leading university presidents around the turn of the century. And they favored the idea mainly to upgrade the programs of the university. There is nothing wrong with this notion. In fact, it makes a great deal of sense that universities become highly selective and that they concentrate their energies on students well motivated, mature, and ready for advanced studies.

We can now assume in the light of increasing evidence in a majority of the States that a large percentage of students will take the first 2 years of college work in community colleges. And we can also assume that our universities will become increasingly selective and will direct their resources toward upper division work, graduate and professional programs and research. I would like to feel that this point has been made and now state my main thesis. A major mission of the community college is to reach personnel resources of society which have not been tapped by conventional programs of education. The community college exists to fill an educational void. It taps new markets. It is to motivate the unmotivated; to give some hope to those who have not dared to aspire; to dignify those who have been underprivileged in financial and social position; to conserve for the good of society as well as their own fulfillment the inherent and valuable resources of a broad segment of our population not yet served appropriately by educational institutions beyond the high school.

As educators and legislators have examined population projections through 1970 and beyond they have noted such dramatic growth as is reported here in Michigan. Although the number of persons 18–24 was about the same in 1960 as in 1940, the number in college increased from 61,842 to 160,261. If percent enrolling in college grows at the 1950–60 rate, there will be 109,000 as potential freshmen enrollment in 1970 compared with 36,913 in the year 1960. Our primary concern to date has been with those who are very likely to enter our institutions, but we are just beginning to suspect that the kind of society we are producing which can survive and prosper only through enlightened people can no longer afford large pools of manpower resources developed at less than the level of their potential.

WHERE ARE THESE POOLS?

The student of average academic ability: In a study of 10,000 high school graduates of June 1959 of varying socioeconomic and ability levels across this Nation, Dr. Leland Medsker found that a fourth of the graduates in the upper 20 percent in ability did not continue their education. Of particular note is the fact that in the next 20 percent, 42 percent did not enter school or college; in the next 20 percent, 49 percent did not; and in the fourth 20 percent, 54 percent did not enroll for further education although all of these graduates presumably had sufficient aptitude to benefit by a suitable post-high-school program. Obviously many young people who could benefit from higher education do not enroll in educational institutions beyond the high school. We need to ask why?

Recently an election was held for the establishment of a city and county junior college district for St. Louis. Materials published by the citizens' committee included this statement:

"Diverse educational opportunities should be provided for the 41 percent of city-county seniors who had IQ's ranging between 100 and 110. Educators say this ability level, combined with mechanical, electrical, or technical aptitudes, enables students to become excellent technicians. Others will wish to combine some college work with training in clerical or secretarial fields."

Earl J. McGrath, executive officer of the Institute of Higher Education, Columbia University, declared in a speech at the University of Pennsylvania early this year that American democratic principles require that students "from all stations in life with an infinity of abilities" must be accommodated within the structure of higher education.

The President's Commission on Higher Education stated that 49 percent of our population could benefit by educational programs up to 2 years beyond the high school. But the college door is closing for those who have not demonstrated their academic aptitudes. At the same time it was reported to the annual meeting of the American Personnel & Guidance Association in April by the dean of students of a community college that "our small-scale study at Foothill College showed, with the present state of development of the predictors of academic success available to us, that we cannot even partially close our doors without eliminating significant numbers of potentially successful students."

The community college with its emphasis upon strong guidance services, superior teaching, and a variety of educational programs available in one institution is better equipped than any other institution to further the education of what is after all, by definition, the largest part of our population (the average).

The student with limited financial resources: In the recent surveys made in St. Louis lack of finances was listed by 38 percent of city and 37 percent of county seniors as their reason for not going on to college. Under the heading "Bargain Day for Taxpayers," the junior college development committee showed how the college was to be financed; State aid totaling $200 per full-time student; local funds provided through a level of 10 cents per $100 assessed valuation. This means a little more than a penny a day for the average homeowner. Tuition and fees of no more than $200 and possibly less for the student from the district.

The Department of Labor tells us, on the basis of their recent studies that of more than 1 million high school seniors in late 1959 who had no plans to attend college, or were undecided, the largest number indicated economic constraints dictated their decision. Who goes to college? According to the Department it is on the average a white male high school senior living in the city who comes from a relatively high income, well-educated family headed by a white-collar worker. But, says the Labor Department, "the Nation needs to educate all its young people who have the desire for and the ability to profit from a higher education."

Does income level relate to college going? Another case in point. Available to high school graduates in San Jose, Calif., are four institutions of higher education—Stanford, University of California, San Jose State College, and San Jose City College (a community college). Dr. Burton Clark of the University of California compared the socioeconomic status of the homes from which students come to those institutions. For Stanford, nearly 9 out of 10 students from San Jose came from families of professional men, business owners, and business officials with about 13 percent from lower white-collar or blue-collar homes. Distribution for the University of California shows greater spread, approximately 31 percent of the students from San Jose coming from lower white-collar or blue-collar homes. The State college and the junior college, in turn, had about 62 and 77 percent, respectively, from other than professional or business background. Clark concluded that the junior college has a clientele base virtually identical with the citywide occupational structure, that it exceeded city distribution only in the category of skilled and semiskilled workmen, which accounted for 45 percent of its student body. In Clark's words, "Clearly an extensive democratization of higher education is involved, with access to some form of higher education relatively unhindered by income level."

Is it unfair to other institutions of higher education to make readily available at little or no tuition the opportunities of education beyond the high school? Did Stanford or the University of California suffer as a result of the existence of San Jose City College? It is clear that these institutions draw from different populations.

A few weeks ago I wrote to the president of one of the large privately supported universities in the South. A community college was established in the vicinity of his institution 2 years ago. I wanted his appraisal of the effect of this junior college, now enrolling more than 3,000 students, on his university. Reaction was somewhat cautious because of the limited time involved and lack of a full-scale investigation which the Bureau of Institutional Research said was unwarranted due to results of preliminary research. This report was given:

"In view of the fact that we are unable to discern any relationship between the enrollments of the two institutions, the following generalizations appear to be explanatory: (a) The intent of the two populations with respect to education beyond the first 2 years is dissimilar; i.e., a junior college education is terminal for much of that population; (b) the fee structures of the two institutions are significantly different; and (c) the university is no longer a 'local' institution."

The community college, financially accessible, will contribute markedly toward the conditions of social and economic mobility so essential to the perpetuation of a democratic society.

The student for whom a technical or semiprofessional training is suitable: Recent technological development in electronics, space technology, and other fields, including the health services, have brought into sharper focus the almost critical shortage that exists of people trained as technicians. We have been preoccupied with the professionals, the engineers, physicians, dentists. Now we are seeing that teams of trained personnel are needed, the scientist, engineer, technician. The surgeon, anesthetist, nurse, technician, medical records librarian; the dentist, dental hygienist, dental assistant. By combining these skills the usefulness and productivity of each individual is enhanced and extended.

George Meany, president of the AFL–CIO, in April of this year addressed an educational conference and referred to a part of the problem: "It is a great misfortune that somewhere along the way, many Americans have mislaid the old concept of the dignity of labor. Too few of our citizens realize that modern technology has increased, rather than diminished the skills required of the individual craftsman. Today's machinist is taught to work routinely with tolerances of a thousandth of an inch. The pipefitter on a Polaris submarine must be able to keep allowable seepage down to one drop a year. The men who can do these things deserve every bit as much respect as the man who can prepare a legal brief."

Vocational training beyond the high school interwoven with general education is and ought to be a major concern of the community college. Florida in its exemplary development of a system of community colleges has recognized this. The director of the division of community junior colleges has said that the increase of industrial and business development within the State of Florida has pointed up the need for trained personnel in vital areas such as drafting, electronics, nursing, secretarial services, and many semiprofessional and vocationally oriented areas.

In a recent study of education and training for technical occupations in San Fernando Valley, Calif., it was determined that a total of 241,717 employees would be needed during the next 10 years. Fifteen percent of those as engineers, 27 percent as technicians, and 23 percent in the skilled trades. Fifty percent of the total number needed might appropriately be trained in community colleges in programs up to 2 years beyond the high school.

And there is another most important consideration. About one-third of young people drop out before high school completion. It might very well motivate more of these dropouts to complete their high school programs if they were able to see before them educational lines of development that make sense to them and would qualify them as productive members of the labor force at the end of a 2-year program.

The evidence is overwhelming in this country and abroad for personnel trained at this level. In fact the Peace Corps which began its recruiting with emphasis upon college graduates has discovered through experience that well-rounded persons with training as technicians or in the skilled trades and who have no aversion to working with their hands are their best candidates for successful service in developing countries.

No educational institution has greater potential in preparing the millions of "middle-level" manpower required by our technological age than the community college. But let me confess that neither industry, nor the community colleges, nor students nor their parents have fully recognized the worth and social contribution of these vocations as yet, but the hard fact is that we are being forced into recognition as our needs multiply and the number of professionals proportionately decreases.

Students who require continuing education in the community: In a Valentine's Day press conference, President Kennedy reported that automation had become such a factor in modern life that we are going to have to find 25,000 new jobs every week for the next 10 years for people displaced in business and industry by machines. This state of affairs, he said, constitutes "the major domestic challenge of the sixties." According to the Under Secretary of Labor, the President was wrong. The figure should have been 35,000 and the president of the Communications Workers of America, AFL–CIO, said 80,000 new jobs weekly for new workers and for those displaced by automation.

As James Reston has pointed out, one of the most remarkable things about these pronouncements is that hardly anyone has paid any attention to them. This reminds him of the comment once made by Aldous Huxley about his own education, which, he said, had admirably equipped him to live in the 18th century. Reston asks whether we are risking a lag in educational affairs that will leave us admirably equipped to live in an era which the rate of technological growth has long since deposited in history.

Let me predict that one of the important services of community colleges will be in the retraining of persons displaced occupationally by automation and other technological changes. But the training is only one aspect of this problem. Joseph A. Beirne of the Communications Workers of America puts it this way:

"I believe that the most important single problem facing the Nation's school system as it exists today is the problem of continuing education for all citizens. * * * In all this glittering array of technology, the average citizen will be reduced to a kind of vegetable existence unless he is taught to understand his world."

Workers are seeing that education is critically important for their children. In the words of one man, "A machine got my job; in a few months my wife will be laid off too. You know, this automation is good for only one group of people—the engineers. My son is going to college—goin' to be an engineer. He'll control these machines."

The opportunity of the community college is not only in the educational aspirations of these parents for their children but in broad programs of educational services made readily available to adults through their lives.

I have touched on only four but very large pools of manpower resources in this country for which the community college has a very special responsibility. In responding to these needs the college more clearly than any other way can establish its claim to recognition as an institution in its own right. In these services it is not "junior" to anything. It perceives its assignment clearly—and with dignity and pride and competence—its work of raising up human talent is accomplished. Let me assure you that there is no loyalty greater toward an educational institution than by a youth of modest academic aptitude who has been given an opportunity and makes the most of it by becoming Governor of a State; the housewife with children raised, who, at age 50, becomes a registered nurse through the college program; the young man without funds who wanted a 2-year technician program close to home and who was on the team that sent an astronaut into orbit.

Is it any wonder that where community colleges are developing in an orderly and systematic fashion that it is already inconceivable to the citizens of the State that these institutions not be perpetuated and strengthened. For you see community colleges properly fitted to a total pattern of education for an area do not overlap or compete or duplicate services offered. They exist to fill an educational void. They set free potentialities not otherwise tapped. They broaden and extend learning opportunities. May this be the destiny of Kellogg Community College. Let it be bold enough, and secure enough, to establish its own high goals and pursue those goals with competence. Let this institution be a worthy symbol of the highest values of this community which has given it life and purpose.

EDUCATION FOR FREEDOM IN A FREE SOCIETY

Mr. MORSE. Mr. President, far too often we become immersed in the details of legislation to the exclusion of the abiding principles which should govern us in the consideration of such legislation.

It is helpful, therefore in my judgment, occasionally to take the time to review once more the basic foundation concepts upon which our democratic society is based. The Honorable Sterling M. McMurrin, U.S. Commissioner of Education, last March delivered an address before the Conference on the Ideals of American Freedom and the International Dimensions of Education in which he touched upon these underlying principles.

Mr. President, because I feel that the Commissioner has in this speech clearly and lucidly set forth these abiding conconcepts I ask unanimous consent that this speech be printed at this point in my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

EDUCATION FOR FREEDOM IN A FREE SOCIETY

(By Sterling M. McMurrin, U.S. Commissioner of Education)

When we ask the question of the responsibility of our schools in the matter of freedom, we confront a primary task of education, for quite certainly among the purposes of education none is more basic than the understanding, appreciation, criticism, and perpetuation of the culture, and among the defining properties of our culture, none is more central than freedom and none is more pertinent to the large issues that now occupy us. The problem is not whether education has responsibilities here, but rather what they are and how they can effectively be mounted. The ideal of freedom pervades the whole structure of our personal and corporate life and it falls therefore upon all the institutions of our society, singly and collectively, to protect and cultivate it and to keep it a viable quality of our culture. The specific task of education must be identified within the context of the primary function of education, which is the achievement and dissemination of knowledge, the cultivation of the intellect, and induction into the uses of reason.

Our people have a firm tradition of respect for reason and for what reason entails—knowledge, evidence, and a careful assessment of the pros and cons of every issue. This is not to say that we have always behaved with reasonableness in the past or to guarantee that we shall avoid irrational attitudes and conduct in the future. It is to say that our civic passions are quite commonly responsive to the persuasions of evidence and that we have built into our habits of thought and action those deterrents and inhibitions that in part account for the stability of a people whose public life is a scene more of discussion, deliberation, and effective compromise than of emotional extremes and arbitrary decision.

That we have such extremes is all too evident. And they do not all belong to the past, for some are with us now. We can look in many directions and see evidences of irrational behavior of all kinds, in public and in private life. In some instances the matter at hand is trivial, or at least of no general concern. In others something very real and very precious may be at issue. Often there is at least a loss of the composure and self-possession that are among the chief adornments of a mature society, a loss of the serenity and self-respect that are the ground of the dignity of a civilized nation.

The commitment of our public life to reasonableness is of long standing and runs very deep. It perhaps is not unrelated to the fact that the large events of the founding of the Republic belonged to the American enlightenment, and that some of the founders were among the best specimens of that age that produced specimens of a very high order, who believed that tyranny was the product of superstition and ignorance, that freedom was the fruit of knowledge and reason. But far beyond that, the roots of our tradition were in the classical doctrine that man is the rational animal, and that his ultimate good lies in the cultivation of his reason, a doctrine that has had a long and illustrious history. It was the foundation of the Greek conception of the virtuous life and the good society, and the basis of the stoic philosophy that gave structure to Roman law and order. It was christianized as the basic tenet that the rationality of man is the image of God. And it became the chief ground for modern science and for the foundation of modern humanism with its liberal doctrine of man and its optimistic conception of human history.

Now among all the modifications of recent decades in the intellectual, moral, and spiritual life of the Western World, none has been more radical or far reaching, and none more ominous in its prospect, than the decline of this belief in the rationality of man and the loss of the faith in his sure determination of his future. That this decline, which has affected secular and religious thought alike, and has touched the political life of nations and the personal life of individuals with doubts, fears, and anxieties of every description and dimension, has not cast its blight upon us in the same degree as on some others is due in part to the fact that until now, at least, we have not suffered the frustrations, defeats, and tragedies that they have known.

But the threats of irrationalism hang heavily and precariously over us and the events of recent years are an ominous warning that even here the force of reason can fail and men can be moved more by emotion and passion than by knowledge and wisdom.

Yet where we are guilty of such behavior, and suffer the losses that it entails, it is within the context of a general commitment to reasonableness that sooner or later recalls us to our senses, restores our balance and judgment, and leaves us embarrassed, chastened, and perhaps a little wiser. It is this precious commitment to reason, which is central to so much that is of intrinsic worth not only in our intellectual pursuits but as a quality of our moral and spiritual life, and upon which so much depends in our practical affairs, that is entrusted to our schools. Whether they effectively cultivate respect for reason, not simply in some but in all of their students, instilling in them a passion for knowledge and for the quest for knowledge, and affecting thereby the whole character of our society, will decide their success or failure in the management of this inheritance.

Such a thing as our sense of obligation to knowledge and reason is quite properly seen as an inheritance, for it is something that cannot be created or established in a day. It is not something that can at will be put on or taken off, or be imposed artificially on others, or be legislated into or out of existence. It has evolved through the centuries with the culture, is transmitted by it from generation to generation, and is indeed not simply a part of the culture but an essential quality of its very nature. If under pressures of whatever kind our people were to abandon their basic trust in knowledge and reason, the culture in which we move and flourish, which is in our thought and action, and which at once determines and is determined by us, would be at its end. The future, whatever else it might be, would be a different world for us from what we now know and have known.

Now in this matter we have no reason to believe that our schools will not in the future prove worthy of their task. They came into being as the chief bearers of the intellectual life of our society and there is no other institution to assume the burden of their responsibilities. But our faith in the capacity of our school to insure the future stability of our society by guaranteeing that our decisions and actions will be determined by a calm and thoughtful reliance upon knowledge and a careful examination of causes and consequences is, after all, in part a faith in our own willingness to continually examine and critically appraise our educational program at every level. It is a recognition that we have the capacity to define the basic problems that confront us at any particular time and to see clearly their relevance to the proper activity of the schools. Whether it is seen on the domestic or world front, contemporary history is moving at an accelerated pace and in the future those problems may be expected to appear in great number. In the years ahead the schoolmen, like the wicked, will have no rest.

When we turn to the issue of freedom itself, which is so intricately involved with the question of reasonableness, the picture is subtle and complex. Freedom was not begun in a day. Its history is long, with ups and downs and devious paths. Freedom is something that is won, or achieved, that is lived through, or that is always about to be born. It is not something that is simply planned, or decided upon. It must come into being through the life struggles of a people. Clearly it cannot just be borrowed, adopted, or adapted.

But there is not just one freedom. There are many. And it is not freedom in the abstract that should concern us here, but the concrete and particular freedoms that are or should be real and viable in the processes of our society and the lives of our people—freedom to think and freedom to speak—freedom to write and to read—freedom from want, from fear, from pain—from ignorance, conformity, custom, boredom and superstition—freedom from the oppression of both majorities and minorities—freedom from the crushing weight of the state—freedom from the tyranny of the past and from every form of tyranny that can rule the mind and heart and soul of man—freedom to be in the full sense a person whose personality is individual, in whom uniqueness is encouraged and independence is real. All of these and many more are elements in what we mean by freedom, and certainly these and many more are at issue when we ask the basic questions about political, economic, and intellectual freedom. There is much more for those who dig deeply and ask the question of the freedom of the will, with its scientific, metaphysical, theological, and moral implications. And there are matters of large practical import in the issue of the freedom of history—or better, freedom from history, freedom from the inexorable determinations of a purposeless fate, or from the unyielding logic of the blind mechanical forces of nature.

Now if there is anything that lies at the very heart of freedom as we know it, however vaguely and imperfectly, as an ideal of our culture, and freedom as we want to cultivate and protect it, the freedom that is so precious to us, it is the person taken as an individual. Clearly, the individual is at the very center of the meaning of freedom for us. His aims and purposes and his acceptance of responsibility are integral to freedom as a living experience. Any serious discussion of freedom and of the ways to enhance and preserve it must come to grips with the fact of the individual and the moral ideal of a society that is structured to that fact.

Here again is something that was not achieved in a day, a century, or even a millenium. The individualism that is central to so many of our judgments of value, and is so commonly the foundation of our institutions, that seems so solid and entrenched, and yet at times is in precarious balance, is the product of a long and adventurous history, from at least Jeremiah and Ezekiel, who among our cultural ancestors first proclaimed unequivocally the moral responsibility of every person, to William James, who more vigorously than any other insisted upon the ultimate reality of the individual against the claims of the absolute.

No discussion of the American ideal of freedom and the American ideal of individualism can ignore the history of the impact of 19th century Hegelian absolutism on much European social and political theory and its eventual failure in our own country. Hegelian logic, metaphysics, and historical dialectic were imported into this country after the Civil War, but they did not take. Nor did the Hegelianism that appeared in a more academic garb around the turn of the century. It now appears that American thought and practice are and have been so inextricably involved with the particular and the individual that any world view or political or moral system that does not grant full and independent reality and the highest value to the individual will eventually be successfully resisted by the American mind. That this resistance is associated with our empirical, nominalistic and pragmatic propensities and our suspicion of speculative metaphysics or the methodology of extreme rationalism is beside the point. The fact is that absolutistic philosophy has always had and continues to have a rough time in this country, and where Hegelianism with its ontological subordination of the particular to the absolute, and its political subordination of the individual to the state became the chief theoretical ground for Fascist, Nazi, and Communist totalitarianism, in American politics it went unnoticed and in American metaphysics it was forced to yield to the claims of the individual.

There is no American philosophy, and we may hope that there never will be, for the concept of a single intellectual system which pretends to the finished truth is contrary to our most cherished and basic intellectual ideal, that the quest for knowledge should be various and open and unending. But there clearly is what may be called a dominant spirit and temper in American thought, unquestionably deriving in part from, and in turn influencing American practice, that informs the character of both metaphysics and ethics and transforms whatever else it may touch—a radical individualism that insists that reality resides ultimately in the individual as such and that the good, however else it may be described, is definable ultimately only in terms of the individual.

This individualism, which is so entirely consonant with the principles and practices normative for a democratic society, must be the keystone of any attempt to assess our institutions or judge our social arrangements, as it must be the keystone of any attempt at an interpretation of contemporary history that will give meaning to the events in our past and present. It is only on the firm ground of such individualism with all of its pluralistic implications, both theoretical and practical, that we can take our stand against the monolithic structure of the totalitarian states. It is only here that we can justify our way of life and our kind of institutions against theirs. And it is only here that we can look for increased strength for our Nation and new vitality for our culture.

There is a sense in which the task of the American school is expressed in the task of the American scholar. And his task must always be defined first by the disinterested pursuit of knowledge. To not stand firm against whatever would compromise the integrity of his search for truth would be to dishonor himself and to fail in a high and sacred obligation. Yet the scholar's concern is properly with the uses and abuses of knowledge, as well as with its achievement and dissemination, and with the state and character of his society and culture. His disinterestedness is his stubborn refusal to suppress the facts, to subject theory to policy, or to otherwise yield to the pressures of those who would restrain him in his pursuit of truth or would convert his abilities and efforts to unworthy purpose. It is not a denial of his obligation to serve those practical ends that are fully consonant with free inquiry and that may even be its essential condition. Certainly one of the greatest of cultural tragedies was the sterility of German learning that removed the scholarly enterprise of that nation from a genuine critical involvement with the affairs of the society and state and thereby contributed importantly to the possibility of the tyranny that was to destroy the very foundations of intellectual life. Whatever pressures may be brought upon him, the scholar must forever refuse to forfeit his role as a critic of his society, just as he must never fail to faithfully describe and represent it.

But criticism in itself is not sufficient. The meaning of education relates to the total life of the individual and its aims are directed especially and primarily to the cultivation of his intellectual capacities. But the individual cannot in fact be abstracted from his society in either the determination or pursuit of his values, and the full purpose of education involves the strengthening and the perpetuation of the culture. The American scholar and the American school must now fully assess their responsibilities both general and specific and measure their resources against the large problems that are now faced by every individual and that confront our society. Our Nation is in deadly peril and the world of our values is torn internally and threatened from without. Nothing less than our full commitment and determined effort will bring to them the strength that may mean the difference between their life and death.

In the pursuit of these large tasks we face many problems. Not the least of these lies in our general carelessness in the support of the basic branches of learning. Our large involvement in technological education is understandable, but even the progress of our technology is endangered by our too small investment in theoretical science, and our academic neglect of the humane studies and the fine arts can have a seriously damaging effect upon our culture. One of the major deficiencies in our national effort to meet the challenges before us is the almost complete failure of the American people to recognize that the strength of a nation lies in its art and music and literature, and in its philosophical sophistication and the quality of its social sciences, just as much as in its physics and chemistry or its electrical engineering. When we raise the question of the survival of our Nation it is a question in proximate range of statesmanship and machinery. But when we speak of the decline or rise of our culture and the strength of the Nation for the long haul ahead, it is a question of the full cultivation of our spiritual, artistic, moral, and intellectual resources. Those who suppose that great music or great poetry or a knowledge of classical literature are not essential to not only the quality but even the survival of a nation and its culture are quite unaware of the lessons of the past.

Today we are confronted by internal forces that are already injuring the spirit and morale of our people. We have known for a long time that petty demagogs and tyrants can achieve some following in this country. But this time they are raising their heads in a shrewd and calculating manner that deceives large numbers of the unsuspecting and even promises to endanger intellectual freedom in the name of national security. Such efforts must be resisted with great strength, for the loss of that freedom would entail the loss of most everything that is precious in the foundations of our society. Those who contribute to the destruction of freedom, whatever their purposes or intentions, assume for themselves an ominous responsibility. It is now one of the great tasks of those in academic life to stand firm for the preservation of intellectual freedom and to demonstrate by their own integrity, wisdom, sense of responsibility, and commitment to high purpose that the salvation of our Nation does not require the destruction of its own highest values.

To put it briefly, the large and continuing crisis in which we now find ourselves as a nation and as individuals is a crisis in the liberal ideal out of which our basic values have come, and which is quite certainly at once the genius of and the finest product of Western culture—the recognition of the ultimate worth of the individual person, the valuing of knowledge for its own sake as well as for its uses, the faith that human reason is the most reliable instrument for solving human problems, and the commitment to the well-being of the individual as our noblest end. Today as never before we must cultivate the broadest human sympathies and a genuine identification with the whole of mankind. Our past local and national isolations are gone and the provincial attitudes that arose from those isolations are doomed to die. The instruments of education must be employed to more adequately prepare us for the new world-mindedness that must replace those attitudes.

It is a basic assumption of democracy that there is a coincidence of the good of the individual with the good of society, that the pursuit of the good of the individual will in some way contribute to the quality, stability, and strength of the society taken as a total entity. It is now our task to justify that faith and by serving the high principles of a free society build a future whose course is determined by those who are true lovers of freedom and for whom the worth and dignity of the individual is the proper foundation of social policy and social action.

We must refuse to believe that the historic possibilities of our culture have all been laid before us. We must refuse to believe that the future is closed. We must refuse to believe, as the Marxists insist, that the course of history is determined and that the decline of our culture is inevitable. By the quality of our educational effort and by the force of our commitment and our determination we must justify a new confidence in our power to affect the future.

We must cultivate in our people such a sense of high vocation and high purpose, and so adequately equip them with knowledge, good will, and courage, that they will not be frustrated or daunted by the monumental tasks that lie before us. Whether we like it or not, our enemy is deadly serious; his power is immense, and he is playing for keeps. Nothing less will do for us now than a new intellectual, moral, and spiritual vitality that will overwhelm the demonic forces of regimentation that are arrayed against us and establish the autonomy of freedom over the otherwise meaningless and destructive course of human history. Above all else, our commitment to the individual and his freedom must prevail. For those who have known the meaning of freedom, life on any other terms would not be worth the living.

SERVING HARD LIQUOR IN THE SENATE PORTION OF THE CAPITOL

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article entitled "Move To Bar Serving Hard Liquor in Senate Building," published in the Virginia Methodist Advocate of May 10, 1962, dealing with my proposed amendment to the Senate rules which would prohibit serving of beverages of more than 24-percent alcoholic content in the Senate wing or the Senate Office Buildings, except in private offices.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MOVE TO BAR SERVING HARD LIQUOR IN SENATE BUILDING

WASHINGTON, D.C.—A move to bar the serving of hard liquor in the Senate portion of the U.S. Capital has received endorsement of two Methodist officials.

Senator WAYNE L. MORSE, of Oregon, introduced an amendment to rules which would prohibit serving of beverages of more than 24-percent alcoholic content in the Senate wing or the Senate Office Buildings, except in private offices.

Support was offered by Bishop F. Gerald Ensley, of Des Moines, and the Reverend Dr. Caradine R. Hooten, of Washington, D.C., president and general secretary, respectively, of the General Board of Christian Social Concerns. Their telegram read, in part:

> "In this crisis the people of America depend upon clear and reliable thinking by our trusted leaders. Loyal citizens will applaud the efforts of Congress to remove the depressive and stupefying effects of alcohol from tax-supported places where important decisions must be made."

CHANGING PATTERNS OF DEFENSE PROCUREMENT

Mr. HART. Mr. President, a Defense Department study entitled "Changing Patterns of Defense Procurement" was front page news across the country yesterday.

It was an excellent report. I was delighted with it because it riveted attention on a problem that has concerned me since the day I joined the Senate.

The pattern has long been self-evident to many of us. Still, I think the report told a story that most citizens were not fully aware of.

Why? Because they only learned of it in bits and pieces: an aircraft plant phased out here, a tank line closed down there, an air defense base abandoned, a small arms contract terminated; each incident affecting one locality and reported, usually, only in local newspapers.

But all of these incidents stemmed from one cause: unbelievably rapid changes in technology. New demands for space age breakthroughs demanded defense industries based on clusters of management and research talent. Fewer giant systems managers took on larger and larger portions of defense contracts.

The one criticism I have to make of this report is that it was not delivered earlier. Perhaps some of the frightening things it reveals could have been averted if they had been sighted and reported 5 years ago.

Today the greatest geographical imbalance in defense fund expenditures is found in the distribution, by region and State, of research, test, and development contracts. Forty-six percent of the dollar value of this research and development work is presently located in industries and universities on our west coast. Forty-one percent is in the State of California. These facts raise many questions—questions for responsible leadership in other States; questions for the Congress. It is critically important because we know that this distribution pattern of today's research and development work is setting the geographical distribution pattern for much of tomorrow's follow-on work. We are today establishing the geographical pattern for major defense production expenditures of 1966, 1967—and—yes, of 1970.

Given this fact—and all past evidence points in this direction—the Congress should ask whether national defense and defense-related research and development work of agencies such as NASA and the Atomic Energy Commission should be analyzed, planned, and brought into better geographical balance. The Congress should know whether it is good national policy to have half of our defense eggs in one State's basket 5 years from now.

But in addition, this report speaks out to the industrial, educational, labor, and community leadership of each State. It should encourage these leaders to initiate and develop the fullest partnerships between our great universities and industrial research facilities.

In Michigan, at the University of Michigan in Ann Arbor, this type of effort is already vigorously underway. At our other great universities this effort is hopefully beginning. Our smaller colleges, such as the Michigan College of Mining and Technology, understand that they have an important and critical role to play.

The Senate, through an appropriate committee, I believe, should undertake immediately a study of the economic impact of the policies and defense requirements presented by this study.

In July of 1959—6 months after I came to the Senate—and again last year, I proposed the establishment of a Senate select committee on the economic impact of our defense policies.

At that time, I used these words:

> A select committee of the Senate should make exhaustive studies of the extent to which defense procurement policies in the United States are related to the national economy * * * to the end that these studies be available to the Senate in considering procurement policies for the future.

It is apparent that such a congressional analysis is even more timely today. And, once again, I submit a request for such a committee. The national attention given the Defense Department's study should create interest heretofore not attached to this proposal.

Let us have more honest appraisals of the very fundamental impact of defense and defense-related policies on the economy of the various States and regions—yes, on the Nation itself.

The Department of Defense report concludes:

> The primary conclusion to be drawn appears to be self-evident. Certain institutions, certain companies, and certain communities have been far more alert, more active, and more effective in their quest for defense R.D.T. & E. contracts than others have been. The primary objective of the Military Establishment—through its procurement mechanisms—has been to find and to use the strongest capabilities for each essential requirement, whether for R. & D. or for production.
>
> Defense policy stresses awards on merit. Local initiative seeking defense business must direct itself to the creation of capability responsive to the exacting needs of modern warfare. Communities which fail to recognize this fact, and which fail to energize and mobilize their institutions to adjust to it, cannot reasonably anticipate a major role in future defense procurement.

This is a strong message but it is on this message that I know we can find the basis for constructive analysis of where we go from here, not only in Michigan but in all of our States and regions.

And I think attention by the type of congressional committee provided in the resolutions I have offered would help importantly.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). Is there further morning business? If not, morning business is closed.

EXTENSION OF EXISTING CORPORATE AND EXCISE TAX RATES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. Without objection, the Chair lays before the Senate the unfinished business, which will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

A CALL FOR YANKEE INGENUITY

Mr. WILEY. Mr. President, on the floor of the Senate today I am reporting some matters that came to my attention in the last few days while I was back in my State. I had the privilege of speaking to a large group of people, perhaps 3,600, in an auditorium, and I had the privilege of speaking to some veterans on another occasion, and also visiting a large percentage of our people, the rich and the poor. I wish to say that I found what I believe to be something which merits consideration by all of us. I have talked to laboring men and businessmen, and today I would like to discuss a matter of grave concern to every segment of our society.

I have always considered the U.S. Senate as not only one of the most powerful governing bodies in the world but also as the forum for some of the most alert and responsive observers in the United States.

For the safety and welfare of our people throughout the Nation we must conduct a 24-hour daily watch to preserve our freedom of constitutional rights for every American as well as to promote the economic opportunities so that every American can have faith and hope of providing a good life for himself and his beloved ones.

It is obvious that without economic opportunity our freedoms of the constitution are endangered and emasculated. It is obvious that the welfare of our Nation requires good economic health. Depressions breed regimentation and mental illness on a national and worldwide scale.

The United States has become the harbinger of the economic mood of the entire world. Uncertainty and lack of purpose can and do bring dismay to every country in the Western World.

The pall of doubt and insecurity once spread throughout the world is translated into reduction of purchasing American exports, hoarding of funds, minimizing of inventory reserves, and ultimate reduction in American production with concomitant unemployment and despair.

Specifically, the United States has been dealt a devastating financial blow to its pocketbook. The full magnitude of the impact of the stock market crash is one which requires immediate consideration and correction. Ignoring the consequences will result in a downturn of production and trade which this Nation cannot afford. Each of our economic yardsticks is adversely affected by a stock market crash. Gross national product is reduced, industrial production is limited, nonfarm employment falls off, and personal income, retail sales, and corporate profits are crippled. Since January 1962, stockholders in key American securities have been losing faith in our American economic life and this lack of confidence is amply reflected in the stock averages. The stock market has been described as the only barometer capable of creating its own weather. Since 1900, three out of four stock crashes have been followed by depressions.

The New York Stock Exchange has reported that more than 15 million Americans own listed stocks. An untold number of stockholders own equities in pension funds accrued through management-labor contracts and relations. More than 50 percent of all American financial resources is undoubtedly in stocks; and in the past 6 months approximately $150 billion have been destroyed in security values, according to Barron's Financial Weekly of June 18, 1962.

Mr. President, I ask unanimous consent to have the article printed at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the Record. (See exhibit 1.)

Mr. WILEY. Mr. President, it is time to act when brokers and banks throughout the country are sending out mimeographed collateral calls for cash or catastrophe to borrowers who have invested in the security of America.

How many employees in industry have been informed that large percentages of their pension funds accumulated over years of employment have vanished?

A market crash retards capital improvements, it creates unemployment, it even destroys our international world prestige.

The solution is not simple. It calls for commonsense and experience. Dun and Bradstreet, in reporting on the increase in business failures last week, stated that the main reason for failure is incompetence. The second reason is a lack of managerial experience. These two factors claimed 41.9 percent and 36.1 percent, respectively, of all 1961 Canadian business failures as well, according to Financial Post, June 16, 1962. It will do no good to attempt to create confidence in business by mouthing words alone or by threatening retaliation. It is time for action in the forms of positive approaches to encourage business and industry to resume their forward progress toward increased production and world trade.

Let us take immediate steps to revise with prudence the rules and regulations governing investment in America. Let us provide immediate tax incentives now to business and industry so that we can all tool up and increase production by bringing wider distribution of American produce to all our citizens and the underprivileged in the rest of the world.

These are not simply my ideas; they are the ideas of laboring men and businessmen. Industry and labor should concentrate on increasing production, not decreasing it. This is no time for strikes.

The American Government must concentrate on improved distribution of our gross product, with the American Constitution as a guide—and it is a guide—with its checks and balances; yes, with its division of power into four parts—the executive, the legislative, the judicial, and, let us not forget, the residuum of power back in the States. I repeat: The Constitution is a guide which provides for the promotion of the general welfare and the securing of the blessings of liberty to ourselves and our posterity.

To suggest that only speculators are being hurt is ridiculous. Fifteen million Americans own stock. Senators own stock. They have seen stock prices go down, in some instances, 50 percent. So to suggest that only speculators are being hurt is ridiculous. To delay the necessary correction of investment and collateral rules is cruel and senseless. What do we mean? Some of the rules require collateral of 70 percent at the time stock is bought. Now that has all been wiped out. People have had to sell their stock. We can get the economy rolling forward immediately with action and the restoration of a favorable economic climate.

A search must begin immediately not for vacant buildings to establish relief distribution centers but for potential areas toward which increased distribution of our gross national product can be channeled. Only by improving commerce can the Nation flourish generally, business improve, and employment increase. Let us now get our Yankee ingenuity back to work.

Yankee ingenuity has always been adequate. The trouble is that much of it, apparently, has not been active. There is too much faith that Uncle Sam will do the job. But something more than Uncle Sam is required. Of course, it is necessary that Uncle Sam make a change in the rules. But then we must have faith in our great country, with its great potentialities. There must be faith on the part of the American people, many of whom have seen the value of their stock depreciate.

Exhibit 1

Farewell to Recovery?—The Nation May Be Facing a Business Downturn

In any future chronicle of Wall Street—to be written, one may hope, by economic scholars more clear-eyed than those with which the Nation lately has been blessed—a man named Edward M. Gilbert, former president of the E. L. Bruce Co., will command a lengthy chapter all his own. Once familiar only to avid readers of the business and society columns, Mr. Gilbert, who decamped for Brazil last week amidst a spate of ugly charges, now belongs to history. For his troubles sprang directly from the drastic decline in the value of his holdings in Celotex Corp., the bulk of which he had acquired with borrowed money. In order to protect his equity in a plunging market, it appears, the hard-pressed Mr. Gilbert tapped his own corporate till for roughly $2 million. Literally overnight, as a consequence, the erstwhile tycoon became a fugitive from justice.

In the process, however, Edward Gilbert has also carved out an enduring niche in the annals of finance. For the staggering shift in his fortunes, while more dramatic than most, serves to point up the explosive and far-reaching impact which the crash in stocks is likely to have on the rest of the country. The United States has suffered a severe jolt to its pocketbook, the full magnitude of which remains to be seen. What is growing painfully clear is that the effects will not be confined to Wall Street. On the contrary, despite an uninterrupted flow of reassurance from high places, as well as an impressive array of dated bullish statistics, signs of impending trouble are multiplying fast. Calling a downturn in production and trade is a chancy and thankless proposition. Nonetheless, the evidence suggests to Barron's that the short-lived business recovery—like the ill-fated Kennedy bull market—has gone by the board.

Such a view, to be sure, currently is shared by few. To judge by the record, most observers, in and outside of Government, remain optimistic on the business outlook. In support of their stand they can cite some imposing figures, including a continued rise in personal income; a probable recordbreaking second-quarter gross national product; peak industrial output in May; high employment and brisk automobile sales. Thus, the Secretary of the Treasury told a Senate committee last week that "the economy is still moving ahead" and will continue to do so at least through next spring. Added Mr. Dillon, with his cutomary vast aplomb: "There are no signs of a recession now."

From the seats of the mighty, as the United States has learned more than once to its cost, the visibility tends to be low. Mr. Dillon is likely to prove another case in point. For even as he voiced his unruffled forecast of continued fair weather, the economic skies were beginning to cloud. Last week, for example, the Department of Commerce disclosed that in the first quarter of 1962, total corporate profits, as well as manufacturers' profit margins, failed to match those of the previous 3 months. Commerce also noted a 1-percent decline in retail sales for May. Furthermore, the latest weekly figures on production and trade are scarcely reassuring. For the second week running, freight carloadings in the 7 days ended June 9 dropped below the comparable year-ago levels; in the same week department store sales scored only a 1-percent gain over 1961, the poorest showing of the year. Finally, although leaders of industry remain outwardly cheerful, their purchasing agents are dour. A business confidence index compiled every month by Purchasing magazine slipped in June to a 17-month low.

While inconclusive, the scattered data cited above have an ominous look. Nor is one reassured by a more complete profile of the latest business cycle, provided by the authoritative National Bureau of Economic Research. In its annual report, dated June 1962, the bureau compared the course of the recovery which began in February 1961 with that of its postwar predecessors. By each of six yardsticks—gross national product, industrial production, nonfarm employment, personal income, retail sales and corporate profits—the 1961–62 upturn stands revealed as more or less seriously laggard. Since January, the business pickup thus has fallen short not merely of inflated official yearend predictions, but also of the postwar average. As to the future, NBER is discreetly mum. Nonetheless, it is worth noting that out of 29 so-called lending indicators, roughly half reached their highs last fall and winter.

Even prior to Black Monday, then, the recovery was halting and uneasy. To its burdens has now been added the weight of a major decline in the stock market, which, to change the figure of speech, has been called the only barometer capable of creating its own weather. True enough in the past—three out of four crashes in the 20th century have been followed by slumps in business activity—the metaphor, even in a day and age which would like to reject old shibboleths, slogans, and myths, remains uncomfortably timely. Nor is it hard to see why this should be so. The New York Stock Exchange has estimated that the United States boasts over 15 million shareholders. According to the Federal Reserve Bank of Philadelphia, stocks accounted for nearly half of the public's financial resources at the end of 1959 (and doubtless a higher percentage 2 years later). Finally, in the past 6 months—and especially in recent weeks—the plunge has wiped out an estimated $150 billion in security values. While much of this sum may have existed only on paper, people are unmistakably poorer.

The impact on business is apt to be equally profound. On this score most observers dwell on the blow to confidence, a psychological element in corporate decision making which cannot be ignored. A falling stock market, however, also has a direct effect upon corporate activities. In a few cases, like that of the unfortunate Mr. Gilbert, it suddenly lays bare an overextended financial position; throughout industry, by definition, it shrinks equity values. On both counts it thereby tends to make lenders more tightfisted. At the same time, of course, a market crash dries up the sources of risk capital. Since the turn of the year, according to a recent estimate by the SEC, registrations covering approximately $500 million worth of prospective new issues, filed by 130-odd companies, have been withdrawn. Finally, as Alan Greenspan has demonstrated so persuasively, "a fall in stock prices * * * will induce a fall in the ratio of present worth of discounted expected future earnings to newly produced capital," and, in consequence, a decline in industry's propensity to invest. Sooner or later, in short, both consumers and businessmen feel the pinch.

That painful day may now be close at hand. In the circumstances it is idle to pretend, as Washington has done, that nobody has been hurt but speculators, or that, as one inspired Wall Streeter put it the other evening, the market has completed a healthy readjustment. If the past be any guide, difficult times lie ahead. Reasonable men may differ as to how to deal with adversity. However, the first step surely is to recognize that it exists.

NEW DECLARATION OF FREEDOM URGED

Mr. KEATING. Mr. President, earlier this week the House of Representatives passed a joint resolution (H.J. Res. 717) declaring January 1, 1963, as Emancipation Proclamation Day, to commemorate the 100th anniversary of President Abraham Lincoln's freeing of the slaves.

Thereafter, there was introduced in the Senate a joint resolution (S.J. Res. 200) providing that a Century of Freedom Committee be appointed by the President, in order to prepare appropriate national ceremonies and to assist State, civil, patriotic, hereditary, and historical organizations in their local celebrations. This is, of course, an ideal time to reemphasize and give wider public knowledge to the accomplishments in the past century of American Negroes.

At the same time, this would also be an excellent occasion on which to reaffirm the inalienable rights of all Americans of every race and creed. Last year I submitted a resolution (S. Con. Res. 45) requesting the President to issue a declaration of freedom in commemoration of the Emancipation Proclamation. I wish to reiterate that idea. What better opportunity could there be for the leader of our country to step forward proudly to confirm the individual rights of American citizens than in anniversary of an event already recognized in both this country and in the rest of the world as one of the great triumphs of human rights. In this period in our struggle with communism, a system which subordinates human rights to the rights of the state, it would be desirable and highly effective to restate our faith in human dignity and freedom.

An American declaration of freedom would echo around the world. Just as the Emancipation Proclamation stirred public opinion in England toward the Union while official consensus in England was friendly to the Confederacy, so a new declaration could influence today's populations, particularly those of the emerging nations. These are people whom we must reach. As Americans, we are proud of our heritage. We must take every opportunity to remind the people of the world, as well as the cross burners and racists in our own land, of this heritage and of our continuing dedication to justice and liberty for all.

It may surprise some to learn that the Emancipation Proclamation was not universally acclaimed when it was first promulgated. The antiadministration press was quick to heap criticism on Lincoln. Northern and southern critics alike responded, from the New York Herald—which called the proclamation "unnecessary, unwise, ill-timed, impracticable, and outside the Constitution"—to the Richmond Examiner—which called it the "most startling political crime and the most stupid political blunder known in American history." The Ashland, Ohio, Journal called Lincoln a "tyrant and a usurper." In the 1862 gubernatorial election in New York, the soon-to-be-enacted emancipation was used by supporters of Seymour in their efforts to defeat the Republican candidate, Wadsworth.

Fortunately, Lincoln was not dissuaded by these pressures, even though on two separate occasions he was tempted to modify or forget the whole plan. Instead, he announced it several months in advance, and allowed time for the public to adjust to the idea. By setting the proclamation at the New Years' date, he was able to capture the holiday spirit and to encourage the notion that it was a time to begin new things.

We are again at such a crossroad. There are no slaves to be freed and no civil wars to be fought, but throughout the world freedom is faced with very real challenges against which the strength of America is dedicated.

Important advances in civil rights have been made in the century since the emancipation; but, as all of us know, there is much still to be done. No American citizen can rest until every other person is treated with equal dignity and the goal of liberty for all is attained. Adoption of my resolution would help assure that the 100th anniversary of the Emancipation Proclamation will be more than a glance to the past. I urge that we use this anniversary as the occasion for a new declaration of freedom to serve as a definition for the future.

(At this point Mrs. NEUBERGER assumed the chair as Presiding Officer.)

ADMINISTRATION SUGAR BILL SHOULD REPLACE HOUSE BILL

Mr. PROXMIRE. Madam President, this morning's Washington Post carried an editorial entitled "Sugar and Spite." It is a sharply worded but entirely justified critique of the sugar legislation proposed by the House Agriculture Committee, and passed last week by the House of Representatives. As in the past, the timing of the House action was such as to leave the Senate only a very few days in which to consider this legislation, which has important implications for domestic sugar growers and foreign sugar interests, as well as for the sugar consumers.

Earlier this year, the administration proposed a bill which provides a fair, reasonable solution to the sugar problem. Unfortunately, the House rejected the most important features of the administration bill, in favor of a cumbersome legislative vehicle that allocates U.S. sugar imports among a large number of countries, with no apparent logic except the varying pressures brought by well-heeled sugar lobbyists.

The present Sugar Act expires on June 30. In my opinion, it would be better to pass no new sugar legislation, rather than to adopt the country-by-country approach of the House bill. As a form of foreign aid, this allocation of the sugar quota has little to recommend it. Certainly it would be far better to make cash donations from the U.S. Treasury to the countries involved, rather than to parcel out subsidies to the owners of sugar operations in these nations, whose activities may have little or no relation to the longrun development aims of our foreign-aid programs.

The administration sugar bill is a good one. It has wide sponsorship in the Senate, and there is every indication that it will be approved in the Finance Committee. I urge that it be adopted, and that the House version be rejected emphatically. My concern about this will, of course, extend to any "compromise" adopted in the House-Senate conference which is likely to take place. So far as this Senator is concerned, there can be no compromise between earmarked subsidies to foreign producers and the administration bill.

I ask unanimous consent that the editorial from this morning's Washington Post be printed at this point in the RECORD. I also ask that an article by

Jack Steele, which appeared in the Washington Daily News on Saturday, be printed at this point in the Record. Mr. Steele's article reports on the substantial fees which would be earned by Washington lobbyists for oversea sugar interests if the House bill were enacted.

There being no objection, the editorial and the article were ordered to be printed in the Record, as follows:

[From the Washington Post, June 25, 1962]

Sugar and Spite

There are welcome sounds in the Senate of resistance to the highhanded manner in which the House Agriculture Committee drafted the sugar legislation that went whizzing through the lower Chamber with accustomed speed. Members of the Senate Finance Committee, where hearings concluded Saturday, are bristling with irritation at the tactics of the House group, which has a habit of dumping complex sugar legislation into the hopper when there are only days left before the existing law expires.

"This is the worst sugar bill I have ever seen," was the tart remark of Senator Byrd, chairman of the Finance Committee. Ironically, it was passed by the House immediately before the farm bill was killed amid cries of "regimentation." Yet, as Senator Gore noted, the House saw no such defect in a sugar bill that imposes the most stringent controls in order to protect producers. It all seems to depend on whose quota is being fixed.

As Senator Fulbright remarked, there is little justification for treating sugar legislation in a special category apart from the farm bill. It may be that in 1934, when the present program originated, its tariff features justified some special treatment. But no one then contemplated that the program would swell into a vast global boondoggle in which the consumer is asked to pay premium prices for imported sugar in order to conceal the subsidy granted for domestic beet and cane growers.

* * * * *

In short, in order to hide that "sore thumb" in a thicket of subsidies, the American taxpayer paid out $672 million last year to protect the domestic industry and underwrite an extravagant program of bonus payments to oversea producers. * * * But there are other mysteries about sugar that Senators Gore, Fulbright, and the redoubtable Paul Douglas will want to examine.

How, for example, did the House committee riddle the sugar bill with so much unexplained favoritism? Why were 15 new areas brought into the quota program while sand was tossed in the eyes of nearby friendly countries? One such country is the Dominican Republic. Ironically, when Rafael Trujillo was dictator, the House committee leaned over backward to avoid giving offense to the Dominican regime. But now that a democratically oriented government is struggling to prevail against leftwing and rightwing extremism, the sugar legislation passed by the House does as little as possible to help.

There is an uproar now in Santo Domingo, where the residents are unaware of the intricacies of congressional politics. They can't understand why such remote countries as Mauritius and the Fiji Islands are awarded quotas when hemisphere republics highly dependent on sugar exports are brushed aside. Senator Fulbright remarked on the lavish lobbying prompted by the present system. How much of a part did this play? Isn't it time to drop a blockbuster on a lobby that seems to swarm like fruit flies on Capitol Hill whenever the sugar melon is being carved?

[From the Washington Daily News, June 23, 1962]

A Unique Probe—Hill Unit Asks Who Did Get the Sugar

(By Jack Steele)

The Senate Finance Committee today ordered all sugar industry lobbyists to file full reports of their fees and expenses before the Senate acts on a House-passed bill which is enmeshed in a lobbying scandal.

The unique order applies to those lobbyists hired by both foreign and domestic sugar producers, who would collect nearly $600 million a year in "subsidies" under the House-approved bill. The subsidies ultimately would be paid by U.S. consumers.

The action was demanded by Senator J. William Fulbright, Democrat, of Arkansas, chairman of the powerful Senate Foreign Relations Committee, and was ordered by Senator Paul H. Douglas, Democrat, of Illinois, as acting chairman of the Finance Committee.

It came after the Finance group devoted a stormy 8-hour hearing yesterday largely to efforts to unravel the hefty fees paid to lobbyists for foreign sugar interests to induce Congress to boost their sugar quotas or establish new ones.

THREE DISTRICT OF COLUMBIA FIRMS

The committee revealed that at least three Washington lobbying firms stand to collect fat "contingent" fees if the House-passed sugar bill is enacted. They are:

The law firm of Oscar Chapman, former Interior Secretary, which represents sugar producers of Mexico.

The law firm of Donald Dawson, onetime White House aid to former President Truman, which represents sugar producers of India.

The consulting firm of A. S. Nemir Associates, which represents the sugar and alcohol producers of Brazil.

Fulbright said that, while such fees are legal, the American people and Congress have a right to know "what kind of pressures are being generated for legislation" that would cost consumers $600 million a year.

He also charged that most lobbyists for foreign sugar interests were violating the Foreign Agents Registration Act by failing to file with the Justice Department complete reports of their fees and expenses.

Douglas promptly ordered the committee's staff to send telegrams to all lobbyists who have pushed the sugar bill, directing them to file such reports with the committee immediately.

He charged U.S. consumers have footed the bill for more than $4 billion in "subsidies" to foreign and domestic sugar producers in the last 15 years and that the House bill would add $2.5 billion to this in the next 5 years.

Noting that lobbyists for more than a score of countries—ranging from South Africa to the Fiji Islands—were seeking to sell more sugar to the United States at prices nearly 3 cents a pound above the world market, Douglas asked:

"Do you think there is no limit to Uncle Sam's largesse?"

Chapman, first of the foreign lobbyists to appear before the Finance Committee, was asked by Senator Thruston Morton, Republican of Kentucky, about his fees.

The former Interior Secretary said his firm was paid a retainer of $50,000 a year by Mexican sugar interests and a "small percentage" as a contingent fee. The latter turned out to be 25 cents a ton for any increase in Mexico's sugar quota.

This contingent fee, under the House bill, would add $26,750 to the fee of Chapman's firm this year—bringing it to $76,750. The fee presumably would continue for 5 years under the House-passed bill.

CONTINGENT FEE

James W. Riddell, a Dawson partner, said his firm would collect $99,000 in fees, plus $15,000 in expenses, from Indian sugar interests under the House bill.

He denied at first this was a contingent fee, but finally admitted to Fulbright that the Dawson firm would collect only $50,000 and $5,000 in expenses if India got no sugar quota. The House bill would give India its first sugar quota of 130,000 tons.

Albert S. Nemir said Brazil sugar producers would pay his firm a minimum fee of $25,000, plus a "small" contingent fee based on the value of all Brazilian sugar sold to the United States.

OPPOSITION TO TAX DEDUCTION FOR EXPENSES IN CONNECTION WITH LOBBYING

Mr. PROXMIRE. Madam President, in yesterday's New York Times there appeared a letter from Mr. Robert H. Clarke, of Princeton, N.J., calling attention to the windfall for business pressure groups that would result if section 3 of the tax bill, as presently drafted, were enacted. Incidentally, that section was included in the bill as passed by the House of Representatives, and it is now in the bill.

This is the provision which authorizes a tax deduction for expenses incurred in connection with lobbying. There is no question that the effect of this section would be a substantial gain for business lobbying groups. No such assistance would be available to private individuals lobbying for causes in which they believe—be they left, right, or center—or for groups, such as the League of Women Voters, which do not have a "business interest" in legislation.

On April 6 of this year, I appeared before the Senate Finance Committee, at my own request, to testify against this section. I ask unanimous consent that my testimony be printed at this point in the Record. I also ask unanimous consent that Mr. Clarke's letter to the editor of the New York Times be printed at this point in the Record.

There being no objection, the statement and the letter were ordered to be printed in the Record, as follows:

Statement by Senator Proxmire

LOBBYING ACTIVITIES

I oppose the tax deduction for lobbying expenses because it would give a thoroughly unjustified tax advantage to special business interests over the public interest.

Contributions to lobbying organizations that fight for their ideals—be they left, right, or center—are not tax deductible. Contributions to groups like the American Civil Liberties Union, the Americans for Constitutional Action, and the League of Women Voters are prohibited by law from tax exemption.

But if this provision is enacted, special interest business groups, whose financial interests may run counter to the public interest, will get a juicy tax break.

This proposed new tax deduction is the one part of the bill that is flatly opposed by the Treasury.

This is one of the very few significant changes made in the law in years on which the House Ways and Means Committee conducted no hearings.

Section 3 of the bill would allow businesses and trade associations, but not the ordinary citizen nor the individual specialist, to deduct costs incurred in connection with promoting or opposing particular legislation. The bill as presently written would allow deductions for not only the expenses of appearances before congressional committees, but also expenses involved in personal contacts with individual Members of the Congress, personal contacts with State and local officials, and all expenses incurred by trade associations in propagandizing a particular point of view with their individual members.

I consider this provision of the bill wholly indefensible on several different grounds. First, from a legislative standpoint, the Ways and Means Committee has held no hearings on this particular measure. Certainly there should be an opportunity for the general public to be heard by the Ways and Means Committee on this subject before the legislation is enacted.

Second, from a legal standpoint, section 3 of the bill represents a change in a longstanding principle which has been supported on several occasions by Federal courts, including the Supreme Court. The Internal Revenue Code provides for deductions only for "ordinary and necessary" expenses. It is far outside the "ordinary and necessary" income-producing procedures of business to attempt to influence legislative decisions. While the Treasury Department has apparently not attempted to enforce fully its present regulations, dereliction of duty should not be a justification for legislative change.

Third, the proposed change can be criticized on equity grounds. It clearly and explicitly discriminates in favor of business lobbying and against lobbying by private citizens or individual specialists. Thus the provision serves to rig the odds against legislation for the general well-being, and in favor of specialized legislation for the few. It is difficult enough at present for the individual legislator, to obtain information on both sides of the questions upon which we must legislate. In effect, the new provision means that some tax funds now coming to Uncle Sam will be returned to businesses and trade associations in order that they can present their case more effectively, while at the same time discouraging individuals, who presumably have less capacity to meet lobbying costs, from incurring those costs. Thus the flow of information to legislators is diverted so that it comes more freely from certain sources and is less available from other sources.

Fourth, the proposed section can be criticized on economic grounds. The Federal Government, through this measure, will be subsidizing the diversion of resources away from productive output for the benefit of the national economy into specialized propagandizing purposes designed solely to benefit the few. These proposed deductions are not equivalent to deductions for advertising. Advertising is intended to disseminate knowledge to the many about products which are available in the market. The proposed deductions are for expenses designed to influence the few for the special benefit of a few.

The proposed provision on lobbying expenses will not only discriminate against certain nonprofit lobbying organizations, such as the League of Women Voters. These organizations, like industry trade associations, are usually nonprofit and are generally not subject to tax on their own activities. However, contributions to these organizations, like contributions to industry trade associations, are only deductible by the contributors to the extent that the contributions are not used by the associations to support lobbying activities. Section 3, of H.R. 10650, would permit contributions to trade associations to be deductible even though the contributions were used by the trade associations for lobbying purposes. This change would be made on the grounds that the contributions were "ordinary and necessary" business expenses. However, contributions to organizations such as the League of Women Voters would not be deductible to the extent that the League engaged in lobbying activities because the contributions in that case—under the proposed bill—would not be considered as "ordinary and necessary" business expenses. Therefore, the bill tends to discriminate in favor of lobbying activities by industry trade associations and against lobbying activities by certain other groups which have been of great assistance to legislators in the past.

[From the New York Times, June 24, 1962]

TAX AID FOR LOBBYISTS—WINDFALL FOR PRESSURE GROUPS SEEN IN SECTION 3 OF BILL

To the EDITOR OF THE NEW YORK TIMES:

In the current controversy over new tax legislation a very important provision of the bill now under consideration by the Senate Finance Committee has escaped public attention. I refer to section 3 of H.R. 10650, a section added to the administration's bill by the House and opposed (though without any comment) by Secretary Dillon in his appearance before the Finance Committee on April 2.

Section 3 as it passed the House would permit a tax deduction for costs relating to appearances before, presentation of statements to, or communications sent to a legislative body, legislative committee or individual legislator (Federal, State, or local), if the expenses are otherwise ordinary and necessary business expenses.

A further deduction is allowed for the portion of dues paid an organization which is used for legislative expenses, to the extent that they are related to the businesses of its members, as well as for the expense of communication of information between the taxpayer and the organization with respect to legislation.

Section 3 does not permit deduction of expenses incurred in efforts to influence the public (e.g., through advertising) or of expenses connected with political compaigns; but this provision is under attack by the advertising industry, certain newspaper publishers, and public utility companies.

POWER IMBALANCE

As Senator PAUL DOUGLAS pointed out during the Finance Committee hearings, section 3 constitutes a windfall for business pressure groups and would seriously accentuate the already existing power imbalance between organized producer economic interests on the one hand and consumer and ideological interests on the other.

For the first time, profitmaking organizations would be granted deductions for the lobbying activities they conduct. Business men or firms could deduct dues paid to lobbying organizations, provided these organizations act in behalf of legislation in which the contributor has a business interest.

Unfortunately, section 3 grants no corresponding benefit to those lobbying organizations (such as the League of Women Voters, NAACP, and Committee for Constitutional Government) whose advocacy of legislation springs from their ideals of justice or general ideological commitments, which have no direct connection with their members' "business interests."

If enacted, this "sleeper" provision of the current tax bill might very well in the long run have a far more profound effect upon the American economy and polity than the President's much-debated dividend withholding and investment credit proposals.

ROBERT H. CLARKE.

PRINCETON, N.J., *June 15, 1962.*

SOVIET AGRICULTURE—WHY IT HAS MADE LITTLE PROGRESS

Mr. PROXMIRE. Madam President, in the current issue of Foreign Affairs, the quarterly review, there is a very fine article entitled "Soviet Agriculture Marks Time," written by a competent scholar named Alec Nove.

One of the most significant political developments internationally in the last few years has been the great failure of Communist agriculture. Many people have just assumed that this failure was related to drought or to some natural development in the Soviet Union. Some persons have contended that the failure of Soviet agriculture is due to the centralized control and the lack of individual incentive and individual freedom and opportunity for farmers—the kind of individual opportunity that farmers have in this country.

This study by Alec Nove discusses in some detail the very serious agriculture problems the Russians have.

The article is significant in implying the advantage the free world has over the Communist world because our farmers are increasingly more productive, whereas agriculture productivity in the Soviet Union has been brought to a surprising halt.

I want to call attention to the fact that, in spite of the vast agricultural resources in the Soviet Union, in spite of the new lands program, the most ambitious effort to bring new land into production, any country has engaged in, and which has brought millions and millions of acres of new land into production, what has happened is very startling.

The plan of the Soviet Union was to have in 1961 155.2 million tons of grain. Their performance was only 137.2 million tons of grain.

The Soviets planned to have 11.8 million tons of meat. Their performance was 8.8 million tons of meat. They planned to have 78.4 million tons of milk; 62.5 million tons was their performance.

Even more dramatic, I think, is the record of what has happened in grain production in the Soviet Union.

Primarily because of the rectification of some of the extreme mistakes made by Stalin, there was an expansion of Soviet agriculture between 1953 and 1958. Since 1958, whereas in the free world, and dramatically in the United States of America, productivity has enormously increased, in the Soviet Union the total grain harvest has actually dropped. It dropped from a high of 141.2 million tons of production in 1958 to 137.3 million tons last year, with no indication of any substantial increase.

I ask unanimous consent that the table on page 578 of the article in Foreign Affairs to which I have been referring be printed in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	1953	1954	1955	1956	1957	1958	1959	1960	1961
Total grain harvest	82.5	85.6	106.8	127.6	105.0	141.2	125.9	134.3	137.3
Harvested in virgin lands	27.1	37.6	28.0	63.6	38.5	58.8	55.3	59.1	(1)
Harvested in Kazakhstan	5.4	7.7	4.8	23.8	10.5	22.0	19.1	18.8	14.8

[1] Not available.

Sources: For 1953-60, Narodnoe khozyaistvo S.S.S.R. v. 1960 godu, pp. 440-441; for 1961, Pravda, Mar. 6, 1962.

Mr. PROXMIRE. Madam President, some of the difficulties that are involved in the Soviet Union's startling failure to advance in agriculture are detailed on page 579 of this article. It is pointed out that the Soviets have engaged in one campaign after another to step up specific production in particular areas. These campaigns have been incredibly mistaken, because what they have done is persuade the Communist managers and others who are in charge of production on the farms to try to reach the campaign goals at all costs, and "all costs" have resulted in very bad farm practices that have impoverished the soil and resulted in great, downward production trends.

For example, in the first place, the nature of the campaign itself caused the plowing up of some land with unsuitable soil, or with excessively sparse rainfall.

Second, a surprisingly high proportion of the machinery is not kept in good repair and cannot be used, owing to lack of spare parts, skilled mechanics, and workshops. The situation has been getting steadily worse. Thus, there were 32,000 combine-harvesters inactive in Kazakhstan in 1959, but 60,000 were in disrepair at the start of the 1961 harvest.

Third, the right kind of rapidly ripening seed is seldom available. This, in combination with the shortage of working machinery, delays the harvest, and, in this area of early frosts, heavy losses result.

In the fourth place, the lack of amenities has driven away some of the permanent labor force.

In the fifth place, as I pointed out, the land has been badly misused.

One of the most significant observations of Mr. Nove is that the Soviet Union is now in a jam, because of its centralized policies of agricultural control, which makes it very hard to solve the farm problems.

I think all of us who are considering the most serious challenge of international communism recognize that in China the Government has been drastically weakened by famine, and in Russia the Government's whole economic program and its plans for challenging us have been drastically set back by these economic shortcomings.

Mr. Nove's article shows it is very difficult, no matter what Khrushchev does now, to work his way out of the problem. He implies it is going to take years before the Soviet Union makes substantial progress.

I direct this article to the attention of the Congress and the country because it seems to me, if this conclusion on the part of a competent scholar is true, we should be very careful and thoughtful of how we use our surpluses throughout the world. We have a tremendously useful weapon of economic and political power, and I think we can use that instrument particularly well when we recognize the very serious problems involved in the Soviet Union.

There is one other point I would like to stress, and that is that this weakness of the Soviet Union is attributable to centralized control. It is attributable to far too great a reliance on decisions made by the Central Government. I think that while we are far away from that kind of centralized control in our own agriculture, we should be very careful about revising our basic agricultural laws in this country, in view of the many advantages that our consumers have received, that our Nation and the whole free world have received, from our productivity, and in view of the great weakness which has been visited upon the Soviet Union economy because of its drastic and very complete control of all its agriculture.

Madam President, I ask unanimous consent that the article to which I have referred from Foreign Affairs, beginning on page 576, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOVIET AGRICULTURE MARKS TIME

(By Alec Nove)

Nine years ago, Khrushchev addressed the first agricultural plenum of the central committee since Stalin's death. His frank exposure of the poor state of Soviet agriculture was followed by action along a wide front. Prices paid by the state for farm produce were substantially raised, investments in agriculture increased, peasant incomes showed a much needed and rapid rise from very low levels. Tax and other burdens on the private activities of peasants were eased, to the benefit of all concerned; for example, in 5 years the number of privately owned cows increased 25 percent. In 1958 a major organizational weakness was corrected: Tractors and other machinery formerly owned and operated by the machine tractor stations (MTS) were sold to the collective farms which the MTS had previously serviced (and also supervised). In 1958, too, the Government dropped its complex multiple-price system, under which farms received a low price for a quota of produce and a higher one for deliveries in excess of their quota; this was replaced by a single price for each product, with zonal variations.

The period 1953-58, then, was one of reform, of higher incomes, of large investments, of new methods. It was also one of higher production. The 1958 grain harvest set an alltime record. Sugarbeets and cotton also did very well. Milk yields benefited from the improved diet of the cows. According to the official statistics, the annual rate of growth of gross agricultural output in the 5 years 1953-58 was 8.6 percent. This would be a remarkable achievement, if the statistics were reliable, but there are ample grounds for suspecting some degree of exaggeration. Even so, no serious observer doubts that a substantial advance was recorded in these years.

No doubt, inspired by the figures with which they were supplied, Khrushchev and his colleagues projected an even more rapid growth of agricultural output in the 7-year plan (1959-65), and onward through 1970. Extremely ambitious plans were envisaged for meat production, in particular, and for other scarce items such as fruit and vegetables. Yet for 3 consecutive years since 1958 the figures have shown no appreciable change, merely some fluctuations reflecting better or worse weather. Indeed, grain harvests have been below the 1958 record. How far performance lags behind plan can be seen from the following table (totals are in millions of tons):

	1961 plan	1961 performance
Grain	166.2	137.2
Meat	11.8	8.8
Milk	78.4	62.5

Source: Khrushchev, Pravda, Mar. 6, 1962.

Allowance for statistical inflation of output would make the shortfall even greater. There is no doubt that Khrushchev is alarmed, because he has admitted as much at great length, and has proposed a number of remedies.

It is the purpose of this article to examine the reasons for the difficulties in which Soviet agriculture finds itself, and to assess the likely efficacy of the measures proposed to set matters right. But before doing so it is important to repeat that there has been a sizable advance since the death of Stalin, and that the crisis in Soviet agriculture is essentially to be seen as a failure to expand, a failure to measure up to very ambitious plans, rather than as a collapse. Various foods are in short supply in many cities at different times of the year, but there is some truth in Khrushchev's assertion that the shortage has been exacerbated by an increase in personal incomes (with retail prices broadly unchanged).

In considering the problems of Soviet agriculture, it is necessary to distinguish several types of difficulty, and, correspondingly, different kinds of policies or remedial measures. There is, first, the complex of problems related to soil utilization, agricultural techniques, equipment, and the like, which may be called problems of production. Secondly, there are questions connected with the peasants, with their private interests, incomes, incentives. Finally, there are the many problems of agricultural planning, administration, and control. These are all to some extent interconnected, as when, for instance, an administrative measure designed to improve technique affects the peasants' private activities. Nonetheless, it remains true that these various matters are to some extent distinct and can be separately analyzed.

II. PROBLEMS OF PRODUCTION

One of the principal objects—though not the only object—of Soviet farm policy is to increase production. Under any political system, this would involve overcoming serious obstacles, for a large part of Soviet territory is unsuitable for agriculture. Where the soil is fertile there is usually a high risk of drought, and where rainfall is adequate the soil is generally poor. Two of Khrushchev's principal remedies—designed to provide more crops and especially more grain for human and animal consumption—were the virgin lands and the corn campaigns. The first involved enlarging the area of extensive farming, the second was an attempt to intensify farming. Both have now been running for 6 years or more, and so some assessment of their effectiveness is possible.

The virgin-lands campaign was a truly formidable undertaking. It added to the farmland of the Soviet Union an area equal to the cultivated land of Canada. Between 1953 and 1956, the total sown area rose from 157 to 194.7 million hectares. So great an expansion in so short a period has no parallel in agricultural history. It was achieved through a major diversion of machinery and with a minimum number of permanent settlers, reinforced at harvest time by migrant labor (volunteers or "volunteers," probably both). The areas brought under cultivation were in the northern half of Kazakhstan, in parts of west and central Siberia and in the territories east of the lower Volga and the southern Urals. The principal crop was grain, largely spring wheat. The following table gives the official production figures (in millions of metric tons) for the total grain harvest in the years 1953–61, with a breakdown showing that part of the total harvested in the virgin lands, of which Kazakhstan (shown as a further subtotal) is one region.

	1953	1954	1955	1956	1957	1958	1959	1960	1961
Total grain harvest	82.5	85.6	106.8	127.6	105.0	141.2	125.9	134.3	137.3
Harvested in virgin lands	27.1	37.6	28.0	63.6	38.5	58.8	55.3	59.1	(1)
Harvested in Kazakhstan	5.4	7.7	4.8	23.8	10.5	22.0	19.1	18.8	14.8

[1] Not available.

Sources: For 1953-60, Narodnoe khozyaistvo S.S.S.R. v. 1960 godu, pp. 440-441; for 1961, Pravda, Mar. 6, 1962.

Clearly, grain production did increase greatly through 1958. In 1954, the first year of the campaign, yields were good but little had yet been plowed. In 1955, on the other hand, drought ruined the crop; in Kazakhstan, for instance, yields in that year average a mere 3.8 quintals per hectare, against a nationwide average of 8.5 quintals in a not very favorable year. In 1956 the harvest was very good—the best to date in the areas with which we are concerned. The 1957 crop was a poor one. Since 1958, a good year, no further progress has been made, and the figures for Kazakhstan, the territory with the highest drought risk, have shown an alarming downward trend.

The difficulties encountered have been of the following kinds:

1. The nature of the campaign itself caused the plowing up of some land with unsuitable soil, or with excessively sparse rainfall. The causes of such errors will be discussed when we come to analyze administration.

2. A surprisingly high proportion of the machinery is not kept in good repair and cannot be used, owing to lack of spare parts, skilled mechanics, and workshops. The situation has been getting steadily worse; thus there were 32,000 combine-harvesters inactive in Kazakhstan in 1959, but 60,000 were in disrepair at the start of the 1961 harvest.[1]

3. The right kind of rapidly ripening seed is seldom available. This, in combination with the shortage of working machinery, delays the harvest, and, in this area of early frosts, heavy losses result.

4. Lack of amenities has driven away some of the permanent labor force, despite repeated criticisms of this state of affairs by Khrushchev and by many lesser officials.

5. The land has been misused. Spring wheat has been sown year after year, although there was no lack of warnings as to the consequences. Weed infestation, soil erosion, reduced natural fertility are all named as causes of falling yield. No acceptable system of cultivation and crop rotation has yet been agreed upon.

Despite these difficulties, the campaign to date has paid good dividends. It was clear from the start that there would be some bad years, and, whatever discount is made for statistical exaggeration, it is surely true that a substantial contribution has been made to Soviet grain supplies, which could not otherwise have been obtained so quickly. Moreover, poor weather conditions in the Ukraine have often coincided with good ones in Kazakhstan, so that one effect of the campaign has been to spread the risks somewhat.

The future, on the other hand, looks much less satisfactory. It is known that some of the newly opened lands are of good quality, while others appear to have been plowed up on orders from above and against the better judgment of local experts, but we do not know how much land may be in each category. Nor have we the means of assessing the extent of damage done by prolonged monoculture, or wind erosion, though these factors have certainly contributed to the steady drop in output and yield in Kazakhstan, where the bulk of the least suitable lands happens to be situated. Probably some of the plowed-up land will have to be abandoned. Remedial measures at present being discussed may well run into administrative difficulties, because of Khrushchev's strong distaste for fallow and grasses, which presumably should be extended in some areas if the land is to be saved. Increased application of fertilizer is unlikely to provide a solution because of lack of moisture. (Very little is used on the somewhat similar Canadian prairies, though rainfall there is slightly higher.) In all the circumstances, it would be sensible to assume that a bigger contribution will be needed from traditional agricultural areas, and that the Soviet Union will be fortunate if means are found to maintain average yields in these marginal lands at the modest levels of the last few years.

Khrushchev was conscious from the first of the need to increase substantially the output of fodder, particularly fodder grains, in the "old" cultivated areas. This was the primary object of his corn campaign, which was facilitated by the growing of so much wheat in the virgin lands. Corn had been neglected, and its acreage in 1953 was actually somewhat lower than in 1940 and 1950. To enforce a rapid change, Khrushchev had recourse to continuous propaganda and administrative pressures. As a result, the area under corn rose rapidly from 3.5 million hectares in 1953 to 19.7 in 1958 and 28.2 in 1961. With strong pressure to sow corn on good land and to give it a large share of the available fertilizer,[2] yields rose also, as the following table shows:

	1953	1958	1959	1961
Total corn harvest (millions of metric tons)	3.7	16.7	12.0	24.0
Yield (quintals per hectare)	10.6	20.6	13.8	18.2

However, these official averages conceal vast regional variations. Thus in some areas in which corn was sown by order, yields were exceedingly low; these include the Volga area and the Urals, where average yields for the period 1957–59 were respectively 5.1 and 4.5 quintals per hectare. This represents utter failure.

Nonetheless, as in the case of the virgin lands campaign, the underlying idea behind Khrushchev's corn plan was sound, and the substantial increase in silage supplies (from 32 million tons in 1953 to 186 million tons in 1960, largely due to corn) certainly helped in raising milk yields and providing a better diet for an expanded livestock population. The trouble, as in the case of the virgin lands campaign, has been the campaigning methods themselves, which caused rapid expansion under conditions which were often unsuitable. (Khrushchev has repeatedly claimed that corn can grow even as far north as Archangel.) Orders from the center demanded that all corn be sown in square clusters, although, as several local agronomists sought vainly to point out, it is often more convenient to show in rows.

Khrushchev has also set unrealistic goals. Thus whole provinces in the Ukraine were expected to achieve a yield of 50 quintals of corn per hectare in 1961, whereas American yields, with more suitable soils and warmer climate, averaged around 32 quintals. Even though the 1961 harvest in the Ukraine was an alltime record, with excellent weather conditions, no province came within 15 quintals of this target. Instead of learning his lesson, Khrushchev has repeated his demand for 50 quintals per hectare in 1962. One is left wondering which would do more harm: failure (with or without simulation of success), or success bought at the cost of neglecting all other farming needs of the Ukraine; presumably the former. It is this chronic tendency to overdo a good idea, to impose it by decree, which ruins its application and does so much harm to Soviet agriculture. More will be said below about the causes of such practices.

Meanwhile we must turn to consider the latest of Khrushchev's campaigns—to plow up meadows and reduce the area of sown grasses. Its motive, like that of the corn campaign, was the need for fodder, more in quantity and more diversified in type. This called for a further intensification of agriculture, which, as Khrushchev rightly saw, was inconsistent with the previously fashionable travopolye (rotational grass) crop system, associated with the name of Vilyams (Williams) and imposed under Stalin on all parts of the Soviet Union regardless of local conditions. While grass could be a valuable source of fodder in the Baltic States or the northwest, in central and south Russia it grows poorly and provides little hay. Consequently there was much to criticize in these cropping practices. Khrushchev attacked the indiscriminate enforcement of travopolye in 1954, but agronomists had been trained in this way of thinking, officials were used to it, and those experts who had opposed it in Stalin's day had been punished or demoted. Consequently, little change actually occurred.

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[1] These figures are taken from the remarkable speech by the premier of Kazakhstan, Sharipov, in Kazakhstanskaya Pravda, Dec. 24, 1961.

[2] Perhaps this is why potatoes, which compete for scarce fertilizer with the more fashionable corn, have been doing badly of late.

Khrushchev launched an all-out assault on travopolye in 1961—in speeches in many parts of the country and at the 22d party congress. He pointed to the vast areas of sown grasses, of meadows, of low-yield crops such as oats. He ridiculed those provinces, including Leningrad and Moscow, where 50 percent or more of all arable land consisted of grasses and fallow. He demanded that such crops as corn, peas, beans, and sugarbeets be sown instead, in virtually all parts of the country. Only by intensification of agriculture of this kind, he asserted, would it be possible to produce sufficient fodder. Agricultural experts or officials who did not see this would have to be reeducated or removed. Crop rotation, too, must be drastically altered forthwith.

Again, as in the case of the virgin-lands and corn campaigns, Khrushchev appears right in general principle, but the method of enforcing his ideas almost insures that very serious errors will be made in some parts of the country. The new system will not be understood. New crops will be grown by order in areas where soil conditions or labor shortage or the lack of necessary machinery or fertilizer will make it impossible to apply the directive effectively. For example, in parts of the Baltic States or in the Leningrad province it may well be rational to grow grass, because, although it would certainly be possible to produce more fodder per hectare by planting, say, beans, it would not be worth the extra labor involved. Incredibly enough, Khrushchev hardly mentioned that additional inputs would be necessary; all he declared himself concerned about was the amount of fodder produced. Of course, Khrushchev was careful to warn against excesses; grass was not to be universally banished, fallow might be necessary here and there, and so on. But the general sense of his instructions was such that they are bound to be followed by orders to plow up grass, to ban fallow and sow beans, corn, etc., regardless or circumstances. Thus the Premier of Latvia mentioned that some of his colleagues in the Baltic States were already treating clover as a "forbidden crop."[3] Khrushchev must know all this. Yet presumably he can see no other way of breaking up existing irrational farm practices, since his only available weapon is the party machine, and this is the sort of way it works. In his impatience with low yields and general inefficiency, these crude administrative methods must appear to him as irreplaceable.

One cannot envisage a rapid advance of Soviet agriculture by such methods—the more so as the agricultural machinery industry has been undergoing a painful period of readjustment. Production of some vital items has fallen drastically. Khrushchev himself cited with dismay the fact that output of corn silage combines, urgently needed as a result of the expansion of the corn acreage, actually fell from 55,000 in 1957 to 13,000 in 1960.[4] Other sources confirm that the new system of industrial planning has caused much confusion in farm machinery factories.[5] The chronic shortage of spare parts continues, and decrees about expanding their output and making them available to farms on free purchase (as distinct from administrative allocation) have remained on paper.[6] Finally, fertilizer production and output of other important agriculture chemicals (sprays, weed killers, etc.) are far behind schedule. Khrushchev contrasted the 7-year-plan target for mineral fertilizer—an increase from 12 to 35 million tons—with the achievement of an increase of a mere 2.9 million tons in 3 years. New capacity is being delayed, and the completion for the 3 years is only 44 percent fulfilled.[7] No wonder the Ukrainian party leader, Podgornyi, complained that fertilizer supplies were inadequate: "For instance, deliveries to the Ukraine of fertilizer for sugar beet growing, per unit of land, has actually diminished in the past few years." He also deplored serious difficulties in supplies of timber, vehicles, tires, and metal.[8] These are products of obvious importance to agriculture. The adoption of even the best techniques cannot bring results if the required machines are not available, or if they break down and cannot be repaired, or if, as in some areas, farms do not even have carts or trailers to move into the fields the fertilizer which they do have available.

One purpose of the party's recent declarations may be to restore a high priority to the industrial sectors which serve agriculture, and surely some improvements are both possible and likely. However, these shortages, which hamper agriculture even with existing cropping arrangements, must greatly hinder the application of the antitravopolye policies, which call for much increased utilization of both machinery and fertilizer. If this call cannot be met, the result is likely to be a large additional expenditure of peasant labor without sufficient return.[9] It should be added that, as a consequence of the ploughing up of grasses, private livestock may be deprived of pasturage, to the further detriment of production and peasant morale. (When the corn campaign was launched, the peasants were promised part of the corn for their animals; but no such promises are being made at present.)

III. THE PEASANTS

By the end of 1957, many collectivized peasants must have felt considerable grounds for satisfaction. Cash distributions from the farms had risen almost fourfold in 5 years. They were about to be freed from all delivery obligations to the state from their private holdings, and their private livestock was expanding at a fairly impressive rate. It is true that work discipline was being tightened. But clearly things were improving.

In the past 4 years, the peasants have been in a much less satisfactory situation. Space precludes anything like a full analysis of the many factors involved. The following is a summary of unfavorable developments:

1. Attempts, sometimes encouraged by the authorities, to pay collective farmers a guaranteed minimum "wage," instead of in "workday units" of uncertain value, have broken down in many areas,[10] because there is still no financial basis for any regular payment for work done, except on the richer farms. For 7 years the press has been publishing articles and letters insisting on the necessity of earmarking a fixed share of farm revenue to pay the peasant members. Yet nothing effective has been done.

2. The 1958 reforms had the unintended consequence of increasing disparities in income between rich and poor farms. This was because, until that year, the more fertile areas were charged a kind of disguised differential rent by having to pay more for work done by the M.T.S. and by being compelled to deliver a bigger quota of produce at low prices. The abolition of the M.T.S. and the unification of delivery prices eliminated these methods. It is true that the unified delivery prices are lower in fertile areas, but the difference is quite small.

3. Peasant income from collective farms appears to have declined since 1957. The evidence for this lies, first, in the fact that there has been statistical silence since 1957, which usually indicates that the figures look bad. Second, two Soviet scholars have used regional and/or sample data to show a fall in distributions to peasants since that date; one of the writers, citing a 15 percent reduction between 1957 and 1960 in the province of Rostov, lists a number of other areas in which "the situation is broadly similar."[11] This happened despite a rise in gross revenues, and appears to have been due to pressure to spend large sums on investment, to exorbitant charges for repairs in state-run workshops, and the need to pay black-market prices to obtain desperately scarce tires, building materials and spare parts.[12]

4. Restrictions have been imposed on private activities of peasants, and the number of privately owned cows has declined sharply since the end of 1957. In consequence, and also because of a decline in free-market sales, peasant incomes in cash and produce from their private plots have fallen, too. Thus there is evidence of a significant decline in peasant living standards, which must affect incentives.

Several measures have been taken to ease the financial burdens of the collective farms: prices of some items which farms must purchase were reduced in 1961, credit terms were eased, and payments for produce were made in advance. Also, nearly 2 million collective-farm peasants have been converted to state-farm status since 1957, making them regular wage earners (though the wages are low). However, possibly because of financial stringency, the Government has done little indeed to improve peasant incomes, and must have caused much irritation by its measures against private livestock.

Perhaps the renewed restrictions on private activities of peasants are designed to persuade them to work harder for the collectives. Certainly, it could be shown that millions of man-hours are dissipated on private landholdings and millions more on taking produce to market. The Soviet leaders could well argue that these are not efficient ways of using labor. Yet, in existing circumstances, the private plot and the free market are indispensable, both for the peasants and for urban consumers of foodstuffs. In the first place, the private holdings, though primitively cultivated, are often much more productive, per unit of land, than collective or state farms, due partly to hard work and partly to the concentration of manure on a small area. To take a particularly striking example, in 1959 a hectare of potatoes on private holdings yielded 11.6 tons, as against 6.6 on state and collective farms.[13] Second, particularly in small towns and in rural districts, the state distribution network is utterly incapable of coping with food supplies, except for a narrow range of staple items. In this situation a cut in the number of private cows may create serious shortages.

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[3] Y. Peive, Ekonomicheskaya gazeta, Mar. 5, 1962, p. 5.

[4] Pravda, Mar. 6, 1962. Khrushchev there cites other examples.

[5] See in particular the article by the director of the Tula farm machinery factory, Ekonomicheskaya gazeta, Jan. 15, 1962, p. 8.

[6] A 1961 decree provides for severe punishment for allowing farm machinery to deteriorate, but often enough the cause of the trouble is lack of spare parts, or of materials with which to build shelter and storage space.

[7] Pravda, Mar. 8, 1962.

[8] Pravda, Mar. 7, 1962.

[9] The burdens on the labor force which present policies impose were stressed at the Central Committee plenum by P. Abrosimov (Pravda, Mar. 8, 1962).

[10] See evidence in A. Kraeva, Voprosy ekonomiki, No. 8/1961, p. 74.

[11] Ibid., p. 77, and E. Kapustin, Ekonomicheskaya gazeta, Apr. 9, 1962, p. 8.

[12] E.g., see articles in Ekonomicheskaya gazeta by M. Semko and A. Severov, respectively, Mar. 5 and Mar. 19, 1962.

[13] Calculated from detailed figures given in the statistical compendium, Selskoe khozyaistvo S.S.S.R. (Moscow, 1960).

Why, since milk production on state and collective farms has fully offset the decline in private output, does this situation occur? Some would point to exaggerations in the reporting of milk production, asserting that output has in fact fallen. This may well be so. But there is another and simpler reason. To distribute milk in a "modern" manner is a complex affair. It requires storage, refrigeration, specialized transport, bottles or cartons, and so on. All these are lacking, outside of a few big cities. In these circumstances, even if milk does exist on some farm 30 miles away, it is impracticable to distribute it, and so the local woman and her one private cow are irreplaceable. In villages, except in a very few showplaces, the private plot is almost the sole source of milk and vegetables for peasant families. Given the present structure of Soviet farming and food distribution, measures against the private sector must have unfortunate results, and the quickest way of insuring an increase in production of many much-needed items is to permit some enlargement of private farming activities. It is extraordinary that Khrushchev, who so strongly criticized the measures taken under Stalin against private plots, should be adopting his present policies—or permitting them, since it is not impossible for the party machine in the villages to take some initiative in these matters. Surely he must know better than anyone that such interference damages not only the supply of food from the private sector but also the morale of the peasants and their work for the collective and state farms. Yet only recently it was proposed that private plots on state farms be done away with and that communal vegetable-growing be substituted.[14] One can imagine the unpopularity of such imposed measures. Here ideology and administrative habit seem to stand directly in the way of increasing production.

IV. ADMINISTRATION AND PLANNING

The Soviet leaders must surely be fully aware that agriculture does not take kindly to centralized planning, that local initiative is vital. Yet ever since collectivization they have interfered with farming operations. This is to some extent explained by the fact that collectivization itself was imposed by the party, and it has required constant vigilance to maintain collective farms and to protect them from their peasant members. Party watchdogs must also supervise the party-nominated "elected" chairmen who were often peasants themselves and therefore liable to give priority to the farm's needs rather than the state's. Low prices, which helped to finance industrialization but offered no financial incentive, made it necessary that the coercive apparatus of party and state be mobilized annually to enforce deliveries to the state. For many years the principal task of the local party officials in rural areas, and of the political officers within the M.T.S., was to squeeze out produce for the state from reluctant and potentially backsliding peasants, who had to be restrained from spending their time on their private holdings. Farms could not be allowed to pursue the principle of maximizing revenues, since the price system was (and still is) geared to other objectives. The existence of a free market exercised a particularly distracting influence. Thus collective farms have been accused of marketing vegetables in distant cities at high prices, or growing sunflowers instead of sugarbeets because they could sell sunflower seed in the free market at a profit,[15] or even—in the case of a state farm in 1961—growing grass instead of grain because, as a surprisingly honest director told Khrushchev to his face, grass does not need to be delivered to the state and grain does.

Consequently, the habit developed of controlling agriculture from above, and of so organizing farms and planning as to facilitate this control. To some extent the amalgamation of collective farms, which has more than quadrupled their average size since 1950 (and which is still going on), is explained by the greater convenience in exerting control from above, rather than the convenience of management. From the latter standpoint, most state and collective farms are much too big. This tendency to very large size is also explained in part by the traditional Marxist belief that there are substantial economies of scale in agriculture.

When, in 1953, the appalling state of Soviet farming called for drastic remedial measures, Khrushchev showed himself very conscious of the harm done by inefficient central planning. The Soviet press printed a long series of articles criticizing the stupidity of inflexible production plans passed down the administrative hierarchy to farms for which they were quite unsuitable. Khrushchev and others declared that this must cease. In 1955, a decree was adopted freeing the collective farms from having production plans determined for them; they were to be given delivery quotas, and were to be free to decide their crop and livestock plans, so long as these were consistent with the quotas. It was repeatedly asserted that farm management and agronomists should be free to decide their own methods in the light of the very varied circumstances which always exist in agriculture.

In practice, since prices of neither output nor input reflected either needs or scarcities, direction from above had to continue. The period 1955–61 was one of experiment and frequent change in administrative arrangements. The Ministry of Agriculture was gradually shorn of its powers, part of which were transferred to Gosplan (the central planning agency) and part to a new body responsible for supply and utilization of farm machinery and fertilizer (Sel'khoztekhnika). A number of changes in purchasing arrangements culminated in the setting up, in 1961, of a procurements committee with local organs in close touch with farms, whose production programs they were supposed to influence. But production planning was also supposed to be the responsibility of the provincial agricultural department, while state farms came under a provincial trust which took its orders from organs of the individual republics.

The result was confusion. Everyone was to some extent responsible, therefore no one was. In practice, the local party organs at provincial (oblast) and district (rayon) levels exercised the most effective control over collective farms (and to a lesser extent over state farms). They issued orders on a variety of topics, they could and did dismiss the elected chairmen of farms and recommend others. But the responsibilities of the local parties, and the pressures to which they were subjected, gave rise to an administrative disease which is worth analyzing more closely.

A rural party secretary has always spent the bulk of his time dealing with agricultural problems. His promotion, or dismissal, depends on his success in coping with them. But how is his success or failure to be determined? The answer in practice has been: by his ability to report the fulfillment of plans to his superiors, if possible ahead of time. These plans tend to be very ambitious, and Khrushchev has systematically encouraged party secretaries to compete with one another by offering to overfulfill them. The plans in question are of many different kinds: they might concern grain procurement, meat deliveries, milk production, the completion of sowing by a certain date, the quadrupling of the corn acreage, the use of some fashionable method of harvesting, and so on. Almost invariably, the plans are either impossible of fulfillment, or (and this is the cause of much trouble) can be fulfilled only if other agricultural activities, which may be important but not at the moment the subject of a campaign, are neglected. Party secretaries are therefore repeatedly placed in an impossible situation. They are, of course, told to administer their areas efficiently, to take into account all the multifarious needs of agriculture. But they simply cannot do this while they are being cajoled to fulfill plans which, in the circumstances, are inconsistent with a healthy agriculture.

By long training, party officials have tended to adapt their behavior to the need to report success in the current campaign. Therefore cases like these recur repeatedly (all the examples are genuine and could be multiplied): seed grain is delivered to the state to fulfill delivery plans, and later other grain, unsorted and unsuitable, has to be returned for seed; farms are ordered to sow before the ground is fit for it, and/or to harvest by a fashionable but, in the given circumstances, unsuitable method; meat quotas are met at the cost of slaughtering livestock needed in the following year; to fulfill the procurement plan the local party boss orders the state elevators to receive what Khrushchev (in his speech at Novosibrisk) described as "mud, ice, snow and unthreshed stalks," which damaged the elevator's equipment. Party officials have repeatedly broken up established crop rotations to compel the adoption of whatever was the subject of the current campaign; if they understood the long-term damage which this might do to the soil, they would, in any case, probably be in charge of some other area by then. Other party secretaries inspired or condoned large-scale falsification of plan fulfillment, by such methods as instructing farms to buy butter in retail stores for delivery as their own produce (note that the cost of this operation falls on the peasants), or more simply by writing in nonexistent figures (pripiski). They did not do these things because they enjoyed cheating or damaging the farms of their area, but as a response to pressures to achieve the impossible.

It is interesting to speculate why agricultural plans are so much less realistic than industrial ones. The uncertainties of the weather constitute one reason, but another is surely the habit of campaigning, which is of such long standing, has done so much damage to sound farming and which still continues. A campaign must have clearly defined objectives, priorities and dates on which achievements are to be measured; it must involve strain, and effort to achieve success, and must lead, therefore, to neglect of other considerations. But in agriculture this does great harm.

Given these administrative habits, it followed logically that the planning autonomy granted to collective farms in 1955 could never be a reality. It is also easy to understand why all decentralization measures were doomed to failure. Devolution of authority in the existing setting meant in practice devolution to party secretaries, who alone were in a position to enforce decisions, and this led to the systematic neglect of anything for which there was no pressure from the center. In a genuine effort to encourge local initiative, Khrushchev announced in 1958 that only grain-surplus regions were to be given grain delivery quotas. The idea was to encourage other regions to meet their own needs from their own resources, and in particular to concentrate on fodder grains for their livestock. What happened was that both grain acreage and production fell sharply in the areas freed from delivery quotas. In returning to centralized procurement planning in 1961, Khrushchev himself explained the reason: party secretaries, finding themselves no longer under pressure to deliver grain, instructed "their" farms to pursue other objectives in which the center seemed more interested; consequently, the fodder shortage was accentuated.

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[14] V. Grishin, the "trade union" chief, Pravda, Mar. 10, 1962.

[15] I. Bodyul, Ekonomicheskaya gazeta, Mar. 5, 1962, p. 6. Many similar examples could be cited.

It is in the light of all this that one must assess Khrushchev's latest administrative reforms. There were two possible ways out: either to grant much more autonomy to farm management, or on the contrary, to attempt to organize a more streamlined and flexible machine of central control. He chose the latter. Given his own background and the traditions of the party, he could hardly have done otherwise.

A completely new hierarchical pyramid of control has been created in 1962. A new All-Union Committee on Agriculture is to be headed by a deputy premier, and is to include the head of the agricultural department of the central committee of the party, and the heads of other relevant organizations, which retain their identity within, or alongside, the new structure: the Procurements Committee, Setl'khoztekhnika, the Ministry of Agriculture (reduced to purely research and advisory functions), plus representatives of the planning agencies. This new committee will apparently not be a policy-making body (Khrushchev would have headed it if it were); it is merely to insure that party and state directives for agriculture are carried out. But below the all-union level the situation is different in one all-important respect: the heads of the agricultural committees in republics and provinces are to be the first secretaries of the republican and provincial parties. At provincial level and below, the tasks of procurement as well as production planning, for collective farms and state farms, will be unified under the new committee within a provincial agricultural department. The basic unit of agricultural planning, operating on the instructions of the provincial committee, will now be a new "territorial state and collective farm administration," which, as a rule, will group together several districts (rayony). In each of these territorial administrations there will be a "party organizer" deputed by the republican or provisional party organization.

This new hierarchy is to have authority to plan production, to issue directives as to methods, crop rotations, procurements, and in general to be in charge of both state farms and collective farm operations. "Inspector-organizers" employed by the territorial administrations will work within the farms and "will decide on the spot questions of production and procurement." The large number of workshops and other minor enterprises carried on jointly by two or more collective farms will be placed directly under the territorial administrations. An end is finally made of the doctrine, so often disregarded in practice, that collective farms are autonomous cooperatives governed by their members.

The reorganization marks a drastic alteration in, and a tightening of, the entire system of administration. Within it, the role of territorial party officials has undergone an important change. Hitherto, however frequently these officials interfered with plans and operations, they were not directly in charge of them. Their job was supposed to be to insure that the relevant state organs did their job, to act as political commissars and not as army commanders, so to speak. It is true that they did in fact frequently issue commands, but—and this point was made several times—they could and often did dodge responsibility by putting the blame on one or more of the state officials whose formal duty it was to plan this or that aspect of agriculture. Now, the most senior party secretaries at the Republic and provincial level have been put in direct command over farming in their areas, have been given full powers to issue orders to insure that the agricultural plans are fulfilled. The state organs at their level, and beneath them, are at their command. The most powerful man in the new basic territorial controlling organs will be the "party organizer" whom they will appoint, and even the nominal chiefs of these organs will clearly be party officials for the most part, certainly not professional agricultural managers; both Khrushchev and Voronov warned against appointing farm managers to these posts.[16] One category of party official loses—the district (rayon) secretaries—and protests from them were mentioned by Khrushchev. (They will sit on a council which will be attached to the territorial administrations, but so will farm managers and other lesser lights.) Apparently their behavior vis-a-vis the farms is regarded as having contributed to past distortion, which is true enough. Khrushchev appears to believe that the past failures of party control were due to the fact that it was unsystematic, spasmodic, with many overlaps with various state organs which in turn confused one another and, as he put it, left the farms "undirected." Presumably he imagines that, if a party secretary knows he is personally responsible for all agriculture in "his" province, he will no longer concentrate only on the immediately current campaign, and the many defects of party activities in rural areas will thereby be corrected.

But will they? If our analysis is correct, then the essential weakness arises not from irregularity of their interference but from the overambitious nature of the plans which, willy-nilly, they have to force down the throats of their subordinates, and from the contradiction between these plans and the self-interest of farms and peasants. Party officials will surely continue to try to please their superiors and to organize matters so as to be able to report what these superiors wish to hear. While it is true that a more logical administrative structure has been achieved, it lessens the effective powers of farm managements and farm agronomists. It is on the farms that crops are grown, and it cannot be right to diminish the range of choice open to those who can actually see the crops growing, who bear formal responsibility for farm operations and, in the case of collective farms, for the incomes of the labor force.

V. CONCLUSION

Soviet agriculture is indeed marking time. The liberal post-Stalin policies did produce quick results, but since 1958 the growth rate has been negligible, for a number of interconnected reasons which I have endeavored to analyze here. It clearly does not follow that growth cannot be resumed. If more investment funds can be made available for the fertilizer and farm machinery industries, for instance, then the very low crop yields in the naturally unfertile lands of the center, north, and west of European Russia can be increased. Success in agriculture tends to reinforce itself (higher yields of fodder grains, more livestock, more manure, higher yields, higher productivity, increased incomes, more incentives, therefore still higher productivity, etc., etc.). None of this is impossible, despite the adverse natural conditions under which Soviet agriculture operates. The trouble is that policies toward the peasant and the organizational arrangements of the regime seem inconsistent with the great advance in food production which Khrushchev desires with evident sincerity. And paradoxically, his impatient urgings, and their organizational and campaigning consequences, are among the principal obstacles to soundly based progress. Although we should expect to see some increases in production, there can be no question of fulfilling—or anything like it—the plans for 1965 and 1970, to which so much publicity has been given in the Soviet Union.

Finally, it is only right and fair to emphasize that there is no easy solution to the problems with which the Soviet leadership is wrestling. It is easy to criticize the price system, but it ill behooves us to lecture Khrushchev about the virtues of a free price mechanism when not a single major Western country permits it to operate in the agricultural sector. Difficulties arise in insuring even modest efficiency in traditional peasant farming in many non-Communist countries, and agricultural plans have a regrettable habit of going awry in places well to the west of the Soviet border. Thus at the moment of writing there is an acute potato shortage in England, due largely to the fact that the Potato Board restricted plantings in the incorrect expectation of favorable growing weather; if there were a 1962 sheep plan in Scotland it would be a failure, since so many sheep have been killed by the severe winter. It is also not to be forgotten that, seen historically, Soviet agriculture has served as a means of financing and sustaining industrialization and has suffered in consequence. This is a disadvantage unknown to farmers in developed Western countries.

Yet it remains true that the huge farms of the Soviet Union have been inefficient in the use of resources and have shown a deplorable lack of flexibility and a failure to mobilize necessary human ingenuity. It is also significant that the only country in the Communist bloc which fulfills its agricultural plans is Poland, where most farms are privately owned and privately run. One reason for this is that Polish plans are reasonable: had Gomulka been so foolish as to promise to treble meat production in 5 years, he too would have failed. Polish farming has its own weaknesses, and it is surely impossible on practical as well as ideological grounds to apply the Polish model to the Soviet Union. Yet, Polish experience underlines a fact too often overlooked: that with all the familiar inadequacies of small peasant agriculture, it possesses advantages which Marxist theory has failed to recognize and Soviet practice has yet to find a way of emulating. Khrushchev is making an all-out effort to seek efficiency within the basic institutional and political framework of the Soviet system, and has mobilized the Communist Party machine for this purpose. The next few years will show whether a breakthrough can be achieved under these conditions. Much depends on the outcome—perhaps Khrushchev's political standing, probably also the influence of the Soviet Union on other peasant countries, within and outside the Communist bloc.

IS THIS TIME FOR DELIBERATE FEDERAL DEFICITS?

Mr. PROXMIRE. Madam President, President Kennedy has called for an economic debate, and I think very wisely so.

James Reston, in commenting on this matter very recently in the New York Times, had this to say:

> President Kennedy has called for a "sober, dispassionate and careful discussion" of national economic policy, but it is not taking place.
>
> Instead, since his Yale speech, much of the discussion has been passionate, partisan and

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[16] Voronov in Pravda, Mar. 28, 1962. The big role played by Voronov in carrying out this reform is surely a significant pointer to his rapidly increasing position of power in the U.S.S.R.

ideological, which is precisely the opposite of what he intended.

I would agree with Mr. Reston that much of the debate has been partisan and extreme; while I disagree with some of the basic conclusions the President has offered, I think, as he says, this is the time for us to consider the economic policies that the U.S. Government should take, and that, indeed, the whole free world should take.

Indeed, on June 21, the New York Times reported from Paris that a top-level meeting behind closed doors was held of the Economic Policy Committee of the Organization for Economic Cooperation and Development, which, of course, was attended by our representative, Dr. Walter W. Heller, head of the economic advisers.

The article stated:

> Some European comments although not all presumably leaned toward the idea of using tax cuts and other budgetary means to stimulate the home economy while raising interest rates to help check the outflow of dollars.
>
> However, few European officials have any great assurance that this is the "right prescription." What the high-level debate today and yesterday disclosed above all is that the world is faced with a new kind of problem and the leading doctors are not at all sure what to do about it.

This is why the President's call for debate, it seems to me, is so significant and so correct. I think we should consider, and we should use our best efforts to consider, proposals made by leading economists and experts in this area.

Madam President, I ask unanimous consent that the article by Mr. Reston be printed in the RECORD, and also that the report by Mr. Dale, published in the New York Times, be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

THE BIG ECONOMIC DEBATE THAT NEVER CAME OFF

(By James Reston)

WASHINGTON, June 21.—President Kennedy has called for a "sober, dispassionate and careful discussion" of national economic policy, but it is not taking place.

Instead, since his Yale speech, much of the discussion has been passionate, partisan and ideological, which is precisely the opposite of what he intended.

Part of the reason for this is that, while the President called for a separation of economic myth from reality, and of false problems from real problems, he prejudged the issue by implying in the same speech that he was the realist and his opponents the mythmakers.

This produced the inevitable reaction: his opponents immediately asserted that they were grounding their arguments in reality whereas the President was merely dredging up all the old liberal myths of the thirties and tacking on the biggest myth of all, that maybe deficits were good for us.

CONGRESSIONAL DOGFIGHTS

Probably the main reason why we are choosing up sides rather than discussing problems on their merits, however, is that the country is poorly organized for dispassionate debate.

It is a great place for a dogfight or an argument, or a series of anecdotes about Roger Blough, or Arthur Schlesinger, Jr., (who is supposed to be dragging President Kennedy into domestic socialism, but who really has almost nothing to do with national economic policy), but it is not geared for patient analysis of complicated issues which do not conform to the usual political and economic baloney.

The Congress, for example, does not debate economic policy in its widest terms. It merely argues politically on small segments of economic policy, depending on the bill of the moment. Under the parliamentary system of government, Kennedy's speech would not have been made at a university commencement, but at the opening of a 3- or 4-day discussion in which Kennedy's five main economic questions would have been carefully dissected and analyzed.

Such a debate illuminates the problems before the Nation. The best brains on both sides of the aisle talk to the central point, and at the end the opposition's questions have to be answered by the leaders of the administration.

This seldom happens in the Congress, though our system is flexible enough to permit a version of such a debate to happen. Instead, the problem is dismembered and envenomed by personal charges of bad faith and ideological bias, and the country never gets a chance to bring the larger questions into focus.

Many Members of Congress are conscious of this problem, and sometimes in the committees of the two Houses a serious and searching debate takes place, but more often than not this does not command the attention of the Nation. And this is the second problem.

President Kennedy's speech at Yale, for example, was printed in full by very few newspapers in the country. They all summarized it, of course, but it came out as a conflict between myths and reality, enlivened by some fun about a Harvard man at Yale.

Accordingly, the call for a debate on economic growth, new competition from abroad, automation and the growing labor market, inflation and deflation, prices and wages has somehow slipped away into a partisan and ideological argument, involving a great many people who haven't yet read what the President said.

AN OBVIOUS LESSON

The lesson of this is obvious enough. The future economy of the country, which affects everybody, is too serious to be left to commencement speeches and disorganized arguments in Congress and truncated newspaper reports and the articulate spokesmen of vested political and commercial interests.

The issues have to be laid out before the whole Nation in a way to command the attention of a much wider audience. The President and the Joint Economic Committee of the Congress can do more than they have to bring this about.

Beyond this, there is still a need for more orderly discussion at the local level. The people of the country are interested. The trouble is that they have difficulty in getting clearly and concisely: (1) A statement of the facts; (2) a definition of the central questions; (3) a summary of the main courses of action proposed, conservative and liberal.

If these things could be brought together in a series of pamphlets and made available to all existing social, service, educational, and religious organizations, there is little doubt that study groups within each organization would soon produce a wider and more positive national debate.

As things now stand, the voter is confused by a babel of partisan arguments, misleading summaries, and mystifying clarifications. What is at issue is the test of whether a democracy can reach a consensus on highly complicated modern economic questions, and the thing will not be done until a more orderly and objective procedure is devised for getting and discussing the facts.

UNITED STATES SEEKING EUROPE'S ADVICE ON ECONOMY AND DOLLARS DEFICIT

(By Edwin L. Dale, Jr.)

PARIS, June 21.—The United States asked Western Europe today for comments on how to tackle its problem of lagging economic growth combined with a deficit in the balance of international payments.

The United States received sympathy but little in the way of clear-cut prescriptions for a solution. The reason appears to be that virtually no one is certain of the way out of the predicament, which has never arisen before in exactly the same way.

The occasion for today's discussion, which was begun yesterday, was a top-level meeting behind closed doors of the Economic Policy Committee of the Organization for Economic Cooperation and Development. As is customary at these sessions, held three times a year, the U.S. delegation was headed by Dr. Walter W. Heller, the chairman of the President's Council of Economic Advisers.

NATURE OF THE PROBLEM

The problem arises because the domestic measures of budget and monetary policy that are widely accepted as useful for stimulating growth and employment at home are exactly the wrong measures that nations with deficits in their international transactions are supposed to take. That is, stimulus at home through such measures as deliberate budget deficits tends to make the balance of payments worse.

The problem for a cure for the United States is complicated by three additional factors.

One is psychological. Foreigners hold huge amounts of dollars—some $20 billion. Would domestic measures of stimulus tend to destroy their "confidence," even if the international payments deficit became no worse?

The second is that the U.S. payments deficit, unlike the "classic" case, is clearly not owing to overfull employment and excessive demand at home. Instead, it is owing to such things as huge oversea military and foreign-aid commitments and the present state of the world capital markets.

The third is that international transactions make up a far smaller portion of the U.S. economy than is the case for European countries. Thus, the balance of payments is less "sensitive" to the state of the domestic economy. The balance of payments measures this country's spending abroad and other countries' spending here, both government and private.

If Belgium, or even France, had a payments deficit, it could quickly bring a cure by curbing home demand through budget or monetary restraint. But in the U.S. case, outright deflation and unemployment, even if this were domestically acceptable, would have only a marginal effect on exports and imports. And the real causes of the payments deficit would remain.

PROBLEM IS RECOGNIZED

There is universal recognition among Dr. Heller's counterparts of all these elements in the situation. And thus, it is understood, they were not very forthright in proposing ways out of the predicament, which they understand as well as he does.

According to informed sources, however, there was one theme in European comment and questioning that marked something of a departure from previous discussions of the problem. This was a recognition of the importance of solving the U.S. unemployment problem, and even more of averting an early recession, even if the measures of stimulus necessary might theoretically make the balance of payments worse.

On earlier occasions, it is understood, the bulk of the European comment had centered on the urgency of a solution of the balance-of-payments problem. This was understandable because on a solution of that problem rests the future strength and stability of the dollar, and hence of the world monetary system.

Now there is evidently increasing awareness that the United States must tackle the problem of growth and employment, partly on the ground that another recession might make the confidence problem for the dollar worse than ever.

Some European comments, although not all, presumably leaned toward the idea of using tax cuts and other budget means to stimulate the home economy while raising interest rates to help check the outflow of dollars.

However, few European officials have any great assurance that this is the right prescription. What the high-level debate today and yesterday disclosed above all is that the world is faced with a new kind of problem and the leading doctors are not at all sure what to do about it.

Mr. PROXMIRE. Apropos of this debate, the President in his Yale speech said:

> Still in the area of fiscal policy, let me say a word about deficits. The myth persists that Federal deficits create inflation, and budget surpluses prevent it.
>
> Yet sizable budget surpluses after the war did not prevent inflation, and persistent deficits for the last several years have not upset our basic price stability.
>
> Obviously, deficits are sometimes dangerous—and so are surpluses. But honest assessment plainly requires a more sophisticated view than the old and automatic cliche that deficits automatically bring inflation.

Madam President, of course the President is correct in saying that there are times when deficits perhaps may be desirable for the economic health of the country. The position which this Senator has been taking is that this is not the time. All the evidence indicates that the United States is in an expansionary phase of the economy. All the evidence suggests that we are moving out of a recession.

I think certainly we should look at the facts and look at the indicators to see whether, on the basis of the present situation, the Federal Government should be running a deficit. The facts, it seems to me, appear overwhelming that if we have a deficit now we should always have a deficit. If the President can say we are not moving out of a recession rapidly enough and therefore we should run a deficit, he could argue the same way if we were moving into a recession or if we were in a recession. If we cannot run a surplus under expansionary conditions, it would seem difficult to do so at any time.

With this in mind, I invite attention to an article published in this morning's Wall Street Journal, which points out that personal income is up, compared to a year ago, by about 10 percent, from $403 billion to $440 billion. That is a large increase.

Consumer spending is up from $330 billion to $352 billion, or about 6 percent.

Corporate profits are up from $20 billion to $26 billion, an increase of 30 percent.

Retail sales are up from $17.8 billion to $19.5 billion, or an increase of approximately 10 percent.

Industrial output is up from 102 percent of the 1957 average to 118 percent of the 1957 average, or 16 percent.

Nonfarm employment is up from 60.9 million to 62.8 million, which is an increase of about 3 or 4 percent. That is a substantial increase in employment, when unemployment has been our most serious and difficult economic problem.

Housing starts are up, compared to last year, from 1,169,000 to 1,587,000, an increase of 35 to 40 percent.

Madam President, I ask unanimous consent that the article from the Wall Street Journal may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DESPITE STOCK MARKET PLUNGE, THE ECONOMY HAS MANY BRIGHT SPOTS

(By Alfred D. Malabre, Jr.)

How's business?

Stockholders writhe in a shakeout of highflying stocks. Economists speak of a mild recession next year. Washington worries over a lack of growth.

Against this background a glance at major measures of the economy as things stand at the latest reading shows little evidence of illness.

Personal income is at a record level. So is consumer spending. So is industrial production. So is nonfarm employment.

The economy has kept on growing long after passing the peak of the 1958–60 recovery, reached in May 1960. It has marched briskly forward since the pit of the 1960–61 recession, reached in February 1961.

KEY INDICATORS COMPARED

Some key measurements of the economy appear in the table below. Dollars are in billions. Industrial output is a percentage of the 1957 average. Nonfarm employment is in millions, housing starts in thousands. Consumer spending and corporate profits are for the second quarter of 1960 and the first quarters of 1961 and 1962. Current totals are for May in categories reported monthly. Annual rates are used, except for retail sales, which are monthly. Seasonal adjustments are made.

	May 1960	February 1961	Latest
Personal income	$403. 6	$403. 1	$440. 0
Consumer spending	$329. 9	$330. 7	$352. 0
Corporate profits	$23. 3	$20. 0	$26. 0
Retail sales	$18. 5	$17. 8	$19. 5
Industrial output	109	102	118
Nonfarm employment	61. 4	60. 9	62. 8
Housing starts	1, 333	1, 169	1, 587

The sharp drops in the stock market recently, of course, cast a pall over the healthy glow of the latest figures. Many of the Nation's 16 million stockowners have seen much of their assets wiped out in recent weeks. They're likely, as a result, to spend less in coming months than they otherwise would. Moreover, other consumers, worried by the stock market, may also decide to cut down spending.

For the time being, however, there's little question that business, generally, looks good. Here's a capsuled review of some key parts of the economic picture:

Inventories: The supply of durable goods held by manufacturers to meet demand is considerably smaller in relation to sales than either a year ago or in February 1961, at the trough of the 1960-61 recession, latest figures indicate.

At last count in April, durable goods inventories of manufacturers amounted to $32.5 billion, or 1.98 times the $16.4 billion April sales of such goods.

A year earlier, by comparison, durable goods inventories totaled 2.14 times monthly sales. And in February 1961, the inventory-to-sales ratio was 2.30.

Retail sales are at a near-record clip. The May total was 1 percent below April but higher than in any other month on record, after adjustment for seasonal factors.

Sales of automobiles and appliances are booming. Shipments to dealers of refrigerators, ranges, freezers, air conditioners, and home laundry equipment were 23 percent higher in May than in the comparable 1961 period. Automobile sales in the first third of June totaled 20,247 cars, up 21 percent from a year before. Auto industry economists talk confidently of full-year car sales around the 6.9 million mark, 17 percent above 1961. A sluggish item: Furniture.

Construction is a bright spot. Housing starts in May, at a 1,587,000 annual rate, were 3 percent higher than in April and 23 percent above May 1961. The latest total is the highest recorded since the debut of the Government's current housing starts series in January 1959.

Contract awards for construction work were 18 percent higher in the first 4 months of this year than in the comparable 1961 period, according to F. W. Dodge Corp., a construction industry statistical service. The April total was 17 percent above a year earlier.

Construction contracts, of course, foreshadow the actual start of building activity. Construction contracts awarded for commercial and industrial buildings are among the so-called leading indicators of business cycles, developed by the National Bureau of Economic Research, a nonprofit business research organization. Such indicators supposedly signal movements of the economy.

Consumer income: On a per person basis, disposable personal income of consumers is on the rise. In the first quarter of this year, it reached a record $2,039 annual rate, up from $2,032 the previous quarter and $1,940 in the like 1961 quarter.

Over the long term, per capita income also has moved ahead, even after allowing for price increases. In terms of 1961 prices, it totaled $2,021 on a yearly basis in the first 1962 quarter, compared with only $1,692 in 1950.

The average weekly pay of factory workers is also increasing. It climbed to a record $97.20 in May, up from $89.31 in February 1961 and $91.37 in May 1960, at the peak of the last business expansion.

Despite many signs of bounce in the Nation's business, there are also factors, besides the stock market, causing concern among economists and businessmen. Here are a few:

Unemployment: Although nonfarm employment is at a record, many months of expansion have failed to cut unemployment sharply. In mid-May, 5.4 percent of the civilian labor force wanted work, but said they couldn't find any. That's well below the 6.8-percent recession rate of February 1961. But it's considerably higher than at comparable periods in previous postwar expansion cycles. The unemployment rate after 15 months of the 1958–60 expansion—a weak upturn—was 5.1 percent.

The current rate, however, is still far below the depressed level from 1931 to 1940 when unemployment never dipped lower than 14.3 percent of the labor force.

New orders for durable goods, considered a key barometer of business weather, have weakened in recent months. After hitting $16.4 billion in January, after seasonal adjustment, they steadily declined to $15.8 billion in April. Orders in May remained at the April level.

The backlog of durable goods orders at the end of last month was $44.4 billion, $1.1 billion below April and down for the third consecutive month. The end-of-May backlog, however, still was $1.8 million above a year earlier.

Steel: Despite the fact some of its key customers—appliance makers, auto producers, and contractors—are enjoying booms, the steel industry is operating at about half of its full capacity. Many steel executives fear operations will sink below 50 percent of capacity in the weeks ahead. They anticipate a moderate pickup later in the year.

The low production rate in the steel industry may partly reflect inroads by competitors, as well as sluggish demand, some observers say. Several days ago, for example, Aluminum Co. of America announced plans to lift its production to 86 percent of capacity next month. The company's current rate is about 82 percent of capacity. A few days before, Kaiser Aluminum & Chemical Corp. announced plans to increase its output of refined aluminum to 90 percent of capacity from 86 percent.

Corporate profits: In the first quarter, after-tax profits of corporations, though above the recession level of a year before, fell to a $26 billion annual rate. down from a record $26.5 billion in the previous quarter. Corporate profits are among the leading indicators of business activity.

Profit margins of manufacturers, moreover, narrowed to 4.3 percent of sales in the first quarter, down from 4.8 percent in the previous 3 months.

This squeeze on profits, many economists fear, will crimp business spending for plant and equipment in the months ahead. Businessmen spent about $35.7 billion on an annual basis on plant and equipment in the first quarter, according to estimates. That's slightly higher than the level of the previous few years, but under 1957's record $36.96 billion total.

It has been hoped plant and equipment expenditures will provide steam for the economy in the months ahead, if consumer spending starts to lag.

Mr. PROXMIRE. Madam President, I feel very strongly, in connection with the economic debate—whether it is the President of the United States speaking, a U.S. Senator speaking, an economist, or a commentator speaking—that we should discuss the facts. Whereas the President is correct in saying that there are times when it makes sense to run a deficit, there are also times when it makes sense to run a surplus, if we are ever to have a surplus. It seems, on the basis of these objective indicators and on the basis of the other economic indications, that this is a time to run a surplus, or at least a time not to increase the deficit which we are almost certain to have in the coming fiscal year.

On this same subject, a recent editorial in the Washington Post and Times Herald stated, in part:

> Fiscal conservatives object to a compensatory fiscal policy on the grounds that it results in deficits which in turn lead to inflation and a weakening of the international balance of payments.

Madam President, I ask unanimous consent that the editorial may be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Compensatory Measures

Among the weapons on which policymakers can rely in dealing with short-term economic problems, compensatory fiscal measures are by far the most effective.

The logic underlying compensatory fiscal policy is that the Federal Government should vary its tax receipts and expenditures in such a way as to offset or compensate for change in the total volume of economic activity. When the national product is growing slowly or declining, the private demand for goods and services can be stimulated by reducing tax revenues and maintaining a high level of Government expenditures. Conversely, when high levels of economic activity generate inflationary pressures, total demand can be reduced by increasing tax revenues and limiting Government outlays. But the very essence of an effective fiscal policy is appropriate timing. Tax cuts, for example, will not induce consumers or businessmen to increase the volume of private expenditures if their confidence is shattered by a prolonged period of sluggish activity or an economic decline. If the Government is to act effectively, which it has never been able to do in the past, economic changes must be anticipated by prompt action. That is why President Kennedy has requested limited authority to vary tax rates.

Fiscal conservatives object to a compensatory fiscal policy on the grounds that it results in deficits which in turn lead to inflation and a weakening of the international balance of payments. But neither of those objections carries very much weight. When the rate of economic expansion is slow, the existence of underutilized industrial capacity and unemployed labor serves to limit any upward pressure on the price level. Since the strength of the country's balance of payments is approximately determined by the willingness of foreign central banks to hold dollars rather than gold, serious efforts to stimulate the rate of economic growth should enhance confidence in the dollar, not weaken it. Moreover, those fiscal conservatives for whom even the smallest budgetary deficit is an anathema should bear in mind that tax revenues rise when economic activity is stimulated. In fact, an effective fiscal policy will produce smaller deficits over the long run than would occur if prolonged slowdowns were permitted to develop.

These considerations have a direct bearing on the current economic situation. The most recently available figures seem to indicate that something has gone wrong with the current economic recovery, which has been rather anemic since its inception early in 1961. In May the increase in personal income was disappointingly small and the volume of retail sales actually declined. Corporate profits for the first 3 months of 1962 were more than $500 million below those for the last quarter of 1961. These signs—while hardly infallible as predictors of the near-term economic future—all point to the very real possibility of an economic slowdown in 1962. This threat has generated an interest in an income tax cut now, rather than in 1963.

In proposing to defer tax reduction until 1963, the administration was guided by considerations which may soon become obsolete. For the past 14 months it has been pressing for what Treasury Secretary Douglas Dillon has characterized as a "fundamental restructuring of the U.S. income tax system." Competent observers of varying political persuasions all agree that a thoroughgoing tax reform is necessary to accelerate the Nation's long-term rate of economic growth. But this program has encountered a determined opposition in the Congress, and the recent proposal to reduce taxes in 1963 appears to have been motivated by an understandable desire to sweeten the bitter potion of fiscal reform.

While this political strategy may not have been without merit at the time it was formulated, it should now be reexamined in the light of the economic signals which have recently appeared. If the economy is in fact moving toward another downturn—or if there are reasonable grounds for believing that it might be—then an immediate consideration of countermeasures should logically take precedence over far-reaching reforms.

While the evidence of the need for an immediate tax reduction is not altogether clear, the sluggishness of the economy, nevertheless, demands that the issue be given very serious consideration. It might well become a part of the President's fiscal dialog with the American people. If the economic indicators of the next few weeks evidence no significant change for the better, it is hoped that the Government will promptly apply the fiscal remedy which is so widely accepted in theory and so often neglected in practice.

Mr. PROXMIRE. Madam President, once again the opposite sides are setting up straw men. The fact is, this is not a question as the Washington Post would have it of being a fiscal conservative. It is not a question of anyone saying we should never run a deficit. It is a question of recognizing what are the facts in existence today.

The facts today indicate that at the present time the U.S. is in an expansionary phase, and we should run a surplus.

There is another point which was raised by the President of the United States in his speech relating to deficits. That is that a deficit is not necessarily inflationary. That was the President's basic argument. He pointed to the postwar period during which there was a series of deficits, which he said were not inflationary.

There has been some inflation, and there has been a rise in the price level. One could point to fiscal year 1959, when there was a very heavy deficit and prices did not increase. However, Madam President, I think we must recognize that while prices did not increase in 1959, the whole economic history of this country indicates that after every war, with the exception of the period after World War II, there has been a fall in prices. The price level has gone down in all previous postwar periods. There has been a correction in the inflation which has taken place during the wars.

The only exception was World War II. There was a correction after the Civil War, and I might even go back into earlier history. There was that correction after the Revolutionary War, after the War of 1812, after the Civil War, and even after the Spanish-American War. There was definitely that correction after World War I, but not after World War II. Why was that? One reason why was that there were stringent price controls in World War II. After those price controls were released there was a period of inflation which of course made up for the lack of inflation during World War II. By 1957 or 1958 the economy had adjusted to that artificial situation which prevailed during World War II, and at that time prices should have come down.

From the standpoint of people who had savings in banks, pensions, and fixed incomes, this would have been very desirable.

One of the reasons why prices did not come down is that there were heavy deficits. There was such a heavy deficit in fiscal year 1962.

I think one could make an argument, based on economic experience, that the post-World War II deficits have been inflationary. The deficit of fiscal year 1959 was inflationary; at least, it helped prevent the normal deflation or the normal price adjustment from taking place.

Madam President, on another point, in a recent column in newspapers carried throughout the country Walter Lippmann, discussing our economy, said in part:

> On the part of the American officials there are certain recognizable limits beyond which they cannot prudently carry the expansive measures. They cannot, as in the past, make money cheaper here than it is in the European financial market. Money must, in fact, be somewhat dearer so that there is no incentive to take dollars away from the United States and move them to Europe.

I respect Walter Lippmann, but on this particular score I think Walter Lippmann may be in error. On the Joint Economic Committee we have asked to have studies made to show whether there is this kind of arbitrage, if one wishes to call it that, this kind of shifting of capital to take advantage of higher interest rates abroad. I have asked over and over again to have the Federal Reserve Board come in with this kind of study. They have never done it. There is every suggestion, theoretically and practically, that if the Board followed a policy of increasing short-term interest rates and reducing long-term interest rates this could protect the balance-of-payments position. It could do so because the flight of money is almost always short-term money. It could stimulate the economy by dropping interest rates in the homebuilding area and in the area in which business borrows for a longer period of time.

At any rate, I believe this policy is far more constructive, more conservative, and more in keeping with the financial policy followed by past administrations than the policy of trying to stimulate the economy by running a big deficit, or a bigger deficit.

Madam President, I ask unanimous consent to have the article by Mr. Lippman printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

REFLATION AND THE DOLLAR

(By Walter Lippmann)

There is underway the formation of a policy to stimulate the recovery, which is now sluggish, and to sustain and prolong it against the onset of another recession. Within the administration this specific program of measures, particularly the timing and shape of the tax cut, is still being studied, and the final decision will presumably be made when the figures come in during the next 3 months. But there is general agreement, which has wide public support, that the American economy needs expansive measures to make sure that the present recovery is not aborted.

There is agreement also that in making the program of measures this country is not an island which can ignore Europe and the opinion of European bankers and investors. We have become a deficit country in international payments, and foreigners have on deposit in this country some $24 billion for which they have the right to demand payment in gold. The question which hangs over us is whether, if we reflate our economy by reducing taxes and thus incur a larger deficit in the administrative budget, the Europeans will start a run on our gold reserves by cashing in their dollars.

This is a very serious question, and we would indeed be caught in a dangerous squeeze if it were true that a program to restore full employment to our own economy could be adopted only at the risk of provoking an international panic over the dollar. The answer to the question is that there will be no such squeeze unless the responsible officials and private financiers on both sides of the Atlantic become suddenly imprudent and reckless.

On the part of the American officials there are certain recognizable limits beyond which they cannot prudently carry the expansive measures. They cannot, as in the past, make money cheaper here than it is in the European financial market. Money must, in fact, be somewhat dearer so that there is no incentive to take dollars away from the United States and move them to Europe.

Furthermore, the Americans who are managing the expansive program must watch very carefully so as to arrest it when it begins to suck in too many imports and to cause a rise in American prices. The managers will also have to resist rises in wages and prices, as in the steel industry for example, because these make our exports less competitive and therefore increase the deficit in our balance of international payments.

Above all, the managers must fit the expansive measures to the fact that their task is to overcome a deflation and that this will be achieved when they have reached a modest goal of no more than about 4 percent unemployment. If they act in this conservative way, there will be no inflation, and therefore there will be no rational reason for a run on our gold reserves.

Having said that, it must also be said that the gold problem is not an American problem alone. It is Europe's problem no less. The problem has been created since 1950, that is to say, since the United States adopted the Marshall plan for European recovery and the Truman doctrine for the containment of communism. Since 1950 we have run an average net deficit in our international transactions of nearly $2 billion a year. Over the whole period this has amounted to a deficit of about $24 billion.

In foreign capital investment, in military expenditures abroad, and in foreign aid we have paid out $24 billion more than we have earned. By doing this, we have helped the recovery and the defense of Europe, and we have provided the reserves on which the postwar monetary systems of the free economies rest.

It is obvious that a European run on the dollar, if it became panicky, would shake the monetary system of Europe at least as badly as it would shake our own, perhaps more badly. Moreover, Europeans who are wise in the ways of the world—having lived through years of monetary instability—will realize two things. One is that a nation as powerful financially as is the United States can, if driven to it, defend itself in a great variety of ways. The other is that no strong nation will sacrifice the control of its own economic development to unreasonable pressures from abroad. When the United States undertook the Marshall plan, which has been such a brilliant success, it never agreed to subject itself to the opinions and prejudices of elderly bankers in Zurich and elsewhere.

There is every reason to think that there will be no panic. The machinery already exists to protect the dollar while the American economy is being reinflated. There has recently come into being effective cooperation among the central bankers of the Western World. It is reasonably safe to assume that among these central bankers today there is a preponderant number who were brought up in modern economic teaching, and will understand quite well what it is that is going on here.

Mr. PROXMIRE. Madam President, I conclude by indicating why I feel so very strongly that in this economic debate for which the President has called we should give the most careful and thoughtful attention to the effect of a philosophy which argues that we should almost always have an unbalanced budget.

I submit that the administration is working itself into that position. They may deny it. They may say, "We want it only in periods of depression, or periods when we are moving into a depression." I say on the basis of the facts that it becomes quite clear that we are likely to have a deficit all the time.

I suggest that there are at least four reasons why that is bad. In the first place, if the philosophy ever takes hold in our country that it is desirable to have a deficit at virtually all times then, the principal protection against inefficient spending in Government will be gone. After all, if the dollars to be spent are not scarce, and if there is no reason for economizing in the operation of Government departments, it would seem that there would be no restraint on empire building, on adding more and more people to the Government payroll, and in extending governmental operations without restraint. This has been a very useful and important discipline. It is one that we would lose if we adopt the philosophy that it is desirable virtually always to run a substantial deficit.

In the second place, as I have already indicated and therefore can treat the subject quite briefly, there is no question that in the long run budget deficits are inflationary. It may be that a deficit in any one year is not inflationary, but there is a longrun effect of inflation if only because the Government is spending more than it takes in and because the Government is contributing to effective demand more than it does to supply.

There are times, as I have indicated, in which such action is necessary and desirable. I encourage and support it. But, on the other hand, I think we must recognize that at all times a budget deficit has an inflationary tendency and effect.

I wish to stress that both of these two consequences of a budget deficit are very subtle and difficult to detect. It is always possible for those who take a contrary position to argue that a budgetary deficit has not contributed to inefficiency, has not relaxed the discipline that requires efficiency in Government or tended to push up prices or kept them from falling. Those who take that position can argue their positions, because it is very difficult to show what I have pointed out. It is something that takes place not in an immediate way, but over a period of time. I do not know how anyone can retreat from the fact that there is a tendency of a budget deficit to have an inflationary impact.

In the third place, there is no question that if we follow a policy of a continuing expanded budget, our national debt is bound to increase and become more burdensome. The President very intelligently and effectively discussed the relationship of our present national debt to our gross national product. He pointed out that the gross national product has increased much more rapidly than our debt. He has noted also that personal debt has increased far more rapidly also, and that State and local debts have increased much more than the Federal debt has increased. But the incontestable fact remains that the national debt has gone up, and it has gone up at a time when it should not have gone up.

After most of our wars in the past the national debt has declined. It certainly did after World War I. After World War II it has increased, and while in proportion it has not increased as much the GNP, it has increased very sharply and substantially.

Furthermore, the fact that State and local debts have increased, and State and local tax burdens have increased, makes it all the more important that we exercise great restraint with our Federal spending, and that we do our level best to balance the Federal budget, because our State and local governments have the very heavy and expensive job of educating our children. We know the number of children in this country has greatly increased. The cost of education has skyrocketed. We also know that our State governments have the principal burden of taking care of people over 65, and that the number of people in that age group has greatly increased.

What has happened is that those who work, earn, and pay taxes, are a smaller proportion of the population now than they have been in the past. That trend is likely to be even truer, at least in the shortrun future, than it has been in the past. Under those circumstances the burden upon State and local governments has become excessive. For that reason it seems to me all the more important that we do our best to curtail and restrain Federal spending and keep the strain which the Federal Government under those circumstances imposes on the taxpayers as limited as possible.

FOUR-COUNTRY BUDGET STUDY A KEY CONTRIBUTION

Madam President, one of the finest contributions to the debate on the budget has been a study by Andrew H. Gantt II, under the direction of Prof. Otto Eckstein at Harvard University. It is a contribution that I think we all must recognize, regardless of the position we take in the debate. It may be a contribution which many people will argue supports the President's position. It is an attempt to analyze the budgets of the United States, the United Kingdom, France, and Germany. It seeks to compare national budgets and spending, and the effect that budgetary policy in each country has had on the economy. The study, which was released quite recently, is concise. It is written in simple language, and contains applicable, appropriate, and timely statistics. I ask unanimous consent that this very competent study be printed at this point in the RECORD.

There being no objection, the study was ordered to be printed in the RECORD, as follows:

CENTRAL GOVERNMENTS: CASH DEFICITS AND SURPLUSES

(By Andrew H. Gantt II, Harvard University)

(NOTE.—This study is part of the research program on the economics of public expenditures being conducted at the Graduate School of Public Administration, Harvard University, under the direction of Associate Prof. Otto Eckstein. It is sponsored by the National Committee on Government Finance at Brookings Institution. I am indebted to Sam Cohn of the Bureau of the Budget; Timothy Sweeney, Wolfgang Rieke, Jean van der Mensbrugghe, and Brian Rose of the International Monetary Fund; to Josef Berolzheimer of the Agency for International Development and to other government officials for their help. Mistakes are to be attributed to me, however.)

I. PURPOSE

The purpose of this paper is to establish on a comparable basis a first approximation to the central government cash deficit or surplus of four countries, the United Kingdom, France, Germany, and the United States, over a timespan of the last several years.

II. DEFINITION

Cash deficit or surplus is the difference between the total receipts (actually received) and total expenditures (actually expended) of the organization under consideration measured in the unit of account of that organization.

How can expenditures and receipts of central governments be bounded and defined? The criterion used here is the origin of authorization for these cash flows. This authorization stems from the body politic of the entire country and is given to its selected representatives. Local and State government expenditures and receipts are thus excluded unless the origin of authorization lies with the country's body politic.

III. PROBLEMS OF COMPARABILITY

Why is comparison on the basis defined above necessary? These four countries each publish every year figures which purport to establish a surplus or deficit figure for the central government's operation. The difficulty is that these figures are neither comparable nor all inclusive. Sources of this difficulty will now be examined.

A. Extent of central government responsibility

The area of responsibility of central government differs in the countries considered. The United Kingdom operates and controls a large number of public corporations including the radio and television industry and the electric power industries. The United States operates few public corporations. In Germany, the government appoints some of the directors in certain private companies and shares both in the profits and losses of these companies. In France, the separation between state and local and central government is not as acute as it is in the three other countries.

Thus, great difficulty is encountered in an attempt to construct an equivalent central government in an accounting sense, if by equivalence is meant an identical degree of participation in the economy by the governments concerned. The numbers presented in this paper, therefore, measure the deficit or surplus of central government as it exists in each country, whether the participation in the total gross national product is above or below the group average. With this framework in mind, solution of the next set of problems is more clearly defined.

B. Are government figures sufficient?

Three general methods of presentation of central government expenditures commonly occur. These are "the budget," some measure of cash receipts from and payment to the public, and government expenditure and revenue on a national income and product account basis. The three methods give decidedly different answers to the problem. As an example, figures for the United States derived by each of these methods are presented below for several years.

Examination of the budget of the United States shows that the budget of a country cannot be more and is often less than a starting point of analysis. The budget is a mix of methodological and conceptual confusion. In the United States, the budget as initiated by the President is his request for appropriations for the coming fiscal year. Since various retirement and social security funds are not directly under his year-to-year control, they are not included in the budget. In part then, the budget is a reflection of the legal institutionalism of central government. Additionally, political pressure operates to keep the budget as small as possible. The budget is the statement which appears with great emphasis in the public press every year. Congressional enthusiasm for new expenditure proposals is dampened by the sheer size of the budget. The incentive on government is to keep the figures of this annual statement low.

These influences are not restricted to the United States. In Germany, for instance, the Federal budget receives only about 35 percent of the taxes collected from income.[1] In France, the budget excludes the postal and telecommunications systems, national saving fund, the social security for agriculture, and other smaller funds.

Differences in inclusion are not the only source of noncomparability between the budgets of the countries concerned. There are also great differences in accounting methodology. One fountain of confusion exists

TABLE I.—*Fiscal operations of the Central Government of the United States; different measurement methods, fiscal years 1957–61*[1]

Fiscal year	Receipts			Expenditures			Surplus or deficit		
	B[2]	C[3]	N[4]	B	C	N	B	C	N
1957	70.6	82.1	80.9	69.0	80.0	76.5	+1.6	+2.1	+4.4
1958	68.6	81.9	77.8	71.4	83.4	82.8	−2.8	−1.5	−5.0
1959	67.9	81.7	85.4	80.3	94.8	90.2	−12.4	−13.1	−4.8
1960	77.8	95.1	94.1	76.5	94.3	91.9	+1.2	+.8	+2.2
1961	77.6	97.1	94.9	81.5	99.3	96.9	−3.9	−2.1	−2.0

[1] Source: "The 1962 Budget Review." Bureau of the Budget, Washington, D.C., 1961. Details may not add to totals because of rounding.

[2] B is my abbreviation for U.S. budget.

[3] C is my abbreviation for the account "Cash receipts from and payments to the public."

[4] N is my abbreviation for Federal activities in the national income accounts.

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[1] "Monthly Report of the Deutsche Bundesbank," vol. 13, No. 10, p. 20.

because of dissimilarity in treatment of capital investments and current expenditures between these countries. In the United States, capital items are treated like current expenditures, and are considered to add to budget deficits and the national debt. In Germany, however, public corporations finance some capital expenditures on the open market which are not included in the deficit; on the other hand, these corporations can also borrow from the central bank and treasury, in which case the expenditures add to the deficit. The situation is similar in France. But in the United Kingdom, the public corporations must finance expenditures through the Treasury, and borrowing adds to the deficit.

A problem which the budget avoids is the separation of state and local financing from central government financing. Division of fiscal responsibility between the local authorities, states, and the central government differ among countries. Perhaps the most intricate maze is weaved by France, since local authorities, departments, and oversea departments use the Treasury as a bank for checking deposits. If one attempts to utilize as part of his computation of central government surplus or deficit the changes in cash balances of the Treasury (instead of using budget figures), the problem of separation of assets belonging to the state and local governments from central government becomes acute.

Many of these problems, and others which will be introduced under the individual country computations, can be dismissed by using the national income accounts. These figures for "general government" (central, state, and local government combined) are presented in the United Nations publication "Yearbook of National Accounts Statistics." Central government figures are not available for West Germany, and for France can be obtained for the years 1957–60 only. Compilation of the unattainable figures is not possible without availability of intricate and detailed figures for the countries concerned. Receipts should be recorded on an accrual basis. Purchases are listed as the goods are delivered and services completed. This causes computational difficulty. In addition, this method of analysis deletes all purchases of previously existing assets, and transfers or exchanges of financial claims, which should be included in an analysis of government fiscal operation.

IV. COMPUTATION OF THE CASH STATEMENT

Since conventional administrative budgets are not comparable in terms of inclusiveness or accounting methodology, and the national income accounts for central governments are not available for all countries and are computationally infeasible for the others, the consolidated cash statement remains. It is inclusive and reasonably easy to measure. Measurement is on a checks-paid basis, a simple, objective, comparable concept.

Theoretically, there are two methods for derivation of surplus or deficit in the consolidated cash statement.

Method I: Add up all tax and general revenues of central government excluding loans and deduct central government expenditures, including the trust funds, "Les budgets annexes," etc. If one is careful and all government operations are included, this gives the surplus or deficit.

Method II: Look at the Treasury balance sheet of the country concerned. Add (algebraically) the total change in debt and changes in cash balances. Increases in cash balances and decreases in debt outstanding add to the government surplus, and vice versa.

Method I is fairly obvious. Method II is clarified by tables II and III.

TABLE II.—*Deviation of "Net cash borrowing from the public" from the "Change in public debt" of the United States*[1]

	Millions
Increase (−) or decrease in the public debt	−$2,640
Cashing of (−) or investments in U.S. securities (net):	
Trust funds	288
Public enterprise funds	148
Government sponsored enterprises	435
Increase (−) or decrease in obligations of government enterprises held by the public (net):	
Trust funds	66
Public enterprise funds	666
Government sponsored enterprises	−196
Increase (+) or decrease (−) in public debt from noncash adjustments (net)	536
Net cash borrowing from the public	−697

[1] Fiscal year 1961. Both of the above tables were taken from "Federal Government Receipts From and Payments to the Public, Supporting Tables," Executive Office of the President, Bureau of the Budget, October 1961.

TABLE III.—*Deviation of "Cash surplus or deficit" from the operations of the U.S. Treasury*

	Millions
Net cash borrowing from the public: increase (−)	−$697
Increase in cash balances: increase (+)	−1,394
Receipts from exercise of monetary auhority: increase (−)	−55
Excess of payments to over receipts from the public	−2,146

The figure derived by method II is at the bottom of table III, called in the United States "Excess of payments to over receipts from the public." It is the deficit for the fiscal year 1961. The inquiring reader will notice that the first item in table III, "Net cash borrowing from the public," is not the same as the first item in table II, "Increase or decrease in the public debt." The reason is that the increase or decrease in Treasury debt (−$2,640 in table II) does not actually reflect the actual change in debt operations with the public of the Central Government. Debt operations of the Treasury with the trust funds, public enterprise funds, and Government-sponsored enterprises must be deleted. In addition, the debt operations of these funds and enterprises which are carried on outside of the Treasury and directly with the public must be taken into account. The net result of these adjustments gives the figure, "Net cash borrowing from the public."

The United States has been used here as an example to elucidate method II. Method II is also used in the computation for Germany. Method I is used for France and the United Kingdom.

V. SURVEY OF DATA AVAILABLE ELSEWHERE

During the era of the Marshall plan, a concept for "comparable" measurement was developed in the International Cooperation Administration, mainly by Mr. Josef Berolzheimer. This concept (see ICA-10-74, revision 3, 9-61) is both inclusive and consistent, and approaches the problem from the side of governmental revenue and expenditures rather than from the change in debt and cash balances. It is not evident, however, that the submitting countries have complied with the instructions. The United States, for instance, merely submits administrative budget estimates. Thus, the data cannot be used as comparable as we have defined it.

The OECD annually conducts a similar experiment. This data is restricted, but, generally speaking, suffers from the same inconsistencies as the International Cooperation Administration data.

Thirdly, the United Nations has a sectoral breakdown on an income and product account basis, which has been discussed earlier.

VI. THE UNITED STATES

In the United States, the consolidated cash statement is derived from the administrative budget by adding to it the receipts and expenditures of the trust funds on a gross basis, plus the change involved in shifting from a checks issued to a checks paid basis plus other small adjustments such as seigniorage on silver. To correspond most directly with the other countries involved in this study, the consolidated cash statement is converted in table IV to a calendar year basis.

TABLE IV.—*Consolidated cash statement of the United States, 1950–60 calendar years*[1]

[Billions of dollars]

Calendar year	Cash receipts	Cash payments	Deficit (−) or surplus (+)
1950	42.4	42.0	0.5
1951	59.3	58.0	1.2
1952	71.3	72.0	−.6
1953	70.2	77.4	−7.2
1954	68.6	69.7	−1.1
1955	71.4	72.2	−.7
1956	80.3	74.8	5.5
1957	84.5	83.3	1.2
1958	81.7	89.0	−7.3
1959	87.6	95.6	−8.0
1960	97.8	94.3	3.5

[1] Economic Report of the President, Washington, 1961, table C-53, p. 188.

The consolidated cash statement of course does not include any expenditure of State and local government except as subsidized by the Central Government. The extra-budgetary trust funds included are—

(1) Old age and survivors insurance fund.
(2) Disability insurance fund.
(3) Federal employees retirement fund.
(4) Railroad retirement account.
(5) Unemployment trust fund.
(6) Highway trust fund.
(7) Veterans life insurance.
(8) FNMA secondary market operations.
(9) Other (insurance or savings deposits, etc.).

VII. THE UNITED KINGDOM

The United Kingdom maintains a complete cash account set of national-income-derived statistics, printed yearly in the "National Income and Expenditure," a publication of the Central Statistical Office of Great Britain. Supplementary to and explaining this reference is the book, "National Income Statistics, Sources and Methods." The figures below are derived from these publications. In the United Kingdom, accounts are kept in a "current" and "capital" exposition, similar to the standardized system of national accounts as recommended by OECD.[2] If merely the "revenue" ("current") account is considered, the Central Government has been running a surplus continually during the last decade. In addition the "current" or "revenue" account does not give an accurate presentation on a cash basis. For instance, rents are imputed for various Government buildings and military housing units. Considered by itself, this overestimates cash revenues by the amount of the imputed rents. Many of these rents are offset in the "capital" account by items of interest paid to the Treasury by the housing authorities. Thus, to get a reasonably accurate cash statement, the capital account must be considered.

I employ method I for the United Kingdom. Method II would have been just as feasible. Table 37 of "National income and expenditure" is used as a basis of calculation. To the totals of the "revenue" account which are carried into the "capital" account under the heading of "Surplus before providing for depreciation and stock appreciation," are added the items listed in the table following.

TABLE V.—*Computation of central government surplus and deficit for the United Kingdom, 1950–60*

[Millions of pounds]

	1950	1951	1952	1953	1954
RECEIPTS					
1. Surplus before providing for depreciation and stock appreciation	685	648	384	254	285
2. Capital transfers from abroad	275	93	35	27	11
3. Proceeds of iron and steel disposals				17	79
4. Receipts from certain pension funds (net)	17	21	25	23	23
5. Miscellaneous receipts and changes in cash balance	80	47	−102	42	26
Total receipts	1,057	809	342	343	424
PAYMENTS					
1. Gross fixed capital formation	126	170	214	218	184
2. Increase in value of stocks	−95	169	45	20	−124
3. Capital transfers abroad	106	15			
4. Increase in deposits with the IMF, IBRD, IFC, and EMP	−42	10		57	44
5. Net lending to local authorities	262	572	409	328	260
6. Net lending to public corporations	29	61	73	38	100
7. Net lending to building societies					
8. Net lending to private industry	4	13	14	17	−2
9. Coal compensation	54	54	51	47	36
10. Acquisition of capital of other undertakings				246	
Total payments	446	864	806	971	498
Surplus or deficit (−)	611	−55	−464	−628	−74

	1955	1956	1957	1958	1959	1960
RECEIPTS						
1. Surplus before providing for depreciation and stock appreciation	510	422	614	671	611	385
2. Capital transfers from abroad	14	14	4	1	2	1
3. Proceeds of iron and steel disposals	59	28	47	3	2	9
4. Receipts from certain pension funds (net)	109	24	33	35	36	44
5. Miscellaneous receipts and changes in cash balances	−60	27	19	−11	52	−1
Total receipts	632	515	717	699	703	438
PAYMENTS						
1. Gross fixed capital formation	192	221	245	245	254	258
2. Increase in value of stocks	−100	−24	−36	−8	−10	−17
3. Capital transfers abroad						
4. Increase in deposits in the IMF, IBRD, IFC, and EMP	2	−191	13	26	159	160
5. Net lending to local authorities	414	91	63	−29	−34	−35
6. Net lending to public corporations	142	267	602	573	615	485
7. Net lending to building societies					8	37
8. Net lending to private industry (etc.)	7	−1	5	−7	3	3
9. Coal compensation	17	2				
10. Acquisition of capital of other undertakings						
Total payments	674	365	892	800	995	891
Surplus or deficit (−)	−42	150	−175	−101	−282	−453

One item in table V must be examined further. Under "receipts," No. 5 is "Miscellaneous receipts and changes in cash balance." Since in the analysis of the United Kingdom, we are using revenue and expenditure figures rather than changes in debt and cash balances as the basis of approach, the first reaction would be to exclude this figure. "National Income Statistics, Sources and Methods," however, explains that this contains more items of revenue and expenditure than it does of changes in cash balances and public debt changes. Therefore, it is included in the computation of deficit and surplus although there is an error involved.

VIII. FRANCE

Method I is used for France.

The statistical sources utilized for derivation of the figures below have been taken from various numbers of the "Statistiques et Études Financiéres," published monthly by the Ministére des Finances in Paris. In the calculations for France the governmental table, "La Trésourie et la Dette Publique," has been used with only one correction; the addition of the deficit of the Postes-Télégraphes and Téléphones.

The Ministere des Finances who presents the French accounts is often brief and obscure. Consistency and inclusion of administrative figures on revenue and expenditure are difficult to ascertain. There is no explicit statement of the list of agencies included or excluded, nor is it readily apparent to what degree inclusion or exclusion of each agency has occurred. For instance, one issue of the "Statistiques et Études Financiéres" has this to say.[3]

"Being an exception to the traditional rule of budgetary unity, the annex budgets run the risk of giving an inaccurate picture of the aggregate of public expenditure, either through omission or through addition. To limit oneself to the figures of the general budget would lead to underestimating the aggregate of public expenditure, but to add the amount of all expenditure in the annex budgets will result in an artificial inflation of the public expenditures because of the many cases of double counting in the general and supplementary budgets.

"The receipts of supplementary military budgets and those of the Order of the Liberation are already included in the expenditure of the general budget, as is the major portion of the receipts of the national printing office, the mint, and the Legion of Honor. Thus, it is only the expenditure of the budgets of the P.T.T., the national savings fund, and the agricultural social security which are a net addition to the expenditures showing in the general budget. Even so, a careful analysis of the receipts of the national savings fund would show that the product of savings deposits has to a very great extent already been written in the national budget, or in the budgets of local communities.

"The figures which appear in the joint tables do not therefore have more than a relative significance and must not be used without caution."

"Les budgets annexes," of which the above quote speaks include the following: the postal and telecommunications, radio and television, gunpowder manufactures, arsenals, the mint, the national printing office, the national savings fund, social security for agriculture, the Legion of Honor, the Order of the Liberation and until 1959, the "Caisse Autonome d'Amortissement." The last fund used the earmarked taxes from tobacco and match manufacture to pay for certain war damages.

The trust funds listed above are included in the general budget in a surplus or deficit sense, with the exception of the P.T.T. (postal and telecommunications), the national savings fund, and the social security for agriculture. In the case of the latter two, the impression given is that actual expenditures of these funds which are financed by loans made on the open market are not included in the general budget, but the service charges on the loans made are included. The figures are erroneous to this extent. The regular deficit or surplus of the P.T.T. is also not included.

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[2] "A Standardized System of National Accounts," 1958 ed., Paris, 1959.

[3] "Statistiques et Études Financiéres," No. 144 Supplement, December 1960, p. 1889.

TABLE VI.[1]—*Summary of the expenses and resources of the Treasury*

[Billions of new francs]

	1951		1952		1953		1954		1955		1956	
	Minus	Plus	Minus	Plus	Minus	Plus	Minus	Plus	Minus	Plus	Minus	Plus
I. Budgets and investments:												
A. Preceding year:												
Expenses	0.76		1.91		2.52		1.43		1.49		1.89	
Receipts		0.30		0.40		0.86		0.39		0.58		0.18
B. Current year:												
Functioning of the civil service (title I-VI)	12.52		14.54		15.62		17.00		19.05		21.91	
Military expenses (titles III-V)	6.96		10.84		11.83		11.18		10.20		12.65	
Civil investment undertaken by the state (subsidies and participation)	1.09		1.33		1.57		1.99		2.23		2.72	
Loans and advances							1.02		1.18		1.37	
Repayment of war damages	3.10		3.44		3.35		2.98		2.88		2.70	
Fiscal receipts		20.71		24.17		25.89		26.53		27.65		30.96
Other budgetary receipts		2.24		2.34		2.51		3.18		3.36		3.52
American aid		1.53		1.86		1.65		1.09		1.06		.49
Funds for help		.21		.46		.94		1.06		1.12		1.18
Earmarked receipts (title VIII)							.51	.58	1.03	1.20	1.17	1.37
C. Following year: Funds for economic and social developments:												
(1) Fund expenses	2.96		3.46		3.54		3.45		3.68		3.85	
(2) Earmarked receipts of the funds								1.04		1.23		1.31
Total:												
(1) Expenses	27.39		35.52		38.43		39.56		42.23		49.07	
(2) Receipts		24.99		29.23		31.85		33.87		36.20		39.01
II. Net change in postal debt [2]				.02	1.36		1.87		2.29		1.66	
III. Total deficit or surplus	−2.40		−6.27		−7.94		−7.56		−8.32		−11.72	

	1957		1958		1959 [3]		1960 [3]	
	Minus	Plus	Minus	Plus	Minus	Plus	Minus	Plus
I. Execution of the law of finances:								
A. Operations of continuing character	48.77	43.47	54.30	51.86	59.74	60.44	62.99	65.58
1. General budget	47.47	42.06	52.83	50.30	58.43	59.11	60.10	62.32
(a) Budget of the preceding year	2.69	1.25	2.97	1.13	2.62	1.14	2.43	.95
(b) Budget of the current year	43.93	40.81	48.87	49.17	54.84	57.97	56.58	61.37
Expenses:								
Civil expenditures (titles I-VI)	27.85		32.87		37.87		39.87	
Military expenditures (titles III and IV)	13.03		13.32		14.52		14.70	
Loans and advances [4]	.79		.87		.33			
Repayment of war damages (title VIII)	2.26		1.81		2.12		2.01	
Receipts:								
Fiscal receipts		36.45		43.87		49.68		53.75
Other budgetary receipts [5]		3.35		4.10		7.08		6.39
Assistance funds		1.01		1.20		1.21		1.23
(c) Budget of the following year	.85		.99		.97		1.09	
2. Annex budgets [6]								
3. Special appropriation funds [7]	1.30	1.41	1.47	1.56	1.31	1.33	2.89	3.26
B. Operations of temporary character	5.93	.82	5.32	.86	7.55	.57	7.48	.74
1. Temporary loans	4.73	.82	5.32	.85	6.11	.57	7.43	.74
(a) Loans from the fund for economic and social development	3.04		2.92		3.97		3.83	.52
(b) Loans of the housing authority	1.44		1.75		2.14		2.13	.11
(c) Consolidation of special construction loans	.16		.55				1.42	.07
(d) Consolidation of other loans and advances	.09		.10				.05	.04
2. Other special funds	1.20			.01	1.44		.05	
Total:								
(1) Expenses [8]	54.70		59.62		67.29		70.47	
(2) Receipts [8]		44.29		52.72		61.01		66.32
II. Net change in postal debt	−1.80		−2.46			.80		.91
III. Total deficit or surplus	−12.21		−9.36		−5.48		−3.24	

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[1] Author's footnote: The above table has a 2d section called "Operations of the Treasury," which is essentially an explanation of the financing of the deficits printed above. Part of the financing is derived from changes in the annex budgets, public and semipublic establishments, and other correspondents. These figures could be taken as one of two statements; a statement of changes in cash balances in the checking accounts of these funds with the Treasury, or the net deficit or surplus of these activities. If they are in reality net deficits or surpluses, then they should be added to the figures in the table here presented to give an accurate picture of the inclusive deficit or surplus. But, as a result of the warning given in the quotation on p. 16 of this paper, I have here considered them as changes in cash balances, and assumed that any net surplus or deficit figures have been entered previously as a part of the general budget.

[2] The "net change in postal debt" is under the "plus" side if decreased, and on the "minus" side if it increased. Thus, an increase in postal debt increases the deficit figure, and vice versa.

[3] The figures of this balance for 1959 and 1960 are not exactly comparable to those of the preceding years due to the inclusion of the receipts of the old "Caisse Autonome d'Amortissement," in the budgetary receipts. On the other hand, the new table presentation (as compared to the table for the years 1951-56), even if they modify the distribution of the various categories of receipts and expenditures, leave the balance unchanged.

[4] Loans and advances included until 1959 under title VI-B of the general budget are from now on in the temporary loans, a subtitle under "Operations of temporary character."

[5] Since the law of Dec. 30, 1958, this figure includes the net receipts from the "Caisse Autonome d'Amortissement."

[6] Equipment expenditure of the PTT financed by loans since 1960.

[7] This new heading includes up to 1959, the entirety of the old title VIII and since 1960 part of this title only; another part has been integrated in the "Civil Expenditures" (title I-VI), and in the special accounts called "Special Appropriation Fund."

[8] The total of receipts and expenditures in this table correspond to the receipts and expenditures paid by the public Treasury during a calendar year whether imputable to the current accounting year, or to the preceding, or exceptionally to the following accounting year * * *. Therefore, they are not comparable * * * to the budgetary estimates which apply to accounting definitions as recounted at the bottom of p. 828 of "SEF" No. 140, August 1960.

NOTE.—In the translations of these tables, I wish to express my thanks to Mr. Michael Chirman for his aid.

This detail was not available. As an approximate measure, the change in the debt outstanding of the P.T.T. was added each year to the general deficit or surplus figures. This should give a reasonable measure of the deficit or surplus of the P.T.T.

Nationalized industries working under the jurisdiction of the ministries, such as the coal and railroad industries, should be included also. From the presentation given, it is deduced that any loans made by these industries are made with the approval of the Treasury, and that the expenditure of funds from these loans is included in the general budget.

With these reservations the figures for France are printed in table VI.

IX. GERMANY

Method II is used for Germany.

Figures used are from the "Monthly Report of the Deutsche Bundesbank," printed monthly and translated from the German by Patrie Translations Ltd., 22 Cheyne Walk, Henden Central, London, NW. 4, England.

The figures are on a cash basis, checks paid, so are similar to the United States presentation. In the accompanying tables, change of net indebtedness for the "Federal Government," "Equalization of Burdens Funds," the "Federal Railways," and the "Federal Postal Administration" are added algebraically to the change in cash balances for these same items, giving a clear picture of net deficit or surplus for the years under consideration. Government participation in profits or losses from private companies with public directors are included on a net basis under the heading "Federal Government." Other important functions, such as Government contributions to the pension insurance and the unemployment insurance funds are included in the Government budget, and thus are reflected in the operations of the Treasury. The Treasury balances reflect only these governmental contributions, however, and not the actual surplus or deficit of these two funds. I have added the surpluses or deficits in the table.

A comment must be made concerning item "V," "equalization claims." These are loans made to the Treasury during World War II by the land central banks in Germany. After the war, and the currency reform, these debts were readopted by the Central Government. Germany classifies them separately from the Federal debt, but they are debts incurred by the Central Government and are so considered here.

TABLE VII.—*Germany: Computation of deficit and/or surplus for years 1955–60*

[Millions of deutsche mark]

Item	1954	1955	1956	1957	1958	1959	1960
INDEBTEDNESS							
I. Federal Government:							
A. Internal:							
1. Federal Government proper	1, 146	677	990	391	662	1, 512	2, 553
2. Special credit to international institution	391	391				1, 211	1, 387
3. Credit with respect to coinage		28	88	84	77	84	93
B. External	7, 746	8, 079	8, 056	7, 982	7, 798	6, 695	6, 856
II. Equalization of burdens fund	480	811	816	592	685	1, 313	1, 490
III. Federal railways	2, 546	2, 601	3, 037	3, 933	5, 239	4, 767	5, 292
IV. Federal postal administration	1, 456	1, 981	2, 371	2, 627	3, 448	3, 978	4, 586
V. Equalization claims	7, 948	8, 129	8, 082	10, 698	10, 856	11, 061	11, 164
Total [1]	21, 713	22, 669	23, 352	26, 223	28, 683	30, 537	33, 328
Change from previous year*		−984	−768	−2, 955	−2, 537	−1, 938	−2, 884
CASH BALANCES							
I. Federal Government	13	1, 969	3, 014	4, 093	4, 025	922	815
II. Federal special funds	131	470	643				
Total	144	2, 439	3, 657	4, 093	4, 025	922	815
Change from previous year*		+2, 295	+1, 218	+436	−68	−3, 103	−107
Workers' and employees' pension insurance fund and unemployment insurance fund (surplus or deficit for year)*		+910	+881	−407	+850	+1, 160	+2, 350
Total surplus or deficit (algebraic addition of items marked with an asterisk)		+2, 221	+1, 331	−2, 926	−1, 755	−3, 881	−641

[1] N.B.—Item No. I-A-3 is a net figure, and is added directly to change in indebtedness.

X. SUMMARY AND ANALYSIS OF DATA

On a yearly basis, deficits were incurred by the countries considered in the following proportions:

TABLE VIII.—*Proportion of time deficits were incurred*

Country:	
United States	18/33
United Kingdom	27/33
France every year or	33/33
Germany	22/33

That is, the United Kingdom had a deficit 9 out of 11 years, France had a deficit for 10 consecutive years, Germany had a deficit 4 out of 6 years, and the United States had a deficit in 6 out of 11 years. See table VIII for a visual comparison. The comparison for Germany covers only 6 years. In sign, however, the figures for these 6 years correspond exactly with Table VI–5: Federal Finances on a Cash Basis, printed in the "Monthly Report of the Deutsche Bundesbank" for October 1961. If one can assume this correspondence as indicative for the 11 years as a whole, Germany had a deficit exactly the same number of years as did the United States.

On a gross basis, the impact of a given deficit in a given country depends on the size of this deficit as compared with (1) the gross national product of the country; and (2) the relationship of total government activity as a percentage of gross national product.

The problem of measurement of the totality of government operations in gross amount is a much more intricate one accountingwise than the mere measurement of deficit or surplus, however, and has not been tackled here. Thus, the second comparison has not been made. The first is presented below. (See table IX.)

In table IX, two ways of looking at the relationship of the deficit and surplus figures I have derived to the gross national product are considered. The first is simply the yearly ratio of the deficit or surplus of the country concerned to the gross national product, expressed in percent. The second is the following cumulative measure:

For the entire period section III of table IX shows the size of the deficits and surpluses in comparison with the gross national products of the four countries. A cumulative measure is presented below:

	Highest percent (number of years)	Lowest percent (number of years)
United States		6
United Kingdom	1	1
France	9	
Germany		

This merely means that as a percent of gross national product, the surpluses and deficits of the United States were consistently the lowest, whereas France was the highest. In other words, the deficits and surpluses of the United States were small in relation to her gross national product; in France they were high. This is undoubtedly a reflection of more than fiscal stability; a country with central government operations in total amount a large proportion of gross national product following modern anticyclical fiscal policy would be more likely to have high ratios than a country in which the central government plays a small part. Nevertheless, France's ratios are consistently large deficits; she has no surpluses.

TABLE IX.—*United States, United Kingdom, France, Germany: Comparison of surplus and deficit figures*

Item	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
I. Gross national product:										
A. United States [1]	284, 599	329, 975	346, 979	367, 188	364, 772	398, 935	420, 296	444, 009	445, 968	483, 427
B. United Kingdom [2]	13, 224	14, 596	15, 810	16, 960	18, 042	19, 213	20, 804	21, 936	22, 867	23, 697
C. France [3]	96. 10	118. 60	141. 40	149. 8	158. 7	170. 0	187. 9	209. 9	237. 7	257. 1
D. Germany [4]	97, 200	119, 600	134, 200	145, 500	156, 400	178, 300	196, 400	213, 600	228, 200	247, 000
II. Deficit or surplus:										
A. United States [5]	0. 5	1. 2	−0. 6	−7. 2	−1. 1	−0. 7	5. 5	1. 2	−7. 3	−8. 0
B. United Kingdom [6]	611	−55	−464	−628	−74	−42	150	−175	−101	−292
C. France [7]		−2. 40	−6. 27	−7. 94	−7. 56	−8. 32	−11. 72	−12. 21	−9. 36	−5. 48
D. Germany [8]						2. 221	1. 331	−2. 926	−1. 755	−3. 881

[1] All GNP figures taken from various editions "U.N. Yearbook of National Accounts Statistics," Statistical Office of the United Nations, New York. U.S. figures in million of current dollars.

[2] Millions of current pounds.

[3] Billions of new francs (current).

[4] Millions of current deutsche marks.

[5] Billions of current dollars.

[6] Millions of current pounds.

[7] Billions of new francs (current).

[8] Millions of deutsche marks (current).

TABLE IX.—*United States, United Kingdom, France, Germany: Comparison of surplus and deficit figures*—Continued

Item	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
III. Ratio of II÷I×100:										
A. United States	0.1757	0.3637	−0.1729	−1.9610	−0.3016	−0.1755	1.8086	0.2703	−1.367	−1.655
B. United Kingdom	4.6200	−.3770	−2.9350	−3.7030	−.4100	−.219	.7210	−.7980	−.442	−1.190
C. France		−2.0240	−4.4340	−5.3000	−4.7640	−4.8940	−6.2370	−5.8170	−3.938	−2.131
D. Germany						1.2460	.6780	−1.3700	−.769	−1.571
IV. Cumulative ratio of II÷I×100:										
A. United States	.1757	.2766	.1144	−.4591	−.4252	−.3776	−.0955	−.0406	−.250	−.425
B. United Kingdom	4.6200	1.9990	.2110	−.8550	−.7760	−.6660	−.4230	−.4820	−.476	−.572
C. France		−2.0240	−3.3350	−4.0530	−4.2520	−4.3990	−4.7720	−4.9650	−4.787	−4.369
D. Germany						1.2460	.9480	.1060	−.138	−.471

The fourth part of table IX shows the cumulative effect over the various time periods studied, of the central government operations. All countries have on balance sustained a deficit. France has the largest cumulative deficit in relation to gross national product, the United Kingdom is second, Germany is third, and the United States is the smallest.

In summary, measurement has been made of cash deficit and surplus for the Central Governments of the United States, the United Kingdom, France, and Germany. The United States has earned the reputation of the "surplus" country in comparison to its Western European allies.

Mr. PROXMIRE. I feel that careful study of this analysis will reward any Senator who undertakes it. It will not only provide an understanding of the argument that has been made by most of the economists inside the administration, but also it will provide a great deal of illumination, I think, for those who disagree.

Basically, if we can reduce the budget figures to comparable bases, the study shows that the United States ran less of a budget deficit than any of the other countries relative to spending, revenue, and the total budget. It argues that in the 11 years from 1950 to 1960 the cash budget of the United States, which is of course quite different than the administration's budget, was in balance about half the time. The cash budget of the United Kingdom was in balance only 2 years. The cash budget of France was not in balance at all. There was a deficit in every year.

The figures are incomplete for Germany. In the 6 years for which the figures are available, the cash budget was in balance 2 years, and out of balance 4.

Furthermore, the deficits of the United States were less substantial than the deficits of the other countries. That fact has usually been construed by some as the basis of an argument that it is the reason why the European economies have advanced and grown so rapidly. I think we must face the facts.

This study does a good job in presenting the facts. To derive from the study that the way to solve our problem is to have an unbalanced budget is a non sequitur. It ignores many other factors. An analysis of the economies of Europe indicates that there are many reasons other than Government spending why those economies have grown. Of course, the principal, overwhelming, and obvious reason is that the economies of those countries have had to be reconstructed from their devastated condition in wartime. They had a long ways to go to rebuild. A great deal of American capital was made available to them. Europeans had remarkable human skills, and were in a position to grow rapidly.

So, of course, they grew, expanded rapidly, and developed.

We must have that fact in mind as we appraise Mr. Gantt's very excellent and useful study.

Incidentally, to keep the subject in proportion, I refer Senators to another interesting view by Dr. Harley L. Lutz, professor emeritus of finance, Princeton University. Dr. Lutz is a consultant on Government economy for the NAM, which takes a contrary view on budget deficits. Professor Lutz also analyzes surpluses and deficits and does so not merely on the basis of an administrative budget but also on the basis of a consolidated cash budget and the national income accounts budget.

The years since 1953 have been years of relative prosperity, peace, and recovery from the war. In those 10 years, using three of the various measures of Government activity available, including the administrative budget, the consolidated cash statement and the national income accounts, Dr. Lutz shows that we have run deficits, with only three exceptions, and in those years the deficits greatly exceeded our surpluses.

I ask unanimous consent that the article entitled "New Federal Budget Ideas Only Hide Facts of Debt, Deficits; Will Not Aid Economy," by Harley L. Lutz, published recently in the Wall Street Journal, be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NEW FEDERAL BUDGET IDEAS ONLY HIDE FACTS OF DEBT, DEFICITS; WILL NOT AID ECONOMY

(By Harley L. Lutz)

The notion that Government spending is the best way to increase employment and raise the rate of economic growth is harder to get rid of than crabgrass.

The killing frosts of economic reality do not prevent the sprouting of a new crop of spending nostrums with each annual budget. And as the budget total rises, year after year, with no demonstrable contribution to the solution of either of these problems, the effort to rationalize and justify the increased spending extends to ever less tenable positions and arguments. For example, Dr. Robert C. Turner, Assistant Director, Bureau of the Budget, in an address before the Midwest Economic Association on April 12, 1962, undertook to explain why the administration's budget policy was not making greater headway in promoting employment and economic growth. He posed the following question:

"Specifically, does the juxtaposition of the present system of Federal budget accounting, and prevailing public attitudes in this country toward the budget, deficits, and the national debt, constitute a significant barrier to the achievement of sustained full employment and vigorous economic growth in the United States today?"

The question is rhetorical in that it is not intended to elicit an answer. The question form is used to state a conclusion. The administration viewpoint on budget policy is that the present system of Federal budget accounting must be supplemented by other accounting devices because it does not serve adequately the purposes of Federal economic planning; and that the people, by clinging to old-fashioned attitudes toward deficits and debts, are hindering the use of the budget as a tool for directing the economy.

BRINGING OUT THE FACTS

The present system of Federal budget accounting, which is the administrative budget, is the only system that brings out the facts of deficit and debt increase, facts that are becoming more unpalatable with the passing years. It has been argued, by Dr. Heller for instance, that if the people could be "educated" to understand and accept other budget accounting devices as more important indicators of budgetary significance than the administrative budget, they would have a better perspective, and perhaps would worry less about such matters as debts and deficits.

In the address cited above, Mr. Turner contends that the administrative budget distorts the indicated deficit or surplus because, (1) it excludes trust fund transactions, (2) it is on a cash rather than an accrual basis, and (3) it makes no distinction between capital and operating expenditures. He says, further that the administrative budget is loaded in the direction of deficits because it includes, as expenditures, net loans made by the Government and purchases of existing assets such as land.

The issues of distortion and loading can be easily tested by comparing the past decade's surpluses and deficits as shown by the administrative budget with the results shown by the two accounting devices said to be superior, namely, the consolidated cash statement and the expenditures and receipts recorded in the national income accounts. (See chart.)

The differences in these budget accounting concepts are, in brief, as follows: The administrative budget is the record of receipts and expenditures under the ordinary Government programs as authorized by legislative enactments. Its totals do not include trust fund transactions. The cash consolidated statement summarizes the cash transactions between the Treasury and the people. It includes trust fund receipts and expenditures but excludes intergovernmental receipts and expenditures which do not involve cash flow to or from the public. The Commerce Department record of Federal receipts and expenditures in the national income account is, in large degree, on an accrual basis. It excludes Government loans and purchases of existing assets such as land.

One reason for the current Budget Bureau emphasis on the national income accounts, and for Mr. Turner's contention that the administrative budget is loaded on the side of deficits, may be in the fact that the income accounts record shows a net deficit of $15.1 billion for the 10-year period, 1953–63, as against a net deficit of $38.4 billion in the administrative budget. However, the test of which figure is the more realistic is provided by the increase of public debt, which is estimated at $36.1 billion. The difference of $2.3 billion between the net deficit and the debt increase is to be accounted for by changes in the general fund and other cash balances. The debt increase cannot be explained or accounted for by either the consolidated cash statement or the national income accounts. It would, of course, be very helpful to the aim of directing the economy through the budget, if the people could be persuaded, or educated, to believe that the significant net deficit for the decade was only $15.1 billion instead of $38.4 billion.

Neither the consolidated cash statement nor the national income account record can be used as a substitute for the administrative budget. The emphasis on these supplementary accounting procedures is for the purpose of diverting attention from the hard facts of deficit and debt which stand out in the administrative budget. For example, in the 1962 Budget Review (p. 14) it is noted that whereas the 1962 deficit in the administrative budget was estimated at $7 billion, as measured by the national income accounts the deficit was only $200 million.

"CAPITAL OUTLAYS"

There is another budgetary procedure which has been emphasized in the budget discussions of the present administration that would involve serious debt consequences. This is the capital budget, which means a segregation of so-called capital expenditure from those for current operation. The following statements from Mr. Turner's remarks, cited above, reveal the current official view:

"Finally, the administrative budget, by including in the budget totals both capital expenditures and current operating expenditures, seriously handicaps Government efforts to promote economic growth by the creation of productive assets. * * * Productive investment is not limited to physical assets, to public works. Every businessman knows that expenditures for technological research, for the development of executives, or for product acceptance and good will, are productive investments in just as real a sense as investments in physical plants—whether or not they are so shown on the company's books.

"So it is with Government investment. Government expenditures for public and higher education, for improving the health of our people, or for stepping up the productivity of our labor force through training and retraining, may be considered as capital investments of equal or greater value than expenditures for power dams and highways. * * * The stigma attached to deficits in the Federal administrative budget inhibits making capital expenditures which would contribute in a very real and often strategically important way to economic growth."

If, under the Budget and Accounting Act, it had been possible to set up the 1963 budget to distinguish between capital and current expenditures, and if there had been no debt ceiling to prevent borrowing for capital costs, there could have been a handsome but illusory surplus of more than $18 billion in the administrative budget. However, in view of what happened to certain estimates regarding expenditure reductions of $1.4 billion in the 1963 budget, it is possible that much of such a "paper" surplus would have been used up in greater current spending for domestic civil functions.

The parallel which Mr. Turner attempts with business practice does not support his case. It is true that the value of expenditure for research and development is universally recognized by businessmen. But these expenditures are not capitalized except as IRS rules require it. And even then, the capitalized expenditure is charged off over the specified period against current income. Only in very exceptional circumstances would prudent management plan to issue debt for R. & D. expenses.

The burden of the official argument in support of separating capital from current expenditures in the budget is that this would enable the Government to make a substantial contribution to economic growth. Obviously, the intention is to borrow for the capital costs. Otherwise, a mere bookkeeping segregation of items, all of which would be paid for from current revenue, would not change the present situation. The proposition therefore comes down to a scheme to borrow $20 billion or more every year to finance a part of the Federal costs. If tax receipts were held high enough to yield a $20 billion surplus to be applied against the debt, the capital budget scheme would be futile. If debt were allowed to rise year after year, inflationary forces would wreck the price structure and eventually destroy the value of the currency.

NO AID TO ECONOMY

It is impossible to believe that responsible Budget Bureau officials can expect to promote genuine economic growth by a segregation of so-called capital items which would be paid for by borrowing. It is equally impossible to accept the implication that the "stigma" of deficits can be removed by any sort of juggling between capital and current expenditures as long as the former are to be covered by debt increase.

The plain fact is that the budgetary policy of the administration is not providing the economic stimulus hoped for by its sponsors and proponents. It is an unworthy excuse to say, as Mr. Turner does, that the public attitude toward debt and deficits is the barrier to greater achievement. The immense budget and the crushing taxload required to carry it are the real barriers.

Economic growth depends on the performance of the private economy, not on the performance of Government. Government "investment" is, in a large degree, a substitution for, not an addition to, private investment. The motives and incentives of the private enterprise system are vastly superior to central government planning as a means of effectively allocating productive resources.

The most effective and also the most intelligent course for the Government to pursue, in the interest of genuine-high-level production, employment, and income would be to take immediate, drastic steps to reduce Government spending and reform the tax structure so as to make possible an amount of capital formation consistent with the needs of a growing labor force and the status of the United States as the leader of the free world. Furthermore, the budget should be considered as a guide to the provision of necessary public services and their financing, and not as an instrument for directing the economy. In this regard, the administrative budget provides the only accurate record of deficits and debt increases and therefore should continue to be that guide. It should not be supplanted as a basis for fiscal policy by other methods of reporting Government receipts and expenditures which tend to obscure these facts.

Mr. Turner ends his remarks with the following statement by Edwin L. Dale, of the New York Times European staff:

"Americans can go on having unemployment if they want to enjoy their quaint ideas about 'deficits,' the 'national debt,' and the 'dangers of Government spending.' Seems a pity though, for the unemployed."

Quaint ideas, indeed. Nothing could be more quaint or more fallacious than the proposition, obviously endorsed by the second highest officer in the Budget Bureau, that the remedy for unemployment is vast Government spending, uninhibited by intellectual or practical considerations of deficits and debt. The real tragedy of the unemployed, the real reason why they are to be pitied, is that sound understanding of their plight and correct remedial measures have been sidetracked to give Government spending the right-of-way.

IMPLICATIONS OF THE SOVIET VETO

Mr. PROXMIRE. Madam President, I call the Senate's attention to an excellent editorial in today's Washington Star discussing the implications of the Soviet Union's 100th veto.

Madam President, the Senate should reflect long and hard on the immense difficulties that have confronted our gifted Ambassador to the United Nations and our Secretary of State and President in dealing in the United Nations with the 100 roadblocks of 100 Soviet vetoes.

Under these circumstances our progress toward peace through the U.N. has been remarkable. Senators should think long and hard on this before the next criticism of our policies in the U.N. emanates from this body.

I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

"NYET" AND PEACE

A bleak fact of our time is that the Soviets, whenever they think it suits their dark purposes, deliberately stir up international strife and do their tension-breeding best to obstruct the peaceful settlement of disputes between one country and another. A glaring case in point is the Russian vote that has just been cast in the United Nations Security Council against efforts by the majority to persuade an angrily resistant India to get together with Pakistan in new talks aimed at promoting a friendly, good neighborly, mutually satisfactory resolution of their bitter 15-year-old controversy over Kashmir.

In terms of arithmetic, this latest "nyet" from Moscow means that the Kremlin now has exercised its veto rights for the 100th time since the founding of the world organization. The number is nice and round, but its implications are ugly. This is so because it adds up to a sort of contempt for some of the most basic principles of the U.N. Charter, and it stands out in shocking contrast to the record of the other permanent members of the Security Council. Our own country, for example has yet to cast a single such thumbs-down vote—a fact that serves to dramatize how the Soviet Union's grimly extravagant and reckless abuse of that power has kept our globe in a constant state of unease, tension, and turmoil.

Taking sharp note of all this, Adlai Stevenson, our chief delegate to the United Nations, has spoken not only for the United States but for the world at large in expressing the "hope that long before the Soviet Union approaches its 200th veto, it will realize that its own interests lie not in national obstruction but in international cooperation, not in willful vetoes for narrow ends but in willing assents for the broad and common good for which the U.N. stands." Perhaps the hope is forlorn, but there is no harm in giving voice to it on the off chance that it may help to persuade the Kremlin, in due course, to put an end to its dreary negativism and start voting affirmatively on the side of peace.

Mr. PROXMIRE. Madam President, I yield the floor.

Mr. BYRD of Virginia. Madam President, I make the point of no quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SMATHERS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF EXISTING CORPORATE- AND EXCISE-TAX RATES

The Senate resumed the consideration of the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes.

Mr. BYRD of Virginia. Madam President, I ask unanimous consent that the committee amendments be agreed to en bloc and that the bill as amended be considered as original text for the purpose of any amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments, agreed to en bloc, are as follows:

On page 4, after line 11, to insert:

"SEC. 4. EXEMPTION FROM COMMUNICATIONS TAX OF CERTAIN PRIVATE LINE SERVICES USED IN CONDUCT OF TRADE OR BUSINESS

"(a) WIRE MILEAGE SERVICE.—Section 4252 (e) of the Internal Revenue Code of 1954 (relating to definition of wire mileage service) is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

" '(1) any telephone or radiotelephone service not used in the conduct of a trade or business, and

" '(2) any other wire or radio circuit service not used in the conduct of a trade or business,'.

"(b) GENERAL TELEPHONE SERVICE.—Section 4253 of such Code (relating to exemptions from the communications tax) is amended by adding at the end thereof the following new subsection:

" '(j) CERTAIN PRIVATE COMMUNICATIONS SERVICES.—No tax shall be imposed under section 4251 on any amount paid for the use of any telephone or radiotelephone line or channel which constitutes general telephone service (within the meaning of section 4252(a)), if—

" '(1) such line or channel is furnished between specified locations in different States or between specified locations in different counties, municipalities, or similar political subdivisions of a State, and

" '(2) such use is in the conduct of a trade or business.'

"(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply with respect to services furnished on or after July 1, 1962."

At the top of page 6, to strike out:

"SEC. 4. 6-MONTHS EXTENSION OF TAX ON TRANSPORTATION OF PERSONS, AND FURTHER EXTENSION OF TAX ON TRANSPORTATION OF PERSONS BY AIR AT 5-PERCENT RATE FOR PERIOD JANUARY 1, 1963, TO JULY 1, 1963."

And, in lieu thereof, to insert:

"SEC. 5. 3-MONTHS EXTENSION OF TAX ON TRANSPORTATION OF PERSONS, AND FURTHER EXTENSION OF TAX ON TRANSPORTATION OF PERSONS BY AIR AT 5-PERCENT RATE FOR PERIOD OCTOBER 1, 1962, THROUGH JUNE 30, 1963."

In line 17, after the word "before," to strike out "January 1, 1963" and insert "October 1, 1962"; in line 22, after the word "before," to strike out "January 1, 1963" and insert "October 1, 1962"; on page 7, line 2, after the word "period," to strike out "January 1, 1963" and insert "October 1, 1962"; in line 4, after the word "after," to strike out "December 31" and insert "September 30"; at the beginning of line 15, to strike out "December 31" and insert "September 30"; on page 8, line 2, after the word "after," to strike out "December 31" and insert "September 30"; in line 9, after the word "after," to strike out "December 31" and insert "September 30"; in line 25, after the word "States," to insert a comma and "but only if such portion is not a part of uninterrupted international air transportation (within the meaning of subsection (c) (3))"; on page 10, after line 11, to insert:

" '(3) UNINTERRUPTED INTERNATIONAL AIR TRANSPORTATION.—The term "uninterrupted international air transportation" means any transportation by air which is not transportation described in subsection (a)(1) and in which—

" '(A) the scheduled interval between (i) the beginning or end of the portion of such transportation which is directly or indirectly from one part or station in the United States to another port or station in the United States and (ii) the end or beginning of the other portion of such transportation is not more than 6 hours, and

" '(B) the scheduled interval between the beginning or end and the end or beginning of any two segments of the portion of such transportation referred to in subparagraph (A)(i) is not more than 6 hours.' "

On page 13, after line 18, to strike out:

" '(3) payment of such tax shall be made to the person to whom the payment for transportation was made or to the Secretary or his delegate.' "

And, in lieu thereof, to insert:

" '(3) payment of such tax shall be made to the Secretary or his delegate, to the person to whom the payment for transportation was made, or, in the case of transportation other than transportation described in section 4262(a)(1), to any person furnishing any portion of such transportation.' "

On page 17, line 2, after the word "after," to strike out "December 31" and insert "September 30"; in line 5, after the word "after," to strike out "January 1, 1963" and insert "October 1, 1962"; in line 7, after the word "after," to strike out "January 1, 1963" and insert "October 1, 1962"; in line 12, after the word "before," to strike out "January 1, 1963" and insert "October 1, 1962"; in line 14, after the word "after," to strike out "January 1, 1963" and insert "October 1, 1962"; in line 16, after the word "after," to strike out "December 31" and insert "September 30"; and on page 18, line 8, after the word "after," to strike out "January 1, 1963" and insert "October 1, 1962."

Mr. BYRD of Virginia. Madam President, the bill provides for a 1-year extension, until July 1, 1963, of the present corporate income tax rates and the existing rate for certain excise taxes. The tax rates which are extended would otherwise terminate on July 1 of this year.

The taxes which are affected by this bill are the normal corporate income tax rate, which will be continued for another year at 30 percent, and thereafter will revert to 25 percent; the excise taxes on distilled spirits, beer, wine, cigarettes, passenger cars, parts and accessories, and general telephone service.

Another category of excise taxes affected by the proposed legislation is the tax on transportation of persons. Under the House bill, this tax would be continued through December 31, 1962, at the present 10-percent rate. It would then be eliminated with respect to transportation of persons other than by air. The tax on air transportation would be reduced from 10 to 5 percent for the period between January 1, 1963, and June 30, 1963, and thereafter would be eliminated.

The committee amended the House bill in three respects: Two of the amendments are concerned with the tax on transportation of persons; the third relates to the excise tax on certain communications.

First, the committee amended the bill to provide that the changes in the rate of tax on transporation of persons would occur October 1, 1962, rather than January 1, 1963, as under the House bill. This amendment more closely conforms to the recommendation of the administration as reflected in the President's budget message of this year. This amendment reduces the yield of the House bill in fiscal 1963 by $55 million; of this amount, $26 million is attributable to air transportation, and $29 million is attributable to other forms of transportation.

The second amendment deals with air transportation. It is designed to eliminate a competitive advantage which foreign airlines have over domestic carriers in international travel. Under existing law, if an airliner whose destination is Europe travels from one point in the United States to another point in the United States before continuing its oversea flight, the portion of the cost attributable to U.S. travel is taxable. Under the committee amendment, effective October 1, 1962, if a scheduled stopover in this country does not exceed 6 hours, the domestic leg of the international flight would be tax exempt. This exemption is estimated to reduce the revenue under the House bill by $3 million for fiscal 1963 and by $4 million for a full year at the lower 5 percent rate.

The third amendment relates to the excise tax on certain communications. Under existing law, private telephone and other private communication systems leased to a user are subject to a 10-percent excise tax. On the other hand, if the user purchases his private communication system, there would be no tax. The committee feels this creates an unwarranted advantage in favor of businesses financially able to acquire their own communication systems. To eliminate this advantage, the committee bill exempts from the communication tax private telephone systems, private teletypewriter service, closed circuit TV, educational TV, community antenna television channels, and private communication systems which may be used interchangeably for voice communication or data transmission, such as the Telpak service offered by communications carriers. This exemption would become effective July 1, 1962. In order for it to apply, however, the private system must be one used in the trade or business of the lessee. This exemption is expected to reduce the revenue under the House bill by $14 million in fiscal 1963 and by $18 million for a full year.

If all the tax rates affected by the bill were continued at current levels the revenue gain in fiscal 1963 would be $2.8 billion rather than the $2.7 billion under the bill as passed by the House and as amended by the committee.

The full-year effect of extension of all current rates would be $4.2 billion instead of the $4 billion under both forms of the bill.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table which illustrates in greater detail the revenue impact of the proposed legislation.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Estimates of the revenue effect of H.R. 11879 for the fiscal year 1963 and for a full year of operation

[Millions of dollars]

	Receipts in fiscal 1963			Revenue gain, fiscal 1963		Full-year effect	
	Under present law, i.e., assuming scheduled reductions go into effect	Under House bill	Under your committee's bill	Under House bill	Under your committee's bill	Under House bill	Under your committee's bill
Corporation income tax	23,450	24,600	24,600	1,150	1,150	2,500	2,500
Excises:							
Liquor taxes:							
Distilled spirits	2,334	2,500	2,500	166	166	169	169
Beer	731	820	820	89	89	91	91
Wine	89	100	100	11	11	11	11
Total, liquor	3,154	3,420	3,420	266	266	271	271
Tobacco taxes: Cigarettes	1,821	2,075	2,075	254	254	259	259
Total, tobacco	1,821	2,075	2,075	254	254	259	259
Manufacturers' taxes:							
Passenger cars	1,033	1,400	1,400	367	367	420	420
Auto parts and accessories	134	200	200	66	66	75	75
Total, manufacturers'	1,167	1,600	1,600	433	433	495	495
Miscellaneous taxes:							
General telephone	131	525	[1] 511	394	380	525	[1] 507
Transportation of persons:							
By airlines	117	169	140	52	23	[2] 0	[1] [2] −4
By other carriers	66	74	45	8	−21	[2] −58	[2] −58
Total, miscellaneous	314	768	696	454	382	467	445
Total excise tax collections	6,456	7,863	7,791	1,407	1,335	1,492	1,470
Deduct floor stock refunds	188			−188	−188		
Net excise taxes	6,268	7,863	7,791	1,595	1,523	1,492	1,470
Net revenues	29,718	32,463	32,391	2,745	2,673	3,992	3,970

[1] Adjusted for committee amendments providing exemptions.

[2] Assuming the full year at 5-percent rate for travel by airlines and no tax on travel by other carriers.

Source: Staff of the Joint Committee on Internal Revenue Taxation.

Mr. ERVIN. Madam President, I call up my amendment, which is at the desk. I ask unanimous consent that the reading of the amendment be dispensed with and that the text of the amendment be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, the reading of the amendment will be dispensed with; and without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the end of the bill insert the following new section:

"SEC. 6. CABINETS QUALIFYING AS RADIO AND TELEVISION COMPONENTS.—(a) In section 4142 (relating to the definition of radio and television components) of the Internal Revenue Code of 1954 strike out 'adapted for such use.' and insert in lieu thereof 'adapted for such use, except that the term "cabinets" shall include only those cabinets sold on or in connection with the sale of any of the articles enumerated in section 4141.'

"(b) Subsection (a) of this section shall apply as if a part of the Internal Revenue Code of 1954 as originally enacted."

Mr. ERVIN. Madam President, section 4141 of the Internal Revenue Code imposes an excise tax of 10 percent on the sale by a manufacturer, producer, or importer of radio receiving sets or television receiving sets, radio and television components, and certain other items not germane to the purpose of my amendment. Section 4142 of the Internal Revenue Code defines radio and television components as follows:

As used in section 4141, the term "radio and television components" means the chassis, tubes, speakers, amplifiers, power supply units, antennae of the built-in type, and phonograph mechanisms which are acceptable for use on or in connection with or as component parts of any of the articles enumerated in section 4141, whether or not primarily adapted for such use.

Sections 4141 and 4142 of the Internal Revenue Code were uniformly interpreted until April of this year to be designed to place an excise tax upon the sale of the specified items, all of which could only be used in connection with radio receiving sets or television receiving sets, other than the cabinets. They were interpreted, so far as the cabinet provision was concerned, to apply only to cabinets which were to be used as parts of radio and television receiving sets. The manifest purpose of Congress was that the excise tax should be imposed solely upon such cabinets as were actually manufactured and sold for the purpose of housing the chassis of radio receiving sets or television receiving sets.

In April of this year, the Internal Revenue Service handed down a ruling, which is not of itself incompatable with the prior interpretation, but which contains some general language which could be interpreted to mean that the Internal Revenue Service is ruling that every cabinet or stand, of any type whatsoever, which is susceptible of being put to use as a container for a radio receiving set or a television receiving set is subject to the 10-percent excise tax on its sale, notwithstanding the fact that the cabinet or stand may be susceptible a multitude of other uses and notwithstanding the fact that the manufacturer has no knowledge or information of any kind as to what the use of the cabinet or stand will be, and notwithstanding the fact that the cabinet or stand may never be used to contain a radio or a television receiving set.

This general language is contrary to the intent of Congress and to the prior interpretation of these two sections of the Internal Revenue Code. The soundness of the prior interpretation is made manifest, I believe, by section 4220 of the Internal Revenue Code, which provides that when a manufacturer makes cabinets to house radio receiving sets or television receiving sets, and sells them to another manufacturer who does install the sets in them, the excise tax is to be paid by the latter manufacturer, rather than by the manufacturer of the cabinets.

The ruling, which has raised much consternation among manufacturers of cabinets susceptible for use for a multitude of purposes, and not knowingly sold for the purpose of containing radio and television receivers, is stated in sections 48.4142-1(a) and (c)(2) of the Manufacturers and Retailers Excise Tax Regulations, and is published in 26 CFR 48.4142-1, entitled "Radio and Television Components." If one interprets this ruling strictly, and restricts the meaning of the ruling to the exact case covered, it would not be susceptible of the broad interpretation which is being placed upon it by the furniture industry. This is true because the decision is to this effect: Cabinets and so-called stands designed to enclose complete television receiving sets come within the scope of the term "radio and television components," as defined by section 4142 of the Internal Revenue Code of 1954.

Using the word "designed" in its ordinary meaning, the ruling would apply to cabinets and stands which are set apart for use as containers of radio or television receiving sets. But this opinion contains some general language which can be construed to mean that any cabinet manufactured for any purpose—and they are manufactured for scores upon scores of purposes—which is susceptible of use by anyone at any time in the future to contain a radio receiving set or a television receiving set is subject to this excise tax.

If that possible interpretation is adopted and enforced, it would undoubtedly result in the bankruptcy of many now engaged in the furniture industry. This is so because not only would it apply in the future to cabinets of all kinds, but it would also be retroactive to the time of the original enactment of this law. Such possible interpretation is inconsistent with the previous interpretation placed upon sections 4141 and 4142 by the Internal Revenue Service in its actual collection of taxes, and also in the regulations adopted for the enforcement of these statutes. Such regulations define a "cabinet" within the meaning of these statutes as a container suitable for housing a chassis for a radio receiving set or a television receiving set.

But under the new interpretation, assuming that the Internal Revenue Service adheres to the general language it uses, an excise tax would be imposed not only upon a cabinet actually manufactured and sold for use as a container for a radio receiving set or a television receiving set, but also upon all cabinets and stands which, by reason of their shape or size, would be susceptible of use—whether they were ever so used or not—to house a radio receiving set or a television receiving set already housed in another cabinet. In other words, the new possible interpretation would change the regulation which now provides that a cabinet is a container suitable for housing a radio or television receiving set, and would make it provide that any cabinet is subject to the excise tax if the cabinet is susceptible of use to house another cabinet which already houses a radio or a television receiving set even if it is not designed for such purpose and may never be used for such purpose.

My amendment would clarify these provisions of the Internal Revenue Code and make plain what I contend was the original intent of Congress and what has been the interpretation uniformly placed upon this section of the Internal Revenue Code from the beginning; namely, that the excise tax imposed by section 4141 should apply only to a manufacturer or producer or importer only when he sells a cabinet for use with or in connection with a radio receiving set or a television receiving set. My amendment would also make certain that the new interpretation would not be applied retroactively.

Mr. President, in order that the problem may be presented in an understandable manner, I ask unanimous consent to have printed at this point in the Record, as part of my remarks, a copy of the ruling of the Internal Revenue Service; a copy of a document entitled "Memorandum Explaining Need for Change of Statute"; and the original of a letter, dated June 23, written to me by Mr. Joseph Harold Everington, of High Point, N.C. The letter and the memorandum make clear the necessity for amending these statutes so that they will conform to the original intent of Congress and will result in the imposition of the excise tax only upon cabinets which actually are manufactured and sold to house radio or television receiving sets.

The PRESIDING OFFICER (Mr. Hickey in the chair). Is there objection?

There being no objection, the ruling, the memorandum, and the letter were ordered to be printed in the Record, as follows:

Section 4142. Definition of Radio and Television Component

(26 C.F.R. 48.4142-1: Radio and television components. Rev. Rul. 62-62)

"Cabinets and so-called stands designed to enclose complete television receiving sets come within the scope of the term 'radio and television components' as defined by section 4142 of the Internal Revenue Code of 1954. Therefore, sales of these articles by the manufacturer, producer, or importer thereof are subject to the manufacturers excise tax imposed by section 4141 of the code."

Advice has been requested whether certain cabinets and so-called stands, which are designed to enclose television receiving sets, are considered to be television components within the meaning of section 4142 of the Internal Revenue Code of 1954.

A manufacturer of television receiving sets also manufactures decorative cabinets of various styles, sizes, colors, and finishes, which are designed to match the decor or period style of the furniture in a particular room. They are built with doors, and they have no shelves. Although they also may be used as bookcases, liquor cabinets, etc., they are designed, advertised, and sold as enclosures for table model television receiving sets. When such a cabinet is used to enclose a television receiving set, the set itself remains enclosed in its original cabinet and is a complete unit which operates independently of the decorative cabinet.

The company also manufacturers a stand which is designed as a partial enclosure for a table model television receiving set. This article has four legs and is equipped with a bottom panel, a top panel, and two side panels, but it has no front or rear panel. When a television receiving set is placed in the stand, the set is enclosed except for the front and rear sections.

A television receiving set may be readily removed from the decorative cabinet or from the stand and used elsewhere.

Section 4141 of the code imposes a tax upon the sale by the manufacturer, producer, or importer of certain articles, among which are "television receiving sets" and "radio and television components."

Section 4142 of the code defines the term "radio and television components" to mean chassis, cabinets, tubes, speakers, amplifiers, power supply units, antennae of the "buit-in" type, phonograph mechanisms, and phonograph record players, which are suitable for use on or in connection with, or as component parts of, any of the articles enumerated in section 4141, whether or not primarily adapted for such use.

Section 48.4142-1(a) of the manufacturers and retailers excise tax regulations provides that, in general, the term "radio and television components" means, among other things, cabinets which are suitable for use on or in connection with, or as a component part of, any radio or television receiving set, phonograph, or combination of any of the foregoing. Section 48.4142-1(c)(2) of the regulations provides that the term "cabinets" includes containers suitable for housing a chassis for any radio or television receiving set, phonograph, or combination of any of the foregoing.

The Internal Revenue Service considers that the term "cabinet" for a television receiving set, as meant by section 4142 of the code and section 48.4142-1 of the regulations, includes an enclosure which covers the sides and top of a table model television set as well as furnishing a support for such set.

Since the so-called stand, which has bottom, top, and side panels, and the decorative cabinets enclose television receiving sets, they are cabinets and are suitable for use on or in connection with television receiving sets. Therefore, it is held that they come within the scope of the term "radio and television components" as defined by section 4142 of the code. Accordingly, the sale of such a cabinet or "stand" by the manufacturer, producer, or importer thereof is subject to the manufacturers excise tax imposed by section 4141 of the code.

On the other hand, a table which merely supports a table model television receiving set without covering the sides and top of the set is not considered to be a cabinet within the meaning of the law and regulations. The sale of such a table is not subject to the manufacturers excise tax.

Memorandum Explaining Need for Change of Statute

SECTIONS 4141 AND 4142

Section 4141 imposes a manufacturers excise tax on radio receiving sets, television receiving sets, etc. The tax also applies to "radio and television components."

Section 4142 defines "radio and television component" to mean certain enumerated items "which are suitable for use on or in connection with, or as component parts of, any of the articles enumerated in section 4141, whether or not primarily adapted for such use." Included in the definition is "cabinets."

The Internal Revenue Service, in regulations section 48.4142-1(b), defines the term "suitable for use," in regard to the definition of "radio and television component," to mean an item "if it is commonly used with any of the articles enumerated in section 4141 * * * or if it possesses actual, practical commercial fitness for such use." Further, the above regulation (subdiv. (c)(2)), defines "cabinets" to include containers suitable for housing a chassis for any radio or television receiving set, phonograph or combination of the foregoing.

It has been brought to our attention that the definition of "radio and television component," in its application to "cabinets," in the statute and in the regulations, is too broad in scope. Any cabinet produced by a furniture manufacturer possesses "actual, practical commercial fitness" for use in connection with a radio or television receiving set. The implication in the statute is that a cabinet which may be used for various other purposes would be subject to the manufacturers excise tax, if it can be adapted to house a radio or television set, even if this were never done.

Revenue ruling 62–62 (IRB, 1962–17, Apr. 23, 1962) is indicative of the scope which the Internal Revenue Service gives to the term "radio and television components." The Service ruled that cabinets, which are designed to enclose television receiving sets, are television components within the meaning of section 4142 of the Internal Revenue Code, although such cabinets could be used as bookcases, liquor cabinets, etc.

Clearly, it is not proper to place the burden of the tax upon all cabinets or enclosures, regardless of their potential use. This would be placing a burden upon the furniture industry when the product manufactured does not have any direct connection with, and is not, necessarily, a part or accessory of a radio or television receiving set.

Accordingly, to clarify the situation, it is proposed to amend section 4141 so as to limit the tax, as to cabinets, only to cabinets and other enclosures which are sold on or in connection with the sale of the articles enumerated in section 4141, i.e., radio and television receiving sets, etc. It is proposed to amend the definition in section 4142 of "cabinets" (to which "other enclosures" has been added) to exclude cabinets and other enclosures not sold on or in connection with the sale of any of the articles enumerated in section 4141.

Accordingly, under the proposed amendment to the code, separate sales by a manufacturer of cabinets and other enclosures, other than on or in connection with an article enumerated in section 4141, would not be subject to the Manufacturers Excise Tax imposed by section 4141. However, if a manufacturer sells cabinets and other enclosures on or in connection with the sale of an article enumerated in section 4141, the tax on the enumerated article sold would apply to the total sales price of the complete article, including the cabinet or enclosure, as the case may be.

Sections 4141 and 4142, as amended, shall be effective, retroactively, to all years to which said sections, as originally enacted, apply.

HIGH POINT, N.C., *June 23, 1962.*

Hon. SAM J. ERVIN, Jr.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ERVIN: As you requested at our meeting in your office yesterday, I shall attempt to summarize some of the points discussed in relation to the taxability of cabinets under Code Sections 4141 and 4142.

Section 4142 defines "radio and television components" as meaning, among other things, chassis and cabinets. Regulations Sec. 40.4142–1 (TD6372, filed 4–21–59) defines the terms "chassis" and "cabinets" as follows:

"(c) Definitions (1) Chassis. The term "chassis" includes any assembly of parts into circuits for the reception and conversion of radio or television signals into impulses suitable for the reproduction of (i) sound by a radio receiving set, or (ii) a picture, either with or without its associated sound, by a television receiving set.

"(2) Cabinets. The term "cabinets" includes containers suitable for housing a chassis for any radio or television receiving set, phonograph, or any combination of the foregoing.

A sales tax ruling (ST 629, CB June 1933, p. 398), issued before the advent of television, defined chassis as follows: "Ordinarily the combination of tuning unit, amplifier, and powerpack is considered a chassis, but in some instances a chassis includes all of the parts of a radio receiving set except the cabinet." Another ruling (Rev. Rul. 58–387, CB1958–2, p. 797) states that cabinets for speakers are not subject to the manufacturers tax on radio and television components.

The above are the basis for what I believe to be the general understanding of the taxability of cabinets under Sections 4141 and 4142 prior to the issuance of Rev. Rul. 62–62. That is, that a cabinet used to enclose a "chassis" is subject to the manufacturers excise tax, but that a cabinet or enclosure which might be purchased by a consumer separate and apart from the purchase of a radio or television receiving set and used for whatever purpose he may wish is not subject to the excise tax.

The application of revenue ruling 62–62 results in subjecting to excise tax two cabinets for one receiving set, the cabinet enclosing the chassis of a table model receiving set and an auxiliary cabinet which might be used to contain the table model set which is in itself complete as to all component parts, including a cabinet.

You asked about the application of the excise tax to sales of cabinets by a furniture manufacturer to a television manufacturer where the cabinets are designed and used to enclose receiving sets. Code section 4220 and regulation 40.4220 provide that no tax shall be imposed on sales by the manufacturer of radio and television components sold for use by the purchaser as material in the manufacture or production of, or as a component part of, another article subject to the tax. Thus, in such cases, a television cabinet is subjected to tax only once when it is sold as part of the completed set.

Since Senators BYRD and CARLSON are also interested in this matter, I am sending them a copy of this letter in the hope it will be of some value to them.

I should like to express my appreciation of the cordial welcome I received from you and the members of your staff on my visit.

Yours sincerely,

J. H. EVERINGTON.

Mr. ERVIN. Mr. President, it would be intolerable for some of the general language of this ruling to stand. This is true because that would mean that an excise tax would be imposed upon every cabinet which could be used in any event to contain a radio receiving set or a television receiving set, even though it was not manufactured for that purpose and even though it may never be used for that purpose.

So it seems to me that as a matter of economic justice, as well as to carry out the original intent of Congress, my amendment should be adopted.

I realize that we are nearing the June 30 deadline in respect to the taxes covered by this bill. I also realize that the Finance Committee has had a herculean task resting upon its shoulders throughout this session, and that it has been compelled of late to devote all its attention to bills, like the present one, which must be passed before midnight on Saturday of this week.

I also understand that, owing to the lateness of the hour, the Finance Committee has agreed to oppose all amendments to the bill so as to insure that it is enacted before the June 30 deadline.

When this matter was first called to my attention, I communicated my misgivings about the possible interpretation of the ruling to the Finance Committee, which I know is conscious of the problems it raises.

I would not want my amendment to suffer defeat simply because the pending bill has to be enacted by Saturday night and the Senate might feel that the adoption of my amendment might provoke controversy in the conference committee and prevent the meeting of the deadline.

My amendment is meritorious. Its provisions must be incorporated in the Internal Revenue Code if the true intent of Congress is to prevail and economic justice is to be done.

I realize that it will be somewhat difficult for me to secure a favorable vote on my amendment at this time because of the procedural difficulties arising out of the June 30 deadline. I also realize that a defeat of my amendment at this time might cause me some disadvantage in seeking an enactment of its provisions in the future.

I wish to ask the able and distinguished chairman of the Finance Committee if he would care to make any comments.

Mr. BYRD of Virginia. Mr. President, the Senator from Virginia is familiar with the amendment. I think it has a great deal of merit. It has been very ably outlined and advocated by the Senator from North Carolina. I will assure the Senator that we will make a study of it.

As he knows, the amendment is now before the House Ways and Means Committee. After a study by the staff, if the committee approves it, it can be attached to another revenue measure; but, if possible, I would like not to encumber this particular measure with any other amendment because these taxes expire on midnight next Saturday.

If the Senator will be satisfied, I will assure him that the staff will make a study of it, and if after study the committee approves it, it can be attached to another of the revenue bills that we take up from time to time. I think the amendment has great merit to it.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. ERVIN. I yield.

Mr. CARLSON. In view of the statement of the distinguished Senator from Virginia, chairman of the Senate Finance Committee I sincerely hope the distinguished Senator from North Carolina will withdraw his amendment, although I think it has much merit. Had we had an opportunity in committee to consider it, I have no doubt we would have recommended that it be approved. I have heard discussions about it. I think the amendment has merit. On the basis of the chairman's statement, I sincerely hope the Senator will withdraw the amendment.

Mr. ERVIN. I assume, on the basis of the chairman's statement, it would be wise for me to withdraw my amendment and put it in the form of a bill, and then have it referred to the Finance Committee.

Mr. CARLSON. As one member of the Finance Committee, I assure the Senator it will be given consideration at some time, at least.

Mr. ERVIN. I certainly appreciate the statements by the able and distinguished chairman of the Finance Committee and by the able and distinguished Senator from Kansas.

The Finance Committee has thus far had no adequate opportunity to study the matter. The ruling was handed down late in April, and it was some weeks before the industry became acquainted with the ruling and the threat it presented. I do not think I heard about the ruling until the middle of June. At that time I called it to the attention of the Finance Committee, which has had no opportunity to give consideration to it because the committee had to give priority to bills which had to be passed by midnight next Saturday.

On the assurance of the able and distinguished Senator from Virginia and the able and distinguished Senator from Kansas that the Finance Committee will study the matter, I withdraw my amendment. I thank them for their assurances.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. JAVITS. Mr. President, there has been some discussion in contemplation of an amendment to this bill to reduce the rate of corporate taxes. It is to that subject that I would like to direct my attention, and to discuss the reasons for not doing so at this time and what should be done in its place.

I shall be joining with my colleague from New York [Mr. KEATING] in an amendment which relates to the tax on persons transported by railroads, but that will come in a few minutes to a particular part of the bill. Hence, I hope the Senate will indulge me if I address myself to the major portion of the bill.

We are now having much discussion about tax policy based on the stock market break, and it has been said, even by some Members on this floor, that there ought to be a tax cut. During this time individual Members of the minority cannot stand by, as I cannot, especially since I come from the seat of the break—New York City—and allow the bill to go through, increasing the corporate tax rate for another year, up to July 1, 1963, without some expression on this matter.

The American economic machine is not unlike a powerful and precision-built automobile engine. It will take some rough terrain and rough driving. The past has shown that it can, and that it will be able to do so in the future. But it does not mean that it has been constructed to withstand hot-rod driving on the New Frontier. We have to devote ourselves to the problem of a supercharged deficit budget. A deficit which already is estimated at $7 billion cannot be substituted for the kind of regular oil change represented by tax revision, in the interest of a better business climate and the competitive role we face in the future.

In this connection, I would like to offer a tax program which can lubricate the economic engine and give the American passengers some confidence that they will reach their goal across the difficult stretch of road which seems to be ahead.

It seems to me that a responsible tax program must be placed before the Congress and the American people now, rather than defer it to a later date. Even if not all of it can be enacted this year, widespread discussion and consideration of such a program can give us a clear view of what is ahead on taxes.

The sole thesis I would like to put before the Senate is that a clear view ahead on taxes is one of the prime requisites for the restoration of business confidence.

Business plans and consumer plans on which an acceleration of current economic activity depends so much are made on the basis of future expectations. With the possible exception of the lowest income brackets, spending plans will not be influenced to a very great degree by tax rates becoming effective for the near term, but they could be influenced very materially by a tax situation for business coming up in January 1963.

I therefore suggest the following tax program, which relates: first, to the pending bill which is still in the Finance Committee and which came from the House; and, second, to the new bill which the President says he is going to send to Congress, but which he has not sent yet, for a new tax program after January 1, 1963.

First, as to the bill now pending in the Finance Committee, I think it would have a salutary effect upon the whole American business climate if the administration faced reality and stripped the bill down to relatively noncontroversial provisions, in order to clear the way for its passage as a revenue producing measure.

That would mean dropping the provision for withholding on dividend and interest income. This provision is impractical. It throws a net of inconvenience over too many for too small a gain, and may well prove unnecessary in view of the automatic data processing program being instituted by the Internal Revenue Service. A great deal can be accomplished by questions on income tax returns, as I and others have suggested. It is an unnecessary burden on American savers and investors. The administration knows it. It knows there is a very small chance to pass it, and it should withdraw it in order to improve the present climate.

Second, the administration should drop the provision for current taxation of retained earnings of United States-owned foreign subsidiaries, if they are being retained for legitimate business purposes. This provision would imperil our international balance of payments and export position, and would eventually result in further revenue losses.

I have suggested as a substitute for the ill-advised provision on foreign subsidiaries which came to us from the House of Representatives a provision relating to the unreasonable accumulation of profits, and a shifting of the burden of proof on that provision, which is now in the law for domestic corporations, from the Government to the taxpayer, thereby doing everything we wish to do about tax havens without running the terrible risks the present provision encompasses in terms of a dampening down of American investment overseas.

Third, the administration should drop the provision for investment credits. I should make clear that I like that provision and was prepared to vote for it. But, Mr. President, the business community as a whole does not like it. The business community prefers a modernization of depreciation schedules and depreciation practices and the basis for depreciation in the law. The administration says it will do that now, within a month. So, Mr. President, it seems unwise to persist in pressing for a provision for the benefit of the business community which the business community does not wish to have. I am now convinced it would help to restore business confidence if the administration should withdraw it.

With those three provisions stripped from the bill, relieving the Committee on Finance of the struggle with them in which it is now engaged, with very little hope of anything happening, as we all know, the bill would produce $500 million to $560 million a year through the tightening of provisions on mutual savings and loan institutions, entertainment expenses, depreciable personal property, mutual fire and casualty cooperatives, other cooperatives, the so-called gross-up on the taxation of foreign investments, and other matters.

This would be a substantial revenue gain. It should not be jeopardized by tying up the tax bill in the Finance Committee, where it is now tied up.

So much for that part of the program, which relates to the pending situation.

The President ought to send to Congress an incentive tax program now. I respectfully submit that the items which I shall discuss ought to be its elements. It ought to take effect as of January 1, 1963, to give to business a certainty to which to look forward.

First, it ought to extend substantial relief to low-income taxpayers, using as a possible benchmark the fact that taxable returns showing annual incomes of less than $2,000 are responsible for only about $500 million in U.S. revenues. Such a revenue loss would be made up by enactment of those revenue-producing provisions of the tax bill now in the Senate Finance Committee to which I have referred.

Mr. President, in the light of the present cost of living it seems to me very unwise to continue to impose an income tax on taxpayers who have taxable income of less than $2,000 a year.

Second, there should be a statutory base under the revised depreciation schedules and guidelines to be published by the Treasury within the next 2 weeks. Such congressional action must await hearings on and an evaluation of these schedules, but should be planned as a strengthening element for business confidence, with respect to undertaking expenditures for new equipment.

Third, there should be a reduction of the overall limitation on individual income taxes from the present high limitation of 87 percent. This would be a managerial incentive. One of our colleagues, the Senator from Delaware [Mr. WILLIAMS], suggested it should be brought down to 60 percent. This would result in a revenue loss of about $130 million a year, after the second year. I am not subscribing to the 60 percent figure, but something in that range is desirable, again by way of inspiring business confidence and encouraging entrepreneurial initiative.

Fourth, Mr. President, there should be a reduction of the depletion allowance for oil and gas from the present level of 27½ percent, bringing it down to 20 percent. This could be done over a 3-year period, as is proposed in the bill offered by the Senator from Delaware [Mr. WILLIAMS] and other Senators. This would result in a revenue gain of about $250 million annually after the second year, thus accounting for about $120 million annually in additional revenues after subtraction of the revenue decrease attributable to the trimming of the ultrahigh tax on the higher income brackets, by way of entrepreneurial incentive which I have described.

Fifth and finally, there should be a restoration of the effective normal tax rate on corporate income to 25 percent, the rate which would be effective if we did not pass the bill today, with a 5 percent additional surtax on income above $500,000 for corporations per year. It seems to me, Mr. President, if we did that we would be looking after the people who presently have incomes of less than $25,000, who will be charged under the terms of the bill with the extra 5 percent, which does not seem wise with respect to small business, or what might even be called tiny business. Also, it would help those who are really engaged in small business, who have incomes under $500,000 a year, by reducing the corporate tax so far as they were concerned to 47 percent for earnings above $25,000.

If this were done as proposed by the Senator from Tennessee [Mr. GORE] the estimated revenue loss is $735 million a year.

As I have said before, I have given consideration to the idea of supporting a cut now in the bill before the Senate. But, Mr. President, I have decided not to do so, because such a move, in my view, is properly a part of an an overall incentive program, as to which we should have a balancing of what is lost with what is gained.

If actions are taken on a piecemeal basis now, it seems to me that this would result irresponsibly in a material reduction of revenue in the face of an already large budget deficit, without providing the assured incentive effect which I think is absolutely essential if we are to do that—and I recommend that we do—as a part of a larger incentive tax program.

An incentive tax program, of course, has an order of priorities both in point of need and in point of time. It appears obvious that the tax bill before the Committee on Finance should be cleared first, and that provision must be made to increase the purchasing ability of the lowest income groups, and to do the other things definitely in contemplation, as a balanced incentive program, effective January 1, 1963. Such a program should be presented to the Congress now and not deferred until some later date, because this is when it can do the most good.

It should be pointed out in the strongest possible terms that the program which I have outlined does not subscribe to the theory of raising demand through across-the-board tax cuts and deficit spending, nor does it rely upon the so-called trickle-down theory by which increased benefits to wealthy persons are supposed to provide eventual help to those who are on lower income levels.

Mr. President, the program I propose would provide a balanced incentive for all elements of the population, as well as for the corporate elements.

It must be made clear, Mr. President, that a "quickie" across-the-board tax cut is unrelated to the immediate problem of restoring the confidence which admittedly—and I think we have to say "admittedly"—has been seriously impaired by the stock market break.

We are not facing a recession situation, but rather a situation which may lead to a recession. Therefore, the "quickie" across-the-board tax cut would not do what must be done.

I recognize fully that an incentive tax program must be directly related to the need for responsibility in respect to appropriations and Government expenditures. This is a problem which arises on each authorization and appropriation measure. It is one of which the administration must take cognizance in connection with any tax incentive program.

I do not believe, however, in an across-the-board appropriations cut without regard to what is being cut and why. Therefore, I do not feel the problem can be dealt with in a tax incentive bill, except to state, as I do now, that a stricter and more responsible policy in respect to appropriations and authorizations for appropriations and expenditures must be accepted by the administration as an essential corollary of a tax incentive program.

I close, Mr. President, by stating that the program which I propose is designed, first, to enable the deprived income groups better to meet their basic needs as rapidly as possible, thereby also helping to increase the effective demand for food, clothing, and fiber products, most of which are in excess supply at current prices, but which have also relatively narrow price flexibility.

This kind of increase in demand is less likely to result in inflationary pressures than an across-the-board stimulation of demand at current price levels, which would tend to stabilize itself finally in slightly increased demand at higher price levels.

That is the first point. We should take advantage of greater demand and bring on stable price levels.

Secondly, this program is designed to enable business to plan for and actually set the machinery of increased orders in motion for the modernization and diversification of plant, equipment, and marketing. An important element of this point is the sharpening of the individual's incentive to make profits and not have them swallowed up by the Government, after they reach a fairly high figure.

The economic and psychological readjustment inherent in the stock market decline can become the sound base for greatly accelerated economic growth. But it can do so only if we provide the room for such growth.

And very importantly—and it is the whole point of my statement today—we must have a clear view of what is ahead in taxes, so that we will know that taxes are geared to the challenges and opportunities of our times.

I therefore urge, first, that the administration abandon what is untenable in the pending tax bill and thereby make it possible to pass the bill. We would increase our revenue take by over $500 million a year.

Second, I urge that not later, but now, he send us an incentive tax program so that the Congress may make its contribution to the restoration of confidence in the minds of the American business community. Congress has a big and responsible role to play. It can do it if it has something to sink its teeth in.

I close by emphasizing that when I use the term "business," I mean not only business management or security owners—though today they number 14 to 16 million—but also some 80 million people having savings bank accounts, life insurance policies, or interest in pension and welfare funds. Our whole economy is built on the structure of values represented by the stock exchange and its affiliated security exchanges. I therefore emphasize that business consists not only of managers and investors, but also the workers who depend upon the business structure for their livelihood. It includes also the farmer and the consumer. It is in that sense which I have made the proposal.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. ALLOTT. The distinguished Senator from New York has made a great, sound, and commonsense contribution to the thinking of our country today. We are all aware of our industrial and financial picture. Regardless of what newspaper or magazine we pick up, all we read about the industrial outlook for the United States today is gloom and doom. That attitude may be very hard for the administration to understand. But when we hear some of the statements made by advisers to the President about wage and price controls and regulation of machinery of economics, it is not hard to understand. As Arthur Schlessinger said in New Delhi last February, the Government should even regulate the social activities of the people of our country.

All those statements, together with the incidents which surrounded the steel price increase—regardless of whether one believes the steel industry was entitled to such an increase—the flattening of that raise and shoving the price steel companies to the wall on the price raise through the action of the President, through the activities of the Department of Justice, through the activities of the Defense Department, caused not only the steel company involved, but all other steel companies and every other businessman in the United States to look upon the Government with a great deal of apprehension—and I think rightfully so.

I therefore believe that in his proposals the distinguished Senator from New York has pointed out the course the administration might follow which would cure most of the mistakes made in the past 2 or 3 months.

I am speaking not only about big business, but also the man who owns a small drugstore or grocery store. I am talking about the man who owns a little garage or the man who owns a filling station. More than anything else, the people of our country today must be assured that they will be able to continue business under a free enterprise system. They want to be assured that there will be stability in taxation.

Through the Secretary of the Treasury, the President has recently indicated that certain reforms would be made. I agree completely with the distinguished Senator from New York in the suggestions he has made. If this Congress should adjourn without acting on a measure of tax reform and relief, we would lose all the momentum we have gained and would have to start anew on January 1, 2, or 3, when Congress convenes next year. The suggestions of the Senator from New York should be acted on. If we act with responsibility on a new tax bill, we will not only offer a lower rate, but we will also offer new realistic depreciation schedules instead of the 7 or 8 percent investment credit, as desired by the administration.

That could be partially done by the Internal Revenue Service now, through an immediate revision in depreciation schedules but they seem unwilling to take this step. If the Internal Revenue Service would do so, it could in effect say to business that this revision of depreciation schedules will be the pattern for next year. Then we would not have to wait until business had declined during the 4 months after adjournment, but we would see a gradual increase. We would witness a shot in the arm and a flow of blood in our business life the like of which we have not seen in years.

That is what the business people want. They want to be assured. The measures suggested would do so.

The distinguished Senator from New York has made a very great contribution to practical commonsense thinking. If we wished to stop all the psychological sliding that is occurring in the business world in our country today—not alone on the stock market but in every small and large business in the United States—we could do nothing better than to offer a program of tax reform such as has been suggested, adding to it new and realistic depreciation schedules which would enable us to compete with foreign manufacturers, which we, in many instances, cannot do now. Such a program would start a reinvestment of capital in the United States which we could realize before the first of next year and the kind of business activity and gross national product that everyone was forecasting in this country on the first of January. I think the opportunity is present. I think a great potential exists. But business must be reassured. Those in business must know the course for the future; and the Senator has very adequately pointed that out.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. SMATHERS. I congratulate the able Senator from New York on his presentation. I thoroughly agree with many of the recommendations he has made. I have made similar statements on previous occasions.

The question I wish to ask is as follows: As I understood, the Senator said that we should propose a so-called tax reform bill such as the one which is now pending before the Committee on Finance, with certain modifications. He would strike out provisions that apparently would not be passed, or over which there is a great deal of controversy. That would bring in approximately $500 million of additional revenue.

The second recommendation of the Senator, as I understand it, was that the President should send to Congress a tax reduction proposal with respect to individual and corporation taxes. Is the Senator in favor of that particular program even though it might result in a greater deficit than our country now has? Does the Senator recognize that if the recommendations which he has made were followed, there would be no possible way to make up the amount of lost income directly until the economy speeded up, and that next year there would be even a bigger deficit than the deficit this year?

Mr. JAVITS. In the plan which I have proposed, the deficit which would result would be not considerable. Rather, let me say that it would not increase the deficit. I say that for this reason. If we pass the pending tax bill without the disputed provisions to which I have referred, it will result in bringing in about $500 million in revenue. If we balance out the rest of this program as I have suggested, what I propose will, generally speaking, perhaps with a year's lag, balance itself out. Of course, one part or another may fall by the wayside; for example, I have suggested a rather moderate reduction in the oil depletion allowance. The reason for my suggestion is that I have a theory. I am grateful to the Senator from Colorado [Mr. ALLOTT] and to the Senator from Florida [Mr. SMATHERS] for enabling me to pinpoint my belief, or my theory. My theory is that what is required is not an increase in revenue or a diminution in it. What is required is certainty, and also the removal from the tax structure of what modern times demonstrate to be certain inequities of a major economic kind.

Mr. SMATHERS. I agree. The question is, if we get to a discussion of the subject, whether we are certain what reductions we are going to have, even though it might have the effect, at least temporarily, of bringing about a greater deficit.

Mr. JAVITS. I may say to the Senator from Florida that it will not be a greater deficit, if any at all. The way we figure it, there will be no additional deficit, but if there is, it will not be appreciable. I am sure that it will be unappreciable, and will not be a major factor.

Mr. SMATHERS. Let us suppose that we cannot pass a tax reduction bill and at the same time close a sufficient number of loopholes, to use the vernacular, that we would have a balanced program, when the income from other sources would more than make up for the reductions. Is the Senator of the opinion that the business psychology is such that it would still be advantageous to have a reduction even though there might be some increase in the deficit?

Mr. JAVITS. I would say that that would be a question of magnitude. If we run to a few hundred million dollars more in a deficit, it would be worth it. If we ran to a billion dollars in deficit, we would get to the point of no return. With a $78 billion tax take from these various taxes, I would say even a modest increase in the deficit, if forced upon us by the exigencies of the situation, would be worthwhile, considering what we would have accomplished by it.

I would not be prepared to subscribe to anything that would not represent the restoration of confidence with a balanced approach, within reason, as I have described.

Mr. SMATHERS. About a billion dollars?

Mr. JAVITS. Under that.

Mr. SMATHERS. A billion dollars or less?

Mr. JAVITS. Under a billion dollars. That would be my general judgment.

Mr. SMATHERS. I thank the Senator.

Mr. JAVITS. I thank the Senator.

Mr. AIKEN. Mr. President, subchapter (c) of the bill, with relation to the transportation of persons by air, prompts me to make a few remarks about the air service today, which is not provided to the rural areas of America. I am very much disturbed by the trend to isolate the rural areas of America so far as air service is concerned. I am even more disturbed by the readiness with which CAB permits the suspension of air service to areas which have almost no other way of getting in and out so far as air transportation is concerned, but which produce wealth, and where transportation service is of great importance to the people who live there.

I recall that when the airlines started a little over 25 years ago, they got their start in these country areas. They built up the economy of the whole country by serving rural areas, where air service was of such great importance. It appears now that we have reached a time when air service is considered a convenience for the big cities only. It seems to me that most of our airlines are not very anxious to serve an area unless there are a million or so persons living in the area, and they can fly from 300 to 500 or a thousand miles on a nonstop flight.

The airlines are in trouble financially. What got them into that condition?

Have they priced themselves out of the market? Were they too anxious to pay big salaries to their officials? Were the pilots too anxious for big pay which was not warranted? Each will have to answer that question to himself. I do believe, however, that greed has played a part in bringing the airlines to the financial situation in which they are today.

Certainly, if we are to believe the reports which have come to me, the stocks of airlines are not considered very good property, for the reason that their earnings are gobbled up by the operators.

I remember a little more than 25 years ago helping to build up some of these air systems. I worked with Amelia Earhart and Paul Collins when they were starting with, I think, a 12-passenger Boeing plane. That was the start of Northeast Airlines. Then they developed the use of the DC-2 and the DC-3. Finally, they became what could have been a prosperous and productive airline system. It certainly would have been—if I may paraphrase Gray—had not the later owners "let ambition mock their useful toil" and had they not gone into the big time flying which they were not in a position to play with.

These same airlines, which were so ready to serve rural areas when they needed business from these areas, became very ingenious at discouraging travel on flights in those areas which they did not care to serve. I would point out, as an example, the situation in northeastern Vermont, where we have a fine airport at Newport, Vt., serving all of northeastern Vermont, some parts of northern New Hampshire, and a considerable part of lower Quebec.

Six years ago CAB, which apparently looked at things differently then than it does now, directed Northeast Airlines to fly into Newport once a day during the 3 summer months from the 15th of June to the 15th of September. The airline even at that time was reluctant to do it, but they went in under the direction of CAB. It is my understanding that if it had been found that they did not meet their costs, a subsidy would have been provided. They had about 1,100 passengers in and out during the first year, 1,200 the next year, and 1,300 the following year. I was given to understand that 1,300 passengers, or about 6½ a day each way on a single flight to New York and intermediate cities, was enough to put the airline in the black.

Then they embarked upon a program of discouraging that business. Instead of flying directly from New York to Montpelier and Newport, and other places en route, they decided to fly from Newport to Montpelier and Boston and thence to New York. People who wanted to fly to New York did not want to go to Boston, because they could not always get a plane to New York; particularly they did not want to stay overnight in Boston. The airline discouraged some of that business from Newport to New York that way.

Another method they had was of canceling flights using the old reliable excuse of "mechanical difficulties" when a large number of passengers were waiting to take the plane.

As a result, during the last 3 years, they have made it impossible for the people in that area, which has no other service, rail or air, to depend upon the Northeast system.

The final blow came this month when they were to start the flight into Newport on June 15. Only 2 or 3 days before June 15 CAB gave them permission to suspend, which they did. They suspended even before they got started.

They want to serve only the big cities. Yet what is being done is in complete violation of the National Security Act and the National Production Act, which provide that it is the policy of the United States to decentralize industry and population. Nevertheless, with the consent of the CAB, more and more airlines are serving only the big cities of the country. It seems to me that instead of reducing the transportation tax on air travel, it might be better if the tax had been retained and the income therefrom used as a subsidy to provide air service for those areas which have hardly any other form of transportation at the present time. By discouraging the development of the rural areas, where most of the wealth of the country is created, we are contributing to the bringing on of a depression in this country, in the cities as well as in the areas where the air service is being suspended. I am afraid the New Frontier has a big city complex. I hope that is not true, but I fear that it is, because the CAB has had such a change of heart in only the last 2 years that instead of being the defender of the public interest, it at times appears almost to be the Washington representative of the airlines.

Mr. President, I hope this situation may be changed. I believe that the CAB should put the public welfare ahead of the desires of the airlines. Certainly we shall be contributing to a depression in this country if we seek to eliminate transportation to the rural areas of America.

Mr. **JAVITS**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **SMATHERS**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

JURISDICTIONAL STRIKE OF AIRLINE ENGINEERS

Mr. **MONRONEY**. Mr. President, the current jurisdictional strike of the airline engineers has shut down completely one of America's largest airlines and is threatening to shut down the worldwide system of Pan American Airlines.

After a recordbreaking mediation attempt by Secretary of Labor Goldberg, working with TWA Airlines and the officials of the Airline Engineers and Airline Pilots Unions, an agreement was reached that was declared to be satisfactory in settling the longstanding dispute over jurisdictional matters in the cockpits of the airliners.

However, within hours, local unions were in disagreement with the settlement in the TWA case. Consequently, Eastern Airlines was struck, and Pan American Airlines was threatened with a strike as soon as a court-imposed injunction expired.

This irresponsibility and total disregard of the great inconvenience to the American traveling public and the threat to our national and international air operations does not involve any genuine conflict over wages, hours, and working conditions of the engineers with the employing airlines. It is strictly a jurisdictional issue between two rival unions. The mediation board has found, and the courts have sustained the finding, that the engineers represent no separate craft requiring separate unions and separate job requirements.

The transition to jets has created an entirely new problem in the cockpit, and properly requires the man in the engineer's seat to be qualified not only as an airline engineer, but also as a pilot.

This new strike crisis is based on an entirely obsolete contract requirement that an airline engineer must have had at least 2 years' experience as a mechanic. Thus, while the engineer's job is to a great extent on a jet aircraft, his past experience in older reciprocating motors is the prime gage of his ability to deal with the operation of jet aircraft.

Whether the background of the engineer is a mechanic's job in an overhaul depot or as a pilot, he should be required, and would be required, to qualify, under proper requirements of experience and ability, to fill the flight engineer's seat. The extra guarantee for a third pilot in the cockpit, who can do either job and fill in through his pilot training on any other demands, is a very important element in the interest of safety. For planes which fly so fast and are so heavy, there should be the added assurance of a third pilot who is also qualified as a flight engineer.

The settlement made in the TWA case guaranteed seniority rights and also guaranteed protection of minority representation in any merger of the two unions. It guaranteed jobs for those who were able to qualify; and for those who still could not qualify for other jobs, it provided for satisfactory severance pay.

Despite all these things, which were properly taken into consideration in connection with the human rights and the human values involved, we now find two recalcitrant unions, representing Eastern Air Lines engineers and Pan American Airways engineers, throwing the whole course of national air transport, and perhaps also that of international air transport, into a stall.

It is high time that the personal vanity of various local union officials is not allowed to disrupt national and international transportation of hundreds of thousands of air travelers and to render unemployed over long periods of time tens of thousands of their fellow workers who have no quarrel or differences with the employing airlines.

My staff is now working on the draft of a bill to give finality to this longstanding matter of jurisdiction between unions in airline operations. If one small segment of this great industry, now guaranteed its proper rights in the TWA agreement, and assured of seniority rights, as well as protection of minority representation in any merger of the two unions, persists in punishing the traveling public and the other airline workers, as well as the companies, legislation to deal with this irresponsible attitude will be required of Congress at this session.

Mr. President, I ask unanimous consent to have printed at this point in the Record, in connection with my remarks, an editorial published today in the New York Times.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the New York Times, June 25, 1962]

For Airline Labor Peace

The strike of flight engineers against Eastern Airlines is in willful disregard of the public interest. It makes air travelers the victims of an interunion conflict, in which a sensible settlement formula already has evolved from the marathon negotiations Secretary of Labor Goldberg conducted in the strike threat at Trans World Airlines. The strikers spurn the assurances of President Kennedy and George Meany, head of the AFL–CIO that the best interests of the engineers themselves will be served by the proposed agreement. Instead, they have embarked on a course that may speed the elimination of both their craft and their union.

This is even more sure to be the upshot if the internal differences in the Flight Engineers International Association now lead to rank-and-file overthrow of the formula their negotiators approved at TWA. Ratification will not only keep TWA planes flying but help quell the revolt against the pact on Eastern and Pan American World Airways. Respect for trade union democracy is bound to suffer if the vote is adverse and the engineers plunge still deeper down a road the President has properly called "the height of irresponsibility."

In their bitter battle with the airline pilots—a battle that began long before the introduction of jets—the engineers have often had reason to feel aggrieved against both the pilots and the employers. Now the opportunity for a just solution is at hand. If it is rejected, the administration has demonstrated that it will be as resolute in standing for the national interest as it was in the fight over higher steel prices. The engineers as well as the country will benefit if another such test is avoided.

Mr. MONRONEY. Mr. President, I desire to compliment the distinguished acting chairman of the Committee on Labor and Public Welfare, and I pledge him my support in helping work out sound and reasonable legislation. I hope it will be limited strictly to the problems of airline operation, so we can pass the bill at this session, and not have to face such recurring strikes in connection with jurisdictional matters, which have been arising again and again over the past 4 years.

Mr. MORSE. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I am happy to yield.

Mr. MORSE. I wish to express my appreciation to the Senator from Oklahoma for the comments he has made concerning me; and I compliment him for the views he has expressed here. I certainly wish to associate myself with them.

I believe it is well known to Senators that the Senator from Oklahoma [Mr. Monroney] and I have been in consultation with the Secretary of Labor—Mr. Goldberg—and have made very clear to him that we hope he will be able to resolve the pending dispute between the flight engineers and Pan American Airways and Eastern Air Lines along the sound and fair and just lines on which he settled the TWA controversy, last week.

I am sure it is not news to any Member of the Senate, or at least it should not be, that the Senator from Oklahoma and I stand ready to introduce in the Senate whatever legislation may be decided to be necessary in order to protect the public interest against the flight engineers who are conducting what in my judgment is an irresponsible strike on jurisdictional grounds.

Mr. MONRONEY. I thank the able Senator from Oregon for his comments.

Mr. RANDOLPH. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. RANDOLPH. I wish to make only a brief statement at this time, rather than labor the point, because it has been exceedingly well made by both the capable Senators who have already spoken. However, I seek the privilege of offering my cooperation in facing and solving this pressing problem in an affirmative action. I deem it to be a responsibility to join with the Senator from Oregon and the Senator from Oklahoma, and perhaps other Senators, in a positive and all-out program of immediate attention on this problem. There will be no recrimination, in my opinion, in bringing into being equity for the parties at issue. More importantly, the national good and the public welfare must be met.

Mr. MONRONEY. Mr. President, I appreciate the comments of the Senator from West Virginia, who, himself, has been a great leader in aviation, and knows intimately these problems, and knows how disastrous can be the results of such quarrels in the cockpits of American air transport.

Mr. MORSE. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. MORSE. I wish to say that the statement made just now by the Senator from West Virginia is symbolic, because although he is one of the best friends which free labor has here in the Senate, yet he is a friend of free labor in connection with the legitimate rights of free labor; and whenever any labor group follows a course of action which jeopardizes the public interest and seeks to put a selfish interest of labor above the public welfare, then the Senator from West Virginia can be counted upon to follow the statesmanlike course of action which he has just enunciated.

Certainly, Mr. President, in connection with our responsibility as Members of the Senate, whenever any economic group attempts to exercise the license of placing its selfish interests above the welfare of the people as a whole, then we have the duty, under our oath, to see to it that the necessary checks and safeguards are placed on the statute books, in order to protect the public interest.

Mr. MONRONEY. I thank the Senator from Oregon for that very important and cogent observation.

RESOLUTIONS ADOPTED BY CLUB 100 (100TH INFANTRY BATTALION)

Mr. FONG. Mr. President, on June 2 this year, Club 100, composed of World War II veterans of Hawaii's famous 100th Infantry Battalion, met in State convention in Honolulu.

By way of explanation, Mr. President, these are veterans of some of the bitterest and bloodiest campaigns of World War II from North Africa to Italy, serving with distinction at Salerno, Cassino, and Anzio, to mention but a few of the battlefields.

In these hard-fought engagements, the 100th Infantry Division soon established a reputation for outmarching and outworking most troops and earned worldwide fame for exploits of courage and daring and tenacity. All of us in Hawaii are immensely proud of the 100th Infantry Battalion.

Because of their background and experience, I believe their counsel and recommendations deserve special attention and, therefore, Mr. President, I am bringing to the attention of the Senate four resolutions adopted by Club 100 this month; one, opposing the Defense Department's proposed reduction of Army National Guard units; a second, endorsing Federal and State Government employment agencies for efforts to serve employment needs of veterans; a third, urging consideration of the impact on Hawaii of a defense appropriations bill requirement that 35 percent of Navy ship repair and conversion go to private shipyards; and a fourth, asking Federal authority to treat veterans with non-service-connected disabilities in private hospitals on various islands of Hawaii.

Recent action taken by the Senate of the United States attests to the soundness of Club 100's stand on the National Guard and ship repair and conversion. In regard to the National Guard, the Senate approved sufficient funds to provide for an end-year strength of 400,000 and included language establishing that force level and stating that in any reorganization or realinement for modernization the number and geographical location of units shall be maintained insofar as practicable.

In regard to ship repair and conversion, the Senate provided that the President may, if in the public interest, direct ship repair and conversion to be done in Navy or private shipyards at his discretion.

As for the fourth resolution adopted by Club 100, I am pleased to report that the Senate Subcommittee on Veterans Affairs on May 22 approved a bill to give the Veterans' Administration authority to contract with private hospitals on neighbor islands for medical care of veterans with non-service-connected disabilities. The bill is now pending before the full Senate Labor and Public Welfare Committee.

Mr. President, I ask that the text of these resolutions be printed in the RECORD at this point.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTIONS

Whereas the Department of Defense has strongly indicated that certain Engineer units within the various State National Guard components will be eliminated; and

Whereas definitely Hawaii National Guard's effectiveness will be reduced with the elimination of its Engineer units; and

Whereas Hawaii, situated in a location where total preparedness is constantly necessary and the reduction of National Guard units will definitely weaken its position in case of enemy attack; and

Whereas members of this Club 100, veterans of World War II, who underwent the rigors of warfare during World War II, are definitely against any reduction of military units which would weaken the defenses of the State: Now, therefore, be it

Resolved by the State convention of Club 100, held on June 2, 1962, That this veterans organization is opposed to any action which would reduce the effectiveness of the Hawaii National Guard; and be it further

Resolved, That a copy of this resolution be transmitted to Maj. Gen. Fred W. Makinney, adjutant general, Hawaii National Guard; Senator Hiram L. Fong; Senator Oren E. Long; Congressman Daniel K. Inouye; William F. Quinn, Governor of Hawaii; James K. Kealoha, Lieutenant Governor of Hawaii; Senator William H. Hill, president of the Hawaii Senate, and Representative Elmer F. Cravalho, speaker of the Hawaii House of Representatives.

Whereas it has been the Club 100's long-established policy to promote maximum employment for all veterans; and

Whereas the Servicemen's Readjustment Act of 1944, as amended (GI bill), provides by law the establishment of facilities for an adequate counseling and placement service for all veterans; and

Whereas the U.S. Department of Labor, in cooperation with the State public employment offices, has the legal responsibilities to establish policies for carrying out the provisions of the GI bill; and

Whereas the U.S. Department of Labor, through the Bureau of Employment Security, its State employment services, and the Veterans Employment Service, are concerned in providing adequate counseling, placement, and other services for all veterans with special services to the disabled; Now, therefore, be it

Resolved That the Club 100, at its regular board of directors meeting held in Honolulu, Hawaii, on June 13, 1962, endorse and pledge full support to the Bureau of Employment Security, its U.S. Employment Service, the Veterans Employment Service, and State employment services in their desire to better service the employment needs of veterans; and be it further

Resolved, That copies of this resolution be transmitted to Edward L. Omohundro, chief, Veterans Employment Service; E. Leigh Stevens, administrator, Hawaii State Employment Service; Senator Hiram L. Fong; Senator Oren E. Long; Congressman Daniel K. Inouye; and Henry S. Knniyuki, Hawaii Veterans Employment Representative.

Whereas title II and title III of H.R. 11289, Department of Defense Appropriation Act—1963 imposes limitation on the amount of funds the Secretary of the Navy can expend during fiscal year 1963 for ship repair and ship conversion in Navy shipyards, and

Whereas the bill as approved by the House provides that no more than $311,740,000 may be spent for ship repairs in naval shipyards out of a total of $479,662,000, and

Whereas these limitations in effect provide that only 65 percent of ship repair and conversion funds would be available for work in naval shipyards and the remaining 35 percent of work to be done in private shipyards, and

Whereas such an allocation would force the Secretary of the Navy to send ships to private yards for repairs or conversion at a time when, in his best judgment, it would be contrary to our defense requirements, and

Whereas these limitations proopsed by the House bill will severely affect the ship repair program of the Pearl Harbor Naval Shipyard in Hawaii with the resultant elimination of numerous jobs among the 9,000 civilians now employed there, and

Whereas such elimination will inevitably create a hardship to the economy of Hawaii and individually to a number of our own comrades in Club 100; Now, therefore, be it

Resolved by the State convention of Club 100, composed of veterans of World War II, held on June 2, 1962, in Honolulu, Hawaii, That this veterans organization urge the U.S. Senate Defense Department Appropriations Subcommittee to consider carefully the damaging effects the limitations in appropriations will have on the economy of Hawaii, and be it further

Resolved, That copies of this resolution be transmitted to chairman of U.S. Senate Defense Department Appropriations Subcommittee; members of the said subcommittee; Senator Hiram L. Fong; Senator Oren E. Long; Congressman Daniel K. Inouye; William F. Quinn, Governor of Hawaii; William Hill, president of the Hawaii Senate; Elmer Cravalho, speaker of the Hawaii House of Representatives; James R. Collier, president of national association of naval technical supervisors; William D. Bennett, president of Pearl Harbor Association; Don B. Hardy, president of naval civilian administrators association, Rear Adm. James M. Farrin, commander, Pearl Harbor naval shipyard.

Whereas the treatment of veterans with nonservice-connected disabilities at private hospitals in Hawaii was terminated with the advent of Statehood; and

Whereas such termination created a hardship for certain veterans, particularly those living on the neighbor islands who were thus forced to be hospitalized at Tripler Army Hospital in Honolulu or be hospitalized at their own expense in private hospitals; and

Whereas a bill permitting treatment of veterans with non-service-connected disabilities at hospitals in Alaska and Hawaii is now in the United States Senate, sponsored by Senator HIRAM L. FONG, Senator OREN E. LONG, and Senator ERNEST GRUENING; now, therefore, be it

Resolved by the Club 100 in State convention assembled in Honolulu, State of Hawaii, on the 2d day of June, 1962, to support this measure wholeheartedly; be it further

Resolved, That copies of this resolution be transmitted to Senator ERNEST GRUENING, Senator HIRAM L. FONG, Senator OREN E. LONG, and Representative DANIEL K. INOUYE.

EXTENSION OF EXISTING CORPORATE AND EXCISE-TAX RATES

The Senate resumed the consideration of the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes.

Mr. JAVITS. Mr. President, I call up an amendment which I submit on behalf of myself, my colleague [Mr. KEATING], and the Senator from Connecticut [Mr. BUSH]; and I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 6, in line 23, it is proposed to strike out "October 1, 1962," and to insert "July 1, 1962."

Mr. JAVITS. Mr. President, in our view, the Finance Committee was right the first time it dealt with this matter. Let us remember that about 10 days ago the Finance Committee reported the tax-rate extension bill with respect to persons traveling on railroads and buses, and called for removal of the existing tax on July 1, 1962; but on Saturday the committee called back the bill, and later reported it again, but this time with a provision for removal of the existing tax as of October 1, 1962.

It seems to us that, at the very least, Senators who represent States in which are located great centers of commuter travel, such as New York City, and Senators who represent States contiguous to such centers of commuter travel—for instance, Connecticut, from which travelers and commuters feed into New York City via the New York, New Haven & Hartford Railroad—should favor July 1 as the date for the removal of the existing tax, rather than October 1, and also should take the position that a January 1 date is completely unacceptable, as the Finance Committee agreed in both its first report and its second report.

I do not believe the railroads can be treated in the same way the airlines are treated, because I believe it is generally agreed that the situation of the railroads is much worse than that of the airlines, and in any case, aside from the matter of income, it is very much worse in terms of the sums received from the Government. After all, the airlines are still the recipients of very large benefits from the Government, whereas over the years such assistance has been phased out, insofar as the railroads are concerned.

It was my desire and that of the Senators who have joined me in sponsoring this amendment to submit a much narrower amendment. In order that our intent in that connection may be clear, I ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, that amendment, which I now send to the desk.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 6 after line 23, insert the following: "Notwithstanding the provisions of the preceding sentence, the tax imposed by section 4261 of the Internal Revenue Code of 1954 shall not apply to amounts paid for transportation of persons by any rail carrier which was not liable for the payment of any Federal income tax for either of the last 2 taxable years of such carrier which ended prior to July 1, 1962."

Mr. JAVITS. Mr. President, the amendment we proposed to submit would have confined the additional 3 months' relief to passengers on railroads which had reported losses, for Federal income tax purposes, in either of the last 2 years and this would have resulted in a diminution by approximately $6 to $8 million of the revenue expected from this source, as contrasted with an estimated diminution of $25 million in such revenue if this amendment were adopted and enacted into law.

The reason why the amendment was not submitted in that form is that objections would have been made, which are impossible to argue on the floor on this short notice, to the effect that it violated the constitutional provision requiring uniform application of taxes in a geographical sense.

Rather than get into that question, if the Senate should look favorably upon the amendment, the conferees—who must consider this question, no matter which amendment we adopt, since it is in conflict with the provision in the House-passed bill—can work it out on as narrow a basis as necessary both to serve our purposes and to minimize the amount of revenue loss, within the provision of the Constitution. That can better be done by the conferees than by our trying to argue the matter on the floor in the 5 or 10 minutes which we have to prepare the argument.

We have a very serious situation, and the purpose of our move—I do not say the purpose of amendment, because I have explained why it is broader than the amendment originally contemplated—is to deal with the problems of the Long Island, Erie & Lackawanna, Boston & Maine, New York Central, Pennsylvania, New Haven, and Reading railroads and some smaller railroads where every penny counts, in the most material and pressing way. The opportunity for the roads to get the amounts represented by the tax which the individual passenger now pays, is a matter of life and death for every one of these railroads.

The Long Island Rail Road serves a commuting population from Long Island to New York City of over 2 million people. We are not talking only about the well-being of the city of New York. The people of New York pay almost 20 percent of the Federal taxes, so our well-being has a great deal to do with the well-being of the Nation.

Our economic vitality and the way in which we move people to and from work are critical to the Nation, even leaving aside matters of defense and mobilization and transportation.

The Long Island Rail Road has become a State redevelopment corporation organized for the special purpose of conducting that system, which was in a terrible state of disrepair and was just a shambles when it went into bankruptcy a few years ago. This road is faced with the necessity of increasing fares, which are already very high, if it does not get some kind of relief we are discussing today.

The New Haven is in receivership now. The Senator from Connecticut [Mr. BUSH] will perhaps address himself to another amendment, if the pending amendment is not adopted, of an even more specific character.

So the situation is of the utmost gravity and concern, and is a key and an integral part of the whole New England area. The commuter business does not concern merely the economic well-being of New York, but its impact has such an effect on the national tax and national economic situations as well to warrant our consideration of the matter here.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. BUSH. I wish to address a question to the Senator, because his amendment is intended to give relief to railroads not making money. The reason why they are not making money is that their competition has been heavily subsidized by the Government of the United States for many years. Is that correct?

Mr. JAVITS. That is correct.

Mr. BUSH. The Senator has mentioned that the airlines have been heavily subsidized, and that fact has had a deleterious effect on the railroads. But it is also true that the highways, and therefore the trucking business, have been very heavily subsidized; and that fact has had an important effect not only on the passenger business, but also in respect of volumes and profits on freight business. Is that not so?

Mr. JAVITS. That is undoubtedly true.

Mr. BUSH. It seems to me the Senator's amendment is valid because, if we keep on ignoring the necessity of allowing the railroads to make a profit and stay in business and renew their plants, we are going to be faced with an issue in a few years that will be a very ugly issue, namely whether it will not be in the interest of national security for the Government to take over the railroads, which would then become a very much more expensive operation, as we learned in 1919 and 1920, than to do a little bit here and there, as the Senator from New York is now proposing, and help them in these difficult times.

I commend the Senator for bringing this amendment up and permitting me to cosponsor it.

I think the time has come when we must be more realistic in respect to these railroads, and take a more friendly attitude toward them, and not a punitive attitude. It seems to me they are the stepchildren of the national economy. They need a little sympathetic attention from the Congress, and right now. I hope the Senator's amendment will be adopted.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. SALTONSTALL. As a New Englander, I join in commending the Senator from New York for bringing this issue up so sharply and clearly. I have listened to what the Senator from Connecticut has said, and I agree with him.

It is particularly true with regard to the New Haven and the Boston and Maine in New England that, in addition to the competition of trucks and airplanes, they are essentially short-haul railroads. Also, the New Haven is particularly dependent upon passenger traffic, to a greater degree than any other railroad in the country. So that, with the short haul, with the great percentage of passengers, that railroad is very much harder hit by the tax on passenger transportation tickets than almost any other railroad. Therefore, the Senator's amendment is very much in order, particularly in New England, as the people in that Northeastern section of the country are greatly dependent upon railroads for transportation.

Mr. JAVITS. I am very grateful to the Senator from Massachusetts for his excellent contribution in sustaining this argument. My colleague is clearly correct. It is so unique a situation and so unique a problem that it is national in its scope and deserves the action of the Congress, as both the Senator from Massachusetts and the Senator from Connecticut have stated.

Mr. SALTONSTALL. I thank the Senator.

Mr. JAVITS. Two other points I wish to make. In addition to the serious situation in which the railroads find themselves, they face a material increase in their operating costs due to the fact that the Presidential Emergency Commission has recommended a 10.2 cents per hour increase for nonoperating employees. We are advised by the Long Island Rail Road that this inevitably leads to the same increase for the operating employees. This, in the case of the Long Island itself, will amount to a total payroll increase of about $1,670,000 a year. When that is compared with what will happen on this 10-percent fare tax, if on the Long Island there is an assignment of the relationship between the two, it will be seen that if the tax is taken off, there will be a greater opportunity for the railroad to get the approximately $1,800,000 additional revenues, the amount which, in addition to their other troubles, they have to pay in additional wage rates.

I am not arguing against the increase in wages. People should be paid properly for what they do. But I am arguing the question of adequate revenues and taxes.

Next, what are we doing in New York in the way of self-help and mutual cooperation? We in New York are very proud of what we have done. Governor Rockefeller initiated a program which resulted in an interstate staff committee to deal with the particular problems of the New Haven. This was done on October 24, 1960, and resulted in very considerable tax and other help to the New Haven.

In New York we have given help to the Long Island and to the New York Central in terms of State assistance to municipalities, so that there could be tax rebates and the municipalities could take over maintenance of stations and assist in many other ways.

This has been such an outstanding effort on the part of our State to help ourselves in this field that I ask unanimous consent to have printed in the RECORD excerpts from the latest annual report of the Office of Transportation of New York State, as a part of my discussion of this amendment.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

ANNUAL REPORT OF THE OFFICE OF TRANSPORTATION, 1961—STATE OF NEW YORK; NELSON A. ROCKEFELLER, GOVERNOR—OFFICE OF TRANSPORTATION, ARNE C. WIPRUD, DIRECTOR

INTRODUCTION

The Office of Transportation of the State of New York was established in 1959 as a part of Governor Rockefeller's program to meet more effectively the diversified transportation needs of the State. As a branch of the executive department, the office of transportation is responsible for advising and assisting the Governor in the formulation and coordination of an overall transportation policy and the development of programs to meet the special transportation needs of metropolitan areas.

New York is a most important manufacturing and consuming State; the port of New York is the country's major gateway for international trade and travel, and New York City is the financial center for the country and much of the world; hence, New York State is vitally concerned with the adequacy and efficiency of transportation linking New York with the Nation and with all parts of the world. It is within this larger context that the office of transportation must perform its functions.

Developments in the transportation industry, posing immediate and long-range threats to transportation serving New York State, have been the particular concern of the office of transportation during the past year. Merger applications involving major railroads in the East are pending before the Interstate Commerce Commission. Since any action on these merger proposals will substantially, and irrevocably, affect the adequacy of rail transportation serving New York, the State has intervened and is now a party to these proceedings.

The necessity for continuance of adequate passenger services prompted the legislature in 1959 and 1961, on recommendation of the Governor, to provide a significant measure of tax relief to bus companies and railroads. The office of transportation has assisted in the administration of these tax relief measures and other programs for the improvement of commuter services.

Transportation in urban areas has also received special attention by the office during the year. Travel in and out of New York City, especially the commuter services, are of concern to neighboring States as well as to New York. The interstate staff committee on the New Haven Railroad, of which the director of the office of transportation is a member, has continued the cooperative efforts of the Governors of New York, Connecticut, Rhode Island, and Massachusetts to preserve essential operations of this railroad. The formation, during the year, of the tristate transportation committee with broad regional planning responsibility for the Connecticut-New York-New Jersey metropolitan area is another indication of the States' concern for continued improvement of transportation within the region.

Other activities of the office of transportation, described in this report, include a study of the future transportation needs of Long Island and a broad survey of the transportation facilities and future needs of the Niagara frontier region, together with the ports and waterways of the State.

This report covers the activities of the office of transportation for the year ending April 30, 1962.

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II. TAX RELIEF AND OTHER ASSISTANCE

1. The history of tax relief

The tax relief granted by New York State is a response to the financial crisis confronting the railroads. In acting to meet this crisis, immediate and substantial relief, rather than a reconstituting of the tax structure, has guided the executive and the legislature.

The tax relief provisions enacted by the legislature in 1959 and 1961 are set forth in detail in the last annual report of the office of transportation.

Briefly, the 1959 legislation eliminated the special franchise tax on intangible rights and privileges, granted partial exemption of railroad property from local real property taxes, the exemption increasing as the railroad's earnings declined, curbed further increases by placing a ceiling on rail real property assessment values, and exempted certain future capital improvements. The 1961 legislation, responding to the deepening financial crisis, advanced the date when the full exemptions for the commuter railroads under the 1959 legislation would become available. It also increased the percentage of exemption as earnings declined, and granted complete exemption for railroad property located within the commuter area used exclusively for passenger service.

The 1959 and 1961 legislation also made other provisions for assistance to the commuter railroads; a program for providing new commuter cars was initiated and is later described; certain counties were authorized to assume the costs of maintaining commuter passenger stations; and postponement of certain taxes was authorized within the commuter area.

2. The extent of tax relief

The major tax benefits have accrued to the commuter railroads and to those railroads operating into the larger metropolitan areas of the State. This result follows from the selective character of the tax relief provided in the 1961 legislation and the generally higher property assessment values in urban areas. On March 1, 1962, the office of transportation filed with Governor Rockefeller a special report on railroad tax relief.

The tax relief to the railroads for the calendar year 1961, as a result of both the 1959 and 1961 legislation, is summarized as follows:

Reduction in railroad real property taxes—Calendar year 1961 compared with calendar year 1958

1959 law: Class I railroads, title 2A	$2,323,521
1959 law: Class II railroads, title 2A	35,651
1961 law: Commuter railroads, titles 2A and 2B	5,841,769
Total reduction	8,200,941

For the full tax year 1961–62, the amount of tax relief will be approximately twice the sum shown, but the complete impact of the statutes will not be realized until the following tax year.

3. Standards of service—Compliance

Eligibility for tax relief, under chapter 199 of the laws of 1961, requires the commuter railroad (a) to comply with standards of service prescribed annually by the director of the office of transportation, and (b) to participate in the commuter car program. Each railroad is required to submit a rehabilitation program for the ensuing year, and thereafter the director establishes the standards of service for that carrier for the year. The standards are established and compliance is verified in cooperation with the public service commission. Certification of compliance by the director to the State board of equalization and assessment then qualifies the railroad for real property tax exemption.

The first certification to the State board of equalization and assessment was made by the director on March 30, 1961. This entitled the commuter railroads to receive exemptions for the first fiscal year of each tax district after July 1, 1961.

The public service commission has the duty and responsibility to inspect the transportation property of the railroads for compliance with the service standards established by the director. The report of the department of public service to the director, dated January 31, 1962, was generally favorable. The "on time" performance of commuter trains for the period August–December 1961 was, on the average, above the required minimum of 90 percent. Safety standards for passenger cars and motive power were satisfactorily maintained. Quotas for cleaning and repairs of equipment were met or exceeded by each railroad. Track, roadbed, signals, stations and structures were maintained in compliance with the standards. The favorable results obtained reflected the sincere effort of the carriers to improve their commuter service.

Based upon this record of compliance with the 1961 standards of service and upon compliance with other applicable sections of the law, the director, on March 1, 1962, certified the New York Central, the Long Island, and the New Haven Railroads as eligible to receive tax exemptions for the fiscal year 1962–63.

4. Commuter car program

Commuter service has been deteriorating due in large part to the financial inability of the railroads to provide modern, comfortable equipment. The 1959 legislation sought to remedy this deficiency by authorizing the State to provide new commuter cars through the Port of New York Authority and lease them to commuter railroads under rental agreements. To secure the necessary financing, a constitutional amendment permitting the State to guarantee $100 million of port authority bonds for this purpose was passed by two legislatures and then approved by the electorate in the fall of 1961.

The New York Central entered into a lease agreement in 1961 with the port authority for 53 new rail commuter cars at a total cost of $8,165,012.30. The railroad is providing approximately one-half of the purchase price. The delivery of the first cars was made during March 1962, with the balance to follow within 6 months. The New York Central operates 580 passenger coaches in the New York suburban area, serving some 40,000 persons twice daily. The 53 new cars will have a seating capacity of 130 passengers each. The new cars will enable the New York Central to retire 99 non-air-conditioned cars built in 1906–7.

On February 28, 1962, the Long Island Rail Road executed a contract with the Port of New York Authority covering 30 new commuter cars which would be acquired by the authority and leased to the railroad. The contract also provides for the acquisition of an additional 30 cars if certain conditions are fulfilled. Delivery of the cars is expected in 1963.

On February 28, 1962, the trustees of the New Haven Railroad executed a contract with the port authority covering 100 commuter cars. These cars would replace 121 MU cars now operated by the railroad which were built during the period 1914–31. Terms of this lease agreement are subject to the approval of the U.S. district court in Connecticut which has jurisdiction over the railroad in the reorganization proceedings.

5. Financial condition of the commuter railroads

The year ending December 31, 1961, was not a prosperous one for the Eastern railroads. The business recession of 1960 continued into 1961, with resulting depressed railroad revenues. Two of New York's three commuter railroads, the New Haven and the New York Central, suffered large systemwide deficits, with the New Haven entering bankruptcy. The third commuter railroad, the Long Island, operated at slightly better than a break-even point for the year.

Railroad accounting does not separate the cost of suburban passenger service from systemwide passenger costs. For this reason, it should be emphasized that the deficits incurred by the New York Central and the New Haven Railroads are not necessarily attributable to their suburban service. In fact, a cost study of the New Haven Railroad, which will be discussed in detail later, demonstrates that only a minor portion of its deficit is attributable to its suburban passenger service.

New York Central Railroad

The operations of the New York Central differ substantially from those of the two other New York State commuter railroads serving the metropolitan area. Its extensive systemwide freight and passenger services materially affect the operating income account: thus commuter revenue has less impact on net income than on railroads whose operations are predominantly devoted to commutation service.

In 1961, the New York Central reported system operating revenues of $612,004,389. This was $62,538,984 less than for the year 1960. Net railway operations resulted in a deficit of $493,092 and there was an overall net deficit of $12,549,048. That the deficit was not attributable to any one service is demonstrated by the fact that freight operating revenue decreased 9.15 percent, passenger revenue 9.8 percent, with a resulting total decrease of 9.3 percent.

Long Island Railroad

The Long Island Railroad's financial condition, while still critical, improved for the year ending December 31, 1961, as compared with the previous year. A 26-day strike of its own employees and a strike of Pennsylvania Railroad employees which deprived the Long Island of the use of Penn Station for 2 weeks contributed to the poor financial showing for 1960. Other contributing factors were the business recession and the loss of express business diverted to motor carriers. The year 1961 resulted in a marked improvement of the Long Island's financial condition. Railway operating revenues were $69,925,477, an increase of $5,920,566 over 1960. After taxes, equipment rents and joint facility rents, the net railway operating income was $995,468, compared with an operating deficit of $1,721,669 in 1960.

New Haven Railroad

The rapid financial deterioration of the New Haven Railroad, which started in 1958, continued during the first half of 1961. As of the end of June, the railroad's balance sheet showed current assets of $23,380,423 and current liabilities of $59,690,889. The retained income account had been entirely depleted. On July 7, 1961, the railroad filed a petition for reorganization under section 77 of the Bankruptcy Act. This petition was accepted by the court and Harry W. Dorigan, William J. Kirk, and Richard J. Smith were appointed trustees. These appointments were subsequently approved by the Interstate Commerce Commission. The trustees petitioned the Federal court to authorize trustee certificates to cover estimated operating requirements for a year. The court, with the approval of the ICC, authorized $5 million in trustee certificates on August 4, and an additional $7.5 million on October 17, 1961. For the year ending December 31, 1961, operating revenue was $127,202,495, and the net railway operating deficit was $19,577,295. A breakdown of this deficit between freight, suburban, and other passenger services will be discussed later in this report.

III. NEW YORK-NEW JERSEY TRANSPORTATION AGENCY

The New York-New Jersey Transportation Agency was established by compact to supervise, coordinate, and integrate plans for maintaining and improving the transit facilities operating between the two States and for solving the bistate problem of mass transportation.

The agency operates under the direction of its two appointed members: the director of the office of transportation, for New York, and the commissioner of the State highway department, for New Jersey.

In pursuit of its basic objectives of seeking long-term solutions to the problems of mass transportation between New Jersey and New York and improving transportation operations between the two States, the agency has been engaged on two major projects: a journey-to-work survey and a railroad marine operations study. A third activity has involved the preparation of demonstration projects in conjunction with the office of transportation and the tristate transportation committee.

The journey-to-work survey will determine the travel patterns of commuters traveling to Manhattan in the area between Chambers Street and 60th Street. (A privately conducted survey has developed substantially the same data for Manhattan south of Chambers Street.) Approximately 350,000 questionnaires were distributed to a scientifically selected sample. A subsample of 100,000 questionnaires has been coded and processed, and the results are now being analyzed. This information is basic to the formulation of plans for the alleviation of traffic congestion and for improvements in transportation in the metropolitan area.

The basic data from this first survey have been recorded on punchcards and are available for specific tabulations as future needs dictate. Surveys are planned in other areas until the travel pattern for the entire metropolitan region is completed.

The railroad marine operations study is directed toward developing a plan for the consolidation of the marine operations of the railroads serving the port of New York. At present, each railroad maintains an independent operation, with it own piers, tugboats, lighters and carfloats. The railroads now operate a total of 1,162 marine units and require some 3,000 employees in the operations. There is considerable duplication of facilities and operations; much of the equipment is obsolete and extremely expensive to operate; and both equipment and manpower are substantially in excess of what is required by the volume of freight handled.

It has been estimated that initial annual savings to the railroads in excess of $2 million could be achieved by a consolidated operation. By retaining only the latest and best equipment for the consolidated operation, substantial additional savings would be realized in replacement costs and operating expenses.

The railroads have cooperated fully on the study and implementation of initial recommendations may be expected shortly.

In the preparation of demonstration projects for submission to the Federal Housing and Home Finance Agency, the bistate agency worked closely with the office of transportation. A number of different possibilities were considered before recommendations were submitted. Each recommendation introduces a novel element to existing transportation systems in an effort to determine not only feasibility but to gage the potential benefits in efficiency and economy.

IV. COOPERATIVE PROGRAMS

The regional nature of transportation operations in the New York metropolitan area has dictated an interstate or a joint Federal-State approach to both the planning and execution of programs for improvement. The office of transportation has thus become involved in the activities of interstate agencies and committees.

The organization and activities of the New York-New Jersey Transportation Agency, established by compact between the two States, have been described. Two additional interstate committees have important responsibilities in respect to transportation developments in the New York metropolitan area.

Tristate Transportation Committee

The Tristate Transportation Committee was established on August 30, 1961, by the coordinate action of Governor Rockefeller, of New York, Governor Meyner, of New Jersey, and Governor Dempsey, of Connecticut. In their joint announcement, the Governors stated, "The expeditious movement of millions of persons and tons of goods throughout the region is essential for the continued economic growth of the area. The three States have a vital concern in finding a solution to the critical transportation problems facing the region."

In establishing this committee, the Governors made it clear that "the committee's work will be action oriented."

The Tristate Transportation Committee is composed of 13 members; 4 from each State and 1 from New York City:

For Connecticut: Carl Lalumia, executive aid to the Governor; S. Howard Ives, commissioner of highways; Eugene S. Loughlin, chairman, public utilities commission; and Graham R. Treadway, chairman, Connecticut Development Commission.

For New Jersey: Dwight R. G. Palmer, commissioner of highways; Otto H. Fritzsche, State highway engineer; Herbert A. Thomas, Jr., director, division of railroads; and H. Matt Adams, commissioner of conservation and economic development.

For New York: William J. Ronan, secretary to the Governor; J. Burch McMorran, superintendent of public works; Arne C. Wiprud, director, office of transportation; and George A. Dudley, director, office of regional development.

For New York City: James Felt, chairman, New York City Planning Commission.

Roger H. Gilman, director of port development for the Port of New York Authority, was selected by the committee as its executive director. While working closely with other State, local, and interstate agencies having common interests in transportation developments for the region, the tristate transportation committee maintains its own offices and has its own staff.

Initial efforts have been directed toward preparation of mass transit demonstration projects, which will be carried out, in part, with Federal funds. A number of projects are now ready for submission to the Housing and Home Finance Agency for approval. These projects include station consolidation on the Harlem division of the New York Central, operation of certain New Haven trains to Astoria, in Queens, to permit interchange at that point with the B.M.T. subway, additional off-peak express service on the Long Island Railroad, automatic ticketing devices on certain stations of the Long Island, and new parking and station facilities on the Pennsylvania at New Brunswick, N.J. Additional work has been done on the study of rail marine consolidations, started by the New York-New Jersey Transportation Agency. This study has been expanded to include other aspects of railroad terminal operations in the port of New York.

The appointment of local government cooperating committees was announced on September 28, 1961. Governors Rockefeller, Dempsey, and Meyner, and Mayor Wagner, of New York City, took this common action in order to further the objectives of the tristate committee and to assure full consideration of the needs of each local community. Each committee is composed of key local government officials, "so that individual communities within the region can contribute to the comprehensive program and at the same time plan realistically for their own development."

The tristate transportation committee has also started a study of the standardization of railroad passenger equipment for the commuter services in order to achieve the full benefits of economies in manufacture and interchangeability in operation.

Interstate staff committee on the New Haven Railroad

The establishment of the interstate staff committee on October 24, 1960, by Governor Rockefeller, of New York, Governor Ribicoff, of Connecticut, Governor Furcolo, of Massachusetts, Governor del Sesto, of Rhode Island, Mayor Wagner, of New York City, and County Executive Michaelian, of Westchester County, was described in the annual report of the office of transportation for 1960. The committee continued its efforts in behalf of the railroad in 1961.

When the New Haven was unable to arrange further federally guaranteed loans and was forced into bankruptcy on July 7, the interstate staff committee promptly offered its services to the Federal court and the trustees, urging that the public interest required that every resource be utilized to maintain the essential passenger and freight services of the New Haven. In a report recently submitted to the Governors of the four States, the chairman, Dr. William J. Ronan, stated:

"In October 1961, the interstate staff committee reported: 'Your committee offered its services to the trustees and suggested a joint meeting with key executives of other leading eastern railroads to obtain short-term, expert "lend lease" assistance for the New Haven to make a comprehensive review of its properties, equipment, finances, traffic, management, and its future potential. The New Haven is a test case. It is to the interest of the other carriers in the East to give such assistance.'

"This offer was repeated on several occasions but was not accepted. The committee notes that on March 22, 1962, a group of nine railroad executives from Midwestern and far western railroads was appointed by the Secretary of Commerce to make a study of the New Haven Railroad. The group, according to the announcement, is expected to make recommendations on the condition of the railroad's facilities and equipment, the commuter problem, the general financial condition and overall prospects of the line. This report is due by May 21, 1962.

"The trustees of the railroad have also contracted for two major studies which should also assist in providing additional information. United Research, an economic analysis group, has been retained to conduct an economic survey of the area served by the New Haven for the purpose of providing needed data on the market potential of the railroad both on a long- and short-term basis. The engineering firm of Coverdale & Colpitts is studying economic and engineering problems. Both studies, it is understood, will be completed during the year with the Coverdale & Colpitts survey expected shortly."

A further study by Gibbs & Hill of the railroad's electrification facilities is also in process, and the important analysis of the New Haven's costs and revenues made by Dr. Ford K. Edwards is discussed on pages 27-31 in this report [not printed in RECORD].

V. LEGISLATION

The 1962 legislative session enacted a number of important laws to sustain and improve the transportation services available to the people and to the commerce and industry of the State.

1. Financing and rental of railroad commuter cars

On April 4, 1962, the Governor approved implementing legislation providing for a State guarantee of bonds issued by the Port of New York Authority for the purpose of financing the purchase and lease of new commuter railroad cars to the commuter railroads of the State. This action was authorized by a constitutional amendment approved in the 1961 general election. Participation by the three commuter railroads serving New York City, in this program, has been discussed previously in this report.

2. The Hudson and Manhattan Railroad

The Port of New York Authority was empowered by legislation approved by the Governor on March 27, 1962, to acquire, operate and improve the Hudson and Manhattan interurban electric railway, a major facility for commuter travel between New Jersey and Manhattan. With the improvement and extension of the Hudson Tubes service, this facility will provide greatly improved trans-Hudson commuter rail service. The law also authorizes the port authority to construct a World Trade Center on the lower West Side of Manhattan, a significant enterprise for increasing the trade potential of the port of New York.

3. Railroad redevelopment corporations

The Long Island Railroad has been carrying out its capital rehabilitation and service improvement program as a "railroad redevelopment corporation." As a railroad redevelopment corporation, it was entitled to certain tax exemption for a period of 9 years. Under an amendment to the real property tax law and the railroad law, as passed by the legislature and signed by the Governor on April 4, 1962, the period of tax exemption for railroad redevelopment corporations is extended to 12 years to be coterminus with the life of the redevelopment corporation itself.

4. Urban transportation planning

On April 13, 1962, the Governor approved an amendment to the public works law and commerce law which empowers the superintendent of the department of public works to sponsor and conduct urban transportation studies and mass transportation demonstration projects, and in furtherance thereof, to contract or cooperate with sponsoring Federal agencies. In exercising this authority, the superintendent "may act jointly with and otherwise cooperate with" the office of transportation and other State agencies.

5. Lake Erie-Lake Ontario shipping canal

Legislation authorizing the State of New York to cooperate with the Federal Government in carrying out studies for the construction of the Lake Erie-Lake Ontario shipping canal was enacted. The measure also authorized $70,000 for an aerial-photographic survey.

6. New York City Transit Authority

Legislation approved on April 19, 1962, amending the public authorities law provides for the acquisition and financing of 724 subway cars to replace obsolete and over age cars. The addition of these new cars will increase passenger convenience and will contribute to the overall operating efficiency of the transit system.

* * * * *

VIII. THE NEED FOR FEDERAL ACTION

In the 1960 annual report, a plea was made for Government, State, and Federal, to give first priority to arriving at a full understanding of the transportation problem and to formulating a consistent program which will restore this critical industry to vigorous health in the private enterprise sector of the economy. The actions by the State of New York, by the southern New England States, and by New Jersey to meet the immediate financial crises of their vital railroads and to plan for more satisfactory common carrier services have been important milestones, for it has meant the acceptance by these States of a measure of responsibility in the transportation field. However, it is recognized that the States alone, even when acting cooperatively, cannot restore common carrier transport to its proper role in the free enterprise economy.

This concept was emphasized by Governor Rockefeller, in an address to the National Conference of State Legislative Leaders, on October 5, 1961, when he stated:

"While our experience illustrates the kind of effective individual and joint action which the States can take in meeting transportation problems, the States cannot do it alone.

"Basically, this situation—the crisis in transportation—can only be dealt with in the framework of a national transportation policy embracing all forms of transportation—something which this Nation has never had.

"In my opinion, only drastic and immediate action by the Federal Government can save America from a national disaster in its entire transportation system. Such a disaster can only lead to nationalization of the American railroads and possibly the airlines as well. This would seriously erode the freedom and dynamism of our American system of private enterprise."

Mr. JAVITS. Mr. President, I think relief is eminently deserved.

A group of us in the Senate, deeply interested in the matter, petitioned our distinguished, very dear and genial friend, the chairman of the Committee on Finance, to make the date July 1, and the committee at first did that. However, the committee retraced its steps, and that is what we seek to correct.

It might be useful, as showing the widespread interest, to make a part of my remarks the letter dated June 12, 1962, which a group of 10 Senators addressed to the senior Senator from Virginia [Mr. BYRD] including my colleague [Mr. KEATING] and myself, the Senator from Connecticut Mr. [BUSH], and the Senator from Massachusetts [Mr. SALTONSTALL], as well as others from the areas involved. I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 12, 1962.

Hon. HARRY F. BYRD,
Chairman, Senate Finance Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We should like to express our views to you and to your committee on the provision contained in the Tax Rate Extension Act of 1962 passed by the House as regards the repeal of the 10-percent excise tax on railroad passenger fares effective January 1, 1963.

We urge that your committee give every consideration to reinstating the July 1, 1962, repeal date as originally requested by the administration. The users of many railroads have waited patiently for a number of years for this temporary emergency excise tax to be repealed. Furthermore, certain railroads which are in serious financial straits have based their projections on the immediate incorporation of this tax into their respective fare structures.

Such fare increases would, in fact, represent a net gain for the consuming public in that they would permit these railroads

> to continue operations without increasing fares above the present total passenger rate, tax included.
>
> For these reasons, we urge that the committee take affirmative action to repeal the 10-percent transportation excise tax as of July 1, 1962.
>
> Very sincerely yours,
>
> HUGH SCOTT, WINSTON L. PROUTY,
> THOMAS J. DODD, HARRISON WILLIAMS,
> JOHN PASTORE, PRESCOTT BUSH, JACOB
> K. JAVITS, KENNETH B. KEATING, LEVERETT SALTONSTALL, CLAIBORNE PELL.

Mr. JAVITS. Mr. President, before I conclude I should like to have the attention of the Senator from Virginia [Mr. BYRD]. I wish to say that in presenting this amendment we are not being unkind to him. He has assisted in reducing by 3 months the period of time for which the House had provided.

Our exigencies are such, I know my colleague will understand, with respect to every dollar of these amounts—the $750,000 which relates to the New Haven, and the roughly $500,000 which relates to the Long Island—that this may be the difference between rate increases or no rate increases, or even the life or death of a railroad. Hence we have a very pressing interest which motivates us to move in this way.

I think my colleague should know that we understand he is trying to help. We pay him all honor for trying. We hope he will try a little more.

Mr. KEATING. Mr. President, as my distinguished colleague has pointed out, a group of Members recently addressed a letter to the distinguished chairman of the Committee on Finance requesting that the transportation tax be repealed as of July 1. That was the Kennedy administration recommendation. We were acting in accordance with the program of the President of the United States, asking that the repeal be effective July 1.

The transportation excise was originally enacted as a wartime emergency tax. It has been extended again and again under the pressure of budgetary needs. I think most of us agree that at the first practicable moment we ought to relinquish this tax.

We all know that the financial position of the railroads in many areas of the country is very serious. The Senator from Connecticut [Mr. BUSH] has pointed out very properly that unless we do something quickly there will be great pressure—and probably a legitimate need—for the Government to take over the operation of certain of these railroads. We cannot afford in times like these to allow the railroads to lie fallow.

Railroad passengers have been promised that this tax would be repealed for many years. Many of us were very pleased when the Committee on Finance, in accordance with the administration program and in accordance with the request advanced by a number of us to them, reported a bill containing the provision to repeal the tax as of July 1. We were disappointed when the bill was subsequently called back to the committee. Now there is before us the proposal to repeal the tax as of October 1.

There has been tremendous growth in our cities. This applies, of course, to New York City but also to other great metropolitan areas of the country. There has been a concentration of cars and trucks and all kinds of vehicles moving into our cities, and thereby creating a transportation dilemma which becomes more serious every year. We need concerted action to coordinate our transportation policies and to see to it that all the various modes of transportation are strong and capable of the improvement which is necessary to do a good job.

The railroads have been particularly hard hit by financial woes. Despite the relief to which my colleague referred, which has been granted to the railroads by the State of New York and by some other States, many railroads of this country, particularly in the northeastern part of the country, are on the brink of fiscal disaster.

The repeal of the transportation tax has been urgently requested by a number of these railroads. The president and general manager of the Long Island Railroad; the trustees of the New York, New Haven & Hartford Railroad; as well as Governor Rockefeller and the Transportation Office of the State of New York have been in touch with me concerning the effect which the elimination of the transportation excise tax would have. All are agreed that immediate repeal would be of great assistance.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks copies of telegrams received from the three trustees of the New York, New Haven & Hartford Railroad; from Mr. T. M. Goodfellow, president and general manager of the Long Island Railroad; and from Governor Rockefeller with respect to this problem.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. KEATING. Mr. President, it is not only the railroads which are involved. Consumers as much as anyone else would benefit by this kind of proposed legislation.

Rate increases have been requested by a number of railroads in the Northeast, to keep their creditors at bay. The repeal of the excise tax would give a number of key railroads a means of obtaining additional funds without having a net increase in the fares to be paid by passengers. Furthermore, many railroads in the country are fortunately not faced with immediate fiscal crises. These railroads would be able to cut fares, which of course would be of direct and immediate benefit to consumers.

The railroad passengers, those who are employed by the railroads, and the railroads themselves need and have requested time and time again that something be done to repeal the 10-percent passenger transportation excise tax.

I pay my respects to the distinguished chairman of the Committee on Finance and to his committee for the step which they have suggested in that direction, as to the removal of the tax as of October 1. It is my feeling, however, that the administration was correct in its recommendation that the tax be repealed as of July 1. I therefore hope very much that our amendment will be agreed to.

Mr. President, at this point I would like to read a couple of sentences from a statement made by the president of the Pennsylvania Railroad at the Eastern Governors' Meeting on Railroad Problems in October of last year. His comment clearly illustrates the plight of the eastern railroads.

Our amendment, of course, would apply to all railroads. I understand a number of railroads in the southern part of our country are also in really serious trouble.

The president of the Pennsylvania Railroad said:

> The railroad situation in the East is a real public crisis—one that has been building up for some time. Many important roads are now in worse shape than during the depression of the thirties. Now this is not a temporary condition, and it is not going to miraculously disappear. It threatens not only railroad employees, customers and investors, but also the entire economy in our section of the country. It is so big and so serious that it demands prompt and effective action at the highest levels of Government.

The most serious objection which I have heard made to changing the date from October 1 to July 1 is contained on page 9802 of the CONGRESSIONAL RECORD, in the words of the distinguished chairman of the Committee on Ways and Means of the House of Representatives about the timetable on rate-change applications in lieu of the anticipated repeal of the Federal transportation excise tax. He said:

> It would be rather unusual for these applications to be processed by the Interstate Commerce Commission and rate adjustments go into effect for the benefit of the railroads much earlier than January 1, anyway.

Senators will remember that the House-passed bill provides for that reduction to take place on January 1, 1963. To that extent the bill reported by the Committee on Finance of the Senate is preferable, for it would set the date at October 1.

In a letter to the Chairman of the Interstate Commerce Commission, the Honorable Rupert L. Murphy, I quoted the statement made by the distinguished chairman of the House Committee on Ways and Means in the other body, and I said:

> It is my understanding that this is not the case and that assurances have already been given that every possible effort would be made to process these applications as quickly as possible. I would appreciate having a letter from you stating your views as to approximately how long it would take to approve a rate change were the Congress to repeal the transportation excise as of July 1, 1962.

My letter is dated June 8, 1962.

I received a reply from the Chairman of the Interstate Commerce Commission in which, after acknowledging my letter, he said:

> With respect to the statements on page 9802 of the CONGRESSIONAL RECORD regard-

> ing the processing by this Commission of applications of the railroads to increase their fares should the tax be repealed, it is well to explain that, generally, the carriers are free to publish and file with the Commission, tariffs providing for such changes in their fares, either increases or reductions, as they may regard as necessary or desirable, without the necessity of previously making application to the Commission or seeking Commission approval. Tariffs, however, are required to be filed on statutory notice of not less than 30 days before their published effective date.
>
> Changes in fares, of course, before they become effective, are subject to protest by anyone who regards them as unlawful, and possible suspension by the Commission.

The Chairman of the Interstate Commission continued:

> As a matter of fact, the New York, New Haven & Hartford Railroad Co.—

In which the distinguished Senator from Connecticut is very much interested, as are my colleagues, I, and others—

> in March of this year filed, on statutory notice, amendments to certain of its passenger tariffs to increase the fares or charges by 10 percent, the amount of the transportation tax, effective April 10, in anticipation of repeal of the tax by that date. In early April, the schedules containing the proposed increases in fares were postponed to become effective July 1, 1962. Therefore, if the tax is repealed effective July 1, the New Haven Railroad, insofar as these tariffs are concerned, effective that date, is prepared to increase its fares by the amount of the repealed tax.

The Chairman of the Interstate Commerce Commission went on to say:

> While representatives of other Eastern railroads early this year discussed with members of our staff the possibility of taking similar action, our Bureau of Traffic states that none of them has filed increased fare tariffs of that nature so far.
>
> If the tax is repealed, no amendment of the carriers' tariffs is necessary; the carriers will simply cease to collect the taxes. Furthermore, if the Congress repeals the tax effective July 1, as stated, the New Haven has tariffs on file to increase its local fares by 10 percent, and there appears to be no good reason for delaying the repeal date in order to afford other carriers opportunity to increase their fares as the New Haven now proposes to do.

They could immediately file new rates, to take effect 30 days from now. The form of amendment which I would prefer has been referred to by my distinguished colleague from New York. Instead of changing the date from October 1 to July 1, the amendment, notwithstanding the provisions of the section relating to the transportation tax, would provide that it should not apply to amounts paid for transportation of persons by any rail carrier which was not liable for the payment of any Federal income tax for either of the last 2 taxable years of such carrier which ended prior to July 1, 1962.

That provision would solve the pressing problem of a few of the Northeastern roads and others. Of course, it would be general in its operation. It would apply to about 15 railroads and would not involve as much revenue. It is estimated that it would involve perhaps $6 million in loss to the Treasury for the 3-month period. It would not apply to all railroads. I am informed that it would make it possible for several of the key railroads in the East, to operate without a fare increase.

A question has been raised by the very able staff of the Committee on Finance and by members of the Committee on Finance regarding the constitutionality of such a provision. It is pretty hard to argue that question out thoroughly on the bill at this time. My personal belief is that such a provision would be perfectly constitutional and would provide for uniformity.

The question has been raised as to whether the provision would establish a uniform excise throughout the United States. Of course, it must be so to comply with the terms of the Constitution.

I am not persuaded by the constitutional argument. However, it is difficult, on a bill we are trying to pass in a relatively short time, to have a long drawn out argument on the question of constitutionality. If the amendment fixing the date of July 1 rather than October 1 were agreed to, it might be that in conference with the House, and after further study of the effect of the amendment and its language, the committee would conclude that the provision could constitutionally be retained in the bill. Perhaps the committee would refer the question to constitutional authorities. If the committee should find it to be constitutional, in all frankness the provision would solve the problem of the New York, New Haven & Hartford Railroad, and the Long Island Railroad, and a number of others, which have not during at least 1 of the past 2 years, and in most cases both of the past 2 years, paid any income tax or had any profit whatever.

Mr. President, the plight of the railroads of our country is critical. It affects not only those who have invested in railroads, but every employee of the railroads. It affects every citizen of our country. It affects our national defense.

I know that the members of the Committee on Finance recognize what I have said. The committee has recognized it by the action which they have taken. I hope very much that the Senate will see fit to fix the date of July 1 rather than October 1 as the time when the tax will be eliminated.

EXHIBIT 1

> NEW YORK, N.Y., *May 23, 1962.*
>
> Hon. KENNETH B. KEATING,
> *Senate Office Building,*
> *Washington, D.C.*
>
> The trustees of the New Haven Railroad in reorganization under section 77 of the Bankruptcy Act urgently ask that your committee take all possible steps to make effective not later than June 30, 1962, as to it or any other railroad in bankruptcy reorganization or other insolvency proceedings a repeal or discontinuance of the 10-percent Federal excise tax applicable to railway passenger fares. Without relief in this matter by June 30, 1962, the ability of the trustees to maintain present service on its lines pending reorganization will be seriously endangered.
>
> Operations have been continuing only at a substantial cash loss. Following the President's message on transportation, we had counted on a repeal of the 10-percent excise tax with consequent tariff adjustments not later than June 30 of this year as an essential factor in eliminating our cash loss.
>
> We respectfully request your consideration of this vital matter in the interests of the public service which we are endeavoring to maintain.
>
> RICHARD JOYCE SMITH,
> WILLIAM J. KIRK,
> HARRY W. DORIGAN,
> *Trustees, New York, New Haven & Hartford Railroad.*

> JAMAICA, N.Y., *June 7, 1962.*
>
> Senator KENNETH KEATING,
> *Senate Building, Washington, D.C.:*
>
> The acceptance this week of Presidential commission recommendation that nonoperating employees of railroads be given a 10.2-cent-per-hour wage increase immediately increases the expenses of the Long Island Railroad by $1,050,000 per year. Negotiations underway with operating employes will add significantly to this bill. The Long Island, operating as a railroad redevelopment corporation, has no way to meet this expense except by a fare increase or by making a most undesirable reduction in forces which it can ill-afford to do. H.R. 11879, passed yesterday, ends the 10-percent tax on railroad transportation effective January 1, 1963. This matter is now before the Senate. If this tax could be ended on July 1, 1962, we have every reason to believe that this would provide us with an additional source of revenue that would eliminate the necessity for a fare increase. I believe I speak for the riders of the railroad when I say that a fare increase is to be avoided if at all possible.
>
> T. M. GOODFELLOW,
> *President and General Manager, Long Island Railroad.*

> ALBANY, N.Y., *May 24, 1962.*
>
> KENNETH B. KEATING,
> *Senate Office, Building,*
> *Washington, D.C.:*
>
> The House Ways and Means Committee has just recommended repeal of the 10-percent excise tax on railroad passenger fares. Strongly urge that the effective date for repeal be made June 30, 1962, rather than the recommended date of January 1, 1963. The delay of 6 months in effective date would mean a cash loss of $1.5 million to the bankrupt New Haven Railroad. The long-range program of assistance to the railroad now being prepared by the interstate staff committee, representing the States of New York, Connecticut, Rhode Island, and Massachusetts, would be strengthened if the effective date of the repeal of this tax be made no later than June 30, 1962.
>
> NELSON A. ROCKEFELLER.

Mr. SPARKMAN. Mr. President, in the wake of the decline in the stock market that has been taking place over a period of time, a great many people seem to be rather despondent as to business. Today in one of the lead articles in the Wall Street Journal there is an article entitled "How's Business?" The subtitle is, "Despite Stock Market Plunge, the Economy Has Many Bright Spots."

I read briefly from the article:

> Personal income is at a record level. So is consumer spending. So is industrial production. So is nonfarm employment.
>
> The economy has kept on growing long after passing the peak of the 1958–60 recovery, reached in May 1960.
>
> It has marched briskly forward since the pit of the 1960–61 recession, reached in February 1961.

Further along in the article there is brought out the fact that construction is a bright spot.

The article points out:

> Housing starts in May, at 1,587,000 annual rate, were 3 percent higher than in April and 23 percent above May 1961.

At the beginning of the year it was felt that we would be indeed fortunate if we were able to reach 1,300,000 during this year. At the present rate it is nearly 300,000 in excess of that.

The article points out:

> Contract awards for construction work were 18 percent higher in the first 4 months of this year than in the comparable 1961 period, according to F. W. Dodge Corp., a construction industry statistical service. The April total was 17 percent above a year earlier.

The article points out:

> Construction contracts, of course, foreshadow the actual start of building activity. Construction contracts awarded for commercial and industrial buildings are among the so-called leading indicators of business cycles.

I shall not read further from the article. It is a very well written, objective, sensible article. It discusses some of the weak points. For instance, the article brings out the fact that steel production is running only a little above 50 percent of capacity. On the other hand, it brings out something that not all of us have been observing in the last few years, or of which we have not been fully aware, that there are other metals that are invading the field of steel. The article points out that aluminum capacity is being stepped up to almost complete capacity, but certainly to around 90 percent of capacity.

It is a very thought-provoking article, one that I believe should be read by everyone, particularly in this time of wringing out of the water in the badly inflated stocks. We must have known it was there, and that would have to see a day of reckoning sometime.

I ask unanimous consent that the article be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOW'S BUSINESS?—DESPITE STOCK MARKET PLUNGE, THE ECONOMY HAS MANY BRIGHT SPOTS—PERSONAL INCOME, JOB LEVEL, FACTORY OUTPUT AT HIGHS; CAR, APPLIANCE SALES BRISK—CONCERN OVER STEEL, PROFITS

(By Alfred D. Malabre, Jr.)

How's business?

Stockholders writhe in a shakeout of highflying stocks. Economists speak of a mild recession next year. Washington worries over a lack of "growth."

Against this background a glance at major measures of the economy as things stand at the latest reading shows little evidence of illness.

Personal income is at a record level. So is consumer spending. So is industrial production. So is nonfarm employment.

The economy has kept on growing long after passing the peak of the 1958–60 recovery, reached in May 1960. It has marched briskly forward since the pit of the 1960–61 recession, reached in February 1961.

KEY INDICATORS COMPARED

Some key measurements of the economy appear in the table below. Dollars are in billions. Industrial output is a percentage of the 1957 average. Nonfarm employment is in millions, housing starts in thousands. Consumer spending and corporate profits are for the second quarter of 1960 and the first quarter of 1961 and 1962. Current totals are for May in categories reported monthly. Annual rates are used, except for retail sales, which are monthly. Seasonal adjustments are made.

	May 1960	February 1961	Latest
Personal income	$403.6	$403.1	$440.0
Consumer spending	$329.9	$330.7	$352.0
Corporate profits	$23.3	$20.0	$26.0
Retail sales	$18.5	$17.8	$19.5
Industrial output	109	102	118
Nonfarm employment	61.4	60.9	62.8
Housing starts	1,333	1,169	1,587

The sharp drops in the stock market recently, of course, cast a pall over the healthy glow of the latest figures. Many of the Nation's 16 million stockowners have seen much of their assets wiped out in recent weeks. They're likely, as a result, to spend less in coming months than they otherwise would. Moreover, other consumers, worried by the stock market, may also decide to cut down spending.

For the time being, however, there's little question that business, generally, looks good. Here's a capsuled review of some key parts of the economic picture:

Inventories: The supply of durable goods held by manufacturers to meet demand is considerably smaller in relation to sales than either a year ago or in February 1961, at the trough of the 1960–61 recession, latest figures indicate.

At last count in April, durable goods inventories of manufacturers amounted to $32.5 billion, or 1.98 times the $16.4 billion April sales of such goods.

A year earlier, by comparison, durable goods inventories totaled 2.14 times monthly sales. And in February 1961, the inventory-to-sales ratio was 2.30.

Retail sales are at a near-record clip. The May total was 1 percent below April but higher than in any other month on record, after adjustment for seasonal factors.

Sales of automobiles and appliances are booming. Shipments to dealers of refrigerators, ranges, freezers, air conditioners and home laundry equipment were 23 percent higher in May than in the comparable 1961 period. Automobile sales in the first third of June totaled 20,247 cars, up 21 percent from a year before. Auto industry economists talk confidently of full-year car sales around the 6.9 million mark, 17 percent above 1961. A sluggish item: Furniture.

Construction is a bright spot. Housing starts in May, at a 1,587,000 annual rate, were 3 percent higher than in April and 23 percent above May 1961. The latest total is the highest recorded since the debut of the Government's current housing starts series in January 1959.

Contract awards for construction work were 18 percent higher in the first 4 months of this year than in the comparable 1961 period, according to F. W. Dodge Corp., a construction industry statistical service. The April total was 17 percent above a year earlier.

Construction contracts, of course, foreshadow the actual start of building activity. Construction contracts awarded for commercial and industrial buildings are among the so-called leading indicators of business cycles, developed by the National Bureau of Economic Research, a nonprofit business research organization. Such indicators supposedly signal movements of the economy.

Consumer income: On a per person basis, disposable personal income of consumers is on the rise. In the first quarter of this year, it reached a record $2,039 annual rate, up from $2,032 the previous quarter and $1,940 in the like 1961 quarter.

Over the long term, per capita income also has moved ahead, even after allowing for price increases. In terms of 1961 prices, it totaled $2,021 on a yearly basis in the first 1962 quarter, compared with only $1,692 in 1950.

The average weekly pay of factory workers is also increasing. It climbed to a record $97.20 in May, up from $89.31 in February 1961 and $91.37 in May 1960, at the peak of the last business expansion.

Despite many signs of bounce in the Nation's business, there are also factors, besides the stock market, causing concern among economists and businessmen. Here are a few:

Unemployment: Although nonfarm employment is at a record, many months of expansion have failed to cut unemployment sharply. In mid-May, 5.4 percent of the civilian labor force wanted work, but said they couldn't find any. That's well below the 6.8 percent recession rate of February 1961. But it's considerably higher than at comparable periods in previous postwar expansion cycles. The unemployment rate after 15 months of the 1958–60 expansion—a weak upturn—was 5.1 percent.

The current rate, however, is still far below the depressed level from 1931 to 1940 when unemployment never dipped lower than 14.3 percent of the labor force.

New orders for durable goods, considered a key barometer of business weather, have weakened in recent months. After hitting $16.4 billion in January, after seasonal adjustment, they steadily declined to $15.8 billion in April. Orders in May remained at the April level.

The backlog of durable goods orders at the end of last month was $44.4 billion, $1.1 billion below April and down for the third consecutive month. The end-of-May backlog, however, still was $1.8 million above a year earlier.

Steel: Despite the fact some of its key customers—appliance makers, auto producers and contractors—are enjoying booms, the steel industry is operating at about half of its full capacity. Many steel executives fear operations will sink below 50 percent of capacity in the weeks ahead. They anticipate a moderate pickup later in the year.

The low production rate in the steel industry may partly reflect inroads by competitors, as well as sluggish demand, some observers say. Several days ago, for example, Aluminum Co. of America announced plans to lift its production to 86 percent of capacity next month. The company's current rate is about 82 percent of capacity. A few days before, Kaiser Aluminum & Chemical Corp. announced plans to increase its output of refined aluminum to 90 percent of capacity from 86 percent.

Corporate profits: In the first quarter, after-tax profits of corporations, though above the recession level of a year before, fell to a $26 billion annual rate, down from a record $26.5 billion in the previous quarter. Corporate profits are among the leading indicators of business activity.

Profit margins of manufacturers, moreover, narrowed to 4.3 percent of sales in the first quarter, down from 4.8 percent in the previous 3 months.

The squeeze on profits, many economists fear, will crimp business spending for plant and equipment in the months ahead. Businessmen spent about $35.7 billion on an annual basis on plant and equipment in the first quarter, according to estimates. That's slightly higher than the level of the previous few years, but under 1957's record $36.96 billion total.

It has been hoped plant and equipment expenditures will provide steam for the economy in the months ahead, if consumer spending starts to lag.

Mr. SMATHERS. Mr. President, I should like to say on behalf of the chairman of the Committee on Finance and the other members of the committee, with respect to the amendment offered by the able Senators from New York and the Senator from Connecticut, that the committee is very much in sympathy and has been very much in sympathy with the plight of the railroads.

The committee, as in the past, sought ways and means of alleviating in a sensible and practical manner some of the problems of the railroads, particularly those in the East which are in fact suffering great financial losses and are in very serious financial plight.

As a matter of fact, it was our committee which several years ago approved a bill, which the Senate passed, which immediately took off the transportation tax on persons using railroads and airlines.

In this particular instance, we were faced with a very practical problem, which was how we would justify acting differently with respect to railroads than with respect to airlines. The airline industry is now presenting a rather not happy picture as to what they are doing financially, and they have pretty well demonstrated that they are in serious financial difficulties.

As a matter of fact, the committee gave very serious consideration to removing the tax on the transportation of passengers on railroads as of July 1 and continuing, as the House recommended, the tax on airlines at a rate of 5 percent as of January 1, 1963.

Senators will remember that the House bill, however, continues the tax on the transportation of persons on railroads until January 1, 1963, at which time it would be removed.

After our committee had wrestled with this matter for some time, we finally unanimously decided that the only equitable thing we could do, and what would give the most relief at the moment, would be to take off the transportation tax on people who ride the railroads and people who ride the airlines as of October 1, 1962.

I misspoke myself with respect to those who ride the airlines, because we still keep that tax at 5 percent. I will not go into the reasons why we did that, because the Senators who sponsor the amendment are primarily interested in the railroads. It has been agreeable with the airline industry to keep the 5-percent tax in lieu of certain user charges which eventually they will have to pay. This seemed to be the only fair thing to do.

I would again say that as we looked at the subject, we knew about the New Haven problem. The able Senators know that back in 1958 the junior Senator from Florida was the chairman of the subcommittee which approved an act, the Transportation Act of 1958, which made it possible for the New Haven Railroad to borrow, through the Interstate Commerce Commission and from the Government a sum, I believe in the neighborhood of $17 million.

That itself was not sufficient to save the New Haven. There is no question about the fact that they need some help. There is no question that the States and counties and cities are taking a realistic approach to this problem. The Senators who have offered the amendment have demonstrated such interest in it that they are urging that we do something about the plight of the railroads.

The fact is that the Committee on Finance feels there is nothing more we can do in the pending bill if we are to deal equitably and fairly and constitutionally, and that is what we have done.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. SALTONSTALL. I think I speak for the other Senators who have offered the amendment when I say that the railroads have very real need at the present moment to get some money to meet the difficulty in which they find themselves in the light of the present condition of their revenues.

Mr. SMATHERS. What the Senator says is absolutely true. As the Senator from Connecticut has said, or as I believe I have understood him to say, at the moment the railroads are going to ask, possibly, for an increase in the passenger rate.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. BUSH. Sufficient to cover the tax if the tax were removed.

Mr. SMATHERS. By the time they got their rate increase—observing the experience we have had with respect to action by the Interstate Commerce Commission in granting rate increases—if the New Haven made the application tomorrow, it would probably be September or October before the rate went into effect.

Mr. BUSH. Will the Senator yield?

Mr. SMATHERS. I yield.

Mr. BUSH. They already have the authority from the Interstate Commerce Commission. The Senator from New York put their letter in the RECORD a short time ago. It indicates that if we could get the rollback to July 1, and the tax came off, the revenues from fares would increase 10 percent. We have a letter from the Interstate Commerce Commission to that effect.

Mr. SMATHERS. I thank the able Senator. I did not know they already had it. However, I would say that we are very sympathetic with the view expressed by the Senators. I believe we have gone to great lengths to demonstrate that sympathy. We have sought to improve their condition 100 percent over that which the House has recommended. In the light of the responsibility we have to the total transportation problem and to the other modes of transportation, it is our request that the Senate not upset the action of the Committee on Finance, but support the action of the committee which would remove the tax on transportation of passengers on railroads totally as of October 1 of this year.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SMATHERS. I am happy to yield.

Mr. JAVITS. Our purpose in offering the amendment is twofold. First, it would make more money immediately available where there is the need, as my colleagues have demonstrated. The second purpose is to demonstrate a body of opinion in the Senate with respect to this subject. Otherwise, the change of date from July 1 to October 1, insofar as its presence in conference was concerned, would not have represented in any sense the response to the point of view which we express. It would have been just something the committee did, because it was, as the Senator has said, trying to trim its ship according to the situation. We thought it essential that the deep feeling on our part, with respect to the urgent need as of July 1, that the committee was right the first time be strongly manifested, and the only way we could do so was to show our conviction on that score in the way we have acted today.

Mr. SMATHERS. I commend the able Senators from New York for the presentation they have made. There is no question that the eastern railroads, particularly the Long Island and the New Haven, are in serious condition. Congress and the whole country will have to wrestle with the problem very shortly.

Mr. KEATING. Mr. President, as I said before, we are all grateful for what the Senate committee has done as opposed to what the House has done. But knowing the penchant of the distinguished Senator from Florida for accuracy, I point out to him that the committee has not improved the position of the railroads 100 percent, but only 50 percent. What we seek to do is to improve their position 100 percent.

Mr. SMATHERS. Mr. President, I have always liked the Senator from New York because he is a reasonable man. He is not satisfied with 50 percent; he wants 100 percent.

Mr. KEATING. That is all.

Mr. CARLSON. Mr. President, as the Senator from Florida well knows, this problem was thoroughly discussed in the committee. We would very much have liked to provide 100 percent relief; but after analyzing the situation in the transportation industry as a whole from every angle, the committee felt, and I myself felt, that we had gone as far as we could. I hope the committee action will be supported.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Will the Senator from New York withhold his suggestion of the absence of a quorum?

Mr. JAVITS. I withhold the suggestion of the absence of a quorum.

APPOINTMENT OF COMMITTEE TO ATTEND THE FUNERAL OF SENATOR FRANCIS CASE, OF SOUTH DAKOTA

The PRESIDING OFFICER (Mr. HICKEY in the chair). The Chair, for the Vice President, announces the appointment of the following Senators as members of the committee authorized by the Senate to attend the funeral of the late Senator Francis Case, of South Dakota:

Vice President Lyndon B. Johnson, of Texas.

Senator Karl E. Mundt, of South Dakota, chairman.

Senator Mike Mansfield, of Montana, majority leader.

Senator Everett McKinley Dirksen, of Illinois, minority leader.

Senator Bourke B. Hickenlooper, of Iowa.

Senator Milton R. Young, of North Dakota.

Senator John Stennis, of Mississippi.

Senator Frank Carlson, of Kansas.

Senator J. Glenn Beall, of Maryland.

Senator Roman L. Hruska, of Nebraska.

Senator Carl T. Curtis, of Nebraska.

Senator John Sherman Cooper, of Kentucky.

Senator Howard W. Cannon, of Nevada.

Senator Quentin N. Burdick, of North Dakota.

Senator J. Caleb Boggs, of Delaware.

Senator Jack Miller, of Iowa.

EXTENSION OF EXISTING CORPORATE AND EXCISE TAX RATES

The Senate resumed the consideration of the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise tax rates, and for other purposes.

The PRESIDING OFFICER. The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUSH. Mr. President, I understood that the suggestion of the absence of a quorum had been withheld.

The PRESIDING OFFICER. It had been withheld.

Mr. BUSH. Mr. President, I wish to offer an amendment, but I thought it was the intention first to have the Senate vote on the Javits-Keating amendment.

Mr. SMATHERS. Mr. President, may we have a vote on the amendment offered by the Senators from New York?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senators from New York [Mr. Javits and Mr. Keating]. [Putting the question.]

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, on this amendment, I ask for a division.

On a division, the amendment was rejected.

Mr. BUSH. Mr. President, I offer the amendment which I send to the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 6, line 23, it is proposed to insert the following:

> Notwithstanding the provision of the preceding sentence, the tax imposed by section 4261 of the Internal Revenue Code of 1954 shall not apply to any amount paid for transportation by rail furnished solely by a carrier during any period after June 30, 1962, with respect to which such carrier is subject to bankruptcy or reorganization proceedings under the Bankruptcy Act, nor to any amount paid for facilities in connection with such transportation.

Mr. BUSH. Mr. President, the purpose of the amendment is to permit railroads which are in bankruptcy to be relieved of the 10-percent tax, as of July 1. How many railroads which are doing a passenger business are in bankruptcy? Only one: The New York, New Haven & Hartford Railroad Co. It has been in bankruptcy for a little more than a year.

This railroad is in dire financial circumstances. It is not meeting its plain operating expenses, to say nothing about fixed charges and the servicing of its debt. It is not even making operating expenses. In fact, at present the New Haven is incurring a cash deficit of about $300,000 a month, or at the rate of $3,600,000 a year.

Considering the cash position of this railroad at present, or very recently, when I last looked at it, it is perfectly clear that without some immediate relief, the road will run out of cash and therefore will have to shut down its passenger business—and the trustees have so declared publicly—unless it can get some relief.

We are dealing with a "dying man." The previous amendment dealt with a man who was quite sick. But the one I am talking about is on his deathbed. He needs a blood transfusion to keep him alive. He is in poverty. He has holes in his shoes. His trousers are worn out at the knees, because he has been praying so hard for relief. His shirt is dirty. He has no necktie. He is in a thoroughly disheveled condition, absolutely poverty stricken. I am asking the Senate to adopt an amendment so that this individual can be kept alive.

Mr. President, the New Haven Railroad is absolutely essential to the economy of New England. My fear is that if this railroad is allowed to die on its feet—and that may happen unless something is done to help it in the next few months; and this amendment would be of help to it right now—the result will be a real disaster to the entire northeastern part of the country. Unless this railroad is enabled to bring an end to its deficit and to put itself in a cash-income position, it will collapse, and that will be a disaster of the first order for New England, and particularly for the southern part of New England.

So I am asking that this railroad be given approximately $750,000 of relief in the next 3 months, in connection with this tax. Recently this railroad has negotiated a new wage settlement, which it had no alternative but to accept, and that has added $166,000 monthly to its expenses.

So I ask the Finance Committee to make an exception in this case, for this is the only railroad now in receivership; and I am very much afraid that unless we show it some consideration of this sort, there will be a movement, in due course, to ask the Government to take over this railroad. We wish to avoid that. Yet this railroad is so essential to the Nation—because New England was the so-called arsenal of democracy during World War II—that it is really necessary that something definite be done to help it.

So I ask the distinguished chairman of the committee and the Senator in charge of the bill, the Senator from Florida, to accept this amendment. It is a small amendment, in terms of the total bill, but it will save an important life. Because the amendment is a very small one, I think the committee would have no trouble in conference in persuading the House conferees to join in accepting it.

I am very much aware of the longstanding and affirmative interest of the Senator from Florida [Mr. Smathers] particularly in the welfare of the railroads throughout the time I have been a Member of the Senate. I recall the action he led in 1958, which made possible some relief. I know also that the distinguished chairman of the committee [Mr. Byrd of Virginia] is sympathetic toward private enterprise, and does not wish to see developments which would result in a strong demand for the Government to take over and operate this railroad.

More than 40 years ago we saw what happened when the Government operated the railroads. All of us hope we shall not have to witness that situation again.

But the combination of circumstances faced at this time might very easily result in a demand to have the Government take over the New York, New Haven & Hartford Railroad, because of its importance to the entire economy—not only to that of New England, but—because of the relationship of the economy of New England to that of the entire Nation—to the national economy.

So I hope very much that the amendment will be accepted.

Mr. SALTONSTALL. Mr. President, will the Senator from Connecticut yield to me?

Mr. BUSH. I yield.

Mr. SALTONSTALL. I join in urging the Finance Committee to accept the amendment and take it to conference, particularly in view of the fact that in any event there must be a conference.

In this instance, since the New Haven Railroad is the only railroad now in bankruptcy, I believe the amendment is a constitutional means, under the excise tax provisions, of extending aid to this railroad. It is now in bankruptcy and is in the charge of a court of the U.S. Government. So it seems to me that is a proper basis for making such an exception.

What the Senator from Connecticut has said is only too true of the rail traffic in that part of the country, because the traffic by sea is now negligible, even though we wish to build it up. So this railroad is providing an essential service in connection with the transportation of both freight and passengers when the airlines and the shipping lines cannot carry that traffic profitably.

Therefore, I join the Senator from Connecticut in urging the Finance Committee to accept the amendment and take it to conference, and there consider it very seriously.

Mr. BUSH. I thank the Senator from Massachusetts. Certainly no one is better qualified by experience than he to state the need for the enactment of this amendment; and what he has said is absolutely correct.

Mr. KEATING. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. KEATING. Mr. President, although the Senate did not see fit to adopt the previous amendment—and I very much regret its failure to adopt it—I strongly support the amendment of the Senator from Connecticut. The situation of the New York, New Haven & Hartford Railroad is the most serious of all those confronting the railroads, for today the New Haven Railroad is actually in bankruptcy. Therefore, it seems to me it is entitled to this rather unusual treatment, if the Senate is not prepared to extend it in other ways.

I have been in conference with the trustees of the New Haven Railroad, and I know how acute that situation is and how they are struggling to keep this railroad going. It means a great deal to those who travel on it—many of whom travel to, or perhaps through, the State of New York; and it means a great deal to the economy and the defense of the entire Nation. So it is most important that this railroad be kept in operation.

This amendment is very minor, as compared to other amendments. I hope our friends on the Finance Committee will see fit to accept the amendment and take it to conference in order that this slight concession may be made to the point of view we are advancing today.

I commend the distinguished Senator from Connecticut for submitting the amendment.

Mr. BUSH. Mr. President, I thank the Senator from New York. He has correctly sized up the situation in regard to the amendment. Certainly, it is a very small amendment; but it may save a very important life, and that may save the Federal Government many millions of dollars, later. That is why, among other reasons, I am interested in the amendment.

Mr. President, I now throw myself upon the mercy of the distinguished leaders of the Finance Committee, and beg them to accept the amendment and take it to conference, where I am sure the House conferees will take a sympathetic view in regard to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut.

Mr. SMATHERS. Mr. President, on behalf of the Finance Committee, let me say that the heart of the Finance Committee bleeds and sympathizes with the expressions made by the very able Senator from Connecticut and other Senators.

There is only one thing wrong with this "little" amendment: It rings a bell, but does not ring it at the right address, because this tax is not imposed on the railroads; it is imposed on the passengers who ride on the railroads. Although this railroad may be in bankruptcy, there is no escaping the fact that not everyone who rides on this railroad in Connecticut is in bankruptcy. So we are faced with the question of uniformity of legislation, as provided for in the U.S. Constitution, in article I, section 8, as follows:

> The Congress shall have power to lay and collect taxes, duties, imposts and excises—

And so forth—

> but all duties, imposts and excises shall be uniform throughout the United States.

Our Joint Committee on Internal Revenue Taxation says this tax cannot be levied at one rate in one locality and at another rate in another locality upon the same object or business, nor may Congress exempt from taxation taxpayers of a certain class located in one part of the country and not taxpayers of the same class living in another part of the country.

The effect of the amendment would, of course, be that only those who ride on the New York, New Haven & Hartford Railroad would receive the proposed benefit. The amendment is urged because the New Haven Railroad is sick. However, many of the most affluent and prosperous people in the country may be found, and probably are found, living in Connecticut, Massachusetts, and New York; and to say to them, "You do not have to pay the 10 percent tax," but to require poor people living in the South or in the West or in Kentucky and other States to pay this tax, would certainly be violating the uniformity-of-taxation rule set forth in the Constitution of the United States.

So, although we are very sympathetic in regard to the situation, and although we would perhaps recommend that the Senator from Connecticut introduce a private bill to take care of the New Haven Railroad, this amendment is not the way to do that.

Therefore, we repeat that the Senator from Connecticut is ringing the bell at the wrong address. We greatly sympathize with him, but we also believe that we must support the committee's position.

Mr. BUSH. Mr. President, anticipating that the question of constitutionality would be raised, I asked for an opinion on this subject; and I have before me a memorandum from James P. Radigan, Jr., senior specialist in American public law, on S. 2211, the bill from which the present amendment was extracted. The closing paragraph of his memorandum reads as follows:

> In view of the rules of decision in the foregoing cases it is concluded that the proposed amendment is not in violation of pertinent constitutional limitations.

Specifically, he mentions the uniformity matter which the distinguished Senator from Florida raised and which he said came under article I, section 8 of the Constitution.

I ask unanimous consent that, in support of my position, the opinion of Mr. Radigan be inserted at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

CONSTITUTIONALITY OF S. 2211 OF THE 87TH CONGRESS

S. 2211 adds to the exemptions from the tax on transportation of persons provided by section 4263(a) of the Internal Revenue Code, the following:

"(g) Rail transportation by carriers in receivership.

"The tax imposed by section 4261 shall not apply to:

"(1) any amount paid for transportation by rail furnished solely by a carrier which, at the time such amount is paid, is subject to bankruptcy or reorganization proceedings under the Bankruptcy Act, or

"(2) any amount paid for facilities in connection with such transportation."

This amendment, an excise tax provision, is controlled by article I, section 8, clause 1, of the U.S. Constitution, which requires that excise tax provisions shall be uniform throughout the United States. This requirement is met whenever the tax operates with the same force and effect in every place where the subject of it is found. The uniformity required is "geographical," not "intrinsic," *La Bella Iron Works* v. *United States* (1921), 256 U.S. 377; *Brushaber* v. *Union Pacific Railroad Co.* (1916), 240 U.S. 1; *Head Money Cases* (1884), 142 U.S. 580. The clause adds nothing to restrictions which other clauses of the Constitution may impose upon the power of Congress to select and classify the subjects of taxation, *Fernandez* v. *Weiner* (1945), 326 U.S. 340, 361.

Another provision of the Constitution, the due process clause of the fifth amendment, will be examined. This clause does not limit the taxing power of Congress to the same extent as the equal protection clause of the 14th amendment limits the taxing power of the States.

A claim of unreasonable classification or inequality in the incidence or application of a tax raises no question under the fifth amendment, *Helvering* v. *Lerner Stores Corp.* (1941), 314 U.S. 463.

To be unconstitutional under the due process clause of the fifth amendment, a taxing statute must be so arbitrary as to amount to a confiscation or a clear and gross inequality or injustice, *South Porto Rico Sugar Co.* v. *Buscaglia,* CCA Puerto Rico (1946), 154 F. 2d 96. As neither nonbankrupt nor bankrupt railroads pay the tax, it is inconceivable that nonbankrupt railroads could successfully sustain a claim of confiscation. If, however, the statute made it possible (which would be dependent upon the factual situation) for a bankrupt railroad to have a decided competitive advantage (as, for example, 10 percent lower fares than its competitor), the competitor might claim that the statute was a clear and gross injustice. But, here again there is grave doubt that the incidental advantage to the bankrupt railroad would cause the exemption to be considered so wholly arbitrary and unreasonable in classification as to deny due process. See: *Treat* v. *White* (1901), 181 U.S. 264 (an excise tax on "puts" but not on "calls," and *Billings* v. *United States* (1914), 232 U.S. 261 (a tax on foreign-built yachts but not on domestic yachts).

In view of the rules of decision in the foregoing cases it is concluded that the proposed amendment is not in violation of pertinent constitutional limitations.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. BUSH. I yield.

Mr. SALTONSTALL. I have before me the Senator's amendment. If the amendment were changed so that the

Government would refund to the New Haven Railroad the money paid in the transportation tax, would it not remove the objections made by the Finance Committee in relation to its constitutionality?

Mr. BUSH. I think the Senator should address that question to the Finance Committee.

Mr. SALTONSTALL. Would the Senator accept that amendment?

Mr. BUSH. I will accept any amendment to my amendment that the committee will approve, if it will take the amendment.

Mr. SMATHERS. Mr. President, it may be that, after the very glowing appeals which have been made, the Finance Committee would do that, but we would have to have the proposal before the committee. I do not believe we could accept it on the floor.

Mr. SALTONSTALL. Does the Senator from Florida get my point?

Mr. SMATHERS. Yes.

Mr. SALTONSTALL. In other words, in view of the constitutional point brought up by the Finance Committee, the money would be collected from the individual and paid to the New Haven, but would be refunded by the Government to the New Haven, which would give the railroad $750,000.

Mr. SMATHERS. If a man were riding from Kansas City to Boston, the Senator would advocate that the refund be ascertained, based on the amount the passenger paid in Kansas City and how much of it would apply to the New Haven line, and that the New Haven line be given that portion of the tax which applied to its line.

Mr. SALTONSTALL. That is correct.

Mr. SMATHERS. Does the Senator believe that could be done by October 1?

Mr. SALTONSTALL. It would help, even if not then, to get that money on the first of the year.

Mr. KEATING. Mr. President, if the Senator will yield, I point out that very few people coming from St. Louis or San Francisco would travel on the New Haven Railroad. These details could be determined later. The amount refunded immediately would be a sizable amount, however.

Mr. SMATHERS. The Senator is a great constitutional lawyer. I am sure he does not seriously contend that the Federal Government has a right to put a tax on the Senator, or on me, or on Mr. X, for riding a railroad or an airline, and then take that money and give it to a private corporation to which the passenger as a rider had no relation? I do not believe the Senator himself would maintain that that was proper legal procedure on the part of the Government of the United States.

Mr. KEATING. If the Senator will yield, there is this distinction: It is not a private corporation; it is being operated now under the Federal Bankruptcy Act, and is therefore in the hands of trustees. So I think there might well be a distinction.

However, with the utmost respect for the distinguished Senator from Massachusetts, I think the constitutional questions inherently submitted in his suggestion might be greater than those in the amendment.

I have no question that the amendment prepared by the distinguished Senator from Connecticut is constitutional. It applies uniformly throughout the United States, even though it applies, by its language, only to concerns which are in bankruptcy. It applies just as much to the Senator from Florida as it does the Senator from New York, to anyone who pays that tax, and is not geographically limited to any set of riders. Anybody who rides over the line would have the benefit of the rebate of that tax.

Mr. BUSH. On the constitutional point there seems to be a difference between us. I have received an excellent opinion in writing, which I have submitted for the RECORD, that it is constitutional. As to whether my amendment would be constitutional, there seems to be a difference of opinion. The distinguished Senator from Florida has some doubt about it. The distinguished Senator from Virginia has some doubts about it. The simple way to resolve the doubts is to take the amendment to conference and see what the House says about it. I would be very glad if the Senator would do that, and we could dispose of the amendment in that way.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut.

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. McCARTHY. Mr. President, I send an amendment to the desk, which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 4, to strike out line 12 and all that follows through line 20 on page 5, and insert in lieu thereof:

SEC. 4. REPEAL OF COMMUNICATIONS TAX.

(a) REPEAL OF TAX.—Subchapter B of chapter 33 of the Internal Revenue Code of 1954 (relating to tax on communications) is repealed effective July 1, 1962, for services rendered after July 1, 1962, on amounts paid after July 1, 1962.

(b) CONFORMING AMENDMENTS.—On page 2, strike out lines 24 and 25, and on page 3, renumber paragraphs 3 through 8 as paragraphs 2 through 7.

Mr. McCARTHY. Mr. President, this amendment proposes to remove an excise tax on communications that has long outlived whatever justification it had when it was first adopted.

This tax constitutes a direct burden upon business and industry, and also a direct burden upon the nonbusiness taxpayer..

There has been a great deal of discussion and some argument to the effect that we need a reduction in business taxes immediately, and also that there is a need for releasing consumer purchasing power into the American economy. This amendment, if it were adopted, would release approximately $850 million to industry and provide that amount to consumers in the American economy.

In addition, however, it would remove rather significant inequities which have developed through an imposition of the communications tax on business.

The fact that these inequities exist was recognized in a limited way by the committee itself in recommending a tax change which has the effect of reducing communications taxes by about $18 million.

This reduction takes place because it was found that, whereas no tax is imposed upon private communications facilities which are provided by corporations or individuals acting outside ordinary communications channels, when businesses found it profitable or necessary to lease wire services of various kinds from established communications companies, they were required to pay a tax on such facilities and services.

This amendment included in the committee bill would have the effect of equalizing competition between those who lease wire services and those who construct their own. It would provide no relief whatsoever to individual or private businessmen or small corporations that cannot afford to lease wire services. They would be required to pay communications taxes on what services they buy.

It is obvious that this would impose an undue burden upon, and put at a competitive disadvantage, the small businessman or the small firm which cannot afford either to construct its own communications systems or to lease one from an established communications company.

The committee has attempted to remove the inequity as between large firms which can build their own communications systems and those which are not quite so large but can afford to lease the service; but the committee did nothing to remove the greater inequity which may become more of a competitive disadvantage, with respect to the small businessman who must carry on his business through the ordinary means of communication and must pay the 10 percent tax.

In my opinion, this is a good time to remove all communication taxes, since the original wartime justification is no longer present and since there is a need to increase purchasing power in the American economy today. In addition, there is a clear and obvious case of real inequity in the way in which the tax now falls on the business community in particular. This inequity would not be removed by the adoption of the amendment the committee has proposed.

Mr. CARLSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from Minnesota yield?

Mr. McCARTHY. I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, I have discussed the amendment with the distinguished Senator from Minnesota. In past sessions of Congress I have urged the repeal of this tax. I wish I could support the amendment today.

It is estimated that in **1963** the communications excise tax revenue would be $935 million.

I had every hope that we could remove this tax. It is an onerous tax. It is a wartime tax. As I have previously stated, on several occasions I have favored its repeal. In a colloquy with the distinguished chairman of the committee, the Senator from Virginia [Mr. BYRD], it was definitely stated that the tax would be repealed at the earliest opportunity. I had hoped this would be the time, but I must regretfully state that I do not feel we can repeal it on this particular occasion.

I sincerely hope that the distinguished Senator from Minnesota, who is concerned about this tax, as I am, will withdraw the amendment and not press it today. I hope the tax can be removed from the millions of people who face the problem every month. It is a tax which is draining money from our people at a time when our country is confronted with a recession. We should make every effort to give money back to the taxpayers, if we are in some way to get our economy moving again.

Again I plead with the distinguished Senator from Minnesota to withdraw his amendment today. I thank the Senator for yielding.

Mr. McCARTHY. I thank the Senator from Kansas. Mr. President, I have no further presentation to make on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota.

Mr. GORE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from Tennessee.

Mr. GORE. Do I correctly understand that the tax was imposed for the purpose of discouraging the use of communications facilities?

Mr. McCARTHY. One of the purposes of the tax was to discourage the use of communications facilities.

Mr. GORE. The Senator does not feel that that purpose now need be served?

Mr. McCARTHY. I know of no good reason why we should discourage either private communications or business communications in America today. In a sense this is a tax on freedom of speech. We might even make a constitutional argument in favor of repealing it.

In terms of the technical burden on the communications system of America there is no excuse for continuing this tax. There is certainly no economic justification for it. So far as I can see, there is neither an economic nor a social purpose to be served by a continuation of the tax.

If we consider the objective with regard to national defense, which was one of the objectives taken into account when the tax was first imposed, that objective would not be served by a continuation of the tax.

The only excuse which might be used is that we need the revenue. The fact is that strong arguments can be made today that we ought to reduce taxes and to release purchasing power to the American economy. In this case we could immediately, by the action proposed, reduce taxes by $850 million over the next year.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from Colorado.

Mr. CARROLL. I was much interested in the discussion by the able Senator of the possible effect on small business. It is not quite clear to me what would be the difference with respect to those who are able to construct their facilities or lease the facilities, compared to those who would not be able to do so. Will the Senator explain that a little more specifically?

Mr. McCARTHY. The bill as reported by the committee provides that if a person leases wire service from an established communications company he need not pay a tax on the cost of that leased service. Up until this time, if a person leased from an established company he had to pay a tax, but if he could build the facility himself no tax was imposed. The situation has therefore been improved to that extent. The operator who has to lease wire service would not have to pay a tax on the cost of that service.

If the committee amendment is not agreed to, as recommended, it would be necessary for people to pay a tax on leased wire service, as they have in the past.

The fact is that the person who cannot afford to lease a wire service, who has to purchase his service in the ordinary way and use the long distance telephone, must continue to pay a 10-percent tax. This will give a competitor with his own system or with a leased wire service at least a 10-percent advantage insofar as costs of this kind of communications are concerned.

Mr. CARROLL. Under the bill which came from the Committee on Finance, how much reduction in the communications tax is involved?

Mr. McCARTHY. There is an estimated $18 million of taxes now paid on leased wire services, various kinds of radio, and some television communications involved, below what was paid in the last full year.

Mr. CARROLL. What is the situation in regard to the total communications tax reduction in the bill before the Senate?

Mr. McCARTHY. The only reduction provided in the bill, below the taxes which would be imposed if the bill involved a simple extension of existing law, is $18 million. Of course, if we did not pass the bill there would be a rather marked reduction in communications taxes on what we call ordinary telephone service. Between $400 million and $500 million of taxes now imposed would lapse.

The only significant change proposed in the law is with regard to the $18 million of tax relief for those who purchase leased wire or leased communications service.

Mr. CARROLL. I thank the able Senator from Minnesota.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota.

Mr. BYRD of Virginia. Mr. President, the amendment would bring about a loss of revenue for the Government in the next fiscal year of $893 million. Certainly it ought to have consideration by the committee. If there were such a loss, it would be necessary to borrow the money to pay for the loss. It would add to the deficit.

I hope an amendment of this magnitude will not be agreed to by the Senate without first giving to the Committee on Finance an opportunity to study it. The amendment was not offered in the committee.

I hope the amendment will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota.

The amendment was rejected.

INVESTIGATION OF EXPENSE ACCOUNTS OF EXECUTIVES OF MAJOR STEEL COMPANIES

Mr. DWORSHAK. Mr. President, notwithstanding the assurances which come from the White House that our economy is sound and that we are making good progress toward solving many fiscal and economic problems, it is interesting to note that the stock market continues its precipitous plunge.

I do not contend that that is an accurate criterion of the lack of confidence of the business community in this administration, but it would seem to me that if the President, Secretary Dillon, and some of the spokesmen in this body for the administration are really sincere in respect to trying to improve the situation and to avoid the inevitable consequences of complete disruption or a financial debacle, something ought to be done along this line.

Mr. President, recently we have heard many assurances that the President is seeking to create a more healthful climate in the business world. I wish to read a UPI dispatch I just took off the ticker, which may give us some insight into the peculiar mythology which is utilized by this administration to achieve its objectives:

> A top secret investigation has been launched by the Justice Department into expense accounts of executives of four major steel companies, the New York World-Telegram and Sun said today.
>
> The Scripps-Howard newspaper said the probe is one of the most far-reaching in Federal history.
>
> Government sources would not comment, the newspaper said, but spokesmen from United States Steel and the Wheeling Steel

Corp. acknowledged certain company records had been subpenaed. The spokesmen said the records dealt with expense accounts of key officers.

The newspaper said the other two firms involved in the investigation are Bethlehem Steel and Jones & Laughlin.

The World-Telegram and Sun said the probe is under direction of the Justice Department's Antitrust Division. It added that officials of the Division would not comment on the probe's purpose, or of the procedure they intend to follow.

The newspaper quoted a United States Steel spokesman as saying:

"The Justice Department has subpenaed the phone numbers, both listed and unlisted, of some executives of United States Steel. It has also subpenaed expense account information in respect to these executives."

Mr. President, what I have read may be a justifiable procedure. But at a time when the greatest need in our country is for a closing of the ranks to reassure business leaders that they will not be persecuted, as many of them have been under the present administration during the past year, we find action of the kind indicated.

I wonder if Bobby Kennedy intends to make a secret investigation of the sugar lobbyists and their nefarious activities during the past month in the National Capital? I wonder if Bobby Kennedy will make a secret investigation of the brain trust which is operating in the White House to the detriment of our country?

Mr. President, instead of subterfuge, inept statements, and misrepresentations coming out of the White House, at a time when the President is supposedly trying to heal the breach which exists today in the business world, it is time for salutary action. I wonder how much longer the American people will be duped, coerced, and intimidated by what we are facing in the New Frontier administration today?

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. DWORSHAK. I yield.

Mr. CARLSON. I had not intended to enter into the discussion today, but I think the threatened economic situation in our Nation is such that it behooves all of us to express some concern about it.

Despite an uninterrupted flow of reassurance from high places as well as an impressive array of dated bullish statistics, signs of impending trouble are multiplying fast.

Last week the Department of Commerce disclosed that in the first quarter of 1962, total corporate profits, as well as manufacturers' profit margins, failed to match those of the previous months.

The Commerce Department also noted a 1-percent decline in retail sales for May. For the second week running, freight carloadings in the 7 days ending June 9 dropped below the comparable levels a year ago. The same week department store sales gained only 1 percent over 1961, the poorest showing of the year.

The National Bureau of Economic Research in its annual report dated June 1962 compared the course of the recovery which began in February 1961 with that of its postwar predecessors. By each of six yardsticks; namely, gross national product, industrial production, nonfarm employment, personal income, retail sales, and corporate profits, the 1961–62 upturn stands were revealed as more or less seriously laggard. Since January the business pickup thus has fallen short, not merely of inflated official yearend predictions, but also of the postwar average.

In all seriousness, I say the time has arrived for the present administration not to put out Pollyanna statements, but to begin to take a serious look at a threatened serious recession that may be difficult if we do not act soon. I thank the Senator.

Mr. DWORSHAK. I thank the Senator from Kansas for his contribution. I shall be glad to submit his comments to Ted Sorensen or other assistants of the President. I know they will censor the statement, and when it finally comes out of the White House, it will paint a glowing picture of the economic progress which we are supposed to be making from day to day and from week to week. I think it is time for leaders and Members of this body, on both sides of the aisle, to take a strong position in support of conserving our fiscal resources and to do what is essential to maintain the integrity and the respect of our country at a time when we are seeking to provide enlightened leadership for the free nations of the world. It is not necessary to point out what mirth and enjoyment there must be in the Kremlin as Soviet leaders read about the imprudence which is becoming a trademark of the present administration.

Mr. GORE. Mr. President, with considerable surprise I have heard that someone in the Kremlin will be elated because of a newspaper report that the possible abuse of someone's expense account, with tax avoidance in connection therewith, may be investigated. With great surprise I have heard two of my distinguished colleagues imply that because of uncertain conditions in the stock market, and otherwise, the administration should desist in its efforts to enforce fairly and equitably the laws enacted by the Congress of the United States. In his peroration the distinguished Senator from Idaho said that it was time for Members of the Senate to take steps to preserve the fiscal—what did the Senator say?

Mr. DWORSHAK. Whatever the Senator cares to quote.

Mr. GORE. I believe the Senator referred to fiscal integrity of our system of government.

Mr. President, our system of taxation is based essentially upon voluntary compliance. I know nothing about the newspaper report to which the distinguished senior Senator from Idaho [Mr. DWORSHAK] and the senior Senator from Kansas [Mr. CARLSON] referred. I know nothing of the purported inquiry which it describes. I am aware of the fact that abuse of expense accounts is one of the most serious, if not the most serious, abuse of our tax laws. President Kennedy has repeatedly called upon the Congress to enact legislation that would eliminate or at least reduce abuse of expense account deductions.

I ask my friends who say now is the time to call off investigations of abuses of expense accounts to go to Miami Beach and see if they do not find every ocean-front suite registered in the name of a corporation. I ask them to go to the harbors where the palatial yachts are tied up to see if they are not operated on expense accounts.

This comes as a strange plea in the name of preserving fiscal integrity. The average man and woman in America, working by day or by night, pays his taxes by the week in small mites and amounts. They do so voluntarily. They do so under the terms of laws enacted by Congress. If the people of the country come to the conclusion that certain privileged individuals with or without political champions and protection constantly avoid and abuse the tax laws, and avoid paying their fair share, I say that I am concerned that the fiscal integrity of the country will be in danger. Our system is essentially based upon the honesty of the people in reporting their earnings and paying their taxes on that basis.

Yes, this comes as a strange plea, a very strange plea indeed—untimely, unwarranted, ill advised.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DWORSHAK. Certainly the Senator would not imply that the only alleged abuses of the expense accounts are to be found in the steel industry among the officials of that business.

Mr. GORE. I made no such statement; nor did any statement of mine lead to such an inference, in my opinion.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DWORSHAK. I share the concern of the Senator from Tennessee that the Senate ought to proceed with tax legislation to close loopholes, if they exist, whether they be in the steel industry, in AFL–CIO, or in any other industry in the entire country. I believe the Senator from Tennessee will agree with me that it is time not only for specific action against a specific industry, but rather for a closing of all loopholes; but if we are to close loopholes, the action ought to be taken on a broad base so that we can expose all of the violations, if they exist.

Mr. GORE. I do not wish to join in the expression of any sentiment that the administration or the Internal Revenue Service should lay off, so to speak, on tax avoidance abuses with reference to expense accounts merely because there has been a flurry and disturbance in the stock market, or for any other reason. People owe their taxes legally and lawfully by virtue of acts for which the Senator has voted. There is no justification for tax avoidance or tax evasion. The abuses have been great.

I am glad the Senator from Idaho has stated that he will vote to close loopholes. However I am surprised that he would suggest or imply that the administration should not prosecute persons who have been found to be guilty of tax evasion. I am surprised that he would suggest or imply that the administration should refrain from investigation of possible violations and from enforcement of the law.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DWORSHAK. The Senator from Idaho had no intention whatever of making any charge that tax avoidance should be tolerated in any way. The Senator from Idaho is merely trying to point out that there should be no discrimination based on hatred toward the steel industry which is so apparent in the White House at a time when our economic structure is worsening day by day.

Mr. GORE. Mr. President, I do not conceive that there is any hatred for the steel industry or for any other industry in the White House. It seems to me that there are many indications to the contrary. I know of no evidence which the Senator from Idaho can cite that there is hatred in the White House for the steel industry or for any other segment of our society. Judging from my observation of national functions and also the personal attitude of the President of the United States, and the staff serving under him, there is genuine concern for the welfare and progress and prosperity of our entire economy, including all of its segments.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DWORSHAK. I was merely relying upon what was allegedly said to be the President's statement based on what "Pop" Kennedy had told him about businessmen. It may not be true, but it was reported as coming from the White House.

Mr. GORE. The Senator says he is merely relying upon a newspaper report of what somebody said that the President said to him that his father upon some distant occasion remarked, whether it was correctly reported or not, whether it was said facetiously or not; but upon that basis the Senator charges that there is hatred in the White House for the steel industry.

I hope the Senator will not persist and will not insist that there is hatred in the White House for any major segment of our society. I do not think that hatred for any major segment of our society exists in the White House now or has existed in the White House at any time since I have been living.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DWORSHAK. In a spirit of fairplay I will be glad to change the word "hatred" to "hostility."

Mr. GORE. That is some improvement. If the Senator will think about it a little further, he might make some further modification.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. CARROLL. I commend the able Senator from Tennessee. He is absolutely correct in his analysis of the news item that has been reported to the Senate by the Senator from Idaho. If I recall the names in the press article, they were steel companies—Bethlehem and Jones, Laughlin and others. The probable truth is that the Department of Justice is subpenaing the records, not because of a desire to investigate their expense accounts for tax evasion; rather, if my memory serves me correctly, it is because an indictment was returned against those firms, and they are in the process of being prosecuted by the Government, for antitrust violation.

Mr. GORE. Does the Senator believe that this prosecution ought to be withdrawn and that the indictment, returned by American citizens, should be withdrawn?

Mr. CARROLL. I was delighted to have the Senator from Idaho modify his reference to hatred and hostility. I think he should also modify his use of the word "stupidity." I will tell the Senator why. The truth is that these particular firms—and I believe I am right in this—were under investigation months before the recent incident between Mr. Blough and the President of the United States. It was unfortunate, I thought, that at that very time, perhaps within a week or a few days, the grand jury should return indictments against certain steel companies. One thing is sure. Under our legal system, when the grand jury completes its work, it does not pay attention to what politicians are talking about or what the political national issues are. When they complete their work, they report. In this case, the report was a true bill, an indictment.

Mr. GORE. The indictment was for——

Mr. CARROLL. As I recall it was for a violation of the antitrust laws of this Nation, so the grand jury said.

Mr. GORE. For violations of law which occurred long before and which had no connection with the recent price increase in steel.

Mr. CARROLL. Exactly. I thought I ought to make this statement for the sake of the RECORD, because I have respect for the senior Senator from Idaho. Our differences of opinion are a part of the two-party system. I thought I sensed, as I heard his statement, a sort of sidewinding attack upon the Democratic Party and the President of the United States. The Senator has a perfect right to do that, but I thought I ought to clarify the RECORD by stating that undoubtedly the records were obtained by a subpena duces tecum, under a court order, to determine from the expense accounts whether the actions were in the nature of a conspiracy or if there was a violation of the antitrust laws of the Nation. In my opinion, the purpose was not to investigate whether there was any evasion of taxes, but to determine whether a conspiracy existed. I think the true bill alleged a conspiracy. This is my judgment. If I am wrong, I shall be glad to correct my remarks.

Mr. DWORSHAK. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. DWORSHAK. I think I should change my use of the word "stupidity" to "imprudence" if the Senator from Tennessee will change the word "prosecution" to "persecution."

Mr. GORE. Mr. President, I have not used any words which I desire to change. I shall be glad to yield to the Senator from Idaho to make any further revision of his remarks that he desires. I ask unanimous consent that he may have the privilege of revising his remarks in such way as he sees fit.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ELLENDER. Mr. President, much has been said about the decline in the stock market. Has the Senator from Tennessee ever given thought to what makes the market fluctuate? What is the main factor affecting stock sales? It strikes me that it should be the return a stockholder gets on his stock, and that is usually the determining factor among the conservative buyers who do not purchase stocks merely to gamble or speculate.

U.S. News & World Report for June 25, 1962, contains a summary of the yields of 15 stocks. For example, the peak price of the stock of Aluminum Co. of America between 1959 and 1962 was $115.75. The yield at that peak price was 1.04 percent.

As of June 14, 1962, the price of the stock of Aluminum Co. of America had declined to $50.75, thereby making the return 2.36 percent, rather than 1.04 percent.

Mr. GORE. I still would not buy it. Would the Senator from Louisiana?

Mr. ELLENDER. Of course not; the price is still too high.

Mr. GORE. The profit motive is an impelling one; but the Senator knows, of course, that although persons have the privilege of playing a little fast poker, they must realize the kind of game they are in when they indulge in it.

Mr. ELLENDER. Another example is International Business Machines. Its peak selling price on the market between 1959 and 1962 was $607, and its yield was 0.38 percent. On June 14, 1962, the price had dropped to $306, the yield as of that date being 0.98 percent—less than 1 percent.

It strikes me that all such stocks are priced too high. The market was bound to break at some time or other.

Mr. President, I ask unanimous consent to have printed at this point in my remarks the table entitled "Yields Climb as Prices Drop," published in U.S. News & World Report for June 25, 1962. The table shows that as a result of the recent market break, the yields of most stocks have increased considerably.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Yields climb as prices drop

	At market peak, 1959-62		June 14, 1962	
	Price (dollars)	Yield (percent)	Price (dollars)	Yield (percent)
Aluminum Co. of America	115¾	1.04	50¾	2.36
American Can	50⅞	3.93	40½	4.94
American Telephone & Telegraph	139⅞	2.47	101½	3.55
American Tobacco	55¾	2.51	30¼	4.96
Anaconda Co	74⅞	3.34	40½	6.17
Bethlehem Steel	59⅛	4.06	34	7.06
Borg-Warner	49⅛	4.07	38⅛	5.25
Burlington Industries	26¼	3.81	20¼	4.94
Firestone Tire & Rubber	51¼	1.95	35¼	2.84
Ford Motor	117½	2.55	79⅜	4.54
General Electric	99⅞	2.00	60⅞	3.29
General Motors	58⅞	3.40	48¾	5.18
International Business Machines	607	.38	306	.98
International Paper	47¼	2.12	26⅛	4.02
Magnavox	47⅝	.88	29⅝	1.70
National Cash Register	142½	.84	78⅛	1.52
North American Aviation	72⅛	2.77	53⅞	3.71
Procter & Gamble	101½	1.26	62	2.42
Reynolds Metals	81⅞	.50	22	2.27
Sears, Roebuck	94¾	1.48	65⅞	2.50
Standard Oil of New Jersey	59⅛	3.81	49⅛	5.09
Texaco	59⅝	2.60	40	3.88
Union Carbide	150½	2.39	89⅞	4.01
United States Steel	108⅞	2.76	47⅝	6.30

Mr. ELLENDER. Mr. President, to return to my original question: What is the primary factor which decides the price of a stock, and what makes that price fluctuate? When Mr. Eisenhower had his heart attack, I seem to recall that within a space of 48 hours the stock market dropped $16 or $17 billion. Surely the market was overpriced then, as it has been in recent weeks, and as it is even now. And it will be overpriced any time stock prices become completely divorced from their yields. Stock market gamblers realize this, whether they admit it or not. It is only when the buyers become jittery, as they should become sooner, that the market drops and forces them to see the truth.

Mr. CARLSON. Mr. President, I wish to discuss the amendment in section 4 of the bill. I offered the amendment in committee.

This amendment is made to restore freedom of choice to businessmen who need and use private line comunications services. The present 10-percent excise tax on these services, when provided by common carriers, abridges that freedom of choice for thousands upon thousands of American businessmen—some large but many small—in every part of the country.

In 1960 the Federal Communications Commission issued an order which in effect gave the businessmen the option I refer to. When he wants to set up private communications facilities to tie together his offices and plants and warehouses the businessman can buy the system outright and operate it himself. Or he can lease a private system from a common carrier—whichever suits him best. But the 10-percent excise tax on common-carrier-provided services seriously affects this freedom of choice.

THE BUSINESSMAN'S PROBLEM

Modern-day business requires modern communications. Not only do businesses have to talk by telephone, they must send written messages and copies of documents. With the recent use of computers, business must connect these machines in offices many miles apart to exchange information. But when these businesses go shopping for private communications they must pay a 10 percent penalty—unless they are big enough or have enough capital to build their own systems on which they do not pay the excise tax.

EXAMPLE

Let me illustrate. A community antenna television company—of which there are about 800 over the country—wants to bring television service to a town. It can build its own antenna, coaxial cable lines and other equipment or it can buy service from a local common carrier. If it can afford to build its own facilities it pays no excise tax. If it cannot afford to build, it must pay the 10-percent communications excise tax each month.

SMALL BUSINESS MOST AFFECTED

The big customer perhaps can afford to buy his own private communications facilities on which he does not pay a 10-percent excise tax. At the same time the small businessman is not likely to have the capital to tie up in this type of facility. So in many cases the small businessman has only one choice: he goes to the common carriers and he pays more than the large business that can afford to buy a system. Of course, if the small businessman's credit is good he could go to a bank and try to raise the money to build a private communications system. But here again many small businessmen cannot efficiently use all of the capacity provided by a private communications system. There are many private-line users who would benefit by the enactment of this legislation. The great majority of these users are small businesses.

HOW MUCH WILL REPEAL CUT FEDERAL REVENUES?

In fiscal 1961 communications excise tax revenues provided $826 million. In fiscal 1963 it is estimated that communications excise tax revenues will provide $935 million. The net cost to the Government of repealing this tax on private-line services is estimated at approximately $9 million a year. This is a small price to pay for restoring full freedom of choice to these thousands of businessmen who need and use private communications services. Clearly the effect of this revenue loss will never be noticed in view of the expected increase in revenues from the remainder of these taxes.

What services will no longer be taxed? Intercity private line telephone channels. Private line teletypewriter channels. Educational television channels. Community antenna television channels. Private line data transmission channels. A "private line or channel" is a direct communications path between two or more specified and preselected points, set aside for the exclusive use of the customer for whatever purposes he chooses; for example, voice, data, record.

What services will remain taxed? Local telephone service, including private branch exchange service extension telephones and other additional equipment. Toll telephone messages. Telegraph messages. Teletypewriter exchange service, including Telex Information services, such as race track and other sporting results, stock quotation, market quotation, burglar and fire alarm services. The section of the law which imposes a tax on information services is not affected by the amendment.

What business will be benefited by the change? Any business which has a need for point-to-point communications. Examples are manufacturing concerns—between plants or between factory and warehouses, data transmission for order handling. Retail business—between main store and branches, between stores and warehouses or distribution points, data transmission for administrative purposes. Electric and gas utilities—communication services for maintenance, data transmission for billing and accounting purposes. Community antenna television systems—channels to carry television programs from a point where they can satisfactorily be received to the homes of subscribers in locations otherwise unable to receive these programs.

Common carriers, radio broadcasters, and communications companies are now exempt from tax on practically all of the services which would be entirely exempted under this proposed legislation. This somewhat illogical situation will therefore be corrected.

The residential and small business customer will also be helped indirectly by this legislation. To the extent that larger customers' business is lost to communications carriers, this "cream skimming" results in less efficient use of communications plant. The lowest rates for all customers depend on making the most efficient use of this plant.

The Government and communications companies will benefit from this legislation because it will remove those services from tax which presently make up a very large portion of the administrative and interpretive problems encountered by the Internal Revenue Service and by the communications companies.

EXTENSION OF EXISTING CORPORATE AND EXCISE-TAX RATES

The Senate resumed the consideration of the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes.

Mr. BENNETT. Mr. President, I think one of the most beneficial features of H.R. 11879 is the provision to terminate the tax on passenger travel by rail or bus, and to reduce that tax by 50 percent for air travel. I am particularly concerned about the competitive position of our railroads.

Railroad employment has dropped from 1,139,753 in 1941, the year the excise tax first went into effect, to 717,543 today, a decline of 37 percent. The rates have varied between 5 and 15 percent over that period and have been at 10 percent since 1954. The tax burden of railroads is one contributing factor to this decline. Railroads are already paying heavy State and local property taxes on their railroad bed and equipment, and it is well known that they are faced with substantial financial problems at the present time.

Whether there is any improved relative competitive position within the commercial transportation industry or not, I do think that the removal of this excise tax will encourage intercity rail travel, both because it will be cheaper—or if the railroads choose to seek rate increases to improve their equipment, the service will be more comfortable and convenient—and it may encourage individuals who might otherwise drive their autos to take a comfortable train ride instead.

It does not matter to me what date we finally agree on to make this tax termination effective, whether it be July 1 or October 1, and I am willing to have termination or reduction go into effect at the same time for all modes of transportation, but what does matter is that we act on this provision.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 11879) was read the third time, and passed.

Mr. BYRD of Virginia. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. SMATHERS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD of Virginia. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. BURDICK in the chair) appointed Mr. BYRD of Virginia, Mr. KERR, Mr. LONG of LOUISIANA, Mr. WILLIAMS of Delaware, and Mr. CARLSON conferees on the part of the Senate.

LUMP-SUM READJUSTMENT PAYMENTS FOR MEMBERS OF RESERVE COMPONENTS

Mr. SMATHERS. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1077, H.R. 8773.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 8773) to amend section 265 of the Armed Forces Reserve Act of 1952, relating to lump-sum readjustment payments for members of the reserve components who are involuntarily released from active duty and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

The motion was agreed to; and the Senate proceeded to consider the bill which had been reported from the Committee on Armed Services, with an amendment, to strike out all after the enacting clause and insert:

That section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1015), is amended as follows:

(1) Subsection (a) is amended to read as follows:

"(a) A member of a reserve component who is involuntarily released from active duty after the date of enactment of this amended subsection and after having completed immediately prior to such release at least five years of continuous active duty, except for breaks in service of not more than thirty days, as either an officer, warrant officer, or enlisted person, is entitled to a lump-sum readjustment payment computed on the basis of two months' basic pay in the grade in which he is serving at the time of release from active duty for each year of active service (other than in time of war or of national emergency hereafter declared by Congress) ending at the close of the eighteenth year. However, the readjustment payment of a member who is released from active duty because his performance of duty has fallen below standards prescribed by the appropriate Secretary or because his retention is not clearly consistent with the interests of national security, shall be computed on the basis of one-half of one month's pay. For the purposes of computing the amount of the readjustment payment, a part of a year that is six months or more is counted as a whole year, and a part of a year that is less than six months is disregarded, and any prior period for which readjustment pay has been received under any other provision of law shall be excluded. No person covered by this subsection may be paid a total of more than two years' basic pay in the grade in which he is serving at the time of release or $15,000, whichever is the lesser. There shall be deducted from any lump-sum readjustment payment under this subsection any mustering-out pay received under the Mustering-Out Payment Act of 1944, the Veterans' Readjustment Assistance Act of 1952, or chapter 43 of title 38, United States Code."

(2) The second sentence of subsection (b)(5) is amended to read as follows: "However, such a person is entitled—

"(A) to receive readjustment pay under this section even though he is also entitled to be paid under section 680 of title 10, United States Code; and

"(B) with respect to severance pay to which he is entitled under any provision of law other than section 680 of that title, to elect either to receive that severance pay or to receive readjustment pay under this section, but not both."

(3) Subsection (b)(6) is amended to read as follows:

"(6) Except as provided in this clause, a person who upon release from active duty is eligible for disability compensation under laws administered by the Veterans' Administration. However, such a person may rereceive readjustment pay under this section in addition to disability compensation subject to deduction from the disability compensation of an amount equal to 75 percent of the readjustment pay. Receipt of readjustment pay shall not deprive a person of any part of any disability compensation to which he may become entitled, on the basis of subsequent service, under laws administered by the Veterans' Administration."

(4) Subsection (c) is amended to read as follows:

"(c) A member of a reserve component who has received a readjustment payment under this section after the date of enactment of this amended subsection and who qualifies for retired pay under any provision of title 10 or title 14, United States Code, that authorizes his retirement upon completion of 20 years of active service, may receive that pay subject to the immediate deduction from that pay of an amount equal to 75 percent of the amount of the readjustment payment, without interest."

(5) Subsection (e) is repealed.

SEC. 2. Section 680(a)(2) of title 10, United States Code, is amended by striking out the word "or" before the designation "(C)" and inserting before the period at the end the words ", or (D) released because he has been considered at least twice and has not been recommended for promotion to the next higher grade or because he is considered as having failed of selection for promotion to the next higher grade and has not been recommended for promotion to that grade, under conditions that would require the release or separation of a Reserve officer who is not serving under such agreement".

SEC. 3. Nowithstanding an election under section 265(b)(6) of the Armed Forces Reserve Act of 1952 (50 U.S.C. 1016(b)(6)), before the date of enactment of this Act, to receive a readjustment payment under that section, any person who made such an election may be awarded disability compensation to which he is otherwise entitled, subject to deduction as provided in that section, as amended by this Act. However, such an award may not become effective for any period before the date of enactment of this Act.

SEC. 4. (a) Sections 1167(d), 3303(d), and 8303(d) of title 10, United States Code, are each amended by inserting the following new sentence at the end thereof: "However, no person is entitled to severance pay under this section in an amount that is more than $15,000."

(b) Sections 6382(c), 6383(f), 6384(b), and 6401(b) of title 10, United States Code, section 437(f) of title 14, United States Code, and sections 112(g) and 212(g) of the Officers Personnel Act of 1947 (61 Stat. 808, 825) are each amended by inserting the following new sentence at the end thereof: "However, no person is entitled to a lump-sum payment under this section that is more than $15,000."

Mr. RUSSELL. Mr. President, the principal objective of the bill is to authorize an increase in the payments to members of reserve components who are involuntarily released to inactive duty.

Regular officers who are involuntarily separated in accordance with existing law are generally authorized severance pay of 2 months' basic pay for each year of active duty, with the maximum severance pay being 2 years' basic pay. Section 265 of the Armed Forces Reserve Act of 1952, as amended, authorizes a lump-sum readjustment payment to members of the Reserve components who are involuntarily released from active duty after having completed, immediately prior to release, at least 5 years of continuous active duty. Under existing law the readjustment payment to members of the Reserves is at the rate of one-half of 1 month's basic pay for each year of active duty. This bill would increase the readjustment payment of reservists involuntarily released to 2 months' basic pay for each year of active duty and thus this payment would be brought into parity with that received by Regular officers involuntarily released from active duty before qualifying for retirement pay.

I am sure all Senators are aware of the fact that no retirement compensation can be paid, except on account of disability, to any person who has not served 20 years.

The Armed Forces are heavily dependent on reservists for officer strength, particularly in the junior grades. The progressively limited requirement for officers in the more senior grades forces the release of many Reserve officers from active duty before they qualify for the immediate receipt of retired pay. Partially because of uncertain tenure the Department of Defense has had difficulties in persuading young Reserve officers to remain on active duty after their obligated tours have expired. The increased readjustment payments that this bill would authorize should afford an improved status for members of the Reserve components on active duty and hopefully it will cause more of them to remain on active duty after the expiration of their obligated service. In addition, the increased payment would provide more equitable treatment for those long-term reservists who are released to inactive duty before qualifying for the immediate receipt of retired pay.

As a safeguard against excessive payments the Committee has recommended that the maximum readjustment payment be 2 years' basic pay, or $15,000, whichever is the lesser. The Regular officers who receive severance payments for separations other than for physical disability ordinarily are in grades not above that of major or the equivalent. Without the $15,000 limitation it is conceivable that a readjustment payment to a Reserve major general with 16 years of service for pay purposes would have been as high as $28,800. Although such a payment probably would have been exceptional, the Committee adopted a maximum of $15,000 in the belief that this limitation would not impair the basic objectives of the bill. To avoid any possible disparity, the Committee also limits provisions of law authorizing severance payments for Regular officers on releases other than for physical disability by establishing a maximum of $15,000 on such payments.

Some of the Reserve officers who are involuntarily released from active duty after having served 14 or more years are permitted under present procedures to enlist for a period long enough to permit them to complete 20 years of active duty and to qualify for the immediate receipt of retired pay. The present readjustment payment to these officers is one-half of 1 month's pay for each year of active duty. This amount is not required to be repaid if the reservists qualify for retired pay after serving an enlistment long enough to complete 20 years of active service. Since this bill increases the readjustment payments to 2 months' pay for each year served, one of the questions presented was the extent to which the readjustment pay should be repaid by those reservists who subsequently become entitled to the immediate receipt of retired pay. The committee recommendation is that in such cases three-fourths of the readjustment payment must be repaid before the reservist could receive retired pay. The reason for not requiring full repayment is that without considering the taxes paid on the readjustment pay a reservist would otherwise be required to repay more than the net he had received as readjustment pay. Since the tax consequences for different reservists would vary, depending upon their other income, the committee decided that a three-fourths repayment is reasonable.

The bill also provides some relief to those persons who have been disadvantaged because of the requirement of existing law that a reservist must make an irrevocable election between readjustment pay and disability compensation from the Veterans' Administration. At the time of their release from active duty, some reservists have had latent disabilities, without realizing that these disabilities will later be found to be service connected. Reservists in these circumstances who have received readjustment pay are prohibited from receiving disability compensation determined to be due them thereafter from the Veterans' Administration. The proposed solution to this problem is to permit receipt of the Veterans' Administration compensation after deduction of three-fourths of the readjustment pay previously received. Again, the fractional recovery is proposed in order to take into account the tax paid on the original payment and to avoid recoupment of an amount in excess of the net received after readjustment pay. The bill prevents retroactive payments of compensation from the Veterans' Administration, but permits prospective receipt of this compensation subject to the deduction of three-fourths of the readjustment pay previously received.

The Department of Defense estimates that the bill will cost approximately $8 million for each of the next 4 years.

I shall be glad to attempt to answer questions about the bill. If there are no questions, I urge that the bill be approved.

As I have stated, the bill merely proposes to equalize the status of Reserve officers with that of those in the Regular Establishment, when they are separated involuntarily from the service after 5 years of active duty.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mrs. SMITH of Maine. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I am delighted to yield to the distinguished Senator from Maine.

Mrs. SMITH of Maine. Mr. President, I rise to a point of personal privilege in connection with this bill.

Last year, Mr. President, some person or persons put out an inspired report that I was blocking the Senate from acting on this bill.

Such a report was false and misleading—and obviously designed to reflect blame upon me for what other Senators were doing.

The truth is that last year, on a Tuesday afternoon, the distinguished majority leader stated to the minority leadership that he would motion up the bill so that I could offer an amendment to it.

The next day the majority leader told me that the bill would be taken up that day and that my amendment would be opposed on the floor. I welcomed this, as I was for the bill, and I also wanted to get a vote on my amendment.

But later that day—at 6:20 p.m.—the distinguished majority leader called me and informed me that some senior Senators had requested that the bill not be motioned up if any amendments were going to be offered to it.

That is exactly the way the matter has stood until today and since last year. This bill has been blocked by the senior Senators all this time—and not by me—contrary to the inspired false reports put out against me.

Mr. MANSFIELD. Mr. President, will the Senator from Georgia yield to me?

Mr. RUSSELL. First, Mr. President, I wish to say that certainly I had not heard any statement to the effect that the Senator from Maine had blocked the bill.

She had stated that she intended to offer an amendment to it; and, I say very frankly, I asked the majority leader not to call up the bill at that time, because I had told the distinguished Senator from Washington [Mr. JACKSON] that we would have hearings on the proposed recomputation amendment before it was voted on, on the floor; and therefore I asked the distinguished majority leader not to have the bill taken up at that time, until we could have some hearings in the committee or could make some disposition in the committee of the recomputation amendment.

I do not know who is responsible for the rumors that the Senator from Maine says were disseminated; but certainly there was no basis or foundation for them, so far as I know.

Mrs. SMITH of Maine. Mr. President, I should like to advise the distinguished chairman of the Armed Services Committee that the story has been published at length, and many times, in the Army Times, the Navy Times, and the Air Force Times, both editorially and in news articles.

Mr. RUSSELL. I am sorry about that, although I must regretfully advise the

Senator from Maine that I do not generally have time to read those publications, and I have not seen the editorials or articles to which she has referred.

Mr. MANSFIELD. Mr. President, will the Senator from Georgia yield to me?

Mr. RUSSELL. I yield.

Mr. MANSFIELD. I wish to support what both the distinguished Senator from Maine and the distinguished Senator from Georgia have said; and I express the hope that the Army Times, the Navy Times, and the Air Force Times, and all the other "Times" magazines there are, which may have been publishing such allegations, will print retractions, because I can state, here on the floor, that at no time and under no circumstances did the distinguished senior Senator from Maine [Mrs. SMITH] seek to block this legislation.

Mrs. SMITH of Maine. I thank the distinguished majority leader very much.

Mr. RUSSELL. Mr. President, I should like to have seen the articles. Occasionally I glance at the Army Times and the Navy Times, but I have not seen such articles.

However, I can state unhesitatingly that the delay in the consideration of the bill at the time to which the Senator from Maine has referred grew out of a conference which I had with the Senator from Washington [Mr. JACKSON]. I went to the Senator from Montana [Mr. MANSFIELD] and asked him not to bring up the bill until we had had an opportunity to discuss it in the Armed Services Committee. I did not know there was any secret about that. I told at least half a dozen members of the Armed Services Committee the same thing.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read the third time.

The bill (H.R. 8773) was read the third time, and passed.

INCREASE IN PER DIEM RATES FOR TRAVEL EXPENSES UNDER THE CAREER COMPENSATION ACT OF 1949

Mr. SMATHERS. Mr. President, I move that the Senate proceed to the consideration of Calendar 1006, House bill 7723.

The PRESIDING OFFICER. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 7723) to amend Section 303(a) of the Career Compensation Act of 1949 by increasing per diem rates and to provide reimbursement under certain circumstances for actual expenses incident to travel.

Mr. RUSSELL. Mr. President, the purpose of the bill is to equalize the per diem allowance maximum in lieu of subsistence for members of the Uniformed Services with that of the Civil Service.

It will be recalled that last year Congress enacted legislation which increased from $12 to $16 a day the maximum per diem allowance of the employees in the civil branch of the Government.

The bill would permit the same maximum, as well as the new authority which was allowed as to reimbursement of travel expenses, to those in the military service, in order to conform to the allowance to civilian employees.

The situation which now exists is that when military personnel travel in conjunction with civilian personnel on the same missions, the civilian personnel are allowed $4 more for expenses, per day, than are the military personnel. That is a manifest injustice; and this bill to remedy that situation should be enacted.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida that the Senate proceed to consider the bill.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 7723) to amend section 303(a) of the Career Compensation Act of 1949 by increasing per diem rates and to provide reimbursement under certain circumstances for actual expenses incident to travel.

Mrs. SMITH of Maine. Mr. President, I shall not repeat the details of my point of personal privilege; but the same statement I made in regard to the previous bill applies to this bill, and similar stories have been spread.

Mr. MANSFIELD. Mr. President, will the Senator from Maine yield to me?

Mrs. SMITH of Maine. I yield.

Mr. MANSFIELD. Mr. President, I wish to repeat—and even more vigorously, if possible—what I said concerning the allegations made against the Senator from Maine. They are unfounded, and they have no basis whatsoever.

Furthermore, if anyone should be charged with the responsibility for the failure to take up these bills at that time, I think it is the one who is charged with the responsibility for calling up the bills for consideration by the Senate.

Mrs. SMITH of Maine. Mr. President, again I thank the majority leader for his customarily fair treatment of all Members of the Senate.

Mr. RUSSELL. Mr. President, I merely wish to say that at that time the majority leader informed me that the Senator from Maine told him she wished to be notified when the bill was to be called up, because she desired to offer the recomputation allowance amendment to it; and I told him that I did not wish to have the recomputation allowance amendment reach the floor until the committee had had an opportunity to consider it and to take some action on it.

I therefore asked him to defer the consideration of the bill until the committee could take some action on it. I thought that was the proper course to pursue, and I think it is.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H.R. 7723) was ordered to a third reading, was read the third time, and passed.

Mr. RUSSELL. Mr. President, I ask unanimous consent that Calendar No. 1020, Senate bill 2554, which is the Senate bill dealing with the same subject of equalizing the per diem rates offered by the Senator from Nevada [Mr. CANNON], be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

GREETINGS TO PRESIDENT-ELECT GUILLERMO VALENCIA OF COLOMBIA AND HIS WIFE

Mr. GORE. Mr. President, I submit a resolution, which I now read and ask unanimous consent for its immediate consideration:

> Whereas the newly elected President of Colombia, the Honorable Guillermo Valencia, is now a visitor to the United States; and
>
> Whereas Mr. Valencia has served with distinction for 20 consecutive years as a Senator in his country, from which position His Excellency was elected President, both of which facts Members of the United States Senate have taken due and appreciative notice; and
>
> Whereas the gracious wife and companion of President-elect Valencia is now hospitalized in the United States: Be it
>
> *Resolved*, That the Senate sends to Mrs. Valencia greetings and welcome, and best wishes for early recovery; and be it further
>
> *Resolved*, That a bouquet of American roses be purchased from the contingent fund of the Senate and be taken by special courier to Mrs. Valencia, as a token of the Senate's esteem for her, for her distinguished husband, and for the people of Colombia.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 355) was agreed to.

FLATHEAD INDIAN IRRIGATION PROJECT, MONTANA

Mr. SMATHERS. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1578, Senate bill 1912.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1912) to increase the appropriation authorization for the completion of the construction of the irrigation and power systems of the Flathead Indian irrigation project, Montana.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with an amendment in line 5, to strike out "$4,100,000" and insert "$6,200,000", so as to make the bill read:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That subsection 5(c) of the Act of May 25, 1948 (62

Stat. 269), is hereby amended by changing $1,000,000 to $6,200,000.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record at this point an excerpt from the report explaining the purpose and need for this particular legislation.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE

The purpose of S. 1912, introduced by Senators Metcalf and Mansfield, of Montana, is to increase the appropriation authorization for the completion of the construction of the irrigation and power systems of the Flathead Indian irrigation project, Montana. Additional construction is necessary to complete the irrigation and power facilities through extension and rehabilitation of the canal and lateral systems and of the power and electric service lines.

This project on the Flathead Indian Reservation was begun in 1909, and various acts of Congress through the years have provided appropriations for the continuation of the project.

The project consists of two main features: (1) The irrigation system which includes 138,194.55 acres of irrigable lands (a total of $11,307,904.66 had been invested in the irrigation system as of October 31, 1960), and (2) the power distribution system and small generating plant in which approximately $1,900,447.03 of reimbursable funds, plus $875,854.62 of earned power revenues, or a total of $2,776,301.65, have been invested.

Approximately $2,615,896.70 of the investment in the irrigation system and $70,532.73 of the power investment have been repaid. Within the irrigation system 110,000 acres are presently assessable.

The irrigation system already constructed consists of six main canals totaling 194 miles, 775 miles of laterals, and three pumping plants with lifts of 335, 43, and 79 feet. The power system consists of 420 miles of transmission and distribution lines, a 320-kilowatt generating plant, and several substations. The power system serves some 5,400 customers within the Indian reservation.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1912) was ordered to be engrossed for a third reading, was read the third time, and passed.

CONVEYANCE OF CERTAIN REAL PROPERTY OF THE UNITED STATES TO THE CAROLINA POWER & LIGHT CO.

Mr. SMATHERS. Mr. President, I move that the Senate proceed to the consideration of Calender No. 1579, House bill 3840.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (H.R. 3840) to provide for the conveyance of certain real property of the United States to the Carolina Power & Light Co.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with an amendment on page 3, after line 14, to insert a new section, as follows:

Sec. 3. The conveyance issued under this Act shall be subject to the right of the public to have free and unrestricted access to, and use of, the land and the lake thereon for boating, fishing, swimming, and other recreation to the extent such access and use are consistent with the basic purpose of the lake as a source of uncontaminated water for industrial purposes.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to insert at this point in the Record an explanation of the bill under consideration as contained in the report on the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF MEASURE

The purpose of H.R. 3840, as amended, is to direct the Secretary of the Interior to sell to the Carolina Power & Light Co., of Raleigh, N.C., 112 acres of specifically described federally owned lands for use as a cooling water lake in connection with operation of the company's steam electric power generating plant. The water, shores, and adjacent uplands of this lake would be maintained by the company for public recreational uses.

The lands to be sold are not required for any immediate or foreseeable Federal use.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF THE CAREER COMPENSATION ACT OF 1949, AND MAKE PERMANENT THE DEPENDENTS ASSISTANCE ACT OF 1950

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1539, H.R. 11221.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (H.R. 11221) to amend section 302 of the Career Compensation Act of 1949, as amended (37 U.S.C. 252), to increase the basic allowance for quarters of members of the uniformed services and to make permanent the Dependents Assistance Act of 1950 as amended (50 App. U.S.C. 2201 et seq.), and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services with an amendment to strike out all after the enacting clause and insert:

That the table in section 302(f) of the Career Compensation Act of 1949, as amended (37 U.S.C. 252(f)), prescribing monthly basic allowances for quarters for members of the uniformed services, is amended to read as follows:

"Pay grade	Without dependents	With dependents
O-10	$160.20	$201.00
O-9	160.20	201.00
O-8	160.20	201.00
O-7	160.20	201.00
O-6	140.10	170.10
O-5	130.20	157.50
O-4	120.00	145.05
O-3	105.00	130.05
O-2	95.10	120.00
O-1	85.20	110.10
W-4	120.00	145.05
W-3	105.00	130.05
W-2	95.10	120.00
W-1	85.20	110.10
E-9	85.20	120.00
E-8	85.20	120.00
E-7	75.00	114.90
E-6	70.20	110.10
E-5	70.20	105.00
E-4 (over 4 years service)	70.20	105.00
E-4 (4 years or less service)	45.00	45.00
E-3	45.00	45.00
E-2	45.00	45.00
E-1	45.00	45.00"

Sec. 2. Section 302(g) of the Career Compensation Act of 1949 (37 U.S.C. 252(g)) is repealed.

Sec. 3. Section 302(h) of the Career Compensation Act of 1949, as amended (37 U.S.C. 252(h)), is amended—

(1) by striking out the words "subsection (f) of this section" and substituting in place thereof the words "section 3 of the Dependents Assistance Act of 1950 (50 App. U.S.C. 2203)";

(2) by inserting the words "in pay grades E-1, E-2, E-3, and E-4 (four years' or less service)" after the words "enlisted members with dependents";

(3) by striking out the words "(or in the case of enlisted members in pay grades E-4 and E-5, $60; or in the case of enlisted members in pay grades E-6, E-7, E-8, and E-9, $80)"; and

(4) by inserting the following new clause immediately before the colon preceding the second proviso: "; or (7) for the calendar months in which such member serves on active duty for training (including full-time duty performed by members of the Army or Air National Guard for which they receive pay from the United States under section 316, 503, 504, or 505 of title 32, United States Code) if that training is for a period of thirty days or more".

Sec. 4. The Dependents Assistance Act of 1950, as amended (50 App. U.S.C. 2201 et seq.), is amended—

(1) by amending section 3 (50 App. U.S.C. 2203) to read as follows:

"Sec. 3. For the duration of this Act, section 302(f) of the Act of October 12, 1949 (Public Law 351, Eighty-first Congress), is hereby amended by striking out that portion of the table appearing therein which prescribes monthly basic allowances for quarters for enlisted members in pay grades E-1, E-2, E-3, and E-4 (four years' or less service) and inserting in lieu thereof the following new table:

"Pay grade	Without dependents	1 dependent	2 dependents	3 or more dependents
E-4 (4 years or less service)	$55.20	$83.10	$83.10	$105.00
E-3	55.20	55.20	83.10	105.00
E-2	55.20	55.20	83.10	105.00
E-1	55.20	55.20	83.10	105.00";

(2) by amending section 7 (50 App. U.S.C. 2207) by striking out the words "on training duty," and substituting in place thereof the words "in pay grades E–1, E–2, E–3, and E–4 (four years' or less service) on active duty for training for less than 30 days, to enlisted members on active duty for training under section 262 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1013), or any other enlistment program that requires an initial period of active duty for training,"; and

(3) by amending section 8 (50 App. U.S.C. 2208) by striking out the words "For the purposes of this Act" and capitalizing the first letter of the next word and by inserting the words "(over four years' service)" after the words "pay grade E–4".

SEC. 5. The Secretaries of the departments concerned shall have the same authority with respect to payments of quarters allowances to enlisted members of the uniformed services in pay grades E–4 (over 4 years' service) through E–9 that they have with respect to enlisted members of the uniformed services in pay grades E–1, E–2, E–3, and E–4 (4 years' or less service) under sections 10 and 11 of the Dependents Assistance Act of 1950 (50 App. U.S.C. 2210, 2211).

SEC. 6. Section 1 (c) and (f) of the Act of May 19, 1952, chapter 310 (66 Stat. 79, 80) is repealed.

SEC. 7. This Act becomes effective on January 1, 1963.

LUMP-SUM READJUSTMENT PAYMENTS FOR MEMBERS OF RESERVE COMPONENTS

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. CLARK. I should like to have the attention of the Senator from Georgia [Mr. RUSSELL]. Through an inadvertence in my office and one of those misunderstandings that sometimes happen in the Senate, the bill H.R. 8773 was passed a few moments ago.

I had earlier written the majority leader to advise him that I desired to propose an amendment to that bill, and on the floor this morning, during the morning hour, I had spoken in support of my amendment and caused it to be printed and advised I would like to bring it up when the bill was considered.

I fully realize that no discourtesy to me was intended, and I am quite willing to share the blame in not realizing the bill was going to be taken up a few moments ago.

The sole purpose of my amendment was to make the provisions of the act effective June 30, 1962, instead of enactment of the act, as is presently provided. My reason for wishing to make that change is that I have received several communications from Reserve officers who are about to be retired and who will be retired after today but before June 30, 1962. I have in my hand a typical letter from a captain, U.S. Air Force, at Westover Air Force Base.

I believe that if the bill could be reconsidered, and if it could be amended so as to make the effective date June 30, 1962, what I am sure is an unintentional injustice to a number of Reserve officers could be avoided. I wonder whether my good friend who is the sponsor of the bill and the majority leader would be agreeable to a motion to reconsider the vote by which the bill was passed so that the effective date might be changed.

Mr. RUSSELL. First, I did not know the Senator intended to propose an amendment. I was not present when the Senator made his statement during the morning hour. I did not know that the amendment was at the desk until after the bill had been passed. At that time, one of the attachés of the Senate brought the amendment to me and asked if the bill could be reconsidered, for consideration of the amendment. I told him, as I tell the distinguished Senator, I do not think the amendment is necessary.

If the House passes the bill and if it is signed before June 30, as it should be, for we hope that the House will accept the amendment and send the bill to the White House, the bill will be enacted. The reason we were so desirous of getting the bill before the Senate was to avoid the very injustice of which the Senator complains. We have been trying to have the bill considered by the Senate in ample time to get it through the legislative process. It is a House bill. The Senate has amended it. If the House will accept the amendment, as I hope it will, the bill can be sent to the President, and if signed, can go on the statute books before the date set forth in the Senator's amendment.

Mr. CLARK. That is what worries me. The bill, as it passed the House and the Senate, would be effective as of the date of enactment. It is limited to that date. I am worried about the young men who are to be retired between now and June 30, who would not be covered by the act unless the effective date were postponed until June 30, to take them in.

Mr. RUSSELL. Mr. President, there must be a cutoff date at some time. This question has been before the Senate and the House for a number of years. The Senate passed a similar bill, which was sent to the House the year before last. The House did not consider the bill at that time. The reason we have brought the bill forth now is that we thought we had reason to believe the House would consider it.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. RUSSELL. I yield.

Mr. CLARK. I am quite in accord with the Senator that there should be a cutoff date. My only point is that the cutoff date should be June 30, only 5 days from now, to take care of individuals to be retired June 30 who may lose the benefits of the bill if it should become effective before that date.

Mr. RUSSELL. Mr. President, undoubtedly some young men are being separated from service today. I do not see that the one who may be separated June 30 should have any advantage over the one who is separated on June 25.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. CLARK. I fear the Senator and I are still talking at cross purposes. I shall try to make my point clear to the Senator.

The individuals who are separated today will be covered by the bill, because it will not be signed until after today. If the bill is signed after today but before June 30, a relatively large group of Reserve officers who have already received notices that they are to be retired on June 30 will not be covered by the bill. To prevent that injustice, I wish to make the cutoff date June 30 instead of the date on which the President signs the bill, which could be before June 30.

Mr. RUSSELL. Any man who is separated involuntarily after the President signs the bill will get the benefit of it. It does not matter what day that is. If by some legislative alchemy the bill might be approved by the House and signed by the President tonight and the man is retired tomorrow, he will get the benefits of the bill.

I do not like to have retroactive provisions offered to take care of individuals. We are dealing with Armed Forces which now number 2,700,000 people. There are tens of thousands of Reserve officers in the services. As deserving as the case of this young captain may be, I think he ought to take his chances along with the other Reserve officers to be affected by the legislation. There have been literally thousands of them who have been separated in the past 3 or 4 years under the existing law. However notable may have been the services rendered by the individual whom the Senator has in mind, I do not think he is entitled to have any preferential treatment.

Mr. CLARK. If the Senator will yield further and finally, I shall not ask him to yield again.

Mr. RUSSELL. I yield.

Mr. CLARK. I have obviously not been able to get across to my friend from Georgia the point I have in mind, and it is my fault. I know my friend from Georgia is a man of great fairness and good will. I am confident that if I can sit down with him for 15 minutes or a half hour I can persuade him that what is happening may be an injustice to a relatively large number of officers who may not receive the benefits of the bill passed this afternoon, but who would do so if a very simple amendment could be adopted to make the effective date June 30. I know I could persuade my friend from Georgia.

Mr. RUSSELL. If we made the date June 30, 1962, and the President were to sign the bill on the 28th of June, a man separated on the 28th of June would not get the benefits of the bill, because he would be separated before the 30th of June.

I say to my friend from Pennsylvania, for whom I have the utmost regard, that it is impossible to pass legislation dealing with the Armed Forces, as large as they are now, without working some hardship on some man somewhere. There will be some fellow who will be separated one day, and the law will take effect the next day, I do not care what the provision is; whether it deals with compensation, with housing allowances, with retired benefits, or something else. It is impossible to exactly equalize the situation.

The situation is the same as that with respect to a tax bill. We cannot completely equalize a tax bill. What is a fair tax for one man is likely to force another out of business.

As much as I would like to have the bill reconsidered, regretfully I must oppose the Senator's suggestion. The bill will be effective the day it is signed, if the bill is approved by the House. We hope that will be this week. Any man who is due to be separated on the 30th day of June will get the full benefits of the bill. I can absolutely assure the Senator of that statement, whether it involves a small group or a large group.

Mr. CLARK. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state his inquiry.

Mr. CLARK. Will the Presiding Officer advise me how long the bill passed this afternoon, H.R. 8773, will remain in the control of the Senate, so that a motion to reconsider would be in order?

The PRESIDING OFFICER. In the ordinary course the bill would be transmitted to the House tomorrow.

Mr. CLARK. At what time tomorrow, Mr. President?

The PRESIDING OFFICER. Messages from the Senate usually arrive at the House of Representatives by the time that body meets.

Mr. CLARK. A further parliamentary inquiry, Mr. President, with respect to which I should like to have the attention of the majority leader.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Has it been decided at what time the Senate will meet tomorrow?

Mr. MANSFIELD. It was thought that the Senate would convene at 12 o'clock. So long as the Senator has given me the opportunity to speak, I wish to state that to the best of my knowledge I have not received a letter from the Senator from Pennsylvania about the particular amendment which he has in mind. I am sure one was sent, but I have not seen it.

Mr. CLARK. I suspect that when my friend goes back to his office he will find it.

Mr. MANSFIELD. I have not been there today. That must be the answer.

Mr. CLARK. Mr. President, I rely on what I know is the fairness and justice of my friend from Georgia. I ask him to indulge me with a private conference on this question at some time within the next 45 minutes or an hour. If I cannot convince him I am correct about it, I shall make no further effort. If I can, I am sure another opportunity will be given to me when the Senate convenes tomorrow.

Mr. RUSSELL. Mr. President, I should be happy to discuss the subject with the distinguished Senator. I have been dealing with proposed legislation of that kind for many years. It is impossible to amend it so as to take care of every case and to equalize cases. What would the Senator do about the man who was separated yesterday?

Mr. CLARK. He would be covered. Everyone would be covered except the poor fellows who would be discharged on the 30th of June.

Mr. RUSSELL. I am not in favor of making the bill retroactive. How would the retroactive date be set? These men have been separated for the last 5 years.

Mr. CLARK. I do not want to make the provision retroactive. Let us not continue the discussion at this time. I shall be happy to discuss it with the distinguished Senator after adjournment. I thank my friend for his courtesy.

ADJOURNMENT

Mr. SMATHERS. Mr. President, if there is no further business to come before the Senate, I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, June 26, 1962, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate June 25, 1962:

IN THE ARMY

Chaplain (Col.) Charles Edwin Brown, Jr., O25845, U.S. Army, for appointment as Chief of Chaplains, U.S. Army, as major general in the Regular Army of the United States and as major general in the Army of the United States, under the provisions of title 10, United States Code, sections 3036, 3284, 3307, 3442, and 3447.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 25, 1962:

U.S. AIR FORCE

The following-named officer for appointment in the Air Force Reserve, to the grade indicated, under the provisions of chapter 35 and section 8373, title 10 of the United States Code:

Col. Arthur R. DeBolt to be brigadier general.

IN THE NAVY AND MARINE CORPS

The nominations beginning Van P. Liacopoulos to be ensign in the Navy, and ending Carl R. Yale to be second lieutenant in the Marine Corps, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on June 12, 1962.

EXTENSIONS OF REMARKS

The Mexican National Lottery

EXTENSION OF REMARKS

OF

HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 25, 1962

Mr. FINO. Mr. Speaker, I would like to tell the Members of this House about the Mexican national lottery.

In 1961, the gross receipts were almost $56 million of which the Government received about $15 million.

Mr. Speaker, Mexico, like the other nations of Latin America, realized the merits of lotteries long ago. There is not one Latin American country that does not have a national or State lottery. The lottery is a time-tested and proven financial device dating back several centuries.

Mr. Speaker, it is time that we, in the United States, overcame outdated prejudices and biases to take the proper view of gambling and its relation to the Government. Gambling is ineradicable and the Government should act to control it rather than ignore it. A national lottery in the United States would make the gambling urge work for the public good. It would easily pump into our Treasury over $10 billion a year in new income which can be used to cut taxes and reduce our big national debt.

National School Lunch Program

EXTENSION OF REMARKS

OF

HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Monday, June 25, 1962

Mr. WILEY. Mr. President, the national school lunch program over the years has served beneficially to improve the health of our school students and, as well, to provide a significant outlet for surplus farm commodities.

Currently, the administration is proposing a change in formula for apportioning Federal funds to the States for the school programs.

This recommendation, I believe, should be very carefully reviewed by Congress.

In a weekend address over Wisconsin radio stations, I was privileged to discuss the impact of the proposal.

I ask unanimous consent to have excerpts of my remarks printed in the RECORD.

There being no objections, the excerpts were ordered to be printed in the RECORD, as follows:

NATIONAL SCHOOL LUNCH PROGRAM

(Excerpts of address prepared for delivery by Senator ALEXANDER WILEY, Republican, of Wisconsin, over Wisconsin radio stations, June 23, 1962)

Senator ALEXANDER WILEY, Republican, of Wisconsin, in a broadcast over Wisconsin radio stations today discussed the school lunch program.

There follows the text of Senator WILEY's address:

"Over the years this program now benefiting more than 14 million students annually has been (1) an important factor for improving the health of our youth; and (2) a significant outlet for dairy and other surplus commodities.

"In Wisconsin, over 270,000 students participated in the lunch program last year. For

1962, it is estimated this number will increase to over 296,000.

"The Senate Agriculture Committee this week held hearings on the school lunch program for fiscal year 1963. About $118 million are being requested for the program.

"Of special significance, the Secretary of Agriculture is recommending a change in formula for allocating funds. Presently, money is allocated according to two major factors: (1) the school age population of each State; and (2) the relationship of each State's per capita income to the national per capita income.

"The Secretary, however, is recommending a change to provide for distribution of funds according to such factors, as (a) the number of students participating, rather than on population of the State; (b) per capita income of the State, based on 3-year average; and (c) assistance according to need, with additional funds earmarked for schools in extremely low income areas.

"The proposed amendments, as usual, are wrapped up in far more complex legislative language. If adopted, however, these would have a significant impact upon the program.

"The Congress, therefore, will need to carefully evaluate the proposed changes to determine (a) whether or not it would be equitable; (b) what would be the impact upon the present program, including effect here in Wisconsin, as well as elsewhere in the Nation.

"In the Badger State, we have special interest in the proposed changes; for, if adopted, it would mean a reduced level of Federal support.

"In the interests of youth health, the dairy-farm economy, and the Nation, the Congress, in my judgment, then needs to (1) reexamine the program itself, to determine how it can further be improved; (2) carefully consider the equity, or inequity, of the proposed formula changes; and then (3) carry forward, and as necessary expand, the program to meet the best interests of the people and the Nation.

Rural Electrification Administration Program

EXTENSION OF REMARKS

OF

HON. J. FLOYD BREEDING

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 25, 1962

Mr. BREEDING. Mr. Speaker, as a supporter of the REA program in Kansas for many years, I want to comment on the statement in the House Report No. 1691 on REA. Briefly, I do not agree with the statements and recommendations on the REA program contained in this House report.

I believe that the report fails to recognize the consumer-member-owner relationship of the rural electric cooperatives and their customers. The electric cooperatives in the First Congressional District of Kansas are certainly seeking the best rates, terms, and conditions on their power supply, and I believe this is true of rural electrics all across the country.

In my view, the electric cooperatives are fully justified in insisting on their right to decide on their own power supply arrangements. They, more than anyone else, know what is best for them. They rightly object to revealing their business plans to power companies. No other business is subject to such harassment.

The needs of rural America call for a vigorous REA program. Let us determine ways in which to help it to do a better job, providing the rural electric cooperatives with the tools to serve farmers and rural people on a first-class basis.

The Major Challenges Confronting the Nation—Address by Senator Wiley at American Legion Picnic

EXTENSION OF REMARKS

OF

HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Monday, June 25, 1962

Mr. WILEY. Mr. President, yesterday, I was privileged to review, with the American Legion of Little Chute, Wis., the major challenges confronting the Nation.

I ask unanimous consent to have excerpts of the address printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

THE MAJOR CHALLENGE CONFRONTING THE NATION

(Excerpts of address prepared for delivery by Senator ALEXANDER WILEY, Republican, of Wisconsin, at the American Legion picnic, Little Chute, Wis., Sunday afternoon, June 24, 1962)

Members and families of the American Legion, I welcome the opportunity for Mrs. Wiley and myself to join you at this picnic.

Hovering spiritlike above us, and scarlike within some of us exist memories, wounds and images, real and ghostly, of past times and places not too different from this out-of-door area: of bursting bombs; of "labeled" bullets; of gouged earth; of dying breaths; and of all the terrible entrails of battle.

The great healer, time, fortunately dims these memories.

Yet, the indelible imprint upon you, and upon the Nation, provides the reasons, the common welding bonds, of service, of sacrifice, of patriotism, of why you are here today.

The guns of the great war now long have been stilled. Yet, around us is a silent war, shattered now and then with explosive bombardments followed again by the strange awesome, and sometimes ominous, silence.

The question may be asked: Why, after all the great sacrifices of the past must we again, seemingly in each generation, face and be threatened by, the great, tragic, immoral waste and destruction of war?

Because the people and the nations of the world have not yet found a way, despite thousands and thousands of years of existence, to live together in peace.

Under communism, the world could live in peace but also in slavery.

A freedom-loving people, our history reechoes, and our policies reflect, the ringing words of Patrick Henry: "Give me liberty, or give me death."

Challenged by powerful communism mobilized for global conquest, we, as a people, again in our time now must prove or disprove whether we are ready, willing, and able to successfully defend the ramparts of freedom.

Can we do it?

Yes. If a world-destroying nuclear war can be avoided, we can successfully outcompete and outprogress the Red empire.

TIDE TURNING AGAINST COMMUNISM

Since World War II the Reds have gained control of about a billion people in the Communist bloc, including U.S.S.R., Communist China, Rumania, Poland, Czechoslovakia, Bulgaria, East Germany, Hungary, and Albania.

On the global horizons, however, there are now signs appearing that (1) the peak of the Red tide may have been reached; (2) the perimeter of the Western World has hardened, making even "chipping" aggressions more difficult; and (3) the Communist systems in the U.S.S.R. and Red China, existing long enough to prove, or disprove, workability, have suffered serious setbacks. For example:

(a) The agricultural programs in the Soviet Union and Red China, regrettably along with starving human beings, have fallen on their faces;

(b) The lack of consumer goods to meet day-to-day needs of the people, stands as a mark against the Communist systems—particularly in the eyes of the newly emerging nations looking for systems to best promote progress in their own countries; and

(c) Productionwise, the West—in fact, the United States alone—is still far outstripping the entire Communist bloc.

In historical perspective, then, the rise of communism may well have reached its pinnacle.

Realistically, however, effective, anti-Communist policies of the West, as well as the weaknesses of communism, itself, will determine the rate of decline of Red influence, if at all, in the world.

The challenge, then, requires the West to strategically reconcentrate, and if necessary, redirect its political, economic, military, and ideological forces for speeding the downfall of communism. Specifically, such steps should include making the most of failures by the Communist system in agriculture and other economic programs, maintaining a hardened free world perimeter against Communist aggression, and strengthening a deterrent force of sufficient power to make broad-scale nuclear aggression suicide for the attacking nation.

Keeping a flexible fighting force "on the alert" particularly in those areas of the world in which the East-West lines have not been clearly defined and the Reds still may venture lesser aggressions; and undertaking a more effective political, economic, ideological counteroffensive aimed toward (a) thwarting Red aggressions, (b) breaking up the Communist bloc, and (c) strengthening the non-Communist nations.

At such a decisive time in history, moreover, there is no excuse or justification for haggling among, with a resulting weakening of Western allies, and for failing to carry forward a dynamic, all-encompassing effort to defeat the Communist conspiracy on all fronts.

As Americans, and particularly as veterans, your members, including more than 22 million, including more than 470,000 in Wisconsin, have special day-to-day problems.

Recognizing that the scars of war cannot magically be wiped away, the Nation has adopted the most extensive veterans program of any nation on earth.

For fiscal year 1963, over $5.2 billion are earmarked for veterans programs, including $1 billion for operations of medical and hospital programs; over $3.8 billion paid directly to veterans' widows and children for compensational pensions and other expenditures for readjustment problems; education and training; construction, maintenance, and modernization of the VA hospital system, and other purposes.

In such a complex program, there is, of course, continuing need for amendment, modernization, and change in laws regulating the system.

Currently, there are a variety of bills pending before Congress which, though less broadscoped than many of the past, nevertheless deal with serious difficulties still confronting the veterans. These include bills for the following purposes: veteran rehabilitation vocationally, compensation for dependent parents and children, disability compensation for blinded vets, pensions for hospitalized vets with dependents, pilot studies and new problems of elderly, chronically ill or handicapped vets, and the outlook for adjustments of benefits for vets with service-connected disability, because of the increase in the cost of living.

As in the past, I shall of course give sympathetic consideration to the needs of yourselves and the rest of the Nation's veterans.

CONCLUSION

Now out of uniform, you continue to serve the country in peace as you did in war.

Over the years, you have reflected the highest principles and traditions, not only as veterans, but as patriotic Americans.

As images of the past, of great battles, of heroic deeds, living and dead, are relived here in conversation, in thought, and in memory, we remember again with Lincoln that we can best revere these sacrifices by a "rededication to the great tasks remaining before us."

Ellsworth Questionnaire

EXTENSION OF REMARKS

OF

HON. ROBERT F. ELLSWORTH

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 25, 1962

Mr. ELLSWORTH. Mr. Speaker, this spring I sent a questionnaire to the people of the Second Congressional District of Kansas, and I am pleased to share the results with my colleagues today by placing a summary of the results in the RECORD.

Along with that summary, I am including an editorial written by Mr. Angelo Scott, of the Iola (Kans.) Register, comprising his comments upon some of the questionnaire results. As usual, Mr. Scott's comments are trenchant, to the point, and wise.

Under leave to extend my remarks I insert the questionnaire tabulation and editorial at this point:

ELLSWORTH QUESTIONNAIRE

We sent out over 118,000 questionnaires to the citizens of our congressional district. The response was overwhelming, and consequently there has been a delay in arriving at a final tabulation of the results. The tabulation is now complete.

1. Do you believe a balanced national budget is essential: 46.9 percent; desirable, 46.0 percent; unimportant, 7.1 percent.

2. Which, if any, of the following actions would you favor in order to balance the budget?

	Percent
Raise personal taxes	0.37
Raise business taxes	.38
Reduce defense spending	.35
Reduce domestic spending	56.00
Reduce foreign aid appropriations	77.00
Revise and reform tax structure	59.90

(On this question many people checked several answers, rather than a choice of one, so percentages are figured individually against the total number.)

3. If the Federal Government can reduce taxes, should tax relief to individuals have priority over tax benefit to business?

	Percent
Yes	49.9
No	50.1

4. In regard to Cuba, should the United States:

	Percent
Continue its present policies	8.8
Recognize and do business with the Castro government	1.2
Encourage the overthrow of the Castro government	67.4
Use American troops to overthrow the Castro government	22.6

5. Should the United States send troops to South Vietnam if necessary to prevent that country's seizure by the Communists:

	Percent
Yes	27.3
No	72.7

6. Should the United States continue to insist on an adequate inspection in any test ban agreement:

	Percent
Yes	97.5
No	2.5

7. Are you in favor of the Federal Government helping provide medical benefits to the aged?

	Percent
Yes	74.1
No	25.9

If so, do you prefer that to be done:

	Percent
Through the social security system	40.2
By some other method	59.8

8. Should the Federal Government provide funds to assist localities in:

Constructing public schools:	*Percent*
Yes	74.5
No	25.5

Paying teachers' salaries:

	Percent
Yes	14.4
No	85.6

9. Should private and/or parochial schools receive the same Federal benefits as public schools?

	Percent
Yes	3.4
No	96.6

10. About 5 million Americans were prevented from voting in the last election because they could not meet local residence requirements. Would you favor a constitutional amendment to ease residence requirements for voting in national elections?

	Percent
Yes	75
No	25

[From the Iola (Kans.) Register, June 7, 1962]

WORD FROM THE PEOPLE

Congressman BOB ELLSWORTH recently sent 118,000 questionnaires to the citizens of the Second Kansas District, asking their views on 10 questions of public policy.

The response was unusually heavy. The answers, now tabulated, strike me as being quite interesting in many instances. For example:

Question. Should the United States send troops to South Vietnam if necessary to prevent that country's seizure by the Communists?

Answers.	*Percent*
Yes	73
No	27

Comment. And they used to call the Midwest isolationist. Certainly this indicates no lack of comprehension of the worldwide nature of the Communist threat and of our own responsibility in resisting it.

Question. Do you believe a balanced national budget is essential, desirable, or unimportant?

Answers.	*Percent*
Essential	47
Desirable	46
Unimportant	7

Comment. Here is a trend-of-the-times revelation. Not too many years ago, almost every citizen in the country would just take for granted that a balanced budget was essential. But after seeing only five balanced budgets, Republican or Democratic, since 1931, and noting that the country has somehow survived and prospered nonetheless—is it any wonder that half the people now think a balanced budget would be a nice thing but not necessarily an absolute requisite to national health? I wonder what the next 30 years will prove along that line.

Question. Which of the following actions would you favor in order to balance the budget?

Answers.	*Percent*
Raise personal taxes	0.37
Raise business taxes	.38
Reduce defense spending	.35
Reduce domestic spending	56.00
Reduce foreign aid appropriations	77.00
Reform tax structure	59.90

(Many people checked more than one answer. Thus the totals add up to more than 100 percent.)

Comment. The interesting thing here is the microscopic third of 1 percent of the people who even question the frightful $46 billion—more than half the Nation's budget—which is being spent for defense. Cut domestic spending, cut foreign aid, cut anything but defense. Wouldn't you think that, say, 5 or 10 Americans out of 100 would have the temerity in an anonymous questionnaire to suggest that this $46 billion (which is the cause of all our tax and budget troubles) might be a wee bit too much in time of peace? What a bullheaded, bellicose nation we have become.

Question. If the Federal Government can reduce taxes, should tax relief to individuals have priority over tax benefit to business?

Answers.	*Percent*
Yes	50
No	50

Comment. Considering that 4 out of 5, perhaps 9 out of 10 of the questionnaires must have been answered by nonbusinessmen, this 50–50 break is interesting. I'd say that it shows a levelheaded understanding that in a free enterprise system, it has to be one for all and all for one. The wage earners can't prosper unless the wage payers prosper, or vice versa. Only on a 50–50 basis can everyone get ahead.

Question. In regard to Cuba, which of the following should the United States do?

Answers.	*Percent*
Continue present policies	9
Recognize Castro	1
Encourage overthrow of the Castro government	67
Use U.S. troops to overthrow Castro government	23

Comment. Again, what a bellicose Nation we have become. More than half of us want to get busy needling and helping someone else overthrow Castro. Almost a fourth of us would cheerfully send our own troops down there in order to put that bearded maniac in his place. Less than 1 in 10 is satisfied to continue the present discreet course of political and economic pressure without violence.

Question. Are you in favor of the Federal Government helping provide medical benefits to the aged?

Answers.	Percent
Yes	74
No	26

Question. If so, how do you prefer that it be done?

Answers.	Percent
Through social security	40
By some other method	60

Comment. Here is widespread recognition that medical care for the aged is a problem of national concern and that the Federal Government should help solve it. But the vote against taking it onto the social security system is a solid 6 to 4, confirming again this paper's contention that it is the politicians—not the people—who are insisting it should be handled that way.

The Public Has a Right To Know Who Is Receiving Federal Pay for Consultant Work

EXTENSION OF REMARKS

OF

HON. JAMES E. VAN ZANDT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 25, 1962

Mr. VAN ZANDT. Mr. Speaker, on June 1 the Washington Evening Star's lead story was entitled "Consultant Is Fired in Stockpiling Inquiry." The article explained that a consultant to the Office of Emergency Planning was discharged because of an apparent conflict of interest and that the Justice Department was asked to look into the case.

I do not know whether the Department of Justice has yet investigated. If a violation of trust on the part of an individual being paid by the Government has been committed, it is incumbent upon responsible officials to pursue the matter and to keep the public informed of what transpires. Regardless of the outcome of this case, however, the Government consultant poses a most interesting and highly serious subject. It is my belief that the various news sources could perform a highly meritorious service if they were to look closely into the hiring of consultants, the nature of their work, and their performance in public service.

Publication of a listing of all consultants that have been paid by the Federal Government since the advent of the New Frontier might disclose important information. You may be surprised to find out that the eager young lawyer who insists that the administration's fiscal policies are good for the country are primarily good for him because he frequently draws $50 a day in expenses as a White House consultant. Or the engineer proclaiming the wisdom of a research program is receiving a regular check for his so-called services. Or even your neighbor, the businessman who so enthusiastically supports the trade program, is receiving per diem pay and expenses in return for this good will. For that matter, the farmer leading the cheers for Secretary Freeman could be in the same category.

The consultant need not necessarily reside in Washington. He may be a resident of a large city or a small community anywhere in the country. A trip to Washington from the west coast and return can be accomplished in a day or two, and the Federal Government is notorious for its extravagant transportation bills.

Who are Government consultants? Who receives $50 a day for advising the various departments and agencies? The identities should be brought to light, not only in the interest of exposing those who might be guilty of conflict of interest, but to determine whether the expenditures involved are justifiable.

It was Thomas Jefferson's belief that "when a man assumes a public trust, he should consider himself as public property."

There is also the issue of whether it is morally proper to hire in an advisory capacity at high wages a coterie of individuals already well paid in their normal business connections at a time when substantial unemployment prevails and national debt moves ever upward. Last week the Labor Department reported unemployment in the Scranton and Johnstown areas at 12 percent or more; Pittsburgh, Altoona and Wilkes-Barre, 9 to 11.9 percent; Philadelphia 7.1 percent; and Erie 6 to 8.9 percent.

The unrestricted use of consultants can be dangerously expensive as well as a ruthless political device. Fifty dollars per diem is just that much more than the man without a job is able to earn; it is two, three, or four times as much as the total income of many of our employed in Pennsylvania.

On the political front, there is no record of the recipient of a consultant's fee consistently taking a position contrary to the attitude of the administration that pays him. The system provides a convenient but dubious method of hiring mouthpieces for a political party.

Cataloging consultants in public print might require considerable research. Tenacity and persistence would be necessary. But I think that our American newspapers, television, and radio are up to the job. They have in the past effectively revealed Federal practices that, left to continue and flourish, would have completely undermined the integrity of the Government. The general public needs to have an opportunity to look over the list of consultants.

West Virginia Governor's Conference on Coal Recovery

EXTENSION OF REMARKS

OF

HON. CLEVELAND M. BAILEY

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 25, 1962

Mr. BAILEY. Mr. Speaker, today I attended a conference called by the Governor of my State of West Virginia, the Honorable William Wallace Barron, together with other members of the delegation, and Senators Jennings Randolph and Robert C. Byrd, held in the New Senate Office Building. The purpose of this meeting was to discuss and plan a concerted effort on the part of our National and State Governments, together with coal industry management and labor, to increase coal's share in the energy markets of the world. In that connection, Mr. Speaker, I wish to include the statements of His Excellency Governor Barron, and Senators Byrd and Randolph, of West Virginia.

REMARKS BY GOV. WILLIAM WALLACE BARRON, OF WEST VIRGINIA

We are here today to work together to plan positive action that will increase coal's share in the energy markets of the world. This will mean more profits for the coal industry and new jobs for West Virginians.

As Governor, I speak for all the people of West Virginia in thanking you for your attendance. We recognize the valuable contributions which you, as a part of your everyday life, make to the coal industry and the general well-being of our State and Nation. We appreciate your willingness to participate in this Conference on Coal Recovery.

There are present here today representatives of almost every governmental agency—State and Federal—having contact with the coal industry.

In addition, there are represented the railroads and most of the other industrial organizations, as well as our State coal advisory committee and council of economic advisers, all of which have a vital stake in the coal industry and the growth and development of West Virginia.

These groups, combined with the elected representatives of our people, certainly comprise a body with experience and intellect sufficent to recognize and solve any problems which exist in the coal industry. It is this combined effort which we begin here today.

Increased markets and new uses for coal mean profits, and more profits mean more jobs.

My recent trip to Japan convinced me that we will sell more coal to that country and other foreign nations. This means increased business for the railroads, which are to haul the coal to ports of shipment. By our combined efforts, we will increase our coal exports all over the world. By the same cooperative endeavor, we will develop our domestic sales.

I view this conference as a concerted effort to solve coal's problems and as a major advance in the development of a stronger economy. There is ample reason to be optimistic. Things have begun to look up in West Virginia. Proof of this is in the fact that the State administration is closing out the fiscal year with a surplus.

This meeting is designed to produce positive results. The group gathered here can and must, beginning with its actions today, take the necessary step to move the coal industry forward.

I am asking you to tell us what the State administration, working with our congressional delegation, can do to help in this important undertaking. We offer you the services of our State agencies, departments, committees, and council, all dedicated to serving coal and other industries.

I challenge you to make the most effective use of our combined efforts.

REMARKS BY SENATOR JENNINGS RANDOLPH, DEMOCRAT, OF WEST VIRGINIA

In remarks to a conference on recovery of the coal industry, it will be my purpose not only to mention coal but to discuss some of the problems surrounding the industry producing it and the economy depending largely on it.

In these 40 words I spoke the word "coal" twice. I referred to coal 100 percent more times than did the Senator from Arizona [Mr. Goldwater] in his address of 40 minutes at Pittsburgh on June 18, 1962.

Our colleague inserted his speech in the June 19, 1962, Congressional Record. After his salutation, "Mr. Chairman and members of the National Coal Association," he never again mentioned coal.

Four days later, in another speech similar to the one he delivered in Pittsburgh, Senator Goldwater decried Government planning. But I am grateful that 63 Senators joined in passing legislation last year for a national fuels and energy study, which is Government planning. The Arizona Senator, however, was not among the 18 Republicans who cosponsored with 45 Democrats the resolution I introduced. We believe coal will benefit from the recommendations which will come from the Committee on Interior and Insular Affairs as a consequence of the study now in progress.

The esteemed Senator and I are members of the Committee on Labor and Public Welfare and two of its most active subcommittees. I recognize his philosophy and I understand what the status of Government would be under his philosophy. But I doubt that the Government of these United States, responsive to the conviction of a majority of citizens, ever will abdicate its responsibilities in the degree I believe he advocates.

Our agenda includes the topic, "The Need for Cooperative Effort," and discussion of "Current Research Projects," and consideration of "Trends in Coal Marketing."

It is inconceivable that there would not be Government implications and need for Government cooperation in varying degrees in these areas. In fact, the measure of cooperation needed from Government by the coal industry must come from strong Government.

Certainly, in the need for cooperative effort and in trends in coal marketing," there cannot be any logical discussion without giving consideration to the problems of coal as a consequence of the impact of imports of residual fuel oil. There is also the seasonal dumping of natural gas at reduced rates under industrial boilers.

Very frankly, unless there is Government cooperation to help less inequitable impacts by these sources of competition, coal as a major fuel will be virtually eliminated by residual oil and dumped natural gas long before atomic power usurps the fuels markets provided by the electric utilities.

The transportation and marketing of coal are inseparable factors in the light of conditions imposed by competitive fuels. Here, also, unless there is cooperation by Government, coal's mine-to-market problems could grow so complex that they could become almost insurmountable.

Something more than mere cooperation is essential. Cohesive cooperation through teamwork is the imperative need of the coal industry—both within the industry and between the industry and government.

Governor Barron deserves our commendation for calling this conference today. All of us are cooperative, with him, in this counseling together.

In no facet is cooperative team effort more necessary than in the field of research. And given the problems and competition faced by coal, there is no industry needing the fruits of research in greater degree.

There is no reason to dwell on the unfortunate details, but I deplore the demise of a $5 million authorization voted last year by the Senate for the Atomic Energy Commission to supplement other coal research activities through nuclear and radiation explorations of a vital nature.

It will be recalled that in this effort I invited my capable colleague, Senator Robert C. Byrd, and other colleagues from coal producing States, to join me in cosponsoring the $5 million AEC coal research amendment. It was defeated in the House of Representatives.

Subsequently, we did the best we could to keep coal research alive in the nuclear energy field. I predict real developments helpful to coal eventually will develop.

We had a $1½ million appropriation included in the funds for the AEC to continue coal research this year. But application of these funds necessarily had to be limited to previously authorized phases of investigation, rather than include work of the broader nature which would have been authorized by our earlier Senate amendment defeated in the House. I am pleased, nevertheless, that the $1½ million AEC coal research appropriation became a fact. And I feel that coal research agencies could use and should engender a better working relationship with the AEC and nuclear scientists.

Now I am privileged to refer to another appropriation. This one is for the next fiscal year and is for the Office of Coal Research. The amount approved by the House was augmented by approximately $1,450,000 through favorable Senate action on an amendment which Senator Byrd initiated in the Appropriations Committee. I realized the need for additional coal research funds and supported the amendment in the Interior Department appropriations bill. What the future holds for this additional coal research fund in the House-Senate conference remains to be seen. It has apparently lacked cooperative teamwork effort thus far. I hope it will not suffer the same fate as did the $5 million authorization for AEC coal research in 1961.

The record is clear that in the Senate we have taken positive actions on coal research. I do not deprecate the progress made by private industry in coal research. I applaud its contributions in this vital area. But there must be teamwork between Government and industry, as well as within the industry and within the Government; there must be a determination on specific areas of research effort. Otherwise, money sources will shrivel and the search for necessary new uses for coal will be frustrated. Under such a circumstance, coal would face a bleak future.

But we can all have faith—a faith we must sustain and strengthen by achievement through work. Certainly coal research is an area in which Government cooperation is a must under competitive conditions facing the coal complex.

Governor Barron, Senator Byrd, House colleagues, Federal and State agency policymakers, and coal industry leaders for both labor and management, I pledge cooperative effort with eagerness and purpose.

Remarks of U.S. Senator Robert C. Byrd, of West Virginia

The coal industry is perhaps the only industry in the United States that is selling its product at the point of production for less money today than it did 10 years ago. This is because the industry has progressed through automation to greater productivity per man-hour of work.

But despite the progress that has been made by the coal industry, the industry has become an economic enigma—an enterprise baffled and perplexed by Government policies and governmental indifference to its needs. In fact, it can be stated unequivocally that what our Government is doing and is not doing with respect to the coal industry seems designed to retard the industry's present progress and its future vitality.

This is evidenced by the halfhearted manner in which restrictions have been placed on foreign imports of residual oil—the quotas on which are always being "adjusted" upward but never downward. It is also evidenced by the longstanding governmental attitude toward vitally needed research to find and develop new uses for coal—an attitude which can perhaps best be described as parsimonious and lackadaisical.

It took an act of Congress to establish the Office of Coal Research, in July of 1960. That agency should have been created by the Government 15 or 20 years ago, when it became evident that the coal industry needed a helping hand because of the one-sided competition it was facing from other fuels.

When the Office of Coal Research was established, it was given a budget of $1 million. Approximately $260,000 of that money was used for staffing and equipment. Inasmuch as the agency operated without an administrator until Mr. George A. Lamb was appointed in April 1961, no money was spent on research. Thus, there was a carryover of $940,000 in appropriated funds.

But at the time of Mr. Lamb's appointment, the budget estimates for fiscal year 1962 had already been submitted, and again only $1 million was requested. This then gave the agency a total of $1,940,000 with which to operate and pay administrative expenses. It was a sum of money totally insufficient as the base for large-scale research and development programs.

Thus, upon making a realistic appraisal of his new responsibilities, Mr. Lamb submitted a budget request for $6 million for fiscal year 1963. The Budget Bureau slashed this back to $2 million.

However, when the Office of Coal Research made its fiscal 1963 budget request, it was considering several very promising coal research and development projects, two of which I had become personally interested in several months previously—Project Gasoline and Project Bootstrap. The budget slash from $6 million to $2 million could have delayed the successful completion of these projects for several years.

Therefore, as a member of the Senate Appropriations Subcommittee on the Department of the Interior and Related Agencies, I amended the Office of Coal Research budget to include an additional $1,450,000 for Project Gasoline and Project Bootstrap.

Now I have related the brief history of the Office of Coal Research to point up the Government's attitude with respect to the problems and needs of the coal industry. Our Government knows the value of research. It knows that while research requires large sums of money to be successful, the success of any research project is usually a millionfold more valuable than its dollars-and-cents cost.

I think I should state at this point that the research programs of the Bureau of Mines have been, of necessity, oriented to the safe and efficient production, preparation, and handling of coal. The agency has also concerned itself with research on combustion techniques for more efficient boiler utilization of coal; it has initiated research work with respect to the conversion of coal to other forms of energy, and it is conducting many other kinds of beneficial research programs. But, even so, the Bureau of Mines research programs have likewise suffered from financial undernourishment.

In coal we have virtually an untapped resource of enormous wealth—wealth which can only be ours if we can find new uses for this resource—wealth which can mean jobs for thousands of unemployed persons in the coal industry and in industries which can come into being through new coal uses.

More than 100 years ago Edgar Allan Poe said:

> "It may well be doubted whether human ingenuity can construct an enigma of the kind which human ingenuity may not, by proper application, resolve."

The economic enigma of the coal industry can be resolved. It can be resolved by the imposition of reduced import quotas on residual oil; by the establishment of a national fuels policy, and by a fully financed program of research and development. Any other course of action by our Government should be considered as a bland disregard to a critically serious problem.

The Trade Bill Should Be Amended

EXTENSION OF REMARKS

OF

HON. O. C. FISHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 25, 1962

Mr. FISHER. Mr. Speaker, there are a number of good reasons why H.R. 11970, the trade bill, should not be enacted in the form reported by the committee. I shall list but a few of them.

First. This measure would grant unjustified and unprecedented power to the President in reducing and eliminating tariff rates—a prerogative which is lodged by the Constitution in the Congress.

Second. The bill ignores the plight of the domestic oil industry of this country, now in a seriously depressed condition, and thereby contributes to the alarming growth of the deficit in our precarious international balance of payments by continuing a policy that results in excessive imports and outgo of dollars.

Third. The welfare, or "trade readjustment" provision is unwise, unworkable, expensive, sets up a dual system of unemployment compensation which would eventually lead to the federalization of the State systems.

WELFARE PROVISION

Now, I should like to discuss each of these points, beginning with the latter.

Recognizing the fact that a good many American business enterprises will be unable to survive the impact of reduced tariffs, the bill undertakes to provide a welfare program for the affected businesses and their employees.

The President would be authorized to furnish import adjustment aid in the form of readjustment allowances, which is a form of unemployment compensation, training, and relocation allowances to workers, and technical assistance, financial aid, and tax relief to firms.

The unemployment compensation provision appears to be counter to the historic rights of the States to determine unemployment compensation rates.

In the case of the State of Texas, for example, maximum weekly payments of $37 may go to unemployed workers for a maximum duration of 26 weeks. But the trade bill would provide a current maximum weekly benefit amount of $62 for a maximum of 52 weeks, and for an additional 26 weeks if the claimant is in training, and yet for an additional 13 weeks for workers 60 years of age or older.

Under the measure the Texas Employment Commission would pay benefits for both the State unemployment compensation program and for the trade act program. Thus, claimants under both programs would receive benefits from the same office, and claimants under the Texas program will be limited to the maximum of $37 per week, while the claimants under the Federal program will have a maximum of $62 per week, both being paid for the same identical reason—unemployment.

This is manifestly unfair and improper. The so-called trade readjustment allowances should limit the payments under the Federal program to the State program. Actually, the States should control where there is a conflict.

The entire proposal to put the Federal Government into the business of lending special assistance to any industry adversely affected by lowered tariffs, and setting up an unemployment benefit program for workers thrown out of work for a like reason, is utterly unsound. This would expand the Government's welfare programs, the cost of which would run into the tens of millions. It would grant to bureaucrats in Washington an area of discretion in going to the aid of the distressed industries which would naturally lend itself to all manner of political favoritism and boondoggling. It would make workers and industry wards of the State by placing them on a dole.

It can be seen that in all likelihood the program would inevitably turn itself into a mammoth, uncontrollable support program and would go on and on, expanding in cost and coverage indefinitely.

Moreover, confining the new and increased unemployment benefits to workers affected by industries shut down because of foreign competition would be unrealistic and discriminatory. Suppose one plant is destroyed by fire or a tornado, another across the street is destroyed by lowered tariff protection engineered by the President under authority granted in this bill. The latter would receive considerably higher unemployment benefits than would the former. One gets higher benefits because of an act of Kennedy; the other gets less because of an act of God. It is obvious that there is no sound reason for the difference.

In short, this entire welfare concept is bad. It is contrary to the principles of the free enterprise system. It has been truly said that such subsidized industries and workers would not contribute to a strong healthy economy, which is the true answer to the challenge of the Common Market.

NOTHING TO CURB EXCESSIVE OIL IMPORTS

The bill fails to provide for needed protection for our domestic oil industry. Under a mandatory control program which has been in effect for several years, imports achieved an alltime high of 1,889,000 barrels per day—a half-million-barrel-per-day increase during the preceding 5 years. During that same time domestic production was denied virtually any increase.

In other words, the mandatory control program has been a dismal failure so far as achieving its announced objectives are concerned, and has demonstrated the imperative need for relief by legislation.

Texas produces a substantial portion of the Nation's oil. Let us see how the import control program has worked in that State. From 1956 through 1960 oil production in Texas dropped 476,000 barrels a day, with average producing days per month dropping from 15.8 in 1956 to only 8 in 1962.

This has been disastrous. Dun & Bradstreet reports that:

> Failures in the oil producing industry are occurring at more than double the rate of the worst depression years of the 1930's.

And it has jeopardized the stability of an industry recognized as being closely identified with our national security.

I recently introduced a bill which provided:

> Imports * * * of crude petroleum and its derivatives * * * and liquids derived from natural gas shall be limited for each annual period to not more than 14 per centum of United States production of crude petroleum during a prior representative base period as the President may select.

This legislation, drafted by the gentleman from Oklahoma [Mr. STEED], was also introduced by him and some 40 other Members of the House.

This amendment to the security clause in the present Trade Act is both moderate and essential. Its inclusion in the pending bill would go a long way toward rescuing a declining and highly important industry from gradual ruin. Yet the amendment is opposed by the administration, and under the parliamentary rules of the House we may not even get a chance to vote on it.

DEFICIT IN INTERNATIONAL BALANCE OF PAYMENTS

Mr. Speaker, the Ways and Means Committee passed up a golden opportunity to do something really constructive for this country by its failure to amend the security clause and curb the excessive importation of foreign oils. By doing so our domestic oil industry would have been helped, but such action is needed to help stop the dangerous exodus of our dwindling gold reserves from this country.

The balance of payments is the term which is used to indicate the balance or lack of balance between the flow of goods and services between nations. If the net on all of these show that foreigners have gained dollars—that is, more dollars have left this country than came back—we are said to have a negative balance of payments.

What is our position in this respect? Our gold stock in 1949 totaled $24.5 billion. Today it is only a little more than $16 billion.

In 1949 foreign claims against our gold reserves amounted to $6.4 billion. Today those claims have risen to $20.4 billion, redeemable in gold on demand, thus exceeding our gold supply by nearly $4 billion.

But our law requires that we maintain about $11.7 billion of gold in reserve to back up the U.S. dollar here at home.

Due to foreign aid, expenditures on the Peace Corps, dollars being invested abroad, military outlays, plus what American tourists are spending, our deficit today is running better than $2 billion per year.

How could a reduction in oil imports alleviate this problem?

The fact is that oil imports are among the biggest contributors to this Nation's unfavorable balance of payments. Oil imports accounted for a big share of the deficit in the last 4 years. It amounted to 30.7 percent of the deficit in 1958, 26.9 percent in 1959, 27.8 percent in 1960, and more than 40 percent in 1961.

This deficit could be cut in half by an oil import policy which prevented foreign oil from enjoying a disproportionate share of the U.S. market.

Here we are, on the one hand viewing with alarm the sad picture of deficit position that is dangerously threatening our fiscal stability and the very soundness of the dollar by the constant drainage of our gold reserves, and blinking our eyes to a major contributing factor—the excessive dumping of foreign oil into this country in quantities far beyond our needs. In fact, we are forced to reduce our own domestic production in order to accommodate our low-cost foreign competitors, and thereby assure them a healthy American market for their unneeded products. It is just that simple.

UNPRECEDENTED POWERS WOULD BE GIVEN PRESIDENT

Mr. Speaker, I began my remarks by stating that the pending bill would grant sweeping powers to the President in reducing and eliminating tariff rates. The President has requested authority to reduce tariffs up to 50 percent by categories, and to even eliminate all tariffs in certain categories, numbering about 150. This is the most far-reaching request that relates to foreign trade ever before submitted to the Congress by an American President.

Article I, section 8 of the Constitution places upon the Congress the responsibility for controlling foreign trade. It would seem, therefore, that in delegating and surrendering this responsibility to the Executive, it should be done with appropriate restraint and under guidelines which would include the right of the Congress to review and pass judgment upon the propriety of actions taken by the President.

We are dealing here with a basic policy, a fundamental issue, which goes to the very root of the separation of powers under the Constitution.

The sweeping power which the bill would delegate is awesome. It has been noted that the President would be granted authority to eliminate any import restrictions he chooses. Thus he might, if he wished, remove the requirement that foreign goods be marked as to origin, or he might eliminate the prohibition of imports of immoral products, convict-made goods, or meat from countries with foot-and-mouth disease. This is mentioned to illustrate the extent of powers delegated.

In addition, the bill virtually eliminates the peril point provision in our present trade laws. And the escape clause is for all intents and purposes scrapped.

WOULD TREAT SYMPTOMS, NOT DISEASE

Mr. Speaker, I am wondering if too much emphasis is not being placed upon the importance of tariff rates as they relate to our ability to cope with our competitors in the Common Market and elsewhere. It is my own opinion that if we are to compete successfully in the production and sale of goods on the world markets, we must find ways whereby our cost of production can be brought more in line with our competitors.

In March of this year Secretary of Labor Arthur Goldberg, while attending a conference in Paris, was quoted as saying that adoption of the Kennedy program—involving the most sweeping reduction of tariffs in this century—would cost only 90,000 jobs in some 800 companies over the next 5 years.

But it is claimed this will be more than compensated by increased exports. That is debatable. Many foreign-trade experts insist that in the modern world the importance of tariffs is much more political and psychological than economic.

The record shows that the import total has tended to rise and fall with the state of business rather than the level of tariffs.

In strictly economic terms, the Paris dispatch stated that the evidence in Europe in the postwar period is that tariffs are no longer the main determinant of the flow of trade. A dozen other factors—comparative costs, the general state of demand, delivery dates, new products and designs, shipping rates, internal taxes, state monopolies, import controls, subsidies, credit terms—are considered far more important.

It seems that when world trade is talked about, all we hear is the tariff, and the planners tell us that is the answer to our woes.

But that is not the case. There are overriding problems that cannot be ignored.

We hear a lot these days about American industries that are opening plants abroad. There is a simple reason for it. Because of lower cost factors in production they are able to make more money.

It has just been revealed that the Navy purchased, last week, 3,500 tons of steel from West Germany to be used in construction of three missile frigates at Bremerton, Wash.

The Navy was reported to have paid about $357,000 for the German steel, as against $510,000 if bought in this country.

Why is West Germany and other countries able to undersell steel manufactured in this country? The answer is very simple. In the United States hourly wages, including fringe benefits, of our steelworkers is $3.82; in West Germany it is $1.21. In the United Kingdom it is $1.09, in Belgium $1.22, in France 99 cents, and in Japan it is 30 cents.

Are we gradually pricing ourselves out of the world markets? If so, then we know it is due to our relatively high cost of production and not to the tariff levels that might be involved. There are many factors, but some would like to make the tariff the scapegoat.

And when we discuss tariff reductions proposed in this legislation let us keep in mind that all tariff concessions granted to Europe would automatically be given to Japan and all other non-Communist countries, under the most-favored-nation clause.

If this free trade course is followed, what is to happen to our high-wage-mass-production economy against low-wage highly productive economy?

This subject could be pursued at length. Boiled down, it means that we are talking about the symptoms rather than the disease when it is said that the use of this tariff-cutting power by the President would be a panacea for our international trade problems. When the chips are down, we must find ways to reduce our cost of production if we are to successfully compete with those who are able to produce at much lower cost.

To be sure, foreign trade must be encouraged. We need to find and develop new and better markets abroad for our surplus production. But in doing so we must compete with our friends who are trying to do the same thing.

The simple fact is that the principal ingredient in cost of production is labor, and through our highly organized labor union activity wage levels have gone up and up, in many instances far beyond what the normal labor market would dictate. Along with that has been increased tax burdens under an unrealistic tax structure which has blunted incentives to expand. And there are other cost factors that add to our woes.

It is high time we face up to these realities. We face a tremendous problem, aggravated by the creation of the European Common Market. Perhaps that can be a blessing, but only if we are able to get our own house in better order and become able to take advantage of the situation.

The ultimate outcome of this struggle will depend primarily on our ability to find ways and means to reduce our cost of production in this country. Labor and government, as well as management, must cooperate in the solution of these problems, if American industry is to share in the benefits of increased international trade. Tinkering with the tariff is not the answer.

Washington Report

EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 25, 1962

Mr. ALGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following newsletter of June 23, 1962:

WASHINGTON REPORT

PROPAGANDA—POLITICS—POWER

(By Congressman BRUCE ALGER, Fifth District of Texas, June 23, 1962)

Propaganda, politics, and power comprise a threefold description of the Kennedy administration legislative leadership this week. Three bills were before us: (1) sugar, (2) farm, (3) trade. Propaganda may be defined as "the false and misleading representation of the issue"; politics, "the political pressure by the White House and Executive aids"; power, "the regimentation of our people legislatively by Federal and Executive direction and dictation." (Now keep these points in mind.)

The sugar bill, H.R. 12154, is designed to allocate the 9.7 million tons of total annual U.S. sugar consumption to sugar producers—63 perecnt domestic (U.S. producers) 5,810,000 tons, and foreign countries 37 percent or 3.89 million tons. The 1.5 million tons formerly allocated to Cuba will be split between 11 other countries. The bill was represented as being in the national interest but consider these basic characteristics:

1. The open market world price of sugar is 3 cents per pound. The U.S. Government, by this program, agrees to a price of 6 cents a pound paid by our consumers in retail stores, and also paid by our Government to sugar producers in the United States and in 26 nations.

2. U.S. consumers also pay an excise of one-half cent per pound.

3. The cost of the bureaucracy to run the sugar program is added to the U.S. citizens tax burden.

4. We give this sugar bonus to such nations as Brazil, who expropriates U.S. property; and India, who invades and captures Goa, and is hardly our friend, only our beneficiary.

5. We limit our own U.S. sugar producers, while we give away (the artificially high bonus) to other nations.

6. We allocate quotas to each nation even as we advocate freer trade.

7. We practice supply management and complete Government domination, control and payment instead of private and free market and enterprise. Try the yardsticks on this legislation. (Propaganda, politics, power, as well as the Alger yardsticks. Is it a function of the Federal Government? Can we afford it?) Further, an amendment to eliminate a $22 million payment to the Dominican Republic was defeated although there is doubt that we owe this windfall, and the entire matter is even now under litigation in the U.S. Court of Claims. The amendment failed by a vote on recommital of 222 to 174. (ALGER for eliminating the $22 million.) The bill passed 319 to 72, ALGER against. The political pressures were there as Democrat leaders threatened us with dire predictions if we did not act hurriedly—this hurried demand made to us as we were squeezed now between months of failure to act, and only hours before the farm bill was scheduled for consideration.

The farm bill, H.R. 11222, the Food and Agriculture Act of 1962, demonstrated how nearly we can come to the old Roman Government conduct of offering the people "bread and circuses" as the House made a shambles of our legislative process in carnival-like conduct as we debated how much food production we'd grant farmers by Federal largess. More than this we considered the absolute and final dictation to and regimentation of farmers by a dictatorial czar, the Secretary of Agriculture. Meanwhile White House and administrative aids were constantly pressuring Democrat members. Despite the pressure the 21 Democrats (with a majority of 7 over the 14 Republicans on the Agriculture Committee) would not come to heel until finally, after 3 desperate attempts, the bill was reported out of the committee by 18 to 17. Even then, one supporting Democrat said he'd vote against the bill on the floor.

The bill contains title I, new broad Federal authority to spend Federal funds on recreational facilities—fishponds, docks, camping and picnic areas, ball parks, golf ranges, amusement parks.

Title II—amend Public Law 480 (surplus food disposal at home and abroad) to permit Secretary of Agriculture to purchase commodities from private stocks to donate overseas.

Title III, to amend marketing orders to exclude potatoes for dehydrating.

Title V, to provide the Farmers Home Administration with additional loans for recreational facilities.

Title IV, the most controversial, providing commodity programs involving feed grains, wheat, and dairying. With tight policing and civil penalties, Government would be continued and extended in cotton, tobacco, rice, peanuts, corn, oats, rye, barley, and grain sorghum and now limit further wheat and feed grains—wheat would be reduced and feed grain brought under Government control or Government would dump Government-held surpluses on the market. The so-called referendums permitted farmers were phony arrangements because there was no acceptable alternative given.

Amendments came fast and furious, seldom well explained, never debated, and always quite technical. Finally, a time limit was voted and then amendments were offered without any explanation to be voted up or down. By this time disgust was universal among Republicans and Democrats. Finally, a necessary light touch was given when GRIFFIN, of Michigan, offered the Dallas County Republican convention resolution that there could not be more U.S. agriculture employees than there were farmers. At one point the Agricultural Committee chairman admitted he didn't know how many amendments were already adopted. Some 70 were offered. The votes were almost always straight party line with occasionally several Democrats joining the Republicans. (There was no coalition.) Finally, the climax came on the motion to recommit (again, no coalition of so-called southern conservatives with Republicans)—interestingly enough a sprinkling of northern liberal Democrats joined the solid Republicans (only 1 Republican defected out of 168) to defeat the bill and send it back to committee by a vote of 215 (167 Republicans—48 Democrats) to 210 (1 Republican—209 Democrats). Up to the last minute tremendous pressure on and off the floor was exerted by Democrat leaders and the administration to get Democrats to vote their way or to change their votes already cast. Ten Texans voted against the bill. This group, including me was, BECKWORTH, BURLESON, CASEY, DOWDY, FISHER, KILGORE, MAHON, RUTHERFORD, and YOUNG. The misunderstanding coupled with misrepresentation and propaganda of the farm bill is staggering. The pressure and political arm twisting by Democrats on Democrats is almost unbelievable, and the attempt to regiment our farmers catastrophic to our future wellbeing as a nation.

The trade bill was before the Rules Committee which prescribes the terms of debate and the time. I requested a rule to permit our amending this bad legislation to extend present law while we examine more closely world trade and our part in it in relation to the Common Market and the new powers granted the President. Here again, the pattern of propaganda, power, politics, and pressure, and control over our people is being practiced by Rusk and his aids.

On the Washington scene it now appears the President has overplayed his hand, indeed, he has made clearly evident his brazen determination to do over this Nation in his image and as he wants it to be. I do not believe the American people are asleep any longer. They are awakening. Others prior to President Kennedy have attempted to usurp power and to subjugate the role of Congress, but the American people have always risen against such attempts and, I am convinced, they will do so in the present instant. The loss of confidence in President Kennedy and what has become Government by blunder is indicated in the erratic stock market of recent days, the widespread opposition to his medical aid bill, and now the vote on the farm bill. An interesting point for us to think about—the people, through their elected Representatives, repudiated this attempt by an ambitious Executive to bring the farmers under complete Federal domination. Perhaps the people, if not the President, realize that in every country where communism has taken over, the first step was control of the land and the farmers.

Flag Day

EXTENSION OF REMARKS

OF

HON. SEYMOUR HALPERN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 25, 1962

Mr. HALPERN. Mr. Speaker, continuing the outstanding tradition in inspiring annual observance of Flag Day, Queensborough Lodge No. 878 Benevolent and Protective Order of Elks, and the Queens County American Legion jointly sponsored, on June 14, one of the finest programs it has been my pleasure to attend in all my years of public life.

It was my privilege to participate in the ceremony presided over by the genial, able, and highly respected exalted ruler of the Queensborough Lodge, William J. Brown. I was particularly pleased to share the program with one of Queens' outstanding civic, community, and veterans leaders, Ramon L. Tinagero, the highly respected county commander of the American Legion who related a most meaningful history of the flag. A highlight of the evening was the impromptu, sincere, and stirring address on the significance of Flag Day delivered so magnificently by former Assistant U.S. Attorney, and former county commander of the American Legion, Albert H. Buschman, who served as chairman of the Flag Day Committee.

For years the Queensborough Elks and the Queens American Legion have displayed the finest type of community leadership in urging that appropriate exercises be held on Flag Day as a means of focusing special attention on the blessing we enjoy as citizens of this great Republic.

The officers and members of this great lodge and this outstanding veterans organization are to be warmly commended for their dedicated zeal and devotion over the years in promoting love and respect for the flag of our Nation.

It is fitting and proper for the Elks and Legion to join together and take leadership in patriotic exercises such as the observance of Flag Day, since both are typical American Organizations whose members believe in Almighty God and in loyalty to the Stars and Stripes. Collectively they signify devotion to God, brotherhood, good will, and patriotism.

We owe a debt of gratitude to the Elks and the Legion for awakening our patriotic impulses. That is why I was so proud of the occasion on June 14 and so privileged to have shared in it.

Mr. Speaker, under permission granted by this House to extend my remarks, I include the address I delivered on that outstanding occasion.

The address follows:

FLAG DAY

(Remarks of Hon. SEYMOUR HALPERN in observance of Flag Day, June 14, 1962, before the joint Flag Day exercises held by the Queensborough Lodge of Elks and the Queens County American Legion)

It is a distinct privilege and pleasure to be with you tonight. As a member of the Queensborough Lodge of the Benevolent and Protective Order of Elks it is an especial honor to join with you and the Queens County American Legion in this laudable Flag Day ceremony.

This year, perhaps more than any other in the 185 years since the birth of Old Glory, it is fitting, indeed necessary, that we pay more than token attention to this day.

Much has happened since June 14, 1777, when the Continental Congress adopted the Stars and Stripes as the symbol of American union and independence. Many customs and aspects of American life, have, through the years, changed and disappeared. But, let me say with reverent thanks to God, one thing has not changed. It has remained constant in the hearts of fine Americans like yourselves. I refer to your respect for the flag and the unchanging values it represents. I refer to your action, year in and year out, in holding aloft the colors that so many heroes died to preserve.

Through this occasion you have so fittingly organized tonight you are carrying on the tradition that saw our soldiers, sailors, and marines absorbing shot and shell with their very bodies to keep the flag flying in the face of the enemy. You have remained constant with those brave boys who raised the flag at Iwo Jima and at so many other bitter scenes. You have remained loyal. You have kept the faith.

There are some who feel it is old fashioned or out of style to display and publicly honor our flag. You see many factories, other private buildings, and even Government buildings that neglect to display the flag. When we think of what the flag has meant to this Nation and what people like you have done to keep it flying, I must say that absence of the flag from places where it should be proudly displayed, leaves a void in my heart.

I think any citizen who neglects fitting display and respect for the flag has broken the faith with American traditions.

Our Congress, recognizing the importance of our flag, by a joint resolution approved August 3, 1949, designated June 14 of each year as Flag Day in commemoration of the flag's adoption on June 14, 1777.

I would like to state today that I am supporting in the most vigorous manner a new piece of legislation before Congress to make Flag Day a legal holiday with the same status as the Fourth of July. Let us take what is in our hearts and write it into our laws for all time and for all men to see.

Friends, I don't know where our Nation would be without persons like yourselves who pay more than lipservice to good citizenship. Millions enjoy the benefits of living under our flag. But how many take time and trouble to display that flag and indicate appreciation for the blessings it represents?

If it is unfashionable to love that red, white, and blue piece of fabric, let me admit that I am just a sentimental, old-fashioned man.

There is not a single American who cannot truthfully search his heart and mind without finding a multitude of personal reasons for honoring the flag that has inspired the human race through so many terrible and troubled times.

It is not my intention to speak to you tonight merely about the history and glories of the Stars and Stripes. A flag is but a symbol of the vigor, vitality, and purpose of a nation. By honoring our flag, we honor the spiritual and material heritage of these United States, but we often tend to confuse such overt acknowledgement of patriotism with the more serious responsibilities attendant upon us in our world today.

Just as our flag has grown from 13 stars to 50, so our country has grown in size, in scope, in importance, in meaning. We live in a world where patriotism is not a byword, it is a necessity. We live in a world where our values must be constantly reinforced. We live in a world whose demands on each individual have increased as the problems of worldwide communication have decreased.

In the less than two short centuries since our flag became the symbol of a proud, young Nation, we have witnessed unparalleled advances. We have seen the world shrink to the size of a telephone wire. We have seen man's horizons extend to the limits of outer space. We have seen his knowledge encompass the tiniest particles of matter. We have seen his ability master problems of communication and transportation. We have seen his capabilities conquer the scourges of disease and pestilence.

In short, my friends, our flag has flown over an era of expansion, of growth, of the emergence of our country as one of the greatest world powers since the dawn of civilization. We have risen in less than two centuries from national infancy to international maturity and we have done so with only the slightest occasional setback and with the most extraordinary exhibition of drive and fortitude.

Although we as a Nation have always gloried in our traditions and history, we have never been ones to live in the past. And it is this issue—the increasing challenges of our civilization—that I wish to discuss with you tonight.

All over the country today, orators will be calling for a rebirth of "old-fashioned" patriotism—for renewed reverence for our flag and our heritage—for a rekindled spirit of national devotion.

These are certain noble motives in the best American tradition and I can only encourage them. I suggest that we also explore the necessity for "new-fashioned" patriotism—what it means to live in the world today and what our responsibilities as American citizens are and must continue to be.

First and foremost among our very real, but often unmet, responsibilities is the necessity to realize just exactly what our position in this world is. We know that we are the leader of the free world—that the responsibility to assure the preservation of our Western civilization rests largely in our hands. But what are the real prerequisites for and duties of leadership?

First, we must realize that the emerging nations of the world have a different concept of organization and loyalty than we do. Often, they are countries to whom the United States is synonymous with "colonialism" and "exploitation." We cannot expect the prejudices that have accumulated over the years to disappear overnight. We cannot expect a country to have the wisdom and maturity that comes with experience—just because they pass from colonial status to independence. We ourselves were not always a leader—or a power. We were not always in a position of strength. We do not wish to bring these people to our side through fear, but rather through free choice, for this is clearly the American way.

To do this we must launch an intensive drive to reaffirm the American principles, to bring into clear perspective exactly what our country means and why our way of life is socially, economically, and culturally superior to any other form.

As long as the future of the world hinges on the balance of power between East and West, we must do everything to assure that the real balance is on the side of freedom.

It becomes, then, a question of values, of dedication and determination. It is not enough to spend this day extolling the virtues of our country. It is not enough to devote the Fourth of July or Memorial Day to a full-scale observation of what it means to be an American.

What concerns me is that so many of our fellow citizens sit back and take our freedoms—our way of life—for granted. Oh yes, they gripe about certain things—they don't like this; they don't like that. They don't like this official or that legislation. But what are they doing about it? Do they take an active role in community affairs; do they speak out; do they even bother to vote?

It's pathetic when you think of how over 40 percent of those eligible to vote fail to do so. Many of them scoff or ignore our patriotic days. The racetracks have record-breaking crowds on Memorial Day; the stores have smashing sales. Where are the flags displayed today? How many did you see? Where is that fine patriotism of yesteryear?

I don't feel we are any less patriotic. I think its just a question of taking things for granted—the "let the other guy do it" approach. Well, don't these folks realize that things will be no better than they help make it—and that they shouldn't expect anything more out of the community—out of the nation—than they are willing to put into it.

You know this. For through your Elks activities, and I find that most Elks are active in community affairs; you know this in the Legion, for through your activities you are doing something concrete in helping to build a healthy community and, by so doing, a strong, vital America.

Unfortunately, there aren't enough like you.

If we expect to survive this bitter struggle, we must act now. And this is what we must do.

We must say to the world: "Look, this is America." This is a land of plenty, but it is also a land that demands from its people dedication and devotion. It is a land devoted to the principles of free enterprise and individual initiative. This is not a land where material values have taken ascendency over spiritual heritage. This is a land where the material is only a symbol of what we have.

This is a land where we have learned that the use of wealth is an art—not an end in itself. This is a land where the good life is symbolized by contentment, by increased leisure time, by the opportunity and ability to use this leisure time to full advantage.

This is a land of opportunity, yes. But it is a land where opportunity means responsibility and drive. We as individuals do not have a God-given right to wealth or success, but we do have a God-given right to make what we will of our lives as long as we do so within the framework of decency and order.

You know, some of our young citizens often remind me of the story of the "Emperor's New Clothes." I am sure you remember the children's tale of the emperor who was vain and conceited, so sure of himself that he felt he had no flaws. It took one person with honesty to tell him he was being fooled, that he was not living up to his own image of himself.

This is what we do. We feel that all people view us as we view ourselves. That this is not true can best be proven by the fact that we must fight to maintain our preeminence in this world. That we must live through countless minor and major crises each month in order to preserve our own way of life.

Something, then, is obviously wrong. To listen to an American, you would think that all peoples everywhere should be clamoring for the right to be our friends. But are they? You know as well as I do that this is not so.

Therefore, the fault must rest with our inability to communicate our true worth, our ideals to people.

Of course, you remember that when you were in school, the "biggest wheel" was not always the most popular. The flashiest was not always emulated. The person who had our respect was the person of quiet dignity and unabated accomplishment. This is what we must do today. We must remember that we do not automatically have friends, we must earn them, we must deserve them, we must convince them that our way of life is the only one.

The Romans gave their people bread and circuses. But what happened to the Roman Empire?

I do not wish to preach a scare philosophy, but I do wish to tell you that we must work at peace as diligently as we work to win a war. We must indicate our right for preeminence as strongly as we would defend any challenges to this right. We must present the same image to the rest of the world that we think we present to ourselves.

This is a time-consuming task. It does not require sackcloth and ashes but it does require great, unremitting effort, the type of effort that makes every American an ambassador of freedom, every citizen a representative of democracy.

If we do not do this, we will find that all of the principles we honor today will become as dust, that we will be trampled by a force that pits an unvarying ideology, coupled with iron tenacity, against a comfort-ridden luxury enslaved slothful people.

We must never underestimate our enemy. Their tactics are simplicity itself. They are direct copies of their first slogan: "Bread, land, and peace."

The Communists do not offer long-range goals of individual freedom. They offer the type of issue that brings and warrants sacrifice. They will say, Look not for tomorrow, look to your stomachs, your lands, your lives.

We know that the American way of life is best, but the great trails have already been blazed for us by our ancestors.

We do not have to worry about individual freedom. That battle was won. We do not have to worry about assurances of liberty. These rights are guaranteed. We do not have to worry about our rights to work, persevere and succeed, they are implicit in our way of lives.

But how do we communicate this to people recently emerged from colonialism? Do you imagine that we would have rushed to union with the British a scant 3 years after our successful rebellion against their tyranny? It takes a long time to forget, an even longer time to reconcile. They are now our allies, and our friends, but they worked to deserve it even as we work to protect and perpetuate this alliance.

What I am driving at is simply this: This is an all-out effort, one that must be made by all Americans every day, every year. The stakes are high, and we must use every advantage at our disposal, every play in our files, every resource at our command.

If we were competing with a force which spoke the same philosophical language as we do, then our battle would be easy. It would simply be a question of quality over quantity.

But we are battling a force as alien to our way of life as Atilla the Hun was to Roman civilization. Our enemies are motivated by the same cold, precise language of conflict that spurred the heathen forces of Atilla and won them the pillage of Rome. They speak with the forked-tongue of ambition and convenience, not the clear, bell-like tones of freedom and liberty. They do not care who falls by the wayside in their pell-mell plunge for absolute power. They do not care whose rights they must trample in their allout drive for supremacy. They cannot be stopped by reason or rectitude. They cannot be diverted by a devotion to common cause.

They would take this flag and all that it means and rip it and the cherished rights it symbolizes to shreds. They would take each and every freedom and liberty we have taken for granted and drive it into the ground.

I need not tell my brother Elks, or my friends in the Legion, of the value of freedom. Many of you have been called upon to defend our way of life on alien soil. But I wish to plead with you to use the same spirit that motivated our defense of Breed's Hill, our tenacity at the Battle of Lake Erie, our determination in the trenches of France, our uphill struggle in the early years of World War II—the spirit that says: "This is my country, and I will defend it to the death."

This may not be a shooting war, but the bullets of subversion and undermining are potent and deadly. This may not be a war which separates American families, but it is a war which threatens friends, and therefore is getting very close to home.

This may not be a conflict which brings the direct danger of death, but to refuse to face it will be the death knell of all that we remember on this significant day.

To be an American in this decade should require full-time effort, perseverance and dedication. We have too much at stake to be lax, negligent, or lazy.

Today is Flag Day. We honor and respect the symbolism of this flag, but we must outdo ourselves in the effort to perpetuate all that it means, all that our country means.

The time to preserve our way of life is now. We dare not waste an hour.

Again, my compliments to the Elks and to the Legion on this fine gathering for so great a purpose. Thank you for the privilege of sharing it with you.

Tributes to the Late Honorable Francis Case

EXTENSION OF REMARKS

OF

HON. BEN REIFEL

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 25, 1962

Mr. REIFEL. Mr. Speaker, as a further mark of tribute to South Dakota's late Senator Francis Case, I ask that the following newspaper editorials, commenting on his unexpected passing, be included in the Record.

In addition, I ask that Senator Case's last report to the people of South Dakota, indicating his characteristic concern for the general welfare of the people and his wide variety of interests, be reprinted in the Record.

The editorials and report follow:

[From the Washington Post, June 23, 1962]

FRANCIS H. CASE

The death of Francis H. Case takes from the Senate an honest conservative, friend of the District of Columbia and a legislator who was spunky enough to report on the offer of a bribe. The offer came in 1956 when a $2,500 campaign contribution was dangled before the South Dakota Republican with the object of influencing his vote on natural gas legislation then before Congress. Mr. Case was shocked by the blatant offer, and had enough courage to expose this attempt to use money to buy votes.

Ultimately, the natural gas bill was vetoed by President Eisenhower on the grounds that improper influences were used to secure its passage. But some of Mr. Case's colleagues seemed more indignant at the Senator's exposure of the scandal than they were by the offer of the "gift" itself. An inquiry headed by the late Senator George censured the lobbyists involved but failed to commend Mr. Case for bringing the improper offer to attention. It was a wry footnote that a "clean elections" bill arising from the incident and sponsored by virtually every Member of the Senate was entombed in committee.

Senator Case deserves to be remembered for more than his connection with a notorious incident. He served as chairman of the Senate District Committee for many years and showed a diligent concern for the welfare of Washington. Always an advocate of economy, he is credited with saving the taxpayers millions when he introduced a bill during World War II requiring renegotiation of war contracts. A former newspaperman, a politician who inclined more to the colorless than the flamboyant, Senator Case was an agrarian conservative whose earnest sincerity was a credit to Midwest Republicanism.

[From the Washington Evening Star, June 23, 1962]

FRANCIS H. CASE

The death of Senator Francis Case, of South Dakota, loses to the Senate one of its most zealously conscientious and hardworking Members. Some of those who knew him best believe the rigorous regimen he set for himself in fulfilling his committee and other responsibilities contributed to his final illness. Be that as it may, he knew no other course. Hard work was the pattern of his life.

Here in Washington he will be pleasantly remembered for his work as a member of both House and Senate legislative committees on the District of Columbia, which included a term as chairman of the latter. Like most of those who have contributed to the building of a better city, he never looked on such committee assignments as a chore, grudgingly performed, but as a useful opportunity for constructive service. He was one of the genuine champions of voting rights for the people of this community and an architect of the 23d amendment, which tardily recognized some of them. Originally an advocate of home rule, skepticism as to its practicality increased with his own experience in local government. He may still have voted for it. But in later years he more than once expressed his personal conviction that the real and worthwhile objectives were voting rights in Congress, as well as in the electoral college.

It is a matter of deep regret that the National Capital as well as the country at large has lost so capable a representative.

[From the Sioux Falls (S. Dak.) Argus-Leader, June 23, 1962]

U.S. SENATOR FRANCIS CASE—A GREAT CITIZEN WHOSE WORK WILL LIVE AFTER HIM

South Dakota and the Nation have lost a great citizen and public servant in the death of U.S. Senator Francis Case.

His service in Congress spanned more than a quarter of a century—from January 1937, when he took office as South Dakota's West River U.S. Representative, until his death Friday.

In 14 years in the U.S. House of Representatives and in his service in the U.S. Senate since January 1951, Senator Case labored tirelessly for his State and Nation.

He had a quality of intensity. He drove himself unceasingly in the public service. This continued hard, driving pace through the years undoubtedly contributed to his heart difficulty earlier this year and to his death at 65.

IDEAS AND PUBLIC WORKS

Senator Case leaves behind him many great and significant accomplishments, that will mark his life as one of service to his State and country.

These accomplishments include both ideas and public works. They include detail work which has saved this Nation billions of dollars—and concern for the simplest request of a constituent in South Dakota.

He became known as an idea man and speaker in student days at Dakota Wesleyan University. After graduation he entered the U.S. Marine Corps in World War I.

It was his idea as a young newspaper editor that brought President Calvin Coolidge to the Black Hills in 1927. This was the publicity springboard from which the Hills took off on the tourist business.

His early work in Congress saw him laboring tirelessly for Missouri Basin development and for programs to aid the Indians. He was coauthor of the Case-Wheeler Act for Water Conservation. He was still working for the full potential of the Missouri Basin when he died, as evidenced by his interest in utilizing the complete hydroelectric capacity of the river dams.

As a U.S. Representative from South Dakota during World War II, he conceived the idea of renegotiating war contracts to recover excess profits. This saved the Government and the taxpayers $9½ million.

After the Republican trend in 1946, he was ranking Member of the House Appropriations Committee. Later, in the Senate, he devoted much of his time and energies to the Armed Services Committee. Here his concern was not only for the national interest in the defense of the country, but also for the welfare of the soldier, sailor, and airman. He made many trips to the far corners of the earth to see for himself how the service "brass" handled U.S. business and how the GI's were getting along.

His Senate record included legislation for weather research, cloud modification, desalination of water and various amendments to highway acts. He also introduced the first legislation to dispose of surplus farm commodities for foreign currencies and to utilize that in oversea military construction.

At the time of his death he was ranking Republican member of the Senate Committee on Public Works. He served on the Armed Services Subcommittee for Military Construction.

HE KEPT HIS EARLY INTERESTS

Throughout his lifetime he kept his interest in the activities of his youth and early career as a newspaper editor in the 1920s and early 1930. He was a member of the Methodist Church throughout his lifetime. He continued to write poetry about the Black Hills long after his Washington work kept him away from the home scene and his ranch in South Dakota.

South Dakota and the Nation have suffered a keen loss in the death of U.S. Senator Francis Case—but his good works live after him.

Senator Francis Case Reports to South Dakota

THAT MONTH OF MAY

Washington, June 18.—The merry month of May 1962 goes down in the history books as one of the wettest months in South Dakota history. Point after point reported good soaking rains. There was relatively little damage from sudden downpours. In a few spots, tornadoes did savage damage. And even mid-June finds some cornfields too wet to plant. But Statewide, we've had moisture.

And in South Dakota, the continuing major factor in growth and prosperity is the availability and wise use of water.

We are endeavoring to work out a plan which will control floods on the Vermilion River while at the same time retaining some of the water more nearly where it falls instead of rushing it all into the Gulf of Mexico. Other studies are advancing on storage in Lake Byron, Lake Andes and on the White.

As building of the big reservoirs on the Missouri moves toward completion, attention naturally shifts to making the stored water serve recreation and irrigation as well as electrification. Work on the tributaries will not be as dramatic nor will there be as much pressure by outsiders. This means they can be more thoroughly studied for their value to towns, farms, crops, ranches and livestock within our own State.

Satellite communications: This week the Senate is engaged in another of those protracted debates. The question is whether the so-called compromise plan for development of communication satellites out in space should be linked with the industries which have developed surface and wireless facilities or operated as a strictly Government enterprise.

The debate will probably run all week and its outcome is not certain. As of this writing, opinion seems to favor a combination operation—thereby seeking to get the benefit of business direction and experience along with Government-sponsored research and rights in space.

Want to know first: The Corn Belt Livestock Feeder, published at Spencer, Iowa, in its May 29 number, carries this paragraph:

"Permitting the American farmer to produce just the beef imported last year would have consumed the production of 42.8 million acres." Which is one of the reasons why some Members of Congress from agricultural States are hesitant to grant the President the broad tariffcutting powers he has requested.

Graduates and dropouts: As would be expected, considerable attention has been given during the past month to young people graduating from high school. The other side of nongraduating has recently been studied by the Bureau of Labor Statistics.

This study reveals that between January and October last year 350,000 teenagers over 16 left school without graduating. Of these, 27 percent were without jobs in October. And further, of the total unemployed in October, over 500,000 were young people between 16 and 24 years of age who had not finished high school.

This is not to say that every child who finishes high school finds regular work at once. But it does suggest that completing high school helps. And, probably, it could be demonstrated that the problems of juvenile delinquency are most often found among the jobless. Other things contribute to the problems, but these figures again suggest that an education and a steady job are good starts toward useful citizenship.

Funds for the RS-07: In the Senate last week we added funds to the defense appropriation bill for the "modified B-70," but the money may not be spent now or ever.

The issue was whether to defer the funds until a later date or to provide them conditionally—and to limit their use to that one purpose. During the debate, I said:

"My observation, over years of experience with military appropriations both in the House and the Senate, is that we need to regard with a careful eye appropriations made to the military. I think we should make all possible efforts to recapture excessive profits or prices; but if the element of safety or protection or a proper posture of national defense is involved, then I think the doubt should be resolved in favor of security.

"The most valuable, the most productive, the most successful projects that we have had in the way of aircraft development have been those which have accomplished their purpose without being used in war. I mention, for example, the B-36. It was developed in the period between the B-29 and the B-52. This large bomber was never used in a hot war, but by its presence it provided a deterrent capability which enabled this country to survive many crises which might have turned into hot war had we not had that potential.

"Because I think it is important that we not only have a lead, but maintain the lead and be out in front in the future, I shall support the recommendation made by the committee in the bill."

Defense Secretary McNamara did not ask for the money because he doubts that tests will show that the big plane with its 2,000-mile speed can be completed until after we are "fully armed" with missiles. He has said he will not spend the money, and, of course, should not, unless tests indicate the plane will work out.

This is one case, however, where it would be better to be ahead than behind, it seems to me.

Further, I incline to the general position that manned bombers are better policemen than mechanical missiles. You can use them for more purposes—and you can call them back if there's a mistake.

How much foreign aid? The Senate has passed a bill authorizing expenditures of an additional $4,662 million in foreign aid. This represents an increase of $400 million over last year. As I have said on prior bills, that moves in the wrong direction. We should be reducing the dollars shipped abroad this way as much as is consistent with minor pledges and current U.S. interests.

Opinions will differ, of course, as to what are our "current interests," the degree of our interests, and the nature of them.

Few people will advocate that we should provide military equipment to a potential enemy; opinions differ more when it comes to using surplus food to woo friendship or to feed hungry children in Communist lands.

Questions like these arise:

1. Should we help Communist politicians to cover up their failures in food production?

2. If we have given $15 billion to feed and clothe people in friendly lands in the past 16 years and are now helping to feed 30 million children—what will it cost to feed the remaining 700 million whom we are told do not have adequate diets?

One thing should be clear: If, when and where we do provide lunches for more hungry children it should be done in such a way that those getting the food know that America is providing it. The supplies cannot be turned over to a Communist-controlled government in the expectation that they will give the United States any credit.

True friendship between peoples should be increased but no nation is rich enough to feed all the people of the world, nor able to prevent profiteering if the supplies are turned over to unfriendly political opportunists, commercial interests or black markets.

A personal note. Thank you, everyone, for whatever interest you may have taken in the primary election of June 5, 1962. I trust that in every respect the results may contribute to responsible and effective representative government.

Francis Case,
U.S. Senator.

H.R. 3745 Is Unfair to the Needy Veterans, the Service-Connected Veterans, and the Taxpaying Public

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EXTENSION OF REMARKS
OF
HON. OLIN E. TEAGUE
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Monday, June 25, 1962

Mr. TEAGUE of Texas. Mr. Speaker, because of the enormous amount of synthetic pressure being built up in the Congress around a bill that falls within the jurisdiction of the Veterans' Affairs Committee, I feel obliged to state my position at this time.

The bill in question is H.R. 3745, introduced on February 2, 1961, by the gentleman from Indiana [Mr. DENTON].

There are 168 bills pending before the committee which propose to expand non-service-connected pensions for veterans. These bills are of varying degrees of merit. They will be dealt with reasonably in an atmosphere of thoughtful consideration. It is ironic that the bill that is receiving the most attention is the bill with the least merit—H.R. 3745.

The pressure comes from some of the leaders—not all the leaders, by any means—of a group calling themselves the Veterans of World War I of the U.S.A., Inc. No other veterans' organization has supported this bill. In fact, the American Legion specifically rejected this bill at its last convention.

What would H.R. 3745 do? It would provide a pension for World War I veterans—and only World War I veterans—who had been discharged under conditions other than dishonorable of $102.37 a month, when they meet the 90-day service requirement, with no disability requirements. This monthly sum would be paid to all such veterans if their annual income—other than that derived from public or private retirement plans—does not exceed $2,400 for veterans with no dependents, or $3,600 for veterans with dependents. The bill specifically stipulates that in computing a veteran's income, money received from social security, railroad retirement, annuities from private industry or public sources and all other types of pension plans should not be counted.

Because so many Members of this House are being subjected to pressure over this bill, I feel it will be helpful to point out some of the serious deficiencies of the bill.

Mr. Speaker, I am unalterably opposed to H.R. 3745.

There are innumerable reasons for my opposition, but I would like to list the four principal reasons:

First. H.R. 3745 is highly discriminatory. It favors one group of veterans against all other groups of veterans.

Second. It is being promoted under false colors, and the general public—as well as Members of the Congress—are not being told the true facts by the pressure groups that are pushing the bill.

Third. It would violate the most basic principle of all worthwhile pension legislation by giving the largest percentage of the money to those who need it the least.

Fourth. It would place the non-service-connected veteran in a preferential position to the seriously disabled service-connected veteran.

I do not think, Mr. Speaker, that it is necessary for me to defend my position on veterans' legislation. My record as both a member and as chairman of the Veterans' Affairs Committee should be familiar to every Member of this body. Suffice it to say that I have earnestly and consistently supported every piece of legislation which I felt to be worthwhile and have just as earnestly and consistently opposed every bill I felt to be spurious, unfair, discriminatory, or impractical.

Let me elaborate a little on my reasons for opposing H.R. 3745.

My first reason, as I have stated, is that this bill is highly discriminatory in favor of one group of veterans and against all other such groups. This objection is obvious on the face of it. The bill would give a pension only to veterans of World War I to the exclusion of veterans of later wars, even though they meet the same identical requirements as to service, age, and income. The pension would be distributed among World War I veterans, with 90 days service, with no regard to length or conditions of service.

Service in any war is tough and service under fire is hell. It would be wrong to attempt to compare the degree of toughness between any two wars. Nonetheless, it should be stated that World War I was not any more rigorous than was World War II or Korea and there is no reason, therefore, to discriminate in favor of World War I veterans against all other veterans. After all, World War I lasted 1 year and 7 months as against 7 years for World War II. The average World War I veteran served only 12 months, while 345,000 had less than 6 months service. The average World War II veterans served 30 months and the average veteran of Korea served 23 months. I repeat, these figures are not cited in derogation of the World War I veteran. Far from it. They are cited merely to prove that a veteran of World War I should not be unfairly favored over the veterans of our subsequent conflicts. And, of course, this is what H.R. 3745 would do.

The second reason for my opposition to this bill is that it is being promoted under false colors. Certain leaders of the Veterans of World War I of the U.S.A., Inc., in conducting a vitriolic and abusive campaign in favor of their bill, have sought to give the impression that those who fought in World War I are the forgotten men. They would have us believe that benefits have been ladled out to World War II veterans by the carload, but that nobody has done anything—or intends to do anything—for the World War I veterans.

This is completely false. World War I veterans comprise 15 percent of all participants of all the Nation's wars. They have, to date, received 28 percent of all the money the Nation has spent on its veterans. This amounts to almost $31 billion, or about $7,000 per man. World War I veterans make up 11 percent of the veterans living today and this year will receive 40 percent of the benefits paid.

The budget for fiscal year 1963 requests $1,783,681,000 for non-service-connected pensions for veterans, widows and children. Of this amount, $1,388,489,000, or 78 percent, will go to World War I veterans, widows and children. The Veterans' Administration budget for non-service-connected pensions will increase by $114 million during fiscal year 1963.

By January 1, 1963, half of the living World War I veterans will be receiving pensions. During fiscal year 1963 an average of 1,090,200 World War I veterans and 483,900 World War I widows will receive non-service-connected pensions. The World War I pension roll shows an average net increase of 8,600 per month. So, it is completely untrue to say that the veterans of World War I are the forgotten men of our pension program. They are nothing of the sort.

It is true that our World War I veterans are growing old. They are reaching the retirement age in great numbers. It is equally true that our World War II veterans are getting older. We have many World War II veterans who are now approaching their middle sixties. These men, surely, deserve the same benefits as do the veterans of World War I. The fact that one age group is, on the average, 25 years older than the other should not be a determining factor. Pensions should be granted on the basis of personal need. They should not be mass giveaway programs without regard for individual hardship or need.

Thirdly, I oppose H.R. 3745 because it would give the largest percentage of the money to those who need it the least and it would give the least to those who need it most. This point is somewhat complex, Mr. Speaker, but I hope you will bear with me if I try to express it in simple terms.

We begin with the fact that the maximum income allowable for anyone who would receive a pension under this bill, for a man with dependents, is $3,600. This limit would apply to anyone receiving that much income from salary, partnership, interest, dividends, rentals, and so on. It would not, however, include income from social security, retirement pensions or annuities from either public or private sources. This, of course, is blatantly discriminatory on its face, and would, in itself, be sufficient reason for opposing this bill.

But, Mr. Speaker, consider these figures. A married veteran of World War I, with very little other income, who is receiving a pension of $90 would have that pension brought up by this law only to the monthly maximum of $102.37. Here is a married man, earning less than $1,000 a year, who needs the money badly but who is getting only an increase in his pension of $12. But, as the National Commander of the Veterans of World War I of the U.S.A., Inc., has testified, H.R. 3745 would add 631,221 new pensioners to the rolls. And, these are people who are earning more money than is permissible if they are to qualify for a pension under existing laws. These 631,000 new pensioners must be earning a minimum of $3,000 a year already and they will get, not just a portion of the $102.37 as their needier brothers would get, but the entire $102.37 a month.

So, from among the 631,000 proposed new pensioners, the very minimum case would be someone who now has $3,001 a year in income. This veteran of World War I would receive an extra $1,200 a year from H.R. 3745, bringing his income up to $4,201 a year, not counting what he may be receiving from social security, from his union pension fund, from his company's pension fund, from railroad retirement or from whatever other pension income he may be getting. I might add that $4,201, or the minimum income accruing to each new pensioner embraced by this absurd bill, is more than $200 a year higher than the income level of 84 percent of the male population of 65 years of age or older.

And, if this bill were passed, who would be paying for it? The taxpayer, of course. Where do the taxes come from. Eighty-one and nine-tenths percent of all income taxes come from individuals and almost half of all the people in the United States paying income taxes reported an adjusted gross income of less than $4,000.

If we were to approve of H.R. 3745 we would find ourselves in a morally indefensible position. And, frankly, the position would be politically indefensible as well. We would have to explain to our constituents why we voted for legislation which would force half the taxpayers of the United States to contribute to the support of those who are already making more money than they are.

Of course, I have been talking about minimum income allowable under H.R. 3745. The maximum income allowable under the bill would be $3,600 for a World War I veteran with dependents. The extra $1,200 a year would boost this man's income to $4,800 a year, plus whatever pensions and annuities he might be receiving from any source whatsoever. We will routinely have cases where the veteran has $5,000 to $6,000 and gets $1,200 a year in pensions. As we all know, this income could be considerable. It is not rare in these days to find our senior citizens getting pensions or annuities from two or more sources. No matter what the size of these pensions, these people would still be eligible for the extra handout.

Let me cite an example close to home. Under certain circumstances, if a Member of this House were to retire he would receive, under our own pension plan, an annuity which the average citizen would consider not only adequate, but handsome. But if such a retired Member were also a veteran of World War I, even if he had only 3 months' service, he could collect this $102.37 a month pension, just as long as he managed to keep his income from fees, rentals, dividends and other sources under $3,600 a year. If this was a problem, he could shift some of it to his wife. I suggest that this is not the purpose for which any other pension plan conceived by the mind of man was ever intended.

Let me repeat, Mr. Speaker, this startling fact about H.R. 3745. Under its provision, all World War I veterans, over 65 and who are receiving less than $3,000 a year in wages, and now on the pension rolls would receive very little help. All those receiving more than $3,000, but less than $3,600, would receive the entire $102.37 extra a month and, of course, would not be required to count social security or other retirement payments. Under this weird reasoning, the less you are receiving now, the less you will get; the more you are receiving now, the more you will get. In other words—"them that has, gets."

The Veterans' Administration estimates that in fiscal year 1963 the present pension program will cost the taxpayers $1,783,681,000, of which 78 percent or $1,386,489,000 will go to World War I veterans, their widows and children. If H.R. 3745 were enacted, almost $1 billion additional would be imposed on our pension bill.

The Internal Revenue statistics for the tax year 1959—the latest figures available for this purpose—show that there were approximately 21½ million individual returns filed showing a gross income of less than $3,000. The revenue from this group amounted to $1,665,759,000. This is $118 million less than will be required to operate the pension program we already have and it is $1 billion, 18 million less than it would take to pay for the pension program we would have if H.R. 3745 were passed and enacted into law.

H.R. 3745 is grossly unfair and discriminatory as between veterans. I think there are none who would deny that the service-connected veteran and surviving widow and children of service-connected veterans deserve first consideration. If a veteran is totally and permanently disabled from a service-connected cause he only receives $2,700 a year. If he is 50 percent disabled, he receives $100 a month. A widow who lost a husband in the war gets about $87 a month. An orphan child who lost a father in the war and subsequently lost a mother gets $70 a month. Two dependent parents living together, who lost a son in the war, get $75 a month if their combined income is not over $2,400 per year. Yet, we are being told that the present income limit of $3,000 for the married, non-service-connected veterans, who served 90 days, is too low and that we must raise these income limits.

We have been trying since early last year to get a modest service-connected increase bill through the Congress. This bill would cost less than $100 million, yet we have not been able to get it through. Now an effort is being made to get a $1 billion non-service-connected pension bill passed which would give better treatment to the 90-day, non-service-connected soldier than the seriously disabled service-connected veteran receives. Mr. Speaker, this is grossly unfair and I do not see how this Congress could possibly accept such a proposal, regardless of the amount of political pressure that is applied.

SENATE

TUESDAY, JUNE 26, 1962

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, as for this quiet moment we look away from our mundane tasks to Thee, strip us of our illusions, create in us clean hearts, O God, and renew a right spirit within us.

In our hearts as we come is the grateful remembrance that Thy patience outlasts all our dullness of apprehension and all our stupid choices. In spite of the worst things in us, which we despise, Thou knowest that in our highest hours our deepest desire is to be true servants of Thy will in these troublous times, giving our best ability to the welfare of Thy children everywhere. May we rise above all bitterness by an unshakable belief in the shining splendor of humanity.

Gird us to stand in an evil day with principles never compromised and with integrity never sullied.

We ask it in the name of Him who is the way, the truth, and the life. Amen.

THE JOURNAL

On request of Mr. HUMPHREY, and by unanimous consent, the reading of the Journal of the proceedings of Monday, June 25, 1962, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 2164. An act to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes;

S. 3161. An act to provide for continuation of authority for regulation of exports, and for other purposes; and

S. 3203. An act to extend the Defense Production Act of 1950, as amended, and for other purposes.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 8738. An act to amend sections 1 and 5b of chapter V of the Life Insurance Act for the District of Columbia;

H.R. 9441. An act to exempt life insurance companies from the act of February 4, 1913, regulating loaning of money on securities in the District of Columbia; and

H.R. 9954. An act to amend the act of June 6, 1924, chapter 270 (43 Stat. 463), relating to the National Capital Park and Planning Commission, as amended by the National Capital Planning Act of 1952 (66 Stat. 781; 40 U.S.C. 71).

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

S. 860. An act to provide greater protection against the introduction and dissemination of diseases of livestock and poultry, and for other purposes;

S. 1834. An act to further amend the act of August 7, 1946 (60 Stat. 896), as amended, by providing for an increase in the authorization funds to be granted for the construction of hospital facilities in the District of Columbia; by extending the time in which grants may be made; and for other purposes;

S. 3063. An act to incorporate the Metropolitan Police Relief Association of the District of Columbia;

S. 3266. An act to amend section 2 of the act entitled "an act to create a Library of Congress Trust Fund Board, and for other purposes," approved March 3, 1925, as amended (2 U.S.C. 158), relating to deposits with the Treasurer of the United States of gifts and bequests to the Library of Congress and to raise the statutory limitation provided for in that section;

S. 3291. An act to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase U.S. obligations directly from the Treasury;

S. 3350. An act to amend the act of August 7, 1946, relating to the District of Columbia hospital center to extend the time during which appropriations may be made for the purposes of that act;

H.R. 3444. An act to approve an order of the Secretary of the Interior adjusting, deferring, and canceling certain irrigation charges against non-Indian-owned lands under the Wind River Indian irrigation project, Wyoming, and for other purposes;

H.R. 7723. An act to amend section 303(a) of the Career Compensation Act of 1949 by increasing per diem rates and to provide reimbursement under certain circumstances for actual expenses incident to travel;

H.R. 10459. An act to provide for the conveyance of 39 acres of Minnesota Chippewa tribal land on the Fond du Lac Indian Reservation to the SS. Mary and Joseph Church, Sawyer, Minn.;

H.R. 11057. An act to declare that the United States holds certain lands on the Eastern Cherokee Reservation in trust for the Eastern Band of Cherokee Indians of North Carolina;

H.R. 11743. An act to amend the provisions of title III of the Federal Civil Defense Act of 1950, as amended; and

S.J. Res. 192. Joint resolution providing for the filling of a vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on the District of Columbia:

H.R. 8738. An act to amend sections 1 and 5b of chapter V of the Life Insurance Act for the District of Columbia;

H.R. 9441. An act to exempt life insurance companies from the act of February 4, 1913, regulating loaning of money on securities in the District of Columbia; and

H.R. 9954. An act to amend the act of June 6, 1924, chapter 270 (43 Stat. 463), relating to the National Capital Park and Planning Commission, as amended by the National Capital Planning Act of 1952 (66 Stat. 781; 40 U.S.C. 71).

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. Humphrey, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. Humphrey, and by unanimous consent, the Permanent Subcommittee on Investigations, of the Government Operations Committee; the Constitutional Rights Subcommittee, of the Judiciary Committee, and the Subcommittee on Public Health of the Committee on the District of Columbia were authorized to meet during the session of the Senate today.

On request of Mr. Humphrey, and by unanimous consent, the Committee on Finance was authorized to meet during the session of the Senate today.

RESOLUTION OF KANSAS STATE BAR ASSOCIATION

Mr. PEARSON. Mr. President, the Bar Association of the State of Kansas at its recent annual meeting at Topeka, Kans., urged their congress to remove monetary limitations upon the jurisdiction of the district courts in civil actions against the United States.

I request unanimous consent to have the pertinent resolution printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record as follows:

Whereas 28 U.S.C. 1346(a)(2) (popularly known as the Tucker Act) limits the jurisdiction of the U.S. district courts in contract actions against the United States to claims of $10,000 and less, notwithstanding other grants of unlimited jurisdiction to such courts in tax refund and tort claim actions against the United States; and

Whereas this jurisdictional limitation is burdensome to lawyers and litigants in that it requires larger claims to be tried in the Court of Claims in Washington, D.C., rather than in the forum of the claimant's residence or in the forum where the contract may have been executed; and

Whereas a specialized tribunal has not been found to be necessary or desirable to determine Government liability in noncontract actions or in contract actions involving claims of $10,000 or less; and

Whereas recent enlargements in the Federal judiciary should permit these claims to be tried expeditiously in district courts if claimants could elect to bring them in such courts rather than in the Court of Claims: Now, therefore, be it

Resolved by the Bar Association of the State of Kansas at its annual meeting at Topeka, Kans., on May 10, 11, 12, 1962—

1. That the executive council memorialize the Congress of the United States to remove all monetary limitations upon the jurisdiction of the district courts in civil actions against the United States; and

2. That copies of this resolution be sent to Senators Frank Carlson and James B. Pearson; Representatives William Avery, Floyd Breeding, Robert Dole, Robert Ellsworth, Walter McVey, and Garner Shriver; Attorney General Robert Kennedy; and to the Honorable Alfred P. Murrah, chief judge, 10th Circuit Court of Appeals.

Passed unanimously by the general assembly of the Bar Association of the State of Kansas in its annual meeting on May 14, 1962, at Topeka, Kans.

Harry O. Janicke,
President.
John W. Shuart,
Executive Secretary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ENGLE, from the Committee on Armed Services, with amendments:

S. 1108. A bill authorizing the conveyance of certain property in the city of San Diego to the regents of the University of California (Rept. No. 1630).

By Mr. BYRD of Virginia, from the Committee on Finance, with an amendment:

H.R. 12154. An act to amend and extend the provisions of the Sugar Act of 1948, as amended (Rept. No. 1631).

BILL AND JOINT RESOLUTION INTRODUCED

A bill and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KEFAUVER:

S. 3474. A bill for the relief of Cathie Lee Clark; to the Committee on the Judiciary.

By Mr. ROBERTSON (for Mr. Stennis):

S.J. Res. 204. Joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools; to the Committee on the Judiciary.

(See the remarks of Mr. Robertson when he introduced the above joint resolution, which appear under a separate heading.)

AMENDMENT AND EXTENSION OF SUGAR ACT OF 1948—AMENDMENTS

Mr. MORTON. Mr. President, I send to the desk two amendments to H.R. 12154, which is the sugar bill, or act, to amend and extend the provisions of the Sugar Act of 1948, as amended.

These amendments will not both be adopted, since they appear at the same point in the bill. They are different means of achieving my purpose in offering the amendments, which is to protect the American consumer in the matter of the price of sugar.

I ask that the amendments to the bill be printed and lie on the desk, notwithstanding the fact that the bill itself will be reported to the Senate only tonight.

The PRESIDENT pro tempore. The amendments will be received, printed, and lie on the desk.

PRINTING OF REVIEW OF REPORTS ON J. PERCY PRIEST RESERVOIR, STONES RIVER, TENN. (S. DOC. NO. 102)

Mr. METCALF. Mr. President, on behalf of the Senator from New Mexico [Mr. Chavez], chairman of the Committee of Public Works, I present a letter from the Secretary of the Army, transmitting a report dated April 17, 1962, from the Chief of Engineers, Department of the Army, together with accompanying papers and illustrations, on a review of the reports on the J. Percy Priest Reservoir, Stones River, Tenn., requested by a resolution of the Committee on Public Works, U.S. Senate, adopted February 20, 1960. I ask unanimous consent that the report be printed as a Senate document, with illustrations, and referred to the Committee on Public Works.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE CANADIAN FINANCIAL CRISIS

Mr. GORE. Mr. President, I ask unanimous consent to have printed at this point in the Record an editorial entitled "The Canadian Lesson," which appears today in the New York Times. I wish to call particular attention to the concluding paragraph of the editorial, which, for emphasis, I should like to read:

> This does not mean that the Canadian crisis does not have its lessons for us. But there is no need to panic and cut back on programs vital to growth. Foreign confidence must be maintained; but this is best done by demonstrating that the American economy is competitive and increased efficiency depends on expansion. Our problem is not a question of living beyond our means but of insuring that we utilize all the resources in men and machinery that are now lying idle.

Mr. President, I am particularly struck with the cogency and pertinence of the concluding paragraph, because we have among us a few nervous individuals who feel that the sole solution to the economic problems before the country is to cut back upon programs which, in my opinion, are vital to the welfare of the country.

I agree with the thought expressed in the concluding sentence, that—

> Our problem is not a question of living beyond our means but of insuring that we utilize all the resources in men and machinery—

And materials, facilities, and resources—

> that are now lying idle.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the New York Times, June 26, 1962]

The Canadian Lesson

Canada's financial crisis is being pictured as an omen of what the United States faces if we do not get our own house in order.

The weakness of the Canadian dollar does illustrate the grave risks a nation runs when it persists in living beyond its means. The Government has been pursuing an easy-money policy to stimulate domestic activity which has helped to increase imports, bringing about a deficit in Canada's balance of payments. But in recent years foreign demand for Canadian resources, principally mining and agricultural products, has dropped along with foreign investment in Canada. The amount of the payments deficit has thus increased.

Canada's Government has had ample warning that it was headed for trouble. But with an election in the offing, Prime Minister Diefenbaker was reluctant to lose votes by taking politically unpalatable measures. The electorate, however, did not give Mr. Diefenbaker a majority vote of confidence. And now, to defend the dollar, he has been forced to take a series of drastic belt-tightening steps. The Bank of Canada has raised its discount rate to 6 percent, which may help to attract foreign capital. New tariffs have been levied on foreign goods. Imports will be cut. Government spending will be reduced by $250 million. And the Government has obtained over $1 million in loans and standby credits from the International Monetary Fund, the United States and the British Governments.

These are harsh and humiliating measures that became inevitable after the earlier reluctance to take any action. And their severity reveals the depth to which the Canadian dollar, which once sold at a 5-percent premium over the U.S. dollar, has fallen. But they also are proof that Canada is determined to bring about a restoration of foreign confidence in its currency.

The U.S. dollar is itself under suspicion, and many are leaping to the conclusion that it will suffer the same fate as the Canadian dollar. But our position differs in many fundamental respects. Canada has been running a huge trade deficit which, until recently has been covered by an inflow of foreign capital investments; in contrast, the United States has a healthy surplus in its trade account. The Canadian budget is relatively much bigger than our deficit; and we have not experienced the continuing rise in prices that, through monetary inflation, has beset Canada. Finally, our currency reserves are much greater, and our economy much more resilient because it does not depend primarily on world demand for raw materials.

This does not mean that the Canadian crisis does not have its lessons for us. But there is no need to panic and cut back on programs vital to growth. Foreign confidence must be maintained; but this is best done by demonstrating that the American economy is competitive and increased efficiency depends on expansion. Our problem is not a question of living beyond our means but of insuring that we utilize all the resources in men and machinery that are now lying idle.

AMA TO STUDY TOBACCO AND DISEASE

Mrs. NEUBERGER. Mr. President, I am deeply gratified to be able to announce that the board of trustees of the American Medical Association has directed its council on drugs to study and report upon the relationship between tobacco and disease. The board's action is of the utmost significance in view of the eminence of the council on drugs in the fields of pharmacology and therapeutics.

The board's decision could not have been lightly made. The evidence of tobacco's effect upon the Nation's health has been shrouded in acrimonious controversy, provoked in large measure by the ubiquitous tobacco industry. It would have been far simpler for the board to have declined to embroil the association in this controversy. They did not decline. For this, they are entitled to our profound respect and gratitude.

I am confident that the medical evidence thus far publicized will be reviewed dispassionately and objectively by the council, and I await with keen interest the issuance of their report.

I ask unanimous consent that a letter from Dr. Ernest B. Howard, assistant executive vice president of the American Medical Association, informing me of the board's decision, be printed in the Record at the conclusion of my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

American Medical Association,
Chicago, Ill., June 9, 1962.

Hon. Maurine B. Neuberger,
U.S. Senate, Special Committee on Aging,
Washington, D.C.

Dear Senator Neuberger: The Board of Trustees of the American Medical Association considered your inquiry regarding the official position of the American Medical Association on the subject of smoking and health. I am happy to report to you that the board instructed the Council on Drugs of the AMA to study and report on the relationship of tobacco and disease. I shall keep you apprised of the progress of the council in its study of this important subject.

May I take this opportunity to congratulate you on the impetus you have given, both to the American Medical Association and the Public Health Service, on this important matter.

Sincerely,

Ernest B. Howard, M.D.

CONSTRUCTION AT CERTAIN MILITARY INSTALLATIONS

Mr. RUSSELL. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives in regard to House bill 11131, authorizing certain construction at military installations.

The PRESIDING OFFICER (Mr. Williams of New Jersey in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 11131) to authorize certain construction at military installations, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. RUSSELL. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appoined Mr. Jackson, Mr. Engle, Mr. Cannon, Mr. Beall, and Mr. Goldwater conferees on the part of the Senate.

FOREIGN POLICY

Mr. TOWER. Mr. President, the Senator from Illinois, Everett McKinley Dirksen, has suggested that Walt W.

Rostow, counselor of the State Department and Chairman of its important Policy Planning Council, be called before an appropriate committee to explain, as its reported author, a highly controversial foreign policy document which has been making the rounds at top levels within the administration, and here on the Hill. The document is 286 pages long, reportedly, and it is titled "Basic National Security Policy," as an outline of the administration's grand strategy for the conduct of foreign affairs for the coming years.

The Senator from Illinois has eloquently spoken here of Mr. Rostow's assumptions that the Soviet Union's policies are mellowing, and are even on the verge of becoming honorable, and asserts there is little or no intelligence support for the theories advanced in this new policy document, prepared for President Kennedy and the National Security Council. The Senator from Arizona [Mr. Goldwater] has similarly spoken, terming the theme of this foreign policy guide hazardous in the extreme, and worthy of the Senate's closest scrutiny and examination.

Mr. President, I wish to associate myself with these conclusions, and ask unanimous consent to have printed in the Record articles by Willard Edwards appearing in the Chicago Tribune on June 19, titled "Asks Senate To Question Rostow Plan," and on June 21, titled "Rostow Policy Plan Riddled by Goldwater," and editorials appearing in the Dallas News, in my home State, on June 20, titled "Mr. Rostow to the Stand," and on June 21, titled "The World Is Flat."

There being no objection, the articles and editorials were ordered to be printed in the Record, as follows:

[From the Chicago Tribune, June 10, 1962]

Asks Senate To Question Rostow Plan

(By Willard Edwards)

Washington, June 18.—Senate questioning of Walt W. Rostow, State Department planner of a foreign policy guide for the Kennedy administration, was suggested today by Senator Dirksen, Republican, of Illinois, the minority leader.

Dirksen told the Senate that an appropriate committee should require Rostow to supply the intelligence data on which he bases an assumption that the Soviet Union's policies are "mellowing."

Intelligence agencies assert there is little or no evidence to support Rostow's theories, Dirksen noted.

READS TWO STORIES

"If this basic assumption is only opinion, I would suggest it is not proper ground on which to stake the entire future of the American people," he remarked. "I think a great deal more will be said on this Senate floor about this subject when the Senate has examined it in detail."

Dirksen placed in the Congressional Record two Chicago Tribune articles published yesterday and today which presented a digest of a foreign policy draft under preparation for more than a year and now ready for official inspection of President Kennedy and the National Security Council.

TOP FOREIGN ADVISER

This document, under supervision of Rostow, the President's top foreign policy adviser during the Presidential campaign and now Chairman of the State Department Policy Planning Board, proposes a conciliatory approach to the Soviet Union, based upon the doctrine that "evolution" of the Communist state will soon permit meaningful agreements between the Communist and non-Communist worlds.

Senator Hugh Scott, Republican, of Pennsylvania, agreed with Dirksen that exposure of the Rostow draft's contents would arouse much floor discussion. He asked if there were not some "strong" thinkers in the Government to oppose the "fuzzy minded." Dirksen said many in the Pentagon remained of the opinion that a "tough line" should be followed in the cold war with Russia.

AWAITED WITH TREPIDATION

"Many of us, not unfamiliar with Mr. Rostow's thinking, have awaited the birth of this new strategy with considerable trepidation," Dirksen said. "Mr. Rostow has never been a very devoted disciple of the tough policy line toward Russia. It now develops that he holds some unique ideas about the Soviet Union that are considerably closer to the fuzzy thinking of the late and lamented 'Liberal Papers' than even the most liberal member of this body would be willing to accept."

The "Liberal Papers" were a collection of essays compiled some years ago by a group of so-called liberal Democrats in Congress.

SEES NO VICTORY

"The core of Mr. Rostow's proposal is that if we are only nice to the Soviets, they will drop all their suspicions of the free world and peace will finally bloom," Dirksen said. "His most amazing thesis is this: That both the United States and Russia are losing power and authority and that an area of 'overlapping interests' is developing between them.

"Mr. Rostow sees no victory by the United States over the Soviet Union, no victory by capitalism over communism. In fact, Mr. Rostow is a man of little hope and the last person in my opinion who should have been chosen for the all-important task of directing the continuing review of our foreign policy.

"The basic philosophy of successful conflict is always to pursue a winning course and always change a losing game. Every high school coach, every big league manager knows this. But apparently our State Department planners do not."

ANSWER IS OBVIOUS

"If Mr. Rostow's assumption, that the Soviet Union is softening is correct, then what caused it to mellow? To me the answer is obvious. The only times we have ever gotten anywhere with the Soviet Union—the only times it has ever mellowed—has been when the United States was tough. Logic would say that Mr. Rostow is recommending a course exactly diametric to American interests.

"How does Mr. Rostow explain the recent Russia breaking of the moratorium on nuclear testing, its recent announcement that they are now going to test a 100-megaton bomb in retaliation for our resumption of testing?

"Does the presence of our Armed Forces in Thailand or Vietnam indicate the Communists are mellowing? I think the Senate is entitled to know."

[From the Chicago Tribune, June 21, 1962]

Rostow Policy Plan Riddled by Goldwater—Fraught With Great Danger, Senator Says

(By Willard Edwards)

Washington, June 20.—Senator Barry Goldwater, Republican, of Arizona, told the Senate today that the United States would be launched on a new, hazardous and futile course if future foreign policy is based upon the assumption that Russian policy is mellowing.

This assumption, reported as the theme of a foreign policy guide prepared for President Kennedy by Walt W. Rostow, Chairman of the State Department Policy Planning Council, is fraught with great danger, Goldwater said.

He joined Senator Dirksen, Republican, of Illinois, the minority leader, in a demand that Rostow be questioned by a Senate committee "at the earliest possible time."

Chairman J. W. Fulbright, Democrat, of Arkansas, of the Senate Foreign Relations Committee, to whom Dirksen's request was forwarded, was unavailable but other committee members guessed that Rostow would be called. He has said he will be glad to testify in a full and frank discussion of his document.

"We have long heard unofficial reports about this new strategy paper being prepared by Mr. Rostow," Goldwater said. "As I understand it, the document was prepared as a guide for future decisions by the President and the National Security Council.

"If this is the case, it undoubtedly must be regarded as an extremely important policy device and worthy of the Senate's closest attention. If it presages historic changes in American foreign policy, we should be told about it immediately.

MOST DANGEROUS DOCUMENT

"From what we know of the Rostow paper based on the unofficial but seemingly authoritative accounts appearing in the Chicago Tribune of June 17 and 18, it is based on a ridiculously false assumption that Russia is maturing in a fashion that would lend itself to honorable dealing with the United States.

"Apparently, through the medium of one paper, based largely on Mr. Rostow's hopes rather than the hard realities of the situation, the State Department would have the President and the National Security Council adopt a new, hazardous, and patently futile course in the cold war.

"As a policy device, the Rostow paper sounds to me like the most dangerous document in America."

MORE FUZZY THINKING

Goldwater said the Rostow line of reasoning resembled the "fuzzy-minded" thinking in the "Liberal Papers," a collection of essays by so-called liberal Democrats in the House, which was published recently.

"The idea seems to be that changes have taken place in the capital of world communism since [Russian Premier] Khrushchev took over and that we can make use of these changes through a calculated policy of appeasement and soft speaking. This dangerous concept rests on the assumption that now—all of a sudden—the Communists are interested in reducing world tensions and may be willing to follow us in a series of unilateral acts designed to this end."

Goldwater said this was "the worst kind of liberal wishful thinking * * * alien to the thinking of Congress and the American people." He noted that Rostow conceded the new strategy would require a selling campaign to adjust the thinking of Americans to "this bold new approach."

PART OF BRAINWASHING

"Here we have another example of the administration's constant preoccupation with the idea that Congress and the American people don't know what is best for them or the country," he remarked. "It is part and parcel with the idea that American people must be brainwashed into changing their views for their own good.

"The American people may not have the same level of 'sophistication' that the New Frontier insists upon but they do know that Russia is not mellowing and that Communists cannot be trusted. They know that appeasement in the present world crisis is of one piece with a policy of surrender."

Goldwater placed in the record material published in 1957 about Rostow, then a professor at the Massachusetts Institute of Technology Center for International Studies, and his brother, Eugene V. Rostow, dean of the Law School at Yale University, who has been mentioned as a potential nominee for a Supreme Court appointment.

[From the Dallas Morning News, June 20, 1962]

Mr. Rostow to the Stand

Ever since somebody—we think it was Senator Strom Thurmond, of South Carolina—first charged that the State Department was advocating a no-win policy, various congressional committees and individual Members of Congress have been trying to unearth the basic elements of policy which guide the State Department in foreign affairs. Most of these attempts have met with limited success.

Now Senator Everett M. Dirksen, Republican, of Illinois, has suggested that Walt W. Rostow be called to the stand to testify. Mr. Rostow is counselor of the State Department and Chairman of its all-important Policy Planning Council. If anyone can explain State's policy, he should be able to do it; Mr. Rostow, along with the President himself, has been a chief architect of that policy—whatever it might be.

The reason for Senator Dirksen's proposal that Congress call Rostow to the stand is that the State Department counselor is reported to be the author of a highly controversial document which has been making the rounds lately at the top levels of the administration. This document—286 pages long and entitled "Basic National Security Policy"—is said to be an outline of the administration's grand strategy for the conduct of foreign affairs over the next few years.

Three months ago the News reported the existence of this document. At that time all that was known of its contents was that it advocated the elimination of first-strike weapons in the U.S. arsenal.

For the past 3 months, the administration has refused to release the document—even to congressional committees which normally have access to such information. But in the past week several highly placed officials at the State Department and Pentagon who are displeased with the contents of the Rostow report have leaked its basic outlines to the press.

According to these reports and to the public revelation by Senator Dirksen, the core of Rostow's proposal is an assumption that the Communists are mellowing and will give us peace if we are nice to them. Specifically, the policy statement is supposed to include these startling recommendations:

Recognition of Red China by the United States and withdrawal of U.S. opposition to Peiping's admission to the United Nations.

De facto recognition of East Germany as a separate nation.

Pulling back armed opposition to the Communists along the borders of the Soviet empire.

Coercion of Nationalist China to give up the offshore islands of Quemoy and Matsu.

Unilateral deemphasis of nuclear weapons and reliance primarily on conventional weapons and forces.

Attempt to contain the spread of communism but do nothing to stir up trouble behind its borders.

These are not simply suggestions for change in the administration's foreign policy. Many of them have been put into effect already at least in part. Moreover, the mere fact that they are being considered should have far-reaching impact on our allies and enemies alike.

Mr. Rostow's influence on the administration cannot be doubted. It is said that he was responsible for the administration's opposition to the B–70 and Nike-Zeus programs, that he authored the proposal to appease the Communists in Berlin, that he had an important part in drafting the U.S. disarmament scheme which would have turned our arms over to a United Nations Peace Force.

Mr. Rostow should explain. The American people have a right to know exactly what the State Department is trying to do and who is responsible for its doings. And if they don't like what they find, the American people have a right to demand some changes.

[From the Dallas Morning News, June 21, 1962]

The World Is Flat

On this page yesterday, the News made a brief analysis of the foreign policy proposals reportedly submitted to the President by State Department Counselor Walt W. Rostow in a secret 286-page report entitled "Basic National Security Policy." Since some believe that this report is an outline of the Kennedy administration's grand strategy for the conduct of foreign affairs, and since Mr. Rostow now occupies a position of great importance within the administration as Chief of the State Department's Policy Planning Council, we believe the Rostow report merits further editorial comment.

Willard Edwards, veteran Washington correspondent for the Chicago Tribune, has provided a detailed analysis of the proposals from which we have drawn most of the following information.

In addition to recommendations that we recognize Red China and East Germany, pull back our opposition to communism along the Soviet borders, force Nationalist China to give up its offshore islands, deemphasize nuclear weapons unilaterally, and limit our opposition to communism to a general policy of containment (all of which were mentioned in yesterday's editorial), the following recommendations have also been made in the report, according to Edwards:

Our treatment of Soviet satellite nations should be gentle—we should refrain from criticizing them, continue to give them aid, open up trade channels with them and encourage our Western European allies to be more cooperative.

In no event should we ever encourage or support armed uprisings against the Communists in the satellite nations.

If we can't come to an agreement with the Soviets over arms control or disarmament, we might advance a program which does not require negotiations.

American interests will be better served by leaning toward nations with modern ideas rather than sticking to old allies with outmoded ideas. The United States does not want allies; it wants only neutrals.

Foreign aid can be used as a weapon, but only against allies (with outmoded ideas). If they won't cooperate, take it away from them. (Rostow must have had more than a little influence over our Lao policy.)

"Rising tensions or pleas of our allies or of the American public must be ignored in any crisis with Russia. The temptation must be avoided to prolong or expand any crisis in an effort to degrade or embarrass the Soviets in the eyes of the world."

Our goal should not be victory over Russia ("no-win"?) but "victory of men and nations over the forces that wish to entrap and exploit their revolutionary aspirations." (That term "revolutionary" has always had an unpleasant connotation, as far as we're concerned.)

More than anything else, the United States must show the Communists that it has no aggressive intentions—that we only want peace.

What lies behind all of these incredible proposals? Apparently Mr. Rostow believes that the Communists have abandoned their longstanding goal of world conquest. Never mind that military and intelligence sources have been unable to find a shred of evidence to substantiate this conclusion. Mr. Rostow is sure.

In fact, he has been sure that the Communist world and its leaders have been changing—"mellowing" is the word he uses—for about 6 years. In 1956, Rostow expounded his theory concerning the Communist "evolution"—and he even included Red China.

In his latest report to the President, Rostow admits that there isn't any real evidence to back up his conclusions. Since this is true, he says, it will be hard to convince Congress and the American people that he is right. But it must be done, he says. And in order to do it, an educational campaign must be started.

So sit tight, friends, we may be barraged with a bevy of propaganda from Foggy Bottom designed to convince us that the world is flat again.

SUPREME COURT DECISION ON PRAYERS IN PUBLIC SCHOOLS

Mr. BUSH. Mr. President, the decision of the Supreme Court yesterday respecting the matter of prayers in the public schools of New York has many distressing aspects, and I find myself very unhappy about that majority decision.

The minority opinion, expressed by Justice Potter Stewart, was printed in full in the New York Times this morning, and I ask unanimous consent that it may appear following my remarks this morning in the body of the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit I.)

Mr. BUSH. Mr. President, Justice Stewart points out the many instances in which prayer is required by Federal law. Every Senator, when he takes his oath of office, pledges himself to fulfill his duties with the help of Almighty God. The same is true in the House of Representatives. A few years ago—I think in 1954—in the Pledge of Allegiance to the Flag, we inserted the words "under God."

I think this decision of the Supreme Court is most unfortunate and divisive and quite unnecessary, and I hope that those who are interested in this subject will read the opinion of Justice Potter Stewart, because I think he puts the whole question in the proper perspective. I wish the majority of the Court had heeded his opinion on this issue.

Exhibit I

Dissenting Opinion by Justice Stewart

A local school board in New York has provided that those pupils who wish to do so may join in a brief prayer at the beginning of each school day, acknowledging their dependence upon God and asking His blessing upon them and upon their parents, their teachers, and their country. The Court today decides that in permitting this brief nondenominational prayer the school board has violated the Constitution of the United States. I think this decision is wrong.

The Court does not hold, nor could it, that New York has interfered with the free exercise of anybody's religion. For the State courts have made clear that those who object to reciting the prayer must be entirely free of any compulsion to do so, including any "embarrassment and pressures." *West Virginia State Board of Education* v. *Barnett*, 319 U.S. 624. But the Court says that in permitting schoolchildren to say this simple prayer, the New York authorities have established "an official religion."

With all respect, I think the Court has misapplied a great constitutional principle. I cannot see how an "official religion" is established by letting those who want to say a prayer say it. On the contrary, I think that to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing in the spiritual heritage of our Nation.

The Court's historical review of the quarrels over the Book of Common Prayer in England throws no light for me on the issue before us in this case. England had then and has now an established church. Equally unenlightening, I think, is the history of the early establishment and later rejection of an official church in our own States. For we deal here not with the establishment of a state church, which would, of course, be constitutionally impermissible, but with whether schoolchildren who want to begin their day by joining in prayer must be prohibited from doing so. Moreover, I think that the Court's task in this as in all areas of constitutional adjudication, is not responsibly aided by the uncritical invocation of metaphors like the "wall of separation," a phrase nowhere to be found in the Constitution. What is relevant to the issue here is not the history of an established church in 16th century England or in 18th century America, but the history of the religious traditions of our people, reflected in countless practices of the institutions and officials of our Government.

PRAYERS IN GOVERNMENT

At the opening of each day's session of this Court we stand, while one of our officials invokes the protection of God. Since the days of John Marshall our crier has said, "God save the United States and this honorable Court." Both the Senate and the House of Representatives open their daily sessions with prayer. Each of our Presidents, from George Washington to John F. Kennedy, has upon assuming his office asked the protection and help of God.

The Court today says that the State and Federal Governments are without constitutional power to prescribe any particular form of words to be recited by any group of the American people on any subject touching religion. The third stanza of "The Star-Spangled Banner," made our national anthem by act of Congress in 1931, contains these verses:

> "Blest with victory and Peace, may the Heav'n rescued land
> Praise the pow'r that hath made and preserved us a nation.
> Then conquer we must, when our cause it is just, and this be our motto 'in God is our trust.' "

In 1954 Congress added a phrase to the Pledge of Allegiance to the flag so that it now contains the words "one nation under God, indivisible with liberty and justice for all." In 1952 Congress enacted legislation calling upon the President each year to proclaim a national day of prayer. Since 1865 the words "in God we trust" have been impressed on our coins.

Countless similar examples could be listed, but there is no need to belabor the obvious. It was all summed up by this Court just 10 years ago in a single sentence: "We are a religious people whose institutions presuppose a supreme being." *Zorach* v. *Clauson,* 343 U.S. 306, 313.

I do not believe that this Court, or the Congress, or the President has by the actions and practices I have mentioned established an "official religion" in violation of the Constitution. And I do not believe the State of New York has done so in this case. What each has done has been to recognize and to follow the deeply entrenched and highly cherished spiritual traditions of our Nation—traditions which come down to us from those who almost 200 years ago avowed their "firm reliance on the protection of divine providence" when they proclaimed the freedom and independence of this brave new world.

I dissent.

DISCRIMINATION AGAINST IMPORTS OF U.S. PRODUCTS

Mr. MORTON. Mr. President, as we prepare to consider trade policy legislation, there is one item I should like to call to the attention of my colleagues. Under the Trade Agreements Act as extended in the past, we have gained certain tariff reductions from other countries in return for concessions we have made. However, one fact has been that devices other than tariffs and duties have been used by many foreign nations to discriminate against imported products.

I have done a brief research job—and a hasty one, I am afraid—but it points out some of the mechanisms used which are known by different names. For instance, permits are still used in Great Britain, which must be granted by the government before any foreign products can be imported. While there is no specific duty or tariff imposed, the necessity of securing a permit, for instance, effectively prohibits U.S. coal from being sold in that country.

I ask unanimous consent that a short analysis I have had prepared be printed in the Record following my remarks.

There being no objection, the analysis was ordered to be printed in the Record, as follows:

Devices, Other Than Tariffs and Duties Currently Used by Foreign Nations To Discriminate Against Imported Products

There is a tendency to assume that the negotiation of trade agreements between nations deals largely, or principally, with the arbitration of tariffs and duties. Listed below, therefore, are several devices which, even in the complete absence of any tariff or duty, serve effectively to restrict trade in a broad range of selected products and commodities.

Permits: A device, such as used in Great Britain, which must be granted by the Government before any foreign products are allowed to be imported. While there is no specific duty or tariff imposed, the necessity of securing a permit, for instance, effectively prohibits U.S. coal from being sold in that country.

Subventions: A device, such as used in Canada, to subsidize the transportation of fuels from domestic producers to domestic consumer so as to render the use of Canadian fuels economically competitive.

Subsidies: A device, such as used in Great Britain, to permit nationalized industries to selectively reduce prices, thereby replacing foreign products.

Import licenses: A device, such as used by most member nations of the General Agreement on Trade and Tariffs, which may effectively prohibit free trading on a broad range of protected domestic commodities.

Exchange controls: A device, such as used in Italy, which in effect controls imports through the restriction of sales of foreign exchange currency by the government.

Allocations: A device, such as used in Japan, which stipulates the amount of currency which may be spent on the purchase of certain imports.

Legalized certificates: A device, such as used in Brazil, which controls imports of selected raw materials by requiring a certificate to be legalized by the Executive Commission for the specified commodity group.

Road use tax: A device, such as used in Austria, which taxes automobiles on the cylinder volume basis. This tax falls most heavily on U.S. passenger cars which have larger and slower turning engines than their counterparts in most European cars to provide longer wear and more trouble-free operation.

Annual road tax: A device, such as used in Belgium and Luxembourg which, although it applies to both domestically assembled cars as well as imports, taxes automobiles on their fiscal hp. The rates are nonlinear, rising sharply to the higher hp. ranges, so that the tax payable on an American car may be several times that of a European car with a higher retail price.

Circulation tax: A device, such as used in Italy, where vehicles are taxed annually on the engine hp. The disadvantage to U.S. vehicles, with their larger hp., is compounded by the fact that this tax is constant and does not diminish with the age of the car.

Sales tax: A device, such as used in Portugal, where taxes are levied on the basic retail price of the import, separate and apart from duties or tariffs.

Import tax: A device, such as used in Greece, where a levy is made upon the c.i.f. (cost, insurance, and freight) value of the imported product.

Luxury tax: A device, such as used in Greece, where a tax is imposed on the c.i.f. value of certain foreign imports.

Primage tax: A device, such as used in Australia, where additional taxes are levied upon goods not considered essential. This device is usually not applied to imports from other Commonwealth nations.

Turnover equalization tax: A device, such as used in the Federal Republic of Germany, where a tax separate and apart from duties and tariffs is imposed on the duty paid value of the selected imports.

Customs stamp tax: A device, such as used in France, where a tax is imposed on the total of all customs charges.

Compensatory import tax: A device, such as used in Italy, where a tax on the duty and sales tax paid value is levied against selected imports.

Fiscal tax: A device, such as used in Spain, where a tax is levied against the duty paid value of selected foreign imports.

Value added tax: A device, such as used in France, where a levy, separate and apart from duties and tariffs, is laid upon the importation of certain selected items such as small motors and compressors.

Fiscal levy: A device, such as used in Switzerland, where a tax separate and apart from duties and tariffs, is levied upon the duty paid value of selected imports.

Stamp tax: A device, such as used in Switzerland, where a tax is laid upon all charges against selected imports, and which appears on the Swiss customs receipt.

Tariff quota: Under a tariff quota, imports of a commodity up to a specified volume are permitted to enter a country at a special low rate of duty but any imports in excess of this minimum volume are permitted to enter only through payment of a higher rate of duty.

Sanitary restrictions: Devices, such as used in Denmark, Sweden, and Great Britain, which effectively restrict and prohibit imports of selected items such as dairy and poultry products.

Bilateral quota: A bilateral quota is arrived at through negotiation between the importing country and a particular supplier country, or between the importing country and export groups with the supplier country. A common result is a rationalization of the export market and the channeling of abnormal quota profits to special groups.

Arbitrary interest rates: A device, such as used in Italy, where low-interest loans are available to farmers who purchase domestic equipment but where higher interest rates are charged if foreign equipment is purchased.

Mixing quota: Numerous countries have in effect regulations which require producers to utilize domestic raw materials, up to a certain proportion, in the production of a finished product. These regulations, sometimes referred to as "linked-usage" regulations, have a quotalike effect in that they serve to limit imports to some relatively fixed ratio of particular domestic production.

Remission restrictions: A device, such as used in Afghanistan, where although an exchange license is not required, permission nevertheless must be obtained to remit foreign currency to exporters abroad.

Cartels: A device, such as used in Belgium, which may have as an effect the direct restraint of imports. For example, two cartels, the "Societe Generale de Belgique" and "Burfina," currently control a good deal of the mining, industry, and commerce of Belgium and, therefore, a large portion of the trade between these industries and the rest of the world. The Belgium Government actively and openly supports such cartels.

Unilateral quota: A device by which a country undertakes to fix an absolute limit upon the quantity of a commodity eligible for import during a given period. Such a quota may be formulated either in global terms or on an allocated basis. Under the global quota, imports are admitted from any country or countries up to the full amount of the quota. Under an allocated quota the quantity of imports allowable is apportioned among various supplier countries.

TRADING SYSTEM FOR HANDLING GRAIN

Mr. PEARSON. Mr. President, with a major share of our attention directed to the problem of agriculture and farm surpluses, we often lose sight of the very vital service performed for this segment of our economy by the grain markets.

For 88 years the Kansas City Board of Trade has made an important contribution to the efficient handling of the complex trading system developed to handle grain.

The Kansas City Star of June 10, 1962, paid a fine tribute to this excellent organization. It also summarized some of the board's current concern with matters before the Congress.

I ask unanimous consent that this editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Harvest in a Rush, but Sales Take Time

The wheat harvest season is here. Combines are rolling across yellow fields of ripened grain. Trucks speed from field to local elevator. By the trainload, the grain moves from the elevators to the vast storage bins at the terminal markets.

On the farm, this is the glamour season of the year. Obviously the completely mechanized operation is a big change from the old days of bundle wagons and steam threshers. The big dinners for thresher crews are only memories, yet there is still romance in the gathering of the grain. It is payday, too. The gold of the fields is turned figuratively into the gold of the realm. Literally, not figuratively, the harvested grain returns to growers, hundreds of millions of dollars.

Less apparent to the public than the harvest is the complex trading system that has been developed to handle the grain. Although it is sold today or tomorrow, or put under Government loan, the wheat currently being harvested won't be used this week or even next. It will be utilized throughout the year or it may even be 2 or 3 years before it is ground into flour.

Throughout the year, at the board of trade in Kansas City and at other major grain markets, groups of men will be standing in pits on the exchange floors shouting or signaling their bids or acceptances. Their eyes will be on a huge blackboard where prices of grain, both cash and futures, are posted. Changes seem to come by the minute. In Kansas City another 40 or 50 men on the same exchange floor will be running their hands through samples of grain in wood trays on tables. They are buyers or sellers. More men will be walking hurriedly to their offices. Messengers arrive and leave with important papers. Telephones ring and teletypes click.

The board of trade is a busy place. The casual visitor may look on the activity in complete perplexity.

As a matter of fact, there is a direct correlation between the harvest rush on the farms today and the activity on the grain exchange floor all year long. This is the business (at the board of trade) that handles the grain, gives it a value (price) and stores it. Businesses represented here maintain the quality of the grain and assume the risk. They will have it ready for delivery to consumers when they want it or where they want, tomorrow or next year, in this country or any place in the world.

It is a marketing system that has been developed over a hundred years in this country. Major changes have come in recent years through Government farm programs with supports which are the major factor in establishing wheat prices. But prices still change in response to market demands and the private trade has not been eliminated. It never should be.

The grain trade is under no direct attack from the Government, yet constant vigilance is required to maintain its free-enterprise status.

Even in the new farm bill which is now before Congress, a Senate amendment cautions the Commodity Credit Corporation not to circumvent the channels of private trade. This amendment is a reaffirmation of directions already in the farm laws. The repetition suggests that Congress sees a need for protecting private trade against Government intervention, even though none is contemplated.

Senator Hubert H. Humphrey, of Minnesota, who introduced the amendment, spoke of it as a reminder to the Department of Agriculture. The amendment as adopted by the Senate reads:

"Sec. 405. Nothing contained herein shall be construed as authorizing sales of Commodity Credit Corporation-owned commodities, including sales against payment-in-kind certificates, other than in accordance with the provisions of section 407 of the Agricultural Act of 1949, as amended. Congress hereby reconfirms its longstanding policy of favoring the use by governmental agencies of the usual and customary channels, facilities, and arrangements of trade and commerce, and directs the Secretary of Agriculture and the CCC to the maximum extent practicable to adopt policies and procedures designed to minimize the acquisition of stocks by the CCC to encourage orderly marketing of farm commodities through private competitive trade channels, both cooperative and noncooperative, and to obtain maximum returns in the marketplace for producers and for the Commodity Credit Corporation."

A second amendment introduced by Senator Humphrey instructed the Secretary of Agriculture that it was the "sense of the Congress" that the Secretary should use the facilities of farmer cooperatives when feasible. Senator Allen J. Ellender, of Louisiana, chairman of the Senate Agriculture Committee, stated on the floor of the Senate that this amendment did not mean that cooperatives should receive preferential treatment.

There are unavoidable expenses and responsibilities in connection with the moving, storage and delivery of the grain. These expenses must be met. The responsibilities must be accepted, either by the private trade or the Government.

When statements are heard that it is costing the Government a million dollars a day just to store surplus grain, we should realize that these storage charges would accrue whether the grain was in Government or private hands. They become a part of the final cost of the product. Of course, the big surpluses add to the total storage costs.

Back in the 1920's, before this country ever had a farm program, the normal storage charge in elevators was 12 cents a bushel per year. Today, the Government is paying 13½ cents a bushel. Thus the tremendous storage costs today are the result of volume, not of big increases in storage charges.

Storage, of course, is only one part of the grain business. Ironically, although a large share of the payments for storage of huge surpluses has gone to the grain industry, the grain trade in general has opposed the farm programs. Even though Government storage has given them an assured income the grain people would prefer to go back to a completely free market. But few on the trading floor of the Kansas City Exchange expect to live long enough to see this happen. Nevertheless, they argue that the Government program is responsible for the wheat surpluses which confuse farmers, the trade, and Government alike.

An important part of grain trading is the futures market. It is complicated and often misunderstood, yet because of it, trading can be done swiftly and economically on standards that are accepted anywhere in the world.

In handling wheat over long periods, risk is a major factor. There are risks which include all natural hazards such as fire, wind or floods, and product deterioration, but the major and overshadowing risk is price change. The futures market provides a means of shifting this risk—to those who are willing to shoulder it, hoping, of course, to make a profit.

Boards of trade provide facilities for members to trade in futures. Explanations of futures trading reveal that the actual "commodity" bought or sold on a futures market is a contract. This contract is a promise to deliver or accept delivery of a specified quality of grain at a specified time and place. The grain doesn't actually change hands until the contract becomes due.

An example of the use of the futures markets can be taken from a practice of flour mills, a practice that might be likened to insurance. A mill which has contracted to deliver flour in September, for instance, buys a corresponding amount of wheat on the futures market to protect itself against a price change until the flour is delivered. Or a mill, as it fills its bins with wheat which will be milled later, sells futures as a hedge against a drop in the price of the grain.

The futures market also provides the mechanics for fulfillment of promises to deliver or receive products at a specified time in the future. Such a system is a necessary part of handling a commodity that is harvested in a matter of weeks, yet consumed throughout the year. Futures also have the very important function of giving a value on grain harvested today that is somewhere near the value it will have when it is finally sold for consumption. The futures market acts to equalize the price throughout the year.

Theoretically, the difference between a cash and futures quotation would be the cost of holding the commodity from the date of the futures purchases until the contract was completed. But prices on the commodity itself change as a result of many factors. This brings speculators into the market, a necessity if hedging is to be carried on successfully. These speculators are willing to assume a part of the risk of price changes, a very large and essential function in the marketing process.

The charge once made that speculators were gamblers seldom is heard today. The functions of the trade have become better understood and abuses have been eliminated through regulations.

In addition to providing the facilities for hedging, the futures market encourages an efficient information system. Supply and demand factors are continuously analyzed and price quotations are widely disseminated. The machinery is set up for a uniform system of weighing, grading, inspection and the settlement of trade disputes.

The proponents of the grain trading system in the United States maintain that it is the most efficient in the world. It is not, however, the only method of handling the marketing of grain. In fact, it is not duplicated in any other country of the world.

The futures markets are regulated by the Government's Commodity Exchange Authority and by the exchange organizations themselves. Such regulations are necessary and merit the support of the trade.

What the trade fears, and legitimately, is a gradual encroachment of the Government into the marketing system itself. The Government, for instance, owns facilities for storing a billion bushels of grain, space that was acquired under the pressing growth of surpluses. Congress has instructed the Department of Agriculture to utilize private storage facilities wherever feasible, in preference to Government-owned bins. But it is not difficult to surmise the development of a demand for the Government to use its available bins before it adds big storage costs by paying commercial elevator people.

In the last year the Department of Agriculture has sold millions of bushels of corn from its bins in order to control the corn market. It even went so far as to get a railroad rate reduction on the shipment of corn to the southeast part of the United States. Its purpose was to hold prices below the regular market values in that area.

The corn sales functioned as a pressure on farmers, forcing them to join the Government's acreage reduction program. It was Government policy to hold down prices on corn grown by farmers who did not choose to join in the program. The Government, not the market, set the price on corn by the amount it released for sales from day to day.

Thus the trade wonders what the next step in Government intervention in the market will be. It welcomes such pledges from the Government as the one contained in the Humphrey amendment to the Senate's farm bill. Yet private business can't completely uncross its fingers. The trend to Government intervention always seems to be in one direction—toward more and more.

Kansas City is at the hub of the greatest grain-producing area of the world. It is one of the Nation's largest storage and processing centers. Grain is one of our biggest industries, year in and year out. We are especially aware of its importance at harvest time. Kansas City has a vital interest in the grain trade and its future as a part of the free enterprise system.

DISTORTION OF THE CONSTITUTION BY THE SUPREME COURT

Mr. TALMADGE. Mr. President, I ask unanimous consent that I may be permitted to speak for 8 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. TALMADGE. Mr. President, for some years now the members of the Supreme Court have persisted in reading alien meanings into the Constitution of the United States. Through interpretations which cannot be sustained by either the language of the Constitution or the intent of its framers, they have sought, in effect, to change our form of government.

But never in the wildest of their excesses, Mr. President, have they gone as far as they did on yesterday when—in a gross distortion of the first amendment—six of the Justices decreed that the voluntary saying of nondenominational prayers in public schools is unconstitutional.

It was an outrageous edict which has numbed the conscience and shocked the highest sensibilities of the Nation. If it is not corrected, it will do incalculable damage to the fundamental faith in Almighty God which is the foundation upon which our civilization, our freedom, and our form of government rest.

Mr. President, the first amendment is so clear that any fourth grade student can understand it. It says simply that: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

Congress has made no such law. No Member of Congress has proposed such a law. And, in the absence of such a law, the Supreme Court is without authority to act on the subject.

In fact, Mr. President, a true interpretation of the spirit of the Constitution would hold that the Supreme Court, not the State of New York, has violated it. That is true because the effect of yesterday's ruling was to prohibit the free exercise of religion by the schoolchildren of the State of New York.

The renowned and respected minister, Dr. Billy Graham, put the matter in its proper perspective with his observation that the Constitution of the United States guarantees freedom of religion—not freedom from religion.

No historical fact is more clearly established than that this country was settled by men and women of great faith who were seeking a home where they and their posterity might worship God in freedom. Every President of the United States from Washington to Kennedy has sworn before God to uphold the Constitution and the laws made under it. Every Member of Congress from the first through the 87th sessions has taken a similar oath.

Both Houses of Congress begin their daily deliberations with prayers. A crier opens the sessions of the Supreme Court itself with the declaration: "God save the United States and this Honorable Court." Our coins feature the motto, "In God We Trust," and we sing the same words in our national anthem. Our "Pledge of Allegiance to the Flag" has been amended to include the phrase, "one nation under God." All branches of the armed services have chaplains of all faiths whose salaries are paid with tax funds. Congress has enacted legislation calling on the President to proclaim a National Day of Prayer each year.

Mr. President, I submit the Supreme Court of the United States on yesterday violated every tenet of American law and every principle of the spirituality of man. It has dealt a blow to the faith of every believer in a Supreme Being and it has given aid and comfort to the disciples of atheism by whatever name they may call themselves.

Mr. President, it is the earnest hope of the junior Senator from Georgia that this unconscionable edict will prove to be the event which arouses the American people to demand action by their elected representatives to put an end once and for all to the ever-broadening judicial encroachments which are destroying freedom and constitutional government in this country.

The psalmist of old declared that "Blessed is the nation whose God is the Lord." The junior Senator from Georgia believes with all his heart, Mr. President, that the overwhelming majority of the American people will agree that that man of God was a greater authority on the subject than six politically motivated members of the Supreme Court of the United States.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. TALMADGE. I am delighted to yield to my friend from Virginia.

Mr. ROBERTSON. Mr. President, I warmy commend my distinguished colleague from Georgia for the sentiments he has expressed. I fully concur in the condemnation he has made of the decision. Later today I plan to discuss it at some length, because it is a subject in which I have been interested over a period of years.

Mr. President, our colleague has pointed out that the first amendment relates to an act of Congress. Is that not true?

Mr. TALMADGE. The Senator is correct.

Mr. ROBERTSON. In this case, no act of Congress was involved.

The PRESIDING OFFICER. The time of the Senator from Georgia has expired.

Mr. ROBERTSON. May we have 1 additional minute?

Mr. TALMADGE. Mr. President, I ask unanimous consent that I may yield for 1 more minute to the junior Senator from Virginia.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERTSON. I am sure my colleague remembers that James Madison was a very religious man. He did not wish to take religion out of Government, but he wished to keep the Government out of religion. He wished to put into the first amendment a prohibition against State laws to establish religions. He could not get that adopted, so the States can go far beyond what New York did. New York only authorized a brief prayer. Is that not correct?

Mr. TALMADGE. The Senator is eminently correct.

Mr. ROBERTSON. It is correct that the decision yesterday related to a State law, and a brief prayer only was involved. As my distinguished friend said, the Supreme Court has again, by judicial fiat sought to amend our Constitution.

Mr. TALMADGE. The Senator is eminently correct. I commend him for his view, and I agree wholeheartedly with it.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the distinguished Senator from Georgia may have an additional minute.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

Mr. DIRKSEN. Has it occurred to the distinguished Senator that on the gallery floor of the Capitol, within a stone's throw of where we stand in this Chamber today, there is a chapel furnished by public funds, where a Member of this body or any other person can go to indulge in prayer, to energize his faith, and to find his Maker in his own way?

Mr. TALMADGE. The junior Senator from Georgia is aware of that fact. I compliment and commend the distinguished minority leader for pointing it out during this colloquy.

I call the attention of the distinguished minority leader to the fact that underneath the clock on the wall of this very Chamber is engraved "In God We trust."

I thank the distinguished Senator from Illinois and the distinguished Senator from Virginia for their valuable comments in this discussion.

RECORD OF SERVICE OF PHILIP COOMBS

Mr. HUMPHREY. Mr. President, Mr. Philip Coombs, Assistant Secretary of State for Educational and Cultural Affairs, has resigned. He has given our country good and faithful service.

I have known Mr. Coombs for many years and consider him an extremely able and dedicated person. He brought new life and vitality into the Office of Educational and Cultural Affairs and made a significant contribution to the total foreign policy of our country by building educational and cultural affairs into a more vital and effective component of U.S. foreign relations.

A careful study of Secretary Coombs' record will reveal the broad scope and the wide range of activities of the educational and cultural affairs program. Mr. Coombs is to be congratulated for his leadership, his dedication, his imagination, in developing and improving the program.

In late April, Mr. Coombs addressed the Annual Conference of the National Association of Foreign Student Advisers. I ask unanimous consent to have the transcript of his address printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Transcript of Informal Remarks by the Honorable Philip H. Coombs, Assistant Secretary of State for Educational and Cultural Affairs, at the Annual Conference of the National Association of Foreign Student Advisers, Mayflower Hotel, Washington, D.C., Wednesday, April 25, 1962

Dr. Neal. Our next speaker has probably been responsible more than any one individual for the recent concern of the Federal Government with the unsponsored foreign student. The framer of the famous Ten Points familiar to NAFSA, he also has brought into international educational exchange, vigor, imagination, and, above all, close liaison with this association and the institutional spokesmen among its membership.

I present to you now with great pleasure the Honorable Philip H. Coombs, Assistant Secretary of State for Educational and Cultural Affairs. [Applause.]

Secretary Coombs. Thank you, Joe Neal. I think I should address you as friends and stockholders [laughter], although this year we have to omit the box lunch. [Laughter.]

When I attended the very good reception last night and met so many old friends who had the patience to listen to my remarks on earlier occasions—all the way from New York to San Francisco and even as far away as Athens—Greece, that is—[laughter]—I realized that this was the toughest challenge I have had since coming to Washington. Most of you have heard my standard speech by now and I must try to give you a new one.

I would like to give you a kind of stockholders' report which may help you see in broad perspective what you and other voluntary organizations in the academic community have been accomplishing and what the Government has been doing this past year. I will try also to suggest some of the things that remain to be done next year and thereafter.

I think it can be said in summary—and you people could present much of the evidence—that in the last year the whole question of foreign students in the United States has moved up to a much higher point on the public agenda for discussion and attention and action. The press and other mass media have certainly given the subject more attention—oftentimes, unfortunately, to the more dramatic problem side, thereby getting the picture somewhat out of focus. Nonetheless, it is good that people are thinking more about this important question.

We all know a good deal more than we knew a year ago about the nature of the problems. Certainly I do. I have had some good teachers. I overheard one of your colleagues saying to another last night, "We just got this guy half educated and now we have to start all over again." [Laughter.]

Certainly more than ever before is being done about foreign students to improve their academic and personal experience, their selection, their placement and following up on them when they return home. Much more remains to be done, and there do exist today a good many concrete plans which have been thought out with the help of a great many competent people. Some of these plans are already in motion; others are ready to roll.

I would like to break my remarks into two main parts. First, to give you a panoramic picture of the activities of my office, the Bureau, and other agencies of government. As practitioners with respect to one important aspect of our educational and cultural activities, it is important that you see clearly where your particular important function fits into a larger context.

I know that you think of the Bureau of Educational and Cultural Affairs and of my own separate office as being very much concerned with foreign students, which we are. But you should know about some of the other problems and activities we are also concerned with because this will help you relate yourself more effectively to the total picture.

1. THE NEW OFFICE

You will recall that in February, 1961, when President Kennedy and Secretary Rusk established a new Office of Assistant Secretary for Educational and Cultural Affairs, they made it clear that their purpose was to enhance the general role of these activities as a vital component of American foreign policy. They were anxious, among other things, to achieve a greater unity of purpose and direction among the various Federal activities impinging on this area and to achieve a firmer relationship and greater cooperation between the Federal Government and the private sector. It was with this general mandate that we started out.

My own office was set up separately from the Bureau of Educational and Cultural Affairs, a fact still not generally understood even within Government. One reason for separating the offices was that the Bureau is a large operating enterprise doing a $50 million a year business in grants, contracts and other forms. The Bureau requires a fulltime top manager.

Clearly, if the new Assistant Secretary was to perform effectively his other duties, which go well beyond the operations of the Bureau, he could not also give fulltime attention to managing the day-to-day operations of the Bureau. We were fortunate, first, in having Saxton Bradford head the Bureau, until he was transferred to Mexico. Now we have Alfred Boerner, an equally able manager, who was called home from Italy to direct the Bureau.

The Assistant Secretary's office is much smaller than the Bureau. It has 9 officers and 6 secretaries; the Bureau has over 300 persons. Attached to the Assistant Secretary's office is also the UNESCO National Commission's Secretariat and the Secretariat for the new U.S. Advisory Commission on International Education and Cultural Affairs.

The office has four principal responsibilities. First, to provide general policy direction and supervision to the Department's own Bureau of Educational and Cultural Affairs. Secondly, to provide leadership and policy guidance to all Federal agencies engaged in any way in international educational and cultural activities in order to encourage a greater coordination of their efforts and to stimulate a strengthening of those efforts. There are, incidentally, seven Federal agencies that receive direct appropriations for one kind of activity or another in this field. And beyond that, there are well over a dozen additional Federal agencies that cooperate or do contract work in this field.

A third responsibility is to develop U.S. official positions and to maintain relationships with international and regional organizations with respect to educational and cultural matters. At the moment this means primarily UNESCO, the OAS in Latin America, and the newly created Organization for Economic Cooperation and Development (OECD), covering the Atlantic Community.

The fourth assignment, and I suspect in the long run the most important, is to develop a broader and deeper basis for close cooperation and complementary action between the Federal Government and all non-Federal organizations and institutions around the United States.

2. ESTABLISHING RELATIONS

Carrying out these four assignments effectively requires the development of a very complex pattern of working relationships. We have spent a good deal of time this year laying out these lines of communication and cooperation, first, within the Federal Government itself, secondly, with the international organizations and foreign governments, and thirdly, with the American academic community, voluntary organizations, foundations, and the like. It required many meetings, discussions, trips, speeches, articles, broadcasts, to get these lines of cooperation established.

I hope you will pardon some personal references here since it is the only way I know to give the stockholders a full report. In addition to the extensive activities of my colleagues, my secretary informs me, I have personally clocked over 75,000 miles of international travel and 30,000 of domestic travel in the past year or so. This involved representing our Government at 5 international conferences and visiting 13 of our oversea missions ranging from Ethiopia, Greece, Thailand, Lebanon, Egypt, Peru, the United Kingdom, Spain, France, Uruguay, India, Chile to Japan. So, if nothing else, I have seen the world this year. [Laughter.]

It involved working with literally dozens of private American organizations and taking on, perhaps foolishly, some 30 speeches at conferences and meetings. We have contributed seven different magazine articles and given about a dozen TV and radio broadcasts. In short, we have been trying to develop a broad educational and cultural community with some common concepts and common goals, cooperating across private and governmental lines and across international boundaries.

I remember an incident a few months ago when a new secretary whom I had not yet met was assigned to our reception office. When she finally asked which man was Mr. Coombs, another girl replied, "He is the man who always comes through with the suitcase." [Laughter.]

What a terrible reputation to have.

3. MAIN POLICY OBJECTIVES

But the year was spent in more than just talking and traveling. We evolved some central policy themes, central objectives, that would guide our efforts and provide a framework within which specific problems and opportunities could be handled. Six principal objectives emerged.

The first and overriding objective was to place these international educational and cultural activities into the mainstream of American foreign relations. In the past they have all too often been regarded as fringe benefits to American foreign relations, good things to do if you can afford it, but not having to do directly and importantly with the serious business of foreign policy. We have endeavored, with much help from others, to give these activities a more important role in foreign affairs.

Now, this took more than just talking about it. It required a series of actions. The first was to deemphasize within the Government's own exchange programs the great emphasis on categories, on quotas, on procedures, and to get much more attention focused on the practical objectives of particular exchanges. We have underscored the fact that an exchange is not in itself an end, it is merely a means to getting some important job accomplished. And the jobs to be accomplished are extremely varied in this exchange field. We are dealing with an array of important U.S. needs and objectives, and with the differing needs and conditions of about 120 other nations and political units.

It required also trying to render these exchange programs much more flexible. There is naturally a tendency—where you have a complex logistical operation involving the movement of many persons and of many checks and the like—for the operation to become too mechanical. It seemed to us that these exchanges should be made much more flexible so that we in Washington and especially our posts in the field could tailor them to fit individual country situations, rather than treating the exchange program as a kind of monolithic worldwide mechanism.

Thus, another step toward putting these activities into the mainstream was to place more emphasis on country planning, on the part of our cultural attachés, the binational commissions and others. This means relating the exchange programs to the particular needs and priorities and objectives applying to each individual country with all of its special characteristics, and also achieving a greater integration of these activities with other relevant activities, such as the AID program, in each country. This is entirely in harmony with the philosophy of the new AID program, with its emphasis on country planning.

It means also strengthening the liaison between the people operating the exchange programs and those engaged in broader analysis of country situations, such as the desk officers and the regional officers in the State Department, the officials in USIA who are responsible for particular regions and countries, and similarly the AID officials.

Both in Washington and the field, it means achieving closer collaboration and joint planning between the exchange activities and other related activities of USIA and AID, and the Office of Education, the National Science Foundation and other Federal agencies, as well as private foundations that operate overseas.

Well, this, then, was the first broad policy theme and objective: to put educational and cultural affairs into the mainstream of U.S. foreign relations.

The second objective was to improve the quality and the effectivenes of these exchange activities, as distinct from expanding the quantity. It is always more dramatic to expand the quantity of something, such as enrollments, but it is sometimes more important to elevate the quality. But how to do this?

Well, one example is an effort in which you people are directly involved, namely, this so-called 10-point program for improving the quality of the experience of foreign students. We will come back to that.

In the leader and specialist program, where several hundred foreign leaders and specialists are brought here each year, there are many points at which the quality of their experience can be and will be improved. For example, we need to use here more flexibility, more freshness, in the programing of foreign visitors. We need, in some cases, to improve hospitality and to improve the quality of the escort and interpreter services. We need to follow up better with these foreign visitors so they won't simply come and go and be forgotten.

Another area where improved quality is needed concerns the American-sponsored schools overseas that serve both foreign students and the children of American employees abroad, both governmental and nongovernmental. These schools are extremely important. First, they demonstrate to other countries the high value we attach to the education of our children and the best practices in American education. By educating foreign youngsters we strengthen our international relationships. Most important of all, however, it is crucial that we be able to assure people going overseas in the service of their country that their youngsters can have at least as good an education overseas as they could get in the best of our public schools at home. This has not been the case in the past. We are endeavoring to make it the case in the future.

Then there are opportunities for quality improvement in the kinds of people we send overseas under our exchange programs. Many extremely able and effective people—students, professors, teachers, specialists—have gone overseas under these programs and rendered great public service. But it is increasingly important, I think, that more of them go to the less-developed countries that know us least and that we know least. Those who go should not only be competent in their own special field but they should understand the American society well and be able to represent it effectively. Whether they like it or not, they are not going to be regarded merely as experts in psychology or economics or literature. They are going to be ambassadors in their own right to another country. They are going to be educators about the United States. I think this point has been well underscored by the Attorney General only 2 days ago, and before then, following his experiences in visiting the Far East recently.

Likewise, we need in the American specialist program, which sends a few hundred people overseas each year, to send our best, the cream of the crop. We can afford nothing less.

Many of these improvements in quality cost money, but not all. If we are going to improve the quality and effectiveness of these exchanges, we must pay modestly higher unit costs. An increment of funds spent in this direction would buy more results.

The third policy objective has been to achieve a selective quantitative expansion to bring the world pattern of exchanges into a better balance with the pattern of world requirements. The latter pattern has been shifting very rapidly in the last 10 years as new nations have evolved, as U.S. commitments and responsibilities have expanded and shifted. For example, in 1951 there were 62 countries involved in our exchange programs. Today there are 120, nearly a doubling, yet the number of exchanges, in terms of individuals, has gone up only 29 percent in the same period. To be sure, the AID agency, particularly, has moved up in bringing more trainees here, but by and large their objective and function is not the same as that of the Department's exchange program.

This failure of the exchange program to keep pace with evolving world conditions—such as the emergence of new nations in Africa and increased U.S. concern with Latin America—has meant that programs of exchange are seriously underdeveloped with respect to some very important areas of the world. We are therefore seeking to rectify this imbalance by putting greater emphasis in the coming year's program on Africa and Latin America.

To give you an example of this gap between needs and performance, in 19 African countries this year we had funds for only four or fewer leaders and specialists to be invited to visit the United States, at a time when clearly it is important for them to get to know us better and for us to get to know them better. It is vital to our national interest and theirs for them to see for themselves what we are really like in contrast to the misconceptions that our foreign friends so often have of us.

A fourth major policy objective has been to give greater emphasis to the key role of human resource development in the total process of national economic and social development.

The whole theory of economic development is still in its infancy; it has engaged the serious attention of economists only in the last 15 years. The tendency—and I say this as one of those strange animals called economists—has been quite understandably to focus attention upon those factors of economic growth which can most easily be measured—physical resources, such as power dams, highways, harbors, and the like. These are certainly essential ingredients of economic development, but they do not in themselves constitute an adequate approach. Unless a nation also develops its human resources, in balance with its physical resources, much investment in physical resources will go down the drain because there will not be the people there to utilize them or to manage them intelligently.

Thus, our office has sought to work with many economists to emphasize that educational expenditures in a developing country are not simply consumption expenditures, not simply social overhead, but are an investment in the true economic sense of the term. Preliminary research done by eminent economists such as Prof. Theodore Schultz of the University of Chicago strongly suggests that in our own national history the yield on investment in human resources through education has been substantially higher than the yield on investment in factories and other physical facilities. Of all nations we should be convinced of the efficacy of investment in human resource development.

The implications of this thesis for economic development overseas are, first, that educational development planning must be integrated with overall economic and social development planning in the developing nation. Steps have been taken to improve the techniques and the concepts of educational development planning.

The second implication is, as I have suggested, that education must be regarded as an investment, although at the same time it yields important consumption results.

The third implication is that there must be a careful balance in any country's development plan between human resources and physical resources.

The fourth implication, and one which I think as educators we need to take most seriously, is that it is not enough even in our own country—not to mention these less developed countries—simply to spend more money on education, to expand the status quo, to do on a larger scale what we are already doing, because what we are doing here and abroad in education is not good enough. The present models of education in many underdeveloped countries are thin carbon copies, obsolete carbon copies, of somebody else's educational system, including the curriculum. It is not fitted to the needs nor the pocketbooks of these countries.

So we require in education—by "we," I mean education all over the world—vast and imaginative internal changes in the curriculum, in the methods of instruction, in the organization of education, in the training of teachers, in the architecture of education, in virtually every aspect. We all need an educational revolution as sweeping and productive as previous revolutions in agriculture, industry, transportation, and other sectors. I am hopeful that our private foundations, as well as the Government, UNESCO, and others, will take strong initiative in launching this revolution to reshape the whole character of present educational systems.

We had opportunities during the year to engage in international discussions along these lines: at the Addis Ababa conference on African education, sponsored by UNESCO; at the recent Santiago conference on Latin American education and the Alliance for Progress; at the recent UNESCO conference on Asian education in Tokyo; and at a quite significant conference held here in Washington last fall by the OECD, which brought together some of the top economists of Western Europe and the United States with some of the top educators (and they got along famously).

This emphasis on the development of human resources and on a comprehensive approach to educational development has also been embraced by the AID program and is already being put to important use. In Africa, for example, the AID program in 1962 has allocated more than $50 million to educational development projects, which is nearly double last year's level.

And under the Alliance for Progress, the AID agency has evolved a series of specific policies compatible with this general thesis. At the recent conference in Santiago, in collaboration with the AID people, we were able to announce a whole series of specific actions the United States is prepared right now to take to promote educational development in line with the Punta del Este resolution, if the Latin American countries will do their share.

A fifth policy objective has been to do more, and do it more consciously, to strengthen American education through the exchange programs. Clearly there has been great benefit in the past, through the Fulbright and Smith-Mundt programs and others, to American education in helping to lift our national competence in world affairs, through language and area studies and the like. But there are opportunities to do more of this through a more conscious effort to engage in joint planning and joint operations; for example, between the Department's Exchange Bureau and the Office of Education and its programs under the National Defense Education Act.

This year we have entered into agreements on six specific such opportunities with the Commissioner of Education, including a joint effort to strengthen the linguistic and area centers and the other international activities in American colleges and universities.

Beyond this, the Department has given greater encouragement to imaginative junior-year-abroad programs of American colleges.

Another example is the Department's cooperation with a consortium of 15 American universities concerned with Asian studies, to establish in India a new American-India Institute, which is to serve primarily not the Indians but our own scholars, graduate students and professors who want to go to India to do research on south Asia. We hope that that organization will come into being shortly. It is also an example of collaboration between the Government and private philanthropy—the Department providing support with U.S.-owned rupees, the Ford Foundation providing necessary dollar support.

Finally, the sixth basic policy objective is to achieve a greater complementarity between public and private actions in this whole area. Part of this job involves trying to clarify the natural division of labor between government and nongovernment organizations. I think we have made some headway there, though it is a problem that requires continuing attention. There are some things that private philanthropy, voluntary organizations, and universities can do that the Government simply cannot do and should not try to do. There are other things that only Government can do. And then there is a gray area, in between, where actions by both parties are required to get the job done.

It is clearly important to preserve the integrity of both parties, so that the freedom of choice and decision remains with an individual institution or foundation and so also that the responsibility for Government decision-making rests with responsible Government officials. But this preservation of integrity is not at all incompatible with a harmonizing of public and private activities. This has been clearly demonstrated.

For example, going back to the 10 points, you will recall that one of them had to do with trying to improve curriculum arrangements, especially in the transitional period for foreign students coming for the first time to the United States. I would say this is a problem which clearly the Government cannot handle, and should not try. This is the business of the colleges and universities. Thus, in this case we turned to a committee of the American Council on Education and asked them to give it their attention, standing ready to assist where we could, but giving them the proper responsibility.

Another small example: The U.S. Government in the past has made contributions to American-sponsored higher education institutions in the Middle East, such as the American universities at Beirut, Cairo, and Robert College in Turkey. It seemed to us that these colleges would benefit in terms of better use of their resources and could be more persuasive to donors, private or public, if they engaged in the kind of long-range planning which some of our domestic institutions have lately been engaging into their benefit. Here again, we did not feel that the Government could properly tell them how to do their planning since they are private institutions. In this instance a private foundation stepped in and provided help to them to develop their own long-range plans. The hope is that they will be in better shape to seek private financial assistance and such governmental assistance as they may wish to seek because they have done a better job of planning.

One of the most important examples of cooperation between the Government and private groups in the past year has been with respect to African students. I won't go into the details, but I think you are all aware that it became highly desirable last spring for my office to call together all of the major private organizations concerned with African students, to get them to harmonize their activities with one another and with the Government, to tackle this very important problem. They did a good job and they are continuing to. I think as time goes on, the fusion of effort here can be even more effective.

4. A CROWDED AGENDA

This, then, was the general framework of policy and objectives of the past year. But within this framework there were carried on a great many more specific activities which ended up in one way or another on a very crowded agenda of important items. Many of these actions were initiated by our office. Others were brought to us. And then there were those bureaucratic foundlings that had never previously had a home and ended up on our new doorstep. So we developed quite an agenda.

Let me run down, to give you a more concrete sense of the nature of the activities, a number of the items which took a good deal of our energy. They are highly diverse but I think you will see that they all represent separate strands in a strengthening fabric of educational and cultural affairs in relation to world affairs.

First, of course, there was the new Fulbright-Hays Act. That took a good deal of work, first to suggest changes in the original bill which in the view of the administration would make it a better bill. There were long hours of hearings and preparations for hearings. Since the passage of the act in September there have been many followup actions, though the act does not become fully operative until July 1 of this year.

There had to be an Executive order drafted and negotiated with various Federal agencies, which I can assure you is a very long and arduous process. There had to be established a new U.S. Advisory Commission on International Educational and Cultural Affairs, which is more or less the "board of directors" for all activities under the Fulbright-Hays Act. I am happy to say that the President succeeded in persuading and appointing a very distinguished group of citizens, headed by Dr. John Gardner of the Carnegie Corp., to take on the responsibilities of this new Commission.

At the same time, other Commissions, such as the Board of Foreign Scholarships, the U.S. National Commission for UNESCO, required replacements. Here again the sights have been held high and the quality of the people appointed to these important Commissions is outstanding.

Another major item on the agenda, which I won't go into in detail, is of course again this matter of African students. I think they have done more to put the whole subject of foreign students on the map than anything else. To hear the talk, you would think that well over half of the foreign students were from Africa. Only 3.7 percent, in the latest count, are from there.

By the way, we received only yesterday some preliminary figures from IIE's "open doors" census, which indicate that in the current academic year, there has been an overall increase over the previous year of something like 40 percent in the number of students from Africa, including north Africa, studying in the United States.

The third topic was the whole matter of educational development in Africa, which is in a sense a balance to the bringing of African students here. Our office established a task force of eminent private and Government experts to develop long-range guides to helping new African nations develop their educational systems. We have been to two international conferences on the subject, worked closely with private foundations, with the AID program, with the American Council on Education (which has a special committee on Africa), and we have cooperated with groups such as Educational Services, Inc., at MIT to develop new techniques of instruction and programed learning for Africa. This has been a most exciting enterprise.

A fourth and quite different topic has to do with the teaching of English abroad as a second language. We got into this primarily because there were five separate Federal agencies engaged in this business, which may sound silly but actually there is a very good and justifiable reason why there should be five. But, being five, it is important that they follow the same road map and have some reasonable division of labor.

In this field also the British are very active and are anxious to harmonize their efforts with ours, because the rapidly rising worldwide demand to learn English is fast outstripping the combined capacity of the United States, the United Kingdom and other English-speaking countries to meet the demand. This suggests that in this field also there needs to be technological innovation, because the highest input requirement for teaching English is skilled manpower, which is in very scarce supply. We have been working closely with the Center for Applied Linguistics and other groups, encouraging them to devise a new technology of instruction in English.

I have mentioned also the fifth item, the U.S.-sponsored schools abroad. This has involved us in much detailed work with other agencies, especially AID.

A sixth item has involved working with the international organizations to help strengthen their role in education and culture, and to help get their programs properly meshed so that they would neither conflict or run off fruitlessly in separate directions. Here we have worked especially with UNESCO, the OECD, and the OAS.

A seventh important topic has been the role of education in the Alliance for Progress, which I have just mentioned. Here again we established a task force of expert people outside and inside the Government. We went to Punta del Este, in the American delegation, and achieved with the help of our colleagues in the other American Republics a comprehensive resolution at Punta del Este on educational and cultural and scientific development. It was that resolution that provided the groundwork for the recent conference at Santiago, where the ministers of education and other experts throughout Latin America came to grips with how to translate that general resolution into concrete action and progress.

The eighth topic, which I have alluded to already, is the stimulation of new technologies, fresh imaginative approaches in education, where we have worked again closely with UNESCO. We participated for example in the Purdue international conference on the use of instructional television. We have worked with AID, with the Office of Education, and with various private groups on this subject. I believe that over the next 10 to 20 years this can be one of the most significant subjects in the whole field of international education.

A ninth closely related topic was the whole matter of mass media for education and for cultural development. One side of this problem is that the products of American mass media—films and television programs—are rapidly spreading around the world and having an enormous educational impact, even though they were intended to be entertaining.

Some of you have heard me tell the story, a true one, of the Nigerian villager being interviewed a while back by a BBC researcher who was looking into the impact of television of the Western World on less-developed areas, and the villager said, "When are you people going to get automobiles like we have? All you ride is horses." [Laughter.]

And the average person on the street in Japan can tell you he doesn't have to come to the United States to learn about us. He knows all about us now. He has seen our movies and our television programs. Something like 40 percent of television time in Tokyo is canned American entertainment programs. Now, it's fine for entertainment, but it seems to me we need to work hard to get more educational programs of a good quality, cultural programs of a good quality into international circulation—to show a different side of American life, and sometimes a more significant and loftier side. So we have done what we could to encourage a further flow.

One other item which I have mentioned already has been the integration of the State Department's exchanges with the work of the Office of Education to help develop greater competence among Americans in world affairs and to help strengthen American educational institutions. Educational exchanges are a two-way matter, and this country can benefit greatly from the foreigners who come to study and work with us.

Just to skip down a few other items without comment, to show the variety, we put a good deal of effort into evolving and following through on the foreign student services program. We have put much time in on developing improvements of management and organization, both in the Bureau and in my own office. We have worked on strengthening American studies in foreign institutions that are interested in adding this dimension to their curriculum.

A good deal of attention has been required for the reorientation and strengthening of our cultural presentations program, under which American performing artists, entertainers, and athletes are sent to other countries. We were engaged in the planning and negotiation of the extension of the United States-U.S.S.R. Exchange Agreement. One of the high-water marks of the year was the agreement to admit Benny Goodman to the Soviet Union. This is the first time the Soviet Government has been willing to have a jazz orchestra, even though a relatively moderate one. [Laughter.]

And evidences now are that, having made the decision, they are very enthusiastic about it. There is something profoundly important about having Benny Goodman and his colleagues play in the Soviet Union.

Another focal point of attention has been the new East-West Center in Hawaii, which I believed all along had a great potential for contributing to the national interest and to the interests of Asian countries; it was just getting started a year ago and needed help to get on a firm track. I think in the past 12 months the East-West Center, with help from distinguished American educators on the mainland, has gotten on a firm track. It has an outstanding new chancellor, who has already assembled a strong staff of deputies. Improvements have been made in the selection process, both overseas and in the United States. The program has been sharpened up to focus on those things which can be done with distinction. The ties with American mainland universities are being laid out and I think the Center is now well on its way to a distinguished future.

Also, speaking of Asia, we gave a good deal of attention to strengthening American-Japanese educational and cultural relationships, which is certainly one of the most important forms of relationship between Japan and the United States. There was a highly successful conference in Tokyo in January pursuant to an agreement reached between Prime Minister Ikeda and President Kennedy when the Prime Minister visited here last summer. The American delegation to that conference was made up, significantly, with a majority of private and nongovernmental people. It contained such representatives of the arts and literature and cultural affairs as Aaron Copland, Robert Penn Warren, and Arthur Schlesinger, among other distinguished and accomplished people in these fields. That conference resulted in spelling out a series of specific steps that can be taken—and will, we hope—by the governments and private sectors in each country in cooperation with one another to build broader bridges of understanding through cultural and educational interchange.

Another task was to put together, for the first time, a consolidated overall picture of this whole field of exchanges. That has been done. It needs to be further spelled out, and we need to strengthen further the consultation among these agencies that is required for better coordination.

Another big topic has been the whole matter of books. We feel that the Alliance for Progress, for example, should have as one of its major ingredients a strong effort to develop a large flow of low-cost books, textbooks, technical books, good literary books, and the like for Latin America. This will do much to encourage a great engagement of the intellectual groups in Latin America and the rest of the Western World. Progress has been made, and further progress will be made in this effort.

We have been putting greater emphasis on young people in all of the exchanges, and more emphasis on women leaders. These emphases will be reflected in the coming year's program. We spent considerable time, of course, developing the 1963 plans for the Bureau and for my own office. And these are reflected in the budget that is now before the Congress.

One of the more esoteric problems which I inherited quite unwittingly was the preservation of the Nubian monuments. And one of the more delightful aspects of our work involved the bringing to the United States from the U.A.R., for the first time anywhere, of some of the precious relics from the tomb of King Tutankhamen—some of you will remember him as King Tut. This collection is now touring the United States and is, incidentally, breaking museum attendance records everywhere along the way.

We have even gotten into the whole question of the exchange programs, the training programs, of the Department of Defense, which brings over each year a substantial number of young officers for technical training. It has been our objective to try to help broaden the character of their social experience and their intellectual opportunities while they are in the United States.

So much for the general report to the stockholders. I don't want to hold you longer, but I think I am obliged to tell you with respect to the 10-point program—which gets down to the brass tacks of your field—that since that program was announced a whole series of actions have been taken and a whole series of concrete plans have been made. We hope these plans will roll into action with the new budget year.

I am indebted primarily to Donald B. Cook and to Harold E. Howland for having picked up this ball and run with it, and to many others in the Bureau who have helped. We have had help from other Federal agencies too. A special staff unit was set up in the Bureau to focus on foreign students. A series of advisory meetings was held. Some of you have been there. Foreign student advisers, leaders of community service groups, government people, business and labor officials, and university officials met with us in Washington to tackle different points on the agenda, to advise on Government action, and we hope to be stimulated to even greater action on the private side.

There have been a number of conferences and other general meetings at which this subject has been discussed. We have had some broadcasts on the subject and those of you who can get to a radio at the proper time, Monday night, can hear a broadcast which was taped only recently by one of your colleagues, Father Yates, Justice William O. Douglas, and Al Sims of IIE and myself on this whole question of foreign students. And we hope that the CBS station in New York (WCBS) will pass that same program on to some of the other CBS-owned stations in your areas of the country. Maybe you should ask them to.

The Bureau prepared an up-to-date bibliography on the best materials available on student counseling and circulated it to all of the cultural attachés overseas. Work has been done toward evolving a system of oversea counseling offices. Two, as you may know, have already been set up under private support through the Institute of International Education, one in Africa and one in Latin America. They will be good test cases, and I hope that in the next few years we will see the evolution of a whole pattern of good counseling offices overseas.

Summer employment and training opportunities for foreign students has been a major item on our recent agenda. We have conferred with business and labor leaders. We have identified 50 communities that have a high proportion of foreign students in them and made a contract with IIE to try to get something going for this summer in these areas on employment opportunities for foreign students. IIE has sent three people into the field to work with these communities.

The U.S. Employment Service has cooperated fully, and its 2,000 regional and branch offices around the country have been given briefing materials and instructions to do everything they can for foreign students. The Secretary of State has addressed a letter to college and university alumni through the American Alumni Council and the alumni magazines represented by its members, to call attention to the need for summer jobs for foreign students and the national opportunity this presents.

Another development has been the preparation of a how-to-do-it book for individual communities to give them suggestions, based on the experience of other communities, on how they can play a larger and more effective role in relation to foreign students.

Some time ago, as many of you know, we sent a letter to 1,200 college and university presidents telling them all we knew about the problems and the opportunities relating to African students. We felt that their institutions necessarily had to take much of the responsibility for the selection process, for the curriculum, for the general care and guidance of the African students. We got a very good response to this advisory letter from the presidents.

We are in consultation with experts on the development of better English proficiency tests. We hope that out of that will come another instrument to improve selection. Incidentally, the college entrance examination board has entered this field now. It has sent a competent person to Latin America to see if they can't help evolve an indigenous college board screening test in Spanish that would provide American institutions a much better tool for evaluating Latin American applicants.

We have worked with the National Student Association, with the Red Cross and others to try to get stronger student-to-student efforts going—not to orient foreign students to Americans, but to orient American students to foreign students. This, by the way, ought to be added to the 10-point program to make it an 11-point program. It was an oversight.

We have worked with the Immigration and Naturalization Service to try to make the visa process less complicated, but also more effective in guiding the universities and the foreign students. There is a new form I–20 which, I am assured, will give our officers in the field a much better basis for evaluating the position of a foreign student financially and otherwise. That isn't to say they evaluate their quality as students but rather their eligibility for receiving a visa.

A variety of plans for foreign student services have been evolved, at least in preliminary form. They will take a great deal more working out, with the help of people like yourself. But they have been outlined during our budget hearings and a substantial sum requested to get started in this whole field of foreign student services during fiscal year 1963, which begins on July 1.

Now, these are things which the Government has been involved in. We are aware that there have been many other things going on outside the Government. We know, for example, that some of the foundations have assisted on the African student problem far more than they had before. They have also contributed to the setting up of counseling offices overseas.

I have mentioned the initiative by the college board in getting into this area of selection of students from overseas. We know that many colleges and universities have quickened the pace of their own actions and put more resources into this whole effort. We know that in various communities the voluntary organizations have been pulling themselves more closely together for a stronger combined effort—in areas such as Boston, New York, through the Greater New York Council, and Chicago, and a number of others.

One of the most significant things, I think, is that national conferences of educators and of professional societies and the like are putting this subject on the agenda of their discussion meetings. This is something you can do something about. I think that if you can get such discussion when groups that can do something about it get together—if you can urge them to get the subject of foreign students on the agenda—it will help the whole thing along. One way to help it along is by working within your own colleges or universities where various professors and administrators are officers of these organizations.

One of the most gratifying reports I have heard came from a young lady who works with the Fulbright Commission in Paris. Last summer in Paris I mentioned that one of the big things we wanted to do was to encourage better oversea guidance and counseling. Frankly, I had reference largely to Africa, Asia, and Latin America; but the first report I have heard—of an initiative taken in the field to follow through on this—concerns what's now going on in Paris. There is underway a real effort to get better guidance and counseling there.

Looking at the year as a whole, I think it can fairly be said there has been a good deal of activity in and out of the Government and also overseas. There is certainly a new sense of movement in this whole area, including foreign students. There is a greater sense, I think, that this field is important, that the Government thinks it is and that private people think it is. Old programs have been undergoing appraisal, reappraisal and reorientation, and new plans have been evolved. Some have already been put in motion. Others will be soon. There have been some very real practical accomplishments.

But more than anything, I think there is a stronger and clearer recognition than ever before of the enormous amount of work that still remains to be done.

One thing I would say in closing is that I have learned more about voluntary private organizations this year. I have felt a little like De Tocqueville going around our country and, you remember, characterizing us as a nation of voluntary organizations. I think that without these organizations this effort could never have developed over the last 50 years as it has. And it certainly won't get far in the next 5 years without a concerted effort by voluntary organizations.

There are hazards that need to be faced. There is a great need for a system of consultation among voluntary organizations, a division of labor among them, and a continuing effort for them to find ways to coordinate their efforts. The hazard I spoke of is one of fragmentation. There are many natural built-in forces of fragmentation in this field that have to be guarded against. I think it's extremely important that all of the voluntary organizations maintain a broad view of the total context in which their activities occur, not only the context within which foreign student activities fit.

I think, in a final statement to the stockholders, one can say the same thing that one can say to a conference of college presidents: that the most heartening thing any business can look forward to is a booming market. In education the booming market has always worried the educators terribly, though after all it really offers a very great opportunity. I think in the whole field of foreign students you have a booming market to look ahead to.

Thank you. [Applause.]

ACTION IN STATE DEPARTMENT

Mr. HUMPHREY. Mr. President, some time ago I read an article in the local press which indicated that a very important facility and operation of the State Department, known as the Crisis Center, was being abandoned.

The Crisis Center was established during the Eisenhower administration in order to facilitate and expedite information and reporting in the State Department. At the time of its establishment, the Crisis Center received considerable favorable comment and justly so.

My concern over the alleged abandonment of this project prompted me to write a letter to the Assistant Secretary of State for Congressional Affairs, Mr. Fred Dutton. I have received a reply from Mr. Dutton, and I ask unanimous consent that both of the communications referred to be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

APRIL 30, 1962.

The Honorable FRED DUTTON,
Assistant Secretary, Department of State, Washington, D.C.

DEAR FRED: I wish to call to your attention a clipping that has been on my desk for several months.

What has happened to the Crisis Center? I have understood for some time that the oldline State Department offices have fought this Center because it cuts across bureau lines and apparently violates some of the traditional concepts of an organizational chart.

As I recall, this Crisis Center was established because of the need for prompt action and response in the State Department. The long delay in getting action through the normal channels of any big Government department has necessitated some form of ad hoc organization to give attention to urgent matters. I know that the Crisis Center was established because there simply had to be a way for this huge Government of ours to respond quickly and intelligently to developments which were taking place so rapidly and unexpectedly that it was literally impossible for the regular bureaus and agencies of Government to cope with them.

I ask that you give me a report on the Crisis Center, what is its status, how many persons are assigned, what is their rank, what do they do, what are the plans for it? I am keenly interested in this matter, and I believe that this letter should be brought to the attention of the Secretary.

Sincerely,

HUBERT H. HUMPHREY.

MAY 8, 1962

The Honorable HUBERT H. HUMPHREY,
U.S. Senate.

DEAR SENATOR HUMPHREY: I have reviewed your letter of April 30 with Mr. William Brubeck, Executive Secretary of the Department, who is now responsible for the direction of the Operations or Crisis Center.

As you know, the Operations Center was set up a year ago as an experiment in order to assure rapid coordination in the development of policy to meet critical situations. As the Center evolved over the ensuing months, it became increasingly apparent that the unit's functions to a considerable extent overlapped those of the Executive Secretariat, which is the instrument of the Secretary for operational management of the Department. A decision was consequently made to place the Operations Center directly under the Secretary so that its activities could be more effectively coordinated with the other elements of the Secretariat. This was done in mid-January 1962 and formalized in the attached departmental circular of March 7.

A meaningful round-the-clock watch is now being maintained in the Operations Center as the central command post for rapid communication and coordination of urgent matters in the Department. This watch is manned by five teams of three officers, each ranging in grade from FSO-3 to FSO-8. Each watch is responsible during its tour of duty for monitoring telegrams from abroad and communicating fast alerts to action officers and, where appropriate, key officers of the Department at any time of day or night. In addition, the watch maintains continuous liaison with its counterparts in the White House, Defense Department, and intelligence community in order to assure full exchange of information on critical, quickly developing situations. The watch also maintains secure and rapid telephonic contact with certain of our principal posts abroad and, through these contacts, is able to keep senior officers informed. The watch staffs, supplemented by the services of three midcareer officers working on rotating schedules, prepare various highly classified summaries of immediate interest to the key officers in the Department and in other elements of the executive branch.

The foregoing activities are under the general direction of the Executive Secretary of the Department and specific direction of a senior officer who has been designated as Acting Director and has been with the Operations Center since its inception.

As of today, there are 19 officers directly assigned to the Operations Center to carry on the activities described above. There is also backstopping potential from the entire staff of the Executive Secretariat.

In order to improve the conduct of these activities, a small consultative group has been brought together with representatives from the Defense Department and the intelligence community cooperating. It is also anticipated that requests will be made in the very near future for the development and purchase of technical equipment and technical support principally in the field of communications. I believe these steps suggest the careful attention being given to this operation.

The Secretary will be most interested in your letter, and it will be shown to him immediately upon his return from his present trip abroad.

Sincerely yours,

FREDERICK G. DUTTON.

OFFICE OF THE EXECUTIVE SECRETARY—REORGANIZATION

1. Direction of the Operations Center has been assigned to Lucius D. Battle, the Executive Secretary of the Department of State. In addition to functions previously performed, the Executive Secretary is responsible for watch operations and for service and support to task forces and similar working groups.

2. In connection with these assignments, the Office of the Executive Secretary is reorganized as follows:

2.1. Under the Executive Secretary, the Operations Center (S/S-O), will maintain a 24-hour, 7-day week global watch and will perform related briefing and alter functions for top officers of the Department, for task forces, and for bureaus, as appropriate. For this purpose, the former Reports Section of S/S-RO has been integrated into the Operations Center. S/S-O has been assigned Reports Section responsibilities for screening and distribution of cables and other traffic for the Secretary and other departments, and for preparation of the top secret, summary, and other reports.

2.2. Permanent deputies of the representatives of other agencies, formerly detailed to Headquarters, Operations Center, are attached directly to the Office of the Executive Secretary (S/S), Office of the Secretary of State.

2.3. The Operations Section of the Reports and Operations Staff (formerly S/S-RO) is redesignated Secretariat Staff, S/S-S. Under the Executive Secretary, S/S-S will continue to perform the previous functions of S/S-RO (other than reports functions discussed above): coordination, followup, and support of work presented to and actions directed by the Secretary, the Under Secretary, the Under Secretary for Political Affairs, and the Deputy Under Secretary for Political Affairs; provision of secretariat support for these officers at international conferences, for high-level visits and other major meetings, etc.

2.4. The follow-up responsibilities formerly divided between S/O and S/S-RO have been assigned to a single S/S-S Followup Section, under the direction of the Chief, S/S-S.

2.5. S/S-S will provide the service of a Secretariat officer to task forces and similar working groups. Certain existing task forces will be given additional support as required.

3. Appropriate changes in the Organization Manual will be issued at a later date.

Mr. HUMPHREY. Mr. President, it will be noted that while the Crisis or Operations Center has been phased out, it has actually been absorbed in the office of the Executive Secretariat. The Department circular of March 7, 1962, describes the reorganization. It appears to me that the new Operations Center fulfills all of the tasks previously performed by the so-called Crisis Center and is better organized insofar as the State Department administrative structure is concerned. The letter from Secretary Dutton, along with the Department circular on the subject "Office of the Executive Secretary—Reorganization," gives the complete story.

I wish to commend the Secretary of State and his Department on the reorganization and express my thanks for the prompt attention to my inquiry.

(At this point Mr. METCALF assumed the chair as Presiding Officer.)

THE PEACE CORPS CELEBRATES AN ANNIVERSARY

Mr. HUMPHREY. Mr. President, I noted with pleasure an editorial and article which appeared in the New York Times of June 25 noting that today is the first anniversary of the start of training for the first Peace Corps recruits. Although the year has not been a painless one—every new organization has its growing pains and periods of trial—the worst fears of those skeptics who opposed the program remain unfounded and the best hopes of its supporters are well on their way to fulfillment.

In fact, the Peace Corps has shown a striking ability to turn initial skepticism and hostility into more or less fervent enthusiasm. The reason is plain to see. Beatniks and "youthful idealists" have found no opening in the program. At the present time there are 973 volunteers in 16 countries, and over 1,300 recruits are now in training. In the countries where Corps men and women are now stationed, they have been warmly received and have done admirable work in helping the people of these countries to build toward the future. Frequently unorthodox in their methods, the Peace Corps volunteers have never lost sight of their purpose: to help the people among whom they are serving. In teaching, nursing, agriculture, construction, young Americans have made vital contributions to the development of the human and material resources latent in the countries to which they are sent.

As the Times editorial states about the program:

> The training at home has been rigorous; in the field the young people have been expected to live as do their native counterparts, often on a fairly Spartan regime; it is the host country and not Washington that decided what shall be done where; and hard work rather than glamour has been the key expression.

May the Peace Corps have a healthy and prosperous future.

Mr. President, I ask unanimous consent that the article by Peter Braestrup, entitled "Peace Corps Thrives in First Year Abroad," and the editorial "The Peace Corps' First Year," both appearing in the New York Times of June 25, be printed in the RECORD at this point.

There being no objection, the article and editorial were ordered to be printed in the RECORD, as follows:

PEACE CORPS THRIVES IN FIRST YEAR ABROAD—NATIONS ASK MORE AS 1,000TH RECRUIT HEADS OVERSEAS

(By Peter Braestrup)

WASHINGTON, June 24.—The Peace Corps expects to send overseas this week its 1,000th newly trained volunteer.

There are no special plans to celebrate the occasion. The event is regarded as merely another sign that "the push is on" this summer, as one Corps official said. "We're moving from a penny-ante operation into big business," he commented.

Sargent Shriver, the Corps Director, predicted that the current total of more than 2,000 volunteers in training or overseas would climb to 5,000 by the end of 1962 to meet the mounting requests from the aided countries. The new volunteers will include retired people as well as recent college graduates.

Already, in its first year in the field, the Corps has had teams of American men and women teaching school in the Philippines, surveying roads in Tanganyika, working in clinics in Malaya, and showing farmers how to raise geese on the West Indies island of St. Lucia.

Almost every week this summer and fall, new contingents will head overseas, usually for more language training in the "host country" before they go to work with local people.

A sign tacked on the door of Mr. Shriver's office says: "There is no place on this club for good losers." The Corps Director is pushing his staff hard to keep recruiting, selection, and training of volunteers on schedule.

Plans must be coordinated with the "host" countries (who request and assign the volunteers), the Agency for International Development, and with the colleges and private groups that do the basic training under contract.

The coordination is seldom painless. Each organization and each foreign country has its own notions of how the Peace Corps should be trained or employed.

But so far the buildup has got off to a good start.

Most of the increase will come between now and Labor Day, as the recruits pour into American universities for training. Mr. Shriver expects to have 10,000 volunteers by the fall of 1963.

There will be midwives in Bolivia, tractor operators (replacing Czech technicians) in Tunisia, agricultural extension workers in Chile, fisheries experts in West Africa, and thousands of college graduates of all ages teaching school in a dozen lands.

"All the countries that have thus far received volunteers," Mr. Shriver said, "have asked us to double, triple, and even quadruple the numbers."

In short, the Peace Corps, despite dark fears expressed by congressional critics a year ago, has become a success.

The Corps was first created by President Kennedy's Executive order March 1, 1961, on a "temporary pilot basis" as a branch of the State Department. Congressional approval for a permanent Corps came last summer. Mr. Shriver's mission is to supply volunteers to help the world's underdeveloped nations catch up in education, agriculture, health, and other fields. The first of the 2-year volunteers began training June 26, 1961.

"The payoff is performance overseas," William F. Haddad, an associate director and "inspector general" of the Corps, said.

CONGRESS AUTHORIZES EXPANSION OF CORPS

The organization has had a year's hard-won experience with a $30 million program, which currently involves 973 volunteers overseas in 16 countries and 1,379 more in training.

It is on the basis of this experience that President Kennedy has asked—and won congressional authorization—for expansion of the Corps to a $63,750,000 level in the year starting July 1. The Appropriations Committees have yet to match the go-ahead with the actual funds, and no monetary action is expected until late in the congressional session.

From interviews here, and from special reports by correspondents of the New York Times abroad, a picture emerges of the strengths and weaknesses of the Corps performance overseas since the first two groups of volunteers arrived in Tanganyika and Colombia last fall.

The first point that becomes clear is that two problems forecast last year by critics have not cropped up.

These were: That the Corps would become a haven for "beatniks" and "fuzzy-minded idealists" unable to cope with Spartan living and the realities of life in the bush, and that Communist agents would score easy victories in ideological debate with naive volunteers before the impressionable people of the aided countries.

On the contrary, the volunteer who emerges from the Corps training program is not a "beatnik"; if he is an idealist, he is a tough-minded one.

The Corps screening system has resulted in an 18 percent dropout rate among the men and women who actually started training. The training includes language and work instruction for specific projects on American college campuses ranging from Utah State to New York University. Many of the volunteers also go through a tough jungle camp in Puerto Rico. Their average age is 24 years, but seven persons older than 60 have also made the grade.

The Peace Corps volunteers come from every State in the Union, and from Puerto Rico, the Virgin Islands and Guam.

So far, Corps headquarters in Washington has received 26,807 applications for duty. About 20,000 of these applicants have taken entrance tests. Of these, 4,000 have started training or are scheduled to start. Two hundred and sixty-seven have been dropped from training for various reasons.

SEVENTY-FIVE DOLLARS A MONTH BANKED FOR EACH VOLUNTEER

Most of the volunteers have had at least a year in college.

They are reimbursed for living expenses at a rate that is intended to make them live like their local counterparts, for example, teachers or farm extension agents. This rate varies from $60 a month in the Philippines to $160 in Tanganyika. In addition, each volunteer gets $75 a month, banked for him by the Corps, which is paid him after his 2-year tour. In every case, the Corps man works where the host country wants to put him.

Dr. George Guthrie, a Pennsylvania State University psychologist, commented as follows on a training group bound for teaching assignments in the Philippines:

"The majority of these people were in the upper half of their class at college. But there aren't many Phi Beta Kappas. Many of their schools had no chapters of Phi Beta Kappa. They aren't Ivy League or beatnik. They come mostly from small schools and small communities. Most of them are from middle class families. More easily than some, they can afford to make the sacrifice."

This portrait does not ring true for every oversea group. The 35 surveyors, engineers, and geologists working in Tanganyika, for example, are far more of a professional type than the Philippine group.

The attitude overseas, once the newness has worn off, can be summed up in these words by Donald Goodyear, of Cedar Rapids, Iowa, who is teaching school in Enugu, Nigeria: "Despite all the glamorous talk and publicity, we have a perfectly straightforward job to do here. We're teachers—just as we would be at schools anywhere."

Premier Khrushchev recently denounced the Peace Corps as "imperialist." Similarly, most local Communist opposition has been limited to words, and it has been ineffectual. The Communist Party in Chile earlier this year, for example, denounced Peace Corps volunteers working in rural education and health as "imperialist agents" and ordered Communist youths to "confront" the volunteers. Nothing happened.

In India's Punjab, 22-year-old Justin R. McLoughlin of Garrettsville, N.Y., recalled that an Indian farmer one day planted a hammer and sickle emblem on the chicken coop that Mr. McLoughlin was helping him build. "I persuaded him to take it down, at least until the coop was finished," the volunteer said.

STUDENTS IN NIGERIA STILL SNIPE AT AMERICANS

In Nigeria, university students still snipe at the Corps' 108 volunteers, who teach in the country's schools. It was in Nigeria that Miss Margery Michelmore, a newly arrived volunteer, created the Corps' one major "incident" last fall by inscribing her adverse impressions of the local scene on a postcard, which was intercepted and made public in the African country.

"I'm convinced," said Dr. Samuel D. Proctor of Norfolk, Va., Corps representative in Nigeria, "that given a few more months, the Nigerian students will discover the Peace Corps volunteers are not here to direct their political thinking. This will reduce some of the tensions."

The Peace Corps effort has shown other strengths and weaknesses. Most of the latter stem from the hasty, experimental nature of the first dozen programs set in motion last year.

All told, only seven volunteers have been shipped home, three of them returned because of health or family reasons. Yet Mr. Shriver has pointed out that "anybody who wants can get out."

The Corps' one overall strength is that the volunteers are making friends for the United States, in places that their parents had never heard of and where few whites have ever set foot. Much of their success is simply a result of their lack of condescension or self-importance. As a result, there has been a lack of serious racial incidents.

In Ghana, for example, the 51 Americans teaching in British-model boarding schools do not drive cars to work. In fact, unlike other non-Africans and more prosperous Ghanaians, they ride packed "mummy lorries"—trucks used as local buses—along dusty country roads in sweltering heat.

At Kotpindas, a village outside Lahore, West Pakistan, James Mackay, of Hornell, N.Y., a Peace Corps volunteer, organized his fellow volunteers and some Pakistani friends to repair a 300-year-old Mogul bridge. The middle-class Pakistanis confessed they had never used shovels, but joined in anyway. A group of villagers came up and asked, "What, no coolies?" Then, seeing the "sahibs" working, they too pitched in with cries of "shabash"—"well done."

A Times correspondent wrote from New Delhi, India:

"The image the Corps men create generally is that of earnest young Americans who know what they are talking about and who are not afraid to get their hands dirty. Most volunteers here are farmers and look it.

As one official said: 'Their heart is really in the Indian rural areas.' "

The real benefits of the volunteers' labor vary widely from country to country. In India, the tiny Peace Corps contingent is swallowed up in the multitudes; in other, smaller nations, the impact is less localized.

In Malaya, for example, Peace Corps nurses are helping to solve one of the biggest problems of the Health Ministry: staffing rural clinics in the "ulu," Malaya's backwoods. The 36 Peace Corps men and women in the team in Malaya have made a dent in several vital areas, including volunteer work in a 2,500-patient leper colony.

In Tanganyika, the 36 American surveyors, geologists, and engineers are not only creating good will, but, alongside local helpers, are doing a job that a local official described as absolutely vital. They are working on surveying the country, and developing farm-to-market roads to open up isolated hamlets, thus enabling farmers to sell their produce at good prices.

The volunteers dismissed the old British notion that Africans would not work. On safari, when their African helper sat down, saying he could not go on, Thomas Katus, of McIntosh, S. Dak., and Jerry Parsons, of Albany, N.Y., sat down too. "OK," they told their friend. "It's your country, so why should we bother." This got the team going again.

Prime Minister Rashidi Kawawa, of Tanganyika, paid this tribute to the volunteers: "They have done a very good job, mixing with the people and encouraging self-help measures. We hope to get more of them."

Teaching is the biggest single specialty in which the Peace Corps is engaged. In Ghana, Nigeria, and Jamaica, the volunteers are especially welcome, if only because their services are relatively cheap or even free. In many cases, the volunteers serve where local teachers do not want to go.

Another major effort has been in agriculture.

In Brazil, 43 volunteers drove jeeps into the field last month to work with the Brazilian Association for Rural Credit & Assistance on farm assistance and home economics through the local version of the 4–H Clubs.

The Peace Corps in Brazil is dovetailing its work, particularly in the country's poverty-stricken northeast, with the Agency for International Development, which finances the $2 million project of the rural aid association.

In Colombia, the Peace Corps has attempted one of its more ambitious assignments. Something called "community development."

Although the 62 men volunteers who arrived in Colombia last September have built roads and schools, set up health stations and patched up first-aid cases, their basic function has been to work with Colombian representatives to get mountain villagers to help themselves despite poverty, illiteracy, and the paternalism of the landlords. The task has not been an easy one.

PRIEST LINKS SUCCESS WITH ECONOMIC FREEDOM

In Santander, Colombia, a volunteer told a village priest:

"We want to solve these problems without giving orders. We want to motivate people to work. Maybe we'll build a health center or a road, and then, when we leave, they'll tell themselves 'we need a school,' and they'll shout and argue and laugh and finally build a school."

The priest replied quietly: "You will achieve that when you have economic freedom here." By this he meant freedom from malnutrition, illiteracy, and the lack of opportunity for sharecroppers.

In Chitareaque, in the Colombian department of Boyacá, a hard-working Peace Corps team was pulled out 3 months ago to avoid its getting into a local dispute over land reform with hostile landowners, who discouraged peasants from attending community meetings.

Nevertheless, the volunteers have made do. One volunteer, Davis Grubb of Westport, Conn., took a bus into Bogotá, called on the Minister of Public Works and came back with a bulldozer, which his village used to build an 8-mile road to market.

Another volunteer, David Downing of Los Gatos, Calif., got a course in midwifery going and prevailed on his friends back home in California to send him midwifery kits.

The villagers are enthusiastic, if every harassed Colombian official is not. The volunteers, sometimes to their annoyance, are besieged with offers of coffee, liquor, or sweets.

So far, the morale of the volunteers is high. But some of them get depressed. "Maybe frustration is built within the boys themselves," said Leon Lane, deputy representative for CARE, Inc. (Cooperative for American Relief Everywhere), which is handling the project for the Corps in Colombia. "They've got 2 years and they want to go too fast too soon. A job like this isn't going to be completed for years and years."

In Chile, 45 men and women trained at the University of Notre Dame and local centers have been in the field since December with the long-established Institute of Rural Education. They are scattered in ones and twos for 1,000 miles in the Chilean interior. Their work is more formalized and more specialized than that of the Colombian team. They work as carpenters, social workers, in rural husbandry, as dental assistants, home economists, nurses, homebuilders.

"These Peace Corps volunteers are striving for a better understanding between peoples," the Chilean newspaper La Estrella said.

More volunteers are on the way to Chile. But, as in the case of Colombia, the impact of the Americans is muted by the vastness of the problems they have tackled.

Despite such frustrations, both Latin American officials and the Peace Corps see rural development as a way to make good use of young Americans with or without special talents. Several hundred counterparts of the volunteers in Colombia and Chile are being picked for work in Ecuador, Peru, Bolivia, Cyprus, British North Borneo, and Sarawak.

Besides the occasional frustrations, the Peace Corps has had other problems. One of the most severe was the lack of proper language instruction—a fault that has been corrected.

For example, the first group of 128 volunteers sent to the Philippines last fall spent weeks learning Tagalog, the national language. Then they were assigned to non-Tagalog-speaking areas. Roughly the same mistake was made in training the 28 volunteers sent to West Pakistan, where the state languages, along with English, are Sindhi, Punjabi, and Pushto. The 26 men and women sent to India's Punjab just could not master Punjabi in 10 weeks at Ohio State University.

SOME OF THE PROJECTS POORLY DEFINED AT FIRST

A second problem has been projects that were either poorly handled or badly defined at first. Roger Ernst, of New York, former Corps representative in New Delhi, commented that all the volunteers sent to India should have been assigned to a single endeavor, such as agricultural work, instead of being scattered in a variety of jobs. In both India and West Pakistan, local officials were initially not quite sure what to do with the volunteers.

In the Philippines, the 128 volunteers were assigned as teachers' helpers. This aroused suspicions of local teachers that the Americans had been sent to spy on them and complaints by the volunteers that they had not been given enough work to do. In Pakistan, India, and Nigeria some unhappy volunteers were assigned initially to office jobs instead of getting out in the field.

Yet, even where the official assignments were unsatisfactory, the volunteers, with Mr. Shriver's blessing, launched a host of extracurricular projects on their own. Examples:

In the Philippines, 16 volunteers organized a month-long summer "camp brotherhood" at Mambucal, on the island of Negroes, for 600 indigent boys. Others set up "little theater" groups, conducted demonstration courses on the use of fertilizer and ran summer schools.

In Ghana, as in other countries, the volunteers have been writing home to schools and civic organizations asking for books, and have opened their public libraries in their own cramped quarters.

In East Pakistan, Robert W. Taylor, of Los Gatos, Calif., invented a machine to parboil rice cheaply and efficiently, using the rice husks themselves as fuel, of which there is a critical local shortage.

In doing their varied assignments and carrying out their self-made projects, the Peace Corps volunteers have experienced few serious health problems. Three Corps volunteers have died—two in an airplane crash in Colombia and one under surgery in Manila.

ONE PEACE CORPS BABY IS BORN IN NIGERIA

On the happier side, there have been about 20 Peace Corps marriages—either between volunteers or between a volunteer and a citizen of the aided country. So far, all the newlyweds have continued their duties. The first Peace Corps baby was born May 16 to a young volunteer couple teaching school in Nigeria.

That the Corps' problems have not been more serious is attributed here to several things, besides the hard work and the quality of the volunteers themselves.

The first is Mr. Shriver's determination not to make a bureaucracy of the Peace Corps, but to keep all hands giving top priority to people, rather than "policy" and "procedure."

The second is the work of the "inspector general" system, which provides for frequent flying trips to hear the volunteers' complaints. The language problem was unearthed early in this fashion.

"The volunteers have a very definite idea about how the Corps should be run. They won't take any second-rate stuff. They keep us on our toes," an aid to Mr. Haddad said.

The greatest danger, as the Corps grows, according to officials here, will be that it might lose its lively nonbureaucratic spirit. The jargon of the social scientist and bureaucrat—volunteers are "object-oriented" for example—is already creeping into ordinary speech at the Corps' busy headquarters here at 806 Connecticut Avenue, across Lafayette Square from the White House.

On the other hand, as President Kennedy told the Corps staff here last week:

"You have brought to Government service a sense of morale and a sense of enthusiasm and real commitment which has been absent from too many governmental agencies for too many years."

This summer, the Corps' recruiting and selection of qualified people to go overseas will continue to pose headaches as commitments increase. Some teams of volunteers will go overseas under their prescribed strength, especially where certain key skills cannot be obtained. But it is expected that, in the main, the commitments will be met.

Where Volunteers Serve

WASHINGTON, June 24.—The following lists the Peace Corps projects underway and planned, including the countries aided, the number of volunteers on duty or assigned, the projects and training centers:

PROJECTS UNDERWAY

Ghana, 51; teaching, secondary education, University of California (Berkeley).

Nigeria, 40; secondary education, Harvard.

Nigeria, 45; secondary education, University of California at Los Angeles.

Nigeria, 24; university education, Michigan State.

Sierra Leone, 37; secondary education, Columbia.

Tanganyika, 35; road surveying, mapping, Texas Western.

Colombia, 58; rural development, Rutgers.

Colombia, 44; rural development, Arizona State.

Chile, 45; rural development, Notre Dame.

St. Lucia, 15; agriculture extension, education, Iowa State.

Philippines, 272; primary education, Pennsylvania State.

Malaya, 67; rural development, health, education, Northern Illinois University.

India, 26; agriculture extension, industrial education, Ohio State.

Pakistan: East, 29; agriculture extension, health, education, Experiment in International Living (Putnam, Vt.). West, 28; agriculture extension, health, education, Colorado State.

Thailand, 45; university education, malaria eradication, University of Michigan.

Brazil, 43; 4–H, 4–H Foundation.

El Salvador, 25; agricultural extension, home economics, rural development, New Mexico State.

Venezuela, 5; university teachers, Experiment in International Living.

Jamaica, 39; vocational education, Research Institute for Study of Man (New York).

PROJECTS PLANNED

Afghanistan, 13, teachers, mechanics, Georgetown.

Aepal, 69; education, agriculture extention, George Washington.

Venezuela, 41; 4–H, 4–H Foundation.

Venezuela, 18; YMCA, Experiment in International Living.

Iran, 48; education agriculture, Utah State.

Chile, 20; YWCA, Experiment in International Living.

Ecuador, 74; community development, Inter-American University (Puerto Rico).

Peru, 90; community development cooperative credit, Cornell.

Peru, 27; community development, Catholic University (Puerto Rico).

Peru, 53; nutrition, Catholic University (Puerto Rico).

Dominican Republic, 21; rural development, University of Puerto Rico.

Bolivia, 46; health and sanitation, University of Oklahoma.

Ceylon, 53; teaching, University of Pennsylvania.

Philippines, 82; science, mathematics—University, San Francisco State.

Tunisia, 78; multipurpose, Indiana University.

Somalia, 48; teaching, New York University.

Honduras, 28; social welfare, St. Louis University.

Sierra Leone, 70; teaching, New York State College.

Liberia, 100; secondary and rural education, University of Pittsburgh.

North Borneo/Sarawak, 14; health, University of Hawaii.

North Boreno/Sarawak, 56; rural development, University of Hawaii.

North Borneo/Sarawak, 31; teaching, University of Hawaii.

Thailand, 64; health, education, University of Michigan.

Ghana, 115; teaching, Berkeley.

Philippines, 200; teaching, San Jose State.

Ivory Coast, 45; education, University of Wisconsin.

Niger, 8; teaching, Howard University.

Senegal, 6; teaching, Howard University.

Togo, 20; education, University of Maryland.

The Peace Corps' First Year

A year ago tomorrow the first of the 2-year recruits for the Peace Corps began their training. Some critics of this plan for a kind of civilian AEF feared that young idealists with weak characters, unfounded illusions and beards might be attracted. But beatniks got no welcome. The 1,000th trained volunteer will soon go overseas. Performance reports are good enough to justify Director Shriver in planning to have 10,000 Peace Corps recruits abroad by the fall of 1963. Some of these facts are set forth in a news report in the Times today.

The training at home has been rigorous; in the field the young people have been expected to live as do their native counterparts, often on a fairly Spartan regime; it is the host country and not Washington that decides what shall be done where; and hard work rather than glamour has been the key expression. Applicants were carefully screened, with the result that only a few wanted to come home prematurely, or had to be asked to do so.

Last year the Peace Corps made out with $30 million. This year about twice this amount has been authorized, though not yet appropriated. The larger amount would be a good investment. One can hardly think of a better way of making friends, spreading democratic ideas and helping people. Some day the Nigerians, the East Indians or the Colombians may reciprocate by sending their own young people to work with us on projects they can handle better than we can. Why not?

MIGRATORY LABOR

Mr. WILLIAMS of New Jersey. Mr. President, some of the Nation's most powerful farm interests have launched a massive and deliberate campaign of half-truths and distorted facts aimed at arousing the entire farming community against one of the most important and needed migratory bills now before the Congress.

The facts suggest that behind this attack are a small number of growers who are the major users of Mexican farm labor supplied through the bracero program under Public Law 78. These growers, along with policymakers in a few farm associations use paid lobbyists in Washington to campaign against S. 1129, a legislative measure to provide farmers a reliable, qualified domestic labor supply and make fuller employment possible for qualified American farmworkers. Worth reiterating, however, is that fact that not all farm associations or lobbyists oppose S. 1129; many have worked hard to assure that the employment service procedures under S. 1129 will be available to farmer and farmworker alike.

Doom-filled prophecies and distorted logic make up the syntax of the assault upon S. 1129. In a story as imaginative as "Little Red Riding Hood," farmers are aroused about an imagined agricultural welfare state in which the Secretary of Labor will act as an ally of union organizers to bludgeon farmers. The National Farm Labor Users Committee of El Paso, Tex., has distributed a document consisting of a 3-page fact sheet, 6 pages of suggested news releases, 7 pages of suggested editorials, and a suggested 5-page speech. The document is full of stratagems which exemplify the techniques by which the powerful few rule the many weak. This document states in part:

> You are aware of the danger to agriculture posed by S. 1129, the proposal in Congress by Senator Harrison Williams, of New Jersey, to turn over control of the domestic farm labor force to the U.S. Department of Labor.
>
> * * * * *
>
> The enclosed material has been prepared for your use. * * * As you will see, this consists of suggested news releases, editorials, speeches, radio and television releases, and a general fact sheet.
>
> To be most effective, this material should be localized so as to make it more attractive to the various news media in your area. As a consequence, we would suggest the following:
>
> Do not simply reproduce and mail this material to your local news outlets. Instead (a), wherever possible, substitute the name of a local association and individual for the name of the national users committee and its spokesman; (b) have some well-known individual in your organization who is familiar with the issues hand-carry your revised release and suggested editorial material to your local news media. Have him present it to the editor as being of vital concern to the entire community, and, therefore, of significant news interest; and (c) if you have additional material which you would like to include in the localized material you give to your local news media, fine.
>
> See to it that prominent members of your organization personally present your localized story to their service clubs, church groups, influential representatives of allied industries, and your elected State and Federal representatives.

Fear resulting from such distortions and techniques is as unnecessary as it is avoidable—especially when the fear is manufactured by those holding themselves out as having the only antidote to allay these fears. In short, I am charging these few paid Washington lobbyists with being self-proclaimed protectorates and then generating fear among the farmers to entrench themselves as the bastions against an imagined enemy-Congress.

AN UNPARALLELED GRANT OF POWER TO GOLDBERG

A FALSE CHARGE

Another document spuriously charges that S. 1129 grants the Secretary of Labor an "unparalleled grant of broad discretionary power" and cites sections 204(b), 205(2) and 206(a) as proof. Examination of this so-called proof, however, shows it to be without merit in that these sections of S. 1129 have parallel provisions in existing law, or implementory regulations and agreements.

Fiction: Section 204(b) is an unparalleled grant of power.

Fact: This section of S. 1129 is similar to section 503 of Public Law 78—1951—and regulation 602.10 of the Wagner-Peyser Act—1933—both of which provide that foreign workers will not be available to farmers who have not made reasonable efforts to obtain domestic farmworkers.

Fiction: Section 205(2) is an unparalleled grant of power.

Fact: This section of S. 1129 is similar to regulation 602(9) of Wagner-Peyser which conditions the interstate recruitment of American farmworkers upon assurances that local workers are not available.

Fiction: Section 206(a) is an unparalleled grant of power.

Fact: This section of S. 1129 is similar to article 15 of the 1951 labor agreement under Public Law 78 which authorizes the Secretary to determine the prevailing wage to be paid Mexican farmworkers.

MISLEADING STATEMENT ABOUT HOUSING STANDARDS UNDER S. 1129

This document also asserts:

> Housing provided farmworkers under the S. 1129 employment service must conform to standards * * * irrespective of * * * State law.

The assertion is in direct conflict with the language of S. 1129; section 205(a)(5) of S. 1129 does not contain the statement, "irrespective of State law." Moreover, the Secretary of Labor has indicated that an adequate housing code will be considered a legitimate standard.

INNUENDOS ARE COMMONPLACE

The document distributed by the National Farm Labor Users Committee of El Paso, Tex., asserts that—

> in testifying for (S. 1129), the Secretary declared "I do not want any extraordinary dictatorial powers." Are we to assume—

The document continues—

> then, that he would be satisfied with ordinary dictatorial powers?

Taking a statement out of context is not a legitimate mode of persuasion—it is pure flubdubbery. Overlooked or ignored in the hearing record on S. 1129 was this meaningful discussion:

> Senator BURDICK. Do you feel that section 204 or 206 grants you any extraordinary or dictatorial powers?
>
> Secretary GOLDBERG. I do not.

No clearer disclaimer seems possible; clearly, Secretary Goldberg will not be granted any dictatorial powers, ordinary or extraordinary. Moreover, our system of Government would not permit such power to be vested in any individual.

THE OPPOSITION, THE ANOMALY, AND UNFAIR COMPETITION

Absent from the recent assault against S. 1129 is a discussion of the smoothly functioning bracero program under Public Law 78, a program almost identical to S. 1129, except that the latter involves American farmworkers rather than Mexican farmworkers. While severe underemployment among domestic farmworkers plagued this Nation, as many as 450,000 Mexican braceros were imported in a single year to work our Nation's farms. Oddly enough, however, the farm associations did not contend that the bracero program would ensnarl the entire farming community in a "Federal bureaucracy" or an "agricultural welfare state," the slogans used to discredit S. 1129.

"A czar," that is the derogatory term applied to the Secretary of Labor who will assist American farmers obtain qualified American farmworkers. While he assists farmers obtain Mexican farmworkers under the bracero program, however, no such term is applied to the Secretary. Since the Secretary of Labor is the same person and will administer similar employment service provisions, to call him a czar only when he administers S. 1129 is a pristine example of doublethink.

Key to the anomalous position taken by those attacking S. 1129 lies in the fact that these associations do not truly represent the entire farming community as claimed. Accustomed to economic benefits gained through the bracero program, a few growers seek to retain this advantage at the expense of the small farmer.

Seriously disadvantaged from an economic viewpoint is the small farmer who is not equipped to utilize Mexican farmworkers supplied under the bracero program. He must rely upon his own efforts and ingenuity to attract qualified reliable farmworkers to harvest his crops. Too often, however, enough farmworkers cannot be obtained when needed or they may not be qualified or reliable. Meanwhile, the large commercial farming operations participating in the bracero program are able to obtain a sufficient number of reliable farmworkers. These workers, carefully selected and transported under a highly efficient program, will arrive when needed and will be qualified and productive.

The large bracero user, moreover, receives an additional economic advantage over the nonbracero user. Federal funds, raised through taxes, are used to pay part of the costs of operating the bracero program. In this connection, it is noteworthy that the farmers in Texas and California alone utilize 75 percent of the annual importation of braceros.

Also victimized by the assault on S. 1129 are the long-suffering domestic farmworker and his family. The loss of an adequate, well-functioning, and voluntary farm employment service envisioned under S. 1129 would perpetuate the existing barriers against matching farmworkers to farm jobs. To leave such employment problems to chance is irrational and imposes an unnecessary burden upon the farmer and the citizen farmworker alike.

Moreover, the importation of hundreds of thousands of Mexican farmworkers puts them into direct job competition with our already underemployed rural citizen farmworkers. Originally the bracero program was enacted as a stopgap measure. Over the years, however, it has become the major source of seasonal farmworkers. It is now time for the American public, farmer, and nonfarmer alike, to modify the bracero program so that it is used to supplement—but not supplant—the American farm labor force.

DELUSION ENTAILS SELF-DELUSION

The growers seeking to discredit and abort the possibility of a stable, productive domestic farm labor force are deluding themselves. The extension of the bracero program in Congress in 1961 was accomplished only by great pressure. Furthermore, when President Kennedy signed the 2-year extension, he said:

> The adverse effect of the Mexican farm labor program * * * on the wage and employment conditions of domestic workers is clear and cumulative in its impact. We do not condone it. Therefore, I sign this bill with the assurance that the Secretary of Labor will * * * use the authority vested in him under the law to * * * make the determinations essential for the protection of the wages and working conditions of domestic agricultural workers.

Given the uncertain future of the bracero program, it is absurd for the large bracero user to block the passage of S. 1129. To accomplish this end is tantamount to destroying one of the most useful and needed pieces of legislation ever designed to provide farmers, large or small, with an increased number of qualified, reliable seasonal farmworkers.

A MODEST PROPOSAL TO REASONABLE MEN

Once it is clear that the attack on S. 1129 is being undertaken only for the benefit of a small number of large bracero users, and on an accurate appraisal, not even in the best interests of these growers themselves, rational farmers who will benefit from the proposed voluntary employment service envisioned under S. 1129 should carefully examine S. 1129 and the benefits it will provide. This is a modest proposal to reasonable men.

To assist the farming community in this task, I have prepared a fact sheet which will provide an accurate analysis and explanation of S. 1129. I hope the farming community will make use of this fact sheet; I also hope those representing the farmers will read it with a view toward assisting the farmer, the migrant farm family, and the national interest. Once this is underway, and some of the wrong-headed slogans and mythology are replaced by rational discussion, I will welcome ideas for making the employment services provided under S. 1129 as effective and helpful as possible to farmers and farmworkers.

Mr. President, I ask unanimous consent that the fact sheet to which I referred, containing the true purposes of S. 1129, together with a description of the bill and how it would operate, be printed at this point in the RECORD.

There being no objection, the fact sheet was ordered to be printed in the RECORD, as follows:

FACT SHEET ON S. 1129, TO AMEND THE ACT OF JUNE 6, 1933, AS AMENDED, TO AUTHORIZE THE SECRETARY OF LABOR TO PROVIDE IMPROVED PROGRAMS OF RECRUITMENT, TRANSPORTATION AND DISTRIBUTION OF AGRICULTURAL WORKERS IN THE UNITED STATES, AND FOR OTHER PURPOSES

(The statements in this fact sheet are based on the version of the bill, S. 1129, on which hearings were held by the Subcommittee on Migratory Labor on February 8 and 9, 1962, and on consultation with the U.S. Department of Labor concerning the prospective operation of the program.)

1. What is the purpose of S. 1129?

S. 1129 is designed to remedy inadequacies that exist in the present farm labor situation from the viewpoint of both farm employers and farmworkers. Many farmers cannot now obtain adequate numbers of seasonal farmworkers. Many more cannot rely on the workers (1) to arrive when they are needed, (2) to have the appropriate qualifications, and (3) to stay on the job until its completion.

For these farmers, S. 1129 is intended to make available an assured, reliable labor force. S. 1129 will also make fuller employment possible for qualified farmworkers and, by providing workers placed under the program with certain minimum assurances, will increase the number of qualified, reliable workers in the farm labor force.

2. How will S. 1129 affect the present farm placement system?

Use of the placement program provided by S. 1129 will be voluntary for both farmers and workers. The program will supplement the present Federal-State placement system; it will not replace present procedures. For the farmer, the voluntary nature of the S. 1129 program means (1) he will be free to use the program or not, as he sees fit, in filling his domestic labor needs. It will be for the farmer alone to determine whether he prefers to rely on existing governmental or private procedures for this purpose; (2) he may choose to obtain a part of his work force through the S. 1129 program and the remainder by existing methods.

3. How will the farmer be assured of getting only qualified, willing, and able workers under S. 1129?

Through a process of careful screening, in which the farmer will have the right to participate, if he wishes to do so, from the beginning. Each worker hired will enter into an employment contract in which he promises to perform the work required of him with proper application, care, and diligence.

Effort will be made to enable farmers who have obtained satisfactory workers under S. 1129 to reemploy the same workers in subsequent seasons.

4. Where will the workers supplied under the S. 1129 program come from?

Under the authority given in S. 1129 for positive recruitment, it will be possible for the employment service to tap new sources of agricultural labor in addition to making referrals of workers who, through crew leaders, or otherwise, now find their way to farm placement offices. Seasonal farm employment away from home would be profitable for many farmworkers and small family farmers who now lack year-round work. Recent surveys, made in rural Mississippi and Arkansas, strongly indicate that this will be an important source of qualified workers for the S. 1129 program. Another source will be American Indians, among whom there is extensive unemployment although they often are skilled and reliable farm employees. Still other workers recruited under S. 1129 will be persons who have acquired special skills in training programs such as the Area Redevelopment Administration program in Hammonton, N.J., which recently graduated 20 new farm tractor and machine operators.

In addition to making farmworkers available from new sources, S. 1129 will increase the total number of available man-hours through fuller employment of workers already in the migratory stream. Many present migrants, reluctant to travel until they know that work is available, now frequently delay their departures so long that they do not arrive in harvest areas until the peak need has passed. Other migrants now seek work without guidance, or travel unnecessarily long distances to obtain employment. By assuring transportation to the work and back to the home base, and by making possible the most effective use of information on the locations of men and jobs, S. 1129 will promote the full utilization of workers such as these.

5. What will it cost the farmer to obtain workers under the S. 1129 program?

For each job filled, the farmer will pay a fee of no more than $15. This fee will be the Government's reimbursement for the costs of the following functions, which S. 1129 authorizes the Secretary of Labor to perform (1) transporting the workers from the area of recruitment to an area of employment, and return; and (2) providing necessary subsistence, housing, and emergency medical care for workers and their families during transportation and while arrangements are being made for their employment in or their departure from an area of employment.

Should a worker hired under S. 1129 fail, without good cause, to fulfill his employment contract, the farmer will be supplied a replacement worker at no charge. If the farmer does not desire a replacement, a proportional part of his original fee will be refunded. As a result of these replacement and refund provisions in the bill, it will be the Government, not the grower, that bears the risk of any loss of transportation expenses through a worker's leaving the job before the end of the agreed-upon period of employment.

6. What are the obligations of a farmer to a worker he obtains under S. 1129?

As is now required with respect to housing for workers referred by the U.S. Employment Service through interstate clearance, the employer's housing for workers referred under S. 1129 will have to meet minimum standards. Where there are effective State housing regulations, however, additional requirements will not be imposed.

The employer's other obligations will be: to pay the worker as much as local workers receive for similar work; to pay him at least every 2 weeks; to promise him the equivalent of full-time employment during the agreed-upon work period; and to furnish him with workmen's compensation or comparable insurance coverage.

In the event, of course, that a worker breaches the employment agreement, the employer's obligations under the agreement will terminate.

7. Will workers placed in jobs under S. 1129 be accompanied by their families?

They may be when it is feasible in the general circumstances and the available housing is adequate to accommodate families.

8. How will a farmer go about hiring workers under the S. 1129 program?

Orders for workers under S. 1129, like orders under present placement procedures, will be placed though the local office of the employment service. Workers will be brought into the area under S. 1129 only if sufficient qualified workers who are permanent residents of the area are unavailable.

The transportation of workers by the Secretary of Labor will terminate at a distribution center in the area of employment. These centers will be located in the areas of heaviest demand for agricultural workers. Tenative plans call for distribution centers in Florida, California, Indiana, Texas, and Virginia, and in addition, for several overnight rest stops for migrants which can be used as supplementary distribution centers.

From the distribution center to the farm where S. 1129 workers are to be employed, transportation will be the farmer's responsibility. Accordingly, the practical availability of workers under the program will depend on the existence of a center within a reasonable distance of the farmer's property.

9. What happens when the harvest is completed?

To the extent that crop cycles permit, workers will be scheduled for continuous employment in a series of jobs. Consecutive jobs in the vicinity of a single distribution center will be scheduled where possible. In its emphasis on preseason scheduling, the S. 1129 program will be comparable to the employment service's annual worker plan.

When workers have completed their employment on one farm, the grower will be responsible for returning them to the nearest distribution center, or, if the next job is closer than the distribution center, he may take them there instead. When all scheduled jobs in the area are finished, the workers will be transported to a new area of employment. After all seasonal work away from home has ended, the workers will be returned to the area in which they were recruited.

10. What will be the relationship between S. 1129 and present programs for the temporary importation of foreign farm labor?

With the enactment of S. 1129, farmers will have a new procedure for recruitment of domestic workers. In appropriate circumstances, the use of this procedure would be considered one of the reasonable efforts to attract domestic workers that must be made before a need for foreign workers can be certified. The availability of the S. 1129 procedure will not, however, increase the time required to process requests for foreign worker certifications.

It is to be expected that the S. 1129 program will result in the replacement of some foreign workers by domestics. The domestic workers, of course, receiving assurances concerning their employment somewhat less extensive than those required for foreign workers, will cost no more than foreign workers for farmers to employ.

The decline in the number of foreign workers certified will be limited, however, by the extent to which S. 1129 increases the number of qualified domestic workers available. In other words, there will be a reduction only where (1) the number of qualified, reliable domestic workers that can be made available with the aid of S. 1129 is larger than the number the farmer has previously been able to obtain; and (2) suitable housing for the S. 1129 workers is available.

Where growers have housing facilities only for bachelors, the S. 1129 program, to affect the use of foreign workers, will in general have to provide bachelor domestics. No expensive housing modifications to accommodate families will be required. If the S. 1129 program can provide only family groups, the number of foreign workers may be reduced where on- or off-farm family housing can be furnished without any unreasonable burden on the farm operator. A reduction in the size of a grower's labor force, for example, may mean that his bachelor housing, with slight modifications, could accommodate a labor force including families.

11. Does S. 1129 provide for the unionization of farm workers?

No. The bill makes no change in existing law and regulations, either to promote or to discourage union organization. S. 1129 simply continues in effect the present rule, applicable to both the U.S. Employment Service and the State agencies, that a worker will not be referred to aid in filling a job which is vacant because of a labor dispute or the filling of which is an issue in a labor dispute.

OUR 1962 THOREAU CENTENARY

Mr. HUMPHREY. Mr. President, Henry David Thoreau, who died a century ago this year, has become recognized as one of our great Americans—writer, walker, philosopher, moralist, poet-naturalist, conservationist, leader in wildlife protection and wilderness preservation. He studied most how best to live in our American environment. His findings, as set forth in his writings and shown in his living, have seemed more and more pertinent to his successors. We do well to honor him.

One of the most fitting of the observances that have taken place this centenary year was held here in Washington, D.C., on May 11, 1962, when the Secretary of the Interior and the executive secretary of the Wilderness Society joined in sponsoring on the grounds of Dumbarton Oaks an outdoor gathering that heard remarks made by a great poet and an Associate Judge of our Supreme Court.

That morning the Washington Post set the tone of the day in the Nation's Capital with an editorial entitled "Immortal Yankee," pointing out among other comments that—

> The most fitting memorial to Thoreau on the centenary of his death would be the passage in Congress of the wilderness bill, designed to keep some of our land forever wild as a national treasure.

The Public Lands Subcommittee of the House of Representatives Committee on Interior and Insular Affairs was that afternoon concluding hearings on the measure to which the Washington Post referred. That was the wilderness bill, S. 174, passed last September 6, 1961, by the Senate with a vote of 78 to 8 and now pending in the House of Representatives with the urgent endorsement of the President.

It is a wise comment of the Washington Post that enactment of this wilderness legislation can be viewed as a "most fitting memorial to Thoreau on the centenary of his death."

Mr. President, I ask unanimous consent that the editorial "Immortal Yankee" from the May 11, 1962, issue of the Washington Post be printed in the Record at the conclusion of my remarks.

(See exhibit 1.)

Mr. HUMPHREY. Mr. President, for the great benefits that can be afforded us as we move forward with our responsibilities here in the Congress, and for the inspiration to be communicated to our fellow citizens I should like to make a matter of record the remarks at the Dumbarton Oaks gathering.

The meeting was opened by Howard Zahniser, executive secretary of the Wilderness Society and editor of the Living Wilderness. Dr. Zahniser, who also is a past president of the Thoreau Society, presented Secretary of the Interior Stewart L. Udall as the occasion's master of ceremonies. Secretary Udall introduced our great poet, Robert Frost, and Associate Justice William O. Douglas, who were the speakers for observance.

Mr. President, I ask unanimous consent that the text of the remarks made at this centenary observance of the death of Henry David Thoreau be printed in the Record at the conclusion of my remarks along with accounts of the gathering as reported in both the Washington Star and the Washington Post on May 12, 1962.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits 2, 3, and 4.)

I also invite the attention of Senators to the fact that the commemoration of the centennial of Henry David Thoreau reminds us of some unfinished business in the Congress. The unfinished business is referred to in yesterday's Washington Daily News. The article is entitled "Unfinished Business: The Wilderness Bill." The editorial states:

> The wilderness bill is designed to preserve in its primitive state some 35 million acres of American scenic grandeur.
>
> Against the carefully and conscientiously drawn Senate bill the arguments of those with a commercial ax to grind weigh light on the scales of public interest, which clearly requires that America's dwindling heritage of wilderness grandeur be preserved to inspire and instruct future generations.

I compliment the Washington Daily News editorial staff for the excellent editorial, because it is in the public interest and it is a great public service. My colleagues know that for many years I have been associated with an effort in the Congress to protect the great, fine, and vast areas of wilderness territory so that future generations might experience some of the wholesome recreation which is made available because of those public lands. We are deeply indebted to the Senator from New Mexico [Mr. Anderson] for his work in the field and for piloting the measure through the Senate, as well as to the Senator from Idaho [Mr. Church], who was the Senator in charge of the bill when the measure was passed by the Senate.

Exhibit 1

[From the Washington Post, May 11, 1962]

Immortal Yankee

The man was impossible, his ideas eccentric, and his career by every conventional standard a failure. He was a writer, but he published only two books and a few magazine articles during his lifetime. Nobody read them. Indeed, when New England flowered, Henry David Thoreau seemed to his contemporaries a species of crabgrass—a pawky hermit who seemed as indifferent to society's opinion as mankind was indifferent to him.

But from the time of his death on May 6, 1862, the world's respect for Thoreau has steadily increased and it is wholly appropriate that his memory will be honored today at Dumbarton Oaks. Thoreau speaks to both the private and public man, and to both he has something replenishing to say. Curiously, Thoreau's ideas seem more relevant to our world today than they were in his own time, when it was relatively so much easier to put his principles into practice.

In 1845 he went to live at Walden Pond, "to live deep and suck out the marrow of life," and his experiment in solitude yielded a classic statement on the importance of escaping the clutter of civilization. The clutter has spread with awesome speed and threatens to swallow up the remaining wilderness—as it has Walden Pond itself. The most fitting memorial to Thoreau on the centenary of his death would be the passage in Congress of the wilderness bill, designed to keep some of our land forever wild as a national treasure.

To the public man, Thoreau speaks in demanding accents. In 1849, not long after Marx and Engels published the "Communist Manifesto," Thoreau wrote "Civil Disobedience" a textbook for a different kind of revolt. Thoreau spent a night in jail rather than pay a petty tax to a state then engaged in the Mexican War. His essay sought to justify his defiance by appealing to a higher law beyond government.

Manifestly, no rational society could be organized along the principles of Thoreau. But a humane society cannot exist if it wholly lacks those principles. Occasions arise when only civil disobedience can serve as a remedy for wrong. Gandhi, when he was a lawyer in South Africa, read both Thoreau and Tolstoi, and from their writings derived the tactics of passive resistance that brought an end to imperial rule in India with a minimum of bitterness.

By a circular process, Gandhi's ideas returned to the United States and are used by southern Negroes and white freedom riders to eliminate the humiliations of second-class citizenship. The philosophy of their defiance springs not from Marx but from Thoreau, whose appeal is to the conscience of men and not to their stomachs. The spirit of Thoreau is very much alive in a country he would otherwise scarcely recognize.

Exhibit 2

[From the Washington Post, May 12, 1962]

Thoreau's Death Marked in Woods

(By Dorothy Butler)

A group of eminent Americans went to the green woods yesterday to pay tribute to a simple lover of nature.

"This is a place Thoreau would have loved. It's just like a picnic place," Robert Frost said to Louis Untermeyer as they strode along a birch-shaded stretch of path in Dumbarton Oaks Park.

Earlier, Untermeyer had whispered: "I think Thoreau would have been a bit staggered by the beauty and magnificence of it."

The occasion was a ceremony marking the death of Thoreau in his Concord home a hundred years ago this week.

The ceremony was a project of Interior Secretary Stewart L. Udall and the Wilderness Society of Washington.

Frost told some 100 persons gathered in the park's woodland meadow:

"Whenever I'm weary of considering, and I can stand things no longer, I always say: Give me the woods, I've always wanted to be * * * lost in the woods."

He called Thoreau's slim volume, "Walden," one of America's greatest storybooks. "It has everything," he said.

Another Thoreauvian, Supreme Court Justice William O. Douglas brought along Chief Justice of the United States Earl Warren.

Thoreau, who built himself a hut in the woods and lived happily in it on a weekly budget of 27 cents, would be "alarmed at America's present trend toward conformity," said the Justice. He did not think like the crowd * * * But he knew the quiet desperation in which most people live their lives."

But despite Thoreau's frequent preachments of the virtue of ridding one's life of complexities, he would have been "flattered," that the "great of the Nation" had penetrated the woods to honor his memory, said Untermeyer, consultant-in-poetry at the Library of Congress.

"You see, he was kind of an off-stage statesman," he said.

Exhibit 3

[From the Washington Evening Star, May 12, 1962]

Thoreau Centennial Noted at Dumbarton Oaks Grove

(By Janet Koltun)

You'll not meet a more devoted clan than lovers of the American philosopher, Henry David Thoreau, who call themselves "Thor-OH-vians," and sometimes "Thor-OY-ans."

But the Thors are sophisticated in their hero worship. You won't catch a one of them wearing a sweatshirt emblazoned with the mug of their hero, as do Beethoven lovers.

There wasn't a sweatshirt in evidence, only proper business garb, as 60 Government officials, diplomats, and at least two poets hied into Dumbarton Oaks Park yesterday to celebrate the centennial of the burial of Thoreau, who preferred solitude to congregations.

Displaying a true Thor esprit de corps, many dignitaries hiked the half mile into the park, including Nicaraguan Ambassador Guillermo Sevilla-Sacasa.

Interior Secretary Udall and Poet Robert Frost fudged a bit on the Thor tradition. They rode in Mr. Udall's limousine part of the way, then walked the rest. Chief Justice Warren and Justice Douglas elected to ride into the glen.

TRIBUTE READ

Secretary Udall read a tribute to Thoreau and the Wilderness Society secretary, Howard Zahniser, noted that Thoreau advocated primitive forest areas around every town. He suggested that Thoreau also advocated committees to look after the wilderness.

Mr. Zahniser and Mr. Udall differed on what to call themselves. Mr. Zahniser pronounced it "Thor-OH-vians," while it came from Mr. Udall's western tongue as "Thor-OY-ans."

Introduced by Mr. Zahniser as "captain of our huckleberry party," Secretary Udall in turn introduced Poet Bill Meredith of New London, Conn. He read at the Library of Congress last year and suggested the gathering.

Another poet, Mr. Frost, told the Thors: "I sorta glory in the chance to revel in great names." Touching on the names of Washington, Jefferson, Madison, and Emerson, he came to Thoreau, calling his autobiographical book, "Walden," one of the "greatest storybooks ever written."

PRAISE FOR COURT

Justice Douglas rose from his official bench, a brown wooden one he shared with Mr. Warren, to praise the Thor-minded Massachusetts courts for rulings which helped to clear Walden Pond of beer cans, baby food jars and thumbs of leather gloves.

Touching on the problems of mass invasion of wilderness areas all over the country, Justice Douglas intimated darkly that Thoreau wouldn't have liked a bit the messes that people leave.

Secretary Udall closed the Thorship by suggesting that "Thoreau's reputation has grown more in recent years than that of any other American." He added: "It is the hope of the Wilderness Society that this walk in the woods has relieved some of your quiet desperation."

EXHIBIT 4

COMMEMORATION OF THE HUNDREDTH ANNIVERSARY OF THE DEATH OF HENRY DAVID THOREAU, DUMBARTON OAKS, WASHINGTON, D.C., MAY 11, 1962

PRESENTATION REMARKS INTRODUCING SECRETARY UDALL BY HOWARD ZAHNISER

Dr. ZAHNISER. Honorable Poet, Your Honor Mr. Justice, Mr. President (Lewis Leary) of the Thoreau Society, Mr. Secretary, fellow Thoreauvians of the second century, I am Howard Zahniser, executive secretary of the Wilderness Society, and along with Paul Oehser and Carl Bode, here present, a past president of the Thoreau Society.

A hundred years ago last Sunday Henry David Thoreau died, at 9 o'clock in the morning, at his home in Concord, Mass.

Today is the day after tomorrow of the first century since his burial, in Concord, on May 9, 1862.

Next July 12 we shall observe the anniversary of his birth—only 45 years more than a century ago.

Thoreau's example and his thoughts and writings are in many ways relevant to our generation, and indeed, we surmise, to generation after generation.

Among his perceptions—and expressions—that seem so pertinent to our own conditions are those that emphasize the importance of the quality of wildness in our lives and the importance of our preservation of areas where it can best be experienced.

Thoreau more than a hundred years ago asked for the preservation of wilderness areas for our own true recreation. He also urged a primitive forest for every town—and a committee to see that the beauty of the town received no detriment.

Today we have the great good fortune to have at the high, Cabinet level of our National Government, as the Secretary of the Interior, a Thoreauvian, who knows the values of wildness and the importance of outdoor areas where it can be experienced. It is indeed an opportunity for the Wilderness Society to join with him, here on this greensward in our Nation's Capital, in an observance of the meaning of Thoreau to us today.

It is a very great privilege to introduce, as the leader of our own huckleberry party, the Executive Secretary of the Interior, the Honorable Stewart L. Udall. [Applause.]

REMARKS BY HON. STEWART L. UDALL, SECRETARY OF THE INTERIOR

Secretary UDALL. Certainly I know you will all agree we could not have chosen a better place or a better time to have this occasion. The elements have not frowned on us. We are all very happy.

I, of course, was delighted that Justice Warren would be here—and so many of the diplomatic corps. We cannot recognize all of you. There are two people I should like to recognize, though, just for a moment. One is the young poet, Bill Meredith, from Connecticut, who had the idea of this gathering and who is with us here today. Bill, we are all in your debt.

The other is Mrs. Robert Woods Bliss, who, with her late husband, the Ambassador, gave to the public these beautiful grounds and thus made it possible for us to have this occasion here.

I think that nothing is more Thoreausic than this land and what it represents. I think the greatest gift that any man, or any couple, can leave to their fellow man is the gift of a beautiful tract of land. This park here embodies Thoreausic ideals mentioned a while ago, and, therefore, I think it appropriate to thank again the late Ambassador Bliss and Mrs. Bliss for the fact that we can have this occasion here.

I have received several communications. There are two I wanted to read to you.

One is from E. B. White, who said he could not be here, but wrote: "For a dead man, Thoreau manages to keep surprisingly abreast of the news. I find him assaying calm in all weathers and all ideas. I hope he and his friends enjoy a pleasant noontime."

And Paul Brooks, the Houghton Mifflin editor, who may be here, said: "Someone once said of Henry Thoreau that he could get more in 10 minutes with a woodchuck than most men could get out of a night with Cleopatra."

I am sure this informal gathering would have meant more to Thoreau than all the formal meetings held in his honor.

So I thought we would have a few minutes with two men who, perhaps more than any other in this country, represent the Thoreau spirit and understand it today.

It is my privilege to introduce these two men.

INTRODUCING ROBERT FROST

The first is a man who happens to be exactly twice the age that Thoreau was at the time of his death. Henry Thoreau, when he died 100 years ago, was the age of President John F. Kennedy—44. This, I think, makes us realize how much more he might have contributed had he lived longer.

Robert Frost will be 88 on his next birthday. Robert has the same qualities of mind, the same feeling for this land. He has the same regard for the need of being versed in country things—as he has put it. I think he has the same awareness that Thoreau had of the elusiveness of truth, and most Thoreauvians have as a favorite the story about when he was asked in his last illness whether he had made his peace with God, he replied, "I did not know we had quarreled."

Robert Frost has his own relationship with God, but some have said of him that he is a man who, in his own words, has had a lover's quarrel with the world for 88 years. We are most delighted that, while he is in town, he can be with us to participate on this occasion. [Applause.]

REMARKS BY ROBERT FROST, DISTINGUISHED POET

ROBERT FROST. Well, I sort of glory in a chance to revel in great names—like Emerson and Thoreau. Take them together.

I just noticed a very important thing, to me—speaking of great names—Mrs. Thomas Jefferson Coolidge has sent down to Washington, I believe as a loan, the portraits, the Stuart portraits, of Washington, Jefferson, Adams, Madison, and I think also Monroe. These great names. There is nothing to measure beside those statesmen but the names of Thoreau and Emerson.

The beginning of this—shall I call it something you see but have never thought your way through?—is in what Wordsworth said:

> "And I could wish my days to be
> Bound each to each by natural piety."

And I bet you have read that as meaning a piety toward God. That was natural—that he meant it entirely in our sense of the word.

He meant by piety—call it "nature," right out of Rousseau. It might have been out of Thoreau, if Wordsworth had known Thoreau.

We are here in natural piety.

And when they don't know what America is; and it puzzles them as to what America is; and they write abstracts about what it is; I take refuge in certain names: Washington, Jefferson, Adams, Madison—Madison very particularly—and then two great names, Emerson and Thoreau.

And whenever I come under Thoreau's influence—I said the other day, in a collection of Thoreau's manuscripts and other things up in the Morgan Library in New York—they asked me to say something—I said:

"Do you want to know three of the greatest books that were ever written? One of them was 'The Voyage of the Beagle.' Another was the 'Walden' storybook. The three greatest storybooks in history, we say—"The Voyage of the Beagle,' the 'Walden' storybook, and 'Robinson Crusoe.' "

Those are my three great storybooks.

And so I repeat, one of the greatest books we have had in America—and it will always be—is "Walden."

More than anything else Thoreau wrote that wonderful beautiful story book: Character, incident, adventure in thought, adventure in housekeeping, everything.

Whenever I am weary of considerations—there is a line of my poetry somewhere like that—when I am weary of my considerations and I cannot stand it any longer, I always say: "Me for the woods."

Somebody said I talk woods too much. The word "wood" means mad, you know, too. That is it. I want to go wild in the woods.

I have been telling this story a long time. The first poem in my first book is the wish for wilderness where I can get really lost. I never got lost. Daniel Boone said he never was lost, he had been bewildered; but I have not even been bewildered. I want to be where I can be bewildered—lost—not be able to find my way home. That is what the wilderness is. [Applause.]

INTRODUCING WILLIAM O. DOUGLAS

Secretary UDALL. Thoreau called himself inspector of snowstorms. He was that. He had other outside assignments that he took upon himself, too.

I think if Thoreau has any successor as inspector of wilderness, it is William O. Douglas, our next speaker, a man who shares Thoreau's scorn for modern transportation. He is a shank's mare man. He has still today a concern, as lively and as keen as Thoreau's, for the estrangement of man from his natural surroundings.

I think he would share one of the things that Thoreau wrote or said in his last years: "The earth has higher uses than we put her to."

It is a pleasure for all of us to have as our other speaker, to pay homage to Thoreau today, Justice William O. Douglas. [Applause.]

REMARKS BY WILLIAM O. DOUGLAS ASSOCIATE JUSTICE, U.S. SUPREME COURT

Justice DOUGLAS. A recent visitor to Walden Pond, Edwin Way Teale, tells about the thousands of people who now visit that sanctuary. He wrote in "North With the Spring":

"With Walter Harding, Secretary of the Thoreau Society, and his wife, * * * I made a circuit of Deep Cove, the indentation in the Walden shore line close to the site of Thoreau's cabin. As we walked along, I jotted down all the things we encountered at its edge. * * * The list includes:

"One hundred and sixteen beer cans, 21 milk bottles, 7 Coca-Cola bottles, the remains of 14 campfires, a shoe box, eggshells, soap, half-eaten sandwiches, Dixie cups, cracker boxes, soda straws, cigarette packages, comic books, tabloid newspapers, playing cards, broken glass, paper napkins, mustard bottles, firecrackers, banana peels, orange skins, a baby food jar, a piece of pink ribbon, the thumb of a leather glove, a flashlight battery, and a dollar bill."

This problem of mass invasion of wilderness areas presents serious problems of this character all over the country. We of the Sierra Club arranged for a summer team to collect tin cans and bottles and other debris at four remote lakes in the High Sierra. They packed out three and a half tons of tin cans, etc., which represented only two or three summers of accumulation. On the top of Mt. Whitney another Sierra Club team packed down eight gunnysacks of such debris.

The moral, I think, is plain, and one that Thoreau would be the first to advance were he here: We need more wilderness areas—rather than fewer—and large ones, at that, But the trend is in the opposite direction. Wilderness areas are contracting, though our population is exploding. Even the sanctuaries of Walden are being threatened by man's invasion.

I am reminded of the advertisement: "Come up to unspoiled Vermont," to which Robert Frost replied, with that well-known smile, "And help us despoil it."

Mr. FROST (interrupting). Let me tell you about that. It is on every map in every restaurant, every dining place you know: "Come to Unspoiled Vermont." I always write on it, in my own hand: "And help spoil it."

Justice DOUGLAS (continuing). We are all grateful to the Massachusetts Supreme Court for its 1960 decision in the Nickols case. Plans were made to build concrete ramps for the beaches of Walden Pond, to widen the beach by cutting down the embankment, to cut many trees to provide an access road for fishermen, to put up a 100-foot concrete bathhouse. But for the intervention of the Massachusetts court, Walden Pond would be a highly modernized amusement park.

Thoreau did not know the world. In "Walden" he says that it is not worth while to go around the world to count the cats in Zanzibar. To this comment H. M. Tomlinson once replied that while Thoreau was right about Zanzibar, "we wish he had tried it. He would have counted more than cats. We miss the book he would have made."

Thoreau's curiosity and active mind would indeed have produced an exciting tome on Zanzibar, bringing to light things that its miserable people and the Arab slave traders never knew about the earth and its beauty.

I have traveled with Thoreau everywhere he went in New England. He did not penetrate as far north in the Maine woods as I had imagined. He saw some headwaters of the Allagash, but not the wild river itself—the one which like Walden Pond is now threatened by bulldozers, roads, motels, and civilization. Wherever Thoreau went he was the explorer who was excited, stumped, and baffled by new discoveries. That is a great comfort to all of us amateurs who, no matter how frequent our hiking of old trails, always find something new that sends us to the libraries for research.

Thoreau, for example, never did identify the "night warbler" which I believe was the ovenbird in flight. Once he saw three birds: Were they sandpipers, telltales, or plovers? he asked. "Or they may be the turnstone," he added.

Thoreau's curiosity was about the wonders of creation, including man, but mostly about those wonders which are at our feet and yet which we seldom see. "Is not the midnight like central Africa to most of us?" he asked. The answer as of 1962 is still "Yes." Yet even here along the Potomac great events often transpire at midnight. How many have heard on wild March nights the armada of whistling swans over Georgetown and the palisades, heading for northern nesting grounds?

We do not have many whippoorwills in this area. Thoreau knew it from the north woods. It ushers in the darkness of night; and before the first grey streaks of dawn are visible, it announces that the time for sleep has almost ended. The haunting song of that wondrous bird had strong appeal to Thoreau, whose wish was that he would hear it in his dreams.

Thoreau—an individualist—would be alarmed at America's present trend to conformity. Thoreau, the individual, did not walk with the crowd, nor think like the crowd, nor bend to society's prejudices. The Bill of Rights was written for his kind, for in a nation of conformists civil rights would be inconsequential.

Emerson said: "Thoreau was in his own person a practical answer, almost a refutation, to the theories of the Socialists. He lived extempore from hour to hour, like the birds and the angels; the only man of leisure in his town; and his independence made all others look like slaves."

Thoreau found his sanctuary, his cathedral, in the woods. The endless wonders of nature were his excitement. A swamp was not a spot to drain, but a place for reflection. The food chains discovered there, the symbiotic relation of plant to plant, of animal to animal, of fungus to tree—these were his excitement.

If we could all say with him "the heavens and the earth are one flower," we would be as anxious to clean up our rivers and to preserve our islands of wilderness as we are to put a man on the moon.

On June 17, 1853, Thoreau noted in his journal: "If a man walks in the woods for love of them for half his days, he is esteemed a loafer; but if he spends his whole day as a speculator, shearing off those woods, he is esteemed industrious and enterprising—making earth bald before its time."

Thoreau lived when men were appraising trees in terms of board feet, not in terms of watershed protection and birds and music. His protests against that narrow outlook were among the first heard on this continent. And they still plague the conscience of the bureaucrats whose voice is the voice of conservation but whose deeds are destructive of wilderness values.

Thoreau lived long before the insecticides and pesticides appeared to upset our ecological balances and to poison the gardens and fields where we grow our food and the waters that carry the poisonous insolubles off our farms into our rivers and lakes.

Thoreau lived when the symbol of destruction of wilderness was the ax and gunpowder. He never knew the bulldozer and the reckless ruinous logging practices in which we now indulge.

Thoreau did, however, know the quiet desperation in which most people lead their lives and man's capacity to destroy the earth and its goodness. His warnings are relevant and timely in the 1960's—more relevant and timely, I think, than when they were uttered. That is the occasion for meeting here today. [Applause.]

CLOSING WORDS BY SECRETARY UDALL

Secretary UDALL. Thank you, Bill.

The verdict of history, I think, as everyone seems to acknowledge in this week of anniversary, is that Thoreau has grown more than any other American, perhaps in the past century, in terms of the growth of the audience that he has gained; his voice is heard in far more places of the world than ever before.

I think that this, of course, is something that all of us glory in.

But here it would simply be our hope—the hope of the wilderness society, those of us who staged this little event here today—that as a result of your walk in the woods, as a result of the remarks here today, as a result of the reading, that you are all going to feel that the quiet desperation of your lives will be somewhat diminished.

Thank you. [Applause.]

THE DEVELOPING DIALOG ON ECONOMIC GROWTH

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an address entitled "The Developing Dialog on Economic Growth," delivered by Dr. Raymond J. Saulnier, professor of economics, Barnard College, Columbia University, New York City, at the commencement exercises of the Babson Institute of Business Administration, Babson Park, Mass., on June 18, 1962.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE DEVELOPING DIALOG ON ECONOMIC GROWTH

(An address by Dr. Raymond J. Saulnier, professor of economics, Barnard College, Columbia University, New York City, at the commencement exercises of the Babson Institute of Business Administration, Babson Park, Mass., Monday, June 18, 1962)

I should like to devote my remarks this morning to what we may call, in the current idiom, the dialogue on economic growth.

The question of the adequacy or inadequacy of our rate of economic growth is not a new subject. There was a lively discussion of it in 1959 and 1960, especially in the latter year, but for some months now it has had relatively little public attention. The reason for this is that we have been in a phase of recovery and expansion, and it is only natural that under such conditions interest in the growth question should tend to recede. What is more, business forecasts have been very optimistic, both those emanating from official sources and those put forward by private individuals and groups. One of our leading magazines of business has been talking until very recently—I assume they have stopped now—of a self-winding superboom. It is no wonder that in this atmosphere debate over policies to promote growth has languished.

Suddenly all this has changed. There is now a fairly wide recognition of the fact that the expansion has not been a vigorous one. Not only has it failed by a wide margin to come up to the Federal Government's expectations, but it has been barely up to the standard of the last two recoveries. This was evident as early as last fall and winter but for a variety of reasons the mood of determined optimism persisted. The spell was broken by the stock market. The danger now is that we develop an excessive pessimism and in an effort to stimulate the economy rush into ill-considered measures which in the end may prove to do more harm than good.

In any case, the debate is on, and it promises to be an interesting discourse. Indeed, we are entering into what may well be the most searching reexamination of economic beliefs that our country has ever experienced. We will be talking about some very critical questions of economic policy. Paramount among these is the question of taxes and of fiscal responsibility. Specifically, would it help, in seeking to spruce up the economy, to cut taxes when our balance of international payments is showing a substantial and continuing deficit, when we are losing gold with almost no interruption, and when the Federal budget is already deep in the red? This is, indeed, a very intricate technical question. To draw again on the current idiom, it is a very sophisticated question. But not so sophisticated that it is exempt from commonsense consideration.

And there are other questions that will be dealt with in this dialogue just as important and just as intricate. They are questions that go to the bottom of our understanding of what makes our enterprise economy work. More than that, if we think about them deeply enough, as we must, we shall see that they go to the roots of our economic and political philosophy.

I know I need not tell you that you must interest yourself in this debate. You have completed training for positions of management responsibility in American business. You will, of course, continue to concern yourself primarily with the problems of the business in which you are engaged. But, in our democratic society it is your responsibility as well as your privilege to have a viewpoint on even the broadest problems of public policy. Indeed, if men and women in management positions in American business do not have a reasoned position on these questions, and are not in a position to express that viewpoint cogently and forcefully, then our enterprise system will be in very deep trouble. This will be your dialog as much as the next man's, and I hope you will enter it with a determination to find the truth, wherever the search leads you. You know as well as I do that in the end we have to do business with the truth, even if the truth is so old it looks like a myth.

How can we put the question to which the dialog will be directed? I think we can put it this way: what strategy of public policy will serve us best in achieving a better economic performance within the framework of our preferred and traditional institutions?

When we consider this question we must realize that we do not have an entirely free hand in shaping a strategy for improving our economic performance. No government ever has an entirely free hand in such matters, any more than a business enterprise has a free hand in selecting a strategy for improving its own performance. What we need is a strategy that makes sense for us, here and now, not for somebody else, somewhere else in the world, or even for ourselves at some other time. And the strategy we choose must be consistent with the constraints on policy that inhere in our present posture. Let me briefly describe the major constraints, as I see them.

Chief among them is the limitation that is imposed on us by our international financial position. We must accommodate ourselves to the fact that we have a chronic balance of payments problem. It is not a short-term problem, caused by special, nonrecurring circumstances, nor is it a problem that can be easily or quickly corrected. It is anything but that. The deficit has totaled more than $14 billion in the last 4 years; efforts to correct it were well under way in 1959 and were intensified in 1960, but it has continued.

It is obvious, I am sure, that we cannot ignore this deficit in shaping a strategy for growth. But we have to go further than that. We must give top priority to the need for finding a solution to our balance of payments problem.

The first question to ask about any proposal for accelerating growth is what effect it will have on our balance of payments. There are good economic reasons for this, but there are political reasons that are even more important. All the elements of our national strength—financial, economic, military, and moral—together comprise the foundation on which the structure of the free world is built. Our leadership responsibilities in the free world derive from this fact. In the unwelcome but nevertheless continuing struggle with the Communist bloc, which is a struggle for no less than man's freedom, a weakening of our national strength and of our international financial prestige would erode the foundation of our international leadership. I have had occasion recently to see something of the Soviet world and I believe we are winning the struggle against totalitarianism. But if we are to consolidate and extend our successes we must preserve and strengthen our international economic posture. Anything else is unthinkable. It would be the worst kind of folly for us to try to solve our domestic economic problems by means that would weaken our international financial and economic position and prestige.

You will hear some sensible words on this subject, of course; but you will also hear a lot of nonsense, ranging all the way from assertions that there really isn't any balance of payments problem at all, which is totally incorrect, to statements that a given policy will help reduce the deficit when, on examination, it will be seen that the result is just as likely, or even more likely, to be the opposite. You must insist on verifiable facts, whenever these can be had, and keep your logic straight. And whatever else you do, don't make up your mind on the basis of assertions that some things are myths and other things are realities. Let me give you one piece of advice, if I may. You will learn that one man's myth is another man's reality. Take nothing for granted and insist on fact and straight thinking. If this leads you to a truth that is new, don't reject it because it is jarring to your preconceptions. Equally, if it leads you to a truth that is as old as the hills don't dismiss it on the ground that it is old fashioned and, for this reason, is probably a myth.

Let me make one further comment on the deficit in our balance of payments and how its acts as a constraint on economic policy. As long as a deficit persists we shall be hampered in dealing with the problem of economic growth at home. A balance of payments deficit can prevent us from following an aggressive policy of credit ease when such a policy is called for. It is doing that right now, in my judgment. By blocking full use of credit policy, a balance of payments deficit invites a heavier reliance on fiscal policy for countering recessionary tendencies than would otherwise be contemplated. Unfortunately, it also enhances the hazards involved in budgetary deficits. When it comes to the strategy of economic policy, a chronic balance of payments deficit is nothing short of a total nuisance. Top priority in our national economic strategy must be given to its elimination.

The second current constraint on public policy derives from the fact that our Federal Government's budget is even now running a heavy deficit. In the first 10 months of the current fiscal year, that is, in the 10 months through April 1962, there was a deficit of $9.7 billion in the conventional budget. This compares with a deficit of $6 billion in the comparable period of the fiscal year 1961. In the first 9 months of fiscal 1962 there was a deficit, seasonally adjusted, of $6.2 billion in the cash budget. There are, to my knowledge, no published official estimates of Federal income and product accounts for 1962, but these were running deficits of $3.1 and $2.0 billion on a seasonally adjusted annual rate basis in the third and fourth quarters, respectively, of the calendar year 1961.

When we talk about fiscal policy and the benefits that are alleged to accrue from a Federal deficit we must remember that we already have a deficit and that it is a large one. In fact, it is a very large one, and has persisted throughout the current cycle. It is one thing to consider the impact of a deficit that follows a surplus. It is another thing to appraise the economic effects, domestic and international, of piling one deficit on another.

A budget deficit in recession and a surplus in recovery can be called a countercyclical fiscal policy. But a deficit every year, in good times and in bad, is not a policy; it is a failure of policy. It is not a strategy; it is a simple case of fiscal inadequacy and it requires correction.

In addition to these constraints, there are certain standards that must be met by public policy. It is well to remind ourselves of these. It goes without saying that the only acceptable economic policy is one that is good for all Americans. Beyond that, an acceptable policy must be one that makes sense for the long run as well as for the short run. And most important of all, the only acceptable strategy of economic policy is one that will strengthen the free, democratic institutions of our country, including the institution of free private enterprise. There is nothing but misery in store for Americans if we try to solve our economic problems by methods which in the long run will shrink and weaken our enterprise system.

Let me turn now to some of the principal substantive points in the dialog. It would be an imposition on you, and would be impossible, in any case, if I were to try to cover all of them.

First, let us consider the belief that increases in Federal spending and deficits in the Federal budget will promote economic growth. At least we can ask what recent history tells us on this point.

What recent history tells us about the effect of increases in Federal spending is not very favorable to the view that an economy such as ours can spend itself into prosperity via the Federal budget. In the first 10 months of the fiscal year 1962 net budget expenditures were $6.1 billion higher than in the comparable 10 months of the previous fiscal year. Now this is a very large increase in the spending rate. I think it is fair to say that if questioned on this point in advance of the events most people would have said that the result of such an increase in spending, coming at an early stage in the cycle, would be a recovery far more rapid than would be expected on normal cyclical grounds. But that isn't what happened. Federal spending increased, but it did not stimulate a faster than normal pickup. If it had, we wouldn't be talking this morning about the merits of additional increases in spending or cuts in taxes, and consequent increases in budget deficits, as methods of stimulating an economy that threatens, as the saying goes, "to run out of gas." What this experience tells us is that if the environment is not favorable to an increase in private spending, an increase in Federal spending, even a large increase, is a well-nigh futile exercise. Something must be done to encourage private spending.

Recent experience has also dealt rather harshly with the theory that budgetary deficits will accelerate economic growth. What are the facts in this case? In the first 4 months of this calendar year, the cash budget of the United States ran a deficit of close to $10 billion, on a seasonally adjusted annual rate basis. In the comparable 4 months of the 1958–59 recovery the Federal cash budget showed a surplus of $4.6 billion, on an annual rate basis. Yet the unemployment rate has actually been somewhat higher under the recent deficit than it was under the earlier surplus. There were clouds on the economic horizon in those months of surplus in 1960, but it must be conceded that the economic sky in 1962, under very large deficits, is far from entirely clear.

I have never been very happy with pragmatism as a guide in political philosophy, or in any other branch of philosophy, but I would think that to those pragmatists who regard budgetary deficits as a more or less guaranteed formula for producing a brisk recovery, the present cycle must be a veritable nightmare.

Recent experience certainly provides ground for skepticism as to the restorative and energizing qualities of Federal budgetary deficits, but nowadays there are special reasons for rejecting the deliberate use of them as an instrument for promoting economic growth. These reasons have to do with our balance of international payments. It is one thing to run a budgetary deficit when a recession automatically cuts revenues, or even to create a deficit through emergency tax cuts in order to prevent or reverse a recession. But it is a very different matter deliberately to deepen a deficit by tax reductions when the economy is still in an expansion phase. How could it do anything but undermine confidence here and abroad in the effectiveness of our national economic policies? And if it does this, is there not a chance that it will worsen our balance-of-payments situation? We must make it quite clear to the world that we know how to run our financial affairs. The last thing we want to do is to give the impression that we suffer from a kind of fear of orthodoxy. It must be clear that we both understand the dynamics of our economy and that we are willing to let this understanding guide our policy. If there is a need to cut taxes in the expansion phase of a cycle, when we already have a large deficit, then there is equally a need to consider whether we are now spending too much money on programs that make no contribution whatever to our capacity for growth and to consider whether we are doing other things, entirely outside of the tax field, that are tending to suppress private investment spending. If this is what we are doing, and I think it is, then we cannot retrieve the situation with governmental red ink, and very few really sophisticated people will believe that we can.

So much, for the moment, about Federal spending and budgetary deficits as the keys to prosperity. I think it is safe to say that we will hear a good bit more of both before we hear much less.

Let me turn to a second point. It has not entered the dialog so far, but it is always in the wings, so to speak, and we may hear of it yet. What I have in mind is the theory that economic growth can be accelerated by raising wages. It is the purchasing power theory of prosperity. The theory is that higher wage rates mean higher incomes, that higher incomes mean higher demand, and that higher demand, in turn, means higher production and higher rates of growth.

What does recent experience tell us about this? What it tells us is that since the end of World War II average hourly compensation in private nonagricultural industries, including supplements to wages and salaries, increased, on the average, by 5.1 percent a year. Yet the growth of our economy in this period is regarded by the advocates of still faster wage advances as being inadequate. Furthermore, while wages were rising 5 percent a year, on the average, the purchasing power of the consumer's dollar was reduced by roughly 25 percent.

It is hard to believe that anyone would wish deliberately to experiment further with this inflationary policy. Whatever other damage such an experiment might do, it would wreck our capacity to compete in world markets, and make well nigh impossible the elimination of our international balance-of-payments deficit. I hope we can say that this bit of mythology is dead, not just for the moment, but for good.

The third and last of the points in the dialog on growth on which I want to comment briefly has to do with business profits.

I am sure you have noted the theory that economic growth is governed largely by the rate of spending on capital goods. It is possible to overdo this theory, as it is possible to overdo any theory, but I think no one would deny that the expansion of our base of physical capital is an essential condition for the achievement of rapid growth. If this is the case, then we must concede that we have done very badly in recent years. In a period in which spending on capital goods in foreign industrial economies, in terms of constant dollars, has been going ahead by leaps and bounds, capital goods spending in our own economy has actually failed to increase at all. In the years 1953–59 the constant dollar amount of capital goods spending rose anywhere from 30 to 80 percent in most Western European countries; in sharp contrast, there was actually a small decline in the United States. Spending on new plant and equipment in the second quarter of 1962 was not as large in dollar amount, at current prices, as it was in 1957, 5 years ago; and if we take account of the fact that the costs of construction of new plants and the prices of industrial equipment have increased significantly in the interim, it must be concluded that we are nowadays installing annually a smaller volume of physical facilities than we were 5 years ago. Obviously, there is no dynamism here. We are not even holding our own. Why is this so? Let me comment on what I think is the most important aspect of this critical question.

It would be a mistake to argue that the volume of capital goods spending depends exclusively on the level of corporate profits. But I think we could agree that profits are a major element, probably the major element, in determining the level of capital goods spending. Is it not important, then, that while wage payments, production, and sales have been rising, corporate profits have remained roughly unchanged? Corporate profits in 1961 were only very little larger, before taxes, than they were in 1955, 6 years earlier, and corporate profits after taxes were actually lower. And this is in current not constant dollars. In these years there was an increase of $3.2 billion in the dividends paid annually by corporations, but the amount of income retained by corporations fell by $3 billion or by about 25 percent. This is the point that must not be overlooked in the dialog on growth. We cannot get our economy moving as it should be moving unless we restore some dynamism to business profits.

If this profit deflation, and that is what it is, is to be corrected we must understand its causes. I have no wish to oversimplify this complex question, but if I were to state the cause in one sentence I would say that the squeeze on business profits results from the fact that, whereas price inflation has, for the moment at least, been largely checked, cost inflation continues.

How can we escape from this condition? Surely an escape cannot be found in a resumption of price inflation. Few people would prescribe this. There are some still unreconciled to price stability as an essential condition to the achievement of sustainable economic growth, but inflation is such a thoroughly disreputable idea nowadays that the remaining inflationists are largely silent. They have been silenced, if not entirely persuaded, by the deficit in our balance of payments. Indeed, one of the great mass conversions of history has taken place on the question of inflation. And the steel industry episode of this spring showed that the executive branch of our Government, from the President on down, is unreservedly committed to a policy of price stability. Circumstances have checked price inflation, but we have not succeeded in stopping cost inflation and therein lies the rub, or the squeeze, or whatever you want to call it.

There are a number of avenues by which we must approach the task of easing this squeeze. As individual businessmen you will find that one way to do it is by practicing complete economy in managing the affairs of your business. We shall also have to do that as a nation. We must remember that the cost of government, Federal, State, and local, is to a very large extent borne by American business as a business cost. And it is a rising cost. I hope that the dialog on growth, in which we have all been invited to participate, will lead to a thorough reexamination of governmental expenditures at the State and local as well as Federal level, the elimination of those expenditures that are not essential, and the passing on of these economies, dollar for dollar, as reductions in business taxes.

There are other avenues to a solution of the problem of cost inflation. One of these is to stabilize, or better still to reduce, unit production costs by achieving a better relationship between advances in wages and improvements in productivity.

The President's Council of Economic Advisers recently advanced a general guideline on this matter in which they stated that wage advances, on the average, should equal productivity improvements, on the average. I think we must conclude that this guideline is inadequate in the present situation. If we agree that there has been a lag in profits, then the guideline should provide for a catchup in profits. Wage increases that will use up labor's full proportionate amount of productivity improvements, which is what the guidelines call for, will leave profits where they are relative to everything else. But we need to improve the relative position of profits. Consequently, what would be best for our economy at this time would be wage advances that are actually less than the improvements in productivity. This would reverse the trend in cost-price relationships that has been suppressing business profits and stifling investment expenditures. It would give profits a chance to catch up. It would also provide opportunities for price reductions which would be enormously helpful in strengthening our international competitive capability, and thus in eliminating our balance of payments deficit. A revision of the guidelines to this end is urgently needed.

In addition to a redefinition of the wage guideline, there are other things that Government can do to help prevent cost inflation. For one thing, the Federal Government is the largest single employer in the United States. Over 2 million persons are employed by the Federal Government in civilian jobs and around 6 million by State and local governments; about 1 out of every 6 persons in the United States is employed in a nonfarm job. You can see from this that there is an enormous influence that could be brought to bear on the cost structure of our economy if Federal, State, and local governments were to adhere to wage and salary policies consistent with a proper guideline principle.

Second, the Federal Government is an enormous indirect user of labor services through the procurement of supplies and in its contracting for construction. It has been alleged time and again that the pace of cost advances in some regions, such as the west coast, where Government procurement is the major element in the economy, is set by the wages paid by Government contractors and subcontractors. Would it not be possible for the Federal Government, through its procurement agencies, to exercise restraints on cost that are consistent with those it wishes to have exercised by the business community generally? Certainly, it would be a grievous inconsistency if the Federal Government, through its procurement agencies, were to underwrite increases in costs that are inconsistent with its own guidelines.

Third, consideration should be given to the impact on production costs of the determination of prevailing wages under the Davis-Bacon and Walsh-Healey Acts. Under these laws, the Federal Government sets what are in effect minimum wages for labor performed in a great variety of employments. And these minimum wages are well above the level of the minimum wage with which we are most familiar; namely, that which is set under the Fair Labor Standards Act. Certainly the Federal Government should have its own guidelines in mind when it sets minimum wages to be adhered to by its contractors.

You will see that there is a good deal that can be done by Government to achieve the kind of cost-price relationship essential to an improvement in profits, to a revival of plant and equipment spending, and thus to the attainment of a more satisfactory rate of growth.

I have said little or nothing about tax cuts because these other matters are more basic. Let me comment on the current tax discussions very briefly.

We can dispose of the question of the "quickie" tax cut; that is, the temporary cut in individual income taxes very quickly. This is an antirecession measure. But so far as I know, no one is saying that we are in a recession already, and I am not prepared at this time to say that the outlook is so bleak that we need to have recourse to emergency tax cuts. We do need a basic restructuring of our tax system and it would be enormously helpful to reduce the taxload. But that is another matter. We should get started on it as soon as we can but we must do it within the framework of a fiscal policy that will give us a fair chance of balancing the budget over the cycle. Neither our domestic nor our international affairs will permit us to go for very long on a spree of higher spending, lower taxes, and bigger deficits. This would be a totally unworkable economic policy and it wouldn't even be good politics, believe me.

One last word on taxes. Of all the potentially mischievous ideas I have heard recently, none is more discouraging than the notion that tax cuts for business would make it possible to give larger wage increases. But to give wage increases on this basis would totally eliminate the beneficial effects of tax reform. If the dialog does nothing else, I hope it will expose and eliminate that idea before it goes any further.

These are rather serious questions and I am afraid what I have had to say lacks the lightness that is fitting on what is, in every significant sense, a happy occasion. I am reminded of a story I heard only a few days ago. On another commencement occasion, one of our Nation's highest-paid humorists, in counseling the graduating class on the subject of "going out into the world," advised them as follows: "Don't go." This is an intriguing idea but I don't advise it. You enter into careers well trained and you will find them, I am sure, full of excitement and satisfaction. May I say for myself and on behalf of those who have helped you reach this important milestone in your lives, especially for your parents and for the faculty of this institute, that we wish you every happiness and success. You will want to apply yourselves without stint to your individual work. The meaning of my choice of remarks this morning is that I hope you will also make your voice heard in your generation's own distinctive dialog.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

AMENDMENT OF THE CAREER COMPENSATION ACT OF 1949, AND MAKE PERMANENT THE DEPENDENTS ASSISTANCE ACT OF 1950

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. Without objection, the Chair lays before the Senate the unfinished business, which will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill to amend section 302 of the Career Compensation Act of 1949, as amended (37 U.S.C. 252), to increase the basic allowance for quarters of members of the uniformed services and to make permanent the Dependents Assistance Act of 1950 as amended (50 App. U.S.C. 2201 et seq.), and for other purposes.

Mr. RUSSELL. Mr. President, the bill laid before the Senate is H.R. 11221, providing for increases in the basic allowance for quarters for members of the uniformed services.

Mr. President, the military personnel who are eligible for the quarters allowances are those for whom Government-furnished housing is not available. The purpose of the quarters allowance is to offset in part the expenses of military personnel who must occupy civilian housing. Mr. President, the quarters allowances have not been raised since the 14-percent increase granted in 1952.

We may note that there have been increases in the total military compensation for most pay grades as a result of the basic pay increases in 1955 and 1958. If my memory serves me correctly, there have been three increases in the pay of civilian personnel since there have been any increases in housing allowances for members of the Armed Forces.

Mr. President, the concept which was developed as a general guide for this bill is that the quarters allowances for the various military grades should be related to the housing expenses for civilians at income levels comparable to the various military pay grades. The premise is that the housing costs for civilians are closely related to the costs which military personnel are normally required to pay to rent suitable civilian housing. Page 5 of the committee report contains a table setting forth the median housing expenses of civilians with incomes comparable to the military pay grades. The Senate will observe that these costs are closely related to the proposed allowances contained in this bill.

Mr. President, I ask unanimous consent that the table which appears on page 5 of the report be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Housing cost analysis

Military grade	Proposed total monthly military compensation [1] (1)	Proposed allowances with dependents (2)	Median civilian housing expense [1] (3)	90-percent rental—15-percent utilities ratio [1] (4)
O-10 general	$2,125.61	$201.00	$175.36	$181.13
O-9 lieutenant general	1,783.95	201.00	175.36	181.13
O-8 major general	1,607.88	201.00	175.36	181.13
O-7 brigadier general	1,432.88	201.00	175.36	181.13
O-6 colonel	1,127.98	170.10	167.76	173.88
O-5 lieutenant colonel	925.38	157.50	157.05	162.50
O-4 major	802.93	145.05	152.39	157.32
O-3 captain	687.93	130.05	142.23	146.97
O-2 1st lieutenant	537.88	120.00	125.51	130.41
O-1 2d lieutenant	408.98	110.10	111.07	114.89
W-4 chief warrant officer	708.93	145.05	145.64	151.11
W-3 chief warrant officer	618.93	130.05	137.96	142.83
W-2 chief warrant officer	522.88	120.00	125.51	130.41
W-1 warrant officer	470.98	110.10	118.33	122.13
E-9 sergeant major	573.00	120.00	133.27	137.66
E-8 master sergeant	503.00	120.00	125.51	130.41
E-7 sergeant, 1st class	457.90	114.90	118.33	122.13
E-6 staff sergeant	398.10	110.10	110.00	114.00
E-5 sergeant	348.00	105.00	100.00	105.00
E-4 corporal (more than 4 years' service)	308.10	105.00	93.56	98.70
	With 2 dependents	With 2 dependents		
E-4 corporal (4 years or less service)	$276.10	$83.10	$85.16	$91.64
E-3 private, 1st class	240.10	83.10	83.76	90.38
E-2 private	201.90	83.10	83.16	89.84
E-1 recruit	199.30	83.10	83.16	89.84
	With 3 dependents	With 3 dependents		
E-4 corporal (4 years' or less service)	$298.00	$105.00	$88.16	$94.34
E-3 private, 1st class	262.00	105.00	84.56	91.10
E-2 private	223.80	105.00	83.16	89.84
E-1 recruit	221.20	105.00	83.16	89.84

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[1] The highest income level maintained by the Federal Housing Administration is the single bracket of $1,200 monthly or more. The civilian figures are the same, therefore, in cols. 3 through 6 as they are set forth opposite the grades O-7 through O-10.

EXTENT OF THE INCREASES

Mr. RUSSELL. Mr. President, there are about 2,664,000 military personnel now on active duty. The increases under this bill would be received by approximately 1,267,000, or almost half the total military strength, the remainder being ineligible since they are furnished government quarters.

The remainder, of course, are ineligible, as they are now living in Government quarters.

On a budget average the quarters allowances are increased by 20 percent, representing an additional annual appropriated cost of $285 million, approximately. The proposed rates for each pay grade are set forth on pages 6 and 7 of the committee report. I ask unanimous consent that the tables be printed in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Proposed new rates for officers and warrant officers

Pay grade	Without dependents				With dependents			
	Present	Proposed	Dollar increase	Percent increase	Present	Proposed	Dollar increase	Percent increase
O–10 general	$136.80	$160.20	$23.40	17.1	$171.00	$201.00	$30.00	17.5
O–9 lieutenant general	136.80	160.20	23.40	17.1	171.00	201.00	30.00	17.5
O–8 major general	136.80	160.20	23.40	17.1	171.00	201.00	30.00	17.5
O–7 brigadier general	136.80	160.20	23.40	17.1	171.00	201.00	30.00	17.5
O–6 colonel	119.70	140.10	20.40	17.0	136.80	170.10	33.30	24.3
O–5 lieutenant colonel	102.60	130.20	27.60	26.9	136.80	157.50	20.70	15.1
O–4 major	94.20	120.00	25.80	27.4	119.70	145.05	25.35	21.2
O–3 captain	85.50	105.00	19.50	22.8	102.60	130.05	27.45	26.8
O–2 1st lieutenant	77.10	95.10	18.00	23.3	94.20	120.00	25.80	27.4
O–1 2d lieutenant	68.40	85.20	16.80	24.6	85.50	110.10	24.60	28.8
W–4 chief warrant officer	94.20	120.00	25.80	27.4	119.70	145.05	25.35	21.2
W–3 chief warrant officer	85.50	105.00	19.50	22.8	102.60	130.45	27.85	26.8
W–2 chief warrant officer	77.10	95.10	18.00	23.3	94.20	120.00	25.80	27.4
W–1 warrant officer	68.40	85.20	16.80	24.6	85.50	110.10	24.60	28.8

RECOMMENDED INCREASES FOR ENLISTED PAY GRADES E–4 (OVER 4 YEARS) THROUGH E–9

Set forth below are the increased proposed rates recommended for the enlisted pay grades E–4 with over 4 years of service through E–9. It will be noted, as more fully explained hereafter, that the bill revises the concept of allowances for these enlisted grades by removing them from the Dependents Assistance Act and authorizes the grades a quarters allowance similar to officers.

H.R. 11221—Recommended rates E–4 (over 4 years) through E–9

Pay grade	Without dependents				With dependents			
	Present	Proposed	Dollar increase	Percent increase	Present [1]	Proposed	Dollar increase	Percent increase
E–9 sergeant major	$51.30	$85.20	$33.90	66.1	$77.10	$120.00	$42.90	55.6
					96.90	120.00	23.10	23.8
E–8 master sergeant	51.30	85.20	33.90	66.1	77.10	120.00	42.90	55.6
					96.90	120.00	23.10	23.8
E–7 sergeant, 1st class	51.30	75.00	23.70	46.2	77.10	114.90	37.80	49.0
					96.90	114.90	18.00	18.6
E–6 staff sergeant	51.30	70.20	18.90	36.8	77.10	110.10	33.00	42.8
					96.90	110.10	13.20	13.6
E–5 sergeant	51.30	70.20	18.90	36.8	77.10	105.00	27.90	36.2
					96.90	105.00	8.10	8.4
E–4 corporal with over 4 years' service	51.30	70.20	18.90	36.8	77.10	105.00	27.90	36.2
					96.90	105.00	8.10	8.4

[1] The higher present allowance is authorized for enlisted personnel with 3 or more dependents.

RECOMMENDED ALLOWANCES FOR E–1'S THROUGH E–4'S WITH LESS THAN 4 YEARS OF SERVICE

Summary of increases

The bill recommends an increase of approximately 8 percent for all brackets in the pay grades E–1 through E–4, under 4 years of service.

Rates recommended by bill

Pay grade	Without dependents				With 1 dependent			
	Present	Proposed	Dollar increase	Percent increase	Present	Proposed	Dollar increase	Percent increase
E–4 corporal, under 4 years	$51.30	$55.20	$3.90	7.6	$77.10	$83.10	$6.00	7.8
E–3 private, 1st class	51.30	55.20	3.90	7.9	51.30	55.20	3.90	7.6
E–2 private	51.30	55.20	3.90	7.6	51.30	55.20	3.90	7.6
E–1 recruit	51.30	55.20	3.90	7.6	51.30	55.20	3.90	7.6

Pay grade	With 2 dependents				With 3 or more dependents			
	Present	Proposed	Dollar increase	Percent increase	Present	Proposed	Dollar increase	Percent increase
E–4 corporal, under 4 years	$77.10	$83.10	$6.00	7.6	$96.90	$105.00	$8.10	8.4
E–3 private, 1st class	77.10	83.10	6.00	7.8	96.90	105.00	8.10	8.4
E–2 private	77.10	83.10	6.00	7.8	96.90	105.00	8.10	8.4
E–1 recruit	77.10	83.10	6.00	7.8	96.90	105.00	8.10	8.4

Mr. RUSSELL. Mr. President, it will be noted from these tables that for the officers and warrant officers with dependents, the percentage increases range from 15.1 percent for the lieutenant colonel, to 28.8 percent for the W–1 warrant officer. The monthly dollar increases range from $20.70 for the lieutenant colonel to $33.30 for the colonel, representing a 24.3 percent increase. Mr. President, for the officer and warrant grades this bill proposes a range for quarters allowances of $110.10 a month for the second lieutenant and W–1 officer, up to $201 for general officers.

The proposed legislation is the result of a long study that was conducted by a committee in the Department of Defense, appointed by Secretary of Defense McNamara. Its membership was composed of civilian personnel. The study grew out of great dissatisfaction which existed—and properly so, I think—on the part of many military personnel that they were not receiving adequate consideration in the matter of housing offstation which it was necessary for them to rent.

CHANGES IN CONCEPT FOR CERTAIN ENLISTED GRADES

There are other changes in the bill.

Mr. President, the bill provides for a change in concept in the quarters allowances for the senior enlisted grades E–4 with over 4 years through E–9. Under the existing provisions of the Dependents Assistance Act of 1950 all enlisted grades are subject to what is known as the class Q allotment system. Under the 1950 act each enlisted person must make an allotment from his own pay as a condition for receiving the amounts authorized under the Dependents Assistance Act. This total amount is known as the class Q allotment. The serviceman himself has no right to receive this allotment and it is mailed directly by the military services to the dependent affected. Furthermore, existing law provides for a varying allowance, depending on the number of dependents.

The bill as passed by the other body repeals the class Q allotment, in effect, for the senior enlisted grades E–4 with over 4 years through E–9. These grades are removed from the Dependents Assistance Act and they will be authorized a quarters allowance in the same manner as officers.

With certain misgivings the Senate committee agreed to this provision in the House bill. The change results in their being a single pay rate for those with dependents. This change was made on the theory that the senior enlisted grades are for the most part career personnel and should be sufficiently responsible to their dependents to be paid their own money.

I wish to emphasize, however, that the departments have ample supervisory and command authority to insure that the family responsibilities are met in those few problem cases that are certain to arise where so many people are affected.

It might be observed that the permanent law makes no provision for the class Q allotment system, with the result that the enlisted man would be authorized to receive the allowance himself.

The bill continues the existing provision authorizing the class Q allotment system for the enlisted grades E-4 with under 4 years through E-1. The Senate committee made 2 changes in the House bill. First, the bill as passed by the House would have made the Dependents Assistance Act permanent law. The Senate committee, after consideration, voted to continue the legislation on a temporary basis. It has been continued every 4 years since 1950 as a part of the extension of the Selective Service laws. The committee was of the view that this measure should be continued on a temporary basis.

Second, the bill as passed by the House would have an effective date of October 1, 1962. The Senate committee amended the bill to provide an effective date of January 1, 1963. Departmental testimony indicated that the January 1 date was needed in order to accomplish the administrative changes necessary in connection with the elimination of the class Q allotment system. It would also result in lessening the cost of the legislation by approximately $70 million.

We have been very generous with the civil employees of the Government. The military personnel need some increases in their housing allowances. The study of the committee indicates that the rates which are set forth in the pending measure are reasonable. I hope the Senate will approve the bill.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. ELLENDER. Did I understand the Senator to say that if the bill is enacted it will cost $70 million annually?

Mr. RUSSELL. Oh, no.

Mr. ELLENDER. How much will it cost?

Mr. RUSSELL. It will cost much more than that.

Mr. ELLENDER. How much?

Mr. RUSSELL. It would cost about $285 million a year. The $70 million figure relates to the date that the law takes effect.

Mr. ELLENDER. I did not hear all of the Senator's statement.

Mr. RUSSELL. The Department of Defense requested that the bill become effective on the first day of January next year. The House made it effective the 1st of October of this year. The Senate committee went along with the Department and voted to make the effective date the 1st of January 1963. That is where the $70 million figure came in.

Mr. ELLENDER. As I understand, the increase in the allowance would go directly to the general or the colonel or the officer who receives it.

Mr. RUSSELL. Yes, indeed; that is correct.

Mr. ELLENDER. None of it is to be used in a revolving fund. Is that correct?

Mr. RUSSELL. No. We have eliminated the revolving fund in the military construction bill as it was recommended by the Department of Defense. The Department had sent it up in the budget, but it was eliminated. The construction bill did provide for a family housing account which consists only of funds appropriated for the purpose. The quarters allowance goes directly to the man in the service whether he is a general or a master sergeant who lives off a military base and who cannot find quarters furnished to him by the Government.

Mr. ELLENDER. All of this is strictly to pay for quarters allowances.

Mr. RUSSELL. In lieu of government-furnished housing; yes.

Mr. ELLENDER. The Senator believes that the amount of the increase is normal?

Mr. RUSSELL. It is difficult to come to an exact computation, because rental costs in some sections of the country are less than they are in other sections of the country. It is impossible to base allowances on the variation, because there is not the same rate. However, the overall increases are believed to be fair. There have been no increases since 1952, a period of 10 years.

The overall increases compare favorably with the increases in the rent generally throughout the country.

Mr. ELLENDER. In other words, the Government would pay only the amount that the officer or serviceman must pay, and no more; is that correct?

Mr. RUSSELL. Oh, no. That is not the rule at all. Every first lieutenant, for example, will receive the same amount.

Mr. ELLENDER. Whether he pays it in rent or not?

Mr. RUSSELL. Yes.

Mr. ELLENDER. Let us suppose that he gets rent for three-quarters of the amount of the allowance. What happens then?

Mr. RUSSELL. He would save about $25 a month. However, there are many cases where the military personnel are paying a good deal more than the Government is paying them for housing.

In some areas, particularly Alaska, the housing costs are several times over what the man would actually draw if he had to rent his quarters outside.

Mr. ELLENDER. Does the Senator have any ruling from the Department of the Army that officers and others who receive allowances should live in quarters in keeping in their rank?

Mr. RUSSELL. No we do not; but the reason why the bill is before the Senate is that the officers are complaining that they cannot provide quarters on their allowances which are comparable with those of persons in civilian life who have comparable incomes. The purpose of the bill is to try to equalize the difference. It will not work out exactly even. There will be some officers who will perhaps have to pay the difference out of their own allowances.

Mr. ELLENDER. Many of them will shop around to get their quarters as cheap as they can and pocket the difference.

Mr. RUSSELL. They will certainly do that; they would not be human if they did not.

Mr. BUSH. Mr. President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield.

Mr. BUSH. I shall support the bill, but I wish to raise a question concerning retired officers on the subject of recomputation.

It was developed before the committee a few weeks ago, and the subject has been before us for some time, beginning in January 1958, when the incentive pay increase bill was passed, that retired personnel got no benefit from the bill at that time. It was felt by many that the situation was inequitable.

Mr. RUSSELL. The Senator's statement is not exactly correct. The retired personnel received an increase, but they did not get one which was based on what would be paid in the same grade after the enactment of the bill. In the 1958 act all persons retired received a 6 percent increase except for those retired in three and four star-rank who received a 16 percent and 26 percent increase, respectively.

Mr. BUSH. Yes; I thank the Senator for correcting me on that point. However, ever since then there has been the question whether they should not have been treated in a fashion similar to that of those who retired the day after the law went into effect.

Mr. RUSSELL. I will bear emphatic testimony to the correctness of that statement of the Senator from Connecticut, regarding this being a constant question.

Mr. BUSH. Yes. At that time I had contemplated the offering of an amendment to this bill, which would correct that situation. I recall that in a meeting of the Committee on Armed Services a couple of weeks ago the issue was raised, but it was decided then by a majority vote of the committee to postpone action until January 1963. As I recall, this was due to the fact that the Secretary of Defense had appeared before the committee the day before and had stated that he was studying the problem. I believe he said he had a staff of 25 persons—which seems to me to be a large number of people—who were studying the matter. Nevertheless, he said he had the issue under study and would be prepared to make a positive recommendation to the committee in January. Is my understanding correct?

Mr. RUSSELL. I do not know that the Secretary stated he would make his recommendations in January, but he said he would do so early in the next Congress.

Mr. BUSH. Early in the next Congress.

Mr. RUSSELL. I think the Senator is justified in assuming that the Secretary intended that the recommendation would be made in January. I have the exact language. He said, "It would be presented early in the next session."

The Senator from Connecticut knows this is a highly controversial question, one that has caused no end of trouble in the committee. As chairman of the committee, I can assure him that originally I was inclined to go along with the idea of recomputation, and I had no very strong feeling about it. However, I usually try to support the subcommittees which have heard all the testimony and have done all the work. For that reason, I did not support the first proposal to recompute. I have been convinced since then that recomputation would not be fair to other retired personnel in the low grades. We must have a retired increase method which will be fair to the entire retired list.

Mr. BUSH. I hope that when the Secretary's report is received, it will correct inequities between the groups.

Mr. RUSSELL. I am convinced that it will, because if it does not, Congress will have to do so, since there are a large number of persons in the lower grades who are affected, whereas only some 23,000 would draw substantial benefits from the direct recomputation. Actually, of the 191,000 retired prior to June 1, 1958, there are about 83,000 who would get no increase under recomputation; there are 108,000 who would get some increase, but little for most in the lower grades; then there are the 23,000 in the higher officer ranks who would get annual increases from $561 to $4,586.

The Senator is correct in stating that it is time that the Commission studied all phases of the problem of compensation of military personnel. In my judgment, there will have to be some increases in the compensation of military personnel, in view of the very generous increases which Congress has granted the civilian employees. The study will have to include not only the question of allowances, but the question of purchases at commissaries and post exchanges. All of those matters are under review, and a package report should be made early in the next session for Congress to consider. There is no question in my mind that it will be the first legislation the Committee on Armed Services will take up after we have our authorization on the military program. I think it will have to come first.

Mr. BUSH. I thank the Senator for his statement. I sincerely hope that this subject will be considered very early in the next session.

Mr. RUSSELL. There is no question that the subject will be threshed out by the Senate early in the next session, if our Government endures, as we all know it will.

Mr. BUSH. I express the hope that the Secretary's report will be favorable to readjustment, so as to overcome the seeming inequity between those who retired the day following the enactment of the 1958 bill and those who retired prior to that date. I think there is a definite need for an equitable settlement on that difference.

Mr. RUSSELL. I do not know what the group which is studying the question will recommend. There is no question in my mind that it will recommend increases. Just what form the increases will take, I have no way of knowing.

Mr. BUSH. Naturally; I quite understand that. I also hope, as the Senator has suggested, that the report to be submitted by the Secretary will take into account inequities between the grades.

Mr. RUSSELL. Oh, yes, indeed.

Mr. BUSH. I think that under the bill before our committee there was definitely unfair treatment to the lower grades.

Mr. RUSSELL. There is no doubt about that.

Mr. BUSH. Some of them received no benefit.

Mr. RUSSELL. That is why the recomputation was not adopted 2 years ago.

Mr. BUSH. Yes. I thank the Senator for his statement. I want to explain why I would not offer an amendment. I have discussed the question with representatives of the Retired Officers' Association as of yesterday and today. As a result of the conversations, I have concluded not to offer a pay adjustment amendment, but to express the hope that the Secretary's report, when it is made, and the action of the committee following that report, will be favorable to the readjustment in a thoroughly equitable way, not only for the officers in the higher grades, but also for the personnel right down the line.

Mr. RUSSELL. I thank the Senator. I am inclined to think he has made a decision which will be advantageous to all, and that no group can be prejudiced by letting the whole matter be considered in one package early in the next session of Congress.

Mrs. SMITH of Maine. Mr. President, I call up my amendment designated "6–25–62—B" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 8, line 12, it is proposed to strike the words "January 1, 1963" and insert in lieu thereof the words "October 1, 1962".

Mrs. SMITH of Maine. Mr. President, the amendment is a simple one. It merely changes the date from "January 1, 1963," to "October 1, 1962."

The Department of Defense has urged the passage of the bill on grounds of desperate need. In my opinion, if the bill is needed now, why wait until 1963 to make it effective? I should like to see the increase in quarters allowance become effective on the day the bill is signed by the President; but I know it will take a little time to put the act into operation. Yet I can see no justification for putting the effective date of the act off until 1963—and no later than October 1, 1962—for surely that will be sufficient time in which to put it into effect.

The Secretary of Defense, Mr. McNamara, has stated that the situation is disgraceful. Therefore, I ask, then why delay until 1963 correcting the situation?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maine. [Putting the question.]

The "ayes" have it, and the amendment is agreed to.

Mr. RUSSELL. Mr. President, on this amendment, I request a division; and I desire to address myself briefly to the amendment.

I have no very strong feelings about the amendment; and knowing the tendency of the Senate, I assume that the amendment would have very strong support, because it involves the expenditure of $70 million more than the Department has requested—and also $70 million above the budget, I may state.

When the Secretary of Defense was before the committee, he was asked about this matter. He testified that it would require that several hundred thousand personnel be offered an opportunity to change their allotments; and he said that to the extent that they did change them, the allotments would have to be processed. He said a huge task is therefore involved, both with the basic rate changes and with the form in which the payments are to be authorized; and he said that in order to achieve an orderly transition from the current structure to the new structure, they believe more time than would be available between the date of the passage of the bill and October 1 should be allowed, and that, therefore, they continue to recommend that the date be January 1.

Mr. President, out of deference to the Secretary—although, as I have said, I have no strong personal feelings about the matter—I feel that this amendment should at least be made subject to a division vote.

Mrs. SMITH of Maine. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Maine will state it.

Mrs. SMITH of Maine. I make the point of order that the decision of the Senate on the question of agreeing to the amendment was announced before a division was requested.

The PRESIDING OFFICER. The Senator's point of order is well taken. However, the Chair should have given the Senator from Georgia, who was on his feet, an opportunity to request a division, and should have announced, "The 'ayes' appear to have it." But the Chair is informed by the Parliamentarian that the Chair actually announced "The 'ayes' have it."

So the Senator from Georgia will have to request reconsideration.

Mr. RUSSELL. Mr. President, I shall be willing to do so, although it has been the rule here for so long that the memory of man runneth not to the contrary that a Senator who is on his feet may request a division. However, I do ask that the vote on the amendment be reconsidered, and I so move.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Georgia that the vote by which the amendment was agreed to be reconsidered.

The motion was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Maine. [Putting the question.]

The "noes" appear to have it; and the "noes" have it, and the amendment is rejected.

The question now is on agreeing to the committee amendment.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 11221) was read the third time and passed.

The title was amended, so as to read: "An Act to amend section 302 of the Career Compensation Act of 1949, as amended (37 U.S.C. 252), to increase the basic allowance for quarters of members of the uniformed services, and for other purposes."

Mr. RUSSELL. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. ROBERTSON. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

DEFENSE EXPENDITURES

Mr. PROXMIRE. Mr. President, in last night's Washington Star the Secretary of the Air Force, Mr. Zuckert, was quoted as having defended the $51.6 billion Kennedy administration budget against charges by former President Eisenhower that it reflects "unjustified fears" and "outmoded concepts."

In the course of his statement, Mr. Zuckert, the Secretary of the Air Force, stated:

> I have never seen a military budget which has received the intensive scrutiny this one has.

If there was such scrutiny it certainly was not on the floor of the Senate, where debate of this huge appropriation was perfunctory.

Also, Mr. President, yesterday the distinguished former Secretary of the Air Force, the present senior Senator from Missouri [Mr. SYMINGTON], called on former President Eisenhower to specify exactly where he favored reductions in the budget.

Mr. President, I am one of the few Senators who have supported former President Eisenhower in his statement that he believes the defense budget should be reduced; but at the time I did so, I also called on former President Eisenhower to indicate where he favored making cuts in the defense budget. So I warmly support the request made by the Senator from Missouri [Mr. SYMINGTON].

Former President Eisenhower commands the respect, the admiration, and the affection of the American people, and I believe there is no field in which he is more expert or more competent than the defense field. So if he will speak up and will indicate where he believes the budget should be cut or reduced, that will give tremendous assistance to those of us who have been working hard in the Congress to discuss the defense budget on its merits and to try to reduce unnecessary spending. In the course of doing so, we hope to have, of course, a stronger defense, not a weaker one; and we hope to do so on the basis of eliminating the wasteful diversion of men and material as well as money into outmoded weapons; and instead obtaining the strongest defense we possibly can obtain.

In the course of his statement, former President Eisenhower said:

> Accordingly, I personally believe—with, I am sure, very little company in either party—that the defense budget should be substantially reduced.

Mr. President, the trouble is that former President Eisenhower is likely to have very little support in that connection unless he specifies where he thinks the cuts should be made.

It happens that I favored reducing the appropriation for an additional aircraft carrier. The position taken by former President Eisenhower could add great and even decisive strength to that position; and I believe that in the future, when these appropriations come up again, we can make solid progress in terms of reducing unnecessary expenditures, if the former President will support us.

Once again I assert that I shall never vote to make any reduction in our defense expenditures which in my judgment would in any significant way weaken our national security. But I do favor making reductions in the defense budget, because, as former President Eisenhower has stated, I believe we are wedded to outmoded concepts; and I believe that we have a weaker, not a stronger, defense when we wastefully spend money on the Defense Establishment.

COUNTRY NO LONGER FACES POSSIBILITY OF SERIOUS ECONOMIC DEPRESSION

Mr. PROXMIRE. Mr. President, the President of the United States has called for a debate on economic policy. As I said yesterday, I think that request by the President is a very wise one, and certainly we need such a debate.

As has recently been indicated, the meeting of the Economic Policy Committee of the Organization for Economic Cooperation and Development in Europe indicated that today even the leading economic experts in Europe are very much undecided about the economic dilemma which faces the leading country in the free world, the United States of America. So this is an ideal time for a debate among Senators and Members of the House of Representatives in regard to the economic policies which should be adopted.

Leading spokesmen for the administration have suggested the possibility of a tax cut, and the President has indicated that he believes that he should have greater authority to increase spending. So we have some definite policy proposals to consider.

In an article published this morning, Walter Lippmann takes the position that he believes the administration has not done enough in provoking an economic debate, because it has not requested a tax cut this year, and has been a little vague about the kind of tax cut it wants made next year.

Mr. President, I respectfully disagree with Mr. Lippmann. I believe we do have the basic question before us; and I believe that those of us who are interested in economic policy now have a golden opportunity, and should either come forward with our own alternatives to the administration's proposals, or else we should support the administration's proposals.

This afternoon, I should like to stress the importance of having all Americans, particularly those in high policymaking positions in either business or the government, recognize that it is no longer likely that we shall face a serious depression. The former Secretary of the Treasury, Mr. Humphrey, stated, for example, that if we continue with the kind of extravagant spending that has been urged, we might have "a depression that will curl your hair."

I think he was a very distinguished man and a very successful businessman, but I think if we adopt the notion that we must act suddenly one way or another to prevent a depression, we are likely to take panic action or precipitous action that would be unwise and unnecessary.

At the same time, others have said that unless we have a tax cut, unless we have increased spending immediately, unless the Government takes decisive action either now or beginning early next year, we are likely to have a depression. I think this is wrong. I think we must recognize the great difference in the economy we are now enjoying as compared with the economy that existed not 30 years ago, but only 10 years ago.

I have in my hand the economic indicators for June 1962, the most recently available economic indicators. They show that the element of personal income, which has risen most rapidly, is transfer payments. These are social security payments, unemployment compensation payments, and payments of that kind, these have been rising rapidly, and will continue to rise rapidly. They now constitute a perfectly immense source of income that is stable and increasing, and in a recession or depression would not decline, but would increase.

How great these payments are as compared with 1953 is indicated by the fact that in 1953 the transfer payments constituted $14.3 billion. Today, less than 10 years later, they are $33 billion—2½ times as large.

We now have a situation in which transfer payments—social security and unemployment compensation payments primarily—are more than twice as high as all the dividends paid in this country. Shortly they will be higher than all business and professional income received in this country. They are three times as high as all the farm income received in this country. As a matter of fact, within 3 or 4 years they are going to be the greatest source of income other than salaries and wages. In depression this income which was nonexistent 30 years ago and relatively small 10 years ago will increase, not decrease.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. ROBERTSON. I commend the Senator for calling on the former Commander in Chief as well as the Chief of Staff of the Army who criticized the defense budget we recently passed as being too high. It is easy whenever a bill gets as large as $42 billion, to say it is too high, but the essential thing is to point out what items should be cut. In the testimony before us, from all the experts there, they were asking for a budget 25 percent more than they got. They were the experts. The House cut their requests down about $500 million. Most of our restoration was for the B–70.

I think they ought to make up their minds whether they want the B–70 or not, and not piddle around, as I told the Secretary of the Air Force. I said, "you may recall the quotation, 'If you are going to cross the Rubicon, cross it—don't stand in the middle and reach for both sides.' Either we want it or we do not want it." As the distinguished Senator said, the B–70 is the only recognized superiority we have over Russia; they cannot touch it.

Now coming to the economic problem, I agree that we have built-in safeguards that we did not have in the great depression of the 1930's, but I want to call attention to the fact that in the thirties banks made loans on real estate on an estimated 50 percent of their value and went broke. Now banks are making loans on real estate on 90 percent or more of their value. Does not the Senator think that if we have a real depression, real estate values will go down more than 10 percent? If they do, we have billions of dollars tied up in FHA loans by banks and insurance companies. Whether that will "curl your hair or not," it will be very bad. I agree with the Senator that we should not engage in reckless spending.

Mr. PROXMIRE. I join the Senator from Virginia in his opposition to reckless spending. We have Government insurance on mortgages that we did not have in the deep depression of the 1930's.

Mr. ROBERTSON. That is true, to the extent of $38 billion, but how much money do we have behind that? Very little.

Mr. PROXMIRE. We also have Government insurance on bank deposits, which, if it has not made banks completely runproof or ruinproof, has come very close to it. It has been many years since there has been any bank failure. I feel this is another great source of strength.

What I am pleading for is recognition on the part of business and Government leaders that we do not have to be afraid of a serious depression simply because the stock market is dropping sharply, and that we should have solid confidence in the overall economic system we have.

I had called attention to transfer payments and the fact that these payments have become a stabilizing influence on income.

I now point to another firm basis of even graver importance. A recent analysis by U.S. News & World Report shows that three-quarters of total spending—three-quarters of the gross national product—represents spending of the type that tends to stay up regardless of business conditions and actions in downturns. Spending on food, clothing, and other soft goods represents $160 billion. Spending for rent, transportation, and so forth represents spending of $147 billion. Government spending—which we recognize is unlikely to decrease in a recession, but perhaps increase—represents another $110 billion. These expenditures alone represent three-quarters of our gross national product. In a recession period they will not drop significantly. They are stable.

ECONOMIC OUTLOOK GOOD

The most interesting aspect of this analysis is one that is not stressed as much as I think it should be. In the quarter of the economy where spending does tend to fluctuate, there is no present basis for fearing recession. On the contrary, there is substantial expectation of expansion and improvement. Fortune magazine today has come out with the prediction that the next 2 years are going to be prosperous and expansive.

When we recognize fully the main ingredients of this segment where the economy has fluctuated, we see five types of spending. One is on automobiles, in which spending has been about $45 billion. I think anyone who thinks about the automobile industry must recognize that this industry has done well this year, better than it has done since 1955, and gives every promise of continuing to be good in coming years. We have more highways than ever, and more people who will be driving. We have a substantially sustained income from the source. We have every hope and indication that automobiles will continue to be in demand, especially because of the increasing competitive situation in the automobile industry, and because prices and costs have stabilized.

HOMEBUILDING EXPECTED TO IMPROVE

The second type of spending has suffered a long cyclical downturn. It should begin to turn up; That is, home construction with $43 billions involved. And in fact, housing starts have improved. Home improvements have increased substantially. But they are still below what they were in 1950. With more people, more income and greater likelihood of more family formations, there is every expectation that homebuilding will be increased. The construction cycle suggests such an improvement is due.

Also, this area is in control of the Government to a considerable extent because of Government determination of interest rates, which have such an enormously important bearing on homebuilding.

In the period 1955–57, when the Federal Reserve began a policy of hard money and increased interest rates, although income, wages, and population were increasing, homebuilding dropped sharply. I submit the drop was directly attributable to high and rising interest rates. Interest is such a big and decisive cost in homebuilding. A 1-percent difference in interest rates on a $20,000 home paid for over 30 years could make a $3,000 difference in the cost of the home.

So here is an area where, if the policymakers on the Federal Reserve Board and the Treasury Department can decide to give the economy a stimulus. They can reduce interest rates and increase homebuilding. There is a great, pent-up demand in this field. I think we can expect, on any basis, to have this area of the economy improve steadily.

The next item is investment in machinery and equipment, where $28 billion of spending is expected.

Of course, the stimulation for this portion of the economy is a part of the President's tax bill, in which he proposed the investment credit. I happen to oppose that proposal. I do not think it is sound. However, if the administration proposal would have any effect at all it should have some stimulating, not discouraging effect, if it should pass.

At the same time, the administration is engaged in a revision of the depreciation schedules. Many people think this is a wise and necessary policy, and would stimulate investment in new machinery and equipment. It certainly should.

At any rate, the automation which the economic experts say is the wave of the future in our economy is likely to assist in stimulating the new machinery and equipment area substantially. So here is a third area in which we can expect an expansive not a contracting effect on the economy.

The next area of fluctuation in our economy which might fluctuate up or down is additions to inventories of business. This is another area in which we can expect in the future a stimulating effect in the economy, because inventories have not increased lately as sales have increased. In fact, there has been a reduction in inventories. But now that inventories are low relative to sales we can expect not only a stabilizing influence in the economy but also an expansionary effect in this regard.

EXPORTS MAY BE A FACTOR

The only other area remaining is a relatively small item, the net exports to other countries of about $3 billion. We all expect that if no other major bill of this administration should pass this session, the President's trade bill is very likely to pass. The whole purpose of the President's trade bill is to increase exports to other countries. That is the main purpose of the bill. While the trade bill is controversial and will affect some industries in our Nation in an unfavorable manner, we all agree it is likely to have an overall effect of stimulating exports.

So, Mr. President, on every one of these items—the automobile industry, the homebuilding industry, new machinery and equipment, additions to inventories, and net exports to other countries—we can expect the economy to move ahead, to expand, and to improve.

So far as the remainder of the economy is concerned, as the U.S. News & World Report in its very careful analysis shows, these are areas in which we are very unlikely to observe a cutback in spending. We have not had that in the past. There is every reason to believe that the necessities which are bought by American families will continue to be bought.

Under these circumstances, it seems to me it makes sense for the policymakers, whether they be in business or in Government, to realize that we have a stable economy, an economy which is likely to move ahead, an economy which can be stimulated further by dropping the present very rigorous tight-money policy which has resulted in the tightest ratio between the money supply and the gross national product that has been experienced in 30 years. Under these circumstances, it seems, a sharp tax cut or an increase in Government spending is not warranted.

Mr. President, there is one other point I wish to make in connection with economic policy at this time.

Mr. RUSSELL. Mr. President, will the Senator yield, before he embarks upon a new subject?

Mr. PROXMIRE. I am happy to yield to the distinguished Senator from Georgia.

Mr. RUSSELL. I am not an economist, but it has seemed strange to me that so much fear could be expressed with business generally moving as well as it is. Employment is high. The freight car loadings, retail sales, and standards of that kind are favorable.

One of the things which has always disturbed me about the base of our whole economy and business life has been the great reduction in our gold supply. It may not mean anything. Some people say it does not. As a practical matter, though, the United States does not have enough gold on hand to meet the outstanding notes against it. In other words, there is not enough gold in the bank at Fort Knox to meet the obligations set out by way of law. There is a 25 percent requirement, I believe, for backing of the currency. There are foreign holdings of dollar credits which must be paid in gold, much greater in amount than previously.

I think that if we get into any serious trouble, it will be partly psychological. Does the Senator think there is any danger whatever that there may be a run on the gold of America from abroad, due to fears generated by the debacle in the stock market?

Mr. PROXMIRE. I agree with the Senator from Georgia that this is a very serious matter which we should consider carefully.

There is no question in my mind in regard to the fact that the unfavorable balance of payments which exists, which will continue to deplete and to limit the gold supply, is a problem we have not solved or even begun to solve. The stock market effect is bound to be adverse in this situation.

As the Senator has indicated, the foreign claims on our gold have increased to such an extent that they exceed our gold supply. If as is very unlikely the foreign claims should be called, then our gold supply could possibly be completely exhausted. This conceivably could be true even if we gave up the present legally mandatory 25 percent gold backing for currency.

I think there are a number of things which we can do. One of them is to try to have a balanced budget. We can try to have a situation which will inspire confidence on the part of people abroad. I think this also would help to contribute toward a solving of the specific balance-of-payments problem.

The difficulty is that although the United States has a very favorable balance of trade, it has an unfavorable balance of payments because of our foreign aid program, because of the fact that our troops are stationed abroad, and also because of some exodus of American capital abroad. I think all these things are subject to the control of our Government.

There will be a very serious problem if we do get into the position of depleting our gold, and it might become so serious that we might have to interrupt our foreign aid program. Some people feel that might not be a bad idea.

What would be even more dangerous is that we might have to interrupt the stationing of American troops abroad. We might have to call back some of those troops.

To some extent, this problem has already been demonstrated by the action taken under President Eisenhower, when he ordered the elimination of support for the families of servicemen stationed abroad. It was a great sacrifice for those who served abroad. It had an adverse effect on morale. I am sure that former President Eisenhower gave that order with great reluctance.

Of course, a more definitive action would be to bring the troops home. Therefore, I say this may have a serious effect on the defense of the free world, and it concerns us very much.

There are a number of things which we can do, but I think the basic action we can take is to make sure there is a stable, respected, and effective fiscal policy in this country which will result in balancing the budget, certainly in times of prosperity.

Mr. RUSSELL. One of the things which has prompted me consistently to vote for reductions in the foreign aid program has been the fear that we might put into the hands of others—even though of friends—the power to demoralize our economy, at least temporarily. That would be an almost certain result if there were to be a run on our gold holdings. I do not refer to a slight run, for we have been experiencing that for a couple of years. There has been a gradual depletion of our gold stocks. However, all the creditors have not come in to stand at the door at one time, as we have seen on the closing of a bank when a president absconded with the money of the depositors. The depositors lined up at the doors.

If all of the holders of dollar credits were to line up at one time, I think it might demoralize our economy a great deal, and to a certain extent offset the fine safeguards to which the Senator has referred.

Mr. PROXMIRE. I thank the Senator from Georgia. The feeling on the part of European economists and bankers seems to be mixed. A majority of them, according to the President of the United States, feel that we should try to get our economy moving by a tax reduction, by increasing our spending, and by having high interest rates. I take the exactly opposite position.

It is interesting to note that recent reports suggest a number of European economists disagree with the majority opinion and feel that the United States can follow a successful policy of fiscal restraint and of monetary ease. Along that line, I wish to say that the argument always made against those of us who favor some credit ease is that this will aggravate the balance of payments situation because if U.S. interest rates are lower than the interest rates abroad there will be a tendency for people who invest in this country's obligations to sell those obligations and to buy bonds abroad, particularly the short-term obligations. I might say almost exclusively the short-term obligations, since those involve virtually no risk.

There are two answers to this contention. One answer is that the Federal Reserve Board can follow a policy of keeping interest rates on short-term obligations high—a policy which has not been followed but which could be followed—and keeping interest rates on long-term obligations low. If the Board did that we would not lose our capital. There would be a stimulation of home building and a stimulation of other industries which depend upon low interest rates.

The other proposal, which I do not support but which has a great deal of support in the Senate, I know, for I have talked to a number of Senators who feel this way, as well as support among some economists in this country, relates to the fact that the United States is virtually the only country in the free world which has not had controls on the movements of capital. While this is a recourse we reluctantly would take, there is no reason why the Government could not say to investors, to those who would take advantage of higher interest rates abroad by moving their capital, the taking of capital from the United States could endanger the position of our gold and the position of our defense establishment throughout the world. You are therefore not permitted to invest American capital in foreign bonds.

So I think there are answers. We can stimulate our economy, in my judgment, and stimulate it substantially without running a bigger deficit, without increasing spending sharply, and without sharp reduction in taxes at a time when we are enjoying prosperous periods, at a time when we are enjoying a peaceful period. Now, if ever, we should have a surplus, or at least a balance in our budget, we ought to have it now.

Mr. President, I ask unanimous consent that an article entitled "Why There Will Be No Big Setback in Business" published in the U.S. News & World Report, issue of July 2, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHY THERE WILL BE NO BIG SETBACK IN BUSINESS

Once more talk of recession is heard in Washington. This time it is related to the upset in the stock market. Late 1962 or early 1963 is referred to most often as the probable starting point for a decline in business.

The possibility of a recession in 1963 was mentioned publicly on June 19 by Ewan Clague, U.S. Commissioner of Labor Statistics. Speaking in Atlantic City, Mr. Clague pointed out there has been a business decline every 2 or 3 years since World War II. He added that it was too early to tell whether the stockmarket sag would hasten a recession.

If the stock market does turn out to be signaling another recession, the Government's planners are confident that it will be moderate. They point out that in past recessions, industrial output has dipped from 5 to 14 percent; personal income very little, and gross national product scarcely at all.

NO BUBBLES TO BURST?

Other reasons are given for confidence. For one thing, the Government's appraisers of the business outlook see no speculative bubbles that are likely to burst, now that the stock market has gone through a severe shakeout.

Effect of the stock market upset on business confidence and individual spending plans is described as uncertain.

At bottom, however, the confidence of Government planners in the underlying strength of business rests upon grounds other than business sentiment. These planners see a number of cushions in the American economy that tend to soften any downward trend in business activity.

An important point is made of the fact that more than $3 out of every $4 in the Nation's total spending now is subject to very little fluctuation. That provides a substantial underpinning for general business activity.

THE BIG SPENDERS

More than 20 percent of total dollars spent are government dollars—payments made by Federal, State, and local governments for goods and services. Government spending now is on the rise. Demand coming from government for goods and services will increase in the period ahead.

Another cushion is the flow of dollars that individuals and families spend for necessities—food, clothing, gasoline and other types of soft goods. This amounts to more than 29 percent of the country's total spending. The outlay for necessities seldom decreases much when business activity slackens.

A third cushion is provided by spending for services—rent, transportation, home repairs, medical care. This accounts for nearly 27 percent of total spending, and people have been increasing their outlay for services for many years, during periods of good business and bad.

That leaves less than $1 in $4 that is subject to sharp fluctuations as business goes up and down.

At the present time, Government planners fail to detect any pronounced weakness in this less stable area of spending. Spending for autos, furniture, appliances has held high. Business investment in new equipment, though less than the planners had expected, also is going on at a relatively high level.

Building activity seems to be headed for another record year. Residential building, lagging early in the year, recently has turned up sharply—largely in apartments.

OUTLOOK IN INVENTORIES

It is pointed out that shifts in inventories of business often are a cause of trouble. The signs are, however, that inventory accumulation has not been excessive. Steel inventories, in fact, are getting down to the point where increased buying is expected to be forced by September. The ratio of inventories to sales is shown by Government reports to be much lower than a year ago. So the planners believe that in the period immediately ahead inventory policies will not be a drag on activity.

In the judgment of officials who advise on Government policy, more than three-fourths of present total spending is of the type that will be maintained or will rise through this year and in 1963. And they do not expect a collapse in the purchase of cars, homes, and household goods, even though demand for these items may shrink a bit.

Another source of strength for business is seen by Government analysts in stable personal income. When business turns down and workers lose jobs, unemployment benefits and old-age pensions turn up. Government payrolls also usually expand. Together, these payments make up around 20 percent of total personal income and act to offset shifts in other types of income.

In the 1957–58 recession, income of wage and salary workers, business proprietors and farmers, payments on dividends, rents and interest dropped by $5.7 billion a year. But benefit payments and Government payrolls went up by $3.2 billion, holding the decline to $2.5 billion. That performance was repeated in 1960–61, when a decline of $2.8 billion in other personal income was offset by a rise of $2.1 billion in Government wages and salaries and in benefits. That held the overall dip to a modest $700 million.

These cushions in personal income tend to keep individual purchasing power on an even keel and thus bolster total consumer spending.

Planners cite additional protections against serious business setbacks.

Farm incomes, for example, are protected by Government price supports and other aids. Bank deposits and shares in savings and loan associations are insured by the Government, thus protecting people's savings and insuring against financial panics. Mortgages now can be paid off over a long period of years, and many are insured by the Government. That prevents a wave of foreclosures.

IF RECESSION COMES

In the years since the deep 1929 depression, Government has installed a whole series of safeguards to prevent a repetition of that crash. Observers cite the mild recessions of 1948–49, 1953–54, 1957–58, and 1960–61 as evidence that these safeguards are reliable. They see no reason to believe that safeguards will not operate effectively again if a recession occurs late this year or early in 1963.

Finally, there is the power of the Government itself to stem a downturn in business. Government can and probably will increase its own spending to offset a drop in private business. A tax cut to add to people's purchasing power and to corporate profits already has been promised for next year.

Actually, as the Government planners view the problem, the issue is not how to prevent a recession from leading to a severe setback, but how to increase total business activity. The way to solve that problem has not yet been found by the President and his advisers, but they are considering a number of approaches. Among them are more liberal depreciation allowances for business, in the hope that they will stimulate investment, promote growth, and provide jobs.

At the moment, however, the planners are scanning the economic skies for signs of recession.

MANN CREEK FEDERAL RECLAMATION PROJECT, IDAHO

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1580, Senate bill 405.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 405) to authorize the Secretary of the Interior to construct, operate, and maintain the Mann Creek Federal reclamation project, Idaho, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 2, line 10, after the word "block", to strike out:

Costs allocated to irrigation in excess of the amount determined by the Secretary to be within the ability of the irrigators to repay within said fifty-year period shall be returned to the reclamation fund from such net revenues derived by the Secretary from the disposition of power marketed through the Bonneville Power Administration as are over and above those required to meet any other present capital costs assigned for repayment from such revenues.

And insert:

Costs allocated to irrigation in excess of the amount determined by the Secretary to be within the ability of the irrigators to repay within the repayment period or periods herein specified, shall be returned to the reclamation fund within such period or periods from revenues derived by the Secretary of the Interior from the disposition of power marketed through the Federal power system in southern Idaho.

And after line 24, to strike out:

SEC. 3. (a) The Secretary of the Interior is authorized, in connection with the Mann Creek project, to construct basic public recreation facilities but such facilities (other than those necessary to protect the project works and the visiting public) shall not be constructed until an agreement has been executed by the State of Idaho, an agency or political subdivision thereof, or an appropriate local agency or organization to assume the management and operation of the facilities. The cost of constructing such facilities shall be nonreimbursable and nonreturnable under the reclamation laws.

And, in lieu thereof, to insert:

SEC. 3. (a) The Secretary of the Interior is authorized, in connection with the Mann Creek project, to construct minimum basic public recreation facilities, and to acquire such lands as may be necessary for that purpose, substantially in accordance with the plan in the report of the Secretary of the Interior, but such facilities (other than those necessary to protect the project works and the visiting public) shall not be constructed until an agreement has been executed by the State of Idaho, an agency or political subdivision thereof, or an appropriate local agency or organization to assume the management and operation of the facilities. The cost of constructing such facilities shall be nonreimbursable and nonreturnable under the reclamation laws.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of providing irrigation water for approximately five thousand and one hundred acres, conserving and developing fish and wildlife, and providing recreational benefits, the Secretary of the Interior, acting pursuant to the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto), is authorized to construct, operate, and maintain the facilities of the Mann Creek Federal reclamation project, Idaho. The principal works of the project shall consist of a dam and reservoir, diversion facilities from the reservoir, and drainage facilities.

Sec. 2. The base period provided in subsection (d), section 9, of the Reclamation Project Act of 1939, as amended, for repayment of the construction cost properly chargeable to any block of lands and assigned to be repaid by irrigators may be extended to fifty years, exclusive of any development period, from the time water is first delivered to that block. Costs allocated to irrigation in excess of the amount determined by the Secretary to be within the ability of the irrigators to repay within the repayment period or periods herein specified, shall be returned to the reclamation fund within such period or periods from revenues derived by the Secretary of the Interior from the disposition of power marketed through the Federal power system in southern Idaho.

Sec. 3. (a) The Secretary of the Interior is authorized, in connection with the Mann Creek project, to construct minimum basic public recreation facilities, and to acquire such lands as may be necessary for that purpose, substantially in accordance with the plan in the report of the Secretary of the Interior, but such facilities (other than those necessary to protect the project works and the visiting public) shall not be constructed until an agreement has been executed by the State of Idaho, an agency or political subdivision thereof, or an appropriate local agency or organization to assume the management and operation of the facilities. The cost of constructing such facilities shall be nonreimbursable and nonreturnable under the reclamation laws.

(b) The Secretary may make such reasonable provision in the works authorized by this Act as he finds to be required for the conservation and development of fish and wildlife in accordance with the provisions of the Fish and Wildlife Conservation Act (48 Stat. 401, as amended; 16 U.S.C. 661 and the following), and the portion of the construction costs allocated to these purposes, together with an appropriate share of the operation, maintenance and replacement costs therefor, shall be nonreimbursable and nonreturnable. Before the works are transferred to an irrigation water users' organization for care, operation, and maintenance, the organization shall have agreed to operate them in such fashion, satisfactory to the Secretary, as to achieve the benefits to fish and wildlife on which the allocation of costs therefor is predicated, and to return the works to the United States for care, operation, and maintenance in the event of failure to comply with his requirements to achieve such benefits.

Sec. 4. There are hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated such sums as will be necessary to carry out the purposes of this Act.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments are agreed to en bloc.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1620), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

NEED FOR THE PROJECT

In normal years the 5,060 acres comprising the project received no more than a 60-percent supply of irrigation water although total runoff is adequate for the needs of the area. Most of the runoff occurs in the spring before it can be put to use, frequently causing floods and considerable loss and damage to property. Under present conditions farmers have no choice of cropping but continue with a hay and grain operation whether it is desirable or not. There is no opportunity, because of lack of late water, to set up a suitable crop rotation program. The area has an ideal climate for growing seeds, fruits, berries, tomatoes, melons, and other similar type crops for which there is a ready market. With a timely and adequate water supply the grain crops that are in surplus would largely disappear to be replaced by those types that are always in demand.

DESCRIPTION OF PLAN

The project would provide supplemental irrigation water for 4,465 acres and a full supply for 595 acres of land on Mann and Monroe Creeks near the town of Weiser in western Idaho.

The principal works are the Spangler Dam and Reservoir on Mann Creek, diversion facilities from the reservoir to the existing Joslin Ditch, and drainage facilities for the Mann Creek area of the project. The drainage facilities would be constructed by the irrigators after the project is placed in operation and the need for them became evident. Existing distribution systems would be used and any additions or extensions would be made by the farmer. The dam would be a rolled earthfill structure creating a reservoir of 13,000 acre-feet capacity of which 11,000 would be for irrigation.

The reservoir would enhance the resident game fish population as a result of an anticipated reservoir fishery. Further, the facility would serve as a small waterfowl resting area. The recreational benefits of this water storage include boating, fishing, camping, and possibly swimming. This aspect, although somewhat incidental, has a particular appeal to the residents of the surrounding townships, because of the lack of any large water impoundments in the area.

Cost and repayment

Cost:	
Reimbursable, irrigation	$3,390,000
Nonreimbursable, fish and wildlife and recreation	100,000
Total	3,490,000
Repayment of irrigation costs:	
Irrigators, 50 years	1,014,000
Southern Idaho Federal power revenues	2,376,000
Total	3,490,000
Benefit-cost ratio, 100 years	1.52–1

The contract between the Department of the Interior and the Mann Creek Irrigation District would require that the district operate and maintain the facilities during the repayment period in a manner satisfactory to the Secretary of the Interior.

WAURIKA RECLAMATION PROJECT, OKLAHOMA

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1581, Senate bill 114.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (S. 114) to authorize the Secretary of the Interior to construct, operate, and maintain the Waurika reclamation project, Oklahoma.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to, and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 4, line 23, after the word "purposes", to insert "so long as the space designated for those purposes may be physically available, taking into account such equitable reallocation of reservoir storage capacities among the purposes served by the project as may be necessary due to sedimentation"; on page 5, line 3, after the word "to", to strike out "the project water users the care, operation, and maintenance of" and insert "a water users' organization the care, operation, and maintenance of"; and on page 6, line 16, after the word "game", to insert a comma and "and the protection of the public health, safety, and welfare"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized to construct, operate, and maintain the Waurika reclamation project, Oklahoma, in accordance with the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto), except so far as those laws are inconsistent with this Act, for the principal purpose of storing, regulating, and furnishing water for municipal, domestic, and industrial use, for irrigation, for controlling floods, and for the conservation and development of fish and wildlife and the enhancement of recreational opportunities. The Waurika project shall consist of the following principal works: the Waurika Dam and Reservoir, an aqueduct system, pumps, canals, laterals, drains, and other irrigation works.

Sec. 2. In constructing, operating, and maintaining the Waurika project, the Secretary shall allocate the costs thereof among different functions resulting from multiple-purpose development under the following conditions:

(a) Allocations to flood control, recreation, and the conservation and development of fish and wildlife shall be nonreimbursable and nonreturnable under the reclamation laws.

(b) Allocations to municipal water supplies, including domestic, manufacturing, and industrial uses shall be repayable through contracts with municipal corporations, or other organizations as defined by section 2, Reclamation Project Act of 1939 (53 Stat. 1187), under the provisions of the Federal reclamation laws, and, to the extent appropriate, under the provisions of the Water Supply Act of 1958 (72 Stat. 319). Such contracts shall precede the commencement of construction of any project unit affecting the individual municipality or industrial users, and shall provide for all repayment of construction costs allocated to municipal water supplies in not to exceed fifty years from the date water is first delivered for that purpose, and notwithstanding the provisions of the Water Supply Act of 1958, supra, relating to the rate of interest. Payment of said construction cost shall include interest on the unamortized balance of that allocation at a rate equal to the average rate (which rate shall be certified by the Secretary of the Treasury) paid by the United States on its marketable long-term securities outstanding on the date of this Act and adjusted to the nearest one-eighth of 1 per centum: *Provided,* That such contracts shall provide that annual municipal and industrial payments shall be continued, after the municipal and industrial water supply obligation has been fully repaid with interest as provided above, at such annual rate and for such period of time as may be determined by the Secretary as is necessary to fully repay costs allocated to irrigation which will not be repaid by the irrigators as provided in section 2(c) of this Act.

(c) Any contract entered into under section 9, subsection (d), of the Reclamation Project Act of 1939 for payment of those portions of the cost of constructing, operating, and maintaining the Waurika project, which are properly allocable to irrigation, and which are assigned to be paid by the contracting organization, shall provide for the repayment of the portion of the construction cost of the project assigned to any contract unit or, if the contract unit be divided into two or more blocks, to any such block, over a period not to exceed fifty years, exclusive of any permissible development period, provided that appropriate adjustment shall be made in the amount that irrigation water users shall repay due to payments made by municipal and industrial water users on cost allocated to irrigation as provided in section 2(b) of this Act and provided further that such contracts may be entered into without regard to the last sentence of section 9, subsection (c), of the Reclamation Project Act of 1939.

(d) The water users' organization shall be responsible for disposal of all water surplus to its requirements, and the revenues therefrom shall be used by the organization for the retirement of project debt payment, payment of interest, and payment of operation and maintenance cost of the project: *Provided,* That nothing in this section is intended to preclude the temporary furnishing of irrigation water under contracts appropriate for that purpose, from Waurika Reservoir with or without the construction of specific irrigation works.

(e) Upon the completion of the payment of the water users' construction cost obligation, together with the interest thereon, the water users shall have a permanent right to the use of that portion of the project allocable to municipal, industrial, and irrigation water supply purposes so long as the space designated for those purposes may be physically available, taking into account such equitable reallocation of reservoir storage capacities among the purposes served by the project as may be necessary due to sedimentation.

SEC. 3. The Secretary is authorized to transfer to a water users' organization the care, operation, and maintenance of the works herein authorized, and if such transfer is made, to deduct from the costs allocated to municipal water use the reasonable capitalized equivalent of that portion of the estimated operation and maintenance cost of the undertaking which, if the United States continued to operate the project, would be allocated to flood control and fish and wildlife purposes, and to deduct from the costs allocated to irrigation the reasonable capitalized equivalent of the total additional cost during the irrigation repayment period of operating the screens for protection of fish at the irrigation intake. Prior to the taking over of the care, operation, and maintenance of said works, the water users' organization shall obligate itself to operate them in accordance with regulations prescribed by the Secretary of the Army with respect to flood control and the Secretary of the Interior with respect to fish and wildlife.

SEC. 4. (a) The Secretary of the Interior is authorized, in connection with the works authorized by this Act, to construct minimum basis recreational facilities and to arrange for the operation and maintenance of the same by an appropriate State or local agency or organization. The cost of constructing such facilities shall be nonreimbursable and nonreturnable under the Federal reclamation laws.

(b) The Secretary may, upon conclusion of a suitable agreement with any qualified agency of the State of Oklahoma or a political subdivision thereof for assumption of the administration, operation, and maintenance thereof at the earliest practicable date, construct or permit the construction of public park and recreational facilities on lands owned by the United States adjacent to the Waurika Reservoir when such use is determined by the Secretary not to be contrary to the public interest, all under such rules and regulations as the Secretary may prescribe. No recreational use of any area to which this section applies shall be permitted which is inconsistent with the laws of the State of Oklahoma for the protection of fish and game, and the protection of the public health, safety and welfare. The cost of constructing, operating, and maintaining the facilities authorized by this subsection shall not be charged to or become a part of the costs of the Waurika project.

SEC. 5. Expenditures for Waurika Reservoir, and the water supply aqueduct system, may be made without regard to the soil survey and land classification requirements of the Interior Department Appropriation Act, 1954 (43 U.S.C. 390a).

SEC. 6. The construction, operation, and maintenance of the Waurika reclamation project shall be subject to and in accordance with the provisions of the Act of July 1, 1932 (47 Stat. 564).

SEC. 7. There is hereby authorized to be appropriated for construction of the works authorized to be constructed by section 1 of this Act the sum of $25,019,500, plus or minus such amounts, if any, as may be required by reason of changes in the cost of construction of the types involved in the Waurika project as shown by engineering indices. There are also authorized to be appropriated such sums as may be required for the operation and maintenance of said works.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments are agreed to en bloc.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 114) was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1621), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

LOCATION AND DESCRIPTION OF THE PROJECT

S. 114, introduced by Senators KERR and MONRONEY authorizes construction by the Secretary of the Interior of the multipurpose Waurika project in Oklahoma.

This project is located in southwestern Oklahoma in Jefferson, Stephen, Cotton, and Comanche Counties. Waurika damsite is in Jefferson County about 6 miles northwest of Waurika on Beaver Creek, a tributary of Red River. The urban areas which would be furnished water supplies from Waurika Reservoir surround the Beaver Creek Basin. The lands to be irrigated from the reservoir are located along the north bank of the Red River near Ryan, Okla., near the confluence of Beaver Creek, about 20 miles downstream from Waurika damsite.

The Waurika project would provide for maximum practicable regulation of Beaver Creek flows at the damsite for the dominant purpose of municipal and industrial water supply for six municipalities and an oil refinery and a vital national defense installation. It would provide for construction of the Waurika Dam and Reservoir; an aqueduct system to deliver Beaver Creek flows from the reservoir to the cities of Lawton (including Fort Sill), Duncan, Waurika, Comanche, Temple, Walters, and the DX-Sunray refinery; a pumping plant and distribution system at a point 20 miles below the damsite to deliver reservoir releases to lands in the vicinity of Ryan, Okla., for the irrigation of about 2,000 acres; and recreation and fish and wildlife facilities. The project would provide essentially full control of floods on Beaver Creek at the Waurika damsite and desirable flood control benefits along the Red River.

Need for flood control was emphasized at the hearings on the measure. Testimony indicated that in year after year the city of Waurika has been inundated by the waters of Beaver Creek. As recently as June 11, 1962, the committee received a communication from Senator MONRONEY advising that a new flood, similar to those previously reported had occurred. The Red Cross had set up shelters for 150 persons as 80 blocks flooded and 100 families had from 6 to 18 inches of water in their houses. From 200 to 250 people had to be evacuated. The Department report indicated that the flood control storage space in the reservoir would prevent floods along Beaver Creek from the damsite to its confluence with Cow Creek and substantially reduce flood hazards below that point. The operation would be in accordance with regulations prescribed by the Secretary of the Army.

Project studies indicate that the Waurika Reservoir will yield about 44,000 acre-feet of water annually. The predicted year 2015 demand is 39,000 acre-feet per year for municipal and industrial purposes. Until that year, there is ample surplus water available for irrigation of some 2,000 acres of land downstream from the reservoir. By the end of the initial 50-year municipal repayment period, needs for additional municipal water will then begin to encroach upon the supply available for irrigation.

Land classification studies established that ample high quality lands are available for irrigation development. The project studies also established that inclusion of irrigation as a project purpose, using water that is surplus to municipal and industrial needs, would be economically justified. The increased crop returns which would result to the farmers and the increased income which would accrue to business interests in the surrounding areas supported this conclusion. They also established that the increased crop returns which would result from irrigation would permit the irrigators to pay all irrigation operation, maintenance, and replacement costs and repay all construction costs of the pumping plant and distribution system, as well as a portion of the joint reservoir costs allocated to irrigation. On the basis, utilization of the surplus water for irrigation of 2,000 acres was deemed merited and included in the project plan. It provides for full utilization of valuable land and water resources.

The project plan contemplates that operation of the reservoir would recognize the primary demand for satisfying municipal and industrial water requirements. On this basis, the first 115,000 acre-feet of the 155,000 acre-feet of conservation storage capacity would be jointly used for municipal and industrial water supply and irrigation purposes and the last 40,000 acre-feet would be reserved at all times for municipal and industrial use.

The National Park Service has concluded that the Waurika project could provide reservoir recreation opportunities of substantial value to the population of the general area. The plan provides for recreation facilities at and near the reservoir, as recommended by the National Park Service. Project funds would provide for land acquisition and construction of minimum basic facilities required for the protection and accommodation of the visiting public. These would include access roads, parking areas, water supply and sanitation, picnic areas, overlook developments, boat-launching ramps, beach developments, protective fencing, tree planting, and grass seeding. If found to be in the best interests of the Federal Government, funds would be transferred under appropriate agreement to the Division of Recreation and State Parks of the State of Oklahoma Planning and Resources Board for construction of these basic facilities. Additional recreation facilities not appropriate for Federal construction would be provided by local interests. After authorization, a more detailed recreation plan would be developed by cooperative efforts of Federal and State agencies and the water users' organization. Thus, full consideration would be given to recreation needs, to safeguarding of the public health, and to problems of administering and supervising both the recreation and water supply functions of the reservoir.

CONVEYANCE OF CERTAIN PUBLIC LANDS TO THE COLORADO RIVER COMMISSION OF NEVADA

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1582, Senate bill 3089.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (S. 3089) to amend the act directing the Secretary of the Interior to convey certain public lands in the State of Nevada to the Colorado River Commission of Nevada in order to extend for 5 years the time for selecting such lands.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1622), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF MEASURE

S. 3089 would extend to March 6, 1968, the time within which the State of Nevada, acting through its Colorado River Commission could select certain areas of Federal lands for purchase and development by the State. Specifically, the bill would amend Public Law 85–339 (72 Stat. 31) to direct the Secretary of the Interior to segregate for a period of 10 years, instead of the present 5 years, an area of Federal land in southern Nevada. It also extends the time for the State to exercise its option of selection and purchase for the 10-year period. Both S. 3089 and the law it amends were sponsored by the senior Senator from Nevada, Senator Bible.

Some 60 million acres of land in Nevada, or 87.5 percent of the total area of the State, now are owned by the Federal Government. In 1957, the 85th Congress authorized the State to purchase an area comprising approximately 126,775 acres in Eldorado Valley, about 25 miles southeast of Las Vegas. The exterior boundaries of the lands from which the State could make specific selections, in tracts of not less than 10,000 acres, were set forth in the act, and the Secretary of the Interior was directed to segregate the entire area from all forms of entry under the public land laws for 5 years from enactment. During this time, the Secretary was to have had appraisal made of the fair market value of the lands in the entire transfer area. The State would then make its selections, and submit a plan for their development.

Four years now have passed, and the appraisals were completed only recently. The State is not satisfied with the prices set by the Interior Department, and negotiations now are underway for revision. Unless the extension proposed by S. 3089 is granted, the time limitation set by the 1957 law will expire and the State will be forced to accept the Department's prices or forfeit its rights and hopes for development under the bill.

The committee finds that equity and sound public policy call for approval by Congress of the proposed extension.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembly, That the Act entitled "An Act to direct the Secretary of the Interior to convey certain public lands in the State of Nevada to the Colorado River Commission of Nevada acting for the State of Nevada", approved March 6, 1958 (72 Stat. 31), is amended as follows:

(1) in section 2, strike out "five years" and insert in lieu thereof "ten years"; and

(2) in section 3, strike out "five-year" and insert in lieu thereof "ten-year".

DIVISION OF TRIBAL ASSETS OF THE PONCA TRIBE OF NATIVE AMERICANS OF NEBRASKA

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1583, Senate bill 3174.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (S. 3174) to provide for the division of the tribal assets of the Ponca Tribe of Native Americans of Nebraska among the members of the tribe, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to, and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 3, line 13, after the word "select", to strike out "from" and insert "for"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the membership roll of the Ponca Tribe of Native Americans of Nebraska shall be closed at midnight of the date of enactment of this Act, and no child born thereafter shall be eligible for enrollment. The Secretary of the Interior with advice and assistance of the tribe is authorized and directed, pursuant to such regulations as may be issued by him, to prepare a final roll for the purposes of this Act of the members of the tribe consisting of the persons whose names appear on the census roll of April 1, 1934, with the supplement thereto of January 1, 1935, and their descendants of not less than one-fourth degree Indian blood of the Ponca Tribe of Native Americans of Nebraska, regardless of place of residence, who are living at the time the roll is closed, and in so doing shall provide a reasonable opportunity for any person to protest against the inclusion or omission of any name on or from the roll. The Secretary's decision on all protests shall be final and conclusive. After all protests are disposed of, the final roll shall be published in the Federal Register. Upon publication of the roll in the Federal Register, the Secretary shall give the adult members an opportunity to indicate their agreement to the division of tribal assets in accordance with the provisions of this Act and when a majority of the adult members have indicated their agreement, the Secretary shall publish in the Federal Register a notice of that fact.

Sec. 2. Each member whose name appears on the final roll of the tribe as published in the Federal Register shall be entitled to receive in accordance with the provisions of this Act an equal share of the tribe's assets that are held in trust by the United States. This right shall constitute personal property which may be inherited or bequeathed, but it shall not otherwise be subject to alienation or encumbrance.

Sec. 3. (a) All property of the United States used for the benefit of the Ponca Tribe of Native Americans of Nebraska is hereby declared to be a part of the assets of the tribe, and all of the tribe's assets shall be distributed in accordance with the provisions of this section. The distribution shall be completed within three years from the date of this Act, or as soon thereafter as practicable.

(b) The tribe shall designate any part of the tribe's property that is to be set aside for church, park, playground, or cemetery purposes, and the Secretary is authorized to convey such property to trustees or agencies designated by the tribe for that purpose and approved by the Secretary.

(c) Each member may select for homesite purposes and receive title to not to exceed five acres of tribal land that is being used for homesite purposes by such member, or that is not used and selected by some other member. The member shall pay the current market value of the homesite selection excluding any improvements or repairs constructed by such member, his wife, children, or ancestor, as determined by the Secretary of the Interior.

(d) All assets of the tribe that are not selected and conveyed to members shall be sold by competitive bid at not less than the current market value, and any member shall have the right to purchase property offered for sale for a price not less than the highest acceptable bid therefor. If more than one member exercises such right, the property shall be sold to the member exercising the right who offers the highest price.

(e) The net proceeds of all sales of tribal property, and all other tribal funds, shall be used to pay, as authorized by the Secretary, any debts of the tribe. The remainder of such proceeds and funds shall be divided equally among the members whose names are on the final roll, or their heirs or legatees. Any debt owed by a member, heir, or legatee to the tribe or to the United States may be set off as authorized by the Secretary against the distributive share of such person. Any member of the tribe who purchases tribal property in accordance with this section may apply on the purchase price his share of the proceeds of all sales of tribal property, and the Secretary of the Interior shall adopt sales procedures that permit such action.

Sec. 4. (a) The Secretary of the Interior is authorized to partition or to sell the complete interest (including any unrestricted interest) in any land in which an undivided interest is owned by a member of the Ponca Tribe of Native Americans of Nebraska in a trust or restricted status, provided the partition or sale is requested by the owners of a 25 per centum interest in the land, and the partition or sale is made within three years from the date of this Act. Any such sale shall be by competitive bid, except that with the concurrence of the owners of a 25 per centum interest in the land any owner of an interest in the land shall have the right to purchase the land within a reasonable time fixed by the Secretary of the Interior prior to a competitive sale at not less than its current market value. If more than one preference right is exercised, the sale shall be by competitive bid limited to the persons entitled to a preference. If the owners of a 25 per centum interest in the land so request, mineral rights may be reserved to the owners in an unrestricted status. The Secretary of the Interior may represent for the purposes of this section any Indian owner who is a minor, or who is non compos mentis, and, after giving reasonable notice of the proposed partition or sale by publication, he may represent an Indian owner who cannot be located.

(b) All restrictions on the alienation or taxation of interests in land that are owned by members of the Ponca Tribe of Native Americans of Nebraska three years after the date of this Act shall be deemed removed by operation of law, and an unrestricted title shall be vested in each such member.

Sec. 5. The Secretary of the Interior is authorized to make such land surveys and to execute such conveyancing instruments as he deems necessary to convey marketable and recordable title to the individual and tribal assets disposed of pursuant to this Act. Each grantee shall receive an unrestricted title to the property conveyed.

Sec. 6. Nothing in this Act shall affect any claims heretofore filed against the United States by the Ponca Tribe of Native Americans of Nebraska.

Sec. 7. Nothing in this Act shall affect the rights, privileges, or obligations of the tribe and its members under the laws of Nebraska.

Sec. 8. No property distributed under the provisions of this Act shall at the time of distribution be subject to any Federal or State income tax. Following any distribution of property made under the provisions of this Act, such property and income derived therefrom by the distributee shall be subject to the same taxes, State and Federal as in the case of non-Indians: *Provided*, That for the purpose of capital gains or losses the base value of the property shall be the value of the property when distributed to the grantee.

Sec. 9. Such amounts of tribal fund as may be needed to meet the expenses of the tribe under this Act, as approved by the Secretary of the Interior, shall be available for expenditure. There is authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated such sums as may be necessary to reimburse the tribe for such expenditures, and carry out the responsibilities of the Secretary under the provisions of this Act.

Sec. 10. When the distribution of tribal assets in accordance with the provisions of this Act has been completed, the Secretary of the Interior shall publish in the Federal Register a proclamation declaring that the Federal trust relationship to such tribe and its members has terminated. Thereafter, the tribe and its members shall not be entitled to any of the special services performed by the United States for Indians or Indian tribes because of their Indian status, all statutes of the United States that affect Indians or Indian tribes because of their Indian status shall be inapplicable to them, and the laws of the several States shall apply to them in the same manner they apply to other persons or citizens within their jurisdiction. Nothing in this Act, however, shall affect the status of any Indian as a citizen of the United States.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1623), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE

The purpose of S. 3174, introduced by Senator Church, of Idaho, at the request of the Department of the Interior as a result of an executive communication dated April 6, 1962, is to provide for the division of the tribal assets of the Ponca Tribe of Native Americans of Nebraska among the members and to terminate Federal supervision and control over the tribe.

CANCELLATION OF IRRIGATION CHARGES AGAINST NON-INDIAN-OWNED LANDS, OREGON

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1584, Senate bill 3342.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (S. 3342) to approve an order of the Secretary of the Interior canceling irrigation charges against non-Indian-owned lands under the Klamath Indian irrigation project, Oregon, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1624) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

The purpose of S. 3342, introduced by Senator Church, of Idaho, at the request of the Department of the Interior, is to approve an order of the Secretary of the Interior canceling irrigation charges against non-Indian-owned lands under the Klamath Indian irrigation project, Oregon.

The act of August 13, 1954 (68 Stat. 719), terminating Federal supervision over the Klamath Indian Tribe authorized the adjustment or cancellation of reimbursable construction, operation, and maintenance charges against the Indian land on the Klamath irrigation project. The Secretary of the Interior, by an order on April 10, 1961, canceled a total of $266,619.64 of construction and operation and maintenance costs on Indian land. A construction charge of $50 per acre on Indian-owned land remains on one of the three units in the project. This represents the maximum amount ($70,619) the land is capable of paying, according to the Indian Bureau's economic analysis.

S. 3342 would adjust or cancel reimbursable charges against non-Indian lands within the Klamath project in accordance with the act of June 22, 1936 (49 Stat. 1803), which requires congressional approval before it is effective. The Secretarial order approved by this legislation cancels a total of $329,301.86 in construction costs and $72,138.69 in operation and maintenance costs on the non-Indian land. The cancellation of construction costs and operation and maintenance costs are conditioned upon the execution of contracts by the landowners for the repayment of such charges to the extent of $68,615.70.

The reasons for the cancellations are that most of the costs were incurred prior to 1928, the date of the Federal Lien Act, and those costs are not a lien against the land. Also some of the costs are chargeable against lands that were removed from the project in 1939. The effect of the bill is to place the non-Indian landowners on this project in the same position as the Indian owners.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in accordance with the Act of June 22, 1936 (49 Stat. 1803; 25 U.S.C. 389), the order of the Secretary of the Interior canceling $401,440.55 of reimbursable irrigation costs chargeable to lands in the Klamath Indian irrigation project is approved.

REVISION OF BOUNDARIES OF CAPULIN MOUNTAIN NATIONAL MONUMENT, N. MEX.

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1585, Senate bill 2973.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (S. 2973) to revise the boundaries of Capulin Mountain National Monument, N. Mex., to authorize acquisition of lands therein, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with an amendment on page 2, after line 16, to strike out:

Sec. 3. There are authorized to be appropriated such sums as are necessary to carry out the provisions of this Act.

And, in lieu thereof, to insert:

Sec. 3. There are authorized and appropriated such sums as necessary to carry out the acquisition of this land, provided that the cost of the acquisition of private land shall not exceed $2,500.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to preserve the scenic and scientific integrity of the Capulin Mountain National Monument in the State of New Mexico, and to provide for the enjoyment thereof by the public, the boundaries of the monument are hereby revised to include the following additional lands:

NEW MEXICO PRINCIPAL MERIDIAN

Township 29 north, range 28 east: section 5, north half northwest quarter southeast quarter, northeast quarter northeast quarter southwest quarter, southeast quarter northwest quarter, northeast quarter southwest quarter northwest quarter, south half southeast quarter northwest quarter northwest quarter, south half south half northeast quarter northwest quarter, containing approximately 95 acres.

Sec. 2. The Secretary of the Interior, in furtherance of the purposes of this Act, may acquire, in such manner and subject to such terms and conditions as he may deem to be in the public interest, lands and interests in lands within the area described in section 1 of this Act. When acquired, such lands and interests in land shall be administered as a part of the Capulin Mountain National Monument in accordance with the Act entitled "An Act to establish a National Park Service, and for other purposes," approved August 25, 1916 (39 Stat. 535), as amended and supplemented (16 U.S.C. 1 et seq.).

Sec. 3. There are authorized and appropriated such sums as necessary to carry out the acquisition of this land, provided that the cost of the acquisition of private land shall not exceed $2,500.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1625) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE

This bill would revise the boundary of Capulin Mountain National Monument to include an additional 95 acres.

NEED

The area recommended for acquisition includes lands south and west of the proposed headquarters area, and lands adjacent to the site where the monument access road intersects New Mexico State Route 325. These lands are needed for the location of a park sewerage system, needed for visitor and employee facilities. Due to the topography, this facility could be best located on the lands proposed to be acquired.

ADDITION OF CERTAIN LANDS TO NATIONAL FORESTS

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1586, Senate bill 3112.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (S. 3112) to add certain lands to the Pike National Forest in Colorado and the Carson National Forest and the Santa Fe National Forest in New Mexico, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with an amendment, on page 2, line 15, after the word "north", to strike out "half," and insert "half" so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the exterior boundaries of the Pike National Forest in Colorado are hereby extended to include the following described lands:

SIXTH PRINCIPAL MERIDIAN

Township 11 south, range 69 west

Sections 1 to 4, inclusive;
Sections 9 to 16, inclusive;
Sections 21 to 27, inclusive;
Sections 34 to 36, inclusive.

Township 12 south, range 69 west

Section 2, west half west half;
Section 3, east half;
Section 10, northeast quarter;
Section 11, west half northwest quarter;
Section 12, south half northwest quarter, west half southwest quarter;
Section 13, west half northwest quarter, northwest quarter southwest quarter;
Section 14, south half northeast quarter, southeast quarter northwest quarter, northeast quarter southwest quarter, northwest quarter southeast quarter;
Section 21, north half, southeast quarter;
Section 22, north half, north half southwest quarter, southeast quarter;
Section 23, southwest quarter southwest quarter;
Section 26, northwest quarter northwest quarter;
Section 27, west half southwest quarter;
Section 28, north half, southeast quarter.

Township 12 south, range 70 west

Section 23, southeast quarter;
Section 24, southwest quarter, northwest quarter southeast quarter, south half southeast quarter;
Section 25, northeast quarter northeast quarter, west half northeast quarter, west half;
Section 26, northeast quarter, north half southeast quarter.

Sec. 2. The exterior boundaries of the Carson National Forest in New Mexico are hereby extended to include the following described lands:

NEW MEXICO PRINCIPAL MERIDIAN

Township 23 north, range 9 east

Sections 1 to 5, inclusive;
Sections 9 to 12, inclusive.

Township 24 north, range 9 east

Sections 1 to 4, inclusive;
Sections 9 to 16, inclusive;
Section 20, east half;
Sections 21 to 29, inclusive;
Sections 32 to 36, inclusive.

Township 25 north, range 9 east

Section 1;
Sections 33 to 36, inclusive.

Township 26 north, range 9 east

Sections 25 and 36.

Township 23 north, range 10 east

Section 3;
Section 4, north half, northwest quarter southwest quarter, east half southeast quarter;
Section 5, northeast quarter, northwest quarter southeast quarter;
Section 6, north half, north half southwest quarter.

Townships 24 and 25 north, range 10 east

All.

Township 26 north, range 10 east

All, except east half of sections 13 and 24.

Township 27 north, range 10 east

Sections 31 to 36, inclusive.

Township 24 north, range 11 east

Section 5, southwest quarter, south half northwest quarter, southwest quarter northeast quarter;
Sections 6 to 8, inclusive;
Sections 16 to 19, inclusive;
Section 20, north half, southwest quarter, west half southeast quarter;
Section 29, west half northwest quarter;
Section 30;
Section 31, north half.

Township 25 north, range 11 east

Sections 5 to 9, inclusive;
Section 16, north half, southwest quarter;
Sections 17 to 19, inclusive;
Section 20, north half, southwest quarter;
Section 31, west half.

Township 26 north, range 11 east

Section 6.

Also, that part of the Sebastian Martin grant, as described on survey plat approved December 17, 1892, and filed in volume 4, page 22, New Mexico land claim plat records of the Bureau of Land Management, lying east of the projection northward of the line between lot 4 of section 33 and lot 1 of section 34, fractional township 22 north, range 10 east, New Mexico principal meridian, as shown on public land survey plat of August 8, 1924.

Sec. 3. The exterior boundaries of the Santa Fe National Forest in New Mexico are hereby extended to include the following described lands:

(1) The Polvadera grants as described on plat of survey approved December 18, 1899; and that part of the Juan Jose Lobato grant, as described on plat of survey approved October 19, 1895, lying southerly of the Rio Chama River; excepting from the above areas the town of Abiquiu grant as described on plat of survey approved November 16, 1896, and also as shown on public land survey plat approved July 3, 1940; said grant plats being filed in volume 5, page 31, volume 4, page 12, and volume 8, page 6, respectively, of New Mexico private land claim plat records of the Bureau of Land Management.

(2) The Ojo de San Jose grant as described on plat of survey approved August 21, 1902, and filed in volume 5, page 14, New Mexico private land claim plat records of the Bureau of Land Management, excepting that triangular-shaped part in the northwest corner of said grant which overlaps the east boundary of the Canon de San Diego grant as shown on said plat of August 21, 1902.

(3) The Juan de Gabaldon grant, as described on plat of survey approved July 27, 1896, and filed in volume 2, page 10, New Mexico private land claim plat records of the Bureau of Land Management.

SEC. 4. Subject to any valid existing rights, all lands of the United States in areas described in sections 1, 2, and 3 hereof, administered by the Secretary of Agriculture under title III of the Bankhead-Jones Farm Tenant Act of July 22, 1937, as amended (7 U.S.C. 1010–1012), or used by the Secretary of Agriculture for research purposes, are hereby added to and made parts of the respective national forests.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1626) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The purpose of the bill is to encompass within the exterior boundaries of the Pike National Forest in Colorado about 18,100 acres and within the Carson and Santa Fe National Forests in New Mexico about 249,700 acres. These areas are now within land-utilization projects which for many years have been administered by this Department for land conservation and land utilization pursuant to title III of the Bankhead-Jones Farm Tenant Act of July 22, 1937, as amended (7 U.S.C. 1010–1012), and in part for forest and range research purposes.

The recommended bill would give national-forest status to about 223,000 acres of Federal lands within the described areas. These Federal lands adjoin or are adjacent to the national forests to which they would be added and now are protected and managed in conjunction with them. A portion of the land in Colorado additionally constitutes a part of the Manitou Experimental Forest, a Forest Service research area which also includes nearby Pike National Forest lands.

The bill would add to the Pike National Forest parts of the Fountain Creek land-utilization project and two small parcels aggregating about 84 acres presently used for forest and range research. It would add to the Carson National Forest the Taos land-utilization project and the easterly portion of the Sebastian Martin grant which is a part of the northern New Mexico grantland land-utilization project. Areas to be added to the Santa Fe National Forest are the Ojo de San Jose grant land-utilization project, the Juan de Gabaldon grant land-utilization project, the Polvadera grant, and the part of the Juan Jose Lobato grant which lies south of the Rio Chama River. The two areas last noted are parts of the northern New Mexico grantland land-utilization project.

The lands to be added to the Pike National Forest are similar in their resources to lands already in the forest, and are in the headwaters of the South Platte River. They are well suited to multiple-use management for watershed, timber, forage, and wildlife purposes, and some of them have material values for public recreation. Some currently form a part of the Manitou Experimental Forest.

The lands to be added to the Carson and Santa Fe National Forests lie in the upper Rio Grande watershed. Careful protection and management to restore and maintain adequate vegetative cover is essential to reduce soil erosion and enhance watershed capacity. They present the same multiple-use management problems and opportunities as do the nearby national forests and currently are managed in conjunction therewith.

All of the lands with which the draft bill deals have been administered by the Forest Service since about 1938, except those in the northern New Mexico grant-land project which were assigned to it for management in 1954.

HOMESTEAD ENTRY OF LEWIS S. CASS

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1587, Senate bill 2530.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2530) regarding a homestead entry of Lewis S. Cass.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to, and the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior shall reinstate the homestead entry of Lewis S. Cass (Anchorage Numbered 031055) that was canceled because at the time the entry was made the land was in a withdrawn status, and the Secretary of the Interior is authorized to process the entry in accordance with the applicable provisions of law, subject to such modification of time requirements as he deems equitable in view of the prior cancellation of the entry.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1627) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The records of the Bureau of Land Management show that Mr. Cass' entry was allowed by the acting manager of the Anchorage land office on September 20, 1955. The lands embraced within the entry consisted of 57.07 acres, described as lots 3 and 4, section 23, township 1 south, range 14 west, Seward meridian, Alaska. Approximately 18 months after the entry was allowed, it came to the attention of land office personnel that the land entered by Mr. Cass was not subject to homestead entry. In 1949 the land had been withdrawn by public land order 585 (14 F.R. 1895) "from settlement, location, sale, and entry under the public land laws except the applicable coal or other mineral leasing laws, for classification and examination, and in aid of proposed legislation." On August 26, 1953, public land order 585 was modified by public land order 913 (18 F.R. 5294) and the land was declared not subject to the initiation of any rights or to any disposition under the public land laws until so provided by an order of classification to be issued by an authorized officer opening the lands to application under the Small Tract Act of June 1, 1938, 43 U.S.C. 682a, et seq.

On March 27, 1957, a letter was sent to Mr. Cass, informing him that his entry, apparently having been erroneously allowed on withdrawn lands, was suspended pending further investigation.

On June 25, 1957, a decision was rendered by the Bureau of Land Management's Alaska operations supervisor, canceling the entry; this decision was affirmed by the Office of the Director, Bureau of Land Management, on May 15, 1958, and the Bureau's decision, in turn, was affirmed by the Deputy Solicitor of the Department of the Interior on January 14, 1959 (*Lewis Sanford Cass*, A–27742).

S. 2530 would direct the Secretary of the Interior to reinstate Mr. Cass' canceled homestead entry, and to process it in accordance with the applicable provisions of law, subject to such modifications of time requirements as may be deemed equitable. Since the withdrawn lands here involved are not needed for any Federal purpose, we have no objection to their passage from Federal ownership. The lands are, in fact, already earmarked, by public land order 913, for disposition under one of the public land laws.

ADDITION OF LANDS TO THE NATIONAL FORESTS

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1588, House bill 9822.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 9822) to provide that lands within the exterior boundaries of a national forest acquired under section 8 of the act of June 28, 1934, as amended (43 U.S.C. 315g), may be added to the national forest.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1628) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

H.R. 9822 will grant national forest status to lands within the exterior boundaries of national forests acquired by the United States under the exchange provisions of the Taylor Grazing Act (43 U.S.C. 315g).

NEED

Section 8 of the act of June 28, 1934, as amended (48 Stat. 1272; 49 Stat. 1976; 62 Stat. 533), authorizes the Secretary of the Interior, within certain limitations, to exchange public domain lands for privately owned lands of equal value. Under the authority of this existing law some exchanges have been effected which have resulted in the acquisition of private lands within the boundaries of national forests. Although these lands within national forests should, logically, be administered in accordance with the laws governing national forest lands, there is no authority to accomplish this for many of the areas that have been acquired.

In the States of Arizona, California, Colorado, Idaho, New Mexico, Oregon, Washington, and Wyoming additions may not be made to national forests except by act of Congress (16 U.S.C. 471, 471a). Because of this restriction it has been necessary in the past for legislation to be enacted to give national forest status to privately owned lands acquired by the Department of the Interior through exchanges under the Taylor Grazing Act (see the act of Aug. 9, 1955, 69 Stat. 540).

The committee was advised that there are at this time 3,300 acres of land within national forest boundaries in several of the above-mentioned States that have been acquired by the Department of the Interior by exchanges under the Taylor Grazing Act but to which national forest status cannot attach without further legislation. The committee believes that these lands, which are intermingled with and generally similar in character to adjoining national forest lands, should be administered uniformly with the adjacent forest lands.

Enactment of H.R. 9822 will permit the Secretary of the Interior, upon a determination by the Secretary of Agriculture that the lands involved are suitable for administration as part of a national forest, to set apart and reserve, as part of the national forest involved, areas heretofore or hereafter acquired under the exchange provisions of the Taylor Grazing Act within the exterior boundaries of the forest. After the entry of a public land order, the lands would be subject to the laws, rules, and regulations applicable to other lands within the national forest that have been set apart and reserved from the public domain for national forest use.

DEVELOPMENT OF THE SOUTH BARROW GAS FIELD

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1589, Senate bill 2020.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (S. 2020) to amend part IV, subtitle C, of title 10, United States Code, to authorize the Secretary of the Navy to develop the South Barrow gasfield, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services, with an amendment, to strike out all after the enacting clause and insert:

That section 7422 of title 10, United States Code, is amended by adding the following new subsection at the end thereof:

"(c) The Secretary of the Navy may under subsection (a) develop the South Barrow gas field, naval petroleum reserve numbered 4, to supply gas to installations of the Department of Defense and other agencies of the United States located at or near Point Barrow, Alaska, the native village of Barrow, and other communities and installations at or near Point Barrow, Alaska."

Sec. 2. Section 7430(a) of title 10, United States Code, is amended to read as follows:

"(a) The Secretary of the Navy in administering the naval petroleum reserves under this chapter shall use, store, sell, or exchange for other petroleum or refined products, the oil and gas products, including royalty products, from lands in the naval petroleum reserves, including gas products from lands in the South Barrow gas field of naval petroleum reserve numbered 4, and lands outside petroleum reserve numbered 1 covered by joint, unit, or other cooperative plans, for the benefit of the United States."

Sec. 3. The Federal agency or agencies in control of any pipeline between gas wells in the South Barrow gas field and the town of Barrow may authorize purchasers of the gas or carriers of the gas to install connections to such pipeline.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 1629) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

This bill would provide authority for (1) the Secretary of the Navy to furnish gas from South Barrow gasfield in Naval Petroleum Reserve No. 4 to all the Government-owned facilities in the Point Barrow area, and (2) the Secretary of the Navy to sell gas from the South Barrow gasfield in Naval Petroleum Reserve No. 4 to the native village of Barrow and other communities and installations at or near Point Barrow, Alaska.

EXPLANATION

The laws applicable to the naval petroleum reserves require that the reserves be used and operated for the protection, conservation, maintenance, and testing of the reserves. The reserves exist for the purpose of conserving oil in the ground and for its production in time of emergency.

Naval Petroleum Reserve No. 4 consists of approximately 35,000 square miles on the Arctic slope of Alaska. During exploration of this reserve between 1944 and 1953, two gasfields and three oilfields were found. Only the South Barrow gasfield is in production at this time. The gas produced from this field is being furnished to all the Government-owned facilities in the Point Barrow area despite the absence of specific statutory authorization for this practice. One of the purposes of the bill is to provide authority for the obviously sensible practice of furnishing gas to the Government-owned facilities in the area.

The Navy anticipates that it will be desirable to drill an additional well in the South Barrow field to supply Government agencies alone. The existence of a requirement for natural gas by the civilian population in the native village of Barrow affords an opportunity for the Government to amortize the cost of drilling an additional well through sales of gas to the civilian population. The second purpose of the bill is to provide authority for such sale.

The native village of Barrow is chartered as a corporation under the Indian Reorganization Act, better known as the Wheeler-Howard Act, of 1934. The village corporation has in turn organized a business cooperative under the laws of Alaska. This cooperative is engaged in miscellaneous business activities and has received loans from the Department of the Interior. The indication is that this cooperative will be willing to purchase the gas from the Navy, install a domestic distribution system, and act as distributor of the gas. A purely private vendor would be equally eligible to act as distributor.

A civilian market and requirement for the gas exists because of the extremely low temperatures in the area and the high cost of importing other types of fuel. The committee was informed that the civilian population of Barrow spends about one-fourth of its income for fuel.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3203) to extend the Defense Production Act of 1950, as amended, and for other purposes, which was, to strike out all after the enacting clause and insert:

That the first sentence of section 717(a) of the Defense Production Act of 1950 is amended by striking out "June 30, 1962" and inserting in lieu thereof "June 30, 1964".

Mr. ROBERTSON. Mr. President, I move that the Senate concur in the amendment of the House.

Last week, the Senate passed S. 3203, after amending it so that all it did was to give a 1-year extension to the present powers under the Defense Production Act. The amendments which had been proposed by the administration and the amendment which had been proposed by Senator Javits were not considered. Instead, a new bill, S. 3436, was introduced by me, which contained all the administration amendments and the Javits amendment. I advised the Senator from New York that I would hold hearings on this bill in the middle of July, and it is still my intention to do so.

The House has now passed S. 3203, after amending it to provide for a 2-year extension. Like the Senate, however, no substantive amendments are made in the House version of S. 3203.

It does not seem to me that there is any need to go to a conference to discuss with the House the question whether the Defense Production Act should be extended for 1 year or 2 years. In any event, we will have hearings on all the proposed amendments this summer, and, if need be, we can have more hearings next year.

The PRESIDING OFFICER. The question is on the motion of the Senator from Virginia.

The motion was agreed to.

Mr. PROXMIRE. It is my understanding that S. 3203, the extension of the Defense Production Act passed the Senate with a 1-year extension.

Mr. ROBERTSON. That is correct.

Mr. PROXMIRE. It went to the House, and the House passed a 2-year extension. Is that correct?

Mr. ROBERTSON. Yes; that is correct. No amendments were accepted in the House.

Mr. PROXMIRE. No amendments were accepted. The amendments of the Senator from New York and the administration amendments will be the subject of hearings by our committee. Is that correct?

Mr. ROBERTSON. Yes. The chairman stated that later this summer we would have hearings on all the amendments. The extension is a 2-year extension, as the administration requested. In the Senate we cut down the extension to 1 year, on the request of some members of the committee. The House insisted on a 2-year extension. We did not think the change was sufficiently material to make a conference necessary, so we asked the Senate to concur in the House provision, rather than to go to conference on it.

Mr. PROXMIRE. I wish to make it clear in the Record that I was the member of the committee who insisted on a 1-year extension. I want to make it clear on the Record now that I oppose a 2-year extension, and I want to be recorded as voting against a 2-year extension. The reason I do so is that I feel that once again this year we have been hurried in consideration of the legislation as we were in 1960 because this is an election year. Under these circumstances the chairman understandably wants to take care of this as rapidly as possible, one of the reasons being that it is an election year. It would have been far better if we had made the extension for 1 year, so that it could be taken up again in 1963, 1965, and so forth. In that way we would have a better chance of taking care of the matter in more detail and with greater care, which we cannot do with a 2-year extension always confronting us and placing our consideration in an election year.

ASSUMES 3-YEAR WAR

Another reason why I felt we should have a 1-year extension is that the assumption on which the Defense Production Act is being operated is to completely ignore the possibility of a nuclear war. It is based entirely on the assumption of a 3-year all-out conventional war, which is as unrealistic and unlikely as any I can imagine.

In view of the fact that this is a matter of whether our resources will be adequate to meet an attack, I feel very strongly that we should insist on a report in the near future. This same point was raised by the Senator from Illinois [Mr. Douglas] back in 1960. The agency said at that time that there would be a report in a year.

REPORT IS YEARS OVERDUE

This is 1962, and no report has been furnished. This year again they said they will have a report some time in the near future. I believe the only way we can effectively handle this matter is to have a 1-year extension and to insist, when they come with their request for a renewal, that we get a report. That is the reason why the Senator from Wisconsin has taken as strong a position as he can on getting not a 2-year extension but only a 1-year extension of the Defense Production Act.

Mr. ROBERTSON. The Senator from Virginia feels that the distinguished Senator from Wisconsin is justified in the position he takes. We met in January and saw that here was a law which was going to expire on June 30. However, the administration did not send the bill to us until April 19. It contained a great many new matters, plus a 2-year extension. We eliminated everything except the extension, which we changed to a 1-year extension. That was at the request of the distinguished Senator from Wisconsin. Rather than have a certain fight over the many amendments, we cut out everything but the 1-year extension. The House was insistent. Rather than get into a bitter argument over it, I had the clerk check as many of our committee members as possible, and I found that the majority of them are willing to go along with a 2-year extension. They had a rollcall vote in the House. Let us not forget that. They were not taking any chances on it. Does the Senator know how many were recorded on that rollcall vote?

Mr. PROXMIRE. I understand that it was a unanimous vote.

Mr. ROBERTSON. Three hundred and twenty-seven voted "aye," and no one voted "nay." Does the Senator expect us to go to the conference and fight over that? We would not have much luck.

Mr. PROXMIRE. I wish to say to my friend from Virginia that I doubt very much that many of the Members of the House were concerned about the issues that I am raising on the floor today. If they had been, I am pretty sure they would not have voted unanimously. However the position of the Senator from Wisconsin is clear on the record. Perhaps in 1964 we can try for a 3-year or a 1-year extension, so that it will not come up again in an election year, and in that way can give more consideration to it than we have in the past. I am particularly concerned in view of the fact that this agency is operating on the assumption that total nuclear war has no connection with the kind of demands that will be made on the country, and because their assumption is based on an all-out 3-year conventional war, a ridiculous assumption.

Mr. ROBERTSON. Our thinking now is that we had better win a nuclear war 3 days after its starts. That is what we are thinking of now.

COOPERATION WITH FIRST WORLD CONFERENCE ON NATIONAL PARKS

The PRESIDING OFFICER (Mr. Hickey in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 2164) to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes, which was, in line 8, strike out "$50,000," and insert "$30,000,".

Mr. METCALF. Mr. President, I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Mills, Mr. King of California, Mr. O'Brien of Illinois, Mr. Mason, and Mr. Byrnes of Wisconsin were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 69) authorizing the printing for the use of the Senate Committee on the Judiciary of additional copies of its hearings on "Constitutional Rights of the Mentally Ill" and "Wiretapping and Eavesdropping Legislation."

THE SUPREME COURT DECISION ON PRAYER IN PUBLIC SCHOOLS OF NEW YORK

Mr. ROBERTSON. Mr. President, my grandfather used to say: "The tendency of everything is to be more so." In 1954, the Supreme Court of the United States—a court for which, as a young lawyer in the early part of the current century, I had unbounded admiration—not only reversed all previous decisions of all Federal and State courts on the subject of the operation of segregated public schools, but, for purely psychological reasons, so interpreted the equal rights provision of the 14th amendment as to amend the Constitution by judicial fiat. In repeated decisions since, the highest court of our land has violated a fundamental principle of judicial procedure.

Three weeks ago the Supreme Court of Florida in upholding a Florida law which required the daily reading of a brief passage from the Bible in all public schools announced:

> We think it necessary that, unless otherwise clearly commanded by the plain language of the statutes or the Constitution, the courts refrain from purely philosophical invasion of the Constitution or long established and accepted customs of the vast majority of the American people. The recurrent whittling away of the bedrock foundations of our society can be nothing short of destructive of free government. Every doubtful judicial withdrawal of the sovereignty of the States or the traditional freedoms of the people weakens the fabric of the Nation and the confidence of its citizens. If the Constitution be wrong it should be corrected by amendment and not judicial usurpation.

On yesterday, in deciding a very similar case, which involved the recitation of a short and simple prayer in a public school in New York State—Engel against Vitale—unless students at the request of parents were excused. The Supreme Court, with only one dissenting voice, held the New York law to be in violation of the provision in the first amendment to the Constitution relating to the separation of church and state. I applaud the dissenting opinion of Mr. Justice Stewart, who among other things said:

> With all respect, I think the Court has misapplied a great constitutional principle. I cannot see how an "official religion" is established by letting those who want to say a

> prayer say it. On the contrary, I think that to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing in the spiritual heritage of our Nation.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. TALMADGE. I commend the distinguished and able Senator from Virginia on the speech he is making. He is one of the best qualified Members of the Senate to deliver a speech on this subject. He is in my judgment the most learned Biblical scholar in the Senate and is also one of this body's great historians. He knows not only the Scriptures but also the laws of our country, the origins of the Constitution, and the entire history and tradition of our Nation. I read the pertinent part of the first amendment to the Constitution of the United States:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.

I ask the distinguished Senator from Virginia if Congress has made any law respecting the establishment or exercise of religion.

Mr. ROBERTSON. It certainly has not.

Mr. TALMADGE. Has any Senator or any Member of the House of Representatives introduced any bill to attempt to have enacted a law respecting the establishment of religion or prohibiting the free exercise thereof?

Mr. ROBERTSON. No, because that principle was so clearly and forcibly announced in Virginia and written into the constitution of every State that no one, since we have had our Government, has ever attempted to do it.

Mr. TALMADGE. Is it not true that the only law that has been made on this subject was by the action of the Supreme Court yesterday when, for the first time in the history of our Republic, six of its Justices acted to prohibit the schoolchildren of the State of New York from opening their classes with a nondenominational prayer addressed to the Almighty Supreme Being?

Mr. ROBERTSON. The Supreme Court has decided several cases in the past few years in favor of atheists and agnostics; however, this is the most extreme ruling it has made.

My grandfather said that the tendency of everything is to be more so. Once the Supreme Court started to write the law and amend the Constitution, it has reached this shocking state of prohibiting the recital of a simple prayer in a public school; not by an act of Congress, but under a State law of New York, which specifically exempted any student whose parents or guardian might ask that his child be excluded because he did not want him to say or hear the prayer.

Mr. TOWER. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON. I yield.

Mr. TOWER. In the Senator's estimation, carrying the ruling of the Supreme Court to its logical conclusion, is it not possible that the practice of opening the Senate and House of Representatives with prayer every day is in jeopardy?

Mr. ROBERTSON. Of course; the Chaplain is paid from the taxpayers' funds.

Mr. TOWER. Could this practice conceivably jeopardize the whole system of having chaplains in the armed services?

Mr. ROBERTSON. Unless we adopt a Senate joint resolution, which I hope we will, saying that having prayer, having grace, observing the birth of Christ at Christmastime are not violations of the Constitution, I do not know what the Supreme Court might ultimately say with respect to any religious activity whatever in government.

Before I conclude, I shall introduce, on behalf of the Senator from Mississippi [Mr. STENNIS], a constitutional amendment. The Senator from Mississippi desires to change the Constitution. If the saying of a prayer cannot be done in any other way, then let us change the Constitution.

When the Supreme Court is so clearly wrong, I should like to see quick action by Congress, saying, "You are wrong. You have usurped your constitutional authority."

We cannot repeal this decision. Perhaps some subsequent Supreme Court will reconsider the action, but Congress cannot alter the matter except by proposing a constitutional amendment and by going on record as opposing any further extension of such doctrine.

Mr. TALMADGE. Is it not true that the crier of the Supreme Court, from the days of Chief Justice John Marshall down to Chief Justice Warren, has opened the Court with the prayer:

> God save the United States and this honorable Court.

Mr. ROBERTSON. Absolutely. The Court has done that from time immemorial.

Mr. TALMADGE. According to the interpretation of six of the present Justices, is not the Court acting unconstitutionally in opening its sessions in that manner?

Mr. ROBERTSON. It could not be construed in any other way. Perhaps some day the Supreme Court Justices will decide that they themselves are unqualified to sit on the Court because they had sworn on the Bible to support and uphold the Constitution. It was necessary, of course, for them to do that in order to be sworn in, after the Senate had confirmed their nominations. What they have decided, in effect, is, "We must exclude the Bible from our Government."

Mr. TALMADGE. Can the Senator from Virginia think of anything more outrageous than to say that the Supreme Court in effect has held its own practice unconstitutional?

Mr. ROBERTSON. They certainly have cast very serious doubt on everything they have done.

Mr. TALMADGE. Is it not true that every President of the United States, from George Washington to John F. Kennedy, has taken an oath to Almighty God when he assumed the office of President of the United States?

Mr. ROBERTSON. Absolutely.

Mr. TALMADGE. Is it not true that every U.S. Senator and Member of the House of Representatives, from the 1st Congress to the 87th Congress, has done the same thing?

Mr. ROBERTSON. We certainly have.

Mr. TALMADGE. I hold in my hand a 25-cent piece. I read the inscription on the coin, which was minted in 1961: "In God we trust."

Mr. ROBERTSON. The Supreme Court would say that is a political shibboleth and ought not to mean anything at all.

Mr. TALMADGE. Has not that been the motto of this country?

Mr. ROBERTSON. It has; and on the wall of the Chamber, under the clock, as can readily be seen by those on the other side of the gallery are the words, in large gold letters: "In God we trust."

But the Supreme Court would say that this is a superstition; that our Constitution prohibits such an assertion.

Mr. TALMADGE. Is it not true that our national anthem, "The Star-Spangled Banner," contains a reference to our trust in God?

Mr. ROBERTSON. It surely does. One stanza contains the words:

> And this be our motto: "In God is our
> trust."

Furthermore, when the "Star-Spangled Banner" is sung, we stand at attention. Possibly the Supreme Court would make that action illegal or require that the verse be omitted.

Mr. TALMADGE. Have not Presidents of the United States, both Democratic and Republican, sponsored a prayer breakfast each year in Washington, an event which is attended by the President, the Vice President, Members of Congress, members of the Cabinet, and other distinguished leaders of this country?

Mr. ROBERTSON. Absolutely.

Mr. TALMADGE. Is it not the policy of our Government, and has it not been the policy since the founding of our Republic, to encourage the worship of God and the teaching of obedience to His laws?

Mr. ROBERTSON. The Declaration of Independence contains the statement that we were created by God and have certain unalienable rights, among which are life, liberty, and the pursuit of happiness. That provision was placed in the Declaration of Independence before we even won our independence. The framers of the Declaration said that we had those rights and would not be denied them, because God had given them to us.

Mr. TALMADGE. Does the distinguished Senator from Virginia believe the Supreme Court decision yesterday aided the cause of atheism and harmed the cause of religion?

Mr. ROBERTSON. It certainly did not do the cause of religion any good.

Mr. TALMADGE. Does not the Senator also believe that the Supreme Court decision will have the effect of weakening the moral fiber of the youth of our country?

Mr. ROBERTSON. The Senator from Virginia thinks that the decision will have that effect, unless we who are responsible for the Government of the Nation stand up and declare the kind of government we are operating and the principles for which we stand.

Let us remember what Benjamin Franklin said in the Constitutional Convention, when that convention could not agree on the proportion of the representation to be had by the big States and the small States:

> In this emergency, when we are groping in the dark, as it were, for political light, and scarce able to perceive it when presented to us, why has it not once occurred to us to ask the Father of Lights to illuminate our understanding?
>
> I have lived for a long time, and the longer I live, the more convincing proof I see of the fact that God governs in the affairs of men. If it be true that no star can fall to the ground without His knowledge, how can we hope, sir, to see a new empire without His notice, without His aid?

That was the way our Government was started.

Mr. TALMADGE. Did the able Senator from Virginia note, as I did, that at the same time the Supreme Court attempted to prohibit the youth of our country from praying in the public schools, the Court also prohibited the Postmaster General from barring magazines circulated primarily among homosexuals from the mails?

Mr. ROBERTSON. The Senator has heard it said, as have other Senators, that the Court would not prohibit the circulation of obscene literature among the youth of the country, but yet it would not allow them to join in the offering of a prayer when they go to school.

Mr. TALMADGE. Does not the Senator from Virginia think things in our Nation have come to a sorry pass when the Supreme Court of the United States would take two such actions on the same day?

Mr. ROBERTSON. Indeed so. Later, I shall read from a statement made by the Senator from Mississippi [Mr. STENNIS], who said he was shocked. And the Senator from Georgia was shocked, and I was shocked; and I hope all Members of the Senate were shocked, and that they will not hesitate to say they were shocked, and will not hesitate to join with us in a resolution to say to the Court, "We will not stand for this any longer. You have gone as far in misinterpreting the Constitution and our form of government as we will stand for; and if you go further, you will do so at your peril."

Mr. TALMADGE. Does the Senator from Virginia recall that when some of our friends seek to espouse a certain cause, they argue how far behind Russia we are in working in that particular area? Did it strike the Senator's mind, as it did mine, that we are about 40 years behind Russia in prohibiting the youth of our country from praying?

Mr. ROBERTSON. Indeed so; and before I conclude my remarks I shall read from a decision by the Supreme Court of Florida, rendered on June 6, in which it said there are now, roughly speaking, two forms of government, democracy and communism, and that the essence of a democracy is that we believe in God and have freedom of religion; those two distinguish us and others who call themselves democracies from the type of government which is called communism, which denies the existence of God and repudiates the Bible.

Mr. TALMADGE. Mr. President, I commend the distinguished Senator from Virginia for his efforts in this regard. I pledge him my wholehearted support for this proposed constitutional amendment; and I hope this incident will shock the American people at long last into rising up in wrath and indignation and demanding that their elected representatives in the House of Representatives and in the Senate take some action to curb the Supreme Court and its rampant amending of the Constitution by judicial fiat.

Mr. ROBERTSON. I thank the Senator from Georgia; and, again, I wish to say that at the outset the Senator from Georgia paid me a tribute far beyond my just desserts, but in any event I knew it sprang from the heart of a true friend, and I appreciate it very much.

Mr. TOWER. Mr. President, will the Senator from Virginia yield?

Mr. ROBERTSON. I yield to the Senator from Texas.

Mr. TOWER. Was it not the intent of the framers of the first amendment of the Constitution to permit freedom of religion in this country, but not freedom from religion?

Mr. ROBERTSON. Absolutely.

Mr. TOWER. But does not the Supreme Court's interpretation tend to narrowly proscribe the exercise of religion?

Mr. ROBERTSON. Yes, it tends to take away the freedom of religion. That is the point of this decision. But I shall quote George Washington's words in both his inaugural address and his Farewell Address in referring to this subject; he, of course, was one of those who helped frame the Constitution.

Mr. ERVIN. Mr. President, will the Senator from Virginia yield to me?

Mr. ROBERTSON. I yield to the Senator from North Carolina.

Mr. ERVIN. I should like to ask the Senator from Virginia whether we would be far wrong in saying that in this decision the Supreme Court has held that God is unconstitutional, and for that reason the public schools must be segregated against Him?

Mr. ROBERTSON. Well, the Court would certainly take God out of the public schools; there is no doubt about that.

Mr. ERVIN. In recent days I have been much intrigued with the interpretation which the writer of this particular opinion—Justice Black—places upon the right of freedom of speech, as guaranteed by the first amendment to the Constitution. He says the right of freedom of speech is absolute and is not subject to any limitation whatever—which means that a person can call any woman, however virtuous, a prostitute; or any man, however honest, a thief; or any person, however patriotic, a traitor, without being called to account for it in any court of the land. But does not that Justice place a limitation upon the absolute right of freedom of speech, by making it subject to the qualification that although everyone has a right to freedom of speech under all other circumstances and on all other occasions, it is now subject to a limitation that a person cannot talk to God or about God while he is on public-school property?

Mr. ROBERTSON. Well, one reaches that conclusion if he carries this decision to its ultimate effect.

Mr. Justice Black, in trying to justify his misguided opinion, referred to Madison and Jefferson. But, as I shall point out, Justice Black completely misinterpreted what they said in their fight for religious freedom.

Mr. TOWER. Mr. President, will the Senator from Virginia yield again to me?

Mr. ROBERTSON. I yield to the Senator from Texas.

Mr. TOWER. I should like to thank the distinguished Senator from Virginia. At our Wednesday morning prayer breakfasts, I have often been inspired by his great devotion to his God and by his very profound and inspirational remarks; and I should like to thank him for his remarks on the floor today. I associate myself with those remarks and proffer him my support.

Mr. ROBERTSON. I thank the Senator from Texas very much.

Mr. ERVIN. Mr. President, will the Senator from Virginia yield again to me?

Mr. ROBERTSON. I yield.

Mr. ERVIN. I should like to ask the Senator from Virginia whether the records of the Constitutional Convention do not disclose the fact that at a time when it appeared that it would be most difficult, because of the differing views, to obtain a Constitution which would reconcile the varying views to such an extent that there could be a Constitution, the Constitutional Convention, at the suggestion of Benjamin Franklin, prayed to God for guidance and assistance?

Mr. ROBERTSON. That is absolutely correct, and I have already referred to that fact. In fact, we probably would not have had a Constitution if they had not done that. It brought them together and gave them light—so much so, that Gladstone could say that the Constitution was the greatest instrument ever struck off by the hand and purpose of man.

Mr. ERVIN. Let me point out that in this Chamber, on the wall beneath the clock, there are inscribed in gold the words, "In God we trust."

Mr. ROBERTSON. That is true, and we thought those words signified the kind of government we have and the way we are attempting to legislate. But, as the Senator has said, this ruling of the Court would not permit anyone to say, in a school, "In God we trust."

Mr. ERVIN. But the Senate Chamber is also public property, as much so as the public schools, is it not?

Mr. ROBERTSON. Yes.

Mr. ERVIN. And this Chamber is likewise subject to the Constitution, as such, is it not?

Mr. ROBERTSON. That is correct.

Mr. ERVIN. So, under this decision, how can we be permitted to allow the words "In God we trust" to remain on the wall of this Chamber?

Mr. ROBERTSON. Well, we have to decide whether to repudiate the words "In God we trust" or to repudiate the Court. It will not take me long to decide which choice to make.

Mr. President, I wish to refer to what Mr. Justice Stewart said in his dissenting opinion:

> The Court's historical review of the quarrels over the Book of Common Prayer in England throws no light for me on the issue before us in this case. England had then and has now an established church. Equally unenlightening, I think, is the history of the early establishment and later rejection of an official church in our own States. For we deal here not with the establishment of a state church, which would of course, be constitutionally impermissible, but with whether schoolchildren who want to begin their day by joining in prayer must be prohibited from doing so.
>
> Moreover, I think that the Court's task, in this as in all areas of constitutional adjudication, is not responsibly aided by the uncritical invocation of metaphors like the "wall of separation," a phrase nowhere to be found in the Constitution. What is relevent to the issue here is not the history of an established church in 16th century England or in 18th century America, but the history of the religious traditions of our people, reflected in countless practices of the institutions and officials of our Government.
>
> At the opening of each day's session of this Court we stand, while one of our officials invokes the protection of God. Since the days of John Marshall our crier has said, "God save the United States and this honorable Court." Both the Senate and the House of Representatives open their daily sessions with prayer. Each of our Presidents, from George Washington to John F. Kennedy, has upon assuming his office asked the protection and help of God.
>
> The Court today says that the State and Federal Governments are without constitutional power to prescribe any particular form of words to be recited by any group of the American people on any subject touching religion. The third stanza of "The Star-Spangled Banner" made our national anthem by act of Congress in 1931, contains these verses:
>
> "Blest with victory and peace, may the heav'n rescued land
> Praise the Pow'r that hath made and preserved us a nation.
> Then conquer we must, when our cause it is just,
> And this be our motto: 'In God is our trust.' "

In 1954, Congress added a phrase to the "Pledge of Allegiance to the Flag," so that it now contains the words, "One Nation under God, indivisible, with liberty and justice for all." In 1952, Congress enacted legislation calling upon the President each year to proclaim a National Day of Prayer. Since 1865, the words "In God we trust" have been impressed on our coins.

The minority views of Mr. Justice Stewart coincided with the unanimous decision of the State Supreme Court of Florida on June 6, to which I have referred. In that case an agnostic, a Jew, and a Unitarian in Miami sought to enjoin all religious activities in the Dade County public schools. They especially objected to a Florida statute that requires the daily reading of a brief passage from the Bible, but they also wanted to put an end to the occasional singing of hymns in music classes, the painting of pictures on religious themes, the decoration of schoolrooms at Christmastime, the saying of grace or other prayers at school functions, and the holding of baccalaureate ceremonies at commencement. In brief, they wanted to wipe out every vestige of religious affirmation in the public school system, even though a Dade County regulation specifically excuses those children who do not wish to listen to the Bible verse or to participate in other activities of a religious nature.

The Court held:

> We believe it necessary that public education give due recognition to the place of religion and the culture and convictions of our people but that in doing so the principle of separation of church and state must be safeguarded. The road is a difficult one but, certainly, we cannot agree that banishing the Bible and music and paintings of religious connotation will benefit the plaintiff's children in any material way. We are of the opinion that erasing the influence of the best literature, music, and art and gentler aspects of American life in general would be to create an antireligious attitude in the schools and substantially injure the well-being of the majority of the schoolchildren. And although it may be urged that to take such drastic action is to incur the good will of the nation's enemy we think the cost too great and the proposal ill founded in law.
>
> We are sensible of the extent to which the sophistries of agnosticism have gained credence. And we acknowledge the trend toward the preference of minorities over the majority and toward the requiring of the majority, which seem never to suffer psychological trauma, to yield up its cherished customs and rights. Although we concede the duty to turn the other cheek to the enemy and to deal gently with the weak, we do not agree that it is our function to subvert the purpose and intent of the Constitution to those ends, nor do we feel impelled to indulge in flights of fanciful philosophy. When we subscribed to our official oaths it was with "no mental reservations and with no purpose to construe the Constitution by any hypercritical rules."
>
> For all practical purposes there are now in the world just two forms of government, loosely denominated democracy and communism. The vital difference between the two is that the democracies accept religion and guarantee its free exercise, in one form or another, as part of the day-to-day lives of their people, whereas communism has banished religion, except as it may be bootlegged in the dark and inhospitable corners. A consequential distinction, as the major difference is applied to these United States, is that here we prohibit the governmental establishment of religion but guarantee to all the free exercise thereof while, under communism, religion is denied and those who profess religion are hounded underground.
>
> We feel it equally imperative that we preserve the safeguards of the Constitution against all violations of the "establishment" and "free exercise" clauses and, at the same time, preserve those clauses and the rights of the States and the people thereunder against weasel-worded constructions and distinctions designed to impute to them either more or less than was originally intended.

In a futile attempt to justify his view, concurred in by a majority of the U.S. Supreme Court, that the reciting of a simple prayer was the establishment of a religion in violation of the Constitution, Mr. Justice Black referred to the fight that Thomas Jefferson and James Madison made in Virginia on that vital and fundamental principle of personal freedom. Unfortunately, however, he showed no familiarity with the history of that issue or with the real purpose James Madison had in mind when he helped Jefferson perfect his bill for religious freedom in Virginia and when he helped frame the first 10 amendments to our Constitution, known as the Bill of Rights, which provided for the separation of church and state. Both Jefferson and Madison believed in God; both believed in the Bible; both believed that the principles of democracy which they sponsored were based upon the teachings of the Bible, and while neither wanted to put government in religion, neither wanted to take religion out of government. But, when carried to its final analysis, that is what the decision of the Supreme Court on yesterday will mean, notwithstanding the warning of Evangelist Billy Graham, made during his remarkable Chicago crusade that closed last week:

> This generation must face the fact that it is either back to the Bible or back to the jungle.

Mr. President, in view of the fact that there are a great many people in our country besides members of the Supreme Court who are not familiar with James Madison's views on religious freedom as I outlined it in a speech on the floor of the Senate on February 22, 1961, I ask unanimous consent to have reprinted in the Record at this point, what I said on that subject at that time.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Madison's Contribution to Religious Freedom

(Remarks of Hon. A. Willis Robertson, of Virginia, in the Senate of the United States, Wednesday, February 22, 1961)

Mr. Robertson. Mr. President, by a singular coincidence in the same week in which we celebrate the anniversary of the birth of the chief architect of our independence, affectionately known as the Father of his Country, the Congress has received a proposal from the President of the United States, urging it to embark for the first time in our national history on a program of Federal aid to education. And involved in that program is one of the most unique and vital features of our Federal Constitution, namely, the separation of church and state.

President Kennedy, in recommending the appropriation of funds for public shools, has requested that parochial and other church schools at a certain level be excluded, but at the college level that they be included. That proposal will, of course, touch off a debate on the history and the meaning of the doctrine of the separation of church and state, and its application to the appropriation of public funds for church owned and operated schools and colleges.

On many occasions, I have expressd the view that the ability and wisdom of the representatives of 13 new States who assembled in Philadelphia in the summer of 1787 to draft a plan for a more perfect Union, have never been excelled in this or any other nation. If that be true, and I challenge any colleague to deny it, the views of the Founding Fathers on the principle of separation of church and state should be a lamp unto our feet.

Students of history well know that religious intolerance did not commence with the crucifixion of Christ and the persecution of his followers. Throughout recorded history organized government has sought to enforce its will in religious as well as temporal affairs. Many of the early colonists in this country, notably those who settled in Massachusetts, came in search of religious freedom. Those who made the first permanent English settlement at Jamestown in 1607 did not come for that purpose, but they did come imbued with the spirit of political freedom; they did organize the first representative government on this continent; and they were the first to realize that there could be no complete political freedom unless the Government was prohibited from interfering with the individual's religious views.

While George Washington was not as active as Thomas Jefferson and James Madison in behalf of legislation on the subject of religious freedom, he, a deeply religious man and always loyal to the established Church of England, endorsed as strongly as Jefferson and Madison the principle of separation of church and state. In a letter to the members of a new church in Baltimore, he wrote:

"We have abundant reason to rejoice that in this land the light of truth and reason has triumphed over the power of bigotry and superstition, and that every person may here worship God according to the dictates of his own heart. In this enlightened age and in this land of equal liberty it is our boast that a man's religious tenets will not forfeit the protection of the laws, nor deprive him of the right of attaining and holding the highest offices that are known in the United States."

Later, in an address sent to the General Committee of the United Baptist Churches in Virginia, with which my colonial ancestors were associated, and which had suffered perhaps more persecution at the hands of an intolerant government than any other denomination, General Washington wrote:

"If I could have entertained the slightest apprehension, that the Constitution framed in the Convention, where I had the honor to preside, might possibly endanger the religious rights of any ecclesiastical society, certainly I would never have placed my signature to it; and if I could now conceive that the General Government might ever be so administered as to render the liberty of conscience insecure, I beg you will be persuaded, that no one would be more zealous than myself to establish effectual barriers against the horrors of spiritual tyranny, and every species of religious persecution. For you doubtless remember that I have often expressed my sentiments that every man, conducting himself as a good citizen, and being accountable to God alone for his religious opinions, ought to be protected in worshiping the Deity according to the dictates of his own conscience."

Again, in his justly famed Farewell Address, which was read to us this morning, Washington said:

"Of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports. In vain would that man claim the tribute of patriotism, who should labor to subvert these great pillars of human happiness, these firmest props of the duties of men and citizens."

Therefore, in discussing today the contribution made by another great Virginian to the cause of the type of freedom which we have enjoyed under a Constitution which provides for the separation of church and state, I wish to emphasize the point made by Washington that there is a difference between religion in government and government in religious affairs. I further emphasize the point that the current debate in connection with a school-aid program of the doctrine of separation of church and state, will avail us little unless it includes the realistic premise that what this day and generation needs is not more Federal aid to the individual, but a more active support by the individual of religion and morality—"great pillars," as stated by Washington, "of human happiness, these firmest props of the duties of men and citizens."

Students of Virginia history will recall the provision for religious freedom that was included in George Mason's bill of rights, and incorporated in Virginia's first constitution, and a still broader provision in a bill offered in the Virginia Legislature by Patrick Henry. It remained, however, for the chief architect of the Philadelphia Constitution, James Madison, to outline the fundamental reasons for the doctrine of separation of church and state, which was subsequently incorporated in Jefferson's statute for religious freedom in Virginia and was written by Madison into the first amendment of the Federal Constitution. It was largely due to his efforts that Virginia was the first State in the modern world with both complete religious freedom and complete separation of church and state.

It was Madison at whose insistence the Virginia Bill of Rights of 1776 was so modified as to read:

"All men are equally entitled to the free exercise of religion, according to the dictates of conscience."

Until Madison's amendment the document had provided that there be religious toleration. For this statesman, mere toleration was insufficient; he proclaimed that "the right of every man is liberty—not toleration."

Madison's primary contribution to the dual causes of religious freedom and the separation of church and state—and that which had the greatest repercussions—was his famous "Memorial and Remonstrance" of 1784 against a proposal of the Virginia House of Delegates to provide, through assessments, for teachers of the Christian religion.

It is important to consider the circumstances which led to Madison's "Remonstrance."

The decision on a general assessment for the support of religion in Virginia had been deferred, by article VI of the 1776 Preliminary Act for Religious Freedom to the determination of a future assembly.

In the house the assessment proposals were vigorously argued by no lesser advocate than Patrick Henry. It may seem paradoxical that the man who a few years before had been proclaimed the "firebrand of the American Revolution" and who in the near future was to denounce the Federal Constitution as a return to tyranny, would fail to appraise the implications of State-sponsored financial support of the Christian religion. Henry advanced as his chief argument the close relation of religion to the prosperity of the State, calling attention to the fate of nations which had neglected religion, and inferring the need of State support. Madison fully answered this contention by stating that the true question was not—Is religion necessary?—but—Are religious establishments; that is, State-supported establishments, necessary for religion?

In spite of Madison's logic and vigor the house adopted on November 11, 1784, the following resolution designed to carry out Henry's plan:

"That the people of this Commonwealth, according to their respective abilities, ought to pay a moderate tax or contribution annually, for the support of the Christian religion, or of some Christian church, denomination or communion of Christians, or of some form of Christian worship."

Nevertheless, Madison was able to postpone the third and final reading of the subsequent bill tailored to implement the resolution's intention. Only the determination and resourcefulness of Madison in his opposition and the election of Henry to Virginia's governorship on November 17 prevented this assessment bill from becoming law in 1784.

Madison used to advantage the delay which his efforts had won. With the endorsement of Mason and Nicholas he prepared between sessions and circulated in June and July of 1785 the remarkable "Memorial and Remonstrance."

The epochmaking document, which I will quote in part, was divided into an introduction and 15 succeeding points:

"To the Honorable the General Assembly of the Commonwealth of Virginia:

"We, the subscribers, citizens of the said Commonwealth, having taken into serious consideration a bill printed by order of the last session of general assembly, entitled 'A bill establishing a provision for teachers of the Christian religion,' and conceiving that the same, if finally armed with the sanctions of a law, will be a dangerous abuse of power, are bound as faithful members of a free State to remonstrate against it, and to declare the reasons by which we are determined. We remonstrate against the said bill—

"1. Because we hold it for a fundamental and undeniable truth 'that religion, or the duty which we owe to our Creator, and the manner of discharging it, can be directed only by reason and conviction, not by force or violence.' The religion, then, of every man must be left to the conviction and conscience of every man and it is the right of every man to exercise it as these may dictate. This right is in its nature an unalienable right.

"2. Because, if religion be exempt from the authority of the society at large, still less can it be subject to that of the legislative body.

"3. Because it is proper to take alarm at the first experiment on our liberties. * * * Who does not see that the same authority which can establish Christianity in exclusion of all other religions may establish, with the same ease, any particular sect of Christians in exclusion of all other sects? That the same authority which can force a citizen to contribute 3 pence only of his property for the support of any one establishment may force him to conform to any other establishment in all cases whatsoever?

"4. Because the bill violates that equality which ought to be the basis of every law, and which is more indispensable in proportion as the validity or expediency of any law is more liable to be impeached. If all men are by nature equally free and independent, all men are to be considered as entering into society on equal conditions; as relinquishing no more, and therefore retaining no less, one than another, of their natural rights. Above all, are they to be considered as retaining an equal title to the free exercise of religion according to the dictates of conscience.

"5. Because the bill implies either that the civil magistrate is a competent judge of religious truths or that he may employ religion as an engine of civil policy. The first is an arrogant pretension, falsified by the contradictory opinions of rulers in all ages and throughout the world; the second, an unhallowed perversion of the means of salvation.

"6. Because the establishment proposed by the bill is not requisite for the support of the Christian religion. To say that it is, is a contradiction to the Christian religion itself, for every page of it disavows a dependence on the powers of this world.

"7. Because experience witnesseth that ecclesiastical establishments, instead of maintaining the purity and efficacy of religion, have had a contrary operation. During almost 15 centuries has the legal establishment of Christianity been on trial. What have been its fruits? More or less, in all places, pride and indolence in the clergy; ignorance and servility in the laity; in both, superstition, bigotry and persecution. Inquire of the teachers of Christianity for the ages in which it appeared in its greatest luster; those of every sect, point to the ages prior to its incorporation with civil policy.

"8. Because the establishment in question is not necessary for the support of civil government. If it be urged as necessary for the support of civil government only as it is a means of supporting religion, and it be not necessary for the latter purpose, it cannot be necessary for the former. If religion be not within the cognizance of civil government, how can its legal establishment be necessary to civil government? * * * Rulers who wished to subvert the public liberty, may have found an established clergy convenient auxiliaries. A just government, instituted to secure and perpetuate it, needs them not. Such a government will be best supported by protecting every citizen in the enjoyment of his religion with the same equal hand which protects his person and his property by neither invading the equal rights of any sect, nor suffering any sect to invade those of another.

"9. Because the proposed establishment is a departure from that generous policy which offering an asylum to the persecuted and oppressed of every nation and religion, promised a luster to our country, and an accession to the number of its citizens. What a melancholy mark is the bill of sudden degeneracy? Instead of holding forth an asylum to the persecuted, it is itself a signal of persecution. It degrades from the equal rank of citizens all those whose opinions in religion do not bend to those of the legislative authority.

"10. Because it will have a like tendency to banish our citizens. The allurements presented by other situations are every day thinning their number. To superadd a fresh motive to emigration by revoking the liberty which they now enjoy would be the same species of folly which has dishonored and depopulated flourishing kingdoms.

"11. Because it will destroy that moderation and harmony which the forbearance of our laws to intermeddle with religion has produced among its several sects. Torrents of blood have been spilt in the Old World in consequence of vain attempts of the secular arm to extinguish religious discord by proscribing all differences in religious opinion.

"12. Because policy of the bill is adverse to the diffusion of the light of Christianity. * * * Instead of leveling, as far as possible, every obstacle to the victorious progress of truth, the bill, with an ignoble and un-Christian timidity, would circumscribe it with a wall of defense against the encroachments of error.

"13. Because attempts to enforce by legal sanctions, acts obnoxious to so great a proportion of citizens tend to enervate the laws in general, and to slacken the bands of society.

"14. Because a measure of such singular magnitude and delicacy ought not to be imposed without the clearest evidence that it is called for by a majority of citizens and no satisfactory method is yet proposed by which the voice of the majority in this case may be determined, or its influence secured.

"15. Because, finally, the equal right of every citizen to the free exercise of his religion, according to the dictates of conscience, is held by the same tenure with all our other rights. If we recur to its origin, it is equally the gift of nature; if we weigh its importance, it cannot be less dear to us; if we consult the declaration of those rights which pertain to the good people of Virginia as the basis and foundation of government, it is enumerated with equal solemnity, or rather with studied emphasis.

"We, the subscribers, say that the general assembly of this Commonwealth have no such authority. And in order that no effort may be omitted on our part against so dangerous an usurpation, we oppose to it this remonstrance earnestly praying, as we are in duty bound, that the Supreme Lawgiver of the Universe, by illuminating those to whom it is addressed, may, on the one hand, turn their councils from every act which would affront His holy prerogative or violate the trust committed to them; and, on the other, guide them into every measure which may be worthy of His blessing, redound to their own praise, and establish more firmly the liberties, the prosperity, and the happiness of the Commonwealth."

The influence of this document was widespread not only in Virginia but throughout the other Colonies.

A letter of Madison's describes the profound local effect. He writes that the "remonstrance" met with "the approbation of the Baptists, the Presbyterians, the Quakers, and a few Roman Catholics, universally; of the Methodists in part; and even not a few of the sect; that is, the Anglicans—his own religion incidentally, formerly established by law." The Presbyterians adopted a strong memorial against the assessment bill specifically referring to the fact that it would be unfair to the Jews, as it provided for only one religion, Christianity. The general association of Virginia Baptists was even more extreme in its denunciation of Henry's proposals.

It can be said without exaggeration that Madison's Remonstrance so stimulated the Virginia electorate that not only did the assembly reject the assessment bill in the session of 1785 but it moved to adopt by a margin of 67 to 20 the bill establishing religious freedom, which had been prepared by Thomas Jefferson and introduced into the Virginia Assembly as early as June 13, 1779.

The ferment overflowed Virginia's boundaries and helped stifle attempts in other Colonies to siphon public funds into the regular support of the churches.

Madison overlooked few opportunities to advance the principles of his Remonstrance.

His first amendment to the Constitution reads in part:

"Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof."

Madison wished to go further and proposed an amendment which would protect the principles of religious freedom and separation of church and state not only from Federal encroachment but also from State intervention. That failed to win acceptance, but it illustrates the extraordinary vision of this statesman. His proposal had anticipated by 134 years the Supreme Court's application of the 14th amendment in Meyer against Nebraska (1923) to freedom of religion.

The religious minorities had no greater friend than James Madison. In his youth he heard with deep compassion the sermon of a Baptist minister from the only pulpit legally available to him—the window of a jail.

In his old age, after retirement from the Presidency, he received a letter containing the following tribute from a member of the Jewish faith in New York:

"I ought not to conceal from you that it affords me sincere pleasure to have an opportuntiy of saying that to your efforts and those of your illustrious colleagues in the convention the Jews in the United States owe many of the blessings which they now enjoy, and the benefit of this liberal and just example has been felt very generally abroad and has created a sincere attachment toward this country on the part of foreign Jews."

Madison's influence on our Nation's progress toward freedom of religion and its corollary, separation of church and state, was both extensive and enlightened. He is unexcelled among our forefathers for logical and consistent development of the constitutional ideal of religious freedom.

In conclusion, I wish to quote again from the immortal George Washington, who, in his first inaugural address, said:

"It would be peculiarly improper to omit in this first official act my fervent supplications to that Almighty Being who rules over the universe, who presides in the councils of nations, and whose providential aids can supply every human defect, that His benediction may consecrate to the liberties and happiness of the people of the United States a Government instituted by themselves for these essential purposes, and may enable every instrument employed in its administration to execute with success the functions allotted to his charge."

The debate of the issue of Federal aid to church schools can be a vital and dynamic contribution to the President's New Frontier program, if it challenges the willingness of our people to prove by their personal conduct that the motto on our coins, "In God We Trust," is something more than a political shibboleth.

Mr. ROBERTSON. Mr. President, I ask unanimous consent to have printed in the Record an editorial entitled "And Forbid Them Not," published in the Washington Evening Star of June 26, 1962, relating to the decision of the Supreme Court relative to prayer in the public schools of New York.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Evening Star (Washington, D.C.), June 26, 1962]

"And Forbid Them Not"

Jesus, according to St. Luke, remonstrated with his disciples and said: "Suffer little children to come unto me, and forbid them not." Little children may not approach Him, however, through the public schools of New York. Six Justices of the Supreme Court have forbidden it.

At issue was this brief nondenominational prayer: "Almighty God, we acknowledge our dependence on Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country." This prayer had been composed by the State board of regents and was recited each morning in at least some of the schools.

Had any child been required to recite the prayer, the Court would have had every reason to forbid it. But this was not the case. Those who did not wish to participate were not even required to be present when the prayer was recited. Thus, the real effect of the Court's ruling is to prohibit children who might wish to do so from reciting the prayer. And this in the name of freedom of religion.

The first amendment says that Congress shall make no law respecting an establishment of religion, the founders having in mind the established Church of England and similar early efforts in some of the colonies. But would the recital of this simple prayer, as recommended by a State agency, be equivalent to enacting a law respecting an establishment of religion? Of course not, and Justice Black, speaking for the majority, was obliged to concede that it does not amount to a "total establishment of one particular religious sect to the exclusion of all others." In our opinion it does not remotely approach this. Nor does it bear any rational relationship to the religious struggles of 200 or 300 years ago.

In his dissent, Justice Potter Stewart noted that the Supreme Court begins each day by invoking the protection of God. Its crier importunes: "God save the United States and this honorable Court." How long will this be tolerated? And what about the prayers which are said each day in the House and the Senate. Does this contravene the first amendment?

Justice Stewart also noted that "The Star-Spangled Banner" was declared to be our national anthem by an act of Congress in 1931. Yet its third stanza reads:

"Blest with victory and peace, may the heav'n rescued land
Praise the Pow'r that hath made and preserved us a nation!
Then conquer we must, when our cause it is just,
And this be our motto 'In God Is Our Trust.'"

Perhaps this could be substituted in New York for the proscribed prayer. But, on second thought, maybe it would be better not to suggest it. The Supreme Court some day might rule that Congress, in its act of 1931, passed a law respecting an establishment of religion, and that the national anthem, therefore, is unconstitutional. Farfetched? We are not so sure.

Mr. ROBERTSON. Mr. President, we all regret the untimely death of our friend and distinguished colleague from South Dakota, Mr. Case. His earthly remains were carried to their final resting place today, accompanied by a number of our colleagues, including our friend from Mississippi [Mr. STENNIS]. The Senator from Mississippi was deeply upset, as a number of us were, by the Supreme Court decision; and before he left Washington he prepared a memorandum which he asked that I present for him to the Senate. In that memorandum, he said:

STATEMENT BY SENATOR STENNIS

I have the conviction that people all over the country who rejoice in the spiritual heritage of this Nation were shocked, as I was, to learn that the Supreme Court has held that the permissive daily recital of a simple nondenominational prayer by public-school children breached the constitutional wall of separation of church and state. The prayer thus condemned by our highest Court did nothing more than acknowledge the pupils' dependence upon an Almighty God and ask His blessings upon them, their parents, their teachers, and their country. Only those who desired to do so joined in the recitation of this prayer; no compulsion was involved.

It is not my purpose or intent at this time to challenge point by point the rationale of the majority opinion in this case. However, I could hardly believe my eyes when I read that the Court had held that the prayer, even though admittedly nondenominational, and even though participation in it was admittedly voluntary, violated the first amendment, which merely prohibits the Congress from passing a law "respecting an establishment of religion, or prohibiting the free exercise thereof."

With all respect, I think the Court has utterly misconceived a great constitutional principle. I, for one, cannot comprehend how a religion is established by permitting schoolchildren who wish to do so to say a simple prayer. It is my belief that by this decision the Court has twisted freedom of religion into a quarantine against religion.

I submit that it offends both reason and logic to contend that the now outlawed prayer in any manner resulted in the establishment of any religion. The prayer is nonsectarian and nondenominational. The opinion of the Court concedes that participation in it is without compulsion. Under these circumstances few will believe that any real question of the church dominating the state is involved, and I have always been of the opinion that this was the basis of the constitutional provisions upon the subject.

If there was any question of sectarianism involved, or any issue of favoring one religious group over another, the situation, of course, would be entirely different. All we have here, however, was a conscientious effort to permit children who wished to do so to say that they believed in an Almighty God and to call forth His blessings. The Court has denied this right and the implications of its decision are enormous.

This, of course, is not the first time that the Court has departed so far from established constitutional concepts. There is a remedy, however, for the American people. It is by the process of a constitutional amendment, and I am today introducing an amendment designed to right the wrong which the Court has perpetrated. I realize, of course, that this is a delicate subject and one which needs and deserves careful study. However, I am convinced that, if necessary, my amendment can be perfected so that our constitutional guaranty of freedom of religion will be retained but will not in the future be allowed to become an instrument for the suppression of religion.

The voice of the people is already welling up in all of the corners of this Nation in protest against this decision, and I predict that the necessary amendment will be adopted by the Congress and ratified by the States quickly and decisively. The voice of those who believe in the spiritual heritage of this Nation and in the existence of a Supreme Being will be heard in an ever-swelling chorus.

Perhaps as never before in history we need today the comfort and support of moral and spiritual values. We here in the Senate do not deny ourselves the edifying effect of the eloquent prayers of our Chaplain. They give us faith and strength for our daily tasks. The children of our public schools, on a permissive basis, should not be denied the same privilege which we have established for ourselves. We should act promptly to fill the void in the spiritual life of our children which will exist by reason of the Court's decision.

Mr. ROBERTSON. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a Senate joint resolution prepared by the Senator from Mississippi [Mr. STENNIS] proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

JOINT RESOLUTION PROPOSING AN AMENDMENT TO THE CONSTITUTION OF THE UNITED STATES TO PERMIT THE USE OF PRAYER IN PUBLIC SCHOOLS

Be it resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"SECTION 1. No provision of this Constitution or any article of amendment thereto shall be construed to prohibit nondenominational religious observance through the invocation of the blessing of God or the recitation of prayer, as a part of the activities of any school or other educational institution supported in whole or in part from public revenues, if participation therein is not made compulsory.

"SEC. 2. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission to the States by the Congress."

Mr. ROBERTSON. Mr. President, on behalf of the Senator from Mississippi [Mr. STENNIS], I introduce the joint resolution which I send to the desk and ask to have appropriately referred.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 204) proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools, introduced by Mr. ROBERTSON (for Mr. STENNIS), was received, read twice by its title, and referred to the Committee on the Judiciary.

VISIT TO THE SENATE BY HIS EXCELLENCY DR. GUILLERMO LEON VALENCIA, PRESIDENT-ELECT OF THE REPUBLIC OF COLOMBIA

Mr. SPARKMAN. Mr. President, we are honored today by the presence of the distinguished President-elect of our neighbor republic to the South, Colombia, His Excellency Dr. Guillermo Leon Valencia.

It has been our pleasure to have His Excellency before some of the members of the Latin American Affairs Subcommittee of the Committee on Foreign Relations during lunch. We have had quite an interesting discussion with him.

At this time, Mr. President, I wish to present to the Senate His Excellency Dr. Guillermo Leon Valencia, the President-elect of the Republic of Colombia. We are delighted to have him with us.

[Applause, Senators rising.]

Mr. AIKEN. Mr. President, I join the Senator from Alabama in extending greetings to the President-elect of the Republic of Colombia, Dr. Valencia, and also to Ambassador Carlos Sanz de Santamaria, who is in the Chamber with us at this time.

Colombia, as we all know, is one of the countries with which we are most closely associated with one with which our future is closely bound. It is perhaps unfortunate that His Excellency the President-elect and the Ambassador are visitors to the Senate today, when there is little opportunity to show them the United States Senate in action, but at least those of us who are now present extend to them our heartfelt greetings and express the hope that it will not be long before we shall have an opportunity to greet them again.

Mr. HUMPHREY. Mr. President, I join with my colleagues, the Senator from Alabama and the Senator from Vermont, in the expression of welcome and what we hope will be the extension of the finest hospitality to this distinguished gentleman, the President-elect of the Republic of Colombia. Some of us have been privileged to have a personal visit with President-elect Valencia. We have found him to be an extremely able, dedicated public servant who is fully cognizant of the many problems facing our two countries and, indeed, the entire world. It is very gratifying to know that the citizens of the great Republic of

Colombia have seen fit to elect as President a man who is dedicated to the institutions of democracy and of political freedom.

Mr. President, we are sorry to know that the wife of the President-elect at present is in one of our great medical hospitals, Johns Hopkins. We express to this distinguished lady the good wishes of the people of the United States and of the U.S. Senate for her complete and early recovery and for all good health in the future. I am sure I speak for every Member of this body when I express these sentiments.

Mr. President, so that our colleagues may be informed, I ask unanimous consent that the press release by the Department of State relating to the visit to the United States by the President-elect of Colombia may be printed in the RECORD at this point.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

VISIT TO THE UNITED STATES OF AMERICA OF THE PRESIDENT-ELECT OF COLOMBIA, JUNE 1962

His Excellency Dr. Guillermo Leon Valencia, President-elect of the Republic of Colombia, will visit the United States beginning June 20. He and Mrs. Valencia have come to the United States for medical treatment at Johns Hopkins Hospital in Baltimore, Md. Mrs. Valencia will enter the hospital on June 21 and President-elect Valencia will do so on June 27 after an informal visit to Washington for discussions with Government officials.

President-elect Valencia will arrive in New York City on June 20. On June 21 he will accompany Mrs. Valencia to Johns Hopkins Hospital in Baltimore and then return to New York City. The President-elect will arrive in Washington on June 23.

During his stay in Washington President-elect Valencia will see President Kennedy, congressional leaders, and other Government officials. On June 25 he will lay a wreath at the Tomb of the Unknown Soldier, attend a luncheon in his honor given by President Kennedy at the White House, and a reception given by Acting Secretary of State George W. Ball at Blair House.

He will return to Baltimore for medical treatment on June 27.

President-elect Valencia was born in Popayán, Colombia, on April 27, 1909. He studied law at the University of Cauca and, with his father, founded the newspaper Claridad in Popayán in 1933. The President-elect served in the national house of representatives, in the national senate, and as Ambassador to Spain prior to his election as President on May 6, 1962.

He and Mrs. Valencia have two sons and two daughters.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Senate may stand in recess for 5 minutes, so that Senators may express their greetings to the President-elect.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and it is so ordered.

Thereupon, (at 2 o'clock and 26 minutes p.m.) the Senate took a recess, pursuant to the unanimous-consent agreement.

The Senate being in recess,

His Excellency, Dr. Guillermo Leon Valencia, President-elect of the Republic of Colombia, accompanied by Ambassador Extraordinary and Plenipotentiary Dr. Carlos Sanz de Santamaria, was escorted to the well of the Senate, where he was greeted by the Members of the Senate, after which he and the Ambassador retired from the Chamber.

Thereupon, (at 2 o'clock and 31 minutes p.m.) the Senate reassembled when called to order by the Presiding Officer (Mr. MOSS in the chair).

CONTINUATION OF AUTHORITY FOR REGULATION OF EXPORTS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, which was, to strike out all after the enacting clause and insert:

> That section 12 of the Export Control Act of 1949 is amended by striking out "June 30, 1962" and inserting in lieu thereof "June 30, 1965".
>
> SEC. 2. Section 1(b) of the Export Control Act of 1949 is amended to read as follows:
>
> "(b) The unrestricted export of materials without regard to their potential military and economic significance may adversely affect the national security of the United States."
>
> SEC. 3. Section 2 of the Export Control Act of 1949 is amended by inserting "of the United States" immediately before the period at the end thereof.
>
> SEC. 4. Section 3(a) of the Export Control Act of 1949 is amended by adding at the end thereof the following new sentence: "Such rules and regulations shall provide for denial of any request or application for authority to export articles, materials, or supplies, including technical data, from the United States, its territories and possessions, to any nation or combination of nations threatening the national security of the United States, unless the President shall determine that such export does not make a significant contribution to the military or economic potential of such nation or nations which could prove detrimental to the national security and welfare of the United States."
>
> SEC. 5. Section 5 of the Export Control Act of 1949 is amended by striking out "one year" and inserting in lieu thereof "two years".

Mr. HUMPHREY. Mr. President, on behalf of the Senator from Virginia [Mr. ROBERTSON], I move that the Senate disagree to the amendments made by the House, and I move that the Senate ask a conference with the House on the disagreeing votes of the two Houses on the bill and that the conferees on the part of the Senate be appointed by the Chair.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Presiding Officer appointed Mr. ROBERTSON, Mr. SPARKMAN, Mr. DOUGLAS, Mr. CAPEHART, and Mr. BENNETT conferees on the part of the Senate.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BENNETT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HICKEY in the chair). Without objection, it is so ordered.

WHITE HOUSE MANIPULATION OF NEWS MEDIA

Mr. BENNETT. Mr. President, I ask unanimous consent that an article which appeared in the New York Times for May 9 written by its noted columnist, James Reston, appear in the RECORD following my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. BENNETT. Mr. Reston, who can hardly be regarded as unfriendly to the Kennedy administration, calls attention to what I believe is one of the serious dangers to our form of government, caused by domination of all forms of the news media by President Kennedy. As Mr. Reston points out, this is a result not only of the importance of the Presidency in our form of government but more importantly because of the conscious policy adopted by the Kennedy administration to dominate the news.

The dangerous results of the Kennedy manipulation of the news media has again been dramatically illustrated in the handling of the President's all-out political speech in support of his medicare program delivered at Madison Square Garden. This purely political speech was carried free by all the major networks, while the doctors were compelled to pay for their reply.

Mr. Reston concludes his discussion of the political propaganda tactics of the Kennedy administration by citing the great danger which this poses:

> As this trend continues, the dangers are obvious. The opposition can continue to express its feelings on the floor of the Congress, probably in the presence of a handful of Members and spectators, but the President has an audience of millions at his command any day he likes. It is not a situation that promises to maintain a political balance of power in the United States.

Since Mr. Reston wrote his article, the White House has gone to still further lengths to control and manipulate the news. The New York Herald Tribune was completely banned from the White House when the President canceled the famous 22 subscriptions. This was done because the White House did not approve of the manner in which the Herald Tribune presented the news to its readers. Certainly the President has the right to read or not to read any paper he may wish, but it is shocking that he would completely ban the newspaper from the White House, and thereby prevent even members of his staff from reading it. What is yet more shocking is that the White House would deliberately publicize the fact that it had canceled the Herald Tribune subscriptions. Quite obviously, this was intended to be a warning to other newspapers that they had better present the news in a manner acceptable to the President, or they too would be publicly censured.

This episode even moves so liberal a columnist as Robert Spivack to object to the petty petulance displayed by the White House, and I ask unanimous consent that his article appear in the RECORD following my remarks.

The **PRESIDING OFFICER**. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 2.)

Mr. **BENNETT**. As if these events were not enough, the White House shorthand expert, Jack Romagna, who has transcribed Presidential statements and press conferences for over 20 years, was unceremoniously fired. Judging from newspaper accounts, he was thrown out because he dared to caption a Presidential statement made by telephone to a national convention of mayors in Florida, as emanating from the White House swimming pool.

I agree with Mr. Reston that the present White House policy of not only managing, but also manipulating and dominating the news, poses a serious threat to our republic. The goal of the Kennedy administration to dominate all forms of news media to the near exclusion of the administration's critics, establishes a dangerous precedent which in the hands of a President with totalitarian ambitions could be disastrous.

EXHIBIT 1

[From the New York Times, May 9, 1962]

HOW TO OVERBALANCE THE POLITICAL SCALES

(By James Reston)

LOS ANGELES, May 8.—The increasing power of nationwide mass communications is obviously working to the political advantage of the Kennedy's.

Not only is the President dominating the political news on national television, but his only competition in the national magazines seems to be his wife, Jacqueline.

The big, colorful magazine racks in the streets of Los Angeles today illustrate the point. Harper's magazine proclaims from its front cover "The Kennedy's Move In on Dixie." The cover on McCall's carries a picture of Mrs. Kennedy and her two children, and The Saturday Evening Post advertises "A Feminine Chat With Jackie." In fact Mrs. Kennedy's only competition at the moment seems to come from Gov. Nelson Rockefeller of New York on the cover of Newsweek, and from Nikolai Lenin, of all people, on the cover of Look.

On top of all this, the advent of a nationally circulated daily and weekly press is clearly adding to this trend. The Wall Street Journal is already publishing 5 days a week on the Pacific coast and circulating the National Observer on Sunday. The New York Times will start publishing 6 days a week in Los Angeles in the autumn, and this is already having a visible effect on the Pacific coast daily press.

They are increasing their coverage of national and international news. They are adding more nationally syndicated columns, most of them originating in Washington, and all this gives the President an even wider audience than he had before.

KENNEDY'S TECHNIQUES

This is something new in American political life. Franklin Roosevelt had national radio and the will and ability to use it effectively. But he didn't have television. Harry Truman and Dwight D. Eisenhower had both radio and television but used them sparingly and kept the Washington press corps in formal channels.

President Kennedy, however, is exploiting all the new mass communications. He had an audience of 85,000 for a speech at the University of California the other day. Over 200,000 turned out to see him in New Orleans last week. He was all over the TV screens from Atlantic City today. Tomorrow his press conference will be televised nationally, and after that it will be a big Presidential rally in Madison Square Garden, with many of the stars of Hollywood and the New York theater as his supporting cast.

This conscious policy of dominating the news is apparent enough in Washington, but it is even more striking out here—especially in the absence of a popular national figure in the political opposition.

Former President Eisenhower has receded into the well-earned and agreeable shadows of retirement. Governor Rockefeller is still a remote regional figure at this distance, and even former Vice President Richard M. Nixon, showing off his new house to the press here last night, seemed less of a national figure than he did when he came to within 100,000 votes of the Presidency a little over a year ago.

This is a serious problem for the Republican party. It is being overwhelmed in the field of publicity, which is the battleground of presidential politics. The Democrats have passed power from the men born in the 19th century to the new generation born in the 20th, and the GOP has not. Also, the Republicans have to deal not only with an articulate young President in the White House but with the whole Kennedy clan.

Not since the days of Teddy Roosevelt and his "Princess Alice" has there been anything like it, and the Teddy Roosevelts didn't have instant communication with the whole continent. But now the Kennedys are getting more publicity than the Prime Minister and the Queen of England combined.

Some of this publicity is of course adverse, particularly in the national business and financial papers, and especially since the steel price controversy. But the mass circulation magazines are treating the Kennedys like a royal family and overwhelming the voice of the smaller critical journals.

THE NEWSMAKER

It is true, of course, that the President has usually dominated the news in all generations. What he says and does command the front pages, even if he does not open the White House and its staff to the press and TV reporters, but there is a new dimension now.

As the daily newspaper goes national, many of the large city newspapers that used to concentrate on local news have to move into the world to meet their competition. And Kennedy, being an astute politician, is exploiting the trend as much as he can.

As this trend continues, the dangers are obvious. The opposition can continue to express its feelings on the floor of the Congress, probably in the presence of a handful of members and spectators, but the President has an audience of millions at his command any day he likes. It is not a situation that promises to maintain a political balance of power in the United States.

EXHIBIT 2

[From the New York Herald Tribune, June 10, 1962]

LIBERAL'S VIEW: CREEPING CENSORSHIP

(By Robert G. Spivack)

(Robert G. Spivack's column appears every Sunday in the Herald Tribune Forum section. He is a liberal who agrees, in general, with the objectives and programs of the Kennedy administration. In this extra column, Mr. Spivack raises sharp, challenging questions—about the President's relations with the press and the press' handling of the President.)

WASHINGTON.—A large segment of the Washington press corps is disappointed, even angry, with President Kennedy. But you would never guess this if you watched his most recent televised news conference.

Superficially everything seemed harmonious. The President looked tense and tired to many newsmen in the room with him. But on television he looked healthy and happy.

How much the televised press conference affects public opinion is difficult to measure, but in terms of accuracy, it has become a gay deceiver. There are many ways in which the televised news conference gives a distorted picture of what is really taking place in Washington.

For this, a large share of the responsibility goes to the White House staff who seem to view the news conference as a stage production; even the questions on occasion seem to have been planted among a select handful. Newsmen, too, must accept a share of responsibility for the decline of the press conference.

They should be protesting the surroundings in which it is held. Certainly their questions should be phrased more sharply and self-discipline should make them avoid trivia.

WHY THE DISMAY?

What is the basis for the widespread dismay in the press corps? Two recent events have brought it to the surface, although any number of incidents have helped to build up resentment. Specifically:

The summary firing of competent Jack Romagna as chief White House stenographer, after 21 years of faithful service to Presidents Roosevelt, Truman, and Eisenhower seemed a brutal action.

The President's decision to cancel not only his own subscription to the New York Herald Tribune, but 21 other subscriptions, could only leave the impression that he is now deciding the reading habits of his associates.

There is a joke making the rounds in Washington these days. "President Kennedy," it goes, "firmly believes in the right to dissent. In fact, he will tell you what you can dissent about."

In a way that tells the story of the administration and its use of the press. It also helps explain some of the deterioration in relations. Another cause is that some members of the press corps who have allowed themselves to be used are now beginning to have second thoughts about their relations with the administration.

The newspaperman, whether a columnist, a correspondent, or a stringer in some remote outpost, must retain his independence, his dignity, and sense of worth. If a politician favors a reporter with a beat it is natural enough to feel gratified. But simply because a man leaks a story, for whatever motives, does not automatically endow him with angelic qualities or make him the fountainhead of all wisdom.

Unfortunately, when a President honors some reporters with his presence, or with a story, they fall all over themselves. They even assume their assignment is henceforth to defend the man's every action and to protect him from hostile questioners.

This leads, as it has in the Kennedy administration, to an unhealthy relationship. Thus many newspapermen, who know better, did not protest the midnight calls from G-men to reporters who were covering a phase of the big steel story.

The President compounded that blunder by trying twice to laugh it off.

OTHER DEFICIENCIES

The President's press conference is deficient in other respects. Unlike President Eisenhower, who stood on the same floor level with the newspapermen, President Kennedy insists on being elevated on a rostrum. The questioner must thus look up to him and he looks down at the newsman.

The auditorium in which the conference is held is cavernous, more like a large theater than a room in which one might engage in give-and-take with the Chief Executive as in the Truman and Roosevelt days.

At his latest news conference the President used 10 precious minutes reading a statement that could have been mimeographed and handed out at the White House.

Although there were heated discussions by newsmen in the outer hall about the Romagna and Herald Tribune episodes when they came into the conference auditorium not one of the regulars asked a question about either. Whether it was the presence of the cameras, or the experience of previous complaints from the White House, or the grim look on Mr. Kennedy's face, they blew the big stories.

A solution, perhaps, to this creeping censorship would be that the press corps request an end to the televised press conferences under the present circumstances. The omnipresence of the cameras, among other things, seems to be inhibiting the newsmen. This is no service to the public, or the press, or, I suspect, in the long run to Mr. Kennedy himself.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

THE LATE SENATOR CASE, OF SOUTH DAKOTA

Mr. CARROLL. Mr. President, I want to express my deep sense of loss at the passing of our colleague, Senator Francis Case, of South Dakota. We had known one another since I first entered the Congress in 1947, when he also was a Member of the House, and our wives and families are good and warm friends.

Senator Case was one of the most competent Members of this great body. He was highly regarded by us all for his skill and his diligence. He was an honest, courageous, and dedicated public servant in the truest sense of those words. He never shrank from a fight on behalf of his high principles and firm convictions, and he never allowed partisanship to obscure his sense of fairness and propriety.

Those of us from Western States will always be indebted to Senator Case for his leadership in matters concerning development of natural resources in our region. He contributed much to the Nation with his work on weather modification research, desalination of water, highway problems, synthetic liquid fuels, including development of oil from shale, and similar matters which are of great concern to our region.

But the Nation as a whole always occupied first place in his thinking, and this was reflected in his outstanding work as a member of the Armed Services and Public Works Committees.

He was indeed a U.S. Senator from South Dakota in the full meaning of those words. He represented both his State and the Nation, and he did a fine, workmanlike job on behalf of both. We will miss him.

On behalf of Mrs. Carroll and our daughter, I wish to express our deepest, heartfelt sympathy to Mrs. Case and her family in this time of bereavement.

Mr. HUMPHREY. Mr. President, I join with the distinguished junior Senator from Colorado in the expression of sympathy and condolences to Mrs. Case, her daughter, and other members of the family of our late beloved colleague, Senator Francis Case, of South Dakota. South Dakota is my native State, and it has surely been ably represented in the U.S. Senate.

Senator Case stood as a symbol of personal and political integrity. His record is one of great courage and dedication to the public interest. We shall miss this fine public servant, as will the people of his State.

I am most pleased to be able to associate myself today with the generous, yet factual and true remarks of the Senator from Colorado.

Mr. ANDERSON. Mr. President, like the able Senator from Minnesota, I am glad to associate myself with the remarks of the distinguished Senator from Colorado. I hope that fitting recognition will be made of the many worthwhile contributions he made to the public welfare both on the committees of which he was a member and in the Senate itself.

For example, Francis Case was a leader in the study of the production of artificial rainfall. Also, his work in the field of desalination of water was extremely important. One of the first two plants established in connection with the brackish water development is located in his State of South Dakota and stands as a tribute to the work of Senator Case in that situation.

Having attended college with him and having known him for a long time, I regarded him as one of the finest men ever to serve in this body.

I am glad the Senator from Colorado has made the statement he has made today, in which he was joined by the able Senator from Minnesota.

Mr. CARROLL. Mr. President, I thank the Senator from Minnesota and the Senator from New Mexico for their kind remarks. I feel certain that the family of Senator Case will be pleased to know that on this day, when the funeral is taking place in South Dakota, we who would have liked to attend, but could not because of circumstances beyond our control, desired to make these few remarks to the family during their time of sorrow.

AMENDMENT AND EXTENSION OF SUGAR ACT OF 1948

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1591, H.R. 12154, the amendment and extension of the Sugar Act of 1948, as amended, which has now been reported, and that it be made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The CHIEF CLERK. A bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance, with an amendment.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, June 26, 1962, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 860. An act to provide greater protection against the introduction and dissemination of diseases of livestock and poultry, and for other purposes;

S. 1834. An act to further amend the act of August 7, 1946 (60 Stat. 896), as amended, by providing for an increase in the authorization funds to be granted for the construction of hospital facilities in the District of Columbia; by extending the time in which grants may be made; and for other purposes;

S. 3063. An act to incorporate the Metropolitan Police Relief Association of the District of Columbia;

S. 3266. An act to amend section 2 of the act entitled "An act to create a Library of Congress Trust Fund Board, and for other purposes," approved March 3, 1925, as amended (2 U.S.C. 158), relating to deposits with the Treasurer of the United States of gifts and bequests to the Library of Congress and to raise the statutory limitation provided for in that section;

S. 3291. An act to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase U.S. obligations directly from the Treasury;

S. 3350. An act to amend the act of August 7, 1946, relating to the District of Columbia hospital center to extend the time during which appropriations may be made for the purposes of that act; and

S.J. Res. 192. Joint resolution providing for the filling of a vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress.

ADJOURNMENT

Mr. HUMPHREY. Mr. President, there being no further business to come before the Senate today, I move that the Senate adjourn.

The motion was agreed to; and (at 2 o'clock and 52 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, June 27, 1962, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 26, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Job 22: 21: *Acquaint now thyself with Him and be at peace; thereby good shall come unto thee.*

O Thou who art the help and hope of all who come unto Thee with their trials and tribulations, their sorrows and sins, may we offer our noonday prayer in faith and humility, in simplicity and sincerity.

We penitently acknowledge that without Thy sustaining presence and power our life ebbs out its little day in futility and frustration, in weakness and weariness.

May we be assured that the Master's spirit of love and peace will someday be gloriously triumphant despite devastating revolutions and world-shaking crises.

In His name we offer our prayer. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 7723. An act to amend section 303 (a) of the Career Compensation Act of 1949 by increasing per diem rates and to provide reimbursement under certain circumstances for actual expenses incident to travel.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 3840. An act to provide for the conveyance of certain real property of the United States to the Carolina Power & Light Co.; and

H.R. 8773. An act to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the Reserve components who are involuntarily released from active duty, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 11879. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes.

The message further announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Byrd of Virginia, Mr. Kerr, Mr. Long of Louisiana, Mr. Williams of Delaware, and Mr. Carlson to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1912. An act to increase the appropriation authorization for the completion of the construction of the irrigation and power systems of the Flathead Indian irrigation project, Montana.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 11131) entitled "An act to authorize certain construction at military installations, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Jackson, Mr. Engle, Mr. Cannon, Mr. Beall, and Mr. Goldwater to be the conferees on the part of the Senate.

THE PRAYER ROOM IN THE U.S. CAPITOL

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 584 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there be printed fifty-four thousand four hundred additional copies of House Document Numbered 234, Eighty-fourth Congress, first session, entitled "The Prayer Room in the United States Capitol", of which forty-four thousand one hundred copies shall be for the use of the House of Representatives and ten thousand three hundred copies shall be for the use of the Senate.

With the following committee amendment:

Strike out all after the resolving clause and insert:

"*Resolved*, That there be printed fifty thousand additional copies of House Document Numbered 234, Eighty-fourth Congress, first session, entitled 'The Prayer Room in the United States Capitol', of which forty thousand copies shall be for the use of the House of Representatives and ten thousand copies shall be for the use of the Senate."

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Pennsylvania.

Mr. WALTER. In view of the decision handed down by the Supreme Court yesterday, does not the gentleman feel that perhaps we are violating some of the tenuous provisions that the Supreme Court has placed in the Constitution of the United States? I certainly do not feel that we ought to violate the provisions of the Constitution by providing for the printing of any documents with respect to the Prayer Room.

Mr. HAYS. I might say to the gentleman, I operate on the theory that everything is OK until the Supreme Court rules against it, and they have not ruled against this, so I think we are safe.

Perhaps someone will bring suit, but in the meantime we have nothing to worry about.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Iowa.

Mr. GROSS. I am pleased to note that the Supreme Court overnight has not outlawed prayer in the House of Representatives.

Mr. HAYS. I think the House can run its own business. It has done so rather successfully in the past.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

SEVENTY-FIFTH ANNIVERSARY OF THE INTERSTATE COMMERCE COMMISSION

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration I call up House Resolution 651, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there be printed as a House document the proceedings in observance of the seventy-fifth anniversary of the Interstate Commerce Commission.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SELECT COMMITTEE ON SMALL BUSINESS

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration I call up House Concurrent Resolution 454 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That there shall be printed for the use of the Select Committee on Small Business, House of Representatives, three thousand additional copies each of parts I, II, and appendixes of "Hearings on Small Business Problems Created by Petroleum Imports", Eighty-seventh Congress, first session.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON VETERANS' AFFAIRS

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I call up House Concurrent Resolution 476 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That there shall be printed for the use of the Committee on Veterans' Affairs one thousand additional copies of the hearings entitled "Judicial Review of Veterans' Claims", Eighty-seventh Congress, second session.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PRINTING OF REPORT OF THE PUBLIC HEALTH SERVICE

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I call up House Concurrent Resolution 480 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That the report of the Public Health Service of the Department of Health, Education, and Welfare, entitled "Motor Vehicles, Air Pollution and Health", prepared in compliance with the provisions of Public Law 86-493, be printed

> as a House document; and that ten thousand additional copies be printed for the use of the Committee on Interstate and Foreign Commerce of the House of Representatives.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

SENATE COMMITTEE ON THE JUDICIARY

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I call up Senate Concurrent Resolution 69 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

> *Resolved by the Senate (the House of Representatives concurring)*, That there be printed for the use of the Senate Committee on the Judiciary one thousand additional copies each of parts 1 and 2 of its hearings on "Constitutional Rights of the Mentally Ill", and one thousand copies of its hearings on "Wiretapping and Eavesdropping Legislation", held by its Subcommittee on Constitutional Rights during the Eighty-seventh Congress, first session.

The resolution was concurred in.

A motion to reconsider was laid on the table.

COMMITTEE ON UN-AMERICAN ACTIVITIES

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration I call up House Concurrent Resolution 413 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

> *Resolved by the House of Representatives (the Senate concurring)*, That there be printed for the use of the Committee on Un-American Activities four thousand additional copies of a publication entitled "Supplement to Cumulative Index to Publications of the Committee on Un-American Activities—1955 through 1960 (Eighty-fourth, Eighty-fifth, and Eighty-sixth Congresses)", Eighty-seventh Congress, first session.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON UN-AMERICAN ACTIVITIES

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration I call up House Concurrent Resolution 415 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

> *Resolved by the House of Representatives (the Senate concurring)*, That there be printed for the use of the Committee on Un-American Activities two thousand additional copies of the publication entitled "Cumulative Index to Publications of the Committee on Un-American Activities, 1938–1954", Eighty-fourth Congress, first session.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON UN-AMERICAN ACTIVITIES

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration I call up House Concurrent Resolution 417, a copy of which I send to the desk, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

> *Resolved by the House of Representatives (the Senate concurring)*, That there be printed for the use of the Committee on Un-American Activities twenty thousand additional copies each of parts 1 and 2 of House Report Numbered 1278, Eighty-seventh Congress, first session, entitled "The Truth About the Film 'Operation Abolition'."

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. HAYS. Mr. Speaker, I would like to say that all of these resolutions which have just passed were reported from the Committee on House Administration unanimously, and the ranking minority member, the gentleman from Ohio [Mr. SCHENCK] was present.

SUBCOMMITTEE ON IRRIGATION, COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that the Subcommittee on Irrigation of the House Committee on Interior and Insular Affairs be permitted to sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

SUPREME COURT DECISION ON PUBLIC SCHOOL PRAYER

Mr. TAYLOR. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. TAYLOR. Mr. Speaker, yesterday the Supreme Court ruled that a New York public school prayer was an unconstitutional breach of the law of separation of church and state. Recently in a Pennsylvania case a three-judge Federal court ruled that reading the Bible and reciting the Lord's Prayer as an opening exercise in a public school were unconstitutional acts.

I find myself agreeing with Justice Stewart who said in his dissenting opinion that the Court has misapplied a great constitutional principle.

Our forefathers meant for this Nation to be free from religious domination but they were people of religious faith and fervor and I believe that they would be amazed at this decision.

Freedom of religion was not intended to mean freedom from religion.

Dr. Billy Graham, my neighbor and constituent said:

> Followed to its logical conclusion, we will have to take the chaplain out of the Armed Forces, prayers cannot be said in Congress and the President cannot put his hand on the Bible when he takes the oath of office.

And I might add that we would have to take the Bible from the courtroom and "In God We Trust" from our coins, "One Nation Under God" from the pledge of allegiance to the flag, and prohibit the use of religious songs in school music programs.

This decision is not in the best interest of America. It is far reaching and is dangerous in its implications. Public education should be infused with some measure of religious faith. As we combat atheistic, militant communism we need to often remind students that the guiding principle of this Government has been and is "In God We Trust."

In line with this thinking, this morning I introduce an amendment to the Constitution which if approved by Congress and adopted by three-fourths of the States, would overrule the Supreme Court decision, and would make legal the reading of the Bible and offering of prayer in public schools.

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. ABERNETHY. Mr. Speaker, the decision of the Supreme Court of yesterday, to which my friend from North Carolina [Mr. TAYLOR] has just referred, should once again demonstrate to the Nation that an unbridled Court has the power to destroy this country as well as faith in God upon which the country was founded.

The Court's decision was shocking to the world. Of course, it was most pleasing to a few atheists and world communism under the leadership of Premier Khrushchev.

I presume, Mr. Speaker, that we violated the law and insulted the Court this morning when we opened this session with prayer. It is to be hoped that Justices Warren, Black, Clark, Brennan, Douglas, and Harlan will not cite the Members of this House and its beloved Chaplain for contempt of court.

Indeed, if there has been any doubt in the minds of Members of Congress that the Court should be trimmed down to size in power, the decision of yesterday should have dispelled all doubt. Appropriate legislation is pending before the Congress to calm the power grab of these power-drunken men. We should lay aside all else until this job is attended to.

Mr. WALTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, the decision of the Supreme Court about which we heard last night comes as no surprise to me. This is just one more decision in line with the philosophy guiding the group of men sitting there as the Justices of our Court of last resort. They have been handing down similarly motivated decisions for a long while. As an example—just yesterday the Supreme Court upset the conviction of a Communist who was indicted for contempt of Congress and was evidently in contempt. At the same session, using almost identical language, the Supreme Court sustained the conviction of a labor racketeer who also was convicted of contempt of Congress.

I defy anybody to distinguish between these two cases.

Why was this decision as it was? Because the Supreme Court is determined to prevent the Congress of the United States from doing what we are obliged to do. Unfortunately, it is our own fault that the Supreme Court successfully invades our prerogatives. Several years ago a decision was handed down by the same Court in the case of Cole against Young, where the Court very clearly legislated. There is no question about it.

I introduced a bill designed to correct the situation. I was accorded a hearing, and—nothing was ever done about it.

There are more instances where the Supreme Court has overstepped its bounds and asserted for itself legislative prerogatives. I want to remind the ladies and gentlemen of this Congress that this beloved Republic of ours is as great as it is because of the jealousy each branch of the Government has displayed in protecting its own prerogatives.

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Virginia [Mr. Poff] may extend his remarks at this point in the Record.

The **SPEAKER.** Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. POFF. Mr. Speaker, I want to join in the sentiments so eloquently expressed by the distinguished gentleman from Pennsylvania [Mr. Walter], the chairman of our Judiciary Subcommittee.

The decision outlawing nondenominational prayer in the public schools is akin to the decision announced by the Court last year which held that it is unconstitutional for a sovereign State to establish a qualification for public office in that State "a belief in the existence of God." These two decisions represent a complete departure from established practice and precedent in American jurisprudence.

In my judgment, as someone has already said, the first amendment guarantees freedom of religion, not freedom from religion.

This prayer, which was completely nondenominational and nonsectarian, did no more than acknowledge the existence of an omnipotent being. The Supreme Court itself opens each of its sessions with the words "God save the United States and this honorable Court." If the logic—or lack of logic—of this decision is carried to its ultimate extreme, then the Court undoubtedly soon will abolish this part of its ritual.

Mr. Speaker, may I inquire if this decision outlaws the invocation and benediction at high school graduation ceremonies?

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Washington [Mr. Pelly] may extend his remarks at this point in the Record.

The **SPEAKER.** Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. PELLY. Mr. Speaker, I wish to join with other Members of Congress and register my indignant protest at yesterday's Supreme Court ruling against use of a prayer in our public schools.

The High Court's rule that use of a teacher to lead pupils in prayer is a violation of the Constitution causes me to express my belief that this interpretation is carrying the constitutional provision for separation of church and state too far.

The Constitution does not outlaw God. On the contrary it guarantees freedom of religion. I feel a State school authority has the right to establish a procedure of prayer providing, of course, the prayer is nondenominational.

Certainly the Court was in error. I agree with the dissenting opinion of Justice Potter Stewart that such prayer is not establishment of an official religion. There was no compulsion on a pupil to join in the prayer which simply said:

> Almighty God, we acknowledge our independence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country.

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from North Carolina [Mr. Jonas] may extend his remarks at this point in the Record.

The **SPEAKER.** Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. JONAS. Mr. Speaker, the first amendment to the Constitution provides, among other things, that "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

The New York State Board of Regents adopted the following prayer for use in the public schools:

> Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country.

The Supreme Court of the United States has just held, in effect, that this amounts to an "establishment of religion" and therefore violates the first amendment to the Constitution.

Justice Stewart of the Supreme Court dissented from this decision and stated that he thought "The Court has misapplied a great constitutional principle." I concur in these views expressed by Justice Stewart and deplore the action of the Supreme Court in denying schoolchildren an opportunity to recite a nondenominational prayer.

I was shocked and distressed at this decision and will support a constitutional amendment to permit prayers to be recited in the public schools.

In these troubled times, it seems to me that we should be encouraging instead of discouraging prayer.

Mr. BECKER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER.** Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BECKER. Mr. Speaker, I want to join with the three previous speakers, my colleagues, in referring to the Supreme Court decision on yesterday. This is not the first tragic decision of this Court, but I would say it is the most tragic in the history of the United States and June 25, 1962, will go down as a black day in our history.

I have introduced a resolution to amend the Constitution that would permit prayer in all schools and I sincerely hope that it will receive immediate consideration by the committee responsible. I ask that fast action to correct the situation be started, so that we can have the voice of Almighty God not only in the Chambers of the Congress of the United States, where we need His guidance and wisdom, but in our schools in all parts of our country.

This was not an interpretation of the Constitution but once again writing law. The Supreme Court has been doing this in many decisions and unless the Congress takes drastic action, the Supreme Court will eventually rule that the Congress has no right to open our daily sessions with prayer. Let us show the American people that the Congress can act expeditiously in this all important matter.

Mr. KORNEGAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER.** Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. KORNEGAY. Mr. Speaker, the decision of the U.S. Supreme Court in the case of Engle against Vitale, the New York Regents Prayer case, which was handed down yesterday, is very disturbing and distressing to me. The Court in this case held that a prayer which was used in the public school system of New York was an unconstitutional breach of the law of the land in that it violated the first amendment to the Constitution.

The prayer was very simple in its form, and it is inconceivable to me that it could have been offensive to anyone in that it merely asked God's blessing on the parents, teachers, and country, and acknowledged dependence upon God.

This decision should be disturbing to all God-fearing people in that it appears to foster and advance the cause of atheism. I am a stanch believer in the separation of church and State but not in the separation of God and government. The Constitution was conceived and written, and this Government was established and promoted, by men of great faith in the Supreme Creator, under whom we all serve, including, I trust, the members of the Court. The faith of our forefathers was instilled in them at an early age, and we have the obligation to see that succeeding generations are not deprived of this sustaining faith and influence and that our deeply rooted and vitally cherished spiritual traditions are not made moot and meaningless.

My early training, education, and experience compel me to raise my voice in protest to this most regrettable and far-reaching decision by the Court. In an effort to correct this unfortunate decision, I am today introducing in the House of Representatives an amendment to the Constitution of the United States, which, if approved by Congress and adopted by three-fourths of the States, will correct this lamentable situation and return to the schoolchildren of America the right to have God's blessings asked on their parents, their teachers, and their country.

INVENTORIES OF STRATEGIC AND CRITICAL MATERIALS

Mr. WIDNALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER.** Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. WIDNALL. Mr. Speaker, yesterday when the House was considering extension of the Defense Production Act, I pointed out that I believed it was important that our committee hold further hearings on the act.

Our national stockpile and the Defense Production Act inventories of strategic and critical materials were accumulated to provide our country with a store of vital materials needed for defense and the essential civilian economy in event of enemy attack. Needs which had been set in terms of 5-year requirements subsequently were reduced to 3-year requirements. Because the accumulation program for the acquisition of these essential strategic and critical materials was pressed vigorously and was successful, we now find ourselves in the position of having substantial stockpile excess materials due almost completely to the fact of the change in basic planning requirements reducing needs from a 5-year to 3-year requirements program. Now we are faced with a substantial disposal problem.

Mr. Speaker, I think the Symington committee sideshow investigation is missing the boat. Instead of developing a brush-fire operation to the main tent Billie Sol Estes headliner, the Symington committee should be doing some commonsense, honest thinking about a worthwhile disposal program.

To my way of thinking we have a real opportunity in a disposal program. Our partners in the common defense effort against the Soviet war potential, no less than ourselves should have real and urgent need for stockpiles of critical and strategic materials of their own. It seems logical they would welcome an opportunity to acquire substantial volumes of these materials and pay for them, perhaps in part, in gold. Certainly the opportunity exists for a worthwhile exchange on a mutually advantageous basis and thoroughly in keeping with the intent of the stockpile acts that these materials be accumulated to meet defense and essential civilian needs in the event of enemy attack.

Mr. Speaker, I think our committee should resume hearings on the Defense Production Act and thoroughly explore the possibilities of such a disposition proposal. I am convinced in my own mind that our committee has a fine opportunity to make a real contribution to the common defense effort of our free nation allies.

SUPREME COURT DECISION ON PRAYER IN PUBLIC SCHOOLS

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER.** Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. JENSEN. Mr. Speaker, as a Republican in this House for 24 sessions, only 4 of which my party was in power, I have gotten quite used to being in the minority.

I have not always relished the circumstance, but I have endured it. However, due to yesterday's shocking Supreme Court ruling, I am sure I have not become one of a new minority.

I had always thought we could safely assume that acknowledgment of a Supreme Deity was somehow a universal common ground in this blessed land.

I am horrified that six supreme jurists now think such recognition has no place in the schools, where formative guidance is so important.

This is deliberate annihilation of a historical and sacred custom. I pray for America and its honorable Court.

STATE DEPARTMENT PROPAGANDA

Mr. HARSHA. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER.** Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HARSHA. Mr. Speaker, I see by an article in today's Washington Post that the State Department is urging all-out administration resistance to a mail ban on Communist propaganda.

I have today written the Secretary of State asking if this is his position on the Red ban and also asking him to disclose the names of those officials in the Department who are urging the defeat of this ban.

Such an attitude as this is certainly further evidence of the no-win or appeasement policy of the State Department in its dealings with communism.

I have urged the Secretary of State, in the interest and welfare of this Nation, if he is opposed to this ban, to change his position and adopt one of firmness toward communism.

Neither the Reds, nor the uncommitted world respect appeasement or weakness, but they do respect strength and firmness and if we are to win the cold war, we must be firm in our dealings with communism and stop this capitulation.

To eliminate this ban on Red propaganda in the postal rate bill would, in effect, make the American taxpayer subsidize the continuing distribution of this material.

It is inconceivable to me to ask the American taxpayer to finance the distribution of this propaganda designed to destroy our freedom and country.

We are spending more money on defense than ever before in the history of our country. Why? To deter Communist aggression. We spend over $140 million annually in the U.S. Information Agency to combat Communist propaganda. It is ridiculous to subsidize the distribution of this very same propaganda by allowing it to be delivered free through the facilities of the Post Office Department.

When will these State Department officials wake up?

The **SPEAKER.** The time of the gentleman has expired.

SUPREME COURT DECISIONS

Mr. JOHANSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The **SPEAKER.** Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JOHANSEN. Mr. Speaker, I direct the attention of the House to the fact that there were at least two decisions by the Supreme Court on yesterday.

The upshot of the two decisions seems to be: prayer, no; obscenity, yes.

SUPREME COURT DECISION ON PRAYER IN PUBLIC SCHOOLS

Mr. Rogers of Texas. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ROGERS of Texas. Mr. Speaker, there has been a great deal of disturbance about the decisions of the Supreme Court that were announced yesterday. Every Member of the House ought to read the case of Marbury against Madison decided in the early days of this Republic. You will find there the one possible loophole that could cause the failure of this Republic; it is the ability and the power of the Supreme Court to declare unconstitutional any act they desire to, and there is no appeal from it.

I introduced a resolution some time ago lodging in the Congress of the United States the same power to override decisions of the Supreme Court declaring acts unconstitutional that we have to override the veto power of the executive department of this Government. I would urge the Members of this Congress to look into that, because if we get that power in the Congress then there will not be need for a lot of empty words when one of these decisions comes out; we can act, and act promptly to cure the situation.

EXTENSION OF CERTAIN EXCISE TAXES

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 11879) to provide a 1-year extension of existing corporate normal tax rate and of certain excise tax rates, and for other purposes, with Senate amendments thereto, disagree to the amendments of the Senate and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

The Chair hears none and appoints the following conferees: Messrs. MILLS, KING of California, O'BRIEN of Illinois, MASON, and BYRNES of Wisconsin.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1963

Mr. NATCHER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12276) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1963, and for other purposes; and pending that I ask unanimous consent that general debate on the bill be limited to 2 hours, one-half to be controlled by the gentleman from Arizona [Mr. RHODES] and one-half by myself.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The SPEAKER. The question is on the motion.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 12276 with Mr. PRICE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the consent agreement the gentleman from Kentucky [Mr. NATCHER] will be recognized for 1 hour and the gentleman from Arizona [Mr. RHODES] for 1 hour.

The gentleman from Kentucky is recognized.

Mr. NATCHER. Mr. Chairman, I yield myself 30 minutes.

Mr. Chairman, at this time we present for your approval the annual District of Columbia appropriations bill for the fiscal year 1963.

During our hearings, we carefully considered budget estimates totaling $299,134,478. The President's budget submitted in January requested $265,697,712 for the operation of the District of Columbia. Shortly thereafter, the District Revenue Act—Public Law 87–408—was enacted and two House documents were submitted. House Document No. 376 requested $30,537,666 additional funds, and House Document No. 401 requested $2,899,100.

The new Revenue Act will produce $13,800,000 in 1963 and $11,800,000 in subsequent years. The increase in 1963 added to other revenue increases approved by the Commissioners will produce the additional amounts contained in the House documents.

For the fiscal year 1962, we appropriated the sum of $270,067,897 for the District. This amount compares favorably with the amount requested in the budget submitted in January. The decision of the District government to request an increase in certain taxes and to take action in raising other taxes, such as the tax on real estate, thereby placed the total request for the operation of the Capital City in the category of being the largest spending budget in the District's history. The final amount approved and now recommended to the committee is the largest amount ever recommended by our committee.

The District of Columbia is financed out of five funds: a general fund, a highway fund, a water fund, a motor vehicle parking fund, and a sanitary sewage fund.

The bill presented today provides for a Federal contribution of $30 million for the general fund, $1,938,000 for the water fund, and $961,000 for the sanitary sewage works fund. The Federal payment requested for the general fund totaled $32 million and the amount recommended by our committee is $30 million. This is the amount approved for fiscal year 1962, and is an increase of $5 million over the amount appropriated for fiscal year 1961.

A Federal loan of $18.7 million for the general fund is requested and approved by our committee. This loan will exhaust existing loan authorization of $75 million. Legislation is pending before the proper committee requesting additional loan authorization of $75 million.

For fiscal year 1963 we recommend a total appropriation of $290,059,000. Of this amount, $237,546,000 is for operating expenses and $52,513,000 is for financing "Capital outlay" projects. The amount we recommend is $19,991,103 above the 1962 appropriation and $9,075,478 below the budget estimates for 1963.

We recommend $16,005,000 for "General operating expenses" during fiscal year 1963. This is $536,340 above the current year and a reduction of $368,000 in the budget estimates. For "Public safety" we recommend the sum of $57,560,000. This is an increase of $1,869,373 over fiscal year 1962 and a reduction of $568,000 in the estimates. For "Education" we recommend $56,817,000. This is an increase of $2,610,890 over the current year and a reduction of $953,000 in the budget estimate. For "Parks and recreation" we recommend $8,377,000. This is an increase of $272,400 over 1962 fiscal year and a reduction of $36,000 in budget estimates. For "Health and welfare" we recommend a total of $66,528,000. This is an increase of $4,232,910 over the current year and a reduction of $1,633,000 in budget estimates. For "Highways and traffic" we recommend a total of $11,470,000. This is an increase of $565,900 over 1962 fiscal year and $70,200 less than budget request.

For "Capital outlay" we recommend a total of $49,713,000. This is an increase of $6,455,100 over current year and a reduction of $5,220,278 in budget estimates.

CAPITAL CITY

Our Capital City continues to be faced with a large public welfare caseload, a difficult crime situation, and increasing governmental costs.

Washington is one of the most beautiful cities in the world and should be a model city in every respect. It is the symbol of democracy for men and women the world over.

Today we are confronted with sudden shifts in population in certain sections of our city, and rapid movement to the suburbs of large numbers of middle and upper income families. Further increases in the real estate tax in the District will drive more people to the suburbs.

We have our transportation, highway, housing, education, welfare, and delinquency problems. A city with a great many old and very young people. A city with 32,575 people receiving welfare assistance, and with 116,420 schoolchildren.

A city reporting 21,802 serious crimes in fiscal year 1961. All serious problems, but not insurmountable.

RESERVE FUNDS

For the first time since I have been a member of the Committee on Appropriations, we have established an adequate reserve, both for the general fund and for the highway fund. The budget requests submitted called for a reserve of $1,488,000—$350,000 for indefinite appropriations and $1,138,000 for pending legislation pertaining to shorter hours for firemen, transit subsidies, and increased pensions for the widows and children of policemen and firemen. This is excellent budgetary procedure and we approve of this reserve request. In addition, we have increased the general fund reserve surplus $3,060,544. This makes a total surplus of $4,548,544. This surplus can be used to meet the interest on stadium bonds, provide for additional amounts which may become necessary for St. Elizabeths Hospital, and for possible salary increases for District employees. We also recommend the highway fund regular account surplus of $1,675,382 which we have established. This amount is sufficient to meet indefinite appropriations proposed by the Department of Highways and Traffic and is adequate to continue highway programs held in abeyance pending additional studies and necessary arrangements for solution of removal of displaced citizens.

METROPOLITAN POLICE DEPARTMENT

The citizens of the District of Columbia are entitled to a system of law enforcement which will insure them the right to enjoy their homes and business and to traverse the streets day or night without fear of assault. The same applies to the 17 million visitors to Washington each year, who, by the way, spend some $380 million in the District during their stay in the city. For fiscal year 1963 the amount requested by the Metropolitan Police force is $26,999,800. We recommend that the entire amount be appropriated; 56 additional police privates and 25 man-dog teams will be provided. This will bring the force up to a total strength of 2,900 and the Canine Corps up to 75 man-dog teams. The amount requested will also provide seven additional civilian employees and three precinct replacements. The best deterrent against crime is the foot patrolman. In order to have a more efficient police force, more foot patrolmen must be assigned to the precincts where the crimes are being committed.

The continuing increase in crime in the District must be halted, and our Capital City must not be a haven for law violators. Pressure groups must stop interfering with law enforcement, and our courts should keep in mind that the rights of the people must be protected as well as those of the law violator.

WELFARE

The public assistance program in the District is in trouble. The disclosure that 66 percent of the 280 aid-to-dependent-children cases selected at random were ineligible for welfare payments is shocking and adequate warning that the welfare program must be overhauled.

The Department of Public Welfare administers all public assistance programs in the District. They include the four federally aided categories of the aged, the blind, the disabled, and dependent children. In addition, the Department administers a program of general public assistance at District expense.

We are in need of a new or adjusted public welfare program. Cost of such a program certainly has not been established. Corrective plans should be carefully studied and the cost firmly fixed in order that this committee may have a much better understanding of such a proposal than the one submitted at the close of the hearings. We recommend that the $43,488 requested by the Department to restore the reduction made in the grants to the 2,440 families be refused. We believe that the Director should have additional personnel in his office to assist in the operation of this Department. We recommend five of the seven positions requested. Funds are approved for 10 investigator positions and an additional investigator for collections has been allowed. The total number of inspectors now on the rolls should be able to see that ineligibles are discovered and, when reported, the Director must see that they are immediately deleted. We recommend $21,856,000 for the operation of this Department. This is a reduction of $1,337,700 in the budget requests.

The welfare problem is the most serious problem confronting the District today. Under no circumstances should children in the city go hungry or qualified welfare recipients suffer, but at the same time we are definitely not in favor of making this a welfare city.

INNER LOOP HIGHWAY PROGRAM

The rivalry between the partisans of rapid transit and the proponents of the highway program is dangerous to the future development of the city. The proposed freeway system for the District is not a political issue and those who believe this to be the situation are in for a rude awakening. The confusion and disorder attempted by the pressure groups during the last few weeks will not accomplish the desired results. Our committee is very much concerned about the thousands of people who might be displaced by certain sections of the inner loop and we further are of the opinion that every consideration should be given to any and all proposed routes for the inner loop. Relocation problems must be solved by the Commissioners before the highway system can go forward. Again we most emphatically state that those who are opposed to highways and hope the temporary delay in the inner loop program will destroy the freeway system should be disappointed. Our committee is not a policymaking committee, and the testimony received during the hearings clearly justified our deletion of the three controversial sections of the inner loop—the east leg, interchange C, and the Northeast Freeway. The amount for the deleted sections totals $1,166,700 and the surplus that we set up in the highway fund regular account totals $1,675,382. This reserve should be carefully protected.

FIRE DEPARTMENT

We enjoy in the District an excellent rating for fire prevention and protection. Washington, Detroit, and Los Angeles are rated by the Board of Underwriters as the top three cities from the standpoint of fire prevention. This is the kind of record that can be attained by the Welfare and Police Departments in carrying out their respective duties and responsibilities. We recommend the increase of $806,000 in this Department for use in covering the cost of 84 additional firemen and other essential services and equipment.

LIBRARY

The Central Library must be relocated. The present location at Eighth and K Streets NW. is deplorable and certainly is not conducive to the full use of a central library. A location that makes it necessary for employees to go to their cars at night in groups of two or more for protection against assault and robbery should not be condoned. This project should be placed high on the priority list, and time is of the essence.

PERSONNEL

In 1958 the District had 23,163 employees. In 1962 the personnel totaled 26,200. For 1963 the number of new positions requested totaled 1,223. It would require $5,300,000 for the new positions requested; 298 are requested to improve services or to inaugurate new programs; 925 are considered vital to maintain present standards of operation; 12 positions are requested for the juvenile court and will include 2 new judges; 6 positions are requested for the Corporate Counsel's office to implement Public Law 87–413; 84 firemen are necessary to effect the reduction in the workweek for firemen from 60 to 56 hours, which was approved under Public Law 87–399. The number of new police patrolmen requested totals 56, and 297 new teachers are requested. We recommend only those absolutely necessary at this time, and some 500 new positions are denied.

DISTRICT STADIUM

A bond issue was presented to the public in June of 1960 which realized the sum of $19,800,000. A premium of $31,600 was received in sale of bonds, and accrued interest of $140,000 received. The total was then invested until required for payment to the contractor, and this action produced $460,000. The total funds available were $20,400,000.

The Armory Board estimates its earnings for the year will be $200,000. The first 6 months' interest totaled $415,800 and the Commissioners were compelled to borrow this amount. Another $415,800 in interest will be due on December 1, 1962.

One of the Commissioners suggested that the present situation would call for a tax increase or an additional amount by way of Federal contribution. Under no circumstances should the taxpayers of the District be given another tax boost to defray the cost of this mistake.

EDUCATION

We recommend all budget estimates for the purchase of textbooks for new schools. In addition, the bill provides $419,000 for the purchase of books. In fiscal year 1962, $283,000 was appropriated for books.

The amount requested for "Education" is $57,770,000. We recommend the sum of $56,817,000 for 1963. New teachers, totaling 297, were requested and we recommend that 193 be granted for the new fiscal year. When considering additional teachers over and above the number recommended, we must remember Dr. Hansen's testimony to our committee, which appears on page 684. Here we find that the number of temporary teachers continues to increase in the District. The percent of temporary teachers has increased from 16.4 in 1955 to 32.1 in 1962. The reason for the shortage of licensed teachers in the District is given, and further, Dr. Hansen stated that on the national level, 240,000 additional teachers are needed. Recruitment of teachers for the District is one of our serious problems. The number of new teachers recommended for 1963 is fully adequate under the circumstances existing today. Every capital outlay project for education is approved. Here we have 13 new schools, replacements, additions, and permanent improvements. The requests of the Education Department were carefully considered and for the first time in years the committee has recommended almost the entire amount requested and the amount suggested is fully adequate.

DEPARTMENT OF PUBLIC HEALTH

The amount requested is $44,554,400 and the amount recommended is $44,269,000. Here we have a reduction of only $285,400.

District of Columbia General Hospital has heretofore received the sum of $925,000 for final plans for a central core which will integrate the existing pulmonary, medicine, and surgery buildings into a rectangular solid mass by filling in the space between them with new construction and to renovate and expand the present outpatient building to provide an up-to-date, totally integrated obstetrical unit. At the hospital today the bed complement is 1,430. This includes 137 bassinets. The core building proper will increase that to 1,658. The consolidation will cost $11,800,000. The amount necessary during fiscal year 1963 totals $2,100,000. We recommend this project.

We recommend the inclusion of $393,645 for the control of venereal disease. This is one of the major health problems in the District. Venereal disease rate in the District in the age group from 15 to 19 is 4,876 cases per 100,000 population. The median for the United States is 276.

POLICE AND FIRE SURGEONS' CLINIC

Our committee conducted an investigation of the medical services program of the Fire and Police Departments. We make certain recommendations which appear on page 7 of our report. The committee urges that these recommendations be carried out to the full in the interest of good management.

Mr. Chairman, in addition to receiving testimony from the officials of the District, we had before us citizens of the District and representatives of the different organizations interested in the welfare of the Capital City. We carefully considered every request for fiscal year 1963.

Mr. Chairman, our committee recommends this bill to the Members of the House.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I will be delighted to yield to the gentleman from Florida.

Mr. SIKES. I am reluctant to break the continuity of my distinguished friend's statement, because it is a very good statement, but I would like to call the attention of the Committee to the fact that I listened also to the distinguished gentleman when he presented his bill to the Committee on Appropriations. I think he and his subcommittee have done a very able job. I should point out that there was considerably better attendance at the meeting of the Committee on Appropriations than there is here today, but that seems to be the way we legislate on appropriation bills, without too much interest on the part of the membership. And that is unfortunate. But let me say that today the gentleman is again making a very significant and important contribution, and he is doing it in extraordinarily good form. I particularly appreciate the gentleman's efforts to do something about the twin problems of crime and welfare growth which are giving the city of Washington an extremely bad name throughout the Nation. I wholeheartedly support what the gentleman's committee is trying to do in this difficult field. I hope he has the kind of support that he needs from the city of Washington and the kind of support that he needs from the city's newspapers in the effort to change and improve the disheartening conditions which now exist in Washington. Crime is rampant and welfare is growing. This situation and the halfhearted efforts to control both are now becoming a national disgrace.

Mr. NATCHER. I wish to thank my good friend, the gentleman from Florida [Mr. SIKES], for his fine statement.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from Florida.

Mr. HALEY. Mr. Chairman, I too want to commend the gentleman from Kentucky [Mr. NATCHER] for the terrific job that he and his committee are doing I think it is a shame and a disgrace and a reflection not so much on the Congress of the United States as it is on the people who are in charge of these various programs as to the situation which exists here. The gentleman is well aware—and I think the Members of Congress and the Nation are well aware—of the fact that in this District here as a result of recent investigations there has been brought out the fact of a pouring out of the tax funds of the people of the District of Columbia, as well as contributions made by the taxpayers generally of the Nation, approximately $6 million a year, in a welfare program in violation of the law. I think it is time for the people of the District of Columbia who are always coming up here and saying "Give us this, increase this, and increase that"—it is about time that they began to function and discharge their duties, because there is no question about it: These things lie right at their door, and someone's head should roll because of the illegal expenditure of over $6 million per year to these welfare recipients who under the law have not been entitled to receive payments.

Mr. NATCHER. I thank my good friend, the gentleman from Florida [Mr. HALEY], for his contribution.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from Alabama.

Mr. ANDREWS. Mr. Chairman, I want to express my appreciation for the splendid way in which the chairman, the gentleman from Kentucky [Mr. NATCHER] has handled this bill. I know of the gentleman's great interest in trying to assist in bringing about a better situation in the Nation's Capital.

Mr. Chairman, I would like to ask the gentleman if there is provision made in this bill for additional police dogs?

Mr. NATCHER. I am delighted to inform my friend, the gentleman from Alabama [Mr. ANDREWS] that we recommend an addition of 25 man-dog teams in this fiscal year. This will make a total of 75 dog teams. I would like, further, to say to the gentleman from Alabama that of the 50 dog teams presently in operation in the District of Columbia today, we have not had to purchase a single dog. The dogs have all been given to the Police Department. One of the fine ladies' organizations here in the District of Columbia, some 3 or 4 years ago spent over $2,000 and purchased five dogs in Frankfurt, Germany. Those dogs are part of the force. We recommend 25 additional dog teams.

Mr. ANDREWS. If the gentleman will yield further, I wish to thank the gentleman for making that recommendation in this bill, and say that in my opinion we get more for the money spent for dogs than in any other way in trying to prevent crime in this city. I have talked to any number of policemen in the last few months who are handling these dogs, and they tell me that in this city dogs do more to preserve order than any other single thing. They say it is terrific what those dogs can do. There are certain people in this city who do not respect police officers, who do not respect guns, who do not respect razors or ice picks. But they have a profound respect for those dogs. I would like to see the time come when we have a dog on every block and a dog in every scout car.

Mr. Chairman, I want to thank the gentleman for looking after the dogs for the police department.

Mr. NATCHER. I thank the gentleman for his statement.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from Iowa.

Mr. KYL. Mr. Chairman, the gentleman from Kentucky [Mr. NATCHER] should be thanked and complimented for an accomplishment in another direction. Along with other Members, I have felt that there has been too much legislating in the appropriation bill providing funds for the District of Columbia. I especially want to point out the efforts of the gentleman from Kentucky [Mr. NATCHER] in solving for this community and for the police force what has been a very serious problem. I would like to ask the gentleman from Kentucky if he might clarify a little exactly what we propose to do in this section of the bill regarding promotions of policemen, and so forth, through means outside the civil service system. This has been a very serious situation. The gentleman is to be complimented particularly for his efforts to straighten this matter out.

Mr. NATCHER. Mr. Chairman, I want to thank my friend for calling this matter to the attention of the House.

As you will recall, some 6 or 7 months ago a general statement was issued to the effect that beginning as of that time no longer would promotions be made in the District of Columbia appropriations bill. As my good friend from Iowa well knows the way to destroy the Metropolitan Police force is to have pressure promotions made from time to time. Promotions should be made from the civil service register and, under no circumstances should anyone be taken from No. 16 on a list and put to the top of the list and promoted. That I am glad to say to the Members is a thing of the past.

In the bill we have before us today you will notice a provision that is the same as was carried last year concerning five police officers. Those men were heretofore promoted in appropriation bills. In the hearings this year we discussed this matter with the proper officials in the District and were informed that this provision would have to remain in the bill this year. I want my distinguished friend to know that these are not new promotions. These are the same promotions that were made last year and several years ago and have continued to be carried in the bill from time to time.

The suggestion has been made, I want to say to my friend from Iowa, that next year that provision will be deleted and in its place a provision carried in the conference report to the effect that these promotions were made and these men shall continue in the present category. I want the gentleman clearly to understand that these are not new promotions. It will no longer be in the bill after this year.

Mr. KYL. Mr. Chairman, I would like to say that the gentleman has done an excellent job in a very difficult situation.

Mr. NATCHER. Mr. Chairman, I thank the gentleman.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to my friend, the distinguished gentleman from Iowa.

Mr. GROSS. First of all, I want to compliment my friend, the gentleman from Kentucky, on the fine presentation he has made and to join the gentleman from Florida [Mr. Sikes] in deploring the fact that there are not more here to hear the statement he is making. I want to compliment the committee too on the exhaustive hearing it has held. Hardly a stone was left unturned in the affairs of the District of Columbia that this committee did not explore. I would like to ask the gentleman, since he is on the subject of freeways, if I read in the hearings that the Southwest Freeway is supposed to be completed by mid-1962? It is mid-1962 now or awfully close to it. I wonder how much longer it will be before we can expect to see the Southwest Freeway completed? Does the gentleman have any information on it?

Mr. NATCHER. That matter was discussed at the time the highway officials appeared before our committee. We asked them the very same question that my distinguished friend from Iowa has just asked. They have assured us that they are behind a matter of months on this particular project, and it will not be completed within the time they indicated at the beginning, but it is in process of completion and we hope before the calendar year closes that it will be completed.

Mr. GROSS. Could the gentleman shed any light on this situation, and I do not find this in the hearings and it may be beyond the reach of the committee, but the taxpayers went down to Jones Point in Virginia and built this six-lane or eight-lane traffic bridge across the Potomac River, and yet we find Independence Avenue still carrying the same truck traffic from New York and other points along the eastern seaboard on south, and no relief from the heavy traffic in Washington. It was my understanding when the Jones Point Bridge bill was voted through the House that when it was completed it would relieve Washington streets of through traffic but we find that the trucks and cars are still coming through the city. Is there no ingress to or egress from that bridge on the Maryland side of the river? What is wrong?

Mr. NATCHER. Not until after this freeway system has been resolved. During the past week, as the gentleman knows, we have had two traffic jams on Independence Avenue. It took some 40 or 50 minutes to get down to the park one afternoon, by virtue of changing the traffic down at the Department of Agriculture corner. As soon as this freeway system is resolved, I can say to the gentleman that that heavy traffic will come off Independence Avenue. The gentleman is exactly right, it should not be on there at this time.

Mr. GROSS. Well, somebody is fumbling the ball somewhere, that they have not diverted this through traffic over the Jones Point bridge. Is it that they do not have the roads in Maryland in anticipation of which this bridge was built? Something is wrong somewhere along the line and seriously wrong.

Mr. NATCHER. I would certainly agree with my friend, and I want to thank him for his comments.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield.

Mr. WHITTEN. I would like to say for the record that I think the District of Columbia as well as the Nation is extremely fortunate in having the gentleman from Kentucky, my good friend Bill Natcher, chairman of this subcommittee. All of us know he is a member of several important additional appropriation subcommittees. He is the ranking member of the Agricultural Appropriations Subcommittee which is vital to his own area and on which I have the privilege of working with him. But this is the National Capital, it is something in which the whole Nation has an interest, and I think that the people in the city are extremely fortunate, and I know the Nation is, that Bill Natcher has taken over this chairmanship. I congratulate him as well as those who serve with him on this fine presentation the gentleman has made.

Mr. NATCHER. I thank my friend from Mississippi.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the majority leader, Mr. Albert.

Mr. ALBERT. Mr. Chairman, I wish to join those who have complimented the gentleman for his excellent presentation. The Congress and the people of the District and of this country owe him and his committee a debt of gratitude for the fine job they have done.

Mr. NATCHER. I thank my friend from Oklahoma.

Mr. RHODES of Arizona. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is the first time I have had occasion to help present this bill without the presence of our good old friend and former colleague, Louis Rabaut. Louis was chairman of this subcommittee for many years and did, I think, an outstanding job for the District of Columbia. He was a Member of the House who was greatly beloved by us all. He has been missed greatly. However, I certainly want to add my words of commendation to the present chairman of this subcommittee, the gentleman from Kentucky [Mr. Natcher]. In Bill Natcher the District of Columbia has a stanch and effective friend.

I think the industry with which he approached his task and the fine ability with which he handled it is best attested by the fact that the gentleman from Iowa, the most thorough Member of the House of Representatives, probably the most thorough person who ever sat as a Member of the House of Representatives, has just said that the hearings were so well handled and the subject matter so well covered there was very little left to be said. I find myself in that position, too, after the presentation of our very able chairman of the subcommittee here on the floor of the House.

There is not much to be said except to reiterate the feeling that has been expressed here that Washington is a Federal city, the beloved Capital of our beloved country, that belongs to the constituents who live in my district as much as it belongs to the people who live here in the District of Columbia. All of us on this subcommittee have approached our task with the feeling that we are legislating not only for those who live in the District, but for those Americans who from time to time find themselves fortunate enough to be able to travel here to the seat of our Government, to be inspired by the beautiful buildings, the atmosphere, and the history which looks down upon every person who is able to come to the District of Columbia.

We feel very definitely that we want this city to remain worthy not only to be the Capital of the greatest country in the world, but a credit to the American people who have made this the greatest country in the world.

We are all ashamed, we are all possessed of a feeling of frustration when we read in the papers about the things which go on on the streets of Washington.

The chairman has reported the details which we have taken into consideration and the things which we provide in this bill to help the Police Department cope with this situation. He has also presented very completely and very fully the fact that the Welfare Department is undergoing a very difficult period in its history. As he has indicated, we are all willing to help in every way we can to get this Department through this very difficult period in its history.

When a situation such as the one described by the chairman occurs, where out of 280 cases on the welfare rolls taken at random, 66 percent should not have been there in the first place, you can see what we mean when we say the Department is in a difficult period of its history. You can see there is much to be done in weeding out those who for reasons of their own have decided they would like to prey on the taxpayers of the District of Columbia by becoming welfare recipients without a legal right to become welfare recipients.

There is plenty of money in the District of Columbia, as there is in your district and mine, to take care of those who are deserving to be on the welfare rolls; but there is not money to take care of the chiseler, and we do not intend to tolerate the existence of the chiseler on the welfare rolls of the District.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. RHODES of Arizona. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman's clear statement suggests lax administration somewhere. Do District officials contend they have not had enough money to properly administer relief? If so, has adequate provision been made for money in this bill for personnel?

Mr. RHODES of Arizona. When the Welfare Director was before the committee, he made a request for funds and positions. The chairman of the subcommittee asked him what priority he placed on these positions. The No. 1 priority was in his own office to go through the welfare records so that on the face of it, at least, each person who is on the roll would be entitled to be there. The reason he made this first is that in the investigation it was discovered that 10 cases of the 280 should not have been on the welfare rolls and would have been taken off by a perusal of the records in the office.

Yes, there has been some laxness in the office. Whether it was because of lack of personnel or whether it was because of improper blocking out of the areas of responsibility is anyone's guess.

The second priority was for investigators, people to go out and investigate cases which appeared to be regular on the face, but, which, after investigation might be discovered to be cases which should not be on the rolls at all; where there may have been a man living in the house or where the person who was the head of the family may have had a job, which would not entitle him to be on the welfare rolls, or for some other reason.

So, I say to my friend from Iowa I believe the necessary funds for supervision have been included in this bill and that we should expect a great improvement in the next year in the administration of the welfare program. If there is not, I for one will be greatly disappointed and will have some pointed remarks to say about those who would be responsible for it.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. RHODES of Arizona. I yield to the gentleman from Florida.

Mr. HALEY. Would not the gentleman agree with me that a person who puts someone on the rolls, and had taken the time to put him on the rolls, certainly should have been knowledgeable enough to know what the laws were so that he would see that those laws were obeyed, and that the people were really entitled to be on the rolls in the first place?

Mr. RHODES of Arizona. I think the gentleman from Florida is absolutely right. However, I think, with all due respect to the welfare worker, I should say this: There has apparently been a feeling in the Welfare Department that the first thing you do for an applicant is to put him on the rolls and then find out later whether he should be on. Now, I happen to think that is wrong, and I know the gentleman from Florida thinks it is wrong, and I think my chairman will agree with me that we made it abundantly clear in the hearings that we do not expect this to be done any more. We expect that this program will be handled with compassion; we expect that the human needs will be taken care of, where they fit under the laws under which the Department operates, but we do not expect any more people to be put on the welfare rolls and to be kept there without further study and without further investigation.

Mr. HALEY. Mr. Chairman, if the gentleman will yield further, has there been any request to the Congress or to your committee heretofore for funds before this situation arose? Has there been a request for funds to make this investigation? And, if there has not, why, at this late date, when everybody now is aware of the situation of millions of dollars having been expended illegally, has this been brought up for the first time? Do you not think that somebody in this welfare setup should be held responsible for it?

Mr. RHODES of Arizona. I will say to my good friend from Florida, if my recollection serves me right, we put additional investigators on during the last fiscal year, and therefore the idea of investigating to make sure that a welfare recipient should be on the rolls is not a new one. But, it is certainly receiving more emphasis now than it has in recent years. However, about 5 years ago an investigation was launched which resulted in the so-called man-in-the-house rule being adopted. So, this problem has received attention, but it needs more.

Mr. KYL. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count; 51 members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 129]

Addonizio
Alford
Anfuso
Bass, N.H.
Bates
Berry
Blatnik
Blitch
Boykin
Brewster
Buckley
Coad
Cramer
Curtis, Mass.
Davis, James C.
Davis, Tenn.
Diggs
Dingell
Dooley
Dorn
Dulski
Farbstein
Flood
Flynt
Gallagher
Garland
Hagen, Calif.
Hall
Harrison, Va.
Hoffman, Mich.
Holifield
Horan
Jones, Mo.
Judd
Kearns
Kowalski
Libonati
McSween
McVey
Macdonald
Mailliard
Martin, Nebr.
Merrow
Monagan
Morrison
Moulder
Pilcher
Powell
Pucinski
Reifel
Riley
Robison
Saund
Scherer
Selden
Shelley
Smith, Calif.
Spence
Stratton
Stubblefield
Teague, Calif.
Teague, Tex.
Thompson, La.
Thompson, N.J.
Wallhauser
Whalley
Wilson, Calif.
Yates

Accordingly, the Committee rose; and Mr. ALBERT having assumed the chair as Speaker pro tempore, Mr. PRICE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 12276), and finding itself without a quorum, he had directed the roll to be called, when 365 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Arizona [Mr. RHODES] is recognized.

Mr. RHODES of Arizona. Mr. Chairman, with reference to the Department of Education, I think it is worthy of note that the subcommittee has recommended all of the funds requested by the Board of Education for new construction. This will start the ball rolling to take care of such historic old eyesores as the Hine Junior High School and some of the other structures around the city which need to be renovated or replaced. It will also take care of certain new buildings where required by increase in population, shifts in population, and other reasons.

We also have provided all we feel the Board of Education can properly spend by way of acquiring new teachers and new personnel this year. The amount of money authorized and appropriated for that purpose will not only take care of our estimates for the need for increased teachers because of the increase in school population, but will also provide for a slight decrease in the pupil-teacher ratio of the District of Columbia schools.

In the Parks and Recreation Department we have also provided ample funds for continuing the very successful roving leader program. The roving leader program consists of some very dedicated people who have as their function in life to become acquainted with the young people of the District of Columbia in an attempt to lead them into areas and activities which are helpful physically and mentally, and to get them away from some of the types of activities which we characterize by the term "juvenile delinquency." These people are in the Recreation Department because this was thought to be the best place for them. They do a magnificent job, and in my opinion have a more decisive effect in solving the problems of youth than any other group of comparable size.

The chairman has covered the situation as far as the inner loop is concerned. Let me say that there is a study being made which is supposed to be completed in November as to the overall problem for mass transportation in the District of Columbia and in the immediate vicinity. But in the next breath, I would like to say this is not the only reason we have taken into consideration in failing to appropriate funds for the northeast leg of the inner loop, the east leg, and interchange C.

The chairman has capably pointed out in these hearings that there will be great dislocation as far as people are concerned. There are many people whose houses will be torn down, who will have to move, if these particular legs are constructed along the present alinement. So we feel it is not only necessary to take a long look at the alinement, as far as economy is concerned, but we also think as far as human convenience, in fact human emotions, are concerned, it is necessary that we displace as few people as possible. We feel the interim period can be utilized by the legislative committee and by the District Commissioners in an attempt to provide legislation to take care of the burdens which will fall on those people whose lives will be dislocated as a result of the construction.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. RHODES of Arizona. I yield to the gentleman from Illinois.

Mr. SPRINGER. May I ask the distinguished gentleman from Arizona, is it contemplated by your subcommittee that you will put off indefinitely these two legs of the inner loop?

Mr. RHODES of Arizona. Our state of mind is something like this: We do not feel that we are a policymaking committee unless it becomes necessary for us to make policy. We feel the fact that two of the three District Commissioners came before our committee after having approved the budget with these legs in the budget and said they had changed their minds, that they had withdrawn their support from these legs, caused the red light to go on as far as we were concerned; and, therefore, it would be better for the type of committee that we are to give those who are engaged in the business of studying plans like this a chance to restudy the whole situation.

We were also told there might be a reasonable alternative route for the east leg which would take not only less money than the alinement which is now contemplated but would result in the displacement of no people, and also might well result, if the National Park Service will go along with it, in the development of the west bank of the Anacostia River to a point where it would be a much more attractive stream than it now is.

Mr. SPRINGER. May I say to the gentleman that our subcommittee had extensive hearings on this matter, and the Commissioners came before us and said they had withdrawn their support from the proposed plan at present; however, this is a very important part of the future of transportation in this city. Realizing this subcommittee of the Appropriations Committee is not a policymaking committee, I accept what the gentleman has said here today. It seems to me, though, we ought to push ahead as rapidly as possible with this entire inner loop if we are to meet the problem of the traffic conditions of the next 10 years, insofar as the District of Columbia is concerned.

Mr. RHODES of Arizona. As one member of the subcommittee, I agree with the sentiments expressed by the gentleman from Illinois. Let me state that there are sufficient funds available in the reserve fund mentioned by the chairman of the subcommittee to provide for construction of the legs of the inner loop if the District Commissioners decide. In fact, if they desire to make such allocations along these alinements, there are funds available for that, or for restudy of the alinements in case they decide to do so.

Of course, it will require a supplemental appropriation, but at the same time funds are available, if appropriated, to provide the wherewithal for these jobs.

Mr. GROSS. I will say to the gentleman that first things ought to come first, and in my opinion District officials ought to get the freeways now under construction to the point where they can serve the heavy burden of traffic before embarking upon other programs, if the new programs would tend to slow down completion of the freeways. We are in serious difficulty now because of the lack of completion of the freeways already started.

Mr. RHODES of Arizona. Of course, I would agree with the gentleman if that were the situation. However, I regret very much, again as one member of the committee, the necessity of reprograming the rest of the inner loop, because the situation the gentleman mentioned is not exactly the case; in other words, the construction of the Southwest Freeway and the Southeast Freeway would in no wise have been inhibited by the continuance of the program of the rest of the inner loop. This will undoubtedly put the construction of the inner loop system back at least 1 year. We regret the necessity of doing it. We expressed ourselves rather graphically in the subcommittee hearings that we are displeased at the timing of the change in position of certain of the District Commissioners on this point.

Mr. GROSS. Mr. Chairman, will the gentleman yield further?

Mr. RHODES of Arizona. I yield.

Mr. GROSS. I made the previous suggestion because I look at the new, new House Office Building, or whatever it is called, that has been under construction for what, 5 or 6 years? The Lord only knows when it is going to be completed. I do not know whether the appointment of Mr. McCloskey, the contractor, as ambassador to Ireland will tend to slow it down some more or not, but there is something radically wrong with the construction schedule of this building. I doubt that it took so long to build the Empire State Building in New York.

Mr. RHODES of Arizona. As the gentleman from Iowa said, this is not a subject with which this subcommittee deals, but I do think that his remarks are quite timely, because I, too, have been worried about the length of time it takes to construct buildings on Capitol Hill. The gentleman will remember that the other body built an office building which seemed to have taken an inordinately long time. I notice other buildings around Washington which have gone up in rather good time, built by the General Services Administration. I often wonder whether it would not be a good idea for the Congress, if it should—I do not know now why it ever would—decide to construct another building, why it would not be a good idea to turn the job over to the General Services Administration and let them construct it. They have the best construction know-how in Government, and we should use them.

Mr. GROSS. And let Mr. McCloskey build bridges or divide the construction contracts among others so that he is not involved in everything and spread so thin that he cannot complete his jobs in a reasonable time.

Mr. RHODES of Arizona. Then gentleman from Iowa's points are well taken, as they always are.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield further?

Mr. RHODES of Arizona. I yield.

Mr. SPRINGER. May I say that the distinguished gentleman from Texas [Mr. BROOKS] and his subcommittee held extensive hearings last fall on this and other related problems here in the District of Columbia. I testified before that committee with reference to a bill introduced by the gentleman from Wisconsin [Mr. REUSS]. This whole problem of traffic in Washington was gone into extensively. In connection with the problem brought out at that time and what was being undertaken, I thought the subcommittee was overlooking some facts that were relevant to the hearings and record that for the benefit of the House today.

Mr. Chairman, unless we are able, each year, to make some progress on the inner and outer loops, those particular problems in another 10 years will cause us to find ourselves in some real difficulty in the District of Columbia.

Mr. RHODES of Arizona. Mr. Chairman, there is another problem concerning the highway system of the District of Columbia which has been rather conveniently swept under the table for the last few years, and that is the manner by which the inner loop will be connected with neighboring Montgomery County, Md. The Wisconsin Ave. corridor has been well closed and locked by action of Congress. As far as I can tell, there have been no plans brought forth, and none contemplated, for connecting with the rather extensive system of roadways being built by the State of Maryland in Montgomery County.

Mr. Chairman, I hope that this problem will be the subject of study, and that the District Commissioners and the Highway Department will address themselves to these problems in the very near future.

Mr. Chairman, in closing I wish to point out again that we have provided a reserve fund in this bill. I for one—and again I am speaking as only one member of the committee—hope that the District Commissioners will save it. If they do not save it, I hope they will use it wisely. I might even say, and I certainly do not mean to be threatening anyone, that the first occasion upon which my interest might well be drawn to this reserve fund will come at the time the members of the government of the District of Columbia testify before the committee of the other body which appropriates funds for the District of Columbia. In other words, we feel that this reserve fund is here for the purpose of providing a cushion for the District. However, certainly, this cushion should be used in a very judicious manner. I for one do not look very kindly upon suddenly concocted uses which might make themselves apparent after the hearings of the House subcommittee and during the hearings of the Senate subcommittee in this legislative area.

Mr. NATCHER. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. SANTANGELO].

Mr. SANTANGELO. Mr. Chairman, the subcommittee of the District of Columbia Committee on Appropriations once again brings to you today for your approval the District of Columbia appropriations bill. It has been a pleasure serving with our chairman, whose ability and knowledge are exceeded only by his affability and congeniality, the gentleman from Kentucky [Mr. NATCHER]. On this committee there were members who are expert in various fields—in the field of education, in the field of juvenile delinquency, in the field of welfare. The committee was ably assisted by Earl Silsby, our staff director.

The city of Washington is one of the most beautiful and cleanest cities in the world. It should be a model for our civilized governments to imitate. From the air, the view of the Capitol, the various memorials, the Government buildings, the sprawling environs with the Potomac River meandering through the heart of the city and spanned by several bridges are white and clean, and a sight to behold. But within the city there has been and is terror, unrest, waste, poverty, illiteracy. The beauty of the glistening institutions and marble buildings is offset by the ugliness of crowded and dilapidated schools, the inefficiency of inadequate, disjointed, and physically inefficient hospitals, the decay of morality of a large number of unwed mothers with crowded children's villages, the illegitimacy, poverty, and high incidence of venereal diseases. Our beautiful spacious avenues are accompanied by rundown neighborhoods where terror stalks and the lawless run amuck. Danger lurks for the unwary and the unsuspecting. Our newspapers dramatize the cases of murder, robbery, and aggravated assault, which terrorize the populace. The decent and law-abiding people are aroused and have resolved to put an end to this lawlessness, which in 1961 resulted in 21,802 reported major crimes.

A great deterrent is the cop on the beat, the foot patrolman. A greater deterrent is a police officer and his faithful companion, the shepherd police dog. The greatest deterrent is an aroused public which resolves to put an end and reduce this criminality and lawlessness.

Seventeen million people visit Washington annually. They spend $380 million a year in the District. Seven hundred sixty thousand residents populate this town and hundreds of thousands commute from the nearby States to work, eat, and shop in this city. They must be protected. They will be protected so that they can walk the streets in safety and unafraid.

We on the District Subcommittee believe that this plot of land called our Capital City, hemmed in by several States, consisting of 30,667 acres or 10 miles, must be a mecca where the American people and the foreigner can visit and live in safety. We have recommended for approval $26,999,800, every penny that the Metropolitan Police Department requested for fiscal year 1963. We recommended approval of 56 additional police privates, which brings the total police strength to 2,900, and an increase in the canine corps of 25, which will bring this corps of safety to 75 man-dog teams. One night while walking from my office to my apartment through poorly lit streets and through an area where buildings had been demolished, I was comforted when I happened upon two police officers patrolling the dark streets with their trained lithe sinewy police shepherd dogs. Others in the area have experienced the same feeling of safety. It is noteworthy that the District has not had to buy one dog to the present date. They were donated to the city by residents who take pride in their Capital City and want to see this community safe. It costs about $1,500 per year to maintain these silent effective sentinels. They are worth much more than their cost and are feared by the violator of law.

Testimony before the committee disclosed part of their effectiveness. It is the committee's belief that the increase in police personnel, man and beast, led by the efficient and dedicated Police Commissioner, Chief Murray, will increase the efficiency of our Metropolitan Police force and should reduce major crime in the District. The muggers, the yokers, and the lawless must be made to realize that this District means to make Washington safe for the aged and the young, the visitor and the resident.

The committee presents a balanced budget. The committee recommends a total of $290,059,000 of which $237,546,000 is for operating expenses, and $52,513,000 is for financing capital outlay projects. The amount recommend is $9,075,478 below budget estimates, but $19,991,103 above appropriations for the current fiscal year 1962. The sources of revenue are from real estate, personal property, excise taxes, inheritance taxes, fines, and so forth; $217,088,000 is estimated to come from these sources prior to Public Law 87-408. Public Law 87-408, which Congress enacted last year, will bring in $14,672,000. The Federal payment is $30 million, the same as last year with an additional $3,199,000 derived from Federal contributions to water fund, sanitary sewage works fund, and to the metropolitan area sanitary sewage works fund. Twenty-six million comes from Federal loans making total collections of $291,001,000.

HEALTH AND WELFARE

The health and welfare of the people of any community are major concerns of civilized society. The committee recommends $66,528,000 for the activities of health and welfare during the next fiscal year. This is a decrease of $1,633,000 in the estimates and an increase of $4,232,910 over 1962 appropriations. We recommend a reduction of $1,337,700 in welfare from the estimates. Our welfare costs amount to $21,856,000.

Welfare is the yardstick of a community's compassion and sympathy for the unfortunate, the distressed and impoverished. Compassion manifests itself in programs for aid to dependent children living at home with their parents or in institutions, in aid to the blind, to the aged, to the disabled, or to the destitute who cannot work or the aged who are indigent and need medical care. A 1-year residency is required before a person in the District may be eligible for welfare except with respect to aid to dependent children where no residency requirement obtains. Most of the welfare recipients are longtime residents of the District; 49 percent of the welfare recipients lived in the District more than 10 years; 4 percent lived in the District for a period between 1 to 2 years; 12,406 individuals and heads of families receive public assistance. About 1,138 cases a year are closed and go off the welfare rolls to be replaced by an equal number; 85 percent of the people receiving public assistance are Negroes; 93 percent of aid to dependent children are nonwhites. This demonstrates that many Negroes are underemployed with little or no income or job opportunities. It also indicates that there is a need for education, guidance, and instruction.

Some of the Members made an inspection tour of the District to learn what is being done. One of the places which my colleague, Congressman RHODES, and I visited was Junior Village, which is the Department's institution for dependent children. Over 675 children are frequently housed in quarters built for 320. The average children population is 508. A visit there will tear your heart out. Children long to be loved, fondled, and made part of a family. The District is doing the best it can under the circumstances. The committee has recommended the approval of 77 of the 100 positions requested primarily to staff new facilities that will be put in operation during the year. In our haste to be charitable, proper investigation is not made before the applicant is given public assistance.

With our charity there has come waste, chiseling, and chicanery. As investigation was conducted recently; 280 cases were chosen at random—63 percent of the relief recipients who were investigated were found to be ineligible for welfare for various reasons. In some cases ineligibility existed because a paramour was receiving the benefits of the relief check, which situation is commonly known as the man in the house. The committee believes that 10 investigators should be added to investigate the chislers and the man-in-the-house situation. This normally must be done at night. It might be wise to put these investigators in a department other than in the Department of Welfare where social workers and employees view the problem with softness and frequently with impractical attitudes. In fairness to the taxpayers of the city, immediate steps must be taken to clear the rolls of ineligible welfare recipients.

In addition, grants to large families were cut back by the Senate in 2,440 cases involving large families. The committee denied the request to restore $43,488 of those funds.

Public health poses serious problems. The committee reduced estimates by $285,400 and increased the appropriations over 1962 by $3,751,000. The total amount recommended for public health was $44,269,000.

The committee learned of a corrosive condition existing and developing in the District. The rate of infectious venereal diseases in the District in the age group from 15 to 19 is in the ratio of 4,876 cases per 100,000 population while the median in the United States is 276. One need not spell out the consequences to posterity if such trends continue or expand. The committee has recommended an inclusion of $393,645 to control venereal disease. It also recommends that legislation be passed eliminating parental consent for treatment of venereal disease. A careless or miscreant youth will suffer in silence and spread contamination rather than get parental consent to be cured.

Some of the committee, including myself, visited the District of Columbia General Hospital to review the plant and the programs. While the staff is of the best and interns are plentiful, the facilities are outmoded and antiquated. Operating rooms and recovery rooms are situated off the corridors where employees constantly pass and equipment is stored, with attendant noises in moving them about. Such conditions are not conducive to repose before an operation or recovery after surgery where trauma exists. Admitting quarters are cramped and inconvenient. Patients requiring emergency treatment must stand up and cannot be seated while waiting because of the lack of space. X-ray facilities are situated at a distance from confinement quarters, and there is much waste of time and energy because of the separation between the treatment quarters and the examination facilities. Consequently, the committee feels that this intolerable condition in the District of Columbia General Hospital should be rectified immediately, and, therefore, recommends approval of $12,670,000 for the consolidation of the District of Columbia General Hospital and for improvement of the mechanical and utility services.

EDUCATION

The city of Washington consists mainly of the young and the old. Of the 760,000 residents, 144,932 are children attending elementary schools; 128,482 are in public schools. There are 2,150 teachers in the grades between 1 and 6. The pupil-teacher ratio is 31.6 to 1 and the teacher's salary begins at $4,800. It costs an average of $445.67 annually to teach a pupil. Does the District get its money's worth in its educational system? I am not certain.

Recently a U.S. Senator in a histrionic fashion displayed obsolete books which tended to discredit the Congress in its appropriations. Last year the Education Department requested funds for books and asserted that it needed $283,000 for schoolbooks. This committee, under the chairmanship of our beloved late colleague, Louis Rabaut, did not hesitate and approved $283,000, the sum which the Board of Education said it needed. The Board of Education now claims that it was conservative and in error as to what it needed. The committee believes that without textbooks and library books, children cannot properly learn. Therefore, the committee has approved all the budget estimates for the purchase of textbooks. In addition, this bill provides $419,000 for the purchase of books for the schools and the libraries, $394,000 for textbooks and $25,000 for purchase of library books. We trust that the Board of Education knows its need and that it will not say next year once again that it was conservative in its request.

I, for one, am dissatisfied as to the results derived from the Teachers College. I feel that the District is not getting its money's worth in the production of teachers. The Teachers College graduates only 92 teachers of which only 65 are willing to teach in the District of Columbia after receiving a free education from the District schools. Knowing that teachers are necessary, not only to teach, but also to provide classes sufficiently small so that children can receive more individualized attention, the committee recommends appropriations for a total of 193 teachers, 90 in the elementary schools, 89 in the junior high schools, and 14 in the senior high. There is one ray of hope in the District school system. It is the adoption of a plan known as the Amidon plan. It is a program which emphasizes the three R's and the teaching of the basic studies. The program is being gradually accepted throughout the District and offers hope to educate the children so that they will not be functional illiterates—those children who have been exposed to education, but have not learned how to read or compose a sentence.

My colleague, Congressman RHODES and I, together with the Commissioners, inspected the notorious Hine Junior High School. Several years ago fire destroyed part of the institution. Despite the deplorable conditions, the burned and charred floors, ceilings, and doors on the top floor, and the antiquated facilities, the school building is still being used and is congested far beyond its capacity. The committee is of the belief that quick action is indicated and a higher priority must be given to replace this eyesore and hazard. It is conceded by the authorities that this building is the worst school building in the city. Consequently, the committee approves $400,000 to start the replacement of Hine Junior High School at Seventh and C Streets.

All in all, the committee recommends an appropriation of $56,817,000 for the operation of the public school system of the District during the fiscal year 1963. This is an increase of $2,610,890 over 1962, and a cost of $953,000 in the budget estimates.

Other appropriations are made for highways and traffic, sanitary engineering, parks and recreation, and other agencies of the Government. They are too detailed to enumerate and discuss. They may be seen in the committee report.

The committee has considered every request for fiscal year 1963 very carefully. It has been a privilege to serve on this subcommittee. Until home rule is granted, if it ever is, we, in Congress, have a duty to consider the appropriations for the plans and programs which the Commissioners submit to us. I believe that this committee has done its duty diligently and painstakingly. We request our colleagues in the Committee of the Whole to approve our recommendations.

Mr. ROONEY. Mr. Chairman, will the distinguished gentleman yield?

Mr. SANTANGELO. I am happy to yield to my colleague, the gentleman from New York.

Mr. ROONEY. Mr. Chairman, I should like to commend the distinguished gentleman from New York [Mr. SANTANGELO] for the great interest he has properly taken in the fiscal affairs of the District of Columbia. This is a subject that most Members are not devoted to. The gentleman from New York, indeed, should be complimented for the interest he has taken in behalf of the people of the District of Columbia and their problems. He has gone into the ramifications of this appropriation bill as he goes into every subject, thoroughly, and with an intelligent and humane approach. Mr. Chairman, the gentleman from New York will, I am sure, receive the commendation of all Members of the House of Representatives for his work on this Subcommittee on Appropriations.

Mr. SANTANGELO. I thank my colleague from New York.

Mr. MARSHALL. Mr. Chairman, will the gentleman yield?

Mr. SANTANGELO. I yield to the gentleman from Minnesota.

Mr. MARSHALL. Mr. Chairman, I wish to join in these remarks of commendation. It has been my privilege to serve on the Agricultural Subcommittee on Appropriations with the gentleman from New York [Mr. SANTANGELO]. I know how hard he works and how diligently he works in performing all of the tasks that are assigned to him.

Furthermore, I want to take this opportunity to say that this Subcommittee on Appropriations for the District of Columbia has done an excellent job in my estimation. I think you have written a fine report. I hope Members of the House have an opportunity to read that report.

It is a fine thing when you have public-spirited people who have taken the interest in the Capital City of the United States that this committee has taken in the activities of the District of Columbia. It was my privilege to know very well our former colleague, Louis Rabaut, who did an excellent job as chairman of this subcommittee. When Louis left this world, I thought, perhaps, it would leave a void, but the chairman of the committee, the gentleman from Kentucky, Congressman NATCHER—who I also served with on the Agricultural Subcommittee on Appropriations—has come along and has done an excellent job. I note with a great deal of pleasure that a number of people in the District of Columbia are appreciative of the work he is doing and we have had some fine comments in the Washington papers concerning the work that this committee has done. Certainly, as a Member of this body, I hope in every way I can to support this committee in the excellent things they are doing to improve our Capital City and to work for the welfare of the people within the city. Your work with the police department, your suggestions on health, especially on venereal disease, and your proposals for the welfare department ought to be followed.

Mr. SANTANGELO. I thank my colleague from Minnesota.

Mr. RYAN of New York. Mr. Chairman, will the gentleman yield?

Mr. SANTANGELO. I yield to my colleague, the gentleman from New York.

Mr. RYAN of New York. Mr. Chairman, I should also like to join in commending the gentleman from New York [Mr. SANTANGELO] for the thoroughness of his presentation here today. It reflects the sincerity and the seriousness with which the gentleman from New York has gone about his work on this Subcommittee on Appropriations for the District of Columbia and I think that the House of Representatives has really benefited a great deal by the gentleman's statement here today.

Mr. SANTANGELO. I thank my colleague.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. SANTANGELO. I yield.

Mr. BAILEY. I am just curious to note this generous increase in the appropriation for law enforcement here in the District. Did your committee discuss the possibility that this added expenditure might not have been necessary if you had entered a 10 o'clock curfew in the city of Washington?

Mr. SANTANGELO. We did not go into that particular subject. The subject of a curfew is one that I personally, as member of a New York State legislative committee, went into when we had a statewide study in the field of juvenile delinquency. It appears that because of the warm weather—and the District of Columbia is a hot place in summer; I think the gentleman will agree with that observation—it would be almost impossible and impractical to take boys or girls off the streets and keep them indoors when it is 90 degrees at night and their home surroundings are uncomfortable.

Mr. RHODES of Arizona. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. WILSON].

Mr. WILSON of Indiana. Mr. Chairman, first I would like to congratulate our distinguished chairman, the gentleman from Kentucky [Mr. NATCHER], for the thoroughness with which he did his job in interrogating the witnesses who testified on behalf of this appropriation, and on his considerate attitude which he took toward the problems of the District of Columbia. He did a marvelous job. Also the gentleman from Arizona [Mr. RHODES], the ranking minority member of the committee, is to be congratulated on the interest he has taken in the District and its problems. It had been my pleasure to serve for many years on this committee, for several years as chairman of the committee. I can appreciate the problems of the District and the problems which these gentlemen were confronted with and how they handled them. They did a marvelous job.

Mr. Chairman, I am also interested in our Nation's Capital. I say "our Nation's Capital" because the District of Columbia, the Capital, belongs to all the people of the 50 United States. It does not belong to the people of the District of Columbia. They just happen to be here. And certainly I am opposed to home rule. I have always been opposed to home rule, and I do not think I shall ever vote away my constituents' right to control their Nation's Capital. I want to make that position clear.

But along with such authority as I am asking for my people, the authority I hope they will retain, I also want to assume for them a part of the responsibility. It has always been my thought that responsibility goes along with authority, or that authority be delegated commensurate with responsibility. I feel my district has the responsibility of making our Nation's Capital the finest capital in the world. I want to contribute to that effort. But I do want to here and now do away with the fallacy that there is only one thing necessary to make a great capital, there is only one thing necessary to make great schools, and that is money.

We have been operating here in the Capital on a false premise that there is only one thing necessary to make this the greatest capital in the world, and that is money, money, money.

Let us talk about the school system of the District of Columbia, a matter I know a little something about. For years and years we have been told that all the school system of the District of Columbia needed was more money. Under Dr. Corning, the former Superintendent of Schools, we heard that song year after year, money, money, more schools, more classrooms. I had hoped that when we changed Superintendents that philosophy might be changed also. But under the present Superintendent I have seen little change so far.

The other day three young, well-briefed high school students walked into my office. They wanted to see me. I gave them some time. I was interested in what they had to say.

I asked them what they were concerned with. They said, "Mr. WILSON we are being cheated."

I said, "Oh, you are? In what way are you being cheated?"

"Mr. WILSON, we are being cheated out of our education."

I said, "That is interesting. I am very sorry to hear that. In what way are you being cheated?"

"Well, Mr. Wilson, we do not have enough classrooms, we do not have enough teachers."

I said, "You do not have enough classrooms, you do not have enough teachers? What time do you report to school in the morning? And when are you tardy?"

They said, "We are tardy at 10 minutes after 9."

"What time do you get out of school?"

"We get out of school at 3 o'clock."

And Dr. Hansen according to a newspaper report says the teachers run over themselves in getting out of school at 3 o'clock.

I said, "My children are tardy at our school at 8:10 c.d.t. That is an hour and 20 minutes earlier than here by sun time."

They go to school and they report there an hour and 20 minutes earlier by sun time, and they do not get out until 3:30 o'clock.

If you will pardon a personal reference, my daughter, a student there, has won a national merit scholarship, and of the 16,000 finalists she was beaten by only 6 people in the United States for the top honors. That speaks well for our school system.

Now, this is one of the public schools back home where she is tardy 10 minutes past 8 and where she has to work until 3:30.

I said to the three young pupils who visited me, and I also said to Dr. Hansen, if you would just increase the length of your school day by one period, your pupil-teacher ratio in grade school would drop below the national recommended level of 30 to 1. In high school below the recommended level of 25 to 1. I think in our Bedford schools we have many more than 25 students per teacher in high school and we have more than 30 pupils per teacher in grade school. Our teachers work 2 hours longer per day than in the District of Columbia. But, they can not solve their problem by maintaining a shorter day. It looks to me like—and this is one of the things I am unhappy about—that the District of Columbia schools are being run for the benefit of the teachers and not for the benefit of the pupils. Add one period per day and you solve your classroom and teacher shortage problem.

Now, these youths also made another complaint that they were being cheated because they did not have enough textbooks. Well, Abraham Lincoln did not have very many textbooks given to him; in fact, there were not many textbooks available at that time. But, he wanted an education. He walked many, many miles to pick up material from which to study and learn to read. Now, if these youngsters are interested in getting an education, they should not permit themselves to be cheated because they do not have textbooks. I know they can earn enough money in the District of Columbia to buy textbooks to aid in getting an education. That was not a very good excuse.

I am also unhappy about the curriculum in the District schools. I believe students in the District schools in the District of Columbia won only two scholarships, and I believe that that includes both public and private schools. That is not very many, considering the population involved and the number granted in the United States.

I think we should have an extended period, what we call the lengthened period, consisting of 55 minutes or else add two new periods. I think the laboratory period should be extended so that the children would have an opportunity to get the equipment out, assemble it, perform experiments and put the equipment away before the period is over. That cannot be done now with the 40-minute period, and admittedly so, by the superintendent of schools during the hearings which we have just finished. A 40-minute period is not sufficiently long to assemble laboratory equipment, perform experiments, take the equipment down and put it away as it should be.

Now, you have heard some remarks about how the Amidon plan operates. I do not want to be a person to throw cold water on a plan, but you know, when the heat is on, you like to divert the attention of the people to something else. That is one of the oldest tricks in the trade. In the District they talk about the Amidon plan. If you can find anything new in the Amidon plan that is not being practiced in every good school system in the United States, I would like to have you point it out. I have studied the plan from beginning to end. It consists of a few very brief statements of principle, and they do not amount to anything new. There is nothing in this Amidon plan or that set of principles that is not being carried on in every good school system in the United States. I could take you out to Montgomery County, Md., adjacent to the District of Columbia, and prove to you that every one of those principles is being and has been in operation in those schools for many, many years.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. WILSON of Indiana. I yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. Mr. Chairman, I would like to take this opportunity to compliment my colleague upon his statement as an educator as well as an experienced legislator. I think the gentleman has had ample opportunity to view these problems of educational facilities in the District of Columbia with a practical and yet a very experienced eye. I feel that the gentleman's remarks are justified in receiving the very comprehensive attention of all the Members of the House.

Mr. WILSON of Indiana. I thank the gentleman from Indiana [Mr. Harvey] for those kind remarks.

Mr. RHODES of Arizona. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. Gross].

Mr. GROSS. Mr. Chairman, I want to thank the gentleman from Arizona [Mr. Rhodes] for allowing me this time, and compliment the gentleman upon his presentation earlier this afternoon, particularly his statement that the committee will keep a close watch on the deplorable relief and assistance situation in the District of Columbia. It is my hope that with the excellent start which the committee has made under the able leadership of the gentleman from Kentucky [Mr. Natcher] and the ranking minority member, the gentleman from Arizona [Mr. Rhodes], that it will certainly follow through next year on that and other problems to which it gave so much attention this year.

Mr. Chairman, I do not find in the bill—and I have been reading in the papers about the difficulties—anything in connection with the new stadium in Washington. Am I correct that there is nothing in the bill with respect to an appropriation for the stadium? I wonder if the gentleman could enlighten me as to that situation?

Mr. NATCHER. If the gentleman will yield, I would like to say to the distinguished gentleman from Iowa that no request was made of the subcommittee for fiscal year 1963 for the District of Columbia Stadium. As the gentleman well knows, in June 1960, bonds were placed on the market, totaling $19.8 million, for use in the construction of the stadium. The interest derived from the money before payment to the contractor, the premium on the bonds, and one or two other items, ran the amount up to $20 million for this particular stadium—a little over $20 million.

For the present calendar year they will take in some $200,000. There will be a deficit. The District of Columbia Commissioners only recently had to borrow a little over $400,000 to pay the interest now due. On December 1 of this year another $400,000 interest payment will become due and there will be no money to pay this. They very frankly said to our subcommittee that there were only two plans at the present time as far as the stadium is concerned; one, the Federal payment must be increased or taxes increased in the District of Columbia. I want to say to my distinguished friend from Iowa that our subcommittee informed the Commissioners that under no circumstances will we come back to Congress and ask for an increase in the Federal payment for the payment of any money on the District of Columbia Stadium. That is No. 1.

And No. 2, we do not believe under any circumstances the taxpayers of the District of Columbia should have their taxes increased to pay interest on this stadium.

As the gentleman knows, under the law that was passed concerning this stadium, between now and the year 2007 it goes back to the National Park Service of the Department of the Interior. I believe that during those years this stadium will be a losing proposition and some arrangement must be made immediately to take this burden off the taxpayers of the District of Columbia.

Mr. GROSS. Mr. Chairman, I am very pleased to have that statement from the gentleman and the attitude he takes toward this proposition because unless someone keeps the door closed either the taxpayers of the District of Columbia or the taxpayers of the entire Nation are going to have to pay this huge bill. I opposed the legislation providing for this stadium when it first came to the House floor. I did not think then that it could be financed on the basis on which some people thought it could be done. The Federal Government has $2 or $2½ million invested in this stadium; and unless someone keeps the door closed the taxpayers of the entire country are going to pay for a very expensive stadium. I suggest that a stadium could have been built for far less than $20 million and served the purpose adequately. So I am more than pleased to have the statement from the gentleman.

I have one serious criticism of the bill to be found on page 7, the provision which reads as follows:

> *Provided*, That the outpatient rate under such contracts and for services rendered by Freedmen's Hospital shall not exceed $5 per visit and the inpatient rate shall not exceed rates established by the Commissioners based on audited costs—

And so forth. The gentleman from Kentucky is very well acquainted with the entire provision, I am sure. Will the gentleman explain that to me a little further?

Mr. NATCHER. Mr. Chairman, I would like the gentleman to know that the committee does not favor the procedure that has been used in the District of Columbia down through the years pertaining to the contract hospitals. Here the provision on page 7 says that the rate of $30 up, up to $36, as developed by the hearings to be based on audited cost ascertained by the District of Columbia Commissioners may be paid the contract hospitals. I want the gentleman to know that his objection is valid. We agree with him. I want the gentleman to know this. We granted and we recommend to the House $2,100,000 for use in construction the main core section of the District of Columbia Hospital with an overall cost for this new core section of $11,800,000. We recommended $2,100,000 in this bill for this particular project to get underway.

I want the gentleman to know that this matter of contract hospitals has been given serious consideration this year and some arrangement will be made next year to delete this provision from the bill. We will be in a better position at that time to take care of this matter after we start the District of Columbia General Hospital main core section construction.

It is based on this, I want to say to my distinguished friend. The cost per day in the District of Columbia General Hospital is $36. It is true that in some of the other hospitals in the District it runs $28, $29, and $30, so why should they receive $36 just because that is the day basis in the District of Columbia General Hospital? We so explained to the Commissioners.

I want the gentleman to know this: This is a provision that has been carried in the District of Columbia appropriation bills all down through the years. This year it is based on audited costs. It might be $31, it might be $31.50, but not to exceed $36. The gentleman is entirely correct, and I want him to know that in the future we will not be contending with this particular provision.

Mr. GROSS. I will say to the gentleman that I do not like this open-end provision. I will be constrained to make a point of order against the language and I hope that in conference a better provision can be worked out.

Mr. NATCHER. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. Sikes].

Mr. SLACK. Mr. Chairman, I wish to congratulate the gentleman from Kentucky [Mr. NATCHER] and the members of his subcommittee for the fine work done on this bill. The hearings reveal the careful and painstaking manner in which the committee has brought out the facts with a very close check on expenditures.

The work the gentleman from Kentucky [Mr. NATCHER] has done as chairman has reflected itself in the reputation he has carved within the District of Columbia.

Mr. NATCHER. Mr. Chairman, I yield 1 minute to the distinguished gentleman from South Carolina [Mr. MCMILLAN], chairman of the Legislative Committee on the District of Columbia.

Mr. McMILLAN. Mr. Chairman, I have asked for this time to congratulate you as chairman of the Subcommittee on Appropriations for the District of Columbia and the members of his subcommittee on the fine service they have rendered the people of Washington and the United States. I have watched this committee work during the past few months and they have spent days, weeks, and months to help make our Capital a beautiful and safe place to live. I think if the District Commissioners and the heads of the District government agencies will cooperate with the gentleman from Kentucky [Mr. NATCHER] and his committee we will be able to make our budget in the District of Columbia balance so that it will not be necessary to increase taxes every couple of years. I again want to congratulate the gentleman from Kentucky [Mr. NATCHER] and every member of his subcommittee on doing a fine job and the cooperation they have given me and my committee.

Mr. NATCHER. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina [Mr. WHITENER].

Mr. WHITENER. Mr. Chairman, I, too, congratulate the chairman of the Subcommittee on Appropriations for the District of Columbia, the gentleman from Kentucky [Mr. NATCHER] and his colleagues on the subcommittee on the splendid job they have done, particularly with reference to the highway program in the District of Columbia.

A special subcommittee of the Committee on the District of Columbia, composed of the gentleman from Kentucky [Mr. BURKE], the gentleman from Rhode Island [Mr. ST. GERMAIN], the gentleman from Virginia [Mr. BROYHILL], the gentleman from Maryland [Mr. MATHIAS], and I, as chairman, has dealt with this problem recently. I concur that the cautious approach recommended by the Natcher subcommittee and the full Committee on Appropriations is the proper one. There are many great decisions to be made in connection with the highway program, not the least of which is the dislocation of 28,000 people who live in areas involved in projected highway programs in the District of Columbia. In our hearings, it appeared that no serious thought had been given to what would happen to those people, and I am delighted by the action of the Committee on Appropriations that at least those people will have some opportunity to be considered by the governmental authorities of the District of Columbia.

Another problem that was brought to our attention was the one of the removal of some 400 acres of revenue-bearing property in the District of Columbia in the downtown area by this highway program from the tax books. That certainly relates itself to the financial future of the District of Columbia.

During our hearings and, I am sure, during the hearings of the Subcommittee on Appropriations, we found in this community practically all of the civic organizations, both of the major political parties and two of the three District Commissioners agreeing that the cautious and thoughtful approach to the highway situation is the proper one at this time.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RHODES of Arizona. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina [Mr. WHITENER].

Mr. WHITENER. Mr. Chairman, these problems in the District of Columbia are great, but many of us are hopeful that if this go-slow program is adhered to, that with the development of a rapid transit system in the District, and with the coordination of the highway program with the rapid transit system, there will be a great savings to the people of the District and that there will be a great lessening of the displacement of human beings who have no place to go in the District if their homes are uprooted by the rapid advance of concrete strips through their communities.

Mr. Chairman, again I congratulate the gentleman from Kentucky and all those who have labored so diligently with him to bring about a result which, I think, will be in the best interest of all the people in the District of Columbia.

Mr. NATCHER. Mr. Chairman, I yield 1 minute to my friend and colleague, the gentleman from Kentucky [Mr. BURKE].

Mr. BURKE of Kentucky. Mr. Chairman, I want to take the time, as has been done by so many others here, to commend my colleague, the gentleman from Kentucky [Mr. NATCHER] and the gentleman from Arizona [Mr. RHODES] and their colleagues for the splendid job they have done. As a member of the Legislative Committee on the District of Columbia, I have some appreciation of the thorny nature of some of these problems. Especially in view of the colloquy that took place between the gentleman from Illinois [Mr. SPRINGER] and the gentleman from Arizona [Mr. RHODES], I should like to ask the gentleman from Kentucky [Mr. NATCHER] if this is not what the committee means:

On page 4 of the report, in discussing the elimination of certain projects from the highway program, beginning in the fifth line on page 4, we find this language:

> However, to expedite this matter * * * there will be an adequate amount in the highway fund to solve this and other important problems which will confront the District highway officials in the near future.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. RHODES of Arizona. Mr. Chairman, I yield the gentleman 1 minute.

Mr. BURKE of Kentucky. I would like to ask the chairman if that does not mean despite the existence of this money in the fund that no funds may be spent on these new projects until the highway officials of the District return to the Congress and get specific appropriations for these projects.

Mr. NATCHER. The gentleman's statement is correct. I would like to point out to him the fact that in setting up the reserve in the highway fund with the amount of $1,666,000 we had in mind that this matter could be resolved and should be resolved. There are adequate funds in the bill to take care of this matter at the proper time.

Mr. BURKE of Kentucky. I thank the gentleman.

Mr. RHODES of Arizona. Mr. Chairman, I have no further requests for time.

Mr. NATCHER. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read the bill.

The Clerk reads as follows:

HEALTH AND WELFARE

Health and Welfare, including reimbursement to the United States for services rendered to the District of Columbia by Freedmen's Hospital; and for care and treatment of indigent patients in institutions, including those under sectarian control, under contracts to be made by the Director of Public Health; $66,528,000: *Provided*, That the outpatient rate under such contracts and for services rendered by Freedmen's Hospital shall not exceed $5 per visit and the inpatient rate shall not exceed rates established by the Commissioners based on audited costs, and such contract rates and rates for services rendered by Freedmen's Hospital shall not exceed comparable costs at the District of Columbia General Hospital: *Provided further*, That this appropriation shall be available for the furnishing of medical assistance to individuals sixty-five years of age or older who are residing in the District of Columbia without regard to the requirement of one-year residence contained in District of Columbia Appropriation Act, 1946, under the heading "Operating Expenses, Gallinger Municipal Hospital," and this appropriation shall also be available to render assistance to such individuals who are temporarily absent from the District of Columbia.

Mr. GROSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. Mr. Chairman, I make a point of order against the following language beginning in line 24 on page 6, and ending in line 2 on page 7: "and for care and treatment of indigent patients in institutions, including those under sectarian control, under contracts to be made by the Director of Public Health;".

And the following language beginning in line 2 of page 7 and ending in line 9 of page 7:

> *Provided*, That the outpatient rate under such contracts and for services rendered by Freedmen's Hospital shall not exceed $5 per visit and the inpatient rate shall not exceed rates established by the Commissioners based on audited costs, and such contract rates and rates for services rendered by Freedmen's Hospital shall not exceed comparable costs at the District of Columbia General Hospital.

Leaving in on line 2 of page 7 the dollar sign and figures: "$66,528,000:".

Mr. Chairman, I make the point of order that the language I seek to have stricken is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Kentucky desire to be heard on the point of order?

Mr. NATCHER. Mr. Chairman, I have discussed this matter with my distinguished colleague, the ranking minority member [Mr. RHODES]. As pointed out to the Committee a few moments ago, this is a feature that has been carried in the District of Columbia appropriation bill for a great number of years; a provision that the members of the subcommittee do not favor. I believe, also, that this matter can be worked out after the bill goes to the other body, and in the conference report we can work out a provision that will not only meet with the approval of the committee but also, I think, with that of the distinguished gentleman from Iowa.

We concede the point of order.

The CHAIRMAN. The point of order is conceded.

Mr. NATCHER. Mr. Chairman, I ask unanimous consent that the balance of the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. RIVERS of South Carolina. Mr. Chairman, I move to strike out the last word and ask unanimous consent to speak out of order and to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

SUPREME COURT DECISION TO ABOLISH PRAYER IN PUBLIC SCHOOLS

Mr. RIVERS of South Carolina. Mr. Chairman, the Nation was shocked yesterday by the decision of the Supreme Court outlawing prayers in public schools as unconstitutional. Mr. Justice Stewart—the lone dissenter—stated it mildly when he said the Court misapplied "a great constitutional principle."

The State Board of Regents of New York adopted the following prayer:

> Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country.

What is wrong with this prayer? Only a court composed of agnostics could find its defects.

Mr. Chairman, the Court has now officially stated its disbelief in God Almighty. This, to me, represents the most serious blow that has ever been struck at the Constitution of the United States. I know of nothing in my lifetime that could give more aid and comfort to Moscow than this bold, malicious, atheistic and sacrilegious twist of this unpredictable group of uncontrolled despots.

This is not the first time the Court has veered off into a tangent of unjudicial chaos. You will recall in the 1954 decision of the school cases, the only authority the Earl Warren court could hang its nonjudicial hat on was Gunnar Myhrdal and his ridiculous production known as "The American Dilemma."

Mr. Chairman, if this Court is to continue to go unbridled into every direction of the compass, the next thing we can expect is the outlawing of the prayers of the Congress of the United States and the abolishing of the pledge of allegiance to the flag of the United States. Never in my 22 years as Member of this Congress have I witnessed such a complete breakdown of the moral makeup of this judicial body. Ninety percent of its time has been spent on the protection of Communists, Communist sympathizers, fellow travelers, and problems directly affecting the National Association for the Advancement of Colored People. Earl Warren has indoctrinated this Court with a toxin that has just about destroyed every vestige of respect which the American people once held for this body. This is a tragedy.

Mr. Chairman, this Court legislates—not adjudicates—with one eye on the Kremlin and the other eye on the headquarters of the NAACP.

Mr. Chairman, it is high time that the Constitution of the United States be amended. If any provision that is outmoded, outdated, and antiquated, it is that provision which permits members of the Supreme Court to hold office during good behavior. These men should be unmasked and compelled to stand for their positions in an election before the American people. Their tenure of office should not exceed 10 years at the most. The Constitution should be brought up to date and referendums held which would require these men to state to the American people their dangerous propensities before they are shrouded in a robe of mystery and permitted to strike without notice at the basic concepts of the greatest document ever devised by the mind of man.

Failing this, Mr. Chairman, it is time for the Congress to at least exercise its constitutional right under article III to drastically restrict and limit the appellant jurisdiction of this court which flaunts its authority in our very faces and it flaunts its authority because we have permitted them to run rampant over us.

Bear in mind that article III of the Constitution says that the Supreme Court shall have appellant jurisdiction both as to law and fact with such exception, "and under such regulations as the Congress shall make." The time has come to remove from this body of agnostics their jurisdiction to determine the social and economic future of America.

Mr. Chairman, I trust this body will recognize the fact that yesterday the Supreme Court repealed Public Law 851 which was the act of July 30, 1956. This was a joint resolution enacted by the Congress that the motto of the United States would officially be known as "In God We Trust." It will be found in 36 U.S. 186.

I suggest we amend that law if we are to permit the Supreme Court to continue on without change by adding to the motto the following: "In God we trust to the extent that the Supreme Court of the United States permits it."

Finally, Mr. Chairman, so that my northern friends and particularly my Republican friends will not take exception to my remarks about the NAACP that we also suggest that the schoolchildren of this Nation will no longer be permitted to learn Lincoln's immortal Gettysburg Address because, Mr. Chairman, that magnificent address has the unconstitutional words contained that this Nation "under God shall have a new birth of freedom." The Supreme Court has said that we must not permit our children to listen to such heresy. Therefore, we would suppose that the Gettysburg Address can no longer be required reading throughout the schools of America.

Mr. NATCHER. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. ALBERT) having assumed the chair, Mr. PRICE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12276) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1963, and for other purposes, had directed him to report the bill back to the House with the recommendation that the bill do pass.

Mr. NATCHER. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. NATCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

EXTENSION OF CORPORATE NORMAL TAX RATE

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House have until midnight to file a conference report on H.R. 11879.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

MIGRATION AND REFUGEE ASSISTANCE ACT OF 1962

Mr. WALTER submitted a conference report and statement on the bill (H.R. 8291) to enable the United States to participate in the assistance rendered to certain migrants and refugees.

TRADE EXPANSION ACT OF 1962

Mr. BOLLING, from the Committee on Rules, reported the following privileged resolution (H. Res. 712, Rept. No. 1924), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed eight hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, but said amendments shall not be subject to amendment. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

VACCINATION ASSISTANCE ACT OF 1962

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 699 and ask for its immediate consideration.

The Clerk read the resolution as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10541) to assist States and communities to carry out intensive vaccination programs designed to protect their populations, especially all preschool children, against poliomyelitis, diphtheria, whooping cough, and tetanus, and against other diseases, which may in the future become susceptible of practical elimination as a public health problem through such programs. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the substitute amendment recommended by the Committee on Interstate and Foreign Commerce now printed in the bill, and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. SISK. Mr. Speaker, I ask unanimous consent that House Resolution 699 be amended to strike out on page 2, line 2, the word "Judiciary" and insert "Interstate and Foreign Commerce".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentlewoman from New York [Mrs. St. George] and, pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 699 provides for the consideration of H.R. 10541, a bill to assist States and communities to carry out intensive vaccination programs designed to protect their populations, especially all preschool children, against poliomyelitis, diphtheria, whooping cough, and tetanus, and against other diseases which may in the future become susceptible of practical elimination as a public health problem through such programs. The resolution provides for an open rule with 2 hours of general debate.

The purpose of H.R. 10541 is to authorize a 3-year program of special project grants to States and, with State approval, to local communities, for intensive vaccination programs against the four diseases which constitute significant public health problems. The intensive programs contemplated by the legislation must be aimed at immunizing practically all susceptible persons in the community, and particularly children under 5 years of age.

Under the provisions of the bill, Federal grant funds may be used for the purchase of vaccine for children under 5 years of age and for the salaries and related expenses of additional State and local health personnel required for planning, organizational, and promotional activities in connection with intensive community programs, and to maintain the epidemiologic and laboratory surveillance required.

The States and communities, for their part, would be responsible for supporting, through public funds or otherwise, all other elements of the intensive programs.

The methods of organizing and conducting local programs would be left to State and local determinations.

The maximum appropriation authorized by the legislation for grants would be $14 million for the fiscal year ending June 30, 1963, and $11 million for each of the 2 succeeding fiscal years.

Mr. Speaker, I urge the adoption of House Resolution 699.

Mrs. ST. GEORGE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this rule makes in order consideration of H.R. 10541, a bill that my colleague from California [Mr. Sisk] has gone into and explained. It is a simple bill, Mr. Speaker. But on the other hand it seems to some of us a little bit astonishing that at this time in our development as a nation we need to go into vaccination on such a big scale. It was my impression at least that we were pretty well taken care of in this respect. Now we find that far from being taken care of we have got to go out and spend in the next 3 years an additional $36 million to have this program carried through in the proper manner.

Certainly no one in this country or in this Congress could oppose vaccination. On the other hand, there are some people who, for religious and conscientious reasons, have reservations against vaccination. It is my understanding that in this bill they will not be compelled to accept it against their own wishes or against the dictates of their conscience.

Apart from this one criticism, I have not yet had it successfully explained to me why so much money is needed and why the program has to be so greatly enlarged. I can see no possible objection to this resolution and I hope it will pass.

Mr. McCULLOCH. Mr. Speaker, will the gentlewoman from New York yield to me for a unanimous-consent request?

Mrs. ST. GEORGE. I yield to the gentleman.

Mr. McCULLOCH. Mr. Speaker, I ask unanimous consent that the remarks I made earlier today under the 1-minute rule be carried at the end of the proceedings of the legislative day; and that I be permitted to include therein the majority opinion of the Supreme Court in the case that has been discussed so much here today, together with the concurring opinion of Mr. Justice Douglas and the dissenting opinion of Mr. Justice Stewart.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SISK. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi [Mr. Williams].

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

ONE NATION UNDER GOD

Mr. WILLIAMS. Mr. Speaker, I am sure most Americans were as shocked and outraged as I was by the Supreme Court's decision of yesterday, which had the effect of outlawing prayer in our public schools. Surely no action ever taken by an agency of Government in America has been so destructive of the basic foundations of our society. The implications of this decision and the interpretations which it suggests are more terrifying even than the threats of another war.

Mr. Speaker, I will have more to say on this subject in days to come, as I am sure will others who can detect in this and other recent actions a deliberate and carefully planned conspiracy to substitute materialism for spiritual values, and thus to communize America.

Mr. Speaker, in all our highly vaunted 20th century wisdom, which has enabled us to split the atom and to send men around the earth in space, there has yet to be found a suitable substitute for faith in the existence of a Supreme Being, the edict of the Supreme Court to the contrary notwithstanding.

Recently, I came into possession of a copy of an address delivered in Jackson, Miss., to the annual convention of the Mississippi Congress of Parents and Teachers, on April 11, 1962, by Dr. W. Douglas Hudgins, pastor of the First Baptist Church of Jackson, and entitled "One Nation Under God."

This address is of such significance, and is such an excellent analysis of the American system and all that it means, that I shall include its text as part of my remarks. In the light of yesterday's revolutionary ruling by the Supreme Court, this address should be of special interest to Members of Congress and Americans everywhere who still look upon our great country as one nation under God.

Mr. Speaker, I ask unanimous consent to include as part of my remarks the text of an address delivered by Dr. W. Douglas Hudgins, pastor of the First Baptist Church, Jackson, Miss., entitled "One Nation Under God."

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

(The matter referred to follows:)

ONE NATION UNDER GOD

(By Dr. W. Douglas Hudgins)

"One Nation Under God." You will recognize today's subject as a phrase from the meaningful "Pledge of Allegiance to the Flag of the United States." After years of use, the pledge was changed by a 1954 congressional resolution which added the words, "Under God." Currently it sets forth this: "I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all."

Are we really one nation under God? If we would listen to the loudest voices of our current moment we would be led to believe that we are one world without God. Within recent hours, in the city of Washington, the attorney general of this State, the Honorable Joe Patterson, has been serving with many other attorneys general as a "friend of the court" in a legal hearing having to do with the principle of offering prayer to God in the public school room.

Less than a year ago, to the amazement of millions of God-fearing citizens of this Nation, the Supreme Court ruled that "it is unconstitutional" for the Federal Government or any State "to require a belief in the existence of God" as a qualification for public office. Such an unprecedented capitulation to Marxism, paganism, and blatant atheism left Christian America stunned, and now the legal move on the part of similar pagans to ban a simple classroom prayer offered to Almighty God shocks us back into sensibility. If such a governmental trend continues we might soon be called upon to turn in all our cash because it bears the motto, "In God We Trust."

In July of 1961 David Lawrence, in his syndicated column, made this significant comment: "From the time of our earliest history our peoples and our institutions have reflected the traditional concept that our Nation was founded on a fundamental belief in God. On July 4, 1776, our Founding Fathers proclaimed our Declaration of Independence which no less than four times refers to the existence of the Creator. This same document appeals to 'The Supreme Judge of the World' that this Nation be free, and pledges our Nation to support the declaration with a firm reliance on the protection of divine providence."

Look, if you please, at where we are in this moment. The Supreme Court has decreed that "belief in the existence of God" is no longer necessary as a requirement for public office, and even while we are here assembled today the basic religious principle of prayer to the God of all peoples is having to be defended against a minority pressure from atheists, agnostics, freethinkers, and "intellectuals" who have outgrown their need for the Divine.

For many years we have boasted of the fact that we live in the greatest democracy in the world. Actually, we do not live in a democracy. We live in a republic, for our manner and method of government is by and through those elected representatives whom we elect to public office. We do not make our laws or issue edicts for ourselves. Those whom we elect do, but we cannot be unaware of the fact that the judicial branch of our Government has taken unto itself by unprecedented presumption the actual task of governing by the route of unwarranted interpretations of our Constitution.

The fact that those who seek to chip away, little by little, our basic tenets and our unabashed faith in God are very much in the minority is one of the deeply serious aspects of our present plight. Let me remind you that we are a nation of 180 million people. Of this number only one-tenth are of an ethnic group much in the limelight for the past several years. But, this decided minority, by shrewd political maneuvering and tremendous public image, aided and abetted by a philosophy not indigenous to our shores, has forced its will and injected its presence by force and legal chicanery upon the nine-tenths of our citizenship. Politically, it is a well-known fact that each of the major political parties seeks the support of this ethnic minority, as well as other minorities in labor, education, and economics, to swing an election in its favor. Thus, as was evident a year and a half ago, the support of small minorities may swing a very close election one way or the other. I make no apology for giving voice to my feeling of deep concern over such a procedure of pressure on the great majority by any small minority of our population.

We need to remind ourselves that a gradual departure from what most of us believe to be constitutional government began a generation ago. Following the debacle of 1929, our Nation suffered through the agonies of the great depression. Banks were closed, jobs were nonexistent, fortunes were lost, suicides were common, suffering was intense. The great industrial bubble had burst. The jazz age was over. In such a perilous plight our beloved country, many believed, would rediscover its soul and return in repentance to the Almighty. But, that did not happen. Instead, under the leadership of a man who spoke of the "fear of fear," America swapped its birthright of individual freedom and liberty for the bread of economic improvement and allowed the Federal Government to assume the responsibilities of the individual and the States. Sweeping changes in our way of life were instituted and the trend has continued unabated. The crisis of World War II aggravated the situation, and events since have not lessened the trend.

From the questionable concessions at Yalta, through the tragedy of Korea, the stalemate in Berlin, the fiasco in Cuba, the impasse in South Vietnam, and the impotence of the United Nations, our national prestige has gone down and down, until today in many areas we are laughed to scorn, in others spat upon, and in some, violently hated. Taking money from your pocket and mine our Government has sought to be a "benevolent Santa Claus" to many of the nations of the world only to learn at long last that we are despised for our kindness and hated for our paternalism. Our coffers are more than empty and our national debt is staggering. As a nation we owe more than $300 billion—or approximately $1,650 for every man, woman, and child in our Nation. Just to pay the interest, it takes more than $10 billion of our national budget each 12 months, and with each passing year Congress seems eagerly willing to lift the ceiling. As the national budget annually approaches the astronomical figure of $100 billion we cannot help observing that our moral problems increase and our departure from individual responsibility to God accelerates with each passing year.

I am not a pessimist. As a Christian I cannot be, for I believe that the Eternally Sovereign God has not taken His hands off the reins of the affairs of men. But, I am not a utopian optimist. "Pollyannism" died 30 years ago. And, how well I agree with someone who said, "You cannot anesthetize the future by hoping for the best." Maybe I am a cross between the two; maybe I am a "possimist." Actually, I hope I am a Christian realist. As a realist, I feel a deep conviction that this treasured Nation of ours is facing its moment of greatest crisis.

Early in 1960 I delivered a sermon in my pulpit here in this city on the subject "Decade of Destiny." In it I said that "the future of America and its role in the world depends on what it does with itself in the decade of the sixties. When 1970 arrives we will have decided our fate." That, I still believe. The 10 years in which we are living will prove to be a decade of destiny. Will we still be one Nation under God—or will we have succumbed to the insidious materialism of current paganism and decided that we no longer need recognize the reality and sovereignty of the Eternal God?

Some four and a half centuries before the coming of Christ a serious, strange, mystic, and brave man had the courage to utter a word of warning to his nation. That man was the Prophet Jeremiah; the nation was Judah; and the record is carried in the Old Testament book that bears the prophet's name. In the second chapter of that book there is this warning: "Hath a nation changed its gods? But my people have changed their glory for that which doth not profit. They have forsaken me, the fountain of living waters, and hewed them out cisterns, broken cisterns, that can hold no water. What unrighteousness have your fathers found in me, that they are gone far from me, and have walked after vanity, and have become vain? Where are the gods that thou hast made thee? Let them arise, if they can save thee in the time of thy trouble: for according to the number of thy cities are thy gods, O Judah."

Jeremiah was the voice of God to a people who felt that they had outgrown their need for the Almighty. They assumed that they were impregnable from without and unassailable from within. But, alas, within a short time, disaster befell them and they, including the prophet himself, became cringing serfs to a world power who destroyed them as a nation.

Such a story falls on deaf ears today. Our American culture is not in much of a mood for Jeremiahs. Serious, introspective, reflective thinking does not seem distinctly to characterize our space-age citizenship. Our American people appear to have been put under some kind of mental and spiritual sedation by what may aptly be called the fluidity of crisis.

That expression is more meaningful than at first it might appear. We pass so rapidly from one crisis to another that we seem to be unable correctly to evaluate ourselves and the moral universe about us. All of us in this room have lived in three distinct epochs of world history. The first was the gigantic industrial age of achievement and economic supremacy—those years from about the turn of the century through the great depression of the thirties, ending in World War II with its threat to our peaceful security. The second great epoch through which we have lived began on December 2, 1942, when a few men of science, under the football stands at Grant Field, Chicago, demonstrated the control of fissionable material. That experiment, although we did not then know it, ushered in the atomic era, dramatically demonstrated by the first atomic bomb dropped on Hiroshima in 1945. When the war was over miracles began to be wrought by the principle of atomic energy and we were in the fantastic achievements of the nuclear era. Then, on October 4, 1957, Russia put up the first sputnik, followed 2 years later by the first moon-nic, and we were in the space age. One conquest after another has occurred in the vastness of the universe about us, and the almost unbelievable trip Col. John Glenn made around the earth a few weeks ago has given America a new and worthy hero and reestablished, to a great degree, our national prestige. The industrial era lasted about 40 years; the nuclear era, 15. How long we will live in the space age before another epoch dawns there is no way of knowing.

We are chastened, however, when we realize that in the space of these 60-odd years of the 20th century as we have made fabulous achievements in the realm of the material and the scientific we have made such feeble progress morally and spiritually. Have we, as Americans, changed our gods? Current leaders want us to look upon the New Frontier, but maybe we had better look carefully to see if the New Frontier is actually the brink of disaster. If we are citizens of "one nation under God" it would well be that we should be more concerned in seeking old paths than in scouting new frontiers.

Laconic, but very realistic, Jeremiah voiced a concern that was very much in the minority; but the refusal of Judah to heed him resulted in the total collapse of his nation and its absorption by a pagan power. Judah's capitulation, however, did not occur because of overwhelming military conquest. It came because the people themselves had taken their eye off Jehovah and fashioned new deities for themselves. They were not just conquered; they deteriorated from within. Complacency, luxury, ease, self-confidence, and trust in their own achievements went parallel with their assumption that they could get along without God.

In the multitude of voices falling on our ears today, where do we hear, "This is the way, walk ye in it"? Who in the Halls of Congress; who in the executive branch of government; who in State legislatures; who in education; who in business stands like the ancient prophet crying, "Hath a nation changed its gods?" Instead, in the space of a mere 12 months, we hear the highest court in the land piously opine that requirement of a belief in the Supreme Being on the part of a public official is unconstitutional and a little group of freethinkers and agnostics prating against the practice of simple prayer to the Almighty in the classroom. Perhaps we need to be reminded of the temperament and the conviction of those who agonized over the principles of our Constitution in its inception. Those men, beyond any doubt, intended to found a nation based on a recognition of God and His guiding providence.

History records this bit of conviction from Benjamin Franklin. During the Constitutional Convention as the problems seemed to mount and mere human wisdom seemed insufficient, Franklin addressed the Chair and said, "Our different sentiments on almost every question * * * are a melancholy proof of the imperfection of the human understanding. I have lived, sir, a long time, and the longer I live, the more convincing proofs I see of this truth, that God governs the affairs of men. And, if a sparrow cannot fall to the ground without His notice, is it probable than an empire can rise without His aid? 'Except the Lord build the house, they labor in vain that build it.' I therefore move * * * that prayers imploring the assistance of Heaven * * * be held in this Assembly every morning * * *." Today, I am ashamed to admit, many of our national "brain trusters" would say that Franklin and his associates were naive, if not stupid.

Old Jeremiah went even further than asking where his people had closeted God. Listen as he thunders, "But my people have changed their glory for that which doth not profit. They have forsaken me, the fountain of living waters, and hewed them out cisterns, broken cisterns, which can hold no water." Judah had replaced Jehovah with deities of its own creation. Perhaps unconsciously, but nonetheless really had they done so. To pledge fealty only to their own God would have been too narrow, too provincial, too nationalistic, too patriotic. They wanted to be like other nations. They wanted to create a sense of "sympathy and brotherliness" to surrounding countries, to peoples of a different culture and religious faith. In their compromise for convenience they signed their death warrant, and I am convinced we are doing the same thing.

I am not trying to preach to you today, but if preachers are the only ones in our beloved nation who dare lift their voices against our current paganism and godless contemptuous trends in American culture, then let it be preaching. Pressure of today's "one worlders" intimidates those who still have convictions that this is one nation under God. Think of it—for 10 years we have paid most of the expense of the United Nations while in that organization we have consistently been berated, insulted, and bombarded by the nefarious manipulations of a coalition of peoples whose political philosophy denies the very existence of a deity. As if not to offend these atheists, as well as devotees to any other non-Christian religion, we have given tacit assent to an unwritten rule of that body that the name of God shall not be used in its official deliberations. With our money we have created a meditation room in the Headquarters Building, but it cannot contain word or symbol that attests to our belief in or dependence upon a Holy God. Is it not time for us ordinary citizens to rise up and cry, "Blessed is that nation whose God is the Lord"?

How far astray have we gone in creating false gods for ourselves? What have we substituted for the worship of God himself? The god of money is one. Ask about the success of a person and nearly every time the answer will be in terms of how much he has made or how much he is worth. Graduates ask not "What may I learn?" nor "What can I develop to be?"—but, "How much will I make and what are the fringe retirement benefits?"

Status, or prestige, is another. The battle in the business office or the social whirl for standing is bankrupting young couples and sending the middle aged to cardiac beds and mental institutions.

Sensationalism is yet another. Look at our current novels, or plays, or motion pictures. To read through the popular novel you have to wade through the sewer and the cesspool in company with social tramps and admired libertines. On the stage homosexuality and perversion are paraded in brash verbiage that should embarrass even a male audience. On the screen the perfidies of a sinuous harlot are portrayed in the atmosphere of angelic adoration and the morally positive individual is held up to ridicule and scorn. Religion often is seen as the hypocritical cloak of suppressed bestial desire, and God, whenever He is recognized at all, must become nauseated over attempts to describe or portray Him.

Pleasure is yet another god of our own creation. As the workweek shortens and leisure time increases, our madness for pleasure takes us from home, from family, from church, and from God.

Security. Can security become an impotent god? Many of our people today have been inoculated with the idea that the Government owes them security from the moment of birth to the hour of their burial, often including both. The clamor for security will bankrupt us if the trend continues. Work is something many people want to be free of, not a responsibility imposed by a just and equitable God.

One nation under God. We rise in justified protest against any and all forces, governmental and personal, economic and educational, that seek to positionize us as pagan. But how does America act in its relation to God? What about its thousands of churches, more than half empty on Sunday morning and dark entirely on Sunday night? What about our materialistic profaning of the Lord's Day with business open as usual and citizens marking it as just another day in the week. What about the staggering increase in the number of alcoholics in our Nation and the frightful repercussions of illicit traffic in narcotics? What about our dreadful sag in moral convictions, the indulgent attitude of society toward promiscuous sex indulgence, the rise in perversion, the mania for gambling, the wild abandon in revolt against authority? One nation under God. Yes—but are we, really?

Beyond any doubt there is to be a day of reckoning. Jeremiah warned his people of it; our own must be warned of the same thing. Laws will not change human nature; an about-face in statesmanship will not recruit for us the love and respect of all nations; new pronouncements from a supreme bench will not transform our morals; legislative action will not insure our survival. But, because we are one nation under God there is a ray of hope. It lies in the way of moral commitment and spiritual awakening. This "Decade of Destiny" must produce a new moral fiber in America, or we will have lost our great chance in time.

What can we do? What can I do? What can you do? What can the plain, average citizen of this Nation do? Where shall we begin? How may we insure that these United States of ours shall continue to be that one nation under God whose prestige and principle we cherish? How can we return to that unashamed sense of devotion and dedication to an eternal God as the sovereign authority over us in every walk and way of life? In a world that is largely pagan, how can we positionize ourselves as a Christian nation—a nation with a belief in and a devotion to the Almighty, at the same time allowing to any citizen the inherent right to believe as he pleases?

First of all, we who believe in God must recognize that He is alive today, regnant and sovereign. We must realize that He is omnipotent and omnipresent now as He was in centuries long gone by. There must be a fundamental faith in Him as the ageless God, the Supreme and only God, who has not yet relinquished the control of the nations to any man, no matter how powerful he may be as dictator or president. This faith in God takes precedence over the United Nations, over the rulers of the nations, over the President and officials of this Nation, over the Supreme Court, over Congress; even over our so-called great universities and brilliant men of science. He is the One who issues His own edicts and pronounces His own judgments. History records nation after nation that has risen to human greatness but, forgetting Him, has disappeared in the crematory of time. There must return to America an unshaken faith in God.

Second, there must come among us a new and higher standard of morality and personal character. Moral conduct must supplant our immoral decadence. Virtue again must become an unsullied characteristic of our interrelationships. The home must be returned as the citadel of society and must serve as a holy haven for the sharing of many of the problems of our complex living. Truth once more must characterize us in speech, in government, in contract, in dealing one with the other. Honesty and integrity, from the examination in the classroom to big business between government and industry, must prevail in the complex activities of the everyday world. Industry and self-reliance must be revived, the dignity of work must be recaptured, the stewardship of individual responsibility to God and our fellow man must be restored. In short, a new moral stamina must be produced—the kind of attitude produced when the individual recognizes that "Thou, God, seest me."

In the third place, it would appear to me that we need to set a new standard of measurement for those whom we put in public office. If we are one nation under God why do we elect men and women to places of public office and service who themselves either deny the authority of God or assert to themselves a wisdom greater than the Divine? In our broad plea for tolerance in the past few decades, we have shied away from inquiring into a candidate's personal religious convictions and seem to be oblivious, many times, to the fact that our favorite candidate is agnostic, atheistic, or noncommittal in the manner of his faith in God. Personally, I would much rather have as my representative leader in the Governor's office, the Halls of Congress, or the White House, a man who is possessed with a great faith in God than an even more experienced person who makes his concept of God subservient to his own personal ambitions or a modern philosophy stemming from Marxianism or an even lesser threat to our spiritual well-being. Party lines, pressure groups, organized minorities, special interests, personal ambitions, and petty politics will have to be ignored if we put men in places of office who will maintain us as a God-fearing and honoring people.

Finally, I have no hesitation in suggesting to you that there is something even greater than your parent-teacher organization—as great as that is. You teachers—God bless you—have a real job with some of our children, and you are underpaid and overworked; but the school is not America's greatest institution. You parents, your home is—or ought to be—the most cherished place in this world to your children; and it is God's first institution for the human race. But it is not the only one. I refer to the church. Call it the cathedral, the church, the synagogue, the mission—whether you are Catholic, Jewish, or Protestant—it is the one institution that we cannot afford to bypass or neglect if we are to keep America one nation under God. There is a church or a house of worship near you. Most Americans live within 12 blocks or 10 minutes of one. Your house of worship, with your participation and support, can help us keep this land of ours one nation under God.

Unquestionably we are drifting toward irreverence, paganism, religious apathy, spiritual indolence, moral decadence, welfarism, and, I believe, the Federal State. Only a moral resurgence in rededication to the Almighty himself will enable us to maintain our place of responsibility in this decade of the sixties. America must be one nation under God. Let us hear, then, the word of the Old Testament writer when he says to his people of the long ago, "If my people, who are called by my name, will humble themselves, and pray, and seek my face, and turn from their wicked ways; then will I hear from heaven, and will forgive their sin, and heal their land."

One nation under God. So grant it, Almighty God.

Mrs. ST. GEORGE. Mr. Speaker, I yield 10 minutes to the gentleman from Colorado [Mr. DOMINICK].

Mr. DOMINICK. Mr. Speaker, I want to take this time to discuss with you some elements of H.R. 10541, because I think the bill is an extremely important one and because I think the principles I am going to bring out for you are extremely important in our whole form of government.

This bill is a simple bill, as has been said. It provides for grants by the Federal Government for distribution to States and to local communities—keep this in mind, to States and local communities—for vaccination and, as a second point, for paying the salary in the States or local communities of any person who is active in the organization or the promotion of a vaccination campaign in that area.

This has the effect of putting the Federal Government right smack in the middle of every community in the United States. Any community within the authorization limits here that has a health officer or public health nurse or any other kind of health official which wants to say, "We are going to hire personnel for a community health program," can simply go ahead and put the salary of that person on the Federal Government, and the Federal Government is then right in the business of paying the salaries of the people in this area. I do not know how all of you feel about this particular extension of Federal authority, but it seems to me that this is going even further than we have been asked to go in many other bills during the course of this administration. It strikes me that never before except in connection with the proposed Urban Affairs Department, which was defeated on the floor of this House, have we been asked to inject directly into the local government the Federal Government, through its arm of the Public Health Service, by payment of the salaries of those local personnel who may be active in a campaign in that area.

Secondly, I want you to notice that there is no provision in this bill for any matching funds. It is a straight Federal grant. The only expense the State has to bear is whatever additional expenses may be involved in any community which are over and beyond the ones provided for in this bill.

I also want to call your attention to a couple of other points which I think may be of interest. We have already in the law two programs providing for the purchase by the Federal Government and distribution to the States of vaccines which may be necessary for vaccination and inoculation programs. These laws remain in effect until 1965. The appropriations are available for purchases of vaccine and distribution to the States under bills which are already law. And yet here, we are in the guise of an authorization in fact doing nothing more than two things: In the guise of an authorization we are in fact making an additional appropriation for these purposes and, second, we are extending those programs in the guise of an authorization for this paying of State and local community health officer salaries.

For the life of me, I cannot understand why it is necessary for the Federal Government to get into this realm. For the life of me, I cannot understand why, when we have laws already on the books which will solve the problem, it is necessary for us to pass another law at this point in order to promote something which the local communities in many cases are doing themselves.

Now why do I make the last statement? I have before me an article written by Gene Lindberg on page 11A of the June 24, 1962, issue of the Denver Post. It is entitled "The Public Urge To Help Make 'Stop Polio' Campaign a Success." I will attach to my remarks a copy of this story so that the fine work of Denver and the surrounding communities with the help of local industry, the medical societies, the public health officials in this very field which we are today considering may be apparent to all. The vaccine in this voluntary effort is being supplied by one of the major companies in the State, Great Western Sugar Co. The vaccine is being made available on a voluntary basis through the doctors, through the Denver Medical Society, through the Colorado Medical Association, through the State Public Health Services, and there is not one dollar in this great program of State money or Federal money.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman.

Mr. STAFFORD. Mr. Speaker, I realize only too well that to oppose the humanitarian objectives of this legislation would be somewhat attuned to opposing motherhood. But, I do wish to associate myself with the stand taken by my good friend and colleague from Colorado [Mr. DOMINICK].

This is another case of moving the Federal Government entirely into an area which is a State responsibility. In my own State of Vermont, we have had such a program of vaccination for many years, and I am informed by my State commissioner of health that this legislation would merely mean replacing some State money by Federal funds.

Since 1955, as a matter of fact, Vermont has had a permanent statewide and State-supported program for mass polio vaccination, on which our small State has spent over a half million dollars.

But now the Federal Government is called upon to assist the unfortunate children who live in States which have evidently failed to face up to their responsibility in this respect. It would seem to me that the States that have not already done so would do better to emulate Vermont, than to once again come running to Washington.

Mr. DOMINICK. I certainly thank the gentleman from Vermont for his contribution, and I think the remarks he has made were of great value in emphasizing the problems here involved.

Mr. RHODES of Arizona. Mr. Speaker, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman from Arizona.

Mr. RHODES of Arizona. In Maricopa County, Ariz., there has been a program that has been quite successful to provide the Sabin vaccine for all the people in the county. In other words, schoolchildren and anybody who desires to use this treatment, and it has all been free. The estimate is that 90 percent of the people in the county have been thus treated. I certainly feel, as the gentleman from Vermont expressed himself, that this is a problem for the States to deal with and one which they can meet and one which they have shown that they had the desire and the ability to meet.

Mr. LINDSAY. Mr. Speaker, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman from New York.

Mr. LINDSAY. Can the gentleman tell me what the precedents in this matter are? I know that the National Health Foundations engage in a good many Federal programs in the medical field having to do with the prevention and control of disease. Are most of these programs engaged in on a matching basis or with some community participation and are some of them outright grants?

Mr. DOMINICK. The two grant-in-aid programs which are shown on page 9 of the report, so-called appendix B, are both matching grant programs. Under these programs, for example, there were vaccinations given in the year 1960 for polio and 5,818,000 inoculations were given. We have continuing appropriations and authorizations under title V of the Social Security Act, and we also have it under section 314(c) of the Community Health Services Facilities Act. So we already have funds available for this program which will go beyond this particular program that we are faced with today. I do want to say to the gentleman from New York, if we can get certain amendments on this bill, probably I will not oppose it. It seems to me, in view of the existing programs, that we ought to take the Federal Government out of the position of paying the salaries for the promotional and organizational employees who will be involved.

Mr. LINDSAY. I thank the gentleman.

Mr. KYL. Mr. Speaker, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman from Iowa.

Mr. KYL. At the proper time, I intend to offer an amendment which will eliminate these payments for the promotional people. Does it not occur to the gentleman that, perhaps, most of the funds included in this bill would be utilized in a vast selling program rather than to actually accomplish the job that the bill purports to do?

Mr. DOMINICK. I am sure that this would be so. I think it would go further than that and be used by local communities as an excuse for hiring additional personnel whom they may need for other community planning, use them for that purpose but pay their salaries under this provision.

Mr. KYL. Can the gentleman see any reason for including this in the bill?

Mr. DOMINICK. I can see absolutely none. I offered an amendment in committee but it did not go through. I have a similar amendment before me now.

Mr. COLLIER. Mr. Speaker, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman from Illinois.

Mr. COLLIER. As a result of the colloquy here today we can understand that this program in essence is duplicatory, inasmuch as presently the several States under existing public health programs are now able to receive funds for the operation of local public health functions. Obviously an inoculation project is a public health function. Public health personnel in the various States, county health departments, municipal and township health departments, are able to secure Federal funds for salaries, provided, of course, the various health departments qualify under the State public health laws. There is nothing in the present law which does not permit any community, any health department, regardless of whether it is county, municipal, from securing matching funds through the States and using this money for the purpose of the vaccination or other public health programs.

I might add that in 1954, I believe it was, when the broad program of Salk vaccine inoculation was undertaken, the city of Chicago carried out a campaign under the direction of Dr. Bundesen of all the children in the city. The same thing is true in my district.

While I have no objection to this legislation, it could be carried out by extending programs already created. This program is unnecessary by reason of existing programs in State, county, and local health subdivisions.

Mr. DOMINICK. I thank the gentleman for his contribution.

The article from the Denver Post to which I referred earlier in my remarks follows:

PUBLIC URGED TO HELP MAKE "STOP POLIO" CAMPAIGN A SUCCESS

(By Gene Lindberg)

This is Stop Polio Sunday—Volunteers needed.

A huge army of volunteer workers led by private doctors is now in action, donating thousands of hours of time and effort to the second phase of the Greater Denver mass polio immunization program.

But these volunteers can't win the fight alone. They need the voluntary help of every man, woman, and child in the 10-county area in which 120 clinics are offering type III oral polio vaccine. The goal is at least three-quarters of a million residents—everyone older than 3 months.

"To put this thing over, the citizens must volunteer to help themselves—to help themselves to the free services of the doctors, nurses, pharmacists, law enforcement officers, Scouts and Scoutmasters and a host of civilian workers manning the clinics," Dr. Joseph McCloskey, Denver Medical Society, cochairman of the Stop Polio Committee, said Saturday.

"There is no charge for this service, but those who are able are asked to donate 25 cents each toward the cost of the vaccine. No one will be refused if unable to contribute.

"The citizens who cooperate with us are doing far more than volunteer a few minutes of their Sunday time to safeguard themselves and their own families. They're taking part in a huge mass effort to stamp out the threat of polio forever in this 10-county area. They're helping safeguard babies not even born yet."

For those who received the type I Sabin oral vaccine during the first two Stop Polio Sundays, it's time now for the type III vaccine. This safeguards against the second most dangerous type of polio virus.

For those who missed the type I vaccine, here's the chance to get type III protection in the simplest, fastest possible way. Later on, the public will be notified when type I Sabin vaccine again becomes available, through private doctors. It's not available right now.

Most of the clinics will be open from 11 a.m. until 7 p.m. Four-hour shifts have been worked out for some 300 doctors and as many nurses, pharmacists, Red Cross workers, Scouts and Scout leaders and volunteers from parent-teacher associations, school health clubs, women's clubs.

Clinic supplies were slated to be picked up early Sunday morning at central distribution headquarters set up by each of the six cooperating county medical societies. Standing by to rush additional supplies if necessary will be the Civil Air Patrol, Boulder County sheriff's office, Auora police, Jefferson County sheriff's jeep patrol, Denver police and auxiliary police, El Jebel motorcycle patrol, Marry's Roamers Motorcycle Club, and Red Cross Motor Corps.

Roache Ambulance Service again offers to take any invalids to the nearest clinic. Mobile clinics are being supplied by Fitzsimons General Hospital, Denver-Chicago Trucking Co., and King Soopers Stores.

The oral vaccine is tasteless, odorless, creates no uncomfortable aftereffects. It can be taken in a little water, but the simplest way is by taking two drops of it on a sugar cube.

More than a million cubes for this Sunday, and next Stop Polio Sunday, July 1, have been volunteered by the Great Western Sugar Co., without charge. Later, this fall, the type II Sabin vaccine will be offered at Sunday clinics to complete the mass immunization drive against all three types of polio infection.

It will help speed up the lines at clinics if individuals and families will fill out the registration blank printed in this issue of the Sunday Post. Just fill in the blank at home and save delay at the clinic.

A list of the clinics in the 10-county area is printed also in this issue. Time there, unless otherwise noted, is 11 a.m. to 7 p.m.

In Denver there will be mobile as well as fixed clinics. Starting at 9:30 a.m. Sunday, one mobile unit will operate on the following schedule:

Sacred Heart School, 2800 Lawrence Street, 9:30 to 10:30 a.m.

Annunciation Church, 3621 Humboldt Street, 11 a.m. to 1 p.m.

Curtis Park, 1:30 to 2:30 p.m.

Twenty-third and Larimer Streets, 2:30 to 3:30 p.m.

Secred Heart School, 2800 Lawrence Street, 3:45 to 5 p.m.

St. Cajetan's Church, Ninth and Lawrence Streets, 7 p.m.

Another mobile clinic will operate at Quigg Newton housing project, 4407 Mariposa Street, from 11 a.m. to 1:30 p.m., and at Stapleton housing project, 201 East 51st Avenue, from 2 to 4 p.m. And a clinic will be held in the GAO Club, 4700 Lipan Street, from 8 to 9 p.m. Sunday.

YOU NEED THEM ALL

The oral polio vaccine is administered in three steps, type I, II, and III.

For complete protection, you must take all three types.

Several weeks ago many of you received type I "sugar cubes."

You still need to get type III in the current program, detailed in other stories on this page, and later you must also get your type II.

SABIN ORAL VACCINE CLINICS LISTED FOR 10-COUNTY AREA

Stop-polio clinics will be at the following locations in the 10-county Greater Denver area Sunday. At this time the type III Sabin oral vaccine will be given out.

Unless otherwise specified, hours will be from 11 a.m. to 7 p.m.

Denver

University of Denver Medical Center, 2040 South Josephine Street.

Mobile clinic, lower downtown area (8:30 a.m. to 2 p.m.).

Quigg Newton housing project, 407 Mariposa Street (11 a.m. to 1:30 p.m.).

Stapleton housing project, 201 East 51st Avenue (2 to 4 p.m.).

Elitch's Gardens, 4620 West 38th Avenue, north end of Trocadero Ballroom.

Elementary schools: Ashland, 2475 West 29th Avenue; Ashley, 1914 Syracuse Street; Barrett, 2900 Jackson Street; Berkeley, 5025 Lowell Boulevard; Bromwell, 355 Columbine Street; Cowell, 4540 West 10th Avenue; Crofton, 2409 Arapahoe Street; Ebert, 410 23d Street; Fairview, 2715 West 11th Avenue; Garden Place, 4425 Lincoln Street; Gilpin, 720 30th Street; Greenlee, 1156 Lipan Street; Knapp, 500 South Utica Street; McMeen, 1000 South Holly Street; Sabin, 3050 South Vrain Street; Schmitt, 1820 South Vallejo Street; Slavens, 3000 South Clayton Street; Swansea, 4630 Columbine Street; Whiteman, 451 Newport Street.

Junior high schools. (Every junior high school in Denver will be used): Baker, 574 West Sixth Avenue; Byers, 150 South Pearl Street; Cole, 3240 Humboldt Street; Gove, 1325 Colorado Boulevard; Grant, 1751 South Washington Street; Hill, 451 Clermont Street; Horace Mann, 4130 Navajo Street; Kepner, 911 South Hazel Court; Kunsmiller, 2250 South Quitman Street; Lake, 1820 Lowell Boulevard; Merrill, 1551 South Monroe Street; Morey, 840 East 14th Avenue; Rishel, 451 South Tejon Street; Skinner, 3435 West 40th Avenue; Smiley, 2540 Holly Street; Denver Junior Academy, 2665 South Emerson Street.

High school: Thomas Jefferson, 3950 South Holly Street.

YMCA: 25 East 16th Avenue.

Catholic schools: Cure d'Ars, 3200 Dahlia Street; St. Elizabeth's, 1020 11th Street; Blessed Sacrament, 1973 Elm Street; St. James, 1250 Newport Street; Presentation of Our Lady, 650 Julian Street; Loyola, 2350 Gaylord Street; All Saints, 2559 South Federal Boulevard; and Precious Blood, South Colorado Boulevard and East Iliff Avenue.

Arapahoe County (covering Douglas and Elbert Counties)

Englewood elementary schools: Cherrelyn, 4550 South Lincoln Street; Clayton, 4600 South Fox Street; North Englewood, 3100 East Elati Street; Scenic View, South Raritan and West Warren Avenues; Washington, 3185 South Washington Street.

University Hills Medical Arts Building, 4401 East Yale Avenue.

Littleton schools: Centennial Elementary, 3360 West Berry Avenue; Littleton High, 190 Littleton Boulevard; Peabody Elementary, 3125 East Peabody Avenue; South Elementary, 6390 South Windemere Avenue.

Gem store parking lot, 5450 South Broadway (noon to 6 p.m.).

Fort Logan District 75: Elementary School, West Kenyon Avenue and South Knox Court.

Cherry Creek School District 5: Cherry Hills Elementary, 2400 East Quincy Avenue.

Castle Rock: Douglas County Junior High.

Adams County

Aurora: Aurora High School, 11th Avenue and Moline Street; West Junior High, Delmar Parkway and 13th Avenue; North Junior High, Montview Boulevard and Peoria Street; St. Pius Elementary, 14th Avenue and Yost Street; Sable Elementary, 2601 Sable Road; South Junior High, Parkview Drive and Fletcher Road.

Brighton: Brighton High School.

Bennett-Strasburg: Mobile Clinic A—Bennett, 11 a.m.-3 p.m. Bennett-Watkins School, Strasburg, 3 p.m.-7 p.m., public school.

Byers-Deer Trail: Mobile Clinic B—Byers, 11 a.m.-3 p.m., public school; Deer Trail, 3 p.m.-7 p.m., public school.

Adams City: Adams City Junior High, Kearney Junior High.

Larimer County

Fort Collins Schools: Dunn, Barton, Moore, Laurel, Putman; Colorado State University Student Health Service.

Area around Fort Collins: Wellington School, Timmath School, Cache la Poudre School at Laporte, Garfield and Washington Schools in Loveland.

Estes Park: American Legion Hall (11 a.m.-5 p.m.)

Clear Creek Valley (covering Clear Creek, Gilpin, and Jefferson Counties)

Golden: Golden Senior High School, 701 24th Street: Pleasant View Elementary, 15920 West 10th Avenue; Manning Junior High, 13200 West 32d Avenue.

South Lakewood: Bear Creek Elementary, 3125 South Kipling Street; Alameda Senior High, 1355 South Wadsworth Boulevard; Creighton Junior High, 75 Independence Street.

Lakewood: Molholm Elementary, 6000 West Ninth Avenue; Lakewood Senior High, 9700 West Eighth Avenue; Jefferson Senior High, 2305 Pierce Street.

Wheat Ridge: Wheat Ridge Senior High, 9505 West 32d Avenue; Martinson Elementary, 6625 West 45th Avenue.

Arvada: Arvada Senior High, West 57th Avenue, and Balsam Street; Secrest Elementary, 6875 West 64th Avenue; Fitzmorris Elementary, 6250 Independence Street.

Evergreen: Evergreen High.

Idaho Springs: School in Idaho Springs.

Thornton: Thornton Elementary, 900 Eppinger Boulevard.

Northglenn: Holstrom School, Grant and Garland Streets.

Westminster: Gregory Hills, 8030 Irving Street; Skyline Vista Elementary, 7395 Zuni Street; Baker Elementary, 3555 West 64th Avenue.

Central City: Clark Elementary School (3–7 p.m.).

Boulder County

County: Nederland School, Lafayette, Louisville, Bloomfield and Lyons High Schools, Longmont Community Center.

City of Boulder: Centennial, Casey, and Baseline Junior High Schools, Fairview High School, Martin Park Elementary School, Wardenberg Health Center (University of Colorado campus).

Mr. SISK. Mr. Speaker, I yield 3 minutes to the gentleman from Oklahoma [Mr. Wickersham].

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, one of our greatest causes of epidemics are floods. For the 8th consecutive day this House has been in session. I rise to speak in behalf of the Waurika Bureau of Reclamation project. Today, I wish to pose a question to you, my colleagues. If your constituents had suffered through years of floodings in the spring, and droughts by late summer, if your constituents had their homes and possessions swept away by flood currents year after year, what would you do about it?

Knowing most of you, as I have for many years, I think you would fight for the interests of your people. I think that you would do everything physically possible to alleviate this unfortunate and unnecessary situation.

Gentlemen, when I ran for Congress 2 years ago, I made a promise to the people of Waurika that I would give the best of my abilities in trying to secure this project. I told them that everything physically possible would be done to secure passage of the Waurika Dam.

One of the first things I did upon my return to Washington was to introduce H.R. 2084, a bill authorizing the construction and maintenance of the Waurika Dam. I have since pursued every means beknown to me to gain passage of this measure.

To date, we have laid the groundwork, we have cooperated in every way with Oklahoma's two Senators, Robert S. Kerr and Mike Monroney. With their leadership and with the help of the good people back home, we have secured approval from the Bureau of Reclamation and the Secretary of the Interior. We have gotten the green light from the Bureau of the Budget. We have talked with the leadership of this House; we have even asked the President to encourage the leadership of the House to push this measure.

Mr. Speaker, I have no doubts as to the eventual passage of this bill. I honestly believe that if this bill does not become law this year, it will next. But this is not the point I am trying to bring out. My people are flooded out of their homes almost annually. I wish to exert every effort, share any part of the burden, and make any sacrifice that they may not have to endure such hardship in the future. Another year probably means another flood and consequently more millions in damage down the drain. If it be physically possible to prevent this tragic loss, I wish to pursue a course which will make this possible.

Through constant pressure, and wonderful cooperation of all parties concerned, we have moved forward at a swift pace, up till now.

My colleagues, we have every reason to believe that this project will make it all the way through the Senate this year. Yesterday, June 25, 1962, reports were made in the Senate included S. 114, authorizing the construction of the Waurika reclamation project, Oklahoma, with amendments (S. Rept. 1621). It is here in the House where the problem exists. Water rights on other projects involving Oklahoma and Texas are in contention. It is most difficult to reach an agreement especially in view of the fact that we are awaiting the decision of an interstate water compact commission. We, in Oklahoma, have agreed to abide by the Commission's ruling. We will ask for no special rulings. We will not ask that the Commission give us any water that should not rightfully be ours. To my knowledge, Senator KERR and I have both personally assured our honorable Texas colleagues that their rights will not be maligned by the use of politics. We have offered the gentlemen every assurance of our good faith.

Mr. Speaker, it is in a spirit of humility that we ask Members of this House to stand up and be counted. It is difficult for a public servant to stand by while the people whom he serves suffer an almost annual pillaging at the hands of a flood torrent that could be halted. We appeal to the Members of this House. We ask for your help.

Mrs. ST. GEORGE. Mr. Speaker, I have no further requests for time.

Mr. SISK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

Mr. DOMINICK. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

RESIGNATION OF MEMBER

The SPEAKER laid before the House the following communication, which was read:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 21, 1962.

Hon. JOHN W. MCCORMACK,
The Speaker of the House of Representatives.

SIR: I beg leave to inform you that I have this day transmitted to the Governor of New Jersey my resignation as a Representative in the Congress of the United States from the 11th District of New Jersey.

Very truly yours,
HUGH J. ADDONIZIO,
Member of Congress.

VACCINATION ASSISTANCE ACT OF 1962

Mr. HARRIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10541) to assist States and communities to carry out intensive vaccination programs designed to protect their populations, especially all preschool children, against poliomyelitis, diphtheria, whooping cough, and tetanus, and against other diseases which may in the future become susceptible of practical elimination as a public health problem through such programs.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 10541, with Mr. LOSER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. HARRIS. Mr. Chairman, I yield myself 25 minutes.

Mr. Chairman, the bill under discussion—H.R. 10541—is titled the Vaccination Assistance Act of 1962.

The purpose of this legislation is to authorize a 3-year program of special project grants to the States and, with State approval, to local communities, for intensive community vaccination programs against four contagious diseases which constitute significant public health problems—polio, diphtheria, whooping cough, and tetanus. The intensive vaccination programs contemplated by the legislation must be aimed at immunizing practically all susceptible persons in the community with particular emphasis on the immunization of children under 5 years of age.

The maximum appropriation authorized by the legislation for grants would be $14 million for the fiscal year ending June 30, 1963, and $11 million for each of the 2 succeeding fiscal years.

Vaccine could be purchased with the Federal grant funds authorized under the bill only for children under 5 years of age. In addition, the grant funds could be used for salaries and related expenses of additional State and local health personnel required for planning, organizational, and promotional activities in connection with intensive community programs, and to maintain the epidemiologic and laboratory surveillance required.

The States and communities, for their part, would be responsible for supporting, through public funds or otherwise, all other elements of the intensive programs—including the services of physicians, nurses, and other health personnel required in the conduct of public vaccination programs; the purchase of vaccine for persons other than children under 5; and the purchase of syringes and other materials required for administering the vaccine.

The requirement that the States or local communities match Federal grants by providing certain services and materials needed to carry on extensive immunization programs takes the place of the usual matching requirement found in other Federal grant-in-aid legislation which specifies the number of State or local dollars that must be expended for every Federal dollar granted.

A majority of the committee decided that the usual cash matching requirement is poorly suited to the needs of this particular program. The adoption of the cash matching procedure would tend to delay the initiation of State and local programs pending appropriate action by State legislatures and local appropriating bodies. Furthermore, to attempt to apply the usual cash matching requirements to this type program might lead to serious complications in the administration of such programs and might require detailed, and consequently very expensive, cost accounting procedures. In reaching this decision the committee took into consideration the fact that the Salk vaccination program authorized by Public Law 84–377 similarly did not require cash matching by States and local communities. However, substantial State and local contributions were required under that program in the form of services and materials needed for the administration of the vaccine, as in the case under this legislation.

The methods of organizing and conducting local programs—including the choice as to which of the available polio vaccines shall be used for different groups—would be left to State and local determinations.

The bill provides, however, that nothing in the legislation shall be construed to require any State or any political subdivision or instrumentality of a State to have an intensive community vaccination program requiring any person who objects to immunization to be immunized or to have any child or ward of his immunized.

The bill would also require each State or political subdivision or instrumentality of a State, which applies for a grant of vaccines or of funds to purchase vaccines for use in connection with an intensive community vaccination program, to provide the Surgeon General with assurances that, if it receives the grant, it will make available to any physician in the area in which the program is to be carried out amounts of those vaccines reasonably necessary to permit such physician to immunize his patients who are in the group for whose immunization such grant is made.

The committee considered the advisability of including in this paragraph a specific provision prohibiting any physician from charging his patients for vaccines provided free to him under this program. The committee determined that this was unnecessary, but wishes to make it clear that it assumes that no charge will be made by any physician to his patients for the vaccine itself—as distinguished from any possible charge for administering the vaccine.

The committee held hearings on the legislation on May 15 and 16, 1962, in the course of which it received testimony from, among others, the Secretary of Health, Education, and Welfare and representatives of the Association of State and Territorial Health

Officers, the American Public Health Association, the National Tuberculosis Association, and the AFL–CIO. All of these witnesses testified in favor of the legislation. The committee also received a communication from the American Medical Association favoring enactment of the legislation substantially in the form of the committee amendment.

The committee is convinced on the basis of the testimony which it received that intensive community vaccination programs are necessary if the threat of epidemics of these diseases is to be wiped out.

The fundamental fact underlying this legislation is that we have a continuing public health threat in the United States because of our failure to use the vaccines we have against these diseases. Although the number of cases and deaths from the four diseases covered by this legislation has declined since vaccines became available, the large number of unvaccinated persons in the United States constitutes a continuing public health threat. A few figures clearly indicate the situation that allows this avoidable and totally unnecessary risk of serious epidemics.

Two-thirds of the children under 5 years of age in the United States have not yet received the recommended course of vaccine against these diseases. Even among schoolchildren who are the best protected group, more than one-third are not fully vaccinated. Among adults the protected population amounts to less than 20 percent. It is this large number of incompletely vaccinated people—and particularly the preschool children—that represents a community health hazard because any such group contains the potential of an epidemic outbreak.

Evidence indicates that epidemics have begun in unimmunized groups and that most of the cases in these four diseases occur in these groups. It has been shown that the unimmunized are primarily from the lower income groups who are not reached by the usual type of health program.

During the next 3 years, there will be about 33,600,000 children under 5 years of age in the United States, including those now in this age group and those born during that period of time. With widespread community participation in the vaccination programs authorized by this bill, it is estimated that approximately 25 million of these children will receive vaccinations against the four diseases through this program.

The committee has also been advised that this legislation also has important national defense implications. At present the adult population of this country has a low percentage of immunization against tetanus and diphtheria. In time of disaster these two diseases could be of major importance.

In case of a nuclear attack a large percentage of the casualties are likely to suffer wounds contaminated with dirt. The spores of tetanus are universally present in the soil and, therefore, many of the wounded would be potential cases of tetanus. Even with immediate hospital treatment—which will not be available in time of disaster—less than 50 percent of the tetanus cases would survive.

In bomb shelters crowded living conditions are conducive to diphtheria. Diphtheria was a major health problem during World War II in Germany. Therefore, establishing immunity to these two diseases now would be of great importance in case of a future war.

While the provisions of the legislation respecting use of Federal funds for purchase of vaccine are limited to the purchase of vaccines for children under the age of 5 years, the promotion and organization of intensive community vaccination programs would greatly stimulate the diphtheria and tetanus vaccination of older children and adults. In addition, experience gained from conducting such intensive community programs would be of much value in case of an emergency.

Thus, while the legislation is not designed as a national defense measure, the programs contemplated under this legislation might have a substantial impact in this regard.

While the programs to be made possible under this program are limited in duration, they will have many benefits.

First and foremost, of course, will be the protection to many thousands of individuals against unnecessary suffering and death. The community, at the same time, will be secure in the knowledge that it is safe from the threat of epidemics that endanger every segment of it. Economically, the Nation will benefit by the preservation of the productive capacity of thousands who might have been disabled or dead.

In addition, there is reason to believe that these intensive campaigns will greatly increase our knowledge and experience with regard to intensive immunization programs. This knowledge and experience can be used to establish regular community programs to immunize newborn children before they are 1 year of age so that the gains under the programs authorized by this legislation may be perpetuated.

Finally, new techniques developed in the course of these programs may prove of great value in furthering other health programs.

For all of these reasons the committee feels that the merits of this legislation have been amply demonstrated, and that the cost of this legislation will be justified in the light of the benefits which can be expected.

Mr. SPRINGER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the distinguished chairman has covered very ably a good part of what this bill is about. However, I thought there ought to be some emphasis placed on two or three points. I know a lot of people are wondering who has supported this legislation. The program was brought forward by the Secretary of Health, Education, and Welfare. It has been supported by the representatives of the Association of State and Territorial Health Officers, the American Public Health Association, the National Tuberculosis Association, and the American Medical Association.

It seemed to me, as I listened to this testimony, that it was supported by about every agency which I would anticipate would either have an interest or a direct influence in favor of the legislation. In examining these witnesses, all of them had gone into it in great detail and there were certain reasons, I think, why this program had been undertaken in some States but there were still large areas throughout the country where nothing had been done and insofar as our testimony revealed nothing was intended to be done.

It is these areas, I think, that this legislation plans to cover.

Although the number of disease cases and deaths from the four diseases covered by this legislation—polio, diphtheria, whooping cough, and tetanus—has declined sharply since vaccines have become available to protect against them, the failure to administer the vaccine to substantially all of the population in the United States constitutes a continuing public health threat. The threat of epidemics of these diseases can be avoided and therefore the continuing threat constitutes a totally unnecessary risk.

I was somewhat amazed to know that two-thirds of the children under 5 years of age in the United States have not yet received any course of vaccine against these four diseases. This means that only one out of three children under 5 in the United States has received any immunization from these four diseases.

Now, remember this, in spite of the fact that the vaccine and the cost of the vaccination are available, nothing has been done with respect to two-thirds of the population.

It is this large number of incompletely vaccinated people—and particularly the preschool children—that represents a community health hazard because any such group contains the potential of an epidemic outbreak.

Let us turn our attention to the matter of State and local matching of funds.

Paragraph (3) of subsection (c) provides that each applicant for a grant for use in connection with an intensive community vaccination program must provide the Surgeon General with assurances that, if it receives the grant, it will furnish such other services and materials as may be necessary to carry out the program. In any intensive community vaccination program carried out under this legislation the States and local communities would provide—

First. Professional services to administer the vaccine,

Second. Vaccine for individuals 5 years of age and over,

Third. Registration and recordkeeping at vaccination clinics, and

Fourth. Equipment and Supplies—other than vaccine—needed to carry out the program.

The requirement that the States or local communities match Federal grants by providing certain services and materials needed to carry on extensive immunization programs takes the place of the usual matching requirement found in other Federal grant-in-aid legislation which specifies the number of State or local dollars that must be expended for every Federal dollar granted.

There was one important amendment which was added by a Member of our committee. This provides—and this is subsection (d) of the same paragraph 3. This subsection provides that the Surgeon General may, at the request of a State or other public agency, reduce a grant under this legislation to such agency by the amount of the costs arising from detailing personnel of the Public Health Service to such agency when such detail is made for the convenience of and at the request of such agency and for the purpose of carrying out a function for which the grant is made.

Many Members have asked me what happens at the end of the 3-year period, and I think an answer ought to be given as to whether or not this program will be continued or whether there will be some kind of program that will continue after the end of the 3-year period.

Under title V of the Social Security Act the Secretary of Health, Education, and Welfare is authorized to make grants to States to assist in the extension and improvement of maternal and child health services. These grant funds are also being used to assist States in the support of continuing vaccination services for children and will be available for such purpose after the termination of the 3-year period of intensive vaccination activity proposed by the committee amendment to H.R. 10541. The approximate numbers of vaccinations provided with the aid of grants under this program during the year 1960 against each of the diseases covered in the committee amendment are as follows:

Whooping cough	2,475,000
Diphtheria	3,593,000
Tetanus	3,777,000
Poliomyelitis	5,818,000

The annual appropriation authorization for maternal and child health grants is $25 million. The entire amount of this authorization is now being appropriated. It would be possible, however, for the Congress to increase the appropriation ceiling if it were determined that additional Federal financial support for continuing vaccination programs for children should be supported from this authorization after June 30, 1965.

The maternal and child health grant funds are allotted among the States on the basis of the number of live births and the financial need in the States. State and local matching is required on a dollar-for-dollar basis for one-half of the appropriation, with no matching required for the other one-half of the appropriation.

Thus the program will be continued, may I say, and it is anticipated that it will be continued through title V of the Social Security Act after the end of the 3-year period.

Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. Collier].

Mr. COLLIER. Mr. Chairman, it is a somewhat difficult thing to take exception to certain areas of legislation of this type, because it might place one in the position of favoring sin or opposing motherhood. However, I have some pertinent questions that I think Members of this House should consider as we evaluate the legislation before us; and I might say in almost the same breath that as a former president of a public health board no one is more sold on the necessity of a broad vaccination program than am I. I think, nevertheless, it should be understood that at the present time, as I pointed out somewhat briefly in my exchange of words with the gentleman from Colorado [Mr. Dominick] that we have on the books at the present time a program which provides the several States with Federal financial assistance for the operation of their health departments. In turn the various community health departments, the various county health departments, may qualify for additional financial aid from their States for general public health programs.

Nowhere in existing law under this program is there any foreclosure of the use of these funds for a community program of vaccine or inoculation.

I believe the chairman pointed out one-third of the youngsters in the country have not received Salk vaccine shots—the fact remains that there have been and still are in operation public programs for the inoculation of youngsters with Salk vaccine. In fact, I understand that administering the program has now become so improved it is only a question of giving the youngster a treated lump of sugar in order to provide the same effect that previously three shots of Salk vaccine required under the original programs which were adopted back in 1954 with the advent of the Salk vaccine.

If we are going to inoculate youngsters and give them the necessary vaccinations prior to school age—and I might say this seems like a very, very sensible approach to this problem—obviously, then, the number of cases where these types of programs for school-age children would be vastly reduced by reason of the fact the program at preschool age would take care of the problem in this field which generally was left until the child entered school. I understand this would be particularly so in the case of Salk vaccine programs.

I would like to direct a question to any member of the committee for the record. Was there any testimony, or has there been an instance where a preschool program of vaccination or inoculation of any nature could not be conducted because of a shortage of funds, either at the community or State level? Was there any instance where such a program was foreclosed by not having sufficient funds or where communities wanted to offer such a program but could not do it because they could not afford it? Was it indicated by anyone in authority that presently the various State Public Health authorities found a lack of funds to conduct programs for their vaccination or inoculation programs?

Mr. DOMINICK. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from Colorado.

Mr. DOMINICK. On page 69 of the hearings, I asked the specific question of Dr. Smith, who was testifying:

Is there any indication in the States that people are not becoming vaccinated because there is no available vaccine or funds for the vaccination?

Although no direct reply was given by Dr. Smith, he said:

> In every area where we have made studies, the fact that there are in particular population segments large groups who have not been vaccinated does not mean that the community has not got vaccination facilities available.

In other words, he is saying the reason they were not vaccinated had nothing to do with lack of funds across the States.

Mr. COLLIER. I thank the gentleman.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from Arkansas.

Mr. HARRIS. In order that we can relate the whole story of Dr. Smith, see what he said in the next paragraph. Our colleague from Colorado [Mr. Dominick] asked the question:

And have the States failed to take the initiative in conducting such campaigns?

> I think the States are doing a big part of the job. When you look at the number of school-age children who have been completely immunized, it is an impressive picture. The fact that they have not been able to get to the preschooler—and particularly the preschooler in the lower socioeconomic area—is not because they would not like to but because they have not had programs to point to this particular critical area.

Mr. COLLIER. I will say in conclusion while I do not oppose this legislation, I simply would hope that in its administration those States which have been able to fulfill their responsibility in this field in the past not be given priority at any time so that any funds made available through this program would go into those areas where there are inadequate funds to do the job and that such aid would be directed to those communities which are unable to meet their responsibility.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the distinguished gentleman from Arkansas.

Mr. HARRIS. I want to compliment the gentleman on his statement and I want to join him and emphasize the importance of what the gentleman has said. The purpose of this program is to stamp out these diseases everywhere in the United States. And, where it is needed the most is where I think the agencies should concentrate, just as the gentleman has stated. Our purpose is that in all areas of the country where the disease exists or might exist that it be wiped out, and the gentleman, in my judgment, is eminently correct and I want to join him in such course as I can in making it clear to the agency who is to administer this program.

Mr. COLLIER. I thank the gentleman.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from Iowa.

Mr. KYL. In the testimony which was presented, from a medical standpoint was it indicated that this mass immunization would have to be repeated at intervals, or is this a one-shot proposition?

Mr. COLLIER. I would say to my good friend from Iowa that he is starting with a premise with which I do not concur. This is not a mass immunization program. Certainly, $14 million the first year of the program and $11 million the 2 following years could hardly be considered sufficient funds to provide any mass inoculation program. Knowing a little something of the cost of administering a vaccination program from experience in a community of 57,000 people, I can assure you that the funds provided here would not provide any mass national program. However, I recall that in the hearings it was pointed out, as I tried to point out in my closing remarks, that there is a job to be done in various areas of the country for one reason or another to stimulate, if you please, inoculation programs. Of course, as the bill prescribes, it is mainly directed to awakening the public to the need of this program at a preschool age, whereas presently broad programs of this nature are, as you know, conducted at a time when the youngsters reach school age, when, generally speaking, health records are maintained in the school system through either the public health authorities or the local school authorities or both.

Mr. KYL. Then, this is an intensive program instead of a mass immunization program. Take a youngster 3 years of age; he gets a shot for tetanus. Does he get another one at 6 or 8 or 10, or is he through with the thing?

Mr. COLLIER. As I understand it, a tetanus shot—and I got this information from my friend, the gentleman from Oregon [Mr. DURNO], who is certainly a medical expert—is required every 3 years. However, this varies, as I understand it, with various types of shots. I understand, of course, that the Salk vaccine shots are effective for a longer period of time than is a tetanus shot.

Mr. KYL. If the gentleman will yield further, we are assuming today that having once received the Government shot, the youngsters will go back willingly and take his next succeeding shots?

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. HARRIS. Mr. Chairman, I yield the gentleman 2 additional minutes in order to respond to the question posed by the gentleman from Iowa [Mr. KYL].

Mr. COLLIER. I would simply say that we are not assuming in this legislation as it is written that the Government might have to continue the program. I think an important part of this program is public education. Once a given number of people are awakened to the need, urgency and importance of this type program, that by its very nature it will, as new shots are needed, stimulate a deeper understanding on the part of the local community, general public, and the parents.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I am happy to yield to the gentleman from Arkansas.

Mr. HARRIS. In the first place, this legislation provides for a crash program. It terminates within a period of 3 years. In the second place, based upon what experience I have had, I believe that every 2 years, in order to be completely effective against tetanus, it requires a booster shot. I know what the medical authorities told some of us, at least, that if one travels outside the United Staes in certain areas of the world, one is required to take a booster if one has not been inoculated within a period of 2 years. I think I am right.

Mr. COLLIER. Mr. Chairman, I yield back the balance of my time.

Mr. SPRINGER. Mr. Chairman, I yield 10 minutes to the gentleman from Colorado [Mr. DOMINICK].

Mr. DOMINICK. Mr. Chairman, first of all I want to pay some compliments to the chairman of our committee, the distinguished gentleman from Arkansas [Mr. HARRIS]. I think he has done an excellent job in trying to bring this program within some reason, compared to what was originally proposed.

For example, originally, and during the testimony, we had proposals that this be extended to any kind of communicable disease where there was an available vaccine or inoculation. This proposal was rejected.

Mr. Chairman, the chairman of the committee, the gentleman from Arkansas [Mr. HARRIS], also took great pains to insure, wherever he could, that the States would have some autonomy over the operation of the program provided for in this bill. In my opinion, although the bill purports to have something in it providing for State control, the amendment that was submitted for this purpose, in fact, did not accomplish that purpose. It seems to me to be a clear indication that the Federal Government is still dealing directly with the local community.

Mr. Chairman, during the process of this discussion we have had some comments about who has endorsed the bill. Reference was made to the fact that the public health officers had endorsed it, as well as the American Medical Association, and so on. But in each case, both the Public Health Service and the American Medical Association have indicated that the Federal program such as it is, or the grants for the program, should be made to the States, and worked through the State Public Health Officer, and not with the local communities. It strikes me that this is the glaring discrepancy in this bill—that we still do not have that accomplished. This is one reason for the amendments that I have been trying to get adopted.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. Yes; I would be delighted to yield to the gentleman from Arkansas.

Mr. HARRIS. Mr. Chairman, if the gentleman will turn to page 5 of the amended bill, lines 11 and 12, he will observe that the committee adopted the principle of the amendment offered by the AMA and the health officers when we included the language "with the approval of the State health authority." So no community can receive any benefit from it unless it goes through the State health authority.

Mr. DOMINICK. I am fully aware of that amendment. The point I am making is that the program does not originate with the State. The program originates with the local communities, each one fighting for its share of the cake.

Mr. HARRIS. Mr. Chairman, will the gentleman yield further?

Mr. DOMINICK. I yield.

Mr. HARRIS. As I understand, that is not the case. If the State provides a program that comes through the State, then the Secretary testified, as the gentleman vividly recalls, that it would go through the State health department. He also said that should a State not offer a program of its own and a community, in need of a program, made direct application, then the Secretary could through the program deal directly with the community. In order to meet that contention, as the gentleman knows, we amended the bill to include this language so that even though a community may make direct application, if the State health officer does not have a program under the law, they may not receive the aid unless it is with the approval of the State agency.

Mr. DOMINICK. I am glad the gentleman has cleared up the record on that point because I want the record to be crystal clear that before any local community program will be approved by the Surgeon General for implementation under this act it must be approved by the State health department first; is that correct?

Mr. HARRIS. Yes, and I want to thank the gentleman for bringing this question up. I am glad that we have had the opportunity to make abundantly clear what the facts are. We want the record to show the legislative history of this proposed legislation; how it was presented to us at the outset, the hearings we held at which we had these various ideas presented; the fact that there might be a conflict between a community and the State, and that the committee met the problem by providing that we must have approval of the State health department. Also, that we can take care of an emergency that might arise in a particular community within a State. So I think the gentleman has performed a fine service in bringing this to the attention of the House and making the record here.

Mr. DOMINICK. I thank the gentleman.

Mr. Chairman, there are several other points I would like to make for the record, if we can make them crystal clear.

This program, as I understand it, carries grants for the sole purpose of the four diseases mentioned here and not for any other diseases; is this correct?

Mr. HARRIS. The gentleman is correct. It specifically provides for these four only.

Mr. DOMINICK. And is it not also true that the committee rejected a proposal that it be expanded to include two other diseases?

Mr. HARRIS. I am reminded that the original proposal of the Secretary of HEW requested standby authority for other diseases, but the committee did not go along with that request.

Mr. DOMINICK. There are several other matters that I think should be pointed out here. You will see on page 3 of the report the reasons for the legislation. This shows quite clearly that although the number of disease cases and deaths from the four diseases covered by this legislation have declined sharply since vaccines have become available to protect against them, the failure to administer the vaccine to substantially all of the population in the United States constitutes a continuing public health threat.

And yet the fact of the matter is that this bill contains a specific provision that no State has to take this program, if it does not want to, and no one has to be inoculated if he does not want to be. So we still have the position where we have two programs presently available with funds to supply vaccines, with the admission from the witnesses that the fact that people have not been vaccinated was not due to the lack of vaccine or funds. We are not requiring anybody to be vaccinated under this program yet we are providing more funds. It does not seem to me that this is a very logical approach in an authorization bill. I have just as much sympathy for those people who have been affected by these diseases or who are threatened by them, because I have had some of these in my own family and I know how crippling they can be, but if you are simply trying to promote public education in the field of getting inoculated or getting vaccinated for these four diseases, I wonder whether this is the way to go about it.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman from Illinois.

Mr. SPRINGER. The gentleman is right in what he has read. Portions of that I read in my speech a few minutes ago. Regardless of the fact that these people are inoculated, the threat is still there. There may be States that will not accept this program. There is nothing the Congress can do. The threat is still there. But I think from the testimony we have had there is a threat when two-thirds of the children under 5 are not inoculated.

Mr. DOMINICK. One-third.

Mr. SPRINGER. Two-thirds are not inoculated.

Mr. DOMINICK. It depends upon whose testimony you read.

Mr. SPRINGER. I am reading from the report. I thought that was substantially the testimony. But this is the reason I am supporting this legislation. As I heard the testimony I had a feeling that when a child got to school his chances were much improved for not ever getting these diseases, because his teachers and those who came in contact with him would then try to induce his parents to do something about the inoculation. The large area we are trying to cover here is an area which I think is composed of social strata which never would recognize the need to do anything about it, unless there was this kind of program undertaken to educate them to the necessity for doing something about it. That is basically the reason I support this legislation.

Mr. DOMINICK. I do not know whether or not the gentleman was in the Chamber when I talked on the rule, but at that time I put in as an extension of my remarks a newspaper article on a program going on in Colorado right now.

This program is being conducted massively. It is being conducted totally free and without any cost to the Federal Government or the State health department. It is being done by the doctors and companies in the area in order to try to get people in the area aware of what is going on. It strikes me that that is the type of thing we need, and not more money when we already have the money available in two other programs.

Mr. SPRINGER. May I state in answer that the State of Colorado is one of the most progressive along this line.

I think that is a well-known fact. I congratulate the gentleman, coming from Colorado. His State is a farseeing one in undertaking this. May I say within a very large number of States, nothing is being done about this particular problem and that was very well testified to in the testimony. But if the gentleman wants to take the States of Colorado, Illinois and California and a few others as an example, I do not think that is representative of what this legislation seeks to cover.

May I say the gentleman from Colorado [Mr. DOMINICK] did do a good job in the committee. He is one of the most thought-provoking members of the committee. He was there at every session of the committee asking questions and he did a good job on this legislation. What I am saying here today is not in derogation of the gentleman, but I am praising the gentleman for the excellent job he has done and he deserves tribute for the energy and the ability he displayed when this bill was before the committee.

Mr. DOMINICK. I appreciate the gentleman's comment very much and thank him.

Mr. MARTIN of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman from Nebraska.

Mr. MARTIN of Nebraska. The gentleman mentioned the program that is now going on in the State of Colorado.

I would like to state that in Nebraska we also have such a program and our vaccinations for polio have run as high as 80 percent in the city of Omaha. Grand Island recently concluded one and they were slightly higher than 80 percent. The people were charged 25 cents. If they did not have the 25 cents, they were given this polio vaccine without any cost. It was conducted by the people of those cities and the city of Nebraska without any material cost to the citizens of our State. I commend the gentleman for his views. I would like to point out also in a questionnaire I sent out to Nebraska this spring, one of my questions was in regard to this particular program. You may be interested in knowing that 73 percent of the replies were in opposition to the Federal Government appropriating any money for this program. Only 20 percent were in favor and 7 percent, not sure.

Mr. DOMINICK. I appreciate the contribution of my colleague.

I know that Nebraska, Illinois, and other States are doing a very fine job here. I, frankly, have not been able to find out what States have not been. Nowhere in the record is there any specific indication of what States have not been doing a good job on this program and, yet, here we are asked to appropriate more money in order to go ahead and do this when we have two programs with continuing authorizations already available.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman from Iowa.

Mr. KYL. I can tell the gentleman this, if we offer programs of this type, there will be a lot of States that will not do the job voluntarily.

Mr. DOMINICK. I would agree with the gentleman from Iowa. That is one of the problems I think we are facing in continuing to pass this type of program.

One of the additional points I want to make here is to make sure I am correct, and I would ask this of the chairman. I gather, Mr. Chairman, from page 9 of the report that there are two programs presently in existence which will go beyond the term of this bill providing sums under which vaccination services for these diseases and others can now be supplied.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman from Arkansas.

Mr. HARRIS. The gentleman is correct in a sense in that an individual can go to the Public Health Office in a given community, and if they need a given shot, they can obtain it. But there are no programs of this kind to give emphasis to it to get the people concerned to the point that these children that they are trying to reach will be brought in either to the doctor's office or the Public Health Office for the purpose of immunization. In other words, it is a hit-or-miss casual proposition as it is now under the two programs mentioned.

Secondly, we are not making the progress we should to avoid a possible disaster in either one of the fields involved here, in my judgment.

Mr. DOMINICK. I appreciate that answer from the chairman. Under section 314(c) we make matching grants to the States for establishing and maintaining a public health service, and it would certainly seem to me that this gives ample scope to provide this type of educational endeavor, if they feel it is necessary under that type of program.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. I yield.

Mr. HARRIS. Notwithstanding there has been such a marvelous complementary program in Colorado, is the gentleman satisfied with what has been done in the field to stamp out these four diseases?

Mr. DOMINICK. I would never be satisfied until it is stamped out permanently.

Mr. HARRIS. Of course not, not until we get that done as it has been done in the case of malaria. We do not have to worry about malaria any more, and in the case of certain other diseases we have had almost complete immunization. There is no reason why we cannot achieve that result in this instance.

Mr. DOMINICK. I would certainly agree with the gentleman. My question is simply whether we need this type of program in order to achieve that result. The point I am making is that we already have continuing programs in this field. It strikes me we are seeking to make additional funds available in an entirely new program.

Mr. BRUCE. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman from Indiana.

Mr. BRUCE. Does the gentleman think an additional program is going to influence any more people to bring their children in for immunization shots?

Mr. DOMINICK. We do have this problem. I doubt very much if the program inaugurated under this bill would cause people to take any further action in view of the tremendous work the television and radio stations and the press have been doing to awaken them to the need.

Mr. BRUCE. It certainly has been brought into the homes of the people over a long period of time.

Mr. DOMINICK. I thank the gentleman for his contribution.

Mr. SPRINGER. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. DURNO].

Mr. DURNO. Mr. Chairman, I am not only a Member of this Congress, but also a doctor. I would say to the distinguished chairman of this committee that I have seen a patient die of diphtheria, sitting in front of that patient. I saw two German prisoners of war die in Germany as a result of tetanus. I would not want to do anything in this world that would make it possible to have something like that happen to a child or an adult in the United States. I appreciate your bringing this subject to the floor of the House, but I think it would be less than fair if I did not criticize what I think are weak points in this bill.

I was interested in what the gentleman from Indiana just said with respect to the tremendous amount of publicity, the constant barrage by radio, television, and press, and I would want to add to that, Mr. Chairman, the medical profession as well. The county medical societies of the United States have been actively engaged in this program for a number of years, ever since the Salk vaccine came into existence.

I was home in May, and I saw a thousand children and adults line up at a junior high school, and with two or three drops of a solution of live virus put into their mouths, go on their way. They repeated that in a week or two. They will take a final dose somewhat later.

This whole matter of vaccination and inoculation is not a constant thing. Some require 2 years, some require 3 years, and also there are new inoculations being developed. We presently have a vaccine for influenza, which our Armed Forces are using, I believe, and, of course, we have smallpox, which I do not think this bill covers. There is no worse disease in the world than black smallpox. There is also hepatitis that we are seriously concerned about, which is another virulent disease. There is nothing said in this bill about that.

The point I want to make here is this: A 3-year crash program will not do this job. It is going to be an ever continuing, constant effort on the part of State health organizations, the county health organizations, the medical societies, press, radio and television; and, where necessary, appropriations by local subdivisions of government, by States, or in rare instances by the Federal Government.

So I would say to you, first, I think this is going to be a continuing program. It should be a continuing program if the Federal Government is going to enter this field.

I want to stress No. 2. I do not think it is the provision of medicine that is going to protect the one-third or two-thirds of the children of this country who are not protected. It is going to be this education we have been talking about. That is the thing that is going to do the trick—education.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. DURNO. I yield to the gentleman from Arkansas.

Mr. HARRIS. I want to highly compliment the gentleman that out of his vast experience he is bringing to the House today information that he is imparting to us. It was confirmed in a letter which the committee received from the American Medical Association. The gentleman so well said the medical profession has taken the lead in these fields over the years and is still going to be in the forefront. The gentleman is so correct. The purpose of this legislation is an effort to emphasize and try to persuade people through educational processes and familiarity with the need and the necessity for it. That is the reason for this legislation. And we hope after this is accomplished, just as the gentleman has so well said, existing programs may with some modifications take care of the continuing needs in the future.

I want to again compliment the gentleman for his spendid statement.

Mr. DURNO. I thank the gentleman. And may I ask one question? What is the priority with respect to these three programs? It has been repeatedly stated here today we have two programs, and now we are to superimpose a third program on top of the two. What is the priority of those?

Mr. HARRIS. Actually, what is referred to in the other two programs is a provision that has long been in the Public Health Service. Section 314(c) provides a general public health program that includes what we are talking about here today, but it does not emphasize or give special attention to diphtheria or polio or whooping cough or tetanus. It is just included in the overall program, but here we recognize the need for and the importance of wiping out these diseases which could strike a community at any time and all the children, especially those under 5 years of age. This is to then give priority, by this particular program, in an effort to do something about these four dreaded diseases that would provide health patterns in any community in the country.

Mr. DURNO. I thank the gentleman.

In conclusion, Mr. Chairman, I just want to make these three points over again. I think this is a continuing program, or it will be, and if the Congress proposes to adopt this kind of a program, it should be continuing. I think it is going to be an expansive program which is going to involve a lot more diseases, a lot more inoculations, and a lot more shots than have been delineated here in this bill. Thirdly, I do not think that it is the dollars in this bill or the medicine in this bill that is the answer. I think the answer is a continuation and an acceleration and an extension of the program of public health, and those public programs should originate at the county level and at the State level more than at the Federal level.

So, in voting for this bill I think you have to decide in your own mind whether or not you want to extend the Federal arm of medical care into the total field of inoculation and vaccination, realizing that it is going to be expanded; realizing that it is going to be continuing; and realizing that it is going to cost you $36 million in the next 3 years.

Mr. SPRINGER. Mr. Chairman, I have no further requests for time.

Mr. HARRIS. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. ROBERTS].

Mr. ROBERTS of Alabama. Mr. Chairman, I rise in support of the vaccination assistance legislation. This legislation has been described by the esteemed chairman of the Interstate and Foreign Commerce Committee as an administration bill; and indeed President Kennedy has requested enactment of this legislation. I would like to recount to the House today that sometimes administration bills actually originate in the House of Representatives, and the present legislation constitutes an excellent example.

On March 16 and 17, 1961, the Subcommittee on Health and Safety of the Committee on Interstate and Foreign Commerce, of which I have the privilege to be the chairman, conducted hearings on the oral polio vaccine. The hearings were occasioned by a request made by President Kennedy to the Congress to appropriate $1 million for approximately 3 million doses of the vaccine to be stockpiled in case of polio outbreaks in the United States. Hearings of our subcommittee were called on short notice since under the provisions of the Public Health Service Act relating to biological products, no person may sell a vaccine unless such product has been manufactured in an establishment licensed by the Department of Health, Education, and Welfare. The subcommittee had been informed that as of March 14, 1961, when the Presidential request for appropriations was made, no applications for licenses had been filed by pharmaceutical manufacturers for the production of the oral polio vaccine.

It was the purpose of the subcommittee hearings to lay the complete facts with regard to the Salk and Sabin vaccines before the American public.

At the close of the hearings I requested Secretary Ribicoff to review for the subcommittee the vaccine picture in the light of all the testimony which had been presented in the subcommittee hearings. On April 10, 1961, Secretary Ribicoff submitted a preliminary report on the vaccination picture in the Nation. As stated by the Secretary the main facts brought out in this report are as follows:

First. The problem as it exists is not limited to poliomyelitis, but there is inadequate immunization against other important diseases for which specific, effective immunizing substances are available.

Second. Low levels of immunization are present throughout the Nation, both in urban and rural areas, and are concentrated in those segments of the population where average incomes are low.

Third. The problem is not so much the type of vaccine that is available, not so much the actual provision of vaccine, but the development of methods of making sure that those now without protection become immunized.

On May 1, 1961, Secretary Ribicoff submitted a further report to the subcommittee which dealt with factors which contribute to the lack of immunization in large segments of the population and which suggests types of activities which might alleviate the situation and alternative ways of solving the problem.

It is my understanding that the reports prepared at the request of our subcommittee were brought to the attention of President Kennedy and as a result thereof legislation was prepared, the enactment of which was requested of the Congress by the President. Thus, if the executive branch can claim paternity in the case of this legislation, I feel I should point out to the House that the legislative branch can at least claim to be the "grandpappy" of this bill.

It goes without saying that .I personally feel very strongly that this is good legislation. The details of the legislation have already been discussed by the chairman of our full committee, the gentleman from Arkansas [Mr. Harris], and there is no need for me to say anything further with regard to this legislation except to state that the price in dollars for this program is small indeed if we are able to eradicate four diseases which constitute a serious public health menace.

Mr. Chairman, I include as part of my remarks two reports of the Secretary of Health, Education, and Welfare, dated April 10, 1961, and May 1, 1961, in the Record at this point:

The Secretary of Health,
Education, and Welfare,
Washington, D.C., April 10, 1962.

Hon. Kenneth A. Roberts,
Chairman, Subcommittee on Health and Safety, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

Dear Mr. Chairman: Enclosed is the preliminary report of progress in the review of the vaccination picture in the Nation, as you requested on March 17, 1961.

The main facts brought out in this report are as follows:

1. The problem as it exists is not limited to poliomyelitis, but there is inadequate immunization against other important diseases for which specific, effective immunizing substances are available.

2. Low levels of immunization are present throughout the Nation, both in urban and rural areas, and are concentrated in those segments of the population where average incomes are low.

3. The problem is not so much the type of vaccine that is available, not so much the actual provision of vaccine, but the development of methods of making sure that those now without protection become immunized.

The Public Health Service is continuing their review of the problem and will be pleased to continue cooperating with your subcommittee in any way that you desire.

Sincerely,

Abraham Ribicoff,
Secretary.

Preliminary Report of Progress in the Review of the Vaccination Picture in the Nation

At the request of the Subcommittee on Health and Safety of the Committee on Interstate and Foreign Commerce, the Public Health Service has made a review of the immunization status of the Nation with particular reference to poliomyelitis. This document is a progress report on the review as requested by the subcommittee at the conclusion of the hearings on March 17, 1961.

No attempt has been made to review the relative merits of poliomyelitis vaccines, for this was adequately covered in the hearings. It is the considered opinion of the Public Health Service that massive reduction in the occurrence of paralytic polio depends less upon the type of vaccine used than upon our citizens' acceptance of immunization procedures. For many years to come, physicians will undoubtedly exercise their freedom of choice and independent scientific judgment in using either inactivated virus vaccine or attenuated oral vaccine. Many physicians will use both. Therefore, this review deals with the extent of the problem of immunization and the logistics necessary to overcome the relative lack of nationwide immunity.

The problem is not confined to children. Children, however, are at the greatest risk; and concentration on protecting them offers the means for long-range progress in building health protection against diseases for which specific methods of prevention agents are available.

In considering the immunization status against poliomyelitis, it is appropriate also to consider the immunization status against other diseases for which excellent immunizing substances are available. Today we have available, as well as polio vaccine, excellent vaccines against diphtheria, tetanus and whooping cough (DPT). These three diseases together cause more deaths than does polio. The crippling of diphtheria, which so often affects the heart, and the chronic lung disease and mental retardation that follow whooping cough add to the seriousness of these diseases. Tetanus, except for rabies, has the highest case fatality rate of any communicable disease. (See table 1.)

At present, a vaccine for measles is being field tested. This disease alone causes more deaths than polio. The delayed effects of measles upon the brain, the eyes, the ears, and the lungs add to the seriousness of this common disease of childhood. The future will undoubtedly bring other vaccines against infectious diseases which will need to be used in order to maintain the populaiton at the highest level of health.

Attachment No. 1 has been prepared by the Communicable Disease Center of the Public Health Service. It delineates those areas in which there is adequate immunization. The data were derived from the Bureau of the Census sample of 1960.

While these figures relate only to the indicated number of Salk vaccine doses, other surveys by the Communicable Disease Center have demonstrated that these figures are indicative of that proportion of the population immunized against diphtheria, whooping cough, and tetanus. These data show, for the Nation as a whole, that all age groups of the population are not well protected against these diseases. Of greatest concern are the low levels of protection in the youngest age groups. They are at the greatest risk of developing these four diseases.

Beyond school age there is again a decreasing percentage of the population adequately protected. In general the white population has a better level of protection against diseases for which immunizations are available than the nonwhite. Urban areas have only slightly better immunization status than do the rural areas of the Nation. While there is some variation in levels of immunity by different geographic regions of the Nation, with the New England States having the highest level and the East South Central the lowest level, the picture is fairly constant across the Nation.

Table 2 indicates that poliomyelitis is not strictly an urban disease but is about equally divided between urban and rural populations.

Table 3 [not printed in Record] is a compilation of data from Communicable Disease Center surveys of communities to determine the polio immunization levels of various segments of the population. Surveys have been made in different areas of the Nation and the findings are consistent. It has been shown in general, that immunization against disease is not a function of geographic location, but a function of socioeconomic status within the given community—the lower the socioeconomic class, the lower the level of immunization.

Table 4, which was also prepared to meet the request of the subcommittee, indicates the size of the job that needs to be done to bring the various age groups of the population to the best level of immunization possible. Today, 16 million children 7 and under are incompletely immunized of which 4.6 million have had no immunization against these four diseases. To attain maximum immunization of this group it would be necessary to administer 160 million doses of vaccine against these diseases. The logistics of this problem have been simplified by medical science for immunization against these four diseases can be accomplished simultaneously. Susceptible population groups respond more readily to immunization campaigns directed to the prevention of multiple diseases than to a single disease. Not only will the people in need respond better, but the organizational and administrative problems are no greater to accomplish complete health protection than to segment the effort on a single disease.

Table 5 is a rough estimate of the cost of vaccine purchase. (Prices are based on list prices from manufacturers for sale to the Federal Government and do not take into account possible reductions for large-scale purchases. The estimated price of oral vaccine is that which was used for the supplemental appropriation presented by the administration to Congress.) The cost of such a program can be seen to vary in accordance with the priorities established. To protect unimmunized children under 1 against polio would cost $2.6 million. Vaccine to protect children 7 and under against poliomyelitis, diphtheria, tetanus, and whooping cough would cost $23.6 million. If it were decided that the Federal Government had the responsibility for furnishing oral vaccine to the entire Nation and sufficient vaccine against diphtheria, whooping cough and tetanus to maximally protect the Nation, it might cost as much as $275 million for the vaccine alone.

It must be emphasized that this estimate provides only for the vaccine and makes no provision for the additional effort that must be made to see that the vaccine is used and used properly—nor does this take account of the continuing effort that will be necessary to maintain this high level of immunity.

In conclusion, this brief review of the vaccination status of the Nation indicates that large segments of the population are not properly immunized against poliomyelitis, diphtheria, whooping cough, and tetanus, that these large groups are not found in specific geographic locations but exist in each and every community, be it urban, rural, north, south, east, or west. Vaccines are effective, but not reaching all in need.

TABLE 1.—*Percentage of population with indicated number of Salk vaccine doses* [1]

[NE—New England, MA—Middle Atlantic, ENC—East North Central, WNC—West North Central, SA—South Atlantic, ESC—East South Central, WSC—West South Central, MT—Mountain, PAC—Pacific]

Age group	United States	By race		By division									By urban level [2]		
		White	Nonwhite	NE	MA	ENC	WNC	SA	ESC	WSC	MT	PAC	Standard metropolitan areas	Other areas	
														Urban	Rural
							4 OR MORE DOSES								
<1	2.7	3.0	1.4	3.1	2.2	3.9	1.0	2.7	0.9	2.6	1.4	3.0	3.4	1.2	2.0
1 to 4	34.6	38.2	14.6	50.1	37.0	34.3	34.1	26.6	27.2	40.7	29.6	32.5	38.9	31.1	26.8
5 to 9	50.6	55.0	23.8	69.1	54.4	53.0	55.3	41.4	33.9	54.9	48.7	46.9	54.5	48.8	43.5
10 to 14	47.1	49.9	28.2	65.5	50.9	49.0	52.3	37.9	34.4	47.8	50.5	44.3	51.5	45.1	39.4
15 to 19	31.5	33.8	15.5	48.8	34.7	33.6	36.7	28.1	22.9	30.0	30.5	30.4	34.2	31.5	26.6
20 to 29	20.5	22.2	8.8	26.9	18.8	21.6	30.1	15.7	15.0	23.2	22.4	18.3	21.7	20.9	17.4
30 to 39	17.8	19.3	5.1	29.3	15.1	18.6	20.9	11.7	11.4	18.3	22.8	20.7	18.5	17.9	15.7
40 to 49	6.7	7.0	3.9	10.8	5.3	7.4	9.0	4.5	2.3	6.3	7.3	9.4	7.3	7.1	5.2
50 to 59	1.8	1.8	1.1	2.5	1.7	1.7	2.2	.9	.7	2.7	2.2	2.1	2.0	1.7	1.2
							NOT VACCINATED								
<1	45.2	42.1	62.4	42.7	44.9	41.1	45.3	47.2	58.8	51.1	35.3	40.3	42.9	49.7	48.1
1 to 4	13.4	10.5	29.3	7.8	10.2	12.8	12.0	18.6	20.6	14.6	11.2	11.7	10.4	13.9	19.7
5 to 9	7.7	6.2	16.4	2.9	5.3	6.7	7.9	8.5	12.6	10.7	7.9	7.5	6.5	6.3	10.8
10 to 14	7.3	6.5	12.8	2.6	4.6	6.8	7.0	9.1	11.0	9.4	7.7	7.5	6.0	7.2	10.0
15 to 19	19.4	17.6	31.7	12.3	15.4	19.1	14.8	25.7	24.5	22.4	16.4	18.1	17.3	18.5	23.7
20 to 29	38.7	35.6	60.0	28.2	39.3	36.7	29.4	48.6	50.0	38.5	36.7	33.3	36.6	38.9	43.8
30 to 39	48.5	45.7	70.8	30.2	50.1	46.7	45.0	61.5	67.1	51.1	44.5	37.0	46.3	48.2	54.2
40 to 49	76.2	75.2	85.5	64.4	78.0	75.1	71.0	84.5	89.5	78.6	76.4	66.4	74.2	76.8	80.6
50 to 59	91.8	91.8	91.9	86.3	91.9	92.2	92.0	93.4	96.6	91.7	91.0	89.1	90.9	92.5	93.5

[1] Source: Unpublished data of September 1960 sample conducted by U.S. Bureau of the Census.

[2] Definitions of urban level—Standard metropolitan areas: Urban areas with central city of 50,000 or more; other areas: Urban, cities of 2,500 to 50,000; rural, cities of less than 2,500 and rural areas.

TABLE 2.—*Paralytic poliomyelitis cases, United States, 1960* [1]

	Northeast	North Central	South	West	Total
Urban [2]	246	191	300	254	991
Rural	266	258	502	201	1,227
Total	512	449	802	455	2,218

[1] Cases reported to CDC poliomyelitis surveillance unit corrected for 60-day followup.

[2] Cities of 25,000 population and larger.

TABLE 4.—*U.S. total need—Number inoculations required for 4 doses at present levels of immunization*

[Number doses in million]

Age:	
Less than 1	11.8
1 to 7	20.2
8 to 14	23.9
15 to 39	118.7
Total	182.6

TABLE 5

Cost of vaccine	Number of people	Number of doses	Cost
1. Newborn and unimmunized infants:	*Million*	*Million*	*Million*
a. Salk only	3.6	11.8	$2.6
b. Salk and DPT	3.6	11.8	7.8
2. Unimmunized 7 years and under:			
a. Salk only	20.0	40.0	8.8
b. Salk and DPT	20.0	40.0	23.6
3. Unimmunized under 40: Salk only	69.1	182.6	40.2
4. Unimmunized under 40:			
a. Combined antigen 7 and under with Salk only under 40	69.1	182.6	54.9
b. Combined antigen 7 and under with Salk and tetanus under 40	69.1	182.6	104.8
5. Newborn and infants:			
a. Oral only	3.7	11.1	3.7
b. Oral and DPT	3.7	22.8	8.1
6. Oral vaccine for unimmunized 7 and under:	*Million*	*Million*	*Million*
a. Polio only	16.0	48.0	$16.0
b. Polio and DPT	16.0	88.0	30.8
7. Oral vaccine for unimmunized under 40:			
a. Polio only	69.1	207.3	69.1
b. Polio, DPT 7 and under and tetanus	69.1	207.3	133.8
8. Oral vaccine and combined antigens (disregarding Salk):			
a. Oral only 7 and under	31.4	94.2	31.4
b. Oral and DPT 7 and under	31.4	94.2	46.2
9. Oral vaccine and combined antigens (disregarding Salk):			
Under 40	69.1	405.3	165.2
7 and under—DPT and oral, from 8 to 40 years tetanus and oral	69.1	495.3	165.2
10. Oral vaccine to everyone—eradication: Oral vaccine only	181.0	54.3	181.0
11. Oral to all, DPT immunized 7 and under, tetanus to all over 40	181.0	----------	275.0

TABLE 6.—*Cases and deaths for selected communicable diseases, United States, 1955–60*

	Polio		Diphtheria		Whooping cough (Pertussis)		Tetanus	
	Cases	Deaths	Cases	Deaths	Cases	Deaths	Cases	Deaths
1955	28,985	1,043	1,984	150	62,786	467	462	265
1956	15,140	566	1,568	108	31,732	266	468	246
1957	5,485	221	1,211	81	28,295	183	447	270
1958	5,787	255	918	74	32,148	177	445	303
1959	3,425	(1)	934	(1)	40,005	(1)	445	(1)
1960	[2] 3,296	(1)	924	(1)	(1)	(1)	(1)	(1)

[1] Not available.

[2] Preliminary.

THE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., May 1, 1961.

Hon. KENNETH A. ROBERTS,
Chairman, Subcommittee on Health and Safety, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed is a further report from the Public Health Service as requested at the close of the polio vaccine hearings of your subcommittee on March 17, 1961. This report completes the review of the poliomyelitis immunization program that you requested.

I have previously forwarded to you a preliminary report prepared by the Public Health Service which described the national status of the immunization problem. This second report deals with factors which contribute to the lack of immunization in large segments of the population, types of activities which might alleviate the situation, and alternative methods of solving the problem.

You may also be interested to know that the Public Health Service is completing a movie depicting an excellent method of stimulating vaccination programs. This movie will be entitled "Babies and Breadwinners." I would be pleased to arrange for your Committee to view this film, or make a print available to you, if you desire.

Please let us know if we can provide any further information to you.

Sincerely yours,
ABRAHAM RIBICOFF,
Secretary.

REPORT TO THE HOUSE SUBCOMMITTEE ON HEALTH AND SAFETY OF THE INTERSTATE AND FOREIGN COMMERCE COMMITTEE BY PUBLIC HEALTH SERVICE REGARDING IMMUNIZATION AGAINST POLIO AND OTHER DISEASES—SUMMARY OF PREVIOUS REPORT

In an earlier report to the House Subcommittee on Health and Safety of the Interstate and Foreign Commerce Committee, the Public Health Service has shown that good and effective vaccines exist against poliomyelitis, diphtheria, whooping cough, and tetanus. However, these vaccines have not been widely used in areas of low socioeconomic status. The problem of getting low income families immunized is not limited to any single geographic area of the Nation, although metropolitan areas have slightly better immunization status than rural areas. Both polio and diphtheria are becoming problems of increasing concern in smaller urban and rural communities.

Preschool children and young adults are less well immunized than school children.

CURRENT ACTIVITIES

There is no simple or single explanation for the difficulty in getting these groups immunized. Attempts to do so vary because there is no single, national plan, nor is there a single, consistent pattern within a given State. There are 1561 local health jurisdictions in the 50 States. Each has its own problems and methods of operation—each its own program priorities.

School programs

Some generalizations can be made, however. One reason school age children are better immunized is because many local school jurisdictions have vaccination against various diseases as a school entrance requirement. But this is not the only reason; in fact recent surveys by the Communicable Disease Center of the Public Health Service have shown that the vaccination status of school age children is high even in communities that do not have this school entrance requirement.

School age children represent a captive audience, so to speak. Because large numbers of children can be reached in one place at one time, school programs are more economical than communitywide programs. This probably explains why, beginning with the early days of polio immunization, much effort has been expended in immunization programs for the school age population.

High-risk groups

The philosophy of concentrating immunization efforts on the school age population has continued in the face of changing age-rates for polio. There has been some reluctance to mount programs aimed specifically at preschool children, although this is now the high-risk group.

Preventive services

Undoubtedly, the changing patterns of medical care in the past decade have also contributed to this new situation. Less emphasis has been placed on the well-child clinic of health departments because of pressures of other programs such as home care of the sick. There has been a tendency to depend primarily upon the private practitioners to meet the preventive medicine needs of the infant and preschool child. This system has worked exceedingly well for people in a position to afford medical care. However, in the low socioeconomic groups, particularly among those who might be classified as medically indigent, preventive services are less often obtained from private physicians. Parents in this category make an effort to purchase medical care for acute illnesses, but tend to "economize" on preventive measures.

Although many health departments provide free immunization services they are unable to do the intensive work that is needed to reach large segments of the population who have not responded to general immunization programs. Recently, the technique of quota sampling, which the Communicable Disease Center has developed, has made it possible for health departments and local communities to identify their soft spots. Use of this technique has stimulated many health departments to intensify their immunization programs among the most vulnerable groups of people.

Program demands

Even though it is now possible to pinpoint the areas where immunization programs are needed, not all health departments can undertake them. They are under great pressure to provide a multitude of services and must therefore make value judgments. This is perhaps the outstanding reason for incomplete immunization. Health departments are continually being urged to enter into new programs but the additional support they are offered is not commensurate with the scope of operations which is demanded to them, nor is manpower available. Consequently, they may have to accept immunization levels of 50 to 70 percent, and hope that this level will prevent major outbreaks. This, of course, does not provide the most complete health protection available.

Although we have achieved polio immunization of the most susceptible groups, in the range of 60 to 70 percent, epidemics still do occur and in sizable proportions, as witness the outbreaks in Providence, R.I., and Baltimore, Md., last summer. While these epidemics did not spread throughout the entire cities, they intensively involved the unprotected population groups. The 100 cases in Providence are far less than the 927 cases in Boston in the epidemic of 1955, but still to those people paralyzed and to the community which must provide long-range care for these people, the outbreak was significant.

Responsibility for preventive services

Should it be the goal of the health professions to eradicate diseases for which the tools are available? If eradication is impossible, should we be dissatisfied with anything short of the most complete job possible in protecting the community and the individual? Or, are there priorities that must be established? Priorities relate not only to intensity of action, but also to the level of responsibility. How much responsibility for preventive medicine rests upon the individual? The private physician? The local, the State, or the Federal health organizations?

These questions are not easily answered. Priorities of action can be established more easily than ultimate goals. If the total population cannot be reached, the most susceptible groups should have top priority. Three of the group of communicable diseases discussed in this report, polio, diphtheria, and whooping cough, have their greatest impact upon preschool children.

Priority determination

This can best be illustrated by data on poliomyelitis. More accurate information about this disease is available because of the establishment of the poliomyelitis surveillance unit at the Communicable Disease Center when Salk vaccine first became available. Table 7 illustrates that the highest attack rates are in the preschool children, and table 8 shows that it is not simply the preschool children, but the unimmunized preschool children who are at the greatest risk.

Data such as this make possible program priority decisions, but do not answer the problems of how responsibility for carrying out a program is to be assigned.

Advent of new vaccines

Soon we will be faced with the advent of the new oral polio vaccine. While the public appeal of this innovation may not have the same magnitude as that stimulated by the Salk vaccine in 1955, we can expect an upsurge of interest in vaccination against poliomyelitis. There will be great pressure for massive campaigns to immunize everyone with the oral vaccine carried in sugar candy or liquid drops. Every evidence, however, points to the fact that once we are past the initial flush of success of widespread polio immunization, the problem of continued immunization of new entrants into the population is going to be with us.

Infants immunized while they are still in the hospital will need additional immunizations after they have gone home, and unless a mechanism is set up to insure administration of the required doses of vaccine, the job will not be complete. Also, people who want the liquid or oral polio vaccine may neglect the equally effective immunizations against other diseases. In the earlier report to the subcommittee, it was pointed out that the logistics of furnishing vaccine to people is no different for the oral, the killed, or the other vaccines which have been discussed. Individual crash programs in themselves are not the answer to the need for continued long-range, adequate protection against communicable diseases.

Crash programs

Crash programs often occur in the face of epidemics. A major Midwestern metropolitan area had a serious diphtheria epidemic in 1957. It was shown to be due to inadequate immunization. Intensive efforts were made to stop the epidemic with immunizations. Yet the next year the same community had a serious poliomyelitis epidemic, again because of inadequate immunization. The crash program in 1957 had not developed a continuing program to protect the community.

Life span immunization

Immunization is not over and done with in a single instant in life. It is a continuing process that must be carried on throughout childhood and young adulthood and on into the mature years. With diphtheria, for example, we are seeing a shift of cases in some localities into the older population, in whom immunity has diminished. Permanent reliance placed on school immunization is unsound because periodic booster immunizations are necessary for long-term protection against diphtheria and other diseases for which we have vaccines.

PROGRAM NEEDS

It would seem, then, that the real immunization program needs of the Nation are for mechanisms that would provide continued, scientifically sound, yet administratively feasible, methods of specific protection against communicable diseases. Once set up, these mechanisms could be adapted or extended to cope with the introduction of new products. It would not matter whether the new product was the impending oral polio vaccine, or a vaccine against measles, hepatitis, or even cancer—assuming that such a one should become available. This program would need the support of the public and of the medical profession, as well as of the official and voluntary health agencies.

Developing such mechanisms and programs is not simple—there is no one best method. Many approaches to meet these needs can be suggested. Any program of action has its advantages and disadvantages.

Cost

There are, however, certain factors that must be taken into account in developing any type of program. The cost barrier is certainly a factor among low income groups and one that is intensified by their general attitude toward taking precautionary measures against dangers that may seem remote. This lack of concern has been observed in all geographic areas and in both urban and rural communities. Whatever the reason for this, and further research on reasons would be desirable, the fact remains.

Need for ready access

Methods of getting these groups to be immunized, despite their indifference, are known. Few adults refuse to be immunized, or to have their children immunized, when there is no charge and when it involves no trouble or inconvenience to them. Few take advantage of the escape clauses in school entrance requirements for vaccination. Consequently, by taking the immunizing agent to the school, to the plant, to the home and administering it without charge, it seems probable that a high proportion of the unimmunized population in the lower economic areas could be induced to take advantage of immunizations.

The difficulties and cost of such intensive effort would be considerable. While they might be justified to get widespread use of a new immunizing agent, other methods for maintaining high immunization levels also need to be explored.

Newborn vaccination

Special emphasis on immunizations of infants under 1 year of age would appear fruitful, both in terms of reaching a high-risk group and in terms of gradually inculcating the immunization habit into the cultural patterns of these groups. Since registration of births is compulsory in all States, health departments can obtain, from birth certificates, reasonably recent addresses of all babies under 1 year of age. By persistent followup work with the family during the first year of the infant's life, it is probable that initial immunizations could be maintained at almost a 100-percent level. This would not solve the problem of booster shots, but if educational efforts were combined with the infant immunization program one might expect that the lower socioeconomic groups would begin to adopt the same attitude toward immunization that the upper and middle income groups now have.

Face-to-face approach

Experience with polio immunization indicates that, whether these or other methods are adopted by a community, the approach to the lower socioeconomic groups must be personal. Despite a 5-year multimillion dollar campaign by radio, press and television, these groups did not take advantage of polio vaccine. In contrast, isolated programs, using the personalized approach, were markedly successful.

Program priorities

It is not only a problem of motivation and economics for the consumer groups, but also for the purveyors. Health departments must use their limited resources in dollars and manpower to provide a balanced program to meet the total needs of the community. Mental health, air pollution, nursing home improvement, radiation—these and many other new programs are making demands. If these demands are to be met and if resources do not expand in proportion, then value judgments must be made. Should epidemic control or complete protection of the population be the goal?

Program necessities

If the national objective is to secure optimum immunization of the total population, additional measures must be taken either by voluntary or governmental action or by a combination of both. Communities must be enabled to employ sufficient staff to carry out a personal approach program or to organize a program that will utilize volunteer help. They must also be able to provide vaccine and to use equipment, such as compressed air jet injectors, which will remove such barriers to acceptance as cost and fear of needle injections.

Volunteer agency activity

Theoretically, it might be possible to accomplish this solely by voluntary action—raising funds for equipment and supplies by appeals to the public and relying upon the donated services of the medical profession. Practically, however, it is doubtful if the need has sufficient urgency to assure sustained voluntary effort.

Epidemic control

The health of the community is, in relation to communicable diseases, good. Few if any nations enjoy the relative freedom from epidemics that this country does. Surveillance of the communicable diseases can recognize outbreaks early and prompt action can prevent massive epidemics. This type of crash program stimulates activity for a short period of time, but then relaxation of effort takes place. Communicable diseases can be eradicated in the country, but this has not been accomplished through a single crash program but through long continued, planned activity.

Compulsion

Compulsory immunization has been suggested as a method of raising immunization levels. Some States have enacted such measures as indicated in the transmittal to the subcommittee. In addition to the broad policy implications of this approach, careful consideration must be given to such questions as how practical is it, and to what extent does it aid in the control of disease? The practical procedure is to concentrate on captive groups, such as school children. The problem of reaching the most susceptible group—preschool children—still must be faced.

Summary

In this report, we have identified the population groups who are not being adequately reached by present immunization practices. We have indicated what elements immunization programs would need to contain in order to arise immunization levels in these groups.

Finally, we have discussed three typical situations, one or another of which is characteristic of the status of communicable disease control in most communities at present: i.e., primary reliance on voluntary agency effort; on epidemic control; and on compulsory school entrance requirements.

We have not considered it appropriate to discuss in this report how immunization practices might be changed or what responsibility each level of government—local, State and Federal—might assume in achieving such change.

TABLE 7.—*Paralytic poliomyelitis cases, United States, 1960*

Age	Number 1960 [1] cases	Paralytic polio rates [2] per 100,000 population
0 to 4	952	4.8
5 to 9	514	2.7
10 to 14	174	1.1
15 to 19	113	.9
20 to 29	264	1.2
30 to 39	140	.6
40+	56	.1
All ages	2,213	1.3

[1] Polio surveillance unit corrected for 60-day followup.
[2] Based on 1959 population estimates.

TABLE 8.—*Paralytic poliomyelitis attack rates by vaccination status, 1959* [1]

Age group	Attack rates per 100,000				
	0	1	2	3	4+
0 to 4	32.0	18.0	5.8	3.6	1.4
5 to 9	28.8	23.2	8.5	2.8	1.1
10 to 14	12.3	5.9	4.0	1.1	.6
15 to 19	7.0	4.6	1.8	.9	.4
20 to 29	5.9	4.1	2.1	1.1	.7
30 to 39	2.0	3.1	.7	.4	.5
40 to 59	.3	.5	.4	.3	.1

[1] From data in CDC polio surveillance unit.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Alabama. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. When the gentleman speaks of medical testimony, did medical authorities, other than the Public Health Service, testify before the committee while hearings were being held?

Mr. ROBERTS of Alabama. Yes. We had members of the State and territorial health associations from various States of the Union who appeared in support of the legislation.

Mr. WAGGONNER. If the gentleman will yield further, were representatives of the American Medical Association present at the hearings, and did they testify?

Mr. ROBERTS of Alabama. Dr. Neuman appeared at the first hearings in March 1961. Then I believe that at the May hearings in 1962 the endorsement of the bill was by letter from the American Medical Association.

Mr. WAGGONNER. If the gentleman will yield further, the American Medical Association has endorsed this legislation?

Mr. ROBERTS of Alabama. As I understood the chairman of the full committee, the chairman made that statement. I think that is correct.

Mr. WAGGONNER. I thank the gentleman.

Mr. ROBERTS of Alabama. Mr. Chairman, I yield back the balance of my time.

Mr. HARRIS. Mr. Chairman, I have no further requests for time.

Mr. ROSTENKOWSKI. Mr. Chairman, I rise in support of H.R. 10541, a bill to assist States and communities to carry out intensive vaccination programs designed to protect their populations, especially all preschool children, against poliomyelitis, diphtheria, whooping cough, and tetanus, and against other diseases which may in the future become susceptible of practical elimination as a public health problem through such programs.

By authorizing a 3-year program of special project grants to States and with State approval, to local communities, for intensive vaccination programs against four contagious diseases which constitute significant public health problems, we will take great strides of prevention against the threat of epidemics.

It is true that, through the years, the field of medicine has taken giant steps to control and eliminate the dreaded diseases which have taken their toll of human lives. Vaccines have been developed, through countless hours of research, which protect human beings from the dreaded effects of these four diseases. But the threat of an epidemic from any one of these killers still remains, unless we can provide the vaccine to a greater number of the populace.

Evidence indicates that epidemics have begun in unimmunized groups and that most of the cases in these four diseases occur in these groups. It has been shown that the unimmunized are primarily from the lower income groups who are not reached by the usual type of health program.

This program will benefit many individuals with protection against unnecessary suffering and death from these four diseases. We can gain knowledge from the administration of the program which may prove of great value in furthering other health programs. The greatest benefit will be the freedom from threats of epidemics in the community.

It may also be noted that this legislation has important national defense implications. Considering, at the present time, that the adult population of this country has a low level of immunization against tetanus and diphtheria, two diseases which are prevalent during wars, we could reduce the dangers of loss of lives resulting from these diseases in the event a nuclear attack should take place.

This legislation has merit and its cost will be justified when we realize the benefits which can be expected. It is my hope that this body will enact the legislation before us.

Mrs. SULLIVAN. Mr. Chairman, I will, of course, vote for H.R. 10541 because I believe that, as far as it goes, it will accomplish a great deal of good in assuring wider immunization of young children against polio, diphtheria, whooping cough, and tetanus. The President recommended legislation of this kind in his message to Congress on the health needs of the American people early this year, and I strongly endorsed it in the hearings of the committee.

However, I am deeply disappointed that in approving the bill, the committee rewrote it to take out of it one of its key provisions, and one which I considered of far-reaching importance. I am referring to the provision in the original bill which authorized Federal funds not only for vaccination programs covering the four diseases specifically named in the proposal, but also—I will read:

> In connection with intensive community vaccination programs against any other diseases of an infectious nature which the Surgeon General finds represents a major public health problem in terms of high mortality, morbidity, disability, or epidemic potential and to be susceptible of practical elimination as a public health problem through intensive immunization activity over a limited period of time with vaccines or other preventive agents which may become available in the future.

Mr. Chairman, as I informed the Committee on Interstate and Foreign Commerce during hearings on this legislation, this is the kind of provision which—had it been law 10 years ago—could have prevented the chaos and confusion and near-panic over the priorities to be assigned among children for receiving the Salk polio vaccine when it first became available.

Who is to say that medical science in the next few years might not come forward with some new vaccine of equal, or even greater, importance in protecting the lives and health of children? Are we then to go through the same pushing and shoving and grabbing and attempted coercion which some parents were guilty of in seeking special treatment for their children in obtaining Salk vaccine and the Devil take the hindmost?

In 1955, when the Salk vaccine's success was so dramatically announced, there was absolutely no method for determining what children would receive it and in what priority order. I therefore suggested, in a bill which I introduced, that the Federal Government purchase the entire available—and very limited—supply of the vaccine and turn every bit of it over completely to the National Foundation for Infantile Paralysis, which had financed the discovery of the vaccine and had successfully tested it, so that the foundation could then oversee its distribution on a basis of fairness and scientific efficiency. I am sorry that was not done. If it had been done, I do not believe we would have had such unevenness in the use of the vaccine—and so many unnecessary cases of polio ever since.

Just suppose what would happen in this country if one of today's relatively obscure researchers should suddenly be found to have discovered a vaccine against a type of cancer which usually strikes children. Just imagine the rush there would be among parents for this magic vaccine. Under this bill as originally introduced, we would have the machinery for a mass immunization program which could assure some reasonable and rational kind of priority in using what would certainly at first be limited quantities. I am sorry this important feature was taken out of H.R. 10541, making the bill now before us, in my opinion, a great deal less useful than it would be as originally drafted.

I note in the report on the bill that, despite the removal of this standby authority dealing with future vaccines of great importance, "the committee stands ready, however, to give prompt consideration to any legislation which would provide authority for a similar program utilizing vaccine or any other preventive agent which may be developed in the future to provide immunization against other diseases which constitute a significant public health problem."

My feeling about that, however, is that the great breakthrough in one of the major diseases may come at a time when we had adjourned sine die and are all back home campaigning for election to a new Congress—and then what? Unless a special session of the adjourned Congress were called, it would be months before a new Congress convened, and many weeks after that before committees were organized and the new Congress ready to consider any legislation. In the meantime, we would go through the same chaos, I am afraid, we experienced in 1955 over the Salk vaccine.

It seems to me that the standby authority can not do any harm if no great immunization breakthrough should occur during the life of this proposed law—this provision would just be inoperative. On the other hand, if a miraculous vaccine should indeed come into existence, and as dramatically as the Salk vaccine did in 1955, we would be prepared with flexible administrative machinery to cope with it—and benefit from it to the fullest—whether or not Congress is in session, if this section were kept in the law.

With or without this provision, however, as I told the committee during hearings on this legislation, we can now at least stamp out polio, diptheria, whooping cough and tetanus—we know how; we have the vaccines. But the parents must cooperate and so must the communities. Vaccines in test tubes and warehouses do not immunize children. This proposed program should reach and protect all children and therefore should become law.

Mrs. GRANAHAN. Mr. Chairman, the legislation now before us to eliminate, through mass inoculation programs, four of the serious infectious diseases among children is one of a series of proposals made by President Kennedy for improving the health of the American people. We are expanding our research activities in the National Institutes of Health, but the more we learn about disease the more expensive it becomes to put our knowledge to use. As a consequence, our medical knowledge far outstrips our success in keeping our people healthy—too many go without services because of the feeling that they cannot afford it.

It is tragic that such feeling has permitted, or has been responsible for, children going without protection against polio, or the three other diseases covered in this bill—whooping cough, tetanus, and diphtheria. Yet according to the information provided in connection with this bill, much of the failure to immunize more of our young children against these diseases can be traced to economic causes or economic fears.

This bill should not only make it possible, but make it a reality, that every preschool child in the country can be immunized against these four diseases, with State and local health authorities handling the actual details of the program. While some parents for religious or other reasons, do not accept or approve use of vaccines, and will not be forced under this bill to have their children immunized, nevertheless, I believe most parents will want this protection and will be delighted to have their children participate in the new Federal program.

The success of this program should virtually eliminate these four diseases in our country as a scourge of children.

Mr. MACDONALD. Mr. Chairman, the vaccination assistance bill under consideration today is designed to eliminate, for all practical purposes, the threat of polio, diphtheria, whooping cough, and tetanus from the United States. This goal would be accomplished through assisting States and communities throughout the country to launch intensive community vaccination programs over the next 3 years and to develop ongoing maintenance programs to vaccinate the new children as they are born each year.

From the standpoint of medical science, the status of each of these four diseases represents a scientific victory. Medical research has developed for each a safe and effective vaccine that can prevent the occurrence of the disease in vaccinated persons. In 1960, the last year for which complete information is available, the four diseases accounted for more than 600 deaths and for many thousands of individual cases of sickness. But the very figures that proclaim a victory also reveal a failure. However small the total figures may appear in contrast with those of a decade ago, each of these cases represents the same period of suffering, the same major expense, and the same fear of lasting crippling effect as any case occurring in earlier years. Indeed, these tragedies must have been especially bitter for the victims and their families to accept, because all—or virtually all—could have been prevented. A highly effective vaccine has been discovered. It is available in adequate supply in all parts of the country. Yet people—mostly young children—continue to get these dread diseases.

The reason for this failure that mars the victory is clearly revealed by recent studies of the immunization status of our population. These studies show that large segments of the population still remain unvaccinated, or have only partial protection, against polio. The largest of these groups is comprised of preschool-age children. Of some 21 million children under 5, only 7 million have received the full vaccination protection recommended for polio. Yet children in this age group are especially susceptible to the disease. In other words, the record is poorest in the specific area where it should be best. Each of these unprotected persons represents another potential tragedy. And, in combination, they also represent a community health hazard, for any such group of unvaccinated persons contains the potential of an epidemic outbreak.

Another significant fact is that the highest percentage of unprotected persons is found in neighborhoods in which low-income families live. In polio, for example, among some age groups the vaccination level in the low-income families is 25 percent lower than in high-income groups despite the many free clinics in recent years.

What these figures reveal is a failure, or a major shortcoming, in the planning and conduct of regular vaccination efforts in most communities. The existing vaccination programs conducted in many communities have been reasonably effective in reaching some groups of the population, but they have two major weaknesses. First, they have been so closely related to school admissions that they have provided poor coverage for preschool children. Second, they have been least effective in reaching families in low-income neighborhoods. This latter difficulty is not due simply to the cost barrier, for problems have been encountered in such neighborhoods even when vaccination is readily available without charge.

The principal purpose of H.R. 10541 is to encourage and assist States and communities to develop and carry out intensive community programs of this nature. Such a nationwide approach to the problem offers several advantages over an uncoordinated series of local actions.

First, the biggest obstacle to be overcome is one of inertia or lack of interest on the part of the public. The most effective approach to such an obstacle is to back up local initiative and action with a simultaneous national program which makes full use of the resources of national organizations—including professional and voluntary groups—and national communications media. In such a program the momentum and cumulative force of combined efforts give extra strength to every local program.

Second, a concentrated and coordinated attack has many advantages from the standpoint of overall efficiency and economy. The services of expert consultants and specialists can be more readily obtained and more effectively used. Some educational and informational materials and programs can be used by a number of communities, either simultaneously or in a planned sequence. Equipment and supplies can be obtained and deployed more efficiently, as can certain laboratory services and facilities.

Finally, if we are to achieve the goal of virtual elimination of these diseases, a nationwide attack is necessary. In a country with such a mobile population as ours, it would be folly not to approach disease elimination across the Nation in a relatively short period of time.

In Massachusetts our record of vaccination against polio is better than for the country as a whole. From the best data available to us, somewhat over half our children under 5 years of age have had a complete series of vaccination and over 60 percent of the population under 20 years of age has received the recommended course of vaccination.

We in Massachusetts know what it means to suffer an epidemic of poliomyelitis. Such an epidemic hit us in 1955, when we had 2,771 cases of paralytic polio. We know that epidemics can and do come when there is a substantial lack of vaccination coverage. Already we have had two cases of polio in Massachusetts this year—both involving unvaccinated preschool children.

The people of my State are now engaged in a statewide program to improve the level of vaccination of young children. Last month about 1 million doses of oral polio vaccine were given in Massachusetts under this program. The second stage of the three stage program is under way now. The third dose is scheduled for this fall. The assistance which will be provided to Massachusetts under this bill will help greatly to assure complete success of this State and local undertaking.

The State health commissioner of Massachusetts, Dr. Alfred L. Frechette, has said that when the percentage of immunized children is only moderately good there is a continuing danger that outbreaks of diphtheria, whooping cough, or polio may occur. Such outbreaks are dangerous to all inadequately vaccinated persons and the control of such outbreaks is far more expensive and time consuming than their prevention by means of thorough preschool immunization.

The success of immunization programs is very much dependent on the extent to which local communities take active responsibility for such programs. Dr. Frechette points out, however, that dedication and enthusiasm are not in themselves enough. The lack of sufficient funds may dampen such enthusiasm before it can take root. The lack of adequate technical guidance and careful surveillance often spells failure for such local programs.

Mr. Chairman, the emphasis of our nationwide vaccination programs must be on excellence. We cannot be satisfied with merely good programs. The Federal assistance authorized by this bill is aimed at achieving and maintaining such excellence so that polio, diphtheria, whooping cough, and tetanus may be eliminated as health problems from the United States.

The **CHAIRMAN**. Pursuant to the rule, the Clerk will now read the substitute committee amendment printed in the report, but as an original bill, for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Vaccination Assistance Act of 1962".

SEC. 2. Part B of title III of the Public Health Service Act is amended by adding after section 316 the following new section:

"GRANTS FOR INTENSIVE VACCINATION PROGRAMS

"SEC. 317. (a) There are hereby authorized to be appropriated $14,000,000 for the fiscal year ending June 30, 1963, and $11,000,000 each for the fiscal years ending June 30, 1964, and June 30, 1965, to enable the Surgeon General to make grants to States and, with the approval of the State health authority, to political subdivisions or instrumentalities of the States under this section. Amounts appropriated pursuant to this section for the fiscal years ending June 30, 1963, and June 30, 1964, shall be available for making such grants during the fiscal year for which appropriated and the succeeding fiscal year. Such grants may be used to pay that portion of the cost of intensive community vaccination programs against poliomyelitis, diphtheria, whooping cough, and tetanus which is reasonably attributable to (1) purchase of vaccines needed to protect children under the age of five years and such additional groups of children as may be described in regulations of the Surgeon General upon his finding that they are not normally served by school vaccination programs and (2) salaries and related expenses of additional State and local health personnel needed for planning, organizational, and promotional activities in connection with such programs, including studies to determine the immunization needs of communities and the means of best meeting such needs, and personnel and related expenses needed to maintain additional epidemiologic and laboratory surveillance occasioned by such programs.

"(b) For purposes of this section an 'intensive community vaccination program' means a program of limited duration which is so designed and conducted as to achieve, with the cooperation of practicing physicians, official health agencies, voluntary organizations, and volunteers, the immunization against poliomyelitis, diphtheria, whooping cough, and tetanus over the period of the program of all, or practically all, susceptible persons in a community, particularly children who are under the age of five years, and which includes plans and measures looking toward the strengthening of ongoing community programs for the immunization against such diseases of infants and for maintenance of immunity in the remainder of the population. Nothing in this section shall be construed to require any State or any political subdivision or instrumentality of a State to have an intensive community vaccination program which would require any person who objects to immunization to be immunized or to have any child or ward of his immunized.

"(c) (1) Payments under this section may be made in advance or by way of reimbursement, in such installments, and on such terms and conditions as the Surgeon General finds necessary to carry out the purposes of this section, and the Surgeon General may, if the applicant State or other political subdivision or instrumentality so requests, purchase and furnish vaccines in lieu of making money grants for the purchase thereof.

"(2) Each applicant under this section for a money grant for the purchase of vaccines, or for a grant of vaccines in lieu of a money grant, for use in connection with an intensive community vaccination program shall, at the time it files its application with the Surgeon General, provide the Surgeon General with assurances satisfactory to him that it will, if it receives such a grant, furnish any physician, who practices in the area in which such program is to be carried out and makes application therefor to it, with such amounts of vaccines as are reasonably necessary in order to permit such physician during the period of such program to immunize his patients who are in the group for whose immunization such grant of money or vaccines is made.

"(3) Each applicant for a grant under this section for use in connection with an intensive community vaccination program shall, at the time it files its application for such grant with the Surgeon General, provide the Surgeon General with assurances satisfactory to him that it will, if it receives such grant, furnish such other services and materials as may be necessary to carry out such program.

"(d) The Surgeon General, at the request of a State or other public agency, may reduce the grant to such agency under this section by the amount of the pay, allowances, traveling expenses, and any other costs in connection with the detail of an officer or employee of the Public Health Service to such agency when such detail is made for the convenience of and at the request of such agency and for the purpose of carrying out a function for which a grant is made under this section. The amount by which such grant is so reduced shall be available for payment of such costs by the Surgeon General, but shall, for purposes of subsection (c), be deemed to have been paid to such agency.

"(e) Nothing in this section shall limit or otherwise restrict the use of funds which are granted to a State or to a political subdivision of a State under title V of the Social Security Act, other provisions of this Act, or other Federal law and which are available for the purchase of vaccine or for organizing, promoting, conducting, or participating in immunization programs, from being used for such purposes in connection with programs assisted through grants under this section."

Amend the title so as to read: "A bill to assist States and communities to carry out intensive vaccination programs designed to protect their populations, particularly all preschool children, against poliomyelitis, diphtheria, whooping cough, and tetanus."

Mr. **HARRIS** (interrupting reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with, and that the same be open to amendment at any point.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. **DOMINICK**. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DOMINICK: Page 6, beginning in line 2, strike out "and (2) salaries and" and all that follows down through line 9 on page 6, and insert in lieu thereof a period.

Mr. **DOMINICK**. Mr. Chairman and Members of the House, this is the amendment about which I talked previously. If adopted, it will have the effect of leaving the Federal Government in the position of supplying vaccines for these purposes. But it will take the Federal Government out of the position of paying all of the salaries of additional personnel in the State and local communities.

Mr. Chairman, I just cannot understand why the Federal Government should be in the position of supplying salaries of additional State and local health personnel needed for planning, organizational, and promotional activities in connection with this program. This, in fact, if put into effect, could completely eliminate any money for that matter for vaccines, and they could use it all on the people who are organizing or promoting or planning. It could be one grade A boondoggle, the likes of which this Government has not seen in a long time.

What I am trying to do is to bring this back to where the Federal Government, which we seem to think is necessary, will supply the necessary funds for the vaccine to the State and local communities. Under the two bills already in effect, we have provided for services of this kind, for the States to go ahead and supply their own initiative and their own drive, just as Illinois and Colorado and Nebraska and the other States have done to try and do something about these diseases with which we are all concerned. It seems to me that it is a lot more important for us to be concerned about doing something about the diseases than it is to be concerned about whose salary we are going to be paying in Lower Podunk in Southern Slobovia.

Mr. **KYL**. Mr. Chairman, will the gentleman yield?

Mr. **DOMINICK**. I am glad to yield to the gentleman.

Mr. **KYL**. This is exactly the same as the amendment I offered previously. I cannot see any sense in the language of the bill at the present time. If we are serious about doing something to bring vaccination to these young people of the Nation, then that should be our purpose, and there is no room in this bill for money for this practice which could simply promote a big medical boondoggle without any results of immunization of the younger people.

I certainly hope this amendment will be adopted.

Mr. **O'BRIEN** of New York. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I, too, would like to compliment the gentleman from Colorado for his effective work in the committee. He did help polish up this bill. But I am afraid if his amendment is adopted we will have virtually no bill as far as the effectiveness of the program is concerned.

There has been a great deal of discussion here today about the remarkable job that has been done in Colorado, which was mentioned specifically, and in Vermont and Nebraska. And I might say a pretty good job is being done in New York, too. When we get all through with those shining examples of local efficiency in this field, we come back to the unanswerable and unanswered argument that two-thirds of the children under 5 years of age in the United States have not yet received their vaccination against these diseases, and two-thirds of the adults in the United States have not been vaccinated.

If there were a question here of saving some money perhaps the arguments might be more impressive. The suggestion that we have here in this amendment is that we only transfer the cost. No one has suggested that the local communities, operating individually, or the local States, will do a better or more efficient job. So actually there is no saving here. And even if there were, I wonder how we would measure in terms of dollars and cents what this bill proposes to do. What is the life of a child worth? Eight dollars? Eighty dollars? I do not know. We cannot put that kind of measurement upon this kind of legislation. And while some have suggested that the people are being educated day and night on television and radio, I can recall, we all recall, these warnings before a holiday, "Drive slowly," which everyone promptly forgets. But if the skilled people of the U.S. Health Service, together with the skilled people at the local level come into a community and provide a specific project, the response will be much greater than to the scatter-gun approach of an occasional public service announcement on radio or television.

I hope that this amendment will not prevail because if it does the bill will have very little effect.

Mr. HARRIS. Mr. Chairman, I move to strike out the last word.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Iowa.

Mr. KYL. The gentleman from New York, with whom I can usually agree in almost everything he says, I do not see was talking about the amendment offered by the gentleman from Colorado, because all we are trying to do with this amendment is make more of this money available in immunizing the children of the United States so they will not face the threat of these horrible diseases.

Mr. DOMINICK. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Colorado.

Mr. DOMINICK. The gentleman from New York said that the children up to 5 years of age had not been inoculated, and two-thirds of the adults. I do not know where he got the adult figure at all. I refer the committee to page 66 of the hearings, when Dr. Smith is talking, and he said:

> The figures are these: In the 0-to-4 age group, 20 percent have no immunization whatsoever.

I just want to get the figures correct on that.

Mr. HARRIS. The gentleman from New York was talking about the other category we were trying to reach.

I hope this amendment will not be agreed to. I know there is the best of intentions in the gentleman's amendment. I know he does not want to do anything that would impair the program at all. But let me show you what it would do. The testimony given to the committee shows that of this grant some $4.2 million would go for this purpose, which I will point out to you in a minute, and that $8.5 million will go for vaccine. In other words, about one-third of the total cost that is estimated to be necessary here would be stricken out completely.

The distinguished gentleman from Oregon, a doctor who is so familiar with what is needed, put his finger on it in the debate when he said that what we need to do here is to impress and make the people realize, educate the people that this must be done. We are striking out all of that if we do this. The gentleman proposes to strike out in this program here additional State and local health personnel needed for planning, organizational, and promotional activities. The State offices do not have people to accomplish that kind of service and therefore they would not be available, and all of that would be stricken out, in addition to activities in connection with such programs, including studies to determine the immunization needs of communities and the means of meeting such needs and personnel and related expenses needed to maintain additional epidemiologic and laboratory surveillance occasioned by such programs.

I do not think the Members really want to curtail the program by doing this, and I know the gentleman does not intend to do it. But on page 8 the State is required to give assurances—that is their job—to give assurances satisfactory to the Surgeon General that the State, if it receives such grant, will furnish such other services and materials as may be necessary to carry out such program. We put an obligation on the State in order to help. It is a cooperative program.

I am confident that the gentleman does not want the majority of this program, the only part that really can be effective beyond the limited program that is in existence today, to be cut out. I ask that the amendment be defeated.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Iowa.

Mr. KYL. The gentleman certainly does not suggest that the State health departments do not now have capable and trained people who are now engaged in this same work.

Mr. HARRIS. We have no information, no hearings, nothing was brought to the attention of the committee. The overwhelming testimony was that they do not have people to accomplish this service. This is additional services.

Mr. Chairman, I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado [Mr. DOMINICK].

The question was taken; and on a division (demanded by Mr. DOMINICK), there were—ayes 25, noes 37.

So the amendment was rejected.

Mr. KYL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. KYL: On page 6, line 16, following the word "tetanus", add this language: "and any other disease the Surgeon General shall determine".

Mr. KYL. Mr. Chairman, I shall not take the 5 minutes to explain this amendment. It is very simple. I will begin by assuming that every single word that has been said in favor of this bill today is absolutely true and proceed from that point to say that if all of these statements are true, then it is certainly unreasonable to limit the application to four specific diseases when there are certainly others which the Surgeon General might prescribe from time to time that might be included.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. KYL. I yield to the gentleman from Arkansas.

Mr. HARRIS. Could the gentleman advise the Committee what other diseases he might have in mind?

Mr. KYL. There are many other diseases that could be at one time or another a very serious problem in a particular community or an even larger area such as a county or State; such a disease as smallpox, for instance, or even one that has been mentioned, measles. We cannot eliminate measles by vaccination but we can definitely minimize effects by innoculations.

Mr. HARRIS. The gentleman does not have in mind any particular disease at the moment?

Mr. KYL. There is none stated in this amendment. It simply says the Surgeon General in his wisdom can determine, if he so desires, that to prevent an epidemic in Arkansas, Iowa, and California because of floods or because of some other natural hazard or because of the unexplainable fact of epidemics, decides that the Federal Government should participate through this program in trying to alleviate the misery and suffering attendant to a particular disease. As I say, if there is merit to anything that has been said here in favor of the bill, I can see no logical reason whatsoever for failure to include other diseases which can be controlled through innoculation or immunization.

Mr. SPRINGER. Mr. Chairman, I will say to my colleagues that this was the objection, when the Secretary came down, that this is a scatter-gun approach. I thought we tried to iron this out and deal with these diseases that we feel have some applicability to present day reality. We tried to bring some reason to the program and we did not leave it in the discretion of some administrator as to what he believes ought to be done. We have limited this program to diseases that we feel are confronting us with problems that we can realistically try to cope with at the present time, and we have limited this to two particular categories of people—those less than 5 and those who the testimony reveals at the present time are not being inoculated. I think we have tried to be as reasonable in this program as we could. I have a great deal of respect for the distinguished gentleman from Iowa with reference to this, but I do want to say I would question whether I could support a bill of that nature with no more evidence than was given to our committee as to the necessity for that kind of scattergun approach.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. HARRIS. Is it not true that the committee did give careful consideration to this point? And the language was included in the original bill, as the gentleman may recall, sent down by the Secretary. We decided that we would pinpoint it on these things which the committee during the course of the hearings felt were really needed. This matter was considered in the committee and the committee in fact turned down this language after most careful consideration. We put on a limitation of 3 years and a specific program to accomplish what we felt could be accomplished at this time.

Mr. SPRINGER. Let me say this: The committee had very definite reservations about a bill that would work and would not leave this to some bureaucrat to decide what ought to be done rather than relying on testimony before the committee as to what we believed was necessary and could be done at this time.

Mr. DURNO. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. DURNO. I just want to suggest to the gentleman that one of the most serious things for children are the aftereffects or complications of measles. It is not the disease, it is the sequelae, the aftereffects, the complications. Those are indeed serious. If we want to do something for the children of America we should certainly include preventive inoculation to minimize the dangerous complications.

Mr. SPRINGER. If the gentleman wants to submit an amendment on that particular matter and limit it to measles, and if he can show some evidence of its effectiveness I think he might get the amendment adopted. I would not be in position to accept it on the sole statement of the gentleman from Washington. We had no satisfactory evidence about it.

Mr. MOSS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the committee very carefully considered the need for including measles. It was the testimony of representatives of the Public Health Service that we were not at a point where we had an effective vaccine, although it is hoped that within the period of a year or two some specific vaccine will be developed. We had present those heading the Chief of the Epidemiological Laboratory of the Public Health Service from down in Georgia, and it was concluded by the committee that there would be ample time, because the committee has not failed to respond to properly-supported requests—ample time to authorize programs when the Public Health Service is able to come to the committee with the assurance that they have something that they would support or certify as being adequately effective to prevent measles or any other disease.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I shall be very happy to yield to the gentleman, yes.

Mr. HARRIS. And it is not true that the Secretary advised the committee that they had no way of knowing what the costs would be at this point?

Mr. MOSS. That is quite true.

Mr. HARRIS. Consequently we had no information on which we could base action to get to this particular program.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from Iowa.

Mr. KYL. Was the original request that was set up by the department from downtown in respect to the four diseases here, or was it of a more general nature?

Mr. MOSS. It was of a general nature. However, I would say that the cost estimates which are submitted here in connection with this legislation were predicated on the cost of the four programs specifically stated. We had testimony making it quite clear that additional estimates could not be given.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. Kyl].

The amendment was rejected.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Loser, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 10541), pursuant to House Resolution 699, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

The title was amended to read: "A bill to assist States and communities to carry out intensive vaccination programs designed to protect their populations, particularly all preschool children, against poliomyelitis, diphtheria, whooping cough, and tetanus."

A motion to reconsider was laid on the table.

Mr. HARRIS. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in Committee of the Whole on the bill H.R. 10541 this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

GENERAL LEAVE TO EXTEND REMARKS

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks at the appropriate place in the Record on H.R. 10541.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 9822. An act to provide that lands within the exterior boundaries of a national forest acquired under section 8 of the act of June 28, 1934, as amended (43 U.S.C. 315g), may be added to the national forest.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 2164. An act to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes.

S. 3203. An act to extend the Defense Production Act of 1950, as amended, and for other purposes.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 3161) entitled "An act to provide for continuation of authority for regulation of exports, and for other purposes; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Robertson, Mr. Sparkman, Mr. Douglas, Mr. Capehart, and Mr. Bennett to be the conferees on the part of the Senate.

CONTINUATION OF AUTHORITY FOR REGULATION OF EXPORTS

Mr. HARRIS. Mr. Speaker, on behalf of the gentleman from Texas [Mr. Patman], of the Committee on Banking and Currency, I ask unanimous consent to take from the Speaker's desk the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, with House amendments thereto, insist on the House amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. PATMAN, RAINS, MULTER, BARRETT, KILBURN, MCDONOUGH, and WIDNALL.

SUPREME COURT DECISION ON PRAYER IN PUBLIC SCHOOLS

Mr. ROUDEBUSH. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. ROUDEBUSH. Mr. Speaker, I wish to express my shock and distaste for the appalling decision rendered yesterday by the U.S. Supreme Court which outlaws prayer in our public schools.

It is my prediction that this decision, which is a blow to the very foundations of this Nation, will arouse and offend the American people to an unprecedented degree.

This decision strikes at the very heart of our Republic which was established by the Founding Fathers in the belief of a free America blessed and guided by a Divine Being.

Our Declaration of Independence and our wonderful Constitution were written by God-fearing and religious men.

Our national anthem, "The Star-Spangled Banner," contains three verses which recognize God and offers a prayer for America.

The Pledge of Allegiance to the United States contains these words:

> One Nation, under God, indivisible, with liberty and justice for all.

The Congress had enacted legislation which calls for a National Day of Prayer each year.

Our monetary coins carry the inscription, "In God we trust."

Each of our Presidents, from George Washington to John F. Kennedy, has upon assuming his office asked the protection and help of God and has taken the oath while swearing on the Holy Bible.

Here in the U.S. House of Representatives, and in the other body, our daily sessions are opened by prayer. Our school commencement services are begun by prayer. Is this now unlawful?

The Supreme Court decision violates the deeply entrenched and highly cherished spiritual traditions of America—and is a mockery of our forefathers who based their claim for a free and independent new nation on a "firm reliance on the protection of divine providence."

The ramifications of this decision command our urgent examination.

If schoolchildren in public schools are forbidden to pray, what can we next expect?

Shall we here in the Halls of Congress, a public hall, be forbidden to pray? And, what of opening prayers for all public events throughout our beloved Nation? Shall they be halted by the Supreme Court?

It appears the Supreme Court would place this Nation on an equal plane with Soviet Russia where the godless and atheistic Communist rulers permit no mention of a Supreme Being.

From the Supreme Court we have heard the same words as from Russian Cosmonaut Titov whose anti-Christ utterances were widely publicized during his recent ill-advised and ill-conceived visit to our shores.

It is incomprehensible to me that a nation which has acknowledged and pledged its very existence to God could produce a judicial body that would decide it is unconstitutional for our children to publicly and simply declare their belief in God.

Mr. Speaker, the hour is indeed late for America, when we would deny our God from whom all our blessings flow.

This is not a question of separation of church and state; it is a question of oppression of religion in America.

It is my wish to denounce in the strongest terms possible the decision of the Supreme Court which I consider an affront to every American, regardless of race, creed, or religion.

FBI AGENTS TRAILING ALLEGED DRUG PIRATES

Mr. ROUDEBUSH. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. ROUDEBUSH. Mr. Speaker, on May 3, 1961, I submitted a bill for the consideration of this body, H.R. 6811, which has as its purpose the protection of American manufacturers from theft of patent rights and formulas of drug and pharmaceutical products.

This bill remains in committee despite the fact that I feel, with some pride in authorship, it is one of the more important pieces of legislation submitted to this Congress.

The need for passage of this legislation is demonstrated most clearly by an article in the Washington Daily News of June 21, 1962, written by Mr. John Troan. In this article, Mr. Troan points out the tremendous expenditures by our pharmaceutical manufacturers in the field of research to develop the so-called miracle drugs which have resulted in the saving of countless lives not only in the United States but throughout the world.

The theft of these patents has become a big business, and, as I have repeatedly pointed out on the floor of Congress, the greatest purchaser of these drugs manufactured from stolen patents is the U.S. Government.

It is inconceivable to me that we, as a nation, should compound this theft and lack of ethics by purchasing such pharmaceuticals.

Mr. Speaker, I submit herewith this fine article by Mr. Troan:

NEW YORK AND ITALIAN FIRMS INVOLVED—FBI AGENTS TRAILING ALLEGED DRUG PIRATES

(By John Troan)

The FBI is hot on the trail of an alleged international ring of drug pirates.

Scores of agents from the Federal Bureau of Investigation—plus authorities in Europe, Canada, and the Middle East—have been combing three continents for months to unravel the fantastic case.

Involved is the alleged theft of chemical secrets from a leading pharmaceutical firm in New York and their purported sale to six drug companies in Italy—including one said to be headed by a Member of the Italian Senate.

The secrets deal with the production of four miracle drugs made by Lederle Laboratories in Pearl River, N.Y., a division of the American Cyanamid Co.

SPENT $12.5 MILLION

Lederle says it spent more than $12.5 million over a 16-year period to develop these drugs—an antiarthritis hormone, Aristocort, and the antibiotics, Aureomycin, Achromycin, and Declomycin.

According to sworn statements just filed by Lederle with a New York City court, top trade secrets—including key drug samples and even company-bred "germs" which serve as microscopic medicine makers in the production of antibiotics—were pirated from its labs and illicitly sold to Italian firms for payoffs that reportedly ranged from $50,000 to $110,000.

The statements indicate some drug samples were toted around in shoeboxes and some micro-organisms were spirited out of the country in small metal cigar tubes after being housed in a kitchen refrigerator.

EIGHTEEN-MONTH PROBE

The case has been brought to the fore by Lederle itself. Its detectives capped an 18-month investigation by getting statements—in the past 2 weeks—from three persons who swore they took part in the scheme.

These statements, describing operations of the alleged drug ring, have been filed with New York State Supreme Court Justice Arthur Markewich. Two of them name Dr. Sidney M. Fox, former chemist for Lederle, as ringleader.

Dr. Fox, 42, of Spring Valley, N.Y., worked for Lederle for 5 years before quitting in September 1959. He now heads Kim Laboratories in Suffern, N.Y., which Lederle contends was the front for the operation.

Justice Markewich has issued a temporary restraining order forbidding Dr. Fox to dispose of any Lederle property which might be in his possession illegally. The company also wants the court to name a receiver to whom Dr. Fox would have to surrender confidential documents the firm claims he still has.

FIGHTS SUIT

Dr. Fox is fighting this, as well as a contempt-of-court conviction which grew out of his refusal to answer questions as a witness in another suit filed against an alleged accomplice, Nathan Sharff, an official of Biorganic Laboratories, East Paterson, N.J. In that proceeding, in the U.S. district court in Newark, N.J., Dr. Fox took the fifth amendment 62 times.

Lederle, in its civil suits, is seeking $5 million damages from Dr. Fox and a similar amount from Mr. Sharff.

It also wants $5 million from Elio Salvetti, an Italian who allegedly served as go-between in negotiating deals for Dr. Fox. But Lederle has not been able to serve Mr. Salvetti with the necessary legal papers. Mr. Salvetti is believed to be either in his native Italy or in Canada.

CHECKING

The FBI is checking to find out if any criminal violations have occurred. For one thing, property allegedly stolen from Lederle has been traced across State lines and even to Rome. In fact, one Italian company has returned to Lederle drug samples purportedly bought from Dr. Fox.

Lederle holds patent rights to all the drugs, and some of the Italian firms allegedly involved in the dealings have, in turn, been selling medicine to the U.S. Government.

One of these is IBI (Instituto Biochimico Italiano). According to John Cancelarich, former chemical engineer for Lederle, IBI's president is Antonio Cremisini—"a senator in the Italian Government."

Mr. Cancelarich, 32, now lives in Milan, Italy. In his sworn affidavit, he told of meeting Mr. Cremisini when Mr. Salvetti was trying to swing a $50,000 deal to sell IBI enough information to make declomycin. He said the deal went through.

Mr. Cancelarich also told of stealing confidential production records, purified drug samples and homegrown micro-organisms from Lederle for Dr. Fox. At that time, Mr. Cancelarich still worked for Lederle.

SUPREME COURT DECISION ON PRAYER IN PUBLIC SCHOOLS

Mr. McCULLOCH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. McCULLOCH. Mr. Speaker, as the Representative from the Fourth Congressional District of Ohio, and for all, or nearly all of the 360,000 people in that district, I wish to commend Mr. Justice Stewart for his able and courageous dissenting opinion in the case of Engel et al. against Vitale, Jr., et al., decided by the Supreme Court on June 25, 1962, which in effect, held unconstitutional the lawful order of a public school official which provided the following prayer be individually, voluntarily said, aloud, at the beginning of each schoolday:

> Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country.

Mr. Speaker, the opinion of the Court, with which I cannot agree, and which appears so utterly unacceptable to so many, the concurring opinion of Mr. Justice Douglas and the dissenting opinion of Mr. Justice Stewart are, as follows:

[Supreme Court of the United States—
No. 468, October Term, 1961]

STEVEN I. ENGEL, ET AL., PETITIONERS, v.
WILLIAM J. VITALE, JR., ET AL.

(On writ of certiorari to the Court of Appeals
of New York.)

(June 25, 1962.)

Mr. Justice Black delivered the opinion of the Court.

The respondent Board of Education of Union Free School District No. 9, New Hyde Park, N.Y., acting in its official capacity under State law, directed the school district's principal to cause the following prayer to be said aloud by each class in the presence of a teacher at the beginning of each school day:

> "Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers and our country."

This daily procedure was adopted on the recommendation of the State board of regents, a governmental agency created by the State constitution to which the New York Legislature has granted broad supervisory, executive, and legislative powers over the State's public school system.[1] These State officials composed the prayer which they recommended and published as a part of their "Statement on Moral and Spiritual Training in the Schools," saying: "We believe that this statement will be subscribed to by all men and women of good will, and we call upon all of them to aid in giving life to our program."

Shortly after the practice of reciting the regents' prayer was adopted by the school district, the parents of 10 pupils brought this action in a New York State court, insisting that use of this official prayer in the public schools was contrary to the beliefs, religions, or religious practices of both themselves and their children. Among other things, these parents challenged the constitutionality of both the State law authorizing the school district to direct the use of prayer in public schools and the school district's regulation ordering the recitation of this particular prayer on the ground that these actions of official governmental agencies violate that part of the 1st amendment of the Federal Constitution which commands that "Congress shall make no law respecting an establishment of "religion"—a command which was "made applicable to the State of New York by the 14th amendment of the said Constitution." The New York Court of Appeals, over the dissents of Judges Dye and Fuld, sustained an order of the lower State courts which had upheld the power of New York to use the regents' prayer as a part of the daily procedures of its public schools so long as the schools did not compel any pupil to join in the prayer over his or his parents' objection.[2] We granted certiorari to review this important decision involving rights protected by the 1st and 14th amendments.[3]

We think that by using its public school system to encourage recitation of the regent's prayer, the State of New York has adopted a practice wholly inconsistent with the establishment clause. There can, of course, be no doubt that New York's program of daily classroom invocation of God's blessings as prescribed in the regents' prayer is a religious activity. It is a solemn avowal of divine faith and supplication for the blessings of the Almighty. The nature of such a prayer has always been religious, none of the respondents has denied this and the trial court expressly so found:

"The religious nature of prayer was recognized by Jefferson and has been concurred in by theological writers, the U.S. Supreme Court and State courts and administrative officials, including New York's Commissioner of Education. A committee of the New York legislature has agreed.

"The board of regents as amicus curiae, the respondents and intervenors all concede the religious nature of prayer, but seek to distinguish this prayer because it is based on our spiritual heritage."[4]

The petitioners contend among other things that the State laws requiring or permitting use of the regents' prayer must be struck down as a violation of the establishment clause because that prayer was composed by governmental officials as a part of a governmental program to further religious beliefs. For this reason, petitioners argue, the State's use of the regents' prayer in its public school system breaches the constitutional wall of separation between church and State. We agree with that contention since we think that the constitutional prohibition against laws respecting an establishment of religion must at least mean that in this country it is no part of the business of government to compose official prayers for any group of the American people to recite as a part of a religious program carried on by government.

It is a matter of history that this very practice of establishing governmentally composed prayers for religious services was one of the reasons which caused many of our early colonists to leave England and seek religious freedom in America. The Book of Common Prayer, which was created under governmental direction and which was approved by acts of Parliament in 1548 and 1549,[5] set out in minute detail the accepted form and content of prayer and other religious ceremonies to be used in the established, tax-supported Church of England.[6] The controversies over the book and what should be its contents repeatedly threatened to disrupt the peace of that country as the accepted forms of prayer in the established church changed with the views of the particular ruler that happened to be in control at the time.[7] Powerful groups representing some of the varying religious views of the people struggled among themselves to impress their particular views upon the Government and obtain amendments of the book more suitable to their respective notions of how religious services should be conducted in order that the official religious establishment would advance their particular religious beliefs.[8] Other groups, lacking the necessary political power to influence the Government on the matter, decided to leave England and its established church and seek freedom in America from England's governmentally ordained and supported religion.

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[1] See New York Constitution, art. V, sec. 4; New York Education Law, secs. 101, 120 *et seq.*, 202, 214–219, 224, 245 *et seq.*, 704, and 801 *et seq.*

[2] 10 N.Y. 2d 174, 176 N.E. 2d 579. The trial court's opinion, which is reported at 18 Misc. 2d 659, 191 N.Y.S. 2d 453, had made it clear that the board of education must set up some sort of procedures to protect those who objected to reciting the prayer: "This is not to say that the rights accorded petitioners and their children under the 'free exercise' clause do not mandate safeguards against such embarrassments and pressures. It is enough on this score, however, that regulations, such as were adopted by New York City's Board of Education in connection with its released time program, be adopted, making clear that neither teachers nor any other school authority may comment on participation or nonparticipation in the exercise nor suggest or require that any posture or language be used or dress be worn or be not used or not worn. Nonparticipation may take the form either of remaining silent during the exercise, or if the parent or child so desires, of being excused entirely from the exercise. Such regulations must also make provision for those nonparticipants who are to be excused from the prayer exercise. The exact provision to be made is a matter for decision by the board, rather than the court, within the framework of constitutional requirements. Within that framework would fall a provision that prayer participants proceed to a common assembly while nonparticipants attend other rooms, or that nonparticipants be permitted to arrive at school a few minutes late or to attend separate opening exercises, or any other method which treats with equality both participants and nonparticipants." 18 Misc. 2d, at 696, 191 N.Y.S. 2d, at 492–493. See also the opinion of the Appellate Division affirming that of the trial court, reported at 11 App. Div. 2d 340, 206 N.Y.S. 2d 183.

[3] 368 U.S. 924.

[4] 18 Misc. 2d, at 671–672, 191 N.Y.S. 2d, at 468–469.

[5] 2 and 3 Edward VI, c. 1, entitled "An act for Uniformity of Service and Administration of the Sacraments throughout the Realm"; 3 & 4 Edward VI, c. 10, entitled "An act for the abolishing and putting away of divers Books and Images."

[6] The provision of the various versions of the "Book of Common Prayer," are set out in broad outline in the Encylopedia Britannica, vol. 18 (1957 ed.), pp. 420–423. For a more complete description, see Pullan, "The History of the Book of Common Prayer" (1900).

[7] The first major revision of the "Book of Common Prayer" was made in 1552 during the reign of Edward VI. 5 & 6 Edward VI, c. 1. In 1553, Edward VI died and was succeeded by Mary who abolished the "Book of Common Prayer" entirely. 1 Mary, c. 2. But upon the accession of Elizabeth in 1558, the Book was restored with important alterations from the form it had been given by Edward VI. 1 Elizabeth, c. 2. The resentment to this amended form of the Book was kept firmly under control during the reign of Elizabeth but, upon her death in 1603, a petition signed by more than 1,000 Puritan

It is an unfortunate fact of history that when some of the very groups which had most strenuously opposed the established Church of England found themselves sufficiently in control of colonial governments in this country to write their own prayers into law, they passed laws making their own religion the official religion of their respective colonies.[9] Indeed, as late as the time of the Revolutionary War, there were established churches in at least 8 of the 13 former Colonies and established religions in at least 4 of the other 5.[10] But the successful Revolution against English political domination was shortly followed by intense opposition to the practice of establishing religion by law. This opposition crystallized rapidly into an effective political force in Virginia where the minority religious groups such as Presbyterians, Lutherans, Quakers, and Baptists had gained such strength that the adherents to the established Episcopal Church were actually a minority themselves. In 1785–86, those opposed to the established Church, led by James Madison and Thomas Jefferson, who, though themselves not members of any of these dissenting religious groups, opposed all religious establishments by law on grounds of principle, obtained the enactment of the famous "Virginia Bill for Religious Liberty" by which all religious groups were placed on an equal footing so far as the State was concerned.[11] Similar though less far-reaching legislation was being considered and passed in other States.[12]

By the time of the adoption of the Constitution, our history shows that there was a widespread awareness among many Americans of the dangers of a union of church and state. These people knew, some of them from bitter personal experience, that one of the greatest dangers to the freedom of the individual to worship in his own way lay in the Government's placing its official stamp of approval upon one particular kind of prayer or one particular form of religious services. They knew the anguish, hardship, and bitter strife that could come when zealous religious groups struggled with one another to obtain the Government's stamp of approval from each King, Queen, or protector that came to temporary power. The Constitution was intended to avert a part of this danger by leaving the Government of this country in the hands of the people rather than in the hands of any monarch. But this safeguard was not enough. Our founders were no more willing to let the content of their prayers and their privilege of praying whenever they pleased be influenced by the ballot box than they were to let these vital matters of personal conscience depend upon the succession of monarchs. The first amendment was added to the Constitution to stand as a guarantee that neither the power nor the prestige of the Federal Government would be used to control, support or influence the kinds of prayer the American people can say—that the people's religions must not be subjected to the pressures of Government for change each time a new political administration is elected to office. Under that amendment's prohibition against governmental establishment of religion, as reinforced by the provisions of the 14th amendment, Government in this country, be it State or Federal, is without power to prescribe by law any particular form of prayer which is to be used as an official prayer in carrying on any program of governmentally sponsored religious activity.

There can be no doubt that New York's State prayer program officially establishes the religious beliefs embodied in the regents' prayer. The respondents' argument to the contrary, which is largely based upon the contention that the regents' prayer is "nondenominational" and the fact that the program, as modified and approved by State courts, does not require all pupils to recite the prayer but permits those who wish to do so to remain silent or be excused from the room, ignores the essential nature of the program's constitutional defects. Neither the fact that the prayer may be denominationally neutral, nor the fact that its observance on the part of the students is voluntary can serve to free it from the limitations of the establishment clause, as it might from the free exercise clause, of the 1st amendment, both of which are operative against the States by virtue of the 14th amendment. Although these two clauses may in certain instances overlap, they forbid two quite different kinds of governmental encroachment upon religious freedom. The establishment clause, unlike the free exercise clause, does not depend upon any showing of direct governmental compulsion and is violated by the enactment of laws which establish an official religion whether those laws operate directly to coerce nonobserving individuals or not. This is not to say, of course, that laws officially prescribing a particular form of religious worship do not involve coercion of such individuals.

When the power, prestige and financial support of government is placed behind a particular religious belief, the indirect coercive pressure upon religious minorities to conform to the prevailing officially approved religion is plain. But the purposes underlying the establishment clause go much further than that. Its first and most immediate purpose rested on the belief that a union of government and religion tends to destroy government and to degrade religion. The history of governmentally established religion, both in England and in this country, showed that whenever government had allied itself with one particular form of religion, the inevitable result had been that it had incurred the hatred, disrespect and even contempt of those who held contrary beliefs.[13] That same history showed that many people had lost their respect for any religion that had relied upon the support of government to spread its faith.[14] The establishment clause thus

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ministers was presented to King James I asking for further alterations in the Book. Some alterations were made and the Book retained substantially this form until it was completely suppressed again in 1645 as a result of the successful Puritan Revolution. Shortly after the restoration in 1660 of Charles II, the Book was again reintroduced, 13 & 14 Charles II, c. 4, and again with alterations. Rather than accept this form of the Book some 2,000 Puritan ministers vacated their benefits. See generally Pullan, "The History of the Book of Common Prayer," (1900), pp. vii-xvi; Encyclopaedia Britannica (1957 ed.), vol. 18, pp. 421–422.

[8] For example, the Puritans twice attempted to modify the "Book of Common Prayer" and once attempted to destroy it. The story of their struggle to modify the Book in the reign of Charles I is vividly summarized in Pullan, "History of the Book of Common Prayer," at p. xiii: "The King actively supported those members of the Church of England who were anxious to vindicate its Catholic character and maintain the ceremonial which Elizabeth had approved. Laud, Archbishop of Canterbury, was the leader of this school. Equally resolute in his opposition to the distinctive tenets of Rome and of Geneva, he enjoyed the hatred of both Jesuit and Calvinist. He helped the Scottish bishops, who had made large concessions to the uncouth habits of Presbyterian worship, to draw up a 'Book of Common Prayer for Scotland.' It contained a Communion Office resembling that of the book of 1549. It came into use in 1637, and met with a bitter and barbarous opposition. The vigor of the Scottish Protestants strengthened the hands of their English sympathisers. Laud and Charles were executed, Episcopacy was abolished, the use of the 'Book of Common Prayer' was prohibited."

[9] For a description of some of the laws enacted by early theocratic governments in New England, see Parrington, "Main Currents in American Thought" (1930), vol. 1, pp. 5–50; Whipple, "Our Ancient Liberties" (1927), pp. 63–78; Wertenbaker, "The Puritan Oligarchy" (1947).

[10] The Church of England was the established church of at least five colonies: Maryland, Virginia, North Carolina, South Carolina and Georgia. There seems to be some controversy as to whether that church was officially established in New York and New Jersey but there is no doubt that it received substantial support from those States. See Cobb, "The Rise of Religious Liberty in America" (1902), pp. 338, 408. In Massachusetts, New Hampshire and Connecticut, the Congregationalist Church was officially established. In Pennsylvania and Delaware, all Christian sects were treated equally in most situations but Catholics were discriminated against in some respects. See generally Cobb, "The Rise of Religious Liberty in America" (1902). In Rhode Island all Protestants enjoyed equal privileges but it is not clear whether Catholics were allowed to vote. Compare Fiske, "The Critical Period in American History" (1899), p. 76 with Cobb, "The Rise of Religious Liberty in America" (1902), pp. 437–438.

[11] 12 Hening, Statutes of Virginia (1823), 84, entitled "An act for establishing religious freedom." The story of the events surrounding the enactment of this law was reviewed in *Everson* v. *Board of Education*, 330 U.S. 1, both by the Court, at pp. 11–13, and in the dissenting opinion of Mr. Justice Rutledge, at pp. 33–42. See also Fiske, "The Critical Period in American History" (1899), pp. 78–82; James, "The Struggle for Religious Liberty in Virginia" (1900); Thom, "The Struggle for Religious Freedom in Virginia: The Baptists" (1900); Cobb, "The Rise of Religious Liberty in America" (1902), pp. 74–115, 482–499.

[12] See Cobb, "The Rise of Religious Liberty in America" (1902), pp. 482–509.

[13] "[A]ttempts to enforce by legal sanctions, acts obnoxious to so great a proportion of citizens, tend to enervate the laws in general, and to slacken the bands of society. If it be difficult to execute any law which is not generally deemed necessary or salutary, what must be the case where it is deemed invalid and dangerous? and what may be the effect of so striking an example of impotency in the Government, on its general authority." "Memorial and Remonstrance Against Religious Assessments, II Writings of Madison," 183, 190.

[14] "It is moreover to weaken in those who profess this religion a pious confidence in its innate excellence, and the patronage of its author; and to foster in those who still reject it, a suspicion that its friends are too conscious of its fallacies, to trust it to its own merits. * * * [E]xperience witnesseth that ecclesiastical establishments, instead of maintaining the purity and efficacy of religion, have had a contrary operation. During almost 15 centuries, has the legal es-

stands as an expression of principle on the part of the founders of our Constitution that religion is too personal, too sacred, too holy, to permit its "unhallowed perversion" by a civil magistrate.[15] Another purpose of the establishment clause rested upon an awareness of the historical fact that governmentally established religions and religious persecutions go hand in hand.[16] The founders knew that only a few years after the "Book of Common Prayer" became the only accepted form of religious services in the established Church of England, an act of uniformity was passed to compel all Englishmen to attend those services and to make it a criminal offense to conduct or attend religious gatherings of any other kind [17]—a law which was consistently flouted by dissenting religious groups in England and which contributed to widespread persecutions of people like John Bunyan who persisted in holding "unlawful (religious) meetings * * * to the great disturbance and distraction of the good subjects of this kingdom. * * *"[18] And they knew that similar persecutions had received the sanction of law in several of the colonies in this country soon after the establishment of official religions in those colonies.[19] It was in large part to get completely away from this sort of systematic religious persecution that the founders brought into being our Nation, our Constitution, and our Bill of Rights with its prohibition against any governmental establishment of religion. The New York laws officially prescribing the regents' prayer are inconsistent with both the purposes of the establishment clause and with the establishment clause itself.

It has been argued that to apply the Constitution in such a way as to prohibit State laws respecting an establishment of religious services in public schools is to indicate a hostility toward religion or toward prayer. Nothing, of course, could be more wrong. The history of man is inseparable from the history of religion. And perhaps it is not too much to say that since the beginning of that history many people have devoutly believed that "More things are wrought by prayer than this world dreams of." It was doubtless largely due to men who believed this that there grew up a sentiment that caused men to leave the cross-currents of officially established state religions and religious persecution in Europe and come this country filled with the hope that they could find a place in which they could pray when they pleased to the God of their faith in the language they chose.[20] And there were men of this same faith in the power of prayer who led the fight for adoption of our Constitution and also for our Bill of Rights with the very guarantees of religious freedom that forbid the sort of governmental activity which New York has attempted here. These men knew that the first amendment, which tried to put an end to governmental control of religion and of prayer, was not written to destroy either. They knew rather that it was written to quiet well-justified fears which nearly all of them felt arising out of an awareness that governments of the past had shackled men's tongues to make them speak only the religious thoughts that government wanted them to speak and to pray only to the God that government wanted them to pray to. It is neither sacrilegious nor antireligious to say that each separate government in this country should stay out of the business of writing or sanctioning official prayers and leave that purely religious function to the people themselves and to those the people choose to look to for religious guidance.[21]

It is true that New York's establishment of its regents' prayer as an officially approved religious doctrine of that State does not amount to a total establishment of one particular religious sect to the exclusion of all others—that, indeed, the governmental endorsement of that prayer seems relatively insignificant when compared to the governmental encroachments upon religion which were commonplace 200 years ago. To those who may subscribe to the view that because the regents' official prayer is so brief and general there can be no danger to religious freedom in its governmental establishment, however, it may be appropriate to say in the words of James Madison, the author of the first amendment:

> "[I]t is proper to take alarm at the first experiment on our liberties. * * * Who does not see that the same authority which can establish Christianity, in exclusion of all other religions, may establish with the same ease any particular sect of Christians, in exclusion of all other sects? That the same authority which can force a citizen to contribute three pence only of his property for the support of any one establishment, may force him to conform to any other establishment in all cases whatsoever?" [22]

The judgment of the Court of Appeals of New York is reversed and the cause remanded for further proceedings not inconsistent with this opinion.

Reversed and remanded.

Mr. Justice Frankfurter took no part in the decision of this case.

Mr. Justice White took no part in the consideration or decision of this case.

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tablishment of Christianity been on trial. What have been its fruits? More or less in all places, pride and indolence in the clergy; ignorance and servility in the laity; in both, superstition, bigotry and persecution. Enquire of the teachers of Christianity for the ages in which it appeared in its greatest luster; those of every sect, point to the ages prior to its incorporation with civil policy." Id., at 187.

[15] "Memorial and Remonstrance Against Religious Assessments, II Writings of Madison," at 187.

[16] "[T]he proposed establishment is a departure from that generous policy, which, offering an asylum to the persecuted and oppressed of every nation and religion, promised a luster to our country, and an accession to the number of its citizens. What a melancholy mark is the bill of sudden degeneracy? Instead of holding forth an asylum to the persecuted, it is itself a signal of persecution. * * * Distant as it may be, in its present form, from the inquisition it differs from it only in degree. The one is the first step, the other the last in the career of intolerance. The magnanimous sufferer under this cruel scourge in foreign regions, must view the bill as a beacon on our coast, warning him to seek some other haven, where liberty and philanthropy in their due extent may offer a more certain repose from his troubles." Id., at 188.

[17] 5 and 6 Edward VI, c. 1, entitled "An act for the uniformity of service and administration of sacraments throughout the realm." This act was repealed during the reign of Mary but revived upon the accession of Elizabeth. See note 7, supra. The reasons which led to the enactment of this statute were set out in its preamble: "Where there hath been a very godly order set forth by the authority of Parliament, for common prayer and administration of sacraments to be used in the mother tongue within the Church of England, agreeable to the word of God and the primitive church, very comfortable to all good people desiring to live in Christian conversation, and most profitable to the estate of this realm, upon the which the mercy, favor, and blessing of Almighty God is in no wise so readily and plenteously poured as by common prayers, due using of the sacraments, and often preaching of the Gospel, with the devotion of the hearers: (1) And yet this notwithstanding, a great number of people in divers parts of this realm, following their own sensuality, and living either without knowledge or due fear of God, do willfully and damnably before Almighty God abstain and refuse to come to their parish churches and other places where common prayer, administration of the sacraments, and preaching of the word of God, is used upon Sundays and other days ordained to be holy days."

[18] Bunyan's own account of his trial is set forth in "A Relation of the Imprisonment of Mr. John Bunyan," reprinted in "Grace Abounding" and "The Pilgrim's Progress" (Brown ed. 1907), at 103–132.

[19] For a vivid account of some of these persecutions, see Wertenbaker, "The Puritan Oligarchy" (1947).

[20] Perhaps the best example of the sort of men who came to this country for precisely that reason is Roger Williams, the founder of Rhode Island, who has been described as "the truest Christian amongst many who sincerely desired to be Christian." Parrington, "Main Currents of American Thought" (1930), vol. 1, at p. 74. Williams, who was one of the earliest exponents of the doctrine of separation of church and state, believed that separation was necessary in order to protect the church from the danger of destruction which he thought inevitably flowed from control by even the best-intentioned civil authorities: "The unknowing zeale of Constantine and other Emperours, did more to hurt Christ Jesus his Crowne and Kingdome then the raging fury of the most bloody Neroes. In the persecutions of the later, Christians were sweet and fragrant, like spice pounded and beaten in morters: But those good Emperours, persecuting some erroneous persons, Arrius, &c. and advancing the professours of some truths of Christ (for there was no small number of truths lost in those times) and maintaining their religion by the materiall sword, I say by this meanes Christianity was ecclipsed, and the professours of it fell asleep. * * *" Williams, "The Bloudy Tenent, of Persecution, for cause of Conscience," discussed, in "A Conference between Truth and Peace" (London, 1644), reprinted in Naragansett Club Publications, vol. III, p. 184. To Williams, it was no part of the business or competence of a civil magistrate to interfere in religious matters: "[W]hat imprudence and indiscretion is it in the most common affaires of life, to conceive that emperors, kings, and rulers of the earth must not only be qualified with politicall and state abilities to make and execute such civill lawes which may concerne the common rights, peace and safety (which is worke and businesse, load and burthen enough for the ablest shoulders in the Commonweal) but also furnished with such spiritually and heavenly abilities to governe the spirituall and Christian Commonweale. * * *" Id., at 366. See also id., at 136–137.

[21] There is of course nothing in the decision reached here that is inconsistent with the fact that schoolchildren and others are officially encouraged to express love for our country by reciting historical documents such as the Declaration of Independence which contain references to the Deity or by singing officially espoused anthems which include the composer's professions of faith in a Supreme Being, or with the fact that there are many manifestations in our public life of belief in God. Such patriotic or ceremonial occasions bear no true resemblance to the unquestioned religious exercise that the State of New York has sponsored in this instance.

[22] "Memorial and Remonstrance against Religious Assessments, II Writings of Madison," 183, at 185–186.

[SUPREME COURT OF THE UNITED STATES—No. 468, OCTOBER TERM, 1961]

STEVEN I. ENGEL ET AL., PETITIONERS, v. WILLIAM J. VITALE, JR., ET AL.

(On writ of certiorari of the Court of Appeals of New York)

(June 25, 1962)

Mr. Justice Douglas, concurring.

It is customary in deciding a constitutional question to treat it in its narrowest form. Yet at times the setting of the question gives it a form and content which no abstract treatment could do. The point for decision is whether the Government can constitutionally finance a religious exercise. Our system at the Federal and State levels is presently honeycombed with such financing.[1] Nevertheless, I think it is an unconstitutional undertaking whatever form it takes.

First, a word as to what this case does not involve.

Plainly, our Bill of Rights would not permit a State or the Federal Government to adopt an official prayer and penalize anyone who would not utter it. This, however, is not that case, for there is no element of compulsion or coercion in New York's regulation requiring that public schools be opened each day with the following prayer:

"Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country."

The prayer is said upon the commencement of the schoolday, immediately following the pledge of allegiance to the flag. The prayer is said aloud in the presence of a teacher, who either leads the recitation or selects a student to do so. No student, however, is compelled to take part. The respondents have adopted a regulation which provides that "neither teachers nor any school authority shall comment on participation or nonparticipation * * * nor suggest or request that any posture or language be used or dress be worn or be not used or not worn." Provision is also made for excusing children, upon written request of a parent or guardian, from the saying of the prayer or from the room in which the prayer is said. A letter implementing and explaining this regulation has been sent to each taxpayer and parent in the school district. As I read this regulation, a child is free to stand or not stand, to recite or not recite, without fear of reprisal or even comment by the teacher or any other school official.

In short, the only one who need utter the prayer is the teacher, and no teacher is complaining of it. Students can stand mute or even leave the classroom, if they desire.[2]

McCollum v. *Board of Education*, 333 U.S. 203, does not decide this case. It involved the use of public school facilities for religious education of students. Students either had to attend religious instruction or "go to some other place in the school building for pursuit of their secular studies. * * * Reports of their presence or absence were to be made to their secular teachers." Id., at 209. The influence of the teaching staff was therefore brought to bear on the student body, to support the instilling religious principles. In the present case, school facilities are used to say the prayer and the teaching staff is employed to lead the pupils in it. There is, however, no effort at indoctrination and no attempt at exposition. Prayers, of course, may be so long and of such a character as to amount to an attempt at the religious instruction that was denied the public schools by the McCollum case. But New York's prayer is of a character that does not involve any element of proselytizing as in the McCollum case.

The question presented by this case is therefore an extremely narrow one. It is whether New York oversteps the bounds when it finances a religious exercise.

What New York does on the opening of its public schools is what we do when we open court. Our marshal has from the beginning announced the convening of the Court and then added "God save the United States and this honorable Court." That utterance is a supplication, a prayer in which we, the the judges, are free to join, but which we need not recite any more than the students need recite the New York prayer.

What New York does on the opening of its public schools is what each House of Congress[3] does at the opening of each day's business.[4] Rev. Frederick B. Harris is Chaplain of the Senate; Rev. Bernard Braskamp is Chaplain of the House. Guest chaplains of various denominations also officiate.[5]

In New York the teacher who leads in prayer is on the public payroll; and the time she takes seems minuscule as compared with the salaries appropriated by State legislatures and Congress for chaplains to conduct prayers in the legislative halls. Only a bare fraction of the teacher's time is given to reciting this short 22-word prayer, about the same amount of time that our Marshal spends announcing the opening of our sessions and offering a prayer for this Court. Yet for me the principle is the same, no matter how briefly the prayer is said, for in each of the instances given the person praying is a public official on the public payroll, performing a religious exercise in a governmental institution.[6] It is said that the element of coercion is inherent in the giving of this prayer. If that is true, it is also true of the prayer with which this Court is convened, and with those that open the Congress. Few adults, let alone children, would leave our courtroom or the Senate or the House while those prayers are being given. Every such audience is in a sense a "captive" audience.

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[1] "There are many 'aids' to religion in this country at all levels of government. To mention but a few at the Federal level, one might begin by observing that the very First Congress which wrote the First Amendment provided for chaplains in both Houses and in the armed services. There is compulsory chapel at the service academies, and religious services are held in Federal hospitals and prisons. The President issues religious proclamations. The Bible is used for the administration of oaths. NYA and WPA funds were available to parochial schools during the depression. Veterans receiving money under the GI bill of 1944 could attend denominational schools, to which payments were made directly by the Government. During World War II, Federal money was contributed to denominational schools for the training of nurses. The benefits of the National School Lunch Act are available to students in private as well as public schools. The Hospital Survey and Construction Act of 1946 specifically made money available to nonpublic hospitals. The slogan 'In God We Trust' is used by the Treasury Department, and Congress recently added God to the pledge of allegiance. There is Bible-reading in the schools of the District of Columbia, and religious instruction is given in the District's National Training School for Boys. Religious organizations are exempt from the Federal income tax and are granted postal privileges. Up to defined limits—15 percent of the adjusted gross income of individuals and 5 percent of the net income of corporations—contributions to religious organizations are deductible for Federal income tax purposes. There are limits to the deductibility of gifts and bequests to religious institutions made under the Federal gift and estate tax laws. This list of Federal 'aids' could easily be expanded, and of course there is a long list in each State." Fellman, "The Limits of Freedom" (1959), pp. 40–41.

[2] West Point Cadets are required to attend chapel each Sunday. Reg., c. 21, sec. 2101. The same requirement obtains at the Naval Academy (Reg., c. 9, sec. 0901(1)(a)), and at the Air Force Academy, except first classmen. Catalog, 1962–1963, p 110. And see Honeywell, Chaplains of the U.S. Army (1958); Jorgensen, "The Service of Chaplains to Army Air Units," 1917–46, vol. I (1961).

[3] The New York Legislature follows the same procedure. See, e.g., vol. 1, N.Y. Assembly Jour., 184th sess., 1961, p. 8; vol. 1, N.Y. Senate Jour, 184th sess., 1961, p. 5.

[4] Rules of the Senate provide that each calendar day's session shall open with prayer. See rule III, Senate Manual, S. Doc. No. 2, 87th Cong., 1st sess. The same is true of the Rules of the House. See rule VII, Rules of the House of Representatives, H. Doc. No. 459, 86th Cong., 2d sess. The Chaplains of the Senate and of the House receive $8,810 annually. See 75 Stat. 320, 324.

[5] It would, I assume, make no difference in the present case if a different prayer were said every day or if the ministers of the community rotated, each giving his own prayer. For some of the petitioners in the present case profess no religion.

The pledge of allegiance, like the prayer, recognizes the existence of a Supreme Being. Since 1954 it has contained the words "one nation under God, indivisible, with liberty and justice for all." 36 U.S.C. 172. The House report, recommending the addition of the words "under God" stated that those words in no way run contrary to the first amendment but recognize "only the guidance of God in our national affairs." H. Rept. No. 1693, 83d Cong., 2d sess., p. 3. And see S. Rept. No. 1287, 83d Cong., 2d sess. Senator Ferguson, who sponsored the measure in the Senate, pointed out that the words "In God We Trust" are over the entrance to the Senate Chamber. CONGRESSIONAL RECORD, vol. 100, pt. 5, p. 6348. He added:

"I have felt that the pledge of allegiance to the flag which stands for the United States of America should recognize the Creator who we really believe is in control of the destinies of this great Republic.

"It is true that under the Constitution no power is lodged anywhere to establish a religion. This is not an attempt to establish a religion; it has nothing to do with anything of that kind. It relates to belief in God, in whom we sincerely repose our trust. We know that America cannot be defended by guns, planes, and ships alone. Appropriations and expenditures for defense will be of value only if the God under whom we live believes that we are in the right. We should at all times recognize God's province over the lives of our people and over this great Nation." Ibid. And see CONGRESSIONAL RECORD, vol. 100, pt. 6, p. 7757 et seq. for the debates in the House.

The act of Mar. 3, 1865, 13 Stat. 517, 518, authorized the phrase "In God We Trust" to be placed on coins. And see 17 Stat. 427. The first mandatory requirement for the use of that motto on coins was made by the act of May 18, 1908, 35 Stat. 164. See H. Rept. No. 1106, 60th Cong., 1st sess.; 42 CONGRESSIONAL RECORD, 3384 et seq. The use of the motto on all currency and coins was directed by the act of July 11, 1955, 69 Stat. 290. See H. Rept. No. 662, 84th Cong., 1st sess.; S. Rept. No. 637, 84th Cong., 1st sess. Moreover, by the joint resolution of July 30, 1956, our national motto was declared to be "In God We Trust." 70 Stat. 732. In reporting the joint resolution, the Senate Judiciary Committee stated:

"Further official recognition of this motto was given by the adoption of the Star-Spangled Banner as our national anthem. One stanza of our national anthem is as follows:

"Oh, thus be it ever when freemen shall stand
Between their lov'd home and the war's desolation:
Blest with vict'ry and peace may the heav'n rescued land
Praise the power that hath made and preserved us a nation.
Then conquer we must when our cause it is just,
And this be our motto—'In God is our trust.'
And the Star-Spangled Banner in triumph shall wave
O'er the land of the free and the home of the brave."

"In view of these words in our national anthem, it is clear that 'In God We Trust' has a strong claim as our national motto." S. Rept. No. 2703, 84th Cong., 2d sess., p. 2.

At the same time I cannot say that to authorize this prayer is to establish a religion in the strictly historic meaning of those words.[7] A religion is not established in the usual sense merely by letting those who chose to do so say the prayer that the public school teacher leads. Yet once Government finances a religious exercise it inserts a divisive influence into our communities.[8] The New York court said that the prayer given does not conform to all of the tenets of the Jewish, Unitarian, and Ethical Culture groups. One of petitioners is an agnostic.

"We are a religious people whose institutions presupposes a Supreme Being." *Zorach* v. *Clauson*, 343 U.S. 306, 313. Under our Bill of Rights free play is given for making religion an active force in our lives.[9] But "if a religious leaven is to be worked into the affairs of our people, it is to be done by individuals and groups, not by the Government." *McGowen* v. *Maryland*, 366 U.S. 420, 563 (dissenting opinion). By reason of the first amendment government is commanded "to have no interest in theology or ritual" (id., at 564) for on those matters "government must be neutral." Ibid. The first amendment leaves the Government in a position not of hostility to religion but of neutrality. The philosophy is that the atheist or agnostic—the nonbeliever—is entitled to go his own way. The philosophy is that if government interferes in matters spiritual, it will be a divisive force. The first amendment teaches that a government neutral in the field of religion better serves all religious interests.

My problem today would be uncomplicated but for *Everson* v. *Board of Education*, 330 U.S. 1, 17, which allowed taxpayers' money to be used to pay "the busfares of parochial school pupils as a part of a general program under which" the fares of pupils attending public and other schools were also paid. The Everson case seems in retrospect to be out of line with the first amendment. Its result is appealing, as it allows aid to be given to needy children. Yet by the same token, public funds could be used to satisfy other needs of children in parochial schools—lunches, books, and tuition being obvious examples. Mr. Justice Rutledge stated in dissent what I think is durable first amendment philosophy:

"The reasons underlying the amendment's policy have not vanished with time or diminished in force. Now as when it was adopted the price of religious freedom is double. It is that the church and religion shall live both within and upon that freedom. There cannot be freedom of religion, safeguarded by the state, and intervention by the church or its agencies in the state's domain or dependency on its largesse. 'Madison's Remonstrance,' paragraphs 6, 8. The great condition of religious liberty is that it be maintained free from sustenance, as also from other interferences, by the state. For when it comes to rest upon that secular foundation it vanishes with the resting. Id., paragraphs 7, 8. Public money devoted to payment of religious costs, educational or other, brings the quest for more. It brings too the struggle of sect against sect for the larger share or for any. Here one by numbers alone will benefit most, there another. That is precisely the history of societies which have had an established religion and dissident groups. Id., paragraphs 8, 11. It is the very thing Jefferson and Madison experienced and sought to guard against, whether in its blunt or in its more screened forms. Ibid. The end of such strife cannot be other than to destroy the cherished liberty. The dominating group will achieve the dominant benefit; or all will embroil the state in their dissensions. Id., paragraph 11." Id., pages 53–54.

What New York does with this prayer is a break with that tradition. I therefore join the Court in reversing the judgment below.

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[6] The fact that taxpayers do not have standing in the Federal courts to raise the issue (*Frothingham* v. *Mellon*, 262 U.S. 447) is of course no justification for drawing a line between what is done in New York on one hand and on the other what we do and what Congress does in this matter of prayer.

[7] The Court analogizes the present case to those involving the traditional established church. We once had an established church, the Anglican. All baptisms and marriages had to take place there. That church was supported by taxation. In these and other ways the Anglican Church was favored over the others. The first amendment put an end to placing any one church in a preferred position. It ended support of any church or all churches by taxation. It went further and prevented secular sanction to any religious ceremony, dogma, or rite. Thus, it prevents civil penalties from being applied against recalcitrants or nonconformists.

[8] Some communities, including Washington, D.C., have a Christmas tree purchased with the taxpayers' money. The tree is sometimes decorated with the words "Peace on earth, goodwill to men." At other times the authorities draw from a different version of the Bible which says "Peace on earth to men of good will." Christmas, I suppose, is still a religious celebration, not merely a day put on the calendar for the benefit of merchants.

[9] Religion was once deemed to be a function of the public school system. The Northwest Ordinance, which antedated the first amendment, provided in article 3 that "religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged."

[Supreme Court of the United States—
No. 468, October term, 1961]

STEVEN I. ENGEL ET AL., PETITIONERS, *v.*
WILLIAM J. VITALE, JR., ET AL.

(On writ of certiorari to the Court of Appeals of New York)

(June 25, 1962)

Mr. Justice Stewart, dissenting.

A local school board in New York has provided that those pupils who wish to do so may join in a brief prayer at the beginning of each schoolday, acknowledging their dependence upon God and asking His blessing upon them and upon their parents, their teachers, and their country. The Court today decides that in permitting this brief nondenominational prayer the school board has violated the Constitution of the United States. I think this decision is wrong.

The Court does not hold, nor could it, that New York has interfered with the free exercise of anybody's religion. For the State courts have made clear that those who object to reciting the prayer must be entirely free of any compulsion to do so, including any "embarrassments and pressures." Cf. *West Virginia State Board of Education* v. *Barnette*, 319 U.S. 624. But the Court says that in permitting schoolchildren to say this simple prayer, the New York authorities have established "an official religion."

With all respect, I think the Court has misapplied a great constitutional principle. I cannot see how an "official religion" is established by letting those who want to say a prayer say it. On the contrary, I think that to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing in the spiritual heritage of our Nation.

The Court's historical review of the quarrels over the "Book of Common Prayer" in England throws no light for me on the issue before us in this case. England had then and has now an established church. Equally unenlightening, I think, is the history of the early establishment and later rejection of an official church in our own States. For we deal here not with the establishment of a state church, which would of course, be constitutionally impermissible, but with whether schoolchildren who want to begin their day by joining in prayer must be prohibited from doing so. Moreover, I think that the Court's task, in this as in all areas of constitutional adjudication, is not responsibly aided by the uncritical invocation of metaphors like the "wall of separation," a phrase nowhere to be found in the Constitution. What is relevant to the issue here is not the history of an established church in 16th century England or in 18th century America, but the history of the religious traditions of our people, reflected in countless practices of the institutions and officials of our Government.

At the opening of each day's session of this Court we stand, while one of our officials invokes the protection of God. Since the days of John Marshall our crier has said, "God save the United States and this Honorable Court."[1] Both the Senate and the House of Representatives open their daily sessions with prayer.[2] Each of our Presidents, from George Washington to John F. Kennedy, has upon assuming his Office asked the protection and help of God.[3]

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[1] See Warren, "The Supreme Court in United States History," vol. 1, p. 469.

[2] See rule III, Senate Manual, S. Doc. No. 2, 87th Cong., 1st sess. See rule VII, Rules of the House of Representatives, H. Doc. No. 459, 86th Cong., 2d sess.

[3] For example: On Apr. 30, 1789, President George Washington said: "* * * it would be peculiarly improper to omit in this first official act my fervent supplications to that Almighty Being who rules over the universe, who presides in the councils of nations, and whose providential aids can supply every human defect, that His benediction may consecrate to the liberties and happiness of the people of the United States a Government instituted by themselves for these essential purposes, and may enable every instrument employed in its administration to execute with success the functions allotted to His charge. In tendering this homage to the Great Author of every public and private good, I assure myself that it expresses your sentiments not less than my own, nor those of my fellow citizens at large less than either. No people can be bound to acknowledge and adore the Invisible Hand which conducts the affairs of men more than those of the United States.

* * * * *

"Having thus imparted to you my sentiments as they have been awakened by the occasion which brings us together, I shall take my present leave; but not without resorting once more to the benign parent of the human race in humble supplication that, since He has been pleased to favor the American people with opportunities for deliberating in perfect tranquillity, and dispositions for deciding with unparalleled unanimity on a form of Government for the security of their union and the advancement of their

The Court today says that the State and Federal Governments are without constitutional power to prescribe any particular form of words to be recited by any group of the American people on any subject touching religion.[4] The third stanza of "The Star-Spangled Banner," made our national anthem by act of Congress in 1931,[5] contains these verses:

"Blest with victory and peace, may the heav'n rescued land
Praise the Pow'r that hath made and preserved us a nation.
Then conquer we must, when our cause it is just,
And this be our motto: 'In God Is Our Trust.' "

In 1954 Congress added a phrase to the pledge of allegiance to the flag so that it now contains the words "one Nation under God, indivisible with liberty and justice for all."[6] In 1952 Congress enacted legislation calling upon the President each year to proclaim a National Day of Prayer.[7] Since 1865 the words "In God We Trust" have been impressed on our coins.[8]

Countless similar examples could be listed, but there is no need to belabor the obvious.[9] It was all summed up by this Court just 10 years ago in a single sentence: "We are a religious people whose institutions presuppose a Supreme Being." *Zorach* v. *Clauson,* 343 U.S. 306, 313.

I do not believe that this Court, or the Congress, or the President has by the actions and practices I have mentioned established an "official religion" in violation of the Constitution. And I do not believe the State of New York has done so in this case. What each has done has been to recognize and to follow the deeply entrenched and highly cherished spiritual traditions of our Nation—traditions which come down to us from those who almost 200 years ago avowed their "firm reliance on the Protection of Divine Providence" when they proclaimed the freedom and independence of this brave new world.[10]

I dissent.

Mr. Speaker, I call particular attention to the following paragraphs: Mr. Justice Stewart's dissenting opinion, which so fluently and accurately reflected our Nation's time-honored dedication to religious observance, all the while within the constitutional framework of religious toleration and religious freedom:

With all respect, I think the Court has misapplied a great constitutional principle. I cannot see how an "official religion" is established by letting those who want to say a prayer say it. On the contrary, I think that to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing in the spiritual heritage of our Nation.

At the opening of each day's session of this Court we stand, while one of our officials invokes the protection of God. Since the days of John Marshall our crier has said, "God save the United States and this Honorable Court." Both the Senate and the House of Representatives open their daily sessions with prayer. Each of our Presidents, from George Washington to John F. Kennedy, has upon assuming his office asked the protection and help of God.

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We are a religious people whose institutions presuppose a Supreme Being. *Zorach* v. *Clauson*, 343 U.S. 306, 313.

SUPREME COURT'S DECISION OUTLAWING PRAYER IN PUBLIC SCHOOLS

Mr. O'BRIEN of New York. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include extraneous matter.

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happiness, so His divine blessing may be equally conspicuous in the enlarged views, the temperate consultations, and the wise measures on which the success of this Government must depend."

On March 4, 1797, President John Adams said:

"And may that Being who is supreme over all, the patron of order, the fountain of justice, and the protector in all ages of the world of virtuous liberty, continue His blessing upon this Nation and its Government and give it all possible success and duration consistent with the ends of His providence."

On March 4, 1805, President Thomas Jefferson said:

"I shall need, too, the favor of that Being in whose hands we are, who led our fathers, as Israel of old, from their native land and planted them in a country flowing with all the necessaries and comforts of life; who has covered our infancy with His providence and our riper years with His wisdom and power, and to whose goodness I ask you to join in supplications with me that He will so enlighten the minds of your servants, guide their councils, and prosper their measures that whatsoever they do shall result in your good, and shall secure to you the peace, friendship, and approbation of all nations."

On March 4, 1809, President James Madison said:

"But the source to which I look * * * "is in * * * my fellow-citizens, and in the counsels of those representing them in the other departments associated in the care of the national interests. In these my confidence will under every difficulty be best placed, next to that which we have all been encouraged to feel in the guardianship and guidance of that Almighty Being whose power regulates the destiny of nations, whose blessings have been so conspicuously dispensed to this rising Republic, and to whom we are bound to address our devout gratitude for the past, as well as our fervent supplications and best hopes for the future."

On March 4, 1865, President Abraham Lincoln said:

"Fondly do we hope, fervently do we pray, that this mighty scourge of war may speedily pass away. Yet, if God wills that it continue until all the wealth piled by the bondsman's 250 years of unrequited toil shall be sunk, and until every drop of blood drawn with the lash shall be paid by another drawn with the sword, as was said 3,000 years ago, so still it must be said "the judgments of the Lord are true and righteous altogether.'

"With malice toward none, with charity for all, with firmness in the right as God gives us to see the right, let us strive on to finish the work we are in, to bind up the Nation's wounds, to care for him who shall have borne the battle and for his widow and his orphan, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."

On March 4, 1885, President Grover Cleveland said:

"And let us not trust to human effort alone, but humbly acknowledging the power and goodness of Almighty God, who presides over the destiny of nations, and who has at all times been revealed in our country's history, let us invoke His aid and His blessing upon our labors."

On March 5, 1917, President Woodrow Wilson said:

"I pray God I may be given the wisdom and the prudence to do my duty in the true spirit of this great people."

On March 4, 1933, President Franklin D. Roosevelt said:

"In this dedication of a nation we humbly ask the blessing of God. May He protect each and every one of us. May He guide me in the days to come."

On January 21, 1957, President Dwight D. Eisenhower said:

"Before all else, we seek, upon our common labor as a nation, the blessings of Almighty God. And the hopes in our hearts fashion the deepest prayers of our whole people."

On January 20, 1961, President John F. Kennedy said:

"The world is very different now. * * * And yet the same revolutionary beliefs for which our forebears fought are still at issue around the globe—the belief that the rights of man come not from the generosity of the state, but from the hand of God.

* * * * *

"With a good conscience our only sure reward, with history the final judge of our deeds, let us go forth to lead the land we love, asking His blessing and His help, but knowing that here on earth God's work must truly be our own."

[4] My brother Douglas says that the only question before us is whether government "can constitutionally finance a religious exercise." The official chaplains of Congress are paid with public money. So are military chaplains. So are State and Federal prison chaplains.

[5] 36 U.S.C. sec. 170.

[6] U.S.C. 172.

[7] 36 U.S.C. 185.

[8] 18 13 Stat. 517, 518; 17 Stat. 427; 35 Stat. 164; 69 Stat. 290. The current provisions are embodied in 31 U.S.C. 324, 324a.

[9] I am at a loss to understand the Court's unsupported ipse dixit that these official expressions of religious faith in and reliance upon a Supreme Being "bear no true resemblance to the unquestioned religious exercise that the State of New York has sponsored in this instance.' See p. —, supra, n. 21. I can hardly think that the Court means to say that the 1st amendment imposes a lesser restriction upon the Federal Government than does the 14th amendment upon the States. Or is the Court suggesting that the Constitution permits judges and Congressmen and Presidents to join in prayer, but prohibits schoolchildren from doing so?

[10] The Declaration of Independence ends with this sentence: "And for the support of this Declaration, with a firm reliance on the protection of divine Providence, we mutually pledge to each other our Lives, our Fortunes and our sacred Honor."

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. O'BRIEN of New York. Mr. Speaker, the Supreme Court's decision outlawing prayer in the public schools has caused a wave of controversy in our country.

I never have and never will join in the clamor for impeachment or worse of members of the Supreme Court because of a ruling with which I might not agree.

I also believe that the Supreme Court should remain aloof from temporary gusts of public passion.

But, Mr. Speaker, I believe further that the Nation's highest Court should not engage in tortured interpretations of constitutional language. In the present instance, there seems to be such an interpretation.

We cannot quarrel with the position of the Court that our Constitution calls for separation of church and state. But, did the framers of our Constitution have in mind that civil authority should be excluded entirely from a religious domain and that God should be excluded from all civil domain? I doubt it.

"Render unto Caesar what is Caesar's and to God what is God's" surely does not mean that government, in all its forms, must be atheistic or mechanistic.

A short while ago, Mr. Speaker, we in this Chamber stood respectfully while our Chaplain opened this session with prayer.

When we interpret the word "state" are we to say that the Congress of the United States, composed of the elected representatives of 180 million people of all races and creeds, is less state than a public school classroom.

Let us assume, for the sake of argument, that several Members of this House do not believe in God. How would the Supreme Court rule if one or more of those Members brought a suit challenging the constitutionality of the custom of opening prayers in the House and Senate? And what would be our reaction if that Member or those Members were upheld in the High Court?

However, the Supreme Court has ruled and its ruling must be obeyed, at least until the Constitution is amended or, as has happened before, another group of Justices hands down a different decision.

Should we, then, seek a constitutional amendment specifically authorizing nondenominational prayers in our public schools? I am convinced that such an amendment would be approved by an overwhelming margin.

The next question is, Should such an amendment be proposed by Congress?

The Court has now held that the people who drafted that section of the Constitution under which the Court acted meant to exclude prayers from our schools.

Let us assume, again for the sake of argument, that the Court was correct. Can it then be argued that this Nation is bound forever by the opinions, even though expressed in the Constitution, of the people of another generation?

Our Constitution must be obeyed. That is academic. But, the same Constitution gives us, the people, an equal right to change any provision of the Constitution which violates our deep convictions.

I urge that solution upon my colleagues.

DEVELOPING A BROAD ANTIDELINQUENCY PROGRAM IN CHICAGO

Mr. SIKES. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. ROSTENKOWSKI] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, today, Attorney General Robert F. Kennedy, Chairman of the President's Committee on Juvenile Delinquency, announced a $292,000 planning grant to develop a broad antidelinquency program in Chicago.

The Chicago Commission on Youth Welfare is receiving the grant, which will be supplemented by $63,565 in local funds and facilities. The money will support an 18-month planning program during which a professional staff will coordinate Chicago youth programs and develop new programs to prevent and control delinquency.

Chicago becomes the seventh recipient of planning grants made available under the Juvenile Delinquency and Youth Offenses Control Act of 1961. It will enable a professional staff of about 10 persons, assisted by part-time consultants, to analyze Chicago's youth problems and develop new programs to cope with them. It will begin by concentrating in the high problem neighborhoods, and the experienced gained will be expanded to other problem areas.

Chicago has a history of working to reduce the problem of juvenile delinquency and youth crimes. Community sponsorship of programs, to assist the unfortunate young people, began many years ago. It resulted from the unpleasantries the citizens suffered during the twenties, when Chicago became the supposed battleground of criminal gang wars. The scars it received from that era are still being carried today, but its citizenry has been working to remove the stigma caused by revolutionaries against law and order. We, in Chicago, can look with pride to the results that have been gained. Chicago has taken its rightful place as a major city of the world. It has taken great strides to eliminate lawlessness. Its future holds great promise for health, prosperity, and congeniality.

But as in any large metropolitan area, there exists a problem of developing the youth to take their proper place in society as citizens of law and order. There exists a need of curbing juvenile delinquency. We, in Chicago, have attacked this problem with the establishment of the Chicago Boys Clubs. The Mayor Daley's Youth Foundation has contributed greatly to this cause. The Chick Evans Scholarship Fund has enabled many unfortunate youngsters to continue their education and become outstanding citizens. The Back of the Yards Council as well as a Youth Council in my own community have made great progress providing youngsters with educational and recreational activities, so they may occupy their leisure time with constructive instead of destructive ideas. There are many more such groups of volunteer citizens, who seek to guide your youth to reach maturity as law abiding citizens.

But the progress from these individual efforts is still not enough for an overall victory against delinquency. Now Chicago is beginning a massive new program, initiated by Mayor Daley and backed by wide community support, to mobilize its vast resources in a total effort to expand opportunities for its youth. The Federal grant will enable our community to carefully plan its action so it can do the most for its young people. This coordinated effort will bring maximum results.

We, in this Nation, have been granted the right of unlimited opportunity and material success. But to achieve a position of wealth, status, and education, proper guidance is needed through the years of growth and through the years of adolescence. It is common knowledge that in heavily populated cities there are deteriorating sections of real estate which contain racial minorities and others who have not made the grade in our competitive society. Many youngsters in these areas are denied the chance to achieve the goals of society. They have little direct contact with success, often lack an adequate family life, and are unsure about finding legitimate ways to achieve recognition.

As a result they turn to a life of crime. For in their own groups they gain recognition through destructive rather than constructive means. Status may depend on prowess in gang fights, in flouting authority, and in taking by stealth what cannot be obtained legitimately.

If we can train these young to use their energies for useful purposes, and thereby gain proper recognition of their deeds, we can look to the day when citizens will walk the streets unafraid and gang fights will have given way to sports events.

I am pleased to recognize Mayor Daley's coordinated program to erase juvenile delinquency in our great city of Chicago. And I am confident that our citizens will eliminate this problem in the same manner as they eliminated the problem of the twenties.

MILITARY SUPPLY MANAGEMENT

The SPEAKER. Under previous order of the House, the gentleman from Missouri [Mr. CURTIS] is recognized for 60 minutes.

Mr. CURTIS of Missouri. Mr. Speaker, I have requested 60 minutes today to discuss a subject which I consider to be of great importance to our national defense and to our national economy. I therefore consider it to be of great importance to every citizen and certainly to every taxpayer in the United States.

I am speaking as a member of the Ways and Means Committee which has a vital interest in this subject and also as a member of the Joint Economic Committee and as a former member of the Government Operations Committee.

However, my subject is also of interest to members of Agriculture, Appropriations, Armed Services, Banking and Currency, Education and Labor, and indeed every other committee of the House.

I am addressing myself to the necessary organization and operation of the supply and service activities of the Department of Defense.

SCOPE

Why is this subject important and timely? I will try to tell you as briefly and as simply as possible.

The Federal debt is around $300 billion.

The Federal budget for the current year is estimated at $92.5 billion; 56.9 percent of this is for national defense.

In terms of dollars $52.7 billion is for national defense. Most of this amount is for major procurement, supply, and so forth, as follows:

	Million
National defense, 1963 expenditures	$52, 690
Department of Defense, military	$15, 356
Purchase of aircraft, missiles, ships, and other military equipment	$13, 415
Regular, Reserve, and retired military personnel	$11, 511
Military functions:	
Operation and maintenance of equipment and facilities	$6, 650
Research, development, test, and evaluation of military equipment	$1, 018
Military construction and other	$350
Civil defense	-------
Military assistance	$1, 400
Atomic energy	$2, 880
Defense-related services	$110
Percent of total budget	56. 9

Bureau of the Budget, "The Budget in Brief, Fiscal Year Ending June 30, 1963," p. 25.

PARTIAL LIST OF SUPPLY AND SERVICE ACTIVITIES IN THE DEFENSE AGENCIES

It has been estimated that about 60 percent of the military expenditures, annually, is for supply and service activities, such as procurement; warehousing; distribution; cataloging; surplus disposal; financial management; budgeting; photography; post management and housekeeping; mapping, aerial; mapping, other; disbursing; inspection—meat, other; accounting; medical and hospital services; transportation—land, sea, and air; intelligence; legal; public relations; recruiting, induction, and reception; military police; training; liaison activities; communications; construction and real estate; engineering; weather; military justice; publications; renegotiation; auditing; personnel management; training; recordkeeping; research and development; printing; statistical reporting, reports control—hearing before the Subcommittee on Defense Procurement of the Joint Economic Committee, June 12, 1961, "Progress Made by the Department of Defense in Reducing the Impact of Military Procurement on the Economy," page 58.

Now, in addition to the annual expenditures for these activities, there is in being $158.5 billion investments in inventories, structures, buildings, and so forth—Committee on Government Operations, 87th Congress, 1st session, "Federal Real and Personal Property Inventory Report (Civilian and Military) of the U.S. Government Covering Its Properties Located in the United States, in the Territories, and Overseas as of June 30, 1961," page 64.

TABLE 1.—*Summary of property holdings by military department and type and class as of June 30, 1961*

DEPARTMENT OF DEFENSE

[Millions of dollars]

Type and class of property	Department of Defense	Army [1]	Navy (including Marine Corps)	Air Force
All types, total	$158, 506	$38, 824	$58, 445	$61, 236
Real property inventory, total	34, 038	10, 303	9, 704	14, 031
Construction in progress (cost of work in place), total	2, 434	258	663	1, 513
Personal property inventory, total	[2] 122, 036	28, 263	48, 078	45, 692
Equipment and supplies in supply system	40, 838	15, 847	12, 446	12, 545
Property other than supply system inventories	[3] 81, 194	12, 416	35, 632	[3] 33, 146
Weapons and other military equipment in use	67, 564	7, 924	30, 314	29, 326
Plant equipment	7, 607	3, 125	3, 171	1, 311
Industrial funds	[4] 1, 040	126	913	1
Excess, surplus, and foreign excess property inventories	3, 514	1, 241	1, 234	1, 039

[1] Excluded from the totals are properties of the Civil Works Division, Chief of Engineers, Department of the Army, as shown in footnote 1, table 2.

[2] Includes $3,000,000 personal property of the Office, Secretary of Defense.

[3] Includes $1,470,000,000 personal property provided Air Force contractors from other than the Air Force Supply System inventories.

[4] Consists of materials, supplies, and work in process.

And to manage all these functions, activities, we had in April 1962 some 1,062,712 civilian personnel. By comparison there were 1,391,240 civilian personnel in the balance of the entire executive branch—see CONGRESSIONAL RECORD, June 7, 1962, page 9895.

I am sure that no one will dispute the fact that the operation of the Department of Defense presents the greatest challenge to scientific management that ever existed. But the problem is more than magnitude; it is also one of encrusted tradition, rampant bureaucracy, entrenched economic pork barrel with all its political overtones, and the complicated industrial-military wedding of mutual interests.

QUALITY OF MANAGEMENT

What has been the quality of management in the Department of Defense with respect to these supply and service activities? For many administrations, not merely years, they have been disgraceful, in light of the advancements in our society in the fields of accounting, supply management, and procurement. Indeed the governmental sector, in spite of recent improvement, is still decades behind the more enlightened procedures developed in the private sector. Unbiased authorities have stated that the degree of waste in these activities was almost critical during World War II.

Reports and studies almost without limit have pointed to the overlapping and waste in them. The two Hoover commissions, the Bonner, Riehlman, Hébert, joint economic, preparedness, and other congressional committees; reports and studies by task forces, boards, commissions, foundations have been the same.

The GAO during the past 3 years has issued about 300 reports, most of them dealing with military waste in common supply and service activities.

The billions upon billions of military surplus property declarations during the past 10 years bespeak of this waste. Granted that most of the surplus is scrap or salvage material, the fact still remains that billions have been usable items and much of it usable in the military itself if needs and inventories from all the departments, services, bureaus, corps, and so forth, were matched.

This is, of course, impossible when the departments and units thereof are separately administered as was the case from 1949 to 1958.

From the standpoint of scientific management, it is well known that first we should identify and isolate a manageable bite. This should be studied, analyzed, and solved without impairment to mission effectiveness.

For this reason, students of military supply and service activities have isolated them from major combatant missions or functions, have shown their great scope, and their commonness to more than one service, or bureau, or corps as the logical place to improve management.

However, entrenched personnel motivated by their personal vested interest in each provincial group fears that any step toward integration, standardization, unification even in the most minor and duplicative things will lead to further unification and eventually there will be a loss of identity to some unit which has enjoyed independent or semi-independent status.

Now this did not matter too much in the days when we had separate land and sea wars and battles. But with the development of modern weapons, the land and sea and air have been fused into a common battle area—and may I add space to land, sea, and air.

Secretary McNamara recognized this merging of missions in a recent statement when he said "separate ground, sea, and air warfare is gone forever."

Many other military leaders have made the same statement and surely we may accept this as a truism.

I should note however that it took 50 years or more to get the two military departments to recognize the need for unified commands, incredible though this may now appear.

Yet, while every schoolboy knows that a football team must act as a unit and everyone cannot be the quarterback, it is impossible to sell this idea to many of the graduates of the military academies and though they spend much time playing football, they do not want to apply the lessons they have learned to the greatest game of all—the game of survival.

I think we must now recognize that if we have unified commands and missions we must have unified support for them insofar as common supplies and services are concerned.

Not only does each service not need its own coffee roasting plants, clothing factories, subsistence, medical, hardware, and so forth, procurement, depot, and distribution facilities, auditing, accounting, recruiting, engineering, weather—see list previously referred to, from page 58, June 12, 1961, Joint Economic Committee hearings—but we can no longer afford all this duplication and resultant waste.

WHAT HAS CONGRESS DONE ABOUT THIS?

A good question is, Why has Congress not done something about this situation?

I am frank to say that the congressional effort has been relatively weak, uniformed, intermittent, uncoordinated, conflicting, disappointing, and timid.

I would like to refer to a list, however, of some of the efforts that have been taken during the past 45 years—pages 63 to 72, October 1960, "Report of the Subcommittee on Defense Procurement to the Joint Economic Committee, Economic Aspects of Military Procurement and Supply":

PART III–B—CONGRESSIONAL EFFORTS TO IMPROVE SUPPLY MANAGEMENT

The Department of Defense.
Bonner subcommittee.
Action of the Joint Economic Committee.
O'Mahoney amendment to Department of Defense appropriation bill, 1953.
Reorganization Plan No. 6 of 1953.
General Eisenhower's Baltimore speech.
Preemptive prestige of General Eisenhower—shortcut to economy and efficiency.
Reversal of policy.
Alameda medical test plan discontinued.
Hamburger hearings.
Rereversal of policy.
Expansion of single manager systems.
Lull in the program.
Three military departments separately administered.
Department of Defense Reorganization Act of 1958.
McCormack-Curtis amendment.
Intent of McCormack-Curtis amendment.
Lag in use of amendment.

M'CORMACK-CURTIS AMENDMENT

A I mentioned previously—page 64, Joint Economic Committee hearing, report of October 1960—the O'Mahoney amendment of 1952 contemplated an integrated supply system for the Department of Defense. The Senate report made this abundantly clear.

But despite this enactment, the National Security Act as amended in 1949 provided that there should be "three departments separately administered."

The partisans of this philosophy maintained that a department could not be separately administered if it did not have control of every last thing it needed to administer the department. All efforts toward consolidation, standardization or unification ran into this stone wall.

It took about 15 years and $200 million to make a usable military supply catalog because this was viewed as a step toward consolidation of overlapping specifications, stores, and distribution systems. President Roosevelt ordered a catalog developed in 1945.

By 1958 many officials in the Pentagon complained that efforts to obtain economy, efficiency, and effectiveness in supply and service activities ran into this "separately administered" provision of the National Security Act. They also said that they could make real progress if this provision were removed insofar as supply and service activities were concerned.

All this is background for the McCormack-Curtis amendment which I will discuss and which seems now to be questioned as to scope and intent.

The amendment reads—page 72, October 1960 report of Joint Economic Committee:

> Whenever the Secretary of Defense determines it will be advantageous to the Government in terms of effectiveness, economy, or efficiency, he shall provide for the carrying out of any supply or service activity common to more than one military department by a single agency or such other organizational entities as he deems appropriate. For the purposes of this paragraph, any supply or service activity common to more than one military department shall not be considered a "major combatant function" within the meaning of paragraph (1) hereof.

First of all, this amendment contemplates that the Secretary of Defense will make a finding or determination with respect to supply and service activities and when he finds that effectiveness, economy, or efficiency will be promoted he shall determine what type of organization is best suited for the function and where it will operate.

As you so well pointed out on the floor of the House, Mr. Speaker, on June 12, 1958, when the amendment was adopted:

> The amendment which I have offered today includes not only supply activities which in a sense is a duplication of the O'Mahoney amendment, but also includes all other service activities.
>
> The amendment is not intended to advocate any particular type of organization, either centralized or decentralized; it merely provides for maximum flexibility so that the Secretary of Defense is empowered to provide, after thorough study, the best possible type of operation for supply and service functions depending upon their nature. Effectiveness is to be the key in making the determinations with economy and efficiency very important but secondary considerations.

May I add, Mr. Speaker, that Secretary McNamara stated his concept of organization recently in much the same vein when he said:

> In conclusion, let me emphasize my belief that there is no such thing as an ideal organization for the Department of Defense. An ideal organization is a static concept foredoomed to failure. In this age of increasingly rapid technological, international and strategic change, the Department of Defense organization must be flexible and responsive.

This flexibility of concept is essential in my opinion to get the job done. Some activities perhaps should be handled by one department for all when it has a preponderant interest, background, facilities, and personnel. Others should be consolidated and operated in an organizational entity in the Office of the Secretary of Defense in order that adequate supervision and control may be exercised. It may be that other organizational solutions are in order depending upon the facts, circumstances and determinations.

In general, however, common things can be handled in a common way, thus generating the benefits of standardization and unification which General Eisenhower once described as "multiplying rather than adding in benefits."

Technical or special items and activities give the excuse for separate handling or administration. Hence the fight by some to keep items special or nonstandard.

In speaking of special, technical, and common items we must keep in mind also that that change is always with us. What is a technical item today may be common tomorrow. A few years ago, radio tubes were very technical—today everyone uses them and may buy them at the corner drugstore. There are 990,000 electrical-electronic items in the military supply systems. Many are simple, common-use, fast-turning items such as tubes, resistors, fuses, wire, cable, and so forth. Others are highly complicated which only an expert can identify. So it is in other fields.

PROGRESS BY SECRETARY M'NAMARA

Mr. Speaker, to my mind Secretary McNamara has proved to be an excellent Secretary of Defense. He has shown the capacity to understand complex problems and to do something about them. As provided by the McCormack-Curtis amendment to the DOD Reorganization Act of 1958 he has identified common supply as a fruitful source of investigation. He requested that a study be made of alternative ways of organizing to perform the function so as to increase effectiveness, economy, and efficiency. He requested the departments to make their recommendations—which true to form were all different—and then he made his decision or determination as he is required to do under the law.

He determined that common supply lends itself to common management and on October 1, 1961, set up the Defense Supply Agency. He appointed Lt. Gen. Andrew T. McNamara, an excellent logistician and former Quartermaster General of the Army to be the first Director.

In a short space of time some 3,000 spaces have been or will be eliminated through fiscal 1963.

The fiscal 1963 budget has been reduced $27 million below the combined estimates submitted by the departments to the Office of Secretary of Defense for fiscal 1963.

Twelve supply and service organizations have been included in the Defense Supply Agency; they are Armed Forces Supply Support Center, Military Subsistence Supply Agency, Military Traffic Management Agency, Military Clothing and Textile Supply Agency, Military Medical Supply Agency, Military Petroleum Supply Agency, Military General Supply Agency, Military Industrial Supply Agency, Military Automotive Supply Agency, Military Construction Supply Agency, Armed Forces Surplus Property Bidders, Registration and Sales Information Office, and Consolidated Surplus Sales Offices.

The fact that Secretary McNamara is insisting that the total organization after a consolidation is to be smaller than the previous components disproves the contention that another layer is being piled on top of the existing organizations.

Secretary McNamara also has stated publicly that he believes that the Defense Supply Agency will be able to make savings of hundreds of millions of dollars. I think this is a conservative statement.

When one considers the scope of the Department of Defense as I have partly outlined above and the irrefutable degree of duplication and waste in the loose federation of agencies, there are literally "acres of diamonds" to be gathered by a good organization and staff.

A start only has been made but it is a start and must continue.

A few items have been standardized with a saving of $1,400,000. But there are some 4 million items in the defense catalog, many of which should be standardized.

According to the Senate Report No. 1578 of June 8, 1962, the Department of Defense supply systems inventories of $40.8 billion, they were in long supply by $12.965 billion as of June 30, 1961.

Recent statistics from the Department of Defense also show these stores to be greatly imbalanced—many in very long supply and others in short supply.

Congressman Hébert's committee has also shown that though some progress has been made in getting competitive bids that "only 13 percent of purchasing is now done by sealed competitive bidding; that is clearly not enough."

I heartily agree that only a start has been made in many fields but there has been a hopeful start which must not be snuffed out as has been the case several times in the past.

REACTION TO SECRETARY M'NAMARA

In view of the vast waste in common supply and service activities in the Department of Defense over the years, Secretary McNamara, Secretary Gilpatric, Assistant Secretary Morris, and General McNamara, Director of the Defense Supply Agency, brought a refreshing and hopeful atmosphere to these important activities. They actually started to do what they are supposed to do.

It has been a shock to me, therefore, that a move seems to be under way to emasculate the new Defense Supply Agency before it is off the ground.

The basis for this statement stems from the record of the military construction authorization hearings, fiscal year 1963.

The Defense Department had requested funds for facilities for the management of certain centralized agencies. The funds were to be made available to the Office of the Secretary of Defense rather than through the separate Department as heretofore.

At this point it should be noted that Congressman Hébert, who has made some excellent contributions to better management of the Department of Defense, the last of which was a bill which passed this body by a vote of 362 to 0, to require more competitive bidding in military procurement, expressed the thought that the establishment of the Defense Supply Agency would prove to be a "monument to Secretary McNamara's administrative ability." He said—hearings before Committee on Armed Services, 87th Congress, second session, military construction authorization, fiscal year 1963, March 1962, page 4528:

The Chairman. Then where is the economy brought about?

Mr. Hébert. Well, the economy, Mr. Chairman—I am giving my figures right from the Secretary's table. My figure of 3,000 comes from General McNamara and the Secretary himself. Now these agencies will all be consolidated under one general director, General McNamara. There is where your savings and economies will occur. This will be a real centralized purchasing agency.

I tell you it is the greatest step forward that has been taken in Defense in years and years. And the Secretary is to be complimented on it.

The Chairman. And this is in response to the amendment or the provision we put in the law for centralized purchasing?

Mr. Hébert. That is correct.

The Chairman. That is all right.

Captain Christensen. We are all in agreement with that because we can eliminate duplication and we can do that in a great many other respects.

Later in the hearings there seems to have been a change of heart as we have these statements from the record—pages 4540 to 4543:

The Chairman. Thank you very much.

Now members of the committee, this whole section, section 401, relates to authorization for the construction of various items for the Department of Defense.

Now the committee yesterday, and in the previous discussion of the Department of Defense getting into this field, that is construction—the consensus of opinion was that these line items should be charged against each one of the departments, based on the occupancy of the department at the area that is going to be used, and where the Defense agencies have already been established and are in existence. Of course, the Secretary of Defense, under his broad powers, has the authority to establish Defense agencies. We do not control that. We have already given him that authority.

Mr. Hardy. Let's take it back, Mr. Chairman.

The Chairman. Well, we would have to change the original law.

Mr. Hardy. That is all right. Let's do that.

The Chairman. Now, we have no control over that. The law is already passed. And the Secretary has the authority.

Of course, Congress can repeal any law, if it goes through and is signed. It may take more trips than one to make certain changes. Nevertheless, we could take those trips.

Now, what we are confronted with here today is not that question. We may be wise at a later date to explore that field.

But in this bill it only relates to construction.

I hope we will strike out, entirely, section 401 and put each one of these items in the department for its construction and charged to the department where this is located.

Mr. Slatinshek. Yes.

The Chairman. Now the question of maintenance comes up.

The military department will have to assume the maintenance of the facility. And the Department of Defense will merely house its agency there. But the whole area will be under the military department—the physical plant. And all this relates to is the physical plant—will be under the individual department where it is established. I asked yesterday that the amendments be prepared so when we, later on, get down to it, we can put each one of these line items under the military department.

Now, I think that is wise.

It may be wise later on to go in and see whether we were giving too much authority to permit these Defense agencies to be set up.

But the Secretary is clearly within the law in establishing Defense agencies.

Now, the only question that occurred yesterday was: Is there no limitation in the statute as to the number of Defense agencies that can be created, or can Defense agencies be created just with the same rapidity that ad hoc committees are set up? It prompted me to say that there was at one time 800 ad hoc committees in existence in the Pentagon.

This is a field in which we want to see if it is a duplication or if any other department can administer these and put them under the department instead of classifying them under the Secretary of Defense.

I think that is the sound course for us to take here.

Now we will study and investigate the authority of the Department of Defense just to create Defense agencies. Because you could choke to death any other department by Defense agencies.

Mr. Hardy. That is right.

Mr. Bates. Of course; exactly what they are going to do. You will wind up with one department.

This was never fully evaluated when this went before the committee.

The Chairman. That is right.

Mr. Bates. They had the authority to consolidate functions. What I had in mind, in my mind, instead of this particular kind of thing, was the assignment of a single manager concept.

The Chairman. That is right.

Mr. Bates. Not the operating of an agency by the Department per se.

The Chairman. I believe with men on this committee, we can make a very, very fine study. Let's don't do it without a study.

I would like to set up a subcommittee, headed by Mr. Hardy and Mr. Bates and others of our brilliant members of this committee——

Mr. Bates. I want five others.

The Chairman. To look into this question as to the continuation of a policy to create Defense agencies.

Because if I know the record, I could just say I will starve this one or that one to death by just creating agencies.

Mr. Hardy. Mr. Chairman.

> The CHAIRMAN. I don't want to get in that kind of a position. Let's approach it in that manner.
>
> And I would like to ask Mr. Hardy and Mr. Bates, as a subcommittee, to look into this. And we will set up an investigation—not an investigation, but a study of this question of the Department of Defense agencies being built up just as fast as mushrooms come out of the ground.
>
> Mr. HARDY. Mr. Chairman, you delegated to this subcommittee full authority to proceed with that study without being hampered?
>
> Mr. BATES. Yes, sir.
>
> That is right.
>
> The CHAIRMAN. Well, I would like very much for you two distinguished and very brilliant members of our committee——
>
> Mr. HARDY. Thank you.
>
> The CHAIRMAN. To look into this matter and we will prepare the proper letter to you giving you the authority.
>
> Mr. BATES. Now, Mr. Chairman, we realized when we passed the 1958 act the dangers in respect to the assignment of future weapons systems.
>
> The CHAIRMAN. That is right.
>
> Mr. BATES. Where the Secretary of Defense was empowered with complete authority to assign any new weapons system to any service he saw fit. He could eliminate any of the services——
>
> The CHAIRMAN. Now——
>
> Mr. BATES. But I never envisioned at that time that this particular paragraph here would ever be used to put the Department of Defense into the operating business in respect to supply. Now if they are going to do it, I think we better take a good look at this thing.
>
> The CHAIRMAN. All right. If it is necessary, we will employ additional staff to help you gentlemen do a good job, like Mr. HARDY's subcommittee did on the tanks.
>
> Now we have another question, just suggested to my mind, Mr. BATES, and that is the abuse of the emergency construction fund. This emergency fund is abused, from what the concept of the Congress was. And that is the next section in this bill.
>
> We will strike this one out. We will strike out section 401. We will put this construction authorization in the military department titles of the bill. Fix those amendments up.
>
> Mr. BENNETT. Mr. Chairman.
>
> The CHAIRMAN. Mr. BENNETT.
>
> Mr. BENNETT. All I want to ask is: In this study, could it be looked into also as to whether this creation of agencies in the Department of Defense may actually give rise to just another layer of authority in which although——
>
> The CHAIRMAN. Certainly.
>
> Mr. BENNETT. Originally you may originate some officers below, the tendency would be to create just another level on top.
>
> The CHAIRMAN. Of course. As I said, it could strangle an existing agency to death.
>
> Mr. BATES. We started out with research and development and now we are running the full gamut. That is what it amounts to.

So the two gentlemen had expressed their concern if not their antagonism toward the Defense Supply Agency and the legislation authorizing it were appointed as the two members of the committee to study it.

Mr. Speaker, I have also requested time today to correct a misconception or misstatement made by the chairman of the special two-man Subcommittee on Defense Agencies Investigations in his opening statement on June 4, 1962. I will read from the prepared statement of PORTER HARDY, JR., on Defense Agencies Investigations, June 4, 1962:

> It is interesting to note that those who supported Mr. MCCORMACK's amendment during the debate generally confined their remarks to common-use items. Mr. CURTIS of Missouri said:
>
> "I think the gentleman from Massachusetts has stated it accurately when he said that this was worked out over a period of many years and a study was made of the difficulties in enforcing the O'Mahoney amendment in the common-use supply area of the Military Establishment. I certainly am strongly behind this amendment, and I think it will go a long way toward clearing up a cloudiness and uncertainty in this area."

Now let me read my full statement made during the debate in the CONGRESSIONAL RECORD, volume 104, part 8, page 11032.

> Mr. MCCORMACK. I will yield now to the gentleman from Missouri [Mr. CURTIS] and then I will yield to the gentleman from Maryland. I am sure the gentleman from Missouri can make a contribution to a better understanding of the amendment.
>
> Mr. CURTIS of Missouri. The only reason I have asked the gentleman to yield is that I took 10 minutes yesterday to explain some of the background of this amendment. I extended my remarks quite extensively and it is in today's RECORD. I think the gentleman from Massachusetts has stated it accurately when he said that this was worked out over a period of many years and a study was made of the difficulties in enforcing the O'Mahoney amendment in the common-use supply area of the Military Establishment. I certainly am strongly behind this amendment, and I think it will go a long way toward clearing up a cloudiness and uncertainty in this area.

If the gentleman from Virginia will refer to my remarks and the extension thereof during the debate on the preceding day, in the CONGRESSIONAL RECORD, volume 104, part 8, pages 10909 through 10913, to which I referred in my June 12 remarks he will get the full scope of what has been called the McCormack-Curtis amendment.

The purpose of taking the floor during general debate the day before amendments would be considered was to give the membership of the House the full import of the amendment that one gentleman, the gentleman from Massachusetts [Mr. MCCORMACK], our present Speaker, and I had collaborated on and was going to be offered by him the next day. My remarks and extensions were therefore available to all Members during the actual debate on the amendment:

> Mr. CURTIS of Missouri. Mr. Chairman, I take this time to discuss the proposed amendments that the gentleman from Illinois [Mr. ARENDS] has referred to and also to express support for an amendment that I understand is going to be offered possibly by the gentleman from Massachusetts [Mr. MCCORMACK]. The McCormack amendment is a restatement, as it were, of the O'Mahoney amendment which sought to bring about unification in the area of the supply, distribution and procurement of common-use items. This timely amendment also includes any service activity common to more than one military department.

I want to repeat the last sentence of this opening paragraph:

> This timely amendment also includes any service activity common to more than one military department.

The following three pages of the RECORD contain, as I have said, an exposition of the amendment. There is little excuse for misunderstanding as to what the amendment was intended to do. It certainly was not confined to common-use items.

Let me quote again from these remarks:

> Mr. Chairman, I previously stated that it is necessary to have unification in other areas. If the theory behind common-use items is accurate, as far as the unification of procurement, supply, and distribution is concerned, it is certainly true of common items that are military in aspect among the three services. That is the importance of the Arends amendment and I hope the gentleman from Massachusetts [Mr. MCCORMACK], and others on his side, will recognize that that was the intent of the Bonner subcommittee because, although we were dealing with common-use items, we stated very positively that if this proved to be true in that area, it certainly should be carried over into military areas.

Then let me relate this back to the McCormack-Curtis amendment:

> Mr. MCCORMACK. Mr. Chairman, will the gentleman yield?
>
> Mr. CURTIS of Missouri. I yield to the gentleman from Massachusetts.
>
> Mr. MCCORMACK. Mr. Chairman, I am well acquainted with what the gentleman is talking about because I have been very much interested, as the gentleman knows, in the same subject of services and supplies, and so forth. I might say that it is my intention to offer an amendment to the Vinson bill tomorrow which I think will adequately take care of that situation and will be a complete culmination of the years of effort of the gentleman from Missouri [Mr. CURTIS], of myself, of the gentleman from Virginia [Mr. HARDY], the gentleman from North Carolina [Mr. BONNER], Senator O'Mahoney, and others. I am hopeful it will be adopted. I say it is to be offered to the Vinson bill; I am referreding to the committee bill.
>
> Mr. CURTIS of Missouri. I thank the gentleman. I am happy that the gentleman is going to offer his amendment. I have had the opportunity to read the language and I think it will do exactly what the gentleman says and will be a tremendous step forward.
>
> The substance of the amendment is that whenever the Secretary of Defense determines it will be advantageous to the Government in terms of effectiveness, economy, or efficiency, he shall provide for the carrying out of any supply or service activity common to more than one military department by a single agency or such other organizational entities as he deems appropriate. It is significant to note that any supply or service activity common to more than one military department shall not be considered a major combat function within the meaning of subsection 3 of the committee bill.
>
> This is an excellent amendment. It permits flexibility so that the Secretary of Defense may provide the best possible type of operation for a supply or service function depending upon its nature.
>
> Unfortunately, neither the President's bill, H.R. 11958, nor the Vinson bill, H.R. 12541, makes specific reference to supply and service activities though these functions constitute approximately two-thirds of the military budget. It is in this area of overlapping and duplication where billions of dollars can be saved, each year, at the same time producing a more alert and hard-hitting military organization by making it more efficient.

Now let me refer to this excerpt:

> The aforementioned letter is actually summarized in the testimony of Secretary

McElroy before the House Armed Services Committee on page 5977 of the committee hearings where Secretary McElroy states this:

"The National Security Act gives the Secretary direction, authority, and control over his entire department. But at the same time this law provides that the military departments are to be separately administered by their respective Secretaries. The President has recommended eliminating the provisions prescribing separate administration of the military departments as a means of reducing needless argument and misunderstanding which adds to the difficulty of administering the Department."

And, there is no question, as the 14-page letter of documentation of history indicates, of the interpretation that the military establishments have placed upon this language, "separately administered." That has been their argument for continuing this bickering and this triplification, indeed, quadruplification, of procurement, distribution, and supplies. This has cost us untold billions of dollars, I might state, of unnecessary waste and inefficiency in the military operation.

I submit that the language of the committee bill is illusory. We must eliminate what Secretary McElroy said was one of the essential errors in the law. To accomplish this purpose the language in the bill must be definite. Congressional intent must be clearly stated to obviate a misconstruction of the law. The language in the O'Mahoney amendment was definite—and even there the three services sought to argue about that language. I submit the services will argue about any language. The committee certainly has given them ample opportunity to argue over the language contained in the committee bill, because on page 2 it is provided:

"That each military department shall be separately organized under its own secretary and shall function under the direction, authority, and control, of the Secretary of Defense through the respective secretaries of such departments."

This statement permits the services to use the same argument that they used in regard to the language of "separately administered" to try to get around what was fully the intention of the Congress in 1946, and as expressed in the O'Mahoney amendment, and expressed time and time again in debate on the floor to try to bring about this unification.

Mr. Speaker, at the end of my remarks I think it would be well to set out my full statement of June 11, 1958. In this statement is a 14-page letter I addressed to then Secretary of Defense Wilson which puts this matter in a proper historical context. I ask unanimous consent to include these remarks at that point.

Mr. Speaker, Senate Report No. 1578 on the Department of Defense appropriations bill, 1963, has some timely and important statements.

On pages 7 and 8 we have these quotes:

MANAGEMENT OF INVENTORIES

During the course of testimony, it was brought out that supply system inventories for the Department of Defense in fiscal year 1961 totaled $40,800 million and that this included $12,900 million in long supply, which is that portion of the supply system inventory that exceeds peacetime operating stocks and mobilization reserve stocks and consists of stocks held for economic retention and contingency retention purposes and of stocks in an excess position.

Of the $12,965 million in long supply inventory as of June 30, 1961, the Army has in supply $4,892 million; the Navy, $2,863 million; the Marine Corps, $421 million; and the Air Force, $4,789 million. At the request of the subcommittee, the General Accounting Office made a special investigation as to the nature of the items in long supply and the reasons why the Department of Defense has accumulated this inventory of items in long supply. The report of the Comptroller General to the committee is included in the hearing on the Defense Department appropriation bill. In his report a comprehensive summary of the items in long supply is included. In regard to an explanation of why the Department of Defense has accumulated items in such magnitude, the Comptroller General states that, as explained by Defense officials, the accumulation of items in long supply can be attributed in large part to the residue from previous military emergencies and the rapid obsolescence of equipment with accompanying dwindling of demand for related parts. However, the Comptroller General goes on to point out that two of the major categories involved are (1) the failure to obtain needed items from long supply and (2) buying more than is needed. He then cites various reports to exemplify the statement. He further states the primary causes attributed to buying more than was needed are (1) the failure to promptly reduce requirements and procurement commensurate with downward program revisions, (2) incorrect and incomplete accounting and stock records, (3) unnecessary reservation of equipment for extended periods, and (4) failure to adequately consider inventories.

The Comptroller General has indicated that, partly as a result of Government Accounting Office recommendations, various remedial measures have been taken including the creation of the Defense Supply Agency by the Secretary of Defense in November of 1961.

The committee expects the Department of Defense to make every effort during the next fiscal year, to reduce the items in the long supply category by disposing of excess stocks as soon as practicable and to make every effort to eliminate unnecessary procurement. The committee intends to review this matter before the close of the coming fiscal year in order to determine what success in the suggested recommendation has been accomplished.

It should be noted that the Comptroller General of the United States has made recommendations concerning the establishment of Defense Supply Agency.

Accordingly, I have obtained from the General Accounting Office recommendations that have been made from time to time concerning the need for more consolidation in Department of Defense supply management and related statements—report to the Congress of the United States, "Review of Supply Management of Electronic Supplies and Equipment Within the Department of Defense"; letter of Comptroller General to the Speaker of the House of Representatives, May 31, 1960:

Our review disclosed that inadequate coordination of electronics supply management activities among and between the military departments is resulting in significant additional costs to the Government and is adversely affecting the efficiency and effectiveness of supply operations. Unnecessary purchases and inadequate supply support are resulting from the failure to consider and obtain needed items available and in long supply in other services; excessive costs and inefficient supply support are resulting from the failure to coordinate the various repair and overhaul activities of each service; and there is a costly duplication and overlap of electronic supply management functions and organizations.

Review of Interservice Utilization of Aeronautical Equipment and Supplies Within the Department of Defense, letter of Comptroller General to Speaker Rayburn, September 15, 1961:

Our review disclosed that, despite improvements made in recent years, the interservice supply support program has fallen short of achieving the fullest practicable utilization of available Department of Defense materiel. The failure of the individual military departments to utilize supplies already available within Department of Defense to meet each other's needs is resulting in unnecessary procurement and repair of material at significant additional cost to the Government.

The results of this and several of our previous reviews of supply management in the military departments indicate that the interservice supply support program, as presently constituted, does not achieve effective interservice utilization of Department of Defense materiel. We believe that increased effectiveness in the management of common supplies and equipment might be attained by consolidating, rather than attempting to coordinate, all involved functions and organizations. Accordingly, we proposed to the Secretary of Defense that consideration be given to merging the many common supply activities of the individual military departments into a single organization within the Department of Defense, which should be given the responsibility and authority to centrally control all facets of supply management.

Review of Management of Idle Production Equipment Within the Department of Defense, letter of Comptroller General to Speaker Rayburn, June 30, 1961:

The Department of Defense has taken certain measures to improve the management and utilization of available production equipment; however, we believe that the centralization of the functions and responsibilities presently being performed by many relatively independent Department of Defense organizations and activities would result in a more effective and economical management of idle production equipment. Accordingly, we proposed to the Secretary of Defense that present production equipment policies, procedures, organizations, and functions be reviewed and evaluated to determine the manner and means whereby centralization under his direction and control could be accomplished.

Review of materiel standardization activities of the Military Clothing and Textile Supply Agency, Department of Defense, Philadelphia, Pa., letter of Comptroller General to the Speaker, October 12, 1961:

We believe that a significant number of the 29,000 line items managed by the Military Clothing and Textile Supply Agency are susceptible of a high degree of standardization and that, if this were accomplished, it would result in more effective use of procurement funds and better service to the users through simplification of requisitioning. We also believe that more extensive standardization would result if a Defense-wide supply management authority, or an operating element thereof, were assigned responsibility for directing and controlling all research and development of clothing and textile items common to two or more military services, while making certain that the military services are supplied with their justifiable needs and technical requirement for materiel.

Review of selected activities in the management of food supply by the Military Subsistence Supply Agency, Department of Defense, letter of Comptroller General to Speaker Rayburn, November 16, 1961:

In our review, we found that the Military Subsistence Supply Agency was incurring unnecessary costs in the procurement and supply of foodstuffs. We identified about $1 million in unnecessary costs, although we did not attempt to establish the full magnitude of the excess costs since the Military Subsistence Supply Agency agreed with us on the seriousness of the problems we identified and the need for corrective action. With respect to nonperishables, we found significant deficiencies in the policies and procedures used by the Military Subsistence Supply Agency's customers for computing requirements. This resulted in the use of items in less economical size container or type or pack, redistribution of stocks, and procurement subsequent to the planned seasonal buy. Since the Military Subsistence Supply Agency has no control over the computation of requirements, it does not possess the capability of determining the causes of its troubles and correcting them. Regarding perishables, excess costs resulted from the Military Subsistence Supply Agency's failure to charge commissary stores for transportation costs and from its use of distribution facilities in an uneconomical location.

Review of supply management of photographic supplies and equipment within the Department of Defense, letter of Comptroller General to Speaker McCormack, January 31, 1962:

The military departments' inventories of photographic supplies and equipment exceed $150 million and are substantially in excess of the amount required to provide adequate supply support. As a result, unnecessary costs have been incurred in the maintenance, repair, storage, transportation, recordkeeping, inspection, and handling of the unneeded supplies and equipment. Included in this inventory are at least 5,000 items with low unit cost and very little usage that are being managed on a centralized basis instead of being purchased as needed at the local user level. The Department of Defense estimates that the average cost to maintain a single item in the supply system is about $1,000 annually. We did not make a detailed analysis of management expenses for these types of items, but it appears logical that the cost of managing many of the individual items may be less than the $1,000 estimated by the Department of Defense. It is obvious, however, that significant savings can be realized each year if low-cost, low-usage items are purchased as needed at the local level.

In view of the need for further improvement, we proposed to the Secretary of Defense that consideration be given to merging the photographic supply management activities of the individual military services into a single organization within the Department of Defense, which should be given the responsibility and authority to centrally control all facets of supply management. In commenting on our proposal, the Acting Assistant Secretary of Defense (Installations and Logistics) advised us that the Department of Defense fully agreed that there was a need for improvement in the supply management of photographic supplies and equipment and that common supply and service activities were being studied by the Secretary of Defense to determine the proper long-range method of management. On October 13, 1961, we were informed by the Department of Defense of its decision to establish a Defense Supply Agency (DSA). We were subsequently advised by the Department of Defense that the management of all photographic items would be considered for Defense Supply Agency control when it becomes fully operational.

Review of interservice supply management and utilization of selected aircraft engines within the Department of Defense, letter of Comptroller General to Speaker McCormack, May 17, 1962:

Our review disclosed that, because of inadequate control in the Department of Defense over the interservice utilization of aircraft engines, the excess engines of one service frequently were not transferred to other services which had current or future needs for similar engines. This lack of coordination resulted in unnecessary purchases and unnecessary conversion of aircraft engines. For the engine models included in our review, we found that the Army, Navy, and Air Force had incurred unnecessary costs of approximately $4,160,000 through the purchase or conversion of engines by one service while similar excess engines were already on hand in another service. As a result of our review, 487 aircraft engines valued at approximately $15,140,000 were transferred from those services which had excess engines to other services which had current or future need for these engines. As a result of these engine transfers, the Department of the Navy was able to cancel the planned purchase of 101 engines at an estimated net saving of $4,040,000. Transfer of the remaining engines should enable the services to reduce future purchases.

Review of development and management of selected aircraft crash firetrucks in the Department of Defense, letter of Comptroller General to Speaker McCormack, May 16, 1962:

The Department of Defense concurred in certain of our proposals for corrective action but did not agree that a single agency should be assigned responsibility for research and development of aircraft crash firetrucks. The Assistant Secretary of Defense (Installations and Logistics) has said that, because of differences in service missions, the requirements of the military departments are more likely to be fulfilled by coordinated research and development programs managed by the respective departments than by reassignment of this function to a single service or agency.

In view of the failure of the military departments to coordinate effectively to minimize development costs and efforts in the past, as disclosed in this report, we are recommending that the Secretary of Defense take positive measures to assure close surveillance and control by his office of the programs of the three Departments. Unless this is done, in all probability each service will continue to independently develop aircraft crash firetruck equipment as being unique to its own needs even though the vehicles developed are for support of categories of equipment common to the other departments. We are also requesting the Secretary of Defense to advise us as to whom and for what use the Army's class 1500 vehicles will be assigned.

Review of the development and procurement of similar-type helicopters within the Department of Defense, letter of Comptroller General to Speaker McCormack, May 23, 1962:

To prevent unnecessary duplication of major items of military equipment, we proposed that the Secretary of Defense fully exercise his management responsibility by precluding a military department from entering into a contractual arrangement for the development of a major item prior to his approval. The Assistant Secretary of Defense informed us that the Department of Defense fully concurred with the principle incorporated in our suggestion. While the concurrence in principle would seem to provide a basis for precluding similar situations in the future, the extent to which the system actually will be effective will depend upon the degree that the responsible agencies properly execute their management responsibilities.

Review of selected supply management functions and responsibilities of the Military Clothing and Textile Supply Agency, Department of Defense, Philadelphia, Pa., letter of Comptroller General to Speaker McCormack, April 17, 1962:

Subsequent to our review, the Military Clothing and Textile Supply Agency was designated the Defense Clothing and Textile Supply Center and was placed under command jurisdiction of the recently established Defense Supply Agency.

Our review disclosed that the Government will suffer significant losses since the Military Clothing and Textile Supply Agency procured clothing and textile items prematurely or in excess of current needs on the basis of requirements furnished by the military services. We also found that losses will result because the Military Clothing and Textile Supply Agency procured defective material on the basis of specifications prepared by the military services. Losses amounting to $385,000 will result from the necessity of disposing of one item at a reduced price and using a defective material for a purpose other than that for which intended.

Mr. Speaker, in view of these statements and this decision from the Comptroller General I wonder why anyone would question the authority of the Secretary of Defense to set up the Defense Supply Agency as required by the McCormack-Curtis amendment?

And should anyone have a genuine doubt about the scope and intent of the McCormack-Curtis and related acts—why the matter is not referred to the Comptroller General for decision or why the Comptroller General and his able staff are not requested to testify before congressional committees that have legitimate questions of this kind to ask?

Let me place in the Record at this point a letter from the Comptroller General to Hon. Chet Holifield, chairman, Military Operations Subcommittee, Committee on Government Operations, May 25, 1962, which bears directly on this point:

Comptroller General
of the United States,
Washington, May 25, 1962.

Hon. Chet Holifield,
Chairman, Military Operations Subcommittee, Committee on Government Operations, House of Representatives.

Dear Mr. Chairman: This is in response to your request during recent hearings held by your subcommittee concerning the Defense Supply Agency that we supply for the record answers to two questions, posed by Representative F. Bradford Morse, dealing with the legislative authority of the Secretary of Defense regarding certain aspects of supply management. The questions are:

1. Is there sufficient legislative authority for the Director of the Defense Supply Agency to centrally control all facets of supply management in the Department of Defense for clothing and textile items common to two or more services?

2. Does the Secretary of Defense have authority to control the introduction of new clothing items into the supply system and, if so, has he delegated such authority to the Director of the Defense Supply Agency?

Subsection 202(c)(6) of the National Security Act of 1947, as amended by subsection 3(a) of the Department of Defense Reorganization Act of 1958, 72 Stat. 514, 5 U.S.C. 171a(c)(6), provides that:

"(6) Whenever the Secretary of Defense determines it will be advantageous to the Government in terms of effectiveness, economy, or efficiency, he shall provide for the carrying out of any supply or service activity common to more than one military department by a single agency or such other organizational entities as he deems appropriate. For the purposes of this paragraph, any supply or service activity common to more than one military department shall not be considered a 'major combatant function' within the meaning of paragraph (1) hereof."

In commenting on this provision, Representative McCormack who introduced it on the floor of the House as an amendment to H.R. 12541 which was enacted as the 1958 Reorganization Act, stated:

"The language is intended to permit the Secretary, that is, to permit one Department, to operate for the benefit of all if this is considered advisable as in the present situation with the Army handling chemical and biological functions for the Department of Defense. * * *

"It would be my opinion that in the unified commands there would be a high degree of consolidation and standardization of supplies, equipment, forms, procedures, regulations, and so forth, in order to have maximum flexibility to provide for free exchange between the commands and to save on staff, transportation facilities, and so forth.

"In order that there will be no confusion the amendment specifically states that supply and service activities shall not be considered as being major combatant functions within the terms of the bill." (See Congressional Record, vol. 104, pt. 8, pp. 11032–11033. See also other remarks to the same effect at pp. 11030 through 11035 and in the Congressional Record, vol. 104, pt. 8, pp. 10909–10914.)

From the language of the statutory provision referred to and its legislative history, it is clear that the Secretary of Defense is not only authorized to provide for the consolidation of supply management administration but that he has a congressional mandate to do so. The establishment of the Defense Supply Agency as the organization to centrally control the supply management of textiles and clothing as well as other common use items is entirely consistent with the literal wording of the statute and its intended purpose.

Concerning the second question presented, it is clear, if the statutory provision referred to above is not sufficient of itself, that other portions of the Department of Defense Reorganization Act of 1958 provide ample authority for the Secretary of Defense to control the introduction of new clothing items into the supply system. Subsection 171a(c)(1) of title 5, United States Code, provides that the Secretary of Defense shall take appropriate steps to provide in the Department of Defense for more effective, efficient, and economical administration and operation and to eliminate duplication. And subsection 171a(c)(7) of title 5 provides that:

"(7) Each military department (the Department of the Navy to include naval aviation and the U.S. Marine Corps) shall be separately organized under its own Secretary and shall function under the direction, authority, and control of the Secretary of Defense. The Secretary of a military department shall be responsible to the Secretary of Defense for the operation of such department as well as its efficiency. Except as otherwise specifically provided by law, no Assistant Secretary of Defense shall have authority to issue orders to a military department unless (1) the Secretary of Defense has specifically delegated in writing to such an Assistant Secretary the authority to issue such orders with respect to a specific subject area, and (2) such orders are issued through the Secretary of such military department or his designee. In the implementation of this paragraph it shall be the duty of each such Secretary, his civilian assistants, and the military personnel in such department to cooperate fully with personnel of the Office of the Secretary of Defense in a continuous effort to achieve efficient administration of the Department of Defense and effectively to carry out the direction, authority, and control of the Secretary of Defense."

The committee of conference in its report accompanying H.R. 12541, House Report No. 2261 dated July 23, 1958, explained the purpose of section 171a(c)(7) as follows:

"The House and Senate conferees agreed to language which provides that each military department (the Department of the Navy to include naval aviation and the U.S. Marine Corps) shall be separately organized under its own Secretary and shall function under the direction, authority, and control of the Secretary of Defense. In addition, the Secretary of a military department will be responsible to the Secretary of Defense for 'the operation of his department as well as for its efficiency.'

"That part of the Senate amendment which made each Secretary responsible to the Secretary of Defense for the 'efficient and economical operation' could have been construed as words of limitation with respect to the responsibility of the military Secretary. Thus, under this portion of the conference report, the military Secretary will be responsible to the Secretary of Defense for the entire operation of his department as well as its efficiency.

"Likewise, the House and Senate conferees agreed that no Assistant Secretary of Defense would have authority to issue orders to a military department except as provided in the conference report. Under the conference report, no Assistant Secretary of Defense can issue an order to a military department unless two requirements have been fulfilled:

"(1) The Secretary of Defense must specifically delegate to such an Assistant Secretary in writing the authority to issue orders with respect to a specific subject area, and

"(2) Such orders must be issued through the Secretary of the military department or his designee.

"The only exception to these requirements is in cases where there are specific provisions of other law which grant Assistant Secretaries of Defense the right to issue orders.

"The House and Senate conferees agreed to the remainder of that portion of the Senate amendment which provides that it shall be the duty of such military Secretary, together with his civilian assistants and military personnel of his department to cooperate fully with personnel of the Office of the Secretary of Defense in a continuous effort to achieve efficient administration of the Department of Defense and to effectively carry out the direction, authority, and control of the Secretary of Defense.

"Thus under the conference report—

"1. Each military department will be separately organized under its own Secretary;

"2. Each military Secretary will be responsible to the Secretary of Defense for the operation of that military department;

"3. No Assistant Secretary will issue orders to a military department unless the Secretary of Defense has given him a specific delegation of authority in writing in a specific area;

"4. Even when an Assistant Secretary of Defense issues an order based upon his specific delegated authority, such an order must be 'issued through' the military Secretary or his designee.

"As a result, the original position of the House, which sought to retain the separate identity of the military departments has been sustained. In addition, the Assistant Secretaries of Defense will not be senior to, or have greater authority than, the military Secretaries. The Assistant Secretaries of Defense will, for practical purposes, remain as principal staff assistants to the Secretary of Defense, and even when acting for the Secretary of Defense, their decisions will be 'issued through' the military Secretaries. This chain of civilian command will permit an orderly administrative procedure, and will eliminate the confusion that might otherwise have developed if statutory restrictions on the authority of the Assistant Secretaries of Defense had not been provided, and if the orders issued by such assistants were not channeled through the military Secretaries."

Thus, it is clear that the Secretary of Defense was given full control over the entire Military Establishment while maintaining each military department as a separate organization under its own Secretary. Although this control is somewhat limited by subsection 171a(c)(1) of title 5, so far as combatant functions are concerned, the limitations of that section are not applicable to the function of managing the supply of clothing and textile material.

The only question remaining is whether the Secretary of Defense has delegated his authority to control the introduction of new clothing items into the supply system to the Director of the Defense Supply Agency. Pursuant to the National Security Act of 1947, as amended, and the provisions of section 2202 of title 10, United States Code, requiring that funds for all phases of supply management be obligated only under regulations prescribed by the Secretary of Defense, the Secretary issued Department of Defense Directive No. 5160.12, dated August 10, 1960, further implementing single manager assignments for the purpose of eliminating duplication of effort between military departments and to improve the effectiveness and economy of supply and service operations throughout the Department of Defense. Under this directive the single managers were the Secretaries of the various military departments designated by the Secretary of Defense to be responsible for specified commodities or common service activities. By directive No. 5160.15, dated July 13, 1961, the Secretary of the Army was designated as the single manager for clothing and textile material. The Secretary of the Army was responsible generally for all phases of clothing and textile material supply management including the standardization of such items to the maximum feasible extent. The single manager was not, however, authorized to unilaterally resolve disagreements arising among the military services as a result of his assignment but, rather, was required to submit any such matter to the Assistant Secretary of Defense (I. & L.) for resolution.

The functions and responsibilities of the single manager for textiles and clothing were transferred to the Defense Supply Agency by directive No. 5105.22, dated November 6, 1961. With respect to standardization of items, the Secretary of Defense delegated to the Director, Defense Supply Agency, the function of directing item simplification for all items assigned to the Agency. It would thus appear that the Secretary of Defense has delegated sufficient authority to the Director, Defense Supply Agency, for the Director to control the entry of clothing items into the supply system. It should be noted, further, that this delegation of authority also carries with it the requirement for maintaining close relationships with all components of the Department of Defense and with the Defense Supply Council, established by the same directive and composed of the Deputy Secretary of Defense, the Secretaries of the three military departments, the chairman, Joint Chiefs of Staff, and the Assistant Secretary of Defense (I. & L.), who under directive No. 5126.22, dated January 30, 1961, was delegated responsibility for cataloging, standardization, and quality control of items in the supply system.

Accordingly, each of the questions presented is answered in the affirmative.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

Mr. Speaker, it becomes abundantly clear from the history that the attempts of the Congress to unify the military services in any respect meets a very strong and determined group within the military establishments who act to oppose it.

It is no great news to anyone who has served in the Congress that among the most efficient lobby groups we have, if not by all odds the most efficient, are the military services.

The power of the military in any society today or in history is a great power, many times an overwhelming power. One of the great issues inherent in any society is how to integrate its military sector. It has been a great issue in our society since the establishment of our basic institutions. By and large we have been blessed with professional military personnel who shared views of the proper balance between military and civilian authority similar to the civilians. Having this common basis we have always been able to debate the issue of proper balance of military and civilian power without going to extremes.

One argument frequently advanced against the unification of military supply and services is that this will lead to a complete unification of the services which in turn will create an imbalance in military power in respect to civilian authority. It is suggested that this will produce the dangers history indicates were inherent in a German high command.

We should certainly consider this point because it is crucial. However, we should not allow it to distract us from determining also whether a unified supply system and a unification of other specified common services in the Military Establishment would produce a stronger defense, make the defense dollar go farther and produce a stronger economy.

If these unifications will bring about these desired military and economic goals let us have an end to a denial of this fact by the various military establishments.

Having established that fact, then let us examine to see whether gaining these values will endanger other social values which our society holds to be important, possibly more important than the gains we would have economically and militarily.

Most of us believe, and I share the belief, that we should never sacrifice our basic social values of freedom, representative government, and the private-enterprise system in order to gain military or economic advantages, unless immediate and overwhelming needs require it. And even then we should move only on a well-defined temporary basis until we have sufficiently eliminated the pressing needs. Indeed, that is exactly what we do under our Constitution when the Congress declares war.

Having said this, let me state that the law, as set forth in the McCormack-Curtis amendment and the implementation of this amendment by Secretary McNamara, in no way endangers any of our social values by unduly concentrating military power in the hands of a military czar. In fact, in many respects it diffuses the power now centralized by separating more widely those who are entrusted with military power from those who are entrusted with economic power. I am just as jealous as any serviceman, be he Army, Navy, Air Force, spaceman, or marine, in preserving the independence and integrity of the separate services in the fields of their military missions. So they can be better military men, I want to relieve them of responsibility in the economic area.

Supply and services common among the military services are merely the means by which a military service can perform its mission. Of course, supply and service must be responsive to military command, but that does not mean that the military commander must control the source of the supply or service to the extent that he must administer it. If he is doing his military job, he ought to be removed from the responsibility of this kind of administration for which his military training actually is ill suited to make him proficient.

At any rate here is the area to be debated and those who wish to advance a contrary thesis should confine their arguments to it, not confuse it with the other area of dispute which relates to military and economic efficiencies.

Frankly it does not suit a military leader too well in pressing his argument against unification of supply and service to be hiding behind the cloak of too great a concentration of military power. I believe the civilian society can take care of this side of the argument. Our military leaders need to tell us what system spells the greatest military efficiency. They can contribute in a meaningful way also to determining what spells the greatest economic efficiency, although this is an area where our private business and labor sector must provide the essential knowledge and wisdom.

To my colleagues in the Congress who have been fighting the battle for the Military Establishment's viewpoint in resisting the integration of the military supply and service fields, let me urge that you also keep your arguments separate and clear between military and economic efficiency and the danger of too great concentration of military power.

A forthright debate on whether unification in the military supply and service fields as contemplated by the McCormack-Curtis amendment has any dangerous implications would be beneficial. Apparently this is the last ditch in which the diehards in the military services can muster a defense. The increased military and economic effectiveness has been established. I look forward to the real payoff when we can reduce taxes a bit for our people because of the increased efficiencies we will achieve when we get this unification fully implemented.

[From the CONGRESSIONAL RECORD, June 11, 1962]

Mr. CURTIS of Missouri. Mr. Chairman, I take this time to discuss the proposed amendments that the gentleman from Illinois [Mr. ARENDS] has referred to and also to express support for an amendment that I understand is going to be offered possibly by the gentleman from Massachusetts [Mr. MCCORMACK]. The McCormack amendment is a restatement, as it were, of the O'Mahoney amendment which sought to bring about unification in the area of the supply, distribution and procurement of common use items. This timely amendment also includes any service activity common to more than one military department.

In order to emphasize this point, I am going to read into the RECORD, a letter which I wrote to the Honorable Charles E. Wilson, Secretary of Defense, on January 19, 1955:

"JANUARY 19, 1955.

"Hon. CHARLES E. WILSON,
"*Secretary of Defense,*
"*Washington, D.C.*

"DEAR MR. SECRETARY: I was shocked to receive a letter dated November 18, 1954, from the Assistant Secretary of Defense T. P. Pike, Supply and Logistics, announcing the dissolution of the so-called Alameda Medical Supply Test and the decision to continue operating medical supply separately by the Army and Navy and possibly by the Air Force as well.

"In my opinion, this is directly contrary to the laws passed by the Congress in words, and certainly in intent. It is directly contrary to the statement of policy as expressed by President Eisenhower from time to time. In my judgment, this is one more instance where the Congress, in proper fulfillment of its constitutional authority, has written laws and the Military Establishment has sought to subvert these laws.

"I appreciate that these are serious charges. In order to give you the basis for making these charges, I am setting forth the history of the Alameda test, and the Congress expressed interest in it as a test case of the overall problem of eliminating unnecessary duplication or overlapping in the fields of procurement, supply, transportation, storage, health, and research.

"Before doing so, I want to emphasize that I have no doubt as to the sincerity of those in the Military Establishment who have made the decision to go against what I have stated, in my opinion, to be the clearly expressed will—and certainly the clearly expressed intent of the Congress. I have no doubt that they feel they know better than the Congress what is best for the armed services and what is the best for our country. Nevertheless, if we are to have constitutional government in this country, we must have the Military Establishment carrying out the laws passed by the Congress in accordance with the Constitution, both as to the letter and equally as to the intent. Anything else would be chaos. Certainly such insubordination within the Military Establishment itself would be handled with dispatch.

"The Military Establishment has had full opportunity to present its thoughts and views to the committees of the Congress in hearings. The Military Establishment has many able spokesmen for its point of view among the Members of the Congress so that its point of view is fully considered. In spite of this, in its wisdom the Congress has by law and by expression of what was meant by the language of the law, decided contrary to the position advanced by the Military Establishment.

"The reason I stated in my second paragraph that this is one more instance was because I had in mind the heart rending attempts the Congress has made to have a single catalog system established for common use items in the Military Establishment as well as other specific cases where attempts were made by congressional committees to see that the purpose and intent of the National Security Act of 1947 (as amended) providing for the unification of the services was carried out.

"Here follows the history of the Alameda test as I see it. First, I might state it was my privilege to serve on the so-called Bonner committee during the 82d Congress and we found that there was a great duplication and costly cross-handling of medical and other common-type supplies between the service units.

"We selected the medical supply field for study as it has only 8,000 to 10,000 items, uses only a few hundred million dollars worth of supplies per year but the Army and Navy each had five depots at that time with stocks turning very slowly. Further, a joint agency bought the same items for each separate service. Fortunately, the Air Force continued under the Eisenhower-Spaatz agreements to get medical support from the Army though now they seem to be splitting here also. We reasoned that if two services can use common distribution, why in the name of sense cannot three. Another reason for the selection of medical supply for a test was the fact that a usable catalog with common specifications and nomenclature has been in use for some time.

"Our reports No. 658 issued June 27, 1951, and No. 2330 issued June 27, 1952, were critical of medical supply operations and called for eventual integration. On July 19, Deputy Secretary of Defense Lovett and the top supply officials from the services and the Munitions Board testified as to the findings and recommendations in Report No. 658. At that time, Mr. Lovett produced a directive dated 2 days before (July 17, 1951) on the subject of Basic Policies Governing the Department of Defense Supply System. Paragraph 5(c) of the directive stated:

" '(c) Priority study shall be given to the feasibility of assigning to a single military department the responsibility for procurement, distribution, including depot storage and issue for classes of common items of supply and equipment, and depot maintenance of such equipment. Medical supply items shall be the first category to be studied.'

"It should be stated that a battle raged from July 17, 1951, to March 1952 over the establishment of the Medical Supply Test. The Navy, in particular, was unhappy at this step toward unified distribution. The Navy has, as you know, preached the gospel of 'three services separately administered' and that all supplies and services must be responsive to service command despite the fact that everyone should know by now that we must have unified commands in the theaters with supply responsive to that kind of command.

"The Korean emergency placed a heavy burden on the Army medical supply system with the Oakland, Calif., depot at the end of the continental pipeline. But the Navy medical supply system with a depot across the street from the Army's in Oakland got small impact. Commonsense without prolonged study should dictate to anyone that the two pipelines could have been connected in order to make all medical supplies responsive to the unified command in Korea.

"After more chapters and verses than any innocent taxpayer can imagine, the medical test was started. The committee knew of the bitter Navy opposition and went to Alameda (where the Army had moved meantime for the test) to see for ourselves how it was working. We found that the Army was putting all out to make it work and it was very successful. The Air Force was pleased at the service it was getting but the Navy was glum.

"May I add that the test was operated under adverse ground rules. Each service owned part of the stock, requiring triple accounting. Admiral McNeil testified later that one revolving or stock fund should have been set up. But it never was. The excellent Syracuse study on medical supply recommended the same (one revolving fund) and here again commonsense should dictate such action. Public Law 216 (title IV) was enacted 3 years before for just such a purpose. That is, to improve financial control and management.

"After viewing with alarm the committee's pressure to extend the successful medical test across the board to the other depots and end up with perhaps 3 depots in place of 10 with fast-moving stock, the Navy came up with the idea of setting up functional supply systems, et cetera, each service to have its own integrated supply system. This would combine common stocks, theoretically, in each service. So Supplies and Accounts took over Navy medical supply to head off what the committee was doing. Budget Bureau officials forgot their responsibilities and went along.

"After some 2½ years of operation, during which time the Korean theater was successfully served by the unified Alameda medical supply operation, it was decided to break up the test and not extend it across the board.

"To my mind it was not only a sad mistake to dissolve the only effective effort made by the DOD toward integration of common supply distribution but it was a flagrant violation of the intent of the National Security Act, as amended. As late as last summer, the Army testified before the House Appropriations units that the test was to be extended. Those of us who know the Navy, knew better.

"You will recall that the original National Security Act of 1947 (Public Law 253, 80th Cong.) 'provided for the authoritative coordination and unified direction of the services under civilian control but not for their merger. And that the Secretary of Defense under the direction of the President was directed, in section 202 (a) (3), to:

" '(3) Take appropriate steps to eliminate unnecessary duplication or overlapping in the fields of procurement, supply, transportation, storage, health, and research;'

"The 1949 amendments to the National Security Act (Public Law 216, 81st Cong.) following the Hoover Commission report were designed to strengthen the original act, section 2 thereof provided:

" 'Sec. 2. In enacting this legislation, it is the intent of Congress to provide a comprehensive program for the future security of the United States; to provide for the establishment of integrated policies and procedures for the departments, agencies, and functions of the Government relating to the national security; to provide three military departments, separately administered, for the operation and administration of the Army, the Navy (including naval aviation and the U.S. Marine Corps), and the Air Force, with their assigned combat and service components; to provide for their authoritative coordination and unified direction under civilian control of the Secretary of Defense but not to merge them; to provide for the effective strategic direction of the Armed Forces and for their operation under unified control and for their integration into an efficient team of land, naval, and air forces but not to establish a single Chief of Staff over the Armed Forces nor an Armed Forces General Staff (but this is not to be interpreted as applying to the Joint Chiefs of Staff or Joint Staff).'

"The amendment to the new Declaration of Intent included the provision for 'three departments, separately administered.'

"The specific language authorizing the SECDEF under section 202(a)(3) of the 1947 act to 'take steps to eliminate unnecessary duplication or overlapping in the fields of procurement, supply, transportation, storage, health, and research' was omitted in the 1949 amendments as it was argued such language was unnecessary in the light of the broadened authority proposed to be conferred generally on the Secretary. (See p. 16, Bonner Overseas Report No. 1994, 82d Cong., 2d sess.)

" 'The National Security Act amendments of 1949 took account of several of the criticisms and of certain recommendations in the report of the Hoover Commission. The authority of the Secretary of Defense over the three military departments was somewhat strengthened and clarified. Likewise the role of the Munitions Board and its Chairman were pointed up and the Board was established more precisely as a staff arm of the Secretary.

" 'Nevertheless, the 1949 legislation again compromised between opposing concepts of proper organization in the Military Establishment. What was taken away with one hand was given back with the other. Although the departmental Secretaries were deprived of Cabinet rank, the separate status of the Departments was not only reaffirmed but reinforced in several particulars. As if to remove any doubts on that score, the amendments added to the declaration of policy of the original act the intent of Congress "to provide three military Departments, separately administered."

" 'An interesting incident in the legislative consideration of the National Security Act amendments of 1949 illustrates the statutory setbacks to unification as well as the gains. The original act, in section 202(a) which created the Office of Secretary of Defense and prescribed the Secretary's duties, directed him among other things, to "take appropriate steps to eliminate unnecessary duplication and overlapping in the fields of procurement, supply, transportation, storage, health, and research." The Senate bill introducing the 1949 amendments, in seeking to strengthen and clarify the Secretary's authority, proposed that the above-quoted provision in section 202(a) be amplified as follows:

" ' "Taking of appropriate steps, including such coordination, transfers, and consolidations as may be necessary, to eliminate unnecessary duplication or overlapping in the fields of procurement, supply, transportation, storage, personnel, health, research, and in such other fields, as he may deem proper. * * *"

" 'Pentagon lawyers assured the House Armed Services Committee that the Senate proposal was unnecessary in the light of the broadened authority proposed to be conferred generally on the Secretary. Accordingly, the entire provision, both of the Senate bill and of the original act, were struck out by the House committee, the deletions were accepted in conference. The law now merely presumes, without specifically stating, that the Secretary will take steps to eliminate unnecessary overlapping and duplication.'

"The intensive Bonner committee investigations at home and abroad clearly proved the terrible extent of overlapping, duplication and waste in the common supply field as the Air Force acquired independent status as provided by the Security Act as implemented by the Eisenhower-Spaatz agreements.

"General Eisenhower told the committee at Paris (November 24, 1951):

" 'You have asked me what I had in mind, as far as common supplies are concerned, when General Spaatz and I made what you refer to as the Eisenhower-Spaatz agreement several years ago when I was Chief of Staff of the Army. That's a broad question, but I believe I can give you a simple answer by saying that when General Spaatz and I served together during the last war we frequently discussed ways and means of reducing what we believed to be a waste of supplies and of manpower through duplication of effort between the services. I reached the conclusion, and I am sure that he did also, that something had to be done to provide a system under which each service and each force could have all that it needed for its operation without a lot of duplicating hospitals, depots, and other supply overhead. I felt that much could be done to improve the situation that existed in the services at the end of the war. Consequently, when Spaatz and I talked things over in Washington after the war, we agreed that the policy on which the Army and Air Force supply and service arrangements should be based would be that of common service to the greatest possible extent. The so-called Eisenhower-Spaatz agreement was intended to implement that agreement on basic policy.'

"He further stated:

" 'I can illustrate some of the things I had in mind by giving you a few examples. Take blankets and bed sheets, for example. I saw no reason why there should be numerous types, sizes, and specifications for those things. I believed that a good blanket could be bought by the Department that would serve the needs of all Departments, and so could a good sheet. * * * Mops, brooms, soap, and other ordinary supplies are also good examples. * * * I could see no good reason why bread baked in an Army bakery could not be eaten by Air Force men, and vice versa. This same reasoning can be applied to the majority of commonly used equipment, such as rifles, et cetera.'

"Again he stated:

" 'I feel that what is really needed to accomplish what you gentlemen are seeking is to vest in the Secretary of Defense sufficient authority and responsibility to permit him to accomplish whatever degree of improvement in the efficiency and economy of our service and supply systems as is now necessary or that becomes necessary as time passes.'

"With respect of the need for unification of logistics in the theaters, the general stated:

" 'I will say that I am convinced that more unification is needed in logistical matters in all theaters. To my mind, the senior U.S. commander in any theater—be he of the Army, Navy, or Air Force—should have responsibility and powers for the overall coordination of logistics and the exercise of all possible economies in common items or common supply functions.'

"At the time the general made these statements (November 24, 1951) which made sense to the committee, the military services were still wrangling over the establishment of the common medical supply test as directed by the Secretary of Defense 4 months earlier.

"On June 9, 1952, Mr. Bonner, chairman of the committee, introduced a bill, H.R. 8130, which was designed to promote economy and efficiency through certain reorganizations and the integration of supply and service activities within and among the military departments. This bill contained many important provisions, including:

" 'Sec. 501(a). There shall be in the Department of Defense an Under Secretary of Defense, who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate:'

" 'Sec. 502(a). The Under Secretary of Defense shall advise and assist the Secretary of Defense in preparation and execution of a comprehensive program to integrate supply and service activities within and among the military departments, and shall perform such other duties as are prescribed by this title.

" '(b) Subject to the authority, direction, and control of the Secretary of Defense, the Under Secretary shall—

" '(1) develop standardized procedures and forms for supply and service functions;

" '(2) eliminate duplication and overlapping within and among the supply activities of the military departments in the fields of production, procurement, warehousing, and distribution;

" '(3) establish and operate depots for common items and other common supply and service installations throughout the United States;

" '(4) develop unified logistics organizations overseas;

" '(5) establish and operate a program to systematize scrap recovery, redistribution of excess materials, and surplus disposal, and coordinate such program within the Department of Defense and with those of other departments and agencies of the Government having responsibilities in these fields; and

" '(6) develop plans for recruitment and training of a professional corps of supply personnel within the Department of Defense.'

"Meantime, the committee was in conference with certain Senate leaders who were also anxious to bring about defense with solvency by the elimination of fat in the form of overlapping, duplication, and waste.

"Senator Douglas gave notice to the Senate that he intended to offer H.R. 8130 or its substance as an amendment to the pending Department of Defense appropriation bill.

"Senator Saltonstall stated:

" 'When the unification bill was passed in 1947, the amendment which the Senator is now proposing was considered. It was one of those steps which the committee felt it did not want to take at that time. It felt it should not go that far in concentrating so much power in the Secretary of Defense. That was one of the problems which Secretary Forrestal had confronting him. Times have changed, and conditions have changed. Personally, I think there is considerable merit in what the Senator from Illinois is proposing. I want the record to show that I join with the Senator from Texas in suggesting that the Senator introduce a bill on the subject in January, and pursue it, so that the Unification Act may be amended somewhat along the lines the Senator from Illinois proposes. I believe it should be amended.'

"Senator O'Mahoney, who was not only handling the appropriation bill but was Chairman of the Joint Committee on the Economic Report and thus dealing with both sides of the defense-expense coin, stated:

" 'I wish to say to the Senator from Illinois that the Subcommittee on Defense Production was unanimous in its feeling that the principle of the Bonner amendment should be enacted into law. But the committee was aware of the fact that it could not be enacted into law on an appropriation bill. I want the Senator to know that personally I have consulted with the Secretary of Defense and the Director of the Bureau of the Budget. I spoke to both of them and told them that the economy measure must be carried through. At the same time I recognize the fact that the Committee on Armed Services of the Senate and the House are entitled as a matter of right to have the opportunity to examine into the far-reaching changes which would be made in unification.'

"So, as a compromise measure, section 638 was inserted in the DOD Appropriation Act for fiscal year 1953. This act provides:

" '(a) Notwithstanding any other provision of law and for the purpose of achieving an efficient, economical, and practical operation of an integrated supply system designed to meet the needs of the military departments without duplicating or overlapping of either operations or functions, no officer or agency in or under the Department of Defense, after the effective date of this section, shall obligate any funds for procurement, production, warehousing, distribution of supplies or equipment, or related supply management functions, except in accordance with regulations issued by the Secretary of Defense.'

" '(b) This section shall be effective 60 days after the approval of this act.'

"The intent of the enactment which is permanent legislation, as stated in the Senate report, is to develop an 'integrated supply system':

" 'The committee believes that great savings can be made by improved integration and management of the military supply system. To this end it recommends addition of section 636 (638) to the bill, imposing a direct and specific duty on the Secretary of Defense to achieve such improvement at an early date.

" 'It is recognized that all the desirable changes cannot be accomplished in the 60-day period within which regulations must be issued. However, it is anticipated that, within that period, new interim regulations can be promulgated which will state the general principles to be followed, effect certain of the more obvious improvements, and assure that no additional independent or expanded supply facilities are created during development of the definitive regulations.

" 'When the next Congress convenes the Department of Defense should present a program, based upon regulations in effect, which will speedily eliminate the duplications and "historical accidents" that recur and exist in the present system of procurement, warehousing, and issue of supplies and equipment.

" 'Under the new system, it should be impossible for two competing facilities to be set up (or to continue to exist) in the same area for the same purpose as determined by the Secretary of Defense. Service facilities for maintenance of equipment such as motor shops, laundries, and so forth should be integrated to serve all departmental requirements in the area. Special attention should be given to the procurement, production, distribution, warehousing, maintenance, and issue of common-use items such as clothing, food, medical supplies, and building materials, to minimize stocks, handling, transportation, and related supply management activities. Wherever possible such items and the method of handling them will be made uniform throughout the Department of Defense to facilitate such integration. Where different stock levels exist in various parts of the Department, it is expected that the lowest level will be applied to the whole Department in the absence of a compelling justification for special treatment, which justification will be made to the appropriate committees of the Congress.

" 'It is recognized that the administration of the program outlined above will require some changes in the organization and staffing of parts of the Department of Defense, including the Office of the Secretary of Defense. To the extent possible under existing laws this should be done within the powers and personnel ceilings presently available to the Secretary of Defense, and it is expected that necessary action will be taken immediately so that the program can be instituted without delay. Emphasis should also be placed on civilian personnel in this interservice across-the-board work of the business organization of the Department since they can provide continuity and can approach these problems unencumbered by loyalty to the traditions and practices of one particular corps or service.'

"On September 25, 1952, General Eisenhower, in a speech at Baltimore, stated:

" 'I want to talk with you tonight about the defense of our country. I want to talk with you about getting the most defense at less cost with least delay.

* * * * *

" 'The real problem is to build this defense with wisdom and efficiency. We must achieve both security and solvency. In fact, the foundation of military strength is economic strength. A bankrupt America is more the Soviet goal than an America conquered on the field of battle. The 156 million Americans whose lives and livelihood are at stake are entitled to and must have the plain truth. I propose to give it to them.

" 'Here are the three personal convictions that I hold to be true:

" 'First, our defense program has suffered from lack of farsighted direction.

" 'Second, real unification of our Armed Forces is yet to be achieved.

" 'Third, our defense program need not and must not push us steadily toward economic collapse.

" 'What I do mean to criticize is routine in planning and operation, failure to establish clearcut line of authority, and failure in preparatory work to combine industrial and military leadership. * * * Resulting frenzied expansion has meant disorder and duplication and waste. It has meant an attempt by our Air Force to buy 20,000 superdeluxe chairs at $10 above the standard model. It has meant the Army buying enough front-axle gaskets for jeeps to last a full century.

" 'This pattern has been bad enough in the past. In todays' world of continuing tension, it is intolerable.

" 'Against this background we must face the overriding issue of security with solvency. We must analyze the details of that issue specifically, straightforwardly, and promptly. For next November, the American people are electing leaders not for just another ordinary term, but for years of decisive destiny.

" 'All that I have said about how to save money and avoid waste in the weapons program applies with equal force to other parts of the defense program.

" 'This brings us to the supremely important matter of unification of the Armed Forces.

" 'When I became Chief of Staff, upon my return from Europe in November of 1945, I felt that all our war experience had rendered obsolete the defense organization then existing. I was convinced then, as I am today, that effective coordination of the services in war requires central planning in time of peace. This is the essence of unity in the Armed Forces. That unity must also extend to the procurement and administration of all the costly material and paraphernalia of modern warfare. It was the hope and expectation of all of us who had worked to achieve the passage of the National Defense Act of 1947, that this kind of unity was in the making.

" 'This has not proved to be the case. Such unity as we have achieved is too much form and too little substance. We have continued with a loose way of operating that wastes time, money, and talent with equal generosity. With three services in place of the former three, still going their separate ways and with an overall defense staff frequently unable to enforce corrective action, the end result has been not to remove duplication but to replace it with triplication.

" 'All this must be brought to as swift an end as possible. Neither our security nor our solvency can permit such a way of conducting the crucial business of national defense.

" 'Our task, however, goes still further than this. We must critically review the political policies governing our military program; and we must review that military program itself in all its significant details. To this end I now make two major proposals.

" 'The first is this: At the earliest possible date next year, the new administration should create a commission of the most capable civilians in our land to restudy the operations of our Department of Defense. These men and women should, of course, be specifically qualified for their tasks. They should, I believe, be drawn from both parties, so that all matters of national security may clearly be placed beyond party politics. These men and women should be assisted by the ablest officers available from all services—Air Force, Army, Navy, and the Marine Corps.'

"I was surprised and shocked to learn of the dissolution of the Alameda medical supply test and a reversion to the old system. I could not imagine why one medical supply system was not established under one stock fund to serve the entire military or even the whole Government. I cannot understand why the clear intent of Congress is ignored and superseded by the subjective philosophies and regulations of DOD officials.

"It should be noted that the law, the National Security Act as permanently amended by the O'Mahoney amendment and as specifically interpreted in Senate Report No. 1861 stated, 'Under the new system, it should be impossible for two competing facilities to be set up (or to continue to exist) in the same area for the same purpose as determined by the Secretary of Defense. * * * Special attention should be given to the procurement, production, distribution, warehousing, maintenance, and issue of common-use items such as clothing, food, medical supplies, and building materials, to minimize stocks, handling, transportation, and related supply management activities. Wherever possible such items and the method of handling them will be made uniform throughout the Department of Defense to facilitate such integration.'

"I have carefully read Assistant Secretary T. P. Pike's Supply and Logistics, DN letter of July 27, 1954, relative to current supply philosophy. Needless to say, this philosophy is the opposite of that stated by Secretary Lovett's directive of July 17, 1951. It is also in my opinion a direct contradiction of the intent of the law. Certainly it violates the fine statements of President Eisenhower. Furthermore, the issuance of this statement of policy before Messrs. Pike, Higgins, and Drake reviewed and evaluated the test in early November condemned it in advance.

"It is my understanding that it will cost from $700,000 to $1 million to move the stocks and personnel, and make the other changes required to break up the central operation. If you have a more accurate cost I should like to have it detailed.

"In view of the above, I hope that you will personally look into this pilot subject which can be of such basic importance to our economy and to our defense. I may add that it is my intention to take this matter on a continuing basis to the Congress and to the public.

"Sincerely,

"THOMAS B. CURTIS.

"(Copies to Hon. Dwight D. Eisenhower, Hon. Paul H. Douglas, Hon. Leverett Saltonstall, Hon. Herbert C. Bonner, Bureau of the Budget, General Accounting Office, Hon. Sam Rayburn, Hon. John W. McCormack, Hon. Lyndon B. Johnson, Hon. Joseph W. Martin, Hon. Carl Vinson, Hon. Dewey Short, Hon. William L. Dawson, Hon. Clare E. Hoffman, Hon. Clarence Cannon, and Hon. John Taber.)"

This is a 14-page letter which documents the history of the Unification Act establishing the unification of the services and the history of the attempts of Congress to bring about unification of the three services in the area of common use items.

Incidentally, I might state the implications of the lessons that we may learn in the procurement, supply, and distribution of common use items certainly carry over to many of the military items. The only reason that I do not discuss the military items is because in the work that I performed in the 82d Congress as a member of the Bonner subcommittee, what was then called the Committee on Expenditures in the Executive Department, was confined to items like brooms, mops, and medical supplies about which there would be no question of security. But, there is likewise no question but that the lesson learned in these areas, as I have stated, can be carried over to military items as President Eisenhower himself has pointed out.

The aforementioned letter is actually summarized in the testimony of Secretary McElroy before the House Armed Services Committee on page 5977 of the committee hearings where Secretary McElroy states this:

"The National Security Act gives the Secretary direction, authority, and control over his entire Department. But at the same time this law provides that the military departments are to be separately administered by their respective Secretaries. The President has recommended eliminating the provisions prescribing separate administration of the military departments as a means of reducing needless argument and misunderstanding which adds to the difficulty of administering the Department."

And, there is no question, as the 14-page letter of documentation of history indicates, of the interpretation that the military establishments have placed upon this language, "separately administered." That has been their argument for continuing this bickering and this triplification, indeed quadruplification, of procurement, distribution, and supplies. This has cost us untold billions of dollars, I might state, of unnecessary waste and inefficiency in the military operation.

I submit that the language of the committee bill is illusory. We must eliminate what Secretary McElroy said was one of the essential errors in the law. To accomplish this purpose the language in the bill must be definite. Congressional intent must be clearly stated to obviate a misconstruction of the law. The language in the O'Mahoney amendment was definite—and even there the three services sought to argue about that language. I submit the services will argue about any language. The committee certainly has given them ample opportunity to argue over the language contained in the committee bill because on page 2 it is provided:

"That each military department shall be separately organized under its own secretary and shall function under the direction, authority, and control of the Secretary of Defense through the respective secretaries of such departments."

This statement permits the services to use the same argument that they used in regard to the language of "separately administered" to try to get around what was fully the intention of the Congress in 1946, and as expressed in the O'Mahoney amendment, and expressed time and time again in debate on the floor to try to bring about this unification.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Mr. Chairman, I am well acquainted with what the gentleman is talking about because I have been very much interested, as the gentleman knows, in the same subject of services and supplies, and so forth. I might say that it is my intention to offer an amendment to the Vinson bill tomorrow which I think will adequately take care of that situation and will be a complete culmination of the years of effort of the gentleman from Missouri [Mr. CURTIS], of myself, of the gentleman from Virginia [Mr. HARDY], the gentleman from North Carolina [Mr. BONNER], Senator O'Mahoney, and others.

I am hopeful it will be adopted. I say it is to be offered to the Vinson bill; I am referring to the committee bill.

Mr. CURTIS of Missouri. I thank the gentleman. I am happy that the gentleman is going to offer his amendment. I have had the opportunity to read the language and I think it will do exactly what the gentleman says and will be a tremendous step forward.

The substance of the amendment is that whenever the Secretary of Defense determines it will be advantageous to the Government in terms of effectiveness, economy, or efficiency, he shall provide for the carrying out of any supply or service activity common to more than one military department by a single agency or such other organizational entities as he deems appropriate. It is significant to note that any supply or service activity common to more than one military department shall not be considered a major combat function within the meaning of subsection 3 of the committee bill.

This is an excellent amendment. It permits flexibility so that the Secretary of Defense may provide the best possible type of operation for a supply or service function depending upon its nature.

Unfortunately neither the President's bill, H.R. 11958, nor the Vinson bill, H.R. 12541, makes specific reference to supply and service activities though these functions constitute approximately two-thirds of the military budget. It is in this area of overlapping and duplication where billions of dollars can be saved, each year, at the same time producing a more alert and hard-hitting military organization by making it more efficient.

As I see it three basic things must be done in this area.

First. We must have unification of the three services in procurement, supply, and distribution. This means levels of buying, warehousing, distributing, and so forth.

Second. Utilization rather than duplication of the civilian supply and distribution system.

Third. A personnel system that is trained to think in these terms and one that will improve on the system as it goes along.

Mr. Chairman, I previously stated that it is necessary to have unification in other areas. If the theory behind common-use items is accurate, as far as the unification of procurement, supply, and distribution is concerned, it is certainly true of common items that are military in aspect among the three services. That is the importance of the Arends amendment and I hope the gentleman from Massachusetts [Mr. McCORMACK] and others on his side will recognize that that was the intent of the Bonner subcommittee because, although we were dealing with common-use items, we stated very positively that if this proved to be true in that area it certainly should be carried over into military areas.

Mr. Chairman, I want to point out one other thing before I conclude my remarks. There has been some question, particularly on the part of the Committee on Armed Services, challenging the statements of the Hoover Commission to the effect that billions of dollars could be saved in this area of unification of procurement, supply, and distribution. It is a difficult thing to estimate how much can be saved. But I can tell you one way in which you can verify that we are talking in terms of billions, and that is in this fashion. We start at the garbage pail, as it were, just as the supply officer, in looking to see whether or not the mess has been properly administered, takes a look at the garbage pail to see what is in it. So we look to the garbage pail, as it were, of military items that are in surplus and we find that we are talking in terms of billions of dollars. This year there will be $6 billion of excess military supplies. That is an annual figure. It has not been running as high as $6 billion each year, but it has been running in the billions. I think last year it was somewhat over $5 billion. This year it is $6 billion. This is the total value of the Department of Defense excess personal property which will be up for sale this year. We have been realizing only 7 cents on the dollar from these sales. This index I have in front of me contains some 290 pages of various items that go into this garbage pail. This index is the Department of Defense excess personal property book for the month of May 1958. There are some 35,000 individual items running in cost from millions of dollars in individual items down to 1 cent apiece. The last item in the book is a metal-backed paper tag. We overbought 46 million of them at 1 cent apiece. This amounts to $460,000 for that one item alone. A review of this index discloses thousands of similar examples. How do these surpluses accumulate? Who overbuys and why? The answer is triplicate buying, unnecessary buying, untrained personnel, a hundred reasons of inefficiency. Our military procurement system is outmoded and inefficient. If we achieve unification and efficiency we will save billions of dollars and will produce a more alert and hard-hitting military organization. That is why it is necessary for this legislation to pass.

Mr. HARDY. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Virginia.

Mr. HARDY. I would like to inquire of the gentleman with reference to any duplication and improvement of management in the military supply operation, and say that he and I see eye to eye. However, I wonder if in the gentleman's statement which he will put in the RECORD he will have a definition of what he means by common-use items?

Mr. CURTIS of Missouri. Oh, yes. I will get to that. In fact, I will discuss it right now, and say that the Bonner committee—and I know the gentleman was on the Committee on Government Operations back in 1951—essentially went into what we defined as common-use items, meaning common use in respect to military and civilian use such as furniture, mattresses, or coffee, and things that were common with civilian use.

Now, it is my understanding that you who serve on the Armed Services Committee use the term "common use" more to mean something that is common between services, and not just confined to one service. So, in further developing the term "common use," I would make a definition in this way: Common-use items do mean items that are common between military and civilian. The items that are common between services could be rifles, or could be a military item that is not common with civilian use. The McCormack-Curtis amendment very definitely not only referred to common-use items in the sense of being common to civilians, but specifically referred to services and supplies that are common to more than one of the military services.

Mr. HARDY. If the gentleman will yield further, just to sort of clear this up, the question of what constitutes a common-use item as between two or more military services is one that we are trying to see if we can tie down.

Mr. CURTIS of Missouri. Yes.

Mr. HARDY. The gentleman mentioned rifles. The different services do not necessarily use the same kind of rifles.

Mr. CURTIS of Missouri. That is right.

Mr. HARDY. In other words, the Marines might want to use a special rifle, the Army might use an entirely different rifle, and there might not be any interchangeability between the two services with respect to that rifle. Would the gentleman construe that to be a common-use item which should be procured by a single Defense Department agency?

Mr. CURTIS of Missouri. No; I would not if it does not meet that definition, and as the gentleman has advanced the explanation of rifles, I would say that it would not meet that definition.

Mr. HARDY. If the gentleman will yield further, let us pursue this a little bit further.

Mr. CURTIS of Missouri. Certainly.

Mr. HARDY. Because this is extremely helpful.

Take, for instance, the case of aircraft.

Mr. CURTIS of Missouri. Yes.

Mr. HARDY. Now, the aircraft used by the Army are frequently entirely different from those used by the Air Force or the Navy or the Marine Corps. The gentleman then, I take it, under his definition would not construe that an aircraft which was exclusively used by the Marine Corps should be procured by a Defense Department agency just because other aircraft were procured by that agency?

In other words, the gentleman would not put all aircraft in one class?

Mr. CURTIS of Missouri. No. I think I would go along with the gentleman in that respect.

Mr. HARDY. If we could take one other further item, because I think this one would help us tie up our thinking. Incidentally, I might say to the gentleman that I am in complete accord with his thinking in this matter. There are, however, in this weapons system area now some particularly difficult problems and some particularly difficult supply problems, I might say, in the electronics area, where a particular weapons system is peculiar to one service, and is not employed at all by the other.

Would the gentleman think that because each of these services procures electronics parts that might be used only by one service, a particular part, that all those should be lumped together into one great big category of electronics parts and procured by an agency in the Department of Defense not responsible directly to any one of the services?

Mr. CURTIS of Missouri. Let me say this. Of course, on electronics, I do not know how you would define that. We could get into a question of semantics.

Mr. HARDY. I am trying to avoid that.

Mr. CURTIS of Missouri. I know that. That is why I wanted to make a basic point where we could evaluate not only electronics, but the other categories that the gentleman has mentioned. I think each one has to be viewed on its own bottom. There might be some minor items in one of these categories where one service has a particular use, say for a widget, in tools, for example, that would still make it overall justifiable to say that tools are a category common to more than one service and therefore the Secretary of Defense would have authority. He would not have to use that authority, mind you; this is only permissive. But he could if he sees that efficiency would result. But I would go along and say that there is a point, such as in the case of airplanes, when I think it would become very obvious—particularly with combat airplanes—where the fact that they are all airplanes is not sufficient to decide that there is an element of commonness in use between the services, and so that would not come under this definition. So as to electronics, it depends on the details, and I do not know the details well enough. I could see where one could say electronics in certain categories, yes. But there are certain things that would be excluded.

Mr. HARDY. Electronics that would be used by more than one service.

Mr. CURTIS of Missouri. That is right.

Mr. HARDY. But if you had a little black box that was a particularly critical item for a Polaris missile, and it was not used by any other missile service, does the gentleman think that that ought to be procured by someone who was not completely versed in that particular missile? That gets at the heart of it.

Mr. CURTIS of Missouri. I think the gentleman is getting to the heart of this. I think the gentleman is aware of the fact that the McCormack-Curtis amendment definitely refers to combat items or missions, that it does have its origin in common use items in the original sense, common with civilians; but it did not confine itself to that and did extend from that base to items that are common among the military services. So the origin of the thinking and the philosophy behind it, as I have tried to bring out in this statement, goes from that area and moves over into things that one could say are military but are common to the military service. Very definitely I would say that it did not contemplate in any sense getting into something that would be peculiar to a combat mission of a service, let us say.

Mr. HARDY. I am delighted to hear the gentleman make that observation because I am afraid the intent of Congress is being misinterpreted in some areas. That is a thing we are trying to straighten out.

Mr. CURTIS of Missouri. I thank the gentleman, and let me say this; that is the purpose of my taking the floor here, to try to clarify this. When you opened your hearings in your subcommittee, the gentleman from Virginia referred to the debate on the floor of the House at the time the McCormack-Curtis amendment was offered. Let me direct attention to that specifically to show how I think some misinformation came out. Here is a statement of the gentleman from Virginia [Mr. HARDY] on the defense agencies investigation, on June 4, 1962; I think this is from page 5:

> It is interesting to note that those who supported Mr. McCORMACK's amendment during the debate generally confined their remarks to common-use items.

Mr. HARDY. That is right.

Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. HARDY. Although I did not quote the gentleman's entire statement, for it would have been too long for the purpose we were using it for, I do not believe there was actually any inconsistency in the position which we have taken and the position which the gentleman took in his presentation, because I certainly subscribe, as he does, to the use of common-use items as those will apply to more than one service just as well as those will apply to the military and to the civilian fields.

Mr. CURTIS of Missouri. There is where there was some confusion.

The point is this: As I read the hearings that the gentleman from Virginia and the gentleman from Massachusetts participated in, in the Armed Services Committee, you are raising the question of whether under the McCormack and Curtis amendment these agencies in the Defense Department should be set up to bring about this unification in these areas of common use.

I wanted to point this out because it is our opinion, at least it was at that time, and our intention, if the Secretary did deem it to be expeditious and efficient that he could and, indeed, should set up an operating supply group in the Defense Department.

Mr. HARDY. Of course, the single manager system would lend itself to that kind of proposition.

Mr. CURTIS of Missouri. That is correct.

Mr. HARDY. It would not necessarily, and I am not thinking in terms of necessarily precluding an agency outside of the single manager system. There is, it seems to us at least, some question as to the extent of the legal authority for an independent agency within the Department of Defense which is not responsible through one of the service Secretaries. In other words, you get into a question of operations versus policy. Insofar as policy direction from the Secretary of Defense is concerned, I do not think there has ever been any question in the minds of any of us who are members of the Committee on Armed Services with respect to that. But, insofar as direct day-to-day operations are concerned, there was not any reason in our mind, or at least in my mind—there was not any reason why an individual service could not perform the administrative operations under the policy directions from the Department of Defense—if you gentlemen understand the distinction.

Mr. CURTIS of Missouri. Yes. As a matter of fact I think that probably was the kind of thing that would have occurred to most of us, but we did definitely contemplate and thought in some areas there might even be a separate agency set up in the Department of Defense. So, apparently, there is some doubt in the gentleman's mind as to whether the amendment does go that far.

Mr. HARDY. Frankly, there is doubt in my mind that the language goes that far.

Mr. CURTIS of Missouri. Yes.

Mr. HARDY. And I say to the gentleman, we have not resolved this. Our own committee held some hearings on it and we are trying to understand what the latent implications are. But if in the supply area you include authority for entering into contracts, only in one other specific case has the Department of Defense, as such, ever been given authority to enter into contracts and that is in the research and development field. That was done specifically and deliberately by the Congress. In this case, of course, we oppose this amendment. I supported the amendment.

Mr. CURTIS of Missouri. I know the gentleman did.

Mr. HARDY. The purposes which we seek, I think, are laudable and the question of how it is to be done and the statutory authority is another matter. I would be happy if the gentleman from Missouri would yield to the gentleman from Massachusetts to comment on that particular point.

Mr. CURTIS of Missouri. Yes, I want to do so; and I now yield to the gentleman from Massachusetts [Mr. BATES].

Mr. BATES. Mr. Speaker, the gentleman from Missouri and I have discussed this matter for the last half hour off the floor. I believe we have a meeting of minds as far as the intent of our subcommittee is concerned. Like the gentleman from Virginia, when this amendment was presented to the floor, I had in mind the adoption of a single manager concept rather than an organization outside of the individual service, like the Defense Supply Agency, which has been established. Perhaps, the reason why I could give more credence to my judgment in this matter was that we considered this particular problem at great length in committee—as to what is the function of the Department of Defense, or more specifically the Office of the Secretary of Defense. From the act of 1947 through the bill that we discussed at that time in 1958, there is very clearly spelled out in the reports that the Department of Defense or the Office of the Secretary of Defense should be a supervisory organization and that they should not be an operating agency. In the bill in which the gentleman's amendment occurred that report also had that specific language. So when your language was offered on the floor, certainly, it was my idea that it would come within the framework of the individual service rather than outside one of the services. So I am glad we have had this opportunity to discuss this.

I just have one question to ask the gentleman in further relation to the inquiry made by the gentleman from Virginia in respect to categories or items that might be transferred to this particular agency. Does the gentleman believe that broad categories can be transferred to those agencies from the respective departments even though within these broad categories there are particular items that are special and peculiar to an individual service?

Mr. CURTIS of Missouri. I think this is somewhat a matter of argument. Certainly if those were significant items I do not believe they could be.

Mr. BATES. It was my judgment after listening to the gentleman and discussing the matter with him that each item transferred would have to be determined on its own basis.

Mr. CURTIS of Missouri. I would think so.

Mr. BATES. To determine whether it was peculiar to a given service or common to all services, and if it was peculiar to a particular service it should be required for a particular item so used.

Mr. CURTIS of Missouri. Let us take this list on page 10 of the remarks I have prepared. I list 12 supply organizations that have been included in the Defense Supply Agency; they are:

Armed Forces Supply Support Center.

Military Subsistence Supply Agency. I believe the word "Subsistence" would not indicate that it might be peculiar to a particular service.

Traffic Management Agency.

Clothing and Textile Supply Agency. You could have different types of uniforms but I do not think that difference is one that would justify saying that that was peculiar for combat reasons and I would think there could be unification.

Medical Supply Agency. There is an area in which the Bonner subcommittee particularly felt we needed to bring about real unification.

Petroleum Supply Agency. Possibly there. There may be in petroleum.

General Supply Agency. I do not know what that would include.

Industrial Supply Agency. I do not know anything about that.

Automotive Supply Agency. That would undoubtedly include vehicles.

Construction Supply Agency—which I think brought about this specific question in the full Armed Services Committee, did it not? The question of the Construction Supply Agency, I would say to the gentlemen, both members of the Armed Services Committee, I would not put my judgment ahead of theirs at all, but if there are things that are used in common by the various services, the Air Force, the Army, or the Navy, I certainly think the language of the amendment would contemplate that.

Mr. BATES. In other words, the gentleman does not refer to particular items but to a broad category.

Mr. CURTIS of Missouri. The gentleman is correct.

Let me call attention to the other material rather than read it. I refer in my report there to the gentleman's subcommittee at some length on the Comptroller General's opinion. It might be well, not that I want to be presumptuous, but you might call the Comptroller General before your committee to get his views on this interpretation. You will find in my prepared statement some rather lengthy quotes from opinions and letters of the Comptroller General which bear on the interpretation of what this amendment contemplates.

Mr. MORSE. I commend the gentleman for the superb job he has done in this field, and I would like to associate myself with his remarks. I serve on the Military Operations Subcommittee which heard extensive testimony from the Secretary of Defense, Mr. McNamara, the Deputy Secretary of Defense, and other officers, and I think the record established made it abundantly clear that there was no intention of establishing any fourth service or anything comparable to a fourth service. I have served as a staff member in the other body, and from my long experience I have been for many years apprehensive about a single service, and my long study of this entire matter supports the gentleman's conclusion that there is nothing in the authority granted by the McCormack-Curtis amendment, as that authority has been used, which would give rise to any particular concept which I am apprehensive about. I think the gentleman's leadership over the years has been one of the most commendable accomplishments of his career.

Mr. CURTIS of Missouri. I thank the gentleman.

Mr. HARDY. Mr. Chairman, if the gentleman will yield further, I would just like to make this observation about one of the major purposes that the gentleman from Massachusetts [Mr. BATES] and I had in exploring this particular matter at this time. As the gentleman from Missouri, I am sure, knows, our attempt to analyze what has been done is not confined to the Defense Supply Agency. We are looking at all of the departments which are being consolidated in a similar manner under the McCormack amendment, including the Intelligence Agency. I wish I had reached the point where I could state with conviction the statement which the gentleman from Missouri made a while ago that we had not gotten beyond these confines of what is good management and what would keep the services separate and put in the Defense Supply Agency only those items which are common items. I am not sure of that yet. I hope that we will be sure just where we are before we get through. I would like to ask the gentleman a question in connection with a key to supply, major key supply. Would the gentleman agree that the requirements must be determined by the individual services to meet their needs?

Mr. CURTIS of Missouri. Of course, I certainly do agree.

Mr. HARDY. I thank the gentleman very much.

Mr. MORSE. I would like to call the attention of the gentleman from Virginia to one point, and that is that the Defense Intelligence Agency was, of course, not established under the McCormack-Curtis amendment.

Mr. HARDY. I am not sure, I will say to the gentleman.

Mr. CURTIS of Missouri. I know the scope of your subcommittee is away beyond the supply area, and I am very pleased that the work is being done, and I again emphasize that you are looking to see the extent of what has been done under the so-called McCormack-Curtis amendment, because I want to know, too, on account of the fears I have had. And, very frankly, one reason I took the floor, I was very apprehensive that this was one further attempt on the part of the services to resist this program of unification which we have fought so long and hard for, and the gentleman from Virginia [Mr. HARDY] has been one of the stalwart supporters of this approach.

Mr. HARDY. I would like to ask just one question. This was what might be termed an instantaneous thing and grew out of the Armed Services Committee hearings and came up out of a discussion of construction of facilities for the Defense Supply Agency, and it sort of branched out. That prompted our committee to look into this whole area of what is happening in the way of establishing separate agencies in the defense operation under the Office of the Secretary of Defense.

Mr. CURTIS of Missouri. I thank the gentleman.

I want to again pay tribute to our Speaker, the gentleman from Massachusetts [Mr. McCORMACK], who has fought in this area for this reform so long, and the great work that he has done. This has been true all along, and it shows here today that it has been a completely bipartisan approach in this matter.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CURTIS of Missouri. To those who differ with me, and there are many, I would like to say that it is not a matter of one side of the aisle being against the other side of the aisle. I hope, and in fact I know, that it will remain in this fashion.

Mr. Speaker, I yield back the balance of my time.

INFAMOUS SUPREME COURT DECISION

Mr. SIKES. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SIKES. Mr. Speaker, I am shocked and angered by what I have seen the U.S. Supreme Court do to the institution of Americanism and what they seek to do to the principles which have guided this Nation through all its years. This is a nation founded on spiritual concepts. It is a nation which has repeatedly affirmed and reaffirmed its belief in an eternal God and its adherence to religious precepts. Almost everywhere we turn, in virtually every act of Government, there is reference to Deity. Now the Supreme Court strikes a deep and serious blow at this historic concept by ruling that prayer may not legally be offered in the public schools. I find it difficult to choose the adjectives which properly describe this latest bid for infamy by the Nation's highest Court. But, I must say that if the Supreme Court were openly in league with the cause of communism, they could scarcely advance it more than they are doing now.

I note almost with abhorrence that in the same breath with which the Court refuses schoolchildren the right to begin their daily work with prayer, the Court strikes down a ruling by the Post Office Department to prevent obscene matter from going through the mail. I would have expected any court composed of just and honest and learned men to rule exactly the opposite in both cases. I trust that Congress will speedily set up the necessary legislative machinery whereby an amendment may be voted by the States which will specifically, in clear and incontrovertible language, enable prayer to be offered in the schools of the Nation. I am introducing and I shall work for the passage of this legislation—just as I have worked for years for legislation to curb the irresponsible and improper performance of this judicial body.

FREEDOM SEASON IN CALIFORNIA

Mr. SIKES. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Corman] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. CORMAN. Mr. Speaker, last year at this time I was privileged to be the first Member of this body to call attention to a great new enterprise in my district in California. It was called the Freedom Season, and I said about it at that time:

> If the rest of our country caught this fervor and propelled it into an expression of national joy for our hard-won liberty, it would serve as a clear demonstration to the rest of the world that, rather than the last refuge of scoundrels, the American brand of patriotism is a moving force for truth, justice, and good.

I am pleased to say that the second annual Freedom Season has been celebrated in its birthplace, Woodland Hills, Calif. And I am happy to say that some of this ferver I alluded to in last year's speech has been caught in other parts of the Nation.

The result has been that Freedom Season 1962 is bigger, better, and more inspiring than last year. The community of Woodland Hills and the Freedom Season Committee have done a magnificent and commendable job. The surest proof is the participation they have picked up from other communities throughout southern California and the rest of the Nation.

The parade this year included contingents from Santa Ana, San Bernardino, Redondo Beach, Twentynine Palms, Santa Barbara, and Long Beach, Calif. More than 1,500 persons participated in the ceremonies in Woodland Hills, and more than 10,000 persons turned out to watch.

But probably the most encouraging sign was the fact that the Kiwanis Club of Kenmore, N.Y., almost 3,000 miles away, has caught the spirit of Freedom Season, and has celebrated its own Freedom Season this year. Mr. Speaker, when an idea travels that far in 9 or 10 short months, it must have something to recommend it.

May I say that Freedom Season in Woodland Hills, embodying as it does all that is great about our America, has much to recommend it.

FLAGRANT IMPROPRIETY AND UNDER THE TABLE EX PARTE REPRESENTATION

Mr. SIKES. Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. Fascell] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. FASCELL. Mr. Speaker, David Kraslow, of the Miami Herald, Washington bureau, in a series of copyrighted articles in the Knight newspapers has revealed a case of "flagrant impropriety" and "under the table" ex parte representation in dealings before an independent agency of the executive branch of our Government.

The facts in the case, briefly, are as follows: Two groups were seeking approval from the Federal Home Loan Bank Board for a savings and loan institution to serve the Negro community in Miami, Fla. One group had only one Negro among its original members, and the other group had three Negro members. While the applications were pending before the Federal Home Loan Bank Board, six members of one of the groups made a trip to Atlanta, Ga., to visit the home of Rev. Martin Luther King. They told him they were encountering difficulties with the Federal Home Loan Bank Board because they did not have enough Negro members in their group. Following this meeting, the Reverend Mr. King, last November, placed a telephone call to Federal Home Loan Bank Board Chairman, Joseph P. McMurray, on behalf of that group.

Subsequently, the group in question was allegedly permitted by the Board to add four Negro members to its group and receive a charter from the Federal Home Loan Bank Board in January of this year.

Now the other group has filed a motion with the Board accusing it of "improper conduct," "secret ex parte representations," "flagrant impropriety," and "violation of its own rules."

While this case may simply be considered as another in a long series of disputes of this type, none of the previous ex parte cases such as those involving airlines and communications licenses—have come to the attention of the Congress wherein an individual immediately and openly admits that he contacted an agency official directly seeking favor for a particular applicant.

Under present law and practice, there are those who contend that Members of Congress have the right and the responsibility to intercede with governmental agencies on behalf of their constituents without regard to whether such intercession is on the record or off the record. Therefore, it is no wonder that private citizens might be confused as to their right to contact and make off-the-record representations on matters before governmental agencies.

Private citizens may not know—but certainly the Federal Home Loan Bank Board Chairman should have known and made a note of this representation in the public record and under my bill, this would have been required but under present practices it is not.

From a purely legal viewpoint as well as what is best in the public interest this state of affairs leads to nothing but confusion, doubt, misunderstanding, uncertainty, and loss of confidence.

Under existing legislation there also remains a great amount of doubt and confusion as to whether all Federal agencies are covered under such legislation as the Administrative Procedure Act.

There exists a need for clear-cut guidelines for the conduct of the public, the applicants, Members of Congress, boards, and others. With the establishment of such guidelines would come penalties for violations of the public interest—which all of these cases involve.

The American Bar Association has recognized the need for such legislation and through establishment of a special subcommittee has called for it. The result of their thinking is my bill, H.R. 351. The ABA thinks it is necessary and right—I think it is necessary and right. The Miami Herald case shows that legislative and administrative action is needed and right to protect the public interest.

It is clear beyond a shadow of a doubt that my bill would fully cover such cases as the one raised by Mr. Kraslow's story. It is clear that such legislation is long overdue from the Congress and I, consequently, urge the appropriate committee of the Congress to immediately consider in full the issues and implications raised by the Kraslow story.

My bill on these matters has been before the committee for a long time. Ex parte representations and their attendant problems make it vital that the Judiciary Committee hold full public hearings on this legislation as soon as possible.

FEDERAL SMALL BUSINESS ADMINISTRATION

Mr. SIKES. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Roosevelt] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, yesterday I introduced H.R. 12282, a bill that calls for changing the name of the Small Business Administration to the Federal Small Business Administration. I urge that you consider the merits of this proposal.

The basic purpose of the change is to alleviate the confusion caused by this agency's current name. As it exists, the Administration is not clearly designated as an arm of the Federal Government. It has often been mistaken for State and local small business agencies, private small business associations, and especially, for the common small business investment companies. In fact, it has come to my attention that a letter sent from a high executive office in the Government to the Administration's regional director at Los Angeles was addressed to him as "President, Small Business Association, Inc."

Nor is the proposed new name without precedent. Among other examples, I can cite the Federal Communications Commission, the Federal Trade Commission, and the Federal Power Commission. It seems to me worthwhile, for clarity and uniformity, that we add the word "Federal" to executive agencies, and particularly to those whose names are likely to be duplicated or similarly used by groups outside the Government.

I suggest that there is confusion enough in public understanding, and apparently even in official understanding, of Government operations. I ask your support for this attempt to clear up at least this much of it.

DECISION BY THE SUPREME COURT TO BAN ALMIGHTY GOD FROM THE SCHOOLS OF THE LAND

The SPEAKER pro tempore (Mr. KORNEGAY). Under previous order of the House, the gentleman from Louisiana [Mr. WAGGONNER] is recognized for 15 minutes.

Mr. WAGGONNER. Mr. Speaker, not any time before in the short history of this Nation has a more disgraceful or evil act been perpetrated by supposedly honorable men than yesterday's decision by the Supreme Court to ban Almighty God from the schools of the land.

That these men are able to read the sentence "Congress shall make no law respecting an establishment of religion" and solemnly find that the writers actually meant "little children shall not voluntarily repeat the Lord's Prayer in school" far exceeds the credibility of this mortal.

Is there a Member in this Chamber today who can, in honesty and candor, say he believes the majority of the people agree that there is some terrible danger and threat to our freedom and security when little children, of their own free will, out of reverence for their Creator, bow their heads and repeat the Lord's Prayer?

Is there a Member in this Chamber today who believes that this is what the framers of the Constitution had in mind?

I do not believe there is.

I do not believe there is a Member who agrees with Dr. Virgil Lowder, spokesman for the Council of Churches, who commented that he "cannot feel that we have lost much that is really vital."

Nor do I believe that there is a Member in this Chamber who agrees with the executive director of the Jewish Community Council, who said that he was "gratified" by the decision and that this decision is "good for religion, public education, and American democracy."

What is there in the Lord's Prayer that the Supreme Court finds seditious and demoralizing?

Is it the phrase, "Our Father, which art in Heaven. Hallowed be Thy name"? Is that the passage that strikes terror into the hearts of the members of the Supreme Court when repeated by little boys and girls?

Or is it, "Thy kingdom come; Thy will be done on earth as it is in heaven"?

Is there treason in, "Give us this day, our daily bread"?

Can it be wrong to ask that the Almighty, "Forgive us our debts as we forgive our debtors"?

Or to invoke His blessings by asking that He, "Lead us not into temptation but deliver us from evil"?

And, though I have said it a thousand and more times, I have never conjured up visions of anarchy in the concluding phrase, "For Thine is the kingdom and the power and the glory, forever and ever. Amen."

Can it conceivably be that the Supreme Court would now have us say: "For Thine was the kingdom, the power and the glory up until today. We now hereby supersede Your kingdom, Your power and Your glory"?

I have not yet had the time to ponder the limitless reaches of this sacrilegious ruling, but it comes to my mind immediately that, if we allow this decision to go unchallenged, the House and the Senate are daily performing unconstitutional acts by opening our sessions with prayer. Each of us whoever placed our hand on the Bible when we took the oath of an office is now undoubtedly guilty of an unconstitutional act. Will we now be required to disband the Corps of Chaplains serving the Armed Forces and order that all chapels on military reservations be torn down?

Is this the preposterous end to which we have come?

I am thoroughly in agreement with the principle that the U.S. Government should not force anyone to participate in a religious ceremony against his or her will. And, I would be the first to say that this Government should not interfere in anyone's pacific worship of his God.

But can it possibly be said, as Justice Black has said, that the voluntary repetition of the Lord's Prayer is an "unhallowed perversion"?

I think not.

Examine, too, the simple prayer that is also branded as "perverse" and "unhallowed":

> Almighty God, we acknowledge our dependence upon Thee and we beg Thy blessing upon us, our parents, our teachers, and our country.

Where is the perversion?

The perversion can only exist in the minds of the Supreme Court, for it surely does not exist elsewhere.

If we allow this Court to hold up the Lord's Prayer to this ridicule, we are equating ourselves with the Soviet Union which also bans the mention of the Almighty in their schools. What possible gain is there in bringing our philosophy into juxtaposition with theirs?

Reaction across the country to this bitter and galling decision includes, here and there, a weak-kneed expression of "disappointment" and "regret."

I do not share that apologetic attitude.

I am appalled, horrified, ashamed. And I am fearful.

Appalled that such an edict could come from the pens of men sworn to protect and defend us.

Horrified at the thought that the day may be drawing near when mothers may have to hide in darkened rooms while they teach the Lord's Prayer to their children.

Ashamed to say to the world that we now officially denounce the Lord's Prayer and an "unhallowed" and "perverse" bit of doggerel.

Fearful for the safety of our country if we are to reject the prayers of our children in an hour when we are engaged in mortal combat with our enemies.

If we allow this decision to go unchallenged, yesterday will be recorded as our most infamous hour and I cannot abide it.

If there is one thing crystal clear in this finding it is the revelation that some of the members of the Supreme Court need, all over again or perhaps for the first time, a personal religious experience which would preclude ever again any decision such as this.

I am in the process now of preparing a constitutional amendment which will guarantee forever the right and the privilege of our children to repeat, of their own free will, the Lord's Prayer in our schools.

That it is necessary for such an amendment to be written is to our everlasting shame, but if it is required, then let us be about it.

WHO HAS INFLUENCE?

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas [Mr. DOLE] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. DOLE. Mr. Speaker, Secretary of Agriculture Orville L. Freeman should drop further efforts to control the Nation's farmers and seek instead to win control of his own Department.

On the heels of the repudiation of his farm bill by the House of Representatives last week, now comes another grudging admission by Mr. Freeman that his agency has been covering up the shady activities of some of its own employees in connection with the Estes cotton allotment scandal. In line with his pattern of the past, which is to admit it only when it is exposed or about to be exposed, the Secretary of Agriculture yesterday issued a press release announcing he had issued a formal reprimand to Thomas H. Miller, Acting Southwest Area Director of ASCS for failing to reveal that he—Miller—prepared a report under instructions from a superior recommending that cotton allotments in the Estes case be allowed to stand for 1961 and subsequent years.

These fraudulent allotments have since been canceled but only after the scandal was exposed in Texas State courts and in the Nation's press.

In his press release, Mr. Freeman reports:

> [Miller] now states that the recommendation he made was contrary to his own judgment and that it was made at the direction of Emery E. Jacobs, former Deputy Administrator, ASCS, who resigned April 13, 1962. The course of action subsequently taken by the Department with respect to Estes' transferred cotton allotments was in no way affected by Mr. Miller's memorandum and was completely at variance with his recommendations.

The Freeman statement goes on to say:

> Miller has advised the Department in an affidavit that Jacobs instructed him to write a memorandum justifying a departmental decision to permit Billie Sol Estes to retain all of the cotton allotments he had acquired at that time. He also stated that he had disagreed with Mr. Jacobs but considered I had no alternative under the circumstances.

Here we have the spectacle of a high USDA official, Jacobs, instructing one of his subordinates to write a memorandum justifying the Estes cotton allotments which Jacobs must have known were fraudulent and which career administrators had said were illegal months before.

Miller knuckled under, wrote a false report and, now that the whole sorry mess has been exposed, draws a mere reprimand from the Secretary of Agriculture. It is reminiscent of the reprimands which were first handed to two Oklahoma ASCS officials for dabbling in cotton acreage allotment transfers, although they were subsequently fired when public attention was focused upon the matter.

The Secretary's action with respect to Miller stands in sharp contrast with his handling of the N. Battle Hales case. Hales, one of the career USDA employees who had recommended that the Estes cotton allotments be tossed out back in November of 1961, was locked out of his office, denied access to his files and assigned to a different job when Mr. Freeman discovered that Hales had given a deposition to the FBI concerning this matter. In the deposition Hales made it clear he believed the Estes allotments were fraudulent and he stuck to his guns in subsequent public questioning by the press.

For making an honest evaluation of this case, Hales was, in effect, demoted and subjected to indignities. His secretary was summarily arrested and detained for 13 days in the psychiatric ward of District of Columbia General Hospital.

For going along with the people who were attempting to cover up for Estes, Miller receives only a reprimand and that only after the Secretary of Agriculture learned investigators for the Senate Permanent Investigations Subcommittee, headed by Senator McClellan, got Miller to admit that he had written a false memorandum at Jacobs' request.

In his press handout, Mr. Freeman says that he received word of Miller's action from ASCS Administrator Horace Godfrey on June 2 and I read:

> I immediately ordered an investigation of the facts.

Yet it was not until yesterday—23 days later—that Freeman ordered a reprimand of Miller and then only after a newspaper reported the case.

Miller, in his affidavit, says Jacobs told him that Estes would be willing to settle for the allotments he had already received and this was in accordance with the wishes of Under Secretary Murphy. Murphy, however, denies that he had ever met Miller or knew that he had filed a report on the Estes cotton allotments until the past few days.

That Murphy was well aware of the Estes cotton case can hardly be disputed, however, in view of the fact that he sat in on the USDA meeting on January 6, 1962, at which Estes and his attorneys were in effect given a reprieve and another opportunity to establish the legality of an operation which was patently illegal from the outset. Murphy's role in this matter calls for a much more detailed explanation than he has offered thus far.

As an interesting footnote to this latest retreat and coverup policy of Freeman with respect to the Estes scandal, I should like to quote from a letter which he sent to me on May 9, 1962. In this the Secretary said:

> Emery Jacobs agreed to resign from the Department, not because he has taken anything from Billie Sol Estes, which he has consistently denied, but rather because he placed himself in a position where due to the extent of his purchase [of clothing] and the prominence of Billie Sol Estes on the scene at the given time and place it might be concluded by the public and interpreted as an improper relationship affecting the integrity of the Department. This being the case, Mr. Jacobs agreed to tender his resignation subject to clearing himself of any wrongdoing.

Perhaps a further footnote is in order. This concerns the news reports of Jacobs' exit from USDA. It was related that the Secretary threw his arm about Jacobs and had told the departing official it was like losing his own right arm. Jacobs was admonished to go out and clear himself of what Freeman seemed to believe were ballooned-up charges and then come back to his former job.

All of this confirms what I said at the outset: that the Secretary of Agriculture should quit trying to control farmers and get control of his own Department. It also demonstrates again the utter futility of having him investigate his own agency.

It is abundantly clear by now that the Secretary of Agriculture is going to divulge or confirm what facts he has in connection with the Estes scandal only after they have been exposed first by Congress, the press, and the courts.

FOREIGN AID AUTHORIZATION

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. JOHANSEN] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. JOHANSEN. Mr. Speaker, the operators of the foreign aid bureaucracy specialize in two kinds of handouts, both at taxpayers' expense—money and self-laudatory news releases.

With the approach of the annual debate in the House on the foreign aid authorization, a news handout is being circulated to the Michigan press, television, and radio, purporting to show the total amount of foreign aid funds spent in the State of Michigan during the 8-year period ending in December 1961.

It includes a breakdown of such expenditures for 48 Michigan communities, including 3 in my own Third Congressional District.

When a similar news handout was made a year ago, I referred to it as political blackmail. I know of no reason for altering that opinion.

However, I do have a few additional comments to make on this lobbying practice.

I note, for instance, that the operation this year involves an even more brazen and blatant violation of Federal law.

Last year there was at least the pretense that the handout originated with a nongovernmental source; namely, the so-called Citizens Committee for International Development.

This year, however, the pretense of a front organization is abandoned and the release is made by the Office of Public Affairs of the Agency for International Development, a governmental unit of the Department of State. The copy which came to my desk bears a covering note over the name of John L. Salter, Assistant Administrator of AID for congressional liaison.

One must be unsophisticated indeed either to pretend or to believe that this is not a lobbying activity directed against Members of this House.

I invite the attention of Mr. Salter, Administrator Hamilton, and Secretary of State Rusk to the fact that such lobbying activities financed by appropriated moneys constitutes a criminal offense under section 1913 of title 18 of the United States Code with penalties of not more than $500 fine or imprisonment for not more than 1 year, or both.

I further invite these officials' attention to the precise wording of the ban contained in this statute:

> No part of money appropriated by any enactment of Congress shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation.

This latest AID handout shows the alleged beneficiaries of the foreign aid program in my own Third District of Michigan during the 8-year period to be Battle Creek, in the amount of $444 906; Coldwater, in the amount of $856,586, and Kalamazoo, in the amount of $281,898.

This type of news handout is an insult to the intelligence of the voters of my district.

They know that the only valid justification for foreign aid is that it contributes to the national interest and security of the United States. I am sure that they would vastly prefer the tax relief which would come from abolition or curtailment of foreign aid above the alleged trickle-down benefit of the million-and-one-half-odd dollars spent for foreign aid goods and services in the third district during the past 8 years.

There is a particular irony in this year's aid propaganda handout to the news media of Michigan.

It was only about 15 days ago that the distinguished majority leader of the other body, in a commencement address at Michigan State University, raised some very searching questions regarding the cost and benefits of our massive multibillion-dollar foreign aid spending in southeast Asia.

In this address he made the significant observation:

> Neither form of aid [military or economic] has much effect on the economic or social well-being of the ordinary people of these nations. The principal gain of these programs has flowed to a relatively small number of persons in the cities and to military personnel.
>
> In all candor, I must ask: Is a permanent policy of that kind justified on the basis of any enduring interest of the people of the United States in southeast Asia?

Apparently, the distinguished commencement speaker at Michigan State University did not have the benefit of the propaganda handout of Mr. Salter, and others.

PRAYER IN OUR PUBLIC SCHOOLS UNCONSTITUTIONAL

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from North Dakota [Mr. SHORT] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SHORT. Mr. Speaker, "Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country."

The Supreme Court of the United States rendered a historic decision yesterday when it determined that this prayer, which I have just quoted, authorized by the New York State Board of Regents, violated the Constitution of the United States.

This in spite of the fact that the prayer is optional, so far as schools are concerned, and students may be excused from the classroom during the prayer if they so desire.

The decision was rendered on the broad provision in our Constitution of separation of church and state, but in my opinion, on the erroneous assumption that expression of a belief in God in our schools constituted a union of government and religion. A careful scrutiny of the prayer, it seems to me, fails to imply a belief in any particular God or any particular religion. Even for those who have no belief in any God, the prayer is not required, nor do the children even have to remain in the room while it is repeated. I find it difficult to recognize any infringement of the individual's right to his personal religious belief or infringement of the principle of separation of church and state.

It would seem we have reached a strange point in our history when this Nation of people "endowed by their Creator" as stated in the Declaration of Independence should take such a long step toward prohibiting the reiteration of a belief in God. Perhaps the next step is banning the prayer at the opening of each session of the House and Senate, which has been the historic practice since the first days of our Government's organization in 1789.

Are we now to renounce the official motto of the United States, "In God We Trust," declared by a joint resolution of the 84th Congress and approved by the President on July 30, 1956?

Are we now to renounce the practice of placing the words "In God We Trust" on our paper money and coins, which has in varying degrees been the practice since 1864—and officially made law by the 84th Congress, approved July 11, 1955? Do those people who object to the small prayer in our schools also object to—or refuse to spend our official U.S. money?

Let me quote significant words by Secretary of Treasury Solomon P. Chase, in connection with the use of the motto during Civil War days:

> No nation can be strong except in the strength of God, or safe except in His defense.

While it is true the first amendment to the Constitution states that "Congress shall make no law respecting an establishment of religion," the same amendment continues on to say "or prohibiting the free exercise thereof." It further continues to say "or abridging the freedom of speech," and further continues—and quite significantly I think, in view of this ridiculous decision of the Supreme Court—"or the right of the people peaceably to assemble and to petition the Government for a redress of grievances."

Perhaps this latter section of the first amendment will suggest a course of action to those people who consider this a grievance.

Amendment 9 to the Constitution also states:

> The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people.

I quote these amendments because it is entirely possible the next step could be requiring anyone in Federal Government employment to refrain from any association with his church during his term of service. If this seems fantastically ridiculous, I would observe that yesterday's Supreme Court decisions seem no less ridiculous to me.

Twenty years ago the Supreme Court of the United States had the same question brought before it. At that time, it wisely bypassed the case.

In view of the fact that the majority of the people in this country object to suppression of a harmless prayer in their public school systems, it would seem that the Supreme Court could have bypassed this case without harm to either the Constitution or the United States itself.

There are many other issues of concern to the people in these times which involve flagrant violation of our constitutional rights. Let us concentrate upon these issues and spend our time and energy in solving these problems rather than creating problems such as that now presented to our school systems.

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. SCHADEBERG] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SCHADEBERG. Mr. Speaker, the Supreme Court decision that the recitation of official prayers in public schools is unconstitutional has two serious consequences: First, it says to our children in our schools that God is a myth; that He does not exist; that if your family wants to accept this "superstitution" it is all right—but the state cannot allow its children to be corrupted by any mention of a Supreme Being; and second, it plays into the hands of the determined effort of the atheistic Communists whose political and social philosophy is based on the concept that there is no God. The rest follows in order: First, since there is no God who created man, then second, man is devoid of dignity and special worth; and third, the state can rule supreme.

This is a far cry from the historic spiritual foundation on which this Nation was founded. Destroy the recognition of God among our people and you destroy a respect for the very basis upon which our freedoms are founded, stated so clearly in the Declaration of Independence:

> When in the Course of human Events, it becomes necessary for one People to dissolve the Political Bands which have connected them with another, and to assume among the Powers of the Earth, the separate and equal Station to which the Laws of Nature and of Nature's God entitle them, a decent Respect to the Opinions of Mankind requires that they should declare the causes which impel them to the Separation.
>
> We hold these Truths to be self-evident, that all Men are created equal, that they are endowed by their Creator with certain unalienable Rights; that among these are Life, Liberty, and the Pursuit of Happiness.

And in the concluding paragraph of that same great document:

> We, therefore, the Representatives of the United States of America, in General Congress, Assembled, appealing to the Supreme Judge of the World for the Rectitude of our Intentions, do, in the Name, and by Authority of the good People of these Colonies, solemnly Publish and Declare, That these United Colonies are, and of Right ought to be, Free and Independent States; that they are absolved from all Allegiance to the British Crown, and that all political Connection between them and the State of Great-Britain, is and ought to be totally dissolved. * * * And for the support of this Declaration, with a firm Reliance on the Protection of divine Providence, we mutually pledge to each other our Lives, our Fortunes, and our sacred Honor.

If the name of God is not to be uttered in the public school classroom, then in the name of consistency we can look forward to the time when it will become unconstitutional to read or to teach the Declaration of Independence in our schools because this historic document includes these references to God as the very author of our rights.

Destroy the recognition of God among our youth and you destroy a respect for the very basis upon which our freedoms are founded.

It should be significant to the American people that under atheistic Communist tyranny the individual, by the authority of the state, is denied the right to life, if the state so decides; is denied the right of liberty, if the state decides to put him into a work-slave camp to correct his "dangerous" thinking; and he is denied his right to the pursuit of happiness since the state tells him what he can and cannot enjoy.

I agree 100 percent with Associate Justice Potter Stewart, who said: the Court misapplied "a great constitutional principle" and is denying schoolchildren "the opportunity of sharing in the spiritual heritage of our Nation."

It is the spiritual heritage that has made and kept us free, not anything that the Government or men have done, since we have historically recognized the fact that it is God and not the state that is the author of our rights.

I warn the American people that this is the beginning of what now will be a bold attempt to destroy the spiritual foundation of our Nation, and thus our freedom, by making it unconstitutional to provide spirtual guidance to our men in uniform, prayers at public functions, at opening sessions of Congress and official public gatherings in general.

If the mention of the word "God" is offensive, then our children will have no other choice but to believe that this great Nation of ours owes its greatness to men, not God, and ultimately is guided in its destiny not by the truths of God but by the decisions of imperfect men who reject the authority of God.

No doubt the decision of the Supreme Court was based upon an interpretation of the Constitution. If it is against the law of the land to mention the name of God in public gatherings, it is time we clarified the intent written into our Constitution and the Declaration of Independence. While it would never be my intention to deny the rights of any minority, even a minority of one, I believe that we have an obligation to protect the rights and liberties of the majority by protecting the foundation of these liberties from being destroyed. In view of this fact I have today introduced a bill to make constitutional the official recognition of God in prayer in our schools. I hope it will serve to gather support for a more serious deliberation in Congress on this issue so we can fulfill our obligation to protect the spiritual foundation upon which this Nation had its birth.

I uphold the basic constitutional principle of separation of church and state but this should not hinder us in our determination to keep intact the vital role faith in God has in national life.

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Indiana [Mr. Bray] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. BRAY. Mr. Speaker, the so-called regent's prayer, recommended by the board of regents in the State of New York for use in the public schools, reads as follows:

> Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country.

Such a simple little prayer. Someone has referred to it as innocuous; I am not sure any prayer could be called innocuous, but it can be said that this brief supplication is certainly not offensive, and is hardly more than a bare minimum acknowledgment of our dependence upon providence.

The board of regents had recommended this prayer as a part of its statement on moral and spiritual training in the schools. Of it they said:

> We believe that this statement will be subscribed to by all men and women of good will, and we call upon all of them to aid in giving life to our program.

No child was required to say the prayer if he or his parents objected to it. But some parents brought suit, saying that its use violated the Constitutional prohibition against the establishment of religion, and yesterday the U.S. Supreme Court upheld their objection.

I would be the first to object to any attempt by one denomination to force religious observances on the members of another faith. To act as though no religions exist, however, is an absurdity. As a result of this decision there have been comments suggesting that reference to Christmas, Easter, and other holidays will have to be deleted from school programs.

Now, Mr. Speaker, one wonders if we in this body must give up the daily prayer which has started our sessions since the First Congress? Must the Supreme Court, which open its sessions with a request for divine protection, abandon this practice? Will we be required to do away with the chaplains in the armed services, and the regular chapel services which are provided to the men and women in uniform? Will we have to do away with the chapels at our service academies? Shall we banish the Bible from ceremonies, and do away with oaths which acknowledge a divine being? Shall we take "In God We Trust" off our coins, and remove the phrase "under God" from the pledge of allegiance to the flag after we finally put it in there recently?

A current magazine carries the story of John Glenn's belief in God; must we recruit new astronauts who are nonbelievers?

My answer to these questions, Mr. Speaker, is "No." No, we shall not attempt to deny the spiritual nature which is common to the great majority of Americans—no matter what a few dissenters may say. No, we will not put God out of our lives, nor even out of those simple governmental references, for to most Americans He is the center of our existence, and our national existence cannot have meaning without Him.

I suggest if something is wrong it is wrong with the Supreme Court. On the same day that the Court struck down this simple prayer, it asserted the rights of homosexuals to receive magazines about their common interests through the mails, saying such magazines were not patently offensive.

On the same day the Court struck down a California statute which made addiction to narcotics a crime; whatever else may be said of it this was the attempt of the people of California to combat addiction which surely is an evil.

As an attorney I have deep respect for the law and its importance in protecting the individual or the minority from the tyranny of the majority. I realize that the Court must at times make decisions which run against the popular sentiment. I can report, however, widespread concern among the people about the trend of Court decisions over the last several years. It seems to many observers that there is always a way to excuse a wrongdoer if his cause can somehow be entwined with so-called liberal ideas. Many of my constituents have asked me if the protection of the laws only applies to Communists and fellow travelers, to atheists and perverts, and to those who would destroy our society. They wonder why this protection is not more often extended to protect things which are good and decent in our society, encouraging patriotism, spiritual devotion, personal morality, and responsibility.

There are rules of law to be considered; there are also rules of commonsense, and rules of public acceptability.

When the Court in one breath tells us that narcotics addiction is not a crime, and literature about homosexuals is not offensive, but that we cannot lead our schoolchildren in prayer, they are coming dangerously close to destroying the confidence of the people in our laws and in our courts.

I believe we must give serious attention to this matter, and if the only way to restore sensible practice is by amending the Constitution then we should undertake that action so that it may be submitted to the States for ratification next year.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Waggonner (at the request of Mr. Williams), for 15 minutes, today, to revise and extend his remarks and include extraneous matter.

Mr. Johnson of Maryland, for 15 minutes, Wednesday, June 27, 1962.

Mr. Ellsworth (at the request of Mr. Cahill), for 120 minutes, on July 9, 1962.

Mr. Derwinski (at the request of Mr. Cahill), for 120 minutes, on July 16, 1962.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. SIKES and to include extraneous matter.

Mr. LINDSAY.

(The following Members (at the request of Mr. SIKES) and to include extraneous matter:)

Mr. MOORHEAD of Pennsylvania.

Mr. BAILEY.

Mr. DELANEY.

(The following Members (at the request of Mr. CAHILL) and to include extraneous matter:)

Mr. MORSE.

Mr. CUNNINGHAM.

Mr. FINO.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1912. An act to increase the appropriation authorization for the completion of the construction of the irrigation and power systems of the Flathead Indian irrigation project, Montana; to the Committee on Interior and Insular Affairs.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3444. An act to approve an order of the Secretary of the Interior adjusting, deferring, and canceling certain irrigation charges against non-Indian-owned lands under the Wind River Indian irrigation project, Wyoming, and for other purposes;

H.R. 7723. An act to amend section 303(a) of the Career Compensation Act of 1949 by increasing per diem rates and to provide reimbursement under certain circumstances for actual expenses incident to travel;

H.R. 10459. An act to provide for the conveyance of 39 acres of Minnesota Chippewa tribal land on the Fond du Lac Indian Reservation to the SS. Mary and Joseph Church, Sawyer, Minn.;

H.R. 11057. An act to declare that the United States holds certain lands on the Eastern Cherokee Reservation in trust for the Eastern Band of Cherokee Indians of North Carolina; and

H.R. 11743. An act to amend the provisions of title III of the Federal Civil Defense Act of 1950, as amended.

SENATE ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 860. An act to provide greater protection against the introduction and dissemination of diseases of livestock and poultry, and for other purposes;

S. 1834. An act to further amend the act of August 7, 1946 (60 Stat. 896), as amended, by providing for an increase in the authorization funds to be granted for the construction of hospital facilities in the District of Columbia; by extending the time in which grants may be made; and for other purposes;

S. 3063. An act to incorporate the Metropolitan Police Relief Association of the District of Columbia;

S. 3266. An act to amend section 2 of the act entitled "An act to create a Library of Congress trust fund board, and for other purposes", approved March 3, 1925, as amended (2 U.S.C. 158), relating to deposits with the Treasurer of the United States of gifts and bequests to the Library of Congress and to raise the statutory limitation provided for in that section;

S. 3291. An act to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase United States obligations directly from the Treasury.

S. 3350. An act to amend the act of August 7, 1946, relating to the District of Columbia hospital center to extend the time during which appropriations may be made for the purposes of that act; and

S.J. Res. 192. Joint resolution providing for the filling of a vacancy in the board of regents of the Smithsonian Institution, of the class other than Members of Congress.

ADJOURNMENT

Mr. SIKES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 58 minutes p.m.), the House adjourned until tomorrow, Wednesday, June 27, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2238. A letter from the Secretary of the Treasury, relative to reporting an overobligation of a limitation in a fund allotment for the third quarter of the fiscal year 1962 from the appropriation 2020902, "Salaries and expenses, Internal Revenue Service," pursuant to Bureau of the Budget Circular No. A-34 and of section 3679 of the Revised Statutes, as amended; to the Committee on Appropriations.

2239. A letter from the Acting Secretary of State, transmitting the 10th report on the extent and disposition of U.S. contributions to international organizations for the fiscal year 1961, pursuant to section 2 of Public Law 806, 81st Congress (H. Doc. No. 460); to the Committee on Foreign Affairs and ordered to be printed.

2240. A letter from the Comptroller General of the United States, transmitting a report on the review of tax and other revenue collection activities of the Finance Office, Department of General Administration, District of Columbia Government, June 1961; to the Committee on Government Operations.

2241. A letter from the Secretary of the Army, transmitting a draft of a proposed bill entitled "A bill to authorize a study of means of increasing the capacity and security of the Panama Canal, and for other purposes"; to the Committee on Merchant Marine and Fisheries.

2242. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics of the House of Representatives pursuant to section 3 of the act of July 21, 1961 (75 Stat. 216, 217), and submitted to the Speaker of the House of Representatives pursuant to rule XL of the Rules of the House of Representatives; to the Committee on Science and Astronautics.

2243. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics pursuant to section 3 of the act of July 21, 1961 (75 Stat. 216, 217), and submitted to the Speaker of the House of Representatives, pursuant to rule XL of the Rules of the House of Representatives; to the Committee on Science and Astronautics.

2244. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of a proposed bill entitled "A bill to amend title II of the Social Security Act to eliminate the restriction on the period during which an application for a determination of disability is granted full retroactivity, and for other purposes"; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HAYS: Committee on House Administration. House Resolution 584. Resolution authorizing the printing of additional copies of House Document No. 234, 84th Congress, 1st session, entitled "The Prayer Room in the United States Capitol"; with amendment (Rept. No. 1910). Ordered to be printed.

Mr. HAYS: Committee on House Administration. House Resolution 651. Resolution providing for the printing of a House document; without amendment (Rept. No. 1911). Ordered to be printed.

Mr. HAYS: Committee on House Administration. House Concurrent Resolution 454. Concurrent resolution authorizing the printing of additional copies of the "Hearings on Small Business Problems Created by Petroleum Imports"; without amendment (Rept. No. 1912). Ordered to be printed.

Mr. HAYS: Committee on House Administration. House Concurrent Resolution 476. Concurrent resolution providing for additional copies of hearings on Judicial Review of Veterans' Claims, 87th Congress, 2d session; without amendment (Rept. No. 1913). Ordered to be printed.

Mr. HAYS: Committee on House Administration. House Concurrent Resolution 480. Concurrent resolution authorizing the printing of a report entitled "Motor Vehicles, Air Pollution and Health" as a House document, and providing for additional copies; without amendment (Rept. No. 1914). Ordered to be printed.

Mr. HAYS: Committee on House Administration. Senate Concurrent Resolution 69. Concurrent resolution authorizing the printing for the use of the Senate Committee on the Judiciary of additional copies of its hearings on "Constitutional Rights of the Mentally Ill" and "Wiretapping and Eavesdropping Legislation"; without amendment (Rept. No. 1915). Ordered to be printed.

Mr. HAYS: Committee on House Administration. House Concurrent Resolution 413. Concurrent resolution authorizing the printing of additional copies of "Supplement to Cumulative Index to Publications of the Committee on Un-American Activities—1955 through 1960 (84th, 85th, and 86th Congs.)," 87th Congress, 1st session; without amendment (Rept. No. 1916). Ordered to be printed.

Mr. HAYS: Committee on House Administration. House Concurrent Resolution 415. Concurrent resolution authorizing the printing of additional copies of the publication entitled "Cumulative Index to Publications of the Committee on Un-American Activities, 1938–54," 84th Congress, 1st session; without amendment (Rept. No. 1917). Ordered to be printed.

Mr. HAYS: Committee on House Administration. House Concurrent Resolution 417.

Concurrent resolution authorizing the printing of additional copies of House Report No. 1278, parts 1 and 2, 87th Congress, 1st session; without amendment (Rept. No. 1918). Ordered to be printed.

Mr. FORRESTER: Committee on the Judiciary. Senate Joint Resolution 91. Joint resolution to establish the St. Augustine Quadricentennial Commission, and for other purposes; with amendment (Rept. No. 1919). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 12180. A bill to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders; without amendment (Rept. No. 1920). Referred to the Committee of the Whole House on the State of the Union.

Mr. FORRESTER: Committee on the Judiciary. H.R. 11996. A bill to amend the act of January 30, 1913, to provide that the American Hospital of Paris shall have perpetual succession; without amendment (Rept. No. 1921). Referred to the House Calendar.

Mr. FORRESTER: Committee on the Judiciary. House Joint Resolution 720. Joint resolution to designate September 17, 1962, as Antietam Day, and for other purposes; with amendment (Rept. No. 1922). Referred to the House Calendar.

Mr. WALTER: Committee of conference. H.R. 8291. A bill to amend the act of July 14, 1960, enabling the United States to participate in the resettlement of certain refugees; and for other purposes (Rept. No. 1923). Ordered to be printed.

Mr. BOLLING: Committee on Rules. House Resolution 712. Resolution for consideration of H.R. 11970, a bill to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes; without amendment (Rept. No. 1924). Referred to the House Calendar.

Mr. MILLS: Committee of conference. H.R. 11879. A bill to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, and for other purposes (Rept. No. 1935). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WALTER: Committee on the Judiciary. S. 1889. An act for the relief of Mrs. Geohar Ogassian; with amendment (Rept. No. 1925). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 1943. An act for the relief of Hajime Sumitani; without amendment (Rept. No. 1926). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2198. An act for the relief of Lise Marie Berthe Marguerite De Simone; without amendment (Rept. No. 1927). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2355. An act for the relief of Filomena F. Schenkenberger; without amendment (Rept. No. 1928). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2606. An act for the relief of Patricia Kim Bell (Kim Booshin); without amendment (Rept. No. 1929). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2607. An act for the relief of Lee Hwa Sun; without amendment (Rept. No. 1930). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2633. An act for the relief of Susan Holt Lerke (Choi Sun Hee); without amendment (Rept. No. 1931). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2679. An act for the relief of John Axel Arvidson; without amendment (Rept. No. 1932). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 2732. An act for the relief of Yoon So Shim; without amendment (Rept. No. 1933). Referred to the Committee of the Whole House.

Mr. POFF: Committee on the Judiciary. H.R. 7736. A bill to amend the act of May 13, 1960 (Private Law 86-286); without amendment (Rept. No. 1934). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FINO:

H.R. 12299. A bill to amend title 38, United States Code, to provide free insurance protection for members of the Armed Forces serving outside the United States; to the Committee on Veterans' Affairs.

By Mr. DENT:

H.R. 12300. A bill to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes; to the Committee on Ways and Means.

By Mr. KING of Utah:

H.R. 12301. A bill to amend the act providing financial assistance for local educational agencies in areas affected by Federal activities in order to provide educational assistance under the provisions of such act to the District of Columbia and to make the change in the District of Columbia motor fuel tax law needed to insure that such assistance will be fully effective; to the Committee on Education and Labor.

By Mr. LENNON:

H.R. 12302. A bill to promote the general welfare, foreign policy, and security of the United States through international trade agreements, and for other purposes; to the Committee on Ways and Means.

By Mr. STEED:

H.R. 12303. A bill to amend the Library Services Act in order to make areas lacking public libraries or with inadequate public libraries, public elementary and secondary school libraries, and certain college and university libraries, eligible for benefits under that act, and for other purposes; to the Committee on Education and Labor.

By Mr. CELLER:

H.R. 12304. A bill to amend sections 281 and 344 of the Immigration and Nationality Act; to the Committee on the Judiciary.

By Mr. HOSMER:

H.R. 12305. A bill to amend the Atomic Energy Act of 1954, as amended; to the Joint Committee on Atomic Energy.

By Mr. JOELSON:

H.R. 12306. A bill to encourage the development, initiation, and expansion of occupational safety programs in the States through grants to States for demonstration and experimental occupational safety projects and for other purposes; to the Committee on Education and Labor.

By Mr. SANTANGELO:

H.R. 12307. A bill to facilitate the entry of alien skilled specialists and certain relatives of the U.S. citizens, and for other purposes; to the Committee on the Judiciary.

By Mr. HALPERN:

H.R. 12308. A bill creating a commission to be known as the Commission of Noxious and Obscene Matters and Materials; to the Committee on Education and Labor.

H.R. 12309. A bill to amend the act approved July 14, 1960 (74 Stat. 526), as amended, relating to the establishment of a register of names in the Department of Commerce of certain motor vehicle drivers; to the Committee on Interstate and Foreign Commerce.

H.R. 12310. A bill to strengthen the criminal laws relating to bribery, graft, and conflicts of interest, and for other purposes; to the Committee on the Judiciary.

By Mr. BECKER:

H.J. Res. 752. Joint resolution proposing an amendment to the Constitution of the United States pertaining to the offering of prayers in public schools and other public places in the United States; to the Committee on the Judiciary.

By Mr. JOHNSON of Maryland:

H.J. Res. 753. Joint resolution proposing an amendment to the Constitution of the United States providing that the offering of nonsectarian prayers or any other nonsectarian recognition of God shall be permitted in public schools and other public places; to the Committee on the Judiciary.

By Mr. SCHADEBERG:

H.J. Res. 754. Joint resolution proposing an amendment to the Constitution of the United States pertaining to the offering of prayers in public schools and other public places in the United States; to the Committee on the Judiciary.

By Mr. TAYLOR:

H.J. Res. 755. Joint resolution proposing an amendment to the Constitution of the United States permitting the offering of prayers and the reading of the Bible in public schools in the United States; to the Committee on the Judiciary.

By Mr. BROYHILL:

H.J. Res. 756. Joint resolution proposing an amendment to the Constitution relating to the offering of prayers in public schools; to the Committee on the Judiciary.

By Mr. KING of New York:

H.J. Res. 757. Joint resolution proposing an amendment to the Constitution of the United States pertaining to the offering of prayers in public schools and other public places in the United States; to the Committee on the Judiciary.

By Mr. KORNEGAY:

H.J. Res. 758. Joint resolution proposing an amendment to the Constitution of the United States permitting the offering of prayers and the reading of the Bible in public schools or other public bodies in the United States; to the Committee on the Judiciary.

By Mr. ALEXANDER:

H.J. Res. 759. Joint resolution proposing an amendment to the Constitution of the United States permitting the offering of prayers and the reading of the Bible in public schools in the United States; to the Committee on the Judiciary.

By Mr. BOW:

H. Res. 711. Resolution providing for the continuation of the opening prayer in the House of Representatives; to the Committee on Rules.

By Mr. HALPERN:

H. Res. 713. Resolution relative to the establishment of a White Fleet designed to render emergency assistance to people of other nations in case of disaster; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of Massachusetts:

H.R. 12311. A bill for the relief of Naja Nessrallah, his wife, Samira Nessrallah, and their minor sons, Kozhaya Nessrallah and Mansur Nessrallah; to the Committee on the Judiciary.

By Mrs. GREEN of Oregon:

H.R. 12312. A bill for the relief of William C. Jessup; to the Committee on the Judiciary.

By Mr. MULTER:

H.R. 12313. A bill for the relief of Jane Froman, Gypsy Markoff, and Jean Rosen; to the Committee on the Judiciary.

By Mr. ROGERS of Colorado:

H.R. 12314. A bill for the relief of Byung Yong Cho (Alan Cho Gardner) and Moonee Choi (Charlie Gardner); to the Committee on the Judiciary.

By Mr. TEAGUE of California:

H.R. 12315. A bill for the relief of Wilfredo Larar de Leon; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Facts on Communist Propaganda, IV—A Profit for the United States?

EXTENSION OF REMARKS
OF

HON. GLENN CUNNINGHAM

OF NEBRASKA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 26, 1962

Mr. CUNNINGHAM. Mr. Speaker, I now include part IV in this series of background information on the problem of Communist propaganda in this country.

Previous parts in this series were part I, "Universal Postal Union"; part II, "Volume of Propaganda"; part III, "American Publications in Russia."

A PROFIT FOR THE UNITED STATES?

Some reference has been made to the pounds of mail sent from this country to Iron Curtain nations and to the pounds of mail received from these same countries. When considering such figures it is well to inquire further as to just what these figures reflect.

First, there are the figures for all types of international mail including letters, printed matter and packages, which are the three basic classes of international mail. These figures show that Americans sent 16 million pounds of mail of all classes to eight Iron Curtain countries during the year ending March 31, 1961. During the same period there was delivered to this country by Communist authorities 2.3 million pounds of mail of all classes.

Second, there are figures which reflect only the amount of letters and printed matter. These figures show that we sent 2.5 million pounds and received 1.6 million pounds during the same period.

Third, it should be remembered that much of the mail going overseas is in the form of packages sent to relatives and friends behind the Iron Curtain, packages containing such items as soap, clothes, and other necessities which are not available as readily as they are here. These figures do not, however, reflect the sending of CARE packages, since they are handled through other channels.

Fourth, it should be remembered also that the amount of mail sent to Iron Curtain countries is not the same as the amount of mail actually delivered to individuals in those countries. There is ample evidence that mail is censored in the Iron Curtain countries. Many people in this country attempt to send magazines and books behind the Iron Curtain, which is one reason that we send more pounds of mail than we receive. But there is considerable evidence that much of the printed matter does not reach its destination; that religious material and publications are refused entry; that current events periodicals are banned; that only some travel magazines and other such material are actually delivered within the Iron Curtain countries.

Fifth, there is the claim made by some people that because we send more pounds of mail than we receive, we therefore make a profit on our international mail operations. This claim bears closer examination. In order to make a profit on international mail, we would, of course, have to take in more money through the sale of U.S. postage on international mail leaving this country than it costs our Post Office Department to handle all international mail. Post Office costs involve three things: First, cost of transporting our outgoing mail from all over the country to ports; second, cost of transporting this mail from our ports to its oversea destination—to a port or airport; and, third, cost of delivering all mail received from foreign countries to its destination in this country.

Obviously, there are high costs involved in these three operations. That is why international mail requires higher postage than domestic mail. But it is not high enough to cover the costs. Post Office Department official figures show that during the last fiscal year this country lost $17.8 million on international mail.

Obviously, there is no profit for this country. There is a loss.

Free Life Insurance for Members of the Armed Forces on Active Duty Outside the United States

EXTENSION OF REMARKS
OF

HON. PAUL A. FINO

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 26, 1962

Mr. FINO. Mr. Speaker, I have today introduced a bill to provide free life insurance to those members of the Armed Forces on active duty outside the United States.

The maximum amount of insurance to be provided in each case is $10,000 reduced by the amount of U.S. Government life insurance or national service life insurance held by the insured and in force at the time of his death.

This insurance will be provided by the United States without cost to the serviceman. In this regard, the bill provides that upon application, any member of the Armed Forces shall be granted a waiver of premium payment on any policy of National Service Life Insurance or U.S. Government life insurance during the term of his active duty outside the United States. Such waiver shall render the insurance nonparticipating while the waiver is in effect. Additionally, while any waiver of premiums is in effect, all premiums on 5-year level premium term insurance, and the portion of premiums on all other insurance which represents the pure insurance risk shall be waived.

The need for a program of this kind is certainly apparent. Today, large numbers of our Armed Forces perform vitally essential security and national defense assignments outside the United States. Annually, many of these men die by accidents or other causes while in the performance of these tasks. Moreover, we need only refer to our daily newspapers to learn that a number of these men are also dying in Laos and other international trouble spots where they are engaged in direct conflict and combat with the enemies of our freedom.

These men who die for freedom's common cause are, in many instances, insured for much less than the maximum protection provided by this bill or by the current National Service Life Insurance and the U.S. Government life insurance programs. In fact, in a significant number of cases, men die without the benefit of any life insurance whatever in favor of their dependents and loved ones. In this latter case especially, deserving dependents are too often limited to the too-little-too-late remuneration provided under the dependency and indemnity compensation provisions of 38 United States Code 3001, and the following.

Upon enactment, this bill would constitute a much needed and a very worthy improvement over the present system of insurance under which many servicemen—either because of lack of funds, or lack of wisdom, or just plain oversight—have not applied and perhaps will not apply for any insurance at all, or as is the case in too many instances, have applied for far less than the maximum protection to which they are entitled.

Under this bill, the loved ones at home would be more cheerful and more at ease in the knowledge of a certain measure of economic security in the event of the death of a member of the Armed Forces who serves in the world's trouble spots or at our country's other vital defense posts outside the United States.

This bill, I might add, is identical in principal to the Servicemen's Indemnity Act of 1951, 65 Statutes 33. Consequently, within its limitations, the bill would produce a corresponding savings to the Government in the elimination of the redtape and expense in man-hours and money that is required in the administration of a premium payment plan.

This bill provides a $10,000 indemnity to the families of those individuals who lose their lives as a result of active duty, outside of the United States, in one of the branches of the armed services. There would be a maximum lump sum payment of $10,000 payable to the wife, child, children, parents, brothers, or sisters.

Secretary Ribicoff on Aid to Education

EXTENSION OF REMARKS

OF

HON. JAMES J. DELANEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 26, 1962

Mr. DELANEY. Mr. Speaker, in discussing Federal aid to education on the radio-TV program "Meet the Press," the Secretary of Health, Education, and Welfare, on June 17, 1962, stated that there are five elements which "could be the basis for a new discussion and a new dialog in America in the entire field of education."

With the thought that those of my colleagues who missed the program will be interested in the Secretary's latest views, under leave to extend my remarks, I include those excerpts from the interview which deal with educational aid.

SECRETARY RIBICOFF ON AID TO EDUCATION

Ned Brooks (moderator). And now resuming our interview, our guest today is the Secretary of Health, Education, and Welfare, Mr. Abraham Ribicoff. You have just met Lawrence E. Spivak, our permanent member of the panel. Our other reporters are Jack Bell of the Associated Press, Miss Marianne Means, Hearst newspapers, and Robert McCormick, NBC News.

We will continue the questions with Mr. Bell.

Mr. Bell. How do you stand on this issue of aid to education, as far as aid to parochial schools is concerned? Now, at least five educational organizations already are protesting against including direct grants to such schools in the higher education bill, which is now in conference committee.

What is your view of direct Federal grants to parochial schools?

Secretary Ribicoff. I would say this, Mr. Bell: I think those organizations are wrong. There is nothing unconstitutional in grants to higher education. To me it seems that the time has come to eliminate the bitterness that has developed in this fight on all educational programs. If we don't eliminate this bitterness, we will never have an educational program in America and I do believe that education is vital for the future of our Nation. Education is power.

Mr. Bell. Do you agree with the President—I think he has stated this decisively—it is unconstitutional to give aid to secondary parochial schools, direct grants to them?

Secretary Ribicoff. Well, I would say that across-the-board grants as the President has said, are unconstitutional.

Mr. Bell. He has said, I believe, as you just pointed out, higher education comes in a different category, and of course these are hedged in, these grants. But I'm trying to get at the fundamental belief that you have of whether it is constitutional to provide for the education of children in secondary parochial schools.

Secretary Ribicoff. Well, let me say this: I think there are things that can be done that are constitutional, and I would mention them to you. Higher education I think is constitutional. Special purposes grants, and loans for the purpose of science, education—science, math, and foreign languages—is constitutional. In my opinion auxiliary services that go to the child—such as health services, school lunches, bus transportation, school books—are constitutional.

There is another method that can be used that hasn't been talked about too much, that I think is constitutional, and that is the use of tax credits and tax deductions. And I would advocate this method to be used as an alternative to give to all the children and their parents an equal opportunity and an opportunity for children going to private schools.

There are some 6½ million youngsters going to elementary and secondary private schools. They are not all Catholic, Mr. Bell. Out of the 6½ million, 1.2 million of these go to non-Catholic schools. Let me give you an example of how——

Mr. Bell. I didn't say they were all Catholic, Mr. Secretary. I regard a parochial school as a private school in that sense, and I think that is the accepted sense of it.

Secretary Ribicoff. And I would treat all students going to private schools the same way. Let me show you how the tax credit could work out.

Let us assume that there was voted across-the-board grants to pupils of $20 per pupil. I think under these circumstances it would be fair to give the parents of the child who is going to a private school a tax credit of $20 because in the final analysis, these parents are making a great contribution to all education, those in public school as well as private school, and I do think, in an element of justice, they should be entitled to a tax credit.

This is a method which I think with the other three I outlined, together with the possibility of the use of a share-time approach, that could take us out of this great bind, that could take us out of this bitterness, and come up with a new discussion, Mr. Bell, on this all-important subject.

These five elements could be the basis for a new discussion and a new dialog in America in the entire field of education.

Mr. Bell. Isn't the tax cut program which you are advocating almost exactly the same thing Senator Barry Goldwater has advocated?

Secretary Ribicoff. I don't know——

Mr. Bell. He has advocated a tax reduction to make up for local school taxes, which would amount to the same thing.

Secretary Ribicoff. Well, I don't know whether Senator Goldwater advocated it or not, but I would say we should explore the tax credit and tax deduction feature in order to take care of this great problem because what we must be interested in in America is a good education for every child, whether that child goes to a public school or that child goes to a private school.

Mr. Spivak. Mr. Secretary, you are a lawyer. Do you firstly think that a Federal aid bill which includes money for classrooms and for teachers' salaries is unconstitutional?

Secretary Ribicoff. A Federal aid—no, I think such a bill——

Mr. Spivak. For parochial schools, too?

Secretary Ribicoff. For parochial schools?

Mr. Spivak. Yes.

Secretary Ribicoff. Across the board it would be unconstitutional, but if it were related to a special purpose of this Nation, which has nothing to do with religion, such as in the field of math, such as in the field of science, such as in the field of languages, similar to the approach of the National Defense Education Act, under these circumstances and for that purpose I don't think it would be unconstitutional.

Mr. Spivak. If you use the money to build the schoolroom, you couldn't designate it just for math and not for other things.

Secretary Ribicoff. Oh, yes, you could. There is no reason why you couldn't use these funds for specific purposes for a math building that would be used for math, science, and languages, in which religion would not be taught at all.

Mr. Spivak. No, but of course if a parochial school were given money to put up a building, you wouldn't insist it just be used for one purpose—for one kind of classroom?

Secretary Ribicoff. Yes, if grants or loans were to be given for such purpose, it should be used for that purpose. Yes, sir.

Mr. Bell. Mr. Secretary, isn't that just splitting legalistic hairs to say that you can grant Federal funds for a classroom in which mathematics will be taught, but you can't grant Federal funds to a parochial school for a classroom in which something else might be taught?

Secretary Ribicoff. No, Mr. Bell, because there is always a fine line in every law, and basically we are engaged at the present time and have been for a long period of time in giving grants to medical schools, for giving grants for research as well as for fellowships.

Mr. Bell. Has that ever been tested in the Supreme Court?

Secretary Ribicoff. Measures such as this have not been tested in the Supreme Court.

Mr. Bell. We don't know whether it is constitutional or not?

Secretary Ribicoff. No, that is right, but there are outward limits to which you cannot go, and that is for any measure that would have to do with the teaching of religion I believe would be unconstitutional. I think both sides would agree that would be unconstitutional. But there are some things that you can do, and I would try to confine it to the measures that can be done. And I think that I outlined to you before the measures that could be done constitutionally. You have to confine it to the constitutional means.

Mr. McCormick. I would like to ask a very quick one, and then I'll turn it over to Mr. Spivak. On this tax deduction, that would apply to the parents of students in parochial schools, is that correct?

Secretary Ribicoff. The children in all private schools, be they parochial or otherwise.

Mr. McCormick. Yes, but I mean it would not apply—I mean this is not a new education program in which we give a tax allowance for it?

Secretary Ribicoff. No, it isn't a new educational program. It is what I consider a sense of fairness. And one of the means to get over this great hassle that has taken place, and I do believe that we could do this and do it constitutionally and there is no constitutional restriction to give this tax credit and deduction to the parents of children who go to private schools.

Mr. Spivak. How would the money get to the school itself? You would give it to the parents and they would get the credit, but how would the parochial school get the money?

Secretary Ribicoff. Well, basically, the parents are the ones who basically pay tuition in many private schools, and basically tuition is not a matter that is given a tax credit or tax deduction at the present time and by a series of credits or deductions, you can equalize the sense of fairness and be within constitutional means, Mr. Spivak.

Mr. SPIVAK. They are paying that tuition now. If you gave them a $20 credit, do you think they would turn that over to the parochial school for buildings or for teachers' salaries?

Secretary RIBICOFF. That would be entirely up to the parents and their relation with the school.

Mr. SPIVAK. I don't see how that would do the parochial school any good.

Secretary RIBICOFF. The parents are the ones who are basically supporting all private education, and to the extent you give them a sense of equalization, at least you leave the parents in the sense of wholeness, and they are not having their funds go for education in public schools and private schools at the same time. You are making a basis of equality between the parents who are sending their children to private schools and the public schools who really receive a Federal grant. So there is a balancing off.

Mr. SPIVAK. Yes, but the parent who got the $20 credit is likely to keep that credit and the parochial school that has to pay extra money for its teachers or for buildings would not get the money if the Federal Government gave it to them?

Secretary RIBICOFF. Well, I would say "No." The Federal Government wouldn't give that $20 to the parochial school. If the private school wanted to raise the tuition to the parents of the children, I suppose they could do so. But that would be an arrangement between the private schools and the parents.

Mr. SPIVAK. I still don't see how——

Secretary RIBICOFF. To help the schools.

Mr. BROOKS. I'm sorry at this point we are going to have to suspend our questions.

Commonsense About the Common Market

EXTENSION OF REMARKS

OF

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 26, 1962

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, tomorrow, debate begins on the Trade Expansion Act of 1962. In view of this fact, I should like to ask permission to insert in the RECORD the text of a speech of mine which I made to the Chamber of Commerce of Greater Pittsburgh's World Trade Council on February 22 of this year.

The speech follows:

COMMONSENSE ABOUT THE COMMON MARKET

(Remarks of WILLIAM S. MOORHEAD to the World Trade Council of the Chamber of Commerce of Greater Pittsburgh)

The entire free world is engaged in a military, political and economic struggle with the forces of international communism.

On the political and economic front, there is one development of almost overriding importance.

We have had our eyes so riveted upon the crises of Berlin, the Congo and Laos that we have failed to realize the significance and the breathtaking possibilities of the European Common Market.

After World War II, Europe was a weak and divided continent, a vacuum attracting Soviet aggression. We propped up Europe with the Marshall plan and NATO and defended it by our monopoly of atomic and nuclear weapons.

With our loss of our nuclear monopoly, the policy of unifying and strengthening the European economy became more urgent. We encouraged the Treaty of Rome, which, in 1957, established the European Common Market.

The success of the European Common Market has been so remarkable that it has exceeded dreams of its most loyal supporters. Its success has been so great and its future so certain that the British Government, despite all the historic pressures for holding aloof from the European Continent, has decided to negotiate for membership in the Common Market. The British are attempting to join not to rescue the Common Market from its weakness but to reap the benefits of membership in it. To do this Britain may have to adapt, though not necessarily weaken its ties with the Commonwealth, modify its traditional balance of power policy toward France and Germany and even surrender some of its sovereignty to the European political institutions. Some of Britain's partners in the European Free Trade Association—the Outer Seven—will certainly want to follow suit. If these negotiations are successful, the European Economic Community will be enlarged to include more than 230 million consumers and producers whose goods, farm products and workers can eventually move across national frontiers nearly as freely as ours move across our own State borders.

The struggle between our Western society and the Communist society has often been called a struggle for the minds and the souls of men. In our nuclear age, so long as there exists a balance of power and terror, neither side can impose its doctrine and its ideology upon the other. The struggle for the minds of men is not going to be decided merely by propaganda. We are not going to convert our adversaries and they are not going to convert us.

The modern competition between the two societies turns on their respective capacities to become powerful and great; to become the leaders in science and technology; to see that their people are properly educated in order to operate such a society; to give their people the satisfaction which comes from having the opportunity to work for their best hopes.

In this connection, if the European Common Market continues to flourish, it will exert a tremendous magnetic attraction upon the peoples of the captive nations of Eastern Europe. As Western Europe prospers, the Eastern European nations may, of necessity, be drawn closer to the Western orbit and further from the Soviet orbit. If we permit ourselves to look hopefully into the far distant future, this magnetic attraction may even extend into the heart of Soviet Russia.

Thus far, the success of the European Common Market has served well the international political objectives of the free world. Shall we continue to promote and even expand the concept of the Common Market? The overriding policy question that confronts us and all the rest of the Western World is—shall we come together in one great trading community which includes not only Western Europe and North America but also Japan, Australia, Latin America, and Africa—or do we go our separate ways fragmenting the non-Communist world? Such a free world trading community would represent a concentration of economic power and economic dynamics beyond anything the world has yet seen—and far beyond anything Mr. Khrushchev has ever dreamed of. Such a trading community would so clearly demonstrate the vigor of its competitive free market consumer economy that, to more and more people, communism would look like a wave of the past.

For international political reasons, it seems clear that our policy of sponsoring the Common Market in the past and for coming closer to it in the future have been and are entirely sound.

On the other hand, in economic terms, have we, like Frankenstein, created a monster which will rise up to destroy us? Will more and more of our American workers be thrown out of work because of a flood of European manufactured goods coming into our markets? To save our economic lives, must we fragment the free world by hiding American business behind a high wall of protective tariff?

I think not. I think we should talk commonsense about the Common Market. I think that the European Common Market should not be looked upon as an economic menace but as a magnificent economic opportunity.

I think it is a magnificent opportunity because I have great faith in the American free enterprise system and in the ability of American businessmen to compete. The very existence of the World Trade Council of the Chamber of Commerce of Greater Pittsburgh makes me believe this. You have formed the world trade council not because you are afraid of world trade but because you want to take advantage of it. I salute you as frontline soldiers in the economic battle against communism.

Furthermore, I believe that you have taken a position which is a sound business one. Today the American economy, which developed so magnificently because it had a mass market of 48 States in a free trading area, is productive enough to meet not only the demands of the people of 50 States but many of those of an expanding world market as well. At home, there is no longer pent-up demand such as existed in the immediate post war years. Instead our domestic market can be expected to grow more slowly, prompted largely by the demands of a growing population and replacements. To continue to raise our living standards, it is obvious we must find new customers. For a long time these new customers will not be found in the underdeveloped countries of the world. However, they can be found in the highly developed countries in Europe, Canada, and Japan.

For instance, in testimony given before the Joint Economic Committee this past December, one witness estimated that only 10 percent of the families in the present Common Market area owned television sets as compared with 89 percent of the families in the United States; 20 percent owned radios as compared with 96 percent here and a mere 12 percent have either refrigerators or washing machines as against well over 90 percent of the families in this country.

Further, wages have grown up at a rate in excess of 5 percent per year for many European countries and almost 10 percent per year for Germany since 1955. These wage increases reflect increases in the gross national product in real terms, which has also grown substantially for all the Common Market countries reaching from an average of 3.5 percent for France to 9.2 percent for Germany for roughly the same period. These comparisons confirm my own impressions from a recent trip to Europe. I am convinced that Europe is about to begin the greatest consumer buying spree the world has ever seen. Consider the European women. As the European labor shortage continues the upper income people will be able less and less to rely on domestic help. They must turn to labor-saving devices. Consider the workingman's family. As the husband's paycheck increases, as wages continue to go up, his wife is going to insist upon some of the advantages that American women have. Consider the fact that consumer credit and modern merchandizing techniques are just beginning to make their impact felt on the European economy. All of these things should stimulate demands tremendously. Who is going to satisfy them? Is it going to be only European business employing European workers or are we going to join in and let American business and American workers share in supplying this demand for goods?

Today we have a head start. We have the technology and we have the mass market for these types of products. This gives us a competitive advantage. If we act now, we can enter an expanding market in fields in which we are specialized before the Europeans develop their own mass production in these fields. If we wait too long the Europeans will develop their own factories for their own mass market and American business and American labor will have lost a priceless market. If we refuse to enter into a trading relationship with Europe, then Europe will certainly refuse to lower its common external tariff wall against us. Capital investment and technical know-how can leap over tariff walls—jobs cannot. If we refuse to act, or even worse, if we revert to protectionism, the present tendency of American business to invest in productive facilities abroad will be accelerated and more and more jobs for American workers will be lost. Obviously, the Europeans will not let us come into their market unless they have something in return. This is where President Kennedy's trade proposals become important. On March 12 the Ways and Means Committee of the House of Representatives will begin hearings on these proposals. This will be the beginning of one of the toughest and most important battles in Congress this year.

Three alternatives face America and the Congress. We can either do nothing, or resort to protectionism, or negotiate a trading relationship with the free world.

In reality, there are only two alternatives because to do nothing is unthinkable. If we do nothing we cannot increase our exports and yet we cannot protect ourselves from imports. To maintain or increase our market in Europe for American goods it will be necessary for us to negotiate with the Common Market to reduce the common external tariff and other restrictions against American goods. At present the President's authority to negotiate under the Reciprocal Trade Agreements Act is extremely limited because the authority has been exhausted and because the item by item negotiation required under the act is not suitable for dealing with a block of countries like the Common Market.

On the other hand, if we resort to protectionism, we can expect certain results to follow. We can expect our exports to fall as our allies erect protectionist barriers against us. Production would fall and unemployment increase because we would be producing for a more limited market. We could expect an increase in capital investment abroad with correspondingly less capital available for investment in job-creating production in the United States. As our industry became less and less competitive because it was protected from competition from abroad, we could expect to lose our share in the third markets such as Latin America and the other developing nations. Although the siren call of protectionism may be attractive in the short run it would, in the long run, be disastrous for American business and American labor.

Further, the choices of doing nothing and of reverting to more protectionism would both be equally dangerous for our balance of payments. Under the present authority of the Trade Agreements Act, we have about exhausted the possibilities for further bargaining with other countries and with the Common Market. With every year that slips by without a new effort to secure a better competitive position for American exports, the prospect for increasing our share of the booming European market grows dimmer. Because of the vast range of our international commitments and responsibilities, we cannot afford to cut down significantly on our flow of funds abroad. To curtail imports through greater protectionism would only be to deny our trading partners overseas the means with which to buy our products. The only feasible solution to our balance of payments problems is to increase our exports. But neither inaction nor protectionism will accomplish that goal.

We cannot, of course, be certain that new bargaining authority would guarantee a favorable balance of payments. But this much we know: Year after year, the U.S. exports far more goods than it imports, both in total and in our trade with Western Europe. Even if, after new tariff reductions, our imports and exports should expand only in equal proportions, our trade surplus would be larger, thus giving us a more satisfactory margin with which to finance our military and aid programs abroad, private investments, tourist expenditures, and the like.

During the period in which our balance of payments is being adjusted we must guard against an international financial crisis which could cause a run on the dollar and on our gold. Next week, on February 27, my committee in Congress, the Banking and Currency Committee, will begin hearings on legislation to provide special borrowing arrangements for the International Monetary Fund. The strengthening of the International Monetary Fund is important not only in the short-term situation but also in the long run because stability of the major currencies, and particularly the dollar, is essential for international trade in the free world.

The third alternative, that of a free world trading community, offers the only hope for world peace and world prosperity.

That is not to say that a world trading position will be entirely a bed of roses. We must learn to be again competitive in world markets. From 1940 almost to the present American business has been operating in a seller's market. Almost an entire generation of American businessmen has grown up without facing the difficulties of a buyer's market. It is easier for a businessman to sell exclusively in the United States where language, currency, and taste are the same. While there was unmet demand in the United States, it was perfectly understandable for the businessman to take the easier course. Today, that course is no longer possible. The expanding markets of the future will be found abroad. It is up to the American businessman to seek them aggressively.

The Federal Government has a legitimate function to perform in assisting American business to be competitive in the world market.

A program has been established under the direction of the Department of Commerce to promote exports, both by increasing awareness among U.S. businessmen of sales opportunities abroad and by increasing foreign awareness of the wide array and high quality of the U.S. products. The program includes regional conferences and a more active field service in the United States to provide information on foreign markets, trade exhibits and missions abroad, and an increased number of Government commercial representatives to aid the U.S. businessman abroad.

In addition to improving the flow of information about export possibilities, legislation recommended by the Banking and Currency Committee was enacted to improve U.S. competitiveness in the important dimensions of credit availability and export insurance for commercial and political risks, steps designed to place the U.S. businessman on a par with foreign exporters. The Export-Import Bank has established, in cooperation with the commercial banks and a group of insurance companies, simplified and expanded opportunities for obtaining credit and export insurance. An exporter is now able to arrange for full credit and insurance advantages directly with his local bank.

Our tax policies should be updated, too. Many foreign factories which have been built from scratch since World War II are far more modern and efficient than ours. Too many of our plants are obsolescent high-cost producers. To stimulate modernization, the administration has proposed liberalized depreciation allowances and tax credit for plant improvement.

Plant modernization, however, will tend to dislocate workers. Therefore, accompanying any measures to stimulate modernization there should be a manpower retraining act so that our work force will be upgraded so as to be able to perform the new jobs which an expanding and changing economy will provide.

Finally we must recognize that there are some industries in which no degree of modernization or training of workers will do the job. In these industries a degree of protection geared to tariffs or quotas must be continued for the period of time necessary to allow adjustment to take place. Financial and technical assistance should be provided to make this transition as painless as possible.

If we take these steps, we will be competitive with Europe—not only in Europe but also in the third markets of the world. We will find new customers for our production, and our production and our employment will increase.

Not only will we be working for world prosperity but also for world peace. If the industrialized nations of the free world are cooperating together, then problems like that of Berlin or Laos become more manageable because the overall political and economic power of the West will be more than a match for the Communist world.

Nineteen hundred sixty-two is the year for the United States to take the leadership in the great and historic business of uniting the non-Communist world in one low tariff trading area. Unquestionably, the expansion of the European Common Market and the creation of a free world trading relationship will present the Soviet system with its greatest economic challenge to date. To work for this end, as you are doing, is to be engaged truly in the great conflict of our age and to be doing the real work that we are challenged to do.

Senior Citizens Legislative Report

EXTENSION OF REMARKS

OF

HON. CLEVELAND M. BAILEY

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 26, 1962

Mr. BAILEY. Mr. Speaker, under leave to extend my remarks in the RECORD, I include my remarks last evening before the National Retired Teachers Association and the American Association of Retired Persons.

The speech follows:

REMARKS OF REPRESENTATIVE CLEVELAND M. BAILEY BEFORE THE NATIONAL RETIRED TEACHERS ASSOCIATION AND THE AMERICAN ASSOCIATION OF RETIRED PERSONS, MONDAY, JUNE 25, 1962

Mr. Chairman, delegates, ladies, and gentlemen, I am indeed happy to have the opportunity to discuss with delegates to the Area Three Conference of the National Association of Retired Teachers and the American Association of Retired Persons, some of the pending legislation and some of the programs that are being considered on the Federal level on behalf of our rapidly growing retired population. It is a special privilege for me to be able to talk to this group as, like many of you in attendance here, I have spent most of my life working in the field of education. During my 14 years in the Congress of the United States, I have introduced and supported many bills that have been aimed at improving the quality of education and of instructors, and designed to broaden educational opportunities in this great country of ours. I know that you and the vast majority of the members of your fine organization share with me this desire to bring the best in educational opportunities to all of our citizens no matter what their social or economic status.

It is also a privilege to talk to you because of the leadership that your organizations have taken in promoting a wide range of programs on behalf of retired persons. In this area, we have a common interest too since one of the subject matters that has been referred to the general Subcommittee on Education of which I am chairman has to do with the coordination and expansion of all of our programs for the aged population. Representatives of your organizations testified at hearings in various areas in support of the principles of this legislation.

It is not necessary, I am sure, to give detailed statistics to an audience of this caliber concerning the problems that exist for the young and old alike because of the rapid growth of our aged population. It should suffice to point out that our over-65 group is growing at a much more rapid rate than our under-65 population, that the over-80 population is growing at an even faster pace, and that our lifespan is being lengthened at an ever-accelerated rate because of the wonders of modern science. Thus, we are continually increasing our so-called nonproducing population and putting a greater and greater burden on our younger generations. Ways must be found to ease this burden and to provide for programs that will make the over-65 population as self-supporting as possible within the bounds of our complex economic structure.

The answers are not simple, however. Along with our growing aged population and increased longevity come many problems—an increased need for medical services, more frequent, longer, and more expensive hospital stays, a greater need for nursing home and rest home care with the resulting need for more and better facilities.

We also find a sad lack of adequate low-rent housing for the elderly, a continuing decline in employment opportunities for the middle-aged, as well as those over 65, and a shortage of education, recreational and leisure time services and facilities. The accumulation of these problems is leading to a critical period, and it is, therefore, urgent that we move rapidly toward programs that will make possible a meaningful life for our senior citizens in their declining years. To achieve this end, full cooperation is needed between Federal and State agencies—between governmental and private agencies, and between voluntary organizations such as yours, and the more formal public and private agencies that are planning or operating programs for the aged.

The job to be done is of tremendous proportions, and it is my belief, as well as that of the overwhelming number of witnesses that appeared before our subcommittee, that support and guidance must be furnished from the top. At the Federal level, great sums of money have been provided for scientific research in order to attain a greater longevity for our citizens. The creation and expansion of our social security system and other retirement plans has made early retirement possible for millions. Yet we have failed to provide an effective mechanism to make possible a healthy, independent, and meaningful life for many of these same people.

Legislation has been introduced that will, if passed, go a long way toward improving the overall status of our aged population. It is being bitterly fought in some quarters. We will be told that these efforts represent another encroachment into State and local affairs, yet I ask you if it is not the responsibility of the Federal Government to lead the way since it has been the Federal Government that, in a sense, has caused the problem through its leadership in creating a longer-living, ever-increasing retired population.

Before examining the specific legislation let us look at the needs of the aged that we hope can be at least partially met by the proposed legislation.

Hearings held by my own subcommittee and by the Senate Committee on Aging, under the able leadership of Senator PAT McNAMARA, of Michigan, show clearly that the aged do not want charity, they do not want a "handout," they do not want to be treated as a necessary evil, or as one witness stated, they do not want to "vegetate." Indeed an intense desire was expressed for an opportunity to be of service to their communities, for better employment opportunities, for a chance to lead and to plan their own lives, to have available educational, recreational, and cultural programs that will lead to a purposeful existence, and for the type of medical care programs that will keep the elderly healthy, ambulatory, independent, and productive.

My limited knowledge of your organization indicates that you are making a substantial contribution toward meeting these goals. You pioneered in health insurance for retired teachers at a time when many said that it was impossible to provide health insurance for a retired group.

The recent addition to your health insurance program that will add out of hospital medical benefits should help reduce hospitalization for the elderly. I might add that witness after witness told our subcommittee that special emphasis must be put on noninstitutionalized care if we are ever to meet the needs and desires of our growing over-65 population and if we are to avoid being engulfed in an ever-increasing and overwhelming costly program of hospital and nursing home expansion.

It is interesting to note that the very insurance companies that 5 years ago said that it was impossible to furnish health insurance for the aged are now taking full page ads in our metropolitan papers and using the television medium extensively to broadcast the wonders of their over-65 health insurance plans. A substantial number of our major insurance companies have now joined Blue Cross, Blue Shield, and the prepaid medical service plans such as Group Health Association, Inc., in Washington, D.C., in offering such programs.

Many of the other programs that your organization sponsors are of the type for which a need was indicated at our hearings. These include the formation of active local chapters, travel and recreational programs, educational programs, group buying programs, including arrangements for hearing aids, a drug and prescription service, and others. I understand now that your national officers are even exploring the possibility of an eye care program.

You are to be congratulated on the leadership taken and the contributions you have made in providing worthwhile activities for retired persons. Other organizations and some governmental agencies have developed similar programs. However, many millions of retired persons either do not or cannot participate in such programs, and even the best of existing programs do not meet all the needs of the elderly.

It is the purpose of the legislation that we are now considering to assist in the development and expansion of existing programs, to fill gaps that exist, and to stimulate action in areas and among groups where programs currently are lagging.

Let us take a look at some of the pending bills, but first let me remind you of the background that created a public awareness for the need for such legislation. In 1958, JOHN FOGARTY, the able Congressman from Rhode Island, introduced legislation providing for Federal support for a proposed White House Conference on Aging.

The legislation that was finally enacted provided financial support for State as well as Federal conferences. Hundreds of interested persons participated in the White House Conference which was held in Washington in 1961. As a result, programs for the aging were started in some States and communities with varying degrees of success. Greater attention was given to our Federal programs. The need for Federal action was apparent from the recommendations and a number of bills to implement these recommendations have been introduced. I would like to discuss briefly three aspects of this legislation.

Legislation dealing with health is, of course, of utmost importance. The most controversial of all the bills dealing with the aged is the King-Anderson bill, which primarily provides hospital and nursing home care, and nursing service in the home, for persons who qualify for social security benefits. Since many retired teachers do not qualify for such benefits, this particular bill is possibly of secondary importance to those teachers presently retired. However, as a method of financing the future costs of expensive hospital care, it is of great importance to the 14 million retired persons now drawing social security benefits and will be important to many more in the future, including many teachers.

We believe that passage of this legislation, which is now bogged down in the Ways and Means Committee, should have high priority. Instead of slowing down the growth of private voluntary health insurance plans, as has been charged, it is my belief that enactment of this bill would stimulate such growth. Such was the case following enactment of the social security law, at which time its opponents predicted that private retirement systems would be eliminated. Instead the reverse has been true and the growth of private retirement plans in the last decade has been phenomenal.

Support for this position comes from Clem Martin, M.D., medical director of the Continental Casualty Co. of Chicago, your own insurance carrier, which pioneered, with you, health insurance for those over 65. Said Dr. Martin:

"Similarly, I think that if the President's health care plan is enacted, private companies will sell more health insurance than ever before. And they'll do it by offering policies insuring the individual against physicians' fees and surgery, and medical care beyond the limits of the bill.

"It's no secret that the chief reason private health insurance for elders costs so much today is because a certain percentage of these people require excessive hospital care."

Primarily the King-Anderson bill is designed to take care of these excessive hospital costs and to leave to the private insurance companies the task of taking care of acute illnesses and the more routine type care.

Another outcry against the King-Anderson bill is that it will leave out several million persons who are not eligible for social security. Let me make it clear that this administration does not intend to desert this segment of our aged population. Indeed I can assure you that steps will be taken not only to maintain the benefits of the Kerr-Mills bill, which is designed to care for the medically indigent, but to strengthen and expand it wherever necessary in order to fulfill our pledge of providing the best health care possible for all those over 65.

Of greater importance to your organizations is the legislation that is now before the general Subcommittee on Education which would, if enacted, provide effective Federal guidance, support, and stimulation for many different types of programs for the aged.

As you know, many of our State and Federal agencies operate a wide variety of programs for our senior citizens. One of the strongest recommendations that came out of the White House Conference called for the establishment of a Federal agency to coordinate and encourage programs for the aging. It is hoped that we can secure the passage of legislation at this session of Congress which will provide the means through which this goal can be attained.

At the present time a study is being made in regard to the most effective method through which effective action can be insured. The proposed legislation has as its main features:

1. Establishment of a President's Council on Aging consisting of top-level Cabinet officers in those departments that administer programs for the aging.

2. Establishment of a staff for the Council whose main function will be to promote coordination between existing programs, encourage coordinated planning of future programs, serve as a central source of information, make studies and reports for the President and Congress which will keep them informed as to the needs and problems of the aging, and finally to recommend national policy for a more effective program.

3. Establishment of a joint congressional committee which will act as a watchdog committee to see that the objectives of the act are carried out and which, through hearings and studies, can determine the effectiveness of programs in effect.

4. Establishment of a citizens' advisory committee for the council through which it can keep in touch with the grassroots reaction to the various programs for the aging.

5. Establishment of a grant program for the following purposes: (a) $2,090,000 for planning grants for the States to encourage development of programs for the aging; and (b) $10 million a year for 5 years for training project, demonstration, research, and evaluation grants. Such grants would be made to private and public nonprofit organizations and to States and communities which develop programs for the aged. Methods and techniques that prove most effective will be studied and information regarding them made available to other organizations. Support will be given to developing new and improving existing programs. In this category would be support for homemakers service organizations, development of senior citizens' centers, and expansion of the preventive medical programs now existing in such centers that have proven the value of regular medical, dental, optometric, podiatric, and nursing services.

The third aspect which should be of especial interest to you is our desire to expand and develop educational services for the aged and for the younger generation that will cause an awareness of the problems of the aging. As I have mentioned, the legislation before our own subcommittee does provide for grants for various types of educational projects, including training of persons to work in this field. It is hoped that some of our educational institutions will develop projects that will result in employment of retired persons on a part-time basis as instructors, recreational directors, and for service in voluntary and community organizations.

However, in addition to this, I have introduced a bill providing for Federal support for university extension known as the "General Extension Education Act of 1962." This bill notes that a large segment of our population now has more personal time available than ever before and in order to combat the attendant economic and social problems that are created thereby that it is essential for our institutions of higher learning to develop programs to study these problems and to train personnel that will be capable of operating programs that can cope with them.

In order to attain these ends an appropriation for grants to approved general university education programs of $9,020,000 for each of the next 4 years is included. The Education and Labor Committee of the House of Representatives has reported out this bill and it is now pending before the Rules Committee of the House.

Legislative activities now underway to provide methods of coping with the problems of a fast growing aging population are not confined to those already mentioned. However, I believe that these and other legislative proposals indicate that Congress recognizes its responsibility in this matter. I sincerely hope that we will be able to secure some effective legislation during this session, and while we cannot hope to secure enactment of the perfect program or a model program, I believe that we have a very good chance to get a good start in this session. Our older people have every right to hope and demand that the Congress take some effective action during this session.

I can assure you of my continued support in behalf of better educational programs for the entire population, including the over 65 group, and in behalf of a program that will secure action on many fronts for the aged. With the continued cooperation and support of such organizations as the National Association of Retired Teachers and the American Association of Retired Persons I believe that we have a right to be optimistic about the prospect of meeting our obligations to our senior citizens.

Fire Island, N.Y.

EXTENSION OF REMARKS

OF

HON. JOHN V. LINDSAY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 26, 1962

Mr. LINDSAY. Mr. Speaker, Fire Island, N.Y., threatened with the destructive natural forces of sea and wind and storm, is now threatened with manmade destructive forces, consisting of a plan by Mr. Robert Moses to build a four-lane highway along the spine of this narrow strip of sand and dunes.

Fire Island should be preserved as a national park seashore. A joint Federal-State acquisition program is the proper way to go about this. The improper way would be the superimposition of a four-lane highway for automobiles.

In the June 13 issue of the Congressional Record, I inserted a letter by Mr. Theodore H. White which criticized Mr. Moses' plan.

On June 20, the Secretary of the Interior added his voice to the growing criticism of the Moses' project. In a letter to the President of the Fire Island Voters Association, Inc., Mr. Arthur R. Silsdorf, Mr. Udall urged cooperation among Federal, State, and local authorities toward the goal of preserving Fire Island.

On June 21, a New York Times editorial entitled, "Using the Seashore Wisely—II" strengthened the case against Mr. Moses' plan.

On June 22, the New York Herald-Tribune wrote an editorial in support of the Moses' plan. In the interest of completeness, I am inserting the Tribune editorial in the Record, along with Mr. Udall's letter and the Times editorial. This editorial was answered, in my judgment, by George Biderman in a letter to the editor of the Tribune which appeared in the June 26 issue, and follows the editorial.

My aim in inserting these four items is to bring these criticisms of the Moses' plan to the attention of my colleagues and the public.

June 20, 1962.

Mr. Arthur R. Silsdorf,
President, Fire Island Voters Association, Inc., New York, N.Y.

Dear Mr. Silsdorf: In reply to your letter of June 15, 1962, I can tell you that I have given a great deal of thought to the problem of Fire Island since my visit there a few weeks ago. Fire Island would be a precious natural resource located anywhere on our coastline. But because it is within 50 miles of metropolitan New York it is even more valuable and worthy of the most enlightened thinking and planning. I have a number of thoughts about what can and should be done about Fire Island in the national interest and for the benefit of the public.

First, as you who live there are too well aware, is the important problem of providing long-range erosion control and hurricane protection. The Army Corps of Engineers' plan authorized by Congress in 1960 offers a sound long-range solution and it appears that the Congress will appropriate the funds necessary to begin work this year.

Beyond the immediate need for protection against storm and erosion is the need for farsighted planning for future recreational needs. It is here that Fire Island offers a great challenge and an opportunity which may not exist even a few years hence. Natural shoreline areas, both on our ocean coasts and inland waters, have been developed at such a rate in recent years that there are very few such areas left. Many of these developments, such as Jones Beach in your vicinity, are splendid examples of one way in which to provide for the outdoor recreation needs of our expanding population. But as our population grows, we need diversity of recreational opportunity. And, in particular, we need to provide for the preservation of natural open spaces free of automobile traffic, parking lots and hotdog stands.

Fire Island offers just such an opportunity. We must use our ingenuity to do our public works so thoughtfully that this generation and the succeeding generations who come to the public parks at the east and west ends of the island will see the magnificent sand dunes, natural vegetation, birdlife and the splendid beach untouched as they are now. This is a different kind of planning than went into the creation of Jones Beach. It is perhaps even more difficult to achieve. That is why I have communicated with Governor Rockefeller suggesting that joint Federal-State thinking for this area begin now so that it might be included under the Shoreline Protection Plan passed by the Senate this year and now pending in the House.

The area between the two large public parks is shortly to receive large expenditures of public funds for erosion control, including restoration of the sand dunes and of the beach slope destroyed by the March storms.

In this area are both established communities of summer cottages and undeveloped stretches of land. I believe that we should study joint Federal-State acquisition of the undeveloped areas so that they may be preserved in their natural state. The entire oceanfront, including the dunes and beach, should be studied with a view to protecting it under the Shoreline Protection Plan. We should certainly prevent any building on the dunes which contributed so much to the undermining that occurred in the March storms all along the Atlantic coast.

My recommendation would be that the Federal, State and local authorities proceed now with boldness and imagination to keep as much of Fire Island as is still possible in its natural state, while at the same time preserving and protecting the area for public recreation.

I hope that this makes my position entirely clear. Let me repeat what I have said to many of your residents who have written to me in recent weeks: the Department of the Interior, under existing and pending authorizations of the Congress, stands ready to assist any shore locality in the important goal of acquiring and preserving areas such as Fire Island for the enjoyment of our people for generations to come. I will continue to urge such action. But as a practical matter a sound conservation result will only be achieved on Fire Island with the cooperation of the State of New York and Suffolk County.

Sincerely yours,

STEWART L. UDALL,
Secretary of the Interior.

[From the New York Times, June 21, 1962]

USING THE SEASHORE WISELY—II

The undeveloped, eastern reaches of Fire Island offer the last opportunity in the State of New York to preserve a natural, unspoiled seashore for public enjoyment. If recreation is the goal, what is needed is a series of protective works to build up the dunes in accordance with a long-range plan authorized by Congress in 1960.

What is not needed is a through highway, as recommended by Robert Moses, that will turn the island into a parade route on weekends. New York and Long Island residents have no shortage now of four-lane roads for such sightseeing as can be done at fifty miles an hour or in bumper-to-bumper traffic. Such a development would despoil, not enhance, the natural charm of Fire Island. As Secretary of the Interior Stewart L. Udall points out, "We need to provide for the preservation of natural open spaces free of automobile traffic. * * * Fire Island offers just such an opportunity."

A National Park Service survey has identified Fire Island as one of the few remaining areas on the Atlantic coast suitable for preservation as a national seashore park. Undeveloped parts of the island ought to be acquired now, in a joint Federal-State acquisition program as recommended by Secretary Udall, in order "to keep as much of Fire Island as is still possible in its natural state, while at the same time preserving and protecting the area for public recreation." Among the things from which Fire Island must be protected is the entirely unnecessary highway that Mr. Moses has projected for an area that is already freely accessible without any such destructive development.

[From the New York Herald Tribune, June 22, 1962]

MR. MOSES IS RIGHT ABOUT FIRE ISLAND

In the controversy over Fire Island between Robert Moses, who speaks apparently for the State and county governments, and Secretary Udall and the embattled Fire Islanders, there is one unmistakable point of agreement.

A great many millions of dollars will have to be spent, as the Army Engineers recommend, on hydraulic fill and other improvements to preserve the Fire Island barrier and to protect the southern shore of Long Island. For another storm like that of last March could very well finish Fire Island, a catastrophe that must be guarded against with all scientific skills.

But when this is done, the people of Fire Island want to be left in their comparative isolation. And Secretary Udall, according to his latest fluctuation, thinks it would be a fine thing to keep the automobile out and preserve the strip in more or less of a natural state.

Mr. Moses, however, believes that the people's resources are meant to be used by all the people. He would build a boulevard on top of the projected bulwark, and thus ultimately unite the bridges at either end of Fire Island. There is nothing hideous about this, in the Moses opinion. With proper zoning, he thinks the result would be at least no worse than the island's existing communities. Instead of keeping Fire Island locked up as sort of a seaside Greenwich Village for the benefit of the relatively few, Mr. Moses wants to unlock the resorts for everybody's enjoyment.

True, Fire Island won't be quite the same, but this should be no real cause for tears. We believe that Mr. Moses, in holding out for the boulevard (with parks and plenty of access to the ocean beaches), is right.

[From the New York Herald Tribune, June 26, 1962]

MOSES' ROAD WOULD LIMIT FIRE ISLAND ACCESS

To the NEW YORK HERALD TRIBUNE:

Your editorial supporting Robert Moses' proposal for a Fire Island road does an injustice to "the embattled Fire Islanders" as well as to Secretary Udall in supposing that the Moses' plan opens up more of Fire Island to the general public than the Udall plan which the Fire Islanders support.

The facts are exactly the opposite. Commissioner Moses wants to put a road on top of the dune along the entire 31-mile ocean front, but only permit the general public to get off this road at the Fire Island State Park on the west and Smith Point County Park on the east. In between (which is two-thirds of the ocean front) he proposes "limited access." This means that only we supposedly "isolationist" Fire Island residents will be permitted to drive our cars off the road into what is left of our communities after a 300-foot right-of-way has been chopped out of a sandbar which in many places is less than 300 yards wide.

That's exactly the case at Jones Beach. Masses of people are crowded on to the beach in the area around the parking lots. Then there are miles of empty beach where people are not permitted to park and where swimming is prohibited. Then there is Gilgo Beach where one must be a resident to get off the road. This is a fantastic waste of accessible beach land, but it is the Moses way.

By contrast, on Fire Island today there are only 3 small communities out of 18 that do not have public streets and public ferry service open to anyone. Along the entire 31 miles of beach there are no "Private—Keep Out" signs and no fenced-off beaches. Commissioner Moses' plan would let the private real estate speculators take over most of the land between the two public parks, guarantee them privacy and guarantee, as he has said several times in print, that their land values will increase as much as five times if he puts in his road.

What we Fire Island residents propose, and Secretary Udall apparently agrees, is that all undeveloped areas and the entire dune and ocean front be acquired either by the Federal Government or through Federal-State cooperation under the shoreline protection plan now pending in the House as S. 543. This bill has already passed the Senate. Bridge and road access to the two public parks is already assured. In between, ferry access, which has worked very well for all the years that Fire Island has been a summer resort, can be provided for a hundred years for less than the interest on Mr. Moses' $1- to $2-million-a-mile road. And when the public gets there, it will find one of the greatest and most valuable rarities in this land—a naturally beautiful, unspoiled shore.

Let us not forget that between 25 and 40 percent of the urban households in metropolitan New York do not own automobiles. Fire Island is now accessible to these people by railroad plus ferry at little more than it costs to go to Jones Beach. If Commissioner Moses' road is built, the ferries will be gone and only the ubiquitous and expensive automobile will be left.

It is the Udall plan and not the Moses plan which offers the greatest good for the greatest number.

GEORGE BIDERMAN.

FAIR HARBOR, FIRE ISLAND, N.Y.

Congressman Stan Tupper Reports

EXTENSION OF REMARKS

OF

HON. F. BRADFORD MORSE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 26, 1962

Mr. MORSE. Mr. Speaker, our good friend and distinguished colleague, STAN TUPPER of Maine, is a valued Member of this House, a Member who has worked hard and achieved much during the period he has served in this body. This week he has issued a statesmanlike declaration of principle in his newsletter. This clear expression of the philosophy he lives by is an excellent guideline for all of us seeking to serve and represent our constituencies.

His report follows:

CONGRESSMAN STAN TUPPER REPORTS

On July 4, 1851, 111 years ago, the cornerstone for the present House of Representatives was laid. The problems confronting the Representatives of the people then were fundamentally the same as those confronting us today. In the particulars the problems vary, but essentially all of us, before and now, in facing the daily tasks of Government, have been concerned with how freedom can be safeguarded in a stable, effective government.

I have had the privilege of serving Maine and my country in the Congress for almost 2 years. I look forward to continued service, for quite frankly, I have found that the personal satisfactions that come to a public servant (along with the trials) have no parallels. Public service challenges a man's highest capacity and calls forth his highest powers of reason and willpower.

Since our Government acts by virtue of the consent of the governed, the concerned citizen who exercises his prerogatives also shares in the rewards of political life. Each Congressman has the sobering responsibility of representing thousands of persons who must pay for the acts of Government, usually in the form of dollars, but occasionally with their very own lives.

In all political campaigns much is said about philosophy; this is pertinent because from his basic philosophy a man derives his purpose, his principles, his objectives and, consequently, his action. Every American should constantly reexamine his basic beliefs and the contribution to society that he can make within the framework of those beliefs.

We live in a society which is flavored by the widest variety of individual differences. This is basic to our democracy. We sometimes forget that there is a distinction between unity and uniformity. What has been customary and usual should not necessarily determine the direction of our social and political lives. Whether change is desirable or necessary depends upon given circumstance. The Constitution gives to the people the power of decision in the form of election, referendum, and direct exercise of public opinion. In other areas the people transfer some of their authority and power to their elected Representatives for the sake of an efficient political system, maintaining only an advisory voice.

Edmund Burke, in 1774, put into words better than I can, the relationship which I believe exists between the elector and the elected. He said: "* * * it ought to be the happiness and glory of a representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents. Their wishes ought to have great weight with him; their opinions high respect; their business unremitted attention. It is his duty to sacrifice his repose, his pleasure, his satisfactions, to theirs—and above all, ever, and in all cases, to prefer their interest to his own. But his unbiased opinion, his mature judgment, his enlightened conscience, he ought not to sacrifice to you, to any man, or to any set of men living. These he does not derive from your pleasure, no, nor from the law and the Constitution. They are a trust from Providence, for the abuse of which he is deeply answerable. Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion."

Applying this to our times, a Representative owes his constituents the closest attention to their problems and the most earnest consideration of their views. In respect to legislation, he must depend upon mature judgment and conscience in deciding how he votes.

National Rivers and Harbors Congress 49th Convention

EXTENSION OF REMARKS

OF

HON. ROBERT L. F. SIKES

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 26, 1962

Mr. SIKES. Mr. Speaker, I am sure the membership of the House will read with interest a telegram sent by President John F. Kennedy to Henry H. Buckman, president of the National Rivers and Harbors Congress during its annual meeting in Washington last month. The message follows:

THE WHITE HOUSE,
Washington, D.C., May 18, 1962.

HENRY H. BUCKMAN,
President, National Rivers and Harbor Congress, Washington, D.C.:

It was with regret that I was unable to accept your kind invitation to address your 49th national convention. The continued development of our water resources is one of the important tasks to which this administration is dedicated. Your organization during the past half century has contributed greatly to our accomplishments in this field, and I am sure will continue to do so.

Heartening progress has been made in the conservation and development of our water and related land resources in the past 16 months. Many new water resources projects have been started and planning for such developments has been intensified. Surveys and advanced engineering have been accelerated so that more high priority projects will be ready for construction as needed. A most significant step was taken toward maintaining the quality of this country's water with the enactment last year of the amendments to strengthen the Water Pollution Control Act. A new policy has been adopted in connection with Federal reservoirs to provide for the acquisition of land sufficient to preserve the recreational potential of those areas for the increasing public use in future years. Many other forward steps were taken, as outlined in my conservation message to the Congress.

To assure that future developments will meet all foreseeable needs and provide maximum benefits for all purposes, I approved, a few days ago, a statement of policies, standards, and procedures for the use of the Departments of the Interior, Agriculture, Army, and Health, Education, and Welfare in the formulation, evaluation, and review of plans for the use and development of water and related land resources. The Bureau of the Budget will use the approved statement in its review of proposed programs and projects and I have accordingly directed that Budget Circular A-47 be rescinded.

There is, of course, much remaining to be done in the field of conservation and development of our resources. Last year I transmitted to the Congress a draft of legislation entitled the "Water Resources Planning Act." Enactment of this legislation would provide a firm foundation for the further sound development of our water resources by providing for preparation of comprehensive river basin plans, for grants to States to strengthen their participation in planning water development activities, and for periodic assessment of the water supply-demand outlook.

Our goal is to have sufficient water sufficiently clean in the right place at the right time to serve the range of human and industrial needs. This administration adheres to the policy that our available water supply will be managed to provide maximum benefits for all purposes—hydroelectric power, irrigation, flood control, navigation, recreation and wildlife, and municipal and industrial water supply. Thus, I share your view on the need for the continued orderly and balanced development, conservation and use for all beneficial purposes of our water and land resources. To all of your members and delegates I extend every best wish.

JOHN F. KENNEDY.

SENATE

WEDNESDAY, JUNE 27, 1962

The Senate met at 12 o'clock meridian, and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

God of all mercies, who didst guide our fathers when they laid the foundations of this Republic as they called on Thee to save, Thou hast entrusted to our hands a sacred heritage crimsoned by sacrifice and strengthened by chastening trials.

We look upward in our morning prayer that in a continual sense of Thy presence we may be delivered from the fret and fever of today's demands, from the world's discordant noises, and from the vain imaginations of our own hearts.

In these high hours of national decision, freighted with destiny, grant that those who here speak for the Nation may be so true to their high calling, as servants of the common good, that radiant joy may transfigure duty, that on this and and every day which may be granted us, appointed tasks may be met with purity of purpose, with the good will that bridges all chasms, and without moral compromise or craven fear.

We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, June 26, 1962, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PATMAN, Mr. RAINS, Mr. MULTER, Mr. BARRETT, Mr. KILBURN, Mr. McDONOUGH, and Mr. WIDNALL were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H.R. 8773) to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the Reserve components who are involuntarily released from active duty, and for other purposes.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 10541. An act to assist States and communities to carry out intensive vaccination programs designed to protect their populations, particularly all preschool children, against poliomyelitis, diphtheria, whooping cough, and tetanus; and

H.R. 12276. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1963, and for other purposes.

The message also announced that the House had agreed to the following concurrent resolutions, in which it requested the concurrence of the Senate:

H. Con. Res. 413. Concurrent resolution authorizing the printing of additional copies of "Supplement to Cumulative Index to Publications of the Committee on Un-American Activities—1955 through 1960 (Eighty-fourth, Eighty-fifth, and Eighty-sixth Congresses)," 87th Congress, 1st session;

H. Con. Res. 415. Concurrent resolution authorizing the printing of additional copies of the publication entitled "Cumulative Index to Publications of the Committee on Un-American Activities, 1938–1954," 84th Congress, 1st session;

H. Con. Res. 417. Concurrent resolution authorizing the printing of additional copies of House Report No. 1278, parts 1 and 2, 87th Congress, 1st session;

H. Con. Res. 454. Concurrent resolution authorizing the printing of additional copies of the "Hearings on Small Business Problems Created by Petroleum Imports";

H. Con. Res. 476. Concurrent resolution providing for additional copies of hearings on Judicial Review of Veterans' Claims, 87th Congress, 2d session; and

H. Con. Res. 480. Concurrent resolution authorizing the printing of a report entitled "Motor Vehicles, Air Pollution and Health" as a House document, and providing for additional copies.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 2164. An act to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes;

S. 3203. An act to extend the Defense Production Act of 1950, as amended, and for other purposes; and

H.R. 9822. An act to provide that lands within the exterior boundaries of a national forest acquired under section 8 of the act of June 28, 1934, as amended (43 U.S.C. 315g), may be added to the national forest.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated:

H.R. 10541. An act to assist States and communities to carry out intensive vaccination programs designed to protect their populations, particularly all preschool children, against poliomyelitis, diphtheria, whooping cough, and tetanus; to the Committee on Labor and Public Welfare.

H.R. 12276. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1963, and for other purposes; to the Committee on Appropriations.

HOUSE CONCURRENT RESOLUTIONS REFERRED

The following concurrent resolutions of the House were referred to the Committee on Rules and Administration:

H. Con. Res. 413. Concurrent resolution authorizing the printing of additional copies of "Supplement to Cumulative Index to Publications of the Committee on Un-American Activities—1955 through 1960 (Eighty-fourth, Eighty-fifth, and Eighty-sixth Congresses)", 87th Congress, 1st session:

"Resolved by the House of Representatives (the Senate concurring), That there be printed for the use of the Committee on Un-American Activities four thousand additional copies of a publication entitled 'Supplement to Cumulative Index to Publications of the Committee on Un-American Activities—1955 through 1960 (Eighty-fourth, Eighty-fifth, and Eighty-sixth Congresses)', Eighty-seventh Congress, first session."

H. Con. Res. 415. Concurrent resolution authorizing the printing of additional copies of the publication entitled "Cumulative Index to Publications of the Committee on Un-American Activities. 1938–1954," 84th Congress, 1st session:

"Resolved by the House of Representatives (the Senate concurring), That there be printed for the use of the Committee on Un-American Activities two thousand additional copies of the publication entitled "Cumulative Index to Publications of the Committee on Un-American Activities, 1938–1954", Eighty-fourth Congress, first session."

H. Con. Res. 417. Concurrent resolution authorizing the printing of additional copies of House Report No. 1278, parts 1 and 2, 87th Congress, 1st session:

"Resolved by the House of Representatives (the Senate concurring), That there be printed for the use of the Committee on Un-American Activities twenty thousand additional copies each of parts 1 and 2 of House Report Numbered 1278, Eighty-seventh Congress, first session, entitled 'The Truth About the Film "Operation Abolition".' "

H. Con. Res. 454. Concurrent resolution authorizing the printing of additional copies of the "Hearings on Small Business Problems Created by Petroleum Imports":

"Resolved by the House of Representatives (the Senate concurring), That there shall be printed for the use of the Select Committee on Small Business, House of Representatives, three thousand additional copies each of parts I, II, and appendixes of "Hearings on Small Business Problems Created by Petroleum Imports", Eighty-seventh Congress, first session."

H. Con. Res. 476. Concurrent resolution providing for additional copies of hearings on "Judicial Review of Veterans' Claims," 87th Congress, 2d session:

"Resolved by the House of Representatives (the Senate concurring), That there shall be printed for the use of the Committee on Veterans' Affairs one thousand additional copies of the hearings entitled 'Judicial Review of Veterans' Claims', Eighty-seventh Congress, second session."

H. Con. Res. 480. Concurrent resolution authorizing the printing of a report entitled "Motor Vehicles, Air Pollution and Health" as a House document, and providing for additional copies:

"Resolved by the House of Representatives (the Senate concurring), That the report of the Public Health Service of the Department of Health, Education, and Welfare, entitled 'Motor Vehicles, Air Pollution and Health', prepared in compliance with the provisions of Public Law 86–493, be printed as a House document; and that ten thousand additional copies be printed for the use of the Committee on Interstate and Foreign Commerce of the House of Representatives."

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Finance Committee and the Permanent Subcommittee on Investigations, of the Committee on Government Operations, were authorized to meet during the session of the Senate today.

COMMITTEE MEETING DURING SENATE SESSION TOMORROW

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the Committee on the Judiciary be permitted to sit during the session tomorrow.

The VICE PRESIDENT. Without objection, it is so ordered.

APPOINTMENT BY THE VICE PRESIDENT

The VICE PRESIDENT. Pursuant to 16 U.S.C. 513, the Chair appoints the Senator from Wisconsin [Mr. WILEY] to be a member of the National Forest Reservation Commission, vice Mr. Case, of South Dakota, deceased.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT ON CONSTRUCTION OF ANTENNA TEST RANGE AT GODDARD SPACE FLIGHT CENTER, GREENBELT, MD.

A letter from the Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law, on the construction of the antenna test range at Goddard Space Flight Center, Greenbelt, Md.; to the Committee on Aeronautical and Space Sciences.

REPORT ON ADVANCED SATURN LAUNCH COMPLEX, ATLANTIC MISSILE RANGE, CAPE CANAVERAL, FLA.

A letter from the Administrator, National Aeronautics and Space Administration, Washington, D.C., reporting, pursuant to law on the construction of the advanced Saturn launch complex, Atlantic Missile Range, Cape Canaveral, Fla.; to the Committee on Aeronautical and Space Sciences.

REPORT ON OVEROBLIGATION OF AN APPROPRIATION

A letter from the Secretary of the Treasury, reporting, pursuant to law, on the overobligation on an appropriation for "Salaries and expenses, Internal Revenue Service," for the third quarter of fiscal year 1962; to the Committee on Appropriations.

STUDY OF MEANS OF INCREASING THE CAPACITY AND SECURITY OF THE PANAMA CANAL

A letter from the Secretary of the Army, transmitting a draft of proposed legislation to authorize a study of means of increasing the capacity and security of the Panama Canal, and for other purposes (with an accompanying paper); to the Committee on Commerce.

AMENDMENT OF TITLE II OF SOCIAL SECURITY ACT, RELATING TO RESTRICTION ON THE PERIOD DURING WHICH AN APPLICATION FOR A DETERMINATION OF DISABILITY IS GRANTED FULL RETROACTIVITY

A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend title II of the Social Security Act to eliminate the restriction on the period during which an application for a determination of disability is granted full retroactivity, and for other purposes (with accompanying papers); to the Committee on Finance.

REPORT ON U.S. CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

A letter from the Acting Secretary of State, transmitting, pursuant to law, a report on U.S. contributions to international organizations, for the fiscal year 1961 (with an accompanying report); to the Committee on Foreign Relations.

AUDIT REPORT ON DEVELOPMENT LOAN FUND

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Development Loan Fund, fiscal year 1961 (with an accompanying report); to the Committee on Government Operations.

REPORT ON REVIEW OF TAX AND OTHER REVENUE COLLECTION ACTIVITIES, FINANCE OFFICE, DEPARTMENT OF GENERAL ADMINISTRATION, DISTRICT OF COLUMBIA GOVERNMENT

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of tax and other revenue collection activities, Finance Office, Department of General Administration, District of Columbia government, June 1961 (with an accompanying report); to the Committee on Government Operations.

CERTIFICATION OF ADEQUATE SOIL SURVEY AND LAND CLASSIFICATION, FEATHER WATER DISTRICT, SACRAMENTO RIVER DIVISION, CENTRAL VALLEY PROJECT, CALIFORNIA

A letter from the Under Secretary of the Interior, reporting, pursuant to law, that an adequate soil survey and land classification has been made of the lands in the Feather Water District, Sacramento River Division, Central Valley project, California (with an accompanying paper); to the Committee on Interior and Insular Affairs.

REPORT ON PROPOSED RESOURCE DEVELOPMENT ON SAVERY-POT HOOK PROJECT, COLORADO-WYOMING

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a report on the proposed water resource development on the Savery-Pot Hook project, Colorado-Wyoming (with accompanying papers); to the Committee on Interior and Insular Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BYRD of Virginia, from the Committee on Finance, without amendment:

H.R. 10095. An act to continue until the close of June 30, 1963, the suspension of duties for metal scrap, and for other purposes (Rept. No. 1632).

By Mr. KERR, from the Committee on Finance, without amendment:

H.R. 11990. An act to provide for a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act (Rept. No. 1634).

By Mr. KERR, from the Committee on Aeronautical and Space Sciences, with an amendment:

H.R. 11737. An act to authorize appropriations to the National Aeronautics and Space Administration for research, development, and operation; construction of facilities; and for other purposes (Rept. No. 1633).

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, with amendments:

S. 2429. A bill to revise the boundaries of the Virgin Islands National Park, Saint John, V.I., and for other purposes (Rept. No. 1635).

REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES—FEDERAL STOCKPILE INVENTORIES

Mr. BYRD of Virginia. Mr. President, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, I submit a report on Federal stockpile inventories as of March 1962. I ask unanimous consent to have the report printed in the RECORD, together with a statement by me.

There being no objection, the report and statement were ordered to be printed in the RECORD, as follows:

FEDERAL STOCKPILE INVENTORIES, MARCH 1962

INTRODUCTION

This is the 28th in a series of monthly reports on Federal stockpile inventories. It is for the month of March 1962.

The report is compiled from official data on quantities and cost value of commodities in these stockpiles submitted to the Joint Committee on Reduction of Nonessential Federal Expenditures by the Departments of Agriculture, Defense, and Health, Education, and Welfare, and the General Services Administration.

The cost value of materials in inventories covered in this report, as of March 1, 1962, totaled $13,773,103,684, and as of March 31, 1962, they totaled $13,469,479,879, a net decrease of $303,623,805 during the month.

Different units of measure make it impossible to summarize the quantities of commodities and materials which are shown in tables 1, 2, 3, and 4, but the cost value figures are summarized by major category, as follows:

Summary of cost value of stockpile inventories by major category

Major category	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month
Strategic and critical materials:			
National stockpile	$6,075,719,400	$6,069,095,200	−$6,624,200
Federal Facilities Corporation	62,900		−62,900
Defense Production Act	1,478,300,900	1,478,639,900	+339,000
Supplemental—barter	1,189,096,823	1,201,298,909	+12,202,086
Total, strategic and critical materials	8,743,180,023	8,749,034,009	+5,853,986
Agricultural commodities: Price-support program	4,745,511,459	4,435,947,358	−309,564,101
Civil defense supplies and equipment:			
Civil defense stockpile, Department of Defense	21,591,644	21,669,560	+77,916
Civil defense medical stockpile, Department of Health, Education, and Welfare	170,760,658	172,072,252	+1,311,594
Total, civil defense supplies and equipment	192,352,302	193,741,812	+1,389,510
Machine tools:			
Defense Production Act	4,004,800	4,006,200	+1,400
National Industrial Reserve Act	88,055,100	86,750,500	−1,304,600
Total, machine tools	92,059,900	90,756,700	−1,303,200
Total, all inventories	13,773,103,684	13,469,479,879	−303,623,805

Detailed tables in this report show each commodity, by the major categories summarized above, in terms of quantity and cost value as of the beginning and end of the month. Net change figures reflect acquisitions, disposals, and accounting and other adjustments during the month.

The cost value figures represent generally the original acquisition cost of the commodities delivered to permanent storage locations, together with certain packaging, processing, upgrading, etc., costs as carried in agency inventory accounts. Quantities are stated in the designated stockpile unit of measure.

TABULAR PRESENTATION

It should be noted that the tabular presentation of information covered in the report differs from that used in previous reports of this series. The material has been rearranged to show the stockpiled items by major categories rather than by reporting agency.

This is particularly significant with respect to strategic and critical materials inventories, in table 1, where the new presentation more readily shows the total cost value and quantity of each material on hand, broken by inventory or program under which it was acquired. Table 1 also shows the maximum objectives for strategic and critical materials where they have been established, in comparison with the total quantities (all grades) on hand at the end of the month.

Information with respect to materials in the other major categories—agricultural commodities, civil defense supplies and equipment, and machine tools—have been organized to conform with the new tabular arrangement used for the strategic and critical materials.

The appendix to this report includes program descriptions and statutory citations pertinent to each stockpile inventory within the major categories.

The stockpile inventories covered by the report are tabulated in detail as follows:

Table 1: Strategic and critical materials inventories (all grades), March 1962 (showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month).

Table 2: Agricultural commodities in price-support inventory, March 1962 (showing by commodity net changes during the month in terms of cost value and quantity).

Table 3: Civil defense supplies and equipment inventories, March 1962 (showing by item net changes during the month in terms of cost value and quantity).

Table 4: Machine tools inventories, March 1962 (showing by item net changes during the month in terms of cost value and quantity).

TABLE 1.—*Strategic and critical materials inventories (all grades), March 1962*

(Showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)

Commodity	Cost value			Quantity					
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Maximum objective [1]	Excess over maximum objective
Aluminum, metal:									
National stockpile	$487, 688, 900	$487, 690, 000	+$1, 100	Short ton	1, 129, 008	1, 129, 001	+3		
Defense Production Act	412, 893, 400	415, 979, 200	+3, 085, 800	do	814, 296	820, 617	+6, 321		
Total	900, 893, 300	903, 669, 200	+3, 086, 900	do	1, 943, 304	1, 949, 628	+6, 324	1, 200, 000	749, 628
Aluminum oxide, fused, crude:									
National stockpile	21, 735, 100	21, 735, 100		Short dry ton	200, 093	200, 093			
Supplemental—barter	22, 746, 300	22, 746, 300		do	178, 266	178, 266			
Total	44, 481, 400	44, 481, 400		do	378, 359	378, 359		200, 000	178, 359
Antimony:									
National stockpile	20, 488, 000	20, 488, 000		Short ton	30, 301	30, 301			
Supplemental—barter	8, 507, 191	8, 621, 707	+114, 516	do	15, 123	15, 365	+242		
Total	28, 995, 191	29, 109, 707	+114, 516	do	45, 424	45, 666	+242	70, 000	(2)
Asbestos, amosite:									
National stockpile	2, 637, 600	2, 637, 600		do	11, 705	11, 705			
Supplemental—barter	3, 557, 865	3, 607, 169	+49, 304	do	14, 259	14, 459	+200		
Total	6, 195, 465	6, 244, 769	+49, 304	do	25, 964	26, 164	+200	45, 000	(2)
Asbestos, chrysotile:									
National stockpile	3, 154, 500	3, 189, 200	+34, 700	Short dry ton	6, 017	6, 051	+34		
Defense Production Act	2, 102, 600	2, 102, 600		do	2, 348	2, 348			
Supplemental—barter	3, 985, 200	3, 985, 200		do	5, 532	5, 532			
Total	9, 242, 300	9, 277, 000	+34, 700	do	13, 897	13, 931	+34	11, 000	2, 931
Asbestos crocidolite:									
National stockpile	702, 100	702, 100		Short ton	1, 567	1, 567			
Supplemental—barter	3, 384, 234	3, 465, 546	+81, 312	do	12, 217	12, 417	+200		
Total	4, 086, 334	4, 167, 646	+81, 312	do	13, 784	13, 984	+200	(3)	13, 984
Bauxite, metal grade, Jamaica type:									
National stockpile	13, 925, 000	13, 925, 000		Long dry ton	879, 740	879, 740			
Defense Production Act	18, 168, 000	18, 168, 000		do	1, 370, 077	1, 370, 077			
Supplemental—barter	68, 634, 455	69, 869, 218	+1, 234, 763	do	4, 562, 019	4, 704, 340	+142, 321		
Total	100, 727, 455	101, 962, 218	+1, 234, 763	do	6, 811, 836	6, 954, 157	+142, 321	2, 600, 000	4, 354, 157
Bauxite, metal grade, Surinam type:									
National stockpile	78, 653, 300	78, 643, 200	−10, 100	do	4, 965, 208	4, 964, 957	−251		
Supplemental—barter	38, 723, 493	41, 252, 530	+2, 529, 037	do	2, 437, 054	2, 537, 161	+100, 107		
Total	117, 376, 793	119, 895, 730	+2, 518, 937	do	7, 402, 262	7, 502, 118	+99, 856	6, 400, 000	1, 102, 118
Bauxite, refractory grade: National stockpile	11, 347, 800	11, 347, 800		Long calcined ton.	299, 279	299, 279		137, 000	162, 279
Beryl:									
National stockpile	9, 770, 200	9, 770, 200		Short ton	23, 233	23, 233			
Defense Production Act	1, 309, 500	1, 330, 300	+20, 800	do	2, 341	2, 379	+38		
Supplemental—barter	22, 743, 000	22, 743, 000		do	11, 319	11, 319			
Total	33, 822, 700	33, 843, 500	+20, 800	do	36, 893	36, 931	+38	23, 100	13, 831
Beryllium metal: Supplemental—barter		373, 884	+373, 884	do		3	+3	(3)	3
Bismuth:									
National stockpile	2, 674, 300	2, 674, 300		Pound	1, 342, 402	1, 342, 402			
Defense Production Act	52, 400	52, 400		do	22, 901	22, 901			
Supplemental—barter	3, 894, 436	4, 433, 049	+538, 613	do	1, 751, 029	2, 001, 545	+250, 516		
Total	6, 621, 136	7, 159, 749	+538, 613	do	3, 116, 332	3, 366, 848	+250, 516	3, 000, 000	366, 848
Bristles, hog: National stockpile	63, 400	63, 400		do	8, 217	8, 217		(3)	8, 217
Cadmium:									
National stockpile	21, 623, 200	21, 591, 400	−31, 800	do	10, 897, 173	10, 971, 029	−16, 144		
Supplemental—barter	11, 890, 462	11, 924, 171	+33, 709	do	7, 212, 616	7, 234, 332	+21, 716		
Total	33, 513, 662	33, 515, 571	+1, 909	do	18, 199, 789	18, 205, 361	+5, 572	6, 500, 000	11, 705, 361
Castor oil: National stockpile	56, 083, 200	56, 115, 800	+32, 600	do	222, 425, 519	221, 889, 349	−536, 170	68, 000, 000	153, 889, 349
Celestite: National stockpile	1, 412, 300	1, 412, 300		Short dry ton	28, 816	28, 816		22, 000	6, 816
Chromite, chemical grade:									
National stockpile	12, 286, 800	12, 286, 800		do	559, 452	559, 452			
Supplemental—barter	17, 383, 874	17, 845, 510	+461, 636	do	440, 834	468, 604	+27, 770		
Total	29, 670, 674	30, 132, 310	+461, 636	do	1, 000, 286	1, 028, 056	+27, 770	475, 000	553, 056
Chromite, metallurgical grade:									
National stockpile	264, 875, 900	264, 875, 900		do	3, 800, 052	3, 800, 052			
Defense Production Act	35, 879, 900	35, 879, 900		do	985, 646	985, 646			
Supplemental—barter	220, 649, 192	220, 979, 968	+330, 776	do	1, 434, 420	1, 444, 168	+9, 748		
Total	521, 404, 992	521, 735, 768	+330, 776	do	6, 220, 118	6, 229, 866	+9, 748	2, 700, 000	3, 529, 866
Chromite, refractory grade:									
National stockpile	25, 149, 300	25, 149, 300		do	1, 047, 159	1, 047, 159			
Supplemental—barter	5, 034, 600	5, 034, 600		do	179, 775	179, 775			
Total	30, 183, 900	30, 183, 900		do	1, 226, 934	1, 226, 934		1, 300, 000	(2)

See footnotes at end of table.

TABLE 1.—*Strategic and critical materials inventories (all grades), March 1962*—Continued

(*Showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month*)

Commodity	Cost value			Quantity					
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Maximum objective [1]	Excess over maximum objective
Cobalt:									
National stockpile	$168,612,400	$168,612,400		Pound	76,178,248	76,178,248			
Defense Production Act	52,102,700	52,109,500	$+6,800	do	25,208,447	25,212,009	+3,562		
Supplemental—barter	2,160,000	2,169,000		do	1,077,018	1,077,018			
Total	222,884,100	222,890,900	+6,800	do	102,463,713	102,467,275	+3,562	19,000,000	83,467,275
Coconut oil: National stockpile	26,701,200	26,197,000	−504,200	do	176,215,530	172,872,690	−3,342,840	(2)	172,872,690
Colemanite: Supplemental—barter	2,636,400	2,636,400		Long dry ton	67,636	67,636		(3)	67,636
Columbium:									
National stockpile	23,858,100	23,858,100		Pound	7,488,795	7,488,795			
Defense Production Act	51,731,300	51,729,600	−1,700	do	10,617,449	10,614,654	−2,795		
Supplemental—barter	798,700	798,700		do	388,915	388,915			
Total	76,388,100	76,386,400	−1,700	do	18,495,159	18,492,364	−2,795	1,900,000	16,592,364
Copper:									
National stockpile	521,812,400	521,936,500	+124,100	Short ton	1,008,403	1,008,402	−1		
Defense Production Act	67,747,900	67,298,800	−449,100	do	121,396	120,527	−869		
Supplemental—barter	7,466,700	7,466,700		do	11,253	11,253			
Total	597,027,000	596,702,000	−325,000	do	1,141,052	1,140,182	−870	1,000,000	140,182
Cordage fibers, abaca: National stockpile	38,912,400	38,808,600	−103,800	Pound	152,603,636	152,042,256	−561,380	150,000,000	2,042,256
Cordage fibers, sisal: National stockpile	44,423,400	44,085,600	−337,800	do	318,120,551	316,092,959	−2,027,592	320,000,000	(2)
Corundum: National stockpile	393,100	393,100		Short ton	2,008	2,008		2,000	8
Cotton: National stockpile	128,416,300	128,416,300		Pound	109,603,213	109,603,213		(3)	109,603,213
Cryolite: Defense Production Act	9,521,400	9,430,100	−91,300	Short ton	34,481	34,150	−331	(3)	34,150
Diamond dies: National stockpile	429,500	432,400	+2,900	Piece	13,943	14,040	+97	15,000	(3)
Diamond, industrial, crushing bort:									
National stockpile	61,609,500	61,609,500		Carat	31,113,411	31,113,411			
Supplemental—barter	13,993,500	13,993,500		do	5,023,749	5,023,749			
Total	75,603,000	75,603,000		do	36,137,160	36,137,160		30,000,000	6,137,160
Diamond, industrial, stones:									
National stockpile	99,443,400	99,443,400		do	9,164,644	9,164,644			
Supplemental—barter	175,148,655	175,148,655		do	14,266,245	14,266,245			
Total	274,592,055	274,592,055		do	23,430,889	23,430,889		18,000,000	5,430,889
Diamond tools: National stockpile	1,015,400	1,015,400		Piece	64,178	64,178		(3)	64,178
Feathers and down: National stockpile	42,337,500	41,630,100	−707,400	Pound	10,219,509	10,048,769	−170,740	8,800,000	1,248,769
Fluorspar, acid grade:									
National stockpile	26,167,500	26,167,500		Short dry ton	463,049	463,049			
Defense Production Act	1,394,400	1,394,400		do	19,700	19,700			
Supplemental—barter	32,230,605	32,491,091	+260,486	do	649,921	657,352	+7,431		
Total	59,792,505	60,052,991	+260,486	do	1,132,670	1,140,101	+7,431	280,000	860,101
Fluorspar, metallurgical grade:									
National stockpile	17,332,400	17,332,400		do	369,443	369,443			
Supplemental—barter	1,508,200	1,508,100	−100	do	42,800	42,800			
Total	18,840,600	18,840,500	−100	do	412,243	412,243		375,000	37,243
Graphite, natural, Ceylon, amorphous lump:									
National stockpile	937,900	937,900		do	4,455	4,455			
Supplemental—barter	341,200	341,200		do	1,428	1,428			
Total	1,279,100	1,279,100		do	5,883	5,883		3,000	2,283
Graphite, natural, Madagascar, crystalline: National stockpile	7,126,300	7,124,100	−2,200	do	34,581	34,570	−11	17,200	17,370
Graphite, natural, other, crystalline: National stockpile	1,896,400	1,896,400		do	5,487	5,487		2,100	3,387
Hydrochloride of quinine: National stockpile	1,400	1,400		Ounce	1,474	1,474		(3)	1,474
Hyoscine: National stockpile	57,400	57,400		do	3,935	3,935		2,100	1,835
Iodine:									
National stockpile	4,082,000	4,082,000		Pound	2,977,648	2,977,648			
Supplemental—barter	868,532	915,143	+46,611	do	855,450	900,167	+44,717		
Total	4,950,532	4,997,143	+46,611	do	3,833,098	3,877,815	+44,717	4,300,000	(2)
Iridium: National stockpile	2,525,800	2,525,800		Troy ounce	13,937	13,937		4,000	9,937
Jewel bearings: National stockpile	3,186,200	3,410,900	+224,700	Piece	50,382,191	50,472,191	−90,000	57,500,000	(2)
Kyanite mullite: National stockpile	872,400	872,400		Short dry ton	10,090	10,090		4,800	5,290
Lead:									
National stockpile	319,300,500	319,299,800	−700	Short ton	1,050,378	1,050,375	−3		
Defense Production Act	3,035,800	3,035,800		do	8,014	8,014			
Supplemental—barter	68,337,180	68,522,032	+184,852	do	276,250	277,263	+1,013		
Total	390,673,480	390,857,632	+184,152	do	1,334,642	1,335,652	+1,010	286,000	1,049,652
Magnesium: National stockpile	132,570,900	132,381,800	−189,100	do	182,747	182,486	−261	107,000	75,486
Manganese, battery grade, natural ore:									
National stockpile	21,025,500	21,025,500		do	144,485	144,485			
Supplemental—barter	13,758,348	13,758,348		do	134,032	134,032			
Total	34,783,848	34,783,848		do	278,517	278,517		50,000	228,517
Manganese, battery grade, synthetic dioxide:									
National stockpile	3,095,500	3,095,500		Short dry ton	21,272	21,272			
Defense Production Act	2,523,600	2,523,600		do	3,779	3,779			
Total	5,619,100	5,619,100		do	25,051	25,051		20,000	5,051

See footnotes at end of table.

TABLE 1.—*Strategic and critical materials inventories (all grades), March 1962*—Continued

(*Showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month*)

Commodity	Cost value			Quantity					
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Maximum objective [1]	Excess over maximum objective
Manganese, chemical grade, Type A:									
National stockpile	$2,133,300	$2,133,300		Short dry ton	29,307	29,307			
Supplemental—barter	5,148,900	6,066,498	+$917,598	do	74,833	88,709	+13,876		
Total	7,282,200	8,199,798	+917,598	do	104,140	118,016	+13,876	30,000	88,016
Manganese, chemical grade, type B:									
National stockpile	132,600	132,600		do	1,822	1,822			
Supplemental—barter	5,686,165	5,682,376	−3,789	do	81,591	81,387	−204		
Total	5,818,765	5,814,976	−3,789	do	83,413	83,209	−204	53,000	30,209
Manganese, metallurgical grade:									
National stockpile	248,462,300	248,462,300		do	5,853,638	5,853,639	+1		
Defense Production Act	180,326,900	180,326,900		do	3,124,892	3,124,892			
Supplemental—barter	202,522,486	207,383,953	+4,861,467	do	2,758,596	2,882,799	+124,203		
Total	631,311,686	636,173,153	+4,861,467	do	11,737,126	11,861,330	+124,204	6,800,000	5,061,330
Mercury:									
National stockpile	20,250,900	20,039,500	−211,400	Flask	130,892	129,525	−1,367		
Supplemental—barter	3,446,200	3,446,200		do	16,000	16,000			
Total	23,697,100	23,485,700	−211,400	do	146,892	145,525	−1,367	110,000	35,525
Mica, muscovite block:									
National stockpile	27,694,100	27,694,100		Pound	11,644,440	11,625,983	−18,457		
Defense Production Act	38,865,300	39,205,400	+340,100	do	6,328,198	6,347,742	+19,544		
Supplemental—barter	3,183,984	3,266,560	+82,576	do	1,011,255	1,036,489	+25,234		
Total	69,743,384	70,166,060	+422,676	do	18,983,893	19,010,214	+26,321	8,300,000	10,710,214
Mica, muscovite film:									
National stockpile	9,058,100	9,058,100		do	1,732,682	1,733,081	+399		
Defense Production Act	633,900	633,900		do	102,638	102,638			
Supplemental—barter	629,575	657,778	+28,203	do	67,553	70,010	+2,457		
Total	10,321,575	10,349,778	+28,203	do	1,902,873	1,905,729	+2,856	1,300,000	605,729
Mica, muscovite splittings:									
National stockpile	40,598,400	40,597,900	−500	do	40,030,086	40,037,405	+7,319		
Supplemental—barter	6,225,800	6,225,800		do	4,826,257	4,826,257			
Total	46,824,200	46,823,700	−500	do	44,856,343	44,863,662	+7,319	21,200,000	23,663,662
Mica, phlogopite block: National stockpile	303,600	303,600		do	223,126	223,126		17,000	206.126
Mica, phlogopite splittings:									
National stockpile	2,580,500	2,580,500		do	3,074,305	3,081,401	+7,096		
Supplemental—barter	1,400,863	1,479,995	+79,132	do	1,381,431	1,436,688	+55,257		
Total	3,981,363	4,060,495	+79,132	do	4,455,826	4,518,179	+62,353	1,700,000	2,818,179
Molybdenum: National stockpile	88,551,900	88,671,000	+119,100	do	84,064,941	84,063,912	−1,029	59,000,000	25,063,912
Nickel:									
National stockpile	182,107,000	182,107,000		do	334,537,583	334,537,583			
Defense Production Act	88,396,600	87,840,400	−556,200	do	99,664,576	98,608,113	−1,056,463		
Total	270,503,600	269,947,400	−556,200	do	434,202,159	433,145,696	−1,056,463	323,000,000	110,145,696
Opium: National stockpile	13,661,700	13,661,700		do	195,757	195,757		172,800	22,957
Palladium:									
National stockpile	2,079,000	2,079,000		Troy ounce	89,811	89,811			
Defense Production Act	177,300	177,300		do	7,884	7,884			
Supplemental—barter	12,127,700	12,127,700		do	648,124	648,124			
Total	14,384,000	14,384,000		do	745,819	745,819		340,000	405,819
Palm oil: National stockpile	6,157,600	5,829,700	−327,900	Pound	34,208,740	32,393,680	−1,850,060	(3)	32,393,680
Platinum:									
National stockpile	57,234,700	57,234,700		Troy ounce	720,813	720,813			
Supplemental—barter	3,987,400	3,987,400		do	49,999	49,999			
Total	61,222,100	61,222,100		do	770,812	770,812		165,000	605,812
Poppy seeds: National stockpile	600		−600	Pound	1,586		−1,586	(3)	
Pyrethrum: National stockpile	415,000	415,000		do	66,188	66,188		66,000	188
Quartz crystals:									
National stockpile	70,109,800	70,109,800		do	5,686,570	5,686,570			
Supplemental—barter	3,128,684	3,128,684		do	232,252	232,252			
Total	73,238,484	73,238,484		do	5,918,822	5,918,822		650,000	5,268,822
Quartz, processed: National stockpile	1,000	1,000		Piece	12,100	12,100		(3)	12,100
Quinidine: National stockpile	2,241,500	2,218,400	−23,100	Ounce	1,943,377	1,923,377	−20,000	1,600,000	323,377
Quinine: National stockpile	6,022,700	6,022,700		do	9,524,947	9,524,947		(3)	9,524,947
Rare earths:									
National stockpile	6,835,100	6,835,100		Short dry ton	10,042	10,042			
Supplemental—barter	5,757,200	5,758,000	+800	do	4,431	4,431			
Total	12,592,300	12,593,100	+800	do	14,473	14,473		5,700	8,773
Rare earths residue: Defense Production Act	657,800	657,800		Pound	6,085,570	6,085,570		(3)	6,085,570
Rhodium: National stockpile	145,700	78,100	−67,600	Troy ounce	1,159	621	−538	(3)	621
Rubber: National stockpile	839,945,000	835,811,400	−4,133,600	Long ton	1,086,363	1,081,014	−5,349	750,000	331,014
Ruthenium: Supplemental—barter	559,500	559,500		Troy ounce	15,001	15,001		(3)	15,001

See footnotes at end of table.

TABLE 1.—*Strategic and critical materials inventories (all grades), March 1962*—Continued

(Showing by commodity net changes during the month in terms of cost value and quantity, and excesses over maximum objectives in terms of quantity as of the end of the month)

Commodity	Cost value			Quantity					
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Maximum objective [1]	Excess over maximum objective
Rutile:									
National stockpile	$2,070,100	$2,070,100		Short dry ton	18,599	18,599			
Defense Production Act	2,725,100	2,725,100		do	17,552	17,552			
Supplemental—barter	1,092,900	1,093,700	$+800	do	11,632	11,632			
Total	5,888,100	5,888,900	+800	do	47,783	47,783		65,000	(2)
Sapphire and ruby: National stockpile	210,900	190,000	−20,900	Carat	17,967,943	16,187,500	−1,780,443	18,000,000	(2)
Selenium:									
National stockpile	757,100	757,100		Pound	97,100	97,100			
Supplemental—barter	1,070,500	1,070,500		do	156,518	156,518			
Total	1,827,600	1,827,600		do	253,618	253,618		400,000	(2)
Shellac: National stockpile	9,054,800	9,055,100	+300	do	18,060,562	18,061,156	+594	7,400,000	10,661,156
Silicon carbide, crude:									
National stockpile	11,394,500	11,394,500		Short ton	64,697	64,697			
Supplemental—barter	26,597,800	26,597,800		do	131,804	131,804			
Total	37,992,300	37,992,300		do	196,501	196,501		100,000	96,501
Silk noils and waste: National stockpile	5,164,900	4,662,700	−502,200	Pound	3,480,633	3,161,180	−319,453	970,000	2,191,180
Silk, raw: National stockpile	486,600	486,600		do	113,515	113,515		120,000	(2)
Sperm oil: National stockpile	4,775,400	4,775,400		do	23,442,158	23,442,158		23,000,000	442,158
Talc, steatite block and lump: National stockpile	502,500	502,500		Short ton	1,289	1,289		300	989
Talc, steatite ground: National stockpile	223,400	223,400		do	3,901	3,901		(3)	3,901
Tantalum:									
National stockpile	10,905,900	10,905,900		Pound	3,423,412	3,423,412			
Defense Production Act	9,734,400	9,734,400		do	1,531,366	1,531,366			
Supplemental—barter	21,100	21,100		do	8,036	8,036			
Total	20,661,400	20,661,400		do	4,962,814	4,962,814		2,420,000	2,542,814
Thorium:									
Defense Production Act	42,000	42,000		do	848,574	848,574			
Supplemental—barter	10,552,617	10,552,617		do	4,344,202	4,344,202			
Total	10,594,617	10,594,617		do	5,192,776	5,192,776		(3)	5,192,776
Tin:									
National stockpile	828,638,500	828,638,500		Long ton	340,791	340,791			
Federal Facilities Corporation	62,900		−62,900	do	26		−26		
Supplemental—barter	16,404,000	16,404,000		do	7,505	7,505			
Total	845,105,400	845,042,500	−62,900	do	348,322	348,296	−26	185,000	163,296
Titanium:									
Defense Production Act	172,820,000	172,820,000		Short ton	22,457	22,457			
Supplemental—barter	31,631,300	31,631,300		do	9,021	9,021			
Total	204,451,300	204,451,300		do	31,478	31,478		(3)	31,478
Totaquine: National stockpile	4,854,000	4,854,000		Ounce	7,654,416	7,654,416		(3)	7,654,416
Tungsten:									
National stockpile	368,670,900	368,834,000	+163,100	Pound	119,971,341	120,014,268	+42,927		
Defense Production Act	325,458,700	323,442,500	−2,016,200	do	79,774,624	79,309,475	−465,149		
Supplemental—barter	15,626,800	15,626,500	−300	do	4,492,776	4,492,136	−640		
Total	709,756,400	707,903,000	−1,853,400	do	204,238,741	203,815,879	−422,862	50,000,000	153,815,879
Tungsten carbide powder: Supplemental—barter	2,312,227	2,308,827	−3,400	do	893,595	893,595		(3)	893,595
Vanadium: National stockpile	32,028,100	31,907,600	−120,500	do	16,163,456	16,105,366	−58,090	2,000,000	14,105,366
Vegetable tannin extract, chestnut: National stockpile	11,967,700	11,967,700		Long ton	42,895	42,895		30,000	12,895
Vegetable tannin extract, quebracho: National stockpile	49,374,900	49,374,900		do	199,557	199,557		180,000	19,557
Vegetable tannin extract, wattle: National stockpile	9,992,400	9,992,400		do	39,618	39,618		39,000	618
Zinc:									
National stockpile	364,176,300	364,176,300		Short ton	1,256,162	1,256,162			
Supplemental—barter	79,591,800	79,591,400	−400	do	323,897	323,895	−2		
Total	443,768,100	443,767,700	−400	do	1,580,059	1,580,057	−2	178,000	1,402,057
Zirconium ore, baddeleyite: National stockpile	710,600	710,600		Short dry ton	16,533	16,533		(3)	16,533
Zirconium ore, zircon: National stockpile	624,200	592,800	−31,400	do	10,552	10,021	−531	(3)	10,021
Total:									
National stockpile	6,075,719,400	6,069,095,200	−6,624,200						
Federal Facilities Corporation	62,900		−62,900						
Defense Production Act	1,478,300,900	1,478,639,900	+339,000						
Supplemental—barter	1,189,096,823	1,201,298,909	+12,202,086						
Total, strategic and critical materials	8,743,180,023	8,749,034,009	+5,853,986						

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[1] Maximum objectives for strategic and critical materials are determined pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98–98h). The present objectives represent quantities of materials estimated to be necessary in the event of a 3-year war in which overseas source would not be available.

[2] Not in excess of maximum objective.

[3] No present objective.

Source: Compiled from reports submitted by the General Services Administration and the Department of Agriculture.

TABLE 2.—*Agricultural commodities in price-support inventory, March 1962 (showing by commodity net change during the month in terms of cost value and quantity)*

Commodity	Cost value			Quantity			
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month
Basic commodities:							
Corn	$1, 456, 889, 507	$1, 166, 647, 564	−$290, 241, 943	Bushel	1, 194, 244, 317	981, 259, 260	−212, 985, 057
Cornmeal	644		−644	Pound	15, 900		−15, 900
Cotton, extra-long staple	4, 239, 101	4, 127, 249	−111, 852	Bale	15, 268	14, 868	−400
Cotton, upland	245, 278, 606	245, 273, 034	−5, 572	do	1, 448, 657	1, 448, 627	−30
Peanuts, shelled	543, 418	653, 133	+109, 715	Pound	3, 425, 499	5, 597, 496	+2, 171, 997
Rice, milled	2, 749, 678	1, 978, 664	−771, 014	Hundredweight	280, 320	200, 043	−80, 277
Rice, rough	5, 672, 905	4, 682, 785	−990, 120	do	1, 218, 587	1, 013, 234	−205, 353
Wheat	2, 149, 320, 394	2, 123, 659, 545	−25, 660, 849	Bushel	1, 088, 551, 805	1, 076, 745, 688	−11, 806, 117
Wheat, rolled		920	+920	Pound		9, 360	+9, 360
Wheat flour	5, 226		−5, 226	do	98, 100		−98, 100
Total, basic commodities	3, 864, 698, 479	3, 547, 022, 894	−317, 676, 585				
Designated nonbasic commodities:							
Barley	28, 982, 467	27, 422, 648	−1, 559, 819	Bushel	33, 695, 422	32, 002, 180	−1, 693, 242
Grain sorghum	607, 282, 316	586, 603, 788	−20, 678, 528	Hundredweight	320, 562, 973	310, 842, 615	−9, 720, 358
Milk and butterfat:							
Butter	144, 310, 469	163, 834, 488	+19, 524, 019	Pound	238, 767, 070	271, 040, 979	+32, 273, 909
Cheese	22, 369, 233	25, 638, 829	+3, 269, 596	do	58, 568, 354	67, 011, 196	+8, 442, 842
Milk, dried	67, 048, 379	71, 250, 465	+4, 202, 086	do	404, 965, 345	425, 091, 846	+20, 126, 501
Oats	4, 477, 601	4, 702, 797	+225, 196	Bushel	7, 242, 495	7, 515, 860	+273, 365
Rye	3, 191, 965	3, 185, 355	−6, 610	do	3, 229, 216	3, 223, 446	−5, 770
Tung oil	22, 557		−22, 557	Pound	107, 915		−107, 915
Total, designated nonbasic commodities	877, 684, 987	882, 638, 370	+4, 953, 383				
Other nonbasic commodities:							
Beans, dry, edible	2, 063, 635	1, 962, 277	−101, 358	Hundredweight	334, 497	329, 914	−4, 583
Soybeans		2, 098	+2, 098	Bushel		894	+894
Turpentine	907, 639	907, 639		Gallon	1, 729, 744	1, 729, 744	
Vegetable oil products	155, 719	3, 414, 080	+3, 258, 361	Pound	849, 965	18, 612, 626	+17, 762, 661
Total, other nonbasic commodities	3, 126, 993	6, 286, 094	+3, 159, 101				
Total, agricultural commodities	4, 745, 511, 459	4, 435, 947, 358	−309, 564, 101				

Source: Compiled from reports submitted by the Department of Agriculture.

TABLE 3.—*Civil defense supplies and equipment inventories, March 1962*
(Showing by item net changes during the month in terms of cost value and quantity)

Item	Cost value				Quantity		
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month
Civil defense stockpile, Department of Defense:							
Engineering stockpile (engine generators, pumps, chlorinators, purifiers, pipe and fittings).	$10, 106, 116	$10, 080, 177	−$25, 939	10-mile units	45	45	
Chemical and biological equipment	2, 058, 335	2, 038, 875	−19, 460	(1)			
Radiological equipment	9, 427, 193	9, 550, 508	+123, 315	(1)			
Total	21, 591, 644	21, 669, 560	+77, 916				
Civil defense medical stockpile, Department of Health, Education, and Welfare:							
Medical bulk stocks and associated items at civil defense mobilization warehouses.	111, 274, 413	113, 867, 174	+2, 592, 761	(1)			
Medical bulk stock at manufacturer locations	5, 518, 089	5, 556, 114	+38, 025	(1)			
Civil defense emergency hospitals	38, 451, 544	38, 476, 739	+25, 195	Each	1, 930	1, 930	
Replenishment units (functional assemblies other than hospitals).	15, 516, 612	14, 172, 225	−1, 344, 387	(1)			
Total	170, 760, 658	172, 072, 252	+1, 311, 594				
Total, civil defense supplies and equipment	192, 352, 302	193, 741, 812	+1, 389, 510				

[1] Composite groups of many different items.

Source: Compiled from reports submitted by the Department of Defense and Department of Health, Education, and Welfare.

TABLE 4.—*Machine tools inventories, March 1962 (showing by item net changes during the month in terms of cost value and quantity)*

Item	Cost value				Quantity		
	Beginning of month, Mar. 1, 1962	End of month, Mar. 31, 1962	Net change during month	Unit of measure	Beginning of month, Mar. 1, 1962	End of month, Mar 31, 1962	Net change during month
Defense Production Act:							
On lease	$3, 966, 100	$3, 966, 100		Tool	182	182	
On loan	38, 700	40, 100	+$1, 400	do	7	7	
Total	4, 004, 800	4, 006, 200	+1, 400	do	189	189	
National Industrial Reserve Act:							
In storage	84, 508, 900	82, 754, 600	−1, 754, 300	do	7, 999	7, 709	−290
On lease	27, 500	27, 500		do	1	1	
On loan to other agencies	785, 200	724, 900	−60, 300	do	36	33	−3
On loan to school programs	2, 733, 500	3, 243, 500	+510, 000	do	680	820	+140
Total	88, 055, 100	86, 750, 500	−1, 304, 600	do	8, 716	8, 563	−153
Total, machine tools	92, 059, 900	90, 756, 700	−1, 303, 200	do	8, 905	8, 752	−153

Source: Compiled from reports submitted by the General Services Administration.

APPENDIX

STRATEGIC AND CRITICAL MATERIALS

National stockpile

The Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98–98h) provides for the establishment and maintenance of a national stockpile of strategic and critical materials. The General Services Administration is responsible for making purchases of strategic and critical materials and providing for their storage, security, and maintenance. These functions are performed in accordance with directives issued by the Director of the Office of Emergency Planning. The act also provides for the transfer from other Government agencies of strategic and critical materials which are excess to the needs of such other agencies and are required to meet the stockpile objectives established by OEP. In addition, the General Services Administration is responsible for disposing of those strategic and critical materials which OEP determines to be no longer needed for stockpile purposes.

General policies for strategic and critical materials stockpiling are contained in DMO V–7, issued by the Director of the Office of Emergency Planning and published in the Federal Register of December 19, 1959 (24 F.R. 10309). Portions of this order relate also to Defense Production Act inventories.

Tin received from Federal Facilities Corporation

Public Law 608, 84th Congress (50 U.S.C. 98 note), provided, among other things, for the continuation of operation of the Government-owned tin smelter at Texas City, Tex., from June 30, 1956, until January 31, 1957. It provided also that all tin acquired by the Federal Facilities Corporation by reason of such extension should be transferred to the General Services Administration.

Defense Production Act

Under section 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2093) and Executive Order 10480, as amended, the General Services Administration is authorized to make purchases of, or commitments to, purchase metals, minerals, and other materials, for Government use or resale, in order to expand productive capacity and supply, and also to store the materials acquired as a result of such purchases or commitments. Such functions are carried out in accordance with programs certified by the Director of the Office of Emergency Planning.

Supplemental—barter

As a result of a delegation of authority from OEP (32A C.F.R., ch. I, DMO V–4) the General Services Administration is responsible for the maintenance and storage of materials placed in the supplemental stockpile. Section 206 of the Agricultural Act of 1956 (7 U.S.C. 1856) provides that strategic and other materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural products, unless acquired for the national stockpile or for other purposes, shall be transferred to the supplemental stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704(b)). In addition to the materials which have been or may be so acquired, the materials obtained under the programs established pursuant to the Domestic Tungsten, Asbestos, Fluorspar, and Columbium-Tantalum Production and Purchase Act of 1956 (50 U.S.C. App. 2191–95), which terminated December 31, 1958, have been transferred to the supplemental stockpile, as authorized by the provisions of said Production and Purchase Act.

AGRICULTURAL COMMODITIES

The price-support program

Price-support operations are carried out under the charter powers (15 U.S.C. 714 of the Commodity Credit Corporation, Department of Agriculture, in conformity with the Agricultural Act of 1949 (7 U.S.C. 1421), the Agricultural Act of 1954 (7 U.S.C. 1741), which includes the National Wool Act of 1954, the Agricultural Act of 1956 (7 U.S.C. 1442), the Agricultural Act of 1958 and with respect to certain types of tobacco, in conformity with the act of July 28, 1945, as amended (7 U.S.C. 1312). Under the Agricultural Act of 1949, price support is mandatory for the basic commodities—corn, cotton, wheat, rice, peanuts, and tobacco—and specific nonbasic commodities; namely, tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Under the Agricultural Act of 1958, as producers of corn voted in favor of the new price-support program for corn authorized by that act, price support is mandatory for barley, oats, rye, and grain sorghums. Price support for wool and mohair is mandatory under the National Wool Act of 1954, through the marketing year ending March 31, 1962. Price support for other nonbasic agricultural commodities is discretionary except that, whenever the price of either cottonseed or soybeans is supported, the price of the other must be supported at such level as the Secretary determines will cause them to compete on equal terms on the market. This program may also include operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price-support levels.

Price support is made available through loans, purchase agreements, purchases, and other operations, and, in the case of wool and mohair, through incentive payments based on marketings. The producer's commodities serve as collateral for price-support loans. With limited exceptions, price-support loans are nonrecourse and the Corporation looks only to the pledged or mortgage collateral for satisfaction of the loan. Purchase agreements generally are available during the same period that loans are available. By signing a purchase agreement, a producer receives an option to sell to the Corporation any quantity of the commodity which he may elect within the maximum specified in the agreement.

The major effect on budgetary expenditures is represented by the disbursements for price-support loans. The largest part of the commodity acquisitions under the program result from the forfeiting of commodities pledged as loan collateral for which the expenditures occurred at the time of making the loan, rather than at the time of acquiring the commodities.

Dispositions of commodities acquired by the Corporation in its price-support operations are made in compliance with sections 202, 407, and 416 of the Agricultural Act of 1949, and other applicable legislation, particularly the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691), title I of the Agricultural Act of 1954, title II of the Agricultural Act of 1956, the Agricultural Act of 1958, the act of August 19, 1958, in the case of cornmeal and wheat flour, and the act of September 21, 1959, with regard to sales of livestock feed in emergency areas.

CIVIL DEFENSE SUPPLIES AND EQUIPMENT

Civil defense stockpile

The Department of Defense conducts this stockpiling program pursuant to section 201(h) of Public Law 920, 81st Congress, as amended. The program is designed to provide some of the most essential materials to minimize the effects upon the civilian population which would be caused by an attack upon the United States. Supplies and equipment normally unavailable, or lacking in quantity needed to cope with such conditions, are stockpiled at strategic locations in a nationwide warehouse system consisting of general storage facilities.

Civil defense medical stockpile

As authorized under Public Law 920, 81st Congress, and following the intent of Reorganization Plan No. 1, 1958, the Director, Office of Emergency Planning has delegated responsibility to the Department of Health, Education, and Welfare to plan and direct operation of the medical supply portion of the OEP stockpile. The warehousing of the medical stockpile is principally within the OEP warehouse system; in addition, the medical stockpile includes a program designed to pre-position emergency hospitals and other treatment units in communities throughout the Nation.

MACHINE TOOLS

Defense Production Act

Under section 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2093) and Executive Order 10480, as amended, the General Services Administration has acquired machine tools in furtherance of expansion of productive capacity, in accordance with programs certified by the Director of the Office of Emergency Planning.

National industrial equipment reserve

Under general policies established and directives issued by the Secretary of Defense, General Services Administration is responsible for the care, maintenance, utilization, transfer, leasing, lending to nonprofit schools, disposal, transportation, repair, restoration, and renovation of national industrial reserve equipment transferred to GSA under the National Industrial Reserve Act of 1948 (50 U.S.C. 451–462).

STATEMENT BY SENATOR BYRD OF VIRGINIA

STRATEGIC AND CRITICAL MATERIALS

The cost value of strategic and critical materials stockpiled by the Federal Government was increased by $5,853,986 during March 1962, from $8,743,180,023 to $8,749,034,009.

So-called strategic and critical materials are stored by the Government in the national stockpile, the Federal Facilities Corporation tin inventory, the Defense Production Act inventory, and the supplemental-barter stockpile.

The President, on January 31, 1962, said excesses in the inventories of strategic and critical materials should be reduced. Net changes in these inventories during February and March, as officially reported in terms of cost value are summarized as follows:

Strategic and critical materials stockpiles	Cost value (thousands)			
	Feb. 1, 1962	Mar. 1, 1962	Mar. 31, 1962	Net change, Feb. 1–Mar. 31, 1962
National stockpile	$6, 083, 482	$6, 075, 719	$6, 069, 095	−$14, 387
Federal Facilities Corporation	1, 634	63	----------	−1, 634
Defense production	1, 480, 120	1, 478, 301	1, 478, 640	−1, 480
Supplemental, barter	1, 176, 510	1, 189, 097	1, 201, 299	+24, 789
Total	8, 741, 746	8, 743, 180	8, 749, 034	+7, 288

There has been a net increase of $7.3 million in the cost value of materials in strategic and critical inventories since January 31, when the President said it should be reduced. This increase has resulted largely from net additions under the supplemental-barter program.

There was a net increase of $12.6 million under the supplemental-barter program in February and another net increase of $12.2 million in March. There was a small net increase under the Defense Production Act program in March, but there was a net decrease in this program during February.

The increases in the supplemental-barter inventories more than offset substantial net decreases during both February and March in the national stockpile and the Federal facilities in inventory (which was reduced to zero in March).

Maximum objectives

Overall there are 98 materials stockpiled in the strategic and critical inventories. Maximum objectives—in terms of volume—are presently fixed for 76 of these 98 materials. Of these 76 materials, 66 were stockpiled in excess of maximum objectives, as of February 1; 65 were stockpiled in excess of maximum objectives, as of March 1; and 65 were stockpiled in excess of maximum objectives, as of March 31.

During the 2-month period (February-March) excesses over the objectives have been increased in 21 materials, and decreased in 28 materials; and they have remained unchanged in 17 materials.

Materials in which excesses over objectives have been increased substantially in volume since February include various forms of bauxite, manganese, chrome and mica, industrial diamonds and bismuth. Materials in which excesses over objectives have been substantially reduced since February include rubber, nickel, cordage fibers, castor oil, cobalt, and feathers and down. Only one material—cordage fibers, sisal—which exceeded the objective on February 1, has been brought within its objective.

OTHER FEDERAL STOCKPILES

In addition to so-called strategic and critical items, the Federal Government stockpiles other materials, including agricultural surpluses under the price support program, machine tools, and civil defense supplies and equipment.

The cost value of materials stockpiled in these inventories on March 31 totaled $4,720,445,870. On March 1, they totaled $5,029,923,661. The reduction during March was $309,477,791.

The total cost value of all materials in all of these stockpiles, including the strategic and critical inventories, on March 31 was $13,469,479,879, as compared with a total of $13,773,103,684 on March 1. The overall net reduction during March was $303,623,805.

Increases and decreases in the cost value of Federal stockpile inventories during March, as compiled by the Joint Committee on Reduction of Nonessential Federal Expenditures from official reports, are summarized as follows:

Major categories	Cost value, March 1962	
	Net change during month	Total, end of month
Strategic and Critical materials	+$5,853,986	$8,749,034,009
Agricultural commodities: Price support program	−309,564,101	4,435,947,358
Civil defense supplies and equipment (under Departments of Defense and Health, Education, and Welfare)	+1,389,510	193,741,812
Machine tools (under the Defense Production Act and the National Industrial Reserve Act)	−1,303,200	90,756,700
Total, all inventories	−303,623,805	13,469,479,879

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted.

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Philip D. Sprouse, of Tennessee, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to the Kingdom of Cambodia.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TALMADGE (for himself and Mr. Aiken):

S. 3475. A bill to provide further for cooperation with States in administration and enforcement of certain Federal laws; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. Talmadge when he introduced the above bill, which appear under a separate heading.)

By Mr. MUNDT:

S. 3476. A bill to change the name of Fort Randall Reservoir in the State of South Dakota to Lake Francis Case; to the Committee on Public Works.

By Mr. MORSE (for himself, Mr. Aiken, Mr. Bush, Mr. Case of New Jersey, Mr. Clark, Mr. Cooper, Mr. Dodd, Mr. Gruening, Mr. Metcalf, Mr. Prouty, Mr. Randolph, Mr. Scott, and Mr. Williams of New Jersey):

S. 3477. A bill to promote the security and welfare of the people of the United States by providing for a program to assist the several States in further developing their programs of general university extension education; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. Morse when he introduced the above bill, which appear under a separate heading.)

By Mr. BIBLE (by request):

S. 3478. A bill to change the name of the Perry's Victory and International Peace Memorial National Monument, to provide for the acquisition of certain lands, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HICKEY (for himself and Mr. McGee):

S. 3479. A bill for the relief of certain entrymen, owners, and assignees of farm units on the Third Division Irrigation District, Riverton Reclamation Project, Wyoming; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. Hickey when he introduced the above bill, which appear under a separate heading.)

By Mr. SCOTT:

S. 3480. A bill to amend the Federal Property and Administrative Services Act of 1949 to permit donations of surplus property to volunteer fire-fighting organizations, and for other purposes; to the Committee on Government Operations.

By Mr. BEALL (for himself, Mr. Dworshak, Mr. Butler, Mr. Bush, Mr. Scott, Mr. Cannon, Mr. Capehart, and Mr. Young of North Dakota):

S.J. Res. 205. Joint resolution proposing an amendment to the Constitution of the United States to permit the offering of prayer in public schools; to the Committee on the Judiciary.

(See the remarks of Mr. Beall when he introduced the above joint resolution, which appear under a separate heading.)

RESOLUTION—PRAYERS IN PUBLIC SCHOOLS

Mr. HARTKE submitted a resolution (S. Res. 356) to provide for freedom of prayer, which was referred to the Committee on the Judiciary.

(See the above resolution printed in full when submitted by Mr. Hartke, which appears under a separate heading.)

COOPERATION WITH STATES IN ADMINISTRATION AND ENFORCEMENT OF CERTAIN FEDERAL LAWS

Mr. TALMADGE. Mr. President, on behalf of myself, and the Senator from Vermont [Mr. Aiken], I introduce, for appropriate reference, a bill which would provide for the Secretary of Agriculture to enter into cooperative agreements with State departments of agriculture, or other State agencies, in the administration and enforcement of Federal laws within the Secretary's area of responsibility, whenever he deems it feasible and in the public interest. This is to be done, when in the opinion of the Secretary, agreements with State departments of agriculture for such cooperation will avoid duplication of functions, facilities and personnel, and attain closer coordination and greater effectiveness and economy in the administration of Federal and State laws.

Though nothing in the proposed legislation would "affect the jurisdiction of the Secretary of Agriculture under any Federal law," or change the present relationship between the Secretary in his authority to cooperate with State or other agencies, under existing provisions of law, it is believed that the passage of this bill will result in clarifying the intent of Congress as expressed in scores of statutes passed over a period of many decades in the fields of marketing agricultural products, the control or eradication of plant and animal diseases and pests, and in the regulatory procedures to accomplish the desired objectives of both the Federal and State governments.

The Senator from Vermont and I have introduced this bill at the request of the National Association of State Departments of Agriculture whose executive committee has worked out the exact terms of the measure with the General Counsel of the U.S. Department of Agriculture, the Secretary and members of his immediate staff, as well as with the heads of many of the agencies in the U.S. Department of Agriculture.

It is believed that this will give leadership in a movement toward closer cooperation between regulatory and service agencies in agriculture, both Federal and State; that it will serve to inspire the States, which have lagged in their responsibilities, to strengthen their laws, regulations and personnel, when the Secretary of Agriculture determines a "State agency which has adequate facilities, personnel, and procedures" may be contracted with by the Secretary to assist "in the administration and enforcement of Federal laws and regulations" to the extent and manner the Secretary deems appropriate and in the public interest.

Congressional leadership, backed by the Secretary, may well lead to a saving of Federal funds and of the resources of most of our States.

The **VICE PRESIDENT**. The bill will be received and appropriately referred.

The bill (S. 3475) to provide further for cooperation with States in administration and enforcement of certain Federal laws, introduced by Mr. TALMADGE (for himself and Mr. AIKEN), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

THE LAND-GRANT COLLEGE CONCEPT—AN ACT OF JUSTIFIED FAITH IN DEMOCRACY

Mr. MORSE. Mr. President, it is a great privilege to have the opportunity to pay tribute to America's great and unique system of land-grant colleges and universities on the 100th anniversary of the signing of the act that called them into existence.

My own personal indebtedness to these institutions is considerable. Early in my life, when the foundations are laid, I was granted both degrees and faculty positions by two of these institutions—the University of Wisconsin and the University of Minnesota. I do not know whether these institutions are glad to have had me as a student and a teacher, but I know that I am indeed fortunate to have had the opportunity to study and teach at them. In addition, I have had wonderful opportunities to observe and cooperate with the outstanding programs at the land-grant university in my home State—Oregon State, at Corvallis—as a faculty member at its sister institution in Eugene and in my later public career.

In a letter to his wife from Paris in 1780, crusty John Adams once wrote:

> The science of government it is my duty to study, more than all other sciences; the arts of legislation and administration and negotiation ought to take place of, indeed to exclude, in a manner, all other arts. I must study politics and war that my sons have liberty to study mathematics and philosophy. My sons ought to study mathematics and philosophy, geography, natural history, and naval architecture, navigation, commerce, and agriculture, in order to give their children a right to study painting, poetry, music, architecture, statuary, tapestry, and porcelain.

The colleges in America 100 years ago and earlier were equipped to serve the first need listed by America's second President—the need to produce civil leaders capable of guiding this upstart young democracy through the early difficult years of its audacious experiment in self-government. As evidence of this, we have only to remember that these institutions produced such people as Adams himself, Hamilton, Jefferson, and Madison—each a giant in the days when America needed giants.

But these institutions were not equipped to undertake the second need in Adams' list—the need to provide academic support for the growing commercial and democratic imperatives of the country. America 100 years ago was not the America that John Adams knew. The period of political and social consolidation following the defeat of the British at Yorktown had served its purpose. Now the country was ready to move forward, despite the tragic internecine violence that erupted in April 1861 at Fort Sumter.

Oil had been discovered in Pennsylvania, and gold and silver in the Western States. People were becoming aware of the vastness and fertility of the uncultivated lands lying beyond the settled coastal areas. The impact of science was beginning to be felt in the daily lives of the people. People were optimistic, restless. "Progress," Herbert Spencer had written, "is not an accident, but a necessity," and the American people were anxious to get on with the job. These forces produced a new and different kind of aristocrat—the farmer, the woodsman, the merchant, the miner, the manufacturer.

These new aristocrats, however, were singularly disadvantaged. They were proud of the progress they had made. They were proud of their initiative and resourcefulness and courage. But nowhere in the country were there educational institutions to teach, improve, and dignify the processes through which they had made these gains. They had faith in education. They believed firmly that democracy depended fundamentally upon education. But nowhere in the country were there colleges to meet these needs. Nowhere were there colleges for the majority of the people.

One hundred years ago, only 1 or 2 young men out of each 100 were actually enrolled in a college or university, and the percentage was declining. The programs available were even more restrictive than the opportunity for college going. Essentially only one curriculum was offered, and within it, practically no variations were permitted. Every student in any one class attended the same recitation at the same hour as every other student. Latin, Greek, and mathematics made up the bulk of the academic fare, and it was possible to get a college preparation for only four professions—law, medicine, the ministry, and teaching.

In passing the Morrill Act to change all this, the Congress of the United States displayed statesmanship that has seldom been equalled, in this country or anywhere else. In giving the U.S. colleges not just for a handful of highly selected civic leaders and practitioners in three or four traditional professions but for all the people in the work in which they would actually make their careers, that beleaguered Congress also gave us a tremendous reaffirmation of the basic democratic faith in people and in their ability to become more effective citizens and more effective human beings. And even, I might add, faith in people to run their own institutions wisely. Through the Morrill Act, the Federal Government has been giving aid to higher education for a century without a single suspicion of control over the programs offered, a fact that should be studied well by some uninformed critics of Federal aid today.

That act of faith, taken during some of the most difficult days of the Civil War, has done more than given us the right to study the arts most commonly associated with the good life. It has also given us the wealth and the leisure that make it possible to do so. But it has given us responsibilities—the responsibility of learning to make wise use of our material and temporal surpluses, the responsibility for teaching other countries how to overcome the deplorable living conditions that blight the lives and destroy the dignity of well over half the people of the world, the responsibility of learning how to live with the gains that we have realized from this investment in people.

If experience is any indication, we know that we can count on these land-grant institutions—these people's colleges—to meet this new challenge with the same dedication, wisdom, and vigor with which they met the older one.

Mr. President, we are honoring the land-grant idea today on its 100 years of educational development. At this point I would have my colleagues consider one further aspect of that development—the general university extension programs of our State universities and land-grant institutions. This is the program which keeps the colleges and universities in touch with the people today through provision of classes in a great variety of disciplines in a great many of our smaller towns and cities throughout our country. By virtue of this program opportunities are provided to men and women of all ages for organized study in many, many fields of endeavor to their own intellectual enrichment, and to the enrichment of our culture and society through the learning and skills they thus acquire.

It has occurred to me that perhaps the one solid domestic recognition we could give to our land-grant concept on its century of achievement would be to commemorate that event by enacting a measure designed to strengthen the work now being carried on in the university extension field by providing a modest program of Federal grant assistance to assist the States in their projects.

The program is a modest one; $20,000 a year would be allotted to each State as a floor amount for a 4-year program. Supplementing this basic allotment, a $8 million authorization per year for 4 years would be provided. The amounts appropriated of the yearly authorization would be distributed to the States upon a straight population formula basis with 50–50 matching provisions.

Mr. President, I ask unanimous consent that the text of the proposed bill and an explanation of it be printed at this point in my remarks.

The **VICE PRESIDENT**. The bill will be received and appropriately referred; and, without objection, the bill and explanation will be printed in the RECORD.

The bill (S. 3477) to promote the security and welfare of the people of the United States by providing for a program to assist the several States in further developing their programs of general university extension education, introduced by Mr. MORSE (for himself and other Senators), was received, read twice by its title, referred to the Com-

mittee on Labor and Public Welfare, and ordered to be printed in the Record, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Section 1. This Act may be cited as the "General University Extension Education Act of 1962".

FINDINGS AND DECLARATION OF PURPOSE

Sec. 2. (a) The Congress hereby finds that the continuing security and defense of this Nation requires the fullest development of the intellectual resources and technical skills of its people, and it is therefore essential to disseminate to the people the new knowledge and technical information being developed through research and study.

(b) The Congress further finds that the economic and social conditions resulting from such factors as unemployment caused by technological changes, and mobility of our population, and their attendant problems, and the increasing amount of personal time available to large segments of our population, make it essential to the general welfare that solutions to problems resulting from such factors developed by our scientists and scholars be made directly available to people confronted by them and those who are training others to cope with these problems.

(c) The Congress, therefore, declares it to be the purpose of this Act to provide a program to assist the several States in the further development of their publicly supported general university extension education programs which it determines offer great promise in promoting the security, defense, and welfare of the United States by extending the benefits of the land-grant colleges and State universities beyond their immediate campuses.

INSTITUTIONAL CONTROL UNIMPAIRED; PROGRAMS UNDER OTHER ACTS

Sec. 3. (a) Nothing contained in this Act shall be construed as authorizing a department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over, or impose any requirements or condition with respect to, the personnel, curriculum, methods of instruction, or administration of any educational institution.

(b) Nothing in this Act shall alter, duplicate, or supersede programs authorized under the Act of February 23, 1917 (Smith-Hughes Vocational Education Act), as amended (20 U.S.C. 11 and the following); the Vocational Education Act of 1946; or any other Federal law for vocational education, or the Act of May 8, 1914 (Smith-Lever Act), as amended (7 U.S.C. 341–348), providing for cooperative extension work in subjects relating to agriculture and home economics.

DEFINITIONS

Sec. 4. As used in this Act—

(a) The term "State" includes the Commonwealth of Puerto Rico.

(b) The term "land-grant college" means any college, university, or other institution of higher education entitled to the benefits of the Act of July 2, 1862, as amended (7 U.S.C. 301–308).

(c) The term "State university" means (1) any college or university which was founded wholly or in part upon land granted by Congress to the State in which such college or university is located upon admission of such State to the Union; or (2) a university in a State which is designated by law or other appropriate authority of such State as a State university and is supported in whole or in part from State tax revenues.

(d) The term "general university extension education program" means educational activities which are (1) offered in subject matter fields represented by the members of the faculty of a land-grant college or State university, (2) of college level, or above, as determined by the land-grant college or State university offering such educational activities, and (3) for the benefit of persons above the usual age of compulsory school attendance who are not attending any institution of higher education as regular full-time students.

(e) The term "Commissioner" means the (United States) Commissioner of Education.

(f) The term "certified institution" means any land-grant college or State university which is designated to participate in carrying out the provisions of this Act as provided in section 6(a) of this Act.

APPROPRIATIONS AUTHORIZED; ALLOTMENT

Sec. 5. (a) There is hereby authorized to be appropriated $9,020,000 for the fiscal year ending June 30, 1963, and for each of the three succeeding fiscal years, for making grants for the development of general university extension education programs in the several States as provided in this Act.

(b) Of the sums appropriated pursuant to subsection (a) for any fiscal year, the Commissioner shall allot $20,000 to each State which has a State plan approved under section 6(c). The amount remaining from such sums appropriated for any fiscal year after making the allotment under the preceding sentence shall be allotted among such States so that each such State is allotted an amount under this sentence which bears the same ratio to such remaining amount as the population of such State bears to the total population of all such States. The population of each State and of all the States shall be determined by the Commissioner on the basis of data for the most recent year for which satisfactory data are available from the Department of Commerce. Allotments made under this subsection of sums appropriated for the fiscal year ending June 30, 1963, shall remain available for obligation until June 30, 1964.

CERTIFIED INSTITUTIONS; STATE PLANS

Sec. 6. (a) Any State which desires to receive payments under the provisions of this Act shall by appropriate action of a competent State body, officer, or agency (1) designate one or more land-grant colleges or State universities, or both, which are located in such State as certified institutions to participate in carrying out the provisions of this Act in such State, and (2) transmit to the Commissioner the names of such certified institutions.

(b) The certified institution or institutions in each State shall submit to the Commissioner a State plan which—

(1) sets forth the general university extension education program for which funds paid to the State under this Act will be used exclusively;

(2) (A) if there is only one certified institution in the State, provides that it will be the sole agency for administering such plan, or (B) if there are two or more certified institutions in the State (i) provides for coordinated administration by such institutions of such plan, (ii) sets forth the geographic areas in the State which each institution will operate in and the subject matter fields that will be taught in each area by each institution under the program set forth in paragraph (1) of this subsection, and (iii) sets forth the manner in which funds allotted to the State under section 5(b) will be shared by such institutions;

(3) sets forth procedures for such fiscal control and fund accounting as may be necessary to assure proper disbursement of, and accounting for, funds paid to the State under this Act; and

(4) provides for making such reports in such form and containing such information as the Commissioner may from time to time require to enable him to carry out his functions under this Act.

(c) The Commissioner shall approve any State plan and any modification thereof which complies with the provisions of subsection (b).

PAYMENT

Sec. 7. From a State's allotments under section 5(b) for any fiscal year, the Commissioner shall from time to time during the period such allotments are available for payment, pay to each State an amount equal to one-half the cost of carrying out the general extension education program set forth in its State plan approved under section 6(c); except that no State shall receive payments under this section for any period in excess of its allotments for such period under section 5(b).

REPORT

Sec. 8. The Commissioner shall make an annual report to the Congress with respect to the program carried on under the provisions of this Act.

ADMINISTRATION OF STATE PLANS

Sec. 9. (a) The Commissioner shall not finally disapprove any State plan submitted under this Act, or any modification thereof, without first affording the certified institution or institutions submitting the plan reasonable notice and opportunity for a hearing.

(b) Whenever the Commissioner, after reasonable notice and opportunity for hearing to the certified institution or institution administering a State plan approved under this Act, finds—

(1) that the State plan has been so changed that it no longer complies with the provisions of section 6(b), or

(2) that in the administration of the plan there is a failure to comply substantially with any such provision,

the Commissioner shall notify such certified institution or institutions that the State will not be regarded as eligible to participate in the program under this Act until he is satisfied that there is no longer any such failure to comply.

JUDICIAL REVIEW

Sec. 10. (a) If any State is dissatisfied with the Commissioner's final action with respect to the approval of its State plan submitted under this Act, or with respect to his final action under section 9(b), such State may, within sixty days after notice of such action, file with the United States district court for the district in which the certified institution or one of the certified institutions administering the plan (if more than one) is located, a petition for review of such action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Commissioner or any officer designated by him for that purpose. The Commissioner thereupon shall file in the court the record of the proceedings on which he based his action.

(b) Upon the filing of the petition referred to in subsection (a) of this section, the court shall have jurisdiction to affirm the action of the Commissioner or to set it aside, in whole or in part, temporarily or permanently. The findings of the Commissioner as to the facts, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may remand the case to the Commissioner to take further evidence, and the Commissioner may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(c) The judgment of the court affirming or setting aside, in whole or in part, any action of the Commissioner shall be final, subject to review as provided in sections 1291 and 1254 of title 28, United States Code. The commencement of proceedings under this section shall not, unless so specifically ordered by the court, operate as a stay of the Commissioner's action.

The explanation presented by Mr. Morse is as follows:

Brief Explanation of Bill To Provide General University Extension Aid Program

1. WHAT IS THE PURPOSE OF THE BILL?

Purpose of the bill is to establish a publicly supported program of general extension, to be operated by State universities and land-grant resources by bringing old and new knowledge in programs of adult education to individuals and groups in their local communities.

2. IS THERE A NEED FOR SUCH LEGISLATION?

Technical and social change is occurring at an astounding pace. On the international scene, nations and peoples hitherto passed by, now assert themselves and their rights. Ofttimes their ideas and ideals are not compatible with ours nor are ours with theirs. Yet the United States is the leader among the nations of the world. Our course of action, set in the democratic manner, is subject to the insights and competences of the people and their manifold leadership. This calls for educational programs of international understanding.

At the national level, economic and social problems become increasingly complex. Automation revolutionizes industrial processes; and we read, for example, that 50 persons did the work on the 1960 census that required 4,100 people in the census of 1950. The shadow of technological unemployment and of the industrially depressed area is cast forward to the years ahead. The effects can be foreseen: increased leisure and the absolute necessity for retraining programs—a course to be desired rather than permanently higher unemployment costs.

Another trend—we have a restless people shifting from the rural areas to the cities and their suburbs. (The 1960 census shows 56.1 million in the cities, 51.5 million in suburbs, 50.7 million in small towns and villages, and 21.5 million on farms.) Urbanization brings with it problems of land use, town planning, human relations, taxation, community development, public health, employment, and many others. School facilities become dislocated and many potentially able out-of-school youth will need makeup educational opportunities.

We are engaged in a cold war—this one for the minds of men. In World War II, the colleges were called on to do a crash program for industrial production, to train and upgrade in engineering, science, and management. Certainly increased educational opportunities for adults in this time of rapid technical and social change is a preeminent requirement.

An outstandingly successful program of adult education in agricultural and home economics extension operated in the past 45 years to produce an embarrassment of riches in agricultural surpluses. Changed conditions now call for continuing education programs of a different character stemming from other divisions of our universities.

3. WHOM WOULD THE PROGRAM SPECIFICALLY BENEFIT?

The people as a whole and the national welfare.

Workers in industry—skilled and unskilled—by providing part-time education to keep abreast of technological advances.

University alumni and professional persons—keeping up to date with scientific progress.

Industrial management—by providing management training especially for small business.

Organized labor—by providing education for responsible leadership.

Public schools—by cooperative operation with their adult education programs; and by bringing educational programs and results of latest research to teachers in service.

Part-time adult students—by providing college credit instruction in their home communities.

Civic leaders and groups—leadership training in community development programs for these important units in our society; programs in civic literacy and public responsibility also provided.

The people generally—with courses of general education and those of a cultural nature.

4. HOW IS THE PROGRAM OPERATED?

All matters having to do with administration, selection of teaching personnel, curriculum, control of educational methods used, determination of course content, requirements for participation in programs by individuals and groups, and standards of instruction, are explicitly reserved to direction of individual States in their State institutions.

This local control is customarily supplemented by setting up advisory groups to help in the direction of special educational programs. The U.S. Office of Education acts for the Federal Government insofar as any national supervision may be necessary. State legislatures decide how the appropriation should be divided among State institutions.

5. WHAT IS THE BASIS FOR THE APPROPRIATION AUTHORIZED?

The bill carries an annual appropriation of $20,000 to each State as a basic appropriation for these activities. In addition, there is authorized an $8 million appropriation to be divided among the several States on the basis of population. In order to secure its share of the latter amount, a State must provide an equal matching sum from available sources.

6. IN WHAT FIELDS WILL EDUCATION BE PROVIDED?

Programs of instruction may be offered by institutions in any field of subject matter taught therein, or in which research is being carried on.

For example, if a State university offers instruction in urban planning on its campus, it will be permitted to give similar instruction in the community. Duplication of instruction authorized by the cooperative agricultural and home economics extension legislation, and by the federally financed vocational education programs, is not permitted.

7. UNDER WHAT METHODS CAN INSTRUCTION BE GIVEN?

Teaching can be carried on (college credit or noncredit) in formal classes, through correspondence courses, and by brief formal projects of intensive instruction such as short courses and institutes, utilizing such methods of instruction as are found most effective in teaching adults.

8. IN SUMMARY

Colleges and universities have the broadest resources of knowledge—objective in outlook and research oriented—with which to confront the challenges faced today. Programs of general university extension have been offered for over 50 years, but they have been shaped largely by self-supporting, budgetary requirements. This bill is designed to institutionalize this program of adult education and through partial Government support, to permit its development according to contemporary social needs.

Mr. MORSE. Mr. President, in connection with the proposed bill, I should like to stress these points:

First, companion legislation has been introduced in the House of Representatives by the Honorable Cleveland Bailey, of West Virginia. It has received favorable consideration by the House Education and Labor Committee. It will, I hope, receive favorable action by the House Rules Committee.

Second, many of my colleagues on both sides of the aisle have indicated to me their support for this legislation. It is my feeling that although I shall introduce the bill, it is not my bill in the sense that I claim pride of authorship and exclusive jurisdiction over it. Far from it. All Senators who join with me in the introduction of this measure deserve full credit for its launching.

Lastly, this bill introduction is completely a separate enterprise unconnected in any way, with the progress of the higher education bill now in conference. It is being introduced as a completely independent bill, which should receive consideration upon its own merits.

The university extension aid bill is a commemorative bill in the best sense in that it honors a great and continuing educational idea through providing modest financial support for extending and improving work now being carried on by the great land-grant institutions as they start a second century of service to all the people of this country.

Mr. President, on my own behalf, and on behalf of Senators Aiken of Vermont, Bush of Connecticut, Case of New Jersey, Cooper of Kentucky, Dodd of Connecticut, Clark of Pennsylvania, Gruening of Alaska, Metcalf of Montana, Prouty of Vermont, Randolph of West Virginia, Scott of Pennsylvania, and Williams of New Jersey, I send to the desk a bill to promote the security and welfare of the people of the United States by providing for a program to assist the several States in further developing their programs of general university extension education.

Mr. President, I am particularly pleased to note for the Senate that on October 27, 1962, Oregon State University will start its 95th year as a land-grant institution.

The Legislative Assembly of Oregon designated Oregon State University, then Corvallis College, as the land-grant institution of Oregon on October 27, 1868. This date has ever since been Oregon State University's Charter Day. This is the date that Oregon first began its support of public higher education with Oregon State University being the first State institution in Oregon.

In taking this action the legislature accepted the provisions of the Morrill Act which President Lincoln had signed on July 2, 1862. This was the famed land-grant college act that opened the doors of college to all who were capable of higher learning and helped to pioneer, settle, and develop the United States.

Congress defined the purpose of the land-grant institutions in these words:

> The leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life.

The Oregon Legislature directed that—

> All students sent under the provisions of this act be instructed in all the arts,

sciences, and other studies in accordance with the act of Congress.

Oregon State University started the century in the early 1900's with half a dozen buildings, four professional schools and a few hundred students. Now, in its 94th year, it has a plant valued at approximately $55 million, about 70 major buildings, curriculums in 10 major schools including the rapidly growing graduate school and an enrollment just under 10,000 students.

From its small beginnings, Oregon State University has developed an international reputation, particularly in a number of its more or less specialized fields, so that today it attracts students not only from every county in Oregon but also from 41 other States and 39 foreign countries.

Have you ever wondered why these "peoples colleges" are called land-grant institutions or what the term means?

Land-grant colleges were founded out of protest against limited opportunities in both courses and acceptance of students in the traditional classical universities a century ago.

The term "land-grant colleges" originated through the financing program. To finance the new colleges, the act provided that each State be given a grant of Federal land apportioned on the basis of 30,000 acres for each Member of Congress.

Under this Federal act, 90,000 acres of land were apportioned to Oregon. Sale of the Oregon land grants netted the university about $214,000 which constitutes a perpetual fund to remain forever undiminished. The college receives about $6,000 in interest annually from this fund.

The new educational philosophy, even in the beginning, overshadowed the financial grants, of course. Today, the land-grant income just about pays one instructor's salary.

The Morrill Act establishing the land-grant college system has been called the most significant action ever taken by this Nation in the field of higher education. This is because it embodied the then revolutionary idea that everyone with the ability should have the chance to attend college.

It was the forerunner of what practically all of us now take for granted.

Mr. President, I ask unanimous consent that a press release from the Oregon State University News Bureau on November 13, 1961, be printed at this point in my remarks.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

NINETY-THOUSAND-ACRE GRANT TO OREGON STATE UNIVERSITY OPENED NEW ERA OF EDUCATION

OREGON STATE UNIVERSITY.—Many an Oregon settler got his start with just a piece of land, and 90,000 specially granted acres gave Oregon State University its first big boost in its early days also.

The 90,000 acres were given to Oregon State under the Land-Grant College Act passed by Congress in 1862—an act that opened a tremendous new era of education in America and one that will be recognized with a national centennial observance in coming months.

Under the Morrill Act, Federal land grants were made to various States to endow a college. For each Senator and Representative in Congress, the State was to receive 30,000 acres of nonmineral lands, which were to be sold and the money put in trust for the college's operation.

The 90,000 acres earmarked for Oregon's first public college were situated in Lake (the Paisley-Lakeview region) and Klamath Counties. Some 10,000 acres were found to infringe on the Klamath Indian Reservation, however, and other nonreservation lands were allocated later.

Sale of the Oregon land grants netted Oregon State $214,840.23 which constitutes a perpetual fund to remain forever undiminished, President James H. Jensen reports.

In the early days of the institution, the interest paid a great many of the college's expenses. In fact, in his biennial message to the State legislature in 1876, Gov. L. F. Grover indicated that the "funds of this college are so rapidly accumulating that after this session the institution will be sustained by its own proper resources."

The $6,000 annual income from the $214,000 fund now about pays the salary of one of the 600 professors on campus, it was noted, but the "idea behind the land-grant program stands as one of the most significant in the history of American education."

The Morrill Act signed by President Lincoln July 2, 1862, "revolutionized higher education in America, putting it within the reach of all the people," Dr. Jensen emphasized.

When the law was signed, only 1 in 1,500 Americans went to college. Now one in three high school graduates goes on for a higher education.

Today, Oregon State and the 67 other land-grant universities provide higher education for 20 percent of the Nation's college students, the Oregon State University leader commented in marking the start of the land-grant centennial in the West.

Twenty of the thirty-eight living American Nobel Prize winners were graduated from land-grant institutions, and 40 percent of all doctorate degrees in America come from the 68 land-grant schools among the Nation's 1,400 4-year colleges.

Mr. MORSE. Mr. President, in connection with the land-grant college centennial observance there has come to my attention two excellent statements on this great movement. The first was a speech presented by Dr. E. L. Keller, director of continuing education at the Pennsylvania State University, entitled "Significance of the Land-Grant Movement." The second was a statement prepared by Mr. Thomas Hammonds, editor, Continuing Education, at Pennsylvania State University. I ask unanimous consent that the material to which I have alluded be printed at this point in my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SIGNIFICANCE OF THE LAND-GRANT MOVEMENT

(By E. L. Keller, director, Continuing Education, the Pennsylvania State University)

As many of you here are probably aware, the Land Grant Act was signed into law just 100 years ago. Those of us associated with land-grant institutions are particularly conscious of this fact during the current centennial observance of the act, and we are taking time out this year, as we are able, to appraise the significance of the land-grant movement, and to speculate into the future.

For those who may not be completely conversant with the precise meaning of land-grant institutions, these are colleges and universities throughout the Nation whose founding or expansion was made possible through funds from the Federal Government. These funds came from the sale of public lands. The States which accepted the grants of land were required to pledge themselves, in turn, to provide financial support on a continuing basis for the maintenance and operation of the institutions.

The act was known as the Morrill Land Grant Act, introduced into the House of Representatives in 1862 by Justin Smith Morrill, of Vermont, a Member of the House, and signed into law on July 2 of that year by President Lincoln.

How did such legislation happen to come about? Let me review with you briefly some of the conditions within the United States early in the 19th century prior to the passing of the act.

First of all, the population was approximately 85 percent rural. The church and the growing academy were the centers of knowledge. Only about 1 percent of the college age population was enrolled in college, and the colleges were teaching only philosophy, theology, mathematics, and dead languages. The colleges had no concern for research to improve the future. Even though a smattering of science was introduced, not one college had a single laboratory or anything like one as late as 1850. Equipment and apparatus for teaching were not available. The colleges had remained pretty much classical in nature, a carryover from the European tradition and from the country's colonial days.

Rather early in the 19th century, however, a movement was beginning for free education on the college level, as well as college for women. The Government tried to bring some of the colleges under State control, without success, and those few States which established their own colleges found them to be religious in either structure or control.

Probably the real forerunner of land-grant colleges was an institute in Troy, N.Y., founded in 1824 by Steven Van Rensselaer to "apply science to the common purposes of life." His principal object was "to qualify teachers for instructing sons and daughters of farmers and of mechanics in the application of experimental chemistry, philosophy, and natural history to agriculture, domestic economy, the arts and manufactures."

As interest grew for the teaching of more practical courses on the collegiate level, Harvard, Princeton, and Yale adopted courses in agriculture; Michigan established the Michigan Agricultural College in 1855, and in the same year Pennsylvania established the Farmers High School, which eventually became the Pennsylvania State University.

The Pennsylvania plan of Evan Pugh was to include "a central college with branch schools in each county, investigations or experiment stations in each township, and observers on every farm. The college was to train not only farmers and farmers' wives, but research specialists and teachers for rural schools." It was from the interest and drive of a handful of men such as Jonathan Turner, of Illinois, Evan Pugh, of Pennsylvania, and Justin Morrill, of Vermont, and others, that legislation on the Federal level finally reached the U.S. Congress.

It took two attempts to get the land-grant bill enacted into law. Justin Morrill's first bill in 1859 got through the Congress but was vetoed by President Buchanan, a Pennsylvanian, incidentally. He had yielded to pressure from the South.

His second bill had clearer sailing. One of the several innovations of the second bill which hastened its passage was the requirement to teach military tactics at the land-grant colleges. You will recall, of course, that by 1862 the southerners had withdrawn from the Congress and the Civil War was building.

Let me quote to you from the bill in order that you may understand the basic and original purposes of the legislation. The bill stated clearly that it was an act "donating public lands to the several States which may provide colleges for the benefit of agriculture and the mechanic arts. That the purpose was to have at least one college in each State where the leading object shall be, without excluding other scientific or classical studies, to teach such branches of learning as are related to agriculture and the mechanic arts, as the legislatures of the States may respectively prescribe, in order to promote the liberal and practical education of the industrial classes in the pursuits and professions of life."

Three States, Iowa, Vermont, and Connecticut, quickly accepted the conditions of the act in 1862. By 1870, a total of 37 States had accepted. Today there are 68 land-grant institutions in 50 States and in Puerto Rico.

The new education was to be partly responsible for not only breaking the monopoly of the classical colleges, but also the stronghold of the completely fixed and prescribed curriculum. One inevitable result of making studies open to choice was a growth in the individualization of education. It began with closer contact between the professor and student, which later led to the provision of counseling and guidance as an accepted part of the university process.

The changing social pattern of the mid-19th century was responsible for giving women a prominent place in the educational scheme. By 1850 several State universities of the West had opened their doors to women, but it remained for the land-grant movement to give genuine acceptance to the idea that women could study on the same campus as men. Many western land-grant colleges were open to women from the start. During the 1870's a majority of the eastern institutions adopted the practice.

With women on the campus, colleges were forced to find something to teach which would suit their needs and interests. This led to the first offerings in what is now termed "home economics," a field in which the land-grant colleges have pioneered.

The land-grant colleges, together with other State colleges and universities, were the first to make the strong initial break from the traditional mixing of education with the church. Founded by National and State governments, the colleges were morally bound by governmental constitutions not to promote any particular sect or creed. The colleges have made a practice of avoiding any semblance of religious discrimination in the selection of students.

By 1872 only six colleges in the United States taught chemistry or physics by the laboratory method. And the early use of the laboratory method was scattered and purely experimental. It remained for the land-grant colleges to assist in a development born of necessity rather than design. These colleges, from lack of illustrative material, were forced to go into the field, visit nearby farms, or take trips to nearby agricultural shows to make up the class work. And on the engineering side, the shop was rapidly becoming the laboratory.

Research was getting a start in order to find new methods and ways of farming, learning how to maintain fertile soil, and on the industrial side, to improve the quality of metals. Evan Pugh, of Pennsylvania, for instance, included investigation or research as one of the prime essentials of his ideal university as early as 1864.

Before discussing land-grant colleges in the second half of the 20th century, let me hasten to say that the land-grant movement survived and flourished only after many struggles for funds and for recognition; struggles for acceptance of new ideas within higher education; and overcoming problems of securing and holding on to competent faculty.

But since the new movement was a sound movement, based upon most evident needs, it not only survived but is considered to be responsible for bringing about a most significant change as well as a tremendous expansion of higher education.

As I mentioned earlier, there are 68 land-grant institutions today. While these represent but 4 percent of all of the colleges and universities in the country, they represent approximately 20 percent of the undergraduates enrolled at all institutions, and grant approximately 40 percent of all of the doctoral degrees awarded annually.

But equally important is the wide variety of courses and curriculums which many of the land-grant institutions are not only willing to offer but are able to offer because of their relatively large enrollments. This is particularly true at the graduate level, as is borne out by the high percentage of advanced degrees conferred.

One hundred years ago approximately 1 percent of the college-age population attended college. Today, this figure has passed the 30-percent mark in most States, and the total number of enrollments this year is over 4 million, with at least 6 million expected by 1970. Education has become available to the masses. But while the founders of the land-grant movement expected that such education would be of limited cost, or no cost, to the student, their dreams on this score have not been fulfilled. We are particularly conscious of this fact in the State of Pennsylvania since our tuition has risen to among the highest of all land-grant institutions, although we are still considerably lower than many institutions represented here today.

Moving along into research, there is a dramatic story here which could make for a long talk in itself. Here are a few examples in the field of agriculture:

1. During a recent 10-year period, milk production in a surveyed area jumped from 548 gallons per cow per year to 930 through improved breeding and better feeding.

2. In a recent 20-year period, corn production jumped from 31 bushels an acre to 69 bushels.

3. In a similar 20-year period, hens increased production from 106 to 152 eggs per year.

4. Production in agriculture has been increased so dramatically that instead of having more than half of our total population engaged in supplying our food, it now requires approximately 12 percent of our work force, which means that many more people may be engaged in producing other goods and services for an improved standard of living.

And think now of the many discoveries in almost every conceivable field of interest—in medicine, chemistry, nuclear fission, liquid fuels, in new uses for coal, slate, cement, metals of all kinds, ceramics, and of course so very extensive in electronics. I do not want to imply that most of the research comes from college laboratories. Far from it. Much comes from industrial and governmental laboratories. The important point here is that colleges have trained the researchers, and have given the general field of research the great impetus it needed for so long.

And when we come to the area of general extension or continuing education, we talk about the work with which you and I are best acquainted. This is the area we represent. If the land-grant movement really pioneered in any specific area, I believe it is extension.

Just think what cooperative agricultural and home economics extension, with the aid of Smith-Lever funds from the Federal Government, has meant to the farmer and homemaker. This has been the arm of the land-grant colleges and universities which takes the research findings to the farmer and helps him make use of them. This is the branch of extension which has a staff of agricultural and home economics agents in every county of every State in the Nation.

And in general extension, let me give you some examples and figures of what is going on in the field of general adult education through the land-grant institutions:

The University of Minnesota enrolls some 16,000 adults in its evening class program, about 75 percent of whom are in credit classes.

Louisiana State University serves approximately 40,000 adults annually through various kinds of educational programs and services.

The University of Wisconsin enrolls 15,000 adults in credit and noncredit classes, approximately 30,000 in institutes and conferences, takes special programs to 715 Wisconsin communities, and enrolls a total of 116,000 in correspondence courses, 106,000 of whom are in the Armed Forces.

All of these institutions, of course, have a field staff, none exactly alike, but all engaged in the work of providing programs on a university campus, or of taking programs directly to the people in communities throughout the respective States.

At Penn State we have nearly 10,000 enrolled in credit and noncredit classes, more than 11,000 in correspondence programs, nearly 25,000 in our extensive and growing program of conferences, institutes and workshops, 32,000 bookings of educational films, nurses education at 30 hospitals, management training program serving several hundred companies, and miscellaneous other services.

Our host institution, Rutgers, one of the leading land-grant universities, enrolls approximately 6,000 in its university college and nearly 11,000 in its university extension division through classes and conferences, and approximately 25,000 through its institute of management and labor relations. Enrollments at Rutgers have been increasing at a rate of from 6 to 8 percent per year in the general area of adult education.

But if you want a truly imposing figure, the University of California numbers approximately 45,000 enrollments among adults at present, but is growing so rapidly that the staff at that institution visualizes enrollments of approximately 2 million adults annually in the various programs by the year 2000.

You might be interested to know that 25 of the 42 living American Nobel Prize winners who studied in this country earned degrees at land-grant institutions. And newly developing nations throughout the world, and even old nations which are undergoing self-appraisal, are studying our system of higher education for useful hints and ideas.

Some of these statements probably will sound a bit boastful on my part, since I represent a land-grand institution. They were not meant to be boastful. In attempting to convey to you something of the significance of the land-grant movement to the country, it seems inevitable that facts and figures must be used. To conclude, let me give to you some statements which have been made about the land-grant movement:

Several years ago a task force of the Hoover Commission called the Land Grant Act "the most effective grant-in-aid ever made by the Federal Government."

The National Manpower Council reported several years ago that "the most important single governmental step in connection with the training of scientific and professional personnel was the Morrill Land Grant Act of 1862."

The publisher of the Minneapolis Star and Tribune stated in a recent address: "If the land-grant institutions should fail, quantitatively or qualitatively, to play the full role which destiny is assigning them, I doubt that we will have a free society and a democratic form of government in the United States a century hence."

In 1871 Charles Darwin wrote: "The presence of a body of well-instructed men, who do not have to labor for their daily bread, is important to a degree that cannot be overestimated. All high intellectual work is carried out by them, and on such, material progress of all kind mainly depends."

Today we have a very large segment of such people in our population, and our progress and standard of living attest to it. It has become evident that the land-grant colleges have made a most significant imprint upon our educational system and upon our economy by leading the way in bringing practical knowledge within the reach of all the people.

LAND-GRANT COLLEGES CENTENNIAL

The Morrill Land Grant Act, which has enabled all of the 50 States and the territory of Puerto Rico to establish land-grant colleges and universities, was signed into law by President Lincoln just 100 years ago this year, on July 2.

This is the act which the National Manpower Council reported several years ago as "the most important single governmental step in connection with the training of scientific and professional personnel" ever taken by the Congress.

Lincoln's satisfaction in signing the act, and his concern and interest in education for the people of all ages, were evident through a quotation attributed to him:

"Upon the subject of education, not presuming to dictate any plan or system respecting it, I can only say that I view it as the most important subject which we as a people can engage in."

The Land Grant Act, sponsored by Justin Smith Morrill, of Vermont, authorized the Congress to make grants of public lands to those States which wished to participate in the plan and which pledged themselves to provide support on a continuing basis for the maintenance and operation of their resulting land-grant college or university.

Most of the public lands were in the Midwest and West. It was from the sale of such lands that the respective States received some of the funds to establish land-grant colleges.

What were the conditions within the country which brought about such legislation?

During the middle of the 19th century the industrial revolution was making rapid strides. Oil had been discovered, and the first commercial wells drilled in 1859. Gold and silver deposits were found in the Western States. The fertility of vast uncultivated lands lying beyond the settled coastal States was being realized. Manufacturing was beginning to grow.

The impact of science was being felt in the daily lives of the people. America was ready for progress. It had land, raw materials, some machines, capital, and credit. It was bursting with enthusiasm and optimism. It had an abundance of almost everything necessary for progress, advancement, and increased productivity.

In this abundance was lacking, very conspicuously, two most important ingredients—knowledge and trained manpower. Our institutions of higher learning were not providing the learning and the research needed for the new industrial age.

The colleges and universities in America at that time were virtually direct transplants of British institutions which were concerned almost exclusively with only four professions—law, medicine, teaching, and theology.

While this type of education probably was well adapted to the stable, aristocratic society of England, it was not at all suited to serve the needs of a muscular young democracy.

Even though some educational pioneers such as Morrill, Jonathan Turner of Illinois, Thomas Clemson of South Carolina, Ezra Cornell of New York, and Evan Pugh of Pennsylvania complained bitterly about "elegant, learned investigations on points of mere scholarly interest," for the most part their complaints fell on deaf ears. The colleges continued to pattern their programs after those offered at Oxford and Cambridge.

The almost desperate need continued for engineers to supervise the construction of transcontinental railroads and to provide dependable water supplies; to develop equipment for extracting and processing oil, coal, gold, and other minerals. Ways had to be found to provide sufficient food of high quality for the growing number of industrial workers, and to halt some of the exodus of farmers from the settled areas, leaving behind them lands wasted and depleted through crude methods of cultivation.

Ezra Cornell probably expressed the feelings of the few restless educational leaders when he said, "I would found an institution in which any person could find instruction in any study."

To make certain that the major interests of most of the people were not ignored, Justin Morrill wrote into his act that "the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanical arts * * * in order to promote the liberal and practical education of the industrial class in the several pursuits and professions of life."

What was meant by the industrial class? Jonathan Turner made this point clear. He divided all society into two classes—the professional and the industrial. The professional class, he said, consisted of the "ordinary teachers and public men." The industrial class, on the other hand, consisted of all "who engage in some form of labor in agriculture, commerce, or the arts." In other words, the "industrial class" consisted of all who were disenfranchised by the classical, aristocratic educational institutions then in existence—and this was believed to represent about 90 percent of the people.

Iowa, Vermont, and Connecticut quickly accepted the conditions of the Land Grant Act in 1862. By 1870 a total of 37 States had accepted. Today there are 68 land-grant institutions.

As early as 1871 representatives of the land-grant institutions began to meet, later organizing the American Association of Land-Grant Colleges and State Universities for the purpose of sharing ideas and aspirations, to collaborate on research studies, to discuss common goals, and similar reasons.

The early years of the land-grant movement were not easy. There were struggles for funds and for recognition within the States which had accepted the grants of land and established institutions. There were struggles for the acceptance of new ideas within higher education. There was difficulty in securing and holding on to competent faculty.

But since the new movement was a sound movement, based upon most evident needs, it not only survived but is considered to be responsible for bringing about a most significant change in, as well as a tremendous expansion of, higher education.

The new education was largely responsible for not only breaking the monopoly of the classical colleges, but also breaking up the stronghold of the completely fixed and prescribed curriculums. One inevitable result of making studies open to choice was a growth in the individualization of education. It began with close contact between the professor and student, which later led to the provision of counseling and guidance as an accepted part of the university process.

Prior to the Land Grant Act there were virtually no such things as laboratories at colleges. Even by 1872 there were only six colleges in the United States which taught chemistry or physics by the laboratory method. It remained for the land-grant colleges to assist in a development born of necessity. Because of the absence of illustrative material, these colleges were forced to go to shops, to farms, and to nearby agricultural shows to make up the classwork.

Research began in a modest way attempting to find new methods and ways of farming, learning how to maintain fertile soil, and improving the quality of metals.

From these almost primitive educational conditions has emerged the American college of today—the hundreds and hundreds of institutions of many types and with somewhat varying philosophies of operation, but institutions which have been greatly influenced by the Land Grant Act of 1862.

The land-grant institutions are among the largest in many instances, although not in all. These are institutions which offer some of the widest choice of curriculum, which conduct extensive research (both basic and applied), which conduct extensive programs in continuing education or extension (including the widely known cooperative agricultural and home economics extension and the highly successful system of agricultural county agents).

While nearly all of the institutions have an experiment station connected with their agricultural divisions, there are in addition a total of 500 substations and field stations among the 68 land-grant colleges carrying on continuous research and study for the general improvement of agriculture.

Programs in general extension have been increasing most significantly in the last 40 years. Some land-grant institutions enroll as many as 40,000 to 50,000 adults annually in a wide variety of educational programs, including evening classes, conferences, and institutes, discussion groups, and correspondence courses.

The land-grant institutions proved of inestimable value during the years of World War II. Soon after our entry into the conflict, the Association of Land-Grant Colleges and State Universities issued the following resolution in behalf of the institutions:

"They offer to the Nation, through the appropriate and civilian channels, all of their facilities for such essential scientific, technical, and professional training and research and other educational activities as may be necessary for the success of the country's war effort."

In addition to the important research efforts, and providing the war effort with highly specialized manpower, the land-grant institutions were effective during the war in two principal areas:

1. Training of the military: More than 104,000 previously commissioned ROTC graduates served on active duty in the Army and Air Corps, and many thousands of commissioned officers and enlisted men received special training on the campuses. As Chairman of the Joint Chiefs of Staff, Gen. Omar Bradley said: "I feel that your land-grant colleges and universities are a keystone of the civilian-military relationship in our democracy. Under the Morrill Act of 1862, and the National Defense Act of 1916, we have developed a partnership that furnishes the greatest part of the practical instruction in military education for the young men and women who provide the pool of military leadership in any emergency."

2. War training programs for civilians (engineering, science, management war training program) under which some 1,500,000 men and women received short, intensive

instruction and training for positions in wartime industries. In commenting upon this and other technical programs for adults, the president of Standard Pressed Steel Co., H. Thomas Hallowell, said: "Programs such as the ones offered by the land-grant colleges and universities can help industry improve its competitive position by improving its ability to produce. This ability is industry's one control of inflation. Such training programs can improve the living standards, and increase the security of workers, because a trained man is much more secure than one who is not. In this way, our country, as a whole, will be benefited, and our position in world competition will also be strengthened."

In 1862 approximately 1 percent of the college-age population attended college. Today this figure has passed the 30-percent mark in most States (nearly 50 percent in a few), and the total number of enrollments is over 4 million, with at least 6 million expected by 1970.

While the 68 land-grant institutions represent but 4 percent of all colleges and universities, they enroll approximately 20 percent of the undergraduates in all of the colleges, and grant approximately 40 percent of all of the doctoral degrees awarded annually.

Production in agriculture has been increased so dramatically in the last 100 years that instead of having more than one-half of our total population engaged in supplying our food, it now requires approximately 12 percent of the work forces, which means that many more people may be engaged in producing other goods and services for an improved standard of living.

And many are the discoveries which have come out of college laboratories, or by college-trained people in commercial or governmental laboratories, in nearly every field of interest—in chemistry, medicine, liquid fuels, new uses for coal, slate, and cement, nuclear fission, ceramics, metals of all kinds, and so very much in electronics.

It is also significant that 25 of the 42 living American Nobel Prize winners who studied in this country earned degrees at land-grant institutions. And newly developing nations throughout the world, as well as old nations which are undergoing self-appraisal, are studying our system of higher education in order to make their own more effective.

Even though the land-grant institutions have for the most part not achieved one goal of the original act—that of providing free or very inexpensive higher education—the overall achievements of these institutions and their impact upon the economy, upon the standard of living, and upon the intellectual level of the Nation must surely have far surpassed the dreams of Justin Morrill and other educational pioneers of his time.

Mr. MORSE subsequently said: Mr. President, I ask unanimous consent that the education bill, S. 3477, which I introduced some time ago, lie on the table until July 2, so that other Senators who may wish to join in sponsoring it may have an opportunity to do so.

The PRESIDING OFFICER. Without objection, it is so ordered.

RELIEF OF CERTAIN ENTRYMEN, OWNERS, AND ASSIGNEES OF FARM UNITS ON THIRD DIVISION IRRIGATION DISTRICT, RIVERTON RECLAMATION PROJECT, WYOMING

Mr. HICKEY. Mr. President, on behalf of the senior Senator from Wyoming [Mr. MCGEE] and myself, I introduce, for appropriate reference, a bill for the relief of certain entrymen, owners, and assignees of farm units on the Third Division Irrigation District, Riverton reclamation project, Wyoming. This bill is an effort to present the requests of the landowners and some of the thinking of the Bureau of Reclamation in an effort to resolve a very difficult problem pointed up by hearings held on the spot last October.

A 1-year extension of time was granted this session to permit the Bureau and landowners to comply with the reclamation law requiring a contract within 10 years after the projects' operation. This was the second extension of this kind and is frowned upon by both bodies.

The foregoing suggests the need for a permanent solution. This bill is the vehicle by which we hope to accomplish a permanent solution.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3479) for the relief of certain entrymen, owners, and assignees of farm units on the Third Division Irrigation District, Riverton reclamation project, Wyoming, introduced by Mr. HICKEY (for himself and Mr. MCGEE), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

PROPOSED AMENDMENT TO CONSTITUTION TO PERMIT THE OFFERING OF PRAYER IN PUBLIC SCHOOLS

Mr. BEALL. Mr. President, on behalf of myself, my colleague from Maryland [Mr. BUTLER], the senior Senator from Idaho [Mr. DWORSHAK], the senior Senator from Connecticut [Mr. BUSH], the junior Senator from Pennsylvania [Mr. SCOTT], and the junior Senator from Nevada [Mr. CANNON], I introduce a proposed constitutional amendment to allow the Nation's public schools to offer periodic expressions of nonsectarian prayer, provided that such religious observances are not mandatory.

My proposed amendment reads as follows:

> Nothing contained in this Constitution shall be construed to prohibit the authority administering any school, school system, or educational institution supported in whole or in part from any public funds from providing for the voluntary participation by the students thereof in regularly scheduled periods of nonsectarian prayer.
>
> This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission to the States by the Congress.

Each of my colleagues was invited yesterday to join as a cosponsor in the submission of this proposed amendment; and, consequently, I ask that the joint resolution be retained at the desk through the last session of this week, in order to permit other Senators who may wish to join in sponsoring it to have an opportunity to do so.

The background for my amendment is, of course, the decision of the Supreme Court that the reading of an official prayer in the New York public schools violated the Constitution.

Although I find this decision shocking, I shall not attempt to argue against it or the Court in any way. Instead, I accept the ruling as the new interpretation of the first amendment, and I offer my proposal in an attempt to reverse what the Court has decided and to return to the condition which many of us felt was protected, rather than denied, by our Constitution.

Many of the Founding Fathers of our Nation sailed the perilous seas to these shores because of events stemming from a strong and unwavering conviction that their lives and their destinies were linked inseparably with a Supreme Being.

When the colonists of 1776 officially declared their independence, they did so with the specific acknowledgment that the "unalienable rights" they sought to preserve had been bestowed on them by "their Creator."

Speaking at the hallowed battlefield at Gettysburg, President Lincoln proposed that the Nation dedicate itself to the task that "under God" it would have a new birth of freedom.

Today, our coins carry the affirmation "In God We Trust."

We pledge our allegiance to Old Glory with the explicit statement that we are one Nation "under God."

Our national anthem, made official by an act of Congress, pledges, for all the world to hear, that "this be our motto, in God is our trust."

I could continue indefinitely in this vein; but I think it is clear to all of us in this Chamber, where prayer opens each of our sessions, that the strength and heritage of this Nation are deeply rooted in an abiding faith and trust in the Almighty.

To deny the right to recognize this conviction in our public schools is to ignore the traditions which have made us great and to deprive our youth of the important realization that our traditional separation of church and state does not imply a divorcing of God from country.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will lie on the desk, as requested by the Senator from Maryland.

The joint resolution (S.J. Res. 205) proposing an amendment to the Constitution of the United States to permit the offering of prayer in public schools, introduced by Mr. BEALL (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the Judiciary.

PRAYERS IN PUBLIC SCHOOLS

Mr. HARTKE. Mr. President, the highest court in our great Nation, the Supreme Court, on Monday, June 25, 1962, in a 6 to 1 decision ruled that a State official prayer cannot be offered in our public school systems.

By this decision, a majority of Justices of the Supreme Court said that the first amendment's ban on the establishment of a religion means at least that "it is no part of the business of government to compose official prayers for any group of American people to recite as a part of a religious program carried on by government."

Because of this action taken by the Supreme Court, I think it necessary that the Senate by resolution, which I have just introduced, give its sense that this is not to be construed as a prohibition against individual prayerful meditation if a governmental body so chooses to devote time for such a practice.

Permitting prayerful meditation by a governmental body, such as a school group, does not mean that the individuals participating have to pray if they choose not to do so; but, those who want to offer prayers of thanksgiving to their God the opportunity is available under the resolution which I have just introduced.

I have introduced this resolution since I feel it is necessary that the U.S. Senate, the world's greatest deliberative body, go on record as not opposing prayer by individuals. The resolution is deemed necessary in view of the broad language used by the Supreme Court in the decision which has been handed down.

The Supreme Court's decision has a broad impact in many of the Nation's schools—including those in my State of Indiana.

As Justice Black wrote in his opinion:

> Under that (the first) amendment's prohibition against governmental establishment of religion, as reinforced by the provision of the 14th amendment, government in this country, be it State or Federal, is without power to prescribe by law any particular form of prayer which is to be used as an official prayer in carrying on any program of governmentally sponsored religious activity.

As I interpret Justice Black's opinion, and as I interpret the Constitution and its amendments, I see nowhere that prayerful meditation cannot be given by individuals as they choose. The first amendment of the Constitution guarantees freedom of worship, which is exactly what I am calling for in this resolution—a reiteration by the U.S. Senate that this body reaffirms its belief in the first amendment that individuals may pray as they choose.

Therefore, Mr. President, I urge the Senate to give its wholehearted support to the resolution.

The VICE PRESIDENT. The resolution will be received and appropriately referred.

The resolution (S. Res. 356) was referred to the Committee on the Judiciary, as follows:

> *Resolved*, That it is the sense of the Senate that—
>
> (a) Notwithstanding the recent Supreme Court decision which held that it is in violation of the First Amendment of the Constitution to prescribe an official State prayer to be offered in a public school, any public school system if it so chooses may provide time during the school day for prayerful meditation if no public official prescribes or recites the prayer which is offered; and
>
> (b) Providing public school time for prayerful meditation in no way violates the Constitution because each individual participating therein would be permitted to pray as he chooses, but that such practice is consonant with the free exercise of religion protected by the First Amendment to the Constitution.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT—AMENDMENT

Mr. WILLIAMS of Delaware (for himself and Mr. DIRKSEN) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 11990) to provide for a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act, which was ordered to lie on the table and to be printed.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. HARTKE:

Address by Secretary of the Interior Stewart L. Udall delivered at conservation seminar sponsored by the Wabash Valley Interstate Commission and the Wabash Valley Association, at Terre Haute, Ind., on March 23, 1962.

By Mr. YOUNG of North Dakota.

Excerpts from interview with the Secretary of Health, Education, and Welfare, regarding medical care for the aged. published in U.S. News & World Report of February 5, 1962.

MEDICAL CARE FOR THE ELDERLY

Mr. BUSH. Mr. President, the Senate has been placed on notice that when H.R. 10606, the Public Welfare Amendments of 1962, is made the pending business in the latter part of this week, or, possibly, early next week, the so-called King-Anderson bill to provide hospital and nursing home care for the elderly, through social security financing, will be offered as a rider.

In that event, I intend to propose a substitute for the King-Anderson proposal. My substitute would use the social security taxing system as a method of raising the funds required to supplement health protection for the elderly, but would give elderly persons complete freedom of choice in determining the type of health insurance best suited to their needs.

I have sent to all Senators a letter in which this information is contained, and with which is enclosed a memorandum in explanation of the proposed substitute and the text of the bill itself.

Mr. President, I regret that the issue of health care for the aged will be placed before the Senate without the benefit of hearings by the Senate Finance Committee. It is a departure from the normal procedures of the Senate which may produce an issue for the coming political campaign, but is scarcely calculated to produce meaningful legislation which will be helpful in meeting the health needs of our senior citizens. I regret that the substitute which I intend to propose for the King-Anderson bill will not be subjected to the close scrutiny which committee hearings and discussion would provide. Under the circumstances, the only method available to me to bring my substitute to the attention of Senators and others interested in this matter is the one I have chosen.

Accordingly, Mr. President, I ask unanimous consent that the letter and other materials to which I have referred be printed in the RECORD following these remarks, together with a press release I made on the subject on May 6, 1962.

Despite the difficulties created by the manner in which this issue is coming before the Senate, I am hopeful that my substitute may provide a basis for a compromise on which reasonable men may agree, and this result in the enactment of meaningful legislation before this session of Congress adjourns.

There being no objection, the letter and the accompanying documents were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
June 26, 1962.

DEAR SENATOR: The Senate has been placed on notice that when H.R. 10606, the public welfare amendments of 1962, is made the pending business in the latter part of this week, the so-called King-Anderson bill to provide hospital and nursing home care for the elderly through social security financing will be offered as a rider.

In that event, it is my intention to propose a substitute for the King-Anderson proposal. My substitute would use the social security tax as a method of raising the funds required to supplement health protection for the elderly, but would give elderly persons complete freedom of choice in determining the type of health insurance best suited to their needs.

A memorandum in explanation of my substitute and a copy of the text of the bill itself are enclosed for your information. I hope this matter will be given your most careful consideration.

With kindest personal regards, I am,
Sincerely yours,
PRESCOTT BUSH,
U.S. Senator.

EXHIBIT 1

MEMORANDUM IN EXPLANATION OF THE HEALTH INSURANCE PROTECTION SUPPLEMENT ACT OF 1962

This bill provides for a supplemental monthly payment to any person 65 and over who is eligible to receive social security benefits, whether or not actually receiving them. The monthly payment is for the purpose of reimbursing the recipient for any type of guaranteed renewable health insurance protection which he has purchased. He will be reimbursed in an amount not exceeding $9 a month, or $108 a year.

The eligible population which, it is estimated, will take advantage of this program will be 12,200,000 in 1963; 15,100,000 in 1970; and 20 million in 1980.

To meet the benefits of a maximum of $9 a month to these eligibles, the bill increases payroll taxes by ¼ percent on employees, ¼ percent on employers, and ⅜ percent on self-employed individuals.

The bill leaves undisturbed the present system of State regulation of insurance approved by Congress in 1945. The States now decide what contracts of voluntary health insurance may be offered for sale within their boundaries. Competition among the thousands of organizations offering voluntary health insurance protection, coupled with State control, makes sure that the individual gets his money's worth.

Not only does the bill leave undisturbed the phenomenal system of voluntary health insurance in the country, but it encourages it. Both Federal and State government will benefit by the increased income taxes and premium taxes which will be payable by the corporate providers of health insurance protection under this act.

The bill leaves undisturbed the freedom of the individual to pick the type of coverage he wants, his doctor, his hospital, and whether to buy coverage or not. It leaves undisturbed our present voluntary system of hospitals, nursing homes, doctors, druggists, etc.

In reply to those who insist on a national system with the Federal Government promising hospital, nursing home, and medical care, which it would control, the simple answer is that a complex Government program is unnecessary. Only a portion of our elderly have a problem, and that problem is simply a lack of money.

There is plenty of voluntary insurance available for the elderly who can afford the premiums. Good basic hospital coverage can be purchased for well under $100 per year. In my own State, through the Connecticut 65 plan, if a resident already has basic coverage and is 65 or over, he or she can buy $5,000 lifetime maximum major medical insurance for $7.50 a month.

It is clear the main problem we face in this health-care area of the elderly is lack of money on the part of a portion of our aged population. The social security system is a financing mechanism. It is not a service mechanism through which to provide health-care services. Let us keep it as a financing medium, and avoid the establishment of another great Federal bureaucracy.

EXHIBIT 2

S. —

A bill to enable elderly individuals who are eligible for benefits under the Federal old-age, survivors and disability insurance system to be reimbursed for the purchase of voluntary health insurance; to provide a health insurance protection supplement not to exceed $9 per month for each of such individuals for the purpose of making such purchases; to help meet the health insurance needs of such individuals by encouraging and not destroying voluntary health insurance; to utilize State laws dealing with regulation of insurance to protect the interests of individuals purchasing such insurance; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Short title

SECTION 1. This Act may be cited as the "Health Insurance Protection Supplement Act of 1962".

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Sec. 320. (a) Tax on Employees.
(b) Tax on Employee Representatives.
(c) Tax on Employers.

Findings and declaration of purpose

SEC. 2. (a) The Congress hereby finds and declares that (1) the heavy costs of health care in some cases threaten the financial security of aged individuals who are beneficiaries of the insurance system established by title II of the Social Security Act, (2) while an increasing percentage of such individuals can and do qualify and pay for voluntary health care insurance, others cannot afford such insurance, (3) many of such individuals are, accordingly, forced to apply for private or public aid, thereby aggravating the financial difficulties of private and public welfare agencies and the burdens on the general revenues, (4) voluntary health care insurance in its many forms has exhibited an ever-increasing ability to meet the health care needs of those elderly individuals who can afford to pay the premiums therefor, (5) both voluntary health care insurance and the voluntary system of providing health care in the United States should be encouraged and not crippled, (6) Federal and State revenues from income and premium taxes on carriers of such insurance and on the providers of health care should be supported and not diminished, and (7) it is in the interest of the general welfare that financial burdens resulting from health care services required by elderly individuals who are beneficiaries of the insurance system established by title II of the Social Security Act be met by channeling any Federal funds through voluntary mechanisms, leaving to State and local programs (such as the medical assistance for the aged programs established pursuant to title I of the Social Security Act) the responsibility of providing otherwise unmet needs for health care services on the part of individuals not covered by such insurance system.

(b) Therefore it is the purpose of this Act to provide to elderly recipients of benefits under title II of the Social Security Act an additional cash benefit of up to $9 per month for the sole purpose of reimbursing them for expenses incurred by them in paying the premium costs of such voluntary health care insurance as they may desire to subscribe to; to preserve State regulation of insurance as provided by the so-called McCarran Act (Public Law 15, 79th Cong., approved March 9, 1945) by properly leaving to the States the control of health care insurance contracts the payment of the premiums of which are reimbursable under the provisions of this Act; and to encourage the continued phenomenal development of the unique United States system of voluntary health care and health insurance.

TITLE I—HEALTH INSURANCE PROTECTION SUPPLEMENT

SEC. 101. The Social Security Act is amended by adding after title XV the following new title:

"TITLE XVI—HEALTH INSURANCE PROTECTION SUPPLEMENT

"DEFINITIONS

"SEC. 1601. For the purposes of this title—

"Health Insurance Protection

"(a) the term 'health insurance protection' means an enforceable contract (i) which is with a carrier (as defined in subsection (c)) under which the carrier agrees to provide, pay for, or reimburse the cost of, health care services, and (ii) which is guaranteed renewable on noncancelable and under the terms of which the premium rates cannot be changed with respect to any individual unless such rates are uniformly changed with respect to all other individuals in the same class or category as such individual;

"Health care expense

"(b) the term 'health care expense' means part or all of the cost of any of the items listed in section 6(b) of title I; and

"Carrier

"(c) the term 'carrier' means a voluntary association, corporation, partnership, or other nongovernmental organization—

"(1) which is subject to the jurisdiction of the official or agency established by State law for the purpose of regulating and supervising carriers of insurance which offer policies of health care insurance operating within the State, reviewing and approving the form and content of such policies, and examining and approving the reasonableness of the benefits provided thereunder in relation to the amount of the premium charges therefor; and

"(2) which is lawfully engaged in providing, paying for, or reimbursing the cost of, health care services under individual or group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar group arrangements in consideration of premiums or other periodic charges payable to the carrier, including a health benefits plan duly sponsored or underwritten by an employee organization.

"Entitlement to benefits

"SEC. 1602. (a) Every individual who—

"(1) has attained the age of sixty-five;

"(2) is entitled to monthly insurance benefits under section 202; and

"(3) has selected a carrier which has obligated itself to provide health insurance protection to such individual for a period not less than twelve months in duration, shall be entitled to a health insurance protection supplement for each month for which he is entitled to such benefits under section 202, beginning with the first month with respect to which he meets the conditions specified in paragraphs (1), (2), and (3).

"(b) For the purposes of this section—

"(1) a carrier shall be deemed to have obligated itself despite the existence of a contractual power in the carrier to terminate such obligation for fraud, overinsurance, nonpayment of premium, or other reason permitted by the insurance laws of the State wherein such individual resides; and

"(2) an individual shall be deemed entitled to monthly benefits under such subparagraphs of section 202 for the month in which he died if he would have been entitled to such benefits for such month had he died in the next month.

"Health insurance protection supplement

"SEC. 1603. (a) The health insurance protection supplement shall be a monthly sum equal to one-twelfth of the annual cost of health insurance protection in force for or on behalf of an eligible individual, but in no event shall such sum exceed nine dollars per month.

"(b) The health insurance protection supplement shall be paid monthly by the Secretary to or on behalf of such eligible individual upon certification not less often than once each year of evidence satisfactory to the Secretary that a carrier has obligated itself (as provided in section 1603(a)(3)) with respect to such individual. Certification by a carrier so obligated shall be satisfactory evidence to the Secretary.

"(c) Upon receipt of an assignment by an eligible individual of his health insurance protection supplement to a carrier, the Secretary shall pay such supplement to such carrier.

"Overpayment

"SEC. 1604. In the event health insurance protection for an eligible individual is terminated during a period for which a health insurance protection supplement has been paid, the recipient of the supplement shall refund to the Secretary an amount equal to the amount of the premium for such protection which is attributable to that portion of such period which follows the date such protection was terminated. In default of such refund and in the discretion of the Secretary, the provisions of section 204 (relating to overpayments and underpayments) shall apply.

"Application of certain provisions of title II

"SEC. 1605. The provisions of sections 206, 208, and 216(j), and of subsections (a), (d), (e), (f), (h), and (i) of section 205, shall also apply with respect to this title to the same extent as they are applicable with respect to title II.

"Payment of health insurance protection supplement

"SEC. 1606. (a) Payments of health insurance protection supplement provided under this title shall be made by the Secretary, prior to audit or settlement by the General Accounting Office, from the Federal Old-Age and Survivors Insurance Trust Fund.

"(b) Notwithstanding any provision to the contrary contained in subsection (a) or (b) of section 201, there is hereby authorized to be appropriated to the Federal Old-Age and Survivors Insurance Trust Fund (in the manner provided in subsection (a) of section 201) an amount equal to 100 per centum of the taxes received and covered into the Treasury by reason of the increase in tax rates provided by section 201 of the Health Insurance Protection Supplement Act of 1962."

Technical amendments

Suspension in Case of Aliens

SEC. 102. (a) Subsection (t) of section 202 of such Act is amended by adding at the end thereof the following new paragraph:

"(9) No payments shall be made under title XVI with respect to services furnished to an individual in any month for which the prohibition in paragraph (1) against payment of benefits to him is applicable (or would be if he were entitled to any such benefits)."

Persons Convicted of Subversive Activities

(b) So much of subsection (u)(1) of such section as follows subparagraph (B) thereof is amended by (1) inserting "(i)" after "whether", and (2) by inserting "and whether such individual is entitled to payment of a health insurance supplement under title XVI,".

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

Changes in tax schedules

Self-Employment Income Tax

SEC. 201. (a) Section 1401 of the Internal Revenue Code of 1954 (relating to the rate of tax on self-employment income) is amended to read as follows:

"Sec. 1401. Rate of tax.

"In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"(1) In the case of any taxable year beginning after December 31, 1961, and before January 1, 1963, the tax shall be equal to 4.7 percent of the amount of the self-employment income for such taxable year;

"(2) In the case of any taxable year beginning after December 31, 1962, and before January 1, 1966, the tax shall be equal to 5.8 percent of the amount of the self-employment income for such taxable year; and

"(3) In the case of any taxable year beginning after December 31, 1965, and before January 1, 1968, the tax shall be equal to 6.6 percent of the amount of the self-employment income for such taxable year; and

"(4) In the case of any taxable year beginning after December 31, 1967, the tax shall be equal to 7.3 percent of the amount of the self-employment income for such taxable year."

Tax on Employees

(b) Section 3101 of such Code (relating to rate of tax on employees under the Federal Insurance Contributions Act) is amended to read as follows:

"SEC. 3101. Rate of tax.

"In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in sec. 3121(a)) received by him with respect to employment (as defined in sec. 3121(b))—

"(1) with respect to wages received during the calendar year 1962, the rate shall be 3⅛ percent;

"(2) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be 3⅞ percent;

"(3) with respect to wages received during the calendar years 1966 to 1967, both inclusive, the rate shall be 4⅜ percent; and

"(4) With respect to wages received after December 31, 1967, the rate shall be 4⅞ percent."

Tax on Employers

(c) Section 3111 of such Code (relating to rate of tax on employers under the Federal Insurance Contributions Act) is amended to read as follows:

"SEC. 3111. Rate of tax.

"In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in Section 3121(b))—

"(1) with respect to wages paid during the calendar year 1962, the rate shall be 3⅛ percent;

"(2) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be 3⅞ percent;

"(3) with respect to wages paid during the calendar years 1966 to 1967, both inclusive, the rate shall be 4⅜ percent; and

"(4) with respect to wages paid after December 31, 1967, the rate shall be 4⅞ percent."

Effective dates

(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1962. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1962.

TITLE III—RAILROAD RETIREMENT AMENDMENTS

Part A—Health Insurance Protection Supplement Under the Railroad Retirement Act

Health Insurance Protection Supplement

SEC. 301. (a) The Railroad Retirement Act of 1937 is amended by adding after section 20 of such Act the following new section:

"Health insurance protection supplement

"SEC. 21. (a) For the purposes of this section, and subject to the conditions hereinafter provided, the Board shall have the same authority to determine the rights of individuals described in subsection (b) of this section to have payments made on their behalf for health insurance protection supplement within the meaning of title XVI of the Social Security Act as the Secretary of Health, Education, and Welfare has under such title XVI with respect to individuals to whom such title applies. The rights of individuals described in subsection (b) of this section to have payment made on their behalf for health insurance protection supplement shall be the same as those of individuals to whom title XVI of the Social Security Act applies and this section shall be administered by the Board as if the provisions of such title XVI were applicable, references to the Secretary of Health, Education, and Welfare were to the Board, references to the Federal Old-Age and Survivors Insurance Trust Fund were to the Railroad Retirement Account, and references to the United States or a State included Canada or a subdivision thereof.

"(b) Except as otherwise provided in this section, every individual who—

"(A) has attained age sixty-five, and

"(B) (i) is entitled to an annuity, or (ii) would be entitled to an annuity had he ceased compensated service, and, in the case of a spouse, had such spouse's husband or wife ceased compensated service, or (iii) had been awarded a pension under Section 6, or (iv) bears a relationship to an employee which by reason of Section 3(e), has been, or would be, taken into account in calculating the amount of an annuity of such employee or his survivor,

shall be entitled to have payment made for health insurance protection supplement referred to in subsection (a), and in accordance with the provisions of such subsection. The payments for health insurance protection supplement herein provided for shall be made from the Railroad Retirement Account (in accordance with, and subject to, the conditions applicable under Section 10(b) in making payment of other benefits) to or on his behalf to the individual entitled thereto, or, upon assignment by such person, to the carrier providing such health insurance protection.

"(c) No individual shall be entitled to have payment made for health insurance protection under both this section and Title XVI of the Social Security Act. In any case in which an individual would, but for the preceding sentence, be entitled to have payment made for health insurance protection under both this section and Title XVI of the Social Security Act, payment for such protection shall be made in accordance with procedures established jointly by the Secretary of Health, Education, and Welfare, and the Board, for the purpose of minimizing duplication of requests for payment of such protection under both this section and title XVI of the Social Security Act, and preventing any duplication of such payment.

"(d) A request for payment for health insurance protection supplement filed under this section shall be deemed to be a request for payment for such supplement filed as of the same time under Title XVI of the Social Security Act, and a request for payment for health insurance protection filed under such title shall be deemed to be a request for payment for such supplement filed as of the same time under this section.

"(e) The Board and the Secretary of Health, Education and Welfare shall furnish each other with such information, records and documents as may be considered necessary to the administration of this section or Title XVI of the Social Security Act."

Amendment preserving relationship between railroad retirement and old-age, survivors, disability, and health insurance systems

(b) Section 1(q) of such Act is amended by striking out "1960" and inserting in lieu thereof "1962".

Part B—Amendments to Railroad Retirement Tax Act

Tax on Employees

SEC. 320. (a) Section 3201 of the Railroad Retirement Tax Act is amended by striking out ": *Provided*" and inserting in lieu thereof the following: ". With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3101 of the Federal Insurance Contributions Act are increased with respect to wages by section 201(b) of the Health Insurance Protection Supplement Act of 1962, the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3101 are so increased with respect to wages: *Provided*".

Tax on Employee Representatives

(b) Section 3211 of the Railroad Retirement Tax Act is amended by striking ": *Provided*" and inserting in lieu thereof the following: ". With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3101 of the Federal Insurance Contributions Act are increased with respect to wages by section 201(c) of the Health Insurance Protection Supplement Act of 1962, the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by twice the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3101 are so increased with respect to wages: *Provided*".

Tax on Employers

(c) Section 3221(a) of the Railroad Retirement Tax Act is amended by striking out "$400; except that if", and inserting in lieu thereof the following: "$400. With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3111 of the Federal Insurance Contributions Act are increased with respect to wages by section 201(c) of the Health Insurance Protection Supplement Act of 1962, the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by the number of percentage points (including fractional points) that rates of taxes imposed by such section 3111 are so increased with respect to wages. If".

EXHIBIT 3

WASHINGTON, May 6.—U.S. Senator PRESCOTT BUSH, declaring that "it would be tragic indeed if a self-seeking battle for political advantage should hamper the passage of a wise and sympathetic program of medical care for the aged," said today he was pledged to a bipartisan effort for passage of sound and equitable legislation.

As a member of the Senate's Special Committee on Aging, the Connecticut Senator said he has refrained from endorsing specific bills or introducing legislation in this field "in the hope of being able to contribute to the reconciliation of opposing views which must be achieved if meaningful legislation is to be enacted.

"Reasonable men must work for compromise legislation which will strengthen the ability of voluntary health plans to serve the needs of the aged and provide Government help as a supplement to such plans rather than as a replacement for them," he said. "My work in the Senate is devoted to achieving such a result."

The full text of his statement follows:

"As a member of the Senate's Special Committee on Aging, I have made an intensive study of the problems which confront our senior citizens and am convinced that none is more pressing than that of medical care. Advancing age brings with it increased need for medical care and is too often accompanied by decreased financial resources with which to pay for it.

"I have long been pledged to a bipartisan effort for passage of sound and equitable legislation to solve this problem. It would be tragic indeed if a self-seeking battle for political advantage should hamper the passage of a wise and sympathetic program of medical care for the aged. Although my service on the Senate's Special Committee has given me an understanding of the many and varied aspects of the problem, I have refrained from introducing a bill of my own in the hope of being able to contribute to the reconciliation of opposing views which must be achieved if meaningful legislation is to be enacted.

"Our elderly population is growing. Modern scientific achievements of the medical profession have prolonged the lifespan of our people, thus adding to the numbers of our senior citizens. Our doctors, who in some cases have been unfairly attacked, deserve praise for this achievement. In framing legislation to meet the problem, every care must be taken to preserve their independence and to maintain the attractions of the medical profession to talented youth. There is no greater danger than a shortage of doctors.

"I have reached two preliminary conclusions:

"1. There is a need for Federal action in this field which extends beyond the Kerr-Mills legislation, which I supported and which was enacted in the last Congress.

"2. The social security system provides an acceptable method of financing such a Federal program.

"Let me outline the reasoning behind those conclusions.

"Men now 65 can expect to live well into their 70's. A woman of 65 can expect to live until 80.

"The financial problems of older people are difficult. More than half of those over 65 have less than $1,000 a year cash income; three-quarters less than $2,000; and 87 percent less than $3,000. Sixty percent of them have total assets of less than $10,000; 40 percent have assets below $5,000.

"Medical costs for the elderly are higher than for the rest of the population, and they are poorly protected against them. Almost half of those 65 and over have no prepaid health insurance, and of those who do have some form of insurance, one-fifth have less than 75 percent of their hospital bills covered.

"These may be dull statistics, but they explain why the greatest fear of the elderly is that they will be stricken with a catastrophic illness, requiring expensive medical and surgical treatment and long periods in a hospital or nursing home.

"It is clear that there is a serious social problem. A society with a conscience must find a solution.

"How to meet the need is a matter of controversy in the country and in the Congress. Clarity of thought can be best achieved by separating the main issues.

"First, should the Federal Government extend its efforts beyond the Kerr-Mills legislation to help meet the need?

"Second, if the Federal Government does so, how should the new program be paid for?

"My studies have convinced me that the need for financing better health care for the aged is not now met through Kerr-Mills, and through voluntary health prepayment plans such as Blue Cross, Blue Shield and those sponsored by commercial insurance companies. Although the voluntary plans are expanding, and there have been some encouraging experiments such as 'Connecticut 65,' I seriously question whether this can close the gap in need.

"My answer to the first question, then, is that an additional effort by the Federal Government is appropriate, although Kerr-Mills will still be needed and the voluntary plans must be continued and strengthened.

"I have talked with hundreds of working men and women in Connecticut about the problem of financing such a Federal program, for which estimates of the cost range upward from $1 billion annually. There seems to be almost unanimous opinion among them that increased social security payroll taxes, divided equally between employers and workers, is an acceptable method. They are willing to pay their share of the increased tax. The younger workers, in particular, say they would be glad to pay this tax so as to insure adequate health care for their parents.

"Financing through general revenues, raised by the progressive income tax, would be a more equitable method, but it is generally recognized that the regular budget is already under severe strain because of increased defense costs and other Federal expenditures. Financing through the social security system would avoid compounding this difficulty and would, additionally, be self-regulating. An increase in payroll taxes which would be required by an expansion of the program would act as a brake on unwise additions to benefits.

"Having concluded that the Federal Government should undertake an additional responsibility in this field and that social security financing would be an appropriate method of paying the bills, the question remains which of the various approaches to the problem in the Congress is the soundest.

"The King-Anderson bill has been the subject of widespread public misunderstanding. Contrary to the general opinion I have discovered in talking with many elderly people, it would not pay for medical expenses outside a hospital or nursing home. Doctors' and dentists' bills would not be covered, nor the expenses of drugs, false teeth, or new eyeglasses. It is limited to the costs of hospital nursing home care, and then only after the patient pays out of his own pocket the first $90.

"Major defects of King-Anderson, in my judgment, are these: 1. It would require the creation of a vast new Federal bureaucracy to administer it; 2. It would be wasteful because benefits would be as available to wealthy persons retired under the social security system as to those for whom hospital expenses would create hardship; and 3. It would give elderly persons no freedom of choice to choose the type of health care plan best suited to their needs. It is hospital nursing home care or nothing.

"Senator JAVITS of New York has introduced a bill which is intended to meet these objections. His plan would be State-administered; there would be a reasonable income limitation on beneficiaries, and an elderly person would be permitted to choose among several health care plans to decide which was best suited to his needs.

"Both the King-Anderson and Javits bills would be financed primarily through the social security system. Other proposals take a different approach. One which has some appeal would provide a generous credit against income taxes for purchase of a voluntary health prepayment plan. For those whose incomes are so limited that a tax credit would be of no help, a Treasury certificate would be issued which could be used to buy such protection.

"Reasonable men must work for compromise legislation which will strengthen the ability of voluntary health care plans to serve the needs of the aged and provide Government help as a supplement to such plans rather than as a replacement for them. My work in the Senate is devoted to achieving such a result."

REPLY TO OPPOSITION TO KING-ANDERSON TYPE LEGISLATION FOR MEDICAL CARE FOR THE ELDERLY

Mr. CLARK. Mr. President, a short time ago the wife of one of the ablest and most distinguished surgeons in Philadelphia sent to me some material, which she had received from the American Medical Association, opposing King-Anderson type legislation. She requested my comments on the position taken by the American Medical Association. In the information she forwarded was a nine-point statement giving what the AMA refers to as "facts" in opposition to the King-Anderson bill.

I have sent to this lady—who, with her husband, are close friends of Mrs. Clark and myself—a detailed, nine-point reply to the points raised by the American Medical Association. In my opinion, the so-called facts of the AMA are not facts at all, but merely are unsubstantiated opinions. In my reply I have attempted to demonstrate this basic fact; and I ask unanimous consent that a copy of the AMA's nine reasons for opposing King-Anderson type legislation and my reply of June 26 be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the memorandum and the letter were ordered to be printed in the RECORD, as follows:

REASONS FOR OPPOSING KING-ANDERSON TYPE LEGISLATION

You may want to include one or two of the following facts in your letter to your Congressman concerning H.R. 4222, 87th Congress, the King bill, and similar type legislation:

1. There is no demonstrated need for such legislation. Laws already exist to care for those who are in need of help.

2. Help should be given to those who need it, but not to those who are able to take care of their own needs.

3. It would seriously lower the quality of medical care.

4. It would result in the overcrowding and overutilization of hospitals by those who could be better cared for at home.

5. It would limit the patient's free choice of a hospital to only those who sign agreements with the Government and to physicians who practice in these hospitals.

6. Most of our aged citizens are presently covered by voluntary health insurance and more are being covered every day.

7. The total cost of such a program would be staggering.

8. It would encourage the placing of our older citizens in institutions instead of encouraging them to remain in the mainstream of our society.

9. It would produce a system which inevitably would be expanded into a full-fledged program of socialized medicine for everyone.

JUNE 26, 1962.

Mrs. J. MONTGOMERY DEAVER,
Ambler, Pa.

DEAR PRISCILLA: Please excuse my delay in answering your postcard attaching some material from the American Medical Association in opposition to the King-Anderson bill. Perhaps the quickest way to respond to your question is to return the blue folder, on the back of which appears nine reasons for opposing King-Anderson type legislation, answering briefly each numbered claim of the AMA.

1. There is a clear, demonstrated need for King-Anderson to assist 14 million Americans 65 years of age and over who do not have financial resources necessary to pay for their health expenses. I know this because I am on the Senate Special Committee on Aging and we have collected evidence to support my statement by public hearings in most of the States.

2. Help should indeed be given to those who need it, but many people receive benefits from social security who do not need it, either. Yet nobody suggests repealing the social security law, except possibly the AMA. The overwhelming majority of those presently receiving social security payments need them, and also need additional benefits for health care—benefits which, under King-Anderson, they would pay for by an increase in their social security tax. More than 50 percent of the people 65 and over have incomes less than $1,000; many of these have preferred to go wtihout needed health care rather than submit themselves and their families to the degradation and humiliation of the detailed financial investigation which is necessary to receive medical assistance under the Kerr-Mills program.

3. There is absolutely no evidence that King-Anderson would "seriously lower the quality of medical care." I have been quite unable to understand the AMA's position in this regard. None of the other material from the AMA which I have seen makes any kind of a case for this point.

4. There are three safeguards against overutilization and overcrowding of hospitals in the King-Anderson bill. First, before any services may be paid for, the physician must certify that hospitalization is required for treatment or diagnosis. Second, the hospitals themselves will have a self-governing utilization committee to review admissions, duration of stay and services furnished. And third, since the program includes nursing home care, outpatient diagnostic services and home health services, there will be no need to use hospitals for services which can be provided elsewhere.

5. The patient's free choice of a hospital (which is really pretty silly anyway, since most patients go where their doctors tell them to), would not be in any way limited by King-Anderson. Once the bill is passed, practically every good hospital in the country will sign agreements with the Government like those they have signed with private health insurance companies, because of the extra revenue which would be available to the hospital in health care payments.

6. While the private health insurance companies recently have shown an interest in helping our aged population, more than half the people 65 and over still are not covered by voluntary health insurance plans and are quite incapable, financially, of paying the monthly or annual premium necessary to insure them against health hazards. Of those with some form of health insurance many have limited coverage which is inadequate to meet their needs.

7. The total cost of the program, far from being staggering, can easily be met by an increase of one-fourth of 1 percent in the tax now imposed on employees and employers under the social security system, three-eighths of 1 percent for self-employed persons, and an increase in the taxable earnings base from $4,800 to $5,200 a year. This has been clearly established by competent actuaries.

8. There is no more reason to think older citizens would be placed in institutions if the bill were passed, as opposed to encouraging them "to remain in the mainstream of our society," than if the bill were not passed. In each instance, it is the doctor who makes the decision whether or not to place the patient in an institution. The only difference is that, if King-Anderson is passed, the patient can pay for institutional care. If it is not, he cannot.

9. The phrase "socialized medicine" has been worked to death. I am confident most doctors do not understand what they mean when they use the phrase. Actually, the only difference between King-Anderson and a voluntary health plan is that, in one instance, the Government acts as the insurer; in the other, a private insurance company carries the load. In both instances, the patient selects his own doctor and the medical profession is not actually directly affected in any way by the legislation.

The pamphlet "A Case Against Socialized Medicine 'Americans should heed the lesson taught in England,'" represents the view of a small minority of Britishers. There is absolutely no agitation in England for repeal of the British Health Service Act. Doctors and patients alike are quite content with it, although it is true that some doctors do not make as much money as they used to and have tended to immigrate. However, many Harley Street specialists are still making large incomes from private patients, and the great bulk of the British medical profession is quite content as, indeed, are the British people.

Since my replies to the nine questions cover most of the arguments in the folder "It's Your Decision," I will not repeat what I have already said.

Sincerely,

JOSEPH S. CLARK,
U.S. Senator.

PERSECUTION OF JEWS IN THE SOVIET UNION

Mr. JAVITS. Mr. President, we have seen within the last few days another rash of reports with respect to persecutions of an anti-Jewish character in the Soviet Union. I refer particularly to the front page news report with a United Nations dateline from the New York Herald Tribune of Friday, June 22, followed by a New York Times report from Moscow, under a Moscow dateline dated Tuesday, June 26.

These reports indicate two lines of action which are taking place in the Soviet Union—one a condemnation on a rather wholesale scale in connection with alleged currency and similar speculations, allegedly contrary to Soviet law, which has resulted in a considerable number of executions. We know of at least 19 Jews within the very recent months who have been either executed or imprisoned for alleged economic offenses. In the New York Times a total of 7 of the 18 who were convicted at a series of trials in Minsk are very clearly identified as Jews, with the usual report which now we have learned to expect from the Soviet, without mentioning their religious faith, but linking them very clearly to the Jewish faith and the synagogue as covers for their activities, et cetera.

The New York Herald Tribune page tells of violence, the fear haunting the Jewish people of the Soviet Union, and gives specific examples of terroristic activities, including bomb explosions and burning of synagogues in Georgian towns in the Soviet Union.

Mr. President, I do not believe that all these matters will be better handled if they are handled mutely, and I have urged that public protests be made by leading citizens of both secular and religious organizations, and I continue to urge that as an effort to halt the inhuman course of action in the Soviet Union. As we are aware, the Soviet Union is very sensitive to charges of anti-Judaism or anti-Semitism. That is evidenced in the most obvious way by the publicity in the Soviet Union. The Soviet press agency Novosti released a letter on May 11, 1962, from five Soviet Jews, endeavoring to answer the charges which have been made, naming me by name. The State Department's reply indicated the following:

First, there is clear evidence of the report by the Soviet regime to discriminatory measures against Jews in their access to higher education.

Second, desecration of cemeteries, closing of synagogues, dispersing of prayer meetings, arrest of lay leaders, prohibition of certain Jewish religious practices, and so forth, have been well established.

Finally, there is a sign of increased sensitivity to charges of anti-Semitism, all calculated to counter recent foreign publicity of deliberate anti-Semitic actions by the Soviet regime, the State Department says in referring to the letter of the five Jewish citizens released on May 11, 1962.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. JAVITS. Mr. President, I ask unanimous consent to have 1 more minute.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. JAVITS. It seems to me it is very clear that where there are protests, they do have the effect I have stated; that, indeed, it is the only thing likely to have any effect upon the Soviet Union in respect to these persecutions; and that the bitter experience of mankind in keeping quiet about these matters, which we saw as a prelude to the Hitler era, should not be engaged in again, but, on the contrary, worldwide protests will bring about a correction.

These are very serious matters, very serious clouds on the horizon, for the almost 3 million Jews in the Soviet Union.

I for one will not let up until we see real signs of progress in the Soviet Union in the matter of humanity and civilization toward its Jewish citizens.

I ask unanimous consent to print in the Record with my remarks the reports in the New York Herald Tribune of June 22 and the New York Times of June 26.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York Herald, June 22, 1962]

NEW, VIOLENT SOVIET ANTI-SEMITISM: TORCH TO SYNAGOGUE, BOMB, DEATH

(By Martin G. Berck)

UNITED NATIONS, N.Y.—A new pall of terror hangs over Russia's Jewish community of 3 million.

From large metropolitan centers to remote villages in the Caucasus and central Asia, there is a grave, fresh element of concern for Soviet Jewry. It is fear of vandalism, violence, and pogroms.

The wave of fear is reinforced by a series of incidents, the details of which have not previously come out through the Iron Curtain. While not necessarily prescribed or encouraged by Soviet authorities, violence is seen as the consequence of the prominent role assigned to Jews in a far-reaching Kremlin campaign against so-called economic crimes.

In its impact on the Soviet masses—pressed by new belt-tightening measures—this campaign transcends by far Russia's unremitting attack on Jewish religious and cultural institutions. It even outweighs a recent allegation in the Soviet press that synagogues are centers of espionage and subversion.

It is in this context that authoritative sources disclosed to the New York Herald Tribune that:

Between 10 days and 2 weeks ago, a bomb exploded in front of the synagogue in Kutaisi, a town in the Soviet Republic of Georgia. The front of the building was damaged. Local authorities removed two other bombs planted in the synagogue.

Earlier last month, in another Georgian town, Tskhakaya, a synagogue was heavily damaged by fire, believed the result of arson. Traces of gasoline were found. The roof was totally destroyed. Religious objects—including 13 parchment Torahs (scrolls of the Mosaic law), prayer shawls and prayer books—were burned. A tourist who happened to be on the scene photographed these and smuggled the pictures out of the country.

The Torah scrolls are revered so much by Jews that when they in time wear out and can no longer be used for prayer and study, they are not destroyed. Instead, the scrolls of the law are buried in a cemetery.

In Moscow, an elderly Jewish couple was slain in an ax murder by a street assailant. They were identified as F. M. Tunis and his wife, N. A. Tunis. An item to this effect was printed in the May 11 edition of Izvestia, the official Government organ. Subsequently the newspaper reported that the assailant was arrested, tried and sentenced to death. No hint was given of any anti-Semitic aspects of the case. But stories of several similar attacks have gained currency among Moscow's Jewish community.

Specialists on Soviet anti-Semitism see a direct connection between the synagogue desecration in Georgia and the economic crackdown spotlighting Jews as alleged black marketeers, speculators, currency manipulators and pilferers.

EXECUTED FOR EMBEZZLING

In Kutaisi, a Jewish defendant, A. F. Kleimanov, was arrested on charges of embezzling state property. After a show trial attended by workers and students brought by the truckload, he was sentenced to death by the Supreme Court of the Georgian S.S.R. The provincial newspaper, Zaria Vestoka, carried notice of his execution on March 17.

In Tiflis, capital of Georgia, an even bigger show trial was accorded another Jew, Mordekh Abramovich Kakiashvili, on charges of currency speculation. Notice of his execution was carried in the paper the same day.

This, in part, is how Zaria Vestoka under a heading, "The End of the Pack of Wolves," described the Kakiashvili case during his trial last winter:

"And thus, an end has been brought to them. Relegated to the past are the voyages throughout the country's towns, the meetings in private flats. The tinkle of gold and the rustle of banknotes have died down, the luster of diamonds grown dim. Their way has been logically ended, bringing them to the harsh bench in the courtroom. But they had known other days.

"From Moscow, Leningrad, Riga and Erevan, gold coins of czarist coinages, dollars, pounds sterling and Turkish liras followed to Mordekh Kakiashvili. And from his tenacious hands, Kakiashvili released them only with substantial profit, robbing his partners and accomplices. Even the religious books of the Torah have been used by several of them as depositories of foreign paper money."

In the pattern of such articles, no specific reference is made of the Jewish identity of the defendant. But the point is established by indirection and the idea of a Jewish conspiracy with international connections is suggested.

Kleimanov and Kakiashvili are among at least five Jews who have been executed on economic charges. At least 22 Jews are known among 40 Soviet citizens who have received death sentences. Prison terms have been given to between 100 and 150 Soviet nationals, of whom a majority are known to be Jews.

SPECIAL TREATMENT

It is inconceivable to Soviet specialists here that Jews, who constitute slightly more than 1 percent of Russia's population, could cast such a large shadow on Soviet economic life unless the regime decided to single them out for special treatment.

There is no doubt that such a decision was made, and in the view of experts, it serves these purposes:

Popular disgruntlement with new guns-instead-of-butter austerity measures can be blunted if the Jews can be blamed for siphoning off Soviet resources. This recalls the political use of pogroms during czarist days.

Heightened distrust by gentiles and fear among Jews serves to further an earlier Soviet objective: To destroy Jewish communal links in hopes of atomizing the Jewish community, politically suspect because of its tie with the West and with Israel.

[From the New York Times, June 26, 1962]

SOVIET SENTENCES 5 TO DEATH FOR SPECULATION—13 ARE IMPRISONED IN CASE INVOLVING DEALS IN GOLD AND FOREIGN CURRENCY

(By Theodore Shabad)

Moscow, June 25.—Five men have been sentenced to death and 13 have been given prison terms in Minsk on charges of speculation in foreign currency and gold.

The results of the latest of a series of publicized trials for economic crimes were made public in Saturday's edition of the Byelorussian newspaper Sovetskaya Byelorossiya, received here today.

The announcement of the sentencing of the ring which has been given the name "Bursak and company" for its accused leader, Mikhail Bursak, coincided with the publication in the Western press of an appeal to the Soviet Union to abandon the death penalty for economic crimes.

The appeal, signed by 223 prominent Americans, including Norman Thomas, the Socialist leader, was handed a week ago to

Anatoly F. Dobrynin, the Soviet Ambassador in Washington, for transmittal to Moscow.

Foreign observers doubted that the appeal would deter the Soviet Government from its drive to root out what is considered one of the most serious offenses in the Soviet society. It is felt that the Communist system would break down if private enrichment at the expense of the state continues unchecked.

Jews have been traditionally associated with commerce in Russia and a large percentage of the persons tried on charges of profiteering and speculation have been Jews. At least 7 of the 18 in the Minsk case have Jewish names.

The Bursak ring was said to have done business worth "millions of rubles" and to have had "several poods of gold" in its possession at the time of the arrests. A pood is 36 pounds.

The network extended to more than a dozen Soviet cities, including Riga, Kaunas, Vilna, Kishinev, Lvov, Leningrad, and Kiev, according to the trial account.

Bursak was identified as a four-time offender, having served a 3-year sentence in the 1930's for black market activity in shoes, another jail term for speculation during World War II, and 8 years in the fifties for grand larceny. His occupation was given as "private businessman."

The others sentenced to death were Khaim Khiger, a 40-year-old engineer; Meyer Vilensky, a 30-year-old shoemaker; Ivan Melnichuck, 54, who worked as a fireman in a boilerhouse, and Nikolai Kurchakov, a cashier.

The prison sentences were from 5 to 15 years for the 13 others, whose ages ranged from 25 to 65.

U.S. TRADE POLICY AFTER THE TRADE BILL

Mr. FULBRIGHT. Mr. President, Mr. Carl J. Gilbert, who is chairman of the Committee for a National Trade Policy, on June 21 made a speech before the American Marketing Association, entitled "U.S. Trade Policy After the Trade Bill."

It should be encouraging to all of us that the chairman of the Committee for a National Trade Policy is looking beyond the passage of the President's trade bill toward its effective administration and the integration of trade policy with other national programs.

Mr. Gilbert's speech contains a number of interesting suggestions which ought to receive the careful attention of all who are interested in trade.

Mr. Gilbert points out that "the job that must be done to make a true trade expansion policy work will be far from done when this trade bill is passed."

I ask unanimous consent that this very provocative speech be printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

U.S. Trade Policy After the Trade Bill

(By Carl J. Gilbert)

As many of you know, there is an inscription on the National Archives Building in Washington that reads: "What is past is prologue." You also might have heard the story about the taxi driver who explained that inscription to his passenger by saying: "It means that you ain't seen nothin' yet." I feel somewhat the same way in coming before this conference today to discuss U.S. trade policy, and particularly U.S. trade policy in a trading world radically changed and changing under the influence of the European Common Market.

I am meeting with you today primarily in my capacity as chairman of the Committee for a National Trade Policy. Our committee is working vigorously and unstintingly for the enactment of the Trade Expansion Act which the House Ways and Means Committee recently reported out. I shall leave to other speakers at this conference the discussion of the new trade bill. I want to talk about U.S. trade policy after the bill becomes law.

You might ask whether this is counting one's chickens before they are hatched. I don't think so. The logic of national necessity is so impressive and compelling on this trade issue that it is realistic to assume that the new bill or something substantially like it will be the law of the land before the 87th Congress adjourns. More than that, however, now is the time to chart the course which should be followed in shaping the policies and administrative plans that go to make up our country's foreign economic policy in the fullest sense of the term. In fact, to set our sights properly and chart such a course now may well contribute significantly to the enactment of the trade bill itself, for it would help to show how the bill fits into the grand design of our total trade policy.

Let us never forget that our trade policy is not just tariff policy, or even import policy in a more general sense. It is much more. It must be a policy aimed at the expansion of our economic relations with the rest of the free world. Trade expansion policy thus involves much more than passing the Trade Expansion Act of 1962. It embraces all economic activities which contribute to the growth of our own economy and to our ability to help develop a healthy, expanding international trade and payments from which we have so much to gain. It calls for vigorous export promotion abroad and just as vigorus economic adjustment at home. It demands energetic innovation through investment in both research to develop products and up-to-date machinery to make them. It demands Government policies that facilitate these essential efforts.

I want to focus my attention today on trade policy administration and on the direction we must resolutely move both in Government policy, and in the private economy, if our trade policy is to have the success it must have.

Policies don't implement themselves. They depend for their success on the efforts of competent people dedicated to excellence in the execution of their assignments and convinced of the importance of success in this vital area of national policy. Further, we must be sure that those who have basic control over this policy—namely, the Congress—are adequately organized to maintain continuing and effective surveillance over the success of the program.

When I speak about adequate implementation of our trade policy, I refer not just to the people who work at this in Government, but also to executives in the business world, in labor, and in local communities, each of whom has a vital role to play in assuring the success of this program.

In using the negotiating authority provided for in the new trade act, it is imperative that the President place this instrument in the hands of a delegation to the trade conferences made up of the most able and dedicated persons our country can produce.

The chief negotiator, whom the new bill requires the President to appoint, must be a man who not only commands the respect and the confidence of the President and the Congress, but also the respect and the confidence of the American business community and labor movement. There are few men in public or private life who could amply qualify. He must be a man whose very name says forcefully to the people of the United States and to other governments that the powers delegated to the President under this legislation will, in their administration, be used with the greatest possible effectiveness. This will be no political plum, because besides calling for courage, hard work and formidable skill, it will demand a professional background of impressive scope and depth. The great care which the President must exercise in choosing ambassadors to our diplomatic posts abroad must pale beside the criteria to be set in the choice of this new recruit to the ranks of ambassadors extraordinary and ministers plenipotentiary. The most dramatic way to say to foreign governments that we mean business in the adoption of this policy of trade expansion is for the President to appoint to this post a man who already commands the respect of those governments for his skill as a negotiator and in his proven capacity to advance the interests of the United States. Nor are we without the availability of such men when we remember the impressive reputation enjoyed at home and abroad by men like David Bruce, Lucius Clay, and Robert Murphy.

Excellence in leadership must be complemented by excellence all down the line. To match the dedication, amounting almost to religious fervor, and the advanced skills of the staff members of the European Economic Community whom I have seen in recent months will demand the most meticulous care on our part in choosing our negotiators and those who back them up. The administration should be quick to recruit able technicians from outside the Government to help staff this team. Our past negotiators have done an excellent job. But we must now direct our attention to a new balance of competitive forces, new concepts in trade negotiations, and new goals for the free world. We must be certain that those who negotiate for us possess the vision, skills and dedication to protect our country's interest and to strengthen its role in building a strong international economy.

One quality which must be insisted upon from all who are called upon to serve this program is dedication to trade expansion, to a sustained lowering of trade barriers, and to dynamic adjustment of our domestic economy to challenging changes both at home and abroad. Management and labor have an obligation to themselves and their country to think in terms of both trade expansion and rapid adjustment, which are in fact obverse sides of the same coin. Government has an obligation to proceed vigorously with this kind of trade policy on a sustained and consistent basis, and to have the courage to resist domestic special interest pressures to take action inconsistent with the new trade policy.

Congress itself has an obligation to concern itself with these same matters and with the overall operation of a policy whose cornerstone is the delegation of congressional authority to the President, and to display similar courage.

If this pattern of obligations and responsibilities is so important to the success of a trade expansion policy, how well do we measure up to such a test? I would say, as of right now, "not very well." Neither the executive branch nor the Congress, neither management nor labor, neither State governments nor local communities, have adequately faced up to the realities of the unprecedented competition we shall face and which we must not obstruct, and to the unprecedented opportunities before us and on which we must capitalize to the fullest.

In the executive branch, those branches dealing with trade, must be staffed with technicians who are dedicated to trade expansion as I have defined it. It is their job to be much more than conveyor belts of information and statistics. It is not their job to echo protectionist sentiment from the industries with which they concern themselves. It is their job, in each industry situation, to apply their professional skills to find ways and means through which Government, consistent with the principles of a free enterprise economy, can help foster a stronger industry, an expanding flow of two-way trade in the products of that industry, and a lowering of restrictions at home and abroad which impede the flow of those products in international commerce whether by means of tariffs or any other device.

Where our tariffs are increased, or import quotas are established, as a result of escape clause or national security action under the Trade Agreements Act or under the new legislation, every effort should be made to get those restrictions removed as soon as possible. Tariff increases should not be regarded as permanent protection, but as a temporary measure designed to wean the industry away from its dependence on Government protection. Thus tariff relief should have precise expiration dates, and where granted should, by the very terms of the grant, be placed on a basis of a diminishing scale reducing to zero at the end of the period determined to be appropriate for the industry to make the required adjustments before again being exposed to competitive market forces.

Such restrictions were never meant to be permanent under the old law, nor are they meant to be permanent under the new one. But in virtually every case they have persisted, because the Tariff Commission had found, and the President never disagreed, that the situation in the particular industries had not improved to an extent permitting the withdrawal of the restrictions. As of now, I see no reason to be more sanguine about the prospects in this regard under the new legislation unless an enlightened public opinion demands it.

The new bill gives the President authority to reduce or eliminate escape-clause tariff relief according to a schedule which in his judgment best serves the national interest. This includes authority to extend such relief, in whole or in part, beyond the maximum of 4 years during which it may stay in effect from the date of the original proclamation. Obviously, the adjustment needs of the industry will normally be a major consideration in determining the extent and duration of the tariff protection. But the national interest—and, I may add, the basic interest of the industry itself—demands that both the extent and the duration of such Government measures be reduced to zero as rapidly as possible and that the emphasis on adjustment—one of the central concepts of the Trade Expansion Act—be implemented.

If it is in the national interest to negotiate international arrangements to restrict exports, and in effect imports, of certain types of goods from very low-wage countries because the competing industries in the United States and Western Europe are particularly sensitive to imports, every effort should be made to get rid of such restrictions as soon as possible. We must ask ourselves how firmly established in our trade policy is the international arrangement on textiles? Are we doing all we can to assure that the recently negotiated 5-year agreement will not have to be extended? How sure can we be that this technique will not become so popular that it will be applied to other industries if they make enough noise? Let us not deceive ourselves into thinking that devices to promote something called "orderly marketing" can be added to the ingredients of a trade expansion program without producing a policy that is not the vigorous expansion policy at home and abroad we so urgently need.

If the elimination of European import quotas discriminating against textiles from Asia is necessary—and I think it is—we should seek their elimination not through international textile arrangements which are otherwise restrictive in nature, but through the various instrumentalities of international economic cooperation in which all the countries of the Atlantic Community take part—chiefly through the General Agreement on Tariffs and Trade and the Organization for Economic Cooperation and Development. We have many other things to do through those instrumentalities and in all these areas of international consultation, it is essential that our bargaining position be strong. It can be strong only if we follow a consistent and persistent trade expansion policy. If we follow that kind of policy, we can accomplish the expansionist features of international agreements on particular products without resorting to the restrictionist features of those agreements.

What are the characteristics of a strong negotiating position? They surely are not the President's negotiating authority alone—important as that is. They also include a real interest in negotiating, and that includes both an impressive list of products on the negotiating list and clear evidence that we shall not withdraw concessions through the escape-clause route except as an indispensable last resort. The United States ought to have enough resourcefulness to make such backing and filling in trade policy virtually unnecessary. Certainly we, as a nation, cannot afford to complicate and confuse the implementation of our national foreign economic policy by a sort of ward politics approach to dealing with special interest groups involving trade restriction . The national interest suffers irreparable harm by any such action which is even suspect of such motivation. Deals of this sort may have become a part of the warp and woof of American politics but we have got to turn over a new leaf if we are to make this new trade policy an effective force in our national life. An informed and aroused public opinion directed both at Government for making such deals and at the industry which asks for them is the only lasting assurance that this change will be made.

As far as the negotiating list is concerned, now is the time to begin to make sure it is an impressive list as broad and as comprehensive as possible. If there are problems in some of our industries, we should be at work now to ascertain whether and to what extent those problems are due to or would be aggravated by import competition. Industry problems which are within the power of industry itself to solve must not be permitted to back up onto our trade policy. Thus an important ingredient of trade expansion is expansion of the negotiating list. We shouldn't wait until the next round of modified peril-point hearings before directing our attention and our energies to these questions.

The Europeans have proceeded vigorously with readjustment of their economics in line with the new trade arrangements into which they are moving. We can do no less. In fact, in view of the serious slack in our growth rate and in our productivity advance, we must do even more than they are doing. The new kind of trade negotiation into which we shall be moving demands not only a first-class team of negotiators, but a dynamic economy moving rapidly to adapt itself to the implications of across-the-board tariff cuts and new benchmarks of trade expansion. It must also focus attention on Government policies and programs hitherto thought of as purely domestic in character which directly or indirectly sap the strength of our economy and weaken its ability to compete on even terms in the world's markets.

If we want other countries, and the European Common Market in particular, to negotiate with us meaningfully, we must set the necessary standard. To bring the Common Market to the negotiating table may well take an effort of great ingenuity and persuasion. We shall be dealing with countries and technicians motivated by a deep dedication to a new faith in national and regional expansion who will be intent upon jealously guarding the Community's interests. This must be matched by a similar sense of national purpose on our part unsurpassed in the annals of American diplomacy.

Let us not for a moment forget that our negotiations with the European Community will cover not only our own trading interests in that area, but also our interest in protecting and advancing the trade stake in the European Community of the so-called third countries to whom we are now saying—in response to their anxieties about the effect of the EEC on their economies—"Wait till the trade bill passes." In concerning ourselves with the trade opportunities of these countries, we must remember that our interest encompasses their total welfare and security—their ability to establish a secure place for themselves in a free world economy and in a political association of free nations. The doctrine of "helping others to help themselves" is as much a principle of trade policy as of foreign-aid policy. This must be kept clearly in mind both in our negotiations with the European Common Market and in the administration of our own import policy.

Our success in this trade policy thus depends in important measure on the approach of the executive branch to its responsibilities. It also depends in important measure on the way the Congress meets its set of responsibilities. The Congress will be taking a very important and necessary step in delegating broad tariff negotiating authority to the President. But its responsibilities do not end there. The Congress should establish a regular mechanism through which it can keep closely informed on the progress of this program. It might well do this by focusing its attention, through appropriate hearings, on the President's annual report covering his stewardship over the trade expansion program. The report which the bill requires the President to submit to the Congress each year should cover much more than the scope which the bill seems to suggest. I hope that the President uses this required accounting to the Congress as a vehicle for analyzing the over-all foreign trade position of the United States during the year under review. This should include not only a review of what has taken place in our export and import patterns, but also a continuing appraisal of the way in which the American economy has adjusted or failed to adjust to import competition, and the way in which it has capitalized or failed to capitalize on export opportunities. By concerning itself with such a report the Congress would have a better idea of the progress we are making in this program, and of ways in which the program might be strengthened by reexamination of sectors of domestic policy which appear to limit our trade expansion potential, as for example, the tax structure.

In this connection, the Congress might be well advised to establish a permanent joint committee on international economic policy to "watchdog" the progress of our trade expansion policy, and to insure the coordination of domestic policies with our international objectives. The President's report to the Congress—if it can become the kind of accounting I suggest it should be—would be reviewed by such a committee. Such a committee, including carefully selected representatives of congressional committees with a major interest in this program, with respect to both its trade and its domestic adjustment features, could prove most valuable—especially if its staff matched in competence the technicians who staff our negotiating team.

Even if the executive and legislative branches of Government do their respective parts properly, a great deal is still left to the business community itself if this trade policy is to be effective. Many American companies are responding vigorously to the challenge and the opportunity they see so clearly on the horizon. Others spend more time complaining about what they call the threat of foreign competition than they do to gearing their operations to changing economic patterns.

No government can force a business to make itself competitive. Management and labor bear this responsibility on their own shoulders. The most we can ask of government—and the least we should insist on of our Government—is that it hold to an absolute minimum actions by Government which prevent a business from realizing its potential ability to compete in a free market or protect business from the consequences of its failure to develop its maximum potential. American business will see the tremendous opportunities that are clearly in sight, and will sense the national purpose to which all of American business must contribute and from which all stand to benefit. A free enterprise system that fears tough competition and seeks relief and breathing spells by Government action is not a free enterprise system in the American sense. Let us now proceed into this new era of international economic relations with fear, and above all, let us not fear to proceed with vigor and imagination to capitalize on the many opportunities that are well within reach.

In its fiscal and monetary policies, the Government has had to concern itself more than ever before with international criteria—with the balance-of-payments and the integrity of the dollar. Unfortunately, our Government has done too much public fretting on the subject and too little realistic private soul searching to find the causes and the cures. Freedom of the international marketplace—including the unfettered convertibility of currencies—has been an objective of American policy ever since the end of the war. We have been successful in these efforts but too many people in high places seem astounded to learn that that kind of international economic freedom imposes a discipline on each member of the international community, and that our own country is no exception. Similarly the new trade policy will confront us with a new kind of discipline affecting our economic decisions—a criterion to which we will have to become fully adjusted. Business and labor must face up to what this means—labor in its wage demands, and management in its willingness to use all the tools at its disposal to compete successfully in a free market. The whole country—both the public sector and the private sector—must exert itself to prevent inflation, expand production and trade, and create new job opportunities. There is no escaping these disciplines and no purpose served by chafing under them. The world is moving and we must move with it.

The new trade legislation should spur American business to take a good look at itself, at its strengths and weaknesses, its costs and prices, its investment program in both equipment and research, and at all the things it must do if it is to make the most of the opportunity which the new trade policy opens up. In other words, it should accentuate the positive in its response to the new legislation and not set its sights on the escape clause and other negative features of the same legislations.

I hope you will see from what I have said that the job that must be done to make a true trade expansion policy work will be far from done when this trade bill is passed. We on the Committee for a National Trade Policy, who have dedicated ourselves to the enactment of this kind of legislation, see our work cut out for us in the years to come. No watchdog is popular. Certainly no self-appointed watchdog is loved. Presidents may be annoyed when we aggressively point out action taken or proposed which is inconsistent with the national trade policy and industries may become irate when we point out that tariff increases they have sought are contrary to the national interest. But until an aroused and informed public opinion relieves us of this responsibility, we of the Committee for a National Trade Policy shall probably continue to do as we have for the last 10 years. We don't claim infallibility and shun piety but try to do our best.

In conclusion, I want to emphasize that our national course must be clear and consistent. We must move resolutely toward stepped-up economic growth and productivity, and thus toward growing market potentials at home and a stronger competitive position abroad. Both export potential and import potential will increase. So will the ability of the United States to follow the sustained, consistent liberal import policy which will not only help us reach the desired growth and productivity objectives, but is also a basic element in developing the strong negotiating position we need abroad. These, in sum, are the standards of progress in trade policy. All sectors of our economy should adjust to these standards. Government policies across the board should facilitate this adjustment.

Success will not be like fruit ready for picking. In today's world it will take hard work, and perfection of all the qualities of enterprise and mission which have made the American economy what it is today. What the economy and the country will be tomorrow is the responsibility of all who stand to benefit. Success can, and I am sure will, crown our national effort toward trade expansion and all sectors of the economy, all areas of the country, the free world itself will be the gainers.

APPROPRIATIONS FOR SCHOOL CONSTRUCTION IN FEDERALLY IMPACTED AREAS

Mr. FULBRIGHT. Mr. President, the dispute between the House and the Senate on the handling of appropriations bills has created many difficult problems. Lack of funds has forced some agencies to curtail their activities and in some instances employees are working without pay. Parliamentary maneuvers in the Congress are at best confusing to the public. I am sure that the man in the street is quite unable to understand the present dispute. Although the points in controversy are of far-reaching significance, I fear that unless some solution to the impasse is reached soon the legislative branch will begin to look rather foolish to the public.

Until the leaders on both sides of the Capitol can solve this dilemma the appropriation logjam will continue to build up. The end of the current fiscal year is only a few days away and not a single regular appropriation bill has cleared the Congress. The supplemental appropriation bill to finance many essential governmental activities for the fiscal year now drawing to a close remains in a pigeon hole. One of my constituents recently questioned if Congress has not gone a little too far in falling into the spirit of the "silly season." Those who have SBA loan applications pending for which no funds are available do not think the controversy is very funny. Patrons of the Pulaski County Special School District, which has two applications for some $280,000 pending for needed school construction under the impacted areas program are not impressed with the published reasons for delaying the supplemental bill which contains funds for their projects.

One of the smaller, but important, items in the supplemental appropriation bill which the Senate passed on April 16 is $7,092,000 for entitlements under Public Law 815, the construction assistance program. This amount is needed in order to accommodate for the current fiscal year all the school districts which are entitled to assistance for school construction due to Federal activities in their area. The Congress has consistently, with one exception, voted the full amounts to which school districts are entitled, both for operation and maintenance and construction. The Senate, in particular, has always insisted that the Federal Government has a direct moral obligation to provide sufficient funds to finance all eligible projects.

The additional $7 million needed this fiscal year for the construction program has had many ups and downs beginning with the supplemental appropriation bill that was passed the day Congress adjourned last September. It will be recalled that the Senate added this item but it was deleted in the conference committee. It was not included in the second supplemental bill that passed the House in April, but fortunately the Senate again added the needed funds. In view of the events in the last few days, it is impossible to tell what will happen to the supplemental bill which is still alive—but just barely.

I understand that 68 eligible school construction projects in 29 States are being held up because of the failure of the two bodies to agree on handling of appropriation bills. This represents a 13 percent shortage of funds for the construction program. The Pulaski County Rural School District in my State has two applications pending. One, in the amount of $270,000, is for construction of a 12-classroom elementary school that will accommodate some 360 schoolchildren. The second application is for $10,089 and will be applied on a second elementary school. This school district has made its plans on the assumption that these funds would be made available. I have no doubt that they will be eventually. But it is unfortunate that work on these projects has been delayed due to the Congress' failure to appropriate the funds for the construction program. Further delay will only accentuate the schoolroom shortage problem. I am sure that other eligible school districts have had to make many adjustments because of the appropriations controversy.

I was the coauthor of the amendment which the Senate adopted overwhelmingly last year to extend the impacted areas assistance programs. With the Congress going on record so overwhelmingly last year in favor of extending these programs, it is inconceivable that it would now fail to live up to the responsibilities it reaffirmed such a short time ago. I certainly hope that the dispute between the Appropriations Committees will be settled in an amicable manner soon in order that the supplemental bill containing the funds for this and many other essential programs can be enacted.

UNITED STATES-PHILIPPINE RELATIONS

Mr. HARTKE. Mr. President, distortions of fundamental amicable relations between the peoples of the Republic of the Philippines and the United States impel my remarks in an effort to put essentials in their proper perspective.

The Sugar Act of 1948, amended and renewed in 1956, expires on June 30 of this year. The Committee on Agriculture of the House of Representatives has conducted extensive hearings on an administration-sponsored bill to amend the Sugar Act in part and to extend remaining provisions. The proposed legislation would recognize a basic quota of 980,000 tons annually as the portion of U.S. requirements to be supplied from the Philippines at prices prevailing in the United States. It should be added here that this volume of sugar as a fixed annual quota for the Philippines was established by a treaty between our respective countries. As far as the law of 1948 and the amendments of 1956 were concerned, no additions were made to the basic treaty quota.

In 1956 all foreign suppliers other than the Philippines were allotted increased proportions of U.S. sugar imports; for one reason or another, the Philippines alone were kept at the treaty provisions without benefits from the new law. This happened in spite of the fact that the treaty contains language authorizing the Congress to increase the allotment to the Philippines and impliedly indicated a prospect of such an eventuality. I take the liberty of quoting from the provision of the United States-Philippine Trade Revision Act of 1955 on this subject:

> The establishment herein of the limitations on the amount of Philippine raw and refined sugar that may be entered, or withdrawn from warehouse, in the United States for consumption, shall be without prejudice to any increase which the Congress of the United States might allocate to the Philippines in the future.

The current administration proposals for amendment of the Sugar Act, many of them sweeping in their character, particularly in the direction of eliminating the premiums paid in the United States over the so-called world market-prices, again recognize only the treaty-established quota of 980,000 tons per annum for the Philippines and make no reference to any improvement in the prospects for an expansion of the opportunities of Philippine producers despite the maintenance of their static position over a long period of time when other foreign suppliers less close to the heart of the United States were repeatedly preferred.

Moreover, when the U.S. sugar market faced a deficiency due to the termination of the Cuban quota of more than 3 million tons the Philippines were called upon to make up a considerable proportion approximating 15 percent of the resulting deficits and did so by straining all of their resources beyond anything that might have been expected in view of the continued maintenance of its dependable U.S. market at 980,000 tons per year.

It is high time that the Congress give consideration to legislation which in the first instance will bolster the sugar industry in the Philippines and make provision for its expansion in the future, and second, will fulfill the promises of the United States to make additional provision for Philippine imports when the Sugar Act should be amended or renewed. President Eisenhower, upon signing the revised sugar law in 1956, held out such a promise when he said:

> It was not considered feasible to recommend an increase in the Philippine quota at this time. I believe, therefore, that when new amendments are being prepared at the conclusion of the present act, consideration should be given to allowing the Philippines to share in increased consumption as is now provided for other foreign countries by this bill.

The sugar industry of the Philippines has always been a basic factor in their economy. In commercial relations with the United States for more than half a century, sugar has been a dominant item. During the 1930's before the adoption of the Jones-Costigan Act, sugar imports from the Philippines amounted to more than 1¼ million tons. The allotment of quotas in which the Philippines acquiesced meant a substantial reduction of Philippine contribution to the sugar supply of the United States at our prices from more than 15 percent to about 10 percent.

During the war the Philippines with no fault of their own suffered a total destruction of sugar lands and equipment so that they shipped no sugar at all to the United States. At the end of the war recovery was slow, and shipments of sugar from the Philippines to the United States was still only a part of the normal supply. In this way, over a period of years the Philippines lost an opportunity to ship to the United States nearly 8 million tons valued at a billion dollars. Most, if not all, of what the Philippines lost became Cuba's gain.

Through agonizing experiences and with splendid courage and admirable industry the Philippines have rebuilt their sugar business to where it is again first in their economy. Approximately 3 million people out of a population of 28 million depend on sugar for their livelihood, and other businesses and industries like banking, insurance, manufacturing, and shipping are collaterally dependent in large measure upon the prosperity of this activity. Moreover, the sugar industry produces more in taxes for the Philippine Government than any other in the Republic.

Despite the recovery of the sugar industry; despite the response of Philippine sugar producers to the call of the United States when sugar was needed to make up for the deficit created by the withdrawal of the Cuban quota; despite an unspoken obligation to make up for the losses in sugar shipments occasioned by World War II; despite our failure to increase opportunities for participating in the U.S. market on a more extensive basis when our sugar laws were amended although all other foreign suppliers were generously considered; and, finally, despite explicit promises by the United States to encourage the market for Philippine sugar, the annual quota for the Philippines remains 980,000 tons per year.

The occasion is here for removing this inequity in regard to the Philippine sugar economy and to give this vital industry an opportunity to become mobile. The Philippine sugar producers, historically geared to the U.S. market, should now be given an opportunity to participate in it more actively than in the immediate past with the result on the one hand, that more abundant sugar supplies may be available for the U.S. consumers at all times at stable prices and on the other hand, that Philippine sugar producers and the many millions of people dependent upon them may look hopefully toward brighter business horizons.

NATURAL GAS FOR BARROW, ALASKA

Mr. BARTLETT. Mr. President, several years ago Alaska State Senator Eben Hopson, an Eskimo legislator from Barrow, wrote President Eisenhower as follows:

> As you know, the Eskimb people in Alaska live facing the Russian frontier and I think it would be the most wonderful thing you, as President, could do if you would show to the world that the United States, no matter how large it is, still is considerate of the hardships facing its own people, and despite Government redtape, will give quick relief and assistance when sincerely and desperately needed.

The Senate yesterday proved the hope of Senator Hopson was justified. We have not become too large as a Nation to recognize and consider the legitimate need of even the smallest group of Americans. We are still able, despite the press of our worldwide obligations, to consider and correct difficulties at home.

The bill which passed the Senate yesterday, S. 2020, will, following House action and approval by the President, allow the sale of natural gas to the civilian community of Barrow, Alaska. Barrow, a community of about 1,400 persons, mostly Eskimos, is near what has been described by the Director of Naval Petroleum Reserves, Capt. Kenneth C. Lovell, U.S. Navy, as a bubble of natural gas estimated to contain nearly 64 million cubic feet of fuel. Notwithstanding that there are producing wells drawing this fuel from beneath the village to supply Federal installations in and near the village, not one drop of gas has been of benefit to the civilian population. The Barrow people have been forced to rely on oil transported from far ports in California or on coal carried by sled from a small deposit located 75 miles away from their homes. The cost of this fuel has been enormous in terms of heating costs elsewhere. The people of Barrow have paid $42 per ton for coal and 60 cents per gallon for oil. The total fuel bill for

this small community has averaged around $250,000 per year.

While the people of Barrow have paid this enormous price for heating their houses, Government agencies, some of which are located in buildings in the heart of the community, have been heated with natural gas from a pipeline running directly past homes and business establishments.

Enactment of S. 2020 will not in any way subsidize the Barrow community. In justifying the economics of this proposition the Navy estimates that within 18 years under conservative estimates of consumption and price the entire cost of the construction of a new well at Barrow would be fully paid. These estimates, by the way, would allow a significant reduction of fuel costs to the Barrow community and in turn would give to the villagers an opportunity to have adequate heating where in the past their homes have not always been as warm as is healthy.

Mr. President, I ask unanimous consent that there be printed in the RECORD the statements of Capt. Kenneth C. Lovell, Director of Naval Petroleum and Oil Shale Reserves, and that of Assistant Commissioner of Indian Affairs, Martin P. Mangan, which were offered before the Armed Services Committee during hearings on the Barrow gas bill.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY CAPT. KENNETH C. LOVELL

Mr. Chairman and members of the committee, I am Capt. Kenneth C. Lovell, Civil Engineer Corps, U.S. Navy, Director of Naval Petroleum and Oil Shale Reserves. I appreciate the opportunity you have given me of appearing here before you today to offer some additional information and data concerning S. 2020, a bill to authorize the Secretary of the Navy to make gas available from the South Barrow gas field in naval petroleum reserve No. 4 to the civilian community of Point Barrow.

Naval petroleum reserve No. 4 consists of approximately 35,000 square miles on the arctic slope of Alaska, bounded, generally, by the Brooks Range, the Arctic Ocean, and the Colville River. This area, about the size of the oil-producing region of Oklahoma, may contain just about as many likely prospects for oil and gas fields as does Oklahoma. Exploration of the reserve for oil and gas was commenced in 1944, when the Canol prospect dimmed. The Canol project included the production of oil from the Norman Wells field on the MacKenzie River in the northwest territories of Canada, the transportation of this crude oil by pipeline to a refinery built at Whitehorse, Yukon territory of Canada, and the distribution of the products from this refinery by pipelines to Watson Lake, Canada, and Skagway and Fairbanks, Alaska. This time coincidence is the only relationship between the Canol project and our naval petroleum reserve in Alaska. Norman Wells, the production location for Canol, is approximately 900 miles southeast of Point Barrow, the location we are discussing today.

During exploration in naval petroleum reserve No. 4, between 1944 and 1953, two gasfields and three oilfields were found. Of these, only one—the South Barrow Gas Field—is being produced at the present time.

The naval petroleum reserves exist for the purpose of conserving oil in the ground, for production in time of emergency in order that pertoleum products may then be available for the machines of industry and national defense. The difference between that purpose, and the situation that exists at Point Barrow is significant. We do not have oil at Point Barrow; we have gas. As far as we have been able to determine, there is not a drop of oil in the formation from which gas is now being produced in the South Barrow Gas Field. We have only a bubble of gas, floating on a sea of underground water. True, it is a pretty fair sized bubble—about 10 billion cubic feet, we compute.

There is oil in naval petroleum reserve No. 4—probably a lot of oil. We do not know nearly as much about exactly where the oil is, or how much can be recovered, as we should like to know. When the need for this arctic oil becomes more imminent, we shall have to go back to work up there, developing our known oil fields and finding some of the others that are almost certain to exist, aided by interim advancements in the technology of finding and producing oil.

However, we do have a fair amount of knowledge concerning the South Barrow gasfield. From five wells that were drilled in the immediate vicinity, and the geophysical surveys of the area, we have been able to deduce that the horizontal projection of the gas bubble is roughly shaped like a right triangle, with a base length of approximately 1 mile and an altitude length of approximately 2 miles. There the gas is trapped atop the underground ocean, held on the south and east sides by intersecting geologic faults, with a roof of impervious rock sloping down into the water on the north. This, then, places in perspective the 1 square mile of area—out of the 35,000 square miles making up Naval Petroleum Reserve No. 4—with which S. 2020 is concerned.

Now the Navy, at sea and in the air, does not have much use for natural gas. We cannot ship it all over the world to power ships, planes or submarines. Oil is different; it can be converted into boiler fuel, diesel fuel, jet fuel, gasoline, and so on. These we can and do transport and use at sea and in the air, because of our need for them, we zealously guard and protect every possible drop of oil in our naval petroleum reserves. In some of our fields, where gas is associated in the ground with oil, the gas is also highly prized and zealously protected, because of its usefulness in driving the oil out of the ground when emergency production is needed. But this is not the case in the South Barrow gasfield. Here we have no known oil in this single square mile of area, we have only gas. There is not enough gas to justify the construction of a pipeline hundreds of miles to other military installations in Alaska. There is not enough gas for any practicable use other than the fulfillment of local fuel requirements. There is enough gas—10 billion cubic feet of it, we think—to fulfill these local energy requirements for the foreseeable future.

However, the laws under which the Navy administers the naval petroleum and oil shale reserves for the Congress do not now recognize and provide for the singular situation that exists at Barrow. It is the purpose of the bill we are discussing here today to amend these existing laws in such a manner that the unique situation at Barrow may be given recognition, and that logical action may be taken in the light of that recognition.

The present law places an obligation on the Navy to protect and conserve all of the oil and gas in the reserves, as custodians for the Congress. We accept that obligation willingly and without purpose of evasion, with respect to every puddle of oil and every bubble of gas that may exist anyplace in any of the reserves. Although the act of making gas available to the civilian community at Barrow cuts directly across the grain of the Navy's present obligation of conservation and protection for defense purposes, making the gas available should, under these singular circumstances, be accomplished. Aside from being a sound business proposition, it is a logical and a conscionable deed. In such a context, the lifting of present obligations with respect to the South Barrow gasfield is recommended. Since, however, the implementation of such a recommendation would be an exception to the basic trusteeship placed in the Navy by the Congress, the recommendation of the Navy is subject to the overriding precept of the congressional will. It is for this reason that the Department's report to this committee on S. 2020 contains the phrase, "should it be the desire of the Congress." No equivocation as to the Department's recommendation was then, or is now intended.

The citizens of this most northern community under the stars and stripes consider it somewhat ironical for them to have to transport fuel by ship or aircraft all the way from California (in the case of oil), or by sled over 70 miles of frozen tundra or by barges on the Arctic Ocean (in the case of coal), when the Government pipeline runs right past their houses and business establishments, full of gas that is produced only 5 miles away, from beneath lands on which they and their ancestors have lived and hunted for generations.

When the economics of energy at Barrow, today, are compared with what they could be if the Secretary of the Navy were authorized to make gas available to the community of Barrow from this single, 10-billion-cubic-foot bubble of natural gas, a good sound business proposition is found.

In 1961, the civilian community of Barrow paid $249,374 for fuel; $12,600 of that was for coal at $42 per ton, $228,934 was for fuel oil at 60 cents per gallon and $7,840 was for propane and butane at $56 per 100 pounds. This is the cash market you have under consideration with respect to S. 2020. This bill does not envision any giveaway program. The hard cash to pay for fuel is up there, and it is being spent for fuel right today.

Now this $249,374 bought heat value—63,861 million British thermal units of heat value, according to our computations. That same quantity of heat value would be contained in 63,861,000 cubic feet of gas from the South Barrow field. If those 63,861,000 cubic feet of gas had been sold for the same total price that was actually paid for fuel—the $249,374 that I spoke of a moment ago—the gas would have sold at retail for $3.90 per thousand cubic feet. Here in Washington, gas that has been pipelined all the way from Texas is delivered right to the meters in your homes for an average price of $1.34 per thousand cubic feet. It would be unconscionable to charge the civilian community at Barrow any such a retail price as $3.90, but the retail customers up there should not mind paying a price that is comparable to what is paid here. If they did pay a price comparable to what is paid here in Washington, they could either cut their fuel bills or increase the amount of heat used. The Barrow Village Council has expressed a willingness to pay a retail price of up to $2 per thousand cubic feet and has expressed a belief that fuel demand will be doubled.

In all of our conversations about this matter, we have stressed that at least one more gas well will be required in the very near future in order to assure an adequate flow to Government agencies in the area that are now using gas from the field, and that this additional well will be needed immediately if this bill is enacted. The additional well must be on the line before the additional civilian community load is placed on the field. There is enough gas in the bubble to fulfill the requirements, but the present two pipes into the bubble are not adequate to draw it out at the rate at which it would be used in the coldest weather, without detriment to the wells. Continuing with our economics, and staying always on the safe side, we have put an estimated price of $400,000 on this additional well. The last well drilled in this field cost $330,000 in 1955.

The initial budget submission for the Office of Naval Petroleum and Oil Shale Reserves for fiscal year 1963 contained this item. It included $400,000 to cover the cost of drilling an additional well in the South Barrow Gas Field. However, this amount was eliminated during the budget review process. We were told, quite properly, that since we had no authorization to sell the gas that would be produced by such a well, and because we did not need the well just yet to supply Government agencies, it would be inadvisable to appropriate the money to drill it this year. It is our intention to include these funds in the initial budget submission for fiscal year 1964, and our hope that this time we will have the authorization, provided by the passage of the bill under consideration here today.

This $400,000 estimated cost of an additional well is what we then expect to amortize. Farther south in Alaska, in the vicinity of Anchorage—and that is as far south of Point Barrow as Jacksonville, Fla., is from Washington—gas is produced by commercial oil companies from fields in the Kenai peninsula and is sold in commercial markets. This gas is transported, distributed and sold to the residents of Anchorage, for home use, at an average retail price of $1.72 per thousand cubic feet. Perhaps this is a more realistic retail price for gas at Barrow than the $1.34 I spoke of earlier, but the difference is not so gross as to be especially significant, and in any event, it is the field price rather than the home-delivered price that will govern the Navy's amortization. We have computed that 50 cents per thousand cubic feet—as a minimum—would be a fair field price for South Barrow gas. This is a higher price than we receive for gas sold from Naval Petroleum Reserve No. 2 in California. It is also a higher price than is being paid to the oil companies operating in the Kenai area. But with the small transportation costs that exist at Barrow, and assuming that something in the $1.34 to $1.72 range is a fair and satisfactory retail price, we have concluded that a field price of 50 cents would provide an economically attractive operation and therefore this would be the floor price, below which we would not sell. If we take the 63,861,000 cubic feet of gas that the community would have used in 1961, in order to obtain the same heat value that they did use and pay for in other fuels, and multiply it by the fair field price of 50 cents, we can postulate an annual income of $31,930 from the sale of gas produced by our $400,000 dollar additional well and sold at the wellhead to the civilian community. If we assume 3¾ percent interest, the rate now being paid by the Federal Government on E-bonds, an investment of $400,000, and an annual income of $31,930, the amortization period would be 18 years. We believe, in the light of the logic and conscience of using local fuel to meet local requirements, that this is a reasonable amortization period. Furthermore, there is ample reason to believe that fuel consumption will increase with time, and therefore that the annual income will be higher than the $31,930 we have used in these computations. This belief is supported by the fact that $155,107 was spent for fuel in 1957, compared to the $249,374 that was spent in 1961. The Barrow Village Council has estimated that fuel consumption will double when gas becomes available, and if it does, the amortization time will be halved.

Gentlemen, I have talked today of cost estimates, fair prices and reasonable time periods, and I have cited the evidence that led to our use of each number involved. We shall be happier when a representative of the Navy can come here before you and carry out the same computations, using some firm and positive figures. And a representative of the Navy will be back if this bill is enacted. Title 10, United States Code, section 7431 requires that "The Committees on Armed Services of the Senate and the House of Representatives must be consulted and the President's approval must be obtained * * * before any * * * contract to sell the oil and gas products, other than royalty products, from any part of the naval petroleum reserve * * * may be effective."

S. 2020, the bill being discussed today, authorizes the Secretary of the Navy to make a contract to sell gas from the South Barrow Gas Field. This is a necessary step, but it is just the first step in the process of making the gas available and of selling it to the community. It would be neither wise Government nor good management for us to entice prospective purchasers into the expenditure of man-hours of effort, and of money, in the preparation of proposals for the purchase of South Barrow gas if there were no way that we could accept any such proposal—and there is no way under the law as it exists today. If and when the present statutes are amended by this legislation you are considering today, we shall obtain firm proposals at firm prices. We shall prepare a firm contract for the sale of the gas and it will be a reasonable contract. It will contain a sales price as sensible as the one used here today. The contract will be for a specified term, probably 10 years, and at the end of that time, the price structure and other provisions will have to be reexamined in the light of conditions that then exist. It will provide for a ceiling on the maximum rate of flow at which gas may be taken for the benefit of the community. It will contain the usual "save harmless" language of Government sales contracts in order to relieve the Navy of any responsibility for the negligence of others. When that contract has been approved by the Secretary of the Navy, and when it has been approved as to legality by the Attorney General of the United States, it will be brought back up here to this committee for your consideration, and concurrence in the precise language and numbers that it contains. Only after you have given that concurrence can it be taken to the White House for approval by the President.

What I recommend today is that you approve this legislation, in order that we may start the sequence of events that lie ahead, between here—today—and the day when the President, in the White House, will affix his signature to a contract for the sale of gas to the community of Borrow.

Mr. Chairman and members of the committee, I have tried to give you information on the "what" and "how much" aspects of the Barrow gas situation. I should be happy to answer any questions you may have, but before I do, you may wish to hear from representatives of the Department of Interior on some "who" and "how" aspects. We have worked closely with the Bureau of Indian Affairs in preparing the information that is now being presented. I have tried to cover the producer's side of the story and they will give you the consumers' side.

Thank you very much.

Interior Department Views

Mr. Chairman and members of the committee, I am Martin P. Mangan, Assistant Commissioner in the Bureau of Indian Affairs, Department of the Interior. Secretary Carver, of our Department, transmitted a report to your committee on February 16, 1962, recommending that S. 2020 be enacted. Assuming that the committee will make our short report part of the record, I will not dwell on it other than to point out that we request an amendment to the bill. The amendment would add a new section to provide that the Federal agency or agencies in control of any pipeline between gas wells in the South Barrow gasfield and the town of Barrow may authorize purchasers of the gas or carriers of the gas to install connections to such pipeline.

Our reason for requesting the amendment—and we urge that it be adopted—is that notwithstanding our role as trustee for the native community at Barrow, the Department of the Interior does not intend to constitute itself as some kind, any kind, of a public utility or compete with a possible private utility at Barrow. It is undesirable and it is unnecessary. Over the years the Bureau of Indian Affairs has drifted into the ownership and operation of some 8,520 separate utility systems at 400 different locations in 28 States. These include almost 1,000 water production and distribution works, 458 sewage systems, 400 electric generators and transmission facilities, 50 telephone systems, and a miscellany of systems for liquefied petroleum gas, heat, radio communications, etc.

Finding ourselves increasingly harassed by the custodial work, we recently sought and obtained from the Congress, through Public Law 87-279 (75 Stat. 577), authority to dispose of a utility system that is not surplus, but that could better serve the needs of the Government and the public if it were in non-Federal ownership. We are now progressively disposing of our utilities systems, and resisting the construction of new ones when a tribal enterprise or a private utility can provide the service at no disadvantage to the Federal Government.

Having alluded to the lack of necessity for a Federal operation of a natural gas service at Barrow, let me explain why. The native village of Barrow is presently chartered as a corporation under the Indian Reorganization Act, perhaps better known as the Wheeler-Howard Act of 1934 (73 Stat. 984), an act "to conserve and develop Indian lands and resources; to extend to Indians the right to form business and other organizations; to establish a credit system for Indians; to grant certain rights of home rule to Indians; to provide for vocational education for Indians; and for other purposes." The village corporation has, in turn, organized a cooperative business corporation under the laws of Alaska. The Department of the Interior has loaned money to the Barrow Cooperative at various times from the revolving loan fund for Indians created by the Wheeler-Howard Act, the loans amounting to $145,000. The cooperative does an annual business in the neighborhood of a quarter million dollars per year. Its services are diverse: a village store, theater, hotel, cafe, lighterage, and an electric utility system. It is solvent; against an indebtedness of $145,000, it has equities in its enterprises aggregating $181,000, and it had deposits with the Alaska Native Industries Cooperative Association in an amount of $91,000 at the close of the last fiscal year. The Barrow Village Council, which arranges for the financing of the cooperative has urged the adoption of this legislation and indicated its willingness to be the vendor for the consumers. The Department of the Interior anticipates an imminent increase of $6 million in the revolving loan fund, already authorized by the Congress (Public Law 87-250) and proposes to finance the cooperative, on a reimbursable basis with interest, in the construction of the natural gas distribution system to the homes.

As Captain Lovell has indicated, we expect the Barrow Native Cooperative to pay for gas at a rate that will amortize the $400,000 cost of the drilling of a new well, and we also expect them to levy a rate that will meet their obligation for repayment of the

$450,000 capital investment in the domestic distribution system. We all recognize this as a substantial undertaking for a community of 1,500 people, but not insuperable.

But it is logical to ask why people gamble with the elements to stay on at an inhospitable place like Point Barrow. I believe that at the earlier hearing on this bill a member of the committee pondered the preferability of encouraging the natives to remove themselves to a less harsh habitat. Well, we do assist Indians, Eskimos, and Aleuts to relocate in a kinder economy, if that is their wish and their prospects are hopeful. But the Eskimo people persist in living in the Arctic region, and we may become increasingly grateful to them that they choose to do so in spite of the inexorable forces confronting them.

By way of example, during the past year the Bureau of Indian Affairs has recruited and enrolled 22 Eskimo young men for training as electronic technicians in the RCA Institutes in New York and Los Angeles. Not one of them has dropped out of his training program, and the institute reports that the average grades for the group are higher than the average for the whole class. RCA wants the Eskimos to work on White Alice, and the Defense Department employs them eagerly in whatever position for which they can qualify on Dewline and BMEWS. The reason is simple: employees recruited from "the smaller States" leave the projects at a rate of 48 percent per year; the Eskimo turnover rate is 3 percent per year. The Eskimos are a valuable national economic and defense asset where they are. We plan to place 125 additional Alaskan natives in electronics training in the near future. It will cost us $600,000; but we know a good investment in people when we see it.

Mr. Chairman and members of the committee, I want to relay the appreciation of the Department of the Interior for the very humanistic attitude evinced by the U.S. Navy in the course of our cooperation on this project. We think that they have been eminently sensible and humane every step of the way. Captain Lovell has pointed out that this ample gas supply—a surplus gas supply for the foreseeable future, if you will—lies beneath lands on which the Barrow Eskimos have lived and hunted for generations. And yet, in the thousand or perhaps thousands of years they have occupied these lands, they have never been decently warm in any one of those long winters. They have existed and persisted, but it is no longer necessary or conscionable that these privations be endured. The enactment of S. 2020 will enable a higher standard of living for the entire community, and they can and will pay for that higher standard.

We urge the enactment of S. 2020.

BIRTHDAY ANNIVERSARY OF JEFFERSON DAVIS

Mr. HILL. Mr. President, Mr. Charles G. Dobbins recently addressed the District of Columbia Division of the United Daughters of the Confederacy in Statuary Hall here in the Capitol. His speech, delivered on June 2, 1962, was in commemoration of the 154th anniversary of the birth of Jefferson Davis. Mr. Dobbins is a scholar and a gentleman from my hometown of Montgomery, Ala. He has served his State well as former editor of the Montgomery (Ala.) Advertiser, Montgomery (Ala.) Examiner and Anniston (Ala.) Times. He is a past president of the Alabama Press Association, and served 8 years as a leading member of the Alabama State Board of Education. His work has brought pride to Alabama on more than the State level. He serves his National Government on the Housing and Home Finance Administration's Advisory Committee and on the Advisory Committee of National Organizations to the Department of Health, Education, and Welfare. His great interest in American education has merited him the position of assistant to the president of the American Council on Education. Mr. Dobbins' speech vividly demonstrates this native son's ability to interweave the heritage of the South's past with the ideals and dreams of the South's future. I ask unanimous consent that Mr. Dobbins' remarks be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Address by Charles G. Dobbins on the Occasion of the 154th Birthday Anniversary of President Jefferson Davis, Statuary Hall, U.S. Capitol, Saturday, June 2, 1962, 11 A.M., Under Auspices of the District of Columbia Division, United Daughters of the Confederacy

Miss Rudd, ladies, and gentlemen, it is always good for citizens of a free country to come together in honor to their heroes. In reviewing their strengths, we shore up our weaknesses; in understanding the troubles they met and surmounted, we gain the courage to face our own.

To me this year, 1962, is a particularly happy time to speak of the man we honor today, Jefferson Davis, the President of the Confederate States of America, born June 3, 1808. For too long the historians failed to give this man the credit due him. The judgments of his enemies, and of those who were jealous or disappointed, for years were accepted at face value. But of late, in the perspective of 100 years from his time as President of the Confederacy in Montgomery and Richmond, the Nation is beginning to apreciate the full stature of this man.

I cannot speak today as a scholar, but only as a native Alabamian who, during a residence of 10 years in Montgomery, took pleasure in learning a little more about that city as the Confederate Capital than is found in textbooks.

It was a short period of glory, only a little more than 3 months. Mr. Davis was inaugurated on February 19, 1861. He left Montgomery for Richmond on May 27, arriving on the 29th, and there endured the harsh demands of his office to the end. But for this occasion today, let us look for a few minutes at the beginning.

I ask you to join me in studying that day, 101 years ago last February 18, when in Montgomery, up on Capitol Hill, Jefferson Davis took the oath of office. That was a high point in the Confederacy, and I shall try to suggest something of the spirit and the setting for that day, using as material chiefly a single issue of the Montgomery Daily Mail, the one of February 19, 1861, the day after the inauguration.

We begin with the afternoon of February 17. Montgomery is electric with excitement. Historic events have come so fast that the people cannot grasp the reality of their new place as the capital city of a new Nation. After years of bitter debate in Washington, faced with conflicts that men failed to settle by words, the South has broken away. Only 9 days before, on February 8, the Provisional Congress had adopted the Constitution, and the next day, without much question, had chosen Gen. Jefferson Davis, U.S. Senator from Mississippi, now resigned, to head the new government of the South.

His wife, Varina, has recorded that he received the telegram telling of his election as he sat in his rose garden. She said that upon reading it his face took on such an expression of grief, she was frightened. Indeed the burden he must assume was enough to grieve any man.

He left immediately upon a round-about train ride to Montgomery that was a journey of triumph. At every stop, cheering crowds demanded to hear him. The route wound through Tennessee and down through Georgia. He spoke and was acclaimed at 25 stops, including Chattanooga and Atlanta. Arriving at West Point, he was met by the committee from Alabama, whose chairman was Col. Charles T. Pollard, president of the Montgomery and West Point Railroad. Col. Pollard had made very special preparations for his honored guests. Our Montgomery Daily Mail reported with pride:

"The special car set apart for the purpose of bringing the President to Montgomery was so unique an affair as to attract particular attention. And the most important fact connected with it is, that it was manufactured, out and out, at the extensive shops belonging to the Montgomery and West Point Railroad, in this city. When such work as that can be done here at home, where is the necessity for going north of 'Mason and Dixon's' line?"

Thomas Owen's "History of Alabama" tells us: "At Opelika a stop was made for supper. At Auburn, Mr. Davis appeared on the platform and spoke to the company. Loachapoka was ablaze with excitement as the train passed."

But all was not speechmaking as that West Point train neared Montgomery. The newspaper gives a choice glimpse of southern amenities of that day in this little story:

"[From the Daily Mail, Feb. 19, 1861]

"Among the many amusing incidents which occurred on Saturday last, while the President was being escorted by the committee to the city, none created more merriment than the one which took place between the distinguished guest and the slave Charles, belonging to Colonel Pollard. He had been carried along to do the agreeable at the temporary table erected in the car, and determining not to be outdone in the discharge of the amenities of life by the pale faces, as the aborigines term them, was particularly solicitous for the comfort of General Davis, and imagining that it was about time for him to repeat (perhaps judging the General's feelings by his own) approached him with a nonchalance that was refreshing, and said: 'Moss Jeff, won't you take a drink?'

"With that suavity of manner and good breeding which distinguished no less a personage than the immortal Washington, the President replied: 'No, sir, I thank you,' and resumed the conversation.

"Charlie was evidently tickled at having received so respectful an answer from so honored a gentleman, and went his way with an inward consciousness of having discharged his duty."

In Montgomery, cheer after cheer followed the carriage which bore Jefferson Davis to his quarters at the Exchange Hotel—and some of you have seen the new Exchange—now rather old—but at the same location on Court Square. Arriving, there was no rest for the frail leader. Immediately a great crowd assembled and begged to see him. Walking out on the Commerce Street portico with the committee, he was presented to the people by Alabama's greatest orator, William Lowndes Yancey. His words, perhaps overeloquent for our day, still carry with them the ring of the honest hope and excitement of that moment. Said Yancey:

"The country does not now look to men, but to principles. But how fortunate is our country? She has not only the principles for the administration of government, but also the men. She has found in the distinguished gentleman she has called to preside over her public affairs, the statesman, the soldier, and the patriot. She has the statesman—one eminently skilled in public affairs, thoroughly understanding the great principles on which our government is based, skillful, wise, and moderate. She has the soldier, distinguished upon the field of battle, wise in council, terrible in the charge. She has a patriot, just, upright, and incorruptible. Neither fear would deter nor favor seduce him or cause him to swerve from the path of rectitude and duty. I may say again, fortunate, thrice fortunate, are the people of the South. They have found the man as well as the principles. The man and the hour have met."

No wonder the crowds went into ecstasy.

Today, looking back, we see that night of February 17, 1861, when southern hearts were afire, as something from a different world—that world of Davis and Yancey and our grandfathers. When we read the Daily Mail of that day, it is hard indeed to answer, "Yes; it was the same world that we live in today." But it was real to them, and some hard, very real decisions had to be made.

There was no war as yet, but nobody doubted it was coming.

The Daily Mail thundered: "How long will it take the North to believe that our people are in advance of the politicians, and that if the latter appear to lead it is in obedience to the demands of the former? If they shall persist in their coercive measures, the argument of cold steel soon will satisfy them. We sometimes fear that nothing else will."

Editors were so sure of war, indeed, that they begrudged the loss of manpower by any means whatever. Hear this little story:

"FATAL AFFAIR OF HONOR

"News reached us Sunday last that a duel was fought on the line of Georgia and Florida, near Duncanville, on Friday, the 8th, instant, between Mr. Edwin Hart, editor of the Tallahassee Florida Sentinel, and a gentleman by the name of Coleman, when both parties were killed. We have not learned the details and know nothing certain of the origin of the affair. Florida could ill afford to lose her fightingmen at a period so critical in her history, and we regret that those gentlemen did not reserve their bravery for the defense of the State, instead of throwing away their lives in an affair so trivial."

Departing from this grim note, the newspaper quotes a little story from Atlanta which proves that all thoughts were not of war on that day. The item reads:

"Mrs. Frances W. Pickens, wife of the Governor of South Carolina, passed through the city yesterday, en route to Montgomery, Ala. In personal appearance, Mrs. Pickens is slight and willowy in form, somewhat above the medium size, with a pale and highly intellectual face. In style, Mrs. Pickens is a blonde, with a perfect oval face, pale blue eyes, aquiline nose, full and delicate mouth, and dark auburn hair. She was dressed in a full traveling habit, of mixed dark and gray, fitted in exquisite taste. We understood Mrs. Pickens is a native of Louisiana, and about 24 years of age."

Did the city of Washington then, as now, bear the brunt of jokes? Listen to this newspaper humor, headed "Wit in Washington":

"Whenever a Washington paper publishes an original joke, guns are immediately fired in the outskirts of the city. There hasn't been a gun fired in the outskirts of Washington for many years."

But let us move on to the events of that morning of February 18. Never had Montgomery presented such an appearance. The Daily Mail says: "Although notice had gone forth through the press only the Saturday before, the streets, dwellings, and Capitol Hill were literally thronged with visitors who had come far and near from this and neighboring States to witness the imposing ceremony of the natal era of the Confederacy. All ages, sizes, sexes, and conditions were out to give variety and spice to the occasion. The ladies seemed to be present in larger numbers than the men in honor of their gallant President. The assemblage could not have numbered less than 10,000 persons, all animated by a common desire to maintain the dignity, honor and independence of the Confederate States."

Even a New York World correspondent, certainly with no wish to sound impressed, could not keep from it. He wrote:

"All day yesterday strangers from all parts of the country were pouring into the city. The ceremony was announced to take place at 1 o'clock, but long before that time, the hill in front of the capitol was crowded with spectators whose curiosity was willing to exchange a quiet room and a chair for a 3 hours' standee on a hillside, rather than lose any of the 'sight.' Still, it was a beautiful day, with just enough sun to be warm, and just enough clouds to be cool; and as the view from this point is by no means a mean one, looking out, as it does, across the Alabama upon a pretty fair stretch of prairie which is here and there variegated with the glittering evergreen of a pine woods, an hour or two of waiting was no great test of patience. But the time was to be used up. The ladies sank into the inexplicable beatitude of the sex, the contemplation of fellow mortals in millinery. * * * Men grew ruminant, told each other how "war ought to have been precipitated, and then the border States would have come in. * * *"

But now it is noon, and at the Exchange Hotel the procession forms. General Davis takes his seat in a magnificent carriage of Col. Tenant Lomax, drawn by six beautiful greys. Beside him is the vice president, that strange genius, Alexander H. Stephens. "Opposite them," reported the newspaper, "were Capt. George Jones, of Alabama, and Rev. Basil Manly, of this city."

Behind the band, the procession forms in this order:

Military escort, consisting of Montgomery Fusileers, Captain Schenssler; Montgomery Rifles, Captain Farriss; Eufaula Rifles, Captain Baker; Columbus, Ga., Guard, Captain Sims.

The President-elect, in open carriage drawn by six horses.

Congressional committee on ceremonies of inauguration.

Committee on part of the State of Alabama.

Committee on part of the city of Montgomery.

Commissioners to the Government from States other than the States of the Confederacy.

Governors of the several Confederate States.

Judges of the supreme courts of the several States of the Confederacy.

Ministers of the gospel.

(The above in carriages.)

Citizens generally, in carriages.

Citizens generally, on foot.

The whole under the command of Gen. H. P. Watson, marshal of the day.

At 12 o'clock, to the sound of guns, the procession starts toward the capitol. Moving up the long, sandy street then known as Market, to the roar of cannon, the strains of martial music and cheers from the citizens of a new nation, the procession, said the Daily Mail, was "grand beyond description."

The company arrives at the capitol steps and proceeds to the senate chamber where congress formally but briefly receives its new president. A procession then forms and descends the stairs to the front portico. Jefferson Davis occupies a seat, with the Vice President at his right, and the Honorable Howell Cobb, president of the provisional congress, on his left. On a stand facing the President sat Governor Moore, of Alabama, and the members of congress.

The ceremony is opened by a prayer, delivered up by the venerable Dr. Manly before the hushed throng. Howell Cobb, using the famous State Bible, proceeds to administer the oath of office. Mr. Davis, looking thin and tired yet vibrant in spirit, kisses the Bible and turning to the vast assemblage says, with deep and solemn emphasis, "So help me God." One reporter wrote, "There was scarcely a dry eye in the crowd when the stern President himself lowered his head in tears." Then in a calm and forceful manner he gave the inaugural address, pausing now and then for the waves of applause that came whenever he struck the keynotes of Southern independence.

The writer concluded his story: "The ladies wreathed him in flowers, and 10,000 hearts beat high with joy, admiration, and hope for the administration of the new President. No man, not even General Washington, was ever called to preside over the people with more general acclamation and confidence than General Davis."

That night the city was brilliantly illuminated, and the new President stood for hours receiving his fellow citizens at Estelle and Concert Halls. And so ended the great day in Montgomery.

In the years that followed, the men and women of the South suffered in body and spirit beyond anything we today can imagine. It is all written down in a hundred books: I do not need to recall it for you who know the story so well.

No one suffered more than the leader of that lost cause. He had served with distinction on this Capitol Hill where we honor him today, until his people called him to serve the Confederacy. His devotion to that cause, and his personal frustration and defeat, known to all, epitomized a whole people.

How good it is that the years have healed most of the wounds, and that we of the South can gather in our Nation's Capitol and be joined by many of our brothers of the North in expressing respect for a great American. We have become truly one Nation, will full honor and respect for the great men on both sides of that family struggle of the 19th century. Today we join in striving manfully to meet the issues of another century, and they are plentiful and harsh. Who can doubt that, were he here, Jefferson Davis would be among those working mightily for the greater unity not only of all the States, but of all the people of America?

I am proud that an important voice in the new and more adequate assessment of the leadership of Jefferson Davis is that of a fellow Alabamian, Prof. Hudson Strode, of the University of Alabama. His two volumes of biography, "Jefferson Davis: American Patriot," and "Jefferson Davis: Confederate President," are essential to the understanding of this man's life.

I close with the last words of the second volume:

"Though his spirit would often be fevered by tribulation, though he would be continually plagued by 'fresh swarms of flies' and obstructed by Congress and even renounced by some of his friends, Jefferson Davis would keep his vision on principle. Because he was no self-deluder, he was to become more valiant; his behavior, the nobler. As Ohio's Landon-Knight wrote, 'Our admiration for the man vastly increases as we see him steering, wisely now, his foundering nation into that dark year 1864, destined to reveal to us a great man, growing greater, better and more lovable under the heavy accumulation of terrible misfortune.' While in the immediate years to come, the President's fame would in no sense accord with his dessert, he could recall Lee's Biblical assurance, 'But truth is mighty and will eventually prevail'."[1]

U.S. TRADE MISSIONS

Mr. HUMPHREY. Mr. President, in the January 22 issue of Foreign Commerce Weekly, there appeared an article on the "U.S. Trade Mission Program," by L. Edward Scriven, Director of the Bureau of International Business Operations. The trade mission program is a joint effort of private industry and the Department of Commerce to promote abroad American free enterprise and its products. As the program implies the partnership of all free nations in their mutual development and progress, it has helped to create an atmosphere of respect and understanding between our business worlds and countries. These envoys of American business have been the genesis of millions of dollars of profitable trade; this stimulus to our exports will have long-range beneficial effects on our balance of payments.

As I feel that the fine work of the trade missions program is worthy of close attention, I ask unanimous consent to have printed in the Record this article, along with a release from the Department of Commerce, highlighting its activities.

There being no objection, the article and release were ordered to be printed in the Record, as follows:

[From Foreign Commerce Weekly, Jan. 22, 1962]

U.S. Trade Misson Program a Major Tool of Trade Promotion and Good Will

(By L. Edward Scriven, Director, Bureau of International Business Operations)

Early this year, a Chicago chemical company received the first of a series of orders totaling a quarter of a million dollars from a firm in Lyons, France.

This summer, another American company received a $300,000 machine-tool order from a Finnish farm machinery manufacturer.

The two orders are fairly typical of those generated by the Commerce Department's trade missions program, one of the many services offered by the U.S. Department of Commerce to American business firms.

On January 29, 1962, the trade missions program will mark a major milestone when six businessmen and a Commerce Department official making up the 100th trade mission sent abroad by this country will begin a 6-week tour of Burma. Like the previous 99 missions, its function will be to foster, promote, and develop a prosperous exchange of goods and services between the United States and the other nations of the free world.

Under a program set up to carry out the purpose of Public Law 860—"To strengthen the ties which unite us with other nations"—U.S. trade missions have, since 1954, gone to nearly 70 countries from Afghanistan to Zanzibar, in some cases more than once.

Nearly 300 prominent business executives from 38 States and Puerto Rico have served on one or more missions without pay, volunteering their time and experience as a patriotic duty. They have taken abroad with them almost 5,000 specific export, import, investment, or other business proposals from more than 1,000 U.S. firms, large and small, availing themselves of the free "business proposal" service of the trade missions program. During their 6 or 7 week abroad, each mission presents these proposals to foreign businessmen and government officials in face-to-face discussions and individual consultations. The mission also brings back specific proposals from foreign firms who want to buy or sell goods or enter into joint ventures or other business arrangements with U.S. companies.

How effective the missions have been in achieving their purpose and, more specifically, in contributing to America's recently intensified trade expansion drive, can be seen in many more case histories.

Within the past year, a Pennsylvania maker of petrochemical processing equipment concluded a joint-venture agreement for the construction of a $4-million plant in India. A Newark electrical equipment manufacturer is now setting up two subsidiaries in Australia. And as a result of contacts established by a 1961 mission to Malaya, several American paperback book publishers recently found additional outlets there, and an American breeder found an entirely new market for his Rock Cornish hens.

Although immeasurable, no less impressive are the intangible benefits of the trade missions program which has been awarded the coveted George Washington Honor Medal by the Freedoms Foundation for contributing abroad to "a better understanding of the American way of life." In presenting the award, the president of the foundation stated, "(For) its effect outside the United States there is, in my studied view, perhaps no more important single project in which the Federal Government has been related."

In forthcoming missions already being scheduled—to Indonesia, Argentina, Germany, the United Kingdom, Equatorial Africa, Israel, Cyprus, and perhaps Greece—the U.S. trade missions program will continue to demonstrate its effectiveness as a tool of trade promotion as well as an instrument of international good will.

U.S. Department of Commerce, Bureau of International Business Operations, Background and Highlights of the U.S. Trade Missions Program

On November 30, 1954, the U.S. Department of Commerce sent a team of two Government officials on a 3-week trip to Thailand. The trip marked the inauguration of the U.S. trade missions program. On January 29, 1962, a seven-man trade mission, composed of six prominent business executives and a Commerce Department official, started a 6-week tour of Burma, marking a major milestone. For the mission to Burma was the 100th the Commerce Department has sent abroad to foster, promote, and develop a prosperous exchange of goods and services between the United States and the other nations of the free world.

"Peace and prosperity are the goal of all free nations—a goal that can be reached only by nations working together." President Kennedy has stated. "Trade missions are personal emissaries broadening the pathways which link our nations."

Between the 1st and the 100th trade missions, our personal emissaries have carried the story of U.S. private enterprise far and wide. Since the program's inception over 7 years ago, U.S. trade missions have gone to nearly 70 countries from Afghanistan to Zanzibar, in some cases more than once. In 1961 alone, 11 trade missions visited 25 countries: Australia, British Guiana, Ceylon, Chile, Colombia, Dahomey, Ecuador, Federation of West Indies, Finland, Germany, Ivory Coast, Japan, Malaya, Mali, Mauritania, Netherlands Antilles, Niger, Nigeria, Pakistan, Peru, Senegal, Singapore, Surinam, Togo, and Upper Volta.

Except for the very first mission, all the missions, in what represents a joint partnership of the U.S. Government and private enterprise, have been composed of both businessmen and Government officials. Each trade mission is usually made up of a Commerce Department official and from three to six businessmen selected on the basis of their recognized standing in specialized fields pertinent to the potential needs and interests of the country or countries to be visited. The businessmen mission members volunteer their time and experience as a patriotic duty, receiving only transportation and a per diem allowance. Nearly 300 prominent business executives and about 70 Government officials from about 38 States and Puerto Rico have served on one or more missions. One businessman has served on four missions, seven businessmen on three.

Each trade mission is tailored to reflect the mutual economic interests of the United States and the country or countries to be visited. (Most missions visit just a single country.) Consequently, considerable groundwork precedes its departure. As much as a year in advance, the planning is begun by the Commerce Department in cooperation with the Department of State, USIA, AID, and other Government agencies, as well as with the commercial attaché of the U.S. Embassy, officials of the foreign government, and the country's industry groups. Prior to its departure, each mission is also given a week of intensive briefing and orientation in Washington.

During its 6 to 7 weeks abroad, the mission tours the principal commercial and industrial centers of the country and confers with businessmen, industry and trade groups, and government officials. It visits factories, mills, and a wide variety of other enterprises. To aid it in its work, the mission takes with it a "commercial library" of more than 1,000 business and trade publications, directories, and reference books donated by the U.S. publishing industry. At the conclusion of the mission, the library is left in the host country and so made available for use by local businessmen.

Since late 1958 each mission has also hand-carried abroad specific export, import, investment, and other business proposals from American companies who wish to enter into dealings with firms in the foreign country visited. So far, more than 1,000 U.S. firms, large and small, have submitted almost 5,000 such proposals. The trade missions program offers its "business proposals" service without charge, to any reputable firm.

These proposals are disseminated abroad through booklets and presented to foreign businessmen in face-to-face discussions and individual consultations. Businessmen interested in any specific proposal are put directly in contact with the American firm. The mission also brings back specific proposals from foreign firms who want to buy or sell goods and services or enter into joint ventures or other business arangements with American companies.

After its return to the United States, the mission issues a detailed report of its findings, and holds conferences in key cities for the benefit of businessmen interested in initiating or expanding commercial relations abroad. The specific trade and investment opportunities developed by the mission are disclosed at the conferences as well as in the report, published in Foreign Commerce Weekly, and made available to the private press and any interested business organizations.

How effective have the missions been in achieving their purpose and, more specifically, contributing to America's recently intensified export expansion drive?

The evidence gathered indicates that they have generated business running into the millions of dollars. Among the many letters in the trade missions program's files is one from a Chicago chemical company who used the business proposal service to look for customers in France. "We are business proposal No. 26, and as a result of the U.S. trade mission to France some months ago, can be viewed as a sparkling success story," begins the letter. "The outstanding inquiry came to us from a firm in Lyon. They will buy certain materials to the extent of at least a quarter million dollar per year. * * *"

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[1] "Jefferson Davis: Confederate President," by Hudson Strode, Harcourt, Brace & Co., New York.

A private association of French businessmen stated that the same mission was one of the most productive catalysts of business connections between the United States and France.

Early last summer, several European firms were competing for a machine tool order from a Finnish farm machinery manufacturer. The Finns were about to place their order when they talked to members of a U.S. trade mission to their country. As a result, the $300,000 order went to an American firm.

As a result of contacts established by other missions, a Pennsylvania maker of petrochemical processing equipment concluded a joint venture agreement for the construction of a $4 million plant in India, a Newark electrical equipment manufacturer is setting up two subsidiaries in Australia, and several American paperback book publishers have found additional outlets in Malaya which, incidentally, recently ordered a shipment of Rock Cornish hens from an American breeder.

Although immeasurable, no less impressive are the intangible benefits of the program as expressed in the many enthusiastic tributes from former mission members. Writes a member of a mission to Germany, "I know of no better way to improve understanding and to cement friendships across international boundaries than by men of good will who are available as volunteers to visit with men of like minds about problems of international accord."

For its work in bringing about "a better understanding of the American way of life," the U.S. trade missions program was awarded the George Washington Honor Medal by the Freedoms Foundation on May 20, 1960. In presenting the award, the President of the Foundation stated, "For its effect outside the United States, there is, in my studied view, perhaps no more important single project in which the Federal Government has been related."

During the next 6 months, missions already scheduled or being planned to Indonesia, Argentina, Germany, the United Kingdom, Equatorial Africa, Israel (the first to go there), Cyprus, and possibly Greece will continue to prove the effectiveness of the U.S. trade missions program as a tool of trade promotion as well as an instrument of international good will.

THE CASE FOR A DEPARTMENT OF SCIENCE

Mr. HUMPHREY. Mr. President, I have long been interested in the proposal for establishing a Department of Science and Technology within the Federal Government. Earlier in this session, Senator McCLELLAN introduced a bill of which I am a cosponsor, that would establish a Commission on Science and Technology to study the desirability of such a department, and I have had favorable comments on this legislation from many quarters.

In this regard, I would like to point out a recent report by the Center for the Study of Democratic Institutions, entitled "The Government of Science." This report makes a good case for a Department of Science, and it leaves little doubt that such a department would be a progressive step in the relationship of science to the Government. To quote briefly from the article:

> Uses of scientific ideas and information pervade all of Government, as they pervade all of society. * * * It would be possible to combine in a single department a large part of the Federal responsibilities and activities for science and technology.

In closing I would like to commend the Center for the Study of Democratic Institutions for its contribution to the understanding of significant issues involved in the maintenance of a free society. The Center is now the main activity of the Fund for the Republic, Inc., and its studies are devoted to clarifying questions of freedom and justice. The range of these reports is by no means limited to Government institutions—in recent months they have discussed the economy, labor relations, the churches and our society, Government regulation of broadcasting, and birth control.

Mr. President, I ask unanimous consent that a short excerpt from this fine report, entitled "A Department of Science and Technology," be printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

A DEPARTMENT OF SCIENCE AND TECHNOLOGY

A Department of Science and Technology, headed by a Cabinet Secretary, with responsibility for a broad range of government scientific and technological programs, has often been proposed in recent months. By providing for more effective program coordination and broad policy deliberations, establishing a major center for science policy studies, giving science a voice of equal stature with other Federal departments, and building a substantial organization environment in government conducive to scientific work, such a department would constitute a significant improvement in the present situation. It is a desirable and sound next step in the evolution of government action with respect to science.

As many have been quick to point out, it would be absurd to require the assemblage of all government activities related to science and technology in one place. Dr. James Fisk, president of Bell Telephone Laboratories, put it this way:

"To imagine that 'science' as a whole could be abstracted from government departments and agencies and set up somehow as a separate department—a Department of Science—is, I believe, unrealistic. It would be somewhat analogous to abstracting 'economics' from these departments and agencies and forming a Department of Economics."

Uses of scientific ideas and information pervade all of government, as they pervade all of society. Some scientific programs are integrally tied to the operating responsibilities of the departments where they are located. This is true, for example, of the research programs of the Department of Agriculture, and the strictly military research and development work of the Department of Defense. In the Atomic Energy Commission, there is such close interplay between research, development, and operations that the whole might be destroyed by the removal of any part. Yet, without falling victim to excesses of this kind, it would still be possible to combine in a single department a large part of the Federal responsibilities and activities for science and technology.

In any such development, it is difficult to work out all of the problems and relationships in advance. Initial arrangements are quite likely to require later accommodations. The National Aeronautics and Space Administration, for example, began with a minimal program. Its activities were extended as time and experience dictated. In the establishment of a Department of Science and Technology, it would be better to begin with a strong minimum program and let change and growth occur as their necessity is demonstrated.

In addition to general responsibilities for policy planning and program coordination in science and technology, a major function of the proposed department would be the support of basic science. This would include the administration of research grants and major research facilities, development of programs to support and improve scientific education, and the conduct of policy and evaluation studies. It would absorb activities of the National Science Foundation, the President's Science Advisory Committee, and the Federal Council on Science and Technology now directed to these ends. By unifying and enlarging them, it would add to their strength and effectiveness. At the same time, there is no reason why it could not draw cooperatively on other resources of the scientific community, as do the present agencies and committees.

A second major function would be the conduct of scientific research. The Department would absorb certain existing program units, such as the Weather Bureau (Commerce), National Bureau of Standards (Commerce), Office of Saline Water (Interior), Geological Survey (Interior), Coast and Geodetic Survey (Commerce), Hydrographic Office (Navy), and the Naval Observatory. It might also include portions of the Smithsonian Institution's research activities, the Antarctic program of the National Science Foundation, and the Antarctic Office of the Navy Department.

Agencies of greater magnitude, such as the National Aeronautics and Space Administration and the National Institutes of Health, might also be included. While both conduct some operating programs, they are heavily oriented to research. Care should be taken, however, to avoid absorbing agencies whose present size and operational spirit would overwhelm the new Department. In consideration of this, the Atomic Energy Commission should probably not be included.

There is no particular virtue to the present organizational placement of any of the units cited. The Weather Bureau, for example, was first in the Department of the Army and then transferred to Agriculture. It has no particular tie to Commerce and might fulfill its functions just as well almost anywhere. The National Bureau of Standards does provide services to industry and hence its placement in Commerce seems reasonable. Yet less than half of its budget comes from that Department's appropriations, and there is no apparent reason why its services would be reduced as a result of a transfer. Even the National Institutes of Health, while they profit from a working relationship with the Public Health Service, need not necessarily operate under the same administrative direction. A strong case can be made for the Institutes' separation from the more routine responsibilities of the Service.

The new Department would have many advantages. By placing principal responsibility for science and technology in a single Cabinet officer, it would provide a focus for policy development and for communication on scientific matters with the President and the Congress. Thus, it would make possible sounder congressional organization with respect to science and technology and remove roadblocks to communication and cooperation in this area between the executive branch and the Congress. By providing a stronger scientific agency in the executive branch, it would also remove from the Executive Office of the President a number of problems of program and policy coordination with which it must now inappropriately contend. In the daily round of administrative action, a Cabinet department would be a much more effective force in the maintenance of established policy positions on science than the National Science Foundation could ever be.

The Department of Science and Technology would also provide opportunities for the development of a better environment for research within Government and foster the professionalization of administrative practice in scientific areas. All of the research programs encompassed would be likely to profit from the closer cooperation and better working environment that would result from their placement in one department where science is a central theme and not a side issue. Administrative experimentation could be undertaken and improvements worked that would set examples for the rest of Government and for Government-contract and other institutions.

Only by making science itself the purpose of a major Government department is it likely that the exploitive relationship of Government to science can be significantly diminished. Only with a strong focal point for science in Government is it likely that Federal action to strengthen the professional responsibility of the scientific community can be effective. The establishment of a Department of Science and Technology would not guarantee any of these results, but it is an essential precondition for them.

SAVINGS INSTITUTIONS

Mr. DIRKSEN. Mr. President, I ask unanimous consent to have printed in the RECORD a very interesting article by Mr. Morton Bodfish entitled "How Shortsighted Can the Savings Institutions Be?"

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOW SHORTSIGHTED CAN THE SAVINGS INSTITUTIONS BE?

(By Morton Bodfish)

At the beginning of 1962 the Federal Reserve Board authorized commercial banks to raise their savings or time deposit rates to 3½ and 4 percent. Presumably this was done because international commercial bankers in New York claimed they needed an increase to hold international time deposits. Practically, it triggered a change in the domestic savings rate that was not ever contemplated by the officials of the Kennedy administration. Immediately, many commercial banks advertised a 4-percent rate. They didn't say that the limit in their account passbook rate was 3½ percent. Most of them didn't issue real time certificates of deposits which clearly showed the saver that he could not touch his 4-percent money for a year. In the main, it was slipped right into the stream of ordinary passbook transactions. Again, it was advertised with millions of dollars of television, radio, newspaper, and billboard outlays.

What did the mutual savings banks do? They immediately saw fit to go to 3¾, 4, and 4¼ percent.

What did the savings and loan associations do? They immediately went to 4 percent, but mainly to 4¼ and 4½ percent. In California, the hotbed of savings and loan expansion boom, holding companies and promotion, the institutions went to 4¾ and 4.8 percent. In a recent Sunday financial section of the New York Times, over 20 California institutions advertised 4¾, 4.8, and one even 5½ percent. This is ironical because California law prohibits associations outside California from advertising for California funds, unless given permission by the California savings and loan commissioner. This would only take place if the conditions that prevail in the East and the Middle West, as contrasted to the California real estate boom, were reversed.

Even Uncle Sam went to 3¾ percent on his savings bonds.

Now, the essence of this little piece is, What are we going to do 6 months or a year or 2 years from now? Commercial banks cannot make a profit and pay 4 percent on savings. They are paying 4 percent as a "loss leader" and paying it with earnings taken from the commercial department, which represents two-thirds of their assets and on which, due to an outmoded provision of the Banking Act of 1933, they are legally prohibited from paying any interest. This prohibition prevails against interest on almost all kinds of Government agencies accounts, on the big accounts of individuals, corporations, and everything. I can't believe that the thoughtful commercial bankers are going to pay 4 percent on savings accounts in the long run.

Now to the savings and loan associations for a moment: Outside of California and Florida and maybe a few boom spots, the savings and loan associations in the United States cannot afford to pay 4¼ and 4½ percent and earn the legal reserves that are required by State and Federal regulations. One or two things will happen—prudent and constructive institutions will have to lower their savings rates. The other less prudent and less experienced associations will make inflated and dangerous mortgage loans. Excessive lending is already worrying the supervisory authorities in many areas and certainly comes to the attention of savings and loan executives almost daily.

What is to be done? Must we go to a ceiling regulation of savings and loan rates such as exists in the Federal Reserve Act for insured commercial and stock savings banks? Must we make bigger and bigger loans for higher and higher percentages and longer and longer terms in order to get higher mortgage interest rates? Or must the thoughtful and prudent managers and boards of directors face reductions in savings dividends 1 or 2 years from now?

I think I know what should be done, but I think also that commercial banks and the savings and loan associations who led the procession to 4, 4¼, 4½, and 4¾ percent rates were very shortsighted and should begin to review their short and long term thinking and planning.

Also, I believe that we can expect a highly competitive mortgage market throughout the United States and lower and lower rates to the homeowner with good security and good credit. This is as it should be. I believe that the homeowner with good security and good credit should be able to borrow almost as cheaply as big business and the big businessman with good security and good credit. It would also remind and record for the financial fraternity that the Federal legislation authorizing federally chartered savings and loan associations in the actual statutes required that their activities be limited to "sound and economical" home financing. I remind you that "economical" means 6, 5¾, 5½, and maybe even 5¼ percent as we have given to all who qualify for VA loans. The savings and loan business is facing a squeeze between the upper and nether financial millstones.

The commercial bankers are paying more for savings than they can earn on the savings, and most of them are not using certificates of deposits as they should. I would remind my banking friends that national banks never had any actual legal authority to engage in the savings business until the McFadden Act in 1927. The Federal Reserve Act of 1913 distinguished between demand and time deposits and set a lower Federal reserve ratio on time deposits but did not provide for savings as such. I find it hard to understand why commercial banks are so belligerent, aggressive and determined to go into a field that is not principally their own, but which belongs to the specialized thrift institutions like the savings banks, mutual cooperative banks, mutual savings and loan associations and mutual credit unions.

Another, but miscellaneous thought on interest rates—even the great commissions on money and credit, composed mainly of businessmen, did not face the proposition of the 1933 provision of zero interest rates on demand deposits. The Commission said that if this legislation were changed, it would increase competition for loans. This is the same old cartel or monopoly argument which has been pointed out by Milton Friedman, of the University of Chicago, as both "bad economics and worse morality." The Federal insurance of commercial bank deposits makes it utterly irrelevant today. To borrow a sentence from Friedman, "There can currently be no case whatsoever for the continuation of governmental specification and enforcement of the maximum price banks can pay for their most important factor of production." No member of the Commission, despite their opposition to ceilings on other interest rates had the courage or foresight to recommend that the ceiling be taken off interest rates on commercial balances. I am sure Congressman PATMAN and Senator ROBERTSON and others will force Congress and the businessmen to properly evaluate this issue. It is important to this essay only because it permits commercial banks to pay 4 percent savings rates which are earned over in the Commercial Department, which, by 1933 emergency banking law they pay zero interest. This is made all the more ridiculous when one realizes that national banks are now earning almost 30 percent on invested capital, as compared with 1½ percent in 1933.

It is time we all did some thinking, including the Kennedy administration officials, as to where we are going in the next year or two. Certainly, we don't want to raise mortgage rates to borrowers and certainly we cannot and should not pay the rates that we jumped into since the Federal Reserve Board action in early January of 1962. In the words of the great Thomas J. Watson, of IBM, we had better "Think, think, think."

SURVEY OF CATHOLIC EDUCATION

Mr. SCOTT. Mr. President, a nationwide survey of Catholic elementary and secondary schools recently was started at the University of Notre Dame. According to some scholars, this may lead to changes or wider national standardization in Catholic education.

It is initially financed by a $350,000 grant from the Carnegie Foundation of New York.

Being concerned with education in America, and wishing this survey success, I take this opportunity to pay tribute to two American Bishops, who have been pioneers in the field of education. One is the venerable Bishop John Nepomuk Neumann of Philadelphia and the other, Most Rev. Joseph Dwenger, second bishop of Fort Wayne, Ind., diocese, in which the Notre Dame University is located.

I am especially pleased to learn that the Most Reverend Leo A. Pursley, bishop of the Fort Wayne-South Bend diocese, is building a new high school, a memorial in the name of Bishop Dwenger, as a monument to his pioneer efforts in the field of Catholic education.

In this age, when we are called on to utilize all our means for the education of our youth, these two outstanding American prelates can be of great inspiration. They have dedicated their lives to the education of the youth of America, as described in the following article by John C. Sciranka, American Slovak Journalist of Passaic N.J.

I ask unanimous consent to have the article, from the Falcon of May 23, 1962, printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Venerable Bishop John Nepomuk Neumann Inspired Bishop Dwenger To Modernize Catholic Education

(By John C. Sciranka)

Now that the Most Reverend Andrew G. Grutka, D.D., bishop of Gary, Ind., has returned from Rome where he made preparations for the erection of the Institute of SS. Cyril and Methodius for the training of priests in Slovakia, who will take up the missionary work after the defeat of communism, we are reminded of another Indiana bishop, who made trips to Rome in order to contribute to the education of priesthood. He is the late Most Reverend Joseph Dwenger, second bishop of Fort Wayne, Ind., diocese, whose 90th anniversary of consecration was remembered on Saturday, April 14.

The "Catholic Builders of the Nation," a symposium on the Catholic contribution to the civilization of the United States, published by the Continental Press, Inc., Boston, Mass., in 1923 and prepared with the collaboration of such outstanding Americans as Adm. William S. Benson, James J. Walsh, M.D., the late Archbishop Joseph Schrembs, Justice Wendell P. Stafford, John B. Kennedy, Thomas A. Mullen, Justice Victor J. Dowling and numerous others, lists in its fifth volume, page 44, under the chapter "Contribution to Religion and Education" the following brief, nonetheless most significant mention of Right Rev. Joseph Dwenger, second bishop of the Fort Wayne diocese:

"In 1857, Fort Wayne was made a diocese with Right Reverend John H. Luers as the first ordinary. He suddenly died in 1871. His successor, the Right Reverend Joseph Dwenger, was consecrated in 1872 and for 21 years labored to complete the plans of his predecessor. * * *"

And the current "The Official Catholic Directory Anno Dominik 1962," on page 432, gives these brief facts: "Rt. Rev. John Henry Luers, D.D., consecrated January 10, 1858; died June 29, 1871. Rt. Rev. Joseph Dwenger, C.PP.S., D.D., consecrated April 14, 1872; died January 27, 1893. * * *"

"The Catholic Encyclopedia," published in 1914, to which Imprimatur was given by His Eminence John Cardinal Farley, Archbishop, of New York, writes this about Bishop Dwenger:

Fort Wayne diocese, volume VI, page 150: "* * * The Reverend Joseph Dwenger was then appointed to the see. He was born near Minster, Ohio, in 1837. Orphaned at an early age, he was educated by the Fathers of Precious Blood, entered their community, and was ordained priest September 4, 1859. Appointed professor in the seminary of his community, he filled that position until 1862, and was then assigned to parochial work. From 1867 to 1872 he was occupied in preaching missions. He was consecrated April 14, 1872. In 1874 Bishop Dwenger was the head of the first American pilgrimage to Rome. In 1875 he erected an orphan asylum and manual labor school for boys at Lafayette. He was zealous promoter of the parochial school system. In 1884 he attended the third plenary council at Baltimore, and in the following March was deputed, with Bishops Moore and Gilmour, to present the decrees of the council to the Holy Father. In 1886 he erected an asylum for orphan girls at Fort Wayne. In 1888 and in 1891 he again went to Rome, the last time in the interest of the North American College. Soon after his return he was attacked by a lingering illness, to which he succumbed January 22, 1893. * * *"

In passing we wish to add that it was Bishop R. Gilmour, of Cleveland, Ohio, who brought from Prague a Slovak seminarian, Stephen Furdek, later known as Father of American Slovaks to America in March 1882 and ordained him to the priesthood on July 2, 1882, in Cleveland, Ohio.

Continuing on Bishop Dwenger, we find in volume VII, "The Catholic Encyclopedia," page 741:

"His successor (1872) was Joseph Dwenger, founder of the St. Joseph's Orphanage at Lafayette, and one for girls at Fort Wayne, who did much to extend the work of his predecessor in establishing parochial schools. He was also instrumental in the establishment of St. Joseph's College, near Rensselaer, by the Community of the Precious Blood. He was followed (1893) by Joseph Rademacher, who was transferred from Nashville, Tenn., where he was consecrated (1883). This zealous administrator died in 1900, and was succeeded by the * * * Herman Joseph Alerding. * * *" The writer is happy to add that under Bishop Alerding, the Slovak Parishes began to organize in the State of Indiana.

Volume III, "The Catholic Encyclopedia," page 509:

"Bishop Dwenger, of the Fort Wayne diocese, secured an injunction against one Geary, who desired to bury the body of his suicide son in a lot owned by him (Geary) in the Catholic cemetery. The Supreme Court of Indiana upheld the bishop. (113 Ind., 106.)

Volume XIII, "The Catholic Encyclopedia," page 582:

"Bishop Neumann, of Philadelphia, in 1852 attempted a diocesan organization of Catholic schools, by instituting a central board of education, to be composed of the pastor and two lay delegates from each of the parishes in Philadelphia, and to be presided over by the bishop. But the project appears to have been in advance of the times. In 1879 Bishop Joseph Dwenger, of Fort Wayne, Ind., organized a school board, consisting of 11 members and a secretary, all being priests. The board was to have control of studies and textbooks in the schools of the diocese, to examine teachers, and to gather statistical information about the schools. The effect was seen to be so wholesome that the Fort Wayne plan was adopted by the fourth provincial council of Cincinnati in 1882, with an additional provision for dependent local school boards in the larger places. When the third plenary council of Baltimore met, 2 years later, it practically adopted the Cincinnati plan for all the dioceses."

Remembering Bishop Dwenger and the blessed Bishop John Nepomuk Neumann in our prayers, we should be inspired to aid the present builders of our religious institutions here and in the eternal city for the salvation of immortal souls and rescue the world from atheistic communism.

RESOLUTION OF BRITH ACHIM BENEFICIAL ASSOCIATION OF PHILADELPHIA

Mr. SCOTT. Mr. President, the Brith Achim Beneficial Association of Philadelphia has written to me about its concern over recent development in the Near East. I would like to call this letter to the attention of the Senate as an expression of opinion of my constituents which I strongly endorse.

I have stated my own views on this subject often. Recently I wrote a letter to the Philadelphia Inquirer which expressed them on the matter of the vote in the United Nations.

I ask unanimous consent to insert in the Record the letter from my constituents and a copy of my letter to the Philadelphia Inquirer.

There being no objection, the letters were ordered to be printed in the Record, as follows:

Brith Achim
Beneficial Association,
Philadelphia, Pa.

Senator Hugh Scott,
Senate Office Building,
Washington, D.C.

Honorable Sir: At a meeting of the Brith Achim Beneficial Association, consisting of a membership of 3,000 families, said meeting held May 17, 1962, the following resolution was unanimously adopted:

"*Be it resolved,* That we express our appreciation to the Members of Congress for the adoption of their resolution which we quote:

" 'Israel's 14th anniversary will be hailed by the American people who favored the reestablishment of an independent Jewish Commonwealth and who have rejoiced at the progress the people of Israel have made to utilize their independence for human advancement to rehabilitate their land; to provide sanctuary for more than a million refugees and immigrants; to develop their economy; to cultivate their arts and sciences; to revive their civilization and culture; to cooperate constructively in the international community.

" 'The interest and support which America has extended in these inspiring developments will continue, even as America extends its help to the independence and freedom of all countries in the Middle East and elsewhere.

" 'On this occasion, however, we are mindful that the people of Israel are still denied the blessings of peace and that they must continue to adjust themselves to a state of belligerence on part of their neighbors. This Arab belligerence against Israel is unique. The United Nations Charter outlaws war. Yet here, in the Middle East, in unprecedented defiance of the Charter, belligerence is carried on without challenge, intervention or rebuke by the international community.

" 'The continuation of this hostile policy, resulting in heavy armaments, boycott, blockade, threat of destruction and border incidents, is a costly burden for all the people of the Middle East and an obstruction to their economic progress and development and to regional cooperation.

" 'And it spells danger, not only to the Arabs and Israelis, but to world peace, because in our world today any local conflict may spread into general hostility.

" 'We believe that the issues which divide Israel and the Arab states must be resolved in spirit and the service of peace. This can be done only if the leaders of Israel and the Arab Nations agree to meet honorably in recognition of their mutual right to free existence in peace. There is no effective alternative.

" 'Progress on border disputes, on economic development, on refugee resettlement, on disarmament, can be best promoted within the broad context of mutual acceptance of peace as an overriding duty and purpose.

"'An Arab-Israel peace has too long been delayed and denied. As the leader of the free world, the United States should be in vanguard of world opinion in pressing for an Arab-Israel peace. We have a duty to protest against the maintenance of belligerence, hostility and threat as national policies and attitudes.

"'We trust that the administration will pursue a policy, both within and without the United Nations which firmly rejects all forms of aggression and which will make it clear to all governments in the Middle East that we do not condone war and that we persist in the search for peace as the major goal of American policy in the region.'

"Be it further

"Resolved, That we express our disappointment and concern at the resolution of the United Nations Security Council of April 9, censoring Israel for self-defensive measures against Syria. This resolution regrettably sponsored by our Government, failed to reflect the facts of persistent Syrian provocations, the declared Arab objective of liquidating Israel, and continuous threats to the citizens of Israel and to its territorial integrity. We find almost incomprehensible this failure to distinguish between acts of aggression and self-defense.

"Peace in the Middle East, as elsewhere in the world, has long been declared objective of U.S. policy. Pursuant to that policy, our Government has maintained longstanding and firm friendship with Israel and with the Arab States. In our view the Security Council resolution may very well encourage further acts of aggression by the Arab States instead of promoting peace.

"The role of the United Nations is to help achieve the goal of peace everywhere in the world. To obtain that goal, we express the hope that our Government will use its power and prestige, and make it indisputably clear that continued acts of Arab belligerency will not be tolerated in the community of nations.

"Be it further

"Resolved, That a copy of this resolution be forthwith dispatched to each of the following: The President of the United States, the Secretary of State, the two U.S. Senators from Pennsylvania, the U.S. Congressmen from Philadelphia and to Adlai Stevenson, the permanent U.S. Ambassador to the United Nations."

LOUIS TOLZ,
Secretary.

[From the Philadelphia Inquirer, Apr. 23, 1962]

ISRAEL CENSURE NOT EVENHANDED

To the EDITOR OF THE INQUIRER:

Congratulations on your recent editorial "One-Sided U.N. Censure," in which you criticized the U.S. delegation and the U.N. Security Council for the vote censuring Israel.

The vote cast by the U.S. delegation was deplorable. Our Government talks of peace in the Middle East when there is no peace. Then when the Syrians attack Israeli positions and the Israelis reply in force, the United States disregards the provocation by the Arabs but votes to censure Israel.

Recently I wrote a letter to Secretary of State Rusk—a letter which nine other Senators signed—urging the United States to announce its position in favor of direct peace negotiations between Israel and the Arab States. The Arabs so far have refused to sit down at the peace table because that would imply that they recognize the existence of the State of Israel.

The State Department rejected my proposal and said that it was following a "general policy of evenhandedness with the Israelis and the Arabs." Subsequently our Government voted to censure Israel. Therefore I must conclude that this so-called evenhandedness means that the United States is offering the front of the hand to the Arabs and the back of the hand to the Israelis.

I cannot understand how our Government can slap the face of the one country in the Middle East that is on our side. There is good reason to believe that U.S. foreign policy is turning pro-Arab and I intend to fight this trend.

HUGH SCOTT,
U.S. Senator.

WASHINGTON, D.C.

CHARACTER SABOTEURS IGNORE MAGNITUDE OF PROBLEMS OF PRESIDENCY

Mr. YARBOROUGH. Mr. President, Mr. R. O. Zollinger, noted editorial writer, in a commentary in the American-Statesman, Austin, Tex., has published an article discussing the damage and the danger of irrational and unfounded criticism of the President of the United States. I ask unanimous consent to have printed in the RECORD the following article from the Austin American-Statesman of June 17, 1962, entitled "Are We Set on Destroying Institution of Presidency?"

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ARE WE SET ON DESTROYING INSTITUTION OF PRESIDENCY?

(By R. O. Zollinger)

Many Americans seem to believe that the Nation can solve its problems by destroying the man in the White House. Only the other day a prominent industrialist was quoted as saying, "We've got Kennedy right where we want him."

The Birchers are insistent upon the impeachment of Chief Justice Earl Warren of the Supreme Court of the United States. Southern Senators block any gesture toward civil rights.

Robert Welch, founder of the John Birch Society, in a statement which he insists was intended for private circulation, equates the preceding Republican President, Eisenhower, with communism, and similar conclusions have been drawn as to the patriotism of former President Truman and other national figures.

The character saboteurs are busy all over the land proclaiming a lack of confidence in the present administration while ignoring the magnitude of the problems which were laid in his lap almost overnight after Kennedy's inauguration by the accretion of events.

All ignore what is patent to anyone who can observe and learn from the lessons of history. That is that the world is in a state of the greatest flux in history.

Forces of tremendous magnitude have been unleashed and affect us politically, economically and psychologically. We peer into the future for an answer, and because it is not easily perceivable we turn a torrent of abuse upon those closest at hand.

For better or for worse, it is evident to any student of history that a transition is underway which is shaking the underpinnings of the best of our civilization.

In less than 10 years scores of millions in key geographies of the world have obtained the long-time goal of freedom without the slightest idea of the obligations owed to it, or without conception of the responsibilities of government.

The white man is being pressed into a corner by the Asiatics and the Africans, and these outnumber him by hundreds of millions. It is inevitable that these also have a profound psychological effect upon our country and its government. Yet millions of us who should know better are demanding easy answers.

We want to get back to the day when all was peace and serenity, and though we never can get back in our lifetime we demand that the man in the White House wave a magic wand whose effect will be to satisfy everyone's insistent clamors, and when he cannot, and too many don't listen to some of the things he is compelled to say, they want instead to destroy him and erect a new leadership, a new conformity, with those on either side of the argument demanding preferential status in the same terms as they now demand.

We are finding our foreign markets undergoing restriction, caught between the dumping in other nations of Soviet products and the inevitable effect of the new European Common Market, extricating Europe from age-old insufficiency and inefficiency by removing barricades to trade, which puts new emphasis on the availability of goods freely exchanged instead of having to pay high tariff ransom.

We face the problem of high overhead while nations which used to buy our goods plentifully have a low overhead and benefit from equipment modernization and expect us to buy from them if we are to sell to them.

Yet elements of industry want high tariffs, reduce application of reciprocal trade principles and, paradoxically, open markets abroad.

Big union leaders constantly press for higher and higher wages and fringe benefits, made-work programs, and for a 30- to 35-hour week equivalent to wage increases for work not performed at a time when there is a lag between wages and the production able to pay for them.

The Nation's diverse economic elements are busily at work killing the golden goose which lays the eggs upon which a prosperous economy depends. But instead of these various elements recognizing they must contribute to the obligations of price and wage stability, they snap like feists at the heels of the man in the White House, and politicians add their own yakkety-yak and hymns of hate directed at creating incapacity of the President to serve and destroy confidence in him and also in Government.

Others join in like trained parrots without ability to reason but only with the power to repeat the torrent of abuse now underway.

Somewhere the voice of reason should sound and be heard. This Government was not made for the special profit of any particular group. When it becomes that, it will be an economic dictatorship, but this seems to be precisely what some political leaders are asking for while protesting they do not want it.

You may hate or like the President. That is the privilege of anyone. But it is not the privilege of anyone to attempt to destroy the functions of the Presidency.

That way lies ultimate anarchy, without in the slightest degree solving the big problems which confront us of how to live, even survive, in a world in confusion and turbulence, both totalitarian and what we also bear responsibility for having brought upon ourselves by the naive belief that nothing finally ever has to be paid for.

SEVENTY-FIFTH ANNIVERSARY OF THE UNIVERSITY OF WYOMING

Mr. HICKEY. Mr. President, July 2 will mark the 100th anniversary of the Morrill Act, which established the great land-grant college program in the United States.

This act has great significance for every man, woman, and child in this country, as it provided opportunity for thousands of Americans to obtain college educations, but it has a special significance for those of us who actually had the advantage of attending these fine institutions made possible by the Land Grant Act. The University of Wyoming, where I received my higher education, is one of these, and I think I am not being merely loyal to my own school when I say that it has developed into one of the leading universities of this Nation.

This year the University of Wyoming celebrated its 75th anniversary and, as a part of that celebration, dedicated a number of new buildings on the campus. I was happy to be present at commencement and at the dedication of these fine new structures which have been added to the university. And I was honored that another Member of this body, the able and distinguished Senator from Mississippi, Senator JOHN STENNIS, who received an honorary degree from the university, made the chief address at the dedication ceremonies.

His remarks were inspirational, embodying very well the traditions of the land-grant colleges. I ask unanimous consent that his address be printed in the RECORD so that other Senators may have the privilege of reading this excellent speech.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

VISION AND FAITH FOR THE FUTURE

It is an inspiration to be in big, beautiful Wyoming to participate in this program, dedicating 43 buildings of worth, service and beauty as a part of your university.

I count it a privilege to work closely in Washington with GALE MCGEE and JOE HICKEY, your able and valuable representatives in the U.S. Senate. I also served with your former Senators, Joe O'Mahoney, Lester Hunt, and Frank Barrett. During my years in Washington, the State of Wyoming has always been well and creditably represented indeed in the Senate.

Today, we dedicate these fine and useful buildings to generations which have preceded us and to generations yet to come—to our predecessors who achieved many triumphs for humanity and to the men and women of the future who will someday possess the awesome responsibility for our country's destiny.

The founders of the University of Wyoming were truly men and women of vision. Time has recorded how well they planned.

Today is a long call from the university's opening day with a handful of students and a faculty of six, in an unfinished building on a 17-acre campus. You have grown to an enrollment in excess of 4,500, to a campus of 438 acres, with more than 30 major buildings, and to a rich tradition of service both to the State of Wyoming and to our Nation.

In the testing years since World War II when men, institutions, and governments either fell backward by standing still, or moved forward into broader fields of service, your university's growth and development has been phenomenal. Not only has it increased its enrollment by six-fold and built an attractive and modernized physical plant, but it has also earned and attained outstanding national recognition and prestige. This last milestone has been reached under the inspirational leadership and tireless energy of your president, Dr. G. D. Humphrey, who has had the dedicated support of his staff, his faculty, and all forward-looking leaders and citizens of Wyoming. All have been men and women of vision.

With a deep sense of pride and satisfaction I drove yesterday over your entire campus with Dr. Humphrey. I recalled his decision to come here in 1944, and that he had come to Wyoming because of his attraction to the people of your State and because of the challenge of the assignment. And I realized yesterday that a truly great educational leader and a great people had met, and that this magnificent modern university is the happy result. Duke Humphrey is a man of great purposes. Your State and the Nation have been blessed in that he remained in his great profession, that of the educator, in teaching, training, guiding, and inspiring our youth.

Happily, this dedication coincides with the 100th anniversary of the signing of the Morrill Act which made possible our land grant colleges and universities, outstanding among them, the University of Wyoming and, I would like to add, my own alma mater, Mississippi State University. The Land Grant Act has been correctly described as "the Nation's most important single Government step in the training of scientific and professional personnel." That this act brought the colleges to the people and the people to the colleges is attested by the fact that 100 years ago only 1 American in 1,500 went to college, compared to the 1 in 3 today.

Let God be thanked for the vision, the wisdom, the courage, and the dedication of those men and women who have brought our Nation, your State, and this great university to their present position of development and leadership.

Now let us look to the future.

The prophets of old correctly tell us, "Where there is no vision the people perish." When plans are limited, when there is no thought of tomorrow, when there is no vision, faith, or dedication, accomplishments can only be small and unrewarding. Where there is vision, where there is faith, and where there is courage, the people and their Nation grow strong and prosperous.

Ours is an era of development—an era of scientific exploration.

Never before in history, within one generation, has man's technological progress outdistanced so much of his previous experience. There have been more scientific advances within the lifetime of the 17-year-old boy of today than in the previous 1,500 years.

The most significant and far-reaching scientific and technological achievements of the past two decades are those connected with the harnessing and development of atomic power and with unmanned and manned exploration of space. These two breakthroughs can largely dominate the next century.

In July 1945 the first atomic bomb was exploded. The awesome light and noise of that desert explosion marked the beginning of the atomic age—the age which has changed our entire concept of peace and war.

In the harnessing of atomic power for peaceful purposes the surface has barely been scratched. However, this field is not being neglected.

Many peaceful uses of atomic energy hold great promise, among them, in particular, the generation of electricity.

Another is the use of atomic power for propulsion. We already have nuclear propelled submarines which have traveled the equivalent of more than twice around the world before having to refuel.

There is promise in the development of nuclear rocket engines for space missions, perhaps for the manned mission to the moon.

The use of radioisotopes is already established in medicine and biological research, agriculture, animal husbandry, and industry.

The plowshare program of the Atomic Energy Commission is demonstrating that nuclear explosives themselves can be used for a variety of peaceful industrial uses, such as excavation projects, the tapping of water and mineral resources, and possible heat reservoirs.

I can well remember my deep concern in the weeks and months of hearings our Preparedness Subcommittee held following the launching of Sputnik I in October 1957. We were shocked into the realization that we must push our space program to the utmost, or else have a second-best role in space and thus become a second-best Nation. Our progress since then has been great.

From a military viewpoint, space vehicles can be used to police the skies, sending television pictures and reports back to earth to warn us against impending hostilities. Space platforms can be orbited from which missiles could be launched by radio signal from command posts on the ground. Manned space vehicles are being developed at this time. Other potential military applications of space include antimissile missiles, early warning and detention systems, and many others.

We have learned also of the tremendous potential for the peaceful uses of space research. Satellites can be used for a system of global communications.

Making its way through Congress now is a bill which sets up a private corporation to own and operate communication satellites to receive telephone and television signals from earth and transmit them instantly to a telephone or a television set anywhere in the world—truly an instantaneous worldwide communications system.

Satellites also can be used to improve navigation, enabling ships and planes to calculate precisely their location, night or day, and in all kinds of weather. Weather satellites can greatly improve our weather prediction processes, and can predict storms so that measures can be taken to save lives and prevent property damage.

We have launched one satellite which traveled more than 22½ million miles out into the atmosphere, all the while transmitting radio signals back to earth, receiving for the first time such signals from the vicinity of other planets.

In recent weeks, we have launched an orbiting solar observatory which will permit a closer look at other planets unhampered by the earth's atmosphere. We have also launched a space vehicle which hit the moon.

We have been successful in each of our manned space flights, but have just scratched the surface.

When Col. John Glenn testified before our Senate Space Committee following his orbital flight, I asked him this question: "What place in the development of our airpower would be comparable to where we are now in space vehicles and flights?" He replied, "We have just completed the third hop at Kitty Hawk, N.C. We are certainly not beyond that point."

We cannot rest upon our laurels. It is the future which is our concern, our opportunity and our challenge.

These illustrations clearly show the new demands upon and opportunities for our graduates. We need and require a new generation of scientists, engineers, chemists, physicists, technicians, doctors, and others of scientific skill and competence.

These demands upon succeeding graduation classes will continue as we come to grips with problems and challenges in the decades ahead.

Let us remember: It is a new world we face.

I am not discouraged about the future. Rather, I am confident that our people have the vision, the courage, the skill, and the faith to meet these tremendous challenges.

Opportunities correspond to the new challenges. Along with the new fields of atomic power and space we must meet new phases of old problems.

Beyond all doubt, we now have a military striking power far superior to that of any nation, on constant alert, ready for instant use. Not only could we survive any attack on us, but we would have the retaliatory striking power left to destroy the aggressor. Because of our position of world leadership, we must maintain this strong military power for years to come.

In the field of world trade, we face an economic rather than a military threat.

In addition, we are constantly challenged in the field of international politics and policy. We are—and properly so—following a sterner and firmer line. In our response to the Berlin crisis of last year, in the subsequent call-up, and in sending extra troops to Europe, we effectively called Khrushchev's hand in connection with his then demands on Berlin. Our response was heard loud and clear in the Kremlin, and we also let the rest of the world know we would not be pushed around.

The fact that we kept our Atlantic Fleet off the shores of the Dominican Republic during critical and crucial days last fall no doubt prevented another Castro from reaching a position of power. We have sent formidable military forces into Thailand. And we are making it clearer to our allies that in the future, we will help only those who help themselves.

Although formidable, these are not insurmountable problems. The answer and the solution can be found in the field we are emphasizing today. It is through the training and the elevation of the human mind that mankind has, throughout the ages, developed and moved forward.

These magnificent buildings we dedicate today, and the broad, forward-looking programs they support speak nobly for the people of Wyoming and your efforts in building this truly great university. In so doing, not only are you serving your own generation, but you are looking to the future and anticipating the needs of future generations. And you are also protecting and fostering our American ideals in making them stronger for the coming years.

I have discussed the material things—the things "without."

Things "within" are also necessary—determination, self-sacrifice, purpose, honor, spiritual values. Two generations ago the great political and spiritual leader, Woodrow Wilson, summed it up when he said: "The sum of the whole matter is this, that our civilization cannot survive materially unless it is redeemed spiritually."

Love of country must convert our material strength and our material success into spiritual greatness. May God sustain us as we face the future with vision and with courage.

MODERN ECONOMICS

Mr. BYRD of Virginia. Mr. President, a syndicated newspaper column by Walter Lippmann was widely published across the country during the week of June 10–17, 1962. It appeared in the Washington Post under the heading of "The President at Yale."

The burden of the column appeared to be a commendation of those who are attempting to reeducate some of our leaders in the subject of modern economics.

For reasons of his own Mr. Lippmann included me among his examples. I quote directly from his column:

> Governor Rockefeller understands modern economic doctrine, but men like General Eisenhower and Senator Byrd talk as if they had never read a book on economic matters that has been written since the great depression of 1929.

I am not sure what books on economics Mr. Lippmann would recommend, or what authors please him; but there were some fundamental truths written before 1929 by authors for whom I am sure Mr. Lippmann has respect.

I suggest for his review Rudyard Kipling's "The Gods of the Copybook Headings." It was written in 1919.

Under the circumstances I have mentioned, I ask unanimous consent that Mr. Lippmann's column and Mr. Kipling's "The Gods of the Copybook Headings" be published in the Record as part of these remarks.

There being no objection, the matters referred to were ordered to be printed in the Record, as follows:

THE PRESIDENT AT YALE

(By Walter Lippmann)

At Yale on Monday the President made a most important address—for the domestic economy the most significant, it seems to me, since he was inaugurated. In it he described, as he has never before done so explicitly, what it is that is new in the New Frontier.

Unlike Franklin Roosevelt's New Deal, the Kennedy administration is not working for a change in the balance of social forces within the country. Roosevelt used the power of the Federal Government to increase the influence of agriculture and of labor, as compared with the influence of business, and of the underveloped South and West as compared with the Northeast.

The battles of the New Deal era were in the classic pattern of social struggle, of the have-nots against the haves.

These battles were won by Roosevelt and a new balance of forces was firmly established. This was proved during the 8 years of President Eisenhower when there was no attempt to repeal and undo the New Deal.

The Kennedy administration begins where Eisenhower left off. It is not seeking another change in the structure of American society but on the contrary, to make more efficient the existing balance of forces.

It is confronted, however, with a cultural gap, that is to say with popular beliefs about the economy that are a generation out of date.

With rare exceptions the leaders of both parties hold to economic doctrines that have long since been abandoned as antiquated by all the progressive and advanced countries of the world.

Governor Rockefeller understands modern economic doctrine, but men like General Eisenhower and Senator Byrd talk as if they had never read a book on economic matters that has been written since the great depression of 1929.

If President Kennedy is to fulfill his promises, if he is to raise the American economy from the creeping stagnation that has come upon it in the second half of the fifties, if he is to recover the industrial preeminence that we once had and have now lost, the administration will have to do a mighty job of public reeducation.

If our leaders do not learn to understand modern economics, we shall not be able to operate successfully the modern economy.

It is this work of reeducation that the President began at Yale. It was a very good beginning. But, of course, one speech will not do what needs to be done—which is to close the cultural gap and put American public opinion and American political debate in touch with the realities of the modern age.

This reeducation is not a fight between good men and bad men, between rich men and poor men, between Republicans and Democrats. It is, like all education, a search for enlightenment in which all who participate bravely will be the winners.

THE GODS OF THE COPYBOOK HEADINGS

(By Rudyard Kipling, 1919)

As I pass through my incarnations in every age and race,
I make my proper prostrations to the gods of the marketplace.
Peering through reverent fingers I watch them flourish and fall,
And the gods of the copybook headings, I notice, outlast them all.

We were living in trees when they met us. They showed us each in turn
That water could certainly wet us, as fire would certainly burn:
But we found them lacking in uplift, vision and breadth of mind,
So we left them to teach the gorillas while we followed the march of mankind.

We moved as the spirit listed. They never altered their pace,
Being neither cloud nor wind-borne like the gods of the marketplace;
But they always caught up with our progress, and presently word would come
That a tribe had been wiped off its icefield, or the lights had gone out in Rome.

With the hopes that our world is built on, they were utterly out of touch.
They denied that the moon was Stilton; they denied she was even Dutch.
They denied that wishes were horses; they denied that a pig had wings.
So we worshipped the gods of the market who promised these beautiful things.

When the Cambrian measures were forming, they promised perpetual peace.
They swore, if we gave them our weapons, that the wars of the tribes would cease.
But when we disarmed they sold us and delivered us bound to our foe,
And the gods of the copybook heading said: "Stick to the Devil you know."

On the first feminian sandstones we were promised the fuller life
(Which started by loving our neighbour and ended by loving his wife)
Till our women had no more children and the men lost reason and faith,
And the gods of the copybook headings said: "The wages of sin is death."

In the carboniferous epoch we were promised abundance for all,
By robbing selected Peter to pay for collective Paul;
But, though we had plenty of money, there was nothing our money could buy,
And the gods of the copybook headings said: "If you don't work you die."

Then the gods of the market tumbled, and their smooth-tongued wizards withdrew,
And the hearts of the meanest were humbled and began to believe it was true
That all is not gold that glitters, and two and two make four—
And the gods of the copybook headings limped up to explain it once more.

As it will be in the future, it was at the birth of man—
There are only four things certain since social progress began:—
That the dog returns to his vomit and the sow returns to her mire,
And the burnt fool's bandaged finger goes wabbling back to the fire;

And that after this is accomplished, and the brave new world begins
When all men are paid for existing and no man must pay for his sins,
As surely as water will wet us, as surely as fire will burn,
The gods of the copybook headings with terror and slaughter return!

"FROM THE FISCAL WILDERNESS"

Mr. BYRD of Virginia. Mr. President, the leading editorial in the Wall Street Journal of Friday, June 22, 1962, was entitled "From the Fiscal Wilderness."

The editorial deals with our domestic fiscal condition and the run on our gold from abroad, and—quoting Treasury officials—shows the relation between the two situations.

It is an editorial which should be read by Members of Congress and the general public as well. For this reason I ask unanimous consent to have it published in the RECORD as part of these remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FROM THE FISCAL WILDERNESS

The Kennedy government came to office in the wake of a run on our gold reserves, and ever since it has talked about its efforts to reduce the balance-of-payments deficit, stanch the flow of gold, and thus restore international confidence in the dollar.

And yet, 18 months later, foreign worry about the dollar is, if anything, growing. The payments deficit is still huge. This year's gold loss promises to be bigger than last year's. Rumors of dollar devaluation by raising the price of gold have jacked up the price of gold mining shares in otherwise declining stock markets. This is occasioning increasingly frequent official denials that any devaluation is even remotely contemplated.

What is the matter? Why are foreigners, who have the capacity to just about wipe out what is left of our gold reserve, unconvinced about the dollar's future?

We think Treasury Under Secretary Robert Roosa gave the answer simply and well in testimony before the Senate Banking Committee this week. He said that foreign confidence in the dollar depends mainly on a steady reduction of the payments deficit accompanied by U.S. Government fiscal responsibility. While he thought European financiers might not take further fright from next year's proposed tax cuts, he suggested that they would definitely like to see a ceiling on Federal spending.

On the same day, by coincidence or otherwise, Treasury Under Secretary Henry Fowler sought to calm the fears about foreign fears. Most significantly, he observed the European bankers won't be unduly concerned about U.S. fiscal policy "provided it is disciplined and controlled and is not allowed to contribute to an inflationary surge.

Fiscal responsibility. Fiscal discipline and control. When one hears such words one wonders if they are really coming from the same administration that includes Walter Heller and others who are so eager to build more deficits. For by all indications, including statements from the President, the present policy calls for a new inflationary, deficit-spending binge.

Well, the blunt truth is that Mr. Heller is wrong and Mr. Roosa is right. The Europeans know it. Reputable economists know it. Bankers at home and abroad know it.

As John Exter, senior vice president of the First National City Bank, has put it: "The great leaders of history have seen the importance of sound money. In our time Adenauer and Erhard saw it and worked the German miracle. De Gaulle saw it and revitalized France. In Italy Einaudi saw it. In Austria Kamitz saw it."

Bringing the point directly to bear on our dollar troubles, Mr. Exter said that there is a lot of mystique and confusion about the payments deficit but that it is much simpler than it looks. The deficit is the result of loose Government financial policies at home and abroad: "It is a question of creating too much money."

Perhaps the saddest part of the whole sorry business is the way some administration officials insist on pouring mystical and confusing words over the central problem. President Kennedy himself says that such questions are terribly complicated and can't be answered by economic cliches. That can hardly be described as facing up to the fact that the lack of confidence in the dollar is the consequence of years of Government overspending coupled with this newly declared policy of continuing the same drastic course.

For the sake of all of us, we wish the President would listen to the voice of history—and to the rare voices of reason from Washington's wilderness.

NATIONAL SERVICE LIFE INSURANCE TO VETERANS

Mr. LONG of Louisiana. Mr. President, it is my pleasure to announce that today the chairman of the Senate Committee on Finance has received letters from the Director of the Budget Bureau and the Administrator of the Veterans' Administration which I feel will go a long way in resolving the impasse on certain veterans' legislation.

As most of us are aware, the Senate has on numerous occasions, including twice in this Congress, passed bills to permit for a certain period of time the granting of national service life insurance to veterans formerly eligible for such insurance, but such bills have never been acted upon by the House Membership.

This Congress the NSLI reopening bill was a part of two other pieces of veterans' legislation, perhaps the more important of which is the bill to raise the compensation rates for disabled veterans. The disabled veterans' compensation rate increase bill has great importance and strong support; but it has not been enacted into law because of the refusal of the House Veterans' Affairs Committee to have it considered by the full House, along with the NSLI reopening bill.

As I said, I believe that this impasse will shortly be resolved because today the Bureau of the Budget has said it has no objections to the passage of an NSLI reopening bill, and the Veterans' Administration has said that it supports such a bill.

This is a change on the part of these two agencies of the administration, for they both opposed such legislation in the past. However, a reexamination of the merits of the legislation under the capable leadership of President Kennedy, the Veterans' Administration Administrator, Mr. Gleason, and the Bureau of the Budget Director, Mr. Bell, has led the administration to the conclusion that such legislation can be enacted without detriment.

There are some modifications which the Veterans' Administration and the Bureau of the Budget evidently feel should be made, but I feel that these modifications can be accepted and a bill sent to the Senate by the Finance Committee which will satisfy not only the administration but also those of us who have long sought such legislation.

Therefore, it is my hope that the Finance Committee will soon act on NSLI reopening legislation, send it to the Senate, and that the Senate will pass it so that the House will have another opportunity to consider this very important proposal. I now feel there is great hope that, before this Congress adjourns, we shall have enacted into law a proposal to allow millions of veterans an opportunity to take out national service life insurance.

At this point in my remarks, I ask unanimous consent that there be printed the letters from the Bureau of the Budget Director and the Veterans' Administration Administrator to the chairman of the Senate Finance Committee. Along with the letter from the Veterans' Administration, there was transmitted to the Senate Finance Committee a draft copy of a bill to reopen national service life insurance, which closely parallels my most recent bill in this area, S. 3289.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF
THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 27, 1962.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate,
New Senate Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your letter of May 24, 1962, requesting the views of the Bureau of the Budget on S. 3289, a bill "to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to veterans heretofore eligible for such insurance."

S. 3289 would establish a 1-year period, beginning approximately 1 year after the date of enactment, during which nondisabled servicemen and veterans, who served in the Armed Forces of the United States, during the period between October 8, 1940, and January 1, 1957, would be eligible to apply for new insurance under the national service life insurance program, or increase protection now held, up to a maximum $10,000. The bill would establish a new trust fund, designated the postservice insurance fund, to receive income from premiums, investments, and appropriated funds, and to pay claims, dividends, and administrative costs. Nondisabled veterans and servicemen who applied for such insurance during the 1-year period would be charged for the additional administrative costs resulting from their participation in the insurance program. S. 3289 would also permit service-disabled servicemen and veterans to be granted insurance under the nonparticipating service-disabled veterans insurance program during the same 1-year period.

S. 3289 is, therefore, similar in many fundamental respects to S. 977, upon which the Bureau of the Budget reported adversely to your committee July 5, 1961. Our reasons for opposing enactment of legislation to reopen the veterans' insurance program as reflected in our report on S. 977 related to the serious problems we foresee in relation to existing servicemen's and veterans' survivor benefits programs; the lack of relationship between the proposed reopening and any service-related need or Government obligation; the lapse of time, both since the termination of the military service periods and the closing of the insurance program; the duplication of the facilities and resources of commercial insurance companies which would occur; and the significant cost to the Government involved.

We have carefully reviewed our previously expressed position. While the review has confirmed our view that there is no compelling need or Government obligation to reopen those long-closed insurance programs, the Bureau of the Budget would not object to a limited period of reopening during which eligibility to take out insurance and keep it in force would be restricted to those not in military service who between October 8, 1940, and January 1, 1957, would have been eligible for insurance. If so limited, our most serious concern would be eliminated—i.e., the potential adverse impact of reopening on the existing comprehensive program of benefits for servicemen and for exservicemen deceased from service-connected causes. We believe that rates for this insurance should be based on the most modern actuarial tables, that it should be fully self-supporting as to administrative expenses and benefit costs, and that the policies issued should be nonparticipating (any surplus funds to be transferred to the general fund of the Treasury).

In summary, therefore, while we do not regard legislation of this sort as necessary, the Bureau of the Budget would not object to legislation limited along the lines outlined above if the Congress sees fit to enact such legislation.

The Veterans' Administration is transmitting a draft bill, in its report to the committee, which provides an acceptable program for reopening.

Sincerely yours,

DAVID E. BELL,
Director.

JUNE 27, 1962.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your request for a report on S. 3289, 87th Congress, I am pleased to recommend favorable action by your committee on legislation to authorize, for a limited period, the granting of national service life insurance to veterans heretofore eligible for such insurance.

As you know, the Veterans' Administration submitted an unfavorable report to your committee last year on a bill with a similar purpose. Our position at that time reflected a continuation of the policy of previous administrators regarding the role of the Government in activities of a commercial type such as the life insurance program. Since then, the whole subject has been carefully studied and reevaluated and I have concluded that the withdrawal in 1951 of the privilege theretofore granted to millions of World War II veterans to secure insurance—many of whom had not yet determined their insurance needs—may well have caused hardship or unwise decision in many instances. I believe, therefore, that an extension of this privilege, for a limited period, to veterans who were previously eligible for insurance by reason of service to their country is appropriate. Further, with respect to veterans who served prior to 1951, adequate recognition has not been given to the obligation of the Government toward those veterans whose insurability has been seriously impaired, if not lost, by reason of their service-incurred disabilities. This legislation would properly meet that obligation.

For the above reasons I strongly urge that the Congress enact legislation having the basic objectives of S. 3289. However, to avoid the pyramiding of survivor benefits for deaths in the active service I suggest that the bill be amended to restrict eligibility to take out insurance and keep it in force to those not in the active military service who between October 8, 1940 and January 1, 1957, were eligible for insurance. For administrative reasons I also believe it would be desirable to make such insurance nonparticipating. Veterans' Administration representatives will be pleased to furnish such technical assistance as your staff may desire in developing appropriate language for such amendments.

There is enclosed a detailed analysis covering the provisions of S. 3289; the legislative history of the insurance program since 1940; and data regarding the administrative and other cost aspects of the bill.

We understand that the Bureau of the Budget, in a separate report, is advising your committee that there is no objection to legislation on this subject, if limited along the lines covered by the above suggested amendments.

Sincerely,

J. S. GLEASON, Jr.,
Administrator.

AMENDMENT AND EXTENSION OF SUGAR ACT OF 1948

The VICE PRESIDENT. Is there further morning business? If not, the Chair lays before the Senate the unfinished business, which the clerk will read by title.

Without objection, the Senate resumed the consideration of the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended, which had been reported from the Committee on Finance, with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Sugar Act Amendments of 1962".

SEC. 2. Section 201 of the Sugar Act of 1948, as amended, is amended as follows: by striking out of the last sentence thereof, all of the language following the phrase "in addition to the consumption, inventory, population, and demand factors above specified and the level and trend of consumer purchasing power," and by adding after such phrase the following language: "shall take into consideration the relationship between the price for raw sugar that he estimates would result from such determination and the parity index, as compared with the relationship between the average price of raw sugar during the three-year period 1957, 1958, and 1959, and the average of the parity indexes during such three years, with the view to attaining generally stable domestic sugar prices that will carry out over the long term the price objective previously set forth in this section. The term 'parity index' as used herein shall mean such index as determined under section 301 of the Agricultural Adjustment Act of 1938, as amended, and as published monthly by the United States Department of Agriculture."

SEC. 3. Section 202 of such Act is amended to read as follows:

"SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

"(a) (1) For domestic sugar-producing areas, by apportioning among such areas five million eight hundred and ten thousand short tons, raw value, as follows:

"Area	Short tons, raw value
Domestic beet sugar	2,650,000
Mainland cane sugar	895,000
Hawaii	1,110,000
Puerto Rico	1,140,000
Virgin Islands	15,000
Total	5,810,000

"(2) (A) To the above total of five million eight hundred and ten thousand short tons, raw value, there shall be added an amount equal to 65 per centum of the amount by which the Secretary's determination of requirements of consumers in the continental United States for the calendar year exceeds nine million seven hundred thousand short tons, raw value. Such additional amount shall be apportioned between the domestic beet sugar area and the mainland cane sugar area on the basis of the quotas for such areas established under paragraph (1) of this subsection and the amounts so apportioned shall be added to the quotas for such areas.

"(B) Whenever the production of sugar in Hawaii, Puerto Rico, or in the Virgin Islands in any year subsequent to 1961 results in there being available for marketing in the continental United States in any year sugar in excess of the quota for such area for such year established under paragraph (1) of this subsection, the quota for the immediately following year established for such area under paragraph (1) of this subsection shall be increased to the extent of such excess production: Provided, That in no event shall the quota for Hawaii, Puerto Rico, or the Virgin Islands, as so increased, exceed the quota which would have been established for such area at the same level of consumption requirements under the provisions of section 202(a) of the Sugar Act of 1947, as amended, in effect immediately prior to the date of enactment of the Sugar Act Amendments of 1962.

"(b) For the Republic of the Philippines, in the amount of nine hundred and fifty-two thousand short tons of sugar as provided under section 201 of the Philippine Trade Agreement Revision Act of 1955.

"(c) (1) For the six-month period ending December 31, 1962, for foreign countries other than the the Republic of the Philippines an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of (i) the quotas established pursuant to subsections (a) and (b) of this section, (ii) the amount of nonquota purchase sugar authorized for importation between January 1 and June 30, 1962, inclusive, pursuant to Sugar Regulation 820, and (iii) the quotas for foreign countries other than the Republic of the Philippines established by Sugar Regulation 811 for the six-month period ending June 30, 1962.

"(2) For the calendar year 1963 and for each subsequent year, for foreign countries other than the Republic of the Philippines, an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of the quotas established pursuant to subsections (a) and (b) of, this section.

"(3) (A) The quotas for foreign countries other than the Republic of the Philippines determined under paragraphs (1) and (2) of this subsection, less, for 1962, the sum of seven hundred and nine short tons, raw value, and the allocations made under subparagraph (C), and, for 1963 and each year thereafter, the sum of fourteen hundred and sixteen short tons, raw value, and the allocations made under subparagraph (C), shall be prorated among such countries on the following basis:

"Country	Per centum
Cuba	88.85
Peru	3.73
Dominican Republic	3.31
Mexico	2.75
Nicaragua	.54
Haiti	.26
Netherlands	.14
China	.14
Panama	.14
Costa Rica	.14
Total	100.00

"(B) For the six-month period ending December 1962, Canada, United Kingdom, Belgium, British Guiana, and Hong Kong shall be permitted to import into the continental United States the amount of sugar allocated to each in Sugar Regulation 811, issued December 11, 1961 (26 F.R. 11963). For the calendar year 1963 and for each subsequent year, Canada, United Kingdom, Belgium, British Guiana, and Hong Kong shall be permitted to import into the continental United States a total of fourteen hundred and sixteen short tons of sugar, raw value, which amount shall be allocated to such countries in amounts as specified in Sugar Regulation 811, as amended, issued March 31, 1961 (26 F.R. 2774).

"(C) For the six-month period ending December 1962, the Secretary is authorized to allocate to foreign countries not enumerated in subparagraph (A) or (B) an amount of sugar, raw value, not exceeding in the aggregate five thousand short tons. For the calendar year 1963 and for each year thereafter, the Secretary is authorized to allocate to foreign countries not enumerated in subparagraph (A) or (B) an amount of sugar, raw value, not exceeding in the aggregate ten thousand short tons. Each foreign country to which an allocation is made under the provisions of this subparagraph for any period or year shall be permitted to import into the continental United States the amount of sugar allocated to it by the Secretary.

"(4) Notwithstanding the provisions of paragraph (3) of this subsection, whenever the United States is not in diplomatic relations with any country named in paragraph (3) of this subsection and during such period after resumption of diplomatic relations with such country as the Secretary determines is required to permit an orderly adjustment in the channels of commerce for sugar, the proration or allocation provided for in paragraph (3) of this subsection shall not be made to such country, and a quantity of sugar not to exceed an amount equal to the proration or allocation which would have been made but for the provisions of this paragraph, may be authorized for purchase and importation from foreign countries, except that all or any part of such quantity need not be purchased from any country with which the United States is not in diplomatic relations, or from any country designated by the President whenever he finds and proclaims that such action is required in the national interest.

"(5) Sugar authorized for purchase pursuant to paragraph (4) of this subsection shall be raw sugar, except that (i) sugar testing in excess of ninety-nine degrees polarization may be authorized for purchase to be further refined or improved in quality in the United States, and (ii) if the Secretary determines that raw sugar is not reasonably available, he may authorize for purchase for direct consumption such quantity of sugar as he determines may be required to meet the requirements of consumers in the United States.

"(d) Whenever in any year any foreign country with a quota or proration thereof of more than ten thousand short tons, raw value, fails to fill such quota or proration by more than 10 per centum and at any time during such year the world price of sugar exceeds the domestic price, the quota or proration thereof for such country for subsequent years shall be reduced by an amount equal to the amount by which such country failed to fill its quota or proration thereof, unless the Secretary finds that such failure was due to crop disaster or force majeure or finds that such reduction would be contrary to the objectives of this Act. Any reduction hereunder shall be prorated in the same manner as deficits are prorated under section 204."

Sec. 4. Section 204 of such Act is amended to read as follows:

"Sec. 204. (a) The Secretary shall from time to time determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugarbeets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any area or country will be unable to market the quota or proration for such area or country. If the Secretary determines that any domestic area or foreign country will be unable to market the quota or proration for such area or country, he shall revise the quota for the Republic of the Philippines and the prorations for foreign countries named in section 202(c)(3)(A) by prorating an amount of sugar equal to the deficit so determined to such countries without a deficit on the basis of the quota for the Republic of the Philippines and the prorations for such countries then in effect: *Provided*, That no part of any such deficit shall be prorated to any country not in diplomatic relations with the United States. If the Secretary determines that any foreign country will be unable to fill its share of any deficit determined under this section, he may apportion such unfilled amount on such basis to the Republic of the Philippines and such other foreign countries named in section 202(c)(3)(A) as he determines is required to fill any such deficit: *Provided*, That no such apportionment shall be made to any foreign country not in diplomatic relations with the United States. If the Secretary determines that neither the Republic of the Philippines nor the countries named in section 202(c)(3)(A) can fill all of any such deficit whenever the provisions of section 202(c)(4) apply, he shall add such unfilled amount to the quantity of sugar which may be purchased pursuant to section 202(c)(4), and whenever section 202(c)(4) does not apply he may apportion such unfilled amount on such basis and to such foreign countries in diplomatic relations with the United States as he determines is required to fill such deficit.

"(b) The quota established for any domestic area or the Republic of the Philippines under section 202 shall not be reduced by reason of any determination of a deficit existing in any calendar year under subsection (a) of this section."

Sec. 5. (a) Section 205(a) of such Act is amended by inserting in the second sentence thereof immediately after "sugarbeets or sugarcane" the following: ", limited in any year when proportionate shares were in effect to processings".

(b) Section 205(a) of such Act is further amended by inserting after the second sentence thereof the following new sentence: "The Secretary is also authorized in making such allotments, whenever there is involved any allotment that pertains to a new sugarbeet processing plant or factory serving a locality having a substantial sugarbeet acreage for the first time or that pertains to an existing sugarbeet processing plant or factory with substantially expended facilities added to serve farms having a substantial sugarbeet acreage for the first time, to take into consideration in lieu of or in addition to the foregoing factors of processing, past marketings, and ability to market, the need of establishing an allotment which will permit such marketing of sugar as is necessary for reasonably efficient operation of any such new processing plant or factory or expanded facilities during each of the first two years of its operation."

Sec. 6. Section 206 of such Act is amended to read as follows:

"Sec. 206. The sugar or liquid sugar in any product or mixture, which the Secretary determines is the same or essentially the same in composition and use as a sugar-containing product or mixture which was imported into the United States during any three or more of the five years prior to 1960 without being subject to a quota under this Act, shall not be subject to the quota and other provisions of this Act, unless the Secretary determines that the actual or prospective importation or bringing into the United States or Puerto Rico of such sugar-containing product or mixture will substantially interfere with the attainment of the objectives of this Act: *Provided*, That the sugar and liquid sugar in any other product or mixture imported or brought into the United States or Puerto Rico shall be subject to the quota and other provisions of this Act unless the Secretary determines that the actual or prospective importation or bringing in of the sugar-containing product or mixture will not substantially interfere with the attainment of the objectives of this Act. In determining whether the actual or prospective importation or bringing into the United States or Puerto Rico of any sugar-containing product or mixture will or will not substantially interfere with the attainment of the objectives of this Act, the Secretary shall take into consideration the total sugar content of the product or mixture in relation to other ingredients or to the sugar content of other products or mixtures for similar use, the costs of the mixture in relation to the costs of its ingredients for use in the United States or Puerto Rico, the present or prospective volume of importations relative to past importations, and other pertinent information which will assist him in making such determination. Determinations by the Secretary that do not subject sugar or liquid sugar in a product or mixture to a quota, may be made pursuant to this section without regard, to the rulemaking requirements of section 4 of the Administrative Procedure Act, and by addressing such determinations in writing to named persons and serving the same upon them by mail. If the Secretary has reason to believe it likely that the sugar or liquid sugar in any product or mixture will be subject to a quota under the provisions of this section, he shall make any determination provided for in this section with respect to such product or mixture in conformity with the rulemaking requirements of section 4 of the Administrative Procedure Act."

Sec. 7. Section 207 of such Act is amended to read as follows:

"Sec. 207. (a) The quota for Hawaii established under section 202 for any calendar year may be filled by direct-consumption sugar not to exceed an amount equal to 0.342 per centum of the Secretary's determination for such year issued pursuant to section 201.

"(b) The quota for Puerto Rico established under section 202 for any calendar year may be filled by direct-consumption sugar not to exceed an amount equal to 1.5 per centum of the Secretary's determination for such year issued pursuant to section 201: *Provided*, That one hundred and twenty-six thousand and thirty-three short tons, raw value, of such direct-consumption sugar shall be principally of crystalline structure.

"(c) None of the quota for the Virgin Islands for any calendar year may be filled by direct-consumption sugar.

"(d) Not more than fifty-six thousand short tons of sugar of the quota for the Republic of the Philippines for any calendar year may be filled by direct-consumption sugar as provided under section 201 of the Philippine Trade Agreement Revision Act of 1955.

"(e)(1) Not more than two hundred and fifty thousand short tons, raw value, of sugar of the proration established for Cuba under section 202(c)(3) for any calendar year may be filled by direct-consumption sugar subject to the provisions of paragraphs (4) and (5) of section 202(c).

"(2) The proration established for each foreign country, except Cuba, which receives a proration of more than ten thousand short tons, raw value, under section 202(c)(3), may be filled by direct-consumption sugar to the extent of the quantity determined by prorating among such countries, in the same ratio that each country's proration bears to the total of the prorations for such countries, the quantity determined by applying 1.36 per centum to the quotas for foreign countries established under paragraph (1) or (2) of section 202(c). The proration or allocation established for each foreign country which receives a proration or allocation of ten thousand short tons, raw value, or less under section 202(c)(3), may be filled by direct-consumption sugar.

"(f) This section shall not apply with respect to the quotas established under section 203 for marketing for local consumption in Hawaii and Puerto Rico.

"(g) The direct-consumption portions of the quotas established pursuant to this section, and the enforcement provisions of title II applicable thereto, shall continue in effect and shall not be subject to suspension pursuant to the provisions of section 408 of this Act unless the President acting thereunder specifically finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar which requires the suspension of direct-consumption portions of the quotas."

Sec. 8. Section 208 of such Act is amended to read as follows:

"Sec. 208. A quota for liquid sugar for foreign countries for each calendar year is hereby established as follows: 2,000,000 gallons of sirup of cane juice of the type of Barbados molasses, limited to liquid sugar containing soluble nonsugar solid of more than 5 per centum of the total soluble solids, except that the President is authorized to prohibit the importation of liquid sugar from any foreign country which he shall designate whenever he finds and proclaims that such action is required by the national interest."

Sec. 9. Section 209 of such Act is amended (1) by inserting before the last three words of subsection (a) the words "or proration"; (2) by inserting after the word "proration" in subsection (d) the words "or allocation" and by striking the period at the end of subsection (d) and inserting a semicolon in lieu thereof; and (3) by adding a new subsection (e) to read as follows:

"(e) From bringing or importing into the Virgin Islands for consumption therein, any sugar or liquid sugar produced from sugarcane or sugarbeets grown in any area other than Puerto Rico, Hawaii, or the continental United States."

Sec. 10. (a) Section 211(a) of such Act is amended by striking out the first two sentences thereof.

(b) Section 211(c) is amended to read as follows: "The quota established for any domestic sugar-producing area may be filled only with sugar or liquid sugar produced from sugarbeets or sugarcane grown in such area."

Sec. 11. Section 212 of such Act is amended by inserting after "alcohol," in clause (4) thereof the following: "including all polyhydric alcohols,".

Sec. 12. A new section 213 is added and inserted immediately after section 212 of such Act as follows:

"Sec. 213. (a) An import fee established as provided in subsection (b) of this section shall be paid to the United States as a condition for importing into the continental United States sugar purchased pursuant to paragraph (4) of section 202(c) of this Act. Such fee shall be paid by the person applying to the Secretary for entry and release of sugar. Such payment shall be made in accordance with regulations promulgated by the Secretary.

"(b) Whenever the Secretary determines that the currently prevailing price for raw sugar for the United States market exceeds the market price which he determines, from available information, prevails for raw sugar of foreign countries which may be imported into the continental United States pursuant to paragraph (4) of section 202(c), he shall establish an import fee in such amount as he determines from time to time will approximate the amount by which a domestic price for raw sugar, at a level that will fulfill the domestic price objective set forth in section 201, would exceed the market price for raw sugar (adjusted for freight to New York, and most-favored-nation tariff) of foreign countries which may be imported into the continental United States pursuant to paragraph (4) of section 202(c). Such fee shall be imposed on a per pound, raw value, basis, and shall be applied uniformly to sugar purchased pursuant to paragraphs (4) and (5) of section 202(c).

"(c) As a condition for importing sugar into the continental United States pursuant to paragraph (3) of section 202(c) and section 204(a) of this Act, an import fee shall be paid to the United States during the years 1962, 1963, 1964, 1965, 1966, and succeeding years, which fee in each such year shall be respectively 20, 40, 60, 80, and 100 per centum of the amount which the Secretary determines from time to time will approximate the amount by which a domestic price for raw sugar, at a level that will fulfill the domestic price objective set forth in section 201 would exceed either the prevailing market price for raw sugar (adjusted for freight to New York, and most-favored-nation tariff) of foreign countries which may be imported into the continental United States pursuant to paragraph (4) of section 202(c), or whenever paragraph (4) of section 202(c) does not apply, the prevailing world market price for raw sugar (adjusted for freight to New York, and most-favored-nation tariff). The fee provided for in this paragraph shall be imposed on a per pound, raw value, basis, and shall be applied uniformly, except that the import fee imposed on any direct-consumption sugar during the years 1962, 1963, 1964, 1965, 1966, and succeeding years shall be respectively 0.2, 0.4, 0.6, 0.8, and 1 cent per pound more than the import fee imposed on raw sugar under this paragraph.

"(d) The funds collected as import fees by the Secretary pursuant to the provisions of this section shall be covered into the Treasury as miscellaneous receipts."

Sec. 13. (a) Section 301(b) of such Act is amended by striking out the language "in excess of the proportionate share for the farm, as determined by the Secretary" and inserting in lieu thereof the language "in excess of the proportionate share for the farm, if farm proportionate shares are determined by the Secretary".

(b) Section 302(a) of such Act is amended by striking out the language "for the farm, as determined by the Secretary," and inserting in lieu thereof the language "for the farm, if farm proportionate shares are determined by the Secretary,".

(c) Section 302(b) of such Act is amended to read as follows:

"(b)(1) Whenever the Secretary determines that the production of sugar from any crop of sugarbeets or sugarcane will be greater than the quantity needed to enable the area to meet the quota, and provide a normal carryover inventory, as estimated by the Secretary for such area for the calendar year during which the larger part of the sugar from such crop normally would be marketed, he shall establish proportionate shares for farms in such area as provided in this subsection. In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugarbeets and sugarcane marketed (or processed) for the extraction of sugar or liquid sugar (within proportionate shares when in effect) and the ability to produce such sugarbeets or sugarcane.

"(2) The Secretary may also, in lieu of or in addition to the foregoing factors, take into consideration with respect to the domestic beet sugar area the sugarbeet production history of the person who was a farm operator in the base period, in establishing farm proportionate shares in any State or substantial portion thereof in which the Secretary determines that sugarbeet production is organized generally around persons rather than units of land, other than a State or substantial portion thereof wherein personal sugarbeet production history of farm operators was not used generally prior to 1962 in establishing farm proportionate shares. In establishing proportionate shares for farms in the domestic beet sugar area, the Secretary may first allocate to States (except acreage reserved) the total acreage required to enable the area to meet its quota and provide a normal carryover inventory (hereinafter referred to as the 'national sugarbeet acreage requirement') on the basis of the acreage history of sugarbeet production and the ability to produce sugarbeets for extraction of sugar in each State.

"(3) In order to make available acreage for growth and expansion of the beet sugar industry, the Secretary, in addition to protecting the interest of new and small producers by regulations generally similar to those heretofore promulgated by him pursuant to this Act, shall reserve each year from the national sugarbeet acreage requirement established by him the acreage required to yield 65,000 short tons, raw value, of sugar. The acreage so reserved shall be distributed on a fair and reasonable basis, when it can be utilized, to farms without regard to any other acreage allocations to States or areas within States determined by him and shall be withheld from such other allocations until it can be so utilized. At the time the Secretary distributes the sugarbeet acreage reserve for any year, which determination of distribution shall be made as far in advance of such year as practicable, such distribution shall thereby be committed to be in effect for the year in which production of sugarbeets is scheduled to commence in a locality or localities determined by the Secretary to receive such reserves for such year, and determination of distribution by the Secretary shall be final, and such commitment of the sugarbeet acreage reserve shall be irrevocable upon issuance of such determination of the Secretary by publication in the Federal Register; except that if the Secretary finds in any case that construction of sugarbeet processing facilities and the contracting for processing of sugarbeets has not proceeded in substantial accordance with the representations made to him as a basis for his determination of distribution of the sugarbeet acreage reserve, he shall revoke such determination in accordance with and upon publication in the Federal Register of such findings. In determining distribution of the sugarbeet acreage reserve and whenever proposals are made to construct sugarbeet processing facilities in two or more localities where sugarbeet production is scheduled to commence in the same year, the Secretary shall base his determination and selection upon the firmness of capital commitment, suitability for growing sugarbeets, the proximity of other mills, need for a cash crop or a replacement crop, and accessibility to sugar markets, and the relative qualifications of localities under such criteria. Whenever there is no interest in constructing a new facility to commence production in a certain year, the Secretary shall give consideration to proposals, if any, to substantially expand existing factory facilities and in such event he shall base his determination of distribution of the sugarbeet acreage reserve on the aforementioned criteria and the extent of the proposed substantial expansion or expansions. If proportionate shares are in effect in the two years immediately following the year for which the sugarbeet acreage reserve is committed for any locality, the acreage of proportionate shares established for farms in such locality in each of such two years shall not be less than the smaller of the acreage committed to such farms or the acreage required to yield 50,000 short tons, raw value, of sugar based upon the yield expectancy initially considered by the Secretary in distributing the sugarbeet acreage reserve to such locality.

"(4) The allocation of the national sugarbeet acreage requirement to States for sugarbeet production, as well as the distribution of the sugarbeet acreage reserve, shall be determined by the Secretary after investigation and notice and opportunity for an informal public hearing.

"(5) In determining farm proportionate shares, the Secretary shall, insofar as practicable, protect the interests of new producers and small producers and the interest of producers who are cash tenants, share tenants, adherent planters, or sharecroppers and of the producers in any local producing area whose past production has been adversely, seriously, and generally affected by drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions.

"(6) Whenever the Secretary determines it necessary for the effective administration of this subsection in an area where farm proportionate shares are established in terms of sugarcane acreage, he may consider acreage of sugarcane harvested for seed on the farm in addition to past production of sugarcane for the extraction of sugar in determining proportionate shares as heretofore provided in this subsection; and whenever acreage of sugarcane harvested for seed is considered in determining farm proportionate shares, acreage of sugarcane harvested for seed shall be included in determining compliance with the provisions of section 301(b) of this Act, notwithstanding any other provisions of section 301(b).

"(7) For the purposes of establishing proportionate shares hereunder and in order to encourage wise use of land resources, foster greater diversification of agricultural production, and promote the conservation of soil and water resources in Puerto Rico, the Secretary, on application of any owner of a farm in Puerto Rico, is hereby authorized, whenever he determines it to be in the public interest and to facilitate the sale or rental of land for other productive purposes, to transfer the sugarcane production record for any parcel or parcels of land in Puerto Rico owned by the applicant to any other parcel or parcels of land owned by such applicant in Puerto Rico."

SEC. 14. Section 304(c) of such Act is amended by striking out the second paragraph thereof and inserting in lieu thereof the following:

"That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:

	"Reduction in the basic rate of payment per hundredweight of such portion
"350 to 700	$.10
700 to 1,000	.20
1,000 to 3,000	.30
3,000 to 6,000	.40
6,000 to 12,000	.50
More than 12,000	.60"

SEC. 15. Section 404 of such Act is amended by inserting ", fees" after the word "penalties" in the second sentence thereof.

SEC. 16. Section 408 of such Act is amended by striking out "(a)" at the beginning thereof and by striking out all of subsection (b) thereof.

SEC. 17. Section 412 of such Act (relating to termination of the powers of the Secretary under the Act) is amended by striking out "1962" in each place it appears therein and inserting in lieu thereof "1967".

SEC. 18. Section 413 of such Act (relating to the effective date of the Sugar Act of 1948 and the termination of the powers of the Secretary under the Sugar Act of 1937) is repealed.

SEC. 19. (a) Section 4501(c) (relating to termination of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "1962" in each place it appears therein and inserting in lieu thereof "1967".

(b) Section 6412(d) (relating to refund of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out "1962" and inserting in lieu thereof "1967" and by striking out "1963" and inserting in lieu thereof "1968".

SEC. 20. (a) Except as otherwise provided, the amendments made by this Act shall become effective January 1, 1962.

(b) The amendments made by section 6 and section 12 of this Act shall each become effective on the date stated in regulations implementing each of such sections and published in the Federal Register, or sixty days after the date of enactment of this Act, whichever is earlier. The amendment made by section 14 of this Act shall apply only with respect to the 1963 crop year and subsequent crop years.

The VICE PRESIDENT. The committee amendment is a substitute for the provisions of the bill. Under the precedents of the Senate, it is considered as original text for the purpose of amendment, and not as an amendment in the first degree.

Any amendment should be offered to the committee amendment, and will be in the first degree, and subject to amendment in one degree.

Perfecting amendments have precedence over the question of agreeing to the committee substitute.

The Parliamentarian thought it would be wise to have this statement made at this time for the information of the Senate.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

THE SUPREME COURT DECISION ON THE NEW YORK SCHOOL PRAYER

Mr. KEATING. Mr. President, the Supreme Court's decision invalidating the New York school prayer has caused understandable concern.

The noncompulsory recitation of a nondenominational prayer, in my judgment, cannot be reasonably described as the establishment of a religion.

Indeed, I believe that the Court's decision goes much further in interfering with the free exercise of religion, which is guaranteed by the first amendment, than the New York authorities went toward establishing a religion, which is prohibited by the first amendment.

The Constitution requires absolute neutrality among religious faiths but it does not require Government to adopt a sterile or indifferent attitude toward all religion. There is nothing in the Constitution, in my judgment, which requires us to deny to schoolchildren an opportunity to participate in a simple prayer to the Almighty at the beginning of the schoolday. It would be offensive to make such a practice mandatory. It is no less offensive to prohibit by law the inspirational and beneficial value of such a prayer to the young people attending the public schools of America.

Our Constitution has never been held to prohibit tax deductions for contributions Americans make every day to support their churches and temples. Our Constitution has never been held to prohibit the employment of chaplains by the armed services to minister to the spiritual needs of our young soldiers, sailors, and marines, or by the Congress to minister to the spiritual needs of its Members. Our Constitution has never been held to prohibit the donation to religious schools of subsidized food surpluses. Our Constitution has never been held to prohibit the opening of Senate sessions or House sessions with prayer. Invocations have preceded every Presidential inauguration without prior objection from the Supreme Court. These examples can be multiplied endlessly. Religion is part of the fabric of American life—both private and public. The separation of church and state has never been held to require rejection of religion by the state.

For all these reasons, I disagree with the Supreme Court's decision and regret that the views expressed by Justice Stewart in dissent did not prevail.

Having said this, I must also express my concern about some of the reaction to the Supreme Court's decision.

It should not be used as an excuse for another massive assault upon the institution of the Court. Right or wrong, the Supreme Court is a vital part of our Republic, and it does not serve any point of view in this controversy to heap abuse upon its members or to undermine its status. The Supreme Court decision is the law of the land and it will be obeyed by the authorities in New York unless and until it is overturned.

It can be overturned, or modified, in two ways—by a subsequent Court decision, or by a constitutional amendment. There are already suggestions and my reading of the decisions would lead me to feel the suggestions have merit—that the early reports of the scope of the decision were inaccurate and that a key factor in the Court's ruling and perhaps the predominant factor, was the fact that the prayer in use in the New York schools was composed by the State. The fact is that it was composed by the State to assure its interdenominational character and not to extend the scope of State intrusion into religion. Nevertheless, the Court's emphasis on this factor may mean that voluntary, nonsectarian religious exercises in the public schools may still be permissible if the ritual is not prescribed by the State authorities.

Adoption of a constitutional amendment is the other way of overturning the Court's decision.

Several such amendments have already been proposed, including the one offered this morning by our distinguished colleague from Maryland. As a member of the Senate Subcommittee on Constitutional Amendments, I have urged that immediate hearings be held on these proposals. It is important that these measures be given the most careful study. Hasty action can be self-defeating. We are in a delicate area whenever we consider amendments to the Constitution and particularly when a provision of the Bill of Rights is involved. Nevertheless, I am personally sympathetic to the need for a constitutional amendment and believe that if we proceed in a constructive and moderate spirit, we can devise language which will meet the necessities of the case without impairing any of the principles of the first amendment.

REQUEST FOR NEW REPORTS ON S. 792, TO ALLOW A DEDUCTION FOR TUITION AND FEES

Mr. KEATING. Mr. President, last week on "Meet the Press" Secretary of Health, Education, and Welfare Ribicoff discussed the question of Federal aid to private schools. Although Secretary Ribicoff maintained his stand of last year, that Federal grants to elementary and secondary parochial schools are unconstitutional, he did suggest that tax credits or deductions would be a useful and constitutional way to help the parents of children in private schools.

These views came as some surprise to me, since last year I introduced an amendment to provide for a tax deduction for tuition and fees paid to any educational institution, up to $300 a year. The reports which the administration made on my amendment were entirely derogatory, contrasting tax deductions very unfavorably with the already announced administration program. Both the Treasury Department and the Bureau of the Budget opposed tax deductions for parents of those in private schools or institutions of higher learning.

The Treasury Report was particularly disappointing to me at the time because it referred almost exclusively to education at the college or university level, even though my bill was expressly drafted to cover educational and tuition fees, up to $300 a year, at the elementary and secondary level, as well as college or graduate levels. I called for a deduction, rather than a credit, because tax credits are now severely limited, and the chances of success for an amendment along those lines seems to me substantially less than for a tax deduction.

In view of the Secretary's statement and the importance of measures which would provide adequate recognition of educational expenses within our tax framework, I am asking the Treasury Department and the Bureau of the Budget to reconsider the original somewhat cursory reports upon my bill, S. 792, and submit a new report. I am also asking the Department of HEW for a report on my bill, since issues of educational as well as tax policy are clearly involved. I am hopeful that the Secretary's statement will inaugurate new interest in this approach, which I pioneered in February 1961, and a more favorable reaction from the administration.

Secretary Ribicoff indicated also, during "Meet the Press," that he fully supported President Kennedy's program and that he would run on it. In this respect the administration has not agreed with Secretary Ribicoff's views, but I would hope that the Secretary could bring his influence to bear to alter the inflexible stand which the administration has taken with regard to tax deductions, or credits, for educational expenses.

Mr. President, in order to make the record clear, I ask unanimous consent to include in the RECORD relevant excerpts from Secretary Ribicoff's remarks on "Meet the Press" and the adverse reports on my bill from the Treasury Department and the Bureau of the Budget, together with the text of my bill, S. 792.

There being no objection, the excerpts, reports, and bill were ordered to be printed in the RECORD, as follows:

SECRETARY RIBICOFF DISCUSSES FEDERAL AID TO PRIVATE SCHOOLS

Mr. BELL. Well, we know how you stand on medicare. How do you stand on this issue of aid to education as far as aid to parochial schools is concerned? Now at least five educational organizations already are protesting against including direct grants to such schools in the higher education bill which is now in conference committee. What is your view of direct Federal grants to parochial schools?

Secretary RIBICOFF. I would say this, Mr. Bell, I think those organizations are wrong. There is nothing unconstitutional in grants to higher education. To me it seems that the time has come to eliminate the bitterness that has developed in this fight on all educational programs. If we do not eliminate this bitterness we will never have an educational program in America and I do believe that education is vital for the future of our Nation; education is power.

Mr. BELL. Well, do you agree with the President, and I think he has stated this rather decisively, that it is unconstitutional to give aid to secondary parochial schools, direct grants to them?

Secretary RIBICOFF. Well, I would say that across-the-board grants the President has said is unconstitutional.

Mr. BELL. He has said, I believe, that you just pointed out that higher education comes in different category and of course these are hedged in, these grants. I am trying to get at the fundamental belief that you have of whether it is constitutional to provide for the education of children in secondary parochial schools.

Secretary RIBICOFF. Let me say this. I think there are things that can be done that are constitutional. And I would mention them to you. Higher education I think is constitutional. Special purpose grants and loans for the purpose of science, education of science, math, and foreign languages is constitutional. In my opinion auxiliary services that go to the child such as health services, school lunches, bus transportation, school books are constitutional. And there is another method that can be used that has not been talked about too much that I think is constitutional, and that is the use of tax credits and tax deductions. I would advocate this method to be used as an alternative to give to all the children and their parents an equal opportunity and an opportunity for children going to private schools. There are some 6½ million youngsters going to elementary and secondary private schools. They are not all Catholic, Mr. Bell. Out of the 6½ million, 1,200,000 of these go to non-Catholic schools. Let me give you an example of how——

Mr. BELL. I did not say they were all Catholic, Mr. Secretary. I regard a parochial school as a private school, in that sense, and I think that is the accepted sense of it.

Secretary RIBICOFF. That is right. And I would treat all students going to private schools the same way. Now let me show you how the tax credit could work out. Let us assume that there was voted across the board grants to pupils of $20 per pupil. I think under these circumstances it would be fair to give the parents of the child who goes to a private school a tax credit of $20 because in the final analysis these parents are making a great contribution to all education. Those in public school as well as private school. And I do think that as an element of justice they should be entitled to a tax credit. And this is a method that I think with the other three that I outlined, together with the possibility of the use of a shared time approach that could take us out of this great bind, that could take us out of this bitterness and come up with a new discussion, Mr. Bell, on this all-important subject. These five elements could be the basis for a new discussion and a new dialogue in America in the entire field of education.

Mr. BELL. Well, isn't the tax cut program which you are advocating almost exactly the same thing that Senator BARRY GOLDWATER is advocating?

Secretary RIBICOFF. I don't know.

Mr. BELL. He is advocating a tax reduction to make up for local school taxes, which would amount to the same thing.

Secretary RIBICOFF. Well, I don't know whether Senator GOLDWATER advocated it or not. But I would say that we should explore the tax credit and tax deduction feature in order to take care of this great problem, because what we must be interested in in America is a good education of every child whether that child goes to a public school or that child goes to a private school.

Mr. SPIVAK. Mr. Secretary, you are a lawyer. Do you personally think that a Federal aid bill which includes money for classrooms and for teachers' salaries is unconstitutional?

Secretary RIBICOFF. A Federal aid—no. I think that such a bill——

Mr. SPIVAK. Parochial schools too.

Secretary RIBICOFF. For parochial schools?

Mr. SPIVAK. Yes.

Secretary Ribicoff. It would be—across-the-board it would be unconstitutional. But if it were related to a special purpose of this Nation which has nothing to do with religion, such as in the field of math, such as in the field of science, such as in the field of languages, similar to the approach of the National Defense Education Act, under these circumstances and for that purpose I do not think it would be unconstitutional, no.

Mr. Spivak. I know, but if you use the money to build a schoolroom you could not designate it just for math and not other things.

Secretary Ribicoff. Oh yes, you could. There is no reason why you could not use these funds for specific purposes, for a building that would be used for math, science, and languages, and in which religion would not be taught in any course at all.

Mr. Spivak. I know, but if a parochial school were given money to put up a building you would not insist that it just be used for one purpose, one kind of classroom.

Secretary Ribicoff. Under this program, yes. If grants or loans were to be given for such purpose it should be used for that purpose, yes, sir.

Mr. Bell. Mr. Secretary, isn't that just splitting legalistic hairs to say that you can grant Federal funds for a classroom in which mathematics will be taught but you cannot grant Federal funds to a parochial school for a classroom in which something else might be taught?

Secretary Ribicoff. No, Mr. Bell, because there is always a fine line in every law, and basically we are engaged at the present time, and have been for a long period of time, in giving grants to medical schools, for giving grants for research, of fellowships.

Mr. Bell. Has that ever been tested in the Supreme Court?

Secretary Ribicoff. Measures such as this have not been tested in the Supreme Court.

Mr. Bell. So we do not know whether it is constitutional or not?

Secretary Ribicoff. That is right, but I think there are outward limits on which you cannot go, and that is for any measure which would have to do with the teaching of religion I believe would be unconstitutional. I think both sides would agree it would be unconstitutional. But there are some things that you can do. And I would try to confine it to the measures that can be done. And I think that I outlined to you before the measures that could be done constitutionally. You have to confine it to the constitutional means.

Mr. Bell. Just a short question to clear up the political situation. If you are nominated for the Senate in Connecticut do you intend to run as a 100-percent Kennedy New Frontiersman? Do you?

Secretary Ribicoff. Well, I would say that I am part of this administration and I will run on the Kennedy program; yes, sir.

Mr. Bell. Maybe slightly less than a hundred percent?

Secretary Ribicoff. Well, I would say as of the present time everything that President Kennedy has advocated I believe in, and I would run on President Kennedy's program.

Mr. McCormick. I would like to ask just a very quick one then I will turn it over to Mr. Spivak. On this tax deduction in connection with the education bill, that would apply to the parents of students in parochial school; is that correct?

Secretary Ribicoff. Parents of children in all private schools, be they parochial or otherwise.

Mr. McCormick. But I mean this is not a new education program in which we would give a tax allowance for——

Secretary Ribicoff. No, it is not a new educational program. It is what I consider a sense of fairness, and one of the means to get over this great hassle that is taking place, and I do believe that we could do this and do it constitutionally, and there is no constitutional restriction to give this tax credit and deduction to the parents of children who go to private school.

Mr. Spivak. How would the money get to the school itself? You would give it to the parents and they would get the credit, but how would the parochial school get the money?

Secretary Ribicoff. Well, basically, the parents are the ones who basically pay tuition in many private schools, and basically tuition is not a matter that is given a tax credit or tax to deduct at the present time, and by a series of credits or deductions you can equalize the sense of fairness and be within constitutional means.

Mr. Spivak. No, but they are paying that tuition now. If you gave them a $20 credit do you think they would turn that over to the parochial school for buildings or teachers' salaries?

Secretary Ribicoff. That would be entirely up to the parents and their relations with the school.

Mr. Spivak. I do not see how that would do the parochial schools any good.

Secretary Ribicoff. The parents are the ones basically supporting all private education and to the sense you give them sense of equalization at least you leave the parents in a sense of wholeness and they are not having their funds go for education in public schools and private schools at the same time. You are making a basis of equality between the parents who are sending their children to private schools and the public schools, who really receive a federal grant so there is a balancing off.

Mr. Spivak. But the parent who got the $20 credit is likely to keep that credit and the parochial school has to pay extra money for teachers or buildings still would not get the extra money unless the Federal Government gave it to them.

Secretary Ribicoff. The Federal Government would not give to the parochial school. If the private school wanted to raise the tuition to the parents of the children I suppose they could do so, but that would be an arrangement between the private schools and the parents.

Mr. Spivak. I still do not see how it helps the school.

Mr. Brooks. I am sorry, at this point we are going to have to suspend our questions; and thank you very much, Secretary Ribicoff for being with us.

TREASURY DEPARTMENT,
Washington, August 9, 1961.

My Dear Mr. Chairman: This is with reference to your request for reports on six bills relating to tax deductions to aid education: S. 58, S. 391, S. 574, S. 792, S. 843, and S. 1238. All these bills, with the exception of S. 792, propose a deduction for certain expenses paid by a taxpayer in providing a college education for himself, his spouse, or a dependent. Three bills, S. 58, S. 391, and S. 1238, limit the deduction to college tuition and fees, and the first two of these further limit the deduction to $600 a year for each individual. S. 574 extends the deduction to travel and living expenses (up to $1,000 a year for any individual) while away from home attending college, in addition to tuition and fees, books, supplies, and equipment. S. 843 allows the deduction for college tuition and fees, books, meals and lodging, without any dollar limitation.

S. 792 allows a deduction for tuition and fees paid by a taxpayer to an educational institution at any level of education for himself, his spouse, or a dependent. The deduction is limited, however, to $300 a year for any individual and would not apply to individuals receiving State or local financial aid to avoid desegregated schools.

The Treasury Department recognizes that the rising cost of college tuition and other expenses of attending college is making it increasingly difficult for students from families of modest income to obtain a college education. The Treasury believes, however, that a tax deduction along the lines proposed in these bills, whether limited to tuition or extended to a large proportion of the cost of attending college, is not the most effective, economical, and equitable method of giving assistance where it is most needed.

Families not financially able to send their children to college even with the tax allowance would receive no benefit under the bills. In many cases the tax benefit derived from even the most generous deduction proposed in any of these bills would not be sufficient to be a deciding factor in whether the child goes to college. Moreover, persons whose incomes do not exceed their present exemptions and deductions could not receive any benefit from the new deduction. This would include many students who supplement scholarships by vacation and part-time employment while attending college.

Large families with low incomes would receive little or no benefit while families of fairly substantial means who would send their children to college in any event would get the most relief. The effect of the deduction in savings to taxpayers would vary with the taxpayer's bracket rate. For single persons and married persons the tax saving would range from 20 cents on the dollar at the bottom bracket to 91 percent at the top bracket.

The proposed deductions would result in significant loss of revenue. For example, if a taxpayer were allowed a deduction for himself, his spouse, or his dependents for tuition and fees, books and supplies, and for living expenses up to $1,000 while away from home for students attending institutions of higher education, the revenue loss is estimated to be $750 million a year at current levels of attendance and of tuition and living cost. If the same trend in cost and number of college students in recent years continues, the annual loss would be close to $1 billion within the next 2 or 3 years.

If the Federal Government is to give assistance to talented and needy young people, a program of direct aid along the lines proposed by President Kennedy in his education message would be the most efficient and economical means of providing such assistance. The President proposed specifically a 5-year program of scholarships for talented and needy young people which would supplement the private and public scholarship and loan programs established by numerous States, private sources, and the student loan program under the National Defense Education Act. These scholarships would be open to all young persons, solely on the basis of their ability (as determined on a competitive basis) and their financial needs.

The bill, H.R. 7215, which was reported favorably by the House Committee on Education and Labor on May 26, 1961 provides a scholarship program under which financial assistance would be given to superior students who could not otherwise afford to go to college. Direct aid along these lines would be the most efficient means of providing financial assistance to college students.

Also, in recognition of the fact that tuition and fees do not normally cover the institution's actual expense in educating the student, the President recommended that additional allowances to the college or university attended accompany each scholarship to enable these institutions to accept the additional students without charging an undue increase in fees or suffering an undue financial loss. It has been generally recognized that the full benefits of a deduction for college tuition would not necessarily accrue in the long run to taxpayers since colleges could be expected to increase their tuition charges. In fact, some proponents of a deduction for college tuition have urged its adoption on the grounds that such a deduction would make it possible for colleges to increase their tuition without additional costs to parents and others who pay the tuition.

S. 792 which allows a deduction for tuition and fees at all levels of education is subject to the same general objections as the deduction for college tuition, namely, that the deduction would give no help to large families with low incomes who need assistance most.

S. 843, which is included in the above list of bills providing a deduction for college expenses, contains another provision which is designed to encourage contributions to institutions of higher education to be used for scholarships. Specifically, it provides that such contributions shall not be considered charitable contributions for purposes of section 170 (relating to deductions for charitable contributions) other than for purposes of subsection (b)(1)(c) of section 170 (relating to unlimited deduction). The purpose of this provision appears to be to exempt such contributions from the maximum 30-percent limitation under section 170, but at the same time to allow them to be considered as charitable contributions for purposes of the unlimited deduction allowed to individuals whose contributions over a period of years when added to the amount of their income tax constitute a specified proportion of their taxable income. The 1954 code increased the maximum allowable deduction for contributions by individuals to educational institutions from 20 percent to 30 percent of adjusted gross income. This limit seems to provide adequate leeway for reasonable tax recognition of such gifts. In general, gifts do not approach the maximum allowable deduction. A further liberalization of the maximum allowable deduction for contributions to educational organizations would result in requests for similar liberalizations with respect to contributions to other types of tax-exempt organizations. Also, it would be anomalous to provide on the one hand that these particular contributions to educational institutions are not to be treated as charitable contributions for purposes of the maximum limitation but on the other hand provide that they are to be considered charitable contributions for purposes of the unlimited deduction.

In view of the above considerations, the Treasury does not favor the enactment of these bills.

The Bureau of the Budget advises that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

STANLEY S. SURREY,
Assistant Secretary.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 18, 1961.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Bureau of the Budget on: S. 58, S. 391, S. 574, S. 792, S. 843, and S. 1238, bills relating to tax deductions to aid education. All these bills, with the except of S. 792, propose a deduction for certain expenses paid by a taxpayer in providing a college education for himself, his spouse, or a dependent. Three bills, S. 58, S. 391, and S. 1238, limit the deduction to college tuition and fees, and the first two of these further limit the deduction to $600 a year for each individual. S. 574 extends the deduction to travel and living expenses (up to $1,000 a year for any individual) while away from home attending college, in addition to tuition and fees, books, supplies, and equipment. S. 843 allows the deduction for college tuition and fees, books, meals and lodging, without any dollar limitation.

S. 792 allows a deduction for tuition and fees paid by a taxpayer to an educational institution at any level of education for himself, his spouse, or a dependent. The deduction is limited to $300 a year for any individual and would not apply to individuals receiving State or local financial aid to avoid desegregated schools.

The Treasury Department, in a report being made to your committee on these bills, opposes their enactment for the reasons stated therein.

The Bureau of the Budget concurs with the views contained in that report and opposes the enactment of S. 58, S. 391, S. 574, S. 792, S. 843, and S. 1238.

Sincerely yours,

PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by renumbering section 217 as 218, and by inserting after section 216 the following new section:

"Sec. 217. Tuition and fees paid to educational institutions.

"(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction amounts paid by the taxpayer during the taxable year to an educational institution for tuition and fees for the attendance of the taxpayer, his spouse, or a dependent at such educational institution.

"(b) LIMITATIONS.—

"(1) EACH INDIVIDUAL.—Deduction shall be allowed under subsection (a) for amounts paid during the taxable year for tuition and fees with respect to any one individual only to the extent that such amounts do not exceed $300.

"(2) SPOUSE.—Deduction shall be allowed under subsection (a) for amounts paid during the taxable year for tuition and fees for the spouse of the taxpayer only if—

"(A) the taxpayer is entitled to an exemption for his spouse under section 151(b) for the taxable year, or

"(B) the taxpayer files a joint return with his spouse under section 6013 for the taxable year.

"(c) REDUCTIONS FOR CERTAIN SCHOLARSHIPS AND FELLOWSHIPS.—Amounts paid for tuition and fees with respect to any individual which (but for this subsection) would be taken into account under subsection (a) shall, under regulations prescribed by the Secretary or his delegate, be reduced by any amounts received by or for such individual during the taxable year as a scholarship or fellowship grant (within the meaning of section 117(a)(1)) which under section 117 is not includible in gross income.

"(d) DEFINITIONS.—For purposes of this section—

"(1) DEPENDENT.—The term 'dependent' has the meaning assigned it by section 152(a).

"(2) EDUCATIONAL INSTITUTION.—The term 'educational institution' has the meaning assigned to it by section 151(e)(4).

"(e) EXCEPTIONS.—

"(1) TRADE OR BUSINESS EXPENSES.—Subsection (a) shall not apply to any amount paid which is allowable as a deduction under section 162 (relating to trade or business expenses).

"(2) INDIVIDUALS RECEIVING STATE OR LOCAL FINANCIAL AID TO AVOID DESEGREGATED SCHOOLS.—Subsection (a) shall not apply to any amount paid for any individual with respect to whom any payment is made by a State or local government under a State or local law providing for the payment of grants for children who attend private schools in the area of their residence, or who attend public or private schools away from the area of their residence, if it is determined that the purpose of the State or local law is to provide financial assistance—

"(A) for the education of children in an area where any public school is closed to avoid compliance with the decisions of the courts of the United States with respect to segregation in public schools, or

"(B) for the education of children in an area where public schools are open and have complied with such decisions (whether or not such compliance was pursuant to a specific order of a court of the United States) whose parents or guardians do not wish them to attend a school which is part of a school system in which any school has complied with such decisions.

For purposes of this paragraph, any State or local law granting concessions with respect to State or local taxes for amounts paid by parents or guardians in providing an education for children residing in an area described in subparagraph (A) or (B) shall be treated as a State or local law providing for the payment of grants for such children."

(b) The table of sections for such part is amended by striking out:

"Sec. 217. Cross references."

and inserting in lieu thereof

"Sec. 217. Tuition and fees paid to educational institution.

"Sec. 218. Cross references."

SEC. 2. Section 62 of the Internal Revenue Code of 1954 (relating to the definition of adjusted gross income) is amended by adding at the end thereof the following new paragraph:

"(7) TUITION AND FEES PAID TO EDUCATIONAL INSTITUTIONS.—The deduction allowed by section 217 (relating to tuition and fees paid to educational institutions)."

SEC. 3. The amendments made by this Act shall apply to taxable years beginning after December 31, 1960.

PRIVATE ENTERPRISE STILL DOES IT BEST

Mr. KEATING. Mr. President, when the Senate returns to the consideration of H.R. 11040, the satellite communications bill, I hope it will be possible for us to have a vote on the merits of the measure.

The supporters of the bill, and many of the members of the four Senate committees which have studied it over the past year are not afraid to judge this bill fairly, in terms of the advantages it offers. We have confidence not only that this is a reasonable bill but also that it will stand up against the test of time and experience.

Its opponents would have us believe that the age of private enterprise is past and that Government control is necessary for development of a satellite communications system. This is not an advanced, or forward-looking attitude. It goes back to the Middle Ages, when every monarch wanted to monopolize the newly discovered continents for his government. Fortunately, they did not succeed, for what would the United States be today if they had.

The more progressive approach, advocated in H.R. 11040, is for a coordinated effort by Government and private enterprise through a publicly owned corporation. As a recent, very fine New York Herald Tribune editorial points out, "Private Enterprise Still Does It Best." Let us not, like the Communist nations, build a wall to hold back the initiative, invention, and efforts of American business and workers. Let us instead get the best we can from industry in cooperation with Government and under the terms of legislation that will protect and promote the real public interest.

Mr. President, I ask unanimous consent to have printed the New York Herald Tribune editorial at this point in the CONGRESSIONAL RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, June 26, 1962]

PRIVATE ENTERPRISE STILL DOES IT BEST

Communications satellites, when they reach their full potential, are going to be big business. It is right that Congress should give careful consideration to the form of any corporation set up by Federal action to own and operate a satellite system.

But in the forefront of the Senate debate—or filibuster—on the satellite question have been men who argue that it should not be turned over to private enterprise at all. And they back this argument with strange reasoning that shows little faith in the bases of the American economy.

Senator KEFAUVER, for example, argues that it would represent a gigantic giveaway, with the corporation getting the benefit of billions of dollars of taxpayer-financed research and the taxpayer getting no direct benefit. To protect these billions already invested in research, he proposes Government ownership along the lines of TVA.

The taxpayer, in this case, is nothing more nor less than the public, and the public interest in getting a satellite communication system in operation quickly, then seeing it operated as efficiently and as economically as possible. One reason this country has achieved the greatest prosperity man has ever known is simply that free, private enterprise works. The American experience has been that these things are done best when done by private companies.

As for the billions invested in space research, communications satellites are going to be an ancillary benefit of programs that would have been undertaken anyway. Are the people to be deprived of the public benefits of private ownership merely because much (though not all) of the research was publicly financed? Does Senator KEFAUVER propose erection of a wall between the Government and the people, with neither letting the other have the benefits of its technological discoveries? If so, he might well reflect on what this would mean to the Government's own programs, both in peace and in war, which have borrowed liberally—and quite properly—from the ideas, the initiatives, and the independent researches of private industry.

The public-ownership advocates seem bothered by the notion that anyone should profit from an industry the Government played so large a role in creating. They seem to forget the creative role profits play in getting things done, and the disciplining role they play in getting them done efficiently. The Kefauver arguments are supportable only if one abandons the doctrine that businesses are best run by business, not by Government. And this, we trust, is a point that neither the majority of Congress nor the mass of the public has yet reached.

APPOINTMENT OF SENATOR ALEXANDER WILEY AS A MEMBER OF NATIONAL FOREST RESERVATION COMMISSION

Mr. WILEY. Mr. President, as I sat in my chair this morning and heard of my appointment to be a member of the National Forest Reservation Commission, a life picture swept through my mind.

I grew up in the pine woods of Wisconsin. At that time my home city of Chippewa Falls had the largest sawmill in the world. I worked in the sawmills. The smell of pine, oak, and maple is in my blood. Now I am to have an opportunity to serve the National Forest Reservation as a member of that Commission. I thank the Vice President for the appointment.

RED CHINA BUILDUP OF MILITARY FORCES

Mr. WILEY. Mr. President, the concentrations of military forces on the Chinese mainland opposite Formosa does not bode well for peace in the Far East. On my way to the Capitol today I heard that the President had told Red China to keep hands off.

Policywise, the United States—in the past—has committed itself to—and lived up to its commitments for resisting a Communist takeover of Formosa.

Currently, the buildup of Chinese forces is being interpreted, first, as a defense against possible attack from Formosa, though it was stated on the radio that the President had also told Formosa not to start anything; second, conversely, for launching an attack upon Formosa; and, third, creation of an ogre of national danger by Red leaders to take the people's minds off their troubles, including the famine.

In the past, the Congress has endorsed Executive policy for defending Formosa. Based upon constitutional authority, as well as responsibility, however, I believe the Congress should be kept informed—ahead of, not after the fact—on provocations that may lead to involvement militarily. Moreover, I believe that the Congress should be so informed directly—not by press conference.

Recognizing the gravity of the situation then, I believe the Congress should invite representatives of the executive branch to brief the Foreign Relations Committee and the Congress—since this has not been offered voluntarily—on the dangers of the military buildup by Red China.

I request unanimous consent to have articles reflecting on the situation published in the New York Times and the Washington Post, printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

PEIPING BUILDUP REPORTED LARGER THAN IN 1958

(By Forrest Edwards)

QUEMOY, June 26.—Communist China in the past 3 weeks is reported to have poured six to eight new infantry divisions and 120 more high speed jet fighters into a quarter-moon crescent facing this tiny Nationalist fortress only 5 miles from the Red mainland.

That was the report today from a top Nationalist commander. He said the Reds now had 18 to 20 infantry divisions, more than 300 fighter planes, and at least 800 artillery pieces massed in the area.

Most of the jet fighters are believed to be Russian-built Mig–17's, but there may be some of the newer, faster, and heavier gunned Mig–19's.

The current Communist buildup is reported to be larger than the one before the 1958 crisis, when the Communists pounded Quemoy with half a million high explosive shells in a 6-week bombardment.

Military experts say that bombardment was designed to soften up the Quemoy defenses preparatory to a Red invasion attempt. It failed mainly because, even then, the bulk of the Quemoy defenses were carved out of solid rock. The Communist shells killed or wounded 400 civilians and shattered 3,000 homes but killed few military personnel and did little damage to military positions.

Today this island is in far better position to withstand an artillery attack and repulse a Red invasion attempt than 4 years ago.

Headquarters and command posts are imbedded in granite tunnels many feet below the surface. I saw a score of underground storage areas piled high with food, weapons, and ammunition. There are hundreds more scattered throughout the 50-square-mile island.

Huge underground caverns house scores of tanks that can rumble out and take up defensive positions in minutes. Large areas of sandy beaches are mined and virtually every square yard of all beaches can be swept by machineguns and high velocity antitank guns.

The tangled mass of above ground communication wires of 4 years ago has been replaced in most areas by buried cables. The island's main road, a paved multilane affair, is still in the open and could be hit easily by Red artillery fire. But good auxiliary roads hug cliffsides that would protect traffic from shells.

Miles of tunnels carved out of solid rock contain living areas for many of the island's estimated 70,000 defenders, and the island's 45,000 civilians have hundreds of underground shelters of reinforced concrete.

CHINESE EVACUATION OF CANTON REPORTED

A partial evacuation has reportedly been ordered in the South China city of Canton amid reports of a military buildup in the coastal area opposite Taiwan.

One pro-Nationalist Hong Kong newspaper said that while rumors of a large-scale evacuation were "exaggerated," Communist officials had asked people to leave the city.

Another pro-Nationalist newspaper said authorities have ordered the dispersal of the populations in the leading cities of the southern coastal provinces of Chekiang, Fukien, Kiangsi and Kwangtung.

In Washington, informed sources said U.S. Ambassador to Poland John M. Cabot discussed the Chinese Communist military buildup in Fukien province with Peiping's Ambassador, Wang-nan, at a meeting in Warsaw last week.

Cabot, it was learned, warned against any Red Chinese attack on Taiwan. Informants said Quemoy and Matsu, the islands lying immediately off mainland China, were not discussed specifically at the meeting.

Cabot also gave assurances that the United States was not in any way inspiring the recent statements by Nationalist Chinese officials that the time might be approaching to regain the mainland.

Diplomatic sources here said it appeared the Peiping regime asked for the Warsaw meeting primarily to gain information.

In Honolulu, a spokesman for the Pacific Fleet emphatically denied reports that units of the U.S. 7th Fleet were headed for the Taiwan Strait.

UNITED STATES ASSURES RED CHINA IT WOULDN'T BACK ATTACK

(By E. W. Kenworthy)

WASHINGTON, June 26.—The United States has informed Communist China that it will not support any attempt by the Chinese Nationalist Government on Taiwan to land forces on the mainland.

At the same time, Washington reminded Peiping that the United States was committed by treaty to defend the Nationalist Government of President Chiang Kai-shek against any attack on Taiwan or the Penchu Islands it holds off the Chinese mainland.

This information was conveyed by John Moors Cabot, U.S. Ambassador to Poland, to Wang Ping-nan, Chinese Communist Ambassador, in an extended conversation in Warsaw last Saturday.

Mr. Cabot expressed the deep concern of the Kennedy administration over the large buildup of troops and jet planes by the Peiping regime in Fukien Province, opposite the island groups of Quemoy and Matsu. These islands, a few miles off the mainland, are occupied by Chinese Nationalist troops.

At his news conference tomorrow, according to informed sources here, President Kennedy is expected to make the same points that Ambassador Cabot made in the Warsaw meeting.

The aim of the administration, it was said, is to head off, if possible, another crisis over Quemoy and Matsu such as those the Chinese Communists provoked in 1954 and 1958.

In 1955, the Eisenhower administration persuaded President Chiang Kai-shek to evacuate Nationalist forces from the Tachen Islands. In 1958 the late Secretary of State John Foster Dulles took the position that Nationalist forces should not be evacuated from Quemoy and Matsu while those islands were under bombardment from the mainland.

After the crisis subsided he tried without success to persuade President Chiang to withdraw his forces gradually.

In the 1960 presidential campaign, Mr. Kennedy said Quemoy and Matsu were worthless and indefensible. But since assuming office he has not attempted to change the situation.

The two Ambassadors meet intermittently to discuss the possible release of four Americans held prisoner by Peiping.

Saturday's meeting was not a scheduled session. Ambassador Wang requested the meeting 2 days after dispatches appeared in newspapers in the United States disclosing information possessed by the United States on the extent of the military buildup in Fukien Province.

Upon being informed of Mr. Wang's request, the U.S. Government instructed Mr. Cabot to use the opportunity to express its concern over the buildup and at the same time to assure Peiping that it would not help the Nationalists invade the mainland.

Officials here attached significance to the fact that the Chinese Communist Ambassador had sought the meeting. They said this seemed to lend support to one of the theories advanced to explain Peiping's military moves.

According to this theory, the Chinese Communists feared that Generalissimo Chiang would succeed in persuading the United States to supply the ships for a landing of his forces at a time when critical food shortages on the mainland had aroused widespread discontent.

ATTACK PLANS CHARGED

During the 2-hour meeting, Mr. Wang repeatedly charged that President Chiang was planning an attack, and Mr. Cabot repeatedly insisted the United States would not support any invasion. Without U.S. landing ships, the Chinese Nationalists could not mount an attack across the 100 miles separating Taiwan from the mainland.

The size of the Communist buildup, consisting of several infantry divisions and several wings of jet fighters, exceeds the military concentration during the Quemoy-Matsu crisis of 1958. This had led to a second theory here, namely, that the Chinese Communists might be preparing to attack the islands.

Mr. Cabot did not mention Quemoy and Matsu specifically. Those islands are not included in the areas the United States is committed to defend by a treaty signed with the Chinese Nationalists in December 1954.

However, in January 1955 the Eisenhower administration sought and received congressional approval for a resolution authorizing the President to protect "related positions" if an attack, or a threatened attack, upon them was believed aimed at Taiwan. The term "related positions" applies to Quemoy and Matsu.

In an exchange of letters following the signing of the 1954 treaty, the Nationalist Government agreed that it would use force against the mainland only with U.S. consent.

During Saturday's talks, Ambassador Wang also said that the formation of a coalition regime in Laos was regarded by Peiping as a favorable portent for peace in that country.

But he protested against the military assistance extended by the United States to South Vietnam in its struggle against Communist guerrillas.

THE WESTERN REVOLUTION: INDIVIDUAL RIGHTS

Mr. **WILEY**. Mr. President, around the world, humanity—universally, and nations separately—are facing the dual challenge of, first, determining what system of government best serves their people and national interests; and second, what kind of global arrangement would be best established and perpetuate peace, or conversely at least prevent war.

Upon a restive world scene, communism, proporting to be a new revolution, carries forward its efforts to superimpose, by military force and deceptive ideological linguistics, a government: posing to be of the people; but in reality an economic dictatorship and political totalitarianism.

Communism, then, is a farce; nor is it a new revolution.

The really great and promising revolution of modern times has been an emergence of a national system and a universal hope for government that will maintain order and peace, but at the same time provide for the maximum liberty of the individual citizen.

Recently, the Christian Science Monitor published a series of articles reflecting upon the question: "Just how are free governments living up to the challenge of the age?"

On June 5, a particularly thought-provoking article by James Nelson Goodsell, the last of the series, entitled: "The Western Revolution: Individual Rights" contained some invaluable ideas. I request unanimous consent to have the article printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE WESTERN REVOLUTION: INDIVIDUAL RIGHTS

(By James Nelson Goodsell)

Free governments the world over are being tested today—both to defend the essential liberties of the individual and to meet and curb the expansive designs of the leaders of those parts of the world where these liberties do not exist.

Seldom if ever in history has the challenge been a greater one. Reactionary Communist dictatorship—almost medieval in its actions—has taken on a modern dress, and the world is threatened by its doctrines and designs.

How are free governments responding?

In some instances, the free nations of the world—whether in the Americas, Europe, or in the newly independent areas of Asia and Africa—have responded with clarity and have thrown the challenge right back to the Communist dictatorships of the East.

But in other instances, the frenzy to "do" something has led to a self-imposed erosion of the very liberties that should be defended.

On balance, however, the strength of the free world—in terms spiritual and material—has never been greater. But the challenge itself is so great that this strength will be tested again and again in the years ahead. If the free nations of the world are not to be found wanting, then this strength must be maintained and enlarged.

The freedoms about which we have been writing have, for the most part among peoples of the West, been inherited freedoms. They have become part of the Western legacy handed down from generation to generation, refined and made broader or altered to meet some new need.

DEMOCRACY THE REVOLUTION

What is needed today in the view of many free world thinkers is a reappraisal of these freedoms, to bolster the realization that democracy is the truly revolutionary path for mankind.

Free governments have been predicated on the revolutionary concept that the individual counts. Indeed, he is the keystone of a free society. For society stakes its strength and continuity on the individual's resourcefulness, his intelligence, his energy, his patience, and his good will.

Dictatorship—whether it is one of the right or the left—denies the individual this role and stakes its survival on how well the individual is kept in line with the aims of the state. Although Communist dictatorship may have appeal to some of today's emerging societies, the peoples of these new countries would do well to ponder the reactionary doctrines of communism.

Is not this contrast a vivid one?

Yet mankind needs to understand more deeply what the essential freedoms of democracy really are. The free air of political liberty, with its promise of economic and social liberties, was gained for the modern world in the 18th and 19th centuries—based on the long heritage of England's struggle for civil liberties going as far back as the Magna Carta in 1215.

THE REVOLUTION

The American Revolution was part of this great struggle. Thomas Jefferson said it was "intended for all mankind." He added that the mass of mankind "was not born with saddles on their backs, for a favored few, booted and spurred, ready to ride them by the grace of God."

It is not enough for the leaders of nations to understand the systems which derive from these freedoms. The people themselves should do so also.

Through these centuries of struggle for the democratic goal, mankind has developed a considerable feeling of the dignity and intrinsic importance of the individual.

The struggle to develop and maintain these freedoms has been a worldwide struggle. The United States did not invent them; in large measure, it inherited them and then refined them to meet its own needs. The new nations of the world are benefactors of this long struggle to define, achieve, and maintain these liberties.

Probably the most heartening aspect of all this is the way in which the example of free government has become a model in the newly emerging nations of Africa and Asia and the older but sometimes ill-developed democracies of Latin America.

National independence does not automatically insure freedom. Indeed, the temptation to dictate is always present. But independence does offer the opportunity to exercise freedom—and the new nations of the world have been following this course with remarkable achievement.

ONCE-SUBJECT PEOPLES

In these areas where once-subject people are learning to govern themselves, the real need is the promotion of a love of liberty and its essential responsibilities.

Dictatorship is clearly bent on taking advantage of the lapses in democratic practice and performance. And dictatorship, when not faced with valid opposition, will advance.

Make no mistake about it. The Communist system, as it embraces a not-so-monolithic structure of the Soviet Union and Communist China and their various satellites, is a working, dynamic system, albeit a reactionary one.

That the Communist system has existed and grown over the past 40 years should indicate the power that exists behind the so-called Iron and Bamboo Curtains.

Communism has made a mark for itself, and any attempt to hide or dismiss this fact would be a mistake.

PROPS NEEDED

Equally wrong would be an attempt to say that it is an entirely viable and workable system. It requires props—the militancy of the Communists and their efforts at maintaining monolithicity clearly indicate this.

The Communists argue that the free governments, with their variant systems of capitalism and their social structures, have not brought about economic and social justice, along with material progress. But the Communist argument is anachronistic. It is an argument that had some, but not complete merit in 1860. Moreover the world has undergone social and economic revolutions in the past 100 years—so basically altering the nature of society across the globe.

The Western democracies have changed a great deal in the course of the 20th century. They are not so callow, so harsh, as they seemed to many to be in the earlier era when many of the liberal thinkers of the West looked for other panaceas for the social ills of modern society.

Many who flirted with communism in the 1920's and 1930's and who have since rejected these flirtations did so because communism seemed to offer a breath of fresh air.

In bold and careful afterthought, many of these individuals came to realize that communism—seeming to be revolutionary on the surface—was in fact very reactionary.

Communism's reactionary canons were not as apparent then as they are today. And the threat of communism looms large.

CHALLENGE CLEAR

The free governments of Europe, of Africa, of Asia, of Australasia, and of the Americas have a challenge before them.

The liberties of the free governments are not playthings. They are living, vital, meaningful items which must be constantly earned and won by individuals who are cognizant of freedom's price.

There are many ways in which an individual may take part in the struggle. Here are a representative few:

Study the news of the day. Inform oneself about developments at home, in his nation, and overseas. Take one issue, for example, and read all there is about this one topic. Once adequately informed, go on to another topic.

If you haven't done so recently, why not read such basic documents as the Bill of Rights, if you are English—or the Declaration of Independence, if you are American—or your own nation's constitution. In other words, inform yourself on your basic guarantees.

Ask yourself: are these guarantees being fully exercised? Are they meeting the needs of today? If not, what can be done about it?

Let your views be heard. Think them through carefully, then air them through letters to a President or a Prime Minister, to a Congressman or a Member of Parliament, to a newspaper.

At balloting time, exercise the basic right and responsibility of an individual in a free society; vote responsibly. Note the last word. Irresponsible voting may be just as bad for society as failure to vote. Note the candidates, their backgrounds, their past performances, their allegiances, their present stands—and then vote for the one that appears to most nearly fill the need of society at this moment. One candidate may be more personally appealing for a host of reasons, but he may not appear on honest reflection to offer as much for your nation as another. If so, make the assessment and vote for the man offering the most good for society.

Reevaluate your position regularly. Recognize that free government demands much from its adherents, including the admission of a wrong position and the altering of that position as the recognition dawns.

See to it that in zealously protecting your own rights and freedoms, you do not infringe those of another. Freedoms are basic, but they carry with them responsibilities of equally basic importance.

MAKE YOUR OWN LIST

There are many other ways in which an individual can work to develop his Nation's freedoms. Make your own list, and then do something with it.

Perhaps the words of President Kennedy on this point are most pertinent. He said in 1961 that the central purpose of the United States is "the survival and success of liberty" around the world. Isn't that the purpose of freemen everywhere?

"Let every nation know whether it wishes us well or ill," the President said, "that we shall pay any price, bear any burden, meet any hardships, support any friend, oppose any foe to assure the survival and success of liberty."

Former President Eisenhower said it this way:

"We do not urge emulation of the United States, but we know that human beings, sacred in the sight of God, and more majestic than any institution that they create, will in the long sweep of history never be content with any form of slavery or coercion."

Most people in most parts of the world are firmly committed in their own minds to the broad notions of freedom.

It is in the articulation of these broad notions that the nations of the Americas and Western Europe have led the way. But the whole world is fast moving to make these notions very real things. This is the story of the mid-20th century.

U.S. Ambassador to the United Nations, Adlai E. Stevenson, made the real distinction between free governments and dictatorships, when he said:

"Democracy takes into account the factor to which communism seems to be invincibly obtuse: the unsearchable depths of the mind and spirit of man, who will forever thwart the attempts of dogma and ideology to predict him or to hem him in."

That is the strength of free government.

DR. FREDERICK BROWN HARRIS, CHAPLAIN OF THE SENATE

Mr. MORSE. Mr. President, we are indeed fortunate to have as Chaplain of the Senate a spiritual leader who has come to mean so much to so many of us—Dr. Frederick Brown Harris. His spiritual leadership is recognized far beyond the precincts of the Senate, as was evidenced recently by the fact that American University in Washington granted him an honorary degree of doctor of letters, and Indiana Technical College, Fort Wayne, Ind., awarded him the honorary degree of doctor of sacred literature.

I asked Dr. Harris to provide me with copies of those citations, because we all know him to be a very modest man. The citations themselves ought to be recorded in the CONGRESSIONAL RECORD. They are highly complimentary to Dr. Harris, and deservedly so.

I ask unanimous consent that the citation from the American University at the time Dr. Harris was awarded his honorary doctor of letters degree, and the citation from Indiana Technical College, Fort Wayne, Ind., at the time Dr. Harris was awarded his doctor of sacred literature degree, be printed at this point in the RECORD.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). Is there objection?

There being no objection, the citations were ordered to be printed in the RECORD, as follows:

HONORARY DOCTOR OF LETTERS CONFERRED UPON DR. FREDERICK BROWN HARRIS BY THE AMERICAN UNIVERSITY, JUNE 10, 1962

Frederick Brown Harris, Chaplain of the U.S. Senate, the undergraduate and graduate degrees you won at Dickinson College and Drew University were the threshold of a distinguished half century in the Christian ministry, for which this university honors you this evening.

You have brought to your profession profound insight, unusual literary gifts, and the highest principles of scholarship and devotion. You have won the affection of people everywhere and the confidence of generations of statesmen at home and abroad.

Demonstrating that prayer transcends political differences, that faith is an indispensable foundation of freedom, you have strengthened the spirits of thousands through inspiring sermons, prayers, and essays.

Just as the Freedoms Foundation has cited you as "truly one who desires freedom for all under God, and asks nothing for himself," so the American University recognizes you as one who lives the word he preaches, who does the truth he eloquently proclaims. It is our wish, therefore, to confer upon you this honorary degree.

By authority of the Congress of the United States vested in the Board of Trustees of the American University and by the board of trustees delegated to me, I confer upon you the honorary degree of doctor of letters and invest you with the hood appropriate to this degree.

CITATION BY THE INDIANA TECHNICAL COLLEGE, FORT WAYNE, IND., JUNE, 16, 1962

Dean YOUNG. Mr. President, I am privileged to present for an honorary degree Frederick Brown Harris, who has devoted his life to knowing and loving his God, as evidenced by his graduation from Pennington Seminary, from Dickinson College, Drew Theological Seminary, where he received the bachelor of arts degree, the master of arts, and the doctor of divinity; who has moreover devoted his life to serving his God through service to His creatures in the Methodist ministry, as National Chaplain of Freedoms Foundation and of the U.S. Senate from 1942 to 1946 and since 1949; and who has assisted others in knowing, loving, and serving God through his authorship of several books, including four volumes of Senate Prayers and a weekly syndicated editorial; for his wisdom and charity displayed in his life and work, Frederick Brown Harris is presented to you for the degree, doctor of sacred literature.

President KEENE. Dr. Harris, because you have served your God as well as your country; because you have spoken fearlessly in the councils of the great; because you have ministered humbly to the needs of the lowly; because you have fought stanchly to preserve freedom—a most precious, fragile, and divine gift—and because you have written movingly to help finite man understand his infinite God:

Therefore, Indiana Technical College, upon the recommendation of the faculty committee, with the approval of its board of trustees, is honored to pay tribute to you and, through the authority in it vested by the State of Indiana, confers upon you the degree, doctor of sacred literature (honoris causa) with all of the rights, titles, privileges, and obligations appertaining thereto.

Mr. MORSE. I also ask unanimous consent to have printed at this point in the RECORD an appraisal of the Senate prayers of Dr. Harris by the architect of the Washington Cathedral, who, I understand, is himself a Roman Catholic.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> After reading a number of your prayers, I can think of no words that could have given so beautifully and effectively that daily guidance and inspiration which is constantly needed by the Members of the Senate. The way in which your prayers combine reverent beauty of phraseology with the expression of thoughts that are instructive and uplifting is truly remarkable. Some of them have a quality which reminds me of certain of the prayers and collects in the Roman missal and in the Episcopal Book of Common Prayer. They are universal in the thoughts which they express and deserve a permanent place in a book of devotions that should be helpful to an unlimited number of people.
>
> (S) PHILIP HUBERT FROHMAN.

Mr. MORSE. Mr. President, for some years I have asked to have the prayers of the Senate Chaplain published in book form. Congress has always acceded to the request. In these days when there is so much public discussion about the matter of prayers, I raise my voice on the floor of the Senate today to say that in my judgment the volumes of prayers by the Chaplain of the Senate that we have been able to distribute have a great influence on the spiritual life of many Americans. The requests for these volumes are numerous. The supply of copies is exhausted each year. I hope the Committee on Appropriations will take note of what I say now, with a view toward seeing to it that an even larger supply of the volumes of prayers of the Senate Chaplain is made available in the next year. The prayers of Chaplain Harris, not only from a literary standpoint, but also from the standpoint of spiritual philosophy, deserve the widest possible circulation.

THE SUPREME COURT DECISION RESPECTING PRAYER IN THE PUBLIC SCHOOLS

Mr. BYRD of West Virginia. Mr. President, Thomas Jefferson expressed the will of the American majority, in 1776, when he included in the Declaration of Independence the statement that "all men are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness."

Little could Mr. Jefferson suspect, when he penned that line, that the time would come when the Nation's highest court would rule that a nondenominational prayer to the Creator, if offered by schoolchildren in the public schools of America during class periods, is unconstitutional.

The June 25 Supreme Court decision is sufficiently appalling to disturb the God-fearing people of America, and to make us all reflect upon the extraordinary nature of the times. For what, indeed, can we expect to happen next, if this is to be the way things are going? Following the French Revolution, the atheist revolutionists hired a chorus girl to enter a church as the "Goddess of Reason," and thereby defile the name of the Almighty. Following the Russian Revolution, the Bolshevik government established a giant museum, dedicated to the promotion of atheistic beliefs. The American people were shocked by both moves. So it was in those days. But what about today? Can it be that we, too, are ready now to embrace the foul concept of atheism? It is hard to believe, but, then, what are the facts of the matter? Are we not, in consequence of the Supreme Court ruling on schoolroom prayer, actually limited in teaching our children the value of God? And is this not, in fact, a first step on the road to promoting atheistic belief?

In reading through the Court decision on school prayer, I am astonished by the empty arguments set forth by the majority as opposed to the lucid opinion recorded by Mr. Justice Potter Stewart, the lone dissenter. In answering the arguments of the majority, Justice Stewart did not see fit to engage in debate over matters of ancient history. As he put it: "What is relevant to the issue here is not the history of an established church in 16th-century England or in 18th-century America, but the history of the religious traditions of our people, reflected in countless practices of the institutions and officials of our Government."

To that, I would say, "Amen."

So this is indeed the crux of the issue—the religious traditions of our people.

Wherever one may go in this great National City, he is constantly reminded of the strong spiritual awareness of our forefathers who wrote the Federal Constitution, who built the schools and churches, who hewed the forests, dredged the rivers and the harbors, fought the savages, and created a republic.

In no other place in the United States are there so many, and such varied official evidences of deep and abiding faith in God on the part of Government as there are in Washington.

Let us speak briefly of some of the reminders in Washington that reaffirm the proposition that our country is founded on religious principles. The continuance of freedom depends on our restoring the same spiritual consciousness to the mainstream of American life today that made possible these monuments and tributes of the past.

A visitor entering Washington by train sees the words of Christ prominently inscribed above the main arch leading into Union Station. Here at the very entrance to the seat of Government of the United States are the words:

> The truth shall make you free (John 8: 32).

Nearby is another inscription cut into enduring stone, the words from the Eighth Psalm of the Old Testament:

> Thou hast put all things under his feet.

A third inscription reiterates the spiritual theme:

> Let all the end thou aimest at be thy country's, thy God's, and truth's.

All three inscriptions acknowledge the dependence of our Republic upon the guiding hand of Almighty God.

ON CAPITOL HILL

Throughout the majestic Capital City similar inscriptions testify to the religious faith of our forefathers. In the Capitol we find, prominently displayed for all to see, the quotation from the Book of Proverbs, 4: 7:

> Wisdom is the principal thing: therefore get wisdom, and with all thy getting, get understanding.

The visitor to the Library of Congress may see a quotation from the Old Testament which reminds each American of his responsibility to his Maker. It reads:

> What doth the Lord require of thee, but to do justly and love mercy and to walk humbly with God? (Micah 6: 8.)

Another Scriptural quotation prominently displayed in the lawmakers' library preserves the Psalmist's acknowledgment that all nature reflects the order and beauty of the Creator.

> The heavens declare the glory of God, and the firmament showeth His handiwork (Psalms 19: 1).

Underneath the statue of History in the Library of Congress are Tennyson's prophetic lines:

> One God, one law, one element
> And one far-off divine event,
> To which the whole creation moves.

Additional proof that American national life is God-centered comes from this Library of Congress' inscription:

> The light shineth in the darkness, and the darkness comprehendeth it not (John 1: 5).

On the east hall of the second floor of the Library of Congress, an anonymous inscription assures all Americans that they do not work alone—"For a web begun God sends thread."

One of the most hallowed documents in the Nation's Capital is the Declaration of Independence, to which I have already alluded. It contains the basic philosophy of our Government, according to which God is the source of our rights. The original document can be seen by Americans visiting in Washington from throughout the 50 States of the Union.

One of the most impressive and beautiful sights in the Capital City is the Washington Monument rising above the city. When it was being built, citizens and organizations were permitted to donate blocks of stone containing inscriptions and appropriate quotations. Starting from the top of the monument, one may read three Biblical quotations on the 24th landing. One, donated by the Methodist Church of New York, reads:

> The memory of the just is blessed. (Proverbs 10: 7.)

The Sunday School children of the Methodist Church of Philadelphia contributed a stone bearing the inscription:

> Train up a child in the way he should go, and when he is old, he will not depart from it. (Proverbs 22: 6.)

The third stone bears these words of Christ:

> Suffer the little children to come unto me, and forbid them not, for of such is the kingdom of heaven. (Luke 18: 16.)

Twice in the monument appear the words:

> Holiness to the Lord. (Exodus 28: 36.)

One of the stones was given by the Grand Lodge of the Free Masons of Pennsylvania. The donor of the second stone is anonymous.

Among many similar expressions throughout the Monument, we find this one from the city of Richmond, Va., on the 18th landing:

> Tuum nos sumus monumentum. We are Thy monument.

The city of Boston placed a stone slab on the 15th landing, on which appear the words:

> Sicut patribus sit Deus nobis. As God was to our fathers, may He be unto us.

Baltimore's contribution, at the 12th level, reads:

> May heaven to this Union its beneficence.

The Indiana Lodge of Odd Fellows contributed a stone on the sixth landing which reads:

> In God We Trust.

The United Sons of America provided a stone bearing the inscription:

> God and Nature's land.

Near the Washington Monument is the Lincoln Memorial, the Nation's tribute to its martyred Civil War President. This massive shrine pays homage to the greatness of a simple and heroic man whose very life was offered on the altar of liberty. The gentleness, power, and determination of Lincoln come to us clearly through the features chiseled in granite by the sculptor. We can almost hear Lincoln speak the words which are cut into the wall by his side:

> That this Nation under God, shall have a new birth of freedom, and that government of the people, by the people, for the people shall not perish from the earth.

In his second inaugural address, the great President made use of the words "God," "Bible," "prayer," "providence," "Almighty," and "divine attributes."

Then his address continues:

> As was said 3,000 years ago so it still must be said, "The judgments of the Lord are true and righteous altogether."
>
> With malice toward none, with charity for all, with firmness in the right as God gives us to see the right let us strive on to finish the work we are in, to bind up the Nation's wounds, to care for him who shall have borne the brunt of battle and for his widow and his orphan—to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations.

On the walls of the Jefferson Memorial, which stands at the south end of the Tidal Basin, are inscribed Jefferson's words:

> I have sworn upon the altar of God eternal hostility against every form of tyranny over the mind of man.

On a panel near the statue we find in Jefferson's words a forceful and explicit warning that to remove God from this country will destroy it. Here he says:

> God who gave us life gave us liberty. Can the liberties of a nation be secure when we have removed a conviction that these liberties are the gift of God? Indeed I tremble for my country when I reflect that God is just, that his justice cannot sleep forever. Commerce between master and slave is despotism. Nothing is more certainly written in the book of fate than that these people are to be free. Establish the law for educating the common people. This it is the business of the state to effect and on a general plan.

Jefferson foresaw that time would change conditions in this country, but he believed in the unchanging truth which would persist through any age. He held that the dignity of man came not from man himself, but from God. His memorial in our Nation's Capital is a constant reminder that respect for men is based upon his close affinity with God.

Let us reflect for a moment on the fact that Washington, Jefferson, Lincoln—the giants of America—had this in common: They all paid repeated public tribute to this Nation's dependence upon God.

Benjamin Franklin, at the Constitutional Convention in 1787, stood to his feet one day, the oldest man in that illustrious gathering, and addressed the chair, in which sat General George Washington. Franklin said:

> Sir, I have lived a long time; and the longer I live, the more convincing proofs I see that God still governs in the affairs of men. If a sparrow cannot fall to the ground without our Father's notice, is it possible that we can build an empire without our Father's aid? I believe the Sacred Writings, which say that: Except the Lord build the house, they labor in vain that build it.

Franklin went on to move that a member of the clergy be invited to participate in the meetings from day to day, that they might invoke the wisdom and the guidance of the Father of Lights; "Else," he said, "we shall succeed no better than did the builders of Babel."

Here was a real man; here was a statesman; here was an inventor; here was a philosopher; a man who had served his country; a wise man who had faith in a higher power; who had the courage to express that faith.

Our country's truly great men—Lincoln, Jefferson, Washington, Franklin, Wilson, Robert E. Lee, and I need not name others—these gigantic pillars of strength in the structure of American history were men who believed in a Higher Power, and they had the courage to express that belief in their words, their writings, and their deeds.

SUPREME COURT

In the U.S. Supreme Court, the highest court in the land, can be seen ample evidence that our courts are conducted according to belief in the Almighty. Thus we find in the Supreme Court tribunal such phrases as "divine inspiration," "truth," "safeguard of the rights of the people," "defense of human rights," and "liberty and peace."

AT THE PENTAGON

Just outside of Washington we find the Pentagon, the world's largest office building, and the center of the American armed services. Flanking the main entrance are two signs which read: "Worship daily according to your faith."

Catholic, Protestant, and Jewish religious services are held at the Pentagon, and members of the three faiths are urged to attend.

The military leaders, too, recognize the necessity for strong spiritual training. General of the Army Omar Bradley said:

> This country has many men of science, too few men of God. It has grasped the mystery of the atom, but rejected the Sermon on the Mount.

As a lifetime soldier who has seen countless thousands of young Americans in uniform, he further observed:

> This shocking apathy to the conditions of their schools and the sterility of the curriculum is responsible even today for the political immaturity, the economic ignorance, the philosophical indifference, and the spiritual insolvency of so many young men.

MONUMENTS AND STATUES

In Washington stands the statue of Francis Asbury, a Methodist bishop and pioneer, who died in 1816. The statue, erected with the permission of Congress in 1924, carries the inscription:

> His continuous journeying through cities, villages and settlements from 1771 to 1816 greatly promoted patriotism, education, and religion in the American Republic.

Other monuments to religion include those of James Cardinal Gibbons, given by the Knights of Columbus; and a statue of Saint Joan of Arc, donated to the Capital by a French women's society.

The nuns who in Civil War days attended the wounded and dying on battlefields are commemorated in a Washington statue with the inscription:

> They comforted the dying, nursed the wounded, carried hope to the imprisoned, gave in His name a drink of water to the thirsty.

UNKNOWN SOLDIER

Before leaving Washington, the visitor might make a final stop at the National Cemetery, in Arlington, Va. Here are peaceful ranks of crosses and stars of David, reminding us that our Government has given its fallen men back to the God who gave them life.

The Tomb of Unknown Soldier stands for all those fallen in battle who could not be identified—members of all sects, faiths, and religions. And here, once more, we find the acknowledgment of God's divine power, in the eloquent words:

> Here lies in honored glory, an American soldier, known but to God.

BASIC AMERICAN CONCEPTS

Inasmuch as our greatest leaders have shown no doubt about God's proper place in the American birthright, can we, in our day, dare to do less?

As we go through Washington, we cannot help reflecting on the tendency in America during the last few decades to lose sight of God. And the Supreme Court's decision is another milestone in that long road, which can lead only to disaster for our Nation. We, as individuals, have been too complacent and have been blind to the fact that complete education requires teaching of our religious background as the very essence of true Americanism. Can we in conscience allow our schools to drift away from the basic concepts that gave vigor and purpose to life in this country?

These are the religious traditions of our people; and one of the basic religious concepts has been the recitation of prayers in the schoolroom, a practice that has done more good than almost any other practice in the school, and one which never has harmed anyone, to my knowledge.

It seems to me particularly astonishing that the Supreme Court should choose this moment, of all moments, to come out against schoolroom prayer, inasmuch as the current trend in schools is back to God, rather than away from Him.

This is the case today even in the colleges and universities, which used to be considered by some people to be the most sophisticated and blase, and therefore the least devout, of institutions.

It is generally observed that in the past decade, religion has been returning to the college campus at a very rapid rate. It is not that the average college student has suddenly "got religion," in the emotional sense; on the contrary, he is intellectually curious about it. He wants to know what it is all about, what practical meaning it has for him, how he can use it. This is an important development, revealing the general tendency of America to turn to God in the current world crisis, as never before. It is a healthy sign, a marvelous moment. It is a moment at which it would seem proper to utilize the American school prayer tradition in the interest of increased religious understanding. Instead, however, the opposite is demanded: that we abandon the school prayer, once and for all, for reasons almost too obscure to follow.

The Court majority opinion, in this instance, hinges on the first amendment to the Federal Constitution, requiring the separation of church and state. It is contended that for the Government to sponsor a prayer is equivalent to having the Government sponsor an official religion, thereby transgressing on the first amendment. This contention was well answered by Justice Stewart, who wrote:

> The Court has misapplied a great constitutional principle. I cannot see how an "official religion" is established by letting those who want to say a prayer say it. On the contrary, I think that to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing in the spiritual heritage of our Nation.

That was an excellent observation, and one befitting the pen of a Supreme Court Justice. We must remember, after all, that the first amendment was conceived with a specific purpose in mind. It was based on the fact that the state religion of England had played so large a part in British politics. This was what our Founding Fathers wanted to avoid. But certainly the question of politics is not involved today. All that is involved is the right of the majority to carry out a certain firmly established tradition, which in no way injures the minority. As was pointed out to the Court, before the opinion was handed down, there is no necessity for anyone to participate in a prayer unless he wants to do so. Under the previous arrangement, an individual opposed to religion, as such, could remove himself from the classroom, if he wanted to avoid engaging in a prayer. As it stands now, the majority of the class must depart not only the classroom, but also the school building, itself, in order to engage in prayer, if the majority wishes to do so.

The irony of the Court majority opinion is evident for all to see. Every day of the judicial session, the Court members themselves stand at attention while one of their officials invokes the protection of God. Every day of the judicial session, the Court crier says, "God save the United States and this honorable Court." Both the Senate and the House of Representatives open their daily sessions with prayer. Every American President, from Washington to Kennedy, has, upon assuming office, asked the protection and help of God. None of this, of course, is regarded as an attack upon the first amendment, requiring the separation of church and state, for the simple reason that no church has anything to do with it. The two components involved are God and the State, not church and state. The same can be said of the schoolroom prayer.

Consider, if you will, the presence of the phrase "one Nation under God," in the "Pledge of Allegiance to the Flag." Or consider the words, "In God we trust," impressed upon our coins since the year 1865. Indeed, the connection between God and the United States of America is long established, in the minds of the American majority. If we begin now to erase the connection between God and the school—under the pretense of protecting the so-called constitutional rights of nonbelievers, will it not be necessary to go on a little further, or perhaps a great deal further? Will we not have to remove the name of God from all official documents, for fear of offending the nonbelieving minority?

This I ask in all earnestness. Is that not the next step? Once a trend like this is begun, is it apt to stop at one level, or is it not more likely to go on to the next? In my view, the Court has, in the name of the first amendment, destroyed a right enjoyed by millions, without, in fact, carrying out the spirit of the first amendment. If this can happen once, it can happen again, on a broader scale. It is therefore required that the people speak in protest, that the Court shall know it has wounded the national sense of justice and the national conscience.

What is the basis of misunderstanding here—a misunderstanding that has caused six out of seven justices to vote against a tradition, with so much to be said for it and virtually nothing to say against it?

The misunderstanding, I think, is summed up in the lines from the majority opinion defending the action of the Court, as follows:

> It is neither sacrilegious nor antireligious to say that each separate government should stay out of the business of writing or sanctioning official prayers and leave that purely religious function to the people themselves.

That, then, is the announced purpose of the Court: To allow the people to settle the matter themselves, without outside interference. Well, as I see it, the Court has, itself, become, in this instance, the chief example of outside interference, as opposed to the State government.

Clearly, there are differences of religious opinion in all localities, which have to be ironed out in one way or another. In New York State, the ironing out was rather well handled, I think, for in the end, the State board of regents adopted a prayer which, by rights, should have satisfied everybody. It played no favorites, and honored only God. And yet, it was this prayer that came before the Supreme Court, pursued by those who would be satisfied only if there were no prayer at all. Compromise had been offered, as I see it, by the board of regents action, permitting construction of a nonsectarian prayer. But the compromise was spurned, and they who spurned it have been rewarded for their action by an extraordinary opinion, handed down by the highest Court in the land. Had the Court firmly believed, as it professes to believe, it is best to permit the persons involved to settle this kind of question without outside interference, why, then, did the Court become involved? For in so doing, it overruled what is obviously the majority opinion of the persons involved, and did so as an agent of outside opinion.

In all respects, the Court action seems to me erroneous. It seeks to protect the Nation from the effects of a problem that is not involved—the association of church and state; it tramples upon a tradition that is altogether praiseworthy—the association of God and state; it impedes the spread of religious instruction, which is more vital in this era than any other; it is inconsistent with its own professed designs, with respect to the balance of power between the people and the Government.

Moreover, it amounts to a violent revision of American tradition, in an area where the need for revision is highly questionable. If it were different—if there were many schoolchildren suffering as the result of the previous arrangement—if there were, in fact, anything involved other than a vague and controversial interpretation of the first amendment, I, for one, would be inclined to regard the Court decision as justifiable, as a means of settling a critical problem.

But that is not the case. In fact, the case is quite the other way around. Heretofore, the problem was negligible, except in the minds of an infinitesimal minority. Now, however, a problem exists on a major scale: the problem of an overwhelming majority, denied the right to practice an important ritual to which it has become accustomed over a period of decades and decades and decades. The religious traditions of a people cannot be treated lightly in a republic any more than they can in a state controlled by force and terror. If I understand the public sentiment, the Court decision with respect to the school prayer is wholly unacceptable—not to just a few, but to the great mass of Americans. Indeed, the public resentment over this issue is very likely to swell up and burst forth in wrathful expression of outrage and indignation, and it should. As the Court majority opinion observed, in one of its few moments of lucidity, the people must be allowed to settle for themselves all questions of religious tradition. And, as the Court so disastrously has failed to understand, the people do not recognize the Court as the agent of the people, in this instance.

The people do not involve themselves in the wild and rambling reasoning apparent in this decision. They do not feel obliged to wander back into English history, to dig up feeble comparisons in the matter of religious controversy. Theirs is a more solid kind of reasoning. They know what they enjoy doing and they believe that they should not be prevented from doing that which they enjoy, except when their satisfaction collides with the interest of others, to the detriment of others. And where—they will now want to know—was the crime in what they were doing? Where was the detriment to others? And were they not supported in their past course by the Supreme Court, itself, which ruled in 1952, that "we are a religious people whose institutions presuppose a Supreme Being."

I contend, Mr. President, that the Supreme Court in this instance has acted without sufficient consideration of the facts involved. I recommend that the Court reconsider its action in the light of what is certain to be a tidal wave of public protest.

I recall a case which came before the Supreme Court a number of years ago, which also involved the question of school room ritual and majority and minority rights. On that occasion, those who brought the suit were the members of a religious sect who were opposed to the pledge of allegiance to the flag. In its initial decision, the Court swept aside minority rights, to order the children to take the oath. Some time later, the Court, upon reconsidering the case, reversed itself, to declare that the children need not engage in the flag ceremonies if their religious principles were thereby damaged in any way.

Senators will note that the Court on that occasion did not conclude that a ritual should be abandoned merely because a small minority was opposed to it. Instead, as it should have done with respect to prayer in the public schoolroom, the Court granted the minority the right to abstain from participation in the ritual.

In any event, there, at least, was a Court which could admit that it had made a mistake. It is my fervent hope that this Court—although I doubt it will do so—will also be able to make such an admission; for, to my way of thinking, it has blundered in an area dear to the heart of the Nation. Blunders can be forgiven, if they are rectified, and if the Court will reverse itself in this case the people will, I am sure, be willing to forgive and to forget. Should the Court refuse to yield in this regard, what then? Only time will tell—time and the will of the American people, who have their own notions about the meaning and the purpose of the Constitution of the United States. If the Court decision stands it may be necessary—I believe that it will be necessary—to alter the Constitution, to reestablish the right heretofore honored above most others, certainly, by a people to whom respect for God is unsurpassed by any other sentiment.

Mr. President, Tolstoy once wrote a story entitled "What Shall It Profit?" In this story he told of the experiences of a certain young man who had land hunger. He added land to land and he added farm to farm, but he could never get enough. His father died and left to the young man all of his great estate, but the young man was still not satisfied. He would lie awake at night scheming as to how he might increase his already great possessions.

One day there stood in his presence a stranger, in whose countenance could be seen authority and power. The stranger seemed to be able to perceive the very inner chambers of the young man's heart. He knew what the young man wanted. He told the young man that he could have all the land he could cover in a day for a thousand rubles. He pointed to the grave of the young man's father, and he said, "That is the spot to which you must return." He told the young man that he could have all the land he could encompass within a day, if he were back by sunset.

So the young man in Tolstoy's story started off at sunrise to get at last enough land. Removing his hat and coat, and without saying a word to his wife and children, he launched out upon his undertaking. He started leisurely enough. His original plan was to cover a plot of ground 6 miles square. But after he had walked the first 6 miles he paused. He looked to the left and he looked to the right. Never in his lifetime had he seen land like that land. He stooped and picked up a handful of soil, and let it slip from his fingers. Never before had he seen soil so rich. So he decided to walk 3 more miles. Then he walked 3 more miles. And then he walked 3 more miles, until he had covered a distance of 15 miles before he turned upon the second side.

He had covered the second side, a total distance of 30 miles, just as the sun crossed the meridian. He came upon an old man drinking water from a spring, but he hurriedly brushed the old man's cup aside, and in his hunger for land pressed on. All through the long afternoon he constantly accelerated his pace, fearful at last that he might have undertaken too much and might lose it all in the end.

As the afternoon wore on and the shadows lengthened, the land became less level, and his feet were bruised upon the stones. Time and time again he fell to the ground. He was bruised. His flesh was torn and bleeding. Time and time again he would lift himself to his feet and struggle on, up hill and down hill, and across the streams.

Finally, as the sun was setting, he was but a few yards from the goal. He made his way painfully and tortuously, inch by inch, crawling upon the ground. Every muscle and every nerve in his body seemed to vibrate with excruciating pain. The young man could see the dim face of the stranger standing at the grave of his father. He saw a cruel, cynical smile creep across the face of the stranger.

The young man made it at last, but, as he reached the starting point, the sun went down and he fell dead on the spot. The servants dug a grave for him.

The stranger said to the servants, "I promised him all of the land that he could cover. You see how much it is: Six feet long, and three feet wide." With that the stranger, who was called Death, vanished. As he did so, he said, "I have kept my pledge."

Tolstoy told the stories of many a life; not the life of the very rich, necessarily, but of every life in which the love for material things shrivels the soul and leaves the life a miserable failure at last.

Just as individuals have souls, nations have souls. Concentration upon the material things may shrivel the nation's soul and reduce it to a miserable failure in the end. Something is happening to America's soul. Somebody is tampering with America's soul.

I leave it to Senators to decide who that somebody is.

Mr. ERVIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator yield?

Mr. BYRD of West Virginia. I yield.

Mr. ERVIN. Does the Senator agree with me that the decision, properly interpreted, means that schoolchildren can no longer say, under either the direction or the guidance of teachers, a simple prayer which recognizes the existence of a Supreme Being and asks that such Supreme Being bless the schoolchildren, their teachers, their parents, and their country?

Mr. BYRD of West Virginia. I do not think there is any question about it.

Mr. ERVIN. In North Carolina we have had a State song for approximately a century and a half. It was written by one of our great State judges, William Gaston. This song, which is entitled "Carolina," has been sung approximately a century and a half by schoolchildren of North Carolina under the supervision of their teachers, who teach them the song.

The song has these words in one of the stanzas:

> Carolina, Carolina, heaven's blessings attend thee.
> While we live we will cherish, protect, and defend thee.

I wish to ask the Senator, in view of the fact that the song invokes the blessings of heaven upon North Carolina, does not its singing in the public schools of my State under the direction or guidance of teachers constitute a contravention of the decision?

Mr. BYRD of West Virginia. In my opinion, the distinguished senior Senator from North Carolina is preeminently correct. In any event this could be the next step.

Mr. ERVIN. I ask the Senator from West Virginia if it is not true that in virtually all public schools throughout the United States schoolchildren are taught by their teachers to sing, at the direction of their teachers, "America."

Mr. BYRD of West Virginia. Yes.

Mr. ERVIN. I ask the Senator from West Virginia if there is not a stanza of "America" which states:

> My Country 'tis of thee,
> Sweet land of liberty,
> Of thee I sing.

Then the song proceeds to recognize that our king is God:

> Long may our land be bright
> With Freedom's holy light;
> Protect us by Thy might,
> Great God, our King.

I ask the Senator if, properly interpreted, the decision of the Supreme Court does not in effect declare that the first amendment prohibits schoolchildren of America from singing the song "America" under the direction and guidance of teachers because it recognizes the existence of God and implores his blessing upon our country?

Mr. BYRD of West Virginia. In my judgment, and in the light of this decision, one would not have to stretch the imagination to any great degree to believe that the Supreme Court would so construe the first amendment of the Federal Constitution if the question were to be presented.

Mr. ERVIN. I ask the Senator if the first amendment of the Constitution has not been a part of the Constitution since shortly after it was submitted to the States by the First Congress around 1790.

Mr. BYRD of West Virginia. That is true.

Mr. ERVIN. During all the years that have intervened, have not the people of the United States given a practical interpretation to the first amendment, which is that the amendment permits the saying by public school children of nonsectarian prayers which recognize the existence of God and pray the aid of God to them and to their country?

Mr. BYRD of West Virginia. The Senator could not be more correct.

Mr. ERVIN. Does not the Senator feel that the Supreme Court decision was a totally unnecessary one?

Mr. BYRD of West Virginia. Indeed so.

Mr. ERVIN. I ask the Senator if it has not been a uniform rule of courts that they will not pass upon a constitutional question if they can decide the case on some other basis?

Mr. BYRD of West Virginia. The Senator is again correct.

Mr. ERVIN. I ask the Senator if he does not agree with me in the thought that instead of handing down a decision, or even considering the question that is discussed in the decision, the Supreme Court should have dismissed the case on the ground that the plaintiffs and their children were not required to utter the prayer and that consequently the plaintiffs had no interest which enabled them to challenge the constitutionality of the prayer which neither they nor their children were required to make? Should not the Court at least have taken that position rather than to hand down a decision of the character it did?

Mr. BYRD of West Virginia. The senior Senator from North Carolina is a very able lawyer. He once served as a member of the highest State court in North Carolina. He is an eminently capable constitutional lawyer. I believe that what he has said is precise; and, coming from him as it has, I believe it all the more.

Mr. ERVIN. Does the Senator from West Virginia agree with me in the thought that the first amendment was designed to prevent the establishment of a state church or the imposition of taxes for the support of religion and the like, rather than to prohibit schoolchildren from being permitted to utter prayers which recognize the existence of God?

Mr. BYRD of West Virginia. I am under that impression. Our forefathers believed in the efficacy of prayer. They had prayer in their homes. They had prayers in the schools of their day. I believe that what the Senator has said is true.

Mr. ERVIN. I thank the Senator for yielding to me. I commend him upon the excellence and eloquence of his discussion of this most important question.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield to the Senator from Ohio.

Mr. LAUSCHE. I commend the Senator from West Virginia on his very forceful presentation of this vital question confronting the people of the United States today. To place the discussion of the Senator from North Carolina and the Senator from West Virginia in its proper context, I should like to read into the RECORD at this point, although I know that it has been inserted in the RECORD quite frequently in the past 2 days, the first amendment to the Constitution:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.

It is conceded that the Congress did not make any law prohibiting the exercise of a religion or the establishment of a religion. Under that language the Supreme Court declared that the humble prayer which was uttered in the New York schools was violative of the Constitution.

I heard the Senator say that, by its ruling, the Supreme Court has in effect prohibited the free exercise of religion. Will the Senator elaborate on that point?

Mr. BYRD of West Virginia. The decision, in effect, prohibits the free exercise of religion simply by discouraging recognition of a Supreme Being, through prayer, in the school classroom. Children may continue to recite the multiplication table. They may recite the opening sentences of Plato's "Republic," or the lines of Milton's "Paradise Lost." They may recite Ingersoll's oration at his brother's grave, or they may speak eloquently the sayings of Voltaire or repeat the words of Clarence Darrow. They may kneel at the feet of the great painters, the artists, the musicians of the ages. They may extoll the virtues of Napoleon, Tamerlane, or Genghis Khan. They may even call the Lord's name in vain. But now they dare not recognize, through simple and humble prayer, the Giver of all knowledge, He who created man in His own image and who breathed into his nostrils the breath of life. It seems to me that such a ruling inhibits the free exercise of religion. Anything that discourages or prohibits a simply worded prayer constitutes a deterrent to the free exercise of religion. I take the position that a prayer can be easily devised which would offend no religious denomination or sect, but which would simply recognize the existence and the supremacy of a Divine Being.

I take the further position that any child whose parents object should be permitted to leave the classroom and to abstain from participating in the rendering of the prayer.

To permit a majority of students in a classroom to recognize through daily prayer the presence of a Supreme Being—let that Supreme Being be Allah, let it be Jehovah, let it be God—cannot rightly be termed in contravention of the first amendment, in my judgment.

Mr. President, we have in America millions of little pieces of human clay. The earliest thoughts that are inculcated into minds of these little ones are the lasting thoughts which go with them through life.

> I took a piece of plastic clay
> And idly fashioned it one day
> And as my fingers pressed it still
> It moved and yielded to my will.
>
> I came again when days were past.
> The bit of clay was hard at last.
> The form I gave it, it still bore,
> And I could change that form no more.

I took a piece of living clay
And gently formed it day by day,
And molded with my power and art
A young child's soft and yielding heart.

I came again when years were gone,
He was a man I looked upon.
He still that early impress wore,
And I could change him nevermore.

I maintain that if we hope to preserve this Republic, the leaders of tomorrow—whether they be miners, farmers, teachers, or lawyers—must be men and women who believe in God. Whatever their denomination, whatever their particular faith is of little moment so far as I am concerned. But, it is vital that our future citizens believe that there is a higher power than the Supreme Court of the United States, that there is a higher power than the United States or the United Nations, and that that higher power governs the destinies of men and nations. However, "as the twig is bent, the tree is inclined." Unless the boys and girls of our day are taught to reverence God, they are not likely to revere Him in the days to come.

The Supreme Court has sown the wind. The reaping of the whirlwind will follow as night follows day.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. BYRD of West Virginia. I yield.

Mr. SPARKMAN. I commend the Senator from West Virginia for the very fine statement he has made. I must confess that I was greatly disappointed in the Supreme Court decision. I felt it was a tragic mistake. I find myself puzzled in attempting to foretell some of the things that may result from it. I heard the Senator from West Virginia referring to the use of the name of the Deity in one of our national songs, "America."

In the courts of every State of the country, a person who wishes to testify must take an oath. The courts have held time after time that the reason for requiring that oath is to make certain that the person taking the oath believes in the existence of a Supreme Being and a system of rewards and punishments after death.

I am of the definite opinion—I cannot point to the case, but I believe it has been held by the Supreme Court—that a person either had to take that oath or, if he objected to it for some conscientious reason, had to make an affirmation.

Does that mean that hereafter it is going to be illegal for States to require witnesses, in order that they may be believed by jurors, to take that oath, and that the administration of the oath itself will be an illegal act and perhaps prejudice someone's case, when it goes to the Supreme Court for final decision?

Mr. BYRD of West Virginia. The distinguished Senator from Alabama has propounded a most pertinent question. It would be impossible to comprehend the ramifications that can flow forth from this ignoble decision. It is certainly the opening wedge from which other decisions may follow. I think it definitely establishes a precedent which precipitate and encourage more litigation and more of such rulings upon related questions.

Mr. SPARKMAN. A few years ago, when the distinguished Senator from West Virginia was a Member of the House of Representatives, Congress by action of both Houses passed a resolution amending the Pledge of Allegiance adding to the words "One Nation" the words "under God." Did we violate the Constitution in doing that? Is someone someday going to object to it and go to the Supreme Court, and is the Supreme Court going to hold that Congress had no right to make such a declaration?

Mr. BYRD of West Virginia. There is no question that the Supreme Court has opened a Pandora's box. I was a Member of the House of Representatives at the time when a distinguished Representative from the State of Michigan, the late Louis Rabaut, led the effort to have the words "under God" written into the Pledge of Allegiance.

Of course, if it is unconstitutional to conduct the daily recitation of prayers in the classroom, I foresee that, should such a case come before it, the Supreme Court could possibly render a decision holding the inclusion of the words "under God," in the Pledge of Allegiance, to be likewise violative of the Constitution.

Mr. SPARKMAN. By the way, the Senate properly opens the day with prayer by the Chaplain. We have a Chaplain, who is on the payroll of the Senate, and who is paid with taxpayers' money. Are we violating the Constitution by having that done, and, because we open the Senate with prayer, may we some day be faced with a decision that an act we passed on a particular day will be declared unconstitutional?

Mr. BYRD of West Virginia. This particular decision does not, naturally, go that far. But as long as the decision stands, it points the way to future incursions that may lead us anywhere. Actually the decision should be carefully clarified immediately so that school officials throughout the States will know precisely what the decision truly requires of them and as to what its limitations are.

Mr. SPARKMAN. Does it not boil down to this, that the Supreme Court decision simply cannot be allowed to stand in a government whose very foundations are based upon the existence and the guidance of an allwise Supreme Being?

Mr. BYRD of West Virginia. The Senator has stated it well.

We send our children to school. We expect them to learn about the immutable laws of nature which existed long before Aristotle and Isaac Newton and others discovered those laws. They learn that scientists can predict an eclipse 100 years away, precisely to the moment at which that eclipse will take place. They are taught that the universe is controlled and operated by precise and unchanging laws. Yet, they have now been told by the Supreme Court that they cannot recognize, through prayer in the schoolroom, the omnipotent God who created the universe and established its laws from the beginning.

Mr. McCARTHY. Mr. President, I commend the Senator from West Virginia for his fine exposition of the religious basis of American beliefs and American practice within the American Government, because I am one who believes that the effective operation of a democracy depends upon a religious inspiration and some acceptance of religious responsibility and religious obligation. I share the views of the Senator from West Virginia, the Senator from Alabama [Mr. SPARKMAN], and other Senators who have commented on some of the questions which are raised by the Supreme Court's decision.

I observe that we sit here every minute of the day under an inscription over the main door to the Chamber which reads: "In God we trust."

I assume that if this expression were challenged the Court might issue an order directing the Senate to have that inscription changed. Would the Senator from West Virginia say that it should be changed to read: "We trust in the Supreme Court."

I assume that that would be the highest court of appeal, would it not?

Mr. BYRD of West Virginia. The Supreme Court might hold that it would be unconstitutional to use the taxpayers' money to have the present inscription removed, referring, as it does, to the Deity. I think the Senator from Minnesota and I, and perhaps some of the page boys, instead, might have to come here in our spare time—if we have any—and remove the inscription at no cost to the Government.

Mr. McCARTHY. It might be said in behalf of the Court that this is perhaps the one instance in which the Court had the best ground on which to act. The Court made a number of preliminary decisions in this general area, in other cases, relating primarily to the question of what was said to be aid to religion through aid to education. Many persons who applauded those decisions now suddenly seem to be horrified at what must have been the final action in a course of conduct which the Court has established.

I hope that since we have now seen the full import of those decisions in this latest expression by the Court, we may understand that ours could be not only a secularized government but a secularized society; and that having seen the outcome of this trend which has been developing, we may begin to take another look at some of the legislation and some of the Court decisions over the last 15 or 20 years.

If this does take place, then this decision of the Supreme Court, which in a sense reemphasizes and reveals the full potentialities of the interpretation, which says that America—at least, public America—must be completely secular, may have served a very good purpose. I hope that good may come of it.

Mr. BYRD of West Virginia. I thank the distinguished Senator from Minnesota.

I am encouraged to note that although not one Member of this great body is a member of the clergy, there seems to be a unanimity of opinion that the Supreme Court has committed serious error, an error which must be corrected.

Mr. CANNON. Mr. President, will the Senator from West Virginia yield?

Mr. BYRD of West Virginia. I yield.

Mr. CANNON. Do I correctly understand from the decision by the Supreme Court that we now have a problem in connection with the training of our military personnel? For example, our Nation is engaged in a bitter combat with communism. We maintain a Military Academy at West Point, a Naval Academy at Annapolis, an Air Force Academy near Colorado Springs, and a Coast Guard Academy at New London. At these schools, the Government regulates the curriculum to a degree, in that Congress has established boards of visitors who exercise the right of approval over the programs which are conducted at those academies.

As a part of the program of educating our future military leaders at these fine academies, a certain amount of money is expended to enable religious worship, not in any particular religion, but in whatever religion the student may profess. We insist that these young men, as a part of their educational program, include as a part of their training, time devoted to the worship of God according to their own religious belief.

Would it be the Senator's interpretation of the latest Supreme Court decision that the curriculum at the various academies would have to be revised? Does the Senator envision that this decision would require the omission of time devoted to religious activities and to the conduct of prayer?

Mr. BYRD of West Virginia. I cannot answer the Senator's question. I cannot express an opinion. I do not believe that this decision in itself would require such action; but it could ultimately lead to that and to many other similar results.

Mr. CANNON. Would not that be defeating our own purposes? We are fighting an atheistic form of government. In turn, we are trying to hold out to the peoples of the world that one of the advantages of our form of Government is our belief in a Supreme Being; that we believe in God; that we do not believe that the State is all-powerful. Yet as I interpret what has been said by the Senator from West Virginia and what has been written in the press, it seems to me that we may now be precluded from carrying out this form of approach in teaching and training our future leaders, in order that they may be leaders in the fight which our Nation is undertaking against communism.

Mr. BYRD of West Virginia. The Senator from West Virginia did not say precisely that; but the distinguished Senator from Nevada has correctly interpreted my thoughts and my fears on the subject.

Mr. President, I yield the floor.

AMENDMENT AND EXTENSION OF SUGAR ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended.

Mr. KERR. Madam President, I address myself to Calendar No. 1591, H.R. 12154, an act to amend and extend the provisions of the Sugar Act of 1948, as amended. I ask unanimous consent, in order that certain Senators who are vitally interested in the measure may know that the bill is now being discussed, that there be a quorum call without the Senator from Oklahoma losing his right to the floor.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERR. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. Madam President, I shall take a few minutes to explain the highlights of the sugar bill before the Senate, H.R. 12154; but before doing so, I wish to explain a new action by the Finance Committee, and to offer an amendment to the bill as it was reported. I am authorized and directed by the committee to offer such an amendment.

When the committee met in executive session on this bill, it found itself under great pressure; there was too little time for full discussion of every phase of the act. This is a pattern which we have been compelled to follow for some years, since the bill seems never to reach us until the expiration deadline is fully upon us.

In our meeting, the committee voted to greatly reduce the production payments to domestic producers—that is to say, the growers in the United States. This is provided in section 14 of the bill before the Senate.

This morning, on the request of the distinguished Senator from Louisiana [Mr. LONG] and the distinguished Senator from Florida [Mr. SMATHERS]—both of whom had been compelled, by other official duties, to be absent during the previous deliberations on the bill—the committee reconsidered the action it had taken in reducing production payments to the domestic producers. In their presentations those Senators called attention to the fact that our new State of Hawaii would be adversely affected by the previous action of the committee, as would their States of Louisiana and Florida and other States producing cane sugar.

Following the presentations by the Senator from Louisiana [Mr. LONG] and the Senator from Florida [Mr. SMATHERS], further deliberation on the matter was had by the committee; and after the consideration of all the new material available to the members of the committee, it was disclosed that the previous committee action would cause substantial injury not only to very large segments of some of our fine States, but also to our domestic economy. When the extent of this loss and its potentially serious effects on the entire Nation and on considerable areas of the several States were made clear, it was decided, by vote of the committee, that the amendment which I am now about to submit would be offered as a committee amendment, and, we hope, will be adopted.

Under this amendment, which I now submit and send to the desk, production payments to the producers will continue at the same level as under present law, at the same level as provided in the House version of the bill, at the same level as provided in Senate bill 3290, jointly sponsored by 36 Members of the Senate.

I shall ask for the consideration of that amendment after I have completed a statement on the bill.

The PRESIDING OFFICER. The amendment offered by the Senator from Oklahoma will be stated.

The LEGISLATIVE CLERK. It is proposed on page 48, beginning with line 21, to strike out all through the matter following line 3 on page 49—section 14 of the bill.

Renumber sections 15 through 20 as sections 14 through 19, respectively.

On page 50, line 15, beginning with "The", strike out all through line 17.

Mr. KERR. Madam President, the sugar bill before the Senate, I am happy to relate, is one on which for the first time in some years the Finance Committee actually had time to have a hearing and to give substantial consideration to the intricate details included in the bill and involved in it.

The Finance Committee held 3 full days of hearings, and those hearings are printed and are on the desk of each Senator—over 500 pages of hearings and statements. The committee in executive session considered carefully the benefits the Nation and our people have received through the years from the sugar act and analyzed some of its weaknesses. We discovered that since 1947 the price of sugar to the American housewife had increased approximately 3 percent—far, far less than the general commodity average, and that sugar today is just about the least expensive item in the family budget.

It was shown that the Sugar Act has consistently put much more into the U.S. Treasury than it had taken out, quite a contrary situation from that outlined by those who would plaster the stigma of subsidization and favoritism on the sugar growers of our country.

The committee has reported out a good bill. It is quite similar to S. 3290. In fact, the committee voted to take the House bill, strike all after the enacting clause, and insert the language of S. 3290, the bill introduced in the Senate by the great Chairman of the Agriculture Committee, the Senator from Louisiana [Mr. ELLENDER] and a strictly bipartisan group of 35 other Senators.

Now, in spite of the attention given to the drafting of that bill and the long list of its esteemed sponsors, we found that two or three changes or additions were desired by the majority of the members of the committee, and I shall outline those amendments to the Senate shortly.

First let me give a quick outline of the Senate bill as reported, then I will discuss briefly the reason for the amendments.

The bill, as reported, would extend the Sugar Act for 5 years to June 30, 1967.

It would spell out in some added detail the criteria for the administration of the act by the Secretary of Agriculture. In determining the sugar requirements for each year, the Secretary would need to consider the relationship which would result between the price for raw sugar and the parity index.

The reported bill would increase substantially the participation by domestic producers in supplying the growing U.S. market. Current levels indicate an annual consumption rate of about 9.7 million tons, with an annual increase of consumption estimated at 160,000 tons. The committee bill would assign to domestic producing areas 65 percent of this annual increase. In the House bill, and in the Senate bill as introduced, this figure was 63 percent. Under present law the domestic share in the growth in consumption is 55 percent. Under the committee bill, 104,000 tons, 65 percent of the growth factor, would be prorated to mainland beet and mainland cane producing areas.

The basic quotas assigned to domestic areas would be increased by 623,500 tons—2,650,000 tons to domestic beet sugar producers, 895,000 tons to producers of mainland cane sugar, 1,110,000 tons to Hawaii, 1,140,000 tons to Puerto Rico, and 15,000 tons to the Virgin Islands, a total of 5,810,000 tons of sugar.

Foreign allocations would grant a quota of 952,000 tons to the Philippines, 10,000 tons would be reserved by the Secretary for allocations under his discretion, 1,416 tons for a few countries with very, very small quotas, and the balance, a little under 3 million tons, to be divided as follows: 88.85 percent reserved and identified as the Cuban quota, but not available to Cuba under present conditions, nor to be supplied by Cuba so long as present conditions there prevail; 3.73 percent to Peru; 3.31 percent to the Dominican Republic; 2.75 percent to Mexico; and smaller amounts, less than 1 percent each, to Haiti, Nicaragua, the Netherlands, China, Panama, and Costa Rica.

A deficit in the quota for any domestic area or foreign country would be prorated, in accordance with their basic quotas to other quota countries. If the quota countries cannot fill such deficit, the Secretary may assign such temporary prorations to nonquota countries. Keep in mind that the Cuban quota would not be in this category; it would be open to all countries, subject to the payment of a fee at so much per pound.

The bill provides that 65,000 tons of sugar quota be assigned annually to new domestic producing areas. The acreage required to yield 65,000 tons of sugar would be assigned on a fair and reasonable basis without regard to any previous production history. It has been ascertained that it requires a potential of about 50,000 tons of sugar, or about 20,000 acres, to effectively provide for a new mill. The bill provides for a new mill each year and carries over enough reserve so that an extra new mill can be established about every 3 years.

The bill provides that quotas apply to the sugar content of any sugar-containing product or mixture which does not have a recent history of importation unless the Secretary finds that such importation does not interfere with the operation of the Sugar Act. The Secretary may also apply quotas to the sugar content of any imports with a recent history, if he finds abuses which need correcting.

The bill limits the importation of direct-consumption sugar, normally that which is refined or semirefined. These limitations are spelled out in section 7 of the bill, an analysis of which is found on page 4 of the report.

The bill would require the payment of a fee as a condition for the importation of any sugar acquired in replacement of the Cuban quota, as mentioned above, and it would also provide that a fee be paid as a condition for the importation of sugar within the quota for foreign countries, other than the Philippines, at the rate of 20 percent of the full fee in 1962; 40 percent in 1963; 60 percent in 1964; 80 percent in 1965, and 100 percent thereafter.

Now I want to separately identify the amendments to the Senate bill that were made in the committee. I have reviewed briefly the high points of the bill as reported, but I shall now state the differences between that bill and the bill introduced by my colleague from Louisiana [Mr. ELLENDER] and his cosponsors.

First. The new-producer sugarbeet area allocation of 50,000 tons was raised to 65,000 tons with the provision that the annual accumulation above that necessary to create one new mill be held in reserve and not allocated until sufficient quota has accumulated for an extra new mill. The increase in annual domestic consumption requirements to be assigned to domestic areas was 63 percent in the House bill. The committee bill, as reported, would raise this to 65 percent.

Second. Ten thousand tons of foreign quota direct consumption sugar would be placed in reserve to be allocated at the discretion of the Secretary of Agriculture. This reservation was not in the Senate bill. I should make it clear that this reserve quota would be effected by the gradual application of import fees the same as all other imported sugar.

Third. The bill as reported defined the term "alcohol" in the basic act to include all polyhydric alcohols. The present law exempts all sugar used in the production of alcohol from quota requirements. When the act was adopted in this form, the term "alcohol" was generally applied to ethyl alcohol. Since that time alcohols with extra hydrogen-oxygen units have been developed; and in order to clarify this term, these polyhydric alcohols are included under the term "alcohol," and sugar imported for their production would not be required to come in under the quotas.

Madam President, I believe the committee has reported a good bill. I would hope that we would not need to amend it further. I recommend that, after the adoption of the committee amendment which I have sent to the desk, the bill be approved by the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8291) to enable the United States to participate in the assistance rendered to certain migrants and refugees.

EXTENSION OF CORPORATE NORMAL TAX RATE—CONFERENCE REPORT

Mr. KERR. Madam President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

AMENDMENT AND EXTENSION OF SUGAR ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended.

Several Senators addressed the Chair.

Mr. KERR. Madam President, I yield first to the Senator from Louisiana.

Mr. ELLENDER. Madam President, I wish to compliment my good friend, the Senator from Oklahoma for the succinct and explicit manner in which he has presented the bill to the Senate. I am very happy to note that the amendment he proposes, which came from the committee almost unanimously, strikes from the bill section 14 which changes the rate of payment from the present law.

There is one question I should like to ask my good friend, however. As the Senator knows, a new sugar mill for the production of beet sugar would require, for construction, from 15 to perhaps 18 months. The additional sugar which is to be allocated, as I understand, will remain in flux and will not be distributed to anyone? It will be set aside for the purpose of allocation after the mill is constructed.

Mr. KERR. That is the provision and the intent of the bill.

Mr. ELLENDER. It will not be allocated to any farmers until the new mill is constructed. The amount of sugar which would be necessary in the meantime, would be obtained, I presume, from other areas?

Mr. KERR. It would have to be obtained from other areas.

Mr. ELLENDER. Madam President, let me again say how pleased I am with the bill, and the accompanying amendment, which the Senator from Oklahoma has just presented. I am pleased to note that the percentage of yearly market increase reserved for our domestic producers has been increased from 63 to 65. In the past I have felt that too much of the market increase, due to increased population, went to the foreign producers at the expense of our producers. So I am particularly glad to see this bill giving our home producers a full 10-percent increase over the old law.

Several Senators addressed the Chair.

Mr. KERR. I had agreed to yield to the Senator from Idaho [Mr. Church]. Then I will yield to the Senator from North Dakota [Mr. Young] and to the Senator from Florida [Mr. Holland].

Mr. CHURCH. Madam President, first I wish to commend the distinguished Senator from Oklahoma for a very lucid and detailed explanation of the bill, and I wish to say that he and the committee have done an outstanding piece of work on this proposed legislation.

I take it, from the Senator's discussion of the provisions of the bill as amended by the committee, that the bill now contains provisions even more favorable toward our domestic sugar producers than the bill as passed by the other body.

Mr. KERR. The provisions are more favorable than either the bill passed by the House or the bill introduced by 36 Senators.

Mr. CHURCH. This is a matter of great importance to my State, as the Senator knows, and it is one of the reasons why I am so pleased with the work the committee has done.

Is my understanding correct that not only a more favorable quota but also a higher percentage in the growth factor is to be provided domestic producers, so that in future years they will share more favorably in market growth than they have in the past?

Mr. KERR. The Senator is correct. Under the present law the domestic producers have the privilege of supplying 55 percent of increased requirements. Under the House bill and the bill as introduced by the 36 Senators, the domestic producers would be permitted to provide 63 percent of the increased requirements. Under the committee bill, the domestic producers would be permitted to provide 65 percent of the increase requirements.

Mr. CHURCH. In addition to the increase in the percentage, is it not true that this amended bill provides for an accumulation from year to year of unused portions of allowable growth, which was not originally contemplated by the bill as first introduced or by the bill as passed by the House?

Mr. KERR. The Senator is correct.

Mr. CHURCH. In all these respects it seems to me that the committee is to be highly commended. I join with the Senator from Oklahoma in expressing the hope that the Senate will approve the committee recommendation.

Mr. KERR. I thank the Senator from Idaho.

I yield now to the Senator from North Dakota [Mr. Young].

Mr. YOUNG of North Dakota. I commend not only the Senator from Oklahoma but also the Committee on Finance for writing a very good sugar bill, especially considering the difficult circumstances under which it was necessary to write the proposed legislation. I think this can be a long step forward with respect to a better sugar program.

I was most pleased with the additional allocation to domestic producers. I had hoped there would be an even greater allocation, but under all the circumstances I think the committee did very well.

I was a little concerned about one paragraph in the report, on page 6, in regard to the establishment of any new sugar refinery. The language reads as follows:

> The bill does not undertake to define a new area. The Secretary, with all the facts of the immediate time of the consideration before him, will make such a decision. It may be assumed that the Secretary will formulate a workable definition. It would appear that a new area should not be compelled to show that no sugarbeets at all are now being raised, as there may be qualified areas where a few farmers have had some small sugarbeet history with beet shipments being made over great distances to be processed with the grower absorbing part of the freight charges.

I am concerned about the following sentence:

> On the other hand, an area in which sugarbeet raising is and has been an important and significant part of agriculture might not qualify as a new area.

I shall state an example. For years the farmers of the Red River Valley in North Dakota have been raising a sizable amount of sugarbeets. They have shipped their sugarbeets across the line to sugarbeet refineries in Minnesota, and at times to refineries as far away as Iowa. Would this language preclude the establishment of a new refinery in the Red River Valley or elsewhere in North Dakota, where sugarbeets can be efficiently grown?

Mr. KERR. It would not. The situation mentioned by the Senator would be taken care of by the operation of the existing law, and the bill would in no way affect them. The Committee on Finance has no desire or intention to jeopardize potential growers in areas where new mills are now under construction. The committee language was not intended in any way to alter or to restrict the development of the area about which the Senator is concerned. In fact, it was one of the areas specifically before the committee in its consideration of a provision for a sufficient reserve quota, the use of it annually; an accumulation to take care of one new mill a year; and, over and above that, an additional mill each 3 years.

Mr. YOUNG of North Dakota. That is one of the areas now being considered by the Department of Agriculture.

Mr. KERR. The Red River area of North Dakota, I believe Minnesota, and a number of other areas were involved. The area to which the Senator referred was one of those the committee had in mind.

Mr. YOUNG of North Dakota. I thank the Senator very much.

Mr. HOLLAND. Madam President, will the Senator yield?

Mr. KERR. I yield.

Mr. HOLLAND. I thank the Senator for yielding. First, I express my own very great appreciation for the careful and extremely fair handling which the committee has given to this bill. I particularly express my appreciation and that of my State for the action of the committee earlier today in moving as a committee amendment to strike out section 14 of the bill as reported yesterday or the day before. As the Senator knows, that section would have had a peculiarly heavy impact on the State of Florida by reason of the very heavy additional plantings made in our State since the Cuban emergency began some years ago. I express my appreciation to the Senator and his committee. I think that in allowing as much new production to the domestic mainland producers, a real blow has been struck not only for the domestic sugar industry but also for the improvement of agricultural conditions in many parts of our Nation, including particularly the beet sugar producing areas of the Nation. I wanted to express my warm appreciation in the Record to the distinguished Senator.

Mr. KERR. I thank the Senator from Florida. His distinguished colleague in the Senate was one of those who took the lead in bringing about the action.

Mr. LONG of Louisiana. Madam President, will the Senator yield?

Mr. KERR. I yield to the Senator from Louisiana.

Mr. LONG of Louisiana. I congratulate the Senator and thank him for the fine work he has done and is doing in bringing about the enactment of a workable sugar act under which the farmers of America can prosper. I particularly wish to thank the Senator for his leadership in the committee in bringing about the necessary adjustment to continue the conditional payments to the producers, particularly producers of sugarcane.

The latest information we have available from a study in Louisiana is that the large-scale sugarcane farmers, before interest and taxes, made a return of 5.7 percent for the 1954–58 period, and only 2.2 percent in 1959. As the Senator knows, the tax on any producers that have been incorporated exceeds

50 percent. So there is a very low rate of return. It did not appear to those of us from Louisiana that such producers could stand substantial reduction in income, based upon the fact that their income is too low already. The Senator from Oklahoma helped us to meet the problem; and as one from Louisiana, I am grateful to the Senator for his fairness. I would join him at any time in working for any adjustment in the act which may be necessary in order to be fair to all producers, whether they be beet or cane sugar producers.

Mr. KERR. I thank the distinguished junior Senator from Louisiana. His effort and that of the Senator from Florida [Mr. SMATHERS] were quite effective in bringing about the reconsideration of the question by the committee and in developing the information before the committee which resulted in the committee action.

Mr. KUCHEL. Madam President, will the Senator yield?

Mr. KERR. I yield to the Senator from California for a question.

Mr. KUCHEL. The last sentence of the next to the last paragraph on page 6 of the report is as follows:

> On the other hand, an area in which sugarbeet raising is and has been an important and significant part of agriculture might not qualify as a new area.

I should like to ask the Senator what is meant by that language. I have in mind a situation in California, the State from which I come. In the San Joaquin Valley the Spreckels Sugar Co. is now constructing a new beet sugar processing plant, which I am informed will be ready to accept beets from growers in that area early in the summer of 1963. I am informed that the growers in that area, as well as officials of the Spreckels Sugar Co., have understood that up until now the plant would qualify as a new plant in a new area, and that the growers who might contract with that plant would also qualify under that section of the law. However, there seems to be some doubt as to whether that is true. I would appreciate the Senator's comment on that question.

As he understands, one of those plants represents an investment of $15 to $20 million. Those involved in such a substantial undertaking have reflected honest apprehension.

Mr. KERR. I say to my good friend from California, with some hesitancy, but in all sincerity, that my ears have never been ravished by the dulcet sound of the name of the company that he had in mind.

Mr. KUCHEL. Is that so?

Mr. KERR. But I know of the area in which it is operating. The committee was aware of the fact that a mill is being built. The language in the bill to which the Senator referred would not affect it in any way. Recognition and provision for it are contained in existing law; and the committee language was not intended in any way to alter or restrict the development of the area about which the Senator is concerned.

Mr. KUCHEL. First, I thank the distinguished Senator from Oklahoma for his clear and lucid explanation. Second, I am sure the dulcet tones which my friend has just employed will break on the enthusiastic ears of those in my State who have an interest in this particular problem.

Mr. KERR. I thank the Senator from California.

Mr. YARBOROUGH. Madam President, will the Senator yield?

Mr. KERR. I yield.

Mr. YARBOROUGH. I congratulate the senior Senator from Oklahoma for his very clear and concise statement of the meaning of the bill. I rise only to ask a question because of the long-thwarted hopes of the people in the high plains area of Texas around Dalhart.

Mr. KERR. Near the panhandle area of Texas and Oklahoma.

Mr. YARBOROUGH. Yes, the Texas and New Mexico border in the panhandle area.

There are a few growers who have shipped sugarbeets to a Colorado mill. These produce about twice as much money per acre as grain sorghums and other crops that can be grown there. Under the amount of acreage that could be allocated, or that they were able to plant, they are limited to about 3 square miles, out of a total of 265,000 square miles in the State. These people have been pleading for years for some acreage. Is it possible under the pending bill for these people along the Texas-New Mexico border to obtain acreage and a mill under this provision?

Mr. KERR. It was the expectation of the Senator from Oklahoma that one of the areas for the construction of a new mill under the bill would be the area of the Texas Panhandle, eastern New Mexico, the Oklahoma Panhandle, and some of the western counties of Oklahoma. In fact, on page 6 of the committee report, in the next to the last paragraph, this sentence appears:

> It would appear that a new area should not be compelled to show that no sugarbeets at all are now being raised, as there may be qualified areas where a few farmers have had some small sugarbeet history with beet shipments being made over great distances to be processed with the grower absorbing part of the freight charges.

We thought that language exactly described the area referred to by the Senator from Texas.

Mr. YARBOROUGH. I congratulate the distinguished Senator from Oklahoma for his skill in draftsmanship. I believe the two panhandles and the eastern part of New Mexico do come under the bill.

I ask unanimous consent to have printed in the RECORD at this point the next to the last paragraph on page 6 of the report, from which the Senator has read a sentence; also subparagraph (3), beginning on line 3 of page 45, and running through line 7 on page 47 of the bill.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

> The growth and expansion of the beet sugar industry is also possible through increases in the capacities of existing plants. The bill expands the share of the market growth allocated to domestic producers of beets and cane to 65 percent. The growth factor is such that approximately 160,000 tons of sugar are consumed each year over and above that consumed in the prior year. Thus, 65 percent reserved for new production in the United States would provide for 104,000 tons more for domestic production, cane and beet, new and old.

> (3) In order to make available acreage for growth and expansion of the beet sugar industry, the Secretary, in addition to protecting the interest of new and small producers by regulations generally similar to those heretofore promulgated by him pursuant to this Act, shall reserve each year from the national sugarbeet acreage requirement established by him the acreage required to yield 65,000 short tons, raw value, of sugar. The acreage so reserved shall be distributed on a fair and reasonable basis, when it can be utilized, to farms without regard to any other acreage allocations to States or areas within States determined by him and shall be withheld from such other allocations until it can be so utilized. At the time the Secretary distributes the sugarbeet acreage reserve for any year, which determination of distribution shall be made as far in advance of such year as practicable, such distribution shall thereby be committed to be in effect for the year in which production of sugarbeets is scheduled to commence in a locality or localities determined by the Secretary to receive such reserves for such year, such determination of distribution by the Secretary shall be final, and such commitment of the sugarbeet acreage reserve shall be irrevocable upon issuance of such determination of the Secretary by publication in the Federal Register; except that if the Secretary finds in any case that construction of sugarbeet processing facilities and the contracting for processing of sugarbeets has not proceeded in substantial accordance with the representations made to him as a basis for his determination of distribution of the sugarbeet acreage reserve, he shall revoke such determination in accordance with and upon publication in the Federal Register of such findings. In determining distribution of the sugarbeet acreage reserve and whenever proposals are made to construct sugarbeet processing facilities in two or more localities where sugarbeet production is scheduled to commence in the same year, the Secretary shall base his determination and selection upon the firmness of capital commitment, suitability for growing sugarbeets, the proximity of other mills, need for a cash crop or a replacement crop, and accessibility to sugar markets, and the relative qualifications of localities under such criteria. Whenever there is no interest in constructing a new facility to commence production in a certain year, the Secretary shall give consideration to proposals, if any, to substantially expand existing factory facilities and in such event he shall base his determination of distribution of the sugarbeet acreage reserve on the aforementioned criteria and the extent of the proposed substantial expansion or expansions. If proportionate shares are in effect in the two years immediately following the year for which the sugarbeet acreage reserve is committed for any locality, the acreage of proportionate shares established for farms in such locality in each of such two years shall not be less than the smaller of the acreage committed to such farms or the acreage required to yield 50,000 short tons, raw value, of sugar based upon the yield expectancy initially considered by the Secretary in distributing the sugarbeet acreage reserve to such locality.

Mr. YARBOROUGH. I thank the distinguished Senator from Oklahoma for his careful draftsmanship.

Mr. KERR. I thank the Senator.

Mr. LONG of Hawaii. Madam President, I congratulate the people of

Hawaii—rather than the gentleman from Oklahoma at this time—for having the benefit of his splendid leadership which today has been largely instrumental in helping preserve a very important industry, an industry developed over a period of a century in what is now the State of Hawaii.

I referred to congratulating the people of Hawaii, because sugar is still our principal industry. Over 14,000 of our laborers work in it regularly. They and their families live in plantation communities. The economy of the entire State depends very largely on the industry. It is a thriving industry under present conditions. The compliance payments have been in effect for something more than 27 years. If these payments were to be discontinued, or significantly reduced, it would put a number of our marginal plantations out of business. There is no question about it. Section 14 in the bill as first approved by the committee would have cost the sugar producers of Hawaii $3,500,000 a year and would have compounded their already difficult competitive situation. On the surface the revision would not appear to be drastic. In fact, in some domestic sugar producing areas there would have been virtually no reduction in payments. But in other areas, notably Hawaii, the proposed rates would have most seriously affected the sugar producers and the entire economy of the State. It would have substantially reduced the income of the 50th State. Because the sugar industry is Hawaii's most important—the very basis of our economy, elimination of section 14 becomes a vital issue.

Hawaii believes that its admission as a State 2 years ago means that it will be treated fairly and equally with all other States of the Union. The proposed revision was wholly inconsistent with the principle of fair and equal treatment.

A brief review of our domestic sugar industry structure is helpful in gaining a proper understanding of the effects of the proposed reductions in compliance payments. Sugar consumption in the continental United States in 1960 was approximately 9.35 million tons, raw value. About 23 percent was manufactured by beet sugar processors from sugarbeets grown in the Western, Mountain and Great Lakes States. Another 23 percent was refined from raw cane sugar grown in Hawaii, Florida, Louisiana, Puerto Rico, and the Virgin Islands. Hawaii accounts for more than a million tons each year—about one-ninth of our country's requirements.

The domestic sugar producing areas of the United States are widely dissimilar in their history, their geography, their climate, the fertility of their soil, the numbers and skills of their farmers—indeed, they differ from one another in most of those things that determine what is the most efficient farming unit.

Because the sugar growers of Hawaii faced very different problems from those found in most other areas, they came up with very different answers. Much of the land suitable for growing sugarcane had no water. Although Hawaii has a plentiful rainfall, much of it—at least from the point of view of the sugar grower—falls in the wrong places.

The sugar growers of Hawaii have built great irrigation systems at their own expense. Pumping stations and aqueducts have been built. Wells and tunnels have been drilled—all to carry water the many miles from where it is found to where it is needed. The irrigation systems built and paid for by the sugar growers of Hawaii without burden either to the people of Hawaii or the taxpayers of the United States, are valued at over $46 million. By contrast, in other farming areas of the United States such irrigation systems have been usually constructed as Government projects, financed and paid for by the taxpayers.

The great bulk of Hawaii's land area is mountainous and unsuitable for cultivation. At the present time about 242,000 acres are devoted to cane. With such limited land the Hawaiian sugar producers recognized the need to establish sugar production at the very highest possible level of efficiency.

In 1895 they organized the experiment station of the Hawaiian Sugar Planters' Association. The activities of the experiment station extend to all matters which affect or may affect the growing of sugarcane in Hawaii. It is continuously developing new varieties of sugarcane, seeking higher yields, greater resistance to insects and disease, and other qualities which may be important to the sugar grower. It studies insect control, cultivating techniques, fertilizers—literally all aspects of the cultivation of sugarcane. The experiment station of the Hawaiian Sugar Planters' Association has made it possible for Hawaiian cane growers to cultivate their lands with the benefit of the latest knowledge and techniques. One striking result is that Hawaiian cane acreage, acre for acre, is among the most productive in the world. The research and work done by the experiment station does not come cheap—the station has an annual budget of approximately $2.5 million entirely paid for by the Hawaiian cane growers who are its members.

Agricultural experiment stations are usually thought of as governmental agencies. They usually are—their activities paid for by the taxpayers of a State or the United States. This is not the case with the experiment station maintained by the sugar growers of Hawaii. For more than 60 years the Hawaiian cane growers have paid for the services which they need for the efficient operation of their farms.

Their search for efficiency has caused the Hawaiian sugar growers to pioneer in mechanizing agriculture. Substantially all Hawaiian cane is now planted, cultivated and harvested by ingenious and largely Hawaiian developed machines. Hand labor has practically been eliminated. But the new machines are expensive, and have required large-scale investment. Capital improvements used in the Hawaiian sugar industry have cost more than $182 million.

In addition to the physical problems of growing cane and producing sugar the sugar growers of Hawaii had other difficulties to contend with. These were principally associated with their distance from the American mainland. The closest market for their sugar, San Francisco, was 2,400 miles away. And the great center of population and the place of business of the principal sugar refiners was on the eastern seaboard, vastly more distant.

With all these problems facing them the solution for Hawaii was found to be a system of corporate farming. Of the 27 largest Hawaiian sugarcane farms, 26 are organized as corporations—one is a family partnership. These 27 companies produce 94 percent of Hawaii's sugar. The remaining 6 percent is grown by some 1,200 independent growers, largely located on the big island of Hawaii, where natural rainfall makes irrigation unnecessary. Hawaii's sugar companies are widely held; they have over 14,000 stockholders, of whom about two-thirds live in Hawaii.

Corporate organization was necessary to secure the capital required by the Hawaiian situation. Corporate organization was required to establish and maintain the Hawaiian sugar industry's experiment station. Corporate organization helped meet the financing problems created by the long period between planting and the receipt of income because Hawaiian sugarcane grows on a 2-year cycle. Corporate organization was found to be the best available answer to the transportation and marketing problems confronting the industry.

These companies were formed to solve problems that are largely unique to Hawaii. We in Hawaii are proud of their record. They provide Hawaii with its largest single source of agricultural or industrial income. They give year-round employment to some 14,000 persons, and pay them wages that are the highest agricultural wages in the world. They are efficient farming units in the best sense; they are highly productive; they make the best available use of our land; their farming techniques have maintained and improved the fertility of our land; they provide the work force with modern working conditions and a high standard of living.

It is also true, however, that our Hawaiian sugar farms are generally larger than the farm units found in the other domestic sugar producing areas. Hawaii faced different problems and had to find different answers. The establishment of relatively large farm units in our Hawaiian sugar industry was not an end in itself, but a means for solving problems which could not be met by small scale farming.

With this background let us take a look at the taxing and compliance payment provisions of the U.S. sugar program and their impact on the domestic sugar industry. In viewing the sugar program, however, certain basic facts should be kept in mind.

First of all, sugar is not a surplus crop in the United States. The sugar which Hawaii and the other domestic areas produce is not going into storage; it is produced to fulfill immediate needs.

Secondly, the United States grows a little more than half of its sugar requirements. Our experience in the Second World War and during the Korean war should drive home to the United States how important it is that a domestic sugar industry be maintained. Any proposal which would jeopardize the successful operation of a substantial portion of domestic sugar production runs directly counter to one of the basic objectives of the Sugar Act.

Thirdly, the compliance payments provided for by the Sugar Act are paid for by a tax on the sugar industry itself—a tax which, over the years, has regularly produced more than enough income to pay for all of the costs of the sugar program.

The U.S. sugar program provides both for the making of conditional, or compliance, payments to sugarcane and sugarbeet farmers, and for an excise tax on all sugar manufactured in the United States. The tax, amounting to approximately 50 cents per hundred pounds of sugar—raw value—raises more than enough money to cover all compliance payments made under the Sugar Act and all costs of administering the program.

Even under the existing scale of compliance payments Hawaii works under a substantial hardship. The heavily scaled down rate of compliance payment now received by Hawaiian cane sugar producers already places them at a competitive disadvantage. This disadvantage was further compounded by the excise taxes paid by Hawaiian producers amounting to nearly $1 million more than compliance payments received.

If the proposed reductions were to go into effect, a large segment of the Hawaiian sugar industry would be in jeopardy. A serious crippling of its sugar industry would be an economic disaster to the 50th State. Sugar is Hawaii's largest industry.

The people of Hawaii were confident that the Senate would recognize the injustice of a proposal which adds further penalties to an already difficult situation.

We therefore thank the Senate Finance Committee and the gentleman from Oklahoma in particular for reconsidering and eliminating section 14.

Mr. KERR. I thank the Senator from Hawaii very much, not only for his kind remarks and his astute observations, but also for some information which comes as quite a surprise to me. I knew that the sugar industry is one of the principal industries in the great State of Hawaii. I did not know it was the principal industry.

Mr. LONG of Hawaii. It is the principal industry.

Mr. KERR. I had thought the principal industry of the Senator's island State was what is referred to as tourism, including not only all of the facilities in his great island home for the entertainment of tourists and the pleasant extraction from them of that which contributes to the lifeblood of the island, but also consisting of the wonderful physical environment and human glamour that is so famous not only through our own Nation but around the world.

But, Madam President, if the Senator from Hawaii says that the sugar industry—referring to the commodity—is his principal industry, far be it for me to gainsay it. It may be that my failure properly to intrepret the term caused me the surprise. It just may be that when he used the phrase "sugar industry" he was including that marvelous attribute of his island that was in the mind of the Senator from Oklahoma.

Mr. LONG of Hawaii. I wish to say that tourism is, of course, a very important factor in every way. However, we have failed dismally at one point, in that the distinguished senior Senator from Oklahoma, in spite of all the world traveling that he has done, has never found the time to visit the Aloha State. Again I extend to the Senator a cordial invitation to come down to see us.

Mr. KERR. Madam President, I thank the Senator. If the Senator from Oklahoma can ever be absolutely certain in his mind that the trip he would like to take to Hawaii would certainly include the return trip, as it would the trip over, he is prepared and will accept the kind invitation.

Mr. PELL. Madam President, I ask the remarkably able Senator from Oklahoma whether the country referred to on page 31, lines 6 and 7, of the bill, which is authorized to receive 10,000 short tons of sugar, would be the Republic of Ireland?

Mr. KERR. I am compelled to say to the Senator from Rhode Island that the language of the bill authorizes the Secretary to allocate that amount to the foreign country or foreign countries that he chooses. However, it was the Senator from Oklahoma who offered the amendment. When he did so he explained to the committee that he was doing so in order that that quota would be available to the Secretary to be given to the friendly, magnificent country of Ireland. Under the strict language of the law it would not be required to be that country. So far as the Senator from Oklahoma is concerned, however, when he offered the amendment, that was the country that he had in mind and which he hoped would be the beneficiary of that quota.

Mr. PELL. Would it be correct to assume that this is a matter of legislative intent?

Mr. KERR. Well, the Senator from Oklahoma has gone as far as the facts warrant him to go in establishing the legislative intent. It was made quite clear to the committee by the Senator from Oklahoma that he was offering the amendment to make it possible for the Secretary to give that quota to the country of Ireland.

Mr. PELL. I thank the Senator.

Mr. KERR. The Secretary is not required to do so. It is my hope, and I must say it is my belief that that will be the result. I believe the Senator from Rhode Island need have no real fear in that regard.

Mr. PELL. I thank the Senator from Oklahoma. I share the same hope and belief.

Mr. McGEE. Madam President, will the Senator from Oklahoma yield?

Mr. KERR. I yield to the Senator from Wyoming.

Mr. McGEE. I, too, wish to salute the initiative and leadership of the distinguished Senator from Oklahoma, chairman of the subcommittee, who has presented the sugar bill to the Senate.

Too seldom do we see and consider proposals which represent a workable compromise between varied interests and concerns, rather than one-sided attempts by this faction or that interest group to obtain as much as they can at the expense of others.

The measure which the Senate is today considering represents, in my opinion, a completely workable and equitable solution to a rather complex problem which affects domestic agriculture, foreign agriculture, hemispheric and world diplomacy, and last, but by no means least, the cost of living.

H.R. 12154, as amended by the Committee on Finance, will extend the Sugar Act for a 5-year period with certain changes and revisions which reflect changes in production and marketing that have occurred since the act last had legislative consideration.

Wyoming, because of its altitude and latitude, has a relatively short growing season, which seriously restricts the crop choices of our State's farmers. Therefore, the success in raising sugarbeets, usually under irrigation, has helped provide growth and stability to our agricultural economy. At the present time in Wyoming, sugarbeets are grown in four irrigated areas and processed at three sugar factories. Additional beets grown in border areas are shipped to to neighboring States for processing.

The bill now being considered would do much to assure the continued stability of the sugarbeet industry and would provide for orderly growth under the provision allocating 65 percent of increased consumption to domestic producers. This provision is, indeed, welcome news in Wyoming and the West.

The spirit of cooperation that I spoke of earlier in my remarks is evidenced by the fact that the bill incorporated many suggestions made by all segments of the domestic sugar industry earlier this year. These producers gave evidence of their good faith and desire for market stability by agreeing to a provision which will reserve a portion in domestic production increases—which existing growers probably could have absorbed entirely—to new growers, thus broadening production and spreading its economic benefits to more farmers.

The quotas set forth in the bill will produce even more stability in the sugar industry, since producers will have definite guidelines on which to plan production.

The proposal to reserve for possible future use a segment of the old Cuban quota by a new free Cuban Government has my wholehearted support. Each day we read of increased unrest in that Red-puppet regime. By holding forth the hope that if the peoples of Cuba overthrow their dictators we will help them regain economic stability, we help speed the demise of that totalitarian government. To provide hope for the future to those presently denied liberty is to provide them with the most effective weapon against tyranny. For with that hope, nothing is impossible.

Having considered what I believe are the main aspects of the bill, I wish to mention a fact which illustrates just how important sugarbeets are to western agriculture. We are concerned here with the end product—sugar. Yet, after processing, there remains from the beet, the pulp and the tops. Both have proved to be excellent as livestock feed. Thus, the western meat industry will also share in the benefits of this legislation.

The bill represents an equitable approach to the problems of the sugar industry. I urge its speedy passage by the Senate, so that the stability so necessary to growth and order may be provided for this vital segment of our agricultural economy.

The difficulties of reaching stability and insuring some guidelines ahead were extremely severe in the consideration of the bill this year. We all know of the pressures which were applied and the obligations which impinged upon the usual approaches to this question. Thus, our hats are off even more vigorously than traditionally to the Senator from Oklahoma for having produced this excellent bill. The bill represents a fair and stable approach. I urge its passage and again commend the chairman for his activity in its behalf.

Mr. **KERR**. I thank the Senator from Wyoming, but I must make it clear that the bill was considered seriously and ably by all members of the committee. With very few exceptions, the members of the Committee on Finance approached the consideration and action on the bill with the firm resolve to make better and more enduring provisions for the economic welfare of the domestic producer and the domestic economy, and for the protection of the domestic consumer, as well, believing that an ample supply of a basic commodity such as sugar, at a reasonable price over the past years and for the future 5 years, is of equal value to the consumer as well as to the producer.

I am most grateful to the Senator from Wyoming. His expression of appreciation is due the entire membership of the Committee on Finance.

Mr. **FONG**. Madam President, will the Senator from Oklahoma yield?

Mr. **KERR**. I yield to the Senator from Hawaii.

Mr. **FONG**. Madam President, coming from a sugar-producing State, where 1 out of 15 persons is dependent for his livelihood upon sugar production, I, too, wish to commend the Senator from Oklahoma [Mr. Kerr] for a very fine presentation of an excellent and fair sugar bill. I desire to commend also the members of the Committee on Finance for reporting this excellent sugar bill.

When the bill was reported to the Senate, I was amazed to find that it included section 14. I said to myself: "I do not believe the members of the committee fully realize the harm which that section could do. I do not believe the committee would like to see the sugar production of Hawaii so drastically harmed."

But I was very happy today to note that the distinguished Senator from Oklahoma has offered an amendment to delete section 14. For that action, I am grateful, and I know the people of Hawaii will be grateful.

Under the present law, a Federal excise tax of one-half cent a pound raw value is imposed on all sugar processed in the United States. For the 1961 crop, the U.S. Treasury collected $10,047,126 for cane sugar produced by Hawaii sugar plantations. It returned $8,675,369 to them as payments for complying with production restrictions, for paying fair wages to workers, for not employing child labor, and, if they are also processors for paying fair prices for sugarcane and sugarbeets.

This procedure resulted in a net gain to the U.S. Treasury of $1,371,757 from Hawaii sugar processed. Each year since the inception of the Sugar Act, the excise tax paid on Hawaiian sugar production has substantially exceeded the compliance payments to our sugar companies. The sugar industry in Hawaii would be in a much improved financial condition if this excise tax were not imposed. It would result in a gain to Hawaiian producers of $1 million more a year.

Rates contained in section 14 would cut by nearly one-half the compliance payments to Hawaii sugar growers.

Even with the present compliance payments, Hawaii's sugar industry is barely able to survive. In 1961, the best year in a number of years, even after the receipt of compliance payments, 5 of the 27 companies showed net losses. In 1960, 14 were in the loss column; in 1959, 13; in 1958, 16; and in 1957, 6.

Section 14 would be ruinous to Hawaii's sugar industry, which today is the mainstay of our State's economy. It would put some of our companies out of business and would further compound a serious unemployment situation existing in our State.

Hawaii's sugar industry employs some 14,000 persons at the highest wages and under the best working conditions in the sugar world. These people and their dependents, totaling more than 40,000, derive their livelihood directly from sugar. In addition to those directly employed in the sugar industry another 19,000 persons are employed in closely allied enterprises.

Madam President, I have been told by the distinguished senior Senator from Delaware [Mr. Williams] that he would oppose the deletion of this amendment. I feel certain the distinguished Senator from Delaware does not fully understand the harm the amendment would do to the people of Hawaii. At the time of the hearings by the Finance Committee on sugar legislation, there was no proposal to reduce or alter compliance payments. Therefore none of the testimony before the committee dealt with this problem. This amendment was proposed in executive session of the committee. It seems apparent that the committee could not have been fully informed on the adverse effects on America's sugar industry.

I know that the Senator from Delaware, if he understood the deleterious effect which the amendment would have upon the sugar industry in America, would not insist upon having section 14 remain in the bill.

I again commend the distinguished Senator from Oklahoma for his very fine presentation and the committee for its reconsideration of this amendment and its decision to delete it.

Mr. **KERR**. Madam President, I urge the adoption of the committee amendment.

The **PRESIDING OFFICER**. The question is on agreeing to the committee amendment.

Mr. **BENNETT**. Madam President, has the amendment been agreed to?

The **PRESIDING OFFICER**. It has not.

Mr. **BENNETT**. I shall wait until action has been taken on the committee amendment before I speak.

Mr. **WILLIAMS** of Delaware. Madam President, the bill as reported by the Committee on Finance is a substantial improvement upon the bill which came to the Senate from the House. I support the Senate committee bill; however, I regret that the Committee on Finance approved the offering of a committee amendment which would delete section 14. Section 14 would have cut back some of the larger subsidies for domestic producers. I believe that those subsidies should be cut back, particularly the subsidies to the larger producers.

I am aware of the situation with which the Senate is now confronted; however, the bill, even with section 14 deleted, is so far superior to the bill as passed by the House that I shall support the Senate committee bill. The Senate bill does delete the multimillion-dollar subsidies for foreign producers.

For the Record, I ask unanimous consent to have printed at this point in my remarks a list of the payments that will be made to domestic producers under the revised Senate bill and a list as they would have been made under the bill had section 14 not been deleted.

There being no objection, the table was ordered to be printed in the Record, as follows:

Estimated Sugar Act payments computed on proposed rate of payments (1960 crop data)

Payments to—	New basis	Old basis
Puerto Rico:		
Luce & Co., S. en C.	$359,841	$690,661
Sucesion J. Serrallas and Wirshing & Co.	213,335	370,903
Heirs of Miguel Estevo Blanes	97,579	137,312
C. Brewer Puerto Rico, Inc.	253,753	431,530
Antonia Cabassa Vd. Fajardo	83,564	111,489
Miguel A. Garcia-Mendez	58,585	69,858
Antonio Roig, Suers.	192,335	339,403
Mario Mercado e Hijos	78,941	103,786
Jorge Gonzalez Hernandez	50,253	58,750
Heirs of Mario L. Mercado Parra, deceased	74,226	95,927
Ernesto Quinones Sambolin	53,694	63,267
Heirs of Lucas P. Valdivieso, deceased	66,088	82,363
Quintero & Davila, Ltd	49,364	57,564
Waldemar Bravo	69,111	87,402
Ramon Gonzales Hernandez	81,657	108,311
Total	1,782,326	2,708,546
Difference	926,220	

Estimated Sugar Act payments computed on proposed rate of payments (1960 crop data)—Continued

Payments to—	New basis	Old basis
Louisiana:		
Southcoast	$167,688	$303,971
Southdown	118,185	186,270
Sterling	63,933	78,772
Churchill & Thibaut	47,835	55,577
Dugas & LeBlanc	51,240	60,047
A. Wilbert's Sons	52,797	62,090
Milliken & Farwell	60,492	73,036
Savoie Farms	45,408	52,391
Total	607,578	872,154
Difference	264,576	
Beet area: Newhall Land & Farming Co	44,440	51,122
Difference	6,682	
Virgin Islands: Virgin Islands Corp	41,756	62,017
Difference	20,261	
Hawaii:		
Hakalau	105,894	155,398
Hamakua	129,245	212,519
Hawaiian Ag. Co	207,154	361,632
Hilo	109,846	166,446
Honokaa	136,712	230,254
Hutchinson	143,310	245,923
Kohala	206,530	360,695
Puna	158,653	282,364
Laupahoehoe	164,020	294,152
Onomea	125,829	203,218
Paauhau	99,250	141,281
Pepeekeo	113,287	174,619
Hawaiian Com. & Sug	619,861	980,691
Pioneer	241,485	413,127
Wailuku	137,949	233,192
Ewa	223,233	385,747
Kahuku	111,157	169,559
Oahu	299,459	500,089
Waialua	276,876	466,215
Gay and Robinson	97,144	136,279
Grove Farm	155,660	275,255
Kekaha	194,191	342,187
Kilauea	105,975	157,254
Lihue	249,015	424,423
McBryde	136,408	229,533
Olokele	143,639	246,705
Waimea	38,576	44,011
Total	4,729,858	7,832,768
Difference	3,102,090	
Florida:		
U.S. sugar	482,814	775,121
Okeelanta	200,335	351,403
Total	683,149	1,126,524
Difference	443,375	

Mr. WILLIAMS of Delaware. Madam President, many of these payments are going to the larger producers who, in my opinion, could have produced their sugar without the benefit of all of this subsidy from the Federal Treasury.

Therefore I oppose this amendment, and I oppose the committee amendment which included an allotment for Ireland.

The Senate committee did a good job when it rejected the provisions of the House bill which would have approved allotments and multimillion-dollar subsidies for producers in numerous foreign countries throughout the world; but in the face of this action how can the addition of an allotment for a new country, Ireland, be justified?

The PRESIDING OFFICER (Mr. PELL in the chair). The question is on agreeing to the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. KERR. Mr. President, I move that the vote by which the amendment to the committee amendment was agreed to be reconsidered.

Mr. SMATHERS. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. BENNETT. Mr. President, in the interest of saving time for the Senate, I shall confine my discussion primarily to the differences between the Senate and House versions of the bill.

I am sure I do not have to point out to my knowledgeable and distinguished colleagues on both sides of the aisle that the conference with the probable conferees of the other body may be extremely difficult on the foreign aspects of this bill. These I shall discuss later.

On the domestic aspects, I believe there will be little difficulty. Most of the domestic changes made by the Finance Committee are not major in nature, and they are not likely to cause conference problems.

The Senate version raises from 50,000 tons to 65,000 tons the amount of sugar production that may be reserved—in terms of acres—for new sugarbeet producers where it can be shown expansion is to take place. The Senate version also provides some guidelines to assist the Secretary of Agriculture in making such special acreage allocations, and it provides specific guarantees to help assure the acreage for areas where expansion appears most likely to take place. It is a decided improvement in substance over the House version, in this respect; and although it may be advisable to make some clarifying changes, there should be no difficulty in conference.

It is my understanding of the operation of this amendment that, in addition to strengthening the rights of new growers, its application would not appreciably interfere with the historical rights of established growers.

As a further corollary to the added protection for new producers, the Senate version also makes a slight increase in the percentage of annual market growth allocated to domestic producers, for the benefit of established growers. This increase is very slight—two percentage points, divided between the domestic beet and mainland cane areas on a basis of about 3 to 1. This will mean an increase in the beet sugar quota of only about 2,400 tons of sugar a year, and in the mainland cane quota of some 800 tons a year. Frankly, I do not believe this is enough for either area. But in view of all the pressures existing from other elements of the domestic sugar industry, and, unfortunately, also from the Government, to keep beet expansion at a minimum, and to keep the beet quota at a minimum, it appears to be about the highest percentage that can be reasonably achieved within the scope of the agreements that were made between the industry and the Government on the domestic phases of the bill. The Senate should adhere successfully to its version.

One further difference between the Senate and House versions exists on the domestic side—on the importation of white sugar; that is, refined sugar in distinction to raw sugar. While this is of interest to the entire domestic industry, it is of particular interest to the cane sugar refiners. The Senate version of the bill eliminates 125,000 tons of the refined imports of 375,000 tons formerly permitted to come in, at Cuba's option, as part of the Cuban quota. The House version of the bill eliminates all of Cuba's former option to import 375,000 tons, and, in addition, eliminates about 75,000 tons of additional refined imports permitted by the present law. I am confident these differences can be resolved in conference.

The big issue in the conference will be on the foreign aspects of the bill, and on these aspects there is a wide difference between the Senate and the House versions. This difference will be difficult to compromise. I believe the Senate version is sound in principle and is in the national interest. I firmly believe that the conferees should not compromise on the basic principle involved in the foreign phases of the Senate version of the bill. This is to say that I favor generally the so-called global quota principle established in the Senate version. It is a move in the direction of an open market for obtaining the foreign sugar supplies which supplement our domestically produced sugar. The special import fee which the Senate version authorizes will help to slow down the drain on our gold, which is serious today, and is becoming increasingly serious, endangering the soundness of the American dollar to a greater degree than most of us are willing to recognize.

The global quota principle will eliminate the rash of lobbyists for foreign sugar interests which have been exerting tremendous pressures on individual Members of the Congress. The unbelievably high fees which are being paid to lobbyists for foreign sugar interests, some of them on a contingent basis, payable according to the degree of success the lobbyists have in wresting high quotas for particular foreign sugar interests, are most objectionable, to say the least.

Its foreign provisions make the House version unsound sugar legislation. By parceling out every ounce of our entire foreign requirements—including every ounce of the replacement for Cuban sugar—to more than 25 individual nations, literally all around the globe, the House version of the bill goes much too far.

The Senate version would preserve some 2½ million tons of the former Cuban quota, without allocation at all, on a first-come, first-served basis. All of this, under the Senate version, would be subject to an import fee. And the bill would keep individual country quotas for only the countries that now have quotas; and these quotas would be subject to a gradually increasing import fee, except for the quota of the Philippines, with which we have a treaty which involves a gradually increasing tariff.

This is an approach to which I hope the Senate will agree; and I hope the Senate conferees will insist on it. The ability of the Senate conferees to maintain their position will, to a large measure, depend upon the support given by the administration. The Senate version, on the foreign side and essentially on the domestic side, is the administration bill.

At times I have not agreed with the administration. But sugar legislation is, and always has been, bipartisan legislation. And this time I hope sincerely the administration will help the Senate conferees influence the House conferees to recede from their version of the bill.

I am mindful that if the United States opens up a large share of its markets to the world, without quotas, the so-called world market price may rise, and the import fee would not be so large as the present difference between the domestic raw price and the price on the so-called world market might lead us to believe. In the administration of the program we must not forget our historic friends in Latin America, so they will have an incentive to bring sugar to our market. And it is my understanding that the provisions of the Senate version can be administered in such a manner. This would promote the laudable aims of the Alliance for Progress.

Only a small part of the total sugar supply in the world is sold at the so-called world price. Most of the world's sugar is consumed in the countries where it is produced, and growers and processors in those countries receive a higher price than the world price, as do our own domestic growers and processors. Only about 30 percent of world sugar production enters international trade, and more than half of that is bought and sold under systems of price protection. Ours is not the only one. Sugar moves to the British, French, and Portuguese metropolitan markets, for example, under preferential arrangements with their oversea supplying areas; and there are other similar arrangements.

Comparisons are sometimes drawn between the price paid by domestic refiners for raw sugar in New York and the price of raw sugar on the so-called world market. The inference is made that the world market provides some kind of worldwide standard, that any price higher than the world price is too high, and that the U.S. consumer could get sugar much cheaper if the sugar program were junked and if refiners bought all their sugar on the so-called world market. But the comparisons are misleading, and the conclusions drawn from them are untrue and, therefore, unfair.

In fact, the so-called world market and world price are essentially fictitious, and bear little, if any, relation to economic reality. Since less than 17 percent of world sugar produced is traded on this so-called world market, and usually only 10 to 12 percent, it is difficult to see how such trade could result in a world price. This sugar is essentially surplus or residual. Of the 57.5 million tons of sugar consumed throughout the world each year, fully 40 million tons are consumed in the countries where it is produced. Nearly all countries produce their sugar under some type of national control or supply program, because sugar is such a vital product.

To refer to a world price is, therefore, essentially to refer to a fiction.

Yet I do feel that the provisions of the Senate version of the bill are much sounder than the hodgepodge of individual country allocations of the House version. And I believe that enactment of the Senate version will in no way destroy the stability which has marked our sugar system in the past—the stability which has benefited consumers as well as producers.

So I will support the Senate version all the way—in the Senate and—if I am included in it—in the conference.

Mr. DWORSHAK. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. DWORSHAK. According to the committee report, the new sugarbeet allocation was raised to 65,000 tons, which will mean that possibly a new sugar-processing plant will be required in order to take care of this increased production. Is that correct?

Mr. BENNETT. It is correct that the bill requires the Secretary to make available to new areas as much as 65,000 tons a year. That figure was set because the testimony is that at least 55,000 tons will be necessary in order to justify the investment in a new plant; but this is not the total of the amount to be added to the domestic beet quotas, through growth. This will be approximately 78,000 tons.

Mr. DWORSHAK. Under this provision, will new producers in Idaho and Utah participate? How will the new acreages be allocated?

Mr. BENNETT. It is the thought of the committee that priority for the allocation of the new acreage should go to areas which have a demonstrable capacity to produce beets, but which so far have not been able to attract investment for a new mill; and I would assume, then, that if there are new producers who want acreage in areas already served by an existing sugar mill, they would have to wait until the new growers in the areas not now served have been taken care of.

Mr. DWORSHAK. In the southern part of Idaho there have recently been brought in, from a Federal reclamation development, approximately 78,000 acres of land. All of that was done under a system of providing homesteads for veterans of World War II. Under the restrictions which have curtailed the production of beets during the past few years, it has been difficult, if not impossible, for them to get any beet allocations.

Under the bill, will these homesteaders be permitted to participate in the new producer sugarbeet allocations?

Mr. BENNETT. As I have said, the new allocations include at least 12,000 tons to 13,000 tons in addition to what would be necessary in order to justify the development of a new mill in an area which is not now served by a mill. I would assume that much, if not all, of this would be available for allocation in existing areas, and perhaps even more, because while we allow 65,000 tons a year for new producers, the testimony is that only 50,000 tons are actually necessary in order to support a new mill.

Mr. DWORSHAK. It is also possible, is it not, that the State of Idaho, for example, would enjoy increased sugarbeet allocations which could be distributed on the basis that these homesteaders, who have been denied acreage in the past, might get additional acreage in the future?

Mr. BENNETT. This is the responsibility of the Secretary of Agriculture.

Mr. CURTIS. Mr. President, at this point will the Senator from Utah yield to me?

Mr. BENNETT. Yes, I am happy to yield.

Mr. CURTIS. I think the record should show—and no doubt the distinguished Senator from Utah has shown it—that the committee intended an orderly expansion of the sugarbeet industry in this country, to be participated in by farmers in a general way, insofar as possible.

We did not undertake to define a new area. It is impossible to do so by geographic lines. There are many facts that have to be taken into account, and it would be up to the Secretary to determine what a new area is.

Also, in increasing the reserve for new areas from 50,000 to 65,000 tons, we increased the portion of the growth factor in the House bill from 63 to 65 percent.

Mr. BENNETT. May I observe that the House bill increased it from 55 to 63 percent, but the combination of the two increases represents an increase of from 55 to 65 percent of growth.

Mr. CURTIS. Yes, and I think the entire committee proceeded on the understanding that while the majority opinion was for an expansion of the beet sugar industry—and I certainly am—we were not seeking to do it at the cost of existing producers and processors. In other words, we wanted a real expansion rather than to take it away from one producer or one group and give it to someone else.

Mr. BENNETT. That is my feeling. This is a problem which has faced the committee for a number of years. There are areas where it is possible to grow sugarbeets, and there are areas where they do now grow sugarbeets, but not in a sufficient volume to establish a nearby mill. I think that is true of the State of Nebraska.

Mr. CURTIS. Yes. If the Senator will yield further, I read from page 6 of the report:

> The bill does not undertake to define a new area. The Secretary, with all the facts of the immediate time of the consideration before him, will make such a decision. It

may be assumed that the Secretary will formulate a workable definition. It would appear that a new area should not be compelled to show that no sugarbeets at all are now being raised.

Obviously, we would not want to create a technical situation where someone with a small batch of beets in a town or a river valley somewhere thought that was a new area.

I read further:

as there may be qualified areas where a few farmers have had some small sugarbeet history with beet shipments being made over great distances to be processed with the grower absorbing part of the freight charges. On the other hand, an area in which sugarbeet raising is and has been an important and significant part of agriculture might not qualify as a new area.

In other words, we are saying to him, "Work out the most reasonable and fair definition and guidelines possible and make the extension called for here."

Mr. BENNETT. That is what we tried to say.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. DWORSHAK. The committee report indicates that under the present legislation domestic beet sugar producers are allocated 2,110,627 tons, while under the proposal before the Senate the total would be increased to 2,650,000 tons, which is approximately a 25 percent increase.

That would probably mean that the areas which have been producing sugarbeets for several years and have established quotas could expect to have an increase in the quotas of upward of 25 percent?

Mr. BENNETT. It would mean that over all, but there is another factor in the situation. Under the present law, with the 2,110,000-odd tons allocated to sugarbeets, the sugarbeet areas also have the privilege of supplying the deficit in Hawaii and Puerto Rico. This was represented to be, at the peak, something less than 400,000 tons. But under the new bill, the privilege of supplying those deficits is taken away, and they are given 2,650,000 tons, which is an increase, but is a firm increase. When they were dependent upon the deficits, they did not know whether a return to a good year in those other areas would wipe out the quota they were getting from year to year. As it is now, they have the total overall 2,650,000 tons on a firm basis.

Mr. DWORSHAK. That indicates there would not actually be an increase of 25 percent, because many of these areas have been adding to their quotas by making up for deficiencies.

Mr. BENNETT. That is correct. It would not be a total increase of 25 percent in comparison with the last few years; but in terms of a firm right to a quota, it is an increase of 25 percent.

Mr. ANDERSON. Mr. President, I strongly support H.R. 12154, the pending sugar bill, as amended and reported by the Senate Finance Committee. I believe that the bill will provide a sound sugar program and permit some of our farmers in new areas to supply some of our domestic sugar requirement. I have contended for some time that when new sugar legislation is enacted that this should be done.

Briefly, the aims of our sugar laws have been:

First. To maintain a healthy and protected, but competitive, domestic sugar industry of limited size, capable of supplying in peace and war a substantial part of our needs.

Second. To avoid an undue cost burden on domestic consumers by assuring adequate supplies at reasonable prices.

Third. To assure the benefits of the domestic production going to producers and to laborers, and to eliminate child labor from our sugarbeet and sugarcane fields.

Fourth. To promote our general export trade.

These aims have been achieved to a great degree by the enactment of the Jones-Costigan Act in 1934 and subsequent amendments and extensions of the act. In this law we abandoned the old tariff as the principal instrument for protecting the domestic sugar industry, and adopted instead a quota system which regulated and limited the supply and price of sugar made available to consumers.

The Sugar Act worked pretty well until the breaking off by the United States of diplomatic relations with Cuba and the subsequent stopping of all sugar imports from that country. When we discontinued the importation of sugar from Cuba, there were numerous claimants for quotas to supply the approximately 3 million tons of sugar formerly received from Cuba. Among these were demands from our American farmers that they be permitted to supply a greater portion of our annual requirements—at least that portion represented by the total annual growth in consumption.

The sudden change in our sugar supply situation gave a great many people a pretty hard jolt. We came to realize very quickly that almost anything can happen. A few years ago no one dreamed that Cuba would suddenly go Communist and that our principal offshore sugar supply would be cut off. It became clearer than ever before what it could mean if the supply of this important commodity should be drastically cut during a national emergency. Many of us believed then and now that we should never have to face such a situation.

This sudden change brought with it the problem of deciding what kind of a sugar program would be best for this country in the future. We were faced with the problem of making adjustments in quotas and in the process incurring not only the ill will of some of the countries of the world who desired to sell us the sugar formerly purchased from Cuba, but also the American farmer, should we fail to give him fair consideration. Twice we have given temporary extensions of the act with the promise that the whole problem would be considered next session when the Senate could get a bill in time for proper hearings and debate. We have had a little more time this session, but we have been unduly rushed to get a bill reported in time for any debate and consideration on the floor.

When we came to consider this question in 1961, it was evident that no sugar law would be passed again unless Congress was willing to give American farmers a larger share of our domestic quota. We now have before us a bill that does provide a larger share to domestic producers, but perhaps not as much as many of us would like to have. At least we have made a start. Our farmers have advanced strong arguments in support of their request for a greater part of our domestic sugar quota. It has been pointed out that in many areas of the country our farmers are anxious to divert acreage now in surplus crops to the growing of sugarbeets. Studies and experiments have been conducted in several areas and these areas have proven that they are capable of growing sugarbeets. Acreage that would be put into sugarbeets would come from land now producing surplus crops. The cash return from new production would be a great boost to the individual farmers, and would provide a shot in the arm for the economy in some of our depressed agricultural areas. Several of the beet refiners have expressed a strong interest in constructing mills in certain new areas.

Mr. President, the argument has been advanced that for the past 2 years we have had no restrictions on planting of cane or sugarbeets—that any farmer could plant all that he wanted of either crop. There has been some planting of cane because the risk and the cost in setting up a cane mill is much less, and can be accomplished in a much shorter time, than could be done for beets. No new beet areas have come into production principally because there is no milling capacity. About $15 million and 2 years of work are required to put a beet sugar refinery into production. No new mills have been built because there has been no assurance that if restrictions were reimposed that any such venture started could go on to completion. The mills had to have a guarantee that production of beets would be available and this was not possible without a guarantee from the Department of Agriculture that should restrictions be reimposed the farmers would have permission to plant beets to supply the mill.

As amended and reported, H.R. 12154 will provide the necessary protection to processors and growers and guarantee an acreage history sufficient to produce 65,000 tons of sugar in a new area each year. This amount might permit the establishment of three new mills during each 2-year period, although I doubt if we will actually require that many to serve the needs of consumers. I believe that this is a good start and will not damage our relations with our traditional offshore suppliers and it certainly demonstrates that we are trying to keep faith with our farmers.

Mr. DOUGLAS obtained the floor.

Mr. MOSS. Mr. President, will the Senator yield?

Mr. DOUGLAS. Mr. President, I yield to the Senator from Utah with the understanding that I do not lose the floor.

Mr. MOSS. Mr. President, I ask unanimous consent that the Senator from Illinois not lose the right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. Mr. President, the bill reported by the Senate Finance Committee to amend and extend the Sugar Act of 1948 is superior in every way to the House-passed bill. The committee is to be commended for the careful job it did in refining the bill, and particularly for removing from it the windfall subsidies to foreign producers which the American consumer would have had to absorb. Had the committee not done this job, and done it so well, we would have had to do it here on the floor, because the bill as passed by the House smacked loudly of special privilege. It would have denied the State Department the tools inherent in the sugar program to strengthen our foreign policy, and would have done grievous injury to the American consumer.

We of the sugar-producing States were particularly gratified that the committee adopted the amendment offered by the Senator from Oklahoma [Mr. KERR] and the Senator from New Mexico [Mr. ANDERSON] to increase the share of the future growth of the U.S. market allotted to domestic beet and cane sugar growers from 63 to 65 percent. Since approximately 75 percent of this percentage goes to beet sugar and 25 percent to cane, the West particularly will profit.

Although, when studied carefully in all of its ramifications, the 2-percent increase is little more than a token increase, there will be some benefits to sugar growers and to refiners.

The biggest benefit this bill could bring to the domestic sugar industry, however, is the assurance of stability. For 2 years the sugar industry of Utah, and elsewhere, has been trying to operate under the uncertainties of short-term extensions, and it has been impossible to plan for more than a few months ahead. With the enactment of this measure, the industry can plan ahead for 5 years.

I hope, therefore, that this body will take speedy action on H.R. 12154. It gives the domestic sugar producers a better deal than they have had—and it assures them that they will have that deal for 5 years. I realize that there are some major differences between this bill and the measure the House passed, and that the conferees are going to be faced with some sharp differences of opinion. But perhaps, if we can get this bill through quickly, and give conferees a day or two for conferences before the end of the fiscal year, we can enact a long-range sugar program. Another stopgap, 1-year extension of the present program would be wholly unsatisfactory. In the interests of a healthy sugar industry in the West, the South, and the Midwest, let us make a supreme effort to get the long-range bill through this week, and end the sugar industry's period of frustration and uncertainty.

Mr. DOUGLAS. Mr. President, I yield to the Senator from Idaho [Mr. CHURCH] on the same terms.

Mr. CHURCH. Mr. President, I rise to support the bill we are now considering H.R. 12154, as reported by the Senate Committee on Finance.

I particularly wish to stress the importance of the domestic provisions to the sugarbeet industry and the entire economy of Idaho. For nearly 60 years, the growing of sugarbeets and the production of beet sugar have contributed greatly to the growth, development, and stability of my State. The domestic features of this bill will enable this vital agricultural and industrial enterprise to continue to make a worthwhile contribution to Idaho.

While we have a great, established sugarbeet industry in my State, we also have farmers in some areas who are anxious to become a part of the industry. The new-grower provisions of this bill have, I believe, effectively resolved the conflict which existed a year ago between the two groups. The new basic quota recognizes to a large degree the remarkable achievements the industry has already made in production and in marketing. The improvement in the industry's future share of increases in the U.S. sugar market will provide an opportunity for many of those who are really serious about it to get into production.

I admit I would be happier if the bill provided a larger beetsugar quota and a larger share of the future market growth. Some who want to produce beets will be disappointed. But this is a significant step in the right direction, and a big step in the right direction. It represents tremendous progress over the situation we were in last year.

Perhaps if we moved too fast in the direction of expansion we would disturb the stability which has been a salient feature of the U.S. sugar program for 28 years—the stability which has assured plentiful supplies for American consumers at most reasonable prices, and at the same time has helped to foster a healthy and dynamic domestic sugar-producing industry.

As we engage in our discussion of the sugar bill here today, let us keep our remarks in perspective. Let us not be misled by any attempts which enemies of our successful sugar program may make to discredit it. The basic principles of the system are sound. They must and should be preserved.

That is not to say that changes cannot be made or should not be made, to fit the program into the situation which confronts us in today's world. The foreign provisions of the Senate committee bill recognize reality, and make the changes in the program that should be made to adapt it to a sugar world that changed so drastically when the bearded Castro moved out of the Sierra Maestra into Havana. And the same provisions, without specific allocations of the tonnage held in reserve for Cuba's return some day to sanity, will make changes again so much easier to fit that situation when that happy day does arrive.

Yet, in our zeal to open the doors of our market wide enough to admit a huge tonnage of sugar to enter without quotas, let us not destroy the program or the public acceptance of the program with ill-timed and thoughtless talk. Let us remember that the government of nearly every sugar-producing country around the globe exercises control over the production, refining, and marketing of sugar. Let us not hold up the so-called world market as a model or as a lure. That market is a dumping ground for homeless sugar, it is a depressed market, and an especially depressed market right now because of the overabundance of sugar in the world today.

Anyone who holds forth the world market price as a world price with the implication that it represents prices all over the rest of the world, is either deliberately perpetrating deception or is revealing his abysmal ignorance of the facts of the world sugar economy. It is utterly false to use the price on the world's surplus market as a measure for determining the fairness of prices in the United States or anywhere else.

In measuring the price to U.S. consumers by the prices paid by consumers in 121 nations around the world, the impartial Food and Agriculture Organization of the United Nations found that the U.S. price was only equal to the average prices in all the other countries. And in another study by an objective body, it was learned that, in terms of the time it takes an average workman to earn the price of a pound of sugar, the price in the United States is the lowest in the world.

Those are true and fair measures.

By any measure that is true and fair, Senators will find that the U.S. sugar program is indeed equitable to the person who buys sugar, as well as to him who produces it.

H.R. 12154 will, I am convinced, continue the basic principles which have so distinguished this program.

I congratulate all segments of the domestic sugar industry for the splendid spirit of accomodation they have shown in developing and agreeing on a united approach to the domestic provisions of this legislation.

I urge the Senate to pass the bill.

Mr. DOUGLAS. Mr. President, the Sugar Act which has now been in effect for almost 30 years is one of the most important and least understood measures which the Congress has ever passed.

From the standpoint of the consumers, the Sugar Act also is one of the most costly measures ever passed.

The pending bill as reported represents a distinct improvement over the existing situation and over the bill which was passed by the House. I intend to support it for that reason. However, I think it important that we should know what the sugar program costs the consumers of the country, and how and why it costs these sums.

DOMESTIC PRICE SET BY LIMITS ON PRODUCTION AND IMPORTS

The basic regulation in the sugar industry is that the Secretary of Agriculture is directed to set production quotas on both domestic production and foreign imports, by controlling the total amount of sugar to be grown in this country and imported from abroad, under congressional direction, we maintain in practice a price of approximately six and a half cents for raw sugar prior to refinement.

The price has been steady. What is not mentioned and is frequently covered up is the great disparity between the domestic price and the foreign price. The domestic price for raw sugar is now 6.4 cents a pound. The world price is 2.7 cents a pound. To this latter figure should be added a tariff of five-eighths of a cent per pound and a freight charge of three-tenths of a cent per pound, or $12.50 and $6 a ton respectively.

PRESENT SUBSIDY IS $56 A TON

This means that world sugar can be laid down in the United States, raw, for approximately 3.6 cents a pound, but the domestic price for sugar, raw, is 6.4 cents a pound. There is therefore what is euphoniously termed a premium of 2.8 cents a pound above the present world price for both the foreign sugar and the domestic sugar. Since sugar is computed in terms of short tons of 2,000 pounds this means a premium or a subsidy per ton of $56.

TOTAL SUBSIDY IS $560 MILLION

The total domestic production and foreign supply in the coming year will be only a very little short of 10 million tons. This means the total subsidy to domestic and foreign producers will be 10 times $56 million, or $560 million. Of this approximately 60 percent, or around $330 million, will go to domestic producers, and approximately $225 million will go to foreign producers for the 4 million tons which will be produced abroad.

CONSUMER PAYS SUBSIDY THROUGH HIGH PRICES

Everyone should realize that the consumers will pay these amounts. We have heard a great deal of talk in this Chamber for the last hour and 15 minutes about what the program will mean for the producing areas. We have not heard a word about what it will do to the consumers of the country. It involves a directly higher price to be paid for both domestic and foreign produced sugar which, in terms of world prices, amounts to more than $550 million a year.

EXCISE TAXES AND PRODUCTION PAYMENTS ALSO RAISE PRICE

In addition, there are the so-called excise taxes and production payments. There is an excise tax on all sugar refined in this country, domestic or foreign, of a half cent a pound, or $10 a ton. This brings in a little less than $100 million a year. Then production payments are paid to domestic producers. Last year these amounted to approximately $73 million.

Make no mistake about it, the consumers pay for the production payments, because the production payments come out of the excise taxes, and the price of sugar is raised by a further half cent a pound because of the excise taxes.

Very roughly, during the current year the consumer will pay either in premiums to producers at home and abroad or in production payments to those at home approximately $625 million, or about $3.50 for every man, woman, and child in the United States, or $14 for every family of four.

We sometimes forget, Mr. President, how much these costs have amounted to over a long period of time. These have been worked out. I ask unanimous consent that a table which I have prepared in this regard may be printed at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Year	Difference per pound between United States and world price	Total tons	Total subsidy
	Cents	*Millions*	*Millions*
1962	2.80	9.7	$543
1961	2.45	10.0	490
1960	2.21	10.4	459
1959	2.38	9.4	447
1958	1.91	9.2	351
1957	.14	9.0	25
1956	1.62	9.0	292
1955	1.76	8.4	295
1954	1.95	8.25	321
1953	2.02	8.1	327
1952	1.18	7.9	186
1951	−.60	7.9	−96
1950	.11	8.7	19
1949	.78	7.5	117
1948	.41	7.2	59
Total			4,009

FOUR-BILLION-DOLLAR SUBSIDY OR DIFFERENTIAL, 1948–62

Mr. DOUGLAS. Mr. President, since 1947 the total subsidy, figured on the basis of domestic price over world price, multiplied by total domestic consumption, aggregates almost precisely $4 billion. But that is not all. In the past 15 years the production payments have amounted to $900 million. So the amounts we have paid out in the past, both directly and indirectly, come to a little short of $5 billion.

Mr. PROXMIRE. Mr. President, will the Senator yield at that point?

Mr. DOUGLAS. I am glad to yield.

Mr. PROXMIRE. First, I congratulate the distinguished Senator from Illinois for making a fight in behalf of the consumers. I think it is about time someone spoke up for the consumers, and no one can do so more eloquently or vigorously than the Senator from Illinois.

I want to call attention to the fact that in addition to the sugar subsidy, there is also a Federal irrigation subsidy. According to my figures, in 1960 sugarbeets were grown on 394,000 acres irrigated with Bureau of Reclamation water, of which 189,000 acres were fully irrigated and 205,000 supplementally irrigated. Nearly all of this land was brought into production on the basis of a very substantial Federal subsidy, specifically for the unreimbursed interest on the funds advanced for the reclamation projects. The acreage cost, as the Senator from Illinois has testified before the Senate quite often, runs up to $1,000 an acre and more.

So, in addition to the very substantial cost of the sugar program to the consumers and the taxpayers, to which the Senator from Illinois already has alluded, we should add the nonreimbursed cost of this great amount of acreage—a substantial part of all the new sugarbeet acreage in the West—which also involves a very heavy Federal subsidy.

Mr. DOUGLAS. I had not known those acreage figures. I am very much interested in them. I assume the Senator has checked them and has found them to be accurate. They indicate, of course, a further subsidy, because while the principal on loans for irrigation is usually returned, interest is not paid on the money advanced by the Government.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator from New York.

Mr. JAVITS. I wish to join my colleague in complimenting the Senator from Illinois for this analysis.

If we are deliberately to adopt a policy of paying out enormous sums because we believe that it would be in the public interest to do so, first, to deal with our international situation and, second, to help those who are raising a crop in the United States, we should know precisely what we are paying out in order to make a value judgment as to whether the benefits received are commensurate with the amounts which we are paying out of the National Treasury. The Senator from Illinois has been of great help to all of us, and he will continue to be as he analyzes the question further and states the real orders of magnitude which are involved. I am very grateful to him for his analysis of the situation.

Mr. DOUGLAS. I thank my friend from New York.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. I should like to mention two further figures which document the position the Senator from Wisconsin has taken. First, on the basis of official Government statistics in 1960 subsidy payments under the sugar program totaling $25,747,869 were made to growers of sugarbeets on irrigated land. Second, the interest subsidy to irrigating farmers for the related projects can be estimated to be $16 million a year. This is the result of forgoing the interest on the initial cost of the irrigation facilities. I point out that the new sugarbeet acreage that has come into production in recent years, and which will come into production as a result of this bill will be very largely, if not entirely, irrigated acres.

Mr. DOUGLAS. I thank the Senator from Wisconsin.

Mr. CURTIS. Mr. President——

Mr. DOUGLAS. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Illinois has the floor.

HOUSE BILL WOULD ADD $3 BILLION IN SUBSIDIES IN NEXT 5 YEARS

Mr. DOUGLAS. I thank the Chair.

If enacted, the bill would continue the program for 5 years. If the House provisions were to be carried into effect, there would be an annual subsidy of at least $550 million, which would probably increase as the total consumption of sugar increased. The total for the 5 years of this act would be approximately $2,700 million, and production payments would amount to at least $400 million. Those are conservative figures. So the past program and the future program as laid down by the House would amount to more than $8 billion since 1948.

Mr. GORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. GORE. Does it strike the distinguished senior Senator from Illinois as more than passing strange that some of the most ardent advocates of the regimentation of the sugar program, with subsidy and production payments to producers, nevertheless found the much milder restrictions and production controls of the farm bill with respect to feed grains utterly unacceptable, and called it horrible regimentation?

Mr. DOUGLAS. Mr. President, I have been puzzled by that point, but I am not trying to make war on either the beet sugar group or the cane sugar group inside our country. My aims at the moment are modest. I am trying to save $150 million in the bonus or subsidy which is now paid to foreign producers.

Mr. GORE. I did not intend to promote the distinguished and able Senator into waging war. It occurred to me that the point was worthy of comment, at least, in passing.

Mr. DOUGLAS. I think it is.

Mr. GORE. Distinguished Senators on both sides of the aisle who are ardent advocates of the rigid regimentation proposed by the pending bill—a Brannan plan type of production payment—are very much opposed to production control when the question of feed grains comes before the Senate.

Mr. DOUGLAS. Yes. I have been puzzled by it, but I would prefer to stick to sugar rather than getting off on corn.

Mr. GORE. I admit that it is a bit sweeter subject.

FINANCE COMMITTEE AMENDMENT, 1961

Mr. DOUGLAS. Mr. President, the program is very costly. Last year in the Committee on Finance I offered an amendment to the bill which the House sent over to us. The amendment provided that so far as foreign producers were concerned, there would be applied to their sugar a fee equal to the difference between the world price and the domestic price. That provision would have netted the Treasury approximately $140 million a year. It would not have produced any decrease in the price of sugar. It is said that that must be protected for the benefit of domestic producers. I make that statement in a somewhat satirical tone. But my amendment would have transferred into the Treasury—and have relieved the taxpayers of the United States correspondingly—the sums which were then being paid as a subsidy to the producers of sugar abroad.

To my surprise, the Committee on Finance adopted my amendment unanimously. Usually I do not have very good luck in the Finance Committee with respect to amendments which I propose, but on that occasion there was unanimity.

We came to the Senate Chamber with high expectation. On the floor of the Senate, we encountered certain obstacles, which we may still meet this year, either in the Senate or in conference with the House, and which deserve to be noted.

FOREIGN LOBBYISTS

The first obstacle we met consisted of the foreign sugar producers, who, instead of receiving 5½ cents a pound, would get only about 2.7 cents a pound. They would have lost the $150 million subsidy which we are trying to collect for the Treasury. Although they did not have much notice that such a thing was about to happen, they had a very good intelligence system. The word went out very quickly. The air was darkened by airplanes bearing sugar magnates from Latin America. They flew to Washington to protect their sugar. They were very effective in lobbying.

STATE DEPARTMENT OPPOSED

Then we encountered opposition from our State Department. The Latin American Division was then headed by a Mr. Thomas Mann, who was opposed to the proposal. He said that it would endanger our friendly relationships with the Latin American countries. The new President had been in office for only a brief time. The issue arose suddenly, and the State Department was able to convince the White House. So we had the opposition of the White House. We did not have too much support from those who come from the sugarcane- and beet sugar-producing areas of our country. Perhaps they were afraid that if the big subsidy on foreign sugar were exposed, their turn would be next. However, I did not propose to touch a hair of their heads or a mill from their accounts. So we were defeated on the floor of the Senate. The previous provisions continued in effect. As a result of that decision, we paid out to foreign producers during the past year $150 million which we would not have paid out had my amendment become a part of the law.

A further obstacle which we faced was of course the obdurate position of the distinguished chairman of the House Committee on Agriculture.

During the year that has passed there have been changes in the State Department, and the administration has become more aware of what the real issues are. The administration adopted my proposal. Mr. Mann has gone down to Mexico, where he is now the American Ambassador, and where, I am told, he is rendering fine service. There is new blood in the Latin American Division, and new blood in the Division on Economic Affairs.

The White House took a very keen interest in this subject, and a new bill was introduced several weeks ago by the distinguished Senator from Louisiana. It aimed at several things.

FOREIGN SUBSIDY GOES TO TREASURY

First—and to my mind most important—it provided that the difference between the world price and the domestic price of raw sugar should not go to the foreign producers, but should go into the American Treasury for the relief of the American taxpayer. I commend the State Department and the White House for reversing their position on this point. It requires people with a good deal of stature, after studying a measure, to see that their previous position was unwise. I hope that I shall not be regarded as being egotistical if I say that it gave me a certain degree of reassurance to feel that the program for which we fought last year was correct.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am very glad to yield to the Senator from New Mexico.

Mr. ANDERSON. The work which the Senator did a year ago has borne some fruit. Sometimes a Senator proposes an amendment, which is regarded by all as a fine thing, but somehow it becomes lost. The Senator may have lost last year, but his efforts have borne fine fruit this year.

Mr. DOUGLAS. I thank the Senator. He has been very helpful in this connection.

INCREASE IN DOMESTIC PRODUCTION

The administration measure contained another provision dealing with the Cuban quota. Cuba used to sell us a little more than 3 million tons of sugar a year or about a third of the American consumption. Then we stopped buying from Cuba. The question arose not only as to the price at which the former Cuban sugar quota should be bought, but where it should be bought. The administration made two proposals: First, that the domestic program be given about 600,000 more tons than it had last year. I take it that it was hoped that this would offer such solace to the cane and beet sugar producers that they would help so far as the foreign tax was concerned, although I am sorry to say that the man who testified before the House committee for the domestic sugar producers did not support the tax on foreign sugar.

After building up the allotment to domestic sugar producers from about 53 percent to nearly 60 percent of the existing quota for sugar, it was provided that 63 percent of the growth should go to the domestic producers, three-quarters to beet and one-quarter to cane.

FORMER CUBAN QUOTA TO BE BOUGHT AT WORLD PRICE

However, we left for Cuba, when she returns to the family of nations, when she becomes a democratic country, and once again is recognized diplomatically by the United States, 2½ million tons, at an undetermined price. This was an inducement for Cuba to throw off Castro and install a democratic government and at which time she would be received back into the fold, with little or no penalty.

Instead of the 2½ million tons being apportioned to individual countries, it was provided that this sum was to be purchased in the world market at the world price and on a global basis. As I have said before, the difference between the world price, plus freight, plus tariff, and the domestic price, was to flow to the Treasury. That was precisely what I proposed a year ago.

I believe the administration bill was an extremely good bill. I congratulate the Senator from Louisiana and his colleagues who sponsored it.

HOUSE COMMITTEE EMASCULATED ADMINISTRATION BILL

When it reached the House this year the House, however, threw the administration bill out the window. In the first place, instead of sugar being purchased on a global quota, the former Cuban sugar quota was assigned to countries on the basis of two types of quotas, namely, a so-called permanent quota and the temporary quota. A million tons were to be taken away from Cuba permanently and assigned to a wide variety of countries—some 24 in all—and the million and a half tons which Cuba was ultimately to get back were also assigned to a variety of countries—some 11 in all. Almost every country on God's green earth came in for a quota. Let me read a list of some of the new countries that were brought in for permanent quotas: British West Indies, El Salvador, Guatemala, Brazil, Ecuador, Colombia, French West Indies, Australia, Paraguay, India, South Africa, Mauritius—a small island in the Indian Ocean located some 500 miles off the coast of South Africa—Argentina, British Honduras, and the Fiji Islands.

One country that was left out was Ireland. The Senate committee remedied that grievous omission and has now included Ireland, as the Senator from Rhode Island [Mr. PELL], has brought out in his colloquy with the Senator from Oklahoma.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MORTON. Is it not a fact that many of the new countries and islands that have been included as sources of supply are literally thousands of nautical miles removed from the nearest possible U.S. port of entry?

Mr. DOUGLAS. The Senator from Kentucky was in the Navy during the recent war. I believe he served in the South Pacific. He remembers how many days were required to get from San Francisco or Los Angeles to the Fiji Islands and India.

Mr. MORTON. And to Mauritius.

Mr. DOUGLAS. And to Australia and Mauritius. I believe the only time I had ever heard of Mauritius, was in connection with its being the place to which the British exiled Archbishop Makarios of Cyprus.

Mr. MORTON. The Senator is familiar with the economic factors which prevailed in World War I, which gave us a price of 30 cents a pound for sugar, and, in the Second World War, under price control, caused a shortage and rationing. Did that happen because of a shortage of sugar, or did it happen because of a lack of efficient transport to bring the sugar to this country?

Mr. DOUGLAS. The Senator from Kentucky was in charge of convoys during the war. It happened because of the sinking by submarines of a great many American freighters.

Mr. MORTON. That is correct. If we are setting up foreign or offshore quotas so as to provide us with a constant supply of sugar in peace or in war, I see little sense in going 12,000 or 15,000 miles away by sea. I have much more sympathy with the Caribbean community, the countries of the Caribbean, for example, because at least we can transport economically from there.

If the Senator will yield for one further question on a different aspect, does he not believe that under our constitutional system it is far better for the President, in consultation with the Secretary of State and the Secretary of Agriculture, to divide the amount of sugar we normally imported from Cuba, since it has become so important an element of foreign policy, rather than to have Congress, which is subject to the many pressures which confront us, divide that quota?

Mr. DOUGLAS. Yes, I quite agree. The State Department pointed out the difficulties which inevitably arise when Congress, by legislation, assigns specific quotas to specific countries. Actually, Congress exposes itself to a foreign lobby, and inevitably strong pressure is brought to bear upon us. Decisions are made which are not in conformity with foreign policy or the economic interest of the Nation, but are on the basis of the pressure and influence of particular nations. Then every nation thinks it ought to get more.

Mr. MORTON. I thank the Senator from Illinois.

SUBSIDY PRICE PAID TO FOREIGN PRODUCERS IN HOUSE BILL

Mr. DOUGLAS. Mr. President, in addition to the quotas allotted to specific countries, the old system was retained by the House on price. We were to pay to the foreign producers the domestic price minus freight and minus tariff, or approximately 5.5 cents a pound, whereas the world price is 2.7; or pay them a bonus of 2.8 cents a pound or $56 a ton. On the basis of $56 a ton, the annual subsidies would be as follows, according to the quotas which were assigned to the respective countries.

Mexico, $19,600,000.

The Philippine quota cannot be changed because of treaty, and the price will not be altered.

Peru, $19.6 million.

India, $7,280,000. That should give us pause after the remarks of Mr. Krishna Menon and Prime Minister Nehru made the other day.

Mauritius, $6,160,000.

British Honduras, $560,000.

The Fijis, $560,000.

Brazil, $19 million.

Colombia, $1.96 million.

South Africa, $6,700,000.

The Dominican Republic, $19.6 million. Oh, yes. There is another provision in the House bill with respect to the Dominican Republic which needs to be stated. When President Eisenhower, in 1960, shut off the importation of sugar from Cuba, he very wisely provided that the subsidy should not be paid on the sugar imported from Santo Domingo.

We all know that the sugar industry, with the exception of one American company in Santo Domingo, had been taken over by Trujillo and his family. So President Eisenhower was correct in stopping the subsidy payments to Santo Domingo and cutting down the amounts which would have gone to the Trujillo family.

When the importation was resumed during the last year, we paid the Santo Domingo producers the same amount as we paid to other foreign producers. But the Santo Domingo producers—largely the Government plus an American company—has filed a claim for $22 million, saying that they should receive the subsidies which we did not pay during the interregnum when we paid at the world price and not at the domestic price. That case is before the courts.

But the House took the case out of the courts and provided in the bill itself a payment of $22 million to these people. So in addition to the subsidy of almost $20 million on price, there was in the House bill an additional subsidy to the Dominican Republic producers of $22 million.

The subsidy on price to Australia is $11,200,000.

Nicaragua, $1,600,000.

Haiti, $1,400,000.

The British West Indies is, I believe, in the Commonwealth sugar agreement and gets a subsidized price from the British Commonwealth. But we are to pay the British West Indies a subsidy on their additional production of $19.6 million. We would pay them more than the British Commonwealth is paying them.

French West Indies, $2,250,000.

Costa Rica, $1,600,000.

Republic of China and Hong Kong—just short of $11 million. This well confirms the statement of the Senator from Kentucky [Mr. MORTON] concerning the distance that this sugar would have to travel.

Ecuador, $1,600,000.

Guatemala, $1,120,000.

Argentina, $1,120,000.

Panama, $840,000.

El Salvador, $560,000.

Paraguay—I think Paraguay is the last dictatorship in South America—$560,000.

The Netherlands, $560,000.

I ask unanimous consent to insert a table giving the quotas for 1961 and in the House and Senate bills in 1962. For 1961 and the House bill of 1962, except for the Philippines, these represent the amounts distributed from the former Cuban quota at a subsidized price of $50 to $56 a ton.

There being no objection, the table was ordered to be printed in the RECORD.

Comparison between final foreign country sugar quotas and reallocations for 1961 and those proposed in H.R. 12154

Country	1961			Proposed in H.R. 12154			Senate version of H.R. 12154
	Quota	Reallocation from Cuban quota	Total	Quota	Reallocation from Cuban quota	Total	
Cuba	[1] 3,297,105			1,500,000			2,575,392
Republic of the Philippines	980,000	490,731	1,470,731	1,050,000	150,000	1,200,000	980,000
Peru	121,507	514,870	636,377	200,000	150,000	350,000	108,117
Dominican Republic	111,157	222,723	333,880	200,000	150,000	350,000	95,943
Mexico	95,409	589,591	685,000	200,000	150,000	350,000	79,711
Nicaragua	17,471	25,897	43,368	30,000		30,000	15,653
Haiti	8,268	37,005	45,273	25,000		25,000	7,536
Netherlands	4,149	5,851	10,000	10,000		10,000	4,058
Republic of China	3,980	166,048	170,028	45,000	150,000	195,000	4,058
Panama	3,980	6,020	10,000	15,000		15,000	4,058
Costa Rica	3,968	26,282	30,250	30,000		30,000	4,058
Canada	631	1,266	1,897				631
United Kingdom	516	1,034	1,550				516
Belgium	182	1,453	1,635				182
Hong Kong	3	27	30				3
British West Indies	84	265,923	266,007	100,000	150,000	250,000	84
El Salvador		12,000	12,000	10,000		10,000	
Guatemala		17,000	17,000	20,000		20,000	
Brazil		306,474	306,474	190,000	150,000	340,000	Reserve
Ecuador		36,000	36,000	30,000		30,000	10,000
Colombia		46,000	46,000	35,000		35,000	
French West Indies		75,000	75,000	40,000		40,000	
Australia		90,000	90,000	50,000	150,000	200,000	
Paraguay		5,000	5,000	10,000		10,000	
India		175,000	175,000	30,000	100,000	130,000	
South Africa				20,000	100,000	120,000	
Mauritius				10,000	100,000	110,000	
Argentina				20,000		20,000	
British Honduras				10,000		10,000	
Fiji Islands				10,000		10,000	
Total	1,351,305	3,117,195	4,468,500	2,390,000	1,500,000	3,890,000	[2] 1,314,608

[1] Quantity provided for by formula quota of zero determined by President.

[2] Total, excluding Cuba.

SUBSIDY GOES TO LIMITED NUMBER OF PEOPLE

Mr. DOUGLAS. So these sums are truly enormous, and they are paid by the American consumer. To whom does the money go? In most of the countries, the land tends to be tightly held. This is not true of Mexico. I believe it is not true of Costa Rica. But it is true that in most of the countries the sugar acreage is primarily in a limited number of hands. The sugar milling is still further restricted in its ownership and control. Thus the subsidies go to a relatively small group of people. Some of them are Americans, and I have no charges to level against these American industries abroad. I think that in Peru, the Grace Co. has probably been the leader in improving the living and working conditions of its employees.

But I think everyone knows that throughout Latin America one of the great faults is the concentration of land holdings and the fact that the peons or peasants who work in the fields do not get very much of this total amount. In the majority of cases, the money does not seep down to the workers. Of course, in some cases it does. This means that because of our sugar policy, the American consumer and the hard working American families, have been subsidizing a relatively small group of rich landowners.

Mr. PROXMIRE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the Senator from Wisconsin for a question.

Mr. PROXMIRE. When the Senator from Illinois speaks of a few hands or a few people controlling the sugar plantations, is it not true that he is talking about a tiny fraction of 1 percent of the population?

Mr. DOUGLAS. Yes, that is true.

Mr. PROXMIRE. Is it not true that the profits of the sugar plantations are in many cases very high?

Mr. DOUGLAS. That is my understanding. It has been hard to get the figures, but that is my understanding.

Mr. PROXMIRE. Is it not also true in many cases that the wages are among the lowest paid anywhere in the world?

Mr. DOUGLAS. The wages are low. I have prepared a table giving statistics on these points. I asked the State Department some months ago to gather this information, and I believe it to be approximately accurate.

Mr. President, I ask unanimous consent that the information be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Foreign sugar production statistics [1]

Country	Sugar acreage (1)	Percentage of land in 10 largest holdings (2)	Percentage of acreage in U.S. ownership (3)	Mills (number) (4)	Percentage of production in 10 largest mills (5)	Percentage of mill capacity in U.S. ownership (6)	Field hand daily wages (7)
Peru	165,500	(a) Largest, 29 percent; (b) 1st 10, 98 percent.	23 percent	14	(a) Largest, 26 percent; (b) 1st 10, 98 percent,	26 percent	1959, $1.20 to $1.80; 1960, $1.35 to $2; 1961, $1.50 to $2.25.
Haiti	80,000	(a) Largest, 6 percent; (b) 1st 10, 6 percent.	6 percent	3	(a) Largest, 84 percent; (b) 1st 10, 92 percent.	84 percent	1961, 81 cents.
Costa Rica	81,526	(a) Largest, not available; (b) 1st 10, not available.	Very small	33	(a) Largest, 9.7 percent; (b) 1st 10, 61.7 percent.	None	1959, $1.13; 1960, $1.13; 1961, $1.13.
Dominican Republic	466,000	(a) Largest, 55 percent; (b) 1st 10.	20 percent	16	(a) Largest, 60 percent; (b) 1st 10, 100 percent.	32 percent	1959, $1; 1960, $1; 1961, $2.
Republic of China	225,000	(a) Largest, 30 percent; (b) 1st 10.	None	27	(a) Largest, 100 percent; (b) 1st 10.	None	1959, 78 cents; 1960, 98 cents; 1961, 98 cents.
Mexico	790,000	See addendum	do	71	(a) Largest, 10.6 percent; (b) 1st 10, 50.2 percent.	do	1959, 96 cents to $1.60; 1960, 96 cents to $1.60; 1961, 96 cents to $1.60.
Nicaragua	56,000	(a) Largest, 24 percent; (b) 1st 10, 49 percent.	6 percent	7	(a) Largest, 61 percent; (b) 1st 10, 85 percent.	6 percent	1959, $1.42; 1960, $1.70; 1961, $2.13.
Panama	43,000	(a) Largest, 7 percent; (b) 1st 10 percent.	None	3	(a) Largest, 52 percent; (b) 1st 10, 100 percent.	None	1959, $1 to $1.25; 1961, $1.60 to $1.70.
Philippines	616,016		Very small	26	(a) Largest, 11.67 percent; (b) 1st 10, 68.14 percent.	See addendum	1959, 95 cents; 1960, 84 cents; 1961, 91 cents.
Brazil	3,250,000	(a) Largest, 1.2 percent; (b) 1st 10, 6.5 percent.	None	302	(a) Largest, 2.2 percent; (b) 1st 10, 16 percent.		1959, $1.05; 1960, $1.67; 1962, $1.51
Argentina	537,500		Small if any	36	(a) Largest, 16 percent; (b) 1st 10, 75 percent.	Small if any	1959, $1.47; 1960, $1.46; 1961, $1.97.
Ecuador	48,370	(a) Largest, 45.8 percent; (b) 1st 3, 100 percent.		4	Largest, 53.5 percent		1959, $1.45; 1960, $1.45; 1961, $1.21.
Guatemala	75,000	(a) Largest, 3.3 percent; (b) 1st 10, 19.8 percent.	Very small	10	Not available	Very small	1959, 80 cents; 1960, 80 cents; 1961, 80 cents.
British West Indies:							
Barbados	60,000	(a) Largest, 3.5 percent; (b) 1st 3, 9.4 percent.		16	(a) Largest, 8.5 percent; (b) 1st 10, 67 percent.		1959, $2.25; 1960, $2.46; 1961, $2.70.
Trinidad	95,000	(a) Largest, 33.7 percent; (b) 1st 3, 55.9 percent; (c) peasants, 44.3 percent.		6	Largest, 42 percent		1959, $1.72; 1960, $2; 1961, $2.17.
Jamaica	202,000	(a) Largest, 13.4 percent; (b) 1st 10, 47 percent.	4.4	18	(a) Largest, 19.2 percent; (b) 1st 10, 78 percent.	4.4	Not available.

[1] Source: U.S. State Department, at request of Senator DOUGLAS.

ADDENDUM

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2. Ten largest holdings in percent: 29, 12, 11, 11, 10, 7, 7, 5, 5, 1.

3. U.S. acreage: 18 percent:[1] W. R. Grace, two haciendas; 5 percent: Nepena SA, one hacienda (now 54 percent United States) being reorganized to 77 percent United States, principally Transoceanic-AOFC, J. Henry Schroder Banking Corp., and Wood Struthers group.

5. Ten largest mills in percent: 26, 14, 11, 11, 11, 7, 7, 5, 5, 1.

6. U.S. mills: 21 percent:[1] W. R. Grace, two mills (processes for others; Grace share 16.5 percent of total); 5 percent: Nepena SA, one mill.

7. American company reports average daily wage at $3 including overtime and fringe benefits.

HAITI

2. and 3. American firm, Hasco, owns 5,000 acres and leases an additional 5,000 acres. Remainder held by small growers.

5. Largest mills: 84 percent, Hasco; 14 percent, Dessalines; 2 percent, Larve.

6. Hasco entirely U.S. owned; Dessalines owned by Haitian Government; Larve reportedly not Haitian owned.

7. Hasco pays canecutters US$0.50 per ton; average hourly earnings US$0.09.

COSTA RICA

2. Data not available. Agricultural census of 1955 (latest) reported that of 13,384 farms showing cane production, 21 had 170 acres or more of cane.

3. No U.S. citizen ownership of large acreage.

5. Ten largest mills in percent: 9.7, 8.7, 8.4, 7.3, 5.4, 4.7, 4.5, 4.5, 4.5, 4.

7. Legal minimum wage is 7.50 colones per 8-hour day.

DOMINICAN REPUBLIC

2. and 3. Largest acreage: 55 percent, Azucarera Haina (Government owned); 20 percent, La Romana (United States-South Puerto Rico Sugar Co.); 5 percent, Vicini; 20 percent, independent growers.

5. Largest mills: 60 percent, Azucarera (12 mills); 32 percent, La Romana (1 mill); 8 percent, Vicini (3 mills).

6. La Romana owned entirely by South Puerto Rico Sugar Co.

REPUBLIC OF CHINA

2. Government-owned Taiwan Sugar Corp. is sole sugar producer with 30 percent of acreage; balance is owned by private farmers under contract to TSC.

5. All TSC; 29 private mills produce 21,000 tons noncentrifugal brown sugar included in international sugar conference considerations.

7. NT$31 per day and NT$39 per day for 1959, 1960, and 1961, respectively.

PHILIPPINES

1. Centrifugal sugar	542,706
Noncentrifugal sugar	73,310
Total	616,016

	Percent of total	Percent United States
5. and 6. Factory:		
Victorias	11.67	40.33
Binalbogan Isabela	11.56	
La Carlota	7.22	
Hawaiian-Philippine	6.28	97.00
Bacolod-Murcia	5.87	
Pasudeco	5.63	
Talisay-Silay	5.36	
Macao	4.95	6.00
Tarlac	4.81	10.00
Del Carmen	4.79	
Total	68.14	

7. Daily minimum is 2.5 pesos (1 peso equals 36 cents) actual payments range from 1.8 to 2.8 pesos, with a few piece-rate cutters earning 5 pesos.

	Pesos
1959	1.80–1.90
1960	2.00–2.10

Export exchange rate used in conversion.

PANAMA

2. The two largest mills own 7 and 3 percent, respectively; acreage owned by remaining eight largest producers is unavailable.

4. Two mills producing; one mill shut down.

5. Two producing mills refine 52 and 48 percent, respectively, of total sugar production.

NICARAGUA

1. 1961–62 acreage increased 17,375 acres over 1960–61.

2. Landownership:

	Percent	Percent United States
Nicaraguan Sugar Estates	24	25
Somoza family	14	
El Polvon group	5	
Lacayo Montealegre	3	
Ingenio Amalia	2	
Domingo Rivas	1	
Remainder held by small growers.		

5. Centrifugal sugar mill production:

	Percent
Nicaraguan Sugar Estates	61
Somoza mills (3)	27
Lacayo Montealegre	8
Amalia	3
Monte Libano	½

7. Export exchange rate used (1 córdoba equals 1.24 cents):

	Without meals
1959	10
1960	12
1961	15

MEXICO

2. According to the Agrarian Reform Code and article 27 of the Mexican Constitution, the largest private holdings in excess of 300 hectares (741 acres) is subject to expropriation if claimed legally; virtually all of the large sugarcane holdings have been expropriated.

A 1961 study showed that 66 percent of the total production came from farms with less than 7 acres planted; the average holding for cane growers is less than 10 acres.

5. Mill	State	Production (tons)	Percent total
San Cristobal	Veracruz	146,252	10.6
E. Zapata	Morelos	76,085	5.5
El Mante	Tamaulipas	70,814	5.1
Xicotencatl	Tamaulipas	66,641	4.8
El Potrero	Veracruz	62,541	4.5
Los Mochis	Sinaloa	62,484	4.5
Rosales	Sinaloa	56,047	4.0
Independencia	Veracruz	55,909	4.0
Atencingo	Puebla	55,245	4.0
Tamazula	Jalisco	44,619	3.2
Total for mills		696,637	50.2
Total for country		1,387,794	100.0

BRAZIL

Item 2. Ten largest holdings in percent: 1.2, 0.8, 0.7, 0.7, 0.7, 0.6, 0.6, 0.4, 0.4, 0.4.

Item 5. Ten largest mills in percent: 2.2, 1.8, 1.8, 1.7, 1.6, 1.6, 1.5, 1.3, 1.3, 1.2.

ARGENTINA

Sugar production (1958)

	Percent
2. Ledesma	5.6
San Martin	5.1
La Esperanza	3.9
Bella Vista	2.6
Concepción	2.1
Rió Grande	1.8
Las Palmas	1.5
Mercedes	1.5
San Pablo	1.4
Los Ralos	1.3
Total	26.8
5. Concepción	8.6
Ledesma	7.1
La Esperanza	5.2
San Martin	5.1
Bella Vista	4.4
La Trinidad	3.7
La Florida	3.3
San Pablo	3.3
San Ana	3.3
Los Ralos	2.9
Total	46.9

ECUADOR

1. Total area in sugarcane is 111,195 acres, of which only 48,370 acres are devoted to sugar production. Remainder planted in panela and aguardiente for domestic consumption.

2. Commercial sugarcane producers:

	Percent
San Carlos	45.81
Azucarera Valdez, S.A.	51.07
La Familiar	3.12

4. The three sugar enterprises operate their own mills.

5. Mill production:

	Percent
San Carlos	53.51
Valdez	43.45
La Familiar	3.04

GUATEMALA

	Percent
2. Pantaleon	3.27
El Baul	2.54
Los Tarros	2.30
San Victor	2.30
Los Cerritos	2.07
El Salto	1.92
Concepcion	1.73
Torolita	1.38
Tulula	1.27
Velasquez	.98
Total	19.8

6. Only known citizenship is in El Salto in which Dorion family owns more than 50 percent and John Armstrong a small holding.

BARBADOS

2. Two largest each hold 3.5 percent and third holds 2.4 percent of acreage.

5. Largest mills, in percent: 8.45, 7.17, 6.81, 6.67, 6.55, 6.48, 6.41, 6.34, 6.32, 5.82.

TRINIDAD

	Percent
2. Caroni, Ltd	33.7
Ste. Madeline Sugar Co	17.2
Trinidad Sugar	4.0
Forres Park, Ltd	.8
Peasants Farmers	44.3
5. Brechin Castle	42.18
Ste. Madeline	30.14
Woodford Lodge	11.85
Orange Grove	6.52
Reform	5.26
Forres Park	4.05

KINGSTON

2. Proportion of Cane Corp.:

	Percent
West Indies Sugar Co., 2 largest	22.5
U.S. Mill/Estate, Bernard Lodge	4.4

Other 7 average between 2 and 3.2 percent.

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[1] See testimony of W. R. Grace Co. representatives for their comment on these figures.

5. WISCO's two largest, 34.1 percent; three produced, 6.7 percent; four produced, 5.0 percent; one produced, 3.8 percent.

Mr. DOUGLAS. Mr. President, in Haiti, according to the State Department, the daily wage of a field hand is 81 cents. That does not necessarily apply to all companies but is the country average.

Mr. PROXMIRE. Is it not true, in view of this situation, that this is possibly the worst way to provide foreign assistance or to provide assistance to the economy or the people of Latin American countries?

Mr. DOUGLAS. I quite agree. This is a pouring in of money at the top to a relatively small group of wealthy people. It is the wrong way to give foreign aid.

Mr. PROXMIRE. Is it not true that this action is in direct contradiction of the basis and principle of the Alliance for Progress? As I understand, the Alliance for Progress is designed to help all the people of those countries by building a broad economic base, so that there will be a real basis for resistance to communism.

Mr. DOUGLAS. That is correct. As I understand, the purpose of the Alliance for Progress is to build up the productivity and prosperity of the great masses of people at the bottom of the economic and social structure. The House bill provides the reverse.

Mr. PASTORE. Mr. President, will the Senator from Illinois yield?

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator from Illinois yield to the Senator from Rhode Island?

Mr. DOUGLAS. I am glad to yield for a question.

Mr. PASTORE. Will the Senator from Illinois explain why we have to pay any subsidy at all?

Mr. DOUGLAS. I have wondered about that a great deal, myself; and if this were an ideal world, I should like to strike out the whole thing. But this is a real world; and the power of the beet-sugar producing States and of the cane-sugar producing States is such that although we consumers of sugar form the overwhelming proportion of the population, the interest of the consumers is diffused and is relatively weak; and, after 14 years in this body, I realize that we cannot reform everything at once. So I am starting with the foreign sugar producers, and we are giving the domestic sugar producers 5 years in which to reform. If I am still here at the end of the 5 years, we shall return to the charge.

Mr. PASTORE. I certainly hope the Senator from Illinois will be here then. As a matter of fact, he has my blessing to be here. But in view of the question asked by the Senator from Wisconsin, I should like to ask whether we are doing this because of a scarcity of sugar in this country or in order to promote our foreign policy situation; or just why are we doing it at all?

Mr. DOUGLAS. The scarcity is artificially produced by setting production and import limits. The problem goes back at least 70 years, to the period when the Senators from Louisiana and the Senators from what were then the beet sugar States insisted on a high tariff in order to keep out some Cuban and Caribbean sugar, so that their States could grow cane sugar and beet sugar. Then the industry developed here at home; and they wanted more and more and more; and they have a great deal of political power; and most of them are very charming gentlemen, of course, and are much more adept politically than we who represent the consuming States. So the percentage grown at home has increased through the years.

Mr. PASTORE. When the Senator says "they," is he referring to Americans or to foreigners?

Mr. DOUGLAS. To Americans.

Mr. PASTORE. But I am referring to the subsidy to foreign sugar producers.

Mr. DOUGLAS. This is what we are trying to eliminate, and it is what the bill as reported by the Senate committee would eliminate.

Mr. PASTORE. In other words, the bill as reported by the Senate committee will eliminate the subsidies for the foreign production?

Mr. DOUGLAS. Yes. Very much so.

Mr. CARROLL. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I yield. First, let me say that although the junior Senator from Colorado takes a very progressive view, he always is a very zealous defender of the interests of his own State. So I await with great interest what he will say; but before he says it, I wish to state that I hold him in high esteem.

Mr. CARROLL. I wish to say that I have listened with great interest to the questions propounded by the Senator from Wisconsin and by the Senator from Rhode Island. I wish to ask a hypothetical question, but it will take a little time to lay the foundation.

Mr. DOUGLAS. I hope the Senator from Colorado will not take too much time.

Mr. CARROLL. Is it not true that following the close of World War I, in the early 1920's, the price of sugar to the consumers was not stable? My records shows that during that period there was fluctuation in the price—for example, in 1920 sugar was costing the housewives 10 cents a pound, and then the price rose to 26 cents a pound, and then it declined to 7 cents a pound—all within a period of 34 months.

Mr. DOUGLAS. That is correct.

Mr. CARROLL. One of the great Senators in this body during that period—he was one of the great, progressive liberals of the Nation, along the line of La Follette and also in the great liberal tradition of the Senator from Illinois—was Senator Edward P. Costigan, of Colorado. At one time he was a member of the Tariff Commission. He was an economist from Harvard University. He had been a Republican and a Bull Mooser; and he was selected by Woodrow Wilson to serve on the Tariff Commission. But when Calvin Coolidge became President, Senator Costigan could not stand the tariff policies of the Coolidge administration, so he resigned, and returned to Colorado. He had a very liberal and progressive Republican background.

As a young man, I helped elect him to the U.S. Senate in 1930. He formulated the concept—and this may be the answer to the question asked by the Senator from Rhode Island—of supply-management control of a farm commodity that needed stabilization. He also originated, back in 1934, the concept of production payments to farmers. The premium price and the subsidy were established because, in the view of that great humanitarian, Senator Costigan, the peasants and the peons of less privileged countries deserved the right to earn a living.

I remember that the Colorado newspapers of that day finally destroyed that great man.

President Roosevelt signed the Costigan-Jones Act in 1934. Now, after all these years, we are enjoying the benefits of the price stability established under that act. I remember the background of that legislation. As a young man, I watched its progress. What has been its result today? After 28 years, it has given us price stability. It is true that the consumer pays more than the world market price——

Mr. DOUGLAS. Yes, $550 million a year more, plus $73 million in production payments, year after year after year.

Mr. CARROLL. On the other hand, in Colorado, which is the second largest sugarbeet producing State, the annual income as a result of this supply-management, production-payment legislation, which has given great stability, is $70 million, from which the Government collects a substantial amount in income taxes.

Mr. DOUGLAS. Oh, it is a fine thing for the areas which produce these crops. But what about the forgotten men and women—the consumers?

Mr. CARROLL. Let me point out that, as the Senator from Illinois knows, he and I agree on almost all matters. But as I listen to his arguments on this bill I am reminded that in connection with one of our great Colorado reclamation projects, he had in mind a geographical area where the water would have had to run uphill. I think the trouble was that he did not understand the nature of the reclamation projects of our area. So, Mr. President, with all due deference to the brilliant speech the Senator from Illinois has made, I do not believe he has really grasped the significance of this program to the consumers of the Nation.

During all these years the price of sugar has remained relatively stable, but this factor is not generally recognized. As I testified before the Senate Finance Committee, when we consider the commodity price index, if we relate the price of sugar to the price of all other foods, we find that in 1938 the price of sugar was 4.38 cents a pound, and in 1961 it was 4.15 cents a pound. So there is stability in the price of sugar. That is why the junior Senator from Tennessee asked a very pertinent question, in my opinion.

The present price stability has developed because the system of supply management and production payments—except for wool, a system not generally applied to other commodities—has resulted in a stable price for the farmer and for the refiner and for the consumer. Of course it is a subsidy system. However, I point out that when we speak of the low world price of sugar, we are speaking of dump sugar. Fifty-seven million tons of sugar are sold in the markets of the world and a fraction is left over for sale to the United States. The price paid for sugar by U.S. consumers under our stability program is less than the price paid in 121 nations of the world. That is shown by the recent report by the F.A.O.

This is very important. It is not generally understood that the American consumer, as a result of the price stabilization program, pays a lower rate than do the consumers in 121 nations of the world. I did not want to take the Senator's time, but I think it is important, as we relate the cost to the American consumer, to consider the stabilizing benefits on the whole economy.

I agree with the able Senator from Illinois that it is a tragedy that the money paid by the American consumer is not getting down in foreign lands to the peasant and the peon who ought to have it.

I do not agree with the committee that we should abandon the premium price to our foreign friends, if I correctly understood the able Senator from Illinois. I do not think that is in keeping with the 30-year-old policy established for 14 certain sugar-producing countries that had small permanent quotas. I do not think it is in keeping with the Alliance for Progress to say we are going to take away from the countries in the Alliance the premium price and suddenly, as the Soviet Union is doing, buy at the world market. I do not think such a policy is good for us morally.

On the other hand, the Senator from Illinois makes a good point. If the benefits are not getting into the hands of the peons, the people who do the work, but, instead, is getting into the hands of the small group of rich men and corporations who hold the land tightly, there ought to be another way to adjust it.

For almost 30 years we tried to help the people of Cuba. It is why we had a premium price. It is why Costigan, Jones, and other men fought for the program. If it was not successful, that is not our fault. If the hard-earned money paid by U.S. taxpayers and U.S. consumers has not been used to improve housing standards of foreign workers—which was a most laudable and worthy purpose—but, instead, has been diverted, I point out that also has happened in other programs.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. May I first reply?

It is true that the price both of raw and refined sugar has been relatively stable over a period of time. That is true, but it is also true that in every year since 1947, with the exception of 1951, that price has been very appreciably above the world price. It has been stable at a high price, so the stability has meant constancy in the toll levied on the American consumer.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. DOUGLAS. Let me take up the points of the Senator in turn.

Mr. CARROLL. Let me just say one thing on the point of the world price. I think I am right in this statement that the United Nations Food and Agriculture Organization recently reported that the average retail price of sugar in the United States—that is, what the consumer pays—was 5 cents a pound below the median price of sugar in 121 foreign nations.

Mr. DOUGLAS. May I reply to that?

Mr. CARROLL. I would like to have the Senator do so.

Mr. DOUGLAS. The truth of the matter is that in virtually every country the price of sugar is rigged against the consumer in substantially the same way as it is rigged in the United States. The truth is that the sugarbeet industry was heavily subsidized in czarist Russia, it was heavily subsidized in the Germany of Kaiser Wilhelm, and it is subsidized now, and heavily subsidized inside the British Empire, and it is subsidized in France. There is some mesmeric influence that the sugar producers and lobbies exercise in every country. I hope the United States can begin to lead the world to a free market.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. PASTORE. Mr. President, will the Senator yield so I may ask a question on this point?

Mr. DOUGLAS. I yield.

Mr. PASTORE. I find no fault with the subsidy program so far as the American consumer is concerned, because I realize the havoc that would be caused if the supply from a foreign country were cut off and we did not have a domestic supply. That question is not important. The Senator from Colorado has said that for 30 years it has been a part of our foreign policy and there is a moral factor involved in our paying this subsidy. He stated the original motive was to help the peons, the small people on the plantations. Now we find the money has not been getting down to them. If it is not getting to them, why is it not moral to withdraw the money?

Mr. CARROLL. The original purpose of the Costigan-Jones Act was to give stability to our own economy. I can remember some 30 years ago when the great refiners were cutting the big melon and the small farmers in the sugarbeet industry were getting nothing. I can remember when farm families—and I am not talking now about migratory workers, but whole families—would go out and work on the farm for a week, and the refiners squeezed the farmers, who in turn, squeezed the migratory workers. Finally there emerged a Supply Management Act, which stabilized the sugarbeet industry, and provided a regular and decent income to Colorado farmers in northeastern Colorado, the Arkansas River Valley and the western slope around Fruita and Delta.

In 1934 the country was in short supply. We could not grow enough for our own consumers. We arrived at the concept of allocating quotas to the Philippines, Hawaii, Cuba, and our friends in certain underdeveloped countries. We had a concept of a premium price to help those people. That was the concept. It has continued for 28 years.

I commend the Senator from Illinois for his statement. I have not studied this aspect of the problem. I have great confidence in his interpretation and analysis. If he says the money does not go to the people, we ought to take another look at it. I agree with the able Senator from Rhode Island. I am not here as a special pleader merely because I come from the State of Colorado, but we have historical participation in the legislation which has endured for 28 years. It has given us price stability. It may be that the price of sugar in 121 nations is rigged, but we are not confronted here with a theory, but a condition. We have got to do something about preserving a domestic industry.

I remember so well that last year the able Senator from Illinois fought to save $150 million from going into the hands of a few people.

It is my own opinion that we should give flexibility to the President and let him make the proper allocations. It is my information that since we enacted the law the President has paid the premium price to certain foreign countries.

The present proposal is going to create some real problems. We have given allocations to some countries, and now we want to take them away and go to the world price. I leave it to the Senator from Illinois if there has not been testimony before the committee that these nations will be hurt? Can they really produce sugar at 2½ cents a pound and still give a living wage to their people? Was there any testimony along that line?

Mr. DOUGLAS. The Senator from Colorado has asked a number of questions.

Mr. CARROLL. I thank the Senator. I did not mean to interfere with his presentation.

Mr. DOUGLAS. No; I am very glad to have him do so. I would like to reply to some of the questions.

First, I think there is little doubt that, so far as the native landed aristocracy are concerned, they have not passed on any appreciable fraction of these gains to their workers. In the first place, in 1960, when this policy was first adopted and the allocation for Cuban sugar was transferred, what happened was that the sugar was purchased from what was in storage.

This amounted to an outright windfall of probably $150 million to $200 million to those speculators and millowners and dealers who had sugar in storage and who had already incurred their costs.

Since that time, though there has been some improvement in working conditions, every bit of evidence which I can obtain indicates that the full benefits certainly have not been passed on, and in many cases only a slight fraction have been passed on.

So far as the native aristocracy in these countries is concerned, it is a notorious fact that the profits which they make, and the rents which they collect are not reinvested in those countries but are transferred to Europe, generally into numbered and anonymous accounts in Swiss banks. The landed aristocracy of Latin America has apparently lost faith in its own future. Instead of investing money in their own countries, the aristocracy fears that ultimately it will be dispossessed, so its members hide away their money abroad so that when the day comes they can fly to Europe and enjoy life on the French Riviera or other places—and by that very act they make their own fate more certain and endanger democratic institutions and capitalism, as we know it, throughout Latin America. They bear a very heavy responsibility.

Now this group comes in to plead, "What about the poor peons?" They put the peons forward as an argument. Let us make no mistake about it; it is their own skins they are trying to defend.

Let us divorce the aid program from the sugar bill. I am for the Alliance for Progress. I believe we should have adopted some program such as that years ago. We have neglected Latin America. President Kennedy announced the program after Latin America's needs had been forgotten, and I hope we shall push forward on that program. However, as the Senator from Wisconsin pointed out, the theory of the Alliance for Progress is that we shall build prosperity from the bottom, that we shall help the peons in respect to producing more agriculturally, with a wider distribution of land, better education, better housing, credit unions, building and loan associations, and the rest.

Certainly there is no relationship between the amount poured into the hands of a small group of people at the top and the amount of benefit provided for the workers at the bottom.

Do not let any one convince the Senate of that.

Mr. CARROLL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator yield?

Mr. DOUGLAS. Yes; I am glad to yield.

Mr. CARROLL. Does not the Senator think it would be far better for us at this time to determine whether it is true that sugar can be produced in these areas at 2½ cents a pound? I am not at all disputing the conclusion of the able Senator from Illinois, but does not the Senator think it would be wise for us to investigate the question of going into the world market and buying sugar at a cost of 2½ cents a pound?

Mr. DOUGLAS. In the first place, the world price is 2.7 cents a pound. In the second place, if the United States were to buy large quantities of course the world price would rise.

We are not asking that the difference between the present world price of 2.7 cents and the domestic price be recaptured to the Treasury. We are merely asking that the difference between the world price, whatever it may be, and the domestic price be recaptured to the Treasury. If the world price should rise, as I think it would somewhat, the amount to be recaptured by the Treasury would diminish by that amount.

Mr. CARROLL. It is my information that when we talk about the world price we are talking about dump sugar, which is about 5 million tons and which has no relationship to about 57 million tons in these countries of which we have spoken.

The real point I make is this: Is it a wise policy, after we have followed another policy for so many years, to buy on the world market? What would we do to the people who produce sugar?

I am mindful of the able Senator's comment. Would it not be better to find some way of benefiting the people if we can?

Mr. DOUGLAS. I hope we can do that through the Alliance for Progress.

Mr. CARROLL. Would the Senator have the Alliance for Progress go into the sugar program in this fashion?

Mr. DOUGLAS. No. The Alliance for Progress ought to go into the economic situation in the various countries and help the people at the lowest part of the economic scale.

Mr. CARROLL. I was under the impression that in some of these countries the sugar industry is a very important part of the economy, for the workers.

Mr. DOUGLAS. Naturally.

The Senator from Colorado is an exponent of the historic democratic doctrine that the way to build prosperity inside the United States is from the bottom up rather than from the top down.

Mr. CARROLL. The Senator refers to the "trickle down" theory.

Mr. DOUGLAS. That is correct, the "trickle down" theory. It happens that, so far as the sugar program is concerned, we have adopted the "trickle down" theory abroad. I believe we should adopt the theory of building up from the bottom abroad as well as at home.

Mr. CARROLL. I say to the able Senator from Illinois, that was not the basic philosophical concept of Senator Costigan when he created the Sugar Act. That great Senate leader was seeking to help the people in the lower portion of the economic scale. He had the same concept of building from the bottom up. If this program has failed, there should be another way to accomplish the desired result.

Mr. DOUGLAS. The program certainly has failed. The other way is through the Alliance for Progress.

Mr. CARROLL. I agree with that program.

Mr. DOUGLAS. The long list of other countries in the House bill did not receive a quota at a $56-a-ton subsidy until after Castro came to power in Cuba. There was no provision for any country other than Cuba until after we broke relations with Castro, with some minor exceptions. These additional countries have no vested right to our largess at $56-a-ton subsidy. And they have been told that time and time again.

There were political reasons why we adopted the program with respect to Cuba. In a war with Spain we had conquered Cuba and we felt it was necessary to give some protection to Cuba even though it was outside the American Nation, exactly as we felt it necessary to give some protection to the Philippines.

The Philippines would be unaffected by my amendment now, in the Senate bill, because the price of sugar is regulated by treaty with that country. The amendment in the Senate bill would cover the Cuban quota, which is to be distributed, plus a gradual tapering off on some 325,000 tons which go to other Latin American countries.

Mr. CARROLL. I agree with the Senator from Illinois, as I agree with the Senator from Wisconsin, that we should not put the money into the hands of a few people who are rich. It seems to me, with respect to the question of going into the world market, considering the testimony given before the committee, we are now asked to say, "We place the stamp of approval on production of sugar at 2.5 or 2.7 cents a pound." This alarms me.

Mr. DOUGLAS. I say that we should go to the world market, to the free market. As we increase the demand for foreign sugar, the price in the world market naturally will rise.

There is now no shortage of sugar. Almost every country which appeared before us claimed it had a surplus of sugar. There are probably 10 million tons of sugar in storage at the present time. That seems to be the world figure. There is a world surplus which we could get, not merely the 10 million tons sold but also the 10 million tons in storage.

Mr. CARROLL. One of the reasons I rose to comment on the Senator's brilliant presentation is that I knew the underlying philosophy of the Costigan-Jones bill. Senator Costigan was a great man and a great thinker. I know he was not in the hands of the sugar industry, or the refiners.

Mr. DOUGLAS. I know that.

Mr. CARROLL. He was really thinking not only of the farmers of America but also of the farmers of other nations, whom he was trying to help.

Mr. DOUGLAS. Senator Costigan was a great man. One of the many fine things the Senator from Colorado has done has been his support of Senator Costigan.

The Senator will remember that the Costigan-Jones bill was introduced at about the time of the NRA. It was really an application of the principles of the Agricultural Adjustment Act and the National Recovery Act to sugar.

I wish to credit Senator Costigan with the best of motives. There were peculiar conditions so far as Cuba was concerned, and also his own area in the mountain district. I think it was found that the NRA was an economic mistake. It resulted in a reduction in output and the maintenance of prices above a competitive level, and if it had been continued it would have permanently shackled American industry. I personally welcomed the decision of the U.S. Supreme Court at the time. I had a very minor share in the administration of the NRA for a few months and came to that conclusion while I was connected with it.

Mr. CARROLL. Will the Senator yield for one further observation?

Mr. DOUGLAS. I yield.

Mr. CARROLL. Some 27 or 28 years ago, when I used to observe the debate from the Senate gallery, I discussed the National Recovery Act with Senator Costigan. It was his opinion that the National Recovery Act was unconstitutional. I do not think he had any idea of linking the principle of the Jones-Costigan Sugar Act with the National Recovery Act, because he was not a believer in the National Recovery Act. That was before the Supreme Court decision in the National Recovery Act case. As a young man I well remember consulting with Senator Costigan. I was about to go to work for the NRA. Senator Costigan said to me, "John, if I were you, I would go home and sleep on it before you accept the position. I think the National Recovery Act is unconstitutional."

I returned to Colorado. So I do not want to leave the impression that Senator Costigan attempted to relate the Sugar Act in any way to the National Recovery Act.

Mr. DOUGLAS. He may not have done so consciously, but it was built in the same pattern of restriction of production in order to maintain price.

HOUSE BILL MAKES CHANGE IN CUBA MORE DIFFICULT

Mr. President, I should like to point out that if the House bill were to become law and we were to assign definite quotas, whether permanent or temporary, to individual countries, it would be very difficult for us ever to get Cuba back into the family of democratic nations. In the first place, the House bill would cut the so-called permanent quota of Cuba from 2½ to 1½ million tons. Prior to 1960 Cuba sent us more than 3 million tons. That reduction would inevitably be used by the Cuban Communists to support the argument that Cuba had nothing to hope for by throwing off Castro.

Furthermore, by building up quotas in other countries, we would give those other countries a vested interest in keeping Castro in power, because if Castro were to be ousted, they would lose their temporary quota. Therefore they would have a vested interest in seeing that Castro was not ousted. While there might be some whose patriotism would surmount their pocketbook, on the whole the pocketbook would be extremely strong, and we would at least dampen the anti-Communist, anti-Castro movement in the various countries.

SENATE BILL SAVES $150 TO $160 MILLION A YEAR

I am happy that the Senate committee adopted the administration plan which I urged last year and which is also the plan advocated by the Senator from Louisiana. At long last we have the principle that American importers will buy sugar at the world price so far as foreign imports are concerned. The Government would collect the difference between the domestic price and the foreign price plus freight and tariff, or $56 a ton more than would otherwise be the case. It would receive about $145 million a year from what was formerly the 2½ million ton Cuban quota. It would receive about $4 million a year in the first year, rising to $17 million in the fifth year, from tapering off the premium paid for 330,000 tons to Latin American countries, other than Cuba, which had previous quotas. It would ultimately, therefore, save from $150 million to $160 million a year for 5 years, which comes to $750 million or $800 million.

SENATE BILL WOULD HELP BALANCE OF PAYMENTS

One of the great problems before us is the adverse balance of payments. Our balance of payments is adverse to us to the extent of between $3 billion and $4 billion a year. That is not an adverse balance of trade but an adverse balance of payments. By the imposition of the tariff, returning the surplus price to the Treasury, we would decrease the adverse balance of payments by $150 to $160 million a year. That is important. Every $150 million counts. We are not strong enough to throw $150 million a year out the window. The Senate bill would not only help our financing, which is difficult enough at best, but it would also help our balance of payments. I believe it would also help our foreign relations, because there would not be so much pulling and hauling to get in under the favored-country plan, which I think is degrading to foreign countries, and exposes us to a great deal of pressure, which is not very beneficial.

So from every standpoint I think the proposal is a wise move. There are certain other features of the bill with which I am not in complete agreement, but I am willing to postpone these questions to another day and another year. I will let public opinion in the future decide them. I hope we hold fast to those basic principles.

SENATE SHOULD NOT YIELD TO HOUSE

I warn the country what Senators are very well aware of. If we pass the bill in its present form and it goes to conference, we shall be engaged in a terrific struggle with the conferees of the House. Twice the House has put us in a bind, sending to the Senate at the last minute a bill and insisting that we must take its bill or have no bill. I hope that the conferees, whoever they may be, will go armed with a determination never to yield, and with a firm resolve on the part of the Senate to support them if they do not give an inch.

If by any chance the conferees should compromise and come back to the Senate, I think it would be better to have no bill at all. The present law expires at midnight on Saturday. If surrender is the only way we can get a bill, I say, "Do not surrender. Let us do without a bill." In the process the American consumer would be helped. Possibly there might be some pressures from the domestic producers to obtain passage of the Senate bill.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. LONG of Louisiana. The Senator knows, does he not, that the major difference between the House bill and the Senate bill is the provision requiring that the difference between the import price and the world price go into the Treasury, where it can be paid back out as though it were a part of the foreign aid program? The Senator from Louisiana supported the position that the Senator from Illinois stated when the sugar bill was previously before the Senate.

Mr. DOUGLAS. The Senator is correct.

Mr. LONG of Louisiana. The Senator from Louisiana not only voted for that position, but he made a speech for it.

Mr. DOUGLAS. The Senator is correct.

Mr. LONG of Louisiana. The Senator knows I am sincere with him on that point.

Mr. DOUGLAS. The Senator from Louisiana is always sincere.

Mr. LONG of Louisiana. The Senator gives me more than I claim for myself.

Mr. DOUGLAS. No; I state only the exact truth.

Mr. LONG of Louisiana. I hope the Senator realizes that it is important to some of us who come from sugar-producing States that we have a sugar bill. We are confronted with a more difficult problem against the House conferees than is the Senator from Illinois, who comes from a State in which it is not particularly important whether there be a sugar bill or not.

Mr. DOUGLAS. I hope the statement of the Senator from Louisiana will not be interpreted in the other body as a sign that the Senator is hoisting the white flag. I do not think he is hoisting a white flag. I can say without undue self-praise that there are a good many Senators on this side of the aisle, and I believe some on the other side of the aisle, who will not hoist the white flag, but who will oppose to the death any bill which comes back with a big subsidy to foreign producers.

Mr. LONG of Louisiana. Mr. President, I wish to assure my good friend from Illinois that I am not hoisting any white flag, but I do not propose to go to conference on the basis on which the two Appropriations Committees are now talking, namely, that either one House will do what the other House wants or there will be no conference. In conferences, if one side goes in determined not to yield on any point whatever, the result is often a deadlock, in which no agreement can be reached. The Senator knows about the difficulties we are having with the two Appropriations Committees. The Small Business Administration cannot make a loan, for example, because of that difficulty. We are also in danger, because of that difficulty, of having Federal employees not being able to draw their pay on payday. That is because of what I believe to be an arbitrary position. It can be contended on the House side that its position is not arbitrary, although I disagree with that.

I hope the Senator realizes that in going to conference on as much difference as there is on this point, as well as on others, we might as well not ask for a conference if we are to go into conference with the firm determination not to consider the other point of view.

Mr. DOUGLAS. I say to the Senator from Louisiana that there may be some other features of the bill on which a compromise could be reached. However, we surrendered to the House in 1960, and we surrendered to it in 1961. It is time now for the House to yield to us. That would be a fair compromise. We cannot surrender year after year. There must be some meeting of minds.

Mr. LONG of Louisiana. I hope the Senator from Illinois realizes that we did not surrender to the House on this point last year. Last year on this issue we lost on the floor of the Senate. One of the reasons we lost was that the President came out against us on this issue. The Senator knows that the President's supporters stated that they would vote against the position the Senator is taking because the President felt that that position should not prevail. We have the President's support on our side in conference this year. We will have that provision in conference this year. Last year it was not even in conference.

Mr. DOUGLAS. We have not passed it yet. The shadow of the conference committee was heavy upon us as we debated it last year.

Mr. President, I yield the floor.

Mr. CARROLL. Mr. President, in November of 1930, a man, whose friendship I cherished above all others and whose memory I revere to this day, was elected to the U.S. Senate from Colorado.

I am proud to have played a part in sending him here.

The people of the United States best remember him as the father of the first Sugar Act—the late Senator Edward P. Costigan.

The Jones-Costigan Sugar Act has been, for 28 years, a stabilizing force in the sugar economy of the world.

Senator Costigan was a man dedicated to promoting the common good.

The chaos in the sugar market in the post World War I years dramatized to Senator Costigan the need for a marketing system that would accomplish three objectives: First, hold sugar prices to the housewife at a low and stable level; second, guarantee American consumers a steady sugar supply; and, third, provide a decent income to the family farmer growing beets or cane.

Early in 1934 President Roosevelt asked for a sugar program.

Senator Costigan's sugar plan was signed into law by the President on May 9, 1934.

The basic philosophy of the Costigan sugar plan is retained today in the bill before the Senate. Only some of the details have been changed.

SUPPLY MANAGEMENT PRINCIPLE

The fundamental Costigan principle was one of "supply management." It sought to balance supplies with demand by assigning, under a quota system, a portion of the market needs to producer units.

Compensatory payments were to be made to producers for adjusting their production to marketing quotas. These payments augmented their income and guaranteed an equitable division of sugar returns among beet and cane processors, farmers and hired laborers. The payments also provided for the elimination of child-labor.

The Costigan formula has worked with unbelievable success.

There are no sugarbeet or cane farmers, nor processing companies, who would do away with the Costigan supply management formula.

Nor would the housewife want to return to the years when sugar would cost 10 cents a pound, go to 26 cents a pound, then back down to 7 cents a pound, all in the space of 34 months. This is what was happening in 1920.

The supply management compensatory program has succeeded and should be retained intact and extended for 5 years, as proposed by the House of Representatives.

FARM BUREAU AGREES TO MARKETING PRINCIPLE

I was pleased to see, Mr. President, that during the Finance Committee hearings the representative of the Farm Bureau supported the Jones-Costigan marketing control principle. In answer to a question he stated that the Farm Bureau endorsed the principle of marketing controls and compensatory payments for certain agricultural products; namely sugar and wool. This means that all important national farm organizations agree on the basic principles in the legislation we have before us.

This in itself is again a great tribute to the men who drafted the first act back in 1934. It has succeeded so well that 28 years later farmer organizations and processor organizations, who not often agree on anything, do agree that this particular supply management program is effective and must be extended in the interest of the common good.

CONSUMER HAS BENEFITED

The Jones-Costigan sugar program has served the consumer well.

No other basic food has been more stable in supply and price than sugar.

Great fluctuations have occurred in the prices of some food products, especially those imported.

The price of sugar for 25 years has been "reasonable" by anybody's standards.

Related to the wholesale price index for all foods, sugar was 4.82 cents per pound in 1938 and 4.15 cents per pound in 1961. The index for all foods was 93 in 1938 and 222 in 1961.

Related to disposable personal income, sugar was 4.57 cents per pound in 1938 and 2.38 cents per pound in 1961.

And the Jones-Costigan formula has held American sugar prices stable in the face of international sugar prices.

The United Nations' Food and Agriculture Organization recently reported that the average retail price of sugar in the United States was 5 cents per pound below the median price of sugar in 121 foreign nations.

This is not the low, so-called "world price" which applies to the "dump" or residual sugar of about 5 million tons, some of which comes to the United States. Rather, the FAO is referring to the 57.5 million tons of sugar consumed around the world.

Other evidence of the effectiveness of the Jones-Costigan formula in stabilizing the price of sugar is the fact that an American workman needs to spend less time at his job than a workman in any other nation in the world in order to earn enough to buy a pound of sugar.

A bricklayer in the United States needs to work only 4 minutes to buy a kilogram—2.2 pounds—of sugar.

In England a man must work 20 minutes; in France 24 minutes; in Italy 82 minutes; in Russia 324 minutes.

THE JONES-COSTIGAN ACT HAS WORKED

It is evident that the Jones-Costigan supply management, compensatory payment sugar program has achieved the objectives of its authors.

It has made possible the production, as a matter of national security, of one-half of our sugar needs within the United States without a protective tariff; it has assured consumers of a plentiful and stable supply of sugar; it has kept prices at a reasonable level.

The one-half cent per pound tax imposed on all sugar manufactured or imported into the United States has made the Jones-Costigan program as fiscally sound as the most conservative politician could ask for.

THE SUGAR ACT IS FISCALLY SOUND

Since 1937 there has been a net return to the U.S. Treasury of over $450 million after compensatory payments to domestic sugar producers. This is the difference between the sugar excise tax collections and stabilization payments.

In 1960, for example, the total sugar tax collections were $94,955,473.

The total compensatory payments to producers were $72,985,573.

The net gain to the U.S. Treasury was $22 million.

The Jones-Costigan sugar program is fiscally sound.

COLORADO NEEDS SUGAR ACT

Many times, Mr. President, I have described the value of the Sugar Act to the people of the State of Colorado.

On May 14 of this year I told the Senate how the economy of Colorado benefits from the Sugar Act.

I shall not go into detail here, but I will at least remind my colleagues in the Senate that Colorado is the second largest sugarbeet producing State in the Union.

Sugarbeets produce $70 million in annual income in Colorado.

We have more farms producing sugarbeets in Colorado than any other State in the Union.

Colorado's interest in extension of the Sugar Act is considerable.

As a Coloradan I can tell you of the need of our farmers, our processors, and our consumers for stabilizing legislation.

As a Coloradan I can tell you of our pride in the wisdom and foresightedness of our late Senator Ed Costigan who fashioned the first sugar program.

It was because Senator Costigan knew firsthand the plight of our sugar farmers, our sugar factories, and our sugar consumers in Colorado that the first Sugar Act was born.

Now, 28 years later, I ask that the Costigan plan be extended so that the people of his State of Colorado may continue to enjoy the good fruits of the wise and practical program he devised.

Mr. PROXMIRE. Mr. President, first I wish to congratulate the distinguished Senator from Illinois, who has just yielded the floor and deserves a great deal more credit, perhaps more than any other Member of the Senate on one vital phase of this bill. Under this bill, we are going to put in the Treasury $145 to $150 million which had previously been a subsidy for foreign producers. The taxpayers will gain that $150 million. That is one of the many magnificent contributions the Senator from Illinois has made, and I warmly commend him for this achievement. It is the achievement of the Committee on Finance, also, of course, and I hope it will be the achievement of the Senate and the House also.

I also wish to emphasize my intention to join the forces of the Senator from Illinois, if the conference report should come back yielding to the position taken by the House.

The sugar bill passed by the House could be the greatest victory for the Communists in Latin America since the Bay of Pigs.

By dividing up the former Cuban sugar quota on an earmarked basis among a large number of Latin American nations, the House-passed sugar bill would virtually cement the Castro regime in power.

Sugar is the backbone of the Cuban economy. The key question we face in Latin America is: How can Cuba be freed of the Castro regime and brought back to the family of free nations?

If the former Cuban quota is divided up among a number of countries, this will establish a powerful, subsidized vested interest up and down the Western Hemisphere in favor of keeping Castro in power.

The sugar operators who would benefit from these subsidized quotas would have strong financial inducement to maintain the status quo in Cuba, knowing that a new, democratic Cuban government would cost them millions of dollars.

Under the House bill over half Cuba's former share of the U.S. market would be allotted permanently to other countries. Some 1.5 million tons of the Cuban quota would be divided up temporarily among a favored list of countries, six of them in Latin America. This temporary arrangement would provide an especially strong incentive for maintaining the Castro regime in power.

When the Sugar Act was first passed, Cuba supplied 98 percent of America's needs. We had a close trading arrangement with Cuba, in which our agricultural and manufacturing output was in effect exchanged for Cuban sugar.

The most important helping hand that the United States can hold out to the people of Cuba is to make sure that this mutually beneficial sugar arrangement can be reestablished overnight when the Castro regime is deposed.

The administration sugar bill, as reported by the Senate Finance Committee, sets aside nearly all the former Cuban quota and provides that it be filled by any friendly producing country on a sound, efficient, first-come, first-served basis. This would strengthen the world sugar market and would make it possible to reestablish the Cuban sugar quota on that happy day when the Castro regime is ousted.

The House bill on the other hand picks and chooses among our allies—with no apparent reason except on the basis of extensive, well-financed lobbying—and establishes new quotas with most of the former sugar quota.

By so doing it provides a powerful economic incentive for those countries to discourage opposition to Castroism in Cuba.

So we see that the House-passed sugar bill would virtually cement the Castro regime into power. In addition it creates new enemies of those countries whose demands for a quota were not met, and will not satisfy for long even those countries which received generous treatment.

The bill is discriminatory to our general commercial policy of eliminating preferences and opening our trade to all countries on the widest base possible. Let us examine the differences between it and the Senate bill, which has the cosponsorship of 36 of my colleagues.

The administration bill adopted by the Senate Finance Committee has proposed that an import fee be levied on all sugar entering the United States from foreign nations other than the Philippines—with which we have special treaty arrangements—which would equalize the difference between world market prices and the higher U.S. price. We have extended the benefits of our price support system for sugar to other countries for many years. We do not do this with other farm products—we could not afford to. We have done it in sugar for special reasons—when the Sugar Act was first passed, Cuba supplied 98 percent of our requirements, and we had a close trading arrangement with that country. In effect, Cuba bought our agricultural surpluses, at our price, and we bought her sugar. Other countries' quotas, based on their historic share of our market, were so small that it cost us little to extend to them the same benefits which we gave to Cuba. The situation is different today.

Cuba is no longer our sugar source, so we must look for our supplies elsewhere; and we must do it on such a basis that when Cuba returns to the free world she will be able to compete on an even basis with the other sugar producers of the world. This we cannot do if we continue to pay a premium of some $56 a ton on the sugar which we import.

The administration bill provides that these subsidies be eliminated gradually for those countries, other than Cuba, which have basic quotas under the act and have geared their production in some measure to the U.S. market. The subsidy on these basic quotas would be phased out over a 5-year period, to allow countries to adjust production downward, if that is necessary, and to enable them to turn their land into crops for which they are better suited. They have benefited from our price support for sugar for many years, but their total benefits, in the year just prior to the defection of Cuba, amounted to only $13 million. This is not a large amount in terms of their total foreign trade, and they should suffer little injury. In fact, many of them will obtain a larger market in this country under the administration's proposals than they have ever had.

The Senate bill also provides that Cuba's former share of the market be placed in a "global" quota, which could be filled by any friendly country on a first-come, first-served basis. This would provide a new market of over 2.5 billion tons to countries which are able to produce sugar economically, and would not encourage overproduction in countries which can only produce if they are sure of obtaining a subsidized premium price, as would the House bill. In effect, we would be enlarging the world market by almost a third. With demand increased by one-third, prices should advance on the world market, to the benefit of all sugar producing countries.

Let's look at the situation from a financial standpoint. In 1961 we imported sugar from 20 foreign countries, and we paid them a total of over $200 million in excess of the world market price. This was gold going out of our own Treasury. A part of it came back, it is true, as they purchased goods from us. But at the present moment we have a serious balance-of-payment problem, and we have to husband our funds as never before. Under the Senate bill most of this $200 million would be paid into the general funds of the Treasury, where it would be available for appropriation by the Congress to supplement the assistance which we are giving to countries all over the world to help them with their economic development programs, or for other purposes.

The foreign aid needs are so great that every dollar must be wisely spent. This is why I engaged in a colloquy with the distinguished Senator from Illinois, and why I think he has so very well pointed out that imposing a premium price on sugar is an unjustifiable kind of foreign assistance, because the money will go to plantation owners who are extremely wealthy and who comprise a very small proportion of the population in their respective countries.

Almost none of it will be used for the construction of schools, hospitals, roads, or industrial development, which those countries need. Neither will it be used for the development of a sane and balanced agriculture, which they need. Their foreign aid needs are so great that they require all of these benefits.

I recognize that the money we have paid out for sugar has helped to improve the condition of the sugar laborers in the producing countries; that not all of it has gone into the pockets of the mill owners. But sugar workers may need help less than some other workers in those countries. Sugar may not represent the highest priority in a country's development plans. Where increased production of sugar can be attained only on the payment of a premium price, I seriously question whether it should be encouraged, and whether it represents the best use of the country's resources.

From the standpoint of sound economics alone, there is no doubt that the provisions of the Senate bill are infinitely preferable to those of the House bill. However, political issues are equally important in the present world, and the House bill evades the principal issue in the Western Hemisphere today.

As I have said before, the key question is: How shall we bring Cuba back to the free world?

We all realize, and even the House bill recognizes, that we must provide a market for the Cuban sugar in the United States when the Cuban people throw off the Castro-Communist regime. Is it wise, then, for this Nation to set up a sugar supply system so organized that a Communist Cuba will serve the economic interest of free nations? The House bill would place in conflict the political and economic interests of many nations and would discourage opposition to a Castro-Communist Cuba.

It would be a blow to the Cuban people who oppose Castro and would provide him with persuasive arguments that the West is no longer holding out its hand to the Cuban people, but has deserted them, and would cause them to believe that their only recourse is to remain with the Soviet bloc. This cannot be allowed. Making the Cuban quota available to all friendly countries on a nondiscriminatory basis would diminish the buildup of vested interests and would provide Cuba with the opportunity to reenter the U.S. Market.

Mr. CLARK. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Pennsylvania.

Mr. CLARK. I commend the Senator from Wisconsin for the position he has taken with respect to the foreign policy implications of the bill. I am completely in accord with his view that the Senate must not accept the House bill if there is anyway to get around it, because to do so would have a disastrous effect on foreign policy in Latin America and elsewhere.

Did I correctly understand the Senator to say that there would be a saving to the taxpayer of well in excess of $100 million if the Senate version of the bill were passed?

Mr. PROXMIRE. The Senator is completely correct. The saving has been estimated at between $140 and $180 million.

Mr. CLARK. That is because foreign sugar would be bought at the world price, instead of a subsidy being paid to foreign governments for the purchase of their sugar.

Mr. PROXMIRE. That is correct. This amount would be paid into the U.S. Treasury.

Mr. CLARK. Therefore, it would be a clear gain to the American taxpayer if the Senate bill were accepted.

Mr. PROXMIRE. That is correct. The Senate bill is an economy measure. There is no question about it. It is clearcut.

Mr. CLARK. What excuse is there for paying the world price to foreign countries which formerly had no quotas, if to do so will cost the American taxpayers well over $100 million?

Mr. PROXMIRE. The justification is very slight, indeed. I suppose the argument is that this is one way of assisting friendly nations. As I have tried to bring out in the colloquy with the Senator from Illinois, this is the worst way to do it. This is not the way in which to assist economic development. We know what the wealthy plantation owner, in many cases, have done in making profits which they invest abroad. There is no question about it. It is in the record. It is admitted and agreed to. We know that the sugar workers, by and large, are poorly paid. But even if they would benefit substantially by the proposal of the House, the fact is that it is not a balanced, sensible, or rational way to develop the Latin American economy.

Mr. CLARK. Is there any reason to believe that if a subsidy were paid, the feudal lords who operate the plantations would pass the benefits on to their workers?

Mr. PROXMIRE. Not to my knowledge.

Mr. McCARTHY. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. McCARTHY. A great deal of concern has been expressed to the effect that if the quotas were changed, that would be most distressing to the possibility of Cuba's coming back into the family of Western nations; and that we ought to hold Cuba's quota as a kind of bait, so to speak. At the same time, the Senate bill provides for a 5-year phaseout of the premium price which would be paid on Cuba's sugar. Unless Cuba came back within 5 years, she would come back with no advantage over any other country and would have to compete at the world market price. In effect, we are not offering anything to Cuba as an incentive to her coming back, unless she comes back in 5 years. If she came back in 1 year, she would receive 80 percent of her quota; in 2 years, 60 percent, until in 5 years there would be nothing for Cuba. So what is held out to Cuba?

Mr. PROXMIRE. I could not disagree more with the Senator from Minnesota on the facts. I disagree very much on the interpretation of the facts or what the facts signify.

Mr. McCARTHY. If the Senator disagrees on the facts, he does not know what is in the bill.

Mr. PROXMIRE. I know what is in the bill. I disagree with the Senator from Minnesota that the Senate bill will foreclose Cuba from the world market. I say that if this bill is passed she will be able to compete far better than she could if her quota were primarily assigned to other countries, which is the situation which will develop if the House bill is passed. The Senate bill would knock that out.

Second, there is the probability, although there is no assurance, that if a friendly democratic regime should regain power in Cuba, we would make adjustments and do what we could to create a situation which would enable Cuba to participate in the American market.

Mr. McCARTHY. As things stand now, Cuba will be phased out with everyone else, whether she has supplied us or not.

Mr. PROXMIRE. Cuba is under the House bill permanently excluded. Under the Senate bill, she would not be locked out.

Mr. McCARTHY. Congress could change the act at any time it desired.

Mr. PROXMIRE. Congress could change the act, but it would be extraordinarily difficult to do so once a number of other countries have been given a permanent quota and can wholly count on it. We would be in a position of alienating a number of friendly Latin American countries.

Mr. MORTON. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Kentucky.

Mr. MORTON. Is it not true that as to all offshore sugar, the cheapest to bring to this country is the Cuban sugar? Therefore, if Cuba sells at the world price, the net price they would get in the U.S. market, because of the low freight rates—and freight is an item in the cost of sugar—would still make it better for them to sell at the world price?

Mr. PROXMIRE. The Senator from Kentucky is absolutely correct. There is no question that Cuba, essentially, has one of the most efficient potential operations. Also, as the Senator from Kentucky has wisely pointed out, it has a tremendous advantage with respect to transportation.

In my judgment, the Dominican Republic is another nation which would benefit from the Senate bill. It has a new democratic regime and needs our support and assistance. Seventy percent of its foreign exchange is based on sugar. It needs time to diversify. The House bill would provide the Dominican Republic with a quota of 350,100 tons. Under the administration's global quota plan the Dominicans could expect to sell almost all their surplus sugar in this country because of their favorable geographic location and low production costs. It is the same advantage, as the Senator from Kentucky pointed out, which Cuba would enjoy if she overthrew the Castro regime.

The administration proposals would serve the needs of the United States for a regular supply of sugar. By coincidence, in 1960, when the Cuban supply was cut off, other suppliers had great surplus stocks available. This is no longer the case. For the last year, sugar has been shipped to the United States straight from the mill. Any disaster in one of the proposed quota countries could result in an interruption of our supplies. The United States would be at the mercy of any unnatural situation, such as flood, drought, war, or strikes, for our sugar supply. It is much more preferable for suppliers to have available their choice of the whole world's supplies for their needs. Then, if a stoppage occurs in the flow from one source, additional quantities are readily available elsewhere.

The administration recommendations of recapture of the quota premiums through the import fee and the global quota make sense.

This will increase Treasury receipts by at least $130 million a year and thus will improve the U.S. balance-of-payments position by that amount. It will provide an assurance of sugar supplies when and as they are needed. It will avoid discrimination by the United States between nations that are friendly to us. Also, it will be a demonstration to the Cuban people that the United States has not deserted them, but stands ready to welcome Cuba back into the family of free nations whenever the burden of communism can be thrown off.

In conclusion, Mr. President, I wish to state that Congress should pass the administration sugar bill by June 30, or let the present program expire.

The present Sugar Act expires June 30. Unless Congress acts, the existing program of foreign quotas and subsidies will come to an end, and the price of sugar to the consumer will drop.

Now backers of the House bill are trying to put a gun to our heads by sending over their bill just a few days before the old program expires.

I say, let the present program expire if the administration bill is not enacted by June 30.

There is talk of extending the present program for 30, 60, or 90 days. We tried that last year, and what was the result? In the end, all the main features of the bill devised by the House committee were adopted.

This year, the pressure of time is on the side of those who favor the administration bill. The bill has wide cosponsorship in the Senate, and has been approved by the Finance Committee, where hearings were held on a rush basis.

I wish to serve notice, here and now, that I will strongly object to any action to continue the present program or to adopt the House sugar bill in any form. There can be no compromise between earmarked subsidies to foreign producers and the administration plan.

The Senate bill is sound and workable. It is fair to consumers and taxpayers. In addition, it is fair to all foreign producers, since it treats them on a first-come, first-served basis. It should be enacted by Congress.

But if it is not, the logical alternative is to let the present law expire. One result might even be to give the long-suffering American consumer a break with a lower price for sugar.

Mr. President, when the conferees report to us, if they report that they have yielded to the House position, I think that would be a provocation for some Members of the Senate to talk at considerable length, because I think this issue should be explained to the country; and I am one Senator who expects to take quite a long time to discuss the conference report, if it comes to us in that condition.

I ask unanimous consent to have printed at this point in the RECORD excerpts from two excellent articles by Jack Steele, who has done a superb job in writing on this subject in the last several days. The articles report on the amounts which sugar lobbyists are being paid and the way in which they are now evading the legal reporting requirements.

There being no objection, the excerpts from the articles were ordered to be printed in the RECORD, as follows:

TOP SUGAR LOBBYISTS FAIL TO REPORT FEES

(By Jack Steele)

The U.S. sugar industry's top lobbyists failed today to comply with a Senate Finance Committee order to report the fees and expenses they collect to influence sugar legislation.

This was disclosed as the Senate prepared to approve, possibly later today, an administration-backed sugar bill which would kill some of the huge foreign sugar quotas and premium prices for imported sugar voted last week by the House.

But the Senate bill would curtail only slightly the hefty benefits paid to domestic sugar producers and refiners—and passed along ultimately to the Nation's consumers in higher sugar prices.

Senator J. WILLIAM FULBRIGHT, Democrat, of Arkansas, who demanded the lobbying reports, accused the representatives of the domestic sugar industry of ducking the committee's questions.

But there appeared to be little the Senate could do about their failure to comply, since the lobbying act passed by Congress is riddled with loopholes under which few lobbying groups report what they actually spend to influence legislation.

LOBBYIST MAY GET $118,000 IF HILL PASSES SUGAR BILL—DOMINICAN REPUBLIC ALSO WOULD NET $23 MILLION

(By Jack Steele)

A lobbyist who represented Dominican sugar interests here in Washington during the Trujillo regime may collect a $118,000 fee if Congress enacts a House-passed bill which would give a $23 million "windfall" to the island's sugar producers.

His fees—some of which he apparently has not been able to collect—are among the highest disclosed in the Senate Finance Committee's widening probe of sugar bill lobbyists.

Dominican officials said today the lobbyist was fired last year as lobbyist for the Dominican Sugar Commission after the assassination of Dictator Rafael Leonidas Trujillo. The commission represents the island's sugar producers. Sixty percent of the production had been controlled by the Trujillo family.

The lobbyist's contract called for a $40,000-a-year retainer from the commission, plus a contingent fee of 25 cents a ton for all Dominican sugar sold in the United States.

How much the lobbyist collected before his contract was canceled was disputed. Senator PAUL H. DOUGLAS, Democrat, of Illinois, said the lobbyist's fees had run about $95,000 a year.

Dr. S. Salvador Ortiz, president of the commission, said the lobbyist had collected $57,000 last year, but was claiming $118,000 more.

Dr. Ortiz said the Dominican sugar producers had refused to pay the lobbyist his 25-cents-a-ton contingent fee after the Eisenhower administration had withheld the premium sugar price as part of the economic sanctions against the Trujillo regime.

Dr. Ortiz said the lobbyist now was trying to collect $118,000 of this contingent fee on grounds that the House-passed bill would restore to Dominican producers—not including the exiled Trujillo family—nearly $23 million of this penalty. The Kennedy administration has opposed this feature of the bill.

The Senate Finance Committee yesterday approved an administration backed bill which would kill this $23 million windfall for the Dominicans—and presumably the lobbyist's fee.

The Senate bill, expected to go to the floor tomorrow, also would kill the House plan to distribute most of the former Cuban sugar quota to 11 foreign nations which have high-paid Washington lobbyists. Instead it would set up a global quota under which this sugar would be bought at world market prices.

The Senate measure gradually would end the practice of paying premium sugar prices to all foreign producers—prices which ultimately increase the price of sugar to U.S. consumers.

The lobbyist's name first cropped up in the Finance Committee's hearings on the sugar bill last Saturday.

Senator DOUGLAS revealed that the lobbyist had circulated a memo among some committee's members reporting his claims for unpaid fees against the Dominicans.

Dr. Ortiz testified that the lobbyist's claims amounted to $136,000, but told Scripps-Howard newspapers today the amount was actually $118,000. He said the Dominican Sugar Commission had no intention of paying it.

He said the Dominicans no longer wanted a contingent fee arrangement with any lobbyists.

A Chicago lawyer who now represents the Dominican Sugar Commission, said his flat fee is $2,000 a month—$24,000 a year.

Several other lobbyists also reported contingent fee arrangements.

A Washington lawyer who represents the Colombian sugar producers, said he was paid a $15,000 a year retainer, plus a sliding scale of fees ranging from 50 cents a ton to 25 cents a ton.

His fee under the House bill, which would give Colombia a 35,000-ton quota, would be $27,500.

Another lobbyist filed reports with the Justice Department showing he will collect at least $37,000 a year in fees and expenses for representing sugar producers of Ecuador and the British West Indies. He reported no contingent fees.

Mr. SALTONSTALL. Mr. President, no sugar is grown in Massachusetts, but two good sized cane sugar refineries are located there. Therefore, I am concerned because of the fact that the bill now before the Senate provides larger quotas for bringing in sugar already refined in foreign countries than does either the House bill or the original administration bill. Since the total consumption in the United States is fairly well fixed, every ton of refined sugar brought into our country means just that much less work for our own refineries. Under the House bill there are quotas for importing about 66,000 tons of refined sugar. Now we find that the Senate committee's proposal contains a provision for importing over 385,000 tons of refined sugar.

Cane sugar refining is important to Boston. It is the third largest commodity moving through that port, where there are two large, modern plants, employing over 1,000 persons. That means a payroll of over $7½ million a year to Boston.

These cane sugar companies have already suffered severe financial blows from their losses in Cuba. Now it is proposed, by means of the bill brought before the Senate, to reduce by about half a million tons, the amount of cane sugar available for them to refine. That would take away from the American refineries more sugar than is brought into the port of Boston in a whole year; $60 million worth of business would thus be taken away from American refineries by the new Sugar Act.

Just why does this situation face us?

The principal matter at issue in drawing up a new Sugar Act this year is the Cuban sugar quota. It is a very major issue, because we used to get about one-third of our sugar from Cuba. Of course, the Cuban sugar was all cane sugar. After much discussion, the whole U.S. sugar industry came to fairly general agreement about what should be done. Under this agreement, the domestic beet industry would receive a 25-

percent increase in its annual quota—over one-half million tons. The important fact to remember is that beet sugar is turned into its finished product in one process right at the beet mill. Cane sugar is first turned into so-called raw sugar at the sugar mill near where it is grown, and then is shipped to places, such as Boston, where it is refined into the finished product. Thus, if we transfer the cane-sugar quota to the beet-sugar quota, we reduce by that much the amount of sugar to be handled by refineries such as those in Boston. To insure that that work will not be taken away by the new bill from U.S. factories, the underlying basis for the agreement on a ½-million-ton expansion in the beet-sugar industry was that the option to import already refined sugar would be reduced by about that amount. The representative of the whole U.S. domestic sugar industry testified:

> The elimination of this option was a key provision in the industry program. Without it an accord could not have been reached.

This reduction in foreign refined sugar quotas will not hurt our friends abroad. It will not—and I want to emphasize this—reduce by a single pound the amount of sugar which any country may, under its quota, bring into the United States. It merely means that the sugar would be shipped in raw form, instead of in refined form. All these countries are fundamentally raw-sugar producers. The elimination of the Cuban refined sugar quota would still allow some refined sugar to be imported by the countries which produce beet sugar.

I speak as I do because of the importance to Boston of the sugar-refining business and because of the fact that this provision will not materially affect the countries from which the raw cane sugar is brought. Therefore, I hope the conferees will reach a conclusion which will make it possible for our refineries to continue to produce refined sugar, which means so much to the port of Boston, its refineries, and the thousand or more persons therein employed.

Mr. TALMADGE. Mr. President, will the Senator from Massachusetts yield?

Mr. SALTONSTALL. I yield.

Mr. TALMADGE. I compliment the distinguished and able senior Senator from Massachusetts for his statement. He and I cosponsored an amendment, the purpose of which was to give the sugar refineries in the United States and their employees an opportunity to refine raw sugar imported into the United States. Today, the sugar mills in the United States are operating at only 80 percent of capacity. This increased importation of raw sugar, rather than refined sugar, will give the sugar refinery employees in the United States 3 weeks additional employment, at a time when we are alarmed about the economy of the Nation, and when unemployment rates are still high.

In my judgment, the bill reported by the Senate Finance Committee is by far the best sugar bill reported during the brief period of time that I have served in the U.S. Senate.

The House bill has only one feature which I think is an improvement over the bill the Senate Finance Committee reported, and it is the one which would require a greater percentage of the sugar which is brought into the United States to be brought in in raw form, rather than in what is known as domestic consumption sugar. In other words, the employees in the United States—rather than employees in a foreign country—will then refine the sugar, and the sugar mills in the United States—rather than sugar mills overseas—will refine the sugar.

We do not make compensatory payments to any sugar mill for refining sugar. The compensatory payments are made only for the production of the cane sugar or the sugarbeets.

In the Finance Committee, I suggested this amendment; and there was great support for it when it was offered, with the joint sponsorship of the Senator from Massachusetts. It was discussed at some length there; and the apparent thinking of the members of the Finance Committee at that time was that the issue could best be resolved in conference, and that thereby the conferees would have some basis for achieving unanimity of opinion.

After listening to the discussion in the Finance Committee by the distinguished and able Senators who will be the Senate conferees, I felt it was wise to rest our case in the hands of the Senate conferees; and I feel quite sure that the distinguished and able chairman of the Finance Committee, the senior Senator from Virginia [Mr. BYRD], the distinguished and able senior Senator from Oklahoma [Mr. KERR], the distinguished Senator from Louisiana [Mr. LONG], the distinguished Senator from Delaware [Mr. WILLIAMS], and the distinguished Senator from Kansas [Mr. CARLSON] will, in the conference, take this matter into careful consideration; and I know they feel as do the Senator from Massachusetts and I, and as, in my opinion, do the overwhelming majority of the Members of the Senate and the overwhelming majority of the Members of the House of Representatives—namely, that we should do the best we can for the sugar industry employees in the United States and for the sugar industry in the United States, and should eliminate, insofar as practicable under our existing laws and treaties, the importations of direct consumption sugar.

I thank the able Senator from Massachusetts for yielding to me.

Mr. SALTONSTALL. Mr. President, I appreciate very much the contributions the distinguished Senator from Georgia [Mr. TALMADGE] has made.

Mr. KEATING. Mr. President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield.

Mr. KEATING. Mr. President, I heartily support the distinguished senior Senator from Massachusetts, who has taken such a continuing and constructive interest in the legislation before us. The work which he has done with the distinguished junior Senator from Georgia [Mr. TALMADGE] is of great interest to the State of New York.

New York State is the largest center of cane sugar refining in the world. There are five huge refineries in the port of New York.

The New York cane sugar refiners provide direct employment for almost 5,000 persons, with an annual payroll in excess of $25 million.

The port of New York and supporting services benefit substantially from shipments to these refineries. In 1960, sugar ranked first among inbound commodities. That year, over 1,345,000 short tons of sugar, valued at over $170 million were brought into the port. Over 150 ships were required to bring this much sugar to New York.

Housewives buying package sugar, and bakers, bottlers, canners, confectioners, ice cream manufacturers, and other food processors located in New York State and surrounding areas rely heavily on these refineries to fill their divergent sugar needs. New York leads all other States in the quantity of sugar consumed. In 1961, consumption amounted to over 1.8 billion pounds of refined sugar, about 10 percent of the national total. New York and other cane sugar refiners supplied about 92.5 percent of all the refined sugar distributed in the State.

Mr. President, the sugar industry of New York is greatly dependent upon world trade. We receive almost all of the raw sugar refined in New York from foreign countries. The Sugar Act before us today is the program by which we maintain the flow of this vital raw product into our port.

I share the disappointment of the Senator from Massachusetts that the Finance Committee has maintained the provision whereby Cuba can bring refined sugar into the United States. This creates quite a serious competitive problem for our domestic refineries in the Northeast, particularly because of the expansion, which the Finance Committee has also encouraged, of the production of beet sugar in other areas of our Nation.

The other body did not have this provision in its sugar bill. I think it is detrimental to the interest of American workers and a vital American industry. Under the present tense conditions of our relations with Cuba, I see no reason for retaining it. I hope that at some point in the consideration of this bill, the quota for refined sugar or "white" sugar will be eliminated.

Mr. President, on other grounds, I am willing to accept the committee bill and I hope that we will have a suitable and reasonable Sugar Act before that ominous deadline, 12 midnight this Saturday night.

I therefore join with the Senator from Massachusetts in his recommendation that in the conference with the other body on the bill before us, the conferees from the Senate accept the House provision which eliminated Cuba's refined sugar option and restricted refined sugar imports from other foreign countries. Unless this is done, an important industry in the State of New York will be deprived of its raw material and its production will suffer.

Mr. President, I should like to emphasize one final point. The elimination or reduction of the refined sugar options of foreign countries will not reduce foreign sugar quotas one iota. Foreign countries will be permitted to sell as much sugar in the U.S. market as before, but it will be in raw form, not refined.

The making of raw sugar is a major industry. The refining of sugar in the tropics will therefore not materially promote industrialization in foreign countries. The making of raw sugar involves the cutting and grinding of the cane to extract the juice. This requires huge mills. This juice is then evaporated, filtered, clarified, and crystallized into raw sugar, brown crystals which retain a protective film of molasses. In this form, it is shipped to our plants for refining.

Mr. President, I am pleased that the Cayuga County, N.Y., group which is interested in sugar production has indicated to me, through our distinguished colleague, Representative John Taber of New York, their satisfaction with and support for the Senate Finance Committee bill.

Mr. CURTIS, Mr. JAVITS, and Mr. MORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts has the floor.

Mr. MORTON. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORTON. I have been trying to obtain the floor since 2 o'clock. It is perfectly all right to yield for a question, but Senators take 5 or 10 minutes to make speeches. I insist on the regular order.

The PRESIDING OFFICER. A Senator may yield only for a question. The Chair thought that the Senator from Massachusetts had yielded the floor, and attempted to recognize a Senator.

Mr. SALTONSTALL. Mr. President, I yield to the Senator from New York [Mr. Javits].

Mr. JAVITS. Mr. President, perhaps I can make my statement in the form of a hypothetical question. I appreciate that my colleagues are trying to obtain the floor, and I shall take only about 30 seconds.

I ask the Senator from Massachusetts whether I am to understand his position to be that he has refrained from offering an amendment because the problems of the refineries—and we have 25 percent of the refinery capacity in New York State, involving extensive employment—can, in his view, better be approached by having them dealt with in conference rather than on the floor of the Senate.

Mr. SALTONSTALL. The answer is "Yes."

Mr. JAVITS. Does the Senator desire me to state that I agree with his viewpoint? If so, I am happy to do so.

Mr. SALTONSTALL. I do.

Mr. JAVITS. I thank the Senator.

Mr. GORE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield the floor?

Mr. SALTONSTALL. I yield for a question.

Mr. GORE. Does not the Senator think it is rather a strange legislative concept that a question is not to be considered by a committee and not to be considered by the Senate, but, in some way, is to be delegated to and dealt with by a conference committee? Does not the Senator think that is an unusual legislative process?

Mr. SALTONSTALL. It is my understanding that the author of the bill has some objections here and some objections there. The whole theory is to put the bill into conference, and from the refineries' point of view—and that is all I am interested in—that will be helpful.

Mr. GORE. Why does not the Senator offer the amendment and let the Senate reach some conclusion? It is unusual to present a problem and then say, "I really do not want the Senate to take a position on it, but leave it to the conference committee." Why leave it to the conference committee?

Mr. SALTONSTALL. I will say to the Senator from Tennessee, that, so far as my remarks are concerned, I did not say I left it to the conferees.

Mr. CURTIS. Mr. President——

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska.

Mr. CURTIS. I ask unanimous consent that I may yield to the distinguished Senator from Kentucky [Mr. Morton] for the purpose of having the Senator from Kentucky make a statement and offer an amendment, without the Senator from Nebraska's losing the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. MORTON. I thank the Senator from Nebraska.

Mr. President, I call up my amendment identified as "6-26-62—B."

The PRESIDING OFFICER. The amendment offered by the Senator from Kentucky will be stated.

The Legislative Clerk. It is proposed, on page 26, line 23, to strike out the period and the quotation mark at the end thereof and add the following: "; and in order that the regulation of commerce provided by this Act shall not result in excessive prices to consumers, the Secretary shall make such additional allowances as he deems necessary in the amount of sugar determined to be needed to meet requirements of consumers."

Mr. MORTON. Mr. President, I ask unanimous consent to change the place where the amendment would be effective by making it read "on page 26, line 19," and striking out the words "and the quotation mark at the end thereof". That is, I substitute "19" for "23," and strike out the words "and the quotation mark at the end thereof."

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. Morton's amendment as modified is as follows:

> On page 26, line 19, strike out the period and add the following: "; and in order that the regulation of commerce provided by this Act shall not result in excessive prices to consumers, the Secretary shall make such additional allowances as he deems necessary in the amount of sugar determined to be needed to meet requirements of consumers."

Mr. MORTON. Mr. President, I have not changed the substance of the amendment, but merely the place in the bill at which it is offered. I do so at the suggestion of the Senator from Oklahoma and the Senator from New Mexico.

I had intended to offer my amendment designated "A". I discussed the amendment with the Senator from Oklahoma, the Senator from New Mexico, and certain of my colleagues on this side of the aisle, and it was felt it could not be accepted.

I also pointed out in the hearings that I had some misgivings about this amendment because it required a floor of 100 pounds per capita consumption of sugar. That is, the Secretary of Agriculture would be required to set quotas at 100 pounds per capita. The consumption of sugar is well over that amount, being at 103, 104, or 105 pounds per capita. However the per capita consumption of wheat tumbled in this country. The same thing could happen to sugar, and I think that would be a dangerous thing.

However, the amendment which I have offered restates the purpose of the 1948 act and calls attention to the fact that steps should be taken by the Secretary to see that there is enough sugar so that excessive prices to consumers are avoided.

I hope the distinguished Senator from Oklahoma will take this amendment to conference.

Mr. KERR. Mr. President, I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Kentucky [Mr. Morton].

The amendment, as modified, to the committee amendment was agreed to.

Mr. KERR. Mr. President, I think the Senator from Kansas has an amendment to offer; I am not sure.

The PRESIDING OFFICER. The Senator from Nebraska has the floor.

Mr. CURTIS. Mr. President, it is imperative that the proposed legislation be speedily enacted. Therefore, I shall take little time.

I wish to express my gratitude to the Committee on Finance of the Senate for holding hearings this year on this important subject. I express my gratitude for the courtesy and kindness of the chairman of that committee, the Senator from Virginia [Mr. Byrd]. The committee held long hearings and heard many witnesses.

We are indebted to many individuals, including the distinguished Senator from Oklahoma [Mr. Kerr], the distinguished Senator from New Mexico [Mr. Anderson], the distinguished Senator from Utah [Mr. Bennett], the distinguished Senator from Kansas [Mr. Carlson], all members of the Committee on Finance, and certain other Senators who were very helpful. I refer particularly to the senior Senator from Louisiana [Mr. Ellender] and the Senator from North Dakota [Mr. Young].

Mr. Lawrence Myers, of the Department of Agriculture, and Mr. Serge

Benson, of our committee staff, were very helpful.

Mr. President, I have listened this afternoon to a great deal of discussion about the Sugar Act. I shall not suggest that it is a sectional argument. I fear that it is. I believe it is vitally important to the entire Nation that the act not expire.

There is a great sugar industry in this country. The farmers who are now raising sugarbeets and sugarcane are entitled to the certainty of the continuation of the act. The processors likewise are entitled to such assurance.

Contrary to the opinions of some, I believe it is clear that this has been a good law and that it has operated for the benefit of the consumers and of all the people of the country. When the American housewife goes shopping, sugar is the best bargain available in the store. There has been a constant supply of sugar at a very reasonable price at all times, including emergencies such as the Suez crisis.

The sugar industry has operated without a subsidy. In that statement I take as my definition of a "subsidy" the fact that out of the Treasury there is paid a part of the cost of a commodity. That is not true in the case of sugar. Not only do the consumers of sugar buy it at a reasonable price, a price which has increased very little in the past 10 or 15 years, but also they pay the entire cost.

Under this program the U.S. Treasury ends each year with a profit of $15 to $18 million. It is a good law. It has served the country well, and it ought to be extended.

I hope that Senators who suggest a filibuster to kill a law which does not specifically operate in their States will think twice before resorting to such drastic and unfair action, which cannot be supported by the facts in the case.

Very modest provision has been made for the expansion of the sugarbeet industry of this country. Our population has grown a great deal. We live in a day with many agricultural problems. Many crops are in great surplus. Thousands of farmers seek the opportunity to produce some of the sugar which is consumed daily in the United States.

If the proposed expansion of the domestic industry takes place, the imports from foreign countries still will represent 40 percent of our sugar supply. At a time when billions of dollars are being spent to support agriculture, is there anyone to suggest that we deny to American producers 40 percent of the market for automobiles? For wheat? For cotton? For shoes? For steel? I think not.

The meager, modest expansion which is to be granted to the sugarbeet industry is well justified. Because of the growth of our population, it is anticipated that consumption of sugar will be increased by 160,000 tons each year in the next 5 years. The domestic portion of the increase would be 65 percent under the recommendations of the Senate committee bill, or 104,000 tons increase per year. Approximately three-fourths of that, or some 78,000 tons, would go to the beet area. This means that the provision in the bill that 65,000 tons be set aside in an acreage reserve to serve areas which do not have in any significant amount a sugarbeet economy at this time, can be carried out. Added to those 65,000 tons there would be an additional 13,000 tons of sugarbeet expansion elsewhere.

Mr. President, this will be an orderly expansion. The House bill provided for a beet reserve of 50,000 tons a year for new areas, and provided that the domestic producers be given 63 percent of the growth factor. It was anticipated that this would make possible one new mill a year in the sugarbeet area for the next 5 years.

The Senate Committee on Finance recommends raising the annual reserve from 50,000 tons to 65,000 tons, and raising the percentage growth factor which would go to domestic producers from 63 percent as provided in the House bill to 65 percent. I hope that these figures will prevail in the conference. This will mean that perhaps as many as seven new mills can be provided.

This proposal calls for a modest increase. After all, we are legislating for all of American agriculture. The expansion of the sugarbeet industry should not be on the basis that some favored, select area might benefit by passage of the law. If we are to have an expansion of the sugarbeet industry, it ought to be in a sufficient amount so that some general and fair application could be made in all the areas which could qualify as potential producers.

As I stated, I shall not take a great deal of time. It is important that the bill be enacted hurriedly.

In the great State of Nebraska, which I have the honor to represent in part, there are 2½ million acres of irrigated lands. Only 77,000 of those acres are planted to sugarbeets. In the county in which I happen to live, the farmers are permitted to raise a meager 1,468 acres of sugarbeets. There are 90,000 acres of irrigated land, and at a minimum the farmers could use an acreage allotment of 9,000 acres.

In our immediate vicinity, in the two counties to the west and one to the east, the farmers are asking for from 37,000 to 50,000 acres more of beet land.

I could continue, and point out the facts about the great Republican Valley in Nebraska, south-central Nebraska, and parts of north-central Kansas. For every acre that was taken out of other production and placed into beet production we would lessen our problem of surpluses that much.

Mr. President, the bill is important to the great State represented in part by the present Presiding Officer [Mr. METCALF]. It is important to all States because it has served the consumer well. It has been an agriculture program that has paid its own way and has left a profit in the Treasury. In the past it has been fair to our neighbors and our friends.

I can only express the hope—of course, I cannot control—that Senators will cooperate in the extension of the law and that we will not become involved in a filibuster which, in the final analysis, would be the result of sectionalism. There would be opposition to an agriculture bill because neither beets nor cane are raised in a particular State. I make no such charge. I merely let the facts speak for themselves.

I hope the bill will be passed and will prevail in conference.

Mr. CARLSON. Mr. President, on behalf of myself, the Senator from Georgia [Mr. TALMADGE], and the Senator from North Dakota [Mr. YOUNG], I call up my amendment, which is at the desk.

The PRESIDING OFFICER. The amendment of the Senator from Kansas will be stated.

The LEGISLATIVE CLERK. On page 32, line 7, after the period it is proposed to insert the following: "In authorizing the purchase and importation of sugar from foreign countries under this paragraph, special consideration shall be given to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

Mr. CARLSON. Mr. President, the proposed language is not new in sugar legislation. It is in the existing law. Instead of writing the provision into the bill, the House wrote a report that expressed the views of the House that special consideration should be given to certain countries.

I have discussed the amendment with the distinguished Senator from Oklahoma [Mr. KERR] and I hope he will take the amendment to conference.

Mr. KERR. Mr. President, I think the amendment should be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment to the amendment was agreed to.

Mr. YOUNG of North Dakota. Mr. President, I ask to have printed in the RECORD a statement which I intended to make in support of the amendment which has been agreed to.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR YOUNG OF NORTH DAKOTA

I am pleased to join with my distinguished colleagues in cosponsoring the pending amendment.

The effect of this amendment would be to make use of our surplus agricultural commodities in the purchase of sugar from other nations. Many of the countries from which we buy sugar are deficit production areas for other agricultural commodities such as wheat. This amendment would reaffirm the policy of Congress, as contained in the 1961 extension of the Sugar Act, that special consideration in sugar allocations to foreign countries be given to those countries willing to buy our agricultural commodities.

Only recently the Government of Brazil has indicated that it would be willing to enter into a 5-year agreement which would involve the purchase of an average of about $50 million a year worth of wheat if the program could be supported through the receipts from sugar sales within the United States.

Brazil needs wheat, which we have in abundance. So long as we are filling a considerable portion of our domestic sugar requirements from areas outside the United States, it certainly would seem to me to be only good sense and good business to make these purchases from countries which, in turn, would be willing to buy from us commodities which they need, and which we have in surplus. We need to expand our dollar exports wherever possible. This is one means of accomplishing this.

I believe that it would be much better for those countries to get food from us, which they need, rather than dollars with which they can purchase items which are not so essential to the people of these countries. Making food available to them will do far more than anything I know of to combat the spread of communism.

Public Law 480 was designed to not only make possible the distribution of our agricultural abundance to the hungry people of the world, but also with a long-range view of eventually developing new dollar markets for these commodities. A 5-year agreement such as is proposed with Brazil would be most helpful. Under such an agreement, the Government of Brazil would be assured of a supply of wheat which it needs, not just for 1 year, but for a 5-year period. Similar agreements, I am confident, could be worked out with other countries in the future. More of this could have been done in the past under existing authority except for the unfortunate opposition of some people in the State Department.

Mr. LAUSCHE. Mr. President, in my opinion the pending bill should be passed because, first, its provisions are in the interest of our national security and wholesome international relations; second, they are in the interest of the partial solution of our domestic economic problems.

Passage of the bill now pending before the Senate would eliminate the creation of complications in our trade with foreign countries involving sugar if and when the present difficulties with Cuba come to an end. It would be helpful in the solution of our domestic economic problems because it is conceded that $150 million would come into our Treasury at a time when we are faced with grave international problems because the balance of payments is adverse to the United States.

One of the problems of our country which is worrying our President greatly is the flight of gold from our country. It is my understanding that, at the present rate of outflow, we shall have suffered loss of about $1 billion before the year is over. The $150 million involved in the bill could help reduce the acuteness of that problem.

For these reasons I feel that the bill as it is now pending should be passed, in preference to the bill that has come to us from the House.

I yield the floor.

Mr. McCARTHY. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The **PRESIDING OFFICER.** The amendment will be stated.

The **LEGISLATIVE CLERK.** At the proper place it is proposed to insert the following new section:

SEC. —. Paragraph (1) of section 301(c) of such Act is amended by striking out ", and shall have been paid wages therefor at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing; and in making such determinations the Secretary shall take into consideration the standards therefor formerly established by him under the Agricultural Adjustment Act, as amended, and the differences in conditions among various producing areas: *Provided, however,*" and inserting in lieu thereof "at not less than the minimum wage rate prescribed by section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended: *Provided, however,* That the Secretary, after due notice and public hearing, may in the case of hardship grant limited exceptions to the foregoing provision: *And provided further,*".

Mr. McCARTHY. The amendment is a part of a bill which was introduced and bore the number S. 3457. Among the cosponsors were Senators NEUBERGER, YOUNG of Ohio, GRUENING, FONG, HUMPHREY, BARTLETT, LONG of Hawaii, ENGLE, HICKEY, BURDICK, and WILLIAMS of New Jersey.

In submitting the amendment I have eliminated section 2, which related to a special payment to be made to American growers who, in the determination of the Secretary of Agriculture, were paying substandard wages, but whose sugar operations were such that they could not reasonably be expected to pay fair wages to the workers on their sugar farms or plantations.

The present Sugar Act in section 301 (c)(1) directs the Secretary, in making determinations of fair and reasonable wage rates for sugarcane fieldworkers, to take into consideration the standards formerly established by him under the Agricultural Adjustment Act, as amended, and the differences in conditions among the various producing areas. The standards to which the act refers are the relationships of wage rates to costs of living, prices of sugar and byproducts, income from sugarcane, and costs of production.

In other words, under existing law the Secretary of Agriculture is instructed to establish fair and reasonable wage rates for sugarcane workers, and he is supposed to take into account the cost of living, the price at which sugar is now being supported, which is something like 100 percent of parity, the value of the byproducts, income from sugarcane, costs of production, and the like. He is called upon to take into account essentially the same factors which Congress takes into account in determining minimum wages for industrial workers in the United States. In this instance he starts from the bottom and builds up, and he is supposed to take into account all the factors that are taken into account in determining the minimum wage for industrial workers.

The current wage determination for Louisiana, for example, establishes minimum wage rates ranging from 60 cents an hour for unskilled workers to 85 cents an hour for skilled workers. The comparable minimum rates in 1960 were 55 cents and 80 cents an hour, and in 1956 they were 40 cents and 70 cents an hour for skilled workers.

For similar work classifications in Florida the current rates are established at 90 cents and $1 an hour. The comparable rates for Florida for 1960 were 80 cents and 90 cents an hour, and for the period July 1, 1956, to June 30, 1957, they were 65 cents and 75 cents an hour. The minimum rate provided for hand labor workers in the current wage determination for the sugarbeet area is 95 cents per hour. In the sugarbeet area the minimum hourly rate in 1960 was 75 cents, and the rate in 1956 was 65 cents, except for California, where the rate was 70 cents. In 1950, the minimum rate in the beet area was 60 cents an hour.

I ask unanimous consent to have printed in the RECORD at this point table No. 26 entitled "Production, fieldworker requirements, and earnings of fieldworkers for domestic sugar producing areas, 1946–1960 crops," which was published in Sugar Reports, issued by the U.S. Department of Agriculture, Agricultural Stabilization and Conservation Service, Sugar Division, in September 1961.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 26.—*Production, fieldworker requirements, and earnings of fieldworkers for domestic sugar producing areas, 1946–60 crops*

[Dollars per hour]

Crop year	Weighted average earnings per hour of fieldworkers [1]					
	Louisiana	Florida	Hawaii		Puerto Rico [2]	Beet area
			Earnings	Fringe benefits		
1946	0.372	0.596	0.586	0.147	0.254	0.751
1947	.360	.634	.776	.123	.306	.782
1948	.414	.669	.955	.140	.344	.816
1949	.428	.669	1.056	.185	.343	.850
1950	.444	.667	1.089	.195	.348	.888
1951	.454	.714	1.127	.235	.370	.938
1952	.493	.842	1.204	.251	.393	.939
1953	.523	.888	1.303	.269	.416	.968
1954	.550	.880	1.372	.339	.430	.940
1955	.564	.885	1.448	.405	.437	.943
1956	.629	.914	1.460	.448	.452	.979
1957	.667	.952	1.538	.482	.492	1.036
1958	.692	.984	1.507	.571	.502	1.090
1959	.710	.991	1.629	.541	.497	1.165
1960	.738	1.110	1.741	.565	.502	1.185

[1] Based on average hourly cash earnings of workers employed on time or piecework-rate basis. In addition, workers receive noncash benefits valued at 2 to 15 cents per hour except in Hawaii. Fringe benefits to workers in Hawaii are listed above.

[2] Data are for the 1945–46 crop through the 1959–60 crop.

Mr. McCARTHY. Mr. President, I believe it is obvious from these statistics and from this record that the determination of wage rates in the sugar industry of this country borders on the arbitrary. The rates vary from one type of production to another and from one area to another in situations in which the same kind of sugar-producing crops are raised.

It is my opinion that it is completely reasonable and defensible to establish a minimum wage and have it apply to sugar producers, but to give to the Secretary of Agriculture authority, as my amendment proposes, to reduce that rate downward, and to take into account special considerations, special questions, and special forces and factors that bear upon the operation of the industry in those areas.

Having started from nothing and building up, and taking into account reasonable considerations, has resulted in a kind of patchwork program which defies any kind of analysis. My amendment would provide a minimum wage, and the Secretary must give some justification or some defense for the downward adjustment.

So long the price support program provides adequate prices and adequate support to those who produce sugar and those who process it, we ought to provide an adequate return for those who work in the beet fields, the cane fields, and the processing plants.

Mr. KERR. Mr. President, I hope the amendment offered by the Senator from Minnesota will not be adopted. There is no one for whom I have greater respect than the Senator from Minnesota. However, the price that is obtained by the grower of the cane or beet sugar is related directly to the price that he pays for labor.

The Secretary of Agriculture is authorized under the law to take into account the economic conditions and the prevailing wages paid to agricultural workers in every community, and to fix a price for labor in any given community and relate it to the economic conditions prevailing and the wages prevailing in the economic environment of the producer.

In all the years that Congress has adopted requirements for a minimum wage, agricultural labor has always been specifically excluded. If the amendment of the Senator from Minnesota were adopted, it would be in violation of every action ever taken by Congress with reference to fixing of minimum wages and national standards for agricultural workers.

The reasons are perfectly apparent. In many instances, if not most, the financial wages received by the worker are not the only consideration involved in paying for the labor. In many situations housing, food, and transportation are furnished. In the judgment of the Senator from Oklahoma the amendment of the Senator from Minnesota would make the bill unworkable.

Therefore I sincerely hope that the Senate will not accept it.

Mr. ELLENDER. Mr. President, I hope the Senator from Minnesota will not press his amendment. As he may know, I was a member of the conference committee which agreed to the present Fair Labor Standards Act. That act has been amended on many occasions. Efforts have been made to include agricultural labor in the act but up until now, Congress has never agreed to such an inclusion.

I do not know of another agricultural commodity in which the Secretary of Agriculture has authority under the law to fix the minimum wage, as is the case with respect to sugar.

Great progress has been made in the direction of higher wages and benefits in my State. I think I mentioned that a while ago. Wages in the sugar industry have been considerably increased. I remember that when I was a boy, about 60 years ago, the average caneworker on my father's farm received 80 cents a day. Today, he receives an average of 80 cents an hour. In addition, as the Senator from Oklahoma stated, those workers receive a free house and free water; and, by the way, the water is furnished by the city where I live. They get electricity free. Many of them have their doctor bills paid. If all those fringe benefits are added to the actual wage paid, the amount received will be increased from 27 to 30 percent.

I do not believe the sugarbeet worker or the sugarcane worker should be put under the Fair Labor Standards Act. That would mark him out as a special case, completely apart from all other agricultural workers. That is really what the Senator from Minnesota proposes to do. Since good progress has been made in the sugar producing industry, I hope the Senator from Minnesota will not insist upon his amendment.

Mr. McCARTHY. I agree with the chairman of the Committee on Agriculture and Forestry, on which I serve, that it is a fact, as he has said, that the Sugar Act is the one agricultural act which places a burden on the Secretary of Agriculture and the Department of Agriculture to establish fair and reasonable wages. If there were farm programs which were as effective in supporting and maintaining the prices of farm products as is the Sugar Act—and as I think it should be—the minimum wage should apply to all farmworkers. But the justification for not imposing the minimum wage on agricultural workers is that the farmers themselves do not receive a fair return.

I believe there is no question that the sugar producers are receiving a fair return under the act. If they were not, I think they would have asked our committee to give them a larger subsidy.

For a time, there was a provision for adjustment in the amount of subsidy which could be paid to the sugarcane producers. That provision was later reconsidered by the committee. Otherwise I see no hardship involved. If the payment of standard wages or minimum wages is a hardship, Congress can make an adjustment. If the position of the Senate prevails, there will be something like $160 million in special payments to the Treasury as a result of the oversea operation phase of the bill. I should be glad to make certain that domestic growers who cannot pay minimum wages are subsidized out of that amount.

The second section of the bill which I introduced—the section I struck out—contained a provision that the growers in this country who feel it would be a hardship to pay a fair return to their workers would be subsidized from the amount which would be returned by virtue of the payment made on sugar imported into the United States.

If we are concerned about the income to the producers, it seems to me we ought to move one step back and protect the payment to the workers. A number of Senators have expressed concern that the oversea phase of the sugar program is not operating in such a way as to protect the workers. This is one way in which we can take action to make certain that the workers in the United States have their rights protected.

My amendment provides that instead of starting from the bottom and going up, the rate will start at $1.25; and if any employer wishes to pay less, he must justify his action.

The Secretary of Agriculture may take into account the working conditions, including the kind of housing provided the sugar workers. But the employer must begin his wage payments at $1.25 an hour and justify any revision of the payment downward.

Mr. LONG of Louisiana. Mr. President, will the Senator from Minnesota yield?

Mr. McCARTHY. I yield.

Mr. LONG of Louisiana. The conditions of sugar workers in the United States have greatly improved, both in Louisiana and, perhaps even more markedly, in Hawaii.

I have some familiarity with the latest studies on earnings. I know that the sugarcane producers have managed to increase their earnings somewhat. On the larger farms in Louisiana, the average earnings on investment, before interest and taxes, was 5.7 percent from 1954 through 1958, but only 2.2 percent in 1959. Those are the latest figures I have been able to obtain. That is one reason why I contended earlier today that the so-called subsidy should not be reduced.

Mr. McCARTHY. I am not in favor of reducing the subsidy. If the subsidy is not adequate to pay the workers in the sugarcane area, I would favor the payment of a higher subsidy.

Mr. LONG of Louisiana. I feel that if this approach is to be undertaken, it should be carefully studied to ascertain how much the price of sugar would be increased, and to make sure that funds are available to provide for an increase in price. Otherwise, producers would be placed in a position of causing employees to lose their jobs because sugar was produced at a lower price.

Mr. McCARTHY. I took that into account in my amendment, which provides that in case of hardship, the foregoing provisions could be amended.

Mr. LONG of Louisiana. It seems to me that before the grower plants his crop he should have the privilege of persuading the Secretary of Agriculture that he should stay in business. I think there should be some reasonable assurance that he will still be in business.

Mr. McCARTHY. He is in that position now, since the Secretary has authority to raise wages. The Secretary ought to be given a reasonable target. I am not altogether persuaded that the sugar industry could not absorb the cost of somewhat higher wages. For example, from 1946 to 1956, Louisiana moved from 37 cents an hour to 73 cents an hour, which is a great improvement. A 100-percent increase has been absorbed.

Mr. LONG of Louisiana. One reason for that is that the work has been done with half as much labor. The producers have succeeded in mechanizing. This has materially helped their position, so far as the increase in wages is concerned. They are mechanizing as rapidly as possible. That is the second largest item of expense for the producer. It is second only to labor. In Louisiana the producers spend about $12 million a year on mechanizing and $22 million a year on labor.

Mr. McCARTHY. I know the Senator from Louisiana generally shares my view that this is an area in which mechanization performs not only an economic good but an important social good. It removes from the working force workers who are receiving 40 cents an hour. This is an area in which automation and mechanization should be encouraged.

I suppose the cost of living is not much higher in Hawaii than it is in Louisiana, but the sugarcane workers in Hawaii, in 1960, according to the report of the Department of Agriculture, received $1.74 an hour plus 56 cents an hour in fringe benefits. That is more than $2 an hour. I think there is mechanization in the cane fields of Hawaii. Perhaps prices are too high. But I have cited this as a basis for comparison.

Mr. LONG of Louisiana. The Hawaiians would not be paying that much if they did not have the money with which to pay it. The reason they can do so is that they have a year-round growing season. They can cut their cane after 18 months. In Louisiana, where the sugar-growing season is shorter, it is necessary to work on an annual 10-month basis instead of on a basis of 18 months growth, as is the case in Hawaii, where the climate is much more favorable.

Mr. McCARTHY. We allow them to take into account special hardships. I would be glad if the hardships were considered such that a Louisiana producer could make a case for additional subsidy, so that the sugar workers in Louisiana might receive a living wage.

Mr. KERR. Madam President (Mrs. NEUBERGER in the chair), I hope the Senate will reject the amendment of the Senator from Minnesota.

I wish to say to the Senator from Minnesota that under the present law the Secretary of Agriculture has the authority and the duty to fix an equitable wage for the workers who produce sugarcane or sugarbeets. If there is a Member of the Senate who should have confidence in the present Secretary of Agriculture—confidence that he will be fair to the workers on the sugarcane farms and to the workers on the sugarbeet farms in our Nation—it is my distinguished and dear friend, the Senator from Minnesota [Mr. McCARTHY], who has offered this amendment.

Madam President, I will not cast a vote of lack of confidence in the present Secretary of Agriculture—a lack of confidence that he will follow the law, a lack of confidence that he will provide a fair wage for the agricultural workers—by voting for the amendment of the Senator from Minnesota. It seems to me that in offering the amendment at the time of the occupancy of that office by the present Secretary of Agriculture he calls for a vote of no confidence in the present occupant of that office, in a position in which I do not believe the Senator would want to persist.

Mr. McCARTHY. Madam President, the Senator from Oklahoma has raised a difficult question for Senators, and the choice for Senators is a hard one, for now the question is whether the Senate wants me disgraced or the Secretary of Agriculture disgraced. I hope Senators will be prepared to defend a Member of the Senate, rather than rise in defense of the Secretary of Agriculture.

Mr. KERR. Madam President, I did not rise to defend the Secretary of Agriculture. I merely remarked upon the fact that the Senator from Minnesota is asking Senators to cast a vote of no confidence in the present Secretary of Agriculture.

Mr. McCARTHY. But the Senator from Oklahoma has put us in a relative position. The question now is not one of a vote of no confidence in the Secretary of Agriculture, but one of whether Senators have more confidence in my recommendation or in the way in which the law was administered before the present Secretary of Agriculture was appointed.

Mr. KERR. There is no one in whom I have more confidence or trust that he will serve in the interest of the public than I have in the distinguished Senator from Minnesota. However, we are not here asked to give him a vote of confidence. Instead, we are asked—for the first time in the history of the Congress, so far as I know—to vote in favor of a minimum wage law for agricultural workers, on the one hand, or, on the other hand, to indicate by our vote that we do not believe the present Secretary of Agriculture will live up to his responsibility under the law to fix a fair and equitable wage for the workers producing sugarcane and sugarbeets.

Mr. McCARTHY. The vote called for is not so much on a question of confidence in the Secretary of Agriculture as it is on the question of the soundness of the policy established under the preceding administration. So the question is one of permitting the present Secretary of Agriculture to do what he would do if he were a freeman and were not bound by the policy established in the previous administration.

Mr. KERR. I suggest that the present Secretary of Agriculture can be trusted to carry out the policy established by Congress.

Mr. McCARTHY. If the House had responded more favorably and with more enthusiasm to the recent farm bill, I might be more inclined to respond favorably to the suggestion of the Senator from Oklahoma.

Madam President, this is not the first time the question of aid to agricultural workers has been before the Congress. Congress previously established a minimum wage for Mexican agricultural workers who come to this country. In addition, Congress has established a minimum wage for certain migratory domestic workers; and in the Sugar Act there is a provision that the Secretary shall determine fair and reasonable wages for agricultural workers in the sugarcane fields.

I believe we have made the case for this amendment as clearly as it needs to be made. I hope Senators will base their votes on the amendment on the merits of my proposal, rather than take into account either my sensitivities or the possible sensitivities of the Secretary of Agriculture.

Mr. FONG. Madam President, will the Senator from Minnesota yield?

Mr. McCARTHY. I yield.

Mr. FONG. I should like to join the distinguished Senator from Minnesota in asking for the adoption of this amendment.

I, too, was sorely disappointed that the sugar bill reported by the Finance Committee contained no provisions to raise the minimum wages for sugar-field workers.

Although since 1937 sugar legislation has provided the Secretary of Agriculture authority to set fair and reasonable wage rates, as administered the term "fair and reasonable" has proven exceedingly elastic. It stretches from the 36-cent-an-hour minimum wage in Puerto Rico, to the 50-cent-an-hour minimum in the Virgin Islands, to the 60 cents in Louisiana, to the 95 cents in the western beet area, to the $1.46 an hour set for sugar workers in Hawaii.

As I stated on the floor of the Senate on June 15 this year, the amazing increase in productivity of the sugar industry over the years has been shared with only a relatively few of the sugar workers during this time. Thousands of these workers continue to receive meager pay.

The sugar industry can be proud of its outstanding progress in improving its all-around productivity. Research and mechanization are largely responsible for productivity advances. This is particularly true in my State of Hawaii. Here, manhours required to produce a ton of sugar have declined from 27 in 1947 to 17 in 1960.

The impact of improved technology has sharply affected all other producing areas. This is not true, to the same extent, however, of wages.

A recent "Special Study on Sugar" by the Agriculture Department noted that, while man-hours used per ton of sugar produced declined 20 percent from 1948–50 to 1957–59, new industry developments will permit still further reduction of labor costs. Meanwhile, the percentage decrease in the amount of labor used for producing sugarcane has been even greater than for sugarbeets, and is likely to decrease even further.

Surely, it should be possible for the sugar worker to obtain a more equitable share of the increased benefits resulting from increased productivity.

Our sugar program has become a national institution. It is supposed to consider the welfare of all—the consumer, the producer, the processor, and the worker. So far, the worker has been nearly forgotten.

There is a basic unfairness in this economic inequity. It should not be allowed to continue.

I regret that the Finance Committee did not seize this opportunity to rectify the minimum wage inequities for sugar workers. This would have been fully in accord with the action of Congress last year in raising to $1.15 an hour the minimum wage in interstate commerce.

If, in acting on sugar legislation, the Senate does not take remedial action in behalf of sugar workers, I want to urge the Secretary of Agriculture, under his clear statutory authority, to take corrective steps. He is empowered to raise minimum wages; and he should do so in the very near future.

We in Hawaii believe sugar workers should be paid a living wage. Our sugar workers are the highest paid in the world, and we are proud of this fact. We know that it is to the mutual benefit of the industry, the workers, and the consumers.

When confronted with sugar produced in areas where minimum wages of 60 cents and 36 cents an hour prevail, obviously Hawaii sugar is at a competitive disadvantage. So we in Hawaii are concerned not only from the standpoint of humanitarianism, but also from the standpoint of competition.

Last March, the State Legislature of Hawaii adopted a memorial petitioning Congress to amend the Sugar Act so that all persons employed on farms receive wages not less than the minimum set by Congress in the Fair Labor Standards Act. Earlier this month, the board of supervisors of the county of Hawaii adopted a similar resolution.

Madam President, I wholeheartedly support the McCarthy amendment which would lift the minimum wages for sugar workers. If that amendment fails, I strongly urge the Secretary of Agriculture to act under his statutory authority to remedy this deplorable situation.

Mr. KEATING. Madam President, will the Senator yield?

Mr. FONG. I yield.

Mr. KEATING. I commend the Senator for a very fine statement. I know of his deep interest in this problem, and I know he has made a very strong case for the amendment.

Mr. McCARTHY. Madam President, I yield to the Senator from New Jersey.

Mr. WILLIAMS of New Jersey. Madam President, I strongly support the amendment offered by the Senator from Minnesota and strongly commend him, too, for offering this much needed amendment to the Sugar Act.

After 3 years of study of the conditions of farmworkers in this country, it is the conclusion of the Migratory Labor Subcommittee on which I serve that farmworkers are almost universally unemployed and underpaid. We know that farmworkers are not included in the Fair Labor Standards Act. We know that many of them are migratory workers work in connection with perishable crops that have no national support program.

I would like to see all farmworkers included in a program that would put a floor under their wages. However, if we cannot have such a program, certainly we should start with a program that would insure reasonable wages for persons who are working in an industry that has a very strong national support and subsidization program; and that, of course, is true of the sugar industry.

I reiterate my commendation of the Senator from Minnesota, and strongly support the amendment.

Mr. McCARTHY. Madam President, I have been requested to ask for the yeas and nays on this amendment. I therefore request the yeas and nays.

The yeas and nays were ordered.

Mr. HOLLAND. Madam President——

The PRESIDING OFFICER. The Senator from Minnesota has the floor.

Mr. HOLLAND. I thought the Senator had yielded the floor.

Mr. McCARTHY. I yield the floor.

Mr. HOLLAND. So far as my State is concerned, we are not affected by this amendment, except in the invidious way of getting agriculture under the Wages and Hours Act, where it never had any place, because we pay more than the $1.15 which is prescribed under the act.

So far as the Senator from Hawaii is concerned, he is exactly in the same position, because the order of the Secretary of Agriculture fixes minimum wages there for cane workers at $1.74 an hour. So he would not be affected in any way by the passage of this act in any direct way.

I think it is fair and decent that the difference between living conditions, the difference in the degree of profits, the difference in the whole situation in one area of the country and another should be reflected by the orders issued by the Secretary of Agriculture, as provided by the present law.

I do not see any reason to place in this act the inflexible rules of the Wages and Hours Act and to classify these people as coming under industry; and that is what we would do if we should adopt the amendment.

Congress has repeatedly refused to classify agricultural workers as coming within the law that applies to industrial workers. Here we find a perfect illustration of the fact that the very able Secretary of Agriculture has realized that there is no way to classify by the same rule and the same standard workers who work in Florida, Louisiana, in the Beet Sugar Belt, or in Hawaii, because the cost of living and everything else in connection with the work are different.

I think the standards in the present law are far preferable to making an exception with reference to this single class of workers and placing them in the same group with industrial workers, and, by doing that, to depart from the principle that Congress has followed uniformly in declining to classify agricultural workers as coming in the same group as industrial workers.

I hope the amendment will be defeated.

Mr. MORSE. Madam President, minimum wage protection for sugar workers has been supposedly guaranteed since 1937 under section 301(c)(1) of the Sugar Act. That provision empowers the Secretary of Agriculture to make determinations as to fair and reasonable wage rates for field workers in the various producing areas.

Many have been led into the misconception that the fair and reasonable provision protects the sugar worker on a basis at least the equivalent of the minimum wage standard provided by Congress in the Fair Labor Standards Act. Nothing could be further from the truth.

The existing wage determinations bear no meaningful relationship to congressional intent as expressed in the Fair Labor Standards Act. Nor do they suggest anything resembling fair and reasonable from the standpoint of providing a living wage for the affected workers.

Wage rates that range from 36½ cents an hour to 95 cents can only be considered substandard.

In considering this question, in reviewing how the fair and reasonable provision has worked out in practice, I am impressed with a statement provided by the Packinghouse Workers Union. This union represents many of the sugar workers in Puerto Rico and in other areas. Its discussion of the legislative history of the Sugar Act and the Fair Labor Standards Act makes a significant contribution to consideration of the McCarthy amendment.

For example, this statement points out that the issues involved in the Fair Labor Standards Act were actively before Congress at the very time the Sugar Act of 1937 was in process of passage. Therefore, as the statement says, the legislative background and ultimate language of the Fair Labor Standards Act casts considerable light on the meaning and intent of the phrase fair and reasonable as used in the Sugar Act.

The significance of this point is that Congress, in considering the Fair Labor Standards Act, debated the possibility of using the concept of a fair wage. However, this concept was dropped in favor of fixing merely a wage that would be at a minimum nonoppressive level.

The statement then goes on to say:

> It is inconceivable that a Congress which fully understood the concept of a fair wage then under debate in connection with one statute as a wage rate above certain minimum nonoppressive levels would have in mind anything different in its understanding of the term fair and reasonable wage in the enactment of another statute at the same time.

This conclusion is underlined by the fact that the original Fair Labor Standards Act before Congress distinguished between a wage which was merely not oppressive and the higher wage which was a fair wage. In the final version of the minimum wage law, Congress recognized that what it was establishing in this statute was not anything which could be regarded as a fair or reasonable wage. In section 8 of the act, Congress emphasized the fact that the act established the absolute bare minimum so that nothing in the act was to excuse noncompliance with higher levels required under other laws.

It is quite clear then, as the statement brings out, that the Congress of 1937 and 1938 concluded that a wage which was fair and reasonable would obviously be a wage higher than the level necessary merely for the maintenance of the minimum standards of living necessary for health, efficiency, and general well-being.

From this legislative history, as the statement goes on, it would appear there is substantial ground to assert that a wage level which actually falls below the level necessary for the maintenance of that absolute minimum standard which merely escapes being oppressive cannot conform to the standard of being a wage which is fair and reasonable.

The general import of the statement from the Packinghouse Workers is that the fair and reasonable provision should have provided wage rates equal to, if not higher than, the Fair Labor Standards Act minimum. It demonstrates that the issue before us now is not a substantive change in the minimum wage provision of the Sugar Act, but a clarifying amendment designed to bring to the sugar workers the wage rates to which they were properly entitled all these years.

The Packinghouse Union's statement deserves the most careful consideration.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Fair and Reasonable Wage Rates for Sugar Workers

The problem of decent minimum wages under our sugar program relates to the exact meaning to be given to the phrase "fair and reasonable" as it relates to wage standards in section 301 of the Sugar Act of 1948 (7 U.S.C. 8301(c)(1)).

For purposes of this analysis it is necessary to note at least briefly the context in which the provision for the fixing of fair and reasonable wages appears in the statute.

In the first place it should be noted that the wage determinations of the Secretary of Agriculture do not constitute affirmative, regulatory, governmental requirements enforced upon employers by criminal or injunctive processes. On the contrary, these wage provisions appear in a statute pursuant to which the Government is extending to the employer certain benefits in the form of payments made by the Government to the employer. The provisions dealing with the labor relations of the employer (child labor, wage standards, etc.) are set forth as limitations on the employer's right to receive the governmental benefit—conditions placed upon the availability of payments to growers otherwise eligible under the statute.

In asking for the enactment of the original Sugar Act of 1937, the President in his message to Congress stated the purpose of these provisions by pointing out that "the employer should be expected to be a good employer. Therefore * * * the payment of wages of not less than the minimum standard shall be included among the conditions for receiving the benefit payment."

What apparently has never been expressly recognized by the Secretary of Agriculture is the undeniable fact that the provisions of the act dealing with matters of the employer's labor policy were intended for the protection of employees. If the Congress were concerned solely with achieving the objectives for which the conditional-payment provisions were ostensibly enacted—and were not concerned at all with how oppressive to the employee might be the conditions under which employees worked for the employers benefited by these payments—then there would presumably have been no occasion at all for any provisions on working conditions.

It may perhaps be more profitable for the sugar producing employers to use the services of children under the age of 14 years.

It may perhaps be more profitable for such an employer to work his employees for grossly inadequate wage rates and perhaps even to engage in sharp practices by failing to pay in full for all work performed. However, in fairness to beet sugar producers in the State of Oregon, it should be pointed out that neither of these objections appear to be applicable. The average rate paid in Oregon is in excess of the fair labor standards minimum. But the provisions of section 301(a) declare that an employer who chooses to employ a child under the age of 14 will not be entitled to receive the benefits of the Government conditional-payment program. Similarly section 301(c)(1) has said that an employer who engages in the sharp practice of failing to pay in full for all work performed by his employees will be denied the benefits of the payment. And by the same token an employer who fails to pay the rates determined by the Secretary to be fair and reasonable is to be denied the benefits of the payments.

The point which we emphasize in this connection, therefore, is that these are provisions which were not directed toward expanding the profitability of the employer's enterprise but were directed toward declaring certain types of conditions which Congress felt to be so unconscionable and contrary to public policy as to render the perpetrators at least ineligible for the receipt of special Government benefits.

In emphasizing this point, it is well to consider whether there is any similarity in the overall objectives of the Sugar Act and the Fair Labor Standards Act. Obviously the Fair Labor Standards Act had as its objective the enforcement by compulsive means, applied to the industries to which the act was directed, of a certain kind of governmental policy in the field of labor relations. Equally obviously the Sugar Act taken as a whole contemplated the achievement of certain objectives in the sugar industry in general.

But there can be no question that it would be fair to say, for example, that the child labor provisions of the Fair Labor Standards Act constituted an implementation of a congressional policy against the employment of children of tender years; and by the same token, the child labor provisions of section 301(a) of the Sugar Act reflected an implementation of congressional policy against the employment of children of tender years. Therefore, it is self-evident that there is a similarity in the objectives of section 301(a) of the Sugar Act (as distinguished from the overall objectives of the Sugar Act) and the objectives of the child labor provisions of the Fair Labor Standards Act.

By the same token it appears to be equally clear from the language of the statute, the context in which the section appears, and the language of the President's message, that the wage rate provisions of section 301(c)(1) share with the minimum wage provisions of the Fair Labor Standards Act the "similarity" of objective that both are aimed at the protection of the employee.

These basic facts with respect to the purposes of section 301(c) reflect one very fundamental respect in which the wage determinations made over the years by the administrators of the Sugar Act have failed to carry out the statutory mandate. In this connection, we are not unmindful of the portion of section 301(c)(1) which directs the Secretary to "take into consideration" certain standards established under previous legislation. That direction to the Secretary bears upon the question of how one arrives at a determination as to what constitutes a "fair and reasonable" wage rate; but it does not alter the basic fact as to the objective and purpose for which the determination is required.

If, for example, the Secretary is to take into consideration on the one hand the fact that a higher wage rate may adversely affect the profits of the employer, and on the other hand, the fact that a lower wage rate would mean malnutrition and disease to the employee and his family, the Secretary may be faced with an irreconcilable conflict between the two considerations—but if he brings to bear upon his analysis an acceptance of the purpose of section 301(c), namely, to protect the employee against unconscionable working conditions, the resolution of that conflict may be substantially different from the result which would be reached if the Secretary views his objective as one involving solely the promotion of maximum profit for the employers' operations.

Recognizing, therefore, the proper purpose and objective of this section of the statute, it is useful to turn next to a consideration of the meaning of "fair and reasonable."

Section 301(c)(1) as presently written, directs the Secretary to "take into consideration" certain standards established under a number of sections of previous legislation. It is to be noted that the Secretary was not told that he is bound by those standards. Indeed, in the very nature of things he could not have been told that he was bound by such standards because, so far as we have been able to ascertain, the determinations which the Secretary made under previous legislation were not at all dealing with the same thing that the Secretary is dealing with under the Sugar Act. Nowhere in the previous legislation under which the Secretary operated was he required to arrive at a wage rate which was to be "fair and reasonable." Previous legislation dealt solely with the fixing of "minimum wages" (7 U.S.C. 608a(3)). The direction specifically to determine a "fair and reasonable" wage appears for the first time, so far as we are aware, in the Sugar Act of 1937 (Sept. 1, 1937, C. 898, 50 Stat. 903).

Why did Congress depart from the language of the previous legislation which had not specifically called for a "fair and reasonable" wage and adopt such language in the Sugar Act of 1937 and thereafter? What did the words "fair and reasonable" mean to the Congress of 1937 which enacted the Sugar Act?

It is in this connection that it is fair to examine the progress and ultimate formulation of another piece of legislation, the Fair Labor Standards Act which was considered and enacted by the same Congress. On May 24, 1937, the President of the United States sent to Congress a message dealing with the matter of minimum wage legislation and on the same day a proposed bill in line with the President's message was introduced in both Houses of Congress (75th Cong., 1st sess., S. 2457 and H.R. 7200). Thus the issues involved in the consideration of the law which ultimately became the Fair Labor Standards Act of 1938 were actively before Congress at the time when it was in the process also of consideration and enactment of the Sugar Act of 1937.

Indeed, a version of the fair labor standards bill considerably revised and modified passed the Senate on July 31, 1937, and this Senate bill, further modified, was reported by the House committee on August 6, 1937. The bill did not reach the stage of enactment at the time of adjournment of Congress in 1937 and the controversy raged on into 1938 before the final compromise measure was ultimately passed. The important thing for purposes of present analysis is, however, that the issues involved in the discussion of the Fair Labor Standards Act were actively before Congress at the very time when the Sugar Act of 1937 was in process of passage. It is in this connection that the background and ultimate language of the Fair Labor Standards Act casts considerable light on the meaning and intent of the phrase "fair and reasonable" as used in the Sugar Act.

The original bill on the subject of minimum wages presented to Congress in the spring of 1937 would have established a basic minimum—a floor—which was not described as "fair" but rather as not "oppressive." (Sec. 2(a)(10).) The exact amount of this minimum was not set forth in the bill as introduced but was left blank to be filled in in the course of congressional deliberation. Parenthetically, in this connection it is interesting to note that the concept of a basic standard below which lay the area of "oppressive" practices and which by no means was viewed as a "fair" level was retained in the reference in the Fair Labor Standards Act as ultimately enacted to "oppressive child labor." (Sec. 3(1).)

What is interesting is the fact that the original bill which was in progress of debate and amendment at the time when the Sugar Act was in process of enactment embodied the concept and understanding that the determination of "fair" standards involved a process of establishing by administrative processes wage rates higher than the minimum level which was to be fixed by Congress as merely being not oppressive. In other words, there was to be a Labor Standards Board under the minimum wage bill as originally proposed which would have determined a "fair" wage over and above the minimum nonoppressive figure to be fixed by Congress.

This "fair wage" was defined in the minimum wage law as originally proposed to Congress in the spring of 1937 as a wage "fairly and reasonably commensurate with the value of the service or class of service rendered." The bill also went on to indicate documents which the proposed Labor Standards Board was to take into account in applying this definition of a "fair wage."

It is not necessary for purposes of the present analysis to go into the details of the factors which would have entered into the determination of a fair wage under the originally proposed minimum wage law. Actually in the final enactment of the Fair Labor Standards Act of 1938, as we shall indicate in a moment, the entire formulation was very substantially changed. The history of that change will indicate that Congress in the Fair Labor Standards Act decided that it merely wanted to fix the minimum nonoppressive levels but did not wish to provide, insofar as the operation of the Fair Labor Standards Act was concerned, for determinations of these fair levels which would be above the minimum levels specified in the legislation. And it was at the very time when Congress was in the process of making that decision with respect to the Fair Labor Standards Act that the same Congress decided with respect to the Sugar Act of 1937, that it would require recipients of the governmental benefits to pay a fair and reasonable wage.

It is inconceivable that a Congress which fully understood the concept of a "fair wage" then under debate in connection with one statute as a wage rate above certain minimum nonoppressive levels would have in mind anything different in its understanding of the term "fair and reasonable" wage in the enactment of another statute at the same time.

The significance of this comparison between the minimum wage bill in its original form and the langauge of the Sugar Act was further emphasized by the nature of the changes made in the minimum wage law as it was reported out of committee and as it was passed by the Senate. It should be remembered in this connection that the committee's reports in both Houses, as well as the passage of the early version of the bill in the Senate, all took place immediately prior to enactment of the Sugar Act of 1937.

In committee, both in the House and in the Senate, and in the form in which the bill was passed by the Senate at the end of July 1937, all reference to a fair wage was eliminated and only an oppressive wage (sec. 2(a)(8)) of the revised bill was referred to. In this connection, the minimum which the Board was thus to establish as the line dividing the oppressive wage from the nonoppressive wage was referred to as a level as nearly adequate as is economically feasible, without curtailing opportunity for employment, to maintain a minimum standard of living necessary to for health, efficiency, and general well-being.

It is thus important to notice the basic nature of the change made in Congress between the original minimum wage bill and the bill which was reported out of committee in the spring and early summer of 1937. The original bill distinguished between a wage which was merely not oppressive and a higher wage which was a fair wage. The revised minimum wage bill eliminated the reference to a fair wage and retained a reference only to the lower level which was merely not oppressive and defined that level as one related to a minimum standard of living necessary for health, efficiency, and general well-being.

It was at the very time when Congress was in the process of making this kind of careful distinction between a wage which is fair and a lower wage which is merely calculated to maintain a minimum standard of living necessary for health, efficiency, and general well-being that the same Congress used in the Sugar Act the words "fair and reasonable" as the standard to be applied under section 301(c).

In the finally enacted version of the Fair Labor Standards Act, which did not reach the stage of ultimate passage until June 14, 1938, the reference to "maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers" was retained (Fair Labor Standards Act, sec. 2(a)). No further reference to a fair wage appears in the act.

Even in the final version of the minimum wage law, moreover, Congress recognized that what it was establishing in the minimum wage law was not anything which could be regarded as a fair or reasonable wage. In section 8 of the act Congress was careful to emphasize the fact that the act established the absolute bare minimum so that nothing in the act was to excuse noncompliance with higher levels required under other laws. Nor was anything in the act to justify any employer in reducing any wage paid by him which might be in excess of the applicable minimum under the act.

There is no indication in the history of wage determinations by the Secretary of Agriculture under the Sugar Act that the Secretary has ever given any consideration to this legislative context in which the Sugar Act was enacted. That context indicates quite clearly that the words "fair and reasonable" necessarily meant to the Congress of 1937 something in excess of a wage which was merely not oppressive. The Congress of 1937 and 1938 viewed a wage as being not oppressive. If it was a wage which merely permitted the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers. To the Congress of 1937 a wage which was fair and reasonable would obviously be a wage higher than the level necessary merely for the maintenance of the minimum standards of living necessary for health, efficiency, and general well-being.

From this legislative history it would appear there is substantial ground to assert that a wage level which actually falls below the level necessary for the maintenance of that absolute minimum standard which merely escapes being oppressive cannot conform to the standard of being a wage which is fair and reasonable.

Section 301(c) was enacted for the protection of the workers in the sugar fields. It has not been so interpreted up to this point. Section 301 requires the establishment of a fair and reasonable wage level. Up to this point there is no indication that any analysis has been made to be certain as to the level at which a wage rate can be said to be fair and reasonable. The Congress which enacted section 301(c) understood the term "fair and reasonable" as relating to a wage which was higher than one which was merely not oppressive. Up to this point no Secretary of Agriculture appears to have given effect to that understanding.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll——

Mr. BENNETT. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BENNETT. Madam President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Minnesota [Mr. McCarthy]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from Connecticut [Mr. Dodd], the Senator from Alaska [Mr. Gruening], the Senator from Hawaii [Mr. Long], the Senator from Washington [Mr. Magnuson], and the Senator from Michigan [Mr. McNamara] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Chavez] is necessarily absent.

On this vote, the Senator from North Dakota [Mr. Burdick] is paired with the Senator from New Mexico [Mr. Chavez]. If present and voting, the Senator from North Dakota would vote "yea" and the Senator from New Mexico would vote "nay."

On this vote, the Senator from Connecticut [Mr. Dodd] is paired with the Senator from Kansas [Mr. Pearson]. If present and voting, the Senator from Connecticut would vote "yea," and the Senator from Kansas would vote "nay."

I further announce that, if present and voting, the Senator from Alaska [Mr. Gruening], the Senator from Hawaii [Mr. Long], and the Senator from Michigan [Mr. McNamara] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Iowa [Mr. Hickenlooper] and the Senator from California [Mr. Kuchel] are necessarily absent.

The Senator from Kansas [Mr. Pearson], the Senator from Massachusetts

[Mr. SALTONSTALL], and the Senator from Wisconsin [Mr. WILEY] are detained on official business.

On this vote, the Senator from California [Mr. KUCHEL] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting, the Senator from California would vote "yea," and the Senator from Wisconsin would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Kansas would vote "nay" and the Senator from Connecticut would vote "yea."

The result was announced—yeas 29, nays 57, as follows:

[No. 100 Leg.]

YEAS—29

Aiken
Bartlett
Beall
Byrd, W. Va.
Case
Clark
Douglas
Engle
Fong
Hart
Hartke
Hickey
Humphrey
Javits
Keating
Kefauver
Long, Mo.
Mansfield
McCarthy
Metcalf
Morse
Muskie
Neuberger
Pastore
Pell
Scott
Smith, Mass.
Williams, N.J.
Young, Ohio

NAYS—57

Allott
Anderson
Bennett
Bible
Boggs
Bush
Butler
Byrd, Va.
Cannon
Capehart
Carlson
Carroll
Church
Cooper
Cotton
Curtis
Dirksen
Dworshak
Eastland
Ellender
Ervin
Fulbright
Goldwater
Gore
Hayden
Hill
Holland
Hruska
Jackson
Johnston
Jordan
Kerr
Lausche
Long, La.
McGee
Miller
Monroney
Morton
Moss
Mundt
Murphy
Prouty
Proxmire
Randolph
Robertson
Russell
Smathers
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Williams, Del.
Yarborough
Young, N. Dak.

NOT VOTING—13

Burdick
Chavez
Dodd
Gruening
Hickenlooper
Kuchel
Long, Hawaii
Magnuson
McClellan
McNamara
Pearson
Saltonstall
Wiley

So Mr. MCCARTHY's amendment was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. ELLENDER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FULBRIGHT. Have the yeas and nays been ordered on the passage of the bill?

The VICE PRESIDENT. They have not.

Mr. FULBRIGHT. Mr. President, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

MIGRATION AND REFUGEE ASSISTANCE ACT OF 1962—CONFERENCE REPORT

Mr. FULBRIGHT. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8291) to enable the United States to participate in the assistance rendered to certain migrants and refugees. I ask unanimous consent for the present consideration of the report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. FULBRIGHT. Mr. President, H.R. 8291 has been in conference since September 21, 1961, but it was only on June 19, 1962, that the House appointed conferees. I am happy to report that the differences have been resolved to the full satisfaction of the Senate conferees. The House of Representatives approved the conference report on today, 1962.

The bill as it has been agreed upon by the Senate conferees and the House would do three things:

First. Lift out of the foreign aid legislation and establish in a separate statute authority for the President to participate in three programs: (a) Contributions to the Intergovernmental Committee for European Migration—ICEM; (b) contributions to the United Nations High Commissioner for Refugees—UNCHR; and (c) the U.S. escapee program—USEP.

Second. Establish specific authority to assist Cuban refugees who have come to the United States. Heretofore this assistance has been carried out through contingency authority and funds under the foreign aid program.

Third. Provide the President with authority to meet unexpected refugee, escapee, and migration problems by using not to exceed $10 million in any fiscal year out of his foreign aid contingency fund.

In addition, the bill contains authority for the President to delegate his responsibilities under it to appropriate officers of the U.S. Government, to allocate funds to such officers to operate the programs, and to expend funds for necessary operating and administrative purposes.

The bill in no way changes the law pertaining to admission of aliens to the United States.

Because it had been thought that the House was not going to appoint conferees on H.R. 8291 the Senate on June 7, 1962, passed S. 2996, the foreign aid bill, which contained as part V a proposed Migration and Refugee Assistance Act of 1962 in the form substantially similar to the Senate version of H.R. 8291. As a result of the conference, I am glad to say that the language of the conference bill is substantially identical to part V of S. 2996 as the Senate passed it with the addition of the provision requiring Senate confirmation of the head of the Bureau of Security and Consular Affairs in the Department of State which was a part of the Senate version of H.R. 8291.

Mr. President, I move that the Senate concur in the conference report on H.R. 8291.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, may I inquire of the distinguished majority leader what is proposed for the rest of the day, tomorrow, and I should include, I think, the remainder of the week?

Mr. MANSFIELD. Mr. President, before we get to an answer to the questions raised by the distinguished minority leader, I should like at this time to state to the Senate that, according to the best information I have, the Senator from Minnesota [Mr. MCCARTHY] will offer another amendment on which he intends to ask for the yeas and nays. The yeas and nays have already been granted by the Senate on the passage of the bill. In view of the particular circumstances, and with the assent of Senators, I should like to make a unanimous-consent request in two parts: First, that when the Senate adjourns tonight, it adjourn to meet at 10 o'clock tomorrow morning; second, that the Senate vote on the McCarthy amendment at 11 o'clock tomorrow morning.

Mr. KERR. Mr. President, reserving the right to object, is it possible to ascertain if there are other amendments to be acted upon?

Mr. MANSFIELD. To the best of my knowledge, the McCarthy amendment is the only one. If there are any others under consideration, the leadership would like to know it at this time.

Mr. FULBRIGHT. Mr. President, I am contemplating an amendment, but I have not yet decided upon it.

Mr. KERR. Mr. President, would the majority leader make a unanimous-consent request that we complete the other amendments on the bill tonight, and since the yeas and nays have been ordered on the passage of the bill, that the Senate proceed to have that vote, and then act on the McCarthy amendment tomorrow?

Mr. MANSFIELD. Mr. President, if it was within my power to assent——

Mr. KERR. Mr. President, could not the majority leader ask for unanimous consent?

Mr. MANSFIELD. Not on that basis.

Mr. MCCARTHY. Mr. President, I would object to having the committee move to the floor of the Senate.

Mr. FULBRIGHT. In fact, that is what the committee did.

Mr. MANSFIELD. If other amendments are to be proposed, I think it would be wise for the leadership to withdraw the request. I was making the request as an accommodation. If it cannot be agreed to on that basis, it might be well to complete consideration of the pending bill tonight.

If possible I would like to know definitely, not what amendments will be offered, but on what amendments the yeas and nays will be requested. So far as I know, the Senator from Minnesota has the only amendment of that kind. He intends definitely to ask for the yeas and nays on his amendment.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. PASTORE. Could not the majority leader try now to obtain a unanimous-consent agreement on all amendments and on final passage of the bill?

Mr. MANSFIELD. Let us say a half hour on each side.

Mr. DIRKSEN. I respectfully suggest to the distinguished majority leader, not knowing what other amendments there are, that consent be requested for 10 minutes on a side on any other amendments.

Mr. McCARTHY. Excluding my amendment?

Mr. DIRKSEN. Yes.

Mr. MANSFIELD. That would be acceptable to me. I make such a request.

Mr. FULBRIGHT. I have a statement that will take more than 10 minutes. Does the Senator from Montana have in mind making that consent request effective tonight?

Mr. MANSFIELD. No; tomorrow.

Mr. SMATHERS. Starting tomorrow.

The VICE PRESIDENT. Will the Senator from Montana restate his request?

Mr. MANSFIELD. The request is that unanimous consent be given that on all other amendments at the conclusion of the yea-and-nay vote on the McCarthy amendment at 11 o'clock tomorrow—if that request is granted—there will be allowed 10 minutes to a side in the consideration of other amendments at that time.

Mr. MORSE. Mr. President, reserving the right to object—and I shall object—I point out that I do not believe that what is proposed in regard to a piece of legislation of such great importance as is this piece of legislation is a sound way to proceed. I do not believe there is any way of knowing tonight what may develop by way of proposed amendments. Amendments of major importance may be proposed. I believe that, on a bill of such importance as this bill, to limit debate to 10 minutes on each side is not the way to pass legislation in the Senate. I therefore object.

The VICE PRESIDENT. Objection is heard.

Mr. MANSFIELD. The Senator from Oregon has a valid point. The majority leader has no other choice but to continue to hold the Senate in session tonight. In response to the question raised by the distinguished minority leader, relative to the legislative schedule of the Senate for the next few days, I should like to say that some progress has been made toward concluding action on bills extending the life of laws that expire on June 30. We have considered and passed the corporate and excise tax extension, the Export Control Act extension, and the Defense Production Act extension; and we are now considering the Sugar Act extension.

While some of these bills must still go through conference, the fact that they have passed their initial test in the Senate is ground for some satisfaction. I congratulate the chairman and the ranking majority member of the Committee on Banking and Currency [Mr. ROBERTSON and Mr. SPARKMAN], the chairman of the Committee on Finance [Mr. BYRD], and the Senator from Oklahoma [Mr. KERR].

Tomorrow, if we conclude with the debate on the extension of the Sugar Act, we hope to be able to consider and pass the public debt increase bill. I anticipate that there will be at least one rollcall vote on that measure.

After the conclusion of the debt limit bill, the leadership intends to call up the Renegotiation Act extension, which should be reported on Thursday or Friday; the metal scrap extension bill, which I understand has been reported; and possibly Calendar No. 1548, S. 2560, amending the Interstate Commerce Act relative to certain transportation practices. Consideration of these measures should occupy the Senate through Friday.

It had been the hope of the leadership that the Senate might then proceed to consider Calendar No. 1549, H.R. 10606, the welfare bill. However, this will not be possible since the Senator from Oklahoma [Mr. KERR] has been occupied throughout this week in the Finance Committee on other urgent items of business. As an illustration, he has been managing the present Sugar Act extension proposal, which is being considered by the Senate. He has been designated as the Senator in charge of the welfare bill, H.R. 10606. He has not had an opportunity to prepare an opening statement on the measure.

Consequently, I announce that it is the leadership's intention to go over from Friday until Monday at 10 a.m., when debate will be commenced on the welfare bill.

As I have previously stated, I expect amendments to be offered relative to the medicare question. I do not wish to speculate on the length of the debate on that subject.

We shall take a holiday on Wednesday, July 4, and return to business on July 5. Following action on the welfare bill, we intend to return to the consideration of the communications satellite proposal.

I thank the Senator from Arkansas for yielding.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator for the purpose of addressing a question to the majority leader on the statement he has made.

Mr. DWORSHAK. What does the leadership plan about the trade extension program?

Mr. MANSFIELD. That bill is in the House, and is being considered today. It is anticipated that it will be voted on this week. After action is concluded there—and I hope favorably—it will be taken up by the Committee on Finance, as the Senator from Idaho well knows.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. BENNETT. This is a parliamentary inquiry. Did not the Senate agree to the first unanimous-consent request of the Senator from Montana?

The VICE PRESIDENT. It was agreed that the Senate will meet at 10 o'clock tomorrow.

Mr. BENNETT. That is the only agreement?

The VICE PRESIDENT. That is correct.

AMENDMENT AND EXTENSION OF SUGAR ACT OF 1948

The Senate resumed the consideration of the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended.

PRIVILEGE OF THE FLOOR FOR WALTER PINCUS

Mr. FULBRIGHT. I ask unanimous consent that Mr. Walter Pincus be allowed the privilege of the floor during the remainder of the debate on the sugar bill while I am making a speech.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, for the third time in 2 years, the Sugar Act comes to the floor of the Senate under an urgent deadline. In 1960, after passage of a short extension, an amendment to withhold quotas from the Trujillo regime in line with our foreign policy was debated and killed on the final day of the session; last year an extension of the Sugar Act was forced on us 2 days before the legislation was scheduled to expire. And today with only a few days remaining before the law is again scheduled to expire, and with but 3 days of public hearings, we in the Senate are asked to consider the passage of a piece of legislation that would substantially affect our foreign policy and over a period of 5 years cost consumers some $2½ billion in sugar subsidies.

Sparked mainly by Cuba's entering the Communist orbit, great changes have taken place in the sugar industry both at home and abroad over the past 2 years. We in the Senate have a duty to study this legislation most carefully for its ultimate ramifications will be felt by farmers in Costa Rica and Colorado, consumers in Santo Domingo and Seattle, and policymakers in almost every capitol in this hemisphere.

Sugar has found a unique place in our farm program. In 1934, when the Jones-Costigan Act was first passed by Congress, the administration intent was clearly indicated in President Roosevelt's sugar message to the Congress. The President pointed out that at the time the annual gross value of the domestic beet and sugar crop was approximately $60 million, but that the tariff then in effect to protect this $60 million crop annually cost the consumer $200 million in higher sugar prices. It was suggested sarcastically that sugar growers be paid for not producing at all, a move which at that time would have saved consumers $140 million. President Roosevelt believed the domestic sugar industry should be protected, but strongly added that further legislative assistance should come in such a manner as "not to stimulate further expansion of this necessarily expensive industry." Heavy emphasis was placed on the effort to hold down uneconomic domestic sugar production. The Congress in passing the Jones-Costigan Act accepted the President's program. They limited the bill's purpose to inclusion of "sugarbeets and sugarcane as basic agricultural commodities under the Agriculture Adjustment Act." When the Sugar Act was amended in 1937, its purpose was expanded "to regulate commerce among the several States and within the territories and possessions of the United States and with foreign countries; to protect the welfare of consumers of sugar and those engaged in the domestic sugar producing industry; to promote export trade of the United States; to raise revenue; and for other purposes."

In all the additional legislating that has been done on this act, the only change that has been made in the purpose clause was, significantly, to drop the phrase "to raise revenue," in 1948. With this legislative history and with a law on the books whose purpose is clearly in part stated as only "to protect * * * those engaged in the domestic sugar producing industry," I have been amazed to read that the supporters of this legislation as indicated in the House report believe this act is intended to "make it possible, as a matter of national security, to produce a substantial part of our sugar requirements within the continental United States and to do this without the consumer penalizing device of a high protective tariff." We have certainly come a long way from President Roosevelt's original dictum that the act was to limit rather than promote this uneconomic domestic industry.

It is normal, when the sugar bill is before us, to be told by one of its supporters that it is a complicated piece of legislation and too difficult to explain. During a recent debate on the other side of the Capitol, Members of the House were urged to accept the bill "on faith."

Mr. President, this is a complicated bill but I believe it is important enough to be explained in detail.

Sugar is our most protected and most controlled commodity and it is this piece of legislation that sets up the machinery. No other food product has a direct cash subsidy to growers, quota allotments, and tariff protection.

Under this act, the Secretary of Agriculture has the power to:

Determine the amount of sugar that may be sold in the United States in any one year;

Determine the price at which this sugar is to be marketed;

Determine the amount of sugar that can be marketed by each domestic processor;

Determine the amount of sugar that can be produced on each individual domestic farm;

Determine the fair price which processors must pay growers for cane or beets;

Determine minimum wages which growers must pay fieldworkers in each domestic area.

During the House hearings on the sugar bill, Agriculture Secretary Freeman was asked how the sugar bill compared to the administration's other farm legislation. Secretary Freeman replied:

> I would say that the amount of control, if you wish to use that word, that is involved in the Sugar Act is very substantially greater than the legislation pending before the Congress in the General Farm Act. The Sugar Act is supply management, pure and simple, with a lot more than there is in the program before the Congress right now.

Mr. President, last Tuesday the ranking Republican on the House Agriculture Committee took the floor during debate and said the following:

> Mr. Chairman, this is a most controversial and dangerous piece of legislation. It will make the Secretary of Agriculture a czar and for all practical purposes will make it necessary for the American farmer to procure a Federal license in order to operate his own farm.

The distinguished gentleman was addressing himself to the administration's farm bill which he opposed—less than an hour after he had cast a favorable vote for the Sugar Act which the Secretary of Agriculture himself had said contained "substantially greater" controls.

And how did the gentleman describe his support of the Sugar Act? He told the House:

> In spite of many misgivings about the legislation now under consideration, it is about the best the Committee on Agriculture can offer under prevailing circumstances. I therefore expect to vote for the bill.

Mr. President, 115 Republicans voted for the Sugar Act with the toughest controls of any piece of farm legislation. Two days later only one Republican voted for the administration's farm bill. Why, I ask, is there this kind of shifting support for the sugar bill? The Democrats, I might add, were consistent: 204 voted for the sugar bill; 204 voted for the farm bill.

The sugar bill certainly should not have the votes of the consumers. We have been told in the past and will, I am sure, be told again, that the sugar program down through the years has brought a stable price to the consumer.

What we are not told is that the program, as it currently is constituted, costs consumers an added $582 million each year for this price "stability." This $582 million is composed of the differential from the world market price—$446 million—the protective tariff on incoming sugar—$39 million—and the domestic excise tax on all consumed sugar—$97 million.

Looking at this figure another way, domestic grower gross incomes collectively are estimated to run about $500 million under the proposed Sugar Act revisions. Their net income on this figure is set at about $150 million. If the purpose of the sugar legislation is to protect domestic growers, it would appear that were consumers to pay these growers their $150 million profit and then be permitted to buy sugar at the world price they would be saving themselves almost $430 million a year.

As for the "stability" in sugar prices, it is not to be found in the price consumers pay for sugar in their local markets. In 1961, when the price for sugar on the world market dropped to its lowest level in years, retail sugar prices in major U.S. cities rose to their highest levels since the act was passed. The average price per pound for 1961 was 11.8 cents, up 17 percent from 10 years ago and more than double the domestic retail price when the act was first passed in 1934.

If the consumer is not benefiting from this act, who is?

The answer to that question can be found in the various statistical reports published on the sugar industry; but it shows up more openly in the feverish rush by domestic growers to expand U.S. beet and cane sugar production acreage. The latest Department of Agriculture "Sugar Situation" dated March 1962, describes it this way:

> The pressure for more beet and cane acreage in the continental area reflects the fact that total returns (price received plus direct Governmental payments) have been maintained at a favorable level, while prices for most competing crops have declined. * * * Providing certain conditions are met, some return from the acreage planted to sugar beets and sugar cane is guaranteed under the terms of the Sugar Act, no matter what might happen to the crop. Thus, the element of risk is reduced.

According to the Department of Agriculture's special sugar study concluded last year:

> Processors and refiners have operated profitably and earnings have been relatively stable. In recent years, earnings of selected beet sugar processors and cane sugar refiners as a percentage of net worth have averaged around 7 to 9 percent.

Mr. President (Mr. LONG of Missouri in the chair), it is the uneconomic but protected grower who has profited most from this act. According to the House Agriculture Committee report on the bill before us:

> Growers' gross income has increased substantially since the program began in 1934. This larger income is the result not only of the influence of generally higher and more stable prices for sugar but also of an increase in the growers' share of sugar returns. * * * In recent years, growers' income per ton of sugarbeets and sugarcane has been well over twice as much as during 1935–39.

Let us remember that during the same period the price of retail sugar to consumers also doubled. There are an estimated 45,000 domestic farms on which sugar crops are grown; and thus only 45,000 farmers benefit from a program that costs the 185 million other Americans over $500 million in higher sugar prices.

With the sharp rise in domestic grower acreage and income, there has been a sharp consolidation in the size and number of individual farms, but this has drawn little attention. According to the special sugar study, during the decade from 1950 to 1960, when the total amount of sugarbeet acreage under cultivation rose 20 percent, the number of individual farms involved in such cultivation dropped from 36,700 to 25,200, or a sharp 31 percent. The story on mainland cane is even more revealing. Over the same 10-year period, cane-planted acreage rose a slight 3 percent, but the number of farms declined 55 percent, to only 2,700.

Mr. President, while we have been holding down the acreage available for other crops, such as cotton, rice, and tobacco, in particular, there has been a virtual explosion in the amount of acreage available for sugar production. In the State of Florida, for example, during the past 3 years the number of mills has increased, according to my information, from 3 to 11; and whereas the acreage there last year was 61,000 it is estimated that this year it will be approximately 135,000, and it is rising very, very sharply. In other words, while we have been holding down the acreage of most of the other major domestic crops which are of importance, we have had this dramatic explosion in the increased acreage and production of sugar—probably the most inefficiently produced of all major agricultural commodities produced in the United States.

None of these domestic faults of the sugar program—higher consumer prices in effect to support growing domestic production demands—creates the diplomatic problems to our country which are created by the international implications of the current act and the House-proposed sugar legislation amendments.

World consumption of sugar amounts to about 57.5 million tons, of which 40 million tons are consumed in the countries where they are produced. This leaves 17.5 million tons, or little more than 30 percent of total world production, to enter world trade. About 60 percent of current world-trade sugar moves under preferential programs such as the Commonwealth Sugar Agreement and the United States sugar program. The remaining 40 percent—or about 7 million tons—makes up what is called the world market.

The United States purchases about 22 percent of the sugar flowing in world trade. Its market is highly prized because sugar sold here up to this time has brought a price equal to that received by high-cost domestic United States sugar producers. The difference between the world price and the U.S. price is called the quota premium, and currently it amounts to about $56 a ton.

Prior to 1960, United States purchases of foreign sugar were for the most part limited to Cuba and the Philippines. The Philippines received a special quota and premium, thanks to its special relationship with the United States, growing out of our historic relationship with the Philippine Islands.

Cuba, the supplier of over 3 million tons of sugar a year, or 88 percent of all United States foreign sugar imports, gained her premium place in the market for both business and historic reasons. From a supply standpoint, she provided an efficient and nearby source of raw sugar. From a trade standpoint, she used the dollars earned from sugar to finance almost $500 million worth of purchases from the United States, each year. From an historic point of view, we owed the Cubans a great debt because of sugar. When the Second World War broke out, the Cubans were caught embarking on a new program of economic diversification—in effect, an attempt to get away from a one-crop sugar economy. With our sugar resources in the Philippines lost to the Japanese, we needed sugar. Our distinguished colleague, the Senator from New Mexico [Mr. ANDERSON] then Secretary of Agriculture, went to Cuba and encouraged that Government to drop its diversification plans and immediately expand its sugar production by 600,000 tons annually, to help our war effort. Not only did they comply, but they also agreed to sell all their new production to us—thereby losing out on the opportunity to develop other markets. To complete the story, the Cubans did all this, and then charged us only half the going world sugar price, all for a guarantee that their position in the United States market would always be maintained.

This was done—up until the time of Castro. When, in 1960, President Eisenhower decided to withhold Cuba's United States sugar quota, there was an immediate rush from foreign suppliers—much as there is now a rush of domestic growers—to get into the rich United States market. The economics of it were such that no matter how inefficient one was as a world sugar producer, his costs were still way below those of the protected, uneconomic domestic U.S. producers; so if one was able to market his sugar in the United States, he was bound to make a profit.

I should like to stress the fact that President Eisenhower decided to withhold and temporarily redistribute the Cuban quota; he did not cancel it or reduce it.

The Cuban quota was, at that time, and should remain, today, the bulk of U.S. foreign sugar imports. There were a few of us, last year, who believed that if the Cuban quota was redistributed among other sugar-producing countries in this hemisphere, vested interests would be built up, and that would make it difficult to restore the quota to Cuba when she broke free from the Communist bloc. Indeed, we feared that in some cases, those vested interests might even work for Castro's continuance in power, as a means of protecting their valuable U.S. quota rights. In addition, we believed that the pressures which would develop from dozens of countries, all of them our friends, seeking a portion of the premium U.S. sugar market could lead only to diplomatic difficulties.

As a result of all these considerations, last year the Senator from Illinois [Mr. DOUGLAS] and I proposed to the sugar bill an amendment which would have removed the premium from the redistributed Cuban quota. That amendment was defeated on the Senate floor, thanks, in part to misguided State Department opposition; and it is sad to say that our worst fears about Sugar Act diplomatic problems have come about, and are, in fact, confronting us today. According to State Department officials, representations for sugar quotas have come from every cane-producing area in the free world, and from a number of beet-producing countries of Western Europe. And, what is worse, with sugar already in world surplus, a number of nations in this hemisphere have gone ahead and have expanded their own inefficient sugar-producing capacities, in anticipation of being able to sell their sugar in the premium-laden U.S. market.

Two examples, I believe, will show the pattern.

Guatemala has no basic quota under the Sugar Act. Prior to 1960, according to the Department of Agriculture, this small country was not considered a sugar exporter. When the Cuban quota was being redistributed, the Guatemalans, at their initiative, requested and were given a 17,000-ton allotment. During 1960, they were only able to deliver 9,590 tons of this, blaming in part a hurricane which destroyed part of their crop. Despite the fact that they were continually warned that the Cuban redistribution was not to be considered permanent, the Guatemalans went ahead and expanded their relatively high-cost sugar production. For 1962, they asked for a 25,000-ton quota and were given a 5,000-ton allocation for the first half of the year. Again disregarding warnings that the Cuban redistribution was only temporary, the Guatemalans again expanded plantings and came to Washington seeking an Export-Import Bank loan for a new sugar mill. The request was turned down after the Guatemalans sought to justify the mill as economical based on the premium price they expected their sugar to bring on the U.S. market.

When President Kennedy announced his program for global quotas, the Guatemalan press and certain members of the Government started a campaign against this U.S. policy. They cited their opposition to Castro, for the most part, as the basis for their being permitted to continue to ship sugar to the United States. According to current reports, they have a surplus of 22,000 tons of high-cost sugar which can only be sold at a profit on the U.S. market.

The situation became so intense that the U.S. Ambassador, John Bell, was forced to call a press conference to explain our position.

The Guatemala case can be multiplied almost 10 times over, using countries that have for the first time entered the rich U.S. sugar market with a portion of the redistributed Cuban quota. I am told there has not been one country yet that has indicated satisfaction with its treatment with regard to sugar.

But there can be no better example of the diplomatic problems that arise when Congress tries to parcel out high-premium U.S. sugar quotas than the apparent crisis that has developed in relations between the United States and the struggling new Government of the Dominican Republic.

According to a dispatch from Santo Domingo in Tuesday's New York Times:

> In view of officials on both sides, the Alliance is dead in the Dominican Republic unless the sugar quota problem is remedied. Failure to do so could lead to potent anti-Americanism and inroads by Communist

groups loudly advocating violent revolution, officials assert.

What has stirred the young Dominican nation so?

It seems that the Dominican Government believes that the windfall shipments of premium-laden sugar from the redistributed Cuban quota which were allotted to the Dominican Republic the first half of this year were to be permanent. Running at an annual rate of more than 900,000 tons, the sugar shipments meant dollar earnings of over $100 million—part of which was a quota premium subsidy of over $45 million. The House of Representatives version of the Sugar Act passed last week gave the Dominican Republic a 200,000-ton basic quota and 150,000 tons from the redistributed Cuban quota, for a total of 350,000 tons yearly.

Apparently the present governmental crisis developed when the Dominicans decided that the House bill in effect cut their sugar shipments to the United States by 60 percent. In an effort to recoup what they believe to be their rightful share of the U.S. sugar market, the Dominicans have threatened to reassess their participation in the Alliance for Progress. In addition, they have sent a delegation of Government officials to Washington to lobby their cause before Congress, the administration, and the local press.

The facts of the Dominican sugar situation are as follows:

The Dominican Republic, at current consumption levels, has a basic U.S. sugar quota of 96,000 tons.

For the first half of 1962, the Dominicans were allocated one-half their basic quota—48,158 tons—and an additional 431,041 tons of redistributed Cuban quota. They were informed, repeatedly, I am told by the Department of State, that the reallocated Cuban quota was not in any way to be considered permanent.

Nonetheless, because the Cuban quota came to them with a $56-a-ton premium above world prices, the Dominicans have apparently gone ahead, ignoring the State Department warning, and made their development plans based on sugar receipt from the premium U.S. market.

The Dominicans believed they could afford to ignore the State Department because the Sugar Act has made the Congress—ill equipped as it is for the job—the ultimate arbiter of sugar distribution. It is sad to say that up until this year they have been correct. They had only to look at the record of their former dictator to see how a nation, hiring a few representatives at lavish fees, could have its way with sugar.

This system of foreign sugar distribution and the foreign government lobbying that goes with it must come to an end. I regret that on the surface it appears that a struggling young government may be hurt. However, I think if the situation is studied calmly, Senators will find that the Dominican Republic will do extremely well under the administration's global quota program. From 1956 to 1960, the Dominicans sold about 100,000 tons of sugar to the United States at premium prices and between 600,000 and 700,000 tons on the world market at world market prices. It was only with the rise of Castro that they became a larger shipper to the U.S. market. And even then, their shipments to the United States during 1960 and the first half of 1961 came in at near world market price, thanks to a special tax imposed by the Eisenhower administration. Dominican sugar shipments to the United States were banned altogether during the last half of 1961, after disruption of diplomatic relations, and only started again after the death or Trujillo.

In arguing for the larger quota at full-quota premium prices, the Dominicans cite a threefold increase in wages as raising their costs above the world market price. However, testimony Friday and Saturday before the Senate Finance Committee indicated wages in their sugar industry have risen $16 million—the quota premium they will receive on the quota they want comes to $45 million. The Dominicans' proximity to the United States, combined with their production efficiency, will certainly assure them a large share of the 2.6 million ton global quota contained in the administration's bill.

There are 15 new producing countries in the House-passed sugar bill. Each one could become a potential Dominican Republic. The only way to prevent this from happening is to remove the quotas and bring foreign sugar in at world prices.

The Dominicans have argued that a cut in sugar shipments to the United States will be seized on by local Communists as a sign that the United States is not a friend of the Dominican Republic. If the quota were allowed, the Communists would not change their purposes, they would only look for another issue.

Much more will be done for the Dominican Republic if we put our sugar trade with them on a firm business relationship, rather than setting them up as a sugar colony of ours, with an economy that is dependent on the whim of the Congress or a congressional committee.

Mr. President, there is another side of this sugar program that needs public discussion. Some years ago, when I was dealing with questionable activities in a small branch of this Government, a wise man wrote me that "Where there is sugar, there you will find the flies."

Mr. President, the lobbyists on Capitol Hill working on the sugar bill are thick as flies. It would be one thing if they were all associated with domestic interests, who themselves are knowledgeable in the ways of this city and prepared to handle any situation. The fact is that many of them are Americans representing foreign nations, who for the most part are naive about the working of the legislative branch of our Government.

In 1956, when the sugar bill was up for revision and hearings were held, there were only four foreign lobbyists heard. This year, no less than 22 appeared before the House committee. It is not only the proliferation of foreign lobbyists that disturbs me, but also the type of contracts and amounts of their fees.

This is set out in greater detail in the hearings, printed copies of which are on the desks of Senators. In this particular case the fee was of a highly contingent nature, in that if a sugar bill were not passed providing at least a 3-year extension and with a proper quota the fee would be only about half that much. This is the type of lobbying which is now developing under the influence of this kind of approach to the problem.

Another lobbyist worth noting is Rocco C. Siciliano, a former special assistant to President Eisenhower, whose law firm represents the Sugar Association of El Salvador, for a fee of $10,000. Mr. Siciliano reported to the Senate Finance Committee that he specifically was hired to lobby this particular sugar bill. The interesting fact is that for the fee—a very substantial one in El Salvador's terms—Mr. Siciliano was hired less than a week ago, on June 21, only 9 days before the current legislation is to run out and by which time it is generally expected we shall have approved a new measure.

There is another type of lobbyist working on this bill for foreign nations. He is one who is getting a basic fee and then something additional based on the amount of sugar he gets for his client.

Mr. President, it is normal when discussing the choice between two bills to place in the Record a table that clearly outlines the choices available under the two approaches. We have all seen analyses which show how much sugar will go to this area or that, or one country or another under the House and administration bills. I would like to place in the Record at this point a short table which shows the amount of fees that will be received by contingent fee lobbyists under the House and administration approaches.

I ask unanimous consent to have the table printed at this point.

There being no objection, the table was ordered to be printed in the Record, as follows:

Name	Representing	Fee	
		Administration bill	House bill
Oscar Chapman	National Union of Mexican Sugar Producers	$50,000	$76,750
James W. Riddell	India Sugar Mills Association	[1] 50,000	99,000
Albert S. Nemir	Sugar and Alcohol Institute of Brazil	25,000	53,550
Ernest Schein	Republic of Colombia	15,000	26,250

[1] Under a letter contract, dated May 21, 1962, the India Sugar Mills Association may terminate the contract if the legislation is enacted "without any consideration being given to the position of India by the terms of the legislation." In this contingency, a fee of $50,000 plus $5,000 in expenses will be paid.

Mr. FULBRIGHT. Mr. President, under the Foreign Agents Registration Act, which is now under the administration of the Department of Justice and under which all lobbyists should register, the registration has been extremely negligent and in some cases nonexistent. Even those who have registered have done so in a very superficial manner. In my opinion, they have not complied with the law in its basic requirements as to details as to how much they receive and how it is spent.

This is an example of the kind of bill which inspires the abuse of this kind of activity. I realize that there are many legitimate activities of lobbyists. There are many very fine lobbyists, such as those with respect to domestic agriculture in the Farm Bureau and other organizations of great assistance to us. We are accustomed to them. I think they do not operate on any contingent basis. Their representation is on a very legitimate basis in all respects.

I do not wish to criticize all lobbyists, but I think the kind of "grab bag" which emerged from the House committee and the House itself is bound to create the kind of lobbying of which we see a small sample in the table. Some details, though not all, appear in the record before the Senate committee.

Mr. President, if this foreign sugar lobbying were limited to large fees and persuasive talking, it would be one thing; but the fact that the Sugar Act up to now has placed Congress in the position of deciding where U.S. sugar will come from has worked to undermine our State Department in the eyes of the nations with whom it deals. In all sugar producing countries, including the 22 with lobbyist representation, it has been the administration's policy to have the U.S. Ambassador indicate that the administration sugar program will place the United States on a global quota basis. Yet these nations have gone ahead and hired outside representation in an effort to have Congress change the administration's position.

Should the administration and the President be reversed on this issue, and quotas be granted to all these countries thanks in part to nondiplomatic representations to Congress, the prestige of our Nation will be severely dimmed. For these countries will then be tempted to think "if lobbying works in sugar, why not try it in other areas?"—perhaps military or economic foreign aid.

Mr. President, I would like to sum up the current program this way: the Secretary of Agriculture has been given the power to set the domestic prices of sugar and control its growth, processing, and marketing. About the only thing he cannot control is how much of it each one of us consumes. The program has kept a floor under domestic sugar prices, which have steadily risen since the act became law. It has brought increased income to growers, so much so that almost every farmer in the Nation is tempted to get a quota.

I have no doubt that if the bill is passed the farmers in my State will begin to examine the possibilities of growing sugarbeets, if this kind of subsidy is continued, as the farmers are expanding production in other areas of the South.

The program has necessitated a consumer subsidy of mounting proportions, one that could go to $2.5 billion over the life of the proposed legislation. Through quota premiums to foreign producers, it has encouraged inefficient foreign production that almost rivals our own domestic inefficiency. It has also caused serious diplomatic problems among nations with whom we are friendly and has fostered a foreign sugar lobby that if successful could stimulate similar activities in other fields which could grow into a serious hindrance to the regular conduct of foreign affairs.

For all these reasons, Mr. President, I would be most happy to see this Sugar Act, as we know it, dismembered, with the sugar excise tax provision placed in the excise tax bill where it belongs, and the main body of the measure shipped over to the Committee on Agriculture and Forestry for study and treatment as an agricultural measure.

Mr. President, I have not begun to exhaust all the unusual aspects of the proposed legislation. I know of no other bill which originates in and is passed upon by the House Committee on Agriculture which ends up in the Committee on Finance in the Senate. The proposed legislation is a very strange hybrid; and there are very strange explanations, none of which is rational or makes any sense.

I have nothing against sugar as a commodity. It should be handled in the regular manner in which other agricultural commodities such as cotton or tobacco are handled. I would hope it would not be handled in the loose administrative way the wheat and corn programs are handled; but I think tobacco, cotton, and rice have been very efficiently handled. Today they are in good condition. The cost is not exorbitant.

I have never understood, and do not now understand, why sugar should not be handled under the agriculture program. I would have no objection to that. I ask the Senate to consider what we are presently doing. We are holding down cotton very severely. We have more than halved the acreage of cotton in the period in which the Sugar Act has been in effect. We have held down the production of tobacco and rice, and properly so. But under the stimulus of an excessive and unwarranted subsidy to sugar, we are increasing at a very rapid rate production which will result in overproduction.

One very serious aspect of the approach to the problem is that there is now before Congress a trade bill. It has not yet come before the Senate. The bill is based upon the assumption that in some way we should associate our trade policies with the emerging Common Market in Europe. What is proposed in the sugar bill is directly contrary to the spirit of that trade bill. For example, we are trying to persuade the Germans and other members of the Common Market not to put up high tariff walls and to become self-sufficient in the development of such commodities as cotton, soybeans, rice, or, particularly in the case of my own State, poultry, one of the major industries of the South and, in effect, of the Nation, because it has become a major nonsubsidized agricultural product.

The industry is not subsidized or controlled, but is a very efficient industry and has been developing an export market. We are now building, in a common market with the Germans and others, a trade that would discourage duplication and wasteful self-sufficiency. The result of the program under the bill would eventually be high cost, inefficient production in each country, and a complete lapsing of foreign trade. Germany followed such a program before World War II. It is often characteristic of countries which are preparing for conflicts of that kind. I do not wish to intimate that our country is doing so. I do not think there is any such thing in the minds of the sponsors of the bill. But I think the kind of bill before the Senate would make it impossible for us to do business with other countries if we should use that approach. To stimulate an industry by artificial means of the kind proposed would destroy the prospect of any sensible trade with our best friends and allies.

I realize that all I have said will perhaps not impress Senators who support the bill. I have spoken on the subject before.

In any case, I commend to the Senate the bill as reported from the Senate Committee on Finance, rather than the House bill. On that point there is no question. The Senate committee version is far better than the House bill. As reported originally, there were two particular provisions in the Senate committee bill which I wish to discuss for a moment.

Both of those provisions would take some steps in bringing somewhat into line what is now an outrageous special piece of legislation. Both of those particular provisions would save money for the Government and limit some of the steam behind the pressure to get into the U.S. sugar business; and, though neither would work toward lowering sugar prices to consumers, they would both somewhat cut the general tax burden of the program.

The two provisions are, first, the administration's plan to put the Cuban quota on a global quota basis and slowly reduce the premiums paid to basic quota countries. That is perhaps the most important difference. I commend the committee for inserting it in the bill.

The second amendment was inserted in the committee bill most mysteriously. I was not present. I do not intend to make any particular point of it. I was at the meeting day before yesterday, when the committee voted to report the bill with an amendment to cut the direct payments to domestic sugar growers. I had suggested that the excise tax should be cut 50 percent and the payments 50 percent. A substitute for that proposal was offered by one of my distinguished colleagues, which resulted in a stepping down of the direct subsidy quota payments, which the committee adopted—at least those members of the committee who were present—without objection.

When and how the committee reversed itself I do not know, but the committee did so, much to my surprise. In a colloquial manner the action was described as "running into a buzz saw." Where the committee encountered it I am not sure. In any event, without my knowledge—and I confess that, having other duties to perform and thinking that the sugar bill was disposed of so far as the committee was concerned, I was not present this morning at the committee meeting—that provision was inserted in the bill by the committee. It was a very sensible step in the right direction.

I commend the first action of the committee, for their tentative instinct was at least a step in the right direction. But that action was reversed. In spite of that action, I should like to say a few words about the provision, although it is no longer in the bill. I would like the RECORD to show a statement on the premium recapture on foreign import sugar by the chairman of the House Committee on Agriculture, which handled the bill. In discussing the premium recapture on foreign import sugar, Mr. COOLEY stated—

> We know enough about this program to realize that if we do away with quotas and do away with premiums, the only thing you have left will be payments to the domestic producers, and those payments would stand up like a sore thumb and would be difficult for us to justify.

If I can understand the English language, the chairman of the Committee on Agriculture in the House has stated that we must pay foreigners $130 million extra of estimated premium in order to disguise what we are paying the domestic producers; otherwise the action would stand out like a sore thumb.

I submit that is a very strange reason to justify the premium payments.

So, Mr. President, behind much of the domestic opposition to the global quota plan I think one will find lurking the type of thinking characterized by Mr. COOLEY's candid remark.

There have been other objections voiced and I would like to deal with some of them one by one.

During the hearings and I am sure during this debate we will hear that the world price is a distress price and one controlled by the Communists.

In fact, that point was made by a lobbyist before the committee. Mr. President, there certainly is some distress selling at world prices but we must remember there is a surplus of sugar on the market today. It is not only Cuban sugar that has driven the world price down. But 40 percent of world trade sugar now sets the world price—and with this plan 60 percent of world sugar trade will be in free market channels. As for the argument that no one can compete at world prices, it should be noted that almost every sugar exporting country and almost every sugar importing country—except the United States—buys or sells a portion of its production at world prices. Within the Commonwealth Sugar Agreement, the United Kingdom, though it purchases much of its sugar at a negotiated price that approaches our own, also makes extensive purchases at world market price, even from members of the Commonwealth. And major sugar exporting countries that have come before congressional committees saying they could not compete for the U.S. market on a world price basis have themselves been selling most of their sugar on that basis. Peru, Taiwan, and the Dominican Republic, to name a few, all for years have sold heavily, and I would imagine profitably on the world market.

There has been some talk that the Communists through Cuba will control the world market price. Mr. President, the latest Department of Agriculture Sugar Situation report indicates that the Cubans have taken steps to try to firm up world market prices of sugar in their own interest. Remember, Cuba gets only 20 percent of the value of her Communist bloc sugar sales in currency, the remainder comes in barter. The Cubans need world market sugar sales at reasonable prices in order to get badly needed foreign exchange. As a step in this direction, the Cubans, according to the Agriculture Department have announced their withdrawal from the sugar market during the remainder of 1962. In addition, they have initiated discussions with Brazil, the other major hemisphere sugar producer, to work out some measure to prevent major sugar surpluses that would drive the world market price down any further than it is.

The argument has been made that recapture of the quota premium would hurt the foreign exchange positions of the sugar producing countries exporting to the United States. This cannot be denied for the quota premium is in effect a direct grant above the world price. The sugar program, however, should not be regarded as a foreign aid measure and the granting of subsidies to foreign sugar producers is a haphazard way to shore up their foreign exchange reserves.

The foreign aid bill, with all its faults, is intended to serve certain people because of certain rational programs and in connection with them, and not by "happenstance," as to whether they may be able to grow sugar or whether they are growing it now or may grow it in the future.

The argument has also been made that the global quota plan will not bring in the $130 million envisioned by the administration. If world prices firm, thanks to the United States entering the world market, the saving may not in fact come to $130 million. Agriculture experts are convinced, however, that with world sugar production at current or even somewhat restricted levels, world prices will remain at substantially below the domestic U.S. price. And the fact that we will not save $130 million is no reason to continue a program that costs us that much.

For all these reasons I strongly support the administration's global quota plan—and for one more. And that is we must remember our responsibility to the Cuban people who some day will cast off their Communist leaders and return to their place in the free world. When that day comes we must be able—overnight—to restore them to their position as the main foreign supplier of U.S. sugar. We should be prepared to do this not for our sugar interests, but because sugar trade will be the only way any new Cuban Government will be able to sustain itself after a Communist bloc breakaway.

I should like to say at this time, Mr. President, that I can see no compromise between the global quota program as presented by the President, and the haphazard and diplomatically dangerous plan presented in the House bill. If there is to be a showdown, I am prepared to see the entire sugar program ended rather than continued under the current or House-proposed program.

Mr. President, the Finance Committee's amendment to cut direct payment to growers which was adopted without any known opposition but apparently reversed, was a sound amendment. I have presented facts to show that grower income has doubled since this program started, and that the number of individual farms has dropped sharply in recent years despite the rise in acreage planted. This can add up to only one thing—the big operators are moving into sugar. One of the factors that brings growers to sugar is the almost guaranteed profit provided by the Secretary of Agriculture who takes into consideration grower costs when deciding on how much sugar he will permit to enter the market. The direct Government payment to growers then comes almost as gravy to most growers, and particularly to the larger ones.

This amendment has had almost no effect on small producers but will have substantial effect on cutting direct subsidy payments to the large sugar plantations. According to Department of Agriculture figures, the saving realized to the Government would be approximately $5 million.

I ask unanimous consent to place in the RECORD at this point a list of the Sugar Act payments in excess of $50,000 made to sugarcane and sugarbeet producers on the 1960 crops. With it I also offer a table showing the overall saving to the Government by the proposed amendment.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Sugar Act payments in excess of $50,000 made to sugarcane and sugarbeet producers, 1960 crop

Producer:	
Domestic beet area:	
Newhall Land & Farming Co.	$51,122
Mainland cane sugar area:	
Okeelanta Sugar Refinery, Inc.	351,403
South Coast Corp.	303,971
Southdown, Inc.	186,270
United States Sugar Corp.	775,121
Sterling Sugar Co.	78,772
Churchill & Thibaut	35,577
Dugas & LeBlanc	60,047
A. Wilbert's Sons	62,090
Milliken & Farwell	73,036
Savoie Farms	52,391
Total mainland sugarcane	1,998,678

Sugar Act payments in excess of $50,000 made to sugarcane and sugarbeet producers, 1960 crop—Continued

Producer:	
Hawaii:	
Ewa plantation Co	$385,747
Gay & Robinson	136,279
Grove Farm Co	275,255
Hakalau Sugar Co., Ltd	155,398
Hamakua Mill Co	212,519
Hawaiian Agricultural Co	361,632
Hawaiian Com. & Sugar Co	980,691
Hilo Sugar Co., Ltd	166,446
Honokea Sugar Co	230,254
Hutchinson Sugar Co., Ltd	245,923
Kahuku Sugar Co., Ltd	169,559
Kekaha Sugar Co., Ltd	342,187
Kilauea Sugar Co., Ltd	157,254
Kohala Sugar Co	360,695
Lihue Plantation Co., Ltd	424,423
Laupahoehoe Sugar Co	294,152
McBryde Sugar Co	229,533
Oahu Sugar Co., Ltd	500,089
Olokele Sugar Co	246,705
Onomea Sugar Co	203,218
Paauhau Sugar Co., Ltd	141,281
Pepeekeo Sugar Co	174,619
Pioneer Mill Co., Ltd	413,127
Puna Sugar Co., Ltd	282,364
Waialua Agriculture Co., Ltd	466,215
Wailuku Sugar Co	233,192
Total Hawaii	7,788,757
Puerto Rico:	
Luce & Co., S. en C	590,661
Sucesion J. Serralles and Wirshing & Co., S. en C., coproducers	370,903
Heirs of Miguel Esteve Blanes, deceased, et al., joint operators	137,312
C. Brewer Puerto Rico., Inc	431,530
Antonia Cabassa Vd. Fajardo, et al., joint operators	111,489
Miguel A. Garcia Mendez, Fredeswinda Ramirez de Arellano	69,858
Antonio Roig, Sucrs., S. en C	339,403
Mario Mercado e Hijos, a partnership	103,786
Jorge Gonzalez Hernandez, et al., coproducers	58,750
Heirs of Mario L. Mercado Parra, deceased; heirs of Mario L. Mercado Parra, deceased, and Gregorio Multedo and Southern Transport, Inc	95,927
Ernesto Quinones Sambolin	63,267
Heirs of Lucas P. Valdivieso, deceased	82,363
Quintero & Darila, Ltd	57,584
Waldemar Bravo	87,402
Ramon Gonzalez Hernandez	108,311
Total Puerto Rico	2,708,446
Virgin Islands:	
Virgin Islands Corporation	62,017
Total all areas	12,609,020
Total 1960 crop Sugar Act payments for all areas	72,985,573

Estimated Sugar Act payments computed on proposed rate of payments (1960 crop data)

Payments to—	New basis	Old basis
Hawaii:		
Hakalau	$105,894	$155,398
Hamakua	129,245	212,519
Hawaiian Ag. Co	207,154	361,632
Hilo	109,846	166,446
Honokaa	136,712	230,254
Hutchinson	143,310	245,923
Kohala	206,530	360,695
Puna	158,653	282,364
Laupahoehoe	164,020	294,152
Onomea	125,329	203,218
Hawaii—Continued		
Paauhau	$99,250	$141,281
Pepeekeo	113,287	174,619
Hawaiian Com. & Sug	619,861	980,691
Pioneer	241,485	413,127
Wailuku	137,949	233,192
Ewa	223,233	385,747
Kahuku	111,157	169,559
Oahu	299,459	500,089
Waialua	276,876	466,215
Gay and Robinson	97,144	136,279
Grove Farm	155,660	275,255
Kekaha	194,191	342,187
Kilauea	105,975	157,254
Lihue	249,015	424,423
McBryde	136,408	229,533
Olokele	143,639	246,705
Waimea	38,576	44,011
Total	4,729,858	7,832,768
Difference	3,102,090	
Florida:		
U.S. Sugar	482,814	775,121
Okeelanta	200,335	351,403
Total	683,149	1,126,524
Difference	443,375	
Puerto Rico:		
Luce & Co., S. en C	359,841	590,661
Sucesion J. Serralles and Wirshing & Co	213,335	370,903
Heirs of Miguel Esteve Blanes	97,579	137,312
C. Brewer Puerto Rico, Inc	253,753	431,530
Antonia Cabassa Vd. Fajardo	83,564	111,489
Miguel A. Garcia-Mendez	58,585	69,858
Antonio Roig, Sucrs	192,335	339,403
Mario Mercado e Hijos	78,941	103,786
Jorge Gonzalez Hernandez	50,253	58,750
Heirs of Mario L. Mercado Parra, deceased	74,226	95,927
Ernesto Quinones Sambolin	53,694	63,267
Heirs of Lucas P. Valdivieso, deceased	66,088	82,363
Quintero & Davila, Ltd	49,364	57,584
Waldemar Bravo	69,111	87,402
Ramon Gonzalez Hernandez	81,657	108,311
Total	1,782,326	2,708,546
Difference	926,220	
Louisiana:		
Southcoast	167,688	303,971
Southdown	118,185	186,270
Sterling	63,923	78,772
Churchill & Thibaut	47,835	55,577
Dugas & LeBlanc	51,240	60,047
A. Wilbert's Sons	52,797	62,090
Milliken & Farwell	60,492	73,036
Savoie Farms	45,408	52,391
Total	607,578	872,154
Difference	264,576	
Beet area: Newhall Land & Farming Co	44,440	51,122
Difference	6,682	
Virgin Islands: Virgin Islands Corporation	41,756	62,017
Difference	20,261	

Comparison of Sugar Act payments at proposed rate of payment with actual 1960 data

[In millions of dollars]

Area	1960 crop Sugar Act payment	Payment at proposed rate	Difference
Hawaii	8.8	5.7	3.1
Puerto Rico	14.9	13.7	1.2
Mainland cane area	8.2	7.4	.8
Domestic beet area	39.3	[1] 39.0	[1] .3
Total	71.2	65.8	5.4

[1] Estimates based on meager data.

Mr. FULBRIGHT. Mr. President, another bit of candor, Mr. COOLEY, during the House debate on sugar, put his finger right on what is wrong with this program. Asked why all U.S. sugar needs could not be grown domestically, Mr. COOLEY replied:

> It is uneconomical to produce it domestically. It has to be on an artificial basis. You talk about artificial price supports, this bill here is important in all areas of this country and in the Virgin Islands, Puerto Rico, and Hawaii.

I believe that sums it up pretty well. Mr. COOLEY has been a sort of midwife or foster father of this program for many years, ever since he was made chairman of the committee.

Mr. President, we have let the sugar bill gain an exalted place in American agriculture because, for the most part, few of us cared to look into it. And during most of this period, the act functioned quietly, keeping domestic prices high but not hurting us in other areas. The Cuban situation has brought the Sugar Act into public focus. As a device to protect, what Mr. COOLEY referred to as an "artificial" domestic industry, it should be fashioned so as to do the least amount of harm to the remainder of governmental activity.

I should dislike to see a disruption in our normal diplomatic relations with our best friends by reason of their rushing in for individual quotas.

I hope the bill will be rejected.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. DOUGLAS. I congratulate the Senator from Arkansas for his able and thorough speech, which I believe should be studied by Members of the Senate, and in later days by the citizenry at large.

As the Senator probably knows, an amendment has been submitted by the Senator from Minnesota [Mr. McCARTHY]. It would abolish the global system of quotas and reestablish quotas for countries. A vote on the amendment probably will be taken shortly.

Does it not seem to the Senator from Arkansas to be a return to the worst features of the House bill?

Mr. FULBRIGHT. The Senator is quite correct. I agree with him. I believe the worst procedure possible would be for Congress to undertake something which would cause the greatest disruption to our foreign relations, in addition to the other bad features that are involved. The one merit of the Senate bill is the global feature.

Mr. DOUGLAS. Plus the fact that we pay the world price.

Mr. FULBRIGHT. The declining——

Mr. DOUGLAS. And that the difference between the world price and the domestic price is absorbed into the Treasury.

Mr. FULBRIGHT. Yes.

Mr. DOUGLAS. I have not had an opportunity to question the Senator from Minnesota on this point. It is not quite clear what the McCarthy amendment would do so far as price is concerned. I hope this fact may be developed later in the debate.

However, it would serve to restore the national quotas and abolish the global quotas.

Mr. FULBRIGHT. It would cut the Cuban quota back to a 1,500,000 tons. I have not had an opportunity to consider the amendment. It appeared on my desk only a few minutes ago. I still do not understand why this crop, of all the major crops of the country, including dairy products, cotton, wheat, and corn, should be selected for special treatment, resulting in a grab bag among foreign countries, disrupting our foreign relations and also inevitably resulting in overproduction domestically.

Consider the extraordinary attempt to develop the production of sugar in Florida. Cubans who were able to get their money out of Cuba before they left are now busily engaged in expanding sugar production in Florida. If this activity is being conducted on an economic basis, I have no objection to it. But under this kind of program, it might be unsound in every respect, which would create a dangerous precedent.

Sooner or later, I believe the country will become tired of this program and will retreat from it. There will be real trouble and disaster in that it has been encouraged.

This situation does not exist with respect to any other crops. Of course, during the war the demands of our allies and ourselves required increased production of some of the staples, such as corn and wheat. It was necessary for us to feed ourselves and our allies, so there was a legitimate reason for increasing food production. But there is no legitimate reason for conducting this kind of sugar program. I see no justification whatever for encouraging this uneconomic industry under such an absurdly large subsidy.

Mr. DOUGLAS. I thank the Senator from Arkansas for his statement. I congratulate him again upon his public-spirited attitude.

Mr. FULBRIGHT. I do not know whether the Senator was in the Chamber, but I mentioned that last year or the year before I joined with the Senator from Illinois in offering an amendment which sought to accomplish the same purpose with respect to the sugar crop, but the Senate did not agree.

Mr. DOUGLAS. That is correct.

MORE SUGAR PRODUCTION FOR MISSOURI AND THE NATION

Mr. SYMINGTON. Mr. President, one of the most responsible and intelligent statewide efforts ever undertaken in agricultural research has been conducted during the past 2 years in Missouri, to determine whether our State could merit a place in the beet sugar industry.

This effort has been based on large-scale field tests of sugarbeet cultivation, directed by agricultural scientists of the University of Missouri, participated in by many farmers in various districts, fully supported by the State legislature and administration, and observed by qualified authorities from the beet sugar industry.

As a result of this test program, it has been shown that Missouri can adapt large acreage to the successful commercial production of sugarbeets, and that this crop would be an economic asset not only to our State, but also to the Nation.

We in Missouri believe that the sugar bill, as reported by the Committee on Finance, is workable and acceptable as it pertains to new opportunity for the farmers of this country. We also believe it is a moderate bill in this respect, and is the least that is due the American farmer, both in the "old" sugar areas and the "new" areas such as Missouri, who need this opportunity to contribute their equitable share of the sugar consumed in this country.

There has been almost no dissent from the public, agriculture, or industry as to the share reserved for domestic producers under the bill.

We support the measure and hope the Senate will approve it.

Mr. President, I am very glad the Senate adopted the amendment which provides for increased domestic production. I hope the amendment will be maintained in conference.

I believe this is a good bill. The farmers of Missouri have had great difficulty, especially because of the recent activities connected with feed grains. Missouri badly needs a new crop. We have done our best to get it. I hope the proposed legislation will be fully supported by the Senate.

Mr. McCARTHY. Mr. President, I offer my amendment which is at the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 29, it is proposed to strike out line 10 and all that follows through page 31, line 13, and substitute therefor the following:

(2) For the calendar year 1963 and for each subsequent year under this Act, the quota for each foreign nation shall be an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of the quotas established pursuant to subsection (a) and (b) of this section, to be determined as follows: the quota for Cuba shall be 1,500,000 tons, and for other foreign nations the quota shall be, (A) the historic quota of each nation under the Sugar Act of 1948, as amended, plus the following additions based on its share of the reallocation from the Cuban quota, 1961–62: (a) an additional quota of 100,000 tons for those nations which supplied more than 300,000 tons of nonquota sugar; (b) an additional quota of 75,000 tons for those nations which supplied between 150,000 and 300,000 tons; (c) an additional quota of 50,000 tons for those nations which supplied 75,000 to 150,000 tons; (d) an additional quota equal to the tons supplied for those nations which supplied less than 75,000 tons; (B) any nation which did not have a historic quota shall also be assigned a quota based on the share it supplied under the reallocation of the Cuban quota, 1961–62, as follows: (a) a quota of 100,000 tons for those nations which supplied more than 300,000 tons of sugar; (b) a quota of 75,000 tons for those nations which supplied between 150,000 and 300,000 tons; (c) a quota of 50,000 tons for those nations which supplied 75,000 to 150,000 tons; (d) a quota equal to the tons supplied for those nations which supplied less than 75,000 tons.

Subsequent paragraphs of section 202 to be renumbered accordingly.

Mr. McCARTHY. Mr. President, this amendment is offered as a compromise between the position taken by the Senate Finance Committee—which recommends that all of the Cuban quota, which has been withdrawn from that country, be thrown into the open market and put into what the administration, I believe, first called a global quota—and the action taken by the House Agriculture Committee, which assigns to various countries, scattered around the globe, all the quota which formerly went to Cuba. In effect, I believe the House-passed bill provided a kind of global quota, since there was no significant sugar-producing country that was not given at least a share of the U.S. market, under the recommendations of the House Agriculture Committee.

The Senate Finance Committee recognized what are called the historic quota countries—those which had quotas before the problem of distributing the share of our sugar market which formerly went to Cuba was presented to us. The Senate Finance Committee bill recommends that the historic quotas be continued, and that, along with them, the quota which the Philippines now hold by virtue of the treaty our country has with the Philippines be continued, and that, so far as those 980,000 tons are concerned, the present premium price be continued.

However, with reference to the countries holding what I call historic quotas, the Senate Finance Committee bill provides that over a 5-year period the premium payments will be reduced by 20 percent a year, until, after 5 years, they would no longer receive any premium payments. I do not know what the plans are in regard to the Philippines; but indications are that they would continue to receive the premium payments, so long as the treaty between our country and the Philippines continues to run.

So in the transition period after the first 20-percent reduction went into effect, the United States would be paying at least three prices in the world sugar market: We would continue to pay to the Philippine producers and suppliers the existing premium price; we would pay to those who have historic quotas a reduced premium price, depending on the year involved—reduced by 20 percent or by 40 percent or by 60 percent or by 80 percent or by 100 percent, depending on the year; and we would obtain the rest of our sugar needs in the open market, beginning at the time when the act became effective.

I know that the administration, in making at least one of its arguments in favor of global quotas, has said that in the operation of the act through the years, there has not been any very clear indication of a general improvement—at least, not in many countries—in regard to the manner in which the sugar workers are paid or the way in which they are treated. It is contended by some that for the most part the premium payments go to Americans who own sugar refineries and sugar plantations, or to Europeans who own them, or, in the respective countries, to people who have little loyalty to their own countries, and are all too ready to take their sugar profits and their other profits and invest them in other parts of the world. That may be true; but I suggest that if it is, the administration had an excellent opportunity, when it presented the administration bill on sugar, to modify the so-called historic quotas. There was nothing to keep the administration from doing so.

For example, if the administration felt that in Peru the sugarworkers were not being treated properly, and that in that country there was too great a concentration of sugar plantation ownership or sugar refinery ownership, the administration could have recommended that the quota given Peru last year be withdrawn, and that the historic position, so-called, which Peru has held for some time—certainly, since 1961—amounting to approximately 121,000 tons, be reduced. This would be a way to indicate our displeasure over the fact that even with the premium payments over the years, those in Peru who control the production of sugar have not responded properly.

No such recommendations were made. There is no indication that the administration was particularly concerned about countries holding historic quotas, and the wages and treatment of workers in those countries. There was no legal reason why it should not have recommended a reduction or withdrawal of quotas from those countries.

Having passed over that opportunity, it moved into the question of handling the quota previously held and filled by Cuba. It is said that all of it should be thrown into the open market. One of the defenses for this position was that some of the countries holding temporary allocations had not responded as it had been hoped they would.

The argument was made that if the import payments can be recaptured through the Alliance for Progress and other foreign aid programs, great benefits will be offered to the common people of countries throughout the world. This may well be true. I suggest, if this was the concern of the Department, it had an unusual opportunity both with reference to the allocation of the so-called historic quotas and also with respect to the temporary or semipermanent allocations of the withheld Cuban quota to assign quotas and pay premiums to countries in which our State Department and officials might be able to determine whether there had been some improvement in working conditions and the manner in which sugar workers had been treated, and to determine whether the premium payments were really getting down to the people and doing some good.

Instead of that, the so-called historic quotas countries were blanketed in, without doing anything to give direction to or to influence their internal policies. Allocations to nonquota countries and countries that were given allocations under the action of the executive branch of the Government last year were thrown into the world market.

This was an unusual opportunity for the administration to make some limited recommendations to us regarding national quotas. It did not necessarily have to reassign everything in the Cuban quota. The administration presented an open invitation to the House Agriculture Committee, which has worked with this legislation since it was enacted in 1934 and which has some general familiarity with the way both the domestic program and the international sugar program work, to make assignments of national quotas. There was an open invitation—amounting almost to a demand—to every country that was concerned with getting a sugar quota from this country to hire a lobbyist to try to obtain for his principal some share of the quota. I do not approve of some of the actions of certain lobbyists who have appeared here. Nevertheless, I think we must acknowledge that, whoever is at fault for the manner in which this legislation was presented, with the tradition of assigning national quotas, we should not be surprised if countries seeking a share of the American market are looking for someone to speak and act for them.

We all know that whenever there is a question of assigning licenses or contracts or enacting legislation that affects a special or private interest, it is quite customary for those who are affected to obtain the services of someone to represent them, or make the best case they can on their own.

I hope we can put this question aside and go back and examine, first of all, the purposes for which the sugar program was established in 1934.

The distinguished Senator from Colorado [Mr. CARROLL], who was a personal friend and admirer of Senator Costigan, the principal author of the original bill, made the case quite clearly and adequately. The Sugar Act was enacted for three or four purposes. One of the reasons was, of course, to help improve the domestic sugar production industry. It may be argued that we do not really need a domestic sugar industry. I think the record of the past sustains the argument that something like 50 percent of our sugar needs should be supplied by domestic concerns which have available transportation, so that, under conditions of war or threat of war, when foreign supplies are shut off, there will be available to us at least an adequate and reasonable supply, one that would meet our needs in time of emergency.

In addition, when the Sugar Act was enacted, there was a concern about stabilizing the supplies to meet our needs under ordinary conditions, and to try to establish for U.S. refineries and markets a source of sugar upon which we could rely.

It was decided that the best way to do this was to pay premium prices, to assign quotas, and to obtain agreements with regard to quotas for foreign countries in the Western Hemisphere.

There was a third consideration which I think is deserving of the attention of the Senate. That was to build into the program, if we could, procedures by which the United States in obtaining its sugar, need not give to other countries the excuse that, because we were paying substandard prices for sugar, they would be justified in paying substandard wages to those working on sugar plantations.

The argument has been made that not all countries to which we have been paying premium prices have responded the way they should have. I am not prepared to fix the responsibility for it, but if the United States had not been paying fair prices in the international market in the past, certainly we would have to share a significant portion of the responsibility for the exploitation of sugar workers in those countries.

If we move according to the provisions of the bill as reported by the Finance Committee, and follow the general recommendations of the administration in this field, and try to secure something like 3 million tons of sugar for our needs in the world market, I think we shall lay ourselves open to the charge that we are willing to buy cheap sugar, even though this benefit to us is to a large extent reflected in the exploitation of sugar workers in almost every sugar-producing country of the world. Nearly every one of them is a country which has a low standard of living, a very low per capita income for all its people, and in most cases a very low per capita income for those who work in the sugar industry.

I propose, not that we accept the allocations made by the House committee, assigning all the Cuban quota to foreign countries. but, rather, that we take into account, accept, and acknowledge the historic quotas which had been in effect before 1961, and give to those countries the same quotas that they formerly had. This is the recommendation of the Senate Finance Committee. In addition to that, I would give some allocations to countries which receive a share in the reallocation of the Cuban quota, which was withdrawn from Cuba when Mr. Castro took over and when it became clear to us that his government was a Communist government.

When that happened it was necessary to find other suppliers who would provide the sugar needed by the American people. We might then have said, "Let us go into the world market." But the decision was made not to do so. I think the reasons generally were good. It would have had a demoralizing effect on the sugar market, and it would have had a demoralizing effect on those countries from which we purchased sugar. That was the situation last year. This year it appears that some people believe we can buy all the sugar at world prices, yet not demoralize the sugar market and not have a demoralizing effect on countries from which we are to buy sugar, not at premium prices but at world prices.

I know there is no inherent reason why countries which were given an allocation last year from the Cuban quota should be given an allocation this year. We might start over. Perhaps the administration should have started over. Perhaps that would have been the best way to handle the problem. Perhaps the administration should have decided from which countries it wished to buy sugar and should have decided if the premium price being paid in the world market by the United States was too high. Perhaps the administration should have recommended reducing that price. There might be a good argument for a slight reduction. But the argument was not made by the administration. It said, "Wipe it out."

I propose to return to the previous quota situation and also to recognize the allocations made to meet our needs last year when we closed ourselves out of the Cuban market, and quite properly.

Mr. DOUGLAS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Does the Senator from Minnesota yield to the Senator from Illinois?

Mr. McCARTHY. I yield to the Senator from Illinois.

Mr. DOUGLAS. I wonder if the Senator from Minnesota will identify the amounts which would go to the various countries, under his formula.

Mr. McCARTHY. I shall be glad to do that for the Senator.

Mr. DOUGLAS. Under the provisions of the House bill Mexico would be authorized to receive an allotment of 350,000 tons. How many tons would the Senator from Minnesota allocate?

Mr. McCARTHY. My amendment proposes that any country which provided for the United States last year, under the allocations which were made by the State Department or by the administration, in excess of 300,000 tons of nonquota sugar as a share of the Cuban quota, would be given a quota of 100,000 tons.

Mr. DOUGLAS. Last year Mexico had a permanent quota of roughly 95,000 tons.

Mr. McCARTHY. The Senator is correct.

Mr. DOUGLAS. Mexico was allowed a temporary quota of 589,591 tons.

Mr. McCARTHY. The Senator is correct. Under the terms of my amendment the Republic of the Philippines, which was reallocated 490,000 tons of Cuban sugar, would be allocated 100,000 tons.

Mr. DOUGLAS. What about Mexico?

Mr. McCARTHY. Mexico, which provided 589,000 tons last year, would be given an allocation of 100,000 tons.

Mr. DOUGLAS. What about the permanent allocation of 95,000 tons?

Mr. McCARTHY. I would not change the permanent allocation, but neither would the Senate bill.

Mr. DOUGLAS. There would be a total of 100,000 tons for Mexico.

Mr. McCARTHY. It would be a total of 100,000 tons plus the historic quota, which would not be touched by the Senate bill.

Mr. DOUGLAS. The historic quota is 95,000 tons?

Mr. McCARTHY. The Senator is correct. That would not be touched.

Mr. DOUGLAS. There would be 195,000 tons for Mexico.

Mr. McCARTHY. The Senator is correct.

Mr. DOUGLAS. What about Peru?

Mr. McCARTHY. Peru supplied 514,000 tons of reallocated sugar. That is in excess of 300,000 tons. Peru would receive 100,000 tons.

Mr. DOUGLAS. Plus the 108,518 tons of the so-called permanent quota.

Mr. McCARTHY. I think Peru has 121,000 tons.

Mr. DOUGLAS. That would be 221,000 tons for Peru.

Mr. McCARTHY. The Senator is correct. Peru supplied us with 636,000 tons last year.

Mr. DOUGLAS. What about Brazil, which has no permanent quota but supplied us with 306,474 tons?

Mr. McCARTHY. Brazil would receive 100,000 tons.

Mr. DOUGLAS. What about the Dominican Republic, which has a permanent quota of 111,157 tons and sold us in addition 222,723 tons?

Mr. McCARTHY. In the case of countries which supplied us between 150,000 and 300,000 tons of reallocated sugar, I would allow 75,000 tons of the Cuban quota.

Mr. DOUGLAS. That would be 75,000 tons plus 121,507 tons.

Mr. McCARTHY. The Senator is correct.

Mr. DOUGLAS. That would make 196,507 tons?

Mr. McCARTHY. That would be approximately the total.

Mr. DOUGLAS. In the case of Nicaragua, there is permanent quota of 17,471 tons and they sold us an additional 25,897 tons.

Mr. McCARTHY. Under the terms of my amendment any country which supplied us less than 50,000 tons under the reallocation of the Cuban quota would receive the same allocation under this proposal that it had under the previous year's program.

Mr. DOUGLAS. Nicaragua would get 25,897 tons plus the 17,471 tons.

Mr. McCARTHY. The Senator is correct. I would not touch the historic quota.

Mr. DOUGLAS. Haiti has a permanent quota of 8,268 tons and supplied an additional 37,005 tons. Haiti would get 37,005 tons plus 8,268 tons, the same as last year.

Mr. McCARTHY. The Senator is correct.

Mr. DOUGLAS. The British West Indies has a very small permanent quota of 84 tons, but sold us last year, on a temporary basis, 265,923 tons.

Mr. McCARTHY. That country would receive 75,000 tons. If it were desired to offer an amendment to take out those countries protected in the British market, I would have no objection to that. Under the terms of my amendment the relationship is the assignment made last year. I assume that the assignments were made without pressure from lobbyists. At least, the assignments were made by bureaucrats, by administration people not subject to election. Whether that develops an immunity of greater strength against lobbyists I do not know. The allocations were made or should have been made outside the pressures of lobbyists, which supposedly are imposed on Members of Congress.

Mr. DOUGLAS. I am not quite sure what my good friend from Minnesota would do for the British West Indies.

Mr. McCARTHY. Under the terms of my proposal, the British West Indies would get an allocation of 75,000 tons.

Mr. DOUGLAS. Plus the permanent quota?

Mr. McCARTHY. Yes.

Mr. DOUGLAS. The French West Indies has no quota, but sold us 75,000 tons. The Senator would allow them 75,000 tons?

Mr. McCARTHY. No. They would receive 50,000 tons.

Mr. DOUGLAS. Costa Rica has a permanent quota of 3,968 tons and sold us on a temporary basis 26,282 tons, in addition. Costa Rica would retain the sum of both of these.

Mr. McCARTHY. The Senator is correct. They would receive 26,000 tons from the reallocated Cuban sugar.

Mr. DOUGLAS. The Republic of China has a permanent quota of 3,980 tons and sold us an additional 166,048 tons. What would the Republic of China get?

Mr. McCARTHY. It would receive 75,000 tons.

Mr. DOUGLAS. Plus 3,980 tons.

Mr. McCARTHY. Plus what it had in permanent quota; that is correct.

Mr. DOUGLAS. Ecuador has no permanent quota, but sold us 36,000 tons. Ecuador would get 36,000 tons.

Mr. McCARTHY. The Senator is correct.

Mr. DOUGLAS. Guatemala has no permanent quota, but had a temporary quota of 17,000 tons, of which about 7,000 tons was unfilled. Would Guatemala get 17,000 tons or 10,000 tons?

Mr. McCARTHY. Guatemala would get the quota, the full amount.

Mr. DOUGLAS. Seventeen thousand?

Mr. McCARTHY. There is a provision in the law to take care of countries which do not fulfill their quotas.

Mr. DOUGLAS. Argentina has no quota, and sold us nothing. Would Argentina continue to get nothing?

Mr. McCARTHY. There would be no quota to any country which received no allocation last year. Argentina would receive nothing under the terms of my proposal.

Mr. DOUGLAS. Panama has a permanent quota of 3,980 tons and was scheduled to sell us on a temporary basis 6,020 tons. Would that be continued?

Mr. McCARTHY. That would be continued.

Mr. DOUGLAS. El Salvador has no permanent quota, but was scheduled to sell us 12,000 tons. Would that be continued?

Mr. McCARTHY. That would be continued.

Mr. DOUGLAS. Paraguay has no permanent quota, but was scheduled to sell us 5,000 tons. Would that be continued?

Mr. McCARTHY. That is correct.

Mr. DOUGLAS. The Netherlands has a permanent quota of 4,149 tons and sold us in addition 5,851 tons. That amount would be continued.

Mr. McCARTHY. That might be subject to some change.

Mr. DOUGLAS. What about Mauritius?

Mr. McCARTHY. What did Mauritius have last year? I believe Mauritius had nothing last year, so Mauritius would not be affected by my amendment.

Mr. DOUGLAS. What about the Fiji Islands?

Mr. McCARTHY. The Fiji Islands would not be included unless it had a quota.

Mr. DOUGLAS. What about Australia?

Mr. McCARTHY. Australia would receive nothing under the terms of my amendment.

Mr. DOUGLAS. What about Ireland?

Mr. McCARTHY. What did Ireland do last year?

Mr. DOUGLAS. I do not think Ireland sold us anything.

Mr. McCARTHY. Under the terms of my amendment, Ireland would receive nothing, then. Of course, Ireland would receive nothing specifically under the bill reported by the Senate Committee on Finance, so far as one could read anything into the bill.

My proposal would not affect, of course, the 10,000 tons which are to be given in trust to the President.

This quota might go to Ireland or to some other country, so in effect special consideration might be shown in the act. I am in favor of that authority.

Mr. DOUGLAS. Has the Senator added his totals?

Mr. McCARTHY. I have.

Mr. DOUGLAS. Do they balance out? Would the Senator commit more tons than there are available or would he have a surplus undistributed?

Mr. McCARTHY. According to the addition which I accept, there would be reallocated from the withheld Cuban quota 1,020,835 tons. Whatever remained of the Cuban quota under existing law would be purchased in the open market. According to the addition I have made, 1,020,835 tons would be reallocated under my amendment.

Mr. DOUGLAS. May I ask the Senator about the Philippine Islands? Are the Philippine Islands placed under the domestic requirements?

Mr. McCARTHY. The Philippines are treated as shown in the act. They have an allocation of 980,000 tons under the treaty. I would give them 100,000 additional tons on the basis of what they have supplied under the allocation of the Cuban quota last year.

Mr. DOUGLAS. Is the Senator certain that he is not counting them twice?

Mr. McCARTHY. No, I am using only the reallocated Cuban sugar that has been supplied to us as the base for my amendment. Under the amendment the Philippines would receive the 100,000 tons plus the 980,000.

Mr. DOUGLAS. Is the Senator impressed by the point which the Senator from Arkansas and I tried to make; namely, that the various countries receiving the assigned quotas would have a vested interest in the maintenance of Castro? If Cuba should return to the family of free people, we would have given away the quotas which otherwise would be assigned to Cuba. Therefore, it is to the advantage of countries which would benefit to keep Cuba a Communist state in order that they may continue to have a larger share of the sugar market.

Mr. McCARTHY. I think they may have some vested interest in it. Of course, if we speak of a global market, other countries in the world would prosper in such a global market from the allotted quotas, and the rest of the world would have a vested interest in keeping Castro in power in Cuba. The question is, How many countries do we want to have a vested interest in maintaining Castro as a Communist dictator in Cuba?

Mr. DOUGLAS. No specific country would have a vested interest.

Mr. McCARTHY. All would, which would be worse.

Mr. DOUGLAS. By shifting their purchases around, could not the State Department and the Department of Agriculture prevent any country from having a vested interest?

Mr. McCARTHY. It is possible. I do not pretend to be able to read the minds of the leaders of the countries or the businessmen in those countries, but it is quite possible that there might be some who would be so moved.

Mr. DOUGLAS. The Senator from Minnesota is always honest, and is characteristically honest at this time.

Mr. McCARTHY. I do not think I want to act on that kind of reading of the spirit.

Mr. DOUGLAS. At what price would sugar be purchased—at the domestic market price or at the world price?

Mr. McCARTHY. The sugar which would be allocated under my amendment would be purchased at the world price, plus the premium which we are now offering under the same formula.

Mr. DOUGLAS. The same premium.

Mr. McCARTHY. The same method which is used in determining the premium payments to the historic quota countries.

Mr. DOUGLAS. The world price is now approximately 2.7 cents a pound. The freight tends to be 0.3 of a cent a pound. In the United States the customs duty is five-eighths of a cent or 0.625 cent a pound, making a total cost of a little less than 3.7 cents a pound raw, laid down in the United States.

The domestic price, however, is 6.5 cents. There is a subsidy, bonus, premium, or whatever one may wish to call it, of 2.8 cents, or $56 a ton. How is the Senator proposing that the $56 a ton be distributed? Would foreign producers get it all?

Mr. McCARTHY The premium payment of $56 would be distributed in those countries in the same way it has been distributed through the same channels of premium payments which were made last year in the distribution to those countries.

Mr. DOUGLAS. Does that mean that the domestic price would be paid to the producers in countries which have the quotas?

Mr. McCARTHY. As the Senator said earlier, we would pay $54 or $56 a ton premium to the foreign producers in those countries that have allocated quotas.

Mr. DOUGLAS. Then, in effect, the Senator is proposing the House bill. All he would do would be to eliminate the additional countries that got in on a "gravy train" in the House, and which had not previously been included.

Mr. McCARTHY. The Senator is quite correct. I thought I had made that clear.

Mr. DOUGLAS. It was not clear to me. Therefore, in effect, the Senator has made no saving to the Treasury whatsoever.

Mr. McCARTHY. That is not quite true. There would be a saving.

Mr. DOUGLAS. Very little saving.

Mr. McCARTHY. Approximately 1½ million to 2 million tons would be purchased in the open market.

Mr. DOUGLAS. How much would be purchased in the open market?

Mr. McCARTHY. Whatever would be left. I would allocate 1 million tons. The quantity of Cuban sugar which was allocated last year was approximately 3 million tons. Some of that has been eroded. Some of it was taken away last year and has been transferred to domestic producers.

Mr. DOUGLAS. The Senator is correct.

Mr. McCARTHY. So not all of the 2 million tons of unallocated sugar remains. I do not know how much has been eroded, but I should say that between 1½ million and 2 million tons of sugar would be purchased in the open market. So the subsidies involved would be about half of those which would be paid if the reallocation which I propose were not made. In other words, I would reallocate about half the Cuban quota. The other half would be purchased in the open market. There would be no subsidy with respect to it.

Mr. DOUGLAS. At the world price.

Mr. McCARTHY. At the world price; and the recapture, however we might receive it, would be approximately $80 million or $90 million. We could let the administration experiment to determine whether, if we give them the money, it would reach the people more effectively than it would if given to them under the Sugar Act.

Mr. DOUGLAS. In effect, then, the Senator would cut in half the savings to the Treasury which the Senate bill would make?

Mr. McCARTHY. That is one way of looking at it. On the other hand, it could be said that my amendment would save the Government approximately $80 million.

Mr. DOUGLAS. No; it is not quite as bad as the House bill.

Mr. McCARTHY. That is the amount that would be saved over the amount contained in the House bill; and $80 million is not a small amount.

Mr. DOUGLAS. It is not quite as bad. Does the Senator proceed on a 50-50 basis?

Mr. McCARTHY. Not quite; but as the Senator well knows, the titles by which most claims to property run are rather tenuous. The titles of rights to quotas under the Sugar Act are quite tenuous. There is no natural law to which we can appeal in this instance. Does the Senator agree?

Mr. DOUGLAS. Certainly there is no natural law; and there is no vested right, either. There is no vested right whatsoever.

Mr. McCARTHY. What would be the basis of a vested right?

Mr. DOUGLAS. Thorstein Veblen once defined it as the ability to get something for nothing.

Mr. McCARTHY. In that case the Senator would say that there are vested rights here which, in his judgment, have been getting something for nothing. I would not agree. In my judgment the witnesses for the sugar industry were reasonably accurate and reliable. The price we are paying does not involve their getting something for nothing. It may well be that we are paying more for sugar than we have to pay for it. The question is whether we would be getting something for nothing rather than the other way. It is my judgment that the premium sugar prices are reasonable and fair. I do not believe a clear case can be made to prove that we have given the countries something for nothing. We have, of course, given them something which they would not get if we had not paid the premium price.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. MORTON. I am sorry that I did not follow completely the Senator's argument, because I had to be absent from the chamber. It seems to me that what the Senator is doing it taking a halfway position.

Mr. McCARTHY. I am taking a halfway position, a position which is based upon the quotas which non-elected public officials, who are supposed to operate somewhat more freely decided on without pressure from lobbyists.

Mr. MORTON. Since the House has taken the position it has taken and because the temper of the Senate during most of the afternoon has been that we would oppose the House position, and because we were pretty well in agreement on most of the basic features of the Senate bill, why does not the Senator withdraw his amendment so that we may have a bargaining point in conference? We might well come back with something that approaches what the Senator is proposing. But if the Senator succeeds with his amendment we will really have no bargaining point, or only a 20 percent bargaining point. Then we will say to the House Members, "We have already yielded half. Now we will go the other quarter with you."

If we start with what we have in the bill of the distinguished chairman of the Committee on Agriculture, the Senator from Louisiana, we will go to conference and make an honest fight. The result might well be something of the kind that the Senator is offering. I do not know. Frankly, I do not like the concession even in the Senator's amendment. However, since we are dealing with possibilities and realities, we might arrive at something like this. I would not like to see us concede half our bargaining position tonight, when all afternoon we seemed to agree, with few comments to the contrary, on the position of the administration and the chairman of the Committee on Agriculture and Forestry.

There is one other thing I should like to mention. I do not remember this amendment being offered in committee.

Mr. McCARTHY. I do not believe the Senator means to argue that no Senator can offer anything on the floor of the Senate that he has not offered in committee. The Senator knows how the committee operated on the bill.

Mr. MORTON. It is a delightful committee. It operates like a page out of Dickens. I am proud to be on it. One of the real reasons I want to be reelected is that I like the wonderful atmosphere which prevails in the Committee on Finance. It is the only thing I go to without having to pay an amusement tax. I like to serve on it. I love my service on that committee. If it were not for that committee and the Senate baths, I do not believe I would seek reelection.

Mr. McCARTHY. The committee seemed to be in a happy mood at the time they were considering the pending bill. I did not want to disturb that atmosphere.

Mr. MORTON. This was a highly controversial bill in committee. The Senator had every reason to feel that if there were any support——

Mr. McCARTHY. Is the Senator arguing seriously that I should not offer the amendment because I did not offer it in committee?

Mr. MORTON. No; but the Senator is already giving away half of our position.

Mr. McCARTHY. I am urging a position which I think is entirely defensible, and which I believe the conferees will be able to sustain if the Senate adopts the amendment. I am asking them to go into conference and stand firm and hold the line. I told the Senator from Oklahoma earlier that I had in mind offering an amendment relating to the global operations, and that I would present it on the floor of the Senate.

Mr. MORTON. The Senator has served in the other body, as I have. He knows that the Members of the House are a fine group of men, but tough bargainers. I do not think we should, tonight, give up half of our bargaining power.

Mr. McCARTHY. I have been successful in conference, even on matters that were contrary to the position of the chairman.

I have also seen occasions when, even before we saw the whites of the eyes of the House Members, a member of our conference committee said, "I move that the Senate recede from its position and accept the House amendment." There was no fight even with respect to half of it. Even before we could get to the conference room this Senator shouted, "I move that we recede from the Senate position." I am trying to firm up the position of the conferees.

Mr. MORTON. If the Senator goes half way we might not even get to the Supreme Court chamber.

Mr. McCARTHY. Or to the rotunda. I am trying to prevent the Senate conferees from backing up from where they are now.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. ELLENDER. The distinguished Senator from Illinois has asked most of the questions that I had desired to propound. I notice that the Senator has fixed a quota of 1,500,000 tons for Cuba.

Mr. McCARTHY. I intend to ask unanimous consent to change that. This is the estimate of what is left to them now. The fact is that that is about all that is left when we take away a million tons, because about 700,000 tons have already been eroded by giving it to domestic producers, and by other means.

Mr. ELLENDER. Under the pending measure Cuba would receive a little more than 2,400,000 tons.

Mr. McCARTHY. If that is the case, I wish to ask unanimous consent to have the Cuban quota remain what it is under existing law. The 1,500,000 figure was put in by mistake. I would leave with Cuba everything except a million tons, which is allocated in the formula I propose.

Mr. ELLENDER. Where would the Senator get the million tons?

Mr. McCARTHY. The Senator from Louisiana said that Cuba has——

Mr. ELLENDER. About 2,400,000 tons at the most.

Mr. McCARTHY. After what?

Mr. ELLENDER. That is its quota under the pending bill.

Mr. McCARTHY. Under the bill?

Mr. ELLENDER. Yes. The Senator is allocating over a million tons.

Mr. McCARTHY. Yes.

Mr. ELLENDER. The Senator could not set aside as much as 1,500,000 tons.

Mr. McCARTHY. The language was put in by inadvertence. My point is that Cuba would retain all of its present quota, its legal quota, with the exception of 1 million tons, which would be allocated.

Mr. ELLENDER. The Senator would not have any to allocate if he gave to the countries named in the Senate bill the quotas he proposes. If added together the amount of the sugar that is allocated——

Mr. McCARTHY. That figure should not have been put in. The foreign allocation is something like 3,890,000 tons.

Mr. ELLENDER. Domestic?

Mr. McCARTHY. Foreign.

Mr. ELLENDER. But does that include the Philippine allotment?

Mr. McCARTHY. Yes.

Mr. ELLENDER. If we take the Philippine allocation from the entire allocation, plus the domestic allocation, there is left 2,800,000, in round figures. Of that amount Cuba would receive, under the bill, about 2,450,000 tons.

Mr. McCARTHY. The total foreign allotment is 3,890,000 tons.

Mr. ELLENDER. That includes almost a million tons for the Philippines.

Mr. McCARTHY. Yes. If we take the Philippine allocation plus my proposed reallocations and those that are in the historic allocations, it comes to 2,372,000 tons. If we subtract that from the 3,890,000 tons, it leaves 1,500,000 tons for Cuba. I said the figure of 1,500,000 should not have been made specifically. It would be what is left.

Mr. ELLENDER. With all due respect to the Senator, I do not believe there would be as much as 900,000 tons to distribute if Cuba were allocated the 1,500,000 tons which it is proposed to allocate to all other foreign producers the amount specified in the bill.

Mr. McCARTHY. A portion of the Cuban tonnage would be in the world market and it could be returned to Cuba at the proper time.

Mr. ELLENDER. But the Senator would allocate on a permanent basis practically all the Cuban quota with the exception of 1,500,000 tons.

Mr. McCARTHY. That is correct; about half of it.

Mr. ELLENDER. That is all that could be allocated to Cuba if she should return to the fold.

Mr. McCARTHY. Under the terms of the bill, that is correct; that is what I propose to do.

Mr. DOUGLAS. Does not the same objection fall upon this point as upon the House bill, namely, that Cuba originally had 3,200,000 tons; the administration reduced the allotment to 2,500,000 tons; and the House proposes to reduce the allotment to 1,500,000 tons?

Mr. ELLENDER. That is correct.

Mr. DOUGLAS. Would not this be very difficult for the anti-Castro Democrats to agree to? Would it not be very hard to get their support if they knew that upon coming back they could have only 1,500,000 tons? The administration bill would provide 2,500,000 tons.

Mr. McCARTHY. My amendment would give them more incentive than would the House bill.

Mr. DOUGLAS. But not as much as the Senate committee bill provides.

Mr. McCARTHY. That is quite right. The other point, which I mentioned earlier, is that the Senate bill provides that at the end of 5 years no premium payment would be made in any case, so there is a serious question whether their coming back would be profitable. The incentive would be reduced by the fact that they might come back at the world price, which does not allow for the payment of a living wage.

Mr. DOUGLAS. The junior Senator from Minnesota is always frank, honest, and honorable in all his dealings. I know it is difficult to deal with these complicated factors. The Senator now says that Cuba would get only what would be left. I ask him if he will check his figures again to see if he has not double-counted the Philippines. If he has double-counted the Philippines, Cuba could be left with almost nothing. I wish the Senator would have his assistants check the figures.

The Senator from Minnesota is a shrewd, disarming man. Was not the comment of the Senator from Kentucky [Mr. MORTON] well taken? Could it not be summarized by saying that if there were a 50-50 split now, even before a compromise, it is likely that the compromise at the end would be 75-25? Even a 50-50 split would be a very bad thing and I believe his amendment, even as a compromise should be rejected. Would it not be better, as the Senator from Kentucky suggested, to try first to get 100 percent, and then try to stick by it, rather than to start to retreat before the conferees enter the conference?

Mr. McCARTHY. If the Senate conferees wish to compromise something in conference, I suggest that they might retreat from the Senate position, which provides for the phase-out of premium payments to the quota countries. I do not think it is defensible to say that over a 5-year period we would reduce the payments to the point where we will buy sugar at the world price. If it is necessary to make some concessions to the House on that point, we could hold this line; and there are other areas in which a compromise might be made. The Senator from Georgia [Mr. TALMADGE] has a compromise position which he discussed in committee. This might appease the House.

Mr. MORSE. Mr. President, will the Senator from Minnesota yield?

Mr. McCARTHY. I yield.

Mr. MORSE. Do I correctly understand that by his amendment the Senator from Minnesota proposes to divide a part, but not all, of the Cuban quota among foreign suppliers?

Mr. McCARTHY. Yes; slightly less than half.

Mr. MORSE. Do I correctly understand that the domestic producers would not get any of that division of the quota?

Mr. McCARTHY. My amendment does not relate to domestic producers, because in the bill we have already extended the share of growth incentive to domestic producers.

Mr. MORSE. That is true. That satisfied them, as I understand their position, because they understood that all the rest would go on the world market. The Senator from Minnesota has offered an amendment which would take a part of this amount off the world market and put it on a real quota basis by adding to the quota of foreign suppliers. So it seems to me that the domestic producers would be bound to feel that they ought to get some additional share of the quota division proposed in the Senator's amendment, if it is proposed to change what are considered the rules of the game by adopting the McCarthy amendment, when they thought that if they went along with the additional allowances to them under the Senate bill, the rest of the Cuban quota would go on the world market. That will no longer be the case.

I suggest that those of us who come from sugar-producing States will have to do some answering with regard to the position which will be taken by our domestic producers. They will ask "Why did you not seek to have a part of the quota division, which the McCarthy amendment proposed, added to the concessions already made to the domestic producers?"

Mr. McCARTHY. I do not think the Senator is speaking after having consulted with any of the domestic producers. So far as I know, the domestic producers were favorable to the program I have proposed. They were opposed to the idea of a global quota in the beginning. They were in favor of a larger allocation of the American market to domestic producers. But so far as the remainder of the tonnage is concerned, they did not ask for quite so much as the Senate has given them in the bill.

Mr. MORSE. Was that because they did not want more, but asked for what they got because they thought it was all the traffic would bear?

Mr. McCARTHY. In part, I think it was because they were in favor of a balanced program. They could have said, "We want to produce all the sugar we can market. The potential is here." It is a question of how the subsidy is met and how the cost is explained. I think we have arrived at a reasonable, balanced program as between domestic production and supply and foreign supply.

So far as I know, all the domestic producers were opposed to the global quota idea. They did not want to have the Cuban quota thrown into the open market. They were in favor of having it allocated. At least, they should be as much opposed to the Senate committee bill as to my amendment, because the committee bill puts over 2 million tons of sugar in the open market under the committee bill, as compared to approximately 1,500,000 tons under my amendment.

It seems to me, so far as their position is concerned, that to the extent they were opposed to global quotas, they should be more favorable to my amendment than to the action taken by the committee.

There is no opposition to my amendment from the domestic growers, although there was opposition when the general proposal of global quotas was under discussion some months ago.

Mr. MORSE. Does the Senator from Minnesota know of any opposition to the Senate committee bill on the part of domestic producers?

Mr. McCARTHY. The sugar industry generally favors national quotas; and to that extent they should be more in favor of the bill with my amendment than without it.

I do not have a signed and sealed document to support that position, but I think it is a fair judgment of the position of the entire domestic industry.

Mr. MORSE. That is why I am carrying on this colloquy with the Senator from Minnesota. I do not know what may be the position of the domestic producers in regard to the Senator's amendment; but I ask him whether he thinks I am correct in the impression I have formed regarding the position of the domestic producers about the Senate committee bill—namely, that they prefer the Senate committee bill to the House-passed bill.

Mr. McCARTHY. I do not think such a statement has been made; and, so far as I know, it might not be true.

However, I intend to put in the Record statements of or testimony by the Puerto Rican sugar industry, the Hawaiian sugar industry, and various other sugar industries, all of which agree that global quotas would be a great mistake.

Mr. MORSE. Does the Senator from Minnesota think I am in error in my impression that the domestic producers were pleased with the increases in allocations which they would gain from the Senate committee bill?

Mr. McCARTHY. I think they will be pleased, because even though they may feel that would give them a little more than they can absorb right now, yet I do not think they will say that publicly.

But I say this in view of the position they took earlier. The opinion expressed by some who are supposed to be experts in this field was that 63 percent was about all they could absorb now. So to give them 65 percent would create some problems, and there would have to be some holdback until they could get the other mills ready. But the original idea was to give sufficient acreage to permit the addition of one mill a year. So if even more is given, the question will be what to do with it—whether to allocate it to the areas now producing, and give the mills which are operating there an opportunity to expand their production; or to hold it back until enough accumulates to make it possible for a new mill to be built.

So, for that reason, although I think that what the Senate committee bill provides may be too much, yet I do not think they will say they cannot live with it.

Mr. MORSE. The Senator has answered my question. I merely wish to have the record perfectly clear, for the benefit of the sugar producers in my State, because I have heard from them in regard to the House-passed bill, and there was no doubt that they sought the advantages the Senate committee bill gave them by increasing their allotments. But I have not heard from them in regard to the Senator's amendment because there has not been time to hear from them about it. So I raise this point because I wonder whether those of us who represent States in which sugar-producing industries are located might be confronted with the question of why we did not seek to have some of the additional allotments that the Senator from Minnesota now proposes to have given to foreign suppliers, given as a further increase of the domestic allotments.

Mr. McCARTHY. My amendment would not give other countries a larger quota than they receive under the terms of the Senate committee bill. The point is that my amendment would give them more of a quota on which premium prices would be paid.

However, let me say that if the Senator from Oregon finds that he is in trouble in his State in connection with this measure, let me say that I will be in worse trouble, because there are approximately 95,000 acres of sugarbeet producing land in my State; and if my amendment would cause them trouble, surely I would have heard from them by now.

As a matter of fact, if the position they took in opposition to global quotas was taken on the basis of their actual belief—and I have no reason to doubt that it was—then I think they will support my amendment as certainly better than global quotas. They might prefer to have all of it allocated, but it is obvious that that will not happen at this session of Congress.

Mr. MORSE. I thank the Senator from Minnesota for helping me make the legislative history on this point.

Mr. McCARTHY. I appreciate the questions the Senator from Oregon has asked, because I think he has helped clarify the point.

Let me say that if there are other Senators who are concerned about the beet sugar industry in their States and the situation of those industries under the provisions of my amendment, I hope they will ask questions, too.

Mr. President, the Sugar Act has been in effect since 1934, and I think the Record shows that it has worked remarkably well since its inception. In my opinion, the successful working of the act is attributable to a number of things. First, it was conceived on sound principles; and the objectives were stated clearly; and the program was designed to accomplish them, insofar as one can hope to accomplish them in a rather difficult area of the world—Central America and the Latin American countries.

I know the program has not solved all the problems in Latin America. After all, the Sugar Act was not discovered by many Members of the Senate until the Castro developments occurred. Until that time, even though the act had been in effect for about 25 years, it had not achieved prominence. But with the emergence of Castro, suddenly some discovered that the answer to all the problems of Latin America was to be found by adjusting the sugar quotas. That was the answer reached by the Senate last year.

This year the answer is to take away all the Cuban quota and reassign it to the countries of Latin America, and that will solve the problems of Latin America. In other words, the idea is that by using the former Cuban quota to aid the Alliance for Progress, real progress in that part of the world will be made.

However, I suggest that if we pay attention to the problem and if the administration will give serious attention to the allocation of quotas based upon internal reforms and existing conditions in these countries, there is a possibility that we can do some real good by allocating the quotas and, particularly, by paying reasonable premium prices to those countries.

Certainly no one thinks that if our Government collected all this money and turned it over to the government of one of the Latin American countries, all of a sudden the money would get down to the ordinary people. The record thus far does not show that that would happen and that such a procedure would be a better way.

On the other hand, I think there is a real possibility that a properly adjusted sugar quota program could bring about improvement in the conditions existing in the Latin American countries. In fact, we know that has happened in some countries, although the indications are that in some countries the reforms have been slow and inadequate. However, we find that in other countries there has been great improvement in the way the sugar workers have been treated; and when that has happened, I think it has been due to the fact that we have been willing to assign quotas and to pay premium prices.

However, if the sugar production of those countries had been sold in the world market, I think the conditions which then would have developed in the Latin American countries would have been worse than the present. The fact is that we must be satisfied with rather slow progress; that is all we can hope for under the circumstances.

Some persons say that our responsibility in this situation is only to pass judgment on history and to say that if everybody else was like us, things would be much better. That is like saying that if a man is drowning, one should stand on the shore and yell to him to take a great big deep breath of fresh air.

However, this is one way to deal with the existing problems—in other words, to acknowledge that the problems are complicated, and that the program has certain defects, and that it has not been administered as well as it might have been; but to realize that at least it is better to continue with it than to throw out the entire program, and to realize that the answer to the existing difficulties is not to create chaos—which is what, in effect, we would do to the entire sugar industry if we were to throw 2½ to 3 million tons of sugar into the world market and put it up for grabs between ourselves and the Communist nations.

So the program is based on sound principles, and I believe it has been reasonably well administered, considering all the difficulties; and I think this is a case in which the cooperation between Government and industry has been commendable. True, there are some faults, and there has been some profiteering and some exploitation. However, taking all together, I think this sugar program is one of the best examples of the way in which Government, together with industry, cannot only work out domestic problems, but also can make some progress in the solution of international problems; and I do not think the record in connection with this program is so bad that we should take the drastic action of throwing all of this sugar into the world market and then proceeding to buy the sugar we need for whatever price we have to pay for it—whether 2 cents or 5 cents or 10 cents, if the price were to go to that.

The country-by-country quotas with price incentives have proved their value and their workability, I think, in protecting the supplies to the consumers in this country, under all conditions.

For example, a brief reflection on what happened to the price and to the supplies of sugar during World War I, in contrast to what happened in the course of World War II, indicates that that is about the best practical evidence we have as an argument for continuing this program.

There are some who say the next war will be a short war, and that we do not have to be concerned about those supplies. I might note that this same philosophy is not being followed with regard to the quotas on foreign oil imports into this country.

If I may have the attention of the Senator from Oklahoma [Mr. Kerr], I have just raised the question of oil, and I thought the Senator might want to respond. One of the arguments made in support of the sugar program was that we needed an assured domestic supply in case of war. Some say it is no longer important to have an assured domestic or foreign supply, and that since the next war will be a short war, we do not have to be concerned about it. This is not a sound argument. It is not an argument that is accepted with respect to quotas of foreign oil imports into this country.

Mr. KERR. Mr. President, if the Senator will yield, I do not know of anyone who can assure us that if we have another world war it will be a short war.

Mr. McCARTHY. That is correct. So we ought to have a reasonable supply of sugar within reach of the United States, or at least produced by countries which are in some way committed to us or are friendly to us, instead of going into the open market to seek sugar.

The Communist bloc controls two-thirds of the sugar which goes into the world market. Since that is a fact, this is not a particularly good time to embark upon a kind of untested program to subject all of our foreign supplies that we do get from the world market to the manipulations of the Communist bloc.

Those who are in the oil industry have had some experience and familiarity with the manner in which oil supplies have been manipulated by the Communists. Perhaps that is a more important commodity than sugar, but I submit that sugar is a very important commodity.

In addition to all these facts, I do not think it is wise for the Senate to approve what is evidently a suddenly conceived idea that the way to progress is to go into the world market and buy sugar at whatever price we have to pay on the world market.

I think it is obvious that the economies of the countries which have been supplying sugar to the United States, and those which would supply a quota granted to them for a reasonable premium price paid to them, would certainly suffer severely if they were thrown into the world market and called upon to sell their sugar in that kind of unreasonable and unfair competition.

There is some reason to question whether or not the sugar quota premium, if it is held back, would improve our budget or help our balance-of-payments situation, since, insofar as I know, every one of the countries from which we buy sugar and for which we pay premium prices today is a country in which the balance of payments runs against us. In other words, they are buying more from us than they are shipping to us. They owe us money. These are countries than have an unfavorable balance of trade with the United States. For every dollar we spend there, they buy more than a dollar's worth from us. Therefore, the effect might be to make the balance of payments even worse than it is now.

This balance-of-payments argument is one that can go to infinity, once we enter into it. Since some have made arguments that it would help the balance of payments, I think, in opposition, I could also make a rash judgment. One rash judgment calls for another. Sweeping analysis on economic trends and economic history have been made here today. I would like to place a question mark after each of the declarations and say there is reason to doubt whether any good, would be accomplished by global quotas with respect to payments and flow of gold.

The establishment of global quotas would adversely affect domestic producers, consumers, and refiners. In my opinion, this could very well happen. If the judgment of those in the sugar industry is to be relied upon, this is their opinion. They believe that to throw this sugar supply upon the world market and seek it there would be bad for domestic producers, consumers, and refiners. I know of no one in the industry who has disagreed with this statement. This is their position. We are preparing to put approximately 2 million tons in the world market, or to throw it into what is called a global quota.

I should like to take up some of the arguments that have been advanced by those who propose the global quota and premium recapture program. In a general way, these are the arguments that have been made:

First, that the proposed program would better insure adequate sugar supplies for the United States. I do not know how we could insure more adequate sugar supplies for the United States than we are now getting under existing legislation, under national quotas. We have all the sugar we need. We have tried and trusted suppliers who are willing to supply more. The reason is that we have been paying those suppliers a reasonable price and giving them reasonable quotas. This fact was demonstrated during the war, when they could have gone into the world market and obtained higher prices than we had been paying, but they continued to supply us.

So, on the record, we have adequate supplies, and, second, under difficult conditions, with the temptation to sell on the world market, they continue to supply sugar to us.

It might be argued that we are paying too much. If someone wants to make a case that the premium prices are too high, that they are unreasonable, that they should be cut down, that case should be made; but that case has not been made. The argument has been made that we should go into the world market and buy sugar at whatever price sugar is being sold for.

The second argument being made is that U.S. purchases in the world market would stabilize and increase world market prices. This depends upon the condition of the sugar market. It might be possible, under certain conditions, for example, if the United States went into the world market to buy 3 million tons of sugar, to stabilize prices; but if we accept, at the very beginning, the fact that there is an oversupply of sugar in the world market today, we would have the same condition we face in this country with respect to oversupplies of agricultural commodities.

In the pre-New Deal days an effort was made to establish a program of buying stability back into the market. The Senator from Louisiana [Mr. ELLENDER] is familiar with that. The Government was to buy enough to stabilize the market. The program had to be abandoned. We have experienced the same thing under the farm program, which the Senator and I are trying to change. The idea that if we buy enough, we must stabilize prices, is correct if there is a limited supply; but when the supply exceeds the expected demand and there are no organized sellers, what happens? The very thing we have seen here; and that very thing will happen on the world market. The price will be depressed to the point where it will not bring a fair return or a fair profit to the person producing and distributing it to the country. This is certainly the case in the world market. We are up against separate and impoverished suppliers who are in no position to try to control the supplies on the market.

In the market one will find the Communist bloc, which will play with its trade with sugar or with any other commodity in any way helpful to its purposes. It will seek to disturb a country internally or to disturb international relations. Despite this we would say, "Fine; we will give you 2 or 3 million more tons of sugar with which to play your game." This is the proposal included in the bill reported by the Senate Committee on Finance, which suggests that all of the Cuban quota be thrown into the market and be put up for grabs by the Communists or by us or by anyone else.

Under those conditions, there would be an oversupplied market, supplied by poor people who would not be in a position to attempt to control the release of their product on the market. The situation would be much like the one that existed in the United States in the agricultural depression. Eight cents, ten cents, or twelve cents a bushel would not pay for the cost of production, but would people sell at those prices? People were glad to sell at those prices. There could be a similar situation in regard to international trade with respect to sugar.

It has been argued that with a lower price paid by the United States in the world market the foreign countries would tend to reduce world overproduction and particularly the overproduction among the U.S. suppliers. This is an old argument. We hear this argument every time the Senate considers a farm program for the United States. It is said, "If you reduce prices, everybody will stop producing." We know that this argument is not sustained in regard to domestic agriculture. There is no reason to believe that it would be sustained in regard to the world sugar market, particularly since many of the producing areas, because of the nature of the islands or the countries, or because of an inability to adjust, will produce sugar. This is the only crop which these countries are able to produce or know how to produce.

That is another argument which is made which is not sustained in theory or on the record.

Fourth, there is the argument that the premium capture will help to balance U.S. budgets and improve the balance-of-payments position. I discussed this earlier. This is subject, I think, to some very severe and direct challenges.

Fifth, it is said that the global quota will make it easier for the Cubans to reenter our market. I think the fact that we would allocate some of the Cuban quota on a 4-year basis might be of help. If other countries get used to having the quota, they will protest returning it to Cuba, but I do not think it would be inevitable that we would not return some of the quota to Cuba if political conditions in that country should improve.

Some changes are taking place in the Cuban economy now, as a result of which Cuba might not wish to produce 3 million tons of sugar for the American market. I think it was a mistake through the years not to try to bring about some adjustment in the economy of Cuba, so that Cuba would not be so dependent on one export crop.

Senators have talked about the need for keeping the quota, which would make Cuba a one-crop country in the future. At the same time, Senators have talked about the reasons why it is necessary to diversify industry and agriculture in the other Latin American countries, so that they will not be one-crop countries. Where is the consistency of those arguments? What is the value of an argument that we should keep the quota, which would maintain Cuba as a one-crop country, while we talk about the fact that other South American countries should not be dependent only upon cotton or coffee, or that countries in other parts of the world should not be dependent upon tin alone, or whatever the particular commodity may be?

It has been our policy to seek a diversification of industry and of agriculture, yet there are those in the Senate who are saying, "We must keep this quota so that Cuba will remain a sugar-producing country and not much else."

We ought to look at the total picture in this case. In addition, there is some talk about returning the quota to Cuba. I raised a point in this regard earlier. The Senate bill provides a 5-year period. After 5 years there would be no premium payment to Cuba. Unless Cuba should reform within 5 years, there would be no premium payment. If Cuba should reform within 2 years, Cuba would get a premium payment somewhat better than the world price, and after 4 years Cuba would get a premium payment only 20 percent above the world price. After 5 years Cuba would return to a share of the world market, under the provisions of the bill. It has been said that even a share of the world market would be gratefully received by Cuba at that time, because Cuba can produce somewhat more efficiently than some of the other countries because the transportation problem is easy to solve. That may be true, but I suggest that if it is hoped that the thing which is to bring Cuba back to us is the advantage Cuba has because of transportation costs between Cuba and the United States for sugar, with no premium payment to them, we are hanging our hopes on a very thin thread.

I think the administration should have given us a better argument for global quotas than this. I refer not only to the administration, for others are making the same case.

Another argument which is made is that the Government agencies would be relieved of pressures from foreign countries which are seeking quotas. I suppose that would be true. If we think that the Government agencies and the Congress should be relieved from all the pressures of people who are seeking quotas, well and good. If we think that the administration should be relieved from all the pressures from countries which are seeking special privileges or quotas, or a share of the Alliance for Progress money, to whom should we turn for the making of such hard decisions? We could say, "We cannot trust the administration to make them. We cannot trust the Congress to make them. Perhaps we could get some Wall Street firms to take care of the situation for us." That would mean getting businessmen into the Government. No one would say that there is pressure on businessmen, when people come looking for contracts that would be as free as the air.

This is an argument about Government agencies. This is one of the arguments against having the Congress allocate quotas. Some say that Congress should not be subject to such pressures, that Members of Congress should be protected from the lobbyists who descend upon us. Perhaps we should be. Perhaps the administration representatives should be protected from lobbying pressures. Perhaps we should not let them talk to anybody. Perhaps we should all go up on the mountainside and stay for 3 months, as some primitive tribes do, to solve all our problems, and then come down to say, "Here is the law."

That is not the way a democratic government such as ours works. We are subject to pressures all the time.

If we wish to let decisions be made by the free pressures of international markets, let us apply that principle everywhere. Let us apply it to the oil situation. Let us not provide a protection for 85 percent of the market for domestic oil production. Let us have a world market in respect to oil.

There is pressure on someone whenever the question of the allocation of oil is being considered by the Government. I think there is pressure on somebody whenever the question of textile quotas is under consideration.

These decisions are not made in a vacuum; yet suddenly, when we consider the problem of sugar, it is said, "We cannot subject ourselves to any kind of pressure. Congress should not be subjected to these pressures, and members of the executive branch of the Government should not be subjected to such pressures."

This may be true. I think it is a kind of defeatist attitude. I think it shows a lack of confidence both in the Congress and in the administration.

My friend the Senator from Oklahoma suggested, with respect to my previous amendment, that I showed a lack of confidence in at least one member of the executive branch of the Government. I suggest that if the Congress should refuse to face up to making these decisions it would show a lack of confidence both in the Congress and in the executive branch of the Government.

I am not willing for the Congress to go all the way in either case. I am proposing a real compromise. I am accepting as a basis for my amendment the quotas which the members of the executive branch of the Government determined to be proper last year.

I assume that the administrative branch was relatively free from pressure. I am suggesting only that Congress have the boldness or confidence to accept quotas which were arrived at by the executive branch of the Government, and to moderate them somewhat, to show our lack of complete confidence in the executive branch and also in ourselves. This, it seems to me, is more of a compromise than we are really called upon to make. I suggest that we say, in addition, "We will let the free market for sugar take care of a part of the problem."

Everyone should be happy with that proposal. It shows some confidence in the State Department and in the administration. It shows some confidence in the Congress. It shows some confidence in the world market. It is not often that a man has an opportunity to support a program which spreads confidence around as broadly, as freely, and as properly as I think my amendment spreads it around.

It has been said that the premium capture would enable us to extend aid more effectively to those who need it, thus producing a better distribution of sugar dollars. This may be true. The allocation of quotas by the administration in the bill which it sent to the Congress, with respect to historic quotas, could have been better. An allocation of the Cuban quota might be better arrived at than that which I would provide in the amendment I have offered. But I do not think it has been established, if we were to draw back the whole program or to take back half of it and turn it over to the State Department, the Alliance for Progress, and AID, that the sugar dollar would be better used or would reach more of the ordinary people than would be done if the administration had come to the Congress with realistic and solid proposals for reallocation of the sugar quotas on a country-by-country basis with a provision for premium payments. This is my opinion.

I offer this compromise or halfway measure, if one wishes to call it that, because I believe less harm would be done under it than would be done if we should throw the quotas into the global market.

The way would be left open to determine reasonable country-by-country quotas. The executive branch of the Government might make a real study of the sugar industry on a country-by-country basis and come back to us. Certainly we will have served notice on the countries involved that Congress is concerned over their failure to use the sugar program to improve the living conditions of their people. By accepting the measure as a halfway proposal—a compromise measure—we will certainly have served notice on them that we will give them time to make some adjustments. We will give the administration time to bring to Congress some solid proposals for consideration next year, and we shall not demoralize the sugar market as most of the people in the domestic sugar industry believe global quotas would demoralize that market.

I think those are sound and reasonable arguments. I think they deserve the attention of the Senate, as they might have deserved the attention of the Finance Committee had I been given time or the opportunity to present them in that committee. I hope that Senators who in times past have reversed the Finance Committee will not feel that the fact that I did not expose the full virtue of the amendment in that committee is any reason for not acknowledging its virtue on the floor of the Senate.

The final argument that is made against the global proposal is its possible injury to the domestic industry. The opinion of those in the domestic industry as stated to the committee is that global quotas could result in serious injury to the domestic industry. I know of no better witnesses to call on that point than the representatives of the industry itself. We have been listening to such witnesses testifying on the question of the taxation of corporations doing business overseas. Some people say, "You cannot get better testimony than that of men who are engaged in overseas business."

We have a Sugar Act. We have the testimony of men who are engaged in the sugar business. All of those witnesses—cane and beet growers, processors and refiners—have said, "This would be demoralizing. This is bad for domestic industry." Yet I suppose the testimony of those witnesses is to be cast aside as incompetent.

Does the Senator from Wisconsin wish me to yield?

Mr. PROXMIRE. I wish to ask the Senator a question when he is through.

Mr. McCARTHY. I may be some time.

Mr. HUMPHREY. Mr. President, will the Senator yield to me?

Mr. McCARTHY. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I merely wish to ask a question with reference to the Dominican Republic. The sugar quota for the Dominican Republic is a matter of great international importance, whatever may be the procedure that is used in terms of the purchase of sugar from the Dominican Republic. What does the amendment of the junior Senator from Minnesota include for the Dominican quota under the formula which he has developed?

Mr. McCARTHY. The Dominican Republic has a historic quota of 111,000 tons. In the committee bill it is suggested that the 111,000-ton allotment be continued. That is called a historic quota. It goes back before 1961. Last year when the Cuban quota was reallocated, the Dominican Republic was given 222,000 tons additional. My amendment would give them not 222,000 tons, but 75,000 tons. My amendment provides that any country that supplied us with more than 300,000 tons, to make up the deficit resulting from our closing off the Cuban supply, be given 100,000 tons. Any country supplying us with a somewhat shorter quantity than that, down to 150,000 tons, would be given 75,000 tons. So my amendment would result in the Dominican Republic receiving 75,000 tons. On the basis of the figures that have been used here, the subsidy would involve about $50 a ton.

The Senator can see that three-fourths of $50 million would be involved by way of increased payments to the Dominican sugar producers. All or much of that quantity, we assume, would filter down to the workers and everyone else involved in the production of sugar in the Dominican Republic.

Mr. HUMPHREY. Does the Senator recall the amount provided in the House bill? I do not have a copy before me.

Mr. McCARTHY. The House bill provides that the quota for the Dominican Republic shall be raised to 200,000 tons, and that it be given a reallocation from Cuba of 150,000 tons, which would result in a quota of 350,000 tons.

Under my amendment the Dominican Republic would receive roughly half of that amount. The House has proposed a total allocation of 350,000 tons to the Dominican Republic. My amendment would propose 111,000 plus 75,000 or about 186,000 tons.

Mr. HUMPHREY. I wish the amount for the Dominican Republic were larger. Later in the debate I intend to have something to say about the sugar quota for the Dominican Republic. It seems to me it is one of the most crucial areas of the Latin American region, and we ought to be exceedingly careful in what we do about it. Sugar is an important commodity to the Dominican Republic and we should be generous in our purchases in order to help strengthen the economy.

I wish to ask my colleague another question. Is it not a fact that many of the countries which during the past few years have lived under the so-called quota system—under the so-called historic quota in particular, and some under recent allocations—have given their workers substantial increases in terms of social benefits and wages? I refer to Mexico, Peru, Costa Rica, and some other countries.

Mr. McCARTHY. The people from those countries who have spoken before our committee indicated that what the Senator said is correct. We asked almost every witness who appeared what was being done in his own country. Almost everyone said there had been some improvement. But, as I recall, the three countries named by the Senator were among those that reported marked improvement in wages, welfare, and working conditions of the sugar workers.

Mr. HUMPHREY. Will the Senator permit an observation?

Mr. McCARTHY. I yield to the Senator.

Mr. HUMPHREY. As I understand the argument against the so-called country quota system, it is that the benefits do not accrue or flow to the workers and to the local governments in terms of social improvement.

Mr. McCARTHY. That is one of the arguments that is made.

Mr. HUMPHREY. Is it not a fact, however, that if an overall global system were adopted, the moneys that would be collected under that system by our Government, which the Department of State has said it would utilize for the Alliance for Progress, would be paid back to the very same governments that have jurisdiction over the same plantations or sugar facilities in those countries? In other words, we would be dealing with exactly the same social and political structure.

Mr. McCARTHY. Yes, unless it were to be taken from one and paid to another.

I think that would be rather unsettling in Latin America. It might be said, "We bought world sugar from this country. We recaptured some money from it. We turned around and paid it over here." Assuming that the administration could get authority to make that kind of transfer—it does not now possess such authority. There is an assumption that the sugar money can be collected and somehow given to them to use as they see fit.

The other question that the Senator raised is unanswered. That was the question as to whether the country can get the money to the people who need it and to the places at which it is needed any more effectively.

Mr. HUMPHREY. As I understand my colleague, the point he is attempting to make, without going into the exact provisions of all the arithmetic in the formula, is that the global quota system is an untested proposal. It is a calculation alleged to work better than the country quota system, but without adequate proof that the global quota system has any greater virtue to it than the system we now have.

I am deeply concerned about the sugar bill as it relates to domestic production. I am also worried lest we enact a bill that contains provisions which are unacceptable to both Houses of Congress and thereby be forced to return to the extension of the present law.

Mark my words, if we have another 1-year extension, there will be more acres planted into beet sugar, which in turn will mean more refineries, which in turn will mean that every Member of Congress will be asked to support what has already been planted in terms of domestic production. This will result in the entire sugar program becoming evermore complicated insofar as international relations are concerned.

I have taken a rather dim view of the original proposal of the State Department asking for the global quota. I have supported the Sugar Act on the basis of a sizable portion of the old Cuban quota to be allocated on a global quota basis; also, that the historic quota for countries as well as some of last year's allocations such as the Senator has mentioned should be included in the bill. I believe it is a fair and rational approach.

Mr. McCARTHY. I might say, in response to the statement of my colleague, that when the Cuban quota was made available to us it presented us with a great opportunity to set up quotas which reflected the fact that we expected countries to make improvements, and that we would set up temporary quotas with the understanding that, unless improvements were made, the quotas would be withdrawn. I believe this was generally taken into account in the assignment of quotas last year. To the extent that such quotas were considered, this is the base upon which I am proposing the 4-year extension, a limited extension, of these allocations. I certainly do not believe that we should go all the way and throw this sugar into the open market, a market in which there are forced sales.

Mr. HUMPHREY. Mr. President, may I ask one more question? I notice that the Senator's amendment provides:

> (B) Any nation which did not have a historic quota shall also be assigned a quota based on the share it supplied under the reallocation of the Cuban quota, in 1961–1962, as follows.

Does the amendment apply to all the countries that were allocated a portion of the Cuban quota, countries which previously did not have historic quotas but which were included under an allocation of the Cuban quota for the calendar year 1961–62?

Mr. McCARTHY. The Senate bill provides for a continuance of the historic quotas. I do not disturb that provision. Countries that did not have a quota before 1961–62, but which were given a share of the Cuban quota, will receive an allocation according to my formula.

Mr. HUMPHREY. The reason I asked the question is that I notice that the table from which the Senator was quoting shows that the figures are strictly on the basis of 1961. I wonder whether the amendment applies also with respect to a table which might be based on 1962. I understand there are certain other countries included in 1962 which were not included in the allocation of 1961.

Mr. McCARTHY. My intention was to use the 1961 base.

Mr. HUMPHREY. The amendment provides "1961–1962."

Mr. McCARTHY. It runs through June 1962.

Mr. HUMPHREY. The Senator is setting it up through June 30, 1962. Is that correct?

Mr. McCARTHY. Yes.

Mr. HUMPHREY. I thank the Senator.

Mr. McCARTHY. The record on this proposed legislation should be a full record, and I intend to try to make that record in terms of the history of the act, and some of the significant aspects of the legislation which is being considered, and the consequences of it.

As Members of the Senate know, I indicated my willingness to have a discussion of the amendment tonight and to vote on it some time tomorrow. I have really made only a beginning as of now. There has been more interest indicated in the amendment as Senators have come to look at it, and more interest in the program as we have discussed it. I believe it will be another hour and a half before I can finish my statement.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. McCARTHY. Others Senators may wish to speak on the amendment. I yield to the Senator from Montana.

Mr. MANSFIELD. I suggest that the Senator continue to discuss the amendment. The Senator will recall that the leadership tried to reach an accommodation for the benefit of the Senator and some of his colleagues. At that time the Senator told me that he could finish his argument in a half hour and would be prepared to vote on the amendment at a time certain tomorrow. I do not know what more the leadership can do to reach an accommodation which would be of benefit to a certain Member of the Senate and to all Members of the Senate. It is now a quarter to 10. Many of our colleagues have broken their engagements. If we must do so, we ought to be prepared to remain longer. I sincerely hope that the Senator will continue with his argument in behalf of his amendment.

Mr. McCARTHY. While the sugar market has some unusual characteristics, I believe it can be said that the world market is not a representative market.

In 1960 to 1961 world sugar production of approximately 60 million tons exceeded consumption by approximately 6 million tons, an excess production of about 6 million tons, or 10 percent. We know what happens in a domestic market when uncontrolled, unregulated suppliers are producing 10 percent more than the market demands.

In 1961 to 1962 with some acreage cutbacks and less favorable weather conditions, it is expected that production will be brought more nearly in line with consumption.

Ninety percent of the world production is marketed under special arrangements either within a particular country itself or among a group of countries. Only 10 percent, or 6 to 7 million tons, is uncommitted and sold in the world market, whereas 90 percent or more of the sugar produced is at the present time being sold in a protected market. To talk about our insisting that the 2 or 3 million tons we are concerned about be purchased in the open market is to say that we intend to seek to purchase between 25 and 50 percent of all the sugar in the free world market.

Current prices for sugar in the so-called world market do not reflect either reasonable values or production costs for such sugar.

From 1948 through 1958, prices of world sugar averaged 4.11 cents a pound. If 1951, a Korea year, and 1957, the Suez year, are omitted, this average price would be 3.82 cents a pound. These prices reflected fairly accurately production costs in the areas selling sugar in world markets.

Even so, most world market sellers received average prices for all of their sugar which were above world market quotations. This was because of higher prices at which sugar sold either for consumption in the country of production or in preferential markets where conditions were more favorable than those in the world market. For example, during the period 1948 through 1958 Cuba sold approximately one-third of the sugar output at an average world price of 4.11 cents a pound and approximately two-thirds of her output in the United States at an average price of 5.14 cents a pound, both f.o.b., Cuban basis.

The reasonableness of sugar prices and the extent of their balance with production costs from 1948 through 1958 is shown by the fact that there was an increase in world sugar production approximately in line with the increase in world consumption. Since this period, production costs have increased due to a number of factors, the principal of which are higher wage rates and higher prices for materials and supplies. With this increase in production costs on the one hand and the drastic decline in world sugar prices on the other hand, current quotations are far below costs in most of the countries which sell part of their sugar in the world market.

A question which I think needs to be raised is whether or not, accepting this to be a fact, we wish to encourage and add our support to participation in the world market, in which sugar is being sold at less than production costs.

Consequently, if these countries are forced, by global quotas, to sell all of their sugar at such prices, their sugar industries will be bankrupt and their economies seriously imperiled.

When Castro came into power in 1959 people who formerly had charge of marketing Cuban sugar were replaced by members of the Castro group. The combination of lack of experience in marketing sugar and the pressure for cash in Cuba depressed the 1959 world price to 2.97 cents a pound. After the United States cut off the purchase of sugar from Cuba, that country turned to Communist countries for the sale of this product.

Cuban sugar currently is being sold, largely to Russia and Red China, at a price of 4 cents a pound, f.a.s. Cuban port of shipment. Although this in part is a barter price, it is the price of record of Communist purchase of Cuban sugar. In fact, it may be less than that. Part of this sugar has been used by the Communists to replace beet sugar Russia formerly obtained from Eastern European countries and part of the Cuban sugar has been reexported. The reexported Cuban sugar and the sale of displaced Eastern European beet sugar, whether by design or by pressure for markets, has reduced the world price to a recent low of 2.05 cents per pound.

It is a fact that Communist countries are now in control of world sugar markets and by shifting their marketing practices can run world sugar prices up or down at will. Latest International Sugar Council figures show that in 1960 Communist countries, including Cuba, produced 19.1 million tons of sugar. In the same year, these countries consumed 12.7 million tons leaving them a surplus of 6.4 million tons for sale on world markets.

Free world countries produced 38.9 million tons, but consumed 40.7 million tons, leaving a net deficit of 1.8 million tons. A surplus of 6.4 million tons in Communist hands, in contrast to a net free world deficit of 1.8 million tons, illustrates the extent to which the Communist bloc can dominate the world market.

The domestic industry believes U.S. sugar supplies from foreign sources would be seriously jeopardized by a global quota-premium capture program, and that the present system of country by country quotas with premium incentives is essential to provide adequate supplies.

This is the opinion of the domestic sugar industry of the United States. I see no reason to change their opinion or to question whether it is correct, since no one else has come forth who is more authoritative or is better qualified on the record to pass judgment on this question.

By changing to a global quota we would be subjecting the foreign portion of our sugar supply to the whims of the Communist bloc. We saw during the first 40 days of 1962 how Communist sugar market manipulation drove world sugar prices down 38 points and then by a change of tactics caused a 30-point rebound.

Under global quotas, the Communists could turn our sugar supplies on or off at will. By manipulating supplies, they could easily drive the world price above any reasonable U.S. price with the result that our consumers would either pay a great deal more for their sugar or be rationed in peacetime. Without quotas, our present foreign suppliers could not be expected to sell to us at a price lower than they could obtain on the world market.

If the Communists should adopt a policy of low world sugar prices, the foreign countries presently supplying sugar to the U.S. market would have to rely on prices which, as we have seen, are far below the cost of production. Sugar production in these free world countries would be certain to drop drastically and the United States would be left to depend directly on Communist supplies for much of her sugar. The Communists could then charge us any price they desired.

The only incentive which present foreign suppliers would have for the sale of sugar to the United States would be the need for dollar exchange. Even so, differentials between prices the Communists are quoted as paying Cuba for sugar and the current world sugar prices could prove so tempting as to close out these sources of sugar to us except through Communist hands.

Country-by-country quotas, coupled with the reasonable and more stable U.S. price as an incentive, insulate U.S. foreign sugar supplies from the world market and hence from potential manipulation by the Communist bloc. The higher U.S. price provides the incentive for countries holding quotas to fill them. Furthermore, quotas permit them to plan production to meet our requirements. Even if they do not meet our requirements, if they have a will to do something about lifting the working conditions under quotas, if we give them a 4-year quota, they will be enabled to make some plans in that area also.

The adoption of the global quota-premium capture approach on the other hand, would be handing to the Russians a major instrument for political and economic warfare. The Russians have manipulated the tin market, the oil market, Southeast Asian textiles—or so we were told when a quota for textiles was recommended—and there is some evidence that there is Russian manipulation in the aluminum market, also. By changing to a global quota system at this time we will be giving the Communists an opportunity to interfere with our sugar supplies.

But at least we have time to keep the door halfway closed, to keep at least one hand and one eye on the door of this program, by having a halfway arrangement such as that which is incorporated in my amendment.

Even in the absence of Communist manipulation, the world market has in the past been more sensitive to international developments. For example, at the time of the Suez crisis in 1956–57 the high and low of the world market price ranged from 3.22 to 6.85 cents per pound, a spread of 3.63 cents—over 100 percent—while the U.S. market went from a low of 5.83 to a high of 6.60 cents, a spread of only 0.77 cents per pound—less than 14 percent. Without the influence of any particular international incident a fluctuation in the world price of 10 percent in 1 day is not uncommon whereas, the range of U.S. prices over an entire year has in recent years been well within 10 percent.

So this program has had a stabilizing effect upon the domestic market, and has had a good effect on the international market. Daily adjustments in the amount of premium captured would, I say, with all due respect to the ability of the present administrators, be an extremely difficult thing to do. As a matter of fact, the manner in which this global capture would take place still remains something of a mystery. I think we have merely approved of something which is simply terminology in this act—something called "global capture."

Mr. COOPER. Mr. President, will the Senator from Minnesota yield?

The PRESIDING OFFICER (Mr. CANNON in the chair). Does the Senator from Minnesota yield to the Senator from Kentucky?

Mr. McCARTHY. I yield.

Mr. COOPER. If there should be a recapture of funds by reason of a reduction in the premium program, what assurance would there be, under the bill, that these benefits could be used, let us say, for the Alliance for Progress in Latin-America?

Mr. McCARTHY. I know of nothing in the bill which would give the administration authority to use this money through the Alliance for Progress; but the administration could say, "Here is money we have captured"—it is really a kind of duty or payment for admitting their sugar to the United States, and so I assume it would be impounded, although at the present time any surplus arising from the Sugar Act goes into the general revenue——

Mr. COOPER. If it went into the general revenue, would it have to be appropriated by Congress, in order to be used for the Alliance for Progress?

Mr. McCARTHY. Yes; so far as I know, this would simply be revenue which would go under the general fund in the Treasury. I suppose it would be argued that since it came to us from Latin American countries from whom we bought sugar at depressed prices, we would have a kind of moral obligation to return it to them under some other program.

Mr. COOPER. I am sure the Senator from Minnesota will agree that the United States has based its policy for economic advancement and political advancement in Latin America on the Alliance for Progress. I understood the Senator to say, in connection with his amendment, that he felt that if the quotas were not specified, there would be such a deterioration of the sugar industry in some of these countries that, in fact, it would cancel or nullify part of the progress and advancement which we hope to have made under the Alliance for Progress.

Mr. McCARTHY. Yes.

Mr. COOPER. Let me ask this question: If the State Department is satisfied with what may be called the historic quota or allotment to X country in Latin America, why would the Senator argue that a policy of Congress of adding to it the additional quotas formerly specified in the Senator's amendment would lead to deterioration of the sugar industry in certain of the Latin American countries?

Mr. McCARTHY. Principally because the so-called historic quotas involve very limited amounts in some few countries; and I think the extension to approximately 8 or 10 more of a share of what was distributed when the Cuban quota was reassigned—which meant that many of them had quotas amounting to 4,000 or 5,000 tons, which was very little—would do little good. Yet in reallocating the Cuban sugar, those were increased. However, the proposition now is to take away all the allocation of Cuban sugar made to those countries under the allocations made last year. But I think the indications are that they have made improvements; and so far as some of the others are concerned, we have not really given them a chance.

Mr. COOPER. Certainly the intent is to bring about improvements in Latin America. Does the Senator say that if those countries were required to sell their sugar in the world market, that would lead to deterioration or collapse of the sugar industries in those countries and would make it more difficult for progress to be achieved there?

Mr. McCARTHY. That is the position of the sugar industry—that it would have an extremely harmful effect on the economy in all those countries.

Mr. COOPER. The Senator has said that he believes in the maintenance of the premium price program. Why does he think it necessary to maintain the premium paid to these countries?

Mr. McCARTHY. Because it is my opinion that the industry witnesses who testified said that present world sugar prices are below the cost of production—that is the first point; and they really raised the question of our obligation to pay those from whom we buy a fair price. I discussed this with the Senator from Illinois, who said we are giving them more than they deserve. But that is not necessarily true. It may be that we are paying more than we would have to pay them, at least temporarily, in the world market; but that is different from giving them more than they deserve. In my opinion, these prices are not unreasonable. Perhaps they should be cut back a little. If the administration had said, "Let us cut it back $25 a ton," we could reply, "Well, let us consider that and, in that connection, consider the testimony." But they did not say that. They said, "We will recapture it and put it into the Alliance for Progress, and then everybody will be happy."

Mr. COOPER. I must say that most of what I have learned about the bill, I have learned here tonight, from the speech of the Senator from Minnesota and from the speeches given by other Senators.

Let me ask whether the State Department representatives or those of other departments who testified before the committee discussed the question of whether the bill as reported by the committee would have adverse effects upon the economies of Latin American countries. On the one hand, our Government is saying that it is essential that we help them—and I see the senior Senator from Minnesota [Mr. HUMPHREY] standing here, and I know he is also greatly interested in the Alliance for Progress. So I wonder whether there was any discussion of that question.

On the one hand, our Government, particularly under the administration of President Kennedy, has been saying—and I agree—that we must do more to assist in the development of the friendly countries in Latin America. Was there discussion as to whether this bill would cancel any part of that program—which we claim is our broad program for political and economic freedom in Latin America? Would it have any effect at all upon it?

Mr. McCARTHY. Many of those who testified—of course most of them were American citizens who were spokesmen for these other countries—testified that they thought it would have serious effects, and that in cases in which good progress was being made and good relationships were being established, this would have a harmful effect. Certainly that was the nature of their testimony.

None of them said that putting this sugar into the global area would improve conditions or help internal conditions in any Latin American country. In fact, there was much testimony to the contrary.

The administration's answer is to come back with the Alliance for Progress. That is all right, if it can be done. But in my opinion we have missed a great chance to reallocate Cuban sugar, on a tentative basis, to various countries in such a way as to be helpful to them, even though it be on a temporary basis, and even though we reserve the right to return it to Cuba.

So there is nothing permanent, in a fundamental sense, about what I am proposing. It is a 4-year operation. I for one—and I think the same is true of everybody who asked for quotas—understood that anything we did would be no more permanent than the terms of the act; that we could back off and take care of the problems. This is as much as I seek to do.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. McCARTHY. I yield.

Mr. KERR. Mr. President, a point of order. Has any business been transacted since the previous quorum call?

The PRESIDING OFFICER. Yes. The quorum call is in order, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCARTHY. Mr. President, I ask unanimous consent that further proceedings under the rollcall be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCARTHY. Mr. President, in earlier discussions with the majority leader, I indicated that I thought I would take about an hour on this measure, which is approximately the time I have taken, apart from responding to questions from other Members. I believe that Senators who are present have listened to the arguments which I have made; and that Senators who are not present will not be moved by anything I have said tonight. They may be moved at some later date.

Mr. President, I have made my case. I have little confidence in the degree of help it will be to our conferees in going to conference without our having taken the step which I have recommended somewhere along the way; but I see little point in pursuing this argument.

I understand that many Senators have committed themselves for the evening, and a rollcall might serve only to embarrass them. It might embarrass me, too.

So, thinking primarily of other Senators, after having made my case, I express the hope that Senators will consider my remarks and that the conferees will give some weight to the argument which has been made by the Senator from Kentucky, even if they give no weight to the argument which I have made.

Mr. President, I ask permission to withdraw my amendment at this time, and I yield the floor.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

Mr. WILLIAMS of Delaware. Mr. President, I object.

The PRESIDING OFFICER. The amendment has been withdrawn.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The yeas and nays have not been ordered on the amendment. The Senator has a right to withdraw his amendment. The amendment has been withdrawn.

The committee amendment is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 12154) was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. HUMPHREY. Mr. President, I am gravely concerned at the possible effect of congressional action on the economy, the alinement, and the general welfare of one of our stanchest friends in Latin America. I am speaking of the repercussions in the Dominican Republic should its present quota of sugar sales to the United States be reduced to the extent provided for in H.R. 12154. The House bill would cut the Dominican quota by 60 percent—that is, to some 350,000 tons a year. The cut proposed by the Senate bill is more drastic still.

Let me just say that this could be a disaster to the Dominican Republic. I have an article in the New York Times of June 25, written by Tad Szulc, which points out the grave implications of such an act for the political stability and basic democratic orientation of the Dominican Republic. Indeed, if the curtailed quota goes through, the direct or indirect result could be the resignation or overthrow of the present Government—the ruling Council of State which is struggling to overcome the legacy of the deposed Trujillo dictatorship. I wish to draw my colleagues' attention to the following passage from the New York Times' article:

> The passage by the House of Representatives of the new Sugar Act curtailing by 60 percent the Dominican share of the U.S. market has created the greatest crisis since democracy here began to take its first uncertain steps. Because the United States pays more for Latin American sugar than the price in the world market, the Dominican Republic depends desperately on sugar sales in the U.S. market to remain afloat economically and move ahead with urgent development programs.
>
> In the view of officials on both sides, the Alliance (for Progress) is dead in the Dominican Republic unless the sugar quota problem is remedied. Failure to do so could lead to potent anti-Americanism and inroads by Communist groups loudly advocating violent revolution.

Mr. President, the second article in my hand is from the Journal of Commerce, a responsible business and financial publication, bearing today's date, June 27. It points out more clearly than anything I have seen not only the Dominican Republic's dependence upon sugar, but also the mighty efforts which the new regime is making to put the Dominican economy on a sound basis. The democratic leaders of the island Republic know that it is unhealthy to be so utterly dependent upon one basic commodity—sugar—and they are striving to diversify their economy, to attract foreign development capital, to redistribute rural income, to improve a deplorable housing situation, and to increase employment. But this whole program of development and progress will go for naught if income from the marketable surplus in sugar is suddenly and capriciously cut off. Economic diversification needs years to be accomplished. Democracy, however, must take root now—this year—or Mr. Khrushchev or Mr. Castro can put another Caribbean trophy in the showcase. For the immediate future, sugar is the key to progress in the Dominican Republic.

I point out that the Dominican Republic would have a supply of sugar exports remaining for sale on the world market, after deducting the U.S. quota as proposed by the House bill, of 600,000 short tons. This is exceeded only by the Republic of China on Taiwan, which by no means depends upon sugar for her economic viability. Under the proposed quotas, the Dominican quota is roughly the same as that of Peru, which is a major producer, to be sure, but which has at least four other major export commodities to fall back on. Sugar accounts for 60 percent of all wages and salaries paid out by the industrial sector of the Dominican economy.

Admittedly, Mr. President, the Dominican Republic is not a low-cost producer of sugar. There is no question that the Dominican sugar industry could be modernized and made more efficient. At the same time, there has been a dramatic rise in wages for workers in the sugar industry since the fall of Trujillo. Wages paid to unskilled cane cutters, for instance, have nearly doubled. Trujillo could afford to keep these people in virtual peonage; the Dominican Council of State cannot. Yet the higher the cost of producing sugar, the more disastrous is a prospective shrinkage in the market. That, unfortunately, is the prospect held forth by the action asked of the Senate today.

The United Kingdom, which in the past has been a major purchaser of Dominican sugar, will in all likelihood buy none in 1962. Only Cuba, whose quota has been cut and redistributed among a congeries of sugar-producing countries, relies upon sales of sugar to the extent that the Dominican Republic does. Cuba's sugar will be bought—by the Soviet Union and the Communist bloc. It will be bought in order to save the regime of Dr. Castro and his Marxist-Leninist cohorts. Is the United States prepared to sacrifice a struggling democratic regime in order to satisfy the demands of interest groups from every conceivable corner of the globe? I hope not.

I wish that Senators would read the materials which I now ask unanimous consent to place in the RECORD at this point. I wish they would study them carefully and decide in their hearts what is the right thing to do.

There being no objection, the articles and document were ordered to be printed in the RECORD, as follows:

[From the New York Times, June 26, 1962]

DOMINICANS FEAR CRISIS OVER SUGAR

(By Tad Szulc)

SANTO DOMINGO, DOMINICAN REPUBLIC, June 24.—United States and Latin American officers believe that the next 6 months in the Dominican Republic may decide the fate of President Kennedy's Alliance for Progress throughout Latin America.

This opinion is held by ranking members of the Republic's troubled provisional regime and by many others who are helping to build democratic stability here after three decades of dictatorship.

President Kennedy's program is undergoing a major test here. The Dominican Republic provides perhaps the most important opportunity for the United States to demonstrate the possibilities of progress under a democratic system.

It appeared to Dominicans last week that in handling the problem of Dominican sugar—this nation's lifeblood—the United States had lost such an opportunity. As a result, observers contend, the Dominican Republic may be pushed toward an economic and political crisis.

DOMINICAN QUOTA CUT

The passage by the House of Representatives of the new Sugar Act curtailing by 60 percent the Dominican share of the U.S. market has created the greatest crisis since democracy here began to take its first uncertain steps.

Because the United States pays more for Latin American sugar than the price in the world market, the Dominican Republic depends desperately on sugar sales in the U.S. market to remain afloat economically and move ahead with urgent development programs.

In the view of officials on both sides the Alliance is dead in the Dominican Republic unless the sugar quota problem is remedied. Failure to do so could lead to potent anti-Americanism and inroads by Communist groups loudly advocating violent revolution, officials assert.

Aside from the immediate sugar problem, the whole Alliance concept is on judgment here.

Dominican and United States officials here shudder when the slogan "The Showcase of Democracy" is applied to the Dominican Republic, because the officials believe it is a dangerous phrase that raises impossible expectations. However, the consensus is that the United States and democratically minded Dominicans must propel this nation of 3 million inhabitants in the right direction, for the Alliance to have a chance of success elsewhere in Latin America.

Briefly, the problem in the Dominican Republic seems to be that 1 year after the assassination of Rafael Leonidas Trujillo Molina, the Dominican dictator, and 6 months after the installation of the seven-man Council of State to run the country, progress toward the strengthening of political democracy and toward meaningful economic and social reform is despairingly slow.

Despite early assurances from Washington that the United States would provide the necessary fuel for this democratic revolution, bureaucratic and political caution has made the Alliance for Progress operations here bog down in a maze of studies. This inertia is complicated by the fact that Trujillo left behind a society totally unprepared to run itself.

As one worried official remarked this week, "We may end up with beautifully studied projects but with no country left in which to implement them."

The urgent problems facing the Dominican Republic are the need to diversify agriculture and distribute rural income, a great housing shortage and high unemployment that is a breeding ground for revolutionary groups.

Dominican officials understand that it is unrealistic to expect immediate material results in the time since January, when $25 million in loans was approved by the Alliance. However, a much more serious problem appears to be that the Alliance has virtually no psychological and political impact, which are crucial in the Dominican Republic.

While the regime has already approved land reform legislation, which was made easier by the fact that the Government owned vast tracts of confiscated Trujillo property, and passed a new tax law, it has not been possible to overcome a feeling of political vacuum.

This vacuum is beginning to be filled by Communists and extreme leftist forces. These forces are campaigning with the oversimplified but potentially effective slogan that "nothing has changed" since Trujillo's death.

The 14th of June movement—regarded as the public instrument of Communist activity—is openly clamoring for a Cuban-type revolution. Recently, its leader, Manuel Tavares Justo, announced that his followers would soon take to the hills to start guerrilla warfare.

This threat is not taken lightly. U.S. advisers are training Dominican forces in antiguerrilla and antiriot techniques.

Informed opinion here is that communism and its related movements are not an immediate menace, but that they could easily become one if the democratic forces continue to fail to fill the political vacuum.

The Government here believes that if the House sugar bill becomes a law, the Communists will be able to proclaim that the United States is not a friend of the Dominican Republic.

[From the Journal of Commerce, June 27, 1962]

DOMINICANS SEEK FOREIGN FUNDS

(By Al Wyss)

Pressure by the Dominican Republic on Congress and the administration to increase substantially the Dominican sugar quota under the new Sugar Act underscores the strenuous efforts being made by that country's new democratic regime to establish a sound and growing economy.

Aside from its efforts to assure an ample market for its sugar in the premium-price U.S. market, the Council of State—the transitional regime of the Republic—is taking constructive steps to boost trade, diversify its economy and create a climate of confidence to attract foreign capital.

RESULTS NOTABLE

Its efforts in the relatively short time it has been in existence already have achieved notable results. Reports on the Dominican Republic are fairly optimistic, especially regarding its potential growth and investment climate, and it appears to be one of the Latin American countries worth watching closely, according to a spokesman of the Chase Manhattan Bank, which recently opened a branch in Santo Domingo.

The First National City Bank, which also opened a Dominican Republic branch early in June, stated in a recent report that this country appears to be on the road to more rapid economic development, with the flight of capital reported to be subsiding and bank deposits rising sharply.

Not only has legislation been passed to encourage investment by foreign private capital but a number of other laws have been passed which are definitely in the spirit of the Alliance for Progress program. Over a period of time this is expected to result in improved living standards and a more equitable distribution of income and wealth.

TRADE OUTLOOK FAVORABLE

Prospects for increased trade also are favorable. The country has a number of agricultural products which it exports in substantial volume. And a program of diversification in agriculture and industry is planned.

But the U.S. sugar quota is vital to the Dominican Republic and what happens here could make or break the country's economy. Sugarcane, grown in the lowland areas, has dominated the country's economy since colonial times, as recently pointed out in a report by the First National City Bank.

Moreover, output of sugar has practically doubled since 1950 when steps were taken to modernize the industry.

SUGAR OUTPUT HIGH

Output of sugar now is substantial, exceeded in Latin America only by Cuba and Brazil, but the cost of production is high—in fact far above world market levels. Consequently, this country needs to sell a big part of its crop in the U.S. premium market to survive. Without such an outlet, the country's sugar industry probably would flounder, resulting in economic chaos.

The seriousness of the situation is indicated by the fact that a 15-man Dominican delegation, headed by two cabinet ministers, arrived in Washington last week to plead their country's sugar case before Congress and administration officials.

In addition, the Council dispatched a formal note to the United States warning that the Dominican Republic's participation in the Alliance for Progress probably would be jeopardized if the country could not obtain a high sugar quota.

The Sugar Act, as approved by the House, would grant the Dominician Republic, a total allocation of 350,000 tons a year, a 60-percent reduction from the quantity of Dominican sugar sold to the United States in the first half of the year.

Efforts by the new regime to bring stability to the country and foster more rapid economic growth through diversification and stepped-up capital investment are making progress.

The ouster of the Trujillos was quickly followed by the institution of a program aimed at basic economic and social reforms. Consequently, while the new regime is facing some difficult problems, it also has a number of plus factors on its ledger.

One critical problem is that of providing more jobs and boosting living standards for a rapidly growing population. An accelerated pace of economic growth for this reason is urgent.

ESCAPE INFLATION

The country, however, has escaped the toll of chronic inflation now plaguing other Latin American countries, the First National City Bank points out. And its natural resources, though largely agricultural, are capable of considerable diversification. About one-half of the country is suitable for farm use and only about one-fifth of this is being cultivated.

Prospects for increased trade by the United States and other countries with the Dominican Republic also are good, due to the fact that under the new government's program to attract foreign capital and diversify its economy a steady rise in capital goods imports can be expected.

The country has in previous years enjoyed a favorable balance of trade and, in fact, ever since 1950 has had a trade surplus. This enabled it until about 1959, at least, to maintain a strong international payments position. But this year, as noted, imports should begin a strong upward trend.

The effect these shifts will have on the Dominican's trade balance is problematical. The country still is maintaining a substantial volume of exports in relation to imports, according to preliminary statistics.

Latest U.S. Department of Commerce statistics show that Dominican exports to the United States totaled $37.3 million in the first quarter and imports from the United States in this period totaled $12.1 million.

EXPORTS RUN HIGH

In 1961, exports from the Dominican Republic totaled $144 million, compared to $69.5 million worth of imports, and in 1960 exports came to a record of $180 million, compared to $87 million in imports from the United States. Imports were down very sharply in these years due to the unsettled condition of the country.

But the future nature of Dominican trade is expected to change. While it is expected that the volume of exports may be maintained, and even increased, imports, especially from the United States, should rise as the country's program of development gathers momentum.

This is expected to eventually result in a trade deficit but exactly when this will occur is difficult to say. It could be sometime this year or, perhaps, next, according to trade spokesmen.

The warning that a cut in the sugar quota might make it necessary for this country to reconsider its participation in the Alliance for Progress is of considerable importance in view of the fact that this country could play a role of considerable importance in this program.

The prospects for a period of economic growth and stability in the Dominican Republic consequently appear highly favorable provided that the United States will continue to help bolster the country's economy by recognition of sugar's basic role in the Dominican economy.

Considerations Pertinent to Determination of Sugar Quota for the Dominican Republic

I. POLITICAL HISTORY

1. Trujillo's rule terminated on May 30, 1961, after more than 32 years of dictatorship.

2. Following a brief rule under Balaguer, the Trujillo-Inherited President, a U.S. supported seven-man Council of State, representing a middle-of-the-road program, came into power; its members were anti-Trujillo, are pro-United States. It is subject to strong attack from small, but well organized, Communist-Castro organizations, ready to take over if the democratic efforts of the present government falter.

3. Special election of delegates to draft a new constitution is to be held in August, followed by free democratic elections, the first in over 32 years, in December 1962.

4. In the January–February 1962 meeting of OAS, the Dominican Republic actively supported the United States in ousting Cuba, with a speech by the Foreign Minister of the Dominican Republic comparing the Castro regime to the former Trujillo regime having strong impact on the other delegates.

II. DEVELOPMENTS UNDER THE NEW GOVERNMENT

1. The United States supported Dominican Government is actively carrying out the self-help principles of Alliance for Progress program.

2. Tax laws have been revised, so that, for example, all sugar companies (not just the American company) are taxed; an agricultural reform law enacted to distribute 700,000 acres of former Trujillo property; home mortgage market established to support lower cost housing; steps undertaken to provide for development of small business and private American investment; reforms to establish strong independent labor movement being studied.

III. ECONOMIC FACTS

1. Sugar is the source of energy of Dominican econony, accounting for 60 percent of all wages and salaries paid out by the industrial sector.

2. In the first half of 1962, the Dominicans shipped to the United States 490,000 tons of sugar (an annual rate of 980,000 tons). The House bill would give it only 200,000 tons for an entire year, plus a temporary 1-year 150,000-ton allocation of the Cuban quota.

3. The Dominican Government raised wages in the sugar industry substantially—a step taken to meet U.S. Alliance for Progress objectives. These wage increases were based on the expectation of a substantial U.S.-sugar quota required to maintain such wage increases. (This expectation was supported by strong pledges and promises for rehabilitation by the U.S. Government.) At an annual quota of 200,000 plus 150,000 allocation of the Cuban quota, these increases cannot be maintained. The fact is that these wage increases raised the cost of production above the world market price. A lowering of wages now will seriously jeopardize Dominican Government and may result in the outbreak of serious disorders, violence, and chaos with unpredictable consequences.

4. Dominican Republic for the 3 years, 1959–61, was second only to the Republic of the Philippines and Cuba as a sugar exporter.

5. Unlike the larger countries, such as Brazil, Mexico, and Peru, the Dominican Republic can only consume a small amount of its production locally.

6. Unlike some sugar suppliers (British West Indies, Fiji, Mauritius, British Honduras, South Africa, Australia), Dominican Republic does not have available to it a preferential market ready to take sugar in excess of that sold to the United States.

7. Previously, the Dominican Republic sold the major part of its sugar in the world market. This market has been almost completely closed due to price cutting and barter transactions being undertaken by the Soviet bloc with Cuban sugar. Thus, for the first time in many years the Dominican Republic has been cut off from its principal market, the United Kingdom, and no sales of sugar are being made to that market.

8. On the basis of the quotas in the House bill, the House Committee on Agriculture figures on past years' exports reveal Dominican Republic will have over 600,000 tons of sugar seeking a market, compared to minus tons—Philippines, less than 250,000 tons—Peru, less than 100,000 tons—Mexico, and less than 475,000 tons—Brazil. Unlike any of these countries, the Dominican Republic is almost entirely dependent on sugar for the well-being of its economy.

IV. THE DOMINICAN REPUBLIC AS A SUGAR SUPPLIER TO THE UNITED STATES

1. Dominican Republic has always been a reliable source of sugar to the United States, delivery taking only 3 days, port to port.

2. During periods of emergency, as World War II, the Dominican Republic under agreement with the United States provided its sugar to the British at special prices, forgoing the excessive prices they could have obtained in the world market.

V. TRADE WITH UNITED STATES

1. Dominican Republic has always traditionally concentrated its trade with the United States. From 1955 to 1960, an average of 60 percent of its total imports came from the United States, despite the fact that its earnings then came primarily from sugar sales to United Kingdom.

2. While Dominican imports in the United States cannot in absolute terms match the quantity imported by much larger countries (Australia, Brazil, Peru, Philippines), the percentage of its total imports bought in the United States is significantly greater and its trade with the United States is currently increasing.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PASTORE. After having voted in the negative, on this vote I have a pair with the Senator from Hawaii [Mr. Long]. If he were present, he would vote "yea"; if I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. Anderson], the Senator from North Dakota [Mr. Burdick], the Senator from Mississippi [Mr. Eastland], the Senator from Alaska [Mr. Gruening], the Senator from Michigan [Mr. Hart], the Senator from Alabama [Mr. Hill], the Senator from Tennessee [Mr. Kefauver], the Senator from Washington [Mr. Magnuson], the Senator from Arkansas [Mr. McClellan], the Senator from Michigan [Mr. McNamara], the Senator from Oregon [Mrs. Neuberger], the Senator from Georgia [Mr. Russell] and the Senator from Hawaii [Mr. Long] are absent.

I further announce that the Senator from New Mexico [Mr. Chavez] is necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. Anderson], the Senator from North Dakota [Mr. Burdick], the Senator from New Mexico [Mr. Chavez], the Senator from Mississippi [Mr. Eastland], the Senator from Alaska [Mr. Gruening], the Senator from Michigan [Mr. Hart], the Senator from Alabama [Mr. Hill], the Senator from Tennessee [Mr. Kefauver], the Senator from Washington [Mr. Magnuson], the Senator from Arkansas [Mr. McClellan], the Senator from Michigan [Mr. McNamara], the Senator from Oregon [Mrs. Neuberger] and the Senator from Georgia [Mr. Russell] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Maryland [Mr. Butler], the Senator from Iowa [Mr. Hickenlooper], and the Senator from California [Mr. Kuchel] are necessarily absent.

The Senator from Connecticut [Mr. Bush], the Senator from Kansas [Mr. Pearson], and the Senator from Wisconsin [Mr. Wiley] are detained on official business.

If present and voting, the Senator from Connecticut [Mr. Bush], the Senator from Maryland [Mr. Butler], the Senator from California [Mr. Kuchel], the Senator from Kansas [Mr. Pearson], and the Senator from Wisconsin [Mr. Wiley] would each vote "yea."

The result was announced—yeas 76, nays 2, as follows:

[No. 101 Leg.]

YEAS—76

Aiken
Allott
Bartlett
Beall
Bennett
Bible
Boggs
Byrd, Va.
Byrd, W. Va.
Cannon
Capehart
Carlson
Carroll
Case
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Douglas
Dworshak
Ellender
Engle
Ervin
Fong
Goldwater
Hartke
Hayden
Hickey
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Jordan
Keating
Kerr
Lausche
Long, Mo.
Long, La.
Mansfield
McCarthy
McGee
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Murphy
Muskie
Pell
Prouty
Proxmire
Randolph
Robertson
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

NAYS—2

Fulbright
Gore

NOT VOTING—21

Anderson
Burdick
Bush
Butler
Chavez
Eastland
Gruening
Hart
Hickenlooper
Hill
Kefauver
Kuchel
Long, Hawaii
Magnuson
McClellan
McNamara
Neuberger
Pastore
Pearson
Russell
Wiley

So the bill (H.R. 12154) was passed.

Mr. KERR. Mr. President I move that the Senate reconsider the vote by which the bill was passed.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to table was agreed to.

Mr. KERR. Mr. President, if the hour were not so late I would remark on the fact that the Senate has maintained one of its traditions which has been in process of being established with respect to action on the sugar bill late in the evening. Since the time is so late, I will refrain from referring to the fact that it is so late in the evening.

This is a most important bill, dealing with a very important phase of our economy. I therefore ask that the Senate insist upon its amendment, and ask for a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Byrd of Virginia, Mr. Kerr, Mr. Long of Louisiana, Mr. Smathers, Mr. Williams of Delaware, Mr. Carlson, and Mr. Bennett conferees on the part of the Senate.

Mr. MANSFIELD. Mr. President, I wish to commend the distinguished senior Senator from Oklahoma [Mr. Kerr] for the consistent skill and generalship which he has displayed this week in handling bills reported by the Committee on Finance.

I also desire to thank the distinguished Senator from Virginia [Mr. Byrd], the chairman of the committee, and the other members of the committee who have been handling most expeditiously all the measures which are confronted by time limitations.

I also express appreciation to the distinguished junior Senator from Minnesota [Mr. McCarthy] for placing a portion of his remarks in the Record tonight, thereby allowing the Senate to vote on the sugar bill at an earlier time.

The Senate has done a good day's work in passing a bill which is pretty much in accordance with the desires of the administration. I hope that in the conference with the House, the Senate conferees will stand firm and return to us with a good bill, a bill which all of us can back in good spirits.

ORDER FOR ADJOURNMENT UNTIL TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate adjourns tonight it adjourn to meet at 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 11990, the debt limit bill.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (H.R. 11990), to provide for a temporary increase in the public debt limit as set forth in section 21 of the Second Liberty Loan Act.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MILLER. Mr. President, I send an amendment to the desk and ask that it be read, and I ask that the amendment be printed and lie on the table.

The PRESIDING OFFICER. Without objection the amendment will be printed and lie on the table. Without objection, the clerk will read the amendment.

The Legislative Clerk. It is proposed to strike the period at the end thereof and insert in lieu thereof the following:

> ; *Provided*, That in no event shall the public debt limit exceed $300,000,000,000 if any appropriated funds for the fiscal year ending June 30, 1963, in excess of those appropriated for the previous fiscal year other than those for the Department of Defense, are spent.

ACCESS ROADS ALONG THE MINAM RIVER IN OREGON

Mr. MORSE. Mr. President, in a recent issue of the Oregonian there appeared an editorial entitled "Minam for All Time." The editorial deals with a highly controversial problem in eastern Oregon, one in which Justice William Douglas of the U.S. Supreme Court has taken a very active part over the years. It concerns the issue of whether there should be built, close to the wilderness area along the Minam River, a road that will do irreparable damage to the wilderness features of the area.

The Oregonian editorial, in my judgment, is one of the most effective analyses of this problem that I have had the privilege of reading thus far.

I ask unanimous consent that it may be printed in the Record. I wish the Record to show that on the basis of such evidence as I have received to date I associate myself with the observations made by the editorial.

I believe it would be a great mistake, in view of the low-quality timber that is involved, certainly, to invade this wilderness area with a road at this time, particularly when there are many national forests at lower levels, and accessible, in which the Forest Service has not yet reached the allowable cut of timber more valuable to the taxpayers of the country, as far as returns to the

Treasury are concerned, and also more valuable to the Government of the United States.

I wish also to say that I believe the preponderance of evidence supports the position taken by Justice Douglas of the Supreme Court. In fact, he is to be commended for the crusading spirit with which he has battled in this great issue in Oregon, which has come to be called "Protect the Minam."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Portland Oregonian, May 28, 1962]

MINAM FOR ALL TIME

We believe it would be in the long-range public interest for the U.S. Forest Service to abandon its plan to build 32 miles of access roads along the Minam River to open 80,000 acres of that section of the Wallowa-Whitman National Forest to commercial logging.

Despite the support of sawmill and logging interests for this plan, there is strong opposition to it among residents of the eastern Oregon areas which might benefit from more saw logs. These residents, and many from other areas who have visited the remote and wild Minam Valley to fish for native rainbow and to hunt elk and deer, or just to enjoy scenery and solitude, contended in a Forest Service hearing in La Grande last year that its primitive values far outweigh the benefits of the timber sought.

The clear waters of the Minam, flowing out of the Wallowas, and the timbered canyons are not susceptible, as is the Forest Service's Waldo Lake project for "multiple use," to reasonable development as a mass recreation area. The native fish would have to be replaced, within a season or two, with hatchery fish. The elk herds of the Minam slopes and canyons could not stand the pressure of motor access. There is a real danger of erosion and destruction. And despite the Forest Service's talk of opening the area for recreation, the real goal is 450 million board feet of ponderosa and lodgepole pine and Douglas-fir. This is not a significant amount of timber in the blueprint of national forest management.

Those who have organized to "Save the Minam" want to add these 80,000 acres of the Minam watershed within the forest boundary to the 55,000 acres of Minam watershed within the great Eagle Cap wilderness area. Thus the major length of the Minam River, with the exception of the 8 miles west of the forest boundary to its juncture with the Wallowa River at the town of Minam, would be preserved for all time—a unique and beautiful and stable stream, with its tributaries, flowing in a primitive valley of remarkable grandeur.

It would have been the part of wisdom to have included the lower Minam watershed with the upper Minam within the magnificent Eagle Cap when that 220,000-acre wilderness area of glacial peaks, high mountain lakes, forests, meadows and canyons was reclassified from a "primitive" status in 1940. It is not too late to do it now.

The Forest Service's emphasis on recreation in the multiple-use plan for the Minam falls a little flat when it is understood that the Forest Service, if it had the will, could build a road for recreation access from the highway at Minam to the forest boundary. But the Forest Service, despite the policy for recreation generated by the Kennedy administration, evidently is reluctant to build roads for recreation only. It should not be, for the values are there and are indestructible, under sensible management, to even a greater extent than for forest cropping.

The Forest Service contends in its printed proposals that owners of land under private ownership between the Wallowa highway and the forest boundary, 8 miles up the Minam, bar access to the public by locked gates. We are advised, however, that this occurs only under exceptional conditions of fire hazards. There would be little objection, except possibly from some of the landowners, should the Forest Service acquire by purchase or condemn a recreation access road to the forest boundary. But there is objection, and it is substantial and reasonable, to extending the road into the national forest and up the Minam tributaries to open the area for the amount of logging available.

Our vote is for the primitive, timeless beauties of the Minam watershed and for limited access for hunters and fishermen. It is for the preservation of the 10,000 mule deer, 3,000 elk, 500 black bear, and countless native rainbow and anadromous steelhead of the Minam system. It is against logging in this unique area. And it is against converting the Minam's meadows to the clutter of mass recreation.

UNITED STATES RELATIONS WITH INDIA

Mr. COOPER. Mr. President, I have read with concern Prime Minister Nehru's statement to the House of the People of the Indian Parliament, in which he is reported to have said that the United States had demonstrated an anti-Indian attitude respecting issues of vital interest to India—particularly Goa and Kashmir.

I can speak only for myself. But I speak today because of my concern lest the good relations of the United States and India—developed with good will on both sides throughout the years—may be damaged by statements of leaders of the two countries. Our good relations rest, it seems to me, on agreement on basic issues such as democratic values, the peaceful settlement of disputes, and sovereignty of nations against external domination.

I know from my experience as Ambassador to India in 1955 and 1956 of the intense feeling which existed in India over the problems of Goa and Kashmir. It is my view that Goa should have been evacuated by Portugal at the same time that Great Britain and France made peaceful settlements with India, for Goa is a part of India. It is true also that India considers that Kashmir properly acceded to India at the time of partition. I believe it is true that at that time Lord Mountbatten, Governor General of India, who assisted in the problems of partition, supported India's view. But I believe India should understand that the position taken by the United States in the United Nations on Kashmir and Goa did not imply that it was prejudging the issue in either case. The United States was adhering to its consistent position that disputed issues ought to be determined by negotiations, in accordance with the charter, if at all possible.

In 1956, the United States demonstrated its fidelity to this position, and also its consistency, when it stood against its close allies—Great Britain and France, and its friend Israel—in the United Nations and insisted that the contested issues of the Suez crisis should not be determined by force. In contrast, the Soviet Union resorted to threats of rockets and aggression.

A recent issue which appears to have caused resentment in India arises from newspaper speculation that the United States might seek to influence the Government of India against the purchase of military jet planes from the Soviet Union, by reducing economic aid to India.

I had hoped very much that the Government of India and its news media would be informed and guided by the official position of the President of the United States and Congress rather than by newspaper accounts. It is inevitable and proper that the free press of our country will explore fully public questions; but the foreign policy of the United States is determined primarily by the President, and by Congress.

It is known in our country that India has been invaded and continually harrassed by Communist China. Also, it is recognized that India's consideration of purchasing Soviet planes may be influenced by the fact that the United States has sold jet planes to Pakistan.

Nevertheless, the United States has not attempted, and I do not believe it will attempt, to influence India's decision through the means of our aid program.

I suggest to our friends in India that our concern over this matter arises from the fact that the United States—under the administrations of President Eisenhower and President Kennedy—has accepted in good faith, and has respected, India's policy of nonalinement.

It is a natural concern of the United States that the purchase of modern weapons from the Soviet Union—involving training and supervision—might lead in time toward unbalancing India's policy of nonalinement between the United States and the Soviet Union. It is this concern which has led many of us to hope that India might be able to supply its military needs from sources other than the Soviet Union, and I add, sources other than the United States.

Finally, I speak of the character and purpose of our aid program to India, and again I speak from experience. I know that in 1956, when I was serving as Ambassador to India, President Eisenhower and Secretary of State John Foster Dulles made the decision that the United States would help India achieve its economic goals. And it is known to all that President Kennedy has taken the same position.

So far as the Congress is concerned, I point out these facts: Despite disagreements at times between the United States and India, Congress has consistently and generously supported the requests of President Kennedy, and of President Eisenhower, before him, for economic assistance to India. Congress has done more: It has expressed this support, as a policy of the Congress.

In 1958, the then Senator Kennedy and I submitted a resolution, which was adopted by the Senate, which expressed its view that the United States should give its support to India's economic development as being important "to its people, to democratic values and institutions, and to peace and stability in the world."

In 1959, the then Senator Kennedy and I submitted a concurrent resolution which expressed the sense of the Congress that the President of the United States should explore with other democratic nations and appropriate international organizations the advisability of establishing an international mission which could consult with India on the scope and nature of its economic requirements. Its purpose was to secure the interest and help of other countries in providing needed assistance for India's development plans.

This resolution was adopted by the Congress. Following its adoption, the Department of State requested the World Bank to send a mission to India—of course, with the assent of India. The World Bank sent Mr. Hermann J. Abs, chairman of the Deutsche Bank of Frankfurt; Sir Oliver Franks, chairman of Lloyds Bank Ltd., London; and Mr. Allan Sproul, former chairman of the New York Federal Reserve Bank. This mission, growing out of the decision of the U.S. Congress, played a part in the development of a consortium through which other countries are regularly providing assistance to India to reach its economic goals. Of course, India is making the major effort—far exceeding the aid provided by the United States and others. However, as Mr. Nehru indicated last week, the aid of the consortium, in which the United States plays the major part, is vital to India's plan.

This program of aid to India—very large in its scope—has not been given with "strings," nor has it been used—in my experience, at least—to attempt to influence India's positions in the United Nations or elsewhere. Perhaps the best description of its objectives can be found in the Kennedy-Cooper resolution, adopted by the Congress in 1958 as part of the foreign aid authorization that—

> The Congress recognizes the importance of the economic development of the Republic of India to its people, to democratic values and institutions, and to peace and stability in the world.

Mr. President, I contend that the United States has not been anti-India. The United States favors peaceful settlements and favors peace and justice. I believe our country is for India in what I consider two great purposes of both countries: One is that India and other free countries shall maintain their sovereignty and independence. A second is that India shall achieve its goal of economic development.

I make these remarks because I believe essentials should be kept in mind—both in the United States and in India. I am sure President Kennedy will do this. In my association with Mr. Nehru I found him to be just and friendly to the United States. I hope very much that he will exercise his great influence in India to maintain good relations and understanding between India and the United States.

THAT MRS. STEVENS, THE ANIMALS' BEST FRIEND

Mr. PROXMIRE. Mr. President, the July issue of Harper's magazine reports on Mrs. Christine Stevens. This hard-working, intelligent, and dedicated woman has left a deep impression on me and on all the other Congressmen with whom she has come in contact. Her goal during her years in Washington has been the humane treatment of animals, and for this she has fought with single-minded devotion and effectiveness. The article states that—

> No one will deny that virtually single-handed she brings to bear the most powerful and persistent lobbying force Washington has met in a long while.

I ask unanimous consent that the article entitled "That Mrs. Stevens, the Animals' Best Friend," published in Harper's magazine, be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

That Mrs. Stevens, the Animals' Best Friend

(By Faubion Bowers)

One day in 1958, a group of friendly Congressmen called on President Eisenhower "just to keep him informed on what people are thinking." They were specially thanked, because, as the then President commented wistfully, "If I depended on my mail, I would imagine humane slaughter the only thing anyone is interested in." That same year the humane slaughter bill was listed officially as "major legislation" for the 85th Congress along with Statehood for Alaska and Hawaii, atomic secrets, and the Space Agency.

The New York Times, in an editorial, referred to the issue of humane slaughter of animals that we eat as "offbeat and less than world-shaking." True as that may be, it still allowed Senator Humphrey, of Minnesota, to remark, in connection with his mail, "Man, I've never seen anything like it * * * 35,000, 45,000 letters." And in turn Senator Ellender, of Louisiana, the arch-opponent of the humane slaughter bill, spoke from his side with more rue than surprise in his voice, "never so much pressure in all my 22 years on Capitol Hill," The New York Times at a later date again referred to the matter as, long-controverted.

Wrapped at the center of this miscellany of facts—beginning well before 1958 and continuing today in countless ramifications—are the urge and push of a unique personality, Christine Stevens.

At fashionable parties in New York, Christine Stevens is familiar, by sight at least. Sometimes the gatherings are theatrical, where her husband (he produces plays) will be deferentially surrounded by actresses. Or the occasions may be political ones where her husband (he has fund-raised for Democratic candidates) will be locked in colloquy with party stalwarts. Or they may be society affairs where the rich like to match money with other rich—whether the money is in oil, real estate, politics, or the arts—and here again her husband will be in the forefront. He is Roger Stevens, the man who once bought and soon sold the Empire State Building. "For the fun of it * * * and the prestige," he says with humor and frankness.

The party giving and going New Yorker is inclined to see Mrs. Stevens, physically, as tall, pretty, graying, blue eyed; and, psychologically, as silent, rather withdrawn, tranquil, placid, and hard-to-know. But down in Washington, if you say "Christine Stevens," the response is electric and the name carries with it an exclamation point independent of husband or money. There she is relentless, sure footed, finagling, frightening, a real jewel, meddlesome, impeccably on the side of right, and a nuisance but I like her—all according to which of 400 Members of Congress you happen on. No one who was involved in the 1958 uproar over humane slaughter or who has been drafted into her present efforts—which range from wild horses (lately made famous by the movie, "The Misfits"), through marine mammals on the high seas, to experimental animals—will deny that virtually single-handed she brings to bear the most powerful and persistent lobbying force Washington has met in a long while. As a lobbyist she inherits the Mark Twain tradition (his lobby-horse was copyright protection) of dignity, grandeur, a righteous ideal, and unyielding pressure. It is not to be confused with the more familiar and less savory lobby of the cocktail party, payoff, and horse trade.

The Mrs. Stevens that one might overlook at a public function is, however, where animals are concerned, inescapable. So much so, in fact that within the span of a decade she has managed to establish herself as America's leading protagonist for animal protection in all its sensible forms—as against groups as far ranging as various meatpacking associations and the antivivisectionists. Her aim has not been that of the Buddhists, who advocate "protect animals by not eating them," nor that of the antivivisectionists who reckon the iron lung in terms of the 23 cats it cost and insulin by its 33 dogs and find the price too high. She is simply "against cruelty * * * that's needless."

Mrs. Stevens' first distinction is that she is the president of the Animal Welfare Institute (AWI), a 10-year-old, tax-deductible organization whose motto is "Animals work for you—AWI works for them." And the work is sufficient to have offices at 22 East 17th Street in New York and to employ two full-time secretaries. As the core of this outfit, the advisory committee, Mrs. Stevens has assembled a galaxy of dedicated enthusiasts whose names include bestselling biologist, Rachel Carson, and book-award-winning Joseph Wood Krutch. Nor does AWI balk at nepotism. Dr. Robert Gesell, until his death a couple of years ago, graced the masthead as guiding light. Head of Michigan University's physiology department, he also was the brother of the celebrated child psychologist, Arnold Gesell, and father of Christine Gesell Stevens herself. (Despite her academic background and the fact that she met her husband on the campus at Ann Arbor, neither Mrs. Stevens nor Roger ever finished university.) And perhaps chief among the working members of AWI's roster of names, Kittybel, the Stevens' daughter, is probably the wisest young woman in America when it comes to animals and political lobbying on their behalf.

Around this nucleus of the famous and the family, but apart from the lengthy list of paying contributors to AWI, are several notables who sympathize. Mrs. Roosevelt is one, and her most recent action was to write a letter to the PTA deploring uncontrolled classroom experiments on live animals. Another is Adlai Stevenson. Long before Governor Stevenson had met either of the Stevenses he had endeared himself to animal lovers in Illinois by vetoing the "act to provide protection to insectivorous birds by restraining cats." However it was phrased, the measure was designed to declare cats a public nuisance and to require their licensing, and by Governor Stevenson's reasoning, to legislate against cats in favor of birds would only open up further combat areas—cats versus dogs, say, and birds versus worms.

Adlai Stevenson is not only a friend of animals and of AWI, but of another of AWI's great friends, Dr. Albert Schweitzer. According to Schweitzer, "one of the three most important and enduring marks of a civilized person is kindness to animals," and his writings and concern with the boundless ethic and reverence for life have been well publicized over the years. In 1955, Christine Stevens conceived the idea of an annual award for humane activity to be known as the Schweitzer Medal, and along with this honor goes a medallion stamped with a picture of Schweitzer and his dog.

The first recipient of this Schweitzer-endorsed Schweitzer Medal was a young scientist who resigned from his radiobiology laboratory on being denied permission to destroy a dog suffering from "27 different fractures as the result of radioactive injections." Last year, the prize went to an African chief, the Tanganyikan head of the Royal Society for the Prevention of Cruelty to Animals. At Mrs. Stevens' invitation, Adlai Stevenson made a presentation speech and used the opportunity to tell the AWI a Schweitzer story. It seems that once when the two men were standing outside the leper hospital in Lambaréné, Stevenson noticed a mosquito on Schweitzer's shirt and swatted it without thinking. Schweitzer, however, "looked very stricken. * * * 'It was my mosquito,' he said. 'You had no right.' "

From loving animals to lobbying for them required another step in Mrs. Stevens' life. Since AWI is a nonprofit institution with tax-deductible status it cannot legally "agitate or influence legislation." And because the urgency of humane slaughter was increasing (the 11 million members of the General Federation of Women's Clubs were becoming aroused), Mrs. Stevens created the Society for Animal Protective Legislation or APL. Here, Mrs. Stevens is the secretary-treasurer and her close associate and friend, Mrs. Ludwig Bemelmans, is president.

APL has no office, only a room stacked with books ("King Solomon's Ring," "Living Free," etc.), papers, and unanswered letters in the Stevens' chic apartment on Madison Avenue (around the corner from the Bemelmans Bar and the Carlyle Hotel). Its staff is one part-time stenographer and the mascot, Barney, a giant Newfoundland dog.

APL is registered under the Federal Lobbying Act for the privilege of skulking in corridors, buttonholing our lawmakers, and propagandizing, along with several thousand other associations, including the mighty enemy of much of Mrs. Stevens' work, the American Medical Association.

IT BEGAN WITH A FILM

While the AMA spent $160,000 on lobbying last quarter (a figure which scandalized more people than Mrs. Stevens and her friends), APL usually spends between $3,000 and $8,000 a year. Most of this money comes not from the Stevens' pockets but from interested citizens in almost every State of the Union. A few give substantial sums; hundreds send a single dollar bill or a few stamps. (Stamps are more than welcome since mailing information is the most expensive part of any "propaganda" operation.) Those who work for Animal Protective Legislation are volunteers and, of course, don't get paid.

Eight years ago APL faced its first great challenge—the humane slaughter bill. Here, in Mrs. Stevens' words, is how it happened:

"Back in 1954, Arthur Redman, a man from Seattle in his seventies, had a film of a hog slaughterhouse, with a sound track full of screams. He'd sell it for $25 and it was decided to have it as part of the American Humane Association's convention in Atlanta that year. It was pretty horrible and people ran for the doors. I'd never been to a meatpacker's or packinghouse myself, but after that I did go * * * in Europe. They're ahead of us there, more gentle. Switzerland, for instance, had legal humane slaughter in 1874, and English doctors learn their surgery under the humane act of 1876. It works.

"After that movie, we all resolved to get a bill going to stop that kind of senseless cruelty. What I say when I give talks here and there is that all we mean to do is eliminate the inflicting of great pain and fear on animals. It's part of our country's moral growth * * * to treat animals as humanely as possible.

"It's horrible for the knockers too, and dangerous. (Knockers are the men who with long 10-pound sledgehammers hit the cattle on the head as they are forced through slaughterhouse passageways.) They miss half the time and lots of them drink before coming to work. I can't blame them, but it doesn't help their aim any. The knockers often get hurt, the animals panic and bruise their meat or become stiff which means that they don't bleed properly and can't be butchered well. Some estimates on this kind of careless slaughter and callous transport go as high as $50 million a year, and cherry bruises on hams alone represent a $90,000 loss a year. Frightened animals are poor bleeders and poor bleeders are dark cutters—off-color meats.

"L. W. Murphy had already invented the CO$_2$ tunnel—gas that puts animals to sleep and makes killing them easy, while they're unconscious. There are lots of ways * * * the captive bolt pistol, electric stunning tongs, the stun-o-matic for killing turkeys, but the packers (except for Hormel and Seitz, they're marvelous) wouldn't use them. Around 90 percent of all our meat, they say, is handled by about 10 companies, although there are a couple of hundred big slaughterhouses and 3,000 little ones. We wrote to lots of them. Some answered; some didn't. Some promised that they were using humane methods already and we'd go see for ourselves and they wouldn't be at all. Lip service, that's all.

"We particularly objected to shackling and hoisting. One foot of the animal is chained and he's hoisted upside down by a long conveyor belt. A man slits his throat to let him bleed into unconsciousness. Sometimes they'd miss but still the animal would be shunted straight into the scalding vats—alive.

"We were quite ruthless about getting the right man to introduce the bill. HUBERT HUMPHREY was deliberately picked, not because he's intelligent (he is) but because he's a fighter. We needed a fighter, and we needed one more than we knew at that time. We had against us the Secretary of Agriculture, Benson, and his whole Department; the American Meat Institute; the Farm Bureau, the National Grange, the National Cattlemen's Association.

"You would have thought the bill asked for the moon. Aled (that's Welsh) P. Davies was the lobbyist for the American Meat Institute (they're all the big packers) and the Senate kept turning the bill into a Study Bill, which is another way of putting it aside forever. They even made it a religious issue. They got the orthodox rabbis to oppose us. Actually kosher killing is humane, as they cut the head almost entirely off, and death comes instantaneously. All we objected to was the shackling and hoisting that are no part of the Jewish ritual. People called us Nazis. They said that Goering sponsored a German antivivisection law and that's why the Nazis experimented on human beings. Well, we checked it all very carefully and it isn't true. There never was an antivivisection law in Germany. The idea was to undermine us.

"It's hard to explain why the packers were against us. No one is for cruelty to animals. The installations we recommended cost very little and would save them a fortune. But I guess it boils down to the fact that nobody likes to be told what to do.

BETTER THAN OPENING NIGHT

We were almost deadlocked when finally Bob Poage of Texas—he was vice chairman of the House Agricultural Committee came up with a stroke of genius. His committee had visited a lot of slaughterhouses and saw the need for our bill, but he said instead of trying to make it a criminal law to make it an incentive law. Instead of punishing packers for killing inhumanely, to reward them for killing humanely. Every last 1 of those 10 major companies has Government contracts, some for as much as a million dollars a year. (Time says that the Government buys $250 million worth of meat products a year; and Newsweek puts it at a billion and a half.) So the bill was changed to read that the Government would only buy meat that had been humanely killed, from packers who killed all their meat humanely.

"Then our foes started calling it a 'make-believe bill' because it had no penalties. In those days Kittybel and I were in Washington twice a week. We'd split up to visit every Congressman and Senator in town. In lobbying it's very important to distribute literature and answer questions. They must be informed. They only want to know facts and definite information, and that's just what we wanted to give them, or their assistants. We'd talk to whoever in the office would see us. You don't always get to the top, but I once called Senator HICKENLOOPER off from the floor—and he came. You have to sign a little card, stating your name and your business, and the Senator himself came right out to the hall and met me. He wanted my facts, and I wanted him to have them.

"You see, the secret of lobbying is to wear the man down. Keep on. Don't let an issue die. When they tried yet once again to turn humane slaughter into a study bill, I sent telegrams to every newspaper in the country, and we got hundreds and hundreds of editorials on our side. (AWI has two enormous scrapbooks full of sympathetic press clippings.) People are glad to know if something is going on. That's the secret. * * * No. The real secret, and there's only one, is to get people to write to their Congressman or Senator. That is what works.

"That's our real secret, but you know what our main strength is? Never exaggerate to get a person excited, and never be wrong. You lose your usefulness. Our literature may be boring, but it's accurate. You must avoid the emotional aspects of animal welfare, otherwise you get—oh—the antivivisectionists: 'Women. Your sex participated in cutting the windpipes of eight dogs.'

"The humane slaughter bill took 3 years' work, from 1955 to 1958. It finally came to a vote, and Roger and Kittybel and I were in the gallery. HUMPHREY had to talk for 8 hours. If he left the floor they'd start misrepresenting and he had facts. It's a technical subject, how much new installation costs, how much waste there is. He'd only race out for a cup of coffee and back he'd come. It was one of the biggest turnouts the Senate ever had. We were all surprised. The first issue to vote on was whether to make it a study bill or mandatory. For this the vote almost went against us and then Senator Kennedy and two others came in and we won—43 to 40. Roger said it was more exciting than an opening night. Later the same day, they voted on the mandatory bill and there the vote really went in our favor—72 to 9.

"We weren't really worried about a Presidential veto, because as you remember Black Angus were an Eisenhower specialty and we had lobbied fair and square.

"Our work should be over, but now we've got H.R. 1937 (introduced by Representative MARTHA GRIFFITHS) and S. 3088 (introduced by Senator JOSEPH S. CLARK) logjammed down in Washington. They're to insure the best care for all the millions of animals now being used in scientific experiments, and the humane design of those experiments. Some animals are very badly treated, like those subbasement beagles. In the Food and Drug Administration, the beagles were kept for years without exercise, without room to stretch.

"But to return to humane slaughter. There's one thing I never will understand—why anyone would seriously oppose the concept to begin with."

Many people, however, must still be won over. The major slaughterhouses with Government contracts were reached by the humane slaughter bill but hundreds of smaller firms are exempt from Federal control and inspection, so the fight has been carried down to the State level. To date, 13 States have supplemented the Federal law. In New York and New Jersey, religious protests are complicating the issue, despite the fact that kosher meats would be unaffected by measures of this kind.

When you meet Christine Stevens it is hard to reconcile the immediate picture of reserve and quiet with the bullying and cajoling which lie behind the successful passing of the humane slaughter bill and on which her measure of fame rests. You find yourself searching for clues as to what would turn an affection for animals into a passion for their defense. Mrs. Stevens herself has made the search too. Perhaps it was the traumatic experience when she was a child of having a Belgian stud horse belonging to her father die at the hands of a neglectful caretaker. Or perhaps it was a result of the idleness the war forced on her. In Florida, where her husband was stationed in the Navy, she had nothing better to do than make paintings of breeds of dogs for the local humane society. (She is an artist by profession and has illustrated a couple of children's animal books.) But if ever the final spur to action was needed, it came from a handshake. Finally, after the observations in Europe in 1954, Mrs. Stevens had the courage to visit a slaughterhouse in Chicago. As she was about to leave, one of the workers standing there simply shook her hand without opening his mouth.

"Perhaps it was my imagination, but that silent handshake seemed to say, 'Do something about this. * * * I work here, and can't.' I don't even remember what he looked like, but I can still feel his grip."

Imagination or not, it was an important handshake. Mrs. Stevens did do something about it.

POSSIBLE REORGANIZATION OF DEPARTMENT OF AGRICULTURE

Mr. CURTIS. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement delivered today by Mr. Paul E. Kamerick, assistant counsel of the Permanent Subcommittee on Investigations of the Committee on Government Operations.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF PAUL E. KAMERICK, ASSISTANT COUNSEL, PERMANENT SUBCOMMITTEE ON INVESTIGATIONS, JUNE 27, 1962

It has become increasingly apparent during the investigation of the Billie Sol Estes case that this subcommittee may wish to consider recommending a major reorganization of the Department of Agriculture. Even if the efforts of the employees were most strenuous, even if all their decisions were the wisest, even then the many programs of the Department involving expenditures in the area of $7.1 billion annually would still lose effectiveness without a proper organizational framework in which to operate. Admittedly, organizing the activities of 85,000 to 100,000 people is a substantial undertaking; however, the magnitude of the undertaking underscores the need for good organization rather than providing an excuse for poor organization. It appears that over the century of its existence programs have been added piecemeal to the Department and they have been administered piecemeal. A system which permits inefficiency encourages dishonesty and some of the facts we have developed are hard to explain merely on the basis of inefficiency.

Since the beginning of this investigation the subcommittee staff believes it has received the cooperation of the Secretary of Agriculture and his subordinates. All known pertinent documents were made available by the Department upon request. However, we were handicapped by the failure of the employees to make and retain minutes or any other written record of significant meetings or events. Almost all of the meetings and conferences involved in the Estes allotment case were recorded only in the memory of those who attended. Thus, it is now impossible to produce records that should have been made but were not. It is inevitable that the Department itself must be handicapped by these and other deficiencies. At the outset some difficulty was experienced in locating documents believed to be germane to this investigation. We were informed that there was no central repository for records where most or all of the information concerning Billie Sol Estes might be located. No such repository exists. This deficiency has greatly complicated and impeded the progress of the investigation. In the interests of securing adequate coverage and of saving time, we met separately with the Secretary, the Under Secretary, the General Counsel, and Assistant Secretary John Duncan, and asked to have assembled for our review all information under the jurisdiction of their offices relating to Billie Sol Estes and any of his business enterprises. We also met jointly with the ranking officials of the Agricultural Stabilization and Conservation Service including representatives of the Administrator and the five Deputy Administrators who supervise the activity of this agency. As a result, material concerning Estes was located and furnished to us by 16 different offices in the Department's Washington headquarters. This demonstrates a cumbersome and ineffective recordkeeping system which causes unnecessary operations difficulties and directly affects the efficiency and economy of the Department.

I must say at this point that we are not sure yet that we have all the documents in the Department of Agriculture pertinent to Billie Sol Estes. We have tried for weeks to assemble them and we believe the officials of the Department have tried to assemble them. We feel we have most of them but under the existing system, we cannot be certain.

The structural weakness of the Department of Agriculture is further demonstrated by a breakdown of communications between the Department and the subordinate organizations at the State and county levels. Some instructions issued by the Department apparently either do not reach the subordinate organizations or are disregarded if they do reach them. There is no method of receipt or followup to make certain that such instructions actually reached their destination. In some areas of activity the subordinate organizations of the Department are almost autonomous.

There is a similar lack of communication between agencies within the Department of Agriculture in Washington. Within the Department there are 11 internal audit groups including 1 attached to the Office of the Secretary. Each of these groups reports to the head of its own agency. These audit groups have no authority and little interest in anything that transpires outside their own narrow assignments. In October 1961 the Agricultural Stabilization and Conservation Service Investigation Division completed a comprehensive 3½-month inquiry into the questionable cotton allotment transfers engineered by Billie Sol Estes. Two or three months earlier, in September 1961, the Internal Audit Division of the Agricultural Marketing Service, another of the Department's agencies, initiated a separate inquiry into Estes' financial position based on rumors of unreported mortgages. Neither investigative group was aware of the inquiry being conducted by the other until February 1962 and the parallel investigations were not coordinated at any time. In fact, the internal audit group terminated its inquiry early in April of 1962 and the two units were still not coordinated.

Such malfunctions could not come about if there existed within the Department a single unified audit-investigation group with authority and responsibility to report to the Secretary. It is paramount that such a group report at the highest level. It seems clear that any program head who controls his own audit-investigation staff is, in the final analysis, evaluating himself. Few officials can be completely objective about their own operations and an audit-investigation group can be only as effective as the operating head permits. A group equipped and manned to audit, investigate, and monitor all of the varied activities of this important Department could save the Government many millions of dollars each year and at the same time improve the service of the Department.

These and other features of the departmental organization can be described more fully by witnesses who are preparing to testify during these hearings.

In collecting material about Billie Sol Estes and the Department of Agriculture we have not been alone. During the course of our inquiry we have encountered, or learned of the interest of, the following agencies or groups: The Federal Bureau of Investigation, the Department of Agriculture Agricultural Stabilization and Conservation Service Investigation Division, the Government Operations Committee of the House of Representatives, particularly the House Intergovernmental Relations Subcommittee, the Agriculture Committee of the House of Representatives, a Federal grand jury at Dallas, Tex., a Federal grand jury at El Paso, Tex., the Bureau of Internal Revenue, the Texas State attorney general, the Texas State Securities Board, the Texas Department of Public Safety, the Texas State Comptroller's Office, a Potter County, Tex., grand jury, a Reeves County, Tex., grand jury, and, I am sure, a number of others including newspaper reporters from all over the country. This is not to deny the legitimacy of the interests of these groups, but only to mention it as an operational handicap.

In order to facilitate an understanding of the problems involved we have asked the Department of Agriculture to prepare certain charts. Chart No. 1 shows the general structure of the entire Department of Agriculture. The Agricultural Stabilization and Conservation Service, which is of special interest to this inquiry, has a green background to distinguish it from the others.

Chart No. 2 shows an organizational breakdown of the Agricultural Stabilization and Conservation Service. Again the areas of special interest in this inquiry have a green rather than a white background. Those of major interest are (a) Office of Secretary Freeman, Under Secretary Charles S. Murphy; (b) General Counsel; (c) Assistant Secretary John Duncan; (d) Administrator, Agricultural Stabilization and Conservation Service; (e) Office of Deputy Administrator, State and County Operations; (f) area directors; (g) Cotton Division; (h) Investigation Division; (i) State Agricultural Stabilization and Conservation Service office; (j) county Agricultural Stabilization and Conservation Service office.

The legal and other technical features of the transfer of cotton allotments will be described in more detail by representatives of the Department of Agriculture. However, in order to provide a background for the understanding of some of the events which transpired a brief description of the transfer of cotton allotments is in order at this time.

Legislation was passed in 1958 and earlier to permit farmers who had been handicapped in earning a livelihood by reason of their land being seized for public use, to reestablish their farming operations elsewhere and to transfer their cotton allotments to new land which might be acquired by them any place in the United States. It was understood that in order to reestablish the producer in his former status it was necessary that there be a legitimate transfer of ownership of the new land to him. It has always been clear that the purpose of this law and the purpose of the regulations which followed were to permit the farmer to reestablish himself, not to permit the allotment to pass or be sold to someone else.

The transfer of allotments first became an issue in April of 1960. At that time the Oklahoma regional attorney of the Department of Agriculture sought instructions from the Washington headquarters concerning a sales contract in which there was serious question whether the farmer who was purportedly buying land in New Mexico was, himself, actually buying it. This contract was very similar to the Estes-type contract. In that case the Oklahoma and New Mexico State offices were advised that since legitimate ownership did not appear to pass to the Oklahoma farmer, accordingly the allotment should not be transferred to the new land.

The next incident of significance in this connection occurred in October 1960 at which time the Texas office sought guidance from Washington concerning a contract about which there was doubt and which was not similar to the Estes contract but still left some question about the transfer of ownership. By memorandum dated October 13, 1960, R. B. Bridgforth, Acting Deputy Administrator for Production Adjustment (job is now Deputy Administrator for State and County Operations), told the Texas State Agricultural and Stabilization Committee that the documents presented were legally sufficient in and of themselves and did not warrant a denial of the transfer.

Two months later, a similar question arose about a sale and lease-back arrangement which was one of the Estes contracts, and was sent in for study and approval. This contract provided that the displaced producer, who has an allotment, purchase an amount of land from Estes, usually in two parcels. There was no down payment, only an initial payment after 1 year. Estes would lease the land and pay $50 per acre of allotment rent immediately. The contract provided that if the first of four annual payments was not met, then the land (and the allotment) would revert to Billie Sol Estes. Thus, at the end of 1 year the displaced farmer would have $50 per acre of allotment, and unless the first payment was made Estes had the land and the allotment. With this contract it seems clear that neither buyer nor seller was in good faith and neither of them could truly consider this a real change of ownership. The allotments therefore should not have been transferred. It seems clear that both Estes and the displaced owners must have understood, as many of the producers say they did, that the first payment would not be made and that both the land and the allotment would ultimately end up in Estes' possession.

I might note parenthetically that all this land Estes purported to be selling was encumbered and Estes knew he was not passing clear title even though he was purporting to do so by granting warranty deeds to the buyers.

On December 20, 1960, H. L. Manwaring, Deputy Administrator, Production Adjustment, in a memorandum to the Texas Agricultural and Stabilization Committee said that this contract appeared to constitute a scheme or device to sell allotments and therefore the alleged purchaser could not be considered to be the owner within the meaning of the statute and regulations, and the county committee of the receiving county, which made the determination, should not approve this type contract.

This memorandum, according to the officials in the Department, should have halted any transfers of the type in which Billie Sol Estes was involved. Again, according to these officials, this memorandum should have been circulated to the county committees for their guidance. Certain county committees, including Pecos County, Tex., deny ever having received this memorandum. There is no record in existence which clearly refutes these denials; however, there are other factors and circumstances which raise serious doubts concerning these denials. All of Estes' transfers were approved both at State and county levels after this date.

On January 16, 1961, in Dallas, Tex., there was a meeting attended by certain officials from Washington, D.C., including a representative from the General Counsel's Office, with State officials from Texas, New Mexico, and Oklahoma. The purpose of this meeting was to discuss the transfer of pooled cotton allotments and at that meeting it was clear in everyone's mind, according to those in attendance, that the key to the legitimacy of transfer of pooled cotton allotments was the good faith of the transfer of ownership of the land. Most of those in attendance at this meeting have stated to us that they believed at the time that they had stopped the Estes-type transfer. As a matter of fact, almost all of the approvals by the county and State offices in Texas occurred after this date. It is very difficult to attribute this entirely to organizational breakdown; it is difficult not to suspect bad faith.

Among the decisions reached at this meeting was a decision to clarify the regulations; to require the alleged purchaser to appear in person at the county office covering the newly acquired land and in addition specifically to require State office approvals of any transfers. This regulation was in fact printed in the Federal Register, February 17, 1961, and had the Manwaring memorandum not effectively stopped the Estes-type transfers then this amendment to the regulations should have stopped them. Again, as a matter of fact, the bulk of the allotments transferred were approved by the county and State offices after the issuance of this regulation.

Had there been any lingering doubt in the minds of the Pecos and Reeves County committees in Texas at this time it should have been resolved by a news item appearing on the front page of the Pecos Independent on April 20, 1961. This news item stated that the applications of cotton producers in Alabama who were allegedly buying land from Billie Sol Estes in Texas had been turned down by the Department of Agriculture because there did not appear to be transfers of ownership in good faith. As I observed earlier, this news article mentioned Billie Sol Estes by name. Despite all the notices and all the warnings the county committees of Reeves and Pecos Counties continued to approve the cotton allotment transfers up through July 1961 and the Texas State office concurred in these approvals. At this stage of development, it is even more difficult to believe that this was a mere breakdown in administration.

During the year 1961 throughout the United States there were 8,717.8 acres of cotton allotments transferred from one location to another. Of this number, 5,228.2, or 60 percent, were transferred from various locations in the United States to Reeves and Pecos Counties in Texas. Of the number transferred to Reeves and Pecos Counties, 3,123.1, or 60 percent, of the cotton allotments transferred to these counties were destined to accrue to the benefit of Billie Sol Estes.

Early in July, at the request of Thomas H. Miller, Southwest Area Division, and with the concurrence of Administrator Horace Godfrey, the Investigation Division was asked to conduct an inquiry into the transfer of pooled cotton allotments to Billie Sol Estes. About this same time there was an informal Cotton Advisory Committee being formed to assist the Secretary in matters involving cotton. This committee was made up of prominent individuals familiar with the cotton industry and its problems. Among those named to this committee was Billie Sol Estes. Later in the year this committee was to receive more formal status but at this time it was informal.

On October 18, 1961, Billie Sol Estes and his attorney visited the Department of Agriculture and objected vigorously and strenuously to the investigation being conducted by the Investigation Division of the Agricultural Stabilization and Conservation Service. No record was made of what transpired during this visit by anyone in the Agriculture Department who participated.

The initial report by the Investigation Division of ASCS was completed October 27, 1961. Briefly, this report showed that investigators had interviewed 51 of the 116 displaced owners who had allegedly purchased land from Billie Sol Estes. Only 5 of the 51 claimed that the sale was legitimate and that they intended to move to Texas to farm the land themselves. Nineteen of the 51 said that they had no intention of moving to Texas and considered that they were selling their cotton allotments. The remaining half of those interviewed gave answers somewhere in between these two extremes. In many of these cases, the shape of the land would, in itself, lead one to question the intent of anyone to move on it.

On November 14, 1961, a meeting was held in the office of Agricultural Stabilization and Conservation Service Administrator Horace Godfrey concerning the investigation report. It was decided at this meeting to withhold the issuance of the 1962 cotton allotments, which were being distributed then, from Estes pending further study and to hold in abeyance any action concerning the 1961 cotton allotments for later determination. In this connection it should be noted that the 1961 cotton crop had already been harvested and cancellation of the 1961 allotment would have the effect of imposing a penalty in excess of one-half million dollars on Estes.

It should also be noted in this connection that when the Alabama cotton allotments were not transferred, such a penalty had already been imposed on Estes since he had planted the cotton in anticipation of the transfers being approved. Since they were not approved he was assessed a penalty of $47,968.34.

The next meeting of significance concerning the Estes allotments occurred on December 4, 1961, in the office of Under Secretary Murphy. At this meeting it was decided that the General Counsel should check the law to determine whether the 1961 cotton allotments could be canceled. It was also decided at this meeting to ask the Investigation Division to determine whether the first annual installment, which was due in most cases on December 1, 1961, had in fact been paid. If so, this would have a direct bearing on the good faith of the seller and the buyer. It is interesting to note that on December 12 the Investigation Division was notified by telephone from the General Counsel's Office that the General Counsel already had enough information to make a decision so that the requested investigation was unnecessary.

A few days later, on December 15, General Counsel John Bagwell in opinion directed to Under Secretary Charles S. Murphy recommended cancellation of the 1961 transfer of pooled cotton allotments to Estes. A question remained in minds of some whether Estes might not be permitted to retain the 1961 allotment for that year only, since he had acted on approval by Agriculture Department officials.

On December 22, 1961, a conference was held with the Under Secretary in which the General Counsel took part and it was decided that the 1961 allotments should, in fact, be canceled. Later that same day, according to our best information, Under Secretary Murphy overrode an adverse recommendation by the Review and Adjudication Division of Personnel and directed the appointment of Billie Sol Estes to the formal Cotton Advisory Committee which had been established as such on November 17.

On Saturday, January 6, 1962, in the office of Under Secretary Charles Murphy a meeting was held and in attendance were Billie Sol Estes, his attorney, John Dennison, Under Secretary Murphy, General Counsel John Bagwell, Senator Ralph Yarborough and Congressman James Rutherford as well as members of their staffs. At this meeting it was decided by the Agriculture Department to rescind the cancellations which had been issued a few days earlier, pending further study.

In very brief this highlights the history of the cotton allotments acquired by Billie Sol Estes from cotton farmers displaced by eminent domain process.

There were no minutes or any other records made in the Department of Agriculture in Washington concerning the deliberations or decisions of any of the meetings I have mentioned. These facts and circumstances raise certain questions. If the Washington headquarters adequately instructed the State office, then why were these transfers not stopped. If the State office adequately instructed the county office, then why did the county offices approve them? If the county offices continued to approve these transfers in violation of instructions, then why did the State office not stop them? And if the State office did not stop the transfers, then why did the departmental headquarters in Washington not step in and call a halt? Inefficiency is probably part of the answer but it is inconceivable that it is the complete answer.

ADDITIONAL BILL INTRODUCED

Mr. SPARKMAN (for himself and Mr. Saltonstall), by unanimous consent, introduced a bill (S. 3481) to amend certain provisions of the Internal Revenue Code of 1954 relating to the income-tax treatment of small business investment companies, which was read twice by its title and referred to the Committee on Finance.

(See the remarks of Mr. Sparkman when he introduced the above bill, which appear under a separate heading.)

AMENDMENT OF CERTAIN PROVISIONS OF INTERNAL REVENUE CODE OF 1954 RELATING TO INCOME TAX TREATMENT OF SMALL BUSINESS INVESTMENT COMPANIES

Mr. SPARKMAN. Mr. President, I introduce, for appropriate reference, a bill to amend certain provisions of the Internal Revenue Code of 1954 relating to the income tax treatment of small business investment companies. I ask unanimous consent that, following my remarks, the text of the bill be printed in the Record. This bill would amend section 542(c) (11) and section 1243 of the code. There are two amendments proposed in the bill. In one instance, the bill provides relief in a situation which has resulted from an unexpected and unforeseen ruling by the Internal Revenue Service. In the other instance, the bill simply conforms the tax law to an amendment of the Small Business Investment Act enacted during the 86th Congress. It is my understanding that the Treasury Department will have no objection to the enactment of both amendments. I am well aware, Mr. President, of the heavily burdened schedule of the Senate Finance Committee. However, in view of what I am led to understand will be the Treasury's position on this bill, and in view of the urgent need for the relief provided by the bill, I do express the hope that the committee will be able to consider the bill at an early date.

Section 542(c) (11) presently provides for the exemption of small business investment companies from the personal holding company surtax. This section also provides, however, that any small business investment company which provides funds to a small business concern in which one of its shareholders owns a 5 percent or more proprietary interest loses the exemption. This qualification was intended to serve as a restraint upon self-dealing involving loans or investments by a small business investment company to businesses in which the owners of the small business investment companies hold a substantial interest. The possibility of such self-dealing by these investment firms has been, and remains, a matter of concern to everyone interested in this program.

Soon after the Small Business Investment Act was enacted in 1958, it became known that many small groups of private investors desired to form small business investment companies, but were reluctant to do so because of the absence of any exemption from the personal holding company surtax. This fact undoubtedly contributed to the slow rate of growth experienced by the small business investment companies program in its early days. The desirability of such an exemption for the small business investment companies was further substantiated by the realization that other lending and financial institutions had traditionally enjoyed an exempt status. In view of this, and in view of the need for attracting private capital into this worthwhile program, in 1959 the Small Business Administration, with the assent of the Treasury Department and the Bureau of the Budget, requested that the Congress grant such an exemption. It was suggested that there be included in the act granting the exemption, a clause denying the exemption to companies which engaged in self-dealing. Such a clause was recognized as an effective deterrent against this practice and the suggestion was incorporated in the act which was passed during the 86th Congress. If my memory is correct, the suggestion that a self-dealing limitation be included in section 542(c) (11) was made by the Treasury Department, and I believe that the language of this particular section was drafted by the Treasury. In any event, the bill provided that a small business investment company would lose its personal holding company exemption if it provided funds to a small business concern in which one of its shareholders owned, directly or indirectly, as much as a 5-percent proprietary interest. A problem has arisen out of the use of the word "indirectly" in the act.

The Internal Revenue Service construed the word "indirectly" to mean that, whenever a small business investment company acquires a proprietary interest in a small business concern, this interest is attributed to the shareholders of the small business investment company in proportion to their stock interest in the small business investment company, with the result that, whenever the proprietary interest attributed to any one of the small business investment company's shareholders amounts to 5 percent or more of the small business concern, the small business investment company loses its exemption. For instance, let us suppose that a small business investment company is owned in equal shares by two individuals. If this small business investment company provides equity capital representing a 10-percent interest in a small concern, this interest would be attributed to these individuals with each considered as owning 5 percent of the small concern. The result would be a loss of the personal holding company exemption by the small business investment company.

Mr. President, I believe that I am safe in saying that this interpretation by the Internal Revenue Service was never anticipated by the Congress. It seems obvious to me that what was intended was a restraint upon investments in small concerns in which, at the time the investment is made, the owners of the small business investment company already hold a substantial interest. Certainly we did not intend that a small business investment company lose its exemption simply by making the type investment it is created to make. Indeed, when one considers the fact that Congress created these investment firms for the purpose of providing equity capital to small businesses, and the fact that Congress granted these firms an exemption from the personal holding company surtax, I am somewhat amazed that anyone would conclude that Congress intended that these firms lose their exemption merely by providing equity capital to small companies. I recognize that there is precedent for the interpretation of the word "indirectly" made by the Internal Revenue Service. However, I am convinced that there is little room for doubt as to the congressional intent in this matter.

This bill brings the qualifying language now contained in section 542(c) (11) in line with the Small Business Administration regulation on the subject of self-dealing. It provides that the small business investment company will lose its personal holding company exemption only if a shareholder of the small business investment company owning as much as 10 percent of the small business investment company also owns as much as 10 percent of a small business concern to which the small business investment company provides funds. Any proprietary interest acquired by the small business investment company in a small concern would still be attributed proportionately to the owners of the small business investment company, but the interest attributed to one of the owners would have to amount to as much as 10 percent, rather than 5 percent, before the exemption is lost. This bill will not solve the problem as I see it, and I am hopeful that a more effective measure can be enacted at a later date. However, it will provide closely held small business investment companies more latitude in their investment activity and will be helpful to this extent. In the example I gave earlier of the small business investment company owned by two persons equally, if my bill is enacted, this small business investment company could obtain up to a 20-percent equity in a small concern before losing the exemption.

May I say at this point, Mr. President, that this is not a matter which only affects the small business investment companies. It is a matter which affects the availability of equity capital to the small businesses of this country. It is more usual than not that a small business in need of additional equity capital will need an amount which will, when added to its present capitalization, represent more than 10 percent of the total. However, in the example I have given, the two-man small business investment company could not afford to make its capital available to such a small concern. My bill would make it possible for this small business investment company to meet the needs of such small concerns so long as the amount of capital provided did not result in ownership by the small business investment company of as much as a 20-percent proprietary interest in the business. So you see, Mr. President, that while this matter is certainly one which affects the welfare of the small business investment companies the ultimate beneficiary will be the small business community which will enjoy an expanded source of equity funds.

The other provision of my bill, Mr. President, would amend section 1243 of the Internal Revenue Code dealing with the ordinary loss treatment presently afforded losses on convertible debentures owned by a small business investment company. Senators will remember that the Small Business Investment Act of 1958 originally provided that the only type of equity security which a small business investment company might purchase from a small business was a convertible debenture. When the Congress undertook to provide tax incentives for investment in small business investment companies one such incentive allowed ordinary loss treatment for losses suffered by small business investment companies on equity securities. Unfortunately, though not surprisingly, the language used to accomplish this incentive limited such treatment to convertible debentures and stock acquired through exercise of the conversion rights. Senators will also recall that during the 86th Congress, we recognized that small business investment companies needed more flexibility in the form which their equity investments might take, and the Small Business Investment Act was amended to permit small business investment companies to use forms of equity securities other than convertible debentures. Through an oversight, section 1243 was left unchanged, with the result that ordinary loss treatment of losses on equity securities remained available only if the equity security was a convertible debenture or stock acquired under a convertible debenture. My bill would provide this ordinary loss treatment for losses suffered on any equity security so long as it is acquired by a small business investment company in accordance with the Small Business Investment Act and in accordance with the SBA regulations under the act. The bill is intended to correct a situation which everyone recognizes as having resulted from the oversight which I mentioned earlier. As to this section of the bill also, I understand that the Treasury Department will not object to its enactment.

As I have said, Mr. President, I hope that the distinguished chairman of the Finance Committee will solicit early comments from the proper officials of the Administration, and that this bill can be reported favorably by the committee in time for consideration by the Senate during this session.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3481) to amend certain provisions of the Internal Revenue Code of 1954 relating to the income tax treatment of small business investment companies, introduced by Mr. SPARKMAN (for himself and Mr. SALTONSTALL), was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 542(c)(11) of the Internal Revenue Code of 1954 (relating to exception of small business investment companies from definition of personal holding company) is amended to read as follows:

"(1) a small business investment company which is licensed by the Small Business Administration and operating under the Small Business Investment Act of 1958 and which is actively engaged in the business of providing funds to small business concerns under that Act in accordance with regulations prescribed by the Small Business Administration pursuant thereto. This paragraph shall not apply if any shareholder of the small business investment company owning, directly or indirectly (including, in the case of an individual, ownership by the members of his family as defined in section 544(a)(2)), 10 percent or more of the outstanding stock of such small business investment company owns at any time during the taxable year, directly or indirectly (including, in the case of an individual, ownership by the members of his family as defined in section 544(a)(2)), a 10 per centum or more proprietary interest in a small business concern to which funds are provided by the small business investment company or 10 per centum or more in the value of the outstanding stock of such concern."

SEC. 2. Section 1243 of the Internal Revenue Code of 1954 (relating to losses of small business investment companies) is amended to read as follows:

"SEC. 1243. LOSS OF SMALL BUSINESS INVESTMENT COMPANY.

"(a) GENERAL RULE.—In the case of a small business investment company operating under the Small Business Investment Act of 1958, if—

"(1) a loss is on equity securities (including stock received pursuant to an option or conversion or exchange privilege) acquired pursuant to section 304 of the Small Business Investment Act of 1958, as amended, and in accordance with regulations of the Small Business Administration prescribed under such section, and

"(2) such loss would (but for this section) be a loss from the sale or exchange of a capital asset,

then such loss shall be treated as a loss from the sale or exchange of property which is not a capital asset.

"(b) SPECIAL RULE FOR DETERMINING AMOUNT OF LOSS ON STOCK.—Under regulations prescribed by the Secretary or his delegate, for purposes of determining the amount of loss (if any) from the sale or exchange by a small business investment company of stock acquired by such company pursuant to section 304 of the Small Business Investment Act of 1958, as amended, and in accordance with regulations of the Small Business Administration prescribed under such section (including stock received pursuant to an option or conversion or exchange privilege), the basis of such stock shall be reduced (but not below zero) by an amount equal to the amount of any distribution received by such company with respect to such stock on or after the date of the enactment of this subsection, to the extent that any such distribution is made by the distributing corporation out of its earnings and profits accumulated prior to the date of the acquisition of such stock by such company."

SEC. 3. The amendments made by this Act shall apply to taxable years ending on or after the date of the enactment of this Act.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 27, 1962, he presented to the President of the United States the following enrolled bills:

S. 2164. An act to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes; and

S. 3203. An act to extend the Defense Production Act of 1950, as amended, and for other purposes.

ADJOURNMENT

Mr. SMATHERS. Mr. President, in accordance with the order previously entered, I move that the Senate adjourn.

The motion was agreed to; and (at 10 o'clock and 51 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Thursday, June 28, 1962, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 27, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalm 34: 3: *O magnify the Lord with me, and let us exalt His name together.*

Almighty God, in this moment of prayer, wilt Thou bless us with a vivid and vital experience of Thy grace, transforming our darkness into light, our doubt into faith, our weakness into power, and our fear into courage.

Grant that when we are in danger of becoming apprehensive and troubled in spirit we may be more fully conscious and aware of Thy companionship and counsel which will rescue and relieve all who are disturbed and distressed in mind and heart.

We earnestly beseech Thee that in the sphere of human relationships we may achieve a more healing sympathy for one another, a finer appreciation and understanding of those who are baffled by the emergencies and hard experiences of life, and a nobler skill in persuading the members of the human family to do good to one another.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 11221. An act to amend section 302 of the Career Compensation Act of 1949, as amended (37 U.S.C. 252), to increase the basic allowance for quarters of members of the uniformed services and to make permanent the Dependents Assistance Act of 1950, as amended (50 App. U.S.C. 2201 et seq.), and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 114. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Waurika reclamation project, Oklahoma;

S. 405. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Mann Creek Federal reclamation project, Idaho, and for other purposes;

S. 2020. An act to amend part IV of subtitle C of title 10, United States Code, to authorize the Secretary of the Navy to develop the South Barrow gasfield, naval petroleum reserve No. 4, for the purpose of making gas available for sale to the native village of Barrow and to other non-Federal communities and installations, and for other purposes;

S. 2530. An act regarding a homestead entry of Lewis S. Cass;

S. 2973. An act to revise the boundaries of Capulin Mountain National Monument, N. Mex., to authorize acquisition of lands therein, and for other purposes;

S. 3089. An act to amend the act directing the Secretary of the Interior to convey certain public lands in the State of Nevada to the Colorado River Commission of Nevada in order to extend for 5 years the time for selecting such lands;

S. 3112. An act to add certain lands to the Pike National Forest in Colorado and the Carson National Forest and the Santa Fe National Forest in New Mexico, and for other purposes;

S. 3174. An act to provide for the division of the tribal assets of the Ponca Tribe of Native Americans of Nebraska among the members of the tribe, and for other purposes; and

S. 3342. An act to approve an order of the Secretary of the Interior canceling irrigation charges against non-Indian-owned lands under the Klamath Indian project, Oregon, and for other purposes.

LUMP-SUM READJUSTMENT PAYMENTS FOR RESERVE COMPONENTS

Mr. RIVERS of South Carolina. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 8773) to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the Reserve components who are involuntarily released from active duty, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: "That section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1015), is amended as follows:

"(1) Subsection (a) is amended to read as follows:

"'(a) A member of a reserve component who is involuntarily released from active duty after the date of enactment of this amended subsection and after having completed immediately prior to such release at least five years of continuous active duty, except for breaks in service of not more than thirty days, as either an officer, warrant officer, or enlisted person, is entitled to a lump-sum readjustment payment computed on the basis of two months' basic pay in the grade in which he is serving at the time of release from active duty for each year of active service (other than in time of war or of national emergency hereafter declared by Congress) ending at the close of the eighteenth year. However, the readjustment payment of a member who is released from active duty because his performance of duty has fallen below standards prescribed by the appropriate Secretary or because his retention is not clearly consistent with the interests of national security, shall be computed on the basis of one-half of one month's pay. For the purposes of computing the amount of the readjustment payment, a part of a year that is six months or more is counted as a whole year, and a part of a year that is less than six months is disregarded, and any prior period for which readjustment pay has been received under any other provision of law shall be excluded. No person covered by this subsection may be paid a total of more than two years' basic pay in the grade in which he is serving at the time of release or $15,000, whichever is the lesser. There shall be deducted from any lump-sum readjustment payment under this subsection any mustering-out pay received under the Mustering-Out Payment Act of 1944, the Veterans' Readjustment Assistance Act of 1952, or chapter 43 of title 38, United States Code.'

"(2) The second sentence of subsection (b) (5) is amended to read as follows: 'However, such a person is entitled—

"'(A) to receive readjustment pay under this section even though he is also entitled to be paid under section 680 of title 10, United States Code; and

"'(B) with respect to severance pay to which he is entitled under any provision of law other than section 680 of that title, to elect either to receive that severance pay or to receive readjustment pay under this section, but not both.'

"(3) Subsection (b) (6) is amended to read as follows:

"'(6) Except as provided in this clause, a person who upon release from active duty is eligible for disability compensation under laws administered by the Veterans' Administration. However, such a person may receive readjustment pay under this section in addition to disability compensation subject to deduction from the disability compensation of an amount equal to 75 percent of the readjustment pay. Receipt of readjustment pay shall not deprive a person of any part of any disability compensation to which he may become entitled, on the basis of subsequent service, under laws administered by the Veterans' Administration.'

"(4) Subsection (c) is amended to read as follows:

"'(c) A member of a reserve component who has received a readjustment payment under this section after the date of enactment of this amended subsection who qualifies for retired pay under any provision of title 10 or title 14, United States Code, that authorizes his retirement upon completion of 20 years of active service, may receive that pay subject to the immediate deduction from that pay of an amount equal to 75 percent of the amount of the readjustment payment, without interest.'

"(5) Subsection (e) is repealed.

"SEC. 2. Section 680(a) (2) of title 10, United States Code, is amended by striking out the word 'or' before the designation '(C)' and inserting before the period at the end the words ', or (D) released because he has been considered at least twice and has not been recommended for promotion to the next higher grade or because he is considered as having failed of selection for promotion to the next higher grade and has not been recommended for promotion to that grade, under conditions that would require the release or separation of a Reserve Officer who is not serving under such agreement'.

"SEC. 3. Notwithstanding an election under section 265 (b) (6) of the Armed Forces Reserve Act of 1952 (50 U.S.C. 1016(b) (6).), before the date of enactment of this Act, to receive a readjustment payment under that section, any person who made such an election may be awarded disability compensation to which he is otherwise entitled, subject to deduction as provided in that section, as amended by this Act. However, such an award may not become effective for any period before the date of enactment of this Act.

"SEC. 4. (a) Sections 1167(d), 3303(d) and 8303(d) of title 10, United States Code, are each amended by inserting the following new sentence at the end thereof: 'However, no person is entitled to severance pay under this section in an amount that is more than $15,000.'

"(b) Sections 6382(c), 6283(f), 6384(b), and 6401(b) of title 10, United States Code, section 437(f) of title 14, United States Code, and sections 112(g) and 212(g) of the Officers Personnel Act of 1947 (61 Stat. 808, 825) are each amended by inserting the following new sentence at the end thereof: 'However, no person is entitled to a lump-sum payment under this section that is more than $15,000.'"

The **SPEAKER**. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

MEMORIALS TO LATE SENATOR FRANCIS CASE, OF SOUTH DAKOTA

Mr. **REIFEL**. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER**. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. **REIFEL**. Mr. Speaker, I have today introduced a resolution to name the first of the Missouri River lakes in South Dakota created by national legislation in honor of the late Senator Francis Case, of South Dakota, whose work was responsible for the original authorization.

In addition, I am suggesting to the South Dakota State highway officials that the huge bridge soon to be constructed across this lake be named "The Francis Case Memorial Bridge" in honor of the man who almost singlehandedly obtained the necessary congressional authority for this structure, soon to be dedicated.

There are countless projects all across South Dakota for which Francis Case was primarily responsible, but he was particularly identified with these two.

It is fitting that the first of the Missouri River lakes which have come into being largely through his vision and legislative workmanship should bear his name. And it is equally appropriate that the huge bridge providing a new link between eastern and western South Dakota should be named in his honor that all who cross it shall be reminded of the high regard in which we held him and many ways in which he helped build a better America.

Mr. **BERRY**. Mr. Speaker, will the gentleman yield?

Mr. **REIFEL**. I yield to the gentleman.

Mr. **BERRY**. Mr. Speaker, I am joining my colleague, the gentleman from South Dakota, Representative BEN REIFEL, in the introduction of this resolution to name the reservoir back of the Fort Randall Dam "Lake Francis Case."

Since the Missouri River development program stands as a monument to the great work of Senator Francis Case, it is fitting and proper that one of the mammoth reservoirs on the mighty Missouri be named in his honor.

I have joined in introducing this bill in memory of Senator Francis Case who did so much for irrigation, reclamation, and water development in South Dakota.

Water for South Dakota was always the first interest of this great man. Water in South Dakota should bear his name.

WATERSHED PROTECTION AND FLOOD PREVENTION WORK PLANS

The SPEAKER laid before the House the following communication, which was read by the Clerk and, together with the accompanying papers, was referred to the Committee on Appropriations:

JUNE 26, 1962.

Hon. JOHN McCORMACK,
The Speaker, U.S. House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the provisions of section 2 of the Watershed Protection and Flood Prevention Act, as amended, the Committee on Agriculture has considered the work plans transmitted to you by Executive Communications 1331 and 930 and referred to this committee and unanimously approved each of such plans on June 25, 1962. The work plans involved are:

Nebraska, Gering Valley watershed, Executive Communication 1331.

California, Escondido Creek watershed, Executive Communication 1331.

California, Napa River watershed, Executive Communication 930.

Sincerely yours,
HAROLD D. COOLEY, *Chairman*.

(Attachments.)

RESOLUTION APPROVING THE WORK PLAN FOR ESCONDIDO CREEK, CALIF.

Be it resolved by the Committee on Agriculture of the House of Representatives, That the plan for works of improvement for the Escondido Creek., Calif., watershed, submitted to the Speaker of the House of Representatives by Executive Communication 1331 and referred to the Committee on Agriculture pursuant to section 2 of the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1002), is hereby approved.

JUNE 25, 1962.

Attest:

CHRISTINE S. GALLAGHER, *Clerk*.

RESOLUTION APPROVING THE WORK PLAN FOR GERING VALLEY, NEBR.

Be it resolved by the Committee on Agriculture of the House of Representatives, That the plan for works of improvement for the Gering Valley, Nebr., watershed, submitted to the Speaker of the House of Representatives by Executive Communication 1331 and referred to the Committee on Agriculture pursuant to section 2 of the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1002), is hereby approved.

JUNE 25, 1962.

Attest:

CHRISTINE S. GALLAGHER, *Clerk*.

RESOLUTION APPROVING THE WORK PLAN FOR NAPA RIVER, CALIF.

Be it resolved by the Committee on Agriculture of the House of Representatives, That the plan for works of improvement for the Napa River, Calif., watershed, submitted to the Speaker of the House of Representatives by Executive Communication 930 and referred to the Committee on Agriculture pursuant to section 2 of the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1002), is hereby approved.

JUNE 25, 1962.

Attest:

CHRISTINE S. GALLAGHER, *Clerk*.

SUPREME COURT DECISION ON PUBLIC SCHOOL PRAYER

Mr. **GOODLING**. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The **SPEAKER**. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. **GOODLING**. Mr. Speaker, I should like to speak against the decision handed down by the Supreme Court in the New York Regents Prayer case. Such a decision denies the very faith our forefathers had when they wrote the Declaration of Independence. For years people have come to our country to escape religious persecution and we have always protected our people against the tyranny of a single religious domination. But here, there is a distinction between religious domination and religious faith. This prayer does not demand one to change his beliefs or force him into any type of conversion. It is a simple prayer, merely asking for God's blessing. The prayer cannot possibly represent one church or one religion. Of course, there must always be a separation of church and state; but the Constitution never meant to have a separation of church and faith.

The people who believe in God are in the great majority. The atheists and agnostics compose the minority. There is no act forcing them to recite the prayer and listening can do them no harm. Thus participation or abstention can do no wrong or have any ill effect.

Recently a minister pointed out:

> The built-in decisions of the Supreme Court are laying waste to State sovereignty and provoking heartbreakers to men learned in the laws. Individual liberty, the shrine where we like to worship, is being desecrated by decisions that make a mockery of our concept of justice.

In closing, I should like to say that I shall be willing to support any action amending this Supreme Court decision.

TRADE EXPANSION ACT OF 1962

Mr. **BOLLING**. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution, House Resolution 712, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed eight hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, but said amendments shall not be subject to amendment. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit, with or without instructions.

CALL OF THE HOUSE

Mr. BYRNES of Wisconsin. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 130]

Addonizio
Alford
Barrett
Bass, N.H.
Blitch
Brewster
Celler
Chelf
Coad
Cooley
Curtis, Mass.
Davis, James C.
Davis, Tenn.
Dawson
Dwyer
Flood
Hall
Harrison, Va.
Hoffman, Mich.
Horan
Jones, Mo.
Kowalski
Libonati
McSween
McVey
Moulder
Powell
Riley
Rivers, Alaska
St. Germain
Saund
Scherer
Shelley
Shipley
Spence
Stratton
Stubblefield
Taber
Thompson, La.
Yates

The SPEAKER. On this rollcall, 393 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

TRADE EXPANSION ACT OF 1962

The SPEAKER. The Chair recognizes the gentleman from Missouri [Mr. BOLLING].

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN]; pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 712 makes in order the consideration of the bill H.R. 11970, the Trade Expansion Act. As I believe most Members know, the rule is a closed rule providing for 8 hours of general debate, committee amendments, and one motion to recommit with or without instructions.

Mr. Speaker, at this time I yield 5 minutes to the gentleman from Florida [Mr. SIKES].

Mr. SIKES. Mr. Speaker, I am not expert on matters of tariff and reciprocal trade. I appear as a layman who is uneasy about what the experts are doing to us. I can see what is happening to American industry as a result of imports of low-cost goods from abroad. I want to see America trade with other nations but not at the price of closing American factories and throwing American workmen out of jobs. This is happening now. I feel strongly it will happen at an accelerated rate under H.R. 11970.

Whether or not this bill would aggravate the problem, I deplore the welfare program for industry and for industrial workers which this bill provides in lieu of the previously accepted peril-point and escape clauses.

I believe that the present bill is almost a complete surrender of congressional authority and responsibility to the Chief Executive. I believe this bill should be modified materially before it becomes law.

Therefore, in the absence of amendments from the committee, I suggest that the recommittal motion be supported with the proviso that the present Reciprocal Trade Act be continued for 1 additional year.

I have noticed references several times in the press to the allegation that the President has used up all the powers available under the existing Reciprocal Trade Act, and that, per force, new authority is essential. These statements, Mr. Speaker, just do not square with the facts. Here is the actual situation which would prevail under a 1-year extension of the present law.

First. Effective July 1, 1962, most U.S. duties will be reduced 20 percent, in two yearly stages, 10 percent during each stage. Thus, during the period of a 1-year extension, U.S. duties would be lowered by 10 percent. If Congress acts next year to give the President new trade agreement authority, he would be in a position to enter into negotiations under that authority during the second year of the scheduled reduction in duties.

Second. Since even the present bill, H.R. 11970, by its terms would prevent any new reduction in duties from coming into effect until the presently scheduled 20-percent reduction has become fully effective, the enactment of a simple 1-year extension of the present law would not bring about any change in the schedule of tariff reductions contemplated by the bill.

Third. With the exception of the authority to enter into new trade agreements and to proclaim new reductions in duty, the trade agreements legislation is permanent legislation not depending upon any renewal for its continuing force and effect. Thus, under the existing law the President would retain the authority to enforce the provisions of existing trade agreements; to administer the escape clause and national security provisions of the law; and to modify, terminate, or suspend, in whole or in part, trade agreement proclamations in order to carry out some proper purpose pertaining to the foreign trade of the United States.

Fourth. A 1-year extension of the existing law would extend for that period the authority of the President under the Tariff Act of 1930, as amended, to issue proclamations carrying out foreign trade agreements entered into after July 1, 1958, decreasing any rate of duty by 20 percent of the rate existing on that date. Most U.S. duties were reduced by this amount in the recently concluded "Dillon round" of trade agreement negotiations, but many categories of trade articles were not included. Possibly 40 percent of the items initially proposed for negotiation were reserved therefrom as the result of the peril point findings of the Tariff Commission. Even those included can be reconsidered at any time.

Many items in the tariff schedules were not included on the list proposed for negotiation. These groups of articles, therefore, would be subject to consideration for negotiation in a new trade agreement. Subject to the peril point procedure, the duties on these articles could be reduced by 20 percent. In combination they represent an extensive list of manufactured, agricultural, and mineral products. This list includes the following:

First. Organic chemicals of the type commonly referred to as petrochemicals.

Second. Earthenware, crockery, and chinaware.

Third. Scientific glassware.

Fourth. A great variety of glass and glass manufactures.

Fifth. Structural steel.

Sixth. Hand tools.

Seventh. Screws, rivets, washers, nuts, et cetera.

Eighth. Furniture.

Ninth. Candy and confectionery.

Tenth. Some fish and fish products.

Eleventh. Cotton, wool, and manmade fiber textiles—with a few exceptions.

Twelfth. Musical instruments, violins and violas, et cetera.

Thirteenth. Photographic cameras and parts—with a few exceptions.

There is no necessity for the enactment of a new bill now.

Thus, Mr. Speaker, I question the necessity for new legislation. I am convinced we will be in a more healthy position if we extend the present Reciprocal Trade Act for another year. At that time we can determine with much more certainty whether a new act is needed and what form a new act should take.

The SPEAKER pro tempore [Mr. ALBERT]. The time of the gentleman from Florida has expired.

Mr. BROWN. Mr. Speaker, I yield myself 12 minutes.

Mr. Speaker and Members of the House, the gentleman from Missouri [Mr. BOLLING] has explained this rule. It is a closed rule, a gag rule providing for 8 hours of general debate, prohibiting the offering of or the consideration of any amendments except those approved by the House Committee on Ways and Means, and providing for one motion to recommit with or without instructions.

This measure, Mr. Speaker, in my opinion is one of the most important pieces of legislation ever to come before the Congress, at least in my time. It is a nonpartisan problem which confronts us here today. A great many things have happened since the President first sent his message to Capitol Hill in which he asked for the enactment of legislation of this type. A great many things have also happened since the very able Committee on Ways and Means took jurisdiction over this legislation, began long hearings on the President's proposal, and finally brought out, first, H.R. 9900 and then, this bill, H.R. 11970, a so-called clean bill.

I think all of us as good Americans and as persons who are interested in the welfare, not just of our districts alone, but of our entire Nation, and as far as that is concerned of our way of life and the free enterprise system and our form of representative government, should take a good look at that which confronts us today. Let us see what has happened.

Let us look at some of these things that have occurred.

I do not know just how to put them in correct chronological order, but, for instance, in the last 30 days we have seen a great drop in stock prices, or in the value of the stocks in American corporations. The loss in value alone of those stocks belonging to the American people, to the citizens of this country, with an average income, I am informed, of less than $8,000 a year, that is the average stockholder's income, has been better than $150 billion in the last 30 days, or even a little more.

Where are we headed? I do not know and I do not believe that any of you know for a certainty as to just where we are heading. We have seen in the last 30 days the income of our Federal Treasury decline and drop off from that which had been estimated earlier. We have seen an increase in our Government deficits, and in our Treasury deficits. According to the most recent announcement, the budget deficit for fiscal 1962 will be around $8 billion, or perhaps a little more, at midnight, Saturday night, when Treasury figures become public; and now we have an estimated deficit already for the fiscal year 1963, which starts on July 1, Sunday morning, of better than $5 billion according to our own fiscal authorities and experts and it may finally be much above that.

We do not know, of course, what may happen in the future, but we do know that corporate earnings and profits are off, that there are darkening economic skies. All you have to do is to look and you will see them. The reports and the portents are not good.

Here we are considering this bill, not knowing what the action of Canada last weekend may mean to us. The Canadian Government has devalued their own dollar to 92½ cents. The Canadian Government has increased their import duties and tariffs on foreign products coming in from other countries, many of them—not all—from the United States, by as much as 15 percent. They have increased the rediscount rate, or the interest rate, on money and on loans to 6 percent. Believe it or not, Canada has gone out and borrowed a billion dollars on short-term paper to help maintain and sustain their currency and their balances which only amount now to $1,100 million. We do not know what the result of all that will be, but it will certainly be damaging to the United States of America, our business community, and our export trade.

We do not know now, as was mentioned a while ago by the distinguished gentleman from Florida [Mr. SIKES], how American business may change after the GATT arrangement made at Geneva that will permit a reduction in tariffs of about 20 percent on a great many American import and export items. We do not know what the effect of all this will be on American industry and labor.

We do not know how long the European Common Market may survive or last, because its members are having their own internal difficulties at the present time. We do not know whether Great Britain will join that Common Market or not, or whether if she joins the Market she will take her Commonwealth countries—Australia, Canada, and New Zealand—in with her.

We do not know whether the Scandinavian countries, Denmark, Norway, and Sweden, will join the Common Market, or not. We do not know whether Greece and Turkey may later enter the Common Market.

We have been assured in the Rules Committee by the illustrious and able chairman of the Ways and Means Committee, that there is no intention on the part of the United States to join the Common Market. But we do not know any of these things for a certainty.

In the last few days we have seen the American steel industry working at only 50 percent of capacity, with steelworkers being laid off throughout the United States and receiving unemployment compensation. We have seen our own American Government importing, if you please, foreign-produced steel, probably because they can buy it cheaper abroad than we can manufacture it here at home. We do not know what effect that will have, nor do we know what effect the import of other goods and products to be used by our Federal Government, all manufactured abroad by foreign labor which pays no withholding taxes into the American Treasury—we do not know what effect all that will have.

We see here before us a proposal on the one hand for lowering tariffs and import duties so as to reduce the income of the Federal Treasury, and then on the other hand we see provisions in this bill to take more money out of the Federal Treasury to pay subsidies to American business and American labor injured under other provisions of this act.

Throughout my career in Congress I have never voted for the extension of the Reciprocal Trade Agreements Act—and I would like you to bear in mind what I say—under which we have already reduced import duties and tariffs on foreign products flowing into the United States by an average of 75 percent. No, I have never voted for that. Now the proposal is that we put something in its place, and for the first time I am going to support a motion to recommit which, I understand, will be made by the senior minority member of the Ways and Means Committee, the gentleman from Illinois [Mr. MASON], to do that which the gentleman from Florida [Mr. SIKES] has spoken about; that is, simply to extend for one year the present law, the present Reciprocal Trade Agreements Act, so we can find out what these situations that I have mentioned, these dangerous and threatening situations, may really mean, and what the outcome may be, so that we will have the opportunity of knowing what sort of legislation may be necessary, as events develop within the next year, and are sure to develop under the situation which exists at this time.

I am going to support that motion to recommit, because it is the lesser of two evils, in my opinion, and it will give an opportunity for the American people, as well as the Congress of the United States, to know something about what will happen in the next few months. We will then be placed in a better position to judge just what sort of foreign trade legislation may be desired.

I had some of my friends come to me the other day and say, "This bill that is before us is just an expansion of the present Reciprocal Trade Agreements Act. The great majority of the Members of the House have voted to extend the Reciprocal Trade Agreements Act. It is a wonderful act and this is only an expansion."

But it is a big expansion, if you please, of the present Trade Agreements Act. Let me ask one question: If the present law, if the present Reciprocal Trade Agreements Act, is as good and as wonderful as some of those who talk about the votes it received in the past, if it has been so good, then why not continue it for another year? What damage can be done by keeping it for another year, if it is the type of measure some of you say it is? Why not just keep that act?

Let us first find out what the future holds for us and not dash blindly into a new and unknown situation, and not confer upon a President such broad and unusual powers. I do not care which President may be in office, because I have opposed some of those things under a Republican administration just as I am against this proposal now to give the President of the United States unlimited powers in the field of trade tariffs, and import duties such as have never been exercised by any President in the past, have never been granted to any President. Once the die is cast—remember this—once this legislation is enacted and becomes law, it will be on the statute books permanently, and we will be bound, not only those of this generation, but of future generations to come, under a situation, if you please, where we will not be dictating the terms, but governments of other countries will be.

Other nations will be in a position to determine what our future shall be as far as foreign trade is concerned, as far as economics are concerned.

Why do a thing like this when the trade balance or balance of exchange, is so terribly against us as it is today, when we have less than $5 billion of free gold in our Treasury with which to pay more than $22 billion of demands for gold which can be made against us by foreign concerns, foreign banks, or foreign governments?

Why not play it safe? Why not take the sure way, and remain safe, if you please? Vote for the Mason motion to recommit to simply extend for 1 year the provisions of the present act so that we may have the opportunity to know more about what the world situation will be, what our own economic situation may be, a year from now, during which time these things will have an opportunity to work themselves out to a certain extent, and we may then follow a wise and proper course for the benefit of all America.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentleman from Iowa.

Mr. GROSS. I want to compliment the gentleman on the excellent statement he has made, and ask this question: When the packing of the Rules Committee was carried out, were we not assured that as a result of that action legislation would come to the floor of the House under procedures that would assure the House could work its will?

Mr. BROWN. Well, I will say to the gentleman that this is another closed or gag rule. I wanted an open rule so the House could work its will on this legislation, but I failed to get it from the Committee on Rules.

Mr. ALGER. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentleman from Texas.

Mr. ALGER. I would like to compliment the gentleman for his statement as well as the gentleman who preceded him, and call to the attention of the House that the committee report and the presentations that will be made by the members of the Committee on Ways and Means on the whole will give a very well rounded discussion, not only on what the gentleman has said but on many other problems that confront us, so much so that the course of commonsense, not politics but commonsense, as I see it, looks toward an extension of present law as the only course for us to pursue at this time, since we must consider many present economic factors before cutting tariffs even more.

Mr. BROWN. I thank the gentleman.

Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Speaker, I asked for this time just to express my regret that this is a closed rule. The rule requested was a modified rule which would have permitted the House to work its will on three amendments that had been fully considered by the Committee on Ways and Means on which there had been considerable difference of opinion. I happen not to have favored one of those amendments. The argument and debate over the enlargement of the Committee on Rules last year was to allow the House to work its will. I said at the time, although I voted for it, that I was afraid those who were supporting it did not intend to open up these rules so that the House could consider these matters. And, I simply want to try to drive home exactly what has happened, that the Committee on Rules, particularly those who claim to be wearing the label of liberal, are the ones who impose these closed rules and gag rules on the House. And, I hope that before too much longer the public will be fully aware of just what did happen last year under this so-called liberalization of the Committee on Rules.

Mr. BROWN. Mr. Speaker, I yield 5 minutes to the ranking minority member of the Committee on Ways and Means, the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Speaker, I have asked for this time under the rule to recapitulate the actions of this House on the reciprocal trade agreements program ever since it was first adopted. In 1934 we adopted the reciprocal trade agreements program for 3 years to give it a trial. I understand that vote was practically unanimous. Early in 1937 a continuation of the reciprocal trade agreements program was brought up in this House. I had only been here about 5 weeks at that time and I voted "No" on the continuation of the Reciprocal Trade Agreements Act of 1937. And, there were only 13 no votes in this House. My leader, Congressman Snell, at that time, from New York, called me over to the side and he said, "Noah, if you expect to stay in this House any length of time, you had better go along with the majority of us."

Mr. Speaker, I said "Well, now, Mr. Snell, as long as I am a Member of this House, whether it is one term or more, I shall vote my convictions regardless of whether I am the only one or not."

Mr. Speaker, I have done so. Those 13 no votes in 1937 became 40 or more the next time. The next time those 40 or more votes became 150 or more. It gradually reached the point of 200 votes. The last time it was brought up in this House we had 226 votes against continuation of the Reciprocal Trade Agreements Act. The administration—my administration—postponed action on that vote for nearly 6 weeks until they succeeded in getting some oil men from Texas, with promises, and some lead and zinc Members of the House from the Northwest, with promises, until they had the necessary votes, and then they brought it up and passed it.

Mr. Speaker, I wanted the Members of the House to have that history. That is the history of the reciprocal trade agreements so far as the legislative action is concerned.

Mr. Speaker, now we are faced with it again. Oh, not with the reciprocal trade agreements; oh, no. The President has asked, and in this bill he proposes to take over the whole trade agreements program, practically speaking, which the Constitution says rests on the shoulders of the Members of Congress. That is the situation we are facing. In view of that situation I am going to do something that I have never done before. I have always voted "no" on the continuation of the reciprocal trade agreements. I am going to offer a motion to recommit, with instructions to bring it right back with a simple 1-year extension. I have to stretch my conviction pretty far to even do that. But I am going to do it, and I hope that motion to recommit with a 1-year extension of the present law—because they have already used up practically all their power to lower tariffs under our present law—will be adopted by this House.

Mr. BROWN. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. Bow] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BOW. Mr. Speaker, the President's recent foreign trade address in New Orleans indicates that his Ivy League advisers are trying to rewrite American history.

I have commented on this address in the RECORD for May 14, pages 8275–76, as it related to recent statistics, also misinterpreted in my opinion.

The historical references are even more interesting.

The President clearly implied that our forefathers favored free trade and presumably would have favored H.R. 11970, the Trade Expansion Act of 1962, as written. He said:

> The Founding Fathers—Washington, Franklin, Adams, Jefferson—were men of trade as well as men of state. For trade represents widening horizons, freedom of choice and individual venture—and so does democracy. The spirit of trade goes hand in hand with the spirit of liberty.

This remark, so clearly contrary to my own recollection of our early history, led me to look for the comments of Washington, Franklin, Adams, Jefferson and a few of the other stalwarts of the early Republic—Madison, Monroe, Jackson, and Calhoun.

Nothing I found supports the President's New Orleans statement.

Indeed, the references I have gathered and will read to the House indicate that these great leaders of the early days of our Nation would be found standing with me in opposition to the grant of tremendous power to the President for the purpose of making this a free trade nation.

To treat of Franklin first, he died on April 17, 1790, and hence had little influence, if any, on the tariff policies of our 1-year-old Republic. In fact he was ill for most of this short period.

The only reference to protectionism in Van Doren's "Benjamin Franklin" is expressed by the author as follows:

> But the Townshend acts, expressly intended to raise money for the support of the Crown officials in America and so make them independent of the assemblies, appeared to the Americans not only to tax them without their consent but also to put them under arbitrary rule from England, and renewed the "grievances, which from their respect and love for this country, they had long borne, and seemed almost willing to forget. They reflected how lightly the interest of all America had been esteemed here, when the interests of a few inhabitants of Great Britain happened to have the smallest competition with it." Americans could not import wine, oil, and fruit direct from Portugal, but must ship it by way of England in order that a few British merchants trading with Portugal might have their commissions. On the complaint of a few British merchants trading with Virginia nine colonies had been restrained from issuing paper money. A few British manufacturers of hats, nails, and steel had been able to prevent the manufacture of those articles in America. "Reflecting on these things, the Americans said to one another (their newspapers are full of discourses) these people are not content with making a monopoly of us * * * but now they have as good as declared they have a right to tax us, ad libitum, internally and externally; and that our constitutions and liberties shall all be taken away if we do not submit to that claim." "It is time then," Franklin said the Americans were saying, "to take care of ourselves, by the best means in our power. Let us unite in solemn resolutions and engagements with and to each other, that we will give these new officers as little trouble as possible by not consuming the British manufactures, on which they are to levy the duties. Let us agree to

> consume no more of their expensive gewgaws; let us live frugally; and let us industriously manufacture what we can for ourselves."

Actually, Van Doren says that Franklin's concern was more with taxation without representation than with imports per se.

Let us not labor the Franklin reference.

Nor let us belabor the more obvious inaccuracies implied in the President's remarks. Well known are these facts: The Tariff Act of 1789 was Public Law No. 1 of the First Congress; Hamilton's protective "Report on Manufactures," and the high tariff attitudes of the so-called "War Hawks," Clay, Calhoun, and their confreres. We leave these to the experts in the history departments of Harvard and Princeton.

All I wish to do here is to give a series of quotations from Presidential messages and other official documents from the Washington through the Jackson administrations. It does not document the President's thesis. The quotations prove the precise contrary. They follow:

Public Law No. 1, The Tariff Act of 1789, began as follows:

> Whereas, it is necessary for the support of the Government, the discharges of the debts of the United States, and the encouragement and protection of manufactures, that duties be laid on goods, wares and merchandises imported.

James Madison said:

> I have no objection to the committee's accepting the proposition offered by the gentleman from Pennsylvania. I think some of the propositions may be productive of revenue, and some may protect our domestic manufactures.

George Washington said:

> Ought our country to remain in such cases dependent on foreign supply, precarious, because liable to be interrupted? If the necessary article should, in this mode, cost more in time of peace, will not the security and independence thence arising form an ample consideration?

John Adams said:

> Under this view of our affairs, I should hold myself guilty of a neglect of duty if I forbore to recommend that we should make every exertion to protect our commerce, and to place our country in a suitable posture of defense, as the only sure means of preserving both.

Thomas Jefferson said:

> I have read with great satisfaction the eloquent pamphlet you were so kind as to send me, and sympathize with every line of it. I was once a doubter whether the labor of the cultivator, aided by the creative power of the earth itself, could not produce more than that of the manufacturer, alone and unassisted by the dead subject on which he acted; in other words, whether the more we could bring into action of our boundless territory in addition to the labor of our citizens, the more would be our gain. But the inventions of the later times, by laborsaving machines, do now as much for the manufacturer as the earth for the cultivator. Experience, too, has proved that mine was but half the question: the other half is, whether dollars and cents are to be weighed in the scale against real independence. The question is then solved, at least as far as respects our wants.

> I much fear the effects of our infant establishments (manufactures) of the policy avowed by Mr. Brougham and quoted in the pamphlet. Individual British merchants may lose by the late immense importations, but British commerce and manufactures in the mass will gain by beating down the competition of ours in our own markets.

Again, Jefferson said:

> The history of the last 20 years has been a sufficient lesson for us all to depend for necessaries on ourselves alone, and I hope that 20 years more will place the American hemisphere under a system of its own essentially peaceable and industrious, and not needing to extract its comforts out of the eternal fires raging in the Old World.

A further quote from Jefferson:

> The situation into which we have thus been forced has impelled us to apply a portion of our industry and capital to internal manufactures and improvements. The extent of this conversion is daily increasing, and little doubt remains that the establishments formed and forming, will, under the auspices of cheaper materials and subsistence, the freedom of labor from taxation with us, and of protecting duties and prohibitions, become apparent.

Here is another quote from President Madison:

> The face of our country presents everywhere the evidence of laudable enterprise, of extensive capital, and of durable improvement. In a cultivation of the materials and the extension of useful manufactures, more especially in the general application to household fabrics, we behold a rapid diminution of our dependence on foreign supplies. Nor is it unworthy of reflection that this revolution in our pursuits and habits is in no slight degree a consequence of those impolitic and arbitrary edicts by which the contending nations, in endeavoring each of them to obstruct our trade with the other, have so far abridged our means of procuring the productions and manufactures of which our own are now taking the place.

Again, Madison affirms his attitude toward domestic industry:

> But there is no subject that can enter with greater force and merit into the deliberations of Congress, than the consideration of the means to preserve and promote the manufactures which have sprung into existence, and attained an unparalleled maturity throughout the United States during the period of the European wars. This source of national independence and wealth I anxiously recommend, therefore, to the prompt and constant guardianship of Congress.

Madison refers to the historic policy of the young Republic:

> A further evidence of the constitutional power of Congress to protect and foster manufactures by regulations of trade, is the uniform and practical sanction given to that power for near 40 years.

Secretary of the Treasury Dallas had this to say in 1816:

> There are few, if any, governments which do not regard the establishment of domestic manufacturers as a chief object of public policy. The United States have always so regarded it. In the earliest acts of Congress, which were passed after the adoption of the present Constitution, the obligation of providing, by duties on imports, for the discharge of the public debts, is expressly connected with the policy of encouraging and protecting manufactures.

John C. Calhoun was eloquent on the subject of trade protection:

> Neither agriculture, manufactures, nor commerce, taken separately, is the cause of wealth; it flows from the three combined, and cannot exist without each. The wealth of any single nation, or any individual, it is true, may not immediately depend on the three, but such wealth always presupposes their existence. He viewed the words in the most enlarged sense. Without commerce, industry would have no stimulus; without manufactures it would be without the means of production; and without agriculture neither of the others can subsist. When separated entirely and permanently, they perish.
>
> It is admitted, by the most strenuous advocates on the other side, that no country ought to be dependent on another for its means of defense; that, at least, our musket and bayonet, our cannon and ball, ought to be of domestic manufacture. But what, he asked, is more necessary to the defense of a country than its currency and finance? Circumstanced as our country is, can these stand the shock of war? Behold the effect of the late war on them. When our manufactures are grown to a certain perfection as they soon will under the fostering care of Government, we will no longer experience these evils. The farmer will find a ready market for his surplus produce; and, which is almost of equal consequence, a certain and cheap supply of all his wants. His prosperity will diffuse itself to every class of the community; and instead of that languor of industry, and individual distress, now incident to a state of war and suspended commerce, the wealth and vigor of the community will not be materially impaired.

President Monroe had this to say in his inaugural address, 1817:

> Our manufactures will require the systematic and fostering aid of the Government.

Monroe amplified his views as follows:

> Having communicated my views to Congress, at the commencement of the last session, respecting the encouragement which ought to be given to our manufactures, and the principle on which it should be founded, I have only to add that those views remain unchanged, and that the present state of those countries with which we have the most intimate political relations and greatest commercial intercourse tends to confirm them. Under this impression I recommend a review of the tariff, for the purpose of affording such additional protection to those articles which we are prepared to manufacture, or which are more immediately connected with the defense and independence of the country.

Andrew Jackson spoke to the subject many times:

> Heaven smiled upon and gave us liberty and independence. The same providence has blessed us with the means of national independence and national defense. If we omit or refuse to use the gifts which have been extended to us, we deserve not the continuance of His blessing. He has filled our mountains and our plains with minerals—with lead, iron, and copper—and given us a climate and soil for the growing of hemp and wool. These being the greatest materials of our national defense, they ought to have extended to them adequate and fair protection, that our manufacturers and laborers may be placed in a fair competition with those of Europe, and that we may have within our country a supply of those leading and important articles so essential in war.

Again, he said:

> Will not the people demand, as they have a right to do, such a prudent system of expenditure as will pay the debts of the Union, and authorize the reduction of every tax to as low a point as the wise observance of the necessity to protect that portion of our manufactures and labor, whose prosperity is essential to our national safety and independence will allow?

On another occasion, Jackson said:

> As long as the encouragement of domestic manufactures is directed to national ends, it shall receive from me a temperate but steady support.

Finally, Jackson had this to say:

> While the chief object of duties should be revenue, they may be so adjusted as to encourage manufactures. In this adjustment, however, it is the duty of the Government to be guided by the general good. Objects of national importance alone ought to be protected; of these, the productions of our soil, our mines, and our workshops, essential to national defense, occupy the first rank. Whatever other species of domestic industry, having the importance to which I have referred, may be expected to compete with foreign labor on equal terms, merit the same attention in a subordinate degree.

Mr. Speaker, I believe these quotations clearly establish that the Founding Fathers of this Nation were not free traders, as the New Orleans speech implied, but were dedicated to protecting and expanding the domestic welfare as the first responsibility of the Republic.

Mr. BROWN. Mr. Speaker, I now yield 30 seconds to the gentleman from Indiana [Mr. Harvey].

Mr. HARVEY of Indiana. Mr. Speaker, it was my privilege last fall to visit in three of the major European countries which comprise a part of the projected Common Market. It is my very serious judgment that in view of what I learned in those conferences with officials of those countries we ought to, by all means, simply extend our present program for 1 more year.

Mr. BROWN. Mr. Speaker, I yield the balance of the time on this side to the gentleman from Kansas [Mr. Avery], a member of the Committee on Rules.

Mr. AVERY. Mr. Speaker, and Members of the House, unlike my distinguished colleague from Ohio [Mr. Brown] and the senior minority member on the House Ways and Means Committee, the gentleman from Illinois [Mr. Mason], I am one who has supported the Reciprocal Trade Agreements Act on each occasion that the matter has been before the House since I have been a Member. I come here today with mixed emotions and to know what action should be taken by the House for the national interest. I listened carefully to a most scholarly and certainly a most detailed presentation to the Rules Committee on this particular bill.

I am not able to recite for you the precise number of witnesses and the number of hours that were devoted to this particular hearing; but I make the categorical statement that this has had more consideration by the Committee on Rules than any other measure.

I am sure you are aware what happened in the Committee on Rules; it has already been stated on the floor. There was granted a closed rule, the rule that was requested by the Ways and Means Committee. It was granted by a vote of 8 to 7.

What was before the Committee on Rules? It is to this area I want to direct my remarks. There was a proposal, and with considerable support, that a so-called modified rule should be granted. The modified rule as proposed by some Members of the minority and some Members of the majority would have permitted three amendments to be considered on the floor during the reading of this bill. All three of these amendments had been offered to the Committee on Ways and Means, so these were not afterthoughts, nor were they amendments that had been hastily prepared. The three amendments have each developed their own identification by now. One has just been announced by the distinguished gentleman from Illinois [Mr. Mason]. It was suggested to the Rules Committee by the gentleman from Florida [Mr. Sikes] and was also proposed by the gentleman from Texas [Mr. Alger]. We may call it now the Mason-Sikes-Alger proposal, whereby the existing Reciprocal Trade Act would be extended 1 year. No additional explanation is necessary.

The second amendment that was offered to be made in order was, shall we call it, the Herlong-Harrison-Byrnes proposal, whereby certain sections of titles II and III would be stricken from the bill.

I read in the Washington Post this morning—and I might say that frequently there are convenient leaks to the Washington Post that tend to indicate significant guides as to what the majority might be contemplating—but as I interpreted this article in the Washington Post this morning, and a similar article appeared in the Wall Street Journal, there was under consideration by the majority some inclination of perhaps accepting in part some of the provisions that would have been contained in the Herlong-Byrnes substitute as an overture to some known opposition to this bill. I suppose we will not reach that point until tomorrow.

The third amendment that would have been made in order is more commonly known as the Steed-Moore amendment.

Since this amendment cannot be made in order under the parliamentary situation there is no need, I think, and there is no useful purpose to be served, in consuming time of the House to explain it. But I would like to say this: 48 Members—hear this, if you please—48 individual Members introduced legislation which would have become the Steed-Moore amendment. It provided that for any commodity that is determined to be necessary to our national security, a specific proportion of the production of that commodity could be reserved to domestic producers. It has been alleged that this is merely an amendment to protect the petroleum industry.

I want to refute that particular allegation because there was no mention of petroleum, there was only mention of commodities that are determined by the President at his discretion to be necessary to our national security.

I would make only one further observation in connection with this amendment, that is, that there was no intention by the authors of the amendment or anyone supporting it that a reduction would be made in the importation of crude or residual oil. It was merely to provide an assurance that the supply would become stable for a period in the future when our national security might require that stable supply.

In specific reference to the committee bill, the picture this year, Mr. Speaker, is not so clear. Despite the fact that we have been repeatedly told that it is necessary to convey to the President the authority to further reduce our tariffs in order to compete for the markets in, and the products from, the six Common Market countries, on closer examination this possibility is not evident. Since there is not the attraction for the sale of agricultural commodities that has previously existed, it is only natural that a representative from the Middle West would be increasingly concerned about the broader aspects of the reciprocal trade extension. In reviewing the broader aspects and possibly results from the bill proposed by the Ways and Means Committee, I find it difficult indeed to reach the firm conclusion that the best interest of the United States would be served by the committee bill.

As the hearings progressed, the case for the committee bill became less convincing, in my opinion. Also of concern since the hearing is the rather surprising action taken by our neighbor country to the north just last week in a complete overhaul of their tariff schedule. Canadian trade is nearly equal to that with the Common Market. These developments, plus the narrow vote for a rule in our committee which precludes the offering of any amendments to this bill except those approved by the Ways and Means Committee, have further placed in doubt as to what action the House should finally take at the conclusion of general debate tomorrow.

I find myself in a dilemma which I think confronts many Members of this House. Most Members support with varying degrees of enthusiasm the principle of reciprocal trade. After that one point of agreement, however, there is considerable difficulty in reconciling the rather extensive grants in power contained in this bill with their possible translated effect upon American industry, the American worker and the economic vitality of our entire Nation. This is not just an ordinary time in global economics. This is a most sensitive era in which there are certain economic factors definitely shifting from one social and economic system to another. I am not entirely convinced that at such a critical time it would best serve our national interest to further delegate from Congress, the branch of Government most responsive to our economic barometers, to the Executive.

There is one point that cannot be over-emphasized, and that is the fact that a substantial amount of authority that was contained in the 1958 Act had not been utilized until the so-called Geneva agreements which were reached last March. The effect of these newly executed agreements cannot be truly evaluated in our markets until much later this year. It is for that reason that I shall most certainly support a recommittal motion which will extend the present Act and I am reserving judgment on my final position should that recommittal motion will not prevail.

One further comment in regard to the potential sale of agricultural products. As I understand the agreements that were entered into in Geneva, all quotas on American agricultural commodities are to be abandoned in July of this year. A target price has been established, which is the median of the individual prices of the six Common Market countries. The limitation occurs, however, by virtue of a levy that is imposed on each bushel of grain to represent the differences between the so-called target price and the world price, which is set at approximately $1.40 a bushel. In my opinion, this levy is merely a different form of tariff and becomes a burden upon the importation of wheat or feed grains from the United States, particularly for wheat. This has been done to protect the much higher market in the Common Market block than the world price. This has a dual adverse effect upon the American exports.

As is commonly known, there is an export subsidy paid to the exporter who sells wheat for hard dollars, but in turn the possibility of negotiating a sale in the Common Market will be determined largely by the levy that has been agreed upon by the six countries and recognized by the United States. We are in a somewhat more favorable position with feed grains, but that may only be a temporary situation. I might add that at the present time, there is no export subsidy on feed grains, and the United States can presently deliver feed grains to Western Europe below the price of any other countries.

And one final observation, Mr. Speaker. It was testified by several witnesses to the Rules Committee that there are only four countries in the world with tariffs lower than those presently scheduled by our own country. These countries are Denmark, Sweden, Switzerland, and West Germany. Our tariff rates are generally about 13 percent of the estimated value of the imported commodity. If this is true, I am unable to understand why there is such a great emergency for an extension of power to further reduce these same rates. If our rates were unreasonable and disproportionately high, I could much better understand the emergency that seems to prevail on the part of the administration for obtaining this authority. The high standard of living that prevails in this country naturally brings about the greatest existing market in the world. Since we have this great market, we very naturally and very obviously become the objective of any foreign exporter. We have the market and we already have virtually the lowest tariffs; therefore, we must move with great caution in the next few years in further reducing our tariffs, which would open our market to even more foreign competition.

And in this same context, Mr. Speaker, I would like to observe that there has been much lacking on the part of the negotiations from the United States. We have had a Reciprocal Trade Act for almost 30 years, and over this period we have apparently been out-maneuvered and out-bargained; or for what other reason could we find ourselves near the lowest level of the worldwide tariff structure. So I hope this debate will serve notice to those who are negotiating tariff schedules for us in the future, whether it be under the committee bill or whether it be under an extension of the present act, that Congress expects a better record from them in the procurement of rules for our economic competition. I do not pretend to understand all the complexities which are involved in the establishment of tariffs, but the existing low rates establish beyond a doubt that we have not been unaware nor unresponsive to the economic forces in a changing world.

Mr. **BOLLING**. Mr. Speaker, how much time have I remaining?

The **SPEAKER**. Twenty-two minutes.

Mr. **BOLLING**. Mr. Speaker, I would like to make it clear I do not propose to use the 22 minutes remaining. However, I would like to remind the House that this rule is the usual rule. It is the kind of rule which was adopted in the 80th Congress and the 83d Congress and, as far as I know, in every case that we have had this particular legislation before us. So I am delighted that there appears to be no controversy over the rule.

I agree with the gentleman from Ohio that this is a matter that should be considered in a completely nonpartisan fashion. I merely wish to point out that this rule is also nonpartisan, because regardless of which party was in the majority in the House this bill has always been considered under a closed rule.

Mr. **DENT**. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The **SPEAKER**. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. **DENT**. Mr. Speaker, John Stuart Mill once said:

> If all mankind minus one were of one opinion, and only one person were of the contrary opinion, mankind would be no more justified in silencing that one person, than he, if he had the power, would be justified in silencing mankind.

Although this is the most serious and by all measurements the most important issue to face this generation of Americans, the rules of this House make it possible for this legislation to be acted upon with the opposition forces practically stifled by the rule granted which makes open debate and free discussion limited by time, the selection of the speakers and the time allotted to each speaker.

I find this to be as serious a matter as the legislation itself. Throughout the entire past year and a half the one-sided, biased treatment of this issue by the news media has practically killed off all opposition and now we find ourselves acting upon this legislation with many of us voting who cannot, in my humble opinion, answer these 30 basic questions:

First. How much did the United States sell in export and how much did we buy in imports?

Second. How much of our total export was given away under foreign aid, how much under the food-for-peace programs, and how much was given under the guise of sales under Public Law 480?

Third. How much of our exports was manufactured, semimanufactured, raw material, fuel, minerals, and agricultural products?

Fourth. How much of our import was high labor content product? What percentage of change in the character of our imports and exports since 1958 after the passage of the 4-year extension of the Reciprocal Trade Act?

Fifth. How many dollars did it cost the U.S. taxpayer to export 15 percent of our agricultural products? How many bales of cotton sold at subsidized prices returned to the United States in the form of manufactured textiles and consumer goods? How many markets were lost to American textiles because of our subsidized exports of cotton to competitive foreign countries?

Sixth. How many workers are employed in agriculture? How many workers are employed in U.S. manufacturing? How many in Government, how many in all other endeavors? What is the total income earning population of the United States?

Seventh. How many less are employed in any one of the given number of manufacturing plants in the United States today than there were 10 years ago?

Eighth. What is our population today as compared to 10 years ago?

Ninth. What is the U.S. consumption per capita today compared to 10 years ago? What is our per capita production? What is the per capita consumption of U.S. produced goods, the difference between these three equasions, U.S. production, U.S. consumption, U.S. imports?

Tenth. What percentage of our gross national product is export, what percentage import? What percentage of export to gross national product is actual sales and what was the percentage of sales every year since 1900 as compared to the so-called banner year of 1961?

Eleventh. What is the U.S. rate of tariff as compared to any other nation? What is the final charge against U.S. goods in any other nation compared with final added charges against that country's goods coming into the United States?

Twelfth. What assurances has any Member of Congress that the same procedures and results would not obtain under this act as resulted after 28 years of reciprocal trade agreements with the

United States doing all the tariff cutting and the foreign countries all the growing?

Thirteenth. How many jobs can we account for from exports? Using the same base for computation how many jobs are lost by imports?

Fourteenth. How many industries engage in exports and how many depend entirely upon the domestic economy?

Fifteenth. How many cases has the Tariff Commission heard under peril-point and escape-clause action? How many were recommended for relief? How many were vetoed by the President then in power?

Sixteenth. How will the proposed peril-point and escape-clause sections of this proposed act compare with the old law in effectiveness, in protection and relief for domestic industry?

Seventeenth. What is the wage level in manufacturing and nonmanufacturing and the per capita national tax in the United States, Common Market, Great Britain—alone—Outer Seven—including Great Britain—Turkey, Greece, satellite countries—with whom we deal—Poland, Yugoslavia, and indirectly with all Red front nations—Latin America, Asia, Africa, Australia, Canada?

Eighteenth. What is West Germany's position on the coal tariff whether we pass the legislation or not? What is the Common Market position on tariff cuts with the U.S. competitive goods regardless of the action of this Government under title I? What is the difference in the future world trade pattern occasioned by our favored nation clause and the Common Market article 35 of the European Economic Community agreements?

Nineteenth. What happens if and when Great Britain joins the Common Market to the British Commonwealth agreement on the exclusive trade concessions to commonwealth countries? What changes will this make in our marketplace under the favored-nation clause when we cut tariffs to zero to the Common Market, pass the same rate on to all favored nations, including former commonwealth preference nations, while at the same time the Common Market, including Great Britain, puts up a solid tariff wall against all but the U.S. high production cost imports?

Twentieth. How many dollars are taken from the U.S. marketplace, tax treasury, investments by the import of $1 labor content in a product from (a) the Common Market, (b) Japan, (c) Korea, Hong Kong, (d) Latin America, (e) Asiatic nations, (f) African nations?

Twenty-first. How many dollars of payroll are created by our total exports and how many dollars of payrolls are displaced by our imports? What has been the effect of our trade policy on automation? Has foreign competition accelerated the swing to automated production or has it slowed it down?

Twenty-second. Which nation, large or small, or in between, allows American products competitive with their own to be offered for sale to the consumer at a price lower than the domestic product regardless of ratios of trade balances, percentages of tariff rates, or any other agreement or treaty on trade between this and that particular nation?

Twenty-third. What percentage of the imports into the United States are produced in plants American owned, American controlled, or American financed by public or private funds? What percentage of actual sales of manufactured products in our export are components going abroad to be processed for return sales in the United States?

Twenty-fourth. What percentage are raw materials such as cotton, logs, leather, peanuts and last but not least what percentage of our sales of manufacturing equipment, machine tools, utility equipment are being bought by runaway American industries who are setting up manufacturing processes in foreign countries to eliminate their own exports from the United States to their foreign markets as well as to export finished goods under their U.S. brand names to the domestic U.S. market?

There are still many questions that have been left unanswered, but one more should be answered before a final vote on this legislation.

Twenty-fifth. This is question 25, one for each of the 25 effective years of our present trade policy—we eliminated the war years. This question may be the most important of all since it appears that the legislation is being passed in an atmosphere of disregarding the economics and emphasizing the political and diplomatic benefits we have and are about to receive from what has been described on occasion as a "breakthrough on trade."

This question simply put is this: Who are the real pushers for this legislation? How many benefit finally from its passage? How many are registered agents of foreign countries? How much money has been spent out of public funds as well as private and foreign funds to promote this legislation?

Twenty-sixth. What is the percentage of our farm exports that are subsidized and what percentage of our imports tariffed as against the balance of trade for the unprotected farm products?

Twenty-seventh. What is the total acreage of farmland acreage displaced by the net trade in beef and beef products?

Twenty-eighth. What is the 10-year balance of trade in wheat, rye, oats, and corn?

Twenty-ninth. What is the balance between the U.S. total imports in 10 years and the U.S. surplus?

Thirtieth. How many more workers were employed on the farms in 1960 when we exported $4½ million of farm products as against 1950 when we exported one-half as much farm products?

Mr. Speaker, I do not know all the answers, but for over 4 years I have worked at getting answers. They are debatable, but they are an attempt to give my constituents, the injured workmen, the injured investor, the distressed community some knowledge on these points of interest in this vital issue.

The answers will follow, as near as I can get the answers, since many doors to the records were closed to me and to the committee as a whole.

If I err in any of my answers to these questions, please believe it is an error of the head and not of the heart. No person amongst us wants the truth to be known any more than I do. I shall with the Chair's indulgence offer the answers on 1 day of the debates. There are 30 questions. Allowing 4 percent for each question, how many of us can come up with a passing grade of 75 percent?

The last question is this: How can anyone of us afford to gamble our future without answering at least 50 percent of these questions, at this moment from our own knowledge?

If we are Members whose minds can be set to rest by arguments ignoring the economic, practical, and commercial facts of our trade policy there is no use in our attempting to answer these questions for two reasons: First, we will not know the answers; and, second, it will not make any difference. However, to those amongst us who believe that this is a question to be considered first from its economic impact and second from its political aspects then the answers to these questions are essential and of the greatest importance.

Mr. Speaker, I for one cannot find up to this moment sufficient excuse or reason to vote to put any worker out of a job no matter where he lives, no matter what his life's work may be, to benefit another American and certainly not to benefit another worker who is not an American. The contemporary press may give credit to the executive branch for the passage of this so-called great leap forward in trade relations, but I predict that if this legislation passes both Houses of Congress and is put into effect by the executive branch of the Government, the future historians will lay the blame for its failure at the doorstep of Congress.

Long after the Chief Executives are out of office, the records of Congress endure and have a way of replacing the present glory with the cold facts of the past. This legislation ignores the past, glances over the present, and mortgages the future. Thomas Paine put it this way:

> Every age and generation must be free to act for itself in all cases as the ages and generations which preceded it. The vanity and presumption of governing beyond the grave is the most ridiculous and insolent of all tyrannies. It is the living, and not the dead, that are to be accommodated.

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. GLENN] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. GLENN. Mr. Speaker, the Constitution of the United States provides that Congress shall establish duties and tariffs on imports. The first legislation passed by the first Congress in 1789 was a tariff bill by James Madison, a Member of the House of Representatives. For more than 100 years, customs collections yielded more revenue to the Federal Government than any other source. However, the beginnings of a protective tariff and a protest against it came shortly after 1812. Alarmed by a rush of imports after the War of 1812, industries called for protection.

The Tariff Act of 1816 was passed raising duties on woolens and cottons. In 1824, further tariff duties were set on imported iron, glass, and other products. Tariffs have swung up and down ever since. The Underwood Tariff Act of 1913 lowered many duties, but also began freeing some items from duty such as raw wool, iron, raw sugar, coal, lumber, wheat, flax, tea, and newsprint.

Now arose a great clamor for protection of American industry from products of low wage countries, and in 1930 the Smith-Hawley Tariff Act was passed, raising import duties to record levels, sometimes more than 50 percent.

In 1934, President Roosevelt obtained passage of the Trade Agreement Act, which allowed him to cut our tariffs in half in exchange for equivalent concessions from other governments. This authority to the President by Congress has been restricted by almost annual subsequent amendments, and it is now claimed that the negotiating power of the President has been impeded by such restrictions.

President Kennedy now proposes an altogether new concept which he captions as follows:

> At rare moments in the life of this Nation, an opportunity comes along to fashion out of the confusion of current events a clear and bold action to show the world what it is we stand for.

He wants Congress to delegate to him a general authority to reduce existing tariffs by 50 percent, and a special authority to eliminate all tariffs on all products where the United States and the European Common Market account for 80 percent of world trade. Both delegations to be for a period of 5 years.

He proposes these administrative steps in place of the present tariff-fixing procedure:

First. He refers to the Tariff Commission the list of tariff items for reduction or elimination.

Second. The Tariff Commission conducts hearings to determine the effect of concessions on the products.

Third. The Tariff Commission reports its findings to the President. This report is advisory only and will contain findings as to how new imports would effect idling of productive facilities, inability of domestic producers to operate at a profit, and resultant unemployment of workers.

Fourth. The President will then reach a decision and, after completion of his negotiations for reduction or elimination of tariffs, will report his actions to Congress.

There is no question but that complete control of reduction and elimination of tariffs will be solely in the hands of the President under the foregoing procedure.

Justifying any action he may take as under national policy and general welfare, he then offers a program of relief entitled "Trade Adjustment Assistance," to offset, but not remedy, any damage suffered by business or workers from increased foreign import competition.

To the businessman or farmer, who suffers damage under this program, he offers:

First. Technical information, advice, and consultation to help plan and implement an attack on the problem.

Second. Tax benefits to encourage modernization and diversification.

Third. Loan guarantees and loans otherwise not commercially available to aid modernization and diversification.

To the worker, who suffers the loss of his job, he offers economic readjustment as follows:

First. Vocational training assistance to develop different skills.

Second. Readjustment allowance providing as much as 65 percent of the individual's average weekly wage up to 52 weeks with unemployment benefits deducted from such allowance.

Third. Financial assistance to those who cannot find work in their present locality to relocate in a different place in the United States where employment is available.

This is not a very pretty picture for families who have lived and worked in an area for years and generations and who are now enjoying the highest standard of living of any nation in history. Before I will join in favor of any program to place in one man's hands the right to lower the living conditions of perhaps millions of our citizens, for what he may consider to be his national policy, I will have to have conclusive proof that the general welfare of the Nation is so endangered by the alleged threat of foreign competition that we must take such drastic action as is requested under this tariff reduction plan, which is so nicely referred to in the President's message as "trade expansion plan."

If his overall plan in the next 5 years is effected to the point where all tariffs are removed, and we do enter into an open world market with price competition on all products, there is bound to be a fluctuation of the living scale of all nations trading therein either up or down to a common level. Which would it be with us?

The risk is too much and the danger is not sufficiently apparent even though the great propaganda campaign to convince the American people of the dire necessity of this new experiment has been underway for the last 6 months. Every Member has received tracts and brochures, not only by the public relations branches of every department and agency of Government, but also from every national organization, including management and labor, that the administration can prevail upon to enter into the fray. I am not convinced that there are signs of trouble ahead for our foreign trade. Between 1958 and 1960, our exports increased by the following percentages in these categories: Foodstuffs and tobacco, plus 30 percent; cotton, plus 58 percent; textile fabrics, plus 74 percent; wood products, plus 106 percent; iron and steel, plus 53 percent; copper and copper alloys, plus 60 percent; chemicals, plus 47 percent; machinery, plus 50 percent; and aircraft, plus 252 percent.

What better record would you want than that? Should we rock or even upset the boat when we are exporting more than ever before in these basic items? Therefore, what reason is there for opening the floodgates to foreign competition in our domestic markets.

I defy any expert to prove to me or any average American how we can compete with foreign-made goods in our domestic market when our average wage scale is $2.34 an hour as compared to that of Great Britain, $0.89; West Germany, $0.63; Belgium, $0.57; France, $0.44; Italy, $0.35; and Japan, $0.28.

There is only one way to meet this foreign competition without the benefit of tariff protection, and that is by lowering our scale of living to that of our foreign competitors—in other words, pay our workers anywhere from $0.89 an hour down to $0.28, and then see what happens to our enonomy.

Presently, the so-called nations of the Common Market of Europe are still negotiating their own trade adjustments, and England and the Commonwealth nations are not as yet part of the program. We, under the present law, are negotiating from time to time with the individual countries for adjustments of tariffs.

The fear of the administration is that eventually the Common Market will increase their tariffs against our products as a unit, unless we reduce our tariffs on their products. I see no reason why we cannot cross that bridge when we come to it, taking into additional consideration the fact that most of these nations are very largely indebted to the United States for war and Marshall plan debts. In addition to this, they are presently receiving foreign aid, both military and economic, so that if there is any favorable bargaining position, it is certainly with us and not with them.

As the representative of the glass, textile, and other small industries of our Second District of New Jersey, I cannot afford to take a chance of placing so much power in the hands of one man to remove tariff protection, which we presently have in these industries. Even with this protection, there is additional foreign competition entering the American market every day.

I understand the wage scale in foreign countries, particularly in Europe, is rising. All right—if their wage scale goes up so will the cost of manufacturing their goods go up, and when it reaches our level, then will be the time to remove our tariff protection and not now.

I am definitely opposed to this bill.

CALL OF THE HOUSE

Mr. BASS of Tennessee. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. BOLLING. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 131]

Addonizio
Alford
Anfuso
Barrett
Bass, N.H.
Blitch
Brewster
Chelf
Coad
Cooley
Corman
Curtis, Mass.
Davis, James C.
Davis, Tenn.
Diggs
Dwyer
Flood
Garland
Hall
Harris
Hoffman, Mich.
Horan
Jones, Mo.
Kearns
Kowalski
Libonati
McSween
McVey
Moulder
Powell
Riley
Rogers, Tex.
Saund
Scherer
Shipley
Smith, Miss.
Spence
Stratton
Stubblefield
Thompson, La.
Thompson, N.J.
Thornberry
Yates

The **SPEAKER**. On this rollcall, 393 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

TRADE EXPANSION ACT OF 1962

Mr. **BOLLING**. Mr. Speaker, I move the previous question.

The previous question was ordered.

The **SPEAKER**. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

TAX RATE EXTENSION ACT OF 1962

Mr. **MILLS**. Mr. Speaker, I call up the conference report on the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The **SPEAKER**. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 1935)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11879) to provide a one-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the House recede from its disagreement to the amendments of the Senate numbered 10, 11, and 12 and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

On page 2, line 14, of the Senate engrossed amendments strike out "July 1, 1962" and insert "January 1, 1963"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

> "SEC. 5. EXTENSION THROUGH NOVEMBER 15, 1962, OF TAX ON TRANSPORTATION OF PERSONS, AND FURTHER EXTENSION OF TAX ON TRANSPORTATION OF PERSONS BY AIR AT 5-PERCENT RATE FOR PERIOD NOVEMBER 16, 1962, THROUGH JUNE 30, 1963."

And the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 16, 1962"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 16, 1962"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 16, 1962"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 15"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 15"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 15"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 15"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 15"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 16, 1962"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 16, 1962"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 16, 1962"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 16, 1962"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 15"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "November 16, 1962"; and the Senate agree to the same.

WILBUR D. MILLS,
CECIL R. KING,
THOMAS J. O'BRIEN,
NOAH M. MASON,
JOHN W. BYRNES,
Managers on the Part of the House.

HARRY FLOOD BYRD,
ROBERT S. KERR,
RUSSELL B. LONG,
JOHN J. WILLIAMS,
FRANK CARLSON,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11879) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: This amendment adds a new section 4 to the bill to exempt from the communications tax certain private line services used in the conduct of a trade or business.

Under section 4252(e) of the Internal Revenue Code of 1954, wire mileage service is defined to mean any telephone or radiotelephone service, and any other wire or radio circuit service, not included in any other subsection of section 4252 of the code; except that such term does not include service used exclusively in furnishing wire and equipment service. Subsection (a) of the new section 4 amends section 4252(e) so that wire mileage service will include only service not used in the conduct of a trade or business.

Subsection (b) of the new section 4 added by Senate amendment No. 1 adds a new subsection (j) to section 4253 of the 1954 code (relating to exemptions from the communications tax). Under the amendment the communications tax is not to be imposed on any amount paid for the use of any telephone or radiotelephone line or channel which constitutes general telephone service (within the meaning of section 4252(a) of the 1954 code) if such use is in the conduct of a trade or business and such line or channel is furnished between specified locations in different States or between specified locations in different counties, municipalities, or similar political subdivisions of a State.

Subsection (c) of the new section 4 provides that the amendments made by subsections (a) and (b) are to apply with respect to services furnished on or after July 1, 1962.

The House recedes with an amendment which changes the effective dates from July 1, 1962, to January 1, 1963.

Amendments Nos. 2, 3, 4, 5, 6, 7, 8, and 9: The bill as passed by the House provided for a 6-month extension of the existing tax on transportation of persons by rail, motor vehicle, water, or air at 10 percent for the period July 1, 1962, through December 31, 1962, and a further 6-month extension of the tax on transportation of persons by air at 5 percent for the period January 1, 1963, through June 30, 1963.

Senate amendments numbered 2, 3, and 4 provide a 3-month extension of the existing 10 percent tax on transportation of persons for the period July 1, 1962, through September 30, 1962, and Senate amendments numbered 5, 6, 7, 8, and 9 provide a further 9-month extension of the tax on transportation of persons by air at 5 percent for the period October 1, 1962, through June 30, 1963.

Under the conference agreement, the existing 10 percent tax on transportation of persons is extended through November 15, 1962, and the tax on transportation of persons by air is further extended at 5 percent for the period November 16, 1962, through June 30, 1963.

Amendments Nos. 10 and 11: Section 4262 (a) of the 1954 code defines taxable transportation as meaning—

"(1) transportation which begins in the United States or in the 225-mile zone and ends in the United States or in the 225-mile zone, and

"(2) in the case of transportation other than transportation described in paragraph (1), that portion of such transportation which is directly or indirectly from one port or station in the United States to another port or station in the United States."

The bill as passed by the House did not change such section 4262(a).

Senate amendment numbered 10 amends paragraph (2) of such section 4262(a) to provide that the portion of the transportation referred to in paragraph (2) is to be included as taxable transportation only if such portion is not a part of uninterrupted international air transportation. Senate amendment numbered 11 adds a new paragraph (3) to section 4262(c) of the 1954 code to define the term "uninterrupted international air transportation." The term is defined to mean any transportation by air which is not transportation described in section 4262(a)(1) of the 1954 code and in which—

(A) the scheduled interval between (i) the beginning or end of the portion of such transportation which is directly or indirectly from one port or station in the United States to another port or station in the United States and (ii) the end or beginning of the other portion of such transportation is not more than 6 hours, and

(B) the scheduled interval between the beginning or end and the end or beginning of any two segments of the portion of such transportation referred to in clause (i) above is not more than 6 hours.

The House recedes on Senate amendments numbered 10 and 11.

Amendment No. 12: Section 4264(c) of the 1954 code provides that where the tax on transportation of persons is not paid at the time payment for transportation is made then (under regulations prescribed by the Secretary of the Treasury or his delegate), to the extent that such tax is not collected under any other provision of subchapter C of chapter 33 of the code, payment of the tax is to be made to the person to whom the payment for transportation was made or to the Secretary of the Treasury or his delegate. In connection with Senate amendments Nos. 10 and 11, Senate amendment No. 12 provides that payment of such tax shall be made to the Secretary of the Treasury or his delegate, to the person to whom the payment for transportation was made, or, in the case of transportation other than transportation described in section 4262(a) (1) of the code, to any person furnishing any portion of such transportation.

The House recedes.

Amendments Nos. 13, 14, 15, 16, 17, 18, and 19: These are conforming amendments relating to the effective dates for changes in the tax on the transportation of persons.

The House recedes with conforming amendments.

Wilbur D. Mills,
Cecil R. King,
Thomas J. O'Brien,
Noah M. Mason,
John W. Byrnes,
Managers on the Part of the House.

Mr. MILLS. Mr. Speaker, as the Members will observe from the reading of the conference report, it is a unanimous report, signed by all of the managers on the part of the House as well as the managers on the part of the Senate.

Mr. Speaker, as passed by the House, the bill, H.R. 11879, provided for a 1-year extension of the present corporate income tax rate and certain excise tax rates which, under existing law, are scheduled to be reduced or terminated on June 30 of this year. The House bill also provided that the 10-percent excise tax on transportation of persons by surface carriers would be extended to December 31, 1962, at which time this tax would terminate. In addition, the House bill extended the 10-percent tax on transportation of persons by air to December 31 at which time the tax rate would be reduced to 5 percent and remain in effect at this level until June 30, 1963, when it was scheduled to be terminated.

Mr. Speaker, no amendments were made by the other body to the basic 1-year tax rate extensions provided in the House bill. However, that body did amend the House bill in three respects.

One amendment made by the other body would have accelerated the scheduled termination date of the surface carrier transportation tax and the scheduled reduction date of the air carrier transportation tax from the December 31 date provided in the House bill to September 30, 1962. Like the House bill, a 5-percent tax on transportation of persons by air would have been continued in effect until June 30, 1963. However, under this amendment, the revenues of the Federal Government in the fiscal year 1963 would have been reduced by some $55 million below the estimated revenues that were provided under the House bill.

The second amendment made by the other body would have exempted from the tax on transportation of persons by air the U.S. portion, or leg, of certain uninterrupted international air travel in which the scheduled stopovers at the U.S. airports did not exceed 6 hours' duration. This amendment was designed to equate the tax treatment of international air travel that involves brief stops en route at U.S. airports with that presently accorded similar travel that involves en route stops only at foreign airports. However, this amendment, which would have been effective for international air transportation beginning after September 30, 1962, would have reduced revenues for the fiscal year 1963 by some $3 million and would have resulted in a loss of $4 million in revenues in a full year of operation. There was no comparable provision in the House bill.

The third amendment made by the other body would have exempted amounts paid for certain private line and leased wire services rendered after June 30, 1962, from the Federal excise tax on communications. This amendment was designed to deal with the competitive inequity that developed by reason of the action of the Federal Communications Commission in setting aside certain radio frequencies for private microwave communication. This action permitted taxpayers to purchase communications equipment and provide their own private communications service on a tax-free basis whereas other taxpayers are subject to tax on amounts paid to communications carriers who provide them with similar service.

This amendment was also designed to deal with the present discrimination that exists against television viewers who live in remote areas and who are forced to rely on community antenna television service for reception, by exempting the companies providing them with this necessary service from the communications tax. However, this amendment would have reduced the revenues provided under the House bill by some $14 million in fiscal 1963 and by some $18 million in a full year of operation.

Mr. Speaker, your conferees were successful in prevailing upon the conferees of the other body to agree to a postponement of the effective dates of the amendments made by that body to the House bill in view of the critical budgetary situation that would be faced by the Federal Government in the fiscal year 1963. Under the conference agreement, the effective date of the two amendments made by the other body to the tax on transportation of persons is to be November 15, 1962, rather than the September 30 date provided in the Senate bill. On that date, the tax on surface carrier transportation will terminate and the tax on air transportation will be reduced to 5 percent at which level it will remain until the scheduled termination of this tax on June 30, 1963. This postponement in the effective date of the transportation tax amendments will recoup some $28 million of revenues that would have been lost during fiscal 1963 under the bill as passed by the other body.

The conference agreement also postpones from July 1, 1962, to January 1, 1963, the effective date of the amendments made by the other body which would exempt certain private line and leased wire services from the 10 percent communications excise tax. This postponement in effective date will result in a saving of some $7 million in revenue in the fiscal year 1963.

All told, Mr. Speaker, your conferees were successful in insisting upon provisions which will recoup just about half of the revenues that would have been lost in fiscal 1963 under the amendments made by the other body.

In view of the fact that if the bill is not signed into law by June 30 of this year, the revenues of the Federal Government for the fiscal year 1963 will be reduced by about $2.7 billion, I strongly urge my colleagues in the Congress to give favorable consideration to the adoption of this conference report.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

MIGRATION AND REFUGEE ASSISTANCE ACT OF 1962

Mr. WALTER. Mr. Speaker, I call up the conference report on the bill (H.R. 8291) to enable the United States to participate in the assistance rendered to certain migrants and refugees, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 1923)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8291) to enable the United States to participate in the assistance rendered to certain migrants and refugees having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 3, 7, 12, 13, 14, and 17, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(2) for assistance to or in behalf of refugees designated by the President (by class, group, or designation of their respective countries of origin or areas of residence) when the President determines that such assistance will contribute to the defense, or to the security, or to the foreign policy interests of the United States;" ; and on page 1, line 4 of the House engrossed bill, strike out "1961" and insert in lieu thereof "1962",; and on page 2, lines 19 and 20 of the House engrossed bill, in lieu of the matter inserted by the amendment of the Senate numbered 4, insert the following: "a nation or area of the Western Hemisphere"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, strike out the matter proposed to be inserted by the Senate amendment and on page 3 of the House engrossed bill strike out lines 16 to 23, inclusive, and insert in lieu thereof the following:

"(c) Whenever the President determines it to be important to the national interest, not exceeding $10,000,000 in any fiscal year of the funds made available for use under the Foreign Assistance Act of 1961, as amended, may be transferred to, and consolidated with, funds made available for this Act in order to meet unexpected urgent refugee and migration needs."; and on page 4 of the House engrossed bill strike out lines 3 to 10, inclusive, and insert in lieu thereof the following:

"(e) Unexpended balances of funds made available under authority of the Mutual Security Act of 1954, as amended, and of the Foreign Assistance Act of 1961, as amended, and allocated or transferred for the purposes of sections 405(a), 405(c), 405(d) and 451(c) of the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the purposes of this section and may be consolidated with appropriations authorized by this section. Funds appropriated for the purposes of this section shall remain available until expended."

And the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "is authorized to redelegate to any of his subordinates any functions authorized to be performed by him under this subsection, except the function of exercising the waiver authority specified in section 3(b) of this Act."; and on page 5 of the House engrossed bill strike out the words "in the executive branch" in lines 8 and 9 and insert in lieu thereof the words "of the United States Government", and to strike out the words "Any individual so designated by the President under this subsection" in lines 12 and 13 and insert in lieu thereof the following: "If the President shall so specify, any individual so designated under this subsection"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"(2) Section 104(b) of the Immigration and Nationality Act (8 U.S.C. 1104(b)), is amended by inserting after the first sentence the following: 'He shall be appointed by the President by and with the advice and consent of the Senate.'."

And the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: Strike out the matter proposed to be stricken out by the amendment of the Senate and on page 7 of the House engrossed bill beginning with the word "contained" in line 9 strike out all through line 11, and insert in lieu thereof the following: "repealed by this Act shall continue in full force and effect until modified, revoked, or superseded under the authority of this Act.

"SEC. 6. Subsections (a), (c) and (d) of section 405 of the Mutual Security Act of 1954, as amended, subsection (c) of section 451 of the said Act, and the last sentence of section 2(a) of the Act of July 14, 1960 (74 Stat. 504), are hereby repealed.

"SEC. 7. Until the enactment of legislation appropriating funds for activities under this Act, such activities may be conducted with funds made available under section 451(a) of the Foreign Assistance Act of 1961, as amended."

And the Senate agree to the same.

FRANCIS E. WALTER,
MICHAEL A. FEIGHAN,
FRANK CHELF,
RICHARD H. POFF,
ARCH A. MOORE, JR.,
Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN J. SPARKMAN,
HUBERT H. HUMPHREY,
ALEXANDER WILEY,
BOURKE B. HICKENLOOPER,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8291) to enable the United States to participate in the assistance rendered to certain migrants and refugees, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report: The bill as agreed to in conference: (a) reenacts, with modifications, three provisions of the Mutual Security Act of 1954, as amended, authorizing the operation or the participation by the United States in defined programs of assistance to certain migrants and refugees, and authorizes the appropriation of funds for such programs; and (b) authorizes the appropriation of funds to assist certain defined refugees from Western Hemisphere countries who fled to the United States in fear of persecution (such assistance having been hitherto rendered by using the President's contingency funds for the benefit of refugees from Cuba).

The legislation as agreed to in conference does not differ from the bill H.R. 10079, as amended and passed by the House on March 13, 1962, except that the reorganization of the Bureau of Security and Consular Affairs of the Department of State, as proposed in that legislation, is limited at this time to the enactment of the new requirement that the Administrator of the said Bureau be appointed by the President by and with the advice and consent of the Senate. It is of utmost importance to the managers on the part of the House that the Administrator of the Bureau of Security and Consular Affairs be a person fully qualified by knowledge of the nationality laws, immigration laws, and international migration affairs. The managers submit that such qualifications are of vital necessity in view of the fact that the Administration will be charged with any and all responsibility and authority in the administration of laws and international agreements relating to passports, visas, consular affairs, and international migration affairs.

For reference purposes the complete bill, as agreed to by the conferees, is printed below:

"H.R. 8291

"An Act to enable the United States to participate in the assistance rendered to certain migrants and refugees.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the 'Migration and Refugee Assistance Act of 1962'.

"SEC. 2. (a) The President is hereby authorized to continue membership for the United States in the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of refugees and migrants and to enhance the economic progress of the developing countries by providing for a coordinated supply of selected manpower, there are hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee.

"(b) There are hereby authorized to be appropriated such amounts as may be necessary from time to time—

"(1) for contributions to the activities of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate or in behalf of whom he is exercising his good offices;

"(2) for assistance to or in behalf of refugees designated by the President (by class, group, or designation of their respective countries of origin or areas of residence) when the President determines that such assistance will contribute to the defense, or to the security, or to the foreign policy interests of the United States;

"(3) for assistance to or in behalf of refugees in the United States whenever the President shall determine that such assistance would be in the interest of the United States: *Provided,* That the term 'refugees' as herein used means aliens who (A) because of persecution or fear of persecution on account of race, religion, or political opinion, fled from a nation or area of the Western Hemisphere; (B) cannot return thereto because of fear of persecution on account of race, religion, or political opinion; and (C) are in urgent need of assistance for the essentials of life;

"(4) for assistance to State or local public agencies providing services for substantial numbers of individuals who meet the requirements of subparagraph (3) (other than clause (C) thereof) for (A) health services and educational services to such individuals, and (B) special training for employment and services related thereto;

"(5) for transportation to, and resettlement in, other areas of the United States of individuals who meet the requirements of subparagraph (3) (other than clause (C) thereof) and who, having regard for their income and other resources, need assistance in obtaining such services; and

"(6) for establishment and maintenance of projects for employment or refresher professional training of individuals who meet the requirements of subparagraph (3) (other than clause (C) thereof) and, who, having regard for their income and resources, need such employment or need assistance in obtaining such retraining.

"(c) Whenever the President determines it to be important to the national interest, not exceeding $10,000,000 in any fiscal year of the funds made available for use under the Foreign Assistance Act of 1961, as amended, may be transferred to, and consolidated with, funds made available for this Act in order to meet unexpected urgent refugee and migration needs.

"(d) The President shall keep the appropriate committees of Congress currently informed of the use of funds and the exercise of functions authorized in this Act;

"(e) Unexpended balances of funds made available under authority of the Mutual Security Act of 1954, as amended, and of the Foreign Assistance Act of 1961, as amended, and allocated or transferred for the purposes of sections 405(a), 405(c), 405(d) and 451(c) of the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the purposes of this section and may be consolidated with appropriations authorized by this section. Funds appropriated for the purposes of this section shall remain available until expended.

"SEC. 3. (a) In carrying out the purpose of this Act, the President is authorized—

"(1) to make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, government or government agency, whether within or without the United States, and international and intergovernmental organizations;

"(2) to accept and use money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purposes.

"(b) Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951 (65 Stat. 7)), as amended, regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

"SEC. 4. (a) (1) The President is authorized to designate the head of any department or agency of the United States Government, or any official thereof who is required to be appointed by the President by and with the advice and consent of the Senate, to perform any functions conferred upon the President by this Act. If the President shall so specify, any individual so designated under this subsection is authorized to redelegate to any of his subordinates any functions authorized to be performed by him under this subsection, except the function of exercising the waiver authority specified in section 3(b) of this Act.

"(2) Section 104(b) of the Immigration and Nationality Act (8 U.S.C. 1104(b)), is amended by inserting after the first sentence the following: 'He shall be appointed by the President by and with the advice and consent of the Senate.'.

"(b) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act. Such funds shall be available for obligation and expenditure for the purposes for which authorized in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred. Funds allocated or transferred pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

"SEC. 5. (a) Funds made available for the purposes of this Act shall be available for—

"(1) compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purpose of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act;

"(2) employment or assignment of Foreign Service Reserve officers for the duration of operations under this Act;

"(3) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

"(4) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

"(5) expenses authorized by the Act of August 1, 1956 (70 Stat. 890-892), as amended; and

"(6) all other expenses determined by the President to be necessary to carry out the purposes of this Act.

"(b) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements and other actions issued, undertaken, or entered into under authority of any provision of law repealed by this Act shall continue in full force and effect until modified, revoked, or superseded under the authority of this Act.

"SEC. 6. Subsections (a), (c), and (d) of section 405 of the Mutual Security Act of 1954, as amended, subsection (c) of section 451 of the said Act, and the last sentence of section 2(a) of the Act of July 14, 1960 (74 Stat. 504), are hereby repealed.

"SEC. 7. Until the enactment of legislation appropriating funds for activities under this Act, such activities may be conducted with funds made available under section 451(a) of the Foreign Assistance Act of 1961, as amended."

FRANCIS E. WALTER,
MICHAEL A. FEIGHAN,
FRANK CHELF,
RICHARD H. POFF,
ARCH A. MOORE, JR.,
Managers on the Part of the House.

Mr. WALTER (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BURLESON. Mr. Speaker, reserving the right to object, may I ask the gentleman if this has anything to do with the admission of Chinese refugees to this country?

Mr. WALTER. It has not. This has to do with programs that have been in effect for some time and were authorized under the foreign aid bill. It dates back to 1954. It merely transfers these activities out of that legislation into separate legislation.

Mr. BURLESON. And any legislation dealing with the so-called Chinese refugees from the Hong Kong area would have to be separate legislation?

Mr. WALTER. Yes, indeed.

Mr. BURLESON. I wanted this matter made absolutely clear because I expect to oppose any action on admitting these so-called refugees from Communist China.

Mr. Speaker, I withdraw my reservation of objection.

Mr. GROSS. Mr. Speaker, further reserving the right to object, did the other body make any substantial changes in the bill as it passed the House?

Mr. WALTER. No. As a matter of fact, with the exception of the reorganization procedures which we had written into the bill, they accepted our proposals. The one that I think covers the situation the gentleman has in mind was their agreeing to the provision which requires the head of the Bureau of Security and Consular Affairs to be confirmed by the Senate. That was the provision that caused many months of delay in even coming to a meeting.

Mr. GROSS. I thank the gentleman for his information and, Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, in further explanation of the effect of the action taken by the conferees, I wish to recapitulate briefly the provisions of the bill H.R. 8291 as it now emerges from the Committee on Conference.

The subject matter of this legislation is rather well known to the House as action on it has been taken by the House on two separate occasions. First, by passing H.R. 8291 on September 6, 1961, in its original form; and, second, by approving substantially the same legislation in a modified form, H.R. 10079, on March 13, 1962.

The principal purpose of those two bills is to separate from the foreign aid legislation the statutory authority under which the United States may participate in two international programs of assistance to migrants and refugees, and operate unilaterally one assistance program in behalf of refugees.

Further, it is the purpose of both bills to provide new authority to assist certain refugees from the Western Hemisphere, Cuban nationals, who entered the United States seeking in this country asylum from Communist persecution. This assistance has been heretofore rendered through the allocation of certain funds taken out of the President's contingency funds appropriated under the foreign aid program. Considerable burden has been placed by the presence of Cuban refugees upon a few communities and Federal assistance became, of course, a matter of vital necessity.

None of the four migration and refugee programs could properly be classified under the foreign aid concept as revised last year and the Congress readily agreed with the President when he called for legislation providing separate statutory authority for this type of assistance operations.

In addition to the basic authorization, the bill which the managers on the part of the House have now placed before the House, contains authority for the President to meet unexpected refugee and migration problems by using not to exceed $10 million in any fiscal year out of contingency funds appropriated under the foreign aid legislation. The balance of the provisions of the bill reenacts, with appropriate modifications, those administrative provisions of the foreign aid program which are applicable in the administration of the type of assistance envisaged in the bill.

Except for the assistance program affecting Cuban refugees, which as a domestic program is administered by the Department of Health, Education, and Welfare, the three other assistance programs will remain under the administration of the Department of State, specifically under the authority of its Bureau of Security and Consular Affairs.

Realizing the importance of the functions exercised by the Administrator of the Bureau set up pursuant to section 104(b) of the Immigration and Nationality Act, the Committee on the Judiciary sought to raise the stature of the incumbent of that office with a view toward obtaining the services of a person fully qualified to administer the international programs, as well as to supervise all activities of the Department of State in the field of passports, visas, and related immigration and security matters. Provisions to that effect appeared in title I of the bill, H.R. 10079.

Due to difficulties which developed in the other body, the bill now before the House does not provide for the much desired complete reorganization of the Bureau of Security and Consular Affairs. However, the bill does change the status and the standing of the chief officer of the Bureau by requiring that he be appointed by the President, by and with the advice and consent of the Senate. The managers on the part of the House have in their formal statement stressed the vital necessity of obtaining the services of a thoroughly qualified person to occupy this particular position.

Under an amendment of the Senate, the requirement of Senate confirmation in the case of the chief officer in the Bureau of Security and Consular Affairs of the Department of State would have been effective 30 days after the date of enactment of this bill. The managers on the part of the House were unwilling to accept this deferred effective date of the very important new provision and succeeded in prevailing upon the Senate conferees to delete the provision regarding the delay of 30 days. In that connection, I received yesterday a letter from the Acting Secretary of State, Mr. George W. Ball.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

TRADE EXPANSION ACT OF 1962

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11970, with Mr. Bolling in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas [Mr. Mills] will be recognized for 4 hours, and the gentleman from Illinois [Mr. Mason] will be recognized for 4 hours.

Mr. MILLS. Mr. Chairman, I yield 50 minutes to the gentleman from Louisiana [Mr. Boggs].

Mr. BOGGS. Mr. Chairman, this might very well be described as a historic debate, because it is just that kind of discussion. As all of you know, since the very inception of our Republic the subject of tariffs and the adjustment of tariffs and the raising and lowering of tariffs has been a matter of national discussion and a matter in some instances of national division.

It was in 1832 or thereabouts in the administration of President Jackson that the Congress passed what came to be called by our late lamented colleagues from the great State of South Carolina the Tariff of Abominations. It was the Tariff of Abominations, so-called, which led one of the great leaders in my section of this great Nation, John Calhoun, to enunciate the doctrine of nullification. It was President Jackson who said the Union would be preserved and there would be no nullification.

After the War Between the States, again the tariff issue arose and it was under an outstanding Republican chairman of a great Committee on Ways and Means that the first delegation of power in the field of tariffs was passed by the Congress of the United States in the Tariff Act of 1890, an act authorized by Congressman McKinley, then chairman of the House Committee on Ways and Means. In 1897, as President of the United States, he signed the Tariff Act of 1897. That act also gave authority to the President of the United States to negotiate concessions in exchange for concessions, which fundamentally is what we are asking for here today in this year of our Lord 1962.

From 1897 until the conclusion of World War I, our Nation was primarily concerned with internal expansion. We built railroads, steelmills, manufacturing establishments; we saw the beginnings of the great automobile industry; we passed legislation making possible, incidentally, under the chairmanship of a great man from Alabama, the construction of the vast national highway system. So, in this period, we were preoccupied with internal development, internal expansion, and internal industrialization.

Following World War I the demand for our goods was so great everywhere on earth that we sought no assistance in developing our export markets. But there came a day in 1929 when suddenly the prosperity which we felt would continue indefinitely, ad infinitum, collapsed. We turned then to the thought that the way to prevent any further difficulty was to do what the gentleman from Ohio advocated, to ban cheap foreign imports. We started looking inwardly because we believed our problems arose because somebody, somewhere, was producing goods cheaper than we and were sending them here and putting our people out of employment. Thereupon in a massive effort requiring months of study and unparalleled activity and work on the part of the Members of this body and, more particularly, the Committee on Ways and Means and its sister committee in the other body, the Committee on Finance, the Congress itself wrote out specific tariff schedules numbering, I am told, something like 2,000 individual specific schedules covering thousands of articles. There emerged an act—the Smoot-Hawley Tariff Act—which was signed into law in 1930 by former President Hoover.

Whether or not this act contributed to, or had any appreciable effect upon, the depression of the 1930's, only economists and historians will be able to judge adequately, objectively, and unbiasedly. But this much is known and can be said without fear of contradiction: The Smoot-Hawley Tariff Act which was designed to bring about prosperity, brought the opposite. At least the opposite of what was expected followed. Maybe the 1930 act did not bring it about although many believe it did. But in place of prosperity, the downward spiral continued and we had great economic dislocation on the farms and in the factories and in the cities and elsewhere throughout this vast Nation of ours.

In 1934 we took another look—we took a new survey, so to speak, and under the direction of a new Secretary of State who had previously served as a member of the House Committee on Ways and Means, we enacted the first Reciprocal Trade Act in 1934. Mr. Hull said that his program was not free trade—and it was not free trade. And what we are doing here today is also not free trade. It is mutually beneficial trade.

What Mr. Hull said was: Give the Executive the power to negotiate agreements for the advantage of the United States of America, and get concessions from foreign nations in exchange for our concessions. In other words, a paraphrase of the well-known concept that all of us have heard—a "quid pro quo," you give something for getting something. That is what the 1934 act contemplated, that is all it did; and all through the years, the 11 times that we have extended the act, that has been the basic philosophy behind it.

I might add that we do have much free trade here in the United States, as a matter of fact. The vast majority of trade which we as a nation conduct with the other nations of the world is conducted on a free basis. Let me give you just one or two examples: When you go to a grocery store to buy bananas, you are buying something not one stem of which was, or is, produced within the continental limits of the United States. When you go to the market to buy a pound of coffee, you buy something which also is not produced in the United States. As a matter of fact, every tropical product you can think of, cocoa, pineapples, coffee, bananas, and so on—all of these come in free. Why? Because it only makes economic sense that they come in free. We could produce bananas in the United States; we have enough farm technology, enough ingenuity, to build the greenhouses to grow banana plants; we can overcome the severe frosts we have even in the southern part of our country so that we could produce bananas in the United States. But if we did, the cost to consumers would probably be well over a dollar a pound and few would be able to buy them. In following this nonsensical economic process, we would have alienated the peoples of Honduras, Guatemala, Peru, and countless other nations which have been our friends.

So what we are talking about in this bill is a relatively small part of the total imports of the United States.

Coming back to the 1934 act, this legislation was adequate for those times. The amount of trade we carried on with the rest of the world compared to today's figures was very small. Then, of course, as you know, Hitler was rattling swords all over the world, and we soon, after enactment of the first extension of this act in 1937, had to turn to preparation of this Nation for an international conflict.

After the conclusion of the firing part of that war, we renewed that act; and again it was adequate because the problem we had then was not that of establishing markets or maintaining markets, but of being able to supply the tremendous demand in the world for our goods. Europe was in ruins; Japan had been destroyed. The only competitive nation on earth which had any industrial complex at all was our neighbor to the north, Canada. So that at least during the forties and through most of the fifties the problem was not one of competition but one of supply.

Now we come to a new time in the sixties, and we require the same kind of devotion, the same kind of bold approach that Cordell Hull and his associates displayed in 1934. These qualities are required now in 1962, but for different reasons, but there are equally valid reasons, and, if anything, more commanding reasons.

We have seen one of our very fond dreams come to pass. Not too many years ago, we sat here on a bipartisan plane—I was here, and many of you also were here—and we saw perfected the Marshall plan, a plan which continued through the administration of President Eisenhower. As a matter of fact, it was President Eisenhower's immediate superior in arms in World War II who proposed the Marshall plan. In perfecting that plan—I remember it very vividly because I had some little part in its resolution—it was provided that it should be administered as a joint enterprise in Europe, that it should not be administered on a piecemeal basis or nation-by-nation basis.

Why did we do that? Our first experience in this postwar situation had been with Greece and Turkey. We looked down the long, rough road ahead and we saw communism moving across Europe. We saw country after country, nation after nation, being infiltrated and taken over from within. We recognized that if once and for all we could bring about some type of economic unification of the Continent of Europe we would see a power thoroughly competent to stand on its own feet and equal in every respect to the strength that the Soviets had amassed as a result of its territorial grabs following World War II.

Who were the great architects at that time? Who were the men with vision and foresight to see what had to be done? There was Will Clayton, who was Under Secretary of State. A great man, God bless him, he is still alive. There was George Marshall, now deceased, a great American. There was Arthur Vandenberg, a Member of the other body, a man of great statesmanship. On the other side of the water there was, and there is Jean Monnet, a man who in his visions during all of his life has seen a Europe as it was, and a Europe of Roman Empire-type makeup, a Europe strong, prosperous, and moving ahead in unity.

The success of the Marshall plan led to the emergence of one event after another. First, the Benelux merger. Next the formation of the European Coal and Steel Community, which for the first time brought together in a spirit of cooperative venture the great economies of France and Western Germany. There then followed the OEEC which now has spread and embraces us and others in the form of the OECD. Then unobtrusively, without fanfare or headlines or the glare of publicity, representatives from six governments sat down in Rome, people from France, Germany, Italy, Belgium, the Netherlands, and Luxembourg and perfected the charter of the European Economic Community, the Treaty of Rome.

In the Rome Treaty, it was agreed that over a period of years the members would gradually eliminate the barriers of travel by people and by goods, and would bring their economies together for the first time since the collapse of the Roman Empire. Nobody thought it would happen, least of all, I suspect, our friends in the United Kingdom. As a matter of fact, my good friend Mr. Harvey, talked about his visit to the Common Market countries. I visited them three times. In a visit I made in 1958, there was a man named Maudlin; he is still around. He was and is an official of the British Government. Mr. Maudlin and his friends in England at that time said that unity in Europe very likely could not happen. Nevertheless, they must have had some fears about their conviction that the continental plan of unity would work. For they finally set up the European Free Trade Association—the Outer Seven.

The Outer Seven was to be a competitive device, to offset the Common Market of the Six. It was not long, however, before it was clear that the loose-knit Seven were no match for the Six and the latter has emerged as the only powerful entity in Europe. Let me make one other observation on the Common Market basic makeup as I go along, if I may. Anticipating that because of drastic reductions in tariffs which were contemplated—and believe me, they were as drastic as you could get, for they involved finally complete elimination of tariffs—there might be great dislocation in industry and in employment, the Common Market set up a fund to take care of workers who were displaced by foreign imports and to take care of the industries which were put out of business by foreign imports. As a matter of fact, there was no more protective organization on the face of this globe than the French Manufacturers Association, as all of you know. They argued that they could not conceivably compete with the Volkswagen in their automobile industry with German machine tools.

So, they argued, they needed some type of adjustment, some type of assistance fund to remedy the damage they saw was inevitable.

Well, now, what happened? Today in the United States—and I say this with great concern—we are growing at a rate of approximately 3 percent per annum. All of us know that this is not enough. In the United Kingdom the rate of growth is about 2.5 percent. But in the six countries of the Common Market, the rate of growth has been approximately 6 percent. All of the fears about the lowering of tariffs and the loss of jobs and closing of plants proved baseless.

What does the market's growth rate mean translated in terms of jobs, employment, production, and so forth? In the United States, our steel industry is operating today at about 50 percent capacity. The aluminum industry is similarly operating at less than capacity. I could go on across the industrial line and show where industrial capacity of the United States, across the board, despite our vast expenditures for national defense, is something less than 75 percent. In the six nations comprising the European Common Market the productive capacity approaches 90 percent.

And, there is no unemployment. Before the Treaty of Rome there were something like 200,000 people unemployed in Italy alone. As a matter of fact, the gentleman from Pennsylvania, one of our great distinguished leaders in this body, was confronted constantly by bills in this body to up the immigration quota provision mainly because of the unemployment problems prevailing in Italy. Today there is no unemployment in Italy.

In Belgium today there is overemployment. This means that the people have more than one job. And, is France in a terrible state? Why, today in Paris there are traffic jams, and visitors are amazed at the prosperity there compared to 15 years ago or any other time in the modern history of that nation.

What has happened to the Common Market's adjustment fund? What has happened to all the people who were going to be unemployed; all the businesses that were going to be eliminated? Well, they have never been more prosperous, and the adjustment fund has scarcely been touched.

Let me tell you one other thing. The most significant thing of all about what some have called the miracle of Europe is that this has been done in a free society, under the free enterprise system. My friends over here to my left have always said that they are for free enterprise. I am for free enterprise, also. We all are.

But, as soon as one starts talking about crossing the national frontier, some of my friends to my left and some others are not for free enterprise. They are for Government interference, effective Government interference by the imposition of protective quotas or tariffs. This is Government interference which, given to them in another form, they decry and despise.

But Europe, operating under free enterprise and with the gradual elimination of barriers to the movement of people and the movement of products, has succeeded like no other time in all of our history to demonstrate the merits of unqualified free enterprise at work.

Mr. Chairman, what are the international implications of this? Well, last summer Prime Minister Macmillan made one of the most historic announcements in the entire modern history of the British Empire. He said in effect, although he did not say it in so many words: We British must abandon our traditional policy of standing aloof from the Continent, which has been our policy for well over 300 years, and now we must associate ourselves with and become a full-fledged member of the Common Market. The digestive process of taking in the United Kingdom is one that is bringing about excruciating pain to the British and the Six. But it is happening as surely as we are sitting in the House of Representatives. In the process the Commonwealth system is being upset. The Canadian matter, which the gentleman from Ohio just mentioned is involved in this situation. By the way, the analogy made between Canada and the United States is about as invalid an analogy as one can possibly contrive. Canada enjoys no export surplus and she is suffering a balance problem for reasons other than apply in our case.

But as surely as we are here, the United Kingdom is going into the Common Market. What will that mean? That will mean that a trading area comparable to the United States will exist in Europe; that whereas we have 185 million or, perhaps, 190 million people in our trading area, the new, enlarged market will have approximately 225 million people with the same training, essentially the same demands, and essentially the same kind of people as we are.

What else does it mean? From a military point of view it means a vast new military force will arise on earth. We see signs of this already. General De Gaulle has considerably excited our own administration by wanting to rattle pretty much his own nuclear swords. We have had to spend a lot of time keeping our defense posture a joint enterprise rather than something that is heavily oriented to Europe.

Mr. Chairman, on the other side of the curtain, Mr. Khrushchev has spent the last month condemning the Common Market. Why? Well, I would say, first, his philosophical point of view is smarting. The Common Market defies all of his dogmatic predilections. Mr. Khrushchev really believes—or he did believe—that there would be confusion in Europe, that there would be new trade rivalries, that there would be new unfair competition, resulting in new unemployment and possibly in new wars between these countries. He never envisioned that Germany and France and England could join together as an economic entity after two devastating and vast World Wars, and do it under the free enterprise system.

Mr. Chairman, Europe defies all of the Communist notions. It puts the lie to their insistence that there would be progressive revolution; that communism would conquer the free world without wars; that they would take over these countries one by one as they collapsed; that Europe would go under, and then the undeveloped countries would follow, and ultimately the United States would collapse. Well, he faces a dogmatic dilemma, the like of which few persons committed to a dogma have ever faced in the recorded history of mankind.

With reference to the more immediate and more practical question, he has even a greater problem.

The competition that he is getting, and will get, from this Common Market entity is something he never dreamed of. This is why he has been traveling to Rumania; this is why he has had scores of meetings going on for the past several weeks; this is why practically every pronouncement he has made in the last several weeks has been against the Common Market. He is saying that the terms for negotiation over Berlin have eased. He wants to establish, if he possibly can, some contact between the East and the West to prevent from happening what is happening and what has happened.

Where does this leave us and why is this legislation necessary and what is the connection between this legislation and what I have been talking about? There is one way Khrushchev could win even now. The United States of America, having contributed to the natural inclination of so many wise men in Europe to join together, now has one of two choices. Either we move ahead together, cooperating, or Mr. Khrushchev divides us. And if he divides us, he will not have accomplished a division comparable to that of say Germany versus France. He will have accomplished a division comparable to a nation as strong as the United States, against the United States of America. These are the stakes involved in this legislation, purely and simply; and do not make any mistake about it.

Now, he might be able to do this because there are so many difficult problems involved here. When Mr. Macmillan, Prime Minister of Great Britain, said: "We will subject British industry to the cold shower of competition from the Continent," he meant exactly what he was saying. It will be a cold shower of competition and the immediate effect will be a hard effect. The problems incident to other areas of the world are difficult problems, not easy problems. The problem of how Japan will react is a difficult problem; and I think every man and woman in this Chamber wants a strong Japan standing with us against Communist China. There is the problem of what happens to our Latin American friends. The fact, that in the original Treaty of Rome, the former African colonies of the Six are given preferential treatment in the European market which discriminates against those people who produce the same things to the countries south of us, creates a problem.

There are problems involving the British Commonwealth—Canada, Australia, New Zealand, Nigeria, to mention a few.

We also will have internal problems. Europe is not a second-rate competitor. I agree with the gentleman from Illinois that these are real competitors. We are talking about people who operate automated plants, who have the advantage of the same technology that we have, and who in some instances have plants more modern than our own. These producers are able to compete in markets all over the earth.

But as they are not second-rate competitors, neither are we. Our record shows we can compete and we do compete. We are competitive here at home and abroad.

Last year, for instance, our total exports were $20 billion. Of that amount almost $4 billion went to the six Common Market countries. Of that amount, $1,200 million came from our farms and $2,800 million came from our factories. As a matter of fact, it came from machinery, chemicals, aircraft, vegetables, textiles, wood and paper products, and metal manufactures, to mention just a few. It came from the tobacco farms in North Carolina, the cotton farms in Mississippi, the manufacturing enterprises in Ohio and Illinois, and from every State in the Union. It moved through our ports in New York, Philadelphia, Baltimore, New Orleans, and San Francisco. Exports accounted for approximately 30 percent of the tobacco produced in this country, 50 percent of the cotton, the soybeans, and the grain. Over all, we exported $3 billion more than we imported. This means that in the whole gamut of items in our payments account—exports, imports, foreign aid, military installations abroad, tourism, and investment abroad, our greatest plus was the $3 billion excess in exports. Every dollar of those exports that may be cut out means a further minus dollar in our balance of payments.

I mentioned the military issue here. I mentioned what would happen if Russia succeeds in driving a wedge between the Common Market and us, and the terrible implications thereof. From an economic point of view, the implications are equally grave.

Let me turn now to the bill and what it would do to assist us in meeting the needs of the times and help us in accommodating our trade policies to new conditions in the world.

This bill takes the same principle that President McKinley enunciated back in 1890 and Cordell Hull enunciated in 1934, and Presidents Roosevelt, Truman, and Eisenhower enunciated through the 1940's and the 1950's, and states, that for the sixties, we must have a weapon, an instrument to permit us to operate for the benefit of the United States of America. Not for somebody else's benefit, but for our own. The bill, therefore continues the principle of reciprocity, not free trade, reciprocity. We will exchange concessions with foreign governments with the mutual benefits flowing from such an exchange. We buttress that principle because for the first time we wrote into this bill, and this was a committee amendment, a clear provision which calls on the President to move, in appropriate circumstances, against nations who discriminate against us and who refuse to live up to reciprocal commitments. This is the first time we have enunciated this provision so clearly. If the motion of the gentleman from Illinois should prevail, then this clear statement of policy would not be in the law.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from New York.

Mr. LINDSAY. I would like to commend the gentleman on a very fine statement. However, I can recall when the gentleman took the floor during the tax bill debate and argued for the international aspects of that bill, which had definite isolationist leanings and made it virtually impossible for U.S. business to compete and expand abroad. How can the gentleman reconcile those two statements?

Mr. BOGGS. Well, the gentleman in the first place has come to a conclusion which is anything but valid. As the gentleman well knows, I have worked here for many years not only to permit, but to expand the use of private capital in investment abroad. I am frank to say that the instrument that we passed is not a perfect instrument—I hope it will be perfected in the other body and in conference. What we were trying to get at, and I want the gentleman to understand this very well—is not the legitimate American business operating in Brazil, or in Argentina, or in Europe. We want to get at the one who is actuated by tax dodging considerations—the tax haven man.

Well, the gentleman shakes his head. But I happen to be on the Committee on Ways and Means and the gentleman is not. We have spent much time on that subject.

Now, Mr. Chairman, to go ahead with my remarks on the bill. All this bill does is to continue the firmly established policy of reciprocity. It says, where the Common Market countries and the United States account for more than 80 percent of the exports a given category of commodities, then over a 5-year period—not precipitously—but gradually over a 5-year period the President of the United States may reduce the tariffs on such articles altogether, but only in a reciprocal agreement with the EEC. Other authorities are also given—all to be used in trade agreements in which we will receive concessions, too.

But there are all kinds of safeguards provided.

Let me give you an example. Under our bill in order to sustain a finding of the Tariff Commission for increased tariffs, which we retain in toto, when the President does not approve such a finding, all that is necessary is a simple majority vote in the House of Representatives and the Senate. Under the so-called Mason substitute, there would be required a two-thirds vote of both Houses to carry out a finding of the Tariff Commission.

In addition to that we have adopted a trade adjustment program. I firmly believe that our experience on trade adjustment will be comparable in every sense of the word to the Common Market experience. The impact of this bill on us will be as nothing compared to the impact on the separate economies of the nations of Europe by the Treaty of Rome.

As I pointed out to you, the Common Market trade adjustment program has scarcely been used. So this is in the form of an insurance policy and it is based on a very sound fundamental principle: That in the pursuit of a national objective, we shall give assistance to the businessman who is hurt and give assistance to the workingman who is hurt. There is nothing new or radical about this. When we call a lad and say: You must go to serve your country in the Army or the Navy or the Air Force, we also say to him: Son, when you come back home, your job will be waiting for you. We assure him of reemployment rights. If he is hurt, we put him in a veterans' hospital.

Throughout the entire history of the United States, we have consistently recognized the fact that in the pursuit of an overall national policy, we have made adjustments for those who are injured thereby—whether it be injury to firms or to workers. That is all this bill does—nothing else. In most instances, it will use existing machinery which has already been established by law.

Now, finally, just one other thing. Who is for this bill? And who is against it?

On the other side of the aisle to my left, former Secretary of State Herter is for it.

Former President Eisenhower is for it.

Former President Hoover is for it—I think he recently made a statement to that effect and I note that my chairman indicates that he did.

The 1960 presidential candidate—Richard Nixon—is for it. So, too, is Governor Landon, another former candidate on the Republican side.

The U.S. Chamber of Commerce is for it.

The AFL–CIO is for it.

The United Steelworkers of America are for it.

The American Farm Bureau is for it.

I could go on at great length with the list of the people and organizations which endorse this bill.

The people who raise and sell tobacco are for it. The people who represent cotton are for it. Most of the manufacturers are for it.

Now let us consider Mr. MASON's substitute. Mr. MASON—God bless him, I love Mr. MASON; he is a very honorable and frank man—has never been for it. I do not agree with everything he says, but he is an outstanding Member of this body. He got up here and honestly said: "I am against this program." This is the best way to wreck it. He has voted against its extension every time. As he said, there was never a time since he came here in 1937 that he voted for it. So he is interested in killing the program and a vote for his motion will be a vote against the program. It will kill it.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Ohio.

Mr. FEIGHAN. I would just like to know whether this bill authorizes or encourages trade or increase in trade with the Soviet Union or any of the Communist satellites.

Mr. BOGGS. I will answer the gentleman's question.

Mr. FEIGHAN. If the gentleman will yield further——

Mr. BOGGS. I understand the question; I am prepared to answer.

Mr. FEIGHAN. In other words, is wider discretion accorded the Executive through this act in matters relating to trade with the Communist bloc countries?

Mr. BOGGS. If the gentleman from Ohio supports the gentleman from Illinois in his motion to recommit, then the gentleman will be voting to carry on the present law.

Mr. FEIGHAN. If the gentleman will yield, will not the gentleman answer my question?

Mr. BOGGS. If the gentleman will just give me the time I will answer his the question. The answer to the gentleman's question is "No." I am telling the gentleman that for the first time the bill writes into law specific prohibitions concerning trade with certain Communist satellites, Poland and Yugoslavia, to be exact, while continuing the present policy applicable to Russia, and the other Communist nations. The substitute carries on existing law and would restore Poland and Yugoslavia to their present most-favored-nation states. So if the gentleman votes for the substitute he will be voting to be soft on these countries. I hope I have answered the gentleman's question.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield.

Mr. MILLS. The gentleman is pointing out the difference between the treatment of Communist products under existing law which does not extend to products of Yugoslavia and Poland—they enjoy most-favored-nation treatment. The bill, on the other hand, contain a directive to withdraw most-favored-nation treatment from Communist products, whether they be Russian, Polish, Yugoslav, or what have you. Is this correct?

Mr. BOGGS. Exactly. I will mention one other point and then I shall conclude.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I shall be glad to.

Mr. GROSS. Does this bill deal with all imports?

Mr. BOGGS. With all imports?

Mr. GROSS. Yes, all imports, including shrimp.

Mr. BOGGS. Everything is covered. As I said, this is a reciprocal trade bill. It is not a free-trade bill. Safeguards are provided for any and all products. Help for an industry suffering injury is provided in the machinery set up in the bill. This is by no means inconsistent with the purpose of the bill.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield.

Mr. MILLS. The gentleman from Iowa who has complained about the importation of Polish pork products should be happy to learn that this bill will result in much higher rates being applied to such Polish articles.

Mr. BOGGS. As the gentleman knows, I am very fond of the gentleman from Iowa. As a matter of fact, this bill can be tremendously beneficial to people who produce all kinds of things. There will be vast new opportunities open to export goods and increase trade in all markets. There is also in the bill the right on the part of the President to establish quotas or take other action to curtail imports if there should arise an injurious situation.

I would like to turn again to the substitute to be offered by the gentleman from Illinois. The gentleman says it would extend existing law for 1 year. What will that mean? The authority in existing law—now, listen to this, bear this in mind—the authority in existing law has been, for all intents and purposes, exhausted. We granted the Executive power to reduce tariffs up to 20 percent of the 1958 levels. That authority has been completely and totally exhausted, so that an extension for a year, as the gentleman from Illinois himself frankly pointed out just a few minutes ago, would mean nothing.

Just recently you read in the papers that Belgium was instrumental in getting the Common Market to react against action taken by the President to benefit the American carpet and glass manufacturers. Because of the fact that we had exhausted our authority to compensate for these actions on glass and carpets, there was not anything on earth that this Government could do to forestall the reaction of the Common Market.

So I say to you in all candor that the gentleman from Illinois is quite honest, just as is the gentleman from Ohio [Mr. BROWN].

They have never supported this program. They did not support it under the Democrats, they did not support it under the Republicans. They do not believe in it. They have every right to their belief. When you vote for the proposition to be offered by the gentleman from Illinois, if you vote the way he does, you will express the fact that you do not believe in it. The thing he offers does absolutely nothing except kill the whole program. The shell of a program would continue but that is all—there would be no substance at all.

On the other side of the coin, if you will look at the kind of world we are living in you will see a world which has great opportunities; a world that for the first time sees the Communist empire shaken to its very foundations; a world which sees the people of Communist China rebelling on account of lack of food, a world which sees Russia floundering, being overcome militarily, economically, politically, and ideologically. This bill will let us live in this kind of world, let us work together with people who have been our friends, let us grasp the opportunities presented, and let us contribute, with our friends, to a stronger world, so that the threat of communism will not blight you or your children.

That is the issue here, Mr. Chairman, and I hope and believe that the committee bill will pass.

Mr. MASON. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I am not the giant who spoke a moment ago, although when I want to I can exert my voice to occupy this Chamber just about as well as the gentleman who preceded me.

First I want to say I am in full agreement with 80 percent, at least, of what the gentleman discussed, because he discussed the world picture, he discussed things that affect the world picture, he discussed our tariffs as they affect the world picture. But he said very little about how our tariffs affect us. Analyze what he said, and you will find out he said very little about what our reciprocal trade agreements have done to us in the past 26 or 27 years.

I want to limit my time to saying something about what our reciprocal trade agreements program has done to us here in the United States, and I want to cite facts as to what has happened to us under our reciprocal trade agreements program. And, I am interested in what it has done to us.

By the way, I want to say this, that what I am going to give you now is mainly what I prepared for a magazine article. Nation's Business carried my ideas of the reciprocal trade agreements program and carried the ideas of the gentleman from Louisiana, and all I am going to do is to repeat a good deal of what I said in that magazine article, because I think it is a perfect answer.

Mr. Chairman, the four reasons given for the enactment of the reciprocal trade agreements program in 1934 were that it would, first, advance world peace; second, make for world prosperity; third, bring about amity among nations; and fourth, remove world trade barriers.

Has it accomplished any one of these four objectives?

First. Has world peace been advanced? During the 27 years the act has been on the books we have had World War II. We have had the Korean war. We have had the so-called Spanish civil war. We have had 14 years of war in Indochina. We have had trouble between England and Egypt, between India and Pakistan. We have had Communist Russia extending her Iron Curtain until she now has control and domination over 900 million people instead of the 300 million people of the Soviet Union before the close of World War II. Can anyone truthfully say world peace has been advanced?

Second. What about world prosperity, the second objective? Are we any nearer world prosperity today than we were in 1934 when the program was instituted?

To try to bring about world prosperity we have given away more than $140 billion in the past 20 years—$60 billion lend-lease during the war and $80 billion since—to say nothing of the $350 billion we have spent for national defense in the cold war.

Certainly our prosperity has not been advanced. We are more than $290 billion in debt today, which is more than all the other nations of the world put together owe—and more than twice as much as all the nations of Europe put together owe.

Third. What about the third objective? Is good will or amity among the nations any nearer today than it was before 1934?

Let us be specific: Has the relationship between India and Pakistan improved since 1934? Between Palestine and Arabia? Between Italy and Yugoslavia? Between Communist China and Nationalist China? Between the United States and Cuba? What about our relations with Russia? Are they improved?

What about internal dissensions and strife? Italy with her 36-percent Communist vote in the last election; France with a national legislature that is 25 percent Communist? What about England torn between her Socialist Labor Party and her Conservative Party?

Have good will and amity among men been advanced by the Reciprocal Trade Agreements Act? My answer is: Not so anybody can notice it.

Fourth. Have world trade barriers been reduced or removed? Do we have a freer flow of goods today across national borders than we had in 1934?

While world tariff walls have been lowered, other obstacles or barriers more effective than tariffs have been erected in their place—among them import and export licenses, trade preferences, currency manipulations, multiple currencies, quotas, subsidies, state trading, and the European Common Market freezeout.

It is a fact, and we must face it, that, under the Reciprocal Trade Agreements Act, practically every foreign country that has lowered its tariff walls has erected other barriers against U.S. imports, thereby nullifying the effect of their tariff concessions or reductions.

In the face of these facts—can anyone say our 27 years of experience under our so-called Reciprocal Trade Agreements Act has been a success from the standpoint of its effect upon our American economy? Has it been a benefit to American workmen? The answer to both questions is "No."

In addition to the advantages we have given foreign nations under our Reciprocal Trade Agreements Act, during the past 15 years we have poured out to war-torn foreign nations some $75 billion to rebuild their factories; to replace their wornout or war-destroyed machinery with our modern machinery—thus creating competitors for us in both foreign markets and in our own American market.

So, today we face the question: Is the United States being priced out of the world markets? It certainly begins to look that way. One thing is absolutely certain: The United States is facing increased competition in world markets.

Today, for the first time in our history, we have an unfavorable international payments balance. In 1958, our unfavorable world payments balance was $3.4 billion. In 1959, it was $3.7 billion. In 1960, it was $3.9 billion. What it was in 1961 we do not know exactly yet. But we do know that no nation on earth can run a deficit in its international balance of payments of this magnitude very long without going on the rocks.

The Constitution gives Congress, and not the Executive, the authority to set tariffs. Congress should no longer shirk its responsibility. Congress should assume that responsibility and through its arm—the U.S. Tariff Commission—repair the damage done by the misguided policies of the past 27 years.

The exportation of American jobs and industry and the ever-increasing importation of foreign-made goods to be sold on the American market will be one of the campaign issues this fall.

If we continue any longer on the path to economic destruction, more American capital will go overseas, more and more American businessmen will transfer their plants abroad, more and more American workers will be out of work. It is past time to act. We should repeal the Reciprocal Trade Agreements Act and do it now.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. MASON. I yield.

Mr. BENNETT of Michigan. I want to compliment the gentleman on making a very excellent presentation on this very difficult bill, and to ask him this question: Would it be correct to say that if this bill is passed it will provide additional jobs for people in Europe and provide more unemployment for the people in the United States?

Mr. MASON. In my opinion, that is exactly what the effect of the passage of the bill before us would be.

Mr. BENNETT of Michigan. Can the gentleman tell me if there was any information presented to his committee during the hearings which indicated in what respects, when, and where, and in what industries employment will increase in this country if this legislation is passed?

Mr. MASON. If there was, I did not hear it.

Mr. BENNETT of Michigan. It was not in existence, was it?

Mr. MASON. No.

Mr. JOELSON. Mr. Chairman, will the gentleman yield?

Mr. MASON. I yield to the gentleman from New Jersey.

Mr. JOELSON. I am puzzled about why, if the gentleman feels this reciprocal trade program was such a disaster, he is advocating a 1-year extension and renewal of it.

Mr. MASON. Because all the damage that could be done under our present Reciprocal Trade Agreements Act has been done, and no more damage can be done, because they have very little, if any, more trading power.

Mr. ALGER. Mr. Chairman, will the gentleman yield?

Mr. MASON. I yield to the gentleman from Texas.

Mr. ALGER. It should be borne in mind, however, in view of what the gentleman has said, that the 20-percent across-the-board tariff cuts that have just been made last March have not yet gone into effect. Only 10 percent of them will go into effect in July of this year and 10 percent in the second year. So I would like to amend the gentleman's statement to say that if there may well be further damage to industry, and the stock market is falling, the business climate is uncertain, trade damage is still to come. I hope to develop that a little later this afternoon.

Mr. MASON. Mr. Chairman, I yield 25 minutes to the gentleman from Tennessee [Mr. BAKER].

Mr. BAKER. Mr. Chairman, I shall vote for H.R. 11970, the Trade Expansion Act of 1962. The committee bill is a definite improvement over existing law and an even greater improvement over H.R. 9900 as originally introduced and considered by the committee. I shall undertake to point out in these remarks not only the reason for my support of the committee bill but also some of the areas of improvement.

I shall also undertake to point out my conception of the effect of a negative vote; that is, simply a "nay" vote on final passage.

One of the most frequently heard arguments against passage of this bill is that it authorizes the President to reduce duties by 50 percent of the July 1, 1962, level, which is true. However, I would call your attention to the fact that it also authorizes the President to increase duties to 50 percent of the July 1, 1934, level. There are many safeguards for American industry and American workers in H.R. 11970 which are not in existing law and were not in H.R. 9900. I shall refer to some of these safeguards further along in my remarks.

What is the effect of a negative vote on final passage? It is logically argued that such a vote would put a stop to the authority of the President to further lower duties. That is true. However, all of the existing treaties between the United States and the members of GATT would remain in force regardless of the passage of H.R. 11970 and none of the protective safeguards contained in the committee bill would have any application to those treaties.

I do not think this status quo situation is in the national interest. In 1958 the European Economic Community—generally referred to as the Common Market—was an inconclusive experiment, almost a myth. It is now a grim reality. The EEC has achieved a high rate of growth and is moving substantially toward eventual free trade among member nations, around which will be thrown an impenetrable wall of duties, tariffs, quotas, licenses, cartels and various import restrictions.

Our own gross national product has risen substantially less than that of the EEC, and we have developed a dangerous deficit in our balance of payments. In 1961 the United States exported nearly $20 billion worth of goods to foreign markets with a balance of commercial trade in favor of the United States of about $3 billion, the largest single credit factor to our balance of payments. Even Japan in 1961 purchased almost $700 million more goods from us than we purchased from Japan. We can neither bury our heads in the sand nor close our eyes to stark reality. Farm product exports in fiscal 1961 amounted to $5 billion out of total farm marketings of $34 billion.

What are some of these safeguards to American industry and American workers? What are some of the improvements in H.R. 11970 that are not in existing law? I consider the most important one to be the committee amendment which bears my name and of which I am very proud. Section 351 (a)(1) of the committee bill provides that in escape-clause cases, after receiving an affirmative finding of the Tariff Commission, the President may proclaim such increase in or imposition of any duty or import restriction on the article causing or threatening to cause serious injury to such industry as the President determines to be necessary to prevent or remedy serious injury to such industry. The President is not bound by the Tariff Commission's affirmative finding of injury nor by the Commission's finding as to the action necessary to prevent or remedy injury. This is the same as under existing law.

The committee amendment which I sponsored in the Ways and Means Committee provides that if the President does not within 60 days after the date on which he receives such affirmative finding proclaim that increase in, or imposition of any duty or other import restriction on such article which was found and reported by the Tariff Commission, then the President shall immediately submit a report to the House of Representatives and to the Senate stating why he has not proclaimed such an increase or imposition; and such increase or imposition found and reported by the Tariff Commission shall take effect upon the adoption by both Houses of the Congress by the yeas and nays by the affirmative vote of a majority of the authorized membership of each House of a concurrent resolution stating, in effect, that the House of Representatives and the Senate approve the increase in or imposition of any duty or other import restriction on the article found and reported by the Tariff Commission. The adoption of the concurrent resolution must occur within the 60-day period following the date on which the President submits his report to the House of Representatives and the Senate. If such a concurrent resolution is adopted by both Houses of the Congress, the President is required within 15 days after the adoption of the resolution to proclaim the particular action found and reported to be necessary by the Tariff Commission.

Under existing law the Congress could put into effect a Tariff Commission finding by two-thirds vote of both Houses under the so-called privileged resolution procedure requiring action within 10 days of its introduction, which meant by its very nature that no such action was ever attempted or would ever be put into effect.

Under the amendment which I sponsored, the regular legislative process would be followed of referral of the resolution to the Ways and Means Committee in the House and the Finance Committee in the Senate. It would envision public hearings and executive sessions and expeditious action in both bodies. I sincerely believe that in proven cases, such as the recent lead-zinc proceedings, that the Congress would avail itself of this provision of the law and the very knowledge of this retained constitutional power in the Congress would materially strengthen the hands of our negotiating agents at the bargaining tables in Geneva and Brussels, or wherever the negotiations are to be had.

While on the subject of lead and zinc, which is so important to me because the area in Tennessee which I represent is now the No. 1 zinc producing area in the United States, I obtained incorporation in the committee report, page 24, of language expressing the intent of Congress, which will be of material assistance to the zinc industry and to its thousands of unemployed workers. The language is as follows:

> The term "earlier or later stage of processing" contemplates that the article remains substantially the same during such stages of processing, and is not wholly transformed into a different article. Thus, for example, zinc oxide would be zinc ore in a later stage of processing, since it can be processed directly from zinc ore.

When quotas on the importation of zinc ore were proclaimed by President Eisenhower, foreign zinc producers made an end run around the quotas, as they have done in many other instances, by processing the zinc ore into zinc oxide and shipping it into the United States free from the restrictive provisions of the quota.

The committee bill provides that the Tariff Commission must complete its investigation and make its findings within 120 days of the date of the filing of the application. Under existing law the average time for Tariff Commission determinations has been about a year.

Under existing law there was no legislative directive to the President as to whom he should name to be responsible for the trade negotiations, and no one seemed to know who it was, if anybody. Under H.R. 11970 the President is to appoint a special representative for trade negotiations, subject to confirmation by the Senate, who would be the chief representative of the United States at any negotiations conducted under the bill.

Two Members of the House of Representatives and two Members of the Senate—one from each political party—are to be accredited to the U.S. trade agreement delegations.

Under the committee bill, the most-favored-nation principle will not apply to Poland, Yugoslavia, or Cuba, as long as they are Communist countries or dominated by communism, regardless of whether they are members of international communism. Under existing law the most-favored-nation treatment is applicable to Poland, Yugoslavia, and Cuba, and would likewise have been applicable to these nations under H.R. 9900.

In my opinion, H.R. 11970 improves the peril point procedure over existing law and very substantially over H.R. 9900. H.R. 11970 authorizes the Tariff Commission to recommend a range within which an article or articles may be negotiated without any serious economic effect on the industries producing like or directly competitive articles. This change to a range from a peril point was recommended by the Tariff Commission. It was impractical to determine a specific point below which tariffs should not be reduced.

H.R. 9900 originally limited the Tariff Commission to the consideration of certain factors. The bill as reported broadens the scope of the Tariff Commission's inquiry. The bill directs the Commission to advise the President with regard to "its judgment as to the probable economic effect." Also, the bill instructs the President to seek the advice of appropriate Government departments and agencies.

Under the present reciprocal trade agreements program, there are three loosely coordinated trade committees established by Executive order. The committee bill authorizes the creation of an interagency trade organization which will make basic policy recommendations, including recommendations concerning relief for injured domestic industries. Most important, the agency will conduct hearings and make recommendations concerning discriminatory foreign import restrictions, enabling any aggrieved party to make a complaint and will offer all interested parties an opportunity to be heard.

I have heretofore mentioned that H.R. 11970 provides for the appointment of a chief negotiator to head all trade negotiations, pinpointing to a single individual the responsibility to lower or raise tariffs and to remove import restrictions.

He will also be an ex officio member of the newly created Interagency Trade Organization.

Under the committee bill, the Tariff Commission, which is an arm of the Congress, is restored to a position of responsibility and dignity.

The provisions of the committee bill relating to agricultural products are far more favorable to American agriculture than either existing law or H.R. 9900.

Another important provision of H.R. 11970 is that the President is instructed to reserve all articles covered by outstanding actions under the national security provisions of existing law, or the new law, and actions under the escape-clause provision of the existing law, or the similar provisions of the new law. These articles would be reserved for 4 years beginning with the enactment of the bill unless the President includes any such article on a proposed negotiation list and the Tariff Commission advises him that the economic conditions in such industry have improved.

H.R. 11970 changes the entire concept of H.R. 9900 by removing all reference to escape-clause procedures and adjustment assistance to industry and workers as "extraordinary relief" which was the portion of H.R. 9900 to which I most strenuously objected throughout the hearings.

It is my considered judgment that H.R. 11970, properly administered, will expand the foreign trade of the United States and accomplish the declared purposes of the bill.

I would like to ask the chairman of the committee a question.

Mr. KARSTEN. The chairman of the Committee on Ways and Means has been called away momentarily.

Mr. BAKER. Would the gentleman from Arkansas comment on the question of whether or not State law might bar some States from entering agreements under the worker assistance provisions of the bill or even bar them from paying unemployment benefits to workers who receive trade adjustment allowances?

Last week I received a letter from the commissioner of unemployment security of Tennessee that adversely affected workers in Tennessee might not be eligible for benefits under this bill.

Mr. KARSTEN. The chairman of the Committee on Ways and Means asked me to advise the gentleman that the chairman has been in touch with your Governor, the Honorable Buford Ellington, and he has received a telegram on this subject, which I will read:

> Hon. WILBUR MILLS,
> *Chairman, Committee on Ways and Means:*
>
> Understand that members of your committee have been advised that Tennessee unemployment compensation law prohibits participation of Tennessee in adjustment assistance program for workers proposed in Trade Expansion Act. In view of my interest in the act, I asked our State attorney general to review the question of the State's ability to participate in the adjustment program proposed. The attorney general has advised me that in his opinion Tennessee can participate in that program under its existing law.

Mr. BAKER. I thank the gentleman.

One more question: Is it or is it not true that under H.R. 11970 we do not legislatively designate or we do not intend to cause the benefits under adjustment assistance to be unemployment compensation?

Mr. KARSTEN. That has been the general history all through the proceedings on this matter in the committee.

Mr. BAKER. Then, any State that had a statute similar to that of Tennessee, relating to duplicate unemployment compensation benefits, would not have difficulty entering an agreement under this bill because this bill is not an unemployment compensation law.

Mr. KARSTEN. That is correct.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BAKER. I yield to the gentleman from Michigan.

Mr. BENNETT of Michigan. I would like to say, first of all, that most of us who are not experts on this subject—and I know the gentleman is one of the experts, and I say that in all sincerity, because I know he spent many years studying this very difficult problem—but most of us who are not experts measure prosperity in our country in terms of employment; how many people are employed and how many people are unemployed. Will the gentleman advise me how and in what respect this bill is going to increase employment in the United States, if at all, and in what industries it will do so?

Mr. BAKER. My answer would be twofold. I do not know what I would have done if I had been here in 1934. I doubt if I would have voted for the so-called Hull Trade Agreement Act, although he came from my State, as you know. We have had it since 1934, and we must do the best we can under the present world situation.

Now, to answer your question: We have safeguards in here for workers and industry. Now, to specifically answer your question, it is true that in 1961 we had a favorable commercial trade balance on international trade of $3 billion. I know that is true. Even Japan, that people talk so much about, bought $700 million of goods from us in 1961, more than we bought from her. Now we have this Common Market situation here. Exports of agricultural products last year amounted to $5 billion, and that is almost one-sixth of the entire sales of agricultural products in the United States. Now, to cut that off completely would put people out of work. That is the way I feel about it.

Mr. BENNETT of Michigan. Could I ask another question before you leave that subject? I understood the gentleman's answer with respect to agricultural products. Of course, it is true, is it not, that most of the agricultural products to which you refer were given away under one form or another under our foreign aid program? What I am trying to do, and I ask the gentleman in all sincerity as the ranking minority member of this committee——

Mr. BAKER. Let me give you an illustration.

Mr. BENNETT of Michigan. Where is this bill going to increase employment in this country? I can see where it would increase employment in Europe, but what will it do to us?

Mr. BAKER. I will undertake to answer that with an illustration. I will take the zinc industry with which I am pretty familiar. There are several hundred zinc miners in east Tennessee unemployed simply because the world market of zinc coming into this country is 11.5 cents a pound, and you cannot produce it and market it for less than 12.5 cents a pound.

Now, if the present President's predecessor had put into effect the findings of the Tariff Commission fixing the peril point at 13.5 cents a pound, or even 12.5 cents a pound, and put a commensurate duty or modest duty of about 2 cents a pound on zinc, I am told by people in whom I have complete confidence that about 2,000 zinc miners in east Tennessee would have gone back to work. That is the only way I can answer the gentleman's question.

Mr. BENNETT of Michigan. Has the gentleman from Tennessee [Mr. BAKER] been assured that the present administration will do everything in its power to get people back to work who might be displaced from their jobs?

Mr. BAKER. I have not, and I emphasize that most emphatically. All I say is that I have confidence in the integrity, the judgment and the backbone of this Congress in a case like lead, zinc, glassware, carpets and many others, that we would pass a concurrent resolution, and no President would keep us from doing it. That is the way I feel about it.

Mr. BENNETT of Michigan. Has the President given any assurances that the domestic iron mining industry will get back on its feet, instead of going down?

Mr. BAKER. What is the difference between iron ore and zinc? If the gentleman from Michigan [Mr. BENNETT] made a case on iron ore before the Tariff Commission, and the Tariff Commission finds a certain level exists, we would pass a resolution that goes into effect. I would support the gentleman from Michigan, because I heard the gentleman's very fine testimony befor the committee.

Mr. GUBSER. Mr. Chairman, will the gentleman yield?

Mr. BAKER. I yield to the gentleman from California.

Mr. GUBSER. One of the most basic industries in my district, in fact, most of the United States, is the canning industry. Traditionally, this industry has been very liberal in its trade policy. In fact, I believe the canning industry testified in favor of similar legislation before the Committee on Ways and Means this year provided certain objections which they had could be met. But now they have withdrawn their support of this bill as an industry for the reason that the peril point provisions of the existing law have been, as they say, completely emasculated. Yet the gentleman in his statement has said that the peril point provisions of the present law have been strengthened. I am confused between these two conflicting views. I wish the gentleman would elaborate upon that statement.

Mr. BAKER. My answer is this: It is my considered judgment—and I heard the statement made many times which the gentleman has made—that the peril point provision was emasculated in H.R. 9900. But this particular provision in H.R. 11970 was recommended by the Tariff Commission. The only difference between it and existing law is instead of reaching out to say—and I go back to the illustration of 13.5 cents a pound on zinc, or some part of the industry says it should be 12.5 cents a pound, they would find the range in that industry, say between 12 and 14 cents a pound for the peril point, or between 11.5 cents a pound and 12.5 cents a pound under this agreement. I think it is an improvement.

Mr. GUBSER. If the gentleman will yield further, is this a true statement——

Mr. BAKER. Permit me to answer the gentleman further. The peril point is not the effective weapon. The effective weapon is the escape clause proceeding.

Mr. GUBSER. Is it not true that machinery is set up for establishing the peril point in the prenegotiation period in this bill?

Mr. BAKER. That is right.

Mr. GUBSER. But there is no provision whatsoever for carrying it beyond the prenegotiation period?

Mr. BAKER. Well, yes. When you have an escape clause action, of course, the peril point provisions continue in existing law.

Mr. GUBSER. If the gentleman will yield further, is the gentleman prepared to assure me that once the peril point has been established and if the President should go below that point and damage is done, that there is machinery through which relief could be had for the domestic industry?

Mr. BAKER. There certainly is.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. BAKER. I yield to the gentleman from Massachusetts.

Mr. CONTE. I want to compliment the gentleman from Tennessee for his fine presentation. I would like to clear up some doubts which exist in my own mind. Under the committee bill there is provision for a joint majority resolution of the Congress to override proposed action by the President regarding the escape clause procedure. It is my understanding that under the old law a preferential motion would lie; is that correct?

Mr. BAKER. May I explain that? I get the gentleman's point.

Under existing law put in through an amendment in 1958, there is provision made that in the case the President did not put into effect the Tariff Commission's findings, then a concurrent resolution adopted by two-thirds vote of the House and Senate would put it into effect and require the President to follow it. However, the resolution was a privileged resolution.

It would have to be acted on in 10 days from the time it was introduced. That might just as well not have been in the bill.

Mr. CONTE. Could it not come into the House without first being referred to the Committee on Ways and Means of the House and the Finance Committee of the Senate?

Mr. BAKER. Yes.

Mr. CONTE. This is what bothers me. I think we are weakening our point here, because it would have to be adopted now by the House Ways and Means Committee and the Senate Finance Committee and then it would have to be acted upon by both the House and the Senate.

Mr. BAKER. With all due respect to the gentleman, I have every confidence in the Ways and Means Committee and the Finance Committee.

Mr. CONTE. I have confidence in the House Ways and Means Committee, too; but I would rather see this come directly to the House and to the Senate.

Mr. BAKER. How in the world could the House and Senate act on such a thing as a lead and zinc tariff proposal, that may cover 700 or 800 pages in such a short period of time? How in the world could the membership know, including the members of the Committee on Ways and Means? It just would not work out.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BAKER. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, when the manpower training bill was before the House I asked the question, "How many unemployed are there in this country as a result of foreign imports?" I was told that that question would be answered when the Trade Agreements Extension Act came before the House. Can the gentleman tell me now how many are unemployed in this country as a result of foreign imports?

Mr. BAKER. I remember what Secretary Hodges testified, but I would prefer that the gentleman ask that question of the chairman of the committee whenever he has the floor. I can tell the gentleman what I heard in executive session. As I remember, Secretary Hodges testified to the effect that the number would probably be 80,000; and I think that it was too low.

Mr. GROSS. Is the gentleman saying that at the present time 80,000 Americans are unemployed by virtue of imports? Is that the gentleman's statement?

Mr. BAKER. That is my understanding of what the Secretary of Commerce said, that under the provisions of this bill it was calculated it might adversely affect 80,000 workers.

Mr. GROSS. Mr. Chairman, I should like to ask the gentleman this question. Is it true that British turbines are being used in the TVA electric power generation system?

Mr. BAKER. I read that in the newspaper; I understood that they were Swiss.

Mr. GROSS. At any rate, foreign-made turbines?

Mr. BAKER. My information is the same as that of the gentleman; I got it from the newspaper.

Mr. GROSS. That does not help employment in this country, does it?

Mr. BAKER. I am not in favor of it; and I am sure the gentleman knows I am not.

Mr. GROSS. If I may ask one other question. Was preferential treatment recently given to increasing tariffs on bicycles imported into this country?

Mr. BAKER. I believe so.

Mr. GROSS. If that is correct, let me ask the gentlemen, Are bicycles made in the Tennessee-Arkansas area?

Mr. BAKER. No; they are not made in my area. I think they are made in middle Tennessee.

Mr. KARSTEN. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. KING].

Mr. KING of California. Mr. Chairman, in recent weeks Soviet bloc criticism of the Common Market has increased to an unprecedented level. Moreover, for the first time, it has become a major theme in the utterances of top Soviet spokesmen. Khrushchev's May 30 speech at a Soviet-Mali friendship meeting was particularly pointed and was given unusually wide dissemination by Soviet media, being repeated at least in part in more than 200 separate radio broadcasts.

Khrushchev also lashed out at the Common Market at the opening of the Italian Trade Fair in Moscow on May 29 and at a reception for the Italian Trade Minister on June 7. At the World Federation of Trade Unions executive committee meeting in Budapest on May 31, Soviet Trade Union Head V. V. Grishin devoted a major section of his speech to the Common Market and called for a concerted drive by all progressive forces in Europe to organize united all-national fronts to oppose the expansion and strengthening of the European Economic Community.

Since late May, the Soviet press and radio have been conducting a concerted campaign to vilify the European Economic Community. During the period May 14 to May 20, Radio Moscow broadcasts on the Common Market rose from 19 to 74 items—from less than 1 percent to about 3 percent of all broadcasts. In addition to the wide coverage of Khrushchev's speech, 66 other European Economic Community items were broadcast between May 28 and June 3. For the most part, the attacks have followed familiar lines; for example, the role of the European Economic Community in strengthening NATO, the subordination of smaller nations to larger ones, and the exploitation of farmers and workers by international monopoly capital. However, the emphasis has been especially strong on the so-called neocolonial function of the European Economic Community and on signs of difference among Western states.

I refer to these instances of Soviet concern with the reality of the Common Market solely to illustrate the point already made—the European Economic Community is a force to be reckoned with and it would behoove all of us here today to recognize this fact. Unless we orient our trade policies in the direction of accommodating our trading patterns to those of the Common Market; unless we realize the urgent need for developing a far-reaching trade program which meets the challenges of the Common Market and opens the way to grasping the opportunities which are interrelated with these challenges; unless we adopt a sensible policy and refrain from accepting the views of those who would have us ape the ostrich and bury our heads in the sand while history passes us by; then we stand to be the real losers and will suffer immeasurably. The Soviet reaction to the miracle of Europe demonstrates their concern and proves, to some extent, the point I make—we too should be equally concerned though for different reasons.

Let me continue with this documentary of Soviet reaction to the Common Market—incidentally, it pleases me to be able to label them as reactionaries.

An increasing number of bloc broadcasts have played upon the theme of imperialist contradictions within the Common Market. Bloc commentators have by no means been consistent in their appraisal of the "struggle for power" in Europe. They have generally referred to a French-German alliance in opposition to British entry supported by the United States; however, they have also mentioned French-German rivalry and United States-Germany collusion. The United States, they claim, is promoting United Kingdom candidacy in order to weaken French and German competition with U.S. capital. On the other hand, bloc commentators also assert that the U.S. purpose is to strengthen the Common Market as a whole in opposition to the Communist bloc. In short, the general picture painted is one of vicious imperialist struggle for control of an organization which poses an increasing political-military threat to world peace.

Radio Moscow's recent broadcasts to Africa have stressed that any form of accommodation with the Common Market will result in loss of political and economic independence. A broadcast in Hausa beamed to West Africa on May 24 charged that association with the Common Market would mean that African states would automatically become members of NATO. It noted that President Nkrumah had exposed the European Economic Community and urged an African common market which would "keep the wealth of African States in Africa and promote economic freedom." Soviet commentaries have also stressed the difficulties which Commonwealth members would experience as a result of British entry.

Soviet propaganda has continued to oppose enlargement of the Common Market, concentrating its attention on the United Kingdom and the Scandinavian countries. Broadcasts to the United Kingdom have stressed the disadvantages resulting from disruption of the Commonwealth and increased exposure to continental and U.S. competition. They have also alleged that U.S. pressure on Britain to join is based on a desire to weaken Britain's competitive position vis-a-vis the United States. Several broadcasts have charged that France has been demanding atomic secrets from Britain as the price for British entry.

Propaganda directed toward the Scandinavian countries has followed the same general lines, arguing that the inferior competitive position of Scandinavian industry would be swallowed up in a Common Market dominated by West Germany. The Soviets have also held out attractive prospects for increased bloc trade. In an interview published by the Danish Communist newspaper Land of Folk in mid-May, Soviet Trade Minister Patolichev strongly urged the Danish Government to resist joining the Common Market and added that the U.S.S.R. was in a position to increase its purchases of Danish exports, including agricultural products.

An article in New Times on May 1 alleged that there was wide public antipathy in Norway to membership in the Common Market. Among the groups cited as opposed to entry were the Norwegian Communist Party, Socialist People's Party, Center Party, the left wing of the Social Democratic Party, and some members of the Christian-Popular and Venstre Parties.

On May 30 Tass reported that Secretary Boris Ponomarev of the Communist Party of the Soviet Union had left for Denmark to attend the 21st Congress of the Danish Communist Party. Ponomarev is in charge of Communist Party of the Soviet Union relations with foreign Communist Parties. Although his speech to the congress on June 2 did not mention the Common Market by name, it called for expanded trade ties with the Soviet bloc. It is likely that Ponomarev held talks with Danish Communist Party leaders on tactics to impede Danish entry into the European Economic Community. The Danish party, in the past, has been one of the most outspoken of the European Communist Parties in its opposition to the European Economic Community and it has called for a nationwide referendum on the question of Danish entry.

Radio Moscow broadcasts have also continued to warn Austria against entry into the European Economic Community, and a recent commentary in Portuguese cautioned Portugal against associating with a German-dominated Common Market. Moscow has even included the anti-Common Market theme in its English-language broadcasts to North America. Among the arguments put forward in recent weeks to support the line that strengthening of the European Economic Community is not in the best interests of the United States was the allegation that fluctuations in the stock market resulted from concern by U.S. industry over growing competition of the Common Market.

At a Mali-Soviet friendship meeting on May 30, Khrushchev delivered the most vigorous attack on the Common Market yet made by a major Soviet leader. In contrast to his earlier comments directed toward the European Economic Community tariffs and discrimination against bloc trade, Khrushchev's May 30 speech was devoted almost exclusively to the effects of the Common Market on less-developed countries. He argued that the West was using the Common Market to promote "neocolonialist" policies in Africa, Asia, and Latin America, and then went on to outline broadly the Soviet response. He announced that the U.S.S.R. favored "an international conference on trade problems to discuss the question of founding an international trade organization, embracing all regions and countries of the world, without any discrimination." He also reiterated the Soviet desire to conclude bilateral long-term agreements with African countries to create a stable market for their exports and assist them in developing the industrial sector of their economies.

In pressing for a world trade conference, the U.S.S.R. is clearly hoping to exploit the apprehension of the less-developed states over the repercussion of the Common Market. Moscow hopes to make negotiations over Common Market problems more difficult and at the same time increase its own prestige as a defender of the interests of less-developed countries.

The U.S.S.R. is both ideologically and politically opposed to European economic integration; however, the ability of the Soviet Union to respond meaningfully is sharply limited. Marxist-Leninist ideology insists that organizations such as the Common Market must ultimately fail and thus work to the net advantage of the Communist world. Nevertheless, Soviet leaders are undoubtedly haunted by the spector of Common Market success—an event which would vitiate the assumptions of long-range Soviet strategy and gradually undercut the economic and political position of the U.S.S.R. in all non-Communist areas of the world.

Mr. Chairman, I include in the Record at this point a series of excerpts from Communist periodicals and writings which buttress the main theme I have developed concerning Soviet reaction to the European Common Market:

SOME RECENT SOVIET STATEMENTS ON THE COMMON MARKET

1. Interview of Soviet Trade Minister Patolichev in Danish Communist Party newspaper Land og Folk (as summarized by Tass, May 15, 1962):

"If the question arises of increasing purchase of Danish goods by the Soviet Union, we could greatly increase them within the next few years, including purchases of farm products, and could also place big orders for ships and industrial equipment. For this it is naturally necessary that Denmark increase its purchases of Soviet commodities and create conditions for importing Soviet goods no less advantageous than the conditions existing in Denmark for the import of goods from other countries, Britain in particular.

"It is difficult to imagine that the Common Market countries or, for instance, Britain, should stop trading with Denmark if it remained outside the Common Market. Indeed, for those countries trade with Denmark is no less profitable than for Denmark itself. I believe that if the Danish Government took a firm position in refusing to join the Common Market, proceeding from its national interests, the Common Market countries would have to reckon with this."

2. Article by Soviet Academician A. Arzumanyan in Pravda, May 23, 1962 (extracts):

"British ruling circles, having suffered a failure in their attempts to oppose to the continental Six a group of seven small states on the periphery of the Common Market, have raised the question of joining EEC. Their example has been followed by Denmark, Ireland, and Norway. The process of the disintegration of the Seven has begun and is in full swing. The small countries of Western Europe are faced with the threat of being swallowed up by the Common Market, among them the neutrals, which the imperialist powers thus want to involve in the orbit of aggressive military blocs. Attempts are being made to integrate and bind to the imperialist chariot some African States—former colonies of the European powers, liberated or on the road to liberation from the colonial yoke.

"U.S. ruling circles, which formerly played the role of behind-the-scenes producer of Western European integration, but formally stood aside, are also gradually beginning to change their tactics. Encountering competition from little Europe in the markets, primarily from the German Federal Republic, they are seeking organizational forms of direct cooperation with the Common Market by means of mutual reductions in customs tariffs. The program of the formation of an Atlantic economic community, put forward by President Kennedy, gives a new scale and new features to imperialist integration.

"President Kennedy stated that he regarded the Atlantic economic union as a reply of the free world to the Communist challenge. But he omitted in silence the fact that this union at the same time aims to prevent the newly liberated peoples from achieving economic independence and to put on them new chains of colonial exploitation.

"Ruling circles of the United States and the Common Market countries figure that economic integration will enable the imperialist camp to attain a higher rate of economic growth. However, calculations that the Common Market is able to solve economic and political problems of contemporary capitalism are built on sand. * * * It is not so much the Common Market which has accelerated the growth of the West European economy as, on the contrary, the phase of industrial animation and upsurge which lay at the basis of the widely advertised achievements of the Common Market.

"Hoping to soften the Common Market contradictions, its organizers facilitate the intensification of tension between East and West. It is not by accident that almost every step on the path of 'integration' has coincided with moments of sharp exacerbation of the international situation, and the periods of comparative relaxation and reduction of tension coincided with the eruptions of contradictions in the Common Market. Thus the Common Market is aimed primarily against the peaceful forces of socialism and is very hostile to the cause of consolidating peace and security in Europe and the whole world."

3. Khrushchev remarks at opening of Italian Trade Fair, May 28, 1962:

"I repeat that trade is the main thing today. It is clear to everyone that attempts to isolate the Soviet Union and the other Socialist states commercially in this way or that have fallen through.

"The enemies of developing relations with the Socialist countries are exerting efforts to set up the so-called Common Market of European countries and other exclusive economic alliances. Not only economic but political goals are pursued in the process. The Soviet Union has existed for almost 45 years now. All sorts of measures were taken during these years to retard our development, but their organizers have always suffered a fiasco. The same will happen with this European community."

4. Khrushchev speech at Soviet-Mali friendship meeting, May 30, 1962:

"An international economic relationship of a new type is coming into being, free from the dictate of the monopolies. The vital interests of the peoples of Asia, Africa, and Latin America demand a basic change for the better in the system of international trade. The need to get rid of methods by which the powerful gorge themselves in trade with the weak is long due in international trade. Such vicious conditions form the essence of the policy of the Common Market in relation to the young national states. The Soviet Government considers that the United Nations cannot stand aside on this question, which is vitally important for hundreds of millions of people. It considers it expedient to call an international conference on trade problems to discuss the question of founding an international trade organization, embracing all regions and countries of the world, without any discrimination.

"The calling of such a conference would doubtlessly be supported by many countries who are against the policy of knocking together exclusive economic groupings of the Western powers. The calling of such a conference is one of the ways in which the economically underdeveloped countries could defend their interests and oppose the international alliance of capitalist monopolies.

"The Soviet Union is conducting a consistent struggle in favor of international trade relations being developed on the basis of equality, on a mutually profitable basis. The Soviet Union is willing to conclude long-term trade agreements with African countries. These agreements will widely open our country for goods produced in the African countries and will create a permanent and stable market for them. At the same time, the African countries will be able to acquire, on the basis of mutually acceptable conditions, the industrial goods which are necessary for building up their economy, developing their national industry, and strengthening economic independence.

"We are convinced that it is possible, through joint efforts of the Socialist states and the freedom-loving independent countries of Africa, Asia, and Latin America, to administer a deserved rebuff to the plans of collective colonialism, which the imperialists are trying to carry out with the help of the aggressive Common Market policy.

"Certain states and leaders of young African countries see the sum of the credits obtained or, as one says today, the amount of aid as the criterion of the attitude of these states toward them. But, this does not reflect the true attitude of the state which gives. There is aid, and aid. It is one thing when Socialist countries give aid, according to their means, to young, independent, states. Perhaps it is quantitatively smaller than that promised by others, but it is disinterested aid. It aims at strengthening state independence; it contributes to the friendly peoples firmly standing on their feet and building their life as they want it."

5. Speech by Soviet Trade Union head, V. V. Grishin, at WFTU executive committee in Budapest, May 31, 1962:

"In recent years we have witnessed the establishment of the so-called Union of Six and Union of Seven in Europe, of the Alliance for Progress in America, and of other supernational imperialist formations which bode all kinds of ill and privations for the working people. Monopolist capital has singled out the so-called EEC, Common Market, which includes six industrially well-developed imperialist countries in West Europe, for a special role. According to the press, negotiations are now underway for new states—England, Denmark, and Norway—to enter the Common Market, and for Austria, Switzerland, Sweden, and also Spain and Turkey to be associated with it in various ways.

"As soon as several new European States enter the Common Market the economic bloc of capitalist states will be able to expand still further as support of the military NATO bloc. This will lead to a further division of the world into blocs and to violations of the present economic relations. It will also most disastrously affect the situation of the working people not only in European countries but also in the countries in Africa and other continents. Even the bourgeois press prophesies that retail prices, taxes, and unemployment in these countries will increase and the living standards of the working people deteriorate.

"Monopolistic propaganda sings praise of the Common Market. It tries to prove that the main aim of the Common Market, ruled by the monopolies of West Germany, is to insure worldwide economic development. However, the real aim of the Common Market is political and military: To subordinate European countries to the interests of the great powers, make the capitalist economy serve the aggressive NATO bloc, master economic difficulties to the detriment of the working people, and make it easy to increase their exploitation. The Common Market is a kind of a holy alliance of imperialists which is to serve their joint struggle for superprofits and the enslavement of the peoples, and against social progress.

"In their race for maximum profits, the monopolies of the Union of Six dictate a policy of exorbitant and colonialist prices for the countries of Africa. A representative of the Central African Republic declared in 1961 that in recent years the prices of goods imported to Africa had increased 42 percent, although prices of African agricultural products had increased merely 11 percent. True, the countries of the Common Market make much ado about the help; which will be allegedly accorded to young African States if they associate. It is quite clear to everybody, however, that such help will be tied up with new conditions of bondage and that the novel colonizers will elicit enormous riches from Africa.

"With the creation of the Common Market the process of the concentration of monopolist capital in West European countries has intensified. International cartels are growing, agreements on the division of markets are being concluded, and large-scale joint undertakings organized. At the same time, small and medium enterprises are being shut down since they are not able to stand the competition. U.S. monopoly penetration into West Europe is increasing. On the other hand, the Common Market has become a dangerous rival of the United States. This has led to a further aggravation of discrepancies between the imperialist powers.

"The struggle waged by the monopolies for a redivision of the world capitalist market has entered a new phase. To increase the competitive ability of their production by decreasing production costs, the capitalists—with the help of the bourgeois state—are carving out a rationalization of the industry and endeavoring to cut expenditures for wages and social needs of the working people. The situation in the countries of the Common Market very convincingly testifies that the development of contemporary capitalism is accompanied by increasing discrepancies and antagonisms within capitalist society and by an intensification of the class struggle.

"In recent years one can observe in certain West European countries a temporary improvement of the economy. A certain growth of production forces is explained by the bourgeois propaganda as a result of the existence of the Common Market. The monopolist bourgeoisie and its agents in the workers movement—the rightist leaders of the trade unions—try to convince the working people that all crucial economic problems can be solved by the development of such economic cooperation. In the period of improved economic conditions, the monopolies use part of their gains to bribe the cream of the workers class. This helps spread illusions of a reformation among the unstable workers and weakens the struggle for the defense of their vital interests. This is only temporary, however. The crises of capitalism are sure to follow in quick succession. The association of capitalist monopolies cannot but aggravate the situation anew and lead to new attacks of capitalism on the vital interests of the working people.

"In this respect, the situation in West Germany is most typical. As is well known, a certain improvement of the economic situation can be observed there in recent years. The West German bourgeois propaganda has clamored about an economic wonder and has sung praises of capitalism. It was seconded by the leaders of the German Trade Union Association. More recently, in connection with the growth of military expenditures and the beginning of a decrease in economic activity the monopolies have once more intensified their attack on the working people. Prices in West Germany are steadily rising, tax pressure is steadily increasing, work has intensified, and coal production and other industrial production have decreased. The workers have responded to this by a more active struggle against the monopolies. The recent strike of the Saar miners is an example of this.

"Other West European countries are feeling the influence of the Common Market and the pressure of West German monopolies still more. The miners must endure the most hardships, however. In accordance with a decision of the leading organs of the EEC, the Belgian Government has pledged to take measures to improve the situation in the coal industry, which means to restrict coal extraction. The pretext for closing the mines is that they are allegedly unprofitable. At the same time, Belgium is obliged to import 1.5 million tons of anthracite from West Germany annually. De Gaulle's government has undertaken similar obligations. France plans to curtail coal extraction in 1975 to 45 million tons of coal annually, while consumption will amount to 90 million tons by that time. The difference will also be brought from the German Federal Republic.

"The reorganization of enterprises and the rationalization of work has resulted everywhere in an increased exploitation of the workers. Work intensity has increased, and the rhythm of work has accelerated. All workers' demands for wage increases are being rejected under the pretext that prices must be kept at a level that can be competitive on the international market. Actually, wages have been blocked everywhere.

"The progressive trade unions and the working masses are intensifying their struggle against the Common Market, which is contrary to the interests of the worker class. The heroic struggle of the Decazeville miners has become part of the history of the workers' peace movement; they have opposed the intention of their government to close down the mines. A powerful people's movement is spreading in Belgium, where the ruling circles intend to bankrupt a whole economic area—Walloon Province. It is also very significant that the movement of the working people in England, Norway, and Austria against entering the Common Market is steadily growing.

"This struggle is acquiring an international character because, as is well known, the Common Market concerns at present not merely the interests of the working people of its member countries, but also the working people of the whole world. The united front of monopolies must be met by a united all-national front. Progressive trade unions must increase their struggle against state-monopolist associations, particularly against the Common Market, and resolutely unmask it as a plot of a handful of monopolies against the vital interests of the masses in capitalist countries, as a weapon of the imperialists against the working people and against nations which have emancipated themselves from colonial slavery."

6. Khrushchev remarks at reception for Italian Trade Minister, June 7, 1962:

"This is a marriage against nature, and even if it is registered by law, nature will see that it is broken. Because in this marriage, if I can say so, there are not two sexes, the male and the female sex. There are only two males. [Reference is to the fact that EEC states are all industrial states; goes on to argue that trade should be between industrialized states and raw material exporters.]

"Doctors say that old people sleep badly. But I sleep well, about 8½ hours a night. And this shows just how I react to the Common Market."

ABSTRACT

The recent increase in attention paid to the Common Market by bloc spokesmen and propaganda media betrays great concern over its prospective adverse impact on bloc interests and suggests that the U.S.S.R. is searching with increased urgency for an effective means of counteracting the challenge of the EEC. Rising bloc criticism reached a climax in a sharp attack on the EEC by Khrushchev during a speech at a Soviet-Mali friendship meeting on May 30, and the issue was the focal point of the June 6–7 CEMA conference in Moscow.

Khrushchev's call for an international trade conference reiterates a longstanding Soviet proposal. If the conference is held, the U.S.S.R. would seek to champion the cause of all those who are apprehensive about the repercussions of the Common Market and attempt to tar the EEC with the "neocolonialist" brush. The U.S.S.R. may also encourage the formation of regional groupings among less developed countries as a counter to association with the EEC.

Within the European Communist movement the Soviets are already urging formation of antimonopolist fronts to agitate against EEC expansion. In addition, new proposals have been put forward in the bloc for increased economic cooperation in an effort to match within CEMA the economic dynamism that is apparent within the EEC.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. KING of California. I yield to the gentleman from Ohio.

Mr. FEIGHAN. Is it not one of the purposes of this bill and the intent of this bill, which I hope will be accomplished, to increase the economic power of the free world and at the same time to deny benefits to the Communist bloc, as provided in section 231, and would it not over the long run weaken the economic trade potential of the Communist bloc?

Mr. KING of California. The gentleman is correct.

Mr. JOHNSON of Maryland. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. JOHNSON of Maryland. Mr. Chairman, I rise today to express my apprehension lest a portion of the revised trade bill have a disastrous effect on the tuna industry.

The United States comprises the largest market for canned tuna in the world. Smaller but growing markets for canned tuna are being developed in several Western European countries. Tuna is caught by citizens from many nations and we can indeed state raw tuna has become a world commodity.

Raw tuna at the present time may be imported into this Nation duty and quota free. I believe that this is fitting and proper since our Nation's tuna fleet cannot begin to produce the tuna requirements of the United States. Major U.S. canners of tuna must augment their domestic catches with imported raw tuna to provide a continuous supply for American consumers.

From my study I note that imported canned tuna in oil is dutiable at 35 percent ad valorem while imported canned tuna in brine is dutiable at 12½ percent ad valorem with an annual quota amounting to 20 percent of the prior year's U.S. canned tuna production. Any canned tuna in brine imported in excess of the 20 percent quota in a single year is dutiable at 25 percent ad valorem.

It is interesting to note the prices at which canned tuna in brine are imported into the United States and sold to consumers here are considerably lower than similar canned tuna products produced in our country.

Mr. Speaker, any reduction in duty on canned tuna or modification or elimination of the quota would certainly stimulate importation of canned tuna into this country probably at even lower prices than those presently prevailing. The elimination of the duty on canned tuna would enable the foreign canner to pay more on the world market for his raw product thus placing him in a preferred position as compared to our canners competing for the same raw product. I believe that the combined result would ultimately drive all tuna canning away from our Nation and affect the livelihood of American fishermen and American labor.

Additionally H.R. 11970 provides for the elimination of all duties which are the equivalent of 5 percent or less ad valorem. Elimination of duty on partially prepared forms of tuna would greatly encourage their importation into the United States resulting in the loss of by far the greater share of labor engaged in the processing of canned tuna.

Recently the Bumble Bee Seafoods, Inc. of Astoria, Oreg., opened a beautiful canning plant in Cambridge, Md. As a depressed area, the city of Cambridge and Dorchester County were delighted to obtain this excellent facility. It would be disastrous now, after all our labors to obtain this splendid industry, to lose it because this legislation may lack a strong peril point and escape clause and section 202 perhaps prove detrimental to our best interests.

Mr. UTT. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Sixty-three Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 132]

Addonizio
Alford
Anfuso
Arends
Auchincloss
Barrett
Bass, Tenn.
Blitch
Boland
Brewster
Buckley
Celler
Coad
Cooley
Curtis, Mass.
Davis, Tenn.
Dawson
Diggs
Dwyer
Flood
Fogarty
Gonzalez
Gubser
Hall
Hansen
Herlong
Hoffman, Mich.
Horan
Jones, Mo.
Kearns
Kilburn
Kowalski
Libonati
Lindsay
McMillan
McSween
McVey
Macdonald
Miller, George P.
Monagan
Morrison
Moulder
Pillion
Powell
Riley
Santangelo
Saund
Scherer
Shelley
Shipley
Smith, Miss.
Spence
Steed
Stratton
Stubblefield
Thompson, La.
Weaver
Willis

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Bolling, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 11970, and finding itself without a quorum, he had directed the roll to be called, when 375 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 35 minutes to the gentleman from Texas [Mr. Alger].

Mr. ALGER. Mr. Chairman, I have been present for all that has transpired today. I intend to give as clear a presentation as I can of the trade bill. I have brought with me documentation on this bill. While there is much I may not know, I intend to draw heavily from what I heard in the committee hearings and from our committee work. I would prefer not to yield until I have completed my statement, because I intend to cover much too much.

Mr. Chairman, I, of course, can be accused, as can the gentleman from Illinois, of having opposed the reciprocal trade bill, but for a very, very basic reason which I think bears restatement before we go into this bill.

The reciprocal trade bill, my colleagues, is not reciprocal. Comparative studies of our trade policies and those of foreign nations clearly establish this.

The bill, H.R. 11970, is an improvement over H.R. 9900. The Byrnes amendment, as we knew it, to strike the adjustment assistance provision would have been an improvement further, of course, by removing the crutch that our negotiators would be tempted to use, knowing that if they made some mistakes it would be all right because the adjustment assistance would make up for it.

Mr. Chairman, five of us on the committee in the report expressing our views have gone farther than our colleagues. We are endeavoring to benefit from the experience of many witnesses pro and con who testified before our committee.

The report which, I am sure, many of you have read is as well rounded a presentation for your study, whatever your ultimate position may be on this question, as any I have seen in the number of years that I have been in the Congress.

I refer not only to the separate minority views but the statement of the gentleman from Missouri [Mr. Curtis], the gentleman from New York [Mr. Derounian], and the position of reservation of the gentleman from Florida [Mr. Herlong] and the gentleman from Virginia [Mr. Harrison].

I listened attentively earlier to the kickoff speech this afternoon. My basic criticism of that presentation is that it had little, if any relationship to the bill. As to the platitudes, I think most of us will agree with them, I shall do my level best to relate what I have to say to the bill itself.

I have documentation here which I intend to use, and right now I want to assure my colleagues, if time does not permit now, and if I say something a colleague may think is wrong, come to me at the minority table—I will be at the table and will not leave the floor. If I can answer any question, I will have the documentation there of what I am going to say now.

As to the background—all of us favor freer trade, let us not kid ourselves because that has been the trend since the beginning of the history of this country and has helped us economically since the time of the Pilgrims. We believe in freer trade, but this bill is not freer trade and is not fairer trade, as I shall try to show. Secondly, we do not like to be propagandized and I am going to demonstrate this point, too, with the facts. I think also it is clear that this is nonpolitical and shame on the man who takes this floor and tries to make it political. For my part at least, I intend to speak just on the basis of the facts as I understand them, how, when somebody says, as our colleague did earlier, "Who is for the bill?" you can answer, "Some unions are for it"—and some unions are against it. Some business is for it, some business is against it. It is a question of whose ox is gored and whether you are an importer or an exporter or somewhere in between.

Now as to the facts and the fictions. I intend to explore, if I can, some of the fictions and I have some documentation here that I would like to present as I go on.

I have a letter on White House stationery from Mr. O'Brien. I also have a letter from Secretary Hodges and I also have here two pamphlets put out by the State Department, distributed by the millions, no doubt, throughout the world.

One is called "Together We Are Growing Strong," meaning by trade. Another is entitled "The A B C's of Foreign Trade."

I quote the identical language from both bills, page 9 in the former, page 14 in the latter: This has to do with autos and imports.

> Without foreign trade, new cars would soon be impossible to find because the automobile industry depends on at least 31 imported materials, from all over the world:
>
> Jamaica, bauxite; Philippines, coconut oil; Malaya, rubber; India, mica; Pakistan, jute; Kuwait, petroleum; Canada, nickel; United Kingdom, antimony.
>
> Norway, columbium; Belgium, industrial diamonds; Spain, mercury; Switzerland, platinum; Yugoslavia, bismuth; Portugal, cork; Italy, fluorspar.
>
> Mexico, cadmium; Haiti, sisal; Venezuela, iron ore; Brazil, beeswax; Peru, zinc; Bolivia, tungsten; Chile, copper ore; Argentina, wool; Ghana, manganese; Nigeria, zirconium.
>
> Congo, cobalt; Rhodesia and Nyasaland, chrome ore; South Africa, asbestos; Malagasy Republic, graphite; Indonesia, tin; Australia, lead.

I asked Under Secretary Ball, of the State Department, what he thought of this. He said, "I do not know what is in those pamphlets."

I asked Secretary Udall, and he said, "Well, that is stretching the truth."

Gentlemen, this kind of material is propaganda. It is misleading and it is false. The same statement was made, if you please, in a letter to me from Secretary Hodges when he made the same statement found in these pamphlets. Also he made this statement "Our dependence on many of these materials from abroad is growing."

You bet our dependence is growing, and if our dependence on foreign products keeps on growing and the submarines operate like they did in the last war, and God forbid that we ever have a war, then this country will be at the mercy of the enemy.

I present this to you in no less serious vein than that. I do not intend to take time in speaking platitudes. But we must have facts, not fiction. We do not need oil from Kuwait for our autos or for any other reason. We must not falsify or propagandize. We must think and talk straight. Nor should we become dependent on others, particularly in oil, the only product ruled necessary for national security. Now, I want to call to your attention this report from the President, the fifth annual report of the President of the United States on the trade agreements program, August 1961, when he told us that we were doing great—we had jumped in 1959 from $1.1 billion to $4.9 billion surplus in the next year. Those were given as the last recorded figures. After this glowing report, 4 months later, the President said to us—our President—here is what he said, "On June 30, 1962, when the last extension of the Trade Agreements Act expires, it must be replaced by a whole new instrument." Mind you, he just boasted of our having quadrupled our surplus position in a year.

If that contradiction is not enough to confuse you enough, my colleagues, let us pass on to the fact that this approximate $5 billion export trade surplus was not that at all, when you take out those factors which cannot under any circumstances be called trade, such things as nonconvertible currency, subsidized exports, charitable contributions, foreign aid, and U.S. industry abroad purchases from within United States. When those are taken out it cuts the surplus from about $5 billion to $1.387 billion. Again this is misrepresentation. It is fiction, not fact to call it surplus. I think this is wrong. Here is an analysis of the myth of our $5 billion export trade surplus:

The Myth of Our $5 Billion Export Trade Surplus

The Congress and the American public are being asked to believe that the United States sells approximately $5 billion more in exports than it pays for imports. The mildest characterization of this claim is to call it a myth.

By endless repetition of Government officials and propagandists, the alleged $5 billion export trade surplus is being urged as one of the principal bases for the delegation by the Congress to the President of power to eliminate entirely duties on some commodities and to reduce duties on some other commodities up to 50 percent. If true, the claimed favorable export trade balance would not justify the proposition. The purpose of this paper is, however, merely to establish the misstatements of fact on which the proposition rests.

There can be no validity in a conclusion based on misstatement of fact. When errors of fact are revealed, the proposition which rests on them must be rejected.

The representations concerning the claimed $5 billion export trade surplus have been made in innumerable news stories, articles, pamphlets, radio and TV broadcasts and otherwise, and stem principally from such representations as the following:

The President in his speech to the AFL–CIO December 7, 1961, said:

"We sell abroad now nearly $5 billion more than we import, but unfortunately that $5 billion goes abroad in order to maintain the national security requirements of the United States."

Secretary of State Dean Rusk in a speech to the United Church Women on October 11, 1961, said:

"Last year we sold to other countries almost $20 billion worth of American goods while our purchases from abroad were in the order of $15 billion."

The Department of State Publication 7321, Commercial Policy Series 183, released in January, 1962, states:

"In 1960, the United States sold about $20 billion worth of commodities abroad."

Note the emphasis on what "we sell," the comparison in Dean Rusk's statement between what "we sold" and "our purchases," and the State Department's claim that our "sales" abroad amounted to $20 billion.

The fact is that we do not sell exports amounting to $5 billion more than what we pay for imports. We do not receive $20 billion for the American goods we export, although we undoubtedly pay $15 billion for the foreign goods we import.

These figures, which are used to support the argument for unprecedented grant of power to reduce duties even at the expense of injury to some domestic industries and communities, are made up by stating the dollar value of all goods which we export as if we received dollars in payment for all such goods.

We export the goods—we just don't get the dollars.

The Congress and the public are being misled to believe that the figures cited by Government propagandists relate to commercial transactions in international trade.

The total of $5 billion of "export sales" over import purchases is attained only by the fantastic, fictitious and deceitful method of counting gifts as "sales."

The claimed dollar surplus of exports over imports (stated by the Treasury Department in June 1961 as amounting to $4.7 billion) has been described by Senator Robert S. Kerr, of Oklahoma, as "a fictitious figure." In response to a question propounded by Senator Harry F. Byrd of Virginia at a hearing of the Committee on Finance of the U.S. Senate,[1] "You mean you included value of all the wheat and everything we send abroad, for which we get nothing." Assistant Secretary of the Treasury A. Gilmore Flues answered, "That is included, sir."

Senator Byrd characterized the Government's method of including in the dollar value of exports the value of merchandise for which the United States does not receive dollars in the following statement: "I think it is very deceitful to do this, to publish figures on a dollar basis when we don't receive any dollars."

Although Government statistical reports on exports, imports, foreign aid, subsidized "sales," and other pertinent factors are not specifically designed to reveal the facts which rebut the myth of the $5 billion export trade surplus, the true facts can be gleaned from such statistics and the result is so startling that, even allowing for a margin of error, the basic fact remains, namely, that in the terms of international trade, in commercial transactions, we have not approached a $5 billion export trade surplus.

The following simple table on exports and imports for 1960 shows the facts:

[In billions of dollars]

We exported merchandise valued at	19.400
We paid for imports from abroad	14.722
Thus, we shipped abroad merchandise which, in value, exceeds our payments for imports by	4.687
No dollars were received for the following exports:	
Nonagricultural products valued at (shipped on U.S. grants or foreign aid credits, U.S. suppliers being paid from U.S. Government funds)	.5
Agricultural products valued at[1] (U.S. Government paid U.S. suppliers. Foreign nations gave credits in their currencies to be used as grants or loans for projects in the foreign nation)	1.2
Agricultural products given for famine and emergency relief valued at (U.S. Government paid domestic suppliers)	.2
The total value of merchandise exported for which the United States received no hard cash	1.9
Of the merchandise which we shipped abroad exceeding in value our payments for imports, the amount for which the United States received dollars was	2.787
Some exports for which the United States received dollars were not strictly commercial transactions such as the sale of cotton at prices below cost and $42.50 per bale below the price of domestic mills. Some other sales were on credit, "loans," or, in effect, Government subsidy. These "sales" are estimated at	1.4
Thus, on commercial transactions in international trade, the favorable export trade balance was only slightly less than 30 percent of the mythical $5 billion export trade surplus	1.387

[1] The goods bartered by the United States for strategic raw materials have been excluded from the exports for which no dollars were received. These exports are valued at $118 million.

Sources: "Statistical Abstract of the United States, 1961," p. 865; U.S. Department of Agriculture, Economic Research Service, Rept. No. 84, June 1961; Survey of Current Business, December 1961, p. 16.

The effect of our so-called sales for credits in foreign currency may be illustrated with the following example, which demonstrates the administration's error in using the word "sell" when the right word is "give."

Upon agreement between our Government and Yugoslavia, 500,000 metric tons of American wheat are to be shipped to Yugoslavia. This wheat is valued at approximately $25 million and will so appear in Government figures showing the dollar value of our exports. The American suppliers of this wheat will be paid in dollars by the U.S. Government. The Yugoslavia Government will make payment in dinars (Yugoslavia currency of uncertain value), by crediting the purchase price to the United States with permission to the United States to apply 10 percent to the expenses of our Government in Yugoslavia. The other 90 percent will be given back to Yugoslavia as a gift or as a loan which may or may not be repaid and on terms which practically amount to a gift.

These funds are called counterpart funds, that is funds in foreign currency derived from the "sale" of U.S. exports, in this case agricultural products, to be expended only in the foreign nation. Press accounts indicate that the United States has offered to approve the expenditure of some counterpart funds derived from the "sale" of agricultural products for research projects to advance common knowledge in the social welfare and maternal-child welfare fields, including the study of methods of treating children, ways of improving health services, medical care for the aged, juvenile delinquency, credit cooperatives, etc., in Yugoslavia, Poland, and elsewhere, with possible inclusion of India.

It is obvious that in dealing with Yugoslavia, India, Poland and other foreign nations, the United States does not need to reduce duties on imports in order to induce these nations to continue to accept gifts of exports from the United States.

This country does not have a problem on its favorable balance of trade (considering trade in its usual sense as applying to commercial transactions). This country does have an unfavorable balance of payments. The United States simply pays out by gifts, etc. more than it receives in international dealings. The only practical correction of the problem of unfavorable balance of payments is available to the United States at any time. The correction is to reduce our payments, not our duties.

The foregoing solution is, however, too simple, practical and immediate to appeal to the advisers, the economists and others, particularly in the State Department, who have been guiding and will continue to guide our international trade negotiations. It cannot be expected that the President in the exercise of the vast powers conferred upon his office, including the additional powers sought by impending legislation, can examine into the details of the merit of every proposed transfer of goods from the dutiable list to the free list or drastic reductions in the rates of duty. It must be expected that, if the proposed power over tariffs is delegated by the Congress to the President, he will have to depend upon economists and other advisers, the same ones or their colleagues who have created a myth of our $5 billion surplus in international trade.

Then when you get into foreign aid—of course I shall only mention it at this point for we cannot take time to go into it thoroughly.

As for foreign aid, we give others the money for them to buy from us. Think of it—they buy from us with money we give them. And that is included in our export figures; as our strong sales and export position.

As for the balance of payments, Mr. Chairman, it has been said various Government witnesses have placed the blame on our trade program, implying that trade policy can change our balance-of-payments position.

Secretary Hodges said:

> The United States enjoys a substantial surplus in its merchandise trade with the rest of the world. In 1961 our merchandise exports exceeded our merchandise imports by about $5 billion. This surplus is essential to the national security of the United States because it helps us pay for our military and economic aid and other national commitments abroad. These commitments, of course, are designed to help assure security of the free world and to assist the less-developed nations to achieve higher standards of living and to develop their markets.
>
> However, the United States has been experiencing a deficit in its international accounts. Settlement of this deficit has led to an outflow of U.S. gold and dollars. To alleviate this outflow, it is vital that we increase our exports. Thereby, we will further increase our trade surplus and help to pay for our international commitments without the necessity of settling in gold.

Earlier, October 4, 1960, President Kennedy said this about the balance-of-payments crisis:

> The balance-of-payments crisis which some cite as justification for a revolution in our trade agreements machinery and authority is the product not of our trading experience on merchandise, but of two entirely unrelated factors: the continuing large expenditures by the United States for foreign military assistance and economic aid; and the action of foreign countries in placing the dollars received from the United States in their ever-growing reserves rather than spending those dollars for additional goods and services from the United States.

Now, the President wants a new trade policy to correct our balance of payments, even though he has earlier correctly stated it is not the fault of our trade. Of course, it is not—it is not trade policy at fault. We are giving our wealth away.

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[1] Hearings on H.R. 6611, Senate Finance Committee, June 22–23, 1961, pp. 34, 35.

These are but a few of the things that support my conviction that our trade policy and this bill are devoid of all the rules of commonsense, as I know them.

How about the tariff levels? I made the statement before the Rules Committee that we were the fifth lowest tariff nation in the world, Denmark, Sweden, Switzerland, and West Germany being lower than us. Now we will be the lowest when the recent GATT agreements go into effect. True, we will have little bargaining power left after that 20-percent cut. Many of the industries to be affected by this latest cut do not know how their securities will be selling on the stock exchange later this year, I am sure. Now do we know what impact these cuts will have. We have reduced our tariffs from 75 to 80 percent since 1934. We have dropped from an average 12 percent to 10 percent in tariffs.

Our export figures have changed in this fashion: from 5.1 billion in 1934 to $20 billion in 1960.

Our import figures have changed in this way: From $6 billion in 1934 to 14.6 billion in 1960.

Our dutiable imports have doubled 1960 $4.8 billion to $8.9 billion, 1951 to 1960. The tariffs, as we call them, therefore are not a trade barrier at all.

That brings us to the restrictive trade barriers. On this matter I have here many pages, almost volumes this thick of the quantitative restrictions against the United States shipping goods into foreign countries, the very nations we are now being asked to give more concessions to, yet they are raising higher and more restrictive barriers against us. They are violating GATT by imposing quotas. Also they are not lowering their tariffs. As a matter of fact they have refused, for balance-of-payments reasons to make the agreed upon cuts. There are many embargo and quantitative restrictions, licensing agreements, tax regulations, and so forth against U.S. imports into many countries. I refer you to pages 163, 481 of the hearings and page 1891, which is the joint economic statement on quantitative restrictions, also page 2013 in the hearings, and also 2289—the Teamsters' remarks.

The lack of reciprocity is why I have been opposed to the reciprocal trade bills before. We are now being sold a bill of goods. We are told that because others have refused to lower their tariffs, we must lower ours further. We are not accepting that kind of thinking in Texas.

As to the high labor content of this bill, I shall cover that later.

I want to talk for a minute or two about Texas, yet these thoughts are related to every single State of the Union. I have a study here contrary to most of the information presented us by labor leaders and others who said, "We are going to gain jobs by this trade bill," and I shall at this point in the RECORD insert the figures on the industries in Texas and in the United States that have been losing jobs hand over fist at the same time there have been unfavorable balances of trade on such products as meat products, candy, beverages, textiles, wearing apparel, lumber, wood, sawmills, footwear, and others. There is quite a list of them that I shall put in the RECORD for the information of the Members of the House. These same figures relate to the United States as a whole:

TEXAS

SUMMARY OF DATA

The analysis of official Government data shows that industries supplying about 23 percent of manufacturing employment in Texas have suffered a decline in employment, in the State and the Nation, while experiencing sharply adverse trends in the balance of foreign trade in their products.

Texas workers lost 6,142 jobs in these industries, 1954 to 1958 (1960 data by State are not yet available from the 1960 Annual Survey of Manufactures of the Bureau of Census). Nationally, employment in these industries dropped 216,741 (1954 to 1960).

While these employment changes were occurring, the U.S. balance of trade in the products of these industries worsened by $2,210,313,000 (1954 to 1960). This resulted from an increase of $2,009,198,000 in imports, while exports declined $201,115,000 (1954 to 1960).

SIGNIFICANCE OF THE DATA

The analysis is not presented to prove that the poor employment performance of these industries was due wholly, or even in major part, to the rise in imports and the relative or actual decline in exports. The change in data on value added by manufacturing for some industries, for example, suggests that some part of the employment loss may have been due to automation and increased productivity.

These data do show, however, that a large part of the manufacturing industries of Texas is characterized by stagnant or declining employment under the pressure of factors which include a definitely adverse shift in foreign trade balances. The loss of exports represents lost production, and increasing imports obviously fill market needs which, therefore, were not met out of domestic production. To this extent these imports retarded production and adversely affected employment.

HOW THE ANALYSIS BEARS ON THE MERITS OF THE TRADE BILL, H.R. 11970

In view of the adverse employment trends of such a large part of the manufacturing activity of the State and in the affected industries nationally, and the inability of existing tariffs to check the large increases in imports in the products of these industries, further reductions, or eliminations, of duty can only cause further loss of employment in these industries, in the State and the Nation.

The authority in H.R. 11970 can therefore be used detrimentally to the employment needs of the State, and the Nation as a whole. The bill authorizes the complete elimination of duties on most industrial products (and a 50 percent cut in duties on all products) without any safeguards to insure that industries such as those shown on the attached analysis will be spared.

SOURCE

The accompanying report is part of a State-by-State analysis prepared through the use of machine records techniques by Surveys & Research Corp., Washington, D.C., for the Man-Made Fiber Producers Association, Inc. The recent publication of a series of reports by the U.S. Department of Commerce, Bureau of Census, noted more fully on the facing page of the analysis, has made possible the correlation of employment trends with shifts in foreign trade in the products of manufacturing industries, which is the basis of the accompanying report.

TEXAS—INDUSTRIES WITH EMPLOYMENT LOSSES, STATE OR NATIONAL, AND WORSENING EXPORT/IMPORT BALANCES, 1954–60

NOTE 1.—Industries selected are all those for which data were available in the sources which, in addition to showing a worsened balance of trade in 1960 as compared with 1954, also experienced a decline in employment in the State for 1958 as compared with 1954 and/or a decline in employment in the entire United States for 1960 as compared with 1954. Comparable State employment data for 1960 are not available.

NOTE 2.—"D" appearing on tabulation sheets following annual data for each industry group indicates difference between first and last figures in the columns.

Sources: Department of Commerce, Bureau of the Census: 1958 Census of Manufactures, General Summary Subject Report MC58(1) and Area Reports MC58(3); 1960 Annual Survey of Manufactures, general statistics for industry groups and selected industries MC60(AS)–1; U.S. Commodity Exports as Related to Output, 1958; U.S. Commodity Exports and Imports as Related to Output, 1958; U.S. Exports of Domestic and Foreign Merchandise, Report FT 410, and U.S. Imports of Merchandise for Consumption, Report FT 110, 1954, 1958, 1960.

Methodology note:

Because of the revision of the standard industrial classification system, employment and value added data for both 1958 and 1954 were taken from the 1958 Census of Manufactures. This decreased to some extent the industries eligible for inclusion in these comparisons because a number of three- and four-digit industries are shown in the 1958 census with no historically comparable figures. Particularly at the State level, data for individual industries may not be disclosed because of the confidentiality rule thus making it impossible to apply to 1954 census data the "bridge" tabulations showing the correlation between the old standard industrial classification and the new.

Adjusted value added data are shown for 1958; for 1954, figures for the United States as a whole represent adjusted value added and those for each State, unadjusted value added. Unadjusted value added is obtained by subtracting the cost of materials, supplies and containers, fuel, purchased electric energy, and contract work from the value of shipments for products manufactured plus receipts for services rendered. Adjusted value added also takes into account (a) value added by merchandising operations (that is, the difference between the sales value and cost of merchandise sold without further manufacture, processing, or assembly), plus (b) the net change in finished goods and work-in-process inventories between the beginning and end of the year. The latter is a more comprehensive measure of the net production of goods and services by establishments defined as primarily manufacturing.

For 1960, employment data have been obtained from the 1960 Annual Survey of Manufactures which is based on reports from about 60,000 manufacturing establishments selected out of a total of almost 300,000. This sample includes all large manufacturing establishments, which account for approximately two-thirds of all manufacturing employment, and, in varying proportions, the more numerous medium- and small-sized establishments. The estimates obtained vary from the totals that would have resulted from a complete canvass but, for most industries, the relative magnitude of the sampling variation is no greater than 1 percent.

For all years, export and import data have been compiled on the basis of a classification system developed by the Bureau of the Census which related the import (schedule A) and export (schedule B) commodity codes to the 1957 Standard Industrial Classification. Because each of these commodity classifications has been created independently and to serve a different purpose, a number of variances occur when an attempt is made to compare individual industries. For this reason, the relationships shown for a number of three-digit industries and even for some of the two-digit industries should be considered as approximations rather than precise comparisons of exports and imports with output and employment. Nevertheless, these estimates are sufficiently valid to make accurate comparisons between years since the method of tabulating the data has been consistent for all years included.

Texas

	Employment		Value added		Foreign trade		
	State	United States	State	United States	Exports	Imports	Balance
201 Meat products:			*Thousands*	*Thousands*	*Thousands*	*Thousands*	*Thousands*
1954	14,981	311,366	$92,996	$1,938,307	$204,557	$232,129	$27,572−
1958	15,202	311,748	100,763	2,499,233	194,022	389,349	195,327−
1960		306,867		2,663,375	271,188	394,208	123,020−
Decrease	221	4,499−	7,767	725,068	66,631	162,079	95,448−
207 Candy and related products:							
1954	1,469	80,425	8,726	609,853	45,634	40,622	5,012
1958	1,687	80,010	12,045	749,066	24,759	43,850	19,091−
1960		78,729		832,243	35,169	51,615	16,446−
Decrease	218	1,696−	3,319	222,390	10,465−	10,993	21,458−
208 Beverages:							
1954	8,545	213,387	78,232	2,468,333	38,584	163,086	124,502−
1958	9,126	206,197	101,915	2,835,661	40,238	234,677	194,439−
1960		211,193		3,197,914	38,804	284,994	246,190−
Decrease	581	2,194−	23,683	729,581	220	121,908	121,688−
220 Textile mill products:							
1954	8,636	1,027,802	33,754	4,605,985	378,007	353,712	24,295
1958	7,275	901,677	33,587	4,857,638	327,421	440,249	112,828−
1960		901,530		5,613,457	326,558	627,131	300,573−
Decrease	1,361−	126,272−	167−	1,007,472	51,449−	273,419	324,868−
238 Miscellaneous apparel:							
1954	1,422	64,333	4,589	268,847	1,319	21,804	20,575−
1958	1,343	60,026	5,462	306,277	1,141	30,920	29,779−
1960		65,433		320,566	1,159	41,400	40,331−
Decrease	79−	1,100	873	51,719	160−	19,596	19,756−
240 Lumber and wood products:							
1954	20,739	645,936	76,368	3,241,606	107,836	400,614	292,778−
1958	17,159	581,302	78,571	3,176,613	134,090	440,256	306,165−
1960		595,969		3,457,555	179,693	530,125	350,432−
Decrease	3,580−	49,967−	2,203	215,949	71,857	129,511	57,654−
242 Sawmills and planing mills:							
1954	11,260	341,350	38,168	1,610,410	66,683	281,502	214,819−
1958	8,596	278,003	32,462	1,341,127	77,306	289,771	212,465−
1960		280,999		1,495,703	105,786	341,081	235,295−
Decrease	2,664−	60,351−	5,706−	114,707−	39,103	59,579	20,476−
290 Petroleum and coal products:							
1954	40,926	183,339	465,985	2,240,876	614,505	284,638	329,867
1958	42,945	179,106	592,723	2,518,424	536,388	686,168	149,780−
1960		168,334		3,201,312	476,059	648,682	172,623−
Decrease	2,019	15,005−	126,738	960,436−	138,446−	364,044	502,490−
314 Footwear, except rubber:							
1954	2,607	230,255	6,988	988,379	14,559	10,354	4,205
1958	2,216	226,831	7,641	1,145,916	13,434	32,697	19,263−
1960		227,688		1,221,132	9,399	53,069	43,670−
Decrease	391−	2,567−	653	232,753	5,160−	42,715	47,875−
317 Purses and small leather goods:							
1954	157	37,547	537	163,747	2,675	4,976	2,301−
1958	141	35,610	686	187,287	3,776	8,273	4,497−
1960		38,521		208,741	5,398	12,030	6,632−
Decrease	16−	974	149	44,994	2,723	7,054	4,331−
324 Cement, hydraulic:							
1954	2,602	39,769	44,966	525,667	6,577	1,760	4,817
1958	2,689	41,127	62,100	724,771	2,975	9,682	6,707−
1960		38,762		740,903	1,134	10,307	9,173−
Decrease	87	1,007−	17,134	215,236	5,443−	8,547	13,990−
371 Motor vehicles and equipment:							
1954	6,610	685,273	65,877	6,137,653	1,224,634	52,326	1,172,308
1958	6,004	577,188	84,935	6,750,675	1,249,310	535,138	714,172
1960		694,542		10,119,055	1,240,625	597,456	643,169
Decrease	606−	9,269	19,058	3,981,402	15,991	545,130	529,139−
390 Miscellaneous manufacturing:							
1954	9,620	614,644	45,600	3,909,238	546,076	320,258	225,818
1958	5,978	571,434	65,929	4,754,260	395,332	261,280	134,052
1960		588,174		5,273,331	396,225	694,229	298,004−
Decrease	3,642−	26,470−	20,329	1,364,093	149,851−	373,971	523,822−

Texas—Continued

	Employment		Value added		Foreign trade		
	State	United States	State	United States	Exports	Imports	Balance
			Thousands	*Thousands*	*Thousands*	*Thousands*	*Thousands*
301 Jewelry and silverware:							
1954	310	47,930	$652	$302,058	$11,946	$93,455	$81,509−
1958	461	41,867	2,884	323,316	19,338	109,022	89,684−
1960		42,349		373,644	29,464	127,302	97,838−
Decrease	151	5,581−	2,232	71,586	17,518	33,847	16,329−
Total, above industries:							
1954	115,550	3,866,274	917,093	25,946,365	3,167,729	1,871,039	1,296,690
1958	109,408	3,509,885	1,138,030	29,172,618	2,905,676	3,071,568	165,892−
1960		3,649,533		35,419,711	2,966,614	3,880,237	913,623−
Decrease	6,142−	216,741−	220,937	9,473,346	201,115−	2,009,198	2,210,313−
All industries, total:							
1954	410,364	15,645,491	3,501,706	117,032,326	12,160,193	5,546,961	6,613,232
1958	466,404	15,393,766	5,045,150	141,270,207	14,128,001	7,725,919	6,402,082
1960		16,124,061		163,230,807	15,753,320	9,912,611	5,840,709
Decrease	56,040	478,570	1,543,453	46,198,481	3,593,127	4,365,650	772,523−

This is a political bill. It is not economics. I hold, on the contrary, that the finest politics this country could practice as a nation would be sound economics rather than the other way around. Good politics is not necessarily good economics. It is the economic side of our Nation we are talking about. If our economy fails, this Nation, and the entire free world would crumble.

We had many witnesses before the committee who said they were for the bill. But we found out they were not. When some of my colleagues say certain people are for the bill, I can point out many who said, "We are for the principles of the bill," but when they went through the various provisions of the bill it turned out they were against the bill.

Mr. Chairman, I want to talk a little bit about the bill. We have not heard much about the legislation itself from those who thus far have presented the administration's bill. This will be a 5-year bill, not 1, 2, 3, or 4 years coupled with great transfer of this power.

Second, in reference to the list of products with lesss than 5 percent tariff rate. I have them here. Quite a list. In this bill tariffs less than 5 percent can be wiped out. For instance, lumber of all types, fish and fish products, fruits, meat, poultry products, minerals and ores, metals—and there is a long list:

CATEGORIES OF ITEMS SUBJECT TO ELIMINATION OF DUTY UNDER SECTION 202

Lumber of all types, rough or sawed.

Fish and products, fresh or frozen, filleted, and prepared or preserved in any manner.

Fruits.

Meat and poultry products.

Minerals and ores, such as feldspar, clays and earths, mica, lead, zinc, residual oil, amorphous graphite, aluminum hydroxide, gypsum, sandstone, limestone, crude silica, cement, calcined bauxite.

Metals, such as babbitt metal and solder, sponge iron, cast iron castings, pig iron, iron and steel rails, antimony, nuts and washers, nickel in pigs, structural steel, nails and spikes, iron and steel sheets and shapes, lead alloys, zinc sheets, wire rods, bar iron, chains, bolts, malleable iron plates.

These are but a few of the products on which the tariff can be wiped out entirely.

Second. As you know, in the bill it is provided that if the trade of the United States, totaled with the trade of the Common Market and other nations at any given date, comprises 80 percent of the aggregated world export value of any product, then the President can wipe out the tariffs entirely. No matter what the tariff is, and no matter what percentage of that trade is ours, the tariffs can be wiped out. It means, as other nations join the new economic bloc, called the European Common Market, others will control the lowering of our tariffs without control on our part. That is what this bill permits.

CATEGORIES OF ITEMS SUBJECT TO ELIMINATION OF DUTY UNDER SECTION 211 [1]

Organic chemicals.

Other industrial chemicals, including insecticides.

Plastics, resins, and starches.

Pigments and paints.

Perfumery, cosmetics, and soaps.

Rubber articles, natural and synthetic.

Glass products.

Leather manufactures.

Power generating machinery.

Farm machinery.

Office machinery.

Industrial machinery.

Electrical machinery.

Motor vehicles.

Railway vehicles.

Nonmotorized wheeled equipment, including bicycles.

Photographic and cinematographic supplies.

Musical instruments.

Record-playing equipment.

Confectionery and sugar.

Margarine and shortenings.

Nonalcoholic beverages.

Tobacco manufactures.

Coal, coke, and briquets.

The tariffs on agricultural products may be removed also. The following are some of the foodstuffs involved. It may be seen that many are not raw foodstuffs at all, although only such are supposedly covered by the bill:

CATEGORIES OF ITEMS SUBJECT TO ELIMINATION OF DUTY UNDER SECTION 212

Sugar.

Molasses and sugar sirups.

Unmanufactured tobacco.

Live animals.

Meat products, including fresh, chilled or frozen beef, mutton, lamb, and pork, bacon, hams and shoulders, pork sausage, canned beef and meats.

Poultry, live or dressed, fresh, chilled or frozen.

Eggs, fresh, frozen, or dried.

Dairy products, including milk and cream, fresh or sour, dried, condensed or evaporated, butter, oleomargarine, and cheese of all types.

Miscellaneous animal products, including gelatin, glue, casein, meat extract, bristles, edible oils, tallow, and lard.

Animal and fish oils, inedible.

Vegetable oils and fats.

Essential or distilled oils.

Oilseeds, including cottonseed, soybeans and the like.

Grains and preparations, including flour and meal, cereal breakfast foods, biscuits, wafers, cakes, and bread.

Fodders and feeds.

Fruits and preparations, including all fruits in the natural state, green or ripe, in brine, dried, or prepared or preserved, or frozen.

Jellies, jams, marmalades, and fruit butter.

Fruit paste and pulp.

Fruit juices.

Beverages, including still wines, vermouth, champagne, beer, ale, malt extract and nonalcoholic beverages.

Vegetables and preparations, green or ripe, dried, or prepared or preserved.

Nuts and preparations, shelled or unshelled, blanched, roasted or otherwise prepared or preserved.

Seeds.

Nursery and greenhouse stock.

Raw cotton and cotton waste.

Other vegetable textile fibers and silk, unmanufactured.

Wool and other animal hair, unmanufactured.

Hides and skins, raw.

Drugs, herbs, and the like, including those advanced in condition, and fish oils.

Miscellaneous vegetable products, including monosodium glutamate, yeast, flavoring extracts, vinegars, sauces, soups, pastes, coffee essence, cocoa, chocolate, chewing gum, and other edible preparations.

Also tariff will be cut on the other tropical agricultural products.

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[1] This is only a partial list, as the bill permits the President to define the categories, and select the "representative period" in which exports of the United States and the Common Market countries (including potential new members like the United Kingdom, Greece, Denmark, Norway, and Ireland) account for 80 percent of the value of world trade in such categories.

Dutiable tropical agricultural and forestry products not produced in appreciable quantity in the United States

Tariff paragraph	Schedule A No. 1	Description of commodity	Total imports, 1960 (thousands)	Current rate of duty	Equivalent ad valorem rate [1]	Principal countries of origin
730	1111000	Coconut or copra oilcake and oilcake meal	$436	3/16 cent per pound	[2] 1.1	Philippines.
778	1328500	Ginger root	189	17 percent		Cuba and Hong Kong.
752	1330170	Bananas, dried	76	7.5 percent		Brazil.
752	1330335	Guavas, cashew apples, mameyes colorados, fresh.	2	15 percent		Mexico.
752	1330390	Guavas, bananas, papayas, etc., prepared or preserved.	518	do		Dominican Republic and Cuba.
746	1330400	Mangoes	255	3¾ cents per pound	16.0	Mexico, Cuba, and Taiwan.
752	1330810	Mango paste and pulp, guava paste and pulp	194	14.0 percent		Cuba.
752	1330820	Guavas, prepared or preserved, except desiccated, dried, evaporated, in brine or pickled.	86	8.75 percent		Do.
758	1351000	Coconuts in the shell	601	⅙ cent each	2.5	Honduras and Dominican Republic.
757	1356000	Brazil nuts, shelled	5,107	1¼ cents per pound	2.0	Brazil and Bolivia.
757	1357000	Brazil nuts, not shelled	3,873	⅝ cent per pound	1.8	Brazil.
761	1377000	Cashew nuts	28,082	1½ cents per pound	3.4	India.
758(a)	1379000	Coconut meat, shredded	17,169	1¾ cents per pound	10.2	Philippines.
777(c)	1420000	Cocoa butter	7,183	6.25 percent		Brazil.
54, sec. 4571, IRC	1426000	Palm-kernel oil, edible	10,720	½ cent per pound plus 3 cents, IRC.[3]	3.4	Belgian Congo, Netherlands, and United Kingdom.
777(a)	1503500	Unsweetened chocolate	6,768	0.625 cent per pound	2.0	Dominican Republic.
704	1525000	Celery seeds	411	1 cent per pound	6.0	India.
781	1531000	Capsicum or red pepper, unground	1,430	4 cents per pound	19.8	Mexico and Japan.
92	1545000	Vanilla beans	11,390	7½ cents per pound	.7	Madagascar and Mexico.
92	1546000	Tonka beans	607	12½ cents per pound	12.2	Trinidad.
781	1549200	Mace, unground		18 cents per pound		
781	1550020 pt	Cinnamon, ground	(4)	3 cents per pound	.5	Japan.
781	1550020 pt	Nutmeg, ground				
781	1550020 pt	Ground black, and white pepper				
781	1550040	Cloves, ground		do		
781	1550070	Cassia, ground		do		
781	1550100	Mace, ground, Bombay		15 cents per pound		
781	1550130	Pimento, ground	3	2 cents per pound	6.9	Spain.
781	1550150	Ground pepper (capsicum red)	4	5.1 cents per pound	17.6	Greece and Japan.
781	1550170pt	Curry and curry powder, ground	26	2 cents per pound	4.5	United Kingdom and India.
781	1550170pt	Ginger root, ground				
781	1550590pt	Mixed spices	(5)	12.5 percent		India.
781	1550590pt	Bay leaves				
802	1718400	Bitters (unfit for beverage purposes)	359	$2.50 proof gallon	66.1	Trinidad.
10	2141000	Balsam, crude, copaiba	27	2.5 percent		Brazil.
10	2141400	Balsam, crude, tolu	137	10 percent		Colombia.
10	2141900	Balsam, crude, not specifically provided for	129	2.5 percent		El Salvador.
11	2161000	Gums, arabic or senegal	4,130	½ cent per pound	2.6	Sudan.
47	2204000	Licorice extract	100	12.5 percent		Turkey.
59	2206000	Opium, crude	2,864	$0 per crude pound	13.4	India.
36	2220030	Coca leaves	82	2 cents per pound	6.0	Peru.
36	2220050	Digitalis	6	17 percent		Netherlands.
35	2220170	Ipecac		5 percent		
35	2220350	Pyrethrum or insect flowers	5,419	2.5 percent		British East Africa and Belgian Congo.
35	2220380	Barbasco, derris, tube root	228	2 percent		Peru.
34	2220490pt	Dried pawpaw juice	(5)	5 percent		
702	2231000	Castor beans	208	¼ cent per pound	3.6	Haiti and Ecuador.
54	2242500	Coconut oil	20,181	1 cent per pound	6.7	Philippines.
1732	2243000	Palm oil	5,011	Free plus 3 cents per pound, IRC.[3]	0	Belgian Congo.
1732	2248000	Inedible palm-kernel oil	2,166	do [3]	0	Do.
53	2260020	Castor oil	14,130	1⅓ cents per pound	11.4	India and Brazil.
58	2278000	Sandalwood oil	740	10 percent		India and France.
58	2290190	Clove oil	500	6.25 percent		Madagascar and British East Africa.
58	2290200	Eucalyptus oil	134	6 percent		Spain and Australia.
58	2290320	Patchouli oil	579	6.25 percent		Indonesia.
58	2290410	Vetivert oil	707	5 percent		Haiti.
58	2290490pt	Cajeput oil	(5)	6.25 percent		
38	2330150	Logwood extract, dyeing	104	7.5 percent		Jamaica and France.
1670(b)	2344000	Quebracho tanning extract	6,123	do	0	Argentina and Paraguay.
1670(b)	2345500	Wattle tanning extract	1,128	do [6]	0	Union of South Africa and British East Africa.
764	2460330	Niger seed	118	1½ cents per pound	18.1	Ethiopia.
764	2460550	Sesbania seed	9	2 cents per pound	47.6	Mexico.
1001	3407000	Crin vegetal	12	$11.20 per ton	13.8	Morocco.
1102(b)	3535050	Alpaca, llama, and vicuna hair	2,909	9 cents per pound	6.8	Peru.
1022	3963000	Cocoa fiber or rattan matting	337	5 cents per square yard	7.3	India and Netherlands.
1803(1), sec. 4551(1), IRC	4118600	Teak lumber	981	Free plus $3 per thousand board feet, IRC.	.5	Thailand and Burma.
404, sec. 4551(1), IRC	4200000	Spanish cedar lumber, sawed and flooring	1	5 percent plus 75 cents per thousand board feet, IRC.	6.1	Surinam.
1803(1), sec. 4551(1), IRC	4200100	Spanish cedar lumber, not elsewhere specified	69	Free plus $1.50 per thousand board feet, IRC.	.8	Nicaragua and British Honduras.
Do	4202400	Mahogany lumber, dressed	4,849	do	.8	Mexico, Nicaragua, British Honduras, and Ghana.
404, sec. 4551(1), IRC	4204500	Lignum vitae, ebony, etc., sawed and flooring	4	7½ percent plus $1.50 per thousand board feet, IRC.	7.7	Guatemala and Haiti.
1803(1), sec. 4551(1), IRC.	4204750	Lignum vitae, ebony, etc., not elsewhere specified.	18	Free plus $3 per thousand board feet, IRC.	.2	Guatemala.
Do	4204800	Philippines-type hardwood lumber	14,276	Free plus $1.50 per thousand board feet, IRC.	.8	Japan and the Philippines.
404 sec. 4551 (1), IRC	4204810	Granadilla, rosewood, satinwood, sawed and flooring.	14	5 percent plus 75 cents per thousand board feet, IRC.	17.1	Brazil and West Germany.
1803(1), sec. 4551(1), IRC.	4204850	Granadilla, rosewood, satinwood, not elsewhere specified.	26	Free plus $1.50 per thousand board foot, IRC.	.3	Ceylon and India.
Do	4204900	Sawed lumber and timber, not specifically provided for.	6,375	do	1.2	Colombia and Canada.

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[1] Calculated on basis of imports from all countries except Cuba, the Philippines, and Sino-Soviet bloc, unless otherwise indicated.

[2] Calculated on basis of imports from the Philippine (sole supplier in 1960).

[3] IRC processing tax suspended to June 30, 1963.

[4] Less.

[5] Not available.

[6] Temporarily transferred from tariff par. 38, dutiable at 7.5 percent, to tariff par. 1670, duty free, until Sept. 30, 1963.

Source: Prepared in the International Trade Analysis Division Office of Regional Economics, from basic data of the Bureau of the Census, U.S. Department of Commerce, April 1962.

Third. If all the tariffs are not reduced by the two preceding provisions the President has the blanket authority to cut all the rest by 50 percent.

This bill will for the first time in the history of the United States abandon the no-serious-injury policy. This bill will abandon for the first time item-by-item consideration. Instead by categories industries are to be lumped together. Industries are redefined, yet, firms differ greatly, as some have many products and many plants compared with smaller business that does not have the multiproducts and multiplants.

The bill replaces the present peril-point safeguards against injury to industries and workers with a meaningless procedure which will permit the State Department and other foreign-trade bureaucrats to sentence U.S. industries and workers, farmers and miners, to economic death.

The bill would destroy the peril-point procedure.

Since 1951, the Tariff Commission has been required to determine the extent to which the duty on articles proposed for tariff negotiations could be reduced without causing or threatening serious injury to American industries, farmers, and workers.

The job has been made tedious for the Tariff Commission by the great number of articles simultaneously proposed for negotiation by the State Department. But the existence of this peril-point procedure has served effectively to prevent unwise reductions in duty from being made. In the Dillon round, 40 percent of the U.S. duties proposed for a 20-percent reduction in duty were spared from being cut by peril-point findings.

Today this procedure is more essential than ever, because our duties have been brought so low—about 10 percent after the current reductions take effect—that the protection which remains is vitally important to industries sensitive to import competition.

In its place, the bill would simply call for the President to be advised by the Tariff Commission of the economic effect of reductions or eliminations of duty.

The definition of industry which required the Commission to consider the impact of imports on that part of the operations of the firms producing articles competitive with the imported articles, would be repealed. The Commission would have to consider the effect of imports on the overall operations of the firms in the industry, regardless of whether they are multiproduct or multiplant producers.

Further, instead of determining whether increased imports due in whole or in part to proposed concessions would cause or threaten serious injury, the Commission would be limited to considering whether imports resulting solely from the concessions possible under the bill would cause "idling of productive facilities, inability to operate at a profit, and unemployment or underemployment"—House Report No. 1818, page 5.

These quoted words, expressive of bankruptcy and liquidation were so controversial that the committee eliminated them from the bill; however, the committee used these words in its report. These changes in combination effectively prevent the Commission from warning in advance of negotiations against injurious changes in duty. Total disaster attributable solely to a duty change will rarely be foreseen.

So, the many items spared from tariff reduction in the Dillon round because the Commission found them to be at the peril point—about 40 percent of the list—could not be spared in negotiations conducted under the bill. The benchmark which saved them then will be erased by the bill. These included industrial organic chemicals; cotton, wool, and manmade fiber textiles; earthenware, crockery, and chinaware; scientific glassware; glass and glass manufactures; structural steel; handtools; screws, rivets, washers, nuts, and so forth; furniture; candy and confectionery; fish and fish products; musical instruments, violins, and violas; photographic cameras and parts.

The peril-point procedure was a guardrail to prevent disaster. Its deliberate removal means that disaster is foreseen and intended. The use of the powers in the bill, therefore will amount to sentencing the industries whose products are selected to economic death.

H.R. 11970 also abandons or cripples the procedure so that the Tariff Commission will rarely be able to make the findings required for tariff adjustment; and by providing for a dole to workers and subsidies to firms at the administration's discretion as alternatives to tariff adjustment, the bill invites displacement of employment and elimination of domestic production of all import-sensitive items.

The administration bill, as introduced, eliminated the escape clause procedure under which the Tariff Commission determines whether, as a result, in part at least, of past tariff concessions, imports are causing or threatening serious injury to domestic industries or workers.

The Ways and Means Committee reinstated the basic duty of the Commission to determine whether imports are causing or threatening serious injury. But the committee weakened the remedy in several ways: It specified that the Commission must find that the increased imports causing the injury resulted solely from a concession granted in a trade agreement. Present law permits a favorable finding if the increased imports result only in part from the concession. It will be very difficult to prove in any particular case that increased imports have resulted solely from the concession granted on the imported articles in question.

Even more crippling is the committee's action in repealing the definition of domestic industry. Present law focuses the Commission's investigation on the particular segment of the industry, and the particular part of the operation of the firms in the industry, directly involved in producing the articles in question. Under the language of the bill, and the committee's remarks on the subject in its report—House Report No. 1818, page 23—the Commission must consider the effect of imports of a particular article on the overall operations of the establishments in the industry.

It is unlikely that imports of one article could have the effect which the bill sets out as the test for relief, of bringing the multiproduct, multiestablishment firms of an industry producing the article to the condition where there is idling of productive facilities, inability to operate at a profit, and unemployment or underemployment of workers throughout the entire industry, viewed in its broadest sense.

The committee's report, by requiring this combination of events, which collectively are the hallmark of bankruptcy and economic disaster—far beyond serious injury—to be the principal test—report, page 38—foreordains that findings of injury will be few and far between.

Finally, even if an industry secures a favorable finding from the Commission, the President may, under the bill, use one or more of the so-called adjustment provisions of the bill—workers' dole, loans or tax relief to firms—instead of tariff adjustment.

Considering Under Secretary of State Ball's assurances to the European Community—address, Bonn, Germany, April 2, 1962:

> The proposed trade legislation now before the U.S. Congress embodies the principle that trade adjustments, rather than trade restrictions, should be the preferred approach to import competition.

It is plain that the provision for tariff adjustment in the bill is window dressing. There is no intention by the administration that it will ever be used.

So, to all intents and purposes, the escape clause is repealed by this bill. The added provision that any tariff increase will last only 4 years is wholly unnecessary. There will not be any tariff adjustments.

Now, why, you may ask, is it that the administration has come before us asking for this bill? I will tell you. Here is a message by the President on March 7, the concluding date of the second round of the GATT Tariff Conference. The President presented reasons why he went under the peril point, because he could not negotiate with what we had to negotiate with, and the President said we were unable to confer concessions of equal value to the Europeans.

In summary of the proceedings the message said:

> The United States, operating under the severely circumscribed authority of the present Trade Agreements Act, was unable to offer concessions of equal value to the Europeans. This was true even though the President went below the peril-point rates recommended by the Tariff Commission on a number of items. In spite of the inability of the United States to offer equivalent concessions, the Community agreed to close the negotiations on the basis of the concessions finally offered by the United States.

Our tariffs were already so much lower than one other nation, in balance, we had less bargaining room yet the President wanted to go still lower. The message states:

> The Tariff Commission's peril-point findings were, therefore, carefully reexamined

and a number of additional items were found in which it appeared possible to offer tariff reductions.

So we find that the Tariff Commission findings provided for the President's guidance were almost disregarded as further cuts were made in the tariff concessions.

Now we come to the list of those industries whose tariffs were cut below the peril point, requiring a report to the Congress by the President. The President said in that report:

> **Accordingly, after months of negotiation and when no other recourse was available to save the situation, I authorized our Geneva delegation to offer new concessions on a number of items at rates below peril-point findings.**

So there you have it, cuts were made in negotiations regardless of endangering U.S. industry. The following are those industries:

U.S. concessions at tariff rates below peril-point levels

Tariff paragraph	Description of product and 1957 schedule A No.	Rate of duty		Initial negotiating country
		July 1, 1958	Offer	
81	Sodium nitrite, 8341 000	4½ cents per pound	3.6 cents per pound	United Kingdom.
207	China clay or kaolin, 5300 000	$1.06 per ton	$0.67 per ton	Do.
218(f)	Glassware: Table and kitchen articles and utensils and other household articles, n.e.s., blown or partly blown, or decorated in any manner, or colored, etc.:			
	Made of glass containing by weight over 24 percent lead oxide, 5278 600 (pt).	50 cents each, 30 percent minimum, 50 percent maximum.	40 cents each, 24 percent minimum, 40 percent maximum.	EEC, Sweden.
	Other articles decorated with metals flecking introduced into the glass prior to solidification, 5278 690 (pt).	50 cents each, 30 percent minimum, 50 percent maximum.	40 cents each, 24 percent minimum, 40 percent maximum.	EEC.
218(f)	Glass articles, blown or partly blown, or decorated, in any manner, or colored, etc., n.e.s.: Colored glass tiles for mosaics, 5278 780 (pt.).	30 percent	24 percent	EEC.
302(k)	Ferrochrome or ferrochromium, containing less than 3 percent carbon, 6214 100	10½ percent	8½ percent	EEC, Sweden, Norway.
304	Steel bars: Bars, whether solid or hollow, n.e.s.: Valued over 3½ cents, not over 5 cents per pound, 6008 400.	8½ percent	7 percent	EEC.
316(a)	Flat wire, and steel in strips thicker than 5/100, not thicker than ¼ inch, and not over 8 inches wide, 6095 500.	12½ percent	10 percent	EEC.
339	Table, household, kitchen, and hospital utensils, and hollow or flatware, n.s.p.f., whether or not containing electrical heating elements, composed wholly or in chief value of brass:			
	Carbonated water siphons not plated with platinum, gold, or silver, 6790 682	do	do	EEC.
	Other (than illuminating articles and carbonated water siphons), 6458 800	do	do	EEC.
339	Silver-plated ware (except cutlery and jewelry):			
	Table, household, kitchen, and hospital utensils, and hollow or flat ware:			
	Other (except spoons):			
	Plated with silver or nickel silver or copper, 6900 340 (pt)	21 percent	17 percent	United Kingdom.
	Plated with silver on other metal, 6900 345 (pt)	do	do	EEC, United Kingdom.
	Plated with silver on material other than metal, 6900 348 (pt)	do	do	United Kingdom.
353	Machines and articles having as an essential feature an electrical element: Other articles and parts, and machines and parts which would be dutiable under paragraph 372 if of a kind which could be designed to operate without such electrical element or feature, except the following: Floor polishers and parts; vacuum cleaners and parts; illuminating articles; electric razors and dry shavers and parts; model railroad equipment and parts; photoflash units and parts; loudspeakers and radio-phonograph combination units: 1957: 7100 990 (pt.). 1960: 7070 100, 7070 200, 7070 700, 7100 250, 7100 290, 7100 980, 7410 000, 7786 415, 7786 820, 7800 408, 7800 440, 7800 540, 7800 600, 7800 695, 7800 860, 7801 000, 7802 100, 7802 300, 7802 900, 9050 200, 9050 900.	13¾ percent	11½ percent	EEC, part for Norway.
357	Pruning and sheep shears and blades therefor: Valued over $1.75 per dozen, 6118 200.	4½ cents each plus 10½ percent.	4 cents each plus 8 percent	EEC.
365	Rifles, breech-loading: Valued over $10, not over $25 each, 9470 120	$3 each plus 22½ percent	$2.40 each plus 18 percent	EEC.
	Shotguns: Valued over $25, not over $50 each, 9470 460	$2.55 each plus 12½ percent	$2.04 each plus 10 percent	EEC.
	Valued over $50 each 1957: 9470 480. 1960: 9470 482, 9470 485.	20 percent	16 percent	EEC.
366	Pistols and revolvers: Valued over $8 each, 9470 020	$1.75 each plus 27½ percent	$1.40 each plus 22 percent	EEC.
	Parts and fittings for pistols and revolvers, 9470 030	52½ percent	42 percent	EEC.
372	Metalworking machinery and parts:			
	Metal cutting types:			
	Boring machines and parts, except jig boring, 7400 530	15 percent	12 percent	EEC.
	Drilling machines and parts, 7400 540	do	do	EEC.
	Milling machines and parts, 7400 570	do	do	EEC.
	Machines, n.s.p.f., finished or unfinished:			
	Exposure meters 1957: 7800 990 (pt). 1960: 9050 000.	11½ percent	9 percent	EEC.
	Materials handling equipment and parts 1957: 7800 990 (pt). 1960: 7800 690.	do	do	EEC.
	Machines, n.s.p.f., finished or unfinished: Machinery and parts, n.e.s., except agriculture. 1957: 7800 990 (pt). 1960: 7840 980.	do	do	EEC.
390	Bottle caps of metal, collapsible tubes, and sprinkler tops, decorated, enameled, plated, or embossed, 6790 020.	15 percent	12 percent	EEC.
397	Manufactures of brass, n.s.p.f., except plumbing goods and fixtures, 6458 900 (pt).	19 percent	15 percent	EEC.
	Manufactures of bronze, n.s.p.f., 6459 900	do	do	EEC.
	Valves of brass or bronze, 6790 970	22½ percent	18 percent	EEC.
1004(a)	Yarns, single:			
	Of flax: Finer than 60 lea 1957: 3270 300. 1960: 3270 600 (pt).	15 percent	12 percent	United Kingdom.
	Of flax and hemp or ramie, or both: Finer than 60 lea 1957: 3270 500. 1960: 3270 600 (pt).	do	do	Do.
1004(b)(c)	Threads, twines, and cords: Hemp (less than ⅛-inch diameter) and ramie (less than 3/16-inch diameter) 3272 500.	20 percent	16 percent	EEC.
1009(b)	Woven fabrics of jute for paddings or interlinings, over 30 threads in warp and filling to the square inch, weighing from 4½ to 12 ounces, inclusive, per square yard, 3248 100.	12½ percent	10 percent	EEC.
	Woven fabrics for padding or interlining, of flax or hemp over 30, not over 120 threads in warp and filling to the square inch, and weighing from 4½ to 12 ounces, inclusive, per square yard, 3286 000.	do	do	United Kingdom.
1011	Plain woven fabrics of vegetable fiber (except cotton and jute), weighing less than 4 ounces per square yard, 3275 000.	8½ percent	6½ percent	Do.

U.S. concessions at tariff rates below peril-point levels—Continued

Tariff paragraph	Description of product and 1957 schedule A No.	Rate of duty		Initial negotiating country
		July 1, 1958	Offer	
1014	Household articles, n.e.s., of vegetable fiber other than cotton: Towels, finished or unfinished, having threads to the square inch, counting warp and filling: Flax:			
	Exceeding 120 threads to the square inch, 3352 200	10 percent	8 percent	United Kingdom.
	Exceeding 120, not exceeding 130 threads to the square inch 1957: 3352 600. 1960: 3352 650 (pt).	12½ percent	10 percent	Do.
	Exceeding 130 threads to the square inch 1957: 3352 700. 1960: 3352 650 (pt).	do	do	Do.
1016	Handkerchiefs of vegetable fiber other than cotton, machine hemmed, or unfinished if having drawn threads, 3291 600.	23 percent	18 percent	Do.
1107	Yarns of angora rabbit hair, 3573 000	40 cents per pound plus 12½ percent.	40 cents per pound plus 10 percent.	EEC.
	Household articles, n.e.s., of vegetable fiber other than cotton: Napkins, finished or unfinished: Flax: Not exceeding 120 threads to the square inch, 3352 500.	12½ percent	10 percent	United Kingdom.
1202	Spun silk or schappe silk yarn, or yarn of silk and rayon or other synthetic textile, and roving: Not bleached, dyed, colored, or plied: Spun silk yarn (schappe), singles or more than 58,800 yards per pound. 1957: 3705 100 (pt). 1960: 3705 010.	27 percent [1]	17 percent [1]	EEC.
	Spun silk or schappe silk yarn, or yarn of silk and rayon or other synthetic textile, and roving: Not bleached, dyed, etc.:			
	Silk noil yarn (bourette), 3705 200	21 percent	do	EEC.
	Other 1957: 3705 100 (pt). 3705 300. 1960: 3705 390.	do	do	EEC.
	Bleached, colored, dyed, or plied: Other 1957: 3705 600 (pt). 3706 200 (pt). 1960: 3706 290.	25½ percent	20 percent	EEC.
1309	Hats, bonnets, and hoods, in chief value of rayon or other synthetic textile: Knit or crocheted, 3927 300.	25 cents per pound plus 30 percent.	25 cents per pound plus 24 percent.	EEC.
1504(b)(4)	Hats, bonnets, and hoods, wholly or in chief value of straw, chip paper, grass, palm leaf, willow, osier, rattan, real horsehair, cuba bark, ramie, or manila hemp: Other: Sewed (whether or not bleached, dyed, colored, or stained): Straw: Blocked (semifinished) or trimmed (finished):			
	Valued less than $15 per dozen, 3925 400	$2.35 per dozen plus 20 percent.	$1.88 per dozen plus 16 percent.	EEC.
	Valued $15 or more per dozen, 3925 500	$2 per dozen plus 15 percent	$1.60 per dozen plus 12 percent.	EEC.
	Other, whether or not blocked or trimmed, 3925 900	$1.50 per dozen plus 25 percent.	$1.20 per dozen plus 20 percent.	EEC.
1519(a)	Dressed furs: Coney and rabbit:			
	Not dyed: Whole skins, 0730 000	12½ percent	10 percent	EEC.
	Tails, paws, pieces, etc., 0730 005	do	do	EEC.
1527(a)(1)	Jewelry, commonly or commercially so known, finished or unfinished (including parts thereof): Composed wholly or in chief value of gold or platinum, or of which the metal part is wholly or in chief value of gold or platinum, 6835 200.	30 percent	24 percent	EEC.
1529(a)(25)	Laces, lace fabrics, and lace articles (except veils and veilings), made on a Levers (including go-through) lace machine, whether or not embroidered, made full gage on a machine of 12 point or finer; wholly or in chief value of: Cotton and made with independent beams, 3168 100.	35 percent	28 percent	EEC.
	Silk, 3750 400	35 percent	28 percent	EEC.
	Rayon or other synthetic textile, 3855 100	45 percent	36 percent	EEC.
1535	Parts of fish reels, n.s.p.f., 9420 470	34 percent	27 percent	EEC, Sweden.

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[1] The duty on this class has been suspended during the 3-year period beginning Nov. 7, 1959, by Public Law 86-235, 86th Cong.

To the Congress of the United States:

This report, supplementing my report on reductions made at the 1960–62 Tariff Conference in excess of peril-point findings, is further in compliance with section 4(a) of the Trade Agreements Extension Act of 1951.

During the usual peril-point investigation of the items included in the public notice issued in connection with the negotiations, the Tariff Commission found that the peril point was higher than the present rate on nine widely varied products. The Trade Agreements Extension Act of 1958 provides that in such instances the Tariff Commission must institute an immediate escape-clause investigation with respect to the articles involved. Accordingly, the Commission undertook the required investigations with the following results:

1. On baseball and softball gloves, ceramic mosaic tile, and sheet glass, the Commission recommended to me that existing duties be increased.

2. On tennis rackets and creeping red fescue seed, the Commission terminated the investigations without recommendation.

3. On ultramarine blue, rolled glass, plastic raincoats and cellulose filaments, the Commission found that increases in the duties were not necessary.

The law provides that, if the President does not negotiate the increase of duty indicated by the Commission's peril-point findings, he shall report his reasons therefor to the Congress.

This is to advise that no such increases in duty were negotiated at the 1960–62 conference. The recitation of the Tariff Commission's further investigation of these nine cases, as above given, suggests why the negotiation of higher rates was not undertaken. In six of the nine cases the Tariff Commission, upon a fuller study of the facts than had been possible during its peril-point investigation, did not recommend an increase in duty. In the other three, I was not satisfied that all of the applicable facts had been fully canvassed in the Commission's subsequent investigations; consideration of the appropriate rate of duty was consequently still pending as of the time our negotiations at the 1960–61 conference were being completed. I now have supplementary reports of the Tariff Commission before me. My decision on the three cases is pending.

I append a list defining more precisely the nine commodities mentioned above.

JOHN F. KENNEDY.

THE WHITE HOUSE, *March 7, 1962.*

List of products on which tariff increases were not negotiated

Tariff par.	Description	Present rate of duty
68	Ultramarine blue, dry, in pulp, or ground in or mixed with oil or water, wash and all other blues containing ultramarine (Sch. A Class. 8420 115)	2⅛ cents per pound.
202(a)	Tiles, unglazed, glazed, ornamented, hand painted, enameled, vitrified, semivitrified, decorated, encaustic, ceramic mosaic, flint, spar, embossed, gold decorated, grooved or corrugated, and all other earthen tiles and tiling by whatever name known (except pill tiles and tiles wholly or in part of cement): Ceramic mosaic tiles:	
	Valued at not more than 40 cents per square foot (Sch. A Class. 5380 530)	4½ cents per square foot, minimum 21 percent, maximum 30 percent ad valorem.
	Valued at more than 40 cents per square foot (Sch. A Class. 5380 540)	25½ percent ad valorem.

List of products on which tariff increases were not negotiated—Continued

Tariff par.	Description	Present rate of duty
219	Cylinder, crown, and sheet glass, by whatever process made, and for whatever purposes used: (Sch. A Class. 5200 400 through 5200 820): Measuring in square inches:	
	Not over 150	0.7 cent per pound.
	Over 150 but not over 384	Do.
	Over 384 but not over 720	0.9 cent per pound.
	Over 720 but not over 864	Do.
	Over 864 but not over 1,200	1.1 cents per pound.
	Over 1,200 but not over 2,400	Do.
	Over 2,400	1.4 cents per pound.
	Provided, That none of the foregoing weighing under 16 but not under 12 ounces per square foot shall be subject to a less rate of duty than	17 percent ad valorem.
224	Cylinder, crown, and sheet glass, by whatever process made, when bent, frosted, sanded, enameled, bevaled, etched, embossed, engraved, flashed, stained, colored (except glass not less than ¼ of 1 inch in thickness, when obscured by coloring prior to solidification), painted, ornamented, or decorated.	2½ percent ad valorem additional.
221	Rolled glass (not sheet glass) fluted figured, ribbed, or rough, or the same containing a wire netting within itself (Sch. A Class. 5200 400).	0.625 cent.
224	Rolled glass, by whatever process made, when bent, frosted, sanded, enameled, beveled, etched, embossed, engraved, flashed, stained, colored (except glass not less than ¼ of 1 inch in thickness, when obscured by coloring prior to solidification), painted, ornamented, or decorated.	2½ percent ad valorem additional.
409	Articles not specially provided for, wholly or partly manufactured of rattan, bamboo, osier, or willow: Tennis-racket frames valued less than $1.75 each. (Sch. A Class. 4225 900 (part)).	25 percent ad valorem.
412	Manufactures of wood or bark, or of which wood or bark is the component material of chief value, not specially provided for: Tennis-racket frames valued each:	
	Less than $1.75 (Sch. A Class. 4225 900 (part)).	14 percent ad valorem.
	$1.75 or more (Sch. A Class. 4225 300).	10 percent ad valorem.
1502	Rackets and other equipment, such as is ordinarily used in conjunction with balls primarily designed for use in physical exercise, and not specially provided for: Tennis rackets (Sch. A Class. 9439 500)	17½ percent ad valorem.
763	Grass seeds and other forage crop seeds: Creeping red fescue (Sch. A Class. 2410 120)	1 cent per pound.
1302	Filaments of rayon or other synthetic textile, not exceeding 30 inches in length, other than waste, whether known as cut fiber, staple fiber, or by any other name: Cellulosic filaments of rayon or other synthetic textile (except acetate filaments) (Sch. A Class. 3810 050 (part)).	15 percent ad valorem.
1502	Equipment, such as is ordinarily used in conjunction with balls primarily designed for use in physical exercise, and not specially provided for: Baseball and softball gloves, including mitts (Sch. A Class. 7429 970).	Do.
1537(b)	Manufactures of india rubber or gutta-percha, or of which these substances or either of them is the component material of chief value, not specially provided for: Raincoats: Wholly or in chief value of unsupported plastic film and classifiable by similitude to raincoats wholly or in chief value of india rubber. (Sch. A Class. 2098 900 (part).)	12½ percent ad valorem.

Somehow these industries have not yet felt the 20-percent cut that is below the peril point. It will not hit them until July, half of the reduction, and the other half in July of next year.

So that is what happened at Geneva. Here are the volumes giving the details of those concessions. I do not know how many Members know this. I doubt whether very many members of the Committee on Ways and Means have ever read these volumes. But this is the heart of the trade situation today and we do not yet know the effect in practice on the industries concerned.

Yet we are being told we must grant further reductions. The pattern is clearly established by the March 5–7 meetings at Geneva. Regardless of harm to our industry we will cut tariffs.

This is planned injury, business destruction, intentionally with planned forethought.

Nor is that all in this travesty on commonsense. We do all this under GATT. Yet GATT has never been approved by Congress.

Here is the present law as stated in the act of 1951, as amended:

> SEC. 10. The enactment of this Act shall not be construed to determine or indicate the approval or disapproval by the Congress of the Executive Agreement known as the General Agreement on Tariffs and Trade.

The entire bill is based on an executive agreement, never approved by Congress.

We wrote it into the law so that the world would know we were not behind the general agreement. Maybe we would approve GATT if it came before us. I cannot understand why we do not give it legitimate parentage.

Why have we not received reciprocal concessions, admitting the partial failure of our negotiations?

Look at the separate views in the report. The gentleman from Wisconsin and other Members have pointed out that the Common Market is a protectionist bloc. This is by intention and is the prerogative they are exercising, and they are continuing to exercise, as I believe the facts clearly show.

Look at some of the pamphlets published by and concerning the Common Market itself. Here is one called "The Common Market" that outlines the safeguard clauses, page 15, for the members of the Common Market:

> Built into the Common Market Treaty are a number of safeguards. They are intended to avoid the endangering of the Community's objectives through economic dislocation during the transition period in which economic frontiers are gradually being abolished.
>
> I. THE SAFEGUARD CLAUSES
>
> In case of serious and persistent difficulties in a particular sector or region, a member state can ask for permission to take safeguard measures which will enable it to bring the situation back into balance and to adapt the sector to the Common Market's economy. A very small number of requests for the application of the safeguard clauses has been made in the first 3 years by the member countries' governments; as a result the Commission has—
>
> Authorized Italy to adopt safeguard measures for the Italian market in several products, including sulfur, various chemicals, raw silk, lead, and zinc. These measures should enable reorganization to be carried out in several crucial sectors of the Italian economy, with the help of the European Social Fund and the European Investment Bank;
>
> Exempted Italy from enlarging import quotas for wine, owing to the difficulties caused by surpluses which have been occurring for several years in the Italian wine-growing industry (with the exception of a quota of 10,500 hectoliters of Benelux and German wines);
>
> Authorized Germany to levy a temporary tax on bread coming from the Netherlands and on fondant paste coming from Belgium and the Netherlands, owing to difficulties arising from disparities in the conditions of competition.
>
> 2. MINIMUM PRICES
>
> If the gradual abolition of customs duties and quotas is likely to lead to prices capable of imperiling the objectives of the common agricultural policy, each member state may adopt, for certain products, a system of minimum prices. When prices fall below these levels, imports can either be temporarily suspended or reduced, or allowed only at a price not lower than the minimum which has been fixed.
>
> The Commission has made proposals to the Council for determining the criteria by which minimum prices may be fixed. So far these prices have been applied mainly for

> fruits and vegetables. France has also adopted them for pig meat, lard, and poultry, Italy only for butter and beef; the Netherlands, on the other hand, has not used them at all.

These protections are not offered by us to our own industry.

On page 18, here is another provision for tariff protection, called waivers:

> Waivers from the common external tariff can be granted by the Commission when Community output of certain products is insufficient, and when the supply of one or several of the member countries traditionally depends on imports from nonmember countries. In these cases, tariff quotas at reduced or nil duties may be granted to the country concerned. Of the tariff quotas requested by member countries, roughly 50 have been granted.
>
> Tariff quotas involve for the Community a number of risks, since they bring a break in the unity of the common external tariff and in the achievement of the customs union. This should be considered as transitional measures, the Commission believes.

Then there are also cartel grace periods granted as a special system for cartels which are not permissible under the Rome Treaty of the EEC.

These protections are not offered by us to our own industry. Another booklet, "The European Community 1950–1960," talks about their goal of political unity. That is fine. The United States became a political unity. If they want to do it, fine. As for us, we are interested in good economics, sound business.

Their possible political unity is their business. They may want to cut tariffs internally as our several States did in the U.S. union. That is their right. Obviously they are erecting a trade wall around them. That is our proper concern, to see that their trade concessions are truly reciprocal. These booklets are available if anybody wants to look at them.

We do not know, even, who will be the nations in the European Economic Community. There are now six—France, West Germany, Italy, Netherlands, Belgium, and Luxembourg.

Will the EFTA, the "outer seven," European Free Trade Association, join in, too? These are Sweden, Austria, Portugal, Switzerland, Denmark, Norway, and the United Kingdom. Will they join the Common Market?

For the British Commonwealth, the United Kingdom, to join in, their tariffs will have to be raised between them for admission. Is this freer trade?

In further explaining why the lack of reciprocity, we must remember that GATT provides escape clauses, yet also states that quotas are a violation. Yet there are many quotas against U.S. goods preventing shipment. Further, I think all of us know the retaliation that has already begun against us. We have seen signs of tariffs and other barriers being raised, not lowered, to better their bargaining position before this bill becomes law. Our chairman was concerned about poultry and made quite a talk on it and the possibility of higher tariffs against our products. We know what Belgium said to us about the glass and carpets. We know what Canada has done. Canada has raised tariffs 5 to 15 percent and we have not disapproved yet our deficit position is the worst in the world. Yet, we cannot raise tariffs. We will even lower many of them.

Mr. Chairman, there are some other dangers that are contained in this bill. Under the most-favored-nation concept, there is a threefold cost to the United States. Here is what happens: First of all, we cut our tariff, and the contracting nationship into our market. Then a third party—let us say we cut our tariff with France—Japan as a third party can come in under it and receives the same tariff treatment that France received, and ships into the United States, yet France will not extend its tariffs to Japan, so we then get a third go-round of those goods that Japan would have liked to ship to France, and so they can ship them to us. We are an export open market for all of the other nations that want to ship to us, yet the Common Market does not have similar arrangements with the third-party nations like Japan and other emerging nations. We do not, of course, class Japan as an emerging nation. They are well industralized already, with our help and assistance. But if we lower the tariff, then through the favored nation clause, section 215, we will have a flood of imports which sound logic tells me there will be. That flood is surely to come because the import duties will be lowered to all comers as a result of this bill. What do you think will happen to our balance of payments, and what do you think will happen to our gold? We have the lowest gold reserve we have ever had. I leave those questions to be answered by each. I think you know what will happen. A rash of imports will result in an immediate outflow of gold and a further imbalance of payments.

Mr. Chairman, more than this, actually we all know what is happening. Our industry is going abroad. Why? It is simple. It is obvious. Why not build a plant in Europe, because if you do you have a protective wall around you, the Common Market external tariff, and you can ship out from behind that protective wall into low-tariff areas, like the United States mainly. In other words, you may ship outside, but other countries cannot ship in proportionately. You are protected because the United States cannot ship back into that country where you are located. That is why the automobile people do not fuss. They are big companies, and they can go in and do build plants overseas. Small business cannot do that. Again, I do not think this is even controversial, but perhaps I am so shortsighted that I cannot see some of these things are even debatable. But I am presenting it to the Members of the House. Plants are built abroad because industry at home cannot compete with foreign industry, because of trade restrictions against us, coupled with our low import tariffs.

As for wage scales, I can refer you to page 2277 of the hearings, as well as pages 713, 737, and 2481. These are charts given of the comparative wages among the different countries—between our country and other countries. These charts will tell you why we cannot compete with them. Our industry is in a difficult position to compete with the foreign nations when the differential is so great, against those who have low wage levels.

Mr. Chairman, there are other problems, such as subsidies and tax concessions of foreign countries for their own industries. They let industry depreciate their equipment, but we do not give our industry a comparable tax break here. The foreign nations do, and our industries have to compete with the foreign nations who have such things as faster writeoffs. This is but one phase of our tax law that burdens U.S. industry at home and abroad.

Mr. Chairman, we should be taking a look at our entire fiscal and economic policy. We need to have a stabilized currency, and not built-in inflation or deficit financing such as given as the advise of Mr. Heller, whose policies West Germany turned down and prospered.

They turned down his proposals, and they have contradicted everything he recommended, and have boomed. Now Mr. Heller is succeeding in getting our President to adopt his outmoded views. The committee's separate views, page 89, outline the urgent need, first, before a grandiose trade bill, of the priority of fiscal and economic reform here at home.

Mr. Chairman, I oppose this bill, and all the other big spending programs, because of the heavy tax burden our industries bear that are heavier than those taxes which the foreign competitors have to pay. As a result our industry is not in a competitive position. We should be doubly careful now in cutting our tariffs.

Mr. Chairman, what we are doing is just the reverse of the history of our country. We used to import the raw material and make the finished goods and then ship them out. Now we ship out, for example, the hides and the raw leather and these other foreign competing countries ship the finished goods back, the shoes and handbags, and we cannot compete. They are beating us at our own game—not because of our lack of industrialization, but because of our tax and trade laws. Our Government is imposing burdens on our industry. We, the Congress, are permitting, even abetting this. After all of the years of reciprocal trade we still have not learned. I do not understand it. This is the thing that concerns me.

Mr. Chairman, at this point in the RECORD I shall obtain permission when we are back in the House to insert a list showing what has happened to material shipped out, from the crude product to the finished manufactured goods, showing how we are importing the high-level content goods, and exporting low-level content goods, to our detriment in jobs and profit.

We do know from the record of the past 11 years, when U.S. duties were reduced on a massive scale in three major multilateral tariff negotiations under GATT—Torquay, 1951; Geneva, on the accession of Japan to GATT, 1954–55; Geneva, 1956—that under the concessions exchanged by the United States and other countries, U.S. imports of manufactures have increased at a more rapid rate than U.S. exports.

Our increases in imports have been in goods of high labor content. Conversely, our export increases have been in goods requiring less manufacturing labor.

[Value, in millions of dollars]

	1951	1954	1957	1960	1961	Percent change, 1951-61
1. Crude materials:						
U.S. exports	2,471	1,899	3,110	2,596	2,546	3
U.S. imports	3,365	2,413	3,211	3,014	3,152	-6
2. Crude foodstuffs:						
U.S. exports	1,401	741	1,332	1,639	1,897	35
U.S. imports	2,077	2,200	2,020	1,722	1,717	-17
3. Semimanufactures:						
U.S. exports	1,665	1,819	3,242	3,522	3,287	97
U.S. imports	2,459	2,313	2,920	3,092	3,084	25
4. Manufactured foodstuffs:						
U.S. exports	881	832	1,163	1,117	1,157	31
U.S. imports	1,022	1,117	1,272	1,566	1,602	57
5. Finished manufactures:						
U.S. exports	8,462	9,091	11,823	11,435	11,741	39
U.S. imports	1,896	2,196	3,527	5,258	5,075	168
6. Subtotal, 3, 4, 5:						
U.S. exports	11,008	12,342	16,228	16,074	16,185	47
U.S. imports	5,377	5,626	7,719	9,916	9,761	82

Source: Statistical Abstract of the United States, 1961, table 1210; U.S. Department of Commerce, WTIS 62-11, table 3.

What is the significance of these facts? Our export advantage is in articles with far less job-creating potential than the job-displacing potential of our imports.

Further reductions or elimination of duties will accelerate this unfavorable import trend. Consequently, the power to reduce duties 50 percent on everything would cause harm to the economy.

ANOTHER PROBLEM IS THAT OF PRICE CONTROL

Earlier, the administration frankly stated its intention to use the tariff reducing or eliminating authority of the bill to place pressure on domestic price levels to bring about lower prices. The significance of these declared intentions should not be underestimated. In an address in New York City on October 12, 1960, President Kennedy frankly acknowledged:

> Frequently imports may be only a relatively small percentage of our domestic market, 2 or 3 percent, but it breaks the price for the other 97 percent.

It is plain that the administration intends to use the considerable authority requested in H.R. 9900 to apply this principle of price control by increasing imports in broad product categories, as an experiment in price control both in domestic and foreign markets.

As for conflicts with other existing law, this bill violates the language of the Small Business Act.

Also we are in conflict with the Full Employment Act of 1946, and the Area Redevelopment Act.

Further, in this bill we are doing nothing about labor's monopolistic position. Labor continues to ask for increased wages to soak up any productivity increase. As a result, business cannot cut prices. How can our industry lower prices to meet the competition from abroad when labor has this monopolistic position that it enjoys today to keep prices from reducing? Industry is not competitive when labor demands for productivity increases in wages are constantly met.

Now I should like to talk about transshipping from or to Communist countries, and I hope Members will listen to me carefully. I listened to a gentleman in the well of this House who talked about the benefits of this bill because he said it strikes out Yugoslavia, Poland, and other Communist nations from the most-favored-nation treatment. That is true. I do not take that away from the argument. The present bill does that. But it does not go to the heart of trade with communism which is the transshipping through a third nation.

If you will look at page 2785 of the hearings you will see not only the documentation in facts and figures, but pictures of ads in Macy's department store where typewriters were being sold at extremely low prices. These typewriters were made in Czechoslovakia, shipped to Canada, covers put on them and then stamped "Made in Canada" and transshipped into the United States as a Canadian product. Meanwhile, our U.S. manufacturers are in trouble. This bill does not solve transshipping. Remember, the Communist nations pocket lots of U.S. money, take our market, and then have our money to buy other goods to strengthen themselves, even to weapons.

I should like to direct your attention to the case in which there was a deal between Italy and Russia on oil for Italy for pipes and valves for Russia which were obtained from the United States and then sent to Russia. This is the Mattei case. This bill, as I say, does not take care of transshipping.

So, if somebody says that you cannot vote for the motion to recommit, to extend the present law, because the trade bill before us will eliminate the Communists under the most-favored-nation clause, remember that argument, that it does not take care of transshipping. So you do not begin to do the job by voting for this bill.

Under this bill, what has happened to oil? There are increased imports flowing into this country. See page 1785 of the hearings. And remember that oil is the only product that has been called necessary in the national interest for security purchases. Section 232 gives little assurance of good administration of oil import control being the same language which has permitted the endangering of our oil industry.

As to adjustment interest, this substitutes privileges for rights, when you get around to making allowances for Federal aid of this type. This bill gives carte blanche power to and puts the Government in business. I should like to read from the bill at this point to show you what now in the United States of America one man may do—the Secretary of Commerce. He may, if he chooses, "require security for any such guarantee, agreement, or loan, and enforce, waive, or subordinate such security."

Now if the company making the loan does not come through, according to the way the Secretary of Commerce wants, he may—and I will read the bill:

> Assign or sell at public or private sale, or otherwise dispose of, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with such guarantees, agreements, or loans, and collect, compromise, and obtain deficiency judgments with respect to all obligations assigned to or held by him in connection with such guarantees, agreements, or loans until such time as such obligations may be referred to the Attorney General for suit or collection;
>
> (3) renovate, improve, modernize, complete, insure, rent, sell, or otherwise deal with, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to or otherwise acquired by him in connection with such guarantees, agreements, or loans.

And so it goes. Read it.

The Secretary of Commerce has all this power. Now, what do you think is going to happen to small business that does not have the high-powered attorneys and the ability to escape this kind of law, by legally dodging it in some way by getting around it, by making various products as large industry can do, instead of one product? Well, small business will be squeezed out by this bill under that kind of language. And the Government is in business in a big way.

This bill has in it the same thing that the tax bill had in it and the same thing that all administration requests seem to contain now, the carrot and the stick; the overt threat, do what the Government says, we know what is best for you, or take the consequences.

I should like to refer to page 28 of the bill to show how the bill attempts to subsidize inefficiency. Under this bill, you cannot get aid until you are bankrupt. I ask you to look at page 28.

Perhaps I should read the language at this point. It says:

> In making its determination under this paragraph, the Tariff Commission shall take into account all economic factors which it considers relevant, including idling of productive facilities of the firm, inability of the firm to operate at a profit, and unemployment or underemployment in the firm.

I do not know how many of you gentlemen as businessmen have failed to operate at a profit for long and stayed in business, but small business cannot

do it. So it must already be bankrupt before it gets aid.

As for the assistance, after a particular industry or firm has gone under, the workers can get 52 weeks of aid. Then 26 weeks of retraining and 13 weeks if over 60 years of age—as part of the 78—receiving pay at an amount equal to 65 percent of his average weekly wage or to 65 percent of the average weekly manufacturing wage, whichever is less.

I am referring to this now because nobody has explained the bill yet on the floor.

That means about $59 to $60 a week, and, in addition, $5 per diem, 10 cents a mile for transportation to and from the location where they are being retrained, no matter where it is, and a relocation allowance two and a half times the average manufacturing wage, which will be about $230. That is quite a total. Yet this applies only to heads of families, not the single men and those who can pick up, move, and retrain more quickly, just the heads of families. Does that makes sense? Those who have deep roots, home, and family are less likely to be willing to retrain and move. Again, it is discriminatory.

Mr. Chairman, in this bill we have a conflict in adjustment assistance between area redevelopment, manpower retraining, and unemployment compensation. So I simply make this statement, which can hardly be contested, not in logic. This will mean Federal standards for unemployment compensation. I do not think it could be presented in any other way. Duplicate systems like these—Federal and one of them State, cannot exist side by side.

Besides unemployment compensation there are these other laws

Act	Eligibility	Amount	Duration
I. Area Redevelopment Act	A. Training: Unemployed or underemployed workers, residing in redevelopment area which has an approved economic development program, who are referred by local employment office (sec. 16).		
	B. Retraining subsistence payments: Workers who are taking approved training (sec. 17(a)).	Average weekly unemployment insurance payment in State (sec. 17(a)).	16 weeks (sec. 17(a)).
II. Manpower Training Act	A. Training: Unemployed or underemployed workers (including workers in farm families with less than $1,200 annual net income) who cannot reasonably be expected to secure appropriate full-time employment without training, referred by local employment office (sec. 202(a)).		
	B. Training allowances: [1] (1) Unemployed worker, (2) taking approved training, who has had (3) 3 years of gainful employment experience, and is (4) head of family or household.	Average weekly unemployment insurance payment in State, unless worker's unemployment insurance is higher; then he receives weekly amount of unemployment insurance for State duration, and drops to average weekly unemployment insurance payment for balance of training [2] (sec. 203(a)).	52 weeks (sec. 203(a)).
III. Trade Expansion Act	A. Training: No separate training program; training provided under Manpower Act.		
	B. Trade readjustment allowances: (1) Worker adversely affected by imports, who is (2) unemployed (totally or partially), who has had (3) 78 weeks of employment in 156 weeks immediately preceding separation, and (4) 26 weeks of employment (in 52 weeks immediately preceding separation) in adversely affected firm or firms (sec. 322), and (5) whether or not worker is taking training, so long as he has not refused training (secs. 322 and 327) (6) available and not disqualified under State law (sec. 325).	65 percent of worker's average weekly wage or 65 percent of average weekly manufacturing wage, whichever is less (sec. 323(a)).	52 weeks plus (1) up to 26 additional weeks if necessary to assist worker to complete approved training or (2) up to 13 additional weeks to a worker who has reached his 60th birthday on or before date of separation (sec. 324).

[1] Youths over 19 and under 22 must meet conditions (1) and (2) only (sec. 203(c)).

[2] $20 weekly maximum; total payable to youths limited to 5 percent of estimated total training allowances (sec. 203(c)).

Prepared by U.S. Department of Labor, May 9, 1962.

As to amendments, this bill does not give us a chance to amend. I have here tissue paper copies of all amendments asked of us by witnesses. We had only a few amendments. They were voted up or down almost entirely on a party line vote and frequently by proxy. Many times only the chairman and one or two members on that side were present. I do not want to be unduly critical or partisan, but if the chairman is there and he has proxies from some other members, how do those men know what they are voting for? And there were only 10 Republicans to 15 Democrats. But here are the amendments for you to see. The Teamsters have some excellent amendments, particularly on strengthening the peril point and the escape clause provisions and others, but we could not take time to get into those, or at least we were voted down. But this should not be a political issue. Yet, our efforts to amend the bill were summarily prevented.

Related to the minority views, what we ought to do is to continue the present law for 1 year for these reasons. Let us see what the 20-percent cut does to us in the next 2 years. Let us restore the bargaining power that is under the present law, through use of peril point, escape clause, and retaliation against quantitative restrictions. Let us demand now the show of reciprocity we keep saying we believe in but do not get from others.

Do you realize that many of these other nations have said that they have a dollar shortage and refuse to cut their tariffs, after going through the paperwork with us and saying that they would cut their tariffs? They say they have a balance-of-payments problem, but they do not have the balance-of-payments problem we do. Look on page 3 of the International Monetary Fund report.

Then I think we ought to check and get awfully hard-nosed about the quantitative restrictions and say to the rest of the world, "All right, Uncle Sugar has been good up to now, but from now on we want reciprocity, and you start first, because we are the lowest tariff Nation in the world. If that does not work, we will demand an enforcement of GATT, preventing quota and other restrictions."

Of course, we ought to examine GATT, and give it legitimate parentage by congressional approval or discover and expose its shortcomings. Congress has not OK'd it yet. Secondly, if GATT is not enforced, let us raise the tariffs. If that will not do, let us impose quotas. But let us do something to protect our industry since our sweet spirit of reasonableness has not resulted in reciprocal concessions.

Let us look some more at the Common Market. No one knows what nations will be involved. Will there be just the inner six, or will the outer seven countries be included? Will Britain come in? Britain will have to raise its tariffs to come into the Common Market. Is that freer trade? This bill is a misnomer.

I think we will have to look into the most favored nations clause. More than this, we ought to make a study in the Committee on Ways and Means and other committees of the balance of payments, the deficit position, the spending we are doing, the unstabilizing of our market, and come back in a year with a bill that stands up in a world that is trying to make fools of us, because they are trading us out of our business and our profits all the time, and then retaliating against us when we ask reciprocity. It is like the philosophy behind foreign aid. I am opposed because I am for the lasting and sensible values of the Constitution. To me that is constructive.

Specifically, I recommend that we establish a congressional commission, adequately staffed on nominations by the majority and the minority members of the Ways and Means Committee and the Senate Finance Committee, to make a comprehensive study of all the factors relating to our foreign trade position, including: first, the development of the EEC; second, our balance-of-payments situation; third, the state of foreign reserves of dollars, and the extent to which these reserves could be urged to return in the form of payments for exports; fourth, discrimination against U.S. exports; fifth, the use by the President of statutory and trade agreement remedies to counteract discrimination; sixth, the effect of discriminations against exports of third countries on the volume of imports into the United States; seventh, the practicability of further tariff concessions under most-favored-nation rules considering the situation of low cost countries vis-a-vis EEC concessions; eighth, the extent to which restrictions imposed by EEC countries against low-cost countries forces excessive volumes of imports from the latter into the United States; ninth; an analysis of inflationary influences created by Government policies affecting the cost position of U.S. industries vis-a-vis their principal foreign competition; and tenth, an analysis of foreign and domestic costs and prices from the point of view of the adequacy of existing U.S. tariffs to make fair competition in the U.S. market possible.

So let us extend present law 1 year and get to the heart of the problems confronting us. H.R. 11970 does not do this.

Mr. FENTON. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FENTON. Mr. Chairman, adoption of the Kennedy administration's proposal in H.R. 11970 could result in one-man dictation and control over our vital trade policies.

Congress has the duty, responsibility, and obligation to the people of our country to write adequate safeguards into any legislation to prevent undue and unjust circumvention of any authorizations by any branch of the Government.

This is another attempt by this administration to grab more power and central Government control in Washington.

Unlimited tariff cutting powers, coupled with a continuance of the Kennedy administration's cheap import policies will increase unemployment and greater economic distress in the Nation's anthracite and bituminous coal producing States.

Never in my life, and especially my more than 23 years in Congress have I seen any administration on a local, State, or national level recommend legislation which the bill itself admits will create unemployment.

If the President is given unlimited tariff and trade powers, and we join the European Common Market as he advoates, there is hardly any segment of American industry and business which would not be hard hit by such disastrous and ruinous trade policies.

It would weaken instead of strengthen our fight against communism. We will be inviting the economic disaster with which Khrushchev has said he would "some day bury us."

The United Mine Workers of America in testifying before the House Ways and Means Committee on the administration's trade expansion proposals have asked Congress to put a permanent and rigid quota on imports of residual fuel oil.

The Honorable Thomas Kennedy, international president of the United Mine Workers of America, told the Ways and Means Committee that residual oil imports have brought uncertainty, unemployment, underemployment, and actual physical need in the coal industry.

Imports of oil are now equivalent to 39 million tons of coal, and the figure it is said will increase to 44 million tons in the next year. This means a loss of 3 million man-days of work to the coal miners, and a loss in wages of almost $73 million.

The mine workers' president in a very able and authoritative manner further informed the committee that the oil imports are inflicting damage to the coal industry and sending America along the road to utter dependence on foreigners for a source of energy.

The mine union chief also told the committee that men who ask nothing but the right to earn a decent living, have been thrown out of jobs without any hope of reemployment because of residual oil imports.

It was also pointed out that American coal can compete with foreign coal but is shut out of many countries who refuse to permit their own industrial life to be destroyed by imports from another nation.

Mr. Chairman, as you know, we have been fighting to stop the unrestricted flow of this residual oil into our country because it is continuing to ruin one of the Nation's basic industries—coal.

However, as I have pointed out before, if the Congress surrenders its constitutional rights and obligations to any one individual and we join the European Common Market there is not a segment of American industry and business which will not be hurt.

Mr. Chairman, we are not only interested in trying to save our coal industry, but are vitally interested in every segment of our country to protect our own industries and business enterprises and thus avoid further unemployment being created by cheap foreign imports.

I have received hundreds of protests against this bill from Berks, Schuylkill, and Northumberland Counties in Pennsylvania, as well as other sections of the country, and not one single request in support of the legislation. These protests come from a diversity of firms and workers, and to mention just a few include coal, steel, aluminum, textiles, lumber, candy, plastics, and canners. They all will be hurt if this legislation passes, and the unemployment rolls will increase.

It is an incredible and astounding fact that right in Washington, at the Pentagon Building, when our Government asks for bids on aluminum sheet and plate, for example, for direct use by our military forces, 95 percent of the orders bid on by foreign aluminum sources go to the foreign suppliers.

The foreign aluminum peddlers simply cut the throats of the American producers when it comes to price. Our aluminum industry is helpless and unprotected against this steady onslaught of metal produced by low-paid oversea labor. And, the foreign countries thus invading our markets buy little or none of the metal produced by the aluminum industry in the United States. They will not let us in. Worse, they keep raising the barriers higher and higher.

Yet the administration trade bill proposes that we lower our barriers even further to these foreign invaders, and asks for the power even to eliminate them altogether.

Title III of this bill sets up special Federal unemployment benefits for unemployed workers, retraining of such workers, and assistance to firms certified as damaged by increased imports.

As I have already stated this bill itself admits that if adopted into law unemployment will increase. It could result in a complete economic catastrophe.

According to the bill as reported by the Ways and Means Committee, workers unemployed because of increased imports would receive 65 percent of their weekly earnings up to 65 percent of the average national industrial wage. Maximum benefits would be around $61 a week. Benefits would continue for 52 weeks and can be extended another 26 weeks if the person is undergoing retraining or is over 60 years of age.

In contrast, a domestic worker who becomes unemployed because his employer might be a supplier to a firm closed down by foreign imports, is limited to State unemployment compensation. If he is located in Pennsylvania, the maximum allowable is $40 a week for 30 weeks.

If both types of unemployed workers were to take retraining, the difference is even more pronounced.

The individual taking the training under the foreign trade bill would receive $61 a week for as long as 1½ years. The other worker under the Manpower Development and Training Act passed by the Congress earlier this year would only be entitled to benefits equal to the average of the last quarterly State unemployment compensation benefit payment. Under current conditions in Pennsylvania this would amount to about $32 a week for 52 weeks.

In other words, this bill would give preferential treatment to workers who the bill admits would become unemployed because of foreign imports. This is certainly a grave injustice to other unemployed domestic workers who are also idle through no fault of their own. This is highly discriminatory legislation which would be created by the Government itself.

For many months the Kennedy administration has been making much ado that England will join the European Common Market, and to protect our worldwide interests we should do the same.

Just as recent as May 25 Lord Beaverbrook, London's Canadian-born newspaper magnate, let the cat out of the bag when he publicly advertised in his newspapers that—

> He (Kennedy) and his emissaries are trying to thrust us into the Common Market.

Lord Beaverbrook said President Kennedy had made perfectly clear that "the Common Market was first of all a political organization of which the economic aspect was secondary."

Beaverbrook in his statement said:

> The President thinks Great Britain's membership in the Common Market would strengthen the Western alliance against communism. We shall not be a stronger ally but a much weaker ally for the United States if we join (the European Common Market).

Mr. Chairman, it is very important to note that on Monday, June 4, the very day the House Ways and Means Committee approved the Trade Expansion Act, dispatches from Brussels, Belgium, announced that the Common Market decided on that very day to raise its tariffs sharply on five American industrial products in retaliation for recent U.S. boosts in tariffs on carpets and glass.

It was very clear from the reports from Belgium that the six European Common Market nations—Belgium, West Germany, Italy, Holland, Luxembourg, and France—raised their duties with an eye-for-an-eye vengeance against the recent American tariff increase.

Mr. Chairman, passage of this bill can only result in economic chaos. I urge the Congress to vote down H.R. 11970.

Mr. HARVEY of Indiana. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HARVEY of Indiana. Mr. Chairman, it is my firm conviction that the Kennedy administration would seriously cripple American industry, as well as labor, if it is successful in having H.R. 11970 enacted.

It seems that the President is willing to jeopardize the jobs and livelihood of millions of American laborers. Although the European Common Market may have some impact on our economy when it is put into full operation, no one can predict how unfriendly it will be to the United States. I am in favor of continuing the present law for at least 1 year, to give us an opportunity to enact equitable legislation in view of our status relative to an operative European Common Market.

As the administration bill is now worded, the President would have the authority to adjust tariffs, although the Constitution vests this power in the hands of Congress. I oppose the blatant grab for more power in the Foreign Trade Bill as I have opposed other recent attempts to place more power in the President's hands. We have seen in the past months a concerted and vicious drive to nullify the power and integrity of the U.S. Congress. We can ill afford to allow one man, no matter his name or political affiliation, to exercise such dictatorial powers as Kennedy has been demanding and requesting of the Congress.

I have offered two bills which would protect two important segments of U.S. industry—zinc and oil. I am especially concerned about greatly increased imports from Communist countries. An example of this concern is Yugoslavia, from whom we imported 768 tons of zinc in 1960, more than three times the next highest amount of zinc imports—243 tons from West Germany. The average wage of Yugoslav workers in this industry is 31 cents per hour, very significant in comparison to the average wage of $2.45 for American workers in the same industry.

My bill on oil is designed to protect America's present supply and to give incentive toward continued exploration for oil deposits. Without this, our present supply will be exhausted in a relatively short time and we would have to rely on the whims and vagaries of foreign suppliers. Because of the uncertainty of supplies in the event of war, our oil industry should be given at least equal consideration with other industries which are so closely allied with our defense and deterrent activities.

It is ironic that the Kennedy administration is putting on such a drive for expanded trade when this country is already over 95 percent self-sufficient. This figure is an increase since the first legislation of this nature was passed in the 1930's, when we were approximately 90 percent self-sufficient.

I deplore the administration not permitting amendment of H.R. 11970. Coming before the House under a closed rule, we have no chance to even improve the proposal before voting on it. Both industry and labor will be harmed by the President's bill, and I do not want legislation which will be harmful to either. Either we protect the interests of both important groups, or we shall injure both groups—perhaps too seriously to repair the damage in the future when the inevitable crisis would arise.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. KEOGH].

Mr. KEOGH. Mr. Chairman, the members of the committee this afternoon have, I think, had an opportunity to witness one of the great debates in this Congress. I am delighted to recall to you the able presentation that was made by the distinguished majority whip in opening this debate. He has given to the Committee of the Whole a very high-level, intelligent, and realistic presentation of what is involved in this bill. He has done very effective work in helping shape this legislation that he has presented to us on behalf of those of us who are privileged to serve with him on the Committee on Ways and Means under the astute and able leadership of our great chairman.

Our members, Mr. Chairman—all of them—are the reasons why the sometime seemingly burdensome work of our committee is made more attractive and somewhat palatable. I am delighted to note that in his opening statement, the majority whip elevated this debate to the high plane on which, for the most part, it has been maintained by those who followed him.

Mr. Chairman, every once in a while in the life of this Nation an opportunity comes for its leaders to fashion out of the confusion of current events a clear and bold action to show the world the ideals and principles for which we stand.

Thomas Jefferson took such an action when he negotiated the Louisiana Purchase with France, asserting in one bold stroke America's destiny to expand to the Pacific and become a continental Nation. Franklin Roosevelt took such action when he told the Nation in the depths of the great depression that "the only thing we have to fear is fear itself." Harry Truman took such action when he proposed the Marshall plan to save our wartime friends and foes from chaos and communism.

Such an opportunity is before us now. In Europe today a great adventure is underway—one which understandably has attracted great attention here in the United States. Six nations have decided that their future security and well-being require that they become one economic unit, much as the Thirteen American Colonies decided more than 170 years ago. France, Germany, Italy, Belgium, Holland, and Luxembourg are fast becoming as closely knit as the 50 States of our Union. They have begun by forming an economic union and they will move to closer political union.

This adventure has been so successful that the British Government is now deciding whether it must end centuries of isolation from the European continent and join this new Common Market as a full member. If this comes about, and with the promised membership of other, smaller European nations, Europe will be well on the way to an economic union of almost 300 million people—larger even than our own. In our lifetime we may well see a United States of Europe emerge in the Old World.

Nothing has happened since the Marshall plan to illustrate so dramatically the power of the principles of freedom—and nothing has so dramatically refuted the cynical prophesies of communism. The mere prospect of competing freely in a common market has brought a vitality to the old economies of Europe never before seen in their history. In the first, formative years after the decision to try to form an economic union was taken, trade among the member nations of the Common Market doubled. Together the economies of the group have been expanding at a terrific rate, well over twice as fast as the recent rate of growth in the United States. Old Europe today is staking a claim to the title of New World in the 1960's and making a mockery of communism's claim to be the wave of the future in that part of the world.

Nothing confuses the Communists quite like Western unity. And when, as with the Common Market, unity comes about as the result of a resurgence of capitalism—that really makes the Communists uncomfortable. They have already started to threaten the small nations—Austria and Finland for example—on the fringe of Western Europe who wisely want to associate themselves with the Common Market. We can expect them to do everything they can to stop this movement. Mr. Chairman, I predict that they are too late. There is too much momentum behind the idea of the Common Market now.

I predict further, Mr. Chairman, that their lateness will be aggravated by the favorable action which this body will take on the pending bill which, in my opinion, transcends in importance any piece of legislation that has or will come before this or future Congresses.

I have said that there is an opportunity before us to take a clear and bold action to show the world anew the ideals and principles for which we stand. The Common Market gives us that opportunity. Organized according to the principles of free enterprise which guide our own economy, reaping the rewards of economic progress which inevitably come when these principles are put into practice, the Common Market makes it possible for the first time for us to form a partnership of true equals to share the burdens and responsibilities of freedom's cause around the world.

Our Nation has never sought satellites to do our bidding in international affairs. We have sought instead free and independent allies to work in voluntary association with us, and to share the burdens and rewards of free world leadership. We have the opportunity to form such a partnership with some of oldest and stanchest of our allies, who together are, at least potentially, our equals in economic strength. Out of this partnership, including as it would the bulk of the productive resources of the free world, can come the resources and the skills to write a future more hopeful than even the wisest of our leaders thought possible just a few years ago. The partnership has the power to remove forever from peoples' minds the idea that there is no escape from the miseries of poverty except at the cost of individual liberty and self-respect.

The opportunity is there. What of the action? Our association with our European allies already has an elaborate framework. We have the North Atlantic Treaty Organization through which we work out in common the military problems of the defense of the free world. We have the Organization of Economic Cooperation and Development through which we reconcile our economic policies and are beginning to share more equally the burdens of aiding the underdeveloped countries of the world who are trying to engineer, in freedom, and escape from poverty. We have plenty of superstructure. Now we have the opportunity to add to the substance of our alliance. As the President indicated in his state of the Union message in January, we can offer a trade agreement through which each of the great markets astride the Atlantic can impart new vigor to the other, new economic strength with which to support the many enterprises which free nations must undertake today to remain free and prosperous.

Never has the opportunity to talk trade held so many potential benefits for the United States. Politically, the relations among free nations, particularly among ourselves and our European allies, start with good trade relations. Here at home we say good fences make good neighbors, and indeed they do. But between ourselves and our friends in Europe trade fences—tariffs and other trade barriers—have been over the years a constant source of dispute and division. This is particularly true now. The very act of forming the Common Market results in trade discrimination against American exports. That is because while they are eliminating tariffs among themselves, they are replacing them with a common external tariff around the Common Market, just as we have a common tariff around our 50 free trading States. Where today, American farm and factory exports compete on equal terms with, let us say, French exports in the markets of Germany, Italy, and Holland, tomorrow all of our European competitors will have free access to each other's markets while we will have to compete over the external tariff.

If we sit by and let this discrimination develop, our trade will suffer. We have been exporting each year to the members and prospective members of the Common Market about $2 billion in farm exports and more than $4 billion in factory exports in recent years. We are not about to lose all this good business, no matter what happens. But if we cannot negotiate down the external tariff wall around the Common Market, it will become more difficult to maintain this volume of exports. More important, we will be cutting ourselves off from the greatest opportunity ever for American farms and business to sell overseas and greatly increasing the chance as well that we will grow apart politically from our European allies.

Let me say just a few words about the economics of this new situation:

When you talk about exports today, you are talking about big business and one of the most important kinds of business in our country. We exported in 1961 in the neighborhood of $20 billion worth of American products. Others have related these billions of dollars to sizable percentages of our agricultural crops and of our production of industrial goods and machinery. But let me, if I might, concentrate on an aspect of international trade that often goes unheralded. The port of New York district, which includes northern New Jersey as well as the city of New York and large portions of New York counties of Nassau, Westchester, and Rockland, depends on the flow of our foreign trade as the very foundation for its entire economy. The importance of oversea trade to the whole Nation is reflected in the size of the figures at New York City and the number of people in that great city whose very livelihood is dependent upon the movement of goods in international trade. I speak, of course, of the shippers, handlers, forwarders, insurers, bankers, and the many other businesses in the port area who perform such valuable service to the Nation in keeping this flow of goods in international trade at a peak ebb.

At least 430,000 people in the port district are directly employed in the many different business activities that participate in foreign trade. They earn over $2.1 billion a year. In marine transportation there are 66,400 jobs; service auxiliaries of marine transportation, 65,200 jobs; marine construction, 34,100 jobs; trucking, railroading, and warehousing, 40,400 jobs; port business activities and financing, 96,000 jobs; and industries dependent on the operations of the port provide the economic basis of the livelihood of 1 out of every 4 persons who live in the New York-New Jersey metropolitan area.

The movement of our oversea trade through our harbor is estimated to afford the basis of more than 25 percent of the wages and other income generated in the port district of New York and northern New Jersey.

In recognition of the growing need to provide for the expansion of international trade the port authority and the city of New York have built and operate piers, docks, marine terminals, and airports that incorporate the most modern designs for the efficient handling of ocean and airborne commerce.

These new port facilities for the handling of our trade with the world represent an investment of almost $700 million over the past 15 years.

Industry and employment in our region is heavily dependent on our foreign markets and on the two-way flow of our foreign trade. In 1960, New York and New Jersey provided employment for 346,000 persons whose salaries from this export trade amounted to $2.3 billion.

During the same year, 1960, the dollar value of New York and northern New Jersey's oversea trade was $10.8 billion.

The port of New York's vital interest in encouraging and promoting foreign trade activities is dramatically reflected in current plans for a great World Trade Center in lower Manhattan. Bi-State legislation has been passed in the legislatures of both States authorizing the port authority to go forward with this $270 million project.

The basic purpose of the World Trade Center is to simplify, expedite and expand international commerce by providing participants in world trade with the most modern and efficient facilities available.

The World Trade Center will provide at one location all the services and agencies that American exporters and importers need for their participation in world trade. It will include U.S. customs services, foreign consulates, customs brokers, freight forwarders, importers, exporters, trade associations, and the many other Government and private agencies involved in the conduct of international commerce.

All of this construction and all of these plans and programs reflect the fact that the port district of New York accepts with confidence the challenge of the 1960's and demonstrates its willingness to serve in the great efforts that will be expended under the terms of H.R. 11970 in stimulating further America's foreign trade.

For a fuller discussion of the importance of international trade to the great port of New York, I commend the members of the committee to the testimony of the Honorable Austin J. Tobin, executive director of the Port of New York Authority, before the Committee on Ways and Means during the committee's consideration of H.R. 9900. Mr. Tobin's exposé of most of the points which I have just covered is convincing testimony of the vital necessity to the welfare and well-being of the people of the city of New York of a continuation of U.S. international trade on even a larger scale than we have seen in the past.

TRADE READJUSTMENT ALLOWANCES FOR WORKERS

Let me turn now to another part of the bill which has occasioned much discussion. The Ways and Means Committee bill provides for assistance to workers and assistance to firms as part of the set of tools for the President to deal with possible injury to U.S. producers arising out of trade agreement concessions. The record clearly shows that the historic provisions for relief by tariff adjustment, through escape clause actions, are not suited to all cases of import injury. The Federal Government's responsibility for the level of business and the level of employment is better discharged if we provide the President with more tools to deal with these import problems than it would be if we provided fewer or no tools.

We are, of course, confronted here with a trade bill—a bill, as I have described, aimed at liberalizing trade among the nations of the free world. This is not an unemployment compensation bill, an aid-to-distressed-areas bill, a subsidy bill, or any other of the myraid things it has been called.

It is also basic that there are certain tariffs of the United States, which the bill authorizes the President to reduce, which are protective tariffs and which have the effect of limiting imports. The foreign tariffs that we expect to bargain down do the same thing. By restricting imported goods, tariffs operate to protect U.S. firms who produce competitive goods and the jobs of the workers employed by such firms. In essence, the Government is providing an umbrella which protects the firms and workers from competition from imports.

The bill proposes to authorize the President, in the interest of an overall expansion of international free world trade to lower this umbrella somewhat and permit more imports to enter the U.S. market. Similarly it is quite clear that we expect to obtain reductions in tariffs and trade restrictions that "protect" some foreign producers against U.S. exports.

The question is what, if anything, is the Government's duty or obligation to those firms and workers whose operations and employment may be injured by the reduction of this governmental protection.

In the first place, if the firms and workers involved are not seriously injured by the implementation of the national trade policy, then, of course, there is no case for governmental action and the bill provides for no such action. And this circumstance, I feel strongly, will prevail in the greater number of cases where action to relax import barriers will result in increased imports. America's greatness stems from the ability of her workers and industries to meet competition and by ingenuity and enterprise to profit from such competition. And this is so whether the competition comes from across the street or across the ocean. Frankly, Mr. Chairman, I pall when I hear the cries of anguish emanating from those who, apparently, have lost confidence in the greatness of America and the ability of her people to rise to meet any occasion.

Nevertheless, there will be some firms and some workers who may be hurt. What should we do for them? Or, should I say, what are we obligated to do for them? The latter, of course, is to the point. Having set up the fences which we now propose to lower or remove, we have the obligation—in equity and good conscience—to assist these affected firms and workers in meeting the new situation which the Government will permit to come about.

Now, as to the workers who may be hurt, what does the bill propose? A handout? No. A system of relief? No. A concrete approach to enable these workers to adjust to import competition? An emphatic "Yes." Could the Government do less than this?

We must not lose sight of the fact that the bill authorizes adjustment assistance to workers whose industry is seriously injured by imports. The bill does not propose to distribute worker assistance or firm assistance broadside. It is required that there be a finding by both the Tariff Commission and the Executive that the injury or threat thereof is serious and resulted from increased imports which in turn resulted from trade agreement concessions. As a practical matter, I might make the point that it will not be in the interest of the administration to overexaggerate the import employment problem in order to pay out more worker benefits.

Workers entitled thereto will be given an adjustment allowance which will be geared to a training program. The allowance will be 65 percent of their weekly wage or the national average manufacturing wage, whichever is lower. In most cases, this allowance will be accompanied by an intensive training program which will be aimed at getting these workers trained in skills which will enable them, in as short a time as possible, to take their rightful place in the economy. Contrast this to the fact that unemployment compensation is geared to the needs of the temporarily unemployed worker and we immediately see the important differences. These allowances are readjustment payments, not unemployment compensation. They are paid, not to tide a worker over a lull in his employment but, to assist him in attaining new skills and talents to be applied in a new job.

In most cases, this will involve a permanent adjustment and not a temporary interruption in the practice of the worker's old skills. Many import-affected workers will have little prospect of returning to work with their former employers or of finding another job in the same industry or one that utilizes the skills they possess. This situation means that the adjustment of such workers will be more prolonged than that of the average unemployed worker and creates a special need for retraining.

Regular unemployment benefits are not intended to be a mere relief program for the prevention of destitution but they are intended to be related to the worker's ordinary standard of living. The precise level of unemployment benefits in State programs is usually analyzed in terms of postponable expenditures and the duration of unemployment benefits is related to a period in which a worker should be able to get a job if he is seriously trying to find one.

A longer duration of benefits is necessary not only in view of the greater difficulty of finding new employment but also to accommodate a period of retraining. This longer unemployment period itself raises problems of the benefit level. For a short period the purchase of some items can be postponed. This would be true, for example, of clothes but during a long period of unemployment some of these alleged postponable expenditures shift to the necessary category. During the longer period, the worker's own resources become depleted and he has less to fall back on to supplement the ordinary level of State unemployment benefits.

In these circumstances, a basic benefit rate of 65 percent of the weekly wage is proper. It must be remembered that the worker will be denied even this benefit if he refuses training without good cause and it is the intention of this program to provide the worker with such training that he can become again a highly productive citizen. The employment problem will not be solved if workers refuse training with the thought that they can get equivalent benefits by remaining on the State unemployment insurance, supplementing this with occasional weeks of employment in relatively low-paying jobs.

Normal unemployment compensation benefits applied to workers affected by trade will fall far short of meeting the nonpostponable expenditures of these workers, particularly in view of the extended duration of unemployment during retraining.

It is intended in the general concept of the committee bill that trade adjustment assistance is to be a real alternative to tariff adjustment. It has been clear in the past that in some situations where the Tariff Commission has found injury to an industry both Republican and Democratic Presidents have found tariff adjustment to be an inadequate remedy. While the committee bill preserves the possibility of tariff adjustment, we want to provide another remedy that will be a real alternative. This real alternative will not be provided by a provision that workers affected must rely on the normally available unemployment insurance benefits even though these benefits might be quite inadequate to their problem.

At this point let me make it clear that the trade adjustment provisions of H.R. 11970 are not an attempt to federalize the unemployment compensation system. In fact, the report of the Ways and Means Committee states emphatically that adjustment assistance for workers has not been proposed to establish a precedent in the unemployment compensation field. Instead it is only intended as an alternative to the job protection now afforded to workers through the medium of tariffs.

As President Kennedy has said, trade adjustment assistance "is a constructive, businesslike program of loans and allowances tailored to help firms and workers get back into the competitive stream through increasing or changing productivity. Instead of the dole of tariff protection, we are substituting an investment in better production."

Under these circumstances, workers should be afforded adequate assistance to make the necessary adjustment.

Besides those points I have already made, State unemployment compensation laws do not cover all persons who may be unemployed as the result of import competition. For example, almost no agricultural workers are covered by such laws and many employees of small firms are not covered.

Since assistance in addition to that generally available to workers is required for an adequate adjustment to imports, H.R. 11970 includes provisions to insure that the additional assistance would only be provided to those clearly entitled to it. For that reason the bill contains detailed provision for identifying import-affected employment. It also establishes eligibility standards calling for a length of attachment to the labor force and to import-affected employment which are much stricter than any existing in State unemployment compensation laws. Incidentally, this concept of stricter standards for higher benefits is one frequently followed by the States. Moreover, in line with its emphasis on training, the Trade Expansion Act disqualifies workers from receiving trade readjustment allowances if they refuse training, to which they have been referred, without good cause. Such a disqualification from unemployment compensation for refusing training exists only in the laws of three States.

When a duty is maintained and U.S. workers and firms are sheltered by the protection such duty gives, the Government, in exercising its unquestioned right to reduce or remove such duty ought not to be indifferent to the consequences flowing therefrom. We have an obligation to those whom we protected to assist them in making an adjustment to new conditions in as smooth a manner as is possible. The bill, H.R. 11970, recognizes this obligation and meets it with a positive, constructive approach. I urge the members of the committee to reject any attempt to shirk from this responsibility.

We would be unrealistic in thinking that we can deal with these problems by never reducing tariffs where there might be injury to U.S. workers. Despite the presence of a peril-point machinery and an escape-clause machinery, there has in the past been injury to U.S. producers.

The bill preserves all of the procedures for peril-point and escape-clause actions. Without sacrificing these, it supplements them. This supplement is required in justice.

TRADE ADJUSTMENT ASSISTANCE FOR FIRMS

Mr. Chairman, as you know, firms which have been found to have undergone serious injury, due to increased imports resulting from a trade-agreements concession would be eligible for assistance from the Federal Government in three forms:

Loans by the Government, or Government guarantees of private loans.

Technical assistance of a variety of sorts—market analyses, management and efficiency studies, research and development of new products or techniques, and the like.

Tax assistance, in the form of an extension of the present "loss carryback" period from 3 to 5 years which will enable some firms to obtain a refund on their past tax returns to cover current losses.

I am convinced that firms which have experienced serious injury as a result of trade agreements concessions deserve some sort of special assistance by the Government. For their injury has proceeded directly from deliberate action taken by the Government—action which is designed to benefit the national economy as a whole, but which at the same time may possibly bring certain ill effects that fall upon a few firms or industries. As the President has said in connection with this bill, no one ought to be sacrificed to the national interest. The burden of economic adjustment to new conditions of expanded world trade should be borne in part by the Federal Government.

In the course of future trade agreements, as we lower certain of the walls of tariff protection which our domestic firms have become accustomed to, I believe we should be prepared to assist in the adjustments which national trade policy may make necessary. That is the role of the new adjustment assistance program.

This program has avoided some of the special dangers which Federal assistance might under other circumstances invite. It is constructive in purpose and tailored to meet the particular problems faced by firms challenged by import competition. Yet it has been drawn up on a businesslike, realistic basis: no assistance will be furnished a firm until its eligibility has been carefully scrutinized and unless its prospects for successful adjustment are reasonably good. All financial assistance will be on a repayable basis. There are no outright subsidies in this program—even loans are granted only for a limited set of constructive purposes.

The types of assistance have been limited to those most useful in the promotion of successful adjustment of a business enterprise. To appreciate this point, it is necessary to look at some of the forms which adjustment may take.

It may be possible, first of all, for a firm to modernize its productive methods and thereby achieve a degree of efficiency that enables it to meet foreign competitors' prices. New, automated equipment or a reorganization of the productive process or a new approach to marketing and distribution—all these may resurrect the firm's competitive strength.

A firm which produces several product lines and is faced with import competition in one or more of them may be able to switch its "product-mix," emphasizing those products which are least vulnerable and thereby eliminating the injury.

Alternatively, such a firm may want to improve its product or develop an entirely new product in order to compete successfully. A good example of this is a southern wood products company which recently began to feel the competitive pinch of hardwood lumber from the Far East. After a careful analysis of the problem, the firm developed a new product—a type of flakeboard—which has met with much success.

Companies which are faced with import difficulties and are contemplating adjustments such as these will have two major requirements: Capital resources to devote to improvements of plant and equipment, and technical expertise and advice in order to devise and carry out the most effective adjustment plan possible. The trade adjustment assistance program in H.R. 11970 would help meet these two requirements.

Liquid capital would be made available to eligible firms in the form of loans on quite favorable terms, or Government guarantees of or participation in private loans whose terms would as a result be more favorable than otherwise. Firms currently operating at a loss due to the effects of tariff concessions could be certified for immediate refunds of past taxes by computing current losses against their tax returns of up to 5 years in the past. This is an extension of 2 years beyond the ordinary 3-year loss carryback provision of the Internal Revenue Code.

Technical assistance would be provided either for the purpose of formulating an adjustment plan or of carrying it out. It would be furnished by Government agencies when appropriate or by private organizations or individuals contracted by the Government for the purpose. The cost of this assistance will be shared by the firm that receives it if this is determined to be appropriate.

This strikes me as an extremely realistic program, which will stimulate creative adjustment while at the same time guarding against unwarranted outlays of public funds. The criteria for eligibility for such assistance are strict: An applicant must satisfy the Tariff Commission that it has experienced, or been threatened with, serious injury resulting from trade agreements concessions. It must satisfy the Secretary of Commerce that its adjustment plan is reasonably promising of success and that the firm will make the maximum possible use of its own resources in the course of adjustment.

Given these careful standards, the program will not be vast. Present estimates are that in the course of the first 5 years of the program, about 700 or 800 firms, may become eligible for such assistance, and that the total cost will be in the neighborhood of $150 million. This is an estimate for an entire 5-year period. I think this is a small price to pay for the benefits to the national economy of expanded trade.

I know that whenever a new program such as this is projected, a great many of us in the House are concerned that unnecessary additions should not be made to the Federal bureaucracy in order to carry out new functions. I share this concern, and I am satisfied that this trade adjustment program would be administered under existing agencies and assistance programs to the greatest possible extent. The Secretary of Commerce, when he has approved an adjustment proposal, would submit it to whatever agency, such as the Small Business Administration, he finds to be best equipped to provide the assistance required, using that agency's regular authority and appropriations. Only if that agency is not prepared to furnish such assistance would the Secretary of Commerce be empowered to provide financial and technical assistance under the provisions of the bill.

Therefore, new assistance authority and new appropriations would be used only after it has been made completely clear that no existing agency is equipped to furnish the needed assistance under its regular program. The trade adjustment program will not, I am confident, engender a large new bureaucratic structure nor will it duplicate existing programs.

Mr. Chairman, in dwelling upon the efforts that have been made to avoid duplication of effort and unnecessary spending under this program, we should not lose sight of its valuable contributions to the vitality and progress of our domestic economy. If we sincerely believe in a system of free enterprise, we must welcome responsible competition from our foreign trading partners. Import competition spurs our own producers to maintain a high technological level and to press for constant improvements in their goods.

The trade adjustment program fits closely into the competitive environment which is essential for the health of our economy. Unlike tariffs which simply erect a protective barrier against outside competition, the forms of assistance which I have just described will assist firms to meet the challenge of this competition and will strengthen their response. Only if the United States maintains its position as a leader of the world in productive talent and technology can we hope to keep our economy healthy and progressive. To a leader, competition should be welcome as a stimulus to continued advance.

I commend the trade adjustment program to you as a strong tool for successfully meeting our competition and for thus helping to accelerate our economic advance.

CONCLUSION

Mr. Chairman, I am certain that in the cold and deliberate calculation of the majority of the Members of this body that we shall not vacillate, we shall not delay, we shall not do that which it is proposed be done on a motion to recommit; namely, vote for a meaningless 1-year extension of the present act. The world looks to us and waits for us to join economically with our friends to show, once and for all, that those things for which we fight and die—the economic principles upon which this country has been founded—are right and will be carried forward. We cannot shrink our duty and responsibility to do that which will make us all stronger and better for the generations to come. I am that optimistic of the need and importance of this legislation, and I am that confident of the wisdom of my colleagues.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. KARSTEN].

Mr. KARSTEN. Mr. Chairman, there are generally two sides to every question, and while there are differences of opinion between the members of the Committee on Ways and Means on this program, our differences are largely a matter of degree rather than of substance. The real opponents of this program are not those who would substitute a simple 1-year extension of the historic trade agreements pact, or those who might let the old law die for a similar period. The real opponents of this program are not those who would amend and strike out the Tariff Adjustments Act; in fact, Mr. Chairman, the real opponents of this program are not signatories to the committee report. This committee report contains six separate viewpoints. But again I say the differences are largely ones of degree rather than of substance.

In order to find minority views which go to the substance of the trade program that we have under consideration I was obliged to call the Librarian of Congress who sent me a copy of Pravda for May 23, 1962. This official Russian publication carried a statement by the Soviet academician, A. Arzumanyan.

It is in the nature of a minority report to the bill we have under consideration here. In view of the length of the article, I should like to read in translation only a few pertinent paragraphs.

This is from Pravda of May 23:

> British ruling circles, having suffered a failure in their attempts to oppose the Continental Six (through) a group of seven small states on the periphery of the Common Market, have raised the question of joining (the) EEC. Their example has been followed by Denmark, Ireland, and Norway. The process of the disintegration of the Seven has begun and is in full swing. The small countries of Western Europe are faced with the threat of being swallowed up by the Common Market, among them the neutrals, which the imperialist powers thus want to involve in the orbit of aggressive military blocs. Attempts are being made to "integrate" and bind to the imperialist chariot some African states—former colonies of the European powers, liberated or on the road to liberation from the colonial yoke.
>
> U.S. ruling circles, which formerly played the role of behind-the-scenes producer of Western European "integration" * * * are also gradually beginning to change their tactics. Encountering competition from "little Europe" * * * they are seeking organizational forms of direct cooperation with the Common Market by means of mutual reductions in customs tariffs. The program of the formation of an Atlantic economic community, put forward by President Kennedy, gives a new scale and new features to "imperialist" integration.
>
> Ruling circles of the United States and the Common Market countries figure that economic "integration" will enable the imperialist camp to attain a higher rate of economic growth. However, calculations that the Common Market is able to solve (the) economic and political problems of contemporary capitalism are built on sand. * * * It is not so much the Common Market which has accelerated the growth of the Western European economy as, on the contrary, the phase of industrial animation and upsurge which lay at the basis of the widely advertised achievements of the Common Market.
>
> Hoping to soften the Common Market contradictions, its organizers facilitate the intensification of tension between East and West. It is not by accident that almost every step on the path of "integration" has coincided with moments of sharp exacerbation of the international situation, and the periods of comparative relaxation and reduction of tension coincided with the eruptions of contradictions in the Common Market. Thus the Common Market is aimed primarily against the peaceful forces of socialism and is very hostile to the cause of consolidating peace and security in Europe and the whole world.

I find Mr. Arzumanyan's comments very pertinent because they reflect the thinking of our real opponents on the European Common Market and our efforts to cooperate with that group, the opponents of our efforts to improve the status of the newly independent nations of the world. Mr. Arzumanyan is concerned because the Soviets know well what has been apparent to American leaders for a long time; namely, that a European system of many small weak nations, each fighting and differing with the other over such things as customs, trade, and tariffs, will be an uncertain partner with the United States in any kind of undertaking, joint, political, military, or otherwise.

Mr. Arzumanyan makes specific reference to the Trade Expansion Act and other developments in Europe. It does not take an expert on the Soviet Union to recognize that Mr. Arzumanyan is saying that the Soviets are deeply concerned about the revitalization of Europe and the prospects this bill holds for bringing the industrial might of the United States in closer association with these European countries through trade and tariff negotiations. The only thing the Soviets respect is strength.

Mr. Arzumanyan and his colleagues know that as we develop and join these European and American markets together, there can be only one result, and that is increased economic strength on both sides. His attack on this program can be considered an endorsement in the negative.

Mr. Chairman, to achieve the dual purposes that we set forth in this bill, the Committee on Ways and Means has proposed, in the legislation, delegation to the President, within lines clearly defined by Congress, authority to negotiate sizable reductions in tariffs, and the elimination in some cases, in return for commensurate and mutual benefits to ourselves. This negotiating authority is but one part of the proposal before us. The other part, and I regard it with equal importance, is the section dealing with trade adjustment assistance. In my opinion, we must retain both sections of this bill.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. On the subject of trade adjustment assistance, apparently this title was written into the bill with the avowed purpose, knowingly, that some businesses are not going to be able to survive and will fall by the wayside; is that not correct?

Mr. KARSTEN. The Committee on Ways and Means realistically approached this problem. The purpose of this bill is to stimulate trade both ways. It is going to affect some of our domestic industries from the standpoint of higher import competition. The trade adjustment assistance provisions are designed to assist those industries and workers who might be affected by the increase in imports.

Mr. WAGGONNER. Then, assuming some are going to fall by the wayside, could you tell me exactly which industries are going to be given the ax?

Mr. MILLS. Mr. Chairman, will the gentleman yield at that point?

Mr. KARSTEN. I yield.

Mr. MILLS. There is no one that could answer the question asked by the gentleman from Louisiana, because it is not the intention anywhere along the line that there be any purposeful giving of the ax to anybody or to any industry.

If, however, we had a bill in here that did not offer some degree of assistance one way or the other to the people who were injured, there would, I think, be a whole lot more complaint being made on the floor of the House than there is being made. This same arrangement has been developed within the European Common Market by those countries offering this type of assistance, and as they cut their duties completely between countries, they did this thinking there might be some injury. But, there has not been. There has not been any need of it there, and there may not be any need of it here.

Mr. KARSTEN. Furthermore, as to this program of Government assistance, it has been charged that this trade adjustment program is an attempt on the part of the Government to permanently intervene in the private sector of our economy. Now the fact is that the program goes in the opposite direction. After the adjustment has been made, this very provision will enable the Government to get out of our private economy. The alternative to adjustment assistance would be increased tariffs and quotas. Tariffs and quotas in themselves are a form of Federal control. They are a long-term form of Federal control in that they furnish no incentive or impetus for the industries to go out of their dependence on protection. I think between the two the choice is clear, and these adjustment provisions are an improvement in our trade laws.

Mr. WAGGONNER. Perhaps the expression "given the ax" was a bad one, but the point I make is this: If we do not know exactly which businesses are most likely to fall by the wayside, by reason of this tariff adjustment, then there is a certain amount of legislating in the dark here, and we cannot help but understand that the small industries of this country must have a certain amount of fear, realizing that they might come under this category.

Mr. KARSTEN. Admittedly there is a degree of uncertainty in some areas, but I believe the trade adjustment sections which are incorporated in the bill will go a long way to alleviating the situation to any small business that is affected.

Mr. MILLS. Mr. Chairman, will the gentleman yield further?

Mr. KARSTEN. I yield.

Mr. MILLS. I am sure that the gentleman from Missouri has, as the rest of us have, received letters from people complaining about the bill that would lead you to believe that the bill itself is reducing duties.

Mr. KARSTEN. Nothing could be further from the actual fact.

Mr. MILLS. That is right. The bill itself does not reduce any duty at all. It does authorize the President to do so on a reciprocal basis, and only after he has had the benefit of public hearings, not just one set of hearings but two.

Mr. HOSMER. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield to the gentleman from California.

Mr. HOSMER. The gentleman mentioned the people who are likely to be hurt, and there are estimates of 8,000 being thrown around, and there has been mention made that really it will be a benefit by increasing exports by some of them.

Mr. KARSTEN. Let me respond. Our exports last year amounted to $20 billion. The purpose of this bill is to increase them. That means exporting and expanding. The purpose is to increase those exports, and if we can export $3 billion more next year, we will be that much further ahead in the matter of jobs.

Mr. HOSMER. What kind or type of exports would be subject to increase by this type of an arrangement?

Mr. KARSTEN. I think the whole gamut of exporting industry will be subject to increase under this bill, and possibly some that do not now export.

That is the purpose. It is the objective of the legislation to increase exports.

Mr. HOSMER. If the gentleman will yield further, obviously you are going to increase the exports of those people who are going to be hurt and go out of business and lose jobs.

Mr. KARSTEN. That industry, of course, is not going to export, and some firms probably will discontinue manufacturing here. There is no question about it. Some of them will.

Mr. HOSMER. Will agricultural products, industrial products, or electronics products be affected?

Mr. KARSTEN. It is estimated that there would be a dislocation of about 18,000 people a year over a 5-year period. I cannot identify those industries. I do not believe anyone at this point could do that, but there will be some dislocation. The purpose of the trade adjustment section of the bill is to try to assist those people. Instead of providing a tariff at the expense of the consumers, the objective of the trade adjustment section is to provide a program to enable these industries to rehabilitate themselves in a regular way and again become competitive.

Mr. HOSMER. If the gentleman will yield further, I understand that. But I was trying to pinpoint somebody who would be helped in the United States in connection with making exports to the nations of the European Common Market.

Mr. KARSTEN. The entire economy of the United States is bound to be affected and helped by an increase in exports.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield to the gentleman from Arkansas.

Mr. MILLS. In answer to the question of the gentleman from California [Mr. HOSMER], I doubt that anyone could with any degree of accuracy say that this particular industry would increase its exports as a result of the passage of this bill. Frankly, we do not know what type of negotiations can be carried forward under the authority here. We do not know how much duties can be reduced abroad in turn for reductions here. Those things would have to be determined before anyone could know just which particular industry would be the principal gainer from this. But there are those who speak for agriculture, there are those who speak for industry, who are very strongly in favor of this program, because they feel that the program will lead to increased exports of agricultural products and increased exports of industrial products. Certainly, we know that if we did not have access to these markets in the future, as we have had in the past, and if someone has an advantage within those markets, there will be less opportunity for us to compete.

Mr. HOSMER. I thank the gentleman for yielding.

Mr. WHITENER. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield to the gentleman from North Carolina.

Mr. WHITENER. The gentleman mentioned the figure of 18,000. Yet we are told that no one knows what industries will be affected. How does this figure come about?

Mr. KARSTEN. That was a statistical estimate that was furnished to the Committee on Ways and Means by the Department of Labor.

Mr. WHITENER. If the gentleman will yield further, in section 302 of the bill, subsection (a)(2), it says that with respect to industry, its firms may request the Secretary of Commerce to certify their eligibility for adjustment assistance. Subsection (a)(3) says that workers in the industries may request the Secretary of Labor's certification of eligibility to apply for adjustment assistance.

Does the gentleman conceive that we could have a situation where the Secretary of Commerce would be unwilling to recognize that an industry had been damaged by imports, and have the Secretary of Labor, on the other hand, ruling contrariwise as to the problem?

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield to the gentleman from Arkansas.

Mr. MILLS. The gentleman from North Carolina is referring to section 302 on page 31 of the bill. This provides for Presidential action following an industry finding of injury by the Tariff Commission. If the Tariff Commission determines—and it should be understood that the Tariff Commission must find with respect to the firm or the employee on the application of either or both that the industry's difficulties, the firm's difficulties, the employees' loss of jobs, is due to increased imports of an article which are due to a trade agreement concession.

In other words, a worker's unemployment must be related directly to this import situation and so found by the Tariff Commission. When the Tariff Commission tells the President that an industry is injured, then the President may provide first with respect to the firms that the Secretary of Commerce may certify the eligibility of that firm to apply for whatever adjustment assistance is available for firms. The President may also provide that the Secretary of Labor may certify groups of individuals in the industry as eligible to apply for adjustment assistance.

In other provisions of the bill, the firm seeking assistance has to develop an overall plan, and the Secretary must find that the assistance requested would meet certain tests. The firm may not be able to develop such a plan. Even in this case it is entirely possible that the Secretary of Labor could find that the employees themselves could qualify and they would be given some benefit. Both could qualify, or the situations could be in reverse.

But there is no opportunity for the Secretary of Labor to say that the workers in this industry are not entitled to this assistance program because they have not become unemployed as a result of imports. The Tariff Commission has done that.

Mr. WHITENER. Then are we to understand that once the Tariff Commission makes that determination any discretion on the part of the Secretary of Commerce and the Secretary of Labor is dissolved?

Mr. MILLS. That is not what I said at all. The discretion on the part of the Secretary of Commerce is with respect to the application and approval of the application for a specific firm when the Tariff Commission has found injury in the industry. There are certain standards set forth in the bill which must be met. It must be established that this firm has sustained or is threatened with serious injury by the increased imports which the Tariff Commission found to be affecting the industry. The Secretary also must be convinced that this particular loan applied for will accomplish the objective and purposes sought by the firm. There is the discretion. But there is no discretion on the part of the Secretary of Commerce in this instance to say whether or not this industry is in this condition because of imports. That is a decision made by the Tariff Commission. There is a long chain of events that follows wherein there is room for the exercise of discretion by the Secretary of Commerce with respect to the loan. They may turn him down, they may say that they do not qualify for the loan for some other reason.

Mr. KARSTEN. It is incumbent upon the firm to come forward with a plan and meet the standards set out; otherwise they would not get assistance.

Mr. MILLS. Exactly.

Mr. WHITENER. Mr. Chairman, if the gentleman will yield further—I think this is an important area of inquiry.

Is it the intent of the committee and of the author of the bill that this assistance for workers may apply to 1 worker or 10 workers; or is it the intent that there must be a finding that an entire plant or an entire segment of a particular industry has been adversely affected by imports?

Mr. MILLS. Mr. Chairman, will the gentleman yield further?

Mr. KARSTEN. I yield.

Mr. MILLS. There may be a plant using 100 employees, let us say, making 10 different articles in different subdivisions. The import that is hurting is with respect to one article. There are 10 employees who are discharged because the plant discontinues making that particular article. They cannot be absorbed in the production of the other articles. Those employees could be found by the Tariff Commission to have become unemployed as a result of imports of that article on which, of course, there had been a concession made by our country some time or other under a trade agreement.

Mr. WHITENER. Mr. Chairman, will the gentleman yield further?

Mr. KARSTEN. I yield.

Mr. WHITENER. May I give a specific state of facts? Let us suppose a textile yarn mill—and there are many of them—is in the production of both synthetic, or manmade, fiber yarns and cotton yarns.

If the imports affect cotton yarn by reason of the shipping in of finished apparel from abroad and stop off the cotton yarn section of a particular plant or take out just some of the employees, how do we contemplate that the Tariff Commission and the other agencies involved will resolve this question of whether the shipment of combed yarn cotton shirts from Hong Kong has caused a cotton yarn worker in a plant making cotton yarn alone and not the finished fabric or the finished shirt to be affected?

Mr. KARSTEN. This is a question of statistical information in the first place, the gathering of facts.

Mr. MILLS. The Tariff Commission would be faced with the determination of whether or not there was this direct causal relationship between trade concessions and imports of an article "like or directly competitive with" a domestic article. If the direct causal relationships between the concessions and the imports of a "like or directly competitive" article, and between these imports and the unemployment of the workers the gentleman has described is found by the Tariff Commission to exist as a fact, then there would be the relief provided in that case, but there must be those direct causal relationships.

Mr. WHITENER. So they would follow the manufacturer all the way down to the yarn level?

Mr. MILLS. If there is this direct causal relationship, and if there was the competitive relationship as defined in section 405 of the bill, they would have to reach that conclusion.

Mr. WHITENER. With reference to the cotton farmer, recently the Department of Agriculture has filed a section 22 application before the Tariff Commission in which it took the definite position that our cotton export program had been adversely affected by reason of the importation of cotton textiles from many points of the globe. Other agencies of the Government apparently do not agree with the Department of Agriculture. Is this relief-for-workers provision in the bill sufficiently comprehensive to assist a cotton farmer in Arkansas or North Carolina or Mississippi or California?

Mr. MILLS. First I should say that nothing in this bill affects, in any way, past, present, or future, proceedings under section 22 of the Agricultural Adjustment Act.

Under the tariff adjustment or other adjustment assistance proceedings dealt with in the bill, however, a farm proprietor could be eligible for firm assistance and a group of farm laborers could be eligible for worker assistance.

There has to be the causal relationships I pointed out. In any case that my friend from North Carolina can describe, there must be the direct showing and the finding by the Tariff Commission that this particular import of a like or directly competitive article on which there has been a concession granted has caused this group's unemployment. That is the Tariff Commission's job. They have been looking into these things of injury all along. We thought the Tariff Commission was better qualified in this instance to reach that conclusion than would be the Department of Labor, say, or with respect to the firm, the Department of Commerce. So we have put the onus upon the Tariff Commission to reach this conclusion. It is a difficult job, we must admit, but you know and I know that if we do this there must be a finding of relationship between this man's loss of job and these imports.

Mr. WHITENER. I apologize for imposing upon the gentleman, but I am to understand, am I, that if this farmer in your State or mine was affected by imports the Department of Agriculture, satisfied that he had been injured, would then have to go before the Tariff Commission and have the Tariff Commission agree with the Secretary of Agriculture, but if it were a worker in a production industry the Secretary of Labor would not have to go through that procedure?

Mr. MILLS. No, we said just the reverse. In every instance when a firm or employees want this assistance, whether or not they are in farming, they have to go to the Tariff Commission with an application.

The Tariff Commission must find this causal relationship between their difficulties and these imports. There is no discrimination whatsoever. It applies across the board in all instances.

There is this situation, if the Tariff Commission finds this entire industry is affected, that there is serious injury throughout this industry, upon the basis of that kind of finding, firm A, a part of that industry, which has already been found by the Tariff Commission to be injured, would not have to go back for another proceeding through the Tariff Commission. All of this is different from section 22 proceedings involving, say the Department of Agriculture, which are not directly concerned with injury to firms or workers.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield to the gentleman from Iowa.

Mr. GROSS. Earlier this afternoon, the gentleman from Tennessee [Mr. BAKER] said that a minimum of 80,000 Americans were unemployed as a result of imports up to this time. My question is: From what industries do these unemployed come?

Mr. KARSTEN. I do not believe we have that information. I believe the gentleman from Tennessee was referring to the approximately 80,000 who might in the future be put out of work, if this bill becomes law, by increased import competition.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield to the gentleman.

Mr. HOLIFIELD. First, I would like to compliment the gentleman on the statement he has made and the many facts he has brought out here. Along with others who represent areas where there are a great many workers, of course, I am interested in the problem of the displacement of workers. The figure, as I understand it, that the gentleman has given, is that approximately 18,000 a year over a period of 5 years, which would come to 80,000 or 90,000 workers, might be displaced by increased imports resulting from concessions made under the authority of this bill; is that correct?

Mr. KARSTEN. That is correct, yes.

Mr. HOLIFIELD. Now let us look at the other side of the picture. As I understand it, with our exports of about $20 billion, we have provided jobs through foreign trade for 4.1 million workers; is that correct?

Mr. KARSTEN. I think that is the figure, as I recall it.

Mr. HOLIFIELD. Of that, I understand, about 3.1 million are jobs attributable to exports, farms and industry itself and about 1 million are jobs attributable to imports, including jobs in the transportation and trucking business of various kinds. Are those the figures?

Mr. KARSTEN. Those are the figures substantially, as I recall.

Mr. HOLIFIELD. Of the same $15 billion of imports, as I understand, there is only about one-third of those imports that is in competition with the manufactured articles or food produced in the United States; is that correct?

Mr. KARSTEN. That is my recollection—most imports are absolutely not competing at all.

Mr. HOLIFIELD. In other words, about $10 billion of the $15 billion is not competing at all.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield to the gentleman.

Mr. MILLS. The figures I have seen are these. Of the $15 billion, about $9 billion is not competitive in that we do not produce like or similar articles here. There is about $6 billion of the $15 billion that may potentially cause injury competitively in that it replaces an article that we produce or something like it.

The **CHAIRMAN.** The time of the gentleman from Missouri has expired.

Mr. MILLS. Mr. Chairman, I yield 5 additional minutes to the gentleman.

My friend, the gentleman from California has put his finger on a very important consideration. Actually, in my opinion, it is not correct to measure merely the total of our exports of $20 billion against the total of our imports of $15 billion in determining anything except, perhaps, this factor as to the balance of payments. I really like to think, from the economic point of view of the effect of foreign trade, in terms of a comparison of $20 billion of exports not with the actual dollars that go abroad but against the $6 billion of payments for products that come in that can be considered competitive with American products. So the $9 billion is not by any stretch of the imagination in the competitive picture.

I am going to put these figures in the RECORD. For example, the $9 billion is made up in part like this.

One and one-quarter billion dollars of it is tea and coffee. Three quarters of a billion dollars of it is in newsprint, and they do not produce all the newsprint in this country that we need. Some $300 million of it is in diamonds and other precious stones, and things like that. These are examples that go to make up the $9 billion that I do not consider to be competitive with American products. I think those figures can be clearly substantiated.

Mr. HOLIFIELD. And is it not true that when we look at the 18,000 a year over 5 years, the estimate of displacement that we have got to bear, that in relation to the 4½ million that obtain their employment from foreign trade, and also the anticipated increase in exports which we believe this type of approach will bring about—so it is entirely possible that the 4½ million jobs directly related to foreign trade will increase in number far more than the 80,000 we would lose in the affected competitive industries?

Mr. MILLS. The gentleman is right; in fact, there are two sides to this thing of goods brought into the United States and exports, those things that would not otherwise be produced here if it were not for the export market. We are creating American jobs. That is true. There is a substantial difference between the employment created by $20 billion that is sent abroad versus the employment involved in the $6 billion that is competitive that we might have here in the United States if we did not import that $6 billion. That is what I am thinking about. Certainly in balance no one, I believe, could ever prove, certainly not to my satisfaction, that in balance between $20 billion and $6 billion that there is not more employment involved in the development of this trade.

The question was asked how they got this estimate of 18,000 people. That estimate was developed by the Department of Labor and the Department of Commerce entirely upon the industries, the particular businesses, that had applied to the Tariff Commission for some form of assistance, so I am told. They look to those industries to determine what might be this caseload under this program per year if it is enacted.

Frankly, you and I know these are only good guesses. There may not be a soul, there may be 18,000, and there may be 28,000 displaced; we do not know, because we do not know all that will take place. We cannot predict the extent to which the negotiations might be successful.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield.

Mr. COLLIER. The thing I cannot understand in title III of this bill is this: If we are prepared to export the job of an American worker, as we undoubtedly must do in this bill, then by what yardstick of reason or justice do we decide we can export it at 65 percent of what his earnings are? If there is justification for paying him 65 percent of his salary is there not the same justification for paying him his full salary?

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield.

Mr. MILLS. The point was raised in the committee in the course of the hearings that 65 percent was not enough. The way we look at this thing—I think I am right in the conclusion I reached—if we do not take action under the sovereign power of Government we are enacting here empowering the President to use; namely, lowering the rates, if we do not do that, this individual is left with his job, is he not?

Mr. COLLIER. My question is, Why is it 65 percent?

Mr. MILLS. He is left with his job. A case could be made, perhaps, for higher benefits. I do not think we wanted to go that far, to give him the full amount of his average wage because we had displaced him by Government action. I thought that what we should do was to put some limit here particularly since we are also providing valuable training. We provided 65 percent of his full wage. But it cannot exceed 65 percent of the average manufacturing wage, which I understand will be about $61 at the most.

Mr. COLLIER. If we condemn a man's home in the public interest, then you pay the market value for his home. You do not take the market value and reduce it by 35 percent and say that is what he will get, if there is any justification in the first place.

Mr. MILLS. This is not the same. It may be a comparable situation in the gentleman's mind, but it is not so. This is viewed by me and by the majority of the committee as a temporary device to help in the adjustment of this individual who has lost his job as the result of action taken by a sovereign power in cutting the duty down. That was necessary to the preservation of his job, to try to get him qualified within this period of time to assume some other kind of job for which his services are required and needed.

Mr. COLLIER. In the event that someone is displaced and he receives 65 percent of his salary, based upon what has been said here, and I think the distinguished chairman said this, we have absolutely no idea how many people are going to be displaced as of right now. It is something that is in the dark.

Mr. MILLS. Let me ask the gentleman if in this particular kind of case my friend does not think the Government should have some concern about what happens to this individual?

Mr. COLLIER. I have a very deep concern. I am concerned about the 35 percent we are not giving him.

Mr. MILLS. Do not vote against this bill because it is held at 65. The 65 is better than nothing. It is not as good as the gentleman's suggestion of 100 percent, but it is better than nothing.

Mr. COLLIER. I am trying to find the yardstick of diligence and reason.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield to the gentleman from Massachusetts.

Mr. CONTE. Let us take the hypothetical case the chairman gave. You have 100 employees. Ten are displaced because of imports. They will be entitled to this title III assistance, provided it goes through the Tariff Commission. They will be paid up to $65 each. Assume that in that particular industry another 10 employees are laid off because of lack of work. In Massachusetts they could collect a maximum of about $40 a week.

Mr. MILLS. I think you have to draw a distinction.

Mr. CONTE. I think that you are going to make first-class employees on the one hand and second-class employees on the other hand.

Mr. MILLS. There is no discrimination here. You have action taken by the Government deliberately which supports the trade readjustment allowance.

Mr. CONTE. I have a brief example. I have a defense factory in my hometown. The Government canceled a defense contract.

Mr. MILLS. That is different. The Government in that case is acting as a contractor and any businessman knows that protection of jobs and rights under the contract are matters which can, and are, covered by the contract. If a producer chooses to enter a contract, he accepts the risk of cancellation. The gentleman knows that when the Government enters the contract field it is not using sovereign power.

It is subject to all of the rules of contract law and as such has all the rights of a contractor. When the Government enters the contract field it acts as does any other contractor and cancellation of contracts is a normal business hazard which exists in all contract fields. When the Government awards a contract to one plant and not to another, the Government has no obligation to the plant which did not get the award. By the same token, it has no obligation to the workers of this plant. Every contract award or cancellation brings with it joys on the one hand and disappointment on the other. Assistance in the case of removal of tariffs can be justified, because this condition arises through Government sovereign action, taken in the public interest, to lower tariffs and thereby take a job away from this man. The sovereign has seen fit to remove a tariff which it placed on an article to protect the job. In all equity and good conscience it must take steps to make the affected worker's adjustment to the new competitive conditions created by its own acts as easy as possible under the circumstances.

There is a difference, therefore, between the two cases you cite and I believe the approach in the bill is justified by the difference.

Mr. CONTE. I do not know how I can explain this to my workers. We had a contract in my district which was not renewed. The people are unemployed. The Government took this contract away, yet on the same assembly line you could conceivably fire people because of imports and their compensation would not necessarily be the same.

Mr. MILLS. Let me ask you this: Do you want—at least I do not want—to go back to the people in your area and say to them that where the Tariff Commission finds that they have been displaced because of a reduction in the duty, the only thing that we have empowered the President to do is to adjust the duty upward? Do you want to tell them this when the history of the escape-clause provision shows that on relatively few occasions has any President, Democrat or Republican, used tariff relief. Now, this authority is used, more than likely, when an entire industry is affected. But it is not used when less than an entire industry—one firm, or a group of workers are injured. Now, all we have done in H.R. 11970 is to give the President an additional tool to use. In the event a mistake is made and some firm has been injured or some group of employees thrown out of work, I would rather have this provision for adjustment assistance available. I will take my chance on explaining to my folks why we do this in this manner and why we do not take care of the other fellow who has lost his job for some other reason. I may have difficulty in explaining it, but I think I would have more difficulty in explaining my support of this legislation where there is a loss of a job due to action taken thereunder and nothing at all is done.

Mr. CONTE. I appreciate the chairman's explanation. But I think when a father of four or five children, whether he loses his job because of imports or whether he loses it because of lack of work, is unemployed, you are going to have a difficult time explaining that one should get $65 a week and the other $40.

Mr. MILLS. The figure is $61—and, of course, that is not an average amount that workers will get. It is a ceiling. Many of these people who will be involved are receiving a lot less wage than the average national manufacturing wage.

Mr. CONTE. Likewise, unemployment compensation of $41 in Massachusetts is a ceiling. Some get less.

Mr. MILLS. That is right.

Mr. MacGREGOR. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield to the gentleman from Minnesota.

Mr. MacGREGOR. I direct my question to the gentleman from Missouri or to the Chairman. I would like to pose this situation. Assume two small manufacturing plants in Minnesota, the Third Congressional District, manufacture shoes. They have small operations. The tariffs are lowered. One company sees the handwriting on the wall and it initiates a program of retooling, and during that process of perhaps 6 months its workers are laid off. But, it is looking into the future to give work to its employees, and it develops another type of operation. Company B does nothing. Are the employees of company B to be treated more favorably than company A employees?

Mr. MILLS. I call the attention of my friend from Minnesota to the fact that the company that retooled and laid its employees off for this 6-month period may be doing that, of course, to improve its competitive position and if it does this when the tariffs are lowered and there is nothing else involved such as increased imports, those employees were not laid off as the result of imports.

In the other case you gave an example where imports were directly responsible for the layoffs. With respect to the second firm, all other necessary factors being present, those workers would be eligible for assistance.

But who is to say which group of workers—those in plant A or plant B—are better off. Maybe the retraining of company B's workers will not be as beneficial as the action taken by firm A, because the latter firm might get itself more competitive quickly and its men will have jobs which may be more secure.

That is the purpose of assisting firm B—to be more competitive. If we do not do what we are talking about doing here, and firm A is the only one which rises to the occasion and gets itself into a competitive position, the workers of firm B are not going to get anything except whatever they might be entitled to under the unemployment compensation law of the gentleman's State.

Mr. MACGREGOR. Let us assume, if we may, that it is an industrywide injury, as it would be in the shoe business.

Mr. MILLS. If it is an industrywide injury, it is my thought that the course of action to take where appropriate is the adjustment of the duty. It is true that this bill does not require the President to do that. The discretion is with the President as to whether or not he would follow a recommendation of the Tariff Commission. But where the Tariff Commission finds injury across the board in an industry, it must find the level of duty which would relieve that injury and the President has the authority to put it into effect. If the President fails to do this, the Congress can require such action by a majority vote.

Mr. Chairman, the difference here, as I see it, is in a tariff-reduction situation, the Government's use of a sovereign power takes away from an individual a prop which sustains his job. The tariff is reduced because we think evidently it is in the national interest to do it. We are taking away from him support for 100 percent of his weekly wage. Now, will we do nothing for him?

Mr. MACGREGOR. If the gentleman will yield further, why not do the same for him that we do for other employers?

Mr. MILLS. Not where the sovereign power of the Government has nothing to do with it, and I do not believe the gentleman would want that.

Mr. MACGREGOR. This is the situation as I see it: Let me pose a hypothetical question. If we treat the employees of company B more generously than the employees of company A, it seems to me that we are passing legislation here which discourages a company from using its own initiative to solve its own problems in a particular area.

Mr. MILLS. No; if I thought that, I certainly would not be for it.

Mr. MACGREGOR. That is the way it seems to me, Mr. Chairman.

Mr. MILLS. I can assure the gentleman that that is not my thought. I believe I have explained that our objective is to assist those who want to be helped. If they want to become competitive, and have the means on their own to accomplish this end, they will not wait for the Government to assist them, they will do it on their own.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. KARSTEN. I yield to the gentleman from California.

Mr. HOLIFIELD. Mr. Chairman, I have studied this bill very thoroughly—the committee bill—and I intend to support the bill.

Mr. Chairman, I am glad to have an opportunity to speak in support of H.R. 11970. This is a bill that merits the support of all on both sides of the aisle because of what it will do to strengthen our economy at home and to help us achieve some of our most important goals in our relations with other countries. As the President put it in his trade message to Congress last January:

> Enactment of this measure will benefit substantially every State of the Union, every segment of the American economy and every basic objective of our domestic economy and foreign policy.

First let us look at what H.R. 11970 means to our domestic economy. We are the greatest trading nation in the world. We prosper because of what we sell to the world and we prosper because of what we buy from the world. In no small measure, the high living standards of the American people are due to our exports and our imports. H.R. 11970 will help us move forward and share even further in the prosperity resulting from expanded international trade. The measures it affords for attacking trade barriers around the world will provide increased opportunities for our exporters. It will open up new opportunities for our farmers, our manufacturers, and our fellew Americans in every other line of commerce.

H.R. 11970 is a new trade program geared to the realities of the 1960's. We are in a dynamic era in which potential markets for U.S. goods are widening with rising living standards in countries on every continent. If we are to realize the full potential of those markets we must be on the alert to take every measure available to Government to give our suppliers adequate opportunity to compete in those markets. This means that our trade program must aim both to reduce foreign trade barriers and to keep our own producers competitive so that they will be able to win a place in the markets thus opened up to them. The broad program of reciprocal tariff reductions which H.R. 11970 will make possible will help us to achieve both of these aims.

Now let us look at what H.R. 11970 signifies for our aims in the international field. The major strength of the free world is now centered in the countries bordering on the Atlantic. We and our partners across that ocean share a major responsibility for coping with the great problems facing us today—to guard the security of the free world and to help the less developed countries, including newly emerging nations, to achieve a self-reliant status economically and politically. Over us as we exert our best efforts to discharge this heavy responsibility hovers the brooding menace of Communist imperialism, giving utmost urgency to the attainment of our common goals.

The Trade Expansion Act of 1962 will help us to accomplish these ends. It first of all provides a means for negotiating for the mutual reduction of tariff barriers for the general benefit of the free world. There are some who seem to believe that this is intended to be solely a venture between the United States and the European Common Market to the neglect of the welfare of other countries. This is not the intention nor will it be the result. H.R. 11970 contains an integrated set of provisions for a general attack on tariffs in which all free world countries can take part and from which all will benefit. Thus the major tariff negotiations that will be made possible by the Trade Expansion Act will strengthen our relations not only with the Atlantic partnership but with the rest of the free world as well.

Now, I would not for a moment belittle the importance of the Common Market. Its development is of outstanding significance for us, and that fact is thoroughly recognized in the provisions of H.R. 11970. But that bill also recognizes that we have vital relationships with other countries around the world and that these countries, too, play an essential role in free world security. Bear in mind the nations of Western Europe that are not in the Common Market but share our common goals in the Atlantic partnership. Our neighbor Canada is not only our most important single trading partner but is also a partner in the Atlantic community. Across the Pacific, Japan is another important trading partner and a bastion of free world strength in the Far East. And around the world, we find similarly that we share trade and security interests with countries on every continent.

The importance of free world strength and our common security is too obvious to need further comment here. There is less appreciation, I believe, of the importance of free world strength in the achievement of our aims toward the less developed countries. We are already witnessing with gratification the increasing ability and willingness of our more prosperous free world partners to help the less developed countries achieve their aspirations for economic, political, and social progress. Through the joint efforts of all we can help to solve the problems of these less developed countries and enable them to attain the strength to stand alone and resist the lures of Soviet imperialism.

Now I do not believe that there is any disagreement about the need to attain the purposes I have outlined on both the domestic and international fronts. Our differences are not over goals nor are they concerned essentially with the broadened negotiating authority the President needs if he is to achieve them. Our differences pertain basically to the safeguards appropriate to a program for the broad expansion of mutually advantageous international trade. Is it reasonable, I ask, to tie such a program to a narrowly limited safeguard system which contains, in fact, only a single means of protection—the imposition of additional import restrictions if increased imports cause injury to domestic industry?

The proposal to drop the adjustment assistance program from the Trade Expansion Act would leave the same unhappy situation as at present. It would leave the President only an all-or-none remedy. He would have to choose, as he does now, between giving no relief at all or imposing increased import restrictions which provide an immediate panacea for a domestic industry but leave it without any incentive to modernize, to become efficient, to become competitive. He has no other alternative such as the trade adjustment assistance program would give him.

Under this program, he would be able to give prompt and effective assistance to injured firms who want to modernize, to become efficient, to become competitive, and he could, in addition, help affected groups of workers by appropriate means. He could do this, moreover, even where the import injury was not industrywide but was concentrated on particular firms or groups of workers. The increased flexibility provided to the President by the adjustment assistance program is an essential part of the Trade Expansion Act. I caution you, my friends, to think soberly of how you would narrow the safeguards of this bill if you agreed with the proposal to eliminate this essential part of H.R. 11970.

Mr. MILLS. Mr. Chairman, I yield such time as he may consume to the gentleman from Connecticut [Mr. GIAIMO].

Mr. GIAIMO. Mr. Chairman, many opponents of H.R. 11970 have used as a principal argument the contention that the adjustment assistance portions of the bill would be impossible to administer.

While I do not wish to detract from the experience of these critics in any way, I feel it is important to sound out those who actually would be charged with the responsibility of administering this program. Accordingly, Mr. Chairman, I wish to submit for the RECORD a letter I have received from Mr. Joseph J. Gibbons, director of the State of Connecticut's Employment Security Division, replying to my request for comment on the provisions of H.R. 11970 that concern themselves with the adjustment assistance program.

I have great respect for Mr. Gibbon's experience, judgment, and impartiality, and I wish to call his expert opinions to the attention of my colleagues in this House.

STATE OF CONNECTICUT
LABOR DEPARTMENT,
EMPLOYMENT SECURITY DIVISION,
Hartford Connecticut, June 22, 1962.

Congressman ROBERT N. GIAIMO,
House of Representatives,
Washington, D.C.

DEAR BOB: Regarding your letter of June 18, 1962, and my telegram of June 22, 1962, replying thereto, the suggestion that a program of readjustment allowances such as is set forth in H.R. 11970 is difficult or impossible to administer is a familiar one. This problem was raised with regard to unemployment insurance payments to maritime workers in 1943, with respect to servicemen's readjustment allowances in 1944, with respect to unemployment compensation for Korean veterans in 1952, with respect to unemployment compensation for Federal employees, unemployment compensation for ex-servicemen, the Area Redevelopment Act, the Manpower Development and Training Act, and all other attempts by Congress to improve, extend, implement, supplement, or support the concept of insuring against the hazard of unemployment in the American economy. It is the perennial cry of those administrators whose economic predilections cause them to view with distaste any extension of such programs because the very success of Federal participation reflects very seriously on the adequacy of State systems.

It is not truly the difficulty of administering the program that bothers these individuals; it is the program itself. I have always been very much amused to find that, once Congress has had the courage to act in these areas, the very people who have argued most vehemently the impossibility of administering such programs are equally loud, after the event, about their success in doing precisely what they said they couldn't do.

I am aware, of course, that there is a very strong movement to line up the employment security directors against this measure, and I have been subjected to a barrage of propaganda with this end in view. I am distressed at the eagerness of some of my colleagues to participate in this type of pressure group, particularly when a measure is being subjected to political and ideological attack under the phony guise of advice on the difficulties of administration. While I favor forthright solutions to obvious economic problems, as an appointed State official, I would consider it presumptuous on my part to speak for the State of Connecticut as to the overall desirability of the bill or as to its impact on Connecticut; only the Governor has a right to do so. As a citizen of the third district, I am confident that you yourself are best qualified to judge as to the district's and Nation's need for this legislation, and as to its overall quality. But after 27 years experience in the business of administering employment security programs, at all levels, I think I can speak with some assurance as to feasibility of administration, and I can find nothing, after a careful scrutiny of H.R. 11970, which would be difficult to administer, much less impossible to administer.

Sincerely yours,
JOSEPH J. GIBBONS,
Executive Director.

Mr. MILLS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in connection with these remarks, I ask unanimous consent to extend in the RECORD at this point my own explanation of some of the details of the bill which I do not believe have been fully covered yet in the debate in the hope that when the RECORD is available tomorrow Members may take time to read the parts of it, at least, that interest them.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The material referred to follows:

STATEMENT OF HON. WILBUR D. MILLS, OF ARKANSAS

Today this committee on H.R. 11970 begins consideration of a bill which, in my opinion, ranks as one of the most important pieces of legislation to come before the Congress in recent years. Its importance is manifested by the widespread public interest in the subject matter covered by the bill as well as the time consumed by the Committee on Ways and Means in public and executive sessions on this matter. Following 1 month of public hearings where we received the views of persons from all segments of the U.S. economy—industry, agriculture, and labor, the Committee on Ways and Means spent several weeks in executive sessions writing the provisions which are in the bill now before you.

But H.R. 11970 is also intrinsically important because of the promise it holds for the future of the United States in international trade and the future of our free world trading partners. H.R. 11970 provides the United States with the means to enable us to grow and expand in world trade and to enlarge upon our position as the world's greatest trading nation. The needs of our times make it urgent that we strive to expand our role as the leading trading nation of the world.

Many indeed are the problems which face our great Nation both at home and abroad. Some of these problems seem to defy solution; some involve issues which go to our very survival as a nation. But I believe that as overshadowing as some of these other problems may seem to be, the urgency which requires us to expand our trade in the free world is not less than the urgency which surrounds these other problems. The United States is the political leader of the free world. It is axiomatic that political leadership goes hand in hand with economic leadership. A nation which maintains a secondary role among the trading community of the nations of the world will, more often than not, be relegated to a secondary political role. I need not dwell upon this fact of international life which we have seen demonstrated in the post-war era. Nor need I dwell at great length on the importance for our sake, and the sake of all the free people of the world, of the United States retaining its role as the political leader of the free world.

The bill before this committee will not only serve to strengthen the political and economic leadership positions of the United States, but it will materially assist us in discharging our responsibilities which stem from such positions. We are painfully aware, each of us here today, of the tremendous costs involved in meeting the obligations of our role as leader of the free world nations. The drain on our fiscal resources has been great. We can all hope and pray that world tensions will ease so that the cost of manning the frontiers of freedom around the world will be lessened. Such are my continuous hopes and exhortations as I know is the case with all of you. But, unfortunately, the end of the fight for the minds and hearts of men is not in sight and we must be prepared to continue this struggle for as long as is necessary.

So if we are to be able to carry the heavy burdens placed on our shoulders by the challenge of the forces of communism to the freedom of the people of the world, we must have strength and the means to finance our efforts. An expansion of our trade surpluses offers the best immediate hope of arriving at those objectives.

By the same token, the adoption of these same objectives by all of our trading partners in the free world will bring about a major easing of the burdens we now bear. A liberalizing of trade will strengthen the economies of all participating nations and will enable such nations to assume a greater part of the load we are now carrying.

These are not idle sentiments or hackneyed cliches. Unless we do exapnd our trade, and thereby enable the other nations of the world financially to undertake a greater share of the cost of prosecuting the cold war, our problems will be aggravated.

You might ask how H.R. 11970 will bring about expanded U.S. trade. My answer is that in and of itself it will not bring about this result. However, this bill is the key to attainment of this objective. By its passage the United States will have served notice that it intends to enter into agreements with the nations of the world who are willing to bargain down their tariff barriers in exchange for our doing the same. When these barriers are lowered, the way will then be cleared for U.S. exports to move out into world commerce in greater quantities and satisfy the demands for these products which we know exist.

IMPORTANCE OF FOREIGN TRADE TO THE UNITED STATES

What has been our history in this regard? How do we shape up as a world trader? Well, last year we exported over $20 billion of goods while we imported less than $15 billion. This is a pair of figures you and I have heard many times recently. But I would like to dwell for just a moment on the significance of these figures. They are critical to our balance-of-payments position. The surplus trade balance in 1961—taking out of these figures exports under Government assistance laws—contributed over $3 billion to the plus side of our payments account. As poor as our payments situation looks at the present time, imagine the difficult position we would be in were it not for this huge $3 billion credit.

Let us look, also, at the nature of the $20 billion worth of goods we shipped abroad last year. Our agriculture accounted for over $5 billion of this amount—or about 25 percent of our total exports. We exported the product of 1 out of every 6 acres harvested, a tonnage sufficient to fill 4,000 ocean vessels.

The United States is the world's greatest agricultural exporter. We supply 44 percent of the world trade in wheat, 41 percent of all cotton, 75 percent of soybean, soy-oil, and cotton-oil, 48 percent of world trade in feed grains, 33 percent of the trade in tobacco, 74 percent of tallow and greases and 15 percent of all rice.

Although the United States exports agricultural products to all parts of the world, Western Europe as a whole is our greatest market area for agricultural products. As far as individual countries are concerned Japan ranks high on the list of our best customers. In the past 10 years, Japan has purchased over $4 billion of U.S. farm products. In 1961, Japan bought 11 percent of all U.S. farm exports, including more cotton, soybeans, hides, skins, and tallow than any other country. Japan buys one-tenth of the entire U.S. cotton crop—one out of every four bales exported.

Our exports of farm products to Western Europe run to several billions of dollars each year. Western Europe buys over one-sixth of our wheat exports, about 40 percent of our barley, almost two-thirds of our corn, and almost three-fourths of our sorghums.

I could talk at great length on the important stake which American agriculture has in world trade. But I believe the figures I have cited do a much better job in making the point: U.S. farmers share abundantly in the export markets we have developed to date. The objective of the Congress must be to nurture these markets and seek to expand them so that even greater benefits may flow to our farm community. In my opinion, the passage of the bill H.R. 11970 is the basic and urgent step toward attainment of that objective.

Industry also has a major stake in U.S. export trade. In 1960, we exported 52 percent of our production of locomotives, one-third of our oilfield machinery and equipment, one-fourth of our production of synthetic rubber and an equal percentage of our production of lubricating oils. Last year we exported almost $7½ billion in machinery and vehicles, over $1½ billion worth of textile fibers and manufactures, almost three-fourths of a billion dollars worth of wood and paper products and almost $1¾ billion worth of chemicals and related products. We exported over $1 billion worth of U.S. trucks, automobiles, buses and trailers in 1961.

From these statistics it can be seen that the American worker necessarily has a great stake in expanded U.S. exports.

So each of the major segments of the economy participate fully in our export trade and glean substantial benefits. So whether your primary interest is in labor, agriculture, or industry, the facts are such that a vote for H.R. 11970 will serve this interest.

Let me turn now to our imports. In 1961 our imports ran to about $15 billion. Mr. Chairman, there has been a great deal of misinformation concerning the true significance of this figure of $15 billion. If one were to believe all he hears, he would be convinced that every one of these $15 billion represents a displacement in our country of dollars which would have otherwise been earned by a U.S. producer. Nothing could be further from the truth.

In the first place, do almost $1¼ billion worth of imports of tea and coffee compete with U.S.-produced coffee and tea? Obviously not—we produce no coffee or tea. Does almost three-fourths of a billion dollars worth of newsprint for our daily newspapers displace U.S. production of newsprint? No, we just do not produce enough newsprint for our requirements and if it were not for newsprint imports many U.S. newspapers would not be printed. Does almost $300 million worth of diamonds and other precious stones displace such items produced here? Obviously not.

I could go on—mentioning spices, bananas, specialty food items, natural rubber, cocoa, tin, and a host of other articles which are brought into the United States and which have no counterpart in our domestic production. But the point I believe this demonstrates is that, obviously, the $15 billion of imports does not displace U.S. products dollar for dollar. In fact, it has been estimated that about 60 percent of our imports are truly noncompetitive. Thus, of the $15 billion only some $6 billion can be said to be competitive with U.S. production. In rough percentages, this would be in the neighborhood of 1 percent of our gross national product.

Of course, these imports serve another vital role. They supply the dollars to our trading partners which enable them to buy our products. They serve other roles, as well. The coffee and tea imports are the basic materials for the producers of grinding equipment, brewing equipment, and the host of other things which are needed to bring coffee and tea to the consumers. Again, spices are vitally needed by the great food processing industry of the United States who market prepared foods in such vast quantities. Also, let us not leave out the many workers whose jobs depend on such imports and on the availability of such articles to the United States.

EXPLANATION OF THE BILL

Mr. Chairman, the pending bill will bring about the necessary expansion of our foreign trade. I will now outline its provisions and explain how it will accomplish this purpose.

H.R. 11970 can be generally divided into three major groups of provisions: (1) The authority is given to the President to enter into foreign trade agreements for the 5-year period beginning July 1, 1962, through June 30, 1967; (2) the President is given the authority to reduce import restrictions of the United States which will be required or appropriate to carry out any such agreement he enters into; and (3) the President is given authority to render tariff adjustment and other adjustment assistance to any industry, firm, or group of workers who may suffer serious injury due to increased imports. I will discuss these in order.

Five-year grant of authority

The 5-year extension of authority to the President is necessary to permit effective trade agreements to be negotiated.

International trade is certainly more complex than it has ever been in the past. As more and more nations are emerging as participants in world trade, there is an ever-increasing need for expanded, deliberate negotiation of agreements in order that all the possible consequences might be fully evaluated. Full consideration must be given to all factors, both domestic and international, economic and political, which are involved in a modern-day trade agreement. Thus, time is a vital commodity which should be used in full in order to make the proper judgments.

Under the 4-year extension in the 1958 legislation while preparations for an agreement were begun shortly after the enabling legislation was passed, the actual agreement was not concluded until just a few weeks ago. In fact, the negotiators were rather hurried to complete the agreement before the deadline of June 30. The reason for this long period of time was the introduction into the trade agreement process of negotiations with the European Economic Community—popularly referred to as the Common Market. Not only were the negotiations with the market countries new, and therefore necessarily time-consuming, but the very nature of the Common Market required slow, deliberate negotiations. For the first time, the United States was negotiating a trade agreement with an entity which approached us in economic prowess. Obviously, hard bargaining and long and tedious negotiating were required and were the order which had to be followed.

While H.R. 11970 anticipates that the United States will conduct trade agreement negotiations with the many countries of the free world with whom we trade, it is also contemplated that a major negotiation will take place between the United States and the Common Market. An agreement with the Common Market as presently constituted would require a good deal of time, both in preparations and in actual negotiation. However, we have reason to expect that the Common Market will be enlarged from its present six country members, which enlargement will serve to accentuate the need for sufficient time within which to negotiate an agreement which insures full consideration to the interests of the United States.

Let me now review, for a minute or so, the nature and makeup of the Common Market to stress the need for ample time to deal with this new entity in Europe. The market is a grouping, at present, of six European countries—France, West Germany, Italy, Belgium, Holland, and Luxembourg. Its aim is twofold: First, economic union; and second, political union (though the exact nature of the latter has not as yet been determined). The economic union, the factor which concerns us most here today, strives for the creation of a market much like the United States, free of internal tariffs and other trade barriers, free movement of capital, labor, transportation, and articles of commerce within the market area. But of extreme importance to us is the fact that the market countries intend to set up a common policy on tariffs and import restrictions which will apply to the rest of the world—including us.

The basic form of the Common Market and the economic advantages that would be derived by its members are so attractive that virtually all of Western Europe in addition to its six original members is seeking some form of association with it. Greece has already negotiated a type of agreement that would grant it most of the benefits while permitting Greece certain exceptions to protect its newly developing home industries. These benefits would grant Greek tobacco, for instance, treatment preferential to that accorded to tobacco coming from nonmember nations such as the United States. U.S. tobacco exports were 29 percent of the U.S. crop this last year, a large part of this going to Europe.

Turkey and Spain are expected to apply for association similar to that of Greece. England, Denmark, and Ireland are expected to apply for full membership. Norway is expected to follow suit. Even the traditional neutral nations, Sweden, Switzerland, and Austria have indicated interest in joining if they can find a way of joining without accepting the implied political ties. The former colonies of France, Italy, and Belgium are eligible for a special associated status. Some feel that if the United Kingdom joins, special status may be granted to its former colonies if they so desire. The United Kingdom would also seek to protect the special interests of the members of the Commonwealth nations including Canada, Australia, and New Zealand, all major export competitors of ours in the agricultural field.

I would like to cite just a few facts and figures to illustrate the enormity of the Common Market. This present grouping of nations and the potential grouping of nations presents a serious challenge to our role as the world's leading trading nation. At the same time it also harbors within it a great opportunity for us. Here are some data regarding the market which I believe clearly demonstrate these points.

As presently constituted, the Common Market is populated by over 170 million people. Addition of countries seeking membership or association could swell this total to over 300 million—almost twice the population of the United States. In 1960, the present market countries exported about $29.7 billion in goods and imported $29.6 billion. That is a total trade of almost $60 billion. Contrasted with our own exports of about $20 billion and imports of about $15 billion, one can see immediately the economic prowess of the market. One can also see the immense opportunity which we have to sell goods to such a lucrative market.

To illustrate the growth of this market and the potential which is implicit in its very existence, let me just cite a few statistics. The gross national product growth rate for members countries from 1951 to 1960 was 5.3 percent while the industrial growth rate was 7.4 percent. But in 1960, the community's gross national product rose 7 percent over that of 1959. This can be compared with our own rate of about 3 or 3¼ percent. Industrial production in the market in 1960 rose 12 percent above that in 1959. For the first 3 years of the Market's existence, industrial production expanded some 25 percent. The imports of the Common Market countries went from a dollar volume of 11.2 billion in 1950 to 29.6 billion in 1960. Even more remarkable, exports went from about 9.3 billion to 29.7 billion in the same period.

In short, this is a picture of glowing health—abounding prosperity. And with such the case, one can see immediately that within the confines of this market there are great opportunities for United States agriculture and industry to make even greater gains than we have in the past. We can only imagine the increased opportunities which will be ours when, as may happen, Great Britain and other members of the European Free Trade Association join this community of free nations.

Can anyone doubt the necessity for the United States to negotiate an agreement with this economic giant which is rising in Europe? Moreover, can anyone believe that we could, or should, try to tackle so vast and important a problem in a less period of time than that provided in H.R. 11970? I don't believe we can afford to fail to enter into an agreement with the Common Market countries bargaining down their external tariffs in exchange for reductions on our part. And I for one do not want to force our people to enter into so far-reaching and important an agreement without having all the time they need to do a good job.

Authority to reduce tariffs

This leads me to the second major part of the bill—the authority to reduce tariffs.

The bill gives the President a basic authority to reduce U.S. tariffs by 50 percent of the July 1, 1962, levels. In addition, he would be empowered to reduce by more than 50 percent or eliminate any tariff on any article which is included in a category of articles the world trade in which is dominated by the United States and the Common Market. He would also be empowered to reduce by more than 50 percent or eliminate a duty on any agricultural product when he determines that the agreement in which such action is taken will tend to assure the maintenance or expansion of U.S. exports of the same product. Authority would also be given to reduce by more than 50 percent or eliminate the duty on any tropical agricultural commodity when the Common Market takes action on its tariffs which will accomplish similar results. Finally, the President could reduce by more than 50 percent or eliminate any duty of 5 percent ad valorem or lesser amount.

Are these substantial grants of authority? The answer, of course, is "yes." However, the President needs all of this authority to get the job done which we would like to have done. There are some who believe that the bill does not give give all of the authority demanded by the exigencies of the times. I feel that this authority is vitally necessary if the President is to do a proper and effective job in expanding our trade.

Why does the President need this authority? The basic reason is that the Common Market countries are (1) eliminating tariffs among themselves, and (2) erecting a common tariff wall which will apply to all outsiders—including the United States. Through the combined results of these two objectives—free trade within the market and tariffs against outsiders—we face a potential loss of a large part of our present sales outlet in Europe. We will lose that market unless we can get them to lower or remove their import barriers. No longer will our U.S. exporters be able to compete within that market with a French producer or a German producer if the latter has no tariff to pay while the U.S. exporter is burdened with a tariff levy. If we want to continue to get our products inside the market area—our wheat, tobacco, rice, machines, trucks, and the whole host of things we now sell in that area—we must get them to lower or remove these external tariffs. And the cuts they make must be substantial. Even a modest, residual tariff wall might prove to be too great a barrier for our goods to hurdle. The tariffs which remain after they negotiate with us must be low enough to permit our products free access to their markets.

The only way that the Common Market will agree to make substantial cuts in their tariffs is if we agree to reciprocate and make sizable reductions in our tariffs. We are realists, or we should be. We will get nothing for nothing. We must be prepared to demand from them substantial, meaningful reductions in their external tariffs. But we can only demand where we have the right to also give. An agent armed with authority to buy a $10,000 home must be able to offer $10,000.

If we concede the necessity of getting the Common Market tariff down to a low level, we must be prepared to pay the price in reduction of our own tariff levels. It does no good in 1962 to argue about what might have been if we had bargained harder in the past. We are faced with the very real fact that one of our most lucrative markets is disappearing behind a tariff wall and will be out of reach unless we get that wall down. In my opinion, the bill this committee has before it contains the tools necessary to enable the President to do the job and to do it well.

Our ability to compete

There are those who assert that even if the EEC lowers its tariffs, we are already priced out of world markets. We cannot compete, they say. The facts say they are completely wrong. The $20 billion–$15 billion ratio says they are wrong. The $700 million balance of trade—in our favor—with Japan says they are wrong. The presence of American products in all countries of the world says they are wrong. Look at such products as synthetic rubber, cigarettes, nylon yarn, aircraft, DDT, plastics, synthetic ammonia, phosphate rock, soybeans, corn, fresh peaches, and canned fruits. I know of no better rebuttal to these pessimists and I can cite no more substantial reason for confidence in the competitive ability of our American farmers, processors and manufacturers.

We are selling our products abroad and we will continue to sell them if we can keep tariffs down and are given a fair chance.

We are selling more to Japan—a favorite target for critics of international trade—than we buy from her. And we want this to continue to be so. We sell more to Europe than we buy there. We want this also to continue. Our favorable trade balance will continue, and expand, if we seize the opportunity offered.

People around the world have needs and desires similar to our own. They long for good food, proper clothing, and the many things we in the United States take for granted. Our economy is sufficiently strong, and potentially able, to supply a good part of the demands which these people are presently voicing and which they will continue to voice. U.S. products—high in quality and reflecting a high degree of technology—are, and will continue to be, in demand. Our job is to get these products into the hands of the consumers of the world. We can do this if tariff barriers are lowered. Tariff barriers can only be lowered if foreign countries agree to lower them. Such agreement, of course, will involve our undertaking to lower our tariffs.

I have dwelt at length on the beneficial effects which further tariff negotiations under the Trade Expansion Act would have for our commercial and other relations with the European Common Market, Japan, and other advanced economies. We would be doing a great disservice to both the act and ourselves if we do not also recognize, in the debate over our action on this bill, the equally great importance of the Trade Expansion Act to the many less-developed countries in the world, and in particular to our partners in the Alliance for Progress.

The European Common Market offers a great trade challenge to every country in the free world. We in the United States are in an excellent position to take up this challenge to our advantage because our economy is similar to that of the Europeans in that the range of products which we might exchange to our mutual benefit is indeed extensive. However, for those countries in Latin America, Asia, and Africa whose economies are still geared to the export of a few basic commodities, the possibilities for taking advantage of a greatly expanded consumer market are relatively restricted. Their negotiating power at the tariff bargaining tables is handicapped by the limited composition and volume of their few main exports. For these countries, the maintenance of a worldwide, multilateral trading system, based on the principle of nondiscrimination in respect to those products which are so vital to their export economy, is nothing short of essential.

Many of these countries see in the Common Market a threat to this system. They see competing products from Africa—from the former dependencies of the Common Market members—given preferential treatment by the Common Market. They also see, in high tariffs on semiprocessed goods and simple manufactures, an insuperable barrier to their ability to compete for a place in the great markets of the industrialized countries of the Atlantic.

We must be able to counter these apprehensions and to promote in a meaningful way the economic development of these nations which has become one of the major objectives of American foreign policy. We must be able to take positive action to insure that no member of the free world community is excluded from participating in the great opportunities for trade expansion.

The Trade Expansion Act gives us the tools to take this action. First, it continues our traditional most-favored-nation policy under which all reductions made in negotiations with any other country are extended to all other free world countries. We would expect that any reductions which are made by other countries, including the Common Market, will also apply to products of the less-developed countries.

Second, it offers opportunities for mutual tariff reductions between ourselves and the less-developed countries under the general 50-percent reduction authority. We anticipate that other countries too will join in negotiating with the less-developed countries to improve their export opportunities on those products which are of greatest importance to them.

Third, the provision granting the President authority to eliminate duties of less than 5 percent will offer many opportunities for the developing countries to benefit, since many of our low-duty imports are products obtained from these countries.

Finally, the special authority on tropical agricultural and forestry products will enable the President to eliminate duties on such products which are not produced in the United States in significant quantities and are of direct importance to many developing countries. It will put the United States solidly behind many of our friends, particularly in Latin America, in their efforts to secure elimination of duties on tropical products by the Common Market. As such duties constitute one of the major impediments to the expansion of their export sales in Europe, action by the Common Market in this direction would be of particular importance to our partners in the Alliance for Progress.

The expansion of export opportunities for the less-developed countries is a necessary adjunct to the maintenance of sound economic aid programs. Trade provides a direct stimulus to economic development and increases the capacity of these countries to purchase needed imports from industrialized nations. We thus benefit in two ways from action which we take to expand their export possibilities: we help build a solid basis for economic expansion in the less-developed countries, thus insuring our own security interests in their ordered transition to higher levels of development, and we contribute toward the expansion of our own export trade by helping provide them with the means to buy our goods.

The Trade Expansion Act holds significant promise for the developing nations of the world. It is fully consistent with the principles underlying the Alliance for Progress. Its enactment will be a major step forward in our relations with those countries in all parts of the world who look to the United States for leadership in a troubled, but highly promising, period in world history.

Sino-Soviet bloc economic offensive

A final consideration in this important matter is the presence in the world of the trade-and-aid offensive of the Sino-Soviet bloc. By the use of economic bait and lures, the Red nations are entrapping the weaker countries of the world and forcing upon their people an ever-increasing pressure to give up their freedom and embrace communism. A shipment of a commodity which a poor, starved economy badly needs is coupled with requirements that Soviet information centers be permitted to be set up and the well-oiled propaganda machine be permitted to spew out its venomous lies about the United States and the rest of the democratic world.

The Red bloc succeeds because of the ruthless dumping tactics it employs. We must thwart their drive by meeting their invitations to slavery with invitations to freedom. If we would do this, we must offer these less-developed nations an opportunity to sell their goods in free world markets and engage in sound, economic, self-respecting trade with the nations of the free world. Actions speak louder than words and by our good faith acts of realistically leading the free world down the path of open and nondiscriminatory trade, we can overcome the bottomless, worthless promises that Moscow and Peiping deal in. The free world must not respond in kind, it must not mouth pious platitudes and cliches, it must not rely on words to overcome the lies being foisted upon the poorer people of the world. The free world must move forward with concrete acts which will be unassailable and which will fully destroy the impact of the Red bloc's lies about us.

I have recounted just a few of the fundamental considerations which convince me that we must give our President the authority to offer meaningful U.S. tariff cuts in exchange for meaningful tariff reductions by others.

Now I would like to point out that H.R. 11970 is not a carte blanche handout of authority to the President. Basically, I reiterate, the bill gives him the power—the means—to perform the task at hand.

We have not tied his hands or crippled him in any way. We did not give with the right hand and take away with the left. This bill is no exercise in futility. Naturally, to get the job done was our objective and in my opinion the bill will permit just that.

The Committee on Ways and Means established on the other hand, to insure a voice to all interested persons, certain preagreement procedures.

We have provided for preagreement hearings where all interested parties will be given an opportunity to express their views about each and every proposed tariff cut. Full opportunity will be given to every interested industry, firm, worker, exporter, importer, supplier, or any other person to support or oppose proposed tariff cuts on each article. If there are parties who feel that they may be injured by tariff reductions, they will have an opportunity to present their case to the Tariff Commission in alleging reductions in tariffs will harm a firm, group of workers, or an industry. If convinced, the Tariff Commission will so advise the President who will have before him the Commission's advice when he is ready to act.

The President will have a Special Representative for trade agreement negotiations who will serve at the President's pleasure and who will be subject to Senate confirmation. This representative will be available for consultation with representatives of industry, agriculture, and labor and will be fully apprised of the needs and problems of these segments of our economy. This official will go to trade agreement negotiations fully armed with all the facts which will enable him to make proper judgments and wise decisions.

The bill sets up an organization which will be of Cabinet level. This Interagency Trade Organization will advise the President of each and every important factor concerning the operation of the trade agreements program.

I have said that the bill does not tie the President's hands and you can see that it does not. Our aim—the objective of the Committee on Ways and Means—was to set up procedural requirements which would insure that all of the pertinent facts would be out in the open and available for those charged with the responsibility of operating this program. We believe that if the representatives of agriculture, industry, and labor will take full advantage of these procedures, then the committee's aim will have been realized. If a particular segment of the economy has some reservations about a given proposed trade agreement action, we expect that representations will be made to the agencies designated in the bill so that such reservations can be analyzed and studied.

It is important at this point to emphasize a fact which seems to have escaped some people. H.R. 11970 is enabling legislation. Its passage will not automatically reduce one single tariff of the United States. I expect that it will be some time before any reduction in duty by use of the new authority contained in the bill will result. I mention this point only because I have received letters and other communications urging defeat of the bill because on its passage "duties will be eliminated on this item or on that item." I know that most of you here have received similar protests against passage of this bill.

I repeat—not one single tariff presently in force will automatically be reduced by reason of your voting for this bill and its ultimate passage. And further, the fact that this bill authorizes the President to make certain reductions in rates of duty does not mean that he will reduce every rate of duty to the maximum level authorized.

This, of course, is why we provided for these preagreement procedures. If a given industry can convince the President that a reduction in duty will injure it, then I for one do not believe that the President will take action having such a result. In my opinion, he would not because such action would be destructive of, and would not contribute to, the aim of the bill to assist in strengthening the U.S. economy.

I believe that the grant of authority in H.R. 11970 will not put the President in the position of having no choice but to take a calculated risk of hurting some few U.S. producers. He will have ample authority to offer concessions in those areas where he feels no harm will be done.

The bill also would expand and improve upon the present provision of law concerning trade with the Communist-bloc countries. The committee inserted a provision which requires the denial of trade agreement benefits to all Communist countries, including Cuba, Poland, and Yugoslavia. As far as Cuba is concerned, all commercial trade with that Communist nation is presently halted. But if that trade ever again is permitted, and for so long as Cuba is dominated or controlled by communism, her products will not get the benefits of trade agreement or any preferential treatment.

Further, the Committee on Ways and Means also provides for denial of most-favored-nation treatment to products of countries which discriminate against U.S. products or which maintain unjustifiable restrictions against our goods inconsistent with the letter and spirit of trade agreements.

As the free world leader in trade, the United States must set an example of open and nondiscriminatory trade.

I believe we have lived up to our agreements in the past and I expect we will in the future. If we maintain a record devoid of unjust discriminations, we expect that others should do the same. The objectives of the trade agreements program cannot be met and realized unless all parties to such agreements live up to their obligations and act in accordance with the provisions of the contracts which they freely undertake. It makes little sense to expend a great deal of time, effort, and expense in negotiating an agreement if any party thereto takes, or permits to be taken, any unjustified tariff or nontariff action having the effect of nullifying the objectives sought by the agreement. An agreement looks to increased trade but the adoption of measures which in fact curtail trade is a patent contradiction of the aims of the agreement.

It is my hope that an open and non-discriminatory trading system among the free world nations will be the aim of all parties to free world trade agreements. Only if that result is attained will the full benefits of trade agreements be realized.

Let me turn now to the provisions of the bill concerning tariff adjustment and other adjustment assistance.

At the outset let me state categorically that H.R. 11970 not only continues the substance of the present tariff relief provisions of existing law, but in my opinion, it improves on these provisions.

Can an injured domestic industry, adversely affected by increased imports resulting from trade agreement concessions, receive relief in the form of increased tariffs or quotas, or both under the bill? Yes, without any doubt whatsoever. Is this any different from existing law? Not at all. Aside from an approach to the scope of the industry in a given case which is far more suitable to the objectives of H.R. 11970, the bill continues in full force the present authority of the President to adjust tariff restrictions upward in a given case.

The bill provides that the President may increase tariffs by 50 percent of the 1934 rates—in effect, to 150 percent of the 1930 Tariff Act rates. I would like to digress one moment on this point. During the proceedings on this matter, some people expressed concern at the proposal to permit the President to reduce July 1, 1962, rates by 50 percent. I would like to point out that there is far greater power contained in the bill to increase tariffs or to impose quotas. The quota power is unlimited—it includes the power to embargo goods. In terms of current rates of duty, the power to increase duties amounts to an authority to make increases on the order of several hundred percent. To be consistent those who complain about vesting great powers in the President should have been opposed to such power on the other side of the coin—but apparently they were not.

Nevertheless, the President has full authority to grant tariff relief in appropriate cases. So the bill continues this concept in present law and further strengthens it in the following respects: If, in a given case, the President fails to implement the tariff increases or quotas, or both, found by the Tariff Commission to be necessary to remedy an injurious situation, Congress can, by a majority vote, override the President and cause the higher tariff reductions to be put into effect. Not by the present two-thirds vote on a privileged resolution as at present, but by a majority vote can the Congress exercise its will.

Provision is made for full hearings before the Tariff Commission in any escape-clause investigation, just as they are required at the present time.

So I ask you: Is there anything different in what I have just said which detracts from present law as some claim? Obviously, the answer is "No." Contrary to the allegations of those who say we have watered down the relief provisions of existing law, they are stronger and provide a greater measure of protection than do present provisions. We have made it possible for the House and the Senate to work its will by a majority vote. This should be ample testimony of our intention to strengthen the relief provisions for injured industries.

Those who say we have scuttled existing safeguards argue primarily that our action in authorizing supplemental or alternative assistance to firms or workers adversely affected by imports proves their point. They say that since we provide for these supplemental or alternative approaches, we fully intend that they be the sole avenues of assistance and that tariff relief should never be granted. If we intended that, then I ask why we spent so much time on improving and strengthening the escape-clause provisions of the bill? Why did we provide for a majority vote to override a Presidential failure to implement Tariff Commission findings? Why did we spend days discussing this provision and setting up procedures which will assist in expeditious processing of escape-clause cases? Why did we cut down the time allowed the Tariff Commission to report on its escape-clause findings? Those who charge we do not intend that these provisions be used would have you believe that all of the time and effort spent on these provisions by the Committee on Ways and Means was an exercise in futility. The effort was to come up with a realistic escape-clause provision which would be usable, and which we expect to be used, in appropriate cases.

The adjustment assistance authorized to be given to adversely affected firms will consist of technical assistance, loan guarantees or direct loans, and tax assistance in the form of extended loss carry-back. For workers, this adjustment assistance will take the form of trade readjustment allowances and retraining in new skills so as to permit an orderly adjustment on the part of workers to new competitive conditions.

Why, you might ask, did the committee provide for firm and worker assistance? We did it to fill a void in existing law which permitted unjust and inequitable situations to arise.

Let us take two cases of industry injury under present law. The President determines that in the first case it is in the national interest to protect the industry affected even though it may be at the expense of retaliation against another industry and this can be done with a minimum of international repercussions. He will grant tariff relief. But in the case of the other, he is convinced that the industry is marginal and it would not be in the national interest as a whole to grant tariff relief. What is the result? Nothing is done for this second industry—for its firm or its workers. They are out in the cold.

The bill before you recognizes that there will be instances that will necessitate either a limited form of tariff relief or no tariff relief at all. Let us realize that these cases of injury are not simple, black or white propositions. The President's decision on whether to take action is a difficult one indeed and he must take into account the overall national interest and particularly the national security interests in making his decisions. When the President is forced to decline full tariff relief in a given case, the firms and workers in the industry concerned would not be turned down and forgotten under the bill before you. H.R. 11970 recognizes our obligation to this industry to render some assistance to get it into a more competitive posture.

The Government would render assistance to these workers and firms just as a tariff increase would constitute Government assistance. Many people who deplore governmental assistance in the form of low-cost loans or training or readjustment allowances for workers argue vehemently for a high tariff, which is, of course, nothing other than governmental assistance.

H.R. 11970 goes further than existing law on another important facet of the problem of import injury. Under present law, where an industry is found not to be injured, nothing is done to assist those firms and workers within that industry which are injured. The greater number of cases which have come up under existing law fit into this class. Obviously, in such cases it would not be in the national interest to raise tariffs which most of the industry did not need and perhaps did not want.

What should our attitude be toward the firms and workers in an industry who are adversely affected but whose industry is not hurt? Should we continue our present policy of turning our backs on them? I don't believe we should and this bill would not.

The bill provides that firms will be assisted by loans from the Small Business Administration or some other existing agency which can help them. The bill also specifically provides for loans to all qualifying firms and sets up special authority and procedures where they can get help and assistance if they need it.

When it comes to workers, some tell us they should avail themselves of State unemployment insurance benefits and retraining under the Manpower Act only. First, these acts were passed with an entirely different problem in mind. If they had been designed to meet the problem of assisting workers to make an adjustment to import competition, then I am sure they would have been drafted along the lines of H.R. 11970.

The trade adjustment assistance provisions of the committee bill are intended to provide the President with a means of assisting firms and workers adversely affected by imports which in most cases would get no relief under present law. If this assistance is to be a realistic and practical addition to tariff relief it must provide assistance which will be adequate to enable the workers to adjust.

The proposal of some that any assistance received by a worker unemployed or underemployed because of imports should come from existing benefit programs and should not exceed the level and duration of such benefits means, in effect, that there would be no special adjustment provisions for workers in the trade bill but that instead reliance should be placed entirely on State unemployment compensation laws and the Manpower Development and Training Act.

The Ways and Means Committee after careful consideration rejected this proposal. While we directed that existing programs should be fully utilized we also recognized the need for additional Federal assistance to promote effective adjustment of firms and workers injured as a result of import competition.

Such assistance is not a new concept. It should be remembered that in many cases when unemployment of a national character has occurred, even when action by the Federal Government has not caused such unemployment, Congress has enacted legislation to establish a Federal program to supplement the assistance available to unemployed workers under State law. Specific examples include the enactment of the so-called GI bill of rights, reconversion unemployment benefits for seamen, unemployment compensation for certain Korean veterans, and extended unemployment compensation. In addition, Congress has recognized the responsibility of the Federal Government in similar situations in enacting the Area Redevelopment and Manpower Development and Training Acts.

In the trade adjustment provisions of H.R. 11970 the committee has recognized that the Federal Government has a responsibility to afford adequate assistance to the workers whose unemployment or underemployment is caused by the national trade policy.

At this point let me make it clear that the trade adjustment provisions are not an attempt to federalize the unemployment compensation system. In fact, the report of the Ways and Means Committee states emphatically that adjustment assistance for workers has not been proposed to establish a precedent in the unemployment compensation field. Instead it is only intended as an effective alternative to the job protection now available to workers in import sensitive industries through the tariff and the escape clause procedure. In many cases now no relief is granted under the procedure.

If adjustment assistance is to be adequate it must offer more than a minimum amount of financial assistance to tide the displaced worker over until he can find another job or complete a training program. It must reflect the fact that the Government, as an alternative to protecting the worker through increased tariffs, has a real responsibility to provide a concrete program that will help him to adjust as fully as possible to a constructive position in an efficient and competitive industry.

To this end H.R. 11970 recognizes that every effort should be made to assist the workers to remain with their present employers. Only in this way can the seniority, pension, and other accumulated job benefits of workers be fully protected. The adjustment assistance provisions propose to do this in part by providing technical and financial assistance directly to import affected firms.

They also impose special obligations upon the firms employing affected workers as well as upon the Federal agencies administering the assistance program.

First, in section 311(b) dealing with assistance to firms it is provided that one of the conditions for the granting of such assistance is that the firm gives adequate consideration to the interests of its adversely affected workers.

Second, in section 326(b) concerning training, it is required that to the extent practicable training programs shall be developed which will retrain workers to meet the manpower needs of their employer.

And third, in section 361(b) the services of an interagency board are made available to the President to advise him "on the development of coordinated programs for adjustment assistance to firms and workers, giving full consideration to ways of preserving and restoring the employment relationship * * * where possible, consistent with sound economic adjustment."

There is no intention to perpetuate inefficient or uneconomic arrangements. Instead, the effort will be to assist firms and their employees who face a common hardship to adjust in a way that permits them to progress together.

State unemployment insurance programs and the Manpower Development and Training Act by themselves are not adequate to help import affected workers to adjust as some argue. The unemployment insurance laws do not cover many workers who may be affected by import competition. Many small firms are excluded from its coverage and practically no agricultural workers enjoy such protection.

Under the manpower development and training program, eligibility for the full 52 weeks of training allowances is limited to unemployed heads of families and households. Even then not all such workers will have access to such allowances, since they may not be trainable and training facilities may not be available.

The amount of benefits under the State unemployment insurance laws would also be insufficient in many cases for the many low-wage workers who would be affected as well as for the many workers who will face not merely temporary unemployment but loss of skill, seniority, fringe benefits, and other related employment benefits. A large proportion of the workers who may lose their jobs because of import competition are expected to be employed in industries in which the average wages paid are substantially below the national average manufacturing wage. If trade readjustment allowances were set at a level equal to 50 percent of a worker's average weekly wage, which is the standard followed in many State laws, a large percentage of the workers would receive a weekly allowance of less than the national average of weekly unemployment insurance payment.

Another reason why State unemployment insurance and the manpower training allowances as a means of providing adequate adjustment assistance for trade-affected workers is not adequate is that the duration of benefits under these programs would not be sufficient in many cases. The nationwide average under State unemployment insurance laws is only 23 weeks of benefits. For those persons facing a change of employers or the need to acquire a new skill, and particularly for the significant number of older workers who will be affected, such a period would be inadequate.

The 52 weeks of allowances under the Manpower Development and Training Act would probably be adequate to cover training alone, in most cases. However, the combination of supplemental assistance for unemployment and training assistance, and the delay inherent in the procedure for determining import injury make it advisable to provide for a 26-week extension for training where appropriate. Such an extension is provided by the Trade Expansion Act.

Since assistance in addition to that generally available to workers is required for an adequate adjustment to imports, H.R. 11970 includes provisions to insure that the additional assistance would only be provided to those clearly entitled to it. For that reason, the bill contains detailed provision for identifying import affected employment. It also establishes eligibility standards calling for a length of attachment to the labor force and to import affected employment which are much stricter than any existing in State unemployment compensation laws. Incidentally, this concept of stricter standards for higher benefits is one frequently followed by the States. Moreover, in line with its emphasis on training, the Trade Expansion Act disqualifies workers from receiving trade readjustment allowances if they refuse without good cause suitable training to which they have been referred. Such a disqualification from unemployment compensation exists only in the laws of three States.

These facts demonstrate, in my opinion, that the trade adjustment provisions are reasonable and appropriate.

Mr. Chairman, these are the basic reasons why I urge the enactment of H.R. 11970. Let me leave this Committee with this thought: The times and the world situation are such that I believe we have no choice but to make a bold move forward in the basically important field of international trade. If we adopt a hesitant, inward-looking attitude, then others who look to us for guidance and inspiration will do the same. Such a course of action and reaction would bode no good for either us or those who take their cue from us. The net result would contribute to the divisive plan of the Red bloc.

Let us not act from fear or apprehension but from strength and conviction. The United States has nothing to fear from an open and nondiscriminatory trading arrangement with any nation of the free world. Those who say we do tend to deal in terms of possibilities and "iffy" type thinking. They project short-term curves on small-scale charts and conclude that it is only a matter of a few years before we are taken over—lock, stock, and barrel, by foreign producers. Much the same fears were expressed back in 1934 when the great Cordell Hull initiated the program which H.R. 11970 contemplates expanding and continuing. While history proves that the fears were not realized in the overwhelming number of cases, nevertheless they continue to be expressed generally by the same interests with added emphasis.

Our country's greatness lies in her determined efforts to move forward no matter what the odds against success were. In this field, the odds are in our favor.

We have never backed down from a challenge which offered us a real opportunity to prove to the world that our system is the best system. It is because we have unflinchingly accepted every challenge thrown up to us that we today are the greatest people and the greatest Nation on earth.

Mr. MILLS. Mr. Chairman, I yield to the gentleman from Connecticut [Mr. MONAGAN] for a unanimous-consent request.

Mr. MONAGAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. MONAGAN. Mr. Chairman, there are two points that I should like to mention here. The first concerns the argument of the gentleman from Missouri on the question of expanding imports. To begin with, even though it might be possible generally to expand our imports in the country, nevertheless, as pointed out only this week in an article in the Wall Street Journal, the necessary result of this expansion would be the increase of foreign imports into the United States.

In addition, the possibility of raising the volume of exports from the section which I represent to the Common Market is quite remote, indeed, since the wage rates in the Common Market are about one-third to one-fourth of those prevailing in industry in the Naugatuck Valley, while the plants are as modern or more modern than ours.

The second point is this. If we are to have as a national policy one which will eliminate industries and jobs, as the gentleman from Missouri has admitted, it seems to me that I would be remiss if I were not to support the adjustment assistance section of the bill in the event that a preliminary attempt is made to take that section out of the bill. Certainly I should get the best deal possible for workers and industries in my section whose jobs and businesses are eliminated through this legislation.

Mr. MILLS. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. WICKERSHAM].

Mr. WICKERSHAM. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. WICKERSHAM. Mr. Chairman, we have been discussing the Bureau of Reclamation project near Waurika, Okla., for the past 2 weeks. We have discussed the effects of the flooding and droughts on the people of the Waurika area.

In the past 2 weeks, the need for municipal and industrial water has been explored. Lawton, Duncan, Waurika, Walters, Comanche, Temple, and the DX-Sunray plant between Duncan and Comanche must have more water to satisfy needs for continued growth.

There also is need for provision of additional recreational opportunities to accommodate the expanding population, conservation and propagation of fish and wildlife in addition to development of feasible irrigation.

The absence of ground waters in significant quantities in the study of the area precludes reliance on them to provide the new water supplies essential to continued economic growth.

The streamflows of Beaver Creek constitute the most favorable surface water resource of significant volume and suitable quality available to the project area.

Construction of a multipurpose reservoir near Waurika on Beaver Creek, together with the appropriate aqueduct system, irrigation distributions system, and other related works, would provide optimum development of the available resources. The plans for this project have taken into consideration the desires of the local people. The Beaver-Cow Creek Watershed Development Association has and is leading the struggle for this project. The plans of development is economically justified and financially feasible. The inclusion of each purpose is justified and desirable from the standpoint of optimum development of the available resources. Construction of the works contemplated under the plan would be in the interest of the project area, State, and Nation.

The estimated construction cost of the works proposed for Federal construction totals $25,019,500 on the basis of the April 1959 prices. This includes $367,500 for minimum basic recreational facilities required for protection and accommodation of the visiting public as recommended by the National Park Service. It also includes, in accordance with the recommendations of the Fish and Wildlife Service, $457,200 primarily for the acquisition of 3,500 acres for a wildlife management area, $447,900 for acquisition of 2,580 acres for a national wildlife refuge, and $4,500 to provide trashracks at the irrigation pumping plant to exclude catchable size fish. The National Park Service recommends that additional non-Federal expenditures totaling $400,000 be made for accessory recreational facilities. The Fish and Wildlife Service proposes development of the national wildlife refuge with funds available to that agency.

The estimated $15,856,500 of construction costs allocated to municipal and industrial water supply would be reimbursable with interest and $4,044,300 allocated to irrigation would be reimbursable without interest. The balance of $5,118,700 would constitute nonreimbursable allocations to flood control, recreation, and fish and wildlife purposes.

The plan of development contemplates that a master conservancy district representing all project water users would operate and maintain the dam, reservoir, and aqueduct system, and an irrigation district would operate and maintain the irrigation works.

Mr. Chairman, I again call for action of this House on the Waurika project. Yesterday, the Senate passed the Waurika bill. Today, I again plead with the Irrigation and Reclamation Subcommittee of the Interior and Insular Affairs Committee. I again call for action on the Waurika project.

Mr. MILLS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. ALBERT] having assumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes, had come to no resolution thereon.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11879) entitled "An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes."

HOUR OF MEETING TOMORROW

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today that it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

FREEDOM OF RELIGION IN POLAND IS A FRAUD

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FEIGHAN. Mr. Speaker, very shortly the House will take up the issue of economic assistance to Communist Poland as a part of the foreign aid bill. One opinion frequently advanced in an effort to justify American aid to the Communist regime of Poland is that Poland is somewhat different from the other captive nations, that the Warsaw regime has a certain degree of independence from Moscow, and that freedom of religion is not seriously menaced by the Warsaw regime. These arguments fly in the face of the facts with regard to life within Communist-occupied Poland today. They need to be exposed so that the truth with regard to religious tolerance and freedom of conscience in Poland may be known before the issue of American aid to Poland comes before the Congress.

The Brooklyn Tablet, in its edition of June 23, 1962, published a significant story on the persecution of religion in Poland as reported by the Vatican Radio in Rome. This dispatch analyzes the most recent Communist decrees regulating public meetings and the manner in which these decrees are used to suffocate Christian life in Poland. This review points out that the persecution of the church in Poland is not as severe as in many other captive countries, but the record is clear that the Warsaw regime is set upon a course to eliminate freedom of religion. The review follows:

CHURCH IN POLAND FIGHTS FOR LIFE—VATICAN RADIO NOTES STATE HAS BECOME MORE OPPRESSIVE

VATICAN CITY.—The Vatican Radio, in a forthright, point-by-point indictment charged that the condition of Catholicism in Poland is steadily worsening due to the hostile attitude of the Communist government.

It is said that any doubt about this has been dispelled by recent Lenten sermons delivered by Stefan Cardinal Wyszynski, primate of Poland, which showed "quite plainly what a battle is being fought by the church in his country."

"During the last few months, after the final suppression of religious teaching in the Polish schools," the Vatican station declared, "the government office for religious affairs attempted to control religious classes in parish buildings as well.

"Meanwhile, a decree for excessive taxes from societies not recognized by the State has for some time been threatening to suffocate religious worship itself. Discriminations and obstacles hinder nuns in hospitals. Priests and religious are excluded from universities. Recognition of existing Catholic societies is refused and new ones are not allowed to be formed."

The station said the Polish bishops have protested against the illegality of such decrees, basing their stand on the national constitution, but all in vain.

It said a new law providing for the regulation of public meetings had made the situation even worse.

"This law," it stated, "lays down that every meeting and demonstration on the part of societies that are not considered social must be previously authorized by the civil authorities. For processions and pilgrimages, which are specially mentioned in the new law, previous notification of the path of the procession is required and the use of loudspeakers is forbidden."

The Vatican station said the decree has already been put into force, the occasion being celebrations planned for April 29 in honor of St. Adalbert, patron of Poland.

"The traditional procession, which usually takes place in the center of Gniezno was relegated instead," it commented, "to the outskirts of the city."

"The aim of such decrees," it added, "is obviously the slow suffocation of catholicism. They are not always all put into action, but they are not, on the other hand, ever abolished. They are at hand for a suitable occasion to use them, when it is considered that this can be done without arousing the resentment of the people."

Declaring that "there can be no doubt as to what is behind all this," the station said "it is made doubly evident by the constant antireligious propaganda, by the activity of those people who sell their religion to lead an easier life, by the press which, according to Cardinal Wyszynski, throws mud on the priests on every possible occasion, and by the 'progressive' movements started by the Communist Party to break up the religious unity of the people."

The Vatican Radio said the condition of catholicism in Poland is still better than in those other countries enslaved by communism. But it added that the recent complaints made by Cardinal Wyszynski "is enough to give one an idea of the extent of the difficulties which the faithful in those countries have to face."

The station said the survival of catholicism in Poland is "the exclusive result of the strongmindedness of the hierarchy and the faith of the Polish people. The Communists, however, regard it merely as a reason to carry out their atheistic propaganda on a more intense and far-reaching scale."

On Passion Sunday Cardinal Stefan Wyszynski, primate of Poland, made a significant address which has become available to the press in the free world in recent days. In this address the cardinal called attention to the confiscatory tax policies of the Warsaw regime now being used in an effort to eliminate the Catholic seminary in Warsaw. The cardinal characterized this tax as a cruel injustice, pointing out that if the tax was not paid all the seminary owns will be confiscated. The highlights of the Passion Sunday sermon delivered by Cardinal Wyszynski was reported in the Brooklyn Tablet issue of June 23, 1962, as follows:

Weak Foes of Reds Assailed by Polish Primate—Cardinal Wyszynski Laments Failures of Intellectuals

Rome—Stefan Cardinal Wyszynski, primate of Poland, castigated his countrymen who fail through weakness to defend the church against communism.

In a Passion Sunday address which recently was made known here, the cardinal displayed particular dissatisfaction with "intellectuals (even Catholic intellectuals)" who smile and say, "Oh, well, the bishops and priests will muddle their way through somehow; let's not get ourselves involved; let's not put our necks on the block."

Cardinal Wyszynski delivered the sermon in the Church of the Visitation Nuns in Warsaw.

His Eminence also described a tax on the seminary of the Warsaw archdiocese imposed by the Gomulka government as a "cruel injustice."

"Since an act of injustice violates a citizen's evident rights," he said, "I have resolved not to pay these exactions."

Excerpts from his sermon follow:

" 'Which of you shall convince Me of sin? If I say the truth to you, why do you not believe Me?' (St. John, VIII, 46).

"This selfsame tragedy that Christ experienced is facing us too; for today Christ can put the same question to us, in so many occasions connected with our personal and social life. 'Which of you shall convince Me of sin?'

"But it is not Christ alone who asks this of us; we hear this question put to us in every sector of our lives, in our personal relations with God and His grace that seeks to draw us to Him in love. We hear it in our social, public, political, professional lives; we must keep asking ourselves this same question Our Lord addressed to the Jews.

"All down the centuries, Christ has been pelted with stones. Today's Gospel closes by the words 'They took up stones to cast at Him' (John 8: 59). Those stones still fly through the air; century after century Christ has been stoned; he is stoned today when we cast our stones at His church.

"It is indeed a marvel that after 2,000 years of such stoning the church should not have been quite crushed. How many stones are hurled at Christ in our families, because He stands for the honor of the home, and proclaims the duty of conjugal love and chastity.

"There is in this world an institution that seeks to arrest the stones meant for Christ, to turn them aside from Him to her; but the church does not always suceed in doing this; more than one reaches the sacred head of Christ, but cannot kill Him, for Christ died once, and dies now no more."

NO FIGHTERS

"Today the hail of pebbles threatens to overwhelm the church; yet nobody offers to ward them off. Just as we so often overlook what we owe to the God who dwells in us, so we forget our duties toward God's church; so it is that stones keep flying in her direction and nobody seems to worry about protecting her.

"When I first came here to Warsaw I frequently heard Catholics prominent in civic affairs say: 'I am not anxious to lay my head on the block even if the block is the Gospel.'

"There are not many people ready to suffer for the church and for her defense; that is why it is so easy, in our society, to throw stones at the church.

"I know what you say: 'The church has survived for over 1,000 years here in Poland; she will ride out this storm too. No need for us to get too involved.' And so you avoid getting involved; and in the meantime the church is suffering, for herself and for you.

"That is the explanation why, in this country of ours, her enemies can treat the church of God as they please; and yet the church can ask, fearlessly, 'which of you will convince me of sin?'

"Just recently a troupe of young women, bearing good Polish names, appeared on TV in a skit that travesties a historical event related by the Bible; they mocked God's word, pretending that it was not Cain who slew Abel, but vice versa; Abel killed Cain, and so the just Abel is the real criminal.

"In the same vein, Christ has been accused of murdering children. Do you think I am exaggerating? Read some of our Warsaw papers, and you will be convinced. We wonder how the Jews of old could have had the effrontery to say to Christ, 'Thou hast a devil.' Yet the same thing goes on today; Abel is guilty of murdering Cain; Christ and His church are the great culprits responsible for what happens.

"So Polish girls amuse themselves this way for the benefit of the TV spectators, and people who call themselves intellectuals (even Catholic intellectuals) will smile and say, 'Oh, well, the bishops and priests will muddle through somehow; let's not get ourselves involved; let's not put our necks on the block.'

"Is it only the bishops and priests who have duties to fulfill toward the church? Should not every true Catholic defend the church, courteously but firmly uphold her sacred rights, in contemporary society and in our Nation?

"How little you know of the struggles the church endures to defend her rights, and how difficult it is to tell you about it, because such struggles are the church's daily bread—and bitter bread it is—in the Poland of ours.

" 'If I speak the truth to you, why do you not believe me?' Which of you realizes how desperately the church has to struggle, despite her exteriorly tranquil and silent attitude?

"People praised the diplomatic attitude of Poland's primate during his recent trip to Rome. That attitude is the proper one to assume abroad, at Rome, for I went there as a Pole, and was unwilling that foreigners should speak ill of my country; after all we have our reputation as a nation to consider. But in the meantime, back home in Poland, anything goes.

"TAX ON SEMINARY

"When I was about to leave for Rome, I received notification of the taxes that the archiepiscopal seminary in Warsaw is assessed.

"The total was some 3,500,000 zlotys ($14,700,000); 700,000 zlotys ($2,940,000) income tax for a single year, when the total operating budget of the seminary for a year amounts to 1,500,000 zlotys ($6,300,000).

"Yesterday, I received another warning to pay these taxes by this week. As you know, the seminary exists only thanks to your modest offerings and those of the clergy. Yet if I do not come across, God help me. All the seminary owns will be confiscated.

"I would not mind paying, if I could, but it seems to me that a cruel injustice is being done; and since an act of injustice violates a citizen's evident rights I have resolved not to pay these impositions. After all one has a duty to defend oneself against unjust exactions; and I should feel myself both dishonest and immoral if I went along with these unjust demands.

"This example is only one out of hundreds that present themselves every day; this sort of thing is the daily bread of the Primate of Poland, who speaks and acts so diplomatically when he is abroad because he does not wish his country to be ill-spoken of. But here at home he is not going to be so careful; he is going to fight back, because he too is a son of Poland, and intends to have his rights as a citizen respected. And those among you who are upright and manly, who wish to act the part of men, will come to the help of the church in this painful situation.

"Christ stoned in the home. * * * Yes, was it He who advised you to quarrel with your husbands? Did He command you to betray your wives? Is He the one who makes your children rise up against you? Is He the one who taught them vicious and improper language? Was it Christ who instigated the riot that occurred recently among the young people, in front of the Palace of Culture in Warsaw? Poor youths. They have been deprived of religious instruction in their schools, and now they act the part of bandits in the center of Warsaw.

"Who is to blame? Who, if not those who exalt the desirability of the secularistic school, who set up societies to support and defend these schools, and force Catholic parents to join, under pain of losing their jobs? Indeed, the secularistic school has borne its bitter fruit, and shown what it is worth by what happened in front of the Palace of Culture.

"I ask you, pseudointellectuals, 'which of you will convince Jesus Christ of sin'? What has Christ done, that He alone, His name alone, should be banned? That all religions may be spoken of except His?

"What has He done, that you should consider the man who mocks Him a hero, and the man who worships Him whether in church or elsewhere as a political suspect?

"I know a schoolteacher who lost her job simply because she dared to present the Primate of Poland a bouquet of flowers on his return from Rome. Forgive me, my sister, for being the unwilling cause of your trouble—all because you wished to express to me your own sentiments and those of the people. * * *

"Who among you, gentlemen, will stand up and defend the rights of the Catholic family everywhere, not just behind locked doors, but at the door of the schools? If Christ speaks the truth to you, why do you not hear Him?

"GUILTY ONE

"I know that in telling you all this I am going to lay myself open to attacks in the press. I am the guilty one, the troublemaker, the instigator, the one who sows division in society; I shall be accused of all that, I know; but I prefer to be accused today rather than in 50 years' time.

"So it is; today as yesterday, Christ stands before the world, and they accuse Him of being possessed by the Devil, they throw stones at Him. But He is the Rock of Ages; He will endure forever.

"Yet, will you not try to shield His head from those stones meant for Him? Do your duty, as He commands you to. For 'he that is of God hears the words of God.' "

Additional evidence of the persecution of religion in Poland is provided by a Berlin dispatch of the National Catholic News Service, printed in the Brooklyn

Tablet, June 23, 1962, announcing that several Polish priests were sentenced to a 3-year prison term last winter for translating and circulating copies of "Life Is Worth Living," by Bishop Fulton J. Sheen. This book, incidentally, is nothing more than a collection of talks given by Bishop Sheen over television in the United States several years ago. The Communist regime in Warsaw, however, regard this as a book on politics and economics, the contents of which were against the interests of the Polish people. The dispatch reads:

JAILED AFTER CIRCULATING BISHOP'S BOOK

BERLIN.—It was for translating and circulating copies of a book by Bishop Fulton J. Sheen that a Polish priest was sentenced to a 3-year prison term last winter, it was learned here.

Fakty i Mysli, periodical of Poland's organized atheists, said (May 31) that the "criminal" book which earned a jail sentence for Father Marcin Massalski of Lodz was "Life Is Worth Living," a collection of the talks given by Bishop Sheen over television in the United States several years ago.

Last February, when word reached here of the 3-year sentences imposed on Father Massalski and his collaborator, Father Stanislaw Janik, the only information available was that they had been convicted of distributing copies of a book on politics and economics whose contents were against the interests of the Polish people. There was no indication that the author was the U.S. national director for the Propagation of the Faith.

Besides identifying the work as a translation of Bishop Sheen's book, Fakty i Mysli stated that Father Stanislaw Szczepanek, pastor of Klementowice parish in Lublin province, had been sentenced to 1 year in jail.

The Catholic bishops of Poland issued a joint letter calling upon the faithful to fight against efforts of militant atheism in Poland to discredit the Christian church. This letter was prepared for publication in late May, but due to government pressure it was not published until early June. The Religious News Service, in a dispatch from Warsaw, Poland, printed in the Brooklyn Tablet, June 23, 1962, carries a summary of that joint letter. The summary reads:

POLISH BISHOPS ISSUE JOINT LETTER

WARSAW.—A joint letter from the Polish hierarchy, published over official objections from this country's Communist government, has called upon the Catholic faithful to fight the spread of atheism in Poland and to pray for the return of atheists to God.

Signed by Stefan Cardinal Wyszynski, primate of Poland, and the country's 64 other bishops, the pastoral had been scheduled for publication in late May. However, due to Government pressure, the document was not read in Catholic churches throughout the country until early June.

RETALIATE AGAINST SEMINARIES

Retaliation appeared to start as soon as the regime learned of the pastoral. A number of seminarians studying for the priesthood in the Rzeszow and Kielce areas were reported to have received military draft notices. Although seminarians are not exempt from military service, few have been called up and most have been allowed to finish their studies in past years.

The bishops appealed to Polish Catholics to launch a nationwide prayer campaign during the Octave of Pentecost "for our unfaithful brothers" and to combat the spread of atheism "so that you may be able to preserve the faith and pass it on to the next generation."

Declaring that atheism is one of the contemporary world's "principal sins," the bishops' letter warned against passing over the action of atheists "with a casual thought that they are just those with another point of view."

SERMONS, DEVOTIONS ASKED

As part of the campaign, pastors were directed to deliver appropriate sermons and hold special devotions during the Pentecost Octave to pray for Poles who have left the church and embraced atheism. The laity was urged to fast, to receive the sacraments and to perform acts of charity on behalf of the "Godless."

Observing the traditional heritage of Catholicism in Poland, the hierarchy's pastoral stressed that from the church "our heroes and our prophets have drawn consolation and strength of soul."

"The faith has always been a refuge for our people in the critical periods of our history," it went on to say. "From it was born our 1,000-year-old national culture."

However, in contemporary Poland, the bishops complained, atheistic propaganda is infiltrating into the life of the country. Warning that atheism causes "incalculable damage to the human soul," they declared that consequences of it would reach into every sphere of society.

Despite their bitter denunciation of the spread of atheism in the country, the bishops cautioned the faithful against recourse to violence. "Even verbal violence must be avoided," they said.

(Meantime, air arrivals in London from Warsaw said that the pastoral had made a deep impression upon Polish Catholics.)

Cardinal Wyszynski, who has spoken out frequently against the dangers of organized atheism in Poland, had become increasingly disturbed in recent weeks over Government-supported efforts to educate young Poles against "superstition" and "medieval practices."

At first he seemed to hesitate publishing the letter, but later he refused to withhold it despite Government displeasure.

SUPREME COURT DECISION ON PUBLIC SCHOOL PRAYER

Mr. ROONEY. Mr. Speaker, I should like to read to the House the following editorial published in last night's Washington Evening Star:

"AND FORBID THEM NOT"

Jesus, according to St. Luke, remonstrated with his disciples and said: "Suffer little children to come unto me, and forbid them not." Little children may not approach Him, however, through the public schools of New York. Six Justices of the Supreme Court have forbidden it.

At issue was this brief nondenominational prayer: "Almighty God, we acknowledge our dependence on Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country." This prayer had been composed by the State board of regents and was recited each morning in at least some of the schools.

Had any child been required to recite the prayer, the Court would have had every reason to forbid it. But this was not the case. Those who did not wish to participate were not even required to be present when the prayer was recited. Thus, the real effect of the Court's ruling is to prohibit children who might wish to do so from reciting the prayer. And this in the name of freedom of religion.

The first amendment says that Congress shall make no law respecting an establishment of religion, the Founders having in mind the established Church of England and similar early efforts in some of the colonies. But would the recital of this simple prayer, as recommended by a State agency, be equivalent to enacting a law respecting an establishment of religion? Of course not, and Justice Black, speaking for the majority, was obliged to concede that it does not amount to a "total establishment of one particular religious sect to the exclusion of all others. * * *" In our opinion it does not remotely approach this. Nor does it bear any rational relationship to the religious struggles of 200 or 300 years ago.

In his dissent, Justice Potter Stewart noted that the Supreme Court begins each day by invoking the protection of God. Its crier importunes: "God save the United States and this Honorable Court." How long will this be tolerated? And what about the prayers which are said each day in the House and the Senate. Does this contravene the first amendment?

Justice Stewart also noted that the Star-Spangled Banner was declared to be our national anthem by an act of Congress in 1931. Yet its third stanza reads:

"Blest with victory and peace, may the heav'n rescued land
Praise the Pow'r that hath made and preserved us a nation!
Then conquer we must, when our cause it is just,
And this be our motto 'In God is our Trust.' "

Perhaps this could be substituted in New York for the proscribed prayer. But, on second thought, maybe it would be better not to suggest it. The Supreme Court some day might rule that Congress, in its act of 1931, passed a law respecting an establishment of religion, and that the national anthem, therefore, is unconstitutional. Farfetched? We are not so sure.

STUDY OF IMMIGRATION AND POPULATION PROBLEMS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, 10 years ago, on June 27, 1952, Vice President Alben W. Barkley and Speaker Sam Rayburn affixed their signatures to H.R. 5678 of the 82d Congress, the bill enacting the Immigration and Nationality Act, the basic code governing immigration in the United States and implementing the provisions of the Constitution relating to U.S. nationality and naturalization in the United States.

Thus, having been approved by two-third majorities of the House and the Senate, the President's veto notwithstanding, the Immigration and Nationality Act, commonly referred to as the Walter-McCarran Act, has, as of today, attained its 10th anniversary. In that period of time—using round figures—2.5 million immigrants entered this country; 1.1 million of those came from countries of the Western Hemisphere where no quota restrictions apply; 1.3 million aliens became naturalized citizens of the United States; 7.8 million visitors, students, businessmen, diplomats, foreign government officials, and other nonimmigrants entered this country; 130,000 aliens were forcibly deported and 20,000 aliens excluded on our sea and land borders; and the alien population in the United States stood at the end of 1961 at 3 million persons, or—at least—that is the number of aliens who reported their whereabouts to the Attorney General. Seventy-nine percent of the alien population is concentrated in 10 States—California, New York, Texas, Illinois, New Jersey, Michigan, Massachusetts, Pennsylvania, Florida, and Ohio, in the order of the size of their alien population—while the remaining 40 States of the Union play host to only 21 percent of our immigrant population.

Are these figures too high? Or, are they too low? And—from what point of view is the evaluation made? Is this influx beneficial to the best interests of the United States? Or, is it damaging to this Republic and its citizen? What are the answers?

Throughout the decade of its lifetime the Walter-McCarran Act remained under attack by certain groups, while it was defended by others with equal vigor and vocality.

Changes in the law are sought by those who believe it to be too restrictive, and by those who maintain that parts of it are too liberal.

Complaints emanate from those who believe that the law enables too many immigrants to come to the United States and compete here for jobs, for housing, for schools, and for hospital beds with American citizens. Equally loud are the complaints that the law does not allow enough immigrants to further populate these shores and lands.

The running debate on the merits and the deficiencies or demerits of the the Walter-McCarran Act is reflected in legislation introduced in the House and in the Senate. Scores of bills are pending before the Committees on the Judiciary of the respective Houses. Some are identical, some are similar and some take directly opposite or widely divergent views.

No consensus of opinion appears to be ascertainable and no positions seem to be taken on either side on the basis of hard economic and social facts. Emotional rather than factual approach, generously sprinkled with politics, is characteristic of both sides. This does not make it easy for the Congress to act intelligently.

Mr. Speaker, I believe the time has come to analyze our immigration problem in depth. No such analytic study has been made since the economic, political, and social conditions of the entire world have undergone most profound changes since the late 1940's. This 10th anniversary of the enactment of our basic immigration code appears to me to be a good occasion to announce that a series of studies, hearings and inquiries designed to guide the Congress in the consideration of any revision of our immigration policy are being commenced by the Subcommittee of the Committee on the Judiciary of which I am the chairman. Proceeding under the authority granted pursuant to House Resolution 56, agreed to by the House on February 9, 1961, our subcommittee proposes to undertake this project without relating it directly to any pending legislation and with the following purposes in mind:

First. To ascertain from competent witnesses and experts the population situation in the United States.

Second. To examine all aspects of the problem, including the current and prospective growth of our present population and the capacity of the United States to absorb immigrants in large numbers.

Third. To ascertain the relationship between the growth of our population, the problems of automation, unemployment and partial employment, and shift of population from rural to urban areas.

Fourth. To examine the population situation in countries the nationals of which are seeking to migrate to the United States.

Fifth. To examine the current manpower situation of foreign countries suffering from deficiency or surplus of manpower.

Sixth. To examine the likelihood of improving the economic and social conditions and the living standards of foreign countries as a result of increased or decreased emigration to the United States.

Seventh. To ascertain the nature and the scope of the impact of immigration upon the economic and social conditions and the living standards in the United States.

Mr. Speaker, it is not our intention at the present time to turn for advice to advocates of one or another immigration policy. We intend to listen to experts on demography, experts on population and economics, experts on natural resources, and we are sparing no effort to obtain this information from the best qualified people.

SUPREME COURT DECISION ON PUBLIC SCHOOL PRAYER

The **SPEAKER**. Under previous order of the House, the gentleman from Maryland [Mr. Johnson] is recognized for 15 minutes.

Mr. **JOHNSON** of Maryland. Mr. Speaker, on June 25 the Supreme Court of the United States shocked and stunned this Nation by branding the saying of official prayers in public schools as unconstitutional. Immediately after reading the majority opinion of the Supreme Court, I prepared and introduced a House joint resolution—House Joint Resolution 753—proposing an amendment to the Constitution of the United States providing that the offering of nonsectarian prayers or any other nonsectarian recognition of God shall be permitted in public schools and other public places.

Following one of the most momentous decisions ever handed down by our highest Court, I have received an avalanche of mail, telegrams, and phone calls protesting an obviously anti-Christian opinion by the Supreme Court. This opinion will have a major and controversial impact on public school practices across the length and breadth of our Nation. One-half of the public schools in the United States have religious ceremonies; approximately 85 percent of all baccalaureate services in public schools have some religious content.

A Supreme Court decision which permits the sending of obscene matter through the mails on the one hand and invalidates official noncompulsory prayer on the other has aroused a people who are proud of the religious heritage that made this Nation great.

This is indeed a perilous world, an unstable world, and yet it is self-evident that when a nation goes down to defeat and destruction it is not so much that it has been assailed from without but because something has given way from within.

This Supreme Court decision has stunned Christian Americans; and I believe the decision, if left to stand, will contribute to a marked deterioration of spiritual emphasis in the United States.

What keeps a people strong and calm? What keeps a nation a symbol of greatness? I say it is a country's reliance on God. Religion was and should now be our Nation's strength. It is obvious that valor, law, and ambition cannot sustain a people, else Rome might still be the mistress of the world. America's peril comes not only from battleships, aircraft carriers, submarines, huge land armies, and H-bombs, but from weakness on the spiritual front. Our forefathers put on the full armor of God, and we today can do no less if we are to defend ourselves and our Nation from the forces of evil who seek to destroy the body as well as the soul. The nation that loses faith in God and man loses its most unifying and conserving force.

If the United States it to meet the global challenge with which it is confronted we must rediscover the spiritual basis of our political concept.

Mr. Speaker, it must be "this Nation under God" or it will be "this Nation under some dictator."

In an unkempt upper room in England some 112 years ago a man wrote rapidly through the night. In the morning, this man—Karl Marx—turned his paper, known as the Communist Manifesto, over to a friend. Gentlemen, from this upper room flowed an influence that changed the world. Millions of men and women have lost their lives because of it; almost a billion people are under its infamous banner; the booted tread of Communist soldiers are heard in many lands today; and fear and malice, bitterness and hate can be found everywhere. But I speak today concerning another upper room, a most important upper room, where a group of Christians met some 1,900 years ago. From this room flowed a spirit of fellowship and love, kindness and goodness, which has gloriously captured millions of people. We cannot afford to destroy the fabric of our religious heritage in this troubled 20th century. We cannot condone the action of the group that sponsored this anti-Christian case. It is noteworthy that this same organization in the guise of champion of civil liberties has defended Communists in several instances. America needs to be awakened. There is moral deterioration taking place within our Nation which imperils the existence of this free and democratic country.

George Washington, our first President, during the first inaugural giving reverent acknowledgment of God's guidance in the development of this country and a statement of his own conviction that this Nation was born under God wrote in the following manner:

> In tendering this homage to the great Author of every public and private good, I assure myself that it expresses your sentiments not less than mine own; nor those of my fellow citizens at large. * * * No people can be bound to acknowledge and adore the Invisible Hand, which conducts the affairs of men, more than the people of the United States. Each step by which they have advanced to the character of an independent nation seems to have been distinguished by some Providential agency.

I sincerely hope I may have the support of my colleagues in the passage of my measure or any other comparable resolution.

AIRLINES IGNORE PUBLIC RESPONSIBILITY

The SPEAKER. Under previous order of the House, the gentleman from Ohio [Mr. Vanik] is recognized for 15 minutes.

Mr. VANIK. Mr. Speaker, as soon as congressional agreement on the reduction of the travel tax, effective November 15, was made clear, the Nation's trunk airline carriers appear determined to divert the tax savings away from the traveling public and convert them into added revenues. The general public will again end up as loser in a tax cut from which they will get no benefit.

The announcement by Eastern Airlines in this morning's newspapers to increase coach fares by 6 percent on August 1 forewarns the traveling public of a determined effort by the trunk airlines to completely eliminate attractively priced coach travel. This pricing policy completely disregards the tremendous public interest in low-cost air travel—free of frills, champagne cocktails, and gourmet dinners. Economy is the attraction of coach travel. While it may divert some passengers from first-class flights, it serves to divert more passengers from congested surface travel. The elimination and pricing up of coach travel simply forces more people to use their automobiles.

The popularity of Eastern's air bus service to the seaboard cities indicates the popularity and profitability of low-cost flights. It may be coincidental that the same cities are served by railroad transportation that is still slightly competitive. Perhaps the Civil Aeronautics Board or some other agency should inquire whether or not this type of shuttle service is being provided solely to give the railroad transportation of persons a knockout blow.

Coach travel has shown increased popular support in spite of the fact that all airlines have been engaged in a program of reducing the scheduling of coach flights. Between Cleveland and Washington, United Airlines has completely eliminated coach travel. At the same time, coach flights between New York, Cleveland, and Chicago have been reduced. The record will indicate that most carriers have been reducing the availability of economy flights.

The great majority of airline travelers want a safe air trip to their destination. They are more concerned with the price of the ticket than they are with the type of plane or its speed. They are concerned with the saving of days of travel rather than minutes or even hours. They have little interest in tape recorders, red carpets, or stag flights. Why, then, should this traveler be saddled with the cost of these frills by higher fares?

With the speed of modern aircraft, it has become almost unnecessary to serve food in flight, except for transcontinental flights. Many meals in flight are served in a frantic dash to fit them into the flight schedule. If the great majority of air travelers had their choice between food in flight and lower prices for travel, I am sure they would choose the latter.

The fact of the matter is that the domestic carriers have made no effort to penetrate the tremendous market of the unsubsidized domestic traveler. They have endeavored to cater to the expense-account, credit-card group. In a city district such as I represent, 97 percent of the air travel is carried on by less than 3 percent of the people. I would venture an estimate that 75 percent of the residents of my district have never been in a commercial airline. With rising prices, their chances at air travel are even more remote.

The automobile remains the principal competitor to mass air travel. The highways are glutted with motorists who would prefer to fly if the prices were right.

Travel abroad was given a tremendous boost with the introduction of the economy fare and low-cost charter flights which have taken over the market. If attractive pricing policies stimulate more international travel, why not try it for domestic travel?

As another alternative, the airlines could stimulate low-cost travel by providing drastically reduced rates on night flights. Practically all airline services shut down at 11 or 12 o'clock at night. The expanded use of low-cost night flights would provide the traveler with service at a price he may afford. It would provide use for equipment and facilities at a time they are unused. The capacity of our airports could be expanded without the construction of added facilities. With the present congestion at airports and with the hazardous crisscross of flight patterns, night travel might prove to be more safe as well as more convenient. The failure to use our airways and airport facilities during the night and early morning hours is wasteful.

The public acquiescence to airline merger and consolidation was based upon the assumption that the carriers would remain public spirited. It was believed that they would pass on to the public some of the economy made possible by merger. The airlines have a grave public responsibility to provide safe service at the lowest possible cost to the greatest number of air travelers. If they fail in this obligation, public reaction may generate demands for the reestablishment of competitive carriers. Perhaps someone may come along and propose to do the job better if granted a competing franchise.

In the meanwhile, the airlines should not forget their obligation to provide the best kind of service to the greatest number. Their obligation to provide attractive coach service is inherent. The proposal of Eastern and other airlines to raise the price of popular coach service—and the practice of other carriers to eliminate coach service—is not in the public interest. The proposal of Eastern to raise the price of coach service immediately after a cut in the travel tax was made certainly is ill timed and in extremely poor taste.

A BRIEF HISTORICAL REVIEW OF PAST TARIFF HISTORY OF THE UNITED STATES

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. Cederberg] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. CEDERBERG. Mr. Speaker, before entering into a detailed discussion of the measure now coming before Congress, let us induce perspective briefly by reviewing past tariff history of the United States.

The Washington administration's tariff law of 1789 was the first act passed by Congress. Its purpose, according to Mr. James Madison, of Virginia, was to "be productive of revenue—and to—protect our domestic manufactures." These twin policy objectives have governed our Nation's lawmaking objectives from 1789 to the present, and still will unless H.R. 11970 passes and throws both of these objectives into the ashcan.

The next major national foreign commercial policy action was taken pursuant to an order of the House of Representatives of January 15, 1790. President Washington's Secretary of the Treasury Alexander Hamilton was asked to report to Congress, and he presented a "Report on Manufactures" on December 5, 1791, setting forth briefly the foreign commerce philosophy of our first national administration. It is highly protectionist in nature—and the bible of American industries ever since.

The twin principle of tariffs both for protection and for revenue was supported by that and subsequent administrations for the next half century—with heavy emphasis on the protective aspects. These early Presidents were all concerned with and favored tariffs both for revenue and protection.

From those early days to the present, many gyrations in the foreign commerce policy of the United States have occurred. Upon occasion, the emphasis was on revenue. On occasion, the emphasis was on protecting domestic industry. Historically speaking, it can be said that these two fundamentals were intertwined: revenue and protection. The emphasis changed, but the two principles governed.

H.R. 11970 would completely reverse this 173 years of precedent. It virtually eliminates the principle of protection. As a belated aftermath of the 16th amendment to the Constitution, H.R. 11970 would, for all practical purpose, discard customs duties as an important source of public revenue at a cost to the American taxpayer of at least $500 million a year.

COMMENTS ON H.R. 11970, THE SO-CALLED TRADE EXPANSION ACT OF 1962

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. CEDERBERG] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. CEDERBERG. Mr. Speaker, on considering H.R. 11970, this House should first understand the salient characteristics of this proposed measure. Integral to any consideration of H.R. 11970 is the recognition of its substance and meaning.

In essence, H.R. 11970 is one more extension of the Trade Agreements Act of 1934, the 12th such extension, and a radical one.

It carries certain broader authorities to the Executive, some hypothetical; and includes the Federal handout and subsidy principle rejected by the 1953 bipartisan Randall Commission and by the Congress ever since.

The measure's fundamental feature is authorization for the Exectuive to negotiate trade agreements for reductions in U.S. tariffs by as much as 50 percent, to be staged over a 5-year period. While the reductions are intended to be reciprocal, past experience has shown that they usually turn out to be unilateral. The Trade Agreements Act of 1934 likewise permitted reductions up to 50 percent, as did the 1945 extension of the same act. This key feature of H.R. 11970 is nothing new. The 1934 act and the 1945 extension lacked any reciprocity provisions which ever proved effective. Their mandate was vague and the use of the word "corresponding" proved meaningless.

Certain features of this measure differ quite radically from the basic existing statutes and from the terms of the previous 11 extensions.

But, make no mistake about it, the heart of the measure is the 50-percent tariff reduction.

The additional features include authorization for:

First. Total elimination of duties of 5 percent or less. These low duties negotiated through previous trade agreements, now provide Federal revenue, but only infrequently protection. This provision means, or presages, the virtual end of our Nation's 173-year use of tariffs as a revenue-producing method—thus requiring other revenue sources to be tapped, and in substantial amounts.

Second. Total elimination of duties where 80 percent of world trade originates within the United States and the European Economic Community. This provision is most hypothetical in that the European Economic Community membership is in a state of flux. Such authority for the Executive will probably prove viable only if the United Kingdom and perhaps others should join that Community. Whether objections from British trade unions, rural interests and the Commonwealth countries will permit the United Kingdom to join is highly conjectural. For instance, the New York Times of June 20 reports:

> The original timetable may be kept, officials said, but Mr. Heath and other officials are not optimistic.
>
> The outline of the possible agreement, it is feared, may prove so vague that the Commonwealth leaders will find in it little of substance for debate. There is some talk among qualified sources of postponing the meeting until later in the autumn or even of having two meetings, one in September and the other in November.
>
> Whatever the timing agreed upon, it is clear that the British cannot look forward to a perfunctory acceptance of the outline or, eventually, of the terms. As Mr. Heath put it delicately in speaking to newsmen today, "The Commonwealth Prime Ministers will discuss this together and will undoubtedly influence each other."
>
> The Commonwealth's insistence on the preservation of some measure of preferential treatment for its exports is one reason for the revision of the timetable, sources said.
>
> The other has been the development within the French and German Governments of strong hostility to any arrangements that would perpetuate Britain's political and economic ties with the Commonwealth. This is based on a desire to keep the Common Market European in content as well as context.
>
> ### BRITISH DEBATE GROWING
>
> While this fundamental difference over the Commonwealth has been emphasized by the negotiations in Brussels, a national debate of surprising vigor has been gathering momentum in Britain.
>
> The strength of the political opposition to entry, which transcends party lines, and the reduced influence of the Macmillan government indicate that legislation enabling Britain to enter the Market would have rough passage through the House of Commons.
>
> This marks another radical departure from the Government's view of 6 months ago. Then it was said with assurance that Conservatives had been elected to carry out their policies and that their majority of about 100 in the Commons would insure that this particular policy was carried out.

Nor have the leaders of some European Economic Community nations shown any strong desire for British accession to the new market.

Third. The establishment of the use of Federal funds to phase out an industry as an alternative to tariff or quota relief to maintain industries and workers injured by imports. This, for the first time in our tariff law history, would clearly presuppose that injury will follow the opperations of the law, and that certain industries and their workers are expendable if freer trade requires it. This would represent a wholly new principle in tariff law—and could rapidly extend to other areas of law such as defense contracts. In this principle is contained ramifications of the utmost gravity for our enonomy.

Fourth. Certain special provisions designed to encourage world trade in products originating in tropical countries. If not used foolishly by the State Department, this appears to be a reasonable enough effort to improve the relatively and rapidly deteriorating trade position of the underdeveloped and new nations, taken vis-a-vis the industrial nations—that is, if the Executive grant of authority requested is linked with European Economic Community as the permissive provisions state, and is not just another unilateral grant of power to the Executive.

Fifth. Weakening the now established escape clause, whereby domestic industries injured by imports or the threat of imports may seek quota or tariff relief. Substantial escape clause relief is provided in GATT and is customary in other nations, but apparently is now to be little used in ours under H.R. 11970.

Sixth. Virtual elimination of another established feature of law, the so-called peril-point provisions, whereby domestic industry is afforded a hearing and the Tariff Commission is required to make a finding as to the levels below which tariff reductions may not be negotiated in trade agreements except under certain specified conditions.

In its conscientious effort to seek equity, the Congress devoted over 14 years of thoughtful and hard work to developing these two latter provisions of present law, escape clause and peril point. Truly, the escape clause and peril points were hammered out on the anvil of extensive, hot, and honorable debate—in committees, in House, and in Senate. Admittedly not perfect, their improvement would logically seem to overweigh their virtual destruction as in H.R. 11970.

The measure further fails to repeat Congress previous disclaimers of the GATT; it contains permissive language, designed to foster agricultural and other exports, but these are wholly lacking in legislative teeth; and it may cause some eliminations of the so-called product-by-product tariff classifications and reductions long established in our law, in that it authorizes the U.S. Tariff Commission to develop new and broader classifications for European Economic Community negotiations.

The measure contains no mandatory requirement that U.S. exports be treated with reciprocity abroad. Again, leave it to the State Department and end up with little reciprocity.

And, last but not least, it contains a provision whereby Congress, by a vote of both Houses, can reject the President's denial of a Tariff Commission recommendation. If high privilege were granted such a motion, it might have some utility. But without the privilege feature of the 1958 law, it is virtually useless.

It should be noted that already existing in law is a permissive provision under the presently extant Tariff Law of 1930—section 338—which contains authority for severe penalties against nations which discriminate against U.S. exports. This has never been invoked by the same State Department which now solemnly says that it will insure reciprocity. Reciprocity is only implied by the use of the word "corresponding" in the Trade Agreements Act of 1934, but is often used to describe that bill as the "reciprocal trade agreements law." It has never been practiced.

THE LATE HONORABLE FRANCIS CASE

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from North Dakota [Mr. NYGAARD] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. NYGAARD. Mr. Speaker, I rise to join my colleagues in expressing a profound sense of loss over the passing of Senator Francis Case, of South Dakota. We were, in a sense, neighbors, with many of the projects he sponsored also benefitting North Dakota as well as his beloved South Dakota. He served his State loyally and ably for many years in the House of Representatives and the Senate.

It is a sad experience for all of us here in Washington to see such a great friend of the people pass on. But imagine what the loss must be to South Dakota. The people there have lost a respected, sincere voice that always spoke for their best interest.

Throughout his long service to his State and country, he was one of the most diligent, sincere men ever to appear in the Halls of Congress. His countless contributions to all Americans will always be remembered.

Fitting words are hard to summon at a time like this, but the thoughts that occur are many. Suffice it to say that we who had occasion to know him and to see his achievements will miss him. I wish to extend my deepest sympathy to Mrs. Case, their child, and grandchild.

IN THE NAME OF FREEDOM

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentlewoman from New York [Mrs. ST. GEORGE] may extend her remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mrs. ST. GEORGE. Mr. Speaker, the following brief editorial in the Wall Street Journal of June 27 sums up the shocking reaction of most of us to the recent Supreme Court decision regarding prayer in our public schools.

This seems a flagrant misinterpretation of the first amendment to the Constitution which says:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.

Of course, this simple prayer does not establish a religion, but the Supreme Court does "prohibit the free exercise thereof."

IN THE NAME OF FREEDOM

"Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country."

This is the simple, nondenominational prayer which the U.S. Supreme Court has now ruled an offense to the Constitution. It was devised by the New York State Board of Regents and recommended for use in the State's public scools.

The Court decision is significant not only in itself but also as symptomatic of a broader move in the Nation toward the rigid exclusion of all traces of religion in the public schools. We think this attitude bespeaks considerable confusion and no abundance of commonsense.

Justice Black, writing for the 6-to-1 majority, contends that the New York prayer violates that part of the first amendment which says: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof." Specifically, he charges that it does establish religion.

Now, if it were true that that prayer constituted an establishment of religion, it would be a serious matter indeed. The authors of the Bill of Rights wrote the establishment clause because they understood very well the perils of state religion and the tyranny which can go with it—which in fact had driven many from the Old World to the New to find religious freedom.

But only a violent wrenching of language can produce the interpretation that the prayer establishes a religion. If one looks at its 22 innocuous words, it must be asked, What religion? Nor does it interfere with anyone's constitutional right of free exercise of religion, including the right to practice no religion and believe in none. It is nondenominational; it is not mandatory in any school; no pupil is required to recite it.

It is simply one among innumerable official governmental references expressing what the Court itself said 10 years ago, that by and large Americans are a religious people. As Justice Stewart observes in his dissent in the present case, "to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing the spiritual heritage of our Nation."

If the majority opinion prevails, however, it must logically require the excision of all those countless other official references to God—such as in the Declaration of Independence, the Pledge of Allegiance, the Star-Spangled Banner, the words used to inaugurate the President, open the Congress and convoke the Supreme Court itself. Justice Douglas, concurring with the majority, seems to say it does and should apply to these and all the other official instances.

And that is by no means all. If the majority doctrine stands, then anything that smacks of religious instruction or the subtle imparting of a religious viewpoint in the public schools becomes suspect. Do not suppose this to be a fanciful exaggeration. Already the Bible is banned from some schoolrooms. Already a Florida court decision has declared school observances at Easter and Christmas to be unconstitutional, and similar efforts are afoot elsewhere. (Poor kids, if they can't even sing Christmas carols.)

As for banning the Bible, with its magnificent poetry and philosophy, that is but the bare beginning, since so much of our culture is Biblical in derivation. In Matthew Arnold's phrase, the mainstreams of Western civilization are Hebraism and Hellenism, and by Hebraism is meant the whole Judaeo-Christian tradition and ethic.

Shall we then uproot it? Out the window with everything from Dante to Donne, from Milton to Dickens? Or how can public school teachers teach about Bach or Michelangelo, when the context is so inescapably religious? What is left of history?

Thus carried to its conclusion, the argument reduces itself to absurdity. That is why we would enter a plea for the exercise of a little commonsense. Any actual attempt to establish a specific state religion is a danger that ought to be easily recognizable. But it is something entirely different to suppose that, short of unimaginable police tactics, teaching about religion can be divorced from the American education with which it is inextricably bound up as a central fact of our heritage.

Those who persist in such attempts had best take care lest, in the name of religious freedom, they do real damage to free institutions.

SUPREME COURT DECISION ON PUBLIC SCHOOL PRAYER

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Kentucky [Mr. SILER] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SILER. Mr. Speaker, many of us in Congress as well as people throughout our entire Nation have suffered severe shock this week by reason of the Supreme Court ruling that all the prayers such as we learned from the tutelage of our mothers are now in conflict with the Constitution whenever these prayers are recited in any of the public schools of our country.

Now that this has occurred, the very best thing to be done is to adopt an amendment to the Constitution that would legalize these prayers upon which the greatness of our Nation has been built. Many Members of Congress have talked this week about introducing resolutions seeking to amend the Constitution in this respect and some of these Members have in fact already introduced such resolutions. However, I call the attention of this House to a resolution of my own that has been pending since January 4, 1961, that seeks to amend our Constitution so as to recognize our Nation as a Christian nation and thereby legalize the prayers mentioned. My resolution is House Joint Resolution 103, and there are a number of other resolutions identical with it that have been pending for months in both the House and the Senate. The Committee on the Judiciary has never given us the courtesy of a hearing and that committee does not seem likely to do so in view of the religious or irreligious convictions of some on that committee. But I respectfully suggest that the committee now hear and approve my own resolution and others like it and start the wheels rolling toward this very necessary, desirable, and worthwhile amendment to the fundamental law of our land.

Any nation that has been so often carried safely across the Red Sea of war and has so frequently been sustained by the manna of economic survival in its times of depression should certainly be great enough just to acknowledge officially, constitutionally, and publicly that "There is a God in Israel."

RESIDUAL FUEL IMPORTS A DANGER TO THE BITUMINOUS COAL INDUSTRY

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. SCRANTON] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SCRANTON. Mr. Speaker, the bill before us fails to deal adequately with a problem of paramount concern to the employees, management and ownership of the bituminous coal industry—an industry born in Pennsylvania and still one of the Commonwealth's economic mainstays.

The problem concerns the continuing increase in imports of residual fuel oil for use, as a direct competitor of coal, in the industrial markets of the Northeast. It has nothing to do with home heating units, which are not capable of burning this type of fuel.

While residual fuel imports have jumped from 127 million barrels in 1957 to 185 million this year, coal production has shrunk over the same period from nearly 500 million tons to about 400 million.

President Eisenhower, seeing this trend, late in 1959 exercised his authority under the present Reciprocal Trade Act and imposed a quota that cut residual imports from 171 million barrels in 1959 to 154 million in 1960. However, despite his alleged concern for unemployed miners, President Kennedy has increased the quota for this year to 185 million barrels.

Mr. Speaker, those coal miners who are still so employed want neither a dole nor a vague promise of "retraining." They want to keep their jobs. Nor do management and owners of the mines want to be shown, at Federal expense, how to turn their talents and capital to other uses. They want to continue the development of our greatest fuel resources.

The bill before us should include some provision for coal's protection against dumping into our markets of "waste" fuel from abroad.

PRAYER IN THE PUBLIC SCHOOLS

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. BOW] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. BOW. Mr. Speaker, I hold in my hand an envelope showing a stamp with the profile of Benjamin Franklin. This stamp is canceled with the mark "Pray for Peace." I am reminded that it was Benjamin Franklin who made the motion that the Constitutional Convention daily sessions be opened with prayer, and this is what he said at that time.

> I have lived a long time and the longer I live the more convincing proof I see that God governs in the affairs of men; and if a sparrow cannot fall without His notice, is it probable that an empire can rise without His aid? Except the Lord build the house, they labor in vain who build it. Without His concurring aid—

Said Franklin—

> we shall proceed no better than the builders of Babel.

I am glad to note that the Post Office Department, unlike the Supreme Court, recognizes the need for prayer in our daily lives, and I hope that Franklin's admonition will not be forgotten by any other agency of Government including the public schools.

RECIPROCAL TRADE AGREEMENTS PROGRAM

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Maryland [Mr. MATHIAS] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. MATHIAS. Mr. Speaker, the House is today debating the reciprocal trade agreements program which has been strongly advocated by the administration and by many segments of American business, industry, and labor. It has been vigorously opposed by other elements of the American community which feel that it is either premature or involves changes too drastic considering the present condition of American business.

Prior to the beginning of this year an informal discussion of the problems which led to the proposal of the program was initiated by Members of Congress and their constituents. One of the positive results of such discussion was the illuminating statement published in the CONGRESSIONAL RECORD on January 15, 1932, by Senator PRESCOTT BUSH and the distinguished gentleman from Missouri [Mr. CURTIS]. In that statement they pointed out that the trade agreements program by itself could not resolve all the questions now facing those interested in stimulating our foreign trade. As the informal debate of recent months has now crystallized in formal debate before the House of Representatives, I should like to suggest that the program before us cannot be discussed and determined in a vacuum. As we debate the reciprocal trade agreements program we must not be blind to the other concomitant legislative programs which must accompany it if it is to achieve a fraction of its purpose.

There will have to be some correction in what we might call the domestic ground rules in order for American business to compete in world markets. These changes should include, first, a comprehensive reform of the tax structure; second, realistic depreciation allowances; third, elimination of inflationary trends and Federal deficits; and fourth, encouragement of private investment in expanding markets of the world.

Regardless of what decision this House makes in regard to the reciprocal trade agreements program, I feel that its job will not be completed until it has resolved the further questions that have been raised and any other issues which place American industry, business, and labor at a disadvantage in the marketplaces of the world.

In the event that this House, the other body concurring, enacts a program similar to that now under debate it will have assumed a heavy responsibility. The administration has sought our approval of the program but we may well ask whether or not it is prepared and equipped to go forward with the necessary accompanying steps. If the Congress sees fit to approve this program it must be prepared to make up for the deficiencies of the executive in the area of economic policy.

THE POLISH AMERICAN CONGRESS FULLY ENDORSES AID TO POLAND

Mr. HAGAN of Georgia. Mr. Speaker, I ask unanimous consent that the gentleman from Delaware [Mr. McDOWELL] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. McDOWELL. Mr. Speaker, the supreme council of the Polish American Congress, in the statement of policy adopted at a meeting on June 15 and 16, 1962, in Washington, D.C., appealed to the House of Representatives—and I read:

> To reject all amendments to the foreign aid legislation which would restrict the President's authority to extend aid to the people of Poland whenever he finds this to be in the interest of the United States.

The policy statement went on to say that:

> We hold no sympathy for Gomulka and his Soviet-imposed regime. We deplore absurd attacks on the United States made by the Soviet Communist puppets now dominating Poland. * * * Nevertheless, it is our considered opinion that mutual benefits to be derived from American aid to Poland far outweigh any annoyances which may result.

The Polish American Congress, speaking on behalf of over 7 million Americans of Polish ancestry, has properly appealed through its able president, Charles Rozmarek, to the Members of the House of Representatives to vote against the crippling Senate amendments, saying, reasonably:

> We firmly believe it is important for the United States to maintain contact with the people of Poland. We think that the President should preserve his present authority to provide help to the people of Poland through the sale of surplus farm commodities and through the media of other humanitarian projects deemed by him as proper.

Do not weaken the resistance of the people of Poland to communism. Do not force them into an unwanted dependence on Russia. Do not destroy their faith in the friendship and the good will of the United States.

I include herewith two letters I have received, together with excerpts from my report to the Committee on Foreign Affairs on my findings during my recent special study mission to Poland:

POLISH AMERICAN CONGRESS, INC.,
Chicago, Ill., June 20, 1962.
HON. HARRIS B. MCDOWELL, JR.,
House Office Building,
Washington, D.C.

DEAR SIR: The supreme council of the Polish American Congress, in the statement of policy, adopted at a meeting of June 15 and 16, 1962, in Washington, D.C., appealed to the House of Representatives "to reject all amendments to the foreign-aid legislation which would restrict the President's authority to extend aid to the people of Poland whenever he finds this to be in the interest of the United States.

"We hold no sympathy for Gomulka and his Soviet-imposed regime. We deplore absurd attacks on the United States made by the Soviet Communist puppets now dominating Poland. Nevertheless, it is our considered opinion that mutual benefits to be derived from American aid to Poland far outweigh any annoyances which may result."

Speaking on behalf of over 7 million Americans of Polish ancestry, the Polish American Congress again appeals to you to vote against the Senate amendments.

We firmly believe it is important for the United States to maintain contact with the people of Poland. We think that the President should preserve his present authority to provide help to the people of Poland through the sale of our surplus farm commodities and through the media of other humanitarian projects deemed by him as proper.

Do not weaken the resistance of the people of Poland to communism. Do not force them into an unwanted dependence on Russia. Do not destroy their faith in the friendship and the good will of the United States.

Sincerely yours,
CHARLES ROZMAREK,
President.

AMERICAN-POLISH-NATIONAL
RELIEF FOR POLAND,
Scranton, Pa., June 21, 1962.
Hon. HARRIS B. MCDOWELL, JR.,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN MCDOWELL: Thank you very much for the time extended to me at the time of my visit to your office in Washington.

I took the liberty of distributing your report to practically every member of the delegation of the Polish American Congress meeting, held in Washington on June 16.

You undoubtedly noticed that the Polish American Congress fully endorsed the necessity of aid to Poland. We, on our part, would like to thank you for your stand and hope to meet with you soon after my return from Europe, sometime after July 15. I will accompany a group of over 200 members of our organization who will visit Poland and also acquaint themselves with the operation of American agencies in that country.

After the return of the group from Europe, we will plan a special meeting with you, of which we will inform you in due time and ask for an appointment at your convenience.

Respectfully yours,
KAROL H. SITKO,
General Secretary.

SPECIAL STUDY MISSION TO POLAND AND AUSTRIA—REPORT

(By Hon. HARRIS B. MCDOWELL, JR., Democrat, of Delaware)

FOREWORD

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., June 8, 1962.
Hon. THOMAS E. MORGAN,
Chairman, Committee on Foreign Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am submitting for the consideration of the Committee on Foreign Affairs the report of my special study mission to Poland, which country I visited during the congressional Easter recess.

I trust that the information contained in this report will be useful to the committee and to the Congress in connection with the consideration of foreign policy legislation.

HARRIS B. MCDOWELL, JR.,
Delaware.

PREFACE

Since 1957, the United States signed five separate agreements with Poland providing for the sale of our surplus agricultural commodities. The total amount involved in these agreements is approximately $426 million. Under the terms of these agreements, the proceeds from the sale of our agricultural commodities are deposited by the Government of Poland, in zlotys, to the account of the United States. These zlotys can be used by the U.S. Government to defray local expenses of the U.S. Embassy in Warsaw, of the U.S. consulate in Poznan, and of various U.S.-sponsored programs. The unused balance of the zlotys is to be repaid by the Polish Government in dollars, beginning 10 years after the signing of the first agreement.

The total amount of zlotys available to the U.S. Government from the sale of our surplus agricultural commodities in Poland is considerable. As of December 31, 1961, only a small fraction of these funds—approximately $2 million—had been disbursed for governmental purposes. The balance may be utilized, as necessary and appropriate, to promote the objectives of U.S. foreign policy with respect to Poland.

In the 1961 state of the Union message to the Congress, President Kennedy expressed his intent to explore the possibility of using a greater portion of Polish zlotys, accruing to the account of the United States from sales under Public Law 480, on "projects of peace that will demonstrate our abiding friendship and interest in the people of Poland." A number of such projects have already been initiated. Others are in the process of being discussed and considered within the executive branch.

As a member of the Subcommittee on Foreign Economic Policy, I traveled to Poland during the Easter recess. I was accompanied by Mr. Marian A. Czarnecki, staff consultant to the committee. The purpose of the study mission was to survey conditions prevailing in Poland; to review U.S. activities in Poland financed with zlotys accruing to our account from the sale of agricultural surpluses under Public Law 480; and to inquire into the advisability of continuing or expanding such activities.

The study mission left Washington on April 19 and returned on April 29. In Poland, we had a series of conferences with Ambassador John Cabot, members of the American Embassy staff, representatives of U.S. voluntary organizations conducting programs in Poland, and Polish Government officials. We inspected the distribution of U.S. surplus farm commodities, visited schools, hospitals, construction and other projects, and spoke to many Polish people. The study mission also visited the construction site of the American Research Hospital for Children in Krakow, the first project of this type to be financed jointly by private American contributions and Public Law 480 zlotys. This is also the first hospital to be constructed with U.S. assistance behind the Iron Curtain.

In Warsaw we conferred with several Polish Government officials including Deputy Foreign Minister Winiewicz, Minister of Health Sztachelski, Vice Minister of Health Dr. Widy-Wirski, Director of the Office of International Cooperation Rabczynski, members of the foreign affairs committee of the Polish Sejm, and others.

Apart from the visit to Poland, the study mission received briefings on the military situation in Europe in general, and in Berlin in particular, from Gen. Truman H. Landon, Commander in Chief, U.S. Air Force-Europe in Wiesbaden; Maj. Gen. Albert Watson, II, U.S. Commander, Berlin; Gen. Lauris Norstad, Supreme Allied Commander, Europe; and Gen. Earl G. Wheeler, Deputy Commander in Chief, U.S. European Command, as well as briefings on the political situation from Ambassador Walter Dowling, U.S. Ambassador to the Federal German Republic, and from mission and embassy staffs in Berlin, Vienna, and Paris.

FINDINGS AND RECOMMENDATIONS

Few nations in recent history have suffered as much or as long as the people of Poland. Invaded by the Nazi war machine on September 1, 1939, and shortly thereafter attacked by the Soviet armies from the east, Poland was subjected to a ruthless occupation. Millions of her people perished during the fighting and the occupation. Some of her cities were almost completely destroyed. In 1945, nearly half of her prewar area was annexed by the U.S.S.R. And since the war, her people have lived under Communist domination, deprived of the right to fashion their future within the framework of free democratic institutions.

Today, Poland is clearly a member of the Soviet bloc. The governing regime has not been freely elected by her people. It was foisted upon them by the Soviet Union. Poland is presently bound to the U.S.S.R. not only through such formal instrumentalities as the Warsaw Pact, but also because of its exposed geographic position and its heavy economic dependence upon the Soviets. Even more important is the fact that Soviet troops are still present in Poland, as well as on her eastern and western borders.

These facts make Poland an integral part of the Soviet bloc. The Polish position on international issues reflects this, and rarely differs from that of the bloc itself. U.S. policies with respect to Poland must take these factors fully into account.

Nevertheless, Poland differs substantially from the other members of the Soviet bloc. Historically, her people have a basic orientation toward the West. Their antagonism toward Russian domination is of long standing. Their distrust of Germany has deep historical roots. Their nationalist sentiments are very strong. Poland's tradition, and the independent spirit of her people, have been instrumental in enabling her to attain a unique position within the Soviet bloc.

The attainment of that position dates back to Gomulka's rise to power in Poland in 1956. Since that time, the Polish Government has enjoyed a measure of autonomy in internal affairs. Only a small part of Polish agricultural land is collectivized. Freedom of worship exists today in Poland, although its exercise has been made progressively more difficult. The Gomulka regime has permitted a diversity of expression in the arts which is unmatched elsewhere in the Soviet bloc. It has also allowed more extensive contacts with the West than are permitted by other satellite countries. This is true in terms of scientific and cultural contacts, exchanges, tourist travel, and the immigration of large numbers of Poles to various Western countries.

Beginning in 1957, there has been a big change in Poland's relations with the United States. This change was reflected on political and economic levels. Within certain clearly defined limits, we resumed some of our trade relations with Poland. We entered into more extensive exchange programs with Poland than with any other bloc country. On the other hand, U.S. officials in Poland have been permitted to travel, to make and to develop broader contacts. U.S. voluntary organizations have been able to administer food distribution programs which give credit to the United States as the source of the distributed foods. And Voice of America broadcasts are permitted to enter Poland without being jammed.

The extent of our trade relations with Poland, and of our activities in that country, will be discussed in some detail in the following section of this report. At this point, we should like to summarize our impressions regarding the course of United States-Polish relations since 1957.

We believe that the change has been constructive. It has reflected our recognition of Poland's unique position in the Soviet bloc. It has demonstrated our willingness to take advantage of the opportunity to make U.S. presence felt in Poland. And it has served to sustain and enlarge the substantial reservoir of good will toward the United States among the people of Poland.

The Poles have a big job on their hands. Their cities still show ample evidence of the ravages of war. Their industrial base is small and appears largely obsolete. Their farming methods and implements seem to a large extent outdated. Poland is a relatively poor country. She is economically dependent on the Soviet Union. Her people need help to improve their level of living. Any help from the West which aids them in improving their lot, and in reducing their economic dependence on the Soviet Union, is welcomed and appreciated.

U.S. assistance, extended during the past 5 years primarily through the sales of our surplus agricultural commodities under Public Law 480, appears to have had a favorable impact. It enables us to maintain our presence in Poland. It provides us with nondollar resources with which we have established a number of exchanges and contacts with the Polish people. And, through the direct distribution programs, it has brought aid—and tangible evidence of American friendship—directly to hundreds of thousands of Polish children, hospital patients, and families in need.

We should not underestimate the value of this assistance. Apart from relieving want, it advances science, supports cultural and economic aspirations of the Poles, and sustains their hope in a better tomorrow. It shows them that they have not been forgotten—written off by the West.

We are convinced that the attitudes and the loyalties of the people living today under Communist domination will play an important part in the outcome of the long-range struggle between communism and freedom. This struggle exceeds the bounds of a physical contest. It is, ultimately, a struggle for the minds and hearts of men. For this reason, we must try to sustain the hopes, and strengthen the feeling of friendship for the United States, among the Communist-dominated peoples. We have an opportunity to do this today in Poland. We should use it, and use it prudently. We must be willing to invest in the future, without expecting immediate dividends from our investment.

In shaping our policies with respect to Poland, it would be foolhardy to assume that Poland may be detached from the Communist bloc in the immediate future. Nothing that we saw in Poland would justify such optimism. Poland is firmly under Communist control, and, because of her geographical location, is likely to remain so for some time to come. We must keep this in mind. We must expect, and be ready, to change our policies with respect to that country on short notice. The impermanence of our undertakings in Poland is one of the hazards of dealing with a Communist-run country. The alternative to the continuation of our Public Law 480 surplus food programs in Poland would be to deny this humanitarian type of assistance to the people of that country, thereby turning our backs on the tradition of good will and friendship toward the United States which has historically existed between the people of Poland and the people of the United States.

A COMPREHENSIVE LIBRARY DEVELOPMENT PROGRAM

Mr. HAGAN of Georgia. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. CLEM MILLER] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. CLEM MILLER. Mr. Speaker, I have introduced today a bill which would amend the Library Services Act to make that act more effective in meeting the needs of our public libraries, and of our public school libraries and college and university libraries as well.

My bill represents a cosponsorship of H.R. 11823, introduced by the respected gentleman from West Virginia [Mr. BAILEY], chairman of the subcommittee of the Committee on Education and Labor which will conduct hearings on this subject.

This legislation would authorize a coordinated national program for library development to help meet the increasing educational, informational, and research requirements of the people of the United States.

It is based on recognition that the continued progress of the Nation requires adequate library facilities and services to bulwark the educational and economic foundations of our society. It recognizes that public libraries, elementary and secondary school libraries, and college and university libraries are interrelated, and that their problems and deficiencies should be attacked together.

The Library Services Act of 1956 provided for annual matching grants of $7½ million for 5 years for extension of public library service in rural areas without such services or with inadequate library services. The act was so successful that 2 years ago the Congress extended it for 5 years more—Public Law 86–679.

But the existing act limits the program to areas of 10,000 population or less and does not cover other types of essential libraries which also have serious deficiencies.

The bill I am introducing today continues to provide that responsibility for planning and administering federally assisted library improvement programs rests with the States and the institutions of higher learning.

The bill also is based on recognition of the following:

First. That advances in science, technology, business and government, and other human activities require supporting library resources and services if we are to continue to advance.

Second. That the costs of books, periodicals, and related materials are rising.

Third. That the Nation has an increased need for more and better formal and informal education.

Fourth. That our population is growing rapidly and undergoing and requiring marked shifts in occupational status, educational levels, and location.

Fifth. That we have a present shortage and will have a future shortage of trained librarians to staff the various types of libraries.

The following is a title-by-title summary and justification of the bill:

TITLE I—PUBLIC LIBRARIES

Title I of this bill would broaden the program for public libraries, limited in the present act to libraries in cities with populations of 10,000 or less, by removing the population ceiling and increasing the amount of the authorization for public libraries from $7,500,000 to $20 million annually.

Distribution of the funds would be made to the States, first, by a basic uniform grant to each and then the remainder on a population ratio basis. Matching funds on a per capita income basis would be required. Like the present Library Services Act, a State plan administered by the State library administrative agency would be required.

Justification: Although public libraries in rural populations of 10,000 or less have been helped considerably by the Library Services Act, much remains to be done for these and also the urban and metropolitan areas. Reports from the States indicate that 50 million persons still have inadequate or no service at all.

Demands exceed public library resources for expert service to special age groups such as senior citizens, children and young people, and in fields of adult education, business and technology, delinquency problems, and many others.

Public libraries are being overwhelmed by pupils after school hours as a result of the new emphasis on independent study. Public libraries are feeling the pressure of the higher educational and reading levels of the general population. Public libraries are involved in supplying services and materials for job retraining, particularly in urban areas.

TITLE II—SCHOOL LIBRARIES

Title II of the bill would authorize $30 million annually on a matching basis, except for an outright grant in the first year, for improvement of public elementary and secondary school libraries. Purchase of books and other materials, minor remodeling, and establishing and improving supervisory and consultative staff at both the State and local levels would be eligible uses of the funds.

The funds would be allotted to the States primarily on the basis of the ratio of the school-age population of each State to the total school-age population of the United States. No State will receive less than $50,000 annually. Matching funds would be based on the per capita income of each State. This title would be administered by the State educational agency.

Justification: More children will be in school. The next 20 years will see an expansion of nearly 26½ million. Currently, more than 10,600,000 children and young people go to public schools where there are no school libraries. More than 40,700 schools, nearly half of all our public schools, have no school libraries.

Only $1.60 per pupil is the average annual amount spent for books in schools with school libraries. This amount does not provide much material for young minds to read, with the average cost of a book about $3 to $4. Increased emphasis on reading and individual study in order to deal with the slow learner, the average, and the gifted child requires more books, periodicals, films, and more skilled personnel.

TITLE III—COLLEGE LIBRARIES

For institutions of higher education the bill would authorize in title III an annual appropriation of $10 million to assist and encourage such institutions in the purchase for library purposes of books—not including textbooks—periodicals, documents, audiovisual, and other library materials.

Funds would be distributed directly to colleges and universities in an amount not exceeding 25 percent of the sum expended for library materials by such institutions during the fiscal year ending June 30, 1962. Minimums are set for certain types of colleges and universities.

In the year for which a request is made, institutions cannot reduce below the corresponding figures for the fiscal year 1962 the amounts to be spent for, first, all library purposes; second, for books and related library materials; and, third, in addition the institution must match the grant with at least 50 percent of such expenditure going for books and related library materials.

Justification: Courses in institutions of higher education increasingly emphasize independent study and research which require the use of ever-increasing quantities of library resources.

Enrollment has increased from 2.2 million in the fall of 1950 to 3.6 million in 1960 and is predicted to reach more than 7 million by 1970.

In 4-year institutions, 59.9 percent of all libraries are below standards, with less than 50,000 volumes in their collections. In 2-year institutions, 87.1 percent of all libraries are below standards, with less than 20,000 volumes in their collections. Some new junior colleges have no libraries at all.

TITLE IV—LIBRARY TRAINING

Finally, to help meet the shortage of trained personnel in the Nation's libraries, the bill would authorize $7½ million for the fiscal year 1963 and $10 million for each of the 4 succeeding fiscal years. This would enable the Commissioner of Education to arrange by contract with the institutions of higher education for the operation by them of short-term or regular session institutes for the provision of training to improve the qualifications of librarians or of individuals preparing to engage in library work. Each individual selected to attend an institute would receive a weekly stipend of $75 for the period of his attendance at the institute.

Justification: A great deficiency exists in the number of trained librarians in relation to accepted standards. The current needs are:

Public libraries	10,000
School libraries	112,000
College and university libraries	3,000
Total	125,000

During the last 5 years—1954–55 to 1959–60—the average number of library science graduates per year has been 1,924, far too low to meet the deficit.

Modern demands upon libraries require staffs competent in subject matter and skilled in the techniques of making all information readily available to the general citizen, the businessman, the student, the technologist, and the research worker.

Mr. Speaker, the present Library Services Act has provided for nine projects which have been of great benefit in developing library services to rural California. Two projects—the Mendocino County library demonstration and the North Bay cooperative library system—are in the district which I represent.

Much more needs to be done in rural library development. But side by side with these inadequacies are the equally pressing problems of public library, school library, and college and university library service to the mushrooming population in our sprawling urban and suburban centers. This bill would provide a strong incentive to solving these inadequacies through cooperative local, State, and Federal effort.

It is most heartening to notice the great public interest in books during an age when many had predicted, with the ascendancy of television, a sharp decline. Helping our libraries to meet this great demand is an objective we can all heartily endorse.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. LIBONATI, for 3 hours, tomorrow, Thursday, June 28, and to revise and extend his remarks.

Mr. STAFFORD, for 90 minutes, on Monday, July 2.

Mr. VANIK, for 15 minutes, today, and to revise and extend his remarks.

Mr. CHAMBERLAIN (at the request of Mr. CAHILL), for 30 minutes, on June 28.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. JOHNSON of Maryland (at the request of Mr. HAGAN of Georgia) to revise and extend his remarks during his special order today and to include extraneous matter.

Mr. GILBERT.

(The following Members (at the request of Mr. HAGAN of Georgia) and to include extraneous matter:)

Mr. CELLER.

Mr. GARMATZ.

Mr. ROSENTHAL.

Mr. MORRISON.

Mr. HARDING.

Mr. KING of California (at the request of Mr. MILLS), his remarks in Committee of the Whole today and to include extraneous matter.

Mr. ALGER, his remarks in Committee of the Whole today and to include extraneous matter.

Mr. KARSTEN, his remarks in Committee of the Whole today and to include extraneous matter.

Mr. GIAIMO, his remarks in Committee of the Whole today and to include extraneous matter.

(The following Members (at the request of Mr. CAHILL) and to include extraneous matter:)

Mr. AYRES.

Mr. DAGUE.

Mr. SCRANTON.

Mr. MILLER of New York.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table, and, under the rule, referred as follows:

S. 114. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Waurika reclamation project, Oklahoma; to the Committee on Interior and Insular Affairs.

S. 2020. An act to amend part IV of subtitle C of title 10, United States Code, to authorize the Secretary of the Navy to develop the South Barrow gasfield, naval petroleum reserve numbered 4, for the purpose of making gas available for sale to the native village of Barrow and to other non-Federal communities and installations, and for other purposes; to the Committee on Armed Services.

S. 2530. An act regarding a homestead entry of Lewis S. Cass; to the Committee on Interior and Insular Affairs.

S. 2973. An act to revise the boundaries of Capulin Mountain National Monument, New Mexico, to authorize acquisition of lands therein, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 3089. An act to amend the act directing the Secretary of the Interior to convey certain public lands in the State of Nevada to the Colorado River Commission of Nevada in order to extend for 5 years the time for selecting such lands; to the Committee on Interior and Insular Affairs.

S. 3112. An act to add certain lands to the Pike National Forest in Colorado and the Carson National Forest and the Santa Fe National Forest in New Mexico, and for other purposes; to the Committee on Agriculture.

S. 3174. An act to provide for the division of the tribal assets of the Ponca Tribe of Native Americans of Nebraska among the members of the tribe, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 3342. An act to approve an order of the Secretary of the Interior canceling irrigation charges against non-Indian-owned lands under the Klamath Indian project, Oregon, and for other purposes; to the Committee on Interior and Insular Affairs.

ENROLLED BILL SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 9822. An act to provide that lands within the exterior boundaries of a national forest acquired under section 8 of the act of June 28, 1934, as amended (43 U.S.C. 315g), may be added to the national forest.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2164. An act to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes; and

S. 3203. An act to extend the Defense Production Act of 1950, as amended, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 3444. An act to approve an order of the Secretary of the Interior adjusting, deferring, and canceling certain irrigation charges against non-Indian-owned lands under the Wind River Indian irrigation project, Wyoming, and for other purposes;

H.R. 7723. An act to amend section 303(a) of the Career Compensation Act of 1949 by increasing per diem rates and to provide reimbursement under certain circumstances for actual expenses incident to travel;

H.R. 10459. An act to provide for the conveyance of 39 acres of Minnesota Chippewa tribal land on the Fond du Lac Indian Reservation to the SS. Mary and Joseph Church, Sawyer, Minn.;

H.R. 11057. An act to declare that the United States holds certain lands on the Eastern Cherokee Reservation in trust for the Eastern Band of Cherokee Indians of North Carolina; and

H.R. 11743. An act to amend the provisions of title III of the Federal Civil Defense Act of 1950, as amended.

ADJOURNMENT

Mr. HAGAN of Georgia. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 57 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, June 28, 1962, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2245. A letter from the Assistant Secretary of the Interior, transmitting a report on the Savery-Pot Hook project, Colorado-Wyoming, pursuant to section 9(a) of the Reclamation Project Act of 1939 (53 Stat. 1187) (H. Doc. No. 461); to the Committee on Interior and Insular Affairs and ordered to be printed with illustrations.

2246. A letter from the Under Secretary of the Interior, relative to reporting that an adequate soil survey and land classification of the lands in the Feather Water District, Sacramento River Division, Central Valley project, has been completed, pursuant to Public Law 172, 83d Congress; to the Committee on Appropriations.

2247. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of a proposed bill entitled "A bill to amend the Public Health Service Act to provide greater flexibility in the organization of the Service, and for other purposes"; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. O'BRIEN of New York: Committee on Interior and Insular Affairs. S. 2775. An act to amend the act of June 30, 1954, providing for a continuance of civil government for the Trust Territory of the Pacific Islands; with amendment (Rept. No. 1936). Referred to the Committee of the Whole House on the State of the Union.

Mr. RUTHERFORD: Committee on Interior and Insular Affairs. H.R. 7782. A bill to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Prince Georges County Hospital, and for other purposes; with amendment (Rept. 1937). Referred to the Committee of the Whole House on the State of the Union.

Mr. BONNER: Committee on Merchant Marine and Fisheries. H.R. 11586. A bill to amend section 2 of the act of July 7, 1960, as amended, to continue the 55-percent limit on construction-differential subsidy for construction, reconstruction, and reconditioning of ships for 3 additional years; with amendment (Rept. No. 1938). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON of New Jersey: Joint Committee on the Disposition of Executive Papers. House Report No. 1939. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. FORRESTER: Committee on the Judiciary. H.R. 12157. A bill to amend the Bankruptcy Act in respect to the salaries of retired referees; without amendment (Rept. No. 1940). Referred to the Committee of the Whole House on the State of the Union.

Mr. SPENCE: Committee on Banking and Currency. House Joint Resolution 714. Joint resolution authorizing the acquisition of certain property in the District of Columbia and its conveyance to the International Monetary Fund, on a full reimbursement basis, for use in expansion of its headquarters; without amendment (Rept. No. 1941). Referred to the Committee of the Whole House on the State of the Union.

Mr. BURLESON: Committee on Foreign Affairs. Report pertaining to U.S. membership in the United Nations. (Rept. No. 1942). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BERRY:

H.R. 12316. A bill to change the name of the Fort Randall Reservoir in the State of South Dakota to Lake Francis Case; to the Committee on Public Works.

By Mr. BREEDING:

H.R. 12317. A bill providing for the establishment of a national historical site at the original location of Fort Larned, Pawnee County, Kans., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BONNER:

H.R. 12318. A bill to authorize a study of means of increasing the capacity and security of the Panama Canal, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. DIGGS:

H.R. 12319. A bill to amend the Hospital Survey and Construction Act to prohibit discrimination in any respect whatsoever on account of race, creed, or color in hospital facilities; to the Committee on Interstate and Foreign Commerce.

By Mr. DINGELL:

H.R. 12320. A bill to amend the Federal Water Pollution Control Act by creating a Federal Water Pollution Control Administration and for other purposes; to the Committee on Public Works.

By Mr. ELLIOTT:

H.R. 12321. A bill to amend the Library Services Act in order to make areas lacking public libraries or with inadequate public libraries, public elementary and secondary school libraries, and certain college and university libraries, eligible for benefits under that act, and for other purposes; to the Committee on Education and Labor.

By Mr. GLENN:

H.R. 12322. A bill to amend the Agricultural Adjustment Act of 1933, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended; to the Committee on Agriculture.

H.R. 12323. A bill to amend title 13, United States Code, to preserve the confidential nature of copies of information filed with the Bureau of the Census on a confidential basis; to the Committee on Post Office and Civil Service.

H.R. 12324. A bill to amend the laws with respect to Federal participation in shore protection; to the Committee on Public Works.

H.R. 12325. A bill to amend section 308 of the Tariff Act of 1930 to provide that aircraft engines and propellers may be exported as working parts of aircraft, and for other purposes; to the Committee on Ways and Means.

By Mr. HALPERN:

H.R. 12326. A bill to amend title III of the Public Health Service Act to establish a National Accident Prevention Center; to the Committee on Interstate and Foreign Commerce.

H.R. 12327. A bill to provide for a special additional appropriation for the purpose of accelerating research with respect to the causes, prevention, and cure of cancer, heart disease, and mental illness; to the Committee on Interstate and Foreign Commerce.

H.R. 12328. A bill to provide for the establishment of a national Board of Cancer Control; to the Committee on Interstate and Foreign Commerce.

H.R. 12329. A bill to authorize the establishing by the Surgeon General of an aftercare posthospital treatment program for drug addiction; to the Committee on Interstate and Foreign Commerce.

By Mr. MICHEL:

H.R. 12330. A bill to establish a payment-in-kind program to the farmer from Commodity Credit Corporation surplus stocks in return for voluntary reduction in acreage production of commodities in surplus; to the Committee on Agriculture.

By Mr. CLEM MILLER:

H.R. 12331. A bill to amend the Library Services Act in order to make areas lacking public libraries or with inadequate public libraries, public elementary and secondary school libraries, and certain college and university libraries, eligible for benefits under that act, and for other purposes; to the Committee on Education and Labor.

By Mr. REIFEL:

H.R. 12332. A bill to change the name of the Fort Randall Reservoir in the State of South Dakota to Lake Francis Case; to the Committee on Public Works.

By Mr. TEAGUE of Texas (by request):

H.R. 12333. A bill to amend title 38, United States Code to permit, for 1 year, the granting of national service life insurance to certain veterans heretofore eligible for such insurance; to the Committee on Veterans' Affairs.

By Mr. TOLL:

H.R. 12334. A bill to amend the Immigration and Nationality Act; to the Committee on the Judiciary.

By Mr. BROYHILL:

H.R. 12335. A bill to amend the Civil Service Act of January 16, 1883, to eliminate the requirement of apportionment of appointments to the competitive civil service; to the Committee on Post Office and Civil Service.

By Mr. HOLIFIELD:

H.R. 12336. A bill to amend the Atomic Energy Act of 1954, as amended, and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. MORRISON:

H.R. 12337. A bill to amend title 38, United States Code, to permit, for 1 year, the granting of national service life insurance to veterans heretofore eligible for such insurance; to the Committee on Veterans' Affairs.

By Mr. ROSENTHAL:

H.R. 12338. A bill to amend title 38, United States Code, to provide education and training for veterans of service after January 31, 1955, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. ANDERSON of Illinois:

H.J. Res. 760. Joint resolution proposing an amendment to the Constitution of the United States pertaining to the offering of prayers in public schools and other public places in the United States; to the Committee on the Judiciary.

By Mr. KEARNS:

H.J. Res. 761. Joint resolution to amend the act of April 29, 1942, establishing the District of Columbia Recreation Board, to authorize the presentation of band concerts and other cultural programs during the summer on the Mall near the National Gallery of Art, and for other purposes; to the Committee on the District of Columbia.

By Mr. McMILLAN:

H.J. Res. 762. Joint resolution proposing an amendment to the Constitution relating to the offering of prayers in public schools; to the Committee on the Judiciary.

By Mr. MATTHEWS:

H.J. Res. 763. Joint resolution proposing an amendment to the Constitution of the United States permitting the offering of prayers and the reading of the Bible in public schools in the United States; to the Committee on the Judiciary.

By Mr. WAGGONNER:

H.J. Res. 764. Joint resolution proposing an amendment to the Constitution of the United States permitting the voluntary recitation of the Lord's Prayer in public schools; to the Committee on the Judiciary.

By Mr. FALLON:

H.J. Res. 765. Joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools; to the Committee on the Judiciary.

By Mr. FINO:

H.J. Res. 766. Joint resolution proposing an amendment to the Constitution of the United States pertaining to the offering of prayers in public schools and other public places in the United States; to the Committee on the Judiciary.

By Mr. POFF:

H.J. Res. 767. Joint resolution proposing an amendment to the Constitution of the United States permitting nonsectarian prayer in public schools or other public places if participation therein is not compulsory; to the Committee on the Judiciary.

By Mr. SIKES:

H.J. Res. 768. Joint resolution proposing an amendment to the Constitution of the United States to permit the offering of prayer in public schools; to the Committee on the Judiciary.

By Mr. POWELL:

H. Con. Res. 500. Concurrent resolution authorizing the printing of additional copies of parts 2, 3, 6, and 7 of the hearings held before the Committee on Education and Labor on the impact of imports and exports; to the Committee on House Administration.

By Mr. HARRIS:

H. Res. 714. Resolution expressing the sense of the House of Representatives with respect to the authorization by the Federal Communications Commission of class I-A channel operations; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COHELAN:

H.R. 12339. A bill for the relief of Joseph Tang-Nam, Yuck Har Tang-Nam, Willie Tang-Nam, Wilson (Richard) Tang-Nam, Willsang (Francis) Tang-Nam, Sue Young (Rose Marie) Tang-Nam and Willmin (Bernard) Tang-Nam; to the Committee on the Judiciary.

By Mr. DOOLEY:

H.R. 12340. A bill for the relief of Vananzo Falzetti; to the Committee on the Judiciary.

By Mr. KARTH:

H.R. 12341. A bill for the relief of J. Ashton Gregg; to the Committee on the Judiciary.

By Mr. KLUCZYNSKI:

H.R. 12342. A bill for the relief of Nicholas Anastasiadis; to the Committee on the Judiciary.

By Mr. NIX:

H.R. 12343. A bill for the relief of Angelita R. Martinez; to the Committee on the Judiciary.

By Mr. RHODES of Pennsylvania:

H.R. 12344. A bill for the relief of David Hiestand; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

370. Mr. DOOLEY presented a resolution of the Council of the City of New Rochelle, N.Y., urging that the tax laws of the United States and of the State of New York be amended to provide that the cost of commutation fares expended in going to and from work be a deductible expense in computing income tax liability, which was referred to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

The Supreme Court Decision in the School Prayer Case

EXTENSION OF REMARKS

OF

HON. WILLIAM W. SCRANTON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 1962

Mr. SCRANTON. Mr. Speaker, I think this is a time when the strong moral fiber of the people of the United States of America is more important and more needed than ever.

For this reason, I must number myself among those who are disturbed by this week's decision of the Supreme Court preventing the voluntary recitation of a nonsectarian prayer by schoolchildren.

I think there is valid concern on the part of those who wonder if the next step in this vein of reasoning will be to prevent any public manifestation in the belief in God on any level of government.

I believe this decision substantially reduces the freedom of the American people to pay public homage to the fact that God exists and that we are dependent upon Him.

A cornerstone of our governmental process, is that decisions of the Supreme Court must be followed, lest our Government be reduced to anarchy. Therefore, we have no choice but to comply with the recent decision regarding the school prayer.

However, since apparently we are now off on a whole new train of thought regarding religious liberty in America, we ought to move at once toward adopting an amendment to the U.S. Constitution which would forever hold sacred the right of American citizens where of their own volition in governmental units they wish to invoke the name and blessing of God upon their lives and endeavors.

Unfortunately, this week's decision by the Court places in jeopardy this important article of religious freedom. I do not think we should stand idly by while this line of reasoning next removes any evidence of God from our currency, or from the pledge of allegiance, His name from the opening of legislative sessions, His influence in our public life and deliberations. Accordingly, we must move forward toward adoption of such an amendment.

The Passing of John Anthony Schwab

EXTENSION OF REMARKS

OF

HON. EDWARD A. GARMATZ

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 1962

Mr. GARMATZ. Mr. Speaker, it was with profound regret that I learned of the recent death of Jack Schwab, a vice president of the Pennsylvania Railroad, in Washington.

My colleagues Mr. FALLON and Mr. FRIEDEL, and I who commute to Baltimore daily, frequently had the pleasure of riding with him and became very good friends. In the person of Jack Schwab, the Pennsylvania Railroad had one of their best public relations men. His death will be a distinct loss to that company, and leaves a great void in the lives of his many friends.

Mr. FALLON, Mr. FRIEDEL, and I extend to his family our heartfelt sympathy.

John Anthony Schwab was born in Menoken, N. Dak., July 26, 1903, and died in Baltimore, Md., June 16, 1962.

A graduate of the U.S. Military Academy, West Point, N.Y., B.S. 1927, he previously had 4 years' service as an enlisted man in the Regular Army Signal Corps, 1919–23; served in the Air Corps after graduation from West Point from June to November 1927, at which time he entered railroad service. Following service in the operating department in many parts of the railroad, he was appointed general manager of the eastern region at Philadelphia in January 1952. He was advanced to regional manager of the Chesapeake region at Baltimore in November 1955. On March 1, 1958, he was promoted to vice president and regional manager, and a year later was named vice president at Washington.

He is survived by his wife, the former Fanny Lowman, of Elmira, N.Y., whose father was a former Lieutenant Governor of New York State and a former Assistant Secretary of the Treasury. He is also survived by six children: Eleanor—Mrs. Thomas Wallace, of Biloxi, Miss.; Elizabeth—Mrs. William McLaughlin, of Woodbury, N.J.; John A. Schwab, Jr., and Bernard A. Schwab III, both of Charlottesville, Va.; Misses Louise Schwab and Katherine Schwab, of Philadelphia; and 13 grandchildren.

Hearings on Current Antitrust Problems

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 1962

Mr. CELLER. Mr. Speaker, last Monday's significant decisions of the Supreme Court underscore the importance of our antitrust laws—notably the Sherman Act and the Celler-Kefauver Act—to the preservation of our free, competitive economic system.

Pursuing its continuing interest in this vital subject, the Antitrust Subcommittee of the House Committee on the Judiciary, will commence hearings on current antitrust problems at 10:00 a.m. on July 11, 1962, with additional hearings scheduled for July 12, 18, and 19, 1962.

In the course of the hearings, the subcommittee will hear testimony on the following subjects:

First. H.R. 12032. A proposed amendment to section 15 of the Clayton Act to facilitate the granting of temporary injunctions in merger cases under the Celler-Kefauver Act.

Second. Consent decrees. An inquiry, supplementing prior hearings by the antitrust subcommittee, into the usefulness and the problems encountered by the Department of Justice and the Federal Trade Commission in connection with consent decrees.

Third. The length of antitrust litigation. The protracted litigation of antitrust cases causes heavy expense and creates doubt among the business community as to what can be done under the antitrust laws. In this connection, the subcommittee will consider ways of streamlining the handling of antitrust cases by use of existing procedures to ascertain the facts which are not in controversy, to narrow the issues, and to simplify and shorten the proof at trial, either by partial summary judgment or otherwise.

The subcommittee will also consider the possibility of working out simplified economic criteria for the prompt, fair determination of economic issues in antitrust cases.

Fourth. Economic information. The problems encountered by the Antitrust Division of the Department of Justice and the Federal Trade Commission in obtaining reliable economic and statistical information for use in antitrust cases and in making studies or reports to Congress.

The first witness will be Judge Lee Loevinger, Assistant Attorney General in charge of the Antitrust Division, Department of Justice, to be followed by the Honorable Paul Rand Dixon, Chairman of the Federal Trade Commission. Other witnesses will be announced at a later date.

It is my earnest hope that these hearings may contribute to the fair, effective enforcement of the antitrust laws.

Educational and Training Benefits for Veterans

EXTENSION OF REMARKS

OF

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 1962

Mr. ROSENTHAL. Mr. Speaker, I am today introducing a bill to provide educational and training benefits for veterans of service in the Armed Forces after January 1, 1955.

We are approaching the anniversary of the call-up of the Reserves last summer by President Kennedy. Soon members of our Reserve forces who held themselves in readiness and answered their country's call will be returning to take up once again the interrupted thread of their home lives and families. As these veterans return to civilian life—permanently, we all hope—there are hundreds of thousands of other young men serving their required period of military duty, far from home and friends. This is no time of mere peacetime training and military toughening, Mr. Speaker. Our servicemen today face dangers and rigors, and the alarm may be sounded at any moment, in virtually any quarter of the globe.

At a time like the present, when education and careers are subject to interruption, when military service is often extrahazardous, I believe we can do no less than extend to the present generation of veterans the educational and training benefits offered to the veterans of World War II and the Korean conflict.

The previous GI bills helped raise the educational level of veterans to better than 4 years of high school, which is twice the level of educational attainment of nonveteran males of the same age group. The Nation is now benefiting from the services of some 460,000 engineers trained under this legislation, now expired, as well as 380,000 schoolteachers, 130,000 physicians, dentists, and nurses, and 140,000 scientists.

The bill is not only a matter of equitable treatment for the current generation of veterans; it also holds enormous potential for upgrading and expanding vital segments of our skilled manpower.

I therefore urge its favorable consideration and enactment during this session.

An Ill-Considered Decision

EXTENSION OF REMARKS

OF

HON. PAUL B. DAGUE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 1962

Mr. DAGUE. Mr. Speaker, I know of no decision of our Highest Court that has brought so much consternation and concern to our people as has the opinion that the recital of an opening prayer in our public schools is unconstitutional. It seems to me that the majority on the Supreme Bench has excessively tortured the plain language of the first amendment to the Constitution and it is my personal belief that the Court has in fact, by its decision, prohibited the free exercise of established religious custom.

In looking back to my own schooldays I can recall that my schoolmates of Catholic or Jewish persuasion did not seem unduly affected by the recital of the Lord's Prayer or the reading of a few verses from the Old Testament. In fact in later observing them in adult life I found them remaining strong in their adherence to the faith of their fathers. Incidentally, if there were any atheists among us in those days they did not make their presence felt and it has been my practice ever since to totally ignore as unworthy of notice those who deny a belief in a Supreme Being.

As a matter of fact, the present Court's capricious decision in this instance should surprise no one since it is strictly in the current pattern of undercutting our traditions and sacred institutions. An affinity for leftist philosophy, an inclination to usurp the legislative function, a tendency to upset the opinions of previous Courts that had attained the sanctity of usage and custom—all of this should have prepared us for a Court that has lost its sense of responsibility, a Court that has forgotten its obligation to consider the intent as well as the letter of the law.

Justice Stewart, the lone dissenter to this week's alarming decision has pointed out the many inconsistencies embodied in the majority's action. His opinion raises doubt as to whether we will long be allowed to sing the "Star-Spangled Banner" in our schools since it intones, "In God is our trust." He also points out that the Supreme Court in this action indirectly scores the Congress for including "under God" in the "Pledge of Allegiance to the Flag," which most schoolchildren recite on occasion. In the same category, according to Justice Stewart, questions may be raised as to the President's authority to proclaim a National Day of Prayer or the propriety of continuing the inscription "In God We Trust" on our coins and currency.

By any standard, this action of our present Court of Last Resort is the most reprehensible opinion ever handed down by any group of presumably responsible jurists. Indeed, it would appear that an aroused citizenry, through a responsive Congress, must speedily move on to the scene to restrain Court authority through a constitutional revision designed to keep our liberties from being flouted and at the same time protect our historic freedoms from being subverted by ill-considered judicial action.

Is H.R. 3745 Fair to Veterans Disabled Because of Their War Service or Survivors of Men Deceased Because of War Service?

EXTENSION OF REMARKS

OF

HON. WILLIAM H. AYRES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 1962

Mr. AYRES. Mr. Speaker, H.R. 3745 provides for payment of a pension of $102.37 a month to a group of World War I veterans who had 90 days of service, with no requirement that they be disabled in any degree, and whose income might exceed that of almost half the taxpayers of this country. In 1959, the gross income of 47.5 percent of individual income taxpayers was under $4,000. H.R. 3745 would pay a nontaxable pension to a married man who has no more than $3,600 income, but would not count his income from any retirement fund, either public or private.

It is appalling that serious consideration could be given to this proposal, particularly when one compares the position sought by these proposed pensioners with the position in which the wartime disabled veteran finds himself, a man who receives compensation because he was disabled in the performance of wartime service.

Members are, of course, aware that disability compensation is paid when a disability is incurred in or aggravated by service, and that the monetary payment of compensation is dependent upon the degree of his disability. The wartime rate for a 50-percent disabled service-connected veteran presently is $100 a month—$2.37 less than is proposed by H.R. 3745 for a nondisabled pension group. Wartime veterans disabled to a degree less than 50 percent receive diminishing amounts of compensation. For example: 30 percent disabled $55, or $47.37 less than proposed for pensioners by H.R. 3745; 40 percent disabled $73, or $29.37 less than proposed for pensioners by H.R. 3745.

It is often argued that a service-connected disabled veteran is not required to meet an income limitation and that he is at liberty to receive compensation payments without regard to his other income. This is true, of course, but surely the most ardent advocate of a pension measure such as H.R. 3745 would not argue that a man who served the minimum of 90 days to qualify for a non-service-connected pension and who was fortunate enough not to be disabled because of his service should be placed in a preferred position above those who incurred a disability in the performance of duty in a war period. The rating schedule in use by Veterans' Administration today in determinations of degrees of disability for various injuries and diseases is quite severe.

For example: loss of an eye or removal of a kidney is rated at 30-percent disabling; loss of a lung is rated at 60-percent disabling; complete ankylosis—inability to move—of the shoulder is rated at 30-percent to 40-percent disabling; removal of a major portion of the stomach may be as little as 20 percent or as much as 40-percent disabling.

A veteran who is 90-percent disabled from his wartime service receives $179 a month, or $2,148 a year. A 100-percent disabled veteran receives $225 a month, or $2,700 a year. In order for a veteran to be rated at 90- or 100-percent disabled for compensation purposes, he must be disabled to such an extent as to virtually preclude his employment in any substantially gainful position. The majority of these unfortunate veterans are compelled to live within the means provided by their compensation payment. They are precluded by their disabilities from building a retirement income such as that enjoyed by the more fortunate group who may have income up to $3,600 in addition to retirement income and who now demand a nontaxable pension payment amounting to $1,228.44 a year to supplement retirement or other income.

It is ironic that since the beginning of this Congress the Committee on Veterans' Affairs has been trying to obtain an increase in compensation payments for service-connected disabled veterans which would cost about $100 million and that we have been unsuccessful in obtaining this increase. Yet, we see great agitation for enactment of a non-service-connected pension bill such as H.R. 3745, which would cost $1 billion the first year, would benefit men who are not disabled, who are required to have only 90 days of service and who already have income in excess of a very substantial portion of the population of this country.

Not only is this proposal unfair to service-connected disabled veterans. It is unfair to the dependent survivors of those who died because of their service. It is shameful and incredible to me that a proposal such as H.R. 3745 could be seriously considered at a time when a child below 18 years of age, whose father died because of his service and whose mother is also deceased is receiving just $70 a month, and at a time when two surviving dependent parents of a man killed in the service must meet an income limitation of $1,000 a year in order to qualify for compensation payment of $50 a month.

National Conservation Effort

EXTENSION OF REMARKS

OF

HON. VANCE HARTKE

OF INDIANA

IN THE SENATE OF THE UNITED STATES

Wednesday, June 27, 1962

Mr. HARTKE. Mr. President, on March 24, 1962, the Wabash Valley Interstate Commission and the Wabash Valley Association sponsored a conservation seminar in Terre Haute, Ind. Those present were fortunate to have with them the Honorable Stewart L. Udall, Secretary of the Interior, who addressed the seminar at a dinner meeting.

In his address, Secretary Udall urged his audience to put aside "political differences and parochial bickerings" to weld strong support for the Youth Conservation Corps legislation proposed by President Kennedy.

In speaking of our overall conservation effort, the Secretary also commented that "in the Wabash River Basin there are exciting and challenging opportunities for the development of rich land and water resources."

Mr. President, I believe Secretary Udall's excellent address is worthwhile reading for us all and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

NATIONAL CONSERVATION REPORT

(Address by Secretary of the Interior Stewart L. Udall at conservation seminar sponsored by the Wabash Valley Interstate Commission and the Wabash Valley Association, Terre Haute, Ind., Mar. 23, 1962)

I am very happy to be here, and grateful for this opportunity to discuss with you some of our mutual problems and what is being or can be done about them.

As you know, President Kennedy earlier this month sent to the Congress a dynamic and challenging message on the conservation of America's priceless natural resources.

"Our national conservation effort," the President declared, "must include the complete spectrum of resources—air, water, and land; fuels, energy, and minerals; soils, forests, and forage; fish and wildlife. Together they make up the world of nature which surrounds us—a vital part of the American heritage."

And then he added the significant statement that, in moving forward with our conservation efforts, we must not neglect our human resources.

It is largely about this latter statement that I would like to talk to you today; though the plain fact is that the conservation of our human and our natural resources are inseparably combined.

I am sure that many of you here are familiar with the series of articles currently appearing in the Saturday Evening Post entitled, "We Waste a Million Kids a Year—A Disturbing Closeup of a National Disgrace." For all of you, I strongly recommend the articles as "must" reading.

They are written by Mary Conway Kohler, a former juvenile court judge and presently chairman of the executive committee of the National Committee on Employment of Youth.

"As we once wasted natural gas and forests and topsoil," Judge Kohler writes, "today we waste our most valuable natural resource—the productive power of young brains and muscles, the creative power of young imaginations and emotions. We waste them because we neither keep them in school nor give them jobs."

It is clear that the magnitude of the youth unemployment problem is such that it calls for the National Government to assist local communities in developing ways in which our young people can get the work experience they need to acquire productive skills.

We faced the same problem in the thirties, and it is most fortunate that we had in the White House at that time another great conservation-minded President, Franklin D. Roosevelt.

Among his actions was the creation of the Civilian Conservation Corps, which not only rescued many thousands of youths from hopeless wandering or worse, but also left many enduring benefits in the form of sound conservation of our natural resources.

Today, to meet a similar and growing problem, President Kennedy is exerting all possible influence to speed the creation of a similar task force for our displaced young people, the Youth Conservation Corps.

The Youth Conservation Corps will not, of course, meet all of youth's problems. But it is one weapon, and a most important one, in the overall battle to achieve a sound foundation for a meaningful existence for our young people.

The Youth Conservation Corps, as supported by the administration, would provide for agreements with Federal and State conservation agencies for the use of corps trainees in carrying out programs of these agencies under the agencies' immediate supervision.

Now, just what would this mean? Let me try to spell it out for you in terms of the contributions the corps could make to a better America.

A Youth Conservation Corps would conserve and develop the capacities of our two most precious national assets, our youth and our natural resources.

For youth, a soundly operating Youth Conservation Corps will provide employment on useful work that gives dignity to those performing it.

It will develop constructive work habits.

It will provide, informally, on-the-job training in use of a variety of tools and simple machines.

It will offer an opportunity for additional classrooms and other training and education outside of work hours.

It will provide a living experience of established merit in helping young men get along with others and with themselves.

It will instill an appreciation of the natural world and an understanding of the land and our dependence upon it.

It will build strong bodies.

For the Nation, a soundly operating Youth Conservation Corps will yield a high percentage of young men better equipped to earn and maintain a useful place in society.

It will help spread public understanding of our natural resources and conservation.

It will help ease the explosive combination of young men concentrated in urban areas with nothing constructive to do.

Finally—and this is the value that elevates the Corps to high levels of usefulness—a sound Youth Conservation Corps under the supervision of experienced Federal and State conservation agencies can provide the American people with more enjoyable park and recreation lands, more productive forests, more fish and game, cleaner streams, better protected watersheds.

In short, a Corps can help provide over years, even decades, a more abundant and more enjoyable life for us and for generations to come through the conservation of natural resources.

Several bureaus in the Department of the Interior are ideally suited for this resource work planned for the Youth Conservation Corps. The National Park Service for example, could provide nearly 130 camps and provide 15,000 jobs. The Bureau of Sport Fisheries and Wildlife could provide 53 camps and employ about 6,400 youths. The Bureau of Land Management has room for 110 camps and 10,000 youths. The Bureau of Reclamation would have about 150 camps and work for about 6,000. The Bureau of Indian Affairs envisions more than 300 camps and jobs for about 7,500 youths a year.

Do the hopes we have for the Youth Conservation Corps represent visionary dreams, or do they have a basis in fact?

For answer, I would like to examine with you briefly the record and accomplishments of the predecessor organization of the Roosevelt administration, the Civilian Conservation Corps.

The CCC was authorized by Congress in the spring of 1933, and the first camp was opened in Virginia within 30 days. The period of most intensive activity was from 1935 through 1938. By the end of fiscal 1942, liquidation was virtually complete.

Once established, the CCC idea gained the overwhelming support of the Nation, and by 1935 almost every county within the United States had made a request for the establishment of one or more camps. During most of the 8-year span of its existence there were CCC camps in the then 48 States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

The total number of enrollees given employment from the beginning up to June 1941, was 2,545,000, distributed among 1,500 camps. There were 150 principal types of work experience, of which the most important were forest protection, reforestation, soil conservation, recreational development, range rehabilitation, flood control, aid to wildlife, reclamation, and emergency rescue work.

In brief, CCC enrollees planted nearly 3 billion trees, built 1 million miles of roads and trails, erected 4,000 fire towers and 100,000 bridges and buildings. They turned thousands of acres into new recreational developments and improved more than 4 million acres of forest land. The value of this work on public lands alone has been estimated by forestry and park officials at more than $1.5 billion.

As many of you know, Conrad L. Wirth, now Director of the National Park Service, was a key figure in the CCC program from beginning to end. At the conclusion of the program he made a final report to Secretary Ickes in which he documented the far-reaching conservation accomplishments of the CCC, and added: "Perhaps one of the greatest accomplishments of the Civilian Conservation Corps was that it brought to the minds of the people of this country the need and value of a sound, active conservation program."

Here are three plain facts:

First, there is a tremendous need for basic soil, forest, fish, wildlife, and water-conservation work within the Wabash Valley which could be efficiently performed by members of a Youth Conservation Corps working on local, State, and Federal projects.

Second, there is an opportunity for immediate benefits that could accrue from Youth Conservation Corps construction of outdoor recreation facilities on reservoirs, lakes, streams and public land areas. Recreation can become a primary economic resource with proper development. One of the more startling examples of this was shown to me a few days ago in the attendance statistics of a newly created boating and fishing area in South Dakota that last year drew 2 million visitors.

And recently, an Arkansas publisher brought to my attention the results of a survey that State had completed on the economic benefits of a proposed recreation area along the Buffalo River. The survey disclosed that within 5 years after creation of the facility, visitors would be contributing almost $4 million annually to that State's economy, equal to the payrolls of 34 average-size factories.

Finally, the Youth Conservation Corps can become an effective tool in creating employment opportunities for youth, opportunities that are needed not only in our great metropolitan areas, but in communities like those here in the Wabash Valley.

Actually, the Youth Conservation Corps is but one segment in a massive conservation effort with its great investment in human resources. The creative use of our growing leisure is a matter of high importance to our society as well as to each of us as an individual. Lands and waters for outdoor enjoyment are being lost to urbanization at an alarming pace, not only in our burgeoning urban areas but even in what we consider rural America, which each year loses a million acres of cropland to various developments.

Time is a critical factor and the Kennedy administration has called for an 8-year pay-as-you-go program to acquire outstanding scenic and natural areas for public recreation purposes. This, like the Youth Corps is a downpayment on a debt we owe this and future generations.

For these reasons, I would like to issue this challenge to the members of this distinguished audience: Put aside your political differences, put aside purely parochial bickerings and disagreements, and find the leadership among yourselves to weld a strong and vocal force in support of the Youth Conservation Corps movement.

I realize, of course, that here in this area you are interested in problems and programs other than recreational development and the reduction of unemployment among our young people, however important these may be.

You are interested in coal, and the future of the now seriously depressed coal industry. From the beginning, this administration has taken cognizance of this problem, as you know. One of its earliest acts was the creation within the Department of the Interior of an Office of Coal Research to strengthen and complement the work of the Bureau of Mines in the search for new and improved uses and techniques and to accelerate the entire research process. An example of President Kennedy's deep personal interest in this matter is the fact that in his recent conservation message to the Congress he announced proposed legislation to facilitate the construction of pipelines to transport coal slurry in interstate commerce. Through these and other actions, progress is being made. I will not elaborate because another speaker will discuss the coal industry with you in detail, and the broad efforts being undertaken to stimulate increased and wider uses. But I will say that, in my opinion, the future of coal looks considerably brighter at this date than it did just over a year ago when the Kennedy administration took office.

But that, you say, is in the future. What of today? We can't exist today on tomorrow's profits. We have the problem of teenage unemployment, true; but we also have the problem of our many thousands of displaced miners. What happens to them?

Well, to put it bluntly, what happens to them is, in large measure, up to you. The economic distress in coal mining regions was to a considerable extent responsible for the prompt action of this administration in setting up the area redevelopment program, making Federal resources available to any area suffering significant hardship as the result of technological advancement and changes in industrial developments and trends. But this is not, it cannot, be a one-way street. In much the same way as the Alliance for Progress is designed to assist the Latin American nations toward economic recovery and growth, so is the area redevelopment program written to call for initiative on the part of State and communities in the United States in the development of redevelopment plans, and a participation on a cooperative basis with the Federal Government in seeing these plans through to fruition. In dozens of areas, new industries, thousands of new jobs are being created under this broad and unique program. The scope of the gains being registered depends upon the forcefulness and determination of local leadership. That applies here, as well as in every other part of the United States. You have the leadership here, in abundance. Once again it is a question, I think, of unifying it for the common good of all.

But the Kennedy administration is not resting on the area redevelopment program alone to meet the serious employment dislocation problem in the Nation's depressed areas. Only a few days ago the Congress approved a $433 million program, developed under the President's leadership, to retrain more than a half million displaced workers with new skills so that they may find places in today's employment market. The problem is large. At the Federal level, today, we are taking bold, broad actions to find solutions.

Now, to turn to another matter, I am fully aware that water resource development is probably the principal concern of a large percentage of this distinguished audience. It has, in fact, been of deep concern to the people of the Wabash Basin almost from its initial settlement.

At the very beginning of the 19th century, Ohio and the neighboring States of Indiana and Illinois sought to improve waterborne transportation by a system of locks and canals. A Federal land grant was made to Indiana in 1827 so that proceeds from land sales could be used for construction of a canal linking the Ohio River and the Great Lakes. Similar land grants to other States were continued in succeeding years so that ultimately, reach by reach, and lock by lock, a canal was finally completed virtually paralleling the Wabash River. The longest in the Nation, this canal of some 450 miles in length was completed in 1853 at a cost of $6.5 million, almost half of which was derived from the sale of Federal land grants.

Since those pioneer days, there have been many other examples of the Federal Government working with the States and local governments of the Wabash Basin for the development of the water and other natural resources of the area.

Pending now in Congress is a proposal that can provide us with greatly improved tools for planning water resource development. I refer to the proposed Wabash Basin Study Commission which would be authorized by S. 811, a bill proposed by Senator Hartke and which is generally in accord with S. 2246, the legislation requested by President Kennedy to authorize establishment of comparable river basin commissions wherever they are needed throughout the country.

Although there are certain, perhaps significant, differenecs between the Wabash Basin Study Commission proposed in Senator Hartke's bill as it passed the Senate and the river basin commissions recommended by the President, the important point is that they seek to accomplish the same end, namely, the prompt completion of an orderly plan for the full conservation and development of the water and associated land resources of the Wabash Basin.

To me. what they have in common is far more important than the differences in the secondary considerations regarding the composition and procedures of the commissions.

In this regard, I would like to repeat my recent statement before the Senate Select Committee considering the President's proposal, and I quote:

"I am aware, of course, that there has been a good deal of discussion about the river basin commissions that would be established pursuant to title II of the proposed act. Two important things need to be kept in mind about these river basin commissions.

"First, they should be so constituted that they will be effective in actually producing plans that are practicable of accomplishment. This means that the commissions should include adequate representation of those agencies that are knowledgeable and experienced in the practical factors of water and land resource conservation and development.

"Second, the proposed river basin commissions should be so constituted as to assure, to the greatest extent possible, a consensus of acceptance and support of the interests, local and national, governmental and non-governmental, that are properly concerned with the water and associated land resources of a river basin.

"Keeping these two points in mind, I believe, sheds a good deal of light on how river basin commissions should be constituted.

"A number of questions have been raised, also, about the relationship of interstate compact commissions to river basin planning. We all agree, I am sure, that where a compact commission is in existence, generally, its role will be important in the planning process. Compact commissions should be well qualified to participate in the formulation of river basin plans if that is desired by the States involved. I am confident that any desired clarification can be provided on this matter.

"There has also been a great deal of discussion about the relative numbers of Federal and State representatives on river basin commissions. In all honesty, this does not seem to me to be a very real question of issue Actually, as we know from a great deal of experience, formulating a river basin plan that will be practicable of accomplishment and that will have a consensus of acceptance really comes about by a meeting of the minds of those representing the various interests properly concerned.

"River basin plans to be proposed to legislative bodies are not really decided by majority vote of the members of a basin commission. Rather they result from the careful, orderly, and often laborious, searching for that combination of proposals which will provide the greatest benefits in the long run.

"What we are really concerned with is setting up the commissions in such a way as to facilitate that careful searching for the most beneficial combination of proposals in a river basin plan and then translating those plans into final engineering plans and, ultimately, into construction of needed works."

On September 23, 1959, by Public Law 375, the 86th Congress approved the Wabash Valley Compact between the States of Illinois and Indiana for the establishment of a Wabash Valley Interstate Commission. Experience has indicated that this commission has not been as effective in its water resource planning as is necessary. There remains, for example, urgent need for plans to assure an adequate and dependable supply of water for domestic, municipal, and industrial uses. There is also urgent need for adequate protection of homes, farms, and industrial and other establishments from devastating floods of frequent occurrence, the most recent being that which occurred in May 1961.

In the Wabash River Basin there are exciting and challenging opportunities for the development of rich land and water resources. But before these opportunities can be realized there must be a sincere and honest, and unselfish, meeting of the minds as to the best means of approaching the desired goals.

To my mind, a little "give and take" on the part of what now appear to be hopelessly divergent interests can work wonders in this region of promise, and in a briefer span of time than many might think possible today.

Medical Care for the Aged

EXTENSION OF REMARKS

OF

HON. MILTON R. YOUNG

OF NORTH DAKOTA

IN THE SENATE OF THE UNITED STATES

Wednesday, June 27, 1962

Mr. YOUNG of North Dakota. Mr. President, I ask unanimous consent to insert in the Appendix of the Record a part of a critique sent to me by Dr. C. H. Peters, of the Quain & Ramstad Clinic in Bismarck, N. Dak. It relates to a portion of an interview with Secretary of Health, Education, and Welfare Ribicoff on the King-Anderson proposal which appeared in the February 5, 1962 issue of the U.S. News & World Report.

Dr. Peters is one of the finest doctors I know and has always had a deep interest and concern in the problems of his patients and the public in general. It is very appropriate that his views be printed in the Record.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

MEDICAL CARE FOR THE AGED

Question. What is it that you are proposing in the way of medical care for persons retired under the social security system?

Answer. "We are asking Congress to approve the retired individual."

It should be pointed out that what the Congress has been asked to approve is not just the retired individual but anyone who is 65 or over who is eligible for benefits. There are many working people today who are not drawing social security, but who are eligible for these benefits.

The Secretary also states in that same answer to the first question: "This would include everything that goes with hospital care." I would like to point out that the proponents of this legislation time and time again have stressed that physicians' services would not be covered, but I ask you, how can you cover everything that goes with hospital care without covering a very significant portion of physicians' services and eventually all of them?

The Secretary also says in the same answer: "The individual could receive up to 180 days of nursing home care after transfer from the hospital, if that was called for rather than hospital care." I think you can immediately see that hospital beds would be taken up because individuals needing nursing home care would have to be admitted to the hospital first for evaluation, examination, and determination as to nursing home needs with pressures placed upon physicians and hospitals to admit these people for such an evaluation which would be tremendous. One of the greatest sources of pressure for such admissions would come from county welfare boards themselves.

Question. What would the doctors get?

Answer. "The individual's own doctor isn't included." Now I would like to stress that the Secretary has already stated that these services will include everything that goes with hospital care. I ask you to stop and think for a moment whether hospital care includes X-ray examinations. Does it include laboratory procedures? Examination of specimens removed at surgery? Does it include anesthesia? Does it include the services of the internes and residents? I think hospital care includes all those things. Yet, the Secretary, very easily and apparently without a qualm, states that the individual's own doctor isn't included. Apparently he feels that these physicians would be employees entirely of the hospital and indirectly of the Department of Health, Education, and Welfare, as the individual that pays the bill ultimately is the boss.

Question. What about medicines?

Answer. "Medicines used while you are in the hospital are covered." Now I believe that the Secretary of Health, Education, and Welfare should read the bill that he is backing before congressional committees for passage because the bill states very plainly and very definitely that the Government will pay for only those drugs that are included from three different sources. First, new and nonofficial remedies. Second, U.S. pharmacopoeia. And third, the national formulary. If the drugs used do not come from those three sources or those three accepted references, the Department of Health, Education, and Welfare does not pay for them. I would like to point out to you at this point that the last revision of the new and nonofficial remedies was in 1955 and the next revision of the U.S. pharmacopoeia and the national formulary is in 1965. How often do you believe that you will get the benefit of new and effective drugs, if your physician is compelled to adhere to such legislation? And secondly, in order to get the benefit of the latest drugs you would have to pay for some of them yourselves, as they are not all covered while you are in the hospital.

Question. Is some such plan needed by many older people?

Answer. "Some plan certainly is needed to help more aged people to obtain insurance to cover doctors' bills. Our figures show that 53 percent of them have incomes under $1,000 a year." The Secretary is continuing to quote a statistic that has no meaning, as it has been shown that 70 percent of all wives have zero income. Consequently, those individuals would all be under $1,000 a year, regardless of their husband's income or assets. This has been a deliberately misleading statistic used by individuals who should know better and whom, I believe, do know better.

Question. What is your attitude toward the plan suggested by the Medical and Hospital Association, the Blue Cross Association for providing hospital insurance for retired persons?

Answer. "I welcome the American Hospital Association's interests, etc., etc."

But then the Secretary goes on to say, "I am opposed to any such income test as a part of the health insurance plan." It becomes apparent that the income test is the main feature that the Secretary is objecting to, and why is this so? I do not believe it is because he is concerned that some individual might have to show the Blue Cross or Blue Shield representative an income tax form to indicate that he is eligible for benefits, but I believe more fundamental than that is that they wish complete and total control of medical care without some third party between them, the patient, and the vendors of medical services. Practically every individual in this country today who carries Blue Shield insurance is asked to prove from time to time his income level in order to have coverage for service benefits rather than an indemnity plan. We do not hear any uproar about this and I believe the Secretary is raising an issue that the American people as such do not object to.

In the same paragraph he goes on to state that "the American people throughout their working lives can contribute to a fund which will pay for their hospital and nursing home care when they are old." Now the Secretary knows better than to make a statement like that because the money that these individuals are contributing during their working years is not being funded to pay for their hospital and nursing home care when they are old. They are merely paying now for the care of others, with the hope and expectation that when their turn comes, the younger generation will likewise be willing to tax themselves to the extent that they can be provided for. Social security is not set up on any financial reserve, as is required by law for other life, health, and accident insurance companies, but it is set up on the principle that the Government can always tax and tax to meet deficits, should they arise.

Question. If Congress accepted the social security proposal, would you have two medical care programs?

The answer was "Yes," but the Secretary goes on to state further that "the indigent have always been taken care of in this country. The wealthy people take care of themselves. The people who aren't taking care of themselves are the great middle class of Americans."

At this point I think that the great middle class of Americans are going to be greatly astounded that they are not taking care of themselves, and rather well at that. At the same time the Secretary admits that the wealthy people can take care of themselves, yet he wishes to saddle the workingman with income limits of $5,200 a year to help pay for the wealthy class just like anyone else.

Question. Relative to excessive use, the question was not in great numbers.

Answer. The answer was by the Secretary: "I am assuming that we are not going to have malingerers because we provide under the administration bill that every hospital in America would set up its own screening committee, composed of doctors and people in the community who look at the cases that come in to make sure the people are deserving and should have continued hospital care, so there is some assurance that the doctors will be prevented from putting people in the hospital who shouldn't be there."

Now, I firmly believe that screening committees have some usefulness and have been of some benefit in some areas. But I would suggest that you meditate for a moment as to how long these screening committees would exist without guidelines, ground rules, and the necessary regulations laid down by HEW under which they would operate and make these determinations. Controls from Washington would be inevitable in this committee. As to the charge that doctors would be prevented from putting people in the hospital that shouldn't be there, the greatest offender under this bill would be the county and State welfare boards themselves, because as soon as these individuals would be admitted no State or local money would be required to support them. Consequently, the local tax load would be eased and transferred to the Federal Government, even though the drainage of tax moneys from the locality would continue at an increased pace.

Question. What is your answer to critics who say that this is just a first step toward State medicine for everybody?

Answer. The Secretary answers: "I don't believe so. In the first place, I'm against state medicine. Our program is not socialism. Socialism is a system where the state owns the hospitals, operates the hospitals, pays the doctors' salaries, and pays for maintaining the hospitals."

I would like to take the Secretary's own definition of socialism, which I do not think is quite complete, but let's use his definition. Let's start with the part where it says "operates the hospitals." Now this bill says that each hospital that is going to receive these people for care, in order to receive any moneys or to be reimbursed by the Federal Government, must sign an agreement with HEW. This agreement will include rules and regulations as to how this program will be operated in that hospital. It will contain an agreement as to what records must be kept and submitted to HEW. It will include rules and regulations as to screening committees. It will include rules and regulations relative to reasonable cost. It will have controls relative to drugs that may be used; controls as to what is customarily required. I believe that comes as close to operation of the hospital as one can possibly come, without it being directly owned by the Federal Government, such as a VA hospital.

In the second part of his definition relating to doctors' salaries and paying for maintaining the hospitals, the Secretary earlier said that everything the hospital provides for will be covered. How does he anticipate not controlling the salary of the radiologist, the physiatrist, the anesthesiologist, the pathologist, and the interns and residents? If they are employees of the hospital and the Secretary controls reasonable costs and he is paying a large segment of 20 or 25 percent of the hospital budget, he is controlling doctors' salaries and paying for maintaining the hospital. No hospital can exist where one major user of that facility controls 20 to 25 percent of the financial moneys being brought in. The individual hospital no longer has individual control because it cannot maintain it without taking into consideration the desires, the wants, and the directives coming to him from the Secretary of Health, Education, and Welfare.

The last part I would like to discuss is where he states that the state owns the hospitals. Now we realize that the state doesn't own the hospital. But no hospital can exist if 20 to 25 to 30 percent of its services are bought by one individual, when that individual determines reasonable costs. Consequently, they might as well be owned by the Federal Government; the controls are there.

I would like to point out that the Secretary left out one very important part of the definition for socialism and that is compulsion. Compulsory tax on every working individual, regardless of his needs, his desires, or his wishes, and that is present in this bill.

Question. Why don't the doctors like your proposed insurance to cover hospital costs for retired persons?

Answer. "Because organized medicine and the American Medical Association have consistently and constantly fought progress in the social security field."

I would like to point out that the American Medical Association is made up of individual physicians, of which I am one. I am a member of the American Medical Association and I am proud of it, and like the other thousands of individuals who are members, will stand up and fight for its principles. The democratic process of election and determining policy in the American Medical Association is much closer to the physician than the process of electing a Governor, a legislator, or a President is to the people.

The Secretary goes on to state, "I want to choose my own doctor." I am sure that the Secretary is absolutely correct there, but if he happens to get caught in a community where one particular hospital has not signed an agreement with the Secretary of Health, Education, and Welfare and he chooses a doctor who practices in that particular hospital, unless the Secretary has resources outside the social security, he is not going to be able to have the choice of his own physician because he can only go to a hospital that agrees to abide by his decisions and, if the physician is not on the hospital staff that fills those criteria, he would not have free choice. Later on, in answer to the same question, he states that "this program is popular with the younger people who are supporting mothers and fathers and will have to pay the cost of their parents in ill health." Apparently he is for this legislation on that basis. But, later on in this interview he states, "In the large cities there has developed a situation where the family has disintegrated, which is something to cause us great concern and worry." Now, how can he conceive of any greater worry about disintegration of the family than for the Federal Government to be paternalistic and take over the responsibilities that rightfully belong to the immediate family? Disintegration of families will be accelerated and not helped under such a program.

Small Businessmen Backbone of Communities

EXTENSION OF REMARKS

OF

HON. RALPH R. HARDING

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 1962

Mr. HARDING. Mr. Speaker, for some time I have been greatly concerned over the unfair competitive business situation which many of our small businessmen are encountering in competing with large chains and discount establishments.

I am anxious that the entire Congress be cognizant of this situation and that some legislative solution be found to aid this group who, in a State like Idaho, are the bulwark of our community life.

Therefore, I would like to include in the CONGRESSIONAL RECORD my statement to the House Interstate and Foreign Commerce Committee which outlines some of the problems our small businessmen are encountering.

SMALL BUSINESSMEN BACKBONE OF COMMUNITIES

Mr. HARDING. Mr. Chairman, I appreciate this opportunity to appear before your subcommittee on the quality stabilization proposals. The urgency of the problem to which this legislation is addressed can scarcely be overstated. It is my understanding that the problem exists nationally, but I shall confine myself primarily to its impact within the district which I have the honor to represent.

Southern Idaho is an area of small cities and towns. The backbone of our Idaho communities is the group of independent merchants serving the people residing in the towns and surrounding areas. While, of course, many groups contribute to the functioning of these communities, I believe that it may be said that the leadership of the local churches, the Red Cross, the Boy Scouts and other youth organizations, and the various service organizations which give our communities their character and make them such an outstanding place to raise families consists, primarily, of the independent merchants of these towns.

Of late we have seen more and more locally owned, independent businesses encountering serious financial difficulty. Much of this has been caused by unfair competition on the part of chain and other discount establishments. Frequently well-known, brand-named merchandise, bearing a time-honored trademark, is offered for sale to the public at a retail price which is far less than the price at which the independent merchant can obtain the same product at wholesale. These drastically discounted brand-named items then are used as "bait merchandise" to attract the public. Follow up sales of other merchandise, often of a shoddy and inferior unbranded variety are then made to the buyer thus attracted.

My district is far from unique in this. I know that in 1961 there were in America over 17,000 business failures. The failure rate of small businesses is the highest since 1939. It has been estimated that as many as one-third of a million businesses ceased to exist last year.

I believe that if something is not done to protect our independent merchants from these predatory tactics the Main Streets of our smaller towns and cities throughout America will be in serious danger of extinction.

It is not only the interest of the merchants that these bills seek to protect. As I have already pointed out, the merchants are an integral part of their community and we are, in a sense, seeking to preserve the entire community when we move to preserve the structure of the community's Main Street.

There is another aspect, however, to these bills which goes directly to the question of protecting the individual consumer. A very high proportion of trademarked merchandise is of a kind that requires continuing service on the part of the retailer. I think that all of us are familiar with the shabby tactics of many discount organizations that saddle the purchaser with a piece of goods which does not operate properly or, perhaps, with a perfectly sound piece of merchandise, which in the normal course of operation requires maintenance and service. In either instance, too frequently the "quick buck" merchant simply is not there to give the consumer the maintenance and service backup that he deserves.

The independent small town merchant can be depended upon to give this service. He is a part of the community. These are his friends and his neighbors with whom he is dealing. His relationship with his customers is not one that is based on the profit motive alone. I, personally, feel that a very real and important part of America is drawing near to extinction unless the Congress acts to protect and preserve our independent businessmen from these "quick buck" discount tactics that are driving so many of them to the wall.

I strongly commend the quality stabilization bills to this subcommittee and respectfully request your careful consideration of them.

Also another approach to this problem which I would like to urge your committee to consider carefully is House Resolution 8830, introduced by Congressman TOM STEED of Oklahoma. This legislation provides for the issuance of temporary cease and desist orders to prevent harmful business activities until they can be investigated and determination made as to their legality.

Education for Migrant Agricultural Employees

EXTENSION OF REMARKS

OF

HON. JACOB H. GILBERT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 1962

Mr. GILBERT. Mr. Speaker, I am including in the CONGRESSIONAL RECORD my statement to the House Committee on Education and Labor concerning S. 1124, which would improve educational opportunities for migrant agricultural employees and their children.

The statement follows:

STATEMENT BY HON. JACOB H. GILBERT

Mr. Chairman and members of the Committee on Education and Labor, I am pleased to have the opportunity to speak in favor of the bill under consideration, S. 1124, which would provide financial assistance to the States to improve educational opportunities for migrant agricultural employees and their children. My bills, H.R. 10660 and H.R. 10661, also before your committee, would provide the same educational benefits.

It is no exaggeration to say that no group of workers in our Nation has been more highly exploited than our migrant agricultural employees and their children; their economic and other essential needs have been sadly neglected. The denial of even the most elementary social welfare legislation to our migratory workers has brought shame upon our Nation in the eyes of the world. It has been gratifying to witness the recent dramatic increase in public concern for agricultural labor. Leading New York City newspapers have carried many articles on migrant agricultural workers, picturing their sorry plight. In the "Forgotten People" series in the New York World-Telegram and Sun of October 23, 1961, it was stated by the reporter: "I came away angry and sick from the tomato fields just 30 miles south of the glitter and wealth of Miami Beach. I found the same crude exploitation, the same dreadful living conditions, just 30 miles south of New York City."

Your committee has heard much testimony by migrant farmworkers—you will recall the Puerto Rican migrant who advised you that his net pay for working 142 hours on a New Jersey asparagus farm amounted to $12.31. Shocking experiences were described by 25 Puerto Rican migrants to a New York Spanish-speaking newspaper, La Prensa. They had been referred to a Virginia strawberry farm; they were housed in a rundown farmhouse infested by snakes and rats—there was no water in the house, no bathroom, nothing. They had been promised work at $1 an hour but were permitted to work only every other day; on leaving, three were told they were in debt to the employer. The one who had earned the most had only $8 to show for 27½ hours of work; transportation charges and fees for kerosene and electricity levied against them by their employer had left them only enough for food. There is ample testimony to show that these same appalling conditions are prevalent throughout the country and suffered by migrant agriculture employees everywhere.

I am in complete accord with the statement made by Secretary of Labor Arthur Goldberg: "It has become increasingly apparent that our Nation can no longer be satisfied with a farm labor system based on the availability of a vast army of underemployed and economically displaced people. The time has come when we must strive to accomplish in agriculture what we have already accomplished in most other sectors of our economy—the restoration of respect and dignity, based on good wages, good working conditions, and steady employment to the men, women, and children who labor for hire on American farms."

I would emphasize that one of the most grievous lacks has been that of education; educational opportunities for migrant farmworkers and their children have been practically nil.

The Senate has passed the bill now before your committee, as well as others providing assistance regarding health services, limits on child labor, crew leader registration, and the establishment of a public advisory committee. This represents some progress. I am hopeful that the House will proceed, with all dispatch, to act favorably on the bills so that they can be enacted into law during this session of Congress. In addition, the bills providing for a minimum wage for farmworkers, the right of collective bargaining, housing, stabilization of employment, and child care centers, should be acted upon favorably without delay, if we are to meet the needs of the workers and the demands of the citizens of our country that the Federal Government and the Congress meet their responsibility to this hapless segment of our working population. I introduced bills providing such benefits.

The importance of educational opportunities for all our people cannot be denied. We must make certain that our migrant agricultural employees and their children have school facilities, adequate school sessions; that plans for special sessions where needed, are developed; that programs to encourage the children to attend school are developed and carried out. The entire burden cannot be placed upon local educational agencies; financial assistance by the Federal Government as provided in this bill would help the States in discharging their responsibilities with respect to the education of the children of, and in providing adult education for, such employees who temporarily live within their school districts.

I urge your committee to report this bill favorably in order to speed its final enactment.

How Not To Lower Tariff Barriers

EXTENSION OF REMARKS

OF

HON. JAMES H. MORRISON

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 1962

Mr. MORRISON. Mr. Speaker, under leave to extend my remarks, I wish to include one of the most informative and enlightening articles on tariff problems by my distinguished colleague, the Honorable Hale Boggs of Louisiana.

Not only is my distinguished colleague the third ranking Member of the House of Representatives, holding the high office of majority whip, but he has gained the reputation through many years of diligent and dedicated service on the most important House Committee on Ways and Means as one of the most forward thinking and experienced Members in the field of foreign trade and foreign economics.

He is also chairman of one of the most important subcommittees, namely the Joint House-Senate Subcommittee on Foreign Economic Policy of the Joint Economic Committee.

An article entitled, "How Not To Lower Tariff Barriers," written by the gentleman from Louisiana [Mr. Boggs], appears in the July issue of the Reader's Digest, and is one of the most forthright, concise, and revealing articles on this important subject.

The Reader's Digest article, which appears on page 112 of the July issue, follows:

HOW NOT TO LOWER TARIFF BARRIERS

(By Representative Hale Boggs, Chairman of of the Joint House-Senate Subcommittee on Foreign Economic Policy)

We Americans are facing a historic test of our own self-confidence. The European Common Market countries, by drastically reducing tariffs, have welded themselves into a powerful world economic force; Great Britain seems on the verge of joining the group.

The Common Market is one of the most significant events of modern times. It gives European nations which for years have been divided economically and politically the chance to unite. This is good for the West because it strengthens our stand against communism. But it also means the United States will have more business competition. Now we must decide whether to live with the Common Market countries or without them. Do we dare to make the tariff reforms necessary to open our doors to true economic competition with this growing community of nations? Or will we insist on keeping our doors half closed in an attempt to insulate some of our industries from such competition? The decision we make is crucial to the economic health and political solidity of the whole free world.

Currently before Congress is an administration-sponsored foreign-trade bill that steps out boldly in the direction of self-confidence. It calls for lowering tariffs on broad categories of goods, and says, in effect, that both we and the Common Market countries will profit from the resulting competition. But this vital bill is in danger of being hacked to death by interests that don't share that confidence.

Trying to gage the massive economic forces involved is like keeping track of a struggle between two whales. Most of the time the surface is calm; only an occasional ripple roughens the seemingly universal agreement that we need more foreign trade, and that to get it we have to be free to negotiate tariff adjustments—up or down, as the case may be. It's below the surface that the real battle is going on: how to adjust our tariffs.

The present U.S. tariff structure is a jungle; it includes rates on 5,000 separately defined items. But more and more, other countries are not interested in lowering tariffs reciprocally except on broad categories of goods; on textiles, yes; but not on cotton handkerchiefs alone. As a result, tariff negotiations with these countries, and particularly with the European Common Market, threaten to become mere exercises in frustration, exercises which in the long run will cost this Nation dearly.

For a revealing glimpse of some of the basic issues involved, let's make a quick trip to three key points—New York, Geneva and Washington—to see our tariffs in action.

First, visit the huge, block-long building of the U.S. customs appraiser for the port of New York; here the duties are assessed on 40 percent of the goods flowing into this country. To this building every day come 3,000 crates, cartons and packages, each one a random sample plucked from the hold of a freighter. In barlike sampling rooms their contents are dumped on the floor or spread out on long bare tables. For each shipment this is the crucial moment, for it is here that the customs "line examiner"—the man who specializes in the kind of merchandise shown on the shipment's invoice—decides what it is. This is known as classification. Later on he will decide what it is worth, but this decision of what it is, can be all important.

A crate's contents, identified by the invoice as artificial feather flowers, are spread out on a table by the line examiner in feathers and artificial flowers. He studies the flowers for some minutes before making a crucial decision: They don't represent flowers at all, but fruit. The reason this is crucial is that feather fruit and feather flowers are separately defined items in our tariff structure, with different rates of duty: flowers 30 percent, fruit 45 percent. Thus his decision raises the duty by one-half.

But the variation could have been greater. If the fruit had been made of cloth instead of feathers the rate would have climbed to 50 percent; or if in the examiner's judgment they should have been called ornaments instead of fruit or flowers they would have taken one of two other rates; 17 percent if a feather ornament, 42½ percent if a cloth ornament.

This classification problem is by no means unique. Such whimsicalities run through the 5,000 items of our tariff structure like sap through a tree.

Depending on material and method of manufacture, handkerchiefs have more than 100 different rates.

A traveling-wave electronic tube can take a rate of 8½, 12½, 15, or 17½, percent, depending on whether it is intended for use on an X-ray machine, a radio transmitter, a radar set, or a telephone relay.

A chocolate Easter bunny with a ribbon made of sugar and vegetable fat around its neck is classified as "confectionery" at 20 percent; the same bunny without the ribbon is called "sweetened chocolate" at 10 percent.

A high-priced microscope pays a duty of 45 percent; if the lens of the same instrument is imported separately, it is called a "part of a microscope," with a duty of only 30 percent. But if the lens is to be used in a surveyor's instrument instead of a microscope, it is called "scientific glassware"—at 42½ percent.

While a recently passed Tariff Clarification Act will straighten out a little of this mess, nothing but a fundamental change in our approach to tariffmaking will solve the basic problem that it exemplifies—the problem of local-interest domination of our tariff structure. It was such a change that President John F. Kennedy indirectly referred to last December when he told the National Association of Manufacturers: "We can no longer haggle over item-by-item tariff reductions with our principal trading partners."

To see what he had in mind, come to Geneva and sit in on the tariff bargaining that was carried on last year by the United States with 24 other countries, the most important of which were the six Common Market countries bargaining with us as a single unit. At these negotiations the delegations sit at the table with their tariff-reduction offers stacked like poker chips in front of them. They are playing the game of reciprocal treaty, the object of which is to trade the chips back and forth so that at the end everybody is even; for every million dollars in trade we grant the Common Market by lowering our tariffs, we hope to wind up with a million dollars' worth of concessions from Europe.

Now watch the action. The Common Market throws on the table a huge blue chip: a 20-percent reduction in synthetic textiles. This is an across-the-board offer, a reduction in a broad category of merchandise containing hundreds of individual items. But all the U.S. delegation can offer in return are such pathetic white chips as knit or crocheted hats, bonnets, and hoods, wholly or largely made of rayon or other synthetic textiles. We must then push on the table other white chips that equal the Common Market offer: Matches, parts for fishing reels, violin rosin, cigarette papers, etc.

For nine grueling months last summer and winter this performance dragged on, the increasingly impatient European negotiators offering broad "linear" reductions—optical and photographic goods, wearing apparel, tools, and cutlery of base metal—while the Americans frantically scraped the item-by-item barrel to equal the offers with hundreds of articles like carbonated water siphons and pruning shears.

Though the negotiations ended successfully (altogether we and the Common Market swapped $1.3 billion worth of concessions), it was by the skin of our teeth. At the end the exhausted negotiators, both European and American, agreed that another such session, with all the blue chips on one side and all the white on another, just would not work.

To understand why not, you have to understand why we have not abandoned such a complex negotiating system. Item-by-item negotiation serves two purposes.

First, it is a device for lowering tariffs without necessarily allowing an increase in foreign competition. Suppose we want to get certain tariff concessions from Brazil. Brazil says it will give us what we want if we grant a lower duty on artificial flowers. But if we grant Brazil a lower rate on flowers, under the most-favored-nation principle of international dealings every other country with which we have a trade treaty will also get the lower rate; the floodgates will be opened to artificial flowers from Japan and Europe.

The item-by-item approach offers a way out. It so happens that Brazilian artificial flowers are made primarily of feathers, and no other country makes feather flowers in large quantities. So the treaty specifies feather flowers only, and thus another brick is added to the thousands already cemented into our tariff wall.

Second, item-by-item negotiation gives our local domestic industries strong control over the shape and composition of our national tariff wall. To see how, visit the headquarters of the Tariff Commission in Washington, which advises the President on how far he may go in lowering tariffs. We will drop in on the hearings the Commission held in the summer of 1960 in preparation for the Geneva negotiations.

Prior to these hearings the so-called Public List had been published, in which President Eisenhower itemized the 2,400 articles on which he was planning to offer reductions at Geneva. Now, as the law provides, all the witnesses pro and con are having their say. Altogether there are hundreds of them—company executives, trade association representatives, tariff lawyers, union officials, importers, and lobbyists. It takes them 2 months to testify, and when they're done the transcript of the oral hearings alone is more than half a million words. With the formal written statements, the flood of testimony adds up to a ceiling-high pile of documents.

The big industry associations are represented, of course—wool, steel, chemicals, wine, leather—but a large percentage of the testimony comes from tiny to medium-sized industries. Just look down the index under A: American Snuff Co., American Manufacturers of Toy Balloons, American Surgical Hypodermic Needle Manufacturers, American Playing Card Industry. Here are some others that have pleaded their tariff cases in recent years: G. B. Rafetto, Inc. (candied chestnuts); Pacific Northwest Chewing & Creeping Red Fescue Association (grass seed); Umbrella Frame Association of America; National PMU Producers Association (pregnant mares' urine).

As long as the President has to make up the tariff-negotiating list item by item, small local interests can turn on political pressures out of all proportion to their national importance. If the six countries of the European Economic Community had laid their negotiators open to this kind of pressure from the industries within their borders, they could not possibly have developed a single common external tariff and been able to pioneer in the across-the-board approach.

Yet the United States almost forced them to do just that in the Geneva negotiations. At one point last autumn the EEC delegation became so frustrated by our inability to match their blue chips that they threatened to withdraw all their offers. As a White House statement later put it: "If the EEC had decided to abandon its across-the-board proposal, it would have been necessary to obtain unanimity among the six-member nations to obtain, on an item-by-item basis, some of the elements of the original offer. This was not possible. The road would have been opened wide to the formation of a number of trading blocs in the free world, set off from one another by high barriers to trade. We could not permit this to happen." For the very same reason we can't afford to continue our own trade negotiations on an item-by-item basis.

The administration's tariff bill represents a fundamentally important turning point in our economic relations with the rest of the world; it is aimed at allowing us to set our tariff rates according to the national interest, while granting special help to the local interests that may suffer in the process.

But the thousands of item-by-item industries throughout the country are attacking the legislation on a dozen different points of detail. If they succeed we will be stuck with the old crazy-quilt of local interest tariff negotiation, and the result could be disastrous to us and our allies. For in the coming years we will have to build a bigger and stronger economic structure jointly with the nations of Western Europe, and the job will be impossible if our basic approach is grain by grain, brick by brick, item by item.

Address by Hon. Seymour Halpern, of New York, at Anniversary Celebration of the Jewish Community of Niagara Falls, N.Y.

EXTENSION OF REMARKS

OF

HON. WILLIAM E. MILLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 27, 1962

Mr. MILLER of New York. Mr. Speaker, a most significant occasion took place in my district recently. I refer to an Israel anniversary celebration held by the Jewish community of Niagara Falls, N.Y. The gathering, held at Temple Beth Israel and attended by representatives of all walks of Jewish life in the area, was addressed by my distinguished colleague from New York, the Honorable SEYMOUR HALPERN.

His eloquent address was most timely and had important current implications. He incisively outlined the weaknesses in U.S. policy in the Middle East. This important statement throws much light on a critical situation which I feel should be brought to the attention of all Members of Congress.

I have heard from many of my constituents about this address and their comments were most laudatory. Rabbi Samuel I. Porrath, who presided, wrote, "Congressman HALPERN's address should be made available to all thinking Americans." Samuel Berman, president of the Zionist district, and Samuel Wineburgh, president of the New York State Region of ZOA, cochairmen of the event, commented, "Publish this speech in the RECORD and let all loyal Americans who love democracy read it."

Mr. Speaker, under leave to extend my remarks I include the full text of Mr. HALPERN's speech in the RECORD at this time.

The speech follows:

TEXT OF ADDRESS OF HON. SEYMOUR HALPERN, OF NEW YORK, MONDAY, MAY 21, 1962

It is with great pleasure that I join you tonight. I'm honored to be invited, and delighted to participate in so fine a meeting, where I see so many old friends. I am especially pleased because this gathering is being held in the district represented in the Congress of the United States by my dear friend and distinguished colleague, BILL MILLER.

You are indeed fortunate to have as your Representative a man who has brought great prestige to this area—a man who is universally admired and respected as an outstanding Congressman and as the brilliant national leader of one of our Nation's two great political parties. How proud of him you must all be. I know I take great pride in being his friend and colleague.

To come to Niagara Falls to address you is particularly symbolic, as well as ironic. It is symbolic because Niagara Falls brings to mind the idea of a honeymoon. It is ironic because, in American-Israeli relations, we have reached a juncture where we begin to wonder if the honeymoon is over.

Niagara Falls conveys another meaning. For it is here that two great democracies, the United States and Canada, share a peaceful and friendly border. So, a strong, vital Zionist organization in this area has a particular significance. What more appropriate place than Niagara Falls, where two nations are so closely united, could there be for us to instill ideas and generate energy which might contribute to putting the United States and another democracy, the State of Israel, into a more positive relationship than the present course now indicates.

I must admit a heavy heart when I tell you, quite frankly, that policymaking officials in Washington have embarked on a reckless pursuit of the illusion of Arab friendship at a frantic pace. Noble words about Israel's anniversary, uttered from the highest levels in our Government including the State Department, unfortunately leave us with somewhat of a hollow ring.

I was pleased to take the floor of the House, only 2 weeks ago, to join in a tribute to Israel's anniversary. We celebrated a holiday sacred to Israel, and very meaningful to a multitude of Americans without regard to political or religious persuasion.

There is a tremendous emotional, fraternal, and national involvement—a sense of shared pride in Israel's progress. After all, America and Americans played a vital role—a saga activated and implemented by your own great organization—in the rebirth of Israel after 2,000 years of Jewish exile and suffering.

It is therefore only natural that Americans who love freedom and justice enjoy a vicarious triumph in knowing that Israel achieved another successful year. Israel marched forward, consolidating her strength, building her institutions, and obtaining growing status in the family of nations as a responsible democracy.

But I would be less than honest, here among friends whose hearts beat with mine and whose tears flow with mine, if I did not report honestly to you. Frankly, I am worried—yes, even distressed—as Israel enters its 15th year.

Israel seeks only to extend the hand of friendship to America and the free world while striving to survive the cold and hot wars implacably waged against her by Communist-supported and Communist-armed Arab foes.

I returned recently from a trip to South America, where I was a delegate to the Inter-American Development Bank Conference. I came back with a measure of hope for the program envisaged by our Government's Alliance for Progress. The difficulties we face there are tremendous, but at least something of a start has been made. I regret, however, to reflect today on our policies in another part of the world, the Near East. I must tell you that our relations with the Arab States are emerging as an "alliance without progress."

In South America, the Alliance is quite rightly linking reform and social justice with U.S. assistance. But I am dismayed to witness the United States working, at this very moment, along with West Germany and England, on an agreement to provide Nasser's Egypt with huge new sums of money. The United States, of course, would be the heaviest contributor in the consortium.

Let me make it clear that I favor the principle of international assistance. But I simply cannot understand the contrast between the Alliance for Progress philosophy of human justice in Latin America and the "alliance without progress" in Egyptian-American relations. Dictator Nasser will condescend to accept our assistance. However, Egypt shows no indication whatever of obeying United Nations resolutions against the Egyptian boycotts and blockades which affect not just Israel but also the United States and American citizens.

Those truly concerned with human rights wait in tense agony as the news arrives from Algeria with reports of terrorism and Arab attacks on Jews, once more the innocent scapegoats of history caught in the turbulent storm of revolution. Radio Cairo brags that Washington is about to provide Egypt with huge new assistance and dollars, with no strings attached. The same Egyptian broadcast simultaneously boasts of Moslem forces of the new, independent Algeria joining with the Arab armies in a new drive to wipe out Israel.

The State Department knows very well that Algerian Arab terrorists received Soviet weapons, and even Russian training. The Department also knows that Soviet arms continue to move into Egypt, Syria, and other Moslem states.

Mr. Chester Bowles recently went to Cairo and met with Nasser, as President Kennedy's personal representative. Mr. Bowles later reported that the time had come for the United States to try to improve relations with Egypt. He also thought Egypt should concentrate on raising living standards and not on raising huge radio transmitters to broadcast propaganda—which, I might add, is frequently irresponsible, anti-American, and favorable to the Sino-Soviet bloc.

Yet, now, with no commitment whatever from Cairo as to a more peaceful course involving Israel as well as Egyptian designs for hegemony over her Arab neighbors, we have the spectacle of a gigantic handout in the offing.

As if this were not bad enough. But what makes matters even more repugnant is a report, by the Cairo correspondent of the New York Times, that Nasser is very cool to accepting aid unless the United States promises to help keep Israel out of the European Common Market. Thus, the man who seeks to rule all the Middle East wants the United States to assist him in crippling the economy of Israel, and holds out as his price the acceptance of our foreign aid plan.

How ironic. How ridiculous. But this is the bold reality of a very serious situation which unfortunately, in the vast world scheme of things, has not been focused into proper perspective, has not been focused into progress—but of blatant appeasement.

Are we to reward Nasser for blacklisting American ships that dare to trade with Israel? Are we to reward Nasser for denying his own citizens due process of law? Are we to ignore the expropriations and seizures that we condemned so loudly when committed by Fidel Castro, Nasser's good friend in Cuba?

Does this mean that Israel should look on with calm reassurance when Soviet munitions, jet bombers, rockets and arms of the latest design from Russian factories, together with Soviet bloc military instructors, continue to arrive at the ports of Egypt? Through our dollars are we to indirectly finance this arms flow from the Sino-Soviet bloc to Egypt? If Nasser is sincerely concerned with improving his economy and peaceful development, why does he need jet bombers and rockets?

The same State Department that drafted the new "alliance without progress" for American-Egyptian relations also is telling us that the United States must not currently press for Arab-Israel peace at the United Nations. What happened to the high-sounding promises about the White House taking initiative for Arab-Israel peace?

When Israel defended herself in March against attacks on Lake Tiberias, the State Department rushed to the United Nations with a resolution heaping blame on one side, Israel's side, in a two-sided dispute. Was this a move to persuade Nasser to accept our money, so the Arabs could buy more Russian arms?

If what I fear is true, there is emerging in the Near East something I could not even term an "alliance without progress." I would call it an "alliance for retrogression."

The same State Department that is so upset about the Communist threat to Laos, the same officials who advised us to dispatch marines to Thailand just a few days ago, and are terrified by Communist penetration in southeast Asia, seem to be indifferent or blind to the continuing flow of Communist arms into the Arab States.

Am I to understand that Americans are prepared to fight and die in southeast Asia against one faction of Communist-armed fanatics, while Israel is supposed to passively submit to attacks from another faction of Communist-armed fanatics on her borders? We recall that the Syrian troops who fired into Israel territory, killing and wounding Israelis, used Soviet guns. Soviet instructors taught the Arabs how to use those guns. Shortly after the United States denounced Israel for fighting back, Syria announced that it was obtaining even more Soviet arms.

Friends, the situation is ridiculous. The State Department feels we should use arms in southeast Asia, but that Israel has no right to defend itself in the Near East. The State Department is even preparing a loan that would permit the Arabs to bring more Russian arms into the Near East. That is why I say that some of the so-called greetings offered Israel by the State Department on Israel's anniversary had a hollow ring.

I submit that it was diplomatically stupid and contrary to the best interests to censure Israel for defending herself against Soviet-armed, pro-Communist Arab collaborators. It was, even in kind language, shameful.

Are we to tell the Arabs, in effect, that they can get away with murder against Israel? Will not this invite aggression that might set off a world conflagration? What sense is it to close one window in Laos, against the aggressors, but to open another in the Near East and even provide the culprits with a stepladder and prior notice that police are off duty in that area?

Mr. Frederick Dutton, an Assistant Secretary of State, wrote me recently in an attempt to justify the flow of Soviet arms to Syria. In an amazing reference, he whitewashed the Syrian-Soviet arms deals by stating that I must be aware of what he termed "the policy of the United States not to become a major supplier of arms in the Near East." This being the case, he said, "certain of the Arab states have secured the bulk of their military equipment from other sources."

Now, this is insulting to our intelligence. The United States is providing military assistance to Jordan. We also find American arms in the arsenals of Lebanon, Jordan, Iraq, and Saudi Arabia. Soviet arms are piled high in the arsenals and airports of Syria, Egypt, and other Arab States. Yet to this very day, Washington authorities continue to deny military assistance to Israel to defend herself against the forces, armed by both America and Russia, who openly announce dedication to Israel's destruction by force of arms.

Arab goals are being realized in Algeria and elsewhere. The time has come for an Arab "alliance for progress" which would be peaceful and productive, which we could and should support. But, instead, we are witnessing an Arab "alliance for aggression" which we must strongly oppose. No American arms should go to a nation that uses her assets for purchase of Russian arms.

I have joined with Congressman JAMES ROOSEVELT, of California, in submitting a bipartisan amendment to the Mutual Security Act which would deny American assistance to any nation that discriminates against Americans on a basis of religion by seeking to impose blockades and boycotts.

As you know, in the past few years, amendments to the Mutual Security Act have expressed the sense of Congress that the President should use Executive discretion in denying assistance to such nations that discriminate against American citizens and interests on an arbitrary and insulting basis of the religious faith of our fellow countrymen.

Congress has made it known that this is an intolerable situation by a number of expressions contained in various measures adopted by overwhelming votes through the years. Congress has looked to the State Department and the Chief Executive for implementing action. But I regret to observe, despite flagrant violations of the principle of these provisions, the sense of Congress has been ignored. That is why we advocate legislation to make mandatory this denial of aid to violator nations. We are convinced that Congress must move without reservation to insure respect for its expressed position on the denial of assistance to those nations that openly maintain a national policy of discriminating against Americans.

The offenders, as you know, are not our allies. They allege to be "neutrals," but most often vote against free world interests generally, and against America specifically—while repeatedly siding with the Soviet Union—at the United Nations. These Arab League States not only bar Americans of Jewish faith from access to their territory but have entered into a coordinated boycott undertaking to punish American merchant ships and manufacturers solely because these firms, regardless of the personal religious convictions of their owners, dare to trade with Israel, a democratic state friendly to America and closely alined with the free world. This boycott even applies to doing business with American firms here, whose officers or employees are of the Jewish faith.

It has been alleged, from time to time, by State Department officials that we must appease admittedly discriminatory Arab tactics in order to serve diplomatic ends. I fail to see how much has been accomplished by such appeasement, a depressing departure from American dignity and tradition. We need only look at so many of the Arab States' pro-Communist votes in the United Nations. We need only look at the Soviet guns, tanks, jets, and even submarines now forming the basic armed strength of the main Arab armies, especially those of Egypt and Syria, linking those countries logistically with the Soviet munitions factories and Soviet military instructors.

I respectfully submit that the time has come when we must set forth standards of conduct by recipient nations toward U.S. citizens as a qualification for our economic assistance. And this should be spelled out without qualification. Having a declaration of policy is evidently not enough. The executive branch has ignored the sense of Congress as we have solemnly expressed it. We owe it to the self-respect of the American public, as well as to the highest national interest, to now establish a firm position and incorporate mandatory language into the pending Mutual Assistance Act legislation.

Surely, this amendment is consistent with the President's own expressed objective, which he has made clear to Congress, but which regretfully has not been carried out by his own executive branch. He has said on various occasions that he wants foreign aid linked with the promotion of social justice and morality. I might add that the platforms of both our political parties make strong pledges to combat foreign discrimination against Americans, on a basis of religion, especially through travel barriers, boycotts, and blockades.

Well, if these principles are to be realized and not just remain as high-sounding but empty phrases, then Congress should adopt the mandatory provisions of our amendment.

I feel this is the only answer. This is the least we can do, at this late date, to remedy a situation that has persisted too long. It is apparent the compromise of principle has marred our national countenance. The day is gone when we can sit quietly and permit nations soliciting our assistance to discriminate against our citizens with impunity. I might add that either that day is gone or our national dignity, our heritage, are going sadly undefended.

When will we reassert our right to respect in the family of nations? The least we can do is to refuse to finance regimes that dip our flag in the dirt by intolerable demonstrations of bigotry against millions of our citizens.

Are nations to be permitted to take American aid for granted, regardless of their conduct toward Americans?

Our historic national tradition has charted proud precedents. In 1885, the United States refused to accept protests by Austria-Hungary on the appointment of our Ambassador to that kingdom because the designee's wife happened to be of Jewish faith.

In 1911, the United States abrogated a trade treaty with czarist Russia, in effect since 1832, because of Russian mistreatment of American citizens of Jewish faith.

In 1924, we protested to Switzerland against exclusion of Americans of the Mormon faith.

Our vigorous repeated protests to Fascist Italy and Nazi Germany are also part of that history.

As far back as 1956, the President, then a Senator of the United States, described Egypt's Nasser as "the chief provocateur against the West." Last year, at the United Nations General Assembly, Mr. Nasser voted with the Soviet Union on 53 occasions, but only 4 times with America. Egypt's discrimination against our shipping, and otherwise affecting our citizens, continues unabated. But now we are giving increased assistance to Egypt.

The program for giving these new huge sums to Egypt must be reviewed at all levels and I assure you that I will do my part in Congress toward that end. The voice of Congress, and of the people, will be heard on this issue, you may rest assured. But the action and vital voice and guidance of all friends of Israel are needed at this dangerous moment.

I know you will neither evade the challenge nor minimize the dangers.

The State Department told me—and I quote verbatim—that "should hostilities recur in the region (the Near East), we are convinced the aggrieved party should take full advantage of the United Nations peacekeeping instrumentalities so readily available in the area."

How in heaven's name can Israel take "full advantage of the United Nations peacekeeping instrumentalities"? We just witnessed the tragic and cynical spectacle of April 9 when the United States, for misguided notions of expediency, joined with the Soviet Union, and other big powers on the Security Council, against Israel, a besieged small country that valiantly sought to defend herself.

I wish Mr. Dutton or Mr. Rusk—or yes, the President of the United States, or someone would explain what appears to be a lot of doubletalk. They promise and assure. They preach morality and justice—and then virtually every recent action belies the faith we were led to have. They might as well admit their decision to woo the Arabs at Israel's expense.

I believe Israel is entitled to more than phony phrases from the State Department. I believe that American citizens would be remiss if they did not challenge, in America's own interest, the tragic tendency now apparent.

America must tell Israel that, despite our recent travesty at the United Nations and despite the disquieting reports about massive handouts to an aggressive Egypt, we will reconsider and alter policies before it is too late.

Let us today renew our determination to stand by our friend and true ally, the State of Israel. We must do this in our own national interest. Let us soberly remember, and remind the State Department, that Israel is the only nation in the world which, menaced by Soviet-equipped forces, turned to America to join our military assistance program, to defend herself against communism and aggression, only to be rejected by us.

The occasion of Israel's recent anniversary will be truly significant if we now take inventory of the entire picture and generate here a new realization of the dangers, and embark on action to insure the healthy future of Israel-American relations. If this is done, I am confident that mistakes will be corrected and new paths found so that we can, in good conscience, anticipate a happy 15th anniversary of Israel.

Zionists know from the depths of their experience that the "watchman of Israel" must not sleep and must not slumber. It is a duty to be a watchman of Israel, it is also an honor.

The crisis of Zionism is also the crisis of Judaism. Zionism fulfilled becomes a chief source of nourishment of Judaism. Zionism through the State of Israel, has revived all aspects of Jewish life.

At the Ideological Conference in Jerusalem, some years ago, Foreign Minister Golda Meir made a paradoxical statement. During a debate about Israel and the diaspora, she said that "When I meet my American friends, women who are my contemporaries, I am sorry for them. They worry about their grandchildren. My grandchildren are in the Negev, but I am absolutely sure about them."

Her confidence is understandable. Grandchildren in the Negev may pose problems concerning health or physical safety. But there are no problems in the matter of the Jewish survival of the grandchildren. Mrs. Meir might have to worry about defense, but not about the strategy of keeping her offspring Jewish.

The Zionist movement revived Israel, and continues to serve. Today, Israel is reviving the Jewish people and Judaism itself. That is the true dimension of our challenge and our reward.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 28, 1962

The House met at 11 o'clock a.m.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Timothy 2: 19: *Nevertheless the foundation of God standeth sure.*

O Thou who wert the God of the Founding Fathers and all their succeeding generations, may we never become careless of the legacy of faith and the inheritance of inspiration which they have bequeathed unto us.

We earnestly beseech Thee that in these times of consternation and confusion we may have such a clear and commanding vision of their longings and labors, their prayers and petitions to make this a God-fearing nation, that we shall follow and obey that vision with all the passion and perseverance of our minds and hearts.

Grant that, inspired by our deepest instincts and noblest impulses, we may be brave and courageous in rejecting the creed of a godless adversary and zealously reaffirm our faith in the spiritual values of prayer which are equal to all the dark and dismal moods which are hovering over the souls of many in our day.

Hear us in the name of the Prince of Peace. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 12154. An act to amend and extend the provisions of the Sugar Act of 1948, as amended.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Byrd of Virginia, Mr. Kerr, Mr. Long of Louisiana, Mr. Smathers, Mr. Williams of Delaware, Mr. Carlson, and Mr. Bennett to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8291) entitled "An act to enable the United States to participate in the assistance rendered to certain migrants and refugees."

The message also announced that, pursuant to 16 U.S.C. 513, the Vice President had appointed the Senator from Wisconsin, Mr. Wiley, to be a member of the National Forest Reservation Commission vice the Senator from South Dakota, Mr. Case, deceased.

COMMITTEE ON PUBLIC WORKS

Mr. FALLON. Mr. Speaker, I ask unanimous consent that the Committee on Public Works have until midnight tonight to file a report on the bill H.R. 12135.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Illinois makes the point of order that a quorum is not present. Evidently, a quorum is not present.

Mr. CANNON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 133]

Alford
Aspinall
Blatnik
Blitch
Celler
Curtis, Mass.
Davis, Tenn.
Flood
Glenn
Hagan, Ga.
Hall
Hansen
Hoffman, Mich.
Holifield
Horan
Kearns
McSween
McVey
Norrell
Powell
Rivers, Alaska
St. Germain
Santangelo
Saund
Shelley
Shipley
Smith, Miss.
Spence
Stubblefield
Thompson, La.
Thompson, N.J.
Yates

The SPEAKER. On this rollcall, 403 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1963

Mr. CANNON. Mr. Speaker, under leave previously granted by the House, I call up the joint resolution (H.J. Res. 769) making continuing appropriations for the fiscal year 1963, and for other purposes, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government, for the fiscal year 1963, namely:

Sec. 101. (a)(1) Such amounts as may be necessary for continuing projects or activities (not otherwise specifically provided for in this joint resolution) which were conducted in the fiscal year 1962 and for which appropriations, funds, or other authority would be available in the following appropriation acts for the fiscal year 1963:

Legislative Branch Appropriation Act;

Department of Defense Appropriation Act;

District of Columbia Appropriation Act;

Departments of Labor, and Health, Education, and Welfare Appropriation Act;

Department of the Interior and Related Agencies Appropriation Act; and the

Treasury-Post Office Departments and Executive Office Appropriation Act.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided by the pertinent appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed by the House is different from that which would be available or granted under such Act as passed by the Senate, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority.

(4) Whenever an Act listed in this subsection has been passed by only one House or where an item is included in only one version of an Act as passed by both Houses, the pertinent project or activity shall be continued under the appropriation, fund, or authority, granted by the one House, but at a rate for operations not exceeding the current rate or the rate permitted by the action of the one House, whichever is lower: *Provided,* That no provision which is included in any appropriation Act enumerated in this subsection but which was not included in the applicable appropriation Act for the fiscal year 1962, and which by its terms is applicable to more than one appropriation, fund, or authority, shall be applicable to any appropriations, fund, or authority provided in this joint resolution unless such provision shall have been included in identical form in such bill as enacted by both the House and Senate.

(b) Such amounts as may be necessary for continuing projects or activities which were conducted in the fiscal year 1962 and listed in this subsection at a rate for operations not in excess of the current rate or the rate provided for in the budget estimate whichever is lower:

Department of Agriculture and Farm Credit Administration;

Foreign assistance and other activities for which provision was made in the Foreign Assistance and Related Agencies Appropriation Act, 1962;

Agencies for which provision was made in the Independent Offices Appropriation Act, 1962;

Activities for which provision was made in the Public Works Appropriation Act, 1962;

Activities for which provision was made in the Military Construction Appropriation Act, 1962;

Activities for which provision was made in the Departments of State and Justice, the Judiciary and Related Agencies Appropriation Act, 1962;

Department of Commerce;

American Battle Monuments Commission;

Arms Control and Disarmament Agency;

Civil defense and emergency preparedness functions;

Federal Maritime Commission;

Foreign Claims Settlement Commission;

Small Business Administration;

Subversive Activities Control Board;

Tariff Commission;

The Panama Canal;

St. Lawrence Seaway Development Corporation; and

Office of Science and Technology (Executive Office of the President).

(c) Such amounts as may be necessary for continuing projects or activities for which disbursements are made by the Secretary of the Senate, and the Senate items under the Architect of the Capitol, to the extent and in the manner which would be provided for in the budget estimates for the fiscal year 1963.

Sec. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) July 31, 1962, whichever first occurs.

Sec. 103. Appropriations and funds made available and authority granted pursuant to this joint resolution may be used without regard to the time limitations set forth in subsection (d)(2) of section 3679 of the Revised Statutes, as amended, and expenditures therefrom shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

Sec. 104. No appropriation or funds made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity which was not being conducted during the fiscal year 1962. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

Mr. CANNON. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, this joint resolution makes provision for continuing in operation those functions of the Government for which annual appropriation bills will not have been signed into law prior to July 1. This is the customary type of resolution making interim provision for necessary services of Government and operates for the outside time period of 1 month—to July 31.

The committee was importuned—as in past years—to deviate from the stereotyped pattern so as to permit acceleration of certain programs above the current level in advance of final action by the Congress on the items in the regular bills. But it has not done so.

As the resolution itself specifies, and has done for several years, the emphasis is on the continuation of existing projects and activities at the lowest of one of three rates; that is, first, the current fiscal year; second, the budget request, where no action has been taken by either House; or third, the more restrictive amount adopted by either of the two Houses.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, by virtue of the fact that an unusually large number of authorization bills have not been passed, this continuing resolution does involve greater expenditures than has been true for many years in the past. Is that not an accurate statement?

Mr. CANNON. In that respect the situation this year, with few exceptions, is essentially the same as that which has obtained for several years. As everyone is aware, it is not in order under the rules of the House to bring in the appropriations for any purpose until such appropriations are authorized by law.

There are at this time, for example, four of the principal appropriation bills which, under the rules, it is not in order to bring to the floor because the authorizing legislation has not been finally cleared and signed.

They are the foreign-aid bill, the military construction bill, the space agency program in the independent offices bill, and the atomic energy program in the public works bill. Continuation of the programs and activities of these agencies including, for example, the nuclear weapons testing program, is of course provided for in the pending resolution.

I will say, in anticipation of this situation which almost always obtains at the close of the fiscal year, I petitioned the leadership of the House at the beginning of this session to arrange expedition of the work on the legislative authorizations so that we would not be delayed in presenting the related appropriation bills. Until the authorizing legislation is passed and signed by the President of the United States, it is not in order to do anything about the appropriations.

Mr. GROSS. The Appropriations Committee as a practical matter can hardly embark upon hearings on appropriations until the authorization bills have been passed. Is that not true?

By reason of the fact that we are much later than usual with authorization bills it causes this delay in the Appropriations Committee activity.

Mr. CANNON. Mr. Speaker, our hearings are well along but we cannot finalize the amounts until we know what is authorized. We have virtually completed hearings on all bills except the usual last supplemental bill.

Mr. TABER. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, this is the annual continuing resolution that we have to pass or there will not be any money for the Government to operate on beginning July 1. The amount contained in the bill has been cut down to as low a figure as it could reasonably be under the pending circumstances.

There are four major appropriation bills where the authorizing legislation has not been passed. For that reason it has been impossible for the Appropriations Committee to report out those major bills. We hope the fact that this is for only the month of July will inspire the legislative committees and the two Houses to expedite the authorizing bills so that we can wind up this session. I am glad the 30-day provision is in the resolution because it ought to help conclude the work of the session.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. CANNON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the continuing resolution just passed.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

ARMED SERVICES SUBCOMMITTEE ON INVESTIGATIONS

Mr. HÉBERT. Mr. Speaker, I ask unanimous consent that the Armed Services Subcommittee on Investigations may have permission to sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

FREE ENTERPRISE TRIUMPHING

Mr. JOELSON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. JOELSON. Mr. Speaker, I believe that events in recent months have demonstrated the durability of the free enterprise system and the inherent weakness of communism.

The remarkable prosperity of the West European economy makes apparent the falsehood of the Marxists who predicted the downfall of free enterprise in Western Europe. The fact is that after the devastation of World War II, Western Europe rose from the ashes with the help of the United States, the greatest exponent of a free economy in the world.

Look at the food crises in Soviet Russia and Red China, and remember how fortunate we are that our agriculture problems revolve around food surpluses rather than famines.

The democratic nations are demonstrating to the world that we can have both bread and freedom. We should all be thankful to live under a way of life that provides abundance without fear.

Khrushchev knows this now. That is why he builds walls in Berlin to fence in the people. If communism were the peoples' paradise he claims it to be, no walls would be required.

PROVIDING THAT ALL COURTS OF THE UNITED STATES BE OPENED WITH PRAYER TO ALMIGHTY GOD

Mr. BAKER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BAKER. Mr. Speaker, I have today introduced the following bill, "that each session of all courts of the United States be opened with prayer to Almighty God," which I commend to the attention of the membership of the House of Representatives and of the Supreme Court of the United States.

TRADE EXPANSION ACT OF 1962

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 11970, with Mr. BOLLING in the chair.

The Clerk read the title of the bill.

Mr. MASON. Mr. Chairman, I yield such time as he may desire to the gentleman from Connecticut [Mr. SEELY-BROWN].

Mr. SEELY-BROWN. Mr. Chairman, I am in favor of expanding trade. I also am sure that few will quarrel with the importance of achieving a gradual, selective, and truly reciprocal lowering of trade barriers among the nations of the free world. I emphasize the words "gradual," "selective," and "truly reciprocal" to indicate their importance and significance.

My quarrel is not necessarily with the end goal, but rather with the best way to achieve it. I do not believe that this bill, H.R. 11970, presently before us under a closed rule which permits no amendments other than committee amendments, will by itself expand American trade. On the contrary, I believe it may result in the tragic loss of jobs for the American worker.

If we pass this bill in the form in which the rule forces us to act upon it, we are throwing away the safeguards to American jobs that have been considered essential throughout the 28 years that the Trade Agreements Act and its several extensions have been in effect.

Here once again we face a package deal and a request for more Presidential power—all under a closed rule. For the first time in history, we have a bill before us, proposed by the administration and with the recommendation of the Ways and Means Committee, to give the President the power to transfer imported articles from the dutiable to the free list.

Always before, Congress lived up to its responsibilities under the Constitution. Even during the whole period of the reciprocal trade programs when Congress enacted no new tariffs and duties were increase only under the peril-point or escape-clause provisions, Congress itself frequently passed laws suspending duties or transferring items to the free list. Now the President wants to take this function away from the Congress, in addition to the renewal of the President's power to lower duties.

We are unfaithful to our trust if we accede to his request to do this.

In spite of language introduced at the last moment by the committee as an amendment purportedly giving Congress a semblance of responsibility, I question both the wisdom and the necessity of handing to any President—regardless of his political affiliation—the final deposit of constitutional power and responsibility remaining with the Congress to regulate imports as directed by article I, section 8, of the Constitution.

When the President, at the opening of this session of the 87th Congress, announced his intention of submitting to Congress the bold grab for Executive power which he called his trade expansion program, I said publicly that I must have the answers to some major questions arising from the President's request for more power.

On February 7, I submitted some of these questions to the administration. In due course, I received from the State Department some answers. I do not consider that they are satisfactory answers.

These were and are my questions:

First. Can increased exports, supposedly the announced goal of the President's proposals, clear up our deficit in the international balance of payments?

Second. Will reductions in tariffs between the United States and the countries of the Common Market increase or decrease the ability of American industry to compete, not only for markets in those countries but in our own domestic market and all over the world?

Third. Will Western Europe accept increased imports from Japan and other low-wage countries which now are completely excluded from these countries?

Fourth. Are the United States and Western Europe presently prepared to press for free trade in agricultural products and in energy resources—coal and oil—which are now being largely excluded?

Fifth. Are Western European countries going to continue to trade with Communist bloc countries while we do not, or are we going to have a uniform policy on this most important question?

Sixth. What, specifically, is going to happen to the workman here at home who, through no fault of his own, loses his job?

I shall not bother you with the answers, which, at best, are inconclusive—all but the last question. The answer to that you can see right here in the bill before you. The help provided in title III—and I support what it tries to do—is at best only a poor substitute for a job, particularly for the worker who has built up seniority in his trade.

The fact that the administration regards the "trade adjustment assistance" provision as one of the most important in the bill emphasizes the futility of the entire program. How can the people of the United States advance or even hold their own in economic progress for ourselves and our friends if the key to "trade expansion" is "trade adjustment assistance"?

I still want the answers to those questions, Mr. Chairman.

The administration has not answered them, because it cannot presently answer them decisively.

The purported opportunity for greatly expanding our trade with the countries which are the members of the Common Market in Europe is supposed to be the compelling reason for pushing the administration's trade expansion program at this time.

However, there are some important questions concerning the Common Market itself which must be answered, some of which are included in my own questions above. One of the most important questions of all is whether or not Britain is to become a member of the Common Market.

Another question pertinent to the high and perhaps exaggerated hopes of the administration concerning the Common Market is the major source of friction between the United States and its allies in NATO—the lack of a unified policy toward trade with the Communist bloc countries. The United States imposes stiffer controls on exports to Communist nations than do our NATO allies. Some of them are shipping increasingly large quantities of goods to these countries, thus strengthening both the military and the industrial potentials of the Communist bloc.

H.R. 11970 permits reductions in American tariffs to zero on commodities in which the Common Market and the United States jointly control 80 percent of the world trade. However, it does nothing to eliminate this source of friction.

On the contrary, it almost certainly would increase that friction, since trade between Western Europe and the Communist bloc would be counted in computing the 80 percent. Therefore, we have the ridiculous situation, in which the more trade our allies can promote with Communist bloc countries, the more they can be effective in reducing our tariffs against their exports to us to zero.

We shall in a better position a year hence to have the answers to basic questions which affect our own economy so vitally.

The solution to our problem today, Mr. Chairman, is to extend the Trade Agreement Act, which expires on June 30, for 1 year. The last extension was for 3 years. Had the extension proposed in 1958 been contained in the bill as passed, the present Trade Agreements Act would have continued until June 30, 1963.

I believe that is what we should do now, so that we may have the opportunty to know better what we are doing when it is proposed to have the Congress surrender the power which could mean unemployment, poverty, and despair for thousands of American producers and consumers, all in the name of "trade" and "progress."

Mr. MASON. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. CUNNINGHAM. Mr. Chairman, I will oppose any effort to withdraw help from the American workers who will lose their jobs as a result of this bill. It is of course admitted that there will be many jobs lost under this bill. There is even a section in the bill which provides aid for these workers.

As for the overall bill, I cannot support it in good conscience.

There are many reasons for my position; three of them are most important to the people of Nebraska:

First. I am not willing to turn over to the executive branch the power and authority which rightly belongs to the Congress. I am not favorable to such a power grab under any administration. The Constitution gives to Congress and only to Congress the power to lay and collect taxes, duties, imposts, and excises.

We have given up too much of our constitutional power already here in the Congress. My people did not send me down here to further the trend. To me this issue is so fundamental so far as constitutional government is concerned that I consider my vote on this bill the most important I will cast in the 6 years I have served in the Congress.

Second. I am convinced that the passage of the bill will cost a minimum of 10,000 jobs in the Second District of Nebraska. Many of these jobs will be lost in the packinghouse industry, for Omaha is the largest meat packing center in the world. Under this legislation I can see the import of millions of pounds of meat and meat products from many countries, including Argentina and Australia. Even under the present program too much foreign meat is allowed to enter this country.

Other jobs will be lost in our steel fabricating plants and in other industries. I cannot possibly see how any new jobs would be created in my district if this bill is passed.

Third. I am convinced that we can never compete favorably with foreign countries, even when all trade and tariff barriers are removed. The cheap labor used in foreign plants mean that their products can be shipped here and sold at less cost than comparable American-made products. Whenever this happens, thousands and perhaps million of workers will be laid off and become unemployed. Furthermore, it will downgrade and undermine our entire economy, which is already showing many weaknesses.

It should be borne in mind also that this matter of foreign trade is of less significance than some people would have us believe. I understand that our trade with foreign countries represents only 4 percent of our gross national product.

Mr. Chairman, the Madison Avenue approach has been used to try to sell this proposition to the people. International influences have been very active in promoting this legislation and similar plans for closer and closer economic and political links between the United States and certain other countries. From all the special-interest propaganda it sounds as though a wonderful future awaits us all if only this one bill is passed, and perhaps many people have been convinced by this barrage of high-level "sloganeering."

But, after reading the bill and the testimony, I for one believe it is one of the most dangerous pieces of legislation I have seen before the Congress during my service. I am convinced it will not do the things the intellectual hucksters claim. It is a theoretical sell.

Its practical effects will be bad for American workers and American business firms. I am not opposed to a trade program. I voted for the recent Reciprocal Trade Act, but I cannot swallow this bill. I cannot let down the workers and businesses of Nebraska and throughout the rest of our country.

Mr. MILLS. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, the Committee on Ways and Means has reported to the House, and the House is considering in the Committee of the Whole, perhaps the most important piece of legislation that has been reported from our committee to be considered by the House during these short few years that it has been my privilege to be chairman of the committee.

Mr. Chairman, during all of that period of time I know of no legislative proposal on this subject that will have a greater impact upon the welfare of the people of the United States, and I know of no legislative proposal that will have a greater impact upon the peoples of the free world than the legislation before us. This legislation, Mr. Chairman, involves economic considerations; it involves military considerations, indirectly; and it involves political implications in the broad sense of that word, also indirectly.

Primarily, Mr. Chairman, this bill is conceived to provide authority for arrangements under which your committee is thoroughly convinced there can be improvements in the economic situation of U.S. business, agriculture, and labor.

Mr. Chairman, in the process of considering the President's request for a Trade Expansion Act of 1962, the committee laid aside the bill that came to the Congress representing the draft of the proposal from downtown. The committee undertook to draft its own bill which it thought responded to the needs within this area.

Mr. Chairman, we have before us a bill today that is as nonpolitical and as bipartisan, as any major bill that has been reported from the Committee on Ways and Means, certainly, this year, for this bill is not the handiwork of just the Democratic members of the Committee on Ways and Means. Every member of the committee on the Republican side as well as on the Democratic side can point to some provision in this bill that he or she desired to have written into it.

Mr. Chairman, I repeat, this bill represents the consensus of judgment of the 25 members of the Committee on Ways and Means and was reported to the House by a vote of 20 members of that committee. I am not saying, Mr. Chairman, that the members of the committee, any one of them, including your chairman, is completely satisfied with every word, every line, and every section in this bill. Mr. Chairman, what I am saying is that it is my sincere judgment that when one weighs this bill, the good parts, against what you may consider the weaknesses within it, any person who has ever supported the program of reciprocal trade agreements in the past must reach the fair and unbiased conclusion that the good in this bill far outweighs any weaknesses which may exist in this bill.

I regret, Mr. Chairman, I cannot make that statement about my dear and beloved friend, the gentleman from Illinois [Mr. MASON], who on yesterday pointed to his record of always having been against the reciprocal trade agreements program in the past. Certainly, to some who have not supported the program in the past, they might reach the opposite conclusion, in all probability. But, Mr. Chairman, I want to impress upon my colleagues who sit to my left, and who were here in 1958 when we provided President Eisenhower with an extension of the Reciprocal Trade Agreements program, by action of the House for a period of 5 years, that President Eisenhower himself thinks that the good in this bill outweighs the bad in it, and that he today supports the bill. Today President Eisenhower is for this bill. I respect him not only as a former President of the United States, but as one of our most distinguished generals in time of war. Every person about whom I know anything who has ever represented the Republican Party in leadership as a candidate for President or as a candidate for Vice President, who is living today, or who has ever been President or who has ever been Vice President on your ticket, or on our ticket, feels today that the merits of this bill outweigh any alleged weaknesses that may be in the bill.

Now, why is this true? Because they, like your committee realize the economic implications to the people of the United States involved in this bill.

Mr. Chairman, they see in this bill, I am sure, as your committee sees in it, the development of a very, very strong weapon in trade to be used under our leadership in assisting the lesser developed countries of the world, South America and elswhere, to gain economic strength, to resist the thrust of Communist infiltration into those areas. There is in this proposal, Mr. Chairman, a specific provision for us to take the commodities of those countries along with our own commodities into the markets of the free world that are more developed, and we will be their partner in engaging in that commerce.

Mr. Chairman, those of us who feel that, perhaps, we use too much of our dollar resources through direct aid in trying to accomplish this objective and to prevent the Communist penetration of these countries, should certainly feel that the action of the committee achieving help to these countries within the confines of this bill is meritorious. As we develop our economic strength through trade, leading them as we will under this program, we then will have to give them fewer and fewer of our dollars in order to sustain their strength.

Mr. Chairman, there are many reasons why these leaders in the United States today who faced the American people in the elections of the past think that this is important to the United States. But let me ask you, Is there any doubt in the minds of a majority of us on either side of this aisle, about the importance of our retaining access to these countries of Western Europe, and particularly the countries that will go behind this common tariff wall known as the European Common Market? Let me talk to those of you who represent agricultural districts and to those of you who represent industrial districts. Do you realize that our annual exports to these six countries last year amounted to $7 billion, $1.1 billion of which was agricultural? All of the countries which purchased goods from us for dollars, involved total exports of $20 billion and imports of $15 billion.

These figures have been bandied about. Let us break them down and see what they mean. Of the $15 billion that we import 60 percent or $9 billion at least is not at all competitive with any article or item that we produce in the United States or that affects production or growth here in the United States. We are talking about a trade bill from a competitive point of view and the creation of economic betterment at home, and jobs at home. There is a difference between $20 billion that goes across from our shores to the free world markets and $6 billion that comes into the United States that might, to some varying degree or extent, be competitive with an article made in the United States of similar kind. That is the difference in the competitive situation.

How can we say, under a record such as that, one that was carried on in your administration and carried on in my administration during the thirties, the forties, and the fifties, that we have not used this tool in foreign economic policy to enhance and improve the economy of the United States?

Now, Mr. Chairman, we are faced with a great challenge. We are faced with a challenge to our ability to hold on to a part of this $20 billion of exports; namely, the $7 billion to the Common Market. Are we to say today, while this growth is taking place in Europe and while this solidifying process is occurring and a wall is being created, that we think it best for the interests of the United States to sit back and take another year to view it?

Do you know that they do not care much whether we get into the market with our products or not? Does the German over there who has free access to the Italian market welcome the competition of the American farmer, the American producer, in that same Italian market? If we show a hesitancy in the formation of this program we will pay a much dearer price later. We will pay a much dearer price a year from today or 2 years from today as a result of our hesitancy.

I am talking now to those of you who have seen fit to believe in the past that this program can make some contribution to the economic improvement of the United States. We talk about idle plant capacity. We talk about people who are unemployed. There would be no idle plant capacity, Mr. Chairman; there would be no unemployment in the United States if we in the United States were capable of consuming all that these plants could produce, and all these farms could produce, except for $20 billion. You know and I know that we cannot consume here the capacity for production of our farms and our plants. Where are we going to sell those excess amounts? Are we going to sell more by delaying a year and running the risk of our exports dropping to $15 billion or $13 billion, or lower, or are we going to accept the challenge before us and take advantage of the opportunity that is wrapped up in that challenge and say to the peoples of Western Europe, with whom we have military alliances, that we, too, are interested in the growth and expansion of world trade? We are talking to people, six countries altogether, that engage to the extent of $60 billion already in world trade compared to our $35 billion.

Does anyone doubt the capacity and ingenuity of this America of today to capitalize upon opportunities made for it, as it has capitalized in the last 28 years under trades that have been made for it under this program?

Mr. Chairman, in spite of the fact that this was a completely bipartisan measure, in spite of the fact that this is the bill of the Committee on Ways and Means, in spite of the fact that all of us must agree on balance, if we believe in this program, if we have supported this program in the past, that the good outweighs the bad, we have people talking nothing but about some little part of the bill.

What is the important part of this bill? The important part of this bill, Mr. Chairman, is the part of the bill that permits the President of the United States, through the special negotiator provided in the bill, to try to accomplish the elimination of duties and other impediments to the flow of our trade within the free world. That is the most important part of it.

The next most important part of it is the authority we give him to reduce duties on our part to carry out agreements reached in negotiations in these proceedings to meet concessions given to us by countries abroad. Those are the important parts of this bill. But, we all also attach significance to the other side of the coin.

What do you do if we make a mistake in the process of carrying out a paramount policy of government, namely, the enlargement of markets abroad for the products of the farm and the factory in this country, in return for which we give concessions in our own rates of duty?

Mr. Chairman, we have tried in this bill, we have tried as best we could through the process of legislation, to establish machinery to prevent to the maximum extent possible the making of mistakes. What do we do in this bill? I wish every Member, if he has not done so, would turn to the report on the bill beginning on page 14. Look through the procedures. Begin there. Read the preagreement safeguards. Read the general provisions relating to trade agreements. Read the postagreement safeguards. Read on through that—the Presidential action.

Read on through to the congressional action that will involve a committee amendment which is set forth in the committee report and in the reported bill and which will be adopted at the proper time.

We, I think, and I agree with what my friend, the gentleman from Tennessee [Mr. BAKER], said yesterday, have developed more protection through these safeguards and the opportunity for hearings on the part of industry, agriculture, and labor than those three segments of our economy have had in the past. I believe my friend said that; in any event, in my opinion this is true. Those safeguards are spelled out.

One of the weaknesses, some say about the bill, is that we have given the President more authority than he needs; we have given it to him for a longer period of time than he needs, they claim.

I say, Mr. Chairman, that if we want an agreement with the European Common Market, do we not want the negotiators to have enough authority to make a good agreement from our point of view? Do we not want them to have enough time, Mr. Chairman, so that they will not be rushed into the acceptance of some agreement at the last minute in order to accomplish an agreement that a little longer time might indicate could be improved?

Mr. Chairman, 5 years is not a new departure for this House to extend this authority. We have done it before. Mr. Chairman, the program encompassed in this bill is not an unusual grant of authority. It is limited in the same respect that other similar grants of authority have been limited in the past. There are more safeguards. Certainly, this cannot be considered a weakness in this bill. If you appoint me your agent to buy a $10,000 house, Mr. Chairman, do not give me $9,000 with which to buy that house for I may not succeed. Give me $10,000 and I will do the job you want me to do. If we sincerely desire, Mr. Chairman, that we preserve our access to these markets in the European world, if we sincerely desire that, let us at least provide the effective tools for the accomplishment of that desire.

Mr. Chairman, these safeguards I have talked about are in several parts. First of all, we have very elaborate machinery for people to be heard with respect to the prenegotiation phases of this program. There are full opportunities for hearings for all interested parties. There is every opportunity after the President makes a decision as to what he might include in the list for negotiation, for interested industries and others to appear before this group and explain why their industry should not be included. There are those who have said in letters to me that this particular industry or that particular industry has been selected for sacrifice. Mr. Chairman, there is nothing further from the truth than that. There is no industry—there is no individual's job that is being selected for sacrifice. Every individual concerned with this legislation will have an opportunity both at the Tariff Commission and before this Interagency Committee appointed by the President to tell why his particular commodity should not be included for a reduction in duty. And if it is as serious as they tell you and me, do you not realize what the Tariff Commission will say? They will describe to the President the economic consequences of any such action. That will have a great weight, of course. Certainly, it will have its weight with this Cabinet-level Interagency Committee, as well. There is no certainty, therefore, Mr. Chairman, that some of these industries that are complaining about their present situation would even be included in such negotiations. But there is, I hope, assurance within this program, Mr. Chairman, that progress can be made through the elimination of those restrictions and barriers to our own trade which even to this day exist throughout the free world to a degree far beyond that which any of us want.

Mr. Chairman, if the Members will read the description of these safeguards, if the members of this committee will bear in mind that any bill that comes before this committee may not and usually cannot fully represent the viewpoint of all the Members, it may not be satisfactory to all the Members, but if the members of this committee stop and think deeply upon this subject I have no doubt about the final decision that will be made here today. I know when it comes to matters of great national purport, as this does, that there is no center line that divides us, and there will not be a center line dividing us today.

I urge, Mr. Chairman, that the committee reject the motion to recommit which my good friend from Illinois has announced that he will offer, that the committee in a bipartisan manner pass the bill like it did in 1958 when, as I recall, there were fewer than 100 Members of this House who voted against the 5-year extension of this program.

Mr. Chairman, I promised to yield to the gentleman from Texas [Mr. ALGER].

Mr. ALGER. I thank the gentleman for recognizing me first; I certainly appreciate it.

Mr. Chairman, I call the gentleman's attention to page 11928 of yesterday's RECORD in order to remind the gentleman that despite what he has just said, that after 2 days of debate I still must ask our chairman when someone is going to tell this House what is in this bill and to describe the new power given to the President. This is the first time I have seen a bill presented in the House where the House has not been told what is in the bill.

Mr. MILLS. The gentleman from Texas, I think, on yesterday made a rather detailed and lengthy observation on the bill and the powers given to the President in this bill. I listened to him with care though I disagreed with his views, of course. From his point of view he states these powers were excessive and should not be granted.

My friend, the gentleman from Texas, has not taken that position just yesterday or in the last few days. I think the gentleman voted against the act in 1958. If I am wrong I would like to be corrected.

Mr. ALGER. May I put the question once again regardless of what the gentleman from Texas may have done on other occasions—I could be mistaken, I could be wrong—but will the gentleman tell the House what new powers are given the President and how extensive they are?

Mr. MILLS. I will try to if the gentleman will just let me proceed. He wants to know the authority?

Mr. ALGER. Yes, the authority and the new authority given the President.

Mr. MILLS. All right. In this bill we give the President basic authority to reduce duties by 50 percent of the July 1, 1962, rates. But the gentleman knows, since he is a member of the committee that wrote the bill, that by the same token we give the President authority to increase duties by 50 percent of the rates in force way back in 1934. This is not a one-way proposition. That is a 150-percent leeway on what even the Smoot-Hawley Act provided as to increases. That is in the power given to the President. I do not hear the gentleman complaining about that.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. BOGGS. I am certain if the gentleman from Texas will refer to yesterday's RECORD he will see a detailed explanation of the bill filed by the distinguished chairman of our committee, and in addition to that, as the gentleman knows, the report on this bill was filed on June 12—over 2 weeks ago. It is a most comprehensive report containing both majority and minority views. The gentleman, of course, sat through the committee deliberations on the bill and he is thoroughly familiar with the bill's provisions. So a very complete explanation of the bill has been available and still is to everyone.

Mr. ALGER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. Let me yield first to the gentleman from Georgia, [Mr. FORRESTER].

Mr. ALGER. The gentleman mentioned my name.

Mr. MILLS. I will get back to the gentleman from Texas.

Mr. FORRESTER. Mr. Chairman, first I would like to say to the distinguished gentleman in the well of the House that I have been here 12 years, and I think the gentleman has given us one of the most logical explanations I have ever had the opportunity of listening to.

Mr. MILLS. I thank the gentleman from Georgia.

Mr. FORRESTER. The gentleman, I believe, knows that I have a lot of candy manufacturers in my district in the State of Georgia. They are disturbed about the bill. As a matter of fact I hold a telegram dealing with the subject of import duties on foreign candies. The telegram states, in effect, that the bill we are now considering—H.R. 11970—would eliminate the duty on candy with resulting adverse effects on the candy-manufacturing industry.

I cannot find any provision in the bill which reduces duties on candy or any other commodity, and I have studied the bill at length. Is there a provision in the bill which will reduce or eliminate the present 14-percent duty on candy?

Mr. MILLS. Permit me to respond this way to the gentleman from Georgia: This bill does not in and of itself reduce any duty. That should be made very clear. This bill does give the President authority to reduce duties that he, upon advice of the Tariff Commission, feels can be reduced without causing serious economic consequences.

As I understand it, the candy manufacturers and confectioners are concerned because they may fall within the provision which permits the President—if the European Common Market and the United States export more than 80 percent of articles in a given category—to reduce duties by more than 50 percent.

Certainly if what the candy industry says to you and to others who have candy manufacturers within their district, that their situation is very serious, very grave at the moment, those facts would be considered before candy would be included on any list for negotiation, even if the 80-percent authority were not involved. If candy was included on a list, the candy manufacturers could appear before the Tariff Commission and the Interagency Committee appointed by the President and state their case that they cannot survive under any reduction in duty.

Mr. FORRESTER. Do I understand from what the gentleman is telling me that the candy manufacturers have no particular reason now to be apprehensive?

Mr. MILLS. There is nothing in the bill, I will say to the gentleman from Georgia, that reduces the duty as is alleged in the telegram the gentleman just read.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Louisiana.

Mr. BOGGS. As an assurance to our good friend from Georgia, in 1961, the gentleman might be interested in knowing, we produced in this country $1,232 million worth of candy, which was an increase of 14 percent over 1958. We imported something in the area of $21 million worth of candy—$21 million as compared with $1,200 million. The existing duty is only 14 percent. And the increase in imports which has occurred has taken place without any duty change because the duty has been 14 percent since 1948.

Mr. MILLS. The gentleman could also point out that imports, as a percentage of U.S. production in 1961, amounted to 1.7 percent.

Mr. FORRESTER. Is the gentleman acquainted with the fact that the candy manufacturers generally, for some reason, are apprehensive? Can the gentleman give me any idea as to what is the cause of that?

Mr. MILLS. I do not know the reason for it. I do know that I have had a letter from those who work in a shoe plant in my own district telling me if I voted for this bill it would throw them out of employment. No one knows. I do not believe this will happen to my shoe people and I also do not believe it will happen to your candy people.

Let me elaborate on that. I understand there are others, as well as myself, who have received letters of this sort from constituents involving the effect of this bill upon shoes. Here again, there is nothing in the bill that would provide any reduction in duty on shoes. It is important to note that U.S. production of shoes, in dollar amounts, increased in 1961 over 1958 by 8.7 percent. By the same token, the imports of shoes increased by about 331 percent; but in 1961, as the result of the importation of those shoes, many of which are handmade, many of which are expensive shoes, the imports of shoes as a percentage of U.S. production were still only 2.6 percent.

I believe that most of the people are concerned about the future and are apprehensive. We should, and do, understand. However, I think we have provided in the bill safeguards which will assure that all the facts will be available when decisions have to be made and then we expect the decisions will be sound.

Now, there is no certainty that the President will reach a conclusion that the duties on shoes ought to be reduced, and that he will list them for reductions. The same thing is true with respect to other industries. Every industry which feels it should not have its protection reduced should make its case as to why this is so.

And, certainly, this bill contemplates that consideration will be given to all representations. If this were not the case, we would not have gone to the trouble of establishing the elaborate procedures provided in H.R. 11970.

Mr. FORRESTER. Can the gentleman tell me or is he in a position to tell me how the exports rank with the imports of candy?

Mr. MILLS. Yes. We export candy. In 1961 we exported $4,643,000 worth. That was an increase in our exports of about 4.3 percent over 1958. Our principal export market is Canada. The principal country exporting candy to us is England.

England is not in the European Common Market at the moment. The candy manufacturers believe that if England becomes a member of the Common Market, then the Common Market and the

United States will control over 80 percent of world exports of candy, and the President might negotiate an elimination in the candy duty with the EEC. There is no certainty that such will be the case or that there will be any reduction in the duty on candy. There will be every opportunity, if a reduction in the candy duty should be considered for the domestic candy industry to present its case and be heard.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Louisiana.

Mr. BOGGS. I think the other significant part of the answer to the question of the gentleman from Georgia is: If this should come to pass, we would expect that the duty would also be removed on U.S. candy going into the Common Market.

Mr. MILLS. It would have to be.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr MILLS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. There is nothing in this legislation that requires bargaining or negotiating with respect to like items. We could enter into negotiations to reduce the duty on candy or on any other item for reduction by the Common Market of their duties on some completely different article and both reductions could be completely different as to amount.

Mr. MILLS. Yes—now that I consider the matter further, the gentleman is correct.

Mr. BYRNES of Wisconsin. I think the gentleman remembers that an amendment was offered; in fact, I believe the gentleman from Wisconsin offered it, which said that that should be the rule, but it was turned down within the committee, and the argument was that they had to have flexibility.

Mr. MILLS. I recall that, but I still think, and I think the gentleman will agree with me, that anything of that sort would not be what we feel would be a trade in the best interests of the United States. This authority is being granted because we want fair trades to be accomplished. If our chief negotiator is going to perform his function in a way that we get the short end of the bargaining all the way through, he will still be accountable to us.

Mr. BYRNES of Wisconsin. I will state to the chairman that I certainly share that hope, but there is nothing to assure it.

Mr. MILLS. There is. There is always the power back here.

Mr. KEOGH. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from New York.

Mr. KEOGH. I think it might be pertinent at this point to say a word on behalf of those who have negotiated in behalf of our Government in previous agreements. Does not the chairman share my impatience with those who somewhat recklessly and unjustifiably contend that our negotiators have consistently been outtraded?

Mr. MILLS. Oh, well, now the gentleman knows my own feeling about that. Very frankly, I want my colleagues to know that I have had about as much concern about some of these matters in the past as any of them have had. I do not envision this program as being one in which we want to turn everything over to the Department of State. That is what we have prevented in this bill, I hope. We certainly tried to do it.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. I wish to thank the gentleman, and I appreciate the reference that the gentleman has made to the shoe industry in this country. It so happens that in my district I have several plants, five or six, which manufacture shoes, and they employ a considerable number of people. They are very much disturbed about this bill, and the effects thereof. They state in a publication, or an advertisement which was published in a newspaper in my district, that imports have increased 234 percent since 1957. I believe the gentleman from Arkansas gave that figure also.

Mr. MILLS. Between 1958 and 1961, total shoe imports have increased 331.5 percent.

Mr. ABERNETHY. If the gentleman will yield further, they further state that 37 million pairs were brought in in 1961 alone.

Mr. MILLS. I will say to the gentleman that I do not have the figures here. I do have dollar amounts.

Mr. ABERNETHY. If the gentleman will yield further, they also state that this will reach 73 million pairs by 1965, even under the existing tariff.

I do not know from where those figures came. Could the gentleman advise me further with respect to this question?

Mr. MILLS. Let me tell the gentleman this: This bill is not here, with my name on it, to bring about the sacrifice of any of these industries about which we are talking. This bill has safeguards in it. If this injury occurs under the existing rates of duty, there is opportunity here to correct it. If an entire industry is injured, if the Tariff Commission finds that, and the Tariff Commission says that the rate of duty has to go up to the Smoot-Hawley tariff rate, or that a quota is necessary, or that a combination of an increased duty and a quota is necessary, and the President declines to do it, he is required to notify the Congress of his refusal to do it. Under the committee amendment that we adopted to this bill, sponsored by our good friend, the gentleman from Tennessee [Mr. BAKER], we retain the right to put into effect the Commission's recommendation, whatever it might be. We retain the right to require the President—let me put it that way—to require him to put it into effect by passing a concurrent resolution stating that the President is directed to put this rate of duty into effect. We have never had a provision similar to this in this program prior to 1958. The provision in this bill differs from the 1958 provision in that it is stronger—it requires only a majority vote to overcome Presidential refusal to take action.

Mr. ABERNETHY. May I ask the gentleman this question?

Mr. MILLS. We are not turning over this power that my friend talks about without doing it within limitations and providing safeguards and retaining here a degree of control over what is done in the case of injury.

Mr. ABERNETHY. Sometimes the verdict of the jury is not always in keeping with the facts.

Mr. MILLS. Well, it always is here.

Mr. ABERNETHY. Suppose the Tariff Commission finds that there was no injury; whereas, there might have been injury? Then what happens?

Mr. MILLS. Oh, well, what other agency are you going to use? My good friend realizes that we cannot increase duties unless the Tariff Commission reaches a conclusion of injury. That has been historical in all of our programs, and we have to rely on this procedure.

Mr. ABERNETHY. I do not want to take too much of the gentleman's time, but if the gentleman will yield further, I have one other question: There is concern in this House, and I am one of those who are concerned, about a provision which provides for the payment of compensation to those who may be ousted or knocked out of jobs. Is this not tantamount to licensing our negotiators to negotiate to the point of eliminating American jobs? Does it not as much as give them such a directive, whereas without such they would feel a conscientious obligation to be most careful to protect the employment of our workers as well as our industries?

Does this provision not encourage our negotiators to go a little further than they would ordinarily go?

Mr. MILLS. The gentleman is entitled to his opinion about what they may do. This provision is not here for that purpose——

Mr. ABERNETHY. I realize it is not here for that purpose.

Mr. MILLS. Let me answer the gentleman. I do not intend, as far as I am concerned, that it be used for any such purpose; and I am sure the Committee, on both sides of the aisle, has no such thought. But let me talk to you about why it is here. Under the provision of existing law the Tariff Commission only finds serious injury and recommends to the President an upward adjustment in the duty when an industry is injured, not when a firm is injured.

There are a lot of these shoe plants in the gentleman's district and in mine; there are many of them scattered all over the United States—in Missouri and in every other State.

Mr. BATES. And in Massachusetts.

Mr. MILLS. Yes, in Massachusetts. It may be found, upon an investigation by the Tariff Commission, that a plant is injured in the gentleman's district or in my district because of some particular imports. But the industry as a whole is not injured. In these circumstances, the

Tariff Commission would not recommend to the President an upward adjustment in duty. On the basis of existing law, those workers and that firm which were put in that position by the exercise of the sovereign power of the Government in knocking a prop out from under the firm and the jobs by the lowering of tariffs, have nothing they can do. We are trying to provide some way to help that firm to get some help. We are trying to provide some way to help those employees.

Oh, I know that these people who run these employment offices in some States have wired in here to a lot of people that they do not like it. I knew that. They talked earlier to the committee and raised the question about it. But we have this question before us. Remember that we are taking this action through the sovereign power of the Government, giving the President authority to do something that for all intents and purposes might knock the props from under a man's job by reducing a duty. Whether it is intended or not it can happen. Will we leave him to his own devices, or are we going to show some degree of interest in the plight of that fellow for a short period and try to get him adjusted to something else?

Let me tell all of you, we have done this before. This is not the first time we have done something of this sort. Look back into the pages of history during the time you and I have been here. You will find that we have provided for allowances of this sort for people for special reasons. We did not have any trouble explaining it or justifying it.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. BOGGS. Just so the record is complete, I call this to the attention of the gentleman from Mississippi [Mr. ABERNETHY]. The total U.S. production of shoes in 1958 was $2,091 million. In 1961 the total production was $2,273 million, or an increase in production during the period of existing law of almost 9 percent. The total imports—and, of course, the impact may be felt differently in different places; it may be more severe in the gentleman's district than in somebody else's district—but the overall imports were less than $60 million—$59 million, to be exact—in an industry which produces almost $2¼ billion in shoes. In addition to that, these imports came from Italy which, of course, buys a very large quantity of cotton, which product is produced in the gentleman's district.

Mr. ABERNETHY. My people are not complaining so much about what is being done now but what may happen in the future.

Mr. MILLS. My people are also concerned that we not run the risk of losing some markets we have today for some of our products.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. Additionally, I would like to compliment the distinguished gentleman from Arkansas and the committee on the very substantial improvements they have written into this program.

The gentleman well knows I have had a number of industries in my own area in Oklahoma which have been severely impacted by imports. I found it impossible to vote for the last extension of the Reciprocal Trade Agreements Act because of that situation. I am of the opinion that this bill, with its additional safeguards, including the amendment offered by the gentleman from Tennessee [Mr. BAKER], and included in H.R. 11970, is a bill which does represent and advance the best interests of the United States, a bill which should be supported by those of us who are genuinely concerned about the welfare of our own domestic industries as well as the future of our international trade.

To me, this is handing to the President a new and valuable and indispensable weapon to win the cold war. Those across the aisle who are genuinely appealing to us to win, to have a victory policy in the cold war, will, in my opinion, do a great disservice to that cause if they refuse to support this measure which provides this powerful new weapon in the cold war.

Mr. MILLS. I thank the gentleman for his comment.

Mr. EDMONDSON. May I ask one question in regard to the Baker amendment. This amendment, if I understand it correctly, makes it possible for Members of the House and the Senate to initiate action by the House and by the Senate to implement the findings of the Tariff Commission where they find adjustments on duty or other import restrictions are necessary to protect domestic industry.

Mr. MILLS. The gentleman is correct.

Mr. EDMONDSON. This is a new device, a new shield, for American industry which has not been provided before. It certainly increases the desirability of this legislation and strengthens the hand of Congress in this vital area.

Mr. MILLS. It has not been provided before. There is now full power for a majority of the Congress to exercise its will and to bring about increased tariffs, or quotas or both, depending on the Commission's finding.

Mr. KEITH. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. KEITH. The gentleman has stated that the economic consequences of this act on a particular industry will be explained to the President by the Tariff Commission and that, therefore, these industries have proper protection.

Mr. MILLS. I said that not only would they be explained to the President by the Tariff Commission after a hearing but there would be reported to the President other factors involved by an interagency committee appointed by the President. This committee would also hold hearings.

Mr. KEITH. It has been reported that in 62 instances the Tariff Commission has recommended with reference to the peril point provision that the President take action to protect a particular industry, and he has declined to go along.

Mr. MILLS. I believe that is the escape clause the gentleman is talking about. There have been a lot of cases heard by the Tariff Commission where the industry thought there was injury and the Tariff Commission said no. Some cases of injury have been found to exist, but the record of the President has been, in the past, of not agreeing to all of these findings.

Mr. BATES. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. BATES. I know in the committee report and the bill there are certain items placed on the reserve list.

Mr. MILLS. Yes, that is true. The gentleman from Massachusetts called our attention one day, I think it was during the latter part of our consideration of this bill, to the situation wherein the Congress had acted on tariffs, and suggested that in those cases the items covered by such acts should also be reserved.

Mr. BATES. Like on fish sticks.

Mr. MILLS. We did not include a provision reserving such articles, including the duty on fish sticks. It was an oversight, I think, on the part of the committee. For very clearly, where Congress has taken that action it would be, I think, correct to say that the Congress would feel that the reservation for this same length of time of such particular duties, such as that on fish sticks, was just as important and just as fair for the industries concerned as the reservation where injury had been found by the Tariff Commission.

We did not include such a reservation, frankly, because we ran into considerable difficulty in the development of a provision that would accomplish this objective. But, certainly, I want my friend to know this is a matter which I think must be considered further, certainly, in the other body, for the purposes of putting these folks on the same basis, as a matter of equity.

Mr. BATES. As far as the gentleman is concerned, to all intents and purposes under this act, items that have been approved by the Congress will be on the reserve list?

Mr. MILLS. I certainly want them to be.

Mr. BATES. What is the intention of the gentleman's committee?

Mr. MILLS. The committee did not do it specifically because we did not have the time left to develop a way of doing it.

Mr. BATES. In other words, it was just a question of the language of such a provision?

Mr. MILLS. I have no objection to doing it, and if the other body includes it, I would have no objection to an amendment; does that satisfy the gentleman?

Mr. BATES. No, the gentleman would be more satisfied if it was clear that that was the intention of the committee.

But, you really could not find the language to accomplish it, and I understand that that was the position.

Mr. MILLS. That is true.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. BONNER. I would like to ask the gentleman what effect this bill would have on the plywood industry?

Mr. MILLS. It has no effect on any industry until some action is suggested by the President.

Mr. BONNER. What has been the history of the plywood industry under the present Reciprocal Trade Agreements Act?

Mr. MILLS. I regret that I have taken entirely too much time, but I will try to answer the gentleman.

The plywood industry has had hearings before the Tariff Commission, as I recall. If any member of the committee wants to add to this colloquy, I wish he would. The plywood industry has complained in the past about imports coming in and injuring that industry. Hearings have been held before the Tariff Commission. There has not been, as I recall, any Commission finding of injury, and accordingly no upward adjustment of those duties. It is my recollection that there were two plywood escape clauses and a negative finding by the Commission in each. Is that a fact, may I ask the gentleman from Louisiana [Mr. Boggs]?

Mr. BOGGS. You are correct, Mr. Chairman. The hardwood plywood industry has applied twice for escape clause relief, and in both instances relief has not been granted because there was no finding of injury.

Mr. MILLS. Then my memory was correct—the Tariff Commission made two negative findings.

Mr. BOGGS. Yes; twice. Did the gentleman from North Carolina ask about fish sticks?

Mr. BONNER. No, I just asked about the plywood industry. I have heard about shoes and I have heard about sugar and I wanted to hear a little something about what effect this bill might have to improve or injure further the plywood industry.

Mr. MILLS. Let me answer the gentleman this way. There is nothing in this bill directing anybody to reduce specifically any duty on plywood.

Mr. BONNER. I understand that.

Mr. MILLS. If the Tariff Commission finds that injury exists in this industry, they can recommend to the President the adjustment of duties up to as high as 50 percent higher than the duties under the Smoot-Hawley Tariff Act. In other words, to the extent of 150 percent of the Smoot-Hawley tariff schedule. Then the President could put any other import restriction into effect, such as a quota, for example.

Mr. BONNER. The only reason I ask this, Mr. Chairman, is that many plywood mills have gone completely out of business due to the importation of plywood from Japan.

Mr. MILLS. Yes, that has been brought to my attention.

Mr. BONNER. And they have appealed to the Tariff Commission for relief. Now I merely ask: Is there any opportunity under this bill for the plywood industry to be helped?

Mr. MILLS. Yes. They still have an opportunity to go to the Tariff Commission for the purpose of escape clause action. And here, I believe, is where they will be greatly assisted by this bill. If the Commission finds that the industry is injured—and this, of course, is basic—but if they do, then we here can, in the event the President does not take the action recommended by the Commission, adopt by a majority vote a resolution which would require upward adjustment in the import restrictions on plywood.

Mr. FISHER. Mr. Chairman, I desire to direct the gentleman's attention to section 212 on page 6 of the bill:

> In the case of any trade agreement with the European Economic Community, section 201(b)(1) shall not apply to any article referred to in Agricultural Handbook No. 143, United States Department of Agriculture, as issued in September 1959, if before entering into such agreement the President determines that such agreement will tend to assure the maintenance or expansion of United States exports of the like article.

Can the gentleman explain what that means?

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. MILLS. Mr. Chairman, I yield myself 3 additional minutes.

Section 201 of this bill, if the gentleman will read it, provides for a 50-percent reduction in rates of duty existing on July 1, 1962.

We say with respect to agricultural commodities that the President shall not be bound by that limitation. Agricultural commodities are those referred to in this handbook I have here. If before entering into such agreement the President determines that such agreement will tend to assure the maintenance or expansion of the U.S. exports of like articles then he can exceed the basic limitation in section 201. Let us say that in the case of apples, it is the determination of the President that if he enters into an agreement with the European Common Market to reduce duties here in return for their reducing duties there, our exports of like articles will tend to be maintained or expanded. He can then reduce or eliminate the duty on apples.

Mr. FISHER. Is it a correct statement interpreting this section to say if that under the treaty he found that an agreement would not tend to assure the maintenance of the U.S. exports of the like article, if he makes that finding he would have the power to place the duty on these agricultural products at a lower rate?

Mr. MILLS. He has to make a positive finding that the agreement in which such action reducing the duty to zero occurs, would tend to maintain or enlarge the exports of that article. That is what this provision means.

Mr. FISHER. As I read that section it does not say he has to make a positive finding.

Mr. MILLS. But he does have to make a positive finding.

Mr. FISHER. What does this language mean which reads, "tend to assure"?

Mr. MILLS. It is a question of judgment, of course; and it is going to be a judgment of the Department of Agriculture, frankly, that if this is done we will maintain or enlarge our exports of that article.

Mr. FISHER. Mr. Chairman, will the gentleman yield for a further question?

Mr. MILLS. I have only 3 minutes.

Mr. FISHER. This refers to articles contained in Agricultural Handbook No. 143 which may under certain findings be put on the free list.

Mr. MILLS. That is right.

Mr. FISHER. What are those articles?

Mr. MILLS. They are set forth in that handbook, which is a publication of the Department of Agriculture which lists all of the articles which the Department believes are in fact agricultural commodities. If we were to specifically set forth all of these articles in the bill, it would have added hundreds of pages.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired. The gentleman from Arkansas has consumed 1 hour.

Mr. FISHER. It refers to agricultural products?

Mr. MILLS. The handbook refers to agricultural products. They are set forth and described in that book and the book was prepared by the Department of Agriculture.

Mr. Chairman, I have never done this before, but in view of the great importance of this bill I ask unanimous consent to proceed for an additional 5 minutes.

Mr. HARRIS. Mr. Chairman, reserving the right to object, I would like to suggest to my colleague, who has done such a magnificent job here this morning and who has I think given the membership much enlightenment—I know that he perhaps is tired, nevertheless he has been working on this for a long time; there are a lot of Members who would like to ask him questions, who would like to get some enlightenment.

I would like to suggest to my colleague from my home State that he not hesitate to take such additional time as will be necessary in order to clear up some of the serious questions that are in the minds of Members. I would like to urge him under the circumstances to not hesitate to do so.

Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 10 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas [Mr. Harris]?

Mr. GROSS. Mr. Chairman, reserving the right to object, and I shall not object, if the time will be spent in not gilding this lily that if it is so good does not need gilding, and if it will clear up some of the questions the Members want to ask, it will be time well spent.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas [Mr. Harris]?

There was no objection.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. CONTE. At the outset I want to compliment the chairman of the Committee on Ways and Means for the outstanding job he has done here today.

In regard to section 211, which was discussed here with reference to the candy business and some 80 other commodities in the United States, if the Common Market and the United States produce 80 percent of that commodity in the world market, then the President has the authority to reduce that tariff to zero; is that right?

Mr. MILLS. That is true.

Mr. CONTE. Would it not have been much sounder if we had had an amendment stating that the United States should produce at least 25 percent of the 80 percent of that commodity, then that commodity would be in a competitive position? Under this bill the Common Market could produce 78 percent.

Mr. MILLS. Yes.

Mr. CONTE. And the United States only 2 percent, which could wipe out a lot of small businesses.

Mr. MILLS. I do not know that any information was submitted along the lines of the example that the gentleman stated—I do know that the record shows that of the categories of articles presently involved, the United States predominates as an exporter in the greater number of such categories. This matter was discussed in the committee—that we provide some such limitation. The committee decided against it.

This matter, I may say to the gentleman, will be studied by the other body. If there is a problem in this area which we did not foresee, I am sure that it will come to light in deliberation on this bill which will follow our consideration here.

Mr. CONTE. The gentleman says it does have merit, then?

Mr. MILLS. There are some who could make an argument for it, of course, it would depend on what the facts showed.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Florida.

Mr. CRAMER. I have listened to the gentleman's discussion concerning this bill for about an hour. Of course, under parliamentary procedure, no amendments may be offered except by the committee.

I would like to ask the gentleman if he would please advise the House as to what, if any, amendments the gentleman, as chairman of the Committee on Ways and Means, intends to offer?

Mr. MILLS. An amendment that we agreed to, changing the method whereby the Congress can require the President to proclaim a higher rate of duty under escape-clause action, is incorporated in the reported bill and will be acted upon by the Committee of the Whole House.

Mr. CRAMER. What is the nature of the amendment?

Mr. MILLS. An amendment that the committee developed at the request and suggestion of our friend from Tennessee [Mr. BAKER].

Mr. CRAMER. That will provide the House can overrule or examine a decision by the Tariff Commission and the President on a majority vote?

Mr. MILLS. The amendment would provide that a decision of the Tariff Commission can be put into effect, when the President on his own will not do so, by a majority vote of the Congress.

Mr. CRAMER. May I refer to the wording of this bill, on page 27.

Mr. MILLS. The Tariff Commission could find that quotas—duties, quotas, or any combination thereof, are necessary. That should be part of my answer to the other question, and I want to add it so my answer is complete.

Mr. CRAMER. Under title II, the AA provision, page 27, it provides for AA assistance—and I read:

> The Tariff Commission shall promptly make an investigation to determine whether, as a result of concessions granted under trade agreements, an article is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry producing an article which is like or directly competitive with the imported article.

Mr. MILLS. That is the type of situation we have always described under the escape clause, where injury has occurred.

Mr. CRAMER. On page 63, referring to the Secretary of Labor's decision as to whether unemployment compensation shall be made available to individuals:

> This decision by the Secretary, contrary to the decisions otherwise provided in the bill, shall "be final and conclusive" for all purposes but not subject to review by any court and so forth.

Mr. MILLS. This provision parallels other provisions that Congress has enacted with respect to this kind of program. We do not want the individual going into court to be heard on certain aspects of this.

And, I would like to correct the gentleman's impression: This is not unemployment compensation in this bill. It is not by any stretch of the imagination, unemployment compensation, and it is not to be considered a precedent for any federalization of any unemployment system.

Mr. CRAMER. On that point, pursuant to the ruling of the attorney general of the State of Florida, it was determined that it was unemployment compensation and opposes the bill because this was an effort to inject Federal unemployment compensation.

Mr. MILLS. The man you have talked about I have great respect for. I know him personally. But, he has no right to determine what this is. We are determining that here in the Congress, and I am telling you it is not unemployment compensation. It is an adjustment allowance. In connection with this matter I wish to state that I have received a wire from the chairman of your Florida Industrial Commission, which states that upon the advice of the attorney general of Florida, the answer to the question about its ability to participate is in the affirmative—Florida can participate in this program.

Mr. CRAMER. Well the attorney general and the development commission oppose the bill.

Mr. MILLS. This is a message from the chairman of the Florida Industrial Commission with respect to what the attorney general told him about Florida participating in it.

Mr. CRAMER. Then, they changed their minds in the last 24 hours.

Mr. MILLS. That is all right. Sometimes I do that, particularly when I find, on reflection, that I was wrong initially.

Mr. BURKE of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. First, is it not true, as the result of the concern, the grave concern, expressed by those in the shoe industry, workers and management, and also those in the candy industry, rubber industry and the jewelry industry, that our committee adopted several amendments which will give these industries the protection that they need under this new bill?

Mr. MILLS. They will have every opportunity to be heard—to protect and to safeguard their interests. This is being given them under this bill.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Ohio.

Mr. LATTA. As you know, I am a member of the Committee on Agriculture, and I am particularly interested in agriculture as far as this bill might affect them. Now, we have heard a lot about agriculture, and I am also concerned what it might do to agricultural products, especially those produced in my district in Ohio. On page 10 of your report, next to the last paragraph, I would like to call your attention to that and ask you a question with reference to it. It says:

> In future trading with the EEC, there are opportunities and problems. The potential for doing business is increasing markedly for an important number of our farm products. For others, however, the future is open to question because of the nature of the EEC common agricultural policy. On some farm commodities this policy strongly favors internal suppliers over outside suppliers.

Mr. MILLS. What we are concerned about with respect to the European Common Market on agriculture is the development of what we call variable fees that might be materially higher, than some of the duties heretofore imposed and would seriously affect the exportation of American products into those countries. We are on the alert about that. Conferences have already been held. We provide in this bill that this authority is not to be used to bargain down some of these discriminatory restrictions that are placed by these countries if the restrictions are contrary to trade agreement commitments.

Mr. LATTA. I notice in this report, Mr. Chairman, that you mention rice, you mention fruits and vegetables, but you do not mention the effect on wheat and feed grains.

Mr. MILLS. Well, I took special pains to mention wheat and others in this long statement that I put in the RECORD on yesterday, if you will look into that.

Mr. LATTA. If the gentleman will yield further, my question now is this: Will wheat and feed grains and other commodities about which we have some question be affected under this bill?

Mr. MILLS. No; actually, at least, not adversely. We are trying to get their duty on tobacco adjusted at the moment, the duty on poultry, and a few things like that. In the case of poultry they did try to put up a duty that would make poultry less competitive with red meats.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Iowa.

Mr. KYL. The gentleman just mentioned the fact that under the Common Market these countries do have a common agricultural policy and it is their purpose through compensatory payments to try to make themselves more self-sufficient.

The question which I have often asked, and so far I have not been able to get an answer from the people downtown who are supporting this bill, is this: If agriculture is indeed injured by imports, how will this adjustment assistance be rendered to the segments of agriculture which are injured?

Mr. MILLS. Individual farmers, of course, qualify as a firm under the bill and as such they would be eligible for adjustment assistance provided for firms adversely affected by imports.

The bill recognizes that a farm proprietor, for example, can be a firm, and farm employees could, in certain circumstances, be eligible for workers assistance.

Mr. Chairman, I yield 5 minutes to the gentleman from Louisiana [Mr. BOGGS] and anyone desiring to ask questions may direct such questions to either the gentleman from Louisiana, or to me.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Michigan.

Mr. MEADER. Mr. Chairman, I should like to ask the gentleman from Arkansas if he can point out anywhere in the report or in the hearings where an estimate is made of the probable cost of the adjustment assistance program?

Mr. BOGGS. I will say to the gentleman from Michigan that we have an estimate that over a period of 5 years the amount would be $185 million, I believe.

Mr. MILLS. If the gentleman will yield——

Mr. BOGGS. I yield to the gentleman from Arkansas.

Mr. MILLS. I think it was estimated that the total might approximate $190 million, the total for the whole 5 years.

Mr. BOGGS. In other words, that would be the total for the entire period.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Michigan.

Mr. MEADER. Has anyone made an estimate of the increase in personnel that will be required in the Tariff Commission to process these petitions within 60 to 120 days, the increase in personnel in the Department of Commerce for processing petitions, and the increase in personnel in the Office of the President for performing these functions?

Mr. MILLS. Mr. Chairman, will the gentleman from Louisiana yield to me at this point to respond to the question of the gentleman from Michigan?

Mr. BOGGS. I yield to the gentleman from Arkansas.

Mr. MILLS. Yes.

Mr. MEADER. Where can I find such information?

Mr. MILLS. That is not included in the hearings, because we did not have the Tariff Commission before us. They called our attention to the fact several times in executive session that we were imposing upon the Tariff Commission greater duties and responsibilities. Because of this, they might come to us asking for some additional personnel. But if additional personnel are requested, they would be used to assist the Commission to pass on the question of whether or not individuals and industries and firms might be, or are being, injured. Of course, we all want them to do that job promptly.

Mr. MEADER. Has anyone made an estimate of the loss of revenue from customs duties?

Mr. MILLS. If the gentleman from Louisiana will yield further. Yes; there will be that effect. Customs duties were long ago levied primarily for revenue as well as for protection. Any time we reduce duty levels we probably will reduce revenue. But there is no way to estimate under this bill what the reduction in revenue would be, because we do not know what the rate changes will be.

Mr. BOGGS. It is my understanding that the total revenue derived from all duties is less than $1 billion a year at present. Now, even if we eliminated all duties across the board, we would lose less than $1 billion in gross revenues per year.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I am glad to yield to the gentleman from Michigan.

Mr. BENNETT of Michigan. I would like to ask the gentleman from Arkansas [Mr. MILLS] a question, and then make a statement.

I would like to compliment the gentleman from Arkansas, the chairman of the Committee on Ways and Means, for his honesty and his sincerity in putting a provision in this bill to take care of people who are going to be hurt; to put industry on welfare and to put employees on welfare, industry that is going to be put out of business and people who are going to lose their jobs. That is all very fine and, as I say, I appreciate the gentleman's position on that. But I ask the gentleman—and I have asked this question of three or four other members of the gentleman's committee—who is going to be helped by this bill? What industries and how many people are going to be helped, are going to get jobs? We know that there are going to be a lot of people hurt.

Mr. MILLS. Oh, no. There are not a lot of people who will be hurt.

Mr. BENNETT of Michigan. We know that a great many industries are going to be hurt. Now, how many industries are going to be helped; which are they? And how many employees are going to get jobs?

Mr. MILLS. There is no way to answer the gentleman's question, and that is the reason he has not found the answer from anybody up to now.

Mr. BENNETT of Michigan. I did not think so.

Mr. MILLS. There is no way of telling whether anybody is going to be hurt as a result of the enactment of this bill or if some will be hurt, who they will be. There is no way of telling whether or not we are going to be successful in these negotiations so that we can enlarge our exports. We are doing this because we think we need to take the opportunity to try and certainly we hope we will succeed in doing so; that is, that we will enlarge our exports and that we can do so without causing serious injury. I might add that seldom does the Congress know with certainty the consequences of each and every act it passes. We always enact for the future, in the main, and nothing is so uncertain as tomorrow. We make the best judgment we can with the knowledge we have.

Mr. BOGGS. A further answer to the gentleman, Mr. Chairman, is that without authority to negotiate, if we lost the markets we now enjoy, the loss of employment can run into many millions; and the gentleman well knows that.

Mr. BENNETT of Michigan. I know this, that there are many industries today, some of them in my district, many of them in a hundred other districts in the United States, that are presently being hurt. They certainly are not going to be helped by further reductions of the tariff for which this bill provides.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from West Virginia.

Mr. MOORE. Mr. Chairman, I compliment the gentleman and his committee for presenting what he says is his attitude on this bill. But I should like to ask the gentleman from Arkansas [Mr. MILLS] this question. A number of the questions that have been posed him have been from individuals who have industries in their districts which for one reason or another are concerned over the effects of this bill. His answer has been to each one of those that there is a mechanism in this bill that provides a measure of protection before the Tariff Commission under the escape clause.

I think, and does not the gentleman also think, that you have got to see the attitude or to determine the attitude of the people who are going to administer this bill, as to just how they are going to handle these questions?

Mr. MILLS. Absolutely. It is important who is going to administer the bill and work this out. It is for that reason—and I think my friend from

Missouri [Mr. CURTIS], will support me in this—that we took so much time to try to work out in such an elaborate and detailed way the machinery that we have here to try to get it down on a base on which it can be properly administered.

Mr. MOORE. What bothers me is the observation by George Ball, Under Secretary of State, speaking in Europe very recently, who said:

> Industries finding difficulties in adjusting to lower tariffs will be given various types of financial and tax aid to enable them to shift to new lines of production; workers will be helped through retraining and by other means. Import restrictions may be resorted to only as an exceptional procedure and then only for a limited period.

Mr. MILLS. The Under Secretary of State was called upon to make a speech and he had to talk about something and he chose this subject. Let us also remember that Mr. Ball, in the April speech he delivered in Bonn, was speaking of H.R. 9900. You have before you H.R. 11970, the bill of the Committee on Ways and Means which, I assure you is a different bill from H.R. 9900, particularly in respect to the provisions which Mr. Ball may have had in mind.

I will tell you this: It is not the intention of your committee, as H.R. 11970 shows, that the State Department run this show. Bear that in mind.

Mr. MOORE. He did not help your bill.

Mr. CURTIS of Missouri. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, I rise in support of this bill, and also to give the reasons why I believe it would be inadvisable to recommit the bill with the amendment the gentleman from Illinois [Mr. MASON] has stated he would propose.

I want to compliment the chairman of our committee for having done an excellent job in our public hearings on this bill and in executive session. Let me reiterate what he has said. This is not H.R. 9900, this is not the bill that the administration recommended. It contains certain of the essential features of that bill, which I will try to point out, but certainly the bill that is before the House is the result of Ways and Means Committee action on a bipartisan basis.

Many of the provisions that I have been seeking to get into this law for years are contained in this bill and, in my judgment, strengthen it greatly. Many of the provisions of others on my side of the aisle are in this bill. Indeed, I think those who oppose the bill, some five on our side, were influential in their reasoning and in the study they conducted on this measure in getting across some of these viewpoints.

There is a lot in this bill that in my judgment is not good, but there is no question in my mind about the overriding importance of the bill and the overriding good parts of it exceeding the bad features.

In the process of legislation I had hoped that this would be on the floor under a semiclosed rule, so we could have improved the bill, as I see improvements. I do know this bill has a long way to go. I am very hopeful that some of the bad features that are still in this bill, as I see it, will be eliminated either in the Senate or possibly in conference.

So let me discuss the bill as I see it. I think it must be done in respect to our history, because this is, as the President has said, in my judgment perhaps the most important bill that has come before the Congress in the past 10 or 12 years, possibly since post-World War II, because we are now at a crossroads in our international economics, in our trade dealing. We, indeed, are at the last stage of carrying out the Smoot-Hawley Tariff Act with the reciprocal trade formula superimposed upon it.

This is not a bold new frontier that we are talking about here in this trade bill. We are talking about carrying out the final, last flickers, if you please, of a policy that has been in effect since 1934. We are just about out of trading material, as a matter of fact.

The reason the Reciprocal Trade Act has operated since 1934 is that it was an amendment of the Smoot-Hawley Tariff Act, which imposed tariff rates so high that there was something to come down from; but underlying the Reciprocal Trade Act was the impact of these high rates that still remain on our books as permanent law. We are now at the point, as I say, of running out of trading material.

The point is that the world has now changed to the extent that we have the European Common Market coming into being. We have nations throughout the world we call underdeveloped, but that are seeking to become developed. Indeed, the entire world is now participating in international trade. We have, in my judgment, to be a leader, not just one who sits on the sidelines and waits to see what the nations in the European Common Market do, and not wait to see just what Great Britain does.

We have to be in this position, as I see it, of leading, and we must lead from strength. How can we handle trade matters? Here is where we get into history. Can the Congress actually be the executive branch of government which enters into trade treaties with nations abroad and does the negotiating with these various give-and-take propositions, on the assumption that there is real reciprocity? I think it is very obvious we cannot. That is why President McKinley as was aptly quoted yesterday was one of the first advocates of the reciprocal trade formula. The theory of reciprocal trade has very little to do with whether you are a free trader of a protectionist. It has to do with the fact that we are going to engage in international trade. Now I want to say this to some of my friends who have delved into some aspects of constitutional law—and I want to suggest not deeply enough—who talk about Congress having the basic power over international trade or over foreign trade. Let me say that the Congress does have some very basic powers in this area and I am very jealous of those powers. But so does the executive branch of Government have basic powers in this area. Indeed, the powers of the executive branch under the Constitution actually are somewhat superior to the powers that we, in the House of Representatives, at any rate, possess; however the Senate, with the right to confirm treaties by a two-thirds vote, does have power.

Essentially, our trade agreements have been by treaty in our history. Then we moved from the treaty formula to the agreement basis. Let me say this. Treaties supersede the laws. We can set our tariff schedules, as we have throughout our history, for revenue purposes, and then our executive enter into a trade treaty with another nation and that supersedes some of those tariff provisions, and if the Senate by a two-thirds vote had voted for it, then that trade treaty comes into existence and so does a trade agreement which is entered into and which requires the majority approval of both Houses as opposed to the two-thirds vote of just the one body.

So throughout our history by the very nature of the two branches of the Government, the executive department has had to have authority to move forward in entering into meaningful reciprocity trade agreements or treaties. That in essence is what we are discussing here in this bill. It is not one that sets tariff rates. It is not one that sets quotas or licenses. It is one that delegates certain authorities to the President to enter into treaties and agreements which we hope are reciprocal and where we would get our quid pro quo. I have been devoting my efforts over the period of years on the Ways and Means Committee to try to get the procedure straightened out so that we, the Congress, do the job that we are supposed to do which is to see that our industry and our labor and our agriculture are not counted out when the executive exercises its powers in the making of trade agreements and trade treaties and that there are procedures whereby their interests are evaluated. I think what is in this bill, inadequate as it is in other ways, is so far superior to what we have had in the past. All I can say is that this can be the beginning of some really new trade policy depending upon how the Executive carries out the powers that have been granted to him and how he regards the procedures that we have set forth in this bill. For the first time, we require the chief negotiator be a person with a face. This person requires Senate confirmation of his appointment.

It requires that this person, if you please, have the authority of an Ambassador Plenipotentiary. Do you realize that our trade negotiations up until now have been conducted by top civil service people? Fine people, but not one who has authority to answer back to the State Department or anybody else. He had no status; and, indeed, that was one reason, I think, we have been sold down the river on many occasions in trade negotiations, because European countries and other countries would send to Geneva their trade teams headed by one of their Cabinet officers, one of the top men in their government. We on the other hand would have very fine men, but Civil Service employees who find it necessary before they can answer, to get on the telephone with Washington to find out what the State Department wants, a man having no status of his own to answer back. It is most important that this trade negotiator be a person of ambassadorial rank requiring Senate confirmation.

It would spell a tremendous change in our trade policy. So in providing for the establishment of a commission or committee for the first time where our people, not as a matter of privilege but as a matter of right, can present their allegation of unfair trade practices by people abroad where we have given concessions but have gotten nothing in return. If the President of the United States will employ these things we can have a bold new trade policy for our country.

But the issue—I again come back to it—as we face this world of evolving countries, the European Common Market where we have run out of trading material, if the United States is to be a leader we must give to the Executive enough authority, flexible authority. He does not have to use it—certainly we do not want him to tip his hand—we are Yankee traders still, I hope, where we are going to try to get the best we can.

We do have to give the President flexible authority in this area under these guide lines in order to make the best trade treaty and trade deals it is possible to make.

If I wanted to make a speech against the extension of the authority I could point to the record since World War II where in effect there has been little reciprocity as near as I can see in what the nations abroad have given to the United States. The plea of these foreign nations has always been that they have an imbalance in their own payments, and many a trade treaty, agreement, and concession they should have given to us was withheld on the ground that there was a balance of payments problem with that nation.

Actually, as I have pointed out to those who are against this bill, one of their great arguments, that there is trading material available in the hands of our Executive, is the fact that he should be able to pick up right now some of these concessions that have been withheld because of the argument of balance of payments which has now shifted the other way.

I still feel that if we are going to do the job this country must do in this area of trading, he has trading material that he could pick up; and so we come to a basic point, are we going to trust the Executive or are we not? I grant that that lies at the base of a great deal of the problems that face all of us today. I myself say that we must look at the Executive not from the standpoint of the individual or his political party but we must look at it from the standpoint of government by law, if you please: What are the correct procedures, the functions of this grant of executive authority? Where does the Congress fit in? In my judgment there is no question but what we in the Congress must delegate authority to the Executive, and what we should be paying attention to, as I think this committee has done, is the guide lines that we have put in to restrict or confine the Executive in the exercise of the authority.

I now yield to the gentleman from Pennsylvania.

Mr. DENT. The gentleman gave trade balances as the criterion as to whether or not this Nation had received certain concessions in payment for concessions given. Do you think that any nation in any future agreement with us will not consider the trade balance of its own particular economy before it makes a concession?

Mr. CURTIS of Missouri. I want to say to the gentleman that I said "balance of payments."

Mr. DENT. That is just another name for "trade balance" as we are now arguing it in this particular area.

Mr. CURTIS of Missouri. No. Trade is one element, and probably the most important element, in the balance of payments, but there are other factors that go into that.

Mr. DENT. I understand that. Does the gentleman think they will in any way disregard their balance of payments situation when making concessions?

Mr. CURTIS of Missouri. No, not any more than can we. We are up against the hard realities where balance of payments requires us to do some hard trading, which we have not been doing.

Mr. DENT. The second part of the question is this: If they take into consideration their balance of payments, how can they allow us to sell them more than we buy from them?

Mr. CURTIS of Missouri. Will the gentleman repeat that?

Mr. DENT. If they take into consideration their balance of payments, how can they allow us to sell them more than they sell us?

Mr. CURTIS of Missouri. Balance of payments has benefited. Western Europe is going very well in balance of payments. Therefore, that is an affirmative argument our negotiators should be using to get concessions for our people even if we do not give the Executive any more authority.

Mr. DENT. This is a trade bill, primarily?

Mr. CURTIS of Missouri. Correct.

Mr. DENT. When you deduct from the export business of this Nation and its import business with the Common Market, deduct from that sum the total amount that has gone out or traded under Public Law 480, under the foreign aid commitments, is it not true they are still out of balance, on their final balance at the end of the trade year?

Mr. CURTIS of Missouri. Does the gentleman mean the European countries? That helps their balance?

Mr. DENT. I mean the European countries today, if we were to stop tomorrow the so-called payments under these aid bills and other forms of loans.

Mr. CURTIS of Missouri. The balance would shift.

Mr. DENT. The balance would shift?

Mr. CURTIS of Missouri. The gentleman is correct.

Mr. DENT. If that is the case, how can anyone honestly say this bill will increase exports?

Mr. CURTIS of Missouri. Because it does relate to trade. The only reason we have been able to get by with Public Law 480 and the foreign aid bills is because of the one strength we have, which has been our trade. That is the only strength. The argument can be made—and I am presenting a thesis—we can strengthen our trade all right, but there is no question what we are doing. We strengthen our trade, then we give away, if you please, through the political sector—Public Law 480—that which we have gained from our private sector in trade; and I might say here in the other healthy area, foreign investments.

Mr. DENT. I want to ask one further question.

Can the gentleman tell this House at the present time which year or which series of years or which combination of years there has been a balance of payments in favor of the United States or in favor of the foreign countries, deducting the aid we have given them?

Mr. CURTIS of Missouri. I think the figures are available. We have not had many years with a favorable balance of payments.

Mr. DENT. I would like one.

Mr. CURTIS of Missouri. Maybe there are none.

Mr. DENT. In fairness, I must give one. It was the year 1957, when the Suez Canal was shut down.

Mr. CURTIS of Missouri. The point the gentleman is directing his attention to is not against the healthy sector, the healthy area of our balance-of-payments situation. Our trade is good, our exports have exceeded our imports. That is the thing that has given us this base upon which we have been able to do some of these things.

Mr. ICHORD of Missouri. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Missouri.

Mr. ICHORD of Missouri. I appreciate the statement of the gentleman as to the constitutional aspects of the problem at hand. Did I understand the gentleman to give his opinion as an attorney that if this Congress were to pass a law levying a certain duty on a certain article and that if the President of the United States entered into a trade agreement by treaty with another nation eliminating that duty, that the treaty provision would prevail over the right of the Congress to regulate foreign commerce?

Mr. CURTIS of Missouri. Yes.

Mr. ICHORD of Missouri. I have one more question concerning section 251, the most-favored-nation principle, which I am deeply concerned about. As I understand, a most favored nation is any nation other than one that is a Communist nation or Communist dominated.

Mr. CURTIS of Missouri. That is correct.

Mr. ICHORD of Missouri. Is it not true that under this bill, if we enter into an agreement with EEC to reduce the tariff or eliminate the tariff on an 80-percent article, for example, completely eliminating the tariff on article A, that the United States also has to eliminate the tariff on that article with all other countries that are not Communist or Communist dominated?

Mr. CURTIS of Missouri. The gentleman is correct.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Wisconsin.

Mr. LAIRD. Is it not true that under the provisions of this bill the urgency is not as great as the gentleman seems to make it because of the staging amendments in this bill?

Mr. CURTIS of Missouri. The urgency of this is not as extreme as some people make it. Let me further answer that.

Mr. LAIRD. The gentleman issued a report back a few months ago, along with the Senator from Connecticut, urging that we take it slow and extend the Reciprocal Trade Act for 1 more year.

Mr. CURTIS of Missouri. That is correct. Well, you are taking one aspect out of that report. Certainly that was discussed in that report of Senator Bush and myself.

Mr. LAIRD. That was your recommendation at that time.

Mr. CURTIS of Missouri. This was back in December, yes.

Mr. LAIRD. With the staging amendments in the bill, what is the urgency? I would like to have the gentleman explain that.

Mr. CURTIS of Missouri. I do not like the word "urgency," because it is not of that nature.

Let me read what Governor Landon said. He sent this message:

> A vote for the Mason resolution is a vote to kill the working partnership with the European Common Market. This is not a party question; it is an issue involving the economic and business well-being of America. To defer the decision on the trade program for a year puts American trade in a vulnerable position.

Now, I read that simply because I think essentially I agree with Governor Landon. But, I do not think it is as dangerous as he puts it, "in a vulnerable position."

Let me point this out, because it bears directly on the point. It is a matter of degree. I think if America is to exercise leadership, we must have this authority in our Executive. Now, we can let the European Common Market and Britain do what they want, but if we do that, we are not exercising leadership that I think we must exercise. So, that is the context and the basis on which I firmly am urging that the Congress approve this request for authority.

Mr. LAIRD. Even with the motion to recommit, the bill goes to the Senate, and many of the amendments added to this bill that some of us object to could be worked out.

Mr. CURTIS of Missouri. That is very true. That is a course of action that could be taken. I know many very sincere people who are for expanded trade take that point of view, and I respect them for it.

Mr. LAIRD. I could get along with a 3-year extension——

Mr. CURTIS of Missouri. I happen to take the other firmer point, that I think this is very important and so crucial today that we certainly should give our Executive the flexible power that will help him exercise the leadership that I hope he will.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Illinois.

Mr. FINDLEY. Earlier this year this body passed, at the administration's urging, an amendment to section 204 of the Agriculture Act which permitted, ex post facto, the cotton textile agreements to be entered into in January in Geneva.

Mr. CURTIS of Missouri. The gentleman from Illinois is touching upon a very basic point and one to which I direct attention in my supplemental views on this bill. Section 204 of the Agricultural Act in many respects negates all that we are doing in this bill to establish correct procedures so we have government by law and not government by men in our trade agreements. It permits the entering into of international cartel agreements, based upon governmental subsidies, quotas, licenses, embargoes, and all the other regressive trade regulators.

I want to commend the gentleman from Illinois [Mr. Findley] for his deep understanding of the essence of the private enterprise system—that it is dependent upon free markets, domestic and international. He fought valiantly to call attention to the danger of section 204 during debate on the floor and the similar danger inherent—the Sugar Act passed just a few days ago. It is my good fortune to have such an able ally in the fight to preserve the private enterprise system.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. KNOX. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, H.R. 11970 would have the effect of removing congressional control and review over our Nation's foreign economic policy for a period of 5 years; it would give the Executive unprecedented authority to slash tariffs while establishing a dole program for our workers whose jobs are destroyed by imports by putting those workers on Government relief; it would provide authority for the Executive to give away the domestic markets for U.S. produced goods and justify such action by a program of adjustment assistance to the injured business while that business desperately casts about for a means of economic survival.

For these and other reasons which I will discuss in the course of these remarks, I am opposed to the enactment of H.R. 11970 as reported to the House by a majority of my colleagues on the Committee on Ways and Means.

Mr. Chairman, at the outset of my remarks I would observe that my opposition to this legislation in no way stems from any unawareness on my part of the need for maximum U.S. participation in world trade. Indeed, I am motivated to oppose the bill now before us because of my conviction that such world trade can be profitably engaged in by our Nation on an enduring and flourishing basis only if the Congress establishes ground rules for such trade that assure fairness and reciprocity as elements in that trade program. The elements of competitive fairness and trade reciprocity would not be encouraged by this bill.

By the enactment of this bill the executive agencies would be encouraged to make their present unsatisfactory activities in regard to trade administration even more irresponsible and intolerable. Under the bill our domestic markets would be exposed to a rising tide of imports without sufficient safeguards against injury to domestic producers and without sufficient assurance of expanding oversea markets for American produced goods. The bill promises more of the same in one-way reciprocity with America giving and our so-called trading allies taking.

Mr. Chairman, 2 years ago last February the governor of the Bank of Canada became quite concerned about Canada's posture in the financial field, and what the ultimate outcome would be if Canada proceeded on the same merry-go-round that she was on. This article is from the editor of the Montreal Star, by G. V. Ferguson, and it has a caption on it: "Picture of Country Too Big for Its Pants."

What did the governor of the Bank of Canada say? He speaks about foreign currency coming into Canada. He says:

> This money corrects the balance of payments, and for several years has kept the Canadian dollar at a premium in New York. But the consequences in the long run are bound to be had.

This is a statement made by the governor of the Bank of Canada, Mr. Chairman:

> Mr. Coyne's remedies are couched in general terms. Would it be possible to postpone certain projects until we catch up? Would it be possible to pay-as-you-go? Would it be reasonable to pay for needed development not by loans but out of current revenues [higher taxes]?
>
> If we do not develop discipline, we are in for it, he thinks. Distortions in the economy will increase, and continued borrowing will make our trade deficit still bigger. It thus would be all but impossible to deal with inflation, for the explosive pressures would be too great.

What has happened to Canada? Of course, Canada, by executive decree, has raised its tariffs, and increased its discount rate. I wonder why? I think we all know why. Because Canada is determined to get her house in order. And how does it affect us? Of course, naturally, we trade with Canada and we expect to try to continue to export to Canada. But just the other day an acquaintance of mine from the steel industry informed me that the largest steel company in Canada exports iron ingots into the United States and the duty is about 37 cents per ton. But here is what Canada is confronted with; and, of course, also Canadian industry. When they sell their ingots to the United States they accept U.S. currency based on a ratio of 92 cents of the American dollar. What does it do? This is an 8-percent discount. So we take a look at the price of steel ingots and here is what we see. They are about $66 a ton. Eight percent of $66 amounts to $5.28.

So, when you deduct the tariff on it, it comes to approximately $5. We find now that our steel industry has this barrier against its going into the market because of the fact that Canada can sell its ingots to the steel mills in the United States for $5 a ton less than the market calls for in the United States. That is what is happening. It will happen not only in the steel industry, it will also happen in the pulpwood and lumber industry. Canada is asking that when they put their products on the market they receive the amount established for the Canadian dollar of 92 cents which puts our competitive industry to a disadvantage of 8 percent.

Mr. Chairman, this legislation before this Committee today would give to the Executive a 5-year extension of the authority to enter into trade agreements with significantly liberalized standards under which the authority can be exercised. This is a 25-percent longer period than the Congress was ever willing to grant to President Eisenhower. President Eisenhower asked for a 5-year extension, but the Congress cut back his request and I think the Congress was right in doing so although I would have made an even greater cutback than actually occurred. I know of no valid justification why the congressional abdication of constitutional responsibility proposed in this bill now must be for this period of unprecedented duration.

Mr. Chairman, is the smell of roses again in the air; are we about to be taken for another walk in the garden? Or should we weigh these important considerations involved in a 5-year extension in an objective manner and on a basis of substantive merit? Should we inquire as to whether or not there is a need in fact for this delegation? Why should Congress effectively preclude itself from a participation in a review of foreign trade policy for a period of 5 years? If there is such a need would not that need perhaps be served twice as well by a 10-year extension or thrice as well by a 15-year extension?

Mr. Chairman, the membership of this distinguished Committee should realize that should this legislation pass in its present form granting a 5-year extension, we will have completely legislated away the right of the next two Congresses to participate meaningfully in the development of foreign economic policy. As we stand in this Chamber today more than 130 members of this Committee—over 25 percent of the membership—have never before been able to cast a vote on trade policy because two Congresses ago the legislative branch of our Federal Government delegated its power to the executive branch for a period of 4 years—an extension that I opposed. Now we are called upon to approve an even longer delegation so that the State Department's international economic planners will not have to answer to anyone in the Legislature until—not the 88th Congress, not the 89th Congress—but until the 90th Congress. A half a decade from now—that is when Congress may again have even a small voice in formulating foreign economic policy and reviewing its impact on our domestic economy if this legislation passes.

Mr. Chairman, during the lengthy public hearings and executive sessions held by the Committee on Ways and Means no one was able to present a valid reason for the unprecedented period of the extension provided for in this bill. No witness established sufficient grounds to justify the Congress in frittering away for 5 years its constitutional responsibility for formulating foreign economic policy. Why does it have to be a 5-year period? Is the Congress not to be trusted with a more frequent review of what we are doing and where we are going in our Nation's vital foreign trade program? Does this Congress have to tie the hands of the next two Congresses? Is our wisdom so great that we can better see the needs of our Nation 2 or 4 years from now than the Congress then sitting?

No, Mr. Chairman, these are not the reasons we are now asked to commit the Congress for 5 years. The reason is that the exponents of free trade who designed the administration's original program wanted to be free of the need to answer to the Congress for their acts for as long a period as they thought they could expect to get away with—and 5 years was the period decided upon.

Remember that when you vote on this legislation later today or tomorrow, you will be voting on whether or not you will have any voice in foreign economic policy for the next 5 years. If you vote "yes" you will be saying to your constituents in the textile business, in the forest products industry, in the extractive resources industry, in the manufacturing field, in agriculture—in all areas of economic endeavor—you will be saying that you are no longer able to represent them in tariff and trade matters. You will be telling them you passed the buck for 5 years; that they should go to the special tariff functionary created under this bill or to the State Department for redress of injury from the tide of imports that will sweep upon us as a result of tariff reduction authority contained in this bill. My friends, as you prepare to vote on this measure remember that 5 years is a long, long time to wait to correct a mistake. I urge you not to make that mistake. If the House will reject the extreme delegation of authority provided in this bill, a more reasonable and responsible alternative can be developed by the Committee on Ways and Means and brought before the House in due time.

Mr. Chairman, it is sincerely argued by some of my colleagues in support of this legislation that the proposal represents an improvement over existing law in regard to the tariff safeguards against import injury—those safeguards including the peril point, the escape clause, and the national security amendment. I submit that these safeguards will be even less effective under the bill than they are now, if such is possible. I will predict—confident that the future will regrettably prove the correctness of my warning—that these safeguards will waste away through disuse as the program administrators rely exclusively on the producer-dole program to be established under this legislation. Thus, our workers and our other producers that are idled by our foreign economic policy can look to the bleakness of Government bounty as a substitute for opportunity in private enterprise. We will be helping foreign workers to find employment manufacturing goods to be imported into America while we solve the resulting unemployment of our workers by putting our people on relief.

Mr. Chairman, that does not make sense to me; no matter how you look at it, American cannot win under such a scheme. The cost of the new dole program will raise the taxes on our business community with a lessening ability of our surviving producers to compete in world and domestic markets. This declining competitive ability promises rising dole costs, prolonged and expanded unemployment, higher taxes, and a generally weaker domestic economy.

As bad as this proposed adjustment assistance is for the entire Nation in the long run, it will prove absolutely ineffective even in the short run in some areas of the country. An example of such an area is my congressional district. Much of the employment in the 11th District of Michigan, is derived from utilization and development of natural resources present in the area. Hence, the prospects of an effective retraining or retooling are not bright and yet my people will be called upon to pay the costs of such programs elsewhere.

Another aspect of the discriminatory character of this program of assistance or dole is found in the way it will treat people unequally in the same community or geographical area. For example, the factory worker in a community may qualify for help when imports put him out of work but what happens to the hotel clerk or the filling station attendant in this one-industry community? This disparity in treatment is a serious condemnation of the proposed program and in addition poses a grave threat to the integrity of our Federal-State unemployment compensation programs.

Mr. Chairman, it is inescapable that this tariff program, if enacted, will have an adverse impact on our short-run balance-of-payments position. As we lower our tariffs under this requested authority, our imports will rise more quickly and more sharply than will our exports. In addition, the attractiveness of investment in our domestic economy will dwindle so that job opportunities will be impaired rather than strengthened.

Furthermore, Mr. Chairman, the glaring inconsistency between the proposed trade program and the tax program that passed this House a few months ago under the urging of those who now advocate this trade measure leaves unexplained confusion over what our foreign economic objectives are under this administration. The tax record before the Ways and Means Committee established conclusively that U.S. ownership of oversea subsidiaries stimulated U.S. exports and strengthened our balance-of-payments position. Yet, the administration's tax program seeks to injure such oversea investment at the very time our trade policy would have us further open our domestic markets to foreign produced goods.

Mr. Chairman, I do not choose to delegate authority for 5 years to that sort of muddled leadership that apparently advocates programs of lower tariffs on imports, bigger foreign aid to our competitors, and higher taxes on domestic producers.

I do not propose to participate in the debasement or destruction of America's free enterprise system through the support of policies that weaken individual opportunity and increase reliance on Government management and bureaucratic control. I do not want to go further in helping the Executive in his determined power grab.

Mr. Chairman, I believe the Congress has the responsibility to make frequent review of the administration of our Nation's foreign trade and tariff policy in the light of rapidly adjusting world conditions. We must take periodic action to correct shortcomings or abuses in the trade program. We cannot effectively make such review or take such action if we give approval to this 5-year delegation.

Mr. Chairman, I will not take further time of my colleagues to dwell at greater length on the compelling reasons for opposing H.R. 11970. I will close by urging the defeat of this unsound legislation. Even though the proposal now before us is a considerable improvement over the recommendations sent to the Congress by the administration, it still falls considerably short of adequately meeting our national needs and commitments in the area of providing a sound basis for expanding international trade that is in fact truly reciprocal.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. KNOX. I yield to my colleague from Michigan.

Mr. BENNETT of Michigan. Mr. Chairman, I wish to commend my colleague for making a very excellent statement on this difficult subject. What he says about Canada, of course, is true. It is true of every foreign nation on the face of the globe. For example, does the gentleman know of any nation outside this country that would permit duty-free imports into its country that would have the effect of destroying one of its own industries?

Mr. KNOX. I certainly do not know and have not been told by anyone else of any such procedure in any other country.

Mr. BENNETT of Michigan. Of course not. Other countries look at these problems realistically. For years we have tied tariff policies up with our foreign aid policies and with our good neighbor policies, for example.

The Tariff Commission time after time has found that injury has been done. Then the case has gone down to the President, and the Secretary of State has told the President:

> In spite of the economic injury that has been done, you cannot do anything in this case because it would have an adverse effect on friendly relations with this other country.

So our industry suffers and our people are out of work.

This bill envisions that our people are going to be out of work. It has 50 or 60 pages devoted to putting our men on relief. Remember, they are going to lose their jobs because of this bill. You are going to put private enterprise on the dole. That is what this legislation is doing. And what constructive things are you accomplishing? If it is going to accomplish anything, it ought to be in terms of jobs. We measure our prosperity by the number of people that are working in this country. If this bill is not going to increase the number of people that have jobs, what earthly good is it? What are its advantages? We are well aware of its disadvantages.

I know some of my friends on this side of the aisle who are lending their support to this bill, knowing that it is going to destroy industry, knowing it is going to put men out of work, who are advocating that you take the relief provisions out of the bill. At least the chairman of the committee and the administration are honest enough and decent enough to admit that they are going to put people out of business, but are willing to put liquidated industries and unemployed workers on the dole.

Mr. KNOX. May I say to the gentleman at that point, the question was asked here, I believe, of one of the previous speakers on this matter, "Just how much of this is there going to be?" All I can say is, from the testimony that came before our Committee on Ways and Means that the administration admitted that there would be approximately 800 industries injured and it would amount to 90,000 employees that would have to take advantage of the assistance program. We cannot estimate what the cost is going to be, but it seems to me that if 800 industries were going to be injured under this program, there would be a great many more than 90,000 employees that would be injured also because of loss of employment.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. KNOX. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. I have listened to this debate for almost 2 days. It seems to me all we are hearing is a lot of words. I think the true description was given by the gentleman from Missouri when he said we need this thing because we have run out of trading material.

The foreign aid program, the mutual assistance program, the reciprocal trade program since 1934, have run out of gas.

Mr. KNOX. May I make an observation. We have just completed the last round of negotiations under the present act. Those negotiations have not been implemented so they do not know what the impact is going to be upon U.S. industry. I think it would be well for this Congress just simply to extend the present act for 1 year, until we find out what this impact is going to be upon our American industry, before we forge ahead and again give to the Executive the right to negotiate away another 50 percent of what tariffs are left.

Mr. O'KONSKI. I thank the gentleman, but is not the true, honest, and exact description of this bill mainly that, running out of gas, running out of trading material, you are now scraping the bottom of the barrel and asking that American jobs and American business be offered on the trading table?

Mr. KNOX. That is true. I believe in my own mind that the negotiators need a breathing spell, to give the Congress and the American public an opportunity to know just what effect these negotiations will have on the United States.

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. KNOX. I yield to the gentleman from Iowa.

Mr. HOEVEN. Earlier this afternoon, there was a colloquy between the gentleman from Arkansas [Mr. MILLS], the chairman of the Committee on Ways and Means, and the gentleman from Iowa [Mr. KYL]. As I recall it, the gentleman from Iowa asked the gentleman from Arkansas, how agriculture would be treated if agriculture was injured through the importation of agricultural commodities, and the gentleman from Arkansas replied in substance that this bill did not contemplate any relief for agriculture. Does the gentleman feel that way also?

Mr. KNOX. Yes, and the same applies to the extracting industry of this Nation of ours such as iron ore, copper, timber products, commercial fisheries, in addition to many other small industries.

I ask this question, under the assistance provision of the legislation what could you convert an iron mine into, a copper mine into, a commercial fishing industry or a timber industry into? This would be an impossibility. So instead of this being a temporary injury it would be a permanent one.

I support the motion to recommit in order that we may extend the present act for 1 year so Congress and U.S. industry may have the opportunity to assess the damages that may occur from the last round of negotiations, and which have not been implemented. Another major factor is what the impact may be on the expansion of industry caused by the recent serious drop in the stock market, which will cause many investors to be reluctant to invest money in stocks—a principal factor in providing funds for the expansion of industry.

Mr. BENNETT of Michigan. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BENNETT of Michigan. Mr. Chairman, this is a bill to bring about the liquidation of an important segment of American business and industry and to destroy the jobs of hundreds of thousands, if not millions, of American workers. I predict, Mr. Chairman, that if it is carried out as its sponsors have predicted it will be administered, it will cause one of the greatest depressions this country has ever experienced. Obviously, the bill is intended to create jobs and stimulate business and economic activity in European countries at the expense of our own industries and our own workmen. The gentleman from Arkansas [Mr. MILLS], the chairman of the House Ways and Means Committee, and those of his fellow Members who are sponsoring the bill, have candidly admitted that it will cause dislocation and liquidation of industry and jobs of American workmen although all of them have sought to minimize the extent of the damage that the legislation will do in this regard. However, a substantial portion of the pending bill is devoted to various types of welfare programs for both industry and workmen who become innocent victims of this bill.

I have tried repeatedly during the course of the debate on this measure to find out what benefits, if any, will flow from the enactment of the legislation. I have asked repeatedly whether the legislation will provide additional jobs for American workmen and to what extent it will stimulate our industry. I have asked for specific information as to the number of new jobs the sponsors of the bill feel will be created through the enactment of this legislation and from what industries those jobs will come.

In each instance I have received a negative or completely noncommittal response. This conclusion is not surprising to me, Mr. Chairman, because a careful reading of the provisions of the pending bill would cause any reasonable person to conclude that it is geared to help foreign countries at the expense of our own.

No one in his right mind wants this country to quarrel with its allies. On the contrary, we all desire to have friendly dealings and cooperation with those nations who will join with us in the fight against world communism. But friendly cooperation does not, in my judgment, mean that we should sell our own workmen and our own industries down the river to provide employment and economic stability for our allies.

Mr. Chairman, I assert that there is not a single country on the face of the globe—except this one—which would permit duty-free imports to liquidate its own industries and destroy the jobs of its own citizens. This is carrying generosity, good neighbor policy, and friendly cooperation just a bit too far. Yet, those who sponsor the pending bill have been so carried away in their zeal to make friends that they are willing to buy friendship at any price.

Common Market propaganda that has been flooding the country in recent months is 90 percent "myth" as the President charged on another issue in a recent speech. Free trade will never work to our advantage as long as our production costs remain greater than those in other countries. The fact that we are not competitive because of our higher production costs is one of the principal causes of unemployment in the country today. To further throw our markets open to unrestricted imports of cheaply produced commodities from abroad is courting disaster of the worst kind.

Yet, this legislation is premised on the fact that if all trade barriers be removed, this country would profit in the balance of trade. Nothing could be further from the truth.

Mr. Chairman, I regret that this legislation is before the House today under a gag rule with no opportunity whatsoever to offer amendments. For several years, I have had legislation pending in the House Ways and Means Committee to restrict the flow of iron ore imports from abroad. This unrestricted and uncontrolled flow of iron ore from other countries has practically ruined the domestic iron mining industry. If the parliamentary situation had permitted me to do so, I would have offered my bill as an amendment to the pending measure. I would much prefer to have a healthy and thriving domestic iron mining industry than mines which are closed and miners who are receiving unemployment benefits instead of paychecks. Many other industries in the United States are just as adversely affected and if this bill is enacted, there will be many more.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may require to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, recognizing H.R. 11970 as probably the most important piece of legislation to be considered by the 87th Congress, like others I have spent a lot of time in studying the six volumes of hearings, the House Committee report, as well as a good cross section of the editorial comment throughout the Nation. Up to now I have listened to most of the floor debate, both on the rule as well as the bill itself.

With the information I have acquired, I have considered H.R. 11970 from the standpoint of the national interest as well as the interest of the State of Pennsylvania and my three-county area, which comprises the 20th District of Pennsylvania.

As the record will show, I have as a general rule supported reciprocal trade when it contained safeguards for American industry. These safeguards embraced the so-called peril point and escape clause designed to provide relief for industries affected adversely by reciprocal trade agreements.

Being brutally frank, the peril point clause virtually existed in name only because industries, especially in my district of Pennsylvania, found it meaningless and ineffective in providing any relief.

The following significant statement concerning our foreign trade and the number of exporting firms in the United States is contained in an article with a Washington dateline of June 26, 1962, by columnist James Reston, New York Times News Service:

> Very little mail is arriving here about the President's venturesome new trade bill. Of the 200,000 businesses in the country, only about 3,000 are engaged in foreign trade, and many of the rest have some grievance or fear about the dangers of foreign competition to some business in each Congressman's district.

As we all know, the Department of Commerce undertook to furnish each Member of the House with a so-called export study which also contained export information regarding a Member's own district. According to the information furnished me, 14 business and industrial firms in my congressional district in Pennsylvania exported manufactured goods in 1960 valued at $5.4 million. These firms employed some 4,500 employees, which is approximately 4 percent of our total labor force in Blair, Centre, and Clearfield Counties.

Since the Department of Commerce has attempted to show benefits accruing from export shipments, I would like to reveal the evil effects of cheaply manufactured foreign products that have adversely affected the economy of the central Pennsylvania area.

To begin with, out of a labor force in excess of 105,000 the 20th Congressional District has had persistent and chronic unemployment for years. This is proved by the fact that my congressional district is among the labor surplus or distressed areas of the Nation and has been certified by the U.S. Secretary of Labor as being among the major depressed areas of the Nation. At the present time there are about 10,000 persons unemployed. Much of this unemployment can be charged to depressed business conditions that are traceable to foreign competition. Industries adversely affected include coal, railroads, shoes, glassware, clay mines, brickyards, tanneries, sporting goods, textiles, meters, copper and brass products, lockwasher valves, ball bearings, candy, canners, electronic products, mine equipment, and so forth.

The fact that H.R. 11970 contains a provision to reimburse manufacturers and employees is an open admission that the trade bill will prove injurious to American industry. Frankly, there is a question in the minds of many of us that the proposal to avert injury will be impractical if not difficult to administer. If this is the case, then relief is possible and such a provision could become meaningless. The result would be that in my congressional district industries and the jobs of wage earners would be destroyed. Frankly, by elimination of protection of American industry from unfair competition abroad, such action would leave us with a no man's land in central Pennsylvania.

As mentioned in the beginning, I have not confined my consideration of H.R. 11970 solely to its effect on my congressional district. In fact, I have viewed the legislation from the standpoint of the national interest. In so doing, it was my hope that when the bill was being read on the floor of the House it would be open for amendments, and thus made acceptable to many of us who would like to support the legislation. However, Mr. Chairman, the bill is being considered under a gag rule barring all amendments. The result is you take the bill as it is or you vote against it. This is nothing short of legislative coercion. It ties my hands as a Representative from the State of Pennsylvania which for years has suffered from grave unemployment.

In addition to the gag rule which I object to, I am greatly concerned about the Common Market and the fact that Great Britain has not yet joined this

European trade group. I am mindful of the cloudy domestic economic situation prevailing in the United States and which was highlighted by the recent stock market revolution. Another concern is over Canada's recent action in raising tariffs to help solve a balance-of-payment problem in that country.

Finally, I cannot overlook the retaliatory action by the Belgian Government on the part of the Common Market to assist the Belgian carpet and glass industries because of President Kennedy's action to increase duties on carpet and glass items to protect our domestic industries. This action alone on the part of Belgium is an indication of what we can expect in the form of mass action by other nations.

Getting a little closer home, in 1957 the United States shipped 16 million tons of coal to West Germany. With the exception of Italy, the Common Market countries have since imposed tariffs or quotas on the importation of coal from the United States.

Despite efforts by our State Department, West Germany announced that it would not change its tariffs or quotas on coal. And believe it or not—France is negotiating with Russia for the importation of coal in preference to coal from the United States even though we can deliver coal to Europe cheaper than it can be mined on the Continent. To top it off, the Common Market proposes to set up a single purchasing agreement for coal; thus permitting greater discrimination against imports from the United States.

Mr. Chairman, under H.R. 11970 the President of the United States for the first time in history would be given absolute power to dictate the terms and conditions of all foreign trade without answering to Congress and the American people. The Chief Executive, whoever he may be, could use the authority primarily as an instrument of foreign policy without regard to the effect on the domestic economy of this country.

To date I have received hundreds of letters from persons in all walks of life asking me to oppose the pending legislation. In fact, 6 months ago I conducted a poll in my congressional district, and of the 2,600 who returned questionnaires nearly 73 percent were opposed to the revision of reciprocal trade agreements as contained in the legislation before us.

Mr. Chairman, it is my sincere opinion that this Nation is not yet ready to adopt such sweeping changes in our foreign trade policy as provided for in H.R. 11970, the Trade Expansion Act of 1962.

Like many, I recognize the problem this Nation faces from the so-called European Common Market. Nothing would please me more than to be able at this time to sanction membership in the Common Market. I am convinced, however, that the situation demands further study, and for that reason it is my intention to support a motion to recommit the bill with instructions that the bill be returned to the House immediately and that it provide for a 1-year extension of the present Reciprocal Trade Act. Meanwhile, it is my hope that the cloudy economic picture in the Nation may clear and that Great Britain will have reached a decision on joining the Common Market.

In short, I am hopeful that a study of the problem during the next 12 months will enable Congress next year to consider the legislation, richer in experience and with a more complete understanding of the impact of the provisions of H.R. 11970 on the domestic economy.

In the event that the motion to recommit the bill should fail, I shall have no alternative but to vote against H.R. 11970.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. UTT].

Mr. HIESTAND. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty-three Members are present, a quorum.

The gentleman from California [Mr. UTT] is recognized.

Mr. UTT. Mr. Chairman, we started out on the discussion of the Trade Extension Act yesterday with a great extravaganza. It is the first time I have ever been here when a major bill has come out of the Committee on Ways and Means that the chairman of the committee did not come down into the well and give a clear, factual and fine explanation of the bill. I do not know why there was a reversal of procedure, but we were treated to a bit of southern oratory yesterday by a man who is brilliant, by a man who is charming, and by a man who is able and persuasive, the gentleman from Louisiana. But he soared into oratorical flights appealing more to your imagination than to your reason. I found little parts of his speech that referred to the bill that was before the House. Not only is the gentleman charming, brilliant, and able, he is very flexible. He is able to give a very persuasive argument for quotas on shrimp coming into New Orleans.

He is able to make a very impressive argument for special tax treatment for foreign-based subsidiaries as he did on H.R. 5 when it was before the House and to oppose this tax treatment the next year as he did on section 219 of 1962 tax bill which tightened up the tax on foreign-based subsidiaries. In baseball we would call such a person a utility player because he can take any part and do a marvelous job in any position to which he is assigned.

He talked about overemployment in the Common Market and said this bill would provide overemployment in America. There is no relationship between any foreign employment and employment in America. They have overemployment in the Common Market countries because they try to make production increases exceed the labor cost and are able to increase consumption and become competitive not only with the United States but also with every other country of the world. So their overemployment is not due to the simple fact that they have a common market.

We must remember that the Common Market is a very closely knit area. They do free trading among themselves, but then they raise their barriers against any products from the United States and an absolute embargo against the importation of any product from Japan. That means that the United States is going to have to absorb a great deal more of the surpluses that are produced in Japan and other parts of the world.

He also assured you as certainly as you are sitting here, that Great Britain was going to become a member of the Common Market. I say that the chances are less than 50-50 that Great Britain will become a member of the Common Market. Six weeks ago I would have said they would, but Great Britain has taken another long look at the Common Market and now finds it would destroy their Commonwealth trading arrangement and raise barriers against Canada, Australia and New Zealand and all other possessions. But they also are facing the fact that the Common Market is a free enterprise area system and Great Britain has nationalized a great many of its industries and they would have to absorb surpluses from the Common Market and West Germany and other member nations, Belgium and the Netherlands, without any tariff protection whatsoever, and they cannot afford that. After another long look, my prediction is that England will not become a member of the Common Market, nor will Ireland, or any of the outer seven. So you cannot take it for granted they will come in, because they have too many problems.

It has been said that we have no trading margin left, no negotiating power. I disagree with my colleagues on that subject. We have a greater power than you have any idea of in the hands of hard negotiators, if they would sit at the table and say: "Gentlemen, you violated nearly every concession which we have given you, and if you do not correct that violation and grant the concessions you promised us, then we are going to withdraw our concessions." We would see them come into line and we would be able to ship our products into the Common Market, because they would implement the concessions they have already promised us.

I might also remind you that any treaty can be repealed by act of Congress, can be revoked by action of the House and Senate any time the other party violates its part of the agreement. Any breach of contract on the part of our trading countries can be reversed at any time we want to.

We also have another trading power, and that is that the United States of America is the greatest consuming area in the world. It is the target of every producing country in the world wanting to bring its products within our borders and sell to us. If we had a hard-nosed negotiator he would not have any difficulty in taking advantage of that situation by telling them we would not grant them concessions unless they grant us concessions. And if we later become a hard trader instead of a soft-nosed trader we have a lot of trading stock left in the present Reciprocal Trade Agreements Act.

Moreover, I would like to call your attention to a clause that not only is in this bill but also is in the current bill. That is the most-favored-nation clause.

Our smart negotiators went up to Iceland at one time. They had some product they wanted to get into Iceland, and they thought they had made a real smart move. Iceland said, gentlemen, we will let you bring your product into Iceland if you will allow us the free importation of tuna into the United States. They thought that was a good deal. But the minute that that act went into effect, Japan invoked the most-favored-nation clause and nearly destroyed the tuna industry of America until today they control over 50 percent of the consumption of tuna in the United States of America, and our producers are limping along on less than 50 percent of the tuna catch.

Under this bill we simply give the President a hunting license to destroy any industry he happens to choose to destroy. The bill does not say that.

The gentleman from Arkansas [Mr. MILLS] was correct when he said it does not lower tariffs, but it does give to the President the right to lower rates, to lower them below the peril point, and he can pick out any industry he wants to make expendable and it can be destroyed.

The very fact that the bill itself contains 50 percent of its pages on welfare indicates the terrific impact this bill will have. If there were only going to be 18,000 men out of employment, as has been said, we have training programs, we have the Small Business Administration, we have enough departments to take care of that number. But they are looking for an impact that will be so great they will have to set up a very comprehensive program of welfare. You can call it unemployment. That is what I call it. We may give assistance to an unemployed worker for 1 year, we may give it for 2 years, or longer.

The very fact that we can put any industry out of business is not very much of a comfort to a business that is not operating at a profit.

Let me say that unemployment, whether it is for 1 year, 2 years, or 3 years, is not a substitute for a job. What about the man who is 40 or 50 years old? He is thrown out of a job because of imports. He takes a little retraining, maybe for 1 year or 2 years. But who is going to employ that man after he is retrained, because we have cut down our industries and they will not employ a man who is 40 or 50 years old. He is going to be on charity for the rest of his life. You who say you are the great friends of labor are going to have to go home, look your men in the face, and tell them that "I voted to put you on the dole for the rest of your life." That is exactly what will happen.

Let us look at what has happened since we examined this Trade Expansion Act in committee. Some shocking things over the world have occurred, and some in our domestic economy. I call your attention to the stock market crash. There have been $150 billion lost by owners of stock in this country within the last 60 days. And that is only a small consideration. It is bad enough for those who owned the stock and who have had to sell it and take the loss. But who knows what the collateral effect of that loss is going to be? How many expansions in industry have been canceled? How many home constructions have been canceled? How many iceboxes have been canceled? How many trips abroad by people who thought they had the money have been canceled? That data will not filter into the Department of Commerce or the Department of Labor for 60 or 90 days. Until we know what the collateral effect is going to be, we should be very careful in guiding this country into a depression in 1963 that could be the worst depression we ever had.

The administration's own labor consultant, Mr. Clague, suggested that there were indications in the air that we could have a very severe depression in 1963. This gentleman has had to reverse his statement on that because of some pressure from within.

We do not know the collateral effect of what Canada is doing. Canada has placed an absolute embargo on the importation of many American products. Canada constitutes our biggest market for exports, and that export to Canada can be cut 50 percent within the next 6 months, and that means a $2 billion decrease in exports to Canada. And, those were dollar exports. We had dollars coming from Canada. And, when you talk about $5 billion export surplus, about $3 billion was given away, and yet we call that a trade export. If we had a $5 billion export surplus, such as suggested by the gentleman from Louisiana yesterday, we would not have a problem with balance of trade payments; we would have a surplus, and we would be able to negotiate from a position of strength and not a position of weakness. We have not had a chance to determine what the impact is going to be on the 20 percent additional cut in tariffs that becomes effective on the 1st of July.

Now, I have a letter here from the United Steelworkers of America, the president of local 171, in Carnegie, Pa., where they have shut down the Superior Steel Corp. They called a mass meeting. They wanted to know what was happening to them and they wanted to know how it could be prevented from happening again there or happening in other places. Well, I will tell them what is happening to them. The U.S. Government is purchasing its steel from companies abroad where we have built them free steel mills, gave them automation, and now we are buying millions of dollars worth of steel from those foreign countries. In the State of California there is not one reinforcing bar that is made by our domestic producers except those that go into Government contracts because of the Buy America Act.

On top of that we are facing a sagging economy. Those are the things that are facing the steel companies in America. So, we set up adjustment assistance, a real plush, plush, silk stocking deal, where they train these men who are out of a job and where they are able to get 65 percent of the average industrial wage of America and get it for a certain length of time. It is income-tax free. It is too bad for those families, because when the time of training is over there will be no opening to take care of those people, and they will be on the dole for the rest of their lives. We have to face the facts not with those rose colored glasses, but we have to look at some of the cold facts. Business failures in America are at their highest point in history. Home foreclosures are at the highest point since 1934 and steel production is off from 50 to 60 percent of capacity. With those things in mind, how can we jump into a pool before we know whether there is water in that pool? How can we jump into a pool if there is a little bit of arsenic floating on the top? A very important statement was made by the chairman of our committee. He said there is more good in this bill than there is bad. I can give you 4 ounces of pure water and 1 ounce of arsenic, four times as weak as the pure product, but that 1 ounce will kill you just as quick as the pure dose. That is what we have in this bill. There is one part arsenic to one part of good, and it is going to kill American labor, it is going to kill American industry, it is going to kill American agriculture.

I can say to those Members who represent lumber areas, you are not going to have any lumber business if this legislation is passed. It is bad enough in the Northwest as it is, but this will make it worse.

Mr. Chairman, we will not get agricultural products from California into the Common Market because they have a preference clause to the effect that they have to use up their own agricultural production before they can import it from the United States, and their agricultural production is going up each year. California will be foreclosed from the Common Market insofar as agricultural production is concerned.

Mr. Chairman, there was a great deal made out of the fact not long ago that our unemployment had gone down to the extent of 1 million people. That is quite a record. But of that 1 million people, 100,000 of those people went on the Federal payroll. It takes the income tax from the whole of the 1 million to pay that 100,000 who went onto the Federal payroll.

Mr. Chairman, if we will look back to the 11th day of April, I will say to the Members of the House that within 12 months from that day there will be not 18,000 unemployed steelworkers; there will be 100,000 steelworkers unemployed within the next 10 months. Also, dating back from the time they put the profit squeeze on free enterprise and private industry in the United States, and that ought to give us a lot to look at, we are not going to have prosperity. The gross national product is no indicator of prosperity, because I can do $1 million worth of business and make $100,000, or I can do $2 million worth of business and not make a nickel, so, while the gross national product continues to go up, profit does not. But there is no profit there, and that is what it takes to make the wheels go round.

Mr. Chairman, venture capital has absolutely dried up in the last 60 days. You cannot float the best issue in the world on venture capital today for expansion of industry. We have to remember that these are problems which we have to face.

What are we going to do about the administration of this so-called unemployment, or aid? Let me give to the Members of the House an example: Corporation A goes out of business because of imports. It has 500 employees. Corporation B, which was the sole supplier of that firm, goes out of business. One of them receives a plush, plush unemployment training program. The other one receives nothing. He goes back under the old State-Federal program. They live side by side. Somebody is going to be mad, and they are going to come back and say "Let us all move up to that plush, plush, silk-stockinged program, because this is not fair." Then, every man will go before the Tariff Commission and try to prove he is out of a job because of imports. When they do that, these millions of men go before the Tariff Commission, you will have a demand for protection that you have never seen before, and the Smoot-Hawley bill will be small compared with what will be demanded in the next 3 years if this bill goes into effect. That I do not want to see. I want to see international trade, I want to see international trade expanded on a two-way street so that it brings about prosperity, but not at the expense of the American worker who will have to go on dole after his training has expired.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. UTT. I yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. Mr. Chairman, the gentleman has made an excellent statement. I would like to ask the gentleman to comment briefly upon the actual functioning of the so-called saving provision in the present act, and relate it to what we might expect in the future one.

Mr. UTT. I can see no reason for change. I know that there have been dozens of rulings by the Tariff Commission granting relief to American industry, but less than seven of these cases over the last 10 or 12 years have ever been implemented by the Executive. I assume we would have the same type of administration.

Mr. HARVEY of Indiana. If the gentleman will yield further, as one who tried to help a small industry receive relief under this so-called saving provision during the past administration, I found it almost an impossibility.

Mr. PUCINSKI. Mr. Chairman, will the gentleman yield?

Mr. UTT. I yield to the gentleman from Illinois.

Mr. PUCINSKI. I understood the gentleman from California [Mr. Utt] to say that the President could wreck—if I understood his statement correctly—any industry that he wanted to under this bill. My impression is that the bill does provide several safeguards through the authority of the Tariff Commission and various other procedures.

Would the gentleman from California be good enough to elaborate on that point? How can the President—assuming he might be the President of the United States under either a Democratic or Republican administration—maliciously and capriciously destroy an American industry, assuming there was this situation? How could he do it under the terms of this act?

Mr. UTT. The act has enough latitude to do that. The administration witnesses said that there would be some 800 industries that were expendable; it might be yours, it might be mine.

Mr. PUCINSKI. Can the gentleman pinpoint the language of the act that would give the President that broad power?

Mr. UTT. It is all through the act. He has absolute, dictatorial, arbitrary, and capricious power.

The CHAIRMAN. The time of the gentleman from California [Mr. Utt] has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield the gentleman from Ohio [Mr. Betts] 15 minutes.

Mr. BETTS. Mr. Chairman, in connection with the remarks made by the gentleman from Michigan [Mr. Knox] with respect to the Canadian situation, I thought it might be interesting to note some comments in the Bureau of National Affairs of June 28, 1962, which are as follows:

> Canada's austerity program will complicate U.S. economic programs, by reducing our exports and aggravating our already acute balance-of-payments deficit. * * *
>
> The effect on the United States will be to reduce our exports $200 million or so annually and to encourage the flow of U.S. capital north of the border.
>
> Canada is raising duties 5 percent to 15 percent on half of its imports and reducing the duty-free goods that Canadian tourists can bring back to the country. * * *
>
> The moves will have a major impact on U.S. exports to Canada * * * machinery, steel products, plastics, textiles, appliances, furniture, wine, beer, cigars, cameras, jewelry, rugs, paper products, to name only a few. Canada is this country's most important customer, taking nearly $4 billion of our exports annually.

I mention that in view of the statements made by the gentleman from Michigan.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield to the gentleman.

Mr. CEDERBERG. Mr. Chairman, I am interested in the comparison between the problems the Canadians face and those that we face. They have a balance-of-payments problem, and so do we. They have been running fiscal deficits and so have we. They have an unemployment problem, and so do we. It seems that the Canadians, in order to solve their problems, are taking just the opposite approach from that which we are taking. In other words, they are raising their duties on imports into Canada. Therefore it would seem to me wise on behalf of the U.S. Government and of the Congress to wait, and for us to vote for the motion to recommit, which will provide that we shall extend the present reciprocal trade agreements for 1 year.

By that time we can find out who is right. Either the Canadians are right and we are wrong, or we are right and they are wrong. This would give us an opportunity to find out what the reaction will be on their problems which are similar to ours.

Mr. BETTS. I think the gentleman's observations in connection with the Canadian situation are absolutely correct and I agree with him.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield to the gentleman.

Mr. MEADER. Mr. Chairman, I asked the chairman of the committee what information was contained in the report or in the hearings as to the total cost of this adjustment assistance program. I had in mind additional functions imposed upon the Tariff Commission to process the petitions for a determination that an industry or a firm or a group of workers had been injured by imports; that additional duties were imposed upon the President, and that there must be procedures and personnel in the office of the President for him to make the determinations this act would require of him.

Additional duties are imposed upon the Department of Commerce to determine what assistance may be given to firms either in the form of tax relief or in other forms, such as cash payments or loans. Additional duties are imposed on the Labor Department to provide adjustment assistance to workers whose jobs have been taken away from them due to imports. Are there any figures or estimates of the increase of personnel and the cost thereof which will be necessary because of these new functions imposed on existing agencies, and has anyone made an estimate of the possible benefits which go to firms or employees because of the provisions of the adjustment assistance section of this bill?

Mr. BETTS. I am not sure I have the answer to all the gentleman's questions, but I think Secretary Goldberg, if the gentleman will refer to his testimony in the hearings, estimated that the cost would run about $30 million for the life of the bill or about $6 million a year.

Mr. MEADER. In the hearings the figure of $30.6 million appears for benefits.

Mr. BETTS. That is correct. As I recall, when the bill was originally introduced there was provision in it for a revolving fund of $100 million, which is an indication, when it was taken out of the bill, that probably the administration felt it was going to cost more than that. I am throwing that out as an indication of the fact that it probably would cost more than the $30 million estimated.

Mr. MEADER. May I point out that on pages 1006 and 1007 of the hearings there is comment by the Tariff Commission on the increased burden that will be imposed on their staff to make the determinations that are required by the petitions for relief. On page 1019 the Tariff Commission says it would be absolutely impossible for them to make any estimate of the additional personnel and additional cost of this program to be imposed on them. My impression is that the record is very deficient in giving us any idea of what this program is going to cost, not only in terms of added personnel and the benefits that are provided but also in the reduction of customs duties and the revenue that we will receive when customs duties are reduced.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield to the gentleman from Illinois.

Mr. FINDLEY. Free trade is a commendable goal in the marketplace system, but I am beginning to wonder whether the administration will actually move toward free trade or simply shift from tariffs as a means of controlling trade to cartels. I invite the gentleman's attention to the recent action in this body at the urging of the administration in the passing of the Cotton Textiles Agreements Act, which is a scheme to rig cotton textile markets; to the administration farm bill, which happily was rejected last week, but which had its own built-in protection devices; and to the Sugar Act, which wraps up tariffs and all sorts of price-fixing mechanisms within itself.

Mr. BETTS. I simply say, as I understand it, that we are in the position of objecting to regulation and control of agriculture within the common market but at the same time we are insisting on having those programs here in our own country.

Mr. FINDLEY. That is very inconsistent.

Mr. BETTS. That would be my opinion.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Pursuing the question raised by the gentleman from Michigan [Mr. MEADER], I am sure the gentleman from Ohio and the other gentlemen on the committee are familiar with Public Law 801 of the 84th Congress, which requires that where there is set up a new program involving the expenditure of more than $1 million, it is mandatory that Congress be provided an estimate of the additional personnel required for each of the first 5 years.

I wonder if the gentleman from Arkansas, the distinguished chairman of the committee [Mr. MILLS] can tell us whether the law has been complied with in this respect.

Mr. BETTS. I would be glad to yield to the chairman of the committee, if he cares to comment on that.

Mr. MILLS. I will try to answer the gentleman's question.

Mr. JOHANSEN. My question is—under the provisions of Public Law 801, 84th Congress, it is necessary that there be a projection for 5 years of the estimate of the number of additional personnel required, if an appropriation or a new function is to involve the expenditure of $1 million-a-year or more. My question is—has the law been complied with?

Mr. MILLS. The law would be complied with in this instance as the departments go before the Committee on Appropriations requesting the appropriation. We are not making any money available here. We are merely providing an authorization. But, if the gentleman will look at the committee hearing on this legislation at page 3800, there was a question of our colleague, the gentleman from Tennessee [Mr. BAKER] as to the overall estimate of the entire cost of this program. For a 5-year period it was estimated that loans to firms would run about $100 to $120 million; tax relief to firms about $10 million; readjustment, training and allowances to workers $45 million; the portion of the $45 million above which represents added budget costs, $31 million; and, technical assistance to firms $15 million. It is all set forth on the page to which I have referred.

Mr. JOHANSEN. If the gentleman will yield for just a moment further, am I to understand then that Public Law 801 is not to be complied with in connection with the authorization which makes inevitable the increase of personnel, but only when you come around for the money?

Mr. MILLS. We are not authorizing additional personnel as such.

Mr. JOHANSEN. I am afraid the gentleman misses the point. You are authorizing additional functions which make necessary the additional personnel.

Mr. MILLS. The personnel to carry out those additional functions would have to be authorized by other committees. We are not doing it here.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I am glad to yield briefly.

Mr. BENNETT of Michigan. It is difficult for me, Mr. Chairman, to sympathize with those of my colleagues, for whom I have the greatest admiration and respect—as I say, it is difficult for me to sympathize with them when they get concerned about the cost that this bill is going to involve in taking care of industry that is bankrupted and men who are put out of their jobs. If you are going to vote for a bill that is going to dissipate industry and liquidate and put men out of their jobs, as admittedly this bill is going to do, I would be willing to vote for 50 times the amount of money involved here, at least to take care of them. If you want to prevent this cost, then vote against the bill.

Mr. BROWN. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield to the gentleman briefly.

Mr. BROWN. Does not the gentleman from Ohio, who has had a great deal of legislative experience in our own State of Ohio as well as here, believe it is a rather peculiar situation that the passage of this bill, that is, the administration's bill here today, depends upon the votes of certain Members from certain areas who have been made the beneficiaries of an increase in protective tariff for the cotton textile business of this country in order that they enact a bill which would bring about free trade and which will injure other industries?

Mr. BETTS. That is true. I thank the gentleman for his contribution.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield to the gentleman.

Mr. CRAMER. Is it not true there is no provision for agricultural adjustment assistance at all under this bill so that all farmers are left out?

Mr. BETTS. That is right. The farmers' tax money will go to help pay the unemployment compensation of workers who are dislocated as a result of this.

Mr. CRAMER. That is right. The second point is under the present peril point escape clause provision, the intent and purpose is to prevent injury to American industry under the present law. Does not this completely shift the whole philosophy of negotiations to encourage the hurting of American industry by free trade and that, if they are hurt, there is going to be adjustment assistance?

Therefore, it is all right for the negotiators to ignore the injury because the injury is going to be paid for. Is not the obvious result of that going to be that more industries will be hurt at a substantial increased cost to the taxpayer?

Mr. BETTS. I thank the gentleman for his contribution. The gentleman will find that covered in my prepared statement.

Mr. Chairman, I hope that the Members of this body on both sides of the aisle have taken the trouble to read the separate views which I and four of my colleagues on the Ways and Means Committee made at the time the committee reported this bill. In contrast with the 69 pages of text which make up the report of the majority, our views are set forth on 2½ pages. No Member can complain that it would be too time-consuming, therefore, to study our reasons for voting against this bill.

Anything as bulky as the 82 pages of the bill as reported by the committee or the 104 pages of the committee's printed report is bound to scare off many Members busy with other legislative responsibilities. It is not likely that many of the Members of this body have actually read the bill page for page, line for line, as I have, or that they have read the committee's report, let alone the minority statement of views at pages 102, 103, and 104. Yet the innards of this bill contain the most far-reaching grant of power ever attempted by the Ways and Means Committee in the tariff and trade field.

If I can have the attention of the Members for a few minutes, I think I can tell you plainly and simply about the main problems in this bill which make it unwise legislation.

First, the amount of authority which the bill would give to the President. If there are Members here who feel that it makes no difference how much of its authority to regulate foreign trade the Congress hands over to the President, they will not be interested in what I have to say. But the rest of you who feel that we have an obligation, first, to know how much authority we are handing over and, second, to place some limits on that grant of authority, should be very interested in what I have to say.

This bill would allow the President to eliminate duties entirely; that is, reduce them from their present level down to zero. The Congress has never given the President this kind of authority before. Always we have placed a limit on the extent of reduction. At first the President was allowed to reduce duties by 50 percent. Then in later years we limited the reduction by 20 percent and by 15 percent, basically at the rate of 5 percent a year.

There were two reasons for so limiting the President. First, the constitutional reason, that Congress may delegate legislative power only under specific guidelines and limits. By using the percent limitation on reductions, Congress exercised its own judgment as to the basic amount of tariff change which was wise for the country; and by the other standards in the legislation, the Congress directed the President how to determine which tariffs would be reduced by that amount.

The second reason for the limitation was one of natural prudence. The history of Executive use of delegated power is that authority once granted is rapidly used up. The technique which has been used again and again by the State Department in the trade agreements program is quickly to expend all of the tariff-reducing power granted by the Congress, and then to come back clamoring for more to deal with a new or fancied emergency in trade relations. In past years a Congress properly jealous of its constitutional prerogatives was reluctant to give the State Department—for it is that Department which actually uses the President's authority—the power to eliminate duties, for the Congress knew that such power, once granted, would be quickly used and then the United States would be left with no bargaining power to use in coping with foreign trade developments of the future.

These two reasons, a proper regard for our constitutional responsibilities and prerogatives, and a proper regard for natural prudence, were rejected by the majority members of the Ways and Means Committee in reporting this bill. I hardly need to add that these basic policy considerations were also rejected by this administration in drafting the unprecedented claim for power represented by H.R. 9900, the original version of the bill before you today.

It must be said to the credit of Chairman MILLS and the other members of the Ways and Means Committee that many constructive changes were made in the bill by the committee. H.R. 9900 was such a hopeless text that regardless of the liberal or conservative persuasion of the committee members, a decent regard for their own sense of craftsmanship compelled them all to join in a virtual complete rewrite of the bill from a technical point of view.

But this rewriting job was carried out under the votes of the majority party so as to leave intact the unprecedented grants of power desired by the administration.

Thus, we still find four separate sections of the bill authorizing a complete elimination of duties. It is hard to know which of these in practice will turn out to be the most far-reaching.

Section 211 of the bill is designed so that the President can fashion a system of broad categories of imported articles in which the United States and the Common Market countries may have supplied 80 percent of the value of the world's exports during shifting representative periods. When the Republican members of the committee insisted that the administration identify the categories of imported articles which would be subject to elimination of duty under this provision, we were supplied with the listing which has been reproduced at pages 279 to 307 of volume 1 of the committee's printed hearings. We have no way of knowing whether that is an accurate listing or how much this list will be or could be expanded under the change in language which the committee adopted to section 211. Members can peruse that listing at their leisure.

I have attempted to condense the hundreds of commodity classifications listed by the administration into broad general categories of articles so that we could have some idea during this debate of the industries which would be subject to total elimination of duties now applying to products competitive with their production. These are as follows: Organic chemicals; other industrial chemicals, including insecticides; plastics, resins, and starches; pigments and paints; perfumery, cosmetics, and soaps; rubber articles, natural and synthetic; glass products; leather manufactures; power generating machinery; farm machinery; office machinery; industrial machinery; electrical machinery; motor vehicles; railway vehicles; nonmotorized wheeled equipment, including bicycles; photographic and cinematographic supplies; musical instruments; record playing equipment; confectionery and sugar; margarine and shortenings; nonalcoholic beverages; tobacco manufactures; coal, coke, and briquettes.

The second duty-elimination provision in the bill, section 212, covers agricultural commodities. Originally in H.R. 9900, this authority applied to agricultural commodities and the products thereof. The committee did not know how extensive this authority would be because the products of agricultural commodities obviously make up a very large list. In executive session the administration disclaimed any intention of going beyond the basic commodities themselves, and it was suggested that this meaning could be tied down by referring in the bill to Agricultural Handbook No. 143 of the Department of Agriculture.

This handbook has been reproduced in the printed hearings of the committee at pages 329 to 478. When you study that handbook you will find that for many categories of agricultural commodities, products are also listed. Therefore, the object which the committee had in mind of limiting section 212 to the basic commodities themselves has not been accomplished by referring in the bill to this handbook. Obviously, we do not have the time here on the floor of the House to go over a listing that takes up 149 pages of the printed hearings. I have attempted to condense that listing of agricultural commodities and products which can be transferred to the free list under the authority of section 212 of the committee's bill so that its scope could be easily comprehended. The categories of items subject to duty-free treatment appear to me to be as follows: Sugar; molasses and sugar sirups; unmanufactured tobacco; live animals; meat products, including fresh, chilled or frozen beef, mutton, lamb, and pork, bacon, hams and shoulders, pork sausage, canned beef and meats; poultry, live or dressed, fresh, chilled or frozen; eggs, fresh, frozen, or dried; dairy products, including milk and cream, fresh or sour, dried, condensed or evaporated, butter, oleomargarine, and cheese of all types; miscellaneous animal products, including gelatin, glue, casein, meat extract, bristles, edible oils, tallow, and lard; animal and fish oils, inedible; vegetable oils and fats; essential or distilled oils; oilseeds, including cottonseed, soybeans and the like; grains and preparations, including flour and meal, cereal breakfast foods, biscuits, wafers, cakes, and bread; fodders and feeds; fruits and preparations, including all fruits in the natural state, green or ripe, in brine, dried, or prepared or preserved, or frozen; jellies, jams, marmalades, and fruit butter; fruit paste and pulp; fruit juices; beverages, including still wines, vermouth, champagne, beer, ale, malt extract and non-alcoholic beverages; vegetables and preparations, green or ripe, dried, or prepared or preserved; nuts and preparations, shelled or unshelled, blanched, roasted or otherwise prepared or preserved; seeds; nursery and greenhouse stock; raw cotton and cotton waste; other vegetable textile fibers and silk, unmanufactured; wool and other animal hair, unmanufactured; hides and skins, raw; drugs, herbs, and the like, including those advanced in condition, and fish oils; miscellaneous vegetable products, including monosodium glutamate, yeast, flavoring extracts, vinegars, sauces, soups, pastes, coffee essence, cocoa, chocolate, chewing gum, and other edible preparations.

Thus far I think that the Members of this body can see that the authority which would be given to the President under section 211 pertains to a great part of our industrial economy, while the authority which he would receive under section 212 covers virtually the entire agricultural economy of the Nation. Before any Member reaches the conclusion that the free-trade planners in the State Department have neglected our minerals or fishing industries, I hasten on to section 202 of the bill. This provision would permit the executive department to eliminate all duties which amount to 5 percent ad valorem or less.

Before I describe the many categories of products which would be affected by section 202, a word or two about its origin is in order. Whereas the administration attempted to justify sections 211 and 212 of the bill as being necessary for negotiations with the Common Market, the only justification offered for the power to eliminate all duties which are 5 percent or less was the statement that these rates "have little or no economic significance" so that they could be eliminated "as a matter of convenience of administration." This appears in the administration's explanation of H.R. 9900 printed at page 32 of the committee's hearings.

Of course, this is an absurd proposition and the committee as a whole were not taken in by it. The majority report states that it is not the committee's intention in recommending the grant of authority to eliminate duties in this category to minimize the significance of rates of duty at this level. You will find that at page 16 of the committee's report. The thing which mystifies me is, since the committee rejected the reason offered by the administration for asking for this power, why did the committee nevertheless include this provision in the bill which it reported? I hope that we are still living in times when we have a reason for the actions we take.

Now what is the reason for permitting the administration to eliminate duties 5 percent or less? The answer is that there is no reason. The administration wants total power for the elimination of duties. The presence of a provision like section 202 completes the arsenal of duty-eliminating weapons desired by the administration.

The reason offered by the administration in justification was patently ridiculous. Therefore, the committee grants the power for no reason at all, an even more absurd position.

At the request of members of the minority, administration spokesmen submitted to the committee an identification of imported articles which would be subject to elimination of duties under section 202. This list appears at pages 312 to 327 of the printed hearings. Because of the great many categories of imported articles concerned, it would not be practicable to discuss each one of them in this debate. I offer, therefore, the following summary of the categories of items which would fall within this grant of power: lumber of all types, rough or sawed; fish and products, fresh or frozen, filleted, and prepared or preserved in any manner; fruits; meat and poultry products; minerals and ores, such as feldspar, clays and earths, mica, lead, zinc, residual oil, amorphous graphite, aluminum hydroxide, gypsum, sandstone, limestone, crude silica, cement, and calcined bauxite; metals, such as babbit metal and solder, sponge iron, cast iron castings, pig iron, iron and steel rails, antimony, nuts and washers, nickel in pigs, structural steel, nails and spikes, iron and steel sheets and shapes, lead alloys, zinc sheets, wire rods, bar iron, chains, bolts, and malleable iron plates.

Thus, the comprehensive plan of the State Department free-trade strategists is clear. The great large categories of industrial, mineral, agricultural, and fishery production in this country are subject to elimination of duties at the outset in negotiations with the Common Market under the power granted in sections 202, 211, and 212. Then, any item of domestic production which is left with protection after the use of that authority is subject to a reduction in duty of 50 percent.

The fourth grant of power in this bill to eliminate duties entirely, which I have not yet referred to, applies to something called tropical agricultural and forestry commodities. This is section 213 of the bill. By this section it is hoped that the United States can benefit the less developed countries of the world by persuading the Common Market to grant duty-free treatment on the commodities of those countries in exchange for our commitment to do likewise. There is considerable discrimination in Europe against coffee, cocoa, and other commodities produced in Latin America. Anything we can do to open up European markets for those Latin American products so that they can compete on fair and equal terms with the nations of Africa, formerly colonies of the European countries, is all to the good. There is, therefore, no quarrel with the purpose of section 213. It does not follow, however, as the section assumes, that because more than half the world production of a commodity occurs in the tropical latitudes, it is not competitive with the production of similar commodities in the temperate latitudes.

When you get down to the problem of comparing the commercial uses and competitive relationships of particular species of fiber, lumber, tree nuts, and vegetable oils produced in tropical climes with other species of such commodities produced in temperate climes, it becomes a difficult matter to determine what the effect will be upon our domestic agricultural, forestry, and oilseed industries.

Mr. Chairman, thus far I have been attempting to describe to the Members of this body the variety and extensiveness of powers contained in this bill for the elimination of duties entirely. It needs to be said that the general authority contained in the bill to reduce all duties by 50 percent is greatly in excess of the power entrusted to the Eisenhower administration in 1955 to reduce duties by 15 percent, or in 1958 to reduce duties by 20 percent.

Mr. Chairman, I consider this whole matter of the combination of grants of power to eliminate duties as one basic problem in the bill. I now wish to call the attention of the Members to the second basic problem of this bill; namely, the absence of effective safeguards.

As repeated extensions of the Trade Agreements Act and the use of the authority thereunder subjected our duties to deep and frequent cuts, there soon arose a widely recognized necessity for safeguards to insure that the power being given to the President would not be used so as to cause, even though inadverently, a loss of domestic employment or serious injury to domestic industries, agriculture, and mining. A few words of history might be appropriate. It was the late and great Senator Vandenberg who persuaded President Truman that as a bipartisan matter the application of definite safeguards to the use of trade agreements authority should be insured by a specific procedure. This led President Truman to establish by Executive order the escape clause procedure geared to the concept of avoiding serious injury to domestic industries.

In 1951, the Congress, wishing to make assurance doubly sure, enacted into law the peril point and escape clause provisions of the Trade Agreements Act. This was joined to a firm statement of policy set forth in section 6 of the 1951 Extension Act that no reduction in duty should be made which would cause or threaten serious injury to domestic industries or their employees.

As time went on we improved these remedies by amendments and added additional remedies such as the national security provision to insure that the expansion of exports assisted by tariff negotiations would not be secured at the expense of a weakening of any significant part of our domestic economy or a loss of employment for any group of workers caused by excessive import competition. This process has called for a very careful balancing of the various national interests concerned, both on the domestic industry and on the export-import side. Many of us are not happy with the caliber of administration which these remedies have received. Yet, on the whole these provisions of law are soundly conceived and there is hope that, given proper congressional attention, they can be brought to a state of greater effectiveness as time goes on.

At this juncture the importance of these remedies is underscored by the significance of the duties which remain after the extensive and repeated reductions of the past decade. However, as the Members know, the ad valorem equivalent of our duties has been reduced from approximately 50 percent at the time the trade agreements law was enacted, to 12 percent last year. The Dillon round will undoubtedly bring this level to 10 percent. A reduction from the level of 50 percent to the level of 10 percent is drastic by any test. Since the reductions have been carried out to a greater or lesser extent under a statute which calls for selectivity and the avoidance of serious injury, it necessarily follows that the duties which remain are those which could not be changed further without threatening the workers and industries concerned with injury. This is not merely a protectionist evaluation of the matter. The Research and Policy Committee of the Committee for Economic Development, a free-trade group, in a study released in April of this year stated:

> U.S. tariffs are now 70 percent lower than they were 30 years ago and, on the average, are among the lowest in the world. The rates that now remain after a generation of reciprocal reductions are the hard cases, the rates that have been difficult to reduce because they protect industries that are sensitive to import competition. ("A New Trade Policy for the United States," April 1962 p. 6.)

These facts, objectively considered, would seem to be enough to instill caution in the heart of the most hardened bureaucrat. Yet, we find this administration going far beyond any previous administration in the amount of duty-changing power requested and, at the same time, jettisoning the safeguards which have been found a necessary counterpart of more modest grants of authority.

One of the main reasons I voted against the committee's bill was because it dilutes, weakens, and emasculates the peril point and escape clause procedures at a time when, above all, effective safeguards are more urgently needed than ever before.

The administration bill, H.R. 9900, was impossible in its approach to remedies. It offered a form of procedure in which the Tariff Commission would participate. But it directed the Tariff Commission to speak only when it found that duty reductions or eliminations caused increases in imports which produced on a widespread basis in the industry a significant idling of plants, persistent and prolonged inability of firms to operate at a profit, and unemployment. The administration bill expunged from the trade agreements vocabulary the words "serious injury." In short, it provided for an inquiry by the Tariff Commission under ground rules which determined in advance that the Commission's voice would seldom, if ever, be raised in protest against changes in duty.

The administration's approach was so extreme that even the majority of the committee felt that some changes in language had to be made. Unfortunately, the committee changes fall very short of the present peril point and escape clause remedies.

In the peril point procedure of the present law, the Tariff Commission is required to determine the extent to which duties can be reduced without causing or threatening serious injury to domestic industries and workers. In the past the peril point findings of the Commission have served to prevent the President's agents from cutting the duties which would cause economic hardship. In this bill, the serious injury test is eliminated entirely from the prenegotiation procedure. The Commission is simply directed to advise the President of the economic effect of eliminations or reductions in duty. The committee's report tells the Commission that it should concern itself primarily with reporting to the President whether changes in duty would lead to idling of plants, inability to operate at a profit, and unemployment. I feel, and my colleagues of the committee who joined with me in voting against this bill feel, that the line ought to be drawn against reductions in duty long before these conditions of disaster would occur.

To the committee's credit, it must be said that they restored the words "serious injury" to that part of the bill which substitutes for the escape clause. This is section 301(b). But the committee has given these words "serious injury" a new meaning by repealing those provisions of the present law which spell out the factors that will be considered by the Commission in determining serious injury.

The whole approach of the remedy is changed, also, by the committee's action in discarding the definition of domestic industry now contained in the law. Instead of having the Commission determine the effect of excessive imports of a product on those portions of the operations of the firms in the domestic industry producing the like product, the committee's bill would require the Commission in the future to weigh the effect of the increased imports against the entire operations of the domestic industry in which the production of the offending articles is a part. These changes are joined by the specific language used in section 301(b)(2) directing the Commission's attention to the idling of productive facilities, inability to operate at a profit, and unemployment, as the benchmark for its action.

These new procedures which would take the place of the peril point and escape clause are purely and simply window dressing. They will not lead to any helpful findings of actual or threatened serious injury from increased imports. The administration has made it clear that it wishes to be free of the restraint previously imposed by the Tariff Commission's peril point findings. This desire will be served by the committee's bill, but the needs of our economy and the cardinal principle of selective negotiations so as to avoid injury, which has characterized our trade agreements program in the past, will be done a disservice by the bill. Make no mistake about it: we are breaking with that tradition.

These remedies will not lead to findings of injury after the fact so that unwise reductions can be corrected. Not only has the committee mangled and distorted the escape clause concepts in the language of the bill and the language of its report, it has gone further and required that any economic distress and displacement of workers which might, peradventure, be found by the Commission must be due solely to the trade agreement concession granted.

The present law and the practice of the Tariff Commission is to make a finding of injury when, as a result of a concession, in whole or part, imports have increased so as to injure workers or industries. In its report on the 1958 extension, the committee specifically approved this practice of the Commission of treating any damaging increase in imports which occurs after a concession is granted as being due, in part at least, to the concession. Having done this so clearly in its 1958 report, the committee now, by repealing the language that allows a finding to be made when due in part to the concession and requiring in the future that injurious imports be found to be due solely to a concession, has destroyed the possibility of escape clause action in the future.

Since the Commission has found in its experience that it is impossible to isolate all of the economc circumstances involved in an import case so as to find that the bad consequences are due solely to a concession, this action of the committee plainly says that it does not intend for the Commission to be able to recommend escape action in the future.

Mr. Chairman, in summary on this point I wish to emphasize to my colleagues that the second major problem in this bill is the practical elimination of effective safeguards by the administration and the Ways and Means Committee on reporting the bill. Let the Members realize that if this bill is enacted, we are placing unprecedented power in the hands of the President while freeing him of any limitation designed to protect our domestic employment and industries from damage by imports. The state of our economy and the level of our unemployment is such that I, for one, have no confidence at all that a scheme of power such as represented by the bill before this House can lead to any benefits to the United States which will outweigh the widespread distress which is certain to occur to our domestic industries and their employees.

The third major problem in this bill is the most-favored-nation provision. This means there is a requirement that the full benefit of the eliminations and reductions in duty granted to the Common Market under the special authorities contained in this bill be granted freely to Japan, India, and the other low-wage nations of the world without any action or concessions on their part in payment.

The difficulty here is that Japan, India, and, indeed, virtually all other nations of the world consider themselves to be perfectly free to restrict the application of the most-favored-nation principle by the use of quotas, exchange controls, import licensing, internal tax, and regulations which make tariff changes meaningless. Other nations of the world feel free whenever their internal situation warrants, to raise duties and otherwise act contrary to the commitments previously made in trade agreements.

In June, 1961, Japan took such action. This week Canada applied increased tariff duties on more than half of the articles imported into that nation. The United States alone insists upon unrestricted most-favored-nation treatment under circumstances which make a mockery of trade negotiations.

Our trade negotiators act as though the reductions made today affect only the patterns of trade which exist today. They fail to realize that tariff changes are for the future as well as the present. Looking to the future we can be certain that the rate of growth of the Japanese economy, which is three times ours, and of the European economy, which is twice ours, will increasingly subject our domestic market to invasion and disruption in manufactured, agricultural, and mineral products of every kind and description. It is immaterial that these articles are not imported from a particular country today. It is only a question of time until they will be reaching our shores from every industrialized nation and every emerging nation turning to industry as a natural means of improving their standard of living.

The vice of H.R. 11970 is that it rejects any and all regulations of imports. It throws the U.S. market open to unlimited importation of goods from every nation of every kind and description, without the possibility for adjustment in the future.

Our experience with the Common Market in the case of the carpet and glass tariff changes should warn us as to the consequences in the future, should we belatedly attempt a reasonable regulation of our imports following the use of the duty elimination and reduction authority in this bill. In less than two dozen instances in more than a dozen years the United States has adjusted duties in the face of tens of thousands of reductions of duties. Two of these, carpets and glass, affected one country, Belgium. Yet all of the nations of the Common Market retaliated against that adjustment in duty, affecting only Belgium, by an increase in duties on a group of U.S. products when imported into any of the Common Market countries.

We have learned that it is inordinately difficult to secure an adjustment of duties. Yet we propose under this bill to accelerate the total destruction of our tariff structure and to make available our market without exception to all nations when we know with certainty that economic distress will be caused to sections of our economy and that mistakes once made are virtually impossible of correction.

The fourth basic problem with this bill, Mr. Chairman, is the policy made clear by the adjustment provisions of causing serious injury on a widespread basis to the American economy. Unless this were the case, there would be no justification for such an elaborate system of payments to workers and subsidies to industries as are called for in title III of this bill. The shift from the policy adhered to up until this day of using trade agreement authority selectively so as to avoid injury to the new policy of using trade agreement authority indiscriminately so as to cause injury, is, indeed, dramatic.

We have been offered no rational explanation for the necessity of such a shift. We are greeted over and over again with the statement that the authority in the bill is necessary to enable the United States to protect its markets in Europe. Yet, it has not been demonstrated why selective negotiations accompanied by safeguards will not accomplish this purpose.

Common Market tariffs have been reduced internally by 40 percent and yet the exports from the United States to the Common Market continue to increase, as reported by the Department of Commerce. We lead the rest of the world in the expansion of our exports to the Common Market after the external discrimination against U.S. exports has been placed into effect within the market. The fact of the matter is that as the prosperity of the residents of Western Europe increases and her standard of living rises, the products of the United States will always be in demand because of their unavailability in Europe, because we can deliver them under shorter leadtimes, because our products are superior, or because the demand in Europe is increasing at a pace which exceeds the capacity of her own industries to supply.

Let the Members of this body be aware that if they approve this bill, they are turning their backs without cause on the traditions which they themselves have established in earlier trade agreements legislation. Let them understand that they are approving a basic change in our policy from one of expanding exports while protecting the strength of the domestic economy, to one of experimenting with export increases at the expense of intended injury to our domestic economy.

Let them, finally, be aware that they are subscribing to the notion that it surpasses the capacity of American ingenuity and intelligence to conduct a trade program which will benefit our entire economy; that this administration has given up before tackling the job on the possibility of carrying forward our trade agreements tradition; that this administration announces in advance that it does not believe that the successes of prior administrations can be repeated; namely of negotiating to benefit our foreign trade while, at the same time, preserving the strength of our domestic economy.

These are the choices, Mr. Chairman. They have led me and my colleagues who voted against the bill in committee to decide that this bill is not in the best interests of the United States. We are confident that other Members of this body who think calmly and fairly about the issues in this bill will join us in our position and support a motion to recommit this bill with instructions to the committee to report an extension of the present law.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. GOODELL].

Mr. GOODELL. Mr. Chairman, this is a painful and distressing moment for me. I am in favor, basically, of the President's trade bill, expanding our trade, accommodating to the Common Market, and the other arguments that have gone with it. I hope those of you who have not read the letter which I sent to each Member this morning will do so. I put extra copies on each of the desks here.

Basically, the training section, the trade readjustment assistance section for workers in this bill I am afraid, after analyzing it carefully, is going to create a mess. It is going to create a pretty horrible mess.

As all of you know, I had some part in the manpower training bill. What we are doing here in this trade bill is setting up a new class of privileged unemployed workers. We are telling a man without a job that he is less unemployed than another man who is out of a job. We are giving this man, who is affected by imports, increased benefits, and we are making it easier for him to qualify for those benefits.

Let us take as an example, the State of West Virginia. The manpower bill, as you know, requires that a man to qualify must be the head of a family. There is no such requirement in the trade bill. It requires that he has worked 3 years in the work force, that he has had this work experience, and that he be at least 22 years old. There are no such requirements in the trade bill. There is a requirement as to length of time in the work force, but it is of a lesser degree in the trade bill.

The man in West Virginia who used to make $100 per week and qualifies for training under all the restrictions that we put in the manpower bill can receive at most $32 a week in benefits, the maximum unemployment compensation benefit. Under the trade bill, if a man was employed in an industry that is adversely affected, and it goes through the agencies, and he is determined to get aid and qualifies for aid, if he makes $100 a week he can get $63.18. His neighbor beside him made $100 a week in his previous job, and he gets $32 a week under the Manpower Act. In addition, the man affected by the trade bill does not have to take training in order to qualify for this aid. He gets it automatically.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GOODELL. I yield to the gentleman from Michigan.

Mr. BENNETT of Michigan. The best way to get rid of the evil the gentleman is talking about is to vote against the bill, because this is a bill that is bad.

Mr. GOODELL. I am reluctant to accept that solution. I think my colleagues should know what is involved here in terms of conflicts and contradictions as between the training and the assistance we are giving to people affected by trade and those who are unemployed for other reasons in this country.

Under the trade bill a man is defined as being unemployed if he makes less than 75 percent of what he made previously, his average weekly wage. This means a man who made $100 a week can work part time and earn up to $75 a week and still qualify for assistance under this bill. This is just not fair; it is wrong; it is an injustice to the great bulk of our unemployed who will not qualify for this kind of benefit. It is going to throw our manpower bill into a chaotic situation. It is going to put pressure on us, if not this year, in future years, to raise all of these benefits in the manpower bill to the same level and to cut out the restrictions against abuse that we so carefully wrote into the Manpower Act.

There is another item in this bill. When the manpower bill was first sent up, it was proposed that the Federal Government pay 50 percent of the cost of relocating workers. The distressed areas rose up in arms and said, "You are going to make ghost towns out of our communities. You are shipping all the workers away."

There was such a hue and cry that they dropped this provision. In the trade bill there is not the 50 percent contribution made by the Federal Government but a 100 percent payment by the Federal Government to move these people, plus a lump sum of two and a half times his average weekly wage.

I have asked a question of the authorities downtown and they tell me this is what they contemplate: They are going to make retroactive payments to the unemployed. What is normally going to happen is that a man when he loses his job, is going to start through this procedure for a decision as to whether his unemployment is due to trade and imports, and 3 months later they may have a final decision, "Yes, it was due to foreign competition."

Now, for this 3-month period he may have been collecting unemployment insurance at the rate of $30 a week. If he is eligible under the Trade Act, $62 or $63 a week, they are going to pay him the difference retroactively in this bill for 2 or 3 or 4 months that he has been going on unemployment insurance. This is another thing that is not true in the manpower bill. There is no way to do this in the manpower retraining bill.

Now, we also wrote some very careful provisions in the manpower bill for matching, to require State responsibility to get into this picture after 2 years. There is no matching of any benefits in this trade bill for these workers, none whatsoever. These are going to be paid by the Federal Government exclusively. In addition, the Federal Government, presumably, is going to reimburse your State unemployment compensation fund. At the very last moment when the manpower bill was in conference, we almost foundered on this issue; that when the Federal Government pays the State unemployment fund back, there was no requirement in the manpower bill at that stage to insist that the employers, who had been taxed for this increased tax for these unemployed workers, would be credited. They themselves would be credited. Again, in the trade bill this has been ignored completely; no provision for crediting those employers who have paid the taxes to pay the benefits of unemployment insurance. It will go back into the State fund but not necessarily to the employers.

Now, there is another factor. You can talk theoretically about how this adjustment assistance for workers will proceed, but it is not going to be a black and white situation. You and I have plants in our areas. The Government is going to send investigators in there to determine whether that plant, a glass plant in my particular area, for example, has been affected adversely by foreign imports. Now, they are going to come in there and find that this given plant perhaps has poor management; that they have not been doing too well for this reason; that they are too far from their source of supply or that they are too far removed from their markets or that they have competition domestically, which is causing them a great deal of trouble. They are going to have all these factors combined; not a single factor of foreign competition. And, when they get through evaluating it they will perhaps say to this industry, "We think, judging all these things proportionately, you do qualify for aid."

Now, when I talked to the people who apparently are going to administer this, I said, "How long are you going to qualify these people for aid?" They said, "Normally 2 years, subject to review at the instance of the President." All right. So, in a glass plant in Jamestown, N.Y., for instance, we qualify for assistance for 2 years. Every worker, therefore, who loses his job from that plant thereafter gets that extra big fat benefit, while the rest of the workers laid off in the other plants do not get this benefit. It goes on for 2 years unless the President—as busy as he is and with the administrative machinery set up here—there is nobody, apparently, in charge of reviewing these things—unless the President decides to have a review of that determination. So, as a practical matter, what we are coming to is that this section is unworkable; that it is going to do more harm than good; that it is merely trying to pass out some extra privileges to a very small segment of our workers in this country in hopes that they can get the votes to pass the bill.

Mr. Chairman, I would support this bill if we could adjust it properly. I do not want to vote for the creation of second-class citizens among our unemployed—and that is just what this trade bill does. I shall vote for recommittal in hopes the Senate will clean the messy features out of this legislation.

Mr. MacGREGOR. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. MacGREGOR. Mr. Chairman, many of us strongly favor the principle of reciprocal tariff reduction. We believe strongly that when each country of the free world can channel the efforts of its workers, the know-how of management, and its capital investment into the production of those goods and products which it can produce most efficiently, the standard of living of all free peoples is bound to rise. Many of us do not quarrel seriously with titles 1 and 2 of the Trade Expansion Act of 1962; it is these portions of the act which represent the best work of the Committee on Ways and Means.

Title 3, and specifically chapters 2 and 3 under that title, give us cause for serious concern. In the words of two of the majority members of the Committee on Ways and Means, these chapters add nothing to the Trade Expansion Act, are unnecessary, and create unjustified expense and discriminations. To be more specific, the provisions relating to the weekly amount of trade readjustment allowances would serve to create two classes of unemployed. If this bill, as presently drawn, were to be enacted into law, we would be making second class citizens of all of our unemployed workers who could not directly prove that their joblessness resulted from foreign imports.

Late yesterday afternoon, the debate established the unwise inequities to result from this bill in two specific situations. Let us take the case of a company with 100 workers engaged in making products sensitive to foreign import competition; the company also does some defense business under contract with Uncle Sam. The company becomes damaged by an influx of foreign goods due to lower tariffs, finds it cannot compete, and lays off 10 men. The following week it is notified by Washington that part of its defense business is being allocated elsewhere. This results in the layoff of another 10 men. Does it make any sense that the second 10 unemployed are to be treated less favorably than the first 10? We are here asked to believe that this discrimination is perfectly proper, because the layoff of the first 10 men results from the exercise of the sovereign power of government while the second 10 have suffered from the exercise of the contract power of government. Do you suppose this legalistic distinction without a difference will prove satisfactory to the second 10 men who see the first 10 unemployed receiving benefits half again as great as theirs?

Take the case of two similar small businesses, each engaged in the manufacture of a product sensitive to foreign competition. Tariffs are lowered and each company begins to feel the pinch. Company A is blessed with progressive management, whereas company B adopts an attitude of "let the Government take care of us." Company A, through the exercise of initiative, enterprise, and hustle, manages to raise the necessary capital to conduct a thorough retooling of its plant so as to produce a new product which it hopes will be competitive. It must lay off its employees at the start of this retooling process.

Company B does nothing to help itself or its workers. It waits until the foreign imports boom is lowered and it must lay off its people. Under title 3 of the Trade Expansion Act as it now stands, the employees of company B would be treated much more favorably during their unemployment period than would the employees of company A. By giving a better break to the employees of lackadaisical company B than we give to the employees of progressive company A, we would be clearly legislating to discourage a company from using its own initiative to solve its own problems for itself and its workers. Do we really want to discourage private enterprise and to create added incentive for more dependency on Government?

Under title 3 as presently drawn, those who lose their jobs by reason of foreign imports will receive substantially higher weekly benefits in the form of trade adjustment allowances than the unemployment compensation paid to those jobless by reason of automation, natural resource depletion, or other domestic causes. In some States, the privileged unemployed would receive almost twice as much as the unprivileged. This bill would pay the privileged unemployed the full cost of moving to a new area, while the unprivileged unemployed would get nothing. The privileged unemployed could receive training benefits for a period of up to a year and a half, while the unprivileged domestic jobless are limited to a maximum of 1 year under the Manpower Retraining Act.

Mr. Chairman, it is my understanding that the Committee on Ways and Means was divided 13 to 12 on the issue of whether those unemployed by reason of imports should be treated more favorably than the vast number unemployed for all other reasons. I think it highly unfortunate that we are today operating under a Rules Committee action which prevents the entire membership of the House from working its will on this aspect of the Trade Expansion Act. However, the Committee on Ways and Means can still give to all of us in this body the opportunity to eliminate this proposed discrimination between classes of unemployed by offering a committee amendment to chapter 3 of title 3. It was widely reported in the press yesterday that such a move was being contemplated. I earnestly request the chairman and the members of the Committee on Ways and Means to give each of us the opportunity to improve the Trade Expansion Act by voting for equal treatment to every American so unfortunate as to be out of a job.

Mr. RIEHLMAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RIEHLMAN. Mr. Chairman, I am disappointed in the state of affairs existing here today. I have been a consistent supporter of reciprocal trade legislation in the past because I have always felt expanded trade to be vital to our national strength. I feel that my position has been valid through the years and that it is still valid, and I had hoped that I would be able to support a trade bill here today in which I had complete confidence. I regret that I am unable to express such confidence in the measure before us. There are several questionable features in this bill. The gentleman from New York [Mr. GOODELL] has just put his finger on a major provision which truly worries me. I am concerned about the adjustment assistance provision because of its inconsistency with the manpower retraining bill which the House passed earlier in the year and because of the adverse effect it would have on the unemployment compensation laws in the various States. I am also concerned that this provision will give our tariff negotiators a virtual license to reach agreements which will bring substantial injury to, if not elimination of, some of our industries.

I realize, as I am sure most of us do, that it is important for us to find a place in the great markets of the European Economic Community and I think our trade laws must be liberalized with this in mind. But I think it is unfortunate that the bill before us today has been so widely represented as the only vehicle for attainment of this trade affiliation with the Common Market. I do not feel that this is necessarily so and I think we would be wise to extend the present reciprocal trade program for another year to more thoroughly explore some of the controversial aspects of the approach embodied in this bill.

We do not know what will happen to the makeup of the EEC in the next year, nor do we know what will happen to its attitudes. We cannot state with any degree of certainty what our own economic situation will be in the coming year. As I have mentioned, I think we need to give more consideration to the adjustment assistance provisions. For these and other reasons I intend to vote to recommit the bill with the instruction that the present reciprocal trade program be extended for 1 year. Although I think the President needs more bargaining power than he has under the existing program, I would prefer to move ahead with caution.

If the recommittal motion fails, however, I will vote for the bill on final passage. I regret the bad features of this bill and will work in the future to have them eliminated, but I feel that, in the absence of any other alternative, the need to place the United States in a stronger bargaining position on world trade outweighs these other considerations. I consider it in the national interest to undertake this trade program rather than none at all.

If this bill is enacted, I consider it imperative that the President undertake immediately to give American industry a chance to be more competitive on the world market. By this I mean a reduction in the heavy burden of Federal spending, a reduction in the corporate income tax, and an overhaul of the tax structure to give industry greater incentives for the modernization of plant and equipment. We cannot undertake this trade program in good faith without giving American industry this consideration.

Mr. FRELINGHUYSEN. Mr. Chairman, I would like to commend the statement just made by the gentleman from New York [Mr. GOODELL]. His views deserve the most serious consideration. I truly regret that he did not have a more adequate opportunity to explain his well-provided reservations regarding the adjustment assistance provisions of this bill.

At the outset, Mr. Chairman, I should like to make it plain that I personally believe that the President must be given adequate tools, and reasonable freedom, to negotiate trade agreements with these nations. Having said this, I must add that I deeply regret that the House is being given so little freedom in developing sound legislation in this area.

As the gentleman from New York has just stated, the House Education and Labor Committee has considered in some depth this problem of what might be called adjustment assistance for those who are unemployed. This discussion occurred as a result of specific recommendations made by the President. As a result we developed the provisions of the Manpower Development and Training Act. I personally can see no reason why the guidelines laid down in that legislation, so recently signed by the President, should have been ignored during the consideration of what now appears as title III of this bill.

Unjustified differences in benefits to be provided to our unemployed, especially when these differences are major in character, cannot help but have undesirable results. I am not saying that adjustment assistance may not be needed if unemployment occurs because of foreign competition. However, I fail to understand why this unemployment should be considered of a different kind, necessitating greater benefits than other forms of unemployment.

These differences could easily be adjusted, Mr. Chairman, if only the opportunity were to be presented. The Committee on Ways and Means is to be congratulated for the improvements which they made in the bill as it was originally introduced. I can only say that I regret that somewhat closer consideration was not given in that distinguished committee to the specific program of adjustment assistance proposed.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, I take this time for the purpose of suggesting that this House could very well pay great heed to the remarks that we have just heard made by the gentleman from New York [Mr. GOODELL], who is one of the authors of the Manpower Retraining Act. The gentleman from New York knows what he is talking about. He has made this comparison here, and he has pointed out the flagrant discrepancies being created by this bill in the fact that if this provision remains in the bill, we also place in jeopardy the Manpower Retraining Act, which this Congress passed earlier this year.

Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. LINDSAY].

Mr. LINDSAY. Mr. Chairman, in my view this bill, the Trade Expansion Act of 1962, is the most important legislation before the 87th Congress. Indeed, I believe that it is the most important bill that I have seen on the floor of the House since I have been a Member. This bill marks the place at the crossroads where we in this country must choose between an inadequate status quo, and a new challenge put to us by a moving, changing, and advancing world. In my view, we have no choice. We must put this bill through as the very least that we must do to build a stronger America both at home and abroad.

This is not a partisan matter. Republicans and Democrats alike support it. General Eisenhower would have recommended the same were he President today. I commend the distinguished chairman of the Ways and Means Committee [Mr. MILLS] on his handling of the bill. And I commend the distinguished gentleman from Tennessee [Mr. BAKER] and the gentleman from Missouri [Mr. CURTIS], as ranking minority members of the Ways and Means Committee for their vigorous and courageous support of the bill. They do this in the public interest and in the interest of the free Western community.

Mr. Chairman, this country has prided itself on its ability to compete. We have always considered ourselves the best producers and the best salesmen in the world. The Yankee trader is the best trader in the world. Why should we doubt our powers now? Why should we lose our confidence in our ability to compete?

We in this Chamber who represent 435 constituencies should realize that this bill is a consumer bill. It is a bill in the best interests of that all-important but too often neglected group—the consumers of America. The consumers of this country represent no special pressure group. They cut across the board. They are labor and management, white collar and blue collar alike. The consumers of America are probably the least organized people in America. But they still represent the vast majority of Americans. And this bill, Mr. Chairman, will be for the aid and relief of consumers.

I receive mail all the time, Mr. Chairman, from my people back home—asking, pleading what can be done to stop the spiral of the cost of living—the big, big squeeze. Not an easy question. But one thing we can do is pass this bill. We should understand that one possible effect of this bill will be to force us to produce better and cheaper goods. And we must learn to do this or we will not survive in this changing world. We have no fixed position as the world's leading producer, seller, and exporter. Our position is always subject to challenge. And it is being challenged right now by the European Common Market. Europe is doing this, I would remind my colleagues, by and through the free enterprise system. We should welcome this challenge and be glad for it. And by the same token, Mr. Chairman, we must not allow our own people to go under because of circumstances that are beyond their control. That is why the bill has important safeguards and adjustment features.

Mr. Chairman, I have been one of the congressional delegates to the NATO Parliamentarians' Conference. I have spent some time in Europe and with Europeans, particularly with our parliamentarian counterparts. Recently, our chief point of discussion has been the desirability—the necessity—of creating a viable Atlantic Community based upon trade and economic ties. I have heard it said by some that Europe and the Common Market countries do not really want the United States to share in the new European prosperity. Now, I question this statement. Europe is constantly under the gun of military aggression—it has been run over before and conceivably the attempt could be made again. And Europe knows that its strongest defense is an alliance based upon durable economic ties between the countries of the Atlantic Community. This, my friends, is a far stronger and more lasting alliance than any military alliance can possibly be. NATO is one of our most effective instruments. But it needs the underpinning of an alliance based upon economic, social, and cultural ties. Responsible leaders in Europe know this, and they know that concepts of economic isolationism do no one any good this day and age.

Finally, Mr. Chairman, I cannot accept the argument that this bill has insufficient safeguards for American industry and American workers. The bill, in my judgment, has ample safeguards. In fact, in some respects, these safeguards are more liberal than the safeguards contained in the present law. The Executive is not free to enter into any agreement with another country until the matter has in effect lain on the table for 6 months. The gentleman from Tennessee [Mr. BAKER] saw to it that ultimate and effective and responsible congressional control is retained in the Ways and Means Committee and in the Congress. In this he was joined by our distinguished colleague from Missouri [Mr. CURTIS].

Then there are the adjustment features—technical assistance, loans, and tax relief to firms and cash allowances and retraining for workers. These features are essential, Mr. Chairman. I do not agree with all of them. A couple of them I think are loosely drawn. But they will perform a necessary function. It is one thing to pass a liberal reciprocal trade bill. It is another thing to let it work. It seems clear to me that in the absence of alternative relief measures the Executive will not be able to withstand the pressures to grant tariff relief. These pressures will come from management and labor and from the Congress itself. Here then is an alternative, under which tariff relief can be avoided, but relief granted. This is not only fair, but absolutely necessary if the program is going to be permitted to work.

There is a safeguard, also, in the provision for a single trade negotiator, who will be subject to confirmation by the Senate. This pinpoints responsibility, which in the past has been scattered. Further, two Members of the House and two Members of the Senate will be accredited members of the U.S. trade agreement delegations.

Now, Mr. Chairman, allow me to review in greater detail some of the reasons that lead me to the conclusion that the motion to recommit this bill to the Ways and Means Committee should be defeated.

Congress has renewed its commitment to reduction of tariffs 11 times since 1934, the year of passage of the Reciprocal Trade Agreements Act. The temporary authority granted to the President in the most recent Trade Act, passed in 1958, nears termination. Today that authority is no longer capable of advancing American economic and political interests in a revolutionary world. I strongly support adoption of a broader tariff-negotiating power as envisioned in H.R. 11970.

The Congress and the public should recognize that those who favor the status quo with regard to trade policy pursue an illusory goal. Conditions in the 20th century change overnight. Involvement with the status quo quickly becomes a commitment to the past. I urge those who look to the past in search for a viable national trade policy to redirect their view to effectively meet the challenges of the present and future.

Two developments within the last decade demand liberalization of our trade policy: the first is the increasing emphasis of the Soviet Union upon the economic front of the cold war; the second is the spectacular success of the Common Market.

Premier Khrushchev declared economic war on the West with this statement:

> We declare war upon the United States in the peaceful field of trade. The threat to the United States is not the intercontinental ballistic missile, but in the field of peaceful production.

This declaration has been implemented by a buildup of Soviet markets in underdeveloped countries at the expense of the Western nations. In 1953 the Soviet Union had signed trade pacts with only three underdeveloped countries. By 1961 the Communist bloc had signed 206 bilateral trade agreements with 32 countries. The fact that the Communist economy is subordinate to political aims allows expedient manipulation of economic forces. Such flexibility enables the bloc to buy surpluses of primary commodities from troubled countries in the unstable world market. This strategy has given the Soviet Union a foothold in permanent trade relations with Iceland, Egypt, Burma, and Ceylon.

The outcome of the cold war will be largely determined by the ultimate acceptance or rejection of communism by the underdeveloped nations of the world. This choice will be strongly influenced by the nature of the trade relations between the underdeveloped countries and the United States and Western Europe. Our national security demands that our trade policy provide for increased trading between the United States and the underdeveloped countries. Without such liberalization of policy, our ability to win the cold war is doubtful.

The second development which our national trade policy must reflect is the growth and success of the Common Market. Since the year of its organization in 1957, the Common Market has moved well ahead of schedule toward its dual purposes of elimination of internal tariffs and adjustment of external tariffs to a common level. From the standpoint of the United States, increasing integration with the Common Market is both politically and economically desirable. Increasing economic integration of free nations will have a significant effect on the world balance of power as Russia's repeated denunciations of the Common Market suggest. The economic stakes are equally high. When Europe's economic union is more fully realized, the Common Market and the United States will concentrate 90 percent of the free world's industrial output within their two markets. Unless the United States can place American industry inside the external tariff wall of the Common Market, 40 percent of American exports of manufactured goods to Europe will be lost, with smaller losses of exports of agricultural commodities and raw materials. American manufacturers cannot compete within the Common Market with the duty-free products of the member countries. When one considers that about 1 out of every 5 or 6 factory workers in the United States owes his job directly to producing for the world market, and that approximately half of our manufactured exports go to Europe, the loss of 40 percent of the European market for manufactures would be a staggering blow to our economy. A lowering of trade restrictions on goods moving between the United States and the Common Market is the only insurance against the loss of Europe as a market for American exports.

The national welfare, therefore, demands that our new trade policy include provisions which would open up trade between the United States and the underdeveloped countries of the world and would lower or eliminate restrictions on goods moving between America and Europe.

H.R. 11970 includes provisions which satisfy both demands. This bill gives the President authority, for a 5-year period—a necessary length—to reduce or eliminate tariffs on any item of which the United States and the Common Market produce 80 percent of the world supply, if the Common Market agreed to lower its tariffs on the item. Unlike existing law, H.R. 11970 would allow the President to negotiate by categories of items rather than on an item-by-item basis. This is a most important feature.

It has the added advantage of spreading the risk among domestic producers. But more important, the bill provides the mechanism by which the United States and the Common Market can, through negotiation, substantially liberalize their trade relations. I am confident that these negotiations will be fruitful. They can result in an unprecedented growth of trade with proportionate benefits to the economies of the countries involved. The political benefits of such cooperation would be, as I have suggested, at least as significant as the economic benefits. Economic alliances are intrinsically stronger than military alliances.

For example, possibilities offered by trade policy in waging the cold war in underdeveloped countries are recognized in the authority given the President to reduce or eliminate duties on any tropical agricultural or forestry commodities which are not produced in significant quantities within the United States. A condition of this authority is comparable reductions or eliminations of duties by the Common Market without differential treatment of underdeveloped countries. These commodities are defined as tropical if their principal production occurs between the 20-degree latitude lines.

A glance at a world map reveals the critical area which lies between these two latitudes. Included are about 100 countries and islands in Latin America, Africa, and Asia which are the major world sources for tropical agricultural commodities and primary products. Liberal trade relations between these countries and the United States would be necessary even if one could ignore the Communist threat. Key agricultural exports from this zone include rubber, cotton, wool, timber, cocoa, sugar, coffee, and tea. Indispensable exports of raw materials or crude minerals include oil, tin, copper, lead, zinc, iron ore, manganese, nickel, aluminum, and diamonds. Economic need for these raw materials justifies a liberal commercial policy in our trade relations with the tropical countries. But we dare not forget that the Soviet bloc is steadily increasing its trade with many of the countries of this vital zone and that the pattern of our age underlines the connection between economic and political dependence. I cannot understand criticism of a liberal trade program between the United States and the underdeveloped countries of the tropical belt. Either Soviet activity or our need for their products warrants an opening of trade barriers. The two taken together constitute an unassailable argument for leveling trade barriers.

Expansion of international trade and multilateral trading will benefit this country in the long run. I am amazed that after 28 years of Federal commitment to a liberal trade policy the economic advantages of this kind of policy are not universally recognized. Increased production abroad will cause an increase, not a reduction, of American exports abroad. Manufacturing countries provide a far greater market for exports of manufactures than nonindustrial countries. In 1955, although trade restrictions existed, exports of manufactures from industrial to other industrial areas amounted to about $53 per capita; to nonindustrial areas, about $11 per capita. Industrialization of underdeveloped countries will boom the U.S. export market. Data from countries in the early stages of industrialization indicates that imports of manufactures have increased faster than has production of manufactures. The point is that industrialization in newer countries represents an opportunity for expansion, not a threat, to the manufacturing industries of the older industrialized countries. This opportunity depends upon the existence of three essential economic conditions in the industrial country.

First. The economy of the country must be healthy and expanding.

Second. Liberal commercial policies must prevail so that underdeveloped countries can industrialize.

Third. Industry in the developed countries must be able to adjust in order to profit by the economic growth of underdeveloped countries.

The third point is indispensable to economic expansion. The industrialization of underdeveloped countries need threaten America only if her political and industrial leaders react defensively out of fear and hostility.

The adjustment assistance provisions of H.R. 11970 will allow American industry to accept the opportunity of expansion without some of the severe immediate problems of adjustment. Our liberal trade policy has been hampered in the past by peril-point and escape-clause provisions which have overly protected American industry from the need for adjustment in the face of import competition. H.R. 11970 includes a fair and reasonable escape-clause provision, but the attitude of the Administration indicates that this will be used sparingly. Tariff increases will no longer be the only remedy for import injury. While the overall effect of this trade policy on the American economy will be good, adjustment will involve some immediate hardship. That this hardship should be alleviated is consistent with the objectives of freer trade. We cannot expect those injured by import competition, as a result of governmental action, to pay the full price for the benefits of trade expansion.

Adjustment assistance is offered in the form of technical assistance, loans, and tax relief to firms and cash allowances and retraining for workers. Firms and workers will not be sheltered from competition; they will be helped toward greater efficiency and productivity. We should not expect our State compensation systems to accept the burden of import unemployment caused by a national trade policy. We must accept a national responsibility for dealing with adjustment injuries. And we must be realistic about this bill.

The adjustment assistance program will necessarily contribute toward a more determined effort to open channels of trade. The program will increase our competitive ability by providing more security for our workers. It will lessen the pressures to invoke escape-clause provisions which will result in higher tariffs. The individual who suffers because his legitimate interest has been overridden by his country should not be expected to adjust to these problems entirely on his own. The adjustment features, therefore, are not only desirable from the point of view of the overall objectives of the bill, they are fair and necessary.

The combination of a liberal trade policy and adjustment assistance offered in H.R. 11970 elicit my strong support. The direction of our present tariff policy, the growth of the Common Market, and our role as political and economic leaders of the free world all dictate that this bill must pass.

Mr. Chairman, in my judgment the United States is at the crossroads in this bill, and there is only one direction that it can go. It must not retreat into the past. It must stay with the times and look to the future.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may require to the gentleman from New Jersey [Mr. FRELINGHUYSEN].

Mr. FRELINGHUYSEN. Mr. Chairman, I should like to commend the gentleman from New York [Mr. GOODELL] for his statement and ask unanimous consent to extend my remarks at the conclusion of his statement.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I thank the gentleman for the 3 minutes he has yielded me. It is what is left of the 10 minutes promised me when this debate started.

Mr. Chairman, I have never seen that rose garden at the White House they talk about so much, but I would like to see it today. I would like to see how much traffic went through the rose garden last night and this morning in connection with the pending bill. Yesterday I heard the gentleman from Louisiana [Mr. BOGGS] deliver a long speech in support of this free trade bill. Less than a year ago, Mr. BOGGS appeared before the Ways and Means Committee seeking protection against the importation of foreign shrimp. Last year he was a protectionist; today he is a free trader. It is hard to understand how individuals can shift positions with such ease, but I guess it can be done.

Last week we had a farm bill before the House and all Republican Members but one, as I remember the voting record, opposed the bill. One of the prime reasons why they voted against the Kennedy-Freeman farm bill was because of delegated and dictatorial power to the Secretary of Agriculture. I wonder what will happen this afternoon when we come to a vote on this bill. I wonder if the Republicans will give to the President of the United States, under this bill, the untrammeled and unconscionable power that it delegates to him. It is going to be interesting to watch how this vote goes, as compared with last week.

I would like to ask the gentleman from Arkansas [Mr. MILLS], a question. In

1959, there was imported 1,300 million pounds of beef which displaced 433 million bushels of corn that was in surplus that should have been used for feed. In 1960, there was imported live or the carcass equivalent of 1,504,000 head of beef, 1,341,000 head of hogs, and 1,105,000 head of sheep and lambs.

This means that we displaced in 1960 alone 30 million acres of production in this country. How will the farmers of America figure in the plush payoff set up in this bill for damaged industries?

Mr. MILLS. As the gentleman says, we imported about 4.8 percent in 1958 and 5.4 percent in 1961. At the same time our exports increased better than 40 percent.

Mr. GROSS. Let me interrupt the gentleman for a quick comment. The gentleman conjures up the old story that the imports of foreign agricultural products are only a small part of our production in this country. Let me quote a statement by Candidate Kennedy. In a speech in New York on October 12, 1960, Candidate Kennedy said this:

> Frequently imports may be only a relatively small percentage of our domestic market, 2 or 3 percent, but it breaks the price of the other 97 percent.

The gentleman does not quarrel with President Kennedy's statement in 1960, does he, as to the relative importance of a small amount of imports?

Mr. MILLS. What I am trying to point out to the gentleman is that this thing works two ways. We are exporting beef, hides, and things like that, as well as importing some beef and veal. For example, we exported in 1961 in the neighborhood of $90 million in hides. I might say to the gentleman the loss of our exports can really break prices.

Mr. GROSS. There is very little true barter and sale of the agricultural products that we send overseas, and the gentleman well knows that, too. He knows that a very substantial amount of our agricultural exports are given away as grants in aid or are paid for in currencies of the receiving nation with the agreement that the currency must remain in the country and be spent there with nothing returned to the U.S. Treasury. So-called loans are also made to foreign countries which will never be repaid but which are used to purchase agricultural and other commodities. The claim that billions of dollars of our exports are on the basis of true barter and sale is as phony as a $3 bill.

Mr. Chairman, I regret there is not more time available to explode more of the myths of some of the arguments that have been advanced. Let me say in conclusion that you cannot put American industry, labor, and agriculture on a world price level and I warn those of you who vote for this bill that you will live to see the day when you regret your vote.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, this morning I received an analysis of the manpower sections of this bill from the gentleman from New York [Mr. GOODELL]. I listened to his remarks today and understand he is inserting his letter in today's RECORD. The amendments outlined by him are necessary.

I am constrained to oppose the trade bill as reported out by the Committee on Ways and Means—not because I do not believe that we and the other nations of the free world will benefit from a greater exchange of goods and services. I have serious doubts whether this bill will accomplish this purpose and I know the manpower and industry subsidies in this bill will do serious harm to our economy.

I also feel strongly that there is no need for haste in adopting this new trade legislation. We are putting the cart before the horse. We should first find out the direction which the Common Market will take. If that economic union does pose a problem for the United States, our action should be directed specifically to the solution of that problem. If the actions in Canada this past week pose a problem, our action should be directed to a solution for that problem. We are being asked to enact legislation to liberalize our tariffs while at the same time the Common Market, Canada, and other parts of the world show every indication of moving in the opposite direction.

The United States has given billions of dollars in foreign aid to the European Economic Community. American forces are their first line of defense. The European Economic Community shares equally with us the benefits of our superior nuclear striking capacity, maintained at a tremendous cost to the American taxpayer. This is no time for us to be calling on them with our hats in our hands.

Through widespread propaganda, the Kennedy administration has sought to create the impression that this trade bill must be enacted forthwith or the doors of the Common Market and world trade will be forever closed to American industry and agriculture. If that were correct, we should be prepared to take retaliatory measures. Factually this is not correct. It is ironic that after 15 years of granting economic assistance to Europe and the rest of the world, we are told that the American taxpayer, American industry, and American labor must be prepared to make further sacrifices, or our goods will no longer be welcome in Europe or in other parts of the free world.

Similarly, the administration propagandists would like to paint a very simple picture of the issue. Either you are for the trade bill, or you are a "protectionist"—and the term "protectionist" is used by the liberal press as the epitome of opprobrium. That is a gross falsification of the issue. I strongly favor reciprocal trade.

I am not prepared to grant to the Kennedy administration authority to decide that some American industry or the jobs of any group of workers are "expendable" because a Government bureaucrat in the State Department—not the Congress and not the American people—decides that it is in the "national interest" to sacrifice that industry, or the jobs of that group of workers in order to obtain some trade concessions—not for the United States—but for some other nation, such as Japan, the British Commonwealth, or the Latin Americas.

It might be all right to say that we should be prepared to make some sacrifice in the national interest, but who is to determine what is in the national interest? The Congress and the American people should be a party to that decision after having been apprised of all the facts. Instead, we have closed-door meetings abroad at which decisions are reached, which we do not even know about. After the fact, the Congress is no longer in a position to take remedial action.

I agree that the President should be granted authority to negotiate for reciprocal trade concessions. I am not even convinced that such authority should be restricted—as the committee bill does—by the limitation that tariffs cannot be reduced below 50 percent of the existing rate of duty. In some cases, it may be very dangerous to reduce tariffs to 50 percent of the existing rate. In other cases, it may be that tariffs could be completely eliminated without harmful effects to American industry and labor. I would support a broader grant of authority to the President, with the overriding limitation that duties would not be reduced to a point where an American industry or the jobs of a group of American workers would be jeopardized. If this does not leave us any leeway for further negotiations—as some administration spokesmen claim—then we should not have any trade bill.

In opposing the provisions for adjustment assistance, I am not opposed to the thought that we should help those industries and those workers who might be injured. I am opposed to the concept that we should deliberately bring about such injury as a part of our trade policy in order to obtain concessions—not necessarily for the benefit of other American industries or American workers—but possibly for the benefit of the industry and workers of Japan, the British Commonwealth, Latin America and any other free nation not a member of the Common Market. If that is the definition of "national interest"—which the administration intends to use as its guide in administering this law—I am opposed to the grant of authority.

I fully recognize that in any trade negotiations there may be errors of judgment. Irrespective of a policy to the contrary, our negotiators may inadvertently reduce tariffs below the danger point. I am not opposed to the granting of assistance to such firms or workers as are injured thereby. There are already provisions under existing laws to provide such assistance, including, the Manpower Development and Training Act, the Small Business Act, the Small Business Investment Act, the Area Redevelopment Act.

The Manpower Development and Training Act, which we just passed, was specifically intended in part for the retraining of workers displaced by foreign competition. If the act is inadequate, it should be amended.

The Small Business Administration is in being, ready and able to take care of the financial needs of any firms which may be injured by foreign competition—and believe me, any firm which could qualify under the committee bill would be more than likely to qualify under the definition of a small business. The test for qualification implicit in the committee bill would serve to rule out any large diversified company.

As evidence of the Federal activities in this area I refer you to the Federal budget for fiscal 1963. The activities of the Departments of Commerce, Health, Education, and Welfare, Labor, and several independent agencies, devoted to the assistance of firms and workers, are scheduled for appropriations totaling $1.7 billion. I would like permission to insert a schedule showing a breakdown of this amount at the conclusion of my remarks. Certainly, with such a varied scope of Federal authorizations, the problem of displaced workers and the financial need of firms inadvertently injured as a result of our trade negotiations will be provided for. The committee bill merely superimposes another additional program on a special basis, which largely duplicates existing activities of the Federal Government. There is no justifiable basis for treating the economic problems resulting from import competition any different than the other economic causes of chronic unemployment.

Mr. Chairman, I wish to insert at this point a table on "New Obligational Authority and Expenditures for Assistance to Workers and Industry."

New obligational authority and expenditures for assistance to workers and industry,[1] *fiscal 1963 (estimates)*

[Dollars in millions]

	Expenditures	New obligational authority
Department of Commerce: Area Redevelopment Administration	122	64
Department of Health, Education, and Welfare:		
Office of Education:		
Salaries and expenses	12	13
Promotion and further development of vocational education	34	35
Area vocational education (National Defense Education Act)	14	15
Promotion of vocational education, act of Feb. 23, 1917 (Smith-Hughes)	7	7
Total, Office of Education	67	70
Office of Vocational Rehabilitation	107	112
Total, Department of Health, Education, and Welfare	174	182
Department of Labor:		
Office of the Secretary:		
Salaries and expenses	2	2
Area redevelopment activities	15	15
Manpower development and training	60	100
Youth employment opportunities	60	75
Total, Office of the Secretary	137	192
Office of Automation and Manpower (new)	855	900
Bureau of Veterans' Reemployment Rights	1	1
Bureau of Employment Security (employment service and unemployment compensation)	129	133
Total, Department of Labor	1,122	1,226
House and Home Finance Agency: Urban planning grants (Housing Act of 1961 and the Area Redevelopment Act)	10	20
Veterans' Administration: Veterans' readjustment (education and training)	84	84
Small Business Administration	222	306
Grand total	1,734	1,882

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[1] From the 1963 budget, submitted Jan. 18, 1962.

Mr. Chairman I would like to insert in the RECORD at this point two letters from the Wisconsin State Industrial Commission opposing features of this bill, H.R. 11970:

INDUSTRIAL COMMISSION OF
THE STATE OF WISCONSIN,
June 18, 1962.

To Each Wisconsin Congressman:

You should be concerned, as a Representative from Wisconsin, as to how the pending Trade Expansion Act of 1962, will—or, rather, will not—apply in Wisconsin.

The attached industrial commission letter of April 4, as to the unemployment benefit features of H.R. 9900, applies equally to the currently pending version of the trade bill, H.R. 11970. We urge you to reread the attached letter.

Wisconsin will not be able to pay the proposed Federal "trade readjustment allowances" (for workers unemployed because of the act), in view of these direct conflicts with Wisconsin's State unemployment compensation law:

(a) The proposed Federal benefit formula would require a weekly Federal supplement, on top of any State unemployment compensation benefit check the worker might otherwise draw; and

(b) H.R. 11970, in section 331(c), specifies that each State agreement "shall provide that unemployment insurance otherwise payable to any adversely affected worker will not be denied or reduced for any week by reason of any right to allowances under this chapter."

Wisconsin cannot sign such an agreement. Our State law expressly forbids, on principle, any such double payment (under two laws) for the same week. Compare the attached letter.

Several dozen other State laws have roughly similar prohibitions. So the proposed Federal benefit program would apparently violate a majority of State laws, including Wisconsin's.

Should the Congress enact a weekly benefit formula—and an "agreement" clause—which are directly contrary to the relevant provisions of a majority of State laws?

We do not think so. And we believe you'd want us to call this pending issue to your immediate attention.

Sincerely,

PAUL A. RAUSHENBUSH,
Director.

INDUSTRIAL COMMISSION OF
THE STATE OF WISCONSIN,
April 4, 1962.

Hon. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
House Office Building,
Washington, D.C.:

The proposed trade readjustment allowances—for jobless workers—are really unemployment compensation benefits. They should, therefore, be considered and appraised as unemployment compensation benefits—in relation to the benefits now being paid (a) under State unemployment compensation laws, and (b) under various Federal unemployment compensation laws.

In effect, H.R. 9900 proposes a new—and rather complicated, and remarkably different—Federal unemployment compensation system, with more weekly dollars, and many more weeks, for a rather small group of workers. Why?

Those workers who could qualify for the proposed trade allowances would have substantial jobless benefit rights under their own State unemployment compensation laws—even if H.R. 9900 made no provision for special unemployment compensation benefits. Such workers could then draw the same amount and duration of State jobless benefits as will apply to their neighbors, when laid off (for any reason) with a like record of work and wages.

Why give preference to those laid off for a selected reason, by paying them higher and longer benefits? That would sharply discriminate against the great majority of jobless workers—laid off for other reasons, such as automation, or termination of defense contracts, or U.S. tax or credit policies, or interproduct competition, or intercompany competition, or even foreign competition. (There's no superior virtue in federally caused unemployment. Even trade expansion layoffs may be partly due to out-of-date methods, location, etc.)

State benefit levels can properly apply to federally caused layoffs. They now do—in clearer cases than H.R. 9900 may produce. State benefit levels apply to laid-off Federal employees, by Federal law. So too with recent ex-servicemen, by Federal law. The same principle should apply here.

Yet H.R. 9900 proposes a new higher Federal level of weekly jobless pay, for its chosen few—65 percent of the individual's gross average weekly wage, figured by Federal formula, up to a national maximum of 65 percent of the national average weekly wage of production workers in factories. That formula would require a weekly Federal supplement, on top of any State unemployment compensation benefit check the worker might otherwise draw.

Wisconsin's law expressly forbids any such double payment, or Federal (federalizing) supplement. So Wisconsin could not sign the administrative agreement intended by H.R. 9900. The State's unemployment compensation statute plainly specifies:

"108.04(12) (b) Similarly, any individual who receives, through the commission, any other type of unemployment benefit or allowance for a given week shall be ineligible for benefits paid or payable for that same week under this chapter.

"(c) Any individual who receives unemployment compensation for a given week under any Federal law through any Federal agency shall be ineligible for benefits paid or payable for that same week under this chapter."

As to the total number of weeks for which the proposed new Federal trade readjustment allowances might be paid, that total tops all previous figures. The Temporary Extended Unemployment Compensation Act of 1961 permits a combined (State and Federal) maximum total of 39 weeks. H.R. 9900 proposes 52 weeks; but even that isn't all. For those over 60, it's 65 weeks. For those in long retraining courses, the total could be 78 weeks—1½ years.

Any new Federal unemployment compensation system of that sort, even for a small group, would surely be used as a springboard for "federalizing" all State unemployment compensation laws—in the same general direction. Is that what Congress wants? Is it a better answer than could be developed along retraining lines?

MATHIAS F. SCHIMENZ,
Chairman.
R. G. KNUTSON,
Commissioner.
CARL E. LAURI,
Commissioner.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Chairman, tariff policy and the extension of foreign trade assuredly is one of the most important issues of our time. I have always advocated policies to promote and encourage exchange of goods between nations. Even before President Kennedy made his recommendations to the Congress I was wrestling with this problem, trying to determine in my own mind what course the Nation should take in connection with the European Common Market.

Frankly, Mr. Chairman, when H.R. 9900 was introduced I was very unhappy with certain of its provisions. While I share the President's viewpoint as to objectives I had grave misgivings especially as to his request for additional powers and also as to his plan for establishing a program of allowing American labor standards to be undercut and industry to be injured under a system of compensatory government compensation.

Mr. Chairman, I was especially conscious of the problem of injury to industry in view of the Pacific Northwest lumber situation. There we have been suffering from Canadian lumber imports and have seen our soft wood lumber industry lose its markets to low cost foreign competition; so much so that American capital is investing in Canadian timber and United States mills are being dismantled and being sold for operation in Canada. The American lumber workers are increasingly unemployed and the outlook is indeed dismal.

My testimony on the lumber situation is in the record of the hearings and likewise I tried to give the Committee on Ways and Means something of the problem of our Pacific Northwest fishermen and fishing industry due to foreign competition.

Yet, Mr. Chairman, as I said at the start, I am a firm believer in exchange of goods between nations and had hoped that any legislation reported to this House would improve on the present reciprocal trade program without removing protection against unemployment and bankruptcy of industries. The policy of the Republican Party which I have espoused calls for the expansion of free world trade to all nations but with the achievement of this objective being realized in the context of sound policies that will keep American products competitive.

In reporting out H.R. 11970, which the House is considering today, the Ways and Means Committee in several respects improved on the President's original proposal, although much of the deficiency of H.R. 9900 remains. H.R. 9900 was a complete surrender of the Congress to the Executive of its constitutional authority over trade matters without an opportunity for those adversely affected to be heard except at the discretion of the Executive. H.R. 11970 is somewhat more nearly in conformity with existing law and is improved in part in that it provided for retaliatory power to the Executive where other nations discriminate against U.S. imports.

However, as I said, H.R. 11970 includes so-called adjustment assistance to injured industries and employees; that to me could be an ill-advised adventure into Government boondoggling and handouts.

Also, Mr. Chairman, the bill as reported by the committee is almost a complete surrender of congressional authority and responsibility to the Chief Executive. Unfortunately the House will have no chance to offer amendments and the question is simply a matter of taking the bill as it is or not.

Mention has been made that there will be a recommittal motion which in effect would continue the present Reciprocal Trade Act for 1 year in place of accepting the provision of this bill.

The President in his press conference yesterday indicated that extending the expiring law for 1 year would defeat the purpose because we have exhausted power given under the present law and used up all its bargaining power which is needed in connection with the Common Market.

This argument, Mr. Chairman, it seems to me, is not in accordance with the facts. At the last meeting of GATT in Geneva, arrangements were made for certain tariff reductions which have not gone into effect. On July 1 of this year most U.S. duties will be reduced—20 percent in two yearly stages, 10 percent in each stage. So that under the proposal to extend the present law for 1 year there would continue to be tariff reductions.

The idea of taking a good look at the effect of these new tariff reductions plus studying new developments of the Common Market and other developments appeals to me. The Congress could act next year on the basis of these developments and more intelligently could determine what is best in the national interest.

Reference has been made earlier in this debate as to the fact that our neighbor to the north, Canada, has just increased tariffs, and this on top of her having devaluated her dollar to 92½ cents. Canada has increased her rate of interest and in view of the close connection of the respective economies of Canada and the United States it seems to me it would be prudent to delay action on our tariff act for this 1 year. Also, it seems advisable to wait and see what Great Britain does with regard to joining the Common Market and what she does with regard to her empire preference. Altogether I am persuaded that we should not be hasty.

Frankly, Mr. Chairman, I am greatly perplexed with regard to my own vote in the event that a 1-year extension of the Reciprocal Trade Act fails.

There is the matter of giving power to the Executive. The ever-growing concentration of power in the Chief Executive and the corresponding loss of power in the legislative branch worries me greatly. I have thought about this a great deal and recognize that at times it is necessary to delegate our authority but I would hope that the House could establish a rule under which no such delegation of power could be extended for a period of more than 2 years.

This bears on the power of the people. The people delegate authority to Members of the House as their Representatives for 2 years. If the people wish to revoke that power they can do so at the end of this period by replacing their Representatives with others of differing views. I would think that by the same token the Representatives properly should not delegate their authority to the President for any longer term than their own, namely 2 years. Thus, any new Members, with differing views, could revoke that authority after they had replaced the Members who had voted to delegate that authority.

So I say, Mr. Chairman, this provision to give the President 5-year authority bothers me and I only regret there is no opportunity given the House to amend the bill.

I repeat that I wholeheartedly support the objective of expanded worldwide trade and recognize that special circumstances exist with regard to the European Common Market. Nevertheless I am conscious of my responsibility to view the effect of any trade extension bill on the people I represent. I mentioned the lumber industry where it is apparent that adequate recognition has not been given to its problems in H.R. 11970, as presently written. I am informed by the National Lumber Manufacturers Association that their industry believes that a realistic system for handling their problems is not in this bill. It is the view of the lumber industry that an effective escape clause should be provided.

Other businesses in my district have written me that they oppose H.R. 11970 because it repeals existing safeguards from destructive import competition. Here again the present peril-point provision would be replaced under the new legislation so that it becomes virtually meaningless; the Tariff Commission's role would become almost a study group. Congressional action would only occur after an agreement had been made and injury sustained. As one constituent described it, Congress would hold an autopsy to the corpse rather than a diagnosis of a living body.

Title III of the new bill worries me greatly. Unemployed persons because of increased imports would receive 65 percent of gross weekly earnings and benefits would continue for 52 weeks. The difference between this and unemployment benefits worries me.

My perplexity comes with how the closure of a plant and the laying off of workers would be determined as far as imports are concerned. If imports affected a few workers in turn the effect might be far reaching and I think that the administration of title III would be very difficult.

One plant might be closed by imports and its competitor be shut down for some other reason. There would be great confusion as to retraining of employees of the two plants. Altogether I would hope more study could be made of title III and this in turn leads me to think it advisable to extend the present act for 1 year.

A policy of allocating Federal funds to phase out an industry as an alternative to tariff relief to maintain an industry injured by imports is certainly far reaching. For the first time in our history we would have a policy of considering jobs and employees as expendable. This is a new principle with many ramifications of utmost gravity and utmost danger to our economy.

I suggest we should move slowly.

I have in mind that Congress devoted more than 14 years to the development of so-called peril-point and escape-clause provisions to protect our high American wage standards. These admittedly are not perfect provisions but they would be virtually destroyed if H.R. 11970 is passed.

Mr. Chairman, after struggling with this issue with its many pros and cons I believe it best to withhold any radical change for 1 year. Therefore I shall support the motion to continue the Reciprocal Trade Act, and if that motion fails I see no alternative but for me to vote against passage of this bill. I cannot vote for Government doles and bureaucracy coupled with long-term surrender of congressional authority and responsibility to the Chief Executive. It is very difficult and distressing in this instance not to be able to vote for a proposal to extend world trade. If the House could have had a chance to vote on a few amendments which have been discussed I think I would be voting otherwise. Indeed I do hope next year to be in support of a new program designed to meet changed world trade conditions as they develop. Until then I urge a 1-year delay.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. SIKES].

Mr. BYRNES of Wisconsin. Mr. Chairman, under previous agreement, I yield 5 minutes to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, I have the highest regard, the greatest admiration for the distinguished gentleman from Arkansas, the chairman of the great Committee on Ways and Means. He is brilliant, sincere, and persuasive. I have followed his leadership many times on many difficult bills. May I say, they are not getting any less difficult, and on this one I must part company with him.

At the present time the Congress cannot know what the facts are in regard to many matters which have been advanced as reasons why the trade bill should be enacted. The Congress cannot know what the effect on our exports will be by the erection of the Common Market's tariff wall. The Congress cannot know what new countries will become members of the Common Market. Particularly, we cannot know whether the United Kingdom will join the Common Market and, if so, what disposition the United Kingdom will make of Commonwealth preferences.

The Congress has no basis for believing that the elimination of duties or even a 50-percent reduction in duties, as proposed by the pending bill, would accomplish the administration's objective of doubling our export surplus while maintaining our imports at a constant level. In fact, the Congress can know from the import trends of recent years that our imports will increase at a faster rate than our exports. For it is true that the United States, with its low duties and high internal costs, is largely an open market now for the products of the rest of the world.

The Joint Economic Committee of Congress found U.S. industrial tariffs average 11 percent, among the lowest of the nations of the world. As reported in the June–July 1962 publication of the Chase Manhattan Bank, "Report on Western Europe," the U.S. competitive position, though strong, has weakened since the early postwar years. Our share of total world exports has been declining, and our share of manufactured exports has been declining faster.

The National Industrial Conference Board in 1960 asked 91 U.S. companies with operations in Western Europe to compare their European costs of operation with our domestic costs. The conference board found from this survey that operating costs in the Common Market and in Britain run below operating costs in the United States. Taking into account higher U.S. productivity, the conference board found that the labor component of production in the Common Market still costs little more than half as much as in the United States.

These facts are known to the administration. Under Secretary Fowler in his Atlanta speech stated that—

> It is well known that Western European producers have been modernizing more rapidly than have producers in the United States, and that their productivity has been increasing as a result. This allows them, through improved quality and lower unit costs, to be more competitive than ever in world markets.

As a result, U.S. exports of finished manufactures declined slightly from 1957 to 1961—from $11.8 to $11.7 billion, while U.S. imports increased by more than 40 percent—$3.5 to $5.1 billion.

Now here is a point to consider. Although the average rate of duty imposed by the United States on dutiable imports is low—12.2 percent in 1960—the total duties collected are an important component of our balance of payments. In 1960, we collected $1.078 billion in duties. With the increase in imports since that time, the total duty collections can be expected to be somewhat larger than the $1 billion figure reported for 1960.

The Treasury Department estimates that this year the deficit in our balance of payments will be about $1.5 billion. If we were to eliminate all duties and indulge in the assumption that the volume of imports would remain constant, the balance-of-payments deficit would be increased by 66⅔ percent. The duties that we are currently collecting, therefore, contribute importantly to reducing our balance-of-payments deficit. This fact was acknowledged rather forcefully by the Assistant Secretary of the Treasury, John M. Leddy, in testifying before the Senate Finance Committee on June 20 concerning the sugar bill. Assistant Secretary Leddy was advocating the imposition of an import fee on sugar. He stated that—

> The balance-of-payments savings of $130 to $160 million which could be realized through the import fee would be a significant benefit. It is essential that we adopt all practicable measures to solve our balance-of-payments problem and strengthen the international monetary system which is centered on the dollar. I, accordingly, urge that this committee accept the proposals of the administration for sugar legislation which would provide for the application of import fees.

Mr. Chairman, I am willing to take the administration's advice that we look to import fees as an important and significant measure to solve our balance-of-payments problem.

The Congress would be acting blindly and in direct contradiction of the facts if it were to accept the proposition advanced by proponents of this bill that giving the President the power to eliminate entirely our import duties or, in any event, to cut them by 50 percent, would contribute to a solution of our balance-of-payments problem.

We do have a balance-of-payments problem, as we have been reminded many times. Our neighbor Canada has just embarked upon a more simple solution of this problem than is proposed here. She is raising tariffs.

There are other important facts which the Congress cannot know at this time which are essential to our consideration of any tariff and trade bill. One of these is what effect the recent 20-percent reduction in our duties, agreed to at Geneva under the "Dillon round" of tariff agreement negotiations, will have on our exports, our imports, and our domestic industries and workers. According to a State Department announcement June 7, 1962, these reductions in duty take effect in two stages—the first stage on July 1, 1962, and the second stage 1 year later.

We are already experiencing an increase in imports at the rates of duty which existed before this 20-percent reduction. The 20-percent reduction can be expected to stimulate a further increase in imports. It is not known whether the concessions which we received in return for these reductions will benefit our exports. A great many of these concessions were in the form of agreements by other countries to keep their duties at the existing level. In other words, they did not reduce their duties; they simply said they would not increase them. Whether a concession of this kind will lead to an increase in our exports is doubtful.

The Congress also has no way of knowing whether the quotas, exchange restrictions, import licensing regulations, and internal taxes used by foreign countries to restrict exports from the United States, will be eased to any significant extent during the next 2 years. It may be that, as so often in the past, the tariff concessions promised to us by other countries will be effectively neutralized by nontariff actions taken or continued in effect by them.

Certainly, Mr. Chairman, it would make no sense for this body to approve further trade agreement negotiations by the President before it can be known to what extent, if any, this most recent set of trade agreement negotiations has benefited the commerce of the United States. If, as may be the case, the reductions in duty which we granted stimulate imports far more than any growth in exports which we realize, then our trade agreement actions will have served only to aggravate the balance-of-payments deficit which is so troublesome to this country at this time. Let us, therefore, defer any grant of new and enlarged trade agreement powers until we know exactly what the effect has been of use of existing authority. This is one more important fact which we must give time the opportunity to develop before we undertake such important legislation as the bill now pending before this body.

Mr. Chairman, thus far I have been developing the reasons why I believe the Members of this body should postpone action on H.R. 11970 until the basic facts are known concerning the Common Market, its membership, its impact on international trade, and the consequences to our economy of the 20-percent reduction in duties which takes effect during the 2-year period commencing July 1, 1962.

It may be that when these facts are known, we will decide that the administration should be given some or all of the power which it is asking for in H.R. 11970. I do not know. No one can know whether it would be wise for us to take such action until the record is made and we can study the facts. It was brought out a little while ago for the first time that there are sections of the bill which would give the President the right to eliminate entirely duties on manufactured, agricultural, and fishery products. This takes in a great deal of territory. My study of these sections 211, 212, and 202 convinces me that very few important categories of industrial, agricultural, or fishery products would escape total elimination of duties under this bill. Supposedly these items were taken out of the bill—now we find them right back in it. I cannot see how that would serve any purpose other than the widespread dislocation of businesses, workers, communities, and property values throughout the United States to the detriment of our own security and that of the free world to whom our strength should be of paramount importance.

I am particularly concerned by the approach taken in this bill of eliminating by repeal the existing peril point and escape clause safeguards of the present law. I know there is considerable dissatisfaction with the poor administration of these remedies. It is no answer to bad administration to change the stronger language of the present law into the weaker language of the remedy provisions of this bill.

The keystone of the present peril point and escape clause is the policy laid down by the Congress in the 1951 Extension Act that the trade agreement authority entrusted to the President should not be used so as to cause or threaten serious injury to domestic industries and workers. The procedural portions of the peril point and escape clauses were simply designed to provide in an orderly way for a thorough investigation before and after the negotiation of trade agreements, to prevent the reduction of duties which would have that effect, or when mistakes were made, to correct such mistakes by a restoration of the duty which was unwisely reduced.

It is shocking to me that the Congress of the United States, after an 11-year effort to get the executive department faithfully and well to administer the peril point and escape clause with but limited success, is asked to decide now that Executive determination to frustrate those remedies should be rewarded by a weak substitute for these remedies.

Every country in the world with whom we have trade relations acts in the interest of safeguarding her home industries against injury from excessive imports. Under article 28 of GATT which permits nations at 3-year intervals to withdraw tariff concessions, under the escape clause of GATT, and at times without regard to the provisions of GATT, the other nations of the world have taken action to increase duties, impose quotas or licenses, or to follow other measures designed to protect their home industries and employment.

Yet we are all painfully aware of the uproar which greeted the action of President Kennedy in adjusting the duty on carpets and glass. To his credit, he stood fast in the face of this opposition. But to our regret, the Under Secretary of State, George Ball, found it necessary to speak in Bonn, Germany, in April of 1962 to reassure Europeans that the great reluctance on the part of the United States to act, which has resulted in only 17 tariff adjustments in the entire history of the escape clause, would, if the bill now before this House were enacted, in the future be settled by unemployment compensation benefits to workers and subsidies and other nontariff relief to industries. We are not happy about the record of inaction under the escape clause; we are distressed that a high official of this administration would take pride in that record, and distressed that he would promise that the hands of the President would not be lifted in the future in behalf of domestic industries should this legislation be passed.

Each of us here must consider the larger interests of the Nation as a whole, as well as the specific and immediate interests of our State and district. I have been supplied with an analysis of Bureau of the Census data which shows that industries which supply about 17 percent of the manufacturing employment in my State of Florida suffered a loss of employment in the Nation while experiencing sharply adverse trends in the balance of foreign trade in their products.

This analysis shows that in the industries producing meat products, candy, beverages, textiles, lumber and wood products, petroleum and coal products, costume jewelry and notions, and miscellaneous manufacturing products, employment in the Nation dropped 226,103 jobs from 1954 to 1960. At the same time, U.S. exports of the products of these industries declined by $211.5 million, while imports increased $1,435.9 million. In other words, while these industries suffered an adverse shift in the balance of trade in their products of more than $1.6 billion, the Nation lost 226,103 jobs in these industries from 1954 to 1960.

Because these industries supply an important part of the manufacturing employment in Florida, I must be concerned with basic forces which adversely affect these industries nationally.

It is true that the service industries and the wholesale and retail trade have developed strongly in recent years in comparison with manufacturing employment. But it is also true that America, as a great industrial nation, has at the core of its economic strength the manufacturing activity of her home industries. If we are careless about the strength of this vital core, our manufacturing industries, we can weaken America to the point where she will be unequal to safeguarding the security of Americans, let alone discharging her free world tasks.

A policy approach to trade agreements legislation which throws safeguards out of the window in blind reliance upon the inherent strength of our domestic industries to compete with one or both hands tied behind their backs, is a policy of folly. Throughout the years in which the trade agreements authority was sought and used by Presidents Roosevelt, Truman, and Eisenhower, safeguards to insure selectivity in the negotiations and the avoidance and correction of serious injury to domestic industries and workers, have been essential parts of the program. Nothing has changed, and certainly no facts have been adduced to demonstrate the necessity for a change from this tradition.

It is evident to me that our duties have been brought so low that our imports will continue to increase at a rapid rate so long as the economy of the United States has any strength at all. I am unwilling to countenance a removal of safeguards on the assumption that the State Department and its personnel today have any greater ability to use this authority with caution and discretion than the representatives of that Department have possessed in the past. The United States alone of the countries of the world commits the dismantling of its tariff structure to people whose selection virtually insures that they have little or no experience in practical business affairs. To continue such a tradition without the safeguards of a strengthened peril point and escape clause will be hazardous in the extreme.

Under the pending bill, instead of the positive act required by the present law of determining the extent to which duties can be reduced without causing or threatening serious injury, the Tariff Commission would simply "advise" the President of the "economic effect" of reduction or elimination of duties. In so doing, the Commission is directed by the committee's report to consider primarily the idling of plants, inability to operate at a profit, and unemployment. I feel, and I am sure that many of my colleagues in this body feel that the line ought to be drawn against reductions in duty long before those conditions of disaster are met. And it ought to be drawn in a way which is unmistakably clear to the President, so that mistakes will not be made in the negotiations by involving such duties in concessions.

Similarly, under this bill, even if an industry is so badly off that its plants are idle, its firms unable to operate at a profit, and its workers unemployed, the President is given the option of letting the industry go under rather than adjust the duties to accomplish some reasonable regulation of the destructive imports. I do not infer that any President would willingly abuse such power but why convey it? I do not consider the extended form of dole and the superunemployed status which this bill would confer on workers displaced by imports as sound or acceptable public policy. I do not consider loans, grants, or tax concessions to business organizations any more acceptable. I do not want to embody in our law a principle that foreign producers can be accommodated in our market at the expense of relocating our industries, transferring our workers, uprooting our communities, and making ghost towns of the many factory and mill towns scattered throughout the length and breadth of the United States.

Nor do I want to crowd Americans into congested cities to work in the mass production complexes called sophisticated industries. I prefer to let Americans determine where they will live and how they will work.

Finally—and this disturbs me greatly—we could under the pending bill embark upon a gigantic welfare program for industry and for industrial workers. This could be a blank check for an undetermined amount. These things the American people do not yet comprehend.

Historically we have depended upon tariffs to protect American industry from cheap foreign goods. Customs collections now add to the Treasury about a billion dollars a year. If we depart even in part from customs collections and subsitute a program of aid for industry, to be paid from the Treasury, it should be obvious that the American taxpayer and not the foreign manufacturer will make up the deficit. Where will we get the money? By borrowing? By going further into debt? Will it necessitate further increases in the national debt limit? Will this not further weaken our already weakened fiscal status?

Have you thought of the redtape, the endless procrastination which can surround this program at every level? How many industries and how many workers can afford to wait out the normal delays of governmental procedure?

Now, I may be mistaken, but I think that Federal controls will follow pretty closely after Federal contributions to industry. Once America's industry is dependent on payments from the Treasury for existence, I consider it inevitable that ambitious, enterprising bureaucrats will embark upon a program to dominate and control American industry and industrial policies. And it makes not one whit of difference what administration is in power. The result will be the same.

Mr. Chairman, H.R. 11970 is a proposal for the wholesale delegation to the administration of power vested in the Congress; power which should be retained by the Congress. Enactment of H.R. 11970 is not a life-or-death matter. Mr. Kennedy will still be President next year. If H.R. 11970 is needed, it can be enacted next year. Whether or not it is needed will be more clearly known next year. The chances are we would have a better bill next year.

That is why I support the motion for recommittal and for extension of the present law.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may require to the gentleman from New York [Mr. BECKER].

Mr. BECKER. Mr. Chairman, unable to get time on the floor, I am extending my remarks in opposition to this legislation. In the first place, it is not essential that this be passed at the present time. All the haste and pressure is unnecessary. To rush a bill through Congress in this manner when a simple extension of the present law, for another year, could be passed now. Then, without pressure and propaganda, work out legislation for action at the next session and delete several very objectionable features that have been indicated in debate, as well as in committee discussion.

In the first place, I cannot permit myself in violation of my oath of office, to vote powers of the Congress, clearly specified in the Constitution, to the executive branch of the Government. I do believe that accommodation in tariffs must be considered in light of the expanding European Common Market, but England has not as yet voted joining the Common Market. Should England do so, it will be 3 to 4 years at least before England will enter. Therefore, we have considerable time to work on this matter. There is no urgency, as indicated by the executive branch. Again the title of the bill dealing with assistance to business adversely affected is certainly most loose and placing unemployed because of affects of imports on an entirely different and higher plane than other unemployed is entirely unfair. However, the fact that these two provisions are written into the bill, indicates clearly that tens of thousands of American workers will find themselves unemployed. For just these few reasons and many more that have been offered in debate, I shall vote for the motion to recommit and extend the present trade agreements for 1 year. If this is carried, the Ways and Means Committee will have ample time to work out, with the help of both parties in the Congress, business elements and labor, a much better piece of legislation. To prove my good faith, I have voted for the reciprocal agreements in the past, I cannot be tagged with isolationism and am as desirous as other Members of the House and the executive branch of Government to try to arrive at a sound trade policy.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. DENT].

Mr. BYRNES of Wisconsin. Mr. Chairman, under previous agreement, I yield the gentleman an additional 5 minutes.

Mr. DENT. Mr. Chairman, I had anticipated that sometime during the debate I would be given a little more time so that I might bring to the attention of the Members of the House some of the factual information that we gained not only in a year and a half of hearings but in 5 years of intensive study of the effects of trade as it is now carried on between the nations that have agreements with the United States.

The question of trades, tariffs, and restrictions goes back to the early days of the Grecian States when the very discussion we are having here today probably was the basis for the breakup of those states.

However, in 1776 Adam Smith, a professor of moral philosophy at the University of Glasgow, Scotland, published a revolutionary book which seems to be the "Bible" for most of those who over the years have promoted the philosophy of free trade. Prior to that time, of course, the economic thinking had been dominated by a theory of mercantilism.

U.S. TARIFFS AND CHANGING CONDITIONS

Adam Smith in his "Wealth of Nations," developed a new concept. He delared that wealth comes from goods and services freely exchanged rather than from the money supply. His book introduced the idea of competition as the effective regulatory force in free economic society. Complete freedom of trade between different areas and different countries was a natural extension of his ideas of division of labor and competition.

The "Wealth of Nations" had a great influence upon the young patriots struggling to build a new nation out of the Thirteen American Colonies. Alexander Hamilton was one of the first Americans to obtain a copy. Thomas Jefferson and James Madison refer to it frequently in their letters. Its ideas are constantly reflected in "The Federalist Papers."

By the close of the Revolution the prevailing opinion in America was in favor of free trade. This was a logical part of the general determination to promote freedom—freedom of speech, religious worship, assembly, and the other principles of personal freedom established by the Constitution and the Bill of Rights. Many of the principles set forth by Adam Smith were incorporated in those documents and in the constitutions of the individual States. They committed this country to the system of free, private competitive enterprise.

But it is important to realize that many of the stanchest supporters of free trade, including Hamilton, appreciated the practical limitations of the theory. They saw that free trade can succeed only when applied within the boundaries of a community ruled by substantially the same laws. In his famous "Report of Manufactures," presented to Congress in 1790, Hamilton strongly urged protective tariffs on manufactured products in contrast to his endorsement of free trade at home. He was apparently convinced that the free-trade area set up within the United States could develop its full potential only if protective tariffs were used to defend it against economic exploitation by other nations. Thus, he proposed tariffs to defend free trade within our own free markets. Hamilton argued that the United States could attain a better balanced, more stable, more sustaining economy, better balanced for defense and national security, under a system of protective tariffs. He was concerned with the fact that the United States might remain a raw material supply area for Great Britain, as the Colonies had been, making them fully dependent upon the mother country for all manufactured goods. He wanted diversification for the Nation, just as many private enterprises today seek stability through diversification.

TARIFFS FOR REVENUE

The colonies, however, had long been exposed to galling commercial restrictions imposed by Great Britain in her pursuit of the old mercantile theory, so that the newly established states had determined to keep government to an absolute minimum. They looked with disfavor upon the idea of import duties as unnecessary government interference. Hamilton's very able arguments were not sufficient to change the national thinking about protective tariffs. Nevertheless, almost the first act passed by Congress was a tariff law. It established duties on indigo, iron, wood, paper, leather, and even on tobacco and cotton. This tariff act was established as a revenue measure. In fact, up until the income tax law in 1913, import duties were the chief source of Federal revenue. In the 25 years from 1791 through the end of the War of 1812, Congress passed 24 different tariff acts. These merely modified rates, changed administrative procedures, or developed new classifications. Rates were, in general, fairly uniform on all commodities and it is estimated that less than 5 percent of all imports were on the free list. Collected duties appear to have been about 12.6 percent of the value of imports.

PROTECTIVE TARIFFS

The War of 1812 taught the new country many costly and bitter lessons. The war was the culmination of an attempt by Great Britain to drive American shipping from the seas and make the young Republic entirely dependent upon Europe for manufactured products in exchange for raw materials. Because trade was interrupted during the war, it was necessary to establish manufacturing essential to the war effort and to civilian needs. This convinced the majority of the American people of the soundness of Hamilton's tariff principles which stimulated domestic growth of industry. Even Jefferson, who earlier had dreamed of wordwide reform in the name of free trade, changed his views. At the end of the war the new administration under James Monroe, a loyal follower of Jefferson, completely revised the tariff laws, stressing protection as the primary objective since many new industries, established during the war, could not compete at home with large European manufacturers.

Daniel Webster—who had, in 1824, thundered against the "obsolete and exploded notion of protection"—carried the day for high tariffs in 1828. Between 1812 and 1832 successive laws raised the general level of duties to some 45 percent of the value of all imports.

This move toward high tariffs was not uniformly applauded. The southern section of the country was much concerned since its economy depended largely on the export of tobacco and cotton in exchange for manufactured products from England and Europe. There were threats of nullification and secession in some of the Southern States.

This conflict of interest resulted in a policy of compromise sponsored by Henry Clay. His bill, passed in 1833, called for gradual reduction of all duties exceeding 20 percent, to be accomplished within 10 years. The experiment in compromise failed. By 1837 tariffs had been reduced to an average rate on dutiable goods of about 30 percent; and, of course, the average rate on all imports was much lower since many items had been put on the free list. As a result of the program of tariff reduction, the revenues collected were no longer sufficient to meet Government expenses. Moreover, the Nation's first great depression began in 1837. As a result of these circumstances, there was considerable agitation to increase tariff rates. Congress passed a new law in 1842 returning substantially to the tariff levels of 1832. Under the new act, revenues increased so that by 1846 they were in excess of Government requirements. Moreover, the country had entirely recovered from the depression.

The influence of southern politicians, however, was still potent. They forced many reductions in 1846, succeeded by sweeping reductions in 1857. Six months after this a financial panic swept the country, depressing agriculture, trade and manufacturing alike. Most of the tariff rates had been reduced to 24 percent; and including items on the free list, duties on all commodities during the period 1857 to 1861 averaged about 20 percent. This was the lowest average rate of duties for the 100 years from 1812 to 1912.

Once again the Government was running at a deficit and the new Republican Party, although trying to avoid an open split with the South, passed the Morrill Tariff Act in 1861 which substantially restored the rates of 1846. To meet increased Government costs resulting from the Civil War, the tariff acts of 1867 and 1870 further increased tariff duties.

TARIFF COMMISSION

In the period following the Civil War, large immigration, rapid expansion into the western part of the country, extensive railroad building, and the growth of other industries brought a new era of prosperity. Government receipts from customs duties were large. Once again agitation for tariff reductions developed and the Tariff Act of 1872 reduced the average rate on dutiable items to about 39 percent. Tariff rates remained a live issue and the Congress appointed the first Tariff Commission. In 1883 Congress passed a new tariff law based on the Commission's recommendations.

From 1789 until the income tax was introduced in 1913, tariffs were the principal source of revenue for the Federal Government, but there were always standard arguments against it. One argument was that tariffs would diminish imports and thus, regardless of the rates, dry up this source of income. However, the volume of imports was actually greater, and the Treasury fared better when the rates were relatively high. Indeed, in 1857 the main argument for reducing rates was that the Government was making too much money.

The experience of the country during the War of 1812 and the Civil War seems to have demolished the idea of international free trade as an end in itself. Changing political winds, and changing economic conditions, inevitably produced hundreds of changes in specific rates. The general level of rates tended to shift up when the Republicans were in power and down when the Democrats won. But the basic principle of protection consistently prevailed.

From about 1900 to 1932, minor changes were made from time to time. During the election campaign of 1908, the Republicans announced for the first time that the difference between the cost of production at home and a lower cost abroad was a basis for setting tariff rates. Nevertheless, it was not feasible to lower tariff rates significantly because import duties still remained the chief source of revenue for the Federal Government.

Under the Democrats in 1913, however, the new Federal income tax law was passed. For the first time, tariff rate considerations were divorced from the compelling requirement of meeting the fiscal budget. The Democrats then passed the Underwood Tariff Act in which they made full use of the competitive principle enunciated in 1908. They acknowledged that foreign producers enjoyed a powerful advantage in low wages. Their purpose was to find rates which just offset this and other similar unnatural advantages. In theory, while exposing the domestic manufacturer to foreign competition, these rates would shield him and his workers against the effect of cheap labor abroad. The result was the most sweeping reduction since 1857.

Trade was so completely disrupted by World War I that the consequences of this radical 1913 change were not immediately felt. Promptly after the war, however, imports flooded in. The Germans actually proposed, as a means of paying off their indemnities, to sell $20 million worth of dyes per month in this country. In the face of the flood of imports, Congress passed an emergency act in May 1921. They then set to work preparing a new law.

A brief summary like this may leave the impression that drafting a tariff law is a fairly simple process, largely a choice between doctrines. Nothing could be more misleading. The rate on pistachio nuts, for instance, is vital to the man who has invested his life's savings in pistachio trees. He will bring to bear on his Representative in Congress all the pressure he and his workers can contrive. The importer of pistachio nuts, and the farmer who fears discrimination against American wheat by foreign pistachio growers, will bring equally strong counterpressures to bear. The State Department, trying to negotiate an alliance with a pistachio growing foreign country and the War Department, trying to build a military stockpile of pistachio nuts, will have much to say. Trade has become so complicated and so tangled that any item on the list can have endless domestic and international ramifications. It was because the problem had become so complicated that Congress established the Tariff Commission to serve as a group of experts to give assistance in drafting sound tariff legislation.

In working out the Fordney-McCumber Tariff Act of 1922, Congress and the Tariff Commission had to sift thousands of these conflicting claims and find a practical compromise between extreme positions. The result was to raise the average tariff rate slightly. Another general revision in 1930, embodied in the Smoot-Hawley Act, was again worked out on a product-by-product basis. Rates on many products were adjusted, some up and some down, and various provisions designed to protect the commerce of the United States against unfair competition were strengthened. The major depression of the early thirties, however, so distorted the economy of the United States—and the world—that it is impossible to isolate the effects of this tariff.

RECIPROCAL TRADE AGREEMENTS ACT

Immediately after the election of Franklin D. Roosevelt in 1932, plans were made for a new tariff revision. Instead of carrying the revision through Congress and the Tariff Commission, the Reciprocal Trade Agreements Act was enacted, in 1934, as an amendment to the Smoot-Hawley Tariff Act. Under this amendment the President was authorized for a period of 3 years to enter into trade agreements with other countries without congressional approval.

His authority to reduce tariffs was limited to 50 percent of the then existing rates of duty and reductions were to be made only in exchange for reciprocal reductions from other countries. The President, operating through the State Department, began at once to negotiate trade agreements which mutually reduced rates between the two countries negotiating. Of course, as soon as we reduced the tariff rate to one country, we made the reduction available to all because of the application of our traditional most-favored-nation policy.

The consequences of this policy, initiated by the reciprocal trade agreements program, have been confused by the effect of other factors at work at the same time—first continued depression, then the demands and devastation of World War II, followed by postwar dislocations, the Korean war, and the unremitting tensions of the cold war. Two facts, however, are clear. First, by any measure, U.S. tariffs are now among the lowest in the world. Second, the main objective of the program—a similar reduction of barriers throughout the rest of the world—has not been accomplished.

The first—that U.S. tariffs are now among the lowest in the world—may come as a surprise. This is a fact which has not been made clear to the American public. The studies giving relative tariff levels for different countries are reported in chapter VIII.

As to the second point—the failure of the reciprocal trade agreements program to accomplish a similar reduction in the barriers imposed by other countries—the evidence is abundant. Tariffs are the mildest of trade barriers. Import licenses, embargoes, quotas, exchange controls, cartels, and state trading are conspicuously more restrictive. The way they operate and the extent to which they negate the principles of free trade will be discussed later.

While efforts have been made to persuade other countries to relax their nontariff barriers—mainly by way of negotiations set in motion by the General Agreement on Tariffs and Trade, an international project launched in 1947—the result to date is not encouraging. In the opinion of many persons engaged in both domestic and foreign trade our negotiators, in their enthusiasm for expansion of world trade, have often surrendered more than they gained.

It has become customary for foreign nations to negotiate reductions of our tariffs in exchange for their tariff reductions and then to establish quotas on exchange controls which are even more restrictive than was the higher tariff so that in the end we have reduced our import restrictions but other nations have actually increased their trade barriers. Many of the most restricted foreign trade barriers—import quotas and exchange controls—reflect deep-seated internal problems. They become an integral part of national inflationary money policies and socialistic national economic controls. Such quantitative restrictions can be removed only when sounder governmental policies are reestablished. No amount of negotiation on our part can change the internal situations which require these policies.

Under the pressures of the cold war we have felt the need to retain allies and have offered economic assistance as one inducement. To this end we have offered both direct dollar aid and lowering of tariffs to assist in foreign trade. In the case of direct foreign aid we know the cost—if not to the exact penny, at least to the billion—$50 billion. On the other hand, when we set about helping other countries by lowering our tariffs and promising to buy more of their goods, the effect on the Nation's economy is often obscured. We cannot even estimate the cost. Industry, directly affected, of course, recognizes the effect soon enough. It takes longer however, for the secondary effects in terms of lost jobs and lost savings in related industries, and progressively throughout the economy, to become apparent. The butcher, the baker, and the candlestick maker do not realize the impact for years.

No attempt has ever been made to estimate the pyramiding effect which results when raw material suppliers, transportation and communications, factories and lost taxes are added in to the loss of production on a finished item.

Since World War II most of the other nations of the world have been busy, with our help, restoring, enlarging, and modernizing their production facilities. Only now, except for a few special products, are they beginning to turn out goods in sufficient volume for general export. Thanks to the purchasing power by mass production—and mass production could have evolved only in a protected area like the United States—the American market is the most attractive in the world.

Not having readymade markets at home, largely because of internal restrictions and low wages, foreign producers are eager for access here. They have not yet had time to realize fully on the reductions granted to date. Yet we have already been obliged, in the interest of defense, to raise the duty on, among other articles, watches. Imports from Switzerland were forcing our own watchmakers, whose skill with precision instruments is vital in time of war, out of their jobs.

Proposals for further extending and enlarging the scope of the reciprocal trade agreements program are now before Congress. Many changes have occurred throughout the country since that program was originally debated. Areas which were formerly agricultural are now rapidly industrializing. We have learned much about the nature and effect of foreign barriers other than tariffs. After 20 years of tariff reduction, and 20 years of depression, war, and postwar adjustment, the Nation has again an opportunity to debate the question. It is hoped that, by a second look at the basic issues involved, we will change our approach to the tariff problem and build our foreign trade program on a sound economic basis.

SOME OLD MYTHS

Many present-day sponsors of lower tariffs describe themselves as advocates of freer trade, not absolute free trade. Yet, they bring forth many of the myths spun years ago by free trade theorists. Let us now examine some of the more persistent and superficially persuasive of these myths.

TARIFFS ARE NOT A CONSUMER TAX

One of them is that tariffs are a direct tax on the consumer. Such a concept fails to take account of several aspects of the problem.

One assumption is that if the tariffs were reduced, the foreign producer would immediately reduce his U.S. selling price by the amount of the tariff reduction. However, if he can now sell his product in this country with present tariff levels, it means that he is either equaling or bettering the sales price of competing domestic goods. If the tariff is reduced, he is not compelled to reduce his selling price; he is in a position to make more profit by not having to pay a tariff. In other words, if the tariff is paid at all, it is paid by the foreign producer and not by the American consumer. The revenue from tariffs goes into the Federal Treasury. Any reduction in tariff revenues must be made up by additional taxes directly on the people, either by income tax or business taxes, so that even if the consumer could buy an imported item at a lower selling price with the elimination of tariffs, he would probably still have to pay just as much in taxes as the reduction in tariff had eliminated on the selling price. Any one consumer would gain an advantage only if he bought more imported goods than the average consumer so that the tax burden was differently distributed.

Part of the assumption that tariffs make the consumer pay higher prices is that the American producer has no competition other than the foreign imports. In any major industry in the United States the large companies offer each other the most intense competition. This drives the selling price to the lowest point which still permits sound return on invested capital. If, in the face of inadequate tariffs, foreign competitors further reduce the selling price, they will in the end take over the market and drive out the American competitor. When the American producer is driven out of business, the jobs which his company furnished are lost. The consumer argument overlooks the fact that the consumer is also a producer. On the whole, the consumer stands to lose in pay any amount he may save in lower import prices. The low price argument has so much appeal because a given consumer supposes or hopes that he personally can buy cheaper, while it will be some other individual who will lose his job or have his weekly pay reduced. It is the simple assumption that the individual can profit at someone else's expense. It is truly amazing what economic nonsense can be made to seem plausible by the simple semantic trick of speaking of the consumer as one person and the producer or worker as a separate and different person. On the average, and except for children and a few drones, the consumer and the producer are one and the same person.

IMPORT COMPETITION AND TECHNOLOGICAL ADVANCE

At this point, perhaps we should digress for a moment to take a quick look at an example which the free traders are fond of using. They say, "but competition brings progress." Protective tariffs eliminate foreign competition and so stifle technological advance. To stifle competition by tariffs is the same as if we had placed a tax on the new auto industry to protect the buggy industry from competition. What they overlook is that the buggy industry did not lose its market to autos because the automobile industry paid low wages. What happened was that workers moved from the buggy industry to the automobile industry for higher wages.

We had here a true technological advance. Because it was an advance, the auto industry could take over the market from buggies and pay higher wages while doing it. The free traders are quite right on one thing, however. When the automobile industry won the market from buggies, the jobs in the buggy industry disappeared—the jobs went to the successful competitor. In the same way, to the extent that imports made with low cost labor take over the market, the jobs move to the low wage country.

One other point about tariffs, competition and the American consumer. We have had relatively high protective tariffs throughout most of our history up to the last decade or so. Under such conditions the real wage of the American workers, or, if you prefer, the American consumers' standard of living, has been for many years the envy of the whole world. This fact clearly demonstrates first of all that the tariffs have not been a burdensome tax on the consumer and, second, that competition between domestic producers has been adequate to keep prices in step with wages and productivity. True, the mere fact that we have gained a high standard of living at the same time we had protective tariffs does not prove that tariffs caused the high standard of living. It is true, however, that tariffs have not prevented our reaching a high living standard. Moreover, this puts the burden of proof on the free traders, since they then must prove that absence of tariffs would have been even as good, let alone better. Here are the facts, not just theory.

A simple illustration will demonstrate that the purchase of a foreign product at lower than the American producers are first to lower their prices, either their profits or wages or both suffer. But if the profits drop, then the firm pays less Federal income tax—the corporate income tax is currently more than 50 percent and appears likely to remain at this level. Thus, for every dollar that business profits decrease, the consumer will have at least 50 cents of Federal tax that he will have to pay directly. To this one must add reduced State and local taxes from ailing business and less generous gifts to charity. All in all, most of the apparent saving is merely shifted to other products or persons.

Some statistics regarding bids for a large generator for the Chief Joseph Dam will illustrate the importance of tax revenue from American business. As the following calculations show, the lower selling price offered by the foreign bidder, plus the import duties which would have been collected, represented a net loss of $111,000 to the Federal Treasury when the loss of taxes is considered:

Federal, State, and local taxes paid by American company	$117,000
Federal, State, and local taxes paid by their suppliers (approximately)	54,000
Wages paid to their employees would total $833,032, and if each employee pays income tax at the average rate	166,000
Wages paid to employees of suppliers would total $435,000 (estimated) and if each of these employees would pay income tax at the average rate	86,000
Stockholders would receive $45,780, and if stockholders would pay income tax at the average rate	9,000
Tax loss	432,000
Government saving by foreign purchase	$204,000
Import duty paid by foreign firm	117,000
Total	321,000
Net loss to Government	111,000

Another one of the myths about foreign trade is that foreign trade must continually increase if the economy is to expand and prosper.

Foreign trade is an ancient custom, and most people take foreign commerce pretty much as a matter of course, but there is always the question of how much foreign trade is desirable. It is customary for those engaged in shipping and for merchants who buy and sell in foreign markets to look favorably on extensive foreign trade; while those engaged in developing and pursuing industry within the country are apt to consider foreign trade less favorably.

It is well known that logic can be used to prove almost anything, if one is permitted to choose the proper major premise or assumption. The tariff abolitionists, otherwise known as the free traders, or freer traders as they like to call themselves today, start with the assumption that more foreign trade is, of itself, necessarily desirable. They do not say how much more foreign trade would be desirable. The inference is simply more—without limit. In the United States, they start with the assumption that since more exports are desirable, more imports must be had to balance these exports.

Let us probe this position a little. If more foreign trade is desirable, how much more? Current commercial U.S. exports and imports are each running more than $10 billion a year. If more trade is desirable, would it be better if it were $20 billion a year, or perhaps it should be $50 billion a year, or why not $500 billion a year? This way we could get to the point where we make nothing for ourselves and export everything we make in exchange for things other people make. It is immediately obvious that the assumption of just more foreign trade is not valid basis in which to start a discussion of the problem.

Well, then, is there any real basis on which we can agree as to how much world trade we should have? Yes. One may look at the economic reasons why nations may desire or need to have foreign trade. World trade beyond that required to satisfy these economic needs would remind one of the sentiments expressed by James Russell Lowell in "The Bigelow Papers":

> Changes jes' for change,
> is like them big hotels
> Where they shift plates
> an let ye live on smells.

ECONOMIC REASONS FOR FOREIGN TRADE

There are, in all, four economic reasons why nations may want or need international trade:

First. If a nation is lacking in certain essential raw materials, it will need to import them. In fact, if the nation's sources yield essential raw materials of low grade, it may also wish to import them more cheaply from nations with sources of high-grade raw material.

The value of raw materials consists essentially of the use which human society can obtain from them. The amount of human effort required to mine the minerals, recover and refine them, is largely determined by the quality and type of natural deposit and its accessibility. Included is the question of whether or not the proper combination of raw materials is available and conveniently located, as for example, the proximity of iron ore and coal for making steel.

Some nations are more favored than others; but few, if any, find themselves with adequate supplies and quality of all desirable raw materials. Hence, all nations will probably need some foreign trade to obtain a full variety of desirable raw materials.

Second. A second reason why nations may want foreign trade is that it is unable to grow certain animal or plant life which it needs. Conversely, if a nation has an overbundance of suitable soil and climate for growing certain desirable products, it can profitably sell these in the world market. Such nations would find foreign trade desirable. Prime examples of this are tropical products, such as, fruits, rubber, spices, and so forth, which would be too expensive to grow elsewhere. In the days before the industrial revolution, much of the foreign commerce was in products of this kind.

Third. Another reason why a nation might wish trade with its neighbors is to obtain a mass market. Whenever production can be mechanized, unit costs are much less from large scale production units. Prime examples of this are the efficient production-line automobile plants and the highly mechanized and automatically controlled petroleum and chemical plants. But large-scale production is not possible unless there is a mass market. Wherever a country is too small to represent, by itself, a market sufficiently large to permit low-cost production.

Fourth. Conversely, a nation may profit by foreign trade if its technology, ingenuity, and inventiveness lag behind. By trading services and products that are essentially handmade with neighboring nations for mass-produced items, the backward nation can obtain manufactured products not otherwise available to it.

Let us examine these four economic reasons for international trade. On which basis would the United States in its own self-interest seek world trade? Certainly, the first and second would apply. We need to import raw materials not found in abundance in this country. We regularly import nickel, tin, platinum, bauxite for aluminum, manganese, tungsten, and cobalt ores, and many other basic materials. We also are interested in foreign trade to obtain coffee, cocoa, tea, bananas, spices, nuts, and many other items which are not economically grown here. Incidentally, most of these raw materials and food imports are on the free duty list and come in without tariff restrictions.

On the other hand, there is little reason why the United States would wish to expand foreign trade for the third and fourth reasons. Our size—more than 160 million—coupled with our relatively high personal incomes, represents the largest mass market ever known. As a matter of fact, the chief reason foreigners are so anxious to sell their products in the United States is that we have a large mass market already conditioned by American merchandising and advertising programs to want to buy a wide variety of manufactured products. Moreover, because of our high wage rates, there is ability to buy on a broad scale in this country.

The U.S. producer does not need to look beyond our boundaries to find his mass market. Take the case of the automobile industry. While it might be very enticing for the automobile producer to sell additional cars in world markets whenever demand slumps at home and he is not running his factories at capacity, the fact remains that at least the big three in automobile production have each attained sufficient size by supplying the American market so that they have reached substantially minimum production costs and, in fact, probably have approached the size at which inefficiency inherent in increased size largely offsets any possible gain in unit cost reduction from further growth. If these corporations have more money and talent than is required to supply cars for the American markets, they can profitably enter new fields and produce new products for the American public. In fact they began to do this many years ago by making refrigerators, air-conditioning units, automatic washers and dryers, and many other products.

As for ingenuity and inventiveness, it is evident that we need not look elsewhere. We need only to be sure that our national policies help to retain our economic vigor so that research and enterprise receive sufficient reward to flourish and continue our technological development.

We have been considering U.S. foreign trade from the point of view of what is good for us. Do we not need to trade to accommodate the needs of other nations for foreign trade? Belgium, for example, does not constitute a mass market; should we not trade with Belgium to accommodate its need? It does not follow, however, that the only way for the Belgians to obtain a mass market is to sell in the United States. As a matter of fact, each of the European countries could claim lack of a mass market for some of their production. By trading with each other, however, they could readily obtain a mass market the equal of the total U.S. market. In addition, there are many other nations in the world, many of them essential exporters of raw materials and importers of finished products, which can be approached as a partial market to get the sales required for mass production. The point is that other nations do not have to trade with us to get a mass market; and in fact, their trade with us or any other nation will not be sound unless it is based on a mutual advantage. Mutual advantage involves trade between complementary economies—and not between equally industrialized, competitive economies. This does not mean that we should not have reasonable and normal trade with all countries who have something to offer in fair competition in our market. The point is that many seem to be approaching this point with the attitude that we, and we alone, must solve everyone else's trade-balance problems by lowering our tariffs.

Another avenue of market expansion available for foreign nations is the further development of their own market. Most foreign nations could profit by following the example of the United States in the field of merchandising and marketing.

The strength of our mass market lies in the income distribution which puts a large part of the income in the hands of individual consumers. The advantage of having many buyers with substantial purchasing power is obvious. This idea has been summarized by the quip, "A million men, each with $1 represents a sounder market than one man with a million dollars."

The matter of purchasing power in the hands of consumers goes beyond the mere matter of distribution between wages and other forms of income, however. For example, the high percentage of homeownership in the United States is, in part, due to the fact that we have methods of making mortgage financing available to workingmen so that they might buy a house with a small downpayment. In many European countries, extensive consumer credit is unknown, and much could be done to stimulate their home market by a suitable consumer finance service. Such reforms can only come from the countries themselves. The idea involved here was nicely summarized by William Graham Sumner in 1889, when he said:

> We are told what fine things would happen if every one of us would go and do something for the welfare of somebody else; but why not contemplate also the immense gain which would ensue if everybody would do something for himself?

This thought is as applicable now as then.

NORMAL TRADE IS BETWEEN COMPLEMENTARY ECONOMIES

In discussing reasons why nations want foreign trade, it would be well to remind ourselves of the basic concept about trade itself. Trade in the free market is predicated on the assumption that exchange takes place to the mutual advantage of each party. Each gets something which he prizes more highly than that which he gave up. In this case, their economies supplement each other—the one country furnishing an abundance of raw materials while the other country, being equipped with capital facilities, furnishes industrial production.

There are no compelling economic reasons why two highly industrialized nations should have extensive balanced trade. Their economies are competitive, not complementary. To propose that the United States greatly increase its trade with industrial countries like England, France, and Germany is like suggesting that Gimbels and Macy's increase their sales volume by selling more to each other. In other words, international trade, based on economic needs can and rightly should be balanced through multilateral trade-balance payments.

Trade experts are quick to point out that the large volume trade is between the highly industrialized countries. This, of course, is not too surprising, because the total value of goods and services produced in countries like Germany, England, Canada, and the United States is so much greater than for the less developed countries that even a small percent of trade between the industrial nations represents large dollar amounts. Much of the trade between industrial countries is due to very temporary imbalances and shortages. In the process of industrial expansion and manufacturing changes, shortages in particular commodities develop.

If any country anywhere in the world has surplus capacity to supply the given item, it will, of course, be imported by the fastest transportation available. This will continue until the user or some other company can design and build facilities to meet its requirements. Because there is such a large number of special materials, intermediate products and assemblies and parts required in the total economy, there are at any one time always some imbalances; hence, a rather constant need for this sort of exchange of products. This sort of trade is highly desirable, but it does not indicate a long term, fundamental policy for industrial countries to depend extensively on imports for parts, components, intermediate products, and so forth. Trade to meet temporary shortages will continue because of changing needs rather than long-term plans to depend on component imports.

It is argued that England and the European countries must export to pay for the things they need, and hence we must make it easier for them to export to the United States. It is obvious that they must export enough to somebody to maintain a trade balance, but there are many ways they can improve their position without our having to bring down tariffs. They can obtain increased dollars through multilateral trade balances and they can improve their internal economies.

In a recent English book, "We Too Can Prosper," by Graham Hutton, a distinguished British econometric writer and administrator, the author states that without new capital expenditure a "15-percent raise in productivity can still be achieved by reorganization of work." He suggests that this increase would "solve Britain's chief social and economic problems." The London Economist, in an article, "The Riddle of Prosperity," also suggests that Britain could do much to improve efficiency and put herself in a better competitive position in world markets. It stressed that the desire to do so was one of the essential ingredients for successful improvement. Increase in productivity and efficiency would mean that fewer exports would be required to pay for necessary imports.

One way to judge the amount of world trade which is desirable is to consider the relation between technological advances and international commerce. History shows that as countries industrialize, they have relatively less and less need for trade. In an industrialized society, commerce consists largely of the exchange of natural products and the products of handicraft. When the world consisted of sovereign nations with that type of economy, a great deal of foreign trade was required. Countries which could grow wheat and corn were not suited to the growing of cotton. Some regions of the world could effectively grow sheep and supply wool, but not wheat or bananas. As a consequence, individual items of food, fiber, building materials, or ores for primitive metallurgy, were shipped from a country having an abundance in exchange for other natural items of food, fiber, or the like.

In the United States, for example, the record shows that our foreign trade has been gradually increasing dollarwise, but at the same time has been progressively decreasing percentagewise. In 1800, our foreign trade represented more than 12 percent of our gross national product. By 1875, it had decreased to about 6 percent; and in the 1950's it has been less than 3 percent. Figure 1 shows how our foreign trade has declined as our total economy grew and industrialized. The data for the graph are obtained by dividing the dollar value of total imports by the dollar value of gross national product, which is just another way of saying that the graph relates total imports to total value of goods and services produced in the United States.

We have been looking at import data on a dollar basis. However, quantities of imported goods will have changed too. According to the Commerce Department—and I read:

> The level of imports in relation to domestic production during recent years compares much less favorably with the prewar level in real terms than in terms of current values. From 1951 through 1953, the volume of imports (that is value adjusted for price value) was only about half again as large as from 1936 through 1938, while the Nation's real import was more than twice as great. This is accounted for in part by the relatively larger price rises on many national products.

According to Professor Riemer, of the University of Michigan, Brazil's foreign trade position is four times as favorable now as in prewar days.

This is due to changes in prices of exported products relative to imported items. A recent example will indicate this change. Last year U.S. coffee imports rose by $150 million, although the volume actually declined. Cocoa imports showed a $30 million increase with a large drop in quantity. Generally we discuss foreign trade solely in terms of dollars. It is natural that we do so. Nevertheless, when we consider the quantity relations, it appears that our foreign trade is even smaller percentagewise than the dollar values indicate.

It is not surprising that our foreign commerce is becoming less important. At first most of the products of commerce in this country were natural products, such as tobacco, cotton, corn, grains, furs, and timber. These were exchanged for natural products from other parts of the world and some manufactured products from England and Europe. After the War of 1812, our Government saw the importance of industry to national defense and began a program to foster industrial growth. Through the years, mills were built to weave our cotton here, and we no longer had to send it to England to be woven. Steel mills were built, the nonferrous metal industry was established, the machine tool industry developed, and in the course of time our chemical industry began. Coupled with our industrialization came rapid technological advance. Synthetic dyes replaced natural products, medicinals were synthesized in chemical plants, nylon replaced silk, synthetic replaced imported natural rubber. As a result, our domestic commerce grew much more rapidly than our foreign commerce, and our need for imports and exports decreased in relative importance.

Is this decrease in the importance of foreign trade a peculiarity of our economy or is it a general experience? A look at the world situation indicates that the experience is rather general. In all the industrial countries in the world, foreign trade has been decreasing in importance as the industrial economies grew. It is evident that the gap between international trade has been widening in recent years.

The results of modern research and industrialization free man from some of his former dependence on natural products. Plastics, for example, can substitute for many metal or wood products and can be made from a variety of base materials. If wood is plentiful and coal is not, plastics are made from cellulosic materials. If neither coal nor wood is available, plastics can be made from oil or, for that matter, from oat hulls.

We see then that whereas the "freer traders" are calling for more and more U.S. world trade, neither theory nor fact supports them. Economic theory would require for us imports of raw materials which we do not have in abundance and exports sufficient to balance our imports; but the facts show that as we and the European nations have been industrializing, foreign trade has become a smaller and smaller percentage of our total trade.

When we view this in light of the fact that we have never had any problems of paying for our imports—a perennial problem with some nations who want the United States to remove its tariff but are maintaining higher tariffs than we are—we find little cause for concern. If, however, we were to remove our tariffs, industry could begin an exodus to the low-wage countries and our trade balance would shift to one of excess imports. We would then find ourselves in the same position from which other countries are now trying to extricate themselves. Then indeed we would have cause for concern.

WORLD TRADE AND PEACE

Many pacifists have joined in the clamor for world free trade. They have convinced themselves that the application of free trade would eliminate what seems to them the most important cause of war. They visualize, first of all, that maximum world division of labor would make each country so dependent upon other countries that the successful waging of war would be impossible. Secondly, they think that through maximum freedom for commercial trade and exchange of ideas, an increased understanding and mutual respect would gradually advance the cause of world brotherhood and eliminate the frictions which lead to war. This, of course, all sounds very desirable but unfortunately history does not substantiate this very nice theory. Of course, if all nations were so dependent on others that none could wage war, the peace would be maintained as long as this condition existed. Unfortunately, however, some one nation might, and in fact, in the past invariably has, through stockpiling and developing of substitutes and by negotiating alliances, assured itself of adequate resources to sustain a war. At this point, unless the defending nation can overcome the weaknesses due to lack of self-sufficiency through alliances or by other means, it becomes helpless before the power or combination of powers which have military self-sufficiency. So long as the world is composed of sovereign nations, war cannot be ruled out by developing national interdependencies through trade.

Likewise, those who propose free trade as a step toward a world government are getting the cart before the horse—way ahead of the horse. Neither history nor logic supports this idea.

To propose free trade before establishing a world government is like saying, "Come on, let's play ball; and after we have played together for a while, we'll make the rules." It certainly is true that after playing for a while without rules or umpire, there will be good insight into the need for rules. Without any agreement beforehand and with no umpire, there will be numerous fights and the outcome is likely to indicate which side has the toughest fighters, not which is the most skilled ball team.

Let us examine history. Have there been any examples where free trade has led to union? Was, for example, the formation of the United States the result of free trade? No. Free trade did not even come with the federation. The course of development was not from free trade toward a feeling of mutual interest and good will and then to union. Union came first and was followed by free interstate trade. A national government had to create the necessary conditions in order for free trade to work.

It is equally misleading to suppose that free trade is the royal road to world peace. Prior to World War I, trade and travel in Europe were almost as free of barriers as between the States in this country. One could travel from one end of Europe to the other without a passport and without a currency conversion problem. Products were bought from the best source, from whatsoever country. England was on free trade. Did this freedom to trade prevent war? No, it did not. But history does record that the national defense potential of many of the countries was impaired by their trade policies. A study of military history shows that national and international politics overshadow trade restrictions as a cause of war.

FOREIGN TRADE AND STANDARD OF LIVING

Another point which has confused many people involves the relationship between trade and living standards. One frequently hears the assertion that we must trade with foreign nations to keep them from going communistic. The implication is, that by trading with them we can raise their living standard and thus reduce the chances that they will turn to communism. This concept grows from a lack of understanding of how a living standard is achieved.

If by standard of living one means all the goods and services which people in a given country have, then the standard of living is just the sum total of all goods and services which they produce. Trade is merely the means by which in a division-of-labor society the production is distributed between the various individuals. There are only two ways in which the standard of living may be increased. One is to produce more, the other is for one group to get a bigger share of production at the expense of some other group. This economic law is frequently illustrated with the pie example. There are two ways in which Jack may get more pie—Mother might bake a bigger pie and Jack get his usual sixth, or Jack might get more than his usual sixth of the same size pie. In this latter case, Jack gets more pie but someone else will get less.

If our international neighbors want a higher standard of living, either they must produce more or, through gifts or unequal trading, receive from some other people a part of their production. Increased United States trade with Europeans will not directly increase their standard of living unless, in their trade with us, they get more from us than they trade to us.

There is, of course, an indirect way in which world trade may increase the living standard of a country, namely, through greater efficiency by more international division of labor. This is the basic conclusion of the free trade theory.

When this point arrives, the problems of trade as such will have been resolved because the nations of the world for all practical purposes, will have become one nation.

We believe we are preaching the free trade theory of Adam Smith, and yet we are basing our free trade agreements upon the very economic theory that he denies in his book. The only question I asked during this entire debate related to that proposition of the money supply. All of the proposals that we have heard today are based upon the fact that this Nation, every nation, is attempting to put itself into a position of having a favorable balance of currency. Now, this favorable balance cannot be achieved if there is such a thing as an unrestricted trade allowance between a low-cost area and a high-cost area. Low wages and low income do not make up a market. The only thing that makes up a market is high income. Low prices do not make a market. Low prices break the market. This very situation we are talking about here, concerns trade between unequal economies. It cannot be done in this century or in our generation any more than it was accomplished through the entire history since man first invented the wheel and attempted to hire someone to push it.

Mr. Chairman, I am sorry we do not have the time to give you the actual facts and figures. I heard someone ask the question this afternoon relative to exactly what the trade balance was in the United States, and for the past year and 4 months the American people have been told that we have a $5 billion trade balance in our favor. This is as fictitious as a $3 bill. The only trade balance we have is what we have purchased ourselves. We find that we are told that 15 percent of the agricultural products are exported, and therefore we ought to expand trade in order to help the export of agricultural products. We are in a position with American exports that the more we export the less money we will have in the United States. We are in the same position as the individual who was selling shoestrings at three pairs for a dime when his competitor said to him, "How can you afford to sell three for a dime when I buy from the same supplier and pay 5 cents a pair?" He said, "It is easy. Volume takes care of it." That is exactly what has happened to us in the agricultural picture.

I heard a man ask about beef exports and beef imports. The balance for 1959 shows this: The difference between beef and beef product exports of the United States and imports of beef and beef products represents a displacement of 42 million acres of feed grain land in the United States. We have no protection for that bulk of agricultural products which are being invaded by low priced and low-cost exports.

One particular community alone, Nyland, Calif., showed by testimony and facts and figures that where they had 15,000 workers in the tomato fields 5 years ago they are now down to less than 500, including the owners of the tomato fields. This is all caused by the importation of tomatoes from Mexico at 80 cents a day labor against $1 an hour minimum in California.

Now, Mr. Chairman, the question that we are resolving may properly be a diplomatic one. I do not have any quarrel with that. But at this point let us understand one thing: I do not bow to any Member of this Congress in my opposition and in my contributions against communism. I do not believe that any effort that I am making to save the depressed economy of a proud State that once stood second from the top and now stands second from the bottom, that I am in any way contributing to a softness toward communism. That kind of an argument is only used when sound arguments fail and cannot be used.

Mr. Chairman, I have heard it said on this floor that the so-called relief clauses will benefit all of those injured by imports. How do we measure that? I will say this, though: Knowing this bill will pass, it would be suicide for my State if we took that relief clause out, because we are flat on our backs right now, and something must be done. However, let us take a look and see just who will determine or who can determine who will be paid these relief payments. I want this clear so the Record will show that I am bringing to your attention exactly what is happening and what will happen.

We have—and I think the same condition obtains in the congressional district represented by the gentleman from Pennsylvania [Mr. Gavin], because it is an allied plant—the closing down of an electric motor division of the Elliott company. It is something like 80-some-odd years old. It is the Crocker-Wheeler Division which manufactures motors from 5 to 500 kilowatts. When they announced its closing the day before election day, they said they could not stay in business because of the price deterioration caused by imports. When I met with them I said "Show me where you are injured. I have so many arguments with people who say that that is not true." They said "Yes; these people probably have an argument because we cannot point to a specific item that is sold in competition with us in any particular area."

But, Mr. Chairman, let us see how they are injured. In the United States of America there are 37 manufacturers of this type of motor. Amongst this 37 are three—Allis-Chalmers, Westinghouse, and General Electric. Now, in all of these years of operation, you will find if you get into the economy of American production that there has always been room for a high-cost smaller manufacturer to operate within our economy. That has always been true, because the large, monopolistic type of producer has always recognized the need in our economy for the diversification of industry and the dispersement of industry to the local communities of the United States rather than the concentration of our production within a given area.

Mr. Chairman, before I go any further, let me say this, without fear of contradiction: If this bill is passed and put into effect it will damage the job economy. And I make that point very, very clear, because 4 years ago I stood in this very Chamber and I said that President Eisenhower would not take the 20-percent-cut advantage granted in the 1958 passage of the Reciprocal Trade Agreements Act, because then he faced the realities of life. Theory must fly out the window. So, I say in this respect, I have the greatest trust in the President of the United States when it comes to this, because I have read his speeches both in the House of Representatives and before the Tariff Commission, and I know how he feels about injured industry. I know that the relief clause contained in this legislation was introduced by the President when he was a Senator in the Senate of the United States. The remarks he made upon its introduction show he knew the problem. He knows full well that you cannot buy a job or the dignity that comes from a job. There are men in this room who say that this is an insignificant thing—this situation in the Crocker-Wheeler Division. Is it? Let me tell you something. It means 450 jobs of men who have up to 22 years of service in that particular company. I cannot lose my job by any of the details contained in this bill. I can lose my job only by the action of my people back home. But I am protected by another device. I am protected by an immigration law.

Let me say again to you, free trade can never bring peaceful relations between nations standing alone. Free trade must be accompanied by the free movement of people which is the second book in the series of the boys who promote the so-called free trade theory, written by Henry George. You must have the free movement of peoples and what proves this beyond anything else is the fact that the Common Market was stalemated, it could not get anywhere and had become stagnant in all of its operations until they decided that they must have the free movement of peoples, the same, identical, basic principle involved in the declaration of freedom of trade and movement of peoples by the early Colonies as they declared themselves States.

All of us must recognize that for 150 years we were not isolationists as some profess we were. We were friendly with every nation on the face of the earth.

At no time in the 150 years of our so-called protectionism did we have any kind of an argument with any country on the face of the earth based upon trade relations. The history of trade is this—and I could prove it right now if I had the time. Year after year from 1900 to 1961 there has never been more than 1½ percent difference in the import-export ratio of the United States as against its gross national product. At any time during those years, except in the years of temporary dislocation in the Great Depression all over the world and the war years that this country has been in, that has been true. It is not a question here of saving the big people. This is a big industry bill. I predicted 4 years ago that those who opposed the 4-year extension would soon change. Why? Because they moved their productivity overseas.

Mr. Chairman, I believe in trade, but not trade for trade's sake. I see no value in trade that destroys or in any way depreciates a nation's economic sovereignty, or its ability to meet its commitments, both domestic and foreign.

I believe sincerely in foreign trade that is equitable. No trade is worth having that hurts or injures, in any way, any party to the trade agreement.

In our present plan, now before us, we are buying the proverbial pig in a poke in title I. We agree to cut tariffs to the zero point in any trade item where the United States and the Common Market hold an 80 percent of the total trade between them.

Let me point out three serious conditions that arise if this legislation passes as now presented:

First. No person or group of persons, especially this Congress as a unit, can at this time say what the makeup of the Common Market will be. Will it be the present six-nation, Rome compact? Will it be seven nations, including Great Britain? Will it count the partnership nations alone, or will it include Greece, Turkey, and the Outer Seven, even if they are only limited partners in the trade pact? Will the 80 percent of world trade be based upon that trade that flows in and out of the free world exclusively, or will the Common Market's share count their trade with the Red bloc? These questions should be answered before any decision can be made intelligently on this phase of any trade program which commits this country for a minimum of 5 years.

Second. Will Great Britain drop its Commonwealth preference agreements, and then, under our favored-nations clause, the British Commonwealth countries get the same zero tariff agreement given to the Common Market by the United States even if Great Britain closes the door upon their former associates' trade concessions? If this bill passes with this title as now written, the U.S. negotiators will be in a position of being mandated to cut tariffs to zero, even if the United States is responsible for only 10 percent of the 80-percent total trade controlled by the United States and the Common Market countries.

Third. With the across-the-board privileges given under this bill, it can well mean that almost every trade item in the consumer field, office equipment, farm machinery, construction equipment, machine tools, all nonsubsidy-supported farm products, all wearing apparel, leather goods, all automobiles and trucks, plus other items too numerous to mention, but especially sugar-based products such as candy, sirups, and jams and jellies will be on the free list.

At this point I doubt if any great number of Members can testify as to the effect of this legislation upon their respective districts to the point of gambling their future politically upon their analysis. This I am prepared to do. The bill I introduced yesterday (H.R. 12300) for the House to consider is, of course, precluded from consideration by the rule handed down from up above in the Rules Committee. In the main, it calls for three safeguards, two of which are demanded by labor as essentials if their support is to be given to the legislation. The three changes from the bill under discussion, contained in H.R. 12300, which I have sponsored, are as follows:

First. Customhouse parity: Under this amendment the President of the United States would be granted the power and the authority he is asking for to reduce tariffs 50 percent, or to eliminate tariffs when they reach 5 percent. However, certain procedures and conditions must be met before the President's recommendations can be put into effect.

No recommendation for the lowering or the elimination of any tariff rate, or other restrictive covenant on trade, shall be put into effect by the President until a parity has been reached with the country or area, or group of countries, that are part of the agreement. This means that any charges, in whatever form, that may be against American imports into these nations, shall not be greater than charges made against imports into the United States from these nations.

This puts equality into the tariff structure, and will eliminate all forms of restrictive covenants which, all too often, have been used to replace tariffs when such tariffs have been reduced through bilateral agreements. It will eliminate quotas, licensing, restrictions, currency manipulations, export controls, and customhouse compensating taxes, except when the compensating tax is used under the provisions of recommendation No. 3, which will follow.

Second. Peril point: After the President has announced a new tariff regulation, there shall be a period of 60 days for appeals before the Tariff Commission by affected domestic interests. If the Tariff Commission finds that there is no reason to believe such rates to be disadvantageous to the domestic interest, they shall go into effect within the 60-day period.

When the Tariff Commission finds there is reason to believe such rates to be disadvantageous, they shall not go into effect. The Tariff Commission's decision is only appealable by the President, to Congress. Congress, if in session, must make a decision within 30 days after the appeal is made, and when the Congress is not in session, the power and authority to make this decision shall be placed in the House Ways and Means Committee. The decision of the Congress, or the Ways and Means Committee, goes into effect within 30 days after the appeal is made.

Third. Escape clause action: After a tariff rate has been in effect for 6 months any American interest that deems itself to be at a disadvantage because of an adverse impact by tariff rates, may appeal for escape clause action to the Tariff Commission. Escape clause action must be restricted to the cost of production of the product or products involved in the appeal.

The consideration of the cost of production shall cover taxes, labor costs, raw materials, services, and research. The cost of production shall be based upon the f.o.b. platform cost and point of production, as compared to customhouse price of an import. Where the Tariff Commission finds that the disparagement between the cost of production and customhouse price disadvantageous to American interests, a compensating factor shall be applied to the import, bringing the customhouse price equal to, but not above, the cost of production of the American product.

All funds collected by the customs bureau, after deducting cost of operation of the customs bureau, shall be put into an international common development fund, by agreement with other trading nations, using the same principle of free trade embodied in the compensating factor formula. Said funds to be used for the advancement and development of the underdeveloped countries and emerging nations. Said fund to be administered by representatives of all participating countries. Under this formula, the market places of all trading nations in agreement will be opened to the product of other nations on a truly fair trade basis, based upon quality and demand, rather than incremental pricing or dumping.

This program is truly in the interest of the free movement of goods on an equitable basis. This will tend to decrease the incentive to trade based upon the exploitation of low paid workers and subsidized industries, Government trading cartels, world wide trusts, and monopolies—and will, in fact, tend to increase the ability of each industrial nation to consume more of their own production.

It will protect the high economy against the dumping of goods produced in low economies and will protect the low economy against the dumping of goods made in mass production industries. Trade, as such, is only mutually profitable when it is equitable.

In the main, these are the changes and recommendations that would make H.R. 11970 a forward looking legislative act that will build a firm foundation, economically, politically, and diplomatically, in the free world.

No nation can afford to have unemployment when such unemployment is beyond its control and outside factors create a climate in which domestic investment cannot be rewarded with a reasonable profit and where domestic labor is subject to the pressures of wages paid in foreign countries and where domestic taxes contribute more to the cost of the production of a product than they do in a competing industry.

Trade, without the compensating factors to equalize these fixed cost and ingredients of production, will tend to destroy a nation that ignores the exact science of economic history as shown both here in our Nation, as well as in international production, that production will flow to the low cost producing area and trade will flow to the high income markets.

Mr. Chairman, the time is here when we must make a decision on the program this Nation will follow in its international trade relations.

I say "program" because I find little difference of opinion or purpose with a proposal for an expanded trade program. I do, however, find a great deal of difference of opinion in the plan advocated for the advancement of this goal.

Inasmuch as our study on the impact of imports and exports on American employment was based upon the job economies of trade, I shall, in the main, refrain from more than passing observations on the phases of the trade proposal, H.R. 9900—now known as H.R. 11970—that affect the political or diplomatic phase of the proposal before us.

I may cover some facts already known to all of you. I shall, however, try to give you the information and conclusions as they developed in our hearings.

Is nationalism bad and outmoded in today's world? This question must be answered before we can really establish our position in the problems presented by this new trade proposal. No one can live alone we are told. This may be as true as life, but it is equally true that one must first be able to live for his own well-being, before one can live for the well-being of others.

If a man cannot swim, can he save the life of a drowning man by simply jumping into the water?

I believe in nationalism because, without it, there is no sound base for internationalism. If we fail to take pride in our own achievements, our ability to survive and maintain our independence, how can we appreciate the independence and well-being of others. If nationalism is bad for one nation, is it not equally as bad for a combination of nations, no matter what you call the combine?

One of the prime examples of nationalism is the country of Switzerland, where poverty is as scarce as extensive wealth. Public servants from the top to the bottom are public servants.

While in Switzerland, I made it my business to talk to persons in every walk of life at every occasion. I found an astonishing singleness of purpose, an amazing unanimity of opinion on such controversial subjects as trade and aid, Russian expansion, U.S. world leadership, the whole gamut of the world's everyday problems.

One thing that is sure, every Swiss is for Switzerland first, last, and always.

If you think that any Swiss would promote or advocate any legislation or government proposal that would—under any conditions and for any consideration—give an advantage to any other nation, developed, underdeveloped, emerging, or full-grown, over the Swiss nation, its industries, its commerce, its trade, its job opportunities or its financial institutions, you would be 100 percent wrong.

They take most things in their stride just about like we did in America for 125 years from the Declaration of Independence to the Spanish-American War.

They are realistic in their approach to their own, as well as to others' problems. They are not panicking over someone wanting their gold and believe me, they have more of it per capita than any other nation on earth.

Although we have been ridiculed out of the belief that we are a free and independent country, the Swiss still maintain Fortress Switzerland.

They have to import about every raw material they need. They pay wages from two to four times as much as any other European nation and—all things considered—come closer to our standards than any nation except perhaps our neighbor to the north, Canada.

In spite of needing the world's products, no group in Switzerland would dream of promoting trade legislation granting concessions on the grounds that they must buy their way into world markets or into the good graces of peoples and nations. To them, trade is a commercial venture and is treated as such.

Certainly they bargain, certainly they give and take, but strictly on the commercial merits of the deal or treaty. Never do they let the will of the wisp of foreign trade cloud their visions to the realities of life.

Diplomacy and political consideration must be separated from the economics of world trade when it comes to the dollars and cents, the production and payrolls of the American peoples.

This is a far cry from a program which has as its main arguments and logic, the catch phrases once reserved for selling soap and cigarettes.

We are being led into a self-sacrificing international trade policy based upon slogans, posters and cartoons.

We are told we must trade or fade.

We must buy so we can sell.

If we do not trade, we will not have coffee, tea, or nuts.

We cannot have autos, radios, TV's, ornaments, unless we trade—at a loss.

If we do not pass a free trade bill, the Communists will take over.

Our friends will leave us unless we give certain trade agreements; unless we give them concessions.

Free trade will solve our economic problems.

We export more than we import, so why should we not be for free trade?

Free trade is the answer to the world's problems.

We need friends to help protect us; we can only get them through trade agreements in favor of other countries.

These are just a few of the many arguments tossed about by the proponents of free trade with about as much regard for the facts as a horse better who picks a horse to win because of its name, or a number player who believes in dreams.

I believe the best analysis of the Swiss attitude toward our policies can best be described by the following interview between an able American newsman and a Swiss citizen:

> I have yet to find a single Swiss banker or businessman who does not have a warm feeling for the United States. But at the same time they more realistically appraise our future than most of our own economists or partisan politicians. And their estimates present a gloomy outlook for the future. A director of one of the greatest banking institutions in this country set forth his misgivings on America's future financial structure:
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> "You are still the richest country in the world," he said, "not only in raw materials but in inventive genius, know-how, and daring. But at the rate of your expenditures for domestic progress, defense, and particularly your indiscriminate desire to help the rest of the world—regardless of its desserts—you will not be able to continue to discharge this self-imposed obligation without serious consequences. The gold outflow should be a real warning.
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> "Your rate of taxation—direct, indirect, and invisible—has not yet reached the saturation point, but you are not far from it. Since it is obvious that all your political men are pledged to the continuation of this role of the world's good Samaritan, I cannot see the end of these expenditures. Even in the highly problematic circumstances that there may be a lessening of the arms race, you will be compelled by drastic economic necessities to divert the billions you are spending on defense to social works. This means the burdens of taxation will continue.
>
> "The outflow of gold is continuing at a more alarming pace than the average American citizen and even your lawmakers realize. In order to provide the huge amounts needed for social engineering and increased help to the underdeveloped countries which would follow the highly unlikely slowing down of the arms race, you will have to increase the taxation of every American—from factory worker to the man living on modest retirement and the coupon clipper.
>
> "Despite your present efforts, it will be difficult for you to regain your position in the world markets because of the high and increasing cost of production. You will continue, of course, your democratic form of government, but don't forget history. There have been many instances when the tax collector has become more of an oppressor of the people than the secret police in a dictatorship. In order to gather the necessary funds to continue your gigantic self-imposed task from cradle to grave the income tax collector will become more arbitrary and increasingly consider the taxpayer as a lemon which must be squeezed to the last drop. And in the long run, this will cause you serious trouble."

The one thing that should cause alarm in this country is the apparent cold-blooded attitude toward workers and their families, their homes, their communities and neighborhoods.

When we promote legislation that spells out the destruction of our industry to help another industry and its workers to profit and prosper, we seem to forget completely that none of us has a right to say that one man's job is to be sacrificed to benefit another.

We talk of aid to industry as if we are in possession of some secret process or product that we can start to produce exclusively and thereby guarantee the new industry and the newly trained worker permanency of position.

Even if we had something like this up one sleeve, we still have not the right to say to a glass worker, "Your job is to be sacrificed so that a cotton worker can prosper."

I have watched coal towns die; I have watched my glass workers out of work more days than they worked because of imports. It is no secret that I started to work in a glass plant as a carryover boy at the age of 11. I am sitting in on the killing of the tool steel industry, the housewares industries, American ceramic tile and tableware, chinaware and sporting goods are being pushed off the American shelves just as fast as foreign countries can meet our enormous demands.

Without restraint by some Americans who believe in being American, buying American-made goods, and the inability of the foreign sources to provide our needs, we would have been swamped long ago.

Tariffs are not the answer. In a sense that is true. However, what are tariffs? We Americans think of free trade as a tariff-less commerce between nations. We consider tariffs to be the charges made at customs but tariffs take many forms. Reasonable tariffs are nothing but compensating factors, equalizing economic conditions.

Even in sporting events, handicapping is essential to the success of the sport. Horses may all be thoroughbreds, but weight allowances and handicapping make the race possible. You never hear of a $5,000 horse racing against a $15,000 horse—in the same race—without compensating factors, so why should a $3.85-an-hour U.S. workman be pitted against a 35-cents-an-hour foreign worker in the same marketplace without compensating factors?

Call the factors what you will, but in the end results, they are all tariffs.

For instance, recently, the Canadians devaluated their dollar. It was worth $1.04 against our U.S. dollar. Why? Its no secret, the Canadians publicly stated that they devaluated their dollar to increase exports and to decrease imports.

Here is how it works. A Canadian exporter sells an American a $10 item. The American buys it for $9.25 (U.S.)—a bargain in dollars and cents. An American sells a $10 item to a Canadian and the Canadian has to pay $10.75—no bargain for the Canadians.

By simply changing their currency value of exchange, they put a tariff on U.S. goods and create a subsidy on Canadian goods. Before the currency manipulation it would have cost the Canadian only $9.60 for a $10 item from the United States, and the United States would have had to pay $10.40 for a Canadian $10 item. The American people are not told these things.

Again, let us take the tariff picture on shoes. We buy shoes from France. We pay $10 a pair for French shoes, send them to the United States and pay an average tariff of 16.7 percent, or $1.67, making the total price for French shoes $11.67. In the U.S. Customs Office you pay the $11.67, and take the shoes.

We sell a pair of $10 shoes to a French customer. At the French customs office the French put on the transportation from the United States, plus the shipping insurance, or about 25 percent of the sales price for an additional $2.50, making the U.S. shoes cost $12.50, before tariff is added.

At this point the French add on an average tariff of 24 percent or $3, making the customshouse price $15.50, for the U.S. $10 shoes.

Now comes the tariff bite that does not enter into our calculations in our tariff negotiations. The French then apply a compensating factor to make up for French costs of production based upon domestic taxes for Government operations. This adds another 23 percent on top of the cost, insurance, and transportation, plus tariff, or an additional $3.56—raising the price to $19.06 for U.S. shoes as against $11.67 for French shoes. This is true in one form or another in most trading countries. Especially so, when the products imported are in competition with domestic goods.

We seem to have a completely different view of trade than the rest of the world. We do not seem to understand the difference between trade and diplomacy, economic stability and political expediency.

The basis for free trade or any other trade has to be equity. That is why I have proposed and will continue to fight for equity and parity at the customhouse. I believe in equity in all things. Free trade, like free enterprise, must be equitable. If we applied the principles advocated by the free traders to our production economy, we would end up with a few monopolies running the whole country.

This Nation cannot survive in a competitive trade war with either friends or enemies unless we insist upon parity for our goods exported, equal to the charges against foreign goods imported.

My plan would not hamper free trade, it would promote it. It would remove the most dangerous elements contained in the proposal before Congress since it would curtail profiteering in trade at the expense of exploited foreign labor and displaced U.S. labor.

Unless all Nations protect their built-in costs of production in their own domestic market places, we will start the greatest trade war in history, involving run-away investments, exploitation of workers, tax dodging, arbitrarily fixed currencies, quotas, licensing of exports and imports, and finally a demand for the free movement of peoples as well as goods.

We found this out early in our history and of recent date, the European Common Market found it out also. It means the end of immigration laws as we now know them. Ultimately, peace will come from the free movement of peoples, as well as goods. Both must come by evolution, not revolution. This may or may not be desirable, but at least we should know that it is inevitable.

Another argument advanced by the importers and foreign exporters is that it gives competition to U.S.-made goods and provides our U.S. consumers with bargain prices. It depends upon where you are sitting.

If you are sitting in a political executive position or a civil service position, your chances of losing your job to imports are nil. Insofar as you are concerned personally, it is a bargain to get a foreign car for 60 percent of the cost of the American-made car, or shirts from Hong Kong, china from Poland, and silverware from Japan.

However, what kind of bargain will it be for the U.S. autoworker if he buys a foreign-made car, or an American shirtmaker, chinaware worker, or a silversmith when he saves money buying cheap-labored foreign goods while his products stack up in the warehouses?

Of course, we only preach this philosophy for manufactured goods. We do not allow the flour mills in the United States to buy foreign wheat for 60 cents less a bushel; we do not allow our textile mills to buy cotton at world cartel prices of $42.50 less a bale than our Government-fixed price.

If this is sound policy, why do we exempt certain products, certain industries and certain areas from the much-heralded benefits of this new trade bill.

If the automobile industry wants free trade, give it to them, but why force others to take it?

One result of our past policies has been a competitive price war that has caused two very severe impacts upon our economy. We have been forced to automate and to cut quality to meet cheap labor prices. Both cost jobs.

Automation is only good when the production is needed. It adds nothing but misery, unemployment, reduced investor dividends, monopolies, and trusts when we automate to produce goods already in oversupply in the consumer market.

The best illustration of this is our mounting farm surplus. We pay farmers for not producing on 36 million acres through our soil bank program; at the same time in beef import-export balances alone, we displace production of 42 million acres by imports over exports.

We do sell more wheat than we buy simply because we have import restrictions. At the same time, we sell our wheat in the world wheat cartel for 60 cents a bushel less than it costs us to produce it. I understand this has been reduced to 48 cents as of March 12, this year, because of a cartel agreement entered into with wheat surplus nations.

According to the Wall Street Journal, we talked the wheat cartel into raising the price of wheat 12 cents a bushel, cutting our subsidy by about $80 million. We seemed to have forgotten about the added costs to the world wheat consumers and the added profit of 12 cents a bushel to lower cost nations.

I leave it up to you to figure what will happen if H.R. 11970 passed and was put into effect. We would cut out all tariffs on most of the world trade consumer goods manufactured. We would put a $2.86 an hour worker in the United States in direct competition with a 35-cent-an-hour Japanese and an 85-cent-an-hour Common Market worker, fringes included—Department of Commerce and U.N. figures, U.S. News & World Report.

Without compensating factors at the customhouse, based upon costs or production, we will have to set up world trade price fixing, in every competitive line or watch our economy wither and die in the next decade.

I have searched everywhere and have racked my brain trying to find a reasonable interpretation of our Constitution and my concept of our way of life for an excuse to vote for legislation that would deny an American investor or an American worker his day in court when his life's earnings and his means of earning a livelihood were being threatened. The history of the peril point and escape clause actions of the present law, let alone the new proposals, certainly cannot be considered as a day in court, an equitable court.

The peril point must not only be retained, but it must be strengthened if it is to be of any value.

For this reason, my amendment to the peril point section gives at least a limited time for appeal and decision, without in any way impairing the powers of the President to negotiate and propose tariff cuts.

This, added to the escape clause section, is necessary if we are to really promote free and equitable trade between nations.

As each nation becomes more industrialized and more productive, in both manufacturing and agriculture, these safeguards will become increasingly more important.

Without restrictive covenants and with unworkable executive powers we abandon the area of legislative restraint; we put more lock, stock, and barrel profiteering into the operation of our trade economy by exporters and importers.

With all due respect to our present Chief Executive, and I have the greatest respect for the President and his profound knowledge of this problem, I realize that some unyielding and ambitious person might well cause irrevocable harm to our economy before relief could be obtained through congressional action if we allow this legislation to pass without amendment.

Unless we write into the law specific steps and restraints, we may well be compounding injuries already sustained by many industries. Here are two examples of the weakness of the present and proposed peril point and escape clause sections.

Last year hearings were held by the Tariff Commission on raising the quotas on blue mold cheese. After deliberation and factfinding, the Tariff Commission voted not to increase cheese quotas.

Recently, without further hearings or new evidence called for, the President—by Executive order—raised the quota by 840,000 pounds per year. This was done in spite of testimony last year by the Agriculture Department showing the far-reaching damage to the dairy industry, the feed grain program, and the American cheese industry.

The second case in point is flat glass. After years of bitter complaint by the industry, the Tariff Commission in the face of overwhelming proof of serious injury, advised tariff increases wiping out practically all the tariff cuts of the last 20 years under reciprocal trade legislation.

The President turned the recommendations down by asking for a review of the facts. After months of delay, the Commission again recommended increases.

Exporters, particularly Belgian, have protested by going so far as to threaten reprisals. In this, they are joined in a combined effort by the Common Market. Out of London comes a story that again shows the nationalism and commercialism of trade. The English protest our tariff increase because of the fear of flooding their own markets by the surplus Belgian glass.

The President finally approved the tariff increases. Before they could go into effect, the President ordered a delay of 60 days. Now we read in public print that the drive by the exporters is mounting and there is a possibility that the increases will not be granted.

The Tariff Commission's recommendations were based upon the cold facts of economics. The Executive decision appears to be influenced by the demands of diplomacy.

From hearings and evidence, it was developed by our committee, that we imported twice as much window glass in 1960 as we used in the whole Nation. The flat-glass industry on its own has no reason for existence if the criteria for competitive trade under H.R. 11970 is to become the law.

We have a reasonable and understanding President. The pressures built up in commercial trade channels are beyond the solution by diplomatic or political equations. How many Members of the Congress would vote for this legislation if the last word and all the power contained therein, were turned over to George Ball, Charlie Taft, Secretary

Dillon, or any of many proponents of unrestricted free trade?

Does this not point up the need for covenants in the law that will keep our three branches of Government each within its own sphere of constitutional duties?

Theory is necessary and reform is inevitable. Both, however, must be based upon the ability to perform and to comply with the new order. History has accorded the greatest honors to those who fought for the rights, freedoms and privileges of the little peoples. Property rights are necessary to a civilized society, but even so, they must necessarily be second to the rights of man.

Are we moving forward in the new world ahead of us, or are we moving backward in our concept of world economics? Throughout this proposal, H.R. 11970, we find that the ability to compete internationally is the criteria for the right to work or to produce for world and domestic consumption.

This was the Old World concept for economic action, up until the bold breakthrough of demand for labor justice, when Cardinal Manning joined a picket line in England. This Catholic prelate found a hard-hitting, courageous ally in the United States in the person of a leading Methodist, John P. Algeld, later to become Governor of Illinois.

The concept of economic action at that time was a naturalist one that denied any relation between economic activity and morality.

At this period in history, the encyclical of Pope Leo 13th appeared on the scene. It spelled out the needs and rights of the little peoples, the workers, as well as the rights and responsibilities of property. In part, the Rerum Novarum contained the following observations and pronouncements, equally true today as they were then, and I quote:

> We approach the subject with confidence and in the exercise of the rights which belong to us. * * *
>
> To you, are well known those basic principles. * * *
>
> According to which the economic-social sector of human society should be reconstituted.
>
> They first and foremost concern work, which ought to be valued and treated not just as a commodity, but as an expression of the human person. For the great majority of mankind, work is the only source from which they draw means of livelihoods and so its remuneration cannot be left to the mechanical play of market forces.
>
> Instead, it should be determined by justice and equity, which otherwise would be profoundly harmed even if the contract of work should have been freely entered into by both parties.

This is why we find poverty in the midst of progress in our day and age.

> We judge it, therefore, to be our duty to reaffirm once again that the remuneration of work, just as it cannot be left entirely to the laws of the market, so neither can it be fixed arbitrarily. It must rather be determined according to justice and equity.
>
> This requires that the workers should be paid a wage which allows them to live a truly human life and to face up with dignity to their family responsibilities, but it requires, too that in the assessment of their remuneration regard be had to their effective contribution to the production and to the economic state of the enterprise and to the requirement of the common good of the respective political communities, especially with regard to the repercussions on the overall employment of the labor force in the entire country.

An American worker actually contributes more of his wage to the community than a foreign worker earns.

> It is clear that the standards of judgment set forth above are binding always and everywhere, but the degree according to which concrete cases are to be applied cannot be established without reference to the available wealth which can vary in both quantity and quality which can, and in fact does, vary from country to country and within the same country from time to time.

Secretary Goldberg said it in different words when he said wage levels could not be the same since not all employers started with the same ability to earn profits.

> There are also demands for the common good on the world level: to avoid all forms of unfair competition between the economies of different countries, to encourage with fruitful understanding collaboration among these national economies, to cooperate in the economic development of communities economically less advanced.

Again I call your attention to the warning against trying to achieve social-economic equality in an atmosphere of trade based upon unfair competition between different economies.

The essence of the amendments I have offered is aimed at promoting the economic uplift of the areas where the unequalities of the social-economic order have created enormous wealth at the expense of the exploited workers and their families.

When a nation exports products denied its own peoples because of their low incomes, foreign trade is a blight upon the body politic in the exporting country and a deterrent to further gains in the importing country.

To show that the whole premise of the amendments offered to H.R. 11970 are aimed at protecting and promoting the well-being of each individual nation, I have recommended that all revenues collected at the customhouse, as compensating factors equalizing costs of production from country to country, be put into an international development fund for the underdeveloped nations.

Only by having the survival covenants contained in these amendments will the high-cost, high-economy nations be protected against the dumping of goods produced by low-paid, exploited workers, while at the same time give protection to the domestic production of the emerging underdeveloped nations which for too long have been used by the exporting nation as the dumping grounds for consumer goods produced by automation and mass production.

True equitable and expanded trade would be based upon the free exchange of needed and noncompetitive goods and upon protected costs of production in competition goods.

In order to arrive at an economic level that preserves a harmonious balance in all sections of the production facilities, the economy of trade requires a political economy that considers taxation, labor costs, selling price protection and market requirements.

This is the only sound basis for consideration of international relations in the field of trade.

It has been pointed out that the great campaign for the passage of this act as written has allowed figures and so-called facts to be implanted in the minds of the people that have little or no relationship to the economic statistics which can be misquoted and misrepresented but cannot be denied or hidden forever from view.

The first balloon we must break is the much publicized trade balance. It has been said time and again that our export balance is $5 billion in our favor.

This sounds good and can be put in the same category as the TV advertisement that promotes the universal acceptance of a particular drug because it has been endorsed by five New York doctors.

The truth of the trade balance is this: We exported $20 billion, we imported $15 billion. We actually gave away 30 percent of our exports, or $6 billion worth, leaving a balance of $14 billion. Out of this amount we aided by loans, barter, and other export deals in providing the incentive and wherewithal for roughly $4 billion of actual sales in exports against a total of $14 billion. The $5 billion figure of surplus exports is as fictitious as a three dollar bill insofar as its relationship to foreign produced U.S. jobs.

The gold balance was a net loss of $3.5 billion in spite of almost a $1 billion repayment of overdue loans by West Germany and Japan.

If this Nation falls for this set of figures, it will be repeating the same mistake made in 1958 when Congress passed the 4-year extension of the trade bill based upon the 1957 export figure of $21 billion. We never came near that figure before or since until it was necessary to get a favorable trade balance in 1961 in the interest of passing H.R. 11970.

It may interest this Congress to know that the percentage of trade to our gross national product have never varied more than 1 or 2 percent except in years of emergency and unusual temporary conditions.

This will be true again unless we have our front doors open and our rear doors unguarded.

The real danger lies not so much in the total of exports and imports, but in the change in character of the products traded.

We have made almost a complete shift in our export-import products. For years up until 1958 this Nation imported roughly 65 percent of raw materials and about 35 percent manufactures and semimanufactures.

This has changed and we now import consumer goods and other manufactures and component parts at about a 2-to-1 ratio.

This means a loss of U.S. jobs and an export business of raw materials, lumber, cotton, farm cereals and grains, coal, specialized ores and manufacturing machinery, airplanes and other items not yet produced by competing countries in sufficient supply for their own uses as well as export trade. Our greatest export has been in machine tools.

Soon this field of machine tools and agricultural products will be lost to our Nation and unless we recapture our own market we are headed for economic disaster measured in loss of human dignity in the rank of the displaced workers.

So much for the trade balance. Let us look at the public release on the employment figures:

The Labor Department claims 4 million jobs for U.S. workers from exports.

The Commerce Department claims 6 million jobs in U.S. industry from exports.

The Import Council claims 12 million jobs in U.S. industries from exports.

All sources and authorities claim a loss of jobs running from a mere 200,000 to 400,000 from the impact of imports.

Facts do not substantiate these figures. There are less than 17 million workers in all U.S. industrial production. There are 67 million income earners in all walks of life in our economy. Our own Department of Commerce claims only 4 percent of all our business entities engage in exporting.

There are less than 17 million workers in the manufacturing industry. Even if we give credit to exports for $10.5 billion we only show 6 percent of our gross manufactured product as exports. Six percent of total employment in industry would give credit to exports for 1,020,000 jobs. Using the chamber of commerce ratio of 176 jobs created in other industries and services for 100 jobs in manufacturing, we find that a total of 2,754,000 could be credited to exports.

By the same token, our imports of manufactured goods and semimanufactured goods total approximately $9.5 billion or a job loss using the same ratios and percentages of roughly 10 percent less than jobs gained, or 275,000 jobs.

This equation disregards the job displacement on a basis of labor content, although for every dollar of labor content from Europe, we lose $3 in American wages and for every dollar of Japanese import labor content we lose $7 of American payroll dollars.

Looking at it from another angle, if we give full credit to the 4 percent of gross national product to exports and 3.2 percent of gross national product to imports, we find that exports create eight-tenths of 1 percent more total jobs in the gross national product than imports.

This means that eight-tenths of 1 percent of the 67 million income earners, if they all had a stake in exports, would show 476,000 jobs created by exports. This includes all workers in all jobs all salaried, commissioned, Governments, farm, public officeholders and all income earners from whatever source their income can be traced.

This is a far cry from the 4 million jobs claimed by the Labor Department, 6 million jobs claimed by the Commerce Department, and the 12 million jobs claimed by the Importers Council.

Again these figures are heavily weighted in favor of exports since the relationship of our low labor content exports as against high labor content imports makes job ratio comparisons, measured on a dollar volume, a little ridiculous.

In fact, if you find time to read the report of the Committee on the Impact of Imports and Exports on Employment, you will find the job lag in the United States traceable directly to job displacement by imports and indirectly to imports because of the acceleration of the program of industrial automation caused by the demand for cheaper produced U.S. goods to combat low-priced imports.

We must realize that in dollars it looks like jobs are created by exports over and above import losses. However, when you measure the volumes of import goods as against export volume, you get a different concept of job equations.

Imports from the Common Market contain labor at one-third American labor costs. Imports from Japan contain labor at one-seventh our labor costs.

We export high-cost, low-labor-content goods, and import low-cost, high-labor-content goods.

Study shows that about 50 percent of manufactured products is production labor.

Using this as a base, for every billion dollars of labor content imported from Europe, we displace $3 billion of U.S. paychecks.

From Japan, the ratio is $7 billion lost wages for every billion dollars of import labor content.

In plain words, this means a displacement of paychecks, the seed money in our economy, that creates the high incomes, taxes and purchasing power beyond the world economic level.

Our own Government recognizes these facts in the matter of Scotch Whiskey imports. Although Scotch is an exclusive noncompetitive product since we do not produce Scotch, the U.S. Government charges a compensating factor at the customhouse equal to the distilled spirits tax on U.S.-produced liquor.

If this is necessary to protect Government revenues, why is it not sound and equitable to protect worker's payrolls and investor's incomes?

This Wall Street Journal has this to say on the tariff cut threat:

TOOL TACTICS—MAKERS EXPAND ABROAD TO MEET RISING DEMAND, U.S. TARIFF CUT THREAT—MORE MAY SHIP TO UNITED STATES FROM FOREIGN PLANTS; OPERATIONS CURBED HERE AS ORDERS FALL—TRECKER SEES MANY FAILURES

(By David C. Smith)

CLEVELAND.—Some of the Nation's machine tool builders are curtailing and expanding operations simultaneously.

Significantly, the curtailments are at their plants in this country, where business has been lagging, and the expansions are at their plants abroad, where it is strong. The tool makers' moves are largely to gear production capacity to demand. But they also reflect increasing pressure, partly supplied by the Nation's move toward freer trade, on U.S. companies that operate abroad to do more of their manufacturing there, even of products to be sold in the United States.

Machine tools, used to cut and form metal into products, sell best when big metalworking industries, such as automobiles, are expanding. U.S. machine tool companies were pushed heavily towards oversea expansion in 1957 and 1958 by the collapse of their domestic business. Shipments of cutting tools (on which statistics are more accurate than on forming tools) plummeted to $455 million in 1958 from $879 million in 1957. The main reasons were that the U.S. auto industry had largely completed its big postwar modernization and decentralization drive, military emphasis was shifting away from mass-produced items, and the use of plastics and other nonmachined materials was rising.

HALF NOW HAVE TIES ABROAD

Recognition that Europe, Japan, and some other lands still were in the midst of big metalworking expansions, and also fearing Common Market trade barriers, U.S. tool companies hurried to set up shop abroad. Many acquired or built plants, bought interest in oversea firms, or signed licensee agreements. The National Machine Tool Builders Association (NMTBA) estimates that companies representing 50 percent of U.S. machine tool dollar volume now have oversea ties.

The oversea demand was heavy enough that the companies were not only able to operate their foreign plants at capacity but also received a much-needed increase in foreign orders at their American plants. Last year, the value of foreign orders comprised 31 percent of the total received by plants in the United States compared with 10.8 percent in 1957.

But after hitting a record $21 million last September, foreign orders have begun to decline as oversea plants have cut waits for deliveries. In February, foreign orders fell to $7.6 million. While they climbed to $9.7 million in April, a poll of 300 industry executives at a National Machine Tool Builders Association meeting in Chicago recently turned up none that expect monthly foreign orders to rise much above the $9 million level during the rest of this year. Many oversea plants now can make deliveries in a year or less, compared with 2 years in 1960: this gives plants in the United States, which can deliver in 4 to 6 months, less of an advantage.

Moreover, foreign producers now are out searching for business. Japanese builders have set up a Japan Machine Tool Trade Association with offices in Chicago and Dusseldorf, Germany. Japanese tools were displayed at a recent Cleveland trade show sponsored by the American Society of Tool & Manufacturing Engineers. Their makers were Mitsui & Co. and Hitachi Seiki. A Mitsui representative says his company is shooting for $1.5 million in U.S. sales this year and $6 million by 1963.

EUROPEANS SEEK U.S. OUTLETS

"More and more European machine tool builders have been on the prowl for U.S. distributors in the past few months," says Thomas Rudel, a New York City tool distributor. James C. Kelley, executive vice president of the American Machine Tool Distributors Association in Washington, says the 200 members of his organization have reported an upsurge in European builders seeking outlets in the last 4 months.

U.S.-made tools have enjoyed a quality advantage over foreign makes but some U.S. executives say that is being narrowed. "We've lost the technical edge to some degree already," says E. M. Hicks, vice president and general manager of Norton Co., a Worcester, Mass., producer. National Acme Co., a major U.S. tool producer based in Cleveland, recently bought an $80,000 Swiss-made boring machine for its own plant because it was thought to be superior to U.S. models.

So far, imported tools have made no serious inroads into the U.S. markets. For several years imports have held fairly steady at about 5 percent of U.S. sales. But some producers fear that President Kennedy's proposed trade bill, now before Congress, will raise the level. The proposed bill would cut the present 15-percent tariff on machine tools to 12 percent initially and eventually to zero.

HEAVY FAILURES SEEN

One who foresees a rise in imports is Francis J. Trecker, who is president of both Kearney & Trecker Corp. in Milwaukee and the National Machine Tool Builders Association. "I may be pessimistic," he says, "but it seems to me that half of the existing machine tool companies in this country are likely to go under." These companies represent about 10 to 15 percent of industry volume, he estimates.

Kearney & Trecker has been approached by a dozen smaller companies that are seeking an alliance with bigger firms, says Mr. Trecker. "Most of them are manufacturers of standard machine tools, though, and we have been trimming our line of these products." The standard tools, such as drills, lathes, and milling machines, are simpler in design than some of the automated equipment American firms produce and are less protected from import competition by technological superiority.

In competing with imported tools, American producers say their U.S. plants are handicapped by wage rates that often are three times as high as foreign rates. Labor usually represents about half the cost of a machine tool, they estimate. Despite this handicap, some argue that their efficient production methods, high-level technology and proximity to the market would protect their U.S. market if they could maintain an efficient level of production.

But unfortunately, they say, the decline in foreign orders placed in the United States and the continued low level of domestic business is preventing such efficiency. U.S. producers are operating at only about half of their capacity here compared with 100 percent at their oversea plants. Thus, many find themselves expanding abroad and facing the prospect that rising volume and efficiency overseas, coupled with expected tariff cuts, will further widen the cost advantages of their foreign plants over domestic facilities. As that happens, it's feared the pressure to ship foreign-built products back to U.S. customers will rise, with detriment to the jobs of workers in their U.S. plants and the U.S. balance of trade.

So far there has been little of this backshipping. For one thing, the oversea plants have had all they could do to supply demand abroad. Their product lines usually are more limited than those the U.S. plants can offer and the U.S. plants can provide better service. But there already are sizable cost differences on certain tools. Kearney & Trecker reports that it can ship one machine from England to the United States, pay the tariff and install it in the customer's plant for a price of $41,000 compared with $75,000 for the same tool built in Milwaukee.

Jones & Lamson Machine Co., of Springfield, Vt., last year, along with other interests, set up a plant to make turret lathes in Belgium. It already had an English licensee. A company spokesman says, "If things get too tight to compete here, we could ship from Europe and even pay the tariff. It's more likely, though, that we would build some machines overseas and assemble them here."

"If it means survival of our business, you're darned right we'll ship to the United States from our French plant," says Julian Pease, president and chairman of New Britain Machine Co., of New Britain, Conn. Asserts Norton's Mr. Hicks: "We wouldn't voluntarily produce abroad for shipment here. But if we're pushed into it, it might be an entirely different story."

Regardless of the outcome, there is no doubt that expansion overseas is proceeding apace. The English subsidiary of Cincinnati Milling Machine Co., the biggest U.S. machine tool producer, recently acquired a 150,000-square-foot plant at Biggleswade, England, where it will make grinders and broaching machines. It also let contracts for construction of a new foundry at Tamworth. Norton Co. this year acquired a 75-percent interest in R. Woodvine & Sons, Ltd., a Shrewsbury, England, subsidiary of Asquith Machine Tool Corp., and plans to produce Norton grinding and lapping machines at the plant. Brown & Sharpe Manufacturing Co., of Providence, R.I., is adding 25 percent to its production capacity in Plymouth, England.

The French subsidiary in which Sundstrand Corp. of Rockford, Ill., owns a majority interest plans to move soon into a new plant near Paris, along with a separate, wholly owned subsidiary that makes perishable cutters for machine tools. The company says the new plant will bolster efficiency, reduce overhead, and slightly increase capacity. American Machinist, a trade publication, reports that at least two American companies are considering setting up plants in Japan, which has just raised its tariffs on imported machines to 25 percent from 15 percent.

U.S. OPERATIONS TRIMMED

At the same time, some of the U.S. companies are trying to trim down their U.S. operations so as to reduce overhead and attain efficiency at the present levels of production. Kearney & Trecker is completing a $3 million 280,000-square-foot addition to its special machinery plant in Milwaukee. It will then close two older plants, reducing its total plant space to 450,000 square feet from 725,000, its inventories by about one-third and overhead costs by an estimated $700,000 a year. It hopes to let its employment fall to 1,600 from 1,700 through normal attrition.

Sundstrand last year shut down a machine tool plant at Ann Arbor, Mich., pulling operations back to its Rockford, Ill., headquarters. American Tool Works, of Cincinnati, is spending $1,250,000 for new equipment and has cut overhead costs "to make ourselves tough, wiry, and strong to meet the expected onslaught of competition and also to work within the limits of available business," in the words of John Hussey, vice president, marketing.

A National Machine Tool Builders Association survey shows that U.S. builders boosted spending on research and development to $12 million last year from $10 million in 1960. "If we can continue to make better tools that in some way help our customers reduce their costs, we can compete," says T. A. Strimple, president of National Acme. As an example, he points to a new machine developed by his company which performs 70 different machining operations on a typewriter part.

SOME HOPEFUL ABOUT ORDERS

Some companies are hopeful that domestic business will pick up after it becomes clear what special incentives to capital spending the Government might provide industry. The Treasury Department is readying new tax depreciation schedules on some 5,000 items (including machine tools) which may enable companies to set aside larger untaxed amounts from earnings to buy new equipment. The administration's tax bill proposes an 8-percent tax credit on equipment investments made this year. The provision has passed the House, which cut the credit to 7 percent and is in the Senate.

Some tool executives doubt that these measures will sharply stimulate buying. "This is only a drop in the bucket," says Rodney H. Stebbins, sales manager of Gisholt Machine Co., in Madison, Wis. But they do observe that a lot of inquiries are coming in and predict that these may be translated to orders if the tax benefits are passed.

Mr. Chairman, some of us are often times called reactionary, isolationist, or protectionist.

It all depends upon whose ox is being gored. Almost every Member of Congress from an area affected by imports has at one time or another protested against imports.

They cannot seem to see the outcome or the seriousness of this type of legislation.

One by one all industries will come under the hammer by this process of greasing the gate that squeaks the loudest. Sooner or later we will awaken to find that we are all in the same boat.

The textile industry is the outstanding example of this type of concession in this trade fight. Public statements to this effect have appeared in much of the U.S. press.

Because of certain concessions the industry appears to be pleased and content to go along no matter what happens to the rest of us in other industries. This appearance may be deceiving since my mail is filled with worried questions from the textile industry.

The trouble that they are in for will come when their customers in my district are forced to buy cheaper textiles or none at all because their jobs have been taken by imports.

We cannot buy retail and sell wholesale and remain solvent.

This economy is based upon five pillars—investment, production, payrolls, consumption, and profit. All five are interdependent; one needs the other and each is equally important.

No better illustration of this simple economic fact can be found than this recent story contained in the Pittsburgh Post-Gazette and in private correspondence to my office:

ROCKWELL MANUFACTURING CO.,
Pittsburgh, Pa., June 9, 1962.

FINANCIAL EDITOR,
Pittsburgh Post-Gazette,
Pittsburgh, Pa.

DEAR SIR: In the financial news columns of the Pittsburgh Post-Gazette, it was reported on June 7 that the U.S. Navy had purchased 3,500 tons of steel in West Germany "at 30 percent below similar bids from our domestic steel companies," with a resultant saving to the Government of $153,000. From the description of the steel, the bids by U.S. companies must have been around $700,000, while the 30 percent lower German bid was around $490,000, so there must have been some other costs not included in the Navy statement that $153,000 had been saved to the Government.

If a $700,000 shipment had been added to our gross national product, 35 percent of that sum (or $245,000) would have been used to pay our local, State, and Federal taxes, which sum would have been collected from the steel company which received the order, its employees, its sources of supply, such as the coal mines, iron ore mines, etc., and the services, such as the domestic utilities and the railroads. The workers employed by the suppliers and services (including all Government services), would also receive several hundred thousand dollars in wages, part of which would have been applied for their social security funds, pensions, etc., while any domestic unemployment resulting from placing this order abroad will decrease the income of the social security and pension funds. The loss of the order to domestic mills and the placing of the order in West Germany will increase very substantially the unfavorable international balance of payments which our Government is trying to avoid, to pare our losses of gold.

> The chairman of the United States Steel Corp. has said that 75 percent of all his corporation's income is returned to workers in the corporation and the suppliers of material and services which are furnished to the corporation, part of which goes for local, State and Federal taxes. In view of these obvious losses to the Government and to the wage earners of this country, it would be most interesting to learn how the Navy has decided that $153,000 has been saved by the U.S. Government, not to mention the loss of national prestige.
>
> Sincerely yours,
>
> WILLARD F. ROCKWELL,
> *Chairman of the Board.*

Mr. Chairman, recently, in the Pittsburgh Press, the following statement appeared:

> Our city depends on labor for its economic existence. The bulk of the breadwinners in this district tend blast furnaces, mine coal, mold glass, participate in occupations which are dependent on these industries.
>
> We are not an area of white-collar workers. We do not have the broad harbors of the coastal cities, nor do tourists flock to see the sights of our town.
>
> Without industry, Pittsburgh as a bustling metropolis would cease to exist.
>
> But we are in the precarious position where most of those employed derive their income from industries that today are threatened with increased competition and higher costs.

This pretty well sums up the national problem we face when we discuss jobs and trade. As Members of this Congress you can understand why I am so disturbed over the publicly announced statements by officials of our Government that certain industries are expendable and must be sacrificed to what President Roosevelt called "the will-o'-the-wisp of foreign trade."

Let me assure all of you of my keen interest in the problems of the world as well as my country, and my congressional district. I am not now, nor have I ever been, an opponent of free trade as such. I am for as much free trade as we can afford.

I have found that when you scratch a freetrader, he bleeds like a protectionist.

The dying flat-glass industry was given a new lease on life when the President raised protective tariffs. Incidentally, this puts the rate somewhere in the neighborhood of the rates prior to reciprocal trade agreements. For this, the President has been commended by the glass industries, but the Belgians and other exporters condemn and threaten our Government with embargoes and reprisals. In trying to save our glass industry we may well lose all the so-called diplomatic gains for which we sacrificed our industry.

Correspondence from Labor Union Council, AFL–CIO, Greensburg, Pa., Mr. James J. Chinnici, said:

> Walworth Co. supplied the first atomic submarine, the *Nautilus,* with fittings and products. Now they are going out of malleable fitting business. By the end of June, 500 people will be left jobless. Cite this as only one example of what is happening all over this State as well as the United States. We believe that foreign competition is responsible for a great many of the citizens of this great Nation being jobless today. Jobless numbers are increasing and the economic level of our Nation is rapidly declining. This has to stop and stop soon. I beg you to look into this situation. Do what you can to correct it. I believe that the tariff on imports to this country should be raised to meet foreign competition. The die is cast. We place in your hands the responsibility of correcting this situation.

You can see why some of us are put in the position of being the Devil's advocate on any proposal that would, in the opinion of these citizens, further depreciate their job opportunities.

I am also in receipt of a wire from R. A. Hardy, president of the Greater Greensburg Chamber of Commerce, Greensburg, Pa., and I quote:

> Westinghouse atomic reactor plant in Waltz Mills, closes March 25. One hundred and seventy most highly skilled in this type of work to be let out.

Many of these workers have a generation and a half of steady employment. Highly skilled nuclear plant workers ask what they will be retrained for under the Trade Adjustment Act. I do not feel that aid in the future will do any more good than closing the barn door after the cows get out. These matters are very serious to those of us in close contact with our people.

Approximately 600 primary jobs are at stake. According to the chamber of commerce statistics, 600 jobs lost to this community means the loss of income sufficient to maintain 24 retail establishments; loss of $2,160,000 in retail sales; loss of the use of 642 automobiles; 1,044 additional workers will lose their jobs; the loss of $3,540,000 in personal income; bank deposits will lose an additional net account of $1,940,000; and the sustaining revenue for 1,776 persons will be taken from the community. These figures are statistical data provided by the chamber of commerce on the effect of a job loss in any community.

My district is a distressed area. We have gone through the economic depreciation of our coal industry because of imports of residual oil. Our aluminum houseware goods have been carrying the brunt of reduced employment because of imports. Our tool steel industry is challenged by unfair competition from abroad. The handmade glass industry has been told that it is expendable. The relief being given by the President to the flat-glass industry will require the passage of time to regain the markets lost because of the imports of glass.

In every field, in every effort, in every area, the unrestricted, unbalanced application of our foreign trade policy has caused unemployment, depreciated investments, curtailment of production and increased relief rolls. All of us want free trade, and we should have it just as soon as we can afford it.

Any trade that benefits one group, and injures another, is not equitable and cannot be justified either from the base of economics, diplomacy, or political expediency.

I stand ready to vote as I have in the past for all remedial legislation to help our economy, but I see little purpose in continuing to vote for injuries that are self-inflicted.

I do not know what we can do for these displaced workers. We want to help—this I am sure of.

> Many are too old, and will end up on relief rolls. This condition cannot be tolerated. It is not the exception, it is becoming the rule in our economy, to have production facilities closed because of unfair competition over which they have no control.
>
> Facts and testimony presented before our Committee on Imports show that hundreds of industries and individual plants are in the same precarious economic position.
>
> Alone there is not much I can do. With your reevaluation of the trade position, hope can be given to these discouraged workers that their Government considers their welfare paramount and that no injustices will be done by legislation to create further injury.

COMMON MARKET

Adlai Stevenson, in a speech in Bloomington, Ill., January 23, 1962, said the Common Market is our only choice if the U.S. economy is to continue to grow. He called it a moral duty, or words to that effect. Morals in international trade are like friendships in a poker game. They only count if you have the winning hand.

Many important Americans, in and out of Government, have called the Common Market a threat and have predicted the doom of the U.S. economy unless we court and marry the European countries, without delay. In my opinion, such a union would be a shotgun wedding.

I feel that if the American people lose their sense of balance in this instance, it will be the most tragic mistake in our entire history. After a proper time spent courting, the day may come when a marriage between our economies may have a chance of fruitful union.

I disagree with the proponents of H.R. 11970, when they use the Common Market as the "bogeyman" for scaring the American people into a move that can well destroy our basic concept of a free enterprise government. It do not consider the Common Market a "bogeyman," a Frankenstein, or a commercial threat. It was conceived and brought into being by our own State Department as a buffer area—economically, militarily and diplomatically—as a tool in the cold war strategy. In these areas, it fulfills its promise.

One of its chief architects is now an official of our Government and the chief promoter of the present plans for a new trade program and the Common Market. We would be derelict in our duties if we failed to properly consider the grave consequences of basing our action on H.R. 9900 without dispelling the distorted picture of the Common Market presented to Congress and the American people. There are some Americans who—for reasons best known to themselves—are sincere freetraders.

At this point, I would like to present a partial list of the participants in the U.S. Trade Policy Conference. Even a casual examination will verify my statement as to the interests of the main proponents of this legislation.

CONFERENCES FOR CORPORATION EXECUTIVES, U.S. FOREIGN TRADE POLICY (SPONSORED BY THE SCHOOL OF ADVANCED INTERNATIONAL STUDIES, JOHNS HOPKINS UNIVERSITY), MARCH 6 AND 7, 1962, HOTEL STATLER, WASHINGTON, D.C.

Participants: Arabian American Oil Co.; Asiatic Petroleum Corp.; Chamber of Commerce of the United States; the Chase Manhattan Bank; Committee for a National Trade Policy; E. I. du Pont de Nemours & Co.; the European Community; Federal Reserve Bank of New York; the First National Bank of Boston; Ford Motor Co.; the Gillette Co.; IBM World Trade Corp.; individuals: Christian Herter and several others; Institute for International Development; International Business Machines; International Federation of Petroleum Workers; International General Electric Co.; International Minerals & Chemical Corp.; International Nickel Co., Inc.; New York Life Insurance Co.; Owens-Corning Fiberglas International, S.A.; Pan American World Airways; Pfizer International Inc.; Phelps-Stokes Fund; Republic Steel Corp.; Société D'Information Financiére et Industrielle, Inc.; Sverdrup & Parcel and Associates, Inc.; Underwood Corp.; United Nations Economic Commission for Latin America; United States-Japan Trade Council; Washington Board of Trade;

U.S. Government: Department of Agriculture; Department of the Army; Department of Commerce; Council of Economic Advisers; Department of Defense; Federal Reserve Board; Foreign Service Institute; Industrial College of the Armed Forces; Department of Labor; Library of Congress; National War College; Department of State; Department of the Treasury; and the U.S. Information Agency.

I sincerely believe that this generation of Americans is faced with the most serious economic decision of our history since the historic session of Congress in 1828. History tells us that it was during this session that our young Nation faced the momentous decision between carrying on the protective tariff policy borne out of the War of 1812, or going back to the free trade policies of Adam Smith and his "Wealth of Nations."

History also records that the great Americans of that day led by Daniel Webster, the archenemy of protectionism, shifted their votes and voices from free trade and carried the day for the future greatness of America. We are told that this was "yesteryear," and we now live in a new world.

Every generation has been compelled to face a "new world." It is our turn, and looking forward requires quite a bit of looking backward to see where we are heading. As the Pennsylvania Dutch put it, "We have to back up straight ahead." You can plan the future, but you cannot change the past.

TELL THE WHOLE STORY ON TRADE

In the past months we have been bombarded with statements on why we must lower or eliminate all tariffs on imports and why we must accept the fact that some American industries will be sacrificed to permit imports from foreign countries. In support of this plea for unlimited and unrestricted power, the advocates contend that our exports exceed our imports by over $5 billion and we must import more if we wish to continue to export. If we were selling more than we are buying, why would we have a deficit of over $3½ billion in our balance of payments for 1961?

The whole story is not told by this statement of $5 billion of excess exports as you are not informed that this excess consists of over $1 billion in military supplies, over $1¼ billion in agricultural products exchanged for soft currencies, $200 million of ICA purchases, another $1 billion of subsidized agricultural exports and additional sums for subsidies on cotton, and so forth. In addition, there is the additional one-half billion dollars it costs our Treasury to subsidize the agricultural exports. Adding all of these figures together it is quite clear that we have no excess of exports over actual dollar imports. Therefore, we do not need to import more in order to maintain the balance of trade. We might consider cutting out subsidized and giveaway exports.

Another untold story is that the import figures are given in foreign origin value and do not represent equal purchases at prices which would be required by American producers. We therefore export at one value, and import at another value. In this process we export fewer items and receive tremendous quantities in return.

A third untold fact is the statement relative to the number of people directly or indirectly affected by foreign trade. You have not been told that among those directly affected are workers who work the greater percentage of their time in producing domestic products, and you are also not told that included in those indirectly affected is your grocer, your banker, your lawyer, and even social service workers, all of whom would hold their positions and do their work even if there were no imports. How little this group is affected can be illustrated by asking your grocer the question of whether he would close down if he had to stop selling coffee.

The question which is avoided and unanswered in this propaganda is how many American workers have been affected and how many may be affected in the future. There is no pat answer simply because no money is available for an item-by-item, industry-by-industry, job-for-job, payroll-by-payroll study. Nothing less will tell the whole story. I ought to know, I have been working, holding hearings, reading hundreds of briefs, trying to come up with answers on how many jobs are displaced by imports. One point stands out clear, clear enough for all to see: For every $1 spent to find out how many jobs are lost, $1,000 is spent to show how many jobs we gain.

One of the serious problems facing the American Congress and, in turn, the American people, is the lack of press, radio, and TV coverage of the other side of the free trade versus protection policies for American jobs and industry. One thing I can say without fear of contradiction, is that for every word given to the so-called protection group, whole pages are being given to the free trade group. Local newspapers, commonly known as hometown papers, are doing the only good job of reporting this issue up to date.

In 1958, I made a public prediction. I said then and repeat now, "Every industry that expands overseas will become profree trade as soon as the foreign profits start rolling in." I have searched every scrap of writing I can find; I have visited as many countries as physically possible; I have tried to give American industries and workers an opportunity to give their story to my committee. I have talked to every person interested in the subject of trade and I have not found one nation in the whole world that does not protect its payrolls, its industries, its minerals, and its agriculture.

While we are talking more free trade, reducing our already low tariffs, we find that every other nation either individually or collectively—Common Market—is reducing internal barriers, but increasing external barriers. How else can the Common Market succeed? Can the member countries allow goods to come in below their cost of production and still prosper? They cannot, any more than we can.

We found this out in the earliest days of our history and because we learned our lesson in trade economics, early and well, we created in this country what is now being heralded as a miracle in the Common Market; we created the largest, most profitable market in the world. Every time in our history, when tariffs went below 20 percent on imports, we ran into serious trouble. Our first depression followed the tariff cutting program of 1832. Although the Congress proposed a cut in tariff rates from 45 percent to 20 percent we never made it. By the time we reached 30 percent we were in the grips of a recession that forced a revision of plans and upped the tariffs again to the 1832 level.

Maybe tariffs are not the answer, but it is historical that every time we cut tariffs we had a "recession." We are told that "protectionism" is a bad word and, worse, a bad national policy. If this is so, why do we have immigration laws? Why do we bar peoples, and yet we do not bar the products they make? How much difference is there between a foreigner coming to the United States and taking your job, or staying home and sending to America the products you produce ? In either case, you lose your job.

It is a peculiar twist of mental maneuvering by some persons that see logic in restricting the importation of teachers, newspapermen, lawyers, doctors, professionals, and other peoples of all nations. The same persons see no harm in flooding the market with the foreign products of steelworkers, automakers, and other production workers.

The Members of Congress from the South, the West, and other areas that enjoy protective tariffs and quotas on wheat, corn, cotton, tobacco, and/or Federal subsidies to protect their costs of production, join in the "anvil chorus" against Members who have plants shut down, workers displaced by imports of low-priced foreign articles. Let us see what our friends and neighbors are doing and then decide whether "protectionism" is a bad word, or a bad policy for a nation and its people.

Canada has a "Made in Canada" rule for customs that openly espouses the protectionist policy. "When any item is produced in Canada and reaches a production of at least 10 percent of the consumption of that product in Canada, the customs office raises the tariffs on imports for the practical and simple purpose of protecting its industry." They have recently manipulated their currency to help exports and to reduce imports.

They thus allow it to grow without competition from imports that can undersell the local product and it does not matter where the products come from, the United States, Hong Kong, Japan, or the Common Market.

In this past year—1961—57 such rulings increasing tariffs were quietly put into effect. The latest increased tariffs were put on tires, electric home dishwashers, powerboat controls, surgical-room lights, lighter flints, drycleaning equipment, and dozens of other items.

Contrast this with a few examples of our own disregard of the facts of our economic life. In 1947, we imported 480,000 lighters; in 1959 we imported 46½ million. In 1961, we imported 409,000 dozen tennis balls in the first 5 months—no figures available yet for the full year—against a total 12-month consumption in the United States of 1 million dozen. Five years ago southern California planted 35,000 acres of tomatoes; this year less than 2,000 acres were planted. For every 2 tons of steel we sold in 1961 we imported 3 tons. Iron ore imports have made Minnesota mining fields a depressed area.

No item produced in Mexico can be imported except in restricted quantities and with exorbitant tariffs. Mexico protests import duties by United States on minerals, yet it imposes an export duty on these same minerals.

The Common Market countries tariff all items imported which can be produced within the market. They will only buy what they need, and will tariff everything else. No sugar or coffee growing country imports sugar or coffee. In fact, all the workers in industry ask for is the same protection for their cost of living as we give to the wheat, cotton, and tobacco growers. Sugar countries, while receiving U.S. subsidies over the world price, impose export duties on their own sugar.

Imagine what would happen if the United States joined the Common Market. Following the regulations and tariffs in force would we have to follow suit and put the 75 cents a pound tariff on coffee that West Germany has on coffee? What, then, would our program of Alliance for Progress with our Latin neighbors accomplish? In fact, our West German friends have a $5.06-a-ton tariff on American coal "to protect their costs of production of domestic coal and the jobs of their coal miners."

At this time it might be good to review the editorial that appeared in a leading West German newspaper of recent date. Maybe they have in mind giving jobs to our unemployed coal miners, tool steel makers, turbine and generator workers, radio, electronics and consumer goods workers who—because of their protective tariffs, and our open markets—are out of work.

I quote verbatim the editorial from Bonn, Germany:

> ### West Germany Job Openings
>
> Bonn, Germany, December 3.—A leading newspaper suggested today that West Germany import jobless Americans to meet an acute labor shortage.
>
> Handelsblatt said in an editorial the U.S. Government might cooperate in the scheme—by paying the transportation costs or offering a subsidy to make up the difference in wages in the two countries.
>
> "As for the willingness of many Americans to work in Germany," the newspaper commented, "this can hardly be doubted."
>
> The United States has close to 4 million unemployed; West Germany has a half million jobs to be filled.

I do not know how you all feel about shipping your neighbors overseas, chasing after the jobs Congress and the trade policies of our country have deported in the last decade. Usually deportation procedures are a long, hard fought battle with the intended deportee fighting for all he is worth to stay here in the land of the free and home of the brave.

I can just hear my immigrant father—God rest his soul—reading these statements and blasting loose with his famous remark about "free schools, dumb people." I do not want to leave, and I am not going to be part of any plan that intends to send my friends, neighbors, and even some of my family, to Europe, Japan, Hong Kong, or anywhere else because their country, with my vote, has made it impossible to earn a living.

It may work—I am not qualified to express a positive opinion. This much I do know—I want to live and die, work and raise my family in this, my own native land. A well-known importer has gone even further, and suggested exportation—lock, stock, and barrel—of our American unemployed. I wonder if they would, at the same time, expect Congress to pass an appropriation to turn the Statute of Liberty around to face the other way?

In other words, we will add our greatest national asset: manpower—skilled, trained, and intelligent—to the money; know-how; sales promotion, and domestics market already given to our competitors overseas.

I can remember not so long ago, when we were going all out to create jobs for the Japanese and the West Germans. How can any American legislator vote for trade legislation and how can any administration continue a trade policy that allows this kind of a situation to exist and, in fact, grow. The Japanese said something along the same line when they suggested "now that you admit we can make things cheaper and better than you, you should stop making these items."

It is bad enough for foreign producers, interested in their own welfare and profits, to take this attitude—but how much worse can we get when our own State Department suggests we abandon certain industries, eliminate certain trades and jobs, subsidize injured industry and retrain workers for jobs not yet taken by the Japanese, Germans, and so forth, all over the world.

Let us make one point and make it clear, without restrictions. I favor a common market with any country, any group of countries or any area, just as soon as they gain our economic standing, our wage levels, our costs of living, our way of life. We can help them, and we have. We cannot help them or ourselves, unless we have full employment.

The truth is that we will have more serious trouble taking our market back after we give it away. Proof of this is the classical case of window glass.

This points up the seriousness of granting uneconomic concessions to nations which build up their economy on a false foundation. The Belgian Government is already protesting vigorously and bitterly. They claim that the loss of that part of our market effected by the new tariff rates on flat glass alone will cost the Belgian economy 5,000 jobs. Does not this mean that the 5,000 Belgians have displaced 5,000 American jobs, and considering the effect upon our economy, measures up to a fantastic impact upon employment in our own economy.

This tariff increase alone, according to the Belgian figures, and using the U.S. Chamber of Commerce job evaluation impact, comes to the following totals of impacts in various economic areas in the United States: 5,000 jobs for glass industry; 8,700 additional full-time jobs in the community; 14,800 people sustained in the community; 5,350 more cars put into use; $29,500,000 will be added to personal income; $14,500,000 will be added to net bank deposits; and $18 million will be added to retail sales, enough to open 200 new retail outlets.

This is the impact on our economy when the seed money of production wages is planted in the fertile fields of our own economy. You can understand now why the Common Market countries are prosperous.

We are considered the world's greatest exporting Nation. Are we? No, not by a long shot. If we measure dollar volumes, yes. If we measure imports as against gross national products, the answer is "No."

The United States has a gross national product of $546 billion, and exports $20 billion out of which about $14 billion represents dollar sales. West Germany has a GNP of $60 billion with exports of $11 billion.

If we carry out the provisions of H.R. 11970, as now written, our diplomatic problems will mount even faster than our economic depreciation. Only two restraints can save the American consumer goods industries under the full and free trade impact of H.R. 11970, if administered by a Chief Executive who may not use the judgment and restraint shown by the President in the glass and carpet wool cases.

These restraints will only be temporary, and in time disaster will strike our free enterprise system. The first and most important safeguard we have is the natural inclination and determination of large numbers of Americans to buy American and to buy union made goods, and others who realize that they destroy job opportunities, profits and investment incentives when they buy foreign made goods that displace American goods on our market shelves. Some of the proponents of H.R. 11970 are doing their best to discourage this group by propaganda, false and misleading statistics, and above all—the threat of physical destruction of nuclear warfare.

The second restraint will be overcome sooner than our theorists imagine. This is the lack of production facilities to provide the enormous amount of goods and equipment our economy consumes. Any person hiding behind the thought that our productivity and know-how will protect us is living in a fool's economic paradise.

On March 9, H. S. Geneen, president, International Telephone & Telegraph, had this to say:

> Labor will have to face the fact that European workers are as skilled as our own. The United States has no monopoly on production know-how and the plain fact is that Europeans' labor rates are lower than U.S. rates.
>
> This combination of low labor costs and high productivity means that U.S. labor and management will have to work as a team to raise productivity to maintain our ability to compete effectively, as the only valid basis for granting either labor or capital a greater share of the common output.

Geneen recommended "increased exports through U.S.-owned foreign companies."

It means simply and plainly that the passage of H.R. 11970 as written will increase the foreign participants who will sit in on labor-management negotiations, and will establish a new criteria for profits based upon foreign values forcing more and more American runaways who, following Mr. Geneen's advice, will become foreign export agencies, as well as manufacturers.

After studying the Commerce figures, I have satisfied myself that the figures as they pertain to Pennsylvania are shaded to benefit the passage of H.R. 11970. Let me give you the figures from the very same Department of Commerce.

Secretary of Commerce announces Pennsylvania exports of manufactured products to be $1,189,500,000. A survey of all manufacturers with 100 or more employees doing $25,000 or more business shows total exports to be $921,500,000. The markup of $268 million is what the Commerce Department has added for what they call the estimated f.o.b. port side.

By this same method of unrealistic, uneconomic, unsound statistical reporting, Congress, and the people, are being led to believe that 6 million workers owe their jobs to export activities in the United States. Let us examine this for a minute.

The total amount of exports valued at the manufacturer's cost, which determines the jobs and wages is $9,792,400,000. The added value markup by the Department of Commerce is $7,105,600,000, making a total of $16,898 million.

This is the figure used by our Government officials, the importer groups, the National Manufacturers' Association, chamber of commerce, and other proponents of H.R. 11970, in calculating the jobs created by exports.

It is not a true figure, nor can any stretch of the statistics prove that the jobs created are anywhere near the number stated by any of the following testimony, and public statements on job totals:

Labor Department	3,100,000
Secretary of Labor	4,000,000
Secretary Hodges	6,000,000
Importers' Council	12,000,000

Charles Percy, of Bell & Howell, tops all the job estimates by claiming up to 15 million jobs for export workers.

All of the above say that imports only displace between 200,000 and 500,000 jobs. We must first realize that in all the United States of America there are only 16,800,000 jobs in manufacturing with a payroll of $90 billion a year.

Incidentally, this $90 billion payroll is the seed money for a $92 billion budget. Actually, the jobs ought to be related to the manufactured products wage contents. Recently, the Japanese Trade Council put out a very interesting piece of propaganda purporting to show the number of jobs created in every State by exports to Japan.

I challenged the figures for my State, and a few other States. In answer to my speech for the RECORD, I received the following explanation from this foreign interest group:

> DEAR MR. DENT: I read with interest your comments on tariff and trade appearing at page 999 of the CONGRESSIONAL RECORD for January 25. In those remarks you were critical of the report of the United States-Japan Trade Council showing the jobs created in the United States by exports to Japan. In your view, the figures on exports and jobs created in the States of Pennsylvania and Mississippi are inconsistent. I am writing you to clarify the record on this.
>
> Upon superficial examination, your exceptions to our report would appear to be well taken, but they are nevertheless unsound. What you have overlooked is the productivity of Pennsylvania workers (of which you may well be proud) as compared to the productivity of workers in Mississippi, who are mainly engaged in the production of cotton, insofar as exports to Japan are concerned. These productivity statistics were obtained from the 1958 Census of Manufactures with respect to industrial products and from the Department of Agriculture with respect to agricultural products. They show that the average annual value of industrial shipments from Pennsylvania per employee was over $25,000; the average value of shipments per worker in Mississippi, on the other hand, was about $5,500. We are now speaking of employees engaged in direct production, which figure was doubled in our report to account for indirect employment created in service and supplying industries, as explained in the sources and methodology of the study. Our figures for direct production employees in 1960 were 2,426 for Pennsylvania and 5,809 for Mississippi.
>
> For Pennsylvania, the average value of annual shipments per direct production employee was high because of the predominance of the following export industries: petroleum products, with an average annual value of shipments of over $70,000 per worker; iron and steel scrap, with an average annual value of shipments of over $42,000 per worker; chemical specialties, with an average value of about $34,000 per worker; steel mill products, with an average value of about $28,500 per worker; power generating machinery, with an average value of over $21,000 per worker; and other industries with a high value of annual shipments per productive worker.
>
> For Mississippi, the production of cotton for export to Japan predominates (Japan is far and away the best customer for U.S. cotton). According to the Department of Agriculture, the average worker in the cottonfields produces an annual value of cotton shipments of $4,300, a far cry from the value of production of the industrial workers of Pennsylvania. Including all workers in Mississippi engaged in producing commodities for export to Japan, Mississippi only averages an annual $5,500 in value of shipments per worker. Obviously, despite the fact that total 1960 Pennsylvania shipments to Japan in dollar value were more than double the shipments of Mississippi, more Mississippian workers are employed because of the very low average productivity of cotton farmers and cottonfield workers. This, of course, is one of the main reasons for our agricultural cotton price support programs.
>
> The foregoing explanation accounts for the much higher employment in exports to Japan of agricultural States in the South (such as Mississippi, Arkansas, and Alabama) as compared with the industrial Northern States of Illinois, Ohio, New York, and Pennsylvania. I can assure you that our report was the result of long, careful and objective study and that the figures contained therein have not been manipulated to prove any preconceived thesis. We would be very happy to confer with you regarding our methods in pursuing this study and are confident that we will be able to persuade you of their reasonable accuracy.
>
> We would appreciate your inserting this letter in the CONGRESSIONAL RECORD in order to correct any misapprehensions that might have resulted from your comments of January 25.
>
> Respectfully,
>
> NELSON A. STITT,
> *Director.*

I would like to call your attention to the unusual arithmetic of the American agent for the Japanese Trade Council, Mr. Nelson A. Stitt.

In classifying Mississippi, Arkansas, and Alabama—as like States and using his own figures—we find the very unusual situation in these States where two jobs are created by a gross production of $4,300 for a full year's work.

Mr. Stitt states that Pennsylvania's $60 million yearly gross business with Japan creates 4,852 jobs for Pennsylvania, while $32 million gross yearly business with Arkansas creates 11,618 jobs. He arrived at these figures in about the same way that Attorney Barnhart, representing the importer's council, arrived at his figures.

It seems that Stitt took the mean averages, arrived at by dividing the gross product with the number of workers actually working and just doubled the numbers. In Pennsylvania he claims the creation of 2,426 direct jobs, doubled to 4,852. In Mississippi he claims creation of 5,809 direct jobs doubled to 11,618. Barnhart takes the figures of 6 million that Secretary Hodges arrived at by doubling the Labor Department's 3 million figure, doubled it, and comes up with 12 million jobs. Double, double, that is the trouble with these statistics.

They all seem to forget that only one part of any set of figures, whether they be sales, cost or production figures, matters in developing the job impact of trade. In studying job impact, the only figure to be considered is the money received by the worker as wages.

If $4,300 in Mississippi creates two jobs with wages set, a Federal minimum requirement of $1 an hour, the purchase of $4,300 worth of goods from Japan, with wages set at a maximum 35 cents an hour—including all fringes—will create at least six jobs in Japan.

Maybe that is why there is a labor shortage in Japan and as I have shown in this testimony, some of our economists and proponents are suggesting we export our unemployed. One wonders how many of our workers are willing to accept this solution.

Europe has an average wage of 85 cents an hour, including fringes. Japan has an average wage of 35 cents an hour, including fringes. The United States tabs an average wage of $2.96 an hour, including fringe benefits. It follows, then, that for every 85 cents worth of labor content in an imported article from the Common Market an American worker loses $2.96 an hour, and for every 35 cents worth of Japanese labor content, he loses $2.96 an hour.

This fact you can accept and test it any way you want, and you will find that simple arithmetic spells out why our job economy is dying while foreign countries, exporting to the United States, are growing by leaps and bounds.

Do not be kidded into believing that foreign productivity is lower than ours because that argument is as outdated as most of the free trade arguments are. To show how silly this argument is let us examine an article from the New York Times, Sunday, March 11, which attempts to laugh off foreign wage differentials with this illustration. Quote:

> The single most important factor is productivity, output per man-hour—a study showed that the average Japanese worker earning 22 cents an hour only produced 30 cents worth of product while an American worker counterpart earning $1.95 an hour produced $3.19 an hour worth of product.

If this were true, then, an item costing $3.19 in Japan would cost $2.33 in labor as against U.S. costs of $1.95. One wonders why the Japanese can sell lighters for 30 cents as against $1.25 for United States. Also, why we can only sell raw materials, fuel, machine tools, and production facilities in any quantities to Japan. In return we buy manufactured goods and products we produce in surplus in our own country.

If we could produce cheaper than our competitors instead of Japan selling the United States 85 percent consumer goods and buying only 15 percent consumer goods, these figures would be reversed.

In a recent nationwide article we find that in talking about foreign production, the article says:

> American-owned foreign plants produce four-fifths as much as their American plants.

Allowing this 20-percent drop in productivity, how can we explain the difference between wages paid here and abroad and why the American plant has been moved overseas if they can produce cheaper here than they can in foreign countries?

Like most other statistics and arguments, I have read in this debate, I am convinced that if the American people believe all they are being told by the proponents of this legislation, they will be the biggest suckers since the Indians sold Manhattan for $24.

Let me quote from an eyewitness account of wages and productivity in the same Japan we have been talking about:

> ### Theory Versus Fact
>
> For over 4 years a Harvard liberal in the labor movement has given me the well-known bird every time I talked about foreign imports injuring U.S. industry and destroying U.S. job opportunities. Recently he came into my office after returning from Japan.
>
> While there, my visitor stepped down in the valley of realities and came back with a new view of free trade between unequal economies. This is his story: "I've disagreed with you over the years. I was wrong. I'll support your position in this fight all the way. What I saw in the manufacturing plants in Japan convinced me that we cannot compete in a free world market, no matter how much we automate."
>
> In one instance I watched a production line in an electronics plant. They had the new machines we have in our own domestic plants where we have a contract. The only difference was that our machines were 9 years old while theirs were only 2 years old. The rate of production per unit was timed at the same productivity per machine as our machines.
>
> The difference, however, was that in the United States one worker operated one machine at a pay scale of around $2.60 an hour, while in Japan, one female worker operated two machines at 15 cents an hour. An inspector earned about 20 cents an hour as against over $3 an hour in the United States.

Unless we are content to fix our present rate of wages, income, and way of life as the peak of our progress, we must fight any further depreciation of our job opportunities. Much will be said about the number of jobs created by exports as against job losses from imports. Anybody can use any set of figures that best suits the side of the question being sponsored.

However, anybody who kids himself into the fake economic equation of "profits from exports offsetting losses of jobs from imports" will find out he has been badly misinformed.

We sell $14 billion and we add $6 billion as exports, while we buy and pay for $15 billion worth of imports. The fact that we export more than we import does not mean we sell more than we buy. According to Blough, of United States Steel, we shipped—not necessarily sold—2 million tons of steel, but we imported—purchased—3 million tons of steel in 1961.

The impact of imports must be studied from both the payroll, the profit, and above all, the selling price before we move into any program of further depreciating our domestic market. Since 1950, the U.S. position in world steel production dropped by over 50 percent. We used to produce 46 percent of world steel; we now produce 26 percent. In the same 10 years our exports dropped from 15 percent of world totals to 7 percent while our imports jumped from 1½ percent to 5 percent. Remember that the volume by tonnage had a much greater effect upon payrolls, profits, and unemployment than the dollar value of trade.

It is important to note that the production percentage increases in our most bothersome competitive countries is higher than in the United States. We cannot discuss trade from the dollar volume point of view because ever since our industrial revolution started, there has been no real comparison between our wage and foreign wage levels. In fact, the rise in foreign wages is basically the cause of their recent economic well-being. Our high wages here are the only reason for the fight by foreign countries to dump their manufactures into our market.

Markets are created by high income, not low selling prices. Lower prices create more production only when higher income creates more consumption.

The bugaboo being dreamed up by the academicians who are driving Great Britain into the Common Market and are pushing the United States to the same ending is a figment of the imagination. Calling the Common Market a threat to our economic well-being is the worst kind of propaganda.

If the Common Market is to succeed it must protect its own production against cheap foreign imports whether they come from the United States, Japan, or South America. If their nations do not protect themselves, the Market will dissolve in less time than it took the State Department to put it together. We seem to forget that the Common Market is made up of sovereign nations, and not states with a common set of laws and a federal or central government.

For instance, when we protect cotton imports, subsidize cotton exports to help the economy of the cotton States, while at the same time we reduce tariffs and drive States producing bicycles, glass, and consumer goods into depressed economic conditions, there is nothing much the injured State can do about it. However, if France's auto, glass and textile industry is sacrificed so that Germany can export its machinery to Japan, how long do you think France will stay in the Common Market?

One of our problems stems from a national inferiority complex. This complex has been created deliberately and objectively by some organized groups lofty ideals sometimes hide the practical and deliberate plans of greed and profiteering.

The simplest proposition is clothed in the most complicated phraseology. Thus, the clearest facts are beclouded. Most of us mistake such talk for superintelligence and therefore beyond our commonsense and ordinary comprehension. We get to the point where we sit openmouthed, listening to a formula of planned deceit which we believe to be exclusive knowledge beyond the grasp of just simple folks.

If you take time to analyze the attitude of some of the so-called freetraders, you will note the similarity in their attitude toward those of us who are sincerely and militantly fighting for our economic well-being, and that expressed by Dr. Seymour Harris Howard, economics professor, when he said:

> The problems are intricate and cannot be fully understood even by the intelligent minority.

This much I do know and so should every other American: Production will go to the low-cost, low-wage areas, and sales will go to the high-profit, open-market areas. An open market coupled to a nonprotective tariff policy is an open invitation to economic as well as military disaster. This Nation in two world wars and the Korean conflict demonstrated that our protective policy had created and preserved the industrial ability and trained workers necessary to win all three conflicts.

I suggest, before committing our Nation to this new unrealistic trade policy, we need to consider the cost and the risks involved. The tariff cuts under the Reciprocal Trade Acts had not had a serious effect up until 1958 except in certain hard-hit industries. The overall impact of imports is just beginning to be felt in our marketplace. If Congress pushes through any further tariff cuts without allowing the past 4 years of experience to be measured, it will commit this Nation to a policy that may very well destroy for many years to come any betterment in our way of life.

If we tie up to the Common Market we would be honorbound to give each State veto power over rates of tariffs the same as each country in the Common Market exercises a veto over external tariff rates as well as external policies. Otherwise, we will find ourselves with 1 vote for 50 States against 1 vote for each country on every tariff to be set. Although we find ourselves putting more power into the administrative branch, which, in turn, will stop even the small voice the States have through their elected Representatives in Congress, we do not seem to worry about the ganging up that will take place in any grouping of trading nations. For example, GATT, under whose free trade policy we have cut tariffs on over 50,000 American-made items up until 1958. We have cut from 46.7 percent to a 12-percent average tariff.

Our experience with GATT ought to be reviewed by Congress. Congress will find that we gave away trade advantages on almost every deal we made under GATT. Without being funny, you can safely say that we made trade deals with the GATT pointed right at our economic belly.

It would be suicide to become dependent upon the Common Market production for either our revenue or our defense. It can only be considered a threat if the Common Market refuses to sell us materials, products or services we cannot do without, and refuses to buy from us the same essentials for their own well-being. This is, of course, contrary to all trade history except in the case of war or political and economic sanctions. If this happens, all the compacts, treaties, or gentleman's agreements, would not amount to a fiddler's damn and we had better have exactly what we are fighting for, domestic production, domestic labor, domestic capital, and, above all, domestic know-how. This is not isolationism, it is survivalism.

Trade is the exchange of something of value for something else of value, trading what you do not need for the thing you do need. Nations must have employment, and production creates employment. The use of trade for the sake of trade profits never creates a mutually successful economy for trading nations.

Even if we discount the job loss, how much has been lost by our economy because we have promoted both private and public investments in oversea competitive production without safeguarding our domestic production against the imports from these same facilities.

Here is a 6-year score on foreign investments by private American investors:

	Amount of investment	Profits returned to U.S. companies
	Millions	*Millions*
Investments in Western Europe, 1956–61 (6-year total)	$5,141	[1] $2,261
Investments in underdeveloped areas (6-year total)	5,552	[1] 8,794
Investments in Latin America (6-year total)	3,057	[1] 4,379
Grand total	13,750	15,394

[1] This does not count money left overseas for reinvestment, expansion, automation, and cash reserves. The less restrictions we put on imports, the more profits for our American investors overseas and their stockholders but the less wages for American workers.

It appears to be the policy of the proponents of this legislation to base their claims for the necessity for the passage of H.R. 11970 upon the so-called agriculture trade balance. There are claims made by various groups and it is noteworthy at this time to call to your attention the claims of the National Council of American Importers in public document entitled "How Imports Create U.S. Jobs." This pamphlet purports to show the following U.S. agriculture exports, fiscal 1961.

U.S. agricultural exports, fiscal 1961

	As percent of U.S. production	As percent of world trade
Wheat	49	44
Cotton	49	41
Soybeans	26	75
Soybean and cottonseed oil	20	75
Rice	56	15
Feed grains	16	48
Tobacco	29	33
Lard	20	69
Tallow and greases	40	74
Hides and skins	30	n.a.
Fruits and preparations	18	n.a.
Vegetables and preparations	7	n.a.

Calendar 1960.

Source: U.S. Department of Agriculture.

Now you can see why I led the fight against H.R. 5 which would have given even more concessions and profit opportunities to our American investors overseas. I note that many of the advocates of H.R. 5 are now advocates of the present tariff-cutting legislation; the only difference being that now they are against foreign investments.

In time they will be against the free trade concept of tariff cuts if it is not too late. Remember that in the main this is the same group who conceived, delivered and wet-nursed the Common Market baby which they now see as a full-grown menace to the U.S. economy.

I am sorry I cannot see the Common Market as a menace. I see it as a blessing for the workers of the market area. It will raise standards and living conditions, but until its economic level of wages and individual purchasing power reaches our own, it is economic suicide to talk of a marriage between our two economies.

At best, it would be a shotgun wedding with nothing but bickering, fighting, misunderstanding, distrust, and eventually ending in divorce, leaving behind a lot of children in the form of bankruptcies, unemployment, and a handful of rich scavengers who represent either or both sides in the proceedings.

I see nothing but economic depreciation, with greater unemployment, more distressed areas, and heavier personal taxloads if this bill passes without changes.

It is interesting to note at this time that the major exports as listed are wheat and cotton, both of which are approximately 50 percent of total American production exported. Let us examine this for just a minute. Since we export 50 percent of our wheat, then it follows that we are paying 60 cents a bushel subsidy to American exporters to make up the difference between the U.S. domestic price support of $2 and the $1.40 world market price. According to the Secretary of Agriculture—quoted in the Wall Street Journal, Tuesday, March 13—this amounts to $400 million a year out of taxpayers' pockets.

Let us move to cotton and we find that in cotton the same condition obtains. Cotton is exported at a price of $139.50 per 500-pound bale. However, it is price supported to $172 for the same amount of cotton. This means the American textile mills to pay $42.50 per bale while the American taxpayers pay out $42.50 as a subsidy to our foreign competitors who buy American cotton. Since the American consumption of cotton according to American textile and apparel industries is 8,268,000 bales and, using the 49 percent figure, we export over 8 million bales of cotton. Here again we find approximately $340 million of subsidies paid by taxpayers in order to export cotton. The cost to the United States under various agriculture programs is estimated to reach $1,700 million this year.

I make this point to show that we cannot sustain the American economy on the exportation of agricultural products. Testimony before the subcommittee on the impact of imports and exports on American employment tends to show that we have become in fact an exporter of foods and raw materials and an importer of manufactured goods.

The combined employment of textile and apparel industries is 2,500,000 men and women—one-eighth of the total of over 16 million engaged in all manufacturing enterprises in the United States. The extent of the damage already done to the textile industry is shown by the following figures. This excludes 1,213,000 employees in the apparel and related industries.

	1947	1957	1961	Decrease, percent
Number of employees	1,356,000	1,000,000	892,200	34
Cotton system spindles	28,800,000	21,200,000	19,600,000	32
Profits on sales ... percent	8.2	1.9	1.9	77
Profits on net worth ... do	18.0	4.2	4.0	78

I also would like to call your attention to the fact that the U.S. consumption of cotton dropped from over 26 percent of the world to 18 percent. Only a small part in the decrease in the United States can be explained by the production of manmade fiber products. Also the cotton content in the last 7 years after the passage of Public Law 480 shows an increase of 42 percent in imports and against a decrease of 20 percent of exports.

Since 1954 under Public Law 480 we have shipped 6-million-plus bales of cotton valued at $837 million which is supposed to be in excess of their traditional consumption of cotton. These 6 million bales of cotton valued at $837 million were paid for in local currency which could be only spent in the local economy, whereas the goods manufactured from this cotton are available to be sold to us for American dollars which under the Bretton-Woods and other agreements are readily exchangeable for gold at a fixed gold price. It is a well recognized fact that many textiles are sold at very close prices; a difference of one-eighth cent a yard or approximately 1 percent of value is often a controlling factor as to whether a mill can continue to operate.

Before getting away from a general picture of agriculture, allow me to quote from testimony before our subcommittee from the Western Growers Association:

> It would also be helpful if agriculture handbook No. 132 of the U.S. Department of Agriculture, a 141-page booklet which reviews agricultural trade policy throughout the world, should be read as proof that reciprocal trade does not exist and that various protective devices are used.
>
> The president of the Western Growers Association, representing the vegetable and melon industries of California and Arizona, had this to say, "incidentally, these agriculture products are nonsubsidized and apparently because of this fact and that the U.S. Government has no financial stake directly in these products, they have become the whipping boys for agricultural imports."
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> ### STATISTICAL "HOCUS-POCUS" ON AGRICULTURAL EXPORTS
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> The contention that agricultural exports during the past fiscal year 1960–61 reached record proportions at $4.9 billion, and that 78 percent of this was sent to countries with which we made trade agreements, while imports of competitive agricultural products amounted to $1.8 billion, needs some reexamination. The $4.9 billion export figure is official and need not be questioned. However, in a publication of the U.S. Department of Agriculture, "The Demand and Price Situation" for August 1961, page 9, stated that about 60 percent of these exports received some form of Government assistance. This consisted of outright subsidies such as those that apply to our exports of wheat and cotton of which we exported over $2 billion in 1960, outright grants (gifts), etc. Only 40 percent of the total was sold for dollars with no governmental assistance. This part of our agricultural exports was slightly below the previous year.
>
> To attribute our agricultural exports and specifically their expansion to the benefits of the trade agreements program is, of course, wholly unjustified in view of the pertinent factors as above stated. Actually, the need for subsidization in order to export is proof that the trade agreements have not opened foreign markets to our farm productions; we do not have reciprocal trade on agriculture; quite the contrary. Only our subsidies have succeeded in doing that.
>
> Our imports of agricultural commodities are classified by the U.S. Department of Agriculture as supplementary or complementary. The complementary imports are those that do not compete with domestic farm products—examples: coffee, tea, crude rubber, cocoa, etc. These are all free of duty. Nevertheless, importation of these products gives the foreign countries dollars with which to buy our products. Once again, the trade agreements program has nothing to do with these products because we have no tariff on these imports.
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> ### RECIPROCAL TRADE IN AGRICULTURE AND SUBSIDIES
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> The above stated that in fiscal year 1961 there were duty-free imports of $1.8 billion, which should give rise to exports of a like volume by supplying other industries with the necessary dollars. This should therefore be deducted from the $4.9 billion of exports for fiscal year 1961, if we seek to determine the influence of our trade-agreements program. The export figure then would come to $3.1 billion.
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> It further stands to reason that this surplus of exports would not have occurred without the subsidization to which we have resorted. The cost of the wheat and cotton subsidies between them come to more than $550 million in 1960. Before we subsidized the exports of raw cotton our foreign market was fading rapidly. Our average exports of cotton from 1950 to 1952 was 5 million bales per year. In 1956 these exports dropped to 2,214,000 bales. Then we began to subsidize the rate of 6 cents per pound in 1957. Exports jumped to 7,598,000 bales. This was followed by another drop in 1958–59 to 3,129,000 bales. On August 1, 1959, we increased the subsidy from 6 cents per pound to 8½ cents. Exports again responded. In 1960 our exports leaped back to the 7-million-bale level.
>
> What did our trade agreements have to do with this? Nothing. Our record agricultural exports are the result purely and simply of our subsidization and governmental assistance. As recently as fiscal year 1958–59 our agricultural imports exceeded exports by $300 million. Imports were $4 billion; exports $3.7 billion. It is safe to say that the increase in exports has been the direct result of heavier subsidies and other governmental assistance. Witness the U.S. Department of Agriculture report, already quoted, namely, "The proportion of unassisted dollar sales was slightly below the previous year" (referring to fiscal year 1961 over fiscal year 1960).
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> ### ESCAPE-CLAUSE RELIEF
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> The statement that any concession granted in negotiations is subject to the further safeguarding procedures of the escape clause under section 7 of the Trade Agreements Act, when it can be shown that economic injury from imports to domestic producers has resulted from the negotiated tariff reduction ignores the record under the escape clause of the Trade Agreements Act, regardless of which political administration has been in power. Since its inception in 1947, the record shows that the odds are almost 10 to 1 against getting relief under this procedure. The Tariff Commission itself has failed to find serious injury in 70 cases out of 110. The White House turned down 27 of the remaining cases coming to it from the Tariff Commission with a recommendation for a higher duty. This left 13 cases on which some affirmative action was taken.
>
> In 1961, the cantaloup and watermelon growers, assisted by the California Department of Agriculture, presented two very strong cases before the U.S. Tariff Commission for relief from these excessive imports. Although, beyond any reasonable doubt, serious injury was proved, the Commission, consistent with policy, granted no relief and denied the petitions as stated above.
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> ### EXPORT VALUES AND FOREIGN VALUES
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> In October 1961, a report by the Nationwide Committee on Export and Import Policy covering the subject of "import competition employment" covered this subject very well by stating, "In weighing these trade statistics we should keep before us the fact that the import values are foreign values, i.e., the sales choice to our importers exclusive of duty, ocean freight, marine insurance, etc." This fact tends to shrink the impact of imports in terms of man-hours required to produce them. For example, in 1960, our imports of shirts were valued at $14 million. What did this mean? What are $14 million worth of shirts? How many shirts? In this country, it would mean 7–9 million shirts at factory prices. How many employees would be needed to make that many shirts? But wait. The imports were not 7 million or 9 million shirts, but 24 million. At our value, they would have represented $36 to $48 million. Innumerable other examples could be given. In terms of man-hours required to produce the 1960 imports of $14.6 billion, exports of perhaps triple that value would be required to balance the account.
>
> All farmers recognise that they must compete with other producing areas of the United States for today's consumer markets. That constant factor is good healthy competition and is a parcel with our balance of our supply and demand. This type of domestic competition assures our consuming public of getting the very best that is available for the least amount of money and over a period of time, results in a fair return for both labor and industry. In this respect, I would like to state that the American agricultural industry is paying the highest agricultural wages in the world and cannot fairly compete with foreign producing areas having the advantage of low tariffs and wages often 10 to 20 times less than our farmers are paying. This type of competition poses a real serious problem and one which has been created—whereby these foreign imports result in oversupply and destroy the marketplace. This is not only a serious economic problem for agriculture, but is one with which labor certainly has a self-interest in as well. We cannot argue that our labor costs are too high. In preference to this, let's say that it is the extremely low wages in the foreign producing areas which have advanced this problem.

Mr. Chairman, it can be argued that regardless of who pays for exports, the jobs created benefit the total economy.

This is only true in part. When taxes are collected from workers, it cuts down the purchasing power in the marketplace which in turn cuts down employment.

In addition to present loss of employment in the textile and apparel industries, the entire future of our cotton farmers, ginners, compressors, and warehousemen—not included in manufacturing industry figures—is threatened. If the domestic mills, which pay the Government support price, or higher, for the greater portion of U.S. cotton consumed, are destroyed, then it follows that raw cotton interests must live on the world price plus such additional subsidy that the Government may wish to pay them.

We are familiar with the depressed conditions in the coal mining areas of West Virginia and Pennsylvania. Those same conditions will probably arise within a few years in the many areas in many States where a large proportion of all manufacturing industry employees are those engaged in producing textile products and apparel. In many places this proportion is 50 percent or more of the total number of employees in the manufacturing industry in the State.

It will be impossible to retrain or to move a large number of the employees, many of whom have made the textile industry their life's work, are skilled employees in the industry, and have established their homes, their families, and their expected future, based on the stability of the textile industry. The liquidation of this industry, employing a large number of people and so necessary in time of peace or war, will bring social unrest, family disruption, and heartaches to a great number of people in wide areas of the country where the industry is located.

The suggestion that these people be retrained and possibly moved to other localities is not realistic when we consider that we have not retrained and taken care of some 4 million employees who are now unemployed, and yet it is proposed that we begin to add to this number an additional 2 million employees. If this program were put into effect today, our unemployment could rise from 6 to 9 percent. I predict that when the chips are down, if H.R. 11970 passes, as it is now written, it will not be used for a few years. No matter how unrealistic the proposed relief for workers may be, common decency demands that we include this section in the bill if the bill is passed.

It seems quite clear that our import policy has largely caused this decrease in American jobs. The textile industry is hurt by our cotton-pricing controls. But it probably can survive if we get an equalization fee to offset the 8½-cent-per-pound subsidy on cotton exported to foreign countries, plus protection in the form of fair tariff rates and quotas against excessive importation of fabrics and apparel from low-wage countries. However, as proof that the phase of free trade creates other restrictions, witness the passage of legislation by this House which will bar imports from underdeveloped nations not part of the agreement.

Foreign countries have no just basis to object to any of these procedures. Practically all of them have restrictions which prevent or limit our shipping many items into their borders. There is little reciprocity in practice.

For many years a small group of Members of Congress have tried to make the point that the Reciprocal Trade Agreements had not accomplished its purpose and, in fact, in the many agreements between other nations, the United States gave up more than it gained. Four years ago, the very same results that are being promised now, were promised if we would extend the Reciprocal Trade Agreements for a longer period of time than the normal 1 year. We were told that it was impossible to negotiate under a 1-year extension and that a 4-year extension would give the executive branch of the Government the tools with which to negotiate on a more permanent and a more reciprocal base. We were told that this would curtail so-called runaway industries and runaway investments, and that agreements could be made that would create export markets without injury to our own domestic employment. Why then was it necessary to wait until the 4 years were up—all but 3 months—before putting into effect the lifesaving tariff cuts demanded years ago.

It is my humble opinion that the failure of the 4-year plan has been proven. Particularly in the switch of the character of imports and exports by reversing the field percentagewise and shifting from manufactured goods in exports and nonmanufactured goods in imports to exports of nonmanufactured goods and imports of manufactured goods.

In the pamphlet I referred to earlier, a case is attempted to be proven that the United States sells $5 billion more than it buys, showing $20 billion sales and $15 billion of purchases. This is a deliberate misrepresentation of facts and an obvious attempt to establish in the minds of the Congress and the American people a false set of values insofar as American imports and exports are concerned. It has been acknowledged by all authorities that a minimum of 30 percent of our exports are not sales but are, in fact, gifts and other considerations under foreign aid, as well as another 30 percent in agricultural products for soft credit and other nonreturnable credits.

Throughout the year of hearings before our subcommittee, we made every effort to get testimony from persons who, from their public statements, appear to have information relative to the study we had undertaken. It is regrettable that for reasons beyond our control, the only information that we were able to obtain—from what appears to be authoritative sources—has been some public releases, testimony before other committees and through the media of TV, radio, pamphlets and illustrated sales booklets given to Members of Congress by departments of Government, importers and others interested in the proponent side of this problem.

It might be good to note that, according to the Wall Street Journal, the Secretary of Agriculture is proposing that the international wheat agricultural group increase the world market price of wheat in order to cut down the supports for exported U.S. wheat. On the weekend of March 10, an agreement was reached that the world price of wheat would be increased 12½ percent a bushel subject to member nations' ratification. This was done, according to this story, in order to cut $80 million a year off our U.S. subsidy costs. I would like to ask at this time how any American legislator can justify this action in the face of the proposal that this Congress has agreed to in the creation of a food-for-peace program? How can we, on one hand, justify to our conscience—if not to our constituents—increasing the world wheat price to our consumers all over the world while at the same time holding out the promise to the underfed people of the earth that this country's food program is for their benefit and relief? We were told that agricultural exports have to be maintained in order to sustain our agricultural economy.

Is there any difference, gentlemen, in protectionism for one phase of our economy by way of subsidies and for another part of our economy by way of tariffs? Does not this wheat deal show that world free trade will be a series of cartel agreements, fixed prices, international quotas, all contrary to our American concept of trade and free enterprise?

It has often been said that if you scratch a free trader, you will find a protectionist; it has also been said that protectionism has two faces, one of which wears the mask of free trade.

> When a nation restricts its imports—by tariff, quota, multiple exchange rates, or whatever—it openly acknowledges its protectionism. But when it subsidizes its exports—a practice no less protectionist in principle—it often proclaims such policy a contribution to freer trade. Yet, of the two faces of protectionism, subsidies to exports and foreign investments often prove more offensive to a nation's trading partners than do moderate restrictions on imports.

There are many pages of testimony containing—in the reports of our subcommittee hearings—testimony to the great damage inflicted on the agriculture of the United States. Particularly, I would recommend the testimony of the Western Growers Association and the hard, cold facts showing the practical demise of the tomato industry in Nyland, Calif.

It would be extremely difficult to review all of the affected industries before this committee and I would recommend the reading of the hearings to those among us who appreciate the dangers involved in embarking upon the course of free trade embodied in H.R. 11970. At this point, let us make it very clear that, personally, I am an advocate of liberal, free—but equitable—trade relations. Let me assure you of my keen interest in the problems of the world and the relationship between these problems and the welfare of my country and my congressional district. However, I do not subscribe to the bogeyman tactics contained in one of the many pamphlets issued by the State Department which purports to show that unless we pass this legislation, all world trade will stop, the American people will no longer have any of the following items: automobiles, radios, TV, telephones, cocoa, tea, coffee, brazil and cashew nuts, olives and olive oil and many other items that Americans are accustomed to having. I feel sure we will not have any shortages of any of these, and especially not an insufficient supply of nuts, of all kinds.

Now, this problem can be discussed from its economic implications without getting into the realm of fancy, half-truths, misleading—and in many instances, misrepresentative statistics. Never in the history of this country—aside from national war emergencies—has this Nation been denied any of the trade items named in these pamphlets. Nations do not refuse to sell that which they have in surplus.

The very essence of free trade is the unrestricted selling and buying of goods between the peoples, States, and nations, based upon need and the availability of supply. It is only because of the industrial revolution taking place, most of it with aid from these United States, that the third element—price—has entered into the trade problem and which must be equalized before any enduring trade policy can be established between competing nations.

This dangerous third element is the sales price, based upon cost of production in which a low-cost producer invades the market of a high-cost producer who, because of conditions beyond his control, cannot compete. The U.S. Government recognizes this very simple economic fact when it pays subsidies for the successful exportation of certain commodities. Other countries recognize this simple fact by resorting to one of the many forms of protectionism.

No one seriously questions the desirability of promoting world trade if it works to the mutual advantage of the countries participating in it. In the hope of expanding foreign markets for the products of the United States, Congress enacted the Trade Agreements Act of 1934 empowering the President to reduce our tariffs on foreign products in exchange for like concessions of foreign countries with respect to our products. It was the hope that such a program would stimulate and strengthen our domestic economy.

For the past decade, however, the United States has carried on this program with the primary objective of building the economies of other nations of the world and winning or retaining their good will without regard to the damaging effects upon our own industries and our own labor.

Our foreign-aid programs of the past two decades have provided foreign countries with American know-how, equipment, supplies, and materials at either no cost or at far less than the cost to American producers of like items. We have shipped modern machinery and equipment valued at $25 billion to these countries and have thus created abroad industrial plants as efficient as many of our own. The productivity of foreign labor has notably increased, yet foreign wages and foreign standards of living remain far, far below our own. Our own industries suffer a growing competitive disadvantage not only in foreign markets but in our own home markets. There is no section of the United States and very few communities where the adverse effect of foreign competition is not felt.

There may be some industries and some communities that will not be adversely affected by imports even if our economy is subjected to the further drastic dose of trade concession medicine now being recommended in Washington. But we doubt it. In any event, the important fact on which every American should focus is to recognize that the trade program pursued by our Government during the past 28 years has failed signally to promote the economic well-being and growth of our economy. The fact is that in recent years the rate of economic growth in the United States has been significantly lower than that of other industrialized nations. There are more distressed areas today than any time in our modern history except when the whole world was depressed.

Our strength and the strength of the entire free world require a vigorous, growing domestic economy. Our trade policy must be devoted first and foremost to that end. We cannot let industries wither and die and waste our substance and energies in relocating and retraining workers whose job opportunities have been handed to low-paid foreign labor as a result of ill-considered trade concessions.

I believe in giving the unemployed worker every bit of help we can in retraining for new jobs such as the Holland bill spells out.

However, how can any person in good conscience prescribe a remedy for an economy suffering from self-inflicted injuries? Would it not be better to try another prescription instead of doubling the doses of the old medicine?

We need American jobs first and job-taking imports last.

I have very firm convictions and sincerely believe that this approach will promote free trade on an equitable base.

No nation can be exploited during its growth years by low production cost industries in other nations. The economic levels of all nations will grow with their own economic growth and nations giving aid to underdeveloped areas will be free from competition, exploitation and profiteering of their own and foreign nationals.

Free trade can only fulfill its promise of better understanding when price does not make trade inequitable between trading nations.

No trade deal is a good deal if it is unprofitable or unequitable to the parties to the deal.

In winding up this presentation, I would like to give you a few things to think about that have a direct bearing on the issue: U.S. industrial wages, $2.96 per hour, including fringes; Common Market, 85 cents per hour, including fringes; and Japanese, 37 cents per hour, including fringes.

It stands to reason that when imports containing $1 billion worth of Common Market labor, enter the United States, they displace well over $3 billion worth of payrolls and seed money for our economy. One billion dollars worth of labor content imports from Japan displaces better than $7 billion worth of labor wages.

This is a loss in wages alone. The selling price of the imports does not alter this fact. Again, when we discuss taxes, let us remember that with 70 million people, Japan has a total budget of $6 billion, while the United States has a budget of $92½ billion for 184 million people. How can we fail to adjust these basic costs? With proper safeguards we can, and should, pass new trade legislation.

Outside of certain Government officials and a few who are representatives of foreign exporters or American corporations, operating abroad, every major supporter of the new trade bill wants certain restrictive covenants for their own protection. All of us have something to protect.

I want to vote for a new trade bill because I have been critical of the performance of the present trades legislation. I know we must have a trade pact, but I also know that it must give more than passing notice and lipservice to the American economy.

I have watched the press report of our own and other hearings. I have read most of the pamphlets and releases from all sources. I find that many of the proponents and endorsers of this legislation want exactly what I would like to have: a new trade bill, free from restraints that are artificial insofar as the real need for restraints is concerned.

I note that labor supports H.R. 11970, but wants protection against undue injuries to affected American workers. The Farm Bureau supports free trade for all but farm products affected adversely. The chamber of commerce supports free trade, but is opposed to job retraining programs for workers. The national manufacturers want free trade, but wants tax breaks both here and abroad. The textile association supports the legislation, but wants textile quotas and compensating tariff for differentials in raw-materials cost. The oil industry wants trade, but wants quotas and other restrictive covenants.

If you go through the House and Senate you will find that most of us are free traders, but we want certain protective covenants on glass, cotton, wheat, carpets, shrimp, fish fillets, lumber, sporting goods, fishing tackle, cheese and on into almost every line of production in the United States.

It is this complex demand of our economy and the realities of world trade that makes it imperative that we have new legislation. At this point, let me make it very clear and known to all as to just what I learned after many months of hearings and study of this many-faceted problem.

I learned that unless we work out a long-range, controlled program of international trade, this and other high-cost nations, will suffer very severe shock in their economy. There is no longer any real deterrent to universal production of manufactured consumer goods. All industry is dependent upon the activity of the consumer.

There can be no production without consumption. If you find that I repeat this statement, it is because I have had it drummed into me time after time for these many months.

Consumption does not restrict itself to consumer goods. It covers all sales for use either as food, housing, clothing, transportation, utilities, conveniences, appliances; in fact, every product changed from its natural or raw state, enters into the economy of consumption.

We, therefore, have before us a responsibility that cannot be set aside by propaganda, editorials, TV, or radio coverage or even the blanket or restricted endorsements from the whole populace outside the Congress.

It may be termed the Ball bill, the Hodges bill, or the President's bill, but in the cold facts of recorded history, it reflects—good or bad—upon the Congress that passes it. It is Congress bill, and the full responsibility is our own.

I can say to you at this point that unless we get away from piecemeal concessions and write a bill universally fair, we should pass H.R. 11970 without any amendments whatsoever, except to make it cover all American industry, farming and mining.

Only in this way can we get an honest appraisal of its real values. If it is as good as the proponents say it is, it will be the greatest move we can make. It it is as bad as the opponents say it is, it will prove itself and changes will come very rapidly.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. DENT] has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may require to the gentleman from Pennsylvania [Mr. SAYLOR].

Mr. SAYLOR. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SAYLOR. Mr. Chairman, for at least 6 months, scarcely a day has gone by in which newspapers have failed to carry a story about the administration's liberal trade program. The barrage of speeches and news releases from every Department of the Government got underway long before H.R. 9900 was introduced, long before this session of Congress convened. Apparently the administration leaders decided that the most effective strategy would be to overwhelm the American people and their representatives with so much talk about opening our markets to a greater volume of foreign products that we would be willing to accept this legislation without providing for the protection of our own industry and labor.

The freetraders have been using every conceivable tactic. They have resorted to promises, entreaty, cajolery, and threats. The campaign for easier entry of foreign goods into U.S. markets has been skillfully waged by a veritable host of top Government officials and sycophantic internationalists. The White House has provided the leading voice to the chorus, though obviously the State Department is the conductor. Cabinet members and their prize underlings have joined in harmony. Forums on any given subjects have been transformed into medicine shows promoting the elixir of free trade.

Meanwhile, back on our districts, we have been exposed to the tragedy of chronic unemployment resulting from irresponsible trade policies that permit a growing variety of commodities from foreign countries to displace the products of the American worker. Many of the foreign-made products are on the shelves of our business houses—cameras, tape recorders, ornaments, typewriters, tableware and countless other consumer items.

I recently was shown a novel cigarette lighter that plays "Dixie" when it is opened. On the box is the name of the manufacturer, General Beauregard Co., of Tennessee. My friends from the South will want to know that, on the bottom of the lighter in scarcely legible printing, are the words "Made in Japan."

Nor do we have any difficulty recognizing the foreign made motor car, each of which represents employment for foreign automobile workers making only a fraction of what their counterparts here are paid. We should not overlook the fact, however, that the thousands of these imports also represent great quantities of steel not produced in our own mills and large volumes of coal—used to create the steel—not mined in this country.

Contrariwise, in many of the materials we use it is not possible to recognize if they emanated in a foreign country—such as some leather goods, textiles, building items and other unfinished materials. Prior to 1959 the United States had not been a net importer of steel for 55 years. Since then this country has consistently imported more steel than it was able to export. The estimates for 1961 are 3 million tons imported against about 1,800,000 tons exported.

Few Members of Congress represent constituencies that have escaped the economic horrors of unrealistic international trade policies, but in some cases we find our business and industry hit from just about every corner of the earth. The growing disparity between steel exports and imports has a disastrous effect in central and western Pennsylvania. We also are exposed to serious injury from foreign glassware, machine tools, electric equipment, and an assortment of other products. Residual oil shipped in from Venezuela and the Dutch West Indies continues to take its toll of employment in our State. In 1961 approximately 230 million barrels—equivalent to 55 million tons of coal—invaded our shores to take away jobs of coal miners and railroaders.

On December 22, just 3 days before Christmas, the Berwind-White Coal Mining Co. announced that its Maryland shaft 2 mine was ceasing operations at once. Result: another 146 men out of work. The company had no alternative. Its decision was forced because of the lack of demand for coal. The shutdown follows a pattern that has persisted since foreign residual oil first began to encroach upon coal markets shortly after the close of World War II.

One of the companies operating in my district has lost about 400,000 tons of annual production in the past year because an east coast electric utility has converted from coal to foreign residual oil. The case is not unique, because this pillaging of our traditional markets has been pursued since the end of World War II, but I point out the incident because it accounts for the displacement of approximately 150 coal miners and almost as many railroaders in the past 12 months. Of course we were promised protection against too much foreign residual oil under the White House mandatory control program, but the levels have been manipulated to accommodate the desires of international shippers and have actually offered little protection for the domestic coal industry.

My colleagues have produced evidence of destruction by foreign-produced commodities in other fields, so I shall not attempt to insert into this discussion a product-by-product box score of market casualties that have been suffered by manufacturers in the district I represent. One statistic which should be understood, however, is that foreign competition has destroyed 41 percent of the jobs in America's hand tool industries since 1947. How long are Americans willing to stand by and see a growing number of our fellow countrymen thrown out of work by the policies that are responsible for these conditions? Oh, I am well aware of the fact that the proposed legislation includes a subsidy for the industry that cannot meet certain types of foreign competition, and I recognize that the displaced worker will get a kind of Government compensation. The people I represent are not looking for subsidies. They want protection from the unfair competition that comes out of countries where wages are only a small percentage of those paid here. Our manufacturers and processors have made substantial investments in the machinery that produces efficiently enough to make it possible to meet the country's wage scales, but they cannot compete in an open market with countries which have been given the same machines—given by the American Government in its oversea aid program—and operated by men and women who make only a fourth or fifth of what their counterparts in this country receive for a day's wages.

Members of Congress are experiencing extreme pressure on this bill. What we must remember is that this influence originates in the State Department, whose interest lies exclusively in this country's diplomatic relations and is devoid of any consideration whatsoever for the plight of our own industry and labor. My own feeling is that Congress has for too many years deferred to the executive branch. The responsibility entrusted to the House and Senate by the Constitution has been largely surrendered to the very Department that has written a glaring record of failure in the field of international relations. To permit the State Department to continue to hold persuasion over foreign trade matters would invite further economic distress.

Congress today is faced with the job of repairing the crazy quiltwork of trade policy that has been shaped to the design of foreign demands. We must enact whatever legislation is necessary to protect American jobs from further effacement by mounting tidal waves of foreign-produced commodities on our markets. Our first responsibility is to the American people, and no amount of insistence by the globalists should be permitted to interfere with that responsibility.

In its present form H.R. 11970, the so-called trade expansion bill, retains the provisions for "adjustment assistance" for workers who are thrown out of their job by imports.

Mr. Chairman, I think Members of this body would be greatly interested in what the labor organizations that would be the most likely "beneficiaries" of "adjustment assistance" really think of it.

If we take a look at the debate during the AFL–CIO convention in Miami Beach last December we will get the flavor of labor's attitude. It will be noted that the heads of the labor organizations that would be most affected by "adjustment assistance" are anything but charmed by the prospects. They expressed themselves in no uncertain terms. They are not in favor of having workers thrown out of jobs by imports and then being treated to retraining, possibly to shipment out of their home community and other such pleasant prospects as the enactment of the bill would bring.

Under leave to extend my remarks at this point in the Record, I include excerpts from the AFL–CIO debate in Miami Beach, Fla., on December 11, 1961, centering around "adjustment assistance":

Excerpts From AFL–CIO Debate on Foreign Trade Relations, December 11, 1961, Biennial Convention at Miami Beach, Fla., Proceedings, Pages 51–67, Third Day

Mr. E. L. Wheatley, president, International Brotherhood of Operative Potters:

"We are not anti to any foreign nation. We are anti to having the rights of Congress turned over to the State Department.

"You can talk of giving money to help distressed people and train them to come into new industries. * * * We do not think that program will get there in time to do any good in the way of offering relief for our people.

* * * * *

"But you people remember how long it takes the American labor movement to even raise the minimum rate here, and that is too long * * * to assume that the pottery workers and the other thousands and millions of workers who are being deprived of their job opportunities are going to sit and wait on the relief lines while some labor organization in these other nations brings up a decent minimum."

Mr. George Baldanzi, president, United Textile Workers:

"We are not for isolation. We believe in reciprocal trade. But our definition of reciprocity is that we will supply nations with products that they do not have, and we will buy from them products which we need and we do not have.

"We do not interpret reciprocal trade to be a concept under which we will permit low-wage areas or no-wage areas to destroy the economy of entire industries in this country, merely for the purpose of having friends.

* * * * *

"With due respect to President Kennedy, who I firmly believe has a feeling and a grasp of the problems of the world, I do not believe in the principle that we should give to any President the right as an individual to wipe out any kind of tariff or controls as an individual administrative act, because who may be President today made be one type of personality. Who may be President tomorrow or 5 years from now may be a completely different personality.

* * * * *

"When there are corporate interests * * * investing millions of dollars in the Common Market of Europe, that are establishing plants that are more modern than ours today, unless we get some safeguard against wholesale importation into this country, there is no guarantee that 5 years from now these same automated factories that are being built in many parts of the world * * * will not curtail operations in this country and dump all the cheap goods right back here in the United States."

* * * * *

Mr. Enoch Rust, vice president, United Glass & Ceramic Workers:

"Well, I went to Washington and I didn't have to stay long until I found that we did not have a trade program based on the law as written, the reciprocal trade program of 1934 and amended several times thereafter.

* * * * *

"Why are we excited? There was enough window glass imported in 1959 and 1960 to furnish over 4 million 6-room dwellings. * * * In that period of time (1959 and 1960) over a million automobiles were imported into this country carrying 30 million square feet of glass and carrying 5 million rubber tires replacing thousands of rubber workers, thousands of glassworkers, thousands of textile workers and thousands of automobile workers.

* * * * *

"We were told by Khrushchev that he was going to bury us economically. What did we do to help him do it? We gave him a spade to dig the hole with and to throw the dirt in our face."

Mr. George Burdon, president, United Rubber, Cork, Linoleum and Plastic Workers:

"In the rubber industry we are experiencing a serious challenge from the growing imports of rubber footwear. * * * Imports totaled 50 million pairs in 1959 and doubled to 100 million pairs in 1960.

* * * * *

"We have an average of $2.50 an hour versus an average in some other countries of 23 cents an hour. We cannot compete with that kind of competition."

Mr. George Fecteau, president, United Shoe Workers of America:

"In 1949 we imported 3 million pairs of shoes. * * * We exported 6 million pairs.

"Last year, 1960, we imported 30 million pairs * * * and our exports had dropped to 3 million pairs to all countries, so that the balance we have been speaking about certainly is not in favor of the shoe industry.

"Many of our companies in the shoe industry—the large companies, those who can afford to move—have moved to Japan. They have moved to Italy. They have moved to other foreign countries. Many of them have closed shoe factories here in the United States. * * * These companies are moving for profit reasons.

* * * * *

"We have estimated that unless some protection * * * comes about * * * the shoe industry here will become extinct as the dodo bird within 8 years.

* * * * *

"It is suggested that the people employed in those industries can go to other industries. As one who has been in the field and has seen factory after factory close down, and has seen the efforts of our union and these workers to place themselves in industry, I know that such talk is a lot of damned foolishness. It is not practical or just."

Mr. William Pollock, president, Textile Workers of America:

"Since 1934 we have been for reciprocal trade; but we feel as an industry and as representatives of the workers in that industry that we should not be offered up as a sacrifice on the altar of international trade.

"You know, it is all very well to be for international trade, but we represent workers * * * and they are told that in the interest of international trade we must accept the imports from other nations, and 'to protect you we will retrain you and prepare you to go into some other industry.' Well, I think this is fine, it is as it should be.

"But when you get an individual that has spent 20 or 30 years learning a skill * * * only to find his job shipped to some other nation and he is to be trained to go, maybe the electronic industry, where they are barely paying a minimum wage, it is pretty hard to convince him that this is a sacrifice he must make in the interest of world peace.

* * * * *

"I know that in 1962 when we have to elect a full Congress, if the representatives of our unions go to a Congressman in that congressional district and find that he is going to vote for a liberal trade program that will export their job to Europe, that he cannot count on their votes to send him back to Washington."

Mr. George Meany, president, AFL–CIO:

"If you read this resolution carefully, you will see that we are setting forth stipulations that we feel should go in this legislation.

* * * * *

"We call for retention of the escape clause provision in the new legislation, and then I would like to point to section 4 of the proposed resolution, that 'the new legislation should direct the President to take whatever action is necessary to mitigate problems of market disruption.'

"To all these organizations, I can say to you that when the legislation comes up * * * that our legislative department, our research department, our economists, and everybody concerned will cooperate with these organizations and try to get in the legislative safeguard to protect them to the maximum extent that is possible.

"But we cannot * * * depart from the idea of a reciprocal trade pact with the other nations of the world."

Mr. George Harrison, chairman of the resolutions committee:

"This resolution goes further than any other trade policy resolution adopted by this federation, in the direction of protecting our industries against undue hardship because of reciprocal trade agreements.

* * * * *

"If you will look at paragraph 6 you will find that it says 'In all phases of tariff and trade policy, the U.S. Government should seek to safeguard the absolute historic levels of production of significant industries.'

"Now that means only one thing. Certainly imports shall not be permitted to the point where it causes serious injury to any of our historic industries."

The resolution was carried.

Mr. Chairman and members of the Committee of the Whole House, with due deference to those Members who will vote for this bill, in my opinion this bill will give away not only American jobs but also the last vestige of our self-respect.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. Barry].

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GOODLING. Mr. Chairman, the bill we are considering today is one of the more difficult ones so far as reaching a just and honest decision is concerned. Proponents and opponents have valid and logical reasons for their stands.

The European Common Market has been responsible for a great deal of discussion and has been used as an argument in support of this legislation. Unfortunately, that market could not, by any stretch of the imagination, be considered a stable one. What will England do and what impact will her decision have? Hasty action on our part now might well rise up to haunt us later.

I would like to address my brief remarks today to an industry very vital to the economy of my area; namely, the manufacture of shoes.

A report from the Pennsylvania Department of Labor and Industry, states that employment has reached a peak for 1962, but then adds this significant figure which could conceivably be raised by the passage of this bill: Seven and three-tenths percent of our labor force is unemployed.

The congressional district comprises three counties, all of which manufacture footwear. The figures of the smaller county are significant and revealing. Forty-one percent of the total employed in industry are employed in some phase of footwear manufacturing.

Nationally it is significant to note for the first 4 months of this year, 19.5 million pair of all types of shoes were imported. This compares with 9.8 million pair for the same period in 1961.

The same comparison for leather footwear only is 10.6 million in 1962, and 6.9 million in 1961. While imports have been increasing at this alarming rate, exports have dropped from 4.4 million in 1957 to 3 million pair in 1961.

The U.S. shoeworker is paid more than any other in the world. He receives two to five times more wages than his foreign competitors.

We hear of retraining and the question arises: retraining for what? In my area, there appears to be a sufficient supply of labor for available jobs.

We also propose to subsidize industry injured by imports. If there is a way to administer this proposal, I have not heard of it. This entire phase of the program might well become a glorified unemployment compensation deal. My people want jobs, rather than unemployment pay.

This bill, if enacted, might well be the beginning of the end of a great deal of our shoe industry. Some way must be found to avoid this.

Mr. BARRY. Mr. Chairman, more often than not, at this point in the second day of a debate of 8 hours, it is difficult to see the forest for the trees.

We have heard so much about this bill that it is good to look at exactly what this bill is and why it has come about.

We, first of all, are the creators of the need for this legislation, because this bill is basically to prepare this Nation to compete with the Common Market. But the Common Market is our creation. The Common Market is the extension of the American dream. It is the extension of the trade system which we developed in this country when we did away with the trade barriers and the employment barriers between the States. Therefore, where does this place us in point of time insofar as history is concerned?

Let me read to you the words of John Morley, who 80 years ago said:

> Great economic and social forces flow with a tidal sweep over communities that are only half conscious of that which is befalling them. Wise statesmen are those who foresee what time is thus bringing, and endeavor to shape institutions and to mold men's thought and purpose in accordance with the change that is silently surrounding them.

I submit that is exactly where we are today.

There has been some talk about postponing the action we are about to take today. I submit to you that there is a basic weakness in this proposal. We did not take action a year or two ago to meet the challenge which we have been setting up in Europe when we first recognized that the only way Europe could survive was through the Common Market. The only way they were able to compete with communism was to unite and become stronger economically and militarily than the Communists. Therefore, having made that decision several years ago, we certainly should have created the machinery several years ago to compete in every way with such market when once it was created.

It has been said, "Let us not jump into an empty pool of water." I submit we have been dropping pebbles into this water through our reciprocal trade for many years. We have seen the ripples from this pebble grow, we have seen our exports climb from $2 billion to $20 billion. This is not a small amount of dollars, and this does not mean a small number of jobs have been created in this Nation. On the contrary this means that there have been several million men and women employed to produce the products that have been the beneficiaries of our policy with regard to reciprocal trade.

What about the major difficulty of the bill so eloquently brought out by my distinguished colleague from New York [Mr. Goodell], who really knows the subject of retraining and adjustment assistance? I would say to you that we are not the sole body that is acting on this bill. I would say to you that there will be two other opportunities to correct what the gentleman from New York has so definitely brought to our attention. But in the meantime we should act responsibly on this and separate the important from the unimportant, and take action today and not postpone action into the future.

It is my honor to represent in Westchester and Putnam Counties, N.Y., I suppose, the leadership of every major industry that has a New York office. If I do not have the president I have the executive vice president or the chairman of the board or someone in substantial authority who lives in this area. Let me tell you what the people of Westchester think about the action we are about to take today.

I asked them, Should the United States protect exports through mutual tariff and quota reductions which would lead to growth in certain industries but contraction in others?

In reply, 67 percent went on record in favor and 13 percent were opposed, and we heard from 35,000 voters.

I strongly urge passage of this bill today.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. Reuss].

Mr. REUSS. Mr. Chairman, I am grateful to the gentleman from Arkansas [Mr. Mills] for his brilliant leadership in the production of this important bill and, more immediately, for yielding me 5 minutes so that I can make a small contribution to the debate.

Once to every man and nation, so the old verse goes, comes the moment to decide. The United States is that nation. This is that moment and the decision basically is whether we are going to fall back into isolation or whether we are going to go forward in the mainstream of history. I think the decision is important both for ourselves and for the free world. As a member of the Joint Economic Committee, one of my jobs is to worry about full employment and maximum growth and our balance of payments. The situation that confronts us is this. We have 5.5 percent unemployment in this country while in the Common Market there is over full employment, and the danger is rather one of inflation. In this country our growth rate has been an alarmingly slow one, around 3 percent a year, and in the Common Market countries it has been an effervescent rate of almost twice that.

Our balance of payments still remains a problem. And it is ironical that the Common Market's problem is one of annual surpluses of about the size of our recent yearly deficits.

Just the other day I had the opportunity of greeting a group of about 200 German housewives who were here visiting in one of the Senate rooms. In the course of greeting them, I asked the ladies how many of them had a dishwasher appliance in their homes. Three hands were raised. Then I asked how many wanted a dishwasher, and 200 hands went up in the air. This suggests there is a tremendous range of American goods, products of our farms, products of the factories, machinery, chemicals, paper products, appliances, which if we have but the wit to do it, we could get into that European market. By selling our goods to Europe we could at the same time do something for our jobless, do something for our lagging growth rate, and do something important about our balance of payments.

From the standpoint of the free world, here is a tremendous opportunity for us to come to the rescue of Canada, Australia, New Zealand, the countries of Latin America, the unaffiliated countries of Africa, and Asia, the old countries of Europe like Switzerland, Sweden, and Austria that would cheer our leadership in bringing down Common Market tariffs for the benefit of the whole free world. We need this bill desperately and when it passes, as I fervently hope it will, we need vigorous action by the administration to put it into effect.

I have heard distinguished Members here today state their opinions on what is going to happen in the negotiations between the United Kingdom and the Common Market. One is sure that the United Kingdom's entry is imminent. One is sure that the United Kingdom is not going to enter the market. I cannot guess what the result is going to be, but in one respect, the outcome of these negotiations is of vital importance to the bill before us. If there is one imperfection in an otherwise superb bill—if there is one wart on an otherwise perfect image—it lies in the wording of section 211, the 80 percent clause permitting us to bargain the Common Market tariffs down to zero, because that clause has little or no meaning unless and until the United Kingdom does join the Common Market. I hope they do. But I would very much hate to see our whole trade liberalization program hinge on the timing of Britain's entry into the Common Market. So I hope that at a later legislative stage, it may be possible to improve section 211 so as to not make our tariff bargaining powers dependent upon the vagaries of European politics.

I hope, too, that the administration, if this bill comes law, will move very vigorously to put it into effect. The President at his press conference yesterday said:

> If we cannot make new trade agreements with the Common Market in the coming year, our export surplus will decline, more plants will move to Europe, and the flow of gold away from these shores will become more intensified.

Action is what we need, and action is what the President proposes to get.

In a few minutes, we shall be voting. Let our decision be one that looks, not inward to our own problems, but outward to the free world.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. MOORE].

Mr. MOORE. Mr. Chairman, at the outset I want to commend the chairman of the Ways and Means Committee for his presentation here today. He has given a tremendous performance and has spoken sincerely his thoughts about H.R. 11970. I respectfully, of course, disagree with him and disagree with those who talk in a general way about the necessity of enacting H.R. 11970.

I asked the chairman of the Ways and Means Committee a question earlier with respect to the manner in which this bill would be administered in the event it was enacted into law. He indicated, and there was some applause following his answer, that this bill was not brought to the floor simply on the basis that it would be administered by the State Department of the United States. I suggest to the House that if you look at the title of the bill you will find it is a bill to promote the general welfare and the foreign policy of the United States. Anybody in his right mind certainly knows, as has been the case through a long number of years, that the reciprocal trade program, is administered by the State Department. It is necessary then to look at the statements of those who will administer this program to realize how it will affect our domestic industries.

There are a number of Members on the floor who have asked questions about domestic industries in their States and districts and how they will fare under this bill. The answer has been a broad one and to the effect that within H.R. 11970 there are mechanics to protect these domestic industries from the great amount of additional foreign goods that this bill will permit to come into the United States. The discussion pointed out the retention of the escape clause.

However, the individual who is going to be primarily responsible for the administration of this bill recently stated before a European meeting that he was apologizing for the action taken by this administration in relationship to the flat glass case and to the carpet case, saying that the President of the United States had no other course left open to him under present law than to take the recommendations of the Tariff Commission in these instances and implement them. This is what Mr. George Ball the Under Secretary of State said to these European nations in apologizing for the action of the President in these tariff cases. He stated that no other administrative relief was available to the President but that after the enactment of the new trade bill things would be different, that the President would have different administrative relief that would be available to him, and that when an American industry suffered injury in the future the Tariff Commission recommendations would not have to be followed for under the new law he could give financial assistance to the American industry destroyed and as for those who lost their jobs they could be retrained.

In the debate today I have heard so much about retraining programs that we are going to get to the point where we will have to have a program to retrain the people who are retraining the workers. Mr. Ball said further that industries finding themselves not adjusting to lower tariffs will be given various types of financial assistance to enable them to shift to new lines of production and workers will be helped by retraining them. As to whether or not American industries could get relief from the Tariff Commission, listen to this observation by Mr. Ball:

> Import restrictions may be resorted to only as an exceptional procedure and only for a limited period of time.

This should be the answer to those who are worried about their local industries. No attempt will be made to help them.

We have heard a lot of talk about consumers. A colleague of mine on our side of the aisle said he has the presidents of all the big corporations in his district and he is for the bill. Well, I have the workers in my district and they are not for the bill. I have 1,200 toy workers in my district who are presently being told that in the next 5 months the toy manufacturing facility will be closed down unless the employees will take a severe cut in wages. This is the largest manufacturer of toys in the United States; the president of that company may be for the bill but the 1,200 people have a lot of questions they would like to ask.

If this bill goes into effect, there is no question that that toy manufacturing facility is going to close. It may even do so even if we do not pass this bill because of the effects of past trade legislation on their business.

Mr. Chairman, I am opposed to this bill, and I will vote for the motion to recommit to extend the present act 1 year and I do that with grave misgivings.

Mr. ALGER. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. SCHADEBERG].

Mr. SCHADEBERG. Mr. Chairman, I am opposed to H.R. 11970 for the following reasons:

First. It is a bill which begins on the false premise that this Government has the right to enact legislation that will deny its citizens employment opportunities. It is true that the bill makes some provisions to place the worker under a Federal welfare program when he is denied his job and it provides for Federal aid to businesses for rehabilitation after they are destroyed by unrestricted imports arising out of "deals" made at the trade bargaining table, but it is not sound legislation, in my estimation, that makes the role of government one of dictator over the life and death of industries and jobs.

Second. It is a bill which begins on the false premise that it will result in the close-down of industries and denying of jobs and does not and cannot offer any assurance—conjecture yes, but not assurances—that it can or will provide new industries and new jobs.

Third. It places far too much power into the hands of the executive branch of this Government. The potentiality for misuse of public funds in the offering of financial aids to business and labor alike is tremendous. I do not question the integrity of those who would administer the program but I suggest that Paul gave sound advice when he said men should not place stumbling blocks—temptation—in their brother's way.

Fourth. It denies equal treatment to various segments of our economic and industrial society. On what basis do we legislate to give anyone the dictatorial power to favor one group over another and we do just this when we provide the machinery with which one industry is "traded" for another at the discretion of the President or anyone he may designate to act for him.

Fifth. It places no limit on the ultimate cost of the program since it cannot now even be estimated.

Sixth. It has all the earmarks of the beginning of Federal control over industry even as such control was denied by this body over the farmer.

Mr. ALGER. Mr. Chairman, I yield 1 minute to the gentleman from Indiana [Mr. BRAY].

Mr. BRAY. Mr. Chairman, this debate on the President's trade bill has been most confusing. The proponents of this legislation, the press and innumerable speakers throughout the country have been pointing out the advantages of expanded trade particularly as it concerns the serious situation of our credit relations with foreign countries and the stabilization of our gold outflow. No one can deny that trade is important. The proponents this trade bill claim that we must give the President greater authority to lower our tariffs in order to expand foreign trade. While the Constitution in article I, section 8 says "the Congress shall have power to lay and collect duties, regulate commerce with foreign nations," yet through the Trade Agreements Act our Presidents have had this authority for some years.

Under the guidance of our State Department, our Presidents have made many treaties pursuant to the Trade Agreements Act. The trend for a number of years has been to lower our tariffs so that today we have lower tariffs than almost any nation in the world. Apparently for some years our so-called reciprocal trade agreements have lowered our tariffs but at the same time had little effect in getting other countries to lower theirs.

In making these reciprocal trade treaties our State Department apparently has acted on the theory that our standing in industry, business, and labor was so completely and indestructibly established that it would continue to flourish regardless of outside competition or influences. So in order to assist other countries they have permitted our tariffs to be lowered but have not insisted on receiving similar benefits from the other countries, which is in complete disregard of American business, labor, and farmers. There is no trade act that Congress can pass that will assist America in our trade problem today unless the parties who negotiate those treaties keep foremost an interest in the welfare of America and Americans.

Because of our enormous commitments abroad for foreign aid, we must export in value more than we import. The increase in imports into our country is draining American gold to foreign countries and has placed the United States in its most precarious financial position of many years. The American people have not been made aware of how serious our trade situation has become.

In round numbers, here is our present situation: Our gold reserve has sunk to less than $16.5 billion. By legislation we are required to maintain a reserve of $11.5 billion in gold to protect American currency. This would leave $5 billion in our gold reserve. Today we have short-term obligations outstanding to foreign countries amounting to $22 billion. If these countries were to demand payment in gold, which by international law they can do, we would lack $17 billion in gold to meet those obligations. Only a Pollyanna can fail to recognize this as a most serious problem.

Over a period of several years I have been pointing out on this floor and to my constituents in my district the loss of jobs and industry which has resulted from these trade agreements. Allow me to point out by specific example the manner in which some of these trade agreements are unfairly operating against the interests of America.

Today we in the United States can mine, transport and deliver coal to practically anyplace in the world cheaper than it can be produced in that country. That is especially true in England, France, West Germany, and Italy, which countries now hold a great part of the obligations which are so embarrassing to us today. Yet these countries are, by exorbitant tariffs, quotas, and prohibitions, blocking the shipment of American coal into their countries. If the United States could and would negotiate for the sale of American coal to these countries it would give thousands of jobs to American workmen, help the railroads, and bring gold back to this country.

A good example of the way in which the present policy is working is that, while American coal could be delivered into France at a fraction of what it costs her to purchase it from other countries, we are not allowed to ship coal into France; yet in the import and export of automobiles the American manufacturer who ships a car to France must pay a 28-percent tariff; yet the French manufacturer can ship a French car to the United States for 8 percent tariff. Is it any wonder that America is losing jobs for our workers and that our gold is so fast going abroad, much to our embarrassment?

The zeal of members of the State Department to befriend other countries has gone far beyond the mere negotiation of trade treaties. Two recent actions which are adversely affecting our farmers are as follows: In the sugar extension act which we are considering, our State Department is for a plan of world quotas which prevents the American farmer from adequately expanding domestic sugar production, which in turn prevents the American farmer from removing from feed grain production, land which he desires to plant in sugarbeets. This plan, which is desired in the area in which I live, would give material income to the farmers, would remove from grain production, land which contributes to our grain surpluses and would have produced sugar—sugar for which we are sending our gold abroad.

Just last year it was brought before the House that Edward Martin, the Assistant Secretary of State for Economic Affairs, deliberately blocked a transaction whereby Brazil, in return for our purchase of sugar, would have purchased wheat from America. Mr. Martin was agreeable to our purchase of sugar from Brazil, but said that there was no need for them to buy American wheat and that he, Mr. Martin, did not agree with the congressional policy to encourage such a transaction. This matter is well documented in the CONGRESSIONAL RECORD of August 3 and August 15, 1961. I merely am pointing these two matters out to emphasize the fact that one of our greatest difficulties in trade today is the basic philosophy of the members of the State Department, who are the principal negotiators in our trade treaties.

At the Lincoln Center in New York City, an urban renewal project in which the Government has authorized $31 million Federal assistance, the stone is being quarried and fabricated in Italy—a building stone inferior to that produced in America and especially to the limestone in Indiana. Our country as a whole and my district in particular is being seriously injured by the importation of meat, glass, stone, ladies' garments, veneers, shoes, oil, sewer pipes, structural tile, electrical equipment, rubber clothing, latex products, brushes, doors, parts for radio and television.

Our trade policies today are forcing us to export hundreds of thousands of jobs. The handling of our foreign trade has made it impossible in many instances for American industry to produce here in the United States and still compete with the industries of other countries, so that in the last few years we have spent over $30 billion building factories abroad. Following is a very brief list of some of the businesses which have opened factories abroad: General Motors, Ford Motor, H. J. Heinz Co., Parke, Davis & Co., Johns-Manville Corp., Hamilton Watch Co., Minneapolis-Honeywell Regulator Co., and a thousand others.

I do not claim that our trade policies are the only cause of this gold depletion and our serious industrial problems. However, a substantial part of the blame for our current dangerous monetary condition can be placed on those officials who have negotiated our trade agreements. Reciprocal trade is not essentially a political matter; both parties have been partially responsible for this rapid decline in the gold reserve but today only the present administration can take steps to save our country from a most embarrassing and dangerous situation.

American officials have been in Europe several times recently asking that these creditor nations forgo any demands for payment of their obligations. This certainly is a sorry position in which our country finds itself. Dr. Walter Heller, Chairman of the President's Council of Economic Advisers, is now in Paris seeking European advice on our financial situation and attempting to find a way to stop the drain of American gold. Canada is faced with a similar problem of the depletion of her gold reserve and with heavy imports. The thing that she is doing to correct it is to raise certain of her tariff rates.

No trade bill nor legislation alone will solve all of our financial problems. Those who are negotiating trade agreements must change their attitude on the protection of American labor, industry and agriculture. For years the trade policy worked out by the State Department has been gaged to assist other countries and to make friends. This has certainly been commendable; however, our principal interest must always be to look after the welfare of America.

The bill before us today would give the President far greater power in making these treaties. It allows him to cut tariffs by larger amounts and at a faster tempo, and makes it more difficult for an injured business to get relief and virtually impossible for Congress to block any tariffs which it believes detrimental. The administration has admitted that this new trade bill would destroy industries and cost American workingmen their jobs.

We have no reason to believe that those people who negotiate trade treaties for the President will protect American interests any better in the future than they have been doing, so I cannot support this legislation which will give those negotiators greater power and less restraint from the people's representatives—the Congress.

Regardless of whether this bill will pass or not, I hope that these 2 days of debate have brought forcibly to the attention of those of our State Department, who are principally responsible for the negotiating of our trade treaties, the precarious condition which we are in; and will cause them to make a reappraisal of their trade philosophy and to use commonsense and show an interest in the welfare of the United States. In giving concessions abroad they should insist on fair treatment to American interests and the people by whom they are employed—the American public. If this is done our problem will be well on its way to a solution.

Mr. STAGGERS. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. STAGGERS. Mr. Chairman, in deciding how to vote on a given issue, a Congressman must take into account his absolutely unique position among all the public offices in the United States. His office is the single one in the whole Nation that can be filled only by direct vote of the people. The Presidency, if vacant during a normal term, may be filled through legally stipulated orders of succession. So may a governorship. A senatorial seat, vacant under the normal term, may be filled by appointment. But no power on earth can fill a Congressman's post except a vote of the people. The makers of our Constitution deliberately provided that no outside influence should have effect in determining who should stand for and speak for the people in the House of Representatives. A Congressman, therefore, who does not represent the interests of the people of his district is derelict in his duty, and they might as well have no Congressman.

It is with this thought in mind that I rise to speak on the bill before the House. Two vital interests in my district are affected by this bill. They are: the coal industry, with all its connections with other industries; the glassware industry.

The coal industry is not only important to the local economy of West Virginia. It is vital to all the interests of the United States. It is the only dependable and inexhaustible source of energy in the Nation. Without coal there is no steel; without coal there is little or no electric power. Without coal we could not fight a war or maintain our peacetime productivity. Coal is also the base of innumerable everyday products, from drugs to dyes to synthetics. With the exception of agriculture, I would say that a flourishing coal industry is the one indispensable industry in this or any other country.

Yet coal has never asked any favor from Government. It carries no subsidies for production. It is protected by no tariffs. The Government has not built or subsidized any means of transporting it to customers. Coal has been content to grow on its own merits. Again with the exception of agriculture, it is one product in the United States whose cost has not been doubled and tripled and more by inflation. Some say that John L. Lewis has priced coal out of the market. The reverse is true. Coal is cheaper today than it was 14 years ago, and the credit goes to Lewis. A coal miner today is paid 8 times a Japanese miner's wages, for instance. But he mines 14 times as much coal, and a ton of coal can be mined and delivered in Japan at about half the cost of a ton of Japanese coal. We actually export coal to Japan, and we are capable of exporting it to any spot on earth and selling it at a lower price than any coal from elsewhere. That is, we could do so if there were not Government interference with absolutely free trade. I mean not only interference by the Government of the United States, but interference by the governments of importing countries. In Canada, for instance, the Canadian Government offers a subsidy of up to $5 per ton to carriers of domestic coal. In some Latin American countries, we sell coal, but find it difficult or impossible to collect because of Latin American regulations regarding money transfers.

Meanwhile, the competitive fuels of oil and gas have been given an unfair advantage. Foreign oil is dumped in American markets at less than the cost of production in order to obtain foreign exchange for the producing countries. Quotas of residual oil are increased in order to furnish a needed outlet for foreign oil and help preserve their economies from collapse. But nothing is done for coal, and nothing is asked by coal except to be freed from unfair competition.

The glassware industry is in pretty much the same situation. No subsidies, no Government favors. And the industry is also important to the United States, as we found out in the First World War, when we woke up to find we had domestic sources of materials necessary for a variety of war instruments. West Virginia today produces some of the best-known glassware in the world. It is sold under such renowned names as Morgantown, Seneca, Fostoria, Blenko, and others. It is so well known that foreign competitors have stolen the models, made cheap imitations, exported the product to America, and are offering it to American consumers as the real product of American industry, in plain violation of American patent laws.

Both the coal industry and the glassware industry have protested to the Government over these unfair practices. They have asked for reduction of import quotas and for other steps that would put our own industries on a truly competitive basis. I personally have added my own protests, here in this Chamber, and before the proper administrative agencies. The most candid answer we have got so far to our protests is that we are fighting a lost cause, and the glassware industry, for one, might as well get into another business.

The bill presently before the House is theoretically intended to promote true competitive trade between nations by making it "free." The big question is: Will it do so? Experience answers: No proposal for making trade "free" has worked in the past. Something always happens to evade or overturn agreements.

Three things affect the amount of free trade that can be carried on between nations over a period of time. The first of these, of course, is tariffs. Tariffs can be reduced or removed entirely, but it still does not follow that free trade will result. A more effective deterrent to trade is import quotas. The principal trading nations of the world are using them with greater and greater coverage. There is no point in removing import duties if the goods are not to be admitted at all. A third determinant of free exchange of goods is government policy. Any government must determine what policy seems best for its own interests. If a foreign government decides that it is in the national interest to subsidize and export a given product for any given national purpose, say to obtain foreign exchange, or to promote buy European programs, that is within the government's province. But it might invalidate trade agreements.

It is well within the interests of the people of my district to have assurance on these matters of uncertainty. Up to this time, the discussions on the floor of the House have not provided such assurance.

Statistics from the U.S. Tariff Commission

Imports of table and household glassware:

1958	$24,557,000
1959	32,294,000
1960	34,386,000
1961	34,424,000

The above figures reflect the value at which they are declared. Those are the figures comparable in quality and quantity to our U.S. products. The foreign value would be 40 percent of the above figures.

Percentage of consumption supplied by U.S. producers:

	Percent
1958	54.0
1959	49.9
1960	49.3
1961	49.7

Percentage supplied by imports:

	Percent
1951	21
1955	34
1957	38
1958	45

Mr. MONAGAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. MONAGAN. Mr. Chairman, I believe that the motion to recommit this bill should prevail.

In essence, if this motion is carried, it means that the existing reciprocal trade law will stay in effect for another year. In this way, the present status will continue. I feel confident that nothing will be lost in this way and much may be gained.

The present economic deterioration in Canada and the apparent difficulty which Great Britain is experiencing in gaining admission to the Common Market are two developments which emphasize the changes that can take place and are taking place in the world trade picture and underline the need for caution in this legislation which poses an increased threat to jobs and industries in this country.

Proponents of this bill agree that this legislation will in many undetermined areas cut down jobs and industrial activity in this country. They are not able to say where the jobs will be lost, but the whole adjustment assistance section is based on the assumption that there will be substantial job loss.

In my section of the country, the effect of lowered trade barriers are well known. We have been feeling their depressing influence for many years. In the manufacture of clocks, of bicycles, of needles, of rubber footwear, and of brass goods, we have felt the gradual and increasing flow of imports that now has risen to flood proportions.

Our bicycle manufacturer has ceased operations. The clock industry is working on a reduced and marginal basis. The plumbers brass division of one of our large plants has been closed.

The share of imports of rubber footwear, one of our major industries, has increased from approximately 2.6 to 56 percent of the American market in a period of 8 years.

Only a short time ago, in the pin manufacturing industry, which is centered in my district, the Tariff Commission recommended an increase from 20 to 35 percent in our tariff because the Commission found substantial injury to our manufacturers through foreign imports which had reached one-third of the American market. Unfortunately, the President did not sustain this finding of the Tariff Commission.

It is obvious, therefore, that we are speaking of fact and not theory.

Concessions have been made in many fields to obtain support for this bill. They have been made in glass, in carpets and in textiles. Even in the area of labor, some concession is made in the adjustment assistance sections of this bill.

No concessions have been made in manufactures in my district and even recommended relief has not been permitted to take effect.

I regret to say that the promised increase of imports to the Common Market would not be possible for us since their wage rates average about one-third or one-fourth of ours while their plants and equipment are as good or better than ours. Indeed, much of this equipment has been provided by our country.

I will grant that the committee has greatly improved the present bill over that which was originally bill H.R. 9900. However, questions still remain. In my view, the 5-year period is too long for an experimental plan. The elimination of the peril point provisions and the alteration of the escape clause provisions are unfortunate.

Finally, both the benefits and the detrimental effects are purely speculative since no one admittedly can furnish statistics to show what will happen in a given industry or given section.

Where there is such danger to our jobs and industries, therefore, I believe that caution should be the watchword. Once gone to Europe, to Japan or even to Hong Kong, they will not quickly return.

I urge, therefore, Mr. Chairman, that we move slowly in this vital field. The passage of the motion to recommit will give us a year to study this problem. I urge its adoption.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, the President of the United States of America has proposed that the Congress of the United States enact the Trade Expansion Act of 1962.

The President has done so for international political and national economic reasons.

In the field of international relations, the question presented to the Congress—and to the entire free world—is clear: shall the free world come together in one great trading community which includes not only Western Europe and North America but also Japan, Australia, Latin America, and Africa—or do the free nations go their separate ways fragmenting the non-Communist world? Such a free world trading community would represent a concentration of economic power and economic dynamics beyond anything the world has yet seen, and far beyond any of Mr. Khrushchev's dreams. Such a trading community would so clearly demonstrate the vigor of its competitive free market consumer economy that, to more and more people, communism would look like a wave of the past.

To move ahead in the political aspects of the cold war, the Congress should enact H.R. 11970.

But in the search for political victory in the cold war, is there danger of enacting legislation which will weaken our economy and thus lead us further from the victory we seek?

On the national, as opposed to any particular local scene, the answer is clearly in favor of the trade bill.

For many years the United States has had a surplus in its balance-of-trade account. In 1961 this surplus amounted to $5.4 billion, the difference between $19.9 billion in exports and $14.5 billion in imports. Unquestionably, more jobs and more business have resulted from exports and from those imports which support American business by providing essential raw materials than has been lost by that portion, approximately 40 percent[1] of imports which might be considered competitive with American industry.

More liberalized trade would undoubtedly stimulate both exports and imports. However, if the past can be considered a guide to the future, there is no reason to fear such an outcome. If American exports are compared to American imports for the last several years, it is clear that the ratio between the two has clustered around a value of 1.4.[2] This means that since approximately the end of the Second World War the United States has exported, on the average, about $1.40 worth of merchandise for every dollar's worth imported. If anything close to this ratio can be expected to hold for the future, and in view of the fact that 60 percent[3] of imports do not compete with but actually support American industry, then it is clear that any policy which seeks to inhibit the total volume of our foreign trade would not be good for American business. Conversely, any policy which seeks to stimulate exports and imports should be in the public economic interest.

Because of the diversity of our economy, I recognize the fact that there may be some congressional districts where competition from rising imports might, in the short term be damaging, despite the fact that other districts may be gaining more through increased export sales. Even in such districts, in a dynamic economy, with generally higher incomes and sales, there will in the longer haul be more jobs and more business for everyone. That is, the more rapidly the United States can expand its total trade the greater will be the rate of economic growth and the less time it will take, and the less painful it will be, to make necessary adjustments. Efforts to inhibit trade expansion will only delay the adjustment process, not eliminate it. Some jobs are already lost—for whatever reason. The task is to make up these jobs and more. The only way to do this is to expand total business, including exports.

For these reasons, at the national level, the U.S. Chamber of Commerce, representing American business, and the AFL-CIO, representing American working men and women have endorsed the trade expansion bill of 1962.

But what of the economic position of the district and the people who have elected me to represent them in Congress? Will my support for the bill be in their best interests? A Member of Congress in a district close to mine has, after extensive study, concluded that expanded exports and expanded imports would not be economically helpful to the people of his district.

Because of this, and because of my own very real concern for the business and employment conditions in the Greater Pittsburgh area,[4] I have had an independent economic study made of the significance of the Nation's trade policies for employment and business in the Pittsburgh metropolitan area.[5]

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[1] U.S. Department of Labor, Bureau of Labor Statistics, "Employment in Relation to U.S. Imports, 1960," Washington, D.C., 1962, p. 6.

[2] American Enterprise Association, "Special Analysis, Foreign Trade: Part II, Economic Consequences of Trade Liberalization," Washington, D.C., Mar. 5, 1962, pp. 32 and 33.

[3] American Enterprise Association, "Special Analysis, Foreign Trade: Part II, Economic Consequences of Trade Liberalization," Washington, D.C., Mar. 5, 1962, p. 6.

[4] The Greater Pittsburgh area includes Allegheny, Beaver, Washington, and Westmoreland Counties.

This study has led me to the following conclusions:

First. The Pittsburgh region's productive capacity is greater than the domestic consumer market which it serves.

Second. If the Pittsburgh region's business is to prosper and if its employment is to increase, existing markets must be expanded and new markets must be created.

Third. Pittsburgh is an export city, selling not only to the rest of the country, but to the rest of the world. In 1960, Pittsburgh's share of the Nation's exports exceeded its share of the Nation's employment by some 22 percent. This supports the contention that one of Pittsburgh's best hopes for economic growth is through the continued expansion of her oversea sales.

What are the important Pittsburgh manufacturing industries which contribute to the Nation's exports and what do these exports mean in terms of Pittsburgh employment and Pittsburgh business?

Insofar as employment in manufacturing is concerned, the annual average employed in Pittsburgh in 1960 was 291,000.[6] Ten industrial categories employing 269,400 persons, or almost 93 percent of the total, reported exports that year of at least $1 million. In these export reporting industries an estimated 29,600 jobs in the Pittsburgh area or about 11 percent of total employment, could probably be attributed either directly or indirectly to production for export.[7] This is only an estimate, and is not meant to be used as a precise figure. It and similar estimates for each of the 10 export reporting industrial categories are summarized in table I.

TABLE I.—*Pittsburgh employment in manufacturing as related to exports: 1960*

	Average total employment	Employment attributable to exports [1]		
		Direct	Indirect	Total
Industries reporting export sales over $1,000,000:				
Primary metals	130,000	3,380	15,340	18,720
Fabricated metal products	29,400	----------	735	1,911
Electrical machinery	29,200	1,256	788	2,044
Stone, clay, and glass products	20,100	382	583	965
Machinery, nonelectrical	19,300	2,065	926	2,991
Food and kindred products	19,200	346	269	615
Chemicals and allied products	8,500	484	731	1,215
Transportation equipment	6,900	428	110	538
Instruments and related products	4,700	390	94	484
Petroleum and coal products	2,100	58	88	146
Total	269,400	9,524	20,105	29,629

	Average total employment	Employment attributable to exports [1]		
		Direct	Indirect	Total
Other manufacturing industries:				
Apparel and related products	2,100			
Lumber and wood products	1,500			
Furniture and fixtures	1,700			
Paper and allied products	3,300			
Printing and publishing	8,600			
Miscellaneous manufacturing	4,400			
Total	21,600			
Total manufacturing employment	----------	291,000		

[1] The estimates for Pittsburgh employment attributable to exports were derived by applying the national percentages for export related employment for each industry to the average employment figures for Pittsburgh. No estimates were made for industries reporting export sales of less than $1,000,000 to the Department of Commerce for 1960.

Sources: U.S. Department of Labor, Bureau of Labor Statistics, "Domestic Employment Attributable to U.S. Exports, 1960," Washington, D.C., January 1962. Average total employment figures for Pittsburgh obtained from U.S. Department of Labor, Bureau of Employment Security, U.S. Employment Service, Washington, D.C., June 15, 1962.

Some interesting relationships emerge from these estimates. A total of about 9,500 jobs in these Pittsburgh industries, or 3.7 percent of total employment in these industries may be attributed directly to the production of goods in the form in which they were exported. Another 20,000 jobs, or 7.7 percent of the total, can be indirectly attributed to exports via production of the components or parts for more finished products which were then exported.

I believe that these figures are quite reasonable. A Bureau of Labor Statistics study[8] points out that five industry groups stand out as making a heavy contribution to export employment. These are: primary metals, electrical machinery, nonelectrical machinery, chemicals, and transportation equipment. All 5 are among the 10 considered here and all are vitally important to the Pittsburgh economy. For three—primary metals, machinery, and chemicals—export-related employment for the Nation as a whole amounted to more than 10 percent.[9]

What is more, some of our Pittsburgh industries, such as primary and fabricated metals and glass products, provide the raw materials for more finished products so that the indirect effects on our employment are especially important. For instance, the Labor Department study notes that "for every worker making primary metals which are exported there are on the average about four and one half workers making primary metals which are used in components of automobiles and machinery and other fabricated metal goods which are exported."[10]

How about the value of exports for these important Pittsburgh industries? Nationally, the six largest export industry groups were: nonelectrical machinery, $2.9 billion; chemicals and allied products, $1.8 billion; food and kindred products, $1.6 billion; primary metals, $1.1 billion; and electrical machinery, $1 billion. Fabricated metal products; stone clay and glass products; instruments and related products; and petroleum and coal products accounted for just under $1.7 billion for the country as a whole.

Pittsburgh's share of these totals is substantial. For example, over 11 percent of the Nation's reported exports of primary metals of all kinds came from the Pittsburgh area, as did 4.5 percent of the fabricated metal products, 4 percent of the stone, clay and glass exports, 3 percent of the electrical machinery, 1.6 percent of the nonelectrical machinery, and 1.1 percent of the chemical products. Although no estimates can be made of Pittsburgh's share of food and transportation exports, they did contribute 10 percent and 17 percent respectively to total U.S. exports. Not only did Pittsburgh contribute to this total, but the fact that these industries are also important customers for Pittsburgh glass and metal products of all kinds must be remembered.

The total value of exports from Pittsburgh can only be estimated. The value reported to the Census Bureau for 1960 was $212.2 million, but this understates the total substantially because manufacturers may not know that some of their buyers intend to export. For this reason I have made some estimates of the total value of Pittsburgh exports which are based on the Department of Commerce data. The reported and estimated values for some Pittsburgh industrial categories are included in the following table:

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[5] The study was prepared by Mrs. Jean Gray, of the Economics Department, University of Maryland. Use was also made of Arthur Longini, "Region of Opportunity: Industrial Potential Along the Pittsburgh-Youngstown Axis," the Pittsburgh & Lake Erie Railroad Co., Pittsburgh, Pa., 1961.

[6] Pittsburgh employment figures from the U.S. Department of Labor, Bureau of Employment Security, U.S. Employment Service, Washington, D.C., June 15, 1962; U.S. figures from Board of Governors, Federal Reserve System, Federal Reserve Bulletin, Washington, D.C., May 1962, p. 634; Pittsburgh reported exports from U.S. Department of Commerce, Bureau of the Census, Current Industrial Reports, Washington, D.C., May 4, 1962, pp. 2; 20.

[7] Ibid., for Pittsburgh employment figures. Reported exports from U.S. Department of Commerce, "Export Origin Studies for Pittsburgh Area Congressional Districts 21, 25–30," Washington, D.C., 1962.

[8] U.S. Department of Labor, Bureau of Labor Statistics, "Domestic Employment Attributable to Exports, 1960," Washington, D.C., January 1962, p. 3.

[9] Ibid.

[10] Ibid., p. 4.

TABLE II.—*Reported and estimated total value of exports, Pittsburgh, 1960*

[In millions of dollars]

	Reported export value [1]	Estimated total export value [2]
Primary metal products	99.7	112.8
Nonelectric	35.6	47.2
Electrical machinery	20.5	29.4
Chemicals and allied products	15.6	20.8
Fabricated metal industries	14.5	23.3
Stone, clay and glass products	5.1	8.0
Food and kindred products	(3)	(3)
Transportation equipment	(3)	(3)
Instruments and related products	(3)	24.7
Petroleum and coal products	(3)	(3)
Total	212.2	266.2

[1] The 1960 Census Department Survey of U.S. Exports covered plants exporting more than $25,000, and employing more than 100 persons. The survey received reports from such manufacturers covering $9,790,000,000 of the total of $15,450,000,000 of U.S. manufactured exports valued f.o.b. producing plant. The total value of exports which the survey attributed to different geographical regions and States (but not to metropolitan areas) was estimated using specifications supplied by the Office of Business Economics. The difference between reported and estimated figures would be accounted for chiefly by purchasers whose intent to export was not known to the manufacturer or by small producers who were not asked to report.

[2] These estimates were made by multiplying reported Pittsburgh exports by the ratio of total to reported exports for the Commonwealth of Pennsylvania to each of the major industrial categories. Of the various alternative methods available, these estimates are the most conservative which could be made.

[3] Reported value of export figures from the Pittsburgh area were not available for these 4 categories, nor for rubber and plastic and miscellaneous manufacturing. The latter 2 amounted to less than $1,000,000 each. Department of Commerce estimates for the other 4 are as follows:

	Million
Transportation equipment	$5-$9.9
Petroleum and coal products	5- 9.9
Food and kindred products	1- 4.9
Instruments and related products	1- 4.9

Department of Commerce, "Export Origin Studies" for Pittsburgh area congressional districts, pp. 21, 25, 26, 27–30, Washington, D.C., 1962.

These industries together account for 10.2 percent of reported Pittsburgh exports. The estimated values for them are given the same proportional weight. The estimated value for total exports using this weighting system is only slightly larger than the total reported for the congressional districts of $256,800,000 and is substantially more conservative than the $317,200,000 that would have been generated by applying the ratio for Pennsylvania totals to Pittsburgh reported exports.

Source: U.S. Department of Commerce, Bureau of the Census, Current Industrial Reports, Washington, D.C., May 4, 1962.

These estimates are probably on the conservative side, but combined with my estimates of export related employment, help to show just how important to Pittsburgh is her share of American export markets. Estimated export sales for Pittsburgh in 1960 for the 10 most important manufacturing industries were in the order of $266 million. Primary metals take the lead for Pittsburgh with exports estimated close to $113 million.

But what of the future? Can we in Pittsburgh expect new jobs and a larger volume of sales to be generated by more liberalized trade? Can we in Pittsburgh utilize our unused capacity by competing in world markets or must we settle for the lower employment and lower business levels induced by protectionism? In short, is the United States able to export the products which we in Pittsburgh produce, and can we expect the quantity and value of these exports, hence job opportunities, to increase with more liberalized trade?

I made an examination of the export history for some of the products of Pittsburgh industry. Table III shows the value and the percent of domestic shipments which were exported in 1958 for some U.S. exports. These export products are particularly important to Pittsburgh because we in Pittsburgh either make them ourselves or the firms which do make them have one or more manufacturing plants located in the Pittsburgh area. In other words, if not all of the items included are made in Pittsburgh, our plants supply the parts and industrial raw materials for the finished products which are exported by other plants of the same company. Incidentally, for every item but 4 of the 56 included in the table, imports account for 1 percent or less of total sales in the United States.

In Pittsburgh steel comes first. Pittsburgh is the steel capital of the world—and steel is Pittsburgh's largest source of industrial employment. Almost 19,000 out of Pittsburgh's total of about 130,000 jobs in steel could be attributed to exports in 1960. The primary competition for American steel in foreign markets today comes from Western European countries.

Selected manufactured exports important to the Pittsburgh, Pa., economic area—Value and percent of shipments exported, United States, 1958

	Value of exports at port, United States, 1958	Percent exports to total shipments, United States, 1958
	Million	
1. Primary metals:		
Blast furnace and steel mill products	$541.4	4
Steel sheet, strip, plate, bar, hot rolled, including carbon but excluding galvanized and electric	319.6	4
Structural shapes, piling, and alloy	42.9	7
Steel pipe and tubes [1]	156.1	9
Alloy and carbon steel	114.0	10
Carbon steel oil country pipe	30.5	16
Cold rolled sheet, strip, plate, bar	72.1	3
Other steel mill products	20.7	21
2. Fabricated metal products:		
Fabricated platework	118.9	7
Steel power boilers and parts	45.7	11
Heat exchangers and condensers	34.5	18
Fabricated steel, n.e.c.	20.3	5
Valves and pipe fittings	107.3	9
Fabricated structural iron and steel	40.9	3
3. Electrical machinery:		
Radio, TV, communications goods	195.1	10
Electronic communication equipment except broadcast	123.4	31
Radio, TV, broadcast equipment	12.8	24
Railway signals and attachments	7.4	18
Motors, generators, and parts	95.7	7
Switchboard and switch gear apparatus	52.9	13
Power switches and current breakers	19.7	13
Electrical measuring devices	30.4	5
Industrial controls and parts	18.8	4
Transformers	15.3	4
Electrical industrial goods, n.e.c.	6.3	7
Power capacitors	.8	4
Rectifying apparatus	5.5	8
4. Stone, clay, and glass products:		
Refractories	$30.1	9
Fireclay, bricks, and shapes	9.6	13
High temperature refractory cement	3.1	17
Glass containers	22.6	3
Lighting and electrical glassware [2]	16.9	13
Porcelain electrical supplies	6.9	8
Glass insulators, all types	.4	40
5. Machinery, except electric:		
Construction and mining machinery and equipment	675.9	28
Oilfield machinery and equipment	173.1	35
Metalworking machinery, n.e.c.	139.3	26
Rolling mill machinery	101.2	40
Metal cutting machine tools and parts [3]	100.6	17
Steam turbines, engines, turbogenerators, and parts	66.7	9
General industrial equipment, n.e.c.	51.6	9
Power transmission equipment	35.3	6
Conveying equipment	28.2	8
Industrial ovens, furnaces, parts	24.1	13
6. Chemical and allied products:		
Plastic materials	241.0	6
Miscellaneous chemical products	197.5	15
Industrial organic chemicals	91.1	7
Weed killers	55.7	16
Alkalies and chlorines	21.9	5
Inorganic pigments	20.3	5
7. Transportation equipment:		
Motor vehicles and equipment [4]	1,249.3	9
Trucks, bus bodies accessories and parts	490.7	21
Motor coaches	21.6	22
Trucks, new	17.8	15
Railroad equipment	203.2	20
Locomotives	140.3	64
8. Coal and petroleum products:		
Lubricating oils	195.6	25
Lubricating greases	13.0	13
Other finished petroleum products	55.5	13
Micro crystalline wax	13.9	16
Paraffin wax	11.5	5
Petrolatum	6.1	27
9. Instruments and related products: Scientific instruments, mechanical measuring devices, and automatic temperature controls	149.2	9

[1] Imports of steel pipes and tubes amounted to 2 percent of domestic supply.

[2] Imports amounted to 2 percent of domestic supply.

[3] Imports amounted to 3 percent of domestic supply.

[4] Imports account for 4 percent of domestic supply, almost exclusively passenger cars.

Sources are: U.S. Department of Commerce, Bureau of the Census, "U.S. Commodity Exports and Imports as Related to Output: 1958," Washington, D.C., 1962. U.S. Department of Commerce, Bureau of the Census, "U.S. Commodity Exports as Related to Output: 1958," Washington, D.C. 1961. U.S. Department of Commerce, "Export Origin Studies: Congressional Districts of Pennsylvania, Nos. 21, 25, 26, 27–30, (Allegheny County)," Washington, D.C. 1962.

At the current time the United States can probably serve an increased foreign market more easily than can the Western European countries. The latter have little unused capacity of either capital or labor which can be employed to increase the supply of these goods for their own or other markets. In contrast, the United States generally, and Pittsburgh particularly, has unemployed labor and plant which can be used to produce for export markets.

The steel industry is presently operating well below capacity and the rate of unemployment is high. New and expanding markets are the best cures for these ills. There are markets abroad for the steel Pittsburgh produces. In 1960, for example, Pittsburgh's primary metal exports, which for us mean steel, were estimated to be almost $113 million. Jones & Laughlin, with a plant in Pittsburgh, reported that 4 percent of their total shipments went abroad that year. In fact in 1958 about 4 percent of all U.S. blast furnace and steel mill products, including 9 percent of steel pipes and tubes, were exported. In 1960, Pittsburgh supplied about 11 percent of the U.S. total exports of these goods. In addition, among the fabricated metals such as platework of various kinds, some 7 percent was exported in 1958, including 18 percent of the heat exchangers and condensers. About 1,900 jobs in Pittsburgh were related to exports of fabricated metals and exports were estimated at just over $23 million for 1960.

But this does not tell the whole story. Pittsburgh not only exports steel and steel products, but supplies the rest of the country with the industrial raw materials and industrial machinery made from steel which are used to produce finished products for both domestic and foreign buyers. This means that we in Pittsburgh have a twofold interest in, for example, the machinery and transportation equipment industries: That of a producer in these industries and that of a supplier to them. About 3,500 jobs in Pittsburgh and better than 350,000 jobs in the United States are estimated as being related to exports of these steel-using goods. In 1958 the United States exported about 28 percent of its construction and mining machinery, 35 percent of its oilfield machinery, and 40 percent of its rolling mill machinery. Each of these is produced by Pittsburgh firms and the value of Pittsburgh exports in 1960 is estimated at about $47 million.

We in Pittsburgh also supply the transportation industry, which accounts for about 17 percent of total U.S. exports, with a wide variety of both automotive and railroad equipment. Pittsburgh not only exports directly—over $5 million worth in 1960—but also sells to domestic producers who in turn depend upon foreign markets for a substantial portion of their total sales. For example, 20 percent of the railroad equipment sold in 1958 went overseas, along with 64 percent of the diesel locomotives.

Pittsburgh also produces electrical machinery, and in fact, is the Nation's second most important center for the production of heavy electrical machinery. By 1960 the electrical machinery industry was Pittsburgh's third largest manufacturing employer, following only the primary and fabricated metals industries. Over 2,000 jobs in our area can probably be attributed to this industry's exports that year. In fact the Westinghouse Electric Co. reported that 6 percent of its consolidated sales were outside the United States. Among products manufactured by Pittsburgh companies, U.S. export figures show that 13 percent of switchgear apparatus, 31 percent of electronic communications equipment and 18 percent of railway signals and attachments were exported in 1958. In 1960 Pittsburgh exports for these and other goods of the industry amounted to an estimated $29 million in sales.

Pittsburgh may specialize in metals and machinery products, but her industry is more diversified. For instance, we produce a variety of chemical products, many of which are important export commodities. Estimated Pittsburgh exports of these goods amounted to about $20 million for 1960. For example, the American Cyanamid Co. with a plant in our area reported that 16 percent of their total sales went to customers outside the United States and Canada that year. We also produce coal and petroleum products, such as lubricating oils and greases, 25 and 13 percent of which for the United States as a whole, were exported in 1958. Together these two industries employed about 10,600 persons of whom something like 1,300, or about 12 percent could attribute their jobs either directly or indirectly to production for export. We in Pittsburgh also exported at least $1 million worth of food products, and at least another $1 million in instruments of various kinds, particularly automatic temperature control devices. Of these latter, 9 percent of all U.S. manufacturers' shipments were exported in 1958. At least 1,000 Pittsburgh jobs are probably related to the exports of these two industries.

Last, but certainly not least, Pittsburgh's fourth largest source of industrial employment, the stone, clay, and glass products industry with over 20,000 employees in 1960 must be considered. Here we recognize that there are some commodities which are facing serious competition from imports. At this point a few reminders are in order. First, providing the President with the authority to negotiate for mutually advantageous tariff concessions does not mean irresponsible or unilateral tariff cutting on the part of the United States. American negotiators must be prepared to drive hard bargains. Second, the Trade Expansion Act of 1962 contains safeguards to protect American workers and American industry when import competition threatens serious injury. Third, on the Tariff Commission's recommendation, the President last March ordered import duties raised on cylinder, crown, and sheet glass. Finally, some products of the stone, clay, and glass industry can and do find important markets abroad and do not face import competition. Pittsburgh accounted for 4 percent of the Nation's exports of these commodities in 1960. Among them, 9 percent of the Nation's shipments of refractories were exported in 1958, as were 17 percent of shipments of refractory cement and 8 percent of porcelain electronic supplies. Imports for each of these were less than 1 percent of domestic American supply. Despite the fact that 2 percent of total purchases of lighting and electronic glassware were imported, nevertheless the United States did export 13 percent of total shipments of this item.

The foregoing demonstrates that U.S. export markets are of vital importance to the Pittsburgh area. They are important today because of the employment and the volume of sales they already generate. They are important for the future because of the opportunity for expanded sales which they offer.

The task of expanding export sales will be made easier if Congress provides the tools for the United States to negotiate mutually advantageous tariff concessions in a world of generally expanding and more liberalized trade.

Moreover, in addition to the jobs and profits which growing export markets should generate, there are a number of other indirect effects from trade expansion which are of importance to every American workingman and consumer. First, every workingman gains by having available to him a wider selection of consumer goods at lower prices than would be the case without access to foreign markets and products. Second, studies have shown that export industries pay substantially higher wages than do those which are import competing.[11] This means that expanding total trade should create more jobs in the higher wage industries. Finally, the American economy is complex and dynamic, and depends upon an intricate network of transportation, marketing and financial activities. Both imports and exports create more job opportunities for all those employed in such activities in the sense that these jobs depend upon the total volume of business transactions which take place. Increased trade means increased transportation. That will result in more jobs for the truckers and railroad workers who carry the freight and those who load it. Increased trade means more jobs in the offices, banks, insurance companies, accounting firms and law offices which record, finance, insure and carry out the mountain of work and the myriad tasks which service American business enterprise. Hence, in the Pittsburgh area, in addition to the 300,000 or so persons engaged in manufacturing, every one of the approximately 570,000 other jobholders, whether they are among the better than 154,000 in the retail and wholesale trades, the 115,000 in the other service industries, the 40,000 in transportation or the 32,000-plus in finance or insurance has a vital stake in the enactment of this bill and in the expansion of U.S. exports, which I feel confident will follow from the future negotiations for trade liberalization which enactment of this bill will make possible.

I am convinced that world trade will grow at a faster rate than purely domestic trade. I believe that the people of Pittsburgh, plagued by high unemployment, want to participate in this economic growth. The Congress can prevent the United States from participating in this growth by defeating H.R. 11970.

On the other hand, by enacting the trade expansion bill, Congress can give business the opportunity to participate in growing world markets and provide added job opportunities for our people.

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[11] Irving B. Kravis, "Wages and Foreign Trade," Review of Economics and Statistics, February 1956, pp. 14–30. Beatrice N. Vaccara, "Employment and Output in Protected Manufacturing Industries," the Brookings Institution, Washington, D.C., 1960, pp. 62–66.

Mr. Chairman, the people of Pittsburgh and people of the United States will benefit economically if we enact H.R. 11970. In the struggle against the international Communist conspiracy, the free world will be unified and strengthened if we enact H.R. 11970. I urge its adoption.

Mr. HECHLER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. HECHLER. Mr. Chairman, every Congressman must decide for himself how the pending trade bill affects his district. In the case of any trade bill, local interests are vocal interests. I want to describe for you the agonizing personal situation which I confront on this bill, in the hope that it might generate even more soul searching by my colleagues before we cast our votes on one of the most far-reaching measures to come to the floor since I have been in Congress.

Traditionally, the State of West Virginia is in favor of higher protective tariffs, and West Virginia has been voting that way increasingly since 1934. Beset by economic woes largely traceable to absentee owners who have plundered our resources, the Mountain State has cried out in agony against cheap labor foreign competition which has seriously threatened many West Virginia industries. Can you blame us for turning to tariffs in order to hold on to what we have, and build on what we have for the future?

The Department of Commerce will make a study for you in your congressional district and your State showing what you export and what it is worth. That is small comfort to West Virginia, where we have the most precious export of all: people. Gary, Akron, Detroit, Columbus, Cape Canaveral—there you find the flower of West Virginia's youth. Over 40 percent of West Virginia's Korean war bonus was paid to young men with addresses outside of the State of West Virginia. What comfort can we in West Virginia derive from a bill which threatens to drain off more of our young people, as our Mountain State industries are increasingly threatened?

Yes, every Congressman must decide for himself what the economic impact of this bill will be on his district. I venture to state that there are few districts in the Nation where the industries and people are solidly against this bill as in the Fourth Congressional District of West Virginia.

The United Mine Workers stand firm as a rock against this bill. Listen to the president of the Mine Workers in a letter dated June 25, 1962, when he says:

> The coal industry, the only West Virginia industry that so far has been able to successfully compete in the world market, has been barred from competition by oppressive embargoes and licensing programs of the Western European countries which constitute the free trade group and at the same time has been forced into ruinous competition with a flood of imported oil. I strongly urge that when the Trade Expansion Act of 1962 comes before the House for action you vote in the interest of the people who selected you as their Representative in Congress by opposing the enactment of this bill.

Coal is the economic lifeblood of West Virginia. Coal is the political lifeblood of Congressman HECHLER, I might add. We tried to persuade the Committee on Rules to allow an amendment which might have helped protect our national security by guaranteeing a more continuous supply of that great energy resource, coal, but we lost out.

The greatest coal-producing county in the Nation, Logan County, has just been added to my congressional district, and yesterday and today the telegrams have been streaming in from mine workers pleading with me to oppose this trade bill—or at least to asphyxiate it quietly with that sweet-smelling motion which has been innocuously termed "1-year extension of the Reciprocal Trade Act."

Come to my office sometime and cast your eyes on some of the most beautiful hand-made, hand-blown glass in the world, made by the Blenko Glass Co., of Milton, W. Va., a few miles from my home. Here is a telegram I received last night from the Blenko Glass Co. imploring me to oppose the bill. The workers at Blenko and other plants in Culloden and Williamstown have written me piteous appeals to oppose the trade bill. The glass workers all over the State of West Virginia, those who made that fine glass which the First Lady showed you on her television tour of the White House—they are against this bill. The supporters of the bill say: Look at the relief we got for the flat-glass industry, but that does not help my art glass people any.

Start down the Ohio River from Pittsburgh and you will go through a potentially rich area in my district, but you will also find an area which is solidly against this legislation. Here is a telegram from the Wiser Oil Co. in Sisterville, against the bill. Going on down to Parkersburg, the American Viscose Corp. has a big rayon staple plant, and another at Nitro, W. Va., and together these 2 plants have 2,500 employees which can produce 40 percent of the domestic rayon staple supply. Fred Weeks, the Parkersburg plant manager, has corresponded with me and made several special trips to Washington to show me just how seriously this bill will affect those manmade fibers which the President's textile program has not succeeded in helping. I will ask consent to include a letter from Fred Weeks and a telegram from Mr. Weeks received late yesterday.

Then I have a large plant of the American Cyanamid Co. in my district. The officials and workers at American Cyanamid are good friends of mine. I have visited the plant and had lunch with them on several occasions. This plant plays an important role in the organic chemical industry. They have presented their case courteously and intelligently, but there is no question that they would be hurt by this legislation.

The Monsanto Chemical Co. has a large plant in Nitro, W. Va., the hometown of Lew Burdette. Its officials have visited me. The manager and workers do not like the bill. In fact, they strongly and categorically oppose it.

In my hometown of Huntington, the Standard Ultramarine & Color Co., which has successfully manufactured organic and inorganic pigments for more than 50 consecutive years, strongly opposes the bill. There the jobs of 600 employees are threatened in the heart of an economically depressed area.

The lumber people in my Ohio River district are up in arms against this bill. The apple and fruitgrowers are up in arms. The candy and confectionery industry is up in arms. We have a little plant in Spencer, W. Va., which manufactures rubber heels and soles for the shoe industry, and they are up in arms. Here is a man in Parkersburg who sells electric porcelain, and he makes a one-man protest against Japanese competition. We used to have a marble plant in Parkersburg but it was driven out of business by foreign competition.

There are a few brave members of the League of Women Voters who support this bill, but this is a terribly undisciplined group which believes in free speech because here is a letter from a defector who writes from Huntington, W. Va.:

> Although a member of the League of Women Voters, I disagree completely with their position on the Trade Expansion Act.

If there be many individuals who favor the Trade Act, I certainly have to root them out of their hiding places in ivory towers—the thinkers whose position in life is sufficiently firm to resist the swirling currents of the majority.

The election is a little more than 4 months away. There are no second prizes in the grim battle waged every 2 years in a swing district, and my district over the past 10 elections has gone Republican 5 times and Democratic 5 times. It is a district where a vote against the majority will of the people is automatically a big issue in the campaign. I am on Mr. MILLER's little list and Mr. WILSON's little list, and I am sure, as these respective chairmen of the Republican National Committee and the Republican congressional campaign committee go forth to wage battle, I will certainly be even more so now.

A Congressman must not only decide how his vote will fare in the election campaign, but perhaps more important he should consider how well he is representing his own district. By listening to and trying to understand the points of view in his district, a Congressman performs a useful function, but this must also be accompanied by education and leadership on the key issues.

At his press conference yesterday, the President of the United States indicated that passage of this bill is vital to the future of our country. The President is seriously concerned with improving our gold position, with obtaining the flexibility for America to make new trade bargains with the European Common Market, with stepping up our economic growth through our export market, with strengthening the free world in its search for additional markets, and with forging the tools to combat the Communist trade offensive.

The issue here today is bigger than the congressional district of any individual Member of this House. The issue is whether America will be empowered to use the key which may well unlock a great economic forward surge, not only for the United States, but for the entire free world.

Now this comes back to the question of what this trade bill means to my district. I believe that the State of West Virginia, as we move into our centennial year in 1963, wants to be remembered not only as the State which produced the first pilot, Chuck Yeager, who broke the sound barrier, but also as the State which helped to break a great trade barrier. This is not an easy decision to make as I reflect on the hundreds of conversations and communications I have had around the Fourth Congressional District. My people do not want adjustment; they want to keep their jobs and expand them.

It would be very easy to go back to the office without making this speech, send some letters and press releases out on how I tried to save our people from the tentacles of foreign competition, and win overwhelmingly in November. But serving in Congress would get pretty dull after awhile if you operated "by the numbers" and stepped aside whenever a challenge presented itself.

Finally, I believe I am best representing my district when I recognize that many of my people want to play a part in this gigantic effort on behalf of peace and freedom through economic development.

I urge a vote against the Mason motion to recommit with a 1-year extension of existing law, and I urge a vote in favor of the pending bill.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. WRIGHT].

Mr. WRIGHT. Mr. Chairman, the choice which confronts us today is perhaps the most important choice which will confront us this year. It is not an ideal choice. There are a number of provisions in this bill which are not satisfactory to me. There are omissions of things which could have made the bill more palatable. Perhaps you can understand something of the frustration that grips many Members of this House as a result of the closed rule which was adopted yesterday, depriving us of the opportunity to offer individual amendments. I did not favor that closed rule.

I should have liked the opportunity to vote on an amendment to relate the reductions in tariffs somehow in a direct and commensurate way to foreign wage scales in various industries for the protection of American industry and American labor.

I should have liked the opportunity to write into the bill some clear legislative assurance that the readjustment assistance provision would not conflict with or in any way disrupt our unemployment compensation programs in the various States. I have received personal assurances from the chairman of the Committee on Ways and Means to the effect that this problem can and definitely will be worked out to the satisfaction of our States. I accept those assurances, but I would have appreciated still more the opportunity to write a clear guarantee of that into this bill today.

I would have liked the opportunity to vote on an amendment to help the independent producers of the domestic oil industry, beset by increasing import competition. The only solution to their problem lies in restricting imports to a definite ratio of domestic production. Having talked at length with various people in the executive branch, I believe this is going to be done. Yet it has not been done. I wanted a chance to see that it was done by amendatory language in this bill today. Those opportunities were not afforded me.

THE OVERRIDING CONSIDERATION

Yet when I lay alongside of these objections of mine the broad overall, overriding consideration of the future welfare of this Nation, I can come to no other conclusion than that I must support this bill.

While it is not an ideal choice that confronts us, it is a clear choice. It is the only choice we have today. It is the choice between moving ahead and standing still. It is the choice between grasping the initiative in world economics or becoming the victims of world economics. It is the choice between arming our Nation with the necessary tools to enter the new phase of economic competition or leaving our Nation disarmed.

This bill is not a wholly satisfactory bill to me. Perhaps it is not to any of us. It would be impossible to draft one which would be satisfactory to all of us. I hope that it can be improved by the legislative processes in the other body and in the conference committee. Yet, to all of those of you who, like myself, have certain individual objections to this bill, I ask you only to lay it on balance. Consider the welfare of our Nation and of our whole people.

THE BALANCE SHEET

On balance, we have always exported more than we have imported. Year in and year out, the dollar volume of our sales abroad has greatly exceeded the volume of our imports. More American jobs depend upon exports than could be adversely affected by imports. Trade is a two-way street. If we are to sell abroad, we must be willing to buy some things from abroad. We have far more to lose by decreasing our participation in world markets than we could gain. We have far more to gain by expanding our position in world trade than we could possibly lose.

As pointed out by an editorial in the Fort Worth Press on last January 28:

> We sell to Western Europe more machinery, transportation equipment, chemicals, and coal than our total imports of these commodities from all regions of the world combined.
>
> Thirty percent of our exports, amounting to more than $4 billion a year in industrial goods and nearly $2 billion in farm products, go to present and prospective members of the European Common Market. Our agricultural trade with Western Europe is 4 to 1 in our favor.

This is true for the United States as a whole. It is true for my State. Exports of manufactured goods produced in my own State of Texas came to $836 million in 1960, according to Department of Commerce figures. The companies producing these goods employed 147,470 people. Agricultural exports grown in my State for the same year were estimated at $446 million. Add them together, and the dollar volume of my State's exports of agricultural and manufactured products came to $1,282 million. This exceeded by almost $650 million the estimated value of imports sold in my State during that same year.

Now consider what can happen to these markets if Europe quit buying American products in great volume. The Common Market confronts us with the most dramatic challenge and the most dramatic opportunity which has faced us economically in years. They are drastically cutting long existing tariffs between their member countries. Where our goods have been competing satisfactorily, they no longer will if duties are drastically reduced on similar products from a neighboring European country but left intact on American goods.

Europe traditionally has been our Nation's biggest and best customer. European Common Market countries and Latin American countries between them have accounted for considerably more than half of the total purchases of American-made products. The European economy is growing. Europeans more and more are able to afford the things our factories produce.

If we can place ourselves in position to negotiate favorably with them, we can gain new customers and new markets and thus stimulate the American economy to greater growth.

We can create more jobs for American men and women to produce a fair share of the automobiles, the small aircraft, the machinery, and the consumer goods of all types which Europeans are buying in greater and greater volume.

But if we merely stagnate while they move ahead, we can find ourselves on the outside looking in. If we simply refuse to place ourselves in a competitive position, if we just sit and let these staggering developments pass us by, we shall see our balance-of-payments position faltering, our gold reserves declining, our leadership waning, and our economy shriveling as it seeks to feed only upon itself. This is the challenge.

TIME IS IMPORTANT

Such a challenge is new to our experience. Perhaps we are not ready for it, but it is upon us. This is why we cannot wait. It has been suggested that we just wait it out for another year and see what happens.

The gentleman from Illinois will offer a motion to recommit this bill and simply extend the present law for a year. But the negotiating powers contained under that law have already been used up. Therefore, there is no remedy in simply waiting.

We have little time left, little time to cope with the dramatic changes that are being made in the European Common

Market. We cannot wait another year. There was a time when we could conduct our diplomacy much like a game of chess, with each move and countermove painstakingly thought out in advance. That time has passed. Today the tempo of foreign affairs is more like a game of table tennis.

CONGRESSIONAL AUTHORITY RETAINED

Finally, there is the argument that this will make a dictator of the President; that we are surrendering congressional controls and prerogatives. Some of the more violent lobbying opposition has even been spreading propaganda among some segments of the public that this bill would violate the Constitution. This, of course, is not true. Members of the committee, we are surrendering no congressional control. We are delegating under the Constitution those duties which we are charged by the Constitution with delegating. We are delegating them within certain clearly prescribed, congressionally imposed limitations upon Presidential authority.

This bill, as most of the membership knows, retains the escape clause and peril point provisions. It retains intact the national security provision of existing law. It even strengthens congressional review in the case of any matters wherein the President would determine that national needs were so crucial as to override the Tariff Commission. Previously it has taken a two-thirds vote for Congress to override the President on such matters. Under the bill before us today, this can be done by a simple majority vote of Congress.

Obviously, someone must be charged by the Congress with the responsibility of conducting the actual negotiations. Obviously, we as a Congress could not sit down individually with each of the legislative bodies in the other friendly nations of the world and in joint session work out point by point and item by item tariff reductions. This is the kind of thing that has to be done through negotiation. It is, as the name implies, reciprocal. It is a kind of quid pro quo. Therefore, someone has to be designated as our agent to work for us, to act in our behalf, within the limitations that we place on his authority to act in our behalf. Under the Constitution of the United States that can be no other person than the President.

It is not a question of whether the President is to be empowered. It is a question of whether our Nation is to be empowered. Trade is not only a two-way street. It can be a two-edged sword. Trade can be a powerful weapon. Anybody inclined to minimize the importance of trade to our total foreign policy should read an article written by Joseph Stalin shortly prior to his death, and printed in a Soviet magazine in December of 1952.

Stalin viewed the world crisis in terms of an inevitable trade conflict between the nations of the world. He assured his readers that free world unity would disintegrate over questions of trade, making certain the ultimate triumph of communism. In the intervening years, we have been proving his prophecy wrong. We can continue to prove it wrong.

As was pointed out so well in an editorial which appeared in the Fort Worth Star Telegram on last January 15:

> The strength of communism's challenge to the Western World lies in part in the trade unity which it has accomplished and the Western nations may be compelled by circumstances to seek on their own account a greater measure of interdependence * * * the potential changes in trade patterns forecast by establishment of the European Common Market and possible British association with it may require a rethinking of America's traditional aloofness. The lowering future may compel a greater Western unity in the interest of our common survival.

Mr. Chairman, though I am far from entirely satisfied with the bill as drafted, and as much as I would have liked to have had further amendments presented and written into the act itself, I do believe that this bill is in the interest of our common survival.

To those of you on my left, members of the other party, I say to you that we have but one President at a time. When Mr. Eisenhower was in the White House, I supported the moves to give him the weapons and the latitude he needed to conduct America's necessary foreign policy. We cannot do less for our present President.

Two years ago, I stood right here and pleaded for a bill in which our then President was deeply interested. I said then that he was my President because he was my country's President. I said that if he was embarrassed or hindered by a Democratic Congress in his efforts to deal effectively in America's interests with other countries, that I would be embarrassed. As I recall, I used the analogy of flying over the ocean in an aircraft. I said that, even if the pilot were not my personal choice, I certainly would not consider pouring water in the gasoline tank simply to embarrass the pilot.

I believed that then when Dwight D. Eisenhower was our President. I believe it today when John F. Kennedy is our President.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. ULLMAN].

Mr. ULLMAN. Mr. Chairman, one of the major objectives of the committee during its consideration of H.R. 11970 was to assure that the Trade Expansion Act of 1962 would contain adequate safeguards to protect the interests of U.S. agriculture, industry, and labor which conceivably could be injured by the exercise of the tariff-cutting authority granted in the bill. I will summarize the significant areas in which the committee took action to make more certain the attainment of this objective.

First. The committee provides in the bill for basic trade agreement authority to increase duties as well as to impose quotas.

Second. Agricultural commodities are excluded from the Common Market 80-percent authority. The authority to reduce by more than 50 percent any agricultural tariff rate is subject to a finding that such action will tend to assure maintenance or expansion of U.S. exports of the like article.

Third. The committee bill provides that all reductions—except those on noncompetitive tropical articles—will be staged in five equal annual installments. There will be a phasing out of any reductions or eliminations therein so as to give every domestic industry concerned an opportunity to adjust to new competitive conditions.

Fourth. Foreign trade restrictions which have plagued the U.S. agricultural exporters were dealt with, first, by providing hearing mechanism so industry can bring its case to the attention of the President; and second, by requiring the President to suspend, withdraw, or prevent application of trade agreement benefits to nations discriminating against us where he finds such action consistent with the purposes of the act.

Fifth. The committee adopted provisions which would require the Tariff Commission to hold peril-point type hearings with respect to all articles listed for consideration in any proposed trade agreement. While the Commission would not be required to set peril points—which are unrealistic in certain cases—the Commission would give the President advice as to the economic impact of any proposed action. Public hearings would have to be held and interested parties given an opportunity to convince the Tariff Commission that any action with respect to a particular product would be injurious.

Sixth. The committee adopted a provision requiring the President to consult with his Cabinet before any trade agreement was entered into. The feeling here is that the impact of a particular agreement on a certain segment of the economy, whether it be in agriculture or in industry, should be carefully scrutinized by the department of Government concerned and specific advice thereon be given to the President.

Seventh. The committee adopted provisions requiring the President to set up a hearing process whereby American industry, agriculture, and labor could call to the attention of the U.S. negotiators those concessions which the United States should seek from foreign countries in any trade agreement.

Eighth. The committee adopted a provision requiring the reservation of articles from negotiation looking toward further reductions or eliminations in the duty on these articles. All articles on which the Tariff Commission found serious injury, but on which the President did not take escape action, would be reserved.

The committee was convinced that these articles, which have been subject to Tariff Commission findings of serious injury, should not be reduced further during the first 4 years of the operation of this bill unless within that time the Tariff Commission advises the President that economic conditions in the industries concerned have substantially improved since the Tariff Commission finding of injury.

Ninth. The committee provided for accreditation to the U.S. trade agreement negotiations for four Members of the Congress who would have the right to attend the negotiating sessions and observe the conduct of these negotiations. The committee believes that such a procedure will result in the Houses of Congress being better informed as to the effectiveness of the U.S. representatives to trade agreement negotiations.

Tenth. The committee provided for the appointment of a special representative for trade negotiations who would be the chief representative of the United States at any trade agreement negotiations conducted under the new law. The effort here is to repose in a single individual the responsibility of conducting U.S. negotiations and to provide that this chief negotiator would seek advice and information not only from Government agencies but from representatives of industry, agriculture, and labor.

Eleventh. The committee broadened the present Communist product provisions of the Trade Agreements Act with the immediate effect of requiring denial of trade agreement benefits to all products of all Communist countries, including Yugoslavia and Poland. The effect of such action will be in many cases to require that products from these countries pay substantially higher duties than products of favored nations.

Twelfth. The committee adopted escape-clause provisions which empower the President, after findings of the Tariff Commission, to adjust duties up to 50 percent above the 1934 levels or to impose quotas in cases where he determines that the industry concerned has been injured. The Tariff Commission is required to hold hearings at which interested parties would have an opportunity to state their case concerning the injurious effect of imports. They would also be permitted to argue for tariff relief and to show how other forms of relief are not feasible.

Thirteenth. In cases where the President does not take the action found by the Commission to be necessary to prevent or remedy serious injury, the committee provided for congressional implementation of Tariff Commission findings upon the adoption by the Congress by a majority vote of both Houses of a resolution approving the action found by the Commission to be necessary.

Commission industry investigations must be completed within 120 days—with a further 30-day extension possible. Investigations of individual firms or workers would have to be completed in 60 days.

Fourteenth. The committee adopted provisions which would afford relief—supplemental to, or in lieu of, tariff relief—in the form of adjustment assistance to adversely affect workers and firms. Firms would be eligible for technical assistance, tax assistance, and/or financial assistance. Workers would be eligible for retraining allowances and retraining. These provisions would be administered by the Secretaries of Commerce and Labor.

The committee expects that by the operation of these assistance provisions it will be possible for many companies and many workers to make an adjustment which will ultimately minimize the impact of imports on the firms or workers concerned.

Fifteenth. The criteria for industry; firm or worker eligibility for tariff relief or adjustment assistance was changed by committee from the difficult language in original bill requiring prolonged and sustained unemployment, and so forth, to a simple test of serious injury.

Sixteenth. An Adjustment Assistance Advisory Board is established to coordinate the program.

Seventeenth. The definition of directly competitive articles was expanded so as not only to include an article in an earlier or later stage of processing—as was the provision in the original bill—but to provide further protection for agricultural producers as follows:

> For purposes of this paragraph, the unprocessed article is at an earlier stage of processing.

This completely covers the problem of cherries and lamb as well as other similar articles and gives status to producers of the basic, raw product.

Mr. BOGGS. Mr. Chairman, I yield such time as he may consume to the gentleman from Tennessee [Mr. LOSER].

Mr. LOSER. Mr. Chairman, I rise in support of this bill.

Mr. Chairman, I should like to associate myself with the Honorable HALE BOGGS, of Louisiana, and the Honorable WILBUR MILLS, of Arkansas, in their remarks relative to the trade expansion bill now under debate in this Chamber. By reason of their long service in the House as members of the Ways and Means Committee, and their expert knowledge concerning the Cordell Hull Reciprocal Trade Act, I am constrained to join them in support of the bill.

Many of my people in Nashville have suggested that I support a motion to recommit the bill to be presented by the gentleman from Illinois, [Mr. MASON]. His motion will simply extend the expiring Reciprocal Trade Act for another year. Should his motion to recommit be agreed to, the present bill under consideration would be killed for the present. In that event the President of the United States would be compelled to rely upon the provisions of the Reciprocal Trade Act in dealing with the many problems presented by the European Common Market.

The gentleman from Illinois, [Mr. MASON], very frankly admits that he has consistently opposed the Cordell Hull Reciprocal Trade Act down through the years, and that his primary reason for offering the motion to recommit the present measure and revive the Reciprocal Trade Act grows out of the fact that the President's authority under it has been exhausted. This sort of thing would hamstring the President in his effort to resolve the complex questions presented by the Common Market.

If we are to get along in the cold war we must have peace on the economic front.

We cannot consume in this country the agricultural products produced in the United States, nor can we use all of our articles of manufacture. It is absolutely imperative that we enter into agreements with the European Common Market countries for the sale of our surplus commodities if we are to survive economically in this critical period in our Nation's history.

Congressman MASON's motion to recommit the trade bill is equivalent to a repudiation of the trade agreement program. Even though the recommittal motion would extend the agreement authority of the 1958 act for an additional year, the fact is that the authority under the 1958 act has been substantially used up. A vote for the recommital motion would be a vote against any trade agreements. At the present time, it is of the utmost importance that the President have the authority to enter an agreement with the countries of the European Common Market in order to bargain down their tariffs against U.S. commodities.

The bill reported by the Ways and Means Committee has very significant procedural safeguards for the trade agreement program. Under the bill, the advantages of our lower tariff rates under trade agreements would be denied Poland, Yugoslavia, and Cuba. This would not happen under the Mason substitute. In addition, the bill improves the procedure for escape-clause actions and peril point actions and provides additional categories of assistance to firms affected by increased imports through the trade agreements. These new forms of assistance will be particularly valuable in situations where the escape-clause procedure has not been feasible in the past.

Mr. Chairman, our colleague from Tennessee, Congressman HOWARD BAKER, has proposed an amendment to the bill which will be offered by the committee and, I am sure, will be agreed to by the House. It is a safeguard for businesses that may be adversely affected by imports. It provides that in all peril-point and escape-clause cases heard by the Tariff Commission, wherein an industry is adversely affected and the Commission recommends that the President raise duties or fix quotas on imports, and the President declines to act favorably on the recommendations of the Tariff Commission within 60 days thereafter, then, in that event, the Congress may, by a simple majority vote, direct the President to put into effect the recommendations of the Tariff Commission. This is a new and very effective provision of the Trade Expansion Act not heretofore found in the Reciprocal Trade Act.

For these reasons I feel that the bill is in the national interest.

Mr. BOGGS. Mr. Chairman, I ask unanimous consent that all Members have permission to extend their remarks in the RECORD on this bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BOGGS. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. RYAN].

Mr. RYAN of New York. Mr. Chairman, I rise in support of H.R. 11970, the

Trade Expansion Act of 1962. This bill will replace the reciprocal Trade Agreements Act originally enacted in the first administration of Franklin Delano Roosevelt and renewed on 11 occasions thereafter, much of the time under the guidance of Cordell Hull.

Our trade program prospered under Reciprocal Trade Agreements. But the rise of the Common Market in Europe makes it necessary to revise our international commercial policies. New instruments are needed if the United States is to conduct successful negotiations with the Common Market on behalf of our industry and agriculture as well as on behalf of our commitments to the nations of the free world.

The Common Market principle has always had the active encouragement of the United States. It is, to a considerable extent, the outgrowth of the aid and assistance that the United States made available to the nations of Europe and Japan at the end of World War II. Now these countries have refurbished their economies and have taken their place as part of the free world's prospering industrial complex.

We shipped about $20 billion worth of industrial and agricultural commodities overseas last year. Other nations sent us imports valued at $15 billion. New York State ranked first in the Nation in 1960 in the value of its manufactured exports, which the Commerce Department put at more than $1.4 billion in 1960. Of this total, $309 million was exported from plants in the New York City metropolitan area, where 300 establishments employing over 200,000 people participated in the Nation's export trade. Chemicals, machinery, food products, fabricated metal products, and printing were among the diverse articles that were shipped abroad from the New York City area.

The Trade Expansion Act will give the administration the authority to reduce tariffs and to negotiate on an across-the-board basis, which is the new form of international bargaining.

These measures are designed to provide the United States with the means to stay competitive in the Common Market before that group's external tariff—combined with internal tariff elimination—confronts us with a commercial wall that our industry cannot surmount.

Increased reciprocal trade is essential for the prosperity of the Nation and New York State and New York City. But we must recognize that increased imports will adversely affect some segments of our economy.

I do not believe consumers should have to pay the higher prices which result from higher tariffs—tariffs that support limited sections of the economy.

But I do believe that we must provide assistance to those who will make sacrifices under freer trade. That is the purpose of the adjustment assistance included in H.R. 11970. The assistance is designed to help labor and management reallocate their abilities and resources.

In order to meet foreign competition which has been able to lower production costs through advanced technology combined with low wages, American industry will have to increase productivity. If the volume of goods produced remains static and is produced with fewer man-hours, there will be declining job opportunities, and layoffs. In this event retraining will hardly solve the problem. On the other hand, if the economy is dynamic, the hardships created by lowered tariffs should be alleviated.

We must relate the question of unemployment which may result from increased foreign competition to the existing level of unemployment.

In May of this year, Mr. Chairman, there were 3.7 million members of the civilian labor force without jobs and looking for work. An additional 2.3 million nonfarm workers were working less than full time in the survey week, for what the Bureau of Labor Statistics refers to as economic reasons. I believe we may safely translate "economic reasons" as meaning lack of work. In other words, total unemployment in May was 3.7 million, partial unemployment 2.3 million. The trend from April to May was full-time unemployment down only seasonally; part-time unemployment unchanged at a time when its normal seasonal trend should have been down.

When we examine how long these people have been unemployed, we find that among the long-term unemployed workers who had been without jobs for 6 months or more, the total remained unchanged in May at nearly 700,000 workers. This is some improvement from May of 1961. However, when we compare it with May 1960, we find that, whereas in May of 1960 the long-term unemployment was only 12 percent of total unemployment, in May of 1962 it was 18 percent of total unemployment.

What I am leading up to, Mr. Chairman, is simply this. When we consider the adjustment sections of the bill now before us, we should keep in mind that no program of loans, or technical assistance, or tax assistance to business or any program for the retraining of displaced workers so that they can find new jobs—none of these things—will prove of much assistance unless unemployment in general diminishes. There is little evidence that unemployment in general will diminish, unless the rate of economic growth in our economy is substantially spurred.

I am aware that, when the Secretary of Labor, Mr. Goldberg, testified before the Committee on Ways and Means, he stated that the number of workers who might be displaced by the proposed bill would be small, not in excess of 90,000. He felt that the number displaced would be more than offset by those who would find employment due to the expansion of job opportunities.

I hope that the passage of the bill will speed up our economic growth. I think that the outlook for such a favorable result in additional job opportunities is far less favorable now than it was when the bill was drafted last January. More and more we need to view the adjustment features as a compensatory offset for loss of employment, and not as a means of smoothing the transition to a new job. Where are the new jobs?

In considering the adjustment provisions, we should ask some hard questions as to their adequacy. For example, it is said that they will make it possible for firms affected by foreign competition to meet such competition by modernizing their buildings, equipment, or machinery or by adding to their supply of working capital. However, it is provided in section 315(e) of the bill that such assistance is not to be provided a firm unless the Secretary of Commerce shall determine that the assistance applied for is not otherwise available to the firm from sources other than the U.S. Treasury on reasonable terms, and, further, that the Secretary of Commerce must certify that there is reasonable assurance of repayment by the borrower. But any firm that can satisfy these provisions should be able to satisfy private bankers that it is a sound risk for a private loan. I hope that this provision will be construed liberally.

Then there are the provisions of the bill for retraining of displaced workers. Section 324 of the act would allow a man to spend a year or even more of his life learning a new job. During this time he would be out of work and subsisting on a training allowance, which cannot exceed 75 percent of his average weekly wage. This allowance may be quite adequate for a young man, the type of individual whom we usually consider for training. It compares favorably with the provisions in many apprenticeship programs. In fact, in comparison to some of these it is generous. I wonder how generous, however, it will seem to say, a 45-year-old pottery worker whom we might be retraining, to be able to fill some of the jobs which the Secretary of Labor has told us are in demand, for example, transistorized circuitry, inertial guidance, ferret reconnaissance, human factors science, gyrodynamics, or data telemetry.

I might also point out that the amount of training facilities in even much less specialized fields than these are very limited. I am certain that under the Manpower Development and Training Act every effort will be made to add to these facilities. However, they are unlikely to be located near the homes of the displaced workers. A great many of these displaced workers are mature men with families. It may be necessary for them to live for a period of a year or more away from their families while undergoing such retraining. What subsistence allowance does the bill before us provide for such workers? Five dollars a day. Five dollars a day, Mr. Chairman, and no specific allowance for visits to their homes during this period.

I fear we are still under the illusion that the unemployed are for one reason or another unemployed through some fault of their own and that they must bear their share of the responsibility by living while unemployed at a much reduced standard of living. We are dealing with those who will be unemployed because we have reduced the tariff barriers which have protected them in the past. They will suffer for the benefit of the country as a whole. We are asking them to make a substantial sacrifice, change their way of life, their jobs, their associates, to lose their homes, in many instances to live apart from their families. At the same time we ask them to take a 25-percent pay cut and accept a $5 a day subsistence allowance. Finally, when this retraining is over, will they find jobs? These workers will be for the most part mature men and without experience in the new field for which they are to be trained. What opportunity will they have to obtain work in an economy which is growing too slowly at the present time to absorb the new young workers who are entering the labor market at an increasing rate each year?

I am for this bill, Mr. Chairman. I am for training our workers. I believe we should do far more in the field of training and education than we have done.

I think that the problem is plain. It is a fundamental lack of growth in our economy. For years we have lagged behind other countries, both in Europe and elsewhere. That is why we have a balance-of-payments problem. That is why we have structural unemployment. That is why we seem in danger today of plunging into another recession. We never recovered, apparently, from the last two. You can have as much training, as many adjustment loans as you like. Unless the firms have orders and the workers have jobs, none of this will help. And unless our economy is dynamic, no one abroad will wish to negotiate any reduction of tariffs with us. To what end? One of the first things that happens in any recession is that foreign imports are reduced. But the matter goes beyond this. Without growth, without new jobs, this bill will not achieve its objectives. With its cushions, with its adjustment provisions, it will still not answer the need of the American worker. We must be actively concerned with the problems of persistent unemployment and inadequate economic growth.

Mr. Chairman, although the Trade Expansion Act is going to create problems, I believe that it will result in expanded world markets for American products and that it offers an opportunity for economic growth as we meet the challenge of the European Common Market. I urge its adoption.

Mr. BYRNES of Wisconsin. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio [Mr. CLANCY] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. CLANCY. Mr. Chairman, I rise in opposition to the proposed legislation and intend to vote against H.R. 11970. I cannot vote for legislation that presupposes economic injury to domestic business and industry and the loss of jobs of our citizens.

The action of the Canadian Government to enhance their own economy will certainly affect our trade with that country. We do not know whether or not other countries will enter the Common Market at a future date. Furthermore, with the American Government importing foreign steel and our domestic steel industry working only at half of its capacity and paying benefits to unemployed workers, we are in no position to enact legislation which will tie our hands for 5 years and allow other countries to dictate the future of our export trade.

The bill before us today will authorize the President to negotiate reductions of U.S. import duties by as much as 50 percent below levels in effect as of July 1, 1962. It would permit the President to exceed the 50-percent limit—or abolish tariffs completely—on items in which the United States and the Common Market account for at least 80 percent of free-world exports. It will allow the President to exceed the 50-percent limit for agricultural items in negotiations with the Common Market, whenever he determines that such an agreement will tend to assure the maintenance of expansion of U.S. exports of like articles. The President is authorized to reduce by more than 50 percent duties on tropical agricultural or forestry commodities whenever he determines that like commodities are not produced in significant quantities in the United States. The President may eliminate duties altogether when the rate is 5 percent or less. The bill would allow the President to negotiate on tariffs for categories, instead of item-by-item bargaining; and require tariff reductions to take effect gradually in at least five annual installments except for tropical agricultural products. The bill would require the Tariff Commission to advise the President concerning the probable economic effects of proposed tariff which would replace the "peril points" procedure in the existing law.

With respect to the adjustment assistance provision, it seems to me that this provision presupposes injury to portions of American industries and the loss of jobs by our citizens As a most distinguished Member of the other body stated, the adjustment-assistance provision is similar to throwing an anchor to a drowning person.

Foreign trade has a direct impact on the economic life of every community. In 1960, the exports of manufactured goods from Hamilton County, Ohio, part of which is located in my district, amounted to $78.7 million. Transportation equipment accounted for exports of goods valued at $31 million in 1960. The nonelectrical machinery industry in Hamilton County represented $25 million in exported goods during 1960. These two industries provided 70 percent of the total exports from Hamilton County and employed over 31,000 workers in these plants.

Tariffs in other countries are being raised against us. Our imports in America are increasing faster than our exports. The surplus in trade which the experts in the Commerce and State Departments say we enjoy, includes outright gifts of wheat and agricultural products and foreign aid, for which we receive no hard cash. When the recent GATT agreements go into effect, we will be the lowest tariff nation in the world.

We are today proposing further concessions to nations who have placed quantitative restrictions against the flow of goods being shipped to their countries.

The absence of reciprocity together with the delegation of tremendous power to the executive branch are among the main reasons for my opposition to this legislation.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, first let me say that I address you and the Members of the Committee, and speak the opinion of one Member of Congress from Wisconsin and a member of the Committee on Ways and Means. I say to you, however, that as a Member from Wisconsin and a member of the Committee on Ways and Means that has labored with this bill for some considerable time, I will be glad when this day is over.

Mr. Chairman, there is no legislation that has come before the House of Representatives in the last several years that has given me more sleepless nights or more concern over seeking to arrive at what I could be confident was the right answer, than this particular piece of legislation. Quite frankly, I am envious of the President of the United States and those who have such confidence that this bill will work miracles. We cannot legislate or give anyone the power to work miracles, but if one is to believe the extravagant claims concerning what this legislation will do then certainly one would have no difficulty in supporting it. One would have no difficulty making up his mind what to do. From the beginning of the consideration of this, the benefits of the bill have been so extravagantly advertised as to make the Madison Avenue hucksters of a new toothpaste or a new detergent look like amateurs.

According to the advertised claims this bill will result in increased consumer welfare, increased employment, acceleration of the growth of the domestic economy, the maintenance of our economic leadership in the world, an end to the Communist economic penetration, assistance to the developing and emerging nations, the arrest of our balance-of-payments deficits, and an end to the drain on our gold reserves. And this is all going to be accomplished by enacting 26 pages of authority for the President to enter into agreements with the Common Market and other free world nations, to drastically lower or remove our tariffs in exchange for reductions in their tariffs or duties; and then about 56 pages of assistance to American firms and workers seriously injured by the increased imports into this country as a result of the concessions.

In a word, the attainment of the very admirable goals that I have just listed is to be achieved by the tariff reduction provisions of this bill. Of course, in and of itself it will do none of them. The bill could, on the other hand, produce opposite results. But I am also envious, very frankly, of my colleagues, like the gentleman from Illinois [Mr. MASON], and others who are apparently against any authority or any mechanism whereby the country can negotiate with other countries on the elimination of unnecessary trade restrictions. I envy those who believe that we can simply let nature take its course. If I thought that, arriving at a position to take on this particular legislation before us this afternoon would be very easy.

My sympathy, however, is with those who have not been able to so simplify the issue, because I find it extremely complex, yes, and frightening, no matter what we do. I see as has been pointed out here many times, the growth of the Common Market as a potential for strengthening the free world, but I also see it as posing problems as far as our economic health is concerned and the economic health of some of the other nations of the free world.

On the one hand a strong and prosperous Western Europe can be a great force in the battle that must be waged today in the world against the forces of communism. But let me caution you that unless there is a mutuality of concern, shared by the Common Market and the countries that compose it, for the economic welfare of the free world as a whole, then we are in serious difficulties. We are in serious difficulties as far as the United States is concerned.

Many of the speeches yesterday about the Common Market held out the glowing promise that may attend the development of this area within which there is free trade, but some of the aspects, I am afraid, seem to be somewhat soft-pedaled; and one of the aspects—and this is the essence of the Common Market—is that it is developing a free trade zone encompassing the members, but as a unit, as a market, it is a protectionist area. The net result of its formation is to make more difficult the access which our goods will have to that area.

Their external duties today, for instance, are the result of averaging the duties of the various countries that make up the market. And what has happened? Generally speaking, the average level of duties in the particular areas that our trade goes into are now higher than before.

Let me cite one example, West Germany, a potential consumer of American automobiles in the past. Their duty has been 16 percent, but under the Common Market, the Common Market duty on automobiles is 29 percent. That is the average of the Common Market.

In the last Geneva agreement we made a reduction in our duty on automobiles and the Common Market made a reduction in duty, but the big differential is still there. We did not even get West Germany down to the point that she was before we made our concession.

Those are things that worry me and frighten me about this situation.

I think if we consider this bill we must ask, How willing is the Common Market going to be to permit access of our goods to their markets on reasonable terms? Are they going to let our industrial goods enter their markets on terms equivalent to what we let their goods into our markets? So far, we have not seen evidence that they are willing to do this. One need just examine the last Geneva agreement to find that out. Furthermore, we start at a low base, as far as our bargaining power is concerned, while their duties are considerably higher.

That concerns me. There has been no showing of any willingness on the part of the Common Market to start our negotiations at the same level.

Other questions: Will the Common Market permit our agricultural commodities to enter their countries on a fair basis? Are they going to continue their system of variable fees, which as far as I am concerned is a matter of rank discrimination against American agricultural commodities. They have not shown a very great desire on their part to let our goods go in on a fair basis and to eliminate their variable fees. In fact, there was a proposal before the committee, Mr. Chairman, that we not enter into any agreements with any countries until they have lived up to the agreements they have made with us under prior general agreements on tariff and trade. What were we told? That we would not dare put that into the bill because, if we did, we could not enter into any agreements because most of the countries had not carried out the agreements we had entered into and were discriminating. Therefore, we could not adopt that amendment. That is why I say some of these things concern me greatly just as I am concerned with the need for a strong free world and a unity and a mutuality of purpose. And I have a great concern as to whether we are going to have a mutuality of purpose. It is argued that is the reason for this bill, that we must give the President unprecedented authority to lower our duties in order to get concessions and to get access to the Common Market that has been created. Put more bluntly, the authority is needed they say, and I now use my own words, to buy our way into that market. But I ask—how much are we going to pay to get in and how reasonable are they going to be, and, more important, how hard or how soft are we going to be in insisting that they not only live up to past agreements with us but that we get a fair shake and a mutuality of consideration as far as the development of greater trade and economic expansion in the free world is concerned.

Let me add further. A serious question that keeps disturbing me is this: Even if we are successful in accomplishing the reduction of the external tariffs of the Common Market and getting access for our goods are concerned without the restrictions, how competitive are we going to be? Is it going to do us any good as far as the capacity to sell in the Common Market is concerned? We have heard in the past about the problem of dollars and the balance-of-payment problems; that they did not have the dollars to buy our goods and, therefore, we had to make concessions to them, so that they would have more dollars and then they could buy more of our goods.

Now, they have an excess of dollars. If they did not have an excess of dollars we would not be worried today about the balance-of-payments problem and the gold problem. But why are we worrying about it? We are worrying about it because these countries are building up dollar credits. They are not buying American goods. They get the dollars, but they are not spending them for American goods; they are keeping them in bank deposits, notes, or demanding gold. That is why we have the balance-of-payments problem, the gold problem that we are talking about.

Are they going to be any more free to buy our goods just because they can sell a little more here if we lower our duty and their duties go down? That is a question that bothers me.

In many areas where the labor content of the end product is high we know we cannot compete. The hearings are replete with examples of our inability to compete on many items. Just check the hearings and look to the testimony of Mr. Walter Reuther, look to the testimony of the representatives from the teamsters' organizations. I will admit that Walter Reuther appeared before the committee in support of the bill, but he acknowledged that we could not compete unless changes were made in the wage rates in Western Europe, and he said he was hopeful that that would follow. But will it follow? These are some of the questions that have been running through my mind at night as I tossed on my bed rather than sleeping, trying to come to a decision as to what is right on this bill.

Yes; this bill is sold to us as a miracle drug, but there are many questions, Mr. Chairman, which we must ask. The big question is whether it will cure or whether it will harm the patient.

The issue before us, as I see it, is not whether the President should have authority and mechanisms to negotiate and bargain for expansion of trade. That is not an issue. Of course, we should.

The issue is how much authority is it wise to give at any one time?

The issue is how will the authority be exercised.

The issue is what reforms will we initiate outside of the area of tariffs which will permit us to be competitive, not only overseas in the Common Market, but also in the free markets of the world? And what will permit us to be competitive here in our own market with foreign goods coming into this country? What steps will we take?

So it seems to me that some of our crying needs today are reforms in areas that will give us more competition than the bill that is proposed here that deals just with duties, because none of us need worry about the level of duties, as long as we are competitive.

The issue is, I think, what philosophy will guide the exercise of the power given?

During the consideration of this bill I tried to cooperate to the fullest extent with the chairman of the committee and the other members of his side and the members on my own side of the committee. I tried to be constructive. I think the chairman will agree. I tried to be responsible in the positions I took. I had no purpose at all of frustrating any action by the committee to report this bill or extend the authority of the President.

I think every member of that committee will have to testify to the fact that tactics could have been used which would have made it virtually impossible to bring to the floor of the House the bill at this time. Instead, we tried to facilitate it.

Let me say, Mr. Chairman, this bill is a great improvement over the bill the President sent up to us, and I should like to think I may have made some small contribution to those improvements. But I am not saying that the bill is not without very serious dangers.

To me, the most serious danger is the philosophy inherent in this bill, and the philosophy of those who are requesting the authority to have the negotiating authority. This philosophy represents in this bill a basic shift in attitude. It is that in negotiating restrictions in duties in the future the Executive need no longer be concerned with whether the reduction will seriously injure a domestic industry. It is the philosophy that certain U.S. industries—entire whole industries—are expendable, and the President will determine whether any industry is expendable or not. That is the basic philosophy and that is the power I worry most about.

The basic U.S. policy specifically set forth in section 6 of the present Trade Agreements Act has been that tariffs would not be reduced to a level at which there would result serious injury to the American industry making a like product. The U.S. negotiators were thereby required to consider the effect of any proposed tariff reduction on American industry. This bill proposes to abandon that policy.

Certain undesignated industries will be regarded as expendable. Our negotiators will be permitted to reduce tariffs to the point at which serious injury will result. And the President will not have to report to the Congress, as he does now under our peril-point provision. Under existing law, if the President goes below the peril point established by the Tariff Commission, the President has to justify this action to the Congress. But that will not be true any more.

The bill then provides adjustment assistance for the injured firms and workers. The U.S. negotiators—I will put this in quotes—are "bailed out" when they make "a bad bargain." Notwithstanding the no-serious-injury policy, the duties on imports into the United States have been reduced between 70 and 80 percent over the past 25 years. You would think by some of the talk we have heard that we have been standing still as a great protectionist country, and have not been doing anything. We have cut tariffs between 75 and 80 percent. These tariffs are substantially lower on balance than the proposed tariffs on imports from the United States going over to the Common Market. Where the remaining U.S. tariffs are essential to protect an American industry and American jobs from serious injury, in my judgment no further reductions should be permitted.

The responsibility of avoiding such injury should rest squarely on the shoulders of our negotiators. The adjustment assistance provisions, whether for firms or workers, are not substitutes for jobs or businesses. American firms and American workers should not be called upon to sacrifice their business or their jobs for a dole.

If time permitted, I would quote Under Secretary George Ball, to show what the philosophy of this bill is. Mr. Ball in a recent speech in Bonn, Germany, apologized for the fact that we increased our duty on glassware and carpets, an industry that the Tariff Commission found was being seriously injured as the result of the lowering of duties. And, what did he say? That that is all the law will permit us to do. But, he said we have a bill going through the Congress and we do not have to do that any more. We can pay unemployment compensation to some of the workers for a while and we can make loans to some of the businesses which are injured, so that if anybody in the business of glassware or the carpet industry is injured, the President will not have to increase duties; he will have additional unemployment compensation for the workers and loans for the businesses. It is because of this philosophy, which goes along with the adjustment assistance, that the gentleman from Florida [Mr. Herlong] and I introduced companion bills which would have continued exactly every wording of the negotiating authority contained in the bill reported by the committee as far as the right of the President to negotiate and the right of the President to declare new duties. That, as the chairman of our committee told us today, is the real important part of the bill that we should keep intact. But, we went back to the "no injury" basic philosophy, and we did not have this handout to buy them off, after we hurt them. By reinstating that "no injury" policy and eliminating the adjustment provision in the Herlong-Byrnes bill, it was our hope that this issue could be presented to the House so that the House could work its will. That, apparently, we cannot do. We were prevented from doing so by the rule and also by the parliamentary situation as far as the motion to recommit is concerned.

We have discussed the discrimination that will result if we pass this adjustment assistance as far as the workers are concerned, with the Manpower Training Act. I will not go into that. Someone may suggest that industries may not be hurt but firms are. If we do not have adjustment assistance, we cannot help the firms. But, I think that is begging the point.

Under the Manpower Act we have provision for people whose skills become obsolete, who are out of a job because of changing circumstances. The Committee on Education and Labor wrote into its committee report the fact that one of the groups we are going to take care of under the Manpower Training Act was who? Workers displaced by imports. We have the Manpower Training Act to take care of those workers today without the Committee on Ways and Means getting into a field that it has no business getting into, when the Committee on Education and Labor has reported out and this Congress has passed a manpower training bill earlier this year. If that act is not any good, changes can be made. Amend it. Bring it in, but let us not discriminate between workers, and let us not ruin by enacting here an adjustment assistance program that will practically lay at rest the Manpower Training Act that that committee worked so hard on. We also have the Small Business Act to provide loans for firms.

Now, what am I going to do on this bill? Mr. Chairman, that is the problem I have had to face.

Mr. Chairman, I think the only way to get rid of these provisions is to send this bill over to the Senate, but not the bill as reported by the committee. I think the thing to do is to send an extension of the present act over for 1 year. That would give the Senate of the United States a vehicle on which to work its will. They can have the advantage of that work which has been done by the committee on the 26 pages relating to the President's authority, and let them take a good look at the 57 pages. This bill is not going into hiding. The Senate will have it to look at, and they can act on it.

I am against letting the authority expire. I think we have got to keep it alive. I would not vote for a straight motion to recommit. But I think this, at least, gives us an opportunity to send a vehicle over to the Senate. When the Senate works its will, it will go to conference. We have a chance to take another look at it; some of these sections certainly should not be in any bill from the Ways and Means Committee. That is my objection to the bill as it was. I was hopeful we could consider it on its merits. We cannot. Therefore, let us at least send it to the other body and the Senate can work its will.

Mr. Chairman, it is argued that some of us want to kill this bill. Mr. Chairman, I do not. I say to you, I say to the chairman of the Committee on Ways and Means, and all other Members, if the motion to recommit does not prevail and it is turned down, I am going to vote to at least send the bill reported from the committee over to the Senate.

I do believe, Mr. Chairman, that we must give the President some authority, but I do have very serious questions about the philosophy of this new bill and about some of the provisions contained therein. I think the best way to solve the concern that I have is to see to it that I do not put the stamp of approval on it in the first instance. My protest shall come through a motion to recommit, which will send the present law over there, extending it for a period of 1 year, and thereby we keep the matter alive. We then can take another look and see what the Senate has done, having the advantage of this debate, having had the advantage of the work of the Ways and Means Committee. When it comes back from conference we can see where we go from there.

Mr. Chairman, I yield back the balance of my time.

Mr. MILLS. Mr. Chairman, I yield the remainder of the time allotted to this side to the distinguished Speaker of the House, the gentleman from Massachusetts [Mr. McCormack].

The CHAIRMAN. The gentleman from Massachusetts is recognized for 8 minutes.

Mr. McCORMACK. Mr. Chairman, I want to congratulate the Members on both sides of the aisle, without regard to what position they have taken on this bill, who participated in the debate. Certainly, the debate has been in accordance with the highest traditions of the House of Representatives.

Mr. Chairman, I listened with special interest to the remarks of my friend, the gentleman from Wisconsin [Mr. BYRNES]. In all frankness, I must sharply disagree with the gentleman in the premise that he takes in relation to the motion to recommit. In my opinion that would be a vote of "no confidence" in the Ways and Means Committee presided over by the distinguished gentleman from Arkansas [Mr. MILLS], as well as a vote of "no confidence" in the other members of that great committee. Also, in a sense, it would be an abdication of our own responsibility as one of the coequal branches of the Congress of the United States. In other words, the gentleman from Wisconsin [Mr. BYRNES] suggests that we take a negative course to bring about what the gentleman hopes would be an ultimately affirmative result along the lines of the gentleman's position.

The parliamentary situation is certainly not the fault of the Speaker. Parliamentary situations such as the gentleman referred to may exist. I refer to that so that there will be no thought in anyone's mind that there was any parliamentary maneuvering employed by the majority party directly or indirectly to prevent the gentleman from Wisconsin [Mr. BYRNES] from being recognized to offer his motion to recommit.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the distinguished Speaker yield at that point?

Mr. McCORMACK. I am happy to yield.

Mr. BYRNES of Wisconsin. I certainly want to confirm that I had no intent to implicate the majority leadership or the members of the majority or the Speaker in that particular comment.

Mr. McCORMACK. I know that; and I am glad the gentleman made that observation, because if there was any vagueness in the remarks that I made that might justify such an inference, it certainly was the farthest thought from my mind. The gentleman's observation removes any possibility of misunderstanding in that respect.

This measure was developed in the Committee on Ways and Means. A recommendation and a bill came from the President, and the bill was introduced. That occurs in all administrations. The members of the Committee on Ways and Means, by bipartisan action, conducted hearings and then held long executive sessions. The bill that came out of the committee is before the House at the present time and represents bipartisan thinking and bipartisan action. It is distinctively a committee bill. There may be some provisions in it that I may not like, or some other Member may not like. But if we look at the bill in its entirety, certainly it is a bill that is about as good as has ever been reported out of a committee, having in mind particularly the difficult subject involved in this legislation.

We are justified in looking at the bill as a whole. Certainly those who favor this legislation can say that at least 95 to 98 percent of the provisions of this bill are sound—I believe 100 percent. But if there is some slight disagreement, those who support this bill—and I am speaking now from a bipartisan viewpoint—may well say that 95 to 98 percent of the provisions of the bill are sound.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I am happy to.

Mr. HALLECK. I hope our beloved Speaker will agree with me that if the motion to recommit prevails the measure would go to the other body and hence a vote for the motion to recommit, assuming it prevails, is not a vote to kill the bill but may be interpreted as a protest against some of the provisions which I may say to the gentleman I do not like in the committee bill.

Mr. McCORMACK. I cannot agree with my friend on that premise. I said it would be a vote of lack of confidence in the Committee on Ways and Means, and it would be a vote equivalent to the House abdicating its affirmative responsibility. I think the logical thing would be to send the bill, under these circumstances, over to the other body. Then the gentleman from Wisconsin and others can try and urge the Senate to amend the bill to eliminate the provisions they object to; then let that go to conference. That is the affirmative way of handling the situation rather than the negative way which has been proposed.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I am happy to yield to the gentleman.

Mr. MILLS. This bill is a revenue bill; it affects duties. Under the Constitution such legislation must originate in the House of Representatives. I feel certain that my good friend from Indiana does not mean to convey the thought that we should send over there a simple one- or two-line bill, and trust to the other body the responsibility of correcting it. Would it not be better to send the bill itself to the other body? Then the other body will have to go through this bill line by line, word by word, and make such changes as it sees fit to make in the bill. Those changes could then be resolved in a conference, in which the gentleman from Illinois, and the gentleman from Wisconsin, along with some others, would represent the House, in all probability.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Indiana.

Mr. HALLECK. Certainly I appreciate the observation of our very able chairman of the Committee on Ways and Means, but I would just like to point out that whether it is a short bill or the committee bill the other body is going to work its will. I would hope if it is the committee bill some of the provisions which I think are highly objectionable would be taken out. As far as I am concerned, and as one who has through the years supported the extension of the Reciprocal Trade Agreements Act, and who wants now to be in a position to promote foreign trade for our country, my view is that the best way to wind up with a bill that is in the best interests of our country is to vote for recommittal.

Mr. McCORMACK. With all due respect to my friend from Indiana, I still think the position I have stated is correct. First, the adoption of the motion to recommit is a vote of "no confidence" in the Committee on Ways and Means, in a sense, indirectly. Certainly it is an abdication on the part of the House of its affirmative responsibility. The thing to do is to send the bill over to the Senate, let the Senate amend it, and then let the bill go to conference.

I strongly urge the rejection of the motion to recommit, and I equally strongly urge the passage of the bill.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. ALEXANDER. Mr. Chairman, the importance of the legislation now before us and the significance of the action we are about to take are, I believe, manifestly clear. Today, on every front, our Nation's preeminent position of world trade leadership is seriously and immediately challenged: Competition in world markets becomes more difficult for us each year; we are currently running an extremely dangerous balance-of-payments deficit; the European Economic Community, potentially the world's largest trading area, looms before us posing a great peaceful challenge to our trading stature; we are confronted by the threatening and hostile trading challenge of the U.S.S.R. which questions the very existence of our economic way of life. In the face of these challenges and in response to the impending expiration of the Reciprocal Trade Agreements Act of 1958, we are called upon to find real and lasting solutions to our country's foreign trade problems.

With all due respect to the Ways and Means Committee, which labored long and carefully over the proposed trade bill, I am constrained to say to you now that the changes proposed by this bill are so fundamental and far reaching and the expert views expressed before the committee so divergent yet convincing as to demand that we proceed on this matter with great deliberation, much freedom of action, and the utmost caution. Clear, cogent, and, I believe, dispositive, arguments compel us to extend the present Reciprocal Trade Act for 1 year while recommitting the proposed bill for further study.

In the first place, a great deal of the mystery and uncertainty which now surrounds the EEC should disappear within a year's time. Indexes as to the composition of the Common Market, especially with regard to the proposed entry of the United Kingdom into the trading network, should then be easier to read. Another year might render intelligible the sincerity of the market's alleged desire to lower tariffs externally. This sincerity is presently questioned in view of her recent action on carpets and glass and in light of the impending imposition of variable levies, both moves being labeled by many as giant steps toward protection. In short, I would say that the general air of urgency has been overemphasized and that our bargaining position will not be seriously impaired by delaying action on highly conjectural matters for 1 year.

Second, I point to the dark and ominous cloud which presently hangs over our domestic economy. Many doubt that we can remove this cloud or cure the existing ills of our economy merely by injecting a little more life into an activity representing only 3.8 percent of our national product. Even more believe that if the market becomes further clouded by import competition at this time, companies are likely to take retarding steps of cost reduction rather than the desired expansionary measures of building new plants and enlarging existing facilities. We know all too well that fear may discourage even normal expansion. Before passing this controversial and conjectural trade bill, let us strive to remove the present cloud and recoup recent losses.

Third, I call your attention to the regrettable uncertainty now existing with regard to our Nation's textile industry, whose importance to our national security has been labeled second only to steel. It is readily admitted that any primary injury from implementation of H.R. 11970 will fall upon import-competing industries, and it is clear that our textile industry is an import-competing one. In spite of the President's wisely proposed and urgently needed seven-point program for textiles and despite some concrete steps toward implementation, uncertainty prevails with regard to textiles because of the Tariff Commission's tardiness in acting on proposed elimination of the 8½-cent equalization fee on cotton and because of the resulting indefinite status of our long-term Geneva Agreement on Textiles. Within a year's time the status of these matters will no longer be in doubt and we may not face even the remotest danger of damage to or obliteration of our vital textile industry.

A fourth factor, closely related to the textile situation, is the general defense posture of the United States. Under conditions of national emergency practically every industry is essential for our survival. An additional year of study will help us to determine whether or not strong tariff protection is generally necessary, even at the expense of more inefficiency in the national economy, because of the greater cost of not having domestic sources of supply during emergencies.

Fifth, I would remind you that considerable doubt prevails over the number of workers who might be hurt, over the number of jobs that may remain unborn because of import competition, and over our ability to compete successfully with foreign industry which has moved rapidly into our own technological dimension while facing none of our wage, hour, child-labor, or antitrust laws. These matters readily lend themselves to a year of intensive study.

As a sixth area which calls for caution and deliberation on our part, I point to the argumentative and disputatious adjustment assistance provisions of the bill. The mere presence of these provisions in the bill and the extended testimony in committee attest to the fact that there will assuredly be short-run adverse effects on individual businesses and workers. We cannot expect these injured individuals and businesses to philosophically accept their fate and to gladly offer themselves as sacrifices on the altar of an abstract thing called the national interest. Perhaps we cannot justify as a governmental function the total destruction of a segment of American industry or the shifting of manpower from one great industry to another or the uprooting of families and the moving of them to distant communities. Perhaps the pain and cost of such a transformation, even if it results in an overall gain for our economy, is far too great. We must not take lightly our responsibility in these areas. None of us seeks to create an extended Federal dole. Nor do we want to federalize our individual State systems for paying unemployment benefits. An additional year can, I believe, be wisely and expeditiously used to strengthen safeguards in these areas which affect certain of our citizens in such a significant and vital manner.

Finally, I would stress to you the obvious fact that it is a vastly broad and sweeping authority which we are asked to give to the Executive. Although this power would not, I am sure, be lightly taken, yet, if we are to fulfill our constitutional mandate, we must take every precaution to delegate our authority with fitting and proper guidelines.

In closing, let me make it clear that I do not oppose new and bold solutions to new and challenging problems, but in matters so fundamental and far reaching, I believe that caution must be our watchword. Recommittal for a year of intensified study will not damage our bargaining posture; it can and will clarify the vital issues we now seek to resolve.

Mr. BRADEMAS. Mr. Chairman, one of the most respected newspapers in the State of Indiana and in the Midwest is the South Bend Tribune, which is published in the congressional district I have the honor to represent.

During the last several weeks and months, the South Bend Tribune has published a series of editorials which, in my judgment, are among the most thoughtful and intelligent discussions that I have seen of the trade legislation we are today considering in the House of Representatives. Each editorial is addressed to a different aspect of the issue.

I include at this point in the Record a number of these editorials from the South Bend Tribune:

[From the South Bend (Ind.) Tribune,
Jan. 26, 1962]

We Cannot Stand Still

President Kennedy's special trade message to Congress yesterday was easily the best of the batch of communiques that have been flowing from the White House to the Hill since Congress reconvened.

It clearly established the challenge facing America in the world market.

It clearly detailed the remedies.

It was a clear call to action.

The message repeated the President's earlier request for strong tariff-cutting power, but the most interesting portion of it was devoted to the problem of what to do to help industries and people that will inevitably suffer from the change.

Mr. Kennedy, it seems to us, was exceptionally wise in the recommendations he made. Disavowing any "subsidy program of governmental paternalism," he called for attacks on this problem to be launched at three levels.

On the level of entire industries, he asked the retention of escape clause and perilpoint provisions for temporary, industrywide relief.

On the level of individual companies, he urged tax and depreciation allowances, again on a temporary basis, to give troubled companies time to make their own adjustments toward new competitiveness.

On the level of people, he called for extended unemployment compensation benefits for those who are thrown out of work as a result of increased imports. Other suggestions involved job retraining and financial help for workers who want to move to area of employment that will be strengthened by the changes.

In short, Mr. Kennedy recognized that the trade changes he seeks will create a problem that legitimately calls for remedies at the Federal level. At the same time, he resisted the temptation to seek corporate and individual subsidies which, far from solving the problems, would only insure that they stay and stay and stay.

Critics of the administration program already are concentrating their fire on the tariff-cutting power Mr. Kennedy is seeking. They call it one more "power grab."

Actually, Presidents have had tariff-tampering powers since 1934, and the last big extension of such power was granted to Mr. Eisenhower in 1958. Mr. Kennedy wants more. He doesn't want something new.

As for the challenge, the President pointed again to the existence of the European Common Market, the goad that is forcing the United States into action.

He put the challenge well:

"We cannot ourselves stand still. If we are to lead, we must act. We must adapt our economy to the imperatives of a changing world, and once more assert our leadership."

To that we say "Amen."

[From the South Bend (Ind.) Tribune,
Mar. 12, 1962]

Indiana and the World

Several interesting facts were highlighted during the recent Governor's conference on foreign trade.

And even though the Indianapolis conference was quite frankly designed to promote State support for President Kennedy's tariff reform proposals, facts are facts. Even diehard protectionists, we think, can find food for thought in these:

Fact No. 1: Indiana ranked 10th among the 50 States in the value of its exported manufactured goods in 1960, the last year for which complete figures have been assembled.

Fact No. 2: The value of the manufactured exports totaled $483.6 million.

Fact No. 3: More than 300,000 Indiana workers in 1960 held jobs in 312 Indiana industries with substantial exports.

Fact No. 4: On the agricultural front, Indiana exported farm products worth $149.3 million during the 1960–61 crop year.

President Kennedy has warned that current U.S. export business will be seriously hurt if this country doesn't take steps to maintain and substantially improve its ties with the European Common Market.

Indiana, obviously, would be among the most seriously hurt.

[From the South Bend (Ind.) Tribune, Mar. 27, 1962]

An Underestimated Threat

In attempting to sell his trade program to Congress, President Kennedy has dwelled time and again on the danger to the United States of a united Europe with which we did not have close economic ties.

Is the danger legitimate, or is it an empty threat to dangle over Capitol Hill?

In St. Joseph a few days ago, members of the Economic Club of Southwestern Michigan heard a speaker who thinks the threat is not only very real but, if anything, underestimated.

He's Nate R. White, former financial editor of the Christian Science Monitor and now editor of the American Banker.

The European Common Market, he said bluntly, shows signs of becoming a new empire, "the greatest empire the world has ever known."

If America turns its back on this empire, he warned, Europe could retaliate so effectively that the United States would become "a third-rate economic and monetary power within 5 years."

On the other hand, a unified Europe—alone or in cooperation with America—will be a political buffer to the expansion of communism.

If Mr. White is correct, this country had better start buddying up to the Old World. As soon as possible.

[From the South Bend (Ind.) Tribune, Apr. 20, 1962]

Toward Confederation

The foreign ministers of six European Common Market nations sat down in Paris this week to talk about political, as well as economic, unification.

The talks quickly got snagged in a dispute over Britain's role in unification negotiations. The six ministers closed their briefcases and went home.

This week's incident delays, but does not scrap, the movement toward a political union of European states. The Paris meeting, in fact, is apt to prove far less significant in the long run than a conference of the ministers held earlier in the month in London.

At that meeting West Germany and Italy—both of which had been pushing for a supranational federation of European countries—indicated they are now willing to settle for a looser confederation that will leave member countries more of their traditional powers over internal affairs.

The two countries, in effect, capitulated to France's version of what form European unification should take. Britain also has expressed interest in a confederation.

That's why this week's Paris snag may prove relatively unimportant. The drive toward confederation is expected to keep going, and results may come sooner than many Americans think.

For the United States this prospect is one more compelling reason why Congress must act on President Kennedy's trade proposals during this session.

The time to get in on the blossoming European market is now, before Europe raises her own protective barriers. A year from now might be too late.

[From the South Bend (Ind.) Tribune, Apr. 24, 1962]

How To Meet Foreign Competition

With the administration's free-trade proposals under discussion in Congress and commanding much attention throughout the country, it is worth everyone's time to take a look at the U.S. automobile industry.

It offers a striking example of how Americans react to foreign competition in the domestic market when the chips are down.

The chips were down in 1959 when imports threw a mighty scare into the American industry by selling 614,000 vehicles in the United States.

The story of the rise of the compacts and medium-sized vehicles in the U.S. industry is now well known. But what has this done to stem the tide of imports? Are not imports still taking a big bite out of the domestic sales pie and thereby cutting into American production, sales and jobs?

Let's look at the record.

Sales of imports were down last year to 379,000. At the current rate of sales, imports are attracting only one of every 20 new-car buyers compared to one in ten 3 years ago and one in sixteen last year.

Add to this the fact that registrations of imports in the first 2 months of this year were 3 percent below the registrations in January and February of 1961 in the face of a 29-percent sales gain for U.S.-made autos and the picture of how the U.S. industry is recovering comes more clearly into focus. The rougher going for the imports is further reflected in the fact that the number of dealers handling foreign cars had shrunk from a high of 15,000 in 1959 to approximately 12,000 at the end of last year.

Facts like these tend to support the contention of free-trade advocates that U.S. industry can take care of itself in the domestic markets.

How to compete in foreign markets is another problem. But given a fairer chance to compete, American industry ought to be able to do better.

[From the South Bend (Ind.) Tribune, May 21, 1962]

Threat or Opportunity?

As the United States moves haltingly toward new legislation that would tear down many of the country's traditional trade barriers, a nagging question continues to bother a lot of Americans.

Can this country compete against lower wages abroad?

One respected businessman who thinks the answer is an unqualified yes is Eric Johnston, a former president of the U.S. Chamber of Commerce. In a recent article, he makes four solid points to support his optimism.

One cites a study which showed that when the average Japanese worker was making 22 cents an hour, his opposite number in America was making $1.95. But the Japanese was turning out 30 cents worth of merchandise in that hour, while the American was producing $3.19 worth.

The "wage gap," Johnston observes, is closing—not rapidly but steadily. In 1960, for example, the increase in gross hourly earnings in this country was 5 percent. In Germany it was 12 percent, in France 11 percent.

Moreover, Johnston points out, production is only one part of the competition picture. U.S. distribution and sales techniques give this country a big edge in the world market.

And last but not least, Johnson sees foreign competition as a spur to U.S. industry to find new and better products, and new and better ways of making them.

For this businessman, in short, freer world trade is not a threat but an opportunity.

[From the South Bend (Ind.) Tribune, May 23, 1962]

Rough Water

The administration's trade bill, having made a highly successful voyage through the House Ways and Means Committee, is about to enter the much rougher seas prevailing on the floor of the House.

The legislation to expand the President's tariff-cutting authority is scheduled to go to the full House before June is many days old. If it can survive that passage, the worst probably will be over.

The bill is specifically designed to permit the United States to set up a realistic economic partnership with the European Common Market.

On a recent television program President Kennedy said this about the importance of the legislation: "What we have to do is to have the tools to negotiate with that market, so our goods can get behind their tariff wall."

Otherwise, Mr. Kennedy warned, this country's favorable balance of trade will be in jeopardy. That balance, it's well to remember, ran almost to $5 billion in 1960.

Why all the urgency to push the legislation through this session of Congress? As Mr. Kennedy put it, "We're either in at the beginning, or we're never going to get in."

The President then called the trade bill "the most important piece of legislation before the country this year."

He's dead right.

Mr. Chairman, one of the most interesting and illuminating discussions of the trade bill appeared in a recent television program, "CBS Reports: Breaking the Trade Barrier," which was shown on May 24, 1962.

I include at this point in the Record the transcript of this television broadcast:

Breaking the Trade Barrier

David Schoenbrun. This is the 23d CBS report of the current season, in which the 35th President of the United States, John F. Kennedy, and the 34th President, Dwight D. Eisenhower, will state their views on how America must face the promise and the peril of the European Common Market. But other voices will also be heard, for this challenge affects all of us.

Harold Hobson. This trade act is way completely over my head. All I know is, that I have a problem here, and I don't know how I'm going to meet it.

William Ludwig. It's not a Common Market. To us, it's a come-on market. In other words, you come on here and share our market that we've built up.

Tim Wible. It's my opinion that free trade, the Common Market, is good for America, so it's good for me.

Christian Herter. I think, in our own long-range interest, it's absolutely necessary that we go step by step with the Europeans in the creation of this vast, joint market, so to speak, from the point of view of increasing trade, increasing prosperity, increasing ability to help less developed nations. I think it's an essential, and that there is really no alternative to it.

Carl Gustkey. We are experts by experience in this business of world trade, because we've been burned. It's time that we told Mr. Secretary So-and-So in Washington off, when he accuses us of being economic illiterates, economic boobs, and mental midgets, just because we oppose legislation before the House Ways and Means Committee.

Announcer. Now "Breaking the Trade Barrier." Here is CBS Chief Washington Correspondent David Schoenbrun.

FATE OF THIS NATION

Mr. Schoenbrun. The fate of this Nation, and sometimes the world, has been on great occasions, decided under this Capitol dome. Today, we are living through another of those great moments in history as the Congress prepares to vote on the Trade Expansion Act, a bill designed to meet the challenge of the Common Market. It aims to break the barriers and clear away the paper jungle that obstruct trade among the otherwise free peoples, so that there might be created an economic community of five hundred millions, the most powerful the world has ever known.

HISTORIC BARRIERS

The history of the United States has always been closely linked with that of Europe: A Europe divided by walls between the nations. Men from England, France, Holland, Spain, and other countries carried the mentality of the wall with them when they came to America and formed the Original Thirteen States with tariff walls between them. Pennsylvania had a protective tariff on liquor. In Virginia, it was sugar, liquor, coffee, and tobacco. New York, gold watches and horse-drawn carriages. Massachusetts, leather goods, plated ware, vehicles, and so on. In 1789, the Founding Fathers and the Constitution knocked them down, and the United States became the first common market. America was able to grow economically as more and more States joined the free Union, but as she grew, Europe remained bound by its protective walls. In 1939, World War II began the final process of demolition, convincing devastated Europe that some sort of unity was necessary. This resulted in the formation of the European Coal and Steel Community in 1950, leading directly to the Treaty of Rome in 1957, when Jean Monnet and others demolished the walls between France, Germany, Luxembourg, Belgium, Holland, and Italy, creating among them a Common Market. But even as neighbors removed the walls between them, they moved to build a new common wall against outsiders. That's one reason why Great Britain, Denmark, Norway, and others now want to join the Common Market. If that market is extended to include all of Europe, then what emerges are two huge supermarkets—Europe—and the United States—two strong trading blocs facing each other. What is the answer? Leaders of America and Europe say: "Tear those walls down." In the words of President Kennedy: "Trade or fade."

"TRADE OR FADE"

In order to trade, the President urgently needs the approval of Congress, for the current Reciprocal Trade Act expires next month. This bill, H.R. 9900, is the President's request for new powers. It would grant unprecedented powers to eliminate all tariffs on a wide range of commodities—cars, refrigerators, airplanes, where America and Europe are the world's dominant suppliers. All other goods could be cut across the board, up to 50 percent over the next 5 years. The controversy over H.R. 9900 reaches into every American factory and into almost every home. It touches our newest industries, such as jets and automation. It reaches way back to our oldest industry, glassblowing. In West Virginia and Ohio, the glassblowing tradition still continues pretty much the way it was three centuries ago. Europeans, too, still work glass pretty much as they did for ages, but the wages are much lower than Americans are paid, so that for glassmen, the words "low tariffs," "Common Market," are dirty words in such cities as Bellaire, Morgantown, Moundsville, and the other towns of the Ohio Valley. The city of Bellaire, Ohio, with a population of about 11,000 is in Belmont County, a county where 15 men out of every 100 are unemployed. Bellaire is a one-industry town—handmade glass. Three weeks ago, at a protest meeting of 400 workers and wives, who came from nearby West Virginia and Pennsylvania plants, the workers expressed their concern to Congressman JOHN DENT, Democrat, of Pennsylvania, a former glassworker, himself, now chairman of a subcommittee concerned with bill H.R. 9900.

NATHAN BERGER. Congressman DENT, I wish you would take a good look at these two goblets. One of them is made in a foreign country, made in West Germany, selling in Abraham Straus, Brooklyn, N.Y., store at a cost of $1.30. I have an exact duplicate here—a goblet made in this country, in the Fostoria Glass Co., selling on the market for a price of $2.75. You can readily see what the manufacturers in the United States have got to put up with, in order to compete with foreign imports into this country.

"WE WANT JOBS"

PAUL BENNINGTON. If Congress passes the H.R. 9900 bill in Washington as we see it we believe that the glass—the hand plant glass industry will be doomed. And I, I just can't understand how they could pass a bill to eliminate your workingman's job.

Mrs. MILDRED HAMCO. It seems to me that the American public has been doing all the giving and some other nation has been doing all the taking. I think that the American worker is being dealt with fast and loose. Our jobs are being exported to foreign countries whose wage scale is far below ours. In Japan, for instance, the wage scale is 25 cents an hour. Now, if we could live on a bag of rice, that would be fine and dandy, but I think we are used to meat and potatoes here in the good, old United States. We want jobs. There is dignity in having a job. We do not want to stand in line and wait for a check. So, when you go back to Washington, you tell your colleagues to put that door back on its hinges; it has been flapping in the wind just a little too long.

Mr. SCHOENBRUN. Congressman DENT is ready and willing to carry the word back to Washington.

PERCENTAGE OF JOBS LOST

Congressman JOHN DENT. This is the first time in the history of the United States of America that Congress has been asked to vote for legislation which spells out in the legislation that certain industries are expendable and certain numbers of jobs, workers, are to be displaced. How can any conscientious Congressman, coming from some area other than an industrial area such as this, vote to take your job away simply because his people are secure? There are only 4 percent of all the American corporations that export even 10 cents' worth of their products. Yet, these 4 percent industries are, today, dictating to the 96 percent of American corporations that have to live within this economy. This means that the IBM's, the Gillette Razor companies, the Ford Manufacturing Co., and G.M.C.—all of the rest of them—these are the corporations that have plants scattered all over the world. Back as far as 1954, 30 percent of all the imports coming into the United States were financed by American corporations overseas. Lord knows how many there are today and you can't find out. I can't believe, or conceive, in spite of all of the high-powered pressure being put upon Congress and upon the people of this country, I can't conceive of the Congress passing H.R. 9900 as it is now written, and if it is passed, I can't conceive of any President putting it into force as it is now written, because if he does, I can assure you that either Congress will be called back to repeal it within 2 or 3 years, or we will have the most disastrous economic breakdown in our history.

Mr. SCHOENBRUN. That's the feeling of the glassmakers throughout the Ohio Valley. Yet, ironically, Germany and Italy are two of West Virginia's and Ohio's best customers for products other than glass. The West Virginia coal industry employs 43,000 miners who work in the world's most highly automated mines, and nearly 9 million tons of its production, each year, go to stoke the expanding prosperity of its glass competitors, Germany and Italy. Every day, endless miles of coal hoppers carry the ore to the great port of Hampton Roads, Va., and much of it goes to one of West Virginia's best customers, the Italian steel industry. Without its foreign coal customers, West Virginia, probably the most depressed area in America, would be in even worse trouble. And as for Ohio, even while 550 glassworkers of Bellaire ask for more protection from competition abroad, Ohio ranks fourth among our States in goods manufactured for export, directly employing over 600,000 of its citizens to fill its foreign orders. Wean Engineering, in nearby Warren, Ohio, makes steel processing equipment, does 58 percent of its total business for the export trade. E. W. Bliss, with a plant in Salem, and this one in Canton, exports its heavy machinery, mostly to Germany and Italy. Both Wean and Bliss sell their products to Fiat, which spends nearly $3 million for parts in Ohio alone, and as the Italians point out, they thus provide work for more people than there are in Ohio's hand glass industry.

HORNBLOWERS ON BANDS AND BICYCLES

H.R. 9900 affects hornblowers as well as glassblowers. Elkhart, Ind., is the wind instrument capital of the world—or was. But the winds of trade have blown a sour note which reaches right into Elkhart High School. That clarinet, which was being tested with the Colonel Bogey March, at the Conn Instrument factory will not necessarily end up in the Elkhart High School Band of a hundred and twenty pieces. Specifically, this clarinet was manufactured in the Selmer plant in Paris. Many musicians in the band and in the 29,000 brass bands across America do use Indiana instruments, but the ratio to low-cost horns coming from France, Germany and Italy, is growing less. William Ludwig, a big drum man, sang the industry's blues to Congress.

Mr. LUDWIG. Why, last year, alone, the sales of band instruments in this country—14 percent of all brass instruments were made abroad, and 39 percent of all clarinets were made abroad. Now, I ask you, is that going to be good for America to have band instrument plants close down, gradually eliminate jobs and put people out of work? And this is what I told them down in Washington. I told them that Elkhart, Ind., and other factories in Chicago, Boston, Elkhorn, and Wisconsin, could be very well wiped out.

Mr. SCHOENBRUN. But everyone doesn't play the same tune. Paul Richards, who manufactures clarinets, tubas, and drums, says that Elkhart can compete.

PAUL RICHARDS. You'll find that musical instruments are made today in almost the same manner in which they were made 10, 20, 30, 40, even 50 years ago, and while other American industries have kept up with advanced materials, advanced manufacturing methods, and new ways of producing good products, in many cases, I'm afraid we in the music industry have not kept up like we should have. It's about time that a good American manufacturer starts to develop a good American woodwind line, so that's what we've done. We have a key right here that, made the old way, required 28 operations, and under our new system, our new material, new manufacturing process, we'll make this complete key in 7 operations, and yet it'll be a far better, more durable, and better performing key. We believe that this is the way in which we can compete in a free market, compete against our own American competition, and compete against the Common Market competition, and in fact, possibly even get a little piece of the Common Market business ourselves.

Mr. SCHOENBRUN. Music isn't the only industry hurting in Indiana. There is also the bicycle accessory business. As Glenn Boxell of Marion says:

GLENN BOXELL. It took us 10 or 15 years to educate the bicycle makers in the United States—I shouldn't say educate—I would say to get them convinced that they ought to put a horn on a bicycle. We designed one that would fit inside their tank—just like that—operates on a single flashlight cell, and we got it moving in good volume. The first thing we know, we go back for a repeat order on one of the bigger bicycle makers in this country, and he says: "Oh, don't you know? We're not buying your horns any more. We're buying this one." Well, you have to look at it with a magnifying glass to find a mark that says "Made in Japan" on it, and that's what we've been running into for 5 or 6 years.

Mr. Schoenbrun. Roy Alexander in Anderson says the tile business is also in trouble.

PROTECT OR DIVERSIFY?

Roy Alexander. They say that we want a tariff so the other country can't sell in this country. That is not at all true. We want a tariff to equalize their costs with our costs, so we can keep our worker at American wages. We can't do that the way it is now. If we have protection, sure. If we don't have the protection, we won't live long enough to wait till their wage scale gets up to ours.

Mr. Schoenbrun. Post hole diggers and garden tools are also feeling the pinch of foreign competition in Indiana.

Mr. Hobson. Just look at those two post hole diggers. This is mine and this is a copy the Japanese have sent back at us. Mine sells for $6; the Japanese for $3.50. It's really a problem.

Mr. Schoenbrun. Mr. Hobson, do you have any other line that you make in this factory that the Japanese can't compete on?

Mr. Hobson. We're always alert to any opportunity to make a buck for Seymour. We have tooled. We've brought in the very latest machinery that we can possibly bring, in an effort to meet this situation. We purchased a drill press—radial drill that was made in Italy. We were able to buy that for approximately $8,000; whereas, the American manufacturer had to get $20,000 from us. We also have a saw, gang ripsaw, that we bought from West Germany, that we bought for $6,600, and the equivalent of which the American manufacturer would have to charge us about $20,000.

Mr. Schoebrun. Well, then I imagine that American tool manufacturers must be complaining, as you are, of your buying these foreign machines?

Mr. Hobson. If they aren't they certainly should be, I would say.

GREATEST GOOD FOR GREATEST NUMBER

Mr. Schoenbrun. But trombones, tiles, and bicycle horns are but a small part of Indiana's huge gross State product of almost $13 billion a year. It's America's 10th largest exporting State, and the low tariff advocates point out that the few thousand jobs it might lose to foreign competition are more than compensated by jobs created through foreign sales. Europeans are not only breaking through trade barriers, they are breaking through mountain barriers like this tunnel under the Mont Blanc, separating France from Italy, and they're using American machines and diesel engines costing millions of dollars, and providing jobs for thousands of Americans in the Cummins plant of Columbus, Ind. The Perfect Circle Piston Ring Co., of Hagerstown, Ind., exports millions of dollars worth of rings to a long list of customers, such as Fiat in Italy, Daimler-Benz in West Germany, and many others. The examples go on and on from pharmaceuticals and tractors to field crops and livestock. Gov. Matthew E. Welsh has to weigh the profits and losses of H.R. 9900 as it affects all of Indiana.

Gov. Matthew E. Welsh. We must remember that Indiana has almost $500 million of foreign trade a year, and we cannot afford to jeopardize the tremendous business that's involved here, both in agriculture and in industry, just because of a few instances where we know there is going to be hardship result. If we did attempt to save all of these isolated instances, we could very well seriously jeopardize the whole export trade of the State, and the net result would be a substantial increase in unemployment, a substantial drop off in this business. Now, I don't mean to say that we are not concerned about the welfare of these individual cases where we know that some hardship may well result because of increased competition, and certainly, we are concerned with the measures that are going to be taken by the Congress to see that these people—that the injury that they suffer is in some way ameliorated, but, nevertheless, we have to remember the basic concept that we must do what is good for the greatest number of our people, for our economy, for our society.

CAPEHART OBJECTS

Mr. Schoenbrun. As we've heard, Governor Welsh is for the President's bill, but Indiana's Senator Homer Capehart is against it.

Senator Homer Capehart. We've always had a policy in this Nation that if a man's business was injured or harmed and men lost their jobs, we raise the tariff, or invoke quotas. That has been abandoned completely. We're going to say under this proposal: "That if you can't compete, it's too bad. You go out of business. And if you, Mr. Wageearner, lose your job, it's too bad. We'll try to find a new job for you some place. We'll move you from one town to the other." Now, I'm opposed to that policy, because we cannot compete in many, many instances with foreign nations with their low wages, their low tariffs—taxes, and other rules and regulations. That's what I'm opposed to. Now, the idea that we can increase jobs by increasing our exports is 100 percent correct, but by the same theme, every time we increase exports, we mean we were going to increase imports, and every dollar's worth of imports that come in here loses a job for someone. And then I'm opposed to the fact that it gives the President of the United States 100 percent control of foreign trade. There's no restraints in the proposal. There's no vetoes on the part of the Congress. He, and he alone, runs it, and if he makes a mistake, God help us.

BIG BUSINESS BENEFITS CITED

Mr. Schoenbrun. The Senator says—Don't let any one get hurt. The Governor of Indiana says—We've got to go with the greatest good for the greatest number. Labor Department figures show that only 300,000 American workers hold jobs that risk injury from foreign competition; whereas, 4 million citizens earn money from export industries, which are also high wage industries. The aviation industry is a forceful symbol of breaking down tariff barriers. And the jet airplane is a big reason why the State of California is one of the largest exporters to the Common Market countries. Douglas DC–8 jets are turned out for Alitalia Airlines, Scandinavian, KLM Dutch, Japan, Swiss Air, and so on, amounting to over a half billion dollars in sales, and creating tens of thousands of jobs in 48 States and in over 4,000 different factories, which supply parts to Douglas. Many of these suppliers are probably unaware of the extent to which they are involved in exporting. In each jet, there are 75,000 pounds of aluminum—from Alcoa in Davenport, Iowa—from Reynolds in Louisville, Ky.—from Kaiser in Trentwood, Wash. Among the jet's 140,000 separate manufactured parts are 36 miles of electrical wire, much of which comes from Clinton, Mass.—the automatic pilot, from Sperry in Long Island—weather radar from the Bendix Corp. in Baltimore—landing gear struts, Cleveland Pneumatic Tool Co. in Cleveland—and, of course, those four job-making engines at a quarter of a million dollars each, from Pratt & Whitney in East Hartford. Further up the west coast, in Seattle, Boeing with its 707's, is an even bigger exporter—111 jet passenger liners at $6 million each, for Air France, Sabena, Lufthansa, BOAC, and Air India.

When one checks the lineup of the pros and cons on the trade bill, one discovers, without surprise, that the pros are the industrial giants who sell to the world, and the cons are mainly the small handicraft businessmen who cannot compete with cheaper foreign labor and who look to tariffs for protection. There is a particular irony to the fact that the very symbol of Americana, the baseball glove, is threatened by imitations made in Japan. This is the Matsukan factory in Kazo City, about 70 miles north of Tokyo. It makes gloves and mitts for America's national pastime, in a small rural plant, whose average wage of 72 cents a day is particularly low, even for Japan. The gloves sell for half the price of the American mitts, and have cornered almost 50 percent of the American market. But not every American company, hurt by foreign competition, is against the trade bill. Such is the case in Bell & Howell, whose chairman of the board, Charles Percy, is a strong advocate of free trade, although his business is frequently hurt by it.

BUSINESS STANDS ON ITS OWN

Charles Percy. In 1946, after the war was over, we decided to go into the still camera business, and then we tooled and produced this particular camera, and when we priced it out, the price was several hundred dollars higher than the German cameras against which we were competing, and though we did try to reduce the price, we were not able to bring it down low enough. I suppose the thought occurred to everyone, well, it's unfair. We can't compete. We'd better go to Washington and have the Government bail us out. We decided not to do that. I think the tendency of businessmen, sometimes, to try and say the Government should get out of business, and then on something like this, run to Washington to ask for help, I don't think is wise. We decided if we had made a mistake, we would rectify it. We had a million and a quarter dollar loss on this camera some 10 years ago when we closed it out. We decided after that, that we would enter markets where we knew we could compete much more successfully, and in the end, offer the kind of a value to the customer in Bell & Howell products that will justify their purchase and not ask for, certainly, any kind of governmental protection to keep us in the business that we couldn't economically stay in.

Mr. Schoenbrun. Mr. Percy, although you lost about a million and a quarter dollars on that, you still favor the Trade Extension Act and more and more free trade between our country, the Common Market and even Japan?

Mr. Percy. Yes; I think it's essential that this Nation trade with the free world. I think that a standard of living depends upon it, because a standard of living depends upon the wages people receive, but also the price they pay for the products, and the American consumer should have the privilege of buying a product any place that it's made in the free world, so long as the product can be made available to him.

Mr. Schoenbrun. Mr. Percy, you just came back from Japan. We've heard lots of complaints from American manufacturers that the Japanese pay 28–33 cents an hour, and it's unfair competition. What are your views on that?

Mr. Percy. Well, it is tough competition, on occasion, but I think that as an industrialist, I would have to say that the cost—the hourly cost of labor is only one factor of cost. We had a dramatic illustration of that ourselves. Before the war, we produced this camera, which is the lowest priced camera we made for about * * * and sold it for about $50, and our average cost of labor before World War II was 40 cents an hour, and we thought after the war, when our labor cost was much higher, we'd never again be able to produce a $50 camera, and yet we set the engineering division—our research department to the task of producing a camera for less than $50. This is a "Sundial" camera, far superior to this camera, with a meter which this one doesn't have, and sells today, when our labor cost is 500 percent greater, sells for 20 percent less, less than $40. In principle, this is the same thing that the icemaker had to do years ago when the refrigerator came in. It's the same thing that the buggywhip maker had to do when the automobile came in. It's the same problem that the maker of towels, or of handkerchiefs has when Kleenex or paper towels come into vogue. If the customer wants that product, then the manufacturer has a problem. And I would say that on the whole, science and technology has had a far more profound effect upon the changes and shifts and adjustments that business must make in the national and consumer interest than their effect of imports which I think have been somewhat exaggerated.

WIDE SUPPORT OF TRADE BILL

Mr. Schoenbrun. The Capitol dome has looked over many strange sights, but none more unusual than the sight of men from the U.S. Chamber of Commerce and the AFL–CIO walking together to testify in favor of trade expansion. One of the most articulate and diligent advocates of this Democratic bill has been the Republican, former Secretary of State Christian Herter, who is at one and the same time an advocate and a critic of H.R. 9900.

ESCAPE IMPOSSIBLE

Mr. Herter. I have always felt, very strongly, that the greater the movement of trade in the world, the better for every one. That means removing the barriers to trade. This has been the policy of the Eisenshower Administration from beginning to end. When you say I testified against, I testified only against a part of the bill, which to my mind, might well vitiate the effectiveness of the bill, and that is the escape clause, which permitted the President, on the recommendation of the Tariff Commission, to increase certain tariffs on industries that he thought, or parts of industries that he thought were being injured. That is being retained in the present bill, and in my opinion, it will be almost impossible, if not impossible, to reach agreement with the Common Market countries, with an understanding that we have an escape at any time from what, in effect, would be a fixed commitment on tariffs. That, to my mind, would be unworkable in negotiations, and unworkable in practice, and very unfair to industry, because industry, itself, is going to have to make adjustments, and if they never know whether the rules of the game are going to be changed overnight, the adjustment process is difficult, and to my mind, it complicates any possibility of reaching an effective partnership with Europe.

Mr. Schoenbrun. Well, as a conservative Republican, you seem to be far more liberal than the President, himself, in this tariff question?

Mr. Herter. In this respect, yes. In this respect, I feel that if you make a bargain, we are going to have to stick by the same rules that the Common Market is going by. Once you have made a decision, it sticks.

COOPERATION WITHIN THE FREE WORLD

Mr. Schoenbrun. If Christian Herter is the Republican expert on the trade bill, then former President Eisenhower is the senior statesman of the party, indeed of the Nation, on this issue, with which he has been deeply concerned since he organized the defenses of the West a decade ago. In his study at Gettysburg, he spoke to us about the Common Market and its architect, Jean Monnet.

Mr. Eisenhower. One of the men in Europe that's done the most to bring this about, because he's never let up for a second, has been Jean Monnet. As you know, he was on one of your shows recently, and he is really the father of economic union in the "inner six." Jean Monnet's contribution to peace through this path that he's followed so tortuously and so vigorously will be recognized some day. As a matter of fact, I'd like to see them give him the Nobel Peace Prize, because he's just the kind of man that deserves it.

Mr. Schoenbrun. Mr. President, we found a certain confusion about this whole area of economic union, Atlantic union, that there'd be some kind of one government for the Atlantic world?

Mr. Eisenhower. Well, of course, we, in our present situation, must recognize the establishment of the Common Market, as a challenge to our ability to export, to have a prosperous economy both at home and a profitable trade abroad, thus making the economy of the free world stronger, and making it impossible for the communist ambition to weaken us, economically, and destroy us piecemeal. It cannot be realized. Therefore, as we examine into the questions of our relationships with the Common Market of Europe, as now established, and make our plans for it, we're not talking about a United States of the world, or the Northern Hemisphere, or of the Pacific and the Atlantic whatever. We're talking now about getting the economic coordination and agreements, and you might say, the removal of every kind of impediment to freer and better and more profitable trade. That's what we're trying to do. We must do it with the certainty that one day we must bring Western Europe, the North American Continent and Japan, very important, get those three so operating that we are the leaders, productive leaders of the free world that can supply the needs of the rest of the world in goods, manufactured goods, in reaching some industrialization of their own, and to raise their standards of living everywhere.

Mr. Schoenbrun. Sir, you've laid particular stress upon Japan as well as the European Common Market. Could you explain that?

JAPAN'S CONTRIBUTION

Mr. Eisenhower. Well, Japan is—comprises something like a hundred million people on a very small area. I believe that their arable area is about something like two-thirds that of California. Now, here's a people who must trade for existence. They must get in raw products, manufacture them well, and sell them at a profit, and that's the only way they can live. If we do not make is possible for Japan to do this in great areas in which they can make a living, there's only one place for Japan to go, and that is to be tied up to the Communist areas of Eurasia. If that happens, then all of that productive power and their genius, because they are a very energetic and very adaptable people—all of their power, economic power will swing over to the other side, and now we would be left with almost an insoluble problem, because the balance would be very badly disturbed, so we must have Japan as one of the partners in this proposition, because they cannot completely live by exports to Formosa, Philippines and the Southwest Pacific, and even into India. They have got to have world trade, just like we do.

LONG-TERM WISDOM VERSUS SHORT-TERM HODGE-PODGE

Mr. Schoenbrun. Sir, during your term of office, I imagine that you had many problems connected with this trade question?

Mr. Eisenhower. Well, the problems, as they came to me, dealt only with the tariff, and indeed, more often than not, with very small examples of need for tariff because of the size of the industry. The first one I can recall involved briar pipes, and they wanted an increased tariff, and by the way, I might give you a little sidelight on that. I was visited by a manufacturer of briar pipes, apparently one of the important ones. I've forgotten his name—and he said to me—he said: "You know, we really don't need this additional protection and for this reason." He said: "We've forgotten during the war years that we had any competition. There was none. We were the only ones that were making them, and so we lost all our ideas of salesmanship, of production, of economies, of efficiency." And he said: "Now, we just want to go along with these inefficient methods." And he said: "You were absolutely right in refusing to do it." And this was a manufacturer of briar pipes that told me. It was very heartwarming. But then there were such things as spring clothespins, which involved a very small industry up in New England, but important to those towns where the industry went on. Then there were bicycles. English bicycles were just worrying us to death over here, because they were making a very good one, a very lightweight one that our kids all loved, you know. Another was Swiss watches. Another was tung oil and tung nuts, and another was almonds in the southern California area. All of these things were small industries, but each one thought they ought to have special protection. Actually, that is from a national viewpoint, we can't afford that kind of action. We've got to find the things we do best; we must do those. We must put our emphasis on them and sell them to the world. We've got to make provision for others selling to us, or we never can sell to them.

Mr. Schoenbrun. Let me ask you this, Mr. President. In talks over the past weeks, in Washington, with many Members of Congress, and all, to find out how they feel about this, I have heard quite a number of them say, "Well"—the Republicans, that is—"President Eisenhower is still our spiritual leader, leader of the party for us, and we look to him for advice and for guidance." What advice and guidance do you give the Republican Party and your fellow citizens as they face this decision of economic partnership with Europe?

Mr. Eisenhower. Well, when we get centered on our own prosperity, our own hopes of a little better price for our bicycles, or something else, we forget to think, to remember that the other fellow has the same kind of aspiration and need, even, and possibly the need in those other areas are much greater than in ours. So I tell my Republican friends they must not listen and obey every single demand made upon them for increasing that tariff, or refusing to lower this one, and so on, because if they do, we will have just a hodge-podge, because they're not looking at this thing from the standpoint of the Nation's best interest. That is what we must do, and we don't want short-term, just selfish interest for the fast buck, as they call it. We want long-term wisdom applied to this problem. This is going to be hardship. There's going to have to be a retraining. I think the unions and the businessmen themselves must do most of it. We just have to be more intelligent and more understanding, not only of this human problem of the particular individual at home, but of the national need to buy as well as sell.

Mr. Schoenbrun. This report began in a glass factory in the Ohio Valley. It ends here at the White House, with the President of the United States.

COMMON MARKET POTENTIAL

Many people seem confused, Mr. President, when we mention the Common Market. They seem to think you want to join the Common Market. What is your objective?

Mr. Kennedy. Well, the Common Market, of course, is going to be the unity, ultimately, of the great productive countries of Europe, and this can have the most far-reaching beneficial consequences to us, because the strengthening of Europe has been a basic policy of the United States since the end of the Second World War. They form the greatest growing market, in a sense, in the world. They have very few refrigerators compared to us, very few cars, very few television sets. They're going to be a tremendous market. Now, what we have to do is to have the tools to negotiate with that market, so that our goods can get behind their tariff wall. When Franklin Roosevelt first put in the reciprocal trade, and it was passed in President Truman's administration and other times—President Eisenhower's—we dealt with a number of different countries, individually. Now, we deal with one great trading unit, which may be larger than the United States, and which is growing faster than the United States, and can be the most extraordinary source of strength to us, and what I'm concerned about is, that we might get locked out of that market, and then what will happen is, that American industrialists, instead of investing here and selling their goods in Europe, will say, "Let's build a plant in France, or Italy, or Germany," and we'll lose the capital, the gold and the jobs. Now, will we be over that and through that wall or not—that's the question. Now, this may seem like a rather academic or economic arugment, but look at agriculture. We sell to Europe about $1,900 million worth of our agricultural commodities. We only bring in $200 million. About 25 percent of all the things we grow in this country get shipped abroad. Now, if we can't get into that market, every farmer in the United States, cotton, tobacco, peanuts, wheat, grain, everything will suffer, and if we can't get into the market with our automobiles, we can't get in with machine tools and all the rest, we'll lose a tremendous market, which is very essential. Then, we will lack the dollars to pay to keep our defense commitments in Europe and around the world. What people don't realize is, that the United States has had a great balance of trade. In the last 12 years we're probably the only country in the world that has sold more than we've bought, every year except one. We can compete. We're selling to Western Europe, today, twice as much as we buy from them, so we can compete with them. Their wages are going up now fast, and we've got all these resources, and I think we can go in there and meet them as we have in the past, head on, but if we have to pay a tariff, in addition, those jobs are going to Europe.

KENNEDY CITES PROTECTIVE CLAUSES

Mr. Schoenbrun. Mr. President, what about your fellow citizen who's going to get hurt, even if it is good for the Nation? What do you say to him?

Mr. Kennedy. This legislation provides, I think, greater protection for our employment than we've ever had in the past. We continue the peril point and the escape clause. We are talking in regard to the Common Market only about those goods where we and the Common Market produce 80 percent of the world's supply, and they are goods where we are selling on the average, twice as much to Europe, as we are buying from them. In those areas, and this has happened for many years since we began, where people have been affected by imports, but for the first time in this legislation, we provide assistance to companies to modernize, as I've said. We provide retraining. We provide unemployment compensation if anyone is adversely affected. Today, the company may just go broke and the people out of work. What will come of this will be increased employment by those industries, as a matter of fact, which pay the best wages. And I think what is perhaps most important is, it is a non-partisan piece of legislation. It belongs to the Republicans as much as the Democrat. Mr. Herter, the former Secretary of State, was a leader in this present effort. General Eisenhower has fought for it, so that I believe we have a good chance.

PRESIDENTIAL POWER

Mr. Schoenbrun. Well, sir, you know that some of your critics are saying that there's an attempt to bring too much power to this desk—that you will decide just by yourself, without any check at all, on how we trade and what businesses can be kept in and put out of business. What could you answer to that?

Mr. Kennedy. Well, we have not asked for more power than we need, and to be honest with you, it is not a power, particularly, that is especially welcomed, but how else are we going to carry on a negotiation with this great market unless someone goes, and speaking for the United States, says: "Here's what we're prepared to do. What are you prepared to do?" And the fact is, that if we fail—if we don't get the legislation, or if we get the legislation in a form where we're hamstrung, we'll be shut out of this market. We're either in at the beginning, or we're never going to get in, and I think that—that's why I regard this as the most important piece of legislation before the country this year.

POLITICAL NECESSITY AS WELL AS ECONOMIC

Mr. Schoenbrun. Mr. President, when you said "Here's what I'm prepared to do. What are you prepared to do?" I assume you're talking about much more than tariffs?

Mr. Kennedy. We talk about the economic, but there's also the political. At a time when Russia and China are dividing, and the Communist world, Albania, the Soviet Union are having great difficulties, here is this tremendous rise in power of Western Europe, and Western Europe and the United States will be the greatest productive power the world's ever seen. We cannot permit ourselves to be separated from them, and have all of the effort we've made for so long, to have this powerful, free Europe, move away from us, rather than with us, and in addition, all this affects Latin America a great deal. Latin America depends on the Western European markets. If they're shut out of the Common Market because of this tariff wall; if we're not in a position to assist them in coming in too, you'll have governments going bankrupt right and left. So it involves our national security as well as our economic well-being.

EUROPE'S FAIR SHARE

Mr. Schoenbrun. Sir, is it your purpose and your hope that over and above trade and business, that the Europeans who are now prospering, largely thanks to our help, will help carry a part of the share of helping the developing nations?

Mr. Kennedy. Now, we've been carrying this load a very long time, and I don't suggest that we should lay it down, but I do suggest that there are others who have now become prosperous, whose gold balances have been built up—I'd like to see them bear the burden. This is not a private struggle. This is a struggle for the freedom of the world, and if they're not ready to bear their share, the United States can't do it alone. We're 6 percent of the world's population. You know, we have six divisions stationed in Western Europe to defend it?

Mr. Schoenbrun. Yes.

Mr. Kennedy. Western Europe's a large area. It's as large as the Soviet Union, but there hasn't been an effort made by most of the countries there in their own defense, comparable to what we've made, and yet we carry obligations in Latin America, Africa, and Asia. Now, the time is coming when the Western Europeans have to decide, are they going to join in a large way in this effort, because the United States cannot continue to carry it alone, and the United States helped build them up, and now we're asking them to join us in this effort, and not expect that this country, however rich it may be, but it is after all, only a portion of the world, that we're going to be able to go alone on it. We can't do it. They're going to have to join us, and if they don't, all will be the losers. But that's another reason why we have to remain in the closest concert with them. What I want to say in closing is, this is a matter that we should be optimistic about. Western Europe went through this whole question of its tariff arrangements as we now are, a few years ago, and the result has been that in the six countries of the Common Market, today, they are searching for people, in order to find people to work. In those six countries, there is no unemployment, as I've said. There's a steady buildup of their gold. There's a steady increase in their industrial power, and we can participate in that effort to our own well-being. We will find hundreds and thousands more jobs out of this effort than we have dreamed, and I, therefore, am most grateful for the effort which has been made by the men and women in both of our political parties to try to keep this issue in front of the country as a matter of the highest national priority.

Mr. Schoenbrun. Thank you, Mr. President.

The President speaks with the knowledge that all his living predecessors favor the goal of trade expansion, but he also knows that other forces are at work, invisible and inaudible to the public, but nonetheless active in the corridors and cloakrooms of Congress, lobbying for special amendments to protect certain farm produce, textile, and other interests. This is how the battle of the barriers is being fought, by amendment, rather than open opposition. The President and Mr. Herter have both said that the Government must not be hamstrung in negotiating trade agreements. The President has also told certain allies that he will veto his own bill if crippling amendments destroy its purpose. This is the real issue today as H.R. 9900 moves out of committee en route to the floor of the House for open debate, a debate the President has called "the most important legislation of this year."

Mr. POFF. Mr. Chairman, in many ways, this bill is better than the bill the President originally recommended. In some ways, it is better than the Reciprocal Trade Agreements Act, because it does retain a form of congressional veto over the powers granted to the President and continuing congressional oversight of the administration of the trade program.

However, I am unhappy with several provisions in the bill, and I regret that the gag rule governing debate permits no opportunity for selective and definitive amendments.

Because I want to register a protest against the gag rule and these defects in the bill, and because the rollcall on the motion to recommit is the only opportunity I will have to do so, I will vote for the motion to recommit.

Nevertheless, because it is imperative that America equip herself to meet the competitive challenge of the European Common Market and the threat of Russian economic aggression and subversion; because America must have some flexible mechanism to check the outflow of gold, correct the unfavorable balance of international payments and discourage the transfer of American factories to foreign countries; because I have become convinced during the course of this debate that, in balance, the total good in this bill outweighs the total bad, I shall vote for this bill, with the hope and reasonable expectation that when it reaches the Senate, many if not all of its defects can be remedied.

Mr. EVINS. Mr. Chairman, trade is a two-way street. In order to sell our manufactured products and the abundance of the farm products we produce in this country, we must also buy some products of other nations. We must permit—and foster—trade between our allies and friendly countries. Today our total exports exceed the Nation's imports. We must continue to sell and to export the abundance of our products.

Twenty-eight years ago a great Tennessean, the illustrious Cordell Hull, while serving as Secretary of State, authored and helped steer through Congress the Reciprocal Trade Agreements Act. This program—which was a new experiment in international relationships at this time—has been extended 11 times and has served well our country and the free world for more than two decades. This reciprocal trade program has brought tremendous growth to our international trade program and has promoted commerce as well as better understanding among nations.

As we all know the negotiating authority under the last extension of the Reciprocal Trade Act expires on June 30, 1962, and this Congress must act to extend this authority. Failure to do so would be disastrous.

This new and expanded trade program, based on Cordell Hull's ideas, is needed to meet the challenges and opportunities of a rapidly changing world economy. The United States, at one time the world's major market place, must contend in the future with the European Common Market—which is uniting for trade purposes several European countries where there will be no tariff of any kind between these countries. The European Common Market will provide a market initially estimated to be approximately the size of the United States. The population of the European Economic Community will be approximately half again as big as our own.

Today, some 30 percent of our exports—more than $4 billion in industrial goods and materials and nearly $2 billion in agricultural products—more than $6 billion annually—goes to the members and prospective members of the European Economic Community. The loss of this amount of exports for our country would indeed be disastrous.

The authorizing of a sound trade policy will permit our country to participate and to sell to those European markets, thereby benefiting our country and our people.

Mr. Chairman, this bill has two major titles.

The first title sets a 5-year authority to negotiate trade agreements and to proclaim modifications in customs duties and other important restrictions.

The second title provides assistance, either through direct adjustment aids or by instituting import restrictions to industries, firms, or groups of employees who might suffer economic dislocation as a result of tariff adjustments.

Besides these titles, specific and definite safeguards are written into the bill. My esteemed colleague, the gentleman from Tennessee [Mr. BAKER], a distinguished member of the Committee on Ways and Means, has ably explained and set forth the numerous safeguards written into the bill to protect American industry and American workers.

These include, in summary, provisions for foreign import restrictions; peril point safety provisions; most-favored-nations clauses, barring shipments to Communist countries; establishment of an interagency trade policy committee designed to protect and safeguard American industries; Tariff Commission hearings on marginal or disputed cases with provisions for Congress to adopt a resolution by simple majority vote, precluding the President from putting into effect proposed agreements with respect to specific products or specific industries—these among other safeguards are included.

H.R. 11910 which we are now considering authorizes the Tariff Commission to recommend a range within which an article or articles may be negotiated without serious economic effect on the industry producing like or directly competitive articles. Under this bill, it will be possible to determine the specific point below which tariffs should not be reduced and to effectively do something about it.

This new bill with the several safeguarding amendments and provisions adopted is a great improvement over the original bill, H.R. 9900. It will allow for a continuing expansion of trade while protecting our commerce and safeguarding American industry and American jobs.

The Tariff Commission is restored to a position of dignity and responsibility.

The new bill should contribute greatly to expanding our foreign trade and accomplishing the declared purposes of the bill.

The bill is necessary to keep our Nation growing and our economy expanding.

Under the bill, the American businessman, once the authority granted by the bill was exercised, would have a unique opportunity to compete with the rapidly expanding market abroad.

The American worker would benefit from the expansion of our exports. One out of every three workers engaged in manufacturing is employed in an establishment that exports.

The American citizen should benefit most of all from an increase in foreign trade.

Mr. Chairman, in the spirit of that great statesman, Cordell Hull, who was the real pioneer of international trade, I urge the House to pass the Trade Expansion Act of 1962.

Mr. STRATTON. Mr. Chairman, I am supporting this legislation because I believe it gives the President much-needed emergency authority to push for increased sales of American agricultural and industrial products into the new Common Market area of Western Europe. If we were to allow the higher tariffs of this Common Market to squeeze out American products from Europe, then our economy could find itself in real trouble in the years ahead.

Of course, Mr. Chairman, I have always insisted that our American foreign trade be carried on only under a solemn obligation to protect the jobs of men and women in industries adversely affected by foreign imports.

In this connection the present bill is certainly a great improvement over existing law, which has offered American workers very little real help or protection. The bill now before the House recognizes much more clearly the Government's obligation to assist these workers and the communities in which they live in a positive and constructive, not just a negative way.

I might add, Mr. Chairman, that returns from a recent questionnaire into my upstate New York district support my position on this legislation by a very overwhelming majority.

Mr. O'BRIEN of New York. Mr. Chairman, this is one of the most important problems ever thrust before the Congress. Its implications are so serious and the consequences of a wrong decision so awesome that a partisan approach is unthinkable.

I believe leaders of both parties recognize this. Every Member of the House has been asked this question: "Do you consider yourself as a special pleader for the interests of your district or as a member of a national lawmaking body?"

The answer, obviously, is both.

We all know that there are times of great crisis or urgency when a Representative must, if necessary, stand aside from pressures of varying degree in his own district and vote for the general good of the Nation.

This is one of those times.

Spokesmen for some of the most conservative groups in our country have urged you and me to vote for this bill. They recognize both the difficulties and virtues of this bold new move and they believe the good will far outweigh the bad.

No one can say that none of our people will be hurt as we move, perforce, to the international bargaining table. But, this hurt is nothing compared with the economic calamity which will strike us if we refuse our Government what it needs to bargain.

This is the simple question before us: Are we willing, by negation or indifference, to save some jobs by risking the loss of thousands of jobs and raising the threat of a deep depression?

I am unwilling to take that risk.

We cannot, in this Nation, live on our own fat without, at the same time, devouring our vitals.

We must trade or perish on the economic vine.

I shall support this bill without qualification. I do so in the firm belief that it is for the good of my country. I do it, too, with the comforting knowledge that any other course would give supreme satisfaction to our enemies in the cold war, in which a principal weapon is trade.

Mr. ROUSH. Mr. Chairman, I join with those who are willing to meet the great economic challenge of our day and generation by the passage of the Trade Extension Act of 1962.

There is no doubt in my mind but what this bill will have greater historical significance than any bill the

Congress has considered for many years. In the continuing cold war struggle against international communism, the bulwark of freedom continues to be the relative economic prosperity of the Western alliance and other free world countries. Besides being a political system, communism is an economic system and the leaders of the Communist world have threatened to "bury us" through economic warfare.

The entire Communist bloc has been steadily increasing its trade throughout the world with an eye to generating alliances and allegiances. As the leader of the free world, our country must counterattack with a trade offensive of our own and exports must be our weapon.

The Governor of Indiana, the Honorable Matthew Welsh recently emphasized this when he said, "We in America now have the economic as well as the political choice of riding the crest of the wave of history, or we can drift rudderless and be buffeted by the winds of change."

Today world trade is flourishing and America is enjoying the fruits of an aggressive trade policy. American exports are now $20 billion per year and the balance of trade is heavily in our favor. Foreign products have found their way to American markets and many have been well accepted. Imports of raw materials and necessary products foreign to our own economy total more than $9 billion. This includes materials such as rubber and manganese, tropical agriculture products, and other materials which are essential items not available in the United States. Another $5 to $6 billion in goods—about 1 percent of our gross national product—enters the market in the form of finished merchandise offering varying degrees of competition with domestic production.

The net balance of trade is about $5 billion in our favor. This very favorable balance, or profit of international sales to purchases, is vital to our national security. Were it not for this large, profitable trade, American international gold difficulties would be desperate and the result would be a blow to our monetary system and national security.

There can be no question that the history of our international trade policies over past decades has been one of outstanding success. This being the case, why should we change? The problem is simply that the world in which we trade is changing, and the policies which were adequate for yesterday will not work in tomorrow's world market.

The most dramatic example of the change is the emergence of the European Economic Community—the Common Market. Six of our most valued trading customers, desperately crippled after World War II, overcame the centuries-old hatreds of the European nations to form a trading community patterned after the United States. The states of Europe will become as one, reducing internal tariffs to zero. For the first time goods and people will cross the international boundaries of Europe with the same freedom we experience in traveling from Indiana to Ohio.

Other nations are seeking entry into the market. Presumably, within a 5- to 10-year period, all of the states of Europe will have joined. We are determined to meet this challenge. For us to fail or for us to adopt a "wait and see" attitude would not be in keeping with our tradition of leadership in the economic world. A failure on our part to recognize the need of a new trade policy to meet the challenge which the changing world presents will not only deprive us of the opportunity to expand our export trade but might very well jeopardize the favorable balance of trade we now enjoy.

This is of real concern to the people of Indiana. We export our share of the total U.S. exports. We share the needs of the Nation for new markets. Our farmers could produce more if markets were developed. Our manufacturers are not operating at full capacity and could produce more if markets were available. As a representative of about 460,000 Indiana citizens, I feel that my constituents are demanding that we find these new markets, that we provide jobs for our unemployed, that we take advantage of every opportunity to expand our industrial and agricultural output.

In this legislation, I see the opportunity to do these things. Those of my colleagues who are resisting this move are closing their eyes to opportunity and are satisfied with the status quo. This complacent attitude is not only depriving Indiana business and agriculture of its chance to expand and grow, but is endangering the present prosperity that exists in our State.

The Department of Commerce has made a study of the State of Indiana and has determined the extent of our exports and we find that foreign trade has a direct impact on every community of Indiana, its economy, its industries, its workers, its farmers—the life and livelihood of all of its people.

Exports of manufactured goods from Indiana amounted to $483.6 million in 1960. The Fifth District alone exported manufactured goods valued at $32.1 million during 1960. Three hundred and twelve Indiana establishments exported goods valued at $25,000 or more in that year. Forty-seven of these were from my district; 310,259 Indiana workers were employed in these establishments and of this number 50,281 were from the Fifth District.

Indiana is, of course, an agricultural State. Our farmers could produce more and, if through this legislation new markets could be developed, what a boost this would be to the economy of our State. The export trade which this bill would protect is of grave importance. The Department of Commerce has also given us figures and facts which emphasize the importance of exports to our agricultural community in Indiana.

The United States exported a total of $4.9 billion in agricultural products in the 1960 to 1961 crop year. Indiana's share of this was $149.3 million. The Fifth District farmers have a direct stake in exports of some of these agricultural commodities. My district's equivalent share in the 1960 to 1961 national agricultural export total was $15.5 million for field crops, $2.7 million for livestock and livestock products, $292,000 for vegetables and $64,000 for fruit and nuts. Our leading export commodities among the Fifth District's field crops were soybeans, wheat, and corn. As a whole, the equivalent share of agricultural exports from Indiana's Fifth District is over two times as large as the equivalent share of competing exports.

Mr. Chairman, I again refer to a statement by Matthew Welsh, Governor of Indiana. He said:

> We stand on the threshold of a new trading world, one with which the prosperity and growth of Indiana and the Nation are intimately connected. We can choose to step confidently over this threshold as the economic leader of the world. Or we can hold back fearful that we cannot measure up to tomorrow and its problems.
>
> We in Indiana know our business. Hoosiers are among the world's best farmers, most skilled industrial workers, and masters of production and marketing. We are tight-fisted bargainers and traders and we know our way through the financial markets of the world. We know we can do better than hold our own.
>
> President Kennedy has pointed the way for America to compete successfully in this new trading world we face, a way we can compete equitably and fairly, without our path blocked by artificial barriers raised against us. Personally, and as Governor of Indiana, I strongly and enthusiastically endorse the President's program for expanding world trade.

Mr. Chairman, and colleagues, I consider the Trade Agreements Act now being considered a very important piece of legislation. It is vital to my district and my State. It is important and necessary to the continued prosperity of our Nation and to the continued economic death struggle with communism.

Mr. **MOOREHEAD** of Ohio. Mr. Chairman, we have before us legislation which all of us agree, regardless of our views on its merits, is the most far-reaching that Congress has considered for many years. Even so, we find ourselves debating the bill in the straitjacket of a closed rule. We are a legislative body which will not, in fact, legislate other than to vote "yes" or "no" when the time for debate has run its course. The decision is a fateful one—too fateful, in my opinion, to confine our consideration of a measure of this magnitude under a closed rule.

I represent here an area which has suffered the consequences of the past trade policies this Nation has followed. In my opinion, these policies have proved unwise and costly in both economic and human terms. I question now if we are not providing the means to extend the same problem southeastern Ohio has known so long, to the rest of the country.

Lately, the President and many of his advisers have lectured the American people that they must admit that they are economically illiterate and, by inference, incompetent to decide where their interest lies. We have been told that many of the concepts that seem basic to us are myths and cliches which ignore the facts of life. I regret that, I believe, the same charges are valid against the terms of this bill.

I have sought for the justification of the claims made in behalf of this legislation. But I cannot find the basis for the rosy confidence of the proponents of it. The efforts to propagandize the American people have been fantastic. For months, the drums have been beating in preparation for our debate today. Regardless of the outcome, the propaganda has surely obscured the issue and has distorted the serious questions that affect this Nation's industries, its workers, and our relations with the free world.

We are told that a "selfish protectionist" attitude on the part of the United States will be our undoing. We are told that we must "trade or fade" and that the best assurance for trade lies in placing in the hands of the President, immense power to decide what products from what countries should be given competitive advantage in our domestic markets and, in negotiations with other nations, what American products can hope to find markets abroad. Congress would abdicate its constitutional responsibility and give the President a license to reshape our economy under circumstances that are being made to seem benign even though they do smack of totalitarianism. This is the same retread formula we have been hearing since this administration took office. If we ask what we can do for our country, the answer is monotonously the same—arm the President with greater and greater power, trust his judgment, and all will be well. I do not subscribe to this thinking and I would resist it regardless of which political party espoused it. This is a principle that must not be brushed aside with a shrug of the shoulders on this or any other legislation.

We are told that if the President is afforded the power he would be granted in this bill, he could use it to insure flourishing trade with the nations of the Common Market in Europe. This kind of reasoning is baffling. The Common Market is an essentially protectionist device to protect the internal markets of Western Europe from outside invasion. Since we have already cut tariffs on the average of 80 percent, our negotiating position seems small indeed across the board. A tariff wall is being erected around the Common Market and the price of admission is high, as Britain is learning at this moment. If she, in effect, imposes tariffs against her former colonies—now nations of the British Commonwealth—she can become a member of the Common Market. It is reported that there is no intention that the United States join the Common Market. If we accept that, a very large question remains. What is the price for the kind of coming and going through the gate in the wall that our policymakers have in mind? Apparently, it is the orderly destruction of industries and jobs in this country.

For the first time, the fiction that our trade negotiations will not be permitted to destroy domestic industries is dropped in this bill. Frankly, I am glad that the pretense is being dispensed with. It must have been hard to throw out the soothing sirup when this legislation was being written. American industries have been destroyed steadily for years by our tariff negotiators. A double standard of economic morality has been observed in the White House. There has been little regard for the findings of the Tariff Commission that injury was being done to a particular industry as a result of import competition. The proof of injury has been unimportant if the industry affected was relatively small. The law does not provide discrimination of this kind, but it has been practiced by the White House and it has been widely sanctioned. There has been too much resignation toward this kind of treatment and we need to face up to what is being done instead of plunging on along this road.

Let us look at one specific instance of the exercise of Presidential power in the case of ceramic mosaic tile. I mention this because it is relevant to the consideration of this legislation. For years, the ceramic mosaic tile industry in this country has been struggling to obtain recognition of the import competition problem it is facing. It finally carried its case to the Tariff Commission.

The Commission's investigation began on November 10, 1960, and it was completed in May 1961. Volumes of evidence were obtained and considered carefully by the Commission. It concluded that ceramic mosaic tile is "being imported into the United States in such increased quantities as to cause serious injury to the domestic industry * * *." In order to remedy this serious injury, the Commission found it is necessary that tariffs be increased to the levels of the early 1930's. The Commission's findings of fact and the recommended corrective action were unanimous. The case for the industry was regarded as one of the most compelling recommendations to be issued by the Commission in many years.

The recommendations were sent to the President. The White House requested additional information. Many months ensued. Several months ago, the President rejected the Commission's recommendations for reasons that are ambiguous and wholly unsatisfactory. He stated that the "significant increases in imports did not occur until many years after the duty concessions were granted." This so-called reason seems to me to be wholly beside the point. Our tariff reductions have, in effect, encouraged the expansion of foreign production to capture a greater and greater share of the American market. This is a demonstrable fact and the only consideration that is relevant as I read the present law.

The second reason cited by the President was that "domestic production has not declined appreciably." The Tariff Commission's report found that the production in 1960 was "about the same as in 1955 and 1957" although the production capacity of our plants has increased. It also found that the "ratio of imports to domestic production rose rapidly from 7 percent in 1954 to 62 percent in 1959, and to 80 percent in 1960." The Commission showed that between 1955 and 1960 imports of tile increased 455 percent.

Over the same period—

The Commission stated—

> the quantities both produced and sold by domestic producers declined.

The President then decided that the level of employment in the mosaic ceramic tile industry has remained relatively constant. Still, the Commission's report found that the total man-hours of production and related workers engaged in the manufacture of ceramic mosaic tile at U.S. plants were lower in 1960 than in any of the 5 preceding years. This was occurring at the same time that tile consumption in the United States almost doubled.

The last reason cited by the President was that Japan "has recently established voluntary quotas on exports" on ceramic tile. As I understand this so-called "voluntary" agreement, Japanese industry agrees to increase its export of tile to the United States only slightly. No real reduction of shipments is contemplated. At best, the agreement is a moratorium on the increasing of tile exports to this country.

The decision was an incredible blow to the ceramic mosaic tile industry and the families and communities that depend upon it. In case any illustration is needed, it demonstrates again that the President possesses immense powers now which enable him to reject even the strongest evidence. Certainly, his decision in this case could not have been based upon any regard for the facts as determined by the Tariff Commission. How he developed his own body of evidence is a mystery. His lieutenants have not, so far as is known, made an independent investigation. Nor was the President, in my opinion, guided by the intent of the Congress when it established the escape-clause provision in the present law. We can only conclude that a calculated decision was made in the White House that the U.S. ceramic mosaic tile industry should be sacrificed.

It is said that the purpose of this trade bill is to encourage exports. I doubt that it will encourage as much as it promises. Nevertheless, what encouragement it gives is at the expense of our import-vulnerable industries. This is a final break with a policy to equalize the impact of trade between various segments of our economy without discrimination for one in favor of the other. The idea apparently is that exports will increase faster than imports. This premise is pure blue sky.

We have consistently failed to require other countries to meet past tariff reductions of the United States by comparable reductions in their own tariffs and restrictions. The President tells us that there is very little to offer in tariff negotiations. Unfortunately, that is all too true. Much of our bargaining position has been conceded already and I fail to see how the present legislation will do anything other than compound this problem.

Last March, additional negotiations in Geneva resulted in another round of lower tariffs. They will become effective in July. What effect they will have upon our economy is still to be demonstrated. The outflow of our gold reserve continues and the downward plunge of the stock market may seriously aggravate this flow if confidence abroad in the dollar is affected. Our monetary policies at home are also deeply involved in this entire question, with deficit financing weakening our economic structure.

It is my hope that this Congress will face its responsibilities and defeat this legislation. It can then seek to work in partnership with the White House to create a realistic and effective trade policy which places the tariff question in perspective with the economic problems at home and abroad that must be considered together if we are to deal with the issue meaningfully.

Mr. FASCELL. Mr. Chairman, for the first time in the history of our Western civilization, the major nations of Europe are undertaking a bold, daring program of economic cooperation. This program is designed to add energy, stability, strength and vigor to the economies of the nations involved, as individuals and as a group. The European Economic Community, or the European Common Market, is vital to our national security since it represents a powerful force in our economic offensive against the threat posed by the forces of international communism. It is obvious, from his recent threats and speeches, that Mr. Khrushchev views the formation of the Common Market with alarm, as he well should, for, combined with the vast productivity and selling power of the United States, this European economic alliance will help us to "bury" the false economic theories of the Communist philosophy by demonstrating their failure in any competition with the basic principles of free enterprise.

However, although the Common Market is and will be of great benefit to us, we must today prepare ourselves for the impact this alliance will have on our own economy. Unless we quickly take some positive form of action, vast markets for our goods within these European countries will be lost to us, or at the very least they will be restricted. We must protect those markets which our American manufacturers and producers now have; and we must also look to the preparation for future extensions of these markets as the European Common Market countries increase in their internal prosperity and therefore in their ability to purchase even more of our products than they do at the present time. We must also be prepared to work with this alliance in trade relationships with other nations, in an effort to stimulate other economies and thus create other markets.

To implement this program, a trade bill which allows our executive branch flexibility, within reasonable limits, to negotiate with our allies is necessary—and it is necessary now. For this reason, I cannot vote for recommittal of this bill, with instructions to amend it so that it merely extends the present law for 1 year, and a brief synopsis of the present law will demonstrate why. The last amendment to the present law, in 1958, provided a 4-year extension of this law with authority given to the President to reduce existing tariffs by 20 percent, with the advice of the Tariff Commission, of course. This 20 percent has been substantially used up. So to extend the present law for 1 year, would be to extend nothing. It would be, in fact, tantamount to not passing a trade bill at all.

That would mean that a full year would elapse before we could take any part in the vigorous economic campaign being waged on our European front in the cold war. That would mean that the Communists would have a year to regroup their economic forces for utilization in their imperialistic efforts.

At this time, we have a tremendous, definite economic advantage over the Soviet Union and its satellite nations. We must not lose this advantage through inaction and delay.

While I am not particularly in favor of the adjustment assistance for the firms and workers which has been incorporated into this measure, I cannot subscribe to such dilatory tactics as are embodied in a recommittal motion merely to express my dissatisfaction with this assistance in view of the urgency of taking positive action. I believe, along with many of my distinguished colleagues, that the matter of unemployment can better be handled under existing law—such as the Manpower Development and Training Act of 1962—without making a special group out of these unemployed. There have been many pertinent questions raised concerning these provisions. For instance, the legal dispute over alleged conflict with State law and the philosophical dispute over the much different treatment accorded other unemployed workers.

However, not having an opportunity to vote on this particular issue, I believe and hope that these differences can be resolved either in the other body or in conference. And since the principal purpose of the measure before us today is that of giving our Nation a necessary tool and weapon with which to cooperate with the European Economic Community in our offensive against the forces of international communism, and in so doing protect the markets of our American producers and establish a basis for future expansion of these markets, Mr. Chairman, I rise in support of this measure—H.R. 11970.

Mr. KEARNS. Mr. Chairman, as the ranking member of the Subcommittee on the Impact of Imports and Exports on Employment, which explored the whole international trade situation, I can see no gain for our country in accepting the President's recommendations as contained in the Trade Expansion Act of 1962.

Personally, I am fearful that it would cost us many industries and, goodness knows, many thousands of paydays. For these reasons, I shall vote for recommittal of this legislation and, if that fails, against passage.

Mr. COHELAN. Mr. Chairman, I rise in support of this farsighted, constructive, and urgently needed advance in the trade policies of our country.

It would be a grave mistake, I believe, for any of us to think that nothing would be lost by delaying for a year or more the enactment of this proposal, or that a mere continuation of the present Trade Agreements Act would be sufficient. It would be a grave mistake, I believe for at least two compelling reasons.

First, authority under the expiring act is virtually exhausted. This authority was limited in the first place, and in the recently concluded Geneva negotiations it was necessary to extend several peril points in order to take advantage of the 20-percent reduction in tariffs offered on certain industrial products. In short, the authority which would remain if the expiring act were simply extended would be inadequate even to begin to achieve the essential purposes for which this bill is designed, and for which it is needed.

Second, the trade problems and opportunities confronting us today will not wait. The European Economic Community is already proceeding with great speed to complete its goal of full economic union, and on July 1, duties on industrial goods traded within the Community will have been reduced by as much as 50 percent. In addition, important negotiations are underway regarding the accession of other countries to this Common Market.

In brief, Mr. Chairman, we are confronted with the prospects of a new European community; a community which would contain over 300 million people living and working in a free trade area larger than the internal market of the United States. It will be a free trade area, moreover, made up of some of the most advanced countries in the world, and a free trade area which will present a common tariff wall to all other nations—ourselves included—who surround it.

I do not need to dwell upon the implications of such a development if we in the United States were not to make immediate and substantial changes in our own trade and tariff policies—changes such as are provided for in this bill. I believe we only need ask ourselves the question of whether we are willing to join in one great trading community of free nations, or whether we are prepared to go our own separate ways, fragmenting the non-Communist world.

The European Economic Community is dynamic, and if we appear reluctant to keep up with its active evolution, it could well pass us by. Fundamental decisions are now being made—decisions concerning the future economic policy of the Community—and these decisions will set patterns for the future which will not be easily reversed. If action on this bill were to be withheld, or if the present act were to be extended in its present form, American industry would be compelled to find other means to circumvent the barrier of the common external tariff, and such action would undoubtedly involve the transfer to Europe of plant and equipment which would otherwise be developed here at home. A loss in domestic employment opportunities could be expected, American farmers would risk losing market opportunities, and our balance of payments would be further threatened.

Failure to act promptly on this "bold new instrument" would adversely affect our interests in the free world outside of the Common Market as well, for delay would only cause serious doubts regarding the future course of U.S. trade policy. At no time in our history, may I add, has it been more important for us to make unmistakably clear our intentions to continue our longstanding leadership in working for the expansion of international commerce on a mutually advantageous basis. Our continued leadership demands, in fact, that we show through example that we are prepared to move ahead boldly and consistently.

The future of the vast underdeveloped and contested areas of the world are also at stake. We must give assurances—and such assurances are included in this bill—that we recognize and are willing to respond to the needs of these countries for increased export opportunities in the markets of the world's more advanced nations. If our actions do not support such assurances, we can be certain that the Communist bloc will not hesitate to extend trade offers; offers whose attractiveness will certainly not work to the best interests of this country, or of the free world.

Mr. Chairman, many of the opponents of this bill have stated that we cannot compete with foreign imports; that we have priced ourselves out of the world's markets. A look at the record, however, reveals that these charges are simply not true—that they are no more than myths.

If we consider our ability to compete abroad we see that the United States annually exports substantially more than it imports. In 1960, we enjoyed a favorable balance of trade with every industrialized nation of the free world, and the factors which made this possible—greater investment capital, greater technical and managerial skill, and greater output per man-hour—will enable us to stay ahead with an expanded trade program.

Exports, and the jobs of more than 4 million American workers who depend on them, moreover, are not limited to a single State. Studies based on the most recent census survey indicate that they affect the economic well-being of workers and businesses in almost every community. In California, for example, more than $1,300 million worth of manufactured goods were exported in 1960, and more than 385,000 workers were directly employed in these operations.

There can be no question that some workers and some businesses—although they would be relatively few in number—would suffer damage from increased foreign import competition, and for this reason I support the important adjustment assistance provisions of this bill. Such provisions are justified by the "giant step" we are preparing to take. Such provisions are justified for the strength they would add to our society by helping firms and workers to increase their efficiency, either in their present lines, or by getting into new ones. Such provisions are justified, in brief, for they would bring these firms and these workers even more fully into the mainstream of productive American life; they would promote their individual well-being; and they would enhance our country's economic growth.

Mr. Chairman, in his State of the Union message, President Kennedy pointed out that the United States did not rise to greatness by waiting for others to lead. The President stated:

> This Nation is the world's foremost manufacturer, farmer, banker, consumer, and exporter. The Common Market is moving ahead at an economic growth rate twice ours. The Communist offensive is underway. The opportunity is ours—the initiative is up to us—and I believe that 1962 is the time.

To this I would only add that we dare not turn our backs on the logic of our own economic opposition; a position which for the last 30 years has led the world toward freer trade. To do so would set off a chain reaction of retaliation and counterretaliation that would do irreparable harm to our economy and the economy of the whole free world. We would diminish our role of leadership in the cause of freedom, and we would deny the very strength and vitality of the economic system for which we stand.

Mr. Chairman, I believe the time to act is ripe; I believe that the tools are available in this bill; and I urge that we approve it without delay.

Mr. WATTS. Mr. Chairman, I would like to review agriculture's role in our export economy. Its critical importance was stressed in the Ways and Means Committee report on H.R. 11970, which noted that, "it would be unfortunate, in the view of your committee, if our tremendous natural advantages as a food exporter were sacrified because the United States was not equipped to bargain effective trade agreements." In line with this, I would like to call attention to section 212 of the legislation, which authorizes the President to reduce by more than 50 percent, tariffs on articles referred to in agricultural handbook No. 143, U.S. Department of Agriculture, whenever he determines that such an agreement will tend to assure the maintenance or expansion of U.S. exports of like articles.

Our commodity exports set value and volume records in fiscal 1960–61. A total of $4.9 billion worth of food and fiber was exported, or 24 percent of our total exports of $20.4 billion. Of this total, approximately 69 percent was sold for dollars, while the remainder moved either through commercial channels under specific Government programs, or was donated through private relief agencies.

These exports accounted for 61 million acres of harvested cropland, or 1 of every 6 cultivated acres. Half our cotton, wheat, rice and dried peas was shipped abroad—two-fifths of our soybeans and tallow and about a third of our tobacco, hops, flaxseed and nonfat dry milk was exported. Shipments of wheat, soybeans, hide and skins, poultry, meat and variety meats reached record highs during this period and cotton exports were the second highest in over 25 years. Feed grains and rice were also shipped at near record levels.

The Ways and Means Committee noted, with respect to agriculture, that "with greater access to foreign markets, and the countries of the EEC in particular, U.S. agricultural exports can be expected to grow. During the past 5 years our sales of farm products to the present EEC countries have increased 29 percent," and one-third of our total agriculture dollar exports—or approximately $1.1 billion worth—was shipped into the Common Market.

The Trade Expansion Act is an essential bargaining tool if we are to be able to continuously negotiate throughout the world for bigger as well as new markets for the remarkable output of our agricultural community.

U.S. AGRICULTURAL EXPORTS TO THE COMMON MARKET

The Common Market is our largest market for agricultural exports. In 1961 our exports of farm products to the six countries of the Common Market were $1.2 billion, about one-quarter of all U.S. agricultural exports to the world and one-third of all our exports to the Common Market. The role of the European Economic Community as a market for our farm products will become even more crucial after the United Kingdom joins the EEC.

The European farm picture is undergoing sharp changes. Many of these are not related to the formation of the EEC. European agriculture is only now experiencing the technological revolution and productivity increases which started earlier in the United States. Incomes are rising in Western Europe and consumption patterns are being altered. Europeans are eating more grains in the form of meat and relatively less in the form of bread.

Under the common agricultural policy, the six-member countries of the Common Market are trying to rationalize into a single system—covering price, marketing, and income support—the separate and disparate systems which now exist.

In the tariff negotiations completed in March 1962, the United States obtained concessions covering about 70 percent of our agricultural exports to the EEC. These were on such products as raw cotton—our most important export in value terms—soybeans, tallow, lard, certain fruits and juices, and others.

For many key agricultural commodities, the transformation from six systems to a single agricultural system in the EEC is to be accompanied by a system of variable import levies. These will cover such key U.S. exports as wheat, feed grains, poultry, and rice. For these products, the United States must still negotiate with the EEC to define the precise terms of the U.S. access to the EEC market.

The variable levy system is still untried, and its ultimate effect uncertain. If accompanied by a high price structure for EEC producers, this would further stimulate European agricultural output and the new system could have detrimental effects on U.S. exports of these commodities.

The Trade Expansion Act would give U.S. negotiators an effective kit of bargaining tools to obtain the best possible package of agricultural and nonagricultural concessions possible, including those on variable levy items. In 1961, our agricultural exports to the EEC exceeded our agricultural imports from the EEC by 6 to 1. It is clear from this trade pattern that there could be no

U.S.-EEC bargain which swapped only agricultural concessions.

I am convinced that the Trade Expansion Act can provide the necessary tools for the United States to make the best possible adjustment to the changing world agricultural scene. It can enable U.S. farm producers to benefit in the form of increased exports from increasing consumer incomes in the Common Market.

Mr. ICHORD of Missouri. Mr. Chairman, I rise with reluctance in opposition to H.R. 11970. I say "with reluctance" because basically I am a proponent of free trade. But free trade, Mr. Chairman, connotes free competition and free competition does not exist in world trade today. It ceased to exist when we decided at the conclusion of World War II to embark on our ill-conceived, ridiculously huge foreign-aid program that has cost the American taxpayer $106 billion and which from all indications is just the beginning, and I ask again, Mr. Chairman, can we adhere to a policy of free trade when we direct our American businessman to pay a higher wage than his foreign competitor, when we levy high excise and income taxes upon our businessmen, when we exact tribute from our taxpayers to pay the cost of this "foreign-aid giveaway," when we directly or indirectly build for our friends abroad industrial plants even more modern than our own. Can we seriously think we can pursue these inane policies, Mr. Chairman, and at the same time expect to stay in competition with our foreign friends?

I cannot vote for this bill, Mr. Chairman, notwithstanding the fact that the committee has made considerable improvement. I seriously question the wisdom of delegating the power of Congress to regulate foreign commerce to the office of President of the United States. Although I have great faith in the administrative ability of President Kennedy, each of us realize that the office of President is the most burdensome office in the world. We know that no President can possibly give these matters and the many other equally important duties his personal attention. The decisions will naturally fall on certain civil servants within the Department of State. This matter, Mr. Chairman, deals with a serious international problem but it also deals with a serious domestic problem and although I do not question the sincerity of purpose of our civil servants in the State Department I do question the wisdom of permitting them to in effect make these decisions. Let us remember, Mr. Chairman, that one of the measures of value of the performance of the duties of an office of the Department of State is the economic status of our foreign friends. Under these circumstances, Mr. Chairman, it is very easy to lose sight of the interest of the United States which should always be kept foremost in mind. And I ask, Mr. Chairman, why could not these duties have been delegated to the Tariff Commission, an arm of Congress?

These escape clause provisions impress me very little. Let me remind the members that not once, not twice, but three times did the tariff commission find the lead industry was being irreparably damaged and not once but twice did President Eisenhower refuse to act and when he did act, he acted too late and then not as recommended by the commission. The result today is that lead has dropped from 17 cents a pound to 9½ cents a pound, thousands of lead workers are unemployed, the industry is ruined and not only by the inaction of U.S. Government but as a result of acts of commission.

Others in this body may surrender to the "drugged effects" of these tranquilizing provisions that have been added to this bill, Mr. Chairman, but I shall never do so. I predict, Mr. Chairman, if this bill passes as it apparently is going to do, the Members of Congress will, in the not too distant future, rue the day this action was taken.

Mr. HOLIFIELD. Mr. Chairman, we face new economic problems, which demand a reevaluation of our trade and tariff policies. The development of the Common Market in Europe threatens our export trade and the challenge it poses threatens our leadership.

Because of our great economic and military strength, the United States has become the leader of the free world.

Since the end of World War II, under a bipartisan national policy decision, we have expended many billions of tax dollars to help rebuild the economic, political, and military strength of allied, neutral, and former enemy nations. These nations have survived and remained free. They have done more. Great Britain, West Germany, France, Japan, and smaller nations have expanded their industrial production far beyond pre-World War II levels. The European part of this great industrial productive capacity is now being melded into a trade and tariff alliance of tremendous potential economic power.

Initially the Common Market consisted of the so-called Inner Six nations on the European Continent. Then in a belated move for self-protection, Great Britain organized the Outer Seven. Now as you know, there are negotiations for melding the Inner Six and the Outer Seven into a greater Common Market grouping of nations. If this occurs during the next few years there will be a close trade and tariff arrangement among nations containing some 300 million producers and consumers.

This Common Market trade alliance will increase the economic strength of the participating countries individually and as a whole. The growing economic power of the Inner Six is shown by the rapid strides in output. Over the last year this area increased its gross national product by 6½ percent. Since 1950, its annual growth rate has averaged more than 5 percent compared with our bare 3 percent. In the industrial sector of production its annual rate of increase for the past 10 years has averaged 8 percent, compared with our slightly more than 3 percent.

This is a powerful economic challenge to the United States—make no mistake about it.

The prospects for the Common Market complex then are these:

First. Through reducing or eliminating internal tariffs, it will accelerate the interchange of merchandise and labor resources. Therefore, it will become more self-sufficient and less dependent upon imports from the United States.

Second. Unified and growing economic strength and industrial capacity will generate greater quantities of goods for export throughout the world.

On the first point, bear in mind that the 13 nations of the European Economic Community were customers last year for $5½ billion worth of American goods. This is an important segment of our total exports of $20.4 billion. It would be very damaging if we should find ourselves excluded by high tariff walls from this market.

On the second point, we must consider the impact of the Common Market on our export trade to other areas, which amounts to $15 billion, or three-fourths of our yearly total of exports. The Common Market nations will be strong competitors in exports because of their growing production capacity, and they will in turn offer the powerful inducement of potential markets among their 300 million people for goods of the other trading nations.

This is a problem which I believe is second only to that of avoiding a nuclear world war.

I could speak to you with great feeling and a wide background of information on the Soviet military challenge. As chairman of the House-Senate Joint Committee on Atomic Energy, my responsibilities are heavy in the field of atomic energy development. The nuclear weapons we need for deterring war range from small tactical weapons to megaton bombs carried by our great SAC bombers, many of which are on constant airborne patrol. Our nuclear submarines armed with Polaris missiles are gliding silently and continuously under the surface of the great oceans, and our great intercontinental ballistic missiles stand guard for freedom.

But these are programs in being. These fantastic weapons and weapon systems are in professional, scientific, and military hands. They are under the direction of the President of the United States as Commander in Chief of our Armed Forces. There is little that we can do individually in this area of national survival—except to pay taxes.

But, if we turn our attention to the economic destiny of the United States—to those areas of business development and Federal legislation having to do with our stability as a nation—then there is something important and constructive which we can do.

If our Nation is to remain strong militarily, we must take every step necessary to maintain the strength of our economic system. We speak of the American way of life and we speak of competitive free enterprise. Are we mouthing generalities which are familiar enough to sound pleasant, but fuzzy enough to hide the crucial challenges of our times?

Our American way of life is changing. We have moved rapidly from farm to city: 74 percent of our people live in urban areas—10 million farmers produce more food and fiber than 60 million produced five decades ago. Our great industrial plants—steel, textiles, rubber, automobile—operate on a part-time basis. The workweek dwindled from 60 hours or more, when I was a young man, to 40 and even 25 for some. Our labor force grows at the rate of 1½ million per year.

We are employing more people but the percentage of permanently unemployed has risen to between 5 and 7 million. Automation takes its toll in industry after industry, and pools of technologically displaced workers grow in stagnant areas of our Nation. I know all the stock answers—but I also know the inadequacy of most of them and so do the unemployed, the displaced miners, automobile workers, railroad men and others.

Yes, we have problems which are not being solved. They invoke basic factors of change in our American way of life.

Our agricultural production outruns the domestic ability to consume. We use all kinds of controls and subsidies to keep it from collapsing, not under the blessing, but under the curse of abundance.

Our industrial plants running only part time, produce more steel, autos, refrigerators and soft goods including men's clothing than our domestic market can buy. If you look beneath the surface of general prosperity, you see these cracks in the foundation of our economy.

What can we do to keep those cracks in the economy from spreading? The basic need is a wider distribution and greater consumption of goods. If this can be accomplished our factories can operate more hours. They can utilize more employees which will help to reduce our stagnant reservoir of unemployed and add domestic consuming power.

But how do we get this wider distribution if our domestic market is saturated with goods?

It seems to me we must look to new markets for our goods from factories and fields. This means increased exports.

If the European Common Market threatens our present export market, as I believe it does, then we must meet that challenge promptly.

The President, backed by expert economic advisers from the financial and business world, has asked Congress for more flexible tariff adjustment powers—powers that will allow him to bargain with the Common Market tariff controllers so that we can continue to participate in that great 300 million population market. It will take congressional action to delegate to him this broad general power.

But far more is needed than our continued access to the European Common Market consumers.

We need to develop new markets in the underdeveloped areas of the world. Here lies the great challenge and the great opportunity for our part-time production capacity.

If we are to really turn our production capacity loose, if we are really going to utilize our skilled manpower and train our unskilled workers for the production job for which we are capable, then we must become masters of the machine and not the victims of technology.

So, I say to you today, the United States must meet the challenge of greater distribution. It must fight a more efficient competition in existing world markets to maintain our existing exports.

It must vigorously, courageously, and intelligently move into the great underdeveloped markets of the world where millions, yes hundreds of millions, yearn for the goods we know how to produce.

We must take the place as the leading international trading nation which Great Britain occupied for so many centuries. She can no longer play the part. She has handed the baton to us.

We will either ignobly fail this task or we will carry the baton to victory.

We can falter in our obligation to meet today's challenges to the American way of life as we have known it, and if we do fail, we will slip into the oblivion which is reserved for all nations or civilizations which grow old and tired and fail to cope with new problems in a new and dangerous age.

I do not believe we will fail. I believe that we have the intelligence to solve the problem of distribution—greater distribution to domestic and foreign consumers through utilizing unused or partly used manpower and machine power. Our Nation of free people has in a period of some 300 years built the greatest production capacity ever known in the history of the world. Starting with a wilderness to conquer and faith in freedom and the democratic way, we have eliminated the scarcity of food, shelter and goods which has plagued mankind for thousands of years—yes, which still plagues more than two-thirds of the human race.

It would be unthinkable for us to allow this magnificent system of production to choke on its own abundance, while two-thirds of the world starve for food and cry for goods. It would be a tragic ending indeed for the American dream, if we were to falter in the face of the Communist threat, be it military or economic.

We are facing up to the military threat, but do you know that since 1955 the Soviets have completed 206 trade agreements with non-Communist nations? Did you know that from 1954 to 1960 the export trade volume of the Soviet Union jumped from $860 million to $2,700 million—more than triple in a 6-year period?

This is our challenge. It is a challenge which we can and will meet. It is a goal worth winning if we are to have a world of liberty and freedom for ourselves and our children.

Let us look more closely now at the foreign trade situation and the problems posed by the Common Market.

Last year we exported a record $20.4 billion worth of merchandise, while our imports amounted to only $14.7 billion—a surplus of over $5 billion in our favor. Of these $14.7 billion worth of imports, more than three-fifths, or $9 billion, were goods which are not produced at all in this country or are not produced in sufficient quantities to create serious competition for our manufacturers. Only $6 billion of our imports can be said really to compete with American products.

Thus for every dollar of competitive imports, there are more than $3 of American exports. The jobs and profits that may be curtailed by the dollar's worth of competitive imports are far outweighed by the jobs and profits that are created by the $3 of export production, and the entire $14.7 billion of imports lead to jobs and income for Americans in the service industries which transport and distribute these products, including retailers such as ourselves.

The American productive economy has not yet begun to tap the potential of foreign markets and their great sales opportunities. Under trade policies that encourage increased exchange of goods among nations, we can augment the prosperity both of our own citizens and of the whole free world. But should free world trade policies impose and maintain barriers to international commerce, our own economy would have lost a major opportunity for more rapid growth, and in some sectors would also run the risk of stagnation.

In order to remove gradually these barriers to an expansion of worldwide trade, the Government must be authorized to bargain with other nations to erase, mutually, the restrictions that bind trade and prosperity. This is why President Kennedy has requested from Congress authorization to reduce tariffs by as much as 50 percent, and to eliminate entirely, in careful stages, tariffs on those articles of which the United States and the European Common Market combined are the dominant world suppliers.

The need for this legislation now is urgent. The resiliency of our business system is challenged today from several quarters, both friendly and hostile. Among our friends, the development of the European Common Market confronts us with both a test and an opportunity. It is an exacting test of our ability to compete in a free trade area almost as large, in population, as that of our own 50 States. It is an unparalleled opportunity for the attainment of greater American production records and new heights in our standards of living.

Now, let us look at the facts. The Common Market at present includes Belgium, France, Germany, Italy, the Netherlands, and Luxembourg, and it will soon add Greece as an associate member. This adds up to a total of roughly 170 million people.

Within the immediate future, it is likely that Great Britain, Denmark, and Norway may also join, along with Greece, Ireland, and possibly others.

The Common Market would then embrace more than 300 million people, people who last year alone purchased some $5.5 billion worth of American products.

But will these people still turn to American products when the Common Market puts its scheduled tariff changes into effect? Under the Common Market agreement, all the member countries are revising their tariffs so that by 1970 at the latest—and probably a good deal sooner—a common external tariff will be applied against each type of product entering from outside the Common Market.

This common external tariff will in general be reached by averaging the previously set tariffs of all members. High tariffs will come down, and low tariffs will go up. As a result, most U.S. goods exported in the future to such important U.S. markets as West Germany and Holland, which had low duties in the past, will have to pay substantially increased rates, while goods shipped to France and Italy will enter at lower duties than heretofore.

At the same time, Common Market member countries will gradually have eliminated altogether their tariffs against each other, so that in several years no duties will be imposed on goods shipped from one Common Market to another. For example, French or Italian products for sale in West Germany and Holland will be subject to no tariff whatsoever, but American exports will generally pay a higher tariff than ever before.

Examples of this sort of danger can be drawn straight from the clothing industry. In 1960 we exported over $16 million worth of wearing apparel to the Western European countries. In particular, $3.4 million worth of American clothing was purchased by West Germany. Today, exports of men's suits or women's dresses from Italy are subject to a duty of only 9 percent, but American-made suits or dresses are dutiable at 16 percent. By 1970, the duty on American suits and dresses sent to Germany will rise to 20 percent, unless a reduction is negotiated, while our Italian competitors will continue to sell theirs duty free.

A similar pattern could develop for many of the $5½ billion worth of American products now sold to Europe. For example, in 1960 we exported about $380,000 worth of washing machines to the Benelux countries alone. Before the Common Market was set up, washing machines from both the United States and Germany were subject to the same duty—13 percent. As soon as the Common Market tariff changes are completed, which will occur within the next 8 years at the latest, and probably sooner, the Benelux countries will pay no tariff duty whatsoever while the American equivalent will be dutiable at 19 percent, if no reduction is negotiated.

This, then, is the obstacle course which the Common Market will create for American exports to Europe. One prominent economist has estimated that as a result of these changes American manufacturers could discover $800 million of their annual sales gradually wiped away.

Such a loss would come as a hard blow to the American economy: production would slack off, jobs would be eliminated, incomes would shrink. The effect would be felt not only directly by the American producers for export, but indirectly by all manufacturers and merchants, whose customers would have less to spend.

Moreover, our balance-of-payments position, which is already shaky would be further enfeebled. World confidence in the dollar would be jeopardized. With less foreign exchange at our disposal, we would be unable to afford some of the crucial programs of military aid and economic assistance by which we now bolster the free world's defensive strength against Communist encroachment.

As I have described the Common Market up to now, it may appear a threat; in fact, it is an opportunity. If the United States can forge an effective economic partnership with Western Europe through the mechanism of the Common Market, free world strength will be redoubled and American export potential immeasurably broadened. The route to such a partnership is simple and clear: We must negotiate trade agreements with the Common Market to induce those countries to lower their common external tariff barriers by substantial amounts. Of course, this can be accomplished only by agreeing to bring down our own tariff walls in return. Trade concessions are only made reciprocally. And we can start these crucial negotiations only if President Kennedy receives the necessary authority to reduce tariffs by congressional passage of the Trade Expansion Act introduced last month.

We must act promptly, if we are to avoid the threat of being shut out of Europe, and if we are to take advantage of the sales potential in this rich market. For the Common Market is growing at a tremendous rate. Its gross national product is expected to increase by 50 percent or more during the next 10 years. Last year, alone, its gross national product rose 6½ percent, its industrial production was up 11 percent, and its external trade climbed by an extraordinary 23 percent.

The European horn of plenty is now broad at the brim; there is room in this cornucopia for increasing quantities of American goods. But the tariffs barriers must be removed first.

Prosperity has also brought changing consumer patterns in the European marketplace. For example, the labor shortage has added wives to the work force, thus cutting into the time available for shopping and meal preparation. In addition, larger refrigerators make possible fewer trips to the markets. Automobiles have increased the shoppers' mobility. Advertising has helped break down the consumer's resistance to change. These new conditions of life have produced a noticeable interest in American merchandising methods—such as supermarkets, discount houses, and home delivery.

The same sort of changes are to be found in the European clothing world. With a faster pace of life, the European woman has less time to visit her "little dressmaker." The same goes for the busy European man and his tailors. Ready-to-wear clothing is increasingly popular.

These developments have placed a premium on the kind of experience the U.S. clothing industry has gained from operating in the American mass market. A large American dress manufacturer, for instance, knows the most efficient way to schedule production of 10,000 dresses of the same color, style, and fabric. His advertising and marketing experts know how to find 10,000 women who will buy the 10,000 identical dresses. European firms are still in the process of learning these techniques; the competitive advantage is still ours.

I understand that maids are becoming scarcer in Europe, so no doubt the European housewife would welcome American-made wash-and-wear clothing. Dungarees are another item in high demand; I have even heard of European merchants removing American labels from the inside of imported bluejeans and sewing them on the outside to make clear to their customers that they are the genuine American product. I hear that there is also a sizable potential market for our lightweight clothing and our casual wear—not only in Europe but throughout the world.

Government commercial attachés in Europe report that there is a market to be exploited for almost every type of American wearing apparel. U.S. manufacturers with energy and enterprise will find that they can increase clothing exports substantially, if tariffs can be brought down.

Europe's markets, of course, are not the only ones in which American sales possibilities exist. The new legislation will give the President the necessary bargaining power with which to open up new market opportunities for U.S. products in other countries as well. Moreover, any trade concessions that we negotiate would automatically be extended to all nations in the free world; this is the so-called most-favored-nation principle. Thus Japan, Canada, Australia, and the underdeveloped countries would also be given a greater chance to increase foreign trade, thereby building up foreign exchange which would stimulate purchases from countries such as our own.

These will be some of the far-reaching benefits that a more flexible trade policy would bring to our Nation, and to the whole free world.

The Government is very much aware, however, that a freer trade policy poses the possibility that some American companies may incur temporary dislocation. And the Government does not intend to stand idly by while American industries are threatened with such dislocation. For example, let us examine the extraordinary measures President Kennedy has already taken to aid the textile industry. Last summer he took the initiative in obtaining a 1-year agreement in Geneva with the principal nations exporting cotton textiles. Under this Geneva agreement, nations which export cotton can be required to restrain their cotton textile exports to avoid disruption of domestic markets in the United States. A new agreement has been concluded between the United States and these countries which extend these safeguards for several more years thus putting our textile industry in a far better position tradewise than it has been in at any time in the last 10 years or more.

Moreover, the President's trade bill provides for a trade adjustment program which will permit industries or workers affected adversely by increased imports to receive Federal assistance to restore their competitive strengtl. or to regain employment, under a program which is realistic, businesslike, and economically sound.

However, we do not believe that increased imports will in fact constitute a problem of major proportions. The lowering of tariffs will take place over a period of 5 or more years—not overnight. Our industries will have ample time to adjust. And this we know how to do.

Every day, American ingenuity and creativity meet and conquer competitive forces far greater than any we can reasonably expect to be created under conditions of an orderly expansion of international trade. We have not only survived such challenges, we have prospered because of them.

What is less well understood, and still more important to the country and to the passage of the new trade legislation, is the critical role trade plays in our Nation's foreign affairs.

The Communists understand this and thus have launched an extensive, carefully planned trade and aid offensive in an effort to divide and conquer one nation after another in the free world.

The magnitude of this offensive is illustrated by the fact that in 5 years, between 1954 and 1959, the Communist bloc stepped up its trade with carefully selected underdeveloped countries from $860 million to $2⅓ billion—a jump of 170 percent.

According to 1960 estimates, the Sino-Soviet bloc supplies more than 10 percent of the trade in Turkey, Finland, Iraq, Jordan, Sudan, Cambodia, and Uruguay. It accounts for more than 20 percent of the total trade of Iceland, Guinea, Iran, and Greece. And in Egypt, its share is more than 40 percent of the total, compared with 15 percent 5 years before.

As a sidearm to this trade weapon, a corps of more than 6,500 Communist technicians live and work in these areas as part of the bloc's mounting foreign aid program. They are the formidable infantry in the cold war offensive.

What is our answer to this? In overall terms it must be to pursue one simple and clear purpose. It is to further the growth and cohesion of the free world. For if we can strengthen and hold together the principal associations we have; if we can aid and encourage the uncommitted nations in their independent development and participation in an open economic and political world system, we will more than compensate in expanded economic activity for the prior loss of some markets to the Communists, we will reduce to manageable proportions the tensions that are bound to arise within the free world and we will be furthering our own positive goals as to the kind of world we wish to live in, while at the same time doing much to counter the Communist drive for world domination.

That growth is necessary to accomplish this is obvious. That cohesion is equally necessary may not be so obvious, but it is just as true. Benjamin Franklin's words apply now as they did then: "We must all hang together or we will surely hang separately."

Every specific policy ought to be tested against this overall purpose—does it contribute to the growth and cohesion of the free world? The lowering of trade barriers and the expansion of international trade clearly does; a retreat into a shell of protectionism clearly does not.

These are ambitious objectives, but they are not beyond our grasp. They require diligence and imagination, but these we do not lack. They require the ability to broaden our attitudes to meet the challenge of new situations, but this we have done before. In the last 20 years our country has moved from isolationism to leadership of the free world. This has been in response to a political challenge; today the challenge is increasingly economic. We must abandon the economic isolationism that protective tariffs imply, thereby insuring commercial vitality to our own country at the same time that we help create a free world undivided against itself by high tariff walls.

In fact if we are able to move forward at this time in expanding international trade we can harness together as a working team the two greatest sources of economic power the world has ever known—the United States and the European Common Market. This will give us a combined strength more than twice that of the entire Sino-Soviet bloc. It will lay to rest any doubt as to which economic system is to prevail.

Mr. FISHER. Mr. Chairman, during the colloquy between myself and the gentleman from Arkansas [Mr. Mills], chairman of the Ways and Means Committee, a few moments ago, in response to my inquiry about section 212 of the pending bill, it was admitted that authority is therein granted for the President to admit duty free practically all agricultural products. I am wondering how many members of the House realize how far reaching this authority actually is.

I have said the President is given that authority. In practice it will be the State Department because that Department, under direction of the President, is in charge of all negotiations that relate to international trade agreements.

Now, let me reiterate just what this particular provision does. Section 212 provides that agricultural products may be admitted duty-free, if the State Department, acting under authority of the President, should during trade negotiations with the Common Market countries decide to permit that to be done.

The language is a bit confusing, and perhaps that explains why there has not been more outcry against it. The bill provides that the 50 percent limitation on the President's authority shall not apply—note this, because it is very important—shall not apply, meaning that the items may be put on the free list—shall not apply to any article referred to in Agricultural Handbook No. 143.

The question then recurs on just what that handbook contains. What agricultural products are included?

It is all-inclusive, so far as agricultural products are concerned. Included are live animals, meat products, including fresh, chilled, or frozen beef, mutton, lamb, pork, sausage, canned beef and meats.

Also included are dairy products of all kinds, fodders, feeds, and vegetables.

And it includes wool, mohair, and cotton.

It is true that such agreements could only be made with Common Market countries. But under the most favored nation clause, the same identical treatment would be automatically extended to all other non-Communist countries of the world, including Japan, New Zealand, Australia, Latin America, Africa, and Canada.

This is indeed an unprecedented delegation of authority. The Congress is completely abdicating its responsibility in this respect, and proposes to turn over to the State Department and the whims of the negotiators, life and death decisions affecting many agricultural products that may be involved. For 5 long years the Congress would have no right of review, no right to question the judgment of those who will be acting in pursuance of this delegation of authority.

Mr. Chairman, earlier this week I discussed this legislation in considerable detail. I undertook to emphasize the many dangers that are wrapped up in this legislation. It is admitted that never before in American history has the Congress delegated so much power and authority to the Executive.

I pointed to the evils inherent in the provision in the bill which authorizes the President to furnish import adjustment aid in the form of readjustment allowances, a form of unemployment compensation, training and relocation allowances to workers, and technical assistance, financial aid, and tax relief to firms.

That is what is known as the welfare provision, reported to have been included in order to placate certain labor unions which are apparently apprehensive of the likelihood that many American industries may have to shut down or reduce their operations because of drastic reduction or elimination of tariff rates.

The welfare section allows unemployment benefits in amounts nearly twice that of ordinary unemployment benefits, covering periods of up to 91 weeks, with the American taxpayers paying the bill.

It makes industries and workers wards of the State, and in effect puts them on a dole. And this will go on indefinitely. It would grant to bureaucrats in Washington an area of discretion in going to the aid of the distressed industries and their employees, which would naturally lend itself to all manner of political favoritism and boondoggling.

The bill ignores the plight of the oil industry which, except for big major companies, is suffocating as a result of the manner in which the mandatory oil import control program is being administered.

I have previously pointed out that under the mandatory control program imports achieved an alltime high of 1,889,000 barrels per day—a half million barrel-per-day increase during the preceding 5 years. During that time domestic production was denied practically any increase. From 1956 through 1960 oil production in Texas dropped 476,000 barrels a day, with average producing days per month dropping from 15.8 in 1956 to only 8 in 1962.

This reduction had to be done in order to avoid a chaotic market breakdown for domestic production.

Despite this problem, attempts to include in this bill something that would require imports of petroleum to bear a proportionate relationship to our needs and our own domestic production, were ignored.

Mr. Chairman, I shall not belabor this issue further. To be sure, we all want to encourage foreign trade, but in the enactment of laws that relate to it some consideration should be given to American industries that might be adversely affected by trade agreements. Under the pending bill the peril-point and escape-clause provisions in the present law are all but wiped out. This Congress is certainly capable of enacting trade laws without a complete surrender of its constitutional responsibilities in this field. And yet that is precisely what is involved here.

Mr. WHITENER. Mr. Chairman, no Member of this body has greater respect and admiration for one of his colleagues than I hold for the distinguished gentleman from Arkansas [Mr. MILLS], the chairman of the Ways and Means Committee. He is able, effective, sincere, and personable to the greatest degree. His presentation of his views on H.R. 11970 has been outstanding as is the usual performance by the gentleman.

I would like to go along with him and his splendid committee on this legislation if at all possible. However, after serious and diligent study of the proposal and after giving full attention to the arguments pro and con on the subject I cannot bring myself to the view that this approach to our trade situation is to the best interest of our people. Therefore, Mr. Chairman, I shall vote for the motion to recommit the bill to the Ways and Means Committee; if that motion fails I shall then vote against its final passage by the House.

Experience during recent years in our great textile area convinces me that we must have a new trade program within the near future if that industry and the jobs of our people in textiles are to be preserved. I do not believe that the principles enunciated in H.R. 11970 will measure up to what I believe are the requirements of the American people in many industries now so harmfully affected by inordinate imports of competing low-wage commodities.

Nor, Mr. Chairman, do I believe that the proponents of this bill can sincerely avow that this legislation will preserve American jobs. I say that because of the language of the bill—covering approximately 40 printed pages—which has as its purpose the loan assistance to industries and unemployment compensation to workers who are displaced in the future by importation of foreign-made products. If they did not anticipate severe injury to our industry and our workers how can they justify inclusion of these disaster provisions in the legislation?

Will lowering tariffs, as the President is authorized to do in this bill, place our industry in a more competitive position than we now have? I do not think so. Recently the Joint Economic Committee of the Congress, composed of some of most able colleagues, found that our tariffs are among the lowest of any nation. Yet some of the members of that committee have spoken with great eloquence on the pending legislation urging that we should prepare to completely eliminate some of these tariffs in the interest of promoting world trade.

Our friends who support this legislation tell us also that we must be in position to further reduce tariffs as another weapon against our serious balance-of-payments problem. If this be true—and I cannot accept their arguments as sound ones—our neighbor to the north, Canada, has in the past few days ignored the validity of the contentions of the sponsors of this legislation. How did they go about combating their balance-of-payments problem? They announced to the world that their Government was raising tariffs on imports appreciably in order to bolster their declining dollar.

If the present bill becomes law and if Canada persists in her announced policy of raising tariffs we will all know within a few years which of the two nations had the correct solution. I am unwilling to gamble away the jobs of our people and the economic security of our Nation in this bold experiment which is now being advocated by many for whom I have the highest respect.

On several occasions I have addressed the House in an effort to impress upon my colleagues the gravity of our situation in textiles. At the same time I have recognized publicly the plight of people in other great industries in the United States who have been irreparably damaged by excessive imports. Regretfully, these efforts seem to have met with little response. Today it appears that a majority of our colleagues will take the untried route in trade policy embraced in the pending legislation. I hope that their bold venture will prove successful. If so, then I will be the first to applaud them for their great service to the American people. If they are proven wrong I will share their disappointment without criticizing them.

Each of us has a solemn duty to do that which is to the best interest of the American people as we see the issues and the possible solutions. On the basis of my observations of the economic developments during the past 10 to 15 years I cannot in good conscience be a party to the risks being taken in this bill. That is my decision after prayerful and earnest consideration of the entire issue.

Mr. ROSTENKOWSKI. Mr. Chairman, in the makeup of our history as a nation, transition has become an important segment of our lives. Since our beginning we have reached for new plateaus to accelerate our growth and progress which have been instrumental in achieving the greatness we now enjoy.

The United States, from its very beginning, has been the bright star in the west, beckoning the ambitious, the industrious, the inventive geniuses to apply their ideas and talents in the land of unlimited opportunity for achieving wealth, status, and material success. A land where opportunity is not based on inheritance, but on competitive ability to reach the goal set in the individual's mind. It is this competitive spirit that produces a surging economy and a life of pleasure. In our makeup, we offer the wide straight road to realize the age old dream of "Shangri-la."

As our Nation has progressed we have faced many changes, from era to era, which required us to retool our machinery of progress. We can note the railroads replacing the stage coach and covered wagon trains; the automobile replacing the horse and buggy; electricity eliminating candlelight; steam providing power heretofore dependent on the muscle of man; machinery easing the burden of wielding the scythe and tilling the soil and from each of these eras, new doors opened from which new ideas were formulated. Ideas that expanded our potentialities. Ideas that enabled our people to face life with new vigor and assurance that their heirs will not be required to struggle for existence.

And yet, each change produced a gray area for the populace of the time. An area which eliminated certain crafts and trade, displacing the laborers engaged in the production and handling of the product or service they afforded. It is true it created a hardship upon those displaced, but it did not sap the ambitions of those unfortunate few and they hitched up their belts and accepted the new challenge facing them.

With renewed faith and foresight, they carried on and realized greater fortunes than originally anticipated.

Although this story points to our advancement, it is not a new tale. For the history of mankind is dotted with changes. Changes which have proven, through the age old axiom of time, the need for change. It is encouragement which has been accepted and must continue to be accepted to avoid stagnation.

Today we are faced with another new era of change. A change in our marketing policies. Marketing—a vital artery in our overall structure for continued success—so necessary to insure us and future generations that the United States does not intend to run last as a nation but will continue to challenge for the lead position in the world. It is this competitive spirit which provides the free world with the best weapon to defeat the bondage that communism offers. And it is this competitive spirit which has brought about the rebirth of war-torn Europe, placing them in a position to enjoy a full and prosperous life as individuals and not as part of a slave world which offers nothing but grief and hardship.

Today, we in Congress, the elected lawmakers of the land, are considering a major piece of legislation that will, without doubt, be enscrolled upon the pages of our history as a major turning point of our life as a nation.

H.R. 11970 is designed to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes. It was offered to the Congress by our great President, John F. Kennedy, but not before an extensive study had been made as to its merit, for the general well-being of our Nation. It had to be seriously considered for its effects will make a decided change in our operations and the way of life for some of our citizens.

As is the conduct of the principles of our Government, the President's suggestion had to be openly aired by committee process in Congress so it could be clearly understood before the lawmakers acted upon its provisions. Our great Committee on Ways and Means was assigned the task to delve into the complexed proposal.

It had to investigate the effects of the bill on the overall economy of our country, for this legislation is not pointed to any one segment of industry, but will blanket a major portion of the varied businesses operating within our borders. The committee patiently listened to the testimony of management, farmers, labor, trade organizations, private individuals, professions, and appointed and elected Government officials. It became one of the most extensive and exacting studies of any legislation placed before Congress. And well it should be, for we are facing a new era as important as any we have ever faced.

After all interested people voiced their feelings, the committee carefully analyzed their testimony, giving fair and impartial consideration to the general needs of our citizenry. The results of this extensive study and consideration are now before this legislative body as H.R. 11970.

For me to expound the provisions of this bill would only be needless repetition for the printed bill and analysis speaks for itself.

I believe it is better to devote my time to my interpretation of the effects of the legislation upon the general welfare of our Nation.

America is now reaching the brink of a new plateau. It is the next step upward to continued world leadership. There are great promises of a full, rich, and pleasant way of life awaiting us now and in the distant future. We are on the threshold of space travel; elimination of dreaded diseases and so-called incurable illnesses; relief of still existent laborious tasks to allow us greater leisure; and greater assurance of the means to enjoy these pleasantries.

But the means can be limited, affecting the prospects of receiving the most out of life, if we fail to explore the free markets of the world in order to distribute the fruits of our labor. For America can do no more without the possibility of trade, and in the booming prosperity of the free world we are definitely in need of a new trade policy.

With the birth of the European Common Market, now accepted by Great Britain and other countries, a multibillion dollar trading post has been erected. A trading post which engulfs some 250 million population of Western Europe.

An area rising from the despair of war, rebuilding and moving forward at an accelerated pace, paving the way for a multitude of products and services which have been yearned for and are most desperately wanted by people who have experienced hardship and lack of goods to ease their burdens.

The potential available market is likened unto the vast resources that developed the richness of our land when the early pioneers heeded the words of Horace Greely, "Go west, young man, go west." Only in this instance, it is "Go east, American, go east" for there is a need for your products and produce. But we cannot realize the profit that is available from this market, unless we are in a position to bargain for the distribution of the commodities we produce into this market. We are at the starting gate and, as the lawmakers, we control the switch to open this gate, which will allow us to run freely in the race for a strengthened economy and position of world leadership. And the switch we control is the Reciprocal Trade Agreement Act of 1962, now before us.

As President Kennedy has said:

> We stand at a great divide: We must either trade or fade. We must either go backward or forward.

There is compelling truth in these words, for at the pace the Common Market is moving, it can supply its own and much of the world's needs without us if we do not join the competition while it is still young.

To do this we must speed up the process of tariff negotiations. For the old ways of haggling, long hearings, and petitions over each one of scores of items, are too slow for today's pace. The bill before us enables us to negotiate in terms of expedience. It grants us a seat in the game instead of the position as a kibitzer, which never gains results.

As I have already mentioned, a gray area will develop as the result of freer trade. There are certain industries in our country which can be hurt from an increase in imports. However, this bill provides means of cushioning industries which may be hurt by lowered tariffs. The President has assured us that "no one will be sacrificed to the national interest with a medal or an empty grocery bag."

Broader access to world markets will provide us with a broader expansion of our economy. For I believe in the tradition of American enterprise, where ingenuity and resources make us a progressive, wide-awake nation.

Since our birth as a nation, we have accepted all challenges put forth to us by peaceful competition or hostile provocation. We have emerged triumphantly. And our victories have resulted because of the cooperation and ambitious spirit of our people to retain what we have. They have not been the result of an isolationist policy.

For this reason, I believe this Nation will accept the challenge of the European Common Market. We will plunge into it with the same vigor as we have in previous challenges placed before us. And I further believe that the will of the American people has not reached a point of stagnation, but the desire to continue to move forward.

As we can see and realize that a liberal trade policy in the free world is an important weapon in the economic cold war, we can fully understand that we have a fine opportunity to strengthen Western unity and erect a solid free world front against the Communist political and economic assault.

Expanding trade also would be a boon to our own economy.

It will create greater employment as it is estimated that each billion dollars in exports will create 150,000 more jobs.

We have reached a new plateau in our way of life. To continue to rise we must meet the needs of this new era. It holds great promise and we should not deny ourselves the benefits which hold forth. It is the national interest of our country and future survival of the free world, that we, the lawmakers of the land, express our confidence in the proposal before us and enact H.R. 11970, the Reciprocal Trade Agreement Act of 1962.

Mrs. CHURCH. Mr. Chairman, for 12 years, ever since I took my seat in this House, I have consistently—and enthusiastically—supported each bill extending the Reciprocal Trade Agreements Act. I have done so because of my conviction that healthy and growing international trade is an essential part of our national economic well-being.

I came to the House floor yesterday fully expecting that I would support this present bill, H.R. 11970. Two days of constant attention during the debate, however, have convinced me that this measure in its present form contains certain provisions that I cannot support: Provisions indeed from which I can only anticipate inequities, discrimination against both labor and industry, and great potential danger to our economy and our national well-being.

It is regrettable that the closed rule which was requested by the Ways and Means Committee and granted by the Rules Committee prevented the House from giving consideration to amendments which would, in my opinion, have removed at least some of the most objectionable provisions. Since this was impossible, I, therefore, must express my opposition and my apprehension by my vote, in the hope that such demonstrated objection to certain parts of the measure will emphasize to the other body the need for adequate revision of its provisions.

I would hope that the bill might be returned to the House with revisions and deletions that would justify my support.

Mr. ROBISON. Mr. Chairman, the high level of this debate is evidence of the fact that all of us are aware of the historic importance of this moment.

Certainly, I have no illusions concerning the importance of the votes I am about to cast; for at least in part thereon, may be shaped the economic form of the world ahead.

Of the two votes that will occur later this afternoon—at least as the situation is now anticipated—the motion to recommit H.R. 11970 in favor of a simple extension of the present program has the appearance of being a sound and deliberative move. It is attractive not only because of that but for political reasons of import—I am sure—to almost every one of us.

However, I do not believe that such a maintenance of the status quo is in the national interest. The situation we face abroad is changing by the moment. Many of the pieces to the puzzle have yet to be put in place. Our action here today, in moving forward in a positive fashion to adjust to the situation, will undoubtedly have a substantial effect thereon.

I believe, therefore, that it is incumbent upon us to now move toward freer trade, imperfect though the vehicle we have to use may be and painful though the impact thereof may perhaps be upon some segments of our domestic economy.

In a sense, it seems to me that we face something comparable to the inevitable visit most of us know we should make to our dentist. It is easy to postpone that visit, but will the experience be any less painful because of such postponement?

Moreover, I do not want it said that this Congress is unwilling to give the President of the United States the tools he may need with which to meet the changing patterns of world trade, and to meet them in such a fashion that the interest both of this Nation and of the free world will be served. I am aware that the bargaining authority to be newly vested in the President by H.R. 11970 is substantial, but it is not wholely unprecedented and I believe that, in general, it is dictated by the situation in which we find ourselves.

In several ways, on the other side of the coin of such authority, I also believe that H.R. 11970 represents a substantial improvement over the existing act. These improvements include a better plan for preagreement procedures, and the utilization of a special representative to the President as well as a Cabinet-level advisory organization on tariff adjustment matters, thus fixing, more clearly than ever before, the responsibility for trade negotiations. It will also include the provision for a congressional veto, by majority vote of each House, of a Presidential rejection of any Tariff Commission recommendation for relief which, better than ever before, enables Congress to retain a valuable measure of control over this entire program.

It should also again be pointed out, more often than it has been here yesterday and today, that H.R. 11970 is enabling legislation only, and that its passage will not automatically reduce one single tariff of the United States. Further than that, the bill also permits the President to also increase duties to 50 percent of the July 1, 1934, level as well as to take other steps to protect domestic industry which is either injured or threatened by injury as a result of imports.

I am, of course, not pleased with the situation in which I find myself as a result of the action of the "enlightened" and "liberalized" Rules Committee, whereby we must accept all or nothing of H.R. 11970. I am as disturbed as many of my colleagues concerning the adjustment assistance provisions of the bill of their import and of the precedent that may be set thereby. I can only hope, under these circumstances, that the reservations that others have so ably expressed concerning those provisions will be more fully debated in the other body, and those provisions substantially altered before the measure returns to us by way of conference.

Finally, I think it should be recognized by all that the enactment of this law will not, in and of itself, solve our problems in world trade or our current balance-of-payments difficulties. To the extent that some of us think it will, is pure wishful thinking based on the White House's unfortunate tendency to oversell this program as a panacea to all our problems.

Instead, this bill can be only a part of what is needed if we are to realistically face up to a new and changing world economic pattern. Other parts of that effort would include, in my judgment, the early completion of a comprehensive reform of our tax structure, the early implementation of the long-promised depreciation reform, the early elimination of current inflationary trends and Federal deficits, and an understanding and encouragement—which of late has been missing—of the free enterprise system by the Kennedy administration. I believe that this Congress must be prepared, if the administration does not move in these other areas, to take the initiative for doing so, itself, and that we should do so this year, no matter how attractive home may be beginning to seem to most of us.

Mr. KILBURN. Mr. Chairman, this trade bill is a nonpartisan measure. The question is, what is best for our own country. The United States now has the lowest tariffs of any major country in the world and it is now fifth lowest of any country. This bill gives extraordinary powers to the President.

We face many uncertain conditions in the world. We do not know how the Common Market will succeed in Europe. We do not know if England will join it. We do not know what the effect of the Canadian devaluation of the dollar will be.

The President has the power, under existing law, to lower tariffs 20 percent over the next two years. He has already negotiated with other countries and has proclaimed that he will lower them. If this new trade bill goes into effect he could not do more than that anyway for the next two years. Next year the Congress can give him further power if conditions warrant.

American investors have lost about $150 billion in values in the last 30 or 40 days. The earnings of many Corporations are down and unemployment is increasing. Steel production is about 50 percent of capacity.

Under these uncertain conditions and such an uncertain outlook for the coming year, it would be wise, in my judgment, to postpone consideration of this matter and make a simple extension of the present law for another year.

Mr. ASHLEY. Mr. Chairman, I rise in support of the Trade Expansion Act and I do so from a deep conviction that the well-being of generations of Americans to come depends upon our ability to take enlightened action today.

One would have hoped, Mr. Chairman, that politics might have been put to rest on an issue of such overriding national importance. Unhappily this does not appear to be the case and we need look no further than the motion to recommit for evidence of this fact.

This motion, which will be offered and supported largely from the Republican side of the aisle, does not seek to perfect the legislation before us. It seeks to kill the Trade Expansion Act in favor of a 1-year extension of the Reciprocal Trade Agreements Act. In short, the motion to recommit offers nothing new or different as an alternative, but instead continued reliance upon negotiating authority which has been largely exhausted and which is clearly insufficient to meet the explosive demands of the Common Market.

The Republican side must be congratulated for its consistency, if nothing else. It was less than a week ago that a similar motion to recommit was offered from that side of the aisle, again making no effort to improve or to offer anything new or different as an alternative. On that occasion it was the administration's farm bill which the Republicans sought to defeat, favoring a return to the programs of former Secretary of Agriculture Benson—programs which have resulted in the accumulation of unparalleled stores of agricultural surpluses at an annual cost of billions of dollars to the American taxpayer.

If negative thinking and opposition for the sake of opposition prevails today as it did last week, the Republicans can again celebrate a victory which will have cost the country dearly.

Mr. Chairman, the industrial vitality of our country is on the line today. If we are to maintain our dominant position among the trading nations and areas of the world, we must extend to the President the tariff-reducing authority provided in the bill before us.

But this alone will not assure our future, Mr. Chairman. It will merely assure continuing opportunities for American industry to participate on an increasing scale in the trade markets of the world.

If the full potential of our future is to be realized, not only must this bill be passed but, equally important, greatly improved techniques must be found to assist the American businessman to expand his sales abroad. This has been a field in which I have long been interested because I have seen the extremely effective help which the governments of other leading trade nations are giving to their exporters, whether they be small, medium or large.

In the past, Mr. Chairman, the assistance which our Government has made available to American exporters has been far less than that provided by other trading nations. In many respects the American businessman achieves success in the export field not because of, but despite Government activity supposedly in his behalf. Recently efforts have been made to upgrade these efforts and to promote imaginative programs to expand our sales abroad.

But much remains to be done if we are to achieve a coordinated effort. Within a few days, Mr. Chairman, I will present for the RECORD an analysis of export promotion and expansion functions and activities of the U.S. Government. I regret that time today does not permit me even to summarize this report because it goes hand in hand with all that has been said for our future trade potential and the necessity for passage of the legislation before us. Manifestly, this future depends upon an effective partnership between American Government and American business.

Mr. MACK. Mr. Chairman, my concern about the decline in our gold reserves was one of the factors in my sponsorship of the International Travel Act of 1961. Under this act the U.S. Travel Service, in the Department of Commerce, has shown great enterprise in developing an aggressive program for attracting foreign tourists to this country. As my colleagues know, one of the major aims of this program is to help reduce the international payments deficit.

During our committee hearings on the travel bill the testimony made it abundantly clear that it is imperative for the United States to maintain its favorable balance of trade with the rest of the world. Our military and economic aid programs abroad, as well as the billion dollar gap between what American tourists spend abroad each year as compared to the money foreign tourists spend in this country, have resulted in a heavy drain on our financial resources. I believe that every effort should be made to reduce our foreign aid commitments but it would be foolhardy, while doing this, to fail to give the President the authority he needs to negotiate trade agreements that will permit American business concerns to compete with the European Common Market and other nations throughout the free world.

For this reason, Mr. Chairman, the bill before us today has my wholehearted support.

Mr. RANDALL. Mr. Chairman, I rise in support of H.R. 11970 which, as a clean bill, supplanted H.R. 9900.

It has been said by several members on the floor during the last 2 days of debate that the Trade Expansion Act of 1962 is the most important piece of legislation to be considered by the House in the 2d session of the 87th Congress. This thought has not been limited to expressions by the Members because in the 1962 state of the Union address, the President said:

> Enactment of the Trade Expansion Act of 1962 could well affect the unity of the West, the course of the cold war, and the growth of our Nation for a generation or more to come.

And in a subsequent message on the trade program added:

> A new American trade initiative is needed to meet the challenges and opportunities of a rapidly changing world economy.

It is not enough that our colleagues or our President simply say a trade bill is important, as a matter of national welfare, but a bill becomes an important one to each individual Member of the House when his constituents believe a measure such as this is important.

Interest concerning a reciprocal trade measure has been expressed in growing volume by our people of the Fourth Missouri District, which is located in west central Missouri, since about the beginning of this calendar year, and we are able to report that of all the mail which has been received, it has all been favorable to the passage of this legislation, with the exception of perhaps a fraction of 1 percent which would certainly amount to less than 25 letters expressing any sort of opposition. All of the newspaper editorials of the leading papers of our area have supported the principle imposed in H.R. 11970. With this sort of support coming from our own congressional district, we set about to make a careful and considered analysis of the bill as reported by the Committee on Ways and Means.

We recall that in 1934, Congress enacted the first reciprocal trade agreement which was then proposed by President Roosevelt, allowing for modification of the high, rigid tariff barriers in an effort to revive foreign trade as a stimulant for the then depression-ridden economies. Then, as now, this was not a free trade bill, but instead was a reciprocal trade measure, giving the President authority to negotiate trade agreements with foreign countries, providing U.S. tariffs would be reduced only—or in return for—reductions in foreign tariffs against American goods. Over the years, since 1934, I think it is safe to state that this gradual lowering of our tariffs has expanded our foreign trade and has created many millions of new jobs, new companies, and stimulated new demands for our products on the one hand, and on the other has assured us of reliable sources for vital raw materials which we must import. We should remember that this law has been extended 11 times since 1934, and most recently in 1958. It will expire June 30, 1962.

As we support this bill we are mindful that today the United States enjoys a favorable balance of trade. The basic trade facts are that we exported about $20 billion of goods in 1961, and imported only $15 billion from foreign countries. Another basic trade fact that we should not forget is that our foreign trade provides for us, right here at home, 4.5 million jobs for American workers. Of this figure, 3.1 million are the jobs in industry and on the farm producing the materials or goods for export, and 1.4 million of the jobs are provided by transporting and processing goods which we import.

It is most interesting to note that about two-thirds of the dollar value of our exports are made up of farm products, $4.8 billion; machinery, $4.3 billion; transportation equipment, $2.7 billion; chemicals, $1.7 billion; and coal, $0.4 billion. Even more interesting is the fact that about two-thirds of our U.S. imports are basically noncompetitive with our own domestic production which means these goods are not produced at all in the United States, but imports of which are essential for the manufacture of our products here at home.

Another very significant "why" H.R. 11970 is important, is the fact that imports are not only essential to our economic growth, but also to our security. The fact is, we are dependent upon imports to supply key raw materials to our defense establishment, and while this is for military security, these very imports provide other free nations with the dollars they need so desperately to buy 75 percent of our exports.

The question presented to the Congress—and to the entire free world—is plain: Shall the free world come together in one great trading community which includes not only Western Europe and North America but also Japan, Australia, Latin America, and Africa as a solid front against the Communist world, or do the free nations go their separate ways as fragments—ineffective because of their disunity?

But it might be argued that this gain on the international front or victory in the cold war may by the enactment of this legislation weaken our economy here at home and delay the final victory we all seek. This leads to the means provided to prevent injury and damage to our own industrial establishments and we believe this has been provided for under the adjustment assistance provision of title III of the bill which provides not only assistance to workers, but assistance to firms, including tax assistance and what seems to be ample protective provisions and includes worker training, relocation allowances, and provision for subsistence payments during unemployment or retraining.

Once again, we ask ourselves why the new trade bill is so vitally necessary this year instead of adoption of the possible proposal to recommit the bill as has been suggested by a group of members for a simple 1-year extension. Of course, this recommittal would simply kill the bill and make it impossible for U.S. tariff negotiations with the Common Market in other countries during the very critical period that lies just ahead. The further answer to the question is that the challenge of the European Common Market will come now, in the year ahead, or in the immediate future. There has been a very rapid emergence of this group of European nations and that is one of the significant factors that makes a revision of our trade policy most necessary now.

If this bill becomes law, and if the President is granted the negotiating authority and he is successful in such a negotiation, what does this mean? It means our products will have access to the expanding economy of Western Europe, which at present could be described as "dynamic," and, more importantly, it means new jobs, more rapid economic growth, and full employment at home.

H.R. 9900, introduced by Chairman MILLS of the House Ways and Means Committee, incorporated many of the President's recommendations. Those who are observers of the legislative process will be pleased to know that the committee held 21 days of public hearings, during which time the bill was supported not only by administration witnesses but by the United States-Japanese Trade Council; the Committee for National Trade Policy; the American Association of University Women, the League of Women Voters, and even more significant than the above-named organizations is the fact this bill was supported by both the U.S. Chamber of Commerce and the AFL-CIO. When these two groups, representing nearly all of American business and nearly all of America's working men and women, endorse a measure, surely it must be sound and needed.

Mr. Chairman, the people of the United States will benefit economically by the enactment of H.R. 11970. In the struggle against international communism the free world will be unified and strengthened by the enactment of H.R. 11970. These are the reasons we support the Trade Expansion Act of 1962.

Mr. PHILBIN. Mr. Chairman, first I want to make it clear that I favor trade with all nations of good will and fair dealing and am anxious to promote cordial, friendly, constructive trade, and commercial relations on a reciprocal basis with all such nations.

It does not seem to me, however, that this bill any more than the reciprocal trade treaty bill, is a suitable vehicle for the accomplishment of that purpose.

International trade should be a two-way street, and not a one-way street. If we open our doors, as we should, to properly regulated trade with other nations, they should do the same for us. But the evidence makes it clear that they have not done so, and there is no guarantee they will do so under this bill.

Foreign trade, like domestic trade, should be mutually profitable and advantageous between the parties.

Trade or commerce which is secured by making grants, or doubtful loans to foreign purchasers does not meet that standard.

Trade which, in its impact and effect, paralyzes domestic industries in our own country, allows cheap imports to flood American markets creating depressed conditions and unemployment of our own people and the liquidation of many historic industries and businesses, is not in the national interest.

Trade relations which cause additional, huge outflows of gold from this Nation to other nations is likewise not at present, in the interest of this Nation, and should not be encouraged.

The gold imbalance, which afflicts and threatens us at this time in a very real way will be increased and worsened by the increased flow of imports into this country.

There are, in the main, three principal ways by which we can attack the serious gold imbalance problem which lesser and more superficial measures have failed to do.

First, cut military outlays and expenditures abroad. This cannot be done in sufficient amounts because the national security is involved. But more earnest and vigorous efforts should be made to cut these huge, and sometimes very wasteful expenditures.

The second way is a substantial cut in foreign aid and this could be done this year without materially hurting the aid program or related military support programs in any serious way. However, instead of reducing, we are very substantially increasing foreign aid this year, if present plans are adopted by Congress.

The third way is to decrease imports, as some other nations are doing, and the Common Market will do, according to its own statements. But this bill could have the opposite effect, as I pointed out, of greatly stepping up imports without corresponding increases in exports and in that way increasing the gold imbalance against us.

There is another way by which we could effect a decrease in the gold imbalance and that would be to greatly increase exports. I am not convinced at this time that there is a truly favorable prospect of accomplishing that end. Foreign nations, for the most part, are doing what our Nation should be doing—importing our goods when they have a real need for them, or cannot get along without them, or finding them cheaper and better than those of our competitors.

As I indicated, they are always glad to take our goods, as they are doing when they can get them for nothing, under some foreign giveaway program.

Moreover, with fullest respect to those who think otherwise, I feel it would be the better part of wisdom for the time being, to wait until the Common Market and the British position therein and the status of the European neutrals, is more definitely fixed, and until we know just what the situation is and just what adjustments or accommodations are necessary, possible, or sound, in order to adapt our trade policy and security policy to the Common Market or markets in Europe or elsewhere.

Any bill the Congress adopts might also contain some real effective safeguards against the cannibalizing of American home markets by cheap, low-grade, low-standard, sweatshop products from abroad. Of course, this bill does not contain such safeguards. Both the peril point and escape clause provisions contained in the present laws are weak and ineffectual. Congress could never as a practical matter legislate on each case recommended by the Tariff Commission.

When we get to the point where we deliberately pay the price of closing American factories and throwing American workmen out of jobs to do business with foreign nations, we are merely inviting economic conditions in this country which, if continued long enough, would bring our high American standards of wages, living and social standards down to the level of foreign economies. That would certainly be the logical and inevitable result of the increased flow of cheap imports from abroad.

Indeed, to a greater extent than we would like, we already have some of the undesirable results and effects of cheap imports appearing in our economy today, and this situation is very serious as to many industries and workers.

This bill is not only unprecedented in legislative history it is a completely new departure in that its sponsors candidly admit the likelihood that cheap imports would adversely affect American industries and workers and they have made provisions in the bill for subsidies and unemployment relief benefits for these affected industries and workers.

Under the Constitution, the Congress has the responsibility for regulating foreign and domestic trade and commerce imposing duties and controlling imports. It is true that reciprocal trade laws have somewhat changed and altered these powers, but I think that Congress should not, at this time, or any other time, except in great emergency, delegate more of these great constitutional powers to any department of the Government.

When measures of this kind are necessary, Congress should clearly and specifically limit and define any grant of its power and retain final control, as the Constitution intends, of its function to regulate trade and money.

I recognize that many fine and outstanding people motivated by humanitarian, altruistic, and security considerations are supporting this bill as is their right under our political system.

But in my district, and in my State and area, there are many industries already suffering from increased foreign trade which would be even more adversely affected by this bill. The heads of these industries, thousands and thousands of workers in my district and State, and many other interested people have been in touch with me protesting against the trade expansion bill.

These people are alarmed by the prospect of virtual free trade and the lack of feasible, practical safeguards against injurious imports threatening large segments of our industrial structure. The boot and shoe industry, the textile industry, the steel industry and its various ramifications, the electronic industry—also across a broad spectrum—the plastics industry, the woodworking industry, the bicycle industry, the carpet industry, the glass and ceramic industry, the scientific apparatus makers, woolgrowers, and others have been in touch with me protesting against the trade expansion bill.

These people express doubt that we can accommodate ourselves completely to common markets, or other foreign markets, without causing serious unemployment, economic recession, or depression, in this country, and without marked reduction in our present high standards of living.

There is certainly no easy panacea to the problems of international trade, the dollar imbalance, and the maintenance of national prosperity.

I am anxious to seek flexible solutions to these great public questions, and I am particularly desirous of cooperating with our great President in developing ways and means by which we can strengthen our Nation and the free world. But there are instances when the implications clearly emphasize the need for caution and restraint. I feel that this is true with regard to current trade expansion proposals, and I am searching for more assurances than I can find at the moment that the trade bill, without some adequate safeguards, would not produce the unfavorable conditions of lowered standards of wages and living in this country and in my district, which, industrially, is particularly vulnerable to cheap imports.

As I have said, foreign trade should be a two-way street and not a one-way street, such as it has been. If some good paterfamilias would have been willing to pour multibillions of dollars into our economy since World War II, our rate of growth and prosperity would be greater than they are at the moment and we probably would not be worrying about market conditions, the gold problem, or the economic state of the Nation.

I doubt that we can make grants to our oversea competitors to build and equip their factories, provide modernized machinery and marketing know-how, furnish them with materials at 75 percent of the cost to the American market, as we are doing in the case of cotton, and then expect to compete with them on any discoverably, favorable basis in foreign markets or in our own markets.

It would be well if the bill had addressed itself to preventing reductions in duty before conditions of depression and disaster develop. Subsidies are not a substitute for sound, prosperous industry, and unemployment benefits are not a substitute for good jobs at high wages under decent conditions. From my standpoint, it is most desirable to encourage mutually profitable trade with friendly nations and particularly to strengthen those who are standing with us in the cold war. But it is my firm conviction that we can achieve this end without injuring or jeopardizing our own industries and the jobs of our own fellow citizens.

I do not care to belabor the broad sweeping powers which this bill would grant to our Government negotiators because our experience with the administration of the reciprocal trade treaties provides us with definite evidence of how these powers may be used. If a modified closed rule had been adopted which would have permitted the consideration of some really clarifying, safeguarding amendments, there might be some opportunity now for latitude in accepting this bill on the basis of practical, flexible, adequately safeguarded trade policy.

But the closed rule under which the bill is being considered today enjoins that opportunity and leaves me with no prospect of finding the assurances that I seek in the measure for our American economy and its faithful workers and the American people.

In my opinion, reinforced peril point and escape clause provisions would greatly improve the bill, and if properly drawn and agreed upon, possibly constitute the basis for insuring against the dangerously increased volume of cheaply produced imports that might well stagnate the American economy.

The Constitution clearly prescribes the powers and obligations of Congress in regulating imports as provided by article I, section 8 of that great document. These powers should be definitely retained by Congress by provisions that would make speedy adjustment of injurious imports possible under specific provisions of law.

On the whole, proper safeguards coupled with flexibility of administration and certainty of redress would allow us to mold and pursue a trade policy that would be practical and workable in every contingency that the common markets and our own economic prosperity might dictate.

Whatever ensues, I hope that Congress will keep in mind the needs of our great, free enterprise system, its managers and workers, and the millions of inarticulate people who look to us for guidance, assistance, and support regarding their interests, their jobs, and their future well-being.

Mr. GALLAGHER. Mr. Chairman, passage of the Trade Expansion Act will greatly stimulate U.S. economic growth. It will put our industry on its mettle to become more efficient. Industry will make more rapid application of the best technologies, will expend more funds and attention on the development of better technology and products, will hunt out and eradicate more swiftly the wastes and inefficiencies which continuously creep into operations.

This bill will enable our Government to negotiate better access for U.S. industry into the fastest growing market in the world today—the European Common Market. Lacking such access, the growth of our most dynamic and efficient industries will be hampered; with such access, these industries will have new worlds to conquer.

It is unquestionable that trade liberalization here and abroad will raise our productivity and wages, because it is our highest wage, highest productivity industries which lead in U.S. exports. Trade expansion thus means that the vanguard of faster industrial growth rates in the United States will be taken by our most efficient industries. This means that wages will rise for the average American worker. The key question here, however, is whether rising wages due to such expansion will adversely affect our price level. Concern for the consumer, for our balance of payments situation dictate that we view all major economic legislative measures from the standpoint of their possible effects on prices.

Fortunately, trade liberalization is a measure which promises us the benefits of growth and the benefits of price stability. It disciplines the price raiser, while increasing the rewards to the conservative pricer. Because of this factor, trade liberalization promises that wage increases will be real wage increases, that the consumer will not only be able to choose among a wider variety of alternatives, but on particularly attractive terms. Thus, trade liberalization means a faster rate of economic growth, higher real wages, and a better deal for the consumer. These factors will also bring greater exports and a better long-term, private-capital balance. This follows because the incentive for U.S. industry to invest abroad will be reduced as foreign tariff walls come down. Thus, the effect of trade liberalization will be to help our balance of payments and reduce our gold outflow.

U.S. trade liberalization will also contribute strongly to the unity and strength of the free world, and will powerfully reinforce our international leadership position. Freer trade means greater economic interdependence among the nations—thus less focus on self-sufficiency and neutrality. It will increase the acceptance among the new nations of free enterprise and will boost the economic and political yields to our foreign aid program.

It is not surprising to me that trade liberalization contains such potentialties for good for all things most important to us; after all we owe much of our own growth and freedom to trade liberalization within the American States. Both our own progress and that of our friends and allies will be enhanced by an extension on a broader front of the principles on which we have built our greatness.

Mrs. HANSEN. Mr. Chairman, I support H.R. 11970, the Trade Expansion Act of 1962, but I feel called upon to comment on the trade situation facing our domestic lumber industry. I have made these points before, and will undoubtedly be making them again.

I certainly feel, as has been stressed by the able majority whip and other Members during this debate, that this country must make every effort to become a participant in the benefits which have so manifestly accrued to the member countries of the European Economic Community, the so-called Common Market, as a result of their trading program. I fully realize that, through the use of reciprocal arrangements for lowering the tariff barriers between the United States and this ever-stronger trading entity in Europe, we can expand the markets for our exports and share in the growth of the Common Market. I further realize that by our failure to attempt to cooperate in the great liberalizing of trade being practiced by the Common Market countries, we can very well shut ourselves off from these markets and doom ourselves to a growing deficit-of-payments situation of ever-greater proportions.

However, I wish to clarify in my mind the type of action which will be allowed by the bill for trade expansion, H.R. 11970, to aid an industry, such as the lumber industry, which is a major industry and employer in my own district. A large number of my colleagues in both parties know of my concern over the economic situation facing the lumber industry, and have recently joined me in an appeal to the President to give temporary relief to the lumber industry through the imposition of a quota on the importation of softwood lumber, based on the average annual shipments into the United States over the past 10 years. As a longer term measure, it has been requested that the Tariff Commission be requested to commence immediately to gather the necessary information upon which a decision could be reached as to whether a tariff or quota should be applied to lumber importation.

I note that, under the trade expansion bill, "lumber of all types, rough or sawed" is among those categories which will be subject to elimination of a duty completely, because the tariff rate is now less than 5 percent.

The lumber industry of the Western States suffers principally from the import of Canadian lumber into the Eastern States, because of conditions which favor the Canadian product, pricewise. I know many of us are interested in knowing what the effect of the Trade Expansion Act will be on the situation which exists today—a situation in which Canada restricts the importation of lumber and lumber products from the United States, while the United States places minimum restrictions on the importation into our country of the Canadian product. What action will be available to the Executive to restore the health of the lumber industry? Will the U.S. lumber industry be able, under the new law, to gain access to the markets it needs, under conditions which will allow it to compete in the transportation costs it pays, in the duties it pays, and in the exchange rates in which it deals?

I acknowledge that it is altogether possible for the doors which will be opened to U.S. trade through this bill, and through our subsequent cooperation with the Common Market countries, to restore the health of the American lumber industry. In the meantime, however, I suggest that there are actions which the Executive can take right here at home—and these actions have been urged on the President and the executive agencies and departments concerned—which can be put into effect in the near future, to improve the position of U.S. lumber producers, restore employment in the industry, and allow it to maintain its ability to compete under the new conditions we are contemplating under this bill.

Mr. PIRNIE. Mr. Chairman, I support the worthy goal of expanded world trade. Such an objective is in the best interests of our national economy and the security of the free world's defenses. However, I must oppose the Trade Expansion Act—H.R. 11970—as proposed by the administration.

It is recognized that the changing pattern of world commerce, specifically, the rise of the European Common Market, indicates the necessity for new tariff-bargaining authority to be vested in the President, but he should not be given the power to destroy an unspecified number of American businesses and jobs in the process. We do not know how many tens of thousands or millions of jobs will be affected. As yet, the administration has declined to furnish the Congress with satisfactory, detailed information.

In New York State, my section of the Mohawk Valley has been particularly hard hit by low-cost foreign imports. Moreover, the southern exodus of important local industries, chiefly textiles, has aggravated this situation, creating a labor-surplus market. The people of our area do not look with favor upon recent administration actions which have singled out the southern textile industry for special tariff protection in an effort to enlist support for its trade bill.

Furthermore, its adjustment provisions, designed to soften the impact of increased imports, are both illusory and unsound. They unnecessarily duplicate the recently enacted Manpower Development and Retraining Act program, which seeks to upgrade the skills of workers displaced by automation, matching them with new job opportunities. In addition, the proposed measure discriminates against those presently unemployed by offering higher payments to those who would lose their jobs because of import competition. Certainly, it would be grossly unfair to create a second-class category for a large portion of our unemployed citizens.

Of fundamental significance, the uncertainty surrounding the economic effects of the bill increases the apprehension of investors and the industrial community, already seriously concerned over current danger signals in our economy. It is interesting to note that the Canadian Government, faced with similar difficulties, has chosen to raise tariffs to protect the integrity of its dollar. Accordingly, serious study should be undertaken by our Government before embarking upon the unknown seas of freer trade. Responsible leadership and sound judgment require that we chart our economic course in advance. Consequently, I support a 1-year extension of the present law to permit this review. No crisis demanding hasty or emergency action has been demonstrated. The entire defense of the free world is dependent upon the progressive prosperity of the United States. No intended partnership with the Atlantic community can long endure without the security of such a foundation. Let us be certain that our proposed actions provide this security. We cannot afford to guess.

Mr. DOMINICK. Mr. Chairman, there are very few in this Chamber who are opposed to the principles of reducing trade barriers between the free nations of the world. Many of us who have been listening to this debate for 2 days would like to vote for steps in this direction and have been waiting to hear some sound substantive reasons which would permit us to do so. I, for one, must regretfully say that I have not heard any.

To the contrary, several important points have become clear:

First. This is not a reciprocal trade bill. There is no requirement of any kind that a foreign country must reduce its trade restrictions on comparable goods in return for our reductions. This has been made clear by the chairman of the committee [Mr. MILLS] in reply to a specific question.

Second. The administration has testified before the committee that it estimates 800 industries—industries, not firms—will be adversely affected by tariff reductions under this act. At a time when unemployment is high, business shaky, and gold losses increasing, it hardly seems wise to add this additional adverse element.

Third. The gentleman from New York [Mr. GOODELL] has shown clearly that the adjustment assistance provisions provide special privileges for those injured by this act, compensation far higher than for those unemployed for any other reason and special assistance to the businesses as well. Then costs will be borne by the general taxpayer and, hence, we are simply substituting general taxpayer funds to subsidize industries instead of the existing tariffs which are paid by importers using or selling the particular articles involved. Substitution of one subsidy for another is not freer trade and its seems particularly unwise at a time when the general taxpayer is so overburdened; the General Treasury is already bankrupt; and the Government is borrowing funds to pay for programs already pushed through by this administration.

It is interesting to note the spread of opposition to this bill. I have received wires and letters expressing strong adverse opinions from the United Mine Workers, the chemical companies in my district, the steelworkers operating at the Colorado Fuel & Iron Corp., Colorado Fuel & Iron Corp. itself, the Colorado-Wyoming Teamsters Union, and a number of other businesses and labor groups.

In his wire to me, the president of the Colorado-Wyoming Council of Teamsters said:

> Colorado-Wyoming Council of Teamsters, representing 15,000 members in Colorado and Wyoming, urge you to vote against H.R. 9900. We do not think you should authorize the President to reduce tariffs to permit Japanese- and European-made goods to come into this country produced at wages ranging from 17 cents to 85 cents an hour. This is unfair competition.
>
> CHARLES F. LINDSAY,
> *President, Colorado-Wyoming Council of Teamsters.*

In a letter to me, Mr. Rudolph Smith, executive vice president of Colorado Fuel & Iron Corp., wrote:

> I wish to state that we shipped a relatively small tonnage from our Pueblo steel plant to export markets in the year 1961. However, the imports of the type of products produced at Pueblo to our western market far outweighed the tonnage that we were able to export. Export shipment of Pueblo wire products in 1961 were insignificant.
>
> Keep in mind that products from our Pueblo plant production, are marketed in all Western States, and in some product categories to eastern, southern, and other regions. This means that the impact of foreign steel imports is felt over a wide area and beyond the primary distribution centers of the Mountain States.
>
> A sizable portion of our Pueblo plant production, as well as the production of our two California plants (South San Francisco and Oakland), is in wire and other types of products that are exported to the United States in large quantities by Japan, Belgium, and other countries. We would like very much to export larger tonnages of our well-diversified product line, but the futility of such a program can readily be seen by the following tabulation of a few selected products. The data represents total imports to

the United States and total exports from the United States by the entire steel industry in the year 1961 and for the first 2 months of 1962:

Department of Commerce data

[Net tons]

	Year 1961		2 months 1962	
	Import to United States	Export from United States	Import to United States	Export from United States
Wire nails	245,211	3,468	40,782	613
Barbed wire	82,466	969	11,760	791
Wire rope and strand	34,172	8,324	6,814	1,609
Round fencing and bailing wire	202,036	19,886	38,508	4,610
Wire rods	451,210	5,378	81,808	460
Concrete reinforcing bars	583,125	15,688	126,736	1,834
Galvanized wire fencing	31,492	1,661	8,231	237

Large tonnages of the above Colorado Fuel & Iron Corp. type products reached western markets through the gulf coast and west coast ports. This data has been tabulated and will be sent to you with other material that we think will be of interest.

Maintaining a sound agricultural economy for our Western States is, of course, most important and the relationship of imported and exported products should have careful study. Farms and ranches of the West are an important market for Colorado Fuel & Iron Corp. products such as nails, barbed wire, woven fencing, coiled baling wire, and other items and we are naturally concerned when a product such as barbed wire is shipped to this country in such large volumes.

With respect to Common Market and import duty discussions that have been most active in recent weeks I can only say that any further advantages given to foreign countries to make it easier for them to ship even larger tonnages of steel and wire products to U.S. markets cannot be favorable to the task we all face of insuring the strongest and soundest economy for this Nation. The U.S. duty on barbed wire, for example, is free, and 82,466 tons of this product arrived in this country in 1961. I don't know what changes are contemplated in duties imposed by other countries, but our information is that the tariffs that have been in effect are: Japan, 15 percent; United Kingdom, 33⅓ percent; France, 15.6 percent; Canada, 10 percent.

Similarly, the U.S. duty on nails, I understand, has been 2 to 4 cents per pound, as compared to ad valorem percentages ranging from 15 to 22½ percent charged by other countries.

An important fact to remember, I believe, is that the wage rates of other countries are much lower than those paid in this country and this fact will probably continue to have much more significance on imports and exports of steel products than any other.

I very much appreciate your interest in matters that are of vital concern to the economy of Colorado, the United States, our company. I commend your desire to obtain factual material that will show the possible effects of bills such as H.R. 9900 that represents a drastic departure from previous trade agreements legislation. Sharp reduction or eventual elimination of import duties must be weighed most carefully, and particularly in relationship to the large export-import imbalance that already exists on many steel products. It is most refreshing to realize that you, as our Representative in Congress, are working diligently on our problems.

Sincerely yours,

RUDOLPH SMITH.

The figures cited by Mr. Smith should be of interest to many of my colleagues. To the extent that imports cut into business, jobs are jeopardized. And even the most plush unemployment assistance will not be of any real help to a man who has been supporting his family by hard work and has over a period of years built substantial seniority in his job.

I am interested in increasing the number of available jobs—not decreasing them. I am interested in preserving and adding to our standard of living—not in taking steps which may force a decrease in job opportunities and a lower standard of living for the American workingman.

I suggest to this Committee and the administration that an upward surge in the economy is needed badly and should be brought about by rigorous Government economy, balancing the budget, and then increasing depreciation allowances and completely revising tax laws so that individuals and businesses can put their own money to work rather than having it sliced to shreds in the maw of the Government disposal.

Mr. Chairman, I am disappointed. I had hoped to be able to support this bill. I cannot do so with any conscience.

Mr. GIAIMO. Mr. Chairman, I rise in support of H.R. 11970, for I feel that the formulation of a new trade program is of great importance to the domestic and international affairs of our Nation.

I do not believe I need add to the wealth of statistical material which has already been presented in support of this bill. As a New England Congressman, however, I would like to emphasize the fact that this program represents a perfectly logical extension of a tradition that is as old as our country—specifically, the knowledge that American products always have and always will find markets throughout the world. I find it impossible to believe that a Nation that was founded on the tradition of trade should be afraid of competition, either real or imaginary.

Industry and productivity have grown when they were forced to compete. Where no competition exists, there is no need for ingenuity, for inventiveness, for any of the great talents that have turned this country into the most efficient producer the world has ever known.

We did not develop our techniques and our traditions by assuming that our goods could not compete. The day we lose faith in our basic ability to hold our own is the day that many of our institutions will go down the drain.

Since the days of the Yankee clipper, our economy has gained much from foreign trade. This bill will provide our entire country with the tools to utilize fully the tremendous promise of the European Common Market and other developing economic areas.

Mr. Chairman, I have spent much of the past year as a member of a special House subcommittee which was charged with the responsibility of studying the impact of imports and exports on American employment. During my intensive work on this subject, I became increasingly convinced that this Nation and the New England region have a great stake in maintaining healthy trade relationships. At the conclusion of the subcommittee's work, I set forth my feelings in detail in separate views, which were included as a part of the subcommittee report. I am convinced that we cannot but cause great damage to our economy by refusing to take the steps necessary to compete in world trade.

My own State of Connecticut has a very definite stake in this measure. According to figures supplied to me by the Department of Commerce, exports of manufactured goods from Connecticut amounted to $385.9 million in 1960. Connecticut ranks 14th in the Nation in value of manufactured exports. From New England factories and laboratories comes a steadily increasing flow of valuable technical and scientific products. The developing economies of the free world need these goods, and passage of this legislation will enable my State and the other States in the Union to take full advantage of the increasing world markets.

Mr. Chairman, it is my sincere hope that the voices of those who are timid will be stilled by those who will accept the challenge at hand—who will willingly accept the challenges of our times and continue to forge America's economic superiority in the world—who will react in what is clearly the American way. The alternative is a sentence of stultification, if not death, for the American economy.

Mr. JONAS. Mr. Chairman, for the first time in history a President of the United States has proposed and is urging the enactment of legislation which admittedly will cause severe damage to if not outright liquidation of segments of American industry and throw untold numbers of American workmen out of jobs. Administration witnesses made this clear in testimony before the Committee on Ways and Means.

The Under Secretary of Commerce, Mr. Edward Gudeman, with Commerce Secretary Hodges by his side, admitted in the hearings that 800 American firms will be substantially injured by this legislation—page 265, part I of the hearings before the Committee on Ways and Means.

If more proof is required, all you have to do is examine the bill itself. It contains 82 pages, and 48 of these pages describe various ways in which the administration proposes to provide relief for the damaged industries and the displaced workers who will lose their jobs if this legislation is enacted.

I submit that American industry does not wish to be placed on a Government dole but only seeks a fair opportunity to compete in its home market with foreign producers. Low-interest-rate loans and tax relief are poor substitutes for the best market in the world—the American market.

Nor do American workers look with any degree of complacency upon the prospect of having to give up their jobs and subject themselves to a retraining program and the possibility of being moved from their homes to seek employment elsewhere. Unemployment compensation and retraining allowances are poor substitutes for jobs. The following comment from a textile manufacturer in my State shows what will happen under this program:

> It will be impossible to retrain or to move a larger number of the employees, many of whom have made the textile industry their life's work, are skilled employees in the industry, and have established their homes, their families, and their expected future, based on the stability of the textile industry. The liquidation of this industry, employing a larger number of people and so necessary in time of peace or war, will bring social unrest, family disruption, and heartaches to a great number of people in wide areas of the country where the industry is located.
>
> The suggestion that these people be retrained and possibly moved to other localities is not realistic when we consider that we have not retrained and taken care of some 4 million employees who are now unemployed and, yet, it is proposed that we begin to add to this number an additional 2 million employees. If this program were put into effect today, our unemployment would rise from 6 to 9 percent.

Let us consider for a moment what will happen to these displaced workers. What will happen to the worker who is 45 to 55 years of age and who has spent all of his working years in one of these expendable industries? What can he be retrained to do? Where can he get a job even after retraining? We all know that it is virtually impossible for a middle-aged man or woman to obtain a new job today. Employers are looking for younger people who have many years of worklife ahead of them. The chances are that very few of these displaced middle-aged workers who lose their jobs as a result of this legislation will ever find work elsewhere. I do not want to go home and have to tell the workers in our textile and lumber plants, and in our mines and other industries, that I voted for a bill whose sponsors admit will severely damage or force into liquidation 800 American business firms, and put their jobs in jeopardy. I do not want to have to tell them that I voted for a bill that may close down the plant where they work and put them on a dole for the rest of their lives.

And who is going to select the 800 firms for the auction blocks? Who is going to decide which of our business firms are expendable? Who is going to select the workers who will lose their jobs? Not Congress. Oh, no, because if this bill is passed Congress will have transferred that authority. The power of life and death over important segments of American industry will be delegated to some appointed official. He will be called a negotiator and he will sit down across the table facing negotiators from other countries and upon his decisions will depend which American industries are expendable and which American citizens will be sacrificed for what he decides is in the national interest. I for one am not prepared to thus surrender the power of life or death over American industry to any Government official who is not directly accountable to the people for his decisions.

And what will be the guidelines which he will use as a basis for his decisions? If this bill becomes law, Congress will be saying to the U.S. negotiators that they no longer need consider the injury that may result to American firms and workers. Congress will be announcing to the world that it has surrendered the time-honored policy that tariffs will not be reduced to a point at which there would result serious injury to the American industry making a like product.

That this bill will be so interpreted was made crystal clear by Undersecretary of State George Ball in a recent speech in Bonn, Germany, in which he seemed to apologize for the fact that the President acted, following a Tariff Commission recommendation, to increase the present duty on glassware and carpets. Mr. Ball made it clear that this action was required under existing law, if any relief were to be provided; but he then announced to the world that if Congress passed this bill the President no longer will be restricted to this type of relief but that recourse to adjustments will be the first response. Instead of following the no-injury concept which has been ingrained in the reciprocal trade agreements program from the beginning, hereafter we are going to proceed to allow injury and damage to occur and compensate for it by providing additional unemployment compensation for the workers who lose their jobs and by making loans and giving tax credits to some of the business enterprises that are injured as a result of increased imports invited to flood this country by an act of Congress itself.

As I have previously said, this is a substantial departure from U.S. policy specifically set forth in the present Trade Agreements Act. Under the present law, whenever our negotiators make an agreement to reduce tariffs below the peril point established by the Tariff Commission, the President was required to justify this action to the Congress. But this legislation constitutes an open invitation to our negotiators to disregard the question of resulting injury and damage and to negotiate lower tariff rates even if it is apparent that the result will be injurious to American firms and labor.

The power of life or death over American business enterprises is too much power to be granted any one person even though he be the President of the United States. This is an awesome grant of power and I do not think any President of the United States ought to ask for it. We are the Representatives of the people and if anybody is to exercise such lethal power it ought to be the Congress of the United States and particularly the House of Representatives. This is because Representatives to Congress are the closest point of contact between the people and the Government, and if the people are not satisfied with decisions we make here they have the right to unseat us at the end of 2 years. But the grant of power contained in this bill is to the President, who serves in office for 4 years, and the bill even extends this power beyond the term of office of the present President or for 5 years.

Much has been said in the debate about the post-agreement safeguards that are set forth in the bill. I have already discussed the provisions respecting unemployment compensation and retraining allowances for displaced workers and the loans and tax benefits provided for business enterprises damaged as a result of this bill. These constitute some of the so-called safeguards. But it has been argued that the President has an alternative course of action which is called a safeguard, and this provides that, following a hearing and a finding by the Tariff Commission that there has been serious injury to the industry as a whole as a result of increased imports caused by lowered tariffs, the President may revise tariff rates upward, and if he fails to so act the Congress may force such action. At first blush this safeguard would seem to provide relief to individual firms damaged by increased imports but that is not the case. The bill requires tariff revisions upward only in cases where there has been serious injury to an industry as a whole.

No matter if segments of an industry are completely destroyed, to force an upward revision in tariff rates firms damaged would have to prove that serious injury to the industry as a whole will result from the increased imports. This so-called safeguard is therefore meaningless so far as individual firms or segments of an industry are concerned unless they can prove damage to the whole industry.

The following paragraph from the committee report accompanying the bill makes this departure from the previous no-injury policy crystal clear:

> In the past, the United States has provided protection for American firms and workers against injurious competition from foreign imports in the form of tariffs or quotas with the effect of restricting foreign competition. Under the bill, tariff adjustment through the escape-clause procedure would be retained as one of the President's alternative courses of action where there had been serious injury to the industry as a whole as a result of increased imports from trade agreement concessions.

It had been my hope that a modified open rule would have been granted in this case so that we, the Representatives of the people in Congress, might have an opportunity to vote to reinstate the no-injury concept whch has been embodied in all reciprocal trade legislation previously enacted. And it had also been my hope that the rule would have permitted the House to insist upon a meaningful escape clause which would have been a genuine safeguard against serious injury. But the Representatives of the people here in the House of Representatives have been denied such an opportunity. We are forced to accept this bill as it came from the Committee on Ways and Means or reject it in toto.

Frankly, I dislike that alternative. I do not object to taking bold, aggressive steps to stimulate an exchange of goods and to promote international trade. I recognize that trade is a two-way street, and that we cannot expect to sell our surplus goods abroad unless we are willing to buy goods produced abroad. But I think there must be some way to stimulate trade without earmarking segments of American industry for liquidation. If that is the only alternative the leadership intends to give us, I am going to be compelled to vote against this bill, albeit with considerable reluctance because I favor expanded trade and would like to encourage it.

Before I conclude these remarks, I feel compelled to comment on the allegation frequently made that this is a fight between those who urge the elimination of trade barriers and restrictions and those who would erect a high tariff wall around our country in an effort to prevent imports from entering the American market. This is a false allegation. It is not supported by the facts. We do not have a high tariff wall surrounding this country and no one is suggesting that one be erected. No one is suggesting that tariffs be increased. Those of us who oppose the bill simply contend that our tariff rates are already so low that a further reduction would result in serious injury to segments of American industry and workers.

While the Reciprocal Trade Agreements Act has been in effect, we have reduced U.S. tariffs by approximately 80 percent. The result is that today the United States is one of the lowest tariff nations in the world. The record shows that foreign producers have absolutely no difficulty penetrating the American market, paying our relatively low tariff duties, and selling their goods in this country at prices in many cases below domestic production costs. Imports have jumped from $6 billion in 1934 to $14.6 billion in 1960. Could that have been accomplished if we were maintaining a high tariff wall? Moreover, 60 percent of all imports enter this country duty-free and therefore are not affected in the slightest degree by existing tariffs.

In addition to the substantial tariff reductions that have been made over the years since the reciprocal trade agreements program has been in effect, on July 1 of this year most U.S. tariff duties will be reduced again—20 percent in two yearly stages of 10 percent each. I believe it would be the part of wisdom on our part to wait on granting additional tariff reduction authority until the full effect of this new round of reductions can be known.

There are many people in this country who advocate outright free trade. They would have us completely eliminate all tariffs. And this bill even gives the President authority to reduce some tariff rates to zero. To that extent at least this is a free trade bill. But I do not believe free trade will work to the advantage of industry or workers in the United States if we expect to maintain the high standard of living enjoyed today by American workmen. So long as a substantial disparity between costs of production at home and abroad continues, I believe a policy of free trade will be detrimental to the best interests of the American people.

Whenever I hear arguments advanced by proponents of free trade between a country such as ours which has the highest standard of living in the world, and others in which production costs are so substantially under ours, and contemplate what a policy would do to American industry and workers, I always think of the following story in "Aesop's Fables":

> A dog was crossing a plank bridge over a stream with a piece of meat in his mouth, when he happened to see his own reflection in the water. He thought it was another dog with a piece of meat twice as big; so he let go his own, and flew at the other dog to get the larger piece. But, of course, all that happened was that he got neither: for one was only a shadow, and the other was carried away by the current.

In our zeal to expand trade, we should be exceedingly careful not to destroy the American market for American-made goods. We should keep in mind the lesson of Aesop's fable about the dog and his shadow.

Mr. OSTERTAG. Mr. Chairman, we are faced with an exceedingly difficult decision in acting upon the Trade Expansion Act of 1962. We all favor expanding world trade that will strengthen the free world, and this is the avowed purpose of this legislation. Yet we are aware that months of hearings and these days of debate have left many of the basic claims for this legislation unsubstantiated, and many of the questions about it unanswered.

Certainly we all agree that continued strength is necessary to our leadership of the free world. The development of the European Economic Community or Common Market figures to change the traditional economic relationships in the free world and we must meet these changes. The EEC countries comprise a market of 170 million people; their total foreign trade reached $60 billion last year. The elimination of their internal tariffs and the creation of a common tariff system in regard to outside nations would make it seem imperative that we seek new tariff accommodations with the EEC in order that we may continue to share in these markets.

However, it should be realized that the Common Market is still being developed, and it is still several years away from the point when all its internal tariffs will be removed. In addition, the membership of the EEC is still unsettled, as Great Britain and other countries negotiate for membership. We have seen in these debates the sharp disagreement over the factors which truly contribute to our present trade balances; in fact, the validity of these balances has even been seriously challenged because of their inclusion of trade actually financed by our own foreign aid grants.

As a result of these many significant uncertainties, it seems to me that the proposal to extend the present reciprocal trade program for another year would be a wise move. It would permit a clearer picture of the composition of the EEC before we fix our international trade program for the next 5 years. It would provide a period when we could turn to even more important economic reforms—the improvement of our depreciation and tax system in order to increase the incentives to our economy. These would be certain to strengthen our competitive economic position.

Of course, the bill we have been presented by the Ways and Means Committee does represent an improvement over the proposals first advanced to the Congress by the administration. It provides greater safeguards for American jobs and industries than proposed by the administration. It contains provisions for seeking removal of discriminatory, nontariff restrictions which other countries maintain against our products.

If the majority of the House declines to support a 1-year extension of the present reciprocal trade program, I will then support the committee proposal because I know we must have the authority to move ahead in this area if the situation demands it. I have consistently supported our programs to expand world trade in the best interests of our country.

But what we require is more than tariff reductions for their own sake. There has been too great a tendency to decide this important and far-reaching issue by slogans to the effect that all tariffs are bad, all free trade is good. Our history is proof that this is not so, because much of our industrial strength was developed with the aid of tariff protection.

This legislation would give widesweeping authority to the President; it is important that this authority be used in a manner that will strengthen our Nation economically, because the economic strength of the United States is crucial for the life of the free world. There has been much emphasis and discussion of adjustment assistance for those who suffer business setbacks or lose employment as a result of tariff reductions made under the authority of this act. I believe the administration, by its handling of this authority, should shift its emphasis to strengthening our economy and increasing employment opportunities, for this must be the primary purpose of this program.

The CHAIRMAN. All time has expired. Under the rule, the bill is considered as having been read for amendment. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means.

The Clerk will now report the first committee amendment as printed in the reported bill.

The Clerk read as follows:

> Page 9, line 16, strike out "State" and insert: "State,".

The CHAIRMAN. Without objection, the committee amendment is agreed to.

There was no objection.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

> Page 45, line 8, strike out "(13)" and insert: "(3)".

The CHAIRMAN. Without objection, the committee amendment is agreed to.

There was no objection.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

> Page 67, line 25, strike out "Senate)" and insert: "Senate),".

The CHAIRMAN. Without objection, the committee amendment is agreed to.

There was no objection.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 68, lines 1 and 2, strike out "a two-thirds vote" and insert: "the affirmative vote of a majority of the authorized membership".

The CHAIRMAN. Without objection, the committee amendment is agreed to.

There was no objection.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 72, strike out line 14 and all that follows through line 8 on page 77.

The CHAIRMAN. Without objection, the committee amendment is agreed to.

There was no objection.

The CHAIRMAN. Are there further committee amendments?

Mr. MILLS. There are no further committee amendments, Mr. Chairman.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes, pursuant to House Resolution 712, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. MASON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MASON. I think everyone understands that he is, Mr. Speaker.

The SPEAKER. What the gentleman says may be correct, but the gentleman understands that he must qualify to offer the motion.

Mr. MASON. I understand that, Mr. Speaker.

The SPEAKER. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. MASON moves to recommit the bill (H.R. 11970) to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendment:

Strike out all after the enacting clause and insert: "That the period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930, as amended (19 U.S.C., sec. 1351), is hereby extended from the close of June 30, 1962, until the close of June 30, 1963."

Mr. MILLS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. MASON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 171, nays 253, not voting 13, as follows:

[Roll No. 134]

YEAS—171

Abbitt
Abernethy
Adair
Alexander
Alger
Andersen, Minn.
Anderson, Ill.
Andrews
Arends
Ashbrook
Auchincloss
Avery
Ayres
Baring
Battin
Becker
Beckworth
Beermann
Belcher
Bennett, Mich.
Berry
Betts
Bolton
Bow
Boykin
Bray
Bromwell
Brown
Broyhill
Bruce
Burleson
Byrnes, Wis.
Casey
Cederberg
Chamberlain
Chenoweth
Chiperfield
Church
Clancy
Collier
Colmer
Conte
Cramer
Cunningham
Curtin
Dague
Davis, James C.
Derounian
Derwinski
Devine
Dole
Dominick
Dowdy
Durno
Ellsworth
Fenton
Findley
Fisher
Fogarty
Ford
Garland
Gary
Gavin
Glenn
Gonzalez
Goodell
Goodling
Gross
Gubser
Haley
Hall
Halleck
Harrison, Wyo.
Harsha
Harvey, Ind.
Harvey, Mich.
Hays
Hiestand
Hoeven
Hoffman, Ill.
Ichord, Mo.
Jarman
Jensen
Johansen
Jonas
Kearns
Kilburn
King, N.Y.
Kitchin
Knox
Kyl
Laird
Langen
Latta
Lennon
Lipscomb
McCulloch
McDonough
McIntire
McMillan
MacGregor
Martin, Mass.
Martin, Nebr.
Mason
May
Meader
Miller, N.Y.
Milliken
Minshall
Monagan
Moore
Moorehead, Ohio
Mosher
Nelsen
Nygaard
O'Konski
Ostertag
Passman
Pelly
Pillion
Pirnie
Poff
Purcell
Ray
Reifel
Rhodes, Ariz.
Riehlman
Riley
Rivers, S.C.
Roberts, Tex.
Rogers, Tex.
Roudebush
Rousselot
Rutherford
St. George
Saylor
Schadeberg
Schenck
Scherer
Schneebeli
Schweiker
Seely-Brown
Shipley
Short
Shriver
Sikes
Siler
Smith, Calif.
Smith, Va.
Staggers
Steed
Taber
Taylor
Teague, Calif.
Teague, Tex.
Thomson, Wis.
Tuck
Utt
Van Pelt
Van Zandt
Waggonner
Westland
Whalley
Wharton
Whitener
Whitten
Williams
Wilson, Calif.
Wilson, Ind.
Winstead
Younger

NAYS—253

Addabbo
Addonizio
Albert
Anfuso
Ashley
Ashmore
Aspinall
Bailey
Baker
Baldwin
Barrett
Barry
Bass, N.H.
Bass, Tenn.
Bates
Bell
Bennett, Fla.
Blatnik
Boggs
Boland
Bolling
Bonner
Brademas
Breeding
Brewster
Brooks, Tex.
Broomfield
Buckley
Burke, Ky.
Burke, Mass.
Byrne, Pa.
Cahill
Cannon
Carey
Celler
Chelf
Clark
Coad
Cohelan
Cook
Cooley
Corbett
Corman
Curtis, Mo.
Daddario
Daniels
Davis, John W.
Dawson
Delaney
Dent
Denton
Diggs
Dingell
Donohue
Dooley
Dorn
Downing
Doyle
Dulski
Dwyer
Edmondson
Elliott
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Finnegan
Fino
Flynt
Forrester
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Gallagher
Garmatz
Gathings
Giaimo
Gilbert
Granahan
Grant
Gray
Green, Oreg.
Green, Pa.
Griffin
Griffiths
Hagan, Ga.
Hagen, Calif.
Halpern
Hansen
Harding
Hardy
Harris
Harrison, Va.
Healey
Hébert
Hechler
Hemphill
Henderson
Herlong
Holifield
Holland
Hosmer
Huddleston
Hull
Inouye
Jennings
Joelson
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jones Ala.
Jones, Mo.
Judd
Karsten
Karth
Kastenmeier
Kee
Keith
Kelly
Keogh
Kilgore
King, Calif.
King, Utah
Kirwan
Kluczynski
Kornegay
Kowalski
Kunkel
Landrum
Lane
Lankford
Lesinski
Libonati
Lindsay
Loser
McDowell
McFall
Macdonald
Mack
Madden
Magnuson
Mahon
Mailliard
Marshall
Mathias
Matthews
Merrow
Michel
Miller, Clem
Mills
Moeller
Montoya
Moorhead, Pa.
Morgan
Morris
Morrison
Morse
Moss
Moulder
Multer
Murphy
Murray
Natcher
Nedzi
Nix
Norbald
Norrell
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olsen
O'Neill
Osmers
Patman
Perkins
Peterson
Pfost
Philbin
Pike
Pilcher
Poage
Powell
Price
Pucinski
Quie
Rains
Randall
Reece
Reuss
Rhodes, Pa.
Rivers, Alaska
Roberts, Ala.
Robison
Rodino
Rogers, Colo.
Rogers, Fla.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roush
Ryan, Mich.
Ryan, N.Y.
St. Germain
Santangelo
Schwengel
Scott
Scranton
Selden
Shelley
Sheppard
Sibal
Sisk
Slack
Smith, Iowa
Smith, Miss.
Spence
Springer
Stafford
Stephens
Stratton
Stubblefield
Sullivan
Thomas
Thompson, N.J.
Thompson, Tex.
Thornberry
Toll
Tollefson
Trimble
Tupper
Udall, Morris K.
Ullman
Vanik
Vinson
Wallhauser
Walter
Watts
Weaver
Weis
Wickersham
Widnall
Willis
Wright
Yates
Young
Zablocki
Zelenko

NOT VOTING—13

Alford
Blitch
Curtis, Mass.
Davis, Tenn.
Flood
Hoffman, Mich.
Horan
McSween
McVey
Miller, George P.
Saund
Thompson, La.

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Alford for, with Mr. George P. Miller against.

Mr. McVey for, with Mr. Curtis of Massachusetts against.

Until further notice:

Mr. McSween with Mr. Horan.

Mr. Flood with Mr. Hoffman of Michigan.

Mrs. KEE and Mr. SLACK changed their vote from "yea" to "nay."

Mr. SHIPLEY and Mr. RHODES of Arizona changed their vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. MILLS. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 299, nays 125, not voting 13, as follows:

[Roll No. 135]

YEAS—299

Abbitt
Abernethy
Addabbo
Addonizio
Albert
Anfuso
Arends
Ashley
Ashmore
Aspinall
Auchincloss
Avery
Bailey
Baker
Baldwin
Barrett
Barry
Bass, N.H.
Bass, Tenn.
Bates
Beckworth
Bell
Bennett, Fla.
Blatnik
Boggs
Boland
Bolling
Bolton
Bonner
Brademas
Breeding
Brewster
Bromwell
Brooks, Tex.
Broomfield
Broyhill
Buckley
Burke, Ky.
Burke, Mass.
Byrne, Pa.
Byrnes, Wis.
Cahill
Cannon
Carey
Celler
Chamberlain
Chelf
Clark
Coad
Cohelan
Conte
Cook
Cooley
Corbett
Corman
Curtin
Curtis, Mo.
Daddario
Daniels
Davis, James C.
Davis, John W.
Dawson
Delaney
Denton
Derounian
Derwinski
Diggs
Dingell
Dole
Donohue
Dooley
Dorn
Downing
Doyle
Dulski
Dwyer
Edmondson
Elliott
Ellsworth
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Findley
Finnegan
Fino
Flynt
Ford
Forrester
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Gallagher
Garmatz
Gary
Gathings
Giaimo
Gilbert
Gonzalez
Goodell
Granahan
Grant
Gray
Green, Oreg.
Green, Pa.
Griffin
Griffiths
Gubser
Hagen, Calif.
Hagan, Ga.
Halleck
Halpern
Hansen
Harding
Hardy
Harris
Harrison, Va.
Harvey, Mich.
Healey
Hébert
Hechler
Hemphill
Henderson
Herlong
Holifield
Holland
Hosmer
Huddleston
Hull
Inouye
Jennings
Joelson
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jones Ala.
Jones, Mo.
Judd
Karsten
Karth
Kastenmeier
Kee
Keith
Kelly
Keogh
Kilgore
King, Calif.
King, Utah
Kirwan
Kitchin
Kluczynski
Kornegay
Kowalski
Kunkel
Landrum
Lane
Langen
Lankford
Lennon
Lesinski
Libonati
Lindsay
Loser
McDowell
McFall
Macdonald
MacGregor
Mack
Madden
Magnuson
Mahon
Mailliard
Marshall
Mathias
Matthews
Meader
Merrow
Michel
Miller, Clem
Miller, N.Y.
Milliken
Mills
Minshall
Montoya
Moorhead, Pa.
Morris
Morrison
Morse
Mosher
Moss
Moulder
Multer
Murphy
Murray
Natcher
Nedzi
Nelsen
Nix
Norblad
Norrell
Nygaard
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Neill
Osmers
Ostertag
Patman
Perkins
Peterson
Pfost
Pike
Poage
Poff
Powell
Price
Pucinski
Purcell
Quie
Rains
Randall
Reece
Reuss
Rhodes, Pa.
Riehlman
Rivers, Alaska
Roberts, Ala.
Roberts, Tex.
Robison
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roush
Rutherford
Ryan, Mich.
Ryan, N.Y.
St. Germain
Santangelo
Schenck
Schneebeli
Schweiker
Schwengel
Scott
Scranton
Selden
Shelley
Sheppard
Short
Shriver
Sibal
Sisk
Slack
Smith, Iowa
Smith, Miss.
Smith, Va.
Spence
Springer
Stafford
Stephens
Stratton
Stubblefield
Sullivan
Taylor
Teague, Calif.
Thomas
Thompson, N.J.
Thompson, Tex.
Thornberry
Toll
Trimble
Tuck
Tupper
Udall, Morris K.
Ullman
Vanik
Vinson
Wallhauser
Walter
Watts
Weaver
Weis
Wickersham
Widnall
Willis
Wright
Yates
Zablocki
Zelenko

NAYS—125

Adair
Alexander
Alger
Andersen, Minn.
Anderson, Ill.
Andrews
Ashbrook
Ayres
Baring
Battin
Becker
Beermann
Belcher
Bennett, Mich.
Berry
Betts
Bow
Boykin
Bray
Brown
Bruce
Burleson
Casey
Cederberg
Chenoweth
Chiperfield
Church
Clancy
Collier
Colmer
Cramer
Cunningham
Dague
Dent
Devine
Dominick
Dowdy
Durno
Fenton
Fisher
Fogarty
Garland
Gavin
Glenn
Goodling
Gross
Haley
Hall
Harrison, Wyo.
Harsha
Harvey, Ind.
Hays
Hiestand
Hoeven
Hoffman, Ill.
Ichord, Mo.
Jarman
Jensen
Johansen
Jonas
Kearns
Kilburn
King, N.Y.
Knox
Kyl
Laird
Latta
Lipscomb
McCulloch
McDonough
McIntire
McMillan
Martin, Mass.
Martin, Nebr.
Mason
May
Moeller
Monagan
Moore
Moorehead, Ohio
Morgan
O'Konski
Olsen
Passman
Pelly
Philbin
Pillion
Pirnie
Ray
Reifel
Rhodes, Ariz.
Riley
Rivers, S.C.
Roudebush
Rousselot
St. George
Saylor
Schadeberg
Scherer
Seely-Brown
Shipley
Sikes
Siler
Smith, Calif.
Staggers
Steed
Taber
Teague, Tex.
Thomson, Wis.
Tollefson
Utt
Van Pelt
Van Zandt
Waggonner
Westland
Whalley
Wharton
Whitener
Whitten
Williams
Wilson, Calif.
Wilson, Ind.
Winstead
Young
Younger

NOT VOTING—13

Alford
Blitch
Curtis, Mass.
Davis, Tenn.
Flood
Hoffman, Mich.
Horan
McSween
McVey
Miller, George P.
Pilcher
Saund
Thompson, La.

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. George P. Miller for, with Mr. Alford against.

Mr. Curtis of Massachusetts for, with Mr. McVey against.

Until further notice:

Mr. Davis of Tennessee with Mr. Horan.

Mr. McSween with Mr. Hoffman of Michigan.

Mr. KYL changed his vote from "yea" to "nay."

Mr. PETERSON changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that Members desiring to do so may have 5 legislative days in which to extend their remarks in the body of the RECORD just prior to completion of proceedings in the Committee on the Whole on the bill.

The **SPEAKER.** Is there objection to the request of the gentleman from Arkansas?

There was no objection.

SUGAR ACT AMENDMENTS OF 1962

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended, with Senate amendments thereto, disagree to the Senate amendments, insist on the position of the House, and agree to the conference asked by the Senate.

The **SPEAKER.** Is there objection to the request of the gentleman from North Carolina?

Mr. HAYS. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from North Carolina if this means we are going to stagger around here all night Saturday waiting for him to get his way with the Senate, as we have in years past?

Mr. COOLEY. I hope it will not be necessary for us to be in session Saturday night. I have no control over that.

Mr. HAYS. All right. In that case, I object.

EXPORT CONTROL ACT OF 1949

Mr. PATMAN submitted the following conference report and statement on the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 1949)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That section 12 of the Export Control Act of 1949 is amended by striking out 'June 30, 1962' and inserting in lieu thereof 'June 30, 1963.' "

And the House agree to the same.

WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,
WILLIAM A. BARRETT,
CLARENCE E. KILBURN,
WILLIAM B. WIDNALL,
Managers on the Part of the House.

A. WILLIS ROBERTSON,
JOHN SPARKMAN,
PAUL H. DOUGLAS,
HOMER E. CAPEHART,
WALLACE BENNETT,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate bill provided for an indefinite extension of the Export Control Act of 1949, and contained various other provisions dealing with congressional findings and policies and increasing criminal penalties. The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment which provided for a 3-year extension of the act and contained various other provisions (differing from the Senate bill) and relating to findings, policies, criminal penalties, and rules and regulations governing export controls.

The committee of conference, after giving careful consideration to the various provisions of both the Senate bill and the House amendment and being unable to reach full agreement, concluded that additional study by the legislative committees of both Houses will be required before the problems raised by some of these provisions can be properly resolved. Accordingly (and because of the imminent expiration of the act), the conferees agreed to a simple extension of the act for 1 year as a substitute for both the Senate bill and the House amendment in order to afford the legislative committees sufficient time to complete such study.

Wright Patman,
Albert Rains,
Abraham J. Multer,
William A. Barrett,
Clarence E. Kilburn,
William B. Widnall,
Managers on the Part of the House.

SUPPLEMENTAL AIR CARRIERS

Mr. HARRIS submitted a conference report and statement on the bill (S. 1969) to amend the Federal Aviation Act of 1958, as amended, to provide for supplemental air carriers, and for other purposes.

PROGRAM FOR BALANCE OF THE WEEK

Mr. CAHILL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. CAHILL. Mr. Speaker, I take this time to ask the distinguished majority leader if he can inform us what the program is for the balance of the week.

Mr. ALBERT. Mr. Speaker, this completes the legislative business for today. Tomorrow we have, as previously programed, S. 1658, prohibiting gambling services. We have various conference reports on bills that are outstanding that must be enacted prior to the close of the fiscal year. One is S. 3161, Export Control Act, the conference report on which is filed, and it is expected that it will be taken up tomorrow. Another is H.R. 11990. If that bill is returned with amendments from the Senate, we will have to consider that again, and H.R. 12154, to extend the Sugar Act. These are the only bills, so far as I know, that must be enacted prior to the close of the fiscal year except the appropriation continuing resolution which the House has previously passed. Also we may have a conference report on S. 1969, the Federal Aviation Act.

If the gentleman will yield further, I would like to make this statement. It is going to be necessary, because of the fact that we are arriving at the end of the fiscal year, to remain in session on Friday and probably on Saturday also this week. I would like to further state that I think after that the Members will be entitled to some time off next week. We are going to have business on Monday and Tuesday, but it is hoped—and I say this so that the Members may make plans accordingly—that we will have no business next week on Wednesday, Thursday, Friday, and Saturday.

Mr. CAHILL. I wonder if the distinguished majority leader can tell us anything about what is proposed for the program for Monday and Tuesday of next week.

Mr. ALBERT. I would like to reserve a detailed announcement. Monday is Consent Calendar Day, and there will be some suspensions. Tuesday is Private Calendar day, and it may be that we will get at the atomic energy authorization bill on Monday and Tuesday.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. CAHILL. I yield to the gentleman from Iowa.

Mr. GROSS. Now, do we understand that tomorrow—Friday—we will have one conference report, or will there be other legislation?

Mr. ALBERT. We will have one bill tomorrow, S. 1658, prohibiting gambling services.

Mr. GROSS. But that is the only one?

Mr. ALBERT. That is the only bill except conference reports or action on amendments to Senate bills.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. CAHILL. I yield to the gentleman from Arkansas.

Mr. HARRIS. Mr. Speaker, I have just filed a conference report on the supplemental airlines bill.

Mr. ALBERT. Mr. Speaker, will the gentleman yield further?

Mr. CAHILL. I yield further to the gentleman from Oklahoma.

Mr. ALBERT. Mr. Speaker, I understand that if the gentleman from Arkansas desires, that conference report may be brought up tomorrow.

Mr. HARRIS. I understood the gentleman to say something about its being brought up tomorrow, and I wanted to know if the gentleman planned to bring it up.

Mr. ALBERT. If the gentleman will yield further, it will be brought up if the gentleman from Arkansas so desires.

Mr. MEADER. Mr. Speaker, will the gentleman yield?

Mr. CAHILL. I yield to the gentleman from Michigan.

Mr. MEADER. Mr. Speaker, I would like to inquire of the majority leader as to the status of H.R. 8845, a bill having to do with obstructions of investigations which was on the calendar for this week, but which I understand has been removed from the calendar.

Mr. ALBERT. If the gentleman will yield further, at the request of the committee, that bill has been removed from the calendar for this week.

WAURIKA RESERVOIR

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include a newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, under unanimous consent, I include the following newspaper article:

Waurika Reservoir

Complete approval of the Waurika Reservoir bill is still possible during the current session of Congress, Representative Victor Wickersham said Thursday.

In a statement to Don Morrison, copublisher of the Waurika News-Democrat and executive vice president of the Beaver-Cow Creek Watershed Development Association, the Sixth District Congressman said "time is our problem."

Representative Wickersham told Morrison he personally contacted all but three members of the House Interior and Insular Affairs Committee Wednesday, and their response was "very good."

Eighteen Democrats and thirteen Republicans serve on the Interior Committee, which must report the Waurika Reservoir bill in the House.

Wickersham said he was told by Representative Walter Rogers, Democrat, of Texas, chairman of the Irrigation and Reclamation Subcommittee, that every consideration will be given to the Waurika project but that it is one of many yet to be heard by his panel.

Representative Rogers told Morrison Thursday morning, "I don't know of anybody who has worked harder on a project than Victor has on this one."

Representative Wickersham explained the purpose of his visit to the White House last Friday was to ask President Kennedy to speak to the leadership of the House in the interest of moving the project forward. He said he was told by the President that he would do all he could to help.

The Congressman also asked the President to speak to Vice President Lyndon B. Johnson and others who might help in working out problems complicating passage of the bill.

Morrison said he was gratified by Senate approval of the reservoir bill. He is one of three delegates from the project area who came to Washington Sunday in the interest of Waurika Reservoir legislation. J. M. Bullard, Duncan, association president, and Milton Keating, Lawton, returned home Wednesday.

"We received assurances of support from the entire Oklahoma congressional delegation," Morrison said. "Representative Rogers of Texas was also very kind to us and we are hopeful that his subcommittee will find time to work our project into its busy schedule."

THE CAPITAL OF THE UNITED STATES

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, in common with all my colleagues, I have pride in and love of the Capital of my country, to which come as pilgrims to a national shrine millions of our fellow Americans of all ages and from all quarters of our imperishable Republic. I have strong respect for and admiration of the members of the District Committee, who work day and night for weeks and months to keep our Capital City clean and its government strong.

I am disturbed by what I read in the Washington Post, concerning the threatened closure of a home that houses 48 aged veterans. I am low in spirit. I have the sense that when the District appropriations bill was before us, I failed my comrades of the war with Spain who in this age and need find shelter in Washington's temporary home for veterans of all wars. I failed them by my silence because I was not informed that provision for the maintenance of the home was not included in the District's budget.

I hope that the other body will restore the item and that the conferees from this body, responding to the impulses of hearts of gold, will acquiese.

Forty-eight old men, who in their youth fought to make our country great and strong, threatened with eviction from the only roof they have to shelter them. This is not in the spirit of the fine, beautiful, clean Capital of my country that I love. I would have it not only a city of grandeur, beauty and inspiring monuments in reminder of our glorious past, but as well a city of heart in which the veterans of our wars always will find reflected the eternal gratitude of the Republic.

COMMITTEE ON RULES

Mr. SMITH of Virginia. Mr. Speaker, for the information of the members of the Committee on Rules and those interested in the sugar bill, the Committee on Rules at 10:30 in the morning will consider the application for a rule to send the sugar bill to conference.

SUPREME COURT DECISION ON PUBLIC SCHOOL PRAYER

Mr. WHITENER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. WHITENER. Mr. Speaker, I share the concern that many Members of Congress and thousands of people throughout the country have expressed over the decision made by the Supreme Court with reference to prayer in our public schools.

Two great newspapers in my congressional district, the Shelby Daily Star at Shelby, N.C., and the Gastonia Gazette at Gastonia, N.C., carried editorials on June 26, 1962, the contents of which point up the serious error which I believe the Court made.

I request that the editorials be inserted at this point in the Record as a part of my remarks.

[From the Gastonia Gazette, June 26, 1962]

Pledge to Flag—Will It Go Next?

"One nation, under God, with liberty and justice for all." Thus do the American people pledge allegiance to their flag. We feel that it is noteworthy that they stop to recognize in their pledge that this is God's nation.

This is a pledge repeated by every schoolchild and every civic club. One cannot help but wonder how much longer schoolchildren will be permitted to repeat this patriotic pledge. After all, they are no longer permitted to pray even an interdenominational prayer. The edict of the Supreme Court of the United States yesterday was not quite as broad in scope as our last statement implies, but the implication was there—the Government has no business, according to the nine wise men occupying the highest bench of our land, promoting religion. It necessarily follows, then, that the schools, being a governmental agency, should not state in any form any belief in the Almighty. They long ago ruled that no school could hold a Bible-study period.

How long will it be until the Senate and the House won't be able to open their sessions with prayer? They do, after all, represent all of the people, some of whom are apparently atheistic, and they would be misappropriating taxpayers' money to hire a chaplain for either legislative body.

Certainly the church should never control the state. That's one of the things our ancestors fled from in the Old World. Yet, must we as a people deny the existence of God? Or, worse still, must we, knowing His existence and His might, remain silent about it?

This strikes us as being wrong. It is wrong in its inception. It is basically and fundamentally wrong. No nation on earth has ever owed so much to the Almighty and yet paid so little tribute.

By disagreeing with the esteemed Justices of our High Court, we do not sit in judgment on them, for their decision was but a reflection of the moral turpitude of a nation. Along with the gradual decline of respect for the individual has come a spiritual decline. As the Federal Government becomes the all-important focal point for our lives, we tend to forget God. As people look more and more to Washington, they look less and less heavenward. Mr. Khrushchev makes no bones about it—he knows the direction in which we are headed. What is to stop it? Some may look to Washington, but we can only cry "God help us all."

[From the Shelby Daily Star, June 26, 1962]

The High Court Cannot Take God From America's Heritage

The U.S. Supreme Court has attempted to take this Nation from under the province of God Almighty.

A decision, calling a nonsectarian school prayer unconstitutional, is bitterly offensive to those of us who believe that "for God and country" is the right philosophy and that the doctrine of separation of church and state does not imply separation of God and state.

God is in the heritage of America and no secular court can take this away.

Our forefathers, escaping the tyranny of Great Britain's colonial administration, noted that "man is endowed by his Creator with certain inalienable rights." Thus was the Creator placed first in the heritage of our freedom and the stanch signers of the Declaration of Independence did not hesitate to strike their names into history under that pledge.

The President of the United States when he takes the oath of office "swears (or affirms) before God" and no American President has backed away from that oath, which incidentally is administered by the Chief Justice of the Supreme Court.

No money is legal tender in this Nation unless it carries the time-honored motto "In God We Trust."

Congress opens each session with a prayer and prayers are an integral part of the opening ceremonies of the conventions of both great parties.

Indeed, the Supreme Court itself confirms the sovereignty of God Almighty in the bailiff's opening cry.

The pledge of allegiance to the flag, by an act of Congress, now contains the phrase "one nation, under God."

These are legal, traditional, and utterly plain examples of how this Nation has officially recognized the sovereignty of God.

The drafters of the Constitution, with the excesses of the Spanish Inquisition and the church wars of England fresh in their minds, provided in the first amendment that "Congress shall make no law respecting the establishment of religion, or prohibiting the free exercise thereof."

This was to guarantee that no U.S. citizen would be required to pay taxes and support a church established by the state. Nor would a law be passed denying his privilege to exercise the faith of his choosing.

There is no intent in the first amendment to establish a godless state.

Adults may know this and appreciate it. Children must be taught it. The Supreme Court decision may itself have violated the first amendment because it abridges the right of conscientious school officials to place a clear example of faith in the Almighty before impressionable young students.

The six Justices—and thank heaven there was a dissenter—may well believe they have interpreted correctly the letter of the law. We know in our hearts that they have violated the spirit of it.

We know, too, that millions of Americans, including parents, teachers, and students, will continue to bow daily before a power greater than the Supreme Court, the Congress, or the President.

Because this Nation, under God, may remain indivisible. In a godless state we will surely perish.

TRADE AND FADE

Mr. DENT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DENT. Mr. Speaker, much has been said and written on the labor views on this trade legislation. The facts are often clouded by the manner in which the reporting of these views is presented to the public.

There is no question as to the position of the top leaders of labor representing the AFL-CIO. However, it would be a serious error to say that labor as a whole endorses this legislation as written. In fact, the position of the Manufacturers Association, the chamber of commerce, the Farm Bureau, the AFL-CIO have been pictured as being wholeheartedly behind this bill before us.

It is interesting to note that there is no way that a person can vote for this legislation under a closed rule that will not be in disagreement with some if not all of the above-named organizations.

For the Record, I quote the position of the Pennsylvania Manufacturers Association followed by the position of the AFL-CIO as of this past week.

Also, for the Record, I present individual union, industry, and personal views as expressed on the proposed trade act:

Pennsylvania Manufacturers'
Association,
Philadelphia, Pa., June 20, 1962.

Re H.R. 11970.

Hon. John H. Dent,
House Office Building,
Washington, D.C.

Dear John: It is our understanding that the foreign trade bill (H.R. 11970) will be scheduled for House floor action the week beginning June 25. Our association and its

10,000 members are deeply troubled and concerned with the provisions in title III of this bill which sets up special Federal unemployment benefits for unemployed workers, retraining of such workers, and assistance to firms certified as damaged by increased imports.

According to the bill as reported by the Ways and Means Committee, workers unemployed because of increased imports would receive 65 percent of their weekly earnings up to 65 percent of the average national industrial wage. Maximum benefits would be around $61 a week. Benefits would continue for 52 weeks and can be extended another 26 weeks if the person is undergoing retraining or is over 60 years of age.

In contrast, a domestic worker who becomes unemployed because his employer might be a supplier to a firm closed down by foreign imports is limited to State unemployment compensation. If he is located in Pennsylvania, the maximum allowable is $40 a week for 30 weeks.

If both types of unemployed workers were to take retraining, the difference is even more pronounced.

The individual taking the training under the foreign trade bill would receive $61 a week for as long as 1½ years. The other worker under the Manpower Development and Training Act passed by Congress earlier this year would only be entitled to benefits equal to the average of the last quarterly State unemployment compensation benefit payment. Under current conditions in Pennsylvania, this would amount to about $32 a week for 52 weeks.

We believe that it is a grave injustice to unemployed domestic workers when preferential treatment is accorded to workers who become unemployed because of foreign imports.

We therefore exhort you to carefully consider this highly discriminatory feature in H.R. 11970. We will sincerely appreciate your support to have this section (title III) of the bill deleted.

Thank you very much for your courtesy and attention to this very important Federal legislation.

Sincerely yours,

John H. Seeton,
Secretary.

American Federation of Labor and
Congress of Industrial Organizations,
Washington, D.C., June 19, 1962.

Hon. John H. Dent,
House Office Building,
Washington, D.C.

Dear Mr. Dent: The proposed Trade Expansion Act of 1962, one of the most crucial issues to come before this session of the Congress, will be debated on the House floor within the next few days.

The AFL–CIO has strongly supported granting the President expanded authority to adjust tariffs in order to insure expansion of our trade with the Common Market and with other friendly nations.

A most important section of H.R. 11970 would provide trade adjustment assistance to firms and workers who may be adversely affected by import competition. Firms would receive loans, tax advantages, and technical assistance to modernize or to enter new lines of production. Workers who lose their jobs would receive retraining, relocation allowances and trade readjustment allowances up to 65 percent of their average weekly wages for at least 52 weeks.

The AFL–CIO believes that adversely affected workers and firms deserve special Federal protection, since injury would occur only because the Congress and the President had made a conscious decision in the interests of the Nation as a whole. These workers and firms should not be made to bear the burden alone.

It is believed that a motion to recommit will be made with instructions to cut down or eliminate trade adjustment assistance. Adoption of such a motion would be unconscionable.

In his testimony on this bill, AFL–CIO President George Meany said:

"Let me say again that we regard these two features of the bill—trade liberalization and the safeguards against injury, especially adjustment assistance—as inseparable. We would not support additional safeguards without trade liberalization; and we would not support trade liberalization without the additional safeguards."

The AFL–CIO therefore urges you to oppose the motion to recommit with instructions.

Sincerely yours,

Andrew J. Biemiller,
Director, Department of Legislation.

Mr. Speaker, you will note that there is no basis for compromise between these views. Let us go further and see what various international unions have had to say about this legislation in convention assembled:

Excerpts From AFL–CIO Debate on Foreign Trade Relations, December 11, 1962, Biennial Convention at Miami Beach, Fla.—Proceedings: Pages 51–67, Third Day

Mr. E. L. Wheatley, president, International Brotherhood of Operative Potters:

"We are not anti to any foreign nation. We are anti to having the rights of Congress turned over to the State Department.

"You can talk of giving money to help distressed people and train them to come into new industries. * * * We do not think that program will get there in time to do any good in the way of offering relief for our people.

* * * * *

"But you people remember how long it takes the American labor movement to even raise the minimum rate here, and that is too long * * * to assume that the pottery workers and the other thousands and millions of workers who are being deprived of their job opportunities are going to sit and wait on the relief lines while some labor organization in these other nations brings up a decent minimum."

Mr. George Baldanzi, president, United Textile Workers:

"We are not for isolation. We believe in reciprocal trade. But our definition of reciprocity is that we will supply nations with products that they do not have, and we will buy from them products which we need and we do not have.

"We do not interpret reciprocal trade to be a concept under which we will permit low-wage areas or no-wage areas to destroy the economy of entire industries in this country, merely for the purpose of having friends.

* * * * *

"With due respect to President Kennedy, who I firmly believe has a feeling and a grasp of the problems of the world, I do not believe in the principle that we should give to any President the right as an individual to wipe out any kind of tariff or controls as an individual administrative act, because who may be President today may be one type of personality. Who may be President tomorrow or 5 years from now may be a completely different personality.

"When there are corporate interests * * * investing millions of dollars in the Common Market of Europe, that are establishing plants that are more modern than ours today, unless we get some safeguard against wholesale importation into this country, there is no guarantee that 5 years from now these same automated factories that are being built in many parts of the world * * * will not curtail operations in this country and dump all the cheap goods right back here in the United States."

* * * * *

Mr. Enoch Rust, vice president, United Glass & Ceramic Workers:

"Well, I went to Washington and I didn't have to stay long until I found that we did not have a trade program based on the law as written, the reciprocal trade program of 1934 and amended several times thereafter.

* * * * *

"Why are we excited? There was enough window glass imported in 1959 and 1960 to furnish over 4 million six-room dwellings. * * * In that period of time (1959 and 1960) over a million automobiles were imported into this country carrying 30 million square feet of glass and carrying 5 million rubber tires replacing thousands of rubber workers, thousands of glassworkers, thousands of textile workers, and thousands of automobile workers.

* * * * *

"We were told by Khrushchev that he was going to bury us economically. What did we do to help him do it? We gave him a spade to dig the hole with and to throw the dirt in our face."

Mr. George Burdon, president, United Rubber, Cork, Linoleum & Plastic Workers:

"In the rubber industry we are experiencing a serious challenge from the growing imports of rubber footwear. * * * Imports totaled 50 million pairs in 1959 and doubled to 100 million pairs in 1960.

* * * * *

"We have an average of $2.50 an hour versus an average in some other countries of 23 cents an hour. We cannot compete with that kind of competition."

Mr. George Fecteau, president, United Shoe Workers of America:

"In 1949 we imported 3 million pairs of shoes. * * * We exported 6 million pairs.

"Last year, 1960, we imported 30 million pairs * * * and our exports had dropped to 3 million pairs to all countries, so that the balance we have been speaking about certainly is not in favor of the shoe industry.

"Many of our companies in the shoe industry—the large companies, those who can afford to move—have moved to Japan. They have moved to Italy. They have moved to other foreign countries. Many of them have closed shoe factories here in the United States. * * * These companies are moving for profit reasons.

* * * * *

"We have estimated that unless some protection * * * comes about * * * the shoe industry here will become extinct as the dodo bird within 8 years.

* * * * *

"It is suggested that the people employed in those industries can go to other industries. As one who has been in the field and has seen factory after factory close down, and has seen the efforts of our union and these workers to place themselves in industry, I know that such talk is a lot of damned foolishness. It is not practical or just."

Mr. William Pollock, president, Textile Workers of America:

"Since 1934 we have been for reciprocal trade; but we feel as an industry and as representatives of the workers in that industry that we should not be offered up as a sacrifice on the altar of international trade.

"You know, it is all very well to be for international trade, but we represent workers * * * and they are told that in the interest of international trade we must accept the imports from other nations, and 'To protect you we will retrain you and prepare you to go into some other industry.' Well, I think this is fine, it is as it should be.

"But when you get an individual that has spent 20 or 30 years learning a skill * * * only to find his job shipped to some other nation and he is to be trained to go maybe to the electronic industry where they are barely paying a minimum wage, it is pretty hard to convince him that this is a sacrifice he must make in the interest of world peace.

* * * * *

"I know that in 1962 when we have to elect a full Congress, if the representatives of our unions go to a Congressman in that congressional district and find that he is going to vote for a liberal trade program that will export their jobs to Europe, that he cannot count on their votes to send him back to Washington."

Mr. George Meany, president, AFL–CIO:

"If you read this resolution carefully, you will see that we are setting forth stipulations that we feel should go in this legislation.

* * * * *

"We call for retention of the escape clause provision in the new legislation, and then I would like to point to section 4 of the proposed resolution, that: 'The new legislation should direct the President to take whatever action is necessary to mitigate problems of market disruption.

"To all these organizations, I can say to you that when the legislation comes up * * * that our legislative department, our research department, our economists, and everybody concerned will cooperate with these organizations and try to get in the legislative safeguards to protect them to the maximum extent that is possible.

"But we cannot * * * depart from the idea of a reciprocal trade pact with the other nations of the world."

Mr. George Harrison, chairman of the resolutions committee:

"This resolution goes further than any other trade policy resolution adopted by this federation, in the direction of protecting our industries against undue hardship because of reciprocal trade agreements.

* * * * *

"If you will look at paragraph 6 and you will find that it says: 'In all phases of tariff and trade policy, the U.S. Government should seek to safeguard the absolute historic levels of production of significant industries.'

"Now that means only one thing. Certainly imports shall not be permitted to the point where they cause serious injury to any of our historic industries."

The resolution was carried.

Mr. Speaker, the same theme runs through all of the foregoing correspondence. It seems to say over and over again, "We are for reciprocal, we are for expanded, we are for free trade, but."

Therein lies the trouble. The but, if analyzed and each exception written into the bill, there would be no trade bill pass this House this week. The Members would find themselves forced to make a decision between the conflicting desires of the various supporters. Under the closed rule all this is put under the rug, and we can, if we so desire, vote under the the protective covenant of a closed rule.

Personally, this proves again that where our own interests are at stake we are just the same as glassworkers, tile workers, coal miners and others who are accused of being protectionists because they, too, are fighting for the one thing that matters in our economy—a job, whether it be as a Congressman or a textile worker.

The issue, being resolved today, has had little or no factual presentation, item by item, industry by industry, and yet the acknowledged injury already inflated and the added injury proposed is important enough to make injury relief the main bone of contention between labor and management leaders.

In this regard, the following correspondence from individual industries and domestic producers of what might be termed "expendetile" items should be placed before the Congress at this time:

INTERNATIONAL MOLDERS &
ALLIED WORKERS UNION,
Cincinnati, Ohio, May 24, 1962.

To the Officers and Members of the Several Subordinate Unions, Greetings:

I am writing this letter to every local union because the jobs of our members are at stake and we must do everything possible to save these jobs.

Foreign trade bill (H.R. 9900) is pending before Congress. This bill would give the President the right to lower and even to abolish tariffs. There has been a lot of talk about how this bill will improve the job situation through free trade. I am not concerned about such speculative talk. What I am concerned about is the fact that in the first 3 months of this year some 8,600 tons of soil pipe have been dumped in this country by foreign countries where wage scales and working conditions are far inferior to ours. That is more than 50 percent of soil pipe imports for all of last year. It means a loss of about 20,000 man-days of employment in the industry during the first 3 months of this year alone.

If H.R. 9900 becomes law, the soil pipe industry may well cease to exist in this country and I can only guess at how many foundries will be forced to the wall and out of business.

There is in the bill a so-called peril point escape clause through which some tariff relief can be obtained if an industry is in danger of extinction in this country because of the dumping of imports. The President wants that clause out of the bill. With that clause out, there is no way to even try to save certain industries.

This is a most serious situation that confronts us and we must not sit on our hands while our jobs are taken out from under us through destruction of our industry. We can do something about it because we are the voters of this country. Our representatives in Congress will listen to us if we tell them what we think.

I ask every local union and member of the International Molders and Allied Workers Union to take about 5 minutes of their time and write to their Congressman and Senator, telling them, in their own words, that they are opposed to H.R. 9900 and particularly are they opposed to any attempt to take the peril point escape clause out of the bill.

Fraternally yours,
WM. A. LAZZERINI,
President.

SOIL PIPE IMPORTS

ALABAMA PIPE CO.,
DIVISION OF WOODWARD IRON CO.,
Anniston, Ala., June 11, 1962.

Mr. H. E. ROBERTSON.
Mr. HAROLD SLANE.
Mr. VINCENT GERACE.
Mr. J. W. STRUVE.
Mr. D. E. SHAW.
Mr. J. M. ORRISON.
Mr. W. R. BOND.
Mr. C. A. HAMILTON.

Attached is tabulation of soil pipe and fittings imports, by countries of origin and ports of entry, as reported by the U.S. Department of Commerce, for the first quarter of 1962.

The first quarter for 1962 showed an increase of 160 percent over the first quarter of 1961, whereas the month of March 1962 only increased 81.7 percent over March 1961.

Shipments from France fell off considerably in March, whereas shipments from Mexico and India increased considerably. The imports of fittings from Mexico, during March, was more than the amount imported during the 2 previous months. The same holds true for the imports from India.

The west coast still is bearing the brunt of the pressure from imported material with 62.68 percent of the total going into these ports during the first quarter and approximately 70 percent of the March imports came into the west coast compared to 59.3 percent for the first 2 months of the year.

The average declared value of the imports during March was $101.83, compared to the average declared value of $103.77 per ton for March of 1961, and $105.77 for the first quarter of 1962. This would seem to indicate that the February price drop in this country had its expected effect on their declared value. It would be interesting to know if they dropped their prices a corresponding amount in the countries of origin at the same time.

Yours truly,
J. W. PERRY, Jr.

ALABAMA PIPE CO., DIVISION OF WOODWARD IRON CO., ANNISTON, ALA.

Soil pipe imports

	March 1962	March 1961	3 months of 1962	3 months of 1961
Tons	2,890	1,590	9,124	3,510
Increase (percent)	81.7		159.9	
Declared value	$294,316	$165,002	$965,072	$370,336
Dollars per ton	$101.83	$103.77	$105.77	$105.50

Country of origin

	March 1962	Percent	3 months of 1962	Percent
	Tons		*Tons*	
Mexico	296	10.24	551	6.04
United Kingdom	512	17.72	518	5.68
France	1,379	47.72	6,436	70.54
West Germany			39	.43
Australia	188	6.50	652	7.14
India	515	17.82	928	10.17
Total	2,890	100.00	9,124	100.00

Alabama Pipe Co., Division of Woodward Iron Co., Anniston, Ala.—Continued

Ports of entry

	March 1962	Percent	3 months of 1962	Percent
	Tons		*Tons*	
North Atlantic	535	18.51	1,340	14.60
South Atlantic	333	11.52	905	9.92
Gulf			1,109	12.15
West coast	2,022	69.97	5,719	62.68
Puerto Rico			51	.56
Total	2,890	100.00	9,124	100.00

Ports of entry

[Included in above figures]

	March 1962	Percent of total	3 months of 1962	Percent of total
	Tons		*Tons*	
New York	535	18.51	969	10.62
Philadelphia			160	1.75
Maryland			211	2.31
Florida	333	11.52	905	9.92
New Orleans			558	6.12
Galveston			160	1.75
Mobile			391	4.38
Los Angeles	1,233	42.66	3,072	33.67
San Francisco	371	12.83	1,890	20.71
San Diego	[1] 296	10.24	[1] 551	6.04
Portland-Seattle	122	4.22	206	2.26

[1] Imports through San Diego same as imports from Mexico which would be soil pipe fittings.

National Association of Glove Manufacturers, Inc.,
Gloversville, N.Y., June 20, 1962.

Hon. Carleton King,
House Office Building,
Washington, D.C.

Dear Carleton: I was very sorry I couldn't join you at the meeting last Saturday, but there were just too many pressures, and I couldn't do it. I understand it was a very successful meeting and you did a splendid job.

I am enclosing a copy of a letter that I received from Canada, in which you will note they state there is a 25-percent duty on golf gloves entering that country. This we understand, as it was part of our bargaining arrangement with them under our most favored nation policy.

The second paragraph is the crux of the whole situation, and you will note they add an additional 11-percent sales tax. This is not true of Canada alone, but is true of almost every country with which we negotiate; and our State Department refuses to take this into consideration. They concern themselves only with tariff rates and exclude internal sales taxes, even though they know that such exist.

What possibility do you think there is, when the tariff bill comes before the Congress, of adding a rider to it, having all types of gloves excluded from further tariff reductions for the next 5 years? The bill is H.R. 11970.

With best personal regards.

Sincerely yours,
James H. Casey, Jr.,
Secretary.

National Revenue, Canada, Customs and Excise,
Revenu National du Canada, Douanes et Accise,
Ottawa, June 18, 1962.

National Association of Glove Manufacturers, Inc.,
Gloversville, N.Y.

Attention: Mr. James H. Casey, Jr., secretary.

Gentlemen: In reply to your letter of the 13th instant, you are advised that men's golf gloves would be classified for customs entry purposes under tariff item 568b(2) and dutiable at 25 percent ad valorem most favored nations tariff when manufactured in and imported from the United States.

In addition to the duty there would be payable the sales tax of 11 percent levied on the customs duty paid value.

Yours truly,
E. Hough,
Dominion Customs Appraiser.

Mr. Speaker, again we hear a lot about relief under the escape clause. Anyone who knows the history of trade pacts in the United States knows full well that relief is granted only when the injured party is practically on the death bed of bankruptcy.

The following telegram received this past week shows how commercial the trade policy of foreign countries is, has been, and, I regret to say, always will be. This correspondence involves a case before the Tariff Commission at the present time. It is an appeal for a change in the tariff regulations on olives changing the computation of the tariff from a measure by gallonage to a per pound basis. This would of course serve the purpose of the exporting country by eliminating the weight of water now included in the ad valorem tariff charge.

San Francisco, Calif.,
June 19, 1962.

Congressman John H. Dent,
Chairman, Subcommittee on Imports and Exports, U.S. House of Representatives, Washington, D.C.:

Within the last 48 hours, the Tariff Commission has considered a certain provision of the tariff schedule which is the second item listed in annex 1 of their notice of hearing items 148.42—0.50, part 9–B, schedule 1; please be advised that the olive advisory board consisting of several thousand growers and some 20 canners are concerned as to the machination involved in this request. The California Olive Advisory Board is opposed to any reduction in the existing duty for olives in brine for any reason whatsoever. We oppose any further change in the tariff classification for this group of products, and any change in the conversion factors presently being used, either by the Tariff Commission or the Bureau of Customs, or convert the rates of duty (now expressed in terms of gallons) into a pound basis. Our understanding is that the conversion factor now being used is 5.7 pounds per gallon, and that this conversion factor includes the brine.

Obviously, if the conversion factor is changed, it will result in a higher or lower rate of duty per pound, as the case may be. If the conversion factor is increased so that a gallon is considered to hold more pounds than 5.7, clearly the result will be a reduction in the duty per pound. If a change is made to a drained weight basis of conversion, again it is clear that the duty per pound will be reduced.

According to Foreign Crops and Markets for May 31, 1962, published by the Foreign Agricultural Service, U.S. Department of Agriculture, Greece's 1961 table-olive production will probably total 98,500 short tons as compared with 24,000 in 1960, 54,000 in 1959, and 44,000 in 1958. Of this bumper production, exports from Greece are expected to be 23,000 short tons this year, as compared with 12,000 last year, 21,000 in 1959–60, and 11,900 in 1958–59.

With a larger-than-normal supply, it would be quite understandable if the Greek producers who export to this country should suggest an administrative change that would result in reducing the rate of duty, since this would afford a convenient way of lowering the price. It is likewise understandable that the California olive industry is unalterably opposed to such an administrative change.

Daryl Hutchins,
Manager, Olive Advisory Board.

Summary Statement of Ralph F. Frey, President of American Watch Workers Union, Before the Ways and Means Committee of the U.S. House of Representatives, 87th Congress, 2d Session, Congress of the United States, March 21, 1962

Mr. Chairman, members of the committee, we speak for the watchmakers and tool and diemakers who do the work at Hamilton, Elgin, Waltham, and Bulova and we have had experience with the problems before the committee.

What you are now considering has already happened to us. We have the symptoms of economic illness—employment is down from 10,000 to 2,000 on watches—Waltham watch is gone—the Elgin plant at Lincoln, Nebr., has shut down—Elgin, Hamilton, and Bulova stagger along with meager production schedules and with employees working short time—and our share of the domestic market has shrunk from 40 percent prewar to approximately 8 percent today. This deterioration has occurred despite our demonstrated efficiency and modest tariff protection. Since 1954 the Tariff Commission has found annually that conditions have not sufficiently improved to warrant reducing the protection we now have. We have already made a substantial contribution to free trade. Approximately 92 percent of our domestic market has been made available to our friends overseas.

This bill permits elimination of industrial capabilities. We have three suggested amendments which we think make sense.

First. We urge that this bill incorporate the principle that no industrial capability important to the national interest of the United States shall be eliminated in the course of freeing up trade.

The national interest involves more than help to companies and workers after injury. There will be instances of skills which we should preserve.

Second. We urge that the bill set forth the procedural requirement that the President evaluate an industry prior to elimination and determine, solely on the basis of national interest factors, whether the industrial capability should be eliminated or preserved. We should take a good look before permitting an important capability to expire. An important capability can be eliminated automatically by inaction, or by default without anyone ever looking it over to see if it is needed.

Third. The 1-year limitation on updated earlier proclamations set forth in section 248 (c)(2) should be stricken. There is no justification for treating earlier proclamations which have been kept current by the Tariff Commission any differently from new actions. Further, existing updated cases of injury are hard core situations where there is no more room to give and the industry will either live or die. Also, there is an inference in this 1-year limitation that the Tariff Commission has not done its job. We say the Tariff Commission has done its job and furnished competent updated information and recommendations to the President which he has accepted.

In support of our recommendation that no industrial capability important to our national interest should be automatically eliminated without a prior evaluation, we wish to cite a few factors involved in our situation which we think dictate the conclusion that we should exercise some caution and avoid blind and automatic terminations:

1. This industry has been unable to compete with oversea producers. One obvious reason is the wage differential—one-third of our rates in Europe and one-sixth in Japan—in a product containing 80 to 90 percent labor cost. Despite our efficiency and protection, we deteriorate.

2. All other leading industrial nations of the world, except the United States, have encouraged and extended jeweled-watch production, which the figures below so clearly indicate. Our policy permitting deterioration is in sharp contrast with the rest of the world. Either they are right or we are right, but we both cannot be right:

Switzerland	35,000,000
Russia	26,000,000
Japan	9,000,000
France	7,000,000
West Germany	5,000,000
Great Britain	3,000,000
United States	1,200,000

3. There is nothing to be gained for the free world or our export industries by surrendering what is left of our domestic market.

4. We stand to lose much by elimination of the industry in the space-missile age. The essence of its value is the skill forming the capability of applying extremely close tolerances to very small pieces on a mass production basis. If eliminated it would take substantial money, facilities, tools, machines, training schools, and most importantly time, to put the operation together. If we didn't have it we would be thinking of a crash program to establish it.

5. We have made mistakes before by automatic elimination of important capabilities and had to reestablish them on a priority basis. Before World War II we imported rather than manufactured jewel bearings. When Hitler closed the Swiss border, we had to establish the capability within this industry. After the war, we let the capability die and again imported. Cold war threats have since reawakened the Government and Bulova staffed and now manages a Government jewel-bearing facility at Rolla, N. Dak. Hamilton and Elgin assisted in its development. Today it is national policy for Government contractors to secure jewel bearings from that source in order to build up and maintain that capability.

6. The importance of this industry to national security is well documented in statements from Presidents down to chiefs of procurement bureaus and departments of the armed services. Military and essential civilian requirements for this capability in time of emergency will increase in the future.

7. Experience dictates that we should not rely on oversea sources in time of emergency for skills we now possess. Our Swiss friends have traditionally followed a policy of neutrality. Our other friends overseas have set up this capability for their own defense needs. There is no assurance that they will have any excess over their own needs or that they will even be in operation.

8. The people of the United States have the largest stake in the maintenance of this industry—not the companies or their employees.

In summary, we recommend:

1. That the bill incorporate a statement of policy that no industrial capability important to the national interest should be eliminated in the course of freeing up trade.

2. That the bill contain a procedural provision requiring the President to evaluate, after investigation, the capability of an industry likely to be eliminated by the reduction of important restrictions and decide, solely on the basis of national interest factors, whether it should be eliminated or preserved.

3. That the automatic 1-year termination of updated earlier proclamations be stricken from the bill.

Mr. Speaker, every trick in the book is used by every nation to protect their industry, their jobs, and their production whether it is manufactured, farmed, or mined.

I recognize that compared to automobiles, airplanes, trucks, steel, and other major products, olives are just nit on a gnat's back; however, when you remember that out of 67 million Americans earning a living in all areas of industry, service, farming, professions, transportation, and communications, only 6,767,700 workers are employed in the top 200 giants of the top 20 major industries in the United States.

The breakdown of these 20 industries shows some interesting figures never brought to light in spite of the millions of dollars spent by the proponents of this legislation.

You can rest assured that when all the expendable workers in glass, coal, autos, tile, and the lowly shirt button industries, to mention a few, are eliminated, the 6,767,700 workers in the big 200 industries will be as dead as dodos because they will have no customers.

Transport equipment	1,300,200
Electrical machinery	99,300
Primary metals	643,300
Petroleum	512,000
Machinery	493,200
Rubber	378,200
Chemicals	398,000
Instruments	167,200
Food	531,200
Textiles	224,700
Fabricated metals	220,200
Paper	189,400
Stone, clay, glass	176,800
Leather	117,800
Lumber	70,500
Tobacco	77,400
Miscellaneous and ordnance	91,800
Printing publications	78,000
Apparel	63,500
Furniture	35,000
Total, 20 industries	6,767,700

I sincerely doubt that many of us have the full concept of the world trade picture. For instance, how many of us realize that the pineapple industry of Hawaii is in trouble, that two of Kauai's three pineapple plantations and canneries are closing. Layoffs have pushed unemployment to 6.5 percent of the labor force. The heavily mechanized sugar plantations continue to whittle down payrolls; only 930 workers till the fields of 1 company where 3,000 once toiled. Many islanders, particularly the young, are leaving for Honolulu or the U.S. mainland to find work; a Kauai County official estimates three-fourths of Kauai's high school graduates leave the island.

Although the economic situation is especially severe here on Kauai, 75 miles northwest of Hawaii's main island of Oahu, its predicament is symptomatic of the problems bedeviling the seven tiny inhabited islands that make up the 50th State.

The Hawaiian pineapple industry is tightening its belt to combat inroads made in markets in recent years by foreign pineapple and other domestic fruits. Increased production of low-cost pineapple from Formosa, South Africa, Australia, Malaya, and other countries has cut Hawaii's share of the growing European market sharply; in West Germany, for example, Hawaii's share of the pineapple sales fell from 71 percent in 1957 to 27 percent last year.

One wonders what the farmers of America would say if they knew that the Common Market has laid out its wheat program and it spells trouble for the United States.

I know this bill attempts to give the farmers some comfort in its provisions for executive power and authority to negotiate the lowering of Common Market restrictions against U.S. agriculture. However, just as West Germany has officially notified our country that no concessions will be granted U.S. coal producers, that the 5.08-percent-a-ton tariff will stand, so you can look to the wheat price herein quoted to prevail:

WHY EUROPE'S WHEAT PRICES WILL RISE

Under the Common Market agricultural policy, most farm crops will sell at "agreed" prices within the Six, these prices to be maintained by "levies" on imports.

These "agreed" prices have not yet been set, but it has been decided that they will be somewhere between the present French and German prices. For wheat this could be about $2.50 per bushel.

Producer wheat prices in selected countries

	Prices per bushel in U.S. dollars	
	1960-61	1959-60
Germany	2.71-2.84	2.71-2.84
Belgium	2.56	2.56
Britain	2.01	2.07
Netherlands	2.24	2.23
France	2.22	2.11
United States [1]	1.78	1.81
Canada [2]	1.47	1.47
Possible ECM "agreed" price	2.50	

[1] U.S. national average support price including storage and carrying charges.

[2] Canada—Initial price No. 1 Manitoba Northern basis in store Fort William/Port Arthur.

Source: International Wheat Council.

This system may affect Canadian wheat sales in Europe because the levy is based on the difference between the lowest wheat price in the world market, and the EEC "agreed" price; and will be the same for all grades. Here is an example given to this correspondent on the Continent:

Possible wheat prices in Germany with ECM agriculture policy in force

[In deutsche marks per 100 kg.]

Soft European wheat:	
German price	40
Levy	20
World price	20
Hard U.S. wheat:	
German price	47
Levy	20
World price U.S. Red Winter wheat	27
Hard Canadian wheat:	
German price	49
Levy	20
World price, Manitoba No. 1 Northern wheat	29

Thus, with the levy constant whatever the grade, the price of good American and Canadian wheat in Germany will be higher than that of most other wheats, simply because it commands a higher price on world markets.

Mr. Speaker, you will note that approximately a 100-percent increase on tariff will be assessed against our wheat selling price. There will be a charge of about $1.60 tariff added to all wheat entering the Common Market. The Europeans are realists and expect our dreamers to buy their bill of goods which puts us in a position of paying subsidies to our own wheatgrowers. We are now going to be expected to pay a subsidy of approximately $1.60 a bushel to the Common Market farmers.

Unless we await the final decision as to who and what the Common Market is and what it will do, how can we in good conscience vote for the bill containing title 1 as is.

NATIONAL SAFE BOATING WEEK

The SPEAKER. Under previous order of the House, the gentleman from Michigan [Mr. CHAMBERLAIN] is recognized for 30 minutes.

Mr. CHAMBERLAIN. Mr. Speaker, as the week of July 4 approaches, I would like to again report to my colleagues in the House on the subject of boating safety. As you know, Public Law 85-911, which I sponsored during the 85th Congress, authorizes the nationwide observance of National Safe Boating Week during the week of July 4.

The President, on March 5 of this year signed the following proclamation:

Whereas many millions of our fellow countrymen are engaged in recreational boating; and

Whereas increased public participation in this healthy, outdoor sport has emphasized the need for greater attention to courtesy and safety to minimize boating incidents of the type which often lead to boating mishaps; and

Whereas concerted community action is required to attain the goal of making boating one of the safest family sports; and

Whereas in recognition of the value of maintaining high safety standards on our waterways, the Congress, by a joint resolution approved June 4, 1958 (72 Stat. 179), has requested the President to proclaim annually the week that includes the Fourth of July as National Safe Boating Week:

Now therefore, I, John F. Kennedy, President of the United States of America, do hereby designate the week beginning July 1, 1962, as National Safe Boating Week.

In pursuance of the objectives of this proclamation, I urge all persons, organizations, and Government agencies interested in recreational boating and safety afloat to publicize and observe National Safe Boating Week.

I also invite the Governors of the States, the Commonwealth of Puerto Rico, and other areas subject to the jurisdiction of the United States to join in this observance.

In witness whereof, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Done at the city of Washington this 5th day of March in the year of our Lord 1962, and of the independence of the United States of America the 186th.

JOHN F. KENNEDY.

Mr. Speaker, about one out of every five persons in the United States will participate in recreational boating and make use of our many waterways during 1962. It is estimated that there will be 7 million recreational boats and 35 to 40 million people engaged in boating.

It is fitting, as National Safe Boating Week approaches, that we recognize and review the responsibilities and efforts of the Federal Government to promote boating safety.

FEDERAL BOATING ACT OF 1958

The Federal Boating Act of 1958, 46 United States Code 527, provides for participation of the several States in a uniform system for the numbering and identification of undocumented vessels—including boats used for recreational purposes. Since April 1, 1960, 41 States have enacted into law and promulgated the necessary regulations thereunder, adopted numbering systems which have been approved by the Commandant of the Coast Guard as meeting the standards of the act. Additionally, the numbering provisions of the act were extended to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam by Public Law 87-171, signed by the President on August 31 of last year.

Section 9 of the act declares it to be the policy of Congress to encourage uniformity of boating laws, rules, and regulations as among the several States and the Federal Government to the fullest extent practicable, subject to reasonable exceptions arising out of local conditions. And further, the Congress encouraged the highest degree of reciprocity among the several jurisdictions.

Following passage of the act, the Coast Guard invited the Council of State Governments to assist in the formation of an Advisory Panel of State Officials to the Merchant Marine Council. This Advisory Panel composed of State legislators, State boating law administrators, and the Washington representative of the Council of State Governments has assisted the Coast Guard immeasurably in the mutual problems that have arisen since the act became effective. We in the State of Michigan are extremely happy that we have the good fortune to have a representative on this Panel.

The Panel has met semiannually since its first meeting in April 1959. The fall meeting has been and will continue to be held with the boating law administrators of the 41 States now having approved numbering systems. It is of particular interest that a uniform State waterway marker system has been developed as a result of these meetings. The system, compatible with the Coast Guard's aid-to-navigation program, may be used in addition to the Federal system on waters of concurrent jurisdiction and by itself on those bodies under State control. All State Governors have been urged to adopt and use this uniform system in the interest of water safety. This system will make it possible for the boatman to trailer his boat from State to State with the realization that he will not have to learn a new system in each and every State, as he enjoys the use of the Nation's waterways.

Although we have this wonderful example of uniformity between the States, there are several major problems still to be ironed out—the most difficult of which is what boats shall be numbered. The Federal Boating Act requires the Coast Guard to number motor-propelled boats only if the propulsion engines exceed 10 horsepower. That part of the act applicable to the States left the scope of their numbering system to each individual State—and herein lies the problem. The States, with no restrictions placed on them, have run the gamut from everything that floats to only those boats of over 10 horsepower. This situation has in many instances developed considerable ill will among the boating public. A boat in one State may not be required to be numbered under that State's numbering system. The boater goes to an adjacent State that numbers boats of lesser horsepower, puts his boat in the water and is in immediate violation of the law. As a result of this immediate problem, the boating law administrators in several areas of the country have joined together in the formation of regional groups to try to do something about this lack of uniformity. Presently there are regional groups representing the Northeastern States, the Middle Atlantic States, the North Central States, the South Central States, the Southeastern States and the Western States.

Working together with the Coast Guard, it is expected that many of these problems involving lack of uniformity can be solved in the not too distant future.

Another important section of the Federal Boating Act directs the Coast Guard to compile, analyze, and publish information obtained from accident reports. The Coast Guard has recently completed the report for the calendar year 1961 and it is my understanding that every Member of the Congress has received a copy. I would like to draw your attention to several pertinent portions of that report and compare them with the year 1960.

	1960	1961
Numbered boats	2,450,484	3,085,732
Accidents	2,738	3,179
Number of boats involved	3,785	4,095
Number of deaths	739	1,101
Number of injuries	926	1,068
Property damage	$3,182,000	$4,372,000

The figures, while showing an increase in all categories, should not necessarily be taken as proof of an alarming trend. The Coast Guard believes that much of the increase is due to more complete reporting. The Coast Guard has employed a newspaper clipping service since 1960 and this definitely showed that all accidents were not being reported as required by law. The 1960 statistics indicated that 33 percent of the deaths attributed to boating accidents were due to capsizing. 1961 has shown no improvement and indeed, the new figures attribute 37 percent of the deaths to capsizing. This increase, while small, is definitely of concern to the public.

Overloading and overpowering of boats are the probable major causes for capsizing. Unfortunately there is no simple answer to this problem. Current designations for the capacity of a boat are based on dead weight together with the assumption that the trim of the boat will remain constant. However, as you can readily realize, human beings cannot be considered as dead weight—people move around, and thus upset these assumptions upon which fairly simple calculations can be predicated. In the Coast Guard's estimate of the situation there is only one sure answer—a stability test. This is time consuming, requires technically qualified people to conduct the test and make the necessary calculations and thus is not too practical. If it were certain that all boats were built at a boat builder's plant, rather than in someone's backyard or garage, and additionally all boats of one class were powered with the same horsepower and weight engine, the problem would be simplified to the extent that a practical solution could be reached.

COAST GUARD EDUCATION PROGRAM

The Commandant, U.S. Coast Guard, has reiterated time and again that "safety afloat is a combination of education, commonsense, and courtesy."

In the field of boating safety, the Coast Guard continues to place major emphasis on its educational program at all levels of command. There is no simple answer to insure that the boating public receives the word, and the statistics I have quoted earlier bear this out. With an estimated 7 million boats on our Nation's waterways and some 35 million or more people involved, everyone concerned must participate.

Currently the Coast Guard has a number of 16-millimeter motion pictures that are available to interested boating groups. Of particular value to the novice boatman are the following:

"Aids to Navigation," a color film that presents, through animation and live action, the various aids to navigation, including lighthouses, lightships, radio beacons, loran, and elements of the buoyage system in use on the navigable waters of the United States.

"Rules of the Road for Boatmen," a color film that is primarily designed for the information of small-craft owners navigating on the waters covered by the inland rules. This film presents through animation and live action, the meeting, passing, and overtaking situations, as well as small craft versus large vessels, and proper procedures when underway in a fog.

"Search and Rescue—Pleasure Craft," a color film that reveals the existence and explains the search and rescue network as it applies to pleasure craft. It details specifically the proper procedures to be followed by a boat in distress in obtaining Coast Guard assistance.

"Common Sense Afloat," a color film dealing with outboard motorboating and the need for safer practices in this field.

"Safety on the Water," a black and white film which shows the boatowner what happens when their boat is boarded by Coast Guard boarding officers. The minimum safety equipment prescribed by the Motorboat Act of 1940 is shown.

In various stages of production are three additional films that are scheduled for completion this year. They are intended to cover legal responsibilities, courtesy afloat, and proper usage of equipment.

As in prior years, the Coast Guard published pamphlets and booklets setting forth various requirements and information for the guidance of the boating public. During the last fiscal year there were published and distributed the following:

Title:	*Number of copies*
"Pleasure Craft"	2,000,000
"Rules and Regulations for Uninspected Vessels"	50,000
"Rules and Regulations for the Numbering of Undocumented Vessels and the Reporting of Boating Accidents"	75,000
"Rules and Regulations for Small Passenger Vessels"	20,000
"Rules of the Road (International, Inland)"	100,000
"Rules of the Road (Great Lakes)"	20,000
"Rules of the Road (Western Rivers)"	10,000
"Recreational Boating Guide" (sales publication)	100,000
"Recreational Boating in the United States: A Statistical Report on Accidents and Boat Numbering"	16,000

COAST GUARD AUXILIARY

The Coast Guard Auxiliary, a civilian, nonmilitary affiliate of the Coast Guard, was established by the Congress in 1939, to promote small boat safety and education. The Auxiliary continues to expand not only in membership, but in its services to the public.

During 1961 membership in the Auxiliary had increased to over 21,000 active members. Local flotillas are now to be found in 540 communities in the States, as well as in the Commonwealth of Puerto Rico. The public services of the Auxiliary for 1961 were, as follows:

Number of persons instructed in safe boating practices	140,000
Number of persons shown boating safety films	750,000
Number of courtesy motorboat examinations	140,000
Number of cases assistance rendered	4,300
Number of races and regattas patrolled	1,300
Number of lives saved	200

Many of you, I am sure, saw one or more of the lessons on boating safety that were presented on one of the local TV stations early this year. This was the regular basic seamanship course that the Auxiliary presents throughout the country, and it is my understanding that over 200 people appeared at the Department of Commerce auditorium on Saturday morning, April 7, for the final examination. This turnout, coupled with the rainy weather that day plus the fact that the Cherry Blossom Festival was in full swing, is a record of which we can all be proud. While not the first time that the Auxiliary has tried out this idea, I think it is a tremendous step in the right direction.

LAW ENFORCEMENT

As a tool for safe and sane pleasure boating, the Coast Guard's education program is closely alined with its law enforcement program.

New advances in boat building technology, safe modern propulsion equipment and the advent of the mass produced popular outboard motorboat, have made their contributions to the explosive expansion of recreational boating. Since 1947 it is estimated that the number of boats using our Nation's waterways have more than tripled. The mobility of today's boatman who owns an outboard motorboat transported on a trailer has created many problems, such as what is his State of principal use requirement for numbering his boat, the overcrowding of popular water areas from time to time and, last but not least, the overtaxing of law enforcement officials to give proper coverage to given areas for the safety of the boating public.

The enforcement of Federal boating laws begins with the Coast Guard boarding officer. The boarding officer's tasks involve stopping and boarding boats on the navigable waters. During the course of his visit he will examine the certificate of number and the displayed number. He will further determine if the required items of equipment, such as lifesaving devices and fire extinguishers, are aboard. If the boat is found in violation of any of the laws or regulations, the owner or operator is given a notice of violation which is similar to a traffic ticket. This notice contains information on the procedure to be followed by the violator in rectifying the violation. If no violations are found, the owner or operator is given a distinctively colored original of the report of boarding which evidences compliance with the law. Except in cases of overt violation, this boarding form eliminates multiple boardings as it can be shown to other boarding officers who might stop the boat at a latter time. The boardings are conducted in a courteous way and in a very short period of time—usually less than 15 minutes a boat. The boarding officers have always been considered as "friends of the boatman" and the Coast Guard wishes to have this thought continued.

Until very recently all boarding and water safety patrols were conducted by regular Coast Guard facilities such as major cutters, patrol craft and small craft attached to shore stations. These facilities include 160 shore stations operating 500 small boats and 300 patrol craft and larger cutters. The primary mission of these units is not law enforcement patrols or boarding but rather includes such duties as search and rescue, ocean station patrols or servicing aids to navigation. Boarding and safety patrols can only be accomplished by these units when they are not engaged in their primary duties. Also, these units are, in nearly every instance, located only along the seacoasts, the Great Lakes or in a few instances on the major river systems. The great number of recreational water areas which are of a lesser degree of importance commercially, but which are navigable waters of the United States and therefore subject to Coast Guard jurisdiction, are not covered by these existing forces.

The vastly increased number of boats and the increased use of these more remote inland waters subject to Federal jurisdiction and the increases in these areas through flood control and irrigation projects require additional Coast Guard facilities. Because of seasonal use of many of these inland areas and because of the great expense in building and maintaining permanent stations, new methods had to be investigated, looking toward an effective solution at reasonable cost to the taxpayer. From this new thinking was developed the mobile boarding team concept. This new type unit was to consist of a small number of fully qualified boarding petty officers, equipped with a small outboard motorboat and trailer towed by a truck. Being completely mobile, it could travel from place to place without difficulty, spending as much time as need be in an area boarding boats, instructing fledgling boaters in the rudiments of boating safety and carrying out water safety patrols.

The first mobile boarding teams were placed in operation for a few months during 1957, but due to a budgetary crisis, had to be suspended. Because other Coast Guard programs of national importance took precedence, the mobile boarding teams remained out of commission until 1960 when, on July 1, Congress authorized the Coast Guard to reestablish 20 units. This fiscal year the Congress authorized an additional 15 units so that, by the beginning of the boating season of 1962, the Coast Guard will have 35 operational mobile boarding teams, with more planned. Geographically the teams are located from Maine to Hawaii and from Alaska to the Florida Everglades. Most often the mobile boarding team is based at a large Coast Guard installation and operates on the inland waters remote from regular service facilities.

As now organized, the mobile boarding team consists of four petty officers: a chief boatswain mate, first class boatswain mate, second-class engineman, and a third-class boatswain mate. The equipment consists of a 16-foot modern design, rugged, fiberglas boat built by the Coast Guard, a 40-horsepower outboard motor, a heavy-duty boat trailer and either a carryall or panel truck. A complete set of equipment is provided, including such items as samples of approved lifesaving equipment and safety handout pamphlets. Both the boat and vehicle are equipped with two-way transistorized radios which enhance both their law enforcement and rescue capabilities.

During fiscal year 1961, mobile boarding teams boarded and examined 41,169 motorboats and issued 12,377 reports of violation on these boats. It should be noted that although the units were authorized on July 1, 1960, it took some time to detail personnel and collect the required equipment. Most of the units were operational by late July; a few did not begin operating until the start of the boating season, around April 1, 1961. Therefore, the statistics quoted earlier are not entirely representative of their potential. However, when you consider that the total motorboat boardings for fiscal year 1961 by all Coast Guard units were 152,441, and violations totaled 25,125, it can be clearly seen that the mobile boarding units were performing their mission very well, despite the organizing difficulties encountered.

It had been considered that because of the seasonal nature of some areas, the personnel attached to the mobile boarding units would be idle during the inclement fall and winter months. However, it has been found that because of the experience gained by these men, they make excellent instructors for regular established unit personnel in boating law enforcement duties. Therefore, regular training programs have been instituted in every Coast Guard district covering the very complicated duties of a boarding officer. These courses cover such subjects as "Boating Laws and Regulations," "Reckless and Negligent Operation Cases," "Numbering Boats Under the Federal Boating Act of 1958," "Lifesaving Devices," "Documents, Papers and Inspection Requirements," "State Boating Laws," and many more. Men of the mobile boarding unit travel from one Coast Guard unit to another during the late fall and winter months, conducting classes for periods of 3 to 5 days' duration. Whenever the weather permits, actual boarding duties are performed under the watchful eye of the instructor, and when the weather is such that actual boardings cannot be made, they are simulated in the classroom. By such training regular Coast Guard forces become more competent boarding officers and the mobile boarding unit personnel keep from becoming rusty in their regular work through forced inactivity.

It is well worth noting that persons other than regular Coast Guard personnel are also instructed at these training classes. In the last year and a half, 41 States have adopted approved motorboat numbering systems, and thereby accepted the responsibility for enforcement of their boating laws on their own State waters. The Coast Guard accepts that the States also have concurrent jurisdiction with this service on the navigable waters of the United States within the State. Now, only a very few of these 41 States had any conception of the problem involved in maritime law enforcement nor did they have trained boating law enforcement officers. In many States the responsibility developed upon the county sheriffs, in others on State game wardens. The Coast Guard volunteered to include a limited number of these State and local enforcement officers in the regular training sessions conducted by the mobile boarding unit personnel. During one 3-month period early in 1961, 138 civilian enforcement officials were recipients of Coast Guard training. In every case, these officers have expressed their sincere thanks to the Coast Guard personnel for the training received. A side effect of such training is that the Federal and State or local enforcement officers better understand the others' problems, which has resulted in increased cooperation between the two forces.

Another important aspect of the mobile boarding unit program is the public education work carried out by the personnel at each area that they visit. The men call on the local civic organizations and boat or yacht clubs, show water safety movies and give lectures on boating safety and the Coast Guard function in this field. During the period of April 1 to June 30 of 1961, mobile boarding unit personnel were engaged in such endeavors 3,771 hours. No similar program of public education at the more remote water areas had been possible prior to the inception of this new type program.

Many reports have been received by the Coast Guard that these mobile boarding units are enthusiastically received at each place they call. State enforcement authorities, local residents, and the visiting boatmen have all indicated their appreciation for the services rendered by the units and more often than not have requested that they make more frequent visits to an area. Insofar as possible, these requests are met. Schedules for their operations are planned well in advance and are submitted to State boating law officials for their comments and recommendations. Such scheduling permits more efficient utilization of both Coast Guard mobile boarding units and of State and local enforcement forces.

FORWARD PLANNING

It is predicted that there will be a continuing increase in boating, not only on our present waterways, but in vast new areas of water suitable for recreation as a result of new flood-control and irrigation projects throughout the country. The effect of this expansion will be to multiply the already existing problems, and increase the hazards and liabilities of the boater.

Forward planning in the fields of education and law enforcement will require the continued cooperation and effort by all those having a responsibility in the field. The Coast Guard cannot by itself provide a completely effective program. The boat manufacturers, the marine dealers, the boating associations, as well as other interested Federal agencies, under the guidance and leadership of the Coast Guard must join together to insure safe boating.

National Safe Boating Week—focusing attention upon the needs of pleasure boatment to know and comply with boating practices and regulations—will get underway Sunday, July 1. The growing success of this annual observance is particularly gratifying to the Coast Guard and its civilian affiliate, the Coast Guard Auxiliary—original sponsors—and to the many who support the event.

It was my pleasure, in the 85th Congress, to assist in this important program of boating safety when I sponsored the joint resolution authorizing National Safe Boating Week as an annual observance by Presidential proclamation.

This year the National Safe Boating Week Committee, ably chairmanned by Capt. Richard Baxter, U.S. Coast Guard, has done a splendid job in the solicitation and coordination of this event. The membership of this committee includes representatives from: U.S. Coast Guard, U.S. Coast Guard Auxiliary, American Boat and Yacht Council, American National Red Cross, Boy Scouts of America, Girl Scouts, National Association of Engine and Boat Manufacturers, American Powerboat Association, National Safe Boating Association, National Safety Council, Outboard Boating Club of America, United States Power Squadrons and the Yacht Safety Bureau.

The greatest benefit of this nationwide program has been that much of the safety material provided for National Safe Boating Week will be used throughout the entire boating season.

To those who are members of the national and local committees for National Safe Boating Week, I extend my congratulations. I urge all groups interested in safe boating to join in the promotion of National Safe Boating Week.

THE EUROPEAN COMMON MARKET

The SPEAKER. Under previous order of the House, the gentleman from Illinois [Mr. LIBONATI] is recognized for 3 hours.

Mr. LIBONATI. Mr. Speaker, the recent history of the Common Market, with particular emphasis on the agreement concluded in January 1962 to establish a common agricultural policy, and the implications of this policy, call for persistent efforts for removal of quantitative restrictions on exports for American agricultural products. These efforts, on the part of the United States, have been successful as to industrial goods, and are almost complete at this writing.

The Treaty of Rome, establishing the Common Market—1957—contemplated the ultimate unification of European trade, both in agricultural and industrial goods. The six signers realized that a slow process was inevitable—because of national pride, historical antagonisms, and competitive areas of similar products.

As a result, the economic barriers were abolished among themselves. A continuous reduction of tariffs and the interrelation of capital and labor across their borders have electrified the world of commerce and industry. A tariff for outsiders was established and is causing panic among nonmember countries.

In 5 years the growth of the Common Market has exceeded that of the United States.

It is realized now that, with economic unity, political unification is evident, even though it affects the sovereignity of these nations.

Even President de Gaulle is in favor of a confederation of states, controlled by a central body, with a unanimous vote on questions.

Great Britain and the seven nations in opposition to the Common Market, called the European Free Trade Association, has dissolved recently. The pressure of competition was too much.

Last year Britain decided to join the Common Market and her application is to be considered at the meeting in Brussels this summer.

The British favor the French version of a confederation but are susceptible to a political union. Norway and Denmark have applied for full membership and are also agreeable.

Sweden, Switzerland, and Austria, three neutrals, desire associate memberships, joining purely the economic association, and shy from the political setup. Each realizes that the Common Market will destroy their economies, but reserve for purposes of retaining their neutrality and other reasons, their political aspect. Sweden and Switzerland maintain that their neutral position gives stability to Europe. Austria is prevented because of her Soviet agreements from joining political organizations; Chancellor Gerbach's recent visit to the White House, seeking the President's purposeful help and advice, reflects the importance of the Common Market.

The political unity of the members of the Common Market will contribute to its strength. The United States supports this view. If limited to politically united members, solely, then the economies of the others will be critically affected. The United States expects to effect separate treaties with its members.

Spain and Turkey have also applied for associate classification. Portugal, Israel and Finland have evinced their interest in the same category. These smaller countries, if not admitted in either classification, would suffer economically.

The United States of Europe, patterned after our republic, seems to have reached, through the Common Market's development, a reality.

Thus, what at first was considered a marketing of goods, et cetera, between nations will, in reality, result in a powerful political force, whose members are irrevocably bound together by national constitutional acts. No retraction is possible. It is a third powerful world force in world affairs.

The provisions that comprise the procedures of the Common Market cannot but result in a political unity of its members. Its member governments represent every type of political philosophy. Their present trade relationship with members of the Soviet bloc are expansive. This commercial intercourse includes England as well as Red China.

In the present meeting at Brussels, the ministers of the six nations are considering the problems of unity, to bring into effect these principles, both commercial and political.

A documentary series of considerations, before them for study, have resulted in the following subject proposals:

First. A common tariff for the outsiders of the Common Market.

Second. The removal of present domestic tariffs.

Third. The restrictions on manufactured production of developed countries.

Fourth. The manufactured articles of underdeveloped countries.

Fifth. Problems of associate membership.

Sixth. Agricultural conditions and restrictions.

Seventh. The economic corpus—the social and commercial policy of removing all restrictions or such, as visas, free movement of utilities, capital, labor, products, and reducing other factors or obstacles that prevent harmony in these areas.

These discussions should be resolved by this summer.

In view of our close relationship with England and other considerations, the mutual Anglo-American affinity in world affairs, both President De Gaulle and Chancellor Adenauer have somewhat chilled on granting Britain full membership. After a year's discussion over the concessions sought by Britain for the Commonwealths of Canada, Australia, and herself, such as:

First. Reduction of tariffs, subject to review.

Second. Asks removal of tariffs from aluminum, woodpulp, zinc, lead, newsprint, and many other lesser important items. The six demand all tariffs maintained.

Third. Goods of developed countries maintained—Commonwealth goods enter England without tariffs, or with preferences. England proposes special considerations. The six are against this proposal.

Fourth. Manufactured goods of less developed countries—particularly Pakistan, India, and Ceylon. The political need to help their growth is approved by the six. The only problem is how to prevent flooding Europe with low cost manufactures.

Fifth. Association—difficult problems must be decided: Terms; charge of neocolonialism must be answered; and creation of preferences in large area avoided.

Sixth. Agriculture.

British insist—as to Commonwealth—on comparable outlets to protect New Zealand trade after changes. Australia desires preferences for goods entering the Common Market. Also, urge a guarantee of progress for worldwide solution.

The six maintain that, after the transition period, the commonwealths must compete on equal terms, as the other countries overseas.

In agriculture, Britain has agreed, with the exception of certain technical objectives. England asks for a longer-than-the-present transition period, set now at 7 years.

Seventh. All agree on the provisions of the economic union.

It seems that the growing question, at Brussels, is whether or not Chancellor Adenauer supports Britain's entry into the European Economic Community—EEC—as a full member, or only as an associate member.

The people and political leaders in West Germany still aver in the affirmative. A statement has been attributed to the Chancellor, recently, in which he objected to the granting of full membership for Britain; that it would cause unrest among the members.

CONFERENCE AND BRIEFING HELD ON APRIL 26, 1962, IN THE AMERICAN EMBASSY, PARIS

In attendance at the conference and briefing were Congressmen LIBONATI, SHIPLEY, SLACK, FINNEGAN, GONZALEZ, and SCHWENGEL.

Mr. John A. Bovey, Jr., First Secretary, in a brief introduction to political factors at work in contemporary France, traced the evolution of French parliamentary and executive institutions in the post-World War II period. He stated that the individuality of the French people becomes submerged only in times of great crisis or in the introduction of programs changing the autonomy. The French possessions, once her colonies, have been nationalized into 16 independent nations, in a few years.

The present Algerian problem is another. It was a difficult process for France to sever Algeria and her million Europeans from her national life. It was thought by most Frenchmen that France could not exist apart from Algeria, that the separation would sap France's lifeblood and the nation would die.

President De Gaulle changed that by completing an amputation. Mr. Bovey noted that while the Algerian question is far from resolved at present, there is every reason to believe that, in the near future, Algeria will accede to complete independence; essentially, she will have to choose between independence in cooperation with France or a rupture in relations which are vital to Algeria's economic and political future. Already the Algerian problem has taken on a different nature from that which had existed since warfare began in Algeria in 1954. Mr. Bovey also discussed reports that the present constitutional system of the fifth republic may be modified to provide for a presidential system, with a chief executive elected by direct popular vote.

Algeria is not a colonial problem. The 1 million Europeans are outnumbered by the 9 million Moslems. A two-way problem results because 200,000 Algerians are in France. There is an increase of 2 to 3 percent in the Moslem population each year.

The European status in Algeria must be determined. Algeria is a Republic, highly centralized. It lacks intellectuals, although Monaco and Tunisia have Algerians who are qualified scholars and intellectuals. The Communists will be neutralists being in the minority, and they are wary of taking sides. Algeria has some industry development but is, primarily, an agricultural country. Labor is mostly unskilled and engaged in menial employments, that is, streets, garbage collection, and mining. They travel back and forth to bring earnings home. Soon Algerians will vote upon these proposals: Do you want to be independent or do you desire cooperation with France? Do you favor independence with the cooperation of France? Or do you favor no cooperation at all?

Thus France enjoys a real role as a potent power in European affairs and, nationally, enters upon a new start in the near future, in the development of her local economy.

In her constitutional government, passed in the summer of 1958, the area of the executive department is vested with supreme authority. The Parliament has always questioned this absolute power, together with the Ministry, which is also subject to the Presidential powers. Constitutional changes are in the offing—perhaps the President will be subject to the electorate. It can be truly said that any further encroachments in this area will result in a critical situation and a complete retreat on the part of popular political parties in France. Even if the changes are delayed further, or if the President becomes adamant in his tenacity to hold these powers, the Ministry will react even to a total resignation by the liberal member group making up the Ministry.

The postwar period presented many problems for France. But the economic crisis occurred in 1958, in the main a result of the expansion of business credits and unrestricted borrowing in 1957.

The turning point against inflation by the De Gaulle government, in 1958, resulted in the following reforms established by conservative measures: First, balanced budget; second, devaluated currency; third, restricted bank credits; and fourth, canceled internal subsidies. After a period of stagnation, the economy recovered.

Tax and real estate reforms were initiated. The elderly retired were taken care of by a special system.

The economy returned $1 million surplus in 1959, $500 million in 1960, $1 billion in 1961, and an estimated $1 billion will be returned in 1962.

Both exports and imports have increased. The French budget, last year, was $15,005,100,000. The economy returned $14.3 billion. France's debts amount to $30 billion, in spite of the tremendous loss suffered through inflation. The 46 million people of France are enjoying a progressive economy.

Its taxation structure includes indirect taxes—evaluated income tax stops at 55 percent; revenue taxes; 20-percent manufacturing tax. The number of state employees has been reduced and payrolls are at a minimum.

The affluent citizens have invested heavily in real estate. Rents are nominal only as to the entry of payment figures on the receipt, but an undisclosed portion is retained by the landlord under the table payment.

A release may be obtained for the payment of income taxes because of indirect taxes paid by individuals, and so forth. A heavy social security tax nets $3.2 billion. There is a $200 million merchandising tax on export firms.

One-half million American tourists fatten the treasury. The Common Market, at present, nets $500,000 to the Government.

Corporation taxes.

The military expenses are shared mutually, contributed by the United States—$320 million—and France—$200 million per year.

French industries expanding: Metal processing, electricity, gas, heavy materials, petroleum, chemicals, glass, gloves, perfumes, et cetera.

Exports: Textiles, 5 percent; medicines, 8 to 10 percent; airplanes, 8 to 10 percent; appliances, good.

Lower: Shoes, clothing, styles, small manufactures, and household equipment.

Many small taxes are levied. Liberalizing imports of U.S. manufactures, agricultural products.

The U.S. loans to France, under postwar aid, now amount to a $1.4 billion indebtedness, payable at $40 million to $50 million a year, at 2½ to 3 percent interest.

During France's crisis in 1957 and 1958, the late installments were set back to 1982 but were later paid.

The U.S. authorities have been talking to help the American balance-payments position in France; the trade mission in 1960 to France, and the extensive followups; the increased emphasis in Embassy commercial activities toward promoting American exports by deemphasizing services to French exporters and greatly increasing services to French importers and American exporters; the persistent efforts for removal of quantitative restrictions on American exports to France, a process which is almost completed for industrial goods, but remains a major preoccupation for agricultural products; the encouragement of French prepayments on the $1.4 billion in outstanding postwar debt to the United States in April 1962, the French Government repaid $60 million, which had originally been due in 1958 and 1959, but which had been postponed until 1981 and 1982, to assist the French in overcoming the balance of payments difficulties they were then experiencing; promotion of French tourist travel to the United States; and the possibility of reducing or offsetting the foreign exchange cost of maintaining U.S. forces in France.

The proposals to pay the other installments fell on deaf ears at the discussions here in Washington. Further, on the military side, a proposed compensation. The French would not hear of it and even refused to help in unclassified areas.

In response to the prepayment of the $1.4 billion, the French stated that they were acquainted with our problem and answered, "Why cannot the United States take the same measures as was done in France, to stabilize the economy?" That wages are too high, and so forth. Finally asserting, "Solve it yourselves."

There are a few tax differences in France on American programs, such as officers' clubs, electricity at housing areas, and so forth.

The French Government maintains it had suffered a $320 million loss in the deflation of the franc. But the American dollar is the standard of the monetary determination of the world and, of course, any act of deflation would cause chaos in the financial structure of all economies of the Allied Nations, including France. The basic relationship between France and the United States is good.

Canada has embarked on the devaluation theory of recovery, lowering the Canadian dollar from $0.9525 to $0.925, considered a necessary step to stabilize the floating exchange rate which resulted in a recent outflow of funds. During the first quarter of 1962, $350 million of reserves were lost. The past misfortunes and policies adopted to effect the economy were a contributing cause.

The great boom for the development of its natural resources attracting vast amounts of outside capital, especially from the United States, resulted in great projects in oil, iron ore, gold, nickel, and the St. Lawrence Seaway. But, upon their completion, Canada continued to promote less productive purposes by establishing high rates of interest, to further attack capital.

The exchange rate of the Canadian dollar continued high, and the heavy imports crippled the competing domestic industries, increasing unemployment. The Government budget deficits mounted to $15 billion to $20 billion. The Diefenbaker government, in June 1961, depreciated the exchange by intervening in the market to set a manipulated rate, instead of a free, fluctuating rate, to depress the Canadian dollar and, by this procedure, stimulated the economy, some at the expense of competitive injury to her trade partners.

But, fortunately, a cycle revival of production in industry—as in the United States—contributed much to her improvement in the economy.

Meanwhile, the large budget deficit and the uncertainty of the exchange rate caused investment to go abroad. To prevent further flow of investments abroad, the stabilizing of the rate at this time, with the aid of the International Monetary Fund, has removed the uncertainty. This action will result in the arresting of speculative funds to foreign investments. And dropping the rate 2.5 percent secures a greater margin of confidence.

This action ends flexible exchange rates after 12 years.

This same flexible theory has received the attention of authorities in academic circles, both in the United States and Europe, and has been proposed as a solution to the U.S. balance-of-payment problems, even though our economy is different. The experience of Canada should not go unheeded, we had better stay with the proponents of responsible policies and leave the flexible exchange advocates to debate, among themselves, Canada's reversal and abandonment of its treasured enchantment.

Recently President Charles de Gaulle, following his positive approach to increase France's power position in Western Europe, again asserted that political unity, on the basis of cooperation among states, will save Europe, not integration or supernationality, meaning majority rule. France will not allow its political course to be directed by anyone else. His view that unanimity controls when national interest is involved.

The sickening of President de Gaulle's adherence to the contention of the Western alliance—pointedly, the United States and Britain—developed after their refusal to share nuclear secrets with France.

France moved on its own military determinations, independent of and sometimes disagreeing with NATO decisions.

France does not countenance being under British and American domination for its nuclear defense, but seeks to chart its own fate, to develop nuclear protection itself. England or America, under nuclear attack, would naturally look to their own protection. After home protection was secure, then France could expect allied aid. France does not feel confident that the United States and Britain would defend her with nuclear weapons if by doing so would receive nuclear destruction in retaliation.

Rather, President de Gaulle is strong for a French and West Germany combination, for the security and prosperity of Western Europe.

He voices, with sarcasm, the efforts to settle the Berlin crisis and disarmament. He refuses to support the allies in these talks. As to nuclear testing, he refuses to join any conference, unless the countries with nuclear know-how dispose of all their weapons. He has become cold to the idea that England, or any others, be permitted to participate in the Common Market.

The repercussions in France, as a result of his statements at this conference, caused the resignation of five of the ministers who entered the cabinet with the understanding that he had modified his views.

The Benelux nations, pledged by their people to strong federated unity, reasserted their views.

President Kennedy was very discreet and treated the European unity matter as unchanged, a viewpoint not unexpected from earlier information, but not in his area of discussion. But as to nuclear weapons, he commented that, if nation after nation followed France's lead, then the alliance would be weakened. The United States was interested in the preservation and protection of Europe's freedom. This could be best served by a strong NATO.

A time may come when Europe can defend itself without the United States, the third force idea. But, at present, no one can seriously contend that Europe can stand against Russia by itself, not even France.

Thus President Kennedy's treatment of President de Gaulle's provocative challenge was courteous and friendly and he, in a matter of fact manner, avoided the controversy of the confederated versus the federated advocates.

Nikita's blasts at Euromart betray his fears, both economically and politically. Khrushchev fears that a United States of Europe would be a threat to communism. He stated it was laying a foundation for a third world war, whereas it actually means a threat to Russia.

The reasons for his position are purely economic, because machine goods manufactured in Russia are inferior, in both quality and quantity, especially so in fibers and plastic products. The Common Market has been a medium which emphasized this inferiority by comparison. The growth of the Market has been a boon to France, Belgium, the Netherlands, West Germany and Italy, namely, the capitalistic countries are outdistancing the Communists in commercial growth.

The economic union of the Sivet group has fared badly, because of selfish Russian control to benefit only Russia, economically, at the expense of its satellites, through tariff preferences, price supports, and because accessibility to markets, as in the Common Market of Europe, was not established.

The Kremlin seeks to wreck the Euromart by dissuading the British from joining it, thus negatively influencing the attitudes of other nations in seeking membership.

Russia sought trade with the new African nations but, alas, 16 have joined the Common Market, which adds to Russia's worries and her trade detriment.

Russia must use the old confidence game of divide the West and conquer. The standard position of Russia has been that the capitalistic nations have always split over trade competition—it was the tensions over commerce that led to conflict.

The Common Market has proved otherwise. Further, the trade alliance may also lead to a military one, or, perhaps, a political union.

The Common Market is now the dynamic new movement of world importance, showing up the Communists' claims of meeting the needs of the world, and shoving it to the background.

After 4 years, the Common Market has captured the minds of the people of the world and has scored heavily against communism by raising the prestige of the capitalistic way of doing business.

The Russian economic alliance was doomed because no Western nation joined, whereas Britain, Austria, Switzerland, Sweden, Spain, and Israel are seeking admission to the Common Market.

The shortages in agricultural products reflected on the Soviet alliance, so much so that staples increased in price to 30 percent, reflecting to the world a doomed defeat for the Russian methods of business operation.

The conditions in Red China, facing starvation, and the food shortages in Czechoslovakia and Eastern Germany, Poland, and Yugoslavia, are shining examples to the world of the failures to provide people with the necessities of life under the Communist system.

Several of the satellites would, indeed, be in a bad way if it were not for imported grains, and so forth, from the United States.

The President of the United States, John Kennedy, and the Department of the Treasury are putting forth every effort in domestic and foreign fields of finance to stabilize the American dollar.

The payments by foreign countries in the first part of April exceeded the payments made by the United States abroad.

We have only to weigh recent events to know that the President is adamant in his appeal to aid the economy to hold price costs and prevent a rise. This is favorable to our country's balance of trade. In the European countries, costs are increasing 3 to 4 percent per year.

He has encouraged exports to the estimated figure increase—formerly $15 billion—to $20 billion, representing the employment of 3½ million Americans.

He has given the incentive to attract foreign investments in American industries which will improve our balance of payments and protect the gold reserve.

He has advocated by every official action, including appropriations, advertising, lower fares, lower hotel rates, sales programs, tourist agencies, special brochures on interesting places, the complete backing of our Government agencies, and special cooperation of the State Department on arrangements, and so forth, including visits by foreign officials seeking special study—another great source of income enticing foreign tourist trade—a part recoupment of the millions of American dollars spent by our American tourists in foreign lands, that greatly increases our outflow of gold.

What causes the outflow of gold? First, by direct demand—dollars for gold; second, the indirect redemption of the dollars by selling them in London against gold. Thus these dollars must be redeemed by an outpouring of our gold reserves in order to protect the integrity of the dollar, thereby keeping our currency foreign exchange value from deteriorating.

If foreign interests increase their dollar reserves and continue the practice of presenting these sums directly or indirectly for payment in gold, then the dollar's integrity will be in trouble. Its devaluation would result in incontrollable inflation. Then acute deflationary measures would have to be adopted, resulting in high interest rates, credit restrictions, and our trade partners would suffer resulting in a loss of the competitive markets. The American dollar is the standard and fixed basic value of many nations—for the United States is the strongest and richest Nation in the world. The currencies of other nations relying upon us would be affected. The underdeveloped nations and South American programs would die aborning.

The gold outflow must be zealously controlled by stimulating U.S. exports so that the balance as against imports will be so favorable as to turn the gold flow back toward the United States.

The President has advocated low tariffs to bring this about. Roscoe Drummond, the distinguished journalist, in his column in the New York Herald Tribune, has written a masterful article portraying his courageous and forceful attitude in this area of legislation:

LOW-TARIFF SUPPORT SURPRISING

(By Roscoe Drummond)

To the surprise of nearly everybody in Washington, voters generally—business and labor, conservatives and liberals—are showing themselves overwhelmingly low-tariff minded. Purpose: to enable the United States to compete in the European Common Market.

When President Kennedy overruled some of his principal aids and decided that a radical revision of trade policy should not be postponed until after the elections, he was told that he would be pressing a right idea at the wrong time under the worst possible circumstances.

The President was warned by those who wanted to be cautious that he would stir a lacerating controversy in Congress, alienate many Republicans and southern Democrats whose support he would need and generate massive business and labor protectionist opposition particularly at a time when there was still high unemployment.

And what has happened? That which his aids most feared for the President has not come upon him. Mr. Kennedy was either politically wiser than his advisers or politically more courageous in deciding not to delay asking Congress to bring the U.S. trade policy in line with the European Common Market.

As the Trade Expansion Act in 1962 moves through its final stages at the hands of the House Ways and Means Committee and onto the floor of Congress for action, what many thought would be a divisive national debate has turned into decisive national approval.

It has the approval of the U.S. Chamber of Commerce and the AFL–CIO.

Its objectives are supported by the leadership of the Republican Party and Americans for Democratic Action.

It has the endorsement of a wide spectrum of leading newspapers from the conservative Los Angeles Times and Boston Herald-Traveler to the liberal New York Post and St. Louis Post-Dispatch.

It is supported by the National Grange and the American Farm Bureau Federation,

What of the business community? Do U.S. industrialists want lower tariffs on imports in order to take whatever risks are necessary to compete on even terms in the Common Market? Dun's Review, a business management magazine, asked this question of the chief executives of nearly 300 companies, large and small, covering a broad range of industry. The result:

Three out of four supported tariff reform.

It is significant that the most bitter attack upon the European Common Market, upon Britain's decision to join and upon our decision to pursue parallel trade policies comes from the Soviet Union.

Speaking in behalf of Premier Khrushchev at the 92d anniversary of Lenin a few days ago, Leonid Ilychev, a leading Soviet ideologist, assailed the Common Market and other "fashionable plans of so-called European integration." He called all these developments foolish and hopeless and asserted at least his oral confidence that they would not be able to stave off the rising triumph of communism.

The Kremlin rightly sees the Common Market and its expansion as the greatest barrier to communism, not because it is directed against the Soviet Union but because it is directed at the strengthening of the whole free world—capable of creating a permanent preponderance of economic, political and military power which will be irresistible.

Mr. Speaker, to meet this challenge, the President has ordered a complete study in further depth of the trade practices, tax reforms, and budget methods of the Western European nations that we may learn something from their experiences. We have suffered four recessions during the postwar period which cost the economy several hundred billions of dollars in losses to the economy, and those nations suffered none. We must do something to stimulate the further expansion of business, and if it is discovered by this study that the tax structures in certain areas give rise to obstacles working against this growth, then changes should be made to lift this blockage. The President is to be complimented on his analytical foresight in ordering a study of these problems, at practical levels of other nations' experiences in this area, for the good of our economy.

But the second half of the month of April reported a $115 million dip. Yet we have reduced our huge short-term debt to foreigners a little in April. The deficit for 2 months amounted to $360 million which adds up to an annual rate, if projected, to $2,200 million. Last year the deficit amounted to an average balance of $2,600 million. The gold reserve in April amounted to $16,495 million—a reduction of $434 million since December 31, 1961—and down $900 million in 1 year. These losses are not caused by the liquidation of foreign-held dollar balances and U.S. bonds.

The Chicago Daily Law Bulletin, in an article by Elmer Roessner, on May 29, 1962, published a very comprehensive study by the Morgan Guaranty Trust Co. in its monthly Survey:

BANK SHOWS WHY U.S. GOLD FLOWS ABROAD

(By Elmer Roessner)

An unusually good clarification of the balance-of-payments problem is presented by the Morgan Guaranty Trust Co. in its monthly Survey.

In explaining the bookkeeping of the balance of payments, it underscores the dangers facing the United States in this area.

The net change in the balance of payments, it points out, is measured by the U.S. gold holdings, which we all know have been shrinking; convertible foreign currencies owned by the Treasury and the Federal Reserve System, and our private and public liquid liabilities to foreigners, such as foreigners' deposits in American banks.

The Survey then presents a summary of recorded transactions affecting the balance of payments for 1961, which shows, as clearly as possible without color, what this balance-of-payments and gold-loss trouble is all about.

Here are our debits for 1961:

[In millions]

Goods bought from foreign countries	$14,524
Services rendered by foreigners to U.S. residents (this is largely travel, insurance)	4,728
Income investments in United States by foreigners	871
Military expenditures abroad (includes U.S. outlays and personal purchases by U.S. personnel)	2,956
Net private unilateral transfers to foreigners (includes charitable and family gifts abroad)	634
Net government unilateral transfers to foreigners (Government spending and donations except military. Largely, it's U.S. aid)	2,104
Net U.S. private investment abroad (this is the excess of the outflow over returns)	3,951
Net U.S. Government investment abroad (loans for economic developments)	964
Total recorded debits	30,731
CREDITS	
Merchandise exports	19,916
Service to foreigners by U.S. residents (foreign travel here, insurance, etc.)	4,349
Income on foreign investments by U.S. residents	3,645
Military receipts (sales of supplies to foreign countries)	406
Net foreign investments in United States (the outflow of foreign capital, claims of foreigners against U.S. business, etc	577
Total credits	28,893

This left a balance of $1,838 million, which was our deficit in the international market last year. This measures the potential, though not the actual, loss of gold during 1961, since the Nation is obligated to make up its deficit in gold, if demanded. However, since the American buck is not completely vitiated, some foreigners would just lief have it as gold.

It is obvious that, if the United States is to continue to maintain its gold balance, it must bring up its credits at least equal to its debits.

This balance sheet spotlights the many ways gold may be regained: Increasing exports; spending less abroad for military purposes, perhaps making other nations carry larger shares of expenses; being less wasteful in foreign aid; encouraging foreigners to invest more here and (a measure provided for in the Kennedy tax bill) speeding the return of earnings on American investments abroad. We can also try to encourage more foreigners to visit the United States and restrict travelers' expenditures abroad.

Note that by cutting tourists' spending abroad in half, the United States could rectify the balance of payments overnight.

But the United States won't.

Mr. Speaker, there are on the other hand great gains in the volume of sales in the economy. The key industrial corporations are reporting fair earnings and complain of restricted margin of profit—least dividends will be there. The building programs and public works sparked by administrative legislation have strengthened the economy. It is estimated that the projected figures indicated a near $500 billion level in our economic return. At least public confidence has been somewhat restored and employment rolls steady. It is predicted that a steady increase in earnings will continue through 1963. The present condition of the economy is not an accident. It should improve in part by the passage of legislation stimulating lagging fields of industry and depressed areas—public works and public housing—programed to improve the economy.

These programs were enacted under the Kennedy administration, and expenditures for these projects have been met by sufficient appropriations to carry them out.

The increase of appropriations for military and other avenues of defense, a security purpose to make our Nation strong and superior in space, have taken a needed toll of our reserves.

The long delayed increase in salaries for underpaid Government employees, pensioners, and social-security increased benefits have been considered.

Yet the President is displeased at the business outlook—it has not been too responsive to expected improvement. He is studying the personal income tax brackets for considered reductions to give impetus to the economy.

Several proposals are engaging his attention:

First. Reducing the highest tax provision from 91 percent to 65 percent and in other brackets also including the 20 percent first bracket by 1 percent.

There were earlier proposals to seek other taxes to offset these cuts. But there is a prevailing feeling now that the cuts should be made without any offset taxes, on the theory that the cuts would give the economy such a stimulating force that it would produce more revenue than at present levels.

President Kennedy is anxious to erase any idea in the minds of businessmen that he is antibusiness. His speech before the United Auto Workers Convention warned union labor not to seek inflationary wage increases as he previously warned business—steel—not to raise prices.

He has gone out of his way to seek legislation to aid business so that increased profits can be realized. He asked Congress for power to cut personal income taxes limit to $10 billion in periods of business slumps.

His action in the steel episode strengthens his position to demand the same restraint for labor unions.

The President contemplates faster tax writeoffs to other businesses, already granted to some going businesses.

An outright tax reduction for business outlays that are expended for modernization of equipment now before the Congress.

Finally the plan to cut income taxes across the board permanently.

Many businessmen questioned the President's economics and business sense because of what they term an inflationary budget of $92 billion—$12 billion more than the last Eisenhower budget—and several billion in excess of the return expected by the Government in taxes.

His approval of the Board's recommendation of about one-half million railroad workers receiving wage boosts averaging 10.2 cents an hour. The Board maintained that the wage boost was noninflationary. The President approved their action.

There is also a fear that President Kennedy owes his election primarily to union labor and is without business experience, and that he cannot follow his promises and intentions as one who had experience in a business career.

Some feel that his program to increase the wages of 2½ million Federal employees by $1 billion per year is in direct conflict with his demands upon industry and labor to hold still.

Others feel that if a showdown hits on the wage-price controversy for union labor he will favor the union bosses.

Just being President of the United States is a real chore by itself, but collaring the terrific forces that control the operation of the national economy is a task for the gods.

All these facets of expense could not be denied to a republic alive to its obligations to the public interest. The almighty dollar is not to be worshiped at a public shrine—at Knox—as though it were a symbol of a nation's contribution to its posterity. The usefulness of a nation's wealth is to work its dollars hard that it may have a continuous circulation in promoting happiness and prosperity of its people through opportunity to labor and earn a good living in accordance with American standards.

No one can deny that all the gold in the world cased in the vaults at Knox, if left there, severed from the working dollar, would not send one astronaut into space or develop one missile, let alone raise it into orbit.

The space program through bipartisan approval in spending money did it. And today we stand proud among nations because of it—a loyal and forceful people, a real leader among liberty-loving nations who see us standing alone on the sacred principle of giving succor and strength to other nations to help keep freedom alive and to insure the security of our kind of world inviolate.

History shows that the hoarded wealth of 21 leader nations of the civilized world fell into the enriched coffers of their conquerors.

The progressive study now going on by American experts shows that the European nations' economy increased 7 percent, while ours has advanced only 3½ percent. What are the reasons for the European nations' splendid success?

The experts feel that perhaps the greater sums of investment by the foreign governments and their private investors in industrial production, such as expanding properties, increasing sales, have been one of the factors also resulting in high figures of employment.

They also list as probable influences these other factors as the revamping of their tax structure, adjusting levels of expenditures—new budget planning. We know that as the economy moves up the tax formula moves down. They further comment that a survey of our budget figures would show that, perhaps, we are too cautious in showing expenditures and the listing of unexpended funds. The surpluses would far exceed expenditure funds.

Further, industrial reports show increasing sales, yet profits are decreasing compared to the volume of high production. Yet, in spite of this diminishing ratio, profits are growing at an alltime record rate. Our foreign trade has increased to $20 billion—$15 billion manufactured products. It could be increased further if these studies point the way.

One of the important sources of income of this country from abroad consists of royalties for the use of American patents or inventions, technical know-how, and trademarks. The respect abroad for industrial property rights of American individuals and companies rests solely on the conventions of the International Union for the Protection of Industrial Property, commonly called the Paris Union. This union has been in existence for almost 80 years, and the United States has been party to it since 1887. Some 46 countries belong to the Paris Union today, and among them practically all the industrially important countries of the free world.

European countries are in the process of strengthening their bonds in industrial property matters. New treaties are being worked out by the Common Market and the Council of Europe. Much of the initiative and imaginative adaptation to changed circumstances have passed from the Paris Union to these European organizations in the last years. This is partly due to the rather passive attitude of the United States in the councils of the Paris Union, and to the fact that the Secretariat of the Paris Union—the Geneva Bureau—is exclusively staffed by Europeans.

Whereas we should, of course, welcome closer cooperation among European countries in the field of protection of industrial property, it is both important and urgent that this does not result, in Europe, in discrimination against and isolation of American patent and trademark interests. We have no voice in the European organizations, but we could and should urgently work on revitalizing the Paris Union in which we have equal status with all other members, and where our vote should have particular weight in view of the fact that the United States is the greatest exporter in the world of inventions, technical know-how, and products under trademark protection.

In this connection, it should be our aim to internationalize the Secretariat of the Paris Union, and insist that positions corresponding to the importance of the United States in industrial property matters be filled by U.S. citizens. We should insist on the vigorous implementation of the worldwide responsibilities of the Paris Union, in particular so that regional arrangements will not become discriminatory against the United States. A much more dynamic and imaginative policy, and much more active U.S. participation than has been offered up to the present time, are needed, and are needed urgently.

Dam the Dollar Drain

Headquarters,
U.S. Army, Europe,
Information Division,
February 17, 1961.

Note to unit commanders:

The Secretary of Defense has asked the cooperation of members of the forces overseas in helping check the flow of gold from U.S. reserves. This fact sheet is designed as an aid to commanders in informing personnel about the gold situation and in urging them to do their part to help.

This is a mandatory troop information topic.

Troop Information Branch.

Gold, gold—who's got the gold?

That's the cry resounding through the United States, where gold reserves have hit an alltime low. Fort Knox is still intact; nobody's dug a secret tunnel into the bullion repository—the gold drain has been strictly legal. But the situation is serious, and the Government is taking steps to try to check the flow of gold into foreign hands. We in USAREUR can do our bit to help.

GOLD AND DOLLARS

Before we get into that, however, let's see how the gold shortage came about—and what it means.

"As good as gold"—this has been true of the U.S. dollar for a long time. The dollar is the most respected currency in the world. Although it is represented only by a paper bill or coin, it is accepted—even sought after—the world over. Why is the dollar as good as gold? Because it is backed up by gold; because any foreign holder of dollars can, at any time, exchange them in the United States for gold, at the rate of $35 an ounce.

The problem—the reason for our gold shortage—is that too many of them have been doing just that.

How do so many dollars get into foreign hands? Principally in five ways. By means of foreign goods sold in the United States; that is, our imports. Then through the dollars invested abroad, in foreign enterprises. Third, a lot of dollars go out in the form of aid to our allies and to underdeveloped countries. Fourth, American tourists spend millions of American dollars abroad. And finally, we spend dollars overseas to support U.S. troops stationed in foreign countries.

Many of the dollars that leave the United States in these ways return to us, of course. We get a big return on our foreign exports, on products of all kinds that the United States sells abroad. We get some dollars back in dividends earned on our money invested abroad. And then we get dollars that are invested in America by foreigners.

But in recent years, far more dollars have been leaving the country than have been coming in, causing what is called a deficit in our international payments. Why has this happened?

Ever since World War II, the United States had made tremendous outlays of money on foreign aid, and on stationing troops abroad. Americans have been spending more and more money each year touring foreign countries, while relatively few tourists come to America. For a long time our tremendous export trade made up for these losses.

But in 1959 the situation worsened. In that year there was a major surge in imports, led by foreign cars and steel.

In 1960 the dollar drain increased as fewer dollars were invested in the United States, more in Europe, where interest rates on capital were higher. The reason: the booming European economy.

How does this so-called deficit in our international payments affect the U.S. gold supply? We said before that foreign holders of dollars may use them to buy gold at any time. Foreign central banks usually buy gold with a fixed percentage of their dollar holdings. Since their dollar holdings have been going up, they have been buying more gold. Foreign governments have needed more gold in recent years also, because their trade has been greatly expanding.

The result is that our gold reserves, which in 1949 stood at $24.9 billion, now have hit a low of $17½ billion. If they fell low enough while foreign dollar holdings continued to climb, eventually the dollar wouldn't be "as good as gold," because there wouldn't be enough gold to back it up. There could then be a "run" on the remaining gold—and a financial crisis.

What's being done about it?

The situation is thus serious, and steps are being taken to deal with it. The Eisenhower administration began to act on the matter before it left office, and the Kennedy administration is taking further steps.

Here are some of the steps that are being taken. Special U.S. interest rates have been authorized for foreign holders of dollars, as an inducement to investment in the United States. Americans are now forbidden to hold gold abroad. Great emphasis is being put on increasing U.S. exports. Foreign travel to the United States is being encouraged. Countries receiving U.S. aid are being urged to spend as much of it as possible in America. These steps are just a part of a vast program to reverse the dollar flow.

What can we do?

As Americans stationed abroad, we are in a good position to help check the flow of dollars out of the United States—and thus to help, indirectly, with the gold situation. There are thousands of us Americans overseas; what we do with our pay can make a big difference in the overall dollar picture. Dollars that we convert into local currency and spend "on the economy" are dollars lost for America. Dollars we save—and those we spend for U.S. products—are dollars kept in America, which will go to help build back up the gold reserve.

Of course, it is realized that some spending in local markets will continue to be necessary. But we should nevertheless try to put more of our pay into savings, on the one hand, and, on the other, to spend as much of the rest of our pay as possible at U.S. facilities. Mr. McNamara, the Secretary of Defense, has suggested the figure of $80 per person a year as a good target.

None of this involves any real sacrifice on our part—just a little reflection on what is in the best interest of our country, and our interest, too; for what hurts the value of the dollar also hurts us.

SAVING AND SPENDING

For the soldier, saving is painless. You can have as little or as much as you like deducted from your pay for savings, before you ever see it, by means of a class E allotment. If you save in this way, the money you get when you finally tap your savings will seem like something you're getting extra, for nothing. You won't have noticed the little monthly deposits coming out of your pay; but you will notice the big lump sum, including interest, that you receive when your savings pay off.

USAREUR suggests soldiers' deposits as one of the best savings plans for enlisted men. The plan is safe and interest rates are good. U.S. savings bonds are recommended for officers and civilian employees, who are not eligible for soldiers' deposits. Personnel sections have full details on all savings plans.

As for cutting down on foreign expenditures, how it's done is up to you. One suggested way is to make more use of the USAREUR recreation centers for your leaves. There is definitely no sacrifice involved here. The centers offer tops in sports and entertainment at the lowest of prices. At Berchtesgaden, Chiemsee, and Garmisch you'll find U.S. luxuries with a continental flavor, in a setting of incomparable beauty. For full details see USAREUR Information Bulletin, volume 15, No. 6, pages 8–11. In SETAF, enlisted and officer recreation centers are located on Lake Garda, 16 miles west of Verona. At Tirrenia, just outside Leghorn, is a fine beach operated by SETAF.

When you travel, go by automobile if possible. It's cheaper than by rail or air, and of course it's U.S. gasoline you'd be using. If you don't have a car, you may be able to buddy-up with someone who does.

A quick review of your monthly purchases will show you where you can cut on foreign spending. Buying American whenever possible is a good policy. You'll find most of your usual purchases can be made at U.S. facilities, and that prices there are reasonable. Post exchanges will be stocking more and more American items. They offer a convenient mail-order service for items not carried, and recently instituted a layaway plan. Another way to cut your foreign spending is to patronize U.S. snack bars, clubs, and messes more often for entertainment and when you eat out. If you're thinking of buying an automobile, just remember: your own country makes good ones.

These are just a few of the ways you can help in alleviating the gold shortage. None of them demands much of a sacrifice; all of them will help keep the U.S. dollar strong. Just a little cooperation will go a long way toward strengthening the U.S. economy.

(Program for the reduction of individual dollar expenditures.)

The Gold Flow

(Address by Gen. Bruce C. Clarke, Cincusareur, before Frankfurt Women's Club, March 16, 1961)

It is a pleasure and a privilege to have the opportunity to meet with the Frankfurt Women's Club, and to express my sincere interest in the work of your organization.

Your president, Mrs. Johnson, in her letter of invitation gave me a succinct history of the club since its founding in 1946. With her letter, she enclosed some very informative pamphlets outlining the aims of the club, and its achievements. In addition, a list of welfare donations from July 1959 to February 1961 was enclosed. You can rightfully be proud of your accomplishments.

At times I marvel at the scope of activities undertaken by women's organizations such as this. But then I remember that unforgettable phrase in a prominent women's magazine—probably coined by a smart woman in the firm—"Never underestimate the power of a woman." Remembering that phrase, my amazement is changed to acceptance of an indisputable fact. You, the members of the Frankfurt Women's Club, have shown yourselves as "power for good."

Keeping a house and making a home for your husband and your children is job enough for anyone. Busy as you all are with your many household duties, your children and your church activities, I am pleased to note that you are busy about many other things—things that have a direct bearing on the accomplishment of the mission of the U.S. Army, Europe; busy about matters that project a true image of our people, and our Nation.

No doubt, some members of the club have been in Europe since your organization was first chartered. Many are on their second tour in the Frankfurt area, and are thus able to make a comparison between the past and the present. All are aware of the conditions which existed in the early years after the war. Want and poverty stalked the land in the wake of the war's destruction. All around us, were misery and distress.

Moved by compassion, your club and many others composed of all American women, and clubs which combined members of our host nations with American women throughout the U.S. Zone, went into action. Supplementing governmental agencies and providing the warm, human touch, the record of service by these clubs speak for itself; it is a source of great pride and an inspiration to all of us.

With the resurgence of the German economy, the Frankfurt Women's Club broadened its objectives. Now, they include not only help for the needy, but also the provision of service, cultural, and social assistance to American wives; help for handicapped children; and a multitude of other services.

Now we have a new problem facing us—one in which you can be of immeasurable assistance to USAREUR and to our Nation. In my judgment, our American Women's Clubs can and should play a key role in the resolution of this problem.

This problem is the balance-of-payments deficit. It is important, and we all should take vigorous steps within our capabilities to curtail the gold flow.

As I visualize this matter, it affects your activities in several areas. It affects the way in which you spend your money, the amounts of money required for your activities, and the methods of raising this money. To put it another way, it affects many of your basic objectives.

I believe that all women's clubs operating in USAREUR should reexamine their objectives to determine if they are in conflict with the gold flow problem. Having isolated these areas, I think it would be wise to consider if the objectives should be retained, modified, or eliminated.

I do not intend to convey the impression that all charitable activities should be suspended. Some charities cry out to us with a voice which cannot and should not be ignored. These might include support of refugee aid, old folks homes, and handicapped children or sponsorship of exchange scholarships. But each charitable activity might be surveyed and re-evalued. As a suggestion, you might ask yourselves the following questions:

First, can you substitute American food or goods for dollar support of the charity concerned? Or, can you give materials purchased from PX's instead of items bought on the economy? These substitutions may be made with prior clearance through your local Military Police Customs Unit.

Second, having made such substitution, if possible; how many dollars are going into the local economy as the result of the charitable effort?

Third, what is the benefit of your participation in the activity to host nation relations, or, the adverse impact on these relations should your participation be eliminated?

Finally, does the benefit of these relations, considering the amount of dollars involved justify continuing the charitable activity?

If answering these questions doesn't solve a specific case, then the decision will have to be based on the desires and good judgment of the woman's group concerned. Admittedly, in almost every case the decision will involve two somewhat conflicting objectives. On the one hand we must avoid unnecessary impairment of our present good relations with our German, French, and Italian hosts, but, at the same time, we should strive to show an annual net decrease in economy spending.

Having realined your spending objectives with the gold flow in mind, I suggest you next compute the amount of money you will need to attain these objectives. How will you raise this money?

Before suggesting means and methods of raising the funds for your activities, I must deal with the negative aspects of the situation—what is no longer permissible.

In the past, the women's clubs have normally relied heavily upon commissions received through the sponsorship of vendors of foreign goods. In many instances, this has been the principal source of revenue for their charitable activities. It has been a very effective and a pleasant way of adding to your welfare funds.

This can no longer be given military blessing. In accordance with Presidential directives to stem the flow of gold, I have issued orders to all commanders that USAREUR facilities can no longer be used by vendors of foreign goods. This order was effective yesterday, 15 March 1961. I might add that I was pleased to note in a recent newspaper article that your club has already decided to discontinue your annual fund-raising bazaar, which was basically a fund-raising measure of the type I have been discussing. I also want to congratulate you, the Heidelberg Women's Club and many others on your use of savings bonds as prizes in place of articles purchased on the economy.

In the future, fund raising will require considerably more effort and organization—and imagination. However, I don't visualize this as a serious problem. Women's clubs in the States have never had the commissions from the sale of foreign goods to draw on as a source of funds, yet many of them raise sufficient money to support large activity programs.

I offer the following money-raising suggestions with some hesitance, realizing full well that I am speaking to a group of fund-raising experts.

There are a number of tried and true means of raising funds. They have been used in the States and overseas with considerable success. Some of these are white elephant or rummage sales. The German-American Women's Club in Heidelberg calls this type of a sale a "pfennig bazaar". I am informed that it has been quite successful as a source of raising money. I am sure that you are familiar with this type of sale.

Thrift Shops. I recommend more emphasis and support of thrift shops as a normal women's club activity. Operation of these shops can produce substantial amounts of money. At the same time, these shops assist in attaining two other important objectives—they help our people who cannot afford to purchase certain items at full price and they serve to keep others from spending on the economy. Please remember that, under the Status of Forces Agreement, thrift shops cannot sell to host nationals.

Sponsorship of large parties such as frontier days fiestas can produce large amounts of money; you might try western barbecues and folk dances. I am confident that you can visualize many more.

Stateside-type carnivals featuring the games and exhibits found in American fairs and midways are a source of entertainment as well as considerable profit. Also sponsorship of amateur shows, theatricals, and musicals.

Bake sales. I know of no more profitable business. It is a businessman's dream. No labor costs, no overhead at all, and your product is donated. I have been informed that within USAREUR bake sales average $100 per sale for 4 or 5 hours of effort.

These suggestions are but a few which have occurred to me. I know that your resourcefulness will produce many more.

Having estimated how much money you can raise through the various means available to you, I suggest that you compare this amount with the sum needed to support your revised objectives. Should you feel that you cannot raise enough funds for such support, you must, of course, further curtail your objectives or raise your dues.

Now I should like to take a few minutes to discuss an entirely different aspect of women's club support of the gold flow reduction. I refer to your actions as individuals.

Much concern was felt when restrictions were placed on dependent travel and we were faced with peacetime separation of military families.

When the restrictions were lifted, there was joy and a feeling of gratitude. But saying "Thanks, Mr. President," while it is the courteous thing to do, is not enough. We have to act individually and voluntarily to help solve the basic problem which caused the original no-dependents directive—the reduction of the gold flow.

Women are the key to the success of the individual spending program. You have a controlling influence on the purse strings in most families. A woman's expertness in household financial matters—getting the money, keeping it, and disbursing it only for good and sufficient reasons—is a fact of life which we men realize.

Our President realizes that fact; he has appointed a woman as Treasurer of the United States—Mrs. Elizabeth Rudel Smith. She succeeded another woman, whose signature graces the currency in your purse—Mrs. Ivy Baker Priest.

Total abstinence from buying on the economy is not expected. The objective should be moderation. This should include moderate touring, visitations to places of historical interest, and the usual vacation trips.

We are not required to lead Spartan lives, but we must each seek means to reduce our oversea expenditures. As you recall, the initial figure cited by the President was $80 per individual a year. You may have read recently in the Stars and Stripes that the Department of Defense announced a goal of $100 per year. We in USAREUR have publicized an "$80-plus" program per year and we will continue to support this hoping that each individual will reduce his expenditures by as much over $80 as is possible.

Keep in mind that this "$80-plus" per person is not going to be taken away from you and will not be reflected in your daily diet, shelter, or clothing. Commissaries, exchanges, medical service, and housing are still available. Clubs, theaters, and excellent recreational facilities are still available for your use. Actually, the only thing required of you is to spend at least $80 less on the local economy.

You may have also read recently that the administration has suggested we limit our purchases of foreign goods to $100 per year per person except for those which are purchased in exchanges and other U.S. outlets, or those which are required for operation of your household and which cannot be procured from U.S. sources. I think you will find that, except for those living on the economy, this proposed spending limitation is about the same as reducing our purchases by at least $60 per person annually. I suggest that most of us can accomplish this by watching closely our purchases of luxury items not necessary to our health or welfare.

Aside from careful monitoring of economy purchases, we can assist in slowing the flow of gold by exercising care in the use of our utilities. Wasting gas, water, and electricity is always frowned upon in efficient households. Now, such waste of our utilities will directly contribute to the gold flow, since the dollars which pay for utilities go into the economy of the host nation. The money saved by those in Government quarters can be used for other essential improvements.

I am certain there is one question which arises in the minds of all of you: How does this program affect my family vacation plans? I believe that trips and vacations are necessary for your health and cultural development—it is not our intention to suggest any severe limitations. Rather, we do suggest that you make maximum use of our Armed Forces recreational facilities and that you budget your trips carefully so as to keep within the spirit of our savings program.

I realize that the admonition to decrease or limit spending on the economy by various amounts per person per year is putting the accent on the negative. It is better to stress the positive.

Invest in U.S. savings bonds or if your husband is a soldier, sailor, or airman he can use soldier, sailor, or airman deposits—you serve your country and yourself; put your savings into any stateside investment or savings account. Thus, you will not only help to stem the gold outflow, but you build security for yourself.

There is still one more aspect to this problem of individual application where you can help. That is passing the word to women who are not members of your club. This is most important.

As I see it, this matter of passing the word has two aspects. First, we need all the help we can get to insure that all the dependents in the command are fully aware of the problem and their individual responsibilities in connection with it. The second aspect is maintaining interest in the matter. Eventually, the enthusiasm generated by the Presidential announcement that dependents would be permitted to remain in Europe will begin to wane. However, the urgency of reducing the gold flow will not lessen until our Government's balance-of-payments problem is solved.

I feel that the women's clubs of the command will provide an ideal medium for maintaining lively interest in the program and for making sure that all of the wives of a particular area keep informed about the matter. These clubs, through their welcoming and hospitality groups and possibly through such means as panels and discussion groups, drives, individual calls, and similar means, can make a real contribution to our effort. In fact, I suggest that this be made one of the continuing objectives of your overall program.

You will note that I have said nothing today about the clubs which have joint American-host nation membership, such as the many fine German-American clubs here in Germany. I have omitted such mention on purpose. Needless to say, I will be pleased to note any actions taken by these groups in support of our gold-flow program; however, I feel that I would be out of order in making any suggestion to groups whose membership is not entirely American. The American members of such groups can derive guidance from what I have said previously.

It has been a genuine pleasure to be with you today, and I hope that my remarks will be of some assistance to you.

Please remember that my suggestions are only that, not directives. I suggest you watch the Stars and Stripes for further directives that may be issued by the Department of Defense on this subject. Of course, if they are in conflict with what I have said, then the new directives will apply. I know that you are fully aware of the moral obligation placed upon us to demonstrate in our own way that we as individuals will gladly share our country's problems and contribute to their solution. I also know that our American women will respond willingly to this challenge.

Reduction in the Outflow of Gold

Background: Since receipt of the President's directive of November 16, 1960, this command has constantly explored ways and means of reducing the outflow of gold and has significantly reduced expenditures on the foreign economy. The actions taken can be divided into three areas. These areas together with reductions effected during calendar year 1961 are:

(A) APPROPRIATED FUNDS

(1) Eliminations, consolidations, reductions, or transfer to the United States of activities and facilities	$467,182
(2) Reduction of military personnel, civilian employees and foreign-national civilian employees	246,198
(3) Reduction of procurement oversea (supplies, services, and construction)	41,134,800
Total	41,848,180

(B) NONAPPROPRIATED FUNDS

(1) Consolidation, curtailment, or elimination of activities and facilities	513,160
(2) Reduction of nonappropriated fund employment overseas	2,105,256
(3) Replacement of foreign-national employees by dependent and off-duty military personnel	1,727,259
(4) Reductions of programed expenditures for foreign goods and services	40,299,131
(5) Reduction in concessionaire gross sales	131,495
Total	44,776,301
Total of (a) and (b)	86,624,481

Individual expenditures: It is not possible to measure with accuracy the reduction of oversea expenditures by individuals; however, major command emphasis and publicity have been given to this program and the following available statistics indicate USAREUR personnel's support of the program:

(1) The monthly dollar savings in USAREUR savings program have increased as follows for period January 1, 1961, through November 30, 1961:

	Dec. 31, 1960	Nov. 30, 1961	Increase
U.S. savings bond	$2,208,693.75	$2,908,447.05	$699,753.30
Soldiers' deposit	279,132.78	468,638.81	189,506.03
Total	2,487,826.53	3,377,085.86	889,259.33

(2) Parcel post shipments to CONUS, January through November 1961, totaled 10,147,516 pounds versus 15,014,104 pounds for same period of 1960; decrease of 32 percent.

(3) Postal money order sales January through September 1961, were $34,206,617 versus $31,820,793 for same period 1960; increase of 7.5 percent. Encashments for same periods were $3,089,545 in 1961 versus $3,676,827 in 1960; decrease of 16 percent.

(4) AMEXCO facilities in Germany sold money orders totaling $20,317,905 during period January through September 1961 versus $16,697,272 for same period 1960; increase of 22 percent.

(5) The number of individual checking and savings accounts in Germany increased between January 1, 1961, and September 30, 1961, by 6,633 (11 percent). The dollar value in these accounts also rose by $1,521,087 or approximately 7.5 percent.

(6) Membership in the various savings clubs organized throughout the command exceeds 85 percent.

(7) Savings bond participation rate increased to 70 percent in November 1961; 1 year ago it was 62 percent.

(8) Soldiers' deposits participation rose from 13 percent in January 1961 to 16 percent in November 1961.

(9) Gross sales in clubs and open messes have increased indicating greater patronage of the facilities by individuals.

Status: Continuing actions are being taken to develop new means of reducing the outflow of gold. A permanent committee has been established within Headquarters, USAREUR, to coordinate all matters which will improve the balance of payments. The most significant recent and current actions taken are:

(a) A list of possible means of further reducing the outflow of gold was provided to Secretary Ailes during his visit to USAREUR.

(b) This command is actively participating in plans for further negotiations with host countries to eliminate or reduce the imbalance of military expenditures through cooperative logistics, joint utilization of facilities, etc.

(c) Renewed command emphasis is being given to reduce the outflow of gold in all areas. A continuing publicity campaign is being prepared and conducted to inform USAREUR personnel of the facts and solicit additional voluntary reductions in expenditures on the economy.

Headquarters, U.S. Army, Europe,
Office of the Commander in Chief,
APO 403, *July 13, 1961*.

Subject: Dollar shortages, fiscal year 1962.

To: Each commander, staff officer, and civilian supervisor, U.S. Army, Europe (down to and including company and detachment level).

1. The purpose of this letter is to insure that all USAREUR commanders, other officers, and civilian supervisors are fully oriented on the funding deficiences facing USAREUR in fiscal year 1962. In view of these deficiencies, I desire that each responsible individual in USAREUR examine those things he is doing or plans to do against this criteria: "Is this item important? Does it have priority meriting the expenditure of resources involved? Is this the most economical way of getting the job done?"

2. Each commander, staff officer, and civilian supervisor has developed a plan or program covering the activities for which he is responsible in fiscal year 1962. Some of these are stated in training schedules or formal programing documents. Others may be in the minds of the individuals concerned. Most of them require an expenditure of resources, either materiel which must be bought or replaced or actual dollars themselves. The sum of all these plans, programs, and ideas sets the courses of action

for USAREUR in fiscal year 1962. The consolidation of these courses of action, together with the dollar resources required to implement them, are set forth in the USAREUR operating program.

3. The USAREUR operating program for fiscal year 1962 is faced with a funding deficiency of over $47 million. This situation has been caused principally by a lack of approximately $10.5 million for the initial issue of repair parts for new items of equipment such as the M-60 tank and the new rifles; $15.2 million to cover added dollar costs because of the recent deutsche mark revaluation; and $15.5 million for unprogramed pay raises for our essential local national labor employees. Funds currently available to USAREUR commands and field agencies are not adequate to provide either for these increased costs or for the mounting costs of goods and services which we contract for here in Europe. In addition, we are faced with the problem of the reorganization of USAREUR combat divisions. Therefore, to achieve our readiness objectives, we must spread our resources even further than we did last year.

4. I am proud of and have every confidence in the well trained and dedicated personnel of USAREUR. A good job is being done, but even more care and selection of those things we must do, as opposed to those things we would like to do, is now required. Our objectives for fiscal year 1962 are sound and must be met. Our ability to accomplish them rests with each of us. However, in my visits throughout USAREUR I have noticed certain things being done which to my mind are of questionable priority when measured against the current resource availability. There are many areas of possible savings. Those of you at the operating level are in the best position to identify those peculiar to your area of responsibility. To give you an idea of what I have in mind, the following examples—each involving large expenditures of funds—are cited:

(a) Consumption of supplies and equipment: Requisitioning should be based on actual needs only; hoarding or stockpiling must be eliminated.

(b) Transportation: Combining trips; fitting the load to the vehicle; riding to and from close-in training areas when marching would contribute to or not detract from training; elimination of unnecessary trips.

(c) Utilities: In spite of continuing command emphasis in this area, there is evidence of waste of this costly service.

(d) Modification and rehabilitation of facilities: Emphasis must be placed on necessary projects; those associated with beautification or nice-to-have will be eliminated.

(e) Civilian labor forces: All manpower requirements must be reviewed to insure most effective utilization.

5. I enjoin all military and civilian personnel in USAREUR to be aware of this problem in order that we can continue to accomplish our mission within the limited resources presently forecast for USAREUR. Savings, no matter how small, must not be overlooked in order that this command can maintain the highest possible state of combat readiness.

BRUCE C. CLARKE,
General, U.S. Army,
Commander in Chief.

DEPENDENT OVERSEAS—GOLD FLOW—TOUR LENGTH

(Revised February 5, 1962)

(General Norstad) (Mr. Secretary)

This first chart (chart No. 1 on) shows why the U.S. Army is in Europe. It is equally applicable to the soldier's dependents, who are similarly oriented. This why, in poster form, is always before the USAREUR soldier and his dependents. It gives them visible evidence of our objective and assists them in their motivation.

The subject of dependents overseas has been under close scrutiny since November 1960 because of the balance-of-payments problem. The emphasis and approach vary at the level considering the problem. This variance is understandable. (Chart No. 1 off.) With both the internal and external situations changing, the problem becomes increasingly complex.

Recognizing that overlap exists at each level, my next chart probably depicts at least the major areas of interest. (Chart No. 2 on.) Certainly General Norstad, wearing his SHAPE hat, is concerned with all of these considerations as they apply to NATO. Each area is integral to our overall readiness posture. (Chart No. 2 off.)

I propose to examine the effect caused by dependents in USAREUR on dollar spending, gold outflow, service attractiveness, and host country relations. Then I would like to compare the various impacts caused by reducing the dependents from their current level to lesser levels to include eliminating them from authorized status.

In developing this problem, many related studies from USAREUR, 8th Army in Korea, and other headquarters were considered. Any study on this subject must consider the length of tour and the type of replacement system required. In our present situation—that is, with the dependent population at its present level—there is no doubt but what the present tour system is optimum. It is based entirely on a system of individual replacements. Obviously, our present system could be replaced in its entirety or in part with a system of unit rotation in which the military members of affected units would serve shortened tours without dependents. The extreme, of course, is to envisage oversea service without dependents, and here again it is necessary to determine the most desirable length of tour and type of replacement system.

Let me touch briefly upon various types of unit replacement systems. I believe that you are familiar with the rotation of divisions and battle groups as was conducted under the Gyroscope program. Gyroscope was not successful because of the loss in operational readiness and the size of the increased CONUS base with its attendant costs. Previous estimates made by DA indicate that to support division rotation in Europe alone would require an additional 190,000 spaces in CONUS, with an initial cost of approximately $2 billion and an annual operating cost of $1.4 billion.

The DA next tried a different type of system in Korea called OVUREP (overseas unit replacement). This was at battle group level and was a distinct improvement with respect to training and operational readiness. It was, however, applicable to only one division in Korea and by the time of the Berlin crisis only two of the five battle groups had been replaced. Due to the increased manpower and dollar costs, it was limited to the one division. We now understand that this system has been suspended indefinitely. Except for the extended tour under the present crisis, the normal tour remains in Korea at 13 months without dependents and is based on individual replacements.

Last March the commander in chief, USAREUR, Gen. Bruce C. Clarke, made the strongest possible representations against any form of peacetime unit rotation—this without consideration as to the presence of dependents. From his viewpoint of 16 years of command experience from brigade through 7th Army and USAREUR command, and his vantage point as the previous commanding general, USCONARC, he set forth major disadvantages that far outweighed any possible benefits to be gained. These views are still considered valid and I have copies available if desired.

It must be understood that the types and distribution of units in the Army severely restrict our ability to support a unit rotation system. Units which lend themselves to rotation are primarily of combat and combat-support nature. Many CONUS units have continuing support missions such as school troops; others, such as the Strategic Army Corps (STRAC), have other critical missions; and few if any table of distribution (TD) units have a counterpart overseas.

The rotation of an entire unit into and out of USAREUR reduces the availability of a combat-ready unit by a length of time proportionate to the size and strength of the unit. This ran 6 to 9 months for divisions under Gyroscope. This lessened the availability of units and the requirements for continuing reorientation of commanders and staffs reduces our ability to meet contingency commitments. Certainly it would be most difficult to rotate armored cavalry regiments engaged in border surveillance special weapons units with critical maintenance and custodial support missions or service-type units supervising large numbers of indigenous employees.

Realizing that the ratio of the present support establishment which is 60 percent CONUS and 40 percent overseas, it is considered that the ratio to support oversea forces maintained solely by unit rotation would run as high as 3 to 4 to 1 depending upon the length of the tour and the extent to which unit replacement was used. This might even run higher due to the size, complexity, and diversity of missions assigned to the U.S. Army in Europe.

Were there an increase in the CONUS base and assuming the required funding support, it would be possible to rotate combat units at battalion and battle group levels on a 6-month or comparable basis as long as the number being rotated does not become excessive at any one time in the division or other formation. The 6-month rotation of battle groups of the 4th Infantry Division following Exercise Long Thrust may provide a limited basis for testing the feasibility of such a plan. Of course, the question of per diem while on temporary change of station (TCS) would increase overall rotation costs; however, we understand that this is under advisement at the present time and that the morale implications will also be considered.

Other factors to consider are the increased transportation costs; the increased maintenance workload and costs; the aforementioned loss of combat readiness; not only overseas but in CONUS; and, finally, the difficulties inherent in coming up with a unit in which all personnel have a retainability of at least 6 months.

Any plan of unit replacement which would effectively reduce numbers of dependents would have to be on a large scale, and this would undoubtedly keep the strategic Reserves in CONUS in a constant state of turbulence.

Under Gyroscope we could not continue and still retain STRAC as a ready force. The alternate is a vastly increased Army strength that would meet all our manning-level requirements.

We feel that these considerations are major obstacles to any form of short tour unit rotation on a USAREUR-wide scale. It can be done on a limited basis, but we feel even that would result in greater dollar spending and an insignificant reduction in gold outflow.

Our next step was to examine a situation overseas without any authorized dependents and to determine the most desirable length of tour on that basis. Since we do not have the long turn-around time that exists in the

Far East nor its economic and sociological austerity, it was indicated that we could exceed 13 months. A longer tour such as 24 to 36 months without dependents seemed out of the question; otherwise we would find career soldiers spending over half of their military service in oversea tours without their families.

The makeup of our Army today consists of 85 percent who can be called career soldiers and 15 percent selective service. We could enlarge the Regular Army base with some deterioration in quality and an older army, but the best way to meet the increased manpower needs necessitated by the larger CONUS support base would be to increase our number of draftees—unless, of course, we did away with STRAC.

Our best estimate is that if we maintained troops overseas in Europe without authorized dependents, that about 50 percent would have to be draftees. This ratio would be even higher with the unit rotation system. Draftees serve for 24 months; their basic, advance, and specialist training and leave and travel time are such that we could get about 16 months proper utilization from them on an individual replacement basis. Nevertheless, we would still find the married career soldier serving practically all of his oversea service without his family.

To effect real dollar savings and to be fully operationally ready, we also looked into the shortened oversea tour—6 to 16 months without dependents—under austere field conditions. This would mean moving out of existing facilities in order to eliminate the required maintenance and upkeep and to improve tactical positioning. Unfortunately, this is just about impossible because bivouac and training areas are just not available in Germany or elsewhere in Europe. Even 6 months is a long time in peacetime to be training under adverse conditions. The use of personnel in time of peace has to follow a more lenient process than that required under the emergency powers of the President.

Considering these factors, and also our large investments in existing facilities, we felt that whatever the length tour and type rotation system, whether individual or unit basis, we should continue to utilize existing facilities under our current moderate standard of troop living.

While we feel that unit rotation is not acceptable except on a small scale, we do feel that a 16-month tour without dependents on an individual replacement basis is fully supportable based on its lessened impact on our training program and operational readiness and to insure the maximum utilization of draftees. Such a system is about the least costly in dollars, morale, and operational readiness of any of the alternates. A lesser tour or an extensive unit replacement system is too costly. A longer tour on any basis, except for the present system, is even more costly in its loss of service attractiveness. I trust that this will establish the parameters of the briefing.

I now propose to show how much it costs to have dependents in USAREUR, as at present, and I will compare this to the dollar costs of not having authorized dependents in the theater. I will then present the advantages and disadvantages without dependents, touching briefly on those areas having a major impact. Lastly, I will summarize the costs in both dollar spending and gold outflow; I believe that you will find this comparison to be most revealing.

This chart (chart No. 3 on) indicates the costs of dependent support for a USAREUR dependent population of 180,000 which is about what we have now. For political reasons Berlin has been excluded. It considers a military strength in USAREUR of 240,000.

Here we show both the appropriated fund and nonappropriated fund costs. We also show the gold outflow represented by wages, services, and materials to include offshore procurement for dependent use in commissaries, exchanges, and class VI. Without the dependents we would eliminate the dependent education program and the University of Maryland branch at Munich, as well as the construction costs related to additional schoolrooms. We would also eliminate the services and support activities reflected on this chart although, as I will show on another chart, it will be necessary to crank some of these costs back in when we use the housing for other military purposes.

Even the cost of transportation to bring dependents to and from overseas is not necessarily a true savings as the transportation organization, principally MSTS and MATS, currently supporting the movement of dependents, must remain in being anyhow for necessary troop movements and contingency planning. The efficiency with which Roundout and Long Thrust units were recently moved to the European theater is a good example of the benefit derived from an inhouse shipping capability. We would eliminate most of the cost of dependent medical care, but again, some of this will reappear as an added cost because we are obligated by law to provide medical support even for unauthorized dependents.

We would, of course, eliminate the requirement for supporting youth activities and community centers; but some of these costs reappear when community centers are converted to service clubs. Minimized will be the cost of the planned evacuation of dependents, for which $193,000 is now expended annually in testing of plants, and rotation and security of stocks. Thus we see savings in the initial amount of $153,700,000 in appropriated funds and $16,700,000 in nonappropriated funds. Approximately $132 million can be related to the outflow of gold through wages, services, and materials.

In support of these activities there are 1,100 military, 3,400 U.S. civilians, and 22,000 LWR full-time and full-time equivalent personnel being utilized. In the case of military personnel, some would be retained in their current assignment as the function will still exist (e.g., supervisory personnel in the European Exchange System (EES)) while others would be reassigned to, or otherwise utilized in, purely military duties. The 3,400 U.S. civilians are mostly dependent schoolteachers who would no longer be required.

Despite these apparent savings, a key consideration when thinking of "no authorized dependents" is that there are over 43,000 sets of family quarters in Germany, built by the Germans at no cost to us, which saves the rental allowance for the U.S. Treasury. Our only cost is for normal repairs and utilities which were included in chart No. 3. These rental savings for the Treasury amount to more than $46 million annually. (Chart No. 3 off.)

Now in the event there were no authorized dependents in the theater, there would still be added annual costs which would accrue to USAREUR. This next chart (chart No. 4 on) shows these areas and estimated costs.

We would continue to utilize the former dependent quarters as BOQ's for officers and NCO's and for other military purposes. Repairs and utilities, together with other required upkeep would continue in the amount of $41,100,000.

With an increase in Selective Service input and in unaccompanied sponsors, we would have to expand our general education development program for military personnel to the tune of $1 million a year. Similarly, we would have to expand our special services program to include the hire of special service workers by $650,000 in order to meet the demand for increased athletic and recreational activities.

An interesting point to note—at the present time special services activities in USAREUR are 90 percent supported from nonappropriated funds. We receive our nonappropriated money from the central welfare fund which is supported by profits from the post exchanges. But with no authorized dependents in Europe, the European Exchange System (EES) estimates a major reduction in their profits—on the order of $5 million, which would not be returned to us as dividends. Hence, with a reduced ability to fund from nonappropriated funds, and an expanding special services activity, our only recourse would be to offset the loss in revenue with appropriated money in order to maintain even a moderate athletic and recreational program.

Our best estimates are that we will have unauthorized dependents in USAREUR to the extent of 13,000 families, totaling 40,000 dependents. Medical care, required by law, will total $2,200,000 alone. Thus we see $50 million accruing as a new annual USAREUR cost for the remaining military personnel.

One item not included in the foregoing consideration has to do with the shipping costs of privately owned motor vehicles, which were costed under the situation of having dependents overseas. Unless denied by proper authority, these will continue coming overseas even though the dependents themselves are not coming. While there will be fewer vehicles, nevertheless, we estimate 5,000 a year coming from CONUS and 4,500 (attrition) a year returning from overseas. Factored at $339 shipping cost per vehicle, this amounts to $3,200,000 which would probably have to be paid by DA. Prohibiting transportation of autos overseas at Government expense would bring about a major increase in local purchase. There would also be a major increase in demand for official Government transportation. Private vehicles are used now by the owner for a major part of his official travel. An estimated 75 percent officers and 25 percent enlisted men could be expected to acquire cars. This would constitute a continuing gold outflow problem for which controls would be most difficult to enforce (chart No. 4 off).

Additionally, there are certain costs in CONUS which DA must support. This next chart (chart No. 5 on) lists those areas and estimated costs. First it will be necessary for DA to pay basic allowances for quarters (BAQ) to those personnel whose dependents are forced to remain in CONUS, for as I mentioned before, there are over 43,000 families now living in Germany alone in quarters which cost the U.S. Government nothing to build. There will be an increase in military travel to USAREUR from CONUS and return. This will average 12,000 enlisted and 2,000 officers a month over the present rate. Factored at an average cost of $220, this amounts to approximately $37 million yearly.

Also, each time a military sponsor is ordered to or from overseas, DA must pay the cost of his family's movement with CONUS as well as the dislocation allowance for permanent change of station (PCS). The more frequent the tour, the greater the number of dislocations. Tuition grants to schoolchildren returned from USAREUR to CONUS will have to be paid for by the Federal Government under the Health, Education, and Welfare program. The number and size of grants will be dependent upon the localities involved. The cost of Medicare will be increased by the difference in oversea medical support and CONUS support.

With regard to rental guarantee housing in France, the DA would have to pay $1,200,000 annually to fulfill their remaining contractual commitments, some of which extend into late 1964. Even if these were to be used by unaccompanied sponsors, the same rental costs would be incurred by the Army. All of these total $158,400,000.

In order to support the 16-month oversea tour in USAREUR some increase to the CONUS support base will be necessary. For support of USAREUR alone, we envisage an increase of 35,000 in the training base, 8,000 in the required post-camp-station augmentation and the aforementioned pipeline of 2,000 officers and 12,000 enlisted personnel. Based on this increase in the support base of 57,000 to maintain the 16-month unaccompanied tour we arrive at a figure of $384,500,000. Please note that this covers per capita costs for the training base, augmentation and pipeline only. This does not represent the overall DA figure which could conceivably be much higher when O&MA, MCA and PEMA costs are added. The additional DA cost to support a 16-month unaccompanied tour in USAREUR is estimated to be $542,900,000 (chart No. 5 off).

Up to this point I have dealt primarily with costs and numbers of personnel. I would now like to discuss the advantages and disadvantags of a 16-month tour in Europe without dependents. This next chart (chart No. 6 on) lists the advantages.

I believe that these are self-explanatory. The first does represent a substantial dollar savings and the indigenous wages are gold outflow. There will be some administrative relocation possible for improved convenience, but tactical regrouping will not be feasible. Including the LWR salaries in item I, the gold outflow in appropriated and nonappropriated fund areas under item 4 will total almost $132 million. Item 5 is probably the most significant advantage; however, it is only fair to point out that we do have carefully tested plans for the evacuation of dependents under all types of emergency situations and we feel their evacuation can be accomplished with minimum interference with tactical operations (chart No. 6 off).

This next chart (chart No. 7 on) lists the disadvantages (chart No. 7 off).

Some of these disadvantages I've already touched upon, and others are obvious and need no explanation. However, I would like to elaborate on the impact in certain key areas. First, to cover the community and host country relations. Within USAREUR the stabilizing influence of families is considered to be one of our greatest assets in host country relations. At higher levels it is a country-to-country relationship, but at the grassroots of the command, it exists as a person-to-person relationship. This also applies to the British and French forces as well, since they have their dependents with them in Germany. With a weakening of this relationship, more incidents, accidents and serious crimes can be expected to result in a greater proportion of adverse publicity which would be subject to Communist exploitation. If there should be a resulting demand for U.S. troops to go home as was started in 1956, we would have already lost the cold war and maybe the strength of NATO.

A serious and most likely consequence of the withdrawal of dependents would be the impression created in the minds of allies and neutrals alike that this move was a prelude to the withdrawal of U.S. Forces or that such a move in case of trouble would come about. It would be difficult to counter this impression even with a rational argument.

The impression once created would jeopardize the very existence of the free world security structure which has been painstakingly developed over a number of years at great expense. A daily perusal of English translations of local newspapers indicates their constant hope for continued security manifested by the presence of American servicemen and their families in Europe.

The next impact area is continuity of operations. There are many implications caused by the shortened tour, which causes a much higher rate of movement both into and out of the command. Combat ready units would be in existence for shorter periods of time, and training would be in a constant state of flux. Considerable personnel turbulence would be experienced. This would be felt particularly at headquarters at all tactical echelons and in service-type units and installations. Key staff officers involved in programs, policy, and planning would be lost right at the peak of their effectiveness. The requirement for people of this caliber and background, already a scarce commodity, would double. No longer would rotation of senior officers between command and staff be feasible as is now under the stabilized tour. There would also be a lack of continuity in command and staff direction. Long-range projects would suffer.

More rapid turnover of personnel and fewer professional soldiers in units would tend to degrade readiness. In addition, it would not be possible to insure the degree of stability in assignments within CONUS, including STRAC units, as is currently done.

In specialized areas, such as Intelligence and Special Forces activities, the impact would be all out of proportion. Linguists and interpreters, specialists, and personnel engaged in special operations would be in the theater such a short period that the time and effort spent on their specialized training would be scarcely justified. Hard core civilian career personnel would be difficult to obtain and a reduction in the quality of those we do recruit could be expected. These civilians now occupy positions which are either difficult or impossible to fill with military personnel.

The rapid turnover of maintenance, custodial, and management personnel would reduce efficiency in these areas. This is a responsibility of the Army which costs the American taxpayer over $3 billion a year.

The problem of continuity of operations in Korea is very real with the 13-month tour. This is now being overcome in part by a 24-month tour with dependents authorized for key personnel. To effect such a plan in Europe places dependents back with us again and the problem of support starts all over. Certainly they are already being demanded by unified command, MAAG's, missions and attachés; however, General Clarke has indicated he would not want USAREUR Headquarters on a privileged basis compared to the rest of his command. The next question is where would you stop? In Korea, because of the locations of the fewer headquarters involved, the existing austerity and the lack of attractiveness, the problem has a smaller impact than in Europe. Here, preferred treatment for certain dependents could conceivably lead to a charge of having two sets of standards for military personnel in Europe—the "haves" and the "have nots."

The next area I would like to mention is morale and attractiveness of the services. Inasmuch as the frequency of the oversea tour will increase, military personnel can expect to be separated from their families over 50 percent of the time. Compassionate leaves and transfers will increase. A higher cost of living accrues to married personnel since they would be required to maintain two domiciles. The rate of divorce, broken homes, and juvenile delinquency can logically be expected to increase.

Recruitment and reenlistment would understandably drop off sharply since the service will have lost its attractiveness in many areas. The DA advises that a 1 percent drop in E-4 reenlistments costs $8 million. Retention of officers and key NCO's would become increasingly difficult. Junior officers, particularly those from ROTC sources, will move into private industry because of prospects of higher pay, career stability and lack of attractiveness of a service career. We must not overlook that the one thing that causes most young officers to resign is the dissatisfaction of their wives. Many military personnel already meeting the minimum requirements will apply for retirement, thus adding to the drain on the Treasury. The outstanding 10 percent of the officers and 25 percent of the NCO's who are so badly needed in an emergency would probably not then be available.

Under normal conditions, the average waiting period for quarters in Germany is about 9 months. Thus service in Germany, where the bulk of USAREUR is located, already carries with it about a 9 months separation for families unless they come over and live on the economy until they get quarters. We cannot see how any enforced separation, such as waiting 1 year before dependents are authorized, would significantly lower the dependent population.

It appears that there are no ends to which many servicemen will not go, within their financial limitations, to keep their families together. From October 9 to November 26, 1961, there were 1,666 families representing 3,493 dependents that arrived in USAREUR in unauthorized status at their own expense. About two-thirds of these sponsors were enlisted men. We estimate that about 40,000 unauthorized dependents will be in this command at any given time, regardless of the restrictions and even the possible elimination of all dependent support. We might point out that eliminating all support is highly doubtful. Certain support, such as medical service, is directed by law. Other support—commissary and PX—by custom of the service are fringe benefits that are tied directly to career attractiveness and by Department of Defense direction may not be taken away by reason of unauthorized status. It would be impractical to give commissary and PX support to a sponsor and not to his family.

Part of the current attractiveness of the service since World War II is due to the fact that Europe has always been a desirable oversea tour with dependents. Military personnel serving a hardship tour in the Pacific area without dependents now feel reasonably certain that their next oversea tour will be with dependents in Europe. This has a favorable influence on reenlistment. It is interesting to note that on this particular point, General Meloy in Korea recently said: "Morale of personnel in Korea is now reasonably high in spite of family separations because the unaccompanied tour in Korea is accepted as necessary in (the) Army career pattern. Personnel serving in Korea look forward to return to CONUS duty and an accompanied tour in Europe. An unaccompanied 16-month tour in Europe would be a blow to morale and could result in increased loss of many competent officers and NCO's."

I would now like to summarize where we stand on the costs of having dependents overseas as compared to having dependents remain in CONUS (chart No. 8 on).

There is a summary of costs taken from charts you have already seen. You will note the cost to the Department of Army to support the dependents back in CONUS, the partial cost to DA to expand the enlarged CONUS base, and finally, the new annual cost to USAREUR. From this total, we have subtracted the cost of our current USAREUR dependent support program. Therefore, based on our best appraisal and considering the impact on both USAREUR and Department of Army, we have concluded that it would cost the Army a minimum of $422 million more by not having dependents in the theater.

Thus far we were able to identify approximately $90,400,000 more in gold outflow required for the support of USAREUR dependents in this theater than if they were to remain in CONUS. This figure is directly related to the wages of LWR and U.S. civilians, services, commodities and transportation (chart No. 8 off). One facet we have not yet discussed is the gold outflow on the local economy through personal expenditures of military personnel and their dependents (chart No. 9 on). At the present time we have all five categories shown present in USAREUR. The big spenders are those sponsors on the economy and, perhaps understandably, the unmarried officers and enlisted men. Those percentages shown are within the range of similar studies made last spring in connection with balance of payments problems. They were confirmed just last week when, using the five categories shown on this chart, we ran a 10 percent survey throughout all of USAREUR including France and Italy as well as Germany. We are advised that surveys of this nature can be considered as 95 percent accurate (chart No. 9 off). This survey also provided us with the annual average expenditures on the economy for each category by pay grade. This is reflected on the next chart (chart No. 10 on).

Here we show the numbers in each category times their yearly expenditures in the form of gold outflow and you will see that we spend about $105 million in personal expenditures. Incidentally, these figures include local purchases, gifts, travel, entertainment, rentals, and the like.

Now assuming the same spending habits or percentages of gold outflow from personal expenditures, the right-hand column reflects the total that would be spent if there were no authorized dependents in the theater. We would continue having about 13,000 unauthorized families living on the economy with demonstrated high gold outflow tendencies. With a higher percentage of draftees in the theater, we would probably have more unmarried enlisted men who have also shown a proclivity for spending on the local economy, although this consideration is not reflected on this chart. Here we see that there is about $12 million less gold outflow by virtue of not having authorized dependents in the theater.

This figure is suspect, however, because our experience in the past indicates that the personal expenditure habits of military individuals goes up considerably without the stabilizing influence of families overseas.

I am sure that the experiences of U.S. corporations doing business overseas will bear this out. Going back to chart No. 9 (chart No. 10 off—chart No. 9 on) I show (flap No. 1 on) in red after categories III, IV, and V our best estimate as to the level of these changed spending habits. Applying these percentages to chart No. 10 (chart No. 9 and flap off—chart No. 10 on) you will see a projected upewing (flap No. 1 on) in personal expenditures based on these increased spending habits. Here we see a definite reversal in gold outflow and while we cannot base valid estimates solely on the premise of increased spending habits, nevertheless I believe it does lead to conjecture that perhaps there would not be any less gold outflow from personal spending should there be no authorized dependents in the theater (chart No. 10 and flap No. 1 off).

Several interesting facts were uncovered during the course of the development of this presentation.

1. The Survey of Current Business, dated June 1961 (vol. 41, No. 6), published by the U.S. Department of Commerce, indicates 832,000 American tourists visited Europe during 1960 and spent an estimated $840 each, excluding transportaton, at a total cost of $704 million with the 1961 figure predicted as being slightly higher. The total is raised to $934 million when $230 million transportation on foreign flag vessels is added.

2. Inflationary factors in the local economies will increase next year's USAREUR operating costs over this year's by $73 million, of which $56 million will be gold outflow. This points out that the factors influencing the gold outflow, by virtue of the troops being in Europe, are dependent upon much more than the presence of dependents. In fact, if no dependents were in USAREUR, the increase in gold outflow, because of these inflationary factors, would not be materially reduced.

3. Despite the trying and critical times in which we live, as of my departure, only one military sponsor out of all of the personnel in USAREUR had asked to send his dependents home because of his concern over the international situation.

4. Last September General Clarke instituted a measure to improve operational readiness which required all military personnel not on duty to be in their quarters by midnight. Aside from the increased readiness of the soldier to perform his training tasks, and the reduced number of incidents and traffic fatalities, there has been a marked decrease in gold outflow because previously practically every dollar spent after midnight necessarily had to go into the local economy.

5. Not counting Berlin, USAREUR is now giving some measure of support to over 10,000 nonmilitary U.S. dependents. These being in Europe affect the outflow of gold as much or more than a comparable number of military dependents.

6. The drive to reduce the outflow of gold last spring was entered into enthusiastically by the soldiers and their dependents in USAREUR. In fact, the President's goal was more than exceeded for some time. The program partially died when it became apparent that the bulk of the gold outflow problem was being placed on the serviceman and his family. Nevertheless, over 80 percent of all USAREUR personnel are continuing to participate in a formal savings program—to the best of our knowledge this is not equaled anywhere else within the Defense Establishment. However, the curbing of gold outflow can easily be reemphasized within USAREUR with good results if our military personnel and their families realize that the gold flow problem is a major one and that—on a national scale all Americans should be, and are, helping—not just the serviceman.

In summary, I believe that I can state fairly that without dependents there will be an increased dollar outlay, a lessening of morale and service attractiveness and poorer host country relations. Operational readiness will suffer in most areas except for minimizing the burden of noncombatant evacuation.

Between these two extremes there are varying degrees of unit rotation that might be considered. We feel that almost any extensive use of unit rotation will cost more money and that both operational readiness and host country relations will suffer.

The Army in Europe is conducting a $3-billion-a-year business. We cannot manage this efficiently if management is to be treated on a transient basis.

General Clarke does feel that it might be feasible to try out some type of unit rotation on a very limited and pilot model basis. When tested and thoroughly evaluated, we should have a practical and valid basis for costing and factoring the impacts of such a system.

Meanwhile, it is felt that the present system of tour length, individual replacements, and maintaining dependents at their present levels has been developed over a considerable period of time and, in addition to being thoroughly workable, it is probably the least expensive considering all factors.

Sir, this concludes my briefing.

Chart No. 1

Soldier—This Is Why You're in Europe

To play your part on the NATO team.

To help maintain the peace by being constantly combat ready.

To be a good neighbor to our allied neighbors.

To fight, if necessary, for the rights of freemen in a free world.

Chart No. 2

How Dependents Are Viewed

DOD, SHAPE, DA, USAREUR: Dollar savings, political considerations, service attractiveness and morale, operational readiness.

Chart No. 3

Annual USAREUR dependent support costs

[Million dollars]

	Aprop funds	NAF	Total	Gold outflow
I. Education	27.6	1.2	28.8	8.4
Deg	(26.4)	(1.2)	(27.6)	(7.3)
University of Maryland	(.05)		(.05)	(.04)
MCA	(1.1)			(1.1)
II. Services and support	125.6		125.6	83.9
Housing	(41.1)		(41.1)	(38.5)
Transportation	(52.8)		(52.8)	(5.7)
Medical	(9.9)		(9.9)	(3.0)
Commissary	(21.8)		(21.8)	(36.4)
Bakeries [1]				(.05)
Dry cleaning and laundry				(.29)
III. Miscellaneous	.5	15.5	16.0	39.7
AYA-Scouts-Comm. Cen	(.34)	(.5)	(.84)	(.14)
Class VI		(.1)	(.1)	(.40)
EES		(14.9)	(14.9)	(39.0)
NEO	(.19)		(.19)	(.04)
Total	153.7	16.7	170.4	132.0

[1] Reimbursable.

CHART NO. 4

Added annual USAREUR costs, 16-month tour, without dependents

[Million dollars]

	Aprop funds	NAF	Gold outflow
1. Housing (BOQ, troop housing)	41.1		38.5
2. Expansion GED	1.0		
3. Expansion spec SVC	.7		.1
4. Loss to central welfare fund	5.0	(5.0)	
5. Support unauthorized dependents	[1] 2.2		.7
Total	50.0	(5.0)	39.3

[1] Medical only.

CHART NO. 5

Additional annual Federal costs result 16-month tour without dependents

[Million dollar]

	Aprop funds	Gold outflow
1. Increased number allowances paid for quarters	49.7	
2. Transportation costs (increased military pipeline) [1]	37.7	[2] 2.3
3. Increased travel (dependents in CONUS)	53.0	
4. Tuition grants	11.6	
5. Medicare	5.2	
6. Rental guarantee housing	1.2	1.2
Subtotal	158.4	3.5
7. Expansion CONUS base	384.5	
Total	542.9	3.5

[1] Includes over $700,000 for 50 percent increase in compassionate travel.

[2] Port handling and railroad costs in Europe.

CHART NO. 6

ADVANTAGES OF 16-MONTH TOUR WITHOUT DEPENDENTS

1. Eliminate 3,224 U.S. civilian and 18,065 LWR spaces at a salary savings of $55 million in USAREUR.

2. Effect relocation of selected administrative and logistical groupings.

3. Reduction in administrative effort required to support dependents overseas.

4. Reduction in outflow of gold in appropriated and nonappropriated fund areas.

5. Minimize encumbrance of dependents in event of emergency.

6. Permits military personnel to devote full time to primary mission.

CHART NO. 7

DISADVANTAGES OF 16-MONTH TOUR WITHOUT DEPENDENTS

1. Lower morale.

2. Deterioration of host country relations.

3. Combat effectiveness and operational readiness will suffer due to rapid turnover in personnel.

4. Loss in continuity of command and staff direction.

5. Loss in continuity of intelligence and special operations.

6. Increase in compassionate factors.

7. Increase in frequency of oversea tour and length of family separation.

8. Increase in accidents, incidents, and serious crimes.

9. Reduction in recruitment, reenlistment, and retention.

10. Loss of career civilian personnel.

11. Increase in overall dollar outlay.

12. Reduction in effectiveness of Starc in the ZI.

13. Increase in CONUS base and in the "personnel pipeline."

CHART NO. 8

Summary—Added annual costs to support 16-month tour without dependents

[Million dollars]

	Appropriated nonappropriated	Gold outflow
Added (Federal) DA costs	158.4	2.3
Added cost to expand CONUS base (estimated)	384.5	
Subtotal	542.9	2.3
Added USAREUR costs	50.0	39.3
Total	592.9	41.6
Less present USAREUR dependent support costs aprop funds (153.7) NAF (16.7)	−170.4	−132.0
	422.5	−90.4

CHART NO. 9

Gold outflow from take-home pay

[Percent]

	Result of survey	
I. Accompanied sponsor in Government quarters	9.7	
II. Accompanied authorized sponsor on economy	34.0	
*III. Accompanied unauthorized sponsor on economy	41.0	80
*IV. Unaccompanied sponsor	13.0	20
*V. Unmarried officers and EM	26.0	30

NOTE.—Figures in rightmost column represent new figures without dependents.

CHART NO. 10

Personal expenditures contributing to outflow gold [1]

	With dependents	Without dependents
I. Accompanied sponsor in Government quarters (W/depn—44,074×$367)	$16,175,158	
II. Accompanied authorized sponsor on economy (W/depn—11,229×$1,225)	13,755,525	
III. Accompanied unauthorized sponsor on economy (W/depn—13,274×$918)	12,185,582	$12,185,582
(W/o depn at increased rate—13,274×$1,120) [2]		[2] (14,866,880)
IV. Unaccompanied sponsor (W/depn—15,655×$324) (W/o depn—70,958×$324)	5,072,220	22,990,392
(W/o depn at increased rate—70,958×$496) [2]		[2] (35,337,084)
V. Unmarried officers and EM (W/depn—155,768×$372)	57,945,696	57,945,696
(W/o depn at increased rate—155,768×$430) [2]		[2] (66,980,240)
Total	105,134,131	93,121,620 [2] (117,184,204)

[1] Based on survey findings.

[2] Condition without dependents at increased rate.

REORGANIZATION OF THE ARMY

Mr. LIBONATI. Mr. Speaker, it was with a deep sense of personal obligation and a rooted feeling of appreciation that each of us accepted the invitation to travel across the sea at Eastertime to be briefed informatively and participate in field operation and study of various phases of our assignment as Congressmen. The following Congressmen attended: Messrs. LIBONATI, as chairman, SHIPLEY, SLACK, FINNEGAN, GONZALEZ, BARRY, AND SCHWENGEL.

The distinguished escorting officers who bent every effort to supervise arrangements, conduct, advise and control our actions as well as adding to our comfort and well-being. These superb military leaders honored us by their interest and presence. The pleasing personalities of these gentlemen of class made our fatiguing and exhausting tour a proud and happy one. We owe a debt of gratitude to Maj. Gilmen I. Larson, Capt. Ben W. Sherrill, Jr., Capt. Ray Smittle, Jr., Maj. William E. Sell, Capt. Wentworth Brackett, S. Sgt. John I. Ellis, T. Sgt. Orson L. Kelly, Jr., and T. Sgt. Kenneth E. Mayo, the flight crew and attendants, for their many contributions to the success of our undertaking.

The reorganization of the Army was proposed by the Secretary of the Army, Elvis J. Stahr, Jr., in a statement released by him as follows:

STATEMENT BY SECRETARY OF THE ARMY ELVIS J. STAHR, JR., ON REORGANIZATION OF THE DEPARTMENT OF THE ARMY

I am announcing today a six-point plan to accomplish a major reorganization of the Department of the Army.

This plan is based upon a comprehensive study prepared over a period of many months by a group of some 60 highly qualified Army officers and DA civilians, under the direction of Mr. Leonard W. Hoelscher, Deputy Comptroller of the Army. The group was appointed by me last February, and was drawn from all branches of the Army and from a variety of commands and logistical installations armywide. Its report was completed in early October 1961 and then reviewed by a select group of senior officers on the Army Staff. The recommendations of the Hoelscher committee and of the reviewing group were then considered at length by the Chief of Staff and me in conjunction with our principal military and civilian advisers. The resultant plan has been approved by the Secretary of Defense and the President.

The objectives of the reorganization are to:

1. Eliminate duplication of effort and excessive fragmenting of functions, responsibilities, and resources.

2. Consolidate responsibilities for personnel management, training, combat developments, research and development, and logistics functions in the smallest practicable number of commands and agencies.

3. Provide an organization which is better alined to changes in the general defense environment which have evolved since 1953, the date of the last comprehensive study of the Department of the Army organization.

4. Improve effectiveness by more clearly fixing responsibility for accomplishment of major tasks and by simplifying and strengthening the command and management structure.

5. Provide for more flexible use of the skills and capabilities of military personnel and for correspondingly broader technical opportunities.

6. Delegate to subordinate commands and agencies all functions which need not be performed at the level of the Secretary of the Army and the Army General Staff.

The reorganization plan calls for these six main actions:

1. Establishing a Materiel Development and Logistic Command to perform the materiel development, procurement, and sup-

ply functions currently divided among several of the technical services, and the service test and evaluation function currently assigned to the Continental Army Command.

2. Establishing an Army Combat Developments Command to perform combat development functions presently assigned to CONARC, the technical and administrative services, and other agencies.

3. Assigning to the U.S. Continental Army Command responsibility for almost all individual and unit training throughout the Army.

4. Relieving the Department of the Army General Staff of certain commandlike and operating functions to permit greater emphasis on planning, programing, policymaking, and general supervision of the overall effort.

5. Establishing an Office of Personnel Operations at the Special Staff level to control centrally the career development and assignment of military personnel—both officer and enlisted.

6. Realining the Department of the Army Special Staff and operating agencies to reflect the establishment of the two new commands, the expansion of CONARC's training responsibilities, and centralized control of military personnel management.

I anticipate that approximately 18 months will be required to carry out the reorganization. When this task is completed, I am confident that the Army will be able to operate with greater effectiveness, efficiency, and economy.

MATERIEL DEVELOPMENT AND LOGISTIC COMMAND (MDLC)

The Materiel Development and Logistic Command (MDLC) will perform the wholesale materiel functions—research and development, procurement and production, inventory management, storage and distribution, maintenance and disposal—now assigned to the Technical Services. It will test new weapons and equipment, a mission now assigned to both the Continental Army Command and the technical services.

The MDLC will control the development, testing, production and supply of materiel, including operation of laboratories, arsenals, proving grounds, test ranges, depots, and transportation terminals. It will provide command supervision over the critical transitions from development to production to supply. This will enable the Army Staff to look to one source for information on wholesale materiel matters and associated transportation services.

This change will not discontinue the Technical Services as branches; nor will there be any significant changes in the arsenals, laboratories, depots, test ranges, or installations. Rather, the control and direction of these installations will change from the Technical Services to the Materiel Development and Logistic Command.

The organizational structure of the MDLC will permit broad utilization of the project management concept.

Placing development, production and supply functions in a single command will facilitate combined engineer and service testing, reduce requirements for lateral coordination, and shorten leadtime.

Test agencies and other elements of the command will be staffed with combat arms personnel, as well as technical service personnel to insure that combat requirements of the ultimate user are clearly met.

MDLC will have five development and production commands which will have central responsibility for procurement in support of the wholesale materiel area of the Army. Procurement at installation level will be limited to support of local operating requirements. Each of these commodity commands will place and administer contracts at its headquarters installations, thereby centralising administrative and technical decisions.

ARMY COMBAT DEVELOPMENTS COMMAND (ACDC)

An Army Combat Developments Command (ACDC) will accomplish combat development functions presently assigned to CONARC, the Technical and Administrative Services, and other agencies. These functions will include the development of organizational and operational doctrine, materiel objectives and qualitative requirements, war gaming and field experimentation, and cost-effectiveness studies.

ACDC will include personnel now in the combat development system and personnel in the Army school system who are responsible for doctrine, field manuals, and preparation of tables of organization and equipment.

It will include the Combat Development Experimentation Center at Fort Ord, Calif., and many small agencies normally found at each Army school. Its establishment will facilitate the development and introduction of forward-looking combat concepts throughout the Army.

CONTINENTAL ARMY COMMAND (CONARC)

The U.S. Continental Army Command (USCONARC) will accomplish virtually all individual and unit training for military personnel of the Technical and Administrative Services, as well as the combat arms training of the Army in the field. This will include the Army National Guard and the Army Reserve, as well as the Active Army.

USCONARC will assume responsibility for Army units which now belong to the Technical Services, and for 3 major installations, 3 training centers, and 17 schools assigned to Technical and Administrative Services. USCONARC no longer will be responsible for combat developments, current doctrine, tables of organization and equipment, and field manuals. These activities will be transferred to the Army Combat Developments Command. Test boards, now a part of CONARC, will be reassigned to the MDLC.

USCONARC's strength at field installations will be somewhat increased through expansion of its training mission, assignment of units formerly under the Technical Services, and acquisition of responsibility for certain installations.

USCONARC's new mission permits centralized direction of the training of both combat arms and Technical Service personnel, whereas in the past that headquarters has been responsible for the individual training of combat arms personnel only.

The consolidation of training functions will facilitate the Army's providing of combat-ready forces, on short notice, to meet operational requirements, including those of Army components of unified and specified commands.

DEPARTMENT OF THE ARMY GENERAL STAFF

The Department of the Army General Staff will be relieved of many commandlike and detailed operating functions. It will be organised to strengthen planning, programing, systems management and compatibility with the operating procedures of the Office of the Secretary of Defense and of the Joint Chiefs of Staff.

As a result of the simplified subordinate command structure to be established, many detailed operations and authority to perform them will be delegated below the Headquarters, Department of the Army level. Accordingly, the General Staff will be able to devote more attention to planning, programing, policymaking, and supervision of the overall effort.

A Director of Programs will be established as the principal assistant to the Chief of Staff and Vice Chief of Staff for direction of the Army program system.

By programing, I mean the detailing of plans into well-defined and measurable projects, to include the costs of such projects over an extended period of time.

OFFICE OF PERSONNEL OPERATIONS

An Office of Personnel Operations (OPO) will be established as a special staff agency of Headquarters, Department of the Army. OPO will integrate in a single office the personnel management operations now performed by many other agencies and will control centrally the career development and assignment of both officer and enlisted personnel.

While officers of the combat arms, technical services and administrative services will be managed by OPO, the branch system has been retained. These branches will continue to provide the framework for officer personnel management, and the existing personnel offices of each branch (e.g., Infantry, Engineers, Ordnance) will retain their identities as branch assignment sections.

Other organizational elements of OPO will be staffed with officers from all branches. With these staffing arrangements, OPO will possess knowledge of personnel needs and resources in all fields. The only personnel not subject to control by OPO will be commissioned officers of the Army Medical Service, the Judge Advocate General Corps, and the Chaplains.

As a result of this consolidated management of military personnel, improvements will be made in providing support for Army elements of unified commands and in matching of personnel requirements with training capabilities. More effective utilization of personnel on an Army-wide basis will be possible; career patterns can be broadened where appropriate, and promotion opportunities will be increased for many personnel.

DEPARTMENT OF THE ARMY SPECIAL STAFF AND OPERATING AGENCIES

Department of the Army Special Staff and Operating Agencies will be realined to provide continuing support services at the Headquarters level in the areas of engineering, medical, communications, administrative, and certain other support services. This realinement reflects changes in responsibilities of the Chiefs of the Technical and Administrative Services which will be brought about by the establishment of the two new commands, the reorganization of USCONARC and the centralized control of military personnel management.

I emphasize again that the changes in responsibilities of the Chiefs of Technical and Administrative Services do not mean that any branches are eliminated. Rather, these branches will have much the same status as the Infantry, Armor, and Artillery whose personnel have been effectively managed by the Deputy Chief of Staff for Personnel rather than by branch chiefs.

The reorganization will be accompanied by removal of the statutory provisions for the Chief Signal Officer, the Adjutant General, the Quartermaster General, the Chief of Finance, the Chief of Ordnance, the Chief Chemical Officer, and the Chief of Transportation. This will be accomplished by action of the Secretary of Defense pursuant to the National Security Act of 1947, as amended. In accordance with the statute, his action cannot be effective until 30 days after it is reported to the Armed Services Committees of the Senate and of the House of Representatives. The Secretary of Defense's report was laid before these committees this morning.

Certain armywide services now performed by the offices I have mentioned will continue to be performed by officers on the Army Special Staff. The Offices of the Chief of Ordnance and the Chief Chemical Officer will no longer be required since ordnance and chemical functions will be reassigned. The remaining staff and service functions of the Quartermaster General will be performed by an officer designated Chief of Support Services. The staff and armywide service functions of the Chief Signal Officer, Chief of Transportation, Chief of Finance, and Adjutant General will be performed by special staff officers with the same titles. The Chief of Engineers will remain a statutory position because of his civil works functions which will remain unchanged. Similarly, the statutory position of the Surgeon General is retained.

The reorganization will be accomplished gradually in accordance with implementing plans to be developed in greater detail. In each major area affected by the reorganization, planning groups are being established to work out the implementing measures. The implementation will be carefully controlled to insure that our combat capability is fully maintained and that the transition is made in an orderly manner with minimum personnel disruption.

Although this plan involves major changes in the command and management structure, it calls for little change in military and civilian personnel situations at the operating level in the field. The main impact of this plan is on the Headquarters of the Department of the Army, USCONARC, and the two new commands. For example, some personnel will be transferred from Headquarters, Department of the Army, to headquarters of field commands. However, most of those transferred will remain in the Washington area. Below these headquarters, installations and personnel, by and large, are undisturbed. The emphasis is on simplifying and clarifying command responsibilities and on improving managerial efficiency, while preserving the operating structure in the field.

While this reorganization is being accomplished, maximum consideration will be given to human factors. Careers will not be interrupted or altered needlessly. When the reorganization is completed, I confidently expect that our dedicated military and civilian personnel will find that their career opportunities have been considerably broadened. The new structure permits talents to be utilized on a service-wide basis to a greater extent than ever before.

The primary purpose of this reorganization is to develop an Army with the best possible command structure, management, training, doctrine, weapons, equipment, and morale. I am certain that national security will be strengthened by this undertaking.

(Charts omitted in RECORD.)

Last Easter interim, a group of Congressmen were invited by the Secretary of the Army to visit Germany, for a study in various phases of U.S. military activity, including the guerrilla and mountain troops and the effects of trade relationship, credits, and military expenditures on the U.S. economy and gold reserves outflow.

At the military level, several expert critics of the military family had questioned the emphasis placed on guerrilla group training of the troops, in lieu of mass military movement.

The hope of the Army for the city's freedom from the curse of street disorders lies so much in the riot training street formations of specially trained troops to cope with the problem.

The hidden, lunatic fringe of an enraged mob, incited by pushers, posing as patriots, can only be suppressed by determined and decisive action by troops that advance in special, oblique formations, menacingly, in slow and determined cadence, with weapons that are so handled as to demand the respect and obedience of those demonstrators who created and support the disorderly conduct—a retreat and dispersement is the result. The advance movements of the troops are not given to commit violence but are rather calculated to show terrific strength and a fixed purpose to an end which, if tested, would be overwhelming in effectiveness. The would-be rioters are brought to a quick realization that the troops mean business, panic is averted, and all disperse.

Thus the right kind of planning, weeks of riot formation training, the spirited and individually conditioned and physical perfection of each soldier for this special assignment, prevents and disperses disorders in the city streets.

Thus the good citizens of the city who have built the right kind of a city in which to live by a moral and religious code, are safe in their homes and are better able to combat the enemy of their freedoms and safeguard the influences toward decency, to guide the integrity of their future citizens.

The courage, hope, love, and fidelity of the Berlin citizens is shown everywhere for the U.S. troops. Let us pray that this feeling will always prevail.

THE BERLIN WALL

At 2 a.m. on Sunday, August 13, 1961, the Communists sealed off the borders between East and West Berlin, the escape route used by more than 2 million persons seeking refuge from tyranny. East German tanks rumbled up to the Brandenburg Gate. Communist guards pulled men and women off subway and elevated trains. At dawn, workmen began tearing up the streets of Potsdamer Platz, the threshold of freedom for many refugees. Later, a 5-foot-high concrete barrier was erected. Barbed wire was strung along other border points.

Such was the beginning of the Berlin wall—a wall that stretches for 27 miles along the dividing line between East and West Berlin.

The circumstances that surrounded the erection of the Berlin wall are probably still fresh in your minds today. You will recall that in June 1961, Khrushchev presented President Kennedy at Vienna Soviet demands for settling the Berlin and German problem. The main Soviet objective was to force the Western Powers to liquidate their political position in West Berlin notwithstanding durable international agreements insuring their continued presence. The mood which surrounded the Khrushchev-Kennedy talks at Vienna was, in the words of Mr. Kennedy, "somber." And indeed they were; for within a matter of weeks the Soviets began to build up pressures to compel the West to submit to the Soviet dictate. In an almost unending chorus the Soviets reiterated their familiar threat to conclude a peace treaty with East Germany if the West did not accede to their demands. This was accompanied by provocative actions and verbal threats.

In the midst of pressures and counterpressures in the ensuing weeks, thousands of refugees fled to freedom through West Berlin. By August 13 the flow had reached an estimated average of 2,000 a day. It is significant to note that according to official West German sources an estimated 3,600,000 to 3,700,000 refugees fled Communist Germany during the period 1945 to the end of last year.

These figures in themselves clearly reveal the main purpose underlying the Communist decision to construct the wall in Berlin. East Germany was fast losing its economic and intellectual elite. Among the refugees were engineers, doctors, teachers, and others from the professional level of society. The youth of East Germany, too, was fast evaporating in the hasty flight to freedom through Berlin. Vital manpower was thus being drained off, threatening a crisis far greater than the one then gripping East Germany.

The Communist response to this threat was swift and ruthless: they built the wall. This was a desperate act to save communism in East Germany. Since August 13, the flow of refugees has been reduced to a virtual trickle. Only a relatively few lucky souls have succeeded in tunneling under the wall or vaulting over it. Some found other means for escape, equally dangerous. According to the State Department, 11,300 have succeeded in fleeing during the period August 13, 1961, to June 1, 1962. The total figure for 1961 was 205,000. Old and young alike have literally jumped to freedom—some even to death. By early June of 1962 an estimated 40 refugees have been killed trying to escape. Even young boys are numbered among the fatal casualties.

One does not have to search very deep to discover the significance of the Berlin wall. In all its grotesque ugliness, the wall has become a symbol of many things:

It is a symbol of Communist failure in a country that had all the practical elements for success, except one, the vital necessity of human freedom.

It is a symbol of a divided Germany and the dangerous political problem this perpetuates in East-West relations.

It is a symbol of communism's desperate defensiveness when faced with resolute power and strength.

Finally, it is a symbol of tyranny, and as such, it stands as a constant reminder to us all that Soviet power is a continuing threat to our peace, our security, and our freedom.

We visited the 7th U.S. Army Noncommissioned Officer's Academy, Flint Kaserne, at Bad Tvelz, Germany. The academy was established originally as the U.S. Constabulary NCO Academy due to a shortage of noncommissioned officers in the constabulary—first enrollment October 17, 1949. In November 1951 the academy was redesignated as presently named and removed from Johnson Barracks, Munich, Germany, to its present location. We were briefed by Col. S. H. Matheson, commandant.

The school was opened for the purpose of training noncommissioned officers in subjects such as leadership and command tactics and personnel and administration for a period of 6 weeks, presently reduced to 4 weeks.

The subjects common to all noncommissioned officers, be they personnel sergeant or rifle platoon sergeant, are taught to so develop those professional attributes which will assure the necessary self-confidence and sense of responsibility required of military leaders.

Its scope seeks to develop in leadership:

First. An ability to recognize and assume his responsibilities.

Second. The confidence to apply his knowledge.

Third. The leadership techniques that apply to his life.

Fourth. The high personal and professional standards that must be maintained in the noncommissioned officer corps.

The need of formalized schooling for noncommissioned officers of the Army in order to develop or improve leadership by increasing confidence, inspiring assumption of the responsibility of office, and learning standards of conduct, appearance, and action as expected of a noncommissioned officer was stressed.

While at the academy, the student is given every possible opportunity to display his leadership capability. He is rotated through command positions in the company and so satisfies himself that he is capable of commanding.

The student in his academic and leadership is evaluated by his fellow students, by student supervisors—cadre noncommissioned officers—who are with each student platoon, and by those personnel of the staff and faculty who are observers of his actions. Thus, everyone is interested in solving his difficulties—counseling, advising, and assisting to overcome his deficiencies. If results are disappointing, he is dropped from the course.

Standards of discipline, housekeeping, personal appearance, and other activities are strictly enforced and rated through a demerit system. Also meritorious service and extra effort are credited to the student—one merit eliminates two demerits. Excessive demerits may prevent graduation unless offset by excellence in leadership and academics.

Students received 190 periods of instruction in 4 weeks. The subjects presented under the general heading of leadership include "Basic Concepts of Military Leadership," "Human Behavior," "Leadership Traits," "Leadership Principles," "Indications of Leadership," and other subjects teaching Army doctrine in the field. These subjects are designed to nurture a basic understanding of the fundamentals of leadership. Other subjects such as "Leader-Subordinate Relationship," "On the Spot Corrections," "Problems of Training and Command," and "Combat Leadership" prepare the student to understand and apply the fundamentals of leadership to his responsibilities as a noncommissioned officer.

The study of leadership also applies to a military situation, and thus becomes the technique used by the successful leader.

The majority of the formal instruction given at the Academy is conducted by cadre noncommissioned officers. The program of instruction has been developed to support the mission of the Academy.

Col. S. H. Matheson, commandant of the Academy, personifies the true spirit of dedication of a brilliant officer to the purposes of the institution. His superior talents bent to the accomplishments to be realized, his literate and practical approach to the training methods necessary to realize the ultimate goal of each student, insures its success, and gives to the Army its most cherished noncommissioned leadership.

We were proud to be in attendance at his briefing period and as guests.

There have been 57,728 enrolled in the Academy—46,641 graduates; 11,081 nongraduates, 120 civilians. Four hundred students enter every 8 weeks, thus totaling approximately 1,100 to 1,200 students attending the institution at a given time. The basic maxim is "learning by doing"—consequently, the majority of the student's time is spent in practical work, and conducted in such a manner as to reflect credit on the highest standards of a noncommissioned officer.

Young noncommissioned officers are recommended by their commanding officers by selection, determined by benefit to the individual and the Army. Specialists in certain grades may be admitted because of potential leadership. Individuals qualified as officer candidates also are eligible. Other services are admissible.

Failures are due to lack of leadership ability, or to meet the academic work or required standards in personal appearance and attention to detail.

The graduate of the 7th U.S. Army Noncommissioned Officer's Academy returns to his unit with a better understanding and appreciation of the standards expected of a noncommissioned officer, thus increasing his prestige and contribution to the efficiency and leadership of the Army.

We saw the American soldier in Europe skilled in the art of war for defense or offense and personally schooled in the maintainance of peace on the field or city streets. He is a glowing example of the determined patriotic dedication of man to God and country. The man at arms today is a symbol of true American spirit in action trained by superb specialists in the modern conception of military tactics to insure the peace and freedom of the free nations of the World.

Every American, especially those in business, executive, journalistic, and political leadership in our Nation should have the opportunity to personally observe and study the American soldier as an individual in his social and spiritual life and as a member of the greatest fighting unit in the history of military arms. They give and receive a demanding respect of all nationals in the areas they protect.

The major contribution to the land forces of the North Atlantic Treaty Organization and without question considered the greatest fighting unit force in the world and progressively more formidable is the U.S. 7th Army.

The legislative group was thoroughly briefed for hours at each installation. Every phase and facet of military offense and defense operations were ably presented and discussed. Slides of mapped areas of defense and statistical data clarifying every military situation and organization problem were explained. New weapons and modern military tactics were demonstrated both in the field and hearing room. The material was a complete study of our Armed Forces—its strength numerically and even broken down into the various man-unit specialized weapon operations of the battalion and company. The supply line proximity to Army units and the protective cover of the material were expertly treated, including alternate lines of supply for replacement in case of destruction.

We visited the Czech border under armed protection and viewed through an observation post the activity of the Czech patrol and their manned observation towers on the other side of the Iron Curtain. These armed forces extend along the border from the Austrian Alps north—500 miles—to Fulda Gap. The protection of these borders are assured by the requisite supply of nuclear weapons.

The 7th Army is equipped with the most modern weapons—rifles, machineguns, helicopters, tanks, and rockets—including the deadly Davy Crockett. It can be used in the field and will destroy any armored vehicle or tank, and has devastating power. It is manned by two men.

The President of the United States is the sole authority to order the use of nuclear heads and their distribution.

The 7th Army is ever on the alert and each man takes pride in his dedicated contribution to the welfare and protection of his country. Whether his lot is to participate in alerts, tap a wire, follow a barbed wire fence, man the watch tower, patrol the area, carry a message—he is proud of the responsibility of his task.

The 7th Army is always prepared to go into operation. The alerts are practiced every month, half of the corps can be on the line in half an hour; in several hours the remainder can be combat ready and mobile. The 7th Army patrols operate constantly.

The 7th Army soldier receives every type of Army training—under all sorts of conditions in the field, in the study or lecture room, day and night exercises, garrison instruction, formal school, tank firing, and rifle instruction on target.

The large-scale Army maneuvers including a full division are conducted at near combat conditions. The specialized groups in Ordnance, Quartermaster, Signal Corps, Medical Corps, also work in the field as realistically as if in combat.

The 7th Army protects millions of people—22 million in the American zone including Germans, American residents and tourists, Army and Air Force personnel and their dependents.

The shift of individuals during the year are over 100,000 Army personnel and close to the same number of dependents.

The 7th Army lists as its basic function—to help maintain the peace by being constantly combat ready to fight if necessary for the rights of freemen and a free world, and further to be a good neighbor to our German neighbors.

We also witnessed target practice by tanks. Its crews demonstrated the deadly accuracy and simultaneous consecutive firing of heavy armaments. The pride of accomplishment was reflected in the eyes and carriage of the officers and men. We were intrigued by the rapidity of measured action of the firing teams in setting up a curtain of devastating piercing power. It was with a heavy grip of acknowledged appreciation when, as proud Americans, we shook hands with the officers and men in our departure.

It is to the credit of the Armed Forces in foreign lands that the classified material whose nature and concept is known to thousands that the cloak of silence covers all men. About 95 percent of our briefing on critical matters concerning Army personnel and operations were in this area, and yet we have in a fleeting moment after each secret statement divorced the same from our minds. The will to have it so makes it so.

The mountain troops of the German Alps are expert in their field. We have the honor and pleasure of being witnesses to certain operations and maneuvers.

These troops were specially trained by crack specialists of the British, French, Italian, Austrian, Belgian, and Swiss mountaineer armed forces.

In a traced way, we were part of the operations, climbing to a 2,000-foot-Alps rise, to better view the operations of the teams in mountain practice safety evacuation of the wounded.

We were privileged to watch a vanishing breed of courageous men. The present-day training of the soldier, trapped in a nuclear haze of operations, is an index of the passing of the great land armies, tanking, trucking, and bayoneting their way across nations, digging into trench and foxhole for defense terrain fighting and setting up machinegun nests and house-to-house combat teams.

Nuclear war, from the sky, will silence every gun, seep into every hole, tank, structure—deadening every living thing in a split second flash. The old way of making war is gone, we are in a pushbutton era of warfare. No one can win a war for long.

The brutality of war sometimes brought out the heroics of men of an individual breed, but today the heart of a man never can be tested. It is as if the hand of God unleashes the forces of infamy against all men, as if in measured judgment, by man himself, he deserves complete extermination. Yes; by his own genius of inventive mind, he has condemned the Lord to enter his last judgment that the earth will be destroyed by fire.

With the advent of the cold war many aspects resulted in special warfare terminology such as special warfare, unconventional warfare, special forces, civil action, paramilitary force, and other related items with precise meanings.

Following are a few definitions commonly associated with cold war activities:

Cold war is the use of political, economic, technological, sociological, and military measures, short of overt armed conflict involving regular military forces, to achieve national objectives.

Special warfare is a term used by the U.S. Army to embrace all the military and paramilitary measures and activities related to unconventional warfare, counterinsurgency, and psychological warfare.

Unconventional warfare includes the interrelated fields of guerrilla warfare, evasion and escape, and resistance. Such operations are conducted in enemy held or controlled territory, and are planned and executed to take advantage of or stimulate resistance movements or insurgency against hostile governments or forces. In peacetime, the United States conducts training to develop its capability for such wartime operations.

Guerrilla warfare is the conduct of combat operations inside a country in enemy or enemy-held territory on a military or paramilitary basis by units organized from predominantly indigenous personnel. The aim is to weaken the established government of the target country by reducing the combat effectiveness of the military forces, the economic means, and the overall morale and will to resist.

Paramilitary forces are those existing alongside the Armed Forces and are professedly nonmilitary, but formed on an underlying military pattern as a potential auxiliary, or diversionary military organization.

Counterinsurgency includes all military, political, economic, psychological, and sociological activities directed toward preventing and suppressing resistance groups whose actions range in degree of violence and scope from subversive political activity to violent actions by large guerrilla elements to overthrow a duly established government.

U.S. Army counterinsurgency forces comprise special forces, civil affairs, psychological warfare, engineer, medical, light aviation, signal, and other elements as required. They are capable of operating in disturbed areas, if invited by the host government, to provide training and operational advice and assistance to indigenous military forces engaged in maintaining or restoring internal security.

U.S. Army special forces groups are specially trained and organized to train and assist indigenous leaders and forces in measures, tactics, and techniques required to prevent or eliminate hostile resistance and guerrilla groups. Other Army elements extend and complement the activities of special forces groups. Assistance and training provided to indigenous forces may include operational advice. The wartime mission of special forces groups is to organize, supply, train, and direct predominantly indigenous forces in the conduct of guerrilla warfare in enemy-held or controlled territory to support the overall military effort.

Civic action is any action performed by military forces of a country utilizing manpower and skills, in cooperation with civil agencies, authorities, or groups, designed to improve the economic or social betterment of that country.

Advances in weapons system over the past few years have forced many changes in tactical organization and operational concepts. The basic emphasis placed on these operational concepts in the modern army are mobility, dispension, and small unit operation. These goals complied with many new instruments of war, required greater reliance upon the officers and noncommissioned officers of the Army.

The result was a complete reorganization of the Army at all levels to meet the highest standard of its capabilities. Behind these plans developed at the Pentagon was the ultimate desire to cover virtually every kind of military facet to attain these ends.

First. The Davy Crockett rocket is capable of launching either nuclear or conventional warheads across battlelines at ranges about the same as those employed by conventional artillery, perhaps up to 9 miles. The Davy Crockett, which looks like a large recoilless artillery rifle, was designed for low yield tactical atomic warheads, but can also fire warheads of conventional explosives. Both a heavy and light version have been developed. The projectile looks much like a conventional bomb, bulbous in shape, with four stabilizing fins. The large version is about the size of an office wastebasket.

The launcher for either version can be mounted on a jeep or similar vehicle and operated by as few as two men. The exact weight is a secret, but it is said to be light enough to carry. The weapon has been designed to give small infantry units a volume of firepower hitherto associated only with massed artillery. When used with a nuclear warhead, the rocket has a tremendous force, yet its effective radius is about 2 miles, small enough so that the troops who use the weapon, nearby friendly troops and civilian populations, are not endangered by the blast.

Davy Crockett is the smallest weapon the United States has in use capable of firing atomic missiles.

Davy Crockett is an atomic weapon system designed for tactical use by the infantry battle group. There are two versions of the Davy Crockett weapon system, a light version weighing about 200 pounds and a heavy system weighing about 400 pounds. Both are recoilless rifles which fire spigot projectiles—that is, projectiles that are larger in diameter than the gun tubes, and are therefore fastened to the ends of spigots or pistons which are inserted in the gun tubes. Both the light and heavy versions, with their ground mounts, can be disassembled and carried by the guncrews. Both will also be mounted on various tactical vehicles. Davy Crockett, with its low yield atomic warhead, will increase the firepower of the infantry battle group tremendously, and will enable it to combat the numerically superior enemy forces it may encounter on a future battlefield.

This weapon fired demonstration round at Grafhthofen for Members of Congress.

Second. The M-113 armored personnel carrier is a new lightweight battlefield vehicle that can transport 12 fully armed infantrymen or a cargo and can mount a .50 caliber or a .30 caliber machinegun. The M-113 is both amphibious and air transportable. It is capable of a maximum speed of 38 miles per hour on land and 3 or 4 knots per hour in the water. It replaces the M-59 armored personnel carrier. The infantry battle groups of three infantry divisions have been mechanized with the M-113. A full-tracked vehicle, the M-113 gives the soldiers a degree of protection and mobility hitherto unknown outside of armored divisions. An armored personnel carrier carrying a squad of men is immune to all artillery fire except direct hits or misses so close that a track is blown off. Small arms such as machineguns, rifles, and grenades are useless against the armed personnel carriers.

CARRIER, PERSONNEL, FULL-TRACKED, ARMORED
M-113

1. Purpose: To provide general information on the M-113 armored personnel carrier.

2. Facts:

(a) The M-113 personnel carrier was developed to replace the M-59 APC with a lighter vehicle for armor and infantry units. It is an armored, airborne, amphibious vehicle carrying a squad of 12 men plus a driver, and having superior cross-country mobility. It is adaptable to multiple functions through kit application or modification of its basic structure.

(b) To obtain maximum production economy, preliminary studies and evaluations were made of prototype vehicles to adapt commercial engines and transmissions for utilization of existing industrial power plant-power train capacity.

(c) To reduce its weight, the maximum use has been made of both aluminum armor and a multitude of aluminum components.

(d) In May 1959 a quantity production contract was awarded to Food Machinery & Chemical Corp., San Jose, Calif. Deliveries from the contract commenced in February of 1960.

(e) Characteristics of M-113 APC: Weight (air drop), 18,600 pounds; engine, Chrysler A710-B, liquid cooled; transmission, Allison TX200-2; primary weapon, .50 caliber M-2 machinegun; maximum speed, 38 miles per hour; cruising range, 200 miles.

Third. The M-60 tank replaces the M-48 Patton-type tank, which has been outclassed by Soviet tanks. The M-60 tank is powered by a diesel engine; its 105-millimeter gun provides a devastating artillery punch on the battlefield. The M-60 tank employs a high velocity 105-millimeter gun with a simplified fire-control system and removable tube that can be swiftly replaced in the field when it becomes worn out. The M-60 is also armed with a 7.62-millimeter machinegun mounted to the main gun cradle and fired through its shield. There is also a new 50-caliber machinegun, located in the cupola of the turret, which can be loaded, aimed, and fired from within the tank. There are two manually operated 45-caliber submachineguns carried inside the vehicle.

The M-60 can climb a 60-percent grade, go over a 36-inch wall, and move through a 4-foot deep stream without trouble. The maximum speed on the average road is 32 miles per hour. The cross-country speed is about 15 miles per hour. The M-60 carries a crew of four. A larger cupola provides more interior room for the commander than in previous models.

FACT SHEET ON M-60 TANK

I. Nomenclature: Tank, medium, M-60.

II. Characteristics:

1. One hundred and five millimeter gun as main armament.

2. Diesel engine; 750 horsepower.

3. Similar in appearance to the M-48 with an improved hull, gun, and engine and over 50 other component improvements.

4. Weight; 51 tons.

III. Advantages:

1. One hundred and five millimeter gun gives significantly greater penetration than the 90-millimeter gun on current medium tank.

2. Diesel engine provides 30 to 40 percent more range and has less fire hazard because fuel is less volatile. This simplifies supply problems and lower volatility retards waste by vaporization. The new 750-horsepower diesel engine was designed by the Continental Motors Corp. under the direction of the U.S. Army Ordnance Corps.

The company started with the basic components of the current medium tank engine and developed a diesel engine. This engine has been under development and test during the past 3 or 4 years. It was installed and tested in an M-48 tank, beginning in 1957. Continental Army Command tested intensively in 1958.

3. The weight of 51 tons is expected to be reduced with future improvements. Reduction of weight will increase speed and maneuverability.

IV. The new 105-millimeter guns and diesel engines can be installed in the M-48 when they are turned in for overhaul.

V. The first M-60 tanks procured with money in the fiscal year 1959 budget.

Many units in Europe still have M-48 tanks. M-60 replacing these as fast as possible.

Fourth. The Hawk surface-to-air missile is a solid-fueled, radar-guided missile designed for antiaircraft defense. With the development of the Ajax and Hercules missiles, the Army was fairly well supplied with weapons which could cope with modern combat aircraft at high altitudes, but was weak in defenses against intruders at low altitudes. The Hawk was designed to meet this need, and is capable of dealing with supersonic aircraft flying at low altitudes, below the effective zones of the Ajax and Hercules.

Fifth. The Honest John surface-to-surface rocket is a tactical missile capable of carrying a nuclear warhead. It is not a guided missile, however, but rather a free rocket, aimed in the same manner as conventional artillery, with the data for elevation and direction corrected for weather conditions. Its size and weight permit it to be launched from a truck which can be maneuvered in and out of position within a few minutes. The particular importance of its mobility lies in the fact, that like any weapon with a nuclear capability, the Honest John would be a priority target for the enemy; hence the need to be able to move quickly from one firing position to another. As mobile as a light cannon, the Honest John can supply artillery power far greater than any combination of batteries used in World War II. The missile and its launching system is air transportable in conventional military transports.

Sixth. The M-14 rifle replaces the M-1 Garand. It is a lighter rifle than the Garand and fires the standard North Atlantic Treaty Organization round, the short 7.62-millimeter cartridge that is now standard small-arms ammunition for the NATO allies. This cartridge is shorter and somewhat lighter than the M-1 ammunition. Normally, the M-14 is a semiautomatic rifle, like the Garand. Thus the trigger must be squeezed for each shot, although the empty cartridge case is automatically ejected. But, unlike the Garand, a simple adapter fits the M-14 to fully automatic fire. That is, so long as the trigger is squeezed the rifle will fire bursts of 700 rounds a minute. The M-14 is less inclined to jam or malfunction than the Garand. The reduction in size of the cartridge makes possible the use of the magazine principle, a more efficient principle than the old clip, and also permits the soldier to carry more rounds in his belt.

Adoption of this new rifle, which replaces four current U.S. Army shoulder weapons, rounds out a program for a new weapons system, long planned and partly consummated recently with the adoption of the M-60 general purpose machinegun. Both the new rifle and the new machine gun fire the 7.62-millimeter NATO cartridge, which will be common to our NATO allies.

RIFLE 7.62-MILLIMETER, M-14

Weight of rifle, 7.62-millimeter, M-14 (with empty magazine, less sling), 8.7 pounds.

Length of rifle (with flash suppressor), 44.14 inches.

Length of barrel, 22 inches.

Rifling, four grooves, right-hand twist, 12 inches.

Sight radius (at 100 yards), 26.75 inches.

Type of mechanism, rotating bolt.

Method of actuation, gas-operated.

Loading device, 5-round charger.

Cyclic rate, 750 revolutions per minute.

Cooling, air.

Trigger pull, maximum, 7.5 pounds; minimum, 5.5 pounds.

Muzzle velocity, 2,800 feet per second.

Magazine capacity, 20 rounds.

Chamber pressure, maximum, 50,000 pounds per square inch.

Ammunition types, Ball, A.P., tracer.

Cartridge, ball type, caliber 7.62 millimeters, M-59.

Maximum range, 3,500 yards.

Troops in the United States and Far East still are using the World War II M1 rifle in lieu of the new M-14 rifle.

Seventh. Launcher, rocket, 4.5 inches, M12A2. Purpose, launch from ground installation a projectile similar in explosive effect to 105 millimeter HE shell against all types of targets. Distinct characteristics, smoothbore magnesium tube with carrying sling; rocket issued inside launcher, ready for firing; mounted on hinged tripod, two legs fixed, one adjustable.

M12A2

Launcher: Weight, 22 pounds. Length, 48 inches. Diameter, 4.5 inches. Muzzle velocity, 830 feet per second. Range, 5,300 yards. Rate of fire, launcher discarded after rocket is fired. Firing mechanism, battery or 10-cap exploder. Igniter, percussion-electric. Sight, white line on launcher, front and rear open sights, or folding rear peepsight and a fixed front stud. Basic model, M12 (LS), plastic tube, fuzed rocket. Modifications, M12A1 (LS) unfuzed rocket, fuze in fiber container in front spacer; M12A2 (S), magnesium alloy tube.

Rocket: Types, HE spin type, M20. Weight, 42.5 pounds. Length, 31.5 inches, Diameter, fins in flight, 12 inches.

Eighth. The new M–60 machinegun fires about 600 rounds per minute. It can be repaired quickly under fire, can be fired from either shoulder or hip or from a tripod, and uses a feed-link belt of ammunition, which disintegrates as it is pushed through the chamber.

M–60

I. Nomenclature: Gun, machine, caliber 7.62 millimeter, M–60.

II. Significant features of the weapon which represent advances in ordnance materiel:

1. The M–60 machinegun is a lightweight general purpose machinegun developed to replace all of the present U.S. Army caliber .30 machineguns (M1919A4 and M1919A6 air-cooled, and M1917A1 water-cooled machineguns).

2. The new gun weighs 23 pounds including bipod as opposed to 32–42 pounds for the guns it is to replace. The light weight of the new gun makes it readily portable by one man.

3. The M–60 gun can be fired from the shoulder (as a rifle), from the hip, from the bipod, or from a newly developed tripod mount. This flexibility makes it a general purpose weapon capable of performing satisfactorily under all tactical conditions.

4. The ability of the M–60 gun to replace the present heavy water-cooled machinegun results from the fact that the barrel and gas system can be replaced in a matter of seconds. Also, the gun uses barrels made from new materials which give greatly improved firing life.

III. Characteristics of the M–60 machinegun:

1. Weight, 23 pounds, including shoulder stock and bipod.
2. Overall length, 43 inches.
3. Ammunition, NATO 7.62 millimeter cartridge (formerly designed as U.S. caliber .30, T65).
4. Rate of fire, 600 rounds per minute.
5. Action, rotary locking bolt (similar to Lewis machinegun).
6. Air-cooled barrel.
7. Gas operated.
8. Quick change barrel with integral gas system.
9. Feed, distintegrating metallic-link belt.

Ninth. Another light weapon is the XM–79 grenade launcher, a shotgun-like affair and the first Army weapon with an aluminum barrel. Weighing but 6 pounds, it fires a 6-ounce projectile at the relatively low velocity of 250 feet per second, yet can knock out machinegun nests, bunkers, and other enemy concentrations at up to 400 yards—a range that fills the gap between the old hand grenade and the mortar.

A new shoulder weapon, the M–79 grenade launcher, has been developed by the Army. It fires a 6-ounce high-explosive shell at a muzzle velocity of 250 feet per second and range up to about 400 meters. This range bridges the gap between the distance the hand grenade can be thrown and the minimum range of the 81-millimeter mortar.

The launcher has a steel receiver and an aluminum barrel. It resembles a short, fat, single-barrel shotgun. The launcher is 28.6 inches long and the barrel length is 14 inches. It fires a 40-millimeter projectile. Total weight of the loaded launcher is 6 pounds 11 ounces, and the cartridge weight is 9 ounces. The front sight is a conventional military type, while the rear sight is a large folding leaf.

The launcher is fired from the usual firing stances. Its recoil is only slightly greater than that of the service rifle. This new weapon supplements the M–14 rifle and the M–60 machinegune. Distribution to the troops will begin shortly.

Tenth. The XM–72 rocket grenade is a 4½-pound antitank weapon which can be carried and fired by one man from its own disposable packing container. It is capable of knocking out any known tank. The XM–72 rocket grenade looks like a bazooka, but operates on a somewhat different principle. It can be fired from a prone, kneeling, or standing position and has proved effective not only against tanks but against earth and log emplacements, sandbag fortifications, and concrete bunkers.

A trained soldier can aim and fire the XM–72 in 15 seconds. The launcher is 25 inches long and three inches in diameter. With four rounds of ammunition, it can be carried in a canvas pack slung over the soldier's shoulder like a quiver of arrows. According to an Army report:

> A solid fuel motor furnishes propulsion and burns out before the rocket leaves the tube. When the projectile emerges, several narrow magnesium fins spring into position and stabilize the rocket in flight.
>
> Aiming is accomplished by a rear peep sight and a graduated sight printed on a clear plastic rectangle mounted at the mouth of the launcher tube. The warhead uses a powerful new explosive, developed by the Ordnance Corps, known as Octol.

The new weapon is intended for use by the infantryman, and can be teamed with the Army's new recoilless rifle to satisfy his need for protection against enemy tanks.

Eleventh. The full-fledged replacement for Korea's bazooka, which proved not good enough against the then new Russian-built tanks, are two recoilless rifles—the 90-millimeter and 120-millimeter. In the hands of infantry troops they can stop any tanks dead in their tracks as they try to filter through advanced lines. Fired and loaded by one man—although a two-man team is needed to carry all the paraphernalia—the 90-millimeter version weighs 33 pounds. It was developed by several Army arsenals and industry research teams.

Twelfth. The U.S. 7th Army in Germany also has available the Entac guided missile, which has been called the ultimate weapon against a massed tank attack at the company level and is able to destroy "any tank known to exist in present-day armies." The Entac is the third in a series of French antitank missiles which NATO and the U.S. Army have chosen as best of their kind. Light, powerful, and with a range of 6,000 feet, it can be air dropped and set up quickly. Remote controlled, it trails a lead wire, through which it is guided by radio. It can also be launched from a jeep or helicopter, and its efficiency against maneuvering tanks is devastating.

The Members of the Congress of the United States enjoy the high privilege and responsibility of protecting the public interest and guiding through enactment of legislation to preserve the economic destiny, welfare, and defense of the Republic.

One of the informative approaches to orient the membership in acquiring knowledge in these areas, preparatory to the consideration of legislation, is to travel to the sites of areas where pertinent factual data on these subjects can be accumulated for study. Many of the mentally alert and proficient Members of Congress are reticent about accepting a special study assignment necessitating foreign travel because of the criticism one may be subjected to in traveling at public expense.

There is a growing suspicion in the public mind that all travel is unnecessary and a waste of public funds. That the expense serves no public purpose in government and only satisfies the suppressed desire of the individual official to travel at public expense for his or her personal aggrandizement as participating in a junket tour.

Certainly traveling 12,200 miles by plane, close to 1,000 by helicopter and auto, being briefed 5 to 8 hours a day, climbing the Alps, watching troop operations and firing of heavy armament, studying enemy frontier activity, eating on the run, sleeping 3 to 5 hours a day with scarce 2 to 3 hours a day of open time for ourselves, giving speeches, asking questions and giving answers, and so forth, taking copious notes, writing reports, is not anyone's idea of enjoying a sojourn overseas, especially during the Easter vacation.

Yet all of this effort and more was worth the great honor paid to us by our dedicated U.S. officers and men in the field, schools, and camps that we visited. Just the warm clasp of the friendly hands of the troops from our respective States gave each of us a sense of how much all this meant to the troops and ourselves in being just another American.

It is to be understood that the purpose of this report is to treat analytically, in a limited sense, the data, facts, and material made available through the agencies, publications, and services presenting the same. The subjects at hand have enjoyed a wide and growing public interest—primarily through the exhaustive study and writings of expert columnists whose detailed articles appear in the press and journals for avid public consumption. Mr. Ator and Mr. La Rue of the Chicago Tribune, feature writers of the Star and Washington Post, officers of the armed services, and experts in the diplomatic services.

The material presented herein is a compilation of both the briefings received from experts in this field and authoritative reportings by distinguished newspapermen and columnists.

The papers drawn for this report are not to be considered as having the approval of the members in attendance, but must be considered as a factual report of the subjects studied. Any comments or conclusions reached by the chairman are subject to the specific reservation of each member. Someone had to write a report. Therefore, if in error—may it be an unintentional one.

There are references noted in this report that are complimentary to the present administration and several others that are critical. These statements are only made for the purpose of calling attention of the reader to the administration's position in the matter. Certainly my Republican colleagues have the reserved right to disagree with these conclusions—perhaps the criticisms at least should stand as accepted.

OPEN DOOR FOR MAILING OF OBSCENITY RULED BY HIGH COURT

The SPEAKER. Under previous order of the House, the gentlewoman from Pennsylvania [Mrs. GRANAHAN] is recognized for 15 minutes.

Mrs. GRANAHAN. Mr. Speaker, the highest court in the land, in the latest of an incredible series of judicial rationalizations, has opened the floodgates to pour through our postal service and into American homes even greater torrents of vile and corruptive matter than ever before.

The Supreme Court decision of last Tuesday in Manual Enterprises versus Postmaster General Day, and its frightening implications, unfortunately have tended to be overlooked because of the controversy raging around another Court decision of the same day. This is known as the Womack case, since one Herman Womack is president and entrepreneur for Manual Enterprises. But the Womack decision is fraught with far greater danger than the other.

I asked to address the House today because I believe it is imperative to alert the public to this imminent danger—and particularly the fathers and mothers and children whose defenses against filth and smut have been further breached by the decision.

Perhaps the most notable features of the Womack ruling are the astounding divergence of reasoning among the members of the Court as to why our mail service must carry Womack's filthy products and the tenuous threads of thought that are followed ad absurdum and ad nauseum to reach this end. The sharp division of views is extraordinary—if not unique.

Only two Justices felt impelled to go to the substance of the mail matter in question and say it is not obscene within the criminal statutes which prescribe penalties for mailing obscenity. Let me hasten to add my conviction as to their error. These two characterized as merely "unpleasant, uncouth, and tawdry" magazines, sent through the mails by Womack, intended for the edification of sexual perverts and for the propagation of perversion.

Theirs is, indeed, a masterful understatement. Perversion is defined by Webster as "diversion to a wrong end or use; a corrupted form of something, and (psychopathol) a maladjustment of the sexual life, such that satisfaction is sought in aberrant ways." It is revolting and completely abhorrent to society. It is contrary to the order of nature and to human dignity. Yet Womack's mailings were called unpleasant.

The other five Justices on the decision at least escaped going to that extreme. One, Mr. Justice Clark, dissented—and I salute him for his magnificently persuasive opinion, which I believe should have been conclusive.

Four of the five voiced no opinion as to whether or not the matter in question is obscene, with one making no comment at all. Three of them opined that the mails are open to its transmission on a legal technicality. They found that section 1461 of the U.S. Criminal Code—the penal statute for obscene mailings—does not authorize the administrative procedures long followed by Postmasters General in bringing offenders who mail obscenity before the bar of criminal justice. In other words, they found a loophole in a criminal law—the proverbial "hole in the dike." But there is no finger to close the hole and avert the catastrophe of a wide breach in the dike.

Regrettable as it is that this legal loophole was ferreted out, it is significant because it confirms the findings of my subcommittee that our criminal statutes to protect the public and the postal service from obscenity and pornography must be strengthened.

For the past two Congresses I have urged and implored the committee having jurisdiction to strengthen these very criminal statutes and have been joined, on a completely non-partisan basis, by other members of my subcommittee on both sides of the aisle. Right now two of my bills for the purpose, and companion bills by my colleagues, lie dormant in other Committee, and not one inch of progress has been made on them since the Members and I appeared last year in support of the bills.

I do not wish to labor the point or to appear critical or impatient with another committee or its distinguished members. However, it is my earnest hope that prompt and vigorous action will now be taken to strengthen the criminal laws and close the U.S. mails to muck merchants and vendors of pornography and propaganda of perverts. If this occurs, then the Womack decision may yet be recorded in history as the turning point against vileness and debauchery—the "straw that finally broke the camel's back" and led to some real teeth in our antiobscenity laws.

A word is in order, also, with respect to the nature of the beast that is to be turned loose on society in this particular case. Make no mistake, Womack is just one of many who stand ready, willing, and able to profit by the decision.

Womack is typical of the diseased minds that conceive, produce, distribute, and profit from, traffic in foul and antisocial writings and pictures and recordings. Womack already has been found guilty under another indictment for violation of the criminal statutes for sending obscene matter through the mails. He pleaded guilty and an associate pleaded not guilty, and both were found guilty. But just before sentencing of Womack, his attorneys advanced the plea of insanity, which was rejected by the lower court. Thereafter, he was found not guilty by an appellate court because of insanity and is now incarcerated in St. Elizabeths Hospital. The guilty verdict for his associate was upheld by the court of appeals, which noted that the photographs in issue "are conclusive, autoptical proof of obscenity and filth. Photographs can be so obscene that the fact is incontrovertible. These photographs are such."

I repeat, this is the nature of the beast that will be turned loose on society unless prompt and informed action is taken to close the loopholes in our criminal statutes and to strengthen those statutes where we have incontrovertible evidence—and my subcommittee has such evidence—that strengthening is essential in the public interest. We can hardly justify burdening the Postmaster General and other responsible authorities with the duty to enforce laws that crumble into dust before the shrewd and unremitting attacks of expensive legal counsel always at the beck and call of the "mongrels" and "muck merchants" who slink on the outskirts of civilized society to prey on the public.

Mr. CUNNINGHAM. Mr. Speaker, will the gentlewoman yield?

Mrs. GRANAHAN. I yield to the gentleman from Nebraska.

Mr. CUNNINGHAM. I want to congratulate the gentlewoman from Pennsylvania on the fine statement she has made about the ruling of the Supreme Court and the problems involved in this subject. We have worked together for several years in this field. I think one of our colleagues put it quite well after the ruling of the Court, "Obscenity, yes; prayer, no."

This field of homosexuality is one of the most disturbing things our Committee on Postal Operations has run into. It is no wonder that we have a growing problem in this field when one of the top men on the Government payroll, who until his passing recently was the chief psychiatrist of St. Elizabeths Hospital, supports this type of behavior known as homosexuality. He was the speaker at a meeting of homosexuals in Philadelphia about a year ago, a top man in one of our Government institutions, mixed up in this field. That to me is a disgrace. I certainly want to join the gentlewoman from Pennsylvania in supporting the position she has taken.

Mr. BECKWORTH. Mr. Speaker, will the gentlewoman yield?

Mrs. GRANAHAN. I yield to the gentleman from Texas.

Mr. BECKWORTH. I, too, want to commend the gentlewoman from Pennsylvania for the wonderful work she has done in connection with the subject she has been discussing here. I used to be the chairman of one of the subcommittees of the House Committee on Post Office and Civil Service, working on kindred problems. They are serious problems. I know the gentlewoman has attacked this problem with great vigor and has done a splendid job.

Mr. CAHILL. Mr. Speaker, will the gentlewoman yield?

Mrs. GRANAHAN. I yield to the gentleman from New Jersey.

Mr. CAHILL. I want to congratulate the gentlewoman for her stand on this problem, and also congratulate her for her work on this subject. As the gentlewoman knows, representing a district just across the river from her district, I have come to know the great admiration and affection in which she is held by the people not only of her district but all the people of Pennsylvania and New Jersey. Again, Mr. Speaker, I congratulate the gentlewoman.

Mrs. GRANAHAN. I thank my colleague, the gentleman from New Jersey.

THE SUPREME COURT PRAYER DECISION

The SPEAKER. Under previous order of the House, the gentleman from Georgia [Mr. JAMES C. DAVIS] is recognized for 10 minutes.

Mr. JAMES C. DAVIS. Mr. Speaker, a shocking fact was brought home Monday for the first time to many people throughout the United States. That shocking fact was the realization that the Supreme Court of the United States is rewriting the Constitution to fit the philosophy and whims of the individuals who now occupy the bench of that Court.

The Court decision outlawing prayer in the public schools of New Hyde Park, Long Island, N.Y., caused many good Americans to see for the first time that we are rapidly heading into a judicial dictatorship; that the Supreme Court is chipping away the foundation stones upon which our Government of freedom and liberty is built.

Some of us have for years been aware of the Court's plan to rewrite our Constitution and remake our Government to suit its own perverted and distorted views and have vigorously protested the Court's fraudulent usurpation of authority it does not possess.

As long ago as July 18, 1953, I pointed out the usurpation of legislative functions by the Court in a speech I made at Blowing Rock, N.C., to the annual session of the South Carolina Press Association. I quote this language from my speech to the South Carolina Press Association:

> This present Court has trifled with the Constitution so long and so much that now no one knows with certainty what can be relied upon as law.
>
> The law has been tinkered with so much and stretched and distorted to validate so-called progressive and liberal doctrine that one cannot be certain now that the Court would hold that water is wet or fire is hot; that white is white or black is black.

In a speech I made in Congress on June 18, 1953, I gave a list of 32 decisions by the Supreme Court rendered in the previous 15 years, each case overruling from one to five previous decisions which had been the law of the land for varying periods of years, ranging from 1 year to 95 years, and I pointed out in that speech that by such decisions the present Supreme Court had uprooted and overturned established precedents and landmarks without the citation of a single authority to support the newly announced principle of law, and have promulgated new doctrines which rest upon no precedent and have nothing to support them except the bald statement of the present Court that this is the law now, notwithstanding the fact that previously the law was exactly the contrary.

In my 1953 speech to the South Carolina Press Association I used this language:

> The Supreme Court does not possess any power to change our laws by Court decisions. Its actions in doing so in the past have been usurpations of power which do not belong to it.
>
> It possesses no power or authority to amend the Constitution, and likewise it possesses no power or authority, under the subterfuge of construing the Constitution, to give to its provisions meanings which those provisions in fact do not have. The power to amend the Constitution does not rest in the Supreme Court. This great power rests with the people of this country. The people of this country must not submit to any such usurpation of powers by the current Supreme Court. It is a right which belongs to the people to amend or not amend the Constitution as they themselves see fit.

I have been pointing out and protesting for many years this pattern and plan of the Supreme Court to rewrite our Constitution and change that great document from an instrument to preserve freedom and individual rights into an instrument to support radicalism, atheism, obscenity, communism, centralized bureaucratic government, and internationalism as opposed to national sovereignty.

Mr. Speaker, as I have many times pointed out, this Court, which in previous years deserved and had the respect and confidence of the people, is now a Court running wild, completely without any check, or without any balance.

I am not surprised at this decision of the Supreme Court striking down prayer in the New Hyde Park public schools, for I have long been aware of the pattern of usurpation of authority the Court has been following. However, I am shocked by it. I deplore greatly the fact that this Court has the effrontery to render a decision so completely without foundation, so completely at variance with the principles and character of the American people, who founded and established our Government upon a professed and proudly proclaimed faith and belief in Almighty God, who have interwoven that faith and belief into every phase of governmental activity, both civilian and military.

As deplorable as this action on the part of the Court is, some good may be derived from it. I hope that the American people are so aroused that they will demand that the power of the Court be curbed. I hope that the Members of the House and Senate are so aroused that they will enact the necessary legislation to curb the unwarranted, unlawful, and fraudulent usurpation of authority by this arrogant, reckless, radical Court.

Bills have been introduced to approach the problem in two ways, namely by act of Congress and by amendment to the Constitution. I shall actively support these movements, and I hope that the appropriate legislation may be enacted during this present session of Congress.

ASSEMBLED AND UNASSEMBLED EXAMINATIONS AND BOARDS OF U.S. CIVIL SERVICE EXAMINERS

The SPEAKER. Under previous order of the House, the gentleman from Texas [Mr. BECKWORTH] is recognized for 10 minutes.

Mr. BECKWORTH. Mr. Speaker, I desire to submit certain information pertaining to assembled and unassembled examinations and boards of U.S. Civil Service Examiners.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 1, 1962.

DEAR SIR: In hearings before the Davis Manpower Subcommittee of which I am a member, the Chairman of the Civil Service Commission stated:

"In previous fiscal years the Civil Service Commission has not developed and maintained statistics showing the percentage of new Federal appointments which were made as a result of assembled examinations versus unassembled examinations. Beginning July 1, 1961, the Commission installed a system for developing such statistics with respect to appointments made from registers resulting from examinations conducted by the Commission's own examining offices. So far this fiscal year approximately 72 percent of the appointments from registers maintained by the Commission's examining offices were from assembled examinations. Statistics of this type are not available on the breakdown of appointments from examinations conducted by boards of U.S. Civil Service examiners located in the agencies." I desire these statistics from your agency.

Please return.

Regards,

LINDLEY BECKWORTH.

INTERSTATE COMMERCE COMMISSION,
Washington, D.C., May 9, 1962.
Hon. LINDLEY BECKWORTH,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BECKWORTH: Thank you for your letter of May 1, 1962, requesting statistics concerning appointments to this Commission made from registers resulting from assembled and unassembled examinations.

The registers maintained by the Board of U.S. Civil Service Examiners for this Commission reveal the following figures for the period July 1, 1961 through April 30, 1962:

Twenty-seven appointments were made from registers resulting from assembled examinations.

Fifteen appointments were made from registers resulting from unassembled examinations.

Your letter is returned.

Sincerely yours,

BERNARD F. SCHMID,
Managing Director.

DEPARTMENT OF THE ARMY,
OFFICE OF THE SECRETARY OF THE ARMY,
Washington, D.C., May 22, 1962.
Hon. LINDLEY BECKWORTH,
House of Representatives.

DEAR MR. BECKWORTH: The Secretary of the Army has asked me to reply to your inquiry concerning appointments from examinations conducted by boards of U.S. civil service examiners.

The information you have requested is not readily available because there has not before existed a requirement for such a statistical breakdown. To compile this data would require analysis of approximately 90,000 appointments made at more than 225 Army activities throughout the entire United States. If the Subcommittee on Manpower Utilization of the Committee on Post Office and Civil Service of the House of Representatives desires the information, we can of course initiate the required survey. It is estimated this would require considerable time to complete at a cost in excess of $10,000.

I trust this information will be of assistance to you.

Sincerely,

R. E. VOLLENDORFF,
Colonel, GS, Office, Chief of Legislative Liaison.

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D.C., June 26, 1962.

To: The Honorable LINDLEY BECKWORTH.
From: History and Government Division.
Subject: Appointments from assembled and unassembled examinations.

The following table summarizes in statistical form the information received in letters from certain Government agencies concerning their appointments from assembled and unassembled examinations:

Agency	Appointments from examinations			
	Assembled	Percent	Unassembled	Percent
Department of State	(1)	(1)	(1)	(1)
Department of Defense:				
Office, Secretary	(1)	(1)	(1)	(1)
Army	(1)	(1)	(1)	(1)
Navy	9,552	40	14,444	60
Air Force	(1)	(1)	(1)	(1)
Treasury Department	1,005	36	1,707	64
Department of Interior	------	[2] 5	------	------
Department of Justice	446	79	116	21
Post Office Department (Washington, D.C., post office)	------	[2] 95	------	------
Post Office Department (Postal field service)	------	[3] 90+	------	------
Department of Commerce	(1)	(1)	(1)	(1)
Department of Labor	0	0	197	100
Department of Health, Education, and Welfare	(1)	(1)	(1)	(1)
General Services Administration	156	21	580	79
U.S. Information Agency	(1)	49	(1)	51
Securities and Exchange Commission	0	0	10	100
Atomic Energy Commission	(4)	(4)	(4)	(4)
Federal Home Loan Bank Board	2	4	48	96
Civil Aeronautics Board	0	0	17	100
Federal Power Commission	(1)	(1)	(1)	(1)
Small Business Administration	(1)	(1)	(1)	(1)
Interstate Commerce Commission	27	64	15	36
U.S. Tariff Commission	(1)	(1)	(1)	(1)
Federal Trade Commission	(1)	(1)	(1)	(1)
Federal Maritime Commission	(1)	(1)	(1)	(1)
Federal Deposit Insurance Corporation	(1)	(1)	(1)	(1)
Housing and Home Finance Agency	(5)	(5)	(5)	(5)
National Aeronautics and Space Agency:				
Ames Research Center	53	28	139	72
Flight Research Center	28	25	83	75
Goddard Space Flight Center	0	0	105	100
Langley Research	339	41	482	59
Lewis Research	347	28	912	72
Marshall Space Flight Center	138	23	473	77
Federal Communications Commission	2	15	11	85
Federal Aviation Agency	306	16	1,634	84
Selective Service System	------	[6] 100	------	------
Veterans' Administration	(1)	(1)	(1)	(1)

[1] No data.
[2] Estimated, only data given.
[3] Estimated.
[4] Not under Civil Service Commission. No date.
[5] Register recently established. Not yet used.
[6] No other data.

Summary: Based only on figures from agencies which reported fully and specifically the number of appointments from both assembled and unassembled examinations:

Appointments, assembled examinations, 12,401; 37 percent.

Appointments, unassembled examinations, 21,153; 63 percent.

The Legislative Reference Service sincerely hopes that the information contained in this table will be of value to you.

FREDERICK L. SCOTT.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June 28, 1962.
Hon. LINDLEY BECKWORTH,
House of Representatives.

DEAR MR. BECKWORTH: This letter has reference to your communication of May 23, 1962, and your subsequent telephone conversation with Mr. Harvey regarding information you desire concerning a number of our boards of U.S. civil service examiners in the Washington, D.C., area.

Enclosed is the following information pertaining to 25 boards: (a) the names and organizational titles of the chairman, executive secretary, and continuing members; and (b) a compilation of the lists of eligibles currently being maintained by each board. Not all of the examinations listed are open to the receipt of applications at the present time.

Under the jurisdiction of the Civil Service Commission the chairman of each board serves as the chief link with the top management of the agency in establishing and planning the board programs to meet agency personnel needs promptly and effectively. He sees that the board organization is maintained, and furnishes advice or guidance whenever needed.

The executive secretary administers the board program in accord with guidelines and instructions provided by the Civil Service Commission. He is thus responsible for the day-to-day board activities.

The other continuing members of a board serve as representatives of the major organizational segments of the agency by giving the board advice and assistance on recruiting needs.

The letter with your request of May 23, 1962, is returned.

Sincerely yours,

JOHN W. MACY, Jr.,
Chairman.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, DEPARTMENT OF AGRICULTURE

Chairman: Mr. Carl B. Barnes, Director of Personnel.

Executive Secretary: Vacancy.

Continuing members: Chalmer K. Lyman, Director (Division of Personnel Management, Forest Service); Roland F. Ballou, Assistant Deputy Administrator (Commodity Operations, Commodity Stabilization Service); Theodore C. Byerly, Deputy Administrator (Agricultural Research Service); Chester Francis, Jr., Director (Engineering Division, Soil Conservation Service); Roy W. Lennartson, Associate Administrator (Agricultural Marketing Service); Erwin L. LeClerg, Director (Biometrical Services, Agricultural Research Service); Frederick Waugh, Director (Economic and Statistical Analysis Division, Agricultural Marketing Service).

Examinations

Scientific aid (cotton), GS-2, 3, 4, and 5.

Agricultural extension specialist, GS-12, 13, 14, and 15.

Agricultural economist, GS-7, 9, 11, 12, 13, 14, and 15.

Field representative (telephone operations and loans), GS-9 and 11.

Tobacco inspector's aid, GS-3.

Tobacco inspector, GS-5, 7, and 9.

Veterinarian, GS-9, 11, 12, 13, and 14.

Motion picture specialist, GS-7, 9, 11, 12, and 13.

Farm credit examiner, GS-9 and 11.

Student trainee, GS-3 and 4—agricultural economics; biological and plant sciences (agronomy, biology, botany, genetics, horticulture, plant pathology, plant physiology); entomology; home economics; plant pest control; soil scientist (research); agricultural statistics.

Agricultural engineer, GS-5, 7, 9, 11, 12, and 13.

Agricultural engineer (research), GS-7, 9, 11, 12, and 13.

Agricultural commodity grader, GS-5, 7, and 9.

Forester, GS-5 and 7.

Warehouse examiner, GS-5 and 7.

Federal service entrance examination—Agricultural economist, GS-5; agricultural marketing specialist, GS-5; agricultural market reporter, GS-5; agricultural writer and editor, GS-5 and 7; plant pest control inspector, GS-5 and 7; plant quarantine inspector, GS-5 and 7; agricultural statistician, GS-5 and 7.

Cotton technologist, GS-7, 9, 11, and 12.

Student trainee (veterinarian), GS-7.

Entomologist (plant pests), GS-9, 11, and 12.

Plant pathologist, GS-9, 11, and 12.

Agricultural research scientist, GS-7, 9, 11, 12, and 13.

Agricultural marketing specialist, GS-7, 9, 11, 12, 13, and 14.

Agricultural market reporter, GS-7, 9, and 11.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, BOLLING AIR FORCE BASE, DEPARTMENT OF THE AIR FORCE

Chairman: Edward B. Pry, Jr., Civilian Personnel Officer.

Executive Secretary: Miss Mildred Ashton, Placement Officer.

Continuing members: Mrs. Anna A. Crannell, Test Rating Examiner; J. Howard Malone, Chief (Placement Branch); George C. Pullin, Chief (Propulsion Branch); Arthur E. Shirley, Personnel Officer (Air Force Systems Command); William R. Stevens, Chief (Engineering Design Branch).

Examination

Dental assistant, GS-2, 3, 4, and 5.

Dentan hygienist, GS-3, 4, and 5.

Finishing worker, W-4.

Firefighter, GS-3, 4, 5, 6, and 7.

Fuel distribution systems operator, W-8.

Greens and garden worker, W-5.

Laborer, food service attendant, W-2 and 3.

Meatcutter, W-8.

Nursing assistant, GS-2 and 3.

Office appliance repairer, W-10 and F-08.

Operations research analyst, GS-9, 11, 12, 13, 14, and 15.

Packer, W-3 and 5.

Parachute repairer and packer, W-8.

Radio repairer, W–10.

Training officer (Link trainer), GS–7.

Stenographer, GS–3 and 4.

Typist, GS–2 and 3.

Warehouseman, W–4 and 6.

Air conditioning and refrigeration service, W–5, 8, 10, and F–08.

A/C hydraulics systems mechanic, W–8 and W–10.

A/C instrument mechanic, W–8 and 10.

A/C jet engine mechanic, W–8 and 10.

A/C materials dispatcher, W–6 and 8.

A/C mechanic, W–8 and 10.

A/C piston engine mechanic, W–10.

A/C power unit assembler, W–9.

A/C powered ground equipment mechanic, W–8 and 10.

A/C propeller mechanic, W–8 and 10.

A/C radio repairer and installer, W–10.

A/C servicing electrician, W–8 and 10.

A/C sheet metal manufacturer and repairer, W–8 and 10.

A/C welder and heat treater, W–10.

Auto steel body repairer, W–10.

Carpenter, W–9.

Criminal investigator, GS–11, 12, 13, 14, and 15.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, CIVIL AERONAUTICS BOARD

Chairman: Miss Doris M. Connelly, Chief (Personnel Section).

Executive Secretary: Miss Flora Crawford, Personnel Assistant.

Continuing members: Marvin Bergsman, Associate Chief (Office of Administration); Rita A. Degen, Administrative Officer (Office of Director, Bureau of Economic Regulation); Robert L. Froman, Associate Director (Bureau of Safety); George L. Stillwagon, Assistant Chief (Research and Statistics Division); Joseph W. Stout, Jr., Chief (Investigations Division); Leon H. Tanguay, Associate Director (Investigations, Bureau of Safety).

Examinations

Air safety investigator, airworthiness, GS–9, 11, 12, and 13.

Analysis, GS–9, 11, and 12.

Hearing and reports, GS–9, 11, and 12.

Operations, GS–11, 12, and 13.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, COAST AND GEODETIC SURVEY, DEPARTMENT OF COMMERCE

Chairman: Lansing G. Simmons, Physical Scientist.

Executive Secretary: Mrs. Edna Johnson, Personnel Assistant.

Continuing members: Bernard C. Byrnes, Supervisory Geophysicist (Geomagnetics); A. Edward Craig, Supervisory Geodesist; James H. Nelson, Geophysicist; Samuel P. Hand, Geodetic Engineer; Bennett G. Jones, Supervisory Photogrammetric Engineer.

Examinations

Geodesist, GS–5 through GS–15.

Geophysicist, GS–5 through GS–15 (earth physics) (geomagnetism) (seismology).

Surveying aid and technician, GS–1 through GS–7.

Printing plant and lithographic trainee, WB–4.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, BUREAU OF PUBLIC ROADS, DEPARTMENT OF COMMERCE

Chairman: John P. Razmus, Assistant Chief (Employment and Employee Relations Branch).

Executive Secretary: Vacancy.

Continuing members: Carl A. Carpenter, Highway Physical Research Engineer; Joseph H. Powers, Bridge Engineer (Design); Henry A. Sawchuk, Highway Engineer; Robley Winfrey, Chief (Highway Needs and Economy Division); Erwin J. Zelasko, Appraiser.

Examinations

Engineer (highway), GS–5 through GS–13.

Engineer (bridge), GS–7 through GS–13.

Right-of-way appraiser, GS–11 and GS–12.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, U.S. WEATHER BUREAU, DEPARTMENT OF COMMERCE

Chairman: John J. Davis, Chief (Personnel Management Division).

Executive Secretary: Charles B. Lee, Placement Officer.

Continuing members: Dr. Helmut E. Landsberg, Chief (Climatological Division); Edward M. Vernon, Chief (Synoptic Reports and Forecasts Division); Dr. Harry Wexler, Chief (Meteorological Research); Albert K. Showalter, Chief (Observation and Station Facilities Division); William E. Hiatt, Chief (Hydrologic Division); David S. Johnson, Assistant Director (Meteorological Satellite Activity); Dr. George P. Cressman, Director (National Meteorological Center).

Examinations

Meteorologist, GS–5 through GS–13.

Meteorological technician, GS–4 through GS–9.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, INTERSTATE COMMERCE COMMISSION

Chairman: Curtis F. Adams, Director of Personnel.

Executive Secretary: James R. Holland, Personnel Management Specialist.

Continuing members: Philip J. Brannigan, Supervising Mechanical Engineer, Bureau of Safety and Service; Franklin L. Black, Chief, Investigation and Compliance Branch, Bureau of Safety and Service; George W. Spangler, Chief, Signals and Train Control Branch, Bureau of Safety and Service; Herbert Qualls, Director, Bureau of Motor Carriers; Davis R. Ledford, Jr., Assistant to the Director, Bureau of Traffic; William Powell, Special Assistant, Bureau of Accounts.

Examinations

Safety inspector, GS–5.

Transportation tariff examiner, GS–8.

Accountant, GS–7.

Inspector of locomotives, GS–12.

Inspector of railway and train control, GS–12.

Safety and service agent, GS–12.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, GENERAL ACCOUNTING OFFICE

Chairman: Thomas A. Flynn, Director of Personnel.

Executive Secretary: Mrs. Iris E. Joy, Supervisory Placement Specialist.

Continuing members: John F. Feeney, Executive Officer and Budget Officer; Robert F. Keller, Legislative Attorney (General); Vincent J. Kirby, Assistant Director of Personnel; Herschel Parham, Chief of Placement; Leo Herbert, Director (Office of Staff Management).

Examinations

Accountant and Auditor: Systems accountant, GS–11 through GS–15; supervisory accountant, GS–11 through GS–15; accountant, GS–9; accountant, GS–7.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, FEDERAL COMMUNICATIONS COMMISSION

Chairman: Irving L. Weston, Chief (Monitoring Division).

Executive Secretary: Mrs. Ruby F. Caldwell, Administrative Assistant to Chief Engineer.

Continuing members: Charles R. Cowan, Electronic Engineer (Wire Communications); Herman Garlan, Supervisory Electronic Engineer (Radio); Gilbert H. Hatfield, Personnel Officer; Robert Stolarski, Supervistory Placement Specialist.

Examinations

Electronic engineer, GS–5, 7, 9, and 11.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, FEDERAL HOUSING ADMINISTRATION, DISTRICT OF COLUMBIA INSURING OFFICE

Chairman: Thomas C. Barringer, Director (District of Columbia Insuring Office, FHA).

Executive Secretary: John G. Bosholm, Administrative Officer.

Continuing members: John R. Blakistone, Chief Underwriter; Florence Dalton, Administrative Assistant; Edward Simpson, Chief Construction Examiner.

Examinations

Appraiser, GS–9.

Loan examiner (realty), GS–9.

Architect examiner, GS–7 and GS–9.

Construction representative, building and utilities, GS–9.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, CHILDREN'S BUREAU, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Chairman: Margaret A. Emery, Assistant to Chief for Legislation.

Executive Secretary: Margaret O. Schnoor, Personnel Assistant.

Continuing members: Dr. Arthur J. Lesser, Superviser (Social Administration Research Analyst Service); Philip G. Green, Juvenile Delinquency Service; Helen L. Witmer, Director (Division of Research); Mildred M. Arnold, Public Welfare Adviser.

Examinations

Child welfare advisers and specialists, GS–12, 13, and 14.

Nursing consultant in maternal and child health, GS–13.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Chairman: Dr. Wayne O. Reed, Deputy Commissioner of Education.

Executive Secretary: Ruth M. Magin, Placement Officer.

Continuing members: Dr. Lloyd B. Blauch, Assistant Director of the Retired Professor's Registry; Dr. Finis E. Engleman, Executive Secretary of the American Association of School Administrators, National Education Association; Joseph M. Shea, Chief (Personnel and Organization Section).

Examinations

Education research and program specialist, GS–9 through GS–15.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, BUREAU OF MINES, DEPARTMENT OF THE INTERIOR

Chairman: Paul Zinner, Assistant Director (Programs).

Executive Secretary: Harvey V. Pearce, Chief Personnel Officer.

Continuing members: Roscoe A. Cattell, Physical Science Administrator; T. Reed Scollon, Chief (Division of Bituminous Coal); James Westfield, Assistant Director (Health and Safety); Charles W. Merrill, Chief (Division of Minerals).

Examinations

Mining engineer, GS–5, 7, 9, 11, 12, 13, 14, and 15.

Commodity industry analyst (minerals), GS–5, 7, 9, 11, and 12.

Coal mine inspector, GS–9, 11 and 12.

Safety representative, GS–5, 7, 9, 11, 12, and 13.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR

Chairman: William T. Pecora, Geologist (General).

Executive Secretary: Lewis Menen, Supervisory Placement Specialist.

Continuing members: Dr. Gilbert Corwin, Geologist (General); Tate Dalrymple, Supervising Hydraulic Engineer; Dr. Henry R. Joesting, Geophysicist (Exploration); John A. Law, Civil Engineer (Surveying); Charles L. McGuinness, Geologist (Ground Water); John C. Miller, Administrative Geologist (General); Roy E. Oltman, Supervising Hydraulic Engineer (Water Resources Investigations); Ralph E. Van Alstine, Geologist (Mineral Deposits).

Examinations

Geologist, GS–5 and 7.

Geologist, GS–9 through GS–15.

Geophysicist (exploration and experimental), GS–5 through GS–15.

Hydraulic engineer, GS–5 through GS–15.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR

Chairman: Mrs. Evelyn W. Adams, Placement Officer.

Executive Secretary: Mrs. Kathleen Teague, Placement Officer.

Continuing Members: Lucile A. Hastings, Director (Social Service); Vinita Lewis, Adviser Specialist (Public Welfare).

Examinations

Social worker: (General) GS–9 and GS–11; (child welfare) GS–9 through GS–12; (family service) GS–9 through GS–13.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, IMMIGRATION AND NATURALIZATION SERVICE, DEPARTMENT OF JUSTICE

Chairman: James F. Greene, Deputy Associate Commissioner for Domestic Control.

Executive Secretary: Mrs. Catherine M. Smith, Placement Specialist.

Continuing members: Donald R. Coppock, Assistant Commissioner (Enforcement); Claude C. Franklin, Placement Officer; Thomas G. Casey, Assistant Personnel Officer; Laurence R. Kesler, Supervisory General Investigator.

Examination

Immigration patrol inspector, GS–7.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, GODDARD SPACE FLIGHT CENTER

Chairman, John W. Townsend, Assistant Director (Space Sciences and Satellite Application).

Executive Secretary: Mrs. Catherine S. Steele, Personnel Assistant.

Continuing members: Herbert J. Fivehouse, Management Analyst; Fred J. Friel, Jr., Supervisory Electronic Scientist (General); Dr. Allen O. Gamble, Manpower Evaluation and Development Officer; Nemo P. Miller, Chief (Construction Engineering Division); Leopold Winkler, Chief (Office of Technical Services).

Examinations

Aerospace technology, GS–5 through GS–15.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, DEPARTMENT OF THE NAVY

Chairman: Edwin A. Wigginhorn, Director (Departmental Civilian Personnel Division).

Executive Secretary: Mrs. Marian S. Pedraza, Qualifications Rating Examiner.

Continuing members: Edwin P. Bledsoe, Contract Officer; Nathan R. Gilbert, Assistant for Special Studies; Paul W. Daisey, Supervisory Marine Transportation Officer (General); Fernand V. Demaret, Administrative Officer Management (Financial); Lawrence P. Fern, Deputy Administrative Officer; Albert P. Kenyon, Education Specialist; Owen H. Oakley, Supervisory Naval Architect; John C. Phillips, Ordnance Design Engineer; W. Robert Stinchcum, Supervisory General Engineer; Howard F. Uphoff, Head (Personnel Analysis Branch).

Examinations

Engineer—Aeronautical, chemical, electrical, industrial, marine, materials, mechanical, naval architect, GS–5 through GS–15.

Equipment specialist, GS–7 through GS–12.

Patent adviser, GS–7 through GS–12.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, SCIENTIFIC AND TECHNICAL PERSONNEL OF POTOMAC RIVER NAVAL COMMAND, DEPARTMENT OF THE NAVY

Chairman: Dr. B. P. Ramsay, Chief (Electrical Evaluation Division, Underwater Evaluation Department, Naval Ordnance Laboratory).

Executive Secretary: Everett H. Woodward, Executive Secretary (Board of Examiners).

Continuing members: Harry L. Rich, Supervisory Physicist; Francis P. Scott, Astronomer; Benard V. Stuber, Supervisory Flight Test Engineer; Horace M. Trent, Physicist; Robert E. Waxman, Supervisory Electronic Engineer; John W. Wrench, Jr., Supervisory Mathematician; J. H. Blythe, Oceanographer; Elmer R. Csanady, Head (Process Development Division); Frank W. Kasdorf, Head (Technical Evaluation Division); D. W. Stoner, Deputy Director (Weapons Development, Evaluation Laboratory); Julius Sendroy, Jr., Chief Chemist; Robert H. Randall, Jr., Deputy Director (Marine Sciences Department); Horner W. Carhart, Head (Fuels Branch, Chemistry Division); J. R. Lightfoot, Assistant Program Chief (Engineering).

Examinations

Astronomer, GS–5 through GS–15.

Chemist, GS–5 through GS–15.

Engineer, GS–5 through GS–15.

Engineering aid, GS–2, 3, and 4.

Engineering draftsman, GS–2 through GS–7.

Engineering designer, GS–9 and GS–11.

Engineering technician, GS–5 through GS–12.

Electronic technician, GS–5 through GS–12.

Industrial hygienist, GS–5 through GS–15.

Mathematician, GS–5 through GS–15.

Mathematics aid, GS–2 through GS–4.

Mathematics technician, GS–5 through GS–9.

Metallurgist, GS–5 through GS–15.

Navigation specialist (air), GS–5 and GS–7.

Navigation specialist (marine), GS–7 and GS–9.

Oceanographer, GS–5 through GS–15.

Physical science aid, GS–2 through GS–4.

Physical science technician, GS–5 through GS–12.

Physicist, GS–5 through GS–15.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, SECURITIES AND EXCHANGE COMMISSION

Chairman: William E. Becker, Management Analysist.

Executive Secretary: Harry H. Pollack, Director of Personnel.

Continuing members: Philip A. Loomis, Jr., Director (Division of Trading and Exchanges); Manuel F. Cohen, Commissioner; Andrew Barr, Chief Accountant.

Examinations

Financial analyst, GS–7 through GS–12.

Securities investigator, GS–9 and GS–11.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, SMITHSONIAN INSTITUTION

Chairman: Dr. A. Remington Kellogg, Assistant Secretary.

Executive Secretary: Mrs. Helen R. Fentress, Chief (Recruitment and Placement Section).

Continuing members: Thomas M. Beggs, Museum Director (Art); Dr. Robert P. Multhauf, Museum Director (Science and Technology); Mr. Mendel L. Peterson, Museum Director (History); Dr. Theodore H. Reed, Director (National Zoological Park); Dr. Leonard P. Schultz, Systematic Zoologist (Fishes); Mr. Frank A. Taylor, Director (Museum of History and Technology).

Examinations

Exhibits technician, GS–2 through GS–5; and exhibits specialist, GS–6 through GS–13.

Animal keeper (zoo), W–5 and W–7.

Museum aid, GS–3 through GS–5.

Historian, museum option, GS–9, 11, 12, 13, 14, and 15.

Agricultural research scientist, systematic zoology option, GS–9, 11, 12, 13, and 14.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, BUREAU OF ENGRAVING AND PRINTING, TREASURY DEPARTMENT

Chairman: Miss Winifred Loring, Assistant Chief (Office of Industrial Relations).

Executive Secretary: Vacancy.

Continuing members: Genevieve M. Lint, Assistant Head (Employment and Training Branch); Herbert A. Gage, Chief (Office of Surface Printing and Ink Manufacturing); James A. Conlon, Chief (Office of Currency and Stamp Manufacturing); Andrew J. Wilson, Associate Controller; Etheridge F. Kent, Head (Security Control Branch); John C. Hatley, Administrative Officer.

Examination

U.S. securities processor, level 1.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, U.S. INFORMATION AGENCY

Chairman: Lionel S. Mosley, Director of Personnel.

Executive Secretary: Neil A. Porter, Personnel Officer.

Continuing members: Gordon A. Ewing, Director (Information Center Service); Henry Loomis, Director (Broadcasting Service); Ray Mackland, Director (Press and Publication Service); Thomas C. Sorensen, Deputy Director (Policy and Plans); George C. Stevens, Jr., Director (Motion Picture Service Information).

Examinations

Foreign language specialist, GS–5 through GS–13.

Radio broadcast technician, WB–1.

Transmitter and receiver operator and maintenance technician, levels, 1, 2, 3, 4, and 5.

CENTRAL BOARD OF U.S. CIVIL SERVICE EXAMINERS, VETERANS' ADMINISTRATION

Chairman: John S. Arledge, Jr., Chief (Employment Division, Department of Medicine and Surgery).

Executive Secretary: Marion S. Zalon, Placement Specialist.

Continuing members: Dr. Benjamin Miller, Director (Radiology Service); Roger Cumming, Director (Social Work Service); Lee Mork Director (Design Service); Dr. Joseph Samler, Supervisory Staff Psychologist.

Examinations

Architect, GS–5 through GS–13.

Biochemist, GS–7 through GS–13.

Bacteriologist, GS–7 through GS–13.

Serologist, GS–7 through GS–13.

Psychologist, GS–11 through GS–15.

Counseling psychologist (VR&E), GS–12 and GS–13.

Corrective therapist, GS–5 through GS–9.

Occupational therapist, GS–5 through GS–9.

Physical therapist, GS–5 through GS–9.

Biochemist radioisotopes, GS–7 through GS–14.

Biologist radioisotopes, GS–9 through GS–14.

Physicist radioisotopes, GS–7 through GS–14.

Medical record librarian, GS–5 through GS–12.

Resident in hospital administration.

Clinical social worker, GS–7 through GS–13.

Pharmacist, GS–7 through GS–12.

Dietition, GS–5 through GS–10.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, VETERANS' ADMINISTRATION HOSPITAL, VETERANS' ADMINISTRATION

Chairman: Vacancy.

Executive secretary: William G. Charlton, supervisory personnel management specialist.

Continuing member: Dr. Walter Kurland, personnel physician.

Examinations

Histopathology technician, GS-3, 4, 5, and 6.

Medical radiology technician, GS-3, 4, and 5.

Medical laboratory technician, GS-5 and 6.

Nursing assistant, GS-2.

Dental technician, GS-5, 6, and 7

INDIANA DEEP WATER PORT AT BURNS DITCH

The SPEAKER. Under previous order of the House, the gentleman from Indiana [Mr. ROUSH] is recognized for 10 minutes.

Mr. ROUSH. Mr. Speaker, I have addressed the House several times on the subject of the Indiana Deep Water Port at Burns Ditch, on the Indiana shoreline of Lake Michigan. The Corps of Engineers of the U.S. Army has published a report suggesting that a public harbor at the site would be feasible and recommending that the United States participate in its construction.

In the course of preparing the report for submission to the Congress, a copy of the report was directed to the Department of the Interior and their views on the report were solicited. On June 20, the comments of the Department were forwarded by the Secretary of the Interior back to the Chief of the Corps of Engineers.

The comments of the Department are very disturbing. While the Department has considered the project several times over the past decade, and while it is considering an area adjacent to the harbor as a national seashore site, the report contains inaccuracies in facts and a lack of understanding of the proposed development. In addition to this, the Department has ventured opinions in certain areas completely contrary to the opinions of other competent governmental authorities.

Now, Mr. Speaker, I do not for one minute deny the right of the Department of the Interior to disagree with me and the Governor of Indiana, our U.S. Senators, our congressional delegation, our State legislature, and millions of our citizens plus the Corps of Engineers, the Department of Commerce, the Department of Health, Education, and Welfare, and various agencies subordinate to the Department of the Interior. It has the right to disagree, but its disagreement should be based on facts, not fiction. Its disagreement should be based on considerations in areas where the Department is competent and authoritative.

There is inconsistency in the comments. On one hand the Department of the Interior suggests that that development of the port and industrial area, and what the Department terms "the inevitable pollution which would necessarily follow the construction" would have a detrimental effect on the public recreation potential of the area several miles away. On the other hand the Department supports a proposal which would conserve land in a crazy quilt pattern which would completely surround an authorized and existing private harbor and industrial plant. The Department concludes that the port construction would foreclose the possibility of establishing a unit of the National Park System by suggesting that there would not be an area left of sufficient size and possessing sufficient scenic and recreational values to be considered appropriate. On the other hand the National Park System contains parks with 20 percent of the area of the remaining dunelands which the Department has described as outstanding.

The Department of the Interior raises what it considers two significant questions: First, it suggests that the Engineers report did not consider the loss in park and recreational resources in its analysis of the cost-to-benefit evaluation of the harbor project. Some time ago I asked the Department of the Interior if there was some formula by which a benefit price could be established for esthetic properties. They told me that it is impossible to put a dollar sign on the beauty of a sunset on a remote beach or some other natural phenomena. Now, the same Department complains that another agency has not done what they told me was impossible for them to do.

Next, the Department suggests that the corps did not seriously weigh the Burns Ditch site against other potential sites along the 45-mile Lake Michigan shoreline in the State of Indiana. First, let me say that the Department of the Interior gives Indiana several more miles of shoreline than it possesses. Perhaps on these uncharted and undiscovered miles of shoreline there could be a place for a port. But on the charted area of our shoreline which has been recognized for 143 years as our shoreline, there is no alternate site. The corps did not reinvestigate the entire shoreline of the State of Indiana in preparing its report. None of the existing harbor locations would be practically improved to construct a port of the scope planned. They did not survey the Indiana Dunes State Park shoreline since it was considered in valuable usage. They did not survey the residential areas on the shore in the cities of Gary, Michigan City, Hammond and others on the industrial sections of the shore where it would be impossible to construct support facilities. They only surveyed the area which is practical for construction of a port, which has some public or private support as a harbor site and which has the economic activities needed to support and justify a port. There is just one such site and that is at Burns Ditch.

In raising this question, the Department infers that the port is being positioned at Burns Ditch to give undue benefits to a single business firm, Midwest Steel Corp. In quoting from the Engineers' report the Department of the Interior suggests that "this site was selected because it is the only one which will serve * * * the needs of the Midwest Steel Corp." Further statements are quoted to infer that this project has as its sole beneficiary the Midwest Steel Corp. Now, let me read the phrase which was so delicately deleted. Let us put the quote back together and see how it takes on a different meaning. The full quotation on page 19 of the corps' report says that this site was selected because it is "the only one which will serve the public harbor facilities planned by the State and the needs of Midwest Steel Corp." I suggest that this deletion was a deliberate attempt to mislead an unknowing reader of the comments and to make it seem that this was a highly irregular and suspicious project.

Earlier I quoted the Department of Interior as suggesting that pollution would be caused by the harbor and the industrialization of the area which would have a detrimental effect on the recreation potential of the area. I suggest that the Department is not consistent with other agencies of the Government more competent to testify in this area. The Public Health Service maintains a qualified agency which is responsible for studies of pollution and they disagree with the conclusion reached in the Department of the Interior. In their comments on the same project the real experts say, "It is concluded that both existing and potential water pollution from Burns Ditch and the proposed Waterway Harbor can be adequately controlled to protect local beaches and water supplies." They said earlier that the project would not affect the Public Health Service program.

The comments of the Department of Interior suggest that there are now 5½ miles of beach and 9,000 acres of suitable park area. Two years ago, the very thorough Great Lakes shoreline survey suggested that there were only 5,000 acres of any conservation value and their letter of 1959 to the Corps of Engineers suggested that they were considering only 4 miles of suitable beach. It is amazing that the land has improved in natural beauty so much in such a short period of time.

The comments of the Department of the Interior on the report on the Burns Waterway Harbor project cannot be taken seriously. They obviously contain errors in fact, and inconsistencies with Department policies and previous statements.

There will be a port constructed at the Burns Waterway Harbor site. It has been authorized and it is planned as a private port by the Midwest Steel Corp. There will be industrialization of that area because factories are already established there. The natural dunes have already been destroyed by Chicago developers to build the beaches, roads, and buildings of Chicago.

The State of Indiana plans to take advantage of an opportunity presented by the interest of Midwest and Bethlehem Steel Cos., and many other commercial companies in this site to construct a public harbor to provide additional commercial transportation facilities for the producers and consumers of the Midwest. It has suggested a plan which would offer a national seashore area of nearly 5,000 acres in the area of the finest dunes-land. This is the practical solution to this controversy.

There are reasons why some people in Illinois should oppose the Indiana port project. But these reasons seem greedy and they are trying to conceal these real reasons for opposition behind a facade of conservation. I suggest that the opponents of the Indiana harbor seek to conserve the economic welfare of the Calumet port in Illinois, not the beautiful dunes of Indiana.

The Indiana port will compete with the Calumet port for all transshipments of coal, grain, and general cargo from the area. When the Indiana port opens, it will offer shippers a faster and cheaper harbor facility. The following chart will show the comparison with the Calumet port:

Transportation savings for transhipped traffic comparing Burns Waterway Harbor with Calumet Harbor, Ill.

Commodity	Savings in time (hours) [1]	Savings on vessel operation per trip	Tug savings per trip [1]
Coal	4	[2] $788	$780
Grain	5	[3] 955	1,055
General cargo	5	[4] 500	1,145

[1] Based on round-trip vessel time from outer harbor to terminals on Calumet River as determined by study of actual transit and detention time, 1959 records.

[2] Weighted average hourly rates of prospective bulk cargo and self-unloader fleets, each type handling ½ of coal traffic.

[3] Weighted average hourly rates of prospective bulk cargo fleet.

[4] Daily operating costs, C-2 type vessels in port.

It is obvious why our friends from Illinois oppose the project. They have built a white elephant, and they are trying to protect it.

If there are those in the Department of the Interior and elsewhere who are legitimately interested in the conservation and protection of the Indiana dunes, let them join with us from Indiana and fight to save the remaining 5,000 acres of dunesland. By joining with those who seek to block Indiana's valuable port under the guise of conservation of the dunes, they risk the loss of the dunes. I urge that the Department of the Interior reevaluate its position and develop a statement which is factual, consistent, and in the interests of true conservation. I urge that those Members who will be responsible soon for consideration of these projects in congressional committees consider the inaccuracies in the Department of Interior's comments when evaluating those comments. I hope that a more accurate analysis of the harbor project from the standpoint of the conservationist will be available from the Department of the Interior when the bills authorizing the public harbor are being considered.

PERSONAL ANNOUNCEMENT

Mr. HAYS. Mr. Speaker, at the request of the distinguished gentleman from Hawaii [Mr. Inouye] whose State is vitally interested in the sugar bill, I withdraw my objection to the request of the gentleman from North Carolina to go to conference.

SUGAR ACT AMENDMENTS OF 1962

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill, H.R. 12154, to amend and extend the provisions of the Sugar Act of 1948, as amended with the Senate amendments thereto, disagree to the Senate amendment, insist on the position of the House, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

The Chair hears none and appoints the following conferees: Messrs. Cooley, Poage, Jones of Missouri, Inouye, Hoeven, McIntire, and Teague of California.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that the conferees on the bill, H.R. 12154, may have until midnight Friday night to file a conference report for printing under the rule.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

NATION'S LAND-GRANT COLLEGES AND UNIVERSITIES

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Wilson] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. WILSON of California. Mr. Speaker, I am especially happy to join others of my colleagues today in saluting the Nation's land-grant colleges and universities, and to note that July 2 will be the 100th anniversary of the signing of the Morrill Land-Grant Act by President Lincoln.

In my own State, the University of California, with five Nobel Prize winners now on its faculty, is a notable example of the high academic standards the land-grant institutions have built for themselves. All five of these scholars earned one or more degrees at land-grant institutions.

But perhaps more significant is the fact that our land-grant colleges and universities recognized early that higher education should not be exclusively the preserved of the intellectually elite, but also the right of those who will follow careers in agriculture and the industrial and commercial arts.

Who would deny that much of this country's leadership in these areas stems from the recognition of this principle? Learning should not be undertaken wholly for its own sake, but in the hope of benefitting mankind.

With these goals, I am confident our land-grant institutions will continue to be a credit to our country, and am happy to wish them well.

SUPREME COURT DECISION ON PUBLIC SCHOOL PRAYER

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. Alger] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. ALGER. Mr. Speaker, the decision of the Supreme Court outlawing nondenominational prayer in the public schools is frightening in its implications. The Court has gone far afield in its interpretation of the constitutional guarantees of separation of church and state to forbid public recognition of Almighty God.

In writing the language of the first amendment the framers of our Constitution clearly indicated its purpose, to prevent the establishment of a state religion or to force upon the people a particular church affiliation. Nowhere in the Constitution is there any suggestion that communication with the Supreme Being is out of keeping with our national precepts. In fact, the very articles upon which our Nation is founded are replete with appeals to our Maker to guide us in wisdom and in strength.

The Supreme Court now denies the right of the people to offer prayers in the public schools, giving as the basis for its decision that through the use of such prayers the state is, in effect, establishing a religion. I agree wholeheartedly with Justice Potter Stewart who, in dissenting from this view, said the Court is "denying schoolchildren the opportunity of sharing the spiritual heritage of our Nation." I would like to include as a part of these remarks at this point Justice Stewart's masterful words in his dissent:

[Supreme Court of the United States—No. 468—October term, 1961]

Steven I. Engel et al., Petitioners, v. William J. Vitale, Jr., et al.

(On writ of certiorari to the Court of Appeals of New York)

(June 25, 1962)

Mr. Justice Stewart, dissenting.

A local school board in New York has provided that those pupils who wish to do so may join in a brief prayer at the beginning of each schoolday, acknowledging their dependence upon God and asking His blessing upon them and upon their parents, their teachers, and their country. The Court today decides that in permitting this brief nondenominational prayer the school board has violated the Constitution of the United States. I think this decision is wrong.

The Court does not hold, nor could it, that New York has interfered with the free exercise of anybody's religion. For the State courts have made clear that those who object to reciting the prayer must be entirely free of any compulsion to do so, including any "embarrassments and pressures. Cf. *West Virginia State Board of Education* v. *Barnette*, 319 U.S. 624. But the Court says that in permitting schoolchildren to say this simple prayer, the New York authorities have established "an official religion."

With all respect, I think the Court has misapplied a great constitutional principle. I cannot see how an "official religion" is established by letting those who want to say a prayer say it. On the contrary, I think that to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing in the spiritual heritage of our Nation.

The Court's historical review of the quarrels over the Book of Common Prayer in England throws no light for me on the issue before us in this case. England had then and has now an established church. Equally unenlightening, I think, is the history of the early establishment and later rejection of an official chuch in our own States. For we deal here not with the establishment of a state church, which would, of course, be constitutionally impermissible, but with whether schoolchildren who want to begin their day by joining in prayer must be prohibited from doing so. Moreover, I think that the Court's task, in this as in all areas of constitutional adjudication, is not responsibly aided by the uncritical invocation of metaphors like the "wall of separation," a phrase nowhere to be found in the Constitution. What is relevant to the issue here is not the history of an established church in 16th-century England or in 18th-century America, but the history of the religious traditions of our people, reflected in countless practices of the institutions and officials of our Government.

At the opening of each day's session of this Court we stand, while one of our officials invokes the protection of God. Since the days of John Marshall our Crier has said, "God save the United States and this Honorable Court."[1] Both the Senate and the House of Representatives open their daily sessions with prayer.[2] Each of our Presidents, from George Washington to John F. Kennedy, has upon assuming his office asked the protection and help of God.[3]

The Court today says that the State and Federal Governments are without constitutional power to prescribe any particular form of words to be recited by any group of the American people on any subject touching religion.[4] The third stanza of "The Star-Spangled Banner," made our national anthem by act of Congress in 1931,[5] contains these verses:

"Blest with victory and peace, may the heav'n
rescued land
Praise the Pow'r that hath made and preserved us a nation!
Then conquer we must, when our cause it is
just,
And this be our motto 'In God is our
Trust.' "

In 1954 Congress added a phrase to the "Pledge of Allegiance to the Flag" so that it now contains the words "one Nation under God, indivisible, with liberty and justice for all."[6] In 1952 Congress enacted legislation calling upon the President each year to proclaim a National Day of Prayer.[7] Since 1865 the words "In God We Trust" have been impressed on our coins.[8]

Countless similar examples could be listed, but there is no need to belabor the obvious.[9] It was all summed up by this Court just 10 years ago in a single sentence: "We are a religious people whose institutions presuppose a Supreme Being." *Zorach* v. *Clauson*, 343 U.S. 306, 313.

I do not believe that this Court, or the Congress, or the President has by the actions and practices I have mentioned established an "official religion" in violation of the Constitution. And I do not believe the State of New York has done so in this case. What each has done has been to recognize and to follow the deeply entrenched and highly cherished spiritual traditions of our Nation—traditions which come down to us from those who almost 200 years ago avowed their "firm reliance on the protection of divine providence" when they proclaimed the freedom and independence of this brave new world.[10]

I dissent.

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[1] See Warren, "The Supreme Court in United States History," vol. 1, p. 469.

[2] See rule III, Senate Manual, S. Doc. No. 2, 87th Cong., 1st sess. See rule VII, Rules of the House of Representatives, H. Doc. No. 459, 86th Cong., 2d sess.

[3] For example:

On April 30, 1789, President George Washington said:

"It would be peculiarly improper to omit in this first official act my fervent supplications to that Almighty Being who rules over the universe, who presides in the councils of nations, and whose providential aids can supply every human defect, that His benediction may consecrate to the liberties and happiness of the people of the United States a government instituted by themselves for these essential purposes, and may enable every instrument employed in its administration to execute with success the functions allotted to His charge. In tendering this homage to the Great Author of every public and private good, I assure myself that it expresses your sentiments not less than my own, nor those of my fellow citizens at large less than either. No people can be bound to acknowledge and adore the Invisible Hand which conducts the affairs of men more than those of the United States.

* * * * *

"Having thus imparted to you my sentiments as they have been awakened by the occasion which brings us together, I shall take my present leave; but not without resorting once more to the benign Parent of the human race in humble supplication that, since He has been pleased to favor the American people with opportunities for deliberating in perfect tranquillity, and dispositions for deciding with unparalleled unanimity on a form of government for the security of their union and the advancement of their happiness, so His divine blessing may be equally conspicuous in the enlarged views, the temperate consultations, and the wise measures on which the success of this Government must depend."

On Mar. 4, 1797, President John Adams said:

"And may that Being who is supreme over all, the Patron of Order, the Fountain of Justice, and the Protector in all ages of the world of virtuous liberty, continue His blessing upon this Nation and its Government and give it all possible success and duration consistent with the ends of His providence."

On Mar. 4, 1805, President Thomas Jefferson said:

"I shall need, too, the favor of that Being in whose hands we are, who led our fathers, as Israel of old, from their native land and planted them in a country flowing with all the necessaries and comforts of life; who has covered our infancy with His providence and our riper years with His wisdom and power, and to whose goodness I ask you to join in supplications with me that He will so enlighten the minds of your servants, guide their councils, and prosper their measures that whatsoever they do shall result in your good, and shall secure to you the peace, friendship, and approbation of all nations."

On Mar. 4, 1809, President James Madison said:

"But the source to which I look * * * is in * * * my fellow citizens, and in the counsels of those representing them in the other departments associated in the care of the national interests. In these my confidence will under every difficulty be best placed, next to that which we have all been encouraged to feel in the guardianship and guidance of that Almighty Being whose power regulates the destiny of nations, whose blessings have been so conspicuously dispensed to this rising Republic, and to whom we are bound to address our devout gratitude for the past, as well as our fervent supplications and best hopes for the future."

On Mar. 4, 1865, President Abraham Lincoln said:

"Fondly do we hope, fervently do we pray, that this mighty scourge of war may speedily pass away. Yet, if God wills that it continue until all the wealth piled by the bondsman's 250 years of unrequited toil shall be sunk, and until every drop of blood drawn with the lash shall be paid by another drawn with the sword, as was said 3,000 years ago, so still it must be said 'the judgments of the Lord are true and righteous altogether.'

"With malice toward none, with charity for all, with firmness in the right as God gives us to see the right, let us strive on to finish the work we are in, to bind up the Nation's wounds, to care for him who shall have borne the battle and for his widow and his orphan, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."

On March 4, 1885, President Grover Cleveland said:

"And let us not trust to human effort alone, but humbly acknowledging the power and goodness of Almighty God, who presides over the destiny of nations, and who has at all times been revealed in our country's history, let us invoke His aid and His blessing upon our labors."

On March 5, 1917, President Woodrow Wilson said:

"I pray God I may be given the wisdom and the prudence to do my duty in the true spirit of this great people."

On March 4, 1933, President Franklin D. Roosevelt said:

"In this dedication of a nation we humbly ask the blessing of God. May He protect each and every one of us. May He guide me in the days to come."

On January 21, 1957, President Dwight D. Eisenhower said:

"Before all else, we seek, upon our common labor as a nation, the blessings of Almighty God. And the hopes in our hearts fashion the deepest prayers of our whole people."

On January 20, 1961, President John F. Kennedy said:

"The world is very different now. * * * And yet the same revolutionary beliefs for which our forebears fought are still at issue around the globe—the belief that the rights of man come not from the generosity of the state, but from the hand of God.

* * * * *

"With a good consicence, our only sure reward, with history the final judge of our deeds, let us go forth to lead the land we love, asking His blessing and His help, but knowing that here on earth God's work must truly be our own."

[4] My brother Douglas says that the only question before us is whether government "can constitutionally finance a religious exercise." The official chaplains of Congress are paid with public money. So are military chaplains. So are State and Federal prison chaplains.

[5] 36 U.S.C. sec. 170.

[6] 36 U.S.C. sec. 172.

[7] 36 U.S.C. sec. 185.

[8] 13 Stat. 517, 518; 17 Stat. 427; 35 Stat. 164; 69 Stat. 290. The current provisions are embodied in 31 U.S.C. 324, 324a.

[9] I am at a loss to understand the Court's unsupported ipse dixit that these official expressions of religious faith in and reliance upon a Supreme Being "bear no true resemblance to the unquestioned religious exercise that the State of New York has sponsored in this instance." See p. ——, supra, n. 21. I can hardly think that the Court means to say that the first amendment imposes a lesser restriction upon the Federal Government than does the 14th amendment upon the States. Or is the Court suggesting that the Constitution permits judges and Congressmen and Presidents to join in prayer, but prohibits schoolchildren from doing so?

[10] The Declaration of Independence ends with this sentence: "And for the support of this declaration, with a firm reliance on the protection of divine providence, we mutually pledge to each other our lives, our fortunes and our sacred honor."

Further, it seems to me, the Court in overreaching itself to avoid the establishment of religion is itself establishing agnosticism and is denying those who believe in God the right to worship according to our individual consciences.

The strength of America has been in its spiritual foundation and woe is the day we deny our Creator and His authority in the establishment of this Nation. We will, on that day, have lost the war of morality and being without spiritual substance, our enemies will triumph.

In concluding these remarks I would like to include the following editorial, "In the Name of Freedom," from the Wall Street Journal of June 26, 1962:

IN THE NAME OF FREEDOM

"Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers and our country."

This is the simple, nondenominational prayer which the U.S. Supreme Court has now ruled an offense to the Constitution. It was devised by the New York State Board of Regents and recommended for use in that State's public schools.

The Court decision is significant not only in itself but also as symptomatic of a broader move in the Nation toward the rigid exclusion of all traces of religion in the public schools. We think this attitude bespeaks considerable confusion and no abundance of commonsense.

Justice Black, writing for the 6 to 1 majority, contends that the New York prayer violates that part of the first amendment which says: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof." Specifically, he charges that it does establish religion.

Now if it were true that the prayer constituted an establishment of religion, it would be a serious matter indeed. The authors of the Bill of Rights wrote the establishment clause because they understood very well the perils of state religion and the tyranny which can go with it—which in fact had driven many from the Old World to the New to find religious freedom.

But only a violent wrenching of language can produce the interpretation that the prayer establishes a religion. If one looks at its 22 innocuous words, it must be asked: What religion? Nor does it interfere with anyone's constitutional right of free exercise of religion, including the right to practice no religion and believe in none. It is nondenominational; it is not mandatory in any school; no pupil is required to recite it.

It is simply one among innumerable official governmental references expressing what the Court itself said 10 years ago, that by and large Americans are a religious people. As Justice Stewart observes in his dissent in the present case, "to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing the spiritual heritage of our Nation."

If the majority opinion prevails, however, it must logically require the excision of all those countless other official references to God—such as in the Declaration of Independence, the "Pledge of Allegiance," "The Star-Spangled Banner," the words used to inaugurate the President, open the Congress and convoke the Supreme Court itself. Justice Douglas, concurring with the majority, seems to say it does and should apply to these and all the other official instances.

And that is by no means all. If the majority doctrine stands, then anything that smacks of religious instruction or the subtle imparting of a religious viewpoint in the public schools becomes suspect. Do not suppose this to be a fanciful exaggeration. Already the Bible is banned from some schoolrooms. Already a Florida court decision has declared school observances at Easter and Christmas to be unconstitutional, and similar efforts are afoot elsewhere. (Poor kids, if they can't even sing Christmas carols.)

As for banning the Bible, with its magnificent poetry and philosophy, that is but the bare beginning, since so much of our culture is Biblical in derivation. In Matthew Arnold's phrase, the main streams of Western civilization are Hebraism and Hellenism, and by Hebraism is meant the whole Judeo-Christian tradition and ethics.

Shall we then uproot it? Out the window with everything from Dante to Donne, from Milton to Dickens? Or how can public-school teachers teach about Bach or Michelangelo, when the context is so inescapably religious? What is left of history?

Thus, carried to its conclusion, the argument reduces itself to absurdity. That is why we would enter a plea for the exercise of a little commonsense. Any actual attempt to establish a specific state religion is a danger that ought to be easily recognizable. But it is something entirely different to suppose that, short of unimaginable police tactics, teaching about religion can be divorced from the American education with which it is inextricably bound up as a central fact of our heritage.

Those who persist in such attempts had best take care lest, in the name of religious freedom, they do real damage to free institutions.

RESULTS OF 17TH DISTRICT PUBLIC OPINION POLL

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. ASHBROOK] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. ASHBROOK. Mr. Speaker, I am including at the end of these remarks the results of the second annual public opinion poll of the 17th Ohio District. For the past 2 months I have been conducting this poll and studying the results. In 1961, I received 12,622 replies to the district questionnaire and this year topped that amazing response with 13,840 replies. It is interesting to note that 98 percent of the questionnaires were signed and over 50 percent of them had additional views written by my constituents.

The questionnaires were sent out throughout my seven-county district to an equal number of Republicans, Democrats, and independents. I have no way of knowing how the answers would break down according to those three groups but I detect in the answers a very strong general belief that we are following unwise fiscal and spending policies here in Washington—that one thought would be a common denominator. Most of the answers would indicate they cross party lines. Sixteen of the nineteen questions were either opposed or supported by a 2 to 1 margin and, in fact, nine of the questions had an 85 percent negative or affirmative reply.

It has been my goal while serving here in Congress to endeavor to acquire a firsthand knowledge of the views of my constituency. This is not an easy job—especially when we are in session here in Washington for 9 months a year. Through this questionnaire, courthouse tours, and hundreds of conferences I have gained the very definite idea that the majority of the citizens in the 17th district want more responsibility here in Washington, not more centralization of power. On the international scene, there is an increasing awareness that we are not successfully leading the free world, that we need a clearer and stronger voice in pointing the way to victory over world communism.

Several thousand persons returning the questionnaire included letters on a variety of subjects—some contained on the poll and some not. It is impossible to categorize them except to reflect the basic concern which seems to be common throughout.

I am also including the results of the 1961 questionnaire. Many of the questions on that poll are of current interest. I endeavored to avoid duplication in the 1962 public opinion poll.

The results are as follows:

Results of 1962 public opinion poll of 17th Ohio District

[In percent]

	Yes	No	No opinion
Do you favor—			
1. Diplomatic recognition of Red China?	7.6	89.6	2.8
2. Continued economic aid to the uncommitted or neutral nations?	29.1	61.7	9.2
3. Foreign aid to Communist countries?	.2	96.6	3.2
4. Congressional approval of the purchase by the United States of up to $100,000,000 worth of United Nations bonds?	23	69	8
5. Continued disarmament and nuclear ban negotiations with the Communists?	52.2	42.6	5.2
6. A statement by the United States of its intention and will to achieve victory over world communism by means other than war?	76.1	14.9	9
Do you believe—			
7. The United States should resume testing of nuclear weapons in the atmosphere?	71.1	20	8.9
8. That assistance to unemployed workers (caused by imports) and subsidies to businesses (hurt by imports) would develop into massive and unworkable Federal programs?	73.8	17.6	8.6
9. We should endeavor to decrease the national debt of $300,000,000,000?	90.6	6	3.4
10. We should create a new Cabinet Department of Urban Affairs and Housing?	15.2	76.4	8.4
11. The United States should support the United Nations action in the Congo against Katanga?	33.8	40.3	25.9
12. That the United States should borrow money to use in the $5,000,000,000 foreign aid program?	3.5	92.1	4.4
Do you favor—			
13. Pay increase for 2,500,000 Federal employees of approximately 15 percent spread over 3 years	21.9	69.5	8.6
14. A higher education scholarship program financed by the Federal Government	20	66	5
15. President Kennedy's request for power to raise and lower taxes?	6.1	92.6	1.3

Results of 1962 public opinion poll of 17th Ohio District—Continued

[In percent]

	Yes	No	No opinion
Do you favor—Continued			
16. President Kennedy's request for standby authority to spend $2,000,000,000 on public works when and where he deems it advisable?	13	84.7	2.3
17. A Federal subsidy to the arts?	5.3	88.7	6
18. Legislation to ban postal delivery of foreign Communist propaganda?	87.7	9.9	2.4
What would you do—			
19. The 1962 budget will be approximately $10,000,000,000 out of balance. The prospects for 1963 look like further deficits. Should the budget be balanced?	90.8	2.2	7
If so, by—			
A. Less Federal spending in the defense and space programs 29.6			
B. Less Federal spending in foreign aid and related fields 87.7			
C. Less Federal spending in the nondefense and noninternational area 72.7			
D. Increased taxes 13.7			

Results of 1961 questionnaire

[In percent]

	Yes	No	No opinion
1. What are your thoughts on Federal aid to education (answer 1):			
(a) I do not favor a program of Federal aid to eduction	51		
(b) I favor Federal aid to education only if there is no control of our traditionally local school matters	35		
(c) I favor Federal aid to education	9		
No opinion	5		
2. Do you favor Federal aid or loans to private or parochial schools	10	87	3
3. Which more adequately reflects your position on medical care:			
(a) I support a compulsatory Federal program of medical care for the aged under social security with the cost of program paid for by increased taxes on employees and employers	16		
(b) I support a voluntary program of medical care for the aged with costs shared by Federal and State Governments out of general tax revenues	29		
(c) I do not believe in Government participation in this field	48		
No opinion	7		
4. Do you favor a farm program which will—			
(a) Move in the direction of less controls and subsidies	84		
(b) Endeavor to improve farm income by adopting strict farm controls and price supports	8		
No opinion	8		
5. Do you support the President's request for extension of the 1-cent tax on gasoline (which expires this year) to finance improvements in our Interstate Highway System?	59	36	5
6. Should Red China be diplomatically recognized by this Government?	14	74	12
7. Should Congress raise the minimum hourly wage to $1.25 and extend it to local businesses heretofore considered in State or local commerce?	36	57	7
8. Do you favor the President's multibillion dollar foreign aid program?	13	77	10
9. Do you believe that Congress should enact laws protecting domestic industries from competition of products imported for sale in the United States?	64	24	12
10. Do you believe in extending unemployment compensation benefits from 26 to 39 weeks?	35	58	7
11. Do you favor a "softer" U.S. attitude toward the Communist bloc?	2	94	4
12. Should we abolish the House Un-American Activities Committee?	10	76	14
13. Do you favor a general increase in the services of Government as proposed by the President?	16	73	11
14. Do you support the proposed Peace Corps?	37	43	20

SUPREME COURT DECISIONS

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Nebraska [Mr. CUNNINGHAM] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. CUNNINGHAM. Mr. Speaker, it is heartening to hear the many expressions of concern by our citizens about the Supreme Court decision affecting the recitation of a prayer by schoolchildren. Certainly this is a nation founded and conceived in the belief and acknowledgment of a Supreme Being.

We seek His guidance throughout our Government. We are by and large a God-fearing nation, a people who believe in God and yet a people who recognize the separation of church and state.

But it is almost beyond belief that voluntary prayer services or Bible readings cannot continue in schools and other public places. That certainly is not the will of the people, nor could it have been the intent of our forefathers.

Accordingly I am joining my colleagues who have proposed that this be submitted to the people for their final decision. I am today introducing a proposal calling for a decision by the people—a constitutional amendment which must be considered by the people through their representatives here in the Congress and in their State legislatures.

This resolution would allow nonsectarian prayers in public schools and other public places on a voluntary basis. It would not compel anyone who is an atheist or nonbeliever of some other type to listen or participate.

But it would acknowledge that for the overwhelming majority of Americans we are God-fearing people who acknowledge the existence of a supreme power in our lives, in our Nation's affairs and in our common destiny.

I now include a resolution sent to me by the Exchange Club of Omaha, a group of leading businessmen and professional men, concerning this Supreme Court ruling:

Whereas, the Supreme Court of the United States has by a decision handed down June 25, 1962, forbidden the reading of the regents prayer in the State of New York;

Whereas the wording of this opinion is such as to forbid the voluntary reading of any prayers in our public schools;

Whereas the United States of America is regarded as a Christian nation and it is hoped it will continue to be so regarded;

Whereas this opinion seems calculated to give great comfort to atheists and Communists and other nonbelievers in the existence of a god;

Whereas the membership of the Exchange Club of Omaha is made up of 96 men from all the professions and executives from all lines of business;

Whereas such men are Christian God-fearing gentlemen and believe in the acknowledgment of the supremacy of God;

Whereas it now appears that in its present form and as presently interpreted our National Constitution prevents the voluntary participation in such prayers in our public schools: Therefore be it

Resolved, That the Exchange Club of Omaha in regular meeting assembled this 26th day of June 1962, at the Omaha Athletic Club at Omaha, Nebr., herewith petitions you, GLENN S. CUNNINGHAM, our U.S. Congressman, to use all of your power and influence to initiate and adopt a constitutional amendment permitting the voluntary participation in such prayers and encouraging the further recognition that the United States of America is a Christian nation.

TRADE EXPANSION ACT OF 1962

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. OSMERS] may extend his remarks in the body of the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. OSMERS. Mr. Speaker, I rise in support of H.R. 11970, the Trade Expansion Act of 1962.

Without doubt, Mr. Speaker, the future economic health of our Nation requires that we move in the direction of more trade with other nations of the world if we are to maintain peace and increase prosperity in the great American tradition. Let me say that I feel very strongly that it would have been far better for the House to have had a less rigid rule under which to consider a bill of this type, particularly with reference to the sections which provide for adjustment assistance to workers and firms who are adversely affected by its effects. It is quite obvious, Mr. Speaker, that most Americans fall into one of three general groups with respect to foreign trade legislation. The first group are those involved in local business activities and services who are simply not directly affected at all. The second group are those engaged in the production of products and raw materials which have a low labor quotient. This group will be greatly benefited by the passage of the act, of course. The third group are those who make products with a relatively high labor component. This latter group has much to fear because of the much lower basic wage rates that prevail abroad.

It is vitally necessary that we have sensible adjustment assistance, but we must not create another monster similar to the farm program by which we will support unsuccessful, inefficient producers forever.

There are two very disturbing aspects about the future of our foreign-trade program, assuming this Trade Expansion Act becomes law. First, the extremely poor handling of complicated programs by the present administration, coupled with its callous use of Executive power for partisan political purposes, is disturbing in the extreme. Such handling of this program will destroy the great hopes and confidence which many of us have in it. Second, let me say flatly, that the very heart of our economic system is free enterprise. The American worker and businessman can compete with nearly everybody everywhere if given the same set of rules. The reason for our sluggish growth rate, as compared to other free nations, is quite easy to explain. We simply have not taken the necessary steps here in Congress to remove the punitive and confiscatory taxes and regulations which were placed on the free-enterprise system during the depression of the thirties. Excessive rates of taxation, coupled with antiquated depreciation formulas, are more responsible for our lack of growth and relatively high permanent unemployment than any other factors.

Mr. Speaker, I urge my colleagues to support this bill, but at the same time let me emphasize that we must have tax reform and tax-rate reduction if our economy is to grow and prosper. We can create new employment opportunities in no other way. Also, Mr. Speaker, this significant program must be administered honestly, impartially, and efficiently.

A TRIBUTE TO RICHARD RODGERS

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. LINDSAY] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. LINDSAY. Mr. Speaker, I rise today to pay tribute to a person for whom I have endless admiration and respect, on the occasion of his 60th birthday. That person is Richard Rodgers, whom I am pleased to call my friend as well as my constituent.

From the time he was a small boy, Dick Rodgers knew that he wanted to be a composer. Through years of composing for camp groups, benefits, charity affairs, and several early Broadway efforts; through his years of study at Columbia University and the Juilliard School of Music, he persevered to reach his goal. One day in 1925 when the future was looking especially grim and Dick Rodgers was contemplating the possibility of abandoning composing for a job as an underwear salesman, a former friend asked if Dick Rodgers and his partner, Larry Hart, would write the songs for a special revue which the Theater Guild was putting on to raise money to buy new tapestries for its theater. Dick Rodgers, Larry Hart, and a friend, Herbert Fields, set to work on the show. The result was the immensely successful Garrick Gaieties and the launching of a notable career in the musical theater.

Not only did the lilting strains "Manhattan" and "Sentimental Me" succeed in "guilding the guild" but the American musical stage had a triumvirate in Rodgers-Hart-Fields, who filled the buoyant days of the late 1920's with a steady outpouring of marvelous shows that captured so much of the innocence of that carefree era. Shows like "Dearest Enemy," "The Girl Friend," "Peggy-Ann," "A Connecticut Yankee," "Present Arms," and "America's Sweetheart" moved musical comedy out of its old formula-ridden grooves, and on to a level of sophistication and freshness which had seldom been seen on our musical stage. Today, these shows are best remembered for their wonderful songs. The stories, which were pretty realistic stuff in those days, have long been forgotten except by the most long-memoried of connoisseurs. Not so with the songs. If Richard Rodgers were only remembered as a composer of such songs as "Manhattan," "The Blue Room," "My Heart Stood Still," "Thou's Swell," "You Took Advantage of Me," and "I've Got Five Dollars," to name only a few, he would have more than secured a hallowed place in the Hall of Fame of our musical stage.

During the depression the music of Richard Rodgers never succumbed to the despair of the times. After a brief sojourn in Hollywood, Rodgers and Hart made a triumphant return to Broadway in 1935 when they fashioned the score for Billy Rose's colossal extravaganza "Jumbo." From 1936 until the death of Larry Hart in 1943, the team turned out one spectacular success after another, including "On Your Toes," "The Boys From Syracuse" and "Pal Joey." By the arrival of "Pal Joey" in 1940, one columnist humorously suggested that the team of Rodgers and Hart so dominated the American musical stage that they should be prosecuted for violation of the antitrust laws.

In 1943 an obscure Theater Guild offering named "Away We Go" became "Oklahoma" in New Haven and the team of Rogers and Hammerstein was launched, commencing the most successful collaboration in the history of our musical theater. The best of their shows, "Oklahoma," "Carousel," "South Pacific," "The King and I," and "The Sound of Music," are among the most beloved works in the annals of our musical stage.

Throughout his years with both Hart and Hammerstein, Richard Rogers brought the highest level of craftsmanship and artistry to every song in every show. It is interesting to note that some of the least known of his songs are perhaps some of his very best. With the passing of his beloved collaborator, Dick has gone on to a new career on Broadway. The extraordinary success of "No Strings" bears ample testimony to the enduring quality of his genius.

Not only is Dick Rogers one of America's greatest composers, he is also a distinguished producer and contributor to many cultural endeavors in the city of New York and throughout the country. His efforts in aiding the work of Columbia University, the Juilliard School of Music, ASCAP, the New York Philharmonic; the scholarships he has set up for deserving young people in the field of music; the civic work which he has accomplished for the city of New York—all these have brought distinction and betterment to his community and his country.

It is truly amazing, Mr. Speaker, that one minute this extraordinary man can be sitting at his desk discussing the production costs of a show, or on the telephone with a friend or associate, or maybe even breakfasting in a waffle shop in Detroit, as he recently was, during the writing of "No Strings," and then in the next moment can turn out a song which Americans are likely to be singing for years and years to come.

Of course, Dick Rodgers will never stop writing. He loves his work far too much to consider such an eventuality. Fortunately, during the coming year, our lives will once again be brightened by a show with music by Richard Rodgers. It is an event to which we look forward with great anticipation, as we have always looked forward to Rodgers' openings. For almost 40 years Rodgers' openings have brought distinction to the American musical stage and joy into our lives.

Mr. Speaker, I am deeply honored to pay tribute to Richard Rodgers today, to his lovely wife, Dorothy, and to his lovely daughters, Mary and Linda. Dick Rodgers is truly "a wonderful guy." I wish him a very, very happy birthday.

RECIPROCAL TRADE AGREEMENTS PROGRAM

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Oregon [Mr. DURNO] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. DURNO. Mr. Speaker, one of the most important and far-reaching issues to come before the Congress this year is the administration's trade agreements program. Depending on the way it is enacted and the way it is administered, it can make or break vast segments of our American economy.

The program amounts to a complete rewriting of the Reciprocal Trade Agreements Act that has been our basic foreign trade policy for 28 years. It would give the President unprecedented broad powers in the field of regulating foreign trade. He and his advisers would be empowered to negotiate new trade treaties with other countries or groups of countries sharply lowering, even eliminating in some cases, the tariffs we impose on imports of their products into this country. Theoretically, the other countries would grant us compensatory reciprocal tariff concessions in return.

In his January 25 message requesting the necessary legislation, the President emphasized the changing world conditions of this jet-age era. He pointed to the growth of the European Common Market; he noted that if the United

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Kingdom and others successfully conclude negotiations to enter the group, almost 90 percent of the free world's industrial production will be concentrated in the United States and the European Economic Community.

The President called attention to the need to increase our exports to help offset the drain on our gold reserves resulting from our foreign aid and oversea military operations. Furthermore, he said, increasing our exports will help accelerate our overall economic growth.

He also referred to the need for increased trade among free world and underdeveloped nations to offset the Communist trade offensive.

I think most Americans would agree that greater international trade is urgently needed, and that in this day and age it is impossible for any nation to exist in economic isolation. Nevertheless, there are fundamental questions about methods of achieving the goal and the extent to which they should be carried. Legitimate and valid inquiries are being raised about some points in the administration program.

Specifically, the President wants two sweeping authorities in the tariffmaking field.

First, he wants "general authority to reduce existing tariffs by 50 percent in reciprocal negotiations."

Second, the wants "special authority to be used in negotiating with the European Economic Community—the Common Market—to reduce or eliminate all tariffs on those groups of products where the United States and the EEC together account for 80 percent or more of world trade."

Furthermore, as a subsidiary to this second point, he asks another authority. It is "to reduce or eliminate all duties and other restrictions on the importation of tropical agricultural and forestry products supplied by friendly less-developed countries and not produced here in any significant quantity, if our action is taken in concert with similar action by the Common Market."

The vagueness and generalities of this particular request should be noted. The President said he needs it to help develop markets for tropical products that are the staple exports of many less-developed countries. He said he referred to items that are not produced in the United States, and mentioned, specifically, only coffee and bananas. But it raises a question that is particularly pertinent to our Northwest; could the clause be used to boost imports of tropical lumber and plywood? This is a question which has not yet been answered but which I, for one, intend to explore thoroughly.

But to get back to the President's program. He conceded in his message that increased imports brought about by the new tariff-lowering agreements he contemplates, will harm some American companies, farmers, and workers.

His answer to this admitted problem is in familiar vein: more new authority for the President.

On this one, he proposes what he calls trade adjustment assistance. It would permit him to provide special assistance to any workers unemployed or underemployed as a result of increased imports. This assistance would be in three forms:

First. Readjustment allowances of up to 65 percent of the worker's average weekly wage for up to 52 weeks for all workers, plus 13 additional weeks for workers over 60. Normal unemployment insurance compensation would be deducted from the amounts paid under this program, with the Federal Government making up the difference. Thus, what it amounts to is a guarantee, to any worker idled by increased imports, of 65 percent of his normal pay for a year or 65 weeks, depending on his age.

Second. Vocational education and training assistance to train the displaced workers in higher and different skills—meaning, to train them for a new trade or type of work.

Third. Financial assistance, for those who cannot find work in their present community, to relocate to a different place in the United States where suitable employment is available. What this means is that the Federal Government would foot the bill for a worker who loses his job because of increased imports, to move to another community where he can get a job.

The President also wants authority to help businessmen or farmers harmed by imports. This would include providing technical information and advice, tax benefits to encourage modernization and diversification, and loan guarantees and loans not commercially available to aid modernization and diversification.

Quite a package.

The President says his program would help American business, farmers, and workers because it would increase our exports more than it would our imports. He says also that the peril-point and escape-clause provisions of the existing tariff law would continue to operate to save some industries which we need to maintain but which would be hurt by imports. Other industries hurt by imports obviously would be allowed to go down the drain, with Federal assistance to displaced workers as I have just outlined.

There are several disturbing facets to this program. For one thing, it is a blatant grab for greater power for the executive branch of our Government.

The Constitution of the United States specifically lodges in the Congress—not in the President—the power to levy duties and imposts, and to regulate commerce with foreign nations. The President's recommended trade agreements legislation most assuredly would give to him the power, which the Constitution gives to the Congress, to levy duties and to regulate commerce with other nations.

Admittedly, the Congress gave up some of its constitutional power in this area 28 years ago when it passed the original reciprocal trade agreements legislation. But that delegation of power in the 1934 act was sharply limited. Here we have the New Frontier going infinitely further than did its predecessor administration of the same ultraliberal political tinge, the New Deal. Here we have the New Frontier saying it must have authority to eliminate tariffs completely in a broad variety of cases. It is in effect demanding the right to impose a death sentence on selected American industries.

This request for transfer of these broad powers from the Congress, where they were placed by the Constitution, to the executive branch is part and parcel of the New Frontier's basic philosophy. It is simply another phase of the New Frontier's unspoken but unrelenting effort to expand the President's powers over our entire life. It is a logical followup to the innumerable requests for so-called back-door spending authority—authority for the President to spend Federal money without going through the normal congressional appropriation process, with its inquiries into how the money is being spent. The dictatorial farm programs proposed by the New Frontier have been in the same pattern. So is the President's request for authority to juggle income taxes. So are innumerable other New Frontier programs aimed at enlarging the powers of the Executive, always at the expense of the rights and powers of Congress and of local and State governments, and at the expense of the freedoms and liberties and rights of individual citizens.

All of this represents a big reason why many Members of Congress are seriously considering the advisability of providing for congressional reviews of new tariff agreements negotiated by the executive branch before they can become effective.

There are other reasons, too.

The President carefully notes that his legislation would continue the peril-point and escape-clause procedures which have been in the law many years, but in what he calls modernized and improved form.

The fact is, of course, that these procedures have been virtually useless as they stand. The peril-point provision has grown rusty from lack of use. The escape clause, which was intended to provide tariff relief for American industries that can show harm from imports, has been almost as bad. Figures show that since 1948, industry has gone to the trouble and expense of filing petitions for escape-clause relief in 130 cases. The Tariff Commission has recommended relief in 40 of the cases—less than one-third of the petitions filed. And of these 40 recommendations for tariff relief, the White House has rejected 23 and acted favorably on only 13. Four others still are awaiting White House action. This means that escape-clause relief has been granted in only 1 out of 10 petitions filed with the Tariff Commission. It seems fair to say that it has not provided much help to industries harmed by increased imports.

Actually, the New Frontier thus far has shown no signs whatsoever of any intention or desire to attack the real root of our economic problems, including our international trade. The real root of the problem lies in the relentless inflation that has been eroding the value of our dollar for nearly 30 years and our constantly increasing costs of production.

Massive Government deficit spending has been a prime contributing factor in this inflationary spiral. What is the

New Frontier doing about it? In his first full year in office, President Kennedy is creating a $7 billion deficit. For the coming year, he has submitted the biggest peacetime budget ever laid before Congress; he says it will be in precarious balance, but the odds are heavily that in practice it will wind up with another deficit next year. Now he is being forced to ask for a new, alltime high limit on the national debt.

Fiscal responsibility on the part of the Federal Government could contribute much to ending, or at least slowing down, our inflationary spirit. All we have seen from the New Frontier has been fiscal irresponsibility.

The spirit is vicious. As prices have increased for goods and things we must have to live, labor has demanded increased wages. Labor is in with further wage demands this year, and undoubtedly will win at least a part of their demands. Prices then will inch further upward. The round-robin process feeds itself. Governmental fiscal responsibility would cut down its feed.

The point of this discussion in connection with the President's trade program is that our soaring costs of production have made it more and more difficult to find markets abroad for American-made goods. Many items already have been completely priced out of world markets. An administration that truly wants to boost our international trade should start by practicing governmental economy, thus stabilizing our costs of production. On this, however, the New Frontier's braintrust obviously disagrees.

We are fully aware of the need for expanded international trade, and the variety of factors that require this expansion of international trade. We realize the vital need to find new foreign markets for our agricultural products. But we have questions about the program endorsed by the New Frontier.

We want to know whether there is any chance that hardwood plywood imports might be made duty free as a tropical forest product from friendly less-developed countries.

We want to find assurance that the trade agreements contemplated under the program will be truly reciprocal. We seek reason to feel confident that any new trade agreements will bring concessions from other countries of equal value to the concessions we grant to them.

We wonder whether the trade adjustment assistance will be sincerely conducted to relieve hardships resulting from increased imports or whether it will be just another leftist political boondoggle.

These and other questions add up to the reason why many of us in the Congress are determined to read the fine print and find some answers before voting for this broad delegation of power.

Undoubtedly, there will be some form of reciprocal trade legislation enacted this year since the present program expires on June 30.

Whether it will be in the form sought by the administration is problematical. If it can provide satisfactory answers to our questions, it could well be. If its answers are unsatisfactory, there is a good chance the program finally enacted may be in substantially altered form.

The Congress faces a grave responsibility in this legislation. We must be careful lest we do more harm to the American economy than we do it good.

THE PEOPLE'S COLLEGES KEEP PACE: THE UNIVERSITY OF DELAWARE AND THE LAND-GRANT MOVEMENT

Mr. LIBONATI. Mr. Speaker, I ask unanimous consent that the gentleman from Delaware [Mr. McDowell] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. McDOWELL. Mr. Speaker, today America celebrates the 100th anniversary of the Morrill Land-Grant College Act. On July 2, 1862, burdened with the military decisions of the Civil War, President Lincoln signed the first Morrill Act into law. Could it be that even Lincoln, the Congress, and the people of that trying era could have foreseen the tremendous benefits of this legislation for future generations of Americans? For, clearly, more than any other single measure, this act has shaped significantly the educational and, perhaps, the economic development of our Nation.

Several reasons have been advanced why the Land-Grant Act received the approval in the 1860's which it had failed to achieve earlier. Obviously, the events of the Civil War dramatized most effectively some of the existing technical and military deficiencies of the Nation. Also, at the war's beginning, the college curriculums had not yet been adapted to the industrial revolution to which America was already deeply committed. Newly developing areas of the curriculum were obviously overlooked at the older established colleges. Unquestionably, then, the Civil War forced educators to recognize those emerging needs resulting from the development of new academic and social disciplines. At the same time, Congress and the public were becoming alert to serious gaps in America's agricultural and industrial leadership.

Yet, I am convinced that there was an even more fundamental reason why the land-grant college movement attained the popularity which led to its enactment and subsequent expansion in 1890 and in later acts. From its beginnings, many of the Nation's leaders had been committed in principle to fostering the education to the common people, the working classes. To be sure, some State universities were founded even before the States were admitted to the Union. Yet, for some 200 years only sporadic interest was shown in extending this democratic concept to include publicly supported higher education for a majority of average citizens throughout all the States. George Washington's idea of a national university was never realized. We were, as a people, still looking back to Europe for our examples. Inevitably, however, the American people found need to revise or reject many of the Old World customs and began to adapt them to New World conditions. Perhaps it took America those long generations to develop a clear and sure awareness of her unique commitments as a nation of many peoples, and many backgrounds. The aristocratic tradition of gentlemen's colleges inevitably gave way to the more democratic ideal of equal learning opportunities for all, regardless of economic or social status. Today we are told that more equality of opportunity for post-secondary training exists in the United States than in any other nation in the world.

Of equal significance and representative of the unique spirit of the land-grant college movement are the diverse backgrounds of the individuals who helped actualize the first Morrill Act. Jonathan B. Turner was a Yale graduate, a product of private higher education in the finest tradition.

As early as 1850, Turner recommended that Illinois endow a State university with money it had received from the sale of public lands. He was convinced from his experiences that farmers and mechanics were as much in need of education as those entering the traditionally respected fields of law and medicine. Turner once observed:

> We need a university for the industrial classes in each of the States.

Ironically enough, it was the son of a Vermont blacksmith, a non-college-trained Member of the Congress, who succeeded in convincing the Nation's leaders of this same need. But the struggle was all uphill. The land-grant bill was first introduced in 1857. Congress passed the measure, but President Buchanan vetoed it on the grounds that it was unconstitutional for Congress to appropriate money for education.

In a fiery speech on the House floor, Morrill replied:

> If we can legislate for the deaf and dumb, may we not legislate for those who can hear and speak? If we can legislate for the insane, may we not legislate for the sane?

Yet the President's veto was upheld, and it was not until 1861 that Morrill reintroduced his bill with the additional provision that instruction in military tactics be required at the proposed land-grant institutions. This was an advantageous change in view of the wartime situation, and the Morrill bill was enacted the following year after passing the Senate 32 to 7 and the House 91 to 25.

These, then, are some of the beginnings of the land-grant movement as it progressed on a national level. Surely, each State can boast of some special contribution to that movement and note with pride its part in the progress made during these 100 years.

My own State of Delaware accepted the Morrill Act in 1867, and 2 years later Delaware College was opened to students as a land-grant institution. Like many early American colleges, the University of Delaware began as a small, church-related institution; and it had been in existence 124 years before Lincoln signed the first Morrill Act. For example, as

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the Newark Academy in 1769, the school trained Presbyterian divinity students. Then, several decades after the Revolutionary War came the merger with Delaware College—1834. The 19th century saw a mounting interest in establishing a degree-granting institution in Delaware. As early as 1821, the State legislature had passed an act granting an early proposal for Newark College, as an endowment fund, the receipts from steamboat and stagecoach licenses.

Finally, in 1833 the General Assembly of the State officially granted the charter to establish a college at Newark to instruct students in languages, arts, and sciences, with power to grant degrees. Ten years later, Newark College's name was changed to Delaware College. However, following 1859, the college became defunct and was able to reopen its doors only after the legislature made it the beneficiary of the 90,000 acres of land which Delaware received under the Morrill Act. Educational offerings were broadened then in keeping with the responsibility to teach such branches of learning as are related to agriculture and the mechanic arts in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life.

When the college did reopen, it offered an engineering course of 3 years, an agricultural course of 4 years, and a classical program of 4 years to a total of 22 students.

Later in 1888, in accord with the provisions of the Hatch Act, Delaware College established an agricultural experiment station as a service to the farm population. Appropriations from this and other Federal acts, supplemented substantially by funds from the State legislature, commercial grants, and fellowships have resulted in much broadened agricultural research for which 800 acres—including the facilities of the university farm at Newark and the substation farm at Georgetown—are currently being utilized—for research on plants, animals, poultry, and food production distribution.

The late Dr. George A. Harter, of the university, has given the Hatch Act a similar degree of credit for the university's continuation as the Morrill Act received for its reopening. As Dr. Harter noted:

> The establishment of the experiment station probably saved the college. * * * The Federal aid * * * gave us a great impetus. In this period the State was making no contribution to the expenses of the college. (President's report, University of Delaware, 1960-61, p. 14.)

Another highlight in the university's history was the enactment of the Smith-Lever Act of 1914. This legislation created in each land-grant institution a Cooperative Extension Service associated with the U.S. Department of Agriculture. Under its provision, county agents were to disseminate practical research findings on subjects relating to agriculture and home economics.

This cooperative program, supported by State and Federal funds, still enjoys a unique role and fine reputation among Delaware's people as it does throughout the country. For the past 41 years the institution has had the official name of the University of Delaware. As President John A. Perkins so aptly states in his 1960–61 report on the university:

> Justin Morrill's admonition to disseminate higher learning more widely has meant taking it to the farmer's dooryard and country kitchen, the individual establishment and the schoolhouse occupied evenings by adults (1960–61 report, p. 25).

It would be a mistake to assume, however, that the ultimate goals of the land-grant college movement have already been achieved. To be sure, those aims will continue to grow as long as this democracy maintains its dynamic character. In this centennial year, the American Association of Land-Grant Colleges and State Universities has outlined two principal goals of consideration:

First. To assess and evaluate the work the land-grant institutions are now doing toward the end that they may identify more clearly their special responsibility to the people of this country and the world during their second century of service.

Second. To build public understanding of the land-grant college and university movement, especially as this may contribute to solving present problems and meeting future needs of all colleges of the Nation.

In Delaware, we can find evidence of honest reappraisal of how our land-grant university is meeting the challenges and responsibilities which new circumstances demand. Along with past accomplishments, President Perkins has pointed out some current shortcomings and potential needs. Among the problems challenging Delaware's position as a land-grant school, of late he has noted the following: a drop in engineering enrollments; comparatively low enrollment in home economics; some deficiencies in the high school preparation of youth for scientific college-level training in agriculture; the large number of Delaware youth who go out-of-State to college; the high per-student costs of educating small enrollments in the traditional land-grant areas of instruction; and the problems of educating and keeping qualified teachers in the State—one of the implied responsibilities of democracy's colleges.

Yet there are also clear evidences of efforts to remedy current problems and to further the tradition that brought the land-grant institutions into being—to provide quality education for the many at minimal cost. For example, in fall 1961 200 students were admitted to the university as part of a limited-admissions program. Many of these were not degree candidates but rather were enrolled in 2-year terminal courses. The purpose of this step was to open opportunities to those with somewhat below-average high school records in keeping with the democratic concept which encourages all young people to develop their talents to the fullest—even in some cases where they have been off to a rather slow start academically. Yet, at the same time, university academic standards have not been compromised. For example, one recent freshman class had among it 30 high school valedictorians and at least 40 finalists and semifinalists from the National Merit Scholarship competition.

Other signs of increased quality are: Progress in the fields of research and graduate study made especially since World War II; growth of adult evening courses; increases in library holdings recently of about 10,000 books per year; and an enrollment rise of 14 percent in a recent year as compared with the national percentage of approximately 7 percent. Moreover, the university has dropped from 4th to 14th of late in the cost of its fees as compared with other State-assisted universities. Nor can we ignore the sizable contribution of private benefactions to university progress. Whatever advances have been made are the result of individual as well as State and Federal cooperation and support.

Teaching, research, and service—these remain the primary goals of Delaware as a land-grant institution. Dedicated to the things of the mind, the university cherishes and practices the highest standards of instruction and scholarship. Research is seen as a coordinated function of teaching, an integral part of institutional life, but certainly must not usurp the primary goal of excellent teaching.

The future will be no less demanding than the past. Times are changing more quickly than many of our citizens realize. Delaware, once a rural State, is now a predominantly urban one. This decline in the farming population holds far-reaching implications for the land-grant institutions and the kinds of services which they shall be expected to offer. As President Perkins has noted:

> In an earlier and simpler organization of rural society, the land-grant institution could best be of service by helping the individual farmer and his wife with their problems. Now the children of these farmers have moved to the cities. Their problems, aside from employment, have become less individual and more an outgrowth of urban life. The solutions depend not so much upon individuals as upon their governments and social and civic organizations.

Mr. Speaker, the National Manpower Commission once referred to the Morrill Act as "the most important single governmental step in connection with the training of scientific and professional personnel." Moreover, as our university's president has also observed, a Hoover Commission task force in 1949 called it the most effective grant-in-aid ever made by the Federal Government. Today these 68 land-grant institutions, ranging in enrollment from about 44,000 to 550, continue to flourish. Such growth requires constant vigilance for maintaining quality and for exploring new areas of service to meet the expanded needs of the people. From those early decades of relatively low standards and a scarcity of qualified teachers, 40 percent of these publicly supported institutions now have university status. Furthermore, about 60 percent of all living American Nobel Prize winners hold earned degrees from land-grant colleges. These institutions, representing only 5 percent of all U.S. colleges and universities, enroll approximately

20 percent of all students and grant 40 percent of the Ph. D.'s awarded. Offering comprehensive training for many varied careers and professions, they retain a dedication to solid preparation in the liberal arts in accordance with the intent of the original Morrill Act.

With an outstanding record of service to the Nation in both war and peace, the land-grant colleges now look to the future—a future of unprecedented challenges in the areas of science and technology as well as in international understanding. Directed by bodies responsible to the people in the individual States, these schools are uniquely equipped to recognize and meet whatever requirements our national progress demands. Their effectiveness will, to a great extent, determine the outcome of many of our efforts in the direction of scholarship, economic progress, and the vitality of the democratic life. At this, the outset of their second century of service, the institutions which led America into the industrial and technical age look forward to continued responsible leadership and dynamic service.

SURVEY ON IMPACT OF DEFENSE PROCUREMENT UPON VARIOUS STATES AND SECTIONS OF THE NATION

Mr. ASHLEY. Mr. Speaker, on March 15 I inserted in the CONGRESSIONAL RECORD the results of a study which I undertook in an effort to analyze the trend of the last decade with respect to defense procurement and its impact upon variout States and sections of the country.

This study revealed that of the total net dollar value of military procurement throughout the entire United States, California registered an astonishing increase from 12.6 percent of the total in 1952 to 23.9 percent in 1961. Texas share of U.S. defense procurement, though considerably less, showed healthy growth from 3.4 percent of the total in 1952 to 5.1 percent in 1961. These two States, then, accounted for 16 percent of total U.S. defense procurement spending—$6 billion—in 1952 and 29 percent—$6.3 billion—in 1961.

As I also pointed out in my study, Ohio, Michigan, Illinois, and Pennsylvania registered a sharp decline from 29.4 percent of the total value of defense procurement in 1952 to 12.8 percent in 1961—a drop from $11 billion to $2.7 billion. As against a national decline of 42.2 percent in total U.S. procurement spending between 1952 and 1961, it was shown that Ohio, Michigan, Illinois, and Pennsylvania suffered a loss averaging nearly 30 percent greater than this national average. Had these four Midwestern States merely suffered a cutback equivalent to the 42.2 percent national cutback, the value of their combined defense business from 1952 through 1961 would have been between $15 and $20 million greater than it was for this period.

These and other facts and data contained in my March 15 analysis have recently been confirmed by a Department of Defense study entitled "The Changing Patterns of Defense Procurement." This study traces the geographic shifts in contract awards from region to region and between States.

With respect to military prime contract awards, the Defense Department study reveals clearly that the major shift has been from the Midwest to the Far West. During the Korean period—fiscal years 1951–53—Ohio, Indiana, Illinois, Michigan, and Wisconsin received 27.4 percent of the total value of prime contract awards. In 1961 they received only 11.8 percent, a change of minus 15.6 percent.

In the Far West, we find a reverse shift. During the Korean period the Pacific Coast and Mountain States accounted for 18.6 percent of the total value in prime contracts. In 1961, however, this percentage had jumped to 32.6 percent, or a gain of 14.1 percent.

Perhaps an even more significant and revealing aspect of the Department of Defense study relates to the military prime contract awards for experimental, developmental, test, and research work. In 1961 these contracts totaled $6 billion, or about one-fourth of all military prime contract awards in the United States. As the Department of Defense study makes clear, the research, developmental, testing, and evaluation effort is of major importance because any company which has conducted or managed the research, design development, and test work on a new weapon system—or a major component—and has assembled the engineering talent and experience for this purpose, is obviously in an exceptionally strong position to compete for the follow-on production contracts, and for new developmental contracts, as well.

The report goes on to state:

> It is logical, then, that production contracts for the newer sophisticated items, which will figure heavily in future procurement, may tend to be placed in areas where R.D.T. & E. effort has been centered.

Let us look, then, at where the research, developmental testing, and evaluation effort has been centered.

In 1961, California received a whopping 41.3 percent of all the money spent for research, developmental testing, and evaluation work, amounting to nearly $2.5 billion. New York was second, receiving 12.2 percent of research, developmental, testing, and evaluation funds, followed by Massachusetts with 5.8 percent.

But as the Department's study reveals with candor, the really significant trend has been the strong concentration of research, developmental testing, and evaluation contracts on the east and west coasts. In 1961 the Atlantic Coast States received 32.5 percent of research, developmental, testing, and evaluation awards, while the west coast and Mountain States received 54.8 percent.

Thus we find nearly 90 percent of the research, developmental, testing, and evaluation funds centered on the east and west coasts, with two States—California and New York—receiving more research, developmental, testing, and evaluation funds than the other 48 States combined. We find, too, that the top seven States account for more than 75 percent of the Nation's research, developmental, testing, and evaluation effort. Ohio, Michigan, Illinois, Indiana, and Wisconsin, the great industrial Midwest, together received only 7.5 percent of research, developmental, testing, and evaluation funds in 1961. Ohio, with 71 fine universities and colleges and rich in technological and manufacturing experience, received 2.2 percent. This amounted to $137.5 million for the Nation's sixth largest taxpaying State.

Mr. Speaker, the implications of this pattern are devastating.

The Defense Department itself admits that the production contracts that will figure heavily in future procurement will likely be placed in areas where research, developmental, testing, and evaluation effort is now concentrated. It thus appears clear that the shifts in defense prime contract procurement that have taken place since World War II and more especially since the Korean hostilities will be sharply accentuated in the immediate years ahead if the chips are allowed to fall where they may. The Defense Department recognizes this fact but recommends no course of action.

> It should be recognized—

We are told by Deputy Secretary of Defense Roswell L. Gilpatric—

> that Defense must seek its needs where capability exists in order to be responsive to the technological requirements of modern warfare.

On March 15, I asked the Secretary of Defense if the direction which military procurement has taken since 1952 was, from the military, economic, and social standpoints, in the best interests of all Americans. I also raised the question of whether, if the truth were told, our military procurement policy has not been given credit for judgment and foresight which is largely undeserved. I even made so bold as to inquire, after having an Army depot in my district closed down for alleged failure to meet safety requirements, whether California was blessed with invulnerability in this nuclear age or whether Ohio was considered to be accident prone.

Mr. Gilpatric has provided honest answers to these questions and they should be of utmost concern to every Member of the Congress.

Experience has taught us, and every other modern nation, that there is a close relationship, geographically and in many other modern nation, that there is a close and the production of goods and services for the consumer. Are we to close our eyes to these facts, to be led blindly by a Military Establishment whose only policy is to seek its needs where capability exists? If so, then we can only expect economic and social dislocations such as this country has never known.

Mr. Speaker, it is clear that our country is engaged in a sweeping technological revolution which will have many ramifications. It is a revolution in which our Military Establishment, because of the enormous appropriations voted annually by Congress for research, development, testing, and evaluation, is playing a tremendously significant role. If the transition from conventional methods of production to the technology of the future is to be orderly, then it is incumbent upon the Congress and the

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administration to establish policies which will be productive of the general welfare.

Mr. Speaker, I represent an industrial district in Ohio on which the changing pattern of military procurement has had a severe impact. Not only have contracts for the manufacture of military hardware largely gone elsewhere but an Army depot, one of the largest employers in the district, has been closed down in favor of military installations in other areas of the country. I recognize that these shifts are inevitable in a changing world and that they are bound to affect adversely a community such as mine.

But let me make it plain, Mr. Speaker, that I do not intend to sit idly by and watch while Ohio and other Midwestern States which traditionally have been the backbone of industrial America go down the drain. The Defense Department study tells us loud and clear that its future procurement will tend to be placed in areas where research, development, testing, and evaluation effort has been centered. The study tells us loud and clear that these areas are almost entirely along the west coast and the east coast. In brief, the study tells us loud and clear that unless policy is forthcoming from outside the Pentagon, an ever greater percentage of military procurement will go to California, New York, Massachusetts, and one or two other areas which already receive more than all of the other States combined.

If this is allowed to happen, Mr. Speaker, this Congress and this administration will have been derelict in its responsibility. The Department of Defense, which has talked so much about dispersion of our industrial strength as a requisite of national security is now satisfied to allow unparalleled concentrations on the coastal strips of the United States—certainly prime targets in a nuclear conflict.

But our responsibility goes further. If we are going to continue to spend between $20 and $30 billion a year for military hardware, certainly we have an obligation to see that vast sections of our country are not excluded. Defense tells us that it must seek its needs where capability exists. My reply is that capability exists not only in California, New York, and Massachusetts despite the fact that lack of Defense Department policy—if what the Department professes is true—has been largely responsible for their ever-increasing competence in the research and developmental field. My further reply is that if Ohio's 71 universities and colleges and the industrial base that has been so heavily relied upon in immediate years past does not constitute "capability" as defined by the Department of Defense, then perhaps the Department should long since have given thought to developing this capability in Ohio and other States similarly situated.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to:

Mr. Corman, for June 29 and 30, 1962, on account of official business.

Mr. Edmondson, for June 29 and 30, 1962, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mrs. Granahan, for 15 minutes, today.

Mr. Roush, for 10 minutes, today.

Mr. Roosevelt, for 10 minutes, on Monday, July 2, 1962.

Mr. James C. Davis, for 10 minutes, today.

Mr. Beckworth, for 10 minutes, today.

Mr. Dulski (at the request of Mr. Libonati), for 30 minutes, tomorrow.

Mr. Nix (at the request of Mr. Libonati), for 30 minutes, tomorrow.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks was granted to:

Mr. Hull.

Mr. Cramer, the remarks he will make on the trade bill and to include extraneous matter.

Mr. Alexander and to include extraneous matter.

Mr. Dent and to include extraneous matter in his remarks made during debate on H.R. 11970.

Mr. Wright and to include quotations from two newspaper editorials in his remarks today while in the Committee of the Whole.

Mr. Brademas (at the request of Mr. Libonati) to revise and extend the remarks he made in the Committee of the Whole today in two instances and include extraneous matter.

(The following Members (at the request of Mr. Cahill) and to include extraneous matter:)

Mr. Fino.

Mr. Seely-Brown.

Mr. Cunningham.

Mr. Osmers.

Mr. Weaver, notwithstanding it exceeds the limit and is estimated by the Public Printer to cost $210.

Mr. Jensen.

Mr. Schadeberg.

Mr. Laird to include extraneous matter in the remarks he made in Committee today.

(The following Members (at the request of Mr. Libonati) and to include extraneous matter:)

Mr. Baring.

Mr. Powell.

Mr. Lesinski.

Mr. Buckley.

Mr. Fascell.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 8291. An act to enable the United States to participate in the assistance rendered to certain migrants and refugees;

H.R. 8773. An act to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the reserve components who are involuntarily released from active duty, and for other purposes; and

H.R. 11879. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes.

ADJOURNMENT

Mr. LIBONATI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 6 minutes p.m.) the House adjourned until tomorrow, Friday, June 29, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2248. A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1963 in the amount of $850,000 for the Office of Science and Technology (H. Doc. No. 462); to the Committee on Appropriations and ordered to be printed.

2249. A communication from the President of the United States, transmitting an amendment to the budget for the fiscal year 1963 involving an increase in the amount of $382,000 for the civil functions of the Department of the Army (H. Doc. No. 463); to the Committee on Appropriations and ordered to be printed.

2250. A letter from the Secretary of Agriculture, transmitting a draft of a proposed bill entitled "A bill to extend Federal meat inspection and to permit cooperation with State meat inspection services, and for other purposes"; to the Committee on Agriculture.

2251. A letter from the Director, Congressional Liaison Staff, Agency for International Development, Department of State, transmitting a report on contingency fund use as of May 31, 1962, pursuant to section 451(b) of the Foreign Assistance Act of 1961; to the Committee on Foreign Affairs.

2252. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated April 30, 1962, submitting a report, together with accompanying papers and illustrations, on a beach erosion control and interim hurricane survey of Raritan Bay and Sandy Hook Bay, N.J., authorized by the River and Harbor Act approved July 3, 1930, as amended and supplemented, and Public Law 71, 84th Congress, approved June 15, 1955 (H. Doc. No. 464); to the Committee on Public Works and ordered to be printed with eight illustrations.

2253. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of a proposed bill entitled "A bill to amend the Social Security Act and related provisions to extend for 2 months certain temporary public assistance provisions"; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DAWSON: Committee on Government Operations. Twentieth report on evaluation of the donable surplus property program (Rept. No. 1943). Referred to the Committee of the Whole House on the State of the Union.

Mr. CANNON: Committee on Appropriations. House Joint Resolution 769. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes; without amendment (Rept. No. 1944). Referred to the Committee of the Whole House on the State of the Union.

Mr. WILLIS: Committee on Un-American Activities. H.R. 11363. A bill to amend the Internal Security Act of 1950 to provide for the protection of classified information released to or within U.S. industry, and for other purposes; with amendment (Rept. No. 1945). Referred to the Committee of the Whole House on the State of the Union.

Mr. PILCHER: Committee on Foreign Affairs. Report of the Special Study Mission to the Far East, south Asia, and the Middle East (Rept. No. 1946). Referred to the Committee of the Whole House on the State of the Union.

Mr. FALLON: Committee on Public Works. H.R. 12135. A bill to authorize appropriations for the fiscal years 1964 and 1965 for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes; with amendment (Rept. No. 1948). Referred to the Committee of the Whole House on the State of the Union.

Mr. PATMAN: Committee of conference. S. 3161. An Act to provide for continuation of authority for regulation of exports, and for other purposes (Rept. No. 1949). Ordered to be printed.

Mr. HARRIS: Committee of conference. S. 1969. An Act to amend the Federal Aviation Act of 1958, as amended, to provide for a class of supplemental air carriers, and for other purposes (Rept. No. 1950). Ordered to be printed.

Mr. COOLEY: Committee on Agriculture. S. 3062. An Act to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions; without amendment (Rept. No. 1951). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. Senate Joint Resolution 201. Joint resolution to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed; with amendment (Rept. No. 1952). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LANE: Committee on the Judiciary. H.R. 9603. A bill for the relief of Lt. Comdr. Joseph P. Mannix; with amendment (Rept. No. 1947). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAKER:

H.R. 12345. A bill to provide that all sessions of all courts of the United States be opened with prayer to Almighty God; to the Committee on the Judiciary.

By Mr. McFALL:

H.R. 12346. A bill to amend the act of December 22, 1944, relating to recreation at certain civil works projects of the Corps of Engineers; to the Committee on Public Works.

By Mr. MARTIN of Massachusetts:

H.R. 12347. A bill to provide for the establishment of a National Board of Cancer Control; to the Committee on Interstate and Foreign Commerce.

By Mr. RAINS:

H.R. 12348. A bill to amend section 202 of the Housing Act of 1959 to increase the amount authorized thereunder to be appropriated for loans for the provision of housing for the elderly; to the Committee on Banking and Currency.

By Mr. BURKE of Massachusetts:

H.R. 12349. A bill to provide for the temporary suspension of the duty on cork stoppers; to the Committee on Ways and Means.

H.R. 12350. A bill to provide for the temporary suspension of the duty on corkboard insulation; to the Committee on Ways and Means.

By Mr. PILLION:

H.R. 12351. A bill to amend title III of the act of March 3, 1933, commonly referred to as the "Buy American Act," as it relates to the determination of the reasonability of cost of steel, steel products, and steel materials; to the Committee on Public Works.

By Mr. MADDEN:

H.R. 12352. A bill to amend section 109 of title 38, United States Code, to provide medical care for certain veterans of armed forces allied or associated with the United States during World War I; to the Committee on Veterans' Affairs.

By Mr. MARTIN of Massachusetts:

H.R. 12353. A bill to establish a National Citizenship Commission, and for other purposes; to the Committee on Education and Labor.

By Mr. SANTANGELO:

H.R. 12354. A bill to amend the Internal Revenue Code of 1954 to exempt from the manufacturers' excise tax certain automobiles furnished without charge to schools for use in driver training programs; to the Committee on Ways and Means.

By Mr. EDMONDSON (by request):

H.R. 12355. A bill to amend the law relating to the final disposition of the property of the Choctaw Tribe; to the Committee on Interior and Insular Affairs.

By Mr. CANNON:

H.J. Res. 769. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes.

By Mr. BARING:

H.J. Res. 770. Joint resolution proposing an amendment to the Constitution of the United States pertaining to the offering of prayers in public schools and other public places in the United States; to the Committee on the Judiciary.

By Mr. TOLLEFSON:

H.J. Res. 771. Joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools; to the Committee on the Judiciary.

By Mr. CHELF:

H.J. Res. 772. Joint resolution proposing an amendment to article III, section 1, of the Constitution of the United States, limiting the tenure of office of members of the Supreme Court to 15 years; to the Committee on the Judiciary.

By Mr. MOULDER:

H.J. Res. 773. Joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools; to the Committee on the Judiciary.

By Mr. WIDNALL:

H.J. Res. 774. Joint resolution proposing an amendment to the Constitution of the United States permitting the offering of prayers in public schools; to the Committee on the Judiciary.

By Mr. BOYKIN:

H.J. Res. 775. Joint resolution proposing an amendment to the Constitution relating to the offering of prayers in public schools; to the Committee on the Judiciary.

By Mr. CAREY:

H.J. Res. 776. Joint resolution to authorize the President to proclaim the 13th day of September as Commodore John Barry Day; to the Committee on the Judiciary.

By Mr. CUNNINGHAM:

H.J. Res. 777. Joint resolution proposing an amendment to the Constitution of the United States permitting nonsectarian prayer in public schools or other public places if participation therein is not compulsory; to the Committee on the Judiciary.

By Mr. HIESTAND:

H.J. Res. 778. Joint resolution proposing an amendment to the Constitution of the United States permitting the offering of prayers and the reading of the Bible in public schools in the United States; to the Committee on the Judiciary.

By Mr. KING of California:

H.J. Res. 779. Joint resolution to authorize the President to proclaim the 8th day of February of each year as Boy Scouts of America Day; to the Committee on the Judiciary.

By Mr. MERROW:

H.J. Res. 780. Joint resolution requesting the President to enter into negotiations with Canada with respect to imports of softwood and authorizing the establishment of temporary import quotas for softwood; to the Committee on Ways and Means.

By Mrs. HANSEN:

H.J. Res. 781. Joint resolution requesting the President to enter into negotiations with Canada with respect to imports of softwood, and authorizing the establishment of temporary import quotas for softwood; to the Committee on Ways and Means.

By Mrs. PFOST:

H.J. Res. 782. Joint resolution requesting the President to enter into negotiations with Canada with respect to imports of softwood and authorizing the establishment of temporary import quotas for softwood; to the Committee on Ways and Means.

By Mr. McDOWELL:

H.J. Res. 783. Joint resolution granting consent of Congress to the State of Delaware and the State of New Jersey to enter into a compact to establish the Delaware River and Bay Authority for the development of the area in both States bordering the Delaware River and Bay; to the Committee on the Judiciary.

By Mr. THOMPSON of New Jersey:

H.J. Res. 784. Joint resolution granting consent of Congress to the State of Delaware and the State of New Jersey to enter into a compact to establish the Delaware River and Bay Authority for the development of the area in both States bordering the Delaware River and Bay; to the Committee on the Judiciary.

By Mr. HALPERN:

H. Res. 715. Resolution expressing the sense of the House of Representatives that the President should call a White House Conference on Highway Safety; to the Committee on Interstate and Foreign Commerce.

MEMORIAL

Under clause 4 of rule XXII,

The SPEAKER presented a memorial of the Legislature of the Territory of Guam, memorializing the President and the Congress of the United States relative to requesting the enactment of legislation excluding the territory of Guam from the provisions of the Shipping Act of 1916, as amended, and the Intercoastal Shipping Act of 1933, as amended, which was referred to the Committee on Merchant Marine and Fisheries.

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PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FISHER:

H.R. 12356. A bill for the relief of Mrs. Margaret L. King; to the Committee on the Judiciary.

By Mr. MULTER:

H.R. 12357. A bill for the relief of Halina Szumilas; to the Committee on the Judiciary.

By Mr. O'HARA of Illinois:

H.R. 12358. A bill for the relief of Panagiotis Basile Kladis; to the Committee on the Judiciary.

By Mr. WILSON of California:

H.R. 12359. A bill for the relief of Gabriel Jorge Rocha; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

371. By Mr. HOEVEN: Petition of the Patriotic Evangelical News Service adopted in executive session at Sioux City, Iowa, on May 16, 1962, expressing the sense of its membership that the Congress of the United States should not buy United Nations Bonds in any amount, nor under any circumstances; to the Committee on Foreign Affairs.

372. Also, petition of the Patriotic Evangelical News Service adopted at Sioux City, Iowa, on May 8, 1962, urging repeal of the Reciprocal Trade Act; to the Committee on Ways and Means.

373. By Mr. REUSS: Petition of Operation Support, West Allis, Wis., Unit, Democratic Party, calling upon the Congress to enact the King-Anderson bill providing health care for senior citizens under the social security system; to the Committee on Ways and Means.

* * *

SENATE

THURSDAY, JUNE 28, 1962

The Senate met at 12 o'clock meridian, and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, we come in the assurance, not of our feeble hold of Thee, but of Thy mighty grasp of us.

Whatever the toiling hours of this day upon which we have entered may bring, keep our hearts with Thee as we keep step with Thy will.

Because of Thy sustaining grace, may we face in quiet confidence vexing social problems which our fallible judgments are unable to solve without a wisdom greater than our own.

As stalwart forms disappear from our sight and side, and potent voices are suddenly stilled, we pray that the mantle of those who have fought the good fight and finished the course may fall upon the shoulders of those who in this shrine of each patriot's devotion are striving in the most difficult days of the Republic to make our free land as great in virtue and truth as she is mighty in power.

We ask it in the name of the One whose coming broke the ages in two, and who now is reverenced and adored while the violent are forgotten. Amen.

THE JOURNAL

On request of Mr. Humphrey, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, June 27, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts:

On June 23, 1962:

S. 2990. An act for the relief of Caterina Scalzo (nee LoSchiavo).

On June 25, 1962:

S. 1881. An act for the relief of Maria La Bella;

S. 2143. An act for the relief of Mrs. Eva London Ritt; and

S. 2565. An act for the relief of Michael Najeeb Metry.

On June 27, 1962:

S. 1742. An act to authorize Federal assistance to Guam, American Samoa, and the Trust Territory of the Pacific Islands in major disasters;

S. 2186. An act for the relief of Manuel Arranz Rodriguez;

S. 2340. An act for the relief of Shunichi Aikawa;

S. 2418. An act for the relief of Elaine Rozin Recanati;

S. 2486. An act for the relief of Kim Carey (Timothy Mark Alt);

S. 2562. An act for the relief of Sally Ann Barnett;

S. 2893. An act to declare that certain land of the United States is held by the United States in trust for the Prairie Band of Potawatomi Indians in Kansas; and

S. 2895. An act to provide for the conveyance of certain lands of the Minnesota Chippewa Tribe of Indians to the Little Flower Mission of the Saint Cloud Diocese.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed a joint resolution (H.J. Res. 769) making continuing appropriations for the fiscal year 1963, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H.J. Res. 769) making continuing appropriations for the fiscal year 1963, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. Humphrey, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. Humphrey, and by unanimous consent, the following subcommittees were authorized to meet during the session of the Senate today:

The Subcommittee on Refugees and Escapees of the Committee on the Judiciary.

The Permanent Subcommittee on Investigations of the Committee on Government Operations.

EXECUTIVE SESSION

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nomination on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary:

Ben C. Green, of Ohio, to be U.S. district judge for the northern district of Ohio;

Jesse L. Dobbs, of Texas, to be U.S. marshal for the western district of Texas;

Drew J. T. O'Keefe, of Pennsylvania, to be U.S. attorney for the eastern district of Pennsylvania; and

Roger D. Foley, of Nevada, to be U.S. district judge of the district of Nevada.

EXECUTIVE REPORTS OF COMMITTEE ON ARMED SERVICES

Mr. SALTONSTALL. Mr. President, from the Committee on Armed Services, I report favorably 1,738 nominations in the Regular Army in the grade of major and below. All of these names have already appeared in the Congressional Record, so in order to save the expense of printing on the Executive Calendar, I ask unanimous consent that they be ordered to lie on the Secretary's desk, for the information of any Senator.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations will lie on the desk, as requested by the Senator from Massachusetts.

The nominations are as follows:

Wheeler E. Laird, and sundry other officers, for promotion in the Regular Army of the United States;

Miguel E. Cabezas, and sundry other persons, for appointment in the Regular Army of the United States; and

Robert M. Ake, and sundry other distinguished military students, for appointment in the Regular Army of the United States.

The VICE PRESIDENT. If there be no further reports of committees, the nomination on the Executive Calendar will be stated.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Philip D. Sprouse, of Tennessee, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Cambodia.

The VICE PRESIDENT. Without objection, the nomination is confirmed,

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. HUMPHREY. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the proceedings under the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

EXTENSION OF FEDERAL MEAT INSPECTION

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to extend Federal meat inspection and to permit cooperation with State meat inspection services, and for other purposes (with accompanying papers); to the Committee on Agriculture and Forestry.

AMENDMENT OF SOCIAL SECURITY ACT TO EXTEND FOR 2 MONTHS CERTAIN TEMPORARY PUBLIC ASSISTANCE PROVISIONS

A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Social Security Act and related provisions to extend for 2 months certain temporary public assistance provisions (with an accompanying paper); to the Committee on Finance.

PUBLIC HEALTH SERVICE ORGANIZATION AMENDMENTS OF 1962

A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Public Health Service Act to provide greater flexibility in the organization of the Service, and for other purposes (with an accompanying paper); to the Committee on Labor and Public Welfare.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, with amendments:

H.R. 5144. An act to provide for the acquisition of and the payment for individual Indian and tribal lands of the Lower Brule Sioux Reservation in South Dakota, required by the United States for the Big Bend Dam and Reservoir project on the Missouri River, and for the rehabilitation, social, and economic development of the members of the tribe, and for other purposes; (Rept. No. 1636); and

H.R. 5165. An act to provide for the acquisition of and the payment for individual Indian and tribal lands of the Crow Creek Sioux Reservation in South Dakota, required by the United States for the Big Bend Dam and Reservoir project on the Missouri River, and for the rehabilitation, social, and economic development of the members of the tribe, and for other purposes; (Rept. No. 1637).

By Mr. FONG, from the Committee on the Judiciary, without amendment:

S. 3039. A bill for the relief of Bartola Maria S. La Madrid (Rept. No. 1638).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 1974. A bill for the relief of Stefan Copilu (Rept. No. 1639);

S. 2698. A bill for the relief of Antonio Gutierrez Fernandez (Rept. No. 1640);

S. 2902. A bill for the relief of Sumiko Takahashi (Rept. No. 1641);

S. 2908. A bill for the relief of Rosa Fumarola Balice (Rept. No. 1642);

S. 2992. A bill for the relief of Michelangelo Comito (Natl) (Rept. No. 1643);

S. 3111. A bill for the relief of Ernest Haeusserman (Rept. No. 1644);

S. 3121. A bill for the relief of Dinh Khon Ngo (also known as Robert (kun Ting) Wu) (Rept. No. 1645);

H.R. 1609. An act for the relief of Demitrios Duns (Rept. No. 1646);

H.R. 1899. An act for the relief of Stavros Michael Mourkakos (Rept. No. 1647);

H.R. 2337. An act for the relief of Maria Stella Todaro (Rept. No. 1648);

H.R. 3483. An act for the relief of Mrs. Marguerite de Soepkez (Rept. No. 1649);

H.R. 3492. An act for the relief of Sebastian Sanchez Hermosilla (Rept. No. 1650);

H.R. 3912. An act for the relief of Chikoko Shinagawa (Rept. No. 1651);

H.R. 8862. An act for the relief of Miss Elanore Redi (Rept. No. 1652);

H.R. 9180. An act for the relief of Noreen Joyce Baden (Rept. No. 1653);

H.R. 9468. An act for the relief of Dr. Charles C. Yu (Rept. No. 1654);

H.R. 9588. An act for the relief of Claude Homann-Herimberg (nee Wagner) (Rept. No. 1655); and

H.R. 10960. An act for the relief of Rosina Luisi (Sister Mary Rosina) and Maria Fatibene (Sister M. Valentina) (Rept. No. 1656).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 2807. A bill for the relief of Mrs. Juliane C. Rockenfeller (Rept. No. 1657);

S. 2844. A bill for the relief of Alice Amar Froemming (Rept. No. 1658);

S. 3026. A bill for the relief of Jeno Nagy (Rept. No. 1659);

S. 3144. A bill for the relief of Marcello Chiovelli (Rept. No. 1660);

S. 3177. A bill for the relief of Michael (Mike) Bessler (Rept. No. 1661);

H.R. 1469. An act for the relief of Mrs. Leslie M. Paterson, Janet Paterson, and Mary Paterson (Rept. No. 1662); and

H.R. 7369. An act for the relief of Gerda Godin (Rept. No. 1663).

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments:

S. 1461. A bill for the relief of Krystyna Rataj (Rept. No. 1664);

S. 2835. A bill for the relief of Mrs. Yang Yin (Yang Chee Hung) nee Tsai Sieu Yoeh (Rept. No. 1665); and

S. 3267. A bill for the relief of Gunther M. Hillebrand (Rept. No. 1666).

By Mrs. SMITH of Maine, from the Committee on Armed Services, without amendment:

H.R. 8045. An act to change the name of the Hydrographic Office to United States Naval Oceanographic Office (Rept. No. 1667).

By Mr. FULBRIGHT, from the Committee on Foreign Relations, with an amendment:

H.R. 8982. An act authorizing the Dow Chemical Co. to construct, maintain, and operate a bridge across the Rio Grande at or near Heath Crossing, Tex. (Rept. No. 1668).

By Mr. FULBRIGHT, from the Committee on Foreign Relations, with amendments:

H.R. 9883. An act to authorize the San Benito International Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Tex. (Rept. No. 1666).

INCREASED LIMIT OF EXPENDITURES BY COMMITTEE ON GOVERNMENT OPERATIONS—REPORT OF A COMMITTEE

Mr. McCLELLAN, from the Committee on Government Operations, reported an original resolution (S. Res. 357); which was referred to the Committee on Rules and Administration, as follows:

Resolved, That S. Res. 250, Eighty-seventh Congress, second session, agreed to February 7, 1962, is amended by striking out the amount "$400,000" in line 19, page 5, and inserting in lieu thereof the amount "$500,000".

INCREASED FUNDS FOR INVESTIGATION OF JUVENILE DELINQUENCY—REPORT OF A COMMITTEE

Mr. EASTLAND, from the Committee on the Judiciary, reported an original resolution (S. Res. 358), which was referred to the Committee on Rules and Administration, as follows:

Resolved, That section 4 of S. Res. 265, Eighty-seventh Congress, second session, authorizing an investigation of juvenile delinquency in the United States, agreed to February 7, 1962, is amended by striking out "$178,000" and inserting in lieu thereof "$198,000".

REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON, from the Joint Select Committee on the Disposition of Papers in the Executive Departments, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Archivist of the United States, dated June 18, 1962, that appeared to have no permanent value or historical interest, submitted a report thereon, pursuant to law.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LONG of Missouri:

S. 3482. A bill for the relief of Lila Everts Weber; to the Committee on the Judiciary.

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By Mr. SPARKMAN:

S. 3483. A bill to increase the authorization for loans to provide housing for the elderly; to the Committee on Banking and Currency.

By Mr. CANNON (by request):

S. 3484. A bill to allow a deduction or credit against tax for contributions to national and State political committees; to the Committee on Finance.

S. 3485. A bill to promote the orderly transfer of the executive power in connection with the expiration of the term of office of a President and the inauguration of a new President; to the Committee on Government Operations.

S. 3486. A bill to amend title 39, United States Code, to provide free mailing list services to election boards, registration commissions, political parties, and for other purposes; to the Committee on Post Office and Civil Service.

S. 3487. A bill to provide for the reporting and dissemination of information with regard to contributions and expenditures made for the benefit of persons who seek nomination and election to the offices of President and Vice President, and for other purposes; to the Committee on Rules and Administration.

Mr. CANNON. Mr. President, a fifth legislative recommendation was transmitted by the President to Congress and referred to the Committee on Rules and Administration. That recommendation proposed a suspension, for the 1964 presidential campaign, of equal opportunity requirements of section 315 of the Communications Act of 1934.

I have since learned that the senior Senator from Rhode Island [Mr. PASTORE] has already introduced, on May 29, 1962, Senate Joint Resolution 193 which was referred to the Commerce Committee where it is already under study.

The Presidential proposal is identical, in every respect, to Senate Joint Resolution 193. Thus, the administration's recommendation is now being considered by the Commerce Committee and there is no need to duplicate that effort by the introduction of another identical bill.

CONCURRENT RESOLUTION—PROPOSED IMPROVEMENT OF CONGRESSIONAL RECORD

Mr. CLARK submitted a concurrent resolution (S. Con. Res. 80) authorizing the Joint Committee on Printing to conduct a study of the CONGRESSIONAL RECORD with a view to improving its format, index, typography, and so forth, which was referred to the Committee on Rules and Administration.

(See the above concurrent resolution printed in full when submitted by Mr. CLARK, which appears under a separate heading.)

RESOLUTIONS—INCREASED LIMIT OF EXPENDITURES BY COMMITTEE ON GOVERNMENT OPERATIONS

Mr. McCLELLAN, from the Committee on Government Operations, reported an original resolution (S. Res. 357) increasing the limit of expenditures by the Committee on Government Operations under Senate Resolution 250, 87th Congress, which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full when reported by Mr. MCCLELLAN, which appears under the heading "Reports of Committees.")

INCREASED FUNDS FOR INVESTIGATION OF JUVENILE DELINQUENCY

Mr. EASTLAND, from the Committee on the Judiciary, reported an original resolution (S. Res. 358) to increase the amount of funds for the investigation of juvenile delinquency, which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full when reported by Mr. EASTLAND, which appears under the heading "Reports of Committees.")

MODERNIZATION OF THE CONGRESSIONAL RECORD

Mr. CLARK. Mr. President, ever since I first came to the Senate I have received complaints from readers of the CONGRESSIONAL RECORD about its form and also its content. There are in our country a few devoted readers of the CONGRESSIONAL RECORD and, I suspect, a somewhat larger captive audience of those who feel they must read the CONGRESSIONAL RECORD in order to be fully aware of what is going on in the Senate and in the other body. But I think it is fair to say that the CONGRESSIONAL RECORD as a news medium or, indeed, as an efficient method of disseminating to the country what is going on in both Houses of Congress, has few, if any, stanch supporters.

On June 18 Representative EDITH GREEN of Oregon submitted a concurrent resolution in the House of Representatives. The concurrent resolution recites the need for a careful study of the form and content of the CONGRESSIONAL RECORD in order to modernize it, to bring it up to date, and to make it a more effective instrument for advising the country as to what goes on in the Congress.

The concurrent resolution would provide that the Joint Committee on Printing should conduct a study of the CONGRESSIONAL RECORD with a view to improving its format, index, typography, organization of materials, and other aspects relevant to such a study; and it suggests that the Joint Committee on Printing should call upon experts in the communications media and public spirited citizens, including civic and governmental officials and scholars, for consultation and advice.

I am heartily in favor of the concurrent resolution submitted by Mrs. GREEN. Accordingly, I submit for appropriate referral an identical concurrent resolution, which I hope will meet with somewhat greater favor than the proposed changes in the rules of the Senate which I have from time to time advocated have met in the past and are meeting at present.

Mr. President, I ask unanimous consent also that a fine editorial published in the Washington Post of June 27, entitled "Brightening the RECORD," commending Representative GREEN of Oregon for her concurrent resolution be printed at this point in my remarks.

The VICE PRESIDENT. The concurrent resolution will be received and appropriately referred, and, under the rule, will be printed in the RECORD, and, without objection, the editorial will be printed in the RECORD.

The concurrent resolution (S. Con. Res. 80) was referred to the Committee on Rules and Administration, as follows:

Whereas the CONGRESSIONAL RECORD is established as substantially a verbatim report of proceedings of both Houses of the Congress; and

Whereas Congress is the staging area for the discussion and resolution of the major national issues confronting the United States; and

Whereas this "national dialog" reaches a climax in the passage or the defeat of legislation; and

Whereas thousands among the leaders of our country in both public and private stations depend upon the CONGRESSIONAL RECORD for details of these dialogs: Therefore be it

Resolved, That the Joint Committee on Printing, which is assigned control and supervision of the RECORD under sections 181 and 182 of chapter 6, title 44, United States Code, conduct a study of the CONGRESSIONAL RECORD with a view to improving its format, index, typography, organization of materials, and other aspects relevant to such a study; and be it further

Resolved, That the Joint Committee on Printing, if it deems it provident, shall call upon experts in the communications media and possibly public spirited citizens, such as civic leaders, Government officials, and scholars, to sit as an advisory committee in order to render such help as may be needed; and be it further

Resolved, That the Joint Committee on Printing shall, if it deems it advisable, be empowered to incur whatever expenditures are necessary to the proper carrying out of this study, but that in no event shall the sum exceed the amount of $50,000; and be it further

Resolved, That the joint committee shall report its findings to the Congress within one year after date of passage of this concurrent resolution.

The editorial presented by Mr. CLARK is as follows:

[From the Washington Post, June 27, 1962]

BRIGHTENING THE RECORD

Does the CONGRESSIONAL RECORD have to be so typographically dull, so difficult to use and so hard on the eyes? Representative EDITH GREEN thinks not, and she has introduced a concurrent resolution that would enable Congress to do something about improving the RECORD. The resolution authorizes the appointment of a citizens' advisory committee that would study the format and organization of the RECORD. It is Mrs. GREEN's hope that a proper table of contents would help the daily user; she also suggests that the binding be changed so that pages may be removed without employing surgical instruments.

The suggestion is worthy. The CONGRESSIONAL RECORD has a relatively small but occupationally devoted group of daily readers who have learned to dread exploratory excavations in its pages. Something surely could be done to organize the RECORD more sensibly and to provide a better key to its contents. But we also hope that any proposal for reform would consider abolishing the present custom whereby Members of Congress may alter for the Record the words they utter on the floor. The Record ought to be more attractive and usable. It also ought to be more accurate.

Mr. CLARK. Mr. President, there will be some who will take the concurrent resolution facetiously, but I suggest that we live in a dream world in this body and, to some extent, in the other body. We are full of self-congratulations. We are all such wonderful fellows that we are not really aware of the very critical attitude on the part of many American people toward the obsolete practices, procedures and rules of the Congress. I hope very much indeed that the committee to which the concurrent resolution will be referred, which I assume will be the Committee on Rules and Administration, will really begin to take a careful look at some of the problems about which I have spoken, which I do not believe should any longer be swept under the rug.

PUBLIC WELFARE AMENDMENTS OF 1962—AMENDMENTS

Mr. BUSH submitted amendments, intended to be proposed by him, to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, which were ordered to lie on the table and to be printed.

NOTICE OF RECEIPT OF NOMINATION BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that today the Senate received the nomination of Leonard Unger, of Maryland, a Foreign Service officer of class I, to be Ambassador to the Kingdom of Laos.

In accordance with the committee rule, this pending nomination may not be considered prior to the expiration of 6 days of its receipt in the Senate.

NOTICE OF HEARINGS ON NOMINATIONS OF WILLIAM C. HANSON TO BE U.S. DISTRICT JUDGE, NORTHERN AND SOUTHERN DISTRICT OF IOWA, AND EDWARD J. McMANUS TO BE U.S. DISTRICT JUDGE, NORTHERN DISTRICT OF IOWA

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that public hearings have been scheduled for Tuesday, July 10, 1962, at 10:30 a.m., in room 2228, New Senate Office Building, on the following nominations:

William C. Hanson, of Iowa, to be U.S. district judge, for the northern and southern districts of Iowa—new position; and

Edward J. McManus, of Iowa, to be U.S. district judge, for the northern district of Iowa, vice Henry N. Graven, retired.

At the indicated time and place persons interested in the hearings, may make such representations as may be pertinent.

The subcommittee consists of the Senator from South Carolina [Mr. Johnston], the Senator from Nebraska [Mr. Hruska], and myself, as chairman.

NOTICE OF HEARING ON NOMINATION OF EDWARD C. McLEAN TO BE U.S. DISTRICT JUDGE, SOUTHERN DISTRICT OF NEW YORK

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, July 11, 1962, at 10:30 a.m., in room 2300 New Senate Office Building, on the nomination of Edward C. McLean, of Connecticut, to be U.S. district judge, southern district of New York, vice Edward J. Dimock, retired.

At the indicated time and place persons interested in the hearings may make such representations as may be pertinent.

The subcommittee consists of the Senator from Connecticut [Mr. Dodd], chairman, the Senator from Missouri [Mr. Long], and the Senator from New York [Mr. Keating].

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. ROBERTSON:

Letter addressed to Mr. Charles Mooshian, editor of the Carroll County Times, Westminister, Md.

By Mr. DOUGLAS:

Address delivered by Senator Dodd before the convention of the International Upholsterers' Union of North America, at Cleveland, Ohio, on June 8, 1962; and introductory remarks of Sal B. Hoffman, international president of the Upholsterers' Union of North America.

THE DEBT CEILING

Mr. ROBERTSON. Mr. President, according to the press, the distinguished senior Senator from Virginia [Mr. Byrd] offered in committee an amendment to the House bill that would limit the debt to $306 billion, later to go down to $300 billion, by June next year. According to the press report, that amendment was defeated by a majority of one. I regret that the amendment was defeated, because I would be very glad to support a debt ceiling of $306 billion that would go down to $300 billion next June; but I am not willing to go to $308.

Recently, when the Under Secretary for Monetary Affairs of the Treasury Department, Mr. Roosa, was testifying before the Senate Banking and Currency Committee on a bill to extend the privilege of the Federal Reserve Board to buy up to $5 billion worth of bonds directly from the Treasury, I asked him some questions about what the total obligations to the Government would be, with a view to having some indication of what the debt limit should be.

He testified that he anticipated the maximum demand would come about the middle of December, at which time it would be a little less than $305 billion.

I asked him then why they would not want a ceiling of $306, with the understanding that when new money came into the Treasury at the first of the year, the limit would go back to $300 billion. He said, "We need the leeway of the additional $3 billion."

But, Mr. President, I feel that the debt limit should mean something. It would mean we are not going to invite people to do unnecessary spending. We had a limit of $300 billion, to go back this June 30 to $285 billion. We cannot do it. The debt is now $299 billion. If we put the limit at $308 billion, with the expectation that it will go back to $300 billion, it might stay at $305 or $306 billion, or it might go up to $308 billion. So I say let us try to make the debt ceiling mean something.

The motion of the senior Senator from Virginia lost by one vote. I assume it will be made again on the floor. Let us fix the debt limit at $306 billion, which will give a $1 billion leeway. Of course, if Congress gets reckless and goes above the present budget—which it should not do—we can raise the ceiling again next year. But in the meantime let us not invite anybody to try to reach a debt of $308 billion.

Mr. President, I ask unanimous consent to have published in the Record at this point excerpts from the testimony of Mr. Roosa before our subcommittee when he said he anticipated the peak demand next December would be a little under $305 billion.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

The Chairman. Of course, this committee does not have jurisdiction over the legislation pertaining to how many bonds you can have outstanding at one time. But we are interested because we do have jurisdiction over the Federal Reserve Board, and we have to a large extent delegated to that Board the constitutional power of Congress to coin money and fix its power. By its powers over discount rates, reserve requirements, and open market operations, the Federal Reserve can largely determine the value of our money. Under present law, it can issue money far in excess of what is circulating now, simply by printing a dollar banknote, which is money, against a dollar bond, as long as these notes have a 25-percent gold backing.

The House has recently passed a bill jumping the legal debt limit from $285 billion to $308 billion.

What do you think will be the size of the actual debt by the end of this calendar year?

Mr. Roosa. At the end of this calendar year, 1962, the debt will be very close to $305 billion; the peaks are hard to predict from day to day. Usually the peak occurs at the middle of the month and our present estimate is that that would be $304.9 billion, but this is an estimate that was prepared on the

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basis of the expenditure and revenue estimates in the original budget document. Other changes have occurred and certainly there is a risk already that changes have occurred in expenditures that could involve as much as a half a billion more than that; whether that amount would all be spent before the end of December is doubtful, but we can't be precise within—in these terms—certainly less than a billion dollars on any given date.

The Chairman. In March of this year we raised the debt limit to $300 billion.

Mr. Roosa. Yes, sir.

The Chairman. Doesn't the House bill (H.R. 11990) provide for $308 billion through next March, then for $305 billion through June 24 of next year, and finally for $300 billion for the remainder of fiscal 1963?

Mr. Roosa. The present legislation, sir, as I understand it, will expire at the end of June 1962, so that the only remaining debt limit will be that which stands permanently—the $285 billion, so that there must be given the size of the present debt and the prospective seasonal requirements through the autumn of this year, some legislation in order to validate that. The question is really why should it be $308 billion, I believe.

The Chairman. That is what bothers me.

Mr. Roosa. Yes, sir.

The Chairman. I am willing to vote for whatever is necessary to pay the debts that the Congress has incurred, but I don't want to put a debt limit up $2 or $3 billion above that and invite somebody to see if they can't get up to it. If $306 billion will take care of the debts that the Congress has authorized in the budget that we have been asked to approve, why put an extra $2 billion in there?

Mr. Roosa. The reason for that arises from experience we have had in Treasury administration under the debt limit for the last 10 years. I think you may recall that when you had an opportunity to discuss this with Mr. Baird or Mr. Burgess, my predecessors, they would have explained the same way I am going to, that try as we may the precise timing of these debt requirements cannot, this far in advance, be pinpointed as to individual dates. For simple operating efficiencies the Treasury has asked for, and the Congress has provided, a $3 billion leeway above the expected, best estimate.

The Chairman. I don't challenge that, but the trouble is we have been making much of a farce of debt limitation. It was supposed at one time to mean something; now, if we put $2 or $3 billion more above what you are actually going to spend, it looks as if we are challenging Congress—can you get up to that, and if so, we will raise it still higher.

You are our best money experts. Are you just a little disturbed about the balance-of-payments situation?

Mr. Roosa. Yes, indeed, more than a little.

The Chairman. We will take that up later. Are you a little worried about the possibility of inflation—possibility, not as it now is, but the possibility?

Mr. Roosa. The possibility; yes, sir.

The Chairman. All right. Isn't the gross national product running close now to the annual rate of nearly $550 billion?

Mr. Roosa. Yes, sir.

The Chairman. It didn't go up to the $570 billion that some people thought, but it is at a grand and glorious high.

Mr. Roosa. Yes, sir.

The Chairman. Don't we face a possibility of a $7 or $8 billion deficit in this fiscal year?

Mr. Roosa. Yes, sir; this fiscal year the present estimate is approximately $7 billion.

The Chairman. Don't we face the possibility of deficit in the next fiscal year?

Mr. Roosa. That possibility; yes, sir. But that——

The Chairman. Of course, if we have a tax cut, whatever the deficit is will be that much bigger?

Mr. Roosa. Indeed; yes, sir.

The Chairman. That is right.

So, while we don't have inflation now, and while the speculators on the stock market are making out as though they fear a deflation—we are not in any depression, of course, but they make it sound that one is coming—there is always the possibility that if we would get reckless we could have inflation.

Mr. Roosa. Yes, sir.

The Chairman. Do you, as our top money expert, figure that there is going to be such a great drop in production between now and December that you will have to spend $2 billion more than you anticipate right now, and borrow the money?

Mr. Roosa. No, sir; it isn't for that reason that we ask for this leeway, and find from time to time that we need it. I should make very clear that our present presentation of the request for the $308 billion, in the form in which it has passed the House, would only get by if the budget is balanced in fiscal 1963. The way in which the limit is scaled down in March and again in June could not be satisfied if the budget were out of balance; so I think this formulation has put in a signaling system which makes it imperative, if there is a move away from balance, that a new request would have to be introduced for additional authority on the debt limit in the beginning of calendar 1963. But for the period——

The Chairman. About balancing the budget, do you want to go to the hocus-pocus of saying that the funds we put in so-called public works or Federal buildings or other things of a public character are investments that don't count in the budget?

Mr. Roosa. No, sir; there is a——

The Chairman. It is money out of the Treasury Any way you cut it, we will still end up in a deficit, whether you call it a budget deficit or other kind of a deficit.

Mr. Roosa. I am particularly sensitive to that, sir, because my special responsibility in the Treasury is to borrow the money.

The Chairman. Is to what?

Mr. Roosa. Borrow the money.

The Chairman. Borrow the money?

Mr. Roosa. Borrow the money, whichever way it goes.

The Chairman. That is right.

And are you endorsing the conventional budget? What other kind of budget would you prefer, so that the people you have to borrow money from would know the status of the Government Treasury?

Mr. Roosa. Well, of course, there are these various concepts of the budget. I think all of them serve a purpose. I think it is useful to see the way in which each one would work out. From the point of view particularly of Treasury debt management there are two of these concepts that are relevant. The usual administrative budget is important, primarily important, and it tells us what the change in the outstanding debt will be. Then sometimes there are adjustments between the outstanding debt and the debt held by the public itself because part of the debt may be acquired by trust funds. Those Government trust funds then, when they are introduced as a special item in the calculation, change the budget from the administrative to the cash budget. So, from our point of view in the handling of the debt, it is important for us to know both.

The Chairman. Yes. But isn't it true that you also have outstanding liabilities that are not subject to the debt limit?

Mr. Roosa. Yes, there are a great number of contingent liabilities.

The Chairman. Would you mention some of those? What are the liabilities that are not subject to the debt limit?

Mr. Roosa. There is in preparation, I think, a new tabulation of these because they vary in the degree to which they represent a liability. But as an illustration, of course, the Federal Deposit Insurance Corporation, while already possessing large reserves collected through assessments on the banks, has, in addition, the right to borrow on demand from the Treasury in the event of need, as I recall, an additional $3 billion—the Savings and Loan Insurance Corp., an additional $750 million, and so on. There are a number of these——

The Chairman. But don't let's say "and so on." Give us a total.

Mr. Roosa. The degree to which this liability represents a meaningful liability, of course, varies, and there are a good many which are extremely difficult to think of adding together. One could say that the Treasury is ultimately liable for all of the currency issued by the Federal Reserve System or all of the deposits issued by the banking system. There have been such tabulations made, they get to very large but not very meaningful figures. In more realistic terms, the liabilities that are incurred by Government-sponsored institutions for which the Government has some responsibility, the figure is now between $8 and $9 billion.

The Chairman. Well, that gives us definite information.

Mr. Roosa. Yes, sir.

The Chairman. How has the increase in liabilities not subject to the debt compared with the increase in the debt itself? Have they both been going up by leaps and bounds?

Mr. Roosa. Yes, sir, they have.

The Chairman. They have all been going up?

Mr. Roosa. These have been going up, if anything, percentagewise a little faster. I should have here——

The Chairman. Do you anticipate any immediate change in the amount of Federal securities outstanding that are not subject to the public debt limit?

Mr. Roosa. There is a continuing increase in those. In the last calendar year there has been an increase of about a half a billion dollars, such issues as the Tennessee Valley Authority borrowing another $50 million, and others of that kind. I have a list of the recent ones here if I can put my hand on it, and these, of course, are all carried out under authorizations made by the Congress. The 1963 proposed budget, looking forward in items that may further be approved by the Congress, although action has not yet been taken, include an additional 50 for the TVA, $475 million for FNMA, $40 million for the Bank for Cooperatives, $200 million for the Federal home loan banks, $125 million for the Federal intermediate credit banks, $135 million for the Federal land banks, which, of course, are no longer federally owned at all, and that adds up to a total of a billion dollars. That will increase a total that now is nearly 9 to a total that is nearly 10.

The Chairman. It seems that since a Government bond is as good as Government money, you can exchange one for the other. So we have been investing funds in Government bonds.

Mr. Roosa. Yes, sir.

The Chairman. If we don't pay any regard to the limit of public debt and keep on, what is going to happen to those trust funds?

Mr. Roosa. The trust funds are basically dependent upon the Government's credit.

The Chairman. Of course. Don't you think it is desirable not only for the taxpayers to know what they owe but also for the people who have their trust funds in Government bonds to know what may be the future value of those bonds? Then they can determine whether we have acted wisely in putting the trust fund in Government bonds, or whether we should put them in the bonds of some of these utilities and General Motors and what not?

Mr. ROOSA. Yes, sir. Well, I agree, it just happens that this also is the area of the Treasury which I deal with primarily.

The CHAIRMAN. It might be helpful if you would indicate, for the record, what trust funds you are now managing that have been invested in Government bonds. The biggest is the social security. So we owe it to ourselves, don't we?

Mr. ROOSA. Yes. The principal funds that we are administering and there are—I can just hold up the list from our annual report of the Secretary of the Treasury.

The CHAIRMAN. We are making a record here that somebody might read.

Mr. ROOSA. I will just submit this for the record because it is perhaps longer than you would like to hear and I can read the principal items, if you wish.

The CHAIRMAN. You can do that. But hit the highlights of them now.

(The information referred to follows:)

TRUST FUNDS AND CERTAIN OTHER ACCOUNTS OF THE FEDERAL GOVERNMENT

TABLE 64.—*Holdings of Federal securities*[1] *by Government agencies; and accounts, June 30, 1952–61*

[Par value. In thousands of dollars]

Investments of agencies	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
HANDLED BY THE TREASURY[2]										
Major trust funds and accounts:										
Civil Service Commission:										
Employees health benefits fund										12,324
Employees life insurance fund					[3] 3,137	[3] 8,310	[3] 43,910	[3] 101,888	[3] 149,604	[3] 196,625
Federal Deposit Insurance Corporation	1,422,300	1,510,700	1,612,750	1,711,200	1,815,200	1,919,000	2,034,400	2,158,000	2,291,996	2,430,517
Federal disability insurance trust fund						325,363	1,054,544	1,607,200	2,101,160	2,386,452
Federal employees retirement funds:										
Civil service retirement and disability	4,998,402	5,586,418	5,839,646	6,152,373	6,697,179	7,497,551	8,166,751	9,122,980	9,901,227	11,051,014
Foreign Service retirement and disability	16,592	16,130	15,229	16,558	19,451	22,387	24,252	26,416	29,178	32,180
Judicial survivors annuity						760	1,000	1,104	1,346	1,556
Federal Housing Administration funds:										
Armed services housing mortgage insurance	9,450	12,750	10,550	12,950	12,250	15,500	11,974	11,749	13,454	36,285
Housing insurance	4,450	5,950	3,300	3,300	4,400	7,000	4,648	7,068	7,268	7,318
Housing investment insurance	800	950	800	800	800	850	870	897	907	910
Mutual mortgage insurance	194,167	235,067	212,667	268,267	305,688	363,088	411,326	458,851	501,078	556,223
National defense housing insurance		11,500	8,100	5,100	5,720	5,270	5,200	2,370	1,495	530
Sec. 220 housing insurance				750	750	650	1,100	1,770	2,820	4,300
Sec. 221 housing insurance				750	750	750	900	1,030	920	100
Servicemen's mortgage insurance				750	1,250	2,650	4,100	5,160	8,163	10,413
Title I housing insurance			1,400	1,700	2,400	2,450	2,180	2,070	2,015	2,200
Title I insurance				38,000	44,400	56,350	69,529	77,189	87,308	103,523
War housing insurance	75,900	77,300	20,600	23,200	28,750	30,820	27,222	29,222	34,118	35,232
Federal old-age and survivors insurance trust fund	16,268,637	17,814,387	19,337,092	20,579,051	22,041,438	22,262,664	21,764,964	20,478,466	19,756,158	19,552,914
Federal Savings and Loan Insurance Corporation	209,540	218,240	228,940	241,600	256,690	275,190	294,350	311,000	329,800	363,500
Highway trust fund						404,444	822,226	429,214	1,335	234,034
Postal Savings System	2,558,209	2,481,042	2,246,642	1,907,038	1,741,053	1,459,053	1,206,253	1,052,703	845,703	720,703
Railroad retirement account	2,863,144	3,142,803	3,345,255	3,485,903	3,606,505	3,642,058	3,608,953	3,573,604	3,837,767	3,759,509
Unemployment trust fund	8,644,000	9,236,000	8,988,000	8,442,915	8,700,688	8,974,894	7,719,944	6,710,565	6,660,557	5,719,956
Veterans life insurance funds:										
Government life insurance	1,300,500	1,299,000	1,234,000	1,232,685	1,216,833	1,200,427	1,144,116	1,127,235	1,106,540	1,071,433
National service life insurance	5,190,644	5,249,479	5,272,479	5,345,628	5,481,068	5,570,310	5,665,319	5,741,548	5,803,089	5,759,371
Special term insurance		425	3,025	9,589	20,234	34,082	48,267	66,164	84,613	106,280
Other trust funds and accounts:										
Adjusted service certificate fund	5,115	5,113	4,643	4,580	4,580					
Ainsworth Library Fund, Walter Reed General Hospital	10	10	10	10	10	10	10	10	10	10
Alien property trust fund	4,958	7,200	6,650	4,442	4,567	1,732	984	615	570	570
Canal Zone Postal Savings System	7,100	7,100	7,100	6,850	6,750	6,752	6,250	6,050	5,350	5,050
Central hospital fund, U.S. Army, Office of the Surgeon General	1,570	1,845	1,845	2,045	2,275	2,275	2,075	2,075	1,945	1,945
Comptroller of the Currency				4,140	5,140	5,950	5,950	5,335	5,065	4,749
District of Columbia:										
Department of Occupations and Professions					266					
Fees and other collections, Recreation Board										10
General funds	13,974	26,029	21,994	28,190	31,200	39,996	49,679	32,862	27,862	9,213
Highway fund		5,779	6,757	10,769	11,985	11,760	11,234	5,288		
Miscellaneous trust funds					219	2		10	34	34
Motor vehicle parking fund		527	870	1,194	1,391	1,086	2,077	2,576	2,882	3,378
Redevelopment program, Redevelopment Land Agency						15,324	4,017	5,165	1,361	400
Sanitary sewage works fund				851	1,951	2,134	2,534	729		2,429
Stadium fund, Armory Board									12	10,140
Teachers' retirement and annuity fund	20,310	21,810	23,510	25,434	27,237	28,800	30,626	32,792	34,793	37,088
Water fund	1,773	1,773	1,773	1,673						
Welfare funds							15	15	15	10
Exchange stabilization fund	20,000	20,000	25,000	25,000	95,000	95,000	35,000	87,120	60,000	46,000
Farm tenant mortgage insurance fund	1,250	1,250	1,250	1,250						
Federal ship mortgage insurance escrow fund, maritime activities									45,916	35,282
General post fund, Veterans' Administration	2,666	2,666	2,806	2,806	2,808	2,660	1,734	1,064	1,086	1,288
Individual Indian money deposit fund and trust funds	35,425	34,076	31,831	32,982	33,669	36,081	37,572	42,407	40,541	38,350
Library of Congress trust funds					46	136	16	16		
Longshoremen's and Harbor Workers' Compensation Act, relief and rehabilitation	632	657	727	750	760	772	772	730	690	588
Merchant marine memorial chapel fund				424	424	424	554	509		
National Archives trust fund								102	102	102
National Capital Housing Authority						49	50	4,027	1,482	1,031
National park trust fund	18	18	18	18	18	20	21	21	21	21
Office of Naval Records and History fund		44	44	44	44	44	44	100	100	153
Pershing Hall Memorial fund	190	199	199	199	190	199	199	211	211	211

See footnotes at end of table.

TABLE 64.—*Holdings of Federal securities* [1] *by Government agencies; and accounts, June 30, 1952–61*—Continued

[Par value. In thousands of dollars]

Investments of agencies	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
Other trust funds and accounts—Con.										
Philippine Government pre-1934 bond account	15,138	7,471	6,467	6,351	6,251	5,481	5,166	5,068	1,844	1,571
Preservation of Birthplace of Abraham Lincoln, National Park Service	63	63	63	63	63	63	63	63	64	64
Public Health Service:										
Gift funds	86	86	86	81	81	76	71	71	141	106
Patients' benefit fund, Public Health Service hospitals	7	7	7	7	7	7	7	7	7	7
St. Elizabeths Hospital unconditional gift fund										1
Tennessee Valley Authority									51,289	28,500
U.S. Army and Air Force Motion Picture Service	1,000	500	500							
U.S. Department of the Air Force:										
Cadet fund									r 1	1
General gift fund									r 5	5
U.S. Department of the Army—General gift fund						22	22	22	22	31
U.S. Naval Academy—General gift fund	85	85	85	102	102	102	102	100	100	100
U.S. Naval Academy—Museum fund	1	1	1	1	1	1	1	1	1	1
Workmen's Compensation Act within the District of Columbia, relief and rehabilitation	97	101	101	101	110	110	110	110	110	126
Total handled by the Treasury	43,887,613	47,041,552	48,524,873	49,730,633	52,243,838	54,339,629	54,335,252	53,340,841	53,941,949	54,393,000
HANDLED BY THE AGENCIES [4]										
Banks for cooperatives	43,038	43,038	52,078	42,463	42,463	44,263	42,963	42,963	42,963	45,990
District of Columbia: Miscellaneous trust funds					139	138	140	133	118	116
Farmers Home Administration, State rural rehabilitation funds						217	222	2,816	2,173	836
Federal home loan banks	310,398	378,198	670,254	660,567	1,085,141	1,018,325	1,364,258	1,065,040	1,167,070	1,454,060
Federal Housing Administration, mutual mortgage insurance fund				1,228	14,165	14,165	11,737	6,493	6,493	6,493
Federal intermediate credit banks	48,329	51,252	49,933	59,524	59,524	99,331	99,520	104,535	106,313	107,800
Federal National Mortgage Association	198	154	12	1,479	11,060	36,253	42,333	56,593	72,423	80,203
Housing and Home Finance Administrator liquidating programs						17				
Merchant marine memorial chapel fund						33	33	33	33	
Panama Canal Company	10	15	15	15	15	25	25	25	25	25
Production credit corporations	42,488	44,593	41,761	41,924	39,762	(5)				
Reconstruction Finance Corporation	1,158									
Workmen's Compensation Act within the District of Columbia, relief and rehabilitation									15	
Total handled by agencies	445,618	517,250	814,053	807,200	1,252,269	1,212,766	1,561,241	1,278,632	1,397,626	1,695,543
Total holdings of securities by Government agencies and accounts	44,333,231	47,558,802	49,338,926	50,537,833	53,496,107	55,552,395	55,896,493	[6] 54,619,473	[6] 55,339,576	[6] 56,088,544

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r Revised.

[1] Public debt, and guaranteed obligations of the Federal Government.

[2] For further details of certain of these accounts, see tables 65 through 88.

[3] Includes series F and J savings bonds at current redemption value.

[4] Some of the investment transactions clear through the accounts of the Treasurer of the United States.

[5] Production credit corporations were merged in the Federal intermediate credit banks as of Jan. 1, 1957, pursuant to the act approved July 26, 1956 (12 U.S.C. 1027(a)). Certain assets, including the Federal securities, and the liabilities of the corporations were transferred to the banks.

[6] Excludes securities in the amounts of $19,365,000, $19,222,000, and $19,247,000 held by the Atomic Energy Commission as of June 30, 1959, 1960, and 1961, respectively, which in turn are held by trustees for the protection of certain contractors against financial loss in event of a catastrophe.

Mr. ROOSA. The civil service retirement and disability which now—this is the report as of the end of 1961—has, in terms of funds that are handled by the Treasury, a total of just over $11 billion.

The CHAIRMAN. And how much is the Federal Government delinquent in paying its share of funds into the trust funds? I happen to be on the Appropriations Committee. How much do we owe on that?

Mr. ROOSA. I am not aware of any sidestepping.

The CHAIRMAN. What do you call it when an obligation matures but we don't honor it simply because participants are not drawing out that much right now and we expect that they are going to put in more in the future? We are supposed to put in so much into these trust funds so they will be actuarially sound, but we don't. What do you call that besides sidestepping?

Mr. ROOSA. I am also Chairman of the Investing Board of that body, and I meet with the actuaries twice a year, and we are under the impression that on an actuarial basis and with regard to the accumulation of additional funds over the years as against the incurring of additional obligations that we are on an actuarially sound basis.

The CHAIRMAN. How would you recommend that we meet our recurring obligation to keep these funds actuarially sound, when time after time we have had a budget estimate to pay it in and then we deliberately ignore it and say that we are under the budget. That has been the favorite House way of cutting under the budget by ignoring the liability to the civil service fund.

Mr. ROOSA. Yes, sir; I understand the point now; yes.

The CHAIRMAN. All right.

Mr. ROOSA. Of course, we can't go on doing this. At present the fund is up to this moment sufficiently large; the yield that we are paying on the special Government securities held by the fund is 3¾ percent, and on these assets at this average rate of yield, we are, for the presently foreseeable requirements, actuarially sound.

We will have to be certain, of course, as we go forward in the future, that there is no impairment of the payment by Congress to the fund.

The CHAIRMAN. Now, take these civil service funds, the railroad retirement funds, and the social security funds. When you invest them, do you give them the top paying bonds, the bottom paying bonds, or the medium paying bonds? What kind of bonds do you give them?

Mr. ROOSA. We try in each case to administer them according to the provisions of law affecting each, and so they differ, but I can give you an example. On these larger funds I was mentioning, we now have them so invested that civil service gets an average yield on its special issues at the moment of 3¾ percent; the Federal disability insurance the same; the Federal old age the same; the Government life insurance, 3½ percent; some of these are the result of having more investments committed at an earlier period when interest rates were somewhat different——

Senator BUSH. These are all long-term bonds?

Mr. ROOSA. Yes, sir; the highway trust funds, 3¼ percent; the national service life insurance, 3¼ percent; the unemployment trust fund, because according to law there must be more liquidity, shorter holdings there, the average is 3⅛ percent; and the veterans special term insurance fund is 3⅛ percent; both of those reflecting the fact that it is a higher liquidity composition.

In addition, some of these agencies have another special privilege in their relation with the Government; they are able to hold special notes which bear, as a rule, only 2 percent, but they have the right to turn those in for cash on demand at any time. They get 2 percent, year in and year out, whether the Treasury bill rate is 1 percent or 3 percent.

The CHAIRMAN. What is the total interest you are paying now?

Mr. ROOSA. The total interest on the public debt now is running $9 billion annually.

The CHAIRMAN. I thought it was in the budget for $9.3 billion.

Mr. ROOSA. It is for next year, sir.

The CHAIRMAN. I see. Well, it is going up.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. If we have inflation and prices go up and wages go up, will the cost of borrowing money go up, too?

Mr. ROOSA. With inflation, interest rates always rise, yes.

The CHAIRMAN. Is there anything that the Government can legitimately do to keep interest rates down if Congress deliberately goes ahead and spends money and borrows money and has inflation?

Mr. ROOSA. There are things the Government can legitimately do; there are risks in in trying to do it wrongly, very grave risks.

The CHAIRMAN. After World War II, didn't we in effect force the Federal Reserve Board to buy Government bonds below what their actual interest rates would be if it was a free market?

Mr. ROOSA. Yes, sir.

The CHAIRMAN. All right. You don't favor that, do you?

Mr. ROOSA. No, sir.

The CHAIRMAN. Well, neither do I. I am monopolizing these questions. I think it is a rather interesting subject.

Senator TOWER. Mr. Chairman, may I ask a question?

The CHAIRMAN. Yes. The Senator from Texas.

Mr. TOWER. In your estimation, what effect does the increase in interest on Government debt obligations have on the investment of capital in stocks?

Mr. ROOSA. The Government interest rate, if we have the free market we should have, will vary roughly in line with the rate on all outstanding long-term fixed indebtedness and in general interest rates on fixed indebtedness tend to rise when stock prices rise. This isn't always true, but this is the general pattern. This means that bond prices tend to decline when stock prices rise.

Senator TOWER. Hasn't the general tendency been for interest yield to compete with dividend yield—very favorably, as a matter of fact?

Mr. ROOSA. Yes, sir, and, of course, no one can be so brave, particularly in the presence of an experienced investment banker, as to venture views on the recent developments. But among the factors is certainly the influence coming from interest rates that were higher than the average yield available on purchases of common stock. This, as it became realized, was an influence in shifting new investment funds from further purchases of stock into the purchase of fixed interest obligations, including to some extent Government securities.

The CHAIRMAN. Mr. Secretary, we mentioned your concern about the balance of payments. What do you mean when you use that term "balance of payments"?

Mr. ROOSA. In its broadest sense, the balance of payments is the schedule of our receipts and expenditures that cross the national frontier, the things that we spend money for abroad and the sales we make that provide receipts coming in from abroad. This includes, and this is where the analysis becomes more difficult, not only the sale of goods or the purchase of goods but it includes a whole range of services, it includes the receipt of interest on investment made abroad, or the payment of interest and dividends on stocks held here by foreigners, and it includes such other things as tourist remittances, but this whole total——

The CHAIRMAN. Do you think that our balance-of-payments statistics are adequate to reflect what we are talking about, or do they need some revision?

Mr. ROOSA. I don't mean to be sounding critical of the work now done but I would say that it is not adequate. I think the people who are engaged in this statistical work would agree that for a long time the United States has, in comparative terms, ignored its balance of payments; we have not developed statistical measurements that were equal to the needs we face at the moment. We are making strides, and I would point out that beginning in March of this year for the first time the Survey of Current Business—this is from the Department of Commerce—began to publish what we will now get from now on, a second major table on the balance of payments in which you get a much finer breakdown of the actual exports and imports so that you can tell what we are really selling, what is going abroad as aid shipments and what is being spent abroad because of military authorities.

Those things are now clearly subdivided and we are getting that kind of data for the first time, but we have been at it trying to evolve that since about the 20th of January a year ago. It has only begun now.

We have a number of other things that will come along, but we don't have all we should have yet.

The CHAIRMAN. Of course, it is very misleading if we include our military aid and give-away programs as exports.

What do you mean when you say that we have a deficit in the balance of payments?

Mr. ROOSA. The deficit, again, I apologize for seeming to equivocate, but there are two kinds of deficits.

The CHAIRMAN. I want to hear your comments about them.

Mr. ROOSA. Yes, sir.

The first important one is the overall deficit and that means the difference between the total receipts of the United States and the total out-payments of the United States. That difference—the deficit—is then made up in one of two ways. Either we sell gold—ship gold out in effect in order to pay for the deficit—or we increase our short-term dollar liabilities to foreigners. That means they may hold currency, they may hold Treasury bills, or they may hold bankers acceptances. But it is a short-term liability, the close equivalent of cash.

The CHAIRMAN. All right. The deficit winds up in a reduction in the gold supply if we issue short-term securities and if foreigners buy them and then ask for gold. We have to give them gold, haven't we?

Mr. ROOSA. Yes, sir.

The CHAIRMAN. So a deficit in our balance of payments all winds up as a threat upon our gold supply?

Mr. ROOSA. Yes.

The CHAIRMAN. How much have those deficits caused us to lose in gold in the last 3 years?

Mr. ROOSA. The gold loss has run about $3.5 billion, the deficit has been—well, I better say 3 years plus calendar 1962, then the total of gold becomes larger. If we take calendar 1959, 1960, 1961, and thus far in 1962, the gold loss is in the rough magnitude of $4 billion. I will put the precise figure in. Mr. Morris can check this. And the balance-of-payments deficits, giving rise to this, have been over $3.5 billion for 2 of those years, $2.5 billion last year, and is currently running $1.5 billion.

(The information referred to follows:)

U.S. overall balance-of-payments deficit and portion of deficit representing U.S. gold loss, 1959 to date

[In millions of dollars]

Calendar year	Overall balance-of-payments deficit	Gold loss
1959	3,743	[1] 1,075
1960	3,925	1,703
1961	2,461	857
1962 to date	[2] 1,500	[3] 455

[1] Includes $344,000,000 gold subscription to IMF.

[2] Based on available data at a seasonally adjusted annual rate.

[3] Change in Treasury gold stock through June 15.

The CHAIRMAN. Well, then, the balance-of-payments deficit has exceeded the gold loss?

Mr. ROOSA. Yes, sir.

The CHAIRMAN. Simply because foreigners haven't asked to cash in all of the dollars?

Mr. ROOSA. That is right.

The CHAIRMAN. How many dollars, in terms of private and public short-term demands and whatnot, could they demand gold for? What is the total?

Mr. ROOSA. The total of claims that are almost immediately available is roughly $20 billion. But I should quickly add that that total can be much larger because this figure includes only the short-term holdings of foreigners.

The CHAIRMAN. I heard it was $21 billion.

Mr. ROOSA. That is right, because in addition, we have to include some of the international institutions, but we don't regard them as likely to draw.

The CHAIRMAN. All right, $21 billion that they could demand against our gold. How much gold do we have?

Mr. ROOSA. Our present stock is $16,434 million.

The CHAIRMAN. We have to have a 25-percent backing for Federal Reserve bank deposit liabilities and for Federal Reserve bank notes that are acceptable for all taxes and debts and so forth; how much gold does it take to back our currency?

Mr. ROOSA. The 25-percent requirement now takes in round numbers $11.8 billion, against the notes and deposits.

The CHAIRMAN. When did it drop from $12 billion?

Mr. ROOSA. No; it hasn't dropped from $12 billion. Twelve billion dollars is just a rounded number that has been used.

The CHAIRMAN. Twelve is a rounded number?

Mr. ROOSA. Yes.

The CHAIRMAN. How much free gold does that leave?

Mr. ROOSA. A little over 4½——

The CHAIRMAN. About $4.5 billion against a potential demand of $21 billion. Is it important for us to prevent inflation or not?

Mr. ROOSA. Indeed it is. I would like to make one correction, though, if I may, sir.

I didn't mean to imply that only the $4.5 billion would be available in the event of a gold drain——

The CHAIRMAN. We could borrow a little from the International Monetary Fund maybe.

Mr. ROOSA. No, sir; under the provision, I believe, of the Banking Act of 1935, the Federal Reserve Board may waive the requirements for an initial 30 days, renewing it for successive 2-week periods. Thus in the event there were any concern by foreigners that somehow or other they ought to draw their gold because we are approaching close to a firm and absolute limit, they shouldn't worry. They shouldn't speed up their gold purchases for that reason, because the requirement can be waived.

The CHAIRMAN. The Federal Reserve Board in an emergency can now print money without any gold behind it—is that what you are saying?

Mr. ROOSA. In effect, sir, I'm saying the law allows—it doesn't have to be an emergency—the law allows the Board on its finding to waive the application of the requirement for additional 2-week intervals. This, of course, becomes a matter of public notice and the Board is required in this circumstance to impose a fee or penalty on the Federal Reserve banks for doing so. I make this point only, sir, because this is an important part of the explanation which our foreign holders of dollars should know, if it is in their minds at any time doubtful that the Federal Reserve Board could provide this waiver in the event of a run on gold. It would, of course, increase the chances of a run on gold.

The CHAIRMAN. Well, I don't mean to discount either the wealth or the productive capacity of our Nation. Some persons have suggested that there should be more pay for less work; I don't think this is going to help us. At any rate, we are far from being broke.

You have mentioned the effect of inflation upon the balance of payments. If inflation would happen, foreigners would lose confidence in the dollar. We could then be in a situation requiring us to decide whether to suspend gold reserve requirements, or to revalue the dollar. No matter what we would do would hurt, wouldn't it?

Mr. ROOSA. We can't let ourselves get into the situation where we would have to think of either of those things, so I agree with you emphatically.

The CHAIRMAN. So we have to watch that situation when we vote on how much we are going to raise the debt ceiling. We have to watch that on any proposal to go above the budget and take a second look at some of the budget items. What other steps do you have in mind to protect this diminishing gold supply?

Mr. ROOSA. Our effort is mainly directed toward eliminating the deficit in the balance of payments.

This includes primarily the points you have already been making, that we must avoid inflation, we must keep expanding American industry competitive and improve, if we can, its competitive position—I say we, speaking of the American people, I don't think Government does this by some heroic act of its own—and then in addition we must do all we can to reduce the balance-of-payments burden of our governmental expenditures abroad. We could do that——

The CHAIRMAN. That means we can cut down a little bit on what we give away?

Mr. ROOSA. We are doing it largely by giving away goods in kind, and in that way not making dollars available which can be a drain on our gold.

The CHAIRMAN. I want to recognize at this time one of our advocates of economy. He is a Harvard-trained man in economics and he didn't even want the Congress to authorize a new airplane carrier in the defense appropriation bill because it costs too much. The Senator from Wisconsin.

CENTENNIAL OF MORRILL LAND-GRANT ACT OF 1862

Mr. LONG of Hawaii. Mr. President, next week, on Monday, July 2, the United States will observe the centennial of the enactment of one of its most dramatic departures in education—Abraham Lincoln's approval of the Morrill Land-Grant Act of 1862.

This event, which culminated 5 years of dedicated effort by champions of a federally inspired system of higher learning, ushered in a century of remarkable progress in American education.

During the past 100 years, our land-grant colleges have extended the educational horizons of thousands of Americans, both men and women, fitting them with the skills and perspectives essential to a dynamic economy and to an enlightened society.

There are now 68 land-grant institutions in all 50 States and Puerto Rico. They comprise only 4 percent of our Nation's colleges and universities, but provide instruction to 20 percent of our undergraduates and account for 40 percent of the doctorates awarded.

The Association of State Universities and Land-Grant Colleges is to be congratulated for the outstanding centennial program which it has organized. Since official recognition of this anniversary by both Congress and the President in August, the association has undertaken a complete schedule of special events and special studies, both to commemorate the centennial and to inquire into the opportunities and challenges that all higher education will encounter in the years to come.

I am pleased to say that the University of Hawaii, an active member of the association, is engaged in a full-scale self-evaluation study as a part of the centennial program.

We in Hawaii are proud of our university, the land-grant college for the Pacific. Since its establishment 55 years ago as the college of agriculture and mechanic arts, it has been uniquely important in the modern development of Hawaii.

Its enrollment has doubled to more than 10,000 during the past 10 years, and current estimates foresee a growth to 19,000 students by 1975. More funds have been invested in its physical facilities during the past 4 years than were invested in all prior years together. The university is the only large institution of higher learning in Hawaii and must therefore provide most of the higher educational opportunities for a State population that is one of our Nation's youngest.

Its college of tropical agriculture has been instrumental in the development of one of the world's most highly mechanized and scientifically operated agricultural industries. Even the university's Reserve Officers' Training Corps is unique: it is the only corps in the country entitled to fly a battle streamer, in recognition of its action during the Pearl Harbor attack. As one example of the University of Hawaii's impact upon our citizens, it may be noted that, of the 53 members of both houses of the State legislature who attended college, 40 studied at the university.

But the University of Hawaii promises even more unique educational contributions in the future. The reason is the recent establishment, under the administration of the university, of the center for cultural and technical interchange between East and West.

The East-West Center is an imaginative extension of the land-grant concept of education to the international sphere. At the Center, young men and women from Asia and the Pacific, as well as from the United States, have the opportunity not only to pursue undergraduate and graduate studies but to participate as well in numerous inservice training programs offered by Hawaii business firms and State agencies.

As Vice President JOHNSON has said, the Center gives us an occasion "for an adventure down a new road." It is a refreshing expression of our faith in international understanding and a tribute to the wisdom of the U.S. Congress.

I am indeed pleased to join my colleagues in recognizing the centennial of American land-grant college education and its contributions to our respective States.

VISIT TO THE SENATE BY SIR ALEXANDER BUSTAMANTE, PREMIER OF JAMAICA; HON. DONALD SANGSTER, MINISTER OF FINANCE; HON. EDWARD SEAGA, MINISTER OF DEVELOPMENT AND WELFARE

Mr. HUMPHREY. Mr. President, we are very honored today to have in the Chamber of the U.S. Senate a distinguished visitor and a friend of democracy and a friend of the United States. I refer to Sir Alexander Bustamante, Prime Minister of Jamaica, and certain members of his government.

The Prime Minister has visited with the President. In addition, he has had meetings with the Acting Secretary of State, George Ball; the Secretary of Agriculture, Mr. Freeman; the Secretary of Labor, Mr. Goldberg; and other officials of the U.S. Government who are concerned with Jamaican affairs.

The Prime Minister had a fine visit with our President on Wednesday.

As we know, Jamaica will receive its independence from the United Kingdom August 6, 1962. The Prime Minister is now on his way for discussions and talks with the British authorities in London.

The Prime Minister is accompanied today by Hon. Donald Sangster, Minister of Finance, and by Hon. Edward Seaga, Minister of Development and Welfare.

Mr. President, I ask unanimous consent that biographical notes concerning our distinguished guest, the Premier of Jamaica, may be printed in the RECORD at this point.

There being no objection, the biographical notes were ordered to be printed in the RECORD, as follows:

HON. SIR WILLIAM ALEXANDER BUSTAMANTE, PREMIER OF JAMAICA

Sir Alexander was born in 1884 and educated at schools in Jamaica, at the Royal Academy, Madrid, and LaSalle Extension University, Chicago. He lived and worked abroad for many years. He returned to Jamaica in 1932 and immediately took an interest in public affairs, taking part in various public controversies.

In May 1938 when strikes and labor disputes were occurring all over Jamaica, Sir Alexander assumed leadership of the workers and founded the Bustamante Industrial Trade Union. He was arrested and charged with sedition, but the charge was withdrawn. He called an islandwide strike in 1939 and as a result was interned under the Defence Regulations Act from 1940–42. On his release he reorganized the Bustamante Industrial Trade Union, and later in 1943 he founded the Jamaica Labour Party. Sir Alexander's party won the first (1944) election in Jamaica under universal adult suffrage. He was head of the Government 1944–54 and leader of the opposition 1954–62. Sir Alexander was knighted for service to Jamaica in 1955.

Sir Alexander's Jamaica Labour Party campaigned for Jamaica's secession from the West Indies Federation. Jamaica voted to secede in September 1961.

In April 1962 Sir Alexander's Jamaica Labour Party was again elected to office and will form Jamaica's first Government in Independence. Sir Alexander will be Jamaica's first Prime Minister.

The Premier is responsible for the preindependence planning of matters relating to foreign and Commonwealth affairs and international relations; the preindependence planning of matters relating to defense and the Army and Air Cadet Force.

Mr. HUMPHREY. Mr. President, I extend to Hon. Sir William Alexander Bustamante, Premier of Jamacia, the heartiest greetings of the Senate of the United States and our good wishes.

Mr. President, I move that the Senate stand in recess for 3 minutes, in order that Senators may extend personal felicitations to the Prime Minister.

The motion was agreed to; and (at 12 o'clock and 21 minutes p.m.) the Senate took a recess until 12 o'clock and 24 minutes p.m., when the Senate reassembled, and was called to order by the Vice President.

PRESIDENTIAL REVERSAL OF BUY AMERICAN WAIVER

Mr. HUMPHREY. Mr. President, some time ago there appeared a notice in the American press that an order had been issued in the administration which would have waived the so-called buy-American requirement under our Foreign Aid Act. However, I am happy to note that the President of the United States has overruled some of his associates and subordinates and has restored the buy-American provisions relating to the foreign aid program.

The original notice as to the waiver of the "Buy American" provision related to certain goods which were going to the Government of South Vietnam. The alleged purpose of the original waiver was to permit the Government of South Vietnam to "shop around," so to speak, to try to obtain better bargains in reference to certain commodities.

The President, according to this news story, after studying the situation concerning our foreign aid program in South Vietnam, has taken action to restore the "Buy American" provision. I quote from the news clipping in the New York Times of June 27:

> President Kennedy has reversed a decision made by administration aids last week that would have permitted South Vietnam to spend about $22 million of U.S. aid funds outside the United States.
>
> Instead of approving the waiver of the "Buy American" requirement, the President insisted that U.S. aid should be limited wherever possible to providing American goods and services.
>
> Only by holding cash transfers to a minimum in foreign aid loans and grants can the nation hope to reduce and eventually eliminate the deficit in its international payments, the President said.

Mr. President, I ask unanimous consent that the entire article from the New York Times to which I have referred may be printed in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

"Buy American" Rule Restored for Saigon

(By Felix Belair, Jr.)

Washington, June 26.—President Kennedy has reversed a decision made by administrative aids last week that would have permitted South Vietnam to spend about $22 million of U.S. aid funds outside the United States.

Instead of approving the waiver of the "buy American" requirement, the President insisted that U.S. aid should be limited wherever possible to providing American goods and services.

Only by holding cash transfers to a minimum in foreign aid loans and grants can the Nation hope to reduce and eventually eliminate the deficit in its international payments, the President said.

The international payments position reflects the difference between U.S. receipts from foreigners and U.S. payments to foreigners. Last year there was a deficit of $2,500 million and there was a corresponding loss in the Nation's gold reserves. Cash transfers resulting from U.S. aid operations accounted for $1,300 million of the payments deficit.

As a result of the President's intervention, officials of the Treasury and the Agency for International Development are trying to tighten loan and grant procedures. Their goal is a blanket $1 billion ceiling on net cash transfers resulting from U.S. aid operations.

DILLON AGREES TO EXCEPTION

Last week, Secretary of the Treasury Douglas Dillon and Fowler Hamilton, Director of the Agency for International Development, reluctantly agreed to a proposal advanced by the Saigon Government and strongly supported by Secretary of Defense Robert S. McNamara that $12 million already obligated for aid to South Vietnam be made available without the "Buy American" conditions usually attached.

The money had been authorized in the category of "supporting assistance" and in the form of materials and supplies and industrial machinery for which importers would pay American export prices and turn over the cost in piasters to the treasury of Vietnam.

The local currency thus generated would then be used by the Saigon Government to pay its troops as well as to buy roadbuilding machinery, radio communications equipment and other supplies needed in consolidating areas from which the Communist guerrillas had been driven.

Unless the money was made available without the usual conditions, Saigon warned that it would be forced to retrench and slow its counterinsurgent activities. The South Vietnamese Government said the step was necessary because importers regarded U.S. aid shipments as too expensive to be disposed of at a profit.

Government revenues, which are based mainly on import levies, had fallen to a point where South Vietnam was faced with a budget deficit for the first time in its short history, according to the U.S. aid mission in Saigon.

So impressed was the mission with Saigon's position that the mission proposed that it receive an additional $10 million to buy piasters from the Saigon treasury to make the dollars available for expenditures anywhere in the world.

Secretary McNamara backed the Saigon government's request as an urgent military necessity. Vice President Johnson and Gen. Maxwell Taylor, military representative of the President, endorsed the request. Treasury and United States and sources confirmed that Mr. Dillon and Mr. Hamilton had agreed to the plan.

According to official sources, the President read a newspaper article reporting the agreement. The result, according to these sources, was that the agreement was rescinded.

How much aid money authorized for South Vietnam will be spent outside the United States is conjectural. Officials emphasized, however, that if the "buy American" provision was waived for any of the funds, it would be done only after Treasury and aid officials had evolved a formula to hold down cash transfers.

President Kennedy's reversal of the waiver was a victory for the policies of Secretary Dillon and Mr. Hamilton. The main objection of United States and authorities was that "waivers breed waivers" and an exception for Vietnamese importers might lead to an increase of such a practice.

The Vietnamese importers wanted to buy machinery, fertilizer, and roadbuilding equipment and many other items in Japan, Hong Kong, West Germany, France, and any other countries where equivalent items were available at lower than U.S. prices.

U.S. officials contend that if aid recipients want less expensive imports they should take advantage of export credit facilities available in the countries providing the bargains.

Mr. HUMPHREY. Mr. President, I wish to express my full support of the President's action. I mentioned some time ago in the Senate my concern over the proposal to waive the "Buy American" provision. The American people have a heavy burden of foreign aid. I believe they have the right to expect that whenever it is possible the countries which receive our assistance under foreign aid will utilize those moneys to purchase goods and services from the United States of America. This ought to be particularly true in respect to those countries to which we are extending large amounts of military assistance and military aid, where we have military missions.

The President, in taking the action he has taken, I believe has strengthened the support for the foreign-aid program, and likewise has given notice to persons within the administration, as well as to the countries and the political leaders of the countries which receive our help, that we expect to apply the provisions of foreign aid in a manner which will be helpful to the countries for which the foreign aid is directed or designed, and also helpful to the American economy

CONSUMER PRICE INDEX NOW STEADY

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the Record the report of the Labor Department concerning the Government's Consumer Price Index, as carried in an article published in the New York Times.

There being no objection, the article was ordered to be printed in the Record, as follows:

Price Index Steady After 3-Month Rise

Washington, June 26.—The Government's Consumer Price Index was unchanged in May, the Labor Department reported today.

Robert J. Myers, Deputy Commissioner of Department's Bureau of Labor Statistics, called the pause "a welcome little respite" from the steady rise during the 3 preceding months. In April the index reached a record of 105.2.

Mr. Myers predicted that the index for June would show a slight rise.

Behind the stability of the aggregate figure last month was a myriad of offsetting price movements in individual categories. The principal ones were lower prices for food, solid fuels, and gasoline and higher prices for services and used cars.

The Consumer Price Index measures changes in the prices of about 300 goods and services that city residents buy. The changes are measured against the average of prices in 1957–59, which is taken as a base of 100.

In simple terms, the May index of 105.2 means that living costs are slightly more than 5 percent higher now than they were in the base period.

UP 1.3 PERCENT IN YEAR

Over the year, the index has gone up 1.3 percent. Government price experts do not regard that as excessive, particularly in view of the stability of underlying wholesale prices. These have been steady for 4 years.

The most important increases over the year have been for medical care services, up 2.8 percent; housing, up 1 percent; public transportation, up 3.2 percent; food, up nine-tenths of 1 percent; used cars, up 11.1 percent, and gasoline, including taxes, up 3 percent.

Over the month, average retail food prices dropped two-tenths of 1 percent. The decline was principally the result of lower prices for eggs, meats and poultry, dairy products, and most fresh fruits. Prices of fresh vegetables continued to rise.

Medical care prices rose two-tenths of 1 percent in May. Labor Department price experts attributed the rise to higher professional fees, hospital room rates and health insurance rates. These were partly offset by reductions in the prices of prescriptions and drugs.

Although gasoline prices were down 1 percent in May and new-car prices were down four-tenths of 1 percent, overall transportation prices were up one-tenth of 1 percent, primarily because of a 2-percent rise in used-car prices.

The number of used cars on the market is low in relation to the demand for them. Used-car prices are now nearly 45 percent above the low of March 1956, the Labor Department said.

Clothing prices remained stable in May.

The Labor Department said that about 185,000 workers would receive cost-of-living increases of 1 to 3 cents an hour based on quarterly, semiannual, or annual movements in the index.

The Labor Department also reported today that average spendable weekly earnings of factory workers rose to a record $78.37 in May for workers without dependents and $8[illegible].05 for those with three dependents. The previous record of $78.04 and $85.70, respectively, was set last December.

The rise—50 cents over the month and $4 in the year—was attributed to a longer workweek and higher hourly earnings.

Real spendable earnings, which are spendable earnings adjusted for changes in the price index, were about 4 percent higher in May than in May of 1961.

INDEX DECLINES HERE

The Consumer Price Index for New York City declined 0.3 percent in May, to 105.7. This was the first dip since November 1961, when a decline of 0.1 percent was recorded.

Last month's decrease reflected lower average prices for food, housing, apparel, and personal goods and services. The housing index did not include rent, for which figures were not available. Increases were reported for medical care and transportation.

A drop of 1 percent in food prices was attributed primarily to lower prices for meats and dairy products. Lower average prices were recorded for milk, down 1 cent a quart; oranges, down 7 cents a dozen; eggs, down 2 cents a dozen; chuck roast, down 3 cents a pound; frying chickens, down 1 cent a pound, and fresh strawberries, down 14 cents a pint.

Higher food prices were reported for lettuce, up 7 cents a head; fresh tomatoes, up 3 cents a pound; and apples, up 1 cent a pound.

Higher average prices also were reported for gas ranges, broadloom carpeting, vinyl floor covering, house reshingling, men's shoes, and used cars.

Lower prices were reported for anthracite coal, fuel oil No. 2, sheets, dinette sets, mortgage interest rates, women's hose, and toothpaste.

Medical care, at 114.7, reached a new high.

Mr. HUMPHREY. Mr. President, I am happy to note that the Consumer Price Index has been steady in the past month. There has been no inflation. In fact, the specter of inflation seems to have been relegated for some time to the past.

This is a reassuring note both for consumers and for investors. I am hopeful that this kind of economic good news will help in a very substantial way to restore confidence in the market.

Mr. President, on that same note I ask unanimous consent to have an article which was published in the Wall Street Journal entitled "How's Business?" printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DESPITE STOCK MARKET PLUNGE, THE ECONOMY HAS MANY BRIGHT SPOTS

(By Alfred D. Malabre, Jr.)

How's business?

Stockholders writhe in a shakeout of high-flying stocks. Economists speak of a mild recession next year. Washington worries over a lack of "growth."

Against this background a glance at major measures of the economy as things stand at the latest reading shows little evidence of illness.

Personal income is at a record level. So is consumer spending. So is industrial production. So is nonfarm employment.

The economy has kept on growing long after passing the peak of the 1958-60 recovery, reached in May 1960. It has marched briskly forward since the pit of the 1960-61 recession, reached in February 1961.

KEY INDICATORS COMPARED

Some key measurements of the economy appear in the table below. Dollars are in billions. Industrial output is a percentage of the 1957 average. Nonfarm employment is in millions, housing starts in thousands. Consumer spending and corporate profits are for the second quarter of 1960 and the first quarters of 1961 and 1962. Current totals are for May in categories reported monthly. Annual rates are used, except for retail sales, which are monthly. Seasonal adjustments are made.

	May 1960	February 1961	Latest
Personal income	$403. 6	$403. 1	$440
Consumer spending	$329. 9	$330. 7	$352
Corporation profits	$23. 3	$20	$26
Retail sales	$18. 5	$17. 8	$19. 5
Industrial output	109	102	118
Nonfarm employment	61. 4	60. 9	62. 8
Housing starts	1, 338	1, 160	1, 587

The sharp drops in the stock market recently, of course, cast a pall over the healthy glow of the latest figures. Many of the Nation's 16 million stockowners have seen much of their assets wiped out in recent weeks. They're likely, as a result, to spend less in coming months than they otherwise would. Moreover, other consumers, worried by the stock market, may also decide to cut down spending.

For the time being, however, there's little question that business, generally, looks good. Here's a capsuled review of some key parts of the economic picture:

Inventories: The supply of durable goods held by manufacturers to meet demand is considerably smaller in relation to sales than either a year ago or in February 1961, at the trough of the 1960-61 recession, latest figures indicate.

At last count in April, durable goods inventories of manufacturers amounted to $32.5 billion, or 1.98 times the $16.4 billion April sales of such goods.

A year earlier, by comparison, durable goods inventories totaled 2.14 times monthly sales. And in February 1961, the inventory-to-sales ratio was 2.30.

Retail sales are at a near-record clip. The May total was 1 percent below April but higher than in any other month on record, after adjustment for seasonal factors.

Sales of automobiles and appliances are booming. Shipments to dealers of refrigerators, ranges, freezers, air conditioners and home laundry equipment were 23 percent higher in May than in the comparable 1961 period. Automobile sales in the first third of June totaled 20,247 cars, up 21 percent from a year before. Auto industry economists talk confidently of full-year car sales around the 6.9 million mark, 17 percent above 1961. A sluggish item: Furniture.

Construction is a bright spot. Housing starts in May, at a 1,587,000 annual rate, were 3 percent higher than in April and 23 percent above May 1961. The latest total is the highest recorded since the debut of the Government's current housing starts series in January 1959.

Contract awards for construction work were 18 percent higher in the first 4 months of this year than in the comparable 1961 period, according to F. W. Dodge Corp., a construction industry statistical service. The April total was 17 percent above a year earlier.

Construction contracts, of course, foreshadow the actual start of building activity. Construction contracts awarded for commercial and industrial buildings are among the so-called leading indicators of business cycles, developed by the National Bureau of Economic Research, a nonprofit business research organization. Such indicators supposedly signal movements of the economy.

Consumer income: On a per person basis, disposable personal income of consumers is on the rise. In the first quarter of this year, it reached a record $2,039 annual rate, up from $2,032 the previous quarter and $1,940 in the like 1961 quarter.

Over the long term, per capita income also has moved ahead, even after allowing for price increases. In terms of 1961 prices, it totaled $2,021 on a yearly basis in the first 1962 quarter, compared with only $1,692 in 1950.

The average weekly pay of factory workers is also increasing. It climbed to a record $97.20 in May, up from $89.31 in February 1961 and $91.37 in May 1960, at the peak of the last business expansion.

Despite many signs of bounce in the Nation's business, there are also factors, besides the stock market, causing concern among economists and businessmen. Here are a few:

Unemployment: Although nonfarm employment is at a record, many months of expansion have failed to cut unemployment sharply. In mid-May, 5.4 percent of the civilian labor force wanted work, but said they couldn't find any. That's well below the 6.8 percent recession rate of February 1961. But it's considerably higher than at comparable periods in previous postwar expansion cycles. The unemployment rate after 15 months of the 1958-60 expansion—a weak upturn—was 5.1 percent.

The current rate, however, is still far below the depressed level from 1931 to 1940 when unemployment never dipped lower than 14.3 percent of the labor force.

New orders for durable goods, considered a key barometer of business weather, have weakened in recent months. After hitting $16.4 billion in January, after seasonal adjustment, they steadily declined to $15.8 billion in April. Orders in May remained at the April level.

The backlog of durable goods orders at the end of last month was $44.4 billion, $1.1 billion below April and down for the third consecutive month. The end-of-May backlog, however, still was $1.8 million above a year earlier.

Steel: Despite the fact some of its key customers—appliance makers, auto producers, and contractors—are enjoying booms, the steel industry is operating at about half of its full capacity. Many steel executives fear operations will sink below 50 percent of capacity in the weeks ahead. They anticipate a moderate pickup later in the year.

The low production rate in the steel industry may partly reflect inroads by competitors, as well as sluggish demand, some observers say. Several days ago, for example, Aluminum Co. of America announced plans to lift its production to 86 percent of capacity next month. The company's current rate is about 82 percent of capacity. A few days before, Kaiser Aluminum & Chemical Corp. announced plans to increase its output of refined aluminum to 90 percent of capacity from 86 percent.

Corporate profits: In the first quarter, after-tax profits of corporations, though above the recession level of a year before, fell to a $26 billion annual rate, down from a record $26.5 billion in the previous quarter. Corporate profits are among the leading indicators of business activity.

Profit margins of manufacturers, moreover, narrowed to 4.3 percent of sales in the first quarter, down from 4.8 percent in the previous 3 months.

The squeeze on profits, many economists fear, will crimp business spending for plant and equipment in the months ahead. Businessmen spent about $35.7 billion on an annual basis on plant and equipment in the first quarter, according to estimates. That's slightly higher than the level of the previous few years, but under 1957's record $36.96 billion total.

It has been hoped plant and equipment expenditures will provide steam for the economy in the months ahead, if consumer spending starts to lag.

Mr. HUMPHREY. This particular article notes that personal income, jobs, and factory output are at alltime highs. I quote in part from the article:

Personal income is at a record level. So is consumer spending. So is industrial production. So is nonfarm employment.

The economy has kept on growing long after passing the peak of the 1958–60 recovery, reached in May 1960. It has marched briskly forward since the pit of the 1960–61 recession, reached in February 1961.

I also note that one of the most encouraging signs is that businessmen are spending about $35.7 billion on an annual basis on plant and equipment in the first quarter of this year, according to estimates.

That is slightly higher than the level of the previous few years, but it is under the 1957 record of $36,960 million. Those figures indicate that the economy is essentially strong, as I have said in the Senate on other occasions. Despite the gyrations and downward trend of the stock market in recent weeks, every index of the American economy, every factor that can be analyzed, indicates a basic health in the economy. Farm income is up, jobs are up, retail sales are improving, automobile sales are moving at the rate of approximately 7 million cars a year. Housing construction is now well over a million and a half units. Industrial production is up. Consumer saving is at an alltime high. As I pointed out, when we add to those factors the fact that corporation profits are running at approximately $26 billion a year after taxes, the American economy is moving ahead in a steady course.

The only question that we must face is whether or not the rate of growth and expansion is adequate. It is the contention of the Senator from Minnesota, as I have said in public meetings as well as in the Senate, that we must step up the rate of growth. So long as we have a rate of unemployment over 5 percent, and so long as approximately 8 percent of our industrial plant remains unused, there is need for further acceleration of the economy.

For that reason I have been a stanch advocate of tax reduction, both corporate and individual, this year, feeling that such a reduction would have a stimulating effect upon the economy, accelerate its growth, improve the job situation, and expand investment. I believe it would do much to put us in a forward movement that would sustain the economic growth for many months and years to come.

The kind of reduction I have advocated would not unbalance the budget. If it were to unbalance the budget any further, it would be for only a brief period, because, after all, tax revenues are based upon the total vitality, the gross national product, and the total business activity of the American economy. I hope the administration will keep a watchful eye on the economy; and as we watch and analyze it, if we sense that there is a sizable or significant drop, we will not hesitate a single day, but will move with a modest reduction of both corporate and individual income tax levies to permit the economy to have a greater flow of free cash for the purposes of consumer spending and capital improvement and investment.

Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

BLESSINGS OF A FREE SOCIETY UNDER GOD

Mr. STENNIS. Mr. President, at a recent breakfast group meeting of Senators, the Senator from Georgia [Mr. TALMADGE] made a brief talk concerning the dignity and blessings which flow to the American people through their right to labor at tasks of their own choosing in a free society under God.

As always, the Senator's address was timely, clear and forceful, and this message particularly was filled with logic and wise counsel. I commend its reading to the membership of this body and to the American people, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

BLESSINGS OF A FREE SOCIETY UNDER GOD

(An address by Senator TALMADGE, of Georgia)

My friends, at no time in our history as a free nation have events made us more aware of the continuing threat of the godless forces of the world to destroy us and our liberty under God.

It is important, therefore, that we and all Americans never take for granted the all-important difference which distinguishes our way of life from the enslavement of communism—the right to live, work, and worship in freedom, in dignity and in accordance with the dictates of our consciences.

This morning I would like to direct our thoughts to the blessings which are ours through the right to labor at tasks of our own choosing in a free society.

Here in America we have perfected a nation free of the slave-master relationship.

Here in America we have perfected an economic system in which labor and capital meet on equal terms and work together for the benefit of both.

Here in America we have perfected a society in which the individual can determine his own destiny and enjoy the fruits of his own labor.

That our system of free enterprise is the embodiment of God's will for man is attested to by no less a spokesman than the inspired St. Paul himself. For he wrote in his "First Letter to the Corinthians," verses seven through nine:

"So then neither is he that planteth anything, neither he that watereth; but God that giveth the increase.

"Now he that planteth and he that watereth are one; and every man shall receive his own reward according to his labor.

"For we are laborers together with God."

There in one brief passage we have a clear exposition of the divine ordination of the labor-management relationship—that one cannot exist without the other any more than the seed can grow without the soil or the plant thrive without the sun.

It stands in sharp contrast with the Communist ideology that each man will work only according to his ability and all men will receive according to their needs.

That is nothing more than a high-sounding definition of slavery.

The contrast leaves no room to wonder why the atheists of the Kremlin have sworn our destruction. It is a contrast so marked that it can be maintained short of our destruction only by the walls, bayonets, and tanks of an Iron Curtain.

When engaged in the performance of a particularly demanding task, it is perhaps difficult to think of work as a blessing. But in surveying its completion there comes the satisfaction of a job well done and, in enjoying its reward, the value of it becomes apparent.

Even Almighty God experienced that satisfaction, for it is recorded in the very first chapter of the Bible that at the end of each day of creation, He looked back upon His handiwork and "saw that it was good."

It is true that physical toil was ordained by God as the primeval curse after the sin of Adam and Eve. At that time, He condemned man to earn his bread by the sweat of his brow. But, happily, labor—instead of being an everlasting and degrading curse—rather has become a blessing which the Scriptures definitely show to be pleasing to the Lord.

In Ecclesiastes Solomon characterized labor as the gift of God and said that man should

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rejoice in it. He also observed in Proverbs that "he that gathereth by labour shall increase."

Jesus, himself, prepared for His life's ministry by working as a carpenter. He demonstrated His feeling for the working man in His declaration to His Disciples that "the labourer is worthy of his hire" (Luke 10:7).

The critics of Jesus sneered at him for being a lowly carpenter. But who can cite the name of a single one of them? History has forgotten them, while all enlightened mankind gives thanks to a merciful and all-seeing God for the inspiration and hope given us by the hands of the Carpenter.

Aside from intangible satisfaction and material rewards, work gives purpose to life. As Theodore Roosevelt declared in his Labor Day address in 1903:

"No man needs sympathy because he has to work * * * Far and away the best prize that life offers is the chance to work hard at work worth doing."

A pundit once thought he was being very clever in observing: "I like work; it fascinates me. I can sit and look at it for hours." But he was put in his place by another who retorted: "Doing nothing is the most tiresome thing in the world, because you can't quit and rest."

The story is told of a newspaper's interview with three men working on the same job. Each was asked what he was doing.

"I'm making $5 a day," said the first.

"I'm cutting stone," replied the second.

"I'm building a cathedral," answered the third.

They were all earning the same wage. They were all cutting stone. They were all working on a cathedral. But one held it in his mind that he was helping build a great edifice. For him work gave purpose to his life.

It was purpose which animated Ignatius Loyola to endure persecution, captivity, and physical suffering and he persisted to found the Society of Jesus which has had a remarkable influence on the history of the world.

It was purpose which motivated Martin Luther to achieve the Reformation.

It was purpose which placed Oliver Cromwell on the seat of the English kings.

It was purpose which led Mohammed to build a mighty empire and fix the firm foundation of a new creed.

History is replete with examples of the fact that the man who concentrates his energies upon the fulfillment of a goal will assuredly wring success from the hands of a reluctant fortune. Such a man views impossibilities as challenges.

No man ever encountered and disproved more "impossibilities" than Thomas A. Edison. And, commenting upon his successes, he said:

"I never did anything worth doing by accident, nor did any of my inventions come by accident; they came by work."

Napoleon exclaimed that "there is nothing impossible. It is a word only found in the dictionary of fools."

A great newspaper once observed editorially that the difference between genius and mediocrity is purpose—"for true genius has, what mediocrity usually wants, the capacity for labor."

Or as aptly expressed by John Ramsey McCulloch:

"It is to labor and to labor only, that man owes everything of exchangeable value. Labor is the talisman that has raised him from the condition of the savage; that has changed the desert and the forest into cultivated fields; that has covered the earth with cities, and the ocean with ships; that has given us plenty, comfort and elegance, instead of want, misery, and barbarism."

The thought was put into moving verse by Angela Morgan in her "Battle Hymn of Labor" thusly:

Work.
Thank God for the swing of it,
For the clamoring, hammering ring of it,
Passion and labor daily hurled
On the mighty anvils of the world
Oh, what is so fierce as the flame of it?
And what is so huge as the aim of it?
Thundering on through dearth and doubt,
Calling the plan of the Maker out.
Work, the Titan, the friend,
Shaping the earth to a glorious end,
Draining the swamps and blasting the hills,
Doing whatever the spirit wills—
Rendering a continent apart,
To answer the dream of the Master heart.
Thank God for a world where none may shirk—
Thank God for the splendor of work.

Someone once remarked that perfect freedom is reserved for the man who lives by his own work and in that work does what he wants to do.

What better summation could there be of the American heritage of free enterprise?

It is a heritage unmatched by all the achievements of all the civilizations history heretofore has recorded.

It is a heritage summarized by the proclamation in the preamble to the Clayton Antitrust Act that "the labor of a human being is not a commodity or article of commerce."

It is a heritage which, according to Grover Cleveland, "recognizes the dignity of labor and the fact that honor lies in honest toil."

It is a heritage which demands our dedication to improve and our determination to protect and preserve.

The cherished gains which have made the American system of free enterprise the envy and ideal of a troubled world must never be sacrificed or compromised.

As Americans and as Christians we have no higher duty to ourselves, our country, our freedom, and our God. To that end our unwavering resolve should be to pledge—as did our Founding Fathers—our lives, our fortunes, and our sacred honor.

And in so doing we can say with the great poet, Henry Van Dyke, in his "Gospel of Labor":

He cancels the curse of Eden, and brings them a blessing instead,
Blessed are they that labor for Jesus partakes of their bread, He puts His hand to their burdens, He enters their homes at night:
Who does his best shall have as his guest the Master of life and light.
And courage will come with His presence, and patience return at His touch;
And manifold sins be forgiven to those who love Him much;
And the cries of envy and anger will change to the songs of cheer,
For the toiling age will forget its rage
When the Prince of Peace draws near.
This is the gospel of labor, ring it, ye bells of the kirk—
The Lord of Love comes down from above to live with the men who work,
This is the rose that He painted, here in the thorn cursed soil—
Heaven is blessed with perfect rest, but the blessing of earth is toil.

FISCAL PROBLEMS OF CANADA

Mr. BENNETT. Mr. President, the Chicago Daily Tribune for June 26 had a first-page editorial concerning the fiscal problems now faced by the Government of our neighboring nation of Canada. I believe this editorial merits study by every Member of Congress, and I ask unanimous consent that it may appear in the Record at this point.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

The Writing on the Wall

If ever there has been handwriting on the wall with an urgent warning for Washington, it has been provided by the Government of Canada in the desperate measures it has been obliged to take in order to shore up an already devalued dollar. Loans and credits of more than $1 billion have been obtained from foreign governments and international agencies to reinforce the Canadian reserve in gold and U.S. dollars, which has dwindled to $1,100 million.

Ironically enough, the United States has committed $650 million to Canada's effort to defend her national currency—$250 million from the Federal Reserve System and $400 million from the Export-Import Bank. This help is extended at a time when the American economic position is at least as precarious as that of Canada, with constant deficits, soaring debt, a chronic deficit in the international balance of payments, and mounting distrust of the U.S. dollar abroad.

The ills that plague Canada are precisely those which are undermining the United States. In 6 years the government of Prime Minister Diefenbaker has run up deficits of $3 billion (the equivalent of 42 billion in U.S. budget). The Canadian budget will continue in deficit this year, despite emergency measures by the prime minister to reduce spending by $250 million and to impose stiff import surcharges.

All of these frantic exertions to put Canada's house in order to follow the drastic resort to devaluation of May 2, when the Canadian dollar, which a little more than a year ago was worth $1.01 in the United States, was scaled down to 92½ cents. That action, more than any other, explained the results of last week's election, when Diefenbaker's Progressive Conservatives, installed at Ottawa only 4 years ago with the greatest majority since Canada became a federated nation almost a century ago, was reduced to a minority government, dependent on an uneasy coalition in order to maintain its hold on power.

Confidence in the Government dissipated, and the Prime Minister, in his announcement of the loans and credits obtained to defend the currency, was compelled to admit the fact. He referred to "an increasing degree of uncertainty and instability in the financial markets" and to the fact that "dealings in the exchange markets have been exceptionally large." The drain on Canadian reserves in the first 3 weeks of June has been estimated at $300 million.

Exactly these same symptoms have been increasingly apparent in the United States. In the week ending last Wednesday the deficit in our balance-of-payments position was $224 million in 7 days. The steady decline in the stock market manifested impaired public confidence. European central banks have set a deadline of next December 31 as the date on which they will no longer add to their holdings in dollars. This is a clear warning that the American Government has until then to reform its economic policies.

Add to all this the plain lesson from Canada, and the need for immediate correction is insistent. Yet the Kennedy administration goes its heedless way, and Congress vacillates and yields. It takes White House dictation to throw another $4½ to $5 billion after the $85 billion already gone glimmering in foreign aid, and even the Republicans aren't restive under administration instructions not to cut a dime. Congress appropriates for moon shots and missiles as if there were no tomorrow, and entertains endless proposals for more welfare spending.

The administration grasps for its cut of dividends and interest before they even reach the taxpayer's hands, and it reaches out for oversea earnings of American corporations before the money can be repatriated.

The day of reckoning is at hand, as the example of Canada tells us unmistakably. We had better heed the writing on the wall.

GOD AND THE LAW

Mr. BEALL. Mr. President, yesterday it was my privilege to introduce a proposed constitutional amendment to allow our Nation's public schools to provide for periods of voluntary, nonsectarian prayer.

At the time I attempted to stress several points: First, that my action was definitely not an attack on the Supreme Court, its members, or its decisions; second, that my proposal was aimed solely at the Supreme Court decision in the New York school case; and, finally, that my sole purpose in introducing the bill was to return this Nation through the orderly processes of law to a condition which we thought was protected rather than denied by the Constitution.

Many views have been expressed concerning the Court's decision, its possible implications, and proposed actions to reverse it, and some of the most thought-provoking were included in an editorial entitled "God and the Law," written by William Randolph Hearst, Jr. I read this editorial in yesterday's Baltimore News-Post and it is my understanding that it was printed in all Hearst papers. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

GOD AND THE LAW

The Hearst newspapers believe that the U.S. Supreme Court decision outlawing a school prayer is a misinterpretation of the Constitution.

Using the religious liberty guarantee in the first amendment as its reason, the ruling is a deprivation of liberty and a denial of the Nation's basic faith in God.

We urge immediate use of the recourse provided by the Constitution—formal amendment—to insure that the letter of the law is not again used to negate the intent of the Founding Fathers who wrote it. We will support such amendment as it is initiated in Congress.

Although the Supreme Court ruling was made in the case of a prayer in the New York State public schools, legal authorities agree that the decision has wider effect.

It could be applied to cover not only schools, but prayer in connection with any governmental or public function.

The same thinking could prohibit mention of God in public ceremonies, thus striking at court oaths, legislative formalities—even the words "In God We Trust" on U.S. coinage.

The New York school prayer had been carefully worded to avoid offending any minority faith. It was nonsectarian and not mandatory for any child. Here it is:

"Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country."

The first amendment bans any law "respecting an establishment of religion or prohibiting the free exercise thereof." Its authors, led by James Madison, made no mystery of their intention to aid "tranquillity of the public mind" by insuring that "there cannot be a majority of any one sect to oppress and persecute the rest."

We do not impugn the sincerity of most of those who favor the Supreme Court decision, many of whom are themselves devoted to religion. But they are in serious error if they think nonsectarian prayer to God, not forced on anyone, is a violation of rights.

Rather it is the Supreme Court decision which is guilty of violating the "free exercise" of religion guaranteed by the Constitution.

Eminent men of law have already spoken up against the ruling as based on mere legalistic quibble.

Let us not continue the hairsplitting, but instead amend the Constitution to clarify once and for all the right of the American people to use God's name in prayer as they wish to do.

"THE WINDS OF FREEDOM"

Mr. MANSFIELD. Mr. President, in the June 30-July 7, 1962 issue of the Saturday Evening Post, there appears an article entitled "The Winds of Freedom." It is the work of the distinguished Secretary of State, Dean Rusk.

The article sets forth the ideological basis of our revolutionary development and relates the ideals which have inspired us from earliest times to the contemporary pressure for change throughout the world.

I commend this article to the attention of the Senate and I urge my colleagues to give it their most serious consideration. It is helpful in understanding the philosophical concepts to which the Secretary of State is trying to attune our foreign policy.

I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE WINDS OF FREEDOM—SECRETARY OF STATE RUSK WRITES ON THE IDEAS WHICH INSPIRED OUR REVOLUTION AND ARE STILL THE WORLD'S MOST POTENT FORCE

(By Dean Rusk)

The Fourth of July is an especially appropriate time to reflect on our political heritage and its meaning in our times. Seventeen months' experience as Secretary of State has strengthened my conviction that the ideas which inspired the American Revolution and have guided our national development are the most powerful forces at work in the world today.

These ideas were stated simply but eloquently in certain of the great lines of our Declaration of Independence: "That all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed."

We were born as a nation out of a commitment to government by "the consent of the governed" and the proposition that man has certain unalienable rights. We adopted and have preserved a Constitution, with its Bill of Rights, to give form to these ideas and to protect them. At home as well as on the world scene these general commitments have, in the end, governed our policy as a nation.

Over the generations we have struggled to improve the application of these principles. We have fought to defend them. And we have the means and the will to defend them today.

As President Kennedy said in his inaugural address: "Let every nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe to assure the survival and the success of liberty."

IDEAS OF UNIVERSAL APPEAL

We have become the strongest nation in the world and achieved the highest level of well-being for the average citizen that mankind has known. But that is not, I think, the primary reason why these ideas are the most powerful force at work in the world today. It is because the ideas themselves have proved universal in their appeal, because the truths which the Declaration of Independence called "self-evident" have seized, or are seizing, the minds of men everywhere.

These universal ideas gave rise to the democracies of Western Europe. They inspired the liberators of Latin America. They guided the development of the British Commonwealth. Since the Second World War they have led to the creation of more than 40 independent nations in Asia and Africa. We welcome these new nations with open arms to the separate and equal station to which the laws of nature and of nature's God entitle them.

Thomas Jefferson and John Adams and the others who helped to frame or subscribed to the Declaration would not have been surprised by this. Quite the contrary. They did not pretend to have invented anything new. The burden of complaint in the Declaration was that a tyrannical king was depriving the people of the American colonies of rights and liberties they had long enjoyed. Such opposition was in the British tradition. The British people had been building their liberties bit by bit, in no small part by contending that certain rights had previously existed. Magna Carta the Petition of Rights, the Declaration of Rights, among other great documents in the growth of the British Constitution, demanded what their claimants insisted was already the law of the land. The common-law judges who, sometimes at the risk of their own lives, put their arms around a prisoner at the bar and said to the king, "No, you cannot do that to this man," were strengthening traditional rights. Old rights were gradually expanded and improved. Thus slowly evolved both the common law and British institutions of democratic government.

DEPARTURE FROM BRITISH PATTERN

The larger principles stated in our Declaration of Independence were a departure from the British pattern. They were not articulated as the special historic rights and liberties of the British people or of the inhabitants of the British colonies on the eastern edges of the North American Continent. But neither were they set forth as novel doctrine. They were presented as universal truths, arising out of a discourse on the nature and purpose of man which had begun more than 2,000 years earlier in Greece.

Likewise the French Declaration of the Rights of Man of 1789 was presented as a manifesto not just for the Frenchmen of that day, but for all men and all time.

From North America and Western Europe these ideas have spread over the world. Their strength and the willingness of men to fight for them have brought down one despotism after another. They are challenged today by the Communist tyrannies. But even the Communists seem to recognize the appeal of the notions of liberty and democracy. They call their governments "republics" or "people's republics" or "democratic republics," although not one of them is a republic, not one rests on the consent of the governed tested in free elections. They are fond of such words as "democracy" and "freedom," although they invariably use them to mean the precise opposite. Likewise they apply the label "wars of liberation" to their efforts to impose their system on others by force. Their so-called "war of liberation" in South Vietnam is in reality a gangster war of assassination and terror against the common people of that country.

NEW NATIONS CHERISH OUR PRINCIPLES

Some people—too many—have fallen under the control of Communist regimes; but nowhere is communism as a creed deeply rooted. Communists have signally failed in their efforts to capture control of the independence movements in Asia and Africa. With partial exceptions for North Korea and North Vietnam, the new nations have come into being under the impulse of Western ideas and, in the main, under the leadership of men educated in Western universities or in local universities or mission schools where the concepts and practices of democracy, law, and liberty were taught.

As Secretary of State I have talked with many of the leaders of these new nations. It has been thrilling and reassuring to hear so many of them advocate the great principles we have so long cherished—and with an understanding of their meaning which is the same as ours. What the great seal of the United States calls the "new order of the ages" is the example which most of the people of the world seek to follow.

As Robert Frost put it in his special poem for President Kennedy's inauguration:

New order of the ages did they say?
The newest thing in which they led the way
Is in our very papers of the day.

But we of the West, and particularly we Americans, should not overstate our contribution. We have done our share in formulating and advocating these principles and in protecting their practice. We can glory in having been among the first to endeavor systematically to apply them. Had we failed, the cause of freedom would have been set back for a long time. In his first inaugural Washington said that "the preservation of the sacred fire of liberty and the destiny of the republican model of government are justly considered as deeply, perhaps as finally, staked on the experiment entrusted to the hands of the American people."

But I do not believe that these ideas and the institutions which seek to translate them into a way of life would have spread over the world if they were not, as the authors of the Declaration of Independence believed, rooted in the aspirations of men everywhere. In plain fact, these concepts are not exclusively Western. They were articulated in ancient philosophies and various religions. They appeared in rudimentary form in the traditional autonomy of villages in many lands, and even in the taboos of primitive societies.

The idea that men should be free to speak their minds is certainly not peculiar to us or to the West. The idea that raw power must be curbed, that men are entitled to justice under law, is not peculiar to us or to the West. Nor does the West have an exclusive patent on the notion of consent of the governed or, as Lincoln put it more affirmatively, "government of the people, by the people, for the people."

As President Kennedy said on July 5 of last year at the ceremonies which marked the 150th anniversary of Venezuelan independence, the revolution whose principles were clarioned in our own Declaration of Independence is a "great world revolution * * * a revolution so flexible it answers the needs of all countries, of all races, of all cultures."

FREEDOM NOT A WESTERN MONOPOLY

I have heard it contended that the failure of some of the new nations to achieve or maintain fully democratic governments proves that democracy is unsuited to the peoples of Asia and Africa. I reject that contention. It is true that democracy cannot be created overnight. It is the most difficult form of government to operate. It requires an enlightened citizenry, a wide consensus on national purposes, forbearance and much skill. Only a few nations have thus far been successful in making democracy work continuously. And none, including ourselves, can claim to operate it perfectly.

But peoples keep turning and returning to democracy, because it is the system which harmonizes with human dignity and the abiding impulse of men to organize their societies in ways which protect that dignity. We have seen that happen in every continent. I have no doubt that we shall see it happen in still other countries where democracy has momentarily broken down or not yet been fully achieved. The exact forms of democratic institutions may vary from country to country. Perhaps some of the new nations erred in trying to copy exactly the parliamentary systems of the former colonial powers. There are many conceivable forms of democratic institutions. Ours have changed in some respects over the years. I am confident that the new nations which have not yet found the way to make democratic institutions work will succeed eventually. For I believe that the basic motivations and aspirations of men are essentially the same, regardless of the color of their skin, or the continent or island on which they live. The human race is one.

THE MANDARIN AND THE PEASANT

A traditional Vietnamese story bears on this proposition. In the words of Hoang Van Chi (in his article, "Collectivization and Rice Production," in the China Quarterly, January–March 1962 issue) it runs this way:

"There was once a peasant who grew such excellent fruit that his fame spread far and wide throughout the land. The governor of the district in which the man lived made a special journey to visit him and to inquire about the methods he employed to produce such magnificent fruit.

"The peasant was a little overawed by the presence of such a great mandarin, but he did his best to reply to the latter's questions. 'To tell you the truth,' he said, 'I haven't any special method at all. Whenever I plant a fruit tree, I provide it with as much manure as I can, set it upright in the hole, tamp the earth back firmly around the trunk, and then leave it to itself. I never prune it, or train its branches, or chop its roots like the other people do, and it provides me with plenty of fine fruit.'

"The mandarin nodded his head in approval and then put another question to the peasant. 'You seem to be able to manage your fruit trees admirably. Can you give me any advice about how to manage men, about how to govern a district?'

"The unexpected question surprised the peasant, so he was obliged to pause for a few moments and to think before he eventually replied. 'Administration,' he said, 'has never been my profession, so I have never really devoted much thought to it, but it is my opinion that men are like fruit trees. If you provide them with the conditions in which they can live and work, and keep a fatherly eye upon them from time to time, they will be prosperous, happy and will cause you no trouble. If however, you summon them daily to your office and order them to do this or forbid them to do that, they will prove to be a constant source of trouble, disorder, and unhappiness.' "

As Mr. Hoang Van Chi pointed out, "The moral of this story is based upon centuries of experience, but the Vietnamese Communists are attempting to do just the reverse and are reaping the inevitable consequences. Man, having a mind and soul, is capable of being terrorized into submission, but only to a limited extent and for a limited time."

I share that conviction. I do not believe that even the modern police state, with all of its elaborate apparatus for repression, can permanently terrorize men into submission. I do not believe that any Iron or Bamboo Curtain can permanently insulate large numbers of people against the great ideas of freedom and human dignity.

Today, even within the Soviet Union, there are signs that men and women want more freedom to state their views, greater scope to express the uniqueness and integrity born into them. Pasternak is dead, but his poems and great novel live. And some younger Soviet writers, reaching back into the rich and long Russian tradition, are choosing to focus their thoughts on the meaning of man and the worth of the individual. These stirrings may seem feeble to us, who have so long enjoyed liberty. But they are evidence that the Communists have not succeeded in turning men into robots. The themes of young writers and poets tell much of the direction societies will take; and in the Soviet Union these writers of the new generation are the beginning of what I believe will be a continuing trend—a slow trend perhaps, but one leading inexorably toward freedom.

I turn to another aspect of the struggle between freedom and coercion: the relative capacities of the two systems to improve the material well-being of men. The Soviets have made substantial progress in developing their physical resources. That is not especially surprising. They inherited a vast domain, with immense and varied natural riches, a very considerable industrial establishment and a talented and industrious people. The Communists claim to have invented a quick way of modernizing an economy. Although I cannot prove it, I believe that their economy could have been modernized faster under a political system which would have given full scope to individual initiatives and incentives. But any of us can muster ample evidence to repudiate the Communist claim that our economic development has been slow here at home.

All Americans of my generation know firsthand of the amazing economic and social advance of our country in our own lifetimes. Many, like myself, were born in underdeveloped parts of the United States. Our society in rural Georgia when I was growing up was prescientific, pretechnical, premedical, prepublic health, preeducation—by present-day standards.

FREE SYSTEMS SURPASS SOVIETS

Forty years ago only two American farms out of 100 had any electric power; today 98 out of 100 have power for dozens of chores. Consider what has been done to lighten the burdens of the mother and housewife, to improve health and living conditions, within the past 35 years, and even within the past 10. Since the Bolshevik revolution we have added to our national production more than the entire present production of the Soviet Union.

Look at the amazing economic progress of Western Europe and Japan under free systems. Compare East Germany with West Germany, or Eastern Europe with Western Europe. Compare Communist China with almost any country you would care to name. The great leap forward has come down bottom side up. The vaunted shortcut to the future has proved to be the shortcut to misery.

Those who are responsible for what is happening all the way from East Germany to North Vietnam have not found the answer to the central problem to which they claim to have addressed themselves—the problem of economic and social satisfaction. They have not solved even the elementary problems of food production.

So when we say to our friends in the developing countries that the Communists have not found a magic formula and that the proved way of rapid development is through free institutions, devised by each nation in the light of its own history, we speak on the basis of the solid lessons of long human experience.

The economic and social performance of the industrialized free nations has knocked the bottom out of Marxist dogma. Marx predicted that the poor would become more numerous and ever poorer and that the rich would become fewer and ever richer. The precise opposite has occurred. The advanced nations of the free world devised means of directing the flow of income and of using their resources to improve the life of the ordinary man. It is in them that one sees the highest levels of well-being most equitably distributed.

POWER OF THE HUMAN SPIRIT

Marx predicted also a chain of recurring and ever-deepening economic crises. But the advanced free nations have devised means of curbing economic cycles and stimulating economic growth. Marx failed to reckon with the mind and spirit of men, their compassion and political ingenuity, their capacity to use free institutions to advance their lot.

It is not for us to fear the great winds of change that are blowing today. They are the winds we have long known and sailed with, the winds which have carried man on his unending journey, the winds of freedom.

We don't have to argue with people in other parts of the world about what we are really after and what they are really after. Have you ever been able to find anyone who would rather be ignorant than educated? Or hungry than fed? Or sick than healthy? Or gagged instead of free to speak his mind? Or shut up behind a wall or barbed wire instead of free to move about? Or who relish the knock on the door at midnight which means terror?

These simple ideas I have been writing about are the great power of the human spirit. Because they are central to our purposes, America at her best is admired and trusted; and America is at her best when she is true to the commitments we made to ourselves and to history in the Declaration of Independence. These are the ideas and ideals which give us allies, spoken or silent, among men and women in every corner of the earth. They are part of the unfinished business which is a part of our story. This is the basis of our confidence; this is the scope of our task.

The revolution of freedom, which we have so proudly nurtured and fought for in the past and to which we pledge today, as in 1776, "our lives, our fortunes, and our sacred honor," is the true, enduring revolution, because it springs from the deepest, most persistent aspirations of men. History says this revolution will not fail.

PUBLIC DEBT LIMIT

The VICE PRESIDENT. Is there further morning business? If not, morning business is closed. The Chair lays before the Senate the unfinished business.

Without objection, the Senate resumed the consideration of the bill (H.R. 11990) to provide for a temporary increase in the public debt limit as set forth in section 21 of the Second Liberty Bond Act.

Mr. KERR. Mr. President, H.R. 11990, both as passed by the House of Representatives and as reported by the Committee on Finance, provides a temporary debt limitation of $308 billion for the period from July 1, 1962, through March 31, 1963. It then provides a temporary debt limitation of $305 billion from April 1, 1963, through June 24, 1963. Then it provides a temporary limitation of $300 billion through the remainder of the fiscal year 1963, at which time, under existing law, the debt limit would be $285 billion.

The current statutory debt limitation is $300 billion. This consists of a permanent statutory debt limit of $285 billion and a $15 billion temporary additional limitation which expires as of June 30, 1962, which, if I am correct in my estimate of the date of the month—after the session of last night—will be the day after tomorrow, at midnight.

Prior to March 13, 1962, the total permanent and temporary debt limitation was $298 billion. On that date, however, the President signed a bill raising the temporary debt limitation a further additional $2 billion for the remainder of the fiscal year, bringing the total limitation up to $300 billion.

The proposed debt limitations for 1963 and those for the current and immediately prior years can be summarized as shown in the table published on page 2 of the committee report on the pending bill.

Mr. President, Senators might differ as to the wisdom of what the debt limit should be; but in the final analysis, the national debt is not determined by the President or by the Secretary of the Treasury, but by Congress.

As is disclosed by the House committee report and the Senate committee report on the bill, the figures contained in H.R. 11990 constitute, in the judgment of the Committee on Finance and of the Senator from Oklahoma, the irreducible minimum debt ceiling required to permit the Secretary of the Treasury to handle the public debt during the next 12 months on the basis of the appropriations which have been made by the Congress and the expenditures by the Government of the money appropriated.

I invite the attention of Senators to this additional fact: The estimate of the required debt ceiling by the Treasury, by the House Committee on Ways and Means, and by the Senate Committee on Finance is based upon the assumption that there will be a balanced budget for fiscal 1963. However, the majority of the members of the Committee on Finance do not believe there will be a balanced budget in fiscal 1963. The Senator from Oklahoma does not believe that the budget will be balanced in fiscal 1963. To the extent that it is not, in order to enable the Treasury to operate efficiently and effectively, and in accordance with the appropriations made by Congress, the debt limit fixed in H.R. 11990 will have to be adjusted by Congress when it returns after January 1, 1963, to make room for the handling of the public debt in whatever amount above that prescribed in the bill will equal whatever deficit, if any, there is in the Government for fiscal 1963.

The current debt limit of $300 billion as of midnight of Saturday of this week will become $285 billion. The present national debt is very close to $295 billion. One source of information indicates that it is $298 billion, and I believe that that figure is more nearly correct than the other. Thus, there is no alternative—there is no reasonable alternative, there is no appropriate alternative, there is no justifiable alternative—for Congress other than to pass H.R. 11990.

The bill has passed the House of Representatives. It is now before the Senate. In view of the shortness of time and in view of the expiration of the present law within 35 hours, lacking a few minutes of this very second, in the judgment of the Senator from Oklahoma, the Senate in its wisdom, cannot do otherwise than to consider expeditiously and pass H.R. 11990 in order that it may be signed into law by the President ahead of the deadline of midnight June 30, which is Saturday night, and about 34 hours 55 minutes from this moment.

Mr. WILLIAMS of Delaware. Mr. President, for myself and on behalf of the distinguished Senator from Illinois [Mr. DIRKSEN], I call up our amendment designated "6-27-62-A" and ask that it be read.

I invite the attention of the Senator from Oklahoma to the fact that there can be a full day of debate on my amendment and still 35 hours will remain, because today is Thursday.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 1, line 7, it is proposed to strike out the figure "308,000,000,000" and insert in lieu thereof "$306,000,000,000".

Mr. WILLIAMS of Delaware. Mr. President, I agree in part with what the Senator from Oklahoma has said; namely, that Congress itself must accept its own part of the responsibility for an unbalanced budget and the creation of any part of the national debt. The Secretary of the Treasury has the obligation to finance the debt and to pay the bills as they are created by Congress and by the executive branch. However, I do not believe Congress should accept all the responsibility—although I am not excusing Congress—because a substantial part of the responsibility rests with the executive branch.

Mr. KERR. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. KERR. I appreciate the Senator's calling to the attention of the Senator from Oklahoma the matter of the 24-hour error which the Senator from Oklahoma made in his calculation of the time the present law still has to run.

It is now almost 1 p.m. on Thursday. It is 23 hours until noon on Friday. It will be another 36 hours from noon on Friday until midnight Saturday. So the present law still has 59 hours to run. I appreciate the Senator's calling my attention to the error. However, the error was only as to the amount of time, not as to the actuality of the expiration.

Mr. WILLIAMS of Delaware. I agree with the Senator from Oklahoma. I spoke merely in a spirit of jest for I too recognize the importance of acting on the measure. I assure the Senator from Oklahoma that the offering of the amendment will not delay the Senate for very long; however, the need for an increase in the debt limit should be reviewed.

The Constitution provides that money may be spent or borrowed by the U.S. Government only upon the approval of Congress. For approximately the first 100 years of the operation of the Government the procedure in Congress was that when the executive branch was ready to borrow money or to float a bond issue, Congress first would have to approve each individual bond issue. Later, in order to expedite the Treasury's financing, including the sale of bonds, Congress changed that requirement and adopted the procedure whereby Congress would merely raise the limit of the national debt, and so long as the Secretary stayed within that debt limit he had the automatic, blanket authority to sell bonds. It is important either that there be a ceiling on the debt which is maintained and supervised by Congress or that there be a return to the old, discarded method of having Congress approve each individual bond issue. I think the present method is far superior.

Now, as to the need for this particular increase of the debt to $308 billion, as the Senator from Oklahoma has pointed out, the Secretary of the Treasury said he was assuming, as of this moment, that there would be a balanced budget for the fiscal year 1963. I disagree completely with that assumption; I do not think there is 1 chance in 10 million that there will a balanced budget in fiscal 1963 primarily for the reason that I do not think the administration wants a balanced budget. Quite to the contrary, I think it is determined to have an unbalanced budget.

But based on their assumption, they would not need the full $308 billion and as evidence of that I ask unanimous consent to have printed in the RECORD a chart furnished to the Finance Committee by Secretary Dillon, in connection with which he called attention to the fact that as of December 15, the period when they will be shortest of money, the debt is estimated to be $304.9 billion, and that will still give them $4 billion in cash.

Therefore, the adoption of the pending amendment would not seriously disrupt their financing the debt—that is, if their assumption of a balanced budget is taken seriously. Neither the Secretary of the Treasury nor the Director of the Budget has any right to present a false assumption to a congressional committee.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Without objection, the table will be printed in the RECORD.

The table is as follows:

FORECAST OF PUBLIC DEBT OUTSTANDING FISCAL YEAR 1963, BASED ON CONSTANT OPERATING CASH BALANCE OF $4,000,000,000 (EXCLUDING FREE GOLD)

Based on 1963 budget document, plus formal modifications

[In billions]

	Operating balance, Federal Reserve banks and depositaries (excluding free gold)	Public debt subject to limitation	Allowance to provide flexibility in financing and for contingencies	Total public debt limitation required
1962—June 30	$4	$293.7	$3	$296.7
July 15	4	297.0	3	300.0
July 31	4	297.8	3	300.8
Aug. 15	4	299.2	3	302.2
Aug. 31	4	299.0	3	302.0
Sept. 15	4	301.2	3	304.2
Sept. 30	4	295.7	3	298.7
Oct. 15	4	299.5	3	302.5
Oct. 31	4	300.5	3	303.5
Nov. 15	4	302.3	3	305.3
Nov. 30	4	302.1	3	305.1
Dec. 15	4	304.9	3	307.9
Dec. 31	4	301.5	3	304.5
1963—Jan. 15	4	304.7	3	307.7
Jan. 31	4	302.1	3	305.1
Feb. 15	4	302.8	3	305.8
Feb. 28	4	302.0	3	305.0
Mar. 15	4	304.4	3	307.4
Mar. 31	4	297.9	3	300.9
Apr. 15	4	301.0	3	304.0
Apr. 30	4	299.4	3	302.4
May 15	4	299.4	3	302.4
May 31	4	299.6	3	302.6
June 15	4	302.0	3	305.0
June 30	4	294.0	3	297.0

Mr. WILLIAMS of Delaware. Mr. President, based on this chart, the debt is estimated to be $304.9 billion on December 15, and out of that it is assumed that there will be a full $4 billion in cash. If that is true they certainly can get by with the $306 billion limit on the debt. I understand that the manager of the debt, Mr. Roosa, when testifying several weeks ago before the Banking and Currency Committee, clearly stated that it was his understanding and his impression that the Government could get by with a $306 billion ceiling on the national debt.

I think it very important that we hold down the debt ceiling because that is one way in which we have control over expenditures.

The deficit as of June 30 has been estimated to be around $7 billion, and the Treasury now admits that it will be around that figure. A $7 billion deficit for this year is certainly something with which we should be concerned. But even more than that, we should be concerned over the fact that this deficit is not the result of any unexpected decline in revenues during the past fiscal year. Instead, the deficit is almost entirely the result of increased expenditures—expenditures which were approved, authorized, and requested by the Kennedy administration.

On January 17, 1961, President Eisenhower submitted to Congress the Federal budget for the fiscal year 1962, and in that budget he estimated that the budget receipts would be $82.3 billion. Secretary Dillon testified before our committee this week that the estimate now is that the budget receipts will be slightly over $81 billion, or about $1 billion less than was estimated at the beginning of 1961. However, the budget expenditures were estimated by the Eisenhower administration at $80.9 billion for the fiscal year 1962. That was not changed substantially by President Kennedy when he first submitted his budget in February. The record shows, however, that the actual expenditures for last year, according to the newest estimate will be $89.1 billion, or an increase of about $8 billion in expenditures over and above the original estimate.

When the Director of the Bureau of the Budget was testifying before the committee I asked him whether he had any explanation to account for these increased expenditures.

I was astonished and shocked at the answer given to the Finance Committee by the Director of the Bureau of the Budget, Mr. Bell, as the reason for this $7 billion deficit. The Director of the Bureau of the Budget told our committee that the deficit with which we are being confronted as of June 30, which will approximate around $7 billion to $8 billion, was not the result of an unexpected decline in revenue. He said it was not the result of any unexpected developments necessitating increased expenditures; but he boasted that this $7 billion or $8 billion deficit is directly the result of a planned deficit—and he used the words "deliberately planned." Yes, he confirmed that the administration last year deliberately planned to create this deficit of around $8 billion. He said the administration planned this deficit as an antirecession measure. I shall quote from the testimony given before the committee, but I should state that just prior to the part of the testimony which I shall quote I had been calling attention to the fact that this deficit is accounted for as a result of increased expenditures of from $6 billion to $8 billion over and above the original budgets submitted in January and February 1961, by President Eisenhower and later by President Kennedy.

I quote from the testimony:

Senator WILLIAMS. I point that out to confirm what was said earlier:

That this deficit with which we are going to be confronted here on June the 30th results largely from increased expenditures during the past 12 months rather than from a reduction or an overestimation of revenue.

Mr. BELL. That is right.

> It is, of course, true, Senator, as you know, that the total volume of business, of income, of production in the economy will be affected or has been affected during this year by the Federal budget, and, insofar as the recovery has been stimulated by the planned deficit in the Federal budget, the receipts of the Government are substantially higher than they would otherwise have been.
>
> But this is an indirect effect through the impact of the budget on the economy.
>
> Senator WILLIAMS. You used the word in that statement, a "planned deficit."
>
> Mr. BELL. Yes, sir.
>
> Senator WILLIAMS. Do I understand that this deficit with which we are now being confronted was deliberately planned and something that you not only anticipated but that you planned for this deficit?
>
> Mr. BELL. Yes, sir.
>
> A deficit was planned for the fiscal year 1962 deliberately as an antirecession measure * * *.

So, Mr. President, we find that the statement made by President Kennedy in his speech at Yale University was a rather belated confirmation of the action that the administration, as now confirmed by the Director of the Bureau of the Budget, has been deliberately spending these increased amounts so that they could create this $7 billion deficit.

This acknowledgment of this brazen action proves that all during the early months of this year, when President Kennedy was talking about a balanced budget, he was deliberately kidding the American people.

Mr. Bell boasts that they have deliberately been trying to get rid of about $500 million a month over and above what we were taking in. They have deliberately been doing that as an antirecession measure. They wanted this deficit, and they have gotten it.

Mr. President, when we are confronted with such a situation where an administration is as irresponsible as that I believe Congress not only must keep a close check but must do more than that. This situation requires a complete study by our committee of the fiscal policies being originated on Pennsylvania Avenue. I think the situation is very serious when the Director of the Bureau of the Budget, the one who is in charge of the expenditures of this Government, the one who is supposed to oversee all the agencies and to cut down on spending, says he has been deliberately planning methods to get rid of the public's money over the past several months. I was amazed at his admission that they are proceeding with a system of deliberately planned deficits.

They have added 101,115 new bureaucrats to the public payroll during the first 16 months this administration has been in office. Since January 21, when the new administration took office, it has been adding new employees—not replacements of Republicans with Democrats, but new employees over and above the numbers employed in the same agencies in preceding years—at the rate of 6,300 a month, or approximately 1,500 new employees every week; and on the basis of the Government's 5-day workweek, that means 300 new employees every day, or, in short, it means that every 2 minutes of a working day the administration is adding one new Federal employee to the payroll. This is being done as a part of the plan—as the Director of the Bureau of the Budget has said—to create a deficit because he thought it was a healthy situation for the country to operate at a deficit.

This is a serious indictment against the fiscal responsibility of this official and the administration which he represents.

This demonstration of complete fiscal irresponsibility shows the danger of putting into high positions of government men who have never had the experience of meeting a payroll. I am ready to vote.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BENNETT. Mr. President, I ask unanimous consent that further proceedings under the quorum call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENNETT. Mr. President, I intend to cast a protest vote against the Federal debt increase bill as an expression of my concern about the wasteful, profligate, massive spending policies of the New Frontier.

I realize that in some quarters this vote will be attacked as being inconsistent and perhaps demagogic, because I realize that, unless we are ready to go back to the situation under which Congress passes officially on each separate bond issue, we must have a debt ceiling; but the only way, apparently, that we can bring the attention of the country to the problem of excessive spending is to indicate that every Member of Congress will not automatically vote every time to increase the ceiling.

At the present time we are facing a situation in which we again must have a more or less automatic increase in the debt ceiling in the face of a record of extravagant and massive spending that I think is unparalleled.

Never before in the history of our Nation has a national administration demonstrated such complete lack of fiscal discipline and utter inability to establish priorities in Federal expenditures. Under this bill we will have the highest national debt in our entire history, and the highest of any nation since time began.

In casting a protest vote against the bill, I realize there are practical reasons for proposing an increase in the Federal debt limit, because I realize that the Federal Government must meet its obligations. I am also aware that the Treasury Department faces a seasonal problem, for tax receipts tend to be lower than expenditures during the first half of any fiscal year.

DEBT CEILING SQUEEZE DUE TO RECENT DEFICITS

This administration has, however, by its own spendthrift policies, put itself in a box and is now asking Congress to bail it out. In testimony before the Finance Committee, the Secretary of the Treasury, Douglas Dillon, admitted that, even assuming a balanced budget for 1963—and I want to comment on that further—the squeeze on the debt limit is due primarily to recent deficits. In the words of the Secretary:

> The increase is being requested to meet the fiscal consequences of past deficits, and does not reflect the expectation of a deficit in fiscal 1963.

The squeeze has come because of an expected deficit of over $7 billion in the current fiscal year ending June 30 which has come on the heels of a $4 billion deficit in fiscal 1961.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. BENNETT. I am happy to yield.

Mr. WILLIAMS of Delaware. I suggest that the Senator change the words "expected deficit" to "planned deficit" because in his testimony before our committee, as the Senator knows, the Director of the Budget, Mr. Bell, confirmed the fact that this deficit as of June 30 is not something that resulted from an unexpected decline in revenues or an unexpected development of increased costs but rather was a deficit deliberately planned by the Kennedy administration as an antirecession measure. In other words, they have been sitting up nights planning ways by which they can get rid of an additional $5 or $6 billion. They are bragging about it. They think it is a great achievement for our economy, although they do not reconcile that claim with what has recently happened in the stock market.

Mr. BENNETT. I appreciate the fact that my senior colleague on the Finance Committee has pointed this out. I had intended to put in the RECORD the exact words of the colloquy that passed between the Senator from Delaware and the Director of the Budget.

Mr. WILLIAMS of Delaware. When I asked the Director of the Budget to comment on that point, he said he was not a financial expert and therefore he did not care to make any comments to reconcile what is happening in the stock market with what had been done toward a "planned deficit." As to the statement that he is not a qualified financial expert I am in complete agreement.

Mr. BENNETT. The results of the current deficit and the deficit of the previous year are in sorry contrast to the Eisenhower budget forecast of a $79 million surplus in fiscal 1961 and a $1.5 billion surplus for fiscal 1962. Had Eisenhower's policies and program been in effect, there would be no need for and hence no request for a debt ceiling increase at this time. The Kennedy administration must be reminded of that religious warning, "Your sins will find you out."

At the hearings, in answer to a question from the Senator from Virginia [Mr. BYRD], Secretary Dillon approved of the practice of the debt limitation. He said:

> I think a debt limitation which we have had recently provides a good occasion, each year when it is renewed, to have a review of the entire fiscal policy of the Government.

It is my purpose at this time to present such a review of the fiscal policies of the New Frontier.

When the debt ceiling issue was debated in 1953 the cry was made that if the request were not granted it would bring financial havoc. The President, President Eisenhower at that time, requested an increase in the ceiling from $275 to $290 billion. The bill passed the House and was sent to the Senate. The Senate Finance Committee, after hearing the testimony of the administration witnesses, voted 11 to 4 to refuse to report the $290 billion debt limit bill. What happened? The administration tightened its belt. The heavens did not fall. Panic did not occur. Reduced spending made it possible to stay within the statutory debt limit. As Judge Smith said in the House debate on this bill:

> The only way to wean a calf is to pull it away from the cow.

We have to pull the Kennedy golden calf away from the taxpaying cow if we are going to save this country.

PRESIDENT BREAKS PROMISE OF BALANCED BUDGET

The Kennedy administration promised a balanced budget for fiscal 1963, and the $308 billion debt limit request is based on that promise. However, in testimony before the Finance Committee both the Bureau of the Budget and the Treasury Department began to prepare the American people for a deliberate policy of unbalanced budgets, thus breaking even that promise. Secretary Dillon said that the balanced budget for fiscal 1963 was based on an estimated average gross national product of $570 billion for calendar year 1962. The Secretary then added:

> Admittedly, the expansion of the economy so far this year has not measured up to our expectations. This has substantially diminished the likelihood of achieving our goals.

Other administration spokesmen also are beginning to doubt that we will achieve that laudable goal. Add the disappointing performance of the economy to the proposed tax cuts for next year and the result will be a fiscal 1963 budget in the red by $5 to $10 billion. Therefore, even a $308 billion debt limit will not meet the needs of this prodigal administration.

The Joint Committee on Internal Revenue Taxation conducted an independent revenue projection and estimated the fiscal 1963 budget would show a deficit of $4 billion, excluding the effects of the administration's 1962 tax bill, were it to be enacted. This does not take into account the effects of any tax cut next year. I think we can look for the Treasury and Budget officials to come crying to Congress again next January to ask for a further rise in the debt limit.

This administration seems to look upon the debt limit not as a ceiling but as an escalator, designed to carry us ever higher in Federal spending.

I have wondered sometimes if we should not pass some kind of an elastic debt limit bill, providing that the debt limit shall always be at least a billion dollars higher than the national debt on any given day.

NEW FRONTIER OF DEBT—A WORLD'S RECORD

Though the President in his address at Yale University tried to pass off as myths many of our traditional financial principles, including that of balanced budgets, the Secretary of the Treasury under questioning readily admitted that our public debt is not a myth. The interest payments alone are $9 billion per year, an amount greater than the national debts of all but six countries; five in the free world, and Russia in the Communist bloc. This annual outlay for American taxpayers to merely service the debt is not a myth. The $9 billion service charge is larger than any of our total Federal budgets prior to 1941, except for fiscal 1919 at the end of World War I. The U.S. debt, totaling $299 billion, represents nearly 60 percent of the combined free world total central government debt of $505 billion. We lead the world in debt.

The Kennedy administration is requesting a debt increase to a level unprecedented in the history of this country, including both wartime and peacetime years. The current "temporary" debt limitation of $300 billion was equaled only in a time of extreme national emergency during World War II for the fiscal year 1946, and was promptly reduced to $275 billion for fiscal year 1947. The proposed increase to $308 billion would establish another "new frontier" in budget policy for the Kennedy administration.

PLANNED DEFICITS

What worries me most is the deliberate nature of the Kennedy administration's deficit myopia. Administration witnesses admitted before the Finance Committee that the $8 billion increase in spending during the current fiscal year over the original estimates by President Eisenhower was deliberately planned, purportedly as an antirecession measure—this at a time when the administration was pulling from its other pocket a press release painting glowing forecasts of the future of the economy.

In the committee the questioning went as follows:

> Senator WILLIAMS. You used the words in that statement, a "planned deficit."
>
> Mr. BELL. Yes, sir.

Mr. Bell is the Director of the Bureau of the Budget.

I continue the quotation:

> Senator WILLIAMS. Do I understand that this deficit with which we are now being confronted was deliberately planned and something that you not only anticipated but that you planned for this deficit?
>
> Mr. BELL. Yes, sir.
>
> A deficit was planned for the fiscal year 1962 deliberately as an antirecession measure just as the deficit in 1959 was planned as an antirecession measure at that time.

I question whether the deficit in 1959 was planned. President Eisenhower stood firm against any massive Federal intervention, although Congress thrust unwanted and unneeded billions upon him.

The decision on the part of the Kennedy administration to spend and borrow is deliberate. More Federal deficit spending is the growth formula of the New Frontier.

DEMOCRATIC AFFINITY FOR DEBTS AND DEFICITS

If the administration's "planned deficits" were based solidly on recession cure, I would not be quite so concerned, but past history convinces me that the philosophy which the Kennedy administration espouses will lead to deficits in good times, such as the present, as well as bad. For example, in the 18 peacetime years since 1900 when the Democrats have controlled the White House, we have had deficits 83 percent of the time. For the 22 years in which the Democrats have controlled Congress, we have had deficits 86 percent of the time during peacetime years in this century. And in those years since 1900, again excluding the war years, when the Democrats have controlled both the White House and the Congress, we have never had a balanced budget. That is the situation we are in today. Thus the administration pronouncements of planned deficits, irrespective of their economic foundation, merely make official that which has been the past history of the Democratic Party.

The fiscal pattern of the Kennedy administration is clear. A balanced budget is submitted on paper to satisfy the advocates of fiscal responsibility, and to try to forestall any further drain on the gold required to meet our foreign obligations. At the same time, the administration pursues a policy of multiplying Federal expenditures, irrespective of the Federal revenues. That course satisfies the group of economists, including the White House inner circle, who advocate new Federal programs and Federal deficits as a means of spending us into hoped for prosperity.

The debt ceiling was designed to serve as a restraining influence on our overall spending totals. Congress has yielded considerable control over Federal expenditures to the executive branch through such devices as back-door spending. And the presence of unexpended obligational authority makes it possible for the President to control the rate of expenditures for programs. In fiscal year 1963, for example, the President will have unexpended obligational authority of over $181 billion, of which about $100 billion is in new obligational authority based on 1963 budget figures and the remainder is carryover from previous budgets. The President can step up, or slow down, the rate of spending such balances as he sees fit.

NEW FRONTIER SPENDING UP $20 BILLION

Since the Kennedy administration took over, the projected level of Federal spending based on requests for new obligational authority has increased from $80.9 billion estimated by President Eisenhower on January 16, 1961, for fiscal 1962, to over $100 billion for fiscal 1963 as estimated May 31, 1962. This represents an increase of 25 percent in the 18 months this administration has been in office. If that rate of increase continues, the annual budget will be well over $125 billion when President Kennedy leaves office in 1965. If the administration held this increase to even 10 percent, we could have been able to stay within the existing debt ceiling of $300 billion.

A tight debt ceiling is necessary for another reason, and that is to serve as a check on back-door spending.

Back-door spending takes various forms, all of which bypass the Appropriations Committees of Congress. The most common is for an agency or department of the Government to make use of public debt receipts and go directly to the Federal Treasury for its funds.

As of June 30, 1961, a total of $150 billion in public debt authorizations has been placed on the books of the Treasury. Only $72 billion has been repaid. A total of $33 billion is still outstanding, $29 billion is yet to be borrowed, and $16 billion has been charged off as bad debts.

The executive branch of the Government thus has a free hand at spending via the back door for certain programs, but the public debt ceiling serves as a check on the extent to which this can be indulged when added to the overall total spending in any 1 year.

LET NEW FRONTIER SACRIFICE FOR TAXPAYERS

The only sane course, and again the reason for my protest vote, is to prod the Federal Government to reduce spending, or be honest enough to increase taxes to pay for its extravagance. If the administration would make it clear by its actions that it intends to pursue a sane fiscal course, and that it knows the meaning of economy in Government, I would be willing to join in supporting a debt increase to meet the coming year's seasonal debt demands. But we have yet to see any evidence whatever that the administration is willing to make the sacrifices President Kennedy promised in his inaugural address in 1961. Rather, we have been subjected to enticement after enticement of Federal handouts, tickling the political palate, but in the process weakening character and undermining the productive vigor of the economy.

I think it is high time the administration quit asking Congress what it can do for New Frontier bureaucrats through new debt ceilings, but rather what can the administration do for Congress, the taxpayer, and the free world in bringing about fiscal integrity.

TAXES AND FEDERAL SPENDING DANGEROUSLY HIGH

There is a limit to what the economy can stand. The noted economist, Colin Clark, told the Joint Economic Committee in 1959 that if the tax burden exceeds 25 percent of our income on a regular continuing basis, the effect will be inflation in prices and a depressive effect on work incentives. At the present time our Federal taxes are absorbing 22 percent of our national income on a cash budget basis.

We are already approaching this so-called breaking point. Add to this the State and local tax burden and we are well beyond the danger point, with government taking a total of one-third of our incomes.

It is a myth to think that we can sweep a $300 billion debt under the rug.

The New Frontier by its profligate spending and perpetual deficit policies is already imperiling international confidence in the value of the dollar and the credit of the United States. It may yet endanger the confidence of the American people in the fiscal integrity of the Federal Government. At a time when we are concerned about the outflow of gold abroad from the United States, which indicates foreign lack of faith, we must get our financial house in order. To continue the present spending binge invites disaster and will not restore confidence.

As an expression of my profound concern, I shall vote against an increase in the debt limit.

Mr. DIRKSEN. Mr. President, it is rather curious that there is so little spirited interest among the public generally in the so-called debt ceiling. The lack of interest perhaps stems from the fact that it seems like such a complicated subject. Members of the public do not fully comprehend what the ceiling is about. So it may be regarded as something so remote and beyond the experience and background of the average citizen that he does not want to bother himself with it.

And yet it is interesting that the debt belongs to the citizenry. It certainly was rightly named the public debt, because the citizens owe it. The point can be demonstrated by going to any bank in the country and looking at the latest report of the bank. On the asset side of the report are listed the resources of the bank. One will find a list there of the Federal obligations in which the depositors' money has been invested.

Often depositors do not put that together, but the bank has only capital in a limited amount and surplus. Beyond that it uses the money that the average citizen deposits in the bank, and with the depositors' money Federal obligations are purchased and, of course, they are good. But that is true of every bank. It is true of every insurance company. It is true of every fiduciary. It is true of every Federal savings and loan association. So, from ocean to ocean and from the Dominion of Canada to the Gulf of Mexico, the citizens, by buying Federal paper when it is issued through their banks and their bankers with the money they have deposited there, clearly own the public debt, and for that reason they ought to have a very abiding and durable interest in the debt level.

When the distinguished Senator from Utah used the word "escalation," of course, we know that it is a term which is indigenous to our own day and time. And yet the debt has been a rather escalating debt, for, as I understand the term, it means both going up and coming down; and nearly everyone is now familiar with an escalator.

I presume our first public debt was incurred right after the Revolution, at which time it was approximately $75 million. That was a very tolerable debt as debt goes today. But over the years that debt has gone up, both in terms of total and in per capita terms. I hope my figures are correct. It took a long time to accumulate these figures without a modern computer. Back in 1789, when the war was over, the public debt was $16 per capita. In 1860, before we got into civil strife, it had gone down to $2.06 per capita. At the end of the Civil War it had gotten up to $75 per capita. Before World I it had receded to $11.85. After World I it got up to $228. After World War II it got up to $1,907 per capita. So we can see, per capita wise, this debt has been "escalating," if that is the proper word.

The debt ceiling has been escalating ever since we imposed a debt ceiling in connection with the Second Liberty Loan Act in 1917. That first debt ceiling was divided as between bonds and certificates, and was carried in two accounts. The first limitation which was imposed, in 1917, was $11½ billion. It went back to $10 billion in the precrash period, before 1929. Then it went to $45 billion; then to $65 billion; to $300 billion, in April of 1945; and from then on, until 1961, it shuttled between $275 billion and $298 billion.

When we talk about debt, we must talk about the whole subject; not merely what the Federal Government owes, as included in the debt ceiling, but also what everyone else owes. The best figure I can get for State and local debt presently is about $70 billion. But the corporate debt of the country is $350 billion. The private debt is $290 billion. Then when we add the Federal debt of $300 billion, it adds up to a little more than $1 trillion. I believe that $1 trillion is a thousand billion dollars. Therefore we are really up in orbit when it comes to our aggregate debt of all kinds.

To round out this picture, I suppose we must include contingencies. There is presently outstanding through Federal funds about $54 billion in loans and mortgages. Certainly there are assets behind those obligations, but who knows whether ultimately there will be a loss? I am drawing strictly on memory, but I believe through the Veterans' Administration and the Federal Housing Administration there may be presently as many as 75,000 foreclosures. Whatever the property brings as against the called loan, the difference, if it is a loss, is going to be a loss to the Federal Government. So we must think of these contingencies and the unfunded obligations and guarantees.

Therefore, there is $54 billion in mortgages and loans, $251 billion in insurance and guarantees, and $250 billion in all forms of trust accounts and contingent liabilities.

This is only another half trillion dollars.

When we think about this in the large, we are getting into orbit really when we get up to a trillion and a half dollars.

I suppose an argument can be made on both sides of this debt proposition, and it can be said that no ceiling ought to be imposed, because we have to pay our bills whether we set one or not, and that imposing a ceiling that might be too low is nothing except an inhibition against the Federal Government borrowing the necessary money to pay whatever bills are on the desk.

However, there is something psychological about a ceiling, because when we puncture that ceiling it sets off a great deal of steam, and it becomes something of a reminder to people everywhere that the debt has gotten to be astronomical and that something ought to be done about it. It is a public debt. It belongs to the people. Their money, whether it is money that is laid down for an insurance premium or a deposit in a bank or in some other form, is money that is invested in Federal securities, and so in truth it can be said that it is public and that they own it.

To me it is a little interesting and also a little paradoxical that for the last several years we have had the annual ceiling review. This seems to come around every 365 days, and that is a type of escalation in itself, because we put on the ceiling and then we kick off the ceiling by spending more than the ceiling will permit, unless securities are issued and the Federal Government can borrow.

So up goes the debt. Then because of the uneven flow of revenues, it will be a larger obligation at one time of the year than it will at another. So up it goes and down it goes in this whole course of escalation. Obviously, we must be rather realistic.

It seems to me that as we discuss the debt, it points up what I have been undertaking to make manifest to the Senate from time to time; namely, that the place to put the ax is in the field of expenditures.

I believe it was Henry David Thoreau, the philosopher of Walden Pond, who once observed that for every one who is hacking at the roots, there are a hundred hacking at the branches.

I am afraid that that is all too true, because the way to keep the debt within bounds is to give some regard to the question of appropriation and the question of expenditure. If we are going to maintain the ceiling once that ceiling has been imposed, there is only one way to do it, and that is to manage our expenditures and keep them within due bounds, so that every year we do not have to be kicking off the ceiling.

I wonder where the enlargement of the debt is going to stop. All we have to do is look at the table I hold in my hand which shows that starting with 1917, the debt was $11,500 million then $10 billion, $45 billion, $65 billion, $300 billion, $275 billion, $298 billion, $308 billion. Up and up it goes, and the debt seems constantly to be finding a new plateau. Sometimes I wonder whether we will start running out of money in the Federal Government. Then we will truly be in trouble. It always intrigues me how we recite in the first paragraph of an appropriation bill: "There is appropriated out of the Treasury from funds not otherwise appropriated." How can there be any money in the Treasury, actually, when we seem to be constantly spending well beyond what is in the Treasury itself?

I often think of the lady who went to the Governor of a certain State and said to him, "Governor, I want to get my husband out of prison."

He said, "What is he in prison for?"

She said, "For stealing a ham."

The Governor asked her: "Is he a good husband?"

"No, sir."

The Governor asked her: "Is he good to the children?"

"No, sir, Governor."

Then the Governor asked her, "Well, why do you want to get him out of prison?"

She said, "Because we are out of ham again." [Laughter.]

Well, I wonder when we are going to run out of ham one of these days. I mean not only money, but confidence as well.

I remember the days when I was on the House Banking Committee, and when we had a regular cavalcade of experts. I remember the question that was put to them at that time, because a spokesman for the White House, when Franklin D. Roosevelt was President, had given to the press one afternoon the statement that this country could stand a $55 billion debt. Then the waters came down, and the discussion began. There were those who contended that we would blow the lid off if we ever got up to a $55 billion debt.

Here we are talking about a debt ceiling which is 5½ times that amount, and it does not seem to inspire any great concern. It causes no great apprehension that I can see. Yet this is one of the most important measures before Congress.

One other factor must be taken into account when we talk about our public debt. That is the monetizing of the debt through various funds. Again I draw on memory. I hope it is correct. I believe the last figure I saw—and I make it subject to correction—was that about $83 billion of Government securities have been washed through trust accounts of one kind or another. One trust fund is in the form of the Civil Service Retirement Fund. That is the fund upon which those who labor for the Government will depend to pay them their retirement money when they have retired from the Government service. So that fund, certainly in large part, can be invested in Federal securities.

The social security account trust funds can be invested in Federal securities. So can the Railroad Retirement Fund, and a great many others. That amount in itself becomes staggering.

So the higher the debt goes, the further the Treasury looks for a broader base upon which to scatter the debt; and not the least of the places is, of course, those funds. Everybody who expects sometime to be a retiree under one of those funds ought to have a real interest in the public debt.

I propose, meager as it may seem, to support the amendment offered by the distinguished Senator from Delaware. Of course, it reduces the debt ceiling by only $2 billion. But the thought was running through my mind yesterday. "In view of the present state of the economy and the apprehension that the country's economy is not moving as so many persons expected, who knows when a tax-reduction proposal will be unfurled?" I do not know whether it could come before Congress closes shop and goes home for the year. I thought it might be a sensible idea to raise the debt limit for 60 days, because there is every reason to believe Congress will be in session for 60 days or more, unless all signs fail. Perhaps there might be unfurled some rather interesting proposals to deal with the jacking up of the economy, which would give Congress a better estimate of what we ought to do about the debt proposition. But I shall not advance such a proposal. I have not heard all the discussion before the Committee on Finance. I prefer always to follow the leadership of the distinguished Senator from Delaware [Mr. WILLIAMS], who has given so much time and attention to this problem, not only now but also over a good many years. I regard him as a very considerable expert in this field.

Mr. DWORSHAK. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield to the Senator from Idaho.

Mr. DWORSHAK. I share the concern of the distinguished Senator from Illinois about putting the Government's financial house in order.

The Senator referred to the civil service system and the need to have funds available to provide for the former employees of the Government who are in retirement. Does the Senator know that late in the 1970's it will be necessary to appropriate about $2 billion annually in excess of the deductions and the contributions made by those in the retirement system to take care of the financial obligations of the Government; and that also in 1975, under the retirement system for military personnel, the point will have been reached when $3 billion annually will be required to take care of the Government's obligations to meet the Government's commitments? In other words, late in the 1970's, or about 1980, it will be necessary to raise, through regular taxation, a total of $5 billion each year to take care of retirement obligations. That is a serious challenge, because it indicates that unless we begin to curtail spending soon, we may face a situation which will not only jeopardize but may destroy our fiscal structure.

Mr. DIRKSEN. I am fully aware of that. The Senator refers to the unfunded liabilities. Commitments have been made to retired officers' funds as well as to veterans' pension funds. There is a whole host of funds, and among them is the fund for retired civil service workers.

I remember, when I was still a member of the Committee on Appropriations, what a time we had with that very item. Of course, it was recommended that only a limited amount be contributed to that fund, an amount which by no means covered the Federal Government's share. The Federal Government has undertaken to match with the Federal workers contributions to that fund, but for a great many years that has not been done. Nevertheless, the Government has a solemn obligation; and some time, somehow, if there is any danger that there will be a large number of retirees in each of a succession of years, it will be necessary for the Government to contribute to the fund, whether we like it or not, in the interest of maintaining the solvency of that fund, and of giving assurance to the people from whose paychecks we have taken the money as their part of the contribution to the fund.

Mr. President, that is the situation as I sense it. I add only this admonition. The time has come when there must be a greater diffusion of interest in the whole debt problem; for, as I said at the outset, it is a public debt. It is owed by the people. It is the people's money that is invested in the debt. Every time someone who is a trustee of the people's money buys a Federal bond or security of virtually any kind, a Federal debt is incurred. So the average citizen, when he makes a deposit in a bank, whether it is in a big town or a little town, ought to walk over to the counter, take a little look at the bank statement to see how much is invested in Government obligations, and then say to himself: "I own a part of the debt, because I am a depositor in this bank, and the bank has seen fit, in the interest of its solvency and its operations, with a proper liquidity balance, to take some of my money and invest it in these obligations."

So, since the debt is a public debt, I trust it will be possible to stir up some interest among the public in its constant escalation to new heights.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. While it is true that both the Senator from Illinois and I recognize that Congress in appropriating funds must accept some responsibility for the debt and for Federal expenditures, a responsibility we are not not trying to dodge, is it not also true that Congress does not have the entire control of the expenditures of the Government through the appropriation formula, but that, by virtue of the fact that the President has continuing authority today, even without any appropriations, whereby he can spend from $80 to $100 million, it is that continuing authority that he uses when he wants to accelerate expenditures or slow them down to improve or to hinder the economy?

It was such financial authority that President Kennedy used last year when he deliberately created the present deficit. The Director of the Budget, Mr. Bell, said when he testified before our committee that the administration deliberately planned this $7 or $8 billion deficit for fiscal 1962. He seemed rather proud of the achievement. Mr. Bell emphasized that the deficit was not the result of an unexpected drop in revenue or the result of an unexpected increase in expenditures. He said that they "deliberately planned" the deficit for fiscal 1962 as a recession measure. He seemed rather proud of its success. While he did not say there was special virtue in a deficit, he did say that on occasions there were "positive benefits from a Federal deficit."

The fiscal affairs of the Government are in the control of the Director of the Bureau of the Budget, a man who operates under the direction of the White House. It is very disturbing now to be told that this official is deliberately planning ways to get rid of the taxpayers' money and create deficits. The only way we can control such irresponsible acts is through the control of the debt ceiling. Is that not correct?

Mr. DIRKSEN. Exactly so. And when I heard the word "planned" used in connection with the deficit, I fairly marveled, Mr. President, because one does not have to plan a deficit; one can fall into a deficit—just as one can fall into the water. So one must be very careful, fiscally, in order to stay away from a deficit.

Such talk about a planned deficit goes along with the use of the term "escalation" and all the other new terminology of today.

Mr. WILLIAMS of Delaware. I should like to read a further statement by the Director of the Bureau of the Budget:

> Mr. Bell. The decision to balance the 1960 budget, in retrospect, seems clearly to have been one of the factors that led to the abortive recovery and the subsequent downturn in the spring of 1960.

Mr. Bell, the present Director of the Budget, thinks it was a mistake when we balanced the budget in 1960, and today instead of planning how he can save money, he is planning how he can increase the spending. This is the height of fiscal irresponsibility.

So I think Congress must exercise controls such as we have never before placed over the Director of the Bureau of the Budget; otherwise, we shall have a very weak U.S. dollar.

Mr. DIRKSEN. I may say to the Senator from Delaware that certainly that follows out the so-called Keynesian theory of spending one's-self into prosperity. That theory was imported into our country—namely, that notwithstanding a deficit, one should spend and spend until he gets on the top side, fiscally.

However, the only thing that John Maynard Keynes ever said that I could tie to particularly was that in the long run we shall all be dead; and I guess he knows about that, because he is not here any more.

Mr. WILLIAMS of Delaware. I may say that in the discussion before our committee, the Director of the Bureau of the Budget pointed with great pride to the fact that some of the European countries have been able to expand their economies and have periods of prosperity. Apparently he thinks this prosperity results because they have had deficits over the past several years. However, I would be interested in having him comment on the historic value of the currencies of those countries. For instance, France was one country to which he pointed as a specific example. Yet we know that in the past several years the currency of France has suffered a rather complete devaluation, and we know of the problems which many of the other countries have had with their currencies. So to hold up some of these countries which in years past have gone down the road to bankruptcy as good examples of the value of deficits for our country is certainly a grave mistake, and I have no use for an official who would advocate such a course. I wish he were out of the Government.

Mr. DIRKSEN. I can only say that in World War I, when I was a soldier, when we served in France we got roughly four francs to the U.S. dollar; but the last time I was in Paris, I think the rate was 400 francs to the U.S. dollar—which indicates what conditions can do to the value of money.

Furthermore, I wish to state that if we are not moving forward well as a country, right now, who shall say whether that is not because of the stricture in confidence, whereas confidence is so very necesary, especially in terms of the amount of spending to occur in the future; and when I speak of spending, I mean spending in the private sector. It is the private-capital spending which for the most part provides jobs and makes our country continue in the direction of prosperity. But who will invest his dollars in a long-term operation if he is not certain, at first, that the value of the money is stable, and that conditions will be stable, and that ultimately he will be able to get a return on his money, and also recapture his capital. If he has doubts about that, manifestly he will be rather careful about how he spends his dollars. So it seems to me that is one of the real difficulties which confront the country at the present time.

Mr. WILLIAMS of Delaware. I thank the Senator from Illinois.

I think we should emphasize the fact that in the past 30 years the Government has lived within its income in only 6 years, but we have had an unbalanced budget in each of the other 24 years.

I regret to say that the largest deficit during our administration was the 1959 deficit, when the deficit was in excess of $12 billion; and all of us know the result of that: In 1959 we lost about 10 percent of the gold reserves of our Government. These were withdrawn following that deficit.

So certainly we should not go into a planned deficit. Unavoidable deficits are bad enough; and occasionally we cannot avoid them. For instance, during wars and in other periods of great difficulty deficits can always develop, but when there is a planned deficit the only result will be a further devaluation of the currency. All of us know that as a result of inflation in the United States, one-half of the purchasing power of every dollar, every savings account, every life insurance policy, and every Government bond has disappeared; and if there are some who do not believe that, let them proceed to cash a Government bond which was purchased 10 years ago. At that time $75 was paid for a $100 Government bond; but today one cannot buy half as much with the dollar as he could have purchased then.

So in the interest of protecting our elderly people and the savers in this country we have no alternative but to curtail expenditures at home and keep a control over inflation.

As one Member of Congress I recognize our responsibility to the aged and want to help them, but they have been placed in their present position very largely by the actions of Congress in destroying the value of their life savings and thus destroying their ability to take care of themselves. Today many handicapped persons are unable to provide themselves with the necessities of life from their retirement income, although they would have been able to do so if we had not so greatly destroyed the purchasing value of their retirement income.

Mr. DIRKSEN. Perhaps we are on the threshhold of a decade of deficits, and perhaps deficits are now the modern way of life.

Mr. WILLIAMS of Delaware. I hope not, but apparently we are in an era of a planned deficit economy.

Mr. KERR. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. KERR. First, Mr. President, I ask unanimous consent that Mr. Robert Knight, General Counsel of the Treasury Department, and Mr. Frank E. Morris, Assistant to the Secretary of the Treasury—Debt Management—may have the privilege of the Senate floor, so that I may have them with me during the debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. At this time I should like to ask a question of the Senator from Delaware. Did I correctly understand him to say that the purchasing power of the dollar declined 50 percent in 10 years?

Mr. WILLIAMS of Delaware. No, I said that happened over the past 15 or 18 years.

Mr. KERR. I believe the Senator from Delaware said it happened in the past 10 years.

Mr. WILLIAMS of Delaware. No. I have in my hand a chart which covers that point, and I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

Purchasing power of the dollar, 1939–57

[1939=100]

Year	In cents	Change, in cents
1939	100.0	
1940	99.2	−0.8
1941	94.4	−4.8
1942	85.2	−9.2
1943	80.3	−4.9
1944	79.0	−1.3
1945	77.2	−1.8
1946	71.2	−6.0
1947	62.2	−9.0
1948	57.8	−4.4
1949	58.3	+.5
1950	57.8	−.5
1951	53.5	−4.3
1952	52.3	−1.2
1953	51.9	−.4
1954	51.7	−.2
1955	51.9	+.2
1956	51.1	−.8
1957	49.4	−1.7
1958	48.1	−1.3
1959	47.7	−.4
1960	46.9	−.8

Source: As measured by the Bureau of Labor Statistics, assuming purchasing power at 100 cents in 1939.

Mr. WILLIAMS of Delaware. Mr. President, the chart shows that beginning with 1939, and figuring the 1939 dollar at 100, in 1960 the dollar was down to 46.9 percent.

Mr. KERR. Well, I very clearly understood the Senator from Delaware to say that it had gone down half in the last 10 years.

Mr. WILLIAMS of Delaware. No. If I said that, I was in error; I did not intend to say that. The decline has occurred over a longer period of time. In 1950 the value was placed at 57.8 percent. It has not declined half in the last 10 years.

Basing the value in 1939 on 100, in 1950 it was 57.8; in 1957, 49.4; and in 1960, 46.9.

Mr. KERR. What is the latest figure?

Mr. WILLIAMS of Delaware. I do not have the figure for 1961.

Mr. KERR. What was it in 1960?

Mr. WILLIAMS of Delaware. 46.9 percent.

Mr. KERR. And for 1951.

Mr. WILLIAMS of Delaware. 53.5 percent.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. DWORSHAK. During the first 5 months of this calendar year the outflow of gold dollars was such as to mean a loss of about $1 billion for this calendar year. Does not the Senator from Delaware recognize that continuing large deficits will make it extremely difficult to curtail this outflow of gold dollars, which is becoming a serious threat insofar as the fiscal stability of our Government is concerned?

Mr. WILLIAMS of Delaware. I do. In fact, I fear it will make it almost impossible to curtail the outflow of gold. There are many reasons for that. One of them is the deficit in balance of payments, but it is also due to the knowledge that the stability of the American dollar can be undermined if international bankers decide that this country is not going to try to protect its fiscal integrity.

I think it is most important that we demonstrate not only to American citizens but to the world, that we are determined to maintain control over our own financial affairs. The best evidence of what can happen to the currency of a country in the face of large deficits is the plight of our neighbor to the north and what has happened to many countries in Europe. History clearly shows that no nation, any more than a family, can spend itself into prosperity on borrowed money. We cannot continually spend more than we take in unless we want to go into national or personal bankruptcy.

Mr. DWORSHAK. I am sure the Senator from Delaware, who is a member of the Finance Committee, heard the testimony from Secretary of the Treasury Dillon and other spokesmen of this administration advocating large deficits, or at least tolerating them or condoning them, as an national policy, even in days of fair prosperity. Does not the Senator feel that this policy is indefensible at a time when we have remaining only about $4½ billion of gold reserves to meet demands of creditors abroad who have $18½ billion redeemable in gold?

Mr. WILLIAMS of Delaware. Yes. Not only was that testimony given, but a few moments ago I pointed out that in testifying before the Finance Committee the Director of the Budget said that the deficit of $7 billion or $8 billion with which we are to be faced as of June 30 is not the result of any unexpected decline in national revenues or the result of any unexpected expenditures, but is the result of having been "deliberately planned" by the executive branch. They deliberately planned the deficit of $7 billion or $8 billion which we will have at the end of this fiscal year as an antirecession measure. Mr. Bell, Director of the Budget, made that statement.

Going further, Mr. Bell told our committee that he thought the decision to balance the budget in 1960 was a mistake. He thought it was wrong that we should have balanced the budget in 1960. He was rather proud of what they were doing to bring this present deficit about. Yes, the record shows that the administration deliberately planned it.

Mr. Bell went further and said to our committee that there were "positive benefits from a Federal deficit" on special occasions.

Here is a man who is supposed to be controlling expenditures but who openly states that they are planning to continue the deficits. It is ironical to note that the plan of having deficits last year of $500 million a month was put into action and they were creating this deficit at a time when the President of the United States was addressing a joint session of Congress and said, "We are going to balance the budget in 1963." That was a farce. At that very moment they were planning a deficit of $6 to $8 billion.

VISIT TO THE SENATE BY HON. RAYMOND A. NJOKU, MEMBER OF PARLIAMENT OF NIGERIA

Mr. BUSH obtained the floor.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. BUSH. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from Kansas, without losing my right to the floor, in order that he may make an introduction of foreign diplomats to the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CARLSON. Mr. President, we are honored today to have as our guest in the U.S. Senate a Member of Parliament of one of the new countries, a country that has gained its independence and is establishing a parliamentary government, the country of Nigeria. He is not only a Member of the Parliament of that country; he is president of the Commonwealth Parliamentary Association, an organization of some 85 countries of this globe of ours interested in a program for peace. He is also Minister of Transport and Aviation of Nigeria.

We are delighted to have him as our guest today. I present to the Senate at this time President Raymond A. Njoku.

[Applause, Senators rising.]

Mr. CARLSON. I am indebted to the distinguished Senator from Connecticut for yielding.

Mr. BUSH. I am delighted I had the privilege of yielding to the Senator for the purpose which he stated, namely, to introduce this distinguished visitor to us.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 11990) to provide for a temporary increase in the public debt limit as set forth in section 21 of the Second Liberty Bond Act.

Mr. BUSH. Mr. President, at Yale University on June 11 President Kennedy suggested a great national economic debate which will have a profound effect on the nature of our economy in the years to come.

Our discussion today on raising the debt ceiling to $308 billion is an important part of the public debate of these larger economic issues.

In his speech, President Kennedy asked that we abandon the myths of the past and agree with him that big government is good, that deficit financing is not inflationary, but, on the contrary, may be healthy for the economy, and that the importance of the confidence factor to our economic performance has been overemphasized.

I should mention, however, that there is at least one myth that the President appears to be trying to perpetuate. In his 1960 campaign he said:

> I do not know whether to regard with alarm or indignation the common assumption of an inevitable conflict between the business community and the Democratic Party. That is one of the greatest political myths of our time, carefully fostered.

Mr. President, that is one myth that is becoming increasingly hard to bury.

The issue which the President's Yale speech posed is clear: To what degree should economic decisionmaking be transferred from private to public hands, with centralized Federal planning and direction of the economy replacing the free enterprise system which has served us so well?

Let us not forget as we enter upon this debate that this—and nothing less—is the issue before the country.

The administration, itself, has repeatedly made clear that it seeks a larger role in directing the economy by intervening ever more deeply in the free collective-bargaining process, by guiding private wage and price decisions, and by using Federal budget deficits to stimulate the economy and reallocate resources in the direction it wishes.

Little wonder, then, that the business community—upon which our jobs and our economic progress rest—lacks confidence in the Kennedy administration. The business community knows all too well where the administration would take us—if it could.

The business community believes—and an increasing number of Americans are beginning to agree—that the administration displays an alarming and dangerous lack of understanding of the dynamics of our free enterprise system.

Certainly, Government already is deeply involved in the economy and, indeed, must be. Not only is Government the watchdog of the free enterprise system, but also its actions in themselves have a profound effect on our economy.

But it has not yet taken over private economic decisionmaking. And I do not think it will succeed in doing so.

Fortunately, most Americans know that there is no satisfactory substitute for the free market in giving consumers what they want at prices they are willing to pay. No Washington economic wizard can successfully substitute his judgment for the allocative function of the marketplace.

As William McChesney Martin, the distinguished Chairman of the Federal Reserve Board, said in a speech at Harvard June 14:

> Mistakes individuals make in their own affairs may offset one another, but mistakes by wielders of centralized controls are likely to be aggregative and may be disastrous.

Without this understanding, the administration will never be able to get the country moving again, except possibly backward.

What was Candidate Kennedy saying in 1960 about the ideas which he now calls myths?

He told the Nation on October 31, 1960—and on many other occasions, as well—that he was "pledged to maintain a balanced budget except in times of national emergency or severe recession."

In a major speech October 12, 1960, he said that he was opposed to "excessive, unjustified or unecessary intervention in the economy—to needlessly unbalanced budgets and centralized governments."

In the same speech he said, "I do not believe in big government" but only in effective government.

Trying to allay fears, Candidate Kennedy asked why his party, if successful, should change the fundamental structure of an economic system that has performed so admirably. President Kennedy should now answer his own question. Why, indeed, change the system?

About the only justification the administration offers is that certain European nations have been achieving a faster rate of growth than the United States. Of course, most of these nations started from a much lower base and had a vast backlog of unsatisfied consumer demand. But, according to the administration, they have achieved a high growth rate by running budget deficits and by submitting to central economic planning.

Even if this were true—and there are abundant reasons for doubting it—I do not believe that these devices would work in the American environment.

Incidentally, I hope the administration will study the European tax structure to determine what part it has played in spurring rapid economic growth.

If the administration wants to look into foreign experiences, it ought to look closer to home and study recent Canadian history. The Wall Street Journal on June 20 pointed out that the Canadian Government in recent years has been running unprecedented peacetime budget deficits. At the same time, it has been suffering a sharp outflow of dollar and gold reserves which have led to the recent decision to devalue the Canadian dollar.

On June 25, the Canadian Government announced a sweeping austerity program to relieve pressure on the Canadian dollar and help solve the nation's severe balance-of-payments problem. The program included increases in tariffs, an increase in the discount rate, and a reduction of $250 million in government spending during the current fiscal year.

Does President Kennedy suggest that the Canadian Government is living by the fiscal myths of the past?

In view of our own gold and balance-of-payments problem, which is largely a matter of confidence, a study of the Canadian experience might be enlightening, indeed.

The administration should also investigate the remarkable economic performance of Japan. Between 1953 and 1960, Japan enjoyed an average annual growth rate of 8.5 percent. In 1961, the growth rate was 13 percent. Unemployment—a nagging problem in the United States—is almost nonexistent in Japan. The unemployment rate in 1961 averaged less than 1 percent.

Contrary to what our own easy-money advocates might think, this record of economic achievement was realized while the discount rate stood at over 7 percent and the bank lending rate at over 8 percent.

What a strange situation confronts us today. The economy is continuing to recover from the 1960–61 recession, and while the recovery is not as strong as we might wish, new high records of gross national product, gross national income, and other indexes are being set every month.

Until recently, the administration adhered to the "myth" that the budget should be balanced over the full business cycle, with the Federal Government running deficits in recession times and surpluses in good times.

Last October the President called on his Cabinet officers to cut expenditures and said he wanted a balanced budget.

Now, when times are much better and relatively good, the administration tells us that we should run deficits even in good times—and that they will not be inflationary.

The fact that budget deficits tend to impair confidence in the dollar and thus worsen our continuing balance of payments and gold problems is brushed aside. Top Treasury officials assert that European bankers and financial officials are not especially worried about U.S. budget policy unless it is inflationary.

The fact is that the Kennedy administration budget policy is inflationary. Budget deficits always provide an inflationary force.

Let us look at the Kennedy administration's fiscal record.

President Eisenhower submitted a budget for fiscal 1961 which the Treasury estimated, in December 1960, would show a surplus of about $1 billion. President Kennedy proceeded to convert this to a $3.8 billion deficit. As submitted, the Eisenhower administration's fiscal 1962 budget showed a surplus of $1.5 billion, but the latest estimates indicate that we will run a deficit in fiscal year 1962 of about $7 billion. For fiscal 1963, President Kennedy submitted a budget with a surplus of slightly less than $500 million. Estimates now indicate there will be a $4 to $5 billion deficit.

In other words, over a period of 3 fiscal years, the Kennedy administration has gone from an overall surplus of about $3 billion to a deficit of $15 billion—or a swing of about $18 billion.

Senate approval of this bill to raise the debt limit to $308 billion would put the stamp of congressional approval on the administration's reckless spending adventures. Approval of the amendment to limit the increase to $306 billion would, however, force the administration to establish spending priorities, which they have so far refused to do.

The $306 billion debt ceiling, as contrasted to the administration's $308 billion request, would force the administration to cut its spending plans by about 2½ percent.

The administration has said that most of its spending increases have been for space and defense activities. In dollar amounts, this is true.

However, it is interesting to note the percentage increases in expenditures of selected agencies between fiscal 1960—the last complete Eisenhower fiscal year—and the estimates for fiscal 1963. While defense spending for military purposes was increasing by 16 percent during this period, expenditures by the Housing and Home Finance Agency went up 347 percent; Agriculture, 24 percent; Commerce, 51 percent; Health, Education, and Welfare, 52 percent; and Interior, 49 percent. Total budget expenditures increased 21 percent. I ask unanimous consent to have printed in the RECORD at this point a table showing the actual and estimated expenditures for fiscal years 1960 through 1963 by selected agencies.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Expenditures by selected agencies

[In millions of dollars]

Fiscal year	NASA	HHFA	Agriculture	Commerce	Defense		HEW	Interior	Treasury, public debt interest	Total budget expenditures
					Military	Civil				
1960	401	309	5,419	539	42,824	902	3,403	690	9,180	76,539
1961	744	502	5,929	498	44,677	971	3,685	801	8,957	81,515
1962 (estimated)	1,671	940	7,177	650	48,250	1,015	4,469	873	8,900	89,075
1963 (estimated)	3,787	1,383	6,709	815	49,700	1,071	5,183	1,031	9,300	92,537
Dollar increase, 1960-63	3,386	1,074	1,290	276	6,876	169	1,780	341	120	15,998
Percentage increase, 1960-63	844	347	24	51	16	19	52	49	1.3	21

Source: Treasury.

Mr. BUSH. One area where savings might be achieved is in personnel. The Kennedy administration has added nearly 100,000 employees to the Federal rolls. Yet Secretary of Commerce Hodges on May 23 said he could cut his personnel substantially and still turn out the same amount of work.

The Senator from Washington [Mr. JACKSON], chairman of the Senate Subcommittee on National Security Staffing and Operations, in a speech on June 12, stressed the same theme. He said that in the national security field "we should carry on with new vigor the fight against overstaffing in the national departments and agencies." We should consider, he said, "the abolition or sharp curtailment of entire activities when these have become obsolete or of marginal importance."

Maybe the administration should try some of these suggestions to cut spending and increase efficiency which are being made by responsible leaders within its own party. However, I have doubts that it will do so. It is hard to believe that only last week administration forces in the House beat back a Republican amendment to the farm bill which would have prevented the number of employees in the Department of Agriculture from ever exceeding the number of farmers in the country.

There is even a strong possibility that the administration may come back to Congress early next year to ask for another increase in the debt ceiling. Under Secretary of the Treasury Robert Roosa, in testimony before the Senate Banking and Currency Committee June 20, said:

> I should make very clear that our present presentation of the request for the $308 billion * * * would only get by if the budget is balanced in fiscal 1963. * * * If there is a move away from balance, then a new request would be introduced for additional authority on the debt limit in the beginning of the calendar year 1963.

In a typically cavalier attitude toward fiscal responsibility, the administration is now talking about another increase in the debt ceiling before its current request has even been acted upon by the Congress.

Since there is a little likelihood of a balanced budget in fiscal 1963, the only way we can avoid another increase in the debt ceiling is for the Congress to set the limit at $306 billion and insist—here and now—on the establishment of spending priorities and the reduction of nonessential expenditures by this administration.

Since 1939, our financial history has been largely one of deficit financing, primarily to meet the costs of both hot and cold wars. Since 1939, the money supply has increased over 300 percent, while the real gross national product has increased 139 percent. The money supply increased from 16.5 percent of the gross national product in 1939 to 28.6 percent of the gross national product in 1961.

The fact is that the expansion in the money supply was about twice the amount needed to finance the increase in gross national product at constant prices.

We all know what happened to the value of the dollar during these years. It was more than halved. The 1939 dollar is now worth about 47 cents.

The conclusion seems fairly obvious. The great expansion in the Government debt and the increase in the money supply that has accompanied it, have been highly important influences in inducing inflation.

It is true that over a short period of time deficits do not always lead to inflation. The general state of the economy may influence the results, as is the case when the economy is operating below capacity. The method of financing the deficit is also of critical importance.

For many years, the United States has financed its deficits largely through the commercial banking system, thus paving the way to an inflationary expansion of the money supply.

The Wall Street Journal, in a front-page article June 18 said:

> The financing of a deficit can be done in only two ways. Either it is financed out of savings, or it is financed out of bank credit. It is financed out of savings if the Government covers it by issuing bonds which are sold to individuals or to businesses other than commercial banks. Some buyers normally get the money to buy the bonds out of their own earnings or savings. No change in the money supply results. The same amount of money that goes to Uncle Sam from the bond buyers is then spent by him and goes back into circulation.
>
> But when the bonds are sold to commercial banks, the banks enter on their books a deposit which didn't exist before, in the name of Uncle Sam. As he spends this deposit, the Nation's money tends to rise.

In an editorial the same day, the Journal said:

> What is certain is that so long as the Government practices this kind of deficit financing, it has not stopped inflating the money supply. The new money does not disappear; the deficits are not absorbed by savings. Therefore an explosive force is built up, ready to fuel a dizzy wage-price spiral any time something happens to trigger it. The deeper the deficits, the bigger the potential trouble.

Today we are continuing to finance and refinance the public debt through the commercial banking system. The increase in the money supply thus generated has a potentially powerful inflationary impact. The impact probably will be felt most when the economy is operating near capacity. The inflation will hit when we reach full employment—precisely when upward pressures are most strongly exerted on the price level.

The administration tells us that there is no real danger because the problem of inflation has been overcome. This conclusion is based on the relative price stability which we have enjoyed for several years. However, even now, the warning signals are up and should alert us to the ever-present danger of inflation. Already this year, the Consumer Price Index has risen seven-tenths of a percentage point—equal to the increase during all of 1961.

Even if the administration were correct, and inflation had been overcome, that would be strange justification, indeed, for a policy which once again would induce inflation.

The proper role of Government, Mr. President, is to create conditions under which free enterprise can promote economic growth. An essential element of Government's function is to maintain a sound currency.

Only in this way can we encourage savings, which are the sparkplug of economic growth. Only in this way can we preserve the credit of the United States, upon which rests our military strength and security of the free world.

Others, including leaders in the administration, may think differently about the importance of fiscal responsibility and the nature of government's role in our economic life. I welcome the challenge which the administration has thrown down. It will, I hope, lead to a debate on our economic system which will result in the burial—once and for all—of the new economic myths which the Kennedy administration is trying to foster.

I ask unanimous consent to have printed at this point in the Record an editorial and an article published in the Wall Street Journal.

There being no objection, the editorial and article were ordered to be printed in the Record, as follows:

The Praise of Deficits

At one point last week President Kennedy said it is a myth that Federal deficits cause inflation. Later on he was slightly more cautious: Deficits do not necessarily cause inflation. Some of his advisers are more positive: Deficits are good for you.

However expressed, the praise of deficits is a major new administration theme-song. Well it might be, with another heavy deficit a likely prospect for the fiscal year starting next month, following a deficit of $7 billion or more in this expiring period. Justification is needed, and any politician knows that repetition is the way to get your point across.

Are there any objective facts about this question of deficits and inflation? Or is it just squabbling in the arcane realm of economic theory, or an arid debate between preconceived political positions? We think it can be demonstrated that, beneath the overlay of theory and politics, there are certain inescapable facts, facts which officials carefully neglect to mention in their defense of deficits.

A highly relevant consideration, for example, is how a deficit is financed. The critical importance of this point is explained by Mr. Shea on page 1 of this newspaper. In brief, a deficit financed through savings, as by floating bond issues, will not be inflationary because it will not create new money.

As Mr. Vicker notes in an article on this page, that is the customary method in Western Europe, to the extent those governments can be said to have run deficits at all in recent years. Ironically, it is to Western Europe that U.S. Government officials look for support of their theory that deficits promote growth without inflation.

For absorption of savings is not how deficits are customarily financed in the United States. Rather, it is through the sale of Government debt to the commercial banking system, which paves the way for expanding the money supply; each dollar of debt can be the basis for an extension of about $6 of credit. Whatever else it may be, this is purely and simply an inflation of the money supply.

Such monetary inflation is not by itself price inflation. It is possible to have rising prices without monetary inflation; it is possible for a time to have relative price stability with monetary inflation. Thus the full inflationary force of the great prewar and wartime deficits was not felt until after the war, when it combined with pent-up demand.

That lagging effect explains the anomaly which President Kennedy uses as devastating proof that deficits don't cause inflation: Sizable budget surpluses after the war did not prevent inflation and deficits for the past several years have not upset our basic price stability. (Actually, as measured by the Consumer Price Index, prices have been rising rather rapidly for many months.)

All this the President's advisers have misunderstood, we fear, in their assessment of the current situation. They say the inflationary period has ended and call it a healthy development.

But that merely means that prices, disregarding the recent rises, have been fairly stable for the past few years. And what that in turn means is that after a time, and in some circumstances, monetary inflation is no longer capable of providing a fillip to the economy, at least until other economic changes occur.

So the advisers find themselves in the curious position of arguing that since the inflation is over, which is good for the economy, we must for that reason have more inflation through deficits to stimulate the economy—though of course they do not admit they are pursuing an inflationary policy. In fact, no one can say for sure whether the inflation will or will not stimulate the economy in any given period.

What is certain is that so long as the Government practices this kind of deficit financing, it has not stopped inflating the money supply. The new money does not disappear; the deficits are not absorbed by savings. Therefore an explosive force is built up, ready to fuel a dizzy wage-price spiral any time something happens to trigger it. The deeper the deficits, the bigger the potential trouble.

Like all something-for-nothing gimmicks, inflation by any name is a fool's game. Those who believe it is safe, or positively beneficial, are putting their trust in one of the world's oldest myths.

The Outlook: Appraisal of Current Trends in Business and Finance

(By George Shea)

The Kennedy administration seems to have started to try to teach the public that Federal budget deficits are virtuous rather than evil. It is true that such deficits can have different effects under different circumstances, but their tendency is always ultimately to reduce the value of the currency.

The ideas the administration is currently trying to teach are a long way from those held while this country was built. Twice in the 19th century our Federal Government succeeded in paying off completely debts which it had incurred during periods of crisis. And while the more than $25 billion borrowed during World War I was never fully paid off, it was reduced by about $10 billion in the following decade. Even after World War II the debt was reduced for a while, from $278 billion in 1946 to $249 billion in 1949, though it has now grown to a new high of about $295 billion.

The active campaign in favor of deficits began about one generation ago, and at first it was confined to the so-called compensatory theory, according to which deficits in times of poor business were to be offset by surpluses in times of good business. This marked the first departure from the old idea of trying to pay off the debt, in that it assumed the deficits would merely be offset in the good years, with no net reduction in the debt.

The next step is now being taken. The other day Budget Director Bell made a speech in which he questioned the belief that the budget should be balanced over the full business cycle. He said this standard is "clearly inadequate" when the recoveries don't bring full employment or full use of industrial capacity. He went on to suggest that the unemployment rate should be the guide to whether the budget should be balanced or not. Presumably, if the jobless number more than 4 percent of the labor force—4 percent being the administration's goal—the budget should be in the red.

The reason there is so much argument over whether budget deficits are really inflationary is that over short periods of time deficits may have little or no effect on prices. The general condition of the economic system, and the manner in which the deficit is financed, both affect the results strongly.

The financing of a deficit can be done in only two ways. Either it is financed out of savings, or it is financed out of bank credit. It is financed out of savings if the Government covers it by issuing bonds which are sold to individuals or to businesses other than commercial banks. Such buyers normally get the money to buy the bonds out of their own earnings or savings. No change in the money supply results. The same amount of money that goes to Uncle Sam from the bond buyers is then spent by him and goes back into circulation.

But when the bonds are sold to commercial banks, the banks enter on their books a deposit which didn't exist before, in the name of Uncle Sam. As he spends this deposit, the Nation's money supply tends to rise.

However, whether it actually rises depends on circumstances. In the 1930's the Nation's total private and government debt declined $8 billion though the Federal debt increased by $26 billion or 150 percent. Private borrowers not only used the Federal red-ink payments they received to cut down their own debts, but they saved enough through their own efforts to cut their debts $8 billion more. Debt repayments tend to hold down the money supply.

That experience illustrates two kinds of circumstances under which Federal deficits produce no visible inflation. One is the situation where the public uses the Federal red-ink money, as just stated, to pay off its own debts. The other is the situation where economic activity is so far below capacity that supplies of workers and goods continue to exceed demand in spite of the Federal spending. How far below capacity the Nation worked in the 1930's is made clear by the fact that in no year of that decade did unemployment fall below 14 percent of the labor force, contrasted with 5.4 percent today.

Another circumstance in which the effects of red ink are concealed is, curiously enough, the one where all resources are fully engaged in production, as during World War II. Because every employable person is employed, no added employment can be stimulated, no added employment can be stimulated no matter how fast the Federal red ink is poured out. The activities for which the deficits pay merely replace other activities. But in order to keep the effects of the deficits from showing up plainly, the Government must forcibly suppress the civilian production which is replaced by war production; and it must suppress demand by rationing.

In such a situation, the cash savings of the people grow hugely because their money incomes continue but they have less and less on which to spend the money. During World War II, financial savings by individuals totaled $30 billion to $40 billion a year, three to four times the postwar average of $10 billion a year. And such an enormous accumulation has its inevitable effect sooner or later; it helped finance the postwar boom in production and consumption, and also in prices.

It is after experiences such as these, in which the effects are concealed, delayed or actually enjoyed, that the critical stage begins to approach. Conditions resembling, in small degree at first, those of the 1930's return. Capacity exceeds current effective demand, and deficits have less and less visible effect.

That is when the idea of operating with even more deficits even more often begins to be recommended by growing numbers of people. Our governmental teachers begin to say it would be "sophisticated" to gauge the desired size of each year's deficit by the rate of unemployment.

The problem is that even if the people of a nation can be sold such sophisticated euphemisms, foreigners can't. And once foreigners lose confidence in a currency, they can pretty well refuse to deal with the nation. Then, about the only possible outcome is a devaluation because usually the austerity measures needed to restore the Government's credit are politically impossible except after the shock of devaluation. Today the world freely discusses the possibility of devaluation of the U.S. dollar, although the majority opinion still seems to be it won't come.

Mr. DOUGLAS obtained the floor.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield so that we may ask for the yeas and nays on my amendment?

Mr. DOUGLAS. Two of my good friends have asked me to yield. Perhaps I should yield first to the chairman of the Committee on Finance.

Mr. BYRD of Virginia. Mr. President, the bill (H.R. 11990) now before the Senate would "temporarily" raise the statutory limit on the Federal debt to $308 billion. This would be $23 billion beyond the permanent limit of $285 billion.

The Senate Finance Committee has reported the bill; and as reported, provisions of the bill are identical with those in the measure as it was passed by the House of Representatives 211 to 192.

I might emphasize that the bill passed the House by only a 19-vote majority. Ten Members who did not vote were declared against the bill. Therefore it was a very close vote.

As chairman of the Finance Committee, I have asked the committee's ranking majority member, the Senator from Oklahoma [Mr. KERR], to handle the bill in its consideration by the Senate as a whole.

I have done this in fairness to the administration because, in good conscience, I cannot support this request by the President for authority to raise the national debt to $308 billion.

I announced my opposition to this proposal in January when I first learned that it would be made. I voted against it in committee. I shall vote against it here on the floor of the Senate.

This will be the third time in 12 months that the administration has asked that the limit on Federal indebtedness be raised. With this bill, the limit will have been raised $15 billion since last June.

I reluctantly accepted the two previous requests by the President because, obviously, they were the result of situations originating in the previous administration over which he had no control. But now he is asking for the highest debt limit of all time, in a year for which he has full responsibility, because in the year beginning July 1 there will be the first Kennedy budget. He makes that request after promising that the budget would be balanced.

The pending request to raise the debt $8 billion higher than even the present $300 billion limit will not be all. The country may expect another request for a higher limit in the coming year.

Secretary of the Treasury Douglas Dillon this week has testified that if a sufficient deficit develops, authority for more debt will be asked in January; and I predict the deficit will develop.

I shall vote against the $308 billion debt limit bill with no feeling of personal responsibility for the serious fiscal condition in which the National Government of the United States finds itself.

It could have been avoided by sound financing and elimination of extravagance, inefficiency and other wasteful expenditures. My record in these respects clearly defends my position.

I have the honor of representing the Commonwealth of Virginia in the Senate. This bill would place an additional Federal mortgage on Virginia to pay for more Federal waste and extravagance.

Virginia is an average State in size, population, and payment of Federal taxes. Therefore, it would bear responsibility for some 2 percent of the $8 billion of additional debt authorized in the bill.

Two percent of $8 billion is $160 million; this breaks down to some $40 for every person in our 4 million population; and this is about the per capita average for the Nation as a whole.

I shall vote in protest against such an imposition on the people of Virginia and elsewhere which could have been avoided by the simple practice of prudence in the Federal Government.

People, the country over, in their own communities, with their own eyes, almost every day can see the kind of Federal waste and extravagance to which I am referring.

Secretary of Commerce Luther Hodges, testifying on May 24, 1962, before a congressional committee, forcefully brought nonessential Federal spending back to nationwide attention. He was widely quoted as saying, in effect, that:

> All sorts of money could be saved for taxpayers, if the Government would get rid of the deadwood on its payroll * * * and that 10 percent of the employees in his Department alone were doing jobs started 40 years ago and now just are not needed.

The Budget Director is supposed to be a restraining influence against waste, extravagance and nonessential spending in all areas of the executive branch of the Federal Government.

In the hearings on this bill—a month after the Secretary's statement—I asked Budget Director David E. Bell what was being done in response to Secretary Hodges' testimony. The Budget Director said the matter was being discussed.

I asked the Budget Director whether the Secretary of Commerce was going to get rid of anyone who is not needed; and Mr. Bell said, "We will have to see."

As a matter of fact, the budget requests submitted for fiscal year 1963—beginning Sunday—asked for funds to employ 2,538,390 civilians in the executive agencies of the Federal Government.

This would be an increase of 46,045 over the estimate for the current year, and 131,361 more than the actual civilian employment in the executive branch a year ago, on last June 30.

Mr. LAUSCHE. Mr. President, will the Senator repeat the figures on the comparative number of employees?

Mr. BYRD of Virginia. The budget requests submitted for fiscal year 1963 asked for funds to employ 2,538,390 civilians in the executive branch of the Federal Government. This would be an increase of 46,045 over the estimate for the current year, and 131,361 more than the actual civilian employment in the executive branch a year ago, on last June 30.

Mr. LAUSCHE. That is, there will be 131,000 more employees on the Federal payroll in the next fiscal year than there were on June 30, 1961?

Mr. BYRD of Virginia. That is correct. I have said repeatedly that Federal employment could and should be reduced by 10 percent. I say that again now. If done properly, such a reduction would not impair any essential function. Instead, the current budget proposes an increase of 5.5 percent over the employment level of last year. The Federal payroll is now up to $14.3 billion a year. A 10-percent reduction would be $1.4 billion.

Mr. BUSH. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. BUSH. My recollection is that in the 8 years of the Eisenhower administration the reduction in the number of Federal employees was on the order of about 200,000. Does the Senator from Virginia, as chairman of the Congressional Oversight Committee, recall whether that is about correct?

Mr. BYRD of Virginia. No; I do not recall that.

Mr. BUSH. I make that assertion. I think it is an interesting note, and I believe the record will prove it. I have the figures, if it becomes necessary to produce them.

Mr. BYRD of Virginia. The President, himself, on January 31 said excesses in Federal stockpiles of strategic and critical materials total $3.4 billion, and that they should be reduced to the levels of objectives. This would mean bringing into the Treasury $3.4 million.

What has happened? The value of strategic and critical materials stockpiled by the Government increased in February and March by $7.3 million. Instead of the excesses being sold, the stockpile has been increasing. The reports from April and May are not yet published.

These are but samples of the inefficiency, waste, and extravagance to be found under lipservice to sound financing and efficiency in the Government. The list can be extended if necessary.

I am further strengthened in my decision to vote against the bill to increase the debt limit from my examinations of the attitudes, views, and actions of David Bell as Director of the Budget.

I have been a Governor, as have many other Members of the Senate, including the distinguished senior Senator from Georgia [Mr. RUSSELL], the distinguished junior Senator from Georgia [Mr. TALMADGE], the distinguished senior Senator from Ohio [Mr. LAUSCHE], the distinguished senior Senator from Florida [Mr. HOLLAND], and the disinguished senior Senator from Kansas [Mr. CARLSON]. As a former Governor, I know from experience, as I believe other Senators who have also been Governors will agree, the value and importance of the recommendations and restraints of a sound budget director capable of using firm influence.

Those who read the Finance Committee record on the pending bill will find Mr. Bell's attitude in the Hodges case is that he is "not standing in the Secretary's way" if he wants to pursue the matter.

Those who read the committee record will find that Mr. Bell is addicted to "planned deficits" when they suit his philosophy, and he thinks "balancing the budget each year is not the proper standard to follow."

The committee record reveals the Budget Director as saying the huge deficit we are experiencing this year was "deliberately planned" and that a smaller deficit would have been undesirable.

The committee record on this bill also shows Mr. Bell as saying it is desirable to balance the budget only when unemployment does not exceed an arbitrary figure of 4 percent. Why 4 percent is a magic level, he does not say.

The Budget Director's testimony on this bill clearly indicates that he believes all will be right if the Government spends enough to raise the gross national product enough to produce the necessary revenue for Federal spending programs.

A year ago he was in the front ranks of those who were preaching from the housetops that the budget should be balanced over the years of a business cycle, but the period of a cycle was never defined. While the term "business cycle" has been frequently used in defense of deficits, rarely, if ever, are deficits turned into surpluses, regardless of how the so-called cycle runs.

In a New York speech this year on June 12, 1962, Mr. Bell said this business cycle "standard is clearly inadequate to deal with a situation such as we have been experiencing for the last 5 years."

The Budget Director has been emphatic in his advocacy of a confusing conglomeration of budgets as the means of presenting the Federal fiscal situation. He outlined three different procedures in his budget document on page 283.

But testifying on this bill to increase the debt, he gave silent assent to the fact that under any other kind of budget the Federal debt would still come out to its present level, which approaches $300 billion. The money would have to be borrowed. Those who talk about capital budgets and other kinds of budgets seem to overlook the fact that if we spend more it is necessary to get the money. Such talk simply misleads the people. I sincerely hope that a so-called capital budget will not be attempted. In justice to the Secretary of the Treasury, it should be said that, in response to questions by me, he indicated that the Federal Government had no intention at this time of changing from the administrative budget.

When one reads the budget document for fiscal year 1963, which begins next week—the first budget prepared by Mr. Bell—and check the items, he finds practically no bona fide decreases, but an abundance of substantial increases.

Overall, the expenditures in the coming year would be increased by $3.5 billion as compared with the current year. They would be 13.5 percent higher than the actual expenditures last year.

Great emphasis invariably is placed on the necessity for heavy military spending, but of the $3.5 billion increase in Federal spending proposed for the new fiscal year, $2 billion, or 58 percent, is not for military functions.

More than half of the $3.5 billion is for other than military functions.

I sincerely believe that the best interests of the country would be served if Mr. Bell were replaced as Director of the Budget by a man sympathetic to the hard requirements of fiscal responsibility and discipline.

I make this statement deliberately, and out of deep concern. I intend no reflection on the incumbent Director of the Budget. He seems to be a pleasant man. There is simply no evidence that he is a strong fiscal officer.

Neither is there any evidence that he finds balanced budgets, in periods without great emergency, as fundamental to fiscal soundness. He seems to regard the Federal budget as a tool for testing economic theories. This is no time for that, considering the serious problems which confront our country both at home and abroad.

We are faced with a fiscal situation which is deadly serious. It is a situation demanding fiscal guidance of strong men of the highest caliber who are dedicated to sound financing.

The first step—the place to start is in the Bureau of the Budget.

As Governor, I found the budget director to be my right arm in the administration of measures affecting the fiscal responsibility of a great State. Such a man—dedicated to sound financing—is needed immediately as the Federal Budget Director, and he should be surrounded by men equally dedicated to elimination of every nonessential expenditure.

We had a deficit last year of $4 billion. There will be another deficit this year of $7 billion, perhaps more. There will be another deficit next year of at least $5 billion and likely more. Deficit financing will total more than $15 billion in 3 years. It is impossible to make an estimate, because times are changing so fast. I am very pessimistic about future conditions. The deficit will be not less than $5 billion, at the very lowest; it may be much more.

Another deficit next year will be the 26th deficit in 32 years. It will be the sixth deficit since the end of the Korean war, and to date the net accumulation of deficit financing since Korea has totaled more than $25 billion.

On the basis of 1963 budget estimates, the annual level of Federal expenditures has risen more than $28 billion since 1955, the year following the Korean war. It is up by nearly half of that amount—by $11 to $12 billion—in the two fiscal years since June 30, 1961.

The budget estimates expenditures in the new fiscal year at $92.5 billion. The President already has asked for authority to spend additional amounts. New appropriation and other spending authorization requests now total $100 billion.

In 5 years, since 1957, the level of the Federal debt has risen by some $30 billion—from $270 billion to upwards of $300 billion. Now it is proposed to raise the debt even higher, and some of the increase will not be temporary.

The value of the dollar, by the 1939 index, has been dropping steadily since the Korean war. It is dropping this year. Since 1955, it has dropped from 51.9 cents to 46 cents—where it stood in April of this year.

For years now the Nation has been laboring under two deficits—huge deficits in the domestic budget, and deficits—equally serious—in our balance of payments with foreign nations, which have resulted in withdrawal of our gold.

We have run deficits in our balance of payments in every year but one since 1949. We are running another deficit this year. The result is that foreigners have reduced our gold supply from $24.5 billion to $16.4 billion in the same period.

Gold backs the dollar, and nearly $12 billion of the remaining $16.4 billion is required for this purpose. This leaves only $4 billion for further settlement of international accounts.

This country for years has followed the policy—and ours is the only country in the world that has done this—of giving to foreign governments and central banks the option of taking dollars or gold in payment of our debts to them.

If we were to withdraw that option at a time when the dollar is under the pressure of huge deficits at home, there is little doubt that the value of the dollar would sharply depreciate around the world with catastrophic effects.

In 10 years we have lost two-thirds of our so-called free gold. Ten years ago we had 75 percent of all the gold in the world; now, we have 40 percent of the gold.

If the time should ever come when this country does not give the option, or is unable to give the option, of either gold or dollars in settlements with foreign countries, it would be a time of great catastrophe. But such a time could easily come, for already foreign governments have withdrawn two-thirds of our free gold.

Mr. LAUSCHE. Mr. President, will the Senator from Virginia yield for a question?

The PRESIDING OFFICER (Mr. PELL in the chair). Does the Senator from Virginia yield to the Senator from Ohio?

Mr. BYRD of Virginia. I yield.

Mr. LAUSCHE. A moment ago the Senator from Virginia stated that our gold reserves fell from $24.5 to $16.4 billion, and that $12 billion of the remaining $16 billion is needed to support our Federal Reserve notes and deposits, leaving only $4,300 million to meet claims which may be made by our short-term international creditors. What is the outstanding amount of short-term obligations or credits handled by our international creditors? My understanding is that it is $20 billion.

Mr. BYRD of Virginia. I think that is approximately correct; I recall a figure of $17 to $20 billion.

Mr. LAUSCHE. That means that there are potential claims—which could be made immediately, although that is not to be expected, of course—of $20 billion. And only $4 billion is available to meet them?

Mr. BYRD of Virginia. I believe that is correct.

What is very disturbing to me is that neither the Eisenhower administration nor the Kennedy administration has attempted to look this serious situation squarely in the face. One of the things the Eisenhower administration did was to bring home the dependents of our troops serving overseas—in order to correct the unbalance of payments; but that was like a flyspeck on the wall.

Later the Kennedy administration reduced from $500 to $100 the amount of goods a tourist could bring home duty free; but, again, that was like a flyspeck on the wall.

We must in some way correct the imbalance of payments which is brought about by the cost of maintaining the approximately 750,000 troops we have abroad, by our foreign aid, by the money spent abroad by U.S. tourists, and by the investments made abroad by American businesses.

Mr. RUSSELL. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. RUSSELL. I am delighted to hear the Senator mention the subject of foreign aid. The principal reason why I shall vote against the proposed legislation is the fact that I attribute a great part of the necessity for increasing the national debt to the fact that we continue to increase our foreign-aid program from year to year. I have consistently voted against any increase in foreign aid; and, therefore, I feel no moral obligation to support this measure, though I am sure that those who have danced to the foreign aid tune will now be happy to pay the fiddler. The vast majority of Members of the Senate have voted not only for all the increases in foreign aid, but also for almost every other conceivable program involving huge expenditures which has been brought forward.

I have voted against increases in the foreign-aid program, and I have also voted against a number of other big-spend programs; and if a majority of the Members of the Senate had voted as I did, the budget would have been in balance every year since the Korean war. If the majority of Members of the Senate had voted in the way the distinguished Senator from Virginia [Mr. BYRD] has voted, our national debt would be a great deal less than it is at the present time.

Those who have voted for the spending programs which necessitate the increase in national borrowing will, I am sure, be glad to assume the responsibility that is properly theirs and will take care of the obligations they have incurred—at least to the extent of borrowing money.

Mr. CARLSON. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD of Virginia. I yield.

Mr. CARLSON. I would not wish to let this opportunity pass without complimenting the distinguished Senator from Virginia [Mr. BYRD], chairman of the Finance Committee not only on his timely warning, but also on his most serious warning to the Nation on its fiscal policy. It seems that we have lost the capacity to balance expenditures with tax revenues.

When we consider past developments—for example, the fact that since 1930 there have been only 6 years in which the Federal Government has been in the black, which means that there have been 26 years of red ink—and when we note that in 1912 the Federal Government spent $7 for each man, woman, and child in the country, but in 1960 spent $460, and, if we follow through with the 1963 budget, will be spending $516 for each person in the country, it is obvious that at the present time the Government is taking from the people, and spending 73 times as much, per person, as it did a short 50 years ago.

The senior Senator from Virginia is entitled to much credit for speaking frankly and seriously to the Senate and to the entire Nation in regard to a fiscal problem which affects all of us, and can have serious and devastating effects on the future of our Nation and its economy. I appreciate very much, indeed, the remarks of the Senator from Virginia.

Mr. BYRD of Virginia. I thank the Senator from Kansas.

Mr. MILLER. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD of Virginia. I yield.

Mr. MILLER. As a newcomer to the Senate, let me say that the senior Senator from Virginia has long been an inspiration to me in respect to what I regard as one of the great commandments for any Member of the legislative branch of the Government—namely, the commandment to practice fiscal integrity in order to preserve the purchasing power of the people's money.

I want to add to what other Senators have said my commendation of the Senator from Virginia for bringing these facts out, as he does continually, in an effort to try to persuade his colleagues in the Senate to practice this great commandment.

I wish to ask the Senator one question. I deduct, from what the Senator has had to say about the bad ratio between the amount of free gold we have and the amount of outstanding claims against it, that he is concerned that if we do not practice fiscal integrity, and if the purchasing power of our money is further diluted, the confidence of these foreign creditors will be shaken to the extent that they might seek to obtain payments in gold, and this would bring about the catastrophe to which he has referred.

Mr. BYRD of Virginia. I have in my hand a table dating from 1930, showing the debt at that time was $16 billion, and then the increases year by year, and the interest year by year. We have paid $123 billion in interest since 1930.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield.

Mr. LAUSCHE. The Senator from Virginia has pointed out some steps that have been taken in trying to fortify the strength of our gold reserves. If I may, I would like to point out that we have not tried to reach the causes of our difficulties, but recently we passed a $6 billion International Monetary Fund program. Our Government is putting up $2 billion. I think 10 other nations are putting up $4 billion.

That $6 billion is a new pool in the International Monetary Fund, contemplated to come to our relief if and when the problem about which the Senator from Virginia is expressing fear materializes. When the International Monetary Fund was created, it was never expected that it would have to come to our rescue because our currency had collapsed.

Three weeks ago the Senate passed a bill, and the proponents of it declared it was created solely for two purposes: First, to come to the rescue of the United States, and second, to come to the rescue of the United Kingdom in the event their currency collapsed and they could not meet their international obligations.

I wanted to point out that no red signal has been flashed which as clearly demonstrates the acuteness of the fiscal problems that confront us as the creation of that International Monetary Fund. But it is merely a sedative; it is not a cure. The cure must come through fiscal integrity practiced by the administration and the Congress.

Mr. BYRD of Virginia. The Senator is correct.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield.

Mr. BUSH. I was very much interested in the table to which the Senator from Virginia has referred. I notice at the top of the table it shows the gross public debt in 1930 was $16,185 million—a very enviable figure as we look back on it.

I would like to ask the Senator if it is not so that in the preceding 10 years we had reduced the national debt from approximately $24 billion to approximately $16 billion, or about one-third, in a period, generally speaking, of increasing prosperity right straight through the 10 years, with relatively high interest rates— 6 percent was, generally speaking the going bank rate—and when there were taking place all those things which it is now said cannot be done, and that we must have cheap money, and an inflated debt, and borrowing through banks, and an increase of the money supply.

I ask the Senator if that era of increasing prosperity and gross national product does not disprove that we have to do the things which this administration says are necessary in order to get the country moving and keep it moving.

Mr. BYRD of Virginia. The Senator is correct.

I hope Members of the Senate will read the table to which I have referred. There is great significance in the fact that the loss of the purchasing power of the dollar has been somewhat in line with the deficits and imbalances in international payments. We had a surplus in our balance of international payments of about $500 million in 1957. Then we had deficits going all the way back to the year 1949, when we had a surplus of $175 million in our balance of international payments. In 1950 we had a deficit of $3½ billion in 1 year.

That has been one of the factors that has brought on the run on gold.

Our gold supply today is $16,434 million. The highest point of our gold stock was in 1949, when it was $24,466 million.

So what happens, apparently, is that when gold leaves this country, it never comes back. I have asked a number of persons to explain that. I think one reason is that it costs more than $35 an ounce to produce gold. This great gold supply was not built up by mining programs, but was built up by Mr. Roosevelt—and I do not question his wisdom in this matter—when he established the price of $35 an ounce and offered to purchase all the gold offered at that price, beginning in 1933. As a result, we built up our supply of gold because we offered to pay more for gold than it was bringing elsewhere in the world. The reverse is now true. It costs more to produce gold.

I suggested to the distinguished Senator from Alaska [Mr. GRUENING] the investigation of the feasibility of opening up the Juneau gold mine to see whether that would be a practical way to increase our supplies of gold. Hearings were held. The result was that we learned it would cost $70 an ounce to produce gold at Juneau—just twice as much as the value we have placed on gold. It would have to be done by subsidy. The administration opposed it. I think it was right, because, if a price of $70 an ounce were established, or even $40, it would diminish the value of the dollar and, by that fact, start new inflation.

So it seems impossible for us to augment our gold supply. We certainly cannot do it by mining gold in our own country, and I know we cannot buy it at that price. I am told Russia is making every effort it is possible to make to increase her gold supply.

What concerns the Senator from Virginia so much is that there is just $4 billion between us and disaster, because every person I have talked to, whether he be a New Dealer, a conservative, or whatever he may be, believes that if it were thought we would take from foreign countries, when they make settlements on adverse balances, the choice of taking dollars or gold, they would demand gold as fast as they could get it, and that would result in an international catastrophe, not only for us, but for the whole free world.

I hope everything can be done to avoid such a catastrophe; and the way to do it, as the Senator from Ohio has suggested, is to strike at the heart of the problem and stop the imbalance of payments.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield.

Mr. LAUSCHE. I would like to read from the study prepared by the Brookings Institution on the national debt ceiling and debt treatment.

This is what is stated:

> Historically, the Government has pursued a policy of relatively prompt reduction of the national debt. Alexander Hamilton, in the earliest days of the Republic, set the tone for future generations. He argued that a national debt has a number of useful attributes, but one of its foremost characteristics is that it could help a nation to establish its credit rating among the nations of the world—if the debt were paid off with promptness. Over the decades, the debt rose primarily during war and depression and fell largely in response to the basic philosophy that the national debt should be extinguished. Twenty-four years after the war of 1812, the debt was entirely paid off. In the 27 years after the Civil War, the debt was reduced by almost two-thirds, and in the 10 years after World War I the debt was reduced by one-third.

Today, some 15 years after the end of World War II, instead of the debt having been reduced from its level of $255 billion, we are asked to lift the ceiling to $308 billion.

Mr. BYRD of Virginia. The Senator is correct.

Mr. LAUSCHE. That is $53 billion more than it was at the end of World War II, and is completely in conflict with every experience we have had in our country.

Mr. BYRD of Virginia. As the Senator knows, the Democrats pay tribute to Andrew Jackson and Thomas Jefferson every year. Andrew Jackson said that he was more proud of the fact that he had paid off the public debt in toto and had refunded to the States certain balances in the Treasury than of anything else he accomplished.

Thomas Jefferson time and time again warned the people of the great evils which would come from public indebtedness.

To conclude the statement concerning the gold, though Mr. Dillon says the situation will be corrected to some extent later, but in the first quarter of this year there was a loss of gold at the annual rate of $1,904 million. That is the rate for the first quarter. Assuming it should continue for the year, it would take nearly half of the free gold we have left.

Mr. President, I ask unanimous consent to have the table to which I have referred printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Federal debt, interest on the debt, budget surplus or deficit, value of the dollar, balance of payments, and U.S. gold stock, 1930–63 (from official Government sources)

Year	Gross public debt and guaranteed obligations (by fiscal year in millions)	Interest on the public debt (by fiscal year in millions)	Budget deficit or surplus (by fiscal year in millions)	Value of the dollar (by calendar year in cents)[1]	Balance of international payments (calendar year in millions)	U.S. gold stock (by fiscal year in millions)
1930	$16,185	$659	+$737	83.2	+$598	$4,535
1931	16,801	612	−462	91.4	+1,132	4,956
1932	19,487	599	−2,735	101.7	+726	3,919
1933	22,539	689	−2,602	107.4	+323	4,318
1934	27,734	757	−3,630	103.8	+1,140	7,856
1935	32,824	821	−2,791	101.2	+1,174	9,116
1936	38,497	749	−4,425	100.2	+896	10,608
1937	41,089	866	−2,777	96.7	+1,053	12,318
1938	42,018	926	−1,177	98.5	+1,482	12,963
1939	45,890	941	−3,862	100.0	+1,915	16,110
1940	48,497	1,041	−3,918	99.2	−2,890	19,963
Depression years		8,660	−27,642			
1941	55,332	1,111	−6,159	94.4	+1,119	22,624
1942	76,991	1,260	−21,490	85.3	−205	22,737
1943	140,796	1,808	−57,420	80.3	−1,979	22,388
1944	202,626	2,609	−51,423	79.0	−1,859	21,173
1945	259,115	3,617	−53,941	77.2	−2,737	20,213
1946	269,898	4,722	−20,676	71.2	+1,261	20,270
World War II years		15,127	−211,109			

See footnotes at end of table.

Federal debt, interest on the debt, budget surplus or deficit, value of the dollar, balance of payments, and U.S. gold stock, 1930–63 (from official Government sources)—Continued

Year	Gross public debt and guaranteed obligations (by fiscal year in millions)	Interest on the public debt (by fiscal year in millions)	Budget deficit or surplus (by fiscal year in millions)	Value of the dollar (by calendar year in cents) [1]	Balance of international payments (calendar year in millions)	U.S. gold stock (by fiscal year in millions)
1947	$258,376	$4,958	+$754	62.2	+$4,567	$21,266
1948	252,366	5,211	+8,419	57.8	+1,005	23,532
1949	252,798	5,339	−1,811	58.3	+175	24,466
1950	257,377	5,750	−3,122	57.8	−3,580	24,231
Post-World War II years		21,258	+4,240			
1951	255,251	5,613	+3,510	53.5	−305	21,756
1952	259,151	5,859	−4,017	52.3	−1,046	23,346
1953	266,123	6,504	−9,449	51.9	−2,152	22,463
1954	271,341	6,382	−3,117	51.7	−1,550	21,927
Korean war years		24,358	−13,073			
1955	274,418	6,370	−4,180	51.9	−1,145	21,678
1956	272,825	6,787	+1,626	51.1	−935	21,799
1957	270,634	7,244	+1,596	49.4	+520	22,623
1958	276,444	7,607	−2,819	48.1	−3,529	21,356
1959	284,817	7,593	−12,427	47.7	[2] −3,743	19,705
1960	286,471	9,180	+1,224	46.9	−3,929	19,322
1961	289,211	8,957	−3,856	46.4	−2,454	17,550
Post-Korean war years		53,738	−18,836			
Total, 1930–61, actual		123,141	−266,420			
Estimates and latest actual:						
1962	295,835	8,998	−6,975	[3] 46.0	[4] −1,904	[5] 16,434
1963	295,569	9,400	+463			

[1] Based on 100-cent dollars in 1939.

[2] Excludes additional U.S. subscription to IMF of $1,375,000,000.

[3] April.

[4] 1st quarter.

[5] June 21.

Mr. BYRD of Virginia. Mr. President, as matters stand the situation will grow worse, because eliminating nonessential expenditures has become a lost art at Washington. More nonessential expenditures are started and proposed.

I cite some 200 actions and proposals for increased Federal obligations of public money and credit in Presidential communications to Congress during the current administration to those in search of fertile fields for expenditures which need not be made under existing conditions.

Pressure continues on increasing Federal expenditures for housing, urban renewal, public assistance, public education, health, water resources, river basin development, and so forth.

Huge spending is contemplated in such new programs as space, moon, and ocean exploration, depressed area redevelopment, retraining of the jobless, and so forth.

More Federal spending programs are being formed in current studies on surface and mass transportation, acquisition and development of open spaces, and so forth.

New programs for grants to States and payments to individuals and institutions would be added for public assistance, health, agriculture, higher education, and so forth.

Virtually no area of domestic-civilian activity by the Federal Government has been overlooked in Presidential message proposals for increased spending.

Expansion of foreign-aid programs, including the new Peace Corps; and the military buildup, with renewed emphasis on civil defense, are in addition.

There would be vast increases in trust fund expenditures, outside of the regular budget, for unemployment and aged health insurance, social security recipients, and continuing increases for highways—both interstate and ABC systems.

Orders were issued last year for a speedup in public works projects already underway; and accelerated planning for public works in the future was directed.

This is only a condensed description of the situation in which we find ourselves still playing Santa Claus. We have been playing Santa Claus, we have been playing banker, and we have been playing policeman for the free world for 17 years.

I submit that the history of the world does not record that any other nation has ever attempted to be Santa Claus, policeman, and banker for the world at the same time, on the scale we have attempted it.

Great Britain was the policeman for the world, because she controlled the seas. That was relatively inexpensive. Great Britain made money from the colonies and did not spend money in the manner that we are giving it away all over the world, yet Great Britain found its way into financial difficulties.

If the United States cannot carry the flag for free people, there will be no other nation in the world to assume that responsibility.

In short, our fiscal position, characterized by debt, deficits and an ever-present threat of inflation, does not inspire confidence at home or abroad; and we need confidence in the dollar as we never needed it before.

The reasons for sound and strong men in positions of high fiscal trust at this time are clear and urgent.

I shall cast my vote against this bill today as a protest against the continuance of the dangerous fiscal practices in which we are indulging.

And with this vote I urge immediate change in budget direction by replacement of the present Budget Director with a man who understands the dangers of chronic deficit financing.

The present Budget Director is a man who has asserted before the Senate Committee on Finance that he believes in deficit spending and that the deficit we have was a planned deficit to help the economy of the country.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield.

Mr. WILLIAMS of Delaware. I join my colleagues in paying respect to the distinguished senior Senator from Virginia for delivering to the Senate and to the country this timely warning. There is no other man in the U.S. Senate who over a period of years has done more to maintain some degree of fiscal integrity at the national level than the senior Senator from Virginia. I join my colleagues today in saluting him for his excellent address.

Mr. BYRD of Virginia. I thank the Senator.

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

"THE ALL-CHANNEL BILL: CONGRESSIONAL INTENT AND INDUSTRY OPPORTUNITY"—ADDRESS BY SENATOR McGEE

Mr. PASTORE. Mr. President, on Tuesday, June 26, the senior Senator from Wyoming [Mr. McGee], who is a member of the Subcommittee on Communications of the Senate Commerce Committee, addressed the Electronics Industries Association convention at New York on the subject of the all-channel television bill which recently passed this body.

In his speech, the Senator from Wyoming excellently presented the intent and implications of this important legislative proposal, and I commend it highly to the Members of this body.

Mr. President, I ask unanimous consent that the address be printed in the Record at this point.

There being no objection, the address was ordered to be printed in the Record, as follows:

The All-Channel Bill: Congressional Intent and Industry Opportunity

(An address by Hon. Gale W. McGee, Senator from Wyoming, at the Electronics Industries Association convention meeting Tuesday, June 26, 1962, New York City)

It's a pleasure to be here this morning and to continue in conversation with your members my own personal education in the communications industry of the country. I regret very much I was not able to meet with you at the social hour last evening where I'm sure I could have learned a great bit more; but I was attending a very interesting seminar on "How To Succeed in Business Without Trying." After sitting through this delightful spoof, I have reached the conclusion that I'm in the wrong racket.

In a far more serious vein, I want to talk to you briefly about the new all-channel legislation enacted by the Congress. I don't need to tell this group what that legislation is all about, you know all too well. But I do think it would be helpful if I tried to set out why we, the Congress, chose to move down this road, and much more important, what your role should be in this new undertaking.

As you know, the Congress and the Commission were faced with a difficult problem. An intermixed system of VHF and UHF assignments had not worked. The experience of the last decade conclusively showed that. Over 90 percent of the UHF assignments were not being used, and there was little prospect for improvement.

During the hearing, and even since, I've heard comparisons made with the somewhat slow progress of color TV and the question asked: Will Congress be concerned and pass a law to help color television? But there's a world of difference. Whatever the progress of color TV, it does not result in a waste of one of the most valuable national resources which this country has, the radio spectrum. The plain fact is that if we do not make UHF work, we will have a television system that's inadequate for our national needs. Our population is expanding; per capita income is going up; leisure time is increasing; and new products and new companies are seeking advertising outlets. These economic and social factors strongly support an expanded commercial television system. But we cannot get that expansion, if we are constricted almost entirely to a 12-channel VHF system.

So we need UHF for expansion. We need it to bring new television service to underserved areas. Of the 278 television markets, 127, roughly half, have only 1 TV station, and 70 have only 2. Finally, we need UHF in order to promote the development of educational TV. Of the present number of channels reserved for educational television, 92 are VHF and 187 are UHF. A national study has indicated that the educators may need roughly 650 additional UHF channels in order to meet the needs of education in the years ahead. So you can see the future of educational TV is tied in large part to the future of UHF.

The Commission concluded and the Congress has agreed that the most painless, the most practical, the best way of solving this allocations problem is the all-channel receiver. Some of you, I know, disagree. But look at other possible solutions. Getting more VHF channels? The military said no, for defense reasons; and that's that.

Deintermixture? If you think that's painless, I suggest you talk with a Congressman from an area where the Commission has proposed to take out the VHF channel and substitute a UHF. It involves dislocation, the chance of taking service away from significant numbers of persons, and still would be just a piecemeal or short-range solution.

All-channel legislation will work because it goes to the root problem of receiver incompatibility. It makes time work in behalf of UHF development, both commercial and educational. The UHF operator could look forward to UHF receiver saturation not only in his home city but in the surrounding rural area as well.

We considered the possible drawbacks to all-channel, and particularly the increased cost of the all-channel receiver. We understand that at the outset that cost may be about $25. But I would hope that with mass production, with all-out industry concentration on the UHF tuner, the price differential will be much less and the product improved. I have confidence in your ability, for I remember your magnificent accomplishments with the VHF-only set, in the period from 1946 on.

Incidentally, as a member of the Commerce Committee taking the testimony from spokesmen of the industry, I was a little surprised at the great stress put on the added cost to the purchaser. I say "surprised" because I can remember in the early days of television sets, when the prices were often determined by what the buyer would bear, and that the price margin above cost and reasonable profit was many times greater than $25.

Or I can recall not very long ago, as we held hearings on TV booster legislation, to learn in the course of those studies of the excessive charges made by CATV systems, apparently on the basis again of what the market would bear. Installation charges, for example, ranged from as low as $15 to as high as $175. In that instance a mere extra cost of $25 didn't seem to be a disturbing factor to that segment of the communications industry. Therefore, it was my conclusion that, in terms of priorities, the small extra cost of a converter was not a very genuine deterrent to enacting this necessary legislation.

But, as I said, the most important thing I want to talk to you about is not why we settled on the all-channel legislative route, but what your role should be when all-channel becomes law. For it is an old but true cliche that to quarrel about the past is to lose the future. I know that neither you nor the Commission will make this error. I am sure that both of you will cooperate to achieve, to the fullest extent possible, the goal sought by Congress in the all-channel legislation.

The bill, as it passed the Senate, gives the Commission the authority to issue a rule to require that TV sets, shipped in interstate commerce or imported, "be capable of adequately receiving" all channels. There are, therefore, a number of areas where cooperation between you and the Commission would be most helpful in assuring the promulgation of a sound rule.

First, as you know, the word "adequately" in the bill is designed to give the Commission the narrow authority to specify two receiver characteristics. The Commission has assured the Congress that it will limit its rule to specification of the receiver noise figure at UHF relative to that at VHF and receiver sensitivity at UHF relative to that at VHF. Because the figures selected by the Commission will be relative ones, this means that you, the manufacturers, will in effect be specifying these characteristics of the set, by choosing the UHF figures. The Commission would only be requiring that the UHF component's capabilities as to noise or sensitivity be comparable to that of the VHF component. For example, if you wanted to produce a lower priced VHF set, the UHF component could also be of a similar lower priced nature.

The Commission has made one further important representation as to these two relative performance figures. It has promised the Congress that it will avoid extreme or unreasonable specifications—that it will select standards in the realm of the average characteristics of UHF receivers available on the open market today. In this way, the Commission is sure that its specifications will be well accepted by you manufacturers. Let me add here that we in the Congress were strongly assured by the Commission that it does not intend—and I repeat does not intend—to regulate sets, nor does it intend to require the establishment of VHF characteristics.

Obviously, if the standards are to prove generally acceptable, you and the Commission must have a full and frank exchange of views. I am heartened to learn that there already have been contacts between the Commission and your representatives, and only this morning I learned from the Commission that the first date for meetings to thresh out these important matters has been selected. That date is June 28, next Thursday.

These meetings must also concern themselves with the critical date to be specified in the rule, after which only all-channel sets are to be shipped in interstate commerce or imported. That date must be chosen so as to achieve the earliest possible implementation of the bill which would not work a hardship on you people by catching you with significant stocks of VHF-only sets. I am confident that the proper date can and will be selected through these meetings.

This brings me to what I consider to be the really vital aspect of the future. So far I have been talking about the Commission's rule, and how you can help to select the right ingredients of that rule. But the core of the matter is not the formal rule. It is what you, the manufacturers, do to bring reality to the hopes of the Congress, of the Commission, of the broadcasters, of the educators, of the public. The Congress, speaking for the country, is saying to you: "We want, as soon as we can, to have every set sold in this country an all-channel set, and a good one capable of adequately receiving UHF signals, so far as the set is concerned." Some of you agreed with this plan, some disagreed. But that is all irrelevant now. I would hope that you would all, whether you agreed or disagreed, pitch in to carry out the congressional mandate, not grudgingly because of some formal agency rule but willingly because this is the course that has been democratically chosen. It is this course upon which we have staked so much for the future development of television in this country. It is you, not the Congress or the Commission, who can best assure the achievement of that goal.

So I would hope that as soon as feasible you would voluntarily and immediately take the steps to revise your production lines to produce the all-channel set; and, just as important, that many of you immediately undertake the research and experimentation to improve the all-channel set. It does not seem to me that there is any need to await final adoption of the two receiver characteristics I have mentioned. For, the Commission has said that it will choose reasonable figures within the average characteristics of UHF receivers now available on the open market. Therefore, the conscientious manufacturer will face no danger on this score.

Thus, you have two choices before you. One is to await the cutoff date in a rule—to say, "Yes, I will comply with the law but only reluctantly and as narrowly as I can." The other is to roll up your sleeves and carry out not only the letter but the spirit of the law by implementing it as soon as you, not the Commission, can. I am fully confident which course a public-spirited industry such as yours will choose. And I believe that that course, voluntary, immediate implementation, will not only benefit the country, by promoting the earlier achievement of the bill's goals, but will benefit you and your stockholders. For, it will mean a very healthy, growing television broadcasting industry, and in the final analysis, that is the bedrock of your set industry.

There is a standard phrase much used, perhaps even abused, in correspondence which goes like this: "Thanking you in advance for your cooperation, I remain yours truly." Well, speaking for myself, and I am sure all my colleagues, I do thank you here and now, for your cooperation in this all-important enterprise.

CENTENNIAL OF THE MORRILL ACT

Mr. CARLSON. Mr. President, July 2 will be the centennial of the land-grant colleges which were founded, based on the Morrill Act.

Kansas State University is proud of its growth and heritage as a land-grant institution and during this year joins with 70 other members of the American Association of Land-Grant Colleges and State Universities in commemorating the act which established the world's greatest system of higher education. The centennial of the Morrill Act, on this July 2, 1962, is an especially significant occasion for higher education in Kansas. Although Kansas was not the first State in the Nation to make application for a college land-grant, it was the first in the Nation to designate officially, by legislative act, its land-grant college.

The Land Grant Act, signed by Lincoln, donated to each State accepting the terms 30,000 acres of land from the public domain for each Member of the House and the Senate to which the State was entitled. Kansas, having two Senators and one Representative at that time, was entitled to 90,000 acres. In each State this land was to endow at least one college, "where the leading object shall be, without excluding either scientific and classical studies and including military tacticism to teach such branches of learning as are related to agriculture and mechanics arts."

After Congress approved the Land Grant Act, and the State of Kansas accepted its provisions on February 3, 1863, trustees of Bluemont College at Manhattan offered their college building and 100 acres of land to the State. This offer was accepted on February 16, 1863, and it was also on that date that the Kansas Legislature established officially its land-grant college. Thus February 16, 1863, is the birthdate of Kansas State University as a land-grant institution. It is now preparing to celebrate its own centennial.

The early years for Kansas State were difficult ones financially, for the legislature left the institution to operate largely from the Federal endowment, which produced little immediate income. For instance, no money was appropriated for the first several years for operating expense. Before any endowed funds could become available the land grants had to be selected, then sold and the money invested.

The sale of land proceeded slowly for years, and the board of regents for Kansas State College and Kansas State administrators were reluctant to ask for appropriations for faculty salaries. The legislatures in turn were even more reluctant in granting appropriations, but they did make loans for operational expenses expecting repayment from future endowment income.

Proceeds from the sale of the land granted by the Federal Government eventually surpassed the half million dollars originally envisioned by land-grant college supporters. By 1885 less than 1,500 acres of the original endowment remained unsold.

Among the early land appraisers and agents for the grant were Gen. James H. Harvey, who later was to serve as Governor of Kansas and U.S. Senator and Issac T. Goodnow, brother-in-law of Joseph Denison, first president of Kansas State.

At the present time proceeds from the sale of the original Kansas College land grant are in the form of investments and securities and are valued at slightly more than $680,000. Kansas State still owns the original 100 acres deeded by Bluemont College in 1863, but the present campus of 160 acres was formerly part of three farms purchased with income from bonds floated by Manhattan Township.

In the fall of 1863 Kansas State began operation with 52 students; in the fall of 1962 there were 8,390 equated full-time students. During its 99-year history the institution has granted more than 40,000 degrees. Among its graduates are scores who have risen to top positions in many fields and are recognized for their achievements all over the world.

Kansas State has the threefold responsibility of teaching, of research, and through extension, of spreading the results of research in many subjects to people of the State and Nation. Under its 6 schools are 49 separate departments. The Ph. D. degree is offered in 24 fields, the master's in 66. Many of the 430 foreign students coming from 52 different nations are working on advanced degrees. Kansas State's educational program with India under the auspices of the Ford Foundation, and its recent affiliation with Justus Liebig University in Gressen, Germany, are two important worldwide contacts. The recent installation of a Mark II triga nuclear reactor and the continuing dramatic advances in milling technology research are only a few of the areas in which Kansas State is contributing significantly.

Ten extremely able presidents have guided Kansas State through perilous times as well as good times. The ninth president was Milton S. Eisenhower (1943–50), the first native Kansan and the first alumnus to head the institution.

Since 1950 President James A. McCain has personally directed the university's vigorous growth. New facilities and expanded faculty have kept pace with the growing enrollment and the demand for trained graduates. Also, every attempt is now being made to assure that adequate staff and facilities will be available during the next decade when the numbers of Kansas youth of college age will grow to at least 170,000.

Kansans are deeply aware of the significance of the Land-Grant Act, the land-grant idea, and its own land-grant school, and have consistently demonstrated a sense of obligation to education that would indeed please the visionary men so deeply concerned with education 100 years ago, namely, Jonathan B. Turner, Justin S. Morrill, and Abraham Lincoln.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 11990) to provide for a temporary increase in the public debt limit as set forth in section 21 of the Second Liberty Bond Act.

Mr. DOUGLAS. Mr. President, every request by a Democratic administration for an increase in the national debt limit calls forth a torrent of comment from Senators on the other side of the aisle. Today has been on exception. I am not enamored of debt. I am not advocating that debt in itself is worthy. I think that even my worst personal or political enemy would not accuse me of being wasteful in the expenditure of public funds. In the 14 years I have been in the Senate I have spent a good deal of my energy trying to effect economies in Government. I know that I have made no friends among my colleagues because of those efforts, and I have the uneasy feeling that I have probably made a number of enemies. But I think my credentials on that score at least are satisfactory.

It is perfectly true that our country faces some very real financial problems. One of the most severe of those problems is, of course, the unfavorable balance of payments. It is not an unfavorable balance of trade, because we export approximately $3 billion more in commodities than we import, but because of the heavy burden of supporting our troops abroad, the cost of our foreign aid, the expenses of European travel, and heavy American investments, the favorable balance of trade is turned into an unfavorable balance of payments.

Mr. GORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. GORE. The Senator has referred to heavy investments of American citizens and corporations in businesses abroad and in foreign securities.

Mr. DOUGLAS. That is correct.

Mr. GORE. The Senator is aware, I am sure, that the companies and governments of many countries are now floating issues on the New York market, thereby draining capital from the United States.

Mr. DOUGLAS. That is correct. In some cases such countries have offered tax havens to American investment which permit them to escape tax obligations which they would have if they invested in the United States.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. DOUGLAS. I yield.

Mr. GORE. I do not wish to provoke the distinguished senior Senator from Illinois into agreeing with me or even to solicit an expression of his opinion. He may wish to give the subject more study. I invite the attention of Senators to the fact that a few months ago our Government saw fit to refuse permission for the families of American servicemen serving in Europe to join them, thereby breaking up, I am told, a goodly number of families. The Government now imposes regulations and restrictions on the amount of money that a GI stationed in Europe may spend out of his small salary. Yet there is no impediment whatsoever to the flow of "hot" money into lockboxes in Geneva and the investment of untold amounts in foreign securities and businesses, and no inhibition whatsoever upon the flotation in our country of bonds, debentures, and securities of foreign governments and foreign corporations.

Mr. DOUGLAS. The Senator is correct.

Frequently the statistics on the national debt given in absolute terms convey a false impression about the financial and economic position of the United States. I fear that some of the comments today, which I am sure were made in good faith, unless they are supplemented with additional material, may give encouragement to those forces in other countries which would attempt to tear down the American dollar, which I believe is fundamentally sound except for the difficulties of international burdens about which I shall speak later.

TWENTY-THREE-BILLION-DOLLAR INCREASE IN DEBT, 1953–60

I find it interesting that our Republican friends did not comment at any appreciable length when, under the Eisenhower administration, the national debt was being increased from $267 billion, at which figure it stood at the end of 1952, to $290 billion, where it stood at the end of 1960. There was an increase of $23 billion in 8 years. We Democrats understood the financial problems which the Eisenhower administration faced, and while occasionally we would point out they were observing in office a very different standard from that which they had advocated when they were out of office, we did not interpose any serious objection to the proposals which the Republicans were making from time to time to increase the debt limit.

DEBT DECREASED $11 BILLION IN TRUMAN ADMINISTRATION

The sober fact is that whereas at the end of 1945 the national debt amounted to $278 billion, by the time Harry Truman left office it had been worked down to $267 billion. He affected a reduction in the debt of $11 billion in those 7 years. It should be noted that the Democratic Party can stand comparison historically very well with our Republican friends across the aisle.

INCREASE DURING DEPRESSION

Where did the debt come from? When Franklin D. Roosevelt took office, there were 14 million unemployed in our country. The country was on the verge of disaster. At that time the national debt amounted to a little more than $20 billion. At the end of 1939, at the outbreak of the European war, the debt amounted to a little less than $48 billion. The debt was therefore increased by $28 billion during the depression. Some of that money was wasted. But the vast proportion of that money was invested in America, and it helped to save tens of millions of people who otherwise would have starved. It may indeed have helped to prevent America from losing its base, and may have prevented us from having a revolution.

While incidental mistakes were made, we Democrats are not ashamed of that increase in the national debt during the depression.

WARTIME INCREASE

In 1939 the Second World War broke out, when Hitler invaded Poland. That invasion quickly swept the world into a war. As the clouds of war became more and more dense, it became necessary for us to arm. By the end of 1941 the debt had increased to $64 billion, or $16 billion more. The money was used to rearm America, to get America strong for the war which President Roosevelt saw was coming.

Then came our active participation in the war. During that time, as I have said, the debt increased from $64 billion, at the end of 1941, to $278 billion at the end of 1945, or an increase of $214 billion, incurred to defeat Hitler and Mussolini, to save America and preserve democracy not merely in this country, but in the world as a whole.

I believe mistakes were made in the financing of the war, in that we financed too little of it from taxes and too much from borrowing. There was an improvement in this respect over World War I, when about a third of the cost of the war had been met by taxes. We increased the proportion to about three-sevenths in World War II. But this was not enough.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator very briefly.

Mr. LAUSCHE. Merely for a question. If a mistake was made during the war by financing it too much through borrowing and too little through the collection of current taxes, is not the same mistake being made now, when we are financing our operations through borrowings, rather than through building up an income through taxes to meet obligations?

Mr. DOUGLAS. I will come to that when we come to the present time.

Who prevented us from taxing more during the war? Again and again the President of the United States, we would read in the newespapers overseas, would ask Congress to increase taxes. Again and again Congress turned him down. There was a bitter scene on the floor of this very Chamber in 1944, I believe it was, on this very point, when the President rejected one tax bill because it did not yield enough and sent it back and asked for more. Congress turned him down.

CONGRESS FAILED TO INCREASE WAR TAXES ENOUGH

The plain truth of the matter is that Congress, reflecting what it believed to be the opinion of the American people, would not levy adequate taxes to finance more than three-sevenths of the cost of the war. The result was that the Government, in order to furnish to our troops the supplies and munitions which they needed, had to go out to borrow. How did it borrow? It borrowed in part by people cutting down on their expenditures, diminishing their outlays, and turning over the purchasing power to the Nation. But it was also met in part by the banks creating checking deposits which the Government could draw against, which did not represent people's savings, but which represented instead credit inflation and which caused price inflation.

Yet with all the cost of financing the war, with all the mistakes that were made by the Congress, and perhaps a few by the administration also, who can deny the fact that it was better for us to have increased the public debt by a little more than $200 billion than for us to have lost the war and for Hitler and Mussolini to have conquered, and for Hitler to have erected Dachaus and Auschwitzes all over the world?

Taken in the large, that was a proper and good investment.

Then we got out of the war, and President Truman reduced the debt, as I have said, by about $11 billion. He was attacked bitterly by the Republicans during all this time. I may say that I tried to decrease the appropriations during this period, but without much success. On the whole, the President cannot be blamed.

Then our Republican friends took over, first saying they were going to reduce the budget to $40 billion a year and then to $60 billion; and then running the appropriations up to $70 billion and $80 billion, and even then not including the payments into the civil service retirement fund, about which my colleague from Illinois spoke with such tears this afternoon.

The record shows that our Republican friends expanded the public debt very greatly. I never heard them cry then as I heard them cry with such tearful voices this afternoon.

LAST YEAR'S DEFICIT BEQUEATHED TO KENNEDY ADMINISTRATION

Now a new administration comes in, inheriting the recession bequeathed to it by the previous administration, which, incidentally, created the deficit of last year. Then in midsummer came the erection of the wall in Berlin. I personally believe that the military authorities slumbered somewhat; that we should have been ready to knock the wall down. It was hard to get our allies to move. We did not have advance plans. We were caught unprepared. But, barring that, the administration acted with decision. It moved more troops into Germany, and reinforced the garrison in Berlin. It developed more Polaris submarines. It speeded up the missile program. It put more strength into the defense of the Nation.

DEFENSE INCREASES DETERRED KHRUSHCHEV

In my judgment—and this is only one man's judgment—this decisive act by the Kennedy administration has deterred Khrushchev from moving and possibly precipitating a world war. In addition, there have been added expenditures in southeast Asia. In addition the country has wanted us to conquer space and ultimately land a man on the moon. This will cost many billions.

Now the administration comes before us and asks for an increase of $8 billion in the debt limit and we hear once again the soulful lamentations of the opposition.

The debt as of this moment is about $300 billion. People speak of this as though it were horrendous. As I have said, I am not making any apology for debt as such. However, I think we ought to view it in perspective. Every corporation, when it presents its balance sheet, does not merely present a list of its debits, of its obligations and of its outstanding debts. In a parallel column opposite the debts, it lists its assets.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MANSFIELD. How does the Government handle its debt? Does it set the debt to one side? Does it list just liabilities, or does it list its assets?

Mr. DOUGLAS. It simply lists its debts. That gives occasion to the sons of Jeremiah to weep about this one-sided balance. Fortunately there is a House committee which has published an inventory of the assets owned by the Federal Government. As a certain Senator used to say, I hold here in my hand a document published as of last June 30, which gives these assets.

Mr. MANSFIELD. What do they total?

Mr. DOUGLAS. I read from page 13 of the committee print of Federal Real and Personal Property, House Committee on Government Operations.

GOVERNMENT ASSETS OF REAL AND PERSONAL PROPERTY BALANCE LIABILITIES

The personal property owned by the Government as of June 30 of last year amounted to $201,007 million. In addition, the real property owned by the Federal Government, in almost all instances on the basis of original cost rather than present market value or reproduction costs, amounted to $81,925 million. The total assets of the Federal Government as of that time, on the basis of original cost, came to $282,932 million. At that time the national debt was approximately $286 billion. Even on this basis, the assets roughly balanced the debts.

If we were to take into account the market value of the real property, not the original cost, the assets in all probability would vastly exceed the liabilities.

Mr. BUSH. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the Senator from Connecticut.

Mr. BUSH. The figures which the Senator gives are the asset values to the Federal Government. They do not include any earnings which come out of those assets.

Mr. DOUGLAS. No; this was simply a statement of assets. I shall come to earnings in a moment.

Mr. BUSH. I wish the Senator would discuss earnings. I think one thing missing is earnings.

Mr. MANSFIELD. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. MANSFIELD. There are certain earnings which I think the Senator would do well to elucidate; for example, the amount of money placed in development projects in the 17 Western States, money which is repayable at interest from projects which are of benefit to the people.

Mr. DOUGLAS. I wish my dear friend had not mentioned that item.

Mr. MANSFIELD. I know the Senator from Illinois has voted against them on occasion; but I think, by and large, when he thought they were good projects, he voted for them.

Mr. DOUGLAS. Yes, that is true.

Mr. MANSFIELD. There is an intangible that cannot be measured in dollars and cents, and that is freedom. How can freedom be added up on a cost or a cost-plus basis?

Mr. DOUGLAS. On that point, I will quote Browning:

> "But all, the world's coarse thumb
> And finger failed to plumb,
> So passed in making up the main account."

Of course there are assets. The TVA is an asset. It returns not only principal, but interest. Reclamation projects return principal, but not interest. There are many investments which, although they do not yield dollars, yield productive capacity.

Also, there is the Federal Reserve System. Congress has given to the Federal Reserve System the power to get about one-sixth of the profit from the creation of additional monetary purchasing power. The interest on this comes to about $600 million a year.

So there are earnings from assets. But the point I am trying to establish is that the value of our physical assets is approximately equal to the national debt; perhaps more.

Mr. MONRONEY. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the Senator from Oklahoma.

Mr. MONRONEY. I remember quite clearly the distinguished Senator from Illinois and several others of us fighting hard to keep in the control of the Federal Government proper the royalty rights to tideland oil reserves. The taxes from those lands run into the tens of millions of dollars, and the royalties from the salt water domes, which were thought to be valueless, now produce great revenue.

Mr. DOUGLAS. I am glad the Senator from Oklahoma has mentioned that, becaues that is one of the ironies of history which turned in our favor. We were beaten in the effort to retain for the Federal Government the right to the tidelands inside the 3-mile limit and, in the case of Texas, inside the 3-league limit; but we were successful in obtaining acceptance of the principle that out beyond the 3-mile or the 3-league limit the right to royalties rested in the Federal Government.

It has developed that this is where the most valuable oil supplies have been found, and the large revenues go to the Federal Government. This shows that sometimes we win, even though at the moment we may seem to lose.

Mr. BUSH. Has the Senator included those figures?

Mr. DOUGLAS. No.

Mr. MONRONEY. There are countless things which the Federal Government has as assets which are not even listed as assets in its real estate or personal property.

Mr. DOUGLAS. Here I have been using a most material base, so to speak, as a form of accounting. I have used only physical things, for which money prices have been paid, and for which, if sold, money prices could be realized.

Mr. BUSH. Mr. President, will the Senator from Illinois yield further?

Mr. DOUGLAS. I yield.

Mr. BUSH. The Senator has told us about hundreds of billions of dollars in assets. Have they not all been paid for out of tax dollars over the years?

Mr. DOUGLAS. Yes; but I am simply saying that when Senators shout about the debt being so frightening, if they were to examine the balance sheet, they would find that the assets would be equal to the debt.

The Senator is an experienced Wall Street financier. When he examined the accounts of the companies to which he would decide whether or not he would grant credit or for which he would float bonds, he knows that he always looked at the assets as well as at the obligations.

Mr. BUSH. But when we consider the Federal budget, we do not look at the assets; we first look at the income and the debt.

Mr. DOUGLAS. I am suggesting that the Senator should cure his astigmatism and look also at the assets.

Mr. BUSH. It is very hard to see the Senator's argument about billions of dollars in assets. I cannot see what effect they have on the budget when we are facing this year a deficit of $7 or $8 billion, and next year will face a deficit of $4 or $5 billion.

Mr. DOUGLAS. I know it is hard to educate the Senator from Connecticut; but I hope that in time—and I have not given up hope at all—if the Senator will bear with me, as I bore with him, this situation will become clearer as we go along.

Mr. BUSH. I thank the Senator from Illinois. I assure him that I intend to remain in the Chamber, because I am desirous of getting that answer.

GROSS NATIONAL PRODUCT INCREASED 150 PERCENT WHILE NATIONAL DEBT INCREASED ONLY 15 PERCENT

Mr. DOUGLAS. It is true that the national debt at the end of 1946 was approximately $260 billion. As I have said, it rose to $267 billion at the end of 1952. Now it is approximately $300 billion. There has been an increase of $40 billion in 16 years. That is an increase of 15 percent.

But what has happened to the gross national product, or to the national income, during this time? During this period, the prosperity of the Nation has expanded greatly. In dollar terms, the gross national product, which is probably the best measure, was $210 billion in 1946 and $347 billion in 1952. The present rate is probably $548 billion or $550 billion, perhaps a little more.

It will be found, therefore, in terms of dollars, that the gross national product has increased by 2½ times, or roughly 150 percent, while the national debt has increased by only 15 percent. So let us find the proportion which the national debt forms of the gross national product.

RATIO OF NATIONAL DEBT TO GROSS NATIONAL PRODUCT HAS DECREASED

In 1946, it was 28 percent greater than the gross national product. In other words, if we take the gross national product as 100, the national debt was 128.

In 1952, as Harry Truman laid down the reins of administration, the ratio of national debt to the gross national product had fallen to 75.

What is it today? Today it is only 54 percent of the gross national product. In other words, relative to the gross national product, which supports the debt, the ratio has fallen from 128 to 54. It has fallen by almost 60 percent. Those factors are extremely important.

Mr. BUSH. Mr. President, will the Senator from Illinois yield for one moment?

Mr. DOUGLAS. Yes.

Mr. BUSH. I serve on the Joint Economic Committee with the Senator from Illinois. I am stimulated by his incisive look at the situation. So long as he has made these comparisons, I wonder if he has compared the relative percentage of the budget with the gross national product.

RATIO OF BUDGET TO GROSS NATIONAL PRODUCT HAS DECREASED

Mr. DOUGLAS. Yes, I have. In 1946, it formed 17.4 percent of the gross national product; today it is a little less than 16 percent. In other words, on the whole, the percentage of debt to gross national product has fallen. The percentage of expenditures to gross national product has remained in the large approximately constant, but in strict terms it has decreased slightly.

Mr. BUSH. The Senator picked the year 1946.

Mr. DOUGLAS. Yes.

Mr. BUSH. Why did he pick that year?

Mr. DOUGLAS. Because by that time the war had been liquidated. Does not the Senator agree that this is a good year to pick?

Mr. BUSH. No; but I will come to that later.

Mr. DOUGLAS. If 1945 is chosen, the decrease has been even more marked.

Mr. BUSH. I will let the Senator from Illinois proceed.

Mr. DOUGLAS. I am always delighted to have my good friend from Connecticut intervene; he is always in good temper and is always gentlemanly.

Mr. HARTKE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. HARTKE. Has there not also been a decrease in the per capita debt?

Mr. DOUGLAS. Oh, yes; the per capita debt has fallen markedly, because the population of the country has increased from approximately 145 million in 1946 to 182 million, an increase of well over 36 million, which in turn would be an increase of about 25 percent. But the national debt has increased by only 15 percent.

Mr. HARTKE. I had a member of the Bureau of the Budget do the arithmetic for me; and he informed me that 10 years ago the national debt was $78 per capita more than it is today, and that the national debt of today, as compared to that in 1946—the year the Senator from Illinois selected—is $305 less per person than it was 10 years ago. I do not think these figures have been refuted—namely, that today each person in the United States owes less than in almost any other year one might select.

U.S. BUDGET MANAGEMENT BETTER THAN MAJOR EUROPEAN NATIONS

Mr. DOUGLAS. Furthermore, Mr. President, people frequently speak of how soundly the great nations of Europe are managing their budgets, in comparison with our management. Indeed, the Europeans like to point the finger of scorn at the United States and to speak of the unsoundness of the U.S. dollar, because we are running a deficit. Mr. Blessing, the head of the Deutches Bank, made some expressions of that sort at Vienna last year, and I think he was joined in them by the French Minister of Finance, who previously had been Governor of the Bank of France; and from time to time the Chairman of our Federal Reserve will return from trips overseas and will speak in bated tones of how the European bankers think the United States is not operating on a stable financial basis.

Some years ago I asked the Director of the Bureau of the Budget—who, incidentally, I think is a fine public servant—to compile figures putting the European budgets on a comparable basis with our own, because there is a vital distinction between them. As the Senator from Oklahoma and the Senator from Tennessee have pointed out, our Government includes in its annual expenditures not only the operating expenses, but also the capital investments. We include in our budget the investments for the great power projects and the loans to international monetary authorities and to domestic productive facilities, and the expenditures for reclamation projects—which, although they do not return interest, do return principal; and we also include investments in items which increase the productive capacity of the Nation, even though they do not directly result in monetary returns. So we include a vast range of true capital expenditures, a great deal of which, under the strictest terms, would be separated by any private corporation from its annual outlays.

Mr. KERR. Mr. President, will the Senator from Illinois yield?

The **PRESIDING OFFICER** (Mr. YOUNG of Ohio in the chair). Does the Senator from Illinois yield to the Senator from Oklahoma?

Mr. DOUGLAS. I yield.

Mr. KERR. Do we not also include tens of billions of dollars spent for defense purposes, which are investments in planes, ships, tanks, and guns, which have a useful life of from 5 years to 15 years, but, instead of charging them off over the period of their useful life, we charge them off in the year in which we pay for them?

Mr. DOUGLAS. Yes; but I would not include expenditures for war materials or for defense as capital investments; personally, I would exclude those.

Mr. GORE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. GORE. The Senator from Illinois has made a limited comparison of the Federal budget with, shall I say, the balance sheet of a private company, and he has given what would roughly correspond to the book value. He has not included the value of an established and going business.

Mr. DOUGLAS. That is correct; for instance, I have not included what is known in the business world as good will.

Mr. GORE. When we examine the financial statement of a private business, we can see the depreciated assets listed at very small amounts; and soon one realizes that the greatest value a company has is in its establishment, its customers, and its experience in profitmaking—in other words, as the Senator from Illinois has said, in its good will.

Of course the good will of the United States is worldwide, and it includes the earning capacity of the greatest economy on earth, the most highly educated and most productive people on earth, and the greatest national product—to which the Senator from Illinois has already referred. I am not sure what the financiers would use at the present time as a rule of thumb for the value of a business; but there was a time when a reasonable rule of thumb would be that a business was worth approximately 10 times its established earning capacity.

Mr. DOUGLAS. What the Senator from Tennessee says is correct, but I am not even taking any of that into account as private business does.

Mr. GORE. I understand.

Mr. DOUGLAS. I am making the most conservative analysis that it is possible to make in terms of money, investments, debt, income, material assets, and so forth—but not intangibles.

Mr. GORE. I realized that the Senator from Illinois was doing that. Indeed, that is why I rose to make these additional suggestions—so as to illustrate that the Senator from Illinois is being overly conservative in the limited comparisons he is making.

U.S. BUDGET INCLUDES CAPITAL INVESTMENTS AS OPERATING EXPENDITURES

Mr. DOUGLAS. I thank the Senator from Tennessee.

Mr. President, I am trying to say that in the U.S. budget we include investments, as well as operating expenses; but every private company in the country differentiates between investments and operating expenses. The private companies have a separate capital account which is isolated from the current balance sheet and the current operating costs. I am informed by those who have analyzed the figures for the American Telephone & Telegraph Co.—which has the highest capitalization of any company in the United States—that if one were to include the capital investments of the A.T. & T. in its operating expenses for each year, every year the A.T. & T. would be shown to be operating at a deficit. So if my good friend from across the aisle, the Senator from Connecticut [Mr. BUSH], had applied to the A.T. & T. the same standard which he is now endeavoring to apply to the U.S. Government, he would not be willing to lend the A.T. & T. a single dollar; instead, he would pronounce the A.T. & T. as being bankrupt, and he would lead us to believe that the A.T. & T. would in vain apply, hat in hand, to the magnates of Wall Street. Yet the fact is that the A.T. & T. is able to command tremendous amounts of capital—and deservedly so—and it pays interest on the capital it has borrowed, and it pays large dividends on its stock.

I do not know what the Senator from Connecticut, as a private banker, would do; but if I were a private banker, I would be willing to lend money to the A.T. & T., even though if the budget the Government uses were applied to the

A.T. & T., it would be shown to be operating at a deficit.

Mr. BUSH. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. BUSH. Is the Senator from Illinois actually making so rash a statement—namely, that he would be willing to lend money to the American Telephone & Telegraph Co.?

Mr. DOUGLAS. I certainly would.

Mr. BUSH. I congratulate the Senator from Illinois, for the American Telephone & Telegraph Co. happens to have about the best credit of any company in the United States.

Mr. DOUGLAS. Exactly so—and that, despite the fact that if it had its budget arranged or handled on the same basis as is the U.S. Government budget, the A.T. & T. would be shown to be operating with a deficit each and every year.

Mr. BUSH. Of course the Senator from Illinois realizes that the reason is that that company has outstandingly good credit—which certainly is a very good thing to have.

Mr. DOUGLAS. The point is that it makes capital investments which are not included in its current statement of income and operating expenses.

Mr. BUSH. But what we are worried about is the credit of the Government of the United States.

Mr. DOUGLAS. Well, Mr. President, if the Senator from Connecticut would cease giving false examples, the credit of the United States would be better.

Mr. BUSH. I think it will be much better if the Congress will concern itself with balancing the budget, so as to restore the people's confidence in the credit of the Government. Today, it is impossible to sell long-term Government bonds—which is one of the great embarrassments to our Government and its credit.

Mr. DOUGLAS. Of course it is impossible to sell them to people who do not understand the facts; but I am endeavoring to dispel some of the fears which the hobgoblins of disaster have inculcated.

Mr. BUSH. I hope the Senator from Illinois is successful in dispelling some of those fears.

Mr. DOUGLAS. Indeed I hope so.

Mr. President, as I said a moment ago, I asked the Bureau of the Budget to analyze the budgets of France, Great Britain, Italy, and West Germany, in order to show how they are doing, because they love to say they are more virtuous than we are, financially.

The point is that in every one of those countries, I think almost without exception, they separate capital improvements from their operating expenses. Capital investments are not included in their current budgets.

In England they are listed below the line. In France they are put in separate accounts. The same is true in West Germany and Italy.

The Brookings Institution, fortunately, has made a study of this subject, and I hold a copy of the study here in my hand.

We find that in France, during every one of the last 11 years, if we were to include capital investments in operating budgets, she would have run a deficit. Has this destroyed France? Quite the contrary. France is in a period of great economic expansion, and has been for years.

I can remember back in 1956, when people were saying France was in a desperate financial position. On going to France for a couple of weeks and studying her budget, I could see that France was very sound economically. Politically she was in some difficulties, but economically she was very sound.

The fact is that, on this same basis, as ours, France has run a deficit every one of the last 11 years. Great Britain has run a deficit, on this basis, 6 out of 11 years. West Germany has run a deficit 4 out of the last 6 years. Italy is in about the same position as France.

Now, I am not passing judgment on whether or not these policies are wise. I am merely pointing out that is what happens, and that the financiers and finance ministers of those countries have no right to point the finger of scorn at the United States on the ground that we are less orthodox than they are. The truth of the matter is that we are more orthodox than they are. And yet they have done very well economically with a growth rate which is twice that which we have had.

PUBLIC DEBT INCREASED 15 PERCENT

It is very curious also how people will fasten on the increase in the public debt, but ignore the increase in the private debt. As I have said, the increase in the national debt during the last 11 years has been from $260 to $300 billion, an absolute increase of $40 billion, but a percentage increase of only 15 percent.

CONSUMER CREDIT INCREASED 550 PERCENT

But what about some of the increases in the private debt? Let me first take the field of consumer credit. It was $8.8 billion in 1956. It is $57 billion in 1962, or an increase of about six and a half times.

I am not trying to slow down the rate of increase in consumer credit. I am merely trying to let some daylight into this field. I am trying to provide, in my truth-in-lending bill, that the real rate, the real cost of this financing be stated, both in absolute terms and on the basis of the annual rate on the outstanding balance, in the hope that people will make wiser decisions in the use of credit. But I am sorry I have found no support on the Republican side of the aisle. Every Republican member of the subcommittee, and I believe of the full Banking and Currency Committee, has opposed it. I had hopes at one time of my dear friend from Connecticut, because he was an original supporter, but he left us, and he can be described by the words of Euripides:

> For some grow too soon weary,
> And some swerve to other paths;
> Setting before the right
> The faint, far-off image of delight.

We have lost the Senator from Connecticut. He has gone over to the Philistines, although we will try to bring him back.

Mr. MONRONEY. Mr. President, will the Senator yield? Has the Senator completed his statement on the private debt?

Mr. DOUGLAS. No, I have not. I have touched only one facet of private debt.

Mr. MONRONEY. When the Senator finishes on that subject, I hope he can show the increase in the municipal and other debts which represent investment in long-term capital improvements.

Mr. DOUGLAS. Let us take the private mortgage debt. It was $42 billion in 1947, and it was $223 billion at the end of 1961, or an increase of slightly over five times.

Or let us take corporate debt. It was $154 billion in 1946. It was up to $312 billion at the end of 1961, or a doubling in the debt.

Or take financial debt, with which my dear friend from Connecticut is intimately concerned. In 1946 it amounted to $12 billion. At the end of 1961 it was $35 billion, or a trebling in commercial and financial debt.

PRIVATE DEBT INCREASE OF 300 PERCENT

If we consider the total private debt of the country, we find it increased from $154 billion in 1946 to $619 billion at the end of 1961, or it more than quadrupled.

While the public debt increased only by 15 percent, the private debt increased by 300 percent. It was four times in 1961 what it had been in 1946.

STATE AND LOCAL DEBT INCREASE OF 400 PERCENT

Then I come to the point that my good friend, the Senator from Oklahoma, has made—State and local government debts, which lie close to the people, where the bond issues are generally either approved or rejected by the people in referendums. The increase was from $13.6 billion at the end of 1946 to $65 billion at the end of 1961, or it multiplied fivefold. This was done by voice of the people, who wanted roads, schools, sewer systems, and public improvements of all kinds.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MONRONEY. In other words, it was done by the bodies closest to the control of their own governments, the voters in the cities.

Mr. DOUGLAS. That is correct.

Mr. MONRONEY. With the population increase, with the increasing need for sanitation, water supplies, roads, schools, they have authorized this vast increase to keep up with the rapidly expanding demands for public services, for which the people choose to vote and to pay interest. This does not represent, and the people in municipal financing know it does not represent, poor management or unbalanced budgets and waste, because they are considered to be investment items to be amortized over 25 or 30 years.

Mr. DOUGLAS. The Senator is correct.

Mr. MONRONEY. But other long-time projects, such as flood control, navigation, interstate highways, airport improvement, all are listed as though they were current expense items, the same as if the money had been spent in raking leaves.

Mr. DOUGLAS. That is correct.

Mr. MONRONEY. These are 25- to 50-year investments that are written off the day the project is completed.

Mr. DOUGLAS. The Senator is correct.

What has happened is that, whereas in 1946 the national debt formed about 60 percent of the total national debt and private debt, today it forms less than one-third.

I am not one to say that this increase in private debt has been uneconomic. I think in the main it has represented an investment in the material resources of our country. The increase of $40 billion in the total national debt in my judgment has been counterbalanced by more than $40 billion in the physical assets of the Federal Government.

Mr. President, we hear a great deal about inflation. Once again the specter of inflation was trotted out on the floor this afternoon. It was implied that because we are reluctantly asking for an increase in the debt limit this is but a harbinger of an increase in price levels.

NO INFLATION IN 5 YEARS

I hold in my hand the last copy of Economic Indicators, issued by our Joint Economic Committee. On page 24 of the issue for June the wholesale price index is shown, from 1957 on. I point out that if we consider 1957–59 to be 100, during the past 5 years the price level has remained constant. With 1957–59 as 100, 1957 was 99, 1958 was 100.4, 1959 was 100.6, 1960 was 100.7, 1961 was 100.3, and the week ended June 12, 1962, was 100.1. For more than 5 years we have had a constant wholesale price level. I do not think ever before in the history of the United States has there been such constancy of the price level, yet time after time our friends on the other side of the aisle get up to talk about inflation.

Inflation occurred during the Second World War, during the postwar period and during the Korean war, but it has not occurred since 1957. The value of the dollar has been constant.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. SPARKMAN. An interesting query comes to my mind in this connection. Very often inflation is automatically tied to budgetary deficits.

Mr. DOUGLAS. The Senator is correct.

Mr. SPARKMAN. The biggest peacetime deficit in the history of this country I believe occurred in fiscal year 1959 or 1960.

Mr. DOUGLAS. It was fiscal year 1959.

Mr. SPARKMAN. That was $12 billion.

Mr. DOUGLAS. The Senator is correct. We did twit the Republicans too much about that greatest peacetime deficit. We did not oppose their increasing the debt limit.

Mr. SPARKMAN. Was there inflation at that time?

Mr. DOUGLAS. No.

Mr. SPARKMAN. I believe we had fair economic stability then, did we not?

Mr. DOUGLAS. So far as prices were concerned, the record indicates there was a very slight decrease in the wholesale price level, about one-half of 1 percent.

Mr. SPARKMAN. So the two do not necessarily tie together, do they?

Mr. DOUGLAS. The Senator is correct.

Mr. SPARKMAN. Is not the very high debt limit, which we all regret having to ask for, brought about by the deficits which have accrued over the years? Is it not true that during the 8 years of the previous Republican administration there was a net accrual of deficit of $28 billion?

Mr. DOUGLAS. I believe the figure should be $23 billion.

Mr. SPARKMAN. I have these figures on a piece of paper, based on information stated to me.

Mr. DOUGLAS. I think it depends upon whether one uses the fiscal years or the calendar years.

Mr. SPARKMAN. I received the information from the Treasury Department.

Mr. DOUGLAS. I was using calendar years.

Mr. SPARKMAN. These figures are based on fiscal years.

Mr. DOUGLAS. My figures were from the end of 1952 to the end of 1960.

Mr. SPARKMAN. I have the figures for the 8 fiscal years prior to fiscal year 1961. That would be the Republican regime.

Mr. DOUGLAS. Yes.

Mr. SPARKMAN. Total deficits were $32 billion and total surpluses during that time were $4 billion. That means that the deficit was $28 billion.

Mr. DOUGLAS. That is on a fiscal-year basis.

Mr. SPARKMAN. This is from the testimony.

Mr. DOUGLAS. Yes.

Mr. SPARKMAN. This is not some figure pulled out of the air. This was given in the testimony before the Committee on Banking and Currency a few days ago, by a Treasury Department official.

Mr. DOUGLAS. Yes. I say to my friend from Alabama that I was trying to be very conservative and to use the calendar year figures rather than the fiscal year figures, thereby only saying those years were accompanied by a $23 billion increase in debt. However, I am ready to accept the figures of the Senator from Alabama and to say that it was probably $28 billion.

Mr. SPARKMAN. This was information given in testimony before the Committee on Banking and Currency only a few days ago.

Mr. DOUGLAS. I tried to lean over backward in being fair to the Republican Party.

Mr. SPARKMAN. Of course, the Senator from Illinois always does that.

There is another question I should like to ask the Senator. We hear a great deal about the flight of gold, as if it were something which has happened in the last year or two only. There was testimony before the Committee on Banking and Currency in that connection. I believe the Senator from Connecticut [Mr. BUSH] was present. There was testimony given before the committee, and the Senator might be interested in the figures. The figures are for calendar years.

In 1958 the balance of payments was minus $3.5 billion. The amount of gold lost was $2,275 million.

In the calendar year 1959 the balance of payments was minus $3.8 billion. There was a gold loss of $2.1 billion.

In 1960 the balance-of-payments deficit was $3.9 billion, and the loss of gold was $1,702 million.

In 1961 the balance of payments was minus $2,450 million. The loss of gold was $1,197 million.

In calendar year 1962 the balance of payments is anticipated to be minus $1.5 billion. Of course, the entire year is not complete. The loss of gold is anticipated to be $800 million.

I hope the Senator gets from those figures the picture of a steadily bettering of the condition with respect to gold, since 1958. The high point was in 1958. The situation got better in 1959 and 1960. It was much better in 1961. It is much better in 1962.

Is that not a better picture than we would get ordinarily from listening to some of the comments in the Senate?

Mr. DOUGLAS. Very much better.

Mr. SPARKMAN. This information comes from the testimony before the committee.

Mr. DOUGLAS. Every slip by the Republicans is covered up with roses, and every detrimental fact related to the Democrats has a multiplier attached to it and is puffed to the skies.

Mr. SPARKMAN. I think the Senator has well stated the case. That is one reason I wanted to give the facts.

Mr. DOUGLAS. They are very important.

Mr. SPARKMAN. This was testimony given by an official of the Treasury Department before the Committee on Banking and Currency. I am not sure the Senator from Illinois was present that morning, but I know the Senator from Connecticut was present at the time. These are cold figures which I think cannot be denied.

UNEMPLOYMENT A MAJOR PROBLEM

Mr. DOUGLAS. Mr. President, we have had stability in the price level for more than 5 years.

One of the tragedies of this period of time is that a great many people have fought a fictitious and nonexistent difficulty and have ignored the real trouble. The Chairman of the Federal Reserve Board has been afraid of inflation, when no inflation has existed. The financial writers have been afraid of inflation, when there has been none. Both of these groups have ignored the fact of high and persistent unemployment during the period in which the business cycle supposedly was either going up or was in a very good way.

I have criticized the present index of unemployment on the grounds that it does not include involuntary part time unemployment and the fact that the denominator used to get the percentage of unemployment is the total working force and not the total number seeking wage and salaried labor. One cannot have a self-employed person be unemployed, because by definition he is employed. If these two corrections were made, the percentage of unemployment would rise by about 2½ percent.

I wish to point out that the percentage of unemployment, which in 1955–57 was a little over 4 percent, rose to 7 percent in 1958, remained between 5 and 6 percent in 1959 and 1960, rose last year to 6.7 percent, and is now a little short of 5.5 percent.

The rate of unemployment has remained about 5 percent or more for more than 4 years. We have a right to be concerned about that figure. We have a right to be concerned about the slow rate of growth. I am frank to say that the rate of growth has not been accelerated in the present administration. I have not computed the figures. It may have been slightly dampened, but certainly it has not been accelerated.

The problems which we face are national problems, and there should be a thorough discussion of them. Hobgoblins should not be brought onto the stage to frighten the American people and cause them to lose faith in the United States.

I am a realist. When we are in a recession, I believe in calling it such. In 1953–54, as we were moving into a recession, I said it was a recession. I was denounced by the Republicans as a prophet of doom and gloom. At that time the Republicans called it a rolling readjustment, but everyone now admits it was a recession.

In 1957–58 I said once again that there was a recession. I was again denounced. But now everyone speaks of that recession.

STOCKS WERE OVERPRICED

In November 1960, I pointed out that we were moving into a recession, and now it is known that that was true. If and when we should be unfortunate enough to get into a recession under the present administration, I will call it a recession. But we are not now in an economic recession. There has been a fall in the stock market, according to the Dow-Jones index, of approximately 215 points, or about 30 percent. In my judgment that drop can be fully explained by the fact that, relative to earnings, stocks were overpriced. At the height of the bull market in stocks last December the average price of stocks was approximately 23 times their earnings, which meant that even on the basis of earnings, the yield was only 4¼ percent.

On the basis of dividends, since a large proportion of earnings are retained and reinvested, the ratio was about 40 to 1. Cash receipts were only about 2½ percent or less. Those were abnormally high prices. They could not be permanently justified. As a result, some of the hot air has gone out of the bag. According to my figures, the ratio of stock prices to earnings is now somewhere between 15 to 1 and 16 to 1. In the old days that ratio was regarded as a rather healthy relationship. Undue pessimism may carry it below that ratio. Revival of optimism may carry it above. But thus far there has been no economic recession, at least according to the monthly figures that we have. Unemployment is about the same as it was before. In April unemployment was 5.5 percent; in May 5.4 percent. I do not attach any importance to the apparent difference of one-tenth of 1 percent. It can be accounted for by errors in the sampling. The index of production was up from 117 to 117.6. I do not attach much significance to that. But certainly there are no signs of an economic recession, namely, an appreciable and serious decrease of more than seasonal proportions in the volume of production and unemployment. That is the best definition of a recession of which I know. On the basis of that test, we are not in a recession. Of course, we pray that we will not go into one.

There are only two things that could put us into a recession. First, the fall in stock market prices might discourage consumers so that people would not purchase as much as they did before when they were buoyed up by paper profits which they had not yet realized, but which they felt existed; second, a decrease in investment.

Therefore, I say that we can avoid a recession. I hope we will avoid a recession. But we should be thinking of what we should do if a recession breaks out.

The great trouble with the Hoover Republican administration from 1928 to 1932 was not that a depression occurred. Probably a depression was inevitable because of the forces which had been developing underneath the surface in the 1920's. The great fault of Mr. Hoover and the Republicans was not that the depression occurred but that, first, its existence was denied, and, second, the Hoover administration refused to take any steps to solve it. That was the great sin.

I am confident that the present administration will not make such a mistake. I submit that a discussion of banking policy, of monetary policy, and other subjects is in the public interest. Because a Director of the Budget believes in deficits during periods of recession to release more purchasing power to offset the decline of private purchasing power, because some of us believe in lower long-term interest rates in order to stimulate investment, conventional opposition to these proposals should not inhibit a discussion and consideration of them upon their merits.

WE SHOULD DISCUSS THESE ISSUES ON THEIR MERITS

Therefore I hope that the President's speech at Yale may indeed inaugurate a discussion on those issues. I believe the fancy term now is "dialog." I am grateful to my friend, the distinguished graduate and former first baseman on the Yale baseball team, the Senator from Connecticut [Mr. BUSH], for his contribution today. It was a very helpful contribution from his point of view. We welcome more from him and from other sources. I ask only that those subjects be considered on their merits.

UNITED STATES IS STRONG IN BOTH MATERIAL AND SPIRITUAL ASSETS

But I ask for something more. I ask that we have faith in the United States of America. This is a noble country—noble in ideals, strong in material resources, possessing great skills. It is a country bearing great international burdens—burdens not willingly or fully recognized by our allies overseas. I think we should, with increasing insistence, press our allies to assume a larger share of the military defense of Europe, a larger share of the burden of foreign aid, and eliminate quotas and tariff restrictions which they have against our products. I hope that all those things may be done and that we may go forward together. If, perchance, my remarks have served in slight measure to lessen the fog of confusion and obfuscation over those issues, perhaps I may not have spoken in vain.

Mr. President, I yield the floor.

Mr. THURMOND. Mr. President, once again we are faced with a request to increase the limit on the public indebtedness. The request being made by the administration is to place a limit of $308 billion on the indebtedness until March 31, 1963; to reduce that to $305 billion on June 24, 1963; and then to $300 billion from June 25 until the end of fiscal year 1963. At that time the permanent debt limit of $285 billion will be in effect unless Congress accedes to the requests which will be undoubtedly forthcoming to increase it.

Time and time again Congress has been asked to temporarily increase the debt limit since I have been a Member of the Senate. On each occasion I have opposed it. Congress along with the executive branch shares the responsibility for maintaining fiscal integrity. We shall never be successful in preventing an ever-increasing national indebtedness unless we reject these continual requests for increases in the limit.

This position may be a drastic one, but drastic steps are necessary to stem the tide of the extravagant spending which has been going on for years and which is threatening the security and well-being of our country. I ask unanimous consent to have printed in the RECORD as a part of my remarks my newsletter of June 25, 1962, entitled "National Indebtedness."

There being no objection, the newsletter was ordered to be printed in the RECORD, as follows:

NATIONAL INDEBTEDNESS

Our national security policy planners in the State Department warn in their policy papers that to be anti-Communist is to be negative. We are now being told that to be against big government spending is to be negative. In fact, the President stated at Yale recently that concern about the national debt and big government are based in large part on certain myths.

Nothing can be more positive than to be in favor of a win policy in the cold war and a balanced budget for our domestic economy. It is past time for positive steps to be taken toward holding Government expenditures within receipts. Now the Senate is faced with a request from the administration to permanently increase the national debt limit to an alltime high of $308 billion. It is proposed that the debt limit be raised to cover a projected $8 to $10 billion deficit for the fiscal year ending June 30. While we are being asked to cover this, it is already being predicted that the deficit for next year will be at least $5 billion. If this materializes, the budget will have been balanced only six times in 33 years.

This alone should be enough to stress the importance of cranking some positive thinking about balanced budgets into our fiscal policies and plans. When considered together with our continued loss of gold reserves and Senator Harry Byrd's startling revelation that the United States is committed to obligations totaling $1¼ trillion, the need for sensible fiscal policies becomes an absolute necessity. In giving his analysis of U.S. obligations, Senator Byrd, who is regarded as the top fiscal expert in the Senate, pointed out that the $1¼ trillion figure is "far from complete," not including "untold billions in clear and certain commitments for future spending which cannot be calculated."

U.S. gold reserves have dropped since 1949 from $24.6 to $16 billion because of a continuing balance-of-payments deficit with foreign countries. This deficit is piling up now at the rate of $100 million per month. At this rate, we will soon drop to the $12 billion figure required by law to back our money and, with current stock market gyrations and the continuation of deficit spending policies by the Government, foreign gold claimants, who are now owed approximately $20 billion, could demand all our gold in accordance with their right to first call on our reserves. Senator Byrd views this situation as imperiling our security like an atomic bomb.

This is a prime reason why Senator Byrd has announced that he will oppose the debt increase after having gone along reluctantly with previous debt increases as chairman of the Finance Committee in order to avoid Government financing difficulties. Senator Byrd feels that the Government must now be forced to economize by being denied the debt increase or at least a part of it. A move was recently made in the House to hold the debt limit to $306 billion, but it was defeated by a close vote. One of the principal arguments used against the move was a statement that the $2 billion difference would have to come completely or principally out of defense expenditures. If such a decision has been made it represents the same type warped reasoning as that which holds that anticommunism is negative and that concern about big debt and big government is based on so much mythology.

Defense needs must be placed first in our national budget. Waste and extravagance must be eliminated there as much as possible, but any curtailments or postponements must be effected in the nondefense areas. It has not been increased defense costs that have unbalanced most budgets since fiscal year 1954. Rather it has been nondefense spending, which has risen by $19 billion as against a $6 billion increase in defense spending, according to tax foundation figures.

I am going to work and vote to hold the debt increase down as I previously have in an effort to do something positive about getting the budget balanced, reducing the debt, and stemming the tide of the gold outflow.

Mr. MANSFIELD. Mr. President, after consultation with the distinguished minority leader and other Senators interested in the pending amendment, I ask unanimous consent that, at the conclusion of the remarks the distinguished Senator from South Carolina is about to make, 10 minutes be allotted to a side on the Williams amendment before the vote is taken on it.

Mr. KERR. May I address an inquiry as to the intent of the unanimous-consent request? Is it to the effect that at the conclusion of the remarks of the Senator from South Carolina, there may be a brief quorum call, following which 20 minutes, 10 minutes to a side, will be devoted to the Williams amendment, followed by a vote?

Mr. MANSFIELD. That is the request.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

THE SUPREME COURT DECISION ON PRAYERS IN THE PUBLIC SCHOOLS OF NEW YORK

Mr. THURMOND. Mr. President, the Supreme Court of the United States has overstepped its bounds in loose and distorted interpretations of the United States Constitution on many occasions, particularly in recent years. No Court decision, however, has shocked the conscience of the American people as has the ruling in the now famous school prayer decision of Engle against Vitale, on June 25, 1962. The Court ruled in this case that a simple, nondenominational prayer as devised by the New York State Board of Regents for schoolchildren without compulsion is offensive to the Constitution. The prayer reads as follows:

> Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country.

The constitutional provision which this simple prayer purportedly violates is a portion of the first amendment, which reads as follows:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.

It should be difficult for any American to find much, if anything, to quarrel with in that brief school prayer which merely acknowledges the existence of a Supreme Being, recognizing in a small way our national religious heritage and traditions. The constitutional provision appears to carry little or no ambiguity as to its meaning, particularly if one studies the contemporaneous events leading up to its adoption as a part of the Constitution. It is clear that the framers of this provision were concerned about the establishment of a national religion which would suppress all other religions. They were, as Dr. Billy Graham has so ably pointed out, concerned with maintaining freedom of religion, not freedom from religion. In fact, the late Justice Joseph Story informs us in his famous "Commentaries on the Constitution" that "an attempt to level all religion and to make it a matter of state policy to hold all in utter indifference, would have created universal disapprobation, if not universal indignation." Another expert on constitutional law, Mr. Cooley, made the point in his important work, "Principles of Constitutional Law," that "it was never intended by the Constitution that the Government should be prohibited from recognizing religion, where it might be done without drawing any invidious distinctions between different religious beliefs, organizations, or sects."

What the Court found to be invidious or dangerous in this case was the New York board's attempt to establish a religion with this simple, nondenominational prayer. The Wall Street Journal has stated in an editorial comment of June 27 that "this attitude bespeaks considerable confusion and no abundance of commonsense." It is indeed the height of legal absurdity and distortion to state or even imply that the State of New York was attempting to establish a State religion by use of this noncompulsory, 22-word prayer which was carefully worded to avoid making any "invidious distinctions" so as to give preference to one religion over another.

Besides, the constitutional provision contains a prohibition not against the States, but against the Congress establishing a religion or interfering with the free exercise of religion. Justice Story also made a strong point when he stated in his "Commentaries" that "the whole power over the subject of religion is left exclusively to the State governments, to be acted upon according to their own sense of justice and the State constitutions; and the Catholic and the Protestant, the Calvinist and the Arminian, the Jew and the infidel, may sit down at the common table of the national councils without any inquisition into their faith or mode of worship."

The Supreme Court, however, has attempted to tie the 14th amendment into the 1st amendment in another loose interpretation of the Constitution, and this combination of the "no establishment" clause with the "equal protection and immunities" clause has been used to rule out the action of the New York State Board of Regents in authorizing this school prayer.

Americans all across this great land of ours are concerned about this decision because it reflects a pattern of national actions designed, as Dr. Billy Graham warned in the February 17, 1962, issue of the Saturday Evening Post, "to take the traditional concept of God out of our national life." This is the disturbing fact about this lamentable decision. It signals the come-on of more antireligion decisions to follow in the wake of the precedent set in this judicial amendment to the Constitution. If this decision stands, then any action in public schools or in our national life carrying the "taint" of religion or acknowledgment of a Supreme Being can be swept away. Justice Hugo Black in a footnote to the majority opinion tried to "pooh-pooh" the idea that congressionally approved acts, such as establishment of our national motto, "In God we trust," or the addition to the "Pledge of Allegiance to the Flag" of the words "under God," might be affected. But, if the Court can interpret a constitutional provision which plainly states that the prohibition is only against congressional action as applying to a State action, then the Court could, with more validity—if there be any validity here at all—rule out these and other congressional enactments of recent and past years.

A very pertinent question to pose at this point is what effect the Engle against Vitale decision will have on the popular and oft-quoted prayer of the cadet corps at the U.S. Military Academy. This eloquent prayer reads as follows:

> O God, our Father, Thou Searcher of Men's Hearts, help us to draw near to Thee in sincerity and truth. May our religion be filled with gladness and may our worship of Thee be natural.
>
> Strengthen and increase our admiration for honest dealing and clean thinking and suffer not our hatred of hypocrisy and pretense ever to diminish. Encourage us in our endeavor to live above the common level of life.
>
> Make us to choose the harder right instead of the easier wrong, and never to be content with a half-truth when the whole can be won. Endow us with the courage that is born of loyalty to all that is noble and worthy, that scorns to compromise with vice and injustice and knows no fear when truth and right are in jeopardy.
>
> Guard us against flippancy and irreverence in the sacred things of life. Grant us new ties of friendship and new opportunities of service. Kindle our hearts in fellowship with those of a cheerful countenance and soften our hearts with sympathy for those who sorrow and suffer. Help us to maintain the honor of the Corps untarnished and unsullied and to show forth in our lives the ideals of West Point in doing our duty to Thee and to our country. All of which we ask in the name of the Great Friend and Master of man. Amen.

If the Court's decision is to be followed to its illogical conclusion, it would appear that the cadets may have to discard this prayer which has traditionally been as much a part of cadet life and has done as much to ingrain the West Point motto of "Duty, honor, country" into the hearts and minds of the corps of cadets as the highly regarded honor system.

The American people are proud of our national heritage and traditions, especially our spiritual ties to a Supreme Being. The history of America has been marked by religious features from the very beginning just as the map of America is marked with names of religious origin and meaning. The first discoverers and settlers of the Americas came with the Bible and the cross. From each country of the Old World with each expedition or attempted colony went missionaries, ministers, priests, for the conversion of the pagan Indians and to provide the ministrations of religion for the colonists.

Many of the colonists came to the New World to escape religious persecution and to worship in freedom. They determined to establish a new world whose government would be based on religious foundations but which would retain for each individual the right to worship in freedom and determine his own destiny.

Charters, compacts, constitutions—all the different kinds of formal paper establishing the individual Colonies and States are marked by a highly religious seriousness of tone. It is usual for them to open with an appeal to God, coupled with a declaration of moral and religious purpose, and to close with some phrase petitioning for God's blessing, or submitting to His will. Typical is the Mayflower Compact, which set up a form of democratic government that was to be a model to the many American governments which followed. In the Mayflower Compact, the Pilgrims declared that they had established that government in the presence of God, and in service to God and the Christian faith.

This compact was signed in the year of our Lord 1620. A century and a half later, the same religious basis for political action was invoked in the Declaration of Independence. The rights for which the colonists contended, and upon which they based all their claims to individual freedom and national independence, were the "unalienable rights" with which all men "are endowed by their Creator." They appealed for justice on the basis of the "Laws of Nature and of Nature's God," and their final pledge of loyalty and constancy among themselves was made "with a firm reliance on the protection of divine providence." The Declaration of Independence is basic to our independent, national existence, and its philosophy permeates our political thinking to this day.

During the Revolution, it was characteristic of the Continental Congress, and of the Revolutionary Army under its devout and upright commander, George Washington, to proclaim and observe occasions of public fasting and penance, of thanksgiving and rejoicing, as occasion might dictate.

Such official actions by George Washington as commanding general were in keeping with his private opinions, and with his public position as President. A typical statement by Washington is the often-quoted portion of his Farewell Address, in which he left for succeeding generations his legacy of political philosophy:

> Let us with caution indulge the supposition, that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure, reason and experience both forbid us to expect that national morality can prevail in exclusion of religious principles.

In his Thanksgiving proclamation of October 3, 1789, Washington stated his firmly held opinion on the proper relationship between a nation and the Creator:

> It is the duty of all nations to acknowledge the providence of Almighty God, to obey His will, to be grateful for His benefits, and humbly implore His protection and favor.

After proclaiming our independence in the Declaration of Independence and winning it in the American Revolution, our forefathers sought to secure our independence and newly won liberties for all our people for generations to come. When they met in Philadelphia in 1787 at the Constitutional Convention, the Founding Fathers determined to establish a government which would be separate from any religious faith and one which would place a premium on individual liberty, individual initiative, and individual responsibility. In making certain that church and state would not be mixed, they did not rule God out of our national life as the Supreme Court is attempting to do today. Indeed, they based their ideals as a nation on those given us by Christ.

For it was Christ, Himself, who ordained the preeminence of the individual, and Christian individualism was the very bedrock on which our Nation was founded. The Founding Fathers intended that each man should be free to determine his own religion and his own destiny, but by their example and the foundations which they laid for our Government they made it crystal clear that individually and as a nation we would have to look to God for guidance and blessings to ourselves and our Nation.

At one point in its proceedings when the Constitutional Convention was at the point of breaking up, the venerated and wise Benjamin Franklin suggested prayer and voiced the following concern on June 28, 1787, about the course of their deliberations:

> How has it happened, sir, that we have not hitherto once thought of humbly applying to the Father of Lights to illuminate our understandings?
>
> I have lived, sir, a long time, and the longer I live the more convincing proofs I see of this truth; that God governs in the affairs of men. And if a sparrow cannot fall to the ground without His notice, is it probable that an empire can rise without His aid? We have been assured, sir, in the sacred writings, that except the Lord build the house, they labor in vain that build it.
>
> I firmly believe this; and I also believe that without His recurring aid we shall succeed in this political building no better than the builders of Babel.

We are all very familiar with the blessings that have been showered on the American people as a result of the actions—which I believe to have been divinely inspired—at that great convention in 1787. Since that time America has grown and prospered, and our liberties—though constricted of late by the rapid and vast growth of the Central Government—have made us the envy of the world.

Down through the years since the founding of our great Republic, each President has asked the protection and help of God in taking his oath of office, as have Members of the Congress and most other National, State, and local officeholders. In the dissenting opinion in Engle against Vidale, Justice Potter Stewart has pointed out that even in the Supreme Court there has been a traditional recognition of God—the wisdom of which is specifically questioned by Justice William Douglas—by the Crier of the Court, in opening each session with the petition: "God save the United States and this honorable Court."

Mr. President, every Member of this august body and every Member of the House is fully cognizant that each session in these two bodies is opened with a prayer by the Chaplains of the Senate and the House or by someone designated to stand in their places. Millions of Americans have been present for the opening prayer in the Senate, through the years, and have been impressed by this daily act of humility and petition to a Supreme Being for divine guidance in fulfilling our duties to our States and our electorate. All Americans who witnessed the inauguration of our 35th

President on January 20, 1961, were probably impressed as much with the four prayers uttered on nationwide television by leaders of various religious groups as they were with President Kennedy's eloquent words to "ask not what your country can do for you—ask what you can do for your country," or with his public acknowledgment of our dependence on Almighty God with these words in his inaugural address:

> The world is very different now * * *. And yet the same revolutionary beliefs for which our forebears fought are still at issue around the globe—the belief that the rights of man come not from the generosity of the state, but from the hand of God. With a good conscience our only sure reward, with history the final judge of our deeds, let us go forth to lead the land we love, asking His blessing and His help, but knowing that here on earth God's work must truly be our own.

Mr. President, these words, these actions, and these traditions are only a few of many examples of our national acknowledgment of a Supreme Being, to whom we look individually and collectively for divine guidance and inspiration. The Congress has itself approved actions which have put our Nation on the side of God, in accordance with President Lincoln's admonition that we insure not only that God is on our side, but, more importantly, that we are on God's side. Some of these actions have been passed in very recent years while our religious traditions have been taking a vicious beating in the courts of our land in other twisted and distorted interpretations of the first amendment to the Constitution.

Since 1865, the Congress has required that the words "In God We Trust" be impressed on our coins. These words have now become our national motto, and have since been prescribed by law for all new issues of paper currency. In fact, as was pointed out on this floor on Tuesday, this motto is inscribed on one of the walls of this great Chamber.

Mr. President, in 1931, the Congress finally took action to officially make Francis Scott Key's immortal poem, "The Star-Spangled Banner," our national anthem; and it has traditionally been played at the conclusion of each broadcast day by most broadcasting stations in this Nation. As was pointed out by Justice Stewart in his dissenting opinion, the fourth stanza of "The Star-Spangled Banner" contains these verses:

> Blest with victory and peace, may the heav'n rescued land
> Praise the Pow'r that hath made and preserved us a nation.
> Then conquer we must, when our cause it is just.
> And this be our motto, "In God is our trust."

Justice Stewart might also have mentioned, Mr. President, our national devotion to other songs which stand close to the national anthem in the hearts of Americans, such as the hymns "America" and "America, the Beautiful," and the Irving Berlin melody, "God Bless America," which in recent years, particularly during the dark days of World War II, has stirred so much dedication to God and country. At countless national observances "America" is sung to open or conclude a program. Its fourth stanza begins as follows: "Our fathers' God to Thee" and ends, "Great God, our King."

In 1952, Mr. President, the Congress took another action in acknowledging God, when it approved legislation calling on the President each year to proclaim a National Day of Prayer. As recently as 1954, the Congress strengthened the "Pledge of Allegiance to the Flag" with the addition of two important words, "under God," so as to make the pledge now read:

> I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

In 1955, Mr. President, the Congress took another important action—in authorizing the creation of a prayer room in the Capitol. It is a room near the rotunda, described in official Government publications as "a quiet place to which individual Senators and Representatives may withdraw a while to seek divine strength and guidance."

This prayer room is under the care of the official chaplains of the Senate and the House, Dr. Frederick Brown Harris and the Reverend Bernard Braskamp, of the Senate and the House, respectively.

Just as the Congress has provided itself with chaplains, so has the Congress provided our armed services with chaplains to give our service men and women moral and spiritual guidance and training. In fact, each year we appropriate funds to pay the salaries and allowances of these armed services chaplains and also to maintain the chapels in which they minister.

By and large, these actions of the Congress which have acknowledged and emphasized and reinforced our religious heritage have not fallen under the hammer of any assault from minorities within our Government. However, in 1928, the Supreme Court considered and rejected a challenge of congressional appropriations to pay the salaries of the chaplains of the Congress, the Army, and the Navy.

The road between the decisions in the chaplains' case, as stated in Elliott against White, in 1928, and in the school prayer case, as stated in Engle against Vitale of June 25, 1962, is pockmarked with holes of irrational and unrealistic mental gymnastics which have so undermined and weakened the constitutional concept of federalism and States rights as to set the stage for the prohibition of State action permitting a simple, noncompulsory, interdenominational prayer in a public school.

The irrational—and, I think, irreverent—decision in Engle against Vitale comes, Mr. President, at a time when the world is locked in a cold war struggle between the forces of freedom which look to a Supreme Being for divine guidance and supplication and the forces of tyranny which are presided over by an ideology which does not recognize true freedom or any god except man himself and the worship of materialism. In this time of the most critical period in our national life, we need to increase rather than decrease individual and national attention to spiritual and moral values which undergird our Nation in this struggle, which is essentially a fight between those who do and do not believe in a Supreme Being. Every time we turn our young people—or any of our people for that matter—away from God, we turn them down the road toward the enemy camp of reliance on man and devotion to materialism.

Dr. John A. Mackay, president emeritus of Princeton Theological Seminary, has suggested that there are several basic attitudes which nations can take toward God. One is the attitude of the "secular nation," which eliminates God from its official relations and adheres to some political or philosophical idea. Another is the "demoniac nation," which manufactures a god out of the state itself. Still another is the "covenant nation," which grows out of an original loyalty and devotion to God and which continues to draw upon its origins for strength. Our Nation is such a "covenant nation," and she will continue to survive and prosper in freedom just so long as she remains loyal to her spiritual heritage, roots, and traditions.

Ten years ago, Mr. President, the Supreme Court recognized in a wiser decision in the case of Zorach against Clauson, that—

> We are a religious people whose institutions presuppose a Supreme Being.

What the Court was doing in that case was acknowledging a simple truth and stating in effect that we are indeed a Nation which has a covenant with God rather than being a "secular nation" or a "demoniac nation." The decision, however, in Engle against Vitale will, I fear, regardless of the intentions of the Court, serve to move our Nation closer into the vortex into which atheistic and worldly forces have been sucking our people in recent years toward being a secular or demoniac nation with emphasis not on moral and spiritual values but rather on the materialistic, nonspiritual concept of life as exemplified by our enemy, godless communism, which has vowed to bury us.

The Congress, which has spiritual values of its own which are threatened by this decision, is not powerless to act. I cannot accept President Kennedy's statement of yesterday that "a very easy remedy" is available to those concerned about this decision, this remedy resting completely in more individual prayer and church attendance. The President in his remarks overlooked the importance of not only keeping God in a prominent place in our individual lives but also in our national life.

The American people expect the Congress to act decisively to correct this erroneous decision based on illogical reason and distorted interpretation of a constitutional provision which was meant to insure that our religious heritage and traditions would always be a vital part not just of our individual lives but also our national life. The Court has on this occasion "bitten off more than it can chew," and I trust that the American people will soon have the Congress take the necessary action to reverse this decision.

In closing, I commend Justice Stewart for taking a stand—albeit a lonesome stand on the Court—in favor of fostering and promoting our religious heritage and traditions rather than joining in the action which attempts to interpret God out of our national life. In the end his dissent will prevail, not only because his position is supported by the overwhelming majority of the American people, who still hold the reins of Government, but because it is right.

I ask unanimous consent to have printed at the conclusion of these remarks editorials appearing in the State, of Columbia, S.C., the News and Courier, of Charleston, S.C., and the Augusta Chronicle, of Augusta, Ga., on this subject. They were all printed on June 27, 1962.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the Columbia (S.C.) State, June 27, 1962]

THE DECISION ON PRAYER

A majority of Americans will conclude that the nature of the school prayer which the Supreme Court has prohibited is not a peril to the doctrine of separation of church and state. But if it is, then they would say it would be appropriate and consistent to delete "In God We Trust" from every governmental connection.

Most Americans agree with Mr. Justice Stewart, the only dissenter from the prevailing opinion in the case, when he said: "I cannot see how 'official religion' is established by letting those who want to say a prayer say it. On the contrary, I think that to deny the wish of these children to join in reciting this prayer is to deny them the opportunity in sharing in the spiritual heritage of our Nation."

The word "heritage," and from the Supreme Court of the United States of these times. Sadly, however, from the pen of only one of the Justices and one who was overwhelmed by the judgment of six others. That was a judgment which totally ignored heritage in its relation to the careful recognition of God which the Founding Fathers associated with what they founded.

In the majority and deciding opinion, Mr. Justice Black wrote: "It is no part of the business of Government to compose official prayers for any group of Americans to recite as part of a religious program carried on by Government."

This is indeed a persuasive academic argument, but overlooks the fact that the particular prayer which was at issue was one composed in a way studiously to avoid offense to those believing in God (Jehovah) but not subscribing to Christianity. And it is stretching n point to construe this supplication as one encouraging a union of state and church. It is less specific than many prayers heard in prescribed places and at stated times associated with government and therefore taking on an "official" character themselves.

The text of the now-outlawed prayer is: "Almighty God, we acknowledge our dependency upon Thee and we beg Thy blessings upon us, our parents, our teachers, and our country."

One cannot but wonder why the Court was not so legalistically scrupulous in some of its other momentous decisions of the midcentury. To arrive at some of them, notably those infringing the right of citizens to select their own associates, it avoided the law and relied upon sociological "authorities." In the case of the New York State school prayer it employed an exaggerated concept of the law.

The constitutional requirement of separation of church and state is indeed one to be protected, and it will be. Across America today is many a man and woman who will feel there is an increasingly urgent need for protection from some of the trends in contemporary adjudication.

[From the Charleston (S.C.) News and Courier, June 27, 1962]

CONGRESS SHOULD REBUKE HIGH COURT FOR BANNING PRAYER IN SCHOOLS

In ruling Monday that prayer in a public school is unconstitutional, the U.S. Supreme Court in effect moved the United States in the direction of an officially godless state.

If a simple prayer to the Almighty cannot be offered in a classroom in this Nation, then certainly it cannot be long before this same Supreme Court demands that all signs of public approval of religious faith be torn from the fabric of our national life.

Justice William O. Douglas, who wrote a separate opinion upholding the majority ruling, clearly indicated the nature of judicial things to come. "Once government finances a religious exercise," he said, "it inserts a divisive influence in our country. * * * The first amendment leaves the Government in a position not of hostility to religion but neutrality."

Under this conception, the U.S. Government has no right to maintain a Chaplain Corps in the armed services or, at least, it must sign up spokesmen for atheism as well as ministers of religion.

NATION UNDER GOD

This Supreme Court decision, to which only Associate Justice Potter Stewart dissented, is a terrible transgression of the basic beliefs of the American people. A handful of arrogant men have sought to restrict the religious liberties of the American people. They have ordered that all traces of religious faith be removed from the public schools of the country.

The Communist Party of Russia needed to win a bloody revolution in order to achieve the same end. The U.S. Supreme Court believes it can do the same thing with a scrap of paper—a court order.

The Supreme Court decision is shocking; the arrogance of the Court is shocking. And it will be even more shocking if the American Congress and people submit to the Court edict.

The men who sit on the U.S. Supreme Court today—the men who have come to regard themselves as Olympians who need not consider the wants and beliefs of the people—must be rebuked. The decision banning prayer in the schools calls for rebuke. No sectional or party interest is involved. What is at stake is the future and reputation of this country as a Nation under God.

It is outrageous to assert, as did Justice Douglas, that the U.S. Government must be neutral as to religion. Our Government must be neutral as to denomination, but not to religion itself. If the U.S. Government is neutral to the matter of belief in God, then why should it oppose the doctrines of atheistic communism?

The truth is that the United States is a Nation under God. Our coinage bears the inscription "In God We Trust." Since the beginning of the Republic, Presidents have taken their oath of office after prayer by clergymen and with a hand on the Bible.

If the majority decision rendered by Justice Black were to be accepted as the law of the land, then it follows that prayer at a Presidential inaugural would be unconstitutional. After all, an inaugural of a President is the chief occasion of state in this country. It is far more public and meaningful than any gathering of children in a public school auditorium.

But how can the Supreme Court be rebuked?

It must be realized that many Americans have become passive in the face of domestic tyranny. Despite their belief that a handful of judges should not set themselves up over religion, some persons may be unwilling to act. Nevertheless, there are avenues of available action. If every school system that provides for public prayer were to continue to do so, in defiance of the Supreme Court, what could the Court do?

We seriously question whether the Justice Department or U.S. district attorneys would display enthusiasm for prosecuting school officials for providing opportunities for prayer. One can be sure that such prosecutions would be the most unpopular prosecutions in U.S. history.

CONGRESS CAN LEAD

Another way to proceed is for Congress to pass a joint declaration asserting the right of prayer in the public schools.

Congress has not hesitated to issue such joint declarations on foreign policy matters even though it has no direct authority over foreign policy. These declarations have the force of law, nonetheless.

It is timely for Congress to use the same procedure in order to put the Supreme Court in its place. All that is needed is for a Member of each House of Congress to draft such a resolution and obtain signers. We cannot imagine that many Members of Congress would refuse to sign a declaration upholding the free exercise of religion.

Will South Carolina's congressional delegation lead the way?

[From the Augusta (Ga.) Chronicle, June 27, 1962]

A JUDICIAL TRAVESTY

The first words of the first amendment to the U.S. Constitution provide that "Congress shall make no law respecting an establishment of religion."

Basis for the priority given that phrase, as any student of American history knows, was our Founding Fathers' determination that the government they established would never sponsor and control a particular religious denomination. No one with an appreciation of the God-centered foundation on which that new government was erected would construe the first amendment as a bar to official recognition of an Almighty Being.

But now the Nation's highest Court, in another of its flagrant misapplications of constitutional principle, has decreed that a simple 22-word, completely nondenominational prayer cannot be spoken in the classrooms of New York State schools. Prayer in public-supported institutions, the Court has said in effect, is unconstitutional.

To arrive at that state of judicial travesty, Justice Hugo Black and five other members of the Court sought to prove that the act of invoking the Almighty's blessings, when sanctioned by a State government, somehow constitutes the establishment of religion. No more distorted logic has ever emerged from the stately seat of justice in the Nation's Capital.

The logical extension of Justice Black's argument is the banning of all mention of God, all use of the Bible, and all prayers of any kind from public institutions, documents, and ceremonies.

Had the men who made this Nation great interpreted the first amendment in the manner of the six Justices, the words "endowed by their Creator" and "firm reliance on the protection of divine providence" would have been excluded from the Declaration of Independence. "In God We Trust" could not have been our national motto; the words "under God" would have been left out of the Pledge of Allegiance to the Flag, and Abraham Lincoln would have excluded them from the Gettysburg Address.

By the Court's specious reasoning, the very prayer that opens each Supreme Court session could be ruled unconstitutional, subjected to challenge. Prayers that open daily congressional sessions and invocations at Presidential inaugurations might be ruled out in the same manner.

The religious roots of this Nation, of course, go far deeper than these surface manifestations of reliance upon God. Development of faith, belief in God and specific religious precepts should and must be the responsibility first of the homes and churches of our land. These institutions will make or break the spiritual backbone of the Nation.

But trust in God and thankfulness for His blessings also are inseparably related to the history and character of our Government and national institutions. To deny children the right to open their school day with prayer, as Justice Potter Stewart pointed out in his dissenting opinion Monday, is "to deny them the opportunity of sharing in the spiritual heritage of our Nation."

When religious freedom comes to be so misinterpreted as to demand exclusion of prayer from public institutions, a long step has been taken toward complete omission of God from official life of the Nation. And the basic difference between our way of life and that of countries which deny the existence of God is on its way to being removed.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. THURMOND. I am happy to yield to the distinguished and able Senator from Arizona.

Mr. GOLDWATER. I take this occasion to thank the distinguished Senator from South Carolina for so eloquently and brilliantly calling to the attention of the Senate the error of the Supreme Court in its recent decision.

I wonder if the Senator from South Carolina realizes the number of States that recognize the place of God in our daily lives. I am sure he does, but I would like to go through the list of State mottoes which contain a reference to God.

My own State of Arizona: "God enriches."

Colorado: "Nothing without the Deity."

Connecticut: "He who transplanted continues to sustain."

Florida: "In God we trust."

Hawaii: "The life of the land is perpetuated in righteousness."

Maine: "I guide."

Maryland: "With the shield of Thy good will Thou hast covered us."

Ohio: "With God, all things are possible."

South Dakota: "Under God, the people rule."

In concluding my commendation of the Senator from South Carolina, I make this observation: The unhappiness and concern with this unwise decision must be unanimous. I am sure the Senator from South Carolina will remember that on previous occasions when the Supreme Court has rendered decisions that have tended to destroy States rights and take away the individual liberties of our people, the liberal Members of this body have risen up in defense of the Court.

I have not heard any liberal Member of this body rise to defend the Court in its recent action. I wonder about that inconsistency. I wonder if finally they are not agreeing with the conservative Members of this body that the Supreme Court of the United States has been in error and continues to be in error. If it continues to make the mistakes it has made, this legislative body will be sorely pressed to overcome them in order that we may perpetuate our constitutional Republic and protect the rights of the people.

Mr. THURMOND. I thank the distinguished Senator from Arizona for his complimentary remarks about my address. He has made a great contribution in the statement he has just made.

I feel very strongly about this. I concur wholeheartedly with the statement the Senator has made. I believe that a majority of the Congress, as well as the majority of the American people, also concur. It is my sincere hope that action will be taken promptly by the Congress to offset and reverse this unconstitutional and unwise decision of the Supreme Court in the school prayer case.

FINANCIAL CONDITION OF THE GOVERNMENT

Mr. BYRD of Virginia. Mr. President, in view of the discussion in the Senate today relative to the financial condition of the United States, I ask unanimous consent to have printed in the Record a statement by me as chairman of the Committee on Finance and Joint Committee on Reduction of Nonessential Federal Expenditures in regard to the financial condition of the U.S. Government.

There being no objection, the statement was ordered to be printed in the Record, as follows:

This is the first of a series of statements relating to the financial condition of the U.S. Government.

It is logical that examination of this subject should start with existing obligations of the Government; so this statement (with documentary notes) is confined to debt, commitments, and authorizations.

Other statements will follow as soon as they can be carefully developed and documented. Each subsequent statement will treat other aspects of the Government's financial condition.

Urgent need for such a study was made clear in January, when it became known that the administration planned to ask for legislation raising the statutory Federal debt limit to $308 billion.

A full-scale study of the subject should be made by the Finance Committeee, and I shall recommend that the committee undertake a formal public investigation as soon as time will allow.

A top-to-bottom analysis and study of the present financial condition of this Government is a monumental task, and to date there simply has been no opportunity for the committee to schedule the work.

The committee still has before it the omnibus tax bill, and the bill to extend corporation and excise tax rates, the tariff bill, the sugar bill, social security and veterans legislation, etc., are yet to come.

In addition, there may be legislation to raise the Federal debt limit again, provide medical care for the aged through the social security system, federalize unemployment compensation, etc.

The need to examine the financial condition is vital; the necessity for temporary postponement of formal investigation is unfortunate; I shall recommend its opening at the first opportunity.

Meanwhile, under the circumstances, with the assistance of staff and facilities available to me, I personally have undertaken preliminary studies on the subject.

My findings will be outlined in a series of reports to the Senate, and the first of these reports follows:

OBLIGATIONS AND COMMITMENTS OF THE U.S. GOVERNMENT

The U.S. Government in fiscal year 1963, beginning July 1, will have current authority to obligate funds, outstanding Federal debt, and other commitments of at least $1,242 billion.

This approaches $1¼ trillion, but it is far from a complete statement of the Government's actual and potential obligations, because untold billions in commitments for future spending cannot be calculated.

ONE AND ONE-FOURTH TRILLION DOLLARS

The authorizations, debt and other commitments included in the $1,242 billion are treated more fully later in this statement, but at this point they are summarized in rounded figures as follows:

Current authority to obligate, such as appropriations, balances, etc., estimated only through fiscal year 1963, beginning July 1, 1962, $188 billion.

Outstanding Federal debt in Treasury securities, etc., estimated as of the beginning of fiscal year 1963 on July 1, 1962, $296 billion.

Promises to pay under contingencies specifically fixed in existing law, such as Federal insurance in force, guaranteed loans, etc., $338 billion.

Other—including such moral commitments as unfunded accrued liabilities of Federal trust funds, securities issued by Federal agencies in addition to the regular debt, etc., $420 billion.

Total, $1,242 billion.

BEYOND CALCULATION

Billions in clear Federal commitments for future years are in addition to this $1¼ trillion. They are omitted simply because they cannot be calculated beyond fiscal year 1963.

These commitments for the future which cannot be calculated at this time are discussed further, but at this point they are summarized in categorical examples as follows: Interest on the Federal debt, pensions, retirement, compensation, etc., grants to States, payments to individuals, major subsidies, foreign aid, and public works.

Obligational authority in these categories for the coming year is included in the $1¼ trillion; Federal commitments to spend billions in these areas in the future are clear and certain, but they are too indefinite to calculate.

They cannot be reliably computed for the future for a variety of reasons involving duration, developments, administrative policy, and other indefinite factors which generally will be obvious:

Future interest on the Federal debt: The $1¼ trillion includes interest for only 1 fiscal year, 1963. Future obligation is certain but impossible to calculate in terms of duration, refunding, interest rates, etc. The debt is going up, and so are interest rates. Recent Treasury policy has been to convert more of the debt into long-term bonds. This would tend to freeze high rates on current issues. There was a March 1962 refunding for 36 years. Interest on the debt currently is averaging 3.215 percent, but the yield rate on recent issues has ranged up to 4.125 percent. The Federal interest obligation for the coming year alone is estimated at $9.4 billion.[1]

Pensions, retirement, compensation, etc.: The $1¼ trillion includes obligations of this nature for only 1 fiscal year, 1963. Future commitments are certain but impossible to calculate in terms of duration and other indefinite factors. Exclusive of trust fund programs, obligations in this category for fiscal year 1963 alone are estimated at $7.1 billion. This 1963 figure includes $5 billion [1] for veterans pensions, compensation, and hospital care. Included also for 1963 only are $1.1 billion [2] for military, Coast Guard, and Public Health Officer retirement pay, and $1 billion [3] in 1-year Federal agency contributions to Civil Service retirement, and health and life insurance premiums.

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[1] 1963 Budget Document, p. 106.

Grants to States: The $1¼ trillion includes direct grant obligations for only 1 fiscal year, 1963. Future commitments are certain but impossible to calculate in terms of duration, State activities which qualify for matching, etc.

Many of these programs are based on statutory formulas which make Federal payments mandatory when State and local programs conform to Federal standards. The $2.7-billion-a-year public assistance program is an example. The grant trend is up.

Exclusive of payments from trust funds (such as that for highways) and shared revenues, Federal expenditures through 47 grant-in-aid programs for the one fiscal year 1963 are estimated in the budget document at $5.7 billion.[4]

Payments to individuals: There are more than 30 programs under which the Federal Government makes payments directly to individuals, such as those for agricultural conservation, scientific and health research, scholarships, fellowships, etc. In certain of these programs the payments are under agreements or contracts extending for more than 1 year. The $1¼ trillion of computable obligations includes commitments to pay individuals for only the one fiscal year, 1963. Exclusive of computable soil bank obligations and trust fund programs, so-called Federal payments to individuals for fiscal year 1963 alone are estimated at $2 billion.[5] Future commitments are surely involved, but they cannot be calculated.

Major subsidies: The $1¼ trillion includes funds for Federal programs generally referred to as Government subsidies only for fiscal year 1963. Continuing commitments in these programs are certain but they cannot be calculated. Major Federal subsidies include payments to agricultural interests through the price support programs, and payments to commercial interests for airline operations and ship construction and operating differentials. Obligations under these programs in fiscal year 1963 are estimated at $4 billion.[6] Other Government payments frequently described as Federal subsidies, including the postal deficit, are in addition to those mentioned.

Foreign aid: In the past it has been the policy of Congress, as far as possible, to keep foreign aid authorizations on a year-to-year basis. In the more recent years there has been continuing pressure for a policy of long-term commitments. With or without this change in policy, future foreign aid obligations are certain and they are beyond calculation. The $1¼ trillion in computable obligations includes $18.4 billion [7] for foreign aid and funded subscriptions to international financial institutions. This figure probbaly should be increased by $5.2 billion [8] for unfunded foreign assistance loans and subscriptions to international financial institutions. This has been authorized in basic law to be provided after fiscal year 1963, but has not yet been appropriated.

Public works: The $1¼ trillion computable obligation figure includes $9.1 billion [9] for completing Federal civil works projects already underway in fiscal year 1963. It does not include projects to be started after 1963. The cost of civil public works presently authorized by law but yet unfunded is estimated at $12.8 billion.[10] Together the actual and potential Federal obligations for civil public works total approximately $22 billion. This civil public works figure is exclusive of the actual and potential obligations for military construction on installations, bases and facilities of the Armed Forces throughout continental United States and overseas.

All of these clear but incalculable commitments for the future are in addition to others including the general cost of Federal Government, the space race, cold war military requirements, etc.

CALCULABLE FIGURES

The Government debt, authorizations to obligate (including the President's new requests for fiscal year 1963) and commitments in the $1¼ trillion calculation developed in this statement are limited to:

1. Actual debt estimated to be outstanding as of July 1, 1962.
2. Actual spending authorizations available and those requested by the administration for fiscal year 1963.
3 Contingent commitments which are firmly fixed and clearly specified in existing law; and
4. Moral obligations which may be reasonably assumed as attached to trust funds operated under Federal aegis, etc.

On this basis, and with the best official information available, the debt, authority to obligate, and commitments of the U.S. Government are calculated as follows:

Calculable obligations of the U.S. Government, including Federal debt, commitments, authorizations, etc., estimated for fiscal year 1963 (based on latest official data)

Obligations	Total	Remarks
DIRECT		
Debt outstanding:	*Billions*	
Treasury securities	$295.4	Public debt (1963 Budget Document, p. 40).
Guaranteed obligations	.5	Largely FHA debentures (1963 Budget Document, p. 40).
Unpaid obligations	47.3	$45,400,000,000 in funds available (1963 Budget Document, p. 268), less $100,000,000 invested in Federal securities (Budget Bureau letter, Apr. 26, 1962); plus outstanding contracts under DPA of $600,000,000 (1963 Budget Document Appendix, p. 60) and Soil Bank of $1,400,000,000 (1963 Budget Document Appendix, p. 118 with informal official estimate).
Unused authority:		
Unobligated balances	31.0	$36,300,000,000 in appropriations, debt authority, revolving funds, etc. (1963 Budget Document, p. 268) less $1,500,000,000 invested in Federal securities (Budget Bureau letter, Apr. 26, 1962), and $3,800,000,000 available partially to meet insurance obligations (1963 Budget Document Appendix, p. 802 for FDIC and p. 807 for FSLIC).
New 1963 appropriations, etc., requested.	99.3	$97,800,000,000 in appropriations, $1,100,000,000 in authority to charge in debt, and $1,400,000,000 in contract authority and reappropriations (1963 Budget Document, table 15, p. 117).
Additional obligational authority.	1.1	Debt authority of $600,000,000 for 1964–65 college housing loans (Public Law 87–70) and $500,000,000 for 1964–67 veterans direct loans (Public Law 87–84).
Unfunded cost of started public works.	9.1	Cost after 1963 to complete civil public works projects already underway (1963 Budget Document, table F–3, p. 317).
Subtotal, direct	483.7	
CONTINGENT		
Loans guaranteed and insured	65.2	Largely housing mortgages (Treasury Department report, "Long-Range Commitments and Contingencies of the U.S. Government, Dec. 31, 1961").
Insurance in force, etc	272.8	Largely insurance of bank and savings deposits up to $10,000, and veterans life insurance (Treasury Department report, "Long-Range Commitments and Contingencies of the U.S. Government, Dec. 31, 1961").
Subtotal, contingent	338.0	
OTHER		
Social security trust fund	330.0	Unfunded accrued liability,[1] Dec. 31, 1961 (social security memo, May 28, 1962).
Civil service retirement	32.5	Unfunded accrued liability,[1] June 30, 1961 (Civil Service Commission annual report 1961, p. 34).
Railroad retirement	5.1	Unfunded accrued liability,[1] Jan. 1, 1960 (Railroad Retirement Board Eighth Actuarial Evaluation Report, p. 24).
Federal Reserve notes	5.2	U.S. obligations by law. Treasury Department report "Long-Range Commitments and Contingencies of U.S. Government, Dec. 31, 1961," showed $28,100,000,000 in circulation, with $22,900,000,000 of covering collateral in public debt. Collateral in public debt deducted here to avoid duplication in debt figure (above) in this computation.
Federal agency debt, not guaranteed by United States.	9.0	Issued under Federal authorizations against agency resources; outstanding Mar. 31, 1962 (Treasury Department Bulletin, April 1962, p. 26).
Highway trust fund	38.5	Remaining Federal share of estimated obligations required for Federal-State highway systems from July 1, 1962, to June 30, 1973, in accordance with Highway Act of 1956 (H. Doc. 349, 87th Cong., 2d sess., p. 8).
Subtotal, other	420.3	
Total	1,242.0	

[1] Unfunded accrued liability defined and discussed on p. 7.

The $295.4 billion direct debt figure used in the computation is low. It is used only because it is the official estimate of the Treasury debt level at the start of the fiscal year, July 1, 1962 (1963 Budget Document, p. 40).

The Federal debt is higher than that now (see latest daily Treasury statement). The Treasury estimates that it will reach $307 billion within the year (Treasury memo for Senate Finance Committee, Jan. 8, 1962).

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[2] 1963 Budget Document, pp. 164, 187, and 233.

[3] 1963 Budget Document Appendix, pp. 920–922.

[4] 1963 Budget Document, table H–3, p. 344.

[5] Estimate based on table 92, pt. B, 1961 Annual Report Secretary-Treasurer, p. 693.

[6] 1963 Budget Document, pp. 145–8, 158–9, and 250.

[7] 1963 Budget Document, p. 103, and appendix, pp. 82 and 334.

[8] Public Law 87–195, Public Law 86–147; 1963 Budget Document, pp. 70 and 80, and Public Law 86–565.

[9] 1963 Budget Document, table F–3, p. 317.

[10] 1963 Budget Document, table F–4, p. 319.

This is why raising the debt limit to $308 billion will be requested.

Federal debt has risen some $30 billion since the end of the Korean war (1963 Budget Document, p. 42). The statutory debt limit a year ago was $293 billion. It was raised twice within a period of 9 months, July 1961–March 1962.

The limit is now $300 billion, and the debt is almost the same. If the limit is raised to $308 billion by June 30, it will have been raised three times within a year by a total of $15 billion. It was raised $5 billion on June 30, 1961, and $2 billion on March 13, 1962.

The $1¼ trillion computation uses a $500 million estimate for Federal agency obligations guaranteed by the faith and credit of the United States. This also is a starting estimate for 1963 (Budget Document, p. 40) and it, like the direct debt figure, probably is low.

Federal Housing Administration debentures are the largest guaranteed item. The opening figure for fiscal year 1963 is $445 million, but the budget estimates that it will rise to $629 million during the year (1963 Budget Document Appendix, p. 736).

The National Housing Act authorizes FHA to issue these fully guaranteed debentures (unlimited as to total amount) to lending institutions and other mortgagees in exchange for foreclosed private mortgages which it has insured.

When FHA mortgagees demand immediate payment on claims arising from bad mortgages, this (back-door debt) debenture device provides a negotiable substitute for cash and at the same time postpones the necessity to use FHA reserves.

Some $43 billion in outstanding FHA insurance on mortgages[11] is included among the contingent liabilities computed in the $1¼ trillion, and there is no dollar limit on insurance which FHA can issue on housing mortgages in the future.

The amount outstanding in FHA debentures has risen steadily from $139 million in fiscal year 1960. It totaled $220 million in 1961; it is estimated at $445 million in the current fiscal year and the budget estimates it at $629 million for the coming year.

The $1¼ trillion computation includes a total of $99.3 billion in new obligational authority (appropriations, etc.) as requested by the President in the budget document for fiscal year 1963 (p. 34). This figure will be $535 million higher if postage rates are not increased.

Like the figure for direct debt and guaranteed obligations, this figure also is likely to be low. In the legislative process Congress will reduce some items and raise others; and there will be additional requests and supplemental authorizations as the year goes on.

The President's February 19, March 26, 1962, requests for authority to obligate more money for "emergency" public works is an example. He may not get all he asked, but he probably will get more than the $3.9 billion (exclusive of highways) originally requested in January (1963 Budget Document, p. 316).

The nature of the works programs proposed and contemplated by the administration under so-called emergency conditions would make costly realities out of public works projects and activities heretofore regarded as remote and unlikely objectives of Federal expenditure.

The $1¼ trillion takes into account certain obligations which some choose at this time to describe as "remote" and "moral." They are included in the computation generally under the headings "contingent" and "other."

The views of those who contend that inclusion of the items in the "remote" and "moral" categories overstates the case are recognized. But the purpose of this statement is to show and compute the Government's obligations and commitments as they exist.

It is understood, for example, that real property stands between Government-insured mortgages and the Government's ultimate liability; bank assets are in the same position in the program for Federal insurance of bank deposits, etc.

And, as official Government agency reports point out, experience in this area of Federal commitments has been favorable. This is all to the good, because under the law these commitments are promises to pay when conditions are unfavorable.

These commitments are in fact fixed in law. Remoteness of contingencies which would trigger payments was not considered in establishment of the program. When these laws were written unfavorable conditions were not remote at all; they were recent experience.

The $1¼ trillion includes the full amount of bank and savings deposit insurance obligations of the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation simply because the law makes the Government liable for amounts due.

The item is computed under insurance in force. As of December 31, 1961, the amount was $231.5 billion, according to a Treasury report of the same date on "Long-Range Commitments and Contingencies of the U.S. Government."

Deposits up to $10,000 are insured by these two agencies—FDIC and FSLIC—and as part of their reserves they hold $2.9 billion in Federal securities which, for purposes of this statement, are computed in the $295.4 billion Federal debt (unduplicated elsewhere).

It is to be hoped that serious call on this deposit insurance will never develop; but if it should, it is probably that the Government already will be on a deficit financing basis and without a balance to redeem Federal securities the corporations hold.

Under such circumstances the Treasury would be faced with the necessity of attempting to transfer this debt to public ownership along with the sale of additional Federal securities in an effort to satisfy the further liability.

It is understood also that trust funds such as those for social security and railroad retirement are designed to be self-financing outside of the general revenue; but moral obligations on the Government are inherent in such programs, and they cannot be disregarded.

The funds were originated under Federal statute. They are managed by Federal agenices. The Federal Treasury collects the taxes. And the Federal Government dictates their policies and tax rates. Recipients look to the Federal Government for payment.

In view of conditions such as these, if any of these funds should become insolvent, it is certain that those who have made compulsory contributions, and conformed to Federal standards and regulations, will expect the obligations to be met from the Federal Treasury.

The $1¼ trillion computation takes into account this assumption with respect to contributory Federal trust funds. It includes as moral obligations amounts equivalent to best estimates of what are officially referred to[12] as "Unfunded accrued liabilities" of the funds.

Language to be found on page 35 of the 1962 "Annual Report of the Social Security Trust Fund Trustees" is used generally to describe "unfunded accrued liabilities" in these funds as:

The actuarial deficits which could be calculated as of a given date, "if account were taken only of (a) benefits to be paid workers covered by the system to that date and to their dependents and survivors, (b) future taxes to be paid by such workers, and (c) the existing trust funds."

Better means of measuring obligations of compulsory-contributory Federal trust funds are desirable; "unfunded accrued liabilities" are used because no better yardstick is available. But the fact is: commitments involving the Federal Government do exist in these programs.

The Federal National Mortgage Association and certain other Government agencies have issued their own securities, outside of the regular Federal debt. Securities of this nature now total $9 billion (Treasury Bulletin, Apr. 1962, p. 26).

These securities are not literally guaranteed by the faith and credit of the U.S. Government, but their issuance is authorized by Federal Law, and they are backed by so-called resources of Government agencies which issue them.

Holders of securities such as these can be expected to assume the attitude that the Federal Government has a moral obligation to back up this type of debt. For this reason these obligations are included in the $1¼ trillion computation.

Finally, the $1¼ trillion computation includes Federal Reserve notes which, by law, are obligations of the United States, and the remaining Federal share of estimated obligations required for Federal-State highway systems to June 30, 1973.

The latest Treasury Department report on "Long-Range Commitments and Contingencies" showed $28.1 billion of Federal Reserve notes in circulation and that $22.9 billion of the covering collateral was in the Federal debt as of December 31, 1961.

The Federal Highway Act of 1956 established Federal-State highway construction schedules through 1973. The Federal share of the remaining costs in this joint undertaking is estimated at $38.5 billion (H. Doc. 349, 87th Cong., 2d sess., p. 9).

NEW PROPOSALS

Some 200 actions and proposals involving new and increased Federal obligation of public money and credit can be documented in presidential messages and communications to Congress during the current administration which began in January 1961.

The budget document for fiscal year 1963 (pp. 118–266) and other official publications indicate that the administration expects numerically up to 95 percent of its actions and proposals to have been implemented in some measure before the end of fiscal year 1963.

It may be notable that this statement gives no consideration to the administration's proposal to finance medical care for the aged out of the social security trust fund or the proposal for the federalization of unemployment insurance compensation.

The computation does include $233 million in Federal grants during fiscal year 1963 for defraying medical care expenses for the aged under the Federal-State public assistance program as it is provided in the budget (1963 Bud. Doc. App., p. 432).

Medical care for the aged through expansion of social security fund benefits, as proposed by the administration, is not included in the $1¼ trillion computation for two reasons:

1. Trust fund budget projections to date carry neither obligation nor liability estimates on the proposal; and

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[11] Treas. Dept. Report, "Long-Range Commitments and Contingencies of the U.S. Government, Dec. 31, 1961."

[12] "8th Actuarial Valuation of the Assets and Liabilities Under the Railroad Retirement Acts, Dec. 31, 1959," p. 24; "22d Annual Report, Board of Trustees OASI Trust Fund," Feb. 22, 1962, p. 35; Social Security Administration memorandum, Apr. 10, 1962.

2. Figures used in the $1¼ trillion computation are of an actuarial nature with the cutoff date taken as of December 31, 1961.

The lowest first-year cost estimate of the administration's proposal to finance medical care for the aged through the trust fund of the social security system has been $1.1 billion. Other estimates of the first-year cost have run much higher.

These estimates have been given in testimony before congressional committees (hearings before House Ways and Means Committee on H.R. 4222, vol. 1, p. 41) in connection with pending bills. Estimates in terms of increased liabilities against the fund have not been submitted in testimony.

The unemployment insurance and compensation program, as operated to date, generally has been financed from special taxes on employers under rates and standards which vary among the States. The compensation also varies among the States as to amounts and duration.

There have been so-called emergency occasions when repayable advances have been made to the accounts of some States from the general fund of the Federal Treasury. But, in fact, Federal obligation otherwise has been rejected.

Under the circumstances with respect to this program, as they presently exist, computations in this statement do not include any Federal financial obligation for unemployment insurance compensation in fiscal year 1963 or beyond.

But the administration has proposed extensive federalization of the program through uniform standards, taxes and payments. If this proposal should be adopted, Federal obligations—without doubt—would develop quickly in increasing amounts.

Many of the new proposals which have been generally treated to this point merit special mention relative to their potential obligations. Examples include—

1. The proposal for Federal pay (reform) raises: 1963 budget requests include $200 million for the first 6 months beginning January 1, 1963 (Budget Document, p. 266); a 3-year buildup at the rate of approximately $300 million a year is recommended; the ultimate increase is estimated at $1 billion a year ad infinitum.

2. Alliance for Progress: The budget for fiscal year 1963 includes an appropriation request for $600 million (p. 137). The President has requested $3 billion in long-term authorizations (H. Doc. 362, p. 3). Under international agreement the program is estimated to spend $20 billion to be derived from public and private sources.

3. Space exploration (including moon shot; man on the moon in 10 years): The Budget requests $3.8 billion (p. 72) for fiscal year 1963; the President last year indicated space costs would run up to $9 billion over 5 years; unofficial estimates place the ultimate costs of sending a man to the moon as high as $40 billion.

4. Civil defense. The budget includes 1963 authorizations totaling $700 million (p. 173). Emphasis has been placed on grants for shelter construction, supplies, etc. Ultimate cost figures have not been developed.

5. Urban renewal and transportation. Federal commitments for slum clearance, urban renewal and community facilities have been building up for years. Transportation was added to this group last year. All have been increased this year. They have been treated generally in this statement. Rebuilding cities and the Nation's transportation systems could provide a bottomless pit for Federal commitments.

CONCLUSION

In summary:

1. Obligations of the U.S. Government in the form of current authority to obligate public funds, outstanding Federal debt, and other commitments can be calculated to approximately $1¼ trillion.

2. But, as a total of the Government's obligations, this figure is far from complete; it does not include untold billions in clear and certain commitments for future spending which cannot be calculated.

3. The statement documents current direct Federal obligations and it makes future commitments the subject of special treatment. The recent record is an inadequate but available basis for forecasting coming developments.

4. It is recognized that the ultimate cost of great portions of the Government's obligations is to be determined by the development of contingencies. These areas are marked and emphasized in this statement.

The fact is that the remoteness of these contingencies is to be determined by the stability of the Nation's economic condition and the soundness of the Government's financial position.

Under conditions of Federal paternalism, intervention, and control which have been allowed to develop in this country, the Government's existing direct obligations and its future commitments are vital elements in the Nation's stability.

The recent record shows:

1. The 9 years since the end of the Korean war have been relatively prosperous; but there have been six Federal deficits in those 9 years, and the net deficit over the period has been at least $29 billion (1963 Budget Document, p. 42); and

2. Federal spending in 1963 will be $25 billion higher than it was 9 years ago; [13] the Federal debt has reached its highest point in history,[13] and the value of the dollar has continued to drop.[14]

The overriding truth in any responsible consideration of this subject is the fundamental fact that the Government's power to tax is the basis for every obligation it assumes and every commitment it makes.

Latest Bureau of the Census reports published by the Commerce Department, estimated the assessed value of real and tangible property in the United States at approximately $300 billion (Statistical Abstract of the U.S., p. 418).

The best and most recent estimates indicate personal income in the current calendar year will be some $443 billion, and corporate profits for the same year will be approximately $53 billion.[15]

But the Federal lien on our wealth is not alone. Other vast obligations against the resources of this Nation lie in State, local, corporate, and private areas.

Direct debt in these sectors by no means constitutes all of the commitments involved, and there are certain elements of duplication in the debt and commitments at each level.

But for appropriate consideration at this point, an official statement of current and direct Federal, State, local, corporate, and private debt by the U.S. Treasury Department (Secretary of Treasury letter, Feb. 28, 1962) follows:

CURRENT DIRECT DEBT ONLY IN THE UNITED STATES—DEC. 31, 1961

	Billions
Federal	$296.5
State and local	75.0
Private	307.0
Corporate	380.0
Total	1,058.5

The figures and considerations presented in this statement cannot be omitted in any measurement of the magnitude and the gravity of the obligations and commitments of the U.S. Government.

I shall deal further with financial conditions of the Government in subsequent statements.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 11990) to provide for a temporary increase in the public debt limit as set forth in section 21 of the Second Liberty Bond Act.

Mr. MANSFIELD. Mr. President, with the concurrence of Senators who are offering amendments, the appropriate ranking members of the Committee on Finance, and the leadership, I wish to make another unanimous-consent request to implement the one already made covering the amendment of the Senator from Delaware [Mr. WILLIAMS].

I ask unanimous consent that the same period of time, 10 minutes to each side, to be equally under the control of the Senator from Indiana [Mr. CAPEHART] and of the Senator from Oklahoma [Mr. KERR], be allocated for the consideration of the Capehart amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. SALTONSTALL. The Senator from Iowa [Mr. MILLER] also has an amendment. Has the Senator from Montana cleared the situation with the Senator from Iowa in connection with his amendment?

Mr. MANSFIELD. Mr. President, I ask unanimous consent, insofar as the amendment of the Senator from Iowa [Mr. MILLER] is concerned, that there be granted 30 minutes, to be divided 15 minutes to a side, half the time to be under the control of the Senator from Iowa [Mr. MILLER] and the other half to be under the control of the Senator from Oklahoma [Mr. KERR]. This meets with the concurrence of the Senator from Iowa and of the minority leader.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, I now suggest the absence of a quorum, with the understanding that the time necessary for the call of the roll will not be taken from the allocated time on the amendment of the Senator from Delaware [Mr. WILLIAMS].

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

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[13] 1963 Federal Budget Document, p. 42.

[14] Legislative Reference Service (Library of Congress) compilations, through May 2, 1962.

[15] Revised estimates by staff, Joint Committee on Internal Revenue Taxation, Senate Finance Committee Hearings, Revenue Act of 1962, Apr. 2, 1962, vol. I, p. 378.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS of Delaware. Mr. President, I yield whatever time he may need, from the 10 minutes, to the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. SALTONSTALL. Mr. President, I thank the Senator from Delaware.

I believe, when we talk about the national debt limit and the question of whether it should be increased to $306 billion or $308 billion, we should give some consideration to, or at least make a record of, the other liabilities of the Government in addition to the direct public debt.

I expect to vote with the Senator from Delaware in regard to the limitation of $306 billion.

We should remember that the Government has some very substantial contingent liabilities and lease obligations.

The Government has obligations under outstanding long-term contracts and leases and outstanding contract authorizations granted to but not committed by executive agencies.

For example, the guaranteed obligations issued by Government corporations involve outstanding FHA debentures of $239,694,000.

There are also FHA guarantees in three varieties. On the one- to four-family home mortgages, there are Federal guarantees outstanding of $52,464 million. On large-scale housing projects, there are guarantees outstanding of $9,181 million. On property improvement loans, there are guarantees outstanding of $14,430 million. The total FHA guarantees, outside of the direct debt, involve $76,081 million.

Under the Veterans' Administration guarantees and insurance, for World War II and the Korean GI bill, there are outstanding guarantees of $28,244,334,000.

On the Federal Maritime Administration, insured ship mortgages, the Government's contingent liability is $471,741,266.

I agree that the following involve a guarantee which is not likely to be very much, but in the Federal Deposit Insurance Corporation there are insured deposits of $164,071 million, and in the Federal Savings and Loan Insurance Corporation there are insured deposits of $65,925,621,000.

If we should include all the leases which the Federal Government guarantees, there is an annual amount of $42,271,165 for post office buildings and an annual amount of $82,704,212 for General Services Administration buildings.

I bring these items to the attention of the Senate for inclusion in the RECORD, to show the large sums which the Federal Government guarantees in addition to the direct debt of $300 billion, which we are considering raising to either $306 billion or $308 billion.

In simple fiscal terms, these figures help to show the obligations of the Federal Government today. Even though property values have greatly increased, even though the gross national product has greatly increased, and even though the population has increased considerably, in direct and indirect obligations the Federal Government has a vast responsibility today. That is why it is so necessary for us to go into the subject most carefully. We should consider the amount of appropriations we shall approve to carry on the Federal Government for the next fiscal year.

I could go into greater detail concerning the increased expenditures under the administrative budget which is contemplated, some $11,672 million more than last year, of which $5,390 million is related to military expenditures and the remainder to other services of our Government.

We must consider all these things very carefully and keep a very close watch on the national debt, which we are considering increasing today.

I thank the Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware has the floor.

Mr. WILLIAMS of Delaware. Mr. President, I yield the remainder of my time to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I support the amendment of the Senator from Delaware for a number of reasons:

First. I am of the belief that inadequate attention to the necessity for economy in Government has been exhibited by the Congress

Second. In too many instances the Congress has yielded to the administration, legal and practical control over spending. I refer especially to the repeated built-in expenditures that are being financed by the back door.

Third. The sheer size of the extravagant Federal budget has made it impossible on the floor of the Senate to guard adequately against extravagant spending.

Fourth. The present debt is too high relative to our general assets. Instead of reducing the debt since World War II we have raised it from $255 billion to a presently proposed $308 billion.

In "The National Debt Ceiling," published by the Brookings Institution, Marshall A. Robinson stated:

> Historically, the Government has pursued a policy of relatively prompt reduction of the national debt. Alexander Hamilton, in the earliest days of the Republic, set the tone for future generations. He argued that a national debt has a number of useful attributes, but one of its foremost characteristics is that it could help a nation to establish its credit rating among the nations of the world—if the debt were paid off with promptness. Over the decades, the debt rose primarily during war and depression and fell largely in response to the basic philosophy that the national debt should be extinguished. Twenty-four years after the war of 1812, the debt was entirely paid off. In the 27 years after the Civil War, the debt was reduced by almost two-thirds, and in the 10 years after World War I the debt was reduced by one-third.

Fifth. The cost of the present debt is already back-breaking. I do not have the exact figure in mind but I am sure that the interest on the national debt is at least $9 billion a year.

Sixth, the growth of the debt, with deficit operations in 25 of the last 31 years, has been one of the major causes for inflation.

Seventh, the unabated increase annually in the national debt is a threat and danger to our security and to our freedom.

Mr. President, since I have been in the Senate I have been trying to eliminate inordinate, unjustified, and extravagant spending. I have tried faithfully to abide by the President's request that we should not promote projects that may be desirable but which are not essential and not related to the national defense. I have been unsuccessful in that fight. I have not asked for the music. I am not going to pay the piper when I have not asked him to play. Those who have subscribed to the programs of spending, of course, should vote for the full amount of the increase. It seems to me that such action is the only method I have of serving notice that I do not subscribe to the unabated, unlimited, and unjustified spending that has been going on.

I shall support the amendment of the Senator from Delaware, and finally vote against the bill, as notice that I do not subscribe to what is happening.

Mr. KERR. Mr. President, how much time is left for the proponents of the amendment?

The PRESIDING OFFICER (Mr. HICKEY in the chair). The proponents have 1 minute remaining.

Mr. KERR. Mr. President, one of the distinguished members of the Finance Committee, the Senator from Kentucky [Mr. MORTON], is present in the Senate Chamber.

The distinguished Senator from Kentucky was a member of the Finance Committee during the years when the Eisenhower administration was asking for temporary increases in the debt limit. He approached the question then from the bipartisan standpoint that it was the responsibility of the Congress to make appropriations to provide the money which results in our debt, and the responsibility of the Treasury to manage the debt created by the expenditures authorized and directed by the Congress.

The Senator from Kentucky has approached the question from the same bipartisan viewpoint on the basis of which a Democratic Secretary of the Treasury and a Democratic President are asking the Congress to provide a debt limit that would permit the Treasury to manage the public debt created by the actions of the Congress. I congratulate him on the fact that he has taken the same position under a Democratic administration that he did under a Republican administration. The Senator from Oklahoma did the same. I supported the requests of the Republican President and the Republican Secretary of the Treasury to give them what they had to have in the matter of a debt limit to manage the public debt.

I now take that position under a Democratic President.

I yield 3 minutes to the Senator from Kentucky to maintain that position.

Mr. MORTON. Mr. President, I thank the Senator from Oklahoma. He almost changed my mind with his flowery introduction. But I appreciate his yielding to me for 3 minutes.

I do not like to oppose the chairman of the Committee on Finance, the Senator from Virginia [Mr. BYRD], and my senior colleague on the Republican side, the Senator from Delaware [Mr. WILLIAMS]. They will find that I have voted with them on most occasions, both in the committee and on the floor of the Senate, on questions they have presented. However, in the present case I feel that the debt limit, regardless of where we set it, does not control Federal expenditures in our country. I think that has become abundantly clear through the years. We appropriate funds. At certain times Congress has appropriated amounts as a result of persuasiveness from the administration. Nevertheless, we do authorize appropriations.

The point has been made that a debt ceiling would stop backdoor financing. I point out that the authority for backdoor financing originates in the Congress.

I remember an experience in 1958, during the previous administration, when Bob Anderson was Secretary of the Treasury. At that time the administration failed to ask for enough of a debt ceiling. The Secretary found himself in a precarious position and had to resort to all sorts of devices to stay within the limit. If we could analyze the situation, the facts would show that having to go to a high interest rate route on certain financial transactions cost us several millions of dollars. Any Secretary of the Treasury can manage more efficiently the debt of the United States if he has a certain degree of flexibility and reserves to pay off short-term obligations.

Finally, I believe that at this late hour in the fiscal year I see no reason to push this subject into a conference. The debt limit might well end as $307 billion, halfway between the Senate and the House figures. It could come out at $306 billion, the amount we are now discussing. If we are talking about $1 billion, that is less than three-tenths of 1 percent of the total debt. That may be quite an amount of money, but inasmuch as it does not put any sort of brake on our spending or on the spending of the administration through the back door, I believe we had better give the Secretary of the Treasury close to what he asks for, the amount in the House bill, because under either the House bill or the proposal of the Senator from Delaware, the March 15 figure will be the same. Just as sure as we are standing here debating this proposal tonight, we shall be called upon before March 15 once more to increase the debt ceiling.

So I see no reason at this late hour for taking any chance of ending up in conference with three-tenths of 1 percent or six-tenths of 1 percent of the amount involved between now and March 15.

I thank the Senator from Oklahoma for yielding to me.

Mr. KERR. Mr. President, the last statement of the Senator from Kentucky is quite significant. Under the House bill and under the bill before the Senate it is absolutely immaterial, insofar as the public debt is concerned, whether the limit is $306 billion or $308 billion for the period from July 1, 1962, to March 31, 1963, because following March 31, 1963, under the House bill or under the Senate committee bill, or under the amendment of the Senator from Delaware, the debt limit must be down to $305 billion, and by June 25 down to $300 billion. The difference lies in permitting the Secretary of the Treasury to manage the public debt created by appropriations of Congress.

I was interested in the remarks of the Senator from Ohio. He said:

> I am going to vote against the bill, no matter which figure prevails.

He said:

> I voted against the appropriations that made the debt. Let those who voted for the appropriations vote for the bill as it is before the Senate. I am not going to vote for it, because I did not vote for the appropriations that made it.

The debt is not created by the Secretary of the Treasury. The debt is created by Congress. We do not raise or lower the debt by determining whether it should have a ceiling of $306 billion or $308 billion in the bill before us. We do it when we make our appropriations. The figures in the bill are the minimum that would permit the Secretary of the Treasury to manage for the time specified in the bill the public debt which we created.

That is true only if we have a balanced budget in 1963. If we do not, in January or February we shall have to change it again to the extent that there is a deficit at that time.

Much has been said about what the Under Secretary of the Treasury, Mr. Roosa, said. I quote a few statements from him:

> At the outset, I can assure you that Senator ROBERTSON quoted me with meticulous accuracy. However, I am concerned lest he or others receive the erroneous impression that I somehow concurred in the view that a debt limit of $308 billion for the fiscal year 1963 might somehow have an inflationary effect, that it might aggravate our balance of payments or permit us to finance a budget deficit in fiscal 1963. Nothing could be further from the truth.
>
> In my view, with a balanced budget a debt limit of $308 billion for the fiscal year 1963 constitutes the very minimum necessary for efficient and prudent management of our debt in that fiscal year.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. KERR. I do not have the time.

He goes on to substantiate the position and ends his letter by saying:

> In conclusion, I should like to reemphasize that a $308 billion debt limit is the absolute minimum needed if the Government's finances are to be managed in an orderly and economical manner and if we are to be able to finance our purely seasonal cash requirements in fiscal 1963 within the framework of a balanced budget.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. KERR. I cannot yield. I do not have the time.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ROBERTSON. The Senator is misquoting me. I thought he should yield to me.

Mr. KERR. I get back to the position where we started.

The Secretary of the Treasury of the United States does not make the debt; he manages it. Congress makes the debt. We cannot deny the Secretary the authority he must have to enable this Government to pay its obligations.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILLIAMS of Delaware. Mr. President——

The PRESIDING OFFICER. The Senator from Delaware has 1 minute remaining.

Mr. WILLIAMS of Delaware. I yield 1 minute to the Senator from Virginia.

Mr. ROBERTSON. In anticipation of the fact that the outstanding monetary expert of the Treasury, Mr. Roosa, might send such a letter as the distinguished Senator from Oklahoma has just read, I put into the RECORD this morning Mr. Roosa's revised testimony before our committee. Senators can read it tomorrow. It is too late to do so now. He told us: "We anticipate the maximum demand about the middle of December. It will be under $305 billion. After that, it will be less, and it will go down to $300 billion."

I said, "Why do you want $308 billion? Why would not $306 billion give you an ample margin?"

He replied, "Well, $308 billion will give us more leeway to maneuver."

The PRESIDING OFFICER. The time of the Senator has expired. All time for debate has expired. The yeas and nays have been ordered on the pending question, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Washington [Mr. MAGNUSON], and the Senator from Michigan [Mr. MCNAMARA] are absent on official business.

I further announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Alaska [Mr. GRUENING] are necessarily absent.

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Connecticut [Mr. DODD].

If present and voting, the Senator from Alaska would vote "nay" and the Senator from Connecticut would vote "yea."

On this vote, the Senator from North Dakota [Mr. Burdick] is paired with the Senator from California [Mr. Kuchel]. If present and voting, the Senator from North Dakota would vote "nay" and the Senator from California would vote "yea."

On this vote, the Senator from California [Mr. Engle] is paired with the Senator from Kansas [Mr. Pearson]. If present and voting, the Senator from California would vote "nay" and the Senator from Kansas would vote "yea."

On this vote, the Senator from Washington [Mr. Magnuson] is paired with the Senator from Wisconsin [Mr. Wiley]. If present and voting, the Senator from Washington would vote "nay" and the Senator from Wisconsin would vote "yea."

I further announce that, if present and voting, the Senator from Michigan [Mr. McNamara] and the Senator from New Mexico [Mr. Chavez] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from California [Mr. Kuchel] and the Senator from Kansas [Mr. Pearson] are necessarily absent.

The Senator from Wisconsin [Mr. Wiley] is detained on official business.

On this vote, the Senator from California [Mr. Kuchel] is paired with the Senator from North Dakota [Mr. Burdick]. If present and voting, the Senator from California would vote "yea" and the Senator from North Dakota would vote "nay."

On this vote, the Senator from Kansas [Mr. Pearson] is paired with the Senator from California [Mr. Engle]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from California would vote "nay."

On this vote, the Senator from Wisconsin [Mr. Wiley] is paired with the Senator from Washington [Mr. Magnuson]. If present and voting, the Senator from Wisconsin would vote "yea" and the Senator from Washington would vote "nay."

The result was announced—yeas 37, nays 52, as follows:

[No. 102 Leg.]

YEAS—37

Aiken
Allott
Anderson
Beall
Bennett
Boggs
Bush
Butler
Byrd, Va.
Capehart
Carlson
Cotton
Curtis
Dirksen
Dworshak
Ervin
Fong
Goldwater
Hickenlooper
Hruska
Jordan
Keating
Lausche
McClellan
Miller
Mundt
Murphy
Prouty
Proxmire
Robertson
Saltonstall
Scott
Smith, Maine
Thurmond
Tower
Williams, Del.
Young, N. Dak.

NAYS—52

Bartlett
Bible
Byrd, W. Va.
Cannon
Carroll
Case
Church
Clark
Cooper
Douglas
Eastland
Ellender
Fulbright
Gore
Hart
Hartke
Hayden
Hickey
Hill
Holland
Humphrey
Jackson
Javits
Johnston
Kefauver
Kerr
Long, Mo.
Long, Hawaii
Long, La.
Mansfield
McCarthy
McGee
Metcalf
Monroney
Morse
Morton
Moss
Muskie
Neuberger
Pastore
Pell
Randolph
Russell
Smathers
Smith, Mass.
Sparkman
Stennis
Symington
Talmadge
Williams, N.J.
Yarborough
Young, Ohio

NOT VOTING—10

Burdick
Chavez
Dodd
Engle
Gruening
Kuchel
Magnuson
McNamara
Pearson
Wiley

So the amendment of Mr. Williams of Delaware and Mr. Dirksen was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. HUMPHREY. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Cooley, Mr. Poage, Mr. Jones of Missouri, Mr. Inouye, Mr. Hoeven, Mr. McIntire, and Mr. Teague of California were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H.R. 8291. An act to enable the United States to participate in the assistance rendered to certain migrants and refugees;

H.R. 8773. An act to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the Reserve components who are involuntarily released from active duty, and for other purposes; and

H.R. 11879. An act to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, and for other purposes.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 11990) to provide for a temporary increase in the public debt limit as set forth in section 21 of the Second Liberty Bond Act.

Mr. CAPEHART. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

Mr. MANSFIELD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MANSFIELD. For the information of the Senate, there is a 20-minute limitation—10 minutes to each side—on this amendment. I wish Senators to have that information.

Mr. CAPEHART. Yes.

Mr. President, I ask that my amendment be read.

The PRESIDING OFFICER. The amendment will be read.

The Legislative Clerk. At the end of the bill, it is proposed to add the following:

> That it is the sense of the Congress of the United States that the President should recommend and the Congress should approve an immediate overall reduction in Federal taxes amounting in the aggregate to not less than $5,000,000,000 and that the President should initiate such measures as may be required to reduce Government expenditures during the fiscal year commencing on July 1, 1962, by not less than $7,500,000,000.

Mr. CAPEHART. Mr. President, on the question of agreeing to this amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CAPEHART. Mr. President, this amendment as prepared and placed on the desk of each Senator called for a Federal tax reduction of not less than $10 billion and a reduction in Federal expenditures by not less than $15 billion.

I have reduced those amounts by 50 percent—in other words, to a reduction in taxes to not less than $5 billion and a reduction in Government expenditures by not less than $7,500 million.

This amendment provides:

> That it is the sense of the Congress of the United States that the President should recommend—

The amendment does not use the word "shall"—

> and the Congress should approve an immediate overall reduction in Federal taxes—

And Government expenses.

So, Mr. President, Senators will vote on the question of whether they are or are not opposed to unbalanced budgets, and whether they are or are not opposed to raising the debt ceiling every year, and whether they favor or do not favor a sound fiscal policy.

The amendment is very simple. It is an expression of the belief of the Congress that we should have a balanced budget, reduce expenditures, and reduce taxes.

I wish to ask this simple question: When are we going to balance the budget, and when are we going to reduce expenditures, and when are we going to reduce taxes?

Mr. President, by means of this amendment, Senators have an opportunity to vote whether they are in favor of unbalanced budgets, huge expenditures, and high taxes, or whether they feel that the time has arrived when we in the United States must put our fiscal house in order. If we do not do so, we may have an experience similar to the one Canada faced the other day, when Canada had to borrow $1,050 million to bolster her dollar. My question is: If the United States should have a similar experience, who would play "papa" and help the United States? We are providing $650 million to help Canada. But who would help the United States if we had a similar experience?

Mr. President, never was there a better time than now for Senators to say by their votes that from this time on we want to reduce expenditures, balance the budget, and reduce taxes. This amendment gives each Senator an opportunity to state such a position.

The amendment is not mandatory on the President or on any future Congress. It simply seeks to express the good, common horsesense of Senators that they believe the time has arrived when expenditures should be reduced, the budget should be balanced, and the backbreaking taxes on the American people should be reduced.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana [Mr. CAPEHART]. On this question, the yeas and nays have been ordered.

Mr. KERR. Mr. President, I invite attention to the fact that this amendment calls upon the President to recommend, and calls on Congress to approve, an immediate, overall reduction in Federal taxes amounting in the aggregate to not less than $10 billion. I cannot imagine a more desirable objective—nor one which would be more difficult to achieve immediately. The amendment also provides that the President shall initiate such measures as may be required to reduce Government expenditures during the fiscal year commencing on July 1, 1962, by not less than $15 billion.

Mr. CAPEHART. Mr. President, if the Senator will yield, I reduced the amount from $10 billion to $5 billion and from $15 billion to $7,500 million.

Mr. KERR. The Senator certainly has been throwing money around recklessly.

Mr. CAPEHART. I reduced it, and it was so read by the clerk.

Mr. KERR. There were voices more audible on the floor at the time the clerk was reading than the clerk's voice, and the Senator from Oklahoma did not hear that.

In view of the fact that the Senator from Indiana has surrendered half of the resolution, I ask the Senate by its action to reclaim the other half of it by voting against it.

Mr. MANSFIELD. Mr. President, for the information of the Senator from Indiana, I intend to make a motion to table. Does the Senator desire more time?

Mr. CAPEHART. The Senator will make a motion to table?

Mr. MANSFIELD. Yes.

Mr. CAPEHART. There is nothing further I can say on the motion to table than I did on the amendment. The question is very simple: Do 100 Senators wish to continue to run deficits, unbalanced budgets, or backbreaking deficits, or do they feel the time has arrived when we ought to say to ourselves and to the President, "Let us put our own house in order"?

We have just helped Canada put her house in order by lending her $650 million.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. GORE. Would the orderly way to do that not be by action by this body, after careful examination by the Appropriations Committee, or through a resolution such as this?

Mr. CAPEHART. No; I shall read the amendment again:

> It is the sense of the Congress of the United States that the President should recommend—

It does not mandate him; it does not say "shall"—

> and the Congress should approve an immediate overall reduction in Federal taxes amounting in the aggregate to not less than $5 billion, and that the President should initiate such measures as may be required to reduce Government expenditures during the fiscal year commencing on July 1, 1962, by not less than $7,500 million.

What is wrong with that?

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. HOLLAND. Does not the Senator think the most effective way to carry out the latter part of his motion—that is, for reduction of expenditures—is to defeat the resolution to raise the debt limitation?

Mr. CAPEHART. I just voted to reduce it by $2 billion; yes.

Mr. HOLLAND. I am talking now about the vote on reduction——

Mr. CAPEHART. Senators have an opportunity to embrace or reject the principle of whether they are for unbalanced budgets. Are they for deficits? Are they for coming back year after year, having to vote to increase the debt limit? Do they want sane, sound, sensible Government fiscal policies? That is all there is to it.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. GORE. Then, this sane, sound, sensible principle is that we pass a resolution recommending to the President that he recommend to the Congress that it be its duty, as the appropriation body, to do this?

Mr. CAPEHART. It is just an expression in a bill in which we are asked to increase the debt limit by $10 billion—that from this day on we wish the President and Congress to reduce taxes and expenditures so we can go on to a sound financial basis.

That is all I have to say.

Mr. MANSFIELD. Mr. President, I move to table the amendment of the Senator from Indiana.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana to lay on the table the amendment of the Senator from Indiana.

The motion to lay on the table was agreed to.

Mr. MILLER. Mr. President, I have an amendment at the desk, identified as "6-27-62—B," which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Iowa will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out the period at the end of the bill and insert in lieu thereof the following:

> ": *Provided*, That in no event shall the public debt limit exceed $300,000,000,000 if any appropriated funds for the fiscal year ending June 30, 1963, in excess of those appropriated for the previous fiscal year, other than those for the Department of Defense, are spent."

Mr. MILLER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were not ordered.

Mr. MANSFIELD. Mr. President, will the Senator explain his amendment? I do not think Senators understand what it provides.

Mr. MILLER. Yes. I will renew my request at the conclusion of my explanation.

In his state of the Union message last January 11, the President of the United States said: "I am submitting for fiscal 1963 a balanced Federal budget." His words were greeted with applause. At the time I remarked that his assurance that he would submit a balanced budget showed that he knew the people were concerned about the purchasing power of their money and inflation. After a seven-tenths of 1 percent increase in the cost of living index for last year and another seven-tenths of 1 percent increase in the cost of living index, they are increasingly concerned. In the last year and a half, inflation has shrunk the purchasing power of bonds and savings by $3.5 billion and has worked a hardship on millions of workers living on fixed wages and salaries and more millions of retired people relying on fixed income from pension and social security payments.

The value of the dollar has shunk to 46 cents compared to the 100-cent dollar in 1939, as set forth on the table appearing on page 53 of the hearings, which I ask unanimous consent to have included in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD.

Federal debt, interest on the debt, budget surplus or deficit, value of the dollar, balance of payments, and U.S. gold stock, 1930–63

[From official Government sources]

Year	Gross public debt and guaranteed obligations (by fiscal year, in millions)	Interest on the public debt (by fiscal year, in millions)	Budget deficit or surplus (by fiscal year, in millions)	Value of the dollar (by calendar year, in cents)[1]	Balance of international payments (calendar year, in millions)	U.S. gold stock (by fiscal year, in millions)
1930	$16,185	$659	+$737	83.2	+$598	$4,535
1931	16,801	612	−462	91.4	+1,132	4,956
1932	19,487	599	−2,735	101.7	+726	3,919
1933	22,539	689	−2,602	107.4	+323	4,318
1934	27,734	757	−3,630	103.8	+1,140	7,856
1935	32,824	821	−2,791	101.2	+1,174	9,116
1936	38,497	749	−4,425	100.2	+896	10,608
1937	41,089	866	−2,777	96.7	+1,053	12,318
1938	42,018	926	−1,177	98.5	+1,482	12,963
1939	45,890	941	−3,862	100.0	+1,915	16,110
1940	48,497	1,041	−3,918	99.2	−2,890	19,963
Depression years		8,660	−27,642			
1941	55,332	1,111	−6,159	94.4	+1,119	22,624
1942	76,991	1,260	−21,490	85.3	−205	22,737
1943	140,796	1,808	−57,420	80.3	−1,970	22,388
1944	202,626	2,609	−51,423	79.0	−1,859	21,173
1945	259,115	3,617	−53,941	77.2	−2,737	20,213
1946	269,898	4,722	−20,676	71.2	+1,261	20,270
World War II years		15,127	−211,109			
1947	258,376	4,958	+754	62.2	+4,567	21,266
1948	252,366	5,211	+8,419	57.8	+1,005	23,532
1949	252,798	5,339	−1,811	58.3	+175	24,466
1950	257,377	5,750	−3,122	57.8	−3,580	24,231
Post-World War II years		21,258	+4,240			
1951	$255,251	$5,613	+$3,510	53.5	−$305	$21,756
1952	259,151	5,859	−4,017	52.3	−1,046	23,346
1953	266,123	6,504	−9,449	51.9	−2,152	22,463
1954	271,341	6,382	−3,117	51.7	−1,550	21,927
Korean war years		24,358	−13,073			
1955	274,418	6,370	−4,180	51.9	−1,145	21,678
1956	272,825	6,787	+1,626	51.1	−935	21,799
1957	270,634	7,244	+1,596	49.4	+520	22,623
1958	276,444	7,607	−2,819	48.1	−3,529	21,356
1959	284,817	7,593	−12,427	47.7	[2]−3,743	19,705
1960	286,471	9,180	+1,224	46.9	−3,929	19,322
1961	289,211	8,957	−3,856	46.4	−2,454	17,550
Post-Korean war years		53,738	−18,836			
Total, 1930–61, actual		123,141	−266,420			
				April	1st quarter	June 15
Estimates and latest actual:						
1962	295,835	8,998	−6,975	46.0	−1,904	16,434
1963	295,569	9,400	+463			

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[1] Based on 100-cent dollars in 1939.

[2] Excludes additional U.S. subscription to IMF of $1,375,000,000.

Mr. MILLER. Mr. President, in his budget message delivered to the Congress on January 18, the President did submit a balanced budget, although this was premised on a hope that revenue receipts would amount to almost $11 billion over the previous fiscal year. In the course of his message, the President said:

> The economy is moving strongly forward, with employment and incomes rising. The prospects are favorable for further rises in the coming year in private expenditures, both consumption and investment. To plan a deficit under such circumstances would increase the risk of inflationary pressures, damaging alike to our domestic economy and to our international balance of payments.

In the 4 months since that time, unemployment has remained high, the stock market has fallen severely, private business has lost confidence, and the hoped-for revenues have faded into increasing predictions of another serious deficit. With the President's balanced budget turning into another serious deficit, we are hearing conversation from administration spokesmen to the effect that the balanced budget is a myth and that the conventional administrative budget is an old, timeworn gimmick which should be scrapped in favor of some other type of budget which will not reveal such a serious deficit. An excellent article on this subject by Dr. Harley L. Lutz, professor emeritus of public finance of Princeton University, appeared in the June 25 issue of the Wall Street Journal, and I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit I.)

Mr. MILLER. Mr. President, the proof of the pudding is in the eating. The proof in any budget of our Federal Government eventually shows up in the form of our national debt. It does no good to give assurance of a balanced budget one day and then ask that the national debt ceiling be increased the following day. When this administration took office, the public debt limit was $293 billion. It was increased by $5 billion last year, and again by $2 billion to $300 billion last March 13. Now it is proposed by this bill—H.R. 11990—to boost the national debt limit to $308 billion.

In the President's budget for fiscal year 1963, it was proposed that $92.5 billion in new money be appropriated and $6.8 billion in extension of authority to spend unspent carryover funds from previous years be approved, for a grand total of $99.3 billion. This compares with $95.7 billion, also included in the President's budget, in new money and authority to spend unspent carryover funds in the previous fiscal year. In other words, using the President's budget as a guide, total spending in fiscal year 1963 would be some $3.6 billion over that in the previous fiscal year.

Now, Mr. President, if the hoped-for revenues contained in the budget were materializing, the problem of the debt limit ceiling would be serious enough. But when the revenues are not materializing, and when Federal spending is not being cut back proportionately, but is being increased, the problem threatens the vitality of our economy, and the already shaken confidence of our private business, and the balance of international payments, and loss of gold problems loom larger.

It seems to me, Mr. President, that this is no time to increase Federal spending, with the possible exception of spending for national defense requirements. One may try to blame the White House for asking for more spending, but it is the Congress, not the President, which spends the money. It is to the Congress, not to the President, that the people must turn for fiscal integrity in our Federal Government and for the preservation of the purchasing power of their hard-earned money.

With this in mind, I have proposed an amendment to H.R. 11990. My amendment provides that money appropriated for the fiscal year 1963 over and above that appropriated for the fiscal year 1962 for any fund shall not be spent. If, under these circumstances, the debt limit ceiling rises above $300 billion, then the provisions of this bill will take effect. By my amendment, we would say to the executive departments and agencies, "Do not spend any more money than you spent last year if you wish to have the debt limit rise above $300 billion." One exception is made: this is the case of appropriated funds for the Department of Defense; and in such a serious crisis as this, I do not believe there should be any other exceptions.

An example of how this amendment would work may be cited in the case of the Interior Department appropriations.

For fiscal year 1962, $796.3 million was appropriated. Pending in conference is the Interior Department appropriations bill for fiscal year 1963, which, as passed by the Senate, calls for spending of $922.5 million, an increase of $126 million. Under my amendment, this $126 million could not be spent if the result would be to increase the debt limit above $300 billion.

This amendment is not going to result in the firing of any Federal employees, but it will prevent adding to the some 100,000 who have been added to the Federal payroll over the last 16 months. It will not hamstring our Federal Government operations, because $95.7 billion—the same amount as spent for fiscal year 1962—could be spent in fiscal year 1963 plus any increases in the 1963 budget for the Department of Defense over the 1962 budget for that Department.

It might well happen that the debt limit would increase to some point over $300 billion if my amendment is adopted. But if this happened, at least the people would know that, except for the Department of Defense, their Government was not spending more money than it did last year. This, I believe, is the least they can expect of the Congress under the present circumstances.

Turning to the report of the Finance Committee on this bill, it is noted that the committee states on page 4 that there has been no change in the basic assumption of a balanced budget for fiscal year 1963. I can understand the complexities of this entire problem, but I believe this is a most unrealistic assumption on which to premise this bill. It says, in effect, that nothing should be done to curtail Federal spending which, coupled with reduced revenues, has brought about the very problem which this bill seeks to cover. I know that the Finance Committee does not control appropriations, but there is no good reason why the committee should blithely assume that spending can go forward on the assumption of a balanced budget when it is common knowledge that revenues to match this spending are not coming in.

The chairman of the Committee on Finance, the senior Senator from Virginia [Mr. BYRD], earlier this afternoon stated that he anticipates a deficit of around $5 billion, at least.

I believe my amendment would, in part at least, meet this defect in the bill reported by the committee.

EXHIBIT I

[From the Wall Street Journal, June 25, 1962]

NEW FEDERAL BUDGET IDEAS ONLY HIDE FACTS OF DEBT, DEFICITS, WILL NOT AID ECONOMY

(By Harley L. Lutz)

The notion that Government spending is the best way to increase employment and raise the rate of economic growth is harder to get rid of than crabgrass.

The killing frosts of economic reality do not prevent the sprouting of a new crop of spending nostrums with each annual budget. And as the budget total rises, year after year, with no demonstrable contribution to the solution of either of these problems, the efforts to rationalize and justify the increased spending extends to ever less tenable positions and arguments. For example, Dr. Robert C. Turner, Assistant Director, Bureau of the Budget, in an address before the Midwest Economic Association on April 12, 1962, undertook to explain why the administration's budget policy was not making greater headway in promoting employment and economic growth. He posed the following question:

"Specifically, does the juxtaposition of the present system of Federal budget accounting, and prevailing public attitudes in this country toward the budget, deficits, and the national debt, constitute a significant barrier to the achievement of sustained full employment and vigorous economic growth in the United States today?"

The question is rhetorical in that it is not intended to elicit an answer. The question form is used to state a conclusion. The administration viewpoint on budget policy is that the present system of Federal budget accounting must be supplemented by other accounting devices because it does not serve adequately the purposes of Federal economic planning; and that the people, by clinging to old-fashioned attitudes toward deficits and debts, are hindering the use of the budget as a tool for directing the economy.

BRINGING OUT THE FACTS

The present system of Federal budget accounting, which is the administrative budget, is the only system that brings out the facts of deficit and debt increase, facts that are becoming more unpalatable with the passing years. It has been argued, by Dr. Heller for instance, that if the people could be "educated" to understand and accept other budget accounting devices as more important indicators of budgetary significance than the administrative budget, they would have a better perspective, and perhaps would worry less about such matters as debts and deficits.

In the address cited above, Mr. Turner contends that the administrative budget distorts the indicated deficit or surplus because (1) it excludes trust funds transactions, (2) it is on a cash rather than an accrual basis, and (3) it makes no distinction between capital and operating expenditures. He says, further, that the administrative budget is "loaded" in the direction of deficits because it includes, as expenditures, net loans made by the Government and purchases of existing assets such as land.

The issues of "distortion" and "loading" can be easily tested by comparing the past decade's surpluses and deficits as shown by the administrative budget with the results shown by the two accounting devices said to be superior; namely, the consolidated cash statement and the expenditures and receipts recorded in the national income accounts.

The differences in these budget accounting concepts are, in brief, as follows: The administrative budget is the record of receipts and expenditures under the ordinary Government programs as authorized by legislative enactments. Its totals do not include trust fund transactions. The cash consolidated statement summarizes the cash transactions between the Treasury and the people. It includes trust fund receipts and expenditures but excludes intergovernmental receipts and expenditures which do not involve cash flow to or from the public. The Commerce Department record of Federal receipts and expenditures in the national income account is, in large degree, on an accrual basis. It excludes Government loans and purchases of existing assets such as land.

One reason for the current Budget Bureau emphasis on the national income accounts, and for Mr. Turner's contention that the administrative budget is loaded on the side of deficits, may be in the fact that the income accounts record shows a net deficit of $15.1 billion for the 10-year period, 1953–63, as against a net deficit of $38.4 billion in the administrative budget. However, the test of which figure is the more realistic is provided by the increase of public debt, which is estimated at $36.1 billion. The difference of $2.3 billion between the net deficit and the debt increase is to be accounted for by changes in the general fund and other cash balances. The debt increase cannot be explained or accounted for by either the consolidated cash statement or the national income accounts. It would, of course, be very helpful to the aim of directing the economy through the budget, if the people could be persuaded or "educated," to believe that the significant net deficit for the decade was only $15.1 billion instead of $38.4 billion.

Neither the consolidated cash statement nor the national income account record can be used as a substitute for the administrative budget. The emphasis on these supplementary accounting procedures is for the purpose of diverting attention from the hard facts of deficit and debt which stand out in the administrative budget. For example, in the 1962 Budget Review it is noted that whereas the 1962 deficit in the administrative budget was estimated at $7 billion, as measured by the national income accounts the deficit was only $200 million.

CAPITAL OUTLAYS

There is another budgetary procedure which has been emphasized in the budget discussions of the present administration that would involve serious debt consequences. This is the capital budget, which means a segregation of so-called capital expenditure from those for current operation. The following statements from Mr. Turner's remarks, cited above, reveal the current official view:

"Finally, the administrative budget, by including in the budget totals both capital expenditures and current operating expenditures, seriously handicaps Government efforts to promote economic growth by the creation of productive assets. * * * Productive investment is not limited to physical assets, to public works. Every businessman knows that expenditures for technological research, for the development of executives, or for product acceptance and goodwill, are productive investments in just as real a sense as investments in physical plants—whether or not they are so shown on the company's books.

"So it is with Government investment. Government expenditures for public and higher education, for improving the health of our people, or for stepping up the productivity of our labor force through training and retraining, may be considered as capital investments of equal or greater value than expenditures for power dams and highways. * * * The stigma attached to deficits in the Federal administrative budget inhibits making capital expenditures which would contribute in a very real and often strategically important way to economic growth."

If, under the Budget and Accounting Act, it had been possible to set up the 1963 budget to distinguish between capital and current expenditures, and if there had been no debt ceiling to prevent borrowing for capital costs, there could have been a handsome but illusory surplus of more than $18 billion in the administrative budget. However, in view of what happened to certain estimates regarding expenditure reductions of $1.4 billion in the 1963 budget, it is possible that much of such a "paper" surplus would have been used up in greater current spending for domestic civil functions.

The parallel which Mr. Turner attempts with business practice does not support his case. It is true that the value of expenditure for research and development is universally recognized by businessmen. But these expenditures are not capitalized except as IRS rules require it. And even then, the capitalized expenditure is charged off over the specified period against current income. Only in very exceptional circumstances would prudent management plan to issue debt for R. & D. expenses.

The burden of the official argument in support of separating capital from current expenditures in the budget is that this would enable the Government to make a substantial contribution to economic growth. Obviously, the intention is to borrow for the capital costs. Otherwise, a mere bookkeeping segregation of items, all of which would be paid for from current revenue, would not change the present situation. The proposition therefore comes down to a scheme to borrow $20 billion or more every year to finance a part of the Federal costs. If tax receipts were held high enough to yield a $20 billion surplus to be applied against the debt, the capital budget scheme would be futile. If debt were allowed to rise year after year, inflationary forces would wreck the price structure and eventually destroy the value of the currency.

NO AID TO ECONOMY

It is impossible to believe that responsible Budget Bureau officials can expect to promote genuine economic growth by a segregation of so-called capital items which would be paid for by borrowing. It is equally impossible to accept the implication that the "stigma" of deficits can be removed by any sort of juggling between capital and current expenditures as long as the former are to be covered by debt increase.

The plain fact is that the budgetary policy of the administration is not providing the economic stimulus hoped for by its sponsors and proponents. It is an unworthy excuse to say, as Mr. Turner does, that the public attitude toward debt and deficits is the barrier to greater achievement. The immense budget and the crushing tax load required to carry it are the real barriers.

Economic growth depends on the performance of the private economy, not on the performance of Government. Government "investment" is, in a large degree, a substitution for, not an addition to, private investment. The motives and incentives of the private enterprise system are vastly superior to central government planning as a means of effectively allocating productive resources.

The most effective and also the most intelligent course for the Government to pursue, in the interest of genuine high-level production, employment and income would be to take immediate, drastic steps, to reduce Government spending and reform the tax structure so as to make possible an amount of capital formation consistent with the needs of a growing labor force and the status of the United States as the leader of the free world. Furthermore, the budget should be considered as a guide to the provision of necessary public services and their financing, and not as an instrument for directing the economy. In this regard, the administrative budget provides the only accurate record of deficits and debt increases and therefore should continue to be that guide. It should not be supplanted as a basis for fiscal policy by other methods of reporting Government receipts and expenditures which tend to obscure these facts.

Mr. Turner ends his remarks with the following statement by Edwin L. Dale of the New York Times European staff:

"Americans can go on having unemployment if they want to enjoy their quaint ideas about 'deficits,' the 'national debt,' and the 'dangers of Government spending.' Seems a pity though, for the unemployed."

Quaint ideas, indeed. Nothing could be more quaint or more fallacious than the proposition, obviously endorsed by the second highest officer in the Budget Bureau, that the remedy for unemployment is vast Government spending, uninhibited by intellectual or practical considerations of deficits and debt. The real tragedy of the unemployed, the real reason why they are to be pitied, is that sound understanding of their plight and correct remedial measures have been sidetracked to give Government spending the right-of-way.

Mr. MILLER. Mr. President, I renew my request for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. MILLER. Mr. President, may I inquire how much time I have remaining?

The PRESIDING OFFICER. (Mr. METCALF in the chair). The Senator from Iowa has 2 minutes remaining.

Mr. MILLER. I reserve the remainder of my time, and I yield the floor.

Mr. KERR. Mr. President, I must oppose the amendment. I admit to the Senate that I have some degree of confidence in my ability to understand the English language, the written word and the written page, but I am compelled to say that I am opposed to the amendment, for two reasons. In the first place, in spite of the fact that I have spent 20 minutes studying it, I do not know what it would do. In the second place, I would be compelled to be against it even if I did know what it would do.

I invite the attention of the Senator from Iowa to the fact that the proposed amendment provides:

> *Provided*, That in no event shall the public debt limit exceed $300,000,000,000 if any appropriated funds for the fiscal year ending June 30, 1963, in excess of those appropriated for the previous fiscal year, other than those for the Department of Defense, are spent.

There has not been a single appropriation bill passed for fiscal year 1963. If Senators wish to provide appropriations below those for the fiscal year 1962, all they have to do is to vote appropriations in amounts less than those for fiscal year 1962. We do not have to declare ourselves incompetent to vote on appropriation bills individually. In order to protect ourselves from our own incompetency to know whether to vote for an appropriation bill not yet passed, it is not necessary to put a shackle around our Government with the statement that in the event we do that which we cannot avoid or refrain from because of lack of knowledge, incompetence, or instability still we will not permit the money to be spent.

I shall make a confession. I have talked with the chairman of the Committee on Appropriations. He tells me that Congress will have to appropriate more money for fiscal year 1963 than it did for fiscal year 1962 for one item, namely, to pay the interest on the public debt. I know of no way to avoid that, so I agree that the Congress will be compelled to pass one appropriation bill for 1963 under which more money will be spent than was appropriated and spent for fiscal year 1962.

If perchance I understand anything about the amendment, that one event would trigger the effectiveness of and implement the amendment, and would require that the public debt not exceed $300 billion in 1963.

Lo and behold, on the basis of a balanced budget, we shall be above $300 billion before November. That would mean that no bond could be sold with any guarantee that it would be valid. Under the amendment it would be invalid. I congratulate the Senator from Iowa on his zeal. If he is determined to see that 1963 appropriations are less than those for 1962, other than interest on the public debt, let his voice sound with clarity and let him present his proposals in language which the Senator from Oklahoma can understand when he comes to vote on them. In that event I could at least have the consolation of having cast an intelligent vote from the standpoint of knowing what I was voting for, rather than the situation in which I would find myself if I should unfortunately vote for the amendment now before the Senate, offered by the Senator from Iowa.

Mr. President, I yield back the remainder of my time.

Mr. MANSFIELD. Mr. President, I yield 2 minutes to the distinguished Senator from Iowa [Mr. MILLER]. After the Senator has used the 2 minutes, if he wishes to do so, I shall be prepared to offer a motion to table the amendment.

The PRESIDING OFFICER. Does the Senator from Iowa desire to be recognized?

Mr. MILLER. Yes. I thank the distinguished majority leader.

The distinguished Senator from Oklahoma has properly joined the issue. He well knows what the amendment means. He has properly interpreted it, and we are at issue.

The point I am making by the amendment is that we want to give the administration some leeway with respect to spending appropriated funds, if in doing so it would prevent us from going over the $300 billion public debt limit. It is entirely proper and possible for the Appropriations Committee to increase a proposed appropriation for this year over last year. It would be possible for the additional money to be spent under my amendment, provided the spending did not cause us to exceed the $300 billion debt limit.

The amendment points up the problem to the Appropriations Committees. It would also perhaps give them an opportunity for a little change of heart with respect to some of the appropriation bills that have been passed. I refer particularly to the appropriation bill for the Department of the Interior. The committee might see fit to take a second look at the appropriation and try to keep it within the $300 billion debt limit.

Mr. President, I yield back the remainder of my time.

Mr. MANSFIELD. Mr. President, I move to table the amendment of the Senator from Iowa.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from Iowa.

The motion to table was agreed to.

Mr. LAUSCHE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement which I made on Thursday, March 1, 1962, in which I stated that I would not vote for an increase of the debt limitation above $300 billion.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement by Senator Lausche

THE RISE IN THE DEBT LIMIT

Mr. Lausche. Mr. President, it will be with reluctance that I will approve the measure which will authorize an increase in the national debt from $298 billion to $300 billion. I think it is rather certain that within a short time an additional request will be made to increase the debt limit to $308 billion.

I will approve of the measure which will come before the Senate because it is obvious that for the fiscal year $2 billion more is needed if the Government is to pay its debts.

Since I have been a Member of the Senate I have tried to fight against creating new subsidies, expanding old ones, and taking on functions that properly belong to local and State governments, and I have tried to stop the making of expenditures for what are desirable but not essential activities of the Federal Government. Others have also fought against those measures, but the fight has been rather unsuccessful.

Already pending before the Senate for the ensuing year are many new proposals for expanded subsidies, for the creation of new ones, for the taking on of functions which do not belong to the Federal Government, but belong to the local and State governments, and for the expenditure of funds for nonessential, although perhaps desirable projects.

Mr. President, we cannot continue on the way we have been proceeding. The national debt will be $308 billion, and the probability is that next year there will be requests for added expenditures.

Those who vote for these measures ought unhesitatingly to approve the expansion of the debt limit; but in fighting on the floor of the Senate against precipitating the Federal Government inordinately into debt and in fighting against darkening the prospects of ever being able to reduce taxes, I would not be honest with myself if then, in one sweep, completely inconsistent with what I have been advocating, I were to vote in favor of expanding the national debt.

There has been a limitation by law on the size of the national debt. That law has acted as a barricade to prevent the Congress from indulging in extravagant expenditures. I intend to recognize the purpose of that law, and I intend to make the fight against inordinate expenditures. In order to do that when the next measure of this sort comes before the Senate, I shall ask that we take a deep look at this entire problem before we expand the debt to $308 billion.

The Acting President pro tempore. The time available to the Senator from Ohio, under the morning-hour limitation, has expired.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, and was read the third time.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on passage of the bill.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from Connecticut [Mr. Dodd], the Senator from California [Mr. Engle], the Senator from Washington [Mr. Magnuson], and the Senator from Michigan [Mr. McNamara], are absent on official business.

I further announce that the Senator from New Mexico [Mr. Chavez] and the Senator from Alaska [Mr. Gruening], are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. Burdick], the Senator from Connecticut [Mr. Dodd], the Senator from California [Mr. Engle], the Senator from Washington [Mr. Magnuson], the Senator from Michigan [Mr. McNamara], the Senator from New Mexico [Mr. Chavez], and the Senator from Alaska [Mr. Gruening], would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from California [Mr. Kuchel] and the Senator from Kansas [Mr. Pearson] are necessarily absent, and, if present and voting, would each vote "yea."

The Senator from Wisconsin [Mr. Wiley] is detained on official business, and, if present and voting, would vote "yea."

The result was announced—yeas 55, nays 34, as follows:

[No. 103 Leg.]

YEAS—55

Aiken
Anderson
Bartlett
Beall
Bible
Boggs
Byrd, W. Va.
Cannon
Carroll
Case
Church
Clark
Cooper
Dirksen
Douglas
Fulbright
Gore
Hart
Hartke
Hayden
Hickey
Hill
Humphrey
Jackson
Javits
Johnston
Keating
Kefauver
Kerr
Long, Mo.
Long, Hawaii
Long, La.
Mansfield
McCarthy
McGee
Metcalf
Monroney
Morse
Morton
Moss
Muskie
Neuberger
Pastore
Pell
Prouty
Randolph
Saltonstall
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Symington
Williams, N.J.
Yarborough
Young, Ohio

NAYS—34

Allott
Bennett
Bush
Butler
Byrd, Va.
Capehart
Carlson
Cotton
Curtis
Dworshak
Eastland
Ellender
Ervin
Fong
Goldwater
Hickenlooper
Holland
Hruska
Jordan
Lausche
McClellan
Miller
Mundt
Murphy
Proxmire
Robertson
Russell
Scott
Stennis
Talmadge
Thurmond
Tower
Williams, Del.
Young, N. Dak.

NOT VOTING—10

Burdick
Chavez
Dodd
Engle
Gruening
Kuchel
Magnuson
McNamara
Pearson
Wiley

So the bill (H.R. 11990) was passed.

Mr. KERR. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to table that motion.

The motion to table was agreed to.

Mr. SPARKMAN obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Montana, with the understanding that I do not lose the floor.

CONTINUATION OF SUSPENSION OF DUTIES FOR METAL SCRAP

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1592, H.R. 10095, the metals scrap bill.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The Legislative Clerk. A bill (H.R. 10095) to continue until the close of June 30, 1963, the suspension of duties for metal scrap, and for other purposes.

Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. BYRD of Virginia. Mr. President, the bill would extend for 1 year the suspension of duties on metal scrap. There was no opposition to it in the House or Senate Finance Committees.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

CONTINUING APPROPRIATIONS FOR THE MONTH OF JULY 1962

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HAYDEN. Mr. President, from the Committee on Appropriations I report favorably House Joint Resolution 769, making continuing appropriations for the month of July 1962, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The joint resolution will be stated by title for the information of the Senate.

The Legislative Clerk. A joint resolution (H.J. Res. 769) making continuing appropriations for the month of July 1962.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HAYDEN. Mr. President, this joint resolution is of the usual type making provision for continuing in operation the functions of Government for which annual appropriations for fiscal year 1963 have not been enacted. The joint resolution will continue in effect until July 31, 1962, and covers all of the regular appropriation bills.

In those instances where bills have passed one or both bodies and the amounts or authority therein differ, the pertinent project or activity shall be continued under the lesser of the two amounts approved or under the more restrictive authority.

Where a bill has passed only one House, or where an item is included in only one version of the bill as passed by both Houses, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate of operations not exceeding the fiscal

1962 rate or the rate permitted by the one House, whichever is lower.

In instances where neither House has passed appropriation bills for fiscal 1963, amounts are approved for continuing projects or activities conducted in fiscal 1962 not in excess of the current year's rate or at the rate provided for in the budget estimate, whichever is lower.

This resolution is similar to continuing resolutions which are agreed to every year. It is noncontroversial, and I am sure has bipartisan support.

Mr. JAVITS. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield.

Mr. JAVITS. We all understand the purpose of the resolution and the need for it. I agree with the Senator from Arizona that one could hardly oppose it.

But can the Senator tell us anything about when the logjam of appropriation bills which confronts all of us, and from which the country is suffering—and I do not think it is an inconsiderable factor to say that business in this country also is suffering from it—including the supplemental appropriation bill and the $200 million resolution which the Senate passed the other day to provide for imminently needed projects, will, in the interests of the country, be settled?

Mr. HAYDEN. The resolution which the Senate passed last Saturday is pending in the House of Representatives. The Senator will have to ask the House of Representatives about that. That resolution takes care of all the emergencies that the Senate Committee on Appropriations knew anything about.

Mr. JAVITS. May I ask our venerated and distinguished colleague another question? He knows I love him, so I do not ask the question critically. This subject is one pregnant with interest to our whole Nation. Is there any way in which any of us can bring this problem to some resolution? Is there any power in the Senate to act in such a way as, perhaps, to strengthen the Senator's hand or to help him to bring the problem to resolution in terms of the conferences which have completely broken down?

Mr. HAYDEN. I cannot speak for the other body. I can only say that the Senate committee has proceeded in the way it has usually proceeded in the handling of such bills. Proposals have been made to me, and I have submitted them to my committee. The committee has made counterproposals, and they have not been accepted.

Mr. JAVITS. I understand the Senator's situation; I have no desire to press him. However, representing a large and important State, a State which pays a very large share of taxes, and having great responsibilities, I think it is high 'time the American people demanded of their Senators and Members of the House of Representatives that the nonsense about conferences shall cease, and that personal vendettas, whatever they may be, should not stand in the way of the public business.

I take advantage of the Senator's graciousness to say that apparently the American people will now have to take action, because the situation has got beyond us; we seem not to be able to do anything about it.

Mr. HAYDEN. We shall do the very best we can, so far as the Senate is concerned.

Mr. SPARKMAN. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Alabama yielded the floor to the Senator from Arizona.

Mr. SPARKMAN. The Senator from Alabama is still entitled to the floor, except so far as he has yielded temporarily to the Senator from Arizona. Is not that correct? Should not requests for yielding the floor be addressed to the Senator from Alabama?

The PRESIDING OFFICER. The Senator from Alabama is correct.

Mr. SPARKMAN. I have made this point because I have obtained the floor for the purpose of calling up a conference report. I yielded the floor on the supposition that other matters would take a very few minutes. I did not expect to run into a great logjam of discussion which would further delay action on the conference report. I have been waiting most of the afternoon to call up the report.

Mr. HAYDEN. There is no controversy about the continuing resolution.

Mr. SPARKMAN. No; but I serve notice that I do not wish to yield for an interminable discussion.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Alabama yield briefly to me?

Mr. SPARKMAN. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I thank both the Senator from Alabama and the Senator from Arizona.

I understand the Senator from Arizona has received letters from the General Services Administration and the Department of the Interior, both to the effect that, notwithstanding the provisions of the resolution, they will not use any of the funds which were provided for the negotiation of any new contracts for the procurement of lead, zinc, or other minerals, or for the procurement of any contract in connection with the subsidy of either or any of those metals.

Mr. HAYDEN. During the month of July.

Mr. WILLIAMS of Delaware. That is correct.

Mr. HAYDEN. I have two letters which I shall be pleased to place in the Record.

Mr. WILLIAMS of Delaware. I appreciate the Senator's supplying that information.

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed at this point in the Record the letter from the Department of the Interior and the letter from the General Services Administration on this subject.

There being no objection, the letters were ordered to be printed in the Record as follows:

Department of the Interior,
Office of the Secretary,
Washington, June 28, 1962.
The Honorable Carl Hayden,
Chairman, Committee on Appropriations,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is to advise you that in connection with House Joint Resolution 769, to continue appropriations for the month of July 1962, none of the funds made available to the Department of the Interior therein will be used for the lead and zinc stabilization program.

The second supplemental appropriation bill, 1962, H.R. 11038, recommended appropriations of $4,880,000 for the lead and zinc stabilization program. However, this bill has never been enacted into law and, consequently, no funds were available for this program in fiscal year 1962.

Under the terms of House Joint Resolution 769, the Department of the Interior would be precluded from using any money from the continuing resolution for the lead and zinc stabilization program.

Sincerely yours,
Sidney D. Larson,
Director of Budget and Finance.

General Services Administration,
Washington, D.C., June 28, 1962.
Hon. Carl Hayden,
Chairman, Committee on Appropriations,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: As requested, this is to advise you that in connection with House Joint Resolution 769, to continue appropriations for the month of July 1962, none of the funds appropriated therein will be used for the negotiation of contracts for the procurement of lead, zinc, or other minerals, nor for the contracting thereof, nor as a subsidy for the production thereof, unless they are certified as indispensable to the stockpile program for strategic and critical materials, or unless they are certified as indispensable to current Government operations.

This, however, shall not apply in the case of contracts already negotiated under which the United States is liable for the procurement of such materials for the strategic and critical materials stockpile.

Sincerely yours,
Bernard L. Boutin,
Administrator.

The PRESIDING OFFICER. The joint resolution is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the joint resolution.

The joint resolution (H.J. Res. 769) was read the third time and passed.

Mr. GORE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. GORE. With all kindness and friendship to the senior Senator from New York [Mr. Javits], I must resist his statement that because he represents a State which has a large population and contributes a large amount of the Nation's revenue, somehow he has more responsibility than other Senators.

I suggest to the distinguished Senator from New York that we are equal Members in an equal body. Our responsibilities cannot be divided or apportioned according to the population of the States we represent.

Mr. JAVITS. Mr. President, will the Senator from Alabama allow me to answer the Senator from Tennessee?

Mr. SPARKMAN. If the Senator from New York will confine himself to brief remarks.

Mr. JAVITS. I do not think the Senator from New York has a reputation for being verbose.

I could not agree more with the Senator from Tennessee. The implication of my words was clear that New York has so many interests and so many things at stake in all these bills because of its size and because of the financial interests which are involved there, that we feel very heavily hurt by the fact that nothing is getting done on all these bills. That was the only implication of my statement.

Mr. GORE. I am glad the Senator from New York has spelled that out.

Mr. JAVITS. I thoroughly agree with the Senator from Tennessee. He and every other Senator, no matter how small his State or how limited its resources, are fully equal in this body.

Mr. GORE. I thank the Senator from New York.

INTERPARLIAMENTARY UNION APPROPRIATION

Mr. GORE. Mr. President, I wish to report to the Senate that the Interparliamentary Union, which it is my privilege to head has remaining, unexpended, $10,428.10. I am advised by the Department of State that unless those funds are withdrawn before July 1, they will not be available and, furthermore, will revert to the Treasury. The funds will not be withdrawn.

I think this may serve as a good example for agencies of the executive branch of the Government. If all agencies would permit their unused funds to revert to the Treasury, the Committees on Appropriations of Congress could exercise their responsibilities with a great deal more prudence and precision than to permit the following of the practice in which so many agencies indulge, of somehow obligating or using all unappropriated funds before the end of the fiscal year.

The Interparliamentary Union meeting for this year has been changed from Argentina to Brazil. It will begin in Brasilia on October 24.

I thank the Senator from Alabama.

CONTINUATION OF AUTHORITY FOR REGULATION OF EXPORTS—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That section 12 of the Export Control Act of 1949 is amended by striking out 'June 30, 1962' and inserting in lieu thereof 'June 30, 1963';" and the House agrees to the same.

A. Willis Robertson,
John Sparkman,
Paul H. Douglas,
Homer E. Capehart,
Wallace Bennett,
Managers on the Part of the Senate.

Wright Patman,
Albert Rains,
Abraham J. Multer,
William A. Barrett,
Clarence Kilburn,
William B. Widnall,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. SPARKMAN. Mr. President, the conferees from the two Houses on S. 3161, the extension of the Export Control Act, were faced with difficult problems and with little time to solve them before the June 30 deadline would arrive.

The Senate bill would have made the law permanent, and it would have written into the law three amendments. Acting on the basis of the overwhelming votes of the Senate, the Senate conferees urged these amendments vigorously.

The House bill would have extended the act for 3 years and would have made four substantive amendments. Acting on the basis of the overwhelming vote of the House in favor of its bill, the House conferees urged the House amendments vigorously.

On both sides, the conferees felt that substantial amendments to the act had been proposed, and that the implications of some of these amendments might be very substantial and far reaching. The conferees felt that there was not time, before the act expires this Saturday, to explore the implications of these amendments with the care and attention, and with the advice and guidance from the executive departments and the public, which the amendments warrant.

Under these circumstances, the conferees felt that the only possible course they could take was to continue the present act with a 1-year extension, so that further study would be given to the important problems of foreign trade, particularly East-West trade, which these amendments raise.

The Senate conferees regretted that they were not able to have the Senate amendments written into the law. However, it seemed unwise to do so at the price of accepting substantial amendments, which might perhaps have disastrous effects upon our foreign trade, without an opportunity for full hearings and thorough consideration by the committee and by the Senate.

The House conferees felt the same way about the Senate amendments.

While the Senate amendments were not written into the extension of the act, I should like to call to the attention of the Secretary of Commerce, the Secretary of State, and the other officials exercising functions under the Export Control Act, the position taken by the Senate on these amendments.

The committee and the Senate supported the principle embodied in Senator Javits' amendment that the executive branch should exert every effort to obtain the maximum cooperation among the free nations of the world in exercising controls over free-world trade with the Sino-Soviet bloc and with other unfriendly nations. Even though this was not written into the act by the conferees, no question was raised as to this policy.

Senator Keating's amendments made it clear that the economic significance of exports to unfriendly nations should be considered and should be emphasized. No question was raised as to the desirability of this policy. Senator Keating's amendments also made it clear that repeated or willful violations of the Export Control Act and regulations were considered as very serious offenses and deserving of heavy penalties. No question was raised as to this opinion.

In my judgment, the Secretary of Commerce, the Secretary of State, and the other officials exercising functions under the Export Control Act should bear these views in mind, even though they have not been expressly written into the act, and these officials should be governed, in the exercise of the wide discretion given them under the Export Control Act, by these views of the Senate.

Mr. KEATING. Mr. President, first, I wish to express my gratitude to the distinguished Senator from Alabama [Mr. Sparkman] for the very kind things he had to say about these amendments and for his conscientious efforts in conference.

But, Mr. President, we are faced with an incredible situation. The Senate adopted the amendments which I offered by a vote of 57 to 2, and then passed the bill itself, also incorporating the amendment of my colleague [Mr. Javits], by a vote of 59 to 1.

The other body also passed amendments to strengthen the Export Control Act by a rollcall vote of 339 to 0. Yet tonight we are asked to scrap all that work and simply drop all these amendments.

In my judgment, this conference report should be rejected. It does complete violence to the spirit of the action in both Houses on this bill. It is a severe blow to those of us who have been trying to put muscle into the effort of the United States to combat Communist economic warfare tactics. Our amendments were opposed by the executive departments—unwisely, in my judgment—but prevailed in both the House and Senate. The conferees have now capitulated to the desires of the agencies administering export controls instead of carrying out the wishes of the House and Senate.

This action, if successful, will weaken our position in the struggle with communism, make it more difficult than ever to get the agreement of our allies on realistic measures to combat Communist procurement of vital materials from the free world, and encourage continued violations of export controls by a few greedy and unscrupulous traders at the expense of the rest of the business community and the interest of the United States.

Mr. President, I believe that agreement on the amendments between the House and Senate can be reached and shall move to recommit the conference report.

The amendments adopted by the Senate did not go as far in some respects as did the amendments adopted by the other body. But I find nothing inconsistent in the action of the two Houses on this bill and it is apparent that the overwhelming sentiment in both bodies is in favor of strengthening this act. The House amendment in issue changes section 3 of the present act, by adding a new provision as follows:

> Such rules and regulations shall provide for denial of any request or application for authority to export articles, materials, or supplies, including technical data, from the United States, its territories and possessions, to any nation or combination of nations threatening the national security of the United States, including, but not limited to, the Union of Soviet Socialist Republics and all countries under its domination.

The amendment does not stop there. It then provides—

> unless the President shall determine that such export does not significantly contribute to the military or economic potential of such nation or nations which could prove detrimental to the national security and welfare of the United States.

Mr. President, there is flexibility under this amendment. These materials should not be shipped to the Communist bloc unless the President determines that the export of these materials will not prove detrimental to the national security of the United States. The Department of Commerce in its report to the House on this amendment said this is the standard it is now following.

There is no need to have further hearings on this subject. The Senate Internal Security Subcommittee has held extensive hearings on this subject. A select committee of the other body, headed by the distinguished Member from North Carolina, Representative KITCHIN, has held extensive hearings and his amendment is a direct outgrowth of those hearings. We have been over this ground thoroughly. What we are proposing is guidelines to the executive departments, in light of our hearings, which we know are necessary. Both Houses acted overwhelmingly in approving strengthening amendments. The conference report omits all these amendments. In my judgment we should reject this conference report and recommit the bill to the conference committee.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. KEATING. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, one of the amendments dropped in the conference was an amendment which I sponsored and which the committee adopted. It provides that:

> Congress further declares that it is the policy of the United States to formulate, reformulate, and apply such controls to the maximum extent possible in cooperation with all nations with which the United States has defense treaty commitments, and to formulate a unified commercial and trading policy to be observed by the non-Communist-dominated nations or areas in their dealings with the Communist-dominated nations.

Mr. President, this is an extremely important matter, because the Soviets are now using us to a fare-thee-well, in the free world—playing off one industrial country against another, and having their way with the trade in the world, instead of observing any basic rules of trade such as are observed by any nation which is a member of the General Agreements on Tariffs and Trade or by the customs of our world.

Many persons have written on this subject. I wrote a report on this subject, and investigated it at the behest of the Joint Economic Committee, and went to Moscow; and my colleague [Mr. KEATING] has done a great amount of work in this field; and everyone agrees that there should be a unified trading policy.

So the committee wisely adopted this amendment, and it was approved by the Senate.

But now our dear friend and colleague the Senator from Alabama [Mr. SPARKMAN], who has his troubles with the House conferees, tells us that we must drop this amendment and that the House will not go along with us unless we go along with its amendment, but its amendment happens to be so sweepingly worded that if it were included, the President perhaps would be subjected to embarrassment in order to avoid cutting off all commercial intercourse with the Communist bloc nations; and therefore we are told that we must go along and must accept a 1-year extension, because the act expires Saturday night.

Mr. President, perhaps we could understand that position if it were in another context and at another time and if the issues were not so important.

In this connection, I have the greatest sympathy for my colleague [Mr. KEATING], who worked hard on his amendments. Finally they were agreed to by an overwhelming majority of the Senate. His amendments are directed at putting our domestic house in order and seeing to it that the penalties are made to fit the crime when the national interest is so arrogantly defied in the case of export controls.

I tried to provide for similar procedure with respect to international authority, in directing our Government authorities to put their feet on the road toward closing an enormous hole in our dike of freedom, in terms of trade. But all these amendments are dropped by the conference report.

I believe that this conference report confronts us with the same thing—and I say this with the greatest respect for the Senator from Alabama—that we considered when, a few moments ago, I protested against conferences which are absolutely broken down and deadlocked.

Somehow or other, the most stubborn persons control the Congress. It may be one, it may be two, it may be three, or it may be four. Somehow or other, the majority cannot manifest its will; and what is even more important, it frequently fails to show that degree of dugin determination which the people have a right to expect from a majority in order to manifest its will.

Suppose there were no export controls on Saturday night because some of the vital provisions referred to by myself or my colleague [Mr. KEATING] were not a part of the conference report? This would be very harmful, but it would be the essence of a democracy. The fact that it is harmful does not mean that it would not be well to do it that way.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MORSE. Was it ever proposed that these controls be extended for a year?

Mr. JAVITS. I know of no such proposal by anyone in our committee. It was not considered. We embraced a forward step in what we all recognized was a difficult field.

Mr. MORSE. Does the Senator from New York believe the Senator from Oregon would be guilty of fallacious thinking if he said our own Senate committee thought that an extension for just 1 year would not be satisfactory?

Mr. JAVITS. That was my distinct impression as a member of the committee. I thought that was the consensus. Certainly it was the view of the Senate when it acted in a most deliberate way on the proposal of my colleague from New York [Mr. KEATING].

Mr. MORSE. Is it the Senator's opinion that the whole consideration of the Senate was that there ought to be some changes in existing policy?

Mr. JAVITS. I thoroughly agree.

I point out that one of the things "eating on" the country is the assumption that "we have the authority if we want to do it. You do not have to instruct us and give us any more authority."

Consider the pass we are in. I think the Congress is suffering in its own prestige very seriously because in any real appraisal of policy the executive department is looked to. It is being recognized that the Congress is not an element in policymaking, and we are regarded as stubborn children when we will not do something that the President wants, and when we take no affirmative action.

Businessmen are deflated over the fact that they do not have confidence in the Congress, because it does not know where it stands. I come from the center of the business world—New York City. I find no businessman who says, "I may be worrying about the President, but I have confidence in Congress." On the contrary, we are considered as a rubberstamp office for the President. If we stamp something, it goes through. If we do not, we are regarded as stubborn. No one considers Congress in terms of effective policymaking.

Congress has suffered more than any other institution of Government in recent times, and it is because we have not been willing to fight. This is one instance of such a lack of action. We are expected to lie down and let the situation continue for another year and leave decisions to the executive department.

Mr. President, I rarely take this position. I think those who have served with me in the Senate and in the House know that. But I think there comes a time when we must act. It was the Berlin wall at one time. I think this is the place where it is critical for Congress to act. I think we should turn down the conference report, appoint new conferees, and let the bill go back to conference. It is time we impressed the country with the fact that we, too, have a policymaking role to which the people must look with confidence.

Mr. MORSE. Mr. President, will the Senator yield further?

Mr. JAVITS. I yield.

Mr. MORSE. The Senator from New York speaks about appointing new conferees. Does not the Senator agree with me that it is not necessary to appoint new conferees, but merely to use the conferees we have and send them back with instructions?

Mr. JAVITS. I had in mind the reappointment of conferees for this purpose. I have no intention of questioning my colleagues. The Senator from Alabama [Mr. SPARKMAN] is a man of high quality and talent; but unless we first invest the conferees with the kind of iron they need to come back to the Senate with the best they can obtain, they have no instructions.

Mr. MORSE. Does the Senator share my view that it would be a very salutary thing, in view of some of the things that have been happening in conference committees, to send the conferees back with instructions?

Mr. JAVITS. I think it would be a good idea. If the country becomes alarmed about what is going on, it will be salutary, because it is no credit, and I think it is a very serious debit to the national business.

Mr. MORSE. Has the Senator noticed—and I think it has been going on for about 2 years with increasing frequency—that there seems to be a trend developing, with regard to our conference procedures, that more and more conference reports come back resembling less and less the bills that the Senate has sent to conference?

Mr. JAVITS. I do; and I would like to remind my colleague of an experience we all had, when, having fought up hill and down on an appropriation for foreign aid, on the last day of the session 2 years ago, the conferees went out and in 3 hours came back and completely leveled everything that we had fought for and had voted on for some days. All those efforts went completely down the drain and the House conferees had their way throughout.

Mr. MORSE. Does the Senator share my view that in the particular instance before the Senate the victor in the conference is the State Department? Both Houses are of the opinion that some restrictions ought to be placed upon the State Department, and if we accept this conference report without sending the conferees back with instructions to see if we cannot reach some agreement on certain restrictions that both Houses in principle think ought to be imposed upon the State Department we will encourage the State Department and other Government agencies and help develop the kind of conflict that has apparently developed between the two Houses; and, as has occurred in this case, it would result in extending the status quo, which, in an area such as this, is what the State Department really wants. Does the Senator agree?

Mr. JAVITS. The Senator from Oregon, who is a former law school dean, has put his finger on one of the fundamental events in the life of a nation which undermines democratic government. It is when the people's representatives, the legislature, begin to be frustrated in terms of accomplishments that the executive power is fed and supported; and if we cannot have sufficient heart and courage to exercise our authority, of course, we are building up, in the most effective way, far more than many people inveigh against, this very basic and substantive power, the executive power, for the simple reason that it seems to me we do not know how to govern. Therefore, we must leave it to the executive.

Mr. MORSE. Mr. President, will the Senator yield further?

Mr. JAVITS. I yield.

Mr. MORSE. I hope it is clear from the implications of the questions I have asked that I share the views expressed by the two Senators from New York. I intend to vote to reject the conference report and to send the Senate conferees back with instructions.

I say that with the highest regard for the Senator from Alabama. He is in a very difficult position, but I think we ought to strengthen his hand by sending him back to conference. We should not surrender to the State Department by continuing a status quo policy which is a very bad policy, in my judgment, from the standpoint of the public interest.

Mr. SPARKMAN. Mr. President, will the Senator yield to me at that point?

Mr. JAVITS. I yield.

Mr. SPARKMAN. If I correctly understand, both the Senators from New York have been talking primarily with their own amendments in mind. Has the Senator from New York studied the House amendment, with respect to which we were actually not able to agree?

Mr. JAVITS. I have.

Mr. SPARKMAN. Does the Senator from New York endorse that amendment?

Mr. JAVITS. No, I do not.

Mr. SPARKMAN. That is the problem. We were in complete agreement on the Javits amendment and on the Keating amendment. There was no question about that.

If the Senate sends the conferees back with instructions, what will those instructions be? We reached the point that the House said it would not yield on the amendment. The Senator from Indiana knows that we offered language which we thought would be in between, with which we could live, which we could bring back to the Senate and which the House conferees could take to the House for approval. We thought it was the best we could do.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. JAVITS. I should like to reply to the Senator from Alabama.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CAPEHART. When we finished yesterday, we had agreed upon the Keating and Javits amendments. We had agreed upon all the bill except the so-called House amendment, which the able Senator from New York said only a moment ago he does not like.

We went back this morning and were unable to get together on the so-called House amendments. We had no right, of course, to give up the House amendments. Only the House conferees could give up the House amendments. They did not give up the House amendments. Then I made a motion to accept the bill as it is now, for 1 year, on the basis that that was the best we could do.

I am perfectly willing, as one of the conferees, to be instructed to go back. I am willing to go back tomorrow and to make an effort to do whatever this body wishes to have done. I have no objection to that. I shall vote to instruct the conferees to go back.

I do not think we shall be able to do any better. I think we shall reach an impasse. I think we shall be wasting our time. We may end up tomorrow night or at midnight June 30 with no Export Control Act at all. If we do so, there will be chaos. Goods will be shipped from every conceivable direction in the United States to Russia, and goods will be coming from there until the Congress enacts a bill, because in that event there would be no law on the subject. It would be as legal to ship goods to Russia, to its satellites, or to Cuba as it would be to ship to any other place in the world. We gave consideration to that problem.

I am willing to go back tomorrow and to make an effort to retain the Keating and Javits amendments, and even the House amendments. I am not opposed to them per se. I think they are all right.

The administration claims it cannot live with the House amendments. I do not know. That is the administration's position.

Senators closer to the administration ought to know better than I whether that is true. They can talk to the administration in greater detail, as to whether the administration can live with the amendments or not. It is claimed they cannot live with them. I do not know.

I am in favor of tightening the law. I think it ought to be tightened.

I am perfectly willing, as one of the conferees, to go back tomorrow and to do the best I can. My best judgment is that we will come out with no bill at all tomorrow night. Then there will be chaos in this Nation. I may be mistaken, I hope I am.

Mr. JAVITS. Mr. President, I wish to reply to my colleague.

Whatever may be the difference between the view of my colleague [Mr. KEATING] on the House amendment and my view, I respect his view and I am sure he respects mine, and I do not think this is the fundamental point we are up against. The Senate may very well instruct the conferees to take the House amendments as well, in which case the plan of my colleague [Mr. KEATING] would work perfectly. I assume that if we take their amendments they will take our amendments. This would be within the wisdom and the judgment of the Senate to decide.

The thing to which I object is that because one of the parties wishes to be stubborn about its own position and say, "You will take it this way or not have it at all" we must cave in, because we have a greater sense of responsibility than they—that, because we think there will be chaos, we will yield.

This requires a value judgment. The value judgment which I make, which is my reason for making this speech, is that there is more to be gained from fighting this issue out in the country at long last, which is a very sensitive one to our country, than in yielding and saying, "We must have some kind of bill, so no amendments at all will be taken."

I ask my colleague, how would we ever resolve these deadlocks in conferences?

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. JAVITS. May I finish, please?

How would we resolve the deadlocks in conference? This ridiculous situation with regard to appropriations could go on forever. Orators have said for years, and quite properly, that the Congress can sit on its hands and the wheels of Government will grind to a halt. There is no power on earth to make Representatives in Congress or Senators act, if they do not wish to do so. We do not have to vote for anything.

But, Mr. President, the people of the country can speak, and very decisively, when they wish to speak.

It is quite often proper, in the case of an impasse, to go to the country for a decision. That time may be now in respect to this particular bill. Let us go to the country. Let us give instructions to the Senate conferees. Let us make our case to the country as to the complete unreasonableness of the position of the House on its amendments, and permit the force of public opinion, which is the only ultimate guarantee that Government will function at all in this country, to have its effect, instead of handling the problem, as it were, inside the family and letting it go down the drain because our colleagues in the House are stubborn.

That is what we are arguing about.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. SPARKMAN. The Senator has referred to our letting this legislation go down the drain because the House conferees may be stubborn, and to our caving in, and all that. I fear that the impression may be left that this was a soft, easy, short conference. We had two sessions. We met yesterday. Yesterday we came to complete agreement except as to the controversial House amendment.

The Senator from Indiana will recall that before leaving the conference yesterday we even agreed to try to work out language on which we could get together. We instructed the staff members of the two committees to do that. The staff members drafted the language. It was presented this morning. The House conferees were unwilling to accept it.

It was not a question of caving in. I want the Senator from New York to know that I voted against the motion which was made, but I am here representing the committee. When a majority of the Senate conferees voted the way they did, I signed the conference report with them.

I have been a member of many conference committees. I have learned long since that any conference involves an element of compromise. We do not get what we want every time. If a Senator stands in the Senate or in a conference committee and merely votes negatively all the time, he does not contribute much.

I am here supporting the committee and supporting the majority of the conference, even though I did not vote with the majority. But I know what their position was.

A motion was made to agree upon a simple continuance for 1 year in order that we might have time to study the proposal. I think we saw enough of the conference to know that the House conferees will not merely accept our amendments. Until the last moment I had hoped that we might be able to get them to accept some in-between language. But it became apparent, since they had not been able to study the amendment—and it was not fair to ask them to do so in the time available—that the point they made was valid. Of course, the point was made on our side, and was accepted by a majority of the conferees, that the same thing applied to our committee. We have not had the House amendment before our committee. We have not had witnesses to testify on the effect of the language that the House sought to write into the bill.

I believe that the course taken was the course that often must be taken, whether we like it or not.

Tonight the Senate agreed that we would take certain action. Although the Senator from New York did not object to that course being taken, he made some critical statements about it. We then passed a simple continuing resolution to take care of appropriation bills that should have been completed before June 30. In my opinion, that is not the way we ought to legislate. Nevertheless, we did so, and there was no objection. We passed a joint resolution tonight—not a single voice was raised in opposition—continuing for 1 year a certain law with reference to scrap metal. Not a word was said in opposition to that joint resolution. No questions were even asked about it. Now when we come to a resolution to continue for 1 year the present control act which has been operating since 1949, and to give the committees the opportunity and the right to study the subject, to call witnesses in and get their opinion as to how these amendments would operate, we hear objection and argument to the effect that the conferees ought to be sent back.

Mr. President, a conference is not a simple thing, as every Senator who has participated in one knows. It must be a question of give and take. It is a question of compromise and arriving at the best plan that can be agreed upon. I believe the Senator from Indiana [Mr. CAPEHART], who was present at the meetings of the conference, will agree with me that we did the best we could.

Mr. JAVITS. Mr. President, I should like to respond to that statement briefly. I respect the Senator from Alabama. I do not think he caved in, or anything like that. I would never think that of him or ever say such a thing about him.

My point is that on these questions we must come to a value judgment as to the point at which we will stand, especially in a case in which no one has received anything that he wants. It is not a question of yielding some of the things we want in order to get others. Neither the House nor the Senate has received anything it wants.

The Senator from Oregon [Mr. MORSE] has properly put the question. No one wanted a bare extension of the law, and yet we are getting it. All it would do would be to strengthen and buttress the power of the executive department.

My value judgment, which could be wrong—and that is why I am one Senator in a hundred and am not running it all alone—is that this is the point at which we must stand. The question is important enough so that we ought to let the impact of the country be brought to bear on the conferees in order to produce a result more important to the country than the bare extension of the act. That is the case I have tried to make this afternoon.

Mr. MORSE. Mr. President, in my opinion much that my good friend, the Senator from Alabama [Mr. SPARKMAN], has said in behalf of the conference report begs the question. He cites the action taken by the Senate tonight in extending certain existing law. Those extensions did not go to conference. The Senate had not taken the action that we took on the export bill. We took a legislative course of action on the bill. That legislative course of action did not at all involve the question of extension. There was no proposal that we merely take action on an extension. It was proposed that we consider some substantive changes in the existing law. We considered them. We passed amendments. We sent our conferees into conference. And now we are told that little or no headway was made with the House because the House had certain amendments agreed to by the House that the Senate conferees thought would be a great mistake. We are told that even some of the House conferees began to doubt their own amendments.

But the procedure that is being suggested by those of us who are urging that our conferees be sent back for another trial is a procedure of the Senate. It is provided for in the procedure and policies of the Senate. It happens to be a course of action that is perfectly legal and legitimate when we think another try ought to be made.

If we send the conferees back to conference, how can we tell tonight that it might not have some effect on the House conferees? That is the reason for the procedure. When a conference report comes back that we think does not carry out the policy of the Senate that we had in mind to a degree that it ought to have been carried out in conference, we provide for sending the conferees back with instruction. I think we ought to try that procedure. If we follow the policy that I mentioned earlier in this body of taking for granted that a conference report is going to be the final result, and that there is very little probability that that conference report will be rejected or that the conferees will be sent back with instructions for further conference, we weaken the Senate conferees in conference after conference.

The tendency has developed in the Senate—and the House has come to accept it—not to raise any questions, no matter if the conferees come back with a conference report so completely at variance as this one is with Senate action that it really is almost counter to what the Senate proposed when it sent the bill into conference.

We have before us a situation in which we should exercise our right under a procedure that exists in the Senate. When we think a conference report is so far different from what we adopted when we sent the conferees into conference, we should send them back for another try. That action would not express a lack of confidence in our conferees. Quite to the contrary. We would thereby express a confidence in our conferees. We would be saying that we believe under new instructions of the Senate they should be given an opportunity to present the case of the Senate once more. That is what we are asking for.

We will not surrender to the House without at least an opportunity to say to the House officially, on a second trip through the conference, "We want you to consider the bill once more because we think you have made a great mistake in turning down the recommendation of the Senate conferees with regard to certain amendments adopted in the Senate."

If we do not take such action, we weaken the whole conference procedure in the Senate.

Mr. President, I have sat in conferences with the House in the past couple of years. I am a little alarmed and disturbed about the attitude in too many of the conferences with the House. There is too great a tendency on the part of the House conferees—in some conferences at least—to adopt a take-it-or-leave-it attitude. We do not support good legislative processes by yielding to that kind of reaction on the part of the House. I think the House is wrong in not accepting some of the amendments that the Senate conferees have proposed.

Furthermore, how do we know here tonight, if we send this report back to conference, that the House may not agree to certain modifications of its own proposal, that it might not modify the House proposal which many of us—and I happen to be one—believe should not be adopted? We ought to try it.

As to the argument during the debate—and it is another one that begs the question—that because there were no hearings held in regard to the House amendment, therefore we ought to extend the program for 1 year, the fact remains that the House in its wisdom on the floor of the House passed its judgment upon the amendment which it wrote into the bill. There is no law that requires hearings if the House in its judgment believes the issue is so clear that a certain provision ought to be written into law without hearings. I am accustomed to the argument that, because there were no hearings, the principle of an amendment ought to be completely discarded. I believe that the House amendment should be considered again. We should try to persuade the House to modify its language. We should try to get the House to debate at least some of the principles of the amendment added to the bill by the Senate.

Lastly, I believe we ought to do it—and I speak very frankly—as a lesson to the State Department. Let us face it, Mr. President. In connection with this bill the cooperation from the State Department was very much wanting. The State Department does not want any restrictions imposed upon it in this field. This is not consistent with my conception of our system of checks under our constitutional form of government. The time has come when we ought to exercise checks against the State Department in the field of foreign policy.

Whether or not the administration is fully aware of it, public confidence in the handling of many foreign policy matters by the administration is slipping badly.

We will strengthen the hand of the administration if we send this conference report back to conference and make another try to get into the bill some checks on the State Department itself.

Mr. KEATING. Mr. President, I shall not detain the Senate for more than 2 minutes. If my motion is in order, I now move that the conference report be recommitted to the conference committee.

The PRESIDING OFFICER. Such a motion is in order.

Mr. KEATING. I so move.

I hold in my hand the hearings held by the select committee dealing with the whole program of exporting strategic goods to Communist countries. That committee held even more extensive hearings than did the Internal Security Subcommittee of the Committee on the Judiciary. Our hearings are continuing. The subject has been thoroughly explored. Perhaps the House amendment could be better worded, but I have no criticism of its objectives. Recommittal of the conference report, as the Senator from Oregon has pointed out, would permit a refinement of language.

The members of the select committee were different from the House members of the Banking and Currency Committee who participated in the conference. The chairman of the select committee was the gentleman from North Carolina Representative KITCHIN, and the ranking Republican member was the gentleman from California, Representative LIPSCOMB. They saw eye to eye on the problems involved. They joined in the report and the amendments. I am confident that they would prefer to have only the amendments adopted in the Senate, rather than no change at all and a mere extension of the act for 1 year. I wish again to express my high regard for the distinguished Senator from Alabama. I am thoroughly conversant with the problems he faces. But I believe, with his great abilities, it would be possible to go back and to retain the Senate amendments which we adopted with such overwhelming votes and to obtain a modification of the House amendment. Even if they cannot get any part of the House amendment, I feel certain that those who took part in the investigation will make representations to the Committee on Banking Currency that it is better to have a bill with the Senate amendments than merely an extension of the present law. I hope very much that the conferees will be able to reach an agreement on that basis.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion of the Senator from New York [Mr. KEATING] to recommit. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut, [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Washington [Mr. MAGNUSON], and the Senator from Michigan [Mr. McNAMARA] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. GORE], the Senator from Indiana [Mr. HARTKE], the Senator from North Carolina [Mr. JORDAN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Alaska [Mr. GRUENING], the Senator from Ohio [Mr. LAUSCHE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Massachusetts [Mr. SMITH], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut [Mr. DODD] would vote "yea."

Mr. DIRKSEN. I announce that the Senator from California [Mr. KUCHEL], and the Senator from Kansas [Mr. PEARSON] are necessarily absent, and, if present and voting, would each vote "yea."

The Senator from Indiana [Mr. CAPEHART] and the Senator from Wisconsin [Mr. WILEY] are detailed on official business.

If present and voting, the Senator from Wisconsin [Mr. WILEY] would each vote "yea."

The result was announced—yeas 44, nays 33, as follows:

[No. 104 Leg.]

YEAS—44

Aiken
Allott
Bartlett
Beall
Bible
Boggs
Bush
Butler
Cannon
Carlson
Case
Cooper
Cotton
Curtis
Dirksen
Dworshak
Eastland
Ervin
Fong
Goldwater
Hickenlooper
Hill
Hruska
Jackson
Javits
Keating
McClellan
Miller
Monroney
Morse
Morton
Moss
Mundt
Murphy
Prouty
Proxmire
Saltonstall
Scott
Smith, Maine
Stennis
Thurmond
Tower
Williams, Del.
Young, N. Dak.

NAYS—33

Anderson
Bennett
Byrd, Va.
Byrd, W. Va.
Carroll
Church
Clark
Douglas
Ellender
Fulbright
Hart
Hayden
Hickey
Holland
Humphrey
Johnston
Kerr
Long, Mo.
Long, Hawaii
Long, La.
Mansfield
McCarthy
McGee
Metcalf
Muskie
Pastore
Pell
Randolph
Robertson
Sparkman
Williams, N.J.
Yarborough
Young, Ohio

NOT VOTING—22

Burdick
Capehart
Chavez
Dodd
Engle
Gore
Gruening
Hartke
Jordan
Kefauver
Kuchel
Lausche
Magnuson
McNamara
Neuberger
Pearson
Russell
Smathers
Smith, Mass.
Symington
Talmadge
Wiley

So the motion to recommit was agreed to.

Mr. DIRKSEN. Mr. President, I move that the vote by which the Senate agreed to the motion to recommit the conference report be reconsidered.

Mr. ALLOTT. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. ROBERTSON. Mr. President, I regret very much that an important bill dealing with private enterprise was voted on here late at night when Members did not have a real opportunity to find out all the facts about the report and the conference.

In the conference we were faced with a House amendment providing that no shipper could ship goods to a foreign country unless, before each shipment was made, the President certified in effect, either that the country getting the goods was friendly and was not harming us, or that the shipment would not contribute to the military strength or the economic strength of a nation unfriendly to us. The amendment was aimed, I think, at India and Yugoslavia and some other countries. Personally, I did not care whether another dollar's worth of goods or materials from the United States is shipped to those countries; but I realized that much was at stake for private enterprise in this country.

Not one word of testimony on that amendment was presented before the House committee by the public or by the Government.

On this floor, we adopted two amendments offered by the junior Senator from New York [Mr. KEATING], although before our committee there was not one word of testimony regarding them. The junior Senator from New York had three amendments. Two of them were not too bad. One of them was very controversial. I told the Senator from Alabama, "Go ahead and accept two of the amendments, for we have only until Friday. So accept them, rather than get into a nasty fight and hold up this measure, if the Senator from New York will drop the other one."

Then we got into the conference. The House conferees did not know anything about either one of the Keating amendments; but finally we got them to agree to take some of the Keating amendments, and we took one of the House amendments.

But then we came to the big hurdle. We had not put any limitation on how long the law would run. We had made the law permanent. The House had voted a limitation of 3 years. That was not too bad. But the House had amendment No. 3; and the State Department begged and pleaded with us not to adopt it. I said that so far as I was concerned, I did not care whether we never shipped another dollar's worth of goods to any Communist country or any so-called neutral country that would use our resources against us; but I said I thought this was a very serious matter, and I said that before the House and the Senate took a final position on this—for, after all, it most seriously involves private enterprise, not Government aid—we should realize that we have to make shipments abroad in order to protect our balance of payments, because there are some $21 billion worth of claims against this country, redeemable in the end in gold, and to meet them we have free gold in the amount of only a total of $4.5 billion. That is what we are faced with.

Now the Senate has voted to recommit the conference report. I will return to the conference and will see what can be done in light of the vote tonight, in light of the Senate's insistence on its version of the bill. But certainly I think it was a great mistake for the Senate to take this action tonight.

Mr. DIRKSEN. Then why was the report brought up tonight?

Mr. ROBERTSON. Because the junior Senator from Alabama, who was in charge of the bill, had a most important engagement out of the city tomorrow, which he was very anxious to keep, and he hoped that the Senate could dispose of the matter tonight.

Mr. CLARK. Mr. President, I extend my warm commendation to the distinguished junior Senator from Virginia [Mr. ROBERTSON] for the fine statement he has just now made about the unfortunate action the Senate has taken tonight. I commend him for his position. I hope that as chairman of the Senate conferees he will stand firm, despite this action; and I hope very much we shall not be prejudiced by the action taken tonight in the Senate.

TEMPORARY INCREASE IN THE PUBLIC DEBT

Mr. CLARK. Mr. President, regarding the increase in the debt limit, I believe that certain basic facts should be stated for the record.

The first basic fact is that the Eisenhower administration asked Congress to increase the debt limit, temporarily or permanently, eight times in its 8 years in office: Once in 1953, once in 1954, once in 1955, once in 1956, twice in 1958, once in 1959, and once in 1960.

President Kennedy in his second year in office has sent up his second request for an increase in the debt limit.

With ritualistic regularity, the Congress has—with one exception—grumbled and cajoled, and then done what it ought to do in the national interest—namely, approved the request of the administration, whether the administration was Republican or Democratic. To do otherwise would have been to invite financial malpractice.

The one occasion in the last decade when Congress turned down such a request was the doing of the Republican 83d Congress, in 1953. The results of that action in the fall of 1953 included the forced use of $500 million of free gold by the Treasury, the forced retirement of $500 million of debt of the Federal Reserve system, and the forced sales, at disadvantageous prices, of Commodity Credit Corporation certificates.

Mr. President, do our Republican friends think they are serving the national interest when they oppose the increase in the debt limit—by doing again what they did with such adverse effects on the national interest in 1953? Today our gold situation is far more serious than it was in 1953.

Do our Republican colleagues who posed the pending bill—fortunately, unsuccessfully—want to force Secretary Dillon to take similar steps at this time, at the same time that they are excoriating the administration for alleged responsibility for the economic situation?

I point out that the national debt today, in relation to the gross national product, is smaller than it was at any time during President Eisenhower's term in office; and this is a startling fact which I suggest our Republican colleagues and those Democrats who, I deeply regret, voted to oppose the increase in the debt limit do not seem to wish to face.

I suggest that politics, pure, simple, and unadulterated, provides the only basis for the opposition to the increase in the national debt limit.

I regret to note that the two Republican candidates for statewide office in Pennsylvania, now serving in the House of Representatives, both voted, first, to recommit the debt limit bill to committee; and, second, against the bill on final passage in the other body.

What steps, I ask them, had they advocated if the increase had been denied? What actions do our colleagues across the aisle in this Chamber advocate? They have given no answer.

It is very difficult indeed to understand how conscientious Members of the Congress of the United States, faced with the difficulties we have in this country today in terms of our fiscal policy, could conscientiously vote against the increase in the debt limit which was recommended by the President of the United States and which, I am happy to say, has just been passed by the Congress.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I wish to ask the distinguished Senator from Minnesota what is contemplated for the rest of today, and also for tomorrow and Saturday.

Mr. HUMPHREY. Mr. President, it is the intention tonight to take up, and make the pending business for tomorrow, Calendar 1595, Senate bill 2499, to revise the boundaries of the Virgin Islands National Park.

REVISION OF BOUNDARIES OF VIRGIN ISLANDS NATIONAL PARK

Mr. HUMPHREY. Mr. President, I now move that the Senate proceed to the consideration of Calendar 1595, Senate bill 2429, to revise the boundaries of the Virgin Islands National Park, St. John, Virgin Islands and for other purposes.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with amendments.

Mr. HUMPHREY. Our purpose in moving that the bill be taken up at this time is to have it made the pending business.

LEGISLATIVE PROGRAM

Mr. HUMPHREY. Mr. President, after the Senate takes final action on the Virgin Islands National Park bill, the Senate will then proceed to the consideration of Calendar 1548, Senate bill 2560, to amend the Interstate Commerce Act, as amended, so as to strengthen and improve the national transportation system. That bill was reported by the Senator from Florida [Mr. SMATHERS] from the Committee on Commerce.

It is our hope that tomorrow the Senate will be able to take final action on these two measures—and that should be possible—and, if the minority views on the Renegotiation Act, House bill 12061, are available and printed, to have the Senate proceed to the consideration of that measure. That would be the schedule for Friday.

As for Saturday, it is now the intention to have a session on Saturday, provided the conference committee on the sugar bill has completed its work—because of the urgency of that measure. So we shall consider a session on Saturday as the business of the Senate. If need be, we shall have only a pro forma session, in order to protect ourselves in terms of that conference committee.

So I think we should count on a full day tomorrow; and if we get into consideration of the Renegotiation Act extension, the session tomorrow may continue as late as the session tonight.

Also, we should look forward to a session on Saturday. After all, the majority leader informed the Senate that there would be night sessions and Saturday sessions, and that if Senators wish to be recorded, they should be present when the votes are taken. That is why we called up the conference report on the Export Control Act tonight. I regret that that was done at a late hour, but there was considerable debate on it.

Personally, I should like to have the session end at about this time, but sometimes we cannot do as well as we should.

Mr. DIRKSEN. Let me ask whether the Senate has now completed all its business for tonight.

Mr. HUMPHREY. This is all of the business for tonight.

ORDER FOR ADJOURNMENT UNTIL NOON TOMORROW

Mr. HUMPHREY. Mr. President, I move that when the Senate completes its work tonight, it adjourn until 12 o'clock noon tomorrow.

The **PRESIDING OFFICER.** The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to.

HOUSING PROGRAMS IN CHILE AND PERU

Mr. SPARKMAN. Mr. President, I have been pleased to hear recently of what may turn out to be one of the outstanding successes of the Alliance for Progress program. I refer to the wonderful progress made to date on the establishment of savings and loan institutions in Latin American countries through technical and financial assistance provided by our Government. The leading country in developing the system is Chile, with Peru not far behind. Contrary to the prediction of many skeptics, the experience to date has demonstrated that the people of these countries are willing, and apparently able, to save money in anticipation of owning their own homes and that the free enterprise system of home construction is workable in these underdeveloped countries, despite the extreme poverty of the masses of the people.

Carl Coan, staff director of the Senate Subcommittee on Housing, was asked by the Agency for International Development to accompany Mr. Arthur Courshon, chairman of the board of the Washington Federal Savings & Loan Association, Miami Beach, Fla., on a mission to Chile to review the progress of the U.S.-aided savings and loan system there. Mr. Courshon was one of the authors of the Chilean law to establish the system in that country. Both Mr. Courshon and Mr. Coan have written detailed reports to the agency on their mission.

Because I believe that some of Mr. Coan's remarks on his mission would be of general interest, I ask unanimous consent that excerpts from his report be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

REPORT TO THE AGENCY FOR INTERNATIONAL DEVELOPMENT OF REVIEW OF U.S. HOUSING PROGRAMS IN CHILE AND PERU

(By Carl A. S. Coan)

The most significant finding of my recent housing mission to Chile and Peru was the discovery of a tremendous potential for savings by the people of these countries that would make possible the purchase of a home. In these lands of extreme contrasts between the rich and the poor, there was no doubt about the universal desire for decent housing and the willingness to make sacrifices for housing by families whose incomes are barely sufficient for food alone.

In both countries, the housing conditions among the masses of low-income families were unbelievably shocking with the likelihood that they will become worse before they get better. Fully two-thirds of the people live in shacks, slums, huts, and overcrowded single rooms, and with city populations doubling and tripling in one generation, there is not likely to be any improvement for some time to come.

Why such a large percentage of the population is so inadequately housed is too involved to consider at this time. Of more importance is what can be done now and in the future to help remedy the situation.

I believe that remedies are not only possible but most necessary in consideration of the growing unrest and discontent that existing conditions are generating among the masses of people.

From what I saw, I believe that a combination of U.S. technical and financial assistance, private and government, working closely with local leadership can, with patience and persistence, provide an answer which will help relieve some of the most serious housing conditions in these countries.

In both countries, there is an adequate source of raw materials for construction purposes and a plentiful supply of manpower, but shortages exist in managerial skill and in accumulated capital. The managerial skill is needed to organize a process of volume production of homes for the mass market which is the only way that the housing needs of these countries will ever be met. These countries must learn more about the advanced techniques of urban planning, land assembly, volume construction, merchandising, financing and government cooperation, which have been successfully worked out by U.S. builders and developers.

The shortage of accumulated long-term capital to finance home construction in quantity is probably the most critical item affecting homebuilding. It is here that the United States has offered its assistance, not by providing the capital, but by offering to help establish an institutional system that would accumulate capital within the country itself.

As you know, the principal purpose of my visit to Chile and Peru was to observe the savings and loan systems that were recently started in these two countries with U.S. technical and financial assistance. While there, I was requested also to inquire into other U.S. assistance programs relating to housing. I accompanied Mr. Arthur Courshon of the Washington Federal Savings and Loan Association who, along with Mr. David Krooth, helped establish the present savings and loan system in Chile. This Chilean system, which has been in effect only about 7 months, has three special features—an FHA-type mortgage insurance system, an FSLIC-type savings insurance system, and a "maintenance of value" provision applying to both savings and loans. These are new concepts to the Latin Americans and it took 3 years to work out the legal and political entanglements to put such a program into operation.

As of March 15, there were 15 associations with 10,778 accounts, over $3 million in savings, over 200 mortgage loans totaling $1.3 million, and 3 more associations about ready to be chartered. Most of the associations are less than 8 months old but are already accumulating savings at a rate in excess of $600,000 a month. By the end of the year, savings are expected to be double the present figure. Furthermore, the "maintenance of value" technique for overcoming the effect of inflation has spread to other activities and has been effective in bringing in about $28 million of savings into the National Housing Agency (CORVI) for use in financing homes.

CONCLUSIONS AND RECOMMENDATIONS

Peru and Chile are fast-growing countries whose population explosion, particularly in and around the cities, is placing such extreme burdens on the Governments that outside help is critically needed to avoid a wholesale breakdown of orderly government. Cities which have tripled, quadrupled and, in one case, increased by five times in the last 20 years, cannot long resist the resulting political and economic pressures. Decent shelter, potable water, and sanitary sewers are the minimum that needs to be provided to head off a major revolt by many of these people. U.S. assistance of a concrete nature to help solve this problem has been relatively insignificant in contrast to the problem. This is also true of the Governments of these countries. In Chile and Peru, family formation alone would call for a housing program of 50,000 units a year without allowing for migration and some attempts at slum clearance. Yet the housing goal in each country is more in the neighborhood of 35,000 units a year and they will be lucky to meet that. The question is, What is going to happen to the rest of the families?

A massive problem requires a massive solution. The solutions now being undertaken can only tickle the palate and will never satisfy the voracious appetite that is growing bigger each passing day.

I made no extensive survey, but I would guess that homes built last year with U.S. assistance in Peru and Chile combined would amount to no more than a few hundred. This, in contrast to a need of more than 100,000, gives some dimension to the problem. It is true, of course, that U.S. efforts are now concentrated on the establishment of institutions and on project demonstrations but, nevertheless, our efforts fall far short of making an impact in an area that is starving for attention. I also recognize that this is not our problem but that of the people themselves and their governments. Our "alliance" promises are to cooperate with the Latin American countries, not to substitute for them.

Nevertheless, I have a strong feeling that our Government has done far from its best in promoting better housing programs in the underdeveloped countries. The agency's official attitude, the 1960 and 1961 legislation to the contrary, is exemplified by the organization of its personnel. Housing is far down the line as a sub-subunit under the Office of Institutional Development.

The attitude of only passive interest in this subject by our internationalists is indeed disillusioning and most discouraging. Much of the indifferent attitude stems from those who believe that housing is a social activity with no important economic significance, and that housing needs of the underdeveloped countries represent a "bottomless pit." These are attitudes of despair, not of hope, and are contrary to the intent and purposes of our foreign policy as expressed many times by our last three Presidents and our leaders in Congress.

I have been most heartened by the many expressions of concern and offers of assistance by topnotch housing experts in and out of our Government on this problem. Most of these people are not dreamers, but men of substance who have successfully demonstrated their abilities in the United States and are looking for opportunities to tackle new problems. Our Government is missing a great opportunity by overlooking this talent. The homebuilders, the bankers, and savings and loan experts, and the city planners are "chafing at the bit" to help out. The AID needs to corral this enthusiasm and ability and put it to work. This program should no longer be considered on a business-as-usual basis. Unless some sense of emergency can be attached to developing a whole comprehensive approach to housing aid in these countries, I fear that it may soon be too late.

At the present time there are two legislative proposals before the Congress which would provide an excellent opportunity for the United States to export to the underdeveloped friendly countries some of our private enterprise surplus in the form of capital, techniques, and expert talent.

The Foreign Assistance Act of 1962, passed by the Senate on June 7, includes a provision sponsored by Senator SPARKMAN, of Alabama, which would amend section 221(b)(2) of the 1961 Foreign Assistance Act to authorize the U.S. Government to issue a guarantee against loss of any loan investment for housing projects in less-developed friendly countries, provided there is appropriate participation by the private investor in the loan risk. This so-called all-risk guarantee, which may be issued to U.S. citizens or corporations, has the broadest possible coverage providing protection to the investor against any or all of the following risks: (1) Inconvertibility, (2) expropriation or confiscation, (3) war, revolution, or insurrection, or (4) economic or normal business failure. Under existing law, the guarantee for the economic risk involved could not exceed 75 percent of the investment. Under the Sparkman amendment, the U.S. Government would have the authority to guarantee against any loss up to a point in which there was assurance of appropriate participation by the investor in the risk. With a provision such as this, American builders, cooperating with builders of the foreign governments and supported by U.S. capital, could make an outstanding contribution through demonstration projects for mass production of low-cost housing in foreign countries.

The other legislative proposal is a bill, S. 582, introduced by Senator SMATHERS of Florida, to authorize the establishment of an International Home Loan Bank which would accept investments from savings and loan associations in the United States up to 1 percent of their assets to help finance and support the establishment of mutual savings and loan associations in underdeveloped countries. One of the principal features of this proposal is the plan to have the Bank help organize and coordinate the recruiting and training of savings and loan technicians to act as consultants to the newly established associations in the foreign countries.

S. 582 is pending before the Subcommittee on Housing of the Senate Banking and Currency Committee, of which I am staff director. The committee has reviewed its provisions briefly and has referred it to the Federal Home Loan Bank Board for study, which agency, I understand, has rewritten the bill and is now awaiting Budget Bureau clearance for further action. The bill has run into difficulties particularly because of only a lukewarm endorsement by the State Department, but also because of certain monetary and economic matters raised by the Treasury Department. Whether or not its supporters can rally enough support for its passage this year is yet to be seen. In order to pass legislation of this type, it may be necessary to develop a wide range of support through a comprehensive proposal covering several aspects of housing aid to underdeveloped countries.

Through all of this, progress appears to be slow, but there is no doubt about its direction. Our Government has already demonstrated its interest and support for an active housing program through the 1961 housing legislation and subsequent actions to implement that legislation. The 1962 act will provide further incentive for U.S. participation, and I am confident that the principal involved in S. 582 will receive full support of our Government and that a combined U.S. housing program of financial and technical assistance will provide the pump-priming that is needed for these countries to do the job themselves.

As a final comment, let me say that I appreciated immensely the opportunity of seeing first hand the housing problems and programs in these two countries. It has been an extremely rewarding experience, and I hope that my findings and report to the agency may be helpful in its continued and active interest in this problem.

VOLUNTARY FEED GRAINS PROGRAM CAN BE EXTENDED

Mr. PROXMIRE. Mr. President, the House Agriculture Committee is now considering a new version of the farm bill. As we all know, the administration bill, with its controversial mandatory program for feed grains, was defeated last week in the House by a 10-vote margin.

I think it is clear that if a farm bill relying on the present voluntary surplus reduction program for feed grains, rather than mandatory controls, is proposed, it will have strong support in both Houses of Congress.

I predict that if the House committee simply amends the bill that passed the Senate to substitute the voluntary feed grain land retirement program which the administration proposed last year, for the mandatory program, Congress will approve it by heavy majorities.

This is the program contained in the amendment I moved to the farm bill, which was approved by a majority of the Senate Agriculture Committee.

It is evident that the mandatory feed grains program failed to win approval in the House in large measure because of the remarkable success of the present program, which has cut Government costs sharply, has reduced the surplus by 13 percent, and has increased farm income. It is working well and is popular with farmers.

Last year surplus stocks of corn and feed grains were 85 million tons. Today, after one of the finest growing seasons in history, when a bumper harvest was certain, stocks have been cut by 10 million tons, to a level of 75 million tons.

Farmer participation in the voluntary program is up, and more acreage is being taken out of production. With average weather, it can be expected that feed grains stocks will be reduced even more, to less than 65 million tons.

This is less than a 6-month supply of feed grains for American domestic use.

NO NEED TO RETURN TO BENSON PROGRAM

The charge that there is "no alternative" to the mandatory feed grain control program is simply not true.

There is no need whatsoever to return to Bensonism or to the predictable chaos of no farm program, when a working, practical, successful program is available and can be extended.

In the interests of the Nation's farmers, consumers, and taxpayers, I urge the administration now to get behind an extension of the present feed grains program, with strengthening modifications such as I have proposed.

The prime complaint about the present program has been its cost. This neglects two important points: First, the present program reduces the expense to taxpayers by sharply cutting the surplus and the high storage costs; and, second, much of the apparent cost is simply a bookkeeping cost, since payments are made not in cash, but in kind—that is, out of the surplus itself.

REASONS WHY MANDATORY PROGRAM DEFEATED

Besides the success of the present voluntary program, there were other sound reasons why the mandatory program was rejected. Most important, in my view, is the strong probability that in the nationwide referendum of feed grain producers, the program would fail to get the necessary two-thirds approval. On May 17 I spoke at length on this point. My statement appears in the RECORD of that date. I pointed out that a majority of feed grain producers eligible to vote do not sell feed grains. Rather, they are buyers of feed, to supplement what they grow on their farms. It would be extremely difficult to convince these hundreds of thousands of farmers that they should vote for a program which will limit, and in most cases sharply reduce, the amount of feed and silage they may grow to feed on their farms, and would raise the price of the feed they have to buy.

This would be particularly true of dairy farmers, whose income is chained to the support price for milk. They would have no reason at all for supporting such a program, since it could not result in a price increase for the milk they sell, though it would raise their costs. This would be a new version of the cost-price squeeze on the dairy farmer, this time by Government edict. To expect a majority of dairy farmers to vote for this program is to expect water to flow uphill.

Overall, it is estimated that less than 40 percent of feed grains grown are sold off the farm. Some 60 percent are fed on the farm where grown. These percentages do not take into account silage, virtually all of which is fed on the farm where it is grown—and which is an important form of feed grain which would have been restricted by the administration bill.

ANALOGY TO TOBACCO, COTTON, RICE PROGRAMS IS VERY WEAK

For this reason, the analogy which is drawn repeatedly between mandatory controls on feed grains and the programs for tobacco, cotton, and rice is very, very weak. These are cash crops. A farmer who grows cotton, tobacco, or rice grows it to sell and gets money for it. He is, therefore, directly interested in the price he gets for what he sells. A program which offers him a specific higher price in return for supply management, therefore, makes sense to him.

But the majority of feed-grain producers do not sell feed in the market place. They buy it. What they grow they feed on their farms. While the proposition that high feed prices mean high livestock prices has broad validity, it is not generally accepted by farmers; it undoubtedly is subject to important exceptions in specific cases; and it clearly has no relevance to the dairy situation, where the support price for manufacturing milk is the key factor.

As I have said repeatedly, I support the principle of supply management. I think it can be used successfully to enhance the bargaining power of farmers, a bargaining power which is sadly deficient.

But to repeat this proposition like a litany in support of a program with specific, serious drawbacks, a program which I have shown repeatedly was almost certain to be rejected by farmers, just does not make sense. Specific criticisms should be met with specific answers, not incantations.

The 1958 Benson feed grain program was a serious mistake. It led to an enormous pileup of surplus feed grains. Virtually no one defends it; its defects are obvious. There is no need to repeat it. It would be irresponsible of the administration and Congress to permit a return to that program.

EXTREMES IN FARM PROGRAMS TO BE AVOIDED

But simply because a bad program operated for several years, with serious, costly consequences, is no reason to enact a program which goes to the opposite extreme, especially if a sensible, acceptable alternative is available. Surely there is nothing wrong intrinsically with a moderate, piecemeal approach to agriculture, especially if it works. Panaceas for the farm problem are always suspect, and rightly so. In a nation as large and diversified as ours, with an agricultural economy undergoing important changes and shifts with great speed, a program that promises a total solution to the total problem calls for very sharp scrutiny. The more comprehensive the solution proposed, I would observe, the more likely there are to be unintended consequences which can seriously upset the original purpose of the program.

We have seen how farmers pour on fertilizer and plant rows closer together to evade the purpose of acreage allotments. Experts have observed that price-support programs for corn have led to a diversion of land to corn production that was better suited to other crops. Restrictions on feed grain production can result in a sharp expansion in alfalfa and other alternative crops, with no logic except that dictated by Government regulations. The problem of assigning and policing acreage allotments for feed and silage in parts of the country that have never been commercial feed areas is a serious one. It should not be underestimated. Every producer of feed grains, no matter how small, would be prohibited from expanding his feed grain or silage acreage beyond what he planted in a base period. The task of enforcing this proposal staggers the imagination. Yet not enforcing it can bring ridicule down on the entire program.

In the many letters I have received from farmers regarding the feed grain program, very few have recognized the extreme diversity of feed grain production in our country. The farmer in Iowa who writes, "Give us a chance to vote for mandatory quotas," simply does not realize that he is really asking that the entire price-support program for feed grain should be staked on the probably adverse votes of hundreds of thousands of farmers in Southern States, the Far West, and dairy regions, who have little reason to identify their interests with those of the Iowan. This lack of understanding of what a nationwide mandatory program, with referendum, means, is widespread, so much so that I think the Department of Agriculture can consider itself fortunate that it will not have to face the wrath of the many farmers who have not fully understood the implications of the mandatory feed grains proposal.

One authority to recognize the advantages of extending the present feed grains program is Prof. Francis A. Kutish, extension economist at Iowa State College. I ask unanimous consent that a letter from Dr. Kutish to me be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

IOWA STATE COLLEGE,
Ames, Iowa, June 15, 1962.

Senator WILLIAM PROXMIRE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PROXMIRE: The most recent Government figures on feed disappearance indicate that we will reduce feed grain stocks about 10 million tons this year. When compared with what we probably would have produced had the old Benson program been in effect, this represents an estimated 26 million ton reduction from the estimated production in the absence of the 1961 program. That is the equivalent of 932 million bushels of corn. If you figure the eventual recovery value of corn at $0.992 a bushel, this results in a net savings to the Government of $241 million, if the eventual recovery value is $0.53 a bushel (what the USDA calculated), the eventual savings is $622 million. If you use no recovery value, the eventual savings is $1,059 million.

This has been a successful program. It has reduced stocks; it has maintained farm income and it has not raised consumer prices. When measured on a basis of net costs, it will have reduced Government expenditures.

Sincerely yours,

FRANCIS A. KUTISH,
Extension Economist.

FARM PROGRAM COSTS MUST BE SEEN IN PERSPECTIVE

Mr. PROXMIRE. Mr. President, a key point in evaluating any farm program is its cost. But it is a serious error to measure the cost without taking account of the value of the crop that is benefiting from the program in question. Clearly a Federal subsidy program that costs, for example, $1 million would be considered exorbitant if it were recognized that only a few individuals, producing a crop with a small total value, benefited from the subsidy. If, on the other hand, a very large number of people benefit from the program, and if it brings price stability to commodities worth billions of dollars, then such a cost would be reckoned a small price to pay.

For this reason I have asked the Department of Agriculture to give me data on the cost of price support programs relative to the value of the crop or the marketings. These figures show that expenditures for feed grains under the present program, or an extension thereof, are a significantly lower percentage of the crop value than the costs of the cotton, rice, wheat, or peanuts programs.

In addition, it can be shown that in relation to the value of the marketings of feed grains, livestock, and livestock products, the total costs of the voluntary feed grain program are even smaller.

I ask unanimous consent that the material prepared by the Department of Agriculture, as well as a summary table, be printed at this point in the RECORD.

There being no objection, the material and table were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., May 31, 1962.

Hon. WILLIAM PROXMIRE,
U.S. Senate.

DEAR SENATOR PROXMIRE: This is in reply to your letter of April 5, 1962, which was acknowledged on April 12, and in which you requested information on the costs of price-support programs for certain major commodities relating to the value of production or marketings.

We are enclosing brief statements on each of the commodities specified in your letter. In these statements we have related those items which we consider pertinent to the type of analysis you have requested. We know of no precise formula which can be adopted for comparisons between commodities, because the actions and reactions between the price-support program and the market situation are different for each commodity.

When national stocks stay at fairly constant levels, the costs for price-support operations stay at nominal levels for particular crops, but the Government would continue to incur expenditures for foreign assistance, for storage, transportation, etc. When stocks are reduced, Government costs are reduced; when stocks are increased, Government costs are increased.

We hope that the analysis furnished here will serve your purposes satisfactorily.

Sincerely yours,

JOHN P. DUNCAN, Jr.,
Assistant Secretary.

DAIRY

Assuming adoption of the President's proposal for dairy and the support price level of about $3.40 per hundredweight; the farm value of production for the 1963-64 marketing year would be about $5,350 million and the outlay by the Government would be limited to $300 million. The outlay would be about 5.6 percent of the farm value.

Assuming no legislation and the same production with a support level of 75 percent of parity and a support price of about $3.11, the farm value of production would be about $4,750 million; the original outlay for purchases would be about $525 million. The outlay would be about 11 percent of the farm value.

There would be some costs for storage, transportation, and packaging, and some additional expenditures involved in financing exportation under various programs under both of these assumptions. There might be some slight recoveries from cash sales. However, on a net basis these would be nearly equal between the two assumptions but probably result in somewhat higher expenditures for the second assumption.

FEED GRAINS

Assuming legislation was enacted in accordance with the President's proposal, and assuming a support price of $1.20 per bushel for corn and related prices for other feed grains, the farm value of production plus payments for land diversion for 1963 crops would be about $6,627 million, the cost of acquisitions by the Government from the crops would be about $123 million, and land diversion payments would amount to about $500 million. The total of the two items mentioned represents about 9.5 percent of the value of production. However, because production would be less than utilization, carryover stocks would go down, and the Government would recover about $550 million through cash sales in the market. The net costs would be $73 million.

Assuming no new legislation was enacted and a return to the 1960-type programs for feed grains, and assuming a support price of about $1.05 per bushel for corn, the farm value of production would be about $5,810 million, the cost of acquisitions by the Government would be about $750 million, which is about 13 percent of the value of production. There would be some applicable recoveries in subsequent years, but surplus stocks would continue to increase, and the recoveries would be offset by constantly increasing costs for storage.

Costs for financing exportation under Government programs would be near the same level under either assumption; but costs for storage and transportation over the next few years would be much greater under the 1960-type programs than they would under the President's proposal.

WHEAT

Assuming adoption of the President's proposal for the 1963 crop and a support price of about $2 per bushel, the farm value of production would be $2,307 million. The cost of acquisitions from the crop would be about $100 million; the dollar value of export differential payments made in cash or kind would be $430 million; and payments for land diversion would be about $250 million. These three items total $780 million and this is 33 percent of the farm value. However, because production would be lower than utilization, carryover stocks would be reduced, and the Government would recover most if not all of the costs of acquisitions through cash sales and, in addition, would be able to move older crop surpluses into the market for cash. Recoveries from sales would amount to about $425 million; which offset against the $780 million costs result in a net cost for these operations of $355 million.

Assuming no new legislation and a return to the 1960-type program and a support price of about $1.80 per bushel, the farm value of production would be $2,310 million; the cost of acquisitions would be about $592 million; and the dollar value of export payments would be $375 million. These two items total $967, and this is 42 percent of the farm value. Some of these costs would be recovered through cash sales, but because production would exceed needs, such recoveries would be minor.

Costs of financing exportation under Government programs would be near the same level under either assumption; but costs for storage and transportation would be considerably less over the next few years under the President's proposal than they would be if we return to the 1960-type programs.

COTTON, UPLAND

The estimated value of production for the 1963 crop is about $2,258 million. Anticipated acquisitions by the Government from this crop would cost about $48 million, and export differential payments during the year would amount to about $195 million. The total of these two items is $243 million, or nearly 11 percent of the value of production.

RICE

The estimated value of production for the 1963 crop is $301 million. Anticipated acquisitions of rough rice would have a value of about $19 million, and export differential payments would amount to about $23 million. The total of these two is $52 million, or about 17 percent of the value of production. There would be added costs for milling but this would increase the value of the commodity. There would be added costs for storage and transportation and for financing exportation.

TOBACCO

The farm value of production for 1963 will be about $1,377 million. The Government does not acquire the tobacco and has relatively minor costs incidental to the support program. These costs would probably be no more than 1 percent of the value of production.

PEANUTS

The farm value of production for 1963 is estimated at $205 million. The value of acquisitions of farmer's stock and shelled peanuts from the crop will be about $27 million, or about 13.5 percent of the value of production. There will be some costs for some shelling, crushing, and conversion to peanut butter, but these are offset in some measure by the increased value of the product. There will be some costs for storage and transportation; and there will be some recoveries from cash sales.

Estimated costs of price support programs for 1963 as a percentage of value of production[1]

	Percent
Cotton	11
Rice	17
Wheat:	
No new legislation, return to 1960 program	43
President's proposal:	
(1) No credit for sales from CCC stocks	33
(2) After credit for CCC sales	15
Tobacco	1
Peanuts	13.5
Feed grains:	
No new legislation, return to 1960 program	13
President's proposal, mandatory program:	
(1) No credit for sales from CCC inventory	9.5
(2) After credit for CCC sales	1.0
Dairy:	
No new legislation	11
President's proposal	5.6

[1] Source: Letter from Assistant Secretary of Agriculture, John P. Duncan, Jr., to Senator PROXMIRE, May 31, 1962.

These estimates take into account only the additional costs of continuing price supports for 1963 and omit the carrying and handling charges on stocks acquired in earlier years.

Although not covered in the letter, using a similar approach, cost of continuing the current voluntary feed grain program for 1963, with no credit for sales from CCC stocks would be about 15 percent of the value the feed grains produced, after credit for CCC sales the cost would be about 8 percent of the value of feed grains produced.

Mr. PROXMIRE. Mr. President, I conclude by observing that the House defeat of the voluntary feed grains program was not a tragedy. Other, probably better, farm legislation can be devised and passed through Congress. Costs to the taxpayer can be reduced and reduced significantly, perhaps not to zero in 1 year but substantially over a period of years. I do not believe that Congress will refuse to pass farm legislation which is designed to reduce Government costs and enhance farm income. If the proposed legislation makes sense and can be made to work effectively, I am confident that Congress and the administration will approve it.

PUBLIC HEALTH SERVICE RESPONSIBILITY FOR PROTECTION FROM RADIATION HAZARDS

Mr. PROXMIRE. Mr. President, on Monday I introduced a bill, S. 3472, to vest primary responsibility for protecting the public health and safety from radiation hazards in the U.S. Public Health Service. The Service already has important responsibilities in this field. However, in the absence of clear-cut legislative directives the Federal Government has failed to provide authoritative, comprehensive guidance which the public needs and wants.

My bill has been referred to the Committee on Labor and Public Welfare. I strongly hope that it will be possible to have hearings on it in the near future. There is considerable public apprehension now about possible dangers from radioactivity in food. Giving the Public Health Service specific responsibility in this area would clearly serve the public interest.

On June 27 Mr. Howard Simons, science and medicine writer for the Washington Post and Times Herald, called attention to the Public Health Service study of the amounts of radioactive iodine absorbed by children in certain areas where concentrations of this nuclear test fallout product have been exceptionally high. The forthright decision to evaluate this matter scientifically makes sense. It will help provide the kind of information that is needed to establish the guidelines on radiation hazards which are proposed in my bill.

I ask unanimous consent that Mr. Simons' article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Post & Times Herald, June 27, 1962]

U.S. To Test Children for Effect of Fallout

(By Howard Simons)

The U.S. Public Health Service plans to fly the children of 10 St. Louis families to New York City next week to determine how much radioactivity is contained in the youngsters' bodies, as well as to measure the radioactive iodine in their thyroid glands.

The decision to make these studies, the first of their kind, came amid growing concern on the part of administration officials about radioactive iodine levels in certain American cities. Although radioiodine levels have been dropping in recent weeks, officials are concerned nonetheless that so-called permissible levels may soon be exceeded, if, indeed, they have not already been exceeded in certain Midwestern cities.

With new nuclear tests in the air or near the ground planned at the Nevada test site and more U.S. atmospheric tests scheduled over the Pacific, administration officials now face the problem of deciding whether or not countermeasures should be taken to protect infants against radioiodine contamination in fresh milk.

Some eminent scientists have suggested privately that the Government should order such countermeasures now to protect infants in at least four cities where radioiodine levels have risen sharply as a result of recent testing. These cities are Des Moines, Minneapolis, Wichita, and Kansas City.

These scientists call the action "pushing the wisdom button." They say it would serve two purposes: the practice of prudent preventive medicine and the demonstration that Government-directed countermeasures can be effectively taken.

The recommended countermeasure would prescribe powdered dry skim milk or evaporated milk for all young children and lactating and pregnant women until testing is halted. At the same time these scientists warn mothers against taking individual preventive action.

Radioiodine is considered dangerous because it concentrates in the thyroid gland and can cause physical damage. Infants and young children are particularly susceptible.

St. Louis children were chosen for study because that Midwestern city has been exposed to high levels of radioactive contamination from fallout.

TO MEASURE RADIATION

The children will be taken to New York University Bellevue Medical Center where they will undergo whole body counts to determine their body burden of radioactive elements. The studies will be made by Merrill Eisenbud, a radiation specialist, who will measure the radioiodine content in the thyroid glands of the children.

One of the reasons that radioiodine is receiving so much attention from Government officials is that this particular short-lived radioisotope has been behaving in an unpredictable manner. The same is not as true for strontium 90.

Although the Atomic Energy Commission has not disclosed the exact yields of any of its Pacific tests, estimates indicate that the 22 tests to date, including one underwater explosion, might add 4.5 millicuries of strontium 90 per square mile to American soil.

RELATIVELY SMALL AMOUNT

This is a barely detectable level. Compared to the strontium 90 levels expected from the Soviet tests last fall, it is considered to be a relatively small amount compared to the total now in the soil (70 to 80 millicuries per square mile) or the amount anticipated from Soviet fallout.

LESS FISSION YIELD

Another way of comparing the amount of strontium 90 to be showered upon the world by the recent nuclear testing by the United States and the U.S.S.R. is the amount of fission yield of both test series. The Soviets added 25 megatons of fission yield and rought estimates indicate that to date the U.S. Pacific tests have added 6 megatons.

All these figures must be viewed with caution. Those for the U.S. tests are based upon assumptions that the nuclear devices and fallout pattern will be the same as those of the 1957–58 U.S. atmospheric tests in the Pacific. Similar predictions of the Soviet series, however, were found to have been in error. One reason was that the Soviets had employed "cleaner" weapons than previously.

Whether or not the United States is similarly employing "cleaner" weapons has not been disclosed, although Edward Teller, referring to U.S. Pacific tests, said recently that "in the past month we have made a great deal of progress in clean bombs."

SCIENTISTS' BOARD GIVES MILK A VOTE OF CONFIDENCE

Mr. PROXMIRE. Mr. President, the Food and Nutrition Board of the National Academy of Science-National Research Council has published an important statement on "The Nutritional Significance and Safety of Milk and Milk Products in the National Diet." The scientific standing and impartiality of this Board is beyond question, and its pronouncements, therefore, carry a great deal of weight.

In its report the Board states:

> In view of the widespread use of milk to provide significant portions of recommended nutrient intakes, unwarranted depreciation of public confidence in milk as a food is not in the best interests of nutritional health of large segments of the population.

It then surveys the three questions which have been raised about milk: Radioactivity hazards, saturated fats, and pesticide residues. The report concludes:

> In view of the foregoing, the Food and Nutrition Board believes that the public can be reassured as to the nutritive value, wholesomeness and safety of milk and recommends the continued use of milk and milk products in view of their importance as dietary components for meeting recommended allowances.
>
> The Board has repeatedly emphasized the nutritional values of the nonfat portion of milk and has encouraged the use of nonfat dry milk. The Board reaffirms this recommendation and would further encourage the Department of Agriculture and the industries concerned with products containing predominantly saturated fats to develop new combination products of high nutritive quality. With modern technology, milk can be viewed as a valuable nutritional resource to be adapted for human use in many acceptable and nutritious combinations.
>
> The Board would also suggest that the nonfat solids could serve better as a nutritional guide for evaluating milk quality than its fat content. The Board is pleased to note that consumption trends for nonfat milk solids from all sources are increasing.

These recommendations are well worth noting. It is unfortunate that they did not receive the publicity which they merit when they were first published. I ask unanimous consent that the report be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

The Nutritional Significance and Safety of Milk and Milk Products in the National Diet

The recommended dietary allowances of the Food and Nutrition Board have been widely accepted as guides for the maintenance of good nutrition of healthy persons in the United States. The recommended allowances can be obtained from many combinations and variations in food patterns. In the United States, some foods have attained importance because of their acceptability and special contributions of certain nutrients.

Among these foods, milk, and milk products are prominent because they contribute approximately 24 percent of the protein, 76 percent of the calcium and 47 percent of the riboflavin in the national diet. Certain groups in the population such as infants, children, pregnant women, and lactating mothers depend more on milk than does the average population for meeting their special needs. Fortified fluid and evaporated milk are sources of vitamin D for children and adolescents.

In view of the widespread use of milk to provide significant portions of recommended nutrient intakes, unwarranted depreciation of public confidence in milk as a food is not in the best interests of nutritional health of large segments of the population. However, cognizance has to be taken of the effects of overindulgence or possible health hazards and a balanced judgment reached by weighing any possible risks against the health benefits of milk.

The Food and Nutrition Board has given attention to three developments which have generated some public concern about the safety and wholesomeness of foods and of milk in particular. These are: (1) Slight increase in the content of radionuclides in foods, particularly strontium-90, as the result of fallout from nuclear testing; (2) The possible unfavorable role of saturated fats which predominate in milk, meat, and other animal food sources as compared with unsaturated fats; and (3) the presence in foods of residues of agricultural chemicals used in pest control.

The board's opinion of the current status of these problems is summarized below:

1. MILK AND RADIONUCLIDES IN FOODS

The Food Protection Committee of the Food and Nutrition Board has recently issued a report, "Radionuclides in Foods," which the board has accepted and approved for publication. The following paragraph is quoted from this report:

"Milk has been the single food item most often used for analysis as an indicator of environmental radiocontamination. This is because milk is produced regularly year-round; is convenient to handle, bulk or aliquot; can be obtained so as to represent small or large areas; and does contain the most important radiocontaminants. It must be emphasized, however, that the most important parameter is the level of contamination of the total diet. The use of milk as an indicator food does not imply that a decrease in the consumption of milk would result in a decrease of the total Sr^{90} intake. Foods substituted for milk would probably result in higher intake of Sr^{90} because of the higher Sr^{90}/Ca ratio in such foods."

In the light of the above statement, unless fallout is substantially greater than during the past few years or than is anticipated as a result of recent nuclear weapons tests, there would appear to be little basis for concern with respect to the strontium 90 content of milk.

2. MILK AND SATURATED FAT

With respect to the wholesomeness of milk fat, emphasis must be placed on the proportionate contribution of milk to the total fat and caloric intake. National statistics indicate that fat content of foods marketed in the United States averages 146 grams per person per day. Of this, fluid whole milk and cream contribute 15 grams; butter, 9 grams; cheese, 3.3 grams; ice cream, 2.3 grams; and other dairy products, 10 grams. Thus, at least 27 percent of total fat eaten in the United States is milk fat.

Both experimental and epidemiological evidence suggest that ingestion of milk fat and other saturated fats as primary sources of dietary fat, in comparison with an intake of equivalent amounts of unsaturated fats, is associated with higher serum cholesterol levels. There is statistical association between serum cholesterol concentration and coronary artery disease in man. There is as yet no proof that saturated fat in the diet is a cause of atherosclerosis in man but there is a growing body of evidence that it may be. The questions of how much and what kinds of fat can affect the development of atherosclerosis remain unanswered but are subject to very active research and continuing review.

In view of these uncertainties and because many factors are known to influence the onset and course of this disease, the Food and Nutrition Board considers that drastic changes in the American diet with respect to fat intake cannot be recommended at this time.

3. MILK AND PESTICIDE RESIDUES

With respect to pesticide residues in milk, concerted efforts over the past few years by Federal and State regulatory agencies, extension groups, agricultural organizations, industry educational programs to dairy farmers and feed producers, et al., have been directed to reduce levels of residues in milk. Reliable data show that although it is probably not possible to eliminate residues completely, it is possible and practical to produce milk in which residue levels do not exceed 0.1 parts per million on a fluid milk basis. In view of established tolerances for other common foods ranging commonly from 7 to 14 parts per million, the level of 0.1 part per million in milk appears insignificant.

The Food and Nutrition Board in 1960 issued a statement in regard to tolerances for pesticide residues in milk. The conclusion was as follows:

"* * * the Food and Nutrition Board belives that the present policy that only zero tolerances for pesticide residues in milk can be permitted is not scientifically justified. Regulations would be scientifically sound if based on reasonable judgments assuring safety in the case of small residues that are unavoidable in milk even under the best production practices."

The board reaffirms this conclusion and recommends further that finite tolerances for aggregate pesticide residues in milk and milk products be promptly established under the pesticide amendment to the Food, Drug, and Cosmetic Act and that such tolerances be at the above-mentioned level of 0.1 part per million on the basis of fluid milk containing 3.5 percent milk fat.

CONCLUSION

In view of the foregoing, the Food and Nutrition Board believes that the public can be reassured as to the nutritive value, wholesomeness and safety of milk and recommends the continued use of milk and milk products in view of their importance as dietary components for meeting recommended allowances.

The Board has repeatedly emphasized the nutritional values of the nonfat portion of milk and has encouraged the use of nonfat dry milk. The Board reaffirms this recommendation and would further encourage the Department of Agriculture and the industries concerned with products containing predominantly saturated fats to develop new combination products of high nutritive quality. With modern technology, milk can be viewed as a valuable nutritional resource to be adapted for human use in many acceptable and nutritious combinations.

The Board would also suggest that the nonfat solids could serve better as a nutritional guide for evaluating milk quality than its fat content. The Board is pleased to note that consumption trends for nonfat milk solids from all sources are increasing.

AUTHORESS RACHEL CARSON DESCRIBES CONSEQUENCES OF WIDESPREAD PESTICIDE USE

Mr. PROXMIRE. Mr. President, many of us read and were moved by Rachel Carson's magnificent book "The Sea Around Us." With the skill of a great writer, and a profound love and understanding of nature, Miss Carson described the great world of the oceans. Those who have had the privilege of reading her book know they have uncovered a literary treasure, which can be cherished and reread for years to come.

Now Miss Carson has written a series of three articles, which appeared in the three most recent issues of the New Yorker magazine, under the title "Silent Spring." The articles provide a detailed description of the effects of widespread use of poisons and pesticides on nature. They are a frightening and disturbing account of how man, in a perhaps misguided attempt to wipe out certain pests and plant diseases, has seriously disturbed the ecology of our countryside, in some cases causing irreparable damage.

In one of the articles Miss Carson writes:

> As man proceeds toward his announced goal of the conquest of nature, he is writing a depressing record of destruction—destruction of the earth he inhabits and destruction of the life that shares it with him.

She describes case after case in which the indiscriminate use of pesticides has led to the destruction of plant and animal life far beyond the intentions of the original operation. In cities, towns, and vast rural areas, entire animal populations have been eliminated. Miss Carson's title, "Silent Spring," refers to the chilling fact that in many places so many birds have been killed that their singing no longer fills the air in springtime. She writes:

> Over increasingly large areas of the United States, spring now comes unheralded by the return of the birds, and the early mornings, once filled with the beauty of bird song, are strangely silent. This sudden silencing of the song of birds, this obliteration of the color and beauty and interest they lend to our world, has come about swiftly and insidiously.

Miss Carson shows how the unintended damage done by indiscriminate use of poisons frequently follows a common pattern. The spray or other substance is first applied to "eradicate" a specific pest, which in some cases has not even been causing much harm. Following this whole species of other animals are affected by the same poisons, either directly, as the poison reaches them, or indirectly, as they feed on the insects that have absorbed the poison. Other types of animals may then multiply unchecked, since their natural enemies have been eliminated. At this point, the original pest may "flareback," having developed a poison-resistant strain. The cycle then begins afresh, as new applications of poisons are made in an effort to wipe out the pest. In the meanwhile, the ecology—the "balance of nature"—has been profoundly disturbed. While in the long run it might adjust to the new conditions, the odds are strong that each new phase in the adjustment process would be met by a new wave of man-applied poisons.

What has caused this widespread, often indiscriminate use of poisons? According to Miss Carson, the certainly well-intended pesticide programs of the Department of Agriculture and other

Federal, State, and local agencies have played an important role. She criticizes the lack of coordination, foresight, and planning in these programs, and gives examples of how they can be better conducted.

In the 86th Congress bills were introduced in both the House and Senate to provide for advance consultation with the Fish and Wildlife Service and with State wildlife agencies before the beginning of any Federal program involving the use of pesticides or other chemicals designed for mass biological controls. Hearings were held before the House Merchant Marine and Fisheries Committee, at which spokesmen for the major conservation groups, including the Audubon Society, the National Wildlife Federation, and the Wildlife Management Institute gave testimony about the unfortunate consequences resulting from indiscriminate use of plant and animal poisons. Bills were approved by the House Committee and the Senate Commerce Committee, but unfortunately they were not acted on in the House and Senate. Miss Carson's article provides compelling evidence of the need for additional guidelines before it is too late.

IOWA FIRST TO ADOPT LAND GRANT PLAN

Mr. MILLER. Mr. President, on July 2 the 100th anniversary of the signing by President Abraham Lincoln of the Morrill Land Grant Act will be observed I think it well to point out that this will be not only a memorable day for the United States but also for my State of Iowa, because Iowa was the first State in the Union to accept the provisions of the measure adopted during the administration of Abraham Lincoln.

An excellent editorial on that subject was published in the June 26 issue of the Mason City Globe-Gazette as the lead editorial. I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Mason City (Iowa) Globe-Gazette, June 26, 1962]

IOWA FIRST TO ADOPT LAND GRANT PLAN

The 100th anniversary of the Morrill Land Grant Act has special significance for Iowa. Ours was the first State in the Union to accept the provisions of the measure adopted during the administration of Abraham Lincoln. Iowa State is our land-grant university.

Even as the Civil War cannon boomed, there was a realization among forward-looking Americans that our country's best hope lay in education. And there was an incipient disenchantment with colleges operated on classifical British and continental models. There was need for a broader base.

Today that eliteness is gone. Higher education has become both more practical and more universally available. The Morrill Act went a long way toward opening college doors to all who can benefit from it and possess the will to meet its demands. A new era in education was ushered in.

Justin S. Morrill, who gave his name to the new concept, was a Vermonter. He served nearly 50 years in Congress. At his side in the fight was Jonathon B. Turner of Illinois. President Buchanan frowned on the proposal but Lincoln, with a greater vision, saw in it a greater America.

The Morrill-Turner dream envisioned a grant of 30,000 acres of federally owned land to each State for each Member of Congress from the individual States. This land was to be sold (the going price was $1.25 an acre) with the income being used to support at least one college in each State.

Different from the Harvards, Yales, Princetons, and Dartmouths, land-grant colleges placed major emphasis on professional or specialized education. They sought to meet the needs of a people just learning how to apply the discoveries of science and advancing technology to daily life.

Their growth has been spectacular. Though they number less than 4 percent of the Nation's colleges, they enroll a fifth of the total number of undergraduate students and award nearly two-fifths of all doctoral degrees in every field of study. They bulk large in the educational picture.

Along with preparing young men and women for special contributions to the march of progress and higher living standards through teaching and research, land-grant colleges have accepted the task of carrying the fruits of college education to persons off campus through extension services.

Iowa State has been the forefront of this movement which has been paid the compliment of being copied in other parts of our free world. Monday, July 2, the 100th birthday of the Lincoln signing of the Morrill Land Grant Act will be observed with special feeling on the campus at Ames.

GRAIN STORAGE AND THE SOL ESTES CASE

Mr. MILLER. Mr. President, in the May 21 issue of the Wall Street Journal appeared an excellent article by Joe Western, staff reporter for the Journal, on the subject of grain storage in general and the Sol Estes case in particular. A reading of this article will, I am sure, persuade one that bigger Government paves the way for mismanagement, favoritism, and a shocking disregard for the taxpayers' money. I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, May 21, 1962]

ESTES MESS SEQUEL—PRESSURE RISES FOR BIG CHANGES IN HOW UNITED STATES STORES SURPLUS GRAIN; CURRYING OF OFFICIAL FAVOR BLAMED ON STORAGE SPACE GLUT, NO COMPETITIVE BIDS; UNITED STATES AIDS ELEVATOR BUILDUP

(By Joe Western)

WASHINGTON.—The Agriculture Department is under rising pressure to make major changes in its system of deciding who gets paid how much for squirreling away surplus crops.

Competitive bidding is one of the possibilities now under consideration to cure the ills—already vividly apparent but rated likely to grow much worse—of the present storage setup. The system now makes no room for competition in storage fees, but instead pays a flat 13½ cents per bushel per year to all who help house Government-owned grain; just who gets this much-sought business is left largely to the judgment of harried civil servants scattered around the land.

Alternative solutions are being scanned, too—some of them radically different. Sample: Allocate Uncle Sam's cereals to storage firms in proportion to their previous role in the business—thus giving those who store the farm glut, like the farmers who produce it, a formalized vested interest in past history

Agriculture officials have by no means decided which way to turn; they are certain only that the heat is building up.

HEAT FROM ESTES SCANDAL

Much of it radiates from the Billie Sol Estes scandal—and two congressional investigations soon will be fanning these flames. Billie plunged into the grain storage business just 3 years ago, with the financial backing of Commercial Solvents Corp.; by last year his United Elevators had passed more than 8,000 other outfits scrambling for Government grain, rocketing to ninth position in the Nation. Revenues measured in millions financed an alleged effort to rig a monopoly in the west Texas fertilizer market—until March 29, when Mr. Estes was arrested for having turned to outright fraud of major finance companies, and Billie's bubble burst.

Senator MCCLELLAN's Investigations Subcommittee has ordered closed-door testimony to begin today, and House hearings run by Representative FOUNTAIN, of North Carolina, will soon get rolling.

Yet the Capitol Hill probes are likely to show what is already bothering top Agriculture officials: that many aspects of the Estes affair merely reflect a far more ponderous phenomenon—the sudden emergence of a national oversupply of grain storage facilities, which seems destined to become increasingly painful. Competition for Government patronage is intensifying, and so long as it cannot be expressed in bidding for business on the basis of price it is bound to find its outlet in other channels.

While stoutly insisting that "politics and friendship do not move Government grain," operating officials of the Department say they are under constant pressure from Congressmen, State and local officials, and the grain trade for favors. Frets one key commodity official: "Now that grain is getting scarce, you ain't seen nothin' yet when it comes to pressure."

BEHIND THE CHANGE

To understand the radical change which has left the surplus-storage firms suffering from a surplus of their own, one must look in two directions.

First, Agriculture Secretary Freeman's farm policy aims to slash surplus stocks, and thus far it has been succeeding. Government-owned grain inventories, which swelled by over 2 billion bushels during the tenure of his GOP predecessor, have been cut back by about half a billion bushels in the past year—leaving 2.5 billion on hand at last count on March 31. To accomplish this, the Freeman crew has cut back production especially of corn and other feed grains and is in the process of sharply curbing wheat. It has given away record quantities of foodstuffs, at home and abroad. Exports are expected to reach unprecedented heights this year, with all grain sales abroad heavily subsidized and about 30 percent of them made for unspendable foreign currencies.

The startling second factor is this: A storage construction spree has continued apace—despite the downturn in stuff to be stored—partly by sheer momentum, perhaps, but also with active Federal aid and encouragement.

America's commercial grain storage capacity, which stood at 2.1 billion bushels a decade ago, had more than doubled under the impetus of growing gluts by the time Mr. Freeman started slashing stocks. And it merrily continued growing thereafter. New facilities able to hold 400 million bushels were approved for Federal use during 1961, most of this in the last half of the year. The Small Business Administration, spurring the trend, approved 45 loans for grain storage construction between February 1961 and last month, committing $4.4 million to the cause on easy credit terms. Its officials say they have no thought of discontinuing their effort.

FARMERS URGED TO JOIN IN

Meanwhile the Department of Agriculture is itself pushing with great zeal another easy-payment program for building still more grain storage capacity. This advances money to farmers who want to build facilities on their own land; it dates back to 1949 but the Kennedy administration liberalized terms so a farmer can now borrow from Uncle Sam 95 percent of a structure's cost at 4 percent interest. He can fill it with his own crop, place this grain under Government loan until the Agriculture Department takes title to it, and thereafter collect storage fees from the Government. The 1961 upshot: Farmers built a record 129 million bushels of capacity, more than twice that of 1960. The Department continues to support this program, on the ground of its direct benefit to farmers.

Add to all this additional Government-storage capacity of nearly a billion bushels and it's clear why the days when Government men loaded their grain into railroad cars without knowing whether or where they could find space to store it now seem only a remote memory. Elevator and warehouse operators are hungry for business, and their pangs are particularly acute in the Southwest and Northwest.

"Everybody's suffering. We have less than a million bushels in storage today compared to 12 million a year ago," declares Thomas Kerr, president of a grain firm bearing his name in Portland, Oreg. A spokesman for big Cargill, Inc., laments that an 8 million bushel facility it operates under lease from the Portland Commission of Public Docks is on the verge of operating "for love" rather than profit, because nowadays it holds more empty air than grain. Congressman THOMAS PELLY, representing the neighboring State of Washington, protests that while Estes' grain storage business boomed, holdings of warehousemen in his State fell from 34 million bushels to only 3 million.

In California, the loss of most Government business has cut the revenues of elevator companies by an average of around 40 percent, according to one national grain concern.

In Texas, Commissioner John C. White of the State department of agriculture declares some grain storage operations are completely empty and the average elevator is only half full—leaving many storage concerns financially squeezed. A Federal official says some are "in acute distress." Frank Higinbotham, president of the Texas Feed Grain Association, says so far as he knows the Estes insolvency is unique; but at least one grain storage executive, Roy Burrus of Plainview, is predicting, "There's going to be lots of elevators in trouble."

Expansion of facilities has swept through the State; those approved for Government storage soared from 353 million bushels at the start of 1958 to 722 million by early 1961 and 880 million by the beginning of this year. But Billie Sol was at the forefront of the building jamboree and in aggressive bidding for business.

HANDY PANIC BUTTON

"We didn't store even one carload of milo (a variety of grain sorghum) last year, for the first time in 40 years," says C. L. Moore, general manager of Burrus Elevators. "That's how effective Billie Sol Estes' competition was." Another storage man points to a device hanging on his office wall, labeled "panic button." Says he: "I've sure needed that thing in the last couple of years."

The techniques Billie Sol used in getting storage business are worthy of detailed analysis because they illustrate the forms of competition permitted or even encouraged by the Agriculture Department's present system of handling its surpluses. Department officials insist they have discovered nothing illegal or astray in the grain storage phase of the Estes operations—with the "minor" exception that by misrepresenting his net worth he made savings of a few thousand dollars in bonding fees. They insist they did not favor him in allocating grain to storage, and that what Government business he did get cost Uncle Sam not a dime more than if it had been stored elsewhere.

Yet undoubtedly the Estes techniques of getting Government storage business were successful; beginning with 6.7 million bushels of Federal grain in late 1959, he moved to 16.1 million bushels in 1960 and 27.3 million in 1961, and the Estes receivers this spring found themselves holding 33.4 million bushels. If you count in extra warehouses where Estes affiliation remains under debate, his total Government storage reached about 50 million bushels. And, depending again on what you count, the Federal storage payments totaled $7 to $8 million over the 3 years, of which roughly half was paid last year.

A close look suggests that these millions were by no means pure profit; indeed the Estes system of competition was an extremely costly one.

Rather surprisingly, only a fraction of Federal storage patronage of the Estes warehouses originated from the Government's own allocations. Agriculture officials insist that only about 10 percent of the net growth in Estes storage can be attributed to their actually placing Government-owned grain in his houses.

The remainder entered Estes storage as privately owned grain, as security for Government price-support loans to producers. At the end of the loan period, about 1 year, the Government would take over ownership of the grain—leaving it in Billie Sol's houses and beginning to pay him the set storage fees.

LURING PRIVATE GRAIN

So the way Mr. Estes got hold of most Government grain was to lure it into his facilities while it was still technically private grain. To do this, he made remarkably costly deals, there being no Federal rule requiring private owners of grain to pay as high storage fees as the Government does.

Starting in 1960, according to testimony before a Texas court of inquiry, Mr. Estes offered farmers up to 120 days free storage to induce them to put their Government-loan grain in his facilities while awaiting Federal takeover. And by many accounts, related by C. H. Moseley, director of the Agriculture Department's storage operations in the Southwest, Billie Sol also boosted his storage business by offering farmers fertilizer at prices below cost—though that maneuver allegedly was aimed simultaneously at driving competitors out of the fertilizer market.

But the bulk of the business seems to have been drawn not straight from the farmers but from smaller independent storage operators, the country stations scattered in small towns. Testimony before the court of inquiry is that these, too, were offered free storage. Under such a system, a small operator could fill up with local grain and accept the producers' storage fees, but then ship to Estes and have room in his own bins for another batch.

OTHER INDUCEMENTS CLAIMED

Assertedly this was only one of numerous inducements. Grain Association President Higinbotham, who doubles as vice president of Goodpasture Grain & Milling Co. in Lubbock, declares that Estes houses paid out $50 to $100 a carload for country-station patronage. "We had kept pretty competitive with him, but we stopped short of kicking back cash," he remarks. As further bait, competitors assert the Estes houses readily accepted grain with high moisture content, absorbing the costly weight-loss involved in drying it to meet Federal standards for price-prop loans.

Whatever the precise incentives offered, Mr. Estes had his warehouses 14.9 percent filled with loan grain at the time of his arrest—this on top of the 43.4 percent filled with Government-owned grain. A few days later that 14.9 percent also became Government-owned, because April Fools' Day was Uncle Sam's "takeover" date for loan grain. But the remaining 41.7 percent of Estes capacity stood empty both before and after the takeover; for all practical purposes Billie Sol dealt only in grain owned by the Government or headed for Government ownership—and even his expensive super salesmanship could not fill his space.

One of his difficulties was that competitors were using many of the same techniques. "It wasn't only United Elevators, but just about everybody else around here was keeping milo free," says farmer Edgar Brown, who tills 350 acres south of Plainview. The Agriculture Department's regional storage boss, Mr. Moseley, declares, "It's widespread practice out here to tell a farmer 'I'll give you free storage until loan maturity if you'll bring your grain to me'." He adds he even knows of a warehouseman who gives gold bond trading stamps "just as a business getter."

Striving to outgrab his rivals, Billie Sol was taking other costly steps at the time his empire collapsed. According to court of inquiry testimony, he was building pickup stations closer to the farmers than competitors' facilities, "as part of an overall plan to try to corner the market on grain." Says Mr. Burrus: "He was trying to wipe me out completely. He was building one loading station 6 miles north of mine, another 6 miles south, another 8 miles west and 5 miles north; he laid a foundation for one 12 miles west, and he leased land for a fifth one 6 miles east. He wanted to have a loading station every 6 miles on every paved road in this part of the country."

INCENTIVE TO GRAB GRAIN

The whole pattern shows that the Agriculture Department's fixed flat fees serve as an incentive for warehouse firms to go to great lengths to grab grain while it is still privately owned; the hope is that no-profit deals with farmers and country elevators will pay off when the grain is turned over to the Government and the Federal storage fees start flowing. But whether the Estes storage operation showed any overall profit seems dubious.

Billie Sol had assigned his Federal storage revenues to Commercial Solvents Corp., which was backing his expansion both in the warehousing and in fertilizer sales. The confusion of his finances also involved cotton growing, which the Agriculture Department has ruled in violation of its rules, and alleged bilking of finance companies through intricate transactions that included mortgages on nonexistent fertilizer tanks.

Whether or not Billie Sol received any "favors" from politicians or civil servants—and the Government insists none have been proved as yet—he was unquestionably adding thousands of dollars to his overhead through kindnesses to such officials. Items: Contributions to living expenses of Assistant Secretary of Labor Jerry Holleman, since resigned. Gifts to radio expenses of Senator RALPH YARBOROUGH, Democrat, of Texas. Free long-distance credit-card phone calls for James Ralph, first demoted from the post of Assistant Secretary of Agriculture and then fired.

There are hints of more revelations to come. In Texas testimony, Frank Cain, attorney for Pacific Finance Co., one of the companies allegedly defrauded by Mr. Estes, related a conversation in which Billie Sol intimated big payoffs.

TESTIMONY ABOUT ALLEGED PAYOFF

The talk was one which occurred before Billie Sol was exposed, and according to Mr. Cain portions of it ran like this:

Mr. CAIN. "Now listen, there is one thing that is bothering me. You remember the other day when you said, 'I've got a commitment for $40,000.' Now that was payoff wasn't it?"

Mr. ESTES. "Yes."

Mr. CAIN. "Well, now, have you got to keep up these kinds of payoffs to keep these storages; these terminals full?"

Mr. ESTES. "Oh, yeah, I have to do that."

Mr. CAIN. "Just how much money are we talking about. How much money will it take for these payoffs?"

Mr. ESTES. "A hundred thousand to two hundred thousand dollars a year."

Whether such payoff talk embodied fact or fiction, the Agriculture Department insists the proportion of his storage capacity filled with Federal grain was a few percentage points lower than the average of other Texas houses. Agriculture officials agree he received grain transferred from Kansas and other Midwest houses, but declare this was a normal movement to clear Midwest elevators for oncoming crops by moving grain toward gulf ports for export—and that Mr. Estes got less than his proportionate share.

Texas Attorney General Will Wilson has charged "obvious favoritism" in the bonding required at Mr. Estes' federally licensed warehouses. Billie Sol was required to be bonded for $700,000; in contrast, his receivership has been faced with a bond requirement of $10 million. Federal officials explain that the former was based on a financial statement that seemingly demonstrated Mr. Estes' net worth to be in excess of $12 million, the latter on red-ink calculatings in the neighborhood of $32 million.

Early in 1961 Mr. Estes was ordered to increase his bond to $1 million, but the order was rescinded after he went to Washington to plead his case. "It appears that if Estes had been required to increase his bond, he could not have done it," argues cigar-chewing Texas Investigator Richard Wells. "The bonding company would have required a certified audit and Estes' affairs were not in a position to undergo such a searching examination." Agriculture officials dispute this logic, figuring that if Billie Sol had fooled so many big corporate financial experts, he could have fooled one more. But they've switched top men in the Washington Division charged with reviewing bonding.

Searching for more basic reforms, the Department has completed a survey of 100 warehouses—their costs and operations. Objective: To help find an improved system for distribution of the Government grain-storage patronage. Though factual findings are under lock and key, past congressional hearings have developed testimony that the 13½ cents a bushel paid annually by the Government isn't closely geared to actual costs of the warehousing firms. The latter vary widely—assertedly anywhere from 5 cents to 21 cents; a major factor has been technological change. Mr. Estes and others have mostly been building not the expensive concrete elevators whose vertical cylinders have traditionally punctuated the prairie horizon but a new inexpensive sort of "flat" storage—large one-story structures where grain is moved about with conveyor belts.

In theory, the Government could solve the allocation problem, and save taxpayer money, by concentrating all its business in low-cost facilities. This could be done by throwing Federal patronage open to competitive bidding, officials say, but they stew over the difficulties involved in handling thousands of contracts—and wonder how they might deal with a low bid from a distant warehouse, which might run up high transport charges. As an alternative, the 13½-cent storage payment might be cut to some lower figure (back in 1960, after congressional inquiries into "profiteering" scandals, it was cut from an average 16½ cents). Either course, it's figured, would bring screams from much of the storage industry.

An opposite approach could try to be "fair" to every warehouse, granting future governmental business according to the historical pattern of patronage in some base period. Officials shudder at the complexities of thus fossilizing their patronage; in the days when storage was scarce, they gave business to almost anybody with a roof for rent and some with only tents. "We'd find ourselves giving half-bushel allocations to some of these," muttered an official.

The Fountain committee, if it runs true to form, will blister the Department for failure to use federally owned storage facilities, which now stand nearly half empty. But altering this pattern would apparently require Congress to change present law, which forces the Department to utilize the "usual and customary * * * facilities * * * of trade and commerce." And officials note it would intensify the scramble by commercial storage firms for the business remaining.

Another approach which would require legislation—and which is said to attract some of the congressional investigators—would be the outlawing of the special inducements offered by storage firms to lure the farmer-owned grain destined for Government ownership. The task of policing such rules would be awesome.

Surveying all the possibilities, Agriculture experts dismally conclude that a quick and easy solution to the surplus-warehouse problem is no closer at hand than a sure cure for the surplus-crop problem.

GRAIN SHORTAGES

Mr. MILLER. Mr. President, in connection with the current interest in the mismanagement and favoritism of the Department of Agriculture in the Sol Estes case, other grain storage shortage cases are coming to light. In the June 17 issue and again in the June 24 issue of the Des Moines Register are articles by Mr. Nick Kotz concerning grain shortages discovered by the Iowa Commerce Commission and which make it more clear than ever that the Department of Agriculture must see to it that those who store Government grain are adequately bonded—which certainly has not always been the case. I ask unanimous consent that these articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Des Moines (Iowa) Register, June 24, 1962]

FIND THREE NEW CORN SHORTAGES

(By Nick Kotz)

Iowa Commerce Commission inspectors discovered three new corn shortages last week in State-licensed warehouses storing U.S. Department of Agriculture grain.

Commerce commission officials said that discovery of three shortages in 1 week is unusual but that their inspectors frequently turn up relatively small shortages.

In most cases, the initial discovery of a shortage results in the action taken in one case last week.

In that case the warehouse operator admitted he might have been about 5,000 bushels short of the 100,000 bushels he was supposed to have in his bins.

He averted suspension of his warehouse license by paying the Commodity Credit Corporation of the U.S. Agriculture Department for about 6,300 bushels of corn. He thereby reduced his total storage liability which consists mostly of Government corn.

Commerce commission officials say they make at least two inspections before suspending a license. After the first inspection reveals a shortage, most warehousemen either purchase some Government grain they are supposed to be storing or else buy grain to replenish their bins.

In another case last week, the unusual happened. The commerce commission suspended the license of J. W. Robie's Ellston Elevator at Ellston, Iowa, after several inspections showed a shortage of 6,174 bushels of corn.

Officials said Robie should have had 25,821 bushels of corn, all owned by the Government.

The commission scheduled a hearing July 16 to determine whether to revoke Robie's State warehouse license permanently.

At revocation hearings, the commission sometimes renews a license if missing grain has been replaced and the commission is satisfied with the warehouse operator's explanation of the shortage.

In a third case last week, commerce commission inspectors found a 10,000-bushel shortage in bins of a warehouse operator holding receipts for 66,000 bushels.

Commerce commission officials said this warehouse operator's license would be suspended Monday if the shortage still exists.

The commission has suspended four warehouse licenses this year because of grain shortages.

About 1,100 warehouses are presently licensed by the commission under provisions of the Iowa bonded warehouse law.

This law is designed to protect the interests of persons who store their grain in licensed warehouses.

[From the Des Moines (Iowa) Register, June 24, 1962]

FIND SIX IOWA WAREHOUSES SHY OF GRAIN

(By Nick Kotz)

Iowa Commerce Commission inspectors discovered six new warehouse grain shortages last week as they started a crackdown against warehouses which previously had barely been passing inspections.

Two of ten shortages discovered the last 2 weeks have resulted in suspension of bonded warehouse licenses by the commerce commission.

The commission has suspended the licenses of the Farmers Cooperative Elevator at Sibley and the Ellston Elevator at Ellston.

Commerce Commission Chairman Harold E. Hughes said he felt most of the 10 recent shortages were not deliberate but resulted from failure of warehousemen to compensate for corn shrinkage.

A volume of stored corn normally shrinks by about 1 percent over a period of time.

EFFECTS GREATER

The effects of shrinkage on total corn storage have been greater as the Commodity Credit Corporation of the Agriculture Department has been calling in a large percentage of Government corn stored in warehouses, commission officials said.

For example, the effects of shrinkage on 500,000 bushels of corn would be greatly magnified after 400,000 bushels were shipped to the Government.

Both State and Federal officials have previously told warehousemen they should make continual adjustments for shrinkage and for spoiled corn removed from their bins.

"I feel that more than 99 percent of Iowa warehousemen are people trying to comply with Federal and State rules," said Commerce Commissioner Hughes. "By and large, the warehouse industry is a good one, doing a good public service for the people of Iowa. There are a few violators who give a bad name to the entire industry."

About 1,100 warehouses in Iowa are licensed by the Iowa Commerce Commission. Many of these store Government corn.

PURPOSE OF LAW

Purpose of the Iowa bonded warehouse law administered by the State commerce commission is to protect the interests of persons storing grain and of lending institutions making loans with stored grain as collateral.

Commerce commission inspectors give a generous 10-percent allowance to all warehousemen for grain "pack" (settling of grain in bins). Actual pack varies but seldom amounts to 10 percent.

The commerce commission is now making close checks on warehousemen who in the past year have been passing inspections only by grace of the full 10-percent allowance for pack.

Within the tolerance of a 10-percent pack allowance, it is possible for warehousemen to speculate with a small amount of the grain they are supposed to be storing, commission officials said.

Inspectors for the Agriculture Department, however, are supposed to compute actual pack. Therefore, their inspections theoretically permit the warehousemen less tolerance in having the proper amount of grain on hand.

SIXTY MILLION BUSHELS

About 60 million bushels of Government corn are now stored in Iowa county warehouses under supervision of both the State and Federal Government.

The six shortages discovered last week by the commerce commission ranged from 500 to 8,000 bushels after allowance for 10-percent pack.

The commerce commission will decide this week whether to suspend licenses of any of these warehouses.

In some cases, the warehousemen have eliminated shortages by purchasing some of the receipts for Government corn they were storing.

The Commodity Credit Corporation in the last few weeks has been requiring an inspection of a warehouse before permitting the warehouseman to purchase his Government corn receipts.

The Agriculture Department is taking this measure when a shortage has been reported. Purpose of the inspection is to determine whether the shortage resulted from shrinkage or from conversion of Government corn.

Interest in warehouse grain shortages in Iowa has increased in recent weeks after disclosure that Alex V. Barbour, Jr., of Knoxville, continued to steal large quantities of Government corn after the Iowa Commerce Commission had revoked his license for a smaller grain theft.

Barbour has just started a prison sentence for theft of Government corn. The FBI and other Government agencies have begun a large-scale investigation on into the Barbour case.

HOW HE DID IT

The FBI will seek to learn how Barbour continued grain thefts while he was being investigated by the Agriculture Department and what he has done with proceeds from stolen corn.

Wallace Dick, superintendent of the Iowa Commerce Commission's warehouse division, said the Barbour case points up the need for strengthening the Iowa bonded warehouse law.

At present the commission's regulatory authority stops after it has revoked a license. Dick said the authority should continue until all grain is removed from the storage facilities of the revoked license and delivered to the people it belongs to.

After revoking Barbour's license, the commerce commission issued warnings to the Agriculture Department and sent information for a possible State criminal charge to Marion County Attorney Norman Hays, Jr. Hays took no action and the Federal Government took no action to seal the warehouse until almost all the grain was gone.

"The bad thing about this whole Barbour mess is that it is a slap in the face to the several hundred warehousemen that are operating on a legitimate basis," said Warehouse Superintendent Dick. "This makes it difficult for them to secure warehouse bonds."

The U.S. Government is now involved in a court case involving the bond of another Iowa warehouse operator who stole Government grain.

SENTENCED IN 1960

Martin Vust, former operator of the Correctionville Elevator and Mill at Correctionville, received a 15-month Federal prison sentence in 1960 for theft of Government grain from his elevator.

The Iowa Commerce Commission discov- Vust's license in July 1960, after its inspectors reported Vust was 70,644 bushels short of the 214,524 bushels required to be in his warehouse.

The U.S. Agriculture Department claims a loss of 72,654 bushels of corn and is attempting to collect a $58,000 bond Vust had with Merchants Mutual Bonding Co. of Des Moines.

Merchants Mutual has refused to pay on the basis of a Federal court ruling that the type of bonds used at that time could not be collected by the Government. Iowa law has since been changed to include the Federal Government in grain bonds.

Both the Iowa and Federal Governments are presently involved in another large grain shortage case at the Larson Grain Co., Inc., of Council Bluffs.

The Iowa Commerce Commission discovered an initial shortage in March of this year and suspended the warehouse license.

TWENTY-TWO THOUSAND SHORT

The Agriculture Department has been taking its grain from the warehouse. Iowa officials said the warehouse is now showing a shortage of about 22,000 bushels, with about 69,000 bushels left in it. Most of the 91,000-bushel liability is Government corn.

Other licenses suspended by the Iowa Commerce Commission this year for corn shortages were:

Berry Seed Co., of Boone, for a shortage of 9,200 bushels. Officials of the company then voluntarily canceled the warehouse license.

Fayette Soybean Mill of Fayette for a shortage of 6,337 bushels out of a liability of 31,462. Commerce Commission officials said owners of the mill purchased receipts from Commodity Credit to eliminate the shortage and then voluntarily canceled the State warehouse license.

BALANCE OF PAYMENTS

Mr. MILLER. Mr. President, this afternoon during the debate on the debt limitation bill, considerable discussion occurred about the problem of the deficit in our balance of payments with respect to European nations. There appear to be two schools of thought on the subject, at least with respect to deficit spending by the Federal Government. One school of thought is expressed by economists and financial experts on the payroll of the New Frontier. Naturally those individuals, with rare exceptions, issue statements and reach conclusions which indicate that deficit spending and irresponsible fiscal policy are not of such great concern to us with respect to the balance-of-payments problem.

An article published in the Wall Street Journal on June 21 recites the viewpoints that are typical of that school of thought.

Also on June 21 the Wall Street Journal published an article presenting the viewpoints of those on the other side of the issue. It is an article written by William Henry Chamberlin which sets forth a banker's view that cheap money is the basic cause of the balance-of-payments deficit.

I ask unanimous consent that the two articles be printed in the RECORD. They present divergent viewpoints which I believe the public should have in order to make up its own mind as to who is right and who is wrong.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

TREASURY OFFICIALS ASSERT BUDGET DEFICITS WON'T HURT DOLLAR IF SPENDING IS LIMITED

Two top Treasury officials said new Federal budget deficits won't necessarily impair foreign confidence in the dollar, but they warned the red ink must not stem from uncontrolled spending.

Treasury Under Secretary Robert Roosa, testifying in Washington before the Senate Banking Committee, said a deficit caused by tax cuts wouldn't alarm European financiers unless accompanied by higher spending.

And in Atlanta, Treasury Under Secretary Henry Fowler said European bankers are not seriously worried about current U.S. budget policy "provided it is disciplined and controlled and is not allowed to contribute to an inflationary surge."

The Kennedy administration sought to reassure Europeans of the dollar's continued stability last January by proposing a balanced budget in the 1963 fiscal year that starts next month. But a failure of the economy to rise fast enough to produce targeted revenues has since made a deficit almost certain. And the deficit may be deepened still more by administration plans to recommend a January 1 cut in individual and corporate tax rates, with much of the revenue impact spilling over into fiscal 1964.

SIZE OF DEFICITS STRESSED

Treasury officials agree with other administration advocates of expansionary budget policies that more deficits won't necessarily cause European bankers to lose confidence in the dollar's stability and cause a run on U.S. gold reserves. But the Treasury clearly hopes to keep the deficits as small as possible, explaining to European dollar owners that they were incurred through tax measures intended to bolster U.S. long-term economic strength.

Mr. Roosa, who specializes in money and debt matters, told the Senate committee the forthcoming tax reduction might bolster confidence in the dollar "if it were clear that this was related to an incentive program that gave great promise in the future for cost reduction as well as expansion."

But he implied that if there were an accompanying increase in fiscal 1963 Federal spending beyond the $92.5 billion originally budgeted, some European holders of dollars might be induced to exchange them for gold. He suggested that European financiers would much prefer a ceiling on Federal spending to a ceiling on Federal debt.

PAYMENTS DEFICIT

Foreign confidence in the dollar, he argued, depends mainly on a steady reduction of the current U.S. deficit in its international payments accompanied by fiscal responsibility on the part of the Government. The payments deficit occurs because the United States spends more abroad for imports, defense, foreign aid and private business investments than it earns back from exports, profits on investments and other sources. The balance-of-payments deficit, which totaled $2.5 billion last year, builds up foreign holdings of dollars which eventually can be exchanged for the Treasury's gold. The administration's goal is to close the payments deficit gap by the end of next year, while convincing foreigners that it's safe to hold on to their dollars instead of asking for gold.

Mr. Roosa said the Treasury hopes the balance-of-payments deficit for calendar 1962 will contract to around $1.5 billion, and be no more than $2 billion at the worst. This would compare with a $2.5 billion deficit for 1961 and $3.9 billion for 1960.

Ironically, U.S. authorities suspect that, despite a narrowing in the payments deficit, there may be a heavier loss of gold this year than the $857 million sold to foreigners last year. This would result from the reversal of 1961's flow of dollars and other currencies from Britain to continental Europe. The return of these reserves to Britain is deemed likely to cause greater gold purchases from the Treasury by the Bank of England, which traditionally keeps a high percentage of its reserves in gold.

Mr. Roosa said the Treasury hopes total gold sales this year will be less than $1 billion, about the same or somewhat higher than last year's $857 million loss but well below 1960's flow of $1.7 billion.

CONCERN ABOUT PRICE STABILITY

Under Secretary Fowler, the Treasury's No. 2 man, addressed a conference of southern businessmen in Atlanta arranged by the Commerce Department and Georgia community leaders. While Mr. Fowler said European bankers aren't greatly concerned about U.S. budgets, he said there is considerable European worry about U.S. price stability. He stressed that stable prices are needed to bolster export earnings that offset American spending abroad, and he warned that stability is especially critical in the year ahead.

"Without question, at least for the next 12 months, some self-restraint and possibly some sacrifice is called for to avoid excessive wage or price increases at this very sensitive time when our economy is moving toward full employment and an equilibrium in our balance of payment. This means, in blunt terms, that both management and labor, acting on a voluntary basis, should content themselves with somewhat less than they believe the market will bear."

The Treasury official recalled that steel companies in April cited the need for modernization funds as a main reason for their unsuccessful effort to raise prices. "There are other ways of financing modernization besides price increases, however, ways which would not damage the economy as widespread price increases might," he said. He said the administration's proposed tax credit for new investment, now pending in the Senate, would produce one source of modernization funds.

VOWS NOT TO DEVALUE DOLLAR

Mr. Fowler's speech contained a strong affirmation of the administration's vow not to devalue the dollar by raising the $35-an-ounce price at which the Treasury buys and sells gold: "We are convinced beyond the shadow of a doubt that it is absolutely essential that the dollar be maintained in a fixed relationship to gold, and that we continue to offer gold for sale at the fixed price of $35 an ounce."

Treasury officials have been reciting this pledge more often lately, due to repeated European rumors reaching Washington of possible dollar devaluation. The belief that the United States eventually will be forced to raise the price of gold has spurred a sustained price rise in gold mining shares on the stock market while most other stock prices have declined in recent weeks. Mr. Fowler did not discuss the price rise in mining stock in his speech. Commerce Secretary Hodges, asked about it later in a question session at the Atlanta conference, said he sees "nothing to worry about."

Mr. Hodges mainly discussed the domestic economy, saying there's no reason to change his forecast of "rising business activity well into 1963." He long ago conceded, however, that the economy won't reach its original second-quarter target, which called for output of goods and services at an annual rate of $565 billion.

Still he said he thinks a second-quarter gross national product rate of $555 billion now being predicted by some private economists "sounds too low."

Mr. Hodges minimized any adverse effects of the stock market drop on consumer sentiment. "These losses are mostly paper losses, and I think that generally speaking consumer purchases will hold up well," he said. "It's time people stopped talking about what the stock market is doing and started talking about their own business."

Cheap Money—A Banker Says It's Basic Cause of Payments Balance Deficit

(By William Henry Chamberlin)

Maintenance of the exchange stability of the American dollar and stoppage of the steady outflow of gold to foreign lands, mostly in Europe, have become matters of national and international concern.

The situation may be briefly summarized as follows: There has been a practically continuous deficit in America's balance of payments since 1950, amounting in all to $24 billion, $14 billion of this since the end of 1957. About $8 billion has been converted into gold, a loss of about one-third of America's former gold reserve. About $18 billion of short-term liabilities to foreigners have accumulated, including about $10 billion to banks which have wholly or partly adopted the gold exchange standard. Since the end of 1957 there has been a growing tendency to convert dollars into gold.

All sorts of remedies for this situation have been suggested and some have been tentatively advanced: Reduction of import-free allowances for tourists, pushing of our foreign exports, a proposal in the tax bill now pending in Congress to create less favorable tax conditions for American companies operating abroad.

TALK OF DEVALUATION

Some economists favor what they call a selective devaluation of the dollar. This would mean that the present price of gold would be doubled, from $35 to $70. Most foreign countries would most probably follow along, so that the relationship between currencies would not be changed; but advocates of this measure hope that some of the countries with harder currencies, such as West Germany, Switzerland, and Belgium, would raise their gold buying price by some lesser proportion, say 90 percent, thereby making these currencies more expensive and creating more equilibrium in the U.S. balance of payments. Financial official circles in Washington are strongly opposed to devaluation, arguing that it would create more problems than it would solve, would gravely undermine America's position of financial leadership and perhaps usher in an era of near-chaos in financial exchanges.

One prominent New York banker is inclined to brush aside as irrelevant most of the proposed remedies with the contention that there is only one basic cause and one basic cure for the weakness of the dollar. This is John Exter, senior vice president of the First National City Bank of New York, whose background of experience includes a stint of teaching economics at Harvard, and service with the Federal Reserve before he took up his present position. He is, therefore, able to look at the problem from the triple viewpoint of an economist, a Government financial expert, and a private banker. He laid his views on the line as follows in a recent address before the Economic Club of Detroit:

"There is a lot of mystique about this balance-of-payments deficit, a lot of confusion, particularly of cause and effect, and a lot of wishful thinking about how to get rid of it. When you sweep it all away it is much simpler than it looks. A balance-of-payments deficit is caused by monetary policy alone. It is a question of creating too much money."

Referring to the Federal Reserve open market buying and raising of reserve requirements as turning a faucet on and off, Mr. Exter saw a cause-and-effect connection between the Federal Reserve purchase of $6 billion of American Government securities since the end of 1957 and the loss of $6 billion in gold during this same time.

Balance-of-payments deficits, in Mr. Exter's opinion, do not just happen. They must be financed and the only way in which they can be financed over long periods is by a central bank. He pointed to the French experience, where the "faucet" was turned off at the end of 1958 and the franc, from one of the weakest, became one of the strongest currencies of Western Europe. Great Britain achieved a similar result by establishing a 7-percent bank rate in July 1961, thereby nipping in the bud a threatening weakness in the pound.

OPPOSES PROTECTIONIST STEPS

Analyzing measures designed to reduce or correct the balance-of-payments deficit, Mr. Exter opposed such negative and protectionist steps as prohibiting Americans from holding gold abroad, tying foreign aid and military expenditures to purchases in the United States and legislation restricting the use of "tax havens." (Incidentally, Dr. Emilio Collado, vice president and director of Standard Oil Co. of New Jersey, subjected the provisions of the pending tax bill which would discourage investment in developed countries to far-reaching criticism in a talk at the commencement ceremonies of the Fletcher School of Law and Diplomacy, of Tufts University. Dr. Collado maintained that these provisions are in flat contradiction with the generally liberal character of the administration's trade expansion bill.)

Mr. Exter took a more favorable view of such measures as export promotion, use of Government influence to damp down wage and price increases, pressing for foreign military procurement in the United States and for the removal of foreign restrictions on American imports. But he warned that all this would be of no avail so long as a cheap money policy prevailed. He said:

"Sometimes I am more concerned about the kind of measures we take in the name of correcting the deficit than by the deficit itself. We fight creeping inflation, but with creeping intervention, protectionism, and control."

He ended with this appeal for sound money:

"The great leaders of history have seen the importance of sound money. In our time Adenauer and Erhard saw it and worked the German miracle. De Gaulle saw it and revitalized France. In Italy Einaudi saw it. In Austria Kamitz saw it. Let us see it, too, and bring new life and growth in America."

One obvious objection to higher interest rates in the present situation is that this might check an economic recovery already endangered by the fall of values on the stock exchange. It may also be argued that American and European conditions are different, and that other factors besides Mr. Exter's "faucet" have much to do with America's balance-of-payments difficulties. But at least his is a clear, consistent voice, identifying what he considers the primary source of danger to dollar stability and proposing a remedy.

HOUSE VOTE ON THE FARM BILL

Mr. MILLER. Mr. President, it takes courage for members of the press today to report facts and make comments critical of the President and his administration. It is not right that this is so, but that is the way things are being done on the New Frontier. One courageous, factual voice is that of Richard Wilson, long time and highly regarded Washington correspondent for the Des Moines Register. In the June 26 issue of the Register, Mr. Wilson analyzes the vote in the House on the farm bill and concludes that there was more to this vote than the regimentation-of-farmers issue; that it really was a rejection by a majority of the House of the Kennedy administration's economic and political philosophy, with its leftist myth that it and it alone knows what is best for the American people. I ask unanimous consent that Mr. Wilson's article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Vote on the Farm Bill

(By Richard Wilson)

Washington, D.C.—Rejection by the House of the Freeman compulsory control farm bill ought to be sufficient notice to the Kennedy administration that Congress does not like its "sophisticated" economic measures. There was more to the vote than the farm control issue or the various commodity and sectional interests which now make the old-time farm bloc an anachronism.

Throughout the debate, in the committee rooms, and in the corridors, ran a kind of emotional resentment against the theoreticians of the Kennedy administration and their sophisticated concepts.

IT'S IKE'S FEELING, TOO

The chairman of the Republican National Committee, Representative William Miller of New York, thinks that among the leading political issues today is the effort of the Kennedy administration to concentrate added power in the executive branch.

Dwight Eisenhower feels strongly about this. It can be questioned how much of a popular issue it is; the Democrats obviously think it is hollow.

But this is not the case in Congress, and it is beside the point whether Congressmen are representing the views of their constituents. Last year, on this same issue, Congress refused to delegate to the Executive its power to enact farm programs by law. President Kennedy sought arbitrary authority to write his own farm programs, subject only to a congressional veto.

This year, with the Freeman program spelled out in legislation, and with every resource of the White House pressure brought to bear, Congress also balked.

President Kennedy has demonstrated time and again that he wishes discretionary authority to control the economy. In many respects this is a bolder bid for power than any recent President has made, covering a far wider range than Harry Truman ever conceived and going many steps beyond Franklin Roosevelt.

It must be concluded that Kennedy, in the name of a free economy, wishes the authority to play upon it like an organ, producing the tones and volume that suit his ear. This, he apparently believes, is what a strong President must do.

He seems to seek not a corporate state, nor yet a completely socialist state. Perhaps it could be called the cooperative state, with the Government setting guidelines for business and labor, controlling agricultural production, setting cultural and behavioral standards, conducting foreign policy by quiet diplomacy, and, with added authority to influence interest rates, lower taxes by a stroke of the pen, and increase spending arbitrarily.

TOO UNCLEAR ON ITS AIMS

In the case of big business and big labor, guidelines on prices, wages, profits, and, thus, production policies, would be maintained by persuasion, not by law, and if persuasion failed, as in steel, then by the scourge. It may be fairly asked why such control is not taken by lawful enactment. The answer would seem to be fairly clear.

The Kennedy administration is too unclear on its aims to ask for an enactment of broad economic control authority, and Congress has just illustrated that it would not be passed if it were asked for. The country does not want it, and Kennedy's White House advisers have not yet proved to the general satisfaction that the country needs it.

In the absence of specific law, the President determines for himself from time to time what policies are in the public interest, and what are not, and in what industries, enforcing standards of his choosing selectively on industrial managers and labor leaders by methods he considers appropriate.

He contends that the Presidency represents the public interest, as indeed it does. But the scope he would give to the Presidential authority is challengeable.

CITES THIS AS ISSUE

Now it is challenged, in the case of the vote on the farm bill, and this comes at a good time for it should give pause to those in the White House and out who wish to create the cooperative state.

Those who are looking for the real issue in national affairs, and not just the popular issue, will find it in this situation.

The issue lies between those who desire a Federal Government exercising great restraint in its interference in free economic and political processes, and those who desire an assertion of benevolent Executive authority over the widest practicable range.

Just as a footnote, it would be more reassuring, at least as far as benevolence is concerned, if there were fewer instances of newsmen being called on the carpet in the White House and the Justice Department to hear complaints on how they had exercised the responsibilities of a free press in what they had written about the Kennedy administration.

EFFECT OF FREEMAN FARM BILL

Mr. MILLER. Mr. President, an excellent editorial was published in the June 22 issue of Life magazine on the farm bill entitled "Freeman Bill Is No Help Even to Farmers," which I ask unanimous consent to have printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Freeman Bill Is No Help Even to Farmers

You've got to hand it to the Democrats: they are actually using the Billie Sol Estes stink as an argument in favor of Orville Freeman's farm bill. Their reasoning, outlined by the President, helped push the bill through the Senate last month and will now be heard in the House. It goes like this: (1) Billie Sol was a big man in the surplus grain storage business, getting $7 million in Government checks in 3 years; (2) the Freeman program aims to reduce the surplus, hence lessen the need for storage; (3) ergo, says Kennedy, his farm bill "represents our best chance to do something about the kind of situation which resulted in Mr. Estes' manipulations."

This argument is nonsense. If the Freeman program becomes law, the opportunities of a Billie Sol Estes will not be less; they could spread from the Cotton Belt all over the country.

Here is the reason. Surplus grain storage is a costly business, but it was not the real key to Billie Sol's manipulations. Cotton allotments—quite a different dodge—were the beginning and end of his career. A cotton allotment is in effect a Government guarantee to buy all the cotton you can raise on a stated number of acres, the number depending on how many acres you farmed in certain previous years. An allotment is worth cash in the bank. Billie Sol became locally successful with one 600-acre allotment near Pecos. He increased its yield by intensive irrigating and fertilizing, and branched into business (ditchlining, pumps, ammonia) that enabled his allotment-owning neighbors to profit in the same way. He then "rented" his neighbors' allotment-born credit to float his phony mortgages. Finally he went into the wholesale acquiring and juggling of cotton allotments, switching them from lower yield States like Georgia to west Texas, where they were worth two or three times as much.

Billie Sol could have got almost as far as he did by staying within the law. His allotment juggling, for example, led to what Secretary Freeman dismissed as merely "a lawyers' quarrel" and while the Department soaked him a $600,000 impost for selling "bootleg" cotton, he may still have made a profit on it.

Turn now from Estes to Freeman. He sees his problem as surpluses, pure and simple: "If we didn't have heavy stocks on hand," he told the Senate committee, "we would not have to have any program of supply management." The surpluses, of course, are in part the result of the magnificent revolution in U.S. agricultural productivity since the war; but they were also stimulated by Government-guaranteed markets and too-high price supports. By "supply management" Freeman means more allotments (Billie Sol's launch pad); his bill would extend them from cotton, rice, tobacco, peanuts and wheat to corn and other feed grains—crops whose prices have hitherto been supported without rigorous production controls. From about 78 million acres (mainly cotton and wheat) the allotment makers will have 150 million new acres to play with, some in every U.S. State.

Farmers who have hitherto merely read about allotments would learn the system at first hand. A few of them, like Billie Sol Estes, might become wheeler dealers, or victims, or conspirators of same. Others, like the tobacco growers, would settle into their little Sabine farms, with guaranteed incomes, smaller markets, less work and a quiet amount of allotment juggling through the use of kinfolk's names. Wheat farmers, under Freeman's more rigorous system, would find themselves in a new three-price market: one for U.S. mills, one for export and one for feed grains (all prices set by the Secretary of Agriculture).

As for the corngrowers, their lot would be puzzling indeed, since most corn is fed to hogs on the farm where it is raised. Corn quotas have been authorized before but repealed because enforcement proved impossible. The one sure result will be a vast expansion in the 100,000 present employees of the Department of Agriculture and a degree of policing and bureaucracy never known before in the Corn Belt.

It is true that the worst surplus problem is in feed grains and that compulsory allotments may bring it under control. But tobacco and cotton are a warning that the whole American agricultural scene can become a gray sea of well-paid serfs and bureaucrats, enlivened by a few free-enterprising crooks. It is not the farmer who is in trouble, it is the Government; yet Freeman would solve (or more likely compound) the Government's troubles at the farmer's expense. Better no new farm law than Freeman's; we would then revert to the 1958 law, which is capable of better administration than it has got yet.

Here are the main steps Life recommends to lead us out of the farm mess. First, we have more farms and farmers than we need; hence that part of Freeman's program that would permanently switch cropland into woodland or parkland is on the right track. (Similarly, a few million dollars more to train marginal farmers for other jobs would be well spent.)

Second, present Government incentives to excess production should be reduced and then eliminated: free fertilizer; the built-in incentive in allotments, which invites uneconomic inputs of capital and fertilizer; and, most important, high support prices.

Third, the mixed motives and results of our food-for-peace program, which is often mere surplus dumping, must be straightened out. Last week the Greek Government threatened to cut back its own wheat production because, if it produced less, it would qualify for more free U.S. wheat.

Fourth, Congress should lower the dollar ceiling on what the Department can spend. Its $6 billion budget is nearly half the net of all farmers. (In Ohio, reports the Cleveland Plain Dealer, Government checks are 10 percent of the farmers' gross.)

Above all, the influence of market prices should be reintroduced into subsidized farming. The farmers who earn the greater part of farm income—in cattle, poultry, fruit, vegetables, etc.—get along in a free market and control their own surpluses. Until the subsidized segment is returned to this discipline, the farm problem will not be solved.

Freeman's aim of reducing surpluses is laudable. They cannot be magicked away overnight and neither can price supports. But instead of extending the allotment system, Congress should write a law that will extend the free-market system a little more each year until all farming is once more free.

CURRYING FREE PRESS

Mr. MILLER. Mr. President, last January 10, in the Des Moines Register appeared a revealing article by another of the Register's outstanding Washington staff members, Mr. Fletcher Knebel, describing how this administration, and particularly the White House, has engaged in a calculated campaign to curry the favor of the free press. We may hope that the campaign will, by its very nature, persuade the members of the press that an ulterior motive exists in this campaign. I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

A President Who Woos Columnists

(By Fletcher Knebel)

WASHINGTON, D.C.—The New Frontier's premier public relations specialist, President Kennedy, has gone into high gear on "Operation Columnist."

The President is selling his political and legislative wares in a series of interviews, unprecedented at the White House in modern times.

The heavy thinkers of the press meet the President in his office, where they sit on a couch while he rocks in his highbacked rocker. Sometimes they chat with him in the upstairs oval study and drink tea under the prim portrait features of Euphemia van Rensselaer.

Occasionally they dine with him at the White House and, on occasion, the President dines at the home of a columnist.

The President, his own wizard of public relations, shrewdly estimates the impact of each columnist and with his rapid reading talent—he can power through an average book in half an hour—he knows what most columnists write every day and what the probable source of their information is.

AFTER ALL

After all, he was a newspaperman once himself, covering the formation of the United Nations in San Francisco for the Hearst newspapers.

Never in the memory of living newspapermen has the President of the United States been so accessible and never before in modern times has a President sought to establish personal relationships with so many opinion columnists.

His "Operation Columnist" started late last summer when he read a column by Walter Lippmann, 72-year-old dean of the foreign affairs writers. Lippmann was quite critical of Kennedy's policy in Berlin at the time the Communists erected the wall without interference by the Western allies.

Mr. Kennedy took the direct course. He had an aid call Lippmann to find out whether the President could drop by and talk to him.

Lippmann, delighted to have the President of the United States provide his own transportation to be interviewed, quickly assented. Mr. Kennedy drove to Lippmann's Georgetown home in a White House limousine, spent several hours outlining his problems.

Lippmann responded with a column which pictured the multitude of conflicting pressures flagellating Kennedy over Berlin.

GOOD FOOD

Joseph Alsop is another columnist who doesn't always have to go to the White House for his news. The President has dined with Alsop, an epicure, on a number of occasions.

The President has tried selling his goods to the columnists of the conservative opposition. A friend of the President suggested to David Lawrence, a columnist who has smitten Mr. Kennedy hip and thigh, that the two men ought to get together. Lawrence, of course, was agreeable and soon he was invited for a Kennedy interview.

George Sokolsky, another heavy bombardment thinker of the conservative side, has interviewed Mr. Kennedy both in the White House and in New York, where Sokolsky lives.

The President was anxious to talk to Sokolsky. Whether he made headway is not known, but close readers of Sokolsky were amazed at two recent columns, one praising Adlai Stevenson and one quite laudatory about Mr. Kennedy.

Roscoe Drummond, a middle-of-the-road writer, is another columnist whom, the White House indicated, the President would be pleased to chat with. As usual, no conditions were imposed on what Drummond could or could not write.

LIBERAL WAITED

Marquis Childs, a columnist of the liberal persuasion, got his interview recently after a number of applications on his part.

William S. White, a columnist inclined to a nondoctrinaire conservative position, has seen the President a number of times, once recently at the behest of the President. White, a good friend of Vice President Lyndon B. Johnson, thus manages to match up the thinking of the Nation's No. 1 and No. 2 political leaders.

Even Holmes Alexander, the most conservative of the Washington columnists, has felt the heady wine of Presidential interest. After he wrote a column praising a Kennedy speech at the tomb of the unknown soldier, Alexander received a thank-you letter from the President. Probably he will be next in the oval study in the parade of syndicated columnists.

One outstanding columnist has been ignored by the President. Republican Senator Barry Goldwater, darling of the conservatives, has muscled into the syndicated writing business and now claims 200 newspapers print his output. Thus far President Kennedy has failed to grant Columnist Goldwater an exclusive tete-a-tete.

Undoubtedly the President's goodwill offensive against the columnists helps him get a better press. Few writers, no matter how indisposed toward Kennedy theories of government, can fail to think better of the President's judgment after being granted one or more private seances.

NINE LUNCHES

"Operation Columnist" is but the most spectacular of Mr. Kennedy's do-it-yourself public relations campaign. He has now had nine lunches for newspaper publishers and editors, each one including the newspaper chiefs from a particular area.

Here again some results are achieved. At one recent meeting, an influential publisher let it be known that Mr. Kennedy had dissuaded him from a strong editorial position the paper had been taking.

In addition, President Kennedy is accessible to special writers for magazines, supplements and books. As for photographers, never before have the lensmen been accorded so many informal shots of a President behind the scenes in the White House.

The press conference, standard presidential fare in Washington since the days of Woodrow Wilson, is now but a minor adjunct of John F. Kennedy's unmatched public relations program.

ADDITION OF THOUSANDS OF NEW FEDERAL EMPLOYEES

Mr. MILLER. Mr. President, typical of the unfavorable reaction and the concern at the grassroots over the addition of thousands upon thousands of new Federal employees to the New Frontier payroll is a recent editorial in the Centerville, Iowa, newspaper—the Iowegian. I ask unanimous consent that this editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Moving Ahead With Jobs

Even the most jaundiced critic of the Kennedy administration cannot say the bright young men with whom the President has surrounded himself are not imaginative.

During the first 6 months of the Kennedy administration the number of Federal employees increased by 2 percent. But that was just a start. On the basis of preliminary budgeting there will be another 4 percent in 1962 and an additional 2 percent in 1963. Which means that by the end of the 1963 fiscal year there will be 183,000 more Federal employees than when the Kennedy administration took over.

To those who believe bureaucracy must increase we can report that in the period from 1954 to 1960 the number actually decreased by a small margin.

To those ready to give blanket approval to the New Frontier we can also report that the increase in number of employees is not to be in the Defense Department. An increase of only 13,500—or 1 percent—is planned for the Defense Department.

What are the figures for some of the other departments?

For the Health, Education, and Welfare Department the planned increase is 21,028 or 34 percent. For the Department of Agriculture the increase will be 17,694 or 18 percent. For the Department of the Interior it will be 25 percent; Labor Department 25 percent; and Treasury 18 percent.

Only figures. But they come back to you in the form of taxes. If the taxes withheld from your paycheck or the taxes you will be sending to the Internal Revenue Department in the next 2 weeks seem burdensome you'll get no comfort from those figures.

Unless you can figure out a way to become one of those 183,000 new payrollers.

SALE OF MAIL CARRIER JOBS

Mr. MILLER. Mr. President, in the June 14 issue of the Des Moines Register appeared an editorial entitled "Mail Carrier Jobs for Sale," which indicates the problem that Postmaster General Day has on his hands with respect to the abuses that appear to have been taking place in my State of Iowa with respect to the appointment of postmasters. The editorial points out that Mr. Day deserves congratulations for ordering an investigation of the practice. I ask unanimous consent that the editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MAIL CARRIER JOBS FOR SALE

Rural mail carrier jobs shouldn't be for sale to the highest bidder, nor should those who get such jobs be required or "expected" to make contributions to the political party in power in Washington, D.C.

However, a reporter for the Register discovered last March that this is not the understanding in the southern Iowa community of Melrose.

An appointment of a rural mail carrier is to be made. Three Democratic farmers seek the job, which pays $5,000 a year to start and 10 cents a mile for use of a car on the 66-mile route.

The Monroe County Democratic patronage dispensers could not settle the problem, because the chairman of the county committee favors one candidate and the vice chairman favors another. The Democratic State patronage committee did not want to get mixed up in the dispute, in view of the strong local feeling, and notified the postal department to make the selection without considering political recommendations.

U.S. Postmaster General J. Edward Day was unhappy about the situation revealed in the news stories: That any person who got the job was expected to contribute 5 percent of his first year's salary to the Democratic Party and that one individual (not under consideration for the job) had said he would contribute $3,000 over a 5-year period. Day has started an investigation by the Federal Bureau of Investigation to determine whether contributions are required of newly appointed mail carriers.

The FBI, which has great success in solving major crimes, may meet its Waterloo in this case. Our own investigators, the reporters, say that playing politics in appointing rural mail carriers is an old, although not necessarily honorable, practice of both political parties. It is not news that appointments, when a vacancy develops, go to the individuals supported by local patronage chiefs.

The party politicans are seldom so unknowing of the ways of politics that they require a gift to the party's campaign fund. But they do "expect" contributions. So the FBI may find it difficult to assemble a report that will enable Day to determine whether contributions are required or voluntary.

However, Day deserves congratulations for ordering the investigation. The fact that an inquiry was launched may carry a valuable lesson to patronage dispensers throughout Iowa. It shows that Day is in earnest when he says that postal appointments are not to be awarded on the basis of campaign contributions.

THE FIRST PRESIDENT

Mr. MILLER. Mr. President, Charles Havlena, distinguished correspondent for the Washington Daily News, has done a scholarly job of research on the subject of the scope and status of the title, "President of the United States in Congress Assembled." Specifically, Mr. Havlena has compiled considerable authority for his conclusion that, under article IX of the Articles of Confederation, the President—or Chairman—of the United States in Congress assembled, was President of that legislative body only and not the first President of the United States, which then numbered 13. In this connection, I ask unanimous consent that the lead editorial from the News for February 22, 1962, and an appropriate extract from a letter to Mr. Havlena from the Department of State on this interesting historical subject be included in the RECORD.

There being no objection, the editorial and letter were ordered to be printed in the RECORD, as follows:

FIRST PRESIDENT

Our correspondent, Charles Havlena, here in Washington, is disturbed, and rightly so, at recurring implications that George Washington, whose birthday is celebrated on this date, was not the first President of the United States of America.

To settle any doubts, he has gone to the ultimate authority, the National Archives and Records Service, whose Director, Albert H. Leisinger, reports as follows:

"John Hanson has often been referred to as the 'first President' because of the position he held under the Articles of Confederation. His office was that of President of the United States in Congress assembled and not the office of President of the United States of America.

"By article V of the Articles of Confederation the delegates were to meet in Congress on the first Monday of November in every year and article IX states 'the United States in Congress assembled shall have authority * * * to appoint one of their numbers to preside, provided that no person be allowed to serve in the office of President more than 1 year in any term of 3 years.'

"Thus, under the Articles of Confederation, John Hanson, on November 5, 1774, was appointed to preside and held the office of President of the United States in Congress assembled.

"The Commission granting Washington full power and authority to arrange an exchange of prisoners of war with the British, which as you know is the earliest known use of the seal of the United States, is witnessed by 'John Hanson, President of the United States in Congress assembled.'

"The office of President of the United States of America was created by the express words of the Constitution (art. II, sec. 1), which says 'The executive power shall be vested in a President of the United States of America.'"

That should settle it. John Hanson was President of the United States in Congress assembled. George Washington was the first President of the United States of America. Let the record so show.

DEPARTMENT OF STATE,
Washington, D.C. April 11, 1962.

Mr. CHARLES HAVLENA,
Washington, D.C.

DEAR MR. HAVLENA: I have your letter of March 29, 1962, making further reference to the Department's press release of May 9, 1932, entitled "The First President of the United States."

You are correct in your mention of article IX of the Articles of Confederation and in your understanding that the presiding officer of the Continental Congress, otherwise known as the President of "the United States in Congress assembled," was president or chairman of that body only, and not President of the 13 States of the then United States.

The Office of President of the United States did not exist under the Continental Congress and the Articles of Confederation. Instead, it was created by the words of article II, section 1 of the Constitution: "The executive power shall be vested in a President of the United States of America." Both in fact and in law George Washington was the first President of the United States.

Sincerely yours,

G. BERNARD NOBLE,
Director, Historical Office,
Bureau of Public Affairs.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

PARTICIPATION BY AMERICAN ATHLETES IN INTERNATIONAL SPORTING EVENTS—RESOLUTION OF MICHIGAN HOUSE OF REPRESENTATIVES

Mr. HART. Mr. President, repeatedly over the years we have seen immeasurable good will developed as a result of participation by American athletes and athletic teams in international sporting events. The House of Representatives of Michigan forwarded me a resolution requesting that American participation in such events be encouraged and that needless restrictions be eliminated. I was happy to receive the resolution and ask unanimous consent that it be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

HOUSE RESOLUTION 76: RESOLUTION OF THE HOUSE OF REPRESENTATIVES OF THE STATE OF MICHIGAN

Resolution requesting the Congress of the United States to encourage American participation in international sports events

Whereas today, as the world is largely divided into two ideological camps, both fighting in various and devious ways for control of the minds of millions of yet uncommitted people, one of the methods of securing control is that of a show of strength and the physical prowess and mental alertness of the athletes of a country; and

Whereas this showing of strength, dexterity, and bravery is often shown in or at various international sporting events held throughout the world when athletes of all countries meet in international competition; and

Whereas a complaint frequently heard is that because of stringent rules and regulations of certain associations of this country many of our best athletes and athletic teams are not competing in international sporting events because of severe financial restrictions and the inability to raise, collect or accept moneys for the expenses involved traveling to and from such meets; and

Whereas, many, if not most, of the athletes and athletic teams from other countries are said to have their expenses paid by the governments they represent: Now, therefore, be it

Resolved by the house of representatives, That the members of the Michigan Legislature respectfully request the Congress of the United States to inquire into the matter of the expenses of American athletes and athletic teams competing in international sporting events, to determine the needs for the Government sharing in the expenses of such teams and athletes when representing this country in international sporting events; and be it further

Resolved, That a copy of this resolution be transmitted to each member of the Michigan delegation to the Congress of the United States for appropriate action.

ADDITIONAL REPORTS OF COMMITTEES

The following additional reports of committees were submitted:

By Mr. HAYDEN, from the Committee on Appropriations, without amendment:

H.J. Res. 769. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes; which was read the third time and passed.

(See the remarks of Mr. HAYDEN when he reported the above joint resolution, which appear under a separate heading.)

EXTENSION OF RENEGOTIATION ACT OF 1951—REPORT OF A COMMITTEE—MINORITY VIEWS (S. REPT. NO. 1669)

Mr. BYRD of Virginia. Mr. President, from the Committee on Finance, I report favorably, with amendments, the bill (H.R. 12061) to extend the Renegotiation Act of 1951, and I submit a report thereon. I ask that the report, together with minority views, be printed.

The PRESIDING OFFICER. The report will be received and the bill will be placed on the calendar; and, without objection, the report will be printed, as requested by the Senator from Virginia.

ADDITIONAL BILLS AND JOINT RESOLUTION INTRODUCED

Additional bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MOSS:

S. 3488. A bill for the relief of Richard Wong; to the Committee on the Judiciary.

By Mr. FULBRIGHT (by request):

S. 3489. A bill to amend the Foreign Service Act of 1946, as amended, and for other purposes; to the Committee on Foreign Relations.

(See the remarks of Mr. FULBRIGHT when he introduced the above bill, which appear under a separate heading.)

By Mr. STENNIS (for himself and Mr. SPARKMAN):

S.J. Res. 206. Joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools; to the Committee on the Judiciary.

(See the remarks of Mr. STENNIS when he introduced the above joint resolution, which appear under a separate heading.)

FOREIGN SERVICE ACT AMENDMENTS OF 1962

Mr. FULBRIGHT. Mr. President, by request, I introduce for appropriate reference, a bill to amend the Foreign Service Act of 1946, as amended, and for other purposes.

The proposed legislation has been requested by the Assistant Secretary of State for Congressional Relations, and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill may be printed in the RECORD at this point, together with the letter from the Assistant Secretary of State, dated June 20, 1962, in regard to it, and an explanation of the bill and cost estimates furnished by the Department of State.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill, letter, and explanation will be printed in the RECORD.

The bill (S. 3489) to amend the Foreign Service Act of 1946, as amended, and for other purposes, introduced by Mr. FULBRIGHT, by request, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Service Act Amendments of 1962".

SEC. 2. Sections 571 (a) and (c) of such Act are hereby amended as follows:

(a) Section 571(a) is amended by changing the final period to a colon and adding "*Provided,* That in individual cases when personally approved by the Secretary further extension may be made."

(b) Section 571(c) is amended to read as follows:

"(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned or appointed is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee assigned pursuant to the terms of paragraph (a) of this section if so designated by the Secretary, or such officer or employee appointed pursuant to the terms of paragraph (b) of this section, shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII."

SEC. 3. Section 625 of such Act is amended by substituting in the first sentence the words "the same numerical" for the words "a given"; by substituting the words "fifty-two calendar weeks or more, shall, at the beginning of the next pay period" for the words "nine months or more, shall, on the first day of each fiscal year"; and by substituting in the second sentence the words "a Foreign Service officer or a Reserve" for the words "any such".

SEC. 4. (a) Section 911 of such Act is amended by adding a comma and the phrase "including prepayment on a commuted basis" after the word "pay" in the introductory sentence.

(b) Section 911(1) of such Act is amended by inserting after the word "Secretary" the phrase "authorizing annual leave at their homes upon reassignment to the United States after service abroad or".

(c) Section 911(2) of such Act is amended to read as follows:

"(2) the travel expenses of members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized travel to his home on annual leave when he is reassigned to the United States or on authorized home leave; accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;".

(d) Section 911(8) of such Act is amended to read as follows:

"(8) the cost of preparing and transporting to their former homes, or to such other place in the United States as may be determined to be the appropriate place, or to a place not more distant than their former homes, for interment the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die while the officer or employee is in the Service."

SEC. 5. Section 921(d) of such Act is deleted, restated in a new section 914, and a new heading thereto is added as follows:

"USE OF GOVERNMENT-OWNED OR LEASED VEHICLES

"SEC. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government-owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available."

SEC. 6. A new section 1051 and part F under title X of such Act are hereby added as follows:

"PART F—CLAIMS

"SEC. 1051. The Secretary may, under such regulations as he shall prescribe, settle and pay claims arising after date of enactment of this section against the United States Government for damage to, or loss of, personal property incident to his service of any officer or employee of the Service in a sum not to exceed $6,500 for a single claim, or replace property in kind: *Provided,* That a claim may be allowed under this section only if: (i) the officer or employee of the Service establishes that insurance was not obtainable at reasonable cost or was unobtainable for the risk from which the damage or loss resulted; (ii) it is presented in writing within two years after the damage or loss occurs; (iii) it did not occur at quarters occupied by the claimant within the fifty States or the District of Columbia that were not assigned to him or otherwise provided in kind by the United States; and (iv) such loss or damage occurs without fault or negligence on the part of the claimant or member of his family. Notwithstanding any other provision of law, a settlement of a claim pursuant to this section shall be final and conclusive."

SEC. 7. A new section 1081 and part I under title X of such Act are hereby added as follows:

"PART I—GRANTS TO SCHOOLS

"SEC. 1081. Notwithstanding any other law, the Secretary is authorized to make grants of funds in lieu of or as supplementary to education allowances, for assistance in the establishment, construction, expansion, maintenance, and operation of schools outside the United States, whenever he determines such grant of funds is necessary in order to provide suitable education for children of employees stationed in a foreign area."

The letter, explanation, and cost estimates presented by Mr. FULBRIGHT are as follows:

DEPARTMENT OF STATE,
Washington, June 20, 1962.

The VICE PRESIDENT,
U.S. Senate.

DEAR MR. VICE PRESIDENT: On June 16, 1961, the Department forwarded to the chairman of the Committee on Foreign Relations for consideration draft amendments to the Foreign Service Act of 1946, as amended, which were introduced in the Senate on July 25, 1961, as S. 2305. No action was taken by the Senate on this bill. Certain of the items in the Department's draft amendments were incorporated by the House Committee on Foreign Affairs into the foreign aid authorization bill which was passed by the House on August 18, 1961, and later included in the conference report which was adopted by the Senate on August 31, 1961. This bill was approved September 4, 1961. Other items in the Department's draft amendments were, on the basis of agreement between the House Foreign Affairs Committee and the Department, withdrawn from consideration because of the pressure of legislative business at the end of the 1st session, 87th Congress.

We are enclosing herewith draft amendments to the Foreign Service Act of 1946, as amended, which include those items contained in the Department's 1961 proposed amendments but not acted upon, with a few additional items that the Department considers urgently needed for the improvement of the administration of its Foreign Service. In substance those proposed amendments would:

1. Broaden the provisions which limit the period that the Secretary may assign or detail an officer or employee of the Service for duty in any Government agency (including the Department of State) or in any international organization, international commission or international body so that in individual cases the Secretary may extend such assignments for a period beyond 8 years (sec. 571(a)).

Change by making more restrictive the provisions with respect to the payment of salary differentials to Foreign Service personnel assigned to duty in the United States (sec. 571(c)).

2. Change the provisions relating to within-class increases for Foreign Service officers and Reserve officers to simplify payroll procedures and to equalize application of such increases (sec. 625).

3. Grant the Secretary authority to simplify existing procedures incident to Foreign Service travel by (a) permitting payment or prepayment of travel expenses on a commuted basis (sec. 911); (b) providing authority for the travel of officers and employees of the Service and their families for annual leave in connection with rotation assignments to the United States after service abroad (sec. 911(1)(2)); (c) providing authority to enable members of the families of officers and employees of the Service to accompany officers or employees for representational purposes within the country of their assignment or at the Secretary's discretion outside the country of their assignment (sec. 911(2)); and (d) providing authority to transport the remains of officers or employees of the Service and members of their families to appropriate places of interment (sec. 911(8)).

4. Increase the Secretary's authority to use Government owned and leased vehicles for the transportation of U.S. Government employees and their dependents when public transportation is unsafe or not available (sec. 914).

5. Provide authority to settle and pay claims against the United States by officers or employees of the Service for damage to, or loss of, personal property incident to their service (sec. 1051).

6. Provide the Secretary with authority to grant funds in lieu of or supplementary to educational allowances for the purpose of making available educational services for children of employees stationed in foreign areas whenever he determines such a grant of funds to be necessary (sec. 1081).

These proposals provide authority in the administration field which the Department believes is essential for more effective administration of the Foreign Service.

It is hoped that they may be given early consideration during the current session of Congress and that they may receive your support.

The Department has been informed by the Bureau of the Budget that there would be no objection, from the standpoint of the administration's program, to the presentation of the draft legislation to the Congress for its consideration.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary
(For the Secretary of State).

FOREIGN SERVICE ACT AMENDMENTS OF 1962—COMPARABLE TEXT AND EXPLANATION

[Old matter in roman, new matter in italic, deleted matter in black brackets]

PART H—ASSIGNMENT OF FOREIGN SERVICE PERSONNEL

Assignments to any Government agency or international organization

Existing Legislation	Proposed Legislation
SEC. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or international body, such an assignment or combination of assignments to be for a period of not more than four years, except that under special circumstances the Secretary may extend this four-year period for not more than four additional years.	SEC. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or international body, such an assignment or combination of assignments to be for a period of not more than four years, except that under special circumstances the Secretary may extend this four-year period for not more than four additional years*: Provided, That in individual cases when personally approved by the Secretary further extension may be made.*
(b) If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, or by the President alone, to a position in any Government agency, any United States delegation or mission to any international organization, in any international commission, or in any international body, the period of his service in such capacity shall be construed as constituting an assignment within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment contained in that paragraph.	(b) If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, or by the President alone, to a position in any Government agency, any United States delegation or mission to any international organization, in any international commission, or in any international body, the period of his service in such capacity shall be construed as constituting an assignment within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment contained in that paragraph.
(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned [pursuant to the terms of this section] is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII. [No officer or employee of the Service who, subsequent to the date of enactment of the Foreign Service Act Amendments of 1960, is assigned to, or who, after June 30, 1961, occupies a position in the Department that is designated as a Foreign Service officer position, shall be entitled to receive a salary differential under the provisions of this paragraph.]	(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned *or appointed* is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee *assigned pursuant to the terms of paragraph (a) of this section if so designated by the Secretary, or such officer or employee appointed pursuant to the terms of paragraph (b) of this section*, shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII.

Section 571(a) is amended to broaden provisions which limit the period that the Secretary may assign or detail an officer or employee of the Service for duty in any Government agency (including the Department of State) or in any international organization, international commission or international body, so that in individual cases the Secretary may extend such assignments for a period beyond 8 years.

It is proposed to repeal the provisions of section 571(c) with respect to payment of salary differentials to Foreign Service personnel assigned to duty in the United States except in those cases where the Secretary determines that a salary differential shall be paid. Since the integration of departmental and Foreign Service personnel has made the interchange of personnel between overseas and U.S. assignments a normal procedure, there is now usually no justification for the payment of salary differentials when assignments to the United States are made. Accordingly, the Department seeks elimination of the general requirement that a differential must be paid. However, it is necessary that the Secretary have authority to pay this salary differential when in his discretion the unusual requirements of an assignment justify its payment. Examples are: assignment to the U.S. mission to the United Nations, and the assignment of officers to positions in the Department that place unusual representational responsibilities upon them or which make unusual demands upon their time over and above normal work requirements.

The functions performed by the U.S. mission are essentially diplomatic in nature and the representational duties performed by the officers assigned to that mission are identical in nature with representational duties performed by officers in similar positions in our Foreign Service missions abroad. The United States, as the host nation, must be prepared to respond to the many opportunities for effective representational activities that occur in connection with our responsibility to the United Nations. Our officers assigned to the United Nations are for the most part financially unable to assume the added personal expenses of the high costs of representation found necessary in connection with their assignment. Thus, they are placed at a disadvantage with respect to their opposite numbers in other delegations who are receiving allowances which are usually granted diplomats serving abroad.

Frequently officers assigned to the office of the Secretary or to the offices of other high ranking officials, of the Department may be required to spend many hours more than the normal work requirements of their jobs attending official functions, accompanying their superior officer on official trips, briefing him in after-hours sessions and taking instruction from him as required at any hour of the day or night during workdays, weekends or holidays. Such round-the-clock responsibility entails extra monetary expenditures by the officers for which reimbursement is not feasible. It is not anticipated that the Secretary will authorize salary differentials for more than 10 Foreign Service employees assigned to the United States at any one time, including those detailed to USUN or assigned within the Department.

Changes in the general provisions for the payment of salary differentials to Foreign Service personnel assigned to the United States will not affect Foreign Service personnel who are appointed by the President alone or by and with the advice and consent of the Senate as described in section 571(b). Such officers will receive the salary of the position to which appointed or their Foreign Service salary whichever is greater.

Within-class salary increases of foreign service officers and reserve officers

Existing Legislation

Sec. 625. Any Foreign Service officer or any Reserve officer, whose services meet the standards required for the efficient conduct of the work of the Service and who shall have been in [a given] class for a continuous period of [nine months or more, shall, on the first day of each fiscal year], receive an increase in salary to the next higher rate for the class in which he is serving. Without regard to any other law, the Secretary is authorized to grant to [any such] officer additional increases in salary, within the salary range established for the class in which he is serving, based upon especially meritorious service.

Proposed Legislation

Sec. 625. Any Foreign Service officer or any Reserve officer, whose services meet the standards required for the efficient conduct of the work of the Service and who shall have been in *the same numerical* class for a continuous period of *fifty-two calendar weeks or more, shall, at the beginning of the next pay period,* receive an increase in salary to the next higher rate for the class in which he is serving. Without regard to any other law, the Secretary is authorized to grant to *a Foreign Service officer or a Reserve* officer additional increases in salary, within the salary range established for the class in which he is serving, based upon especially meritorious service.

The purposes of the proposed amendments to section 625 are (1) to simplify the payroll procedures for processing within-class increases for Foreign Service officers and Foreign Service Reserve officers by making such increases effective at the beginning of a pay period; (2) to equalize the application of such increases by making them effective immediately following the expiration of a specified period in class rather than on July 1 of each year; (3) to permit the use of service in the same numerical class either as an FSR or an FSO toward an increase in the class in which the officer is serving at the time the increase would be due; and (4) to clarify the language relating to increases for meritorious services.

When within-class increases are made effective on July 1 of each year, a pay period is nearly always split, unnecessarily complicating the payroll operation. Under present law, when an officer is promoted to a higher class in October of a given year, he would not have 9 months in class by the following July 1 and would therefore not be eligible until July 1 of the second year following class promotion. By providing for increases after a specified period of 52 calendar weeks, each officer serves the same length of time in class before his first within-class increase. For example, an officer was promoted to FSO–4, $10,645 on October 8, 1961; under the present system he would not be eligible for within-class increase on July 1, 1962, but would receive a within-class increase on July 1, 1963, $10,645 to $10,945; under the proposed system he would receive the within-class increase to $10,945 on October 14, 1962.

The language is also amended to make clear that service as a Foreign Service Reserve officer and a Foreign Service officer may be combined for purposes of crediting time toward a within-class increase. Substitution of the phrase "a Foreign Service officer or a Reserve" for the word "such" in existing language is a technical clarification that relates the granting of meritorious service increases directly with Foreign Service officers and Foreign Service Reserve officers. This change eliminates the unintended implication in the present language that such increases relate to those officers who have been in class for a specified period of time.

PART B—TRAVEL AND RELATED EXPENSES

General provisions

Existing Legislation

Sec. 911. The Secretary may, under such regulations as he shall prescribe, pay—

The purpose of the proposed amendment of the first sentence of section 911 to add the phrase "including prepayment on a commuted basis" is to grant the Secretary authority to simplify existing procedures incident to Foreign Service travel. Present laws and related regulations pertaining to the travel of personnel and the transportation of their effects do not allow the adoption of simplified procedures which would result in lower costs to administer the Foreign Service travel and transportation system.

To achieve its goal of streamlining administrative operations, the Department must thoroughly revamp its present travel system to eliminate the excessive number of obligating, vouchering, and auditing actions generated by Foreign Service travel. The man-hours spent in providing travel assistance to employees, obtaining and evaluating bids for packing and shipping services, issuing Government bills of lading, supervising shipments being sent and received, collecting from employees for excess weights shipped and settling claims represent undue effort and expense which can be curtailed sharply or, in some cases, eliminated by adoption of the commuted travel program.

Approval of the required legislation would permit the Department to prepay, on a commuted basis, all costs in connection with fares and shipments of unaccompanied air and surface baggage, as well as household effects, thus overcoming the prohibition on advance of public moneys contained in 31 U.S.C. 529. The cost of each trip would be computed in advance and a single voucher

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Existing Legislation

Sec. 911.

(1) the travel expenses of officers and employees of the Service, including expenses incurred while traveling pursuant to orders issued by the Secretary in accordance with the provisions of section 933 with regard to the granting of home leave;

The purpose of this amendment is to permit travel to a place of residence in the United States for annual leave when an officer or employee is to be assigned to duty in the United States following duty abroad. Current authority provides for transportation to a place of residence, under such circumstances, only for home leave.

At present an officer or employee is granted home leave after a foreign assignment and before an assignment in the United States if he has completed 18 to 36 months, depending upon his post of assignment, continuous service abroad. Such leave is not necessary from the viewpoint of acquainting the officer or employee with circumstances in his own country to make him a better representative abroad. His assignment in the United States will accomplish that purpose. It is the Department's belief, however, that an employee is entitled to earned home leave after a tour of duty at certain hardship posts and that he should be given an opportunity for such leave before entering on duty for a departmental assignment. On the other hand, an officer or employee who has not served at a hardship post may upon return to the United States need a shorter period of leave in order to refresh himself and his

PART B—TRAVEL AND RELATED EXPENSES

General provisions

Proposed Legislation

SEC. 911. The Secretary may, under such regulations as he shall prescribe, pay, *including prepayment on a commuted basis*—

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would be processed to effect payment to the traveler prior to the commencement of the journey. Provision would be made for a supplemental payment to cover unusual circumstances such as strikes and acts of God affecting travel beyond the control of the traveler. The traveler would be responsible for making arrangements for his personal travel and for the transportation of his effects.

The isolated location of many Foreign Service posts, inadequate packing and transportation facilities in some areas of the world, as well as other factors having a direct bearing on a worldwide program of this kind, will cause implementation of the commuted travel plan to proceed slowly. It is estimated that, because of abrupt and unannounced changes in tariffs, unstable rates of exchange and other variables, this plan would not be usable for 20 percent of the transfer cases involving Foreign Service personnel. On the other hand, it is quite possible that it would be valid for the other 80 percent of transfer cases and the potential savings in terms of reduced paper work would be sizable. These savings, which are not definitive and must be projected over a period of several years, could result in a cumulative reduction in costs to the Government. The initial effort would concentrate on those areas where costs can be established and verified readily.

Approval of legislation permitting establishment of a commuted travel program for Foreign Service travel would result in more effective utilization of available manpower and simplified transportation management.

Proposed Legislation

SEC. 911.

(1) the travel expenses of officers and employees of the Service, including expenses incurred while traveling pursuant to orders issued by the Secretary *authorizing annual leave at their homes upon reassignment to the United States after service abroad* or in accordance with the provisions of section 933 with regard to the granting of home leave;

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family and to attend to private affairs (putting children in college, visiting aged parents, settling estates, etc.) before taking on a Washington assignment. For such purposes a relatively brief period of annual leave will normally be granted personnel returning from non-hardship posts.

It is therefore proposed that transportation for visits to the home leave address following a foreign assignment and before entering upon a U.S. assignment be paid for by the Government, but that the period of leave be shortened by allowing only annual leave for those on transfer to the United States from posts where living and working conditions have not imposed any particular hardship. Annual leave would be charged for the officer or employee's absence from the time he would have arrived had he made a direct journey from his post to Washington or from the time he arrives at his home leave address whichever is sooner until the time he actually arrives in Washington. However, he will be entitled to actual or constructive travel costs and to per diem for the time that would have been spent in travel status on direct travel to his home leave address. Home leave upon return to the United States for assignment in the Department will normally be granted only after an officer or employee has completed a tour of duty at a post which has been designated a hardship post for rest and recuperation purposes.

Existing Legislation

SEC. 911.

(2) the travel expenses of members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

Proposed Legislation

SEC. 911.

(2) the travel expenses of members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized *travel to his home on annual leave when he is reassigned to the United States or on authorized* home leave; *accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment;* or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

Section 911(2) is being amended with respect to travel on annual leave when an officer is reassigned to the United States to conform with the proposed amendment in section 911(1). Further, a new provision is being added to section 911(2) to authorize dependents of Foreign Service officers and employees to accompany them for representational purposes on authorized travel within the country of their assignment or at the discretion of the Secretary outside the country of their assignment.

Experience has shown that representation is frequently conducted more successfully by a man-and-wife team than by an officer alone, and in the case of single or widowed officers, when accompanied by a sister or other adult relative who normally acts as hostess. This has become increasingly significant with the improving status of women in societies throughout the world. In the past, when members of an officer's family have accompanied him on official trips the representational benefit to the United States has frequently been pronounced. The Department does not believe officers should be required to bear this additional expense when the travel of members of family is in the public interest.

Existing Legislation

SEC. 911.

(8) [the cost of preparing and transporting to their former homes in the continental United States or to a place not more distant the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die abroad or while in travel status;]

Proposed Legislation

SEC. 911.

(8) *the cost of preparing and transporting to their former homes, or to such other place in the United States as may be determined to be the appropriate place or to a place not more distant than their former homes, for interment the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die while the officer or employee is in the Service.*

The current provision relating to the transportation of remains of officers and employees of the Service and members of their families is limited to transportation to their former homes or to a place not more distant. Experience has shown that the family burial plot and the place of residence is not always the same. When the cost of the shipment of the remains to such a place is in excess of the cost of shipment to the former home, the difference in cost cannot be paid by the Government. The proposed amendment would permit in appropriate cases the transportation of such remains at Government expense to former homes or to any other place considered appropriate, such as a family burial plot or national cemetery anywhere in the United States.

The proposed amendment will also correct an inconsistency in existing authority relating to the transportation of remains of employees and members of their families. When an employee or dependent dies abroad or while in travel status, the remains, the family, and their effects are transported to their place of residence in the United States; if an employee or dependent dies while in the United States but not in travel status, the family and effects may be transported but not the remains. This amendment will make it possible to transport the remains of employees or dependents who die while in the Service, wherever stationed, to an appropriate place of interment anywhere in the United States.

PART B—TRAVEL AND RELATED EXPENSES

Existing Legislation

See Part C, section 921(d).

Proposed Legislation

USE OF GOVERNMENT-OWNED OR LEASED VEHICLES

Sec. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78) the Secretary may authorize any principal officer to approve the use of Government-owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available.

The basic language in new section 914 is being taken from existing section 921(d) which is being deleted because reference to use of Government-owned vehicles for the transportation of employees or dependents does not belong under the heading "Commissary Services." The existing provisions in this section make it possible for the

Secretary to authorize any principal officer to approve the use of Government-owned vehicles located at his post for the transportation of U.S. Government employees who are American citizens and their dependents to and from recreation facilities when public transportation is unsafe or is not available.

The provision authorizing the use of Government-owned transportation to and from recreational facilities has been a useful one but there are many instances over and beyond this need wherein the interest of the safety of the adult and minor dependents of Foreign Service personnel, Government transportation must be used. In many of the newly opened posts in Africa, in certain Asian posts and in the Curtain countries, public transportation facilities, if they exist, cannot be considered a safe means of travel for women and children. In fact, in some areas it is not considered safe for an unescorted woman to drive herself or her children on the public thoroughfares, whatever may be the purpose of the travel. Further, in these difficult areas there are certain social functions which for representational purposes our officers and employees and their wives must attend. In many instances, in addition to the absence of safe public transportation privately owned vehicles cannot be left unattended on the streets.

Moreover, in some Foreign Service posts where adequate schools exist for providing elementary and secondary educational services for dependents of U.S. Government employees, public transportation facilities to and from such schools are not available or are inadequate.

Government-owned vehicles are available at all posts abroad. They are not necessarily in use constantly for official transportation yet they must be maintained and held in readiness for such use. The principal officer at a post where transportation facilities are unavailable or unsafe should be able to use, in his discretion, facilities that are available to him for whatever purpose they may be needed to provide transportation for employees and their dependents. It is for this reason that the Department seeks the broader authority provided in the new section 914. This section also has been changed to authorize the use of leased vehicles as well as Government-owned ones since there are posts where it is more economical for the Department to lease a few vehicles on a part-time basis rather than to purchase and maintain a full quota of Government-owned vehicles.

PART C—COMMISSARY SERVICE

Existing Legislation

SEC. 921. [(d) Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78) the Secretary may authorize any principal officer to approve the use of Government-owned vehicles located at his post for transportation of United States Government employees who are American citizens, and their dependants, to and from recreation facilities when public transportation is unsafe or is not available.]

Proposed Legislation

Deleted under Part C—See Part B, section 914.

Section 921(d) is being deleted in Part C. This section is to be restated and amended under Part B—Travel and Related Expenses.

Existing Legislation

No existing legislation.

Proposed Legislation

PART F—CLAIMS

Sec. 1051. The Secretary may, under such regulations as he shall prescribe, settle and pay claims arising after date of enactment of this section against the United States Government for damage to, or loss of, personal property incident to his service of any officer or employee of the Service in a sum not to exceed $6,500 for a single claim, or replace property in kind: Provided, That a claim may be allowed under this section only if: (i) the officer or employee of the Service establishes that insurance was not obtainable at reasonable cost or was unobtainable for the risk from which the damage or loss resulted; (ii) it is presented in writing within two years after the damage or loss occurs; (iii) it did not occur at quarters occupied by the claimant within the fifty States or the District of Columbia that were not assigned to him or otherwise provided in kind by the United States; and (iv) such loss or damage occurs without fault or negligence on the part of the claimant or member of his family. Notwithstanding any other provision of law, a settlement of a claim pursuant to this section shall be final and conclusive.

The purpose of this amendment is to simplify the procedure for reimbursing, within limits, Foreign Service personnel who suffer property loss incident to service abroad.

The lack of political stability in a number of areas of the world where Foreign Service personnel are stationed, and the incidence of civil disturbance, riot, arson, and sundry threats to the property of such personnel have made it certain that the U.S. Government will be presented from year to year with legitimate claims for recompense.

Past experience indicates that hasty evacuation of a post in the face of hostilities leads almost inevitably to personal property losses. When Seoul was evacuated in 1950, 24 hours ahead of its takeover by the advancing North Korean Army, American Embassy personnel were evacuated by plane and saved only what they wore and what they could put into one suitcase.

At the present time the Department's Foreign Service Claim Board, operating under administrative regulations, considers claims for noninsurable losses incurred by Foreign Service employees as a result of emergency conditions and recommends approved cases to the Congress for settlement under private bills. For losses sustained since the evacuation of personnel from Seoul, Korea, in June 1950, 15 claims have been approved by the Claim Board, 11 of which have been settled under 4 separate private laws approved by the 83d, 85th, and 86th Congresses. Four of the fifteen cases will be recommended to the 2d session, 87th Congress, for reimbursement.

Existing Legislation

No existing legislation.

The Department is requesting the authority contained in new section 1081 because over and above existing general authority for aid to education abroad, the Secretary needs to be able to supplement the existing channels of assistance to schools in those instances where none of the existing statutory authorities enable him to insure adequate education for the children of Government employees abroad.

There is existing legislative authority for several types of aid to education abroad. First, two useful and far-reaching programs, but ones that are not designed to meet the needs of children of Government employees abroad, are those which provide demonstration centers in foreign countries to display American educational techniques, primarily for the benefit of the local population. The programs are under the direction, respectively, of State's Bureau of Educational and Cultural Relations and of AID. Although in some few instances these programs provide benefits to children of Government employees abroad when no more suitable arrangement can be made, the use for such purposes is extremely limited.

Legislative authority exists for two kinds of aid to schools attended primarily by dependents of Government employees. These, however, are primarily of benefit to the dependents of military and AID personnel. One is the military dependents' school system which is concentrated in areas where troops are stationed. The other is the new authority in section 636 (c) and (d) of the AID legislation which authorizes assistance to schools for dependents of Government employees in areas where the AID program is operating.

A third major kind of assistance in education is that provided in 1955 through which educational allowances may be granted to parents to defray the costs of obtaining an adequate education for their children. Valuable as this program is, it is not the complete answer. It is dependent upon the existence of adequate educational facilities and the willingness of local educators and the officials of the host government to cooperate. Where no adequate facilities exist or where there is opposition to the participation of the dependents of U. S. Government employees in existing sys-

The proposed amendment would provide a permanent vehicle for the quick settlement of legitimate claims, thus enabling personnel who have suffered losses to replace them, at least in part.

This proposal would be similar to authority presently vested in the Secretary to settle tort claims abroad involving State Department operations.

The Department is aware that H.R. 10357, the proposed Military Personnel and Civilian Employees' Claims Act of 1962, passed the House on March 19, 1962, and is considered to have a good chance of being enacted during this session of Congress. The provisions of H.R. 10357 are more liberal than the provisions of this section. In the event H.R. 10357 is enacted the Department proposes to strike this section from the Foreign Service Act Amendments of 1962.

Proposed Legislation

PART I—GRANTS TO SCHOOLS

Sec. 1081. Notwithstanding any other law, the Secretary is authorized to make grants of funds in lieu of or as supplementary to education allowances, for assistance in the establishment, construction, expansion, maintenance, and operation of schools outside the United States, whenever he determines such grant of funds is necessary in order to provide suitable education for children of employees stationed in a foreign area.

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tems, educational needs can be met best by capital grants.

With the requested new authority in the Foreign Service Act, the Secretary will be able to supplement the existing channels of assistance to schools in those instances, as in Iron Curtain countries, where none of the existing statutory authorities can meet the need.

The Secretary of State needs authority to supplement existing educational facilities or to provide new ones where they are not available through the grant of funds over and above existing legislative authority which cannot meet the needs for educational services to dependent children in certain areas. This amendment will provide stopgap legislation to be used only on a very limited basis until total legislation can be developed on aid for education for dependents of employees of all civilian agencies overseas.

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Estimated cost of proposed bill

	First year cost
1. Elimination of restriction on length of assignments in the United States (sec. 571(a)(b))	----------
Comment: There will be no additional cost to retain employees for longer periods in the United States.	
2. Change in provisions relating to U.S. salary differentials (sec. 571(c))	(−$41,000)
Comment: The reduction in the area of applicability of the U.S. salary differential under this proposal would result in a saving in the amount of $41,000.	
3. Change in provisions relating to within-class increases for Foreign Service officers and Reserve officers (sec. 625)	80,000
Comment: Most officers are promoted during the month of February, March, or April. Thus they would receive their first within-class increase 3 or 4 months sooner under this proposal than they do under present legislation. The cost of this provision can be estimated by multiplying the average number of officers promoted by one-third of the average within-class increase. This amounts to $80,000. Changing the date from July 1 to the beginning of a pay period will reduce administrative costs.	
4. Commuted travel plan (sec. 911)	----------
Comment: There will be no additional costs in connection with this plan, the purpose of which is to permit an eventual substantial reduction in administrative costs.	
5. Substitution of annual leave for home leave prior to home assignment (sec. 911 (1) and (2))	----------
Comment: This section would not result in any increase in costs and would result in a saving to the Government by virtue of the earlier entrance on duty of personnel assigned to Washington after a tour of duty abroad.	
6. Travel expenses for members of families in connection with representation (sec. 911(2))	40,000
Comment: Cost of travel for members of family to accompany officers and employees on official travel for representational purposes is estimated at $40,000.	
7. Shipment of remains to place other than official residence (sec. 911(8))	1,200
Comment: The increased cost of shipping the remains of officers and employees and members of their families to the family burial place is estimated to be $1,200.	
8. Use of Government-owned or leased vehicles (sec. 914)	----------
Comment: The proposal authorizes increased use of existing vehicles, so the only cost would be a minor increase in fuel expenses which is not possible to estimate.	
9. Settlement of employee claims for property damage abroad (sec. 1051)	----------
Comment: Between June 1950 and June 1961, 266 claims, averaging $1,804, were settled by private laws at a total cost of $479,994. The average annual cost for claims settled during this period was $43,636. It is not anticipated that there will be any increase in this amount.	
10. Grants to schools (sec. 1081)	$150,000
Comment: A preliminary estimate indicates that grants might be made to 10 schools averaging $15,000 each.	
Total estimated cost	271,200
Savings	41,000
Net cost	230,200

PROPOSED AMENDMENT OF CONSTITUTION TO PERMIT THE USE OF PRAYER IN PUBLIC SCHOOLS

Mr. STENNIS. Mr. President, on behalf of myself, and the Senator from Alabama [Mr. SPARKMAN], I introduce, for appropriate reference a joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools. I ask unanimous consent that the joint resolution may lie on the desk for 5 days so that any Senators who wish may join as cosponsors.

I state, for the information of the Senate, that this joint resolution is identical to the one introduced for the junior Senator from Mississippi on Tuesday last when he was absent. I reintroduce it for the purpose of making it possible for other Senators to join in the sponsorship of the joint resolution.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will lie on the desk, as requested by the Senator from Mississippi.

The joint resolution (S.J. Res. 206) proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools, introduced by Mr. STENNIS (for himself and Mr. SPARKMAN), was received, read twice by its title, and referred to the Committee on the Judiciary.

FREEDOM OF PRAYER—ADDITIONAL COSPONSOR OF RESOLUTION

Mr. HARTKE. Mr. President, I ask unanimous consent that the name of the senior Senator from South Carolina [Mr. JOHNSTON] be added as a cosponsor of Senate Resolution 356, to provide for freedom of prayer.

The PRESIDING OFFICER. Without objection, it is so ordered.

IMPROVEMENT OF PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES PROGRAMS—ADDITIONAL COSPONSOR OF AMENDMENTS

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the name of the junior Senator from North Dakota [Mr. BURDICK] be added as an additional cosponsor of the amendments which I submitted on behalf of myself and 12 other Senators to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT

Mr. MILLER. Mr. President, pursuant to the order previously entered, I move that the Senate adjourn.

The motion was agreed to; and (at 8 o'clock and 40 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Friday, June 29, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 28, 1962:

DIPLOMATIC AND FOREIGN SERVICE

Leonard Unger, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Laos.

IN THE ARMY

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. David William Traub, O17110, Army of the United States (major general, U.S. Army).

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in rank as follows:

Maj. Gen. Charles Breckinridge Duff, O18438, U.S. Army, in the rank of lieutenant general.

CONFIRMATION

Executive nomination confirmed by the Senate June 28, 1962:

DIPLOMATIC AND FOREIGN SERVICE

Philip D. Sprouse, of Tennessee, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Cambodia.

EXTENSIONS OF REMARKS

Higher Cost of Living Affects Retired Persons, Too

EXTENSION OF REMARKS

OF

HON. GLENN CUNNINGHAM

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. CUNNINGHAM. Mr. Speaker, there has long been a basic difference between the treatment of retired military personnel and retired civilian personnel.

For many years the Congress has tied military retirement benefits to military pay. When the pay of military personnel on active duty has been increased, the retirement benefits of military personnel have been likewise increased. This is only commonsense.

If an increased cost of living is the basis for an increase in the pay and allowances for active-duty personnel, then certainly the same cost-of-living increases have to be met by the retired military people.

It is strange that the same policy is not followed in regard to retired civilian personnel. Certainly if our Federal employees are in need of a salary increase to meet a higher cost of living, our retired Federal employees also need more money to meet higher expenses.

I think it would be appropriate for the Congress to consider adopting in regard to retirees under the civil service system the same policy we have followed in regard to retired military. It is said that there will be a general pay raise bill passed by this Congress for Federal employees.

This would, in my opinion, be a logical and wise time to tie together the needs and benefits of active and retired Federal employees. There has been a great deal of interest expressed this year in the well-being of retired persons. May I suggest that if a pay increase is warranted for Federal employees, and I believe it is, then certainly an increase in annuities is merited for retired Federal employees.

For the information of the House, I now include a listing of the military pay increases during the past 40 years: 1922 Pay Readjustment Act; 1940 Selective Training and Service Act of 1940—increased pay for enlisted men in grades 4 through 7; 1942 Pay Readjustment Act of 1942; 1946 act of June 29, 1946, amending the Pay Readjustment Act of 1942; 1949 Career Compensation Act of 1949; 1952 act of May 19, 1952, amending the Career Compensation Act of 1949; 1955 Career Incentive Act of 1955; and 1958 act of May 20, 1958, amending the Career Compensation Act of 1949.

In every case except one these increases went also to retired military personnel. The excepton was the most recent increase—1958. At that time the Congress departed from its historic formula. Not all retired military personnel benefited from this 1958 increase.

But it is interesting to note that the administration has moved to restore the old correlation in this area, and there is every evidence that the Congress will go along. This will reestablish the tie which has existed for at least 40 years between active military pay and retired military pay—a commonsense tie.

I submit that this year would be an ideal time to extend this commonsense principle to benefits of our retired Federal employees.

Independence Day of Malagasy

EXTENSION OF REMARKS

OF

HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to the President of the Republic of Malagasy, the Honorable Philibert T. Tsiranana, and Malagasy's Ambassador to the United States, the Honorable Louis Rakotomalala, on the occasion of the second anniversary of Malagasy's independence.

On June 26, 1960, an almost forgotten island in the Indian Ocean off the coast of Africa emerged quietly to independence. Madagascar became a republic within the French community after 64 years as a French colony. Three days later, on June 29, the Security Council of the United Nations unanimously adopted a draft resolution recommending the admission of the Malagasy Republic—the new official title of the island state—to the United Nations. Thus, the world's fourth largest island, without bloodshed and with confidence in its future, joined the world community of sovereign states.

The example which the Malagasy Republic offers in its institutions and practices is one to be emulated by all. For not only are its objectives of the noblest order; they are translated into equally worthy actions. It is a modern democratic state, with a president as head of government and a parliament composed of two chambers—a national assembly and a senate. Its constitution proclaims the equality of all men "in rights and duties, without distinction as to origin, race or religion." And the social harmony of the island Republic is evidence that the ideals of political and religious freedom so forcefully expressed in the constitution are translated by its governing institutions into reality, for the island is a heterogenous mixture of many races, religions, and cultures.

Anthropological studies indicate that early waves of immigration were from Indonesia, and there are still traces of Hindu culture in the Malagasy language and customs. Throughout the Middle Ages Arabs from the Persian Gulf established trading posts on the Madagascar coast and added Moslem immigrants to the island population. Africans came from east Africa, and beginning in the 17th century the Europeans arrived—Portuguese, Dutch, and French. It is truly astounding, almost incomprehensible, that Madagascar has been able to assimiliate such diverse and even antagonistic elements into a single civilization. The success of the Malagasy Republic in accomplishing this difficult task should be a lesson to us all that men, no matter how different their customs, can learn to live together in peace and concord.

The Malagasy motto is "Liberty, Country, and Progress," and the Malagasy Republic has lived up to these goals in its first 2 years of independence. To encourage economic progress it has launched programs for increasing agricultural and industrial development, for building roads, railroads, and airports, and for improving technology. To promote social advancement it has exerted considerable efforts in the field of education. That the Malagasy Republic is determined to retain its freedom of action in the international field is evidenced in its firm refusal to join either power bloc in the cold war. That it is willing to work toward inter-African cooperation on the basis of respect for sovereignty and noninterference in the internal affairs of other states is revealed in its adherence to the moderate Monrovia grouping of African states. "Liberty, Country, and Progress" is a fitting motto for the Malagasy Republic.

Thus, it is with deep pleasure that we take this opportunity to congratulate President Tsiranana and the people of the Malagasy Republic. The record of the first 2 years of independence is one of which they may well be proud. For the Malagasy Republic is a stabilizing element in a turbulent continent—a free democratic state, a cooperative associate in the French community, a creative supporter of African unity, and a respected member of the United Nations.

One Nation Under God

EXTENSION OF REMARKS

OF

HON. A. WILLIS ROBERTSON

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Thursday, June 28, 1962

Mr. ROBERTSON. Mr. President, I have received the following suggestion for an amendment to the Constitution from Charles Mooshian, editor, Carroll County Times, Westminster, Md.:

CLARIFICATION OF THE FIRST AMENDMENT TO THE CONSTITUTION AS REGARDS TO RELIGION

ARTICLE —

SECTION 1. Congress is forbidden to establish a state church supported by the Government.

SEC. 2. The United States, established as a Christian Nation, recognizes the authority of God and His Son, Jesus Christ, through whom the Nation has been abundantly blessed.

SEC. 3. Congress may not prohibit the free exercise of religion in the several States. All citizens may worship God or refrain from worshipping as their consciences may dictate.

SEC. 4. Nothing in this Constitution shall deny the right of any school to make available to its students expressions of prayer or religious observances, provided participation shall not be mandatory.

SEC. 5. "In God we trust" shall be the national motto of the United States.

SEC. 6. The official Pledge of Allegiance to the Flag of the United States shall be: "I pledge allegiance to the Flag of the United States of America and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all."

CHARLES MOOSHIAN,
Editor, Carroll County Times, Westminster, Md.

Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the letter I have written to Mr. Mooshian and a copy of his remarkable editorial of May 31, 1962, when he predicted that no one knew what the Supreme Court was going to do in either the New York or Maryland school cases.

There being no objection, the letter and editorial were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
June 28, 1962.

MR. CHARLES MOOSHIAN,
Editor, Carroll County Times,
Westminster, Md.

DEAR MR. MOOSHIAN: If you have available the CONGRESSIONAL RECORD for June 26 and have read what I said that day about the decision of the Supreme Court in the school prayer case commencing at page 11707, you will understand how fully I agree with your editorial of May 31 which you have sent me, together with a suggested constitutional amendment.

You will note in the Evening Star of today an article by David Lawrence where he indicates that, according to the views of Mr. Justice Douglas, who concurred in the majority views in the New York case, it was possible that the principle would later be extended to prohibiting the reading of the Lord's Prayer which, of course, would outlaw the Baltimore School Board regulation referred to in your editorial.

The decision is not only absolutely wrong but tragic in its implications. The Court relied upon the 14th amendment, but that amendment had been in the Constitution for 72 years before the Court believed that an amendment adopted in support of the rights of former slaves immediately after the end of the Civil War applied to religion. And, it was 14 years after that before the Court decided that the amendment applied to public schools, although the history of the amendment showed definitely that it was not so intended. The 14th amendment, of course, is merely an enforcement amendment and adds no substantive material to the first amendment. It merely states that no State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law, etc. The first amendment prohibited Congress from establishing a state church whether supported by the Government or not or to pass a law to prohibit the freedom of religious worship. The Supreme Court in 1925 said the first amendment was also a prohibition against State laws. But what State laws? The answer, of course, is State laws to establish a state church. The 22-word New York prayer would establish no church nor did it interfere with anyone's freedom of religion because those who did not wish to participate were expressly excluded.

Many Members of the Senate agree with your statement: "This country was founded as a Christian nation, allowing all of its citizens to worship God in any way they choose. But if one chose to become an atheist that was his business and under our Constitution he has a right to so believe. But the atheist certainly does not have the right to force his teachings on the majority of God-fearing citizens of this Nation. To make this Nation atheistic under the first amendment would be exactly what Khrushchev and his communistic comrades would want to see."

Therefore, we intend to do all in our power to nullify the recent decision of the Supreme Court in the New York school case either by joint resolution or by proposing an appropriate amendment to the Constitution.

With best wishes, I am,

Sincerely yours,

A. WILLIS ROBERTSON.

[From the Carroll County Times, Westminster, Md., May 31, 1962]

"ESTABLISHMENT OF RELIGION"

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

When our Founding Fathers wrote into the first amendment to the Constitution this provision they meant just what they wrote and nothing else. Congress is forbidden to establish a specific church, that is, a Methodist Church, Baptist Church, etc.

America was founded on religious freedom. The Pilgrims came to the New World to get away from the established Church of England—they wanted to worship God in their own way. With this in mind the framers of the Constitution made it clear to Congress that it should not establish a specific state church. They wanted people to worship God in any way or manner they chose.

In many countries today, some one denomination or religion has been made the official or established church and has been supported by the government. Congress is forbidden to set up an established church in the United States.

This country was founded as a Christian nation, allowing all of its citizens to worship God in any way they chose. But if one chose to become an atheist that was his business and under our Constitution he has a right to so believe.

But the atheist certainly does not have the right to force his teachings on the majority of God-fearing citizens of this Nation. To make this Nation atheistic under the first amendment would be exactly what Khrushchev and his communistic comrades would want to see.

The majority still rules and even in Supreme Court split decisions it's the majority of 5 to 4 that "has its say" as to what the rest of us are to do. Those of us who are in the minority must comply, whether we like it or not.

The Supreme Court of the United States has been asked to declare unconstitutional a Baltimore School Board regulation calling for a daily classroom opening exercise of Bible reading and recitation of the Lord's Prayer.

Under the Constitution how can this be called establishment of religion by any stretch of the imagination? The pupils reciting still go to their own churches and no one is prevented from worshiping or not worshiping as they please.

Now, if any attempt were made to coerce a child into becoming a member of a certain church then this is another matter, and yet, it would not be establishment of religion.

The ruling has been asked by counsel for Mrs. Madalyn E. Murray, mother of a ninth-grade student, in an appeal from a decision by the Maryland Court of Appeals. The State court has said the exercises do not violate the Constitution.

The appeal has noted that the Murrays are atheists. The school regulation permits any child to be excused from the exercise upon written request of the parents. The appeal argues, however, that "this is nowise mitigated the violation of the petitioner's constitutional rights." Indeed.

When in these great United States one person can shove God and Christianity out of a Christian nation, regardless of the majority, then it is certainly time for action.

The Murrays have contended the opening exercise is in violation of the "establishment of religion" and "free exercise" of religion clauses of the first amendment as noted above.

The Supreme Court has under consideration for final decision a similar appeal contesting constitutionality of the offering of a 22-word daily prayer in New York State's public schools.

With past decisions made by the present Supreme Court, no telling what the Justices will rule on these two cases. But one thing is sure—if they decide against Bible reading and prayer in the schools and designate such exercises as "establishment of religion," then there is nothing left to do except draft an amendment to the Constitution spelling out and clarifying the "establishment of religion" clause so that even the present Court can understand it.

Report of National Projects Committee to the National Rivers and Harbors Congress

EXTENSION OF REMARKS

OF

HON. PHIL WEAVER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. WEAVER. Mr. Speaker, under leave to extend my remarks, I include in the CONGRESSIONAL RECORD the report of the national projects committee which was unanimously adopted by the recent 49th national convention of the National Rivers and Harbors Congress held in Washington May 16–19, 1962.

The permanent national projects committee of the congress consists of an outstanding expert on water resource problems from each of the major drainage basins of the United States. They serve without compensation of any kind whatsoever and bear all of their own expenses when coming to Washington and while serving here on this committee.

The committee's purpose is to assist the sponsors of projects in preparing and presenting their data, so that they may be placed in line for approval. The projects recommended by the committee and endorsed by the congress are vigorously pressed for inclusion in the Government's public works program, and appropriations or allocation of funds sought therefor.

We are grateful to the members of this committee for their public-spirited service in an effort to assist the Congress of the United States and the governmental agencies charged with the responsibility for these public works, as well as the people in the areas to be served thereby.

The members of the committee who served at its recent session are as follows:

PROJECTS COMMITTEE

Representative PHIL WEAVER, of Falls City, Nebr., chairman.

New England Division: William S. Wise, executive secretary, Flood and Water Policy Commission, State of Connecticut, Hartford, Conn.

North Atlantic Division: Brig. Gen. James H. Stratton, USA (retired), consulting engineer, New York, N.Y.

South Atlantic Division: Col. George W. Gillette, USA (retired), chairman, Wilmington Port and Waterway Development Commission, Wilmington, N.C.

Southwestern Division: Dale Miller, executive vice president, Intracoastal Canal Association of Louisiana and Texas, Houston, Tex.

Lower Mississippi Valley Division: Hu B. Myers, chief engineer, Department of Public Works, State of Louisiana, Baton Rouge, La.

North Central Division: Al. Hansen, comptroller, City of Minneapolis, Minneapolis, Minn., vice chairman.

Missouri River Division: John B. Quinn, executive director, Missouri Valley Development Association, Inc., Lincoln, Nebr.

Ohio River Division: J. I. Perey, chief engineer, Indiana Flood Control and Water Resources Commission, Indianapolis, Ind.

North Pacific Division: Herbert G. West, executive vice president, Inland Empire Waterways Association, Walla Walla, Wash.

South Pacific Division: Vice Admiral Murrey L. Royar, USN (retired), Washington representative, Oakland, Calif., Chamber of Commerce.

Western Inter-Mountain Region: Harold H. Christy, second national vice president, National Reclamation Association, Pueblo, Colo.

The report follows:

REPORT OF THE PROJECTS COMMITTEE TO THE 49TH NATIONAL CONVENTION OF THE NATIONAL RIVERS AND HARBORS CONGRESS

MAY 18, 1962.

Mr. HENRY H. BUCHMAN,
President, National Rivers and Harbors Congress, Washington, D.C.

DEAR MR. PRESIDENT: In pursuance of the call of the president, your projects committee met on May 17, 1962, to consider the projects submitted since the last session of the National Rivers and Harbors Congress. Hearings were afforded all who made appearance.

The committee at this session has examined 84 proposals embracing all resource improvements with which this congress is concerned, including navigable waterways, harbors, flood control, hurricane protection, soil conservation, reclamation, and water conservation.

Of the proposals examined, this committee is convinced that 44 constitute projects sound in conception, needful, and sufficiently advanced in status to warrant endorsement, involving a total estimated cost of $1,372,018,300. Ten proposals appear to be without sufficiently advanced development to warrant project endorsement at this time, but are believed to be meritorious and entitled to further consideration by this committee, if and when additional information may be adequate to warrant an endorsed status. We find that on 23 proposals, surveys have been authorized but the reports of said surveys have not been completed and we therefore recommend in these cases that Congress appropriate sufficient funds to permit completion of these surveys as soon as practicable in order that action may be taken toward classification by this congress. We find seven proposals which on preliminary examination appear to be desirable and needful, and we accordingly recommend that engineering and economic investigations of survey scope be made in these cases with a view to developing projects for subsequent authorization.

Appendix A of this report sets forth in detail a list of all proposals and projects examined and the action taken thereon.

The Subcommittee on Flood Control of the House Public Works Committee has initiated public hearings on an omnibus river and harbor and flood control bill of 1962. The projects to be included in the pending bill are of great importance to the Nation's expanding economy and should be provided at the earliest practicable date. Your projects committee recommends that the Congress of the United States be requested to take early action on the bill and that consideration be given to early appropriation of funds for planning and construction of these proposed projects.

Although Federal participation in development of the Nation's water resources dates from 1824, when funds were appropriated by Congress for the Corps of Engineers to initiate improvements for navigation, the broader aspects of Federal activity in this field have been largely concentrated in the past quarter of a century. Noteworthy progress has been made, but the accomplishments to date are only a fraction of the ultimate task of meeting adequately present and future needs in the field of water resources.

The largest and most diverse segment of Federal water resource development is that being accomplished under the civil works program of the Army Corps of Engineers. Accomplishments to date under that program include the provision of more than 200 reservoirs with an aggregate storage capacity of about 165 million acre-feet, which serve the multiple purposes of navigation, flood control, hydroelectric power generation, water conservation, and many associated functions such as pollution abatement, recreation, and fish and wildlife enhancement. Included are 36 power installations with an installed capacity of almost 7½ million kilowatts, representing about half of the total existing Federal hydroelectric capacity. More than 500 local flood protection projects have been placed in operation, including the vast levee system protecting almost 24 million acres of flood plain in the lower Mississippi Valley. About 500 commercial harbors and 250 small-boat harbors have been provided on the shores of the oceans and Great Lakes. Some 20,000 miles of improved inland waterways provide the means for movement of about 120 billion ton-miles of commerce annually, and improvement of the connecting channels of the Great Lakes provides for an additional annual movement of waterborne commerce of the order of 100 billion ton-miles. Other accomplishments under the program include such items as the installation of shore protection works along more than 300 miles of coastline, the provision of over 3 million acres of water area during the summer season which is being used more intensively each year for recreation, and providing a vital part of rescue and relief assistance during great floods and other natural disasters.

Gratifying as such accomplishments are, we must not lose sight of the present unfulfilled needs in the field of water resources and the urgency of sound planning now for the even greater needs of the future. Our problems and needs in this field are not static, but are constantly increasing in an expanding nation such as ours with its growing urbanization and industrial expansion. For example, it was pointed out in connection with the report of the Senate Select Committee on National Water Resources that although Federal flood control works already in operation were providing an average annual reduction in flood damages of about $600 million, an average annual flood damage potential of about $700 million still remained under 1957 conditions of flood plain development. In the absence of additional flood control works, that potential was estimated to increase to about $960 million annually by 1980 under the conditions of flood plain use expected to develop in the meantime. Most striking of all, it was pointed out that if the Federal flood control program were continued until 1980 at the rate then in effect, it would do little more than keep pace with the growth of damage potential during the period.

The continuing flood losses suffered throughout the Nation illustrate that we have not yet approached a reasonable degree of flood protection to meet even our immediate needs, and the past year has been no exception in that respect. Numerous severe floods have occurred in various areas since our last national convention, the most noteworthy from the standpoint of widespread suffering resulting from two coastal storms. The first of these was hurricane Carla which, in early September 1961, battered the gulf coastal area and inundated about 1.7 million acres of land, including entire communities. It resulted in the loss of 32 lives, and this tragedy would have been much more severe were it not for the timely warnings and outstanding cooperation of citizens and officials which permitted the evacuation of over 300,000 persons from areas of greatest danger, the largest mass evacuation ever accomplished in the United States. Total damages are estimated at over $400 million, of which about one-half resulted from hurricane tide inundation. Additional damages of over $30 million were prevented by existing Federal projects, primarily the Galveston seawall.

More recently, the great Atlantic storm of early March 1962 was, from the standpoint of destructive force, one of the worst experienced on the Atlantic coast. Here, too, the relatively few existing shore protection projects planned and constructed with Federal participation demonstrated their effectiveness in reducing tragic losses from extremes of natural forces. These two storms point up the need for greater emphasis in the fields of hurricane protection and shore protection.

Although the urgent needs for such phases of water resource development as flood control and hurricane protection are more forcefully illustrated through the occurrence of extreme floods and storms, the other aspects also must be given proper attention, particularly in the planning for future needs. The rapid transition of our Nation into a predominantly urban-industrial economy is accompanied by increasing needs for more and better transportation, assured water supplies of adequate quantity and acceptable quality, and adequate electric power. Increasing urbanization, coupled with shorter workweeks and our generally higher standard of living, is accompanied by greater pressures for outdoor recreation and increased emphasis on the need to conserve and enhance our fish and wildlife resources. The Federal water resource program of the future must contribute its full share toward meeting these diverse needs if our economy is to prosper, and such contribution can be made only through comprehensive planning. This was emphasized in the President's conservation message to Congress of March 1, 1962, which stated:

"Our Nation's progress is reflected in the history of our great river systems. The water that courses through our rivers and streams holds the key to full national development. Uncontrolled, it wipes out homes, lives, and dreams, bringing disaster in the form of floods; controlled, it is an effective artery of transportation, a boon to industrial development, a source of beauty and recreation, and the means for turning arid areas into rich and versatile cropland. * * *

"Our goal, therefore, is to have sufficient water sufficiently clean in the right place at the right time to serve the range of human and industrial needs. And we must harmonize conflicting objectives—for example, irrigation versus navigation, multiple-purpose reservoirs versus scenic park sites. Comprehensive and integrated planning is the only solution of this problem, requiring cooperative efforts at all levels of government."

The committee is gratified to note that not only is increasing attention being given to the need for comprehensive planning for water resource development but, even more important, numerous recent actions are designed to facilitate true comprehensive planning in the water resource field. These actions include new legislation such as the Water Supply Act of 1958, as amended in 1961; the Fish and Wildlife Coordination Act, as amended; the Water Pollution Control Act, as amended in 1961; and section 206 of the Flood Control Act of 1960 which has enabled the Corps of Engineers, during the current fiscal year, to initiate a program of flood plain studies and the dissemination of information to serve as a guide to non-Federal authorities in regulating the occupancy and use of flood-prone areas so as to ameliorate the growth of the national flood damage potential. Also included are revised policies and procedures adopted by the executive departments, such as a more realistic consideration of the true economic life of potential water resource projects; the acquisition of sufficient land in connection with the construction of Federal reservoir projects to preserve the recreational potential of the areas; the recognition of recreation as a specific project purpose, where appropriate, in the planning of water resource projects; and increasing attention to new and improved techniques such as the feasibility of pumped storage to firm up hydroelectric capacity, the possibilities of ultra-high-voltage power transmission, and more effective interconnection of the power systems of the Nation. All such actions constitute better tools to attack the enormous task that must be accomplished to provide the optimum development of water resources essential to the strength and welfare of the Nation.

In closing, your committee wishes to reemphasize, and direct to the attention of the Congress, that urgent needs exist today for water resource improvements, and much greater and more complex national needs face us in the near future. Accordingly, authorized programs should be funded for accomplishment, and recommended improvements should be authorized and funded, as rapidly as practicable, in order that they may soon start making their contribution toward meeting present-day needs. Because the leadtime is long in planning and building sound water resource projects, immediate emphasis must also be given to adequate funding of investigation programs to assure that essential future needs also will be met in a timely manner. We must not, we dare not, forget the admonition of the President in his message of last March that "Our Nation's progress is reflected in the history of our great river systems."

Respectfully submitted,

PHIL WEAVER,
Chairman.

Note A. A project which has been placed in class II, III, IV or V by the committee may be reexamined from time to time upon due application and the submission of material supplementary information, with a view to advancing its classification; but no project will be reported upon by the committee more than once in each year.

Note B. Attention is called to the fact that when a project is once put in class I—endorsed, such status continues and it is unnecessary to follow up at subsequent sessions with new applications. All projects "endorsed" by the congress, upon the recommendations of the committee, retain their status until finally constructed, unless such action is rescinded by the congress, and the congress stands pledged to do everything possible to assist in reaching that goal.

APPLICATIONS FOR APPROVAL OF PROJECTS RECEIVED BY THE PROJECTS COMMITTEE—APPENDIX A

(Letter "R" following the project number indicates revision of a previous application)

DIVISION I—ENDORSED

Endorsed. This means that it is the judgment of the committee that the project is sound, needful and sufficiently advanced in status; and that its construction is justified by the public interest it will serve.

Docket No.	Name of project	State or States	Division
181A-R3	Tennessee-Tombigbee Waterway.	Alabama and Mississippi.	Ohio River and South Atlantic.
723-R4	Comprehensive plan of development of the Cape Fear River Basin.	North Carolina.	South Atlantic.
781-R6	Raystown multipurpose reservoir.	Pennsylvania	North Atlantic.
875-R6	Brookville Reservoir, East Fork, Whitewater River.	Indiana	Ohio River.
1008-R3	Calcasieu low water dam	Louisiana	Lower Mississippi Valley.
1091-R	Improvement of Oakland inner harbor.	California	South Pacific.
1094-R4	Rend Lake	Illinois	Lower Mississippi Valley.
1100-R4	Wilmington Harbor	North Carolina.	South Atlantic.
1100A-R4	do	do	Do.
1109-R3	Columbia and lower Willamette Rivers deep-draft ship channel.	Washington and Oregon.	North Pacific.
1114-R4	Flint River navigation, flood control, etc.	Georgia	South Atlantic.
1150-R3	Wailoa streams	Hawaii	Pacific Ocean.
1167-R	Deepening of main channel of Rouge River.	Michigan	North Central.
1183-R2	Trexler Dam and Reservoir	Pennsylvania	North Atlantic.
1184-R2	Tocks Island Dam and Reservoir.	Pennsylvania and New Jersey.	Do.
1185-R2	Prompton Dam and Reservoir	Pennsylvania	Do.
1186-R2	Beltzville Dam and Reservoir	do	Do.
1187-R2	Blue Marsh Dam and Reservoir	do	Do.
1195A-R2	Portland Harbor	Maine	Northeast.
1195-R	do	do	Do.
1196-R	Portsmouth Harbor and Piscataqua River.	Maine and New Hampshire.	Do.
1199-R	Buttermilk Channel	New York	North Atlantic.
1200-R	Chelsea River, Boston Harbor	Massachusetts	Northeast.
1231	Navajo Indian irrigation (reclamation)	New Mexico	Southwest.
1232	San Juan-Chama (reclamation)	do	Do.
1235	Campti-Clarence flood control	Louisiana	Lower Mississippi Valley.
1236	Kaunakakai Harbor	Hawaii	Pacific Ocean.
1237	Muskegon Harbor	Michigan	North Central.
1240	Turning basin, Green Bay Harbor	Wisconsin	Do.
1241	Big Darby Reservoir	Ohio	Ohio River.
1242	Deer Creek Reservoir	do	Do.
1243	Paint Creek Reservoir	do	Do.
1244	Rollinson Channel and channel from Hatteras Inlet to Hatteras	North Carolina.	South Atlantic.
1245	Wrightsville Beach	do	Do.
1246	Carolina Beach and vicinity	do	Do.
1247	Alameda Creek flood control project.	California	South Pacific.
1248	East Fork watershed, Trinity River and tributaries.	Texas	Southwest.
1252	Okatibbee Creek	Mississippi	South Atlantic.
1253	Chattachoochee River Dam, West Point.	Georgia	Do.
1254	J. Percy Priest	Tennessee	Ohio River.
1250	Water quality improvement experimental projects, Red River Basin.	Texas	Southwest.
1262	Dubuque local flood protection project.	Iowa	North Central.
1263	Fryingpan - Arkansas project (reclamation).	Colorado	Southwest.
1264	Freeport hurricane tidal protection.	Texas	Do.

DIVISION II—MERITORIOUS

Meritorious. This means that the committee believes that although the project is not sufficiently advanced in status to warrant its present endorsement, it is meritorious and that the committee is willing to consider in due course, its advancement to division I upon presentation by its sponsors of additional evidence justifying such action.

Docket No.	Name of project	State or States	Division
793-R9	Cleves flood protection	Ohio	Ohio River.
1073-R	Snake River project, Mountain Home Guffy, Long Tom, and Hillcrest units division (reclamation).	Idaho	North Pacific.
1096-R4	Deep draft and small craft harbor development, Port San Luis.	California	South Pacific.
1126-R3	Norfolk Harbor and channel to Newport News.	Virginia	North Atlantic.
1193A-R	Savannah Harbor improvement program.	Georgia	South Atlantic.
1194-R	Searsport	Maine	Northeast.
1239	Green Bay Harbor, deepening of entrance and channel.	Wisconsin	North Central.
1249	Kennebunk River	Maine	Northeast.
1250	Haw Ridge Park (regional public park).	Tennessee	Ohio River.
1255	Lynnhaven Inlet, Bay, and connecting waters.	Virginia	North Atlantic.

DIVISION III—EXPEDITIOUS REPORT ON AUTHORIZED SURVEY REQUESTED

Expeditious report on authorized survey requested. This means that the committee believes that the National Rivers and Harbors Congress should request the engineering authority to expedite any report on any authorized investigation or survey of the project to the end that appropriate further action may be had thereon in regard to its classification.

Docket No.	Name of project	State or States	Division
876-R7	West Fork, Whitewater River	Indiana	Ohio River.
1137-R2	Brazos River survey	Texas	Southwest.
1157-R2	Waikiki Beach improvement	Hawaii	Pacific Ocean.
1158-R2	Iao Stream flood control	do	Do.
1162-R2	Kihei district flood control	Hawaii	Pacific Ocean.
1163-R	Palolo and Manoa Valleys	do	Do.
1169-R2	Honolulu Harbor	do	Do.
1170-R2	Harbors for light-draft vessels, coast of Hawaiian Islands.	do	Do.
1172-R2	Port Allen Harbor modification	do	Do.
1173-R	Kahuluu Harbor, Oahu	do	Do.
1174-R2	Explosive handling facilities	do	Do.
1213-R	Northeast (Cape Fear) River, above Hilton Bridge.	North Carolina	South Atlantic.
1219-R	Kahoma Stream flood control	Hawaii	Pacific Ocean.
1220-R	Cape Fear River, above Wilmington.	North Carolina	South Atlantic.
1233	Little Calumet River survey	Indiana and Illinois.	North Central.
1234	Salem Church Reservoir	Virginia	North Atlantic.
1238	Congaree River navigation	South Carolina	South Atlantic.
1256	Norfolk & Western Ry. Bridge	Virginia	North Atlantic.
1257	Thimble Shoal Channel, Norfolk Harbor and channel to Newport News.	do	Do.
1258	Pigeon Creek watershed survey	Indiana	Ohio River.
1260	Pascagoula Harbor and Bayou Casotte.	Mississippi	South Atlantic.
1261	Port Sutton and Ybor Channel, Tampa Harbor.	Florida	Do.
1261A	do	do	Do.

DIVISION IV—PROJECTS RECOMMENDED FOR SURVEY

Recommended for survey. This means that the committee believes that sufficient showing on behalf of the project has been made to warrant further examination in the form of an adequate survey by an appropriate agency of the Federal Government.

Docket No.	Name of project	State or States	Division
1168-R2	Haleiwa Beach erosion project	Hawaii	Pacific Ocean.
1215-R	Santa Rosa Peninsula channel	Florida	South Atlantic.
1229	Escambia River	do	Do.
1229-R	do	do	Do.
1230	Choctawhatchee-Pea River Basin.	Alabama and Florida.	Do.
1251	Hanalei River flood control	Hawaii	Pacific Ocean.
1265	Mulat Bayou channel	Florida	South Atlantic.

Urgent Need for Federal Employees Pay Raise

EXTENSION OF REMARKS

OF

HON. CHARLES A. BUCKLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. BUCKLEY. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to insert the text of a statement which I submitted today to the House Post Office and Civil Service Committee in connection with hearings which have been held recently on Federal employees' pay legislation.

The statement reads as follows:

Mr. Chairman and members of the committee, may I thank you for the opportunity of appearing before this committee today and to commend you for the current series of hearings you are now holding on proposed legislation to raise the salaries of postal and Federal workers, and for the opportunity to give you my views on this legislation.

You are well aware of all the facts involved in the legislation before you and are entirely familiar with just what these bills entail. I would like to point out something that I am sure has been placed before you before this, and that is that the pay increase bill for postal employees has been endorsed by all postal groups, including both organizations of post office clerks, the railway carriers, and others. It also carries the support of the National Association of Letter Carriers and the Government Employees Council, AFL–CIO. With reference to the pay increase bill for Federal employees, that is endorsed by the American Federation of Government Employees, affiliated with the AFL–CIO. Mr. Chairman, the cost of living in all categories has continued to move forward. Two years after the last pay increase that was authorized for postal and Federal employees, a majority of these workers find themselves deeper and deeper in an economic hole that is not of their own making. The cost of the basic commodities has risen since the last increase of 2 years ago and the wages of the worker in private industry has risen proportionately, but the postal workers and the Federal employees find themselves today still trying to maintain an adequate living on the salary of 2 years ago. They are in an intolerable position, hemmed in by the wage increases of private business and the spiraling cost of living I mentioned before.

As a result of this fact the Federal employee and the postal worker is limited at the present time by the salaries that were fixed for them 2 years ago. The average breadwinner who works either for the Post Office Department or the Federal Government, and particularly those in the lower income grade, find that the problem of maintaining an adequate standard for their family and themselves has increased. The postal worker or the classified Federal employee must either go into debt or find a subsidiary form of income to supplement the Government wage he is now receiving. The average Federal worker does not desire to do this. He wants to spend all time possible with his family. If he is forced into a second position, there is no doubt that his efficiency insofar as Federal work is concerned is hurt. This is indeed a tremendous burden to place on those who are devoting their lives to the service of their Government either in the Federal branch or in the Postal Department. The only possible solution to this problem is an increase in wages to meet the demands of our times. This increase in wages that is contained in the legislation now before you plus the other features of the bills you are considering will be a great forward step in giving us a more efficient postal and Federal service and in helping to improve the lives of our dedicated Federal workers. I am in favor of this legislation you are now considering and I strongly urge that this committee report out such legislation favorably, effective July 1, 1962. It is my hope that before this Congress reaches its end it will have passed both Houses and been enacted into law.

The National Lottery of Peru

EXTENSION OF REMARKS

OF

HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. FINO. Mr. Speaker, I would like to point out to the Members of this House the national lottery of Peru.

This small and poor country has been smart enough to take advantage of and capitalize on the gambling spirit of its people. The gross receipts for 1961 amounted to over $3 million. After payment of prizes, the amount of $500,000 went into charitable organizations for hospital and medical services.

Mr. Speaker, it is hard to understand our stubbornness and reluctance in not having our own Government-run lottery in the United States. A national lottery in this country could easily, painlessly, and voluntarily raise over $10 billion a year in new revenue which could be used to lighten the tax burden of our taxpayers.

Citizens' Crime Commission of Metropolitan Washington Prepares for Vital Program—Honors Outgoing President; New Officers Announced

EXTENSION OF REMARKS
OF
HON. JENNINGS RANDOLPH
OF WEST VIRGINIA
IN THE SENATE OF THE UNITED STATES
Thursday, June 28, 1962

Mr. RANDOLPH. Mr. President, on June 27 it was my privilege to address a testimonial luncheon by the Citizens' Crime Commission of Metropolitan Washington in honor of its president, Robert C. Simmons. Having completed 3 successful years as commission spokesman, Mr. Simmons received merited praise and gratitude from his coworkers as he relinquished responsibilities to the new president, the Honorable Robert E. McLaughlin.

Installed along with Mr. McLaughlin were five newly elected directors of the commission, including: Ben Strouse, radio station WWDC; C. Aubrey Gasque, Deputy Director of Administration for the U.S. Courts; Mark Evans, vice president of Metropolitan Broadcasting Co.; Frank K. Smith, executive of an insurance firm which bears his name; and William K. Norwood, of the Chesapeake & Potomac Telephone Co.

Among those honoring Bob and present at this notable event were the Honorable Alexander Holtzoff, judge of the U.S. District Court for the District of Columbia; Donald Clemmer, Director of the District of Columbia Department of Corrections; Chief of Police Robert V. Murray; Chief of White House Police Ralph C. Stover; and executive director of the Citizens' Crime Commission, Miss Sally Orrison.

Ralph Pittman, a former president of the commission and chairman of its nominating committee, presented remarks concerning the work of the commission, and paid special tribute to the influence of Chief Murray in the efficient work of the Metropolitan Police.

Mr. McLaughlin, former President of the Board of Commissioners of the District of Columbia, in accepting the challenge of the presidency, urged that the community continue all-out efforts to convince criminal elements that the Nation's Capital has no soft outlook toward lawbreakers, and cited the crime commission's aim of providing a factual picture of our strengths and weaknesses in law enforcement.

Mr. President, before my own remarks it was an unexpected pleasure to read to the group a message from the Vice President of the United States, LYNDON B. JOHNSON, congratulating Mr. Simmons for wise counseling and able leadership.

Before presenting the commission's certificate of appreciation to the honored guest, it was satisfying to add my words of gratitude, and to refer to the useful community service being carried forward by the Citizens' Crime Commission of Metropolitan Washington.

I ask unanimous consent that certain remarks and documents concerning the testimonial luncheon for Mr. Simmons be printed in the CONGRESSIONAL RECORD.

There being no objection, the remarks and documents were ordered to be printed in the RECORD, as follows:

REMARKS OF HON. ROBERT E. MCLAUGHLIN, FORMER PRESIDENT OF THE BOARD OF COMMISSIONERS OF WASHINGTON, D.C., AT A LUNCHEON MEETING OF THE CITIZENS' CRIME COMMISSION OF METROPOLITAN WASHINGTON

The Washington community is waking up to the threats and dangers of crime in a way and at a propitious time to give us hope of definite improvement. This Citizens' Crime Commission was born out of a time of stress in the Police Department, when congressional committees were forced to investigate, and found that the community was not taking the part it should take in crime prevention. Many good works have come out of this commission, yet it has been gradually forced out of United Givers Fund and placed in a financial position where it was greatly crippled in its operation. We must see to this financial situation. I do not say this lightly. I know of the strenuous efforts of Bob Simmons and his predecessors—to say nothing of Sally Orrison. (And it is difficult to say anything of the crime commission without saying something of Sally Orrison because she literally eats, drinks and sleeps "crime commission.")

One of the early bits of information that I received as a District Commissioner in 1955 was that I could rely on the work of the then Washington Criminal Justice Association, and I was introduced to a work on police administration which was its current accomplishment in conjunction with the District of Columbia management office and the Metropolitan Police.

There has been a strong yeast working in the whole Washington community which is bearing fruit in the neighborhood meetings which are now underway. While it is largely the churches, school and recreation officers who are coming forward—it is definitely a movement forward. The last time this area was so stirred up about crime was when the blasts of publicity were released on the "Report on Prisons, Probation, and Parole." This came at a time when for 5 years the crime curve dived consistently downward in the District of Columbia. It was my stated opinion then—and it is my opinion now—that the effect of the handling of that report was to telegraph to the Washington community that Washington was "going soft on crime." It was the opinion of the police as well. And, although the police redoubled their efforts, the crime curve changed its direction the next month and began the 5-year ascent that we are so concerned about at this moment.

We must convince the shady and criminal element that this community has not softened up, and that they had better go to work or leave town. The yeast is beginning to work.

I well remember the condition of the Police Department at the time of JENNINGS RANDOLPH's investigation. It was largely an aftermath of the corrupting influence of prohibition.

It is significant that this organization was first called the Criminal Justice Association, because brutality and the third degree had taken the place of good police work. Thank God, the latter is wholly finished in this community, and the former is well under control, and where practiced is definitely against police policy. This Police Department has come a long way in the past 25 years—and most of the progress has been accomplished in the past 10 years, since Bob Murray has been Chief of Police. Chief Murray has attacked the problems with integrity and intelligence. He has carried the weight of law enforcement in this community. We have watched his hair turn white in a remarkably short time. We citizens must give him a firm hand. No longer should he carry the whole burden of maintaining our police standards and criteria beyond compromise. No longer should he alone bear the brunt of right or left extremists or political influence.

There are many departments in a large municipal government. We have over 27,000 municipal employees. Less than 3,000 of them are policemen. Yet there is the one area in which the citizen can contribute most—he can help the police directly. We find that our advice on traffic engineering, health problems and welfare, is not too effective. But we are the milieu in which crime works, and we can stop it nearly dead if we all turn to and give assistance.

Our own peculiar niche as an organization is to crystallize and concentrate this effort. I think there is much to be done, and we can start immediately.

When the peace and calm of my farm was disturbed one weekend by a telephone call from one of my close friends in Washington, I accepted this new responsibility because I heard that one of the projects in view was a coordination of information on law enforcement in the District of Columbia. I had tried to get a modest appropriation for that purpose in 1960, but had been turned down. This organization, through Bob Simmons and Sally Orrison, tried in 1961 with the same results. Now, the plan is to get the money from the people and do the job. This community has little coordinated information which would permit an overall evaluation of the weaknesses of our system. The $10,000 required for collection and evaluation of this information will be the cheapest contribution ever made to peace and good order in this city.

The price of freedom is eternal vigilance. Eternal vigilance was the reason for the organization of this group. With its roots in the fertile soil of JENNINGS RANDOLPH's 1934 investigation, and its branches in the free air of another day, the Citizens' Crime Commission will grow in latitude and stature until its beneficial influence is felt from the courts and correctional institutions down to the dens and brothels where our criminals are bred, and contribute once more to safe streets in our city and the eradication of its crime. Crime, like traffic, is not just the problem of the police. It is your problem—the problem of the community.

REMARKS AT LUNCHEON MEETING OF CITIZENS' CRIME COMMISSION OF METROPOLITAN WASHINGTON BY RALPH D. PITTMAN, PAST PRESIDENT AND CHAIRMAN OF NOMINATING COMMITTEE, JUNE 27, 1962

The Citizens' Crime Commission is a group of leading business and professional men and women, privately organized to coordinate the records of the entire criminal process, that is, the police, the U.S. attorney, the grand jury, the courts, probation, the Department of Corrections, and Parole, and then to analyze the weakness of the system in the District of Columbia. It also studies and recommends improvements for specific areas therein, where outside help is needed. It is concerned with just treatment of the offender—but it is also concerned with justice for the law-abiding citizen. It is maintained as a private organization to be free from any outside pressure that could impair its effectiveness. This is why it qualifies as a member of the National Association of Citizens' Crime Commissions.

The Citizens' Crime Commission recognizes that any phase of the criminal process, whether it be police or prisons, necessitates deep understanding and a professional approach to any improvement. It is appreciative of the very competent administrators of all the departments in the system of justice in Washington today, and of their continued dedication to improving their respective departments. Advances in the Police Department and in the prison system in the District of Columbia are phenomenal in the last decade. The Citizens' Crime Commission has been of assistance, as is its purpose. But the District of Columbia has exceptionally qualified police officials, prison officials and parole officials at this time. The Citizens' Crime Commission has supplemented their efforts—and is coordinating the records of persons arrested for felony offenses to learn what happens after arrest—and why so many arrested go free.

In 1957 when Police Chief Robert Murray and the Police Department were charged with police brutality, violation of civil rights and discrimination of promotions in the department, the Citizens' Crime Commission conducted detailed study of the complete record of every individual concerned. The records and a thorough analysis proved that in the promotion system—continued study and improvements had already been effected by Deputy Chief Howard Covell working with members of the Civil Service Commission and the Personnel Office of the District of Columbia. But it also proved that more promotions of Negro police officers in plainclothes or the detective force, where competitive examinations are not necessary, had been made during the tenure of Murray, as Chief, which at that time was about 7 years, then in the combined history of the department dating back to about 1920. He has made it the foremost department in this country as it is today and he is known internationally through his achievements in the International Association of Chiefs of Police. Commendations from high-ranking police officials from countries in Africa, Asia, Europe, Latin American countries, from all over the free world, have been awarded him following their visits to his department for observation and study. All this is to say—we leave him to run the complex, professional, internal affairs of his department—and we want to be on record as supporting his thinking in deploying the men in his department as well as the other responsibilities of the Chief of Police. We are equally as vociferous in our commendation to and support of Donald Clemmer, Director of the Department of Corrections.

JUNE 27, 1962.

Hon. JENNINGS RANDOLPH,
U.S. Senator, Washington, D.C.

DEAR JENNINGS: Please convey to Bob Simmons my heartfelt congratulations on his being honored today by the Citizens' Crime Commission of Metropolitan Washington. During the 15 years that he has served the commission, and especially during the last 3 as president, his wise counseling and able leadership have spurred the Washington Crime Commission on to assuming ever greater responsibilities in the Nation's Capital.

With kindest personal regards,

LYNDON B. JOHNSON,
Vice President of the United States.

REMARKS BY SENATOR JENNINGS RANDOLPH, OF WEST VIRGINIA, AT TESTIMONIAL LUNCHEON FOR ROBERT C. SIMMONS

It is a genuine pleasure to join with this distinguished gathering in giving public recognition to the significant service performed in the Nation's Capital by Robert C. Simmons in his capacity as president of the Citizens Crime Commission of Metropolitan Washington.

As a Member of the House of Representatives and the Senate of the United States, I have been intensely interested in the activities of our commission and its influence on criminal justice. As a property owner, as a legislator, and as a member of this commission, I am happy for this opportunity to counsel with you on certain responsibilities, problems, and aims in reducing crime in the District of Columbia.

Certainly, among the principal objectives of any civic group is the prevention of crime. This must be a particular concern to Washingtonians. We live in trying times. Times when public opinion influences the course of international policy and causes changes that effect tens of millions of men and women and children.

All who work in Washington, D.C., live in the very center of the world spotlight, with the eyes of people focused on the deliberations and decisions which take place in our Federal Government. However, it is not only the Federal area of this city which comes under close scrutiny; far from it. The farmer of India, the shopowner in Japan, the soldier of Argentina—all look with extreme interest at Washington, and from what they hear and see, form an opinion of America. More than that, they form an opinion of the democratic way of life. We are a showcase.

In this Capital City of the world's most influential nation, we present a picture of democracy. How can we win the underdeveloped lands to our side if we display a city filled with vice, crime, and hate? What do we answer when asked why citizens of a free country fear to walk their city's streets after dark? Indeed there is no answer. We must prevent, insofar as possible, these questions from being asked.

In 1934, as chairman of the subcommittee of the House District Committee, it was my duty to take active part in an investigation of crime in the District—a thorough investigation which lasted nearly a year. The picture was far from bright. The committee concluded that public misinformation about criminal conditions was due primarily to official statements which tended to discount the seriousness of the situation. An equally important cause of popular ignorance was the striking lack of coordinated records. In its concluding statement our committee stated that: "No improvement can be effected until the people of Washington become convinced of the unpleasant truth, and until the city, facing the facts of the situation, determines to wage unceasing warfare against the forces of vice and crime."

Recognizing that an urgent need existed, the committee recommended that a citizens group be formed to study the facts, and to lend all possible impetus to a program designed to strengthen the criminal process.

Such organizations had been tested in Chicago and Baltimore, and had met with considerable success.

Responding to the need, citizens formed the Washington Criminal Justice Association, which in 1961 became the Citizens' Crime Commission of Metropolitan Washington. Business and professional men, publishers, and interested citizens joined in this worthwhile effort to improve conditions. Their labors have borne positive results for good.

From its inception, the Citizens' Crime Commission has been deeply concerned with the lack of coordination between various elements of the law-enforcement structure. It was noted that difficulties and shortcomings are evident in such a divergent system. For example, the Police Department reports certain figures to the Federal Bureau of Investigation for inclusion in its uniform crime index; the U.S. attorney's office reports to the Department of Justice; the courts report to the Administrative Office of the U.S. Courts; and the Department of Corrections reports to the Federal Bureau of Prisons. However, there was, prior to the efforts of this commission, little or no liaison between these agencies. A meaningful picture, therefore, of the overall criminal situation could not be drawn.

We emphasize the imperative need for an accurate and complete recording system so that the public can gage the extent of the criminal problem, and the success of remedial efforts.

Were we to refer to statistics for an idea of the seriousness of the problem we would be appalled. For example: During the first 3 months of 1962, 56 percent of the young people brought before juvenile court authority were "repeaters"—boys and girls who had been arrested before, and who evidently had gained little help from efforts at rehabilitation. Can we consider figures like those and not be moved to action? Can we read in our daily newspapers the accounts of robbery, violence, and murder and not move with forthright action so that Washington, D.C., can maintain a sense of dignity, safety, and respect for law which is such an inherent part of our national heritage?

What then can we do? What is the aim of this commission? Our immediate concern lies in a problem at the grassroots level of community relations—to educate and challenge citizens to their responsibilities in crime prevention by achieving an understanding of the law; not merely obeying the law's letter.

We will then be attacking crime through a program of awareness and active interest; a program aimed at developing knowledge of the basic causes of lawbreaking and designed to reexamine the entire criminal process within the metropolitan area with a goal of feasible recommendations for improvement. We will be coordinating to the best possible degree the records and statistics of various law-enforcement agencies. We will provide more accurate and meaningful evaluations in problem areas.

A useful example of crime prevention efforts being carried forward in other cities is the series of documentary films produced by the city of Philadelphia. These are being shown in Metropolitan Washington over station WRC-TV. Filmed by the Philadelphia Crime Commission, and made available through the efforts of our own organization, the series can do much to inform our citizens in the various functions of criminal justice. We are grateful to station WRC-TV for its cooperation in providing this worthwhile presentation. I urge all of you to give the program your special attention and to tell others.

Progress has been made. Beginning in January, the commission initiated a new reporting procedure utilizing IBM machine coding. It will permit us to make much more accurate judgments concerning the effectiveness of criminal treatment.

Information on felony offenses is gathered from each police precinct, and from the Statistical Bureau at police headquarters; the office of the U.S. attorney forwards indictment lists which will be coordinated with the police arrest records; the courts furnish a copy of case dispositions; the Department of Corrections provides copies of reports sent to the Federal Bureau of Prisons; the Board of Parole sends information regarding board action and parole violations. Armed with this data, and by incorporating it into an accurate machine processing system, we will soon be able to provide citizens and enforcement agencies of this area with a complete picture.

The commitment of the crime commission is to gather and analyze data, ferret out weaknesses in the process, study individual cases where indicated, publish and publicize reports giving findings and recommendations for improvement. Thus we gain a basis of information from which to report on overall criminal conditions and indicating the needs for future research. We study the entire scope of the picture and not merely isolated segments. We are concerned with police activities, the courts, the prison system, and the parole board—and we recognize that without a more complete and accurate perspective of all of these elements there can be no reasonable appreciation of the effectiveness of law enforcement.

The Citizens' Crime Commission of Metropolitan Washington is suited to such responsible work, and I am confident that its members will eagerly accept the challenge.

In connection with attention to duty on challenging problems here in the Capital City, I embrace the opportunity to commend my colleague from West Virginia, Senator ROBERT C. BYRD, for the thorough and fair manner in which he has labored as chairman of the Appropriations Subcommittee on the District of Columbia.

It is our pleasant purpose today, to gather in honor of one of our neighbors who has embraced this challenge as a personal commitment, and for 15 years has devoted much of his time and energies to the programs of this organization.

Retiring after 42 years of success in selling with the Johns-Manville Corp., Robert C. Simmons accepted the presidency of the Citizens' Crime Commission, and has been instrumental in its latter development, planning, and growth.

He has unselfishly devoted his time and talent to securing an intelligent and efficient administration of criminal justice within this city. He has understood the need for the positive approach, and has demonstrated it in his dealings with the leaders of the Metropolitan Police, the U.S. attorney, the courts, the Department of Corrections, and the Board of Parole.

Throughout his 3 years as president, and during the preceding 12 years in which he acted as a member of our board of directors, Robert C. Simmons has shown insight, dedication, patience, and willingness to carry the load. Now, because of these efforts, Washington, D.C., is a better home for us all, and the movement to which he has lent such strong support will continue to be meaningful to the community, and to the Nation.

Recognizing his leadership abilities, his sincere devotion, and his high sense of civic responsibility, we, the members and friends of the Citizens' Crime Commission of Metropolitan Washington, extend happy congratulations and deepest gratitude to Robert C. Simmons, our outgoing president. As a mark of further respect and affection we present him with this certificate as tangible evidence of our esteem, our good will, and our appreciation.

Faith in God Is America's Secret Weapon

EXTENSION OF REMARKS
OF
HON. WALTER S. BARING
OF NEVADA
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 28, 1962

Mr. BARING. Mr. Speaker, under leave to extend my remarks, I should like to have inserted in the CONGRESSIONAL RECORD the text of my press release on the occasion of my introduction of a House joint resolution to amend the U.S. Constitution so as to allow prayers to be offered in the course of any program in any public school or other public place in the United States as follows:

> Congressman BARING stated that, although over one-third of the world's population may be enslaved to communism, there is no reason why America should ever fall under its domination. We are told in the Scriptures that "one with God is a majority"—our Nation, under God, has the power to withstand and overcome the enemy—if our people will arouse themselves and if they will rise to the occasion.
>
> Through praise and thanksgiving to God for the blessings which we now enjoy, through faith in the promises of God to His people, and through courage to act upon these promises, we have the mightiest weapons known to man to bring about our deliverance. Herein lies our strength and our protection, faith in God is America's secret weapon, and it is a defense which cannot be equaled by the efforts of a godless enemy.
>
> I have, therefore, today introduced a resolution in opposition to the recent decision by the Supreme Court to ban prayers in schools. This resolution would amend the U.S. Constitution so as to allow prayers to be offered in the course of any program in any public school or other public place in the United States.

The Poznan Uprising

EXTENSION OF REMARKS
OF
HON. HENRY C. SCHADEBERG
OF WISCONSIN
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 28, 1962

Mr. SCHADEBERG. Mr. Speaker, in looking ahead to the universally free world we are endeavoring to help build, we would do well at times to look back for inspiration and impetus to some of the heroic, even tragic, events in the history of man's struggle to be free.

Such an event took place just 6 years ago. On June 28 and 29, 1956, the factory workers in the industrial city of Poznan in western Poland staged an uprising that was stark evidence of the determination of the Poles to break the shackles forced on them by the Communists.

These sturdy workers objected to being grossly underpaid. Some could not buy enough bread with their hard-earned pay to nourish themselves and their families. They had appealed, but their pleas went unheeded by the Communist-controlled government which owns and operates the factories.

On June 28 the men in the large steel plant there, some 30,000 in all, staged an uprising which the Communist tyrants branded a revolt. Treating it as such, the Communist government ordered tanks, artillery, and troops to crush the demonstration. Within 48 hours the Polish workers were beaten. Some 45 of them were dead. Several hundred more were wounded.

The Poznan uprising was not written off by the Poles as a complete loss, however, despite the ruthless manner in which it was suppressed. The Polish Communist government discovered that it could never kill the spirit of liberty, and as a result made several concessions to the workers. More important, however, it helps keep alive in the hearts of all those in bondage behind the Iron Curtain the hope of eventual freedom and the will to live, work, and ultimately to fight for it.

On this anniversary date of the Poznan uprising, Mr. Speaker, I would like to pay this small tribute to the courageous people of that city who dared to defy the military might of their Communist overlords in the name of liberty.

Ninth Annual Osmers Questionnaire

EXTENSION OF REMARKS
OF
HON. FRANK C. OSMERS, JR.
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 28, 1962

Mr. OSMERS. Mr. Speaker, this year, during the later part of May and early June, my office mailed out more than 100,000 questionnaires to voters of the Ninth Congressional District in New Jersey. My eight previous annual questionnaires have proved so helpful to me in doing my job here, that I sent questionnaires to twice as many constituents as last year. Approximately 90,000 on my list are voters selected from lists of registered voters without regard to party affiliation. The remaining 10,000 are leaders in the professions, labor, business, industry, religion, education, and government.

While my district has neither mining nor important agricultural activities within its borders, it is otherwise one of the most diverse in the Nation with nearly every conceivable type of business and industrial activity within it. Income levels are higher than national, but occupations are normally distributed among workers, both union and nonunion, small and large business, and the professions. Minority groups are also normal in size compared to similar suburban areas.

In addition to the more than 20-percent return of questionnaires, nearly 2,000 constituents wrote me letters expressing their views on the subjects covered by the questions, as well as other issues.

After tabulating the returns, the statistical experts of the Legislative Reference Service at the Library of Congress were most helpful in checking the results for me according to the latest scientific sampling techniques.

Mr. Speaker, while the actual results in percentages will appear in the CONGRESSIONAL RECORD in a table below these remarks, there are several observations about them which seem appropriate.

This year 59 percent do not favor the overall record of the Kennedy administration, 28 percent favor it, while 13 percent are undecided. Impressive numbers of voters in my district appear to be losing confidence in the overall record of the Kennedy administration. A year ago, in response to my 1961 annual questionnaire, only 47 percent of those replying opposed the administration's record, 26 percent favored it and 27 percent were then undecided. It is interesting to note that as the Nation's economic picture became blurred during the past month by the stock market collapse, the daily returns of questionnaries showed a sharp dropping off of approval of the Kennedy administration.

Four out of five answering believe that the United States should stand firm in southeast Asia even at the risk of war; moreover, 9 out of 10 believe that concessions to Communists would not bring peace there or end the Berlin crisis.

Three-quarters of the replies registered opposition to granting the President standby recession power to start public works or to lower taxes without the approval of the Congress.

By better than 3½ to 1, my constituents oppose a tax withholding system for interest and dividends; 3 out of 4 favor strong Federal action to insure voting rights to every American citizen while the President's methods in the recent steel-price controversy are favored by less than a third.

A Federal program of health care for the aged had support by a 2-to-1 margin. Of those favoring such a program, 40 percent support the existing Kerr-Mills law with its Federal-State approach; 28 percent want the pending King-Anderson bill's social security plan, with the remaining 32 percent preferring a voluntary private health insurance program paid for by an income tax credit or by the Government.

The President's tariff and foreign trade program received the support of 39 percent with 31 percent opposed. A larger percentage of "undecided" replies—30 percent—were recorded on this question than any other.

Of course, not everyone answered every question. The percentages shown for each question in the tables below are based on the tabulation of all of the replies received to that particular question or part thereof.

Mr. Speaker, because many Members of the House and Senate have been inquiring about the results of my 1962 poll, I ask unanimous consent to include in the RECORD the tabulated percentages of the replies to my ninth questionnaire received up to June 27, 1962:

[Percent]

	Yes	No	Undecided
Do you favor—			
1. The overall record of the Kennedy administration?	28	59	13
2. The United Nations as the best means of maintaining world peace?	60	27	13
If yes, do you support—			
U.S. purchase of $100,000,000 U.N. bonds?	43	43	14
Permanent U.N. international police force?	79	14	7
Admission of Red China?	10	78	12
Congo operation and similar actions?	81	10	9
3. United States standing firm in southeast Asia even at the risk of war?	81	10	9
If no, do you think concessions to Communists would bring peace?	6	91	3
4. United States standing firm in Berlin even at the risk of war?	90	7	3
If no, do you think concessions to Communists would end crisis?	5	90	5
5. A nuclear test ban before Soviets agree to foolproof inspection?	10	85	5
6. Strong Federal action to insure voting rights to every American?	75	15	10
7. Board Federal financial aid for commuter transportation?	40	42	18
8. Granting the President the standby recession power he seeks—			
To start public works spending without approval of Congress?	21	75	4
To lower taxes without approval of Congress?	22	75	3
Do you favor—Continued			
9. A tax withholding system for savings interest and stock dividends?	21	73	6
10. The President's tariff and foreign trade program?	39	31	30
11. Federal financial aid for community fallout shelters?	23	65	12
12. Federal price-wage control in basic industries to curb inflation?	39	51	10
13. Methods used by President in recent steel price controversy?	30	64	6
14. Curtailing nonmilitary expenditures if cold-war crisis continues?	54	31	15
15. A Federal program to provide health care for the aged?	63	32	5
If yes, please check the general method you prefer:			
Medical, hospital, and nursing home care for all in need; paid half by Federal, half by State government (Federal 1960 Kerr-Mills law; New Jersey residents not covered until State legislature acts)	40		
Limited private home, hospital, and nursing home care only, but no medical expenses, for those under social security; paid for by increased social security taxes (King-Anderson bill)	28		
Voluntary private health insurance; premiums covered by income tax credit, or paid by Government for those who owe no income tax	32		

Prayers in Our Public Schools

EXTENSION OF REMARKS

OF

HON. W. R. HULL, JR.

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. HULL. Mr. Speaker, the decision by the Supreme Court that prayers in the public schools of the United States violate our constitutional right to freedom of religion is an affront to the people of this Nation, a distortion of our Constitution and its intent, and the worst sort of legalistic nitpicking.

The people of this country are outraged, and rightfully so, over this ruling which denies to our schoolchildren the opportunity, if they choose to use that opportunity, to affirm their reliance on Almighty God and pray for His blessings on parents, teachers and on the United States.

The first amendment to the Constitution, which the Supreme Court opines would be violated by the voluntary recitation of even a simple nondenominational prayer, specifies that "the Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

The application of this amendment to a prayer recommended by a State agency, in this case New York, must surely rank as one of the most amazing legal feats in recorded history.

How a simple nondenominational prayer can be equated with the enactment of a law establishing a religion is a complete mystery. No reasonable explanation is to be discovered in the Supreme Court decision.

Has Congress made a law establishing a religion or prohibiting the free exercise thereof? No.

Has anyone's freedom of religion been abrogated? No.

To read any such meanings or results into the recitation of the prayer in question requires clairvoyant powers to which ordinary mortals cannot aspire.

Carrying this illogical decision to its logical conclusion, perhaps the Supreme Court may next rule that the oath taken by the President of the United States upon entering office is a violation of the Constitution, not to mention oaths taken by other officials of the Federal, State, county and even city governments of this country.

Next the Supreme Court may wish to consider deleting the mention of God from our national pledge of allegiance and from our national anthem. The words "In God we trust" may be ordered removed from our coins.

The inspiring prayers which open each session of this House and of the Senate are clearly suspect by the terms of the Supreme Court decision.

The Supreme Court may have to make some drastic changes at home, such as the invocation of God's protection of the Court itself which opens each of its sessions. We would also assume the Court will expunge the mention of God in the oath taken by court witnesses.

It seems reasonable to suppose that some atheistic serviceman will initiate a suit to do away with chaplains of our military forces and the services they conduct, on this same frail basis that his right to freedom of religion has been abridged. Can there be any doubt as to how the Supreme Court would rule on this question, in light of the current decision?

If simple school prayers are in violation of the first amendment, what about Christmas activities in our public schools?

These examples may seem farfetched but after observing some of the rulings of the Supreme Court over the last decade, I wonder.

Like every other Member of the Congress, I have received countless letters over the years from Americans who are greatly concerned about the trend of the decisions handed down by the Supreme Court. I have refrained heretofore from making any critical public expressions regarding these decisions, even though it has occurred to me that since the Supreme Court often appears to be legislating, I as a Member of the National Legislature ought to be entitled to reciprocal privileges. I can no longer remain silent.

It is a plain fact that in this and many other decisions, the will and welfare of the great majority of Americans have been subverted to protect some fancied rights of a minority of citizens, in some instances Communists, murderers, rapists and similar scum.

While I believe the individual rights of a citizen must be scrupulously protected, it is my settled judgment that the Supreme Court has stretched its interpretation of these rights far beyond any reasonable limit in some cases, with the result that the welfare of all the people has been prejudiced. Thus it is in this matter, which is a case of catering to the desires of a few malcontents by means of a specious interpretation of the Constitution, to the detriment of this Nation and its citizens.

James Bryce once observed that law will never be strong or respected unless it has the sentiment of the people behind it. This decision is not strong and cannot be respected because the people of this Nation do not and could not approve.

Thomas Jefferson also had advice which seems applicable to this decision. He noted that the strict observance of the law is one of the high virtues of a good citizen, but not the highest. The laws of necessity, of self-preservation, and of saving our country when it is in danger are of higher obligation.

Our country today is in danger and we are calling on our deepest resources to preserve ourselves and our Nation.

Our greatest resource is our national faith in God and the application of His will to our affairs, public and private.

I do not see that a voluntary reaffirmation of these principles, which have sustained our Nation since its founding, by our children in the public schools could be in violation of the letter or the spirit of the Constitution.

I understand that legislation has been introduced in the form of a constitutional amendment to nullify this decision by the Supreme Court.

I will support such legislation.

Address of Senator Dodd Before Convention of the International Upholsterers' Union of North America

EXTENSION OF REMARKS

OF

HON. PAUL H. DOUGLAS

OF ILLINOIS

IN THE SENATE OF THE UNITED STATES

Thursday, June 28, 1962

Mr. DOUGLAS. Mr. President, early this month the International Upholsterers' Union of North America, AFL–CIO, celebrated in convention, in Cleveland, Ohio, its 80th birthday.

At the same time, this union, which is well known for its pioneering efforts in union democracy and in opposition to communism, celebrated also the 25th anniversary of the installation of Sal B. Hoffmann as international president.

The junior Senator from Connecticut [Mr. Dodd] was the principal speaker at the Cleveland convention held on June 8, 1962, and I believe his speech will be of interest to Members of Congress and others. I ask unanimous consent that Senator Dodd's remarks and the introductory remarks of President Hoffmann be printed in the Record.

There being no objection, the address and introductory remarks were ordered to be printed in the Record, as follows:

Introduction by Sal B. Hoffmann, International President of the Upholsterers International Union of North America, AFL–CIO

We of the UIU are especially honored to have as our principal speaker this morning, not only one of the great contemporary liberal friends of labor, and of every good Democratic cause in the current U.S. Senate, but one of the great voices for human freedom known and heard around the world, from Free China, Laos, and the Philippines, to the Congo and behind the Iron Curtain, among the secret colleagues of the exiles of labor, and of all classes, who look to him for leadership here, and in free Western Europe.

He graduated from Yale Law School in the midst of the great depression here at home, and the rise of Hitler abroad, and served our Nation, until 1934, as a member of the Federal Bureau of Investigation. In 1935 he joined the Roosevelt New Deal as organizer of the National Youth Administration program in Connecticut, and to this day he persists in his special interest in young people, as the chairman of the Senate Judiciary Subcommittee on Juvenile Delinquency and its problems.

From 1938 until 1945 he was special assistant to the U.S. Attorney General, and organized the first civil rights section in the U.S. Department of Justice.

During 1945–46 he was U.S. executive trial counsel at the international Nuremberg war trial of Nazi war criminals.

He studied at firsthand the nature and character of the Nazi type totalitarian, amid the wreckage made of Germany, and much of Europe, by Hitler, whose rise to power, and the triggering of World War II, was made possible by the Communists. For his brilliant work for the prosecution at Nuremberg, he received a Presidential citation and the U.S. Medal of Freedom.

He was elected to the Congress from the First Congressional District of Connecticut, in 1952, and again in 1954, as a Democrat, in spite of the Eisenhower sweep.

He made a brilliant labor and liberal record.

His knowledge of international affairs was early recognized by appointment to the Foreign Affairs Committee, of the House, where he served on subcommittees on inter-American affairs, on Europe, and on national security, participating in special study missions to Latin America, and the Middle East.

In November 1958, Mr. Dodd was elected to the U.S. Senate from Connecticut.

After brilliant service on the Judiciary and the Aeronautical and Space Sciences Committee, he was signally recognized by appointment to the Senate Foreign Relations Committee in 1960.

As vice chairman of the Judiciary Subcommittee on Internal Security, he has given unprecedented dignity and reliability to congressional exposure and curbing of the Communist conspiracy, both in the United States, and in adjoining Cuba, and the Caribbean. He piloted the Freedom Academy bill, setting up a West Point for political warfare against the Communist conspiracy, through the unanimous favorable report by the Senate Judiciary Committee, and the unanimous passage by the Senate in 1960, although at times his officially announced organized support seemed to be solely that of AFL–CIO, and our own UIU. In so doing, he incurred the wrath of the opposition of political extremists of both right and left.

We not only are honored by this courageous and just man's acceptance of our invitation to address our convention, but we deliberately seek to do him deserved honor today.

His open and secret enemies, among the open and secret enemies of our Nation, and of human freedom everywhere, have sought to obscure and deny, since they could not tarnish, Senator Dodd's outstanding, and unquestionable, labor and liberal record in the House and Senate of the United States and in the field of human and civil rights since his days in the civil rights section of the Department of Justice, and at Nuremburg, and up to this very moment.

In the course of legislation, there will be moments in any strong man's career when he may, and should, as Senator Dodd has done, in the light of individual conscience and judgment, disagree with us of UIU, or with our federation, but when the cause of the humblest and most oppressed is at stake anywhere, our speaker comes down hard on the side of equity, justice, and freedom, every time.

It is an unqualified honor and privilege to have the opportunity to introduce to this 34th convention of our union, a friend of labor, a friend of fairness, and a friend of liberty everywhere, the gentleman from Connecticut, Senator Thomas J. Dodd.

Remarks of Senator Thomas J. Dodd Before the Convention of the International Upholsterers' Union of North America, AFL–CIO, Hotel Statler-Hilton, Cleveland, Ohio, Friday, June 8, 1962

President Hoffmann, officers and members of the Upholsterers' International Union, I am honored and happy to be with you in Cleveland today, and to join you in celebrating the 80th birthday of your great union and the 25th anniversary of Sal Hoffmann's installation as international president.

I am always happy to be with my trade union friends because, since boyhood, I have looked to the American trade union movement as one of the principal architects of social progress in our country.

It is a particular pleasure to be with my friends of the Upholsterers' International Union because I have always had special admiration for the UIU's pioneering efforts in the fields of union democracy, political education, and anti-Communist action.

One hears many exaggerated criticisms of the American trade union movement. Unfortunately the critics are frequently so blinded by the details of their complaints that they ignore the historic contribution which the trade union movement has made to the building of a greater and better and freer America.

The enlightened welfare-state capitalism which exists in our country today is by far the best and most benevolent of all the modern systems of government, and the closest to the ideals of Jeffersonian democracy. But American society has had to travel a long way to achieve its present form; it has had to pass many milestones along the sometimes tortuous highway of social progress. Among these milestones were the 8-hour day, the 40-hour week, the minimum wage, unemployment insurance, social security, collective bargaining. These things are today part of the accepted texture of America, they are things that help to make America great. And it is the American trade union movement that must be given the primary credit for the achievement of most of these vital social objectives.

In its approach to foreign affairs, as in domestic affairs, the trade union movement has embodied the best of the American liberal tradition. This tradition is most eloquently stated in Jefferson's timeless words of self-dedication: "I have sworn upon the altar of Almighty God eternal hostility to every form of tyranny over the mind of man."

In its consistent opposition to dictatorship and slave labor, the American trade union movement has shown itself completely faithful to this tradition. It was in the forefront of the fight against nazism and fascism in the twenties and thirties and through to the end of World War II. And it has, from the beginning, been in the forefront of the fight against the Red fascism which passes by the name of communism.

This consistent opposition to foreign tyranny, no matter what form it takes, is, in fact, the one touchstone that can reliably distinguish the true liberal from the false liberal.

It is not enough to be for the minimum wage, and for social security, and for the right to vote, and for racial equality, and for free milk for schoolchildren; it is not even enough to be anti-Fascist and anti-imperialist. The Communists and the crypto-Communists are all these things, or say they are. So are all the totalitarian liberals and sentimentalist liberals and frightened liberals and confused liberals—in short, all the "blind in one eye" liberals—who joined in the protest against every act of Nazi tyranny and bestiality, but who remain silent when millions die in the Soviet Union or in Red China; who protested against the appeasement of Hitler, but who today urge the appeasement of Khrushchev; who rail against the smallest act of anti-Semitism in the Bonn Republic, but who close their eyes to the monstrous anti-Semitism practiced by the Soviet Government; who warned that we must not trust the Nazis, but who, despite a thousand proofs of perfidy, insist that we rest the survival of our Nation on nothing more substantial than the Kremlin's word of honor.

These "blind in one eye" liberals, as distinguished from the crypto-Communist liberals, are not Communists. Many of them, in fact, profess to be anti-Communist, and look upon themselves as the true proponents of the American liberal tradition. But when you compare the details of their liberalism with the pretended liberalism of the Communist worker, the item-for-item similarity is complete and devastating.

You of the Upholsterers' International Union will understand me when I say that no one is truly a liberal who does not oppose the tyranny of communism as energetically as he opposed the tyranny of nazism. This is the touchstone; this is the acid test. This test your own union and the great majority of American unions have passed with flying colors.

But, unfortunately, there have been too many "blind in one eye" liberals and too many shortsighted conservatives. The successive defeats which the free world has suffered at the hands of international communism since the close of World War II and the obstinate illusions which it displays to this day testify to the prevailing lack of understanding, at both public and official levels, of the nature of the Communist enemy and of the measures which must be taken if the free world is to triumph.

I believe you will find more solid comprehension of the life-and-death nature of the conflict between communism and freedom in the ranks of the American labor movement than you will in any other sector of the American community. True, the picture is far from uniform. The labor movement has its fellow travelers and its dupes and its "blind in one eye" liberals. But men like George Meany and David Dubinsky and Sal Hoffmann are much more truly representative of what the American trade union movement stands for in world affairs.

There are trade union officials who must be numbered in the thousands and rank-and-file members whose number is legion, who know the meaning of communism and who understand the nature of the Communist enemy because they have engaged them in many a bitter battle in their trade union locals and in their factories and on the picket lines.

There is a tendency to think of the cold war as something that is fought in other countries. But the cold war is fought in every country of the world, including the United States—perhaps I should say above all in the United States. And the trade union movement has, from the very beginning, been one of the most critical fronts in this war.

From your own hard experience in this man-to-man combat with the forces of international communism, you have learned the essential lesson that coexistence with communism is impossible. You have learned that they are capable of any trickery or treachery; that their agreements are worthless; that their goal is total domination; that, if they cannot dominate an organization, they will seek to destroy it. And the losses you have learned from dealing with the Communists in the trade union movement apply, with only minor variations, to the larger problem of dealing with the Communist menace internationally.

Let me note in this connection that one of the first editorials ever carried by the Upholsterers' International Union Journal, an editorial which appeared in August 1922, had this to say on the question of communism in the American trade union movement:

"The issue is, shall they—the Communists—scuttle the ship of the American labor movement; or will labor make them walk the plank."

From your own hard experience you have learned, too, that communism cannot be combated on an on-and-off basis, that eternal vigilance is the price of freedom. I believe that no one has ever stated this fact more eloquently than your own president, Sal Hoffmann, when he said in December 1950:

"My 30 years of experience in the labor movement has taught me that the only way to fight the Communists is to fight them 24 hours a day, 365 days per year, wherever you find them."

The serious lapses in our foreign policy in the postwar period and the confused state of public opinion on certain issues today indicate that the lesson which Sal Hoffmann learned through his many years of experience in the trade union movement has not yet been learned by many members of the American community. Let me give you an example of what I mean.

In January of last year, the Senate Subcommittee on Internal Security got wind of the fact that a prominent machine tool company had been given a license to export to the Soviet Union 45 machines used in the mass production of ultra-high precision miniature ball bearings. These high precision bearings are of the greatest importance to the defense of our country. They are responsible for the accurate functioning of our missile guidance systems, our fire control systems, and much of our sophisticated defense hardware. In fact, virtually the entire output of these ultra-high precision miniature bearings goes to our Defense Establishment. And the millions of units that we require each year are produced in this country on just 72 machines—machines that had been designed by American engineering genius—machines incomparably superior to ball bearing machines available in any other country. And, here we were, about to ship 45 of these precious and unique machines to an enemy who has sworn to bury us.

When the president of the firm was called before the subcommittee, he defended the proposed shipment on the grounds that the Commerce Department had approved it, that his company had, over the years, sent many shipments of machine tools to the Soviet Union, and that he saw no reason why American business should not take advantage of sales opportunities in the Communist bloc. When the Commerce Department testified before the subcommittee, its members also approved the shipment, although the testimony revealed that the Defense Department had strongly and repeatedly opposed the granting of an export license. I am happy to report that the findings of our investigation were so conclusive that the Commerce Department finally accepted their validity and canceled the shipment.

There is one more facet to this story which deserves comment. Just before the license was canceled, I received word from a group of longshoremen in New York City that if any effort were made to move the ball bearing machines destined for the Soviet Union, they—the longshoremen—would refuse to handle them.

There are many businessmen, fortunately, who do not share the attitude of the machine tool manufacturer to whom I have referred. I recall receiving a letter from a lumber machinery manufacturer on the west coast who had just turned down a Soviet offer to purchase a complete lumber mill, even though such machinery is not on the list of commodities proscribed for export. I recall, too, the example of Richard Stokes, British Labor MP and equipment manufacturer, who refused, on grounds of principle, to sell heavy mining and construction equipment to the Soviets, even though he knew that the Soviets could obtain comparable equipment from European competitors. The number of such businessmen is increasing every day.

In a recent article in the New York Times Sunday magazine, an official of the Anti-Defamation League made the statement that American liberals were, in part, responsible for the John Birch Society and for the rest of the current rash of right wing extremism, because they had failed to provide leadership in the fight against communism. From my own experience, I am convinced that this is so. And I believe this criticism also applies in certain measure to the American trade union movement.

The AFL–CIO and many of the unions affiliated with it put out excellent material on communism. They conduct excellent educational programs for their own members. But, by and large, they have made no effort to bring their educational activities to the general public; they provide no public leadership in intelligent anti-Communist activities.

The Upholsterers' International Union is an outstanding exception. Through the Council Against Communist Aggression, you have created a bridge between your own union and a distinguished body of private citizens, whose domestic viewpoints may vary, but who see eye-to-eye on the cardinal issue of resisting communism and the various subterranean devices by which communism seeks to divide and undermine the free world.

In the Council Against Communist Aggression you have also created an instrument that can play, and has played, a significant role in informing public opinion, in exposing situations that call for exposure, in mobilizing protest actions where protest actions are in order. The Bang-Jensen case provides an example of the role that can be played by a responsible anti-Communist organization.

As you know, the Senate Subcommittee on Internal Security has issued a report on the case of Povl Bang-Jensen, the Danish diplomat who was dismissed from his U.N. post because he refused to turn over to U.N. safekeeping the list of Hungarian witnesses who had made anonymity a condition of their testimony. The Senate subcommittee began its investigation after Bang-Jensen's death. But when the fight between Bang-Jensen and the U.N. Secretariat was at its height, it was primarily the Council Against Communist Aggression, under the secretaryship of Art McDowell, that took up his case and fought the cause through the columns of the American press and through its own publications.

The tremendous crowds that turn out to anti-Communist meetings of all kinds in all parts of the country are testimony to the growing mood of frustration in our country. People are disturbed, and rightly so, over the fact that the free world seems to be losing round after round in the conflict with international communism. They want to learn; they want to understand; and they want to do something about the situation. And, if instruction and leadership are not forthcoming from responsible sources, then they will take it from quacks and extremists and amateurs who don the anti-Communist label.

I believe that this situation presents both business and labor in our country with a priceless opportunity. Effective programs of education on communism and world affairs are being carried on within the ranks of the business community by organizations like the Research Institute of America and the American Security Council. The trade-union movement is also carrying on a work of education within its own ranks. But it does so, by and large, with its own resources and without cooperation from management. Both programs could be infinitely more effective if management could be persuaded to give direct support to a trade-union educational program on the nature of communism, conducted at the factory and local level.

I also believe that management and labor, acting together, could make available to the citizens of every major community a concerted, continuing program of instruction on the nature of communism and on world affairs. Such a program, if it could be instituted, would be infinitely more effective than the one-stand strategy seminars and anti-Communist schools that have, until now, been the only sources of information open to the general public.

I believe this proposal is sound. I believe it is feasible. I believe it is in the best tradition of the partnership between management and labor and of their joint responsibility to the community.

Such a cooperative undertaking, sponsored by management and labor, would point the way to the national unity which alone can assure the survival of our Nation.

It is up to management and labor to accept this responsibility and grasp this opportunity.

I submit this proposal for the first time to your convention, because the Upholsterers' International Union has played the role of pioneer on so many fronts and in so many undertakings.

The preservation of freedom is everybody's business. This is something upon which we all agree. But if everyone pulls in different directions, freedom will not be preserved; it will be destroyed.

We are confronted with a crisis of survival, a crisis which demands not merely the utmost understanding and dedication from every citizen, but the broadest possible unity of action. It is a crisis that leaves no room for religious or racial or political prejudices, that calls imperatively for a national unity embracing Catholics, Protestants, and Jews, Republicans and Democrats, liberals and conservatives, business and labor.

It calls, in short, for the kind of national unity that existed in our country during World War II.

President Hoffmann, I want, in closing, to wish you a long life of continued service to the labor movement, to the trade union you have served so effectively during the 25 years of your presidency, and to the larger cause of human freedom the world over.

I am grateful to you for your invitation, and I hope we shall see much more of each other in the years to come.

Prayers in Our Public Schools

EXTENSION OF REMARKS

OF

HON. HUGH Q. ALEXANDER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. ALEXANDER. Mr. Speaker, the American people have witnessed a succession of "black Mondays" this spring, and last Monday, June 25, was no exception. It ran true to form. For when the Supreme Court handed down its opinion in Engel against Vitale declaring unconstitutional the nondenominational, noncompulsory, short opening prayer recited in the public schools in New York, it struck at a heritage that is older than the Constitution itself—the acknowledgment at publicly sponsored meetings of a Supreme Being.

The Court struck down this simple prayer: "Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers and our country." Who among us, whatever his faith, has not uttered similar sentiments a thousand times over at all kinds of publicly sponsored meetings? And why have we done so?

For a very simple but meaningful reason; we, a religious people, were recognizing in such prayers, as were the schoolchildren in New York, the inseparable relationship between religion, with its emphasis on the dignity of man, and freedom. We were not advancing the establishment of a particular church or of any particular belief. We were voluntarily acknowledging a basic tenet of free government, that belief in God is a vital component of liberty.

Perhaps it was never expressed more eloquently than by Thomas Jefferson when he said, "God who gave us life, gave us liberty. Can the liberties of a nation be secure when we have removed the conviction that these liberties are the gift of God?"

This was why the Regents of the State of New York recommended the prayer as one:

> "* * * stressing the moral and spiritual heritage which is America's, the trust which our pioneer ancestors placed in Almighty God, and their gratitude to Him from whom they freely and frequently acknowledged came their blessings and their freedom and their abiding faith in the free way of life."

The Supreme Court itself has previously recognized that "we are a religious people whose institutions presuppose a Supreme Being" (*Zorach* v. *Clauson*, 343 U.S. 306, 313). And, numerous are the authorities who have reiterated that the first amendment "was conceived to prohibit and prevent the establishment of a state religion; it was not intended to prevent or prohibit the growth and development of a religious state."

We all know, they have been mentioned so often, of similar expressions of acknowledgment of God in the Declaration of Independence, the Gettysburg Address, the oath of allegiance, our national anthem, on our coinage. The constitutions of our 50 States, including my own State of North Carolina, contain such statements of acknowledgment and thanksgiving.

Such expressions are uttered by the President, in the Halls of Congress, in the Supreme Court itself, and, like the New York prayer, most of these are statements composed by public officers paid from public funds for delivery on publicly sponsored occasions to "captive" audiences. Their vice, under the reasoning of the Court, is the same in all respects as the short, nondenominational, noncompulsory prayer that the little schoolchildren in New York and other States have been reciting at the opening of the schoolday.

Another consequence of the decision is that by drawing so rigid a line of demarcation between religion in any sense and the state, it throws into question the validity of numerous sound, nonreligious Federal aid programs to private organizations such as hospitals and institutions of higher education which just happen to be sectarian in nature.

This is why June 25 was another "black Monday." Imperiled, in fact, was the simple saying of all general prayers at governmentally sponsored meetings. Imperiled, in immediate probability, is the simple public expression of one of the great truisms of a free society, the inseparable relationship between belief in God and freedom.

This is why I so deeply reject the decision by the Court. It strikes at the very roots of our American system. As one of America's greatest judges and scholars in the law, Thomas M. Cooley, remarked many generations ago:

> It was never intended by the Constitution that the Government should be prohibited from recognizing religion * * * where it might be done without drawing any invidious distinctions between different religious beliefs, organizations, or sects.

The decision of June 25 does indeed flaunt our deepest beliefs. The Court, contrary to its opinion, was not protecting the people of New York or of any other State from the creation of an established church. Rather, it was casting doubt on the expression at public functions of a fundamental and vital aspect of free government, the relation between religion and freedom. In so doing it has rendered a signal disservice to democracy.

Not only was it making questionable an honorable and rich tradition, but, as was stated by another New York court in another case in 1953, such a decision tends to "make a travesty of our glorified liberty of conscience. Liberty for nonbelievers in God, but denial to believers in a Deity, would be a mock liberty" indeed.

The Enslavement of the Baltic Nations

EXTENSION OF REMARKS
OF
HON. JOHN LESINSKI
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 28, 1962

Mr. LESINSKI. Mr. Speaker, world communism lives off people just like a parasite. It does not have the ability or initiative to produce, so it must take from others what it itself cannot do. As in Communist China where every plan has failed and the people are rebelling against their masters, so it is in Eastern Europe that the people are attempting to regain their freedoms.

It is unfortunate that during the debates at the United Nations our representatives do not stress Russian colonialism in Europe which exists all the while the Communists play the bleeding heart for others, always with the thought in mind that, through infiltration, they will promote their type of ism for the eventual takeover of all nations when, under the wing of Moscow, everyone will live in the Communist utopia of starvation and slavery.

Recently, Mr. Speaker, I had occasion to meet with a group of people who know well what life under communism is like, for their kith and kin are among those enslaved by the iron hand of Russia. On Sunday, June 17, 1962, the Baltic Nations Committee of Detroit met to mark the occasion of the mass deportations in 1941 by the Russians of the people from Estonia, Latvia, and Lithuania. At this point, I should like to insert for the RECORD, the remarks that were made on that occasion.

MEMORANDUM TO THE FRIENDS OF FREEDOM

The Estonians, Latvians and Lithuanians of Metropolitan Detroit, assembled at the International Institute of Detroit, Michigan, on June 17, 1962, to commemorate the 21st anniversary of the first cruel mass deportations by the Soviet police and army from the Baltic States, unanimously approve the following memorandum on this solemn occasion:

"We wish the American people and the friends of national self-determination everywhere in the world to recall what happened to the independent States of Lithuania, Latvia and Estonia in 1940, when the military intervention of the Soviet Union occurred and in June 1941, when the vandalistic deportations of about 120,000 persons to the east of Russia took place. There are grim documents to prove it. The Soviet international treaties with the Baltic States have been unilaterally broken and the unprecedented crime of genocide began against defenseless people and the peaceful communities in each and every one of the three states.

"We assembled here to express our deep gratitude to the Government of the United States and to many other governments for not recognizing the illegal and forceful incorporation of Estonia, Latvia and Lithuania into the Soviet Union; and respectfully urge the United States to take timely and effective measures in order to enhance the resumption of their national rights of sovereignty to freely choose governments of their own.

The passage of years, including 1962, has been marked by innumerable crimes, since 1954 under the guise of voluntarism, including many mass deportations of people, indeed of infants, children, and youth. Suspension of human rights and suppression of all fundamental freedoms, the closing of all monasteries and of many churches and enforced Russification of children and youth continue to make the deplorable situation of the Baltic people dreadful and intolerable. Indeed the exclusion of any foreign journalists or representatives from these countries (excepting a recent admission of tourists to the capitals) point to the suffering people in the abnormal conditions of life under the Soviet yoke. The humiliating legal and moral wrong to the Baltic people has not yet been improved. The most viciously organized colonial empire of the Soviet Russia, with its totalitarian and ultravandalistic techniques of destruction of any free self-expression of the will of nations, has not yet been fully condemned. Up to this time the Soviet Union has disregarded all international agreements condemning suppression of human rights. The Atlantic Charter, the genocide convention she signed, the resolution of December 14, 1960, of the General Assembly of the U.N. regarding the self-determination of the colonial countries and people did not exercise any positive effect on the behavior of the Soviet Government. These facts show that there can be no compromise with the most evil tyranny in recorded human history. Both freedom and self-determination of nations are indivisible and have to be fought for by all legitimate means if they are to be realized in the whole world. We believe that all who are choosing freedom for themselves will make individual and national contributions for the cause of freedom and the establishment of national sovereignties in Estonia, Latvia, and Lithuania and other captive nations.

Issued in Detroit, Mich., this 17th day of June A.D. 1962, by the Baltic Nations Committee of Detroit, Inc.

SPEECH BY THE HONORABLE JOHN LESINSKI BEFORE THE BALTIC NATIONS COMMITTEE OF DETROIT ON SUNDAY, JUNE 17, 1962, ON THE OCCASION OF THE ANNUAL COMMEMORATION OF THE MASS DEPORTATIONS BY THE RUSSIANS OF THE PEOPLE FROM ESTONIA, LATVIA, AND LITHUANIA

I am pleased to be with you this afternoon first to represent Governor Swainson, who has sent your secretary his regrets that a previous commitment prevents him from being here today and secondly to join with you in deploring the loss of life and liberty by those people who must endure Communist imperialism.

On this occasion we assemble to remind the world of the inhumane, terroristic tactics of the Communists who in 1941 uprooted thousands upon thousands of people from their homes in Estonia, Latvia, and Lithuania and sent them to slave labor camps deep in the wilderness of Siberia where many perished. These grim facts must necessarily be constantly called to the world's attention in order to contradict the blatant untruths and false propaganda issued by the Communists.

The facts are known. When in 1940 the Soviet Union attempted to force upon the Baltic peoples the Soviet system and tenets of communism—both of which were utterly unacceptable and repugnant to the people—not only was the political and economic life of the countries ruthlessly destroyed, but a storm of terror and violence was let loose on its helpless victims. Arrests, tortures and executions, the sudden disappearance of leading personalities of public life without trace became an everyday occurrence. It all culminated in the mass deportations of these people from their homeland to death and deprivation in the remote regions of the Soviet Union.

Such is the paradise to which the Communists wish to subject all the people of the world.

I am happy to say that the U.S. Government has never recognized the forcible seizure of the Baltic States and we all look for the day when these states and the other captive European nations will be ruled, through free elections, by governments representative of the will of the people.

It is interesting to note that recently Janos Kadar, Communist leader in Hungary, confessed that most Hungarians were not Marxists (and by implication, never would be) and that the Communist Party must learn to coexist with them. The same is true, I am sure, in Estonia, Latvia, Lithuania, and the other captive nations. The fact is that Communist leaders in those nations have been and are on a war footing with their own people.

There is an ever-increasing number of reports which indicate that throughout the Communist community political and economic difficulties are being encountered. You will recall Khrushchev's recent action to increase the price of butter in the Soviet Union to cut down consumption. The biggest evidence of the failure of communism is the fact that year after year the workers in the Communist countries have failed to meet the production goals which their leaders have set for them.

As a representative of Radio Free Europe recently stated: "The East European peoples, by its persistent refusal to accept communism, constitute a living dramatic example of the total undesirability of that system to the rest of the free world."

I am pleased to report to you that the Congress of the United States is concerned about the unfortunate plight of the people in the captive nations. Hearings are currently being held by the Subcommittee on Europe of the House Committee on Foreign Affairs on the subject of the captive nations which are Albania, Bulgaria, Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, Rumania, and the colonial practices within the Soviet Union. The Honorable EDNA KELLY, Congresswoman from New York, stated the objectives of the hearings to be:

"1. To focus attention on the peoples of the captive European nations.

"2. To study present conditions within the captive European nations, including the possibility of changes from their present status, to study present policies of the United States regarding them, and to provide Congress with the latest and most reliable information on the situation in the captive European nations;

"3. To expose to the rest of the world that the Soviet Union has ruthlessly welded those captive nations into the Soviet colonial empire and is despotically keeping their peoples oppressed, while at the same time falsely and hypocritically posing as the international champion of those seeking liberty and independence."

On Wednesday, June 13, 1962, testimony was heard from Stanislaw Mikolajczyk, former Prime Minister of Poland and president of the International Peasant Union; and from Jan Karski, former member of the Polish underground movement, now a professor at Georgetown University. Further hearings will be held to hear from representatives of the other captive nations.

We in the United States have a moral obligation to the people in the captive nations for we have pledged to assist them in the establishment of self-government. It has been the Soviet Union that has arrogantly refused to abide by commitments it made following World War II to hold free elections in these countries.

It is imperative, therefore, that we in the free world continue to point out the failures of communism and to dramatize and call attention, as we are doing today, to the horrible crimes the Communists will commit to achieve their aim of world domination so that the newly independent nations and the underdeveloped nations will not be deluded by the false propaganda and promises of the Communists.

We must also do this to let the enslaved people know that we are concerned about their unfortunate lot and, with them, yearn for the day when they will be able to live in liberty without fear of brutal oppression.

Summary of the Speech by Mr. Sigurds Rudzitis, President of the Latvian Association in Detroit

Ladies and gentlemen, today we are again together to remember the unpunished crime in the world's history, the brutal occupation of Latvia and other Baltic States and to remember the mass murders and deportations of thousands of our people by the Communists.

It is hard to understand that in these days when colonialism is liquidated, only few voices are heard on behalf of those nations who are oppressed by the Communists, and the voices of those statesmen who are trying to raise the question of Baltic States and other Communist enslaved nations are opposed with the motivation that this might embarrass Khrushchev and other Red tyrants. Such soft approach makes the Red czars only more confident, and the result is that the Iron Curtain moves forward and more millions of unfortunate people join the Soviet "paradise".

Just recently we witnessed again that while the West confers and protests at some conference table, the Communists invade a territory by violence. If this continues, there will soon be nothing to confer about.

The Baltic States have witnessed three Communist invasions—in 1919, 1940, and 1944–45. All these invasions definitely showed that communism cannot survive without terrorism, which was introduced by Lenin, reached its peak under Stalin and continues under Nikita Khrushchev, and when today we are remembering those who were destroyed and deported by sickle and hammer in 1941, we cannot forget those who followed them. It is true that an amnesty announced in September 1955 applied to a part of the Baltic deportees, however, at the same time Kremlin is recruiting "volunteers" for cultivation of virgin soil in Siberia. Baltic students of high schools and universities are required to sign long-term contracts for work in the icy deserts of northern Russia. If a student declines he is barred from the final examinations and any other further education, and he and his family members are also subjected to other reprisals. "Voluntariness" does not represent any essential change in the Soviet system of terrorism or the process of decimating and enslaving smaller nations. The terrorism and enslavement will end only when communism is destroyed and Communist leaders receive well earned, however, unfortunately delayed, punishment.

The lasting terror in the Baltic States shows that after more than 20 years, the Communists have not been able to erase the freedom hopes of the hearts of our people and partisan fighting has been reported in Latvia as late as 1957, and news of well-organized resistance groups has also been received concerning the other Baltic countries. In addition, there is a tenacious passive resistance which the Soviet power has not been able to break.

Our people in Latvia are looking toward Western democracies and toward those statesmen whose goal is a noncompromise fight against communism and who are struggling for victory over the common enemy. They are looking upon us with the hope that we wont forget those who are in chains, that we will continue our struggle against the oppressors of the world, with the strong faith and belief that the time will come when the red-white-red flag will again fly in Latvia, ending the terrible years and bringing a new day full of brightness.

God bless Latvia.

Summary of the Speech by Dr. A. Damusis, a Representative of the Lithuanian Community in Detroit, Mich., June 17, 1962

On this occasion two questions have arisen.

1. How can the mass deportations of June 1941 be defined?

2. Wherein lies the hope for our liberation?

The mass deportations to Siberia of the Lithuanian nation and its brother Baltic States is an example of an innocent peoples' suffering by a tyrannic and totalitarian intruder.

Only two alternatives are open to the persecuted—to submit or to resist.

Suffering is born when the individual who is persecuted refuses to compromise with his conscience and refuses to denounce his acquired truths and values.

Refusal to be intimidated by force and a courageous acceptance of suffering are signs of a fighting and resolved man's spirit.

It seems to be the higher instinct of man to rise above his persecution; the more tormented he is, the greater the resistance: Like the bird struggling against a violent gust; like the unrelenting fish fighting its way up the torrential downstream.

During the deportation to Siberia with all its hardships and willful persecution many were killed but the spirit of those who suffered was not destroyed.

Where does the hope of liberation lie at this time? Our nation's problems have become only a political toy and in the midst of the present day diplomatic nonsense and almost ludicrous peace talks we are treated as a taboo subject.

Only with an unquenchable longing can we look around us at the many free nations of the world. Everyone is aware of the menace of communism and Russia, yet those with the potential of action only speculate in terms of values. Values which like truth and justice and freedom are not and should not be the objects of speculation.

Our hopes lie in the United States of America, which we deeply believe, even in these critical times, will produce men who have the courage to act and fulfill that immense responsibility: the defense of freedom.

Our hopes of liberation lie in our own spiritual endurance and strength of our passive resistance, which is clearly exemplified in the prayerbook "Mary Save Us" written by Lithuanian girls imprisoned in Siberia.

Our hopes of liberation lie in the active resistance fortified with the blood spilt by overwhelming numbers of freedom fighters.

The hope for liberation will never die. Only let us remain firm in spirit and so strong in faith that the sacrifice of our lives would not be too great a price for what we believe.

God protect Lithuania, Latvia, and Estonia.

Summary of the Speech in Estonian by Ilmar Heinaru, Member of the Baltic Nations Committee of Detroit, Inc.

Mr. Chairman, distinguished guests, ladies and gentlemen, today when our friends and neighbors observe Father's Day, we are gathered here to commemorate the mass deportations of the Baltic States by the Communists 21 years ago.

Like our American friends cannot forget Pearl Harbor, we cannot forget the mass deportations—"The Baltic Pearl Harbor."

Estonia alone lost, through the first deportation of June 13–14, 1941, 10,000 peoples, and the total loss of the first year of Soviet occupation was 60,000 or 5 percent of the population of Estonia. This would be comparable to 9 million peoples of the population of the United States or the whole population of the State of Michigan.

It is a historical fact that shocked our Nation and is still deeply branded in our memory. For the Communists this act of genocide was just a part of the program which they call "The building of the new mankind." And the same can be expected in every country after Communist takeover.

Let us remind the world that all this happened to us despite a "Treaty of Nonaggression and Peaceful Settlement of Disputes Between Estonia and the U.S.S.R.," signed at Moscow on May 4, 1932. A similar nonaggression pact has been frequently suggested by the Soviet Union for NATO and the Warsaw Pact nations.

In conclusion, let me leave you with this message: Know your enemy, have faith in your country and in your government, and as a famous American once said: "Don't let them scare you."

Facts on Communist Propaganda, VI—Free Exchange of Ideas

EXTENSION OF REMARKS

OF

HON. GLENN CUNNINGHAM

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. CUNNINGHAM. Mr. Speaker, I now include material on the possible effect of the Communist propaganda amendment to the postal rate bill. This amendment is section 12, H.R. 7927.

This discussion of the effect of the House action follows previous parts I through V which gave background on the issue of Communist propaganda, as follows: International mail agreements, our deficit in this type of mail, volume of Communist propaganda and reflections on the accuracy of figures which are used, the fate of American publications in Russia.

FREE EXCHANGE OF IDEAS

This amendment could play an important role in forcing a crack in the Iron Curtain, might even lead to free circulation of our ideas and information behind the Iron Curtain. At the present time we fail miserably in our efforts to acquaint persons in Iron Curtain countries with the facts and the American position on international issues.

But this amendment could force the Russians to unfreeze their restrictions on our material so that both sides could freely circulate material through the Iron Curtain. Certainly we have little or nothing to fear from their propaganda; Americans are accustomed to learning all sides of all issues through our free press. But there is no reason why the American taxpayer should pay for the free or subsidized delivery of Communist propaganda by the post office.

In simple language, what the House of Representatives said to the Communist bloc nations is this:

We demand a free exchange of ideas and information between our countries. You are not allowing our ideas and information to be circulated among your people; you are therefore violating the reciprocal terms of the Universal Postal Union. As a result we take this action and will stick to it until you permit the free exchange of information between our countries, including the right of inspection to see that all parties are living up to the agreement.

If reciprocity is truly granted, and if we have the reciprocal right of inspection to prove it, if the Voice of America is unjammed in Russia, if American newspapers and magazines appear on the newsstands of Russia, this House will indeed have helped strike a blow for the free exchange of information and ideas among all countries of the world.

Migration and Refugee Assistance Act of 1962

EXTENSION OF REMARKS
OF
HON. DANTE B. FASCELL
OF FLORIDA
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 28, 1962

Mr. FASCELL. Mr. Speaker, I want to compliment the distinguished gentleman from Pennsylvania, FRANCIS WALTER, chairman of the Immigration Subcommittee of the House, for his tireless efforts to gain approval of the bill H.R. 8291. Both Houses adopted the conference report on this measure yesterday and the measure is on its way for the President's signature.

There is hardly any one person in this country today more knowledgeable in immigration matters than TAD WALTERS. He introduced and, for the past 2 years, has worked on the provisions of this bill which is designed to improve the machinery for this country's participation in international migration and resettlement programs. Included in the measure is statutory authority for the assistance program initiated by the President, in behalf of the thousands of Cuban refugees who have found asylum on our shores.

As the Representative of the Fourth District of Florida where we have a concentration of these freedom-loving people, I have had a natural interest in the development of an effective and sound program of assistance for them. All of the people of my community, both individually and collectively, have responded magnificently to the needs of these refugees. Realizing this is not an emergency, temporary situation, however, it was wisely determined that additional help would be needed and the Federal Government was quick to respond. Funds were furnished under the authority contained in the Mutual Security Act and this program of assistance has been conducted on this basis for the past 2 years.

Chairman WALTER recognized the need for including in his bill permanent authorization for the operation of this program. Throughout the proceedings on this bill, he has been entirely cooperative and understanding of the plight of the Cuban refugees in our country, and of the need for responsive, effective Federal participation in this program of assistance.

In behalf of the people of my community, I take advantage of the final passage of this legislation to commend Chairman WALTER for his unselfish interest and tireless efforts in support of this program.

Let Us Pray

EXTENSION OF REMARKS
OF
HON. HORACE SEELY-BROWN, JR.
OF CONNECTICUT
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 28, 1962

Mr. SEELY-BROWN. Mr. Speaker, I do not like the decision of the Supreme Court.

I believe it is not good for our country. It is not good ethics. It is not good morals. It is not good Americanism. It is not good law, although on that I have no authority to say so; but surely it badly misconstrues the meaning and purpose of the Founding Fathers as we have learned them from the records which are available to us of the debates in the Constitutional Convention, and of the personal writings and the environment of the various members.

The decision in the New York case in question, which comes 173 years after the Constitution was ratified, is based upon the first amendment to the Constitution, which says:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.

The first amendment does not say that "no State" shall do what it says Congress shall not do; and the 10th amendment to the Constitution says:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Connecticut, until the adoption of its constitution in 1818 had an establishment of religion, although it did not interfere with the free exercise of religion by persons so long as they paid their taxes to help support the established church. Massachusetts had an establishment of religion until some years after that date.

I believe that the minority opinion of the Court, by Mr. Justice Stewart, reduces the majority opinion to its patent absurdity, when he points out that the Supreme Court itself opens each session by an invocation to God; each House of Congress, and indeed, each of the State legislatures, opens each session with a prayer. Further, on the basis of the majority opinion, the very oath of office which the Constitution itself prescribes shall be taken by "the Senators and Representatives and the members of the State legislatures, and all executive and judicial officers, both of the United States and of the several States," must be unconstitutional.

Prayer at the opening of class in schools all over our country has not been a subject of controversy, except in a very few isolated instances. Since participation is voluntary, there is little contention that anyone's rights are infringed.

What should be done, in the light of the majority opinion of the Supreme Court, by those who love our country and who wish it to continue to be the kind of a country in which the religion of each of its citizens is a strong force in our daily lives, has not yet clearly appeared.

I have great faith that in this, as in other matters, sense and sanity in the end will prevail—even in the Supreme Court.

An amendment to the Constitution specifically authorizing the kind of prayers which were the subject of the Court's decision has been proposed; in fact, in various forms, such proposed amendments already have been introduced by several Members of Congress. These may not be necessary, although I can see no objection to such an amendment if it should be necessary.

It is entirely possible that another case, brought before the Court involving a somewhat different set of facts, might be decided differently. On many critical issues, the Court has reversed and clarified itself. I believe that we can afford to move slowly on this matter with justice to religious freedom as well as to religious fealty. Those States and those towns or school districts which have not been specifically directed under the terms of this decision of the Court to modify their practice, should continue as at present unless and until they are so directed.

Karl Marx Said He Was for Free World Trade Because That Was the Fastest Way To Communize the World

EXTENSION OF REMARKS
OF
HON. BEN F. JENSEN
OF IOWA
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 28, 1962

Mr. JENSEN. Mr. Speaker, after listening to this debate on a bill which proposes to give the President the power to reduce tariffs even below the present low rates, it can only lead to more and more imports of many commodities from countries abroad where wage rates are from 50 to 500 percent below the wages paid to our factory workers.

Thousands of factories in the United States have already been forced to close their doors due to foreign competition and low tariffs.

For example, most of the millwork factories in my own State of Iowa have, during the past 5 years, been forced out of business due to the lowering of tariffs on the things they manufactured.

Hardly a single hardwood plywood plant in the entire United States is still operating, due to foreign competition.

The proponents of this bill can talk from now on in support of this bill, but the real down-to-earth facts are, that to reduce tariffs on any commodity manufactured in the United States can only add insult to injury for our economy from top to botton. And our farmers will suffer in the backwash.

Under present circumstances, how, I ask in all sincerity, can anyone vote to give this President or any President the power to reduce tariffs, even with all the so-called safeguards provided in this bill, while good American wage earners by the tens of thousands are losing their jobs because of the very low tariffs on imports already in effect? Facts are we are fast heading for free world trade. Karl Marx, the daddy of communism in one of his last speeches, said, "I am for free world trade because that is the fastest way to communize the world." Mr. Speaker, to lower our tariff more, would surely be playing right into the hands of the Commies.

SENATE

Friday, June 29, 1962

The Senate met at 12 o'clock meridian, and was called to order by the Vice President.

Rev. Leonard DeLautre, pastor, Centenary Methodist Church, Lexington, Ky., offered the following prayer:

O God, our Father, we lift our hearts in grateful praise for the love and mercy that have graciously brought us to this sacred hour. We thank Thee for the rest of body, for the peace of soul, and for the strength of purpose Thou hast given. We thank Thee that Thou hast closed the door upon yesterday, and that Thou dost offer us today a spotless page upon which we may write a richer and fuller declaration of our best selves.

We pray Thy blessing upon these human creatures that Thou and the people of this blessed land have entrusted with so many grave and crucial responsibilities. Help these honored men, so pressed for time, so exposed to insidious pressures, so beset by crushing problems, to have the courage and the will to be true to their brightest dreams of God and man. Help them, we implore Thee, to be deaf to the wooing of words and the clamor of selfish voices. Give them, we pray, patience in failure, charity in strife, and humility in victory. Help them, O God, to write today, with selfless deeds, a page in our history so bright with promise that the discouraged and bewildered of the world will lift up their heads, and that ages yet unborn will look back upon this day and upon them with pride and gratitude.

In Jesus' name. Amen.

THE JOURNAL

On request of Mr. Humphrey, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, June 28, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on June 28, 1962, the President had approved and signed the following acts:

S. 1745. An act to amend the act of August 9, 1955, relating to the regulation of fares for the transportation of schoolchildren in the District of Columbia;

S. 2164. An act to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes;

S. 3203. An act to extend the Defense Production Act of 1950, as amended, and for other purposes; and

S. 3291. An act to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase U.S. obligations directly from the Treasury.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed a bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H.R. 10095. An act to continue until the close of June 30, 1963, the suspension of duties for metal scrap, and for other purposes;

H.R. 11990. An act to provide for a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act; and

H.J. Res. 769. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes.

HOUSE BILL REFERRED

The bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes, was read twice by its title and referred to the Committee on Finance.

APPOINTMENTS BY THE VICE PRESIDENT

The VICE PRESIDENT. The Chair appoints Mr. Ervin, Mr. Jordan, Mr. Johnston, and Mr. Kuchel as members on the part of the Senate of the North Carolina Tercentenary Celebration Commission, established by Public Law 87-437.

Pursuant to House Concurrent Resolution 438, the following Senators are hereby appointed as members of the joint committee to represent Congress at the forthcoming ceremonies to be conducted at Roanoke Island, N.C., during the week beginning August 12, 1962, for the celebration of the 375th anniversary of the birth of Virginia Dare, in commemoration of the 375th anniversary of the landing of Sir Walter Raleigh's colony on Roanoke Island, N.C., and the birth of the first English child in America, Virginia Dare:

Senator Cotton of New Hampshire, Senator Ervin of North Carolina, Senator Holland of Florida, Senator Hruska of Nebraska, Senator Jackson of Washington, and Senator Jordan of North Carolina.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. Humphrey, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. Humphrey, and by unanimous consent, the Public Health Subcommittee of the Committee on the District of Columbia was authorized to meet during the session of the Senate today.

On request of Mr. Bartlett, and by unanimous consent, the Permanent Subcommittee on Investigations of the Committee on Government Operations was authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

William H. Orrick, Jr., of California, to be Deputy Under Secretary of State;

Charles Edward Rhetts, of Indiana, to be Ambassador Extraordinary and Plenipotentiary to Liberia;

William M. Rountree, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the Republic of the Sudan;

Leonard Unger, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the Kingdom of Laos; and

Samuel D. Berger, of New York, and sundry other Foreign Service officers, for promotion from class 1 to the class of career minister.

By Mr. BUTLER, from the Committee on Commerce:

John S. Patterson, of Maryland, to be Federal Maritime Commissioner.

The VICE PRESIDENT. If there be no further reports of committees, the nominations on the Executive Calendar will be stated.

U.S. DISTRICT JUDGES

The Chief Clerk read the nomination of Ben C. Green, of Ohio, to be U.S. district judge for the northern district of Ohio.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Roger D. Foley, of Nevada, to be U.S. district judge for the district of Nevada.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

U.S. ATTORNEY

The Chief Clerk read the nomination of Drew J. T. O'Keefe, of Pennsylvania, to be U.S. attorney for the eastern district of Pennsylvania for a term of 4 years.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

U.S. MARSHAL

The Chief Clerk read the nomination of Jesse L. Dobbs, of Texas, to be U.S. marshal for the western district of Texas for a term of 4 years.

Mr. YARBOROUGH. Mr. President, I rise to recommend confirmation of the nomination of Mr. Jesse Dobbs, of Pearsall, Tex., to be U.S. marshal for the western district of Texas.

Jesse Dobbs is the highly qualified and experienced sheriff of Frio County, Tex.

Mr. Dobbs is 44 years old; and he became sheriff of Frio County on January 1, 1949. He has served effectively in this capacity for the past 13 years.

Mr. President, representatives of the Sheriffs' Association of Texas have not been recognized in recent years by appointments to be U.S. marshals in Texas.

In order to be a better peace officer, Mr. Dobbs has studied the law and modern methods of criminal investigation, apprehension and detention of prisoners, each year attending numerous schools and seminars conducted by the Federal Bureau of Investigation, the Texas Department of Public Safety, and the office of the Attorney General of the State of Texas. Jesse Dobbs is an active member of the Texas Sheriffs' Association, having served on its board of directors. I understand that he served for 2 years as president of the Southwest Texas Peace Officers' Association.

The western district of Texas handles the third largest number of prisoners of all the judicial districts in the Nation; and a competent, experienced peace officer is needed as U.S. marshal in this district. Jesse Dobbs, the sheriff of Frio County, Tex., is well qualified in every respect to serve as U.S. marshal for the western district of Texas.

So, Mr. President, I request that the Senate confirm the nomination of Jesse L. Dobbs to be U.S. marshal for the western district of Texas.

The VICE PRESIDENT. The question is, will the Senate advise and consent to this nomination?

Without objection, the nomination is confirmed.

THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Army, which had been placed on the Secretary's desk.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of all these nominations.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. HUMPHREY. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PASTORE, from the Joint Committee on Atomic Energy, with amendments:

S. 3392. A bill to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes (Rept. No. 1671).

By Mr. HILL, from the Committee on Appropriations, with amendments:

H.R. 10904. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1963, and for other purposes (Rept. No. 1672).

By Mr. BYRD of West Virginia, from the Committee on Armed Services, without amendment:

H.R. 4330. An act to provide uniform computation of retired pay for enlisted members retired prior to June 1, 1958, under section 4 of the Armed Forces Voluntary Recruitment Act of 1945, as amended by section 6(a) of the act of August 10, 1946 (60 Stat. 995) (Rept. No. 1673).

By Mr. SYMINGTON, from the Committee on Armed Services, without amendment:

H.R. 7719. An act to amend section 6(d) of the Universal Military Training and Service Act (50 App. U.S.C. 456(d)) to authorize certain persons who complete a Reserve Officers' Training Corps program to be appointed as commissioned officers in the Coast and Geodetic Survey (Rept. No. 1674).

REPORT ENTITLED "PROPOSED AGREEMENT FOR COOPERATION FOR MUTUAL DEFENSE PURPOSES BETWEEN THE GOVERNMENT OF THE UNITED STATES AND THE GOVERNMENT OF BELGIUM"—REPORT OF A COMMITTEE (S. REPT. NO. 1670)

Mr. PASTORE, from the Joint Committee on Atomic Energy, pursuant to section 202, Atomic Energy Act of 1954, as amended, submitted a report entitled "Proposed Agreement for Cooperation for Mutual Defense Purposes Between the Government of the United States and the Government of Belgium," which was ordered to be printed.

CREATION OF A SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS—REPORT OF A COMMITTEE

Mr. MUSKIE, from the Committee on Government Operations, reported an original resolution (S. Res. 359) authorizing the creation of a Subcommittee on Intergovernmental Relations, which was referred to the Committee on Rules and Administration, as follows:

Resolved, That the Committee on Government Operations, or any duly authorized subcommittee thereof, is authorized under sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdictions specified by subsection 1(g)(2)(D) of rule XXV of the Standing Rules of the Senate, to examine, investigate, and make a complete study of intergovernmental relationships between the United States and the States and municipalities, including an evaluation of studies, reports, and recommendations made thereon and submitted to the Congress by the Advisory Commission on Intergovernmental Relations pursuant to the provisions of Public Law 86–380, approved by the President on September 24, 1959.

SEC. 2. For the purposes of this resolution the committee, from the date of approval of this resolution to January 31, 1963, inclusive, is authorized (1) to make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants: *Provided,* That the minority is authorized to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than $1,400 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. The committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1963.

SEC. 4. Expenses of the committee, under this resolution, which shall not exceed $40,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mrs. NEUBERGER:

S. 3490. A bill for the relief of Oh Shin Young; to the Committee on the Judiciary.

By Mr. PASTORE:

S. 3491. A bill to amend the Atomic Energy Act of 1954, as amended, and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. BIBLE (by request):

S. 3492. A bill to provide for the creation of Horizontal Property Regimes in the District of Columbia; to the Committee on the District of Columbia.

By Mr. EASTLAND (for himself, Mr. JOHNSTON, Mr. MCCLELLAN, and Mr. TALMADGE):

S.J. Res. 207. Joint resolution proposing an amendment to the Constitution of the United States permitting the offering of prayers and the reading of the Bible in public schools in the United States, and relating to the right of a State to enact legislation on the basis of its own public policy on questions of decency and morality; to the Committee on the Judiciary.

(See the remarks of Mr. EASTLAND when he introduced the above joint resolution, which appear under a separate heading.)

RESOLUTION—CREATION OF A SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. MUSKIE, from the Committee on Government Operations, reported an original resolution (S. Res. 359) authorizing the creation of a Subcommittee on Intergovernmental Relations, which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full when reported by Mr. MUSKIE, which appears under the heading "Reports of Committees.")

PROPOSED AMENDMENT OF CONSTITUTION RELATING TO OFFERING OF PRAYER AND READING OF BIBLE IN PUBLIC SCHOOLS, UNDER STATE CONTROL

Mr. EASTLAND. Mr. President, I introduce, for appropriate reference, a joint resolution on behalf of myself, the Senator from South Carolina [Mr. JOHNSTON], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Georgia [Mr. TALMADGE], to amend the Constitution of the United States.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 207) proposing an amendment to the Constitution of the United States permitting the offering of prayers and the reading of the Bible in public schools in the United States, and relating to the right of a State to enact legislation on the basis of its own public policy on questions of decency and morality, introduced by Mr. EASTLAND (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. EASTLAND. Mr. President, this joint resolution is introduced to achieve two purposes: One, to wholly and completely nullify both the effect and implication contained in the decision of the U.S. Supreme Court this past Monday denying to children in the State of New York the privilege of participating in nonsectarian prayers in the public schoolrooms; and, two, to alleviate, in part, the awesome consequences that flow from the opinion rendered in the Manuel Enterprise case of that same day, declaring that the dissemination of pornographic literature designed to appeal to homosexuals was not obscene and indecent under existing statutes.

The widespread protest and criticism of the Supreme Court in denying to the schoolchildren the right to voluntarily utter prayers to their Creator leaves little for me to say at this time in regard to the effect of this decision. In the minds of little children not versed in the intricacies of law, it can well create the fixed impression that the act of praying to God is in itself unconstitutional wherever the prayer might be uttered. At a later time I propose to speak at length and in great detail on this subject.

The second decision which I mentioned above involves an area of human depravity that so shocks the moral sensibilities of all decent-minded people that it is with hesitancy that I even mention the subject in public utterance. However, if morality and decency are to prevail as a way of life in these United States, the courts must be checked in giving unlimited license for the purveyors of filthy, indecent, obscene, and lascivious literature and pictures to prey on the baser instincts of the youth of our land, such subjects must be discussed.

In 1959 the Supreme Court rendered a historic opinion involving the book known as "Lady Chatterley's Lover," whereby the Court held that the Constitution protects advocacy of the opinion that adultery may sometimes be proper. Since this decision was rendered the country has been flooded with a rising tide of so-called literature and picture books that reach depths of moral depravity, filth, lasciviousness, and vileness never before witnessed in a Christian civilization. The decision of last Monday goes a step so far down the road toward opening the door to complete moral disintegration that it is the straw that breaks the camel's back. It held that the Postmaster General could not bar the use of the mails to certain obscene and filthy materials that were directed to homosexual cults.

This decision was rendered in face of the fact that the practices of these cults have been declared illegal, immoral, and a crime against nature since the dawn of civilization. Condemnation of these base impulses was found in the Law of Moses, found in the Roman law, found in the ecclesiastical courts of the Middle Ages, transplanted to the common law of England, brought to America by the colonists, and finally implanted in the statute law of 50 States.

Our proposed constitutional amendment involving obscene and indecent literature and pictures only goes so far as to place in the hands of the States the necessary power to deal with the issue of obscenity in accordance with the standards of decency and morality at the level of the State and local community. The vexing problem of how Congress can legislate in this area to give effective power to the Postmaster General to control the use of mails must be solved at a later date. Adoption of this proposed amendment will go a long way down the road to an effective check of obscene and indecent materials being laid open to the public in every nook and corner of our country.

The authors of this proposed amendment deeply feel that an immediate opportunity should be given to the moral and spiritual leaders of this country and all other right thinking men and women to appear before a congressional committee and register, if they choose, their convictions as to the advisability and importance of the immediate adoption and submission to the States of amendments in a form such as those herein suggested. I hope it will be possible for the Judiciary Committee to commence hearings on this proposed amendment and others in the near future. Notice will be given to the public of the time they will be set.

PUBLIC WELFARE AMENDMENTS OF 1962—AMENDMENTS

Mr. JAVITS (for himself, Mr. COOPER, Mr. KEATING, and Mr. KUCHEL) submitted an amendment, intended to be proposed by them, jointly, to the amendment proposed by Mr. ANDERSON (for himself and other Senators) to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. McCARTHY (for himself, Mr. HUMPHREY, Mr. HART, Mr. DOUGLAS, Mr. JAVITS, Mr. KEATING, and Mr. SCOTT) submitted amendments, intended to be proposed by them, jointly, to House bill 10606, supra, which were ordered to lie on the table and to be printed.

PRINTING AND DISTRIBUTION OF ADDRESS BY GENERAL MACARTHUR TO THE WEST POINT GRADUATING CLASS

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the Armed Services Committee be discharged from the further consideration of Senate Resolution 351, requesting the Secretary of Defense to distribute the speech delivered by Gen. Douglas MacArthur when he received the Sylvanus Thayer Award, and that the Senate proceed immediately to the consideration of the resolution.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered; and the Senate will proceed to consider the resolution.

Mr. DIRKSEN. Mr. President, the address was delivered by General of the Army MacArthur before the cadets of the U.S. Military Academy, at West Point; and the address is truly an eloquent one. The resolution was submitted by the Senator from Utah [Mr. BENNETT], on behalf of himself and a number of other Senators.

Mr. President, I ask that the resolution be agreed to.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution (S. Res. 351) was agreed to, as follows:

Whereas General of the Army Douglas MacArthur is one of the most distinguished graduates of the United States Military Academy and one of the most honored and revered military leaders in our Nation's history; and

Whereas General MacArthur on May 12, 1962, delivered a historic address before the cadets of the United States Military Academy at West Point, upon his acceptance of the Sylvanus Thayer Award; and

Whereas this address is an eloquent expression of the concept of "duty, honor, and country" which motivates American servicemen everywhere: Now, therefore, be it

Resolved, That it is the sense of the Senate that the Secretary of Defense should cause this speech to be reprinted in an appropriate format and that it should be distributed to units of the Armed Forces of the United States throughout the world.

VETERANS' GUARANTEED AND DIRECT HOME LOANS

Mr. SPARKMAN. Mr. President, during the last session of the Congress, legislation was enacted to "phase out" the Veterans' Administration guaranteed and direct home loan programs provided by the Serviceman's Readjustment Act of 1944, more commonly referred to as the GI bill of rights.

The manner in which the "phase out" is to be accomplished is through a formula which establishes how long the eligibility of the individual World War II and Korean conflict veteran will continue.

The formula adopted last year provides that World War II and Korean conflict veterans' entitlement to the benefits of the GI bill of rights will expire 10 years from the date of discharge or release from the last period of active duty during World War II, or the Korean conflict, plus an additional period equal to 1 year for each 3 months of World War II, or Korean conflict, active duty. The law further provides that no entitlement for World War II veterans would end before July 25, 1962, nor would entitlement go beyond July 25, 1967. In the case of Korean conflict veterans, no entitlement would go beyond January 31, 1975.

We, of course, realized when establishing this formula that some World War II veterans' eligibility pursuant to such a formula may have expired prior to 1961. Therefore, in order to give all World War II veterans equal treatment, the law was written so as not to cut off any veteran before July 25, 1962.

Thus, on July 25 of this year, and each day thereafter, some World War II veterans will lose their right to participate in the guaranteed and direct loan programs.

It is my understanding that the Veterans' Administration has been and is giving wide publicity to this matter. However, I am taking this opportunity to remind all Senators that veterans will, under present law, begin to lose their rights to participate in the home loan programs contained in the GI bill on July 25 of this year. It may be some Senators will want further to advise veterans in their States on this subject.

Under the provisions of the guaranteed loan program, if a loan report or an application for a loan guaranty is received by the Administration before the date of expiration of the veteran's entitlement, the loan may be guaranteed or insured even though the veteran's entitlement expires prior to the approval of the application.

This is not the case under the direct loan program. Under that program, the veteran must receive a commitment from the VA prior to the termination date of his entitlement. Unless he receives such a commitment, even though he has filed an application and has been placed on the waiting list, he loses his right to participate in the program when his entitlement expires.

I am advised by officials of the VA that just prior to July 25, 1962, all veterans who have made applications for direct home loans and who are on the waiting list will be issued a 1-year conditional commitment. This conditional commitment will have the effect of extending the eligibility of those on the waiting list for the 1-year period.

Last year, when we established the formula for phasing out this program, we also provided sufficient money authorizations to take care of pending direct loan applications. In addition, we believed the moneys authorized for this program would be sufficient to cover any influx of applications which might occur when World War II veterans realized that their eligibility to participate in the program was terminating. Because of decisions made by the Bureau of the Budget, the VA has been barred from drawing funds from the Treasury needed to make loans to those who have applied under the direct loan program. It is because of this circumstance that the VA will now, just prior to July 25th, issue conditional commitments to the veterans on the direct home loan waiting list.

Perhaps I should add at this point that this conditional commitment does not mean automatic approval for a loan. The veteran's application still must be subjected to the regular direct loan underwriting procedures. The conditional commitment, however, will preclude those veterans on the waiting list from losing their eligibility, since the necessary funds to make direct home loans have not been available.

The housing programs in the GI bill of rights have served our veterans well. On March 31, 1962, more than 5.7 million mortgages, aggregating more than $51.6 billion, had been guaranteed by the Veterans' Administration; and on the same date more than 200,000 home loans, aggregating over $1.7 billion had been made by the VA pursuant to the direct home loan program.

The confidence placed in veterans by Congress when enacting these laws—that is, that the veterans would pay off their mortgage indebtedness—has been proved over and over again. Presently, losses under the guaranteed home loan program have totaled less than 8½ cents for every $100 of original face amount of the loan, and the direct home loan program currently shows a surplus of $93 million after losses and administrative and operational expenses are deducted. Indeed, this is an enviable record.

I believe that the GI bill of rights was one of the most important pieces of legislation ever enacted into law; and since the right to participate in this legislation will soon terminate for some veterans, I believe it is all important that every veteran know just where he stands. Any veteran having questions about his entitlement to use the GI bill of rights should immediately contact the local office of the Veterans' Administration.

RETIREMENT OF LT. GEN. ARTHUR G. TRUDEAU

Mr. AIKEN. Mr. President, on June 30 the Nation will lose, through retirement from active military service, its foremost soldier-scientist — Lt. Gen. Arthur Gilbert Trudeau, of the U.S. Army.

Through more than four decades of dedicated service, his life and career have been inspired by love of country and dedication to the principles that have made our Nation great.

He is a scholar, a statesman, and a soldier in the finest tradition.

Thoughout his entire life, as he has proceeded from one high calling to another, he has always possessed a sincere pride in his home State, Vermont.

General Trudeau was born in Middlebury on July 5, 1902, and grew up in this community.

He received his early education in the Middlebury public schools; and, upon graduation from Middlebury High School, he entered West Point, to embark on the career that was to number him among Vermont's military great.

It has been my privilege to work with General Trudeau on a number of occasions, and I hold him in the highest regard, both as a friend and as a man of distinguished ability.

The RECORD should list a few of the highlights of General Trudeau's career.

Early in World War II he was one of our leading experts in amphibious operations.

In 1944 he was promoted to brigadier general and named the Director of Military Training for the Army Service Forces.

Two years later he became Chief of the Manpower Control Group of the General Staff and, in 1948, was commander of the 1st Constabulary Brigade in Germany.

General Trudeau returned to Washington in 1950 to be deputy commander of the reactivated Army War College, and in 1952 he commanded the 1st Cavalry Division in Japan and the 7th Infantry Division in Korea.

In 1953 he became Assistant Chief of Staff for Intelligence in Washington; in 1955 he returned to Japan as Deputy Chief of Staff, Far East and the United Nations Command.

In 1956 he was promoted to the rank of lieutenant general in command of the I Corps Group in Korea.

General Trudeau began his most important assignment in 1958 as Chief of Army Research and Development.

In the 4 years since then he has performed a monumental service in directing the modernization of our ground forces.

General Trudeau has been responsible for the prompt and radical improvement of our firepower through the early development of tactical nuclear weapons.

He has increased public recognition and support of the vast potential defensive power represented by chemical and biological agents, and through his efforts considerable advances have been made in the development of nonlethal incapacitating agents.

By fostering important new advances in military vehicles, particularly aircraft capable of operating in all types of climates and environment, he has improved the ground and air mobility of our combat forces.

Nine times General Trudeau has been decorated by our country, twice for gallantry in action.

Six foreign nations and the United Nations have honored him, and seven American universities and colleges have given him honorary degrees.

In 1959, General Trudeau received the Medal of the Patriotic Sons of America; the following year, the "Man of the Year Award" of the 1960 Festival of Leadership banquet in Chicago; and in 1961, the Freedom Foundation Award of the George Washington Honor Medal.

As a private citizen, General Trudeau will, on July 1, become president of the Gulf Research and Development Co. without taking a day off between jobs.

This is characteristic of the man, who recently told the graduating class of Pennsylvania Military College:

> There is no easy road to success in any business or profession—and learn early the lesson that a true sense of success is to be found in the struggle, not the prize.

It is with real affection that I pay tribute to Arthur G. Trudeau and ask that at this point in the Record there be entered the following Presidential citation bestowed upon General Trudeau when he recently returned to Korea to review the units he commanded in battle.

There being no objection, the citation was ordered to be printed in the Record, as follows:

> The President of the United States of America, authorized by act of Congress, July 9, 1918, has awarded the Distinguished Service Medal (Second Oak Leaf Cluster) to Lt. Gen. Arthur G. Trudeau, U.S. Army, for exceptionally meritorious service in positions of great responsibility.
>
> Lt. Gen. Arthur G. Trudeau distinguished himself by eminently meritorious conduct in the performance of outstanding service to the Government in successive positions of great responsibility during the period November 1953 to June 1962. From November 1953 to May 1958, General Trudeau served consecutively as Assistant Chief of Staff, G-2, Headquarters, Department of the Army; concurrently as Deputy Chief of Staff for Plans, Headquarters, United Nations Command and Headquarters, Far East Command; and commanding general, I Corps (Group), 8th U.S. Army, Korea. In each of these important staff and command positions, General Trudeau demonstrated decisive leadership, sound judgment, organizational ability, and professional competence. As a commander, he revealed a deep sense of duty and interest in the morale, esprit, and moral standards of his troops. Although his corps was comprised of troops of the United States, Republic of Korea, United Kingdom, Thailand, and Turkey, he skillfully welded this group into a powerful fighting force by his forceful leadership, diplomacy, and outstanding military skill. General Trudeau culminated his brilliant career by serving with distinction as Chief, Research and Development, Headquarters, Department of the Army. His keen perception and unique executive, organizational, and planning ability enabled him to surmount numerous obstacles and effectively resolve varied complex problems. His broad technical and professional knowledge, diplomacy, innate ability to inspire team spirit, and able administration of all activities in his areas of responsibility resulted in the successful accomplishment of research and development objectives of the utmost significance to the U.S. Army, the national defense and the security of the free world. General Trudeau's distinguished performance of duty throughout this period represents outstanding achievement in the most honored and cherished traditions of the U.S. Army and reflects great credit upon himself and the military service.

SALE OF MIGS TO NASSER

Mr. KEATING. Mr. President, this morning's news of Soviet sales of Migs to Egypt's President Nasser is shocking. Some time ago, when the question of increased U.S. aid to Nasser first came to public notice, I inquired of the Secretary of State what guarantees we would seek to make sure that Nasser did not use our funds to purchase more military equipment from the communistic bloc.

In reply, on May 11, the State Department did not even go into the question of guarantees. It denied my suggestion that arms purchases had contributed to Nasser's economic ills, and provided nothing but excuses for further appeasement.

In the light of this latest announcement, which is exactly what I had in mind when I originally contacted the Department of State, I would like to read into the Record the following paragraph of the State Department letter:

> As regards the economic situation, the United Arab Republic has been contending with a number of difficulties, particularly in respect of its short-term balance of payments. Its long-term economic development plans appear well conceived and effectively implemented. The United Arab Republic's current economic difficulties stem principally from a severe crop disaster of last summer rather than from policy with regard to arms acquisitions.

Mr. President, to clarify this situation, which is developing exactly along the lines of my worst expectations, I am again contacting the Department of State to determine: first, the approximate price Nasser is paying for Soviet Mig-21's; second, the extent of U.S. loans and grants to Nasser programed for the next fiscal year; third, the reason why this purchase was not revealed to the American public until after both Houses of the Congress had approved the foreign aid authorization bill and until actual delivery of planes to Nasser had begun.

It is inconceivable this was not known to the Department before that time.

Mr. President, in my judgment, this is exactly the sort of situation which I had hoped to cover in my amendment, which was accepted as part of the foreign aid bill. My amendment stated in part:

> It is further the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of U.S. assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this act.

The American taxpayers are getting sick and tired of giving aid to countries which use their own economic resources to buy military equipment from the Soviet Union. This language is designed to meet that express situation. It does not tie the President's hands in any way, but it shows we mean business. It is very important that this language stay in the foreign aid bill.

Under this language, a reconsideration of U.S. aid to Nasser is clearly called for and I have urged the State Department to undertake it without further delay, before it is too late.

Mr. President, I also ask unanimous consent to include in the Record, following my remarks, the text of my April 27 telegram to the Department of State, of the May 11 reply, and of the article by Warren Rogers, Jr., in the New York Herald Tribune.

There being no objection, the communications and article were ordered to be printed in the Record, as follows:

April 27, 1962.

The Honorable Dean Rusk,
Secretary of State,
Washington, D.C.:

I am very deeply disturbed by reports of increased, long-term U.S. aid to Egypt's Nasser. I would appreciate it if you would advise what can be accomplished by this aid. One of the reasons behind Nasser's present difficulties is his extensive arms deals with Soviet-bloc nations and the concomitant mortgages in Egypt's cotton crop. Have we sought or received any assurances that Egypt's own resources will be put to better use, that Nasser's weapons buildup will be halted, and that Nasser will discontinue his arms race with Israel? Without such guarantees I am seriously afraid our aid may only have the effect of strengthening Nasser in his dangerous policy of exterminating Israel. I would very much appreciate your comments and reassurances on these points before any additional aid is extended.

Kenneth B. Keating,
U.S. Senator.

Department of State,
Washington, May 11, 1962.

The Honorable Kenneth B. Keating,
U.S. Senate.

Dear Senator Keating: On the Secretary's behalf I am replying to your telegram of April 27 requesting our comments on reports of increased long-term U.S. aid to the United Arab Republic and asking what can be accomplished by this aid.

U.S. economic assistance projects in the United Arab Republic, in effect or contemplated, represent a continuation of policies instituted in 1958 aimed at restoring normal relations following a period of strain in the years just preceding.

Recently a number of Americans, known for their experience in political and economic matters, visited the United Arab Republic, toured the countryside, and talked to the people and to officials of the United Arab Republic at some length. The conclusions they drew from their visits, shared by our Ambassador in Cairo, are that the United Arab Republic is determined to maintain its national independence, that our economic assistance has had a beneficial effect on our relations, and that there is a desire within the United Arab Republic to maintain and if possible improve relations with the United States within the context of the United Arab Republic's policy of nonalinement. The United Arab Republic has consistently opposed the activities of the Communist Party in the Near East and has rejected any affiliation with the Soviet or other power blocs.

As regards the economic situation, the United Arab Republic has been contending with a number of difficulties, particularly in respect of its short-term balance of payments. Its long-term economic development plans appear well-conceived and effectively implemented. The United Arab Republic's current economic difficulties stem principally from a severe crop disaster of last summer rather than from policy with regard to arms acquisitions.

Our economic assistance is, therefore, directed primarily toward assisting the orderly development of a large, populous, strategically located country in an important area of the world. The people of the United Arab Republic are determined to search for progress. They will turn elsewhere if they cannot obtain from the United States and other Western countries the help they need.

The foregoing does not imply that all of our differences with the United Arab Republic have been resolved or are likely to be resolved in the near future, especially as regards the enormously complex problem of Palestine which has awaited solution for 14 years. Whereas we obviously do not agree with many aspects of the United Arab Republic position on this question, it may be said, on the positive side, that the United Arab Republic-Israel border has been quiescent for several years and that the United Arab Republic military posture vis-a-vis Israel is essentially defensive. We have been assured on numerous occasions by United Arab Republic and other Arab officials that they do not intend to undertake aggression against Israel.

The persistent interest of our Government in contributing to solution of the difficult Palestine issue is reflected, of course, in our support for the efforts of Dr. Joseph E. Johnson, president of the Carnegie Endowment for International Peace, who is, as you may know, now in the Near East as Special Representative of the Palestine Conciliation Commission to discover, if possible, some means toward solution of the Arab refugee question.

We hope that the foregoing may provide an understanding of our economic assistance program. If you require further background please do not hesitate to call upon us.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary of State.

[From the New York Herald Tribune]

ARABS GET NEW MIGS IN BUILDUP

(By Warren Rogers, Jr.)

The United Arab Republic has received the first of 40 Mig-21 jet fighters from the Soviet Union, according to reliable reports.

This is the third hottest jet fighter in the Soviet arsenal. It flies 1,200 miles an hour, reaches an altitude of 60,000 feet and mounts Sidewinder-type rockets that seek out and destroy enemy aircraft. Only the SU-15 and SU-16 out perform it among Russian fighter planes.

The Kremlin's offer of Mig-21's to India recently set up an international furor. President Kennedy and British Prime Minister Macmillan strove to dissuade Indian Prime Minister Jawaharlal Nehru not to accept the offer.

DEAL NOT PUBLICIZED

Moscow's Mig-21 deal with the United Arab Republic went virtually unnoticed. This was partly because of a new, tight secrecy that has enveloped all recent Soviet arms shipments to the United Arab Republic. It also was partly because Washington and London have become accustomed to massive Red arms supplies to Cairo, whereas a deal involving India, traditionally armed by the British, would add a new customer to the Russian arms market.

United Arab Republic President Gamal Abdel Nasser is reported to have requested Mig-21's after Israel began receiving a new French jet fighter, the Mirage III. His new outlay for weapons, aside from adding another spiral in the Middle East arms race, comes at a time when he is making a serious effort to stabilize the United Arab Republic economy by urging birth control, devaluing the currency and seeking economic aid from the United States and other sources, including the International Monetary Fund.

The Mig-21 is Soviet Premier Nikita Khrushchev's latest military gumdrop for enticing young nations into, or deeper into, the Communist embrace. He has made it available to Iraq and Indonesia.

But there are reports that he may be withholding it from Red China and the Soviet satellites, including Cuba. They seem to be making do with the Mig-19, which has a top speed of only 900 miles an hour and no capability for Sidewinder-type rockets.

The Russians are reported also to have changed their pilot-training technique with respect to the United Arab Republic. Previously, they delivered the planes and then began training the pilots. The training proved hopelessly inadequate during the 1956 Sinai campaign and Suez invasion. The current Soviet practice is to train the pilots first and deliver the planes afterward.

The Russians have about 10,000 fighter aircraft of all kinds. As they become obsolescent, due to development of better models, they are made available to other nations—the same practice followed by the United States with its allies and friends.

The SU-15 and SU-16 are the Soviet Union's best. They are in the mach 2 range, meaning they travel faster than 1,400 miles an hour and fly higher than 60,000 feet. They probably are rocket-boosted on takeoff.

The Mig-21 is comparable to America's F-104 Starfighter, whose Sidewinders proved so effective against Red China's Mig-17's and Mig-19's when flown by Nationalist Chinese during the Formosa Straits fighting in 1959.

SUPREME COURT DECISION ON PRAYER IN NEW YORK PUBLIC SCHOOLS

Mr. JAVITS. Mr. President, I should like to say a few words now, having considered carefully the decision of the Supreme Court on the school prayer of New York.

We in New York are especially interested in the Supreme Court school prayer decision because it concerns the New York Board of Regents and New York schools.

I speak personally as a man of religious background both in family tradition and in practice, and I believe firmly in prayer and in the right of every schoolchild to have an opportunity to pray to Almighty God.

I would like, however, to discuss this decision as a lawyer. After studying the decision carefully, it is my judgment as a lawyer that it is much narrower in its scope than the public debate about it suggests. The Supreme Court expressly decided only that the first amendment establishment clause is a bar to Government endorsement of "one particular kind of prayer or one particular form of religious services." It held that the State or Federal Governments are prohibited from prescribing by law "any particular form of prayer which is to be used as an official prayer in carrying on any program of governmentally sponsored religious activity." It is important to note that the concurring opinion, which takes a broader view of the decision, is, though entitled to respect, not the prevailing view of a majority of the Court.

Accordingly, I have informed the New York Commissioner of Education that I do not interpret the decision as altogether forbidding prayer in the schools. For example, if the Board of Regents recommended to school authorities that each day begin with a noncompulsory opportunity for a period of silent prayer and meditation, I would not consider this to be in defiance of the Court's ruling.

The fundamentally religious nature of the American way of life was very evident in the Court's decision. The majority opinion explains that the establishment clause was included in the first amendment along with the freedom of religion clause because it was recognized by the Founding Fathers that, historically, "the greatest dangers to the freedom of the individual to worship in his own way lay in the Government's placing its official stamp of approval upon one particular kind of prayer or one particular form of religious services."

Consequently, the decision in the final analysis would be interpreted as seeking to strengthen, rather than weaken, this most basic freedom of each of us, of worshiping in his own way and teaching each of our children to worship in his own way. Our efforts should therefore be directed to exploring the ways in which that cherished freedom can be exercised fully and consistently with the basic constitutional guarantees and structure of our Government.

I deeply believe that this does not exclude a period of prayer and devotion in our schools, and that this was not the thrust of the opinion.

WEST VIRGINIA WOMEN EXCEL IN COMMUNITY IMPROVEMENT—OUTSTANDING PROGRAM CONDUCTED BY LOGAN, W. VA., WOMEN'S CLUB — EFFORTS BRING $10,000 AWARD IN NATIONWIDE COMPETITION

Mr. RANDOLPH. Mr. President, the meaningful programs of community service which have been promoted by the women's clubs of West Virginia are graphic evidence that the citizens of our State are exercising the utmost energy to strengthen their economic standing.

As tangible recognition of this civic concern, the General Federation of Women's Clubs has presented the national first prize award of $10,000 to the Women's Club of Logan, Inc., for its superior program of community improvement.

On June 28 it was a pleasure, in company with Representative **Ken Hechler**, to visit with West Virginia delegates in my office, and to become more fully cognizant with the wide scope of worthwhile activities supported by our State women's groups. All are deeply concerned with health, safety, sanitation, recreation, education, area redevelopment, and other phases of community well-being.

LOGAN WINS FIRST PLACE

During the annual convention of the General Federation of Women's Clubs, held here in Washington June 25 to 29, representatives of West Virginia women's organizations were repeatedly the recipients of honors for meritorious achievement. In addition to the $10,000 national first prize in the community improvement program, funds for which are provided by the Sears, Roebuck Foundation, West Virginia was awarded $500 for 100 percent participation from 246 clubs in community improvement, and a $1,000 prize for their outstanding programs in youth traffic safety.

Additional awards presented to West Virginia included cash awards to the communities of Mullens, Holden, and Widen, for their outstanding participation in civic lighting projects; and recognition of the St. Marys Women's Club for promotion of local physical fitness in cooperation with the President's Council on Youth Fitness. Further achievement was noted in the senior activities, under the able leadership of Mrs. John Scott, of Oak Hill, including first place awards in soil conservation, the saving stamp drive for school children, and garden projects; commendation received for participation in the seat-belt drive; and fund raising for CARE.

JUNIOR CLUBS ACHIEVE HONORS

With Mrs. Harry B. Sullivan acting as junior president additional honors were won in the following: Special awards in the accent on youth program, and for submitting the outstanding report in the Nation; first-place awards in the resolution contest, safety, conservation, American Home Week, and home life competitions; merit recognition in international club activities, Pan American Day, Latin American scholarship, and news and publications of the educational department; and finally, a plaque for able effort in behalf of CARE.

This impressive array of honors and awards takes on added significance when one considers that 18,000 clubs are members of the General Federation of Women's Clubs, and that the total membership exceeds 12 million women, with an additional 83 clubs in 36 foreign countries.

We particularly note also, that in the community improvement competition held in 1960, another West Virginia organization achieved national honors. The Women's Civic League of New Martinsville won second place, and received $5,000 with which to further an ambitious and worthwhile public service project.

Projects included in the winning Logan community improvement program were introduction of new industry; improvement of recreation facilities; a high school safety program; a United Fund drive; a radio fund raising campaign; closer cooperation with the chamber of commerce; participation in the Governor's traffic safety campaign; securing of new road facilities; organization of the Verdunville Womens' Club; promotion of State legislation; support of local library; aid to senior citizens; and the establishment of a comprehensive retraining program for unemployed mineworkers.

MRS. SCARBRO RECEIVES RECOGNITION

Recognizing the interest and success of women of West Virginia, the General Federation of Women's Clubs has appointed as director of its junior department Mrs. James A. Scarbro, of Montgomery, W. Va. Mrs. Scarbro has been an active and effective worker in women's club work in our State, as have been the following ladies who served as delegates to the General Federation of Women's Clubs convention: Mrs. R. H. Colvin, Logan, State safety committee chairman; Mrs. W. G. Woodcock, Vienna, president of the western district; Mrs. F. F. Wyatt, a member from Logan; Mrs. Keith Thacker, St. Marys, treasurer of the western district; Mrs. Edgar B. Fleming, St. Marys Women's Club president; Mrs. Elizabeth W. Ast, Holden, president of the southwest district; Mrs. C. C. Chambers, club member from Logan; Mrs. J. E. Rupert, St. Marys, past recording secretary of the West Virginia Federation; and Mrs. Basil Harrah, club member from Man, W. Va.

Special congratulations, commendations, and thanks are certainly due to the members of the Logan Women's Club, and to the residents of the Logan area for their wholehearted interest in promoting activities designed to create a more prosperous community.

MRS. HENRITZE AND MRS. BECKER CITED

A special vote of appreciation is due, likewise, to Logan Women's Club president, Mrs. T. L. Henritze, and to the chairman of the community improvement committee, Mrs. William Becker, who accepted the $10,000 award on behalf of the citizens of Logan.

Mr. President, we are fortunate to have energetic and patriotic women's clubs in our cities, towns, and rural areas, and I am confident that in the future they will continue to stimulate and demonstrate programs of community advancement and civic merit.

THE LORD'S PRAYER AND THE PUBLIC SCHOOLS

Mr. McGEE. Mr. President, the recent decision of the Supreme Court concerning prayer in the schools has sparked a great deal of comment and debate in this Chamber and across the Nation.

Some of the keenest minds of the Nation are now being focused on the implications of this decision, the Court which made it, and the U.S. Constitution.

One of the finest authorities on the subject of the Constitution that I know of—my greatly admired and respected former colleague, Senator Joseph C. O'Mahoney—has recently made a statement on this issue which I think will be of immense interest to everyone.

I need not remind my colleagues that Senator O'Mahoney has long been noted as a man who has devoted a lifetime to the preservation of the Constitution and who, during his brilliant career in the Senate, was often called upon to settle questions bearing on the constitutionality of proposed legislation. He labored tirelessly to maintain the balance between the executive, legislative, and judicial branches of our Government. No one will forget his opposition to President Roosevelt's attempt to pack the Supreme Court.

I ask unanimous consent, Mr. President, that Senator O'Mahoney's statement on the recent Court decision be printed at this point in the record with the knowledge that his views will be of utmost interest to all concerned with this matter.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT BY JOSEPH C. O'MAHONEY, U.S. SENATOR FROM WYOMING, RETIRED

The decision of Justice Black in the Supreme Court yesterday is not a decision sustained by the Constitution, but has turned loose upon the people of the United States the very danger that the constitutional fathers sought to avoid when they wrote the first section of the first amendment which reads: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

The plaintiffs in this case are residents of Long Island. They are no part of Congress. They have no right to pass a law or to establish a religion for the United States, nor have they any right to alter any of our traditional practices. These plaintiffs were members of various religions and part of them were nonbelievers, so that the decision of Justice Black has opened the door to atheists to prohibit, by citing his decision as the law of the land, the agelong practice that Americans have always followed of announcing their belief in God. "In God We Trust" are the words stamped upon our silver dollar. "In God We Trust," we announce on our dollar bill. Every oath of office an officer of this country takes is based upon our national attitude toward religion, but there never has been an establishment of religion nor has there ever been an establishment of nonreligion, which is what will be attained if the Black decision should now be followed. It is not the law of this land.

Justice Black's misinterpretation of the plain words of the Constitution is proven by his own words which he uses in the decision. The Establishment Clause, Justice Black writes, "stands as an expression of principle on the part of the founders of our Constitution that religion is too personal, too sacred, too holy, to permit its 'unhallowed perversion' by a civil magistrate."

This is exactly the reverse of what the Constitution says. The Constitution does not prohibit a civil magistrate from making a law to establish religion, nor does it prohibit any civil magistrate or any State official from providing for the reading of the Lord's Prayer in the public schools. It deals only with things that Congress may not do. The amendment is as follows:

> "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances."

It will be seen that this amendment adopted curiously enough by the Congress is a constitutional prohibition against itself, and contains no language to support Justice Black.

ONE HUNDREDTH ANNIVERSARY OF MORRILL ACT

Mr. McGEE. Mr. President, as a former member of the faculty of a land-grant university, I would like very much to join those Members of this body who have paid tribute to the 68 land-grant colleges and universities on the 100th anniversary of the Morrill Act, which established the land-grant system. This act was signed into law by President Lincoln on July 2, 1862.

Back in 1889 when the University of Wyoming received 90,000 acres of Federal land for use in endowing its academic program the faculty of that fledgling institution would have laughed at anyone who would suggest that the program which provided them with that land would, in 75 years, have endowed the universities and colleges which provide higher education for 20 percent of the Nation's college students.

Further I would like to point out that this program is very clearly Federal aid to education. A Federal aid bill passed by a Republican Congress and signed by a Republican President. Yet never have I heard complaints from any of the 68 colleges that this worthwhile program had interfered with their academic freedom. During my 23 years of teaching, 20 of those years were at institutions of learning receiving aid and assistance from the Federal Government. Yet not in one instance did I ever feel any Federal pressure to change my view or influence my presentation or use of classroom materials. The 100-year history of the Morrill Act and my experiences lead me to believe that those who charge that Federal aid is always linked to Federal control are not students of history. Nor have I heard these people ask for an end to the Federal aid which they already receive.

The University of Wyoming is a vigorous institution which this year celebrates its 75th anniversary. It is a tribute to the foresight of Civil War lawmakers that this fine institution and others like it, have been the backbone of our higher educational system and have led the way in so many of the scientific discoveries that have made our modern way of life possible.

The citizens of our great Nation are the beneficiaries of this program and they have received returns many times over the initial investment of public land approved by the Congress and President Lincoln.

This program made a college education possible for any American youth, regardless of his background or finances. I am convinced that without this broadening of our educational system, our Nation could not have made the technological and cultural advances that have made us the most powerful Nation on earth. I hope that our Nation will use the example of this program to meet the challenge to our educational system that we face today, and that through similarly bold and farsighted action we will be able to insure the invaluable experience of a higher education to our posterity.

OPEN SPACE AND URBAN DEVELOPMENT

Mr. WILLIAMS of New Jersey. Mr. President, recently the Housing and Home Finance Agency made a grant commitment of $2.1 million, its largest to date, to the Maryland-National Capital Park and Planning Commission to help acquire 4,000 acres of open space land in the National Capital area.

This grant was made under a program which I had the pleasure of sponsoring last year and which was enacted as title VII of the Housing Act.

There are several significant aspects to this grant. One is the value of this program in stimulating greater local effort in the task of preserving valuable scenic, recreation, and conservation land in our rapidly growing urban areas. The Federal grant represented 30 percent of the cost, and thereby triggered an expenditure of $4.9 million by the locality. With this combined effort, the commission was able to acquire more than half as much as it has been able to save in the last 35 years.

Another significant aspect is the way in which open space land can be and is being used not only to preserve valuable scenic, recreation, or conservation land, but also to help curb urban sprawl and encourage more economic and desirable urban development.

The acquisition does not simply represent the scattering of a few parks around the metropolitan area, it also represents an effort to help implement the overall development goals expressed in the Washington Year 2000 plan.

This multipurpose approach to the open space program is perhaps its most distinguishing feature, and it has been well illustrated in actuality by this grant to the Maryland-National Capital Park and Planning Commission.

Mr. President, I think other Senators would be interested in the thoughtful editorial comments made in the June 27 issue of the Washington Star and the June 28 issue of the Washington Post. I ask unanimous consent that the editorials be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Star, June 27, 1962]

FOUR THOUSAND ACRES OF PARKS

With the expiration of Federal aid to acquire parks through the Capper-Cramton Act a few years ago, the suburban Maryland areas of the Nation's Capital were dealt a severe blow. Now, however, the acquisition program of the Maryland National Capital Park and Planning Commission has been given a massive shot in the arm through a $2.1-million grant from the Housing and Home Finance Agency which will pay 30 percent of the cost of 4,000 acres of additional parks in nearby Montgomery and Prince Georges Counties.

Fortunately, the political machinery already exists to raise the necessary 70 percent local share through a bond issue, to be financed through the liberal bicounty park taxes which the commission administers. Thus the value of this regional organization, one of the first of its kind in the country, has been demonstrated again. The present 7,000-acre bicounty park system has been developed over the last 35 years. In a single stroke, it now will grow to 11,000 acres. Eventually, the commission hopes to preserve a great deal of additional land in low-density use through new forms of zoning controls. The advantage of having a large sum of money available now, however, is that desirable park land which is in danger of imminent development can be purchased immediately to serve as a backbone of the total system.

We wish that nearby Virginia areas were in a similar position. Unfortunately the local jurisdictions of northern Virginia awakened only recently to the value of obtaining publicly owned open spaces to break the solid sprawl of urban growth. It is gratifying, however, that the Northern Virginia Regional Park Authority also has applied to the Housing Agency for a grant which would enable it to double the size of two regional parks. We hope the request is favorably considered. for the need is great.

[From the Washington Post, June 28, 1962]

FUTURE GREENERY

The Federal Government has given suburban Maryland its $2.1 million grant only to buy double purpose parks. The land must have recreational or scenic value to the community. But at the same time it must serve as a curb to aimless sprawl. Parks are not only for birdwatching and playing softball. They are also for enforcing an efficient and stable pattern of development upon rapidly growing suburbs.

There is a condition attached to that $2.1 million. To get the money, the Maryland National Capital Park and Planning Commission must show the Federal Authorities that it is carrying out a general plan to which at least 60 percent of the metropolitan area is committed. The commission foresees, of course, little difficulty here. Its plan for Montgomery and Prince Georges Counties, now nearing completion, is fitted into the area's Year 2000 plan. The Federal grant is an example of the most tangible of the benefits to be drawn from an energetic effort at metropolitan planning. Its requirements are very much like those that the area will have to meet in qualifying for Federal transportation grants.

Parks serving two purposes can sometimes serve three. The largest single purchase, under this grant, will lie northeast of Rockville where it will protect two flood control dams to be built by the Soil Conservation Service. Altogether every three Federal dollars will be matched by seven of the Commission's dollars to buy 4,005 acres, expanding by 60 percent, in 1 year, the park holdings that the commission has needed the past 35 years to acquire. Because the Maryland suburbs' population increases of the last decade are certain to be surpassed by the increases of decades to come, the acceleration of parkland purchases is essential to the preservation of their green pleasantness.

DECLINE IN FOREIGN TRADE HANDLED IN PORT OF NEW YORK

Mr. WILLIAMS of New Jersey. Mr. President, the port of New York is one of our great national assets. It seems to me that it should be regarded as such, and that everything possible should be done to help it fulfill its vital function in our national economy. And yet, a new announcement indicates that this great port has suffered a further decline in tonnage. A news release, which I ask unanimous consent to have printed in the record, explains the details of this decline. I invite attention to the fact that that general cargo in 1961 was 5.44 percent lower than that handled in 1960.

It seems to me that this decline adds new urgency to two matters that have already been brought to the attention of the Senate in previous addresses made on this subject. Once more let me urge that corrective action be taken on two major causes of the decline:

First. The opening of the St. Lawrence Seaway and the concerted effort by various Government agencies to foster the St. Lawrence Seaway by diverting Government controlled cargoes from coastal ports to the seaway.

Second. An ever increasing program of port promotion, port development, and cargo solicitation by other ports. Over 20 various U.S. ports have trade development and cargo solicitation offices in New York City alone.

When it is noted that one out of every four employed persons in the New York-New Jersey metropolitan area is employed in a business that is directly related to the movement of cargo in and out of the New York-New Jersey Port area, it is then easy to realize the seriousness of the year after year continued loss of cargo through this great port.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

A continuing decline in foreign trade cargo handled in the port of New York in 1961 poses a challenge to all Government and business interests in the New Jersey-New York Port area, according to a statement made today by S. Sloan Colt, chairman of the Port of New York Authority.

"The increased volume of semimanufactured and raw cargo materials shipped through competitive ports, and the inland rail freight structure that discriminates against the port of New York in favor of commerce through competitive ports, makes it imperative for a vigorous and concerted effort on the part of all concerned in order to maintain the port of New York's preeminent position in world trade," Mr. Colt said.

He noted that according to the port authority's annual report on foreign trade in the port of New York, the New Jersey-New York Harbor handled 12,994,112 long tons of foreign trade general cargo in 1961. This was 5.4 percent below the 13,736,545 tons handled in the New York customs district in 1960, and 0.7 percent below the 13,091,702 tons handled in 1959. General cargo provides more employment of labor and use of port facilities than does bulk cargo, which is generally handled through mechanically operated and industrially owned terminal facilities.

Comparable volumes for total U.S. oceanborne export-import general cargo showed an increase of 2.7 percent to 60,793,809 tons in 1961 from 59,170,441 tons in 1960. New York's share of the national volume of general cargo trade, therefore, declined 1.8 percentage points from 23.2 percent in 1960 to 21.4 percent in 1961, continuing the downward trend which began in 1952.

The port's share of 21.4 percent in 1961 compares with 23.2 percent in 1960, 24.7 percent in 1959, 27 percent in 1958, 24.9 percent in 1957, 25.9 percent in 1956, 27.6 percent in 1955, 28.5 percent in 1954, 33 percent in 1953, and 33.8 percent in 1952.

The total tonnage of foreign trade through the New York customs district, general and bulk cargo, was 38,733,257 tons in 1961, a decrease of 6 percent from the 41,214,687 tons in 1960, and a decrease of 8.8 percent from the 42,472,924 tons in 1959. This compares with a decrease of 1.6 percent for total U.S. foreign trade tonnage from 273,136,044 tons to 268,637,149 tons. Thus, the port of New York handled 14.4 percent of the total national foreign trade tonnage in 1961, as compared with 15.1 percent in 1960.

The cargo tonnages represent compilations and analyses prepared by the port authority from basic data of the U.S. Bureau of the Census. Chairman Colt stated that the port authority's trade development, promotion and protection program and its port development activities have been effective instruments in the promotion of New Jersey-New York Port business and in minimizing the loss due to discriminatory railrate differentials and other factors favorable to competitor ports.

"The port authority's marine development program at Port Newark, Elizabeth, Hoboken, and Brooklyn are important factors in assuring the modern shipping facilities in this premier port," he continued. "Such development is required to meet the competition of other ports and the additional competition from the St. Lawrence Seaway.

"Important projects such as the proposed world trade center, aggressive and continuing promotion of the port's trade and commerce, and new waterfront facilities are all part of the effort to keep New York's commerce at a peak level. All of this will enlarge this port's potential for international trade and bring significant economic benefits to the entire metropolitan region."

Mr. Colt noted that the New York-New Jersey Port offers far more frequent sailings and broader geographic coverage of shipping services to all important foreign trade areas than does any other port in the United States. Its banking, consular, forwarder and cargo-handling facilities and services are unmatched anywhere. It is the leading center for the marketing and distribution of all types of exports and imports, and is the favored location for most of the foreign purchasing missions and sales agencies maintained by other countries in the United States.

The New York-New Jersey Port is the recognized leader in handling general cargo. Nevertheless, the port's general cargo volumes during 1961 declined overall by 742,433 tons, representing a downward trend in both exports and imports. Exports declined by 315,950 tons and imports by 426,483 tons.

For the country as a whole, general cargo exports increased 8.7 percent from 30,788,778 tons to 33,461,748 tons; New York's volume decreased 5.2 percent from 6,047,223 tons to 5,731,273 tons. The national volume of imports declined 3.7 percent from 28,381,663 tons to 27,332,061 tons, while New York's went down 5.5 percent from 7,689,322 to 7,262,839 tons.

Bulk cargo movements, including coal, petroleum, ores, and grain through the New York-New Jersey Port District declined 6.3 percent from 27,478,142 tons in 1960 to 25,739,145 tons in 1961. The total volume of bulk cargoes moving through all U.S. ports showed a decline of 2.9 percent, from 213,965,603 tons in 1960 to 207,843,340 tons in 1961.

The decrease at New York in bulk cargo movements was accounted for primarily by reduced inbound movements of crude oil and metallic ores. Additional losses occurred through reduced outbound shipments of wheat, petroleum products, and foreign aid.

Nationally, decreases occurred in outbound movements of sorghum, soybeans, bituminous and lignite coal, fuel oil, sulfur, and foreign aid, and inbound shipments of crude oil, gypsum, iron ore, and inedible molasses. These losses more than offset gains in outbound corn, wheat, anthracite coal, coke, and iron ore, and inbound fuel oil, jet fuel, miscellaneous petroleum products, bauxite, and nitrogenous fertilizers.

The value of total oceanborne foreign trade tonnage via the New York-New Jersey Port in 1961 was $9.4 billion, a decrease of 3.1 percent compared to 1960. New York's valuation in 1961 represented a 38.1 percent share of total U.S. value, a decrease of 1 percentage point below the previous year. The figures for 1960 and 1961 for the United States and New York customs district are:

General cargo foreign trade, exports and imports, 1960–61

Year	United States	New York
Exports:		
1960..........long tons..	30,788,778	6,047,223
1961..............do....	33,461,748	5,731,273
Change..........do....	+2,672,970	−315,950
Percent..................	+8.7	−5.2
Imports:		
1960..........long tons..	28,381,663	7,689,322
1961..............do....	27,332,061	7,262,839
Change..........do....	−1,049,602	−426,483
Percent..................	−3.7	−5.5
Exports and imports:		
1960..............do....	59,170,441	13,736,545
1961..............do....	60,793,809	12,994,112
Change..........do....	+1,623,368	−742,433
Percent..................	+2.7	−5.4

Despite a decline in general cargo export tonnage in 1961, certain individual commodities went ahead. Those showing substantial increases were fresh or frozen meat, dried milk, hides and skins, vegetable products, fresh or frozen fruit, iron and steel scrap, electrical and office machinery, machine tools, railway locomotives, cars and parts, and medical and pharmaceutical preparations.

Particularly significant is the fact that despite the decline in exports, the New York district continued to account for 75.2 percent of outbound vehicle shipments, 78.1 percent of vehicle parts and accessories, 70.9 percent of machine tools, 78.3 percent of the electrical machinery, 69.9 percent of wool manufacturers, 81.3 percent of rubber tires and tubes, 68.6 percent of tobacco manufacturers, and 87 percent of railway locomotives, cars and parts. New York also maintained its national leadership among other major general cargo commodities by handling more than half of the country's exports of cotton and wool manufacturers, synthetic fibers and manufactures, textile products, glass and products, tools and hardware, engines, turbines and parts, textile, sewing, and shoe machinery, office and printing machinery, and medical and pharmaceutical preparations.

Imports of general cargo increased in a number of major commodities. These were fresh and frozen meat, building cement, sugar, fish and products, vegetables and products, liquors and wines, nonmetallic minerals, aluminum, lumber and shingles, and electrical machinery.

New York handled more than 70 percent of the national volume of such important commodity import groups as leather and manufactures, nuts and preparations, inedible vegetable oils and fats, table beverage materials, spices, and semifabricated zinc.

In addition, the port received more than half of the national volume of imported fresh or frozen meats, cheese, shellfish and products, fresh or frozen fruit, prepared fruit products, tea, cocoa beans, edible molasses, liquors and wines, crude rubber, miscellaneous rubber manufactures, naval stores, cotton manufactures, vegetable fiber manufactures, synthetic fibers and manufactures, wool manufactures, miscellaneous textile products, miscellaneous wood manufactures, semifabricated copper and tin, electrical machinery, and construction and office machinery.

LAND-GRANT COLLEGES

Mr. HARTKE. Mr. President, Monday, July 2, will mark the 100th anniversary of the signing by President Lincoln of the Morrill Land Grant Act. The Morrill Act opened the doors of colleges and universities to all with the ability and will to learn, irrespective of heredity, occupation, and economic status. Since then, 68 colleges and universities, including Purdue University in Indiana, have been established as land-grant colleges. As a result, great numbers of American youngsters have been able to attend colleges and universities.

Until the Morrill Act, education was patterned on the traditional European system, emphasizing the classics and catering to elite groups. Before 1862, when President Lincoln signed the Land Grant Act, only 1 out of every 1,500 young men and women attended college. Today, the figure is one out of every three, mainly because land-grant colleges showed the way for institutions of learning to fulfill the varying educational needs of this Nation.

The Morrill Land Grant Act permitted endowment of colleges and universities by offering to every State 30,000 acres of Federal land for each of its Members in Congress. This land was sold to endow at least one college in each State and one in Puerto Rico.

In this centennial year, an effort is being made by the Association of State Universities and Land-Grant Colleges to see more clearly the problems of the present and to find solutions for them. Studies of work being done by land-grant colleges are being conducted. At the same time, pressing problems confronting higher education today are being presented to the public for their understanding and support in meeting higher education's future needs. One hundred and thirty-eight national organizations are cooperating in a program to further public understanding of land-grant institutions. These groups, representing agriculture, many branches of industry, labor, professional societies, and service groups, are to be commended on this 100th birthday of the Morrill Land Grant Act.

CAMP KILMER, N.J.

Mr. CASE of New Jersey. Mr. President, this afternoon I was advised that the Department of the Army has announced today that approximately 1,500 acres of land and improvements at Camp Kilmer, N.J., will be declared excess military land on July 1, 1963. It is a matter of great significance to the whole area in which the installation is located. A long time ago those of us in Congress, especially my colleague from New Jersey, Representative FRELINGHUYSEN, have been urging the Department of the Army to close the camp completely and to turn it over for private use. The installation actually has not been used for many years. It houses only a tiny service detachment. This 1,500 acres of land has numerous buildings which are not being used but were being held by the Government. It provides no tax revenue or business income to the community under that standby arrangement.

On April 9 of this year I again raised the question with the Department of the Army and asked reconsideraiton of the earlier determination that it had to hold the property. Receiving no reply, I again requested an answer on May 8, and again on June 15.

I am happy indeed that the announcement has finally come today. I wish it had been made much earlier in the interest of the area in which it is located and in the interest of the saving of the large amount of money which it has cost the Federal Government. Savings of $900,000 a year are anticipated by this announcement.

The announcement could have been made much earlier if the urging of us in Congress who realized that the land was no longer necessary and should not stand idle had been heeded. Nevertheless, late as it is, it is a matter of gratification that the decision has been made.

FREEDOM OF RELIGION

Mr. JOHNSTON. Mr. President, it is a sad day when the Members of Congress must rise, as I do today, to defend freedom of religion in these United States.

Surely when our Founding Fathers wrote the Declaration of Independence and referred to God therein and subsequently wrote the Constitution of the United States, clearly expressing freedom of religion, it was never anticipated that the right of men to worship would ever be questioned in this land.

Yet today we have a ruling by the Supreme Court which casts a dark shadow across our land. I fully realize, as a lawyer, that the Supreme Court has not in any way ruled that people cannot pray as they see fit in schools, or as individuals, or as a group. I want it clearly understood by every schoolchild in South Carolina and our Nation, and by every teacher and every principal, and every other school official in these United States that they still today enjoy the same religious freedom that they enjoyed the day before the Supreme Court rendered its decision of Monday, June 25, 1962.

The day any ruling by the Supreme Court is made that could, in any way, destroy this religious freedom, then the Constitution of the United States would not be worth the paper it is written on.

Mr. President, I do not like the Supreme Court's getting into cases of this nature, and I feel that the Supreme Court could have better handled this matter in the interest of constitutional government, freedom of religion, and in a way which would have avoided the confusion and bitterness that has resulted.

Millions of Americans at this very moment honestly believe that the Supreme Court has ruled to prohibit them from praying in public schools. I blame the Supreme Court particularly because of the way it handled the case, but I similarly and likewise blame the newspapers of this country for careless handling of the facts. There is a deep responsibility held by the press to meticulously report exactly what the Supreme Court rules, and not to attempt to sensationalize or condense or expand any ruling of the Court.

Some of the most distinguished lawyers of this country, at first blush based on the press reports of this ruling by the Supreme Court, interpreted that the Court had abolished the practice of praying in our public schools. This is not true. I do not defend the Supreme Court because I feel the Court is much to blame for all this confusion.

But it should be made clear that what the Court has ruled and said is that neither the Federal Government nor any of the State governments can enact a law demanding that school officials require a certain prayer to be used in the schools. The foundation for this ruling came from an amendment to the Constitution which stated that "Congress shall make no law respecting an establishment of religion."

Mr. President, the rest of this part of the first amendment to the Constitution is equally important to the first. It reads, "or prohibiting the free exercise thereof." Together, this portion of the first amendment to the Constitution reads:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.

I pray to God that what the Supreme Court has attempted to do, although perhaps clumsily, has been to protect the free exercise of religion in our public schools, and I shall so interpret this ruling as such, and I urge that every citizen of our country—children, parents, schoolteachers, and others—do likewise. The most tragic thing that could happen in the United States today would be for any person, and particularly people of responsible, high positions in government, including U.S. Senators, Congressmen, Governors, and school officials, to interpret that the Supreme Court has done otherwise.

No person, from the President down to the smallest schoolchild, can read the minds of the members of the Supreme Court, but we can all read the Constitution and defend it; and our interpretation of what the Supreme Court has meant, and how we broadcast this interpretation, and how we conduct ourselves, will have as much bearing and effect upon the freedom of religion in this Nation as anything.

Let us hope that the members of the Supreme Court in this ruling sincerely were attempting to protect the time-honored constitutional provision establishing the unquestionable separation of church and state, and that this ruling has been an attempt to uphold and not prohibit the free practice of praying in our schools.

One of the Nation's outstanding and most distinguished conservative constitutional-minded writers is David Lawrence. No writer in this country has a sharper pen when it comes to cutting down the Supreme Court's rulings than David Lawrence. The number of times that I have inserted his criticisms of the Supreme Court into the CONGRESSIONAL RECORD is almost countless. In this connection I think Mr. Lawrence has written the most sobering, intelligent interpretation of what the Court has done that I have seen.

Mr. Lawrence says, in his nationwide column of June 27, 1962, among other things, that the Supreme Court has decided only the law of the case, and that it has not devised an instrument to ban praying—free praying—in our schools. It has banned official Government-regulated praying in schools.

Mr. President, even in view of the Supreme Court's ruling, as a lawyer and as a citizen I believe that every individual and every classroom in the State of New York today, if they desire to do so may use the prayer, "Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country," which the New York State Board of Regents drew up and recommended for use in public schools.

It is true that no longer may the State Board of Regents recommend this prayer for use in public schools; but the pupils, the principals, the teachers, and anyone else in any New York school today can, on their own initiative, as have millions of Americans done since this Nation was founded, use this or any other prayer they see fit to use, individually or collectively.

I have prayed to God that in His infinite wisdom He knows that the people of the United States do not sanction anything which would prevent or hinder or hamper them from praying. There is no power on this earth greater than the power of prayer, and it has only been through the power of prayer that we have obtained the strength to survive as a free Nation. It has been God Almighty alone who has given us this, the richest, the most powerful, and the freest nation ever to exist on the face of the earth.

No greater tragedy could beset our country than for any person to be deprived of the right to pray to his God and thank Him for these things that are ours. There is no lawsuit, no arm of the law, no Supreme Court Justice, no Member of Congress, and no President who has the right to take this right away from any citizen of this country, and it is our duty to interpret that what the Supreme Court has done is not an infringement upon this freedom of religion. In doing so we do not defend the Supreme Court; we defend freedom of religion.

I have sworn, as U.S. Senator, to defend the Constitution of the United States, which guarantees freedom of religion to our people.

I shall defend the Constitution and this freedom not just with oratory, but with defiant practice. I not only stand before you today to defend the right of people in our schools to pray as they wish and see fit, but to urge that a prayer-in-schools movement be started. I hope the reaction of the people to this confusion will be more prayers in our schools.

Let us show the entire world—the nonbelievers and the theorists and all the rest—that the people in the United States believe in prayer and in God Almighty, and that we intend to continue to pray as we see fit, individually and as groups, and that no one can stop us. We need no laws to permit us to pray in our schools, and there can be no laws to prevent us from praying in our schools.

Mr. President, in the interest of keeping the record straight and clarifying exactly what has transpired in the matter of prayer in our schools, I have joined Senator VANCE HARTKE of Indiana in Senate Resolution 356 expressing that it is the sense of the Senate that neither this Supreme Court ruling, nor any other ruling, can or shall violate the constitutional right of individuals to pray as they see fit in our schools or anywhere else in these United States.

Mr. President, I ask that the article by Mr. David Lawrence which appeared in the Washington Star of Wednesday, June 27, 1962, entitled "Voluntary Prayer in Public Schools," be printed in its entirety in the body of the RECORD following my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star, June 27, 1962]

VOLUNTARY PRAYER IN PUBLIC SCHOOLS—RULING VIEWED ONLY AS FORBIDDING STATE TO ORDER SAYING OF OFFICIAL PRAYERS

(By David Lawrence)

The Supreme Court in its latest decision does not bar prayer as such in the public schools. It doesn't forbid the mention of God in the classroom. It merely says that no State government or any other branch of government can "direct" the saying of any prayer. In fact, it bars "official" prayers. It sees no objection to voluntary prayers, but does ban any religious "exercise."

The decision rendered by the highest Court of the land on Monday is not as sweeping as first reports in the press may have indicated. It is true that Justice Douglas, in his "concurring" opinion, made some generalizations of his own that will evoke controversy—especially in Congress, where legislation on Federal aid to church-related colleges is pending. The controlling judgment is, however, the ruling of the Court by a vote of 6 to 1. It was set forth in the opinion written by Justice Black.

But even the formal opinion of the Court must be separated in two parts—the actual ruling and the so-called "dictum." The latter is just an expression of views by one Justice and is not necessarily agreed to by the other Justices who concur on the main point of the decision. Here is the ruling of the Court as pronounced by Justice Black:

"We think that the constitutional prohibition against laws respecting an establishment of religion must at least mean that in this country it is no part of the business of Government to compose official prayers for any group of the American people to recite as a part of a religious program carried on by Government."

Justice Black wrote a footnote to the opinion in which he makes an important distinction as follows:

"There is, of course, nothing in the decision, reached here that is inconsistent with the fact that schoolchildren and others are officially encouraged to express love for our country by reciting historical documents such as the Declaration of Independence which contain references to the Deity or by singing officially espoused anthems which include the composer's professions of faith in a Supreme Being, or with the fact that there are many manifestations in our public life of belief in God. Such patriotic or ceremonial occasions bear no true resemblance to the unquestioned religious exercise that the State of New York has sponsored in this instance."

Thus, there is no bar to the singing of such songs as "God Bless America" or the verse in "The Star-Spangled Banner" which says: "And this be our motto—'In God is our trust.'" Also, the Pledge of Allegiance to the flag is not affected, although in 1954 two words—"under God"—were added by an act of Congress. The phrase now reads, "One nation under God, indivisible, with liberty and justice for all."

All these vocal expressions involve apparently a voluntary action by the individual. They are not recited by official direction, nor do they contain anything which could be regarded as an "official prayer."

But what shall be done about Christmas celebrations or the reciting of any prayer in the classroom? No governmental body now can require such exercises. But if a class of pupils voluntarily sets up a program at Christmas and wants to sing any song, this is not barred by the new Court ruling. Some pupils could object and could refrain from participation. They could even leave for the period of such programs. What is really barred is any form of religious exercise prescribed by any branch of government or any individual on the public payroll.

The prayer which brought the present case to the Supreme Court of the United States for a ruling was very brief. It said:

"Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country."

There was a regulation under the New York State law prescribing the prayer which said that students should not be compelled to take part in the reciting and that students could be excused from being in the room at the time. But the Supreme Court has said, in effect, that all this makes no difference because the prayer was written by and "directed" by a governmental body. It was a religious "exercise" for those who remained.

Justice Douglas, in a dictum of his own, declares in a concurring opinion that he has grave doubts about the way the Supreme Court's own proceedings are opened by the marshal, who says: "God save the United States and this honorable Court." He also points out that each House of Congress opens its daily sessions by a prayer by official chaplains and guest chaplains of various denominations. Justice Douglas wrote:

"Yet for me the principle is the same, no matter how briefly the prayer is said, for in each of the instances given the person praying is a public official on the public payroll, performing a religious exercise in a governmental institution.

"At the same time I cannot say that to authorize this prayer (in the House or Senate or courtroom) is to establish a religion in the strictly historic meaning of those words. A religion is not established in the usual sense merely by letting those who choose to do so say the prayer that the public school teacher leads. Yet once government finances a religious exercise it inserts a divisive influence into our communities."

But the above "dictum," which expresses, for instance, fears about possible consequences, does not become the "law of the land." The Supreme Court decides only the "law of the case." And in this case the Court merely says that "official" prayers, which the teachers are "directed" to deliver in the classroom, are unconstitutional.

THE MORRILL ACT AND COLORADO STATE UNIVERSITY

Mr. CARROLL. Mr. President, the Nation soon will observe the centennial of the Morrill Act which made possible the establishment of our many fine land grant colleges and universities.

It was on July 2, 1862, that President Lincoln signed into law this progressive piece of legislation. In its way, it was destined to become as influential in shaping the educational and scientific future of the United States as the Homestead Act was in shaping the Nation's agricultural future.

Because this was such a forward-looking idea, Congressman Justin Smith Morrill of Vermont had difficulty getting it enacted into law. In 1859 he had seen his first bill pass both House and Senate, only to be vetoed by President Buchanan, who feared among other things that it would make the States too dependent on the Federal Government for their systems of education. Of course, the very opposite was true.

Morrill's idea, strongly supported by Congressman Jonathan B. Turner of Illinois, was to grant each participating State 30,000 acres for each one of its Members of Congress, with the land to be sold and the income used to endow and support at least one college in each State.

The basic theory was to provide practical education for the sons of farmers, tradesmen, and working people. Higher education in that area was generally restricted to the privileged few, and was classical and theoretical. But the Morrill Act was not entirely utilitarian; it provided specifically for the teaching of "other scientific and classical studies," as well as practical subjects.

At the time, just a century ago, only 1 percent of the college-age population attended college. Today, in many States more than 30 percent attend. By 1970 it is expected that 44 percent will be the national average. Today there are 68 land grant institutions; although they represent only 4 percent of all the colleges and universities in the Nation, They account for about 20 percent of all the undergraduates enrolled, and they grant about 40 percent of all the doctoral degrees awarded each year.

Colorado was not yet a State at the time of the passage of the Morrill Act, but in 1879, only 3 years after statehood was granted, Colorado's land grant agricultural college was opened to students. Now known as Colorado State University, at Fort Collins, it is almost as old as the University of Colorado, authorized in territorial times at Boulder.

We in Colorado are very, very proud of our educational institutions, and Colorado State University has ranked high in its field for as long as I can remember, but in recent years under the dynamic leadership of President William E. Morgan, it has attained general and international celebrity.

Only a month or so ago, Colorado State University was chosen by the Department of Health, Education, and Welfare as the site of a new radiological health laboratory which will be the largest thing of its kind in the free world. Under supervision of the U.S. Public Health Service, this unit will study the effects of low-level radiation on a controlled group of 2,000 experimental animals. Colorado State University won out in stiff competition with six other leading universities. Significantly, of the seven institutions submitting bids, six of them were members of the American Association of Land-Grant Colleges and State Universities.

Two years ago, the Congress provided a $10,000 appropriation to study the possibility of a corps of young people working to elevate the educational and physical standards of people in the emerging nations of the world. The contract went to the Colorado State University Research Foundation, which supplemented the very limited Federal funds with thousands of dollars from its own budget. The report that Colorado State University Research Foundation prepared proved to be the basic outline on which the Kennedy administration has based one of America's great recent triumphs—the U.S. Peace Corps. Last year, Colorado State University trained a detachment of Peace Corps men and women for work in West Pakistan.

Colorado State University in recent years has sent some of its leading talents abroad to many lands. On behalf of the foreign-aid program, Colorado State University people established the SEATO graduate school of engineering at Bangkok. Since 1958 Colorado State University talent has been engaged in setting up programs in engineering, agriculture, education, and home economics at Peshawar University in Pakistan. Colorado State University skill is planning water resource development on the vast Indus River system in Asia.

The Colorado State University now maintains extensive programs in its College of Science and Arts, College of Agriculture, College of Engineering, College of Forestry and Range Management, College of Home Economics, and College of Veterinary Medicine. Its skilled extension service is a source of immeasurable pride and progress for our people. Its handsome campus in the pleasant northern Colorado city of Fort Collins is growing at an explosive rate. All this has taken the work of many, many dedicated people over the years, but it is proper that at this time we salute the men who sponsored and passed the Morrill Act, which made it all possible.

The **VICE PRESIDENT.** Is there further morning business? If not, morning business is closed.

REVISION OF BOUNDARIES OF VIRGIN ISLANDS NATIONAL PARK

The **VICE PRESIDENT.** The Chair lays before the Senate the unfinished business.

Without objection, the Senate resumed the consideration of the bill (S. 2429) to revise the boundaries of the Virgin Islands National Park, St. John, V.I., and for other purposes, which had been reported by the Committee on Interior and Insular Affairs with amendments on page 3, line 13, after the word "Bay", to strike out "(making" and insert "marking"; on page 6, line 13, after the word "by", to strike out "such other means as he may consider to be in the public interest" and insert "condemnation or exchange"; after line 14, to insert a new section, as follows:

SEC. 3. Nothing in this Act shall be construed as authorizing any limitation on customary uses of or access to the areas specified in section 1 by residents of the Virgin Islands for bathing and fishing (including setting out of fishpots and landing boats), subject to such regulations as the Secretary of the Interior may find reasonable and necessary for protection of natural conditions and prevention of damage to marine life and formations.

And, at the beginning of line 23, to change the section number from "3" to "4"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in furtherance of the purposes of the Act of August 2, 1956 (70 Stat. 940), as amended, providing for the establishment of the Virgin Islands National Park, and in order to preserve for the benefit of the public significant coral gardens, marine life, and seascapes in the vicinity thereof, the boundaries of such park, subject to valid existing rights, are hereby revised to include the adjoining lands, submerged lands, and waters described as follows:

NORTH OFFSHORE AREA

Beginning at the hereinafter lettered point A on the shore of Cruz Bay, a corner in the Virgin Islands National Park boundary, being also a corner of lot F, Cruz Bay, added to the park by order of designation signed June 29, 1960, by the Assistant Secretary of the Interior pursuant to the Act of August 2, 1956 (70 Stat. 940), and published in the Federal Register of July 7, 1960, the said corner being the terminus of the course recited therein as "north 58 degrees 50 minutes west a distance of 20.0 feet, more or less along Government land to a point;" for the third call in the metes and bounds description lot F, Cruz Bay.

From the initial point A, distances in nautical miles, along direct courses between the hereinafter lettered points at geographic positions (latitudes north, longitudes west):

Northwestward, approximately 0.13 mile to point B, latitude 18 degrees 20 minutes 08 seconds, longitude 64 degrees 47 minutes 43 seconds in Cruz Bay;

0.43 mile to point C, latitude 18 degrees 20 minutes 08 seconds, longitude 64 degrees 48 minutes 10 seconds in Pillsbury Sound;

1.36 miles to point D, latitude 18 degrees 21 minutes 30 seconds, longitude 64 degrees 48 minutes 10 seconds in Windward Passage;

1.64 miles to point E, latitude 18 degrees 22 minutes 10 seconds, longitude 64 degrees 46 minutes 35 seconds in the Atlantic Ocean;

1.99 miles to point F, latitude 18 degrees 22 minutes 45 seconds, longitude 64 degrees 44 minutes 35 seconds in the Narrows;

3.18 miles to point G, latitude 18 degrees 22 minutes 00 seconds, longitude 64 degrees 41 minutes 20 seconds in Sir Francis Drake Channel;

1.04 miles to point H, latitude 18 degrees 21 minutes 10 seconds, longitude 64 degrees 40 minutes 40 seconds in Haulover Bay;

Southwestward approximately 0.22 mile to point I, a bound post on the shore of Haulover Bay marking a corner of the Virgin Islands National Park boundary as shown on drawing numbered NP–VI–7000 entitled "Acquisition Area Virgin Islands National Park", approved November 15, 1956, by the Acting Secretary of the Interior in accordance with the provisions of the Act of August 2, 1956, supra, being also the southeasterly corner of estate Haulover 5a and 5c east end quarter as delineated on the municipality of Saint Thomas and Saint John drawing PW file numbered 9–24–T51 dated October 26, 1950;

Thence running generally westward along the Virgin Islands National Park northerly boundary as it follows the northerly shore of the island of Saint John as shown on the said drawing numbered NP–VI–7000 and on drawing numbered NP–VI–7003 entitled "Land Ownership Crus Bay Creek" depicting the boundary adjustment affected by the said order of designation to point A, the point of beginning.

The area described contains approximately 4,100 acres.

SOUTH OFFSHORE AREA

Beginning at the hereinafter lettered point L, a concrete bound post on the shore of Drunk Bay marking a northeasterly corner in the Virgin Islands National Park boundary as shown on the said drawing numbered NP–VI–7000, being also the northeasterly corner of parcel numbered 1, estate Concordia (A), as delineated on the Leo R. Sibilly, civil engineer, drawing file numbered C9–13–T55.

From the initial point L, distances in nautical miles, along direct courses between the hereinafter lettered points at geographic positions (latitudes north, longitudes west):

Eastward approximately 0.32 mile to point M, latitude 18 degrees 18 minutes 48 seconds, longitude 64 degrees 41 minutes 50 seconds in Sabbat Channel;

0.88 mile to point N, latitude 18 degrees 17 minutes 55 seconds, longitude 64 degrees 41 minutes 50 seconds in the Caribbean Sea;

0.40 mile to point O, latitude 18 degrees 17 minutes 55 seconds, longitude 64 degrees 42 minutes 15 seconds in the Caribbean Sea;

1.88 miles to point P, latitude 18 degrees 18 minutes 48 seconds, longitude 64 degrees 44 minutes 00 seconds in the Caribbean Sea;

1.74 miles to point Q, latitude 18 degrees 18 minutes 48 seconds, longitude 64 degrees 45 minutes 50 seconds in the Caribbean Sea;

0.45 mile to point R, latitude 18 degrees 19 minutes 15 seconds, longitude 64 degrees 45 minutes 50 seconds in Fish Bay;

Eastward approximately 0.08 mile to point S on the shore of Fish Bay, a corner in the present Virgin Islands National Park, as delineated on said drawing numbered NP–VI–7000, being the northwesterly corner of parcel numbered 2 estate Fish Bay, numbered 8 Reef Bay Quarter, and the terminus of the delineated course "south 78 degrees 52 minutes west distance 1,178.9 feet" as depicted on the Leo R. Sibilly, civil engineer, drawing file numbered G9–385–T56.

Thence running generally eastward along the present southerly park boundary as it follows the southerly shore of the island of Saint John as depicted on the said drawing numbered NP–VI–7000 to point L, the point of beginning.

The area described contains approximately 1,550 acres.

Lands, submerged lands, and waters added to the Virgin Islands National Park pursuant to this Act shall be subject to administration by the Secretary of the Interior in accordance with the provisions of the Act of August 25, 1916 (39 Stat. 535; 16 U.S.C. 1–4), as amended and supplemented.

SEC. 2. Within the boundaries of Virgin Islands National Park as established and adjusted pursuant to the Act of August 2, 1956 (70 Stat. 940), and as revised by this Act, the Secretary of the Interior is authorised to acquire lands, waters, and interest therein by purchase, donation, with donated funds, or by condemnation of exchange.

SEC. 3. Nothing in this Act shall be construed as authorising any limitation on customary uses of or access to the areas specified in section 1 by residents of the Virgin Islands for bathing and fishing (including setting out of fishpots and landing boats), subject to such regulations as the Secretary of the Interior may find reasonable and necessary for protection of natural conditions and prevention of damage to marine life and formations.

SEC. 4. There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of this Act.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The VICE PRESIDENT. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and it is so ordered.

Mr. HUMPHREY. Mr. President, the bill before the Senate, S. 2429, would revise the boundaries of the Virgin Islands National Park to include adjoining submerged lands and waters in a "north offshore area" of 4,100 acres and a "south offshore area" of 1,550 acres. These additional areas will result in a total authorized area of 15,150 acres. The bill would also authorize the Secretary of the Interior to acquire by purchase, donation, condemnation, or exchange other lands, waters, and interests lying within the revised park boundaries.

The boundary extension proposed in S. 2429 is needed to protect the outstanding marine resources of the offshore area. The Advisory Board on National Parks, Historic Sites, Buildings, and Monuments recommended on September 22, 1960:

> That the boundaries of the Virgin Islands National Park be extended generally one-half mile into the sea along the present authorized boundaries of the park in order to preserve the significant marine resources found there.

It is estimated by the Department of the Interior that the value of the private land to be acquired by the Federal Government is $2,500,000. The cost to the Federal Government for acquisition is estimated, however, to be not more than one-half this amount because of the existence of donated funds for acquisition purposes. Title to the north and south offshore areas is presently in the United States and the inclusion of these areas in the park will result in negligible cost to the Federal Government.

The Virgin Islands—consisting of three principal islands, St. Thomas, St. Croix, and St. John, and a number of smaller islands, rocks, and cays—are located in the Caribbean about 1,400 miles southeast of New York and 900 miles southeast of Miami. These islands were purchased from Denmark in 1917 and became an unincorporated territory of the United States. The total population of the Virgin Islands as reported by the 1960 census was 32,099, of which 927 were living on St. John.

St. John Island is a mountainous area, 9 miles long and approximately 5 miles wide at its widest point, with a total area of about 20 square miles. The highest peak is 1,277 feet above sea level. About 85 percent or more of the island is covered by bush and tropical forest. There is little arable land, the largest area being of coral at the eastern end of the island. This area was not included in the original boundaries of the park and will not be included in the revised boundaries. The climate is subtropical, the lowest temperature ever reported being 69° and the highest 91°.

The scenic qualities and plantlife of the island of St. John in the protected channels of the Virgin Islands are totally different from anything set apart in the United States or its possessions for national park purposes. The proposed boundary revisions would incorporate in this unique area the magnificent marine values of the offshore area.

The bill was amended in accordance with the recommendation of the Department of the Interior to protect customary uses of or access to the offshore areas by residents of the Virgin Islands for bathing and fishing subject to appropriate regulations by the Secertary of the Interior.

The second major amendment specified the manner in which the Secretary of the Interior was to acquire lands, waters, and interests within the revised boundaries. In addition to acquiring by purchase and donation, the Secretary was authorized to acquire additional lands, waters, and interests by "condemnation or exchange." All other amendments to the bill are for the purpose of clarification.

Mr. President, the bill was reported unanimously by the Committee on Interior and Insular Affairs, after being amended in accordance with the suggestions of the Department of the Interior. The bill has the support of the administration. The reports of the Department of the Interior and of the Bureau of the Budget are incorporated in the report of the committee.

The VICE PRESIDENT. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

The VICE PRESIDENT. The bill is open to further amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2429) was ordered to be engrossed for a third reading, was read the third time, and passed.

IMPROVEMENT OF NATIONAL TRANSPORTATION SYSTEM

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1548, S. 2560.

The VICE PRESIDENT. The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2560) to amend the Interstate Commerce Act as amended, so as to strengthen and improve the national transportation system, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, with an amendment to strike out all after the enacting clause and insert:

That section 202(b) of the Interstate Commerce Act, as amended, is amended by striking the period at the end thereof and inserting in lieu thereof a semicolon and the following: "but if any State requires any motor carrier subject to regulation by the Interstate Commerce Commission (other than regulation solely pursuant to the provisions of section 204 relative to qualifications and maximum hours of service of employees and safety of operation or standards of equipment) operating in interstate or foreign commerce within the borders of that State—

"(1) to register its certificate of public convenience and necessity or permit issued by the Interstate Commerce Commission;

"(2) to identify its vehicles;

"(3) to file policies of insurance, surety bonds, or qualifications as a self-insurer, or other securities or agreements for the protection of the public, or evidence thereof,

such State shall within five years after the enactment of this amendment to section 202(b) conform such requirements to the uniform standards which the Commission is hereby directed to promulgate, and such standards may differ for each of the classes of carriers as differences in their operations may warrant. In establishing such uniform standards the Commission shall give due regard to the needs of the several States for information relating to the authority and operations of such motor carriers engaged in interstate and foreign commerce while protecting such carriers from a duty to file or otherwise comply with State requirements that, in the opinion of the Commission, might constitute an undue burden, financial, administrative, or otherwise, on the operations of such carriers. The Commission shall consult with the regulatory bodies of the several States and with representatives of such motor carriers subject to regulation under this part. In order to facilitate and effectuate the purposes of this paragraph the Commission shall review from time to time the uniform standards established pursuant to this paragraph and may make such modifications, changes, or amendments thereto as the Commission may deem necessary. Any such State requirements which, after the expiration of five years following enactment of this amendment to section 202(b) are not in conformity with the standards established by the Commission pursuant to this paragraph, shall be null and void."

SEC. 2. Section 222(b) of the Interstate Commerce Act, as amended, is amended to read as follows:

"(b)(1) If any motor carrier or broker operates in violation of any provision of this part (except as to the reasonableness of rates, fares, or charges and the discriminatory character thereof), or any lawful rule, regulation, requirement, or order promulgated by the Commission, or of any term or condition of any certificate or permit, the Commission or its duly authorized agent may apply for the enforcement thereof to the district court of the United States for any district where such motor carrier or broker operates. In any proceeding instituted under the provisions of this subsection any person, or persons, acting in concert or participation with such carrier or broker in the commission of such violation may, without regard to his or their residence, be included, in addition to the motor carrier or broker, as a party, or parties, to the proceeding. The court shall have jurisdiction to enforce obedience to any such provision of this part, or of such rule, regulation, requirement, order, term, or condition by a writ of injunction or by other process, mandatory or otherwise, restraining such carrier or broker, his or its officers, agents, employees, and representatives and such other person, or persons, acting in concert or participation with such carrier or broker, from further violation of such provision of this part, or of such rule, regulation, requirement, order, term, or condition and enjoining upon it or them obedience thereto. Process in such proceedings may be served upon such motor carrier, or broker, or upon such person, or persons, acting in concert or participation therewith in the commission of such violation, without regard to the territorial limits of the district or of the State in which the proceeding is instituted."

"(2) If any person (not including a motor carrier holding a certificate, permit, or grant of temporary authority issued by the Commission under the provisions of section 206, 207, 208, 209, or 210a of this part) operates in clear and patent violation of any provisions of section 203(c), 206, 209, or 211 of this part, or any rule, regulation, requirement, or order thereunder, any person injured thereby may apply to the district court of the United States for any district where such person so violating operates, for the enforcement of such section, or of such rule, regulation, requirement, or order. The court shall have jurisdiction to enforce obedience thereto by a writ of injunction or by other process, mandatory or otherwise, restraining such person, his or its officers, agents, employees, and representatives from further violation of such section or of such rule, regulation, requirement, or order; and enjoining upon it or them obedience thereto. A copy of any application for relief filed pursuant to this paragraph shall be served upon the Commission and a certificate of such service shall appear in such application. The Commission may appear as of right in any such action. The party who or which prevails in any such action may, in the discretion of the court, recover reasonable attorney's fees to be fixed by the court, in addition to any costs allowable under the Federal Rules of Civil Procedure, and the plaintiff instituting such action shall be required to give security, in such sum as the court deems proper, to protect the interests of the party or parties against whom any temporary restraining order, temporary injunctive, or other process is issued should it later be proven unwarranted by the facts and circumstances.

SEC. 3. Section 222(h) of the Interstate Commerce Act, as amended, is amended to read as follows:

"(h) Any motor carrier, broker, or lessor, or other person, or any officer, agent, employee, or representative thereof, who shall fail or refuse to keep, preserve, or forward any account, record, or memorandum in the substance, form, or manner prescribed in this part or in any rule, order, or regulation prescribed under this part; or who shall fail or refuse to comply with any requirement of this part with respect to the filing with the Commission or with any agency, office, or representative of the Commission, as prescribed by the Commission, any annual, periodical, or special report, or other report, tariff, schedule, contract, document, or data or with any rule, order, or regulation prescribed with respect to such filing; or who shall fail or refuse to make full, true, or correct answer to any question required by the Commission to be made under the provisions of this part; or who shall fail or refuse to comply with the provisions of section 203(c), section 206(a)(1) or section 209(a)(1); or who shall fail or refuse to comply with any rule, regulation, requirements, or order promulgated by the Commission pursuant to the provisions of section 204(a)(1), 204 (a)(2), 204(a)(3), or 204(a)(3a), shall forfeit to the United States not to exceed the sum of $200 for each such offense, and, in case of a continuing violation not to exceed $100 for each additional day during which such failure or refusal shall continue after notice. All forfeitures provided for in this paragraph shall be payable into the Treasury of the United States and shall be recoverable in a civil suit by the Commission or its duly authorized agent, brought in the district where the motor carrier or broker has its principal office, or in any district in which such motor carrier or broker was, at the time of the offense, authorized by the Commission, or by this part, to engage in operation as such motor carrier or broker, or in the district where such forfeiture may accrue; or in any district where the offender is found. All process in any such case may be served in the judicial district whereof such offender is an inhabitant or wherever he may be found."

SEC. 4. (a) Section 402 of the Interstate Commerce Act, as amended, is amended by deleting from subsection (b) thereof the words "or used household goods".

(b) Section 406 of the Interstate Commerce Act, as amended, is amended by inserting at the end thereof a new subsection (g) as follows:

"(g) In the exercise of its power to prescribe just and reasonable regulations and practices of freight forwarders of used household goods, the Commission shall give due consideration to the similarities of service provided by motor carriers of household goods (in transportating used household goods) and such freight forwarders, and establish uniform regulations and practices insofar as practicable."

(c) Section 410 of the Interstate Commerce Act, as amended, is amended by adding at the end of subsection (a) thereof a new subparagraph as follows:

"SEC. 410(a)(4). Any person may apply for a permit to operate as a freight forwarder (as that term is defined in section 402(a)(5)) of used household goods in interstate and foreign commerce between points in the United States or between any points in the United States and any point outside of the United States and shall be granted such a permit if the Commission finds that he is fit, willing, and able properly to perform the service proposed. Permits granted under this subparagraph shall be for one year and shall be renewable annually. Application for a permit and the annual renewal thereof shall be accompanied by a fee of $50. Application for permits under this paragraph shall be made to the Commission as provided in paragraph (b) of this section."

(d) Section 410(c) of the Interstate Commerce Act, as amended, is amended by inserting the following new words immediately preceding the first word of the paragraph: "Except as provided under subparagraph 410(a)(4) of this section," and by inserting a comma and the following new words immediately following the word "Act" where it first appears in the second sentence thereof: "except that a motor common carrier of household goods subject to part II of the Act may be issued a permit as a freight forwarder of used household goods upon qualifying therefor in accordance with paragraph (a)(4) of this section."

(e) Section 410(e) of the Interstate Commerce Act, as amended, is amended by inserting a comma and the following new words immediately after the first "and" in the first sentence thereof: "except for freight forwarders of used household goods issued permits under paragraph (a)(4) of this section,".

(f) Section 411(c) is amended by striking the period at the end thereof and adding "nor shall it forbid a motor common carrier of household goods subject to part II of the Act, or a director, officer, employee, or agent of such carrier, from controlling or acquiring control of, or holding stock in, a freight forwarder of used household goods which is subject to section 410(a)(4)."

(g) Section 417(b) of the Interstate Commerce Act, as amended, is amended to read as follows:

"(b)(1) If any freight forwarder fails to comply with or operates in violation of any provision of this part, or of any rule, regulation, requirement, or order promulgated by the Commission, or of any term or condition of any permit, the Commission or its duly authorized agent may apply to any district court of the United States having jurisdiction of the parties for the enforcement of such provision of this part or of such rule, regulation, requirement, order, term, or condition. In any proceeding instituted under the provisions of this subsection any person, or persons, acting in concert or participation with such freight forwarder in the commission of such violation may, without regard to his or their residence, be included, in addition to the freight forwarder, as a party, or parties, to the proceeding. The court shall have jurisdiction to enforce obedience thereto by a writ or writs of injunction or other process, mandatory or otherwise, restraining such freight forwarder and any officer, agent, employee, or representative thereof from further violation of such provision of this part or of such rule, regulation, requirement, order, term, or condition, and enjoining obedience thereto. Process in such proceedings may be served upon such freight forwarder, or upon such person, or persons, acting in concert or participation therewith in the commission of such violation, without regard to the territorial limits of the district or of the State in which the proceeding is instituted. Any application for relief shall be accompanied by security in such sum as the court deems proper to protect the interests of the party or parties against whom any injunction or other process is issued should it later be proven unwarranted by the facts and circumstances."

"(2) If any person (not including a freight forwarder holding a permit issued by the Commission under the provisions of section 410 of this part) operates in clear and patent violation of any provisions of section 410 of this part, or any rule, regulation, requirement, or order thereunder, any person injured thereby may apply to the district court of the United States for any district where such person so violating operates, for the enforcement of the provisions of such section, or of such rule, regulation, requirement, or order. The court shall have jurisdiction to enforce obedience thereto by a writ of injunction or by other process, mandatory or otherwise, restraining such person, his or its officers, agents, employees, and representatives from further violation of such section, or of such rule, regulation, requirement, or order; and enjoining upon it or them obedience thereto. A copy of any application for relief filed pursuant to this paragraph shall be served upon the Commission and a certificate of such service shall appear in such application. The Commission may appear as of right in any such action. The party who or which prevails in any such action may, in the discretion of the court, recover reasonable attorney's fees to be fixed by the court, in addition to any costs allowable under the Federal Rules of Civil Procedure, and the plaintiff instituting such action shall be required to give security, in such sum as the court deems proper, to protect the interests of the party or parties against whom any temporary restraining order, temporary injunctive, or other process is issued should it later be proven unwarranted by the facts and circumstances."

SEC. 5. Section 205(f) of the Interstate Commerce Act is amended by inserting after the second sentence therein a new sentence reading as follows: "In addition, the Commission is authorized, notwithstanding section 222(d), to make cooperative agreements with the various States to enforce the economic and safety laws and regulations of the various States and the United States concerning highway transportation."

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

EDUCATION IS POWER

Mr. HUMPHREY. Mr. President, in the past few weeks, almost 2 million young people have been graduated from secondary schools of the United States. More than 40,000 of these students come from the State of Minnesota. Many of these young people will continue their formal education at various institutions of higher learning throughout the country. All of them will have opportunities to learn and grow in their particular fields of endeavor and in their personal lives.

This is a particularly fitting time to offer a few general remarks on behalf of my distinguished colleague, Senator EUGENE J. MCCARTHY, and myself, about the value of education in today's world.

As former college teachers, we deeply appreciate both the interest in and opportunity for advanced learning in our country. Our interest in the education of our young people continues, because we firmly believe that the strength and hope of this country rests with them.

We are living in an age of paradox. On the one hand, it is a time of great danger. The United States, and all the free world is threatened by an alien, totalitarian system—communism—embodied in the governments of the Soviet Union and her satellites. We must meet that threat on several fronts—political, military, economic, and spiritual.

At the same time, we live under the constant threat of nuclear holocaust, in which mankind could be destroyed in a few moments.

On the other hand, we are living in an age of unlimited opportunity. For the first time in history, it is within the power of man to eradicate disease, hunger, and poverty. The theoretical and practical advances in science have been phenomenal, and the new horizons and challenges which have arisen in the past decade are astounding. Our world is rapidly changing. Only 10 years ago, we watched science-fiction programs on television, and the era of the spaceman was only a dream. Today we watch spacemen on television and know that these courageous men have actually traveled through outer space.

The young people who have recently been graduated will bear great responsibility for these changes and for the future of the United States. They are the future doctors, scientists, businessmen, skilled workers, farmers, teachers, artists, technicians, and civic leaders of our Nation. All will be the builders of America. On their shoulders will rest the burden of guiding our Nation safely into the early decades of the 21st century. It is our earnest hope and conviction that they will bear this burden willingly and capably. It is our duty to provide them with the educational opportunity to prepare them for these awesome responsibilities.

The value of education lies not only in the necessity for a strong nation to have trained and available manpower, but also in an informed, enlightened and aware electorate that is the foundation for the successful operation of a democracy. In our system education is primarily a duty of local and State governments, but the American people can and do help to provide better education for their children through private and Federal programs. Federal aid to education is nothing new. It dates from 1785, before our Constitution went into effect. To give a few examples of what has been done since that time by the Federal Government: The Morrill Act of 1862 provided grants of land for the establishment of colleges of agriculture and mechanical arts. The very fine University of Minnesota was established under this program. The 1917 Smith-Hughes Act provided Federal grants-in-aid for vocational education in the public schools. Public Law 874, the so-called impacted areas school-aid legislation, of which I was the original sponsor, provides Federal payments to local schools burdened by increased enrollments from Federal activity in the area. Finally, the well-known National Defense Education Act—the NDEA—provides Federal grants and loans for the purpose of increasing the teaching of science, mathematics, and foreign languages in schools at all levels. Thus the people of the United States have long recognized that support for our educational system could be provided through the Federal Government, as well as through State and local governments.

The American educational system is a good one, and the opportunities it presents are greater than those anywhere else in the world. Yet there is always room for improvement. Several programs recently before the Congress would help insure the widest and best education for our young people. The use of Federal funds for aid to secondary schools for school construction and for teachers' salaries would help provide better facilities and instruction across the United States. A college aid program for construction and scholarships for needy and qualified students would broaden available opportunities. Both of these bills have been passed in the Senate by the present Congress, and although the House has rejected aid to secondary schools for the present time, hopefully a college aid bill will be enacted into law before the end of the year. Measures for nursing education, aid to medical schools, a Youth Conservation Corps, and other measures designed to provide adequate educational opportunity for our young people would also help meet the pressing needs of our country for trained manpower.

Mr. President, as we move into the troubled times that lie ahead, Senator McCarthy and I want to express the hope that more and more of our present and future graduates go on for advanced training in their chosen fields. A great opportunity for good education exists in the United States today; we hope that they grasp it and utilize it to the greatest possible extent.

SMALL POWER SOURCES

Mr. HUMPHREY. Mr. President, I invite the attention of the Senators to a report prepared by John Hoke for the Communications Resources Division of the Agency for International Development. Through the work that Mr. Hoke has done for the Agency, he has become one of the country's leading experts on small and exotic power sources for remote areas of the world. In August of this year, Mr. Hoke will make a trip into the very remote jungle areas of Surinam. His means of transportation will be a boat powered entirely by a solar panel covering the top of the boat. At the completion of his trip, he will establish for demonstration purposes a communication listening post also powered by solar cells in villages which have heretofore had no radio communication.

It is clear that the benefits of power in relatively small amounts can be brought to most underdeveloped areas of the world if research can find the appropriate new methods of electrical generation which are cheap, reliable, and maintenance free.

The Communications Resources Division of AID and the Research Planning Staff of AID are exploring imaginative approaches to the need for small power units and are to be commended for their work in this area. Mr. President, I ask unanimous consent to have this report printed at this point in my remarks.

There being no objection, the report was ordered to be printed in the Record, as follows:

A Report on Small Power Sources

(By John Hoke)

There is a growing host of excellent new tools of communications that are nominal in their demands upon electric power, as a direct result of our technology that has produced such products as the transistor. In order to capitalize on this, we are now actively exploring new ways to obtain power in remote places.

These new tools, though nominal in their demands on electrical power, depend on a reliable source of power—be it stored or generated power. In order to be able to count on using these new tools, the AID is exploring ways and means of generating small amounts of power under a variety of environmental circumstances, and from a variety of energy sources. It is our ultimate objective to find a family of solutions—each of which will provide enough electric power, under individual conditions, to insure the convenient application of these communications tools to AID's programs in the field.

WIND, WATER, MUSCLE, MOTOR

These are but several of the tapable power sources that are real potential—along with such rapidly evolving exotic power sources as static generators (photo-voltaic, thermoelectric, and fuel cells). The rapidly evolving state of the art of foolproof rechargeable batteries goes hand in hand with these promising sources of electric power.

Wind generation of power is hardly a new area for consideration, but its application in areas where prevailing air movement, along with conditions that discourage importation of fuels, etc., make it a prime source of power. One such wind generator, available today (Wincharger Co.), provides 200 watts, at 12 volts; an abundance of power for powering the communications tools we are employing.

Water generation offers real promise, where small generators can be effectively harnessed to simple, low-cost paddle wheels, etc., or at the outflow of already existing irrigation situations (not already power driven).

The generation of small amounts of power by muscle may well prove to be an area with the greatest promise. In many remote areas, people are, and have for centuries, been pumping water, grinding grain, and operating crude machinery by human or animal power. Employing this same force to turn a small generator or hooking small generators to the machinery they are already working to pump water, etc., poses no major educational or social problems. (Even the random power of a squirrel running in an exercise cage race is able to generate enough power to operate a large community radio receiver, at a volume that can be appreciated by a village of hundreds of people.)

Associated with this are the many mechanical ways of joining little amounts of periodic exertion with a steady provision (through batteries) of electricity to run just such a radio described above. A slowly descending 25-pound weight, suitably engaged with a gear train and generator, can provide hours of radio reception, or store power for later use.

This same approach can be employed to capture the free wasted energy of people just walking past some heavily traveled place in a remote village; by the simple device of a slightly teetering treadle board that is mechanically contrived to continuously jack up a weight that is powering a gear and generator assembly.

Motor generation is currently a well-hardwared area of power generation in the field. Most modern generators, however, generate power way in excess of our particular interests, and at higher voltages (and at alternating current) than we need. This results in a logistics problem involving maintenance and excessive fuel and transportation needs. Low-cost, small, direct current (12-volt) generators would lessen these logistic considerations. In those cases where large village-wide power considerations are concerned, we would like to look backward in time, where we see great promise in the old "peanut oil" burning generators that provided power and light for American farms that were the first pioneers in rural electrification. These old generators were simple to maintain, could be idled frequently (because of the storage of direct-current power) and operated economically on low-cost, low-grade fossil fuel. Another possibility would be small steam engines, which could run on just about anything locally found, that will burn. In many countries in which AID has programs, this is the developmental stage they have reached, and this is the kind of step into the electrified world they can most easily take.

Exotic power supplies are commonly believed to be too expensive for their small power-generating ability. We are not so sure this is really the case. Even at a cost of many hundreds of dollars for a generation source of 100 watts, consideration must be given to the fact that this is a lot of power for our needs. The power source may be virtually free (in the case of solar conversion or biochemical fuel cells) or operate on local on-the-ground fuel, with maintenance costs that are almost negligible (in the case of static power supplies) and such generation obviates the enormous costs, logistics, and transportation usually associated with trying to provide conventional electrical power in very remote areas. After you have subtracted these conventional logistic support costs, is the dollars-per-watt figure really quite so frightening? On top of this is the rational expectation that these costs will go steadily downward as the states of the art of these exotic power supplies evolve into states of mass production, and so forth.

In order to take some of our own steps into solving these power needs, we have experimented with a number of potentially promising means of generating electric power.

Using a 1-watt panel of silicon solar cells, we have been able to operate directly, or charge the batteries off, a host of off-the-shelf commercially available communications tools. These include a community listening center radio and public address system made by Hoffman, for which the solar panel was designed, and several small battery operated phonographs, and a battery operated flashlight slide projector. Results have been so promising, that we are preparing a larger battery recharging center that will be powered by a 100-watt panel of silicon solar cells, and will be so adapted as to permit a power input from any of a number of sources of electric power. A remote (jungle interior) field trial of this assembly is scheduled for later this year.

Mechanical generation of electricity sufficient to operate radio receivers has proved quite effective. By the simple device of attaching a small d.c. motor to a rotisserie gear assembly, we have operated a large radio receiver by the slow fall of a 4-pound lead weight that spins the motor to generate power. A small rachet-driven hand-operated flashlight (surplus from World War II) has been nominally modified to generate enough power to operate many of those items we have powered from the 1-watt solar panel described earlier.

We are now constructing a small, 1-watt thermoelectric generator that will be heated by sunlight collected by a Freznel lens. The unit's orientation to the sun will be accomplished by a small milliwatt d.c. motor that is directed by a small assembly of solar cells (and from which it derives its power). Inexpensive clock gearing mechanically moves the whole assembly. This generator will provide the same power requirements as does the earlier mentioned 1-watt solar panel, but offers the advantage of enlargement to provide additional power, at a lower cost.

We are developing a small windup phonograph, that operates from a conventional spring motor which operates both the turntable and generates the power needed for its transistorized amplifier.

We expect soon to field test several varieties of thermoelectric generators that operate on the heat of kerosene lanterns (coal oil) and a candle. These are generators that are in prototype stages, but are very near the manufacturing level of development. For radio reception in remote areas, they offer great promise.

We have not yet firmly fixed, into arbitrary modular units, our power requirements, but the range extends from the milliwatt level (for operation of small radio receivers) up to in excess of 100 watts—a power range that allows remote operation of several large screen transistorized television receivers. Other interested parties' power requirements, generally speaking, exceed these amounts, so relatively lesser attention has been given to this low power area. We are, however, becoming increasingly aware of a myriad of potential small power sources because we are devoting most of our attention to this narrow range of power requirements.

While we have solved some of these power needs ourselves, we can only hope to scratch the surface working solely on our own. It is our belief that others who are exploring new power sources often quickly pass over very promising forms of power generation because of its relatively low power output. Because our power needs are down in this area, we would like to find access to those power sources that may have been set aside by those who are looking for greater sources of power. These rejected sources are the ones most likely to enable us to reach further into remote areas, where effective communication is a major factor in the development of nations.

We would also hope to find that there are others who are actively exploring this very small power range—from a watt to 100 watts—for in solving their own very small power needs, they will be largely providing the answer to our power needs as well.

We feel that the objectives before us are quite important and a major step toward implementing this agency's progress toward carrying them out will have been taken when we are able to come up with some solutions to our power needs at the level we are dealing with.

CONSENSUS AMONG ECONOMISTS IN FAVOR OF TAX CUT

Mr. HUMPHREY. Mr. President, I am very pleased to be able to call to my colleagues' attention an article in the June 28 issue of the Wall Street Journal reporting agreement among a large majority of economic experts on the need for tax reductions in order to give our economy the spur it needs in order that we may realize full potential growth.

What is especially remarkable, as this article notes, is that the need for a tax cut is shared by economists of the varied schools of economic thought. While some may argue that we need a cut for lower income groups and others may argue that the real need is for corporate tax relief and for those in the upper income brackets, most all the experts agree that the present tax burden is throttling economic growth.

As I have stated here in the Senate and elsewhere, in my judgment there is a need for tax cuts—both in personal and corporate tax rates—and the time for the Congress to take action on such tax reductions is this year, not 1963.

Let me make it clear, Mr. President, that in arguing for immediate tax cuts I do not maintain that we do not have a healthy economy. The facts clearly show that we do. The gross national product is up. Personal income is up. Sales are up. Profits are up. Total wages are up. Employment is up and the jobless rate has declined. Private investment is up. Industrial production is up. New construction is up. And during this period of economic growth we have witnessed a remarkable degree of price stability with consumer prices in the past 12 months rising only slightly over 1 percent and wholesale prices actually down from the 1960 and 1961 averages. Nevertheless, the rate of economic growth has not lived up to hopes and expectations. With all the reassuring factors it must be recognized that unemployment is still too high; investment in capital goods too low; the stock market uncertain and going down; and industrial modernization too slow.

However, there is no reason for anyone taking a Cassandra attitude on the economy, and to do so is, in my opinion, to work a serious disservice to our country.

The need for tax reductions is not only to avert an economic decline or recession. There is no evidence to give us cause for concern that the economy will reverse itself. The reason for a tax cut is to make our economy stronger, more productive, operating at fuller capacity, making use of our full industrial facilities and labor force.

In other words, it would absorb the unemployment, utilize the unused plant capacity and modernize our industrial plant so that it can face the competition which will inevitably come with the development of the Common Market in Western Europe and the increased attention to the economic scene by the Sino-Soviet bloc.

That is why the administration favors a tax cut in 1963, that is why I advocate a tax cut now, and that is why the overwhelming majority of economists favor a tax cut.

I am hopeful, Mr. President, that this Congress will take action to reduce taxes so that our full economic potential will be realized. I see no reason for delaying this decision until next year. This is not a temporary or emergency measure that is being proposed and what happens to the economy in the next few months should not be the determining factor in considering a more realistic and productive tax schedule. What we are concerned with here is enacting a tax law for the longrun picture which will make possible maximum economic growth which in turn means higher incomes and greater, not less, tax revenue to meet the needs of our great country.

It seems to me it is the responsibility of the Congress to take a hand in this matter. While the experts in the Department of the Treasury have said that in 1963 such a tax cut would be made available and would be effective January 1, 1963, it is my view that if the commitment is to be kept—and it will be—that the time to fulfill the commitment is now, and we can make the date of the tax adjustment effective January 1.

It is my view that the people of our Nation would rather see the Congress fulfill its obligations now than to wait until some later date.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SMATHERS. First, I commend the very able Senator from Minnesota on the statement which he has made. While I do not agree with him entirely on every one of the points that he has made, nonetheless I cannot help but believe that the basis and the thrust of his argument are completely sound. It seems to me, as he has so well stated, that most of the economic indicators demonstrate that the country is in rather good shape. Nonetheless, the country's economic condition is not living up to the potential that we had hoped for it or that we had expected for it. If we are going to have a tax-reduction bill, it would seem to me that the time to have it, as the able Senator has so well stated, is now when the economy indicates that it is rather looking downward, if not going downward. It is better to have the tax cut now to head off the trend and to change the direction before it is too late. I can see no purpose in talking about having a tax cut in the early part of 1963 rather than having it now. If we wait until 1963 and the economy slides further, we may then require a massive tax reduction in order to stimulate the economy again, whereas if we get something moving at the present moment to stop the slide before it becomes accelerated downward, I believe that the economy will be quickly stimulated, that the economic indicators will look even better than they do today, that employment will again increase, and that the country will begin to grow at the rate that we wanted it to grow.

I commend the able Senator for his statement. I might add that it would appear, from my observations as a member of the Committee on Finance, that the present bill, which is in the Committee on Finance, as it was sent to us, is in deep trouble, and that it is not going to pass in the form in which it was passed by the House.

I believe that if we were to bring up a tax-reduction bill with certain revisions of the tax bill which has come to us from the House, we would be able to pass a tax-revision bill with the loophole closing provisions which we now have before us, and in that way the shock to the Treasury would not be so great.

In other words, by the passage of most of the provisions which are before the Senate—leaving out the withholding provision, leaving out the investment credit provision, and passing all the rest of the provisions, with some modifications—we could bring into the Treasury perhaps a billion, two hundred million dollars. We have, then, a basis for having some kind of tax revision at this time, and it is the kind of action that would meet with approval of the Congress and, I am sure, with the enthusiasm of people throughtout the country.

Mr. HUMPHREY. I thank the Senator. He is a member of the Committee on Finance. Quite obviously his words on these matters of fiscal and tax policies mean a great deal and carry considerable weight. It is my view that the time to have a tax cut is now, before the economy finds itself in very serious trouble. We should make the cut now, rather than wait. We may wait too long. If we wait too long we may find it necessary to make a massive cut, which could have a disruptive effect on a healthy situation.

It is my hope and view that we will take a good, solid look at the development of the economy—for example, carloadings, industrial production, housing construction, commercial construction, investment in capital goods—and then constantly measure these factors and indexes by what is happening to the employment picture.

It is my view that an economy which bears the burden of approximately 5 million unemployed is like an individual who for all practical purposes seems to be healthy. It may be that his physical examination shows nothing wrong, or, in fact, shows that he is healthy. Yet he feels sluggish. He is not able to do the job that needs to be done. We know that a doctor who would diagnose the case of such an individual would recommend that remedial treatments be taken soon, lest it be necessary to proceed with serious surgery or lengthy medical care. It is my view that the analogy applies to the economic situation.

I do not believe we can ignore the gyrations of the stock market. I have said repeatedly, and I say again, while the stock market is not an accurate index of the economy or an accurate economic barometer, it is a reflection of the economy. In other words, it reflects both the economic story and the psychological situation.

My concern is that we are not paying proper attention to some of the warning signs that have been before us for several months. It is a fact that the rate of recovery from the recession of 1960 has not been what we had hoped or expected. It is a fact that the three recessions of the 1950's have left a heavy burden on the economy. It is a fact that steel production is down to less than 60 percent. I believe it is 55 percent, and I understand that it may go lower. It is a fact that consumer savings are high. That means that there is a lower rate of consumption in the country.

These factors must be taken into consideration. My hope is that the Committee on Finance will take the initiative in this matter. After all, the Department of the Treasury and the administration as a whole have recommended that, as I have said, in January 1963 something will be done. It is my view that if we are going to keep that commitment—and I do not believe it would have been made unless it had been the intention to keep it, and I believe the commitment will be kept—we should do it now.

Surely, any kind of definite notice by Congress and the Government to industry as to what the tax picture will be will do much to stimulate and improve the economy.

One important factor in the problem is the uncertainty with respect to our tax policy. Our tax policy should be in a priority situation, so as to remove any doubt or ambiguity. We should do something, whatever it is. In other words we should handle a tax bill as rapidly as we can and give the investment community, workers, management, homebuilders, homeowners, mortgage companies, banks, and other financial institutions an indication and some firm guidelines as to what the tax policy will be. Uncertainty about the investment tax credit, for example, and about the tax revision policy of the Government are slowing down investment. Something must be done.

I ask unanimous consent to have printed in the RECORD at this point the article entitled "Tax Cut Fever," published in the Wall Street Journal of June 28, 1962; excerpts from the remarks I made before the Minnesota Bankers Association on June 6, 1962; a copy of my newsletter of June 11, 1962, and a copy of my news release of June 26, 1962.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, June 28, 1962]

TAX-CUT FEVER: MOST ECONOMISTS FAVOR REDUCTION, SPLIT ON TECHNIQUE

(By Arlen J. Large)

The uncomplicated appeal of money will certainly fuel much public support for the proposed Federal tax cuts.

But for those who need it, there is no lack of high-toned economic theory justifying this politically popular step now promised by President Kennedy for 1963, if not sooner. Furthermore, the tax-cut doctrines now being spun out by most professional economists come in an assortment of ideologies so widely scattered that one or another can be found to satisfy nearly everyone.

Economists still differ, of course, on whose taxes should be cut most and on the significance of the resulting budget deficits. But there is now a remarkable consensus among economic soothsayers on the main point: Uncle Sam's tax burden is throttling economic growth and should be lightened. "I think that once professional economists get pessimistic about the economy, then most of them turn to a tax cut as the way out," observes a career business analyst in the Commerce Department.

BANKING ON A BOOM

Almost as remarkable as the tax-cutting consensus itself is the speed with which it has developed. Only last January, Mr. Kennedy budgeted an increase of nearly $11 billion in the Federal tax take between mid-1962 and mid-1963 with no change in personal or corporate income tax rates. The extra money was to have been generated from a soaring economy, and the resulting presumed budget surplus stood as a goal "which seems appropriate at the present time," the President then said.

The economy has grown since January, but it hasn't soared. Administration chartwatchers partly blame this spring's unexpected up and downs in steel inventories for disruption of the economic flight plan. More blame is assigned, though, to the failure of business investment to climb on schedule. Not only is there disappointment over the shortrun trend of new spending on factories and equipment (a likely 8-percent rise over last year versus a hoped-for 15-percent increase), but there's worry over a longrun failure of these outlays to keep pace with total economic activity.

It's the investment lag on which most of the tax-cut theories now converge, though some of the paths are meandering. Depending on the theorist, it's reasoned that a tax cut will (A) make ordinary consumers so rich that they'll buy more goods, luring company presidents into building and modernizing factories to produce the extra merchandise, or (B) let individuals and companies have more of their money for investment in new factories, which will create more jobs and make wage-earning consumers rich enough to buy the extra merchandise.

These twin circles of argument lead to the same essential: A reduced Federal tax burden on the economy. But because the two theories disagree on whether wealth trickles up or down, they permit continued side arguments among theoreticians over which taxpayers should get the most relief.

Thus organized labor contends that when tax cuts are passed around, business and rich people should be left out. "Tax cuts for the low and middle income groups," declared AFL–CIO President George Meany last week, "find their way into the spending stream, while tax cuts for upper-income recipients usually move into savings." Reduction of the 52 percent corporate tax rate, he added, would be "very unwise" because companies already have plenty of funds for new investment.

Organized business groups base their own arguments for tax reduction on just the opposite line of technical reasoning. The U.S. Chamber of Commerce declares that people in the 60 percent-plus tax brackets want to invest wealth productively, but that they have little left after Uncle Sam takes his share.

The chamber, whose board of directors will meet this weekend to consider a possible call for an immediate tax cut, doesn't argue low-bracket groups should get no relief at all. But its economists question the stimulative effect of a cut in withholding rates resigned to increase the factory worker's weekly take-home pay. Most people don't buy cars, houses and refrigerators from their paychecks, this argument runs, but from credit. Thus, a few dollars every week wouldn't necessarily translate itself into effective demand.

Some tax-cut advocates refuse to enter this hoary "trickle up" vs. "trickle down" debate, but urge an evenhanded distribution of relief.

The Kennedy administration also tries to avoid taking sides, stressing the need to encourage both consumer demand and business incentives for "productive investment." Thus, its tax program is a mixed ideological stew of bigger depreciation allowances, cuts in both high and low individual tax brackets, and a probably small reduction in the corporate rate.

Economists who join the parade of tax-cut advocates have found various technical ways of making their peace with the nagging question of deeper budget deficits. Some boosters of an immediate cut argue the economy would revive so much that when lower tax rates were applied to larger incomes the Government would actually lose little revenue. Another school of theorists contends there would be a deficit, but that it wouldn't be inflationary as long as there's high unemployment and the money supply swells no faster than the economy as a whole.

Of course, the tax-cut army also contains economists who openly contend a budget deficit is positively desirable in today's circumstances. Laced heavily with the doctrines of John Maynard Keynes, the late British economist whose name still sends everyone running for the ideological trenches, their argument runs thus: There has been a basic change in the postwar economy. Consumers aren't so eager as before to go into debt; businessmen have plenty of capacity in existing factories and little incentive to borrow expansion funds. This leaves too much money lying around in savings compared with the demand for borrowed money. A Federal deficit is the way to channel the savings surfeit into more productive debt.

SPENDING CUTS URGED

Still other economists agree with one or the other of the theories supporting a tax cut but are unable to swallow the resulting deficits. Raymond J. Saulnier, the Eisenhower administration's chief economist in its closing years, thinks it would indeed be "enormously helpful" to reduce the total taxload, but he argues it must be accompanied by an attack on lofty Federal spending. "Neither our domestic nor our international affairs will permit us to go for very long on a spree of higher spending, lower taxes and bigger deficits," Dr. Saulnier declared in a speech last week.

Except for deficit worriers, though, outright opponents of a tax cut are rare. John Kenneth Galbraith, an economist who advocates channeling more resources into the "public sector," divorced himself from Washington's tax-cut talk during a recent trip home from his ambassadorial post in India.

There's little evidence that the viewpoints of either Mr. Gailbraith or Dr. Saulnier will prevail; the Kennedy administration shows no inclination to mount a drive to cut spending. And the momentum of tax-cut sentiment is believed by some veteran Washington officials to be even stronger now than during the 1958 recession, when Mr. Eisenhower was being urged—unsuccessfully—to back a tax reduction.

The waves of technical-sounding judgments from professional economists will solve the deficit worries of many Congressmen when the tax-cut decision comes before them this year or next. And the rationalizations will come in handy, too, for those ordinary taxpayers who hunger to seize back some of the money they're not now allowed to keep.

EXCERPTS OF REMARKS BY SENATOR HUBERT H. HUMPHREY, MINNESOTA BANKERS ASSOCIATION, MINNEAPOLIS, MINN., JUNE 6, 1962

A few years ago, this Nation was in the midst of a serious recession. The country was basically strong, but unemployment was increasing and business activity was decreasing.

The best grade we could have applied to our Nation's economic report card was a C—and I suspect we barely qualified for that.

Since the recession of 1960, our economy has improved. We have put in some hard work and tried some new methods to boost our economic health.

And today, there is no doubt that our economic report card shows a definite improvement.

We rate a good, solid, above-average B for economic activity and health.

But none of us would be conscientious citizens—or patriotic Americans—if we remained satisfied with a better-than-average performance.

We in America have a tradition of seeking excellence in all areas of our life and society. We do not want to be second best. We want to be first.

In short, we need to earn an A on our economic report card. And to do so, we need to exert more effort, harder work and some new methods and policies.

First, let us take a look at our Nation's economic performance today, compared with a few years ago.

How did we raise our economic grade from an adequate C to a solid B?

In the first quarter of 1961, America's gross national product was $500 billion.

In the first quarter of 1962, the gross national product of the United States stands at $548 billion.

This is an increase of 9½ percent.

Corporate profits before taxes rose from about $39.6 billion in the first quarter of 1961 to $52.4 billion at the end of the fourth quarter—an increase of one-third.

The labor income rate nationally in April 1961 stood at $280 billion.

In April 1962, the labor income rate had risen to $309 billion—a 10-percent increase.

One of the most encouraging improvements has been the sharp drop in the rate of unemployment.

The unemployment rate nationally has dropped from 6.9 percent of the labor force to 5.5 percent.

This has been a 20-percent improvement—with the actual number of unemployed workers down from 5 to 4 million. And an additional 1 million persons were added to the labor force because of population growth.

The improved employment situation alone would justify a change from a C to a B in our economic report card, but there are more reasons.

Industrial production has been boosted 15 percent from the first quarter of 1961 to the first quarter of 1962—and it's still increasing.

Personal consumption expenditures—representing the amount spent by the public in the marketplace—have risen $21 billion in 1 year.

Housing construction is moving up at a rate of a million and a half units a year—the highest in 3 years and one of the highest rates in our history.

Of particular interest to bankers in Minnesota and throughout the Nation, consumers increased their holdings of liquid assets more than $20 billion in 1961, while consumer debt rose by only $0.5 billion.

All of these developments point to a nation which is basically strong, prosperous, and growing. Clearly, we have recovered from the recession of 1960. We have boosted our economic grade from a mediocre C to a respectable B.

But the semester is not over. We still have work to do. We still need extra efforts. We still need to find new ways and to take new steps to boost our economic health and prosperity to the levels of which our Nation is capable.

In a world which is moving and changing swiftly, we need all the strength our Nation can muster.

Freedom is threatened by the angry, aggressive totalitarianism of a strong and clever Communist empire.

And within the free world, the United States faces the healthy and friendly, but serious, economic competition of the prosperous and powerful European Common Market.

This is not an age in which we can satisfy ourselves and assure our survival and growth with an average effort and an OK philosophy.

This is the space age, demanding an A-OK performance not just by our astronauts, but also by all areas of our Nation.

And that includes our economic performance. We need to strive for full economic health and excellence. We need to earn an A for economic prosperity.

When I say "We," I do not speak abstractly. I do not call for new effort only by one part of our Nation.

This effort for continued improvement must come from all who are able to influence the economy for the better.

It must come from private industry and business. It must come from individual citizens and labor unions. It must come from local and State governments. It must come from the Federal Government, too, including both the administration and the Congress.

I have already defined the improvements and the progress of our Nation's economic situation which have been won in the past few years.

Now let me point to the areas of our economy which need further improvement.

First, the Nation's unemployment rate, 5.5 percent, is still too high.

Second, consumer spending is too low. Excess plant capacity can be utilized only when consumer spending increases.

Third, investment by business for modernization and efficient production is too little. Fourth, the Nation's economic growth—though improved—is too slow.

Last week, I went to New York to meet with officials of the New York Stock Exchange and other financial leaders.

What I learned in that personal trip strengthened my concern about the recent instability of the stock market as a reflection of our economic strength.

The recent instability of the stock market was, I believe, a dramatic reminder to business and Government alike that economic policies which stimulate growth and expansion are long overdue.

The economists and businessmen with whom I have met agree that our present rate of economic growth is too slow and too little to absorb unemployed workers and new entrants into the labor force.

Our rate of economic growth is, in fact, the lowest of any major industrial nation in the West.

I cannot attempt to advise industry or private business what to do. That is their responsibility.

But as a U.S. Senator and as an independent member of the administration team in Washington, I can and do urge new action by the Government to help strengthen the economy.

And we do need action. There are those who say that all we need is for the President to go on television to assure the Nation that the economy is basically sound.

The President has done that. But he knows and we all know that it will take more than expressions of cooperation and words of reassurance to help stabilize the stock market and to strengthen the economy.

Any delay by Congress or the administration on necessary action programs could bring further economic trouble.

These are my specific recommendations:

First, a firm commitment by Government—and private industry—that unemployment will be reduced to not more than 4 percent of the work force.

Second, a stepped-up public works program placed into operation at once. Legislation for this is pending in Congress.

Third, an effort to boost our exports through a massive oversea selling program. This requires immediate approval of the President's Foreign Trade Expansion Act.

Fourth, we need a decision on taxes. The investment tax credit provisions of the President's program must be enacted by Congress at once, but more is needed. I recommend tax cuts of between 2 and 4 percentage points on corporate income and 2 percentage points on individual income.

This fourth and final step, I believe, is necessary now. It is a fact that investment has lagged behind corporate cash flow. New and increased investment can and must be stimulated by a new and more liberal tax policy.

A 2-percentage-point cut in corporate income tax and a 2-percentage-point reduction in individual income taxes would, it is estimated, inject about $5 billion of capital into the economy.

Add to that the investment tax credit, and we will have an economic incentive to overcome almost any obstruction to capital improvement and full economic recovery.

NEWSLETTER FROM SENATOR HUBERT H. HUMPHREY, WASHINGTON, D.C., JUNE 11, 1962

THE ECONOMY AND THE STOCK MARKET

The recent instability of the stock market is a dramatic reminder to business and Government that new policies and programs are needed to stimulate economic growth. The up-and-down fluctuations of the stock market do not fully reflect the Nation's economic strength, but they do indicate that there is definite room for improvement.

RECOVERY SINCE 1960

The American economy today is strong, and the recovery since the recession of 1960 has been substantial and constant. Here is some of the evidence that the Nation has moved ahead economically since 1960:

America's gross national product increased from $500 billion in the first quarter of 1961 to $548 billion in 1962's first quarter, an increase of 9.5 percent.

Corporate profits before taxes rose from $39.6 billion to $52.4 billion in the same period—an increase of one-third.

The labor income rate nationally in April 1961 was $280 billion. In April of this year, it had risen to $309 billion—a 10-percent increase.

The national unemployment rate has dropped from 6.9 percent to 5.5 percent of the labor force—a 20-percent improvement.

Industrial production has been boosted 15 percent from the first quarter of 1961 to the first quarter of 1962.

THE JOB IS NOT DONE

These facts emphasize the significant economic boost our Nation has enjoyed since early 1961. Our economic report card—which rated at best a C grade in 1960—now merits a good, solid B. But we should not be satisfied with partial improvement or an everything-is-OK philosophy. This is a fast-moving age, and we need all the strength we can muster. We need an A-OK performance not just from our astronauts, but from all parts of our Nation. We should strive for excellence, for an A grade.

FOUR ACTION STEPS FOR STRENGTH

Although our economy is basically strong, there are areas of weakness which command immediate action from the business community and Government. The Nation's unemployment rate is still too high. Consumer spending is too low. Investment by business for modernization and expansion is too low. And economic growth—though improved—is too slow. These are my specific steps for action: First, a firm commitment by Government and private industry that unemployment will be reduced to not more than 4 percent of the work force. Second, a stepped-up public works program placed into operation at once. Third, an effort to boost our exports through a massive oversea selling program—requiring immediate approval of the President's Foreign Trade Expansion Act. Fourth—and most important—we need a decision on taxes. I recommend tax cuts of between 2 and 4 percentage points on corporate income taxes and 2 percentage points on individual income taxes.

TOWARD FULL ECONOMIC PROSPERITY

These steps are necessary now, not next year. This Nation faces a threat from a powerful and clever Communist empire. We also face the friendly—but serious—competition of the European Common Market. Those challenges must be met now, to keep America strong and growing.

Humphrey Urges Immediate Action on Tax Cuts

Senator Hubert H. Humphrey, Democrat, of Minnesota, has urged congressional action this year for tax cuts on both personal and corporate income.

Speaking Monday at the national convention of the National Office Machine Dealers Association at the Leamington Hotel in Minneapolis, the Senate majority whip said that "one of the greatest obstacles to getting our economy running at full acceleration is present uncertainty over tax policy."

"Congress should end this uncertainty by enacting this year a tax cut on both personal and corporate income. These tax reductions, tied in with the administration's proposals now before the Congress for a tax credit on capital investments, will give our economy the boost it needs," Senator Humphrey said.

"By acting this year on tax cuts, Congress will encourage new investments for more modern and efficient production, bolster employment, increase consumer spending, and take up the lag in presently unused plant capacity.

"Present tax laws are a drag on the economy. Only by reducing personal and corporate income taxes, granting investment tax credits, and putting into effect more realistic depreciation allowance schedules can we realize our full economic potential.

"Failure of the Congress to act—and to act this year—will mean a continued lag in the economy which cannot be tolerated.

"Our country cannot meet its responsibilities as leader of the free world, maintain adequate defenses, provide necessary assistance to the underdeveloped nations of the world, and provide adequate living standards for the American people with an economy that is operating below maximum efficiency.

"The time for action is now. The responsibility rests with the Congress of the United States. Before this session of Congress comes to an end I am hopeful that the new tax law will be enacted so that we can get our economy operating at full speed."

AMENDMENT OF INTERSTATE COMMERCE ACT TO STRENGTHEN AND IMPROVE THE NATIONAL TRANSPORTATION SYSTEM

The Senate resumed the consideration of the bill, S. 2560, to amend the Interstate Commerce Act, as amended, so as to strengthen and improve the national transportation system, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the committee amendment in the nature of a substitute.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. JAVITS. I wish to inquire of the Chair as to what the pending business is.

The VICE PRESIDENT. The pending business is S. 2560, to amend the Interstate Commerce Act, as amended, so as to strengthen and improve the national transportation system, and for other purposes.

Mr. SMATHERS. Mr. President, on March 22, 1961, the Surface Transportation Subcommittee of the Senate Committee on Commerce began a series of hearings which have since become known as hearings on the "Decline of Regulated Common Carriage." One of the chief concerns of the subcommittee in its investigation was to find the reasons for the rapid growth of unregulated carriers. During the course of the hearings some 27 witnesses, representing the various forms of transportation and shipper interests, as well as the Interstate Commerce Commission and the State regulatory agencies, gave us the benefit of their experience and observation. As a result of the information presented to us, it became apparent that a vigorous program utilizing to the fullest extent the enforcement powers and the facilities of the Federal and State Governments, as well as private individual uses needed to meet the threat to authorized carriers.

During the past few years illegal interstate for-hire motor transportation has become one of the largest single problems facing the Nation's transportation systems. It has been estimated by the ICC's Bureau of Transport Economics and Statistics that something in the neighborhood of 11.2 billion ton-miles of freight moves illegally each year. The Florida Public Utilities Commission puts the estimate of such "gray area" transportation at approximately 25 to 40 percent of all interstate for-hire transportation—over $3 billion. The conclusion reached from the testimony received is that the growth of unlawful operations has brought great pressure on all modes of regulated carriage and poses a serious threat to the ability of such carriers to continue their service to the public.

Mr. BARTLETT. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I am happy to yield to the able Senator from Alaska, who is a member of the Committee on Commerce.

Mr. BARTLETT. Mr. President, I send to the desk an amendment to S. 2560 and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The Legislative Clerk. On page 16, line 7, it is proposed to change the comma to a period and strike everything after the quotation mark through line 13.

Mr. SMATHERS. Mr. President, the bill before the Senate today, S. 2560, is designed to encourage and implement stricter enforcement of part II of the Interstate Commerce Act. The purpose of the bill is to strengthen those provisions which have been in the law since its enactment in 1935 and to add procedures which the testimony at our hearings indicates are needed if we are to strengthen and preserve the common carrier system.

Section 1 of the bill has a dual purpose: To coordinate Federal and State enforcement against those who operate in interstate commerce without the necessary certification required by law, and to bring about uniformity in State laws relating to interstate motor carrier operations. This section represents a balanced approach to a serious problem—the need of States for information by which to control unlawful highway transportation and the need of legitimate interstate motor carriers to operate on the highways without unnecessary and unduly burdensome State regulation.

As I said before, the growing amount of unlawful transportation threatens the stability of legitimate carriers. The excellent experience in a number of States—for example, Florida, Arkansas, and Illinois—in cracking down on illegal operators gives us a very useful avenue of attack against those who would operate without regard for the requirements of law. At present, 35 States are exercising their authority to control the use of the public highways within their borders.

At the same time, burdensome State filing requirements add greatly to the money and manpower costs of legitimate carriers. In making use of State enforcement activities, we must also make certain that we do not overburden those who operate within the law.

This section is not intended as an encroachment on the authority of States to do what they are now doing. Rather, it is a means of achieving order in what could otherwise be a chaotic situation. Today these 35 States require those who are regulated by the Interstate Commerce Commission as interstate for-hire carriers to register their Federal operating authority, to identify their vehicles, to file policies of insurance, and the like. Under present conditions there are substantial variations in the State requirements.

The proposed legislation in no way attempts to prevent States from requiring the registration of such carriers or obtain the information they seek, but a genuine need exists to bring about uniformity so that legitimate carriers are not unduly burdened.

The uniformity contemplated by this measure will not be unilaterally established by the Federal Government. Under the language of the section the Interstate Commerce Commission is directed to consult with the States before promulgating the standards called for. In the words of the bill:

> In establishing such uniform standards the Commission shall give due regard to the needs of the several States for information * * * the Commission shall consult with the regulatory bodies of the several States.

In recognizing the obligation of Congress to legitimate motor carriers and their need to move across State lines without unnecessary interference, the bill provides that in establishing the uniform standards the Commission shall protect carriers from a duty to file or otherwise comply with State requirements that might constitute an undue financial or administrative burden on the carriers. The Commission is also directed to take into account the differences in the operations of the various classes of carriers and to make proper adjustments in the standards to take care of each of the classes.

We hope this language will alleviate the fears of a number of carriers that the proposed legislation will add to their regulatory burdens. The bill grants no authority to the States that they do not now possess. By the same token, it adds no regulation by the States to which carriers are not now subject. In fact, with respect to both the authority of the States and the obligations of the carriers, the bill would change nothing. It would add a measure of uniformity.

The extensive hearings of the surface transportation subcommittee have indicated clearly that enforcement of the Federal laws on the regulation of motor transportation, if they are to be effectively administered, must be backed up by State activities along the same lines. We believe that such State enforcement is necessary and is highly desired if illegal for-hire motor carriage is to be stopped. The language of this section has no effect on the existing authority of the States to tax those who engage in business within a State or in any way to infringe on the authority of States with respect to the operation of motor vehicles on the highways.

With respect to section 2 of S. 2560, the first paragraph would amend section 222(b) of the Interstate Commerce Act, one of the enforcement provisions in the act which provides that the ICC may enjoin any motor carrier or broker who violates any of the provisions of part II of the act. The amended language expands the existing enforcement powers of the Commission to enforce the act and its rules and regulations, by authorizing the inclusion as a party any person or persons acting in concert or participating with any carrier or broker violating the law.

Under the provisions of this new language process may be served upon the violator or any person or persons acting with them without regard to the territorial limits of the district or the State in which the proceedings are instituted. This amendment for nationwide service of process has long been sought by the ICC. In enforcing the law it is often necessary for the Commission to join as defendants in the action shippers who use the services of motor carriers or brokers who operate in violation of the law. This amendment would allow the joining of defendants wherever they might be found. It would remove the barrier of territorial limits on the service of process and thereby facilitate the enforcement of the law.

Paragraph 2 of this section of S. 2560 is entirely new language. It is a self-help provision. Under it any injured party would be able to restrain anyone operating as a for-hire motor carrier without the required certificate or permit or other authority granted by the Commission under the provisions of the act.

While legitimate common carriers, both rail and motor, have suffered from the competition of illegal operators carrying goods in interstate commerce without the requisite operating authority, they have had no right under the law to protect themselves by means of court action to enjoin such illegal activities. Self-help is a highly valued law-enforcement procedure. The need for private citizens to protect themselves is required increasingly. The large task of enforcement which faces the Government will be substantially assisted by people being able to protect themselves within the limitations of the law.

The language of this section makes it clear that private suits could be entertained only in those cases where the violation complained of, and for which relief is sought, is a clear and patent violation of the law. Only those operations which openly and obviously are outside operating authority requirements of the Interstate Commerce Act could be restrained.

The courts could not be used where there was any question as to whether there was in fact a violation of the law. In order to insure that actions are not brought prematurely or that the court will be requested to rule in an area where the applicability of the law is not clear, the section requires that the Interstate Commerce Commission be notified of any application for relief under this section. The Commission will then be able to appear as of right and, if necessary, have the action dismissed until a later date, without prejudice.

As a further protection against malicious use of process and as a bar to numerous harassing lawsuits, this section requires the posting of a bond and calls for the recovery of attorney's fees and court costs where the action is not warranted by the facts and the circumstances.

Under the language of this section—and I cannot stress this too emphatically—suits may be brought only where the matter involves an obvious attempt to circumvent the need for the operating authority of the ICC. Any suit requiring or involving the interpretation of the law remains under the Interstate Commerce Commission's jurisdiction and the courts cannot entertain such suits.

This measure for self-help is designed to enable injured parties, for the most part the common carriers who are suffering from the competition of those who operate illegally, to close off the flagrant violations of the law. It will go a long way toward relieving the already overburdened enforcement personnel of the Commission of the necessity to handle obviously routine enforcement cases. This weapon against illegal operations is an adjunct and supplement to the Commission's activities in this area and is in no way intended to be a substitute for them.

The reason for restricting self-help to cases where operating authority is not held by the violator, is to prevent any dilution of the Commission's primary jurisdiction over the carriers involved and to leave it to the Commission to supervise the activities of carriers already under its jurisdiction and subject to its control. In cases involving operating authorities, highly technical interpretations are needed, and our courts would not be in a position to make the decisions needed without prior determination of the issues by the Interstate Commerce Commission. Let me emphasize again that an injunction proceeding is not authorized against any carrier who has any kind of certificate or permit from the Commission.

Section 3 of S. 2560 would amend section 222(h) of the Interstate Commerce Act, as amended, by including under the civil forfeiture provision any failure or refusal to comply with section 203(c), 206(a)(1), or 209(a)(1) relating to the need for certificates or permits to operate in the for-hire motor transportation business in interstate or foreign commerce, and any failure or refusal to comply with the safety regulations promulgated by the Commission. At the present time the forfeiture provision relates only to the failure or refusal to make reports, keep records, and perform similar bookkeeping functions. This has left the Commission terribly handicapped to deal with major violations of the act.

The new language would increase the forfeiture provided from $100 for each offense to not to exceed $200 for each offense, and in the case of a continuing violation from $50 for each offense to not to exceed $100 for each offense after notice. The provision would also change the existing section by enabling the Commission to proceed on its own in the

Federal courts rather than require the Commission to request action through the Department of Justice.

The language of this section was requested by the Interstate Commerce Commission for the purpose of increasing its ability to contain illegal operations being conducted by either regulated or unregulated carriers. This principle was also recommended in the President's transportation message. The Commission testified that such an amendment would be helpful in its efforts to eliminate unlawful and questionable leasing arrangements.

The inclusion under the civil forfeiture provision of this new material would enable the Commission to more directly attack those who operate without regard to the requirements of the law. It will relieve them of the necessity for preparing and prosecuting difficult criminal actions, and it should speed the process of bringing illegal operators to account.

The major question concerning this section is with respect to the Commission's application of civil forfeiture penalties for safety violations by regulated motor carriers as well as legitimate exempt and bona fide private operators. These trucking operations pride themselves on their record of safety compliance and safety of operations. With respect to these operators, especially the regulated carriers, the Commission has ample opportunity to inspect their vehicles, drivers, and records in order to supervise their safety operations. The civil forfeiture penalties for violation of safety regulations are not looked on as an additional means of penalizing those who make substantial efforts to comply with the law. This civil forfeiture provision is not intended for use in connection with innocent violations and those of a minor nature which could have no relation to highway accidents.

However, the safety record of "gray area" operators is not an enviable one. The illegal operator maintains few records, usually has no office, and is not concerned with safety compliance. The civil forfeiture enforcement of safety regulations is included in this bill as a weapon against those who make their living flouting the law.

Section 4 of the bill would remove the exemption of "used household goods" from the provisions of section 402(b) of the Interstate Commerce Act. In consequence of the removal of this exemption, the provisions of part IV of the Interstate Commerce Act becomes applicable to freight forwarders of used household goods, except as otherwise provided by section 4 of the bill.

Section 4(b) of the bill would amend section 406(g) of the Interstate Commerce Act to direct the Commission in prescribing regulations and practices of household goods forwarders to consider the similarities of service provided by motor carriers of household goods. This direction recognizes the close relationship between these two activities.

Section 4(c) of the bill would amend section 410 of the act to provide for the issuance of a permit to operate as a freight forwarder of used household goods to any person found by the Commission to be fit, willing, and able properly to perform the service proposed. Permits are to be of 1-year duration and would be renewable annually. Both original and renewal applications must be accompanied by a fee of $50. Neither a "grandfather" clause nor a finding of public need is deemed necessary for the effective regulation of this activity. Indeed, more stringent entry control would tend only to prefer those who have initiated token operations. Many persons have operated as freight forwarders of used household goods only sporadically, but unless they are allowed to qualify for a permit upon a showing of fitness, they will lose business to competitors and be unable to serve their customers as they have in the past. Such a loss or redistribution of business is not intended.

Section 4(d) of the bill would amend section 410(c) of the act to enable a motor common carrier of household goods to qualify as a freight forwarder of used household goods. Since many such carriers are now functioning as forwarders, this provision is required to enable them to perform the same service they have in the past.

Section 4(e) of the bill would amend section 410(e) of the act to make the provisions of that section inapplicable to freight forwarders of used household goods. In order to afford forwarders of used household goods the flexibility which their operations require, permits to be issued should contain no territorial restrictions. This provision is intended to effectuate this objective.

Section 4(f) of the bill would amend section 411(c) of the Interstate Commerce Act to enable a motor common carrier or a director, officer, employee, or agent of such carrier to control, acquire control, or hold stock in a freight forwarder of used household goods. Again, this provision is designed to protect the position of carriers or carrier personnel who have acquired a stock interest in a freight forwarder of used household goods.

Section 4(g) of the bill would amend section 417(b) of the act to accomplish the same objectives as those outlined in the discussion of section 2 relating to the amendment of section 222(h) of the act.

Section 5, recommended in the President's transportation message, would authorize the Interstate Commerce Commission to make agreements with States to cooperate in the enforcement of the economic or safety laws and regulations of the various States or of the Federal Government with respect to highway transportation. Of this provision the message stated:

> This law would be consistent with collateral efforts to develop and adopt uniform State registration laws for motor carriers operating within States but handling interstate commerce. The purpose of both of these efforts is to help eliminate unlawful trucking operations which abound because of diverse, ambiguous laws and practical limitations in enforcement.

The need for such cooperation was one of the findings made in the report on "National Transportation Policy" by the Senate Committee on Commerce, Senate Report No. 445, issued June 26, 1961. This report, the so-called Doyle study, which the Senate authorized and which took over 2 years to complete, made the following recommendation:

> In the belief that the public interest requires economic and safety regulation of motor carrier transportation we recommend that an effective enforcement program, applicable to interstate and intrastate motor carriers, be developed cooperatively by the Federal and State Governments and the motor carrier industry.

Mr. President, the bill before the Senate today is the fifth draft and is the result of extensive public hearings and meetings between various segments of the industries concerned. I think my colleagues on the Commerce Committee, which unanimously reported S. 2560, will agree with me that we have exerted every effort to balance the need, on one hand, for stepped-up interstate motor carrier enforcement with the need, on the other hand, for protecting the varied interests of the legitimate operators.

After all the meetings, discussions, hearings, redrafts, and more of the same, the conclusion has always been that there is an urgent need in the so-called gray area of transportation. The President's transportation message, transmitted to Congress on April 5 of this year, came to the same conclusion. Print No. 4 of S. 2560 being considered now contains two of the provisions recommended in that White House program.

The former chairman of the Commerce Committee, Senator Edwin C. Johnson, of Colorado, appeared in one of the early hearings and termed this a "modest" bill, a first step toward limiting the dangerous inroads made by illegal highway transportation.

Mr. President, before concluding these preliminary remarks, I wish to say that I am most grateful for the cooperation given in the committee by the very able Senator from New Hampshire [Mr. COTTON], who attentively met with the subcommittee and made great contributions to the working out of the difficulties with which we were confronted, and has had a major part in the drafting of this proposed legislation.

I also wish to thank the able senior Senator from New Jersey [Mr. CASE], who also is a member of the subcommittee, and who sat with us patiently; and when it looked as if we were faced with insurmountable obstacles, he was most cooperative and helpful in suggesting ways in which we could overcome them and could draft a bill which would be generally constructive and helpful.

Mr. COTTON. Mr. President——

Mr. SMATHERS. I am happy to yield to the Senator from New Hampshire.

Mr. COTTON. Mr. President, as a member of the subcommittee, I should like to say that I think the distinguished Senator from Florida is greatly to be commended for the careful workmanship and the persistent efforts he has devoted to dealing with this problem.

I wish to ask him a question, although not at all from a critical point of view. I am in favor of his bill; I believe it to be a proper approach, and to be entirely necessary, and I shall support it. His bill is in keeping with a policy which has been laid down by the Department of Commerce, and it is treated in a report by the Doyle study group on the need to restrain abuses of the unregulated carriers, in order to preserve, for the benefit of the Nation, the regulated carriers, both the railroads and the motor carriers.

Recently there have been introduced Senate bill 3242 and Senate bill 3243, which implement the President's transportation message. The Secretary of Commerce and his assistants testified the other day; and the Assistant Secretary of Commerce stated that it was now felt, and was the attitude of the Department of Commerce, that we should have an about-face, and that instead of having further regulation, we should have less regulation; and that instead of narrowing the "gray" area, it should be extended, and there should be less restraint on what are now the regulated carriers.

I am not asking the Senator from Florida to prejudge any administration bill which may be before our committees; but in light of that position, let me ask whether he regards this bill as a temporary expedient to safeguard us while we are considering a radically new policy; or whether he believes that, after all, the wise approach is to continue to have careful regulation of all modes of transportation, in order to preserve them for the country.

Mr. SMATHERS. In response to the question asked by the able Senator from New Hampshire, I would say that it is my humble judgment that the regulated common-carrier industry, as such, has made a great contribution to the development of our country; and if it had not been for regulation of the transportation industry, I am afraid we would have had a monopolistic situation in which only one company would have ended up owning all the modes and all the means of transportation. We would not have had the valuable competitive situation which we now have.

So I am not one of those who subscribe to the immediate adoption of a program which would remove all regulations. I believe that in the area of determining rates for the transportation of goods, possibly there could be a little more flexibility, and possibly some added competition between and among the modes.

But I believe it would be nothing less than catastrophic if at this time we suddenly said we would do away with the Interstate Commerce Act and the Interstate Commerce Commission and the regulations promulgated under that act.

Mr. COTTON. I am much reassured by the very fine statement the Senator from Florida has made, and I thoroughly concur in it.

I have been somewhat alarmed at the implications of these two bills, whose authors I think perhaps sincerely mistake free competition with what might develop into real piracy and cutthroat competition.

Mr. President, the basic purpose of the proposed legislation is to strengthen the Nation's common carrier transportation system by providing stricter enforcement of the laws against illegal, "gray area" operations.

There is no need to go into a lengthy review of the problems of the common carriers, and their declining share of the Nation's total transportation. Common carriers, which hauled 79 percent of the total intercity traffic in 1946, carried only 66 percent by 1959. This decline, of course, has had a serious effect on the carriers. Railroads have had several years of deficits; one railroad is in bankruptcy, and many are seeking mergers in an effort to improve their financial position. Common carrier trucking companies and bargelines are only a little better off.

The problems of the common carriers affect us all as the consumers of goods and materials which move from production to market via our transportation system. Common carriers offering regular service to the general public, are the backbone of our transportation system; and their decline inevitably operates to put at a disadvantage the shipper, the manufacturer, or the merchant who cannot afford to operate his own transportation service.

Illegal transportation operations penalize the common carriers, the legitimate shipper who owns and operates his own trucks, and the general public.

No one knows for sure the extent of unlawful or questionable operations on the highways, but the available statistics indicate that it is extensive. The National Council of State Transportation Specialists believes that 25 percent of the total intercity truck traffic is unlawful or questionable. The Interstate Commerce Commission has unofficially estimated the extent of such operations at about 5 percent. If we accept these as high and low estimates, we can figure that somewhere from $840 million to $4.7 billion a year is being diverted from regular carriers each year to the pockets of illegal operators.

Gray area operations cover a variety of different practices and arrangements: a for-hire operator carrying regulated commodities without certificate or permit; a shipper who leases a vehicle and driver where the shipper does not have complete control of the transportation; carriers who operate beyond the commodity or territorial scope of their authority; "buy and sell" operations where the trucker falsely claims to have purchased the goods he transports so he can sell them at destination.

Many examples can be cited for these kinds of illegal activities. For instance, a law enforcement officer stopped a truck with a load of razors and razor blades worth $5,500. The driver claimed that he owned the load. Yet, according to the officer, he had only 30 cents in his pocket, and "hadn't even shaved."

The bill would provide for a three-pronged attack on these kinds of illegal transportation operations.

First, it would strengthen the authority of the Interstate Commerce Commission to secure enforcement of the law and the rules and regulations regarding illegal transportation.

Second, it would increase the financial penalties which could be imposed on those who engage in illegal operations and would also increase penalties for violations of the safety regulations of the ICC.

Third, it would authorize injured private persons to apply to the courts for an injunction against illegal transportation operations.

These provisions are all designed to improve the enforcement of the Interstate Commerce Act. The bill would not change the substantive provisions of the law regarding transportation, and it would not make illegal any operation which has heretofore been legal, nor create any new categories of illegal operations. It just adds some new procedures for enforcing the law.

The most important and far-reaching provision of the bill—section 2—is that authorizing an injured party to bring an action for an injunction in the Federal court against an illegal transportation operation. The committee, in reporting the bill, has very properly provided a number of safeguards in this section. Any application for relief must also be served on the Commission and the Commission may appear before the court as a matter of right in the action. The court must set bond to protect the defendant against his costs in the case of an unwarranted or harassing suit. In addition, I regard the language specifying a "clear and patent" violation of the act as providing an additional safeguard in more than just a jurisdictional sense. As I read it, the language imposes a higher burden of proof than would otherwise be required. Furthermore, the bill gives the court power to permit the prevailing party to recover attorney's fees. In this connection, I think it is fair to state that the committee clearly intended that this power would be used to make the defendant whole in cases of unwarranted and harassing suits, and thus to serve as an additional protection against such actions.

Despite these safeguards, I have a lack of enthusiasm for this section of the bill. To me, it smacks a little of vigilante justice. If this provision is enacted into law, it is my intention to keep a careful watch on the way in which it is utilized, and if a pattern of abuse develops, I shall vigorously press for prompt remedial legislation.

The bill contains other sections designed to bring about more cooperative and harmonious relationships between the States and the Interstate Commerce Commission. The ICC would be instructed, under the bill, to work with the States in the enforcement of the Interstate Commerce Act, and in the reduction of undue regulatory burdens on interstate motor carriers. I think these sections of the bill are constructive and forward looking.

One additional aspect of this measure deserves comment because it is most unusual. The principal provisions of this measure were recommended and endorsed by both the railroad and trucking industries. In fact, they worked together in their presentations to the Surface Transportation Subcommittee. I do not believe the millennium has arrived, or that the lion and the lamb are fully ready to lie down together, but the fact that ancient antagonists like these can work together cooperatively and constructively ought not to go unnoticed. The Senator from Florida [Mr. Smathers] deserves a good deal of credit and commendation for aiding this demonstration of harmony, which is long overdue in the transportation field.

I shall support the enactment of S. 2560, as reported by the committee because its solid constructive features outweigh the disadvantages and because the need for effective action to preserve the common carrier is critical.

So I hope the Senator's bill will be passed; and I am confident that these two other bills will be given careful consideration by members of the Commerce Committee on both sides.

Mr. SMATHERS. I thank the Senator from New Hampshire.

Mr. JAVITS. Mr. President, I wish to ask a question of the distinguished Senator from Florida.

Mr. KEATING. Mr. President, at this point I should like to have the Senator from Florida yield.

Mr. SMATHERS. Mr. President, I shall be happy to answer both the Senators from New York, but it will be difficult to do so simultaneously.

Mr. JAVITS. Let me say that I have in mind a question which perhaps is the same as the one my colleague has in mind. We have been approached by the movers of household goods, who make the contention that section 1 of the bill now before us would proliferate the number of filings and the amount of information which would have to be given to the individual States.

However, we do not have before us the hearings on this bill. Is it true that they have not been printed?

Mr. SMATHERS. They are not yet printed.

Mr. JAVITS. This always causes difficulty. Of course, Senators would be entitled to insist that a bill not be considered in the absence of the printed hearings on it. I am very fond of the Senator from Florida, and I would not wish to stand in the way of action on his bill, and would not wish to make a point of the absence of printed hearings; but I hope he will indulge me while I try to proceed in the absence of the printed hearings.

I have no idea whether there is any justice in this position; but when a representative group raised such a question in the absence of printed hearings, I am sure the Senator who is in charge of the bill will wish to supply the information which the printed hearings might otherwise supply.

The objection made by this group is—and now I shall quote from their statement, which apparently was made to the subcommittee headed by the Senator from Florida; I shall read parts of the statement into the Record, as a partial substitute for printed hearings:

> Consider first the reference to State requirements that interstate carriers register their ICC certificates and identify their vehicles. Obviously, it is desirable to identify the legitimate, certificated interstate carrier, whose service has been found by the ICC to be in the national interest.

Then this organization goes on to say what they object to:

> There is thus the constant problem that instead of one rule for the interstate carrier, laid down by the one Federal agency established to administer one set of nationwide rules, there are growing up 50, or many more than 50 sets of rules, differing, in each State, or in each justice of the peace or magistrate's court within each State. Uniformity and certainty are lost; it is impossible to conduct a business according to the rules, because the rules are constantly changing.

What this organization claims, in effect, is that when the ICC certificate is refiled in the States and they are called upon to carry the identification of the refiling on the trucks in the States, it results in giving authority, in practical effect—perhaps not in law—to the States which proliferates the slight variance in the fundamental requirements and causes them a great deal of difficulty and hardship.

I have read the bill, although I had to do it quickly, because I was only apprised of the matter very recently, and I do find this provision in section 1, on page 10, lines 2 to 9, which reads as follows:

> In establishing such uniform standards the Commission shall give due regard to the needs of the several States for information relating to the authority and operations of such motor carriers engaged in interstate and foreign commerce while protecting such carriers from a duty to file or otherwise comply with State requirements that, in the opinion of the Commission, might constitute an undue burden, financial, administrative, or otherwise, on the operations of such carriers.

My question to the Senator, therefore, is this: Did the committee adopt that sentence in the amendment which I have just read in response to the contention to which I have just referred, which, incidentally, was presented and made to me by the Movers Conference of America, which apparently testified before the subcommittee?

The second part of the question—and this is most important to me—is this: In view of the fact that one cannot obviously have any success in amending the bill—or even have any basis for it, because I have not studied the question, really—could the Senator give us any assurances upon the record, in terms of legislative oversight to be exercised by the committee, that if it is found that these practices are really onerous, upon a study by the committee, the committee would really move into the situation, as representatives of the people, and see that the situation did not get away from us in terms of the regulatory question?

Mr. SMATHERS. First, I thank the Senator for raising the question. I respond to the second part of his question, first, in the affirmative. The Senator is exactly right. With his usual acumen, he has seen that what we have endeavored to do in the bill is take off the "undue burdens" on interstate movers which sometimes occur because the numerous States through which they travel have different requirements as to how the carriers should register, how much insurance they should carry, and so forth. The result is that truck operators, particularly movers, are burdened down with all kinds of licenses, stickers, and decals, because the States do not have uniform requirements.

What we are trying to do in this bill is to create some uniformity among the 35 States which now have their own regulations with respect to interstate highway commerce that passes through those States.

We are trying now, with the cooperation of the Interstate Commerce Commission, the States, and the carriers and within a 5-year period, to get all these regulations uniform. The paperwork burden and the irritating little burdens of filing insurance policies, and matters of that character, would become uniform.

That is what this bill seeks to do. The movers came before the committee. They expressed the same concern and worry. We have tried to take care of them. We have amended the bill and tailored it as best we could to eliminate the irritations and harassments they suffer as they travel through each State, a result of the differences in the requirements of each State.

That is the first part of my reply.

Secondly, we must remember there are some States that do not have any requirements with respect to interstate movers. We did not feel we could put anything in the law which would require them to start making requirements for interstate movers, so we have had to leave that question open, in a sort of vacuum, knowing that, if they do make requirements, they will make them in conformity with the recommendations of the Interstate Commerce Commission.

Just one other matter. I think the Senator will be comforted by knowing that in the report, on page 4, is it stated:

> Section 1 is not designed to encourage States not now regulating interstate carriage to adopt new requirements.

We are seeking uniformity which we believe will be helpful to the movers as well as to other interstate motor carriers.

Mr. JAVITS. One more question. So I assume that legislative oversight will be actively exercised if there is any indication that this situation is moving out of control, or if the movers feel it is.

Mr. SMATHERS. The answer to the question is "Yes."

Mr. JAVITS. As the act phases in, is it the intention of the bill that the legislation of the individual States will phase out? In other words, will the States have the right to continue to regulate movers of household goods as to registration identification, insurance policies, and so forth, after this act takes effect? After this act takes effect, is it the legislative intent to provide uniform regulations with regard to filing in the States, and to expect the States to provide uniform regulations?

Mr. SMATHERS. Naturally, we skirted the argument as to whether or not States did or did not have the authority to make regulations within the States with respect to interestate transportation. We did say, however, that within a 5-year period they would have to have their regulations, as they relate to interstate commerce, in conformity with the standards promulgated by the Interstate Commerce Commission, or else they would be null and void.

We want that. However, we did not feel it was the time to start an argument as to whether the States had the authority under the Constitution to do that.

Mr. JAVITS. This is my final question: We can say that the legislative intent is clearly to phase out the individual State regulations in this interstate commerce function by the expiration of the 5-year period.

Mr. SMATHERS. I would say, rather than phase them out, we are hoping we can phase them into a simple, uniform type of regulation which each carrier would know he was confronted with when he went through North Carolina, Maryland, New York, or Minnesota, for example.

Mr. JAVITS. I accept that suggestion—"phasing in" instead of "phasing out." But is that law rather than hope?

Mr. SMATHERS. That is the purpose of the bill.

Mr. JAVITS. And that is the law written into the bill?

Mr. SMATHERS. That is correct.

Mr. JAVITS. I thank the Senator.

Mr. BARTLETT. Mr. President, will the Senator from Florida yield to me?

Mr. SMATHERS. I yield to the Senator from Alaska.

Mr. BARTLETT. Mr. President, the amendment which I earlier offered to S. 2560 would strike out a provision of the bill which would authorize the issuance to a motor common carrier of household goods of a permit to act also as a freight forwarder of household goods. The purpose is to prevent the holding of dual operating rights by the same corporation or firm. This is in line with the consistent policy of the Congress.

The bill removes the exemption now applicable to the forwarding of household goods and applies regulation to such activity. All persons who engage in such activity in the future would be required to obtain permits from the Interstate Commerce Commission. Under existing laws such permits could be granted to corporations controlled by motor or other carriers, but could not be issued directly to such carriers. The provision of the bill which my amendment would strike out makes an exception in the case of household goods forwarders, and would permit the issuance, directly to a motor carrier, of a permit to conduct forwarder operations.

The effect of this amendment would be to require any motor common carrier of household goods who desires to apply for a permit to operate as a freight forwarder of such goods to set up a separate corporation, so that the two activities would not be intermingled.

The historic reasons for prohibiting the holding of dual rights as both a motor carrier and a freight forwarder are sound and in the public interest. They are just as applicable in the case of household goods as in the case of any other commodity. If the same person or firm could hold rights both as a motor carrier and a forwarder the opportunities for discrimination would be plentiful and the Interstate Commerce Commission would be almost powerless to prevent such discrimination.

Under such a situation, the same company would have two sets of rates, rules, regulations, and practices. It could intermingle shipments moving in its motor carrier service with those moving in its freight forwarder service without the knowledge either of the shipping public or the Commission. It could charge its motor carrier rates for forwarder service or the reverse. It could charge different rates to different shippers for the same service.

This amendment merely applies the same rules to household goods forwarders as to other freight forwarders as regards dual operating rights.

Mr. President, it is my understanding that my amendment has been considered by the chairman of the subcommittee who is handling the bill, the distinguished Senator from Florida [Mr. SMATHERS], and that it is supported by the Interstate Commerce Commission.

Mr. KEATING. Mr. President, will the Senator yield to me?

Mr. BUTLER. Has the amendment been accepted?

Mr. SMATHERS. No.

Before I yield to the Senator from New York I wish to respond to the Senator from Alaska.

Mr. President, with respect to the amendment, there was considerable difficulty in drafting the language. There was much complaint and much diversity of opinion as to what ought to be done about the unregulated freight forwarders and the movers of used household goods, and as to how we should handle the problems and how we should separate them. We drafted proposed legislation which we thought, based on the testimony which was presented before the committee, most accurately reflected the views of those who testified. However, I knew that the able Senator from Alaska was to offer an amendment, so I called the Interstate Commerce Commission yesterday and asked them what they thought about the amendment which would be offered. They made the statement that they supported the amendment.

I shall not burden the Senate by reading exactly what they had to say, but they did support the amendment.

The last paragraph of the letter reads as follows:

> The reasons for not granting dual operating rights to motor and water carriers would appear to be equally applicable to this proposal. The Commission has determined that when common and contract carrier operations are conducted in the same territory and are competitive, if dual authority were granted, opportunities would be offered for undue preferences or advantages between shippers, and unfair or destructive competitive practices between carriers. Accordingly, it has been concluded in such circumstances that dual operations are not consistent with the public interest and the national transportation policy.
>
> For these reasons we are not in favor of the provisions of section 4(d) of Committee Print No. 4 of S. 2560, and recommend that it be stricken from the bill.

Mr. President, I ask unanimous consent to have the entire letter from Mr. Rupert L. Murphy and Mr. Everett Hutchinson printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

INTERSTATE COMMERCE COMMISSION,
Washington, D.C. June 28, 1962.

Hon. GEORGE A. SMATHERS,
Chairman, Surface Transportation Subcommittee, Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR CHAIRMAN SMATHERS: This is in response to your request by telephone for our position with respect to section 4(d) of S. 2560 in the event that an amendment is offered on the floor of the Senate to strike that section from the bill.

The mere fact that one entity would be authorized to operate both as a motor carrier and a forwarder would not necessarily result in violations of the act. It would mean, however, that to do so would practically invite unreasonable practices, and undue and unreasonable preferences or advantages which section 216(d) and sections 404 (a), (b), and (c) are designed to prevent. Such a carrier would be authorized to offer to the public two services for the movement of used household goods to and from the same points. On the other hand, the railroads, which operate freight forwarders as affiliates, would not be able to perform services in this manner, thus possibly also creating discrimination. Once a shipment was received, whether booked for motor or forwarder service, the motor carrier could move the shipment under either type of service with detection unlikely. In other words, shipments moving in the motor service and the forwarder service could be commingled, and it would be impossible to distinguish one from the other. This is true because being a motor common carrier it could act as the underlying carrier for forwarder shipments and, at the same time and in the same vehicle, transport shipments booked for motor service.

If the carrier's motor rights were less extensive than the nationwide forwarder rights proposed to be granted, it could accept a shipment to any point in the United States, transport it as an underlying carrier to the farthest point possible as a motor carrier, and then interchange it with another carrier for transportation beyond. In a sense, the right to engage in forwarding household goods would broaden a carrier's motor operations in that it could participate in movements not previously available to it.

The reasons for not granting dual operating rights to motor and water carriers would appear to be equally applicable to this proposal. The Commission has determined that when common and contract carrier operations are conducted in the same territory and are competitive, if dual authority were granted, opportunities would be offered for undue preferences or advantages between shippers, and unfair or destructive competitive practices between carriers. Accordingly, it has been concluded in such circumstances that dual operations are not consistent with the public interest and the national transportation policy.

For these reasons we are not in favor of the provisions of section 4(d) of Committee Print No. 4 of S. 2560, and recommend that it be stricken from the bill.

Respectfully submitted.

RUPERT L. MURPHY,
Chairman, Committee on Legislation.
EVERETT HUTCHINSON.

Mr. SMATHERS. I say to the able Senator from Alaska [Mr. BARTLETT] that a number of people in my State of Florida like the provision now in the bill and, if they had an opportunity, they would object to accepting the amendment. However, in the belief that we still have a long way to go in the proceedings before the House and later on in the conference, and that the right solution has not yet been arrived at, I will recommend that the committee accept the amendment offered by the able Senator from Alaska.

Mr. BARTLETT. Mr. President, it is almost, but not quite, unnecessary for me to say that I warmly welcome the support given to my amendment by the Interstate Commerce Commission and particularly by the Senator from Florida within the boundaries he has described.

The PRESIDING OFFICER (Mr. HICKEY in the chair). The question is on agreeing to the amendment of the Senator from Alaska.

The amendment was agreed to.

Mr. KEATING. Mr. President, I offer an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from New York will be stated.

The LEGISLATIVE CLERK. On page 9, line 6, after the words "any motor carrier," it is proposed to insert the words "except motor common carriers of household goods."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

Mr. KEATING. Mr. President, I believe it would be fair to say that the hearings before our committee indicated that the movers of household goods felt themselves to be in a somewhat different category from many other movers. It has been represented to me by a number of them that they have a fear, which I share to some extent, that section 1 might permit unreasonably strict controls on household goods carriers. I recognize the fact that a moment ago the Senator said that the proposed legislation is in a rather early stage. It is a complicated subject. The hearings are complicated. They have not yet been printed. The House has not yet acted on the measure.

I would be very appreciative if the distinguished Senator from Florida would agree that, on page 9, line 6, after the words "any motor carrier," the words "except motor common carriers of household goods" be inserted. Perhaps that is not the proper way to approach the problem, but I think it is worthy of consideration.

I introduce this amendment at the request of the industry.

It would permit full discussion of the subject in conference. It may very well be that the House would see that some such provision is inserted in the bill anyway. But I would be grateful if the Senator should agree that the amendment could be taken to conference.

Mr. SMATHERS. Mr. President, in the light of the statement of the Senator from New York, and because his amendment is applicable only to section 1 of the bill, I accept it. We thought the benefits of section 1 would be helpful to interstate household goods movers. But if the Senator insists on his amendment, which he apparently does, we would be delighted to take it to conference and see what the conference does with it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York [Mr. KEATING].

The amendment was agreed to.

Mr. BUTLER. Mr. President, the Committee on Commerce endeavors to give careful study to any legislative proposal it reports to the Senate, but it seems to me that exceptional efforts were made to get S. 2560 just right before sending it here for action. The bill went through four committee prints, each one being an improvement on the preceding, and each one resulting from painstaking study and criticism.

Notwithstanding the care with which the bill was prepared in committee, some still find parts of it objectionable. In particular, various persons engaged in the interstate moving of household goods are fearful of the provisions of section 1 of the bill. I would like to address myself briefly to that section in the hope that I can to some extent allay their fears.

The overriding purpose of S. 2560 is to strengthen common carriage by promoting effective enforcement of laws against illegal operation of motor carriers. One approach to this would be to build up a big Federal police force, but an approach more in consonance with our traditions is to enlist the help of the States. While it is true that Congress, and Congress alone, under the Constitution, has authority over interstate commerce, it is likewise true that the States have power over intrastate commerce. The powers of the States sometimes touch close to the area which Congress regulates.

For example, in the exercise of their own powers, a growing number of States have been requiring carriers to register with them the operating authority which they hold from the Interstate Commerce Commission. If a carrier has no authority from the ICC, he obviously cannot register it in the States in which he operates—and he can then be apprehended and prosecuted under State law for failure to register his operating authority. Admittedly, the requirement for registration is burdensome, and the burden multiplies by a factor as great as the number of States in which a particular carrier is required to register. The alternative, however, is to build up the mechanisms for Federal enforcement. In my judgment, this would prove far more burdensome in the end, not only for individual carriers but for individual taxpayers as well.

In drafting section 1 of the bill, our committee has sought to make the requirement for registrations as easy as possible. This effort is found in the language of the section requiring that the ICC, in developing its uniform standards with respect to registration of authority, with respect to identification of vehicles, or with respect to filing of documentary evidence of protection for the public, shall protect the carriers—and here I use the language of the bill—"from a duty to file or otherwise comply with State requirements that, in the opinion of the Commission, might constitute an undue burden, financial, administrative, or otherwise, on the operations of such carriers."

The people who object to section 1 of the bill likewise object to section 5. This is the section which authorizes the ICC to make cooperative agreements with the various States to enforce the economic and safety laws and regulations of the various States and the United States concerning highway transportation.

The answer to this objection is the same as I have already given with respect to section 1. If we are to have effective enforcement, we must choose between building a bigger Federal enforcement machine or making better use of the machinery already available in the Nation and in the States. I, for one, think we are all better off if we tie the States into this enforcement endeavor. But after doing so, the Congress must be alert for complaints of unfair harassment. I think that the powers given to the ICC to review its uniform standards, and its power to seek modifications of its enforcement agreements with the States, are ample to dispose of such complaints administratively. For these reasons, I think it unfortunate that the bill has been amended here on the floor to exclude from section 1 motor common carriers of household goods. In my judgment, the amendment will not have the effect intended and will have to be stricken during the later progress of this legislation.

Mr. SMATHERS. Mr. President, the able Senator from Maryland was not present in the Chamber when I was thanking and commending the many Senators who have so diligently helped us to work out a bill which I know is in the public interest and to the great benefit of the transportation industry. At that time I failed to mention the very splendid contribution made by the able Senator from Maryland. He has long been interested in the subject of transportation. People sometimes say that he is mostly interested in the maritime part of the transportation field, but I would testify that in this particular respect he has shown great knowledge of and attention to the problems of the motor carriers as well as those of the railway industry. He was most helpful in the formulation of the bill.

Mr. BUTLER. Mr. President, I thank the Senator from Florida for his kind words.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUTLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUSH. Mr. President, I send an amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The clerk will report the amendment.

The LEGISLATIVE CLERK. On page 12, beginning on line 4, it is proposed to strike out all of section 2.

Mr. BUSH. Mr. President, if I may have the attention of the distinguished Senator from Florida and the distinguished Senator from Maryland, particularly, I should like to say that I offer the amendment because of the fears of cooperative shippers, notably at least one in the State of Connecticut, known as the Charter Oak Shippers Association, that the language which I have moved to delete would invite suits which would have a harassing effect on the less-than-carload shippers.

They do not feel that the provision is a necessary one and that it might also be harmful to them. They are operating quite within the law, and there should be no reason to bring these suits, but nevertheless they are fearful that they might be brought as a harassing measure by competition. Competition is very severe among these many shippers.

The shippers' associations are made up of less-than-carload shippers, who bring their shipments to a focal point and there assemble a carload lot. The carload lot then gets the carload rate, which is substantially less than the less-than-carload rate. It improves their competitive position. It is a benefit to the consumers, because it holds costs down, and it is a benefit to the consumers all over the United States, because the manufacturers in our State ship their goods literally all over the United States. It therefore improves the situation of the consumers all over the country.

I have various letters which indicate the apprehension that these shippers have on this issue.

I ask the distinguished Senator from Florida if he will not accept the amendment, because it seems quite unnecessary to have the language in the bill.

Mr. SMATHERS. Mr. President, the problem which the Senator from Connecticut has so ably outlined is one which was presented in testimony before the committee. It was the committee's view that we had so tailored the bill that there would not be the great danger which has been expressed on the part of shipper cooperatives. It was not felt that they would be harassed unnecessarily by improper suits.

If the Senator will examine the language of the bill, he will see that the committee has only authorized an injured individual to bring a suit under limited circumstances against an unlawful carrier, that is, one who has no certificate and one who is also patently operating illegally.

We felt that because under the provisions of other parts of the Commerce Act—part I, part III, and part IV—individuals are entitled to protect themselves. Yet under part II of the Motor Carrier Act, at no time have motor carrier operators ever been given the right to protect themselves, with the result that they have had to wait upon the action of the Commission. And the Commission, in most instances, has had to wait upon the action of the U.S. attorney or the Department of Justice. That is why such a large number of illegal carriers are operating today. There is really no practical way for a person who has a certificate to protect himself under the existing terms of the act. The alternative would be to build up in the Commission a giant Federal police force, which would require the employment of 6,000 or 7,000 additional investigators to handle these problems. That we do not wish to do.

So it was the judgment of the committee that the best way to proceed was to allow an individual who was injured by a patently unlawful act of an illegal operator to proceed with a court action. In order to protect against harassment, we have provided that the Commission must be notified of the proceeding. The Commission, then, may intervene as a matter of right and may recommend that the suit be dismissed without prejudice to either party. The Commission may stay out of the suit. In addition the judge shall require the party seeking the injunctive relief to post a bond in an amount to be fixed by the court, so as to protect the person against whom the suit has been brought, in the event the suit was for harassing purposes only. Also, the court may require the person who seeks the injunction to pay the court costs and reasonable attorney fees of the defendant if the action is later proved to be unwarranted by the facts and circumstances.

The committee felt that with these restrictions, limitations, and prohibitions, there would not be a large number of uncalled for suits.

I understand the concern of the people who are engaged in this business in the State represented by the distinguished senior Senator from Connecticut; but it is not believed that there will be any great amount of harassment, or that this provision of the bill will be improperly used.

Furthermore, as I said to the Senator from New York [Mr. KEATING] a moment ago, if at a subsequent time it appears that these provisions are being improperly used, it will certainly be the intention of the subcommittee to propose a change in the law to remedy the situation, because we do not wish to have harassment of legal and proper shippers or carriers.

Mr. BUSH. I thank the Senator from Florida for his assurances. I take it the Senator agrees with me that this type of cooperative effort to reduce the costs of shipping is to be encouraged, not obstructed, by the law.

Mr. SMATHERS. Yes. I think it is a proper business and a recognized one.

Mr. BUSH. It is also for the benefit of consumers, because it serves to reduce the cost of goods.

I thank the Senator from Florida for his assurances. I understand him to say that the committee considers itself a committee of oversight with respect to this type of legislation and will seek to make certain that abuses will not take place as a result of the section of the bill which I have moved to strike.

Mr. SMATHERS. The Senator is correct. We would certainly not tolerate any abuse. With these assurances, we would appreciate it if the Senator would withdraw his amendment.

Mr. BUSH. Mr. President, with the assurances I have received from the able Senator from Florida, and also from the able Senator from Maryland [Mr. BUTLER], with whom I discussed this problem earlier, I shall withdraw the amendment. Anyway, I do not think I have the votes to have it adopted. Nevertheless, I am very much comforted and fortified by the assurances which the Senator from Florida has given. I appreciate his statement.

Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2560) was ordered to be engrossed for a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. BUTLER. Mr. President, I move that the Senate proceed to consider executive business in order to consider, out of order, a nomination from the Committee on Commerce.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

FEDERAL MARITIME COMMISSION

Mr. BUTLER. Mr. President, from the Committee on Commerce, on behalf of the Senator from Washington [Mr. MAGNUSON] I report favorably the nomination of John S. Patterson, of Maryland, to be a Federal Maritime Commissioner for the term expiring June 30, 1966, and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The nomination will be stated.

The legislative clerk read the nomination of John S. Patterson, to be a Maritime Commissioner.

The PRESIDING OFFICER. Is there objection to the present consideration of the nomination?

There being no objection, the Senate proceeded to consider the nomination.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of John S. Patterson, of Maryland, to be a Federal Maritime Commissioner?

The nomination was confirmed.

Mr. BUTLER. I ask that the President be immediately notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

Mr. BUTLER. Mr. President, before we close the door behind us on this nomination, I want to say a few words of protest against the shocking delay of the White House in sending the nomination to us.

Mr. John S. Patterson, the nominee, was serving a term created by the President's own reorganization plan—No. 7 of 1961. The plan specified a definite initial term for each member of the Federal Maritime Commission and did not permit any holding over after expiration of the term. Mr. Patterson's term was limited to expire tomorrow, June 30, 1962.

Mr. President, it seems to me that the inordinate and unexplained delay in sending this nomination to us shows a callous disregard of the feelings of the incumbent and makes a mockery of the confirmation powers of the Senate. With this nomination coming to us just today, and with the plans of the leadership already announced for the Senate not to be in session tomorrow, we are given the choice of rushing the nomination through pellmell or permitting a hiatus in the membership of the Federal Maritime Commission.

Fortunately, our committee had the same nominee before it only last February 8, and fortunately, also, Chairman Magnuson laid plans for dealing rapidly with this nomination. Had this not been done, the nominee would have been embarrassed and the Federal Maritime Commission left understrength, even though briefly.

If this were an isolated instance, there would be no reason to complain. However, the nomination of Harold C. Woodward came to us only 3 days before his term on the Federal Power Commission was to expire, and the nomination of whoever is to sit on the Federal Communications Commission where John S. Cross now sits has not yet reached us. That term expires tomorrow. Fortunately, the incumbent is permitted to hold over until his successor qualifies or until he, himself, is renominated.

I have no reason to doubt that the President has known all the facts about the expiration dates of these offices. As a matter of fact, I have known of some special efforts that were made to insure that he knew. However, to be on the safe side, I think it well to point out to him that he should begin thinking about the following terms that are going to expire either before or shortly after this session of the Congress itself expires:

Ira Dixon, member of Federal Home Loan Bank Board, tomorrow, June 30, 1962.

William C. Kern, Federal Trade Commissioner, September 25, 1962.

Alan S. Boyd, Chairman of the Civil Aeronautics Board, December 31, 1962.

Donald P. MacPherson, Interstate Commerce Commission, December 31, 1962.

I want to point out as well that Allen J. Overton resigned from the Tariff Commission in advance of expiration of his term, which would have expired on June 16, 1962. That vacancy has not been filled.

We can only speculate on the reasons the President might have for delaying in filling nominations. I am afraid more and more people will begin to speculate on the reasons if the White House does not expedite its handling of these matters.

LEGISLATIVE SESSION

Mr. BUTLER. I move that the Senate proceed to the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

EXTENSION OF RENEGOTIATION ACT OF 1951

Mr. SMATHERS. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1627, H.R. 12061.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (H.R. 12061) to extend the Renegotiation Act of 1951.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

The motion was agreed to; and the Senate proceeded to consider the bill which had been reported from the Committee on Finance with amendments on page 1, after line 6, to insert a new section, as follows:

Sec. 2. Section 104 of the Renegotiation Act of 1951 (50 U.S.C App., sec. 1214) is amended by adding at the end thereof the following new sentences: "No provision limiting the amount of profits shall be inserted by the Secretary of any department in any contract or subcontract the receipts or accruals from which are subject to this title, or would be subject to this title except for the provisions of section 106, other than the provision required by the first sentence of this section; and any such other provision in (i) any such contract or subcontract entered into on or after the date of the enactment of this sentence, or (ii) any such contract or subcontract entered into before the date of the enactment of this sentence with respect to which final settlement has not been made as of such date, shall have no force or effect. The preceding sentence shall not apply to any incentive provision, to any provision for redetermination or similar revision of the contract price, or to any provision for price escalation which operates without regard to the amount of profits under the contract or subcontract."

On page 2, after line 14, to insert a new section, as follows:

Sec. 3. Paragraphs (4) and (5) of section 106(e) of the Renegotiation Act of 1951, as amended (50 U.S.C. App., sec. 1216(e) (4) and (5)), are amended as follows:

(1) paragraph (4)(B)(i) is amended by inserting "or lease" after "sale";

(2) paragraph (4)(B)(ii) is amended by inserting "or leases" after "sales";

(3) paragraph (4)(C)(i) is amended by inserting "or leases" after "sales";

(4) paragraph (4)(C)(ii) is amended by inserting "or leased" after "sold";

(5) paragraph (4)(C)(iii) is amended by inserting "or leases" after "sales" each place it appears therein;

(6) paragraph (4)(G)(i) is amended by inserting "or lease" after "sale";

(7) paragraph (4)(G)(iii) is amended by inserting "or leased" after "sold";

(8) paragraph (4)(G)(iv) is amended by inserting "or leases" after "sales"; and

(9) paragraph (5) is amended by inserting "or leases" after "sales" each place it appears therein.

On page 3, after line 10, to insert a new section, as follows:

Sec. 4. (a) Section 108A of the Renegotiation Act of 1951, as amended (50 U.S.C. App., sec. 1218A), is amended to read as follows:

"Sec. 108A. Review of Tax Court Decisions in Renegotiation Cases.

"(a) Jurisdiction.—The United States Courts of Appeals shall have exclusive jurisdiction to review decisions by the Tax Court of the United States under section 108 of this Act in the same manner and to the same extent as decisions of the district courts in civil actions tried without a jury, except as otherwise provided in this section. In no case shall the question of the existence of excessive profits, or the extent thereof, be reviewed, and findings of fact by the Tax Court shall be conclusive unless such findings are arbitrary or capricious. The judgment of any such court shall be final except that it shall be subject to review, under the limitations herein provided for, by the Supreme Court of the United States upon certiorari, in the manner provided in section 1254 of title 28 of the United States Code.

"(b) Powers.—Upon such review, such courts shall have only the power to affirm the decision of the Tax Court or to reverse such decision on questions of law and remand the case for such further action as justice may require, except that such court shall not reverse and remand the case for error of law which is immaterial to the decision of the Tax Court.

"(c) Venue of Appeals for Tax Court Decisions in Renegotiation Cases.—A decision of the Tax Court of the United States under section 108 of this Act may, to the extent subject to review, be reviewed by—

"(1) the United States Court of Appeals for the circuit in which is located the office to which the contractor or subcontractor made his Federal income tax return for the taxable year which corresponds to the fiscal year with respect to which such decision of the Tax Court was made, or if no such return was made for such taxable year, then by the United States Court of Appeals for the District of Columbia, or

"(2) any United States Court of Appeals designated by the Attorney General and the contractor or subcontractor by stipulation in writing."

(b) The second sentence of section 108 of such Act is amended to read as follows: "Upon such filing, such court shall have exclusive jurisdiction, by order, to determine the amount, if any, of such excessive profits received or accrued by the contractor or subcontractor, and such determination shall not be reviewed or redetermined by any court or agency except as provided in section 108A."

(c) Section 105(b)(2) of such Act is amended by striking out the last sentence thereof.

(d) The amendments made by this section shall apply only with respect to cases in which the petition for redetermination is filed with the Tax Court of the United States after the date of the enactment of this Act.

Mr. SMATHERS. Mr. President, I understand that certain Senators wish to be notified that the bill has been taken up. I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TALMADGE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

VISIT TO THE SENATE BY HON. DR. RAFAEL CALDERA

Mr. MORSE. Mr. President, this afternoon it is my privilege to introduce to the Senate an honored and distinguished visitor who was the guest, this noon, at luncheon, of the Senate Foreign Relations Committee. This statesman from Venezuela was a candidate for the presidency of Venezuela in 1947 and in 1958. He had been president of the House of Deputies of the Venezuelan Parliament, and he is now a member of that branch of the Venezuelan Parliament. He is a professor at the Central University of Venezuela, and is one of the noted authors of Venezuela, particularly in the field of labor economics. Dr. Caldera is one of the great friends of the United States, let me say in my capacity as chairman of the Subcommittee on Latin American Affairs; and the Senator from Vermont [Mr. Aiken], who now is on the floor with me, will verify my statement when I report to the Senate that when the members of our subcommittee go to Venezuela, as we frequently do, for meetings with members of the Venezuelan Parliament and the executive branch of the Venezuelan Government, Dr. Caldera, our distinguished guest today, is of very great help to us on all occasions.

Mr. President, I ask unanimous consent to have printed in the Record a statement setting forth pertinent biographical information concerning our distinguished visitor from Venezuela, who not only is a great statesman of that country, but, in my judgment, is also one of the truly outstanding statesmen of all of Latin America.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Name: Dr. Rafael Caldera.

Present positions: General secretary of Social Christian Party (COPEI), Member of the Chamber of Deputies.

Personal data:

Born: June 24, 1916, in San Felipe, Estado Yaracuy, Venezuela.

Home address: Quinta Punto Fijo, 2a Calle Delicias de Sabana Grande, Caracas, Venezuela.

Mailing address: Aptdo 2060, Caracas, Venezuela.

Academic training: Central University of Venezuela, doctor of political sciences and law degree, 1939.

Knowledge of English: Good.

Past positions: Presidential candidate, 1947, 1958; President of the Chamber of Deputies, 1961; Sub-Director of the National Labor Office, 1936–38; Venezuela correspondent of the International Labor Office, 1937–38; professor at Central University of Venezuela, 1943.

Membership: Inter-American Seminar of Sociological Study; Inter-American Bar Association; Mexican Academy of Labor and Social Welfare; Latin American Association of Sociology; Peruvian Institute of Sociology.

Publications: Labor Law, 1939; Renaissance of Labor, 1942; Juridical Sociology, 1943; Social Law and Labor Legislation, 1947.

Travels: Visits to the United States in 1941, 1942, 1944–45, 1950, 1958, and 1959.

Interests and objectives of visit to the United States: Dr. Caldera is interested in meeting with U.S. Government officials, Members of Congress, and labor leaders. Dr. Caldera will participate in the colloquium on Latin America, "Latin American Problems and Prospects," at Georgetown University and will speak on "Latin America: Present Problems and Future Prospects."

Mr. MORSE. So, Mr. President, it is with great pleasure that I present to the Senate, this afternoon, as now the guest of the Senate also, as well as a guest of the Senate Foreign Relations Committee, Dr. Rafael Caldera.

[Applause, Senators rising.]

Mr. AIKEN. Mr. President, let me add my word of greeting to Dr. Caldera. As the Senator from Oregon has explained, Dr. Caldera is not only well versed in what we in the United States are doing, and not only has he cooperated greatly in our mutual programs, but he is also one of the very important people in the Government of Venezuela.

Also, Mr. President, Dr. Caldera likes to work. I found that out when I visited Venezuela several years ago; and, in going to the Capitol, I believe I met Dr. Caldera at 9 o'clock in the morning, and found that he had already done a day's work at the university, having classes there at 7 a.m., before he started to put in a full day of work for the Government.

So long as there are men like Dr. Caldera in the Western Hemisphere there is great hope for the future.

I also welcome Dr. Perez, who is the right-hand man at the Venezuelan Embassy here in Washington.

I understand that Dr. Caldera's stay in the United States will be brief, in order that he may get back home to be there during the closing days of their Congress.

I think it would be very nice if we could emulate the Venezuelan Congress and go home ourselves after we have been here a respectable length of time. Perhaps he can give us his secret on how to get our work done and adjourn Congress. I certainly hope he can. But I do want to add my word of welcome.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 6682) to provide for the exemption of fowling nets from duty, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Mills, Mr. King of California, Mr. O'Brien of Illinois, Mr. Mason, and Mr. Byrnes of Wisconsin were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 11221) to amend section 302 of the Career Compensation Act of 1949, as amended (37 U.S.C. 252), to increase the basic allowance for quarters of members of the uniformed services and to make permanent the Dependents Assistance Act of 1950, as amended (50 App. U.S.C. 2201 et seq.), and for other purposes.

The message further announced that the House had passed a bill (H.R. 12180) to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 12180) to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders, was read twice by its title and referred to the Committee on Finance.

EXTENSION OF RENEGOTIATION ACT OF 1951

The Senate resumed the consideration of the bill (H.R. 12061) to extend the Renegotiation Act of 1951.

The **PRESIDING OFFICER.** The question is on agreeing to the committee amendment on page 1, after line 6.

Mr. TALMADGE. Mr. President, the Renegotiation Act of 1951, which authorizes the Government to recapture excessive profits on certain Government contracts, is scheduled to expire as of tomorrow, June 30, 1962. The bill, H.R. 12061, as reported by the Committee on Finance extends the act for 2 years—that is, until June 30, 1964—which is the period of extension as provided in the bill as it passed the House.

The present defense procurement program involves the expenditures of large sums of money for the purchase of many different types of weapons and related materials. The Renegotiation Board has estimated that national defense expenditures will aggregate approximately $46.8 billion for the fiscal year 1962 and that such expenditures will be at least as great or greater for the fiscal year 1963. The defense procurement program requires the procurement of many highly specialized items as to which past production and cost experience is not always available for forecasting accurately the cost of such items. The Renegotiation Act provides one technique for eliminating excessive profits under contracts for the procurement of such items. For these reasons, your committee concluded that the Renegotiation Act must be extended.

The bill as reported by the committee would extend the act for 2 years as was the case in the bill as passed by the House. Although the Renegotiation Board originally recommended that the act be extended for 4 years, the Joint Committee on Internal Revenue Taxation, after having a careful study made of the act, recommended that it be extended for only 2 years. It has been pointed out that the newly constituted Renegotiation Board is now conducting a reexamination of the renegotiation process and that other departments in the administration are reviewing certain renegotiation matters with which they are concerned. Under these circumstances, your committee believed that the act should be extended for only 2 years.

The bill also makes certain other amendments to the act. One of these amendments prohibits the departments from inserting certain profit limitation provisions in contracts; another makes the standard commercial article exemption—and the related exemptions for like articles and for classes of articles—applicable to receipts or accruals from leases; and another amendment broadens the scope of appellate review of Tax Court decisions in renegotiation cases. These amendments are explained in the report of the committee.

I send to the desk a series of technical clerical and perfecting amendments to the committee amendment and ask for their immediate consideration.

The PRESIDING OFFICER (Mr. METCALF in the chair). The first amendment to the committee amendment will be stated.

The LEGISLATIVE CLERK. On page 1, line 7, after "1951" insert ", as amended".

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment will be stated.

The LEGISLATIVE CLERK. On page 1, line 8, after "1214)", insert a comma.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 15, after "SEC. 3." insert "(a)".

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment will be stated.

The LEGISLATIVE CLERK. On page 3, after line 10, insert the following:

> (b) The amendments made by subsection (a) shall apply only with respect to fiscal years (as defined in section 103(h) of such Act) ending after June 30, 1962.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment will be stated.

The LEGISLATIVE CLERK. On page 3, line 12, strike out "1218A" and insert "1218a".

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment will be stated.

The LEGISLATIVE CLERK. On page 3, line 16, strike out "The" and insert "Except as provided in section 1254 of title 28 of the United States Code, the".

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 11, strike out "for" and insert "from".

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The committee amendment is open to further amendment. If there be no further amendment——

Mr. DOUGLAS. Mr. President, the committee amendment has not been adopted yet; has it?

The PRESIDING OFFICER. The committee amendment has not been adopted. If it had been, it would not be open to amendment.

Mr. DOUGLAS. What is the question before the Senate?

The PRESIDING OFFICER. The question is on the committee amendment.

Mr. GORE. Mr. President——

Mr. TALMADGE. Mr. President, a parliamentary inquiry. Have the technical amendments been agreed to?

The PRESIDING OFFICER. All the technical amendments offered by the Senator from Georgia have been agreed to.

Mr. GORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Tennessee will state it.

Mr. GORE. The pending committee amendment is the one which begins on line 7 of page 1 and concludes on page 2 with line 14. Is that correct?

The PRESIDING OFFICER. No. It goes clear through line 13 on page 5.

Mr. GORE. A parliamentary inquiry. Is it in order to request a division of the question, since three distinct questions are dealt with by the amendment?

The PRESIDING OFFICER. The Senator may request a division.

Mr. GORE. By unanimous consent, or is it within the right of a Member of the Senate to demand a division?

The PRESIDING OFFICER. The Senator has a right to demand a division.

Mr. GORE. I respectfully demand a division on the question.

The PRESIDING OFFICER. Which part?

Mr. GORE. Mr. President, there are 3 distinct subject matters dealt with by the committee amendment, and I am quite confident that the junior Senator from Georgia will agree with this point of view.

The first question is contained in the committee amendment beginning on line 7, page 1, through and inclusive of line 14 on page 2.

The second separate subject matter begins on line 15 of page 2, and runs through and inclusive of line 13 on page 3.

The third subject matter begins on line 14, page 3, and runs through and inclusive of line 13 on page 5.

I demand a division in that order.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. BUTLER. I think there is a technical correction to be made to the Senator's statement. The second amendment begins at line 15 of page 2 and goes through line 10 of page 3.

Mr. GORE. The Senator is correct. I stand corrected, Mr. President.

My demand for a division would specifically exclude the technical committee amendments which have already been agreed to.

Mr. BUTLER. Mr. President, will the Senator yield further?

Mr. GORE. I yield.

Mr. BUTLER. Is it the Senator's intention to move that the amendments be stricken seriatim?

Mr. GORE. No; this would mean that they would have to be offered seriatim and voted up or down.

The PRESIDING OFFICER. The question, then, is on agreeing to the amendment beginning on line 7, page 1, and ending on line 14, page 2.

Mr. GORE. Mr. President, this amendment, proposed in the committee by the distinguished senior Senator from Maryland [Mr. BUTLER], represents, in my opinion, unsound public policy, and it would be unwise for the Senate to adopt it. It would be unwise, I believe, because the adoption of the amendment would be contrary to the public interest.

Mr. President, the presentation of my point of view will require only a few minutes.

The Senator from Maryland has proposed by the amendment to prohibit agencies of the U.S. Government from including in contracts with private concerns a limitation on profits.

Mr. President, every agency of the Government that has authority to enter into contracts has authority, unless prohibited from so doing by specific statute, to include in the contract a limitation on profits. If the Congress must deal with this subject matter, it would seem to me that the public interest would be better protected if the Congress should require every agency of the Government to enter into contractual relationships on the basis of a limitation on profit.

The Navy Department and the Maritime Commission customarily have inserted in their contracts a provision for a limitation on profits. No contractor need sign such a contract. It is not compulsory that private corporations enter into contracts with the U.S. Government.

The Navy and the Maritime Commission have customarily required a provision in their contracts fixing a limitation on profits. What is wrong with that?

I should say that if there is any error committed it is that the profit limitation is too high. We must remember, Mr. President, that the overwhelming majority of contracts into which the Government now enters, particularly defense contracts, are on a cost-plus arrangement of some sort. Generally now they are on a cost-plus-fixed-fee basis. In case there is a contract on a competitive bid basis, there may be only a few bidders. By whatever means a contract may be obtained, it seems to me that a 10 percent profit limitation is overly generous.

Mr. President, why should the Senate now agree to an amendment prohibiting a limitation on profits provision in a contract? I know of no satisfactory answer to that question. It will be interesting to see the reason which the advocates of the amendment will use to justify it.

Contracts are often for very large dollar amounts, and the tendency is for the magnitude of the contracts to increase.

A contract between the Navy and a defense contractor, I think with propriety, can contain a provision limiting the profits which the contractor can earn under that contract.

This is not my proposal. The Navy Department takes the same view. The Navy Department customarily has had a limitation on profits in its contracts. The Maritime Commission has followed this custom. It has saved the taxpayers money.

It is now proposed that the Senate approve an amendment prohibiting the inclusion in a contract of a provision which would limit profits. I ask the Senate to consider this. It seems to me it would be most ill-advised, and distinctly contrary to the public interest, to deny to government agencies the right to protect the public interest, the taxpayers' money, with a provision limiting profits under a contract.

Mr. President, we are today operating in new fields. We are sailing in uncharted seas—the development of ballistic missiles, various kinds of fuses, electronic devices, and other complicated and technical devices. The costs cannot be accurately foreseen. When we are contracting in this manner, dealing in very large sums, what is wrong with protecting the taxpayers' interest by including in the contract a limitation on profits? It is really beyond my comprehension why the Senate should adopt such an amendment.

I hope the Senate will not do so.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DOUGLAS. Is it not true that there were no public hearings on the amendment or the other two amendments in question?

Mr. GORE. There were no public hearings I do not know that there has ever been a public hearing. There certainly was no public hearing this year before the Senate Finance Committee.

Mr. DOUGLAS. Is it not true that the proposal was advanced by members of the Finance Committee in executive session, and that the following day representatives of the Government were invited in to reply, but there was no public hearing as such?

Mr. GORE. There was no public hearing.

Mr. DOUGLAS. I thank the Senator.

Mr BUTLER. Mr. President, the purpose of the amendment is quite simple. It is designed to prevent certain Government agencies from employing certain nonstatutory profit limitations of license which would completely undermine the object of the Renegotiation Act of 1951.

The history of the amendment, briefly, is as follows: The amendment was brought before the Committee on Finance in 1959. At that time the committee studied the amendment and agreed to it. The bill, as amended, was reported to the Senate, and the Senate passed the bill. The bill then went to the House of Representatives, and the House objected to the amendment.

Conferees were appointed. During the meeting of the committee on conference, this amendment was put aside without prejudice by the conferees and was sent to the Joint Committee on Income Taxation for hearings, study, and report. It was to be reported back to the Senate Committee on Finance and to the House committee.

When the investigation had been completed by the Joint Committee on Income Taxation, the committee reported that the practice which the amendment sought to prevent was in derogation of the express language of the Renegotiation Act, and recommended that the amendment be agreed to.

The next opportunity to present the amendment occurred when the bill was brought before the Committee on Finance. At that time the Senator from Maryland submitted the amendment. It was considered by the committee and was again adopted.

The Senator from Tennessee has asked why we should not have these clauses for profit limitation in procurement contracts. A history of the Renegotiation Act will answer that question. When the Renegotiation Act was passed in 1951 the Congress in its wisdom suspended the provisions of the Vinson-Trammell Act, which was a profit limitation act, because it would have been useless to have a Renegotiation Act and at the same time permit every one of the departments of the Government to renegotiate their own contracts. That is precisely what is happening in the cases of the Department of the Navy and the Maritime Administration. There were certain nonstatutory and unauthorized limitations——

Mr. GORE. Mr. President, will the Senator yield?

Mr. BUTLER. I am happy to yield.

Mr. GORE. I do not understand the meaning of the term "nonstatutory."

Mr. BUTLER. I can very quickly answer that question by saying that there is no statutory authority for putting such a provision or limitation in a Government contract. The Congress has suspended the operation of the Vinson-Trammell Act in order to be sure that no such provision will be put in a contract. I should say that renders it rather nonstatutory.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. BUTLER. I yield.

Mr. GORE. Neither the Navy Department nor the Maritime Commission agrees with the point of view of the distinguished Senator. The power or authority to enter into a contract carries with it the authority to include a profit limitation provision in the contract.

Mr. BUTLER. Yes. I should like to proceed now with my statement.

When the Congress passes a renegotiation act under which contractors are subject to renegotiation, it would be unfair to make them renegotiate their contract twice—once by the Department and once by the renegotiation board. The provisions of the limitations employed by the Department of Defense or the Navy Department and the Maritime Administration are nonstatutory because there is no statutory authority for their doing so.

When their representative was before us yesterday, the Senator from Tennessee asked that very question with reference to the authority by which the action was taken. The representative said, "We do not have authority." They simply go ahead and do it.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. BUTLER. The Senator can put his construction on what the witness said, and I shall put my construction on his statement. I should like to complete my statement before I yield.

Mr. GORE. Mr. President, the Senator has misstated what the representative said.

Mr. BUTLER. What did he say?

Mr. GORE. First, I said, "The authority of the Maritime Commission to enter into such a contractual provision has been questioned. By what authority does the Maritime Commission have such a provision in its contract?"

His answer was, "By authority to enter into contracts."

Mr. BUTLER. Yes. Mr. President, if that is true, and the construction of the Maritime Administration is true, every government agency, in the teeth of suspension of the operation of the Vinson-Trammell Act during the effective period of the Renegotiation Act, has a right to do the same thing that the Department of the Navy and the Maritime Administration are doing. The will of Congress as expressed through the suspension of the Vinson-Trammell Act should not be disregarded by an agency of the Government. The amendment agreed to by the committee has gone through the purifying process not only of the Senate committee, but the Senate itself, and the Joint Committee on Income Taxation. It is a good amendment and should be agreed to.

Mr. GORE. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. GORE. The suspension of a requirement is in no sense tantamount to a prohibition. It seems to me that the error in the Senator's logic lies in the attempt so to construe it. If the distinguished senior Senator from Maryland is correct in his statement that neither the Navy Department nor the Maritime Commission has authority to make such a contract, that contractual provision would be null and void. Indeed, the Senator stands corrected by his very amendment. He wishes to prohibit such a provision because such a provision would now be effective if included in the contract. If it were now illegal, it could not be enforced.

Mr. BUTLER. Mr. President, I have the floor. I very politely yielded to the Senator from Tennessee for a question. I did not yield for a long oration. If the Senator wishes to discuss the fine legal points and say that after the Congress suspends the operation of a law, a department of the Government has the right to disregard that suspension and still carry out the provision of that law, he does not belong to the same Government to which I belong.

Mr. GORE. Mr. President, I thank the Senator for yielding and I apologize for trespassing upon his time.

Mr. BUTLER. I do not mind the trespass upon my time, so long as the Senator confines himself to questions rather than speaking generally on my time.

Mr. GORE. I thank the Senator. I understood it was he who raised the question of the legality of this provision in a Government contract, but I shall desist and listen to the Senator with interest.

Mr. BUTLER. I shall read to the Senate, in a moment, the language of the Joint Committee on Internal Revenue Taxation, in which it is stated that such a practice as is now being engaged in, and which the pending amendment would prevent, was in direct contravention of the Renegotiation Act of 1951.

The salient points that I would like to make are these: It has been objected, in the minority view, that these amendments may have some effect on the reexamination of the renegotiation procedure which the renegotiation board is now carrying on. That objection, stated in the minority view, could not apply in connection with the pending amendment, because the amendment has nothing whatever to do with the study now being carried on.

In addition to that, the amendment is not a change of substantive law. It does not change the procedures. It does not change the Renegotiation Act in any particular. It does say to the departments of Government who are putting these nonstatutory profit limitation provisions in the contracts that that is the duty of the renegotiation board, and not their duty; that it is unjust to discriminate against a small segment of defense suppliers and to say to them:

> You must be renegotiated not only under the Renegotiation Act, but you must also be renegotiated in the department that lets the contract.

The amendment should be adopted.

I should like to read into the Record at this point an excerpt from the report of the Joint Committee on Internal Revenue Taxation, which was filed after the committee examined the question and after consultation with the Department of the Navy and the Maritime Commission. It reads:

> It is evident that the procurement agencies have been using and desire to continue to use these nonstatutory profit limitations to achieve results which are precisely those which it is the policy of the Renegotiation Act to prevent.

That is not my statement. That is the statement of the Joint Committee on Internal Revenue Taxation, made after a careful study of the problem. It points up the argument that I have made. The Renegotiation Act was enacted for the purpose of having the renegotiation board renegotiate contracts. The Vinson-Trammell Act was enacted for the purpose of preventing renegotiation within the departments, and assigning that duty to the renegotiation board, where it belongs. We find that there are still departments and agencies of government, in violation of the suspension of the provisions of the Vinson-Trammell Act, inserting these profit limitation provisions in their contracts, with the result that American citizens are being renegotiated, at added great expense and at great delay in receiving just compensation for the work they are doing for the U.S. Government.

The PRESIDING OFFICER. The question is on agreeing to the first committee amendment, on page 1.

Mr. GORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll, and the following Senators answered to their names:

[No. 105 Leg.]

Aiken
Allott
Anderson
Bartlett
Bennett
Bible
Boggs
Bush
Butler
Byrd, Va.
Byrd, W. Va.
Capehart
Carroll
Case
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Douglas
Dworshak
Eastland
Ellender
Ervin
Fong
Fulbright
Gore
Hart
Hartke
Hayden
Hickenlooper
Hickey
Hill
Holland
Humphrey
Jackson
Javits
Johnston
Keating
Long, Hawaii
Long, La.
McCarthy
McClellan
McGee
Metcalf
Miller
Monroney
Morse
Moss
Mundt
Muskie
Neuberger
Pastore
Pell
Prouty
Proxmire
Randolph
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from Nevada [Mr. Cannon], the Senator from Connecticut [Mr. Dodd], the Senator from California [Mr. Engle], the Senator from North Carolina [Mr. Jordan], the Senator from Tennessee [Mr. Kefauver], the Senator from Oklahoma [Mr. Kerr], the Senator from Ohio [Mr. Lausche], the Senator from Washington [Mr. Magnuson], the Senator from Montana [Mr. Mansfield], the Senator from Michigan [Mr. McNamara], and the Senator from Texas [Mr. Yarborough] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Chavez], the Senator from Alaska [Mr. Gruening], and the Senator from Missouri [Mr. Long] are necessarily absent.

Mr. DIRKSEN. I announce that the Senator from Maryland [Mr. Beall], the Senators from Kansas [Mr. Carlson and Mr. Pearson], the Senator from Arizona [Mr. Goldwater], the Senator from Nebraska [Mr. Hruska], the Senator from California [Mr. Kuchel], the Senator from Kentucky [Mr. Morton], the Senator from New Hampshire [Mr. Murphy], and the Senator from Wisconsin [Mr. Wiley] are necessarily absent.

The PRESIDING OFFICER (Mrs. Neuberger in the chair). A quorum is present.

Mr. GORE. Madam President——

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. BUTLER. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. BUTLER. Will the Senator permit me to ask for the yeas and nays?

Mr. GORE. I yield for that purpose.

Mr. BUTLER. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. GORE. Madam President, I regret that I felt it necessary to suggest the absence of a quorum. However, this is a very important amendment. It is an amendment which is opposed by the administration. In my opinion, the amendment is starkly opposed to and contrary to the public interest.

Mr. BUTLER. Madam President, will the Senator yield?

Mr. GORE. What is the amendment?

Mr. BUTLER. Madam President, will the Senator yield?

Mr. GORE. Let me first read the amendment.

If the Members of the Senate will obtain copies of the bill—and I appreciate the fact that several Senators are now in the Chamber—the amendment begins on line 9 of page 1 with the quotation marks. I read the amendment:

> No provision limiting the amount of profits shall be inserted by the Secretary of any department in any contract or subcontract the receipts or accruals from which are subject to this title, or would be subject to this title except for the provisions of section 106, other than the provision required by the first sentence of this section; and any such other provision in (i) any such contract or subcontract entered into on or after the date of the enactment of this sentence, or (ii) any such contract or subcontract entered into before the date of the enactment of this sentence with respect to which final settlement has not been made as of such date, shall have no force or effect. The preceding sentence shall not apply to any incentive provision, to any provision for redetermination or similar revision of the contract price, or to any provision for price escalation which operates without regard to the amount of profits under the contract or subcontract.

Madam President, a yea and nay vote has been ordered, upon request of the senior Senator from Maryland. The Senate will have a simple choice to make. Those in favor of excess profits will vote "yea." Those who want to prohibit the Secretary of any Department from inserting a limitation on profits in any contract or subcontract will vote "yea."

That is what the amendment provides. Seldom has an issue so simple and clear-cut come before the Senate.

Mr. BUTLER. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. BUTLER. I think the Senator has made a very grave implication not only against me but also against the Committee on Finance. If the Senator will take the trouble to read the amendment which the committee has adopted, which is now the pending question before this body, he will see that every contract will be renegotiated under the provisions of the Renegotiation Act, and that there will not be some fellow in a department which gives a contract doing the renegotiating.

What the Senator proposes is not to have the contracts renegotiated, because the Senator knows in his heart that every one will be subject to renegotiation under the Renegotiation Act. What the Senator is trying to do is to provide for renegotiation in the departments—so that the contractors can be held up a year or two, while the departments try to fine-tooth comb them, and then, on top of that, be tossed over to the Renegotiation Board against the spirit of the Vinson-Trammell Act.

It is preposterous that the Senator would make such a statement on the floor. I resent it not only for myself but also for the Committee on Finance.

Mr. GORE. Madam President, I regret very much that the senior Senator from Maryland finds cause to resent the statement I made.

Mr. BUTLER. I resent anyone saying that I am in favor of excess profits, on the floor of the Senate or anywhere else, and I think the Committee on Finance resents it.

Mr. GORE. If the Senator is for excess profits he will vote "yea" on his own amendment.

Mr. BUTLER. Madam President——

Mr. GORE. I do not yield further at the moment.

What are the facts? There has been a renegotiation law for 11 years. The Butler amendment has never been a part of that law.

Customarily the Navy Department and the Maritime Commission, when negotiating big contracts for construction of ships and auxiliary facilities, which involve vast sums of money, which deal with new devices, new instruments of electronics controls—plowing uncharted seas—have placed a limitation on profits provision in their contracts.

No private contractor is required to enter into a contract with these departments. These are contracts freely negotiated between the Government and the contractor. I commend the Navy and the Maritime Commission, and any other agency which provides for a limitation on profits in its contracts.

Why should the Senate prohibit the Secretary of any department of Government from entering into such a contract? It is unthinkable.

Mr. HUMPHREY. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. HUMPHREY. Are not all of these contracts negotiated contracts?

Mr. BUTLER. I cannot hear the Senator.

Mr. HUMPHREY. Are not these all negotiated contracts?

Mr. GORE. Not all.

Mr. BUTLER. Madam President, which ones are not?

Mr. GORE. I am not prepared to say that all such contracts are negotiated. I think some may very well be the result of competitive bids.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. GORE. Not now.

Mr. BUTLER. If they were not renegotiable, then they would not be subject to the act.

The PRESIDING OFFICER. The Senator from Tennessee has the floor.

Mr. GORE. There may be some misunderstanding as between the term "negotiated" and the term "renegotiated." As I understand, the senior Senator from Minnesota is inquiring if contracts de novo——

Mr. HUMPHREY. De novo; yes.

Mr. GORE. Are not negotiated as between the Government and the contractor.

Mr. HUMPHREY. Between the Department and the contractor.

Mr. GORE. I think the record shows that the overwhelming proportion of Government contracts now are, regrettably, negotiated contracts. In the past 2 years there has been some trend toward returning to competitive bidding. I am very glad of that trend. But the overwhelming proportion of Government contracts—perhaps in excess of 80 percent—are still entered into on a negotiated basis. Some agencies of Government have exercised what I consider prudence by placing in the contracts a provision which would limit profits that may be earned under such contract.

Mr. HUMPHREY. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. HUMPHREY. The Senator is correct. What he has pointed out is a result of experience in contracting during World War II, the Korean war, and thereafter. It was found that sometimes even under negotiated contracts profits that accrued were exorbitant.

Therefore, in order to take the first safety step in the public interest, the department head frequently would place in such contracts a limitation upon total profits.

Mr. GORE. The Senator is correct.

Mr. HUMPHREY. That principle is what the Senator is trying to preserve.

Mr. GORE. The Senator is correct.

I ask Senators to bear in mind that the Senate has before it a bill which would extend the Renegotiation Act. The Butler amendment has never been a part of that act. It is something new which has been brought in. The amendment proposes to prohibit—I am sorry that the distinguished senior Senator from Maryland, whom I call my friend, has taken umbrage at my interpretation of the amendment. I shall read the amendment and let Senators place their own interpretation upon it:

> No provision limiting the amount of profits shall be inserted by the Secretary of any department in any contract or subcontract the receipts or accruals from which are subject to this title.

With all due deference to my friend, the Senator from Maryland, I again say that Senators who are in favor of limiting profits should vote against the amendment. Those who are in favor of removing limitations on profits in Government contracts will vote for the amendment.

Mr. BUTLER. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. BUTLER. The Senator has made his statement with the certain knowledge that contractors involved would have their contracts renegotiated under the act. Does the Senator not trust the Renegotiation Board to do the job?

Mr. GORE. Madam President, I am pleased to reply to that question. The renegotiation process is frequently long drawn out. It is highly controversial, and frequently involves litigation. Sometimes it involves almost endless litigation. It is somewhat like trying to catch the horse after it has left the barn.

But with a prudence which I wish all Government agencies would follow, the Navy Department and the Maritime Commission have customarily placed a limitation-of-profits provision in their contracts. When the contractor himself has signed the contract agreeing to such limitation of profits, the contract is not subject to as many technical and legal objections and long-drawn-out procedures as it would do otherwise. Perhaps it is not exact, but this might be somewhat analogous to a consent decree in court to which both parties to the litigation would agree. It would then become an exceptionally binding obligation.

I do not wish to make a long speech. The issue is very simple. I wish to see the Renegotiation Act extended. It should be extended before June 30. But I do not know why we must come in at the last hour and write into the law a provision that has never been in the law, which would prohibit the Government from trying to save the taxpayers' money. I am not sure how much has been saved. The amendment was presented only yesterday at an executive session of the committee. I have had no opportunity to have staff work done on it in order to bring to the Senate statistics as to the amount of money that has been saved. But the agencies of the Government involved have opposed the amendment. Yet at 3:35 p.m. today, a Friday afternoon, before the law is to expire, the Senate is asked to write into the bill a prohibition against the limitation of profits.

Mr. MONRONEY. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. MONRONEY. Are there printed hearings accompanying the bill which would so drastically change the Renegotiation Act?

Mr. GORE. There were no hearings. The amendment was presented yesterday in executive session. It is before the Senate today.

I shall not speak further. I regret that I felt the necessity of insisting upon a live quorum, but I think the subject is so important that the Senate should give it proper consideration.

Mr. HUMPHREY. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. HUMPHREY. I commend the Senator for his vigilance. I can remember other times when a proposed extension of the Renegotiation Act was before the Senate. Regrettably we have had some battles over it, because it is a very vital matter in terms of government revenues and practices with relation to contractors. It relates to protection of the public interest by a department that is contracting with an instrumentality of business for goods or services related to the department's budget. It seems to me that the protections which have been inserted in the Renegotiation Act in the past have proved to be adequate for the public interest as well as for private parties.

It seems to me that if such a provision as that embodied in the amendment were to be included in the bill, it ought to be the subject of very careful study and examination by the Government agencies. The General Accounting Office should be brought in to testify on that sort of question. Surely each of the departments of Government should be brought in, including witnesses from the Defense Department, as well as a number of outside experts.

If we are to extend the Act, we should do so. I do not say that the Act is not without need of some review or some adjustment. I look with greater interest, friendship, or support to review by courts. I think questions are involved that might lend themselves to more favorable consideration by the court. If an amendment such as the one proposed were to be placed in the act, we would place the entire responsibility for the protection of the public interest entirely upon the Renegotiation Board. We would tie the hands of the administering agency that might make the contract.

I think the Senator is correct, and I shall do what I can to get him some votes.

Mr. GORE. I thank the Senator.

Mr. DOUGLAS. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. DOUGLAS. Is it not true that in connection with the contracts which are offered to the ship building and ship repair companies and which contain these profit limitation clauses, it is not compulsory for the companies to accept the contracts, and that when they accept the contracts they do so of their own free will.

Mr. GORE. That is true.

Mr. DOUGLAS. They accept the profit-limitation principles embodied in the contracts. Is that correct?

Mr. GORE. That is correct. I conclude by asking the Senate to vote against the pending amendment.

Mr. BUTLER. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. BUTLER. The Senator earlier made the statement that the administration was opposed to the amendment. What manifestation has the administration made to that effect?

Mr. GORE. In the executive session of the committee yesterday—I am not sure that I am authorized to divulge what was said in executive session. I hardly know what to say.

Mr. BUTLER. There was no one present but the heads of the departments and the General Counsel. I do not know of anyone being present who had authority to speak for the administration. The only man that I know who was there who might be said to be a part of the administration was Assistant General Counsel of the Maritime Administration. It is not necessary to say what was said, but merely who was there. Absence speaks for itself. The administration has taken no position.

Mr. GORE. The Senator has stated it correctly. I can say that the spokesman for the Department of Justice and the spokesman for the Maritime Administration were in the executive session yesterday. I understand they belong to the administration. They are a part of the administration, I am advised. I am advised by the chief counsel of the Joint Committee on Internal Revenue Taxation that the Navy presented its opposition before Ways and Means Committee of the House of Representatives. The Navy was not represented yesterday at the hearing. Although I am not privileged to reveal the testimony that was given in the executive session, I believe that the Members of the Senate can deduce from what we have said that the administration was pretty well represented. I will ask the junior Senator from New Mexico if I have made a fair statement.

Mr. ANDERSON. I believe the Senator from Tennessee has stated the situation correctly. There were present representatives of various departments of the Government.

Mr. CLARK. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. CLARK. I should like to ask my friend from Tennessee whether the amendment which he attacks does not change existing law and existing practice?

Mr. GORE. The existing law does not contain the amendment. Some agencies of Government, particularly the Navy Department and the Maritime Administration, customarily include in their contracts provisions limiting profits under the contracts.

Mr. CLARK. If the amendment of the Senator from Maryland is adopted, they will no longer be able to do so. Is that correct?

Mr. GORE. The amendment undertakes to prohibit Government agencies from having such a provision in the contract.

Mr. CLARK. Is the Senator aware of any testimony before the Committee on Finance or of any evidence from any governmental department which indicates that the present practice with reference to the Navy and the Maritime Administration has been unsatisfactory?

Mr. GORE. Well, there have been a number of complaints. I do not believe I can say that we have had any testimony on it. We have not had any hearings on the subject. However, it would be fair to say that there have been a number of complaints about it.

Mr. CLARK. Is the Senator aware of any evidence that, because of this practice, the Maritime Administration and the Navy Department have found it difficult to procure contractors for jobs which the U.S. Government needs to have done?

Mr. GORE. I am not.

Mr. CLARK. The Senator heard the testimony, and he is a member of the committee. What is the motivation for changing the existing practice?

Mr. GORE. I am unable to supply the motive.

Mr. CHURCH. Madam President, will the Senator yield?

Mr. GORE. I am glad to yield, Madam President, may we have order?

The **PRESIDING OFFICER.** The Senate will be in order.

Mr. CHURCH. I am puzzled to know the theory on which the amendment is based, or how it relates to the protection of the public interest. In that connection, I should like to present a hypothesis to the distinguished Senator from Tennessee. Suppose Congress were to pass a law to prohibit two private parties entering into a contract, from including in it any provision relating to the limitation of profit. Does not the distinguished Senator from Tennessee believe that this would raise serious constitutional questions as to the right of Congress to prohibit such a contractual provision between two private parties?

Mr. GORE. I do, indeed.

Mr. CHURCH. Could it not be said that such an effort might run afoul the due process clause, as an arbitrary and capricious prohibition?

Mr. GORE. That is certainly a possibility.

Mr. CHURCH. Then, upon what basis can it be contended that the public interest is advanced?

Mr. GORE. By the amendment?

Mr. CHURCH. By the amendment which undertakes to do this very thing when the Government is one of the contracting parties.

Mr. GORE. Well, I say, in all candor, I believe it is an amendment which is completely contrary to the public interest.

Mr. CHURCH. I agree with the distinguished Senator from Tennessee, but I am puzzled to know on what theory, reasonably related to the public interest, the amendment is advanced.

Mr. GORE. I would prefer to let the author of the amendment reply to that question. I am sure that he has reasons satisfactory to himself for offering the amendment. I do not think they are valid reasons. I am sure he does. I am willing to concede him all sincerity in his position.

Mr. CHURCH. I have listened with great interest to the argument made by the distinguished Senator from Tennessee. I find the argument compelling. I note that the proponent of the amendment is about to speak, and I shall listen to his reasons with considerable curiosity.

Mr. BUTLER. Madam President, the Senate is asked today to sustain the Finance Committee on the pending amendment. The amendment starts on page 1, line 9, and runs through line 14 on page 2.

The purpose of the amendment is to prevent Government agencies from employing certain nonstatutory profit limitation devices which the Joint Committee on Internal Revenue Taxation and the Committee on Finance have found to be a perversion of the Renegotiation Act of 1951. The history of the amendment is somewhat as follows.

In 1959 the practice had grown up in the Maritime Administration and in the Navy Department to put these nonstatutory profit limitation clauses in their contracts. This is not done by any other department or agency of Government. The contracts in which these clauses are inserted are all subject to the operation of the Renegotiation Act and must be renegotiated in the end by the Renegotiation Board.

It became clear that such a practice was manifestly unfair, because perhaps one-fiftieth of 1 percent of the defense contractors who are negotiated within the agency have to go through renegotiation again before the Renegotiation Board. The amendment was submitted in 1959. It went to the Committee on Finance, where hearings were held on it. It was adopted and added to the 1959 extension bill.

The bill then went to the House. The House, without prejudice, pending further investigation, refused to accept the amendment, but suggested that it be referred to the Joint Committee on Income Taxation for hearing, study, and report. After study by the Joint Committee on Income Taxation, the Joint Committee filed a report, in which it said, in part:

> It is evident that the procurement agencies have been using, and desire to continue using, these nonstatutory profit limitations to achieve results which are precisely those which it is the policy of the Renegotiation Act to prevent.

The amendment was offered again to the 1962 extension bill. It was accepted by the Committee on Finance, and the report of the Committee on Finance, on page 4, states:

> In order to prevent the renegotiation authority from being weakened and to prevent the will of Congress from being circumvented by such administrative action, this amendment prohibits use of the type of profit limitations described above so long as the Renegotiation Act is in effect.

That is precisely the conclusion which the entire Congress reached when it passed the act which suspended the effect of the Vinson-Trammell Act during the renegotiation process. No other department or agency of the Government enters into this practice of double renegotiation. The practice is absolutely a perversion of an act of Congress. It is contrary to the will of Congress, expressed when Congress suspended the provisions of the Vinson-Trammell Act during the period of the Renegotiation Act.

All I ask today is that the amendment be adopted, so that these few contractors, out of the many thousands who contract with the Government, will not be renegotiated twice; that they will not be subject to arbitrary opinions by a statutory bureaucrat concerning provisions written into contracts they made with the department, and then, when they finish, not have to go to the Renegotiation Board to be renegotiated all over again.

In addition, as I stressed at the beginning of my remarks, this is a committee amendment; it is not my amendment. The amendment comes to the Senate as an amendment of the Committee on Finance. It was approved in 1959 and was adopted by this body in 1959. Then it went to the House. The House, without prejudice, referred the amendment to the Joint Committee on Income Taxation. The joint committee held hearings and determined that the amendment was a good one and should be adopted.

I have offered the amendment again. It has again been accepted by the Committee on Finance. For my labors and trouble, I am almost accused on the floor of the Senate of being one of those horrible people who do not want profits limited and who wants contractors to fleece the public.

Practically every member of the committee voted for the amendment. The Senator from Illinois [Mr. DOUGLAS], the Senator from Tennessee [Mr. GORE], and, I believe, the Senator from New Mexico [Mr. ANDERSON] voted against the amendment.

Mr. CHURCH. Madam President, will the Senator yield for a question?

Mr. BUTLER. I yield.

Mr. CHURCH. It has been stated in the debate that the Navy Department has followed the practice of inserting a profit limitation clause in its contracts. In the main, are those contracts cost-plus contracts?

Mr. BUTLER. No, they are not; the contracts are bid contracts. The people who came before the Committee on Finance testified that out of the last 12 experiences, the contractors not only made nothing approaching a 10-percent profit, they lost money on the contracts. Yet they are to be subjected to the arbitrary ruling of a bureaucrat against the intent of Congress, after Congress had said during the period of the Renegotiation Act, that the Vinson-Trammell Act shall be suspended and that there shall be no profit limitations. In the face of that mandate of Congress, the departments still act contrary to it.

I ask the Senate to uphold the committee and uphold the will of Congress. Congress has spoken on this particular subject. Congress has said, "We do not want anybody to include a profit limitation clause so long as there is a Renegotiation Board. That is the business of the Board."

The reason why Congress created a Renegotiation Board was so that it could consider the very things the bureaucrats want to include through nonstatutory profit limitation clauses.

Mr. CHURCH. Can the Senator tell us if any of the contracts are cost-plus contracts?

Mr. BUTLER. I do not believe there has been a cost-plus contract since the days of actual combat and war. Every one of the contracts is negotiated. As the Senator knows, there have been many losses. Two years ago the Senate debated whether a certain contract should be awarded to a Maryland or an Oregon bidder. The contract was awarded to Oregon, and the fellow who got the contract lost $2 million. So I was happy that Maryland did not get the contract.

Mr. CHURCH. Would the committee amendment have the effect of prohibiting cost-plus contracts?

Mr. BUTLER. No, it would not; it has nothing whatever to do with them. The contracts to which the bill applies will all be renegotiated anyway.

If the Senator will examine page 2 of the amendment, he will see that it does not apply to any contract which will not be renegotiated. I think the public interest can be taken care of by the Renegotiation Board. If we do not have faith in the Renegotiation Board, let us say so and get rid of it; let the agencies in the executive branch renegotiate the contracts.

The PRESIDING OFFICER. The question is on agreeing to that part of the committee amendment inserting section 2. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Nevada [Mr. CANNON], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from North Carolina [Mr. JORDAN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from Ohio [Mr. LAUSCHE], the Senator from Washington [Mr. MAGNUSON], the Senator from Montana [Mr. MANSFIELD], the Senator from Michigan [Mr. MCNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Rhode Island [Mr. PELL], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I further announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Missouri [Mr. LONG] are necessarily absent.

I further announce that, if present and voting, the Senator from Missouri [Mr. LONG] and the Senator from Michigan [Mr. MCNAMARA] would each vote "nay."

On this vote, the Senator from North Dakota [Mr. BURDICK] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from North Dakota would vote "nay," and the Senator from Kansas would vote "yea."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from California [Mr. KUCHEL]. If present and voting, the Senator from California would vote "nay," and the Senator from California would vote "yea."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Iowa [Mr. MILLER]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from Iowa would vote "yea."

On this vote, the Senator from Nevada [Mr. CANNON] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Nevada would vote "nay," and the Senator from Nebraska would vote "yea."

On this vote, the Senator from Rhode Island [Mr. PELL] is paired with the Senator from New Hampshire [Mr. MURPHY]. If present and voting, the Senator from Rhode Island would vote "nay," and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Rhode Island [Mr. PASTORE] is paired with the Senator from Maryland [Mr. BEALL]. If present and voting, the Senator from Rhode Island would vote "nay," and the Senator from Maryland would vote "yea."

On this vote, the Senator from Texas [Mr. Yarborough] is paired with the Senator from Wisconsin [Mr. Wiley]. If present and voting, the Senator from Texas would vote "nay," and the Senator from Wisconsin would vote "yea."

Mr. DIRKSEN. I announce that the Senator from Maryland [Mr. Beall], the Senators from Kansas [Mr. Carlson and Mr. Pearson], the Senator from Arizona [Mr. Goldwater], the Senator from Nebraska [Mr. Hruska], the Senator from California [Mr. Kuchel], the Senator from Kentucky [Mr. Morton], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent.

The Senator from Iowa [Mr. Miller] and the Senator from Wisconsin [Mr. Wiley] are also necessarily absent.

On this vote, the Senator from Kansas [Mr. Carlson] is paired with the Senator from North Dakota [Mr. Burdick]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from North Dakota would vote "nay."

On this vote, the Senator from Nebraska [Mr. Hruska] is paired with the Senator from Nevada [Mr. Cannon]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Nevada would vote "nay."

On this vote, the senior Senator from California [Mr. Kuchel] is paired with the junior Senator from California [Mr. Engle]. If present and voting, the senior Senator from California would vote "yea," and the junior Senator from California would vote "nay."

On this vote, the Senator from Iowa [Mr. Miller] is paired with the Senator from Alaska [Mr. Gruening]. If present and voting, the Senator from Iowa would vote "yea," and the Senator from Alaska would vote "nay."

On this vote, the Senator from New Hampshire [Mr. Murphy] is paired with the Senator from Rhode Island [Mr. Pell]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from Rhode Island would vote "nay."

On this vote, the Senator from Maryland [Mr. Beall] is paired with the Senator from Rhode Island [Mr. Pastore]. If present and voting, the Senator from Maryland would vote "yea," and the Senator from Rhode Island would vote "nay."

On this vote, the Senator from Wisconsin [Mr. Wiley] is paired with the Senator from Texas [Mr. Yarborough]. If present and voting, the Senator from Wisconsin would vote "yea," and the Senator from Texas would vote "nay."

The result was announced—yeas 26, nays 46, as follows:

[No. 106 Leg.]

YEAS—26

Bennett
Boggs
Bush
Butler
Byrd, Va.
Capehart
Cooper
Cotton
Curtis
Dirksen
Eastland
Ellender
Fong
Hickenlooper
Javits
McClellan
Mundt
Russell
Saltonstall
Scott
Smith, Maine
Talmadge
Thurmond
Tower
Williams, Del.
Young, N. Dak.

NAYS—46

Aiken
Allott
Anderson
Bartlett
Bible
Byrd, W. Va.
Carroll
Case
Church
Clark
Douglas
Dworshak
Ervin
Fulbright
Gore
Hart
Hartke
Hayden
Hickey
Hill
Holland
Humphrey
Jackson
Johnston
Keating
Long, Hawaii
Long, La.
McCarthy
McGee
Metcalf
Monroney
Morse
Moss
Muskie
Neuberger
Prouty
Proxmire
Randolph
Robertson
Smathers
Smith, Mass.
Sparkman
Stennis
Symington
Williams, N.J.
Young, Ohio

NOT VOTING—27

Beall
Burdick
Cannon
Carlson
Chavez
Dodd
Engle
Goldwater
Gruening
Hruska
Jordan
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McNamara
Miller
Morton
Murphy
Pastore
Pearson
Pell
Wiley
Yarborough

So the first committee amendment was rejected.

Mr. GORE. Madam President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXPORT CONTROL ACT OF 1949—CONFERENCE REPORT

Mr. HUMPHREY. Madam President, I believe now the Senator from Alabama has the conference report on the Export Control Act. It is a privileged matter.

Mr. SPARKMAN. Madam President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That section 12 of the Export Control Act of 1949 is amended by striking out 'June 30, 1962' and inserting in lieu thereof 'June 30, 1965'.

"Sec. 2. Section 1(b) of the Export Control Act of 1949 is amended to read as follows:

" '(b) The unrestricted export of materials without regard to their potential military and economic significance may adversely affect the national security of the United States.'

"Sec. 3. (a) Section 2 of the Export Control Act of 1949 is amended by inserting 'of the United States' immediately before the period at the end thereof.

"(b) Section 2 of such Act is further amended by adding at the end thereof the following new paragraph:

" 'The Congress further declares that it is the policy of the United States to formulate, reformulate, and apply such controls to the maximum extent possible in cooperation with all nations with which the United States has defense treaty commitments, and to formulate a unified commercial and trading policy to be observed by the non-Communist-dominated nations or areas in their dealings with the Communist-dominated nations.'

"(c) Section 2 of such act is further amended by adding at the end thereof (after the paragraph added by subsection (b) of this section) the following new paragraph:

" 'The Congress further declares that it is the policy of the United States to use its economic resources and advantages in trade with Communist-dominated nations to further the national security and foreign policy objectives of the United States.'

"Sec. 4. Section 3(a) of the Export Control Act of 1949 is amended by adding at the end thereof the following new sentence: 'Such rules and regulations shall provide for denial of any request or application for authority to export articles, materials, or supplies, including technical data, from the United States, its territories and possessions, to any nation or combination of nations threatening the national security of the United States, if the President shall determine that such export makes a significant contribution to the military or economic potential of such nation or nations which would prove detrimental to the national security and welfare of the United States.'

"Sec. 5. Section 5 of the Export Control Act of 1949 is amended to read as follows:

" 'VIOLATIONS

" 'Sec. 5. (a) Except as provided in subsection (b) of this section, in case of any violation of any provision of this Act or any regulation, order, or license issued hereunder, the violator or violators, upon conviction, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than one year, or by both such fine and imprisonment. For a second or subsequent offense, the offender shall be punished by a fine of not more than three times the value of the exports involved or $20,000, whichever is greater, or by imprisonment for not more than five years, or by both such fine and imprisonment.

" '(b) Whoever willfully exports any material contrary to any provision of this Act or any regulation, order, or license issued hereunder, with knowledge that such exports will be used for the benefit of any Communist-dominated nation, shall be punished by a fine of not more than five times the value of the exports involved or $20,000, whichever is greater, or by imprisonment for not more than five years, or by both such fine and imprisonment.' "

And the House agree to the same.

A. Willis Robertson,
John Sparkman,
Paul H. Douglas,
Homer E. Capehart,
Wallace F. Bennett,
Managers on the Part of the Senate.

Wright Patman,
Albert Rains,
Abraham J. Multer,
William A. Barrett,
Clarence E. Kilburn,
Gordon L. McDonough,
William B. Widnall,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. SPARKMAN. Madam President, I shall discuss the conference report quite briefly. I see no reason why it should take any great length of time.

The conferees met this afternoon. Much work had been done since the close of the Senate session last night and up to the time the conferees met and reached an agreement this afternoon. We were able to get together on a compromise bill which I believe should be acceptable to everyone.

In the form in which we bring the bill to the Senate it includes the Javits amendment which was agreed to in the committee and accepted on the floor of the Senate. It includes the Keating amendments. It will be remembered that there were two Keating amendments, and the first amendment had two parts to it. It happened that the House had a provision which was almost identical with the first half of the Keating amendment, but was a little different. The House conferees insisted upon their version. The conferees agreed upon the House version of that part of the amendment, and the Keating amendment for the second part. The conferees accepted the second Keating amendment in full. That is the one that contained the penalty provision.

The Senate accepted the House provision on the term, 3 years. The Senate had passed the bill without termination date; the House had provided a term of 3 years.

Then came the so-called Kitchin amendment to section 3 of the act, which was the one subject of controversy in the meeting of the conferees on the last two occasions, and which was the subject of much discussion here last night. We learned, when we reached the conference room, that the House conferees had worked out compromise language for this section and had submitted it to the gentleman from North Carolina [Mr. KITCHIN], who had served as chairman of the select committee that had conducted studies in the House.

I may say that, upon reading the language they had worked out, I found it was almost identical with the language the Senate conferees proposed to the conference committee in yesterday's session. The proposal corrected the aspect of the amendment which had caused the trouble. I mentioned last night the difference between the words "unless" and "if." That difference may sound unimportant, but every lawyer knows the difference between the use of the two words. I think it might be well for me to read the language agreed on, because it was the provision that was most difficult to arrive at. It reads as follows:

> Section 3(a) of the Export Control Act of 1949 is amended by adding at the end thereof the following new sentence: "Such rules and regulations shall provide for denial of any request or application for authority to export articles, materials, or supplies, including technical data, from the United States, its territories, and possessions, to any nation or combination of nations threatening the national security of the United States, if the President shall determine that such export makes a significant contribution to the military or economic potential of such nation or nations which would prove detrimental to the national security and welfare of the United States.

As I have said, that is the language which was agreed upon.

Madam President, that is the sum and substance of the conference report. I urge its approval.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. JAVITS. I am sure the Senator from Alabama knows of the gratification of those of us who felt that the conferees should go back, and, having gone back, come to the Senate with a result entirely adequate to the occasion.

I should like to pay my respects and my compliments to my colleague [Mr. KEATING], who made the motion for recommittal, which was so successfully carried, and who put up a strong fight for his amendment.

I am glad my amendment, which was adopted by the committee, is contained in the bill.

I feel this statement should be made a part of the legislative record. I respectfully submit the standard set by the Kitchin standard is one which has actually been in existence, as a matter of executive responsibility by the President of the United States. It does not increase or decrease what he has been doing, but it now states it in terms of the law.

Does the Senator agree with that statement?

Mr. SPARKMAN. Yes; I agree with that statement.

Mr. JAVITS. I thank the Senator. I think, on that basis, the Senator from Alabama has done a splendid job. I know the Senator from Alabama was to leave the city, but stayed over for this purpose, and we are deeply grateful to him. I hope he feels gratified, having given it the extra time at great sacrifice to himself, that it has had this result.

Mr. SPARKMAN. I feel greatly pleased that we had such an easy time in arriving at a decision today. It was a pleasant change.

Mr. DIRKSEN. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DIRKSEN. I think it can be said that this conference report represents substantially the Senate view. Is that correct?

Mr. SPARKMAN. Yes, it does.

Mr. DIRKSEN. Therefore I want to pay a compliment to the distinguished Senator from Alabama.

I listened with great interest last night when our esteemed colleague, the Senator from Pennsylvania [Mr. CLARK], paid glowing praise to the Senator from Virginia for having stood up to the sentiment expressed in the Senate. Now we come back with the Senate view. What impressed me most was that in committee we were dealing with a proposed rule introduced by the Senator from Pennsylvania [Mr. CLARK] under which the conferees to be selected, or a majority of them, should represent the prevailing view of the Senate.

I found him coming and going on that proposition. Therefore I ought to pay a compliment to my friend from Alabama.

Mr. SPARKMAN. I appreciate that.

I listened with great interest to the distinguished Senator from Virginia last night. As I told him, I thought he made a wonderful statement. I do not believe there was anything inconsistent in what was said. I told him I wished he had made that statement during the course of the debate.

What we agreed on, even before we brought back the proposal to extend the law 1 year, embodied virtually all of the Senate bill. Everything in the Senate bill is in the report, with the exception of the first half of the first amendment of the Senator from New York [Mr. KEATING], and the substance of that is included in the House provision we adopted, which the House conferees thought was better than the Senate version. That was one of the bargaining points.

We did not have the so-called Kitchin amendment in the Senate bill. We offered to the conferees yesterday morning language which was almost word for word the language the House conferees proposed to us today.

Mr. DIRKSEN. The Senator merits the congratulations of the Senate.

Mr. SPARKMAN. I feel sure that the speech made by the chairman of the committee had a good deal of effect.

Mr. CAPEHART. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Indiana.

Mr. CAPEHART. The fact is that we were able to secure today that which we offered the House conferees yesterday, for all practical purposes. Is that correct?

Mr. SPARKMAN. Yes. We obtained today almost exactly that for which we contended yesterday.

Mr. CAPEHART. Which the House conferees turned down on yesterday.

Mr. SPARKMAN. The Senator is correct.

Mr. CAPEHART And which they accepted today.

Mr. SPARKMAN. The Senator is correct.

Mr. KEATING. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. KEATING. I wish to express my gratitude to the conference committee for a job very well done. I felt confident, when the Senate sent the distinguished Senator from Alabama back to conference yesterday, that he would be able to convince the House conferees that the position which is embodied in this conference report is a sound position. I am indeed grateful that the conference committee did not yield to the importunities made to the conferees yesterday to pay no attention to what the Senate and House had done. The conferees have represented us loyally, faithfully and strongly in the conference. The Export Control Act will be immensely improved by the amendments adopted this year. Our determination to meet the Communist economic challenge realistically and affirmatively will now be clear. There will be no further excuse for fighting the cold war with one hand tied behind our back.

The new guidelines for dealing with Soviet procurement efforts should result in curbing the flow of both strategic and essential industrial equipment to the Communists. The increased criminal sanctions should deter export violations and allow more appropriate punishment for those who will not be deterred. At the same time, we have not eliminated the need for exercising sound administrative judgment in each situation or precluded the flexibility which is required to take maximum advantage of every circumstance.

We have also expressed our interest in having a greater effort made to obtain the cooperation of our allies in a unified program to prevent the buildup of Communist strength with the free world's help. More has to be done to make certain that this is an effective joint effort if our program is to be completely successful.

There has been too much tendency in the past to relegate the economic aspects of the struggle with communism to a back seat. We have responded boldly on many occasions to military threats, but we have been incredibly reluctant to use our tremendous economic power to induce concessions from the Communist empire. There will be no excuse for a continuation of this double standard after this measure becomes law. Madam President, the conference report should be approved.

Mr. SPARKMAN. I appreciate the remarks of the Senator from New York. The Senator referred to sending me back to conference. That was not the part I minded. What I felt rather distressed about was being held back from a trip to Alabama. I was supposed to be in Alabama today.

We stayed. No one is more pleased than I that we were able to work out this solution, because it will continue the law for the next 3 years. We will not have to fight this out again for 3 years, whereas under the provision brought to the Senate yesterday we would have had to work it out again next year.

I should like to add, in this connection, that the conferees agreed on a 3-year extension now, and intend to have future extensions of the Export Control Act on a 4-year basis. In other words 3 years from now the law should, the conferees feel, be extended for 4 years, and then later for 4 years more. We realized this statement of intention would not be binding on future Congresses, of course.

The purpose of this 3-year, 4-year setup is to make it possible for the Department of Commerce, in administering the act, to hire better employees, because the longer life of the statute will make it clear to prospective employees that the Congress intends to keep this program going indefinitely. In addition, we want to make it clear to the whole world that the Congress considers this a permanent program, one which should be vigorously carried out, and one in which we trust the entire free world will cooperate enthusiastically and wholeheartedly.

Mr. MORSE subsequently said: Madam President, for the past hour or so I have been in the committee room of the Committee on Foreign Relations in connection with Foreign Relations Committee business. I understand that while I was there a conference report on the export control bill was adopted. Therefore, I ask unanimous consent that the remarks I now make may be printed in the Record prior to agreement to the conference report on the export control bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Madam President, it was about this time last night, as I recall——

Mr. HUMPHREY. A little later.

Mr. MORSE. The Senator from Minnesota says "a little later," but it was about this time or a little later last night that the Senators from New York [Mr. Javits and Mr. Keating] and the senior Senator from Oregon suggested that the Senate ought to send its conferees back to conference in order to strengthen their hands, to give us an opportunity to get an export control bill which would carry out at least the general policies of the Senate as manifested by the bill which passed the Senate.

I wish to say, good naturedly, that a rereading of the debate of last night on this subject will be found to be very interesting, when one weighs all the dire predictions and all the expressions of hopelessness on the floor of the Senate by Senators who disapproved of the position taken by the two Senators from New York and the senior Senator from Oregon in regard to sending the conferees back to conference.

Madam President, we now have a conference report which, in fact, will carry out the predictions the two Senators from New York and the senior Senator from Oregon made last night. The fight was not hopeless, after all.

This has demonstrated what the senior Senator from Oregon has urged on other occasions. When we send conferees to conference representing the position of the Senate and they encounter an attitude in the conference which can be described, as I suggested last night, as a take-it-or-leave-it attitude, we have an obligation in the Senate to strengthen the hands of our conferees by sending them back. That is what we did last night, even though some of our conferees said we were only putting them through wasted motion.

I said to the chairman of the Senate conferees in my speech that I sought to strengthen his hand. I congratulate the Senator from Alabama [Mr. Sparkman] for the great service he has rendered the Senate in going back to conference, presenting the position of the Senate, and bringing to us a conference report which in principle sustains the Senate bill in nearly all its major features.

I hope, Madam President, that the whole Senate will learn something from this experience. I hope the whole Senate will profit in the future from the experience we have had in connection with the export control bill. When a conference encounters the situation our conferees met in connection with the export control bill, I hope we will strengthen the hands of our conferees when they return to the Senate and report their failure to get satisfactory results by doing exactly what we did last night. We should send the Senate conferees back to conference with the reassurance of the Senate of our complete confidence in them, a confidence so great that we want them to try again to present to the House our point of view.

This illustrates something else, Madam President, which I suggested in my speech last night. Very often the House conferees are in a difficult position. Very often the House conferees need their hands strengthened. If the Senate sends its conferees back for a further conference, when they go back the House conferees can say, "So far as the Senate position is concerned, there is no doubt about the position, because twice the Senate has sustained the position taken by the Senate in the first place."

Likewise, I think it would be a good thing for the House now and then to send its conferees back a second time for a conference.

I close these remarks by saying that I congratulate the conferees, but also I hope the Senate as a whole has learned a lesson from what happened last night. In my many years in the Senate I doubt if I have seen the Senate send conferees back more than a half dozen times, but it has also been my observation that when the Senate sends its conferees back with instructions, when the Senate has passed a good bill in the first instance, there is a pretty good prospect of getting a better bill from the second conference than from the first. This is clearly demonstrated in connection with the export control bill.

I am very proud of our Senate conferees, who last night were a little critical of the senior Senator from Oregon because of the position he took. I think the conferees have served the Senate nobly, and have given us not only a good bill but also a precedent which I hope the Senate will follow in the future. I hope the Senate will not hesitate to send conferees back for a second conference.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1969) to amend the Federal Aviation Act of 1958, as amended, to provide for supplemental air carriers, and for other purposes.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H.R. 8031) to amend the Communications Act of 1934 in order to give the Federal Communications Commission certain regulatory authority over television receiving apparatus.

LEGISLATIVE PROGRAM—EXTENSION OF PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES PROGRAM OF THE SOCIAL SECURITY ACT—THE MEDICARE AMENDMENT

Mr. HUMPHREY. Madam President, the Senator from New Mexico [Mr. Anderson] and the Senator from New York [Mr. Javits] wish to present this afternoon a revised health, hospital, and medical care program amendment. In order to accommodate these Senators I have discussed the question with the Senator from Georgia [Mr. Talmadge], and I shall ask unanimous consent that we interrupt the proceedings on the Renegotiation Act for a limited period of time in order that there may be the presentation of the medicare amendment.

Madam President, first I ask unanimous consent to have laid down as the unfinished business on Monday, July 2, H.R. 10606, the proposed Social Security Act amendments, Calendar No. 1549.

Mr. JOHNSTON. Madam President——

The PRESIDING OFFICER. The bill will be stated by title.

Mr. SPARKMAN. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SPARKMAN. Is the Senator making a unanimous-consent request?

Mr. HUMPHREY. Yes.

Mr. SPARKMAN. Madam President, reserving the right to object, and of course I do not intend to object, I should like to ask the acting majority leader one or two questions with reference to the expectation as to action on the bill. I understand the Senator proposes to lay the bill before the Senate on Monday next. How much debate is there likely to be? When is it felt there will be a vote on the question?

Mr. HUMPHREY. The Senator from Minnesota claims no prophetic vision on this question or on any other. I am only proposing that we start the debate on Monday. I hope we may be able to move right along, because the subject is something which is well known to all; upon which there is, however, considerable controversy. It appears to me that when the Senator from New Mexico [Mr. Anderson] places his amendment before the Senate he might be able to give us some indication as to what he thinks would be the duration of the debate. We will, however, continue consideration of the so-called welfare bill.

Mr. SPARKMAN. The Senate will not be swinging back and forth between it and the space satellite bill?

Mr. HUMPHREY. No. The Senate will continue consideration of the welfare bill and the medicare amendment and any other amendments until action has been completed.

Mr. SPARKMAN. The Fourth of July is next Wednesday. It is not intended there will be a session that day?

Mr. HUMPHREY. There will be no session next Wednesday. I am happy to announce there will be no session tomorrow. There was some possibility of a session on Saturday, but there is no need for the session on Saturday since the conference report relating to the Sugar Act is as yet not completed. Furthermore, I have discussed the problem with the Acting Secretary of State, and it will not cause any great inconvenience if the Senate should not act on the conference report on the Sugar Act until Monday, or even next Tuesday. That is a privileged matter, however, and can be taken up for consideration at any time.

So there will be no session tomorrow, Saturday. The Senate will convene on Monday. At the proper time I shall move that the Senate meet at 12 o'clock on Monday.

My present request is that the unfinished business for Monday, July 2, be Calendar No. 1549, H.R. 10606, relating to proposed Social Security Act amendments.

Mr. SPARKMAN. May I ask the Senator if he can tell, this far ahead of time, what time it is contemplated the Senate will meet on Tuesday? Will that be at 12 o'clock?

Mr. HUMPHREY. There will be a session on Tuesday. There will be no session on Wednesday.

Mr. SPARKMAN. Will there be a session on Thursday?

Mr. HUMPHREY. There will be a session on Thursday. There will be a session on Friday. I hope every Senator will be here, but I doubt it. [Laughter.]

Mr. SPARKMAN. So do I. [Laughter.]

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

Mr. JOHNSTON. Madam President, I should like to ask a question before I agree to the unanimous-consent request. When will I have an opportunity to make a speech of about 10 minutes?

Mr. HUMPHREY. The Senator will have an opportunity to do that as soon as the Senate returns to consideration of the bill to extend the Renegotiation Act.

The rule of germaneness does not apply in the Senate. Because of the Senator's charm, ability, and the respect of his colleagues for him, he will have no difficulty in obtaining the floor.

Mr. JOHNSTON. I wished to present the statement as soon as I could today.

Mr. HUMPHREY. The acting majority leader will cooperate to the fullest extent.

Mr. CLARK. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CLARK. Does the acting majority leader deplore the fact that there is no rule of germaneness in the Senate?

Mr. HUMPHREY. Not at this moment.

The PRESIDING OFFICER. The bill will be stated by title.

The Legislative Clerk. A bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

Mr. HUMPHREY. Madam President, has unanimous consent been granted?

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ANDERSON. Madam President, on behalf of myself, and Senators Humphrey, Douglas, Javits, Magnuson, Pell, Hartke, Case, Burdick, McCarthy, Morse, Neuberger, Engle, Moss, Pastore, Kuchel, Long of Hawaii, Jackson, Long of Missouri, Keating, Cooper, Hart, Randolph, Metcalf, McGee, and Clark, I submit amendments, intended to be proposed by us, jointly, to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act and for other purposes.

Madam President, because of the widespread interest in these amendments and the difficulty of following all of their provisions as they amend other sections of the Social Security Act, I ask unanimous consent that the table of contents which has been prepared may appear just ahead of the text of the amendments when the amendments are printed, or if that is not regarded as desirable, that the table of contents may be incorporated in the printed amendments at the appropriate places.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendments will be received, printed, and lie on the table.

Mr. ANDERSON. Madam President, I ask unanimous consent that at the conclusion of my address there may be printed in the Record a statement on significant improvements in the Anderson bill (S. 909) made by the Anderson amendments to the welfare bill (H.R. 10606).

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ANDERSON. Madam President, at the outset let me say that I have enjoyed immensely the opportunities I have had for discussions in the past few days with members of the minority party. I mention particularly the distinguished Senator from New York [Mr. Javits], with whom I have had many discussions. I have found his assistance to be extremely valuable. I mention also the other Senator from New York [Mr. Keating], with whom I have had an opportunity to discuss the subject; the distinguished Senator from Kentucky [Mr. Cooper], who has long been known for his position in this field; the Senator from New Jersey [Mr. Case]; and the Senator from California [Mr. Kuchel]. It has been a pleasant experience, because in a long experience in public life those Senators have made contributions to me which I have deeply appreciated, and by their public discussions they have made it possible for me to envision certain aspects of the bill which had not heretofore been considered.

Their assistance has made possible many features in the present bill. I pay tribute to them now as I have paid tribute to them many times in the past.

I point out also that twice upon the floor of the Senate the Senator from New York [Mr. JAVITS] has said that we would make every effort possible to arrive at some sort of harmonious arrangement under which he might join me as a cosponsor of the bill. We do not completely subscribe to everything in the same way. No Senator would wish it that way. But I point out that the Senator from New York [Mr. JAVITS] is a cosponsor on the bill. Therefore I think he has made good on the solemn promise which he made to the Senate on two different occasions, that every effort would be made to work on these questions in a proper and harmonious fashion.

Our proposed amendment to H.R. 10606 is a considerably improved version of S. 909.

It was developed after careful consideration of the comments, questions, and criticisms arising during discussion of the provisions of S. 909. I have studied other bills that have been introduced. I have welcomed suggestions from all who sincerely want a bill to be enacted.

We have revised S. 909 to make many improvements. Our proposed amendment is one which can be supported by all who agree, in principle, on the social security approach and by all who sincerely want a bill passed.

Unless favorable action is taken now, health insurance for the aged could become a major issue in the fall elections, and next year a bill will be passed. But the problem that confronts our aged people is so pressing that I hope we will not delay a solution another year.

The proposed amendment is a conscientious effort to meet the reasonable objections to S. 909, while at the same time preserving its essential points—health insurance benefits for aged social security beneficiaries and railroad retirement annuitants without a means test and financed through the contributory social security system.

THE SOCIAL SECURITY APPROACH IS ESSENTIAL

On these essential social security features, I cannot compromise. Our proposed amendment would utilize the social security financing mechanism, for through this mechanism the health insurance needs of our people in their later years can be met by payments made during their working years.

Health insurance will go far to make retirement protection under social security truly adequate in a way that increased cash monthly payments can never achieve. Health costs of the aged are not evenly distributed from month to month or even from year to year. A person over 65 may have no appreciable health costs for several years and then in a short time have health costs running into thousands of dollars. It is clearly not possible to increase the cash benefit under OASI sufficiently to cover such large expenses.

The health insurance payments to which the elderly would be entitled would be paid as a right earned through the social security system which they have helped support by their contributions during their working years. There would be no means test.

The amendment would follow the same threefold attack on dependency in old age as that carried out by the present social security program. First, basic health insurance protection against hospital costs and certain alternatives to hospitalization would be afforded the elderly through social security; second, the existence of a program of basic protection would encourage the development of additional, private protection which the individual could purchase by his own means; third, all the States would be placed in a far better financial position to provide adequate medical assistance to help the relatively small group whose special needs and circumstances make it impossible for them to meet health costs that exceed those covered in this bill.

The proposed program would be financed on the same financially sound basis as the present social security program. Its cost over the longrun future has been carefully calculated, and sufficient income to meet both short-term and longrun program obligations is provided for.

HEALTH BENEFITS FOR THOSE NOT INSURED UNDER SOCIAL SECURITY

It is estimated that by January 1964—the effective date of my proposed amendment—the total population age 65 and over in the United States will be 17.9 million. Of this number, over a quarter of a million, although not eligible for social security or railroad retirement protection, would have their health needs taken care of under various other governmental programs—including retired Federal employees who have governmental health insurance protection available to them. This leaves approximately 17½ million persons 65 and over, of which about 15 million would be eligible for health insurance under social security or railroad retirement. We have included in this amendment a provision for furnishing to these 2½ million aged people, from general revenues, the same health benefits as provided to those insured under the social security and railroad retirement programs.

The gross cost of the provision would be about $250 million in calendar year 1964, the year the health benefits program would go into effect. This cost would be offset by savings in Federal medical care expenditures in 1964 that except for the passage of my bill would be made under public assistance and the veterans' programs. These savings would be about $200 million, leaving a net cost to general revenues of about $50 million in 1964. The annual cost of the provision would drop sharply in following years and eventually wash out altogether.

IMPROVED ADMINISTRATIVE PROCEDURES

Since the introduction of S. 909 last year I have had the benefit of many helpful suggestions from physicians and hospital administrators all over the country pointing out ways in which the administrative features of the bill could be improved. I have also studied the sincere concerns expressed by some that the Federal procedures might impose difficult requirements or administrative burdens on hospitals. Our proposed amendment meets each of the specific criticisms that some provisions of S. 909 might possibly—though the possibility be remote—result in Government interference with the operation of hospitals or the practice of medicine.

SIGNIFICANT ADMINISTRATIVE ROLE FOR PRIVATE ORGANIZATIONS

Under our proposed amendment the Secretary of Health, Education, and Welfare would be given specific statutory authority to delegate some of the more sensitive administrative functions to Blue Cross or to other similar voluntary organizations that are experienced in dealing with hospitals and other providers of health services. Any group of hospitals—or group of other providers of health services—could designate a private organization of their own choice to receive their bills for services and to pay these bills. If advantageous, additional administrative functions could be included in the contract between the Government and the organization. These administrative functions would include reviewing hospital fiscal records as a part of the determination of the cost of services, and acting as a center for communicating and interpreting payment procedures to hospitals.

I should point out that representatives of the American Hospital Association appearing before the Committee on Ways and Means last summer urged an approach that would utilize the services of voluntary organizations if a bill of this type were to be enacted, and I am convinced from numerous conversations with individuals in the field of hospital administration that the provisions I am now outlining will prove to be eminently satisfactory to them. The principal advantage hospitals and other providers of services would find in this arrangement would be that policies and procedures of the Federal program would be applied by the same organization administering the private, voluntary benefit program with which most of them deal.

The role that Blue Cross plans and similar expert organizations could play in carrying out the provisions of my proposed amendment would have advantages that go beyond the benefits that would be derived from their experience in dealing with hospitals and the working relationships already established. With such organizations serving as intermediaries between the Government and providers of services, those who are concerned that the Government might try to intervene in hospital affairs would feel much more comfortable.

ROLE OF STATE AGENCIES

The Federal Government would use State agencies to determine whether hospitals which are not accredited by the Joint Commission on the Accreditation of Hospitals or skilled nursing facilities and other providers of health services are qualified to participate in the program. The conditions of participation for such providers are spelled out in my bill. State agencies would determine whether they are met. State health departments or other appropriate agencies designated by each State would also give professional consultation to providers of health services to assist them in meeting the conditions for participation and in establishing and maintaining necessary fiscal records and providing information necessary to derive operating costs which are the basis for payment for their services.

State governments are well fitted to perform these functions since they already license health facilities.

CONDITIONS FOR PARTICIPATION

Many people in the health field have applauded the intention—clearly reflected in S. 909—to be specific about any conditions that hospitals or other organizations would have to meet before they could participate in the proposed program. To make sure that the new program would not in any way undercut the efforts of the health profession and would not permit payment to substandard institutions, the participation requirements of S. 909 paralleled requirements of the health professions as they define and accredit institutions. A misunderstanding of the provision has produced the notion that the Government would impose additional requirements beyond those necessary for accreditation. The amendment we are offering makes very explicit that the requirements for participation may not go beyond the professionally set and professionally accepted standards established for hospitals, save for the requirement of a utilization review arrangement. The amendment even goes so far as to name the Joint Commission on the Accreditation of Hospitals and to require use of the Commission's provisions and findings; it provides that, with the one exception of the review arrangement, a hospital that is accredited by the Joint Commission would be conclusively presumed to meet the conditions for participation.

Our amendment would assure that participating nursing homes are of high quality by requiring that only nursing facilities affiliated with hospitals may participate.

FINANCING OF THE PROGRAM

The Chief Actuary of the Social Security Administration has assured me that the benefits of the proposal would be financed on a sound actuarial basis under the usual cost assumptions, which involve, among other things, level-earnings assumptions. The financing of both the cash benefits, including the higher ones that would result from raising the earnings base, and the new health benefits, would be accomplished by raising the maximum taxable earnings base to $5,200 per year and by an additional combined employer-employee tax of one-half percent. Whereas S. 909 provided for a separate Health Insurance Account to be maintained in the social security trust fund, our amendment would attach even more importance to separate accounting for health benefits by establishing a distinct and separate Health Insurance Trust Fund.

The proposed health benefits would be financed by an allocation to the Health Insurance Trust Fund from the total social security tax receipts—an allocation equal to what a combined employer-employee tax of 0.68 percent would yield. Part of this—0.50 percent—comes from the increase in the scheduled contribution rates in all future years. The remainder comes from the net gain resulting in the cash-benefits portion of the system from raising the earnings base from $4,800 to $5,200. The health benefits of the proposal and those of the existing system as a whole would be on a sound actuarial basis under these proposed financial provisions.

SUMMARY

Our amendment would embody all of the great merit of the social security approach and at the same time provide meaningful assistance for the relatively few older people who are not now protected by the social insurance system. It has strong safeguards against any possibility that Government would exert control over providers of services and established medical practices. It would have the additional advantage of not requiring Government and the doctors to come to agreement on fees and other sensitive matters that are best left to the private sector. It represents the vast area of agreement that has been reached by those of us who sincerely seek a way by which much needed protection against the cost of serious illness can be provided for our senior citizens.

There is no justification for further delay; we must not wait longer to provide an effective program of protection for the Nation's elderly people.

EXHIBIT 1

SIGNIFICANT IMPROVEMENTS IN ANDERSON BILL (S. 909) MADE BY ANDERSON AMENDMENT TO WELFARE BILL (H.R. 10606)

1. BLANKETING IN PRESENT NONINSURED

(Pp. 69–72, secs. 231–233): A provision has been made under the amendments providing coverage for health benefits for all those who are presently aged and not protected by a Federal program. People who reach age 65 before 1967 and who do not meet the regular insured status requirements of the social security system would be deemed insured for health insurance purposes. Uninsured people who will reach age 65 in 1967 would be deemed to be insured for social security health benefits if they had earned as few as 6 quarters of coverage in covered work at any time. For people who reach age 65 in each of the succeeding years, the number of quarters of coverage needed to be insured for health insurance protection increases by three each year, thus, people reaching age 65 in 1968 would need 9 quarters of coverage, people reaching 65 in 1969 would need 12 quarters of coverage, and so on. By 1972, the special insured status requirements for health insurance would have caught up with the regular insured status requirements for other social security benefits for both men and women and will wash out. The cost of health insurance benefits for these individuals would be paid into the Federal Health Insurance Benefits Trust Fund from the general funds of the Treasury.

2. SEPARATE TRUST FUND PROVIDED

(P. 45, et seq.; sec. 202): The amendment establishes a new Federal Health Insurance Trust Fund, completely separate from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, into which an amount equal to the taxes collected for health benefits would be deposited and from which health insurance benefit payments would be made.

3. USE OF VOLUNTARY ORGANIZATIONS SUCH AS BLUE CROSS PLANS

(P. 40, sec. 1715): A new provision has been added authorizing the Secretary to enter into agreements with an organization designated by any group or association of providers of services to perform certain administrative functions in connection with the program, including determination of the amount of payments due and making the payments. These provisions would make it possible for Blue Cross plans, the Kaiser plan or similar organizations, to participate substantially in the administration of the program.

4. USE OF STATE AGENCIES IN ADMINISTRATION

(P. 23, sec. 1708): The amendment provides for the use of State agencies to determine eligibility and to provide consultative services to providers of services and payment for such use including Federal sharing in the costs of planning and other activities directed at coordinating these services with other activities of the State related to health and medical services and the personnel and facilities required for this purpose.

5. SUPPLEMENTATION OF BENEFITS BY STATES AND PRIVATE INSURERS PROVIDED

(P. 4, sec. 1701(b)): The amendment contains a new provision disclaiming any intention to preclude supplementation of the basic protection provided by the bill through other health and medical care provided by States or through purchase from private carriers or otherwise.

The findings and declaration of purposes (p. 2, sec. 200(b)) also makes clear the intention to encourage and facilitate supplementation by States, private insurance, or other methods by providing, as does the present old-age, survivors, and disability insurance, a basic social insurance benefit.

6. ACCREDITATION OF HOSPITALS

(P. 24, sec. 1706(b)): Under the amendment accreditation of a hospital by the Joint Commission on Accreditation of Hospitals (AMA and AHA) would automatically make it eligible to participate if it had a satisfactory plan for utilization review by doctors on the hospital staff.

(Pp. 15–16, sec. 1706(a)(7)): Moreover, any health and safety requirements added by the Secretary to those spelled out in the bill could not exceed the requirements of the Joint Commission for Accreditation.

Mr. HUMPHREY. Mr. President——

Mr. JAVITS. Madam President, will the Senator yield?

Mr. ANDERSON. I am happy to yield to the able Senator from New York.

Mr. JAVITS. Madam President, I, too, would like to express the gratification which I feel this afternoon at being able to come to the Senate with my colleagues on this side of the aisle to join in the amendments with the Senator from New Mexico [Mr. ANDERSON] and his colleagues in what is close to being a complete approach to the problem of medicare.

I should also like to pay tribute to the Senator from New Mexico for his patience and skill in all the discussions which we have had on this matter, and which have brought us to the brink of agreement. I have joined, together with other colleagues of mine on this side of the aisle, who were named by the Senator from New Mexico, in the submission of the amendments.

I wish to point out that there is one aspect of the amendments on which as yet in our discussions we have not reached agreement, and that relates to the option which shall be given to the individual beneficiaries to participate in a private or cooperative health plan and to receive some assistance with it from the program of the Federal Government.

The amendments of the Senator from New Mexico on that score contains an option provision which we have been discussing in recent days, and which is not quite what we think it ought to be in the interest, not only of our own views, but also of getting through Congress legislation which embodies a workable and satisfactory plan for the American people. Therefore, upon that particular point, and that particular point only, I send to the desk—if the Senator from New Mexico will yield for that purpose—an amendment to the Anderson amendments. My amendment deals solely with section 1716, the so-called option provision. I ask that the amendment, which I offer on behalf of myself, the Senator from Kentucky [Mr. COOPER], the junior Senator from New York [Mr. KEATING], and the Senator from California [Mr. KUCHEL], be printed, under the rule.

The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table.

Mr. ANDERSON. Madam President, this is an example of the friendly cooperation which has existed throughout our discussions. We do not completely agree on the option provision. We have found it extremely difficult to handle. I thank Senators on the Republican side of the aisle who have allowed this amendment to go forward, so that it may be printed for information only, without saying that we agree absolutely with everything it may contain. I again thank the distinguished Senator from New York and his associates for their cooperation.

Mr. JAVITS. Madam President, I think it most significant that Republicans have played what I hope is a major role in redrafting the amendments submitted by the Senator from New Mexico [Mr. ANDERSON] and in bringing about a merger of the ideas in my medical care bill with those contained originally in the King-Anderson bill. It is this kind of bipartisan action which makes prospects for the measure so encouraging.

The amendments now submitted by the Senator from New Mexico, with my colleagues and myself as cosponsors, represent a bispartisan measure. Indeed, one is always in trouble when one coins new words; but I am bold enough to try to coin one. I think the bill could probably be called a "medichoice" bill as well as a medicare bill.

I believe the revised amendments are consistent with the declarations of the 1960 Republican platform and are worthy of the support of Senators on both sides of the aisle.

The large measure of agreement which has already been reached between a group of Republican Senators and the Senator from New Mexico [Mr. ANDERSON] is most gratifying. We have gone a long way toward carrying out the provisions to be incorporated in a medical care bill for which I have long contended.

There were four points which, in my mind, always stood out as the differences between those points of view. In our opinion, every one of them has now been fully and satisfactorily covered in the option provision as contained in the amendment submitted by the Senator from New Mexico, although we feel that further discussion of that question is required, and we have submitted our alternative.

There are three points of complete agreement. The coverage is now made well nigh universal for those over 65, including non-social-security eligibles. I mentioned that the Senator from New Mexico and his colleagues have devised a plan for them which gets around an income or a means test, which appeals very much to us. It will not be nearly as complete as we had hoped, but we feel that it will serve the purpose. We have considered the proposal very carefully. It does make a leap into taking care of 2,500,000 people—we originally thought the number would be 3 million, but 2,500,000 is close enough—who are not covered by King-Anderson. It is a very big step forward in the direction of our views.

Second, State as well as private administration of the Government plan has been provided. Again, this is a fundamental principle for which we have always contended, and we are very much pleased that it is now recognized.

Third, a separate health insurance trust fund has been established, thus enabling us to understand clearly the issue of costs as we go along. This provision is extremely important from our point of view.

Fourth, we have made measurable progress in agreeing upon a provision for an option to permit beneficiaries to retain their private health plans which meet the basic standards, and to bring them within the context of the law.

Madam President, I shall go further and express the expectation that we shall certainly agree upon that particular issue, having every hope that that will not be the rock upon which we will founder, having maneuvered our way through so many other rocks up to now.

The changes definitively made so far are those which I and other Senators on this side of the aisle have advocated for a long time. We believe such changes would provide great advantages to the people and should go far toward enhancing the prospects of the bill becoming law. As I have said, we shall be working further on the option plan in an effort to come to an agreed position on that point.

For a long time, I felt that the social security method of financing was a regressive method because it taxed most heavily those who were the least able to bear the cost. I felt that the general revenue method of financing, according to income tax, was a fairer method. But I have become convinced over the months—and it has been a very long time—that those who pay social security taxes want to have the program operate in this way. Whether it is regressive or not, this method suits them better. Perhaps from the point of view of personal dignity, they feel they are investing in something which they will realize in due course as they reach the ripe age of older citizens. Certainly it is a method of financing which is more economical in terms of tax revenues and appropriations. So I finally came to the point of view of embracing this particular method of financing.

I say that only for this reason. I hope it will be realized that this has been a difficult wrench for me. My colleagues will speak for themselves, but I know it has been equally difficult for them. But I have come to this point of view—and I know my colleagues feel much as I do, although, as I say, they will speak for themselves—because we want very much to have legislation. I feel deeply that the time has come to enact such legislation, and definitely that cannot be done unless it is supported in a bipartisan way. So the Senator from New Mexico [Mr. ANDERSON] has made it possible for us, by listening to our points of view and considering our deeply held positions of policy, to join in what I hope will be a historic effort, an effort which seems more auspicious at this moment, in my view, than ever before.

Mr. CLARK. Madam President, I strongly commend the Senator from New Mexico [Mr. ANDERSON] for exercising what we in this body have come to expect of him; namely, a skillful talent for bringing Senators of divergent views together in acceptable compromises in the public interest. I am very happy to be associated with the Senator from New Mexico and other Senators as a cosponsor of the bill. I think it was an act of legislative statesmanship to have been able to make the necessary concessions to our good friends on the other side of the aisle, whose support of this measure I welcome, without in any way sacrificing the basic principle of the King-Anderson bill and its reliance on the social security system for the method of raising funds.

I am pleased that the measure has been drafted in a bipartisan manner. I am hopeful that our friends on the other side of the Capitol will profit by the example of bipartisanship in this body and will give us an opportunity to enact this measure while the present Congress is still in session.

As one who is interested in the public relations aspect of the proposal, I hope that we will not call the bill "medicare" or "medichoice," or anything with "medi" in it, because I find, as I attempt to explain the proposal to the people of Pennsylvania, that as soon as the "medi" is used, people begin to think their doctor bills will be paid. I believe I am correct in saying that neither this proposal nor the King-Anderson bill makes any provision for the payment of doctors' fees or charges. So I think it would be much wiser for us not to indicate, even indirectly, that doctors' fees are included among the payments to be made.

Mr. JAVITS. Madam President, it is a fact that the element of care by doctors was in my bill, but is not in this bill, because the King-Anderson package of benefits is a new feature in the measure which has now been offered. Therefore, the Senator from Pennsylvania is correct in saying that any term or any description which would tend to give that idea would be an improper one.

Doctors' services are entirely incidental to stays in hospitals; and I used the words I did only in an effort to indicate that a substantive change has been made in the King-Anderson approach.

I am glad to say that; and I am sure that the remarks I made when I used that term made that point very clear.

Mr. CLARK. I think it would be very helpful if we could all agree on semantics.

Mr. JAVITS. Yes.

Mr. CASE. Madam President, I rise to express my deep satisfaction over the drafting of this measure which seems to provide a good prospect for the enactment of a health bill which is so greatly needed by our elder citizens. I commend the Senator from New Mexico [Mr. ANDERSON] for his patience, his skill, and dedication to the substance of this cause, rather than to an effort to make political capital out of the situation.

I believe this is in a very real sense a historic occasion, for I predict that in view of the attitude of the Senator from New Mexico [Mr. ANDERSON] and his colleagues on both sides of the aisle, it will be possible for both Houses to pass this measure at this session, put it on the statute books, and place it in operation.

As a matter of personal feeling, I also wish to express satisfaction over the fact that I am no longer alone, as I was several years ago, in dealing with this subject. At one time I was the only Member on this side of the aisle to vote for the Kennedy-Anderson amendment, or whatever it was then called, which later became the King-Anderson bill. My colleagues are dedicated to the same purpose and objective; and the fact that they have made their contributions to this joint effort is also a great tribute to them.

The leadership which the Senator from New York and his colleagues have provided in connection with this effort is deserving of the highest praise, and it will be a shining mark on their legislative records when—many years from now, I hope—their legislative records are placed in the history books.

We are moving ahead to perform a needed task without partisanship and without any effort to obtain political credit. The problem is a most difficult one, and much remains to be done; but I am confident that with the leadership which has been shown it can be done.

Mr. COOPER. Madam President, I join my colleagues in expressing our appreciation for the statements made by the distinguished Senator from New Mexico [Mr. ANDERSON] and, even more, for his patience, cooperation, and dedication, as the Senator from New Jersey [Mr. CASE] has said, to the substance of this bill rather than to its form.

All of us are greatly indebted to the distinguished Senator from New York [Mr. JAVITS] for his leadership and for his work in securing the inclusion of these amendments in the Anderson bill. I think both Senator ANDERSON and Senator JAVITS have demonstrated true statesmanship.

During the debate there will be ample time to elaborate on our views on this measure, for, after all, this is perhaps but the beginning of the debate on it. However, at this time I wish to make a brief statement giving my basic reasons for joining in the sponsorship of this measure.

Madam President, I have joined as a cosponsor of the Anderson-Javits bill, providing health insurance for persons 65 years of age and older, along with my Republican colleagues, Senators JAVITS, KEATING, KUCHEL, and CASE. I do this because I have determined that the social security approach is the only practical and possible means of providing an insurance fund adequate to meet the health needs of approximately 15 million people over 65 years of age who will be eligible for benefits.

During my service in the Senate, various health insurance proposals based on the appropriation of general revenue funds have been proposed, including one by President Eisenhower in 1954. In 1960, I joined with Senator JAVITS and others in introducing in the Senate a bill offering a voluntary approach, to be financed by premiums, and by appropriations from general revenues. It was defeated. It has become evident to me that the Congress and many in the country will not support a voluntary approach depending upon annual appropriations of millions of dollars of tax revenues.

I make my decision upon a second fact. The social security program is designed to meet the minimum needs of retired persons with respect to food, clothing, and housing. I consider that medical care for retired persons is also a basic need. Persons under the social security system, of whatever income, large or small, pay into its insurance fund, and in doing so make it actuarially sound. All such persons can claim present social security benefits, whatever may be their income at retirement. The bill which we introduce preserves the same equality of treatment for medical care.

Led by Senator JAVITS, we on the Republican side cosponsoring the bill have been able to secure important modifications of the original medical care bill, which in our view meet every reasonable objection that has been made. These amendments, which we have worked upon and which are included in the bill, are in substance as follows:

First. Places under coverage and eligible for medical care benefits, the large majority of people not now included in the social security system.

Second. Provides a trust fund, separate from present social security trust funds. This provision assures that full information will be available respecting the actuarial integrity, and effective use of the fund.

Third. Provides that Blue Cross and similar private insurance carriers may participate in the administration of the program.

Fourth. Provides for the use of State agencies to determine eligibility benefits, and to provide other services.

Fifth. Provides that accreditation of hospitals furnishing services under the bill will be determined, as is the case at present, by the American Hospital Association and American Medical Association.

Sixth. Provides means for beneficiaries under the bill to exercise an option to use private insurance policies. We are working to secure further improvements in this section of the bill.

Madam President, in order to explain these provisions, I ask unanimous consent to have printed at this point in the RECORD a memorandum explaining the amendments.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

SIGNIFICANT IMPROVEMENTS IN ANDERSON BILL (S. 909) MADE BY ANDERSON AMENDMENT TO WELFARE BILL (H.R. 10606)

1. Blanketing in present noninsured—(pp. 69–72, secs. 231–233): A provision has been made under the amendments providing coverage for health benefits for all those who are presently aged and not protected by a Federal program. People who reach age 65 before 1966 and who do not meet the regular insured status requirements of the social security system would be deemed insured for health insurance purposes. Uninsured people who will reach age 65 in 1967 would be deemed to be insured for social security health benefits if they had earned as few as 6 quarters of coverage in covered work at any time. For people who reach age 65 in each of the succeeding years, the number of quarters of coverage needed to be insured for health insurance protection increases by three each year; thus, people reaching age 65 in 1968 would need 9 quarters of coverage, people reaching 65 in 1969 would need 12 quarters of coverage, and so on. By 1972, the special insured status requirements for health insurance would have caught up with the regular insured status requirements for other social security benefits for both men and women and will "wash out." The cost of health insurance benefits for these individuals would be paid into the Federal health insurance benefits trust fund from the general funds of the Treasury.

2. Separate trust fund provided—(p. 45, et seq; sec. 202): The amendment establishes a new Federal health insurance trust fund, completely separate from the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund, into which an amount equal to the taxes collected for health benefits would be deposited from which health insurance benefit payments would be made.

3. Use of voluntary organizations such as Blue Cross plans—(p. 40, sec. 1715): A new provision has been added authorizing the Secretary to enter into agreements with an organization designated by any group or association of providers of services to perform certain administrative functions in connection with the program, including determination of the amount of payments due and making the payments. These provisions would make it possible for Blue Cross plans,

the Kaiser plan or similar organizations, to participate substantially in the administration of the program.

4. Use of State agencies in administration—(p. 23, sec. 1708): The amendment provides for the use of State agencies to determine eligibility and to provide consultative services to providers of services and payment for such use including Federal sharing in the costs of planning and other activities directed at coordinating these services with other activities of the State related to health and medical services and the personnel and facilities required for this purpose.

5. Supplementation of benefits by States and private insurers provided.—(P. 4, sec. 1701(b)): The amendment contains a new provision disclaiming any intention to preclude supplementation of the basic protection provided by the bill through other health and medical care provided by States or through purchase from private carriers or otherwise.

The findings and declaration of purposes (p. 2, sec. 200(b)) also make clear the intention to encourage and facilitate supplementation by States, private insurance, or other methods by providing, as does the present old-age, survivors, and disability insurance, a basic social insurance benefit.

6. Accreditation of hospitals.—(P. 24, sec. 1708(b)): Under the amendment accreditation of a hospital by the Joint Commission on Accreditation of Hospitals (AMA and AHA) would automatically make it eligible to participate if it had a satisfactory plan for utilization review by doctors on the hospital staff.

(Pp. 15–16, sec. 1706(a)(7)): Moreover, any health and safety requirements added by the Secretary to those spelled out in the bill could not exceed the requirements of the Joint Commission for Accreditation.

7. Specifications; Option to beneficiaries for payment of private health plans.—Beneficiaries covered by approved private policies which include the statutory benefits could request that reimbursement be made to the carrier for the cost of the statutory benefits used. Administrative costs would be included in reimbursement. The private protection would have to be in force for the 5-year period between age 60–65 except that for people attaining age 65 in 1964 a minimum of 3 months would be required; 1965, 1 year; 1966, 2 years; 1967, 3 years; and 1968, 4 years.

To keep the administrative difficulties of dealing with carriers in reasonable proportion, insurance companies would be approved only if licensed to do business in all 50 States and the District of Columbia and if they have at least 1 percent of the health insurance business in force in the United States, except that any company could be included in any State in which it had 10 percent of the health insurance business in that State. Associations of nonprofit health insurance plans or organizations would be approved without regard to this requirement.

Mr. COOPER. Madam President, this bill is the result of constructive Republican efforts to improve the proposed legislation, and to base a medical care plan on sound principles. It represents the best function of the minority in Congress, which is to shape legislation by securing major modifications and basic improvements.

This bill is not a compromise. It is a synthesis. It represents a union of the Anderson and Javits proposals which I believe will be recognized as superior to either alone.

I am aware that a majority of the medical profession oppose a medical care bill based upon the social security system. I have the highest respect for their unselfish and humane work in the field of medical care. Nevertheless, it has become evident to me that the efforts of the medical profession and of many worthy insurance plans cannot solve the basic problem of supplying adequate care to millions who do not enjoy the financial resources of their more fortunate fellow citizens.

My chief reason for supporting this bill is that it will make available to millions of people at least a minimum of medical care against suffering and disease. I am familiar with all the arguments which will be made against this bill; but I want to support, and I must support, a measure which I believe meets the needs of our people.

Mr. CARROLL. Mr. President, I send to the desk an amendment to be printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. CARROLL. Mr. President, I would have joined in the sponsorship of the King-Anderson amendments to the public welfare bill if I could have been assured that the amendment I have just sent to the desk would be incorporated in the bill.

So, Mr. President, I have sent my amendment to the desk, and I ask that it be studied very carefully.

Perhaps I should point out that 2 years ago I voted for the Kennedy-Anderson bill. But that bill having failed, I voted for the Kerr-Mills bill.

The purpose of my amendment is to enable the recipients of benefits from a State program of medical care for the aged, who are now social security beneficiaries to receive the benefits of the King-Anderson bill.

Mr. President, the amendment I have prepared to the health care for the aged bill—more commonly known as the King-Anderson bill—has two purposes. The first of these purposes is to assure that persons who are recipients of both social security benefits and old-age assistance benefits—or aid to the blind, aid to dependent children, or aid to the permanently and totally disabled—will not, by reason of the enactment of the King-Anderson bill, suffer any reduction in the amount of the cash benefits to which they presently are entitled under these aid or assistance programs.

The second purpose of the amendment is to assure that entitlement of such a person to health care for the aged under the King-Anderson bill would in no event be construed so as to reduce the quantum of benefits in the form of medical or health care to which such person would have been entitled without regard to such bill. In most cases, under the amendment, entitlement of such a person to benefits under the King-Anderson bill would result in greater health care benefits being provided for such individual, but never would such entitlement result in such person being entitled to less medical and health care benefits.

Perhaps the provisions of my amendment can best be explained by applying them to a hypothetical case. For example, let us assume that Mr. A. of State X is now drawing $50 a month under social security and $60 a month in old-age assistance. Under the amendment, the entitlement of Mr. A. to benefits under the King-Anderson bill could not be used by the State as a ground for reducing the $60 a month the State is now paying him as old-age assistance. Thus, he would continue to receive his $50 a month social security benefits and his $60 a month old-age assistance benefits in the same way as before enactment of the King-Anderson bill.

The King-Anderson bill does not provide physician's services to those insured under the bill, but does provide for hospital services; however, the insured person who spends a month or more in a hospital would have to pay the first $90 of hospital costs.

Let us assume that under the old-age assistance program of State X, old-age assistance recipients are entitled to be provided with physician's services and with 1 month per year of hospital services fully paid for by the State. Under the above assumptions, if Mr. A should get sick, his physician's services would continue to be paid for under the old-age assistance program the same as they would be now. If Mr. A should have to go to the hospital for a month or more, the first $90 of his hospital bill would be paid for by State X under its old-age assistance program, and the balance of the hospital bill would be paid for under the King-Anderson bill.

In other words, my amendment would guarantee that old-age assistance recipients—or recipients of aid to the blind, aid to dependent children, or aid to the permanently and totally disabled—who are also recipients of social security benefits would in no way be adversely affected because of the fact that they are also entitled to benefits under the King-Anderson bill. They would not, and could not, under my amendment, suffer any reduction either in the amount of their cash assistance payments or in the total quantity of publicly provided medical or health care benefits to which they would otherwise be entitled.

Mr. President, I say in all sincerity that my amendment should be accepted in the interest of protecting the outstanding pension program in Colorado, where there are some 50,000 pensioners, approximately 59 percent of whom receive their total pension from OAA, and 41 percent of whom receive some social security benefits. Let us assume that in a particular case a pensioner receives from social security $50 a month. Under my amendment, the social security insuree could receive King-Anderson benefits and still not lose any of the medical care benefits to which he would be entitled under the Colorado State medicare program. Nor would the King-Anderson benefits be considered as a resource in such terms that the pensioner would be deprived of the $60 due him under the State old age pension program.

If this amendment or a similar amendment, protecting the old age pensioners under our plan in Colorado, is not accepted, I shall feel constrained to speak at great length on this bill.

Mr. KEATING. Madam President, I join in paying tribute to the distinguished Senator from New Mexico [Mr. Anderson], to my colleague [Mr. Javits], and to all the others with whom we worked in this field. It has been a pleasure to work in such a harmonious manner—many times we were in disagreement, but there was a good deal of agreement too.

For a long time I have believed that we vitally need to help our aged citizens meet the ever increasing costs of health care. This measure, which we now offer as a substitute, is by no means perfect—after all, no bill is; but I believe it represents a practicable and workable solution which, in all good conscience, I feel I can support and should support.

Our substitute represents a giant step forward from the original so-called King-Anderson bill. Now, instead of hot political controversy and emotional charges and countercharges, we must do the job of providing reasonable and modern health protection for the aged. It is in this spirit that I have joined in sponsoring the bipartisan health care amendment submitted today as a substitute for the King-Anderson program.

Our amendment is financed, as has been pointed out, partly through a separate social security health care trust fund—which seems to me to be of top priority—and partly through general revenues. General revenues would cover those over 65 years of age who have qualified, but who have not paid into the social security system. This involves more than 3 million people. It is essential that they be included. I could not support a measure which did not include them.

I want to stress that this program will be financed out of a new, separate and distinct health care trust fund. An extra ½ percent in social security taxes will be paid into it. Because this money will be in one distinct and separate fund, everyone will know whether it is sound and how much has been spent and paid in at all times.

The use of private agencies to administer this health care program is also important. This amendment permits Blue Cross, Blue Shield, and other groups or private insurance plans to administer the plan, and also permits State administration under certain conditions.

The accreditation of hospitals by the American Medical Association and the American Hospital Association, who are the ones who would decide which hospitals are to be allowed to participate, is another important improvement. It brings these organizations into the picture and thereby places a wholly proper reliance on the judgment of private experts in the health field. They are well equipped to determine which hospitals should qualify. This safeguard serves a further purpose in avoiding an over heavy reliance on Government regulations and controls.

Finally an option provision, which, as my colleague has pointed out, is not completely in accord with our desires, is incorporated in this measure. I hope very much that, as that measure is debated and refined, we can improve upon the option provision, because I feel that it is an absolutely essential feature.

Like the distinguished Senator from Kentucky, I had rather favored the voluntary approach in the past, but it is now clear, in practical terms, that we are not going to get action by that approach. Furthermore, I concede that social security financing does have certain definite advantages. As my colleagues have pointed out, it is quite obviously preferred by most of the people who are presently under social security.

We are not going to devise a plan here that will get universal approval. Social security financing allows the worker to pay for his protection before he retires, so he can look forward to the future and it does involve already existing administrative machinery—thus avoiding the establishment of a huge new Federal bureaucracy for this program. Although I regard the social security tax as a regressive tax, as my colleague from New York has said, I am quite convinced that the majority of Americans who pay it are willing to pay a small additional amount for health care protection.

There may well be further amendments, such as our amendment on the cash option, which I shall support. Right now, I am convinced that this new amendment is a big improvement and contains many sensible and desirable features.

So I hope it will be possible for us to move forward. Undoubtedly, improvements can still be made in this measure in the course of the debate, but I believe it represents a significant step toward bringing the conflicting views together, and I am very happy to join in cosponsoring it.

Mr. JAVITS. Madam President, I deeply appreciate the gracious words of my colleague. I repeat what I said before. This approach represented such a wrench in philosophy that I hope very much that our respective States and the Nation will realize the degree of statesmanship and effort which went into these determinations, which have been evidenced by my colleagues who, as I think my colleague from New York [Mr. Keating] said, took a giant step and brought about the giant step which is represented by this revision of the bill of the Senator from New Mexico [Mr. Anderson].

Another of our colleagues who has joined with us in this effort is the Senator from California [Mr. Kuchel]. He has asked me to introduce into the Record a statement on his behalf in respect of his sponsorship both of the option amendment which I submitted a few minutes ago and the bill of the Senator from New Mexico [Mr. Anderson]. I ask unanimous consent that his statement may be made a part of the Record at this point.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement by U.S. Senator Thomas H. Kuchel in Support of the Anderson-Javits Health Insurance Amendment

Many of our senior citizens face a serious plight with regard to meeting their basic medical care needs. I believe that the Federal Government and all interested citizens bear a heavy responsibility in seeing that this problem is met effectively and rapidly.

Studies show that much of the basic medical care needs of those who are over 65 can be met by financial assistance in meeting the payments for hospitalization and services rendered in the hospital. The bipartisan proposal which has been introduced today by the distinguished Senator from New Mexico [Mr. Anderson] will go a long way in resolving this serious problem.

What might fittingly be called the Anderson-Javits amendment is a great improvement over previous measures which have been offered in this controversial area. These improvements are substantial. They are due in a very large degree to the efforts which have been made by the able Senator from New York [Mr. Javits] who has effectively represented the views of those of us on this side of the aisle who have joined today in coauthoring this proposal.

We seek a solution to a serious problem. We seek a forward-looking, progressive, and realistic program. On the whole, I believe we have moved a long way toward these goals. For this, I think all of us owe a great debt of gratitude to the diligence, intelligence, and skill with which the Senator from New York has represented our views in his many meetings and discussions with the Senator from New Mexico. These improvements are the result and the fruition of the finest spirit of a minority party: to be constructive rather than obstructive. I am grateful also to the Senator from New Mexico for his willingness to accept most of our recommendations and suggestions and thus come forth with a measure which most of us can support as being truly in the public interest.

The Anderson-Javits amendment fully meets one of our two major objections to the so-called King-Anderson bill and goes part way in meeting our second major objection. We have now secured coverage for all those who are over 65 years of age regardless of whether or not they have ever been covered by social security. This is essential. It was completely unreasonable to discriminate against several million good citizens who because they had concluded their working years no longer had the opportunity to earn the social security credits necessary for coverage. For those who become 65 after 1966, a reasonable period has been provided in which they can make themselves eligible for the medicare benefits.

A partial start toward reimbursement to those who wish to continue with their private health care insurance program has been made. I do not believe that this provision goes far enough. Nevertheless, I have coauthored the Anderson-Javits amendment with the understanding that our good faith discussions will continue and that when this matter is considered in the Senate we shall have the opportunity to strengthen this particular aspect of the proposal. Thus, I have also joined with Senators Javits, Cooper, and Keating in offering an amendment to the Anderson-Javits amendment which we will ask the Senate to pass judgment on during the coming week.

Further improvements in this new proposal include authorization for State agencies to determine eligibility and provide consultative services. In addition, we have secured approval for the Secretary of Health, Education, and Welfare to enter into agreements with such groups as Blue Cross and the Kaiser Medical Plan—one of several distinguished medical groups in my own State of California—to perform administrative functions under this program.

I think we made great progress when we secured agreement that there be established a separate Federal health insurance trust fund, under the social security system but completely separate from the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund. This separate trust fund will help assure the soundness of our program. If further benefits are desired, the existence of this trust fund will clearly indicate whether an additional increase in social security taxes will be necessary. Thus, each individual will be able to equate the desirability of his prospective benefits with his actual payments during his working years.

I have long urged that States be permitted, if they so desire, to add to the basic benefits package. This has now been included. I have long opposed a means test. There is none.

In addition, we have met effectively the fear of encroachment by the Federal Government in determining the eligibility of participating hospitals. We have provided that all hospitals which are accredited by the Joint Commission on Accreditation of Hospitals (composed of members of the American Medical Association and the American Hospital Association) will be automatically included.

All of these various improvements are something for which we have long fought and long stood. I believe their acceptance by the Senator from New Mexico has brought realism to this complicated and difficult area of public policy. The adoption of the Anderson-Javits amendment, strengthened by the private health insurance amendment which we have also offered, will go far toward meeting the health care needs of our senior citizens on a sound and constructive basis and thus help build a better America for all.

Mr. HUMPHREY. Madam President, the submission of the revised amendment or bill for health care for the aged is a very important moment in the Senate. I am sure our colleagues know that there have been a number of conferences on this subject. Some weeks ago it seemed that there might not be a reconciliation of the differing points of view. After a series of discussions, the Senator from New Mexico [Mr. ANDERSON] decided to consult some of our Republican colleagues, and in particular the Senator from New York [Mr. JAVITS], to see if there could not be an accommodation of certain proposals, looking to the consideration of a single bill. That purpose has now been accomplished.

On behalf of myself and the majority leader [Mr. MANSFIELD], the Senator from New Mexico [Mr. ANDERSON], the Senator from New York [Mr. JAVITS], and other Republican Senators who have become cosponsors of this particular measure and who have contributed so much, in terms of cooperation and accommodation, toward the fulfillment of a necessary objective.

It is my privilege to be one of the cosponsors of this measure, along with many colleagues in the Senate.

One of the very first bills I introduced when I came to the Senate was a proposal to include under social security, for the purposes of health benefits, hospital, and nursing home care benefits for persons aged 65 and over.

I introduced such a proposal in 1949; again in 1951; again in 1953, and in each Congress thereafter.

It was only in the last Congress that any possibility of success for the passage of this proposal was evident. With the Senator from New Mexico [Mr. ANDERSON], a member of the Finance Committee, becoming the chief sponsor of the bill in the Senate, and some of the rest of us becoming cosponsors, a determined effort was made to revise the whole program of health insurance or hospital and nursing home care insurance for elderly persons.

The Anderson bill introduced in the Senate and the bill introduced by Representative KING in the House have become symbols to the American people of a determination on the part of a responsible representative government to care for the health needs of our senior citizens.

It is my view that there is a real opportunity to pass a constructive and far-reaching measure, one predicated upon the established and well-recognized principle of social security, one that will do honor to our citizens, a proposal that does not include the so-called means test, which really is an offense to the dignity of individuals.

This is a proposal which, if passed by the Senate—and I believe it can be—can and will be approved by the House of Representatives. This is a bipartisan proposal; and with the support of our Republican colleagues who have joined in this bill, we have an opportunity to fulfill the platform commitments of the two political parties. Every Member of Congress will be given an opportunity to vote for it.

Next week in the Senate will be a most important week for the people of the United States, because in that week we intend to bring to a vote the revised and modified proposal on medicare or hospital and nursing home care. If we pass it in the Senate with a good majority, I predict that it will have every prospect of passage in the House of Representatives.

The Committee on Ways and Means of the House has not closed the door on this type of proposal, nor has the House membership. There is an opportunity for the Senate to be the springboard, the launching pad, so to speak, for a very important piece of legislation that is long overdue and will represent a distinct contribution to the social welfare programs of the American people.

I commend my colleagues for their initiative and accomplishment.

EXTENSION OF RENEGOTIATION ACT OF 1951

The Senate resumed the consideration of the bill (H.R. 12061) to extend the Renegotiation Act of 1951.

Mr. HUMPHREY. Mr. President, what is the business before the Senate?

The PRESIDING OFFICER (Mr. METCALF in the chair). The bill before the Senate is H.R. 12061, to extend the Renegotiation Act of 1951.

The pending question is on agreeing to the committee amendment beginning on line 15, page 2, and ending on line 10, page 3.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TALMADGE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENNETT. Mr. President, as a member of the Committee on Finance, I was present at the executive session at which the bill was considered. I offered an amendment. The Senator from Georgia [Mr. TALMADGE], the Senator in charge of the bill, asked me to come to the Chamber in order to make an explanation of the amendment which I offered.

Under the renegotiation law there is an exemption from renegotiation with respect to articles and services which are defined with the words "standard commercial," "standard commercial articles," and "standard commercial services."

Briefly, a standard commercial article is one that is either customarily maintained in stock or is sold pursuant to a regularly established price list. The definition is further limited by the requirement that at least 35 percent of the aggregate dollar amount of the sales of such articles is under nonnegotiable contracts, that is, to civilian customers or to Government agencies which are not involved in defense work, and therefore the purchases are not subject to renegotiation.

When that exemption was inserted in the law, it was done for the purpose of lightening the burden of the Renegotiation Board by eliminating articles which were generally available and of which the price was readily determinable. At that time there was no substantial pattern of leasing such standard commercial articles rather than offering them only for sale.

Since that time the practice of leasing has grown up and has become quite common, both in ordinary commercial transactions outside the Government and within Government. The advantage of leasing is that immediate outlays of capital are not required, and the person leasing the article may change models and styles frequently.

Standard commercial articles which are leased include typewriters and office copying machines. There is a very large volume of business in the United States based on the leasing of automobiles, both passenger cars and trucks.

During the executive session yesterday we offered an amendment the effect of which would be to extend the exemption from negotiation to articles which, if sold, would meet the definition of standard commercial articles. The only difference is that such articles are leased rather than sold.

Representatives of the Renegotiation Board told us that the Bureau of the Budget had issued a directive suggesting that, so far as possible, the Federal Government purchase standard commercial articles rather than lease them. I have a copy of the circular of October 14, 1961, which sets forth that policy. On pages 3 and 4 of the circular are set forth the criteria under which the agencies of the Government are supposed to make a decision as to whether they will buy or lease.

I should like to read that into the RECORD:

1. The purchase method is preferred when all of the following conditions exist:

(a) The system study which preceded the selection of the equipment has established a reasonable expectancy that the ADP equipment under consideration can be successfully and advantageously used.

In other words, if we know what it is, let us buy it.

(b) A comparative cost analysis of the alternative method of acquisition, of the types illustrated by Attachments A and B, indicates that a cost advantage can be obtained by the purchase method in 6 years or less after the date of delivery.

I am skipping some of the other explanatory material in the interest of brevity.

(c) The capabilities of the ADP equipment will continue to be needed and will be sufficient to satisfy the system requirements, current and projected, for a period beyond the point in time at which the purchase method begins to provide a cost advantage.

2. The lease-with-option-to-purchase method is indicated when it is necessary or advantageous to proceed with the acquisition of the equipment that meets system specifications, but it is desirable to defer temporarily a decision on purchase because circumstances do not fully satisfy the conditions which would indicate purchase. This situation might arise when it is determined that a short period of operational experience is desirable to prove the validity of a system design on which there is no previous experience, or where decisions which might substantially alter the system specifications are imminent.

3. The lease method, without option to purchase, is indicated only when it is necessary or advantageous to proceed with the acquisition of equipment that meets system specifications and it has been established conclusively that any one of the conditions under which purchase is indicated is not attainable.

It goes on to say:

(a) Lease or lease-with-purchase-option transactions in effect at the time this circular is issued, and which are expected to remain in effect until fiscal year 1964 will be reviewed.

I assume that they would go back and review the deals made prior to this circular, and if they decided that prior arrangements had not met these specifications, they would either cancel the leases or they would continue them.

In other words, the Bureau of the Budget has suggested that the Government can save money if it buys equipment if it plans to keep it for more than 5 or 6 years. On the other hand, leases may be more advantageous if the equipment is subject to a rapid rate of obsolescence and is likely to be replaced in a 5-year period.

Renegotiation imposes a substantial burden upon business firms in this country. Experience has shown that the paperwork involved in allocating costs between renegotiable and nonrenegotiable sales and in determining profits on such sales is both time consuming and expensive. It was for this reason that the standard commercial article exemption for sales was added to the law in 1954. Congress obviously felt that business firms should not be required to incur such substantial compliance costs unless it could reasonably be expected that excessive profits were being realized.

I believe the same policy reasons might justify us in amending the law now to extend the standard-commercial-article exemption to the leasing of such articles, for a lease, in reality, if there is a purchase privilege at the end, is a sale; and even when the purchase privilege is not present with respect to the article, the Government is purchasing the service of an article for a period of time.

The standard commercial services are also subject to exemption on the same terms as standard commercial articles.

This is not an earth-shaking proposal. There is an increasing number of standard commercial articles becoming available on lease. I am not in a position to say whether the Government, in the light of the October directive, is actually increasing or decreasing the volume of such articles which it is acquiring on lease in view of the directive.

I hope the Senate will support the judgment of the committee and permit the committee amendment to remain in the bill. I shall not ask for the yeas and nays on the amendment. I do not believe it is of that great importance.

I thank the Senator from Georgia for giving me this opportunity to explain the amendment.

Mr. TALMADGE. I thank the able and distinguished Senator from Utah for his very able explanation.

Mr. DOUGLAS. Mr. President, this is another of the amendments adopted by the Committee on Finance without a public hearing. It was suggested very briefly at the end of the executive session on Wednesday, and considered very briefly by the committee in executive session yesterday, with only very brief testimony either by the Senator from Utah or by the Renegotiation Board.

We are in grave danger this afternoon of seriously weakening the Renegotiation Act by this series of amendments. I am very pleased that the Senate as a whole rejected the so-called Butler amendment, and quite decisively. I hope it will reject the Bennett amendment also, although I well recognize that at this hour of the day, with Senators departing for all sections of the country, it will be very difficult to obtain a quorum on the floor to get an adequate vote.

The amendment seems innocent enough, but I am afraid there are some boobytraps in it. It exempts leasing arrangements between the Government and private industry on so-called standard commercial articles. It should be realized that the leasing arrangement is being very widely practiced both in private business and public business. I suppose it was started many years ago by the United Shoe Machinery Corp., which had a patent monopoly on shoe machinery. That company would not sell any shoe machines, but it would lease them to shoe manufacturing companies at high rental rates, on which it made extremely large profits.

I do not suppose the U.S. Government is operating any shoe factories, but if it were to operate shoe factories, it could not buy machinery, as I understand, from the United Shoe Machinery Corp. It would have to pay rentals on the machinery. The pending amendment would remove them from renegotiation.

It is well known that the International Business Machines Corp., familiarly known as IBM, has in the past made a general practice of not selling its machines, but leasing them. Although some limitation on this practice has been put into effect by the Department of Justice and the courts, it is my information that this practice still largely prevails.

The Federal Government is spending in fiscal year 1962 more than $225 million in leasing electronic data processing machines and punchcard systems equipment.

This is only a part of the story. It is probably true that at least $500 million in rentals is paid for the leasing of machines and equipment. It should be noted that in the vast majority of cases, as the Senator from Tennessee [Mr. GORE] brought out earlier in the afternoon, purchasing or leasing by the Defense Department is not conducted under competitive bidding. I made a study of that subject last year, and at that time I found that only 14 percent of the Department purchases were made under what can be called open competitive bidding, and that 86 percent of the purchases were made under some form of negotiated contract.

Secretary McNamara has made a great improvement in this direction, but I think it is fair to say that four-fifths of the Department of Defense purchases, which now run well over $25 billion a year, are still made under negotiated bids, and that this applies to equipment which is leased as well as to equipment which is purchased. This means that if we eliminate the right to renegotiate the profits which are made, we take away the one protection which the Government might have or the taxpayers might have. It is very difficult to compare the merits of one data processing machine with those of another. In general, those sponsored by International Business Machines have great prestige value and are accepted. As I see it, this amendment, which might be called an IBM amendment, although I shall not so designate it, would result in great profits being made, profits which could never be resurveyed or recaptured.

In the brief interval of time which I have had, I have been able to gather four instances in which equipment has been leased to the Government and upon which the profits seem to me to be extremely large.

There was one case, which I will call case A, in which, upon the rental of microfilming equipment amounting to $75,270, profits of $31,510 were made, or a profit rate of 41.9 percent. Under the Bennett amendment, this contract would not be subject to renegotiation.

Another illustration, which I shall call case B, is that of a machinery company which received a rental from the Government of $261,453. The company made a profit of $142,603, or a profit percentage of 54.5 percent.

The third illustration, which I shall call case C, is of a company which had rental income from the Government of $1,191,203, and a gross profit of $802,156, or a gross profit rate of more than 67 percent. I call attention to the fact that this is not net profit, but gross profit. That is nevertheless an extraordinarily high percentage of profit and is very difficult to justify. Yet the Bennett amendment would prevent recapture of any of these profits.

I have a fourth illustration, which I shall call case D, running for 3 years—1951, 1952, and 1953—in which the contract apparently is still under consideration. In this instance, the rental income amounted, respectively, to $36,000, $57,000, and $59,000. The profits were $20,000, $50,000, and $50,000. The profit rates were 72 percent, 87.6 percent, and 84.1 percent, respectively.

These are only a few illustrations which I have been able to gather in the brief space of time which I have had at my disposal.

Mr. GORE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the Senator from Tennessee.

Mr. GORE. I congratulate the Senator from Illinois wholeheartedly upon his diligence and success in obtaining these statistics which, it seems to me, demonstrate the utter unwisdom of adopting the pending amendment. As the Senator said, the amendment was offered in executive session of the committee only yesterday. There has been little time to examine the full portent of it. The distinguished senior Senator from Illinois has, by good staff work, and, I am sure, the cooperation of administrative agencies which are opposed to the adoption of the amendment, succeeded in bringing some striking examples to the attention of the Senate. I sincerely congratulate him.

I inquire of the Senator: What degree of competition is there in electronic processing data machines and equipment?

Mr. DOUGLAS. It seems to me that the quality element is so important and the claims of differences in quality are so great that the judgment will not be made on the basis of leasing costs, but on the basis of the real or fancied superiority of the particular machine. If the rental cost is exempted from any further survey, it will be possible for the lessor to have the lessee over a barrel and at a distinct disadvantage; and since the lease will be under negotiated terms, there is a grave possibility, which these illustrations seem to bear out, that excessive profits will be made at the expense of the taxpayer. The Bennett amendment would legitimatize all of this kind of negotiation and would prevent any recapture.

Mr. GORE. The Renegotiation Act is aimed at excess profits, and seeks only to recover for the Government some portion of such profits.

Mr. DOUGLAS. That is correct.

Mr. GORE. Is that not true with respect to leasing contracts the same as with respect to procurement contracts?

Mr. DOUGLAS. It is now; but under the amendment of the Senator from Utah [Mr. BENNETT], it would not apply to the leasing contracts.

Mr. GORE. I know the Senator is willing to have the proponents of the amendment advance whatever reason the proponents may think justifies the amendment. But can the distinguished Senator from Illinois conjure any rationalization as to why a distinction should be drawn between procurement contracts and leasing contracts such as he has cited?

Mr. DOUGLAS. I do not think distinctions should be drawn. I do not think an exemption should be granted with respect to leasing contracts.

I know the sponsors of the amendment will say that since the price of a standard commercial article is exempted from renegotiation, the leasing of a standard commercial article should be so exempted. But in the first place, the exemption with respect to the price of a standard commercial article is in itself too broad. Second, leasing arrangements are frequently used by firms which have obtained a monopoly or which have such a distinction in quality that even though the article may be regarded as a standard commercial article, it is not in reality a standard commercial article, so the company may be able to charge an excessive rental.

Mr. President, I had hoped that the Senator from Utah would remain in the Chamber, but apparently he is not present. I am ready to have the issue put to a vote.

Mr. TALMADGE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TALMADGE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection——

Mr. KEATING. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard; and the clerk will resume the call of the roll.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

[No. 107 Leg.]

Aiken
Anderson
Bartlett
Bennett
Bible
Boggs
Bush
Butler
Byrd, Va.
Byrd, W. Va.
Capehart
Carroll
Case
Church
Clark
Cooper
Cotton
Curtis
Dirksen
Douglas
Dworshak
Ellender
Ervin
Fong
Fulbright
Gore
Hartke
Hayden
Hickenlooper
Hickey
Hill
Holland
Humphrey
Jackson
Javits
Johnston
Keating
Long, Hawaii
Long, La.
McCarthy
McClellan
McGee
Metcalf
Monroney
Morse
Moss
Mundt
Muskie
Neuberger
Prouty
Proxmire
Randolph
Robertson
Russell
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to that portion of the committee amendment which would insert a section 3, beginning on page 2, line 15, and ending on page 3, line 10.

Mr. DOUGLAS. Mr. President, this is another amendment which comes to the Senate without a public hearing having been held upon it. It was decided upon in executive session after a very brief statement on Wednesday by the Senator from Utah [Mr. BENNETT] and very brief consideration yesterday by those members of the committee who were present.

The pending amendment, the amendment which the Senate rejected a short while ago, and the amendment which will follow, in my judgment, would seriously weaken the Renegotiation Act.

The pending amendment would provide that there could be no renegotiation of profits on articles of a so-called "standard commercial nature" which are leased to the Government. Leasing has become a greater and greater practice since it was started many years ago by the United Shoe Machinery Co. That company used leasing as a method of maintaining a monopoly. It would not sell its machinery.

Leasing has been carried on very extensively by the International Business Machines Corp., which has leased to the Government a very wide variety of electronic data processing machinery and punchcard machinery. The Government is paying rents, not prices, for this equipment.

The figures which I have gathered indicate that for data processing and punchcard machinery and equipment the Government last year paid no less than $225 million. I think it is most conservative to say that the Government is spending at least $500 million annually for leased equipment.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield to the Senator from Oklahoma.

Mr. MONRONEY. I am quite impressed by what the distinguished Senator says about data processing and punchcard machinery and equipment.

A great deal of the ever-expanding air traffic control system equipment sooner or later will be monitored by machines such as those.

While those machines might take the terminology of ordinary commercial items, is it not a fact that once one starts to use the data processing or punchcard machines for records and cards by the millions, a lease for 2 or 3 machines becomes absolutely necessary? In order for the records and cards to be operative, only that particular type of standard commercial machine can be used. The Government then becomes completely and totally locked in, at the mercy of whatever contract for lease can be made.

If we should exempt these machines from renegotiation, to provide a monopoly with respect to them, all the departments which have work of this nature could not depart from use of organized installations of this type of machine, on a nationwide basis; and would that not be a severe handicap for the Government?

Mr. DOUGLAS. I thank the Senator from Oklahoma.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. DOUGLAS. First I wish to answer the Senator from Oklahoma.

I thank the Senator from Oklahoma. I am not an expert on electronic data processing machines, but from what I understand of them the Senator is correct. Once an organization starts using a system it is almost impossible to shift to another system or to another contractor.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to the Senator from Utah.

Mr. BENNETT. Is it not true that for an article to qualify as a "standard commercial article" and to be subject to the exemption, the amendment provides that at least 35 percent of the identical article must have been leased or sold outside the Government?

Mr. DOUGLAS. Or under nonnegotiable terms.

Mr. BENNETT. Or under nonnegotiable terms.

Mr. DOUGLAS. The Senator is correct.

Mr. BENNETT. Most of the data processing equipment to which the Senator from Oklahoma has referred is specifically engineered for particular jobs. The figures to which the Senator from Illinois referred at least include the special equipment which has been developed, which would not qualify. I doubt very much whether all the IBM machinery could qualify as a "standard commercial article," because most of it is engineered for a specific application and a specific customer.

We have discussed this question long enough. It is obvious to me that the Senator from Illinois does not like the amendment. I suggest that the question be brought to a vote.

Mr. DOUGLAS. Mr. President, may I finish my address without being shut off by the Senator from Utah? I had not finished my remarks when I yielded to the Senator.

Mr. BENNETT. Did I attempt to shut the Senator off?

Mr. DOUGLAS. If the Senator did, he will not be successful. But I am ready to believe that was not his intention.

I think it is evident that there are many complexities in regard to this question, and that we should at least have a public hearing upon it, and invite expert witnesses to testify, so that adequate evidence may be taken. The question should not be decided on the basis of ex parte arguments. It may be that if an adequate hearing is held the Senator from Utah will be proved to be correct, although I do not believe this will be the case.

We certainly do not have sufficient evidence at present to indicate that he is correct. It seems to me very wise, therefore, that we should not rush this amendment through when the act has operated for 11 years without that provision.

In the day that I have had available to study the matter, I have collected some evidence on what the rates of profit have been on certain equipment which has been leased. I should like to state that material for the benefit of Senators who were not present when I originally spoke.

Let us consider case A, in which there was a rental of microfilming equipment. The rental price was $75,270. The profit was $31,511. The profit rate was 42 percent.

I ask the Senate to consider case B, in which the rentals amounted to $261,453. The profit amounted to $142,603. The profit rate was 54 percent.

In a third case, which we shall call case C, the rental income amounted to $1,191,203, the gross profit came to $802,156, or a profit rate of 67.3 percent.

I emphasize that this rate is a gross profit rate and not necessarily a net profit rate. It indicates, however, a very high rate of profit.

In a fourth case, which we might call case D, machinery rentals in 1951, 1952, and 1953 paid by the Government to the company amounted to $36,000, $57,000, and $59,000, respectively, with a corresponding profit of $26,000, $50,000, and $50,000, or a profit rate of 72 percent, 87.6 percent, and 84.1 percent.

I have had only a few hours in which to collect that information, but I submit that this information is sufficient to indicate that if those items were exempt from renegotiation, as the Senator from Utah would do, we would compel the taxpayers in those instances at least, to pay excessive profits to those concerns which, because of patents or prestige, are able to obtain excessively high lease prices from the Government.

I see no advantage in the proposal of the Senator from Utah.

I think it is extremely dangerous.

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. GORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. GORE. If an agency installs, even in a limited way, a particular brand of data processing electronic equipment and later finds need to augment greatly the application of that particular process, is not that particular brand of equipment, because of the preparation of the punch card and the system, almost locked into the system?

Mr. DOUGLAS. I think both the Senator from Tennessee [Mr. Gore] and the Senator from Oklahoma [Mr. Monroney] are correct on that point, not only with respect to the technique of the machine, but in the training of the personnel. The whole staff is geared to that particular type of machine.

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the committee amendment concerning section 3. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. Burdick], the Senator from Nevada [Mr. Cannon], the Senator from Connecticut [Mr. Dodd], the Senator from Mississippi [Mr. Eastland], the Senator from California [Mr. Engle], the Senator from Michigan [Mr. Hart], the Senator from North Carolina [Mr. Jordan], the Senator from Tennessee [Mr. Kefauver], the Senator from Oklahoma [Mr. Kerr], the Senator from Ohio [Mr. Lausche], the Senator from Washington [Mr. Magnuson], the Senator from Montana [Mr. Mansfield], the Senator from Michigan [Mr. McNamara], the Senator from Rhode Island [Mr. Pastore], the Senator from Rhode Island [Mr. Pell], the Senator from Georgia [Mr. Russell], and the Senator from Texas [Mr. Yarborough] are absent on official business.

I further announce that the Senator from New Mexico [Mr. Chavez], the Senator from Alaska [Mr. Gruening], and the Senator from Missouri [Mr. Long] are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. Burdick], the Senator from Nevada [Mr. Cannon], the Senator from New Mexico [Mr. Chavez], the Senator from Connecticut [Mr. Dodd], the Senator from Mississippi [Mr. Eastland], the Senator from California [Mr. Engle], the Senator from Alaska [Mr. Gruening], the Senator from Michigan [Mr. Hart], the Senator from North Carolina [Mr. Jordan], the Senator from Tennessee [Mr. Kefauver], the Senator from Oklahoma [Mr. Kerr], the Senator from Ohio [Mr. Lausche], the Senator from Missouri [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from Montana [Mr. Mansfield], the Senator from Michigan [Mr. McNamara], the Senator from Rhode Island [Mr. Pastore], the Senator from Rhode Island [Mr. Pell], the Senator from Georgia [Mr. Russell], and the Senator from Texas [Mr. Yarborough] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from Maryland [Mr. Beall], the Senators from Kansas [Mr. Carlson and Mr. Pearson], the Senator from Arizona [Mr. Goldwater], the Senator from Nebraska [Mr. Hruska], the Senator from California [Mr. Kuchel], the Senator from Kentucky [Mr. Morton], and the Senator from New Hampshire [Mr. Murphy] are necessarily absent.

The Senator from Iowa [Mr. Miller], the Senator from Massachusetts [Mr. Saltonstall], and the Senator from Wisconsin [Mr. Wiley] are also necessarily absent.

The Senator from Colorado [Mr. Allott] and the Senator from Kentucky

[Mr. Cooper] are detained on official business.

If present and voting, the Senator from Colorado [Mr. Allott], the Senator from Maryland [Mr. Beall], the Senator from Kansas [Mr. Carlson], the Senator from Nebraska [Mr. Hruska], the Senator from California [Mr. Kuchel], the Senator from Iowa [Mr. Miller], the Senator from New Hampshire [Mr. Murphy], the Senator from Massachusetts [Mr. Saltonstall], and the Senator from Wisconsin [Mr. Wiley] would each vote "yea."

The result was announced—yeas 28, nays 38, as follows:

[No. 108 Leg.]

YEAS—28

Aiken
Bennett
Boggs
Bush
Butler
Byrd, Va.
Capehart
Cotton
Curtis
Dirksen
Dworshak
Ellender
Fong
Hickenlooper
Holland
Keating
Long, La.
Mundt
Prouty
Robertson
Scott
Smathers
Smith, Maine
Talmadge
Thurmond
Tower
Williams, Del.
Young, N. Dak.

NAYS—38

Anderson
Bartlett
Bible
Byrd, W. Va.
Carroll
Case
Church
Clark
Douglas
Ervin
Fulbright
Gore
Hartke
Hayden
Hickey
Hill
Humphrey
Jackson
Javits
Johnston
Long, Hawaii
McCarthy
McClellan
McGee
Metcalf
Monroney
Morse
Moss
Muskie
Neuberger
Proxmire
Randolph
Smith, Mass.
Sparkman
Stennis
Symington
Williams, N.J.
Young, Ohio

NOT VOTING—33

Allott
Beall
Burdick
Cannon
Carlson
Chavez
Cooper
Dodd
Eastland
Engle
Goldwater
Gruening
Hart
Hruska
Jordan
Kefauver
Kerr
Kuchel
Lausche
Long, Mo.
Magnuson
Mansfield
McNamara
Miller
Morton
Murphy
Pastore
Pearson
Pell
Russell
Saltonstall
Wiley
Yarborough

So the committee amendment was rejected.

Mr. DOUGLAS. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. Mr. President, in order that the Senate may have some idea of how much longer the bill will be under consideration, I have consulted with the Senator from Indiana [Mr. Hartke], who will speak in opposition to one other section of the bill which is in the nature of a committee amendment. I ask unanimous consent that the debate on that section of the bill be limited to 15 minutes to a side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ORDER OF BUSINESS

Mr. DIRKSEN. Mr. President, now that the Senate has disposed of the conference report on the export control bill, I understand that probably the only thing which might call the Senate back into session tomorrow is the possibility of an agreement on the so-called sugar bill conference report. I should like to inquire what the majority leader has in mind for the remainder of the evening, especially in view of the fact that the House has adjourned.

Mr. HUMPHREY. Mr. President, there is a possibility that the conferees on the sugar bill may complete their work this evening, probably soon. If that were to happen, I hope the Senate might act first on the conference report. I understand the House will be in session tomorrow.

I have also been told by the Acting Secretary of State, Mr. Ball, that if immediate action were not taken on the sugar bill conference report, there would be no problem so far as the Government is concerned; there would be no danger of a mass movement of sugar into the American market under terms other than the Sugar Act. Therefore, it would be my intention to have the Senate go over until Monday noon. But I shall reserve a decision on that point for awhile until we know what action the conference committee has taken. It is possible that the Senate might consider the conference report on the sugar bill tonight.

Mr. DIRKSEN. What is the program for the rest of the day?

Mr. HUMPHREY. It is proposed to take up three minor bills which have been cleared with the leadership on both sides of the aisle. They are relatively noncontroversial, since no minority views were filed with respect to them. They are:

Calendar No. 1628, H.R. 8045, to change the name of the Hydrographic Office to U.S. Naval Oceanographic Office;

Calendar No. 1629, H.R. 8982, authorizing the Dow Chemical Co. to construct, maintain, and operate a bridge across the Rio Grande at or near Heath Crossing, Tex.; and

Calendar No. 1630, H.R. 9883, to authorize the San Benito International Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Tex.

The first bill has been cleared by the Committee on Armed Services; the remaining two bills have been cleared by the Committee on Foreign Relations.

Also, we shall take up the conference report on the supplemental air carrier bill.

Mr. HICKENLOOPER. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. HICKENLOOPER. The bridge bills provide for the construction of bridges across the Rio Grande River, Tex., do they not?

Mr. HUMPHREY. Yes.

Mr. HICKENLOOPER. Do they contain amendments to place limitations on the franchises?

Mr. HUMPHREY. Yes.

Mr. HICKENLOOPER. One bill provides for a perpetual franchise, with no limitation.

Mr. HUMPHREY. The committee limited the franchises.

Mr. HICKENLOOPER. If those amendments have been adopted by the committee, as I understand is the case, I shall raise no objection.

Mr. HUMPHREY. The amendments have been adopted by the committee.

Mr. HICKENLOOPER. I have no objection, so long as the franchises contain the standard limitations.

Mr. HUMPHREY. The only other item is the conference report on supplemental air carriers, which it is proposed to take up immediately.

The Senate will reconvene on Monday, at noon, and take up the so-called medicare amendment, which the Senator from New Mexico has proposed to the Social Security Act.

Mr. DIRKSEN. I take it that the program which the Senator has outlined is contingent on agreement by the conferees to the conference report on the sugar bill.

Mr. HUMPHREY. That is correct. If the conferees agree to a report on the sugar bill, it is hoped to act on the conference report tonight. If they should agree tonight, and the House were to act tomorrow, I would propose a session tomorrow to act on the conference report on the sugar bill.

Mr. DIRKSEN. I suggest that there be a quorum call if and when it appears that action may be taken on the sugar bill conference report.

Mr. HUMPHREY. I shall certainly have a quorum call, and no action will be taken without consultation with the minority leader.

SUPPLEMENTAL AIR CARRIERS—CONFERENCE REPORT

Mr. MONRONEY. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House to the bill (S. 1969) to amend the Federal Aviation Act of 1958, as amended, to provide for supplemental air carriers, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. Metcalf in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. MONRONEY. Mr. President, this is a unanimous report of the conferees of both the House and the Senate on the supplemental air carrier bill.

I regret to have to report to the Senate that the bill as agreed upon in conference departs quite substantially from the economic provisions which the Senate has endorsed on two occasions in passing this bill. The conference report contemplates a supplemental air carrier industry much more limited in terms of its role in air transportation than that which was envisaged by the committee and endorsed by the Senate.

The conference report adopts the provisions of the House bill limiting the permanent role of these carriers to charter service. The Senate bill had provided that the Board might issue certificates to these carriers permitting them to engage in individually ticketed operations as might be required by public convenience and necessity, but required the Board to impose such limitations on certificates as are necessary to insure that individually ticketed operations did not result in a significant diversion of traffic from the regularly certificated route carriers.

This amendment was included by reason of the diligence of the distinguished Senator from New Hampshire [Mr. Cotton].

I am convinced that the provisions of the Senate bill would have produced a stronger supplemental industry, one better able to serve the needs of the Nation in both peace and war. However, it became apparent that the only way legislation could be obtained was by accepting the House provision limiting these carriers to charter operations. The Senate conferees therefore agreed to the provisions of the House bill provided the House agreed to an amendment making temporary provision for limited individually ticketed service by supplemental carriers for a period of 2 years from the date of passage of the act. The Senate conferees felt that such a provision was essential because many supplemental carriers had derived a significant proportion of their revenues from individually ticketed operations. We did not believe that it was reasonable to expect that such carriers could immediately convert to an all-charter operation and still survive.

Section 9 of the bill as agreed to in conference provides that the Civil Aeronautics Board may, if it finds such authorization to be in the public interest to permit an orderly transition to all-charter operations, authorize a supplemental carrier to perform individually ticketed and individually waybilled services for a 2-year period subject to such terms, conditions, and limitations as the Board may prescribe. This authority is subject to the restriction that the annual gross revenue from individually ticketed services may not exceed the average annual gross revenue from such services which a carrier derived during a 3-year period ending December 31, 1961. It is not the intention of the conferees that the authority of supplemental carriers to perform individually ticketed services be further restricted by the Board in the absence of some special circumstances requiring it. As a general rule, it is intended that these carriers be permitted to perform individually ticketed services provided that the revenues therefrom do not exceed the statutory maximum. Some discretion should be allowed in order to give the carriers a fair opportunity to adjust their operations to an all-charter authority.

The charter definition contained in the Senate version of the bill was omitted from the bill agreed to by the conferees. This was done unilaterally by the Senate conferees because of the decision which had been made on individually ticketed authority. The charter definition would have operated to prohibit the granting of split charters—that is, the transportation of more than one charter group in a single aircraft. We felt that the Board should be left free to determine on its merits the desirability of permitting the supplemental carriers to conduct such charters, in view of the fact that the charter business will ultimately represent the only source of revenue for these carriers. Another reason why we desired to leave the Board sufficient flexibility so that it might permit split charters was the effort of the Defense Department to encourage these carriers to acquire modern turbine-powered equipment for the civil reserve air fleet. The size of such aircraft makes it virtually impossible to find a charter group sufficiently large to fill an entire aircraft.

In contrast to the economic provisions of the bill, I am happy to report that the essential objectives of the Senate provisions with respect to minimum service requirements, standards of financial fitness, liability insurance, performance bonds, and the filing of reports, were retained in the substitute agreed to. However, the substitute agreed to is in several respects more strict, and certain language clarifications of the Senate provisions were adopted in order to provide more efficient and expeditious administrative enforcement.

Mr. President, this bill is a far cry from that which the Senate committee recommended and which the Senate passed. However, I am convinced that its advantages far outweigh its disadvantages. It should give the supplemental air carriers a permanent place in the aviation community and permit the Board to restrict its membership to carriers whose managements have demonstrated their willingness and ability to conduct safe operations in accordance with the Board's regulations. This industry deserves an opportunity to grow and develop as a national transportation asset, and this can only come when we put an end to the uncertainty as to its legal status through which it has suffered for so many years.

Mr. President, I ask unanimous consent to have printed in the Record, following my remarks, a statement by the distinguished junior Senator from California [Mr. Engle] explaining in full the Engle amendment.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement by Senator Engle

Section 3 of S. 1969 would amend section 401(e) of the Federal Aviation Act so as to provide that any carrier other than a supplemental carrier may make charter trips without regard to the type of service provided in its certificate of public convenience and authority. This amendment is designed to and does grant to cargo carriers the same authority to perform charter service as the passenger carriers now enjoy. Upon amendment of section 401(e) all common carriers will have the same authority to perform charters for passengers and for cargo. The cargo carriers are merely placed upon the same legal basis as the passenger carriers for their charter operation and they will become subject to the same regulations of the Board governing other common carriers.

Section 401(e) as presently worded has been interpreted to limit the authority of cargo carriers so as to preclude them from providing charters for passengers. The Civil Aeronautics Board, recognizing the necessity in the public interest of charters for passengers by cargo carriers, has granted, under section 416 of the Federal Aviation Act, exemptions to cargo carriers to authorize cargo carriers to perform passenger charter services, particularly for the Military Establishment. The committee of conference has roundly denounced the Board's excessive use of its exemption power in connection with large-scale charter operations generally. The bill before us is designed to deal generally with the problem thus posed. The amendment of section 401(e) deals specifically with the elimination of the need for exemptions pursuant to which cargo carriers perform charters for the carriage of passengers.

Authority for cargo carriers to provide passenger charters is vitally needed in the public interest and for national defense. These cargo carriers have provided the major civil augmentation airlift for the Military Air Transport Service for both cargo and passengers. Since 1957 the Appropriations, Armed Services and other Committees of the Congress and the Department of Defense have recognized the great contribution to the national defense by the cargo carriers.

These committees of the Congress and the Department of Defense have urged the civil air carriers to procure modern cargo aircraft, convertible to military passenger traffic, for assignment to the Civil Reserve Air Fleet, in order that the deficit in our national wartime air cargo capability may be overcome. In response to the wishes of the Congress and the Department of Defense the cargo carriers have purchased and assigned to the Civil Reserve Air Fleet more modern convertible cargo aircraft than all other air carriers combined. These carriers have already purchased 21 modern turbine-powered convertible cargo aircraft at a capital cost in excess of $100 million. These aircraft are all committed to the Civil Reserve Air Fleet. Practically all of them now delivered are engaged in traffic for MATS—many in the transportation of passengers.

It is imperative, if these aircraft are to be continued in operation and are to be available to MATS, that these cargo carriers be given the statutory authority to perform passenger charter service which is provided by the bill here before us.

Against heavy odds, the cargo carriers are building an air cargo industry for the United States, without Government subsidy. Their ability to develop this new business and to create new fleets of modern aircraft has been made possible in the main by their charter activities. Without the amendment to section 401(e) of the Federal Aviation Act which is included in the bill before you, the cargo carriers would be the only carriers who would not be permitted to perform both cargo and passenger operations without applying to the CAB for exemptions. This bill as reported by the committee of conference will correct this situation and will give to the cargo carriers the same authority enjoyed by passenger carriers in providing charter services of all types, no more and no less.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. COTTON. Mr. President, the conference agreement, basically does these things:

First. Creates a class of supplemental air carriers whose field of activity will be providing plane-loan charter services.

Second. Permits the CAB to allow supplemental air carriers who have carried passengers on an individually ticketed basis in the past 3 years to continue to do so for 2 more years, to permit an orderly transition to all-charter operations.

Third. Abolishes all present rights of every supplemental air carrier after 90 days, and gives the CAB new power to issue certificates or interim operating authority only to those supplemental air carriers it finds are fit, willing, and able.

Fourth. Gives the CAB broad new powers to safeguard the public against safety and economic abuses which have occasionally manifested themselves with respect to supplemental air carriers.

Frankly, I regard the bill drafted by the conference committee as an improved modification of the measure which passed the Senate earlier this year. It has my wholehearted support, and I urge its adoption.

I do wish to comment briefly on one aspect of the conference committee's action. The conferees agreed to drop the language in the Senate bill which defined charter service, and permitted the sale of tickets on charter flights to individual members of the general public who were on all-expense-paid tours. I am wholly in accord with the action in eliminating the all-expense tour provision and thus refusing to confer this power on the Board.

The elimination from the bill of the general Senate language defining charter service should not, however, in my view, be construed as giving the Board any kind of carte blanche with respect to long-established principles of law relating to charters. The Civil Aeronautics Board has, in the past, rejected proposals to water down the safeguards against the abuse of charter service, and I hope the Board will continue to be firm in this respect. The Board has a serious obligation to see that charter services do not become individually ticketed services through subterfuge or abuse.

Passage of this legislation, in my view, marks another constructive step in the evolution of this Nation's air transportation services.

I wish to add my tribute, Mr. President, to the distinguished Senator from Oklahoma [Mr. MONRONEY], who has long and painstakingly guided this bill through perhaps the most tiring and laborious conference committee that I have ever served on in my 8 years in the House of Representatives and my 8 years in the Senate. He has been patient, firm, fair, and reasonable; and to him goes much of the credit for our coming up with what I regard—and I am sure all the Members of the Senate conferees and all the members of the Commerce Committee's subcommittee also regard it in the same way—as a step forward and a highly constructive piece of legislation.

Mr. SCOTT. Mr. President, will the Senator from New Hampshire yield?

Mr. COTTON. I am very happy to yield.

Mr. SCOTT. I should like to echo what the Senator from New Hampshire has said regarding the difficulties encountered in working out the conference committee report, and also what he has said about the extremely capable, patient, and efficient manner in which the Senator from Oklahoma [Mr. MONRONEY] and, let me say, also the Senator from New Hampshire [Mr. COTTON] have worked in preparing this measure. The many difficulties which were encountered have been overcome, it seems to me, in such a way as to give us a much more satisfactory solution, which should lead to wiser handling of the entire problem relative to the nonscheduled airlines.

Mr. President, the conference report before us marks the end, we hope, of a long series of controversies about the role of the supplemental air carrier in our national air transport picture. The bill establishes a permanent place in air transportation for supplemental carriers, or nonskeds, as they were formerly called, by authorizing them to perform charter flights.

But the bill does much more than just find a proper place for the supplemental air carriers. Its additional features, in a large measure, go back to a windy fall evening last November. On November 8, 1961, an Imperial Airlines Constellation crashed while trying to make an emergency landing at Richmond, Va. On board were 74 Army recruits from Wilkes-Barre, Pa., Newark, N.J., and Baltimore, Md., on their way to Fort Jackson, at Columbia, S.C. All were killed by the fire which swept the plane after it crashed. The accident properly shocked the Nation, and set in motion a long chain of events, some of which come to a culmination in this legislation.

As modified and revised by the Senate Commerce Committee and by the conference committee, the bill before us gives the Civil Aeronautics Board broad new powers with respect to supplemental air carriers. These powers give the Board ample authority to apply strict safety standards to these air carriers. The Board, under this legislation, will require supplemental airlines to carry adequate liability insurance, to post performance bonds to protect passengers against being stranded, to fly frequently enough to maintain their proficiency, and to maintain continuous compliance with the standards of fitness. The Board would have the power, under the bill, to suspend the certificates of carriers which did not meet the required standards.

In addition, the bill gives the Civil Aeronautics Board a strong directive to weed out supplemental airlines whose safety and economic fitness records brand them as poor risks for the traveling public.

I am confident the Board will use these powers in such a way as to give maximum safety to the traveling public and to give the Nation a body of supplemental air carriers who are safe, reliable, and useful.

The additional duties that the bill imposes on the CAB will supplement the authority which the Federal Aviation Agency already has to ground any airline which fails to meet the standards of safety which must be imposed for the protection of the public.

I am pleased to support the bill; and I want to commend the distinguished Senator from Oklahoma [Mr. MONRONEY], the chairman of the Senate Aviation Subcommittee, for his long, diligent, and productive labor on this bill, and also the able Senator from New Hampshire [Mr. COTTON], who, as the ranking minority member of the subcommittee contributed very effectively to the strength of the bill.

We have all labored for a long time on this legislation, but I think the results will prove worth the effort.

Mr. President, the bill contemplates that the supplemental air carriers will, after a 2-year transition period, be authorized to operate only in the charter service. They will not be authorized to conduct individually ticketed services, except as the Board specifically authorizes such service for a brief period to relieve peak demands over particular routes.

While the bill thus contemplates only charter services by the supplementals, it does not define "charter." It does not need to do so. The act has, since 1938, authorized charter trips by scheduled airlines without regard to the points named in their certificates under Board regulations. The meaning of charter in air transportation has become well established law, and it would have been superfluous to write it into the present bill.

A charter, in air transportation, means that a single person or organization has contracted for the entire capacity of the aircraft for a given trip or a given time. This is entirely distinct from the situation where a person or group of persons buy tickets for some seats on the airplane, and other persons or groups buy tickets for other seats on the airplane. There could, for example, be no such thing as a "charter" for half, or some other fraction, of the airplane, with the remainder of the seats on the plane being sold to individually ticketed passengers, or ostensibly "chartered" to additional persons or groups.

Another essential element is that the person who charters an airplane cannot resell the space to individuals or solicit the general public to buy space. This is necessary to prevent breakdown of the regulatory system, and most particularly the rate regulatory system. If this were not one of the rules, a travel agent could charter an airplane, and then offer the seats to the general public at less per head than the tariff fares the airplane must observe as to each passenger.

The Senate bill proposed to modify the established concept of charter by permitting charters to "a group on an all-expense-paid tour." Such a group could have been assembled from the general public. This would have meant that travel agents could have chartered aircraft, and then sold the space to ordinary passengers traveling on all-expense tours.

The committee of conference wisely eliminated the Senate provision. The bill thus, in effect, confirms the established law as to a charter in air transportation. There should be no question about that. The Congress has considered, and has rejected, a proposal to change the established meaning of charter so as to have permitted travel agent charters for all-expense tours. Such charters have no place in air transportation. This being the thrust of the congressional action, it would be clearly improper if the Civil Aeronautics Board were hereafter to undertake to rewrite the law and to authorize, under guise of charter, all-expense-tour operations, or split charters for less than the entire capacity of the airplane.

I mention the latter point because I understand there have been proposals, from time to time, that the Board should by administrative fiat do to the definition of "charter" what the Congress has refused to do. The record, in my view, is clear that the Board has no such latitude.

Mr. THURMOND. Mr. President, I should like to emphasize the great importance of maintaining the concept of charter which has historically prevailed in the CAB economic regulations. This concept is that a charter consists of a full planeload comprised of a single homogeneous charter party.

I am advised that the CAB Bureau of Economics has advocated that a so-called all-expense tour concept be grafted onto the existing charter definition. This would be intolerable, and has been expressly rejected by the conferees. The Senate receded from its charter definition which included this all-expense tour provision.

Therefore, I want to emphasize that the CAB must continue its historic charter definition. Any erosion of this concept would defeat the purpose of this supplemental legislation, and would undermine the congressional intent that the supplementals, after the 2-year phasing out period, shall not conduct any individually ticketed business, but, rather, shall concentrate exclusively on full planeload charters.

Air transportation has suffered from the abuses of individually ticketed operations. The law violations in this area have all too frequently extended to infractions of safety provisions as well. It is for this reason that I want to emphasize the insistence of Congress that supplemental operations shall be confined to full planeload charter operations exclusively.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. SPARKMAN. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. MONRONEY. I am happy to yield for a question.

Mr. SPARKMAN. If I correctly understand the conference report, the action of the conference committee is to abandon completely the 10-trips-a-month pattern.

Mr. MONRONEY. That was eliminated by court decision, which held that, in the absence of specific statutory authority, the Civil Aeronautics Board was precluded from imposing frequency limitations on supplemental air carriers. This measure defines "supplemental air carriers," and on a permanent basis would permit them to engage in passenger and cargo charter operations. For a period of 2 years they would be permitted to engage in individually ticketed operations.

Mr. SPARKMAN. I wanted to clear up this point because, if the CAB makes regulations to carry out this provision, I want to be certain that the CAB will not go back to the 10-trips-a-month pattern.

Mr. MONRONEY. There is nothing in the conference report that sets out any number of trips. The extent of individually ticketed operations should, of course be consistent with good management and the public service to be provided.

Mr. SPARKMAN. Which would be economical operations?

Mr. MONRONEY. That is correct. I assume that if all the supplemental air carriers were flying between the same points on the same day, for example, the Civil Aeronautics Board might find that some economic regulation was necessary to provide against overservice.

Mr. SPARKMAN. Mr. President, I wish to speak a word of commendation for the Senator from Oklahoma. He has worked long and hard. He has been working on this problem for years. He has displayed great patience, tenacity, and courage in advocating the changes he has recommended in such a way as to protect the supplemental carriers, and at the same time provide good and safe service.

I commend him for the work he has done.

Mr. MONRONEY. I am deeply grateful to the Senator from Alabama, who has always been very helpful in the small business aspects of aviation.

In closing, let me say that no one was completely satisfied with the final form of the bill. All the interested segments of the aviation community have lost with respect to some of the provisions they thought desirable, but it is the best compromise that can be achieved.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

EXTENSION OF THE RENEGOTIATION ACT OF 1951

The Senate resumed the consideration of the bill (H.R. 12061) to extend the Renegotiation Act of 1951.

Mr. TALMADGE. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The question is on agreeing to part 3 of the committee amendment to H.R. 12061.

Mr. TALMADGE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TALMADGE. Is it not true that the unanimous-consent agreement is now in order?

The PRESIDING OFFICER. The unanimous-consent agreement is now in order, allowing 15 minutes to a side.

Mr. TALMADGE. Mr. President, I yield myself 5 minutes.

Mr. President, if Senators will remain on the floor very briefly, I think we can complete action on this measure. It is a matter of great importance under a republican form of government. I feel sure virtually everyone in America, and most Senators, think that American citizens have an absolute right of legal appeal on a legal question in a court of law; but that absolute right does not exist. I want to read from page 24 of the Renegotiation Act of 1951, as amended, and codified in section 108:

> Upon such filing such court shall have exclusive jurisdiction by order to finally determine the amount, if any, of such excessive profits received or accrued by the contractor or subcontractor, and such determination shall not be reviewed or redetermined by any court or agency.

The appellate procedure in renegotiation matters is to go from the Renegotiation Board to the Tax Court; and in the Tax Court that procedure is de novo. In the Tax Court it is final both as to the law and amount, with two exceptions. There can be an appeal from the Tax Court to the circuit courts on constitutional questions. There can also be an appeal on jurisdictional questions. But every other procedure commonly known to the Anglo-Saxon legal procedure in the United States has been denied.

I think all American citizens should have the same rights as traitors, murderers, rapists or felons. They should have a day in a court of law on legal questions. That is all the amendment pending before the Senate at the present time would do.

It has been recommended by the American Bar Association. They were shocked and astounded, as I was, when they learned that citizens did not have a legal right to go into a legal court on a legal question.

I ask unanimous consent at this point that the resolution passed by the section of taxation of the American Bar Association on February 19, 1962, be inserted at this point in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Resolution Submitted by the Section of Taxation to the House of Delegates of the American Bar Association on February 19, 1962, and Adopted Thereby

Resolved, That the American Bar Association recommends to the Congress that the Renegotiation Act of 1951 be amended to provide a right of appeal from decisions of the Tax Court of the United States to the U.S. courts of appeals; and be it further

Resolved, That the association proposes that this result be effected by amending section 108 of the Renegotiation Act of 1951; and be it further

Resolved, That the section of taxation is directed to urge the following amendment, or its equivalent in purpose and effect, upon the proper committees of Congress:

"Section 1. The second sentence of section 108 of the Renegotiation Act of 1951 is amended to read as follows (eliminate the matter in black brackets and insert new matter in italic):

" 'Upon such filing such court shall have exclusive jurisdiction, by order, to [finally] determine the amount, if any, of such excessive profits received or accrued by the contractor or subcontractor, and such determination shall not be reviewed or redetermined by any court or agency *except that it may be reviewed as provided in subsections (a) and (c) of section 7482 of the Internal Revenue Code of 1954.*'

"Sec. 2. The amendment made by section 1 shall be applicable to decisions entered on or after the date of enactment thereof."

EXPLANATION

The Renegotiation Act of 1951 presently provides that decisions of the Tax Court in renegotiation cases shall be final and shall not be subject to judicial review. (See sec. 108. Review by the Tax Court, copy attached hereto.) Thus, the Tax Court's jurisdiction provides the sole guarantee of due process of law. It is apparent, however, that just as in tax cases the Tax Court may unwittingly make serious errors of law which should be subject to judicial review. No important reason exists why there should not be a right of appeal, and the Renegotiation Act is unique among Federal legislation in denying the right of judicial review of agency action. Accordingly, the act should be amended to provide a right of appeal.

The Renegotiation Act will expire on June 30, 1962. Indications are that it will be extended for a further period of 4 years. It is essential that action be taken now because Congress will consider such extension in the near future, and it is most important that the right of appeal be written into the law in connection with this extension.

In 1959 the House of Representatives passed H.R. 7086, section 6 of which provided for appeal of Tax Court decisions in renegotiation cases to the District of Columbia Court of Appeals. Also, in 1958 the House of Representatives passed H.R. 11749, section 3 of which amended the Renegotiation Act to provide that Tax Court decisions could be "reviewed as provided in subsections (a) and (c) of section 7482 of the Internal Revenue Code of 1954." The change failed of enactment on both occasions when the Senate adopted simple extension provisions and the House of Representatives concurred. The change proposed in this resolution would incorporate by reference in the Renegotiation Act the provisions of section 7482 of the Internal Revenue Code of 1954 which provide for review of Tax Court decisions in tax cases by the courts of appeals and would leave unchanged the venue provision of section 108A of the Renegotiation Act. Thus, decisions of the Tax Court in renegotiation cases would be made reviewable in the same manner and to the same extent as are decisions of that court in tax cases.

Mr. TALMADGE. Mr. President, this amendment does not change the law in any way whatsoever, except that it gives a right of legal appeal on legal questions.

The final determination of any excessive profits would be made by the Tax Court, as it is now. That procedure would not be changed one iota. In fact, in one respect we have made the law more restrictive than it was. We have provided that interest may run beyond a 36-month period, which is the present limitation on that point.

If there ever was a proposition on the Senate floor which deserved the support of every Senator who believes in a constitutional, free republic, this amendment does. It only gives to the citizens of this country the right of appeal on legal questions—something that most of us thought was already guaranteed.

I reserve the remainder of my time.

Mr. HARTKE. Mr. President, I objected to this amendment in committee. It passed over the objection of a few of us in committee.

In the first place, I agreed at that time in the committee that if we could have a hearing upon this matter, a public hearing, and have a discussion of the issues which were involved, I would be willing to agree to the amendment, if the accusations and statements which were made by the Senator from Georgia were proved. In fact, if they were proved to be true, I would be the first to join him in the amendment.

I said I would agree that this should be done as soon as possible, as soon as we could schedule hearings before the Committee on Finance. This offer was rejected. The amendment was railroaded through. There was a vote, of course.

I do not complain about being beaten on a vote, because I have been beaten on a vote probably more times than I have won. I do not object to that procedure, but I think it is very important that this amendment, like the other two amendments, be understood. They have been brought in at the final hour. The Committee on Finance and the Senate are asked to act upon these amendments without an opportunity for a public hearing.

This is not a new proposal. Several attempts have been made to bring it before the House and the Senate. This proposal was passed by the House in 1959, but it was defeated in the Senate. The American Bar Association recommendation was brought to the House Committee on Ways and Means, and this year it was rejected because the committee thought that the appeal rights were too broad.

The reason why the Renegotiation Act is to be extended for a period of only 2 years, instead of for 4 years, as was requested by the administration, is so that questions such as these might be considered, so that the subject matter of the amendment may be fully reviewed, studied and examined, for a determination as to whether it would be in the public interest.

Everyone seems to feel that perhaps there is something unusual involved about denying rights. It sounds good to say that we wish to give everybody in America the free right to appeal. However, so far as the appeals are concerned, the rights of appeals on all matters of law and all matters of fact are identical under the Renegotiation Act to those for any other taxpayer who wishes to go before the Tax Court, with only one exception. This exception is spelled out and repeated in the amendment offered by the committee. There is no intention to change that portion of the law.

There must have been some other intent, because it is presumed that a legislative body will not act unless it acts in a useful purpose. If all that the Senator from Georgia intended to do were to have an amendment passed which would codify already existing law, that would be doing a useless thing.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. HARTKE. If it is not a useless thing, it must be something useful. The question comes to my mind, "Useful to whom?" It certainly cannot be useful to the U.S. Government.

Mr. TALMADGE. Mr. President will the Senator yield?

Mr. HARTKE. I am delighted to yield.

Mr. TALMADGE. I stated in my preliminary remarks that I was trying to do something useful, that I was trying to give to a citizen an absolute right of appeal on legal questions. That is what the amendment would do.

It is stated in the minority views that this is thought to be a codifying of existing law. I say that is not the case. The amendment would broaden existing law. Existing law would give the right of appeal only on a constitutional question or on a question of jurisdiction. The amendment of the Senator from Georgia would broaden this to give a right to have a court of law determine legal questions on appeal.

Mr. HARTKE. Will my distinguished colleague from Georgia point out to me what words in the amendment are different from the words contained in the Internal Revenue Code, which would give jurisdiction to the circuit court of appeals to review tax cases, other than the statement that there shall be no question regarding the existence thereof of excessive profits, or the extent thereof?

There is no place in the RECORD which shows that there is any distinction between those two provisions. Something different must be presented. The Supreme Court has decided this question and has written its decision in very clear words in *U.S.* v. *California Eastern Line*, 348 U.S. 351, 1955.

Almost the same question was before the Court, and the Court said:

> The language of section 1141 is broad enough to justify review of tax court renegotiation orders. And we cannot say that because the section was originally passed primarily to authorize review of decisions on revenue matters it should be held inapplicable to decisions on other justiciable matters entrusted to the tax court by Congress

Justiciable matters are matters of law This is clearly spelled out in the decision.

Those who are in favor of the amendment have brought the lawbooks to me, as I have requested. I have read the lawbooks. I have read all the cases I have been able to find which have ruled upon the same question involved in the Supreme Court decision. Eleven cases of law have been decided by the circuit court of appeals since the United States against California Eastern Line decision.

Every question of fact has been determined finally in the Tax Court. The circuit court of appeals has refused to review. This is what I do not wish to have reviewed, because this is the very heart of the Renegotiation Act. If we are to permit the appeals court to review the questions before the Renegotiation Board and the Tax Court, and to have a trial de novo in the circuit court of appeals, it will be a complete reversal of position.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. HARTKE. It would be a complete reversal of the historical precedent that no trial de novo is ever granted in an appeals court.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. HARTKE. I am glad to yield.

Mr. TALMADGE. The Senator knows that any appeal to the circuit court of appeals would not involve a trial de novo. It would be a trial of record.

Mr. HARTKE. I understand that.

Mr. TALMADGE. Mr. President, will the Senator yield further?

Mr. HARTKE. I am happy to yield.

Mr. TALMADGE. The Senator asked me to point out the difference involved.

I refer the Senator to page 3 of the bill, beginning with line 20. This is the limitation provided, which the Senator asked me to point out, "except as otherwise provided in this section. In no case shall the question of the existence of excessive profits, or the extent thereof, be reviewed, and findings of fact by the Tax Court shall be conclusive unless such findings are arbitrary or capricious."

Mr. HARTKE. I grant the Senator that that language appears. If the distinguished Senator from Georgia will look at the Renegotiation Act of 1951, as amended to July 13, 1959, he will find that it provides, in part:

> Upon such filing such court shall have exclusive jurisdiction, by order, to finally determine the amount, if any, of such excessive profits received or accrued by the contractor or subcontractor, and such determination shall not be reviewed or redetermined by any court or agency. The court may determine as the amount of excessive profits an amount either less than, equal to, or greater than that determined by the Board.

Will my friend from Georgia tell me the distinction? There would be complete jurisdiction except as to the one question of excessive profits.

Mr. TALMADGE. First I say to the Senator, if there is no distinction between the two, the Senator should not object.

Mr. HARTKE. Will the Senator yield to me on that point?

Mr. TALMADGE. Certainly.

Mr. HARTKE. It is presumed that the Legislature will not act to do a useless thing. If this is the law, if we should enact an amendment in addition to the law we would be presumed to have changed the law. Every decision made under these cases, since United States against California Eastern Line, would have to be relitigated by the Department of Justice, and redetermined, so as to have a determination as to whether the action did or did not change the law.

Mr. TALMADGE. Does the Senator agree with me that any taxpayer should have the right of appeal on a legal question?

Mr. HARTKE. The United States against California Eastern Line case holds that the citizen has that right in connection with all renegotiations.

Mr. TALMADGE. Will the Senator answer my question? Then we can argue about the California Eastern Line case. Does the distinguished Senator from Indiana agree with me that a citizen of the United States should have a right of legal review of a legal question?

Mr. HARTKE. There is no question that a citizen is entitled to that right. The Supreme Court will protect that right.

Mr. TALMADGE. The Senator agrees that this should be accomplished.

Mr. HARTKE. That is correct.

Mr. TALMADGE. I have a copy of the Renegotiation Act of 1951, from which I read a few minutes ago. Let me read a portion:

> Upon such filing such court shall have exclusive jurisdiction, by order, to finally determine the amount, if any, of such excessive profits received or accrued by the contractor or subcontractor, and such determination shall not be reviewed or redetermined by any court or agency.

Mr. HARTKE. That is correct.

Mr. TALMADGE. Would the Senator say that is not a prohibition of the right of appeal of an American citizen on a legal matter?

Mr. HARTKE. No. The question of excessive profits is a question of fact. That is all that is stated. This provision has been in the law since it began. In 11 years of operation this has been stated in the law. It is intended to cover excess profits.

There would be no denial of due process of law, of the right to justice, or of determination of legal propositions. These questions involve matters of fact.

In my opinion, all the Senator is trying to do is, by stipulation or a bill of particulars, to bring to the circuit court of appeals the question of excessive profits. That is what is sought to be done by the amendment. It is to be said that the decision on excessive profits is not to be final in the Tax Court. The amendment would permit the cases to be argued in the circuit court of appeals. That is the same as arguing damages in another court.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. TALMADGE. Would the Senator agree with me that questions relating to the statute of limitations are matters of law?

Mr. HARTKE. The statute of limitations can be a matter of law, and it can be a matter of fact. The case which the distinguished Senator from Georgia will point to states that it is a mixed question of law and fact.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. JACKSON. Did I correctly understand the Senator from Indiana to say that the question of the statute of limitations is a question of fact?

Mr. HARTKE. That is what the circuit court of appeals said. I did not say it.

Mr. TALMADGE. That is what the circuit court of appeals said when it denied jurisdiction in a matter such as the one in which the Senator from Georgia is seeking to give litigants the right of review.

Mr. JACKSON. It was on that ground, as a matter of law, that the court had no jurisdiction. If the Senator is arguing that the question of statute of limitations is not a question of law, there have been some great changes in the law.

Mr. HARTKE. No; the question did not arise on that point. If my friend from Washington has read the case and is familiar with the facts, he knows that, in substance, the question involved time when the statute began to run. The court had to fix a date at which the statute began to run. It was not a question of interpretation of the statute of limitations, but a question of fixing a date. The court said that the case involved a mixed question of fact and law. Therefore the court remanded the case to the Tax Court in accordance with that provision.

Mr. JACKSON. If I understand my friend correctly, it is then agreed that under existing law the circuit court of appeals cannot pass on questions of fact or law in renegotiation cases. Is that statement correct?

Mr. HARTKE. The circuit court of appeals can now pass on every question of law. It cannot pass on questions of fact. I pointed out to my distinguished colleague when I showed him the decision that the case was finally decided on a question of venue. It had been appealed to the Circuit Court of Appeals for the Ninth Circuit when the law provided that the appeal had to be taken to the Circuit Court of Appeals for the District of Columbia.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. GORE. Admittedly the question is a technical one. It involves interpretation of both present statute and the proposed amendment as to what is a question of fact and what is a question of law. Sometimes those questions may be greatly in dispute and overlap. The question was studied by the staff of the Joint Committee on Internal Revenue Taxation.

I should like the distinguished Senator from Indiana to read to the Senate the recommendation of the staff on the question.

Mr. HARTKE. Reading from page 7 of the report, it is stated:

> It is the opinion of the staff that no change shall be made at this time in those provisions of the present law concerning the scope of appellate review of Tax Court decisions in renegotiation cases.

I thank my distinguished colleague for pointing out that language to me.

Mr. TALMADGE. Was that statement not made 6 months ago, and has the staff not worked on the question since that time, and did not the staff draw the amendment?

Mr. HARTKE. The staff drew the amendment on instructions of the Senator from Georgia. The staff drew the amendment technically correctly.

Mr. GORE. What is the recommendation of the Renegotiation Board with respect to the pending amendment?

Mr. HARTKE. The Renegotiation Board is absolutely and adamantly opposed to the proposed change. The Department of Justice is opposed to the proposed change. My understanding is that the administration is opposed to the proposed change. One of the reasons why there was an extension for only 2 years instead of 4 years, which I would have preferred, was to decide this type of issue. As I have said before, if my distinguished friend from Georgia would agree to public hearings at which a denial of rights could be demonstrated, I would be the first in this body to support the amendment. That could be done even in the next week or 10 days, in order to get the question straightened out. I do not know how in the world we could go in the face of a Supreme Court decision——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HARTKE. I do not know how we can go in the face of a decision of the Supreme Court, which provides that, under the law, a litigant has the right to appeal, and there is no denial of the right so far as the Renegotiation Act is concerned.

Mr. TALMADGE. Mr. President, how much time remains to the proponents?

The PRESIDING OFFICER. The Senator from Georgia has 10 minutes remaining.

Mr. TALMADGE. Mr. President, I yield 2 minutes, or such time as he may desire, to the distinguished Senator from Washington.

Mr. JACKSON. Mr. President, I shall be brief.

I remind the Senate that at the present time in all tax cases other than renegotiation cases before the Tax Court the taxpayer has the right to appeal to the circuit court of appeals on all questions of fact and law.

It is the understanding of the junior Senator from Washington that under existing decisions of the courts in renegotiation cases, the right to appeal from the Tax Court to the circuit court of appeals is limited to two areas, as pointed out by the distinguished junior Senator from Georgia. There is a right of appeal on questions of constitutional law and on jurisdictional questions.

Mr. HARTKE. Mr. President, will the Senator yield on that point?

Mr. JACKSON. I should first like to finish my point, and then I shall yield.

Several circuit courts have interpreted the Renegotiation Act to the effect that on all other questions they have no right to review the decisions of the Tax Court. In a series of decisions three circuits have refused to consider questions of law from the Tax Court. The sole purpose of the amendment offered by the distinguished junior Senator from Georgia is to give the taxpayer a right of review on such questions. If the distinguished junior Senator from Indiana makes the statement that they already have that right, what is wrong with clarifying the right by statute? That is the sole question before the Senate. I submit that in fairness and equity all citizens should have the right of review on questions of law. As I pointed out, in tax cases litigants have the right of review on questions of fact and law. Under the pending amendment we would limit the review to questions of law. I submit that it is only fair that the litigants in such a situation should have an opportunity to have review of questions of law in cases passed upon by the Tax Court.

Mr. HARTKE. Mr. President, will the Senator now yield?

Mr. JACKSON. I yield.

Mr. HARTKE. Will the distinguished Senator from Washington tell me in what case the court has found that appeals were limited to constitutional questions and to jurisdictional questions?

Mr. JACKSON. I first cite 241 Fed. 2d 439.

Mr. HARTKE. What is the name of the case?

Mr. JACKSON. The case is United States against Northwest Automatic Products Corp. In that case there was a holding that the action on the renegotiation contract was barred because it was not timely commenced. The court of appeals held that it did not have jurisdiction to review the Tax Court's decision as to timeliness in initiating action on renegotiation of Government contracts.

Other cases include *EBCO Manufacturing Co.* v. *Secretary of Commerce* 221 Fed 2d 902; *Halton-Waters Inc.* v. *United States* 243 Fed 2d 37; *Grannis & Sloan, Inc.* v. *Renegotiation Board* 285 Fed 2d 908. I submit that these courts have made very clear that on questions of law they will not review decisions of the Tax Court.

Mr. HARTKE. There still is no statement in any of those cases——

Mr. JACKSON. There need not be. If a litigant should appeal on a question of law, and a court should refuse to act on the ground that it has no jurisdiction, what else would one want from the court? If a litigant appeals on a question of law and a court decides that it does not have jurisdiction, nothing could be clearer.

Mr. HARTKE. Mr. President, I ask unanimous consent to have printed at this point in the Record—a list of cases, including the ones mentioned by the Senator from Washington, with a brief summary.

There being no objection, the list and summary were ordered to be printed in the Record, as follows:

Review of Appellate Decisions in Renegotiation Cases

Appellate decisions in renegotiation cases should be examined from the point of view of the law as it existed before and after the decision of the Supreme Court in *United States* v. *California Eastern Line, Inc.* (348 U.S. 351 (1955)).

Prior to California Eastern the law in circuits which had considered Tax Court renegotiation cases (other than the ninth circuit) was that the court of appeals had jurisdiction to review Tax Court renegotiation decisions on jurisdictional and constitutional questions but lacked jurisdiction to review the Tax Court's determination of the amount of excessive profits "including questions of both law and fact in such determination," e.g., *United States Electrical Motors, Inc.* v. *Jones* (153 F. 2d 134, 136 (C.A.D.C. 1946)).

In *United States* v. *California Eastern Line, supra,* the Supreme Court reversed the Court of Appeals for the District of Columbia and held that that court had jurisdiction to review the Tax Court's decision that particular contracts were not subject to renegotiation because "the Tax Court's decision in this case is * * * subject to the normal type of review authorized by section 1141"—the provision of the Internal Revenue Code providing for review of decisions of the Tax Court.

On remand, in *United States* v. *California Eastern Line,* 231 F. 2d 754 (C.A.D.C., 1956), the court of appeals said that under the Supreme Court's decision it "became our duty to review the Tax Court's determination, and in doing so we have proceeded 'in the same manner and to the same extent as [with] decisions of the district courts in civil actions tried without a jury' "—the latter-quoted clause is the language of section 1141(a) of the Internal Revenue Code (now sec. 7482) which defines the powers of appellate courts in reviewing Tax Court decisions.

In other cases since the Supreme Court's California Eastern Line decision, appellate courts have reviewed various questions of law decided by the Tax Court in renegotiation cases as is shown by the following cases:

Lichter v. *United States,* 221 F. 2d 869 (C.A.D.C., 1955). The court of appeals reviewed a question of law of whether the Tax Court correctly decided that certain subcontracts were not exempt from renegotiation and affirmed the Tax Court. The court relied explicitly on the Supreme Court's California Eastern Line decision, noting that the Supreme Court had stated that a court of appeals could review questions of whether particular contracts were renegotiable under the broad grant of jurisdiction in section 1141 of the Internal Revenue Code to review Tax Court decisions.

Gale v. *United States,* 221 F. 2d 872 (C.A. D.C., 1955). The court of appeals reviewed a question of law of whether the Tax Court had correctly decided that the Tax Court petitioner's contracts were subject to renegotiation. It affirmed the Tax Court, again relying on the Supreme Court's California Eastern Line decision.

Hanlon-Waters, Inc v. *United States,* 222 F. 2d 798 (C.A.D.C., 1955.) The court of appeals reviewed the Tax Court's decision on two questions of law (1) whether an agreement entered into between the United States and the petitioner was a final agreement which prohibited a reopening of the renegotiation proceedings, and (2) whether the unilateral order determining excessive profits was invalid because not timely issued. The court remanded the case to the Tax Court because it did not appear that the Tax Court had considered certain provisions of the agreement which the court of appeals held to be pertinent.

Hanlon-Walters, Inc. v. *United States.* 243 F. 2d 37 (C.A.D.C., 1957). The court of appeals reviewed and affirmed the Tax Court's decision on remand of whether authority had properly been delegated to a Corps of Engineers officer to reopen a renegotiation agreement. The court analyzed the instruments delegating the authority. But the court of appeals held that it had no jurisdiction to review the Tax Court's decision that a particular letter from the Corps of Engineers official to the contractor legally constituted a reopening, relying on its own decisions, before and after California Eastern that a court of appeals has no jurisdiction to review the question of timeliness of commencement of renegotiation proceedings by the board.

Golbert v. *Renegotiation Board.* 254 F. 2d 416 (C.A. 2, 1958). The questions on appeal from the Tax Court were (1) whether petitioner was a subcontractor or a full-time employee within the meaning of the Renegotiation Act and (2) whether the Tax Court had erred as a matter of law in placing the burden of proof on Golbert to prove that he was a full-time employee and not a subcontractor. The court of appeals affirmed the Tax Court because (1) its statements in its findings and opinion that petitioner was a subcontractor were "adequately supported by substantial evidence" and (2) its decision on the burden of proof question was supported by its own rules which were promulgated under the authority of the Congress.

Gamlen v. *United States,* 261 F. 2d 81 (C.A.D.C., 1958). By an excessive profits determination of $100,000, the Tax Court had reduced a contractor's receipts and accruals from $558,288 to $458,288. The contractor argued that the Tax Court had no power to reduce its sales below the then $500,000 "floor" and that, therefore, its excessive profits, as a matter of law, could not be more than $58,288. The court of ap-

> peals held that the action of both the Board and the Tax Court was authorized by statute, was consistent with the legislative history and that a regulation of the Board (not followed by the Tax Court) which prohibited reducing sales below the $500,000 "floor" was invalid.
>
> *Vaughn Machinery Co.* v. *The Renegotiation Board*, 273 F. 2d 235 (C.A. 6, 1959). The court of appeals reviewed and affirmed a Tax Court decision that the contractor's subcontracts were not partially exempt from renegotiation under the then existent durable productive partial exemption provision. The sixth circuit reviewed the evidence in the Tax Court which showed that there was no basis for the contractor's contention that as a matter of law, the Government's contracts with the contractor's prime contractors were in substance leases and not sales contracts, i.e., the sixth circuit affirmed the Tax Court's refusal to look to substance rather than the form in examining the contracts.
>
> In some post California Eastern decisions the courts of appeals have refused to review certain questions of law, e.g., in *Ebco Manufacturing Co.* v. *Secretary of Commerce*, 221 F. 2d 902 (C.A. 6, 1955), the court of appeals dismissed a petition to review the Tax Court's decision because (1) it lacked jurisdiction to review the issue of whether there was a timely commencement of a renegotiation proceeding because that issue involved a procedural question in the renegotiation process (unlike the question of the power to renegotiate involved in California Eastern) the final resolution of which the Congress had left the Tax Court, and (2) lack of venue which the court found to exist only in the Court of Appeals for the District of Columbia Circuit.
>
> *Northwest Automatic Products Co.* v. *United States*, 241 F. 2d 439 (C.A.D.C., 1956). The court of appeals, on the basis of prior holdings, held that it did not have jurisdiction to review the Tax Court's decision as to the timeliness of initiating renegotiation proceedings.
>
> *Grannis & Sloan, Inc.* v. *The Renegotiation Board*, 285 F. 2d 908 (C.A. 4, 1961). The court of appeals dismissed the petition for review holding that questions relating to allocations between renegotiable and nonrenegotiable business, whether certain expense items had been improperly attributed by the Tax Court to nonrenegotiable business, and questions of whether receipts from equipment transactions were rentals rather than payments on conditional sales agreements were questions by which the contractor sought to contest the determination of the amount of excessive profits. The court held that these questions were questions which the Congress "must have had in contemplation when it provided that that Tax Court's determination of the amount of excessive profits should not be reviewable."

Mr. HARTKE. If the Senate agrees to the amendment, every issue which has heretofore been laid at rest will be reopened. The door will be open to further litigation. The Justice Department has agreed that it will be swamped with litigation to reopen the very issues the Senator is talking about, which are questions of law and fact.

Mr. JACKSON. Is it not a fact that the amendment is prospective?

Mr. HARTKE. Prospective only as to cases which have not been decided.

Mr. JACKSON. It would apply only to cases filed in the Tax Court after the enactment of the pending bill. I am sure the Senator from Indiana is not arguing, as he did earlier, that this would reopen cases previously adjudicated by the courts, and that he does not believe it.

Mr. HARTKE. I never said that cases previously adjudicated by the courts would be reopened. It would open issues on cases which were previously decided.

Mr. JACKSON. How would it?

Mr. HARTKE. It is bound to do something.

Mr. JACKSON. It is going to do something. It will give the right of review on questions of law. It is that simple.

Mr. TALMADGE. Mr. President, the hour is growing late. I do not wish to detain the Senate further. The question is elementary. It is fundamental. If Senators believe that taxpayers ought to have a legal appeal on a legal question, they should vote "yes." If they feel that the time has arrived in America when a citizen is not entitled to go into court on legal questions, the thing to do, under those circumstances, is to vote "no."

It is that simple. It is that elementary. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired. The question is on agreeing to the last committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended, so as to read: "An act to extend the Renegotiation Act of 1951, and for other purposes."

Mr. TALMADGE. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. ROBERTSON. I move to lay that motion on the table.

The motion to table was agreed to.

Mr. TALMADGE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM—ORDER FOR ADJOURNMENT UNTIL MONDAY

Mr. HUMPHREY. Mr. President, we have just been informed that the conference committee on the sugar bill has completed its work and has come to an agreement. However, the preparation of the conference report is a rather tedious, long, and detailed undertaking. I understand it will not be ready until some time tomorrow.

The House will have to act first on the conference report. Since we have also been assured by the representatives of the State Department—in fact, by the Acting Secretary—that no injury would befall us if we delayed action in the Senate until Monday, according to our previous understanding, I now move that when the Senate completes its business tonight, it stand in adjournment until 12 o'clock noon on Monday.

The PRESIDING OFFICER. The question is on the motion of the Senator from Minnesota.

The motion was agreed to.

U.S. NAVAL OCEANOGRAPHIC OFFICE

Mr. HUMPHREY. Mr. President, there are three small bills on the calendar, action on which has been cleared by the minority leader and the majority leader. I now move that the Senate proceed to the consideration of Calendar No. 1628, H.R. 8045.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 8045) to change the name of the Hydrographic Office to the U.S. Naval Oceanographic Office.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that there be printed in the RECORD at this point an excerpt from the committee report on the pending bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

> The U.S. Navy Hydrographic Office for the past 20 years has, in addition to the traditional programs encompassing hydrography and navigational safety, been active in the wide range of physical sciences referred to as oceanography. The basic mission of the Hydrographic Office has been extended by various directives from higher authority to encourage and support our oceanographic activities. In addition to the standard charts and publications primarily related to surface navigation, the Hydrographic Office is now engaged in predicting and publishing oceanic environmental conditions affecting submarine, antisubmarrine, amphibious, mine, and missile warfare.
>
> The present trend of Hydographic Office operations toward more complex and comprehensive oceanographic activities is reflected by budget estimates and allocations which now account for approximately two-thirds of the total Hydrographic Office budget.
>
> The present title of the Office describes a very important, but limited, part of the overall oceanographic effort. The present title is narrow and incomplete and has tended to limit general recognition and appreciation of the Navy's major contributions to oceanography.
>
> Admiral Stephan, the Hydrographer of the Navy, has testified before the Subcommittee on Oceanography of the Merchant Marine and Fisheries Committee on April 27, 1961, as follows:
>
> "Hydrography is the study of the shape of the ocean floor. If you were to consider the ocean a bucket of sea water, hydrography is the shape of the bucket.
>
> "Oceanography includes the shape of the bucket but also includes the chemical, physical, biological, structure, and nature of the water in the bucket, and also the atmosphere that overlies the bucket.

"Oceanography is a very much broader subject. I think that, if they were naming the Hydrographic Office now instead of 130 years ago when it was named, we would be called the U.S. Navy Oceanographic Office. Oceanography is the Hydrographic Office business. We are concerned with charts and other publications which enable the man at sea to exploit the ocean and to navigate it safely.

"Our charts, of course, go beyond the shoreline to a significant point to enable us to position ourselves."

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be offered, the question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed.

CONSTRUCTION OF BRIDGE ACROSS THE RIO GRANDE NEAR HEATH CROSSING, TEX.

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1629, H.R. 8982.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 8982) authorizing the Dow Chemical Co. to construct, maintain, and operate a bridge across the Rio Grande at or near Heath Crossing, Tex.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill which had been reported from the Committee on Foreign Relations, with an amendment, on page 2, line 7, after the word "Company", to insert "for a period of sixty-six years from the date of completion of such bridge".

Mr. HUMPHREY. Mr. President, I ask unanimous consent that there be printed in the RECORD at this point an excerpt from the committee report explaining the purpose of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

With the recommended amendments, these bills will authorize the construction, maintenance, and operation of bridges across the Rio Grande in Texas by the following companies: the Dow Chemical Co. at or near Heath Crossing (H.R. 8982); the San Benito International Bridge Co. at or near Los Indios (H.R. 9883); and the Starr Camargo Bridge Co. at or near Rio Grande City (H.R. 3238). The bills contain the usual provisions pertaining to bridges across the international boundary of the United States: (1) that construction be in accordance with the General Bridge Act of 1906; and (2) that the approval of the International Boundary and Water Commission, United States and Mexico, and of the proper authorities in the Republic of Mexico be obtained. In addition, the bills provide that the bridges involved become toll free after a period of 66 years has elapsed from the date of completion. The authority contained in H.R. 8982 will expire if the bridge is not begun within 1 year and completed within 3, while H.R. 9883 provides that the act be null and void if the bridges concerned are not begun within 3 years and finished within 5 years.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read a third time and passed.

CONSTRUCTION OF TOLL BRIDGE ACROSS THE RIO GRANDE NEAR LOS INDIOS, TEX.

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1630, H.R. 9883.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 9883) to authorize the San Benito International Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Tex.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the bill which had been reported from the Committee on Foreign Relations with an amendment to strike out all after the enacting clause and insert:

That (a)(1) the San Benito International Bridge Company of San Benito, Texas, is authorized to construct a toll bridge and approaches thereto across the Rio Grande, at a point suitable to the interests of navigation, at or near Los Indios, Texas, and for a period of sixty-six years from the date of completion of such bridge, to maintain and operate such bridge and to collect tolls for the use thereof, so far as the United States has jurisdiction over the waters of such river; and (2) the Starr-Camargo Bridge Company of the State of Texas is authorized to construct a toll bridge and approaches thereto across the Rio Grande, at a point suitable to the interests of navigation, at or near Rio Grande City, Texas, and for a period of sixty-six years from the date of completion of such bridge, to maintain and operate such bridge and to collect tolls for the use thereof, so far as the United States has jurisdiction over the waters of such river.

(b) In the case of each such bridge, the construction, maintenance, and operation authorized by this Act shall be in accordance with the provisions of the Act entitled "An Act to regulate the construction of bridges over navigable waters", approved March 23, 1906 (33 U.S.C. 491 to 498, inclusive), and shall be subject to (1) the conditions and limitations contained in this Act, (2) the approval of the International Boundary and Water Commission, United States and Mexico, and (3) the approval of the proper authorities in the Republic of Mexico.

SEC. 2. Each of the companies referred to in the first section of this Act may fix and charge tolls for transit over the bridge which it is authorized under such section to construct, in accordance with the laws of the State of Texas, and the laws of the United States, applicable to such tolls, and the rates of toll so fixed shall be the legal rates until changed under the authority contained in section 4 of the Act of March 23, 1906 (33 U.S.C. 494).

SEC. 3. Each such company may sell, assign, transfer, or mortgage the rights, powers, and privileges conferred on it by this Act, to any public agency, or to an international bridge authority or commission, and any such agency, authority, or commission is authorized to exercise the rights, powers, and privileges acquired under this section (including acquisition by mortgage foreclosure) in the same manner as if such rights, powers, and privileges had been granted by this Act directly to such agency, authority, or commission.

SEC. 4. Notwithstanding the provisions of section 6 of the Act of March 23, 1906 (33 U.S.C. 496), this Act shall be null and void as to any bridge authorized to be constructed by this Act unless the actual construction of such bridge is commenced within three years and completed within five years from the date of enactment of this Act.

SEC. 5. The right to alter, amend, or repeal this Act is expressly reserved.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that there be printed in the RECORD at this point an excerpt from the committee report on the bill explaining its purpose.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

With the recommended amendments, these bills will authorize the construction, maintenance, and operation of bridges across the Rio Grande in Texas by the following companies: the Dow Chemical Co. at or near Heath Crossing (H.R. 8982); the San Benito International Bridge Co. at or near Los Indios (H.R. 9883); and the Starr Camargo Bridge Co. at or near Rio Grande City (H.R. 3238). The bills contain the usual provisions pertaining to bridges across the international boundary of the United States: (1) that construction be in accordance with the General Bridge Act of 1906; and (2) that the approval of the International Boundary and Water Commission, United States and Mexico, and of the proper authorities in the Republic of Mexico be obtained. In addition, the bills provide that the bridges involved become toll free after a period of 66 years has elapsed from the date of completion. The authority contained in H.R. 8982 will expire if the bridge is not begun within 1 year and completed within 3, while H.R. 9883 provides that the act be null and void if the bridges concerned are not begun within 3 years and finished within 5 years.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended, so as to read: "An Act to authorize the San Benito International Bridge Company to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Texas, and to authorize the Starr-Camargo Bridge Company to construct, maintain, and operate a toll bridge across the Rio Grande near Rio Grande City, Texas."

LEGISLATIVE PROGRAM

Mr. HUMPHREY. So that the RECORD may be perfectly clear, as I understand, the pending business on Monday will be Calendar No. 1549, H.R. 10606, amendments to the Social Security Act, to which the Anderson amendment, known as the medicare amendment, will be offered.

The PRESIDING OFFICER. That is correct.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. Can the acting majority leader assure the Senator from Oregon that there will be no votes on Tuesday?

Mr. HUMPHREY. I know there are strong cords pulling the distinguished Senator from Oregon to the blessed country of the Pacific Northwest, and most likely he will leave our midst temporarily and proceed to bring the message of progressive government and democracy to the people of the Pacific Northwest.

Mr. MORSE. The Senator is a good mindreader.

Mr. HUMPHREY. It is the only prophecy that I have been able to make all day with any reasonable degree of accuracy.

Mr. MORSE. The only thing that would prevent that prophecy from coming true and stop my going would be the acting majority leader telling me that there will be a vote on medicare on Tuesday.

Mr. HUMPHREY. I would not dare to assure the Senator that there will not be a vote on Tuesday, but I feel that, after a pleasant weekend, a number of Senators may feel on Monday that they would like to expound considerably on many matters before the Senate. The vitality of this body amazes me.

Mr. CARROLL. Mr. President, will the Senator yield.

Mr. HUMPHREY. I yield.

Mr. CARROLL. The Senator from Minnesota has stated that the sugar bill is out of conference and will come up in the Senate on Monday.

Mr. HUMPHREY. Yes.

Mr. CARROLL. Can the Senator from Minnesota inform the junior Senator from Colorado whether the conference report is substantially changed from the Senate bill?

Mr. HUMPHREY. I cannot give the Senator any specific information except to say that I understand the administration is well pleased with the work of the conference committee and that the report carries out the principles which the administration had hoped would be enacted. Likewise, the report preserves many of the historic standards of sugar legislation, which ought to help in its passage and also in terms of its effectiveness.

Mr. CARROLL. Does the Senator from Minnesota think there will be a yea-and-nay vote on the conference on the sugar bill on Monday? Does he have any idea that the conference report might be so controversial that it will be necessary to meet this question on Monday?

Mr. HUMPHREY. I hope it will not be that controversial; but controversy sometimes has nothing to do with the question of yea-and-nay votes in the Senate.

Mr. CARROLL. Is there any way in which the junior Senator from Colorado can ascertain something about the conference report, to determine whether he, like a Senator from the Northwest, may travel to his own area to learn what the people of his State are thinking and doing?

Mr. HUMPHREY. I would never wish to encourage Senators to be away from the Capital City for any extended period of time; but I believe the Senator should know that the conference committee having arrived at an agreement which seems to be satisfactory to the overwhelming majority of the conferees, I seriously doubt that there will be a yea-and-nay vote. Also, I doubt that there will be too much controversy about the report.

Mr. CARROLL. I thank the Senator from Minnesota.

Mr. McGEE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield to the Senator from Wyoming.

Mr. McGEE. From what the acting majority leader has just said, does he believe it would be in the public interest if the senior Senator from Wyoming should find it necessary to inspect the destruction along the coastline near Fenwick Island, Del., on Monday and Tuesday?

Mr. HUMPHREY. On Sunday I think it would be in the public interest. I think the Senator should commune with nature and other spiritual elements as much as he can. But on Monday, I hope the Senator's communing would be limited to the early hours of the day.

Mr. McGEE. Would a 2½-hour interval be enough to protect the Senator while he looks into the expenditure of appropriated funds for the rehabilitation from the destruction caused by the storm along the coast?

Mr. HUMPHREY. I shall leave that question to the mature, responsible judgment of the Senator from Wyoming. I am sure he will do the right thing. I wish him a happy few hours at the beach.

Mr. McGEE. I thank the Senator for his interest in this study mission.

Mr. HUMPHREY. I hope the Senator from Wyoming will think of me while he is there.

Mr. President, the Senate has done a good day's work. I thank Senators for their cooperation.

Next week it is the intention to proceed to the consideration of the social security amendments, including the medicare amendment. I hope every Senator will be on notice that next week there may be night sessions, and that undoubtedly there will be a Saturday session. It is hoped that it will be possible to complete the medicare or hospital-nursing home care amendments and all other amendments to the social security amendment.

Again I remind Senators to make every effort to be present on Monday. It is possible that there may be a yea-and-nay vote on the conference report on the sugar bill. I feel that if any Senator is making plans to be away over the Fourth of July, he ought to make his plans conditioned on a Tuesday departure, rather than a Monday departure.

YMCA YOUTH AND GOVERNMENT PROGRAM

Mr. KEATING. Mr. President, 26 years ago, Clement A. Duran of Albany, N.Y., conceived the idea of a program to encourage young people to develop an interest in public affairs and the operations of government through experience and participation. From his idea of training for responsible citizenship came the YMCA's youth and government program which is now carried on in high schools in 42 States.

These high school boys and girls elect honorary State senators, assemblymen, governors, and other officials whose political skills are applied at model State legislatures when they take over their State capitol for 1 day each year.

This week, 42 of these young people, each of whom was elected youth governor in his or her State are meeting here in Washington in the National YMCA Youth Governors' Conference. They will examine the workings of our Federal Government first hand and talk to many of our Nation's leaders. I welcome all of them and especially James W. Findley who was elected governor of my own State of New York. I hope they can learn as much from us here in public office as we can learn from them.

CAPTIVE NATIONS WEEK

Mr. KEATING. Mr. President, the third week of July, beginning July 16th, has for 3 years been designated as Captive Nations Week. This occasion provides an opportunity to remind the world of the sad fate of those peoples in Europe and Asia who have fallen victim of Communist tyranny.

Mr. President, some people question the wisdom of these celebrations. Some people are inclined to say:

> The status of these nations is already determined. There is nothing we can do.

Let me say here and now that I do not subscribe to this view. Why should we grant the seal of our approval or acquiescence to communism's conquests throughout the world?

Mr. President, the Communists are never quiet for one moment in their denunciations of so-called Western colonialism. They blare forth the false promises of communism in an unceasing chorus to the underdeveloped nations of the world. Why should we be afraid to answer this chorus with the truth?

The fact is today, Mr. President, economic crises, famine, and internal disturbances are rife throughout the Communist empire. There is not one country in the entire Communist bloc that can claim economic prosperity or improved conditions for the people. This year, as never before, it is clear that in all the captive nations, even including the Soviet Union and Red China, communism is a miserable failure. It dooms those who live under it to hunger, privation and discontent for the rest of their natural lives or until that day when the light of freedom may at last be allowed to shine in these now dark and gloomy lands.

Mr. President, Captive Nations Week provides a clear and distinctive way for the people of the United States to publicize the plight of the captive nations and the hypocrisy, tyranny, and economic failure of communism. I sincerely hope President Kennedy will continue the tradition initiated by President Eisenhower in 1959 of supporting an active and important celebration of Captive Nations Week.

FINANCING HEALTH COSTS OF THE AGED—THE BUSH SUBSTITUTE FOR THE KING-ANDERSON BILL

Mr. MORSE. Mr. President, the acting majority leader has announced that on next Monday the Senate will begin to debate the King-Anderson bill. Because I expect to be in Oregon on Tuesday and Wednesday, but to return in time to vote on Thursday, I wish to make a few comments tonight about my position on the issue of medicare.

Yesterday my good friend, the distinguished senior Senator from Connecticut [Mr. BUSH], submitted an amendment to the Social Security Act which he intends to propose as a substitute for the King-Anderson bill.

Mr. President, the bill introduced by the Senator from Connecticut [Mr. BUSH] fails to provide a solution to the basic problem of financing the health costs of the aged. It would merely perpetuate this serious problem. The older population would have no guarantee of paid-up benefits during those years when income is reduced. They would, therefore, continue to be plagued by rising costs of health care. Further, all those older people who were not acceptable insurance risks, or who did not purchase health insurance, or who were subjected to exclusions or limitations on the types of illnesses covered, would continue to impose a heavy burden on public assistance.

After 20, 30, or 40 years of contributing to the social security fund, the worker would have no idea of what benefits might be available to him—or whether he could even get a policy. Any program that offers a fixed cash, and perhaps worthless indemnity rather than specified medical services cannot meet the special problem of the aged. The individual does not have the assurance, as he does with King-Anderson, that at age 65 he will have paid-up benefits providing specified and known hospital and medical services underwritten and guaranteed by the social security system.

In fact, the bill introduced by the Senator from Connecticut does not represent the fulfillment of a commitment that it professes to offer to older Americans. Realistically speaking, its sole guarantee of benefits is to the highly profitable and loosely regulated insurance industry.

Based upon Senator BUSH's estimate that 12,200,000 people would be covered by the proposed program in 1963, and assuming that each person received the maximum cash allowance during that year, $108, the total annual cost would be some $1,300 million. During 1960, commercial insurance companies returned only 53 cents in benefits for every dollar they collected for individual health policies. On this basis, assuming that all the beneficiaries elected commercial policies, only $689 million of the $1,300 million would be spent on health services. The other $600 million would go for insurance company profits and overhead. In the first year alone, this would constitute a windfall almost beyond belief. This insurance company "piece of pie" would grow larger, year by year, as the 65 and over population grows.

Collections under the Bush bill would be made on a group basis by the Social Security Administration, yet there is no stipulation that the insurance companies must offer plans at group rates. In fact, the bill seems to be predicated on the purchase of individual policies.

Is this not fiscal folly, considering the fact that on individual health insurance policies it is often the case that less than 50 cents on the dollar goes for health benefits and the rest for profit and overhead while, on a group basis, profits and costs can be held to 10 percent or less?

The Bush bill taxes all employed people for the promise of benefits for all when they are 65.

Yet many of these people when they reach 65 will be so ill or such obviously poor risks that no insurance man in his right mind would sell them a policy. There is no guarantee of benefits under the bill even to those who may not be ill. Under the Bush bill these people would get absolutely nothing in return for contributions that they may have been making for many years. The Senator from Connecticut does not even offer to refund the money that such older people—unable to get coverage because they are ill or otherwise poor commercial risks—will have contributed over the years.

I can well see why not, too. To include in the bill an offer to refund payments for those people the insurance companies would not regard as profitable risks would make it crystal clear that this bill guarantees nothing to the individual it forces to contribute to the program—it guarantees only profits to private insurance companies.

The Bush bill would only contribute to the continuance and furtherance of the present chaotic situation in the provision of health insurance to aged persons. At very slight risk of exaggeration, it may fairly be assumed that many new insurance companies would blossom forth to feed at this rich public trough.

If, indeed, it is the purpose of Congress to encourage the rapid development of private, profitmaking insurance companies in the health field—with their phenomenal rise in rates and the consequent reduction in value of benefits—this, indeed, could well be the bill through which to do it. If, instead, it is the purpose of the Congress to help meet the health needs of our older people and to concern itself with people rather than profits, then this bill most certainly is not the answer.

Older Americans, except of course those who are seriously ill or those who are confronted with heavy medical expenses, would be fair game for the insurance companies and prey to the tender mercies of any fast-talking salesman. Those who are confronted with serious illness and heavy medical expenses would of course be safe—the insurers would not be interested in them.

The following are some of the specific objections to this inadequate and inequitable proposal.

First. The payment for the insurance company—$9 monthly—is unrealistic in relation to the costs of health insurance today. It is inflationary, in that it would inflate the going rate for health insurance today. It offers no protection to the beneficiary against inflation; the $9 payment of today may be virtually worthless 10 or 20 years from now.

As an example of the unrealistic amount provided, the highly touted and as yet unavailable Blue Cross and Blue Shield contracts would cost at least $15 a month. Some Blue Shield organizations are reported as considering the proposed payments under the aged contract as too low. The vaunted "Connecticut 65" package plan alone costs $17 a month at the present time—even with its restrictions and limitations. With medical costs rising, it is almost certain that the monthly premium will be increased. Also enrollment under the "Connecticut 65" plan will be open only at specified intervals. This provision is designed to prevent "adverse selection"—that is, to keep out people who find that they need protection.

Without specifications in this bill providing for stipulated services at stipulated price, it can be assumed that the price of any contract offered would rise to at least $9. This is inflationary and the resulting price increases for health insurance would also be inflicted upon those not eligible for the subsidy.

All commercial policies available to individuals provide fixed cash indemnities or pay a specified percentage of constantly rising fees and charges. There is nothing which prevents the providers of medical services from increasing their charges because of the existence of insurance. In the past the existence of such insurance has led to increased charges by the providers of care.

Second. Providing a dollar subsidy, instead of medical services, has two serious faults:

It is inequitable in any national program:

(a) Nine dollars would purchase a policy providing a greater amount of care in one section of the country than it would in another.

(b) All aged persons eligible for the subsidy—and who were able to find someone willing to underwrite some protection—would not have available to them the same policies with the same benefits offered by the same companies.

In a program based upon the assumption that a person will pay into the fund over a period of 20 or 30 years, it is meaningless to promise to pay a $9 a month premium subsidy at the end of that time. Who knows what $9 worth of insurance will cover in the year 2000? To be meaningful a program must guarantee to provide specified services—not offer a dollar subsidy that very obviously will not stand the test of time.

Third. Absolutely no control is offered by the Bush bill over policy provisions excluding or restricting coverage for specified medical conditions or illnesses. Thus, a person with a heart condition or diabetes who applied for coverage might very well find that the policy he received specifically excluded benefits for precisely those conditions. This may be sound commercial insurance practice, but it very definitely is an unsound approach to meeting the medical expenses of older Americans. The only needs that are met under such circumstances are those of the underwriting department of the insurance company and those of the company's stockholders.

Fourth. In the bill there is absolutely no guarantee that a beneficiary of a trust fund established for his benefit by the U.S. Government, and to which he has contributed hard-earned dollars, will receive fair value in return for the dollars paid for insurance.

Under the program of insurance for employees of the Federal Government, the employee elects to participate and pay part of the cost voluntarily. In this program we have stipulated that "rates charged under health benefit plans shall reasonably and equitably reflect the cost of the benefits provided," "rates shall be determined on a basis consistent with the lowest schedule of basic rates generally charged for new group health benefit plans issued to large employers." These safeguards to assure sound value are included in a program in which participation is optional on the part of the employees of the American people. Under Senator BUSH'S program where contributions are compulsory, we offer no such protection to the aged of the country who—in reality—are our "employers."

Fifth. It is said by Senator BUSH that the Federal Government will receive back, in the form of taxes, part of the subsidies paid. It is not a proper function of the Federal taxing power for the Government to expend large amounts of tax money in order to receive a small amount in return. The amount of profits retained by insurance companies would undoubtedly exceed any taxes paid to the Federal Government.

Sixth. The social security beneficiary who is able to get a policy will have his money administered, divided up, and parceled out by a company which does not represent him at all, or only does so nominally, and whose principal obligation is to its stockholders.

The Civil Service Commission negotiates for and protects the interests of those covered under the Federal employees insurance program. Under the Bush bill, there would be no one bargaining with the insurance companies in behalf of the interests of millions upon millions of social security beneficiaries.

Under the Federal employees insurance program, the two principal underwriters are each required to be licensed in every one of the 50 States and the District of Columbia. There is no such requirement under the Bush bill. Older Americans will be subjected to a barrage of mail order solicitation by out-of-State insurers. They will purchase health insurance by mail. In the event of dispute—and there will be disputes and controvery galore, with hundreds of different insurance companies doing business in hundreds of different ways—the legal recourse available to the aged person would be the clumsy, cumbersome, and expensive methods of bringing suit against out-of-State insurers—obviously, an unrealistic and inadequate remedy. The only other appeal available to the aged—with no Federal agency in the picture, other than to pay out money—would be the addressing of pleas to Senators and Members of the House of Representatives. This would be the sole path of redress for millions of aged citizens.

Seventh. Section 1601(a) of the bill refers to "renewable or noncancelable" policies as the only types acceptable for subsidy. On the other hand, section 1602 says that an otherwise eligible beneficiary is entitled to subsidy if he gets a policy which obligates the insurance company to provide protection "for a period not less than 12 months in duration." These two provisions appear quite contradictory. If the social security beneficiary must contribute his money all through his working life, is it not only just that we require the insurers to provide protection throughout his retirement for as long as he pays the premium? Noncancelable would have to mean this and nothing else—otherwise it is meaningless and a fraud.

It should be noted that under the guaranteed renewable type of policy, the entire group of people over 65 may have their rates increased, their coverage terminated, or conceivably have a contract that terminates coverage at age 70 or any other age cutoff that may be advantageous to an insurer. For example, a beneficiary may get a policy at age 65 at a cost of $108 a year. When he has his 68th birthday, his cost may increase to $200 annually. At his 70th birthday he may find his coverage terminated.

Eighth. Almost every commercial hospital and surgical-medical contract excludes coverage for care provided in State and local facilities. Persons who cannot get the limited insurance protection that would be available would, in good part, burden such facilities. These people would get none of the benefits they had paid for, nor would the States and localities be paid for the care they give.

In summary, Mr. President, in my judgment the Bush bill fails completely to meet the moral obligation that our Government owes the aged of this country in regard to the great problem in respect to which each of us as taxpayers and citizens has a very definite moral responsibility. It is to be expected that the two great lobby forces in the United States—the medical profession, acting through the American Medical Association, and the great, powerful insurance lobby in this country—can be counted upon to do everything within their political power to prevent the people of this country, acting through their Government, to carry out this moral obligation to the people.

I welcome the debate about to take place, because, in my judgment, this debate is the beginning of a great legislative battle which is bound eventually to be resolved in support of the application of the social security principle to this obligation of all the people of this country toward the aged of our Nation.

The American Medical Association and the great insurance lobbies will seek to block the King-Anderson bill for their own selfish interests. I happen to be one of those who believe that no medical association or insurance company has any right in this democracy to have its selfish interests placed above the public interest. This has become a question of protecting the public interest. In my judgment, the King-Anderson bill does not go nearly far enough.

In 1958, when I introduced the first health bill introduced in the Senate of the United States, known then as the Forand-Morse bill, which sought to place the aged under the protection of social security in respect to medical care, I was subjected to a great deal of criticism. The old bromide was used against me that this was a form of socialism. I am not interested in labels. I am interested, however, in the Government of the United States keeping its moral obligation.

We cannot justify permitting tens of thousands of old people in this country to live under the constant fear that a serious illness attacking them will wipe out their life's savings and also place a great economic burden upon their sons, daughters, and other near relatives.

I happen to believe that, with the greatly increased cost of medical care in this country, we must take the excessive profit out of medical services, so far as concerns the ability of the aged to pay. The aged, by the tens of thousands, cannot pay the profit that the insurance lobby and the doctors and hospitals feel they must make on their so-called medical programs, which are built upon the thesis of charging rates that bankrupt old people by the thousands when a serious illness strikes them.

So I take the same position I took in 1958. The medical care bill we pass should cover all the old people. I am very glad there has been some shift of opinion in the Senate since then, for I understand that next week the authors of the King-Anderson bill will themselves propose amendments to cover all the aged, and not merely the aged who are now covered by social security. I shall support such amendments.

I am well aware of the fact that we are not going to adopt in this session of Congress a medical care bill that goes as far as the people of this country will eventually demand that it go. For example, I do not agree that the bill should require any payments on the part of any of the recipients of the coverage for any period of time. I happen to believe that if an old person becomes sick, that person should get the hospital and medical service that his health needs call for, and the costs should be charged against the program, and not against the individual.

Therefore, if I had my way, I would eliminate those sections of the bill that call for an aged person to make any contribution, once that person became sick, to the cost of the health services that are made available under the bill. However, Mr. President, I am a realist, and I recognize that that improvement will have to come in the future.

I want the medical profession of my State, which is so bitterly against me, and will be in my coming campaign, and the insurance lobby, to know, prior to the election, that I say to the people of Oregon that the Senator from Oregon, if he is reelected to the Senate in November, will continue to work and fight for a further extension of the social security program in regard to what I consider to be defects in the King-Anderson bill, because it does not go far enough.

Furthermore, I think the cost of drugs should be paid for out of the medicare system we establish. I realize that that is not going to be done in the first instance, but I think we must enact it by way of improvement of the legislation later, once it is on the books. I am not going to run for cover from what I regard to be the hottest of all issues connected with medical care, which is not contained in the King-Anderson bill. In due course of time, I hope the law on the books will cover also doctors' fees. Such a provision would not destroy the private practice of medicine. It is not going to take away from the doctors their right to select their patients, or the right of patients to select their doctors; but it will keep faith with the moral obligation I think we owe the aged, the infirm, and the sick—that their medical costs should be covered under a social security system to which they have contributed and for which they have bought during their working years the benefits for their retiring years. That is a pretty sound, workable insurance system. Note, I am talking about the aged.

I am talking about people over the age of 65.

I would make note of two things which are happening in American public opinion today as the debate progresses. I think the interest the young married couples in America are beginning to take in the medicare legislation is remarkable. Young married couples are beginning to recognize that their savings may be greatly reduced as the result of a serious illness on the part of their parents if the Congress does not adopt the kind of program envisioned in the King-Anderson bill.

In answer to the charge that this may lead to some kind of medical system such as the Murray-Dingell bill of some years ago, I take the same position tonight which I took then, for I opposed the Murray-Dingell bill. I am not in favor of establishing a system of medical care for the entire population of this country, but I am in favor of a system which will take care of the entire medical care costs of the aged, because in my judgment the evidence is overwhelming that in respect to the aged we have the moral obligation to which I have alluded.

The proposed legislation does not go that far. The bill provides for very specific limitations as to the contributions which are to be made through social security by the Federal Government.

I shall vote for the bill next week when it comes before the Senate. I shall support any amendments along the lines of the expanded coverage which I have suggested tonight, which eventually we shall have to provide.

To the insurance lobby and to the American Medical Association, I say only that I think we should battle this question out on the basis of the facts for whatever number of years it may require, until the American people finally get from their elected representatives in the Congress of the United States that which, in my opinion, they now want.

I shall be perfectly willing to have the King-Anderson bill, or a bill modified in the form of extended coverage and the expansion of benefits which I have outlined in my speech tonight, submitted to the American people for a national referendum. I have no doubt that the insurance lobby and the AMA would get their answer. The American people would vote their position down by an overwhelming vote. In my judgment, the American public opinion is far ahead of the politicians on this issue. In my judgment, the people of this country are much more progressive in regard to this question than the politicians have yet demonstrated they are. The American people are far ahead of the reactionary, antisocial, lacking social conscience position which characterizes the AMA and the insurance lobby.

On these lines, Mr. President, I am perfectly willing to draw the battle and to let the people give the final answer.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

NATHAN KOENIG—RESOLUTION OF SAMOA LEGISLATURE

Mr. LONG of Hawaii. Mr. President, when Senator GRUENING and I visited American Samoa in December 1960 on behalf of the Senate Interior and Insular Affairs Committee pursuant to Senate Resolution 330, we were fortunate to have as a member of our special staff Mr. Nathan Koenig of the Department of Agriculture. Earlier this year, Mr. Koenig returned to Samoa for a period of time to implement some of the recommendations which we made for the economic development of Samoa. The Samoa Legislature, in recognition of Mr. Koenig's efforts, has passed a resolution of commendation. I ask unanimous consent that the resolution and accompanying documents be printed in the RECORD.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

GOVERNMENT OF AMERICAN SAMOA,
OFFICE OF THE GOVERNOR,
Pago Pago, American Samoa, June 6, 1962.
Hon. ORVILLE L. FREEMAN,
Secretary of Agriculture, Department of Agriculture, Washington, D.C.

DEAR MR. SECRETARY: As requested by the Legislature of American Samoa, I am pleased to enclose herewith two copies of House Concurrent Resolution No. 44 "commending Mr. Nathan Koenig of the U.S. Department of Agriculture for his services to the Government and the people of American Samoa."

I shall appreciate your forwarding a copy of the resolution to Mr. Koenig with my appreciation for his work on behalf of the people of American Samoa.

Sincerely yours,

H. REX LEE,
Governor.

GOVERNMENT OF AMERICAN SAMOA,
PAGO PAGO, AMERICAN SAMOA,
April 3, 1962.

Certificate

I hereby certify that the House of Representatives Concurrent Resolution No. 44 this day passed a single reading in the House of Representatives of the Seventh Legislature of American Samoa by a majority of the members and that said resolution is an official statement of the house of representatives.

ESEROMA L. PAOPAO,
Chief Clerk, House of Representatives.

Certificate

April 5, 1962.

I hereby certify that the House of Representatives Concurrent Resolution No. 44 this day passed a single reading in the Senate of the Seventh Legislature of American Samoa by a majority of the members and that said resolution is an official statement of the house of representatives.

MRS. S. K. LEVI,
Secretary of the Senate.

CONCURRENT RESOLUTION COMMENDING MR. NATHAN KOENIG OF THE U.S. DEPARTMENT OF AGRICULTURE FOR HIS SERVICES TO THE GOVERNMENT AND THE PEOPLE OF AMERICAN SAMOA

Whereas Mr. Nathan Koenig, an outstanding economic consultant and career official of the U.S. Department of Agriculture, has taken time out from an extremely busy schedule to come here at the request of the Governor of American Samoa for the purpose of expediting the activation of economic development plans as contained in Senate Document No. 38, 87th Congress, a report made by the Senate Committee on Interior and Insular Affairs as the result of a study conducted pursuant to Senate Resolution 330, 86th Congress; and

Whereas through his study entitled "The Economic Needs of American Samoa," published as part II of the Senate committee's report, Mr. Koenig has thereby brought into sharp focus the problems and needs of our people and their land and also provided a basic guide for the positive action required in developing our economy and improving living standards; and

Whereas during his brief stay here Mr. Koenig has been of invaluable assistance to the Government of American Samoa as a whole as well as to the people, especially large numbers of individual farmers on matters pertaining to the development and improvement of local agricultural production; and

Whereas Mr. Koenig has given so generously of his time and technical skill and has rendered all these fine services for the future well-being of our people at great personal sacrifice: Now, therefore, be it

Resolved by the House of Representatives of the Seventh Legislature of American Samoa (the Senate concurring), That the Legislature of American Samoa, on behalf of the Samoan people, hereby extends to Mr. Nathan Koenig its commendation and sincere appreciation for all his fine services to our government and our people; and be it further

Resolved, That certified copies of this concurrent resolution be sent to Mr. Nathan Koenig; to the Honorable Orville L. Freeman, Secretary of the U.S. Department of Agriculture; and to the Honorable Stewart L. Udall, Secretary of the U.S. Department of the Interior.

Rapi Sotoa,
President, House of Senate.
Mūagututi'a F. Tuiā,
Speaker, House of Representatives.

ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KEATING:

S. 3493. A bill for the relief of Ethel R. Loop, the widow of Carl R. Loop; to the Committee on the Judiciary.

By Mr. BYRD of West Virginia:

S. 3494. A bill for the relief of Dr. Constancio D. Katigbak; to the Committee on the Judiciary.

PUBLIC WELFARE AMENDMENTS OF 1962—AMENDMENTS

Mr. McCARTHY. Mr. President, I submit an amendment to H.R. 10606, as reported by the committee, which I intend to offer on behalf of myself, my colleague from Minnesota [Mr. Humphrey], the Senator from Michigan [Mr. Hart], the Senator from Illinois [Mr. Douglas], the Senators from New York [Mr. Javits and Mr. Keating], and the Senator from Pennsylvania [Mr. Scott].

Mr. President, this amendment relates to Federal ADC payments under the Social Security Act for children who have been removed by court order from their own homes. In 1961 the Congress enacted legislation to provide for Federal financial participation in payments to children in foster-family homes. The proposed amendment would extend the act to include Federal participation in payments for children placed in nonprofit private child-care institutions. This provision was recommended in the administration bill, and it has already been approved by the House of Representatives. The amendment would restore the House language to the measure.

I ask unanimous consent that the amendment be printed as an amendment intended to be proposed to the bill, H.R. 10606.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. KEATING. Mr. President, I am delighted to join with the distinguished junior Senator from Minnesota [Mr. McCarthy] as a cosponsor of an amendment to permit the use of institutional child care facilities under the temporary aid-to-dependent-children program.

I have some detailed studies which I have done on this subject and which I shall introduce in the Record in the course of the debate. All I want to say at this point is that I think the Senator is absolutely correct. I believe that we must provide the greatest flexibility to the States to see to it that the needs of children are properly met. It is the needs of the children that are involved. This is all there is to it. I feel that such an amendment is desirable and should be restored to this bill.

Mr. WILLIAMS of New Jersey. Mr. President, I send to the desk an amendment intended to be proposed to the bill H.R. 10606, for myself, Mr. Humphrey, Mr. Douglas, Mr. Smith of Massachusetts, Mr. Yarborough, Mr. Burdick, Mr. Carroll, Mr. Hart, Mr. Morse, Mr. Javits, Mr. McCarthy, Mr. Metcalf, Mr. Clark, Mr. Holland, and Mr. Smathers.

This amendment to the bill H.R. 10606 would add a new section to part 3, title V of the Social Security Act, providing grants to States for maternal and child welfare services. The new section, to be entitled "Day-Care Facilities for Children of Migrant Agricultural Workers," would authorize $750,000 annually in grants to States having large numbers of migratory farmworkers and, hence, significant need for assistance in the provision of day-care facilities and services for migratory farm children. In order to assure that the moneys only go to areas of need, the moneys appropriated under the new section would be allotted to States by a formula based on the number of migratory farm children within the State.

The Federal funds would be allotted among States on a matching basis in accordance with the matching formula now contained in the child welfare services section of the Social Security Act. Under such formula, the Federal grant would vary according to the State's per capita income, but in no case would the grant be less than 33⅓ percent or more than 66⅔ percent. State residence requirements would not bar otherwise eligible children from benefits. Welfare services and benefits, for which migratory farm children are currently eligible under section 521 of the Social Security Act, would continue to be available after enactment of this bill. The cost of section 521 benefits would not be considered as part of the grants authorized by this bill.

The amendment, in its substantive provisions, is identical to the bill, S. 1131, which has been favorably recommended for enactment in a formal report of the Department of Health, Education, and Welfare. There is also strong support for this measure among numerous social agencies and church groups.

Mr. JAVITS. Mr. President, I send to the desk an amendment to the bill (H.R. 10606) to extend and improve the public assistance and child welfare service programs of the Social Security Act, and for other purposes. The amendment relates to a review of certain administrations under the Social Security Act, title 7, relating to relations between the Federal Government and the States in the public welfare matters.

I ask unanimous consent that the text of the amendment be printed as a part of my remarks.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the desk; and, without objection, will be printed in the Record.

The amendment is as follows:

At the end of the bill add the following new section:

"JUDICIAL REVIEW OF CERTAIN ADMINISTRATIVE DETERMINATIONS

"Sec. 203. Title VII of the Social Security Act is amended by adding at the end thereof the following new section:

" 'JUDICIAL REVIEW OF CERTAIN ADMINISTRATIVE DETERMINATIONS'

" 'Sec. 706. (a) (1) Whenever a State plan or an amendment to a State plan is submitted to the Secretary by a State for approval under the provisions of title I, IV, X, XIV, or XVI, he shall, not later than sixty days after the date such plan or amendment is submitted to him, make a determination as to whether such plan or amendment conforms to the requirements of such title.

" '(2) Any State dissatisfied with or aggrieved by a determination by the Secretary with respect to such a plan or amendment submitted for approval under any such title may, within thirty days after it has been notified of such determination, file a petition with the Secretary for a reconsideration of the issue of whether such plan or amendment conforms to the requirements of such title. Upon receipt of such a petition the Secretary shall notify the State of the time and place at which a hearing will be held for the purpose of reconsidering such issue. Such hearing shall be held not less than thirty days after the date notice of such hearing is furnished to such State, without the consent of such State.

" '(3) Any State which is dissatisfied with or aggrieved by a determination made by the Secretary on such a reconsideration of the issue of whether such plan or amendment conforms to the requirements of such title may appeal to the United States court of appeals for the circuit in which such State is located by filing with such court a notice of appeal.

" '(b) (1) Whenever the Secretary determines that the amount to be certified for any State should be reduced (as provided in section 3(b) (2) (A), 403(b) (2) (A), 1003 (b) (2) (A), 1403(b) (2) (A), or 1603 (b) (2)), or that further certification with respect to a State should not be made (as provided in section 4, 404, 1004, or 1404), or that payments should no longer be made to a State or that the amount of payments to a State should be limited or reduced (as provided in section 1604), he shall notify such State of the action he proposes to take with respect to the matter.

" '(2) Any State which is dissatisfied with or aggrieved by an action proposed to be taken by the Secretary with respect to any such matter may, within thirty days after it has been notified of the Secretary's proposed action, file a petition with the Secretary for a reconsideration of the issues giving rise to the Secretary's proposed action. Upon receipt of such a petition the Secretary shall notify the State of the time and place at which a hearing will be held for the purpose of reconsidering such issues. Such hearing shall be held not less than thirty days after the date of notice of such hearing is furnished to such State, without the consent of such State.

" '(3) Any State which is dissatisfied with or aggrieved by a determination made by the Secretary on such a reconsideration of the issues giving rise to such a proposed action by the Secretary may appeal to the United States court of appeals for the circuit in which such State is located by filing with such court a notice of appeal.

"'(4) The Secretary shall not reduce the amount to be certified for any State (as provided in section 3(b)(2)(A), 403(b)(2)(A), 1003(b)(2)(A), 1403(b)(2)(A), or 1603(b)(2)), refuse to make further certification with respect to a State (as provided in section 4, 404, 1004, or 1404), or refuse to make or limit payments to, a State (as provided in section 1604) prior to whichever of the following first occurs—

"'(A) the thirty-day period commencing on the date he notifies such State of his proposed action expires without the State having filed a petition with him for a reconsideration of the issues upon which his proposed action is based;

"'(B) the date such State notifies him that no appeal will be taken on his proposed action or that any such appeal previously filed has been withdrawn;

"'(C) the date a final judgment with respect to such proposed action has been sustained on review by the Supreme Court of the United States, or the date that, because of the lapse of time, such a judgment is no longer subject to review by the Supreme Court of the United States.

"'(c) For purposes of any appeal filed pursuant to subsection (a) or (b):

"'(1) The jurisdiction of the court shall attach upon the filing of the notice of appeal. A copy of the notice of appeal shall be forthwith transmitted by the clerk of the court to the Secretary, or any other officer designated by him for that purpose. The Secretary shall thereupon file in the court the record of the proceedings on which he based his determination, as provided in section 2112 of title 28, United States Code.

"'(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous determination, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive unless not supported by substantial evidence.

"'(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 (1) and (3) of title 28, United States Code.'

"Amend the table of contents so as to add, at the end of the part of such table which describes the contents of title II, the following item:

"'Section 203. Judicial Review of Certain Administrative Determination.'"

Mr. CARROLL submitted an amendment, intended to be proposed by him, to House bill 10606, supra, which was ordered to lie on the table and to be printed.

EXTENSION OF TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION PROGRAM—ADDITIONAL COSPONSOR OF BILL

Mr. McCARTHY. Mr. President, I ask unanimous consent that the name of the Senator from Rhode Island [Mr. PELL] be added to the sponsors of the bill to extend the temporary extended unemployment compensation program (S. 3411), which I introduced on June 13, and that his name be included with the list of sponsors at the next printing of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

PAYMENT OF CERTAIN CLAIMS FOR DEFECTS IN HOMES COVERED BY FHA-INSURED MORTGAGES—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of June 21, 1962, the names of Senators MORSE, DODD, CHAVEZ, DOUGLAS, HICKEY, KEFAUVER, LONG of Hawaii, MCCARTHY, METCALF, WILLIAMS of New Jersey, YOUNG of Ohio, and SMITH of Massachusetts were added as additional cosponsors of the bill (S. 3460) to authorize the payment of certain claims for structural or other major defects in homes covered by FHA-insured mortgages, and to require indemnification bonds in the case of certain new construction under FHA-insured mortgages, introduced by Mr. GRUENING on June 21, 1962.

ADJOURNMENT UNTIL MONDAY

Mr. MORSE. Mr. President, I move, in accordance with the previous order, that the Senate stand in adjournment until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 8 o'clock and 24 minutes p.m.) the Senate adjourned, pursuant to the order previously entered, until Monday, July 2, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 29, 1962:

FEDERAL MARITIME COMMISSIONER

John S. Patterson, of Maryland, to be a Federal Maritime Commissioner for the term expiring June 30, 1966. (Reappointment.)

PUBLIC HEALTH SERVICE

To be senior surgeons

Pasquale J. Ciccone
Alphonse C. Smuda
James R. Weaver
Carleton B. White

To be surgeons

Ray J. Beasley, Jr.
Sheldon Davidson
MacGregor E. Knight

To be senior assistant surgeons

Joseph F. Alderete
Daniel D. Bosis
Francis A. Caprio
Gordon R. Cohen
Donald J. Lawler
John L. Lewis, Jr.
Donald J. Morrison, Jr.

To be senior dental surgeon

Charles E. Smith

To be senior assistant dental surgeon

T. Edwin Evans, Jr.

To be sanitary engineers

Delbert S. Barth
Ralph J. Black
Herbert H. Jones
Donald W. Marshall
Donald A. Townley

To be senior assistant sanitary engineer

Edgar F. Seagle

To be pharmacist

Ernest S. Lentini

To be senior scientists

Andrew R. Fodor
Raymond L. Laird

To be senior assistant scientists

Robert J. Ellis
Jerome S. Miller

To be senior veterinary officer

James N. Shively

To be senior assistant veterinary officer

Richard A. Tjalma

To be sanitarians

Robert P. Hayward
Clarence E. Calbert

To be senior assistant sanitarian

Willard N. Adams

To be nurse officer

Anastasia M. Zahler

To be dietitian

Charlotte E. Smith

To be health services officers

Sheldon A. Miller
William H. Redkey

To be assistant health services officer

Martha G. Barclay

CONFIRMATIONS

Executive nominations confirmed by the Senate June 29, 1962:

U.S. DISTRICT JUDGES

Ben C. Green, of Ohio, to be U.S. district judge for the northern district of Ohio.

Roger D. Foley, of Nevada, to be U.S. district judge for the district of Nevada.

U.S. ATTORNEY

Drew J. T. O'Keefe, of Pennsylvania, to be U.S. attorney for the eastern district of Pennsylvania for the term of 4 years.

U.S. MARSHAL

Jesse L. Dobbs, of Texas, to be U.S. marshal for the western district of Texas for the term of 4 years.

IN THE ARMY

The nominations beginning Wheeler E. Laird to be major, and ending Robert D. Yearout to be second lieutenant, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on June 20, 1962.

FEDERAL MARITIME COMMISSIONER

John S. Patterson, of Maryland, to be a Federal Maritime Commissioner for the term expiring June 30, 1966. (Reappointment.)

* * *

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 29, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Joshua's challenge to the people of Israel: Joshua 24: 15: *Choose you this day whom ye will serve; but as for me and my house we will serve the Lord.*

O Thou Supreme Being upon whom we are dependent for all our blessings, in these days of chaos and crisis, may the homes of our beloved country be blessed with a revival of the sense of responsibility to faithfully fulfill their high vocation of safeguarding and maintaining the religious and spiritual atmosphere for we know that the very health and vigor of the social order and civilization depend upon the beauty and the strength of the home.

May parents and the adult members of the family exert every effort to restore and reestablish the influence of the home in molding the character of the children and youth and in cultivating those spiritual instincts, which Thou hast planted in the human heart, and seek to give those priceless treasures of the Bible, the family altar, the Lord's day, and the house of God, their rightful place in the family life.

With affection and high expectation we think of the children and young people; and help us to realize that the most precious inheritance, which we are privileged to leave them, is the spiritual heirloom of a strong religious faith.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H.R. 10095. An act to continue until the close of June 30, 1963, the suspension of duties for metal scrap, and for other purposes;

H.R. 11990. An act to provide for a temporary increase in the public debt set forth in section 21 of the Second Liberty Bond Act; and

H.J. Res. 769. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes.

COMMITTEE ON GOVERNMENT OPERATIONS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations may have until midnight tonight to file a report entitled "Administration of Grants by the National Institutes of Health (Reexamination of Management Efficiency)."

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

NEWSPAPER HALF-TRUTHS

The SPEAKER. The Chair recognizes the gentleman from Minnesota [Mr. ANDERSEN].

Mr. ANDERSEN of Minnesota. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. ANDERSEN of Minnesota. Mr. Speaker, I have awaited the time when I would have the opportunity to appear before the proper investigating committee of the Congress, in the firm belief that it would enable me to clear my name. I have looked forward to being questioned by fair men who are endeavoring to obtain the facts and who are not interested in smearing sensationalism. It is my hope, Mr. Speaker, that I will be able to show to the entire satisfaction of such a committee that I have been the victim of circumstances and that what has happened to me could have happened to any one of you Members of Congress.

Guilt by association is a horrible thing, Mr. Speaker, and some of the newspapers and periodicals have, by insinuations, innuendos, half-truths, and deliberate misrepresentations, blackened my name, besmirched my reputation, and done irreparable damage to me and to my family.

Mr. Speaker, I did sell 40 shares of stock in the best little coal mine in the United States to Mr. Estes, at a time when he was a respected and admired businessman. There was nothing wrong with that transaction and at no time did Mr. Estes ask any favor of me nor did I at any time do him any favor or receive any from him.

Mr. Speaker, I wish to call attention to the story which appears on page 1 of the Washington Post this morning and which is continued on page A-4, with regard to the Secretary of Agriculture and his testimony before the McClellan committee in defense of the Department in connection with the Estes case.

In describing the Department's investigation of the Estes cotton allotments, Mr. Freeman mentions the January meeting in the office of the Under Secretary of Agriculture at which time cotton allotments were discussed.

Now I know practically nothing about cotton allotments. I certainly never attended any such cotton meeting and had never met or even seen Mr. Estes at that time. Yet the writer of this article for the Washington Post, Julius Duscha, inserted, right in the middle of this story, a paragraph which says:

> It was also after this meeting that Estes bought $4,000 worth of stock in a coal mine owned by Representative H. CARL ANDERSEN, Republican, of Minnesota, ranking Republican member of the House Agriculture Appropriations Subcommittee. The stock was never delivered to Estes.

Mr. Speaker, this paragraph inserted into the article is just about half true.

First, the article states:

> A coal mine owned by Representative H. CARL ANDERSEN.

I wish I did own this coal mine, Mr. Speaker, but the truth is, I am only a partial owner. In fact, I own only about one-sixth of the mine.

Secondly, Mr. Speaker, the Washington Post says:

> The stock was never delivered to Mr. Estes.

The truth is, Mr. Speaker, that on June 8, 1962, Mr. Harry Moore, the legally appointed receiver for the estate of Billie Sol Estes, requested of me that the stock be sent to him. In accordance with this request, the entire 40 shares of stock were transferred June 12, 1962, on the books of Coal, Inc., to Mr. Estes and sent to Mr. Harry Moore, receiver for the estate of Billie Sol Estes, at Pecos, Tex.

Mr. Speaker, I cannot fight the millions of dollars represented by the press, by the Washington Post, by the New York Herald Tribune, by Time, by Life, and their subsidiary television station WTCN in the Twin Cities, but I can fight for my integrity.

COMMITTEE ON BANKING AND CURRENCY

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the managers on the part of the House of the Banking and Currency Committee have until 12 o'clock tonight to file a report on S. 3161.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

TO AMEND THE CAREER COMPENSATION ACT OF 1949

Mr. RIVERS of South Carolina. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 11221) to amend section 302 of the Career Compensation Act of 1949, as amended—37 U.S.C. 252—to increase the basic allowance for quarters of members of the uniformed services and to make permanent the Dependents Assistance Act of 1950, as amended—50 App. U.S.C. 2201 et seq.—and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Resolved, That the bill from the House of Representatives (H.R. 11221) entitled "An Act to amend section 302 of the Career Compensation Act of 1949, as amended (37 U.S.C. 252), to increase the basic allowance for quarters of members of the uniformed services and to make permanent the Dependents Assistance Act of 1950, as amended (50 App. U.S.C. 2201 et seq.), and for other purposes", do pass with the following amendments: Strike out all after the enacting clause and insert: "That the table in section 302(f) of the Career Compensation Act of 1949, as amended (37 U.S.C. 252(f)), prescribing monthly basic allowances for quarters for members of the uniformed services, is amended to read as follows:

" 'Pay grade	Without dependents	With dependents
O-10	$160.20	$201.00
O-9	160.20	201.00
O-8	160.20	201.00
O-7	160.20	201.00
O-6	140.10	170.10
O-5	130.20	157.50
O-4	120.00	145.05
O-3	105.00	130.05
O-2	95.10	120.00
O-1	85.20	110.10
W-4	120.00	145.05
W-3	105.00	130.05
W-2	95.10	120.00
W-1	85.20	110.10
E-9	85.20	120.00
E-8	85.20	120.00
E-7	75.00	114.90
E-6	70.20	110.10
E-5	70.20	105.00
E-4 (over 4 years' service)	70.20	105.00
E-4 (4 years' or less service)	45.00	45.00
E-3	45.00	45.00
E-2	45.00	45.00
E-1	45.00	45.00'.

"SEC. 2. Section 302(g) of the Career Compensation Act of 1949 (37 U.S.C. 252(g)) is repealed.

"Sec. 3. Section 302(h) of the Career Compensation Act of 1949, as amended (37 U.S.C. 252(h)), is amended—

"(1) by striking out the words 'subsection (f) of this section' and substituting in place thereof of the words 'section 3 of the Dependents Assistance Act of 1950 (50 App. U.S.C. 2203)';

"(2) by inserting the words 'in pay grades E–1, E–2, E–3, and E–4 (four years' or less service)' after the words 'enlisted members with dependents';

"(3) by striking out the words '(or in the case of enlisted members in pay grades E–4 and E–5, $60; or in the case of enlisted members in pay grades E–6, E–7, E–8, and E–9, $80)'; and

"(4) by inserting the following new clause immediately before the colon preceding the second proviso: '; or (7) for the calendar months in which such member serves on active duty for training (including full-time duty performed by members of the Army or Air National Guard for which they receive pay from the United States under section 316, 503, 504, or 505 of title 32, United States Code) if that training is for a period of thirty days or more'.

"Sec. 4. The Dependents Assistance Act of 1950, as amended (50 App. U.S.C. 2201 et seq.), is amended—

"(1) by amending section 3 (50 App. U.S.C. 2203) to read as follows:

" 'Sec. 3. For the duration of this Act, section 302(f) of the Act of October 12, 1949 (Public Law 351, Eighty-first Congress), is hereby amended by striking out that portion of the table appearing therein which prescribes monthly basic allowances for quarters for enlisted members in pay grades E–1, E–2, E–3, and E–4 (four years' or less service) and inserting in lieu thereof the following new table:

"Pay grade	Without dependents	1 dependent	2 dependents	3 or more dependents
E–4 (4 years or less service)	$55.20	$83.10	$83.10	$105.00
E–3	55.20	55.20	83.10	105.00
E–2	55.20	55.20	83.10	105.00
E–1	55.20	55.20	83.10	105.00';

"(2) by amending section 7 (50 App. U.S.C. 2207) by striking out the words 'on training duty,' and substituting in place thereof the words 'in pay grades E–1, E–2, E–3, and E–4 (four years' or less service) on active duty for training for less than 30 days, to enlisted members on active duty for training under section 262 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1013), or any other enlistment program that requires an initial period of active duty for training,'; and

"(3) by amending section 8 (50 App. U.S.C. 2208) by striking out the words 'For the purposes of this Act' and capitalizing the first letter of the next word and by inserting the words '(over four years' service)' after the words 'pay grade E–4'.

"Sec. 5. The Secretaries of the departments concerned shall have the same authority with respect to payments of quarters allowances to enlisted members of the uniformed services in pay grades E–4 (over 4 years' service) through E–9 that they have with respect to enlisted members of the uniformed services in pay grades E–1, E–2, E–3, and E–4 (4 years' or less service) under sections 10 and 11 of the Dependents Assistance Act of 1950 (50 App. U.S.C. 2210, 2211).

"Sec. 6. Section 1 (c) and (f) of the Act of May 19, 1952, chapter 310 (66 Stat. 79, 80) is repealed.

"Sec. 7. This Act becomes effective on January 1, 1963."

Amend the title so as to read: "An Act to amend section 302 of the Career Compensation Act of 1949, as amended (37 U.S.C. 252), to increase the basic allowance for quarters of members of the uniformed services, and for other purposes."

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. ARENDS. Mr. Speaker, reserving the right to object, I wish the gentleman would explain these amendments, and I shall not object. I wish the gentleman would explain the changes and the differences between the House and Senate bills.

Mr. RIVERS of South Carolina. Mr. Speaker, the Senate amendment to H.R. 11221, a bill to increase the basic allowances for quarters for members of the uniformed services, contains four changes from the bill that passed the House.

First, the effective date of the House bill was October 1, 1962, and the effective date in the Senate amendment is January 1, 1963. Thus, there is difference in the first-year cost between the House bill and the Senate amendment of $72 million. The January 1, 1963, effective date in the Senate amendment will reduce the first-year cost by $72 million.

The House bill also made the Dependents Assistance Act permanent law. The Senate amendment eliminated this provision.

This law expires on July 1, 1963, and, thus, will have to be extended by the Congress next year, if it is to be extended.

The Senate amendment also added language which would preserve to the military Secretary concerned the authority to make final determinations regarding dependency and relationship for pay grades E–4—with over 4 years of service—through E–9. This is a technical amendment.

These are the only differences between the House bill and the Senate amendment.

I regret very much that the other body has seen fit to adopt a January 1, 1963, effective date even though there is a first-year reduction of $72 million.

Secretary McNamara, at a press conference earlier this year, stated:

> The fact that there has been no upward revision of the basic allowances for quarters in 10 years is a disgrace.

We agreed that this was disgraceful and would have insisted upon a July 1, 1962, effective date except that the Department witnesses indicated that they needed some time in which to make changes in the regulations.

However, the other body debated an amendment offered on the floor of the Senate to change the effective date from January 1, 1963, to October 1, 1962, and it was defeated.

Under these circumstances, it would appear that little would be gained by going to conference. The only issue involved is the effective date, and frankly I would rather be assured of an increase in January rather than risk the possibility that if the conferees could not reach agreement, there would be no increase whatsoever.

Under the circumstances, I hope that the House will agree to the Senate amendment to this bill in order that the patient members of the uniformed services may at least have the assurance of a long overdue increase in their quarters allowance, effective January 1, 1963.

Mr. ARENDS. Mr. Speaker, with that explanation I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

TO AUTHORIZE APPROPRIATIONS FOR THE ATOMIC ENERGY COMMISSION

Mr. ELLIOTT, from the Committee on Rules, reported the following privileged resolution (H. Res. 716, Rept. No. 1953), which was referred to the House Calendar and ordered to be printed.

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11974) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Joint Committee on Atomic Energy, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

TO PROVIDE FOR THE EXEMPTION OF FOWLING NETS FROM DUTY

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 6682) to provide for the exemption of fowling nets from duty, with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

The Chair hears none, and appoints the following conferees: Messrs. Mills, King of California, O'Brien of Illinois, Mason, and Byrnes of Wisconsin.

FREE IMPORTATION OF PERSONAL AND HOUSEHOLD EFFECTS

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 12180) to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders, which was unanimously reported favorably by the Committee on Ways and Means.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, reserving the right to object, may we have a brief explanation of this bill?

Mr. MILLS. If the gentleman will yield——

Mr. GROSS. I shall be glad to yield to the gentleman from Arkansas.

Mr. MILLS. Mr. Speaker, the purpose of the bill, which was reported unanimously by the Committee on Ways and Means, is to extend for 2 years, until July 1, 1964, the existing provisions of law relating to the free importation for personal and household effects brought into the United States by military and civilian personnel, returning to the United States under Government orders. In the absence of this legislation, these Government employees would have to pay duty on these household and personal effects.

Mr. GROSS. Does this include automobiles?

Mr. MILLS. Yes it does, but only automobiles for the personal use of the person to whom the exemption from duty applies. The gentleman understands that there were changes made in the military and civilian department regulations on automobiles. These regulations do not permit foreign-made automobiles to be transported back to the United States at Government expense. All of the expense of preparing the automobiles for shipment and other expenses involved in bringing them back is borne not by the Government but by the individual.

Mr. GROSS. Yes; but does this suspend the duty on the automobile as well?

Mr. MILLS. Yes, subject to the limitations provided by regulations. I think the gentleman from Iowa should understand that the denial of Government transportation does tend to discourage the purchase of foreign cars by U.S. personnel abroad. But automobiles are personal effects so they can come back to the United States free of duty. But the expenses of shipping the automobile, if it is of foreign make, must be borne by the individual. These expenses often amount to more than the duty.

Mr. GROSS. How does this affect the balance of payments?

Mr. MILLS. The tightening up of regulations governing the transportation costs were aimed at assisting our balance-of-payments situation. The gentleman may have in mind that prior to these regulations, there was a greater volume of purchases than there is now, and of course these purchases did tend to affect our balance situation.

You understand that a government person cannot bring an automobile back free of duty for somebody else. That situation cannot occur. The car or anything else, for that matter, must be for the use of the person coming back. Let us say that a soldier is assigned to a post in Germany. While there he buys a Volkswagen because he and his family decide they need a car. He may want to bring it back to the United States after his tour of duty. Now this is his car and it is part of his personal effects. In bringing it back, though we do suspend duty on its importation, we require that he pay all the cost of preparing the car for shipment and bringing it back. The cost of bringing automobiles back tends to discourage the importation of foreign automobiles by returning personnel.

Mr. GROSS. Is there anything to prevent the individual from selling his duty-free, foreign-manufactured automobile in this country?

Mr. MILLS. Yes. The car must be brought in for his personal use—if he sells it shortly after arrival, then his intentions would, of course, be suspect and there could be an action to collect the duties which were waived when he brought the car in. These importations are policed and followed into consumption by both the Department of Defense, the Bureau of Customs, and the other departments that are concerned with this law.

Mr. GROSS. What has been the experience with respect to enforcement of the law? Have there been any arrests or prosecutions?

Mr. MILLS. Yes. There were some four cases, I believe, in which there was apparent abuse, and action was taken in those four cases.

Mr. GROSS. Only in four cases?

Mr. MILLS. It is my recollection that those were the only cases in which there was any evidence of what the gentleman is referring to.

Mr. GROSS. How many automobiles come into this country each year under this procedure? Can the gentleman give us any idea?

Mr. MILLS. I do not have that information as to the exact number, but it would be a very small number. We are dealing here primarily with household effects, those things that the gentleman and I normally refer to as household effects, that he and I would acquire in living about. We are not talking about situations that did occur under the suspension of duty which occurred some years ago. This privilege of free importation is much better policed today; there is much tighter administration of it. There are reporting requirements which help us in Congress to keep up with what is transpiring, what is taking place, under this privilege.

Mr. GROSS. Mr. Speaker, in view of the approval by the House yesterday of the free-trade bill, I am sure that in the not distant future, foreign automobiles will be coming into this country freely. It is only a question of time, anyway, until we will have them coming in practically free of duty. So why worry about a comparatively few automobiles coming in under this law when there will probably be a deluge of them rammed right down the throats of the autoworkers in this country?

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (b) of the first section of the Act entitled "An Act relating to the free importation of personal and household effects brought into the United States under Government orders, and for other purposes", approved June 30, 1955 (Public Law 126, Eighty-fourth Congress; 69 Stat. 242), as amended, is amended by striking out "July 1, 1962" and inserting in lieu thereof "July 1, 1964".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. Mason] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MASON. Mr. Speaker, I join in recommending the passage of H.R. 12180. This bill extends the privilege of the members of our Armed Forces to bring back to the United States their personal goods and household effects free of duty. I am advised that this privilege, which really costs the Government very little, if anything, has greatly contributed to the morale of those serving overseas.

I also realize that from time to time claims have been made on the abuse of the privilege by some. If there is any such abuse it should be taken care of by administrative action. We should not penalize everyone because of the actions of a few. Accordingly, I recommend that the bill be favorably considered by the House.

Mr. MILLS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, the purpose of H.R. 12180, which was reported unanimously by the Committee on Ways and Means, is to extend for 2 years, until July 1, 1964, the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders.

This bill will extend the present free-entry privilege for household and personal effects of any person returning to the United States under Government orders for a period of 2 additional years, until July 1, 1964. This free-entry privilege has been in effect since 1942.

The effect of this duty-free importation privilege is to avoid the imposition of undue administrative burdens upon persons evacuated to the United States, and constitutes an important morale factor and inducement to oversea service.

In view of the continued presence in many parts of the world of members of the Armed Forces of the United States, it is the opinion of your committee that there is need for continuation of the exemptions from duty of personal and household effects brought into the United States under Government orders. The basic legislation is safeguarded from abuse not only by restrictions contained in the act but also by appropriate regulations issued by the Treasury Department, the Department of State, and within the Department of Defense. In particular, attention is invited to the fact that Public Law 126 of the 84th Congress conferred specific authority upon the Secretary of the Treasury to provide safeguarding regulations with regard to alcoholic beverages and tobacco products, which has been done.

The Departments of Defense and State recommended the passage of legislation continuing the existing free-entry privilege with regard to personal and household effects brought into the United States under Government orders. Both agencies consider that the continuance of this exemption is important both in the inducement of getting people to serve abroad and also in contributing to the morale of U.S. personnel on duty outside the customs territory of the United States.

THE LATE CHARLES F. GOLD

Mr. WHITENER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. WHITENER. Mr. Speaker, I was deeply saddened this morning to learn of the passing last evening of my close personal friend and constituent, Hon. Charles F. Gold, commissioner of insurance for the State of North Carolina.

Charlie Gold, as he was affectionately known by his countless friends, passed away in his home town of Rutherfordton, N.C. Although he was taken from among us in the prime of his life, he has left behind a distinguished record of public service to the people of his home community and to his State.

After service in the U.S. Army during World War II he came to Washington as the administrative assistant to one of my distinguished predecessors in the Congress, the late Alfred L. Bulwinkle. He was subsequently elected to the North Carolina State Senate, and after a great record of service to his people in that capacity, he became commissioner of insurance for the State of North Carolina.

Charlie Gold was a quiet, unassuming man of sterling character and deep religious conviction. He got the greatest enjoyment out of life in doing things for other people.

I never knew a finer man nor a more dedicated person than Charlie Gold. In the days to come I shall miss his warm friendship, his kind disposition, and his wise counsel.

Mrs. Whitener and I extend to his wife, his mother, and his children our deep condolences in their great loss. Although they have lost a devoted husband, son, and father, they can take comfort in the words of Him who said:

> In my Father's house there are many mansions: if it were not so I would have told you. I go to prepare a place for you.

THE PEACE CORPS—AMERICA'S SHIRTSLEEVE AMBASSADORS OF GOOD WILL

Mr. JOELSON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey.

There was no objection.

Mr. JOELSON. Mr. Speaker, recently the Peace Corps sent its 1,000th volunteer into the field. This makes it an appropriate time to measure the accomplishments of this agency during the comparatively short time of its existence.

The success of the project can best be attested to by the fact that in all the countries where there presently are Peace Corpsmen the leaders of these countries are asking that their numbers be substantially increased. These dedicated young people are indeed shirtsleeve ambassadors of good will for the United States.

In 16 nations of Africa, South America, and Asia, these men and women are in the fields and in makeshift hospitals demonstrating to the people that the picture of the soft, materialistic, ugly American painted by the Communists is a false one.

Much praise is due to Sargent Shriver, the dynamic and effective head of the organization. However, Mr. Shriver would be the first to acknowledge that the keys to the success of the operation are the realistically idealistic young persons who serve as teachers in Nigeria, bridge builders in Pakistan and in other hard-working capacities throughout the world for $75 a month plus very modest living expenses.

During the Congressional debate on the establishment of the Peace Corps the organization was cynically referred to as an "international gimmick." Recently the previous President of the United States referred to it as the "kiddie corps." Despite these harsh appraisals the people of the United States should take their hats off to these soldiers of peace. They constitute America's finest.

THE SUPREME COURT SCHOOL PRAYER DECISION

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, along with many of our colleagues I am deeply troubled over the Supreme Court decision regarding school prayers. But every day I am becoming increasingly hopeful that the Court's interpretation of the Constitution in the New York school case will not be given broad application. If it is, it will fit too closely the Soviet pattern of indoctrination of young people against religion. I have been greatly reassured through editorial comment and learned legal discussion which I have read in recent days that the High Court's decision probably is not as sweeping as I feared in my initial reaction.

I am greatly encouraged to note growing opinion that the Court's edict with respect to prayer in the public schools means only that no State or other branch of government can direct the utterance of a prayer. It does not appear that there is any bar to prayer on a purely voluntary basis, just so long as a given prayer exercise has not been officially promulgated by an arm of government.

Of course, the Constitution means what the Supreme Court says it means. But I am heartened by the belief that, in this instance, the Court did not say the Constitution forbids all religious practices in public schools. I do not believe that either the Founding Fathers or the members of the Supreme Court in their recent opinion meant to say that schoolchildren cannot sing the Star-Spangled Banner, which mentions God; did not mean to forbid schoolchildren from participating in Christmas observances; did not mean to forbid schoolchildren from reciting the Declaration of Independence, with its references to the Deity; and did not mean to forbid schoolchildren to take part in the pledge of allegiance to the flag, with its use of the words "under God."

All of these activities of schoolchildren are, of course, purely voluntary. If my understanding of the Supreme Court's decision is correct, they are permitted to be continued on that voluntary basis. That being the case, I cannot see any bar whatsoever to the participation of schoolchildren in voluntary prayer. It is impossible for me to believe that the Court said, on the one hand, "You must not pray in school," and at the same time told them it would be all right for them to continue to carry on their traditional exercises of song and recitation with mention of God.

Of course, we are told that the American Civil Liberties Union is planning a nationwide drive against all religious practices in public schools, including Christmas observances, Bible reading, recitation of the Lord's Prayer, and baccalaureate services.

Let us pray that the Supreme Court will not accede to such an atheistic program as that. It sounds like something that could have been dreamed up in the Kremlin. God help the United States of America if the Court ever interprets the Constitution that way.

FOURTH OF JULY CELEBRATIONS IN AMERICAN EMBASSIES

Mr. BECKER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BECKER. Mr. Speaker, I do not know under what policy, or what foreign policy, orders have been issued for the second year, that there shall be no celebration on July 4, our Independence Day, by our embassies and consulates all over the world. We are told, perhaps, that not enough money is provided for our foreign embassies in order to help carry out these celebrations. Yet, when employees and officials and citizens abroad desire to put up the money themselves, the little money that is needed, they are told that they cannot even use the embassy grounds or the embassy quarters as a place in which to carry out the celebration of the greatest day in the U.S. history, the signing of our Declaration of Independence. I think we have reached a state of confusion in our thinking, when we have reached the point in our foreign policy, to prohibit the celebration of Independence Day. Perhaps, sometime we may have some kind of policy order to explain why.

Mr. BROWN. Mr. Speaker, will the gentleman yield?

Mr. BECKER. I yield to the gentleman.

Mr. BROWN. Has the gentleman investigated to learn whether or not the Supreme Court may not have declared it unconstitutional to celebrate the Fourth of July, our Independence Day?

Mr. BECKER. I am afraid from the decision that they rendered the other day with respect to prayer in our schools, they are liable to do that one of these days.

The SPEAKER. The time of the gentleman has expired.

CALL OF THE HOUSE

Mr. HALL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The gentleman from Missouri makes a point of order that a quorum is not present. Evidently, a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 136]

Addonizio
Alford
Alger
Anfuso
Bailey
Baker
Betts
Blitch
Bolton
Bonner
Bromwell
Buckley
Burke, Ky.
Carey
Casey
Celler
Coad
Corman
Curtis, Mass.
Davis, Tenn.
Edmondson
Farbstein
Fino
Fisher
Flood
Fogarty
Frazier
Glenn
Granahan
Green, Pa.
Halpern
Hansen
Harrison, Va.
Hiestand
Hoffman, Mich.
Horan
Jones, Ala.
Karth
Kearns
Keogh
Kilburn
Kowalski
Kyl
Landrum
Loser
McSween
McVey
Mailliard
Martin, Mass.
Meader
Miller, George P.
Moss
Multer
Nygaard
Osmers
Pilcher
Powell
Rains
Reece
Reuss
Rogers, Tex.
St. Germain
Santangelo
Saund
Schwengel
Scranton
Slack
Spence
Steed
Stratton
Stubblefield
Thompson, La.
Tollefson
Walter
Yates
Zelenko

The SPEAKER. On this rollcall, 357 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PROHIBITING TRANSPORTATION OF GAMBLING DEVICES

Mr. COLMER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 698 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1658) to amend the Act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Interstate and Foreign Commerce now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. COLMER. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH] and pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 698 provides for the consideration of S. 1658, a bill to amend the act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce. The resolution provides for an open rule with one hour of general debate.

S. 1658 would amend the act of January 2, 1951, generally referred to as the Johnson Act, which prohibits the shipment of slot machines and other gambling devices into any State, unless the State, by law, has specifically exempted itself from the act. The purpose of the act was to lessen the revenue accruing to crime syndicates which were in control of the operation of substantial numbers of these devices, and to assist the States in enforcing their laws which make the possession, sale, or use of such gambling devices illegal.

Eleven years of experience in the enforcement of this law show that there are serious inadequacies in it which must be corrected. New gambling machines have been developed which are controlled by syndicated crime, but which are not subject to the provisions of the Johnson Act because they are not coin-operated, do not pay off directly or indirectly, and do not have a drum or reel as in the conventional slot machine—as described in the act. Principally they are pinball machines which afford players an opportunity if certain combinations are achieved to register a great number of free games, in some instances up to 999 free games. The odds on these machines may be changed by inserting more money into the machine or increase the number of balls that can be played by inserting more money. The free games can be played off or they can be eliminated from the machine. The number of accumulated free games eliminated from the machine are recorded by a meter and payment to the player for the number of free games canceled is made by the proprietor of the establishment or by his agent.

The bill would broaden the definition of the term "gambling device" in the Johnson Act so as to include such pinball machines and any other mechanical devices which are designed and manufactured primarily for use in connection with gambling and which when operated may deliver as a result of the application of an element of chance any money or property, either directly or indirectly.

Section 3 of the Johnson Act is rewritten so as to enable the Department of Justice to enforce the act more effectively by allowing it to ascertain who is involved in trafficking in gambling devices.

The bill will assist the States to enforce their laws and to combat organized crime.

Mr. Speaker, I urge the adoption of House Resolution 698.

Mr. SMITH of California. Mr. Speaker, as stated by the distinguished gentleman from Mississippi [Mr. COLMER], House Resolution 698 is an open rule providing for the consideration of the bill S. 1658, with 1 hour of general debate.

Back in 1951 the Congress passed a bill referred to as the Johnson Act, which made it illegal to transport from one State to another slot machines and certain other coin-operated gambling devices. It is interesting to note that at the time that particular law was passed an exemption was made so that if a State legislature declared gambing in a particular State to be legal, then the Federal statute does not cover that, or make it a crime to transport such equipment to that State. The bill under consideration here amends the present statute, and it will add that—and I read:

> Any other machine or mechanical device (including, but not limited to, roulette wheels and similar devices) designed and manufactured primarily for use in connection with gambling, and (A) which when operated may deliver, as the result of the application of an element of chance, any money or property, or (B) by the operation of which a person may become entitled to receive, as the result of the application of an element of chance, any money or property.

Certain claw machines and machines operated in connection with bowling or the like where they operate the machine itself, where there is not any chance of getting money or property by winning therefrom, are exempted from this statute.

I know of no objection to the rule. I assume the bill will pass very readily. But as a former law enforcement officer I cannot help but state that, in supporting a measure like this, I do so with my tongue in my cheek because when you are passing Federal law it seems to me it should apply to all citizens. The police power is reserved to the States. We are going ahead in interstate commerce and passing a law. It seems to me it should be just as much a crime to transport these machines to any State, without giving the State the right to say gambling is legal, so that one State could say it is not a crime if this equipment is transported into that particular State.

I do not expect this is going to accomplish the conviction of a large number of people, nor will it stop crime to a large extent. We have a White Slave Traffic Act on the books, known as the Mann Act, which makes it illegal to transport women interstate for the purpose of prostitution, debauchery, or other immoral purposes. So if we carry out the theory of the pending bill, a State could make prostitution legal, and the White Slave Traffic Act would not apply. So girls could be transported into that State without violating the Federal law. This seems inconsistent to me. I doubt that we are going to stop much crime by this law. However, the Attorney General has asked for it and I personally will vote for it, but I do not think there will be any earth-shaking conclusion reached if we pass this bill.

Mr. Speaker, I yield 3 minutes to the gentleman from Florida [Mr. Cramer].

Mr. CRAMER. Mr. Speaker, this is one of a number of antiorganized crime bills which the Attorney General requested last year, the new Attorney General, Robert Kennedy, and which were also requested, many of them, by the previous Attorney General in 1960, including this bill which I introduced in 1960 but was unable to get action on.

Last year, some four bills were passed of great importance, dealing with the field of organized crime and giving to the law enforcement authorities of this Nation the power to do something effective in fighting syndicated gambling and syndicated gangster activities that are known to exist and have been found to exist by the committees of this Congress. This bill is one of the tools that the Attorney General asks for and that the House Committee on Interstate and Foreign Commerce saw fit to vote out. I had the privilege of testifying on the bill before the committee, having this session introduced an omnibus bill including these measures in an effort to do something about organized crime in this country. This is one of the tools that is necessary in order to root out this more than $20 billion illicit take by syndicated national gangsterism. As I pointed out on the floor of this House before, last year the prohibition against traveling in interstate commerce for the purpose of perpetrating a crime of the nature in which organized gangster activities are involved was passed. And in supporting that bill I pointed out that in the last 30 years there have been some 23 sawed-off shotgun or ganster-type murders in Tampa, Fla., in my district, and the objective of prohibiting travel in interstate commerce was to give the Attorney General authority to investigate in these instances where organized crime appeared to be involved, in that the Attorney General did not have such authority according to his own rulings prior to that time. Other bills passed are hereafter listed:

Public Law 87-368: H.R. 468 (my bill, H.R. 3023)—approved October 4, 1961 amending section 1073 of title 18—extends the Fugitive Felon Act to cover all crimes by clarifying crimes and offenses—flight to avoid prosecution or giving testimony.

Public Law 87-216: S. 1656 (my bill, H.R. 3022)—approved September 13, 1961 amending chapter 50 of title 18—makes it a Federal crime punishable by $10,000 fine and/or 2 years imprisonment to lease, furnish, or use wire communications facilities for the transmission of gambling information.

Public Law 87-218: S. 1657 (my bill, H.R. 3246)—approved September 13, 1961 amending chapter 61 of title 18—prohibits the interstate transportation of wagering paraphernalia and prescribes a fine of $10,000 or imprisonment for 5 years or both.

Public Law 87-228: S. 1653 (title XI, my bill, H.R. 6909)—approved September 13, 1961 amending chapter 95 of title 18—makes it a Federal crime to travel or use any facilities in interstate commerce in aid of racketeering enterprises.

Public Law 87-486: H.R. 3247, Cramer bill—approved June 19, 1962 amending section 2385 of title 18—to clarify the definition of the term "organize" as used in the Smith Act of 1940, which outlaws conspiracy to overthrow the Government of the United States.

I think this is a good bill also, and I ask for its adoption.

Mr. COLMER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

Mr. HARRIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1658) to amend the act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, S. 1658, with Mr. Lane in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas [Mr. Harris] is recognized for 30 minutes and the gentleman from Illinois [Mr. Springer] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Arkansas [Mr. Harris].

Mr. HARRIS. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the bill S. 1658, as reported by the Committee on Interstate and Foreign Commerce, would amend the act of January 2, 1951, which is generally referred to as the Johnson Act which relates to the transportation of slot machines and certain other coin-operated gambling devices in interstate commerce.

This legislation has been recommended by the Attorney General of the United States, the Honorable Robert F. Kennedy, as part of the Justice Department's legislative program to combat organized crime and racketeering.

EXPLANATION OF BILL

In 1951 the Congress passed legislation known as the Johnson Act—Public Law 81-906—to outlaw slot machines; that is, the "one-armed bandits," and similar gambling devices by prohibiting the use of the channels of interstate or foreign commerce for the shipment of such machines or devices to State where they were prohibited by law.

However, this law did not cover what is referred to as certain pinball machines, roulette wheels, and other similar mechanical devices designed for use primarily in gambling. At our hearings, the committee was advised that the profits from such gambling are huge and they are the primary source of funds which finance organized crime all throughout the country.

The pending legislation would broaden the definition of gambling devices contained in the Johnson Act in order to extend the provisions of that act to additional gambling devices not now covered, namely, machines and mechanical devices—including, but not limited to, roulette wheels and similar devices—designed and manufactured primarily for use in connection with gambling, and first, which when operated may deliver, as a result of the application of an element of chance, any money or property, or second, by the operation of which a person may become entitled to receive, as the result of the application of an element of chance, any money or property.

Exempted from the legislation are:

First. Machines and mechanical devices designed and manufactured primarily for use at a racetrack in connection with parimutuel betting.

Second. Machines and mechanical devices such as coin-operated bowling alleys, shuffleboards, marble machines—so-called pinball machines—and mechanical guns, which are not designed and manufactured primarily for use in connection with gambling, and, first, which, when operated do not deliver, as a result of the application of an element of chance, any money or property; or second, by the operation of which a person may not become entitled to receive, as the result of the application of an element of chance, any money or property.

Third. So-called claw, crane, or digger machines which are not operated by coin, are actuated by a crank, and are designed and manufactured primarily for use at carnivals or county or State fairs.

In other words, machines and mechanical devices which are not designed and manufactured primarily for use in connection with gambling are not covered by the bill.

Section 2 of the present statute—15 U.S.C 1172—prohibits the transportation of slot machines and certain other coin-operated machines and their parts into a State or subdivisions thereof unless the legislature of that State has enacted legislation specifically exempting that State or such subdivisions from the provisions of this law. Only the State of

Nevada has enacted legislation exempting it from the provisions of the act. The bill would amend this section to make it inapplicable to gambling devices which are used or designed for use at, and transported to, licensed gambling establishments where betting is legal under applicable State laws.

There is no prohibition in the bill against the exportation of any gambling device to any foreign country.

The bill would revise the present registration and marking provisions of the Johnson Act. Under present law, only an inventory and record of sales or deliveries must be filed with the Attorney General by certain manufacturers of and dealers in gambling devices. Under the bill every manufacturer of a gambling device whose activity in any way affects interstate or foreign commerce would be required to register annually with the Attorney General prior to engaging in the manufacture of such device, without regard to whether the device moves in interstate or foreign commerce. Similar registration requirements would be imposed on anyone who engages in the business of repairing, reconditioning, buying, selling, leasing, using, or making available for use by others any gambling device, if in such business he sells, ships, or delivers, such a device knowing that it will be introduced in interstate or foreign commerce or if he buys or receives such a device knowing that it has been transported in interstate or foreign commerce.

Each registrant must set forth his name, trade name, place of business, the place where the required records are to be maintained, and the type of activity requiring registration which he intends to engage in during the calendar year.

Each manufacturer of a gambling device must number seriatim each gambling device manufactured by him and permanently affix on the device in a place clearly visible the number and name of the manufacturer and the date of manufacture. Subassemblies and essential parts intended for use in such machines or devices must similarly be identified, if their size permits.

Each registrant must maintain a record of each gambling device, properly identified, which was, first, manufactured, purchased, or otherwise acquired by him; second, owned or possessed by him or in his custody; and, third, sold, delivered, or shipped by him.

The record must also show the name and the address of the person from whom the device was purchased or acquired and to whom it was sold and the consignee. The name and address of the carrier must also be recorded.

Records must be kept for at least 5 years and agents of the Federal Bureau of Investigation shall have access to and the right to copy any records required to be kept by this legislation. Production of these records may be compelled and a grant of immunity given if the privilege against self-incrimination is asserted. The purpose of the recordkeeping provision is to enable the Attorney General to trace the shipment of any gambling device from its origin to final destination in order to determine whether the provisions of the act have been violated.

Violations are punishable by a fine of not more than $5,000 or imprisonment for not more than 2 years, or both.

NEED FOR LEGISLATION

The Johnson Act prohibits the shipment of slot machines and other gambling devices into any State, unless the State, by law, has specifically exempted itself from the act. The purpose of the act was to lessen the revenue accruing to crime syndicates, which, according to testimony before the committee during the 81st Congress, were in control of the operation of substantial numbers of these devices, and to assist the States in enforcing their laws which make the possession, sale, or use of such gambling devices illegal.

The gambling devices now covered by the Johnson Act are first, slot machines and other machines and mechanical devices, an essential part of which is a drum or reel with insignia thereon, which when operated may deliver as a result of the application of an element of chance any money or property or which may entitle the player to receive money or property; second, machines and mechanical devices designed and manufactured to operate by means of insertion of a coin, token, or similar object, and designed and manufactured so that when operated they may deliver, as a result of the application of an element of chance, any money or property; and third, subassemblies or essential parts of such machines and devices.

Eleven years of experience in the enforcement of this law show that there are serious inadequacies in it which must be corrected. New gambling machines have been developed which are controlled by syndicated crime, but which are not subject to the provisions of the Johnson Act because they are not coin-operated, do not pay off directly or indirectly, and do not have a drum or reel as in the conventional slot machine. Principally they are pinball machines which afford players an opportunity, if certain combinations are achieved, to register a great number of free games, in some instances up to 999 free games. These machines usually have a mechanism whereby the player can change the odds merely by inserting more money into the machine or increase the number of balls that can be played by inserting more money. These free games can be played off or they can be eliminated from the machine by pressing a button or lever. The number of accumulated free games eliminated from the machine are recorded by a meter and payment to the player for the number of free games canceled is made by the proprietor of the establishment where the gambling machine is located or by his agent.

The bill broadens the definitions of the term "gambling device" in the Johnson Act so as to include such pinball machines and any other mechanical devices which are designed and manufactured primarily for use in connection with gambling and which when operated may deliver as a result of the application of an element of chance any money or property, either directly or indirectly.

Pinball and other machines, intended for amusement only, which award a limited number of free plays that are not convertible to money or other things of value, are not covered by this legislation.

The bill also rewrites section 3 of the Johnson Act in order to resolve certain questions raised by the Supreme Court of the United States in *United States* v. *Five Gambling Devices* (346 U.S. 411 (1953)). As rewritten, this section enables the Department of Justice more effectively to enforce the act by allowing it to ascertain who is involved in trafficking in gambling devices.

As in the case of the original Johnson Act, the bill will assist the States to enforce their laws and to combat organized crime. The Department of Justice has informed the House Committee on Interstate and Foreign Commerce that the proceeds from the operation of gambling devices, particularly from pinball machines designed and manufactured for gambling, is one of the financial mainstays of organized crime. Racketeers have infiltrated to a greater or lesser extent all phases of the gambling industry including manufacturing, distribution, ownership of gambling devices, and ownership of the locations where such devices are placed. Primarily because of the inhibitory effect of the Johnson Act on the interstate distribution of slot machines, the racketeers have concentrated their efforts largely upon developing pinball machines as gambling devices because they are not covered by existing provisions of the act.

As has been said already this legislation is recommended by the Attorney General of the United States as a part of the program of the Justice Department to combat organized crime and racketeering in the country. As was stated by the gentleman from Florida, this is part of a package program which the Attorney General has recommended to strengthen the arm of the enforcement officers in their effort to combat organized gambling and syndicated crime.

The Attorney General under the previous administration also recommended this proposal.

As the gentleman from Florida stated, several of the recommendations have already been passed and are part of the law of the land today.

This bill is one that relates primarily to gambling devices. It becomes a little bit more complicated than some of the other recommendations to combat organized crime because of technicalities, and the many devices involved here. There is a fine distinction, in some instances, between a machine or device that is intended for gambling and one that is intended for amusement. That makes the problem a little more difficult to resolve.

To give you a little background let me recall that in 1951 the Congress decided, after recommendations from the Department of Justice and many other people throughout the country, to outlaw completely the interstate shipment of what we refer to as the "one-armed bandits," that is, the old slot machines, unless a State enacted legislation specifically exempting itself from this law. The language of this law, however, refers specifically to slot machines and machines which were designed and manufactured to operate by means of insertion of a coin or token and which, when operated, may deliver, as a result of the application of an element of chance, any money or property.

It does not cover any other mechanical devices regardless of the fact that such devices are being use for gambling that would even outdo the slot machines. And whenever you devise a machine that can outdo the slot machines, the old one-armed bandits, then the ingenuity of the mind has gone mighty far, as you know. But that is exactly what has happened. We had some of these machines set up in the committee for demonstration purposes.

I know there are differences of opinion among the legal authorities about some of those machines. Nevertheless, with the explanation we had from those familiar with them and who operate them—and we saw them set up and operated—I will say, very frankly that the multiple-coin electrically operated machine is something to behold.

Because of what has happened in this field during these 11 years, and the limitations of the law, the Department of Justice feels it is unable to combat certain syndicated and organized gambling, unless their authority is strengthened to deal with this type of operation. That is what we tried to do here.

We broadened the definition of gambling devices contained in the Johnson Act in order to extend the provisions of that act to additional gambling devices that are not covered, as I explained. That is the kind of machines and mechanical devices designed and manufactured primarily for use in connection with gambling and when operated may deliver, as a result of the application of the element of chance, money or property, or by the operation of which a person may become entitled to receive, as a result of the application of the element of chance, money or property.

There are certain exemptions, such as machines and mechanical devices designed and manufactured primarily for use at a racetrack in connection with parimutuel betting. This is recognized as being in line with the action taken by a majority of the legislatures in the country. They are not used by organized crime. Then there are machines and mechanical devices, such as coin-operated bowling alleys, shuffleboards, marble machines, and mechanical guns, which are not designed and manufactured primarily for use in connection with gambling and when operated do not deliver, as the result of the application of any element of chance, any money or property.

The third exemption covers the so-called claw, crane, or digger machines which are designed and manufactured primarily for use at carnivals or county and State fairs.

If the Members will get a copy of the bill, and if they have any questions about it, I think I can very quickly refer to the crux of this proposal. There have been a great many questions on the part of many Members and many interested parties as to what this bill would do.

I would refer, Mr. Chairman, to the language of the bill itself. You must, in the determination and interpretation of this question, keep your mind on this particular section.

Mr. Chairman, the heart of this bill is in paragraph 2, in the first section of the bill. Let me read it to you:

> Any other machine or mechanical device (including, but not limited to, roulette wheels and similar devices) designed and manufactured primarily for use in connection with gambling.

You have to have those two elements. The manufacturing concern has got to design and then make this machine primarily for use in connection with gambling. In other words, if a manufacturer designs and manufactures a machine primarily for amusement purposes and not in connection with gambling, it does not come under the provisions of this language.

Now, there are two other things that go with it:

> And (A) which when operated may deliver, as the result of the application of an element of chance, any money or property, or (B) by the operation of which a person may become entitled to receive, as the result of the application of an element of chance, any money or property.

Now, we talk about the effect of all these provisions and sometimes we forget about the heart of the bill. Let me remind you that when people start talking about how this bill would affect a pinball machine or a bingo game or any number of such devices that are designed and manufactured primarily for use as amusement machines, and so forth, the bill does not apply to such games.

We have heard a lot about the Attorney General being given unlimited authority. Actually, the Attorney General is given authority in this matter only as is stated in this paragraph.

Now, if we want to get down to it and say that we want to permit just a little gambling, then we must argue and discuss it some, because this is not one of those things where you can say that we are going to permit just enough of it so that we can get by with it. You cannot design legislation to separate that kind of activity. You cannot say: "Put your foot in the water up to your ankle, and to that extent it is all right, but if you are going into it up to your knee, it is not all right." We cannot do it.

We took the legislation presented to us and rewrote it completely and improved it, in my judgment. I considered an amendment which I submitted to the Justice Department that would make it unlawful to transport any gambling device in interstate commerce to any place in a State where the possession or use of such gambling device is unlawful. The Attorney General came back with an explanation as to what this amendment would do. I saw from the information that he submitted to us that it would hamper the Department in its effort to control this kind of recognized gambling. I had to give up on it, because we might as well have no bill at all if that amendment were adopted.

I asked the attorney general of my own State to send me the provisions of the law applicable to these machines, and I say to you that I am confused about what the law is in my home State with respect to certain types of machines. In many other States, you have the general law applicable, on the one hand, and then you have other laws saying that certain machines would be taxed $10 or $50, or whatever it might be.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. HARRIS. Mr. Chairman, I yield myself 5 additional minutes. I want to make this record clear.

Mr. Chairman, consequently, we have a situation where there are certain machines which, strictly speaking, are considered in certain jurisdictions and by certain court interpretations as illegal in that State, and you have the same State taxing them and collecting a license fee. We have some States in which there is no law with reference to them or any statutes on them, but there are decisions of the court with reference to them.

Mr. Chairman, we have other States where there are certain decisions of the court that are somewhat contrary to what seems to be the intent and purpose of the statute. So the situation is very confused and I think the Attorney General was correct when he said "If you did what you suggest, we might as well have no bill at all."

Consequently, I could not do anything but agree with the Attorney General when I saw what the facts were.

Mr. Chairman, we have exempted certain types of machines that are traditionally used in connection with State fairs, carnivals, and matters of that kind, but actually that exemption needs broadening a little bit. The State fair managers, only in the last day or two, contacted me about it, and they say that the only machine that is exempted is the old claw-type machine, which is purely used for amusement and nothing else. They would like to have the exemption broadened to cover other types of machines of a similar nature. I think, perhaps, they are right about it. But we did not know about it at the time. We will consider that probably at a later time, perhaps, in conference.

I am trying to explain what the committee has done in connection with this bill in order that you may know that the committee has tried to work out a bill giving the Attorney General the authority that he needs to deal with this kind of illegal operation. At the same time the committee has recognized the importance of some kinds of amusement-type operations within communities and within States, and has tried to recognize that kind of operation where we could, without going contrary to the main purposes and intent of the legislation.

Mr. Chairman, I think we have as good a bill as we could get under the circumstances.

Mr. PELLY. Mr. Chairman, would the distinguished chairman of the Committee on Interstate and Foreign Commerce yield?

Mr. HARRIS. I would be glad to yield to the gentleman from Washington, who appeared before the committee and explained the dilemma in his own State. His was one of the jurisdictions to which I referred a moment ago.

Mr. PELLY. I certainly want to compliment the gentleman on his explanation of the bill. The gentleman knows that in the report—and I think specifically in the third paragraph on page 6—it reads as follows:

> Pinball and other machines, intended for amusement only, which award a limited number of free plays that are not convertible to money or other things of value, are not covered by this legislation.

Am I right in inferring that the committee's intention is that an amusement device shall be defined as only that device which registers free plays?

Mr. HARRIS. If it is a machine or mechanical device that registers free plays and there is to be no money or property given in exchange for the free plays, that machine or device would be for amusement and, therefore, it would not come within the provision of this legislation.

I want to say this: The Attorney General was very frank. He said he was trying to get at machines which were designed and manufactured primarily for use in connection with gambling which were being used by organized or syndicated crime. I go back to the basic principle involved here; namely, the purpose for which the machine was designed and manufactured. If someone else converted it to a different thing then that does not hold the manufacturer liable.

The Attorney General said that very likely there are instances in which there might be a prize given. He named certain types of prizes, such as a hat, or something of that kind, which he would not consider to be an illegal operation.

Mr. PELLY. Mr. Chairman, if the gentleman will yield further, I take it, then, that a free play is not considered a thing of value?

Mr. HARRIS. Not in itself, unless the player could convert a free play to a thing of value. If a machine was designed and manufactured for a particular purpose contrary to the statute and as the result of the free play you could collect money or property, I would say that machine would be prohibited from shipment in interstate commerce, unless the State specifically exempted itself from this law.

Mr. PELLY. Mr. Chairman, if the gentleman will yield for one more question, what I would like to have in the RECORD, because I think it would be helpful to some of us from States where we are confused as to the situation, is what does the committee consider a limited number of free plays?

Mr HARRIS. There was discussion in the committee, and I believe in the course of the hearings there was some reference made to a machine, for an example, which could register up to 99 free plays and an opinion was expressed that probably such a machine would be considered in the category of the amusement type of operation; and if it went over that it would be considered a type that was in violation of this act. We cannot say categorically that that is true.

Mr. PELLY. Then who is going to determine that? Will we have to take 3½ years to go to the Supreme Court to decide that, or cannot the committee spell out pretty clearly its judgment on that point?

Mr. HARRIS. In my judgment the committee has tried to spell it out as clearly and as positively as it could, when it stated in the report that pinball and other machines intended for amusement only which awarded a limited number of free plays not converted to money or other things of value are not covered by this legislation.

I believe you cannot say it any plainer than that.

Mr. PELLY. I thank the gentleman, and again I want to compliment him on the explanation he has made. The gentleman has been very helpful, as far as he could go. I called the Attorney General's Office and asked whether the original bill that they proposed would affect my State, and they said that they did not know. Then I went to the committee, and I must say I am still a little bit confused. But I think the gentleman has done a very good job.

Mr. HARRIS. In my judgment, from what the gentleman said in his testimony and from what others have said about that type of operation, some of the machines used in his State would be prohibited from moving in interstate commerce under this act. Some who are operating in the gentleman's State would come under the amusement exemption here. If the gentleman has in his State these elaborately devised multiple-coin-operated machines which pay a certain amount for canceled free plays and where you can run up the odds by putting in more money, I think everyone would have to say that that was, per se, a gambling machine.

Mr. PELLY. I thank the gentleman.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from New York.

Mr. LINDSAY. Mr. Chairman, I should like to ask the distinguished chairman of the committee whether or not the word "gambling" is defined anywhere in the bill.

Mr. HARRIS. For this purpose it is defined in the Johnson Act.

Mr. LINDSAY. How does the Johnson Act limit the word "gambling"? Does it tie it down in any particular way?

Mr. HARRIS. As it presently stands, the act defines a "gambling device" to include the one-armed bandit, the slot machine, and certainly other coin-operated machines. This bill would expand on the definition of "gambling device."

Mr. LINDSAY. The gentleman singled out paragraph (2) on page 7 of the bill where it says:

> Any other machine or mechanical device (including, but not limited to, roulette wheels and similar devices) designed and manufactured primarily for use in connection with gambling.

That means any machine or any device which is used in connection with gambling. So the only question I have is, What does "gambling" mean?

Mr. HARRIS. It does not mean only any machine designed and manufactured primarily for use in connection with gambling. We have to consider also clauses (A) and (B) in this paragraph.

Mr. LINDSAY. Would that include devices that are used for the transmission of information and other mechanical devices on the stock market?

Mr. HARRIS. No, it would not. We have already passed a bill that would preclude, I believe, the transmitting of gambling information by wire. The gentleman is familiar with that.

Mr. LINDSAY. That is right. I was just trying to make sure I understood clearly what the definition of gambling was.

Mr. HARRIS. I think most all States of the country have court decisions, but, in general, everybody knows what gambling is.

Mr. LINDSAY. There is no general definition in this bill or in the Johnson Act, I take it?

Mr. HARRIS. No, there is not.

Mr. LINDSAY. What are the criminal penalties that would be applied to this?

Mr. HARRIS. Anyone who violates any of the provisions of section 2, 3, 4, or 5 of this act, as amended, would be fined not more than $5,000 or imprisoned not more than 2 years, or both.

I do want to say this: The Attorney General will have to determine, in the initial instance, whether a particular machine has been designed and was manufactured primarily for use in connection with gambling. But the courts will have the final say as to whether or not his determination is correct.

Mr. LINDSAY. In other words, whether it is a gambling machine.

Mr. HARRIS. That is right.

Mr. LINDSAY. Has the committee considered attempting to draft a definition of the word "gambling" in order to establish some guideline?

Mr. HARRIS. I do not believe we have. I think that was accepted per se, and everybody seemed to understand what it is.

Mr. SPRINGER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think there was some misunderstanding with reference to this law. This is in reality an amendment to the Johnson Act. First of all, you have to understand that the Johnson Act covered only slot machines. Slot machines relatively are defined as follows: Gambling devices as prohibited under the Johnson Act could be defined as "slot machines and other machines and mechanical devices, which when operated may deliver as a result of the application of an element of chance any money or property or which may entitle the player to receive money or property; and second, machines and mechanical devices designed and manufactured to operate by means of insertion of a coin, token, or similar object."

Then the third thing prohibited by the Johnson Act was the subassemblies or essential parts of such machines and devices, which essentially are in the nature of a slot machine. That was the Johnson Act.

What we are doing today is amending the Johnson Act, or I should say including additional legislation in the Johnson Act which covers the matters requested by the Attorney General.

The committee bill broadens the definition of the term "gambling device" in the Johnson Act so as to include such pinball machines and any other mechanical devices which are designed and manufactured primarily for use in connection with gambling and which when operated may deliver as a result of the application of an element of chance two things, or either of them, money or property.

The first part under subsection (2) of the committee bill, (A), I think is very clear, as follows:

> Which when operated may deliver, as the result of the application of an element of chance, any money or property.

Section (B), which I think is just as important and generally not understood, as I take it here today from the questions that have been asked.

> (B) by the operation of which a person may become entitled to receive, as the result of the application of an element of chance, any money or property.

In other words, the machine itself does not deliver money or the property, but as the result of chance that is taken, he may be entitled to money or property separately from the machine.

That is essentially what this bill covers.

There is one thing further. The committee bill also rewrites section 3 of the Johnson Act in order to resolve certain questions raised by the Supreme Court of the United States in *United States* v. *Five Gambling Devices* (346 U.S. 441 (1953), the decision which was handed down in June 1953.

As rewritten, this section enables the Department of Justice more effectively to enforce the act by allowing it to ascertain who is involved in trafficking in gambling devices.

Now what is the major reason for this legislation? Is this because we have had somebody out in Colorado or somebody in Maine or somebody in Alabama or some attorney general raise this question, or some prosecuting attorney? That is important, but I think more than that it is the question that has been raised by the Attorney General giving these reasons:

> The Department of Justice has informed the committee that the proceeds from the operation of gambling devices, particularly from pinball machines designed and manufactured for gambling, is one of the financial mainstays of organized crime. Racketeers have infiltrated to a greater or lesser extent all phases of the gambling industry including manufacturing, distribution, ownership of gambling devices, and ownership of the locations where such devices are placed. Primarily because of the inhibitory effect of the Johnson Act on the interstate distribution of slot machines, the racketeers have concentrated their efforts largely upon developing pinball machines as gambling devices because they are not covered by existing provisions of the act.

That is another reason for this legislation.

Now I would like to answer the distinguished gentleman from California [Mr. SMITH] who raised the question a moment ago that these devices in this bill could be imported into States which allow gambling legally under the laws of the State. An example of that is the State of Nevada. I, personally, would have been willing to support legislation which would have prohibited that because it seems to me it is in the nature of our Government to prohibit whatever we believe, that is, whatever the Federal Government believes to be in the public interest, and I think the transportation of these devices in interstate commerce is against the public interest no matter to which State they may go. I, personally, would have supported that position on the bill in committee, but we could not get that out of the committee. What we bring you today is the only legislation that could be put through in the committee. The committee felt they were taking a step forward. I believe they have and I think we have substantially given the Attorney General all the authority he requested when he came before our committee to testify.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman.

Mr. LINDSAY. I just want to get clear in my mind how much this might cover. As I understand it, under subparagraph (2) and subparagraph (12)(b) the paragraph which the gentleman just read, the bill would cover any device at all that was used in connection with something that the Attorney General should call gambling. Is that not true under the language of this bill?

Mr. SPRINGER. Actually, if you want to be a constitutional lawyer about this, all this legislation does, may I say to the distinguished gentleman, is to define what is prohibited—that is all.

Mr. LINDSAY. Yes, but included in that definition conceivably, just to take an example, there could be a mechanical device that is used in connection with stock transactions in the event that the Attorney General should say that stock transactions constitute gambling.

Mr. SPRINGER. Stock transactions under the law are legal, I may say to the gentleman; that is not gambling and has not been so interpreted by any court. That is regulated by the Securities Exchange Commission, an agency of the Federal Government.

Mr. LINDSAY. In other words, this bill would not be operative in any State except insofar as the State has declared that sort of thing to be illegal under the head of gambling.

Mr. SPRINGER. The gentleman is partially right.

Mr. LINDSAY. In other words it does not purport to create any Federal substantive law on the subject of gambling.

Mr. SPRINGER. No. This prohibits the shipping of gambling devices. A gambling device is defined in the Johnson Act.

Mr. HARRIS. Yes, it is defined in the first section of the act of January 2, 1951.

Mr. SPRINGER. Would the chairman be good enough to read that for us?

Mr. HARRIS. I shall be glad to. This section, as it would be amended by this bill, would read as follows:

> (a) The term "gambling device" means—
>
> (1) any so-called "slot machine" or any other machine or mechanical device an essential part of which is a drum or reel with insignia thereon, and (A) which when operated may deliver, as the result of the application of an element of chance, any money or property, or (B) by the operation of which a person may become entitled to receive, as the result of the application of an element of chance, any money or property; or
>
> (2) any other machine or mechanical device (including, but not limited to, roulette wheels and similar devices) designed and manufactured primarily for use in connection with gambling, and (A) which when operated may deliver, as the result of the application of an element of chance, any money or property, or (B) by the operation of which a person may become entitled to receive, as the result of the application of an element of chance, any money or property; or
>
> (3) any subassembly or essential part intended to be used in connection with any such machine or mechanical device, but which is not attached to any such machine or mechanical device as a constituent part.

Mr. LINDSAY. I understand gambling devices are defined in that paragraph and I understand also mechanical devices intended to be used for gambling are defined.

Mr. SPRINGER. Paragraph 2 embraces any other machine or mechanical device provided it is used in fact for gambling. The bill does not become operative unless there is a specific area covered by this law.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. HARRIS. Neither the original bill nor this one attempts to define gambling as such, but it does define a gambling device. That is what we are trying to reach here today.

Mr. LINDSAY. I understand that, but what about a mechanical device which is used in connection with gambling under paragraph 2 here, not including a mechanical device which meets the definition of a mechanical device but is used in connection with stock exchange transactions, if the Attorney General says a stock exchange transaction is gambling——

Mr. HARRIS. Mr. Chairman, will the gentleman yield at that point?

Mr. SPRINGER. I yield.

Mr. HARRIS. I would say to the gentleman from New York that in order for a machine to be considered as a gambling device, other than the slot machine, of course, it would have to be designed and manufactured primarily for gambling and (a) which when operated may deliver, as a result of the application of an element of chance, any money or property, or (b) by the operation of which a person may become entitled to receive, as a result of the application of an element of chance, any money or property. I do not know of any devices that are used in connection with stock exchanges that would come within this definition of a gambling device.

Mr. LINDSAY. That would not include telephones? Where you drop a coin in a telephone, and call your broker? That would not be part of this? Do you follow me? I has nothing to do with communications devices?

Mr. HARRIS. Not at all, not at all.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. WAGGONNER. Under the definition of gambling device which was explained by the chairman of the committee would it apply to such devices as are found in clubrooms at golf courses, wherein slot machines are actually used to win golf balls? That would not be classified as a gambling device?

Mr. HARRIS. I think undoubtedly it would be, because if I deposit a coin and property or money is received as a result of the application of an element of chance I think it would be.

Mr. SPRINGER. The gentleman is talking about a machine or device. It is my opinion that that would be a gambling device covered by this legislation.

Mr. WAGGONNER. I thank the gentleman.

Mr. SPRINGER. I am sure the gentleman understands that the violation dealt with in this bill is the shipping of such devices in interstate commerce.

All that the Federal Government has the authority to do under this legislation is to prevent those devices or machines used for gambling from being transported in interstate commerce. Constitutionally the Federal Government can get jurisdiction only of violations in interstate commerce.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Texas.

Mr. WRIGHT. Perhaps this might in some degree clarify the concern expressed by the gentleman from New York. Gambling has been defined in most State statutes, and I believe in the Federal law, as consisting of three elements: Prize, chance, and consideration. A prize must be given, it must be won by chance, and some consideration must be paid for the chance. Is that not true?

Mr. SPRINGER. I think the gentleman has reduced it to the irreducible.

Mr. WRIGHT. In the situation presented by the gentleman from New York, I believe the courts would surely hold that the element of chance was not the dominating item, although some of us might feel in a generic sense there is chance in the stock market, but rather than chance the stock market is one of skill, to some extent. At least that surely, in my opinion, and I believe in the opinions of others, would be the ruling of the Court.

Mr. SPRINGER. May I say that securities and the exchange of those are subject to the Securities and Exchange Commission, an agency created by the Congress for the purpose of regulating and trading in stocks and bonds. That is, of course, legal under the law.

Mr. RIVERS of Alaska. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Alaska.

Mr. RIVERS of Alaska. A little while ago there was mention made of machines or devices purveying golf balls or other goods. Might there not be vending machines where the gambling element does not enter into it, and where there is no undue profit but simply vending machines, which would not come under this act?

Mr. SPRINGER. I can assure the gentleman we do not cover vending machines. The gentleman is talking about where you put a nickel in and a candy bar comes out?

Mr. RIVERS of Alaska. Yes.

Mr. SPRINGER. Or where you put 75 cents in and you receive a golf ball?

Mr. RIVERS of Alaska. Yes.

Mr. SPRINGER. Those are legal vending machines and they are not covered. The Attorney General did not even bring those matters up, because he felt that they were not gambling devices.

Mr. RIVERS of Alaska. The wording previously used was such that I thought the Record should be made clear.

Mr. SPRINGER. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland [Mr. Friedel.]

Mr. FRIEDEL. Mr. Chairman, first may I say that I am wholeheartedly in accord with the purpose of this legislation, and I believe every Member of Congress is in agreement with its purpose.

I would also like to compliment the chairman of the Committee on Interstate and Foreign Commerce for his patience in the hearings pertaining to this bill.

I have not offered any amendment and I shall support the bill. However, I do want to ask a few questions to clear up some points regarding the effects of this bill on State laws.

For instance by an act of the legislature, pinball machines are legal in the State of Maryland. I want to know, in the case of Baltimore City, if it licenses pinball machines, whether these machines will be permitted to be shipped interstate or not. In Baltimore City we get a fairly good amount of revenue from pinball machines.

What I am referring to is when these machines do not pay any money, or give merchandise, but just free games; free plays. Will they be permitted to be shipped interstate?

Mr. HARRIS. If they are designed and manufactured for the purpose which the gentleman just mentioned, then they would not come within the purview of this act and therefore would not be in violation.

Mr. FRIEDEL. There is another statute on the books in Maryland where they allow bingo in churches, bazaars, and veterans' clubs. I think they pay up to $15 or $25—I am not sure which—in cash prizes. Now, there are certain devices, cages, that are used in a bingo game. Would they be permitted to be shipped in interstate commerce or not?

Mr. HARRIS. I think it would depend upon the nature of the machine, the kind of machine it was. You would have to see the machine before you could determine, from what the gentleman just said, whether or not the Attorney General would construe it to be in violation.

Now, the bill provides an exemption for so-called claw, crane, or digger machines used at carnivals and fairs that may offer a prize if the player is skillful. But, where there is a device that is gambling per se, if, as the gentleman said a moment ago, it is one of these machines that would entitle the player to $15 or $20, why, they might as well say "If you make them legal, you can give $75 or $100 or $750 to $1,000." Naturally there has got to be some limitation placed somewhere.

Mr. FRIEDEL. The reason I asked the question was this. In referring to the transcript of the hearings before the Committee on Interstate and Foreign Commerce on H.R. 3024 and the other bills, I find the following question by Mr. Williams and answer by the Attorney General.

> Mr. Williams. I am talking about the basket that holds the little balls that they turn and draw the balls from. Obviously that is a mechanical device and obviously it would come within the purview or the definition that is carried in subparagraph (2) of this bill. Would the Attorney General have a right to exempt that type of equipment?
>
> Mr. Kennedy. I don't think so. I don't think we have the right to exempt that kind of equipment. I think that that might very well be covered.

Now, when the State of Maryland or Baltimore city allows legal payoffs on bingo up to $25 or $50, whatever the prize might be, would they be allowed to ship these baskets or other things that go along with the bingo game in interstate commerce?

Mr. HARRIS. Again I would say to the gentleman you have got to observe the particular type of machine or device at the time. It would be difficult for me to say a given machine is exempted or included, if it is on the borderline. Mr. Williams, a distinguished member of the committee, is here. He was helping the committee develop this problem. At the time we were talking about bingo games, as I recall, there was some question that came up about bingo games, and maybe certain organizations, even some religious groups, church socials, and so forth that used them, and the Attorney General said that type of operation would come within the purview of amusement and entertainment. It is not part of organized syndicated gambling, which constitutes a crime. That is the purpose of the proposal here, to get at gambling which is operated by and for organized crime.

Mr. FRIEDEL. Well, as I have said, I am not for organized crime or vice, and I do not believe any Member here is. I just wanted to have certain parts of the bill clarified.

Assuming that the type of pinball games sought to be banned are presently legal in numerous States, would such States have to enact exemption laws, as provided in section 2 of the Johnson Act, before any more of such pinball games could be transported therein? Further, would such exemption law have to admit all gambling devices?

In other words, would such exemption permit the admission of gambling devices that are presently legal?

Mr. HARRIS. If a State enacts a law specifically exempting itself from the Johnson Act, then the Johnson Act would not apply to it.

Mr. FRIEDEL. Assuming that a pinball machine or gambling device sought to be banned under this bill is presently legal, would such exemption laws force the admission of all such gambling devices: Would they have to admit them or not?

Mr. HARRIS. If the State enacted a law exempting itself from the Johnson Act, then all machines which are covered in the definition of "gambling device" in the Johnson Act could be transported to or from that State.

Mr. FRIEDEL. All right. I thank the gentleman from Arkansas, the Chairman of the Committee on Interstate and Foreign Commerce. I just wanted to clarify some of these questions.

Mr. HARRIS. I wish I could make it clearer, but I do not believe I can.

Mr. SPRINGER. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. YOUNGER].

Mr. YOUNGER. Mr. Chairman, I am in favor of this bill as reported. However, I do support the bill with some hesitation. The fact was mentioned by the chairman of the committee, the gentleman from Arkansas [Mr. HARRIS], that the discretion of determining what is a gambling device rests solely with the Attorney General. We wrestled with that point, and we found that we could not give a definition that was satisfactory. Because we could not give a definition that was satisfactory, we had to leave it as a discretionary power and authority and decision solely with the Attorney General.

Mr. Chairman, there is one other point that has not been mentioned. That is the point with reference to manufacturers of gambling devices. Section 3 (a) (1), on page 8 of the bill, states as follows:

> It shall be unlawful for any person engaged in the business of manufacturing gambling devices—

There, again, is involved a decision of the Attorney General. The manufacturer must register whether he ships his articles in interstate commerce or not. He may be dealing solely in a product in a State which permits gambling. For instance, the State of Nevada is exempt under this bill, and a manufacturer of a gambling device in Nevada will have to register with the Attorney General even though he does not ship his gambling devices outside the State of Nevada. That was not made clear. But it is a fact. In the bill this is nesessary so that the Attorney General can trace these devices when they do go outside of the State, because they are numbered, and are registered, and are carried under that registration number with the Attorney General.

Mr. HARRIS. Mr. Chairman, I yield the balance of the time on this side to the gentleman from South Carolina [Mr. HEMPHILL].

Mr. HEMPHILL. Mr. Chairman, I take this time just to clarify some things that are important to this legislation. Before I do that, I congratulate my distinguished chairman, the gentleman from Arkansas [Mr. HARRIS], on a very wonderful statement which I think drew the lines of demarcation which are so necessary in legislation of this kind as to the differential between a device which is used for gambling and a device or thing which is used for amusement purposes, which may be a matter of question.

Mr. Chairman, I do not think it is a matter of question after hearing the language of my chairman, but I would call the attention of the members of the committee to the language which appears on page 4 of the committee report, which reads as follows:

> In other words, machines and gambling devices which are not designed and manufactured primarily for use in connection with gambling are not covered by the committee bill.

Mr. Chairman, I am opposed to gambling in any form, and if I had had my way, I would not have left the parimutuels out. However, certainly, in this particular legislation we are trying to stop the interstate commerce and shipment of gambling devices. We are trying here to stop racketeering and syndicated gambling. It must be done for the good of the country. I heartily favor this legislation.

Mr. ROBERTS of Alabama. Mr. Chairman, will the gentleman yield?

Mr. HEMPHILL. I yield to the gentleman from Alabama.

Mr. ROBERTS of Alabama. Mr. Chairman, I should like to congratulate the gentleman on his comments. I think this is a good piece of legislation. The gentleman from Alabama feels that the gentleman from South Carolina is a very able lawyer and so I would like to ask him this question. Is this bill primarily directed at the activities of the manufacturer or is there any prohibition in it that would apply to a carrier of these devices in interstate commerce?

Mr. HEMPHILL. There is nothing in the language or in the intent of the legislation, as has been expressed here on the floor and in the report, except that it is designed to control the manufacturer. The carrier is not in the picture. It would be impossible, it would be extreme, to say that the carrier would be responsible for making a determination before taking the shipment.

Mr. ROBERTS of Alabama. I thank the gentleman.

Mr. HEMPHILL. I call the gentleman's attention to the language on page 11 which says that if after the property is shipped into a State, if a person puts it back into interstate commerce knowing it is a gambling device, that is a violation of the law. I think that is proper. We get into the picture because this affects the interstate commerce law. Congress could not get into the picture otherwise.

Mr. O'BRIEN of New York. Mr. Chairman, will the gentleman yield?

Mr. HEMPHILL. I yield to the gentleman from New York.

Mr. O'BRIEN of New York. Is it not a fact that we give the Attorney General a certain amount of discretion here to prevent the racketeers from getting around this law in exactly the same way they got around the Johnson Act, which was too specific and did not give sufficient discretion to the Attorney General?

Mr. HEMPHILL. The distinguished gentleman is eminently correct. We are trying to get at the racketeers who have been able to evade the Johnson Act. I might call attention to the fact that there is another item that I think is important. As I understand it—and I wish to be corrected if there is any mistake on my part—the only time the manufacturer has to register is when it is a gambling device. So this does not put a burden on the people who manufacture amusement devices, because they do not have to register. They do not have to register unless it is a gambling device. If it is a gambling device and they fail to register that is a violation of the law, in addition to the shipment in interstate commerce.

Mr. Chairman, the gentleman from West Virginia [Mr. STAGGERS] has a question he would like to ask at this time and I yield to him for that purpose.

Mr. STAGGERS. Mr. Chairman, I thank the gentleman. I should like to ask the chairman of the committee why this bill is before this House. As I understand, the Attorney General felt that in order to control syndicated or organized crime he must have additional powers and that is the whole purpose of the bill; is that correct?

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. HEMPHILL. I yield to my distinguished chairman.

Mr. STAGGERS. The only purpose the Attorney General had when he came before the committee was to get legislation to combat syndicated crime in this Nation.

Mr. HARRIS. The Attorney General made it very clear the reason he was requesting this legislation. There were certain types of organized or syndicated crime of which the gambling operations were a part. He needed this legislation, along with the other bills he requested at that time, in order to combat that.

Mr. STAGGERS. The very heart of this bill is on page 7 where it says: "designed and manufactured primarily for use in connection with gambling"; is that correct?

Mr. HEMPHILL. The gentleman is correct. That is pointed out on page 4 and page 6 of the report.

The CHAIRMAN. The time of the gentleman from South Carolina [Mr. HEMPHILL] has expired.

Mr. SPRINGER. Mr. Chairman, I yield the gentleman 2 minutes.

Mr. HEMPHILL. I thank the gentleman from Illinois. Again I yield to the gentleman from West Virginia [Mr. STAGGERS].

Mr. STAGGERS. I would like to say also that it is my understanding that there is nothing in this legislation that interferes with State rights in any way. This has to do only with those machines which are designed and manufactured for gambling that go across State lines.

Mr. HEMPHILL. The gentleman is eminently correct. If the machines are already in a State or in a club or organization and are not moved across State lines, this law does not apply.

Mr. STAGGERS. That would leave it up to the local authorities.

Mr. HEMPHILL. It would leave it up to the local authorities. States rights are preserved in every way.

Mr. STAGGERS. The Attorney General is not going to say to people that they cannot, if they want to get together in their homes and perhaps gamble on say a game of bridge, do that or other things like that? They are not trying to get at anything except syndicated, organized crime?

Mr. HEMPHILL. That is correct. I do not think the Attorney General or anybody else involved in politics would interfere with a ladies' bridge game.

Mr. FRIEDEL. Mr. Chairman, will the gentleman yield?

Mr. HEMPHILL. I yield to the gentleman from Maryland.

Mr. FRIEDEL. The State of Maryland has four counties that have legalized gambling by act of the legislature. They are Anne Arundel, Calvert, St. Mary's, and Charles Counties. They are legalized by State law and local option. Would they be prohibited from shipping these gambling devices interstate?

Mr. HEMPHILL. Under this law nobody can ship a gambling device across State lines, except to a place where proper legislation is enacted.

Mr. FRIEDEL. Whether or not it is a State law that legalizes the gambling?

Mr. HEMPHILL. Whether it is a State act or not, because interstate commerce is under the jurisdiction of the Congress of the United States, and this is interstate commerce.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. SPRINGER. Mr. Chairman, I yield 2 minutes to the gentleman from South Carolina.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. HEMPHILL. I yield to the gentleman from Arkansas.

Mr. HARRIS. Since the gentleman from Maryland has brought up the question of the four counties, I think we might as well get the record straight on it. There has been a great deal of publicity and a lot of discussion about it. Unless the Legislature of the State of Maryland by affirmative action exempts itself from the provisions of the Johnson Act, it would be illegal to transport gambling machines to those four counties. The present so-called local option provision in the State of Maryland in my judgment would not be applicable to this kind of situation.

The bill also provides that section 2 of the act shall not apply to any gambling device used or designed for use at and transported to licensed gambling establishments where betting is legal under applicable State laws. I am not sufficiently familiar with the Maryland laws to state whether this exception would apply to the four counties in Maryland.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. HEMPHILL. I yield to the gentleman from California.

Mr. YOUNGER. Did I correctly understand the gentleman to say that it would be illegal to ship a gambling device in interstate commerce even into a State which has taken affirmative action?

Mr. HEMPHILL. No. The bill specifically says it takes affirmative action. But my answer was that in this bill we say that no person can ship a gambling device across State lines except to a State which has specifically exempted it. I think that is perfectly clear.

Mr. SPRINGER. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. All time has expired.

The Clerk will read the committee substitute to the bill as an original bill for the purpose of amendment.

The Clerk read as follows:

That (a) subparagraph (2) of paragraph (a) of the first section of the Act of January 2, 1951 (64 Stat. 1134; 15 U.S.C. 1171), is amended to read as follows:

"(2) any other machine or mechanical device (including, but not limited to, roulette wheels and similar devices) designed and manufactured primarily for use in connection with gambling, and (A) which when operated may deliver, as the result of the application of an element of chance, any money or property, or (B) by the operation of which a person may become entitled to receive, as the result of the application of an element of chance, any money or property; or".

(b) Subparagraph (3) of paragraph (a) of the first section of such Act is amended by inserting immediately before the period at the end thereof the following: ", but which is not attached to any such machine or mechanical device as a constituent part".

Sec. 2. The first section of such Act is further amended by striking out "Alaska, Hawaii" in paragraph (b) thereof and inserting in lieu thereof "the District of Columbia", and adding at the end of such section the following new paragraphs:

"(d) The term 'interstate or foreign commerce' means commerce (1) between any State or possession of the United States and any place outside of such State or possession, or (2) between points in the same State or possession of the United States but through any place outside thereof.

"(e) The term 'intrastate commerce' means commerce wholly within one State or possession of the United States."

Sec. 3. The first paragraph of section 2 of the Act of January 2, 1951, is amended by inserting immediately before the period at the end thereof a comma and the following: "nor shall this section apply to any gambling device used or designed for use at and transported to licensed gambling establishments where betting is legal under applicable State laws".

Sec. 4. Section 3 of the Act of January 2, 1951, is amended to read as follows:

"Sec. 3. (a)(1) It shall be unlawful for any person engaged in the business of manufacturing gambling devices, if the activities of such business in any way affect interstate or foreign commerce, to manufacture any gambling device during any calendar year, unless, after November 30 of the preceding calendar year, and before the date on which such device is manufactured, such person has registered with the Attorney General under this subsection, regardless of whether such device ever enters interstate or foreign commerce.

"(2) It shall be unlawful for any person during any calendar year to engage in the business of repairing, reconditioning, buying, selling, leasing, using, or making available for use by others any gambling device, if in such business he sells, ships, or delivers any such device knowing that it will be introduced into interstate or foreign commerce, unless, after November 30 of the preceding calendar year, and before the date such sale, shipment, or delivery occurs, such person has registered with the Attorney General under this subsection.

"(3) It shall be unlawful for any person during any calendar year to engage in the business of repairing, reconditioning, buying, selling, leasing, using, or making available for use by others any gambling device, if in such business he buys or receives any such device knowing that it has been transported in interstate or foreign commerce, unless, after November 30 of the preceding calendar year and before the date on which he buys or receives such device, such person has registered with the Attorney General under this subsection.

"(4) Each person who registers with the Attorney General pursuant to this subsection shall set forth in such registration (A) his name and each trade name under which he does business, (B) the address of each of his places of business in any State or possession of the United States, (C) the address of a place, in a State or possession of the United States in which such a place of business is located, where he will keep all records required to be kept by him by subsection (c) of this section, and (D) each activity described in paragraph (1), (2), or (3) of this subsection which he intends to engage in during the calendar year with respect to which such registration is made.

"(b)(1) Every manufacturer of a gambling device defined in paragraph (a)(1) or (a)(2) of the first section of this Act shall number seriatim each such gambling device manufactured by him and permanently affix on each such device, so as to be clearly visible, such number, his name, and, if different, any trade name under which he does business, and the date of manufacture of such device.

"(2) Every manufacturer of a gambling device defined in paragraph (a)(3) of the first section of this Act shall, if the size of such device permits it, number seriatim each such gambling device manufactured by him and permanently affix on each such device, so as to be clearly visible, such number, his name, and, if different, any trade name under which he does business, and the date of manufacture of such device.

"(c)(1) Every person required to register under subsection (a) of this section for any calendar year shall, on and after the date of such registration or the first day of such year (whichever last occurs), maintain a record by calendar month for all periods thereafter in such year of—

"(A) each gambling device manufactured, purchased, or otherwise acquired by him,

"(B) each gambling device owned or possessed by him or in his custody, and

"(C) each gambling device sold, delivered, or shipped by him in intrastat, interstate, or foreign commerce.

"(2) Such record shall show—

"(A) in the case of each such gambling device defined in paragraph (a)(1) or (a)(2) of the first section of this Act, the information which is required to be affixed on such gambling device by subsection (b)(1) of this section; and

"(B) in the case of each such gambling device defined in paragraph (a)(3) of the first section of this Act, the information required to be affixed on such gambling device by subsection (b)(2) of this section, or, if such gambling device does not have affixed on it any such information, its catalog listing, description, and, in the case of each such device owned or possessed by him or in his custody, its location.

Such record shall also show (i) in the case of any such gambling device described in paragrap h(1)(A) of this subsection, the name and address of the person from whom such device was purchased or acquired and the name and address of the carrier; and (ii) in the case of any such gambling device described in paragraph (1)(C) of this subsection, the name and address of the buyer and consignee thereof and the name and address of the carrier.

"(d) Each record required to be maintained under this section shall be kept by the person required to make it at the place designated by him pursuant to subsection (a)(4)(C) of this section for a period of at least five years from the last day of the calendar month of the year with respect to which such record is required to be maintained.

"(e)(1) It shall be unlawful (A) for any person during any period in which he is required to be registered under subsection (a) of this section to sell, deliver, or ship in intrastate, interstate, or foreign commerce or own, possess, or have in his custody any gambling device which is not marked and numbered as required by subsection (b) of this section; or (B) for any person to remove, obliterate, or alter any mark or number on any gambling device required to be placed thereon by such subsection (b).

"(2) It shall be unlawful for any person knowingly to make or cause to be made, any false entry in any record required to be kept under this section.

"(f) Agents of the Federal Bureau of Investigation shall, at any place designated pursuant to subsection (a)(4)(C) of this section by any person required to register by subsection (a) of this section, at all reasonable times, have access to and the right to copy any of the records required to be kept by this section, and, in case of refusal by any person registered under such subsection (a) to allow inspection and copying of such records, the United States district court for the district in which such place is located shall have jurisdiction to issue an order compelling production of such records for inspection or copying.

"(g) No person shall be excused from maintaining the records designated herein, producing the same or testifying before any grand jury or court of the United States with respect thereto for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a criminal penalty or forfeiture. But upon asserting the privilege against self-incrimination any individual may be required to open the records required to be kept by this section to inspection or to testify before any grand jury or court of the United States with respect thereto: *Provided*, That no such person shall be criminally prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing disclosed as a result of the inspection of such records or testimony with respect thereto. No witness shall be exempt under this subsection from prosecution for perjury or contempt committed while giving testimony or producing evidence under compulsion as provided in this subsection.

"(h) The Attorney General shall make such regulations as may in his judgment be necessary to carry out the provisions of this Act and the violation of any such regulation shall be punishable as provided in section 6 of this Act."

SEC. 5. The Act of January 2, 1951, is amended by adding at the end thereof the following new section:

"SEC. 9. None of the provisions of this Act shall be construed to apply—

"(1) to any machine or mechanical device designed and manufactured primarily for use at a racetrack in connection with parimutual betting.

"(2) to any machine or mechanical device, such as a coin-operated bowling alley, shuffleboard, marble machine (a so-called pinball machine), or mechanical gun, which is not designed and manufactured primarily for use in connection with gambling, and (A) which when operated does not deliver, as a result of the application of an element of chance, any money or property, or (B) by the operation of which a person may not become entitled to receive, as the result of the application of an element of chance, any money or property, or

"(3) to any so-called claw, crane, or digger machine which is not operated by coin, is actuated by a crank, and is designed and manufactured primarily for use at carnivals or county or State fairs."

SEC. 6. The amendments made by this Act shall take effect on the sixtieth day after the date of its enactment.

Mr. MACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I certainly want to commend the chairman of the Committee on Interstate and Foreign Commerce on the work he has done and the excellent presentation he has made here today about a very difficult problem and this quite technical legislation to solve this problem.

Mr. Chairman, the pending bill, S. 1658, is one of several bills proposed by the Attorney General to curb organized crime and racketeering in the United States.

In the first session of this Congress, some of the bills recommended by the Attorney General were enacted: Public Law 87-216 prohibits the transmission of bets, wagers, and related information by wire communications facilities. Public Law 87-218 prohibits the interstate transportation of wagering paraphernalia. Public Law 87-228 prohibits travel or transportation in aid of racketeering enterprises.

The pending bill, S. 1658, would prohibit the interstate transportation of certain additional gambling devices in interstate commerce.

The act of January 2, 1951, known as the Johnson Act, already prohibits the interstate transportation of slot machines and certain other coin-operated machines to all States which have not enacted legislation specifically exempting themselves from the provision of this law. Only the State of Nevada has thusly exempted itself.

S. 1658 would extend the prohibition in the Johnson Act to pinball machines and other types of machines and mechanical devices which are used for gambling. Machines which are used for amusement only would have nothing to fear from this legislation.

The bill defines a gambling device as one which first, when operated may deliver, as a result of the application of an element of chance, any money or property; or second, by the operation of which a person may become entitled to receive, as the result of the application of an element of chance, any money or property.

The Attorney General advised the committee that gambling machines have certain well defined characteristics which distinguish them from purely amusement machines. Thus, a gambling machine would record an unusually large number of free plays—up to 999 free plays. They have a mechanism whereby the player can change the odds merely by inserting more money into the machine, or increase the number of plays that can be played by inserting more money. These free games can be played off or they can be eliminated from the machine by pressing a button or lever. The number of accumulated free games eliminated from the machine are recorded by a meter and the player is paid in accordance with the number of games thus eliminated. Machines which are used for amusement only would not need these devices.

In any case, it would be up to the court to decide whether a particular machine is a gambling machine or an amusement machine and the Attorney General would have to prove to the satisfaction of the court that a particular machine to which he objects is a gambling machine.

The Attorney General has told us that these gambling machines are being used as a great source of revenue for organized crime and racketeering. Anything that the Congress can do to hamper organized crime is very much in the public interest. I urge the House to pass this legislation.

Mr. HARRIS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time because several Members have asked certain questions about States where gambling is legal in some form. I think it should be made abundantly clear and I ask you to turn to page 8 of the bill, section 3. I will read the paragraph in order to emphasize it:

> SEC. 3. The first paragraph of section 2 of the Act of January 2, 1951, is amended by inserting immediately before the period at the end thereof a comma and the following: "nor shall this section apply to any gambling device used or designed for use at and transported to licensed gambling establishments where betting is legal under applicable State laws".

Consequently, if a State has laws applicable to a certain type operation making it legal within that State, this bill would not apply. The report on page 12 in its explanation clarifies as clearly as it can be written what is intended.

There is one other thing I would like to call to the attention of the House. In the report on page 21, appendix C, is a letter addressed to the committee from the Attorney General which comments on the revised provisions which the committee submitted to the Attorney General. The Attorney General in this letter takes up section by section the proposal submitted to him and gives a brief explanation of it and the position of the Department of Justice.

You will find other than the one item I mentioned in the course of the debate this afternoon that the Attorney General approved the revision as submitted, as explained in this letter to which I have called the attention of the House. You may have some inquiries about it. If you do, you can turn to this part of the report and very likely get your answer.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. LANE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (S. 1658) to amend the act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce, pursuant to House Resolution 698, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Speaker announced that the "ayes" appeared to have it.

Mr. SPRINGER. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 349, nays 1, answered "present" 0, not voting 87, as follows:

[Roll No. 137]

YEAS—349

Abbitt
Abernethy
Adair
Addabbo
Albert
Alexander
Alger
Andersen, Minn.
Anderson, Ill.
Andrews
Arends
Ashbrook
Ashley
Ashmore
Auchincloss
Avery
Ayres
Baker
Baldwin
Baring
Barrett
Barry
Bass, N.H.
Bass, Tenn.
Bates
Battin
Becker
Beckworth
Beermann
Belcher
Bell
Bennett, Fla.
Bennett, Mich.
Berry
Blatnik
Boggs
Boland
Bolling
Bow
Brademas
Bray
Breeding
Brewster
Brooks, Tex.
Broomfield
Brown
Broyhill
Bruce
Burke, Mass.
Burleson
Byrne, Pa.
Byrnes, Wis.
Cahill
Cannon
Cederberg
Chamberlain
Chelf
Chiperfield
Church
Clancy
Clark
Coad
Cohelan
Collier
Colmer
Conte
Cook
Cooley
Corbett
Cramer
Cunningham
Curtin
Curtis, Mo.
Daddario
Dague
Daniels
Davis, James C.
Davis, John W.
Dawson
Delaney
Dent
Denton
Derounian
Derwinski
Devine
Diggs
Dingell
Dole
Dominick
Donohue
Dooley
Dorn
Dowdy
Downing
Doyle
Dulski
Durno
Dwyer
Elliott
Ellsworth
Everett
Fallon
Fenton
Findley
Finnegan
Flynt
Ford
Forrester
Fountain
Frelinghuysen
Friedel
Fulton
Gallagher
Garmatz
Gary
Gathings
Gavin
Giaimo
Gilbert
Gonzalez
Goodell
Goodling
Grant
Gray
Green, Oreg.
Griffin
Griffiths
Gross
Gubser
Hagan, Ga.
Hagen, Calif.
Haley
Hall
Halleck
Hansen
Harding
Hardy
Harris
Harrison, Wyo.
Harsha
Harvey, Ind.
Harvey, Mich.
Hébert
Hechler
Hemphill
Henderson
Herlong
Hoeven
Hoffman, Ill.
Holifield
Holland
Hosmer
Huddleston
Hull
Ichord, Mo.
Inouye
Jarman
Jennings
Jensen
Joelson
Johansen
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jonas
Jones, Mo.
Judd
Karsten
Karth
Kastenmeier
Kee
Keith
Kelly
Kilgore
King, Calif.
King, N.Y.
King, Utah
Kitchin
Kluczynski
Knox
Kornegay
Kunkel
Laird
Lane
Langen
Lankford
Latta
Lennon
Lesinski
Lindsay
Lipscomb
McDonough
McDowell
McFall
McIntire
McMillan
Macdonald
MacGregor
Mack
Magnuson
Marshall
Martin, Nebr.
Mason
Mathias
Matthews
Meader
Merrow
Michel
Miller, Clem
Miller, N.Y.
Milliken
Mills
Minshall
Moeller
Monagan
Montoya
Moore
Moorehead, Ohio
Moorhead, Pa.
Morgan
Morris
Morrison
Morse
Mosher
Moulder
Murphy
Murray
Natcher
Nedzi
Neisen
Nix
Norblad
Norrell
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
Olsen
O'Neill
Osmers
Ostertag
Passman
Patman
Pelly
Perkins
Peterson
Pfost
Philbin
Pike
Pillion
Pirnie
Poage
Poff
Price
Pucinski
Purcell
Quie
Randall
Ray
Reifel
Rhodes, Ariz.
Rhodes, Pa.
Riehlman
Riley
Rivers, Alaska
Roberts, Ala.
Roberts, Tex.
Robison
Rodino
Rogers, Colo.
Rogers, Fla.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roudebush
Roush
Rousselot
Rutherford
Ryan, Mich.
Ryan, N.Y.
Santangelo
Schadeberg
Schenck
Scherer
Schneebell
Schweiker
Scott
Selden
Shelley
Sheppard
Shipley
Short
Shriver
Sibal
Sikes
Siler
Sisk
Smith, Calif.
Smith, Iowa
Smith, Miss.
Springer
Stafford
Staggers
Steed
Stephens
Stubblefield
Sullivan
Taber
Taylor
Teague, Calif.
Teague, Tex.
Thomas
Thompson, N.J.
Thompson, Tex.
Thomson, Wis.
Thornberry
Toll
Trimble
Tuck
Tupper
Udall, Morris K.
Utt
Vanik
Van Pelt
Van Zandt
Vinson
Waggonner
Wallhauser
Walter
Watts
Weaver
Weis
Westland
Whalley
Wharton
Whitener
Whitten
Wickersham
Widnall
Williams
Willis
Wilson, Calif
Wilson, Ind.
Winstead
Wright
Young
Younger
Zablocki

NAYS—1

St. George

NOT VOTING—87

Addonizio
Alford
Anfuso
Aspinall
Bailey
Betts
Blitch
Bolton
Bonner
Boykin
Bromwell
Buckley
Burke, Ky.
Carey
Casey
Celler
Chenoweth
Corman
Curtis, Mass.
Davis, Tenn.
Edmondson
Evins
Farbstein
Fascell
Feighan
Fino
Fisher
Flood
Fogarty
Frazier
Garland
Glenn
Granahan
Green, Pa.
Halpern
Harrison, Va.
Hays
Healey
Hiestand
Hoffman, Mich.
Horan
Jones, Ala.
Kearns
Keogh
Kilburn
Kirwan
Kowalski
Kyl
Landrum
Libonati
Loser
McCulloch
McSween
McVey
Madden
Mahon
Mailliard
Martin, Mass.
May
Miller, George P.
Moss
Multer
Nygaard
O'Brien, Ill.
Pilcher
Powell
Rains
Reece
Reuss
Rivers, S.C.
Rogers, Tex.
St. Germain
Saund
Saylor
Schwengel
Scranton
Seely-Brown
Slack
Smith, Va.
Spence
Stratton
Thompson, La.
Tollefson
Ullman
Yates
Zelenko

So the bill was passed.

The Clerk announced the following pairs:

Mr. George P. Miller with Mrs. Bolton.
Mr. Alford with Mr. Tollefson.
Mr. Kowalski with Mr. McVey.
Mr. Mahon with Mr. Fino.
Mr. Moss with Mr. Curtis of Massachusetts.
Mr. Corman with Mr. Scranton.
Mr. Bonner with Mr. Horan.
Mr. Kirwan with Mr. Chenoweth.
Mr. Thompson of Louisiana with Mr. Seely-Brown.
Mr. Slack with Mrs. May.
Mr. Rogers of Texas with Mr. Hiestand.
Mr. Frazier with Mr. McCulloch.
Mr. Davis of Tennessee with Mr. Kilburn.
Mr. Flood with Mr. Glenn.
Mr. Feighan with Mr. Betts.
Mr. Loser with Mr. Schwengel.
Mr. Aspinall with Mr. Halpern.
Mr. Bailey with Mr. Bromwell.
Mr. Burke of Kentucky with Mrs. Reece.
Mr. Fogarty with Mr. Martin of Massachusetts.
Mr. St. Germain with Mr. Saylor.
Mrs. Granahan with Mr. Mailliard.
Mr. Green of Pennsylvania with Mr. Kyl.
Mr. Evins with Mr. Garland.
Mr. McSween with Mr. Nygaard.
Mr. Reuss with Mr. Hoffman of Michigan.
Mr. Hays with Mr. Kearns.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

Mr. HARRIS. Mr. Speaker, I move that the House insist on the amendment adopted by the House to the bill S. 1658 and request a conference with the Senate.

The motion was agreed to.

The Speaker appointed the following conferees: Messrs. HARRIS, WILLIAMS, STAGGERS, FRIEDEL, BENNETT of Michigan, SPRINGER, and YOUNGER.

ONE HUNDRED YEARS OF PROGRESS UNDER THE MORRILL ACT

Mr. CHAMBERLAIN. Mr. Speaker, I wish to call the attention of the House that Monday, July 2, marks the centennial anniversary of the Morrill Land-Grant Act of 1862.

As I reminded my colleagues on July 17 of last year, educational pioneers in Michigan were closely associated with the formulation and adoption of that momentous act whose history has been so bound up with that of the Sixth Congressional District. Michigan's concern for higher education is as old as the State itself—a fact attested to if one notes that the establishment of the Michigan Agricultural College at East Lansing, the predecessor of today's

Michigan State University, in 1855, occurred at a date midway between the admission of Michigan into the Union and the passage of the Land-Grant Act. And while it is no doubt true as someone has said that "too many people and too many movements were involved to credit the land-grant colleges to one man," it is equally true that the endeavors of several Michigan men were instrumental.

It was largely through the inspiration and perseverence of the man who was to become the first president of the first college of agriculture in America, Joseph R. Williams—and other equally interested people who believed that the study of the science of agriculture deserved a place in the university curriculum—that the convention which wrote Michigan's second constitution specifically requested the State legislature to "as soon as practicable, provide for the establishment of an agricultural school." Faced with the problem of financing, the legislature petitioned Congress for a land grant of 350,000 acres in 1853—the first of a long list of similar petitions which other States were to submit and which were finally to bear fruit when President Lincoln signed the Morrill bill into law on July 2, 1862. Though this initial petition was turned down, the Michigan pioneers were determined to have their college.

President Williams took an active interest in Congressman Morrill's bill and was even here in Washington on the day that it was introduced in 1857. The bill at first experienced difficulty in the Public Lands Committee which recommended it not be passed. However, Michigan Congressman David S. Walbridge offered minority views in which he prophetically termed the bill "one of the most important that has come before this House." Despite the obstacle posed by the committee, both Houses of Congress passed the bill only to have it vetoed by President Buchanan.

Williams is credited with providing much of the information that Morrill used in his speeches in support of the bill. We can perhaps see Williams' hand in this passage from an address given by Congressman Morrill on April 20, 1858, on the floor of the House, in which he decried the lack of institutions for instruction in agricultural studies:

> In our own country the general want of such places of instruction had been so manifest that States, societies, and individuals have attempted to supply it, though necessarily in stinted measure. The plentiful lack of funds retarded their maturity and usefulness, but there are some examples, like that of Michigan, liberally supported by the State, in the full tide of successful experiment.

Thus we see that the Michigan Agricultural College served as a model, which was held up to the Nation, in order to encourage the founding of similar schools in each State so inclined. The final passage and enactment of the Morrill bill hence represented a victory for the Michigan pioneers as much as it did for anyone else; and not merely in terms of the 240,000 acres which Michigan received to establish an endowment, but rather in terms of the reward derived from the successful advocacy and realization of the idea of agricultural institutions of higher learning.

No doubt much of the success of this early Federal aid to education was due to the nature of its decentralized approach which permitted those States which were earnestly interested in establishing such schools to have great freedom in the selection of which public lands it wanted to accept and sell. Each State could thus choose those tracts of public land within the State which were the most valuable. The February 1962, issue of the Michigan State University magazine, which was devoted to the Land-Grant Act centennial, provides a detailed account of how the Michigan land grant was handled:

> In Michigan a land-grant board composed of the Governor and several other State officials studied surveyor's notes and maps, consulted local experts, and employed land agents to search out the best tracts. About 1,400 quarter sections were chosen. Two-thirds were within 10 miles of either the Manistee or Au Sable Rivers, convenient for logging.
>
> The selections were based on soil quality. Dr. Madison Kuhn, the university historian, points out that the Governor's board could have chosen timberlands but it was feared fire might destroy the trees. There was also danger of the trees being cut without permission. "It would cost more to look after and protect timber on such lands than the extra price for which they could be sold," a legislative committee decided.
>
> By 1885 the Morrill grant had accumulated a fund of $300,000, although half of the land was still unsold. Interest on the money amounted to $29,770. Today, some of the lands are in National and States forests. Many acres are still being farmed, and water from a river dammed up for a power station spills over onto some of the original Morrill grants.
>
> There are no monuments on the lands; no bronze plaques tell how much they have contributed to the progress of the Nation. But a uniquely American system of education takes the name of the lands, and stands as proof that even dreams come true when men of vision wisely use the wealth of the Nation for the common good.

Mr. Speaker, the 84th Congress, 7 years ago, passed a resolution commemorating the 100th anniversary of Michigan State College, in which it was described as "the model for the land-grant college system," that stated in part:

> Michigan State College and other land-grant colleges subsequently established have improved the American standard of living, helped bring real economic prosperity to the American people, and played an important role in the evolution and development of the American way of life to its present position of world leadership.

It cannot be incorrect to ascribe much of our Nation's spectacular and unquestioned superiority in agricultural technology to the benefits derived from studies made possible ultimately by the Land-Grant Act. It is a significant and telling fact that the Soviets admit failure in only one field—agriculture—where the inherent weaknesses of the centralized, dictatorial Communist approach have been especially apparent. Even though the Morrill Act can be described as having been revolutionary, it was accomplished through the deliberative legislative action of responsive representative institutions and not by the totalitarian "democratic" methods of plebiscites and propaganda which can never achieve true reform or prudent change.

But it would be wrong if we were to credit the Land-Grant Act with only promoting economic prosperity. It should be remembered that the peculiar value of education is that the effectiveness of efforts to bestow its benefits is never completely susceptible to being exhaustively identified or quantified. Certainly attempts to translate those benefits solely in terms of the expansion of buildings, budgets, and student bodies tend to overlook the more pervasive impact, though less communicable in facts and figures, that education can have toward the enriching of the whole tone of society. Insofar as it can be said that the Morrill Act brought a great democratic reform to higher education in America—that it extended college education to the common people—it may be said to have had the effect of "leveling upward" the character of the American society rather than the opposite effect which is the essential characteristic of the Communist system.

Citizens of Michigan, and residents of the Sixth Congressional District especially, may well take pride in the spirit of pioneering in education that founded our fine State university and that played such an important role in national affairs 100 years ago. The history of the Morrill Act indicates the accomplishments that that spirit fostered in those earlier times; while the reputation and educational facilities developed over the past century indicate the degree to which that same spirit has prevailed in the Michigan State University of today.

Mr. Speaker, at this point in my remarks, I will insert in the RECORD, for the benefit of my colleagues, excerpts from the previously cited issue of the Michigan State University magazine which gives a splendid account of one university's experience with the Land-Grant Act and the continuing influence that prevails to this day:

One Hundred Years of Progress Under the Morrill Act

Although the centennial of the passage of the Land-Grant Act is an important event in the life of Michigan State University, it is but one of many that mark the history of the university.

When President Lincoln signed the act into law in 1862, Michigan Agricultural College was a sturdy youngster of 7 and already had set the pattern used by the framers of the Morrill Act.

In the century that has passed since U.S. Congressman Justin Morrill presented his radically new concept to Congress, the university on the banks of the Red Cedar has experienced phenomenal growth in national prestige, educational stature, and physical facilities.

Probably the clearest indication of this growth is furnished in registration figures. When the Land-Grant Act became a law Michigan Agricultural College had a total of 69 students. This was the high point for the Civil War years. Immediately after war it increased to 108. Winter-term registration, 1962, set an alltime winter-term record of 22,571 students enrolled for credit.

This is far in excess of estimates projected 5 years ago. At that time it was believed 1961–62 registrations would be in the neighborhood of 21,000. The projection for 1965–66 is 27,300 and for 1970–71, 35,000. If actual registrations exceed estimates in the ratio of the past, Michigan State University could be a school with between 40,000 and 50,000 students 8 years hence.

Michigan State University became coeducational in 1870. Enrollment jumped from 79 to 132, presumably as a result of adding women to the rolls. No separate records as to men and women were kept until 1900, when the men outnumbered the coeds more than 4 to 1 (536 to 116). Today the proportion is less than 2 to 1.

Although the women were granted the same privileges as men, no specific course was set up for them until 26 years later when a discipline known as domestic economy and household science was instituted.

This optimistic beginning developed gradually over the years and today is the modern, revised home economics curriculum which, in the words of Dean Thelma Porter, provides a "balanced combination of general education and professional preparation, so that graduates can be specialists and at the same time have broad understanding of modern science and of human values."

Fifteen years later a curriculum was added in mechanical engineering. Although accurate figures are not available, it is presumed that approximately one-half of the 173 students on campus were engineers. Today more than 1,400 are enrolled in engineering courses.

Funds resulting from Morrill Act land sales made the original course possible. Equipment for forges, woodworking shops, molds for pouring castings and other necessary gear was procured and an engineering faculty was engaged. The teachers quickly made names for themselves, and other land-grant colleges, learning of their successes, lured many of them away—a condition not exactly unheard of today.

From this modest beginning 77 years ago has developed the present college of engineering, soon to be housed in a magnificent new building west of Anthony Hall on South Shaw Lane. Its cost is in the neighborhood of $4 million and its floor area is approximately 134,000 square feet. In every respect it is one of the finest engineering plants on any campus in the world.

In agriculture, Michigan State University has probably made its greatest impact on the welfare and economic advancement of Michigan and the Nation in general. When the Land-Grant Act was passed, 85 of every 100 workers of America were engaged in agricultural activities. Thus only 15 percent remained to do the country's work—to produce goods and services needed in a fast-growing economy.

Science, applied to agriculture, has completely reversed these ratios and today, only 12 of our people in every 100 are needed to grow foodstuffs for the country's requirements. The remaining 88 are available to produce the Oldsmobiles, televisions, tractors, clothing, and scores of other items essential in our complex society.

Just how great the contribution of land-grant colleges and universities has been to the Nation's economic growth can only be conjectured, but as Dr. Hannah has said, "certainly they deserve the bulk of the credit in the field of agriculture and a good share in the field of engineering and the associated industrial arts."

Another segment of the university whose expansion has contributed heavily to Michigan State University's academic stature is education, which had humble beginnings in 1908. Today it is one of State's largest colleges, with a winter term registration of 6,265, which includes 3,234 in secondary education.

Familiar to all alumni is its striking new building, complete with kiva. The cost was approximately $4 million. The college provides professional education programs for elementary and secondary teachers, college instructors, and adult educators. Education, as a college, was established in 1952.

When Morrill first envisioned his new educational philosophy for teaching "agriculture and the mechanic arts" he probably had no idea that business and public service would benefit greatly from his idea. Especially at Michigan State University has this latter discipline enjoyed tremendous growth.

It ranked second in registration (science and arts was first) winter term among the colleges. A total of 3,887 students are enrolled in this area. The college is composed of an even dozen departments and bureaus. When it was founded in 1925 total university registration was less than that of B. and P.S. today (2,512).

As Michigan Agricultural College gradually broadened its course offerings the need for a more suitable name became increasingly evident. No longer was it strictly an "ag" school, and concerted effort began developing to change the name.

April 13, 1925, was a lucky day for Michigan Agricultural College for on that date a bill passed the State legislature changing the name to Michigan State College of Agriculture and Applied Science.

Thirty years later another name change took place. After overcoming solid and organized opposition to the idea, university officials were able to change Michigan State College to Michigan State University, a far more accurate designation.

Three small buildings on $10,155 worth of land (677 acres) constituted the university's beginning physical plant. Today it has a total at-cost value of more than $154 million. Land holdings in Michigan total 17,450 acres.

On the campus and in housing areas are 430 buildings, reached on 26 miles of roadway and 46 miles of walkways. Spaces for parking approximately 12,000 automobiles have been set aside.

Yet, despite its vast physical size and huge personnel (more than 1,200 faculty members are in the instructional program alone) Michigan State University never has lost sight of its fundamental objective. This objective is to prepare students for full participation in the society in which they live and, in addition, to be of greatest possible service to all of the people.

What has been accomplished toward reaching this objective appears on the record of the past 100 years. What the future holds for Michigan State University we cannot tell, but we do know that the plant and the personnel are awaiting greater things and, come what may, will be ready for them. Students of the second century will probe the unknown, explore as the pioneer explored and build as their predecessors built in the first.

LAND GRANT PHILOSOPHY TODAY

Two new programs in the university's oldest college mean more business for Michigan farmers and better food for American tables.

As the land-grant pioneer, Michigan State's College of Agriculture gears its programs to the needs of the community it serves. The department of food science, established in 1960, and the agricultural marketing and utilization center, authorized in 1960, reflect the dramatic changes which have revolutionized the food industry in the last century.

Through research new foods have been developed and the consumer has an almost endless variety of choices. As new biological and physical sciences have emerged, their principles have been applied to answer questions relating to food and nutrition.

Dr. Bernard S. Schweigert heads the department of food science where 20 professors and 46 graduate students and research assistants are searching for solutions to the problems of better food quality and processing. The researchers are specialists in the science of processing meats, fruits and vegetables, dairy and poultry products and in food engineering. Two extension specialists in the food science department work primarily with dairy processing companies and meat processors.

Research now underway in the department includes a search for sources of undesirable odors in pork fat; discovering the cause of tenderness in meat; the preparation of high-quality spray-dried cheese and milk solids, and the separation and identification of highly purified milk proteins.

The department is also studying the effects of insect and disease spray treatments on processing quality of cherries; effects of different heating schedules on the canning process; the chemical nature of the red pigments in cherries; composition and stability of food fats; the keeping qualities of cottage cheese, and identifying flavor components of meats, dairy products, and applesauce.

Behind the need of the food industry for application of new scientific knowledge in the solution of its problems is the need for more basic information.

Food scientists at Michigan State University spend much of their time looking for more facts about the chemical, physical, and microbiological aspects of the foods that the industry will be processing. Basic knowledge about the chemical and physical properties of proteins, carbohydrates, and fats may also lead to new industrial uses for these substances.

Much of the research work is done in cooperation with other departments of the university such as animal husbandry, dairy, farm crops, horticulture, and poultry science. The aim is to find the breeding, feeding, and management factors that will improve food quality and result in better products.

Work with the college of home economics and the department of agricultural economics looks for the ways that changes in quality in processing affect the marketing and consumption of food products. Several cooperative programs with the department of agricultural engineering seek more efficient use of modern equipment. Effective food science research also is based on close cooperation with such basic science departments as chemistry, biochemistry, physics, mathematics, microbiology, and public health.

The magnitude and diversity of the university's food-related programs led to the establishment of the agricultural marketing and utilization center. There are 15 departments in the college of agriculture alone, and there are many other departments on campus which have programs connected with agricultural forest products.

In 1960 Dean Thomas K. Cowden of the college of agriculture appointed a nine-member committee to study the problem. The committee recommended that the agricultural marketing and utilization center be established to serve as coordinating agency for food, feed, fiber, and forest research. Dr. Robert Kramer was named director of the center.

The center maintains close relations with business and industry to encourage companies to participate in cooperative research programs. Many Michigan groups have asked the center to help with problems. The Michigan Livestock Exchange, a cooperative livestock marketing agency, asked Michigan State University's help in determining trends and projections of future consumer meat needs. Extension and research workers in agricultural economics, animal husbandry, food science, and the extension marketing field staff worked with the exchange. The study was coordinated by the agricultural marketing and utilization center.

The departments of horticulture, biochemistry, botany, and plant pathology worked together to discover a way to control fire blight, a disease which attacks pears. Field tests and laboratory experiments were conducted at the request of the Michigan Pear Growers Association.

Research results are sometimes used to predict future consumer reactions to products. A producer-processor committee in Michigan asked Michigan State University to study homemakers' reactions to pink apple sauce. Behind the request was a need to know whether consumers would accept the product before growers invested thousands of dollars and years of time in a particular variety of apple trees. One of the promising varieties of apples produced applesauce that was slightly pink. A homemakers' panel in Detroit is helping provide the answer.

Sometimes the research leads to the development of a new industry. A few years ago poles for pole-type structures on Michigan farms were imported from other States. The departments of agricultural engineering and forest products, with the help of inventories of forest resources compiled by the Michigan Department of Conservation, found Michigan trees suitable for poles. A St. Clair County firm is chemically treating the poles to meet specifications, and the finished product is being sold by farm bureau services.

The work of the department of food science and the agricultural marketing and utilization center are just two aspects of the college of agriculture's program of teaching, research, and extension. Each department could tell a similar story of how the pioneer land-grant institution is rendering service as it lives the land-grant philosophy today.

CONTINUING EDUCATION FOR BUSINESS EXECUTIVES

In an executive development conference file is an evaluation sheet, written by the purchasing executive of one of the Nation's leading railroads, bearing this comment: "Thanks for one of the most thrilling and educational experience of my life. The purchasing seminar was complete, interesting. educational, of high value, and certainly, by far, the most efficiently operated of any I have ever attended."

This comment is typical of the evaluations of the executive development seminars conducted by the Michigan State University's Graduate School of Business Administration and other conference programs sponsored by the college of business and public service.

"Our seminars," said Dr. John H. Hoagland, conference director of the purchasing seminars, "serve many highly influential business groups. During the past 6 years many prominent purchasing executives from across the country and overseas have attended the mind-stretching sessions of the executive seminar in purchasing and materials management."

A similar program for sales and marketing executives, directed by Dr. William J. Crissy, professor of marketing, is now in its fifth year.

Interest in these Michigan State University executive development programs is high, and available places are filled quickly. A sales executive who was forced to cancel at the last minute was replaced by an Alaskan who made a flying trip to East Lansing. Enrollment is limited to enable seminar leaders and participants to engage in an exchange of many ideas.

The seminar leaders, who are professors or business executives, serve as a source of knowledge and act as stimulators and catalysts to induce discussion of business problems. Students assist in the instruction by exchanging knowledge and experiences in the classroom.

Executives who come to the seminars form a challenging student body. Many of them are top men in their fields, and some have had as much as 30 years of business experience. The majority are college graduates and many have master's degrees. Initially, some students, whose companies insisted that they attend, may be a bit skeptical about the value of the seminar; however, such skepticism is invariably dispelled after few a sessions. Developing a seminar program is no hit-or-miss proposition.

Beginning with the philosophy that the seminars must be the best academic presentation of business, but not an ivory tower approach, the business administration staff carefully evaluates the needs of the executives who will attend the sessions. The job, as the professors see it, is not to tell the executive how to run his business, but to present and analyze various ideas of good management, and let each participant apply them to his own situation.

Evaluation sheets filled out by seminar participants from past years play an important role in the planning. The comments are weighed carefully as a program begins to take shape. The Michigan State University professors may represent various academic disciplines besides business administration; likewise, the seminar leaders from business usually are from different types of business organizations. The vice president in charge of purchases for a major steel corporation may speak on managerial concepts and policies one day; a professor of philosophy may discuss ethical problems in decisionmaking the next.

The pace of the seminars is fast. Eight hours of class a day, and homework assignments every night, add up to a 60- to 70-hour week for the student-executives. There are no complaints about the workload because professors and students alike are caught up in an exciting educational experience. Each student soon realizes that the purpose of the seminar is to help him do his job more effectively and efficiently. Students claim it is hard to say just when the schoolday begins and ends. The participants live together at Kellogg Center, and discussions, stimulated by speakers at classroom sessions, continue far into the night.

The business executives return to their offices after a week or two on campus: the majority with new viewpoints and approaches to test out in their companies. Correspondence with Michigan State University faculty members frequently continues long after the end of a seminar.

Through its continuing education programs, the graduate school of business administration is developing close relations with business leaders. Outstanding cooperation in research studies is only one indication of the strong Michigan State University business tie.

Dr. Paul E. Smith, director of master of business administration programs, reports that the school is cooperating with more than 50 different professional and trade associations to help them educate their members. The U.S. Independent Telephone Association and the Association of Equipment Distributors are two of the national organizations which met at Michigan State University last year. Industry interest in the AED seminar was so great that a special issue of Construction Engineering reported the program.

During 1960–61, 91 members of the college of business and public service contributed a total of 1,488 contact hours to the continuing education program. Nearly 6,000 participants registered for 88 conferences and executive programs sponsored by the college. More than 1,000 students enrolled in 40 off-campus courses offered in Michigan cities.

The entire program is based on a recognition of the changing needs of the individual.

"We know that the highly specialized and technically trained man as he progresses finds that the nature of his job has changed," explained Dr. Smith. "For example, the accountant or the engineer is highly trained for a specific job. Because of this ability he is frequently selected for supervisory and management positions. Then the nature of his work changes."

The man who was an expert in handling ledgers and calculating machines finds himself facing new situations, for the management function includes economic, psychological, physiological, and sociological problems. All concern people. To fill the gap between what Dr. Crissy calls "thing knowledge" and "people knowledge," the executive must have further training and different insights. Michigan State University's conferences and seminars offer training to prepare him for further personal development and make him more valuable to his company.

Higher education and business both gain much from the cooperative arrangement; but the citizens of Michigan and of the United States also gain, for a healthy economy is a firm foundation for our way of life.

Helping the people solve their problems is a fundamental idea in the land-grant philosophy. From the very beginning the land-grant colleges and universities extended teaching and research activities beyond the limits of the campus. Professors went out to carry college services to those who could not come to regular sessions.

At first the services related primarily to agriculture. But as the nature of American society changed, the land-grant institutions expanded their services to include other areas. Following the century-old land-grant tradition, professors from Michigan State University's College of Education are helping citizens with questions of national concern—the problems of our public schools.

When a citizen's committee in Delta County decided to bring in a team of campus-based consultants for a complete professionally guided school study, professors from Michigan State were chosen. A survey in Cassopolis had its foundation in a Michigan State University graduate class. All but 8 of more than 50 teachers and administrators in the community were enrolled. The course provided an ideal opportunity for staff identification of curriculum problems. In Sturgis, after two school bond issues failed at the polls, a Citizens Advisory Committee was organized to explore educational needs and report its findings to the community for action. Again, Michigan State consultants helped with the study.

The one thing all the studies have in common is the involvement of local people. Michigan State faculty members do not go in as experts who look over the situation, make recommendations, then leave without following through by helping the people put the plan into operation. Instead, the professors work closely with local men and women who do the actual information gathering and write the final report. The professor guides the work of local committee members, shares his experience with them. One of the chief advantages of this system is that a large number of people are informed about the purposes and procedures of the survey and can, in turn, help explain it to others in the community.

In Delta County, 75 citizens served on four committees which explored finance, educational program, plant and site, and growth and community factors. A study in Lansing was built around six problem areas: the educational community, financing, enrollment and population forecasting, school plant, program planning and curriculum, and personnel.

The school studies are helping school districts find solutions to current problems; but they are also stimulating citizen interest in public schools. By working with local communities as they analyze their resources and plan for the future, the professors are also helping bring about communitywide awareness that education is everybody's business.

THE INTERNATIONAL DIMENSION

Impact on the international picture of the activities of American Land-Grant schools long has been recognized by our State Department and all Federal agencies interested in oversea operations.

This fact was thrown into sharp focus recently in a letter received by Dr. Hannah from Z. A. Hashmi, DVM, 1947, MS, 1948, of Lahore, West Pakistan. This letter said, in part:

"You will be glad to know that I have been designated as the first vice chancellor of the Agricultural University, West Pakistan, and have been appointed an officer on special duty to arrange for the implementation of the Government decision to establish such a university on the pattern of your land-grant colleges.

"I believe my really significant attainment (at Michigan State University) was a lasting enthusiasm and respect for your system of agricultural education. I have always felt a very deep sense of gratitude to Michigan State and the sincere and good men on its faculty for leading and rousing my interest to a study of your cultural, social, and economic concepts and values."

Dr. Hashmi's letter is clearly indicative of the general impression made on students in all parts of the world. This is true, not only on the East Lansing campus, but in all countries where our internal programs are operating.

We now are engaged in projects at the Sao Paulo School of Business Administration, the University of Rio Grande do Sul, the University of Bahia, the Polytechnical School of the University of Sao Paulo, and at a regional educational research center, all in Brazil, and all in business administration; with the Faculties of Agronomy of the National University of Colombia, at Palmira and Medellin; with the Guinday College of Engineering at Madras and the Poona Engineering College at Poona, in India; at the University of Nigeria, which was opened in October 1960, and has eight Michigan State University representatives on hand; at the University of the Ryukyus; at two academies for village development in Pakistan; at the National Taiwan University (in engineering) and at the Taiwan Provincial College of Agriculture, and at the National Institute of Administration in Vietnam.

GENERAL LEAVE TO EXTEND

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill, S. 1658, passed by the House this afternoon.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

HEARINGS ON NON-SERVICE-CONNECTED VETERANS' PENSION PROGRAMS

Mr. TEAGUE of Texas. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TEAGUE of Texas. Mr. Speaker, last year the Committee on Veterans' Affairs held extensive hearings on about 166 veterans' pension bills. At the time those hearings closed it was announced that the different veterans' groups, the Veterans' Administration, and the Committee on Veterans' Affairs would make a study of non-service-connected pensions, and that when we had completed that study, we would have further hearings.

At the moment, so far as I know, the Veterans' Administration has completed their study. The Committee on Veterans' Affairs will complete our study within a very short time. There will be further hearings on our non-service-connected pension programs.

A number of Members have called and asked whether or not we would have hearings. There is a communication in the mail today to each Member of the House announcing these hearings. I make this announcement for the benefit of the Members of the House.

CONFERENCE REPORT ON SUPPLEMENTAL AIR CARRIERS

Mr. HARRIS. Mr. Speaker, I call up the conference report on the bill (S. 1969) to amend the Federal Aviation Act of 1958, as amended, to provide for supplemental air carriers, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

Conference Report (H. Rept. No. 1950)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House to the bill (S. 1969) entitled "An Act to amend the Federal Aviation Act of 1958, as amended, to provide for supplemental air carriers, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That section 101 of the Federal Aviation Act of 1958 (49 U.S.C. 1301) is amended by redesignating paragraphs (32) and (33) as (34) and (35), respectively, and by inserting immediately after paragraph (31) the following new paragraphs:

" '(32) "Supplemental air carrier" means an air carrier holding a certificate of public convenience and necessity authorizing it to engage in supplemental air transportation.

" '(33) "Supplemental air transportation" means charter trips in air transportation, other than the transportation of mail by aircraft, rendered pursuant to a certificate of public convenience and necessity issued pursuant to section 401(d) (3) of this Act to supplement the scheduled service authorized by certificates of public convenience and necessity issued pursuant to sections 401(d) (1) and (2) of this Act.'

"Sec. 2. Subsection (d) of section 401 of the Federal Aviation Act of 1958 (49 U.S.C. 1371(d)) is amended by adding at the end thereof the following new paragraph:

" '(3) In the case of an application for a certificate to engage in supplemental air transportation, the Board may issue a certificate, to any applicant not holding a certificate under paragraph (1) or (2) of this subsection, authorizing the whole or any part thereof, and for such periods, as may be required by the public convenience and necessity, if it finds that the applicant is fit, willing, and able properly to perform the transportation covered by the application and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board hereunder. Any certificate issued pursuant to this paragraph shall contain such limitations as the Board shall find necessary to assure that the service rendered pursuant thereto will be limited to supplemental air transportation as defined in this Act.'

"Sec. 3. Subsection (e) of section 401 of the Federal Aviation Act of 1958 (49 U.S.C. 1371(e)) is amended to read as follows:

" 'TERMS AND CONDITIONS OF CERTIFICATE

" '(e) (1) Each certificate issued under this section shall specify the terminal points and intermediate points, if any, between which the air carrier is authorized to engage in air transportation and the service to be rendered; and there shall be attached to the exercise of the privileges granted by the certificate, or amendment thereto, such reasonable terms, conditions, and limitations as the public interest may require.

" '(2) A certificate issued under this section to engage in foreign air transportation shall, insofar as the operation is to take place without the United States, designate the terminal and intermediate points only insofar as the Board shall deem practicable, and otherwise shall designate only the general route or routes to be followed. Any air carrier holding a certificate for foreign air transportation shall be authorized to handle and transport mail of countries other than the United States.

" '(3) A certificate issued under this section to engage in supplemental air transportation shall designate the terminal and intermediate points only insofar as the Board shall deem practicable and otherwise shall designate only the geographical area or areas within or between which service may be rendered.

" '(4) No term, condition, or limitation of a certificate shall restrict the right of an air carrier to add to or change schedules, equipment, accommodations, and facilities for performing the authorized transportation and service as the development of the business and the demands of the public shall require; except that the Board may impose such terms, conditions, or limitations in a certificate for supplemental air transportation when required by subsection (d) (3) of this section.

" '(5) No air carrier shall be deemed to have violated any term, condition, or limitation of its certificate by landing or taking off during an emergency at a point not named in its certificate or by operating in an emergency, under regulations which may be prescribed by the Board, between terminal and intermediate points other than those specified in its certificate.

" '(6) Any air carrier, other than a supplemental air carrier, may perform charter trips or any other special service, without regard to the points named in its certificate, or the type of service provided therein, under regulations prescribed by the Board.'

"Sec. 4. Section 401 of the Federal Aviation Act of 1958 (49 U.S.C. 1371) is amended by adding at the end thereof the following new subsection:

" 'ADDITIONAL POWERS AND DUTIES OF BOARD WITH RESPECT TO SUPPLEMENTAL AIR CARRIERS

" '(n) (1) No certificate to engage in supplemental air transportation, and no special operating authorization described in section 417 of this title, shall be issued or remain in effect unless the applicant for such certificate or the supplemental air carrier, as the case may be, complies with regulations or orders issued by the Board governing the filing and approval of policies of insurance, in the amount prescribed by the Board, conditioned to pay, within the amount of such insurance, amounts for which such applicant or such supplemental air carrier may become liable for bodily injuries to or the death of any person, or for loss of or damage to property of others, resulting from the negligent operation or maintenance of aircraft under such certificate or such special operating authorization.

"'(2) In order to protect travelers and shippers by aircraft operated by supplemental air carriers, the Board may require any supplemental air carrier to file a performance bond or equivalent security arrangement, in such amount and upon such terms as the Board shall prescribe, to be conditioned upon such supplemental air carrier's making appropriate compensation to such travelers and shippers, as prescribed by the Board, for failure on the part of such carrier to perform air transportation services in accordance with agreements therefor.

"'(3) If any service authorized by a certificate to engage in supplemental air transportation is not performed to the minimum extent prescribed by the Board, it may by order, entered after notice and hearing, direct that such certificate shall thereupon cease to be effective to the extent of such service.

"'(4) The requirement that each applicant for a certificate to engage in supplemental air transportation must be found to be fit, willing, and able properly to perform the transportation covered by his application and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board under this Act, shall be a continuing requirement applicable to each supplemental air carrier with respect to the transportation authorized by, and currently furnished or proposed to be furnished under, such carrier's certificate. The Board shall by order, entered after notice and hearing, modify, suspend, or revoke such certificate, in whole or in part, for failure of such carrier (A) to comply with the continuing requirement that such carrier be so fit, willing, and able, or (B) to file such reports as the Board may deem necessary to determine whether such carrier is so fit, willing, and able.

"'(5) In any case in which the Board determines that the failure of a supplemental air carrier to comply with the provisions of paragraph (1), (3), or (4) of this subsection, or regulations or orders of the Board thereunder, requires, in the interest of the rights, welfare, or safety of the public, immediate suspension of such carrier's certificate, the Board shall suspend such certificate, in whole or in part, without notice or hearing, for not more than thirty days. The Board shall immediately enter upon a hearing to determine whether such certificate should be modified, suspended, or revoked and, pending the completion of such hearing, the Board may further suspend such certificate for additional periods aggregating not more than sixty days. If the Board determines that a carrier whose certificate is suspended under this paragraph comes into compliance with the provisions of paragraphs (1), (3), and (4) of this subsection, and regulations and orders of the Board thereunder, the Board may immediately terminate the suspension of such certificate and any pending proceeding commenced under this paragraph, but nothing in this sentence shall preclude the Board from imposing on such carrier a civil penalty for any violation of such provisions, regulations, or orders.

"'(6) The Board shall prescribe such regulations and issue such orders as may be necessary to carry out the provisions of this subsection.'

"SEC. 5. Clause (3) of section 406(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1376(b) (is amended by inserting after 'each such air carrier' the words '(other than a supplemental air carrier)'.

"SEC. 6. Title IV of the Federal Aviation Act of 1958 is amended by adding at the end thereof the following new section:

"'SPECIAL OPERATING AUTHORIZATIONS

"'*Authority of Board to issue*

"'SEC. 417. (a) If the Board finds upon an investigation conducted on its own initiative or upon request of an air carrier—

"'(1) that the capacity for air transportation being offered by the holder of a certificate of public convenience and necessity between particular points in the United States is, or will be, temporarily insufficient to meet the requirements of the public or the postal service; or

"'(2) that there is a temporary requirement for air transportation between two points, one or both of which is not regularly served by any air carrier; and

"'(3) that any supplemental air carrier can provide the additional service temporarily required in the public interest;

the Board may issue to such supplemental air carrier a special operating authorization to engage in air transportation between such points.

"'*Terms of authorization*

"'(b) A special operating authorization issued under this section—

"'(1) shall contain such limitations or requirements as to frequency of service, size or type of equipment, or otherwise, as will assure that the service so authorized will alleviate the insufficiency which otherwise would exist, without significant diversion of traffic from the holders of certificates for the route;

"'(2) shall be valid for not more than thirty days and may be extended for additional periods aggregating not more than sixty days; and

"'(3) shall not be deemed a license within the meaning of section 9(b) of the Administrative Procedure Act (5 U.S.C. 1008(b)).

"'*Procedure*

"'(c) The Board shall by regulation establish procedures for the expeditious investigation and determination of requests for such special operating authorizations. Such procedures shall include written notice to air carriers certificated to provide service between the points involved, and shall provide for such opportunity to protest the application in writing, and at the Board's discretion to be heard orally in support of such protest, as will not unduly delay issuance of such special operating authorization, taking into account the degree of emergency involved.'

"SEC. 7. (a) If any applicant who makes application under section 401(d)(3) of the Federal Aviation Act of 1958 for a certificate for supplemental air transportation within thirty days after the date of enactment of this Act shall show—

"(1) that it, or its predecessor in interest, was an air carrier authorized to furnish service between places within the United States under a certificate of public convenience and necessity issued by the Civil Aeronautics Board pursuant to order E-13436, adopted January 28, 1959, or order E-14196, adopted July 8, 1959, or that it was given interim authority to operate in interstate air transportation as a supplemental air carrier under Board order E-9744 of November 15, 1955, and has pending before the Board an application for certification as a supplemental air carrier which was filed prior to July 14, 1960;

"(2) that, during the period beginning on the date such certificate was issued or such interim operating authority was conferred by the Board and ending on the date of enactment of this Act, such applicant or his predecessor in interest lawfully performed (A) a substantial portion of the transportation authorized by such certificate or interim operating authority, (B) substantial operations in overseas or foreign air transportation, as a supplemental or large irregular air carrier, authorized by the Board, or (C) substantial operations for the Military Establishment of the United States authorized by the Board;

"(3) that such certificate or interim operating authority had not been revoked or otherwise terminated by the Board or had not otherwise expired prior to the enactment of this Act: *Provided*, That for the purposes of this section such certificate or operating authority shall be considered to have been revoked or terminated if the Board has issued a final order to that effect on or before the date of enactment of this Act, notwithstanding a pending judicial review of such order; and

"(4) that such certificate or interim operating authority is held by the original grantee or has been transferred to the applicant with Board approval pursuant to section 401 (h) of the Federal Aviation Act of 1958: *Provided*, That a person who on the date of enactment of this Act had on file with the Board an application for the approval of transfer to him of a certificate for supplemental air transportation or interim operating authority, may be issued a new interim certificate or new interim operating authority under this section if the Board approves the transfer pursuant to section 401(h) of the Federal Aviation Act of 1958;

the Board may issue a new interim certificate or new interim authority to such applicant to engage in supplemental air transportation, as defined in the Federal Aviation Act of 1958, subject to such terms, conditions, and limitations as the Board may prescribe, pending issuance or denial of a certificate pursuant to section 401(d)(3) of the Federal Aviation Act of 1958 if it determines that the applicant is fit, willing, and able properly to perform such transportation and to conform to the provisions of such Act and the rules, regulations, and requirements of the Board and the Administrator.

"(b) If any applicant who makes application under section 401(d)(3) of the Federal Aviation Act of 1958 for a certificate for supplemental air transportation within thirty days after the date of enactment of this Act shall show that it or its predecessor has received interim operating authority from the Civil Aeronautics Board pursuant to paragraph (2) of the first section of Public Law 86–661 of July 14, 1960 (74 Stat. 527), the Board may issue new interim authority to such applicant to engage in supplemental air transportation, as defined in the Federal Aviation Act of 1958, subject to such terms, conditions, and limitations as the Board may prescribe, pending issuance or denial of a certificate pursuant to section 401(d)(3) of the Federal Aviation Act of 1958 if it determines that the applicant is fit, willing, and able properly to perform such transportation and to conform to the provisions of such Act and the rules, regulations, and requirements of the Board and the Administrator.

"(c) If an applicant who makes application under section 401(d)(3) of the Federal Aviation Act of 1958 for a certificate for supplemental air transportation shall show—

"(1) that it, or its predecessor in interest, was a carrier authorized to furnish all-cargo service between places within the United States by a certificate of public convenience and necessity issued by the Civil Aeronautics Board pursuant to order numbered E–3085, adopted July 29, 1949, order numbered E-9760, adopted November 21, 1955, or order numbered E-10084, adopted March 12, 1956;

"(2) that within thirty days prior to such application there has become final an order of the Civil Aeronautics Board in the domestic cargo-mail service case, docket numbered 10,067 and others, denying applicant's, or its predecessor's, application for renewal of such certificate; and

"(3) that immediately prior to the effective date of such denial the applicant, or its predecessor in interest, lawfully performed either (A) any portion of the service authorized by the certificate or (B) any operations for the Military Establishment of the United States authorized by the Board;

the Board may issue a new interim certificate to such applicant to engage in supplemental air transportation, as defined in the Federal Aviation Act of 1958, subject to such terms, conditions, and limitations as the Board may prescribe, pending issuance or denial of a certificate pursuant to section 401(d)(3) of the Federal Aviation Act of 1958, if it determines that the applicant is fit, willing and able properly to perform such transportation and to conform to the provisions of such Act and the rules, regulations, and requirements of the Board and the Administrator.

"(d) A new interim certificate or new interim authority issued under this section shall not be deemed a license within the meaning of section 9(b) of the Administrative Procedure Act (5 U.S.C. 1008(b)).

"SEC. 8. (a) If any air carrier, or its predecessor in interest, was an air carrier authorized to furnish service between places within the United States by a certificate of public convenience and necessity issued by the Civil Aeronautics Board pursuant to order E-13436, adopted January 28, 1959, or order E-14196, adopted July 8, 1959, or it or its predecessor received interim operating authority from the Board pursuant to paragraph (2) of the first section of Public Law 86-661 of July 14, 1960 (74 Stat. 527), and the operating authority described in this subsection has not been revoked or otherwise terminated by the Board, it may perform operations as described in such certificate or such interim operating authority, subject to the terms, conditions, and limitations applicable to such certificate or such interim operating authority, or both, as the case may be, for thirty days from the date of enactment of this Act, and if it has filed application pursuant to section 401(d)(3) of the Federal Aviation Act of 1958 within said thirty days, may perform such operations, subject to such terms, conditions, and limitations, for a period of ninety days from the date of enactment of this Act. Any air carrier whose application for certification as a supplemental air carrier is pending before the Board and which (A) has operated in interstate air transportation as a supplemental air carrier pursuant to authority granted under Board order E-9744 of November 15, 1955, and (B) had such application for a certificate as a supplemental air carrier pending before the Board on July 14, 1960, and whose operating authority described in this subsection has not been revoked or otherwise terminated by the Board, may continue to operate in interstate air transportation as described in such operating authority, subject to the terms, conditions, and limitations applicable to such operating authority, for thirty days from the date of enactment of this Act, and if it has filed application pursuant to section 401(d)(3) of the Federal Aviation Act of 1958 within said thirty days, may perform such operations, subject to such terms, conditions, and limitations, for a period of ninety days from the date of enactment of this Act.

"(b) The certificates of public convenience and necessity issued by the Board pursuant to order E-13436 adopted January 28, 1959, and order E-14196, adopted July 8, 1959, and the interim operating authority issued by the Board pursuant to paragraph (2) of the first section of Public Law 86-661 of July 14, 1960 (74 Stat. 527), and the exemption authority issued by the Board under order E-9744 of November 15, 1955, and prior authority under individual exemptions or Letters of Registration reinstated by the Board under order E-10161 of April 3, 1956, shall terminate thirty days from the date of enactment of this Act.

"(c) From and after the thirtieth day after the date of enactment of this Act the provisions of section 9(b) of the Administrative Procedure Act (5 U.S.C. 1008(b)) shall not be applicable to any operating authority referred to in this section, or to any application for renewal thereof.

"SEC. 9. The Civil Aeronautics Board may, if it finds such authorization to be in the public interest to permit an orderly transition to an all-charter operation, authorize the holder of any certificate or other operating authority issued by the Board under this Act or under section 401(d)(3) of the Federal Aviation Act of 1958 to perform individually ticketed and individually waybilled services in air transportation during the two-year period beginning on the date of enactment of this Act, subject to such terms, conditions, and limitations as the Board may prescribe, except that the annual gross revenue of such holder from services authorized by this section during each year of such two-year period shall not exceed the average annual gross revenue from individually ticketed and individually waybilled services furnished by such holder, as authorized by the Board, during the period beginning January 1, 1959, and ending December 31, 1961, inclusive, as determined by the Board.

"SEC. 10. The provisions of this Act shall in no way affect the authority of the Board—

"(1) to maintain any enforcement or compliance proceeding or action against the holder of a certificate of public convenience and necessity issued pursuant to Board order E-13436 of January 28, 1959, or Board order E-14196 of July 8, 1959, or against the holder of any interim operating authority conferred by the Board under paragraph (2) of the first section of Public Law 86-661 or under Board order E-9744 of November 15, 1955, which proceeding or action is pending before the Board on the date of enactment of this Act; or

"(2) to institute, on or after the date of enactment of this Act, any enforcement or compliance proceeding or action against the holder of any certificate or interim operating authority referred to in paragraph (1) of this section with respect to any violation of—

"(A) the Federal Aviation Act of 1958,

"(B) the provisions of such certificate,

"(C) the terms of such operating authority, or

"(D) the regulations of the Board,

without regard to when such violation occurred.

Any sanction which the Board lawfully could have imposed on the operating authority of the holder of any certificate or interim operating authority referred to in paragraph (1) of this section for any violation referred to in paragraph (2) of this section, which violation occurred prior to the issuance to such holder of a new interim certificate or new interim authority under section 7 of this Act or the issuance to such holder of a certificate of public convenience and necessity to engage in supplemental air transportation under paragraph (3) of section 401(d) of the Federal Aviation Act of 1958, may be imposed on the certificate or other operating authority issued to such holder under section 7 of this Act or under paragraph (3) of section 401(d) of the Federal Aviation Act of 1958.

"SEC. 11. Any application of an air carrier heretofore consolidated into the Board proceeding known as the Large Irregular Air Carrier Investigation, Docket Numbered 5132 and others, shall be deemed to have been finally disposed of upon the date of enactment of this Act.

"SEC. 12. Section 901(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1471(a)) is amended to read as follows:

" 'SAFETY, ECONOMIC, AND POSTAL OFFENSES

" 'SEC. 901. (a)(1) Any person who violates (A) any provision of title III, IV, V, VI, VII, or XII of this Act, or any rule, regulation, or order issued thereunder, or under section 1002(i), or any term, condition, or limitation of any permit or certificate issued under title IV, or (B) any rule or regulation issued by the Postmaster General under this Act, shall be subject to a civil penalty of not to exceed $1,000 for each such violation. If such violation is a continuing one, each day of such violation shall constitute a separate offense: *Provided*, That this subsection shall not apply to members of the Armed Forces of the United States, or those civilian employees of the Department of Defense who are subject to the provisions of the Uniform Code of Military Justice, while engaged in the performance of their official duties; and the appropriate military authorities shall be responsible for taking any necessary disciplinary action with respect thereto and for making to the Administrator or Board, as appropriate, a timely report of any such action taken.

" '(2) Any such civil penalty may be compromised by the Administrator in the case of violations of titles III, V, VI, or XII, or any rule, regulation, or order issued thereunder, or by the Board in the case of violations of titles IV or VII, or any rule, regulation, or order issued thereunder, or under section 1002(i), or any term, condition, or limitation of any permit or certificate issued under title IV, or by the Postmaster General in the case of regulations issued by him. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the person charged.'

"SEC. 13. Section 902(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1472(a)) is amended to read as follows:

" 'GENERAL

" 'SEC. 902. (a) Any person who knowingly and willfully violates any provisions of this Act (except titles III, V, VI, VII, and XII), or any order, rule, or regulation issued by the Administrator or by the Board under any such provision or any term, condition, or limitation of any certificate or permit issued under title IV, for which no penalty is otherwise provided in this section or in section 904, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject for the first offense to a fine of not more than $500, and for any subsequent offense to a fine of not more than $2,000. If such violation is a continuing one, each day of such violation shall constitute a separate offense.'

"SEC. 14. (a) That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the heading 'Sec. 401. Certificate of public convenience and necessity.' is amended by adding at the end thereof the following:

" '(n) Additional powers and duties of Board with respect to supplemental air carriers.'

"(b) That portion of such table of contents which appears under the heading

'Title IV—Air Carrier Economic Regulation' is amended by adding at the end thereof the following:

" 'Sec. 417. Special operating authorizations.
" '(a) Authority of Board to issue.
" '(b) Terms of authorization.
" '(c) Procedure.'

"(c) That portion of such table of contents which appears under the heading 'Sec. 901. Civil penalties.' is amended by striking out '(a) Safety and postal offenses.' and inserting in lieu thereof '(a) Safety, economic, and postal offenses.' "

And the Senate agree to the same.

Oren Harris,
John Bell Williams,
Harley O. Staggers,
Samuel N. Friedel,
John Jarman,
John B. Bennett,
William L. Springer,
Harold R. Collier,
Samuel L. Devine,
Managers on the Part of the House.

Warren G. Magnuson,
A. S. Mike Monroney,
George A. Smathers,
Strom Thurmond,
Clair Engle,
Norris Cotton,
Thruston B. Morton,
Hugh Scott,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House to the bill (S. 1969) entitled "An act to amend the Federal Aviation Act of 1958, as amended, to provide for supplemental air carriers, and for other purposes," submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text. The Senate agreed to the amendment of the House with an amendment which was a substitute for both the text of the House amendment and the Senate bill, and the House disagreed to the Senate amendment.

The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate, with an amendment which is a substitute for the text of the Senate amendment, the text of the House amendment, and the text of the Senate bill.

The differences between the House amendment to the text of the Senate bill and the substitute agreed to in conference are noted below, except for clerical corrections, incidental changes made necessary by reason of agreements reached by the conferees, and minor drafting and clarifying changes.

Requirements as to insurance, performance bonds, minimum service, and fitness: Sections 3 and 4 of the Senate amendment contained provisions not contained in the House amendment, relating to liability insurance and performance bonds, minimum service requirements, and minimum standards of financial fitness, applicable to supplemental air carriers. These provisions of the Senate amendment are described as follows:

1. The Civil Aeronautics Board was authorized to require supplemental air carriers to carry liability insurance or furnish performance bonds, or both, in the minimum amounts and upon the minimum terms prescribed by the Board, or demonstrate arrangements equivalent thereto.

2. The Board was authorized to prescribe minimum service requirements for supplemental air carriers. If any such carrier failed to perform authorized air transportation services to the minimum extent so prescribed, the Board was authorized to suspend such carrier's certificate to the extent of such service and, after notice and hearing, the Board was further authorized to direct that such certificate cease to be effective to the extent of such service.

3. The Board was authorized to prescribe minimum standards of financial fitness for supplemental air carriers and to require such carriers to submit reports so the Board could ascertain whether such carriers were maintaining continuous compliance with such standards. If any such carrier failed to comply with such standards or to file such reports, the Board was required to suspend such carrier's certificate and, if such carrier did not demonstrate compliance with such standards within a reasonable period of time, the Board could, after notice and hearing, revoke such carrier's certificate.

Section 4 of the substitute agreed to in conference retains provisions relating to insurance and performance bonds, minimum service requirements, and standards of fitness, applicable to supplemental air carriers, with some changes which the committee of conference agreed would impose stricter requirements on supplemental air carriers, particularly with respect to liability insurance, and would make such provisions administratively more workable. Such section 4 of the conference substitute would add a new section 401(n) to the Federal Aviation Act of 1958 containing paragraphs numbered (1) through (6), as follows:

1. Paragraph (1) would make it mandatory for the Civil Aeronautics Board to require each supplemental air carrier, and each applicant for a supplemental certificate, to comply with Board regulations governing the filing and approval of policies of insurance (in the amount prescribed by the Board) conditioned to pay amounts for which such carrier or such applicant may become liable for personal injuries or death, or for property damage or loss, resulting from negligent operation or maintenance of aircraft operated by such carrier or such applicant under authority granted by the Board. The Senate provision permitting the Board to accept "equivalent arrangements" in lieu of policies of liability insurance is omitted from the conference substitute.

2. Paragraph (2) would authorize the Board to require any supplemental air carrier to file a performance bond or equivalent security arrangement (in the amount and upon the terms prescribed by the Board) in order to protect persons utilizing the air transportation services performed by such carrier against the failure of such carrier to perform such services in accordance with agreements therefor.

3. Paragraph (3) would provide that, if any service authorized by a supplemental certificate is not performed to the minimum extent required by the Board, the Board may (after notice and hearing) direct that such certificate shall cease to be effective to the extent of such service.

4. Paragraph (4) would deal with the problem of requiring each supplemental air carrier to maintain continuous compliance with fitness standards, including but not limited to standards of financial fitness, by declaring that the requirement that each applicant for a supplemental certificate must be found by the Board to be fit, willing, and able to perform the transportation covered by his application and to conform to the provisions of the Federal Aviation Act of 1958 and requirements of the Board thereunder, shall be a continuing requirement applicable to each supplemental air carrier, taking into consideration the transportation authorized by such carrier's certificate and the transportation currently furnished or proposed to be furnished under such certificate. The Board would be required to modify, suspend, or revoke such certificate (after notice and hearing) for failure of such carrier to maintain continuous compliance with the requirement that such carrier be so fit, willing, and able, or for failure of such carrier to file reports deemed necessary by the Board to determine whether such carrier is so fit, willing, and able. This provision would make it clear that the Board's standards of fitness applicable to each supplemental air carrier could be revised from time to time, after the supplemental certificate is initially issued, in order to provide standards commensurate with the transportation services performed thereunder.

5. Paragraph (5) would give the Board authority to suspend the certificate of any supplemental air carrier, without notice or hearing (for not more than 30 days), for failure of such carrier to comply with requirements relating to liability insurance, performance of minimum service, or fitness, whenever the Board determines that immediate suspension of such certificate is required in the interest of the rights, welfare, or safety of the public. After exercising such suspension authority, the Board would be required to begin a hearing immediately to determine whether such certificate should be modified, suspended, or revoked. The Board could extend the period of suspension to the extent necessary to complete such hearing, but in no event could the periods of extension aggregate more than 60 days. If the Board should determine that a carrier whose certificate is suspended under this provision comes into compliance with the requirements relating to liability insurance, performance of minimum service, and fitness, the Board could immediately terminate such suspension and any pending proceeding instituted under this provision. It is clearly provided, however, that the Board could impose a civil penalty of not more than $1,000 per day for each day of any violation of those requirements which led to such suspension, notwithstanding the fact that the carrier concerned subsequently came into compliance with such requirements and the Board terminated such suspension.

6. Paragraph (6) would require the Board to prescribe such regulations and issue such orders as may be necessary to carry out the foregoing provisions.

Cargo carriers charter authority: Existing section 401(e) provides that "any air carrier may make charter trips or perform any other other special service, without regard to the points named in its certificate, under regulations prescribed by the Board." All certificated route carriers derive their authority to engage in off-route charter operations by virtue of this section. However, in 1953, the Court of Appeals for the District of Columbia interpreted this provision to mean that it merely lifted the limitation with respect to the points designated in the certificate and did not affect the type of service to be rendered. The Senate amended this provision so as to provide that any air carrier other than a supplemental air carrier, may make charter trips without regard to the type of service provided in its certificate of public convenience and necessity. This amendment was designed to empower the Board to authorize air carriers certificated to carry only cargo to engage in passenger charter operations under regulations prescribed by the Board.

Section 416 of the Federal Aviation Act of 1958 provides in effect that the Board may exempt an air carrier from any of the economic provisions of title IV of the act or any regulation issued thereunder, whenever the enforcement thereof would be an undue burden on the air carrier concerned by reason of the limited extent of, or unusual circumstances affecting, the operation of the carrier, and such enforcement would not be in the public interest. The Senate committee in its report (No. 664) took strong exception to the Board's excessive use of this exemption power and stated that "the Board's practice of routinely permitting continual large-scale charter operations by exemption is not only unwise, but illegal, because not within the 'unusual circumstances' contemplated by section 416." The committee of conference concurs with this view. The hearing records of both Houses are replete with evidence that the Board has exceeded the proper use of the exemption authority, not only with respect to the granting of charters but in other areas as well. For example, the Board employed the exemption power as a device to circumvent the statutory provisions with respect to air carrier certification when, in 1955, it granted supplemental air carriers authority to engage in air-carrier operations on an interim exemption basis. This order quite properly was set aside by the Court of Appeals, District of Columbia Circuit, July 19, 1956, on the ground that the Board had not made sufficient subsidiary finding to sustain the statutory finding required for exemption that the requirement for certification would be an undue burden on the carriers. A petition for a writ of certiorari was denied by the Supreme Court.

The Board has also employed this exemption power to permit cargo carriers to engage in passenger charter operations. The committee of conference recognizes that these carriers have performed a service for Military Air Transport Service and others and that such authority may be a desirable supplement to their primary role of conducting cargo operations. It is not the intention of the committee of conference to preclude cargo carriers from engaging in passenger charter operations by virtue of its report language directed to section 416. The committee of conference, however, does feel that the Board's exemption power under section 416 should be construed narrowly and employed in only very limited and unusual circumstances. Use of the exemption authority to permit cargo carriers to engage in passenger charter operations does not, in the view of the committee of conference, fall within the purview of the Board's exemption power.

If the Board is disposed to granting cargo carriers authority to engage in passenger charter operations the committee of conference is of the view that it should do so only by virtue of specific statutory authority rather than through a strained interpretation of its exemption powers. Consequently, the committee of conference agrees that section 401(e) should be amended as contemplated by the Senate amendment. In so doing, the committee of conference wishes to state that it does not intend that this amendment be interpreted as a directive that the Board should necessarily grant the cargo carriers either any greater or lesser authority than the Board has, in practice, given them under section 416. The scope of such authority is a matter for the Board to determine. The intention is only to insist that the Board act under specific statutory authority and not under a strained interpretation of a provision not contemplated by Congress. This amendment will permit the Board to authorize cargo carriers to engage in passenger charter operations to the extent that it may find, from time to time, that the public interest so requires. Since any charter operations conducted under section 401(e) can be done only under regulations prescribed by the Board, the Board will have the necessary flexibility to limit frequency of service and to impose such other limitations, conditions, and restrictions as the public interest may require.

Individually ticketed and waybilled services: Under the House amendment, the term "supplemental air transportation" did not include individually ticketed and waybilled services, therefore supplemental air carriers could not have engaged in such services on a permanent basis. Under the Senate amendment, such term did include individually ticketed and waybilled services and therefore such carriers could have engaged in such services on a permanent basis.

The substitute agreed to in conference adopts the provisions of the House amendment with respect to the prohibition of individually ticketed and waybilled services on a permanent basis. However, in order to permit an orderly transition to all-charter operations, section 9 of the conference substitute authorizes the Civil Aeronautics Board to permit any supplemental air carrier holding interim operating authority issued by the Board under this legislation or permanent operating authority issued by the Board under the proposed section 401(d)(3) of the Federal Aviation Act of 1958 to perform individually ticketed and waybilled services temporarily during the 2-year period beginning on the date of enactment of this legislation and subject to such terms, conditions, and limitations as the Board may prescribe. Such section 9 also contains a specific limitation that the annual gross revenue of such carrier from such services shall not exceed the average annual gross revenue from such services furnished by such carrier during the calendar years 1959, 1960, and 1961. At the end of such 2-year period supplemental air transportation would be limited to all-charter operations, except for limited individually ticketed service which may be authorized by the Board on a temporary basis.

Transportation of mail: The House amendment prohibited a supplemental air carrier from transporting mail except pursuant to a special operating authorization issued by the Board for a temporary period, and during this temporary period a supplemental air carrier could transport mail.

Under the Senate amendment a supplemental air carrier could carry mail at any time but in no event could that carrier be eligible for a so-called subsidy payment for transporting mail.

The proposed conference substitute adopts both the prohibition of the House amendment against transporting mail except pursuant to a special operating authorization and the prohibition of the Senate amendment that a supplemental air carrier cannot become eligible for a subsidy payment.

New interim operating authority: Under section 5 of the House amendment, the Civil Aeronautics Board was required to issue new interim operating authority to each applicant who met the eligibility requirements for such authority. Such applicant could then continue to engage in supplemental air transportation to the same extent authorized in the certificate or other authority of such applicant previously issued by the Board, subject to the same terms, conditions, and limitations applicable to such previously issued authority, until the Board granted or denied the application of such applicant for a supplemental certificate authorized to be issued under this legislation.

Under subsections (a) and (b) of section 7 of the Senate amendment, the Board was authorized to issue this new interim operating authority to each applicant who met the eligibility requirements therefor, but only if the Board found the applicant to be fit, willing, and able to perform the transportation services authorized by such authority and to conform to the provisions of the Federal Aviation Act of 1958 and the rules, regulations, and requirements of the Board and the Administrator of the Federal Aviation Agency. The operations performed under such authority was to be subject to such terms, conditions, and limitations as the Board prescribed.

The substitute agreed to in conference adopts the provisions of the Senate amendment regarding the issuance of new interim operating authority with one modification. The conference substitute provides, in effect, that no operations may be performed under any new interim operating authority unless such operations could be authorized by the Board in a supplemental certificate issued pursuant to the new section 401(d)(3) proposed to be added to the Federal Aviation Act of 1958 by section 2 of the conference substitute. The effect of this modification is to limit operations under any new interim operating authority to supplemental air transportation, as defined by this legislation, which includes only charter operations, except to the extent the Civil Aeronautics Board is authorized by this legislation to permit limited individually ticketed operations on a temporary basis.

Subsection (c) of section 7 of the Senate amendment contained a provision not contained in the House amendment under which the Civil Aeronautics Board was authorized to grant new interim operating authority to an applicant who was previously certificated by the Board to furnish all-cargo service between points within the United States, if such carrier applied for such authority within 30 days after the application for renewal of its cargo certificate was denied by the Board. The committee of conference is informed that this provision describes an air carrier which was originally certificated as a supplemental air carrier and subsequently certificated as a cargo carrier. Under Board regulations such carrier could not hold two types of certificates; therefore, the supplemental certificate initially issued was canceled. This provision of the Senate amendment would permit such carrier to apply to the Board, within 30 days after the application for renewal of its cargo certificate is denied, for new interim operating authority to conduct supplemental operations pending the issuance or denial of a supplemental certificate pursuant to the proposed new section 401(d)(3) of the Federal Aviation Act of 1958.

This provision of the Senate amendment is retained in the conference substitute.

Statutory operating authority: Section 6 of the House amendment provided that any air carrier holding certain operating authority previously issued by the Civil Aeronautics Board to engage in supplemental air transportation could continue operations under such previously issued authority for a period of 30 days after the date of enactment of the proposed legislation and, if such carrier applied for a supplemental certificate under the proposed new section 401(d)(3) of the Federal Aviation Act of 1958 within such 30-day period, it could further continue such operations until the Board granted or denied such carrier's application for new interim operating authority.

Section 8 of the Senate amendment contained provisions similar to section 6 of the House amendment, except that any such carrier which applied for a supplemental certificate within 30 days after the date of enactment of the proposed legislation could continue its operations (as described in the operating authority previously issued by the Board) for a period of only 90 days after such date of enactment. The operating authority previously issued by the Board would be terminated 30 days after such date of enactment. If the Board did not grant such carrier's application for new interim operating authority, or for a supplemental certificate, within 90 days after such date of enactment, such carrier could no longer engage in supplemental air transportation.

The substitute agreed to in conference adopts the provisions of the Senate amendment with respect to statutory operating authority, with the addition of language to make it clear that any carrier continuing operations under this provision would be required to perform such operations subject to the same terms, conditions, and limitations applicable to the operating authority of such carrier previously issued by the Board.

Subsection (c) of section 8 of the Senate amendment provided that, 30 days after the date of enactment of the proposed legislation, section 9(b) of the Administrative Procedure Act would not be applicable to any operating authority referred to in such section 8, so as to preclude any carrier from continuing operations pending Board action on an application for renewal of such operating authority. No corresponding provision was contained in the House amendment.

The substitute agreed to in conference adopts this provision of the Senate amendment.

Subsection (c) of section 6 of the House amendment contained a provision, not contained in the Senate amendment, which provided that any air carrier whose operating authority was continuing solely by virtue of a judicial stay of a Board order terminating such operating authority could continue its operations until the judicial stay of such Board order was lifted or the judicial review of such Board order was completed, whichever first occurred. This provision is no longer necessary because the judicial review proceeding referred to has been completed since the House amendment was adopted on September 18, 1961, and the Board order referred to has terminated such operating authority so that the carriers concerned are no longer operating thereunder.

This provision is omitted from the conference substitute.

Civil penalties: Section 9 of the House amendment amended section 901(a) of the Federal Aviation Act of 1958 so as to enable the Civil Aeronautics Board to impose a civil penalty of not more than $1,000 for each violation of the economic provisions of such act and of the regulations and orders of the Board issued thereunder. Also included in the House amendment was a provision (similar to the provision applicable in the case of criminal penalties) that, if any economic violation was a continuing one, each day of such violation would constitute a separate offense. This section of the House amendment was not limited to violations committed by supplemental air carriers, but included violations by certificated route air carriers or any other person.

Section 11 of the Senate amendment contained provisions identical to those of the House amendment, with an important modification which broadened the provision of the House amendment relating to continuing offenses so as to include not only violations of the economic provisions of the Federal Aviation Act of 1958 administered by the Civil Aeronautics Board, but also violations of the safety provisions of such act administered by the Federal Aviation Agency.

The substitute agreed to in conference adopts the provisions of section 11 of the Senate amendment.

Criminal penalties: Section 10 of the House amendment amended section 902(a) of the Federal Aviation Act of 1958 so as to preserve the criminal penalties contained in such section for knowing and willful violations of the economic provisions of such act.

Section 12 of the Senate amendment contained provisions identical to those of the House amendment, except that language was added by the Senate amendment to make it clear that criminal penalties would not be applicable to violations of regulations issued by the Postmaster General in connection with the transportation of mail, or to violations of laws relating to foreign commerce for which criminal penalties are otherwise provided in section 904 of the Federal Aviation Act of 1958.

The substitute agreed to in conference adopts the provisions of section 12 of the Senate amendment.

OREN HARRIS,
JOHN BELL WILLIAMS,
HARLEY O. STAGGERS,
SAMUEL N. FRIEDEL,
JOHN JARMAN,
JOHN B. BENNETT,
WILLIAM L. SPRINGER,
HAROLD R. COLLIER,
SAMUEL L. DEVINE,
Managers on the Part of the House.

Mr. HARRIS. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, this problem has been one of the most difficult to work out and resolve of any that I have experienced, I believe, since I have been a Member of this Congress. This conference report resolves a very difficult question of legislative policy, one which has confronted the Committee on Interstate and Foreign Commerce and the Congress itself for many years.

The legislation agreed to in conference gives the Civil Aeronautics Board permanent authority to establish and regulate the supplemental airline industry which up to now has existed in a shadow land of uncertainty and doubt. With two exceptions, which will be later explained, supplemental air carriers are limited to charter operations.

The language worked out to give the Board authority to certificate supplemental airlines and regulate their operations in the public interest is involved and technical.

But all of you are interested in one aspect of the situation and that is safety. We have included important amendments to promote safety.

Under this legislation carriers operating in violation of the Board's rules and regulations will be out of business in 90 days. The Board will have power to impose civil penalties for violations immediately.

All operating authority of existing supplementals is terminated 30 days after this legislation is signed into law. Any carrier which files an application with the Board for a supplemental certificate within 30 days can continue to operate for an additional 60 days. After that, if he has not been issued interim operating authority by the Board, he is out of business.

The Board has assured us that all applicants will be carefully screened to eliminate those who cannot meet the Board's tests for fitness. We are assured this will eliminate those not financially stable, those who have openly flouted Board rules, and those who do not meet safety standards.

The legislation gives the Board additional weapons to enforce its rules. When the bill is signed a civil penalty provision becomes effective which will permit the Board to penalize those who violate its regulations. These penalties may be as high as $1,000 for each violation. Working out this legislation has been a long and difficult task, as might be expected in view of the fact that this is a very complicated and involved subject. The legislative remedies needed to end the present chaotic situation are technical and complex. But the members of the committee on conference have been diligent and patient, sitting through several long sessions in which these technicalities were worked out line by line. I want to thank all of those who served with me on the committee for their patience and for the fine spirit in which they worked together on this difficult problem. They worked faithfully and with unanimity in our efforts to uphold the House position and bring back to you the best possible bill.

As is well known, the most difficult problem was that of transportation of individually ticketed passengers. The bill as passed by the House last September 18 sought to limit the supplemental carriers to charter operations, with no individually ticketed or individually waybill authority except in certain limited emergency situations.

Briefly, the supplemental air carrier bill passed by the House proposed to first, authorize the Board to issue certificates to supplemental carriers to conduct charter operations; second, authorize individually ticketed service on a temporary basis for special situations under regulations of the Board; third, permit the Board to expedite procedures in authorizing such temporary service; fourth, grant interim operating authority in the nature of grandfather rights to permit operations until the Board can pass upon applications for new certificates provided for by this legislation; and, fifth, permit the Board to impose civil penalties for violations of law and economic regulations to deter illegal operations.

The Senate version of this legislation differed from the House bill in two major respects, as follows:

First. The Senate bill contained a statutory definition of charter; and,

Second. The Senate bill authorized the Board to permit individually ticketed or waybilled service between designated points on a permanent basis.

The Senate version also had a provision to authorize the Board to grant the cargo carriers authority to operate passenger charter flights.

Following the tragic accident near Richmond last November which took the lives of 74 Army recruits, a close look was taken at safety operations of the supplementals by this committee and the committee in the other body. A special subcommittee of the Committee on Armed Services of which the gentleman from Virginia [Mr. HARDY] was chairman, conducted a thorough investigation of the Richmond tragedy and made a number of constructive recommendations.

At that time, the committee in the other body was considering the House amendments to S. 1969. I might say that the committee of the other body was very cooperative in working with this committee in considering the suggestions made by the Hardy subcommittee and other Members of the House extremely interested in this difficult problem.

Before requesting a conference, the Senate committee held further hearings on the safety problems involved and adopted certain amendments. This action was necessary to permit consideration of the suggestions in conference. These amendments, with certain technical revisions, were agreed to in conference.

The bill which finally went to conference, therefore, contained several new safety provisions. Briefly, these were:

First, a new provision authorizing the Board to require the supplementals to furnish performance bonds or carry liability insurance, or both. The conference agreement makes insurance mandatory.

Second, authority for the Board to prescribe minimum service and permitting suspension or revocation of a certificate for failure to provide such minimum service.

Third, a new section providing for suspension or revocation of a certificate for failure to file reports or failure to meet minimum standards of financial fitness.

Fourth, a revision of the provisions relating to interim certificates so as to (a) make the issuance of an interim certificate discretionary with the Board; (b) give the Board complete discretion as to the terms, conditions, and limitations of these certificates, rather than requiring the interim certificates contain the same authority which the carriers now have; (c) condition the grant of an interim certificate upon a determination that the applicant is fit, willing, and able to perform supplemental air transportation and to conform to the provisions of the act and the rules, regulations, and requirements of the Board and the Administrator of the Federal Aviation Agency; (d) after 30 days, to terminate the class of supplemental air carriers, which the Board has attempted to create by its previous orders, and to extinguish all existing authority for supplemental air carriers, whether that authority may be derived from an exemption, a certificate, or other order of the Board. That provision wipes the slate clean and permits the Board to start over again with the certification of a new class of supplemental air carriers to be set up by the legislation.

The principal point of disagreement in the conference was over individually ticketed operations. The House bill authorized the Board to certificate the supplementals to conduct charter operations.

Both bills contained provisions to authorize the Board to permit the supplementals to provide individually ticketed service on a temporary basis in situations where additional air transportation is needed, such as for heavy travel demands at vacation times, for fairs, to vacation resorts where transportation facilities are inadequate, and so on. This provision, of course, is retained in the bill agreed to in conference.

The bill agreed to in conference adopts the House provisions prohibiting individually ticketed and individually waybilled services on a permanent basis. However, in order to permit an orderly transition to an all-charter operation, a new section was adopted authorizing the Board to permit individually ticketed and individually waybilled operations for a period of 2 years, to be limited to the average annual revenues from these sources for the 3-year period ending December 31, 1961. A carrier which had not conducted such operations would not be eligible, of course.

The provision is explained in more detail in the statement of managers.

In my judgment, we have here a bill which is fair and one that I believe should be adopted by this House and by the Congress.

This will give the Board authority to end the chaotic conditions that have existed in this field of air transportation.

Like a great many pieces of legislation that we consider in this House, this does not please everybody; it does not please me in toto. But in my judgment it does solve some very grave problems.

The Committee on Interstate and Foreign Commerce has given long and careful consideration to this problem. The Subcommittee on Transportation and Aeronautics held extensive hearings and gave extensive consideration to this problem in this and in the preceding Congress. The subcommittee, in fact, has lived with this problem over the last several years.

A great many factors are involved in working this legislation out in the public interest. The supplementals conduct substantial operations for the Department of Defense, which says that the industry is needed.

At this time I would like to yield to the gentleman from Mississippi [Mr. WILLIAMS], chairman of the subcommittee in order that he might explain some of the background of the provisions included in this conference report; and I would like to compliment the gentleman from Mississippi and his subcommittee for the excellent job they have done and for the fine job also that was done in conference on this highly important and controversial matter.

I now yield 10 minutes to the gentleman from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Speaker, the House passed this legislation last September 18. It will be recalled that we struck out all after the enacting clause of a bill which the other body had passed August 28 and substituted the text of our bill, which differed greatly from the bill passed by the other body.

We did not, however, have time to get the bill to conference before the adjournment of the first session of this Congress. In fact, we did not get the bill to conference until March.

In the interim there was a very tragic accident near Richmond when 74 servicemen lost their lives in the crash of a plane operated by a supplemental, or nonsked airline. That accident resulted in an investigation by a subcommittee of the Armed Services Committee of which the gentleman from Virginia [Mr. HARDY] was chairman, when a careful study of supplemental safety operations was made. Following that investigation several amendments were suggested by Members of Congress to tighten up the safety requirements in the House bill. Some of these amendments were suggested by the gentleman from Pennsylvania [Mr. WALTER]. However, since the bill was then pending in the other body, we were unable to take action on the proposed amendment. We did, however, consult with members of the committee in the other body. Subsequently the bill was referred to the Senate committee, which held hearings and wrote a number of safety amendments into the bill. These amendments included, in principle, several of the suggestions made by the gentleman from Pennsylvania. The Senate then acted and requested a conference.

We have had some seven or eight extremely long sessions in conference, seeking to resolve the differences in the respective versions of the bill. May I say that members of this conference put in many hours of hard work in working out the legislation we bring you today.

We believe we bring to you a bill which is workable, which is fair, and which will protect the interest of the flying public.

To cover the high spots of the bill the Senate receded in its definition of "charter." The House did not have a specific definition of "charter" but left that up to the Civil Aeronautics Board to define. It is presumed they will use the same definition they have been using throughout the years.

The House had in its bill the authority for individually ticketed operations under a temporary route certificate setup. The Senate had this, plus authority for the Board to permit individually ticketed operations under Board regulations. It was there that we found the most serious bone of contention.

Under the House bill supplemental air transportation did not include individually ticketed and waybilled services.

The substitute agreed to in conference adopts the provisions of the House bill with respect to individually ticketed and individually waybilled services on a permanent basis. However, to permit an orderly transition to all-charter operations, the Board is authorized to permit any supplemental air carrier holding interim or permanent operating authority under this legislation to perform individually ticketed and waybilled services temporarily during the 2-year period beginning with the date of enactment of this legislation, under regulations of the Board. The annual gross revenue of any such carrier from such services shall not exceed the average of the annual gross revenue from such services furnished by the carrier during the calendar years 1959 through 1961. At the end of this 2-year period supplemental air transportation is limited to all-charter operations, except for limited individually ticketed service which may be authorized by the Board to meet emergency situations.

Thirty days after enactment of this legislation all operating authority of the supplemental carriers ceases to exist. They will have 30 days in which to apply for a new certificate. They will continue to operate during these 30 days, then carriers which have filed applications may operate for an additional 60 days. During that period the Board may issue an interim operating certificate to carriers which meet Board requirements.

These carriers will be able to operate under an interim operating certificate until the Board has passed judgment upon their application for a permanent certificate. We have placed some requirements in this bill which were not in either bill initially but which were placed in the bill by the Senate when the bill went back over there, requiring that these supplemental carriers carry insurance, gives the Civil Aeronautics Board authority to require performance bonds, and imposes certain fitness requirements. These are explained in detail in the statement of managers just read.

The Senate added another amendment affecting all cargo carriers within the category of supplemental carriers.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Arkansas.

Mr. HARRIS. I heard the gentleman's statement about cargo carriers. I think it might be advisable to point out that the Senate, by an amendment that was adopted, authorized the air cargo carriers to perform charter trips or any other special service under regulations prescribed by the Board.

That became one of the hard nuts to crack, as the gentleman well knows, in the conference. It was one of about three or four issues that we could not get an agreement on, and the gentleman recalls that it was included in a package settlement on the individually ticketing authority and definition of charter.

Actually what we did was to agree with the Senate to leave their language in the bill. I refer to paragraph 6, under (e) section 3, which reads: "Any air carrier, other than a supplemental air carrier, may perform charter trips or any other special service, without regard to the points named in its certificate, or the type of service provided therein, under regulations prescribed by the Board."

So, by that action we took the Senate version with reference to air cargo carriers, but in the statement of managers we made the position of the committee on conference regarding the Board's responsibility abundantly clear.

I think at this point we ought to have that explanation in the RECORD.

Mr. WILLIAMS. I thank my chairman for that explanation.

Mr. Speaker, if the supplemental air carrier service is to be an integral part of our transportation system, then this legislation is going to be necessary. It is going to be necessary in the public interest, and it is going to be necessary in order to insure that the services of these carriers will in truth and in fact be supplemental to regularly scheduled service.

Mr. Speaker, I hope that this conference report is accepted.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. The gentleman knows of my interest in the Imperial Airline crash in Richmond last fall.

Mr. WILLIAMS. That is true.

Mr. VAN ZANDT. I want to commend the committee for the time they put in working out this conference report and would like to ask this question: If this conference report is written into law, can the user of these nonschedules expect greater governmental protection against accidents like the one which happened last fall?

Mr. WILLIAMS. Of course, there is no way to prevent bad air accidents, as the gentleman knows. The Imperial air crash the gentleman referred to is the accident that occurred at Richmond, I believe.

Mr. VAN ZANDT. Richmond, Va.

Mr. WILLIAMS. In which a large number of recruits were killed. Imperial was operating under contract with the Department of Defense.

However, may I say that perhaps a better case in point would be the Arctic-Pacific accident in which a football team from California was killed. As I understand, no insurance and no indemnities have been paid for the loss of those lives, because Arctic-Pacific was not financially responsible.

Under this bill it would be mandatory that they carry the minimum amount of insurance that is required by the Civil Aeronautics Board regulations, and that they meet the minimum standards of fitness.

Mr. VAN ZANDT. In other words, we have to lay aside the possibility of man and mechanical failure?

Mr. WILLIAMS. Yes.

Mr. VAN ZANDT. We cannot legislate so as to eliminate man failure, but from an accident standpoint where they must meet requirements, then the gentleman thinks, if this bill is written into law, the traveling public using these nonscheduled airlines, including the military, will have greater protection?

Mr. WILLIAMS. They will certainly have much more protection as a result of the safety provisions written into this bill than they have at present.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Pennsylvania.

Mr. WALTER. First, I want to commend the gentleman and his colleagues on the conference on the fine work which they did in maintaining the basic position of the House. I am glad that the future role of the supplementals will be confined to the charter field. However, I have a question about the charter definition.

As I recall the Senate bill, it included language that would have changed the longstanding concept of the meaning of "charter" in the airline field.

Mr. WILLIAMS. That is quite true.

Mr. WALTER. It proposed that all-expense travel agents could charter airplanes in their own name and then sell space to the public for all-expense tours. This would have changed completely the function of the travel agent and put him in position to engage in rate cutting.

Can the gentleman tell us what happened to that provision?

Mr. WILLIAMS. The Senate receded and accepted the position of the House on that provision. So, there is no statutory definition of "charter" in the bill. That definition will be the one which is presently in effect under a regulation of the Civil Aeronautics Board. The all-expense tours that were provided for in the Senate definition were not accepted by the House, and the Senate receded and concurred in our position on that, also.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

The SPEAKER pro tempore. The time of the gentleman from Mississippi has again expired.

Mr. HARRIS. Mr. Speaker, I yield the gentleman an additional 3 minutes.

Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS. Yes, I yield to the gentleman from Arkansas.

Mr. HARRIS. The gentleman is correct. The Senate proposed to change the well established meaning of "charter." The House objected to changing it. Therefore, the bill reported by the conferees contains no definition of charter because the Senate receded. The language the gentleman was concerned about is not in the bill.

A charter in the aviation field has always meant the engagement of the entire capacity of the aircraft for a particular purpose by a single engaging party. Travel agents, being agents for transportation services, rather than carriers themselves, have never been allowed to engage airplanes in their own name for their own account. Nor should they be allowed to. That is why the House objected to the proposal of the Senate including the "all-expense tour" language. As explained in the House report, we felt the Board should be in a position to deal effectively with any efforts to abuse the meaning of charter.

If I may I would like to read a statement I have prepared on this point:

> The bill, as reported by the conference committee, contains no definition of charter. The law is well established that, in air transportation, charter means essentially the lease of the entire capacity of an aircraft for a period of time or a particular trip, for the transportation of cargo or persons and baggage, on a basis which does not include solicitation of the general public, or any device where individually ticketed services would be offered or performed under guise of charter. The basic concept being thus clear, it is important that the Civil Aeronautics Board, by regulation and other appropriate measures, make sure that charter serves its planeload service concept and is not employed as a subterfuge to perform individually ticketed services. Manifestly, the nature of such subterfuge may change from time to time, and the regulatory agency needs some flexibility to modify its regulations to guard against any new subterfuges that may emerge. For this reason, the House committee objected to any attempt to freeze into the act a definition of charter service which would prevent the Board from dealing effectively with abuses. Thus the bill, as passed by the House, contained no definition of charter.
>
> The Senate bill, on the other hand, contained a definition of charter service. This was necessary, in large part, because the Senate proposed to modify the established concept of charter in order to permit carriage, as charter, of "a group on an all-expense paid tour." The Senate conferees having receded from insistence on the all-expense-paid tour exception, it followed that the remainder of the Senate definition was superfluous since it merely stated established law and policy.

Mr. WALTER. I thank the gentleman for his assurances that there has been no change in the meaning of a charter. This is a very important point. Certainly, all the efforts to bring to an end the many problems in the supplemental airlines which stemmed from their individually ticketed authority would be of no avail if they were allowed to engage in split-charters, all-expense tours or other devices for destroying the meaning of charter and engaging in a type of individually ticketed authority, under some guise or other. I am glad the position of the Congress on this is crystal-clear.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from California.

Mr. ROUSSELOT. First, Mr. Speaker, I would like to thank the members of the conference committee on the part of the House for standing very firm for the position which the House took, especially as it relates to ticketing. As the gentleman knows, those of us from California were very concerned when the entire football team crashed in Ohio on their return from a football game on one of these supplemental air carriers that had neglected very badly its maintenance and other activities.

Can the gentleman tell me under this bill that is before us now what provisions are made to make sure that these dormant certificates that many times sit idle for months and then a company comes back under a new name and picks them up again and some of these supplemental air carriers renew them under another name, is there provision that all of these companies must now come back in and get a recertification?

Mr. WILLIAMS. Yes. First, let me say to the gentleman that all operating authority, or such operating authority as they have under the present law, expires 30 days after this legislation is signed into law by the President.

However, they do have 30 days in which to make an application for a supplemental certificate. Carriers which file may operate an additional 60 days. After that, a carrier which has not been issued interim operating authority pending the consideration of a certificate is out of business. In addition to that, the Civil Aeronautics Board has the authority under this legislation to require performance bonds. It has the authority to cancel this operating authority or the certificate of the airline if in its opinion the airline is not carrying out the purposes for which its certificate was issued.

Mr. ROUSSELOT. A lot of the corporations have operated on a very nebulous basis. Do I understand then that these ticketing provisions will be phased out, in effect, in 2 years?

Mr. WILLIAMS. That is what the bill says, as explained in the statement of the managers on the part of the House.

Mr. ROUSSELOT. It is the intention of the committee as it stands today that they will no longer have these ticketing provisions after 2 years?

Mr. WILLIAMS. Obviously we cannot determine what future Congresses may do. Future Congresses may restore it. However, as the bill stands the individual ticketing authority dies 2 years after the enactment of this bill, except for the special, temporary operation authority which the Board may authorize.

Mr. ROUSSELOT. They can only maintain their present level of ticketing.

Mr. WILLIAMS. For the next 2 years they will have the average for 1959, 1960, and 1961; but beyond that all of it expires. The only individually ticketed service they will be able to render will be under a temporary authorization which may be issued by the Civil Aeronautics Board in what might be generally considered emergency conditions.

Mr. ROUSSELOT. Is there any specified amount of insurance that must be carried?

Mr. WILLIAMS. The Civil Aeronautics Board is given authority to make the determination as to the minimum amount which should be carried.

Mr. ROUSSELOT. Have they given any indication what that will be?

Mr. WILLIAMS. No, but I have enough confidence in the Board to believe they will set it sufficiently high to protect the traveling public.

Mr. HARRIS. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Speaker, I know that there is some confusion in the minds of Members as to what constitutes supplemental carriers. I think we have probably three or four principal parts of civil aviation that most of the Members are familiar with. First we have the oversea operations, principally Pan-Am and TWA. You have your trunk lines like American and TWA, United, Braniff, Delta, and others.

Third, you have your feeder lines, made up of Ozark in my particular area; and there are about 17 others. Then you have what are called supplemental air carriers. These were created and were made legal under the law. These carriers are principally in the charter business and were designated for that reason. In recent years they have been doing ticketing under certain emergency conditions permitted by the Civil Aeronautics Board.

There has been a great deal of objection and the problem has arisen in the ticketing field. I do not know how many of those now ticketing are going to survive when the Federal Aviation Agency and the CAB get this authority which we have given them in this bill to wind up all of those who are not competent, who are not safe and who are not qualified to do business. But I imagine that it will be a substantial reduction in the number that presently are flying.

Mr. AVERY. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Kansas.

Mr. AVERY. Did I understand the gentleman from Mississippi to explain the report in this way, that all present certifications would expire 30 days after this bill becomes law?

Mr. SPRINGER. That is correct.

Mr. AVERY. It is the assumption of the committee, then, that the CAB would look with considerable caution on the recertification of these various supplemental carriers?

Mr. SPRINGER. I would be of the opinion that they would, after the committee hearings and what has happened in conference. We have been in conference for 2 months. There were times when we thought we could not reach an agreement. This has been an extremely difficult matter to settle in conference. I am sure the CAB and FAA are cognizant of all the problems we face, and I hope they are going to use caution in going ahead with this.

There was a great deal of difference in the conference between what the House wanted and what the Senate wanted. I can assure the House that the Senate yielded on all points. We did take the Engle amendment, but I think when we got through with it it was more of a House amendment than a Senate amendment.

We have continued ticketing for 2 years. May I say to the gentleman from California that there was an attempt to take certain words out of the amendment, which said that there would be an orderly phasing out of ticketing in the supplemental field. I insisted those words remain in the amendment. They are in the amendment in this legislation today. It is my feeling that at the end of 2 years this ought to come to an end.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from California.

Mr. ROUSSELOT. I wish to compliment the conferees for their firm position, because it was the ticketing provisions of many of the carriers who were misusing the ticketing operations that caused this trouble. Then it turned out that many of these planes were crashing or getting into accidents that were unnecessary because they were not operating under the safety conditions normally expected of passenger-carrying aircraft. I compliment the gentleman for his insistence that the 2-year phasing out be emphasized in the bill. I think it is necessary for the CAB and the FAA, who I feel were not doing their full job, to look very carefully at what this House has passed.

Mr. SPRINGER. May I say in reply to the gentleman that this was not altogether the fault of the CAB and FAA. I can explain to him why it was not. In many instances the CAB actually did end their certification but the carriers took an appeal to the courts, and they have been in the courts for years. There was nothing the CAB could do about it while they were in the courts. They were legally flying. The courts kept them flying. There was nothing the CAB could do about those that were in the courts, which was a considerable number. Some of them proved to be nonassets. That is the kindest thing that could be said about them. I feel sure that when the CAB gets through with this we will have only those who ought to be certificated and we will have the people who are not qualified out of this field.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Ohio.

Mr. DEVINE. For the purpose of the record, will the gentleman agree that it was discussed thoroughly in the conference and that the intention of the conferees was that the ticketing feature was to conclude and terminate finally at the end of 2 years?

Mr. SPRINGER. I am sure that was the understanding. I listened to every word that was said there. It is true at the end of 2 years we would not have that strictly binding on future Congresses. But I am sure that it was our understanding that 2 years would end the ticketing privilege.

Mr. DEVINE. And as the gentleman from Mississippi indicated, we, of course, cannot bind future Congresses. However, we did wish to spell out our intention because we can anticipate, perhaps, some supplemental will come back in the next Congress and say—let us extend this another 2 or 4 or 6 years. We wanted it made clear and so stated in the report that 2 years would end the whole individually ticketed authority.

Mr. SPRINGER. The gentleman has stated the matter correctly.

Mr. HARRIS. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. COLLIER].

EXTENSION OF REMARKS

Mr. COLLIER. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. CHAMBERLAIN] be permitted to extend his remarks in the body of the RECORD following the vote on the bill on which there was a rollcall vote today, prior to the remarks of the chairman of this committee.

The **SPEAKER** pro tempore (Mr. BOGGS). Without objection, it is so ordered.

There was no objection.

Mr. COLLIER. Mr. Speaker, the bill, as reported by the conference committee, contains no definition of charter. The law is well established that, in air transportation, charter means essentially the lease of the entire capacity of an aircraft for a period of time or a particular trip, for the transportation of cargo or persons and baggage, on a basis which does not include solicitation of the general public, or any device where individually ticketed services would be offered or performed under guise of charter. The basic concept being thus clear, it is important that the Civil Aeronautics Board, by regulation and other appropriate measures, make sure that charter serves its planeload service concept and is not employed as a subterfuge to perform individually ticketed services.

Manifestly, the nature of such subterfuge may change from time to time, and the regulatory agency needs some flexibility to modify its regulations to guard against any new subterfuges that may emerge. For this reason, the House committee objected to any attempt to freeze into the act a definition of charter service which would prevent the Board from dealing effectively with abuses. Thus, the bill, as passed by the House, contained no definition of charter.

The Senate bill, on the other hand, contained a definition of charter service. This was necessary, in large part, because the Senate proposed to modify the established concept of charter in order to permit carriage, as charter, of "a group on an all-expense-paid tour." The Senate conferees having receded from insistence on the all-expense-paid tour exception, it followed that the remainder of the Senate definition was superfluous since it merely stated established law and policy.

Mr. HARRIS. Mr. Speaker, I yield 5 minutes to the gentleman from West Virginia [Mr. STAGGERS].

Mr. STAGGERS. Mr. Speaker, I rise primarily to compliment and congratulate the chairman of the subcommittee, the gentleman from Mississippi [Mr. WILLIAMS], who has been working on this proposition for the last 2 years in dealing with the supplemental carrier problem. I think this is the fruition of that work through the years.

I would like to compliment the chairman of our committee for his presentation to the conferees and his part in helping to bring about a solution; in fact, I would like to compliment every member of that subcommittee for the work they have done: The gentleman from Maryland [Mr. FRIEDEL], the gentleman from Oklahoma [Mr. JARMAN], the gentleman from Illinois [Mr. SPRINGER], the gentleman from Illinois [Mr. COLLIER], and the gentleman from Ohio [Mr. DEVINE].

Mr. WILLIAMS. Mr. Speaker, will the gentleman yield at that point?

Mr. STAGGERS. I yield.

Mr. WILLIAMS. The gentleman singled me out in the beginning. I wanted to tell him that I am very happy he did mention the other members of the committee, because this has been the work of no one individual; it has been the work of the entire subcommittee, and the gentleman from West Virginia [Mr. STAGGERS] has been one of the most active in helping bring this matter to a satisfactory conclusion.

Mr. STAGGERS. I thank the gentleman from Mississippi. Of course, I worked with him 2 years ago. We had what we thought was a temporary solution to this problem. I would say that all the members of this committee had certainly the patience of Job and worked indefatigably to reach a satisfactory solution. I believe it is satisfactory; I believe it will bring an end to some of the things that worried the House.

In determining the role of the new class of carriers which will be established under this legislation, the Senate and House took fundamentally different approaches to the problem. The Senate bill provided that not only could the CAB certificate a new class of carriers, supplemental air carriers, to engage in charter operations, but it also would have permitted the Board to put such carriers into the individually ticketed business. From the outset, the House has been convinced that the proper role for the supplemental air carriers is in the charter field. The history of the operations of the supplemental air carriers has conclusively shown that their individually ticketed operations have been a breeding ground for illegal operations and law evasion which has extended, in some cases, to a disregard for safety regulations in the operation and maintenance of aircraft, in addition to violation of economic regulations.

Moreover, the House is convinced that it is not possible to regulate adequately limitations on individually ticketed services. The CAB has expended great amounts of time and money seeking to administer a limited individually ticketed operation in the past, without success. The House is also convinced that the existing volume of charter business is adequate to support the supplemental air carrier industry and that the potential in this field is very promising, provided that the CAB adopts a realistic approach as to the number of carriers required by the public convenience and necessity.

Therefore, as one of the House conferees I reluctantly accepted section 9, which would permit the CAB to authorize interim individually ticketed operations for a period not to exceed 2 years. I do so only with the understanding that any authority granted under this provision is terminal in nature and will be granted to an individual carrier only if and to the extent it is clearly found by the CAB to be necessary to phase out existing individually ticketed operations without undue economic harm. The sole purpose is to achieve an orderly transition from existing operations to a charter operation. It is for this reason that the House has insisted that only those carriers which the Board may find are qualified to stay in business and have relied on individually ticketed operations as a source of revenue during the past 3 years may be granted individually ticketed authority during a period which shall not exceed 2 years from the enactment of this legislation, and in an amount which shall not exceed, on an annual basis, the average amount of individually ticketed or individually waybilled operations which they may have performed lawfully during an average of the last 3 years—during the calendar years 1959 through 1961.

Mr. HARRIS. Mr. Speaker, I yield 3 minutes to the gentleman from Oklahoma [Mr. JARMAN], a member of the committee of conference.

Mr. JARMAN. Mr. Speaker, I believe we have a good bill, the best result that we could hope for from the conference with the Senate.

As has been emphasized here this afternoon, I believe the result of the conference stays very close to the bill that was originally passed by the House. It will achieve a great deal in the field of supplemental air carrier operations. I sincerely hope that the conference report will be adopted by the House.

Mr. Speaker, I yield back the balance of my time.

Mr. HARRIS. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, as stated at the outset, I believe the conferees have done a very good job. I would like to state again that it was a very difficult problem; there were many facets to it, and the fact that we have a unanimous conference report on this proposal seems to me to emphasize the importance of the agreement we have reached insofar as the air transportation industry is concerned, as far as the intent of Congress is concerned, and so far as giving the Civil Aeronautics Board the legislation it needs is concerned in carrying out the policies which are included in this conference report. We did work long and hard to get a united agreement; we have accomplished that. The safety provisions are highly important. The Board gets ample authority now to deal with these carriers, which they have not had over the last several years. Therefore, I think the conferees have upheld principally the views of the House in this regard and, as usual, the legislative processes of the conference have made it an even better bill all the way round. I commend it to the House, to the Civil Aeronautics Board, and to the airlines industry in the public interest.

Mr. Speaker, I yield such time as he may desire to the gentleman from New Jersey [Mr. JOELSON].

Mr. JOELSON. Mr. Speaker, I represent a district which had 22 young draftees on the plane that so tragically crashed some time ago. They were flying on a nonscheduled flight. I certainly want to go on record in support of any legislation such as this that will increase safety in this type of operation.

Mr. HARRIS. Mr. Speaker, we all know how intensely interested the gentleman from New Jersey is in this problem and the interest that he has displayed in this important matter over the years.

On behalf of the conferees, I want to thank him for the contribution he has made, and also want to commend the splendid contribution made by the gentleman from Pennsylvania [Mr. WALTER]. He recommended some five or six amendments in the field of safety, four of which were accepted—that is, the amendments were accepted in principle—in order to provide more safety for the public in this type of operation.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken, and the Speaker announced that the "ayes" appeared to have it.

Mr. COLLIER. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 338, nays 0, not voting 98, as follows:

[Roll No. 138]

YEAS—338

Abbitt
Abernethy
Adair
Addabbo
Albert
Alexander
Andersen, Minn.
Anderson, Ill.
Andrews
Ashbrook
Ashmore
Auchincloss
Avery
Ayres
Baker
Baldwin
Barry
Bass, N.H.
Bass, Tenn.
Bates
Battin
Beckworth
Beermann
Belcher
Bell
Bennett, Fla.
Bennett, Mich.
Berry
Boggs
Bolling
Bow
Brademas
Bray
Breeding
Brewster
Brooks, Tex.
Broomfield
Brown
Broyhill
Bruce
Burke, Mass.
Burleson
Byrne, Pa.
Byrnes, Wis.
Cahill
Cannon
Cederberg
Chamberlain
Chelf
Chiperfield
Church
Clancy
Clark
Coad
Cohelan
Collier
Colmer
Conte
Cook
Cooley
Corbett
Cramer
Cunningham
Curtin
Curtis, Mo.
Daddario
Dague
Daniels
Davis, James C.
Davis, John W.
Dawson
Dent
Denton
Derounian
Derwinski
Devine
Diggs
Dingell
Dole
Dominick
Donohue
Dooley
Dorn
Dowdy
Doyle
Dulski
Durno
Dwyer
Elliott
Ellsworth
Everett
Evins
Fallon
Fascell
Fenton
Findley
Finnegan
Flynt
Ford
Forrester
Fountain
Frelinghuysen
Friedel
Fulton
Gallagher
Garmatz
Gary
Gathings
Gavin
Giaimo
Gonzalez
Goodell
Goodling
Granahan
Grant
Green, Oreg.
Griffin
Griffiths
Gross
Gubser
Hagan, Ga.
Hagen, Calif.
Haley
Hall
Halleck
Halpern
Hansen
Harding
Hardy
Harris
Harrison, Wyo.
Harsha
Harvey, Ind.
Harvey, Mich.
Hechler
Hemphill
Henderson
Herlong
Hoeven
Hoffman, Ill.
Holifield
Holland
Hosmer
Huddleston
Hull
Ichord, Mo.
Inouye
Jarman
Jennings
Jensen
Joelson
Johansen
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jonas
Jones, Mo.
Judd
Karsten
Karth
Kastenmeier
Kearns
Kee
Keith
Kilgore
King, Calif.
King, N.Y.
King, Utah
Kitchin
Kluczynski
Knox
Kornegay
Kunkel
Laird
Lane
Langen
Lankford
Lennon
Lesinski
Libonati
Lindsay
Lipscomb
McDonough
McDowell
McFall
McIntire
McMillan
Macdonald
MacGregor
Mack
Magnuson
Marshall
Martin, Nebr.
Mathias
Matthews
Meader
Merrow
Michel
Miller, Clem
Miller, N.Y.
Milliken
Mills
Minshall
Moeller
Monagan
Montoya
Moore
Moorehead, Ohio
Moorhead, Pa.
Morgan
Morris
Morrison
Morse
Mosher
Murphy
Murray
Natcher
Nedzi
Nelsen
Nix
Norblad
Norrell
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
Olsen
O'Neill
Osmers
Ostertag
Passman
Patman
Pelly
Perkins
Peterson
Pfost
Philbin
Pike
Pillion
Pirnie
Poage
Poff
Price
Pucinski
Purcell
Quie
Randall
Ray
Reifel
Rhodes, Ariz.
Rhodes, Pa.
Riehlman
Rivers, Alaska
Roberts, Ala.
Roberts, Tex.
Robison
Rodino
Rogers, Colo.
Rogers, Fla.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roudebush
Roush
Rousselot
Rutherford
Ryan, Mich.
Ryan, N.Y.
St. George
Santangelo
Schadeberg
Schenck
Scherer
Schneebeli
Schweiker
Scott
Selden
Shelley
Sheppard
Shipley
Short
Shriver
Sibal
Sikes
Siler
Sisk
Smith, Calif.
Smith, Iowa
Springer
Stafford
Staggers
Stephens
Stubblefield
Sullivan
Taber
Taylor
Teague, Calif.
Teague, Tex.
Thomas
Thompson, N.J.
Thompson, Tex.
Thomson, Wis.
Thornberry
Toll
Trimble
Tuck
Tupper
Udall, Morris K.
Utt
Vanik
Van Pelt
Van Zandt
Vinson
Waggonner
Wallhauser
Walter
Watts
Weaver
Weis
Westland
Whalley
Wharton
Whitener
Whitten
Wickersham
Widnall
Williams
Willis
Wilson, Calif
Wilson, Ind.
Winstead
Wright
Young
Younger
Zablocki

NAYS—0

NOT VOTING—98

Addonizio
Alford
Alger
Anfuso
Arends
Ashley
Aspinall
Bailey
Baring
Barrett
Becker
Betts
Blatnik
Blitch
Boland
Bolton
Bonner
Boykin
Bromwell
Buckley
Burke, Ky.
Carey
Casey
Celler
Chenoweth
Corman
Curtis, Mass.
Davis, Tenn.
Delaney
Downing
Edmondson
Farbstein
Feighan
Fino
Fisher
Flood
Fogarty
Frazier
Garland
Gilbert
Glenn
Gray
Green, Pa.
Harrison, Va.
Hays
Healey
Hébert
Hiestand
Hoffman, Mich.
Horan
Jones, Ala.
Kelly
Keogh
Kilburn
Kirwan
Kowalski
Kyl
Landrum
Latta
Loser
McCulloch
McSween
McVey
Madden
Mahon
Mailliard
Martin, Mass.
Mason
May
Miller, George P.
Moss
Moulder
Multer
Nygaard
Pilcher
Powell
Rains
Reece
Reuss
Riley
Rivers, S.C.
Rogers, Tex.
St. Germain
Saund
Saylor
Schwengel
Scranton
Seely-Brown
Slack
Smith, Miss.
Smith, Va.
Spence
Steed
Stratton
Thompson, La.
Tollefson
Ullman
Yates
Zelenko

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. McSween with Mr. Alger.
Mr. Keogh with Mr. Nygaard.
Mr. Davis of Tennessee with Mr. Becker.
Mr. Multer with Mrs. Reece.
Mr. Thompson of Louisiana with Mr. Betts.
Mr. Celler with Mr. Saylor.
Mr. Flood with Mr. Chenoweth.
Mr. Healey with Mr. Arends.
Mr. Fogarty with Mr. Mason.
Mr. Powell with Mrs. May.
Mr. Gilbert with Mr. Kilburn.
Mr. Stratton with Mr. Hiestand.
Mr. George P. Miller with Mr. Glenn.
Mr. Farbstein with Mr. Martin of Massachusetts.
Mr. St. Germain with Mr. Schwengel.
Mr. Zelenko with Mr. Curtis of Massachusetts.
Mr. Mahon with Mr. Bromwell.
Mr. Delaney with Mrs. Bolton.
Mr. Loser with Mr. McVey.
Mr. Feighan with Mr. Horan.
Mr. Slack with Mr. Hoffman of Michigan.
Mr. Reuss with Mr. Kyl.
Mr. Rogers of Texas with Mr. Scranton.
Mr. Anfuso with Mr. Seely-Brown.
Mr. Ashley with Mr. Mailliard.
Mr. Aspinall with Mr. Fino.
Mr. Bailey with Mr. Garland.
Mr. Bonner with Mr. Tollefson.
Mr. Burke of Kentucky with Mr. Latta.
Mr. Carey with Mr. McCulloch.

Mr. INOUYE changed his vote from "nay" to "yea."

Mr. KEARNS changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

AMENDING THE COMMUNICATIONS ACT OF 1934

Mr. HARRIS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8031) to amend the Communications Act of 1934 in order to give the Federal Communications Commission certain regulatory authority over television receiving apparatus, with an amendment of the Senate thereto, and agree to the Senate amendment thereto.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Resolved, That the bill from the House of Representatives (H.R. 8031) entitled "An Act to amend the Communications Act of 1934 in order to give the Federal Communications Commission certain regulatory authority over television receiving apparatus" do pass with the following amendment: Page 1, line 8, after "of" insert "adequately".

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. GROSS. Mr. Speaker, reserving the right to object, may we have a brief explanation of the amendment?

Mr. HARRIS. Mr. Speaker, it will be recalled that the House Committee on Interstate and Foreign Commerce reported this bill, H.R. 8031, which would provide for all-channel receiving sets to be manufactured by companies manufacturing television sets. In other words, the sets must be able to receive both VHF signals and UHF signals. The bill passed the House by a very big majority vote. It went to the other body. They adopted the language as passed by the House with the exception of this one amendment which provides that the receiving set shall be capable of adequately receiving all frequencies, and so on.

The reason for the word "adequately" being included by the Senate is the fact that if there is not some way for the Federal Communications Commission to establish rules in reference to these sets cheap and shoddy sets may show up on the market that will be no good at all. So the purpose of this amendment is to establish the policy of a minimum type of receiving set in order to prevent such kind of action being imposed upon the general public.

Mr. GROSS. It does mean, however, that one would have to buy, after this legislation becomes effective, sets equipped both ways.

Mr. HARRIS. It does mean that all receiving sets in due time would receive both signals.

Mr. GROSS. Whether you would be able to get both signals or not you would have to buy sets so equipped?

Mr. HARRIS. Yes; and it is planned ultimately that in most sections of the country such signals would be received.

I might say, Mr. Speaker, in order that the record may be kept perfectly clear that the Electrical Industries, Associated, had some reservation about it but they have now written a letter to the committee in which they approve this amendment. Also the Maximum Telecasters wrote a letter in which they approve the amendment and urge its adoption. As far as I know, the industry is in favor of it.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

Mr. DOMINICK. Mr. Speaker, further reserving the right to object, I happen to be one of those who voted against the bill when it went through the House. It would require the people of Colorado to pay more for new TV sets for equipment for which they have no immediate or prospective use.

Let me understand this clearly. Does this amendment mean in addition to the added expense required under the original bill, the amendment gives the FCC power to establish performance requirements as well?

Mr. HARRIS. I would say to the gentleman that none of his constituents or mine are going to be required to buy the kind of television set the gentleman referred to tomorrow or next year. As the gentleman will recall, when we discussed it on the floor of the House, rulesmaking procedure will be necessary, and it will require 5, 6, or 7 years before this will be brought about. We hope ultimately it will be of advantage to all the citizens in the country.

This amendment merely says that if such a receiving set is put on the market that it will have to perform and, therefore, be able to receive the signals it is contemplated will be used.

In other words, it is to prevent shysters from developing shoddy equipment.

Mr. DOMINICK. That does not change the fact that the amendment gives to the Communications Commission the power to determine the type of instrument, whether it is good, bad, indifferent, excellent, or anything else that a manufacturer of a receiving set is going to put out?

Mr. HARRIS. Those who are primarily interested have a contrary view in letters to the committee.

Mr. DOMINICK. Does that also apply to the manufacturers of receiving sets? Have they agreed to this type of amendment?

Mr. HARRIS. Yes. That is what I am telling the gentleman. The group of manufacturers that were concerned about it before realize, in view of the fact there is going to be a bill, that they want this provision in it. They must have it in order to protect themselves against shoddy material.

Mr. DOMINICK. I thank the gentleman.

Mr. HALL. Mr. Speaker, reserving the right to object, may I ask the distinguished chairman if this would in any way affect the Federal Communications Commission's power to direct a telecaster to broadcast on any beams or in any areas?

Mr. HARRIS. No, it would not have any effect whatsoever.

Mr. SPRINGER. Mr. Speaker, reserving the right to object, may I say this was discussed when we had this hearing before our own committee. We did not put this word in. It went over to the Senate side. I think it has been an improvement on our bill. I believe the legislation ought to be passed with that word in it.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

SUPPLEMENTAL AIR CARRIERS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, I wish to present at this time a full and completely verified summary of some of the most important factors bearing on the qualifications of the supplemental carriers which were authorized to do business as of the beginning of this session of Congress.

These data were prepared by my staff from a number of official sources. It gives ample evidence as to the fitness and ability of these carriers, or their lack of it, to provide air transportation in accordance with the statute and the Civil Aeronautics Board's regulations, and the carriers' willingness, or lack of it, to comply with the statute and the regulations.

Some of this material has been made known to my colleagues for purposes of the deliberations of the conferees. I now offer all of it in full with the express intent that it be carefully noted by both the Civil Aeronautics Board and the Federal Aviation Agency, and that it be given full weight in future evaluations of these carriers by these agencies or any other department of the Government that may be concerned with them.

The history of these carriers has, in many respects, been a very sorry one, but the history of the failure of CAB majorities to regulate them during the late 1950's was even sorrier. By shutting their eyes to the plainest evidence of mismanagement, gross negligence, and dishonesty, and by distilling this attitude into a doctrine which the Board officially characterized as "resolving doubts in favor of the carrier," these majorities simply abdicated their responsibility to regulate.

Thus, the interests of a few self-seeking people in the managements of a few companies were allowed to rise ahead of the interests of the public.

This must not recur. In certificating carriers pursuant to this legislation the CAB must bear in mind that the Congress intends that all ticketed services by supplemental carriers are to end no later than 2 years hence, and that only such ticketed services as are genuinely needed by the carrier—are convincingly proven to be needed, in order to make the transition to all-chartered operations—are to be permitted at all during this 2-year period. Congress is saying categorically that ticketed operations by supplementals are bad, per se, because the CAB has shown that it cannot control, limit, or police these operations, and because of this have caused the most irresponsible of managements to move into these companies to make a quick buck while scoffing at the law and making a mockery of the safety of the public. You cannot have ticketed services by these carriers and at the same time regulate them.

Now, as to the summaries of these companies:

SUMMARY OF FACTORS ON QUALIFICATIONS OF SUPPLEMENTAL AIR CARRIERS

AIR CARGO EXPRESS (COLUMBIA)

Compliance

In 1957: Found by the examiners to be "owned and controlled and managed by the group of persons which constituted (with the exception of Mr. Heacock) the management of Air Transport Associates, Inc., when the Board found that the latter carrier could not be entrusted with operating authority and that its license must be revoked" (I.D., D. 5132, Jan. 10, 1957, p. 23).

In 1959: The Board adopted the finding of the examiners and denied the carrier's applications in docket No. 5132. The carrier petitioned for reconsideration alleging that there had been a complete change in ownership, management, and control.

In 1960: On appeal to the court of appeals the carrier said in its brief that its control and management changed in 1957 and 1958 and that 54 percent of its stock "is and has been since 1957" held by strangers to the record. The court, therefore, remanded the case to the CAB to give the company a chance to establish its qualifications "under the changed circumstances alleged" (294 F. 2d 217, 227 (D.C. Cir. 1961)).

In 1962: On February 5, 1962, CAB Bureau Counsel filed a brief in the remanded case reciting evidence brought out at the hearing that the alleged change in ownership, management, and control was in form only and that not merely were Mr. Heacock's associates in the notorious violator, Air Transport Associates, in the picture but Mr. Heacock himself, the president of that carrier, was half owner of Air Cargo Express at least at the time the brief to the court of appeals reiterating the allegations of change was filed. Bureau Counsel stated:

"The facts of record prove beyond a shadow of a doubt that Air Cargo's allegations of a complete change in ownership and control were completely without substance, and strongly suggest that Air Cargo intended to deceive the Board and the court.

* * * * *

"In spite of the foregoing, Air Cargo vigorously processed its appeal to the court from the Board's 'unfair' decision and as late as July and August 1960, filed briefs in support of its allegation that there had been, and is presently, a complete change in the ownership and control of Air Cargo. What Air Cargo neglected to tell the court was that as at this very time, Mr. Heacock (of Air Transport Associates—see 1957, above) was back in the picture as half owner of the carrier.

"Certainly, Air Cargo should not be rewarded in this proceeding for having kept the facts from the court."

Financial

As of March 31, 1961, working capital was minus $34,850, earned surplus minus $35,400, current assets only $150, and total assets $46,650, of which all but the $150 are "other assets" not further identified.

Owns no flight equipment.

Dormant

Dormant for 12 months to June 30, 1961 (latest year available).

FAA air carrier operating certificate expired March 8, 1960.

AIRLINE TRANSPORT CARRIERS (CALIFORNIA-HAWAIIAN)

Compliance

In 1952: Ordered to cease and desist from: maintaining interlocking relationships without prior Board approval; transferring stock or property without prior Board approval; and failing to file agreements with other air carriers as required under section 412(a) of the act (15 CAB 876).

In 1960: Consent cease and desist order based on the following violations: excessive flight frequencies; common control of Airline Transport Carriers and California Central Airlines by Charles and Edna Sherman without Board approval; common control of Airline Transport Carriers and California Coastal Airlines by the same persons without Board approval; interlocking relationships among officers of these carriers without Board approval; aircraft leases by Airline Transport Carriers without Board approval; failure to file cooperative working agreements between Airline Transport Carriers and the other two carriers in violation of section 412 of the act; violation of CAB ticketing requirements; failure to charge and collect the fares specified in its tariffs; and failure of Charles and Edna Sherman to file with the Board annual reports of stockownership in violation of section 407 of the act (D. 9338, Order E–14978, Mar. 2, 1960).

In 1961: In October CAB enforcement office conducted field investigation of ATC, upon which "it appears that ATC filed erroneous financial data with the Board" in balance sheets for both December 1960 and June 1961:

"Specifically, the carrier failed to record the current portion of long-term debt, classifying as long-term debt unearned revenues and accrued salaries rather than as current liabilities, and overstated its current assets. Adjustments by the Board's auditors show 'the carrier's working capital position appears to be extremely precarious. Thus instead of a 1.6 to 1 ratio of current assets to current liabilities, the actual ratio appears to be 1 to 6.6.'

"Moreover, in view of the carrier's apparent, and possibly willful violations of the Board's reporting requirement in submitting financial reports, the ability and desire of the carrier to adhere to the Board's rules and regulations becomes subject to much doubt" (Bureau Counsel's motion to reopen the record, D. 5132, et al., January 3, 1962).

Safety

Declared unfit by MATS on safety grounds.

Finances

As of June 30, 1961, even on the carrier's figures which Bureau Counsel has characterized as false (see above), earned surplus was minus $167,000, and net worth minus $99,800.

Declared unfit by MATS on financial grounds also.

AMERICAN FLYERS AIRLINE CORP.

Financial

As of September 30, 1961, working capital was minus $145,000, earned surplus minus $49,700, and net worth minus $44,700.

ARCTIC PACIFIC

Compliance

In 1950: Consent cease and desist order issued in July for operating regular scheduled service (docket No. 4285).

In 1960–61: Following crash at Toledo, October 29, 1960, with California Polytechnic football team, James Springer, head of the company, moved into a combine of California intrastate enterprises, Golden Gate Airlines, Far West Airlines, and Travis Transportation Co., concealing his management of them by listing himself in the personnel roster as a mere "expediter." This came to light in hearings following a DC–3 crash of Travis in October 1961, killing 7. Testimony included such matters as pilots being ordered to fly after being on duty over 14 hours (more than permitted by FAA), destruction of files showing lack of pilot proficiency, operation without required FAA certificates, inability of employees to collect pay owed them, failure to keep records, failure to inspect aircraft chartered by Far West, and that one Howard Harper of San Carlos, Calif., was involved in plans for a large stock offering in Far West. Harper was indicted September 29, 1961, and charged with 13 felony counts in connection with an airport development scheme and illegal stock sales.

Safety

Cal-Poly football crash at Toledo in below minimum weather, with bad equipment, overloading, and pilot flying overtime, October 29, 1960 (CAB accident report SA–360, file No. 1–0047, Jan. 15, 1962).

Finances

Bankrupt.

Apparently survivors of the Toledo crash have been unable to collect on the carrier's insurance. The insurer has denied liability because of failure of the carrier to operate according to regulations. And the carrier itself had no, or virtually no, assets out of which judgments for negligence could be satisfied (Saturday Evening Post, Feb. 10, 1962, p. 59). Many supplemental carriers hold their tangible assets to a minimum by leasing their operating equipment.

CAB action

Not revoked until August 16, 1961—10 months after the Toledo accident (Order No. E–17329).

In its decision in the large irregular air carrier investigation in 1959, the Board had noted:

"Intervenors attack this applicant primarily on the score of operational ability. The contentions of intervenors with respect to the weakness of applicant's organizational basis, proposed operations, and financial condition would be persuasive if a fresh applicant for authority were involved, but merit less weight where a renewal for supplemental authorization is concerned."

The matter of the Board's fitness findings as to Arctic-Pacific was fully briefed to the U.S. court of appeals as one of four particularly outrageous examples, and was undoubtedly in the court's mind when it held the supplemental certificates illegal because of improper fitness findings by the CAB. Moreover, a trial examiner's recommendation to revoke for dormancy February 5, 1958, which represented still another opportunity to deal with this carrier, was dismissed by CAB, November 9, 1959.

ARGONAUT AIRWAYS CORP.

Compliance

In 1952: Suit to enjoin regular scheduled service resolved by stipulation.

In 1953: Trial examiners in the large irregular air carrier investigation recommended dismissal of Argonaut's application for nonprosecution. In February 1952, the examiners had directed all applicants to submit exhibits including certain specific information. "Argonaut filed none of the information required." Prior to the hearing, the CAB Counsel's Office telephoned Argonaut's counsel pointing out the failure to submit the required exhibits and in August the examiners, by written notice to all parties, pointed out the failure of some applicants to submit such data. Despite all such warnings, Argonaut did not submit the data. The Board said:

"The record before us * * * demonstrates conclusively that the applicants deliberately refused to comply with directions. * * * Those directions were in accord with our Rules of Practice, and represented a proper exercise of the examiners' powers.

"We, therefore, take this opportunity to make it clear to all that we deem compliance with the valid directions in a prehearing conference report to be essential. * * * To countenance a disregard of those directions would be to invite chaos" (17 CAB 861).

In 1955: Submitted inconsistent balance sheets—one, to the Air Materiel Command to establish credit for purchase of an aircraft, showed a surplus; the other, to the CAB, showed a negative net worth (I.D., D. 5132, Jan. 10, 1957, p. 48).

In 1959, 1960: Violated section 412 of the act by illegally entering into "a cooperative working arrangement" with AAXICO Airlines without CAB approval, and section 403(b) by charging shippers rates higher than those specified in its tariffs filed with the CAB (I.D., D. 5132, reopened large irregular air carrier investigation, May 24, 1961, p. 14).

Finances

As of September 30, 1961, earned surplus was minus $200,000, and owned flight equipment worth only $31,000.

Inasmuch as the deficit compares with total transport revenues of only $78,000 in 1960 and $28,000 in 1959, the possibility of reestablishing the carrier's financial integrity out of operations seems highly remote.

CAB Action

Despite its chastisement of Argonaut for persistent failure to supply the required evidence in 1952 (see above), the Board said:

"We are, however, troubled by the fact that the dismissal of these applications would have the effect of terminating the authority of the applicants to engage in irregular air transportation. This is indeed a severe sanction, and we are reluctant to impose it" (17 CAB 861).

And thereupon permitted late submission of the exhibits (1953).

The Board's concern for continued operating authority of Argonaut was misplaced. It became virtually dormant in later years. In fiscal 1960 it did no individually ticketed business, and only $63,000 of charter business. In the first two quarters of 1961, it did no individually ticketed business and only $41,000 charter.

ASSOCIATED AIR TRANSPORT

Safety

Declared unfit by MATS for substandard maintenance.

Finances

As of September 30, 1961, working capital was minus $202,000, earned surplus was minus $162,500, capital surplus minus $12,400, and net worth minus $174,900.

Declared financially unfit by MATS.

The current financial status is a good illustration of the failure of wishful CAB thinking to pay off. The examiners, in January 1957, said:

"The carrier is in a relatively poor financial condition, and if this were the only factor to be considered * * * it would constitute sufficient grounds for denying it any operating authority. However, Associated has been operating virtually on a daily basis since September 23, 1956 * * * it is believed that any doubts concerning its financial position should be resolved in its favor" (I.D., D. 5132, Jan. 10, 1957, p. 53).

In other words, because the company had been in operation for just 3 months this rendered it fit. In fact, the company ceased operations in January 1957, the same month as the examiners' decision, for virtually the next 6 months.

MATS' current rejection of the company indicates that it has not improved its condition.

AVIATION CORP. OF SEATTLE (WESTAIR)

Finances

Bankrupt.

CAB action

The former principals in the North American combine, Hart, Fischgrund, Lewin & Weiss, applied on January 17, 1961, for CAB approval of their acquisition, through a wholly owned corporation, of this carrier's certificate. The Board has not acted upon the application, which should have been denied out of hand in view of the fact the North American combine was probably the worst law violator in CAB history.

BLATZ AIRLINES

Compliance

In 1958: Consent cease and desist order for the following violations: exceeding frequency limitations; numerous instances of operating as alleged charters what were in fact individually ticketed operations; violation of ticketing regulations; charging fares other than those specified in Blatz' tariffs filed with the CAB; issuance of unauthorized free transportation; agreements to provide air transportation in conjunction with one of the carriers in the Great Lakes combine, without filing these with the CAB or obtaining CAB approval; and carriage of passengers pursuant to such agreements (D. 8727, Order E–12987, Sept. 18, 1958).

In 1962: U.S. District Court of Los Angeles ordered Blatz to permit CAB inspection of its books and records as part of the recent CAB investigation of the supplementals. Blatz had refused to permit the inspection (American Aviation Daily, Jan. 22, 1962, p. 139). Rumors have associated Blatz with a new combine possibly involving Quaker City and Paul Mantz.

In the case of a similar unwarranted refusal by a nonsked several years ago the CAB examiner noted:

"These compliance proceedings take a long time. They are costly. Yet, for days during the pendency of the hearings in this matter, each respondent stoutly resisted the Board's access to its books and records" (*Aero-Peninsular Compliance* case, I.D., Jan. 31, 1957, 24 CAB 469 at 576).

CAPITOL AIRWAYS

Compliance

The CAB in order No. E–17947 issued January 23, 1962, instituted an investigation to determine whether Capitol has been (1) knowingly and willfully operating illegal flights in violation of sections 401 and 403 of the act; (2) undercutting CAB established rate minimums and charging rates not set forth in its tariff in violation of section 403 of the act; (3) filing false and misleading statements and reports with the CAB.

The Board added:

"We take this occasion * * * to express our concern with the operating practices and carrier representations made pursuant to our program for military traffic exemptions, and to stress the importance which we place upon the observance of the limitations upon operating authority and the necessity for candid representations to the Board and its staff in relation to such exemptions."

COASTAL AIRLINES

Operations

The most significant thing about this company is that its certificate has been sold, subject to CAB approval of the transfer. It owns no aircraft and appears close to being dormant.

Its transport revenues were only $6,750 in 1961 and only $7,000 in 1960. Obviously the management has little interest in providing supplemental service.

Finances

In 1959 it lost $178,000. As of June 30, 1961, its working capital was minus $18,500, earned surplus deficit was over $64,000, and net worth deficit almost $56,000.

CONNER AIRLINES

Operations

Only two flights between June 30, 1954, and September 29, 1956. Only $3,000 transport revenues in 1959, none in 1960, none in 12 months ending June 30, 1961.

Finances

Bankrupt.

CAB action

The CAB awarded a supplemental certificate against the recommendation of its Bureau Counsel who asserted that the carrier was insolvent as early as 1956. He pointed out that Conner had written up a DC–6, bought for $153,000, to $778,000, which was over 88 percent of the carrier's total assets as of December 31, 1955. Current assets, March 31, 1956, were only $32,000 versus current liabilities of almost $199,000 (I.D., D. 5132, Jan. 10, 1957, p. 76).

The examiner and the Board ignored both this and the record of nonoperation, saying that the fact that Conner did operate one flight in September 1956, "indicates that it intends to resume operations and is a strong indication of ability to do so" (I.D., D. 5132, Jan. 10, 1957, p. 77).

GENERAL AIRWAYS

Finances

Bankrupt.

Compliance

It is also possible that General has been illegally acquired. The carrier's certificate was sold December 17, 1959, at a trustee-in-bankruptcy sale (following a fatal accident of February 1, 1959, in a military charter (CAM), when the pilot ignored weather warnings and flew into icing conditions). No application for approval of the transfer of the certificate had been filed as of June 1961. (Senate Hearings, S. 1969, June 1961, p. 22, note 10; CAB "Résumé of Accidents," calendar year 1959, July 15, 1960; p. 21.) Moreover, according to General's report to the CAB December 31, 1960, its then owner-president was one Charles E. Lewis. An individual of this name claims to have acquired Quaker City in 1961. An owner of one carrier cannot acquire another without CAB approval, and no CAB approval of such acquisition of Quaker City has been given. One Charles E. Lewis was also reported in December 1961, to be head of the Independent Airlines Association, which has been considered dominated by the principals behind the Great Lakes combine.

IMPERIAL AIRLNIES

Compliance

Principal owner-officer previously involved in illegal non-sked combine activities and probably guilty of illegal acquisition of Imperial (when known as Regina).

CAB Chairman Boyd testified in January that recent CAB investigations revealed "ticketing irregularities," "tariff violations," filing "misleading financial data," and "false statements" with the CAB.

Safety

Crash at Richmond, Va., in November 1961 found by CAB to be caused by flight crew incompetence, condoned by management.

Three crashes when operating under previous name, Regina Cargo Airlines.

Finances

Cannot be stated because of falsification of the carrier's reports to the Board.

Operations

Apparently inoperative now.

CAB action

No proceedings instituted to terminate this carrier's authority despite the Richmond crash and the Board's findings as to the probable cause. This carrier had been challenged on the precise point of operational fitness in the large irregular air carrier investigation but because the company had a net worth of $180,000 and was a going concern the Board in its decision in 1959 said, "it seems clear that Regina (carrier's former name) meets the criteria of overall operational ability."

MIAMI AIRLINE

Compliance

In 1952: Suit for injunction against continued operation of regular scheduled service. Resolved by stipulation.

In 1952: Injunction for violation of CAB ticketing regulations.

In 1953: Examiner's recommended dismissal of this carrier's application in the large irregular air carrier investigation on the same grounds of nonprosecution and failure to comply with orders of the examiner as for Argonaut (17 CAB 861).

In 1960: Cease-and-desist order issued in December by CAB against R. W. Duff, Effie Duff, and Miami Airline because of the following violations: by the Duffs, by acquiring control of two other aviation businesses without prior Board approval, while controlling Miami; by the Duffs, by holding officerships and directorships in the three companies at the same time, without Board approval; by Miami, for permitting these interlocking relationships to continue; and by Miami, for leasing a substantial part of the properties of S. & W. Motor Lines without prior Board approval (D. 8427, Order No. E-16125, Dec. 8, 1960).

In 1962: Trial examiner again recommends dismissal of carrier's application for supplemental operating authority on the ground of nonprosecution (D. 5132, I.D., Jan. 16).

Finances

Bankrupt.

MODERN AIR TRANSPORT, INC.

Financial

As of September 30, 1961, working capital was minus $197,100, earned surplus minus $38,300, and net worth minus $37,300.

OVERSEAS NATIONAL AIRWAYS

Compliance

In 1961: CAB issued cease-and-desist order June 5 commanding carrier to: (1) discontinue its practice of entering into illegal contracts with foreign air carriers in violation of section 412 of the Act; and (2) discontinue engaging in foreign air transportation without legal authority to do so in violation of section 401(a) of the Act:

"A criminal information was filed in the U.S. District Court for the Southern District of California against Overseas National, a supplemental air carrier, and several individuals for violation of section 403(b) of the Act in charging unauthorized fares between California and Hawaii. The case is pending trial" (CAB annual report, 1961, p. 54).

In addition, Overseas National has repeatedly sought to circumvent the Board's North Atlantic charter policy by attempting to carry individual members of the general public under the pretext they are bona fide members of homogeneous charter groups as required by CAB. See CAB Orders Nos. E-12575, E-12608, E-12654, E-12655, E-12699, E-12742, and E-12992. Example:

"We note that the applicant has made different and conflicting representations. In proceedings such as these in which our decision must necessarily be made largely upon a written record developed in principal part by the applicant, it is important that we be able to rely upon the accuracy of the representations made. Changes in these representations which are not demonstrated to have been required as a result of circumstances beyond the applicant's control become matters of serious concern, not only in the processing of this particular application but also in others in which the same applicant is involved" (Order No. E-12992).

Moreover, the carrier has repeatedly been guilty of late filing of applications for approval of specific charter flights. For example:

"We note that this is one of several recent filings by the carrier-applicant that have failed to comply with our notice requirements; * * * Continued disregard of our filing requirements cannot be countenanced. Short-notice filings not only impose a burden upon the Board and its staff in processing the applications before flight departure but they delay the processing of those applications which are timely filed, and thus disrupt the orderly discharge of our charter program" (Order No. E-12608, similarly Order No. E-12711).

"The Board has previously commented on the lateness of filing of applications by ONA and has stated that continued disregard of the Board's filing requirements may result in denial of a charter application where there is insufficient time to obtain information needed to pass upon the eligibility of the chartering group. We are not satisfied that the reasons advanced by the carrier for its late filing in this instance are sufficiently beyond its control to justify the lateness. It is significant that with few exceptions carriers and charterers alike have been able to submit their applications promptly and in good order. In those instances where this has not been done, it raises questions as to the willingness or ability of the applicant to conform properly to the Board's requirements" (Order No. E-12633).

Financial

Much worse condition than that of carriers rejected by MATS on financial grounds.

As of September 30, 1961, working capital is minus $1,625,000, earned surplus minus $987,000, and net worth minus $887,000.

Operating losses: 1959, $1,689,000; 1960, $2,087,000.

PAUL MANTZ AIR SERVICES (PARAMOUNT AIRLINES)

Compliance

In 1952: Was one of five nonskeds in the illegal North Star combine which operated around 1952 and 1953, primarily New York-Chicago-Los Angeles. Principals behind the combine were Fred Miller and Donald Reichgott (alias Don Rich). Mantz' role was to rent its nonsked operation authority for use by the combine.

In 1953: As of March 31, 1953, four of the North Star carriers, including Mantz, owed the Federal Government over $500,000 in unremitted taxes.

In 1957: The examiners in the large irregular air carrier investigation found Mantz to have violated 4 different parts of the Civil Aeronautics Act, plus the CAB's Economic Regulations, and unfit to stay in business. They said:

"His deliberate and willful disregard of the provisions of the Act and the Board's Regulations in allowing the North Star group to assume control of his operation and to operate the illegal service is reprehensible and is persuasive of the fact that he cannot be depended upon to conform to the Act and the Board's Regulations" (I.D., large irregular air carrier investigation, docket No. 5132, Jan. 10, 1957).

CAB Action

Despite the carrier's role in the North Star combine the Board, in its decision in docket No. 5132 in January, 1959, granted it a 2-year supplemental certificate, brushing aside the past violations with the simple statement that the personal interest of Paul Mantz (who at that time owned the company) in preserving his reputation as a private flyer (for Hollywood movies, etc.) "will operate as an added motivation for avoiding conduct leading to compliance action."

In 1961 in proceedings for renewal of the carrier's 2-year certificate, CAB Bureau Counsel announced a tentative position that it "is unfit for supplemental authority."

Operations

Excessive individually ticketed operations appear to be currently conducted on the traditional New York-Chicago-Los Angeles nonsked run through the "Transcontinental" ticket agencies which previously handled the Great Lakes combine.

"In fiscal 1961, the U.S. Attorney for the Southern District of California filed a 20-count criminal information charging Transcontinental Airlines Agency and Skycoach Agency of Los Angeles (ticket agents for several supplemental carriers) with violations of a Board cease and desist order by holding out the ticket agency as 'Transcontinental Airlines.' The filing of this information followed numerous complaints from the general public and various better business bureaus against 'Transcontinental Airlines.' The general public was greatly inconvenienced by these companies misrepresenting their agency status because (1) canceling passengers did not know where to request refunds, (2) it was difficult to register claims for damaged or lost baggage, and (3) relatives and friends at destination airports were unable to secure flight information while awaiting arrival of a 'Transcontinental Airlines' flight. On November 28, 1960, each defendant was fined $250 per count, for a total fine of $10,000" (CAB annual report, 1961, p. 55).

PRESIDENT AIRLINES (FORMERLY CALIFORNIA-EASTERN AVIATION)

Operations

Passenger strandings at London and Shannon last fall (including the Irish Club from Chicago). Aircraft seized by airport authorities for nonpayment of bills.

Dormant for 12 months to June 30, 1961 (latest year available).

Finances

Declared unfit by MATS.

Former attorney for the carrier has sued it for $7,397 legal fees plus expenses for the period May 1 to September 7, 1961. The attorney has attached funds being held for the company by the Independent Airlines Association, a nonsked trade association. The funds were assigned to a California bank but the attorney alleges a possible fraudulent conveyance. The District Court has issued a summons and directed the carrier to appear and defend the action (American Aviation Daily, Feb. 5, 1962, p. 228).

Safety

Crash at Shannon, Ireland, September 10, 1961, with 82 fatalities.

CAB action

None, despite the crash and the strandings.

Certificate was originally issued in January 1951, to California-Eastern which remained dormant until CAB approved transfer to certificate to President June 23, 1960.

QUAKER CITY AIRWAYS (ADMIRAL AIRWAYS)

Compliance

This should be weighed against the trial examiner's report in 1957 that Sussman, the carrier's then president, had stated that while "there have been a lot of propositions" to Quaker City concerning the sale of its stock or the procurement of its letter of registration, the carrier has not offered to sell and does not intend to sell. He asserted that the Board need have no concern that Quaker City will permit operators whose authority has been revoked to use its aircraft or its operating authority to re-enter the field of aviation." (I.D., D. 8679, Sept. 24, 1957).

According to the carrier's representations to the Senate last summer, one Charles E. Lewis bought all the stock in May 1961. This appears to be the same Charles Lewis who is head of the Independent Airlines Association, which some have considered dominated by Great Lakes.

This also appears to be the same Charles Lewis who was head of General, thus raising questions of illegal acquisition of control (see under "General").

Operations

Currently conducted on what seems to be a regular basis, New York-Chicago-Los Angeles, through the "Transcontinental" ticket offices which handled the Great Lakes combine.

"In fiscal 1961, the U.S. attorney for the southern district of California filed a 20-count criminal information charging Transcontinental Airlines Agency and Skycoach Agency of Los Angeles (ticket agents for several supplemental carriers) with violations of a Board cease and desist order by holding out the ticket agency as 'Transcontinental Airlines.' The filing of this information followed numerous complaints from the general public and various better business bureaus against 'Transcontinental Airlines.' The general public was greatly inconvenienced by these companies misrepresenting their agency status because (1) canceling passengers did not know where to request refunds, (2) it was difficult to register claims for damaged or lost baggage, and (3) relatives and friends at destination airports were unable to secure flight information while awaiting arrival of a 'Transcontinental Airlines' flight. On November 28, 1960, each defendant was fined $250 per count, for a total fine of $10,000" (CAB Annual Report, 1961, p. 55).

CAB action

Examiner's recommendation to revoke for dormancy dismissed by the Board November 9, 1959.

SATURN AIRWAYS, INC.

Financial

Working capital deficit of $605,200 as of September 30, 1961, is far worse than that of carriers rejected by MATS on financial grounds.

SOURDOUGH AIR TRANSPORT

Compliance

December 4, 1961, the carrier moved to defer all procedural steps in D. 12026 (re renewal of Sourdough's 2-year certificate). Bureau Counsel opposed the motion, in part on the ground "That by filing the instant motion Sourdough has breached its agreement with the Bureau and the examiner not to request further postponement of procedural steps which is the condition upon which applicant was granted a postponement of the resumption on the hearing on November 15, 1961. In substance, the Bureau's opposition is based on an alleged breach of faith by Sourdough" (D. 12026, notice to all parties, Dec. 6, 1961).

In his brief of February 1, 1962, in the same proceeding, Bureau Counsel said:

"During 1960 and for two months in 1961, Mr. Johansen was content to sit back in Seattle and let others operate under his authorization. This is hardly surprising, since Sourdough, which has no permanent employees, the most limited financial resources, and no available aircraft, is not able to conduct a bona fide operation of its own.

* * * * *

"The applicant's conduct reveals a serious lack of concern for compliance with the act and the Board's regulations.

* * * * *

"Sourdough has attempted to confer upon others authority to conduct air transportation under color of Sourdough's certificate. It actively participated and abetted in, and indeed made possible, violations of section 401 of the act. It would undermine the authority of the Board and the entire legislative scheme of the act should certificated carriers 'rent out' their authority to engage in air transportation. Indeed, Sourdough, by such action, has presumed to exercise the power that only the Board may exercise.

* * * * *

"The Board, in certificating a carrier to provide common carrier services to the public at large, must have assurances that this carrier, and not some other untried and untested person, provides the services under the authorization granted.

* * * * *

"Moreover, Sourdough's conduct * * * was indeed 'repeated and recurring' in nature.

* * * * *

"Such conduct has a direct bearing on the question of whether Sourdough possesses the requisite disposition to comply with the act and the Board's regulations thereunder. Bureau Counsel submits that Mr. Johansen, who stated that he was fully aware that control should not be passed by lease, bookkeeping or any method whatsoever, knew that Sourdough's conduct was untoward in nature and further, that he actively and with full knowledge, thus abetted violation of the act. Such conduct on Sourdough's part demonstrates that Sourdough cannot be entrusted with Board operating authority. Sourdough's authorization should be terminated" (brief of Bureau Counsel, D. 12026, Feb. 1, 1962).

One of the persons to whom Johansen rented the Sourdough certificate was one Malcolm Robertson, "a longtime personal friend" and controlling stockholder of Southeast Aircraft Corp. (d/b/a Southeast Airlines), a private contract carrier operating out of Philadelphia. "Johansen told Robertson that he would like to have an airplane in order to get his certificate renewed." Robertson therefore leased him a plane, which Johansen promptly chartered back to him, as Bureau Counsel said, "in order to aid Sourdough in this very proceeding," by showing a period of alleged operations and use of Sourdough's certificate authority. The operations were actually conducted solely by the Southeast organization, though reported to the CAB as being by Sourdough.

Under this arrangement, Sourdough carried military recruits from Philadelphia and Baltimore to South Carolina as part of the same recruit movement participated in by the Imperial Airlines plane that crashed at Richmond last November. Indeed, "Imperial Airlines had been committed to carry these recruits, and requested Sourdough to do it for Imperial."

Robertson's history goes far back: He was general manager in charge of all Safeway-Southeast ticket offices in the illegal Safeway combine which operated from 1950 to about 1956 between Miami, New York, and Chicago and in which the principal stockholder and head of Imperial Airlines had participated. He left this December 1, 1955 to resume business in his own Sky Coach Agency in Philadelphia which represented Peninsular, Aero Finance, Currey, and Great Lakes—all four being carriers later revoked by the CAB for illegal frequency of operation—plus Imperial Airlines (under its then name, "Regina") (24 CAB 469, 502; 25 CAB 89, 97–99).

Finances

Working capital as of June 30, 1961, was minus $5,100, with current assets of only $6,900. It had no cash. Current liabilities included amounts owed the Federal Government since 1959 or earlier, and Bureau Counsel said the current liabilities probably were in fact more than shown on the balance sheet. "The balance sheet also includes as fixed assets 'flight equipment' in the amount of $20,000, which refers to the unrepaired DC–3 aircraft purchased in a wrecked condition in 1955, and which would cost at least $35,000 to repair" (Bureau Counsel brief).

Operations

Near-dormancy in recent years.

"Sourdough does not presently own or have possession of any airworthy aircraft. Sourdough owns one DC–3 aircraft which was purchased in a damaged condition for $75.00 in 1955. No actual repairs have been performed on this aircraft from 1955 to date, and parts of the aircraft are being stored in three different locations. Mr. Johansen previously testified in August of 1957 that the estimated cost of repair was $50,000 or $60,000. In spite of the fact that the major portion of the aircraft has been deteriorating out in the open at Nome, Alaska, since 1955, Mr. Johansen now estimates that it will cost $35,000 to put the aircraft in airworthy condition" (Bureau Counsel brief).

Bureau Counsel noted that $35,000 "is approximately the full value of a DC–3."

"Sourdough's financial position has changed for the worse; its elaborate plans for future operations have been proven to be mere 'puffing,' and nothing of substance has changed with respect to the two DC–3 'wrecks,' which were allegedly available to Sourdough in 1959, except that they are now a little older and a little dustier. Sourdough has had almost 12 years to repair these aircraft, and it is clear, judging from Sourdough's and its partner's financial condition, that it will never be able to do so. Moreover, Mr. Johansen's stated intention to repair the DC–3 aircraft now owned by Sourdough can be given no credence in light of his representations to the Board some four and a half years ago that this same aircraft would be in operation in a few months" (Bureau Counsel brief).

CAB action

In a proceeding to revoke the carrier for dormancy, the Board in 1959 held that "it would not be in the public interest" to revoke the authority, although it had previously stressed the enforcement problems created by the rental of certificates.

STANDARD AIRWAYS

Safety

Declared unfit by MATS.

Finances

As of September 30, 1960, working capital was minus $135,800, earned surplus minus $23,500.

STEWART AIR SERVICE

Compliance

In 1958: Cease-and-desist order for violating CAB reporting regulations by failure to supply requested explanations, corrections, and revisions to financial reports required by the act and the Board's regulations. Stewart failed to comply until an enforcement proceeding was instituted to compel compliance.

In 1962: Air carrier operating certificate revoked by FAA January 5. FAA found carrier guilty of using pilots not fully qualified and checked in accordance with Civil Air Regulations, permitting unauthorized persons on the flight deck, working pilots beyond flight time limitations, using pilots who were not company employees to carry passengers, exceeding aircraft maintenance time limits, permitting consumption of alcoholic beverages on board, and keeping inaccurate aircraft log books and statements of crew competency (American Aviation Daily, Feb. 15, 1962, p. 300).

Financial

Due to inaccurate reporting, in spite of the order cited above, Stewart's latest balance sheet (Sept. 30, 1961) is confusing. It reports current assets as minus $2,170 with "cash on hand" of minus $3,251.

Current liabilities were reported as $70,594 which apparently produces a working capital deficit of $72,764.

CAB action

On appeal by the carrier the Board orally indicated its intention to uphold the FAA action, but has taken no action as to Stewart's supplemental air carrier authority.

TRANSOCEAN

Compliance

In 1950: Ordered to cease and desist from violations of section 401(a) of the then Civil Aeronautics Act which consisted of operating United States-European, United States-Alaskan, United States-Pacific Islands (Hawaii, Guam, Okinawa) operations on a regularly scheduled basis in defiance of frequency limitations (11 CAB 350, June 5, 1950).

In 1958: CAB denied Transocean authority to operate alleged charter services to Europe which were in fact illegal individually ticketed operations in violation of the Board's charter policy (E-12509, May 15, 1958, and E-12668, June 19, 1958).

In 1960: Transocean admitted it had (1) illegally exchanged air transportation for advertising and publicity in violation of section 411 of the act; (2) operated in violation of its published tariffs in violation of section 403 of the act; and (3) illegally exceeded the 10-flight schedule frequency limitation in violation of section 401 of the act.

This enforcement proceeding was not pursued after Transocean's bankruptcy.

Bankrupt.

Financial

As of September 30, 1961, Transocean reported current assets of $1,181,000, current liabilities of $16,657,000, and a net worth deficit of $18,079,000.

Transocean left uncollectible debts for fuel and oil due the Air Force totaling $108,497 and the Government filed a claim in bankruptcy for over $365,000 in bad debts.

Operations

Dormant for the 12 months ending June 30, 1961 (latest available period).

CAB action

In its 1959 decision in the large irregular air carrier investigation, the Board said:

"Transocean's recent financial reports show substantial losses in 1957 and its current balance sheet position, viewed as a separate factor, is not good. The conclusion we reach is that despite the effects of its recent losses, Transocean still retains much of its generally preeminent position in the supplemental field, and must still be judged a strong supplemental carrier in terms of overall operational ability."

U.S. OVERSEA AIRLINES

Compliance

In 1955: Consent cease-and-desist order for excessive flight frequency between New York and Puerto Rico, for holding out such service, for violating ticketing regulations, and for charging other than the fares specified in its tariffs filed with the CAB.

In 1957: Carrier ordered forthwith to permit CAB examination and copying of company records, which the carrier had refused (Order No. E-10959, Jan. 17, 1957.)

In 1958: Carrier violating the Board's charter policy by offering unfilled space on a charter to individual members of the general public through "what amounted to public solicitation" (D. 9680, Order No. E-12823, July 23, 1958).

In 1960: Consent cease-and-desist order for violation of section 403 of the act for exchanging transportation for advertising, publicity, and/or promotional goods and services (D. 10979, Order No. E-15999, Nov. 7, 1960).

In 1961: Cease-and-desist order for excessive flight frequency (routes: New York to Los Angeles, Oakland and Chicago; Chicago-Los Angeles; Los Angels-Honolulu) (D. 10979, Order No. E-17822, Dec. 12, 1961).

Finances

As of June 30, 1961, working capital was minus almost $1,900,000, earned surplus was minus more than $1,700,000, and net worth was minus over $1,420,000. This is far worse than the financial picture of carriers disapproved by MATS on financial grounds.

WORLD WIDE AIRLINES

Compliance

In 1954: Air carrier operating certificate revoked June 17 for a flight from Burbank, Calif., to Baltimore, Md. One engine was overdue for overhaul, needed to be changed, and the flight was by a wildcat crew when the regular crew refused to fly the trip because of the condition of the engine.

In 1956: Reinstatement of air carrier operating certificate refused by CAA because of past record of violations.

In 1957: CAB Trial Examiner recommended suspension of the carrier for dormancy during preceding 33 months.

He also noted that an alleged sale of the carrier by one Eric Pearson, to whom the CAA refused to issue an operating certificate, appeared to be a dummy purchaser, which would have left Pearson in hidden control. He noted that the stock was bought with a promissory note, no security was required, the company had no bank account or assets, the only finances available to it would be what might be available to the buyer from private sources, and that the buyer "has no financial resources himself." He noted also that Pearson arranged the "sale" within a 2-week period during which the hearing was recessed at the company's request, and immediately after a prior "sale" (not approved by the Board though such approval was required) had fallen through.

The new buyer, one Melvin Catlett, was previously chief pilot of a nonsked named "S.S.W." (see below). All in all, the controlling stock has been transferred seven times between December 1956 and March 31, 1960 (I.D., reopened hearings, D. 5132, May 24, 1961, p. 15).

In 1960: March 31, controlling stock passed to S. E. Spicher, the carrier's largest creditor. Spicher was previously president and principal stockholder of S.S.W., a supplemental carrier which became insolvent by July 1955, went bankrupt in February 1959, and was suspended by the CAB in September 1959 for failure to make refunds to passengers, and canceling flights and abandoning ticket offices without notice.

Safety

See above, 1954 and 1956.

Finances

March 30, 1959, carrier filed voluntary petition of bankruptcy.

As of June 30, 1961, a working capital was minus $62,500, earned surplus minus $238,700 (much worse than carriers rejected by MATS on financial grounds), and net worth minus $49,400 despite inflating the balance sheet by valuing its operating authority at over $100,000. CAB accounting policies do not permit assigning a dollar value to such authority.

As of September 30, 1961, the carrier owned no aircraft.

CAB action

Trial examiner's 1957 recommendation to revoke for dormancy dismissed by Board November 9, 1959.

U.S. TRAVEL SERVICE

Mr. MACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MACK. Mr. Speaker, 1 year ago today President Kennedy signed legislation which I sponsored establishing the U.S. Travel Service in the Department of Commerce. Its job—to attract a larger number of visitors from abroad, and thereby help recapture some of the $1 billion deficit in foreign exchange caused by the heavy imbalance in our international tourist travel. This is a good time to ask how well that job is being done.

Considering that it is operating with the smallest staff of any executive agency of comparable stature—35 American and 22 foreign employees—USTS has certainly turned in an impressive amount of activity. In 12 short months the service has, among other things, established offices in 8 foreign countries; printed and distributed some 4.3 million pieces of promotional literature, in 7 languages, in 30 countries abroad; conducted a major advertising campaign in European newspapers; held a series of 6 regional meetings, with delegates from all 50 States, to promote better host facilities here at home; helped to make substantial improvements in Government procedures affecting travel from abroad.

But the real measure of Travel Service performance is in the volume of new visitors from abroad who have actually arrived in this country. During the first 4 months of 1962 the number of business and pleasure travelers from abroad increased by 16 percent over last year. In France, one of our principal markets, travel to the United States was up 52 percent. If this trend continues, 1962 will show by far the greatest number of new visitors to this country of any previous year.

Secretary Hodges, USTS Director Voit Gilmore, Deputy Director John Black, and the staff are to be congratulated on their share in bringing this about. On the first anniversary of the U.S. Travel Service I am proud to report to the Congress that this agency has exceeded my best expectation. Its record for the first year more than justifies continued support from the Congress.

THE 100TH ANNIVERSARY OF LAND-GRANT SCHOOLS

Mr. PRICE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PRICE. Mr. Speaker, July 2 is the 100th anniversary of the Morrill Act that brought into being the land-grant colleges and universities. I suggest that the occasion should make us think very deeply of the responsibility of the Federal Government toward higher education today.

The subject is controversial in our times. The subject of Federal Government responsibility toward secondary and elementary school systems is even more controversial. Members of the Congress hold strong opinions and their opinions naturally deserve our respect.

It would be the hope of this Member of the House, however, that the centennial of the Land-Grant Act might persuade us to take another look at the whole subject of education, and the relationship that the Federal Government should assume.

A system that is a hundred years old, a system that President Lincoln endorsed with his signature on an act sponsored by Senator Morrill, of Vermont, is entitled to the presumption of merit.

The Federal Government under the Morrill Act granted public lands to the States and territories for the support of colleges devoted to "liberal and practical education in the several pursuits and professions of life."

The Federal Government, in short, used the public substance—the lands it controlled—to promote both practical and liberal education. Some people may call this a subsidy. Others will call it a wise employment of Federal resources. There is no violation of the free spirit when Government funds are used to promote the education of citizens.

You can walk around the campuses and nobody can tell the difference between a so-called private college and the land-grant school except for the age of the ivy, which has nothing to do with brains.

There are 68 land-grant institutions in the 50 States and the Commonwealth of Puerto Rico. They have produced not only master artisans and engineers, who are necessary, but also agronomists, teachers, philosophers, physicists, and diplomats. The distinction between the students and graduates of the private schools and the land-grant colleges is that the young men and women attending the latter would never have had the advantage of higher education if the Federal Government had not helped establish the schools. It is not pleasant to think that the potential of tens of thousands of young Americans might have been wasted for lack of opportunity. It seems to me an unhappy thing that the potential of other young people, equally capable and equally needed by our country, might be wasted now.

We do not have the leeway for this luxury of waste.

Mr. Lincoln signed a bill for Federal aid to higher education in the midst of domestic convulsion, and he was wise in his time in this as in other things. He found nothing discreditable in using Federal resources to meet a responsibility for the education of able young men and women, and neither should we.

I greatly hope that the 87th Congress of the United States will not adjourn before taking decisive action on bills to promote education.

AMENDMENT TO CONSTITUTION PERMITTING PRAYER IN PUBLIC SCHOOLS

Mr. WHITENER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. WHITENER. Mr. Speaker, I have today introduced a joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in the public schools. This step is taken by me as a result of the unfortunate action of the majority of the Supreme Court of the United States in the case of Engel against Vitale handed down by the Court on June 25, 1962.

I have spent considerable time reading and analyzing each of the opinions written by the Justices in this case. After reading the full text of the various opinions written by the members of the Supreme Court in the school prayer case, I am appalled at the tenuous reasoning applied to the facts in the case by the six members of the Court who struck down the right of prayer in public schools. As a lawyer I am shocked. As a citizen of a Christian nation I am worried about our future if this decision continues to be recognized as the law of the land. As a public official I feel that I am compelled to give my best efforts to correcting the horrible wrong that has been committed.

I am extremely pleased that I am privileged to be member of the Committee on the Judiciary of the House since this measure will be referred to that committee for consideration. I hope that the chairman of our committee will be diligent in permitting the proposal to be considered by the full committee at the earliest possible date since I am satisfied that the measure can be favorably reported and acted upon in record time.

Unless we do give prompt and serious attention to this proposal in our committee and in the House of Representatives we will be flouting the will of the great majority of the people of our Nation who are properly demanding that the Supreme Court decisions be erased as a statement of the policy of our Nation. We can do no less than say to the world that we have been, and are now, and will be in the future, a nation of Christian people who believe in the efficacy of prayer and the propriety of prayer being uttered at all public occasions and public places where people assemble.

STRENGTHENING OF CRIMINAL STATUTES RELATING TO MAILING OF OBSCENE MATTER

Mr. WALLHAUSER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. WALLHAUSER. Mr. Speaker, the Supreme Court of the United States in one of its most unfortunate decisions has ruled that certain publications of particular interest to male sexual perverts and for the furtherance of perversion shall be allowed to be sent through the U.S. mails.

On Tuesday, June 26, the highest court in our land determined that this filthy mail matter was not obscene under our criminal statutes which provide certain penalties for mailing obscene material. The subcommittee of the Post Office and Civil Service Committee, of which I am a member, has conducted extensive hearings and investigations into the use of the mails to send pornographic, obscene, and other filthy material to our people, including teenagers, much of which is unsolicited. It is indeed unfortunate that the Supreme Court would construe present law in such a manner and to characterize this type of obscenity as merely "unpleasant, uncouth, and tawdry."

Certain publications are shocking to the decency of the average person. The propaganda of perversion contained in these magazines is completely repulsive to the dignity, morality, and nature of our society. I applaud Justice Tom Clark who wrote a dissenting opinion and I believe his arguments in favor of finding the publications as having violated the obscenity laws are convincing. I regret the failure of his colleagues on the Bench to join him in his opinion.

This decision of the Supreme Court points up the need for increased vigilance on the part of the general public, particularly parents and the teenagers. We must be aware that in all probability an increased flow of pornographic and obscene matter will be circulated through the mails. It is important for every person who receives this obscene material to send it to a postal inspector or to their postmaster so that appropriate action can be taken to prevent further use of the mails for such purposes.

I have introduced legislation which is pending before another committee of the Congress, the purpose of which is to strengthen the criminal statutes relating to the mailing of obscene matter. I earnestly hope that the Supreme Court decision will serve to inspire the committee to which my bill was referred to take immediate action. I am hopeful, too, that the committee having jurisdiction of this matter will seek the enactment of additional legislation to prevent another Supreme Court decision such as the one I have discussed.

May I assure my colleagues, Mr. Speaker, that our Committee on Post Office and Civil Service is aware of this serious problem, and we have taken and we are taking such action as is proper within our jurisdiction on this important matter.

THE WAURIKA RECLAMATION PROJECT

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, I am beginning a third consecutive week of intensive campaigning in the House for the Bureau of Reclamation project near Waurika, Okla.

This week the Senate passed the Waurika bill. As of the present the bill is in the subcommittee in this House.

I wish to take this opportunity to say that I appreciate the position of the gentleman from Texas, the Honorable Walter Rogers. My Texas colleague, as chairman of the House Subcommittee on Irrigation and Reclamation, is under a constant barrage of requests from not only me but also other Members of Congress for projects in their districts. Mr. ROGERS, whose district borders mine, and I are longtime friends. I wish to publicly thank him for his generous remarks he made to Don Morrison, publisher of the Waurika News-Democrat, Thursday.

Also, the same appreciation goes to the gentleman from Colorado, the Honorable WAYNE ASPINALL. We do appreciate his position as chairman of Interior and Insular Affairs Committee. We wish to cooperate with him in every way.

I feel now that I can tell my constituents back home that if the slightest chance arises whereby the Waurika project can get hearings, my two fine colleagues will, along with the rest of the committee, give the Waurika project their time and consideration.

Wednesday, I talked with 28 of the 31 members of the Interior and Insular Affairs Committee. The majority of these members, both Democrats and Republicans, will favor this project. The only problem is getting it on the already heavily loaded calendar.

Earlier this week, Mr. J. M. Bullard, Duncan; Mr. Don Morrison, Waurika; and Mr. Milton Keating, Lawton, came here in the interest of promoting the Waurika Dam legislation. Thanks to my colleagues from Oklahoma, and to Mr. ROGERS, and to several other Members of this House, they have gone home in much higher spirits than when they arrived.

Colleagues, I wish to relate to you the story of an elderly colored lady in Waurika. She, in recent weeks like nearly 400 others, has had her home ravaged and her garden destroyed. This poor lady probably never had much opportunity for formal education. She is a pensioner. It is all she can do to make her financial ends meet. Can you not just imagine how she feels with her possessions gone and no real means of repairing the damage? None of us would like to have our homes ransacked and our lives and the lives of our families endangered.

Thus, I feel that we have only one choice in the case of the Waurika project. We must pass it. Our Government has oftentimes been called a government with a heart. I can only hope and pray that this concern for the general welfare be extended to cover these people affected by near annual floods.

Before concluding, I wish to recognize three fellow Oklahomans who are the ones who have done the fieldwork for this project. They are Mr. Mark Barclay, regional director for the Bureau of Reclamation, Mr. Frank Rabb, executive director of the Oklahoma Water Resources Board, and Mr. Ira Husky, chief engineer for the Oklahoma Park Board.

Mr. Speaker, I have continued a prolonged daily speechmaking exercise before this House. I have tried to bring the truth to the Members of this House. I will continue to seek passage of this legislation. I wish to conclude by asking each one here, "What would you write to answer this poor lady who has lost her belongings and her garden? What can you say?"

ANNOUNCEMENT

Mr. FASCELL. Mr. Speaker, rollcall No. 137 shows me as being absent and not voting. I was unavoidably detained on official business. Had I been present I would have voted "yea."

MORE AND MORE FROM LESS AND LESS

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. DULSKI] is recognized for 30 minutes.

Mr. DULSKI. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include an address.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DULSKI. Mr. Speaker, not long ago Chancellor C. C. Furnas of the University of Buffalo was the principal speaker at Schoellkopf Medal address.

His topic was "More and More From Less and Less." His address has brought out many realistic factors facing our world today. I would like to bring his deliberation to the attention of the House.

The address follows:

MORE AND MORE FROM LESS AND LESS

(Schoellkopf Medal address by C. C. Furnas, chancellor, University of Buffalo)

Tomorrow morning there will be, on the surface of the globe, 120,000 more human mouths to be fed and bodies to be clothed and sheltered than there were this morning. As the earth's population rises above the present 3 billion mark, this rate of increase will likewise rise. The world is just becoming aware of the impact of this sociological chain reaction.

Despite the impending peril of the supersaturation of the world with human flesh, this paper will not deal with the merits or demerits of population control. It is quite in keeping with the purpose to point out, however, that we are already in serious difficulty because of many imbalances between distribution of population and the distribution of the resources for a reasonably acceptable human existence. Though world population will certainly level off at some future date, it is equally certain that for at least a generation or two it will continue to rise at an increasing rate. In addition, there is the massive "revolution of rising expectations" throughout the world, particularly among the previously submerged millions. The amount of goods and services which each individual now demands (and has always needed) is increasing even more rapidly than the population.

Multiply the population numbers by this per capita demand and you have something approaching an explosion. It is quite realistic to assume that by the year 2000, the world population will approach 6 billion and the total bona fide demand for goods and services will be at least 10 times that of 1962. If those demands are not met at least reasonably well by that time, we will almost certainly be in the midst of worldwide revolutionary turmoil which will far exceed anything we have witnessed thus far. This will be bad news for Western civilization.

Despite this unhappy prospect, there is no reason to do the ostrich act or retreat into a mental fallout shelter. Although, without question, there is some limit to the amount of goods and services which science and technology can provide for human existence, there is no firm evidence that we are yet approaching that ceiling. I will make no predictions as to the character of world problems in A.D. 3000, or even 2100 but I have a fair degree of confidence that scientists and engineers can arrive at reasonable solutions to the problems of physical existence for the year 2000 if we work hard and seriously—beginning now. We have not really faced up to the issue as yet and it is high time that we do so—as a professional group, as a nation and a civilization.

No thoughtful person would contend that the attainment of an orderly and peaceful world can be brought about solely by providing adequate goods and services for a comfortable physical existence. The problems of mass civilization involve several other most important variables. However, at this juncture in world history—as the suppressed millions are beginning to emerge—the supplying of the physical wherewithal for a reasonably decent standard of living stands as the paramount problem crying for immediate solution. This is clearly in the bailiwick of science and technology. This conclusion easily leads us to the exploration of our storehouse of civilization; i.e., our supply of natural resources, and how we have utilized them and how we might make them adequate for future needs.

One may broadly classify the basic resources necessary for human existence as: air, sunshine, food, nonfood agricultural products, energy, mineral substances, and water. Air and, more or less, fickle amounts of sunshine, we may assume, will always be with us and the supply and distribution are essentially unalterable. No one has yet been able to corner the market on them, nor have they been subject to tax. Let us hope they stay that way. The inadequacy of the supply of food and other agricultural products is serious in many parts of the world and truly acute in others but that is a subject to be dealt with by agricultural experts. The solution to the major problems of the energy supply is now becoming visible because of the approaching availability of controlled nuclear energy, first through nuclear fission and probably eventually through fusion. This discourse confines itself to the consideration of maintaining an adequate supply of mineral substances (metals and nonmetals) and of water which are basic and necessary for industry and for agriculture.

The discovery and winning of the values from the world's richer mineral deposits, through the utilization of relatively simple technologies, has served the human race reasonably well in the past but the cream has already been skimmed from the best of the world's mineral deposits and we are now rapidly arriving at the point of diminishing returns. Though the law of conservation of matter is comforting, it, in itself, will not solve the problems. Some scientific breakthroughs along with improved technologies must be forthcoming to meet the inevitable necessity of getting "more and more from less and less." This situation presents a tremendous new responsibility to tomorrow's chemists and chemical engineers.

In approaching this problem we should first review the ground rules which nature has provided. As a first approximation, matter is never destroyed. There is just as much iron, copper, zinc, silver, and gold on or in the earth now as there was a billion years ago and will be a billion years from now. Only the distribution, chemical combinations and concentration of the various elements change as nature and man bandy them around.

For the most part we have obtained our mineral substances from a relatively few spots in the uppermost crust of the earth. In the earlier days the search for deposits of desired minerals was largely empirical, often random, and usually motivated by avarice. The image of the old prospector with his faithful burro, sustained by someone's grubstake and buoyed up by the certainty that tomorrow will be the day of the big strike, still has some tinges of romance of the wide-open-space type.

As knowledge has advanced, and methods and instruments for geophysical prospecting have been developed and large capital costs have become involved, prospecting and mining have become, for the most part, major corporate activities. Though this trend may have killed some of the glamor of the old frontier, it has led to more systematic, thorough and effective exploration of the earth's crust for mineral deposits. This in itself will ease the burden of future short supply to some degree for those parts of the world which are fortunate in their pattern of mineral distribution. But it will be of little aid to the less fortunate regions which are lacking in the richer deposits and which are isolated by excessive distances, or physical or political barriers.

There are some who feel that we are already at the end of our rope as far as supplying the mineral needs of the world is concerned. However before anyone concludes that Mother Earth, so early in our industrial history, has let us down in the matter of mineral substance, let us be sure that we have explored all the nooks and crannies. After all, about five-sevenths of the earth's surface is covered with the oceans and the seas. Could it be that there is something there which we might seek?

Explorers of the bottom of the sea have opened the door to an intriguing supply of some of our minerals. In the 1870's the British oceanographic vessel *Challenger* dredged up a number of strange looking nodules of high metal content from the floor of the Atlantic, Pacific, and Indian Oceans. For decades after that it appeared that only mythologists and Jules Verne were interested in the bottom of the sea. Serious exploration of that part of our unknown world really began with the International Geophysical Year of 1957 and 1958. During that period the vessels of the Scripps Institution of Oceanography (of the University of California) began scraping the bottom in earnest.[1] Their explorations were largely in the southeastern Pacific Ocean. From depths averaging about 14,000 feet the crew, by dredging and underwater photography found that great areas were more or less thickly covered with metallic-bearing nodules which were usually from 1 to 9 inches in diameter. The maximum metallic content of the samples was 50 percent manganese (very valuable in steelmaking), 2 percent cobalt, 1.6 percent nickel and 1.9 percent copper. The average concentrations of mineral values were fairly close to these maxima.

The investigators estimated that this one area of the oceans has a minimum of 200 billion tons of these high mineral-bearing nodules, just lying there waiting for the harvest. The gross recoverable value of the material is about $60 per ton of nodules at the present prices. If these estimates are correct, the economic value of the nodules in this one segment of the Pacific is some $12 trillion. Perhaps we should begin thinking about paying off our national debt and settling our international trade balances in manganese nodules rather than gold.

No one has yet seriously gone about the business of thoroughly prospecting and recovering the minerals from this strange new source. The cost of recovery from deep waters far from the shore will certainly be high but, sooner or later, clever engineers will surely develop a technology which will make the operation economically feasible.

But to whom do these new mineral deposits really belong? The high seas have long been considered international, with no sovereign rights for any one nation. If those watery mines prove to be so valuable that several nations will desire them, there will undoubtedly be some internation disputes. If such arguments are to be settled without open warfare, the arguments must be considered by some neutral body. Should cases go to an admiralty court, or will this be something new for the United Nations? There is already a large body of discourse on the necessity of setting up a body of international space law; will it be necessary to establish a corresponding sea-bottom code? It appears that there may be some interesting times ahead as we try to explore these matters in depth.

Even more interesting however is the question of how these deposits got there in the first place. The distribution of radioactive isotopes in these manganese nodules indicates that some of them are millions of years old. They have apparently been formed by extremely slow precipitation processes of these metals which had previously been dissolved in minute quantities in surface runoff water. Are there substantial amounts of other valuable minerals on the ocean floor that may be waiting for discovery? Presently available evidence does not indicate that there are but can we be sure? May there not be new worlds for the geochemist and the geophysicist to explore? Should we start developing a whole fleet of weird Piccard bathyscaphes so the oceanographers can scoot around in the murky darkness of the sea bottom all over the world to see what the slime and goo at the bottom of the sea really does contain? These questions are phrased merely to emphasize that we have probably not yet come to the end of the possibilities of new types of exploration for mineral substances.

Even though these nodule deposits turn out to be as plentiful as estimated and even though harvesting methods be perfected, they will by no means fulfill all the anticipated mineral needs of the near future. The metals they contain are important but they are limited in number and would probably not be available to all peoples. A continuing industrial civilization will need much more than this. It appears that one of the greatest gains in maintaining adequate mineral supplies in perpetuity will be in improved or new technologies of recovery of the desired material from the readily available ores. The criteria of commercially usable ores for different materials is rather revealing.

For American practice, at least, a usable iron ore has to contain 50 percent or more of iron. In contrast, an ore which contains 1.5 percent of copper is acceptable as a source of that metal. For silver, the corresponding figure is about 0.04 percent. The selling price of copper and of silver are of course many times that of iron, which justifies the use of the lower grade ores, but the record does show that processes are available or can be developed to recover minerals from low grade sources.

Adjusting a technology to use lower grade material sometimes could lead to dramatic gains in the available supply. For instance, in the original deposits of the Lake Superior region there was about 100 times as much ore bearing 35 to 50 percent iron as there was of ore containing 50 percent or more of the desired metal. A relatively small shift downward in the required richness of the ore could thus lead to a tremendous increase in the available raw material. Most of the high grade (over 50 percent) iron ore has now been mined from that region. So, extensive use is being made of "beneficiation" operations, that is the separation of the mineral from the extraneous material such as the worthless rock or dirt usually known as gangue. Many ingenious methods are used for these processes of concentrating the various minerals: grinding, washing, gravity separation, roasting, air elutriation, magnetic separation, or flotation of fine particles or detergent froths. A particularly effective method for the low grade taconite iron ores of the Lake Superior region was developed at the University of Minnesota. These very hard siliceous ores containing 25 to 35 percent iron are ground to extreme fineness and the particles of iron oxide are magnetically separated from the siliceous bits. The iron oxide powder is then sintered to produce agglomerated nodules that are usable in the iron blast furnace. This beneficiated ore is now being employed extensively on the Niagara Frontier and its use is spreading.

A more telling example of the potential gain in possible new technologies for utilizing lower grade materials is found in the case of aluminum. The present technology for producing aluminum metal requires a rather highly selected aluminum ore, bauxite (aluminum oxide dihydrate) containing 55 percent or more of aluminum. This special requirement greatly restricts the aluminum ore supply and location of recovery plants. Yet all soil—particularly clay—contains substantial amounts of aluminum. Any householder's back yard contains ample amounts of aluminum for his own use for a long time, provided there were a feasible process for recovering that metal from the subsoil of his rose beds. There have been repeated attempts to develop that magic aluminum-from-clay-process but thus far none have been economically feasible. May the young scientists and engineers keep trying. If they should be successful, they would undoubtedly be world benefactors of the first order.

To pursue the theme of "more and more from less and less," to its logical conclusion, we should look into the situation of some of the rare but very valuable minerals. Ordinary granite, which makes up a large proportion of the rocks around us contains, on the average, about 4 parts per million of uranium and 12 parts per million of thorium. If this uranium and thorium could effectively be extracted and used in a nuclear power reactor, the amount of these two elements obtained from each ton of granite would produce energy equivalent to the burning of some 50 tons of coal.[2] Thus the potential raw material for essentially an infinite energy supply for future civilization is almost literally under the feet of everyone—provided we develop enough cleverness to use it.

This rosy idea admittedly smacks of the theme of R. H. Conwell's famous lecture "Acres of Diamonds" of a generation ago—which dealt with the values we can find all around us, if we have proper curiosity and mental acumen. Hard-shelled pragmatists consider that Conwell's theme is so much inspirational hogwash. Probably they are correct most of the time but not necessarily in all cases.

Before you assume that this uranium-thorium suggestion is pure fantasy, note that it is being taken seriously to the extent of exploration of methods of extracting thorium from ordinary granite. In its latest report on atomic energy research, the Atomic Energy Commission states that the Oak Ridge Laboratories have been making recoveries of thorium oxide from granite samples from the Pikes Peak, Colo., region.[3] They report that the cost of extraction of thorium from granite containing 12 parts per million is $400 to $500 per pound. From higher grade rock containing 20 to 50 parts per million thorium might be recovered for $100 to $200 per pound.

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[1] Mero, John L. "Minerals on the Ocean Floor," Scientific American, 203, December 1960, p. 64.

[2] Brown, H., J. Bonner, and J. Weir, "The Next Hundred Years," Viking Press, New York, 1957, p. 111.

[3] "Atomic Energy Research," a special report of the Atomic Energy Commission, December 1961, pp. 155, 156.

The price is too high but the idea is right. The methods of extraction used were of the standard classical chemical variety. In order to achieve low-cost recovery a new, unorthodox approach may be called for.

Suppose some clever researcher found a highly selective solvent material which would directly pick out the relatively few molecules of uranium and thorium from highly pulverized granite and thus isolate and concentrate these power-producing materials for reactor use. Such a basic discovery might well lead to one of those acres of diamonds.

But, contends the practical man, there is not and never will be any magic, selective solvent such as that suggested. Perhaps not a solvent in the ordinary sense, but perhaps there are other ways to approach the problem. Go back to nature and consider the oyster—even as did Lewis Carroll. No one will question the fact that the oyster is a very stupid fellow, but by some chemical process of which we intelligent humans are to date entirely ignorant, the oyster, like a pickpocket in a mob, is able to select the copper-bearing molecules, which are present in sea water at a concentration of about one part per million, and concentrate them inside its own body structure by about a thousandfold. This copper is used in the oyster's own peculiar cardiovascular processes and hence is necessary for its survival.

Striking as this result may seem to be, the oyster is not a particularly outstanding performer in this business of getting more and more from less and less—that is concentrating necessary minerals from very dilute solutions. Many of its compatriots in the society of sea organisms do a great deal better. The lobster has a concentration of iodine in its interior structure which is several thousand times that of the surrounding sea water. The slimy and repulsive sea cucumber builds up a concentration of 10 percent of vanadium in its respiratory tract.[4] This is a concentration increase of something like a millionfold. Recently a paper from the Marine Biological Association Laboratory of Plymouth, England, stated that researchers have found appreciable quantities of the important metal, niobium (often called columbium) in the flesh and blood of ascidians,[5] the family of sea animals represented by the familiar skate. Niobium has recently achieved great importance in the hardening of high quality steels and in making jet-engine blades corrosion resistant and more useful at very high temperatures.

The ability of living organisms to build up concentrations of various elements is by no means limited to the ones I have mentioned. It seems almost to be a universal characteristic. We do not need to go to the sea for examples. Each of you has one close at hand, namely, your own body. By what process does your own biological equipment take the minute traces of iodine in your food and build them up by some one-hundred-thousandfold in your own thyroid glands? Or, how about the iron in your blood, or the calcium in your bones and teeth? These are all biochemical reactions which literally pick one molecule out of the multitude and build it into a new, concentrated chemical structure for biological purposes. Despite all the research that has been carried on in biochemistry, we have to date but very little understanding of the true kinetics of reaction of the individual molecules which are involved.

Though man does not yet know how the oyster, the sea cucumber, or his own thyroid gland performs these tricks of extreme concentration, he has occasionally become very interested in other processes for recovering mineral values from very dilute solutions, particularly sea water. Of course, ordinary salt has been obtained by the evaporation of sea water for thousands of years, but I am speaking of the much less plentiful materials.

One of the earliest attempts at recovery of dilute materials goes back to the defeat of Germany in World War I. You may recall that Germany was forced to agree to the payment of a very large indemnity in gold. For a while, at least, this obligation was taken very seriously. The eminent German chemist, Dr. Fritz Haber, thought there was some possibility of recovering the required gold from sea water. He carried on various oceanographic investigations and, although many of his records of analysis of samples carried the notation, "nichts zu finden," he did find the average concentration of gold in sea water to be about 0.004 micrograms per liter. This is very small, indeed, but there is a little bit of gold there and there is a great deal of ocean. There was plenty of gold available for paying the indemnity if it could just be picked out of its watery storehouse. Haber tried to devise a method for recovering metallic gold from these very low concentrations, but he was never successful. The indemnity was never paid.

Gold has always held a unique fascination for men—particularly gold from sea water. A very interesting proposal was made several years ago by the late Dr. Colin Fink, then head of the division of electrochemistry at Columbia University. By very careful control of electrical potential gradients, Dr. Fink had found that it was possible to plate out selectively almost any desired metallic element from an aqueous solution. He made the suggestion—perhaps seriously, perhaps not—that ocean liners, by maintaining the appropriate potential gradient between the propeller shaft and sea water, would be able to plate out substantial amounts of gold on the propeller blades during every ocean crossing and thus perhaps pay operating expenses. I do not think anything ever came of the idea, but it is an interesting speculation.

It will be refreshing now to turn to a success story. In the 1920's the demand for the rather noxious and corrosive element, bromine, increased very sharply because it was useful in the process of making ethyl fluid for antiknock gasolines. Up to that time the source of bromine had been brines from wells in both this country and Germany, but these sources were proving to be inadequate. After a great deal of experimentation, a successful production plant for recovering bromine from sea water went on stream about 30 years ago at Wilmington, N.C., operated by the Dow Chemical Co. Pure bromine was recovered at the rate of about 50,000 pounds per day from sea water. The concentration of that element in the sea water from which it comes is between 40 and 60 parts per million. This, however, is not a biochemical process. The bromine is merely replaced from its compounds by the use of a similar element, chlorine. This is a profitable operation because bromine commands a considerably higher market price than does chlorine. It is a straight chemical process, well controlled and effective, but it does not have the concentrating potential that many of the living organisms display.

As an extracurricular activity during the operation of this bromine plant, the Dow chemists did extract gold from the processed sea water. The result was a highly visible, intriguing little nugget that proved that Dr. Haber was right—that there is "gold in them thar waves." However, the recovery cost was considerably greater than the value of the metal. So, the experiment was abandoned after it was proved that it could be done.

During World War II, the ocean also became and still is a major source of supply of the well-known metallic element, magnesium, which is present in sea water to the extent of about one thousand parts per million. Here again, however, the process is essentially one of replacement—well known to students of freshman chemistry. Calcium from limestone or oyster shells is used as a replacing element to release magnesium compounds which are later reduced to metal.

Some years back I was guilty of exploring another type of operation for concentrating metals from very dilute solutions. With the aid of graduate students I began exploring the feasibility of using base-exchange reactions as a means of concentrating metals from dilute solutions. Base-exchange materials, or zeolites, are used in water softeners and hence are fairly common household materials.

Dilute solutions of copper sulphate were passed through a bed of zeolite. In passing through this zeolite bed, the copper ions would be absorbed, or would enter into a loose chemical combination with the compounds of the solid zeolite, and be retained on the surface. The bed would then be regenerated with sulfuric acid. Very substantial increases in concentration were obtained in this manner. Starting with dilute solutions (0.005 normal copper sulphate), increases in concentration of some 220-fold in one stage were obtained.[6] This sounds like a good start. If such a process were applied to a concentration operation, under idealized conditions, one pound of sulfuric acid which would be used for the regeneration would bring about an increase in concentration equivalent to the evaporation of 4,200 pounds of water. It would seem that there should be some practical possibilities here.

It had been my intention to pursue this research further with the idea that a successful process might be developed for the recovery of both copper and zinc from brass mill pickle liquors but, with the advent of World War II, many things happened which prevented my returning to this research field.

During the past two decades, there have been some quite marked advances in the synthesis of these base-exchange zeolites and they are used for many specialized purposes. For instance, a large part of the distilled water used in laboratories is now produced by the use of two different zeolites which remove first the positive and then the negative mineral ions which are found in tapwater. Zeolites are also used for recovery of certain specialized metallic elements in some processes, but not on large scale. They are also used in research for the separation of some isotopes.

The Atomic Energy Commission reports exploratory work on using base exchange materials for the separation of plutonium, neptunium, and thorium from reactor fission products.[7] It is anticipated that this will result in improved methods of reprocessing reactor fuels and of waste disposal. Hence there are several specialized uses of the base exchange materials but as far as I know the process is not yet being used for the large-scale separation and concentration of the more common metals.

These examples of recovery of metals from dilute solution by conventional methods have some value and perhaps a bit of interest but except in the cases of bromine and magnesium, they appear to have a limited future in the practical exploitation of that great mine—the sea.

It is difficult to avoid coming back to the sea. Some 60 of nature's 92 elements have been identified in it. The ocean waters hold at least 15 billion tons of copper, 7 trillion tons of boron, 15 billion tons of manganese,

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[4] Furnas, C. C. "The Storehouse of Civilization," Bureau of Publications, Teachers College, New York, 1939, p. 25.

[5] Carlisle, D. B. and L. G. Hummerstone, "Nature," vol. 181 (1958), pp. 933 and 1002.

[6] Beaton, R. H. and C. C. Furnas, Ind. Eng. Chem. 33, p. 1500 (1941).

[7] Atomic Energy Research, ibid., p. 155.

20 billion tons of uranium, half a billion tons of silver, and 10 million tons of gold.[8]

There is enormous mineral value there but only the more lowly living organisms have, as yet, found the way to concentrate them from extremely dilute solutions in a highly selective manner. With our vast knowledge of physics and chemistry, why have we not been able to acquire this knowledge? There may be a logical answer. We have not yet developed a technique in chemistry to deal with truly small quantities, that is, individual molecules.

A great deal is known, of course, about the chemical composition and physical character of hundreds of thousands of substances, from materials as simple as water to the very complex body proteins, in their stable, or static, condition. Also a great deal of knowledge is available about the gross, or overall, results when chemical reactions take place between vast numbers of molecules. But surprisingly little is exactly known about what actually takes place in the minute, fine structure of individual units. Methods have not been developed to separate the individual molecules from each other and observe how they act as entities. We only see through a cloud—indirectly and somewhat darkly.

The chemist who wishes to know how individual molecules behave in chemical reactions can have sympathy with the astronomer who endeavors to acquire knowledge about the solid surface of the planet Venus. Venus is perpetually shrouded with a thick cloud layer. No human eye has ever seen its surface nor has any photographic plate ever recorded it. Astronomers, by various observations, have learned a great deal about Venus—its size, weight, density, temperature, and the composition of the cloud layer—but no one has any direct knowledge of what actually goes on, on the body of the planet itself. Analogously, the chemist cannot determine what goes on in, or at, individual molecules, because he always has to deal with so many of them that individual actions are lost in the mob.

Why has it not been possible to observe individual molecules in action? Essentially because they are extremely small. For instance, a very minute and almost invisible particle of fog, 1 micron (a millionth of a meter) in diameter contains about 10 billion water molecules. That number is several times as great as the entire human population on the Earth. But chemists, despite the refinements of their science at the present time, are not able to study the reactions in a sample as small as that. Even with the most modern methods, they usually deal with samples that contain at least 10^{14} to 10^{15} molecules. Hence, any chemical reactions they study are the gross effect of the interaction of a tremendous number of molecular entities. It might be that a new field of exploration would unfold if the chemist could find methods of observing the reaction between just two—or at the most a very few—molecules. Perhaps then he could arrive at a better understanding of how the oyster, in its stupid, plodding way, reaches out with its chemical arms to pick up just the one molecule in a million which its digestive system desires.

Such a suggestion would be the rankest kind of fantasy were it not for the past success in a parallel science—nuclear physics. The understanding of the structure of the atom and the whole general field of nuclear physics made relatively little, solid progress until the researchers were able to observe the effects and the reactions of, literally, individual particles. The Wilson cloud chamber, the Geiger counter, the tracks on the photographic plate, the various scintillation counters were developed into tools for observing the actions of the individual, minute basic particles, such as electrons, protons and neutrons, which make up the structure of individual atoms. After those tools were at hand, progress came very rapidly, but as long as the physicist's work had been confined to dealing with 10^n particles in individual samples (^{n} being very large), progress was very slow. The chemist is still in the state of dealing with tremendous numbers of molecules in even his smallest sample and hence, he is not able to arrive at that understanding of the actions of individual molecules which is probably necessary if we are ever going to be able to first imitate and then improve on nature in this pickpocket (highly selective) chemistry.

Is there any hope that the chemist may devise an experimental tool which would be analogous to the great breakthrough of the nuclear physicists a few decades back? I am not sure there is but I do have a suggestion.

During the past few years the physicists, in connection with studies of atomic and molecular resonance, have developed the technique of "molecular beams." In a molecular beam, one observes the effect of the electromagnetic radiation on the trajectory of the molecule. Some molecules can be detected with a sensitivity of one per second, and the observation of a few thousand a second is easy.

Would the mere detection of individual molecules open the way to a better understanding of detailed kinetics of the chemical reaction of individual, or a few, molecules? I am not qualified to answer, but it certainly would be interesting to find out. There might be something there.

That suggestion may merely be fabricated from moonbeams and hence should not be taken too seriously. The modern-day experts in the fields of chemistry, biology, biochemistry and physics, if they get together and become really excited may eventually find some better way of achieving the basic understanding of the chemical kinetics of the highly selective, concentrating reactions of living organisms. It may be that a breakthrough will come through refinements in the use of radioactive isotopes, which have been very fruitful as molecular tags in the study of the kinetics of photosynthesis, for instance. I can visualize a number of topnotch Ph. D. theses and perhaps a Nobel Prize or two resulting from serious explorations in these fields.

There is a hopeful sign that the interest seems to be growing. A recent article[9] dealing with prosaic inorganic chemistry speaks of the "neglected area of biological inorganic chemistry. The role played by metals in many biologically important compounds is well known, but little fundamental work has been done. * * * Additional knowledge would bring us closer to the understanding of many catalytic processes."

However it is acquired, it seems almost certain that when we do grasp the basic knowledge of the highly selective biochemical reactions I have mentioned, new doors will open for getting more and more of our necessary minerals from less and less concentrated sources. Not only will geophysical exploration be improved, technologies will be developed for recovery of valuable materials from low-grade ores, from the bottom of the ocean, from ordinary rocks, from brackish landlocked waters and from the waters of the sea. Economical methods will be devised for recovering waste materials which are now dumped into streams or into the ground and which seriously pollute our fresh water supplies.

Be it emphasized that in suggesting that we learn how living organisms perform these chemical tricks, I am not suggesting that we should merely try to duplicate nature. There would be no point in the exercise unless we could greatly improve on nature. It is almost a truism that living organisms are temperamental and delicate and that their processes are slow and inefficient. Nature doesn't need to be efficient; neither does it need to be in a hurry. After all, what is time to an oyster or an ascidian? A successful chemical plant may need to accomplish a result in seconds to which a sea cucumber might devote months.

Chemists have improved on nature many times—witness the classic examples of syntheses of anilin, vanillin, vitamin C or thyroxin—and certainly if we learn the minute kinetics of natural metal accumulation there will be a good chance that we can develop practical industrial processes.

Since this is a speculative paper, it is in order to visualize the type of mineral recovery plant which might be commonplace along our ocean shores within a relatively few years after we learn the basic secrets of the oyster.

It will be a relatively large structure, but clean and quiet. There will be conduits handling a large flow of sea water. There will be the expected array of pipes and pumps and various electrolytic cells, columns, tanks and vats. The apparatus will cluster around a very substantial nuclear powerplant which I assume will be utilizing the fusion process, that is the nuclear reaction using heavy hydrogen (deuterium) to produce helium with a great release of energy. This plant will produce all of the sensible heat and electrical energy required and it will be self-perpetuating for it will obtain its fuel—deuterium—from the sea. This heavy hydrogen is present in all water (H_2O) in the ratio of 1 part of deuterium to 5,000 parts of ordinary hydrogen. Hence the supply is essentially infinite.

From this plant, by the clever processes yet to be discovered, will come various valuable minerals: magnesium and bromine of course, plus uranium, copper, cobalt, nickel, boron, silver with a touch of gold, potassium plus all the sodium chloride (common salt) which you might wish. A copious supply of fresh water will be the principal byproduct.

From the very nature of the beast, it is almost certain that the winning of many of the minerals from the sea can be economically feasible only when there is a multiproduct system of continuous complementary processes such as suggested above. This is going to require new technologies and probably new business combinations. It is to be hoped that antitrust laws do not interfere.

Since this is the occasion of the Schoellkopf Award some may contend that the nebulous and "way out" tone of this paper is not in keeping with the well-known practicality of the early Schoellkopfs. I doubt if that is true. Jacob Schoellkopf, Sr., was an imaginative pioneer. He came to Buffalo in 1841 when it was still truly the frontier. He successfully established and guided new businesses including hydropower.

Jacob Schoellkopf, Jr., followed his father's footsteps in bold exploration in another new world—the chemical industry. By research and development he outdid the ingenuity of the German dyemakers (who had held a world monopoly until that time) and established the parent company of the present National Aniline Division of the Allied Chemical Corp.

It was Junior who established the Schoellkopf medal in honor of his father with the hope, I am sure, that its annual awarding would stimulate new thinking and exploration into new fields. Though they might justifiably criticize some of my conclusions and speculations, I am confident the Schoellkopfs, father and son, would have been pleased to know that there are still new worlds to be explored and new methods to be developed to promote man's progress.

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[8] Mero, John, ibid.

[9] Lewis, J., and R. S. Nyholm, "Modern Inorganic Chemistry," Chemical and Engineering News, Dec. 4, 1961, p. 102.

To summarize: The very rapidly rising world population with its attending increased per capita demand for goods and services is coming at a time when we are beginning to face some severe mineral shortages. The sociological as well as economic situation will become extremely serious unless within the generation, we develop distinctly new methods of getting more and more from less and less—from the earth's crust, from the bottom of the sea, from ocean water itself, and from brackish inland lakes.

There is a good chance that these needs can be met, provided there is an immediate, serious, multidisciplined attack by chemists, physicists, biologists, biochemists, and engineers on the multitude of problems involved. It is particularly important that truly basic knowledge of the kinetics of many biochemical processes of living organisms be acquired and applied to distinctly new chemical engineering and metallurgical processes. If these bold deeds are accomplished, we may look forward with renewed confidence to the well-being of our children and our grandchildren.

Admittedly there has been much speculation in this paper—but that is the stuff of which progress is constructed. To quote an eminent British scientist, A. V. Hill, "It is dangerous to speculate too far, but it is foolish not to speculate at all."

ADVANCING BASIC EDUCATION

The SPEAKER. Under previous order of the House, the gentleman from Pennsylvania [Mr. NIX] is recognized for 30 minutes.

Mr. NIX. Mr. Speaker, although I propose to deal today with those bills concerned with advancing basic education for pupils enrolled in public schools and for adult illiterates, scheduled to come before the House soon from the Committee on Education and Labor, I wish to note there are several other education bills in the package to be presented by this committee which are of equal significance to the Nation's welfare. Acting on the suggestion from the President that education of our youth is our first line of defense, the House Committee on Education and Labor has worked hard and diligently during this session on education bills for accelerating education throughout the country for all people. If enacted, these bills could raise achievement and production levels while promoting consumer capacity and the moral integrity of our developing youths and adults.

I am informed this package will include among others the following bills and related bills of major importance in our changing times:

H.R. 10180—the Educational Finance Act of 1962: This bill provides a basic Federal allotment under the supervision of the Commissioner of Education to each State to assist in defraying cost to States and local communities where mounting enrollments, classroom and teacher shortages, population shifts, and new demands upon elementary and secondary schools have created a need for an accelerated rate of improvement in public elementary and secondary education.

H.R. 10143—the Adult Education Act: This bill proposes to assist in providing necessary instruction for adults unable to read and write English or with less than sixth grade level of education, through grants to institutions of higher learning and for the training and teaching of supervisory personnel, through grants to States for pilot projects, improvement of State services and programs of instruction. The purpose of the bill is to initiate a program of furnishing instruction to adults who are unable to read and write English or whose achievement level of education is below the sixth grade with the view of making them less likely to become dependent on others, for increasing productive and profitable employment among them and for making them better able to meet their adult responsibilities.

H.R. 10145—improvement of quality of teaching in elementary and secondary schools: Emphasis in this bill is placed on the urgency of new teaching methods and instructional materials for persons engaged in teaching or in supervising teachers in elementary and secondary schools, in areas in which it is found that there is widespread need for improvement in the quality of instruction. The program set forth under this bill would develop new types of elementary or secondary instruction or programing, seek to encourage excellence in education, aid in the support of projects to improve the effectiveness of public elementary and secondary teachers through preservice, internship, and inservice programs, assist in the improvement of State educational agencies and supervisory or related activities, including research, development, evaluation, and the promotion of improved instructional practices in public elementary and secondary schools and including the administration of the State plan.

Both the House and Senate version of bills on "quality education" are intended to stimulate improvement in teaching by helping State and local school agencies bolster their teacher-training programs and affording teachers opportunities for advanced study. The Commissioner of Education is authorized to arrange and schedule with colleges and universities for institutes in the basic curriculum areas. Although Federal support of the program is routed through the Department of Education and the Commissioner is designated to work with State and local agencies, the bill expressly provides that Federal control of education is prohibited.

As passed by the House Committee on Education and Labor, I am informed, the quality education bill, unfortunately, had removed a small program of grants to colleges to improve their programs for training teachers for implementing broadened public school curriculums throughout the Nation. But, fortunately, this deletion left standing a program offering 6-week summer training institutes for elementary and secondary school teachers with $23,850,000 provided for the first year, $40 million for each of the next 4 years.

Many factors in recent years have contributed to the disproportionate share public education has claimed of local and State budgets, chief among which are: the spiraling school population, the movement of families from rural to urban areas, and the increasing cost of school construction and instructional materials. Consequently, Federal assistance is urgently needed to maintain the current standard of operation and is commanded if elementary and secondary school programs are to be strengthened in keeping with demands of this era of automation.

The tragedy of illiteracy daily becomes more serious, for technical advancement and communication and transportation exact refined techniques and delicate precision and require an ever-enlarging vocabulary in order to qualify for ordinary gainful employment and to participate in everyday human relations. Current urban life offers little of a constructive nature that one can do either for a living or for recreation, if he cannot do more than look without understanding or interpreting what he sees or reads.

In 1940 1 out of every 10 Negroes in the country had never attended school, reported Commissioner McMurrin to the House committee during the recent hearings on the adult education bill. By 1950, he said, the ratio had dropped to less than 1 out of 25. Today, he added, the number of persons never having attended school, except for special cases, is extremely small or practically nonexistent. Recalling two surveys by the Office of Education in 1948 and 1950, the Commissioner noted that of an estimated 90,000 adults enrolled in literacy classes at that time an estimated 60,000 or two-thirds that number were of non-English-speaking background.

In other words—

He said—

of the little that was being done the major part was focused on the needs of immigrants.

Moreover, he continued, such literacy instruction as did exist took place almost exclusively in cities having populations over 25,000 with almost nonexistent programs on rural areas where there were large concentrations of illiterate persons.

On first observation the above registered decline in the number of Negroes who have not attended school appears to represent general progress in public education, but upon closer scrutiny the apparent positive effectiveness of mass education is altered by an awareness that the pace is too slow to be consistent with the demands of the times and, second, the revelation is further marred by the fact that whereas formerly illiterates were capable of producing in a semisubsistence economy, these persons are helpless and often suffer complete loss of motivation because of academic handicaps in urban society.

Displacement and mobility of people, especially of this element of the population from the farm to the city—illiterate and untrained—places a staggering financial burden on already overtaxed cities and an increasing responsibilty is ultimately passed on to the Federal Government for the welfare of a growing number of families unable to provide necessities. Again because such families usually ignore State lines settling wherever there is an attraction, States of origin cannot be held entirely responsible for them nor can the city or State of their destination always absorb them without Federal help in adjustment.

Today we may proudly boast that except for special population such as migratory families called pastoral in underdeveloped countries or nomadic in past history, virtually all children who do not suffer from a pronounced physical or mental handicap attend school. But, there is, nevertheless, a strange phenomenon in the face of all this. In spite of the fact that one of the major causes of illiteracy in the past has been substantially eradicated, as reported by Dr. McMurrin, yet, as he complains, the fact that as many as 1 million of our students, including tens of thousands of very able minds, leave school each year never to return, is a problem of disturbing proportions and deserving of continuing national concern.

Presenting to the committee a graphic chart demonstrating that adult illiteracy is highly correlated with the school dropout problem, Dr. McMurrin concluded that while the percentage in adult population with eighth-grade education or less steadily declines, that estimates point up the fact that during the next 20 years only a moderate decline may be registered in the proportion of high school students who drop out before they complete their high school education and thus must have supplementary education to qualify for employment and worthwhile citizen participation.

I consider Dr. McMurrin's dire prediction of the illiteracy trend as modest, for if reports issued by some school administrators of the poor achievement test-findings of public school pupils be accurate, we shall soon witness a rise in illiteracy in this country in sad contrast to a trend toward the eradication of illiteracy in the Soviet Union, in Nigeria, in India and other formerly backward nations. In short, unless some reforms are instituted in the teaching of the basic fundamentals on the lower levels or in the primary grades and these guaranteed by financial support from the Federal Government, we may soon be forced to acknowledge the inescapable fact that ignorance is spreading among the masses at home while enlightenment dispels darkness in Asia and Africa where people are rapidly learning to read, write, spell and figure in some cases with Peace Corps technicians furnished by us.

I am in heartiest agreement with Dr. McMurrin's conclusion that our problem today is not a lack of opportunity for any schooling, but a lack of proper schooling or schooling of worth. Unless some action is taken to alter the trend through the introduction of content or quality in the public school curriculum, it may ultimately be reported of this era that we were overschooled but undereducated. What other conclusion could one draw after reading in the New York Times June 13, 1962, that "one in three pupils enrolled in the city's junior high schools is retarded two or more years in reading," with the added note that "one in seven pupils in the division, which covers the seventh, eighth and ninth grades, cannot read at the fourth-grade level." Thus of a reported 168,000 junior high pupils more than one-third or 62,000 were found to be 2 or more years behind and 24,000 or one-seventh of that number were practically not reading at all. This condition prevails in New York and has been similarly announced by school administrators of several other school systems in spite of the most elaborate system of public school education in the world.

Although the genuinely uneducable represent only about 1 to 2 percent of the adult population and the untrainable possibly less, statistics such as the above reveal a shocking condition of manmade retardation of otherwise normal or average and above average minds. The rising spiral of illiteracy of such vast proportions—definitely not traceable to mental disease or serious mental retardation—has become a matter to which the Federal Government must address itself in its own interest. According to a report brought to my attention recently and put out by the National Education Association, in 1959 25.3 percent of New York State's selective service registrants failed the mental test. Thus, because of defective educational programs, our national defense establishment was unable to utilize the military potential of every fourth male.

In our public schools nationally we are experiencing educational blight when tens of thousands of our youths leave school each year never to return usually with all motivation killed by the classroom and unable to read sufficiently well to fill out an application blank or to follow directions or transmit written orders into action. Of most serious concern is the fact that for the masses enrolled in the public schools, there is inculcated hostility toward education in addition to the destruction of motivation.

There is less hope of these unfortunate children being pulled out of the doldrum of functional illiteracy than for those youths of underdeveloped countries who have never been exposed to school. Their situation is more to be pitied than that of adults among us who have never attended school. In spite of pleas of educators and pressure groups for more and more money to do more and more of the same kind of educating at great cost to local and State budgets, for "remedial" personnel, for "testers," counselors, mental health clinics presumably to combat the full effect of it all or to rehabilitate a generation damaged by these conditions, little, if any, change in the situation is noted.

Without radical reforms in the methods of instruction and emphasis in school program as well as the philosophy of education for the multitude to wipe out educational blight, "school illiterates" will become a hopeless drag on society, and illiteracy may rise above that of the colonial era and the Reconstruction period.

Writing in the Saturday Evening Post last March, Judge Mary C. Kohler, of the President's Committee on Youth Employment, noted that one of the weakest links in our educational chain is the failure of present methods to reach about 20 percent of big-city children. They never learn what they could even of the three R's. While this reported 20 percent or one-fifth of the total pupil population represents a disturbing loss to any society, of frightening significance is the awareness of the fact that this ratio of the whole is largely concentrated among Negro and Puerto Rican residents in New York City with a sizable sprinkling of Anglo-Saxon southern whites as revealed by a leading journal last year—and thus may actually consist of a majority of this group.

The question needs be raised on the extent to which popular educational theories of the culturally deprived versus the culturally privileged may be substituting now for traditional racial supremacy in some desegregated schools with a representative segment of white pupils handicapped the same as nonwhites. I am eagerly awaiting the reports of a survey which I understand is being undertaken to study possible tragic consequences of achievement tests which may be eliminating and "railroading" and "tracking" some of the Nation's best minds, segregating or discriminating in a more subtle manner than before and hence robbing the country of the full flower of its youths. There are concerned parents who suspect that concepts of cultural supremacy can deny the returns of untapped resources among economically handicapped citizens, black and white forced to enroll their children in public schools and lacking money for tutoring, unless Federal support is extended to stimulate a sound basic democratic educational program in the Nation's public schools.

Judge Kohler says:

> The schools will have to change some cherished patterns and learn the maturity of flexibility.

And Dr. Edward Fuller, the executive secretary of the Council of Chief State School Officers, comments:

> The advance of technology and automation has made it absolutely necessary to educate more Americans to a much higher general average than ever before * * * The alternative for the future—

He adds—

> if not the loss of our free society, is at the very least increased relief and welfare payments to displaced and unemployed people who cannot strengthen our society and carry their load into it because they are uneducated. * * * We must accelerate the improvement of public schools in the interest of the Nation and in the interest of personal freedom.

The increasing responsibility placed on the Federal Government for the welfare of a growing number of families unable to provide necessities, the undermining effect of dropouts and juvenile delinquency, the population mobility by which one-fifth the population annually moves with their children from one school or school system to another all differing in standard curriculum criterion, the fact that stable governments in this age of technology must increasingly come to rest on informed citizens who care and are willing to contribute to the total well-being, the fact that as the world grows smaller and better armed the battlefield must be transferred to the negotiation table, are all stark realities which must be faced. Realities which must be positively dealt with if new legislation has to be passed of a fundamentally different nature to anything Jefferson, Franklin, or Washington could have possibly perceived.

I believe in individual freedom and the rights of the States as interpreted by the Supreme Court but I believe that freedom which permits a vociferous group of small men to band together in educational organizations to dominate the 47,000 local and State boards and agencies for perpetuating an elite of "culturally privileged" at the expense of the country is not freedom but freedom abused. These are men who act as directors or dictators over the Nation's public schools. They impose their will on the complacent and indolent majority lulled into that state by the popular belief that any suggestions which border on needed reform of public school education as prescribed by "progressive educators" skirt on unrighteousness and suggested subversion. And thus, we have entered the second half of the 20th century, the desegregation era, convinced that the poor and the ignorant were always with us.

To bow to their wishes to the neglect of the masses for whom public schools were originally intended is a luxury in this nuclear age which national interest cannot protect, and the Federal Government need intercede on behalf of the entire population for survival's sake.

For all these reasons the President needs the authority to stimulate public school education in cooperation with the Department of Education and local and State agencies in the interest of the country and the academically neglected multitude. The "quality education" bill is the least that can be squared with a concern for the country's future.

Let us then lend our matchless energies to the task before us. Let wisdom, determination, and far-reaching vision guide us. If this be done, we cannot but produce the qualitative man as a future citizen of these United States of America and success will in turn be in our favor. Mind, not might, nor material wealth, can win the battles ahead. Educated, trained, disciplined youths of good will drawn from the yet untapped resources of all the people must be armed with those intangibles which promote peace in the nuclear age.

Addressing the graduating class at West Point this season the President emphasized: "For the basic problems facing the world today are not susceptible of a final military solution. While we will long require the services and admire the dedication of the fighting men of this country, neither our strategy nor our psychology as a nation—and certainly not our economy—must become permanently dependent upon an ever-increasing military establishment."

FORMER CONGRESSMAN JACK ANDERSON

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. GUBSER] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. GUBSER. Mr. Speaker, Capitol Hill was sorry to learn today that it is losing one of its finest personalities. Former Congressman Jack Z. Anderson, whom I was privileged to succeed in the House following his voluntary retirement from Congress in 1952, announced today that he is retiring from the Washington political scene tomorrow, June 30. Jack plans to return to his beautiful San Juan Valley ranch where he and other members of his family farm approximately 200 acres of fall and winter pears.

Jack Anderson served seven terms as Representative in Congress from the old Eighth Congressional District. Retiring, undefeated, in 1952, he resumed his ranch operations and was president of the California Canning Pear Association which he helped to organize in 1953. In 1955 at the request of the Eisenhower administration he agreed to accept the position of Special Assistant to the then Secretary of Agriculture, Ezra Taft Benson. After 1 year in the Department of Agriculture Anderson moved to the White House where he served for more than 4 years as Administrative Assistant to President Dwight Eisenhower.

During the 4 years of this challenging assignment Jack Anderson acted as an Assistant to President Eisenhower for liaison with the House of Representatives. In this capacity, he worked closely with his numerous friends and former colleagues in securing the passage of many important Eisenhower legislative proposals.

When the Eisenhower administration left office in January 1961, Anderson moved back to Capitol Hill and for the past year and a half has been the minority—Republican—member of the professional staff of the House Committee on Veterans' Affairs.

Jack says he has no regrets about leaving Washington. "After all," he said, "over 20 years in public service is about all any one citizen should be expected to serve."

It is a good guess that Jack Anderson will not retire to his rocking chair. Already he is making plans to be active in California farm affairs and to use his past Government experience where it will do the most good. He has said, "Anything I can do to keep California agriculture free of Federal Government domination and control I shall certainly do. My year in the Department of Agriculture merely served to emphasize what I had already learned as a Member of Congress: The farmer who seeks or demands Government subsidies or price supports is putting his neck into an ever-tightening noose of a vast bureaucratic control from which there is presently no escape. Only an enlightened and determined electorate can free us from this spreading web of tax-supported prices for politically favored crops and from the misguided efforts of various 'do-gooders' who would attempt the impossible task of organizing agricultural labor in California which already pays the highest farm wages of any State in the Nation."

Mr. Speaker, it has been my great pleasure to know Jack Anderson for a great many years and I have always felt that succeeding him in Congress was both a challenge and something of which to be proud. No man could contribute more to his country than Jack Anderson has in his 20 years of public service. I wish him and his good wife, Frances, a most pleasant trip to California and all that is good in his semiretirement. He and Frances have earned the right to take it a little easier, but rest assured they will not. Competent people, such as they, will always remain busy in the best interests of their community, State, and Nation. Let us hope, however, that Frances finds the time to enjoy her home and grandchildren, and Jack finds time to oil up his shotgun and rifle to keep the family freezer well stocked with duck, quail, doves, pheasant, and venison. Good luck to them both.

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. YOUNGER] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. YOUNGER. Mr. Speaker, it was with real regret that I learned Mr. J. Z. (Jack) Anderson was going to retire from Federal service. I owe him a great debt of gratitude, for he has been of so much help to me during my terms in the Congress. Also he was most helpful in my original election to the House, for I represent a part of the district which was so ably represented by Jack for 14 years, from 1938 to 1952. He is deserving of a long and happy retirement on his pear ranch in California. Hail and farewell, Jack.

BIPARTISAN HOME RULE GROUP

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. SCRANTON] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SCRANTON. Mr. Speaker, under permission to extend my remarks at this point I include the following memorandum:

JUNE 28, 1962.

To: Our colleagues in the House of Representatives.

From: Members of the House bipartisan home rule group.

Subject: Discharge petition on H.R. 11327, by Mr. MULTER.

We, the undersigned members of the House bipartisan home rule group, are increasingly concerned over developments in local District of Columbia affairs—the advancing crime rate, the inadequate schools, and the mounting backlog of needed public works improvements.

We believe that restoration of limited self-government would provide the tools and incentive for District residents to solve these local problems themselves. We believe, too, that home rule under our bipartisan bill would save a busy Congress thousands of man-hours now devoted to the study and debate of relatively unimportant District matters.

We have filed a motion today, therefore, asking in effect that the District of Columbia Committee be discharged from further consideration of H.R. 11327. The resolution to which our motion is directed, House Resolution 693—introduced by Mr. Widnall—calls for 4 hours of general debate on H.R. 11327 under an open rule. This will permit the House to fully work its will on home rule legislation.

We are filing this discharge petition reluctantly, realizing full well the pressure of important legislative business in the few months remaining in this session. We are doing so, however, because we believe firmly that the House should have an opportunity at this time to vote on the home rule issue—which, after all, has been unfinished business in the Congress for decades.

We believe, too, that no business pending before us concerns a more flagrant denial of suffrage and of the basic civil rights of American citizens.

We believe that H.R. 11327 is a workable compromise. Despite the fact that several members of our group have sponsored different legislative proposals, all of us are willing to support this bill to get the home rule issue before the full membership of this House. H.R. 11327 has attracted broad bipartisan support. Its features are, in the main, those of a bill backed by President Eisenhower in the 86th Congress. In an effort to harmonize all points of view, we have, however, incorporated several important provisions of a bill backed by President Kennedy in the first session of the current Congress.

We are aware of President Kennedy's past support for District of Columbia home rule, and we expect that his administration will actively assist us in our present effort. Both the Republican and Democratic platforms of 1960 pledged action on this issue.

We began our present effort for restoration of District self-government on April 16, when 14 members of our bipartisan group introduced identical bills. Included among these was H.R. 11327, by Mr. Multer. Other members have introduced the bipartisan home rule bill since April 16.

We also wrote to the chairman of the House District of Columbia Committee, Mr. McMillan, on April 16. We indicated that we believed home rule legislation was worthy of consideration by his committee. We strongly urged that his committee schedule hearings on such legislation as soon as was convenient.

We received no reply. No hearings have been scheduled on H.R. 11327 or any other home rule legislation pending before the committee. Nor has there been any indication that hearings will be scheduled.

We should like to point out, however, that while no hearings have been held on H.R. 11327, extensive hearings have been held on similar home rule proposals. In the first session of the 86th Congress, the District of Columbia Subcommittee No. 3 held hearings on 27 home rule bills. The hearings were held July 28, August 3, 7, 14, and 26, and September 3, 1959. Seven out of the 11 members who participated in these hearings are still members of the subcommittee. The hearing record—538 pages of testimony and analysis—is available.

We believe that H.R. 11327 reflects the care exercised in its drafting. Our proposal is limited. It would restore the principle of local self-government to the 800,000 people of Washington, D.C. But it would also protect every legitimate Federal interest in the Nation's Capital.

Our bipartisan bill would give the District a status roughly comparable to that of Puerto Rico and the Virgin Islands. It would place responsibility for initiating local legislation and solving local problems in the hands of a locally elected legislative assembly. Congress would retain the ultimate legislative power. And the President would have veto power over actions of the legislative assembly, if a Federal interest were affected adversely.

Our bipartisan bill would give the District an elected, nonvoting delegate in the House. The District's chief executive, the Governor, would be appointed by the President.

Our bipartisan bill provides for a referendum whereby District voters would decide whether to accept home rule under these conditions. We believe that District citizens have a right to make that choice. We believe that this House should have an opportunity to offer it to them.

We ask your earnest consideration of our bipartisan bill. And we hope you will sign our petition.

William B. Widnall, Frank Thompson, Jr., Julia Butler Hansen, Fred Schwengel, Dick Schweiker, Clark MacGregor, Florence P. Dwyer, William F. Ryan, Thor C. Tollefson, Henry B. Gonzalez, Henry S. Reuss, Morris K. Udall, Graham Purcell, Edith Green, Jeffery Cohelan, Silvio O. Conte, William W. Scranton, James G. Fulton, Abraham J. Multer, John V. Lindsay.

HEALTH CLINICS FOR MIGRATORY FARMWORKERS

Mr. ROBERTS of Alabama. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. ROBERTS of Alabama. Mr. Speaker, the Subcommittee on Health and Safety of the Interstate and Foreign Commerce Committee, of which I am a member, this morning reported out favorably a bill to authorize grants for family clinics for domestic agricultural migratory workers and for other purposes.

During the hearings on this legislation, several articles prepared by Brandt Ayers were inserted in the Record and I believe they give a very excellent picture of the need for assistance in this field for the migratory farmworkers.

Brandt Ayers is a reporter for the Raleigh Times and other southern newspapers. He is also the son of the owner and publisher of the Anniston Star, one of the largest newspapers in my district of Alabama.

I believe Brandt to be a most thorough and factual reporter. Therefore, Mr. Speaker, I insert the articles written by Brandt Ayers at this point in the Record:

[From the Raleigh Times, July 3–7, 1961]

The Migrant Worker in North Carolina—Part I: Army of Despair Begins Its Annual Odyssey

(First in a series by Brandt Ayers, Times staff writer)

An army of despair is again making its wretched odyssey through North Carolina. At its peak now, it will number 12,000 before October.

These are the nomads of the cabbage fields, the cotton acres, and the tobacco rows. The ragged, pinch-faced men and women Government calls migrant laborers.

Most are now living in subhuman squalor, "a jungle," as a Shiloh minister who visits their camps calls them.

The State employment security commission, which arranges to bring them here and assigns them to growers, paints a rosy picture of the camps.

But ministers of the North Carolina Council of Churches on their weekly, often daily, visits, see the worst of them as they are: blighted, stinking hovels, filthy, and overcrowded.

The awful irony of this picture is that the recent session of the legislature had an opportunity to do something about it.

A bill was introduced and passed in the senate to require permits to establish a camp and give the State board of health authority to set up standards for them.

It was tabled in the lower chamber and never revived. Similar legislation in the 1959 session met the same fate.

The Reverend Mortin R. Kurtz, of Durham, executive secretary of the North Carolina Council of Churches, the only group actively doing something about the problem, gave this statewide view of the situation:

"They are dirty; refuse lies around; open, unsanitary latrines; too few toilet facilities for the number of workers; no screens, often not enough windows; people lumped together in rooms, sometimes different families in the same room—a great opportunity for immorality."

Friday, the Raleigh Times called on Curtis B. Gilliam, assistant farm placement supervisor of the employment security commission.

He talked of tremendous advances. There has been some in the past 5 years, but as the Reverend Dr. Kurtz put it, "There is a long way to go."

Gilliam showed pictures of new concrete block camps he termed "like motels," and showed off certificates from county health boards he said were required before the employment commission could place workers at camps.

He admitted some county health departments were rather lax but he indicated conditions were actually quite good.

The Council of Churches representative in the Carteret County area, Rev. Jack Mansfield, pastor of the Camp Glenn Methodist Church in Morehead City, said:

"Certification is made by the county sanitarian. What his requirements are is a very nebulous thing; nobody knows what these requirements are."

How bad is the situation?

An index of progress is how many concrete block camps, the best, there are in the three major migrant areas of Henderson County, Pasquotank-Camden, and Carteret.

There are 34 camps in these 3 areas. Four of them are of concrete block construction. All four are in the Hendersonville area.

The workers come in a mighty stream, mostly from Florida, jammed together in buses and closed trucks.

First they come in a trickle for the cabbage harvest in May, the stream swells and they push north as far at New York, then they swing back, passing through western North Carolina to pick the late beans in October. And then they vanish for another year.

They come through the efforts of the employment security commission.

Crew leaders are contacted in Florida. The crew leader is told to get a certain number of workers and be at a certain camp at a specified time.

They gather the unemployed farm laborers and lead their divisions of the forgotten army on their yearly, tragic march.

The Migrant Worker in North Carolina—Part II: A Stark, Personal Migrant's Drama

(Second in a series by Brandt Ayers, Times staff writer)

Morehead City-Beaufort.—Outside the dejected frame shack, a strong wind from the ocean twirled a leaf from a Sunday school book into a pile of refuse.

It fluttered fitfully. The wind caught it in a little whirlpool and sent it dancing into the white, sandy road.

Inside, the same wind blowing through the boards of the filthy shack played a mournful accompaniment to the lament of one of America's disinherited—a migrant laborer.

Her name is Henrietta, which she wrote in large, childish letters on a pad for this reporter. She is 30, a Negro from Atlanta.

She is a slender girl. Two hornlike tufts of wiry hair gave her a wild look. She talked in the half-whine of the South, telling of a stark, personal drama.

Patting the sagging, dirty mattress on which her pile of rags lay, she said: "I lost my baby on this bed."

Three weeks ago the man she had been living with in that small room had given her a terrible beating. And she miscarried the child of 3 months.

When she returned from the hospital, "Mr. Johnny wanted me to work in the potato field," she said.

"Please help me, please help me, y'all; I want to go home," she pleaded.

The "Mr. Johnny" Henrietta referred to is Johnny Kirkland. He is crew leader of a band of migrant laborers from Pahokee, Fla., on the edge of the Okefenokee Swamp.

Early this year Kirkland was contacted by the State employment security commission and told when and where to go in North Carolina, what his crew would be working, and how large a crew he would need.

Then Kirkland led his division in the army of despair "up the road" as the workers say. They will go as far north as New Jersey before they are finished for another year.

In the twin cities of Morehead City and Beaufort this week there are only about 300 migrants left. The main tide has swept north to Elizabeth City and beyond.

Before October, when the migrant stream pours back down through Hendersonville in the west, the number will have reached 12,000.

And despite the happy comments of employment security that, "The worst of the problem has been solved," most of these laborers live in subhuman squalor.

Of the four camps the Raleigh Times reporter-photographer team visited, one fulfilled the minimum sanitation standards required by the Carteret County Health Department. There are 15 camps in the county, and the people close to the problem say that one camp is the only decent one there.

The picture the Times saw was this: Open piles of refuse, crumbling outhouses used by men and women; filthy, unscreened rooms, occupied by as many as 10; unsanitary water supplies; no bathing or washing facilities; and flies crawling over food left in the open because there was no place else to put it.

A typical day for these workers sometimes begins at 5:30 a.m. and ends at midnight.

Back-breaking labor, crawling on their knees in the potato rows, fills the void from first light to dark.

In many cases, they do not even get three good meals. In almost all cases they never get a bath, and live anywhere.

Carteret County for the most part turns its face away from these dejected, disinherited people but when they look squarely at them the reaction is despair, impatience, and, to a large degree, hopelessness.

"It is a terrible problem," says a minister.

"There is no plan for these migrant laborers in trouble," says one county worker.

"They don't appreciate what the growers do for them. We are dealing with the scum of the earth—animals," said another county official.

And the same official shrugged, "It's a terrible situation that's wrong, that's terrible. But what are you gonna do about it? What can you do about it?"

The Migrant Worker in North Carolina—Part III: Villains, Heroes in North Carolina Migrant Camp

(Third in a series by Brandt Ayers, Times staff writer)

Morehead City-Beaufort.—"How's the hand, William?" asked the tall, young man bending to light the old Negro's cigarette.

"It still hurt some," the graying 60-year-old farmhand said, holding out his right palm, unbandaged and festered where a broken bone had cut the surface.

"Mr. Johnny, he wants me to work. He say if I don't I has to leave the camp."

The "Mr. Johnny" the old Negro referred to is Johnny Kirkland, crew leader of a group of migrant laborers, mostly from Florida.

These crew leaders, along with county and State governments, and in some cases the growers, are the villains of the shameful conditions in migrant camps.

The tall man straightened to his full 6 feet, 5 inches and looked down, "William, don't you think you'd better let us help you go home?"

The workers call the young man, "the big good man."

He is chairman of the Carteret County Migrant Committee and is one of the heroes of the uneven fight against disease and squalor bred in the blighted migrant shacks.

His name is the Reverend Jack Mansfield, pastor of Camp Glen Methodist Church in Morehead City.

The Reverend Dr. Mansfield wears another hat in this fight as a member of the North Carolina Council of Churches which is spearheading the statewide battle on a person-to-person basis.

Mansfield's offer to help the injured old man go home was made Monday in a filthy hovel in Beaufort.

Earlier that afternoon he made the same offer to Henrietta, a migrant from Atlanta, who had miscarried in an equally filthy shack after being given a terrible beating.

He could do no more.

As Miss Georgia Hughes, director of Carteret County's Welfare Department, says, "welfare has little to offer these people because of residence requirements. There isn't a State plan, a county plan, or a Federal plan for migrants in trouble."

These migrants follow the ripening of the crops from Florida through North Carolina and as far as New York from May to October in a march of despair 12,000 strong.

But because they are in North Carolina less than 12 months the State has no legal responsibility for their health or housing.

Despite the boasts of the State employment security commission that no migrants are placed in uninspected camps, and of tremendous advances in the past 5 years, they live in a subhuman squalor.

An index of progress is how many concrete block camps, the best, there are in the three major areas of Henderson, Camden-Pasquotank, and Carteret Counties.

There are 34 camps in these areas. Five are of concrete block construction and all of them are in Henderson.

The Raleigh Times visited camps in Carteret County and found only one ideal camp. It was a model because it had garbage cans and spigot with running water.

At other camps, the Times saw and learned migrants defecate through open boards in their shacks, have no garbage disposals, bathing, or clothes washing facilities.

These farm laborers, who are required to have no health certificates, drink from unsanitary water supplies, have no chance to bathe, often not enough food. At one place some 60 men and women live crowded together in a converted fishhouse.

The camps were inspected once by the Carteret County Health Department—before the season opened. A sanitation official did not have a clear idea of what conditions were.

There is concern in Carteret County, however, and in other migrant areas, but by too few and the help is spasmodic, stopgap, and unofficial.

The Carteret County Migrant Committee is operating with assets of $300 and debts of $500.

But Mansfield summed up the spirit of the group, "We don't really care. If someone gets sick tonight we'll put him in the hospital. We'll pay them (hospitals) somehow or other."

Editor Ruth Peeling of the Carteret County News-Times, which has pleaded for voluntary help, says, "The Ministerial Association (underwriters of the migrant committee) has done the work. If the ministers hadn't put the plan into action, we'd be right back where we were 5 years ago."

One of the plans put in action is the mobile clinic.

It is a weathered trailer which four doctors give a night a week to man.

Traveling into Carteret's 15 camps, they give first aid and check for venereal diseases. Mansfield says the VD rate this season is about 11 percent. Many a prim minister would blanch at this and the drinking and immorality.

Not Mansfield. He has worked so closely with it he doesn't have time to be affected by the squalor.

About the drinking and what it denotes, he says:

"I can't blame them for drinking. I don't drink myself and don't particularly like it. But if I had to work 15 hours a day and live like they do, I would drink."

The Migrant Worker in North Carolina—Part IV: No Single Scapegoat for Migrants

(Fourth in a series by Brandt Ayers, Times staff writer)

Morehead City-Beaufort.—Who is to blame for the harvest of squalor now being reaped in North Carolina by migrant laborers?

There is no one villain.

Conditions in which these people live and work are barely adequate at best and in the majority of cases is subhuman.

Responsibility for these conditions must be shared by the U.S. Congress, State and county government, migrant crew leaders, the growers, and the workers themselves.

First, how bad are conditions?

Of the 34 camps in the 3 major areas of migrant labor—Henderson, Camden-Pasquotank, and Carteret Counties—only 5 are of the best type, concrete block.

The Raleigh Times went to Carteret County to observe the plight of the migrants and found:

People crowded into filthy frame shacks, no bathing or clothes washing facilities, unsanitary water supplies, open garbage disposals with few garbage cans provided, no place to keep food, inadequate toilet facilities, and no official health clinics.

Naturally, these conditions breed physical and moral disease. A Morehead City minister pointed out the venereal rate among these workers, who handle our food, is 11 percent.

The State employment security commission, which arranges to bring the migrants here for the harvest, boasts none are placed at camps that have not been certified by the local health department.

This is not the case.

As Carteret County Sanitation Officer A. D. Fulford says, "You approve one house, they (the growers) rent that to a permanent tenant. They'll move 'em into a house that's not approved—wherever they can stick 'em, a horse stable or cow stall."

Fulford admits he checked the camps only once, before the season started in May. He has not been back.

At one Morehead City shack about 15 migrants used an open, unsanitary water supply from a nonregulation "openmouth" pump.

These workers were in the crew of Johnny Kirkland, of Pahokee, Fla., and were working for D. S. (Danny) Oglesby. About the house, Fulford says, "I'm under the impression he doesn't have a permit."

Fulford places a large portion of the blame on the migrants themselves, "If they had the intelligence to be sanitary they wouldn't be migrant workers. We're dealing with the scum of the earth—animals."

And he puts his finger on one personality that has major responsibility, the crew leader. "The crew chief is the main one. All he's interested in is the money," says Fulford.

The crew leader is the middleman.

He deals with employment security before the season, gets harvest assignment, collects his crew, transports them to the harvest and pays them after the grower pays him.

His power is great. Most crew leaders withhold part of their crew's pay for services. In some cases the workers never get their pay.

Since he holds the power of the purse over his crew he could require them to keep clean and maintain their rooms, as one good chief does—Jack Passmore, of Pensacola, Fla.

And he could refuse to work his crew unless they had time off for meals and better living conditions, thus exercising power over the grower who must get his crop picked quickly for marketing when it ripens.

Beyond this stopgap solution, the answer must come with Federal or State legislation giving government strong tools to remove this blight from North Carolina.

The North Carolina General Assembly killed one bill that would have forced some sanitation measures in the camps. And the Federal program was halted in 1948 by the 80th Congress.

Happily, the general assembly did provide legislation this year requiring that migrants, in effect, must be hauled in either buses or closed trucks.

Although farmers are exempt from the act, it will minimize the chances for a repeat of the June 1957 tragedy in which 20 migrant workers died when their open truck crashed near Fayetteville.

County Sanitarian Fulford asks this question of the future, "It's a situation that's wrong, that's terrible. But what are you gonna do? What can you do about it?"

The Federal Government was answering that question until 1948. It may have to answer it again.

THE MIGRANT WORKER IN NORTH CAROLINA—LAST PART: LIVING DIFFERENT UNDER U.S. CONTROL

(Last in a series by Brandt Ayers, Times staff writer)

MOREHEAD CITY.—It is 14 years ago in this same city, June 1947.

The potatoes lie fat and ready in the rows under the gray-eastern North Carolina earth.

The ripening is the signal for armies of Negro farmhands to rise out of the Deep South to take them and then press farther north for yet another ripening.

While this army is encamped here, it lives in orderly columns of houses under the supervision of a Farm Security Administration director and his staff.

One year later, the Republican 80th Congress toppled this simple but efficient structure, and with it vanished the health clinics, washhouses, bathhouses, sanitary privies, and recreation facilities.

From 1948, conditions in migrant camps worsened quickly.

Now, in this ocean city and its sibling, Beaufort, the migrant laborer lives in subhuman squalor appropriate to the station of the despised, disinherited American.

Hear the comment of a large grower, Mrs. K. W. Wright of Beaufort: "I realize the camps could be better, but they won't take care of what you give them."

And that of County Sanitarian A. D. Fulford: "If they had the intelligence to be sanitary they wouldn't be migrant workers. We're dealing with the scum of the earth—animals."

A different view is taken by Nelson W. Stephenson of Raleigh in his thesis prepared in 1950 for a master of science degree in rural sociology at State College.

Stephenson had been a camp director himself under the Farm Security Administration (1942–47) and he wrote from experience as well as painstaking research.

Origin of the migrant laborer he traces to the abandonment of one-crop agriculture and the consequent demand for purely seasonal labor.

And he says that once accustomed to decent conditions they demand more—a contradiction of the opinion they would destroy more.

He also suggests by its very nature the migrant problem needs a Federal solution.

Why is it a Federal problem ultimately?

Voluntary agencies like the Red Cross are hard pressed by other demands, the workers are not citizens of the State and are not entitled to its aid, the grower feels little responsibility for so short a time, and the community does not claim them.

Voluntary agencies in North Carolina, such as the North Carolina Council of Churches and the local migrant committees, now are doing something about the problem.

One young program in Carteret County—a combination of Federal, State, and voluntary action—may be the hope for a better, broader program of the future.

This "homemaker program" established with Federal help as a pilot program for 1 year in Carteret has been "very effective," says the Reverend Jack Mansfield, chairman of the Carteret Migrant Committee.

The program made funds available to the committee to hire two Negro women to work in the camps caring for children, teaching better sanitation, and following up on the purely voluntary health clinic's visits.

They proved their worth in one grisly case.

Henrietta, a 30-year-old Atlanta woman, miscarried a 3-month-old baby in a filthy Morehead shack after a terrible beating from the man sharing the room.

When she returned from the hospital, the two "homemakers" tried to make her more comfortable.

Henrietta and her tragic plea, "Please help me; please help me, y'all; I want to go home," are a sort of symbol of the plight of the migrants.

She is home now, but when the potatoes ripen again in another June she will come again, her few belongings tied in a soiled blanket.

When Henrietta in another year joins again the march to the harvest, 12,000 strong, will it again be a march of the disinherited, a march of despair?

SCHOOL PRAYER

Mr. WAGGONNER. Mr. Speaker, I ask unanimous consent that the gentleman from Mississippi [Mr. WINSTEAD] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. WINSTEAD. Mr. Speaker, even though the decision of the Supreme Court in the school-prayer case came as no surprise, in view of other decisions by the Court which have not been in the best interest of our great country, I am nonetheless distressed by it. One cannot help wondering if the Court is trying to drive God and religion out of our schools and even out of our heritage. It is significant that no child was required to recite the prayer in question, which simply invoked the blessings of Almighty God upon parents, teachers, and country. Therefore, the decision of the Supreme Court has, in effect, denied the rights of those children who sincerely desire to join in such a prayer.

This strange decision is indeed an affront to the American people. Surely no one will be surprised if the Court next condemns the reference to God in the Declaration of Independence, "The Star-Spangled Banner," and in the Pledge of Allegiance to the Flag. This unfortunate blunder must be corrected and I am joining my colleagues in introducing a resolution to amend the Constitution to permit prayers in public schools and in other public places. I hope the appropriate committee will take favorable action thereon.

I call your attention to an editorial which appeared in the Wall Street Journal, June 27, 1962, entitled "In the Name of Freedom." I am in full accord with the views expressed in this editorial and recommend that those of you here who have not done so already read it carefully.

IN THE NAME OF FREEDOM

"Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country."

This is the simple, nondenominational prayer which the U.S. Supreme Court has now ruled an offense to the Constitution. It was devised by the New York State Board of Regents and recommended for use in that State's public schools.

The Court decision is significant not only in itself but also as symptomatic of a broader move in the Nation toward the rigid exclusion of all traces of religion in the public schools. We think this attitude bespeaks considerable confusion and no abundance of commonsense.

Justice Black, writing for the 6 to 1 majority, contends that the New York prayer violates that part of the first amendment which says: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof." Specifically, he charges that it does establish religion.

Now if it were true that the prayer constituted an establishment of religion, it would be a serious matter indeed. The authors of the Bill of Rights wrote the establishment clause because they understood very well the perils of State religion and the tyranny which can go with it—which in fact had driven many from the Old World to the New to find religious freedom.

But only a violent wrenching of language can produce the interpretation that the prayer establishes a religion. If one looks at its 22 innocuous words, it must be asked, What religion? Nor does it interfere with anyone's constitutional right of free exercise of religion, including the right to practice no religion and believe in none. It is nondenominational; it is not mandatory in any school; no pupil is required to recite it.

It is simply one among innumerable official governmental references expressing what the Court itself said 10 years ago, that by and large Americans are a religious people. As Justice Stewart observes in his dissent in the present case, "to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing the spiritual heritage of our Nation."

If the majority opinion prevails, however, it must logically require the excision of all those countless other official references to God—such as in the Declaration of Independence, the pledge of allegiance, "The Star-Spangled Banner," the words used to inaugurate the President, open the Congress and convoke the Supreme Court itself. Justice Douglas, concurring with the majority, seems to say it does and should apply to these and all the other official instances.

And that is by no means all. If the majority doctrine stands, then anything that smacks of religious instruction or the subtle imparting of a religious viewpoint in the public schools becomes suspect. Do not suppose this to be a fanciful exaggeration. Already the Bible is banned from some schoolrooms. Already a Florida court decision has declared school observances at Easter and Christmas to be unconstitutional, and similar efforts are afoot elsewhere. (Poor kids, if they can't even sing Christmas carols.)

As for banning the Bible, with its magnificent poetry and philosophy, that is but the bare beginning, since so much of our culture is Biblical in derivation. In Matthew Arnold's phrase, the mainstreams of Western civilization are Hebraism and Hellenism, and by Hebraism is meant the whole Judaeo-Christian tradition and ethic.

Shall we then, uproot it? Out the window with everything from Dante to Donne, from Milton to Dickens? Or how can public school teachers teach about Bach or Michelangelo, when the context is so inescapably religious? What is left of history?

Thus carried to its conclusion, the argument reduces itself to absurdity. That is why we would enter a plea for the exercise of a little commonsense. Any actual attempt to establish a specific state religion is a danger that ought to be easily recognizable. But it is something entirely different to suppose that, short of unimaginable police tactics, teaching about religion can be divorced from the American education with which it is inextricably bound up as a central fact of our heritage.

Those who persist in such attempts had best take care lest, in the name of religious freedom, they do real damage to free institutions.

SUGAR ACT AMENDMENTS OF 1962

Mr. COOLEY submitted a conference report and statement.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. MAY (at the request of Mr. HALLECK), for balance of the week, on account of illness.

Mr. TOLLEFSON (at the request of Mr. PELLY), for June 29 and 30, on account of official business.

Mr. REUSS (at the request of Mr. GARMATZ), from June 28 to July 7, on account of official business.

Mr. SAYLOR (at the request of Mr. ROGERS of Texas), on account of official business.

Mr. MACGREGOR for June 30, July 2, and July 3, on account of pressing family responsibilities.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

(The following Members (at the request of Mr. WAGGONNER) and to include extraneous matter:)

Mr. KING of California.

Mr. WATTS.

Mr. POWELL in two instances.

Mr. DENT in two instances.

Mr. BOLAND in two instances.

Mr. EDMONDSON.

Mr. RANDALL.

(The following Members (at the request of Mr. CAHILL) and to include extraneous matter:)

Mr. FINO.

Mr. CURTIS of Missouri.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 10095. An act to continue until the close of June 30, 1963, the suspension of duties for metal scrap, and for other purposes;

H.R. 11990. An act to provide for a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act; and

H.J. Res. 769. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills and a joint resolution of the House of the following titles:

On June 28, 1962:

H.R. 8291. An act to enable the United States to participate in the assistance rendered to certain migrants and refugees;

H.R. 8773. An act to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the Reserve components who are involuntarily released from active duty, and for other purposes;

H.R. 9822. An act to provide that lands within the exterior boundaries of a national forest acquired under section 8 of the act of June 28, 1934, as amended (43 U.S.C. 315g), may be added to the national forest; and

H.R. 11879. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes.

On June 29, 1962:

H.R. 10095. An act to continue until the close of June 30, 1963, the suspension of duties for metal scrap, and for other purposes;

H.R. 11990. An act to provide for a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act; and

H.J. Res. 769. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes.

ADJOURNMENT

Mr. WAGGONNER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 11 minutes p.m.) the House adjourned until tomorrow, Saturday, June 30, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2254. A letter from the Administrator, General Services Administration, transmitting a draft of a proposed bill entitled "A bill to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW. in the District of Columbia, and for other purposes"; to the Committee on Public Works.

2255. A letter from the Comptroller General of the United States, transmitting a report on the review of the supply management of high-value repairable aviation assemblies and equipment within the Department of the Navy; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XXIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ELLIOTT: Committee on Rules. House Resolution 716. Resolution for consideration of H.R. 11974, a bill to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes; without amendment (Rept. No. 1953). Referred to the House Calendar.

Mr. HARRIS: Committee on Interstate and Foreign Commerce. House Resolution 714. Resolution expressing the sense of the House of Representatives with respect to the authorization by the Federal Communications Commission of class I-A clear channel operations; without amendment (Rept. No. 1954). Referred to the House Calendar.

Mr. PATMAN: Committee of conference. S. 3161. An act to provide for continuation of authority for regulation of exports, and for other purposes (Rept. No. 1955). Ordered to be printed.

Mr. HOLIFIELD: Joint Committee on Atomic Energy. Report on the proposed agreement for cooperation for mutual defense purposes between the Government of the United States and Belgium; without amendment (Rept. No. 1956). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee of conference. H.R. 12154. A bill to amend and extend the provisions of the Sugar Act of 1948, as amended (Rept. No. 1957). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FARBSTEIN:

H.R. 12360. A bill to provide for a Domestic Peace Corps to aid in combating juvenile delinquency; to the Committee on Education and Labor.

By Mr. HAGAN of Georgia:

H.R. 12361. A bill to increase from $600 to $1,200 the personal income tax exemptions of a taxpayer (including the exemption for a spouse, the exemption for a dependent, and the additional exemptions for old age and blindness); to the Committee on Ways and Means.

By Mr. HARRIS:

H.R. 12362. A bill to authorize the Interstate Commerce Commission, after investigation and hearing, to require the establishment of through routes and joint rates between motor common carriers of property, and between such carriers and common carriers by rail, express, and water, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HERLONG:

H.R. 12363. A bill to authorize assistance under the Area Redevelopment Act in the case of any area which has been adversely affected by the imposition by the United States of an embargo on the importation of products from Communist or Communist-dominated countries; to the Committee on Banking and Currency.

By Mr. MONAGAN:

H.R. 12364. A bill to amend section 203(j) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484 (j)), to provide that the Department of Defense may allocate surplus property under its control for transfer under the act only to educational institutions conducting approved military training programs; to the Committee on Government Operations.

By Mr. ROBERTS of Alabama:

H.R. 12365. A bill to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. THOMSON of Wisconsin:

H.R. 12366. A bill to amend title II of the Social Security Act to increase the amount of outside earnings permitted from $1,200 to $1,800 yearly without deductions from benefits thereunder; to the Committee on Ways and Means.

By Mr. WALTER:

H.R. 12367. A bill to amend the Internal Security Act of 1950; to the Committee on Un-American Activities.

By Mr. MACK:

H.R. 12368. A bill to authorize the project for flood protection on the Illinois River and tributaries; to the Committee on Public Works.

By Mr. ROONEY:

H.R. 12369. A bill to facilitate the entry of alien skilled specialists and certain relatives of U.S. citizens, and for other purposes; to the Committee on the Judiciary.

By Mr. HUDDLESTON:

H.J. Res. 785. Joint resolution proposing an amendment to the Constitution of the United States providing that the offering of prayers or any other recognition of God shall be permitted in public schools and other public places; to the Committee on the Judiciary.

By Mr. KITCHIN:

H.J. Res. 786. Joint resolution requesting the President to enter into negotiations with Canada with respect to imports of softwood and authorizing the establishment of temporary import quotas for softwood; to the Committee on Ways and Means.

By Mr. MERROW:

H.J. Res. 787. Joint resolution proposing an amendment to the Constitution of the United States pertaining to the offering of prayers in public schools and other public places in the United States; to the Committee on the Judiciary.

By Mr. MORRISON:

H.J. Res. 788. Joint resolution proposing an amendment to the Constitution relating to the offering of prayers in public schools; to the Committee on the Judiciary.

By Mr. WHITENER:

H.J. Res. 789. Joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools; to the Committee on the Judiciary.

By Mrs. ST. GEORGE:

H.J. Res. 790. Joint resolution proposing an amendment to the Constitution of the United States to authorize Congress, by two-thirds vote of both Houses, to override decisions of the Supreme Court; to the Committee on the Judiciary.

By Mr. WINSTEAD:

H.J. Res. 791. Joint resolution proposing an amendment to the Constitution of the United States providing that the offering of nonsectarian prayers or any other nonsectarian recognition of God shall be permitted in public schools and other public places; to the Committee on the Judiciary.

By Mr. WHALLEY:

H.J. Res. 792. Joint resolution proposing an amendment to the Constitution of the United States permitting the voluntary recitation of a prayer in public schools; to the Committee on the Judiciary.

By Mr. POWELL:

H. Res. 717. Resolution to provide additional funds for the expenses incurred pursuant to House Resolution 141; to the Committee on House Administration.

By Mr. SHORT:

H. Res. 718. Resolution expressing the sense of the House of Representatives with respect to the persecution of the Ukrainian Catholic and Orthodox Churches; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COLLIER:

H.R. 12370. A bill for the relief of Ayten Ilkin and Mehmet Ilkin; to the committee on the Judiciary.

By Mr. CURTIN:

H.R. 12371. A bill for the relief of Richard G. Freen, Jr.; to the Committee on the Judiciary.

By Mr. DERWINSKI:

H.R. 12372. A bill for the relief of Federico Lopez-Blanco; to the Committee on the Judiciary.

By Mr. GIAIMO:

H.R. 12373. A bill for the relief of Mario Calia; to the Committee on the Judiciary.

By Mr. HOLLAND:

H.R. 12374. A bill for the relief of Dung How Yee and Kai Suey Yee; to the Committee on the Judiciary.

By Mr. MOORE:

H.R. 12375. A bill for the relief of Mrs. Olive Lee Ballard; to the Committee on the Judiciary.

By Mr. MORRISON:

H.R. 12376. A bill for the relief of Elias Odder; to the Committee on the Judiciary.

By Mr. POFF:

H.R. 12377. A bill for the relief of Selma Gokhan and Selcuk Gokhan; to the Committee on the Judiciary.

By Mr. RYAN of Michigan:

H.R. 12378. A bill for the relief of Rosalia Chirco; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

374. The SPEAKER presented a petition of Manuel R. Grullon, president, Chamber of Commerce, Dajabon, Dominican Republic, relative to calling attention to the deplorable consequence which the sugar bill may have on the Dominican economy, which was referred to the Committee on Agriculture.

EXTENSIONS OF REMARKS

Independence Day of the Republic of the Congo

EXTENSION OF REMARKS

OF

HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 29, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency, the President of the Republic of the Congo, Joseph Kasairiri; and the Republic's Chargé d'Affaires to the United States, the Honorable Mario Phillippe Cardosa, on the occasion of the second anniversary of the Republic of the Congo's independence.

The world may by now have forgotten the date of independence of the Republic of the Congo—June 30, 1960. It may not seem possible that 2 years have passed since King Baudouin of the Belgians handed over sovereignty to President Kasavubu of the Republic of the Congo amid the ceremonial salutes booming across the wide expanse of the Congo River. But we cannot forget so soon the difficult, indeed tragic, days which followed. For the first 2 years of independence have not been easy for the Congolese people. No sooner was the rejoicing over than old tribal rivalries reasserted themselves, riots and strikes broke out, paralysis shook the economy, and an inadequately controlled force publique mutinied. The birth of the Congo was indeed difficult.

The Belgians have been criticized for inadequately preparing the Congo for independence; the Congolese leaders have been called power-hungry politicians. We are perhaps too prone to overlook the fact that after those first few days of stunned chaos the Congolese reached a most important decision—to pursue the only course of action which would enable them to preserve their sovereignty, consolidate their political control, and develop their economy. On July 13 the Prime Minister appealed to the United Nations for help.

Thus began a cooperative effort between independent state and world organization—the first of its kind in history—which is still continuing. Because the Republic of the Congo turned to the United Nations, the Soviet Union was unable to mold it into an African satellite. The loss of needed Belgian technicians was countered by the dispatch of U.N. experts. Tribal rivalries were attenuated by the U.N. presence. Belgian troops were forbidden to return.

Admittedly, 2 years after independence all the problems have not yet been solved. But the central government has consolidated its power over all but Katanga, and hopefully talks between the central government and secessionist leader Moise Tshombé will soon result in this province rejoining the central government. The army is being reorganized. The economy has been set back on its feet, and the enormous economic potential of the country is once again being harnessed. Belgian technical experts are returning at the request of the Congolese government to bridge the gap until the Congo has its own trained technicians.

The Congolese government and the United Nations are still working together to strengthen Congolese independence. The U.N. presence remains in the Congo at the request of the Congolese authorities. The U.N. Educational, Scientific, and Cultural Organization is helping reorganize the Congolese educational system with a view to expanding education at all levels. There are staffs from the Food and Agriculture Organization, the International Labor Organization, the International Telecommunications Union, the World Health Organization, and the World Meteorological Organization—experts in relief operations, housing, welfare, communications and transportation, and health. The whole U.N. family of organizations has been put to work to help the Congo achieve stability.

On this second anniversary of Congolese independence we commend the decision of the Congolese leaders to turn to the United Nations for help. We congratulate the Congolese on their own unceasing efforts to build a viable economic and political system. We express confidence in their success and in the promise which the future holds for this large and potentially wealthy republic in the heart of Africa.

A National Lottery

EXTENSION OF REMARKS

OF

HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, June 29, 1962

Mr. FINO. Mr. Speaker, while we persist in refusing to capitalize on the natural gambling spirit of the American people and while we stubbornly continue to ignore the tremendous revenue-producing features of a national lottery in the United States, more and more of our American dollars leave our shores every day in support of foreign-operated lotteries and other gambling activities.

Mr. Speaker, Saturday, June 30 will be a very important day in the lives of hundreds of thousands of Americans across this country. It will be important because the results of the Irish Hospitals Sweepstakes will be announced. It will also be important to the Irish Government because worldwide sales of tickets for this run brought in the net sum of $15,764,851. I venture to say that at least $13 million came from the pockets of our own citizens.

Mr. Speaker, it is difficult for most of our American taxpayers to understand the double role played by our Government. While we assume a sanctimonious attitude about gambling, we continue to tax all sweepstakes and gambling winnings; we impose taxes on admission to racetracks where parimutuel gambling is allowed; we insist that all professional gamblers purchase $50 tax stamps and pay 10 percent tax on gross receipts. Are we not really engaged in a game of hypocrisy?

Mr. Speaker, I believe the time has come to be sensible and realistic about our gambling problem. The time has come for us to remove the blinders and recognize the obvious—the fact that the urge to gamble is deeply ingrained in most human beings. The time has come for us to control and regulate this universal human trait for our own benefit.

Mr. Speaker, a national lottery in the United States, under proper Government supervision and control, would not only stop the flow of money to foreign lotteries but would pump into our own Treasury over $10 billion a year in additional, new revenue. Can we think of a more sensible and profitable solution to our problem of gambling and the Government's need for additional income? Let us rub the luck of the Irish on our American taxpayers.

President Kennedy's Message to Membership of Feeding Hills Congregational Church on 200th Anniversary of Founding

EXTENSION OF REMARKS

OF

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 29, 1962

Mr. BOLAND. Mr. Speaker, one of the older Christian churches in my congressional district, the Feeding Hills Congregational Church observed the 200th anniversary of its founding last weekend, and celebrated with a barbecue outing on Saturday, June 23, at the Eastern States Exposition grounds.

The Reverend Frank E. Dunn, minister of this church which has generously contributed so much to the community, and the membership of the Feeding Hills Congregational Church, received many messages of congratulations and well wishes, including those of President John F. Kennedy, Vice President Lyndon Johnson, and Gov. John Volpe.

By an act of the Governor of the Massachusetts Bay Province and the Colonial Legislature, the sixth parish of Springfield was created in 1757, and by "the free will and enterprise of men" the Feeding Hills Congregational Church was born in 1762, church records state.

Mr. Speaker, I include with my remarks the messages from President Kennedy, Vice President Johnson, and Governor Volpe, former Presidents Eisenhower and Truman:

Rev. Frank E. Dunn,
Feeding Hills Congregational Church,
Feeding Hills, Mass.:

My hearty greetings to you and to all members and friends of Feeding Hills Congregational Church on the happy occasion of the 200th anniversary of its founding.

In the midst of the conflicts which divide the nations of the world today, we see more clearly than ever before the need for a society based upon the eternal principles taught in our churches.

The turning point of this notable milestone will bring to older members of your church many happy memories of long ago. I trust that all the fine things accomplished during the past two centuries will be but the forerunner of nobler goals to be attained in the generations that lie ahead.

John F. Kennedy.

Rev. Frank E. Dunn,
Feeding Hills Congregational Church,
Feeding Hills, Mass.:

Wish I could join you at your wonderful barbecue observing the 200th anniversary of Feeding Hills Congregational Church. Please extend my congratulations to your devoted members and friends of this remarkable achievement and my best wishes for a most enjoyable and memorable celebration. I predict it will begin a new era of even greater growth and progress in your outstanding record of dedicated religious leadership in the community you serve so well.

Lyndon B. Johnson.

Dear Reverend Dunn: One of the perhaps troublesome aspects of having served the American people in a position of high responsibility is, every once in a while, having to decline an especially prized invitation.

This is precisely my feeling as I read your delightfully phrased and very deeply appreciated invitation to attend the barbecue being given by the Feeding Hills Congregational Church.

Being profoundly aware of the religious heritage of our country and its great flowering in the New England area over so many years, and being convinced that today this heritage is of supreme importance in preserving our free system, I should like very much to join personally in your celebration. This being impossible, however, please convey my cordial greetings to all in attendance together with my ardent wish that the program will be rewarding and successful in every way.

Sincerely,

Dwight D. Eisenhower.

Your invitation was highly appreciated—because of other commitments, however, I am unable to accept and I am just as sorry as I can be.

Harry S. Truman.

Tax Havens and Free Trade

EXTENSION OF REMARKS

OF

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 29, 1962

Mr. DENT. Mr. Speaker, Much has been said about tax cuts, free tariff, competitive equality, and the price of goods on the open market.

Few remember the fight a few years ago when the very same forces, lined up in favor of this legislation, made every effort to pass H.R. 5 that added tax concessions for foreign investors.

Those of us who fought the Manufacturer's Association, the National Chamber of Commerce, the endorsement of the same labor leaders who now endorse this trade bill, the administration, the paid foreign nation lobbyists, the League of Women Voters, the majority and minority leaders, and in fact, face for face, name for name, and organization by organization the same groups who are this day determined to write into law the death knell of the U.S. industrial leadership.

In my small way, I fought H.R. 5 and pointed out the consequences of the further depreciation of our investment incentives within the United States. At that time about 1,600 American firms had already made their bids for flight from the U.S. high cost production economy and by one device or another were already producing or profiting from the tax haven legislation already on the books.

The Boggs bill passed the House, but failed in the Senate. In spite of this setback for further tax grabs by profiteering corporations whose whole interest in production and trade is basically economic greed, 1,400 more American firms have located abroad since 1958.

In order that the House know a little about the added incentives to American investors taxwise, I would like to put the rundown on tax havens as they are offered to U.S. companies.

Add this to the tax incentives given to U.S. companies by our laws, which incidentally will still be substantial even if the Mills bill, H.R. 10650, does pass cutting down some of the runaway tax benefits.

The points I make are two:

First. The proposal supported by the freetraders in 1958 and 1959 would have further depreciated our economy and in order to try to stop the inevitable economic crash, the supporters of H.R. 5 are now opposed to the so-called benefits it would give the United States making a complete about-face in their avowed political and economic philosophy.

Second. These same forces are proposing this new trade bill and I predict that even the most persistent supporter will hesitate to use the full powers granted under this act when the cold facts of the economic realities of the serious threats to our economy are faced up to.

I say in all seriousness that in 5 years not even the loudest voice now on the scene will be talking in a subdued whisper about their so-called benefits we are about to have bestowed upon us by the passage of this trade-killing legislation.

I present the tax-haven phase of this issue since it appears that the proponents either are ignorant of this serious angle or are determined to keep it hidden.

TAXES AND TRADE

Several European countries have long recognized that secondary industry deserves encouragement by favorable tax laws.

In Belgium it is now possible to manufacture some goods for export to the United States at laid down duty-paid costs below our domestic costs after taxes.

The Belgian corporate tax rate is about 40 percent and wage rates are not more than 50 percent of the Canadian rates. Under proper management Belgian labor is more efficient than Canadian. Investment allowances cut the effective tax rate to about 30 percent for expanding industries.

In the Netherlands, although the general tax rate has been high—now 47 percent, but to be reduced next year to 45 percent—industrial growth has been stimulated by investment allowances, accelerated depreciation, and subsidies in selected areas.

Switzerland manages to get along with an average top corporate tax rate of 30 percent and encourages new industrial establishments in some cantons.

Ireland gives a 10-year tax holiday for export industries—followed by a 5-year period of reduced taxes. Additionally, cash subsidies are available up to 100 percent of the cost of factory sites and buildings, 50 percent of the cost of machinery and equipment, and 100 percent of the cost of training workers and constructing worker housing. Also, dividends paid out of export manufacturing profits are tax free, and products may be sold in Britain duty free.

Denmark, with a 44-percent corporate tax rate, permits tax-free reserves of 15 percent of annual profits for industrial expansion, shipbuilding, and plant modernization, plus accelerated depreciation and a special 30-percent initial allowance.

Luxembourg grants investment allowances of 10 to 30 percent plus special tax reductions for foreign-owned industrial enterprises.

Spain offers a 50-percent tax-free investment reserve, and Portugal operates with a 17-percent tax rate.

Germany offers no special tax incentives except in border areas, but at present imposes tax at the low rate of 15 percent on distributed profits. Negotiations are under way with several countries, including Canada, to increase this tax to 25 percent. German combined rates of income tax on undistributed profits can run as high as 65 percent, but seldom reach this level in practice.

Comparison of the incidence of tax in Australia, Belgium, Germany, Italy, Luxembourg, and the Netherlands is difficult because of turnover taxes imposed upon every sale of goods or services.

In Germany the standard rate is 4 percent, and the pyramiding effect of the tax is a strong incentive toward verticle integration. Turnover taxes are usually refundable in the case of exported products.

France, with a 50-percent income tax, offers limited tax incentives to new industry in undeveloped areas. French turnover taxes are on a "value added" basis, and thus avoid the "tax on tax" effect of the comparable German levy.

The pattern that emerges from any study of European tax systems is that the small countries actively push tax incentives to attract industry. They not only want expanding employment opportunity—they want to increase skilled occupations to build their prosperity.

More than 1,400 American firms have established themselves in Common Market countries since 1958. They have done this in a variety of ways—by licensing arrangements, joint ventures with European partners, and the establishment of manufacturing subsidiaries.

They have also taken advantage of European "tax shelters"—principally Switzerland—to an extent that has induced the U.S. Treasury to press for enactment of the now famous Mills bill—H.R. 10650.

It has been common practice for many concerns to establish Swiss sales affiliates which purchase products from an affiliated plant in, say, Germany, for resale around the world. Profits of the sales company are taxable at rates ranging from 10½ percent to 15 percent. Suitable Cantons for such domiciliary companies are Geneve, Vaud, Basle-Stadt, Zug, and Fribourg, to name a few.

Where sales are to EEC countries, the Swiss sales companies sometimes work on a commission or fee basis. Intercompany pricing policies and the amounts charged manufacturing affiliates as fees, commissions, royalties or "know-how" payments are subject to review by the fiscal authorities of the country in which manufacturing takes place, and have not, until recently been a matter for concern to U.S. revenue officers.

Canadian companies operating manufacturing subsidiaries in Europe are free to use "tax shelter" trading companies, and indeed must do so in many cases in order to maintain competitive equality with continental and U.S.-controlled firms, as well as with British oversea trade corporations which operate on a tax-free basis outside Britain.

For Canadian manufacturers looking for export markets, foreign operations must be conducted on a low-tax basis in order to be competitive. I do not mean that highly taxed foreign profits necessarily make for higher and the noncompetitive foreign prices. I am basically concerned with the rate of reinvestment abroad of after-tax profits, which, if high, gives a long-term overall competitive advantage through mass production and low-cost merchandising.

Our main concern should be: How to induce manufacturing in the United States. And my answer is: Learn from the example of the Dutch, the Belgians, and the Swiss. Make manufacturing in the United States pay more than manufacturing behind the EEC tariff wall, and make the United States a tax shelter to match the best in Europe.

The Swiss demonstrate no signs of embarrassment when told that their country is a tax haven. Neither do the Dutch, the Belgians, or the Irish.

They are small and perhaps weak nations who want full employment of an intelligent, skilled population.

They, unlike ourselves, have been prepared to do something about it. They cannot sell newsprint and iron ore to Japan, or wheat to India. But they can outproduce and outsell the U.S. manufacturers in almost any foreign market, in spite of their small size.

Speaker McCormack Salutes Boy Scouts

EXTENSION OF REMARKS
OF
HON. ED EDMONDSON
OF OKLAHOMA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 29, 1962

Mr. EDMONDSON. Mr. Speaker, a memorable part of this year's Congressional Charter Banquet of the Boy Scouts of America, on June 14 in Washington, was the inspiring address of our distinguished and beloved Speaker, the Honorable JOHN MCCORMACK.

In his thoughtful message, the Speaker not only saluted this great boys' organization for its 44-year record of public and community service, but also challenged Scouts and Scout leaders all over America to face up to the unprecedented challenges of this era in our Nation's history.

Our Speaker's address not only has significance for Boy Scouts, but should inspire Americans of all ages and all creeds.

For this reason, the full text of Speaker MCCORMACK's address follows:

Mr. Toastmaster, reverend clergy, Justice Clark, General Gruenther, my distinguished colleagues of both branches of Congress, ladies and gentlemen, in honoring the distinguished recipients of your highest award, U.S. Senator CARL HAYDEN and Congressman CARL VINSON, your great organization honors itself, for you are honoring tonight, two great men, two good men, both outstanding Americans and dedicated legislators. Our beloved country is most fortunate in having these two dedicated legislators serving in the Congress at this period of the world's history, for they are both legislators of great ability, keen vision, outstanding courage, occupying very important legislative positions, and who stand for a strong America in the face of the evil threat of atheistic communism.

I am so happy to be with you tonight to join with you in honoring these great Americans.

Mr. Toastmaster, the membership of the Boy Scouts of America is not hampered by the deadweight of inactive and uninterested people who pull the organization down into an unmarked or bottomless pit. All members of the Boy Scouts have the opportunity to participate, all have the opportunity to contribute to a far-reaching program which encourages high standards of citizenship.

You believe in participation and the Scout oath contains these words, "To do my duty to God and my country." It is as natural then, as the day follows the night, that you would be interested in thinking with me about features of your program that deal primarily with character development and citizenship.

Looking back to the days of my youth, by comparison to the youth who are Scouts today, it would seem that our generation was turned out into the world armed only with an air rifle and a Scout knife and told to hack our way through the jungle ahead.

By comparison the boys of 1962 are almost equipped with pushbutton space suits and hip-pocket radar equipment. But I hastily add the Scouts of this space age are going to need all the wisdom of the past, all the knowledge of the present, and all the faith of the future to fulfill their destiny.

Your latest annual report, which was presented to me on March 22 of this year, which in turn was published by the 2d session of the 87th Congress of the United States as House Document No. 369, advises us that "As America's largest youth organization, scouting is making a significant impact today in more than 3 million homes. More than 1⅓ million adults are registered in various phases of scouting, indicating their deep-seated interest as they give freely of their time so that boys may grow into better citizens."

Your 52d annual report also emphasizes these two phrases: "Strengthen America" and "Character Counts." Therefore, I again remind you that it is seasoned adult experience and guidance, combined with the fresh and outgoing spirit of youth, the combination of the old and the new we might say, that makes Scouting a worthwhile subject.

In your expanding program it is well to keep in mind that our youth should be interested in and excited about the causes of America's greatness. Next month, on July 4, 1962, this Nation will celebrate the 186th anniversary of its independence. In 1776 we were a loosely bound group of colonies strung along the east coast of this continent. The United States was an infant among the nations of the world. Since 1776 we have spread across the entire length and breadth of this land. From the Atlantic to the Pacific and from the Canadian border to the Gulf of Mexico. But the United States did not succeed by chance alone.

The Declaration of Independence brought about something new in man's desire for freedom. Before 1776, practically everywhere the state was supreme. The citizen was merely a creature of the state. In America we broke the bonds that formerly hedged us in. Visions for mankind were widened. New horizons appeared.

From an infant nation, there has sprung a union of 50 States. Out of an atmosphere of freedom there has grown a system based on individual initiative that has given us the power to produce and develop in a way never heard of before in all history. As we analyze the warp and woof of America's tapestry of greatness, we find that the strength of the fabric lies in the freedom of the individual.

Our youth—the citizens of tomorrow—must be impressed with these basic facts about America's past. Without these impressions, they will be unable to fulfill the goals of the future.

We can take it for granted that the boys of scouting, in their search for fulfilling their program, hear time and time and time again the phrase: "The challenges to youth today are leadership and service." No matter how shopworn these words, they are true. We need more leaders in all spheres of human activity.

It is not uncommon to hear the remark that great men were born leaders. Such a remark implies that the qualities which made men great leaders were inherited rather than built in through training. Careful study of the lives of great men convinces one that they did not depend upon inheritance alone for their goals in life. For example George Washington and Benjamin Franklin and so many others worked out definite plans whereby they might improve themselves. Theodore Roosevelt advocated the strenuous life and was ever alert to improve himself physically and mentally. He highly approved of the Boy Scout oath and law.

The story of the Boy Scouts of America and its achievements, the story of several million Americans whose ideas and lives were moulded in some measure on the concept of the good turn, the Scout oath, and the Scout law, began with the story of a boy giving a helping hand to William D. Boyce, a Chicago publisher, who was lost in a London fog. Boyce had hesitated at a street intersection and out of the London murk the boy emerged. Details about his clothes, his appearance, his way of speaking are unavailable. But we do know that he approached Mr. Boyce and asked if he could be of service.

It was because of this small act of giving himself at a time when one lone individual needed it, that the Chicago publisher later visited the Boy Scout headquarters in London. He became so enthusiastic about the Scout program that he returned to America with a suitcase crammed with booklets about the Boy Scouts. So it was in 1910 the Boy Scouts of America entered upon a highway of service and has since found itself being a vital influence for good in every section of these United States.

The regular Scouting program with its ideals as revealed in the promise of every Cub Scout, Boy Scout, and Explorer will continue to chart the course for future leaders. It will continue to build character and assist in the building of leadership. The den, the patrol, and in fact, the entire organizational structure of scouting, teaches democratic action.

The partnership of youth and age constantly needs strengthening. It is my belief—as it is yours, that in the years that lie ahead, the human race must retain every thread of freedom. The world is growing too small to remain divided into compartments.

Democracy now faces a tremendous test. It has demonstrated its superiority in our land. But democracy must continually prove itself; just as a Boy Scout must meet test after test to reach his goal, and to maintain and improve his rank.

It is important that the boys in the scouting program know that they are fortunate to live in this particular world. Its uncertainty can become a tonic; its ugly aspect a challenge; its dangers, an invitation to become mature citizens with broad vision and strength of character.

We look with pride to the fact that five of our seven men trained as astronauts in the National Aeronautics and Space Administration's Project Mercury were Boy Scouts. Air Force Capt. Virgil I. Grissom, who made the successful second trip into space on July 21, 1961, was a Star Scout at Mitchell, Ind. He has stated that he believes, and I quote, "Boys should take a deeper interest in scouting, not just for the fun of it, but because of the greater interest it creates in our country." Lt. Col. John H. Glenn, the first American to orbit into space around the earth, is an associate Explorer adviser and father of a Scout. He has stated, "I know of no group I would rather be associated with than the Boy Scouts of America."

Late in November of 1960 the President's Commission on National Goals submitted its report and the keynote of this valuable study is well worth repeating. It states:

"In the 1960's every American is summoned to extraordinary personal responsibility, sustained effort, and sacrifice. For the Nation is in grave danger, threatened by the rulers of one-third of mankind, for whom the state is everything, the individual significant only as he serves the state."

I have great confidence in the ability of the Scout leaders, and the boys themselves, to create a responsible citizenry—a citizenry that will share in solving the problems of our times. It is imperative that the Boy Scouts of America continue to regard freedom not as a gift but as a task; to truly believe that all men are equal under the law, and to uphold the fundamental worth of every individual regardless of race, color, or creed. Our youth must be taught to know the major issues facing our Government—at all levels; but most important of all to learn more about these issues and to hold intelligent opinions about them.

The membership of the Boy Scouts of America are important at all periods of our country's history, and particularly during this period of world strain. How long this period of world history will last no one knows. But we do know it will probably last a long period of time.

And the Scout of today will assume the fullness of citizenship in a few quick years, with the duty and responsibility of preserving and strengthening our beloved country.

And the training and experience of a Scout, the building of character, of integrity, the intensification of faith, love of God and neighbor, and love of country, will be a powerful factor in making each Scout's contributions to our country's future greatness all the more outstanding.

The Scouts of past years are leaders in American life of today. Scouts of today will be the leaders of tomorrow.

American Land-Grant Colleges and Universities: An Anniversary Year

EXTENSION OF REMARKS
OF
HON. JOHN C. WATTS
OF KENTUCKY
IN THE HOUSE OF REPRESENTATIVES
Friday, June 29, 1962

Mr. WATTS. Mr. Speaker, it is my pleasure to salute the land-grant colleges and universities of this Nation upon the occasion of the 100th anniversary of the signing of the Morrill Act of 1862 by President Lincoln. The Morrill Act instituted our system of land-grant colleges by authorizing grants to the States of land or scrip for the establishment of institutions of higher education. A review of the history of higher education in America reveals that the 1862 Land-Grant College Act is one of the earliest expressions of national interest in higher education for all capable people.

As you perhaps know, the land-grant college movement rose out of a great concern that higher education in America be available not only to an elite group, but for all who might profit from a meaningful program of college or university study. As Dr. Edward D Eddy, Jr., reports in the "Land Grant Fact Book":

> The term "land-grant college" is used to designate a group of 68 institutions of higher learning in the United States which were founded or substantially developed during the latter half of the 19th century by an act of Congress.
>
> The colleges were founded out of protest against the limited opportunities in both curriculum and admissions in the traditional classical college. The widespread national interest in practical education for the sons and daughters of the working class (which then included all but the very wealthy) led to the passage by the Federal Congress of the so-called Morrill Act of 1862.

At the time of the signing of the Morrill Land-Grant College Act, this Nation was enveloped by the gloom and despair of a civil war.

Yet, even during those times of distress, men and women of vision were seeking to provide for the education and training of young people in whose hands would rest the responsibility for the building of a united nation founded upon the principles of freedom and democracy.

The history of the land-grant college movement is a vivid part of our national record of progress. Today, some 100 years after the signing of the Morrill Act, there are 68 land-grant institutions in the States and Puerto Rico. The educational programs of these schools go far beyond an emphasis upon agriculture, mechanic art and military tactics—three of the major areas of concern at the time of the Morrill legislation. The curriculums of our land-grant colleges and universities embrace study which ranges from the humanities to the exact sciences; from agriculture to the performing arts; and from mechanic arts to recreation as a new field for study and training.

Moreover, our land-grant institutions are currently enrolling over 20 percent of the college population. They are awarding over half of our doctoral degrees in science and engineering and about 40 percent of the doctoral degrees in all subjects. The emphasis given military science and tactics by land-grant institutions some ten decades ago is credited with having provided the origin for the present Reserve Officers Training Corps program. It is significant to note that through Reserve Officers Training Corps programs land-grant colleges and universities train about half of the Regular and Reserve officers of the Armed Forces.

Land-grant institutions have shared in many "firsts" in the realms of research and development. These institutions have assisted in the perfection of thousands of new crops such as hybrid corn and the soybean.

It was at land-grant colleges that two of the newer drugs, streptomycin and cicoumarol, were discovered; it was at a land-grant institution that the first cyclotron was developed; and land-grant institutions are to be credited for considerable pioneering research in television and the transistor. Without a doubt contributions such as these are clear evidence of the orientation of land-grant colleges and university programs to total national needs.

The President of the United States has called attention to the land-grant colleges and universities as representing fruitful results of cooperative Federal and State efforts in behalf of higher education. In his message in observance of the Land-Grant Centennial, Mr. Kennedy stated:

> These schools are one of the finest examples of our Federal system—the fruitful cooperation between National and State Governments in the pursuit of a decent education for all of our citizens. They are a monument to the fact that the cooperative effort of the Federal and State Governments is the best way to insure an independent educational system of the highest quality.

At the outset I called attention to the fact that the Morrill Act was signed into law at a time of crisis resulting from civil war. Today we are involved in a situation of world crisis resulting in large measure from a cold war conflict between the opposing philosophies of democracy and various "isms" which would—in the case of democracy—promote the dignity of the individual and—in the case of totalitarianism—subjugate the individual to the will of a superstate or powerful few.

Even against this backdrop we are able to see the great promise of the land-grant college philosophy and approach to education.

We well know, for example, that the promotion of health, general welfare, literacy and quality higher education are four of the major challenges before the leadership of many of the new free nations. In my opinion the land-grant college approach to education through extension services which take learning to the people might well be instituted by many of the newly free nations and other nations which are yet underdeveloped. No doubt other approaches to educational service to the community and the larger society as these approaches have been developed through land-grant institutions can and will provide guidelines for countries now faced with self-government, new freedom, and the challenges of diversified programs for mass education.

In 1961, Assistant Secretary for Educational and Cultural Affairs Philip H. Coombs spoke to this general idea in an address before the Centennial Convocation of the American Association of Land-Grant Colleges and State Universities. Mr. Coombs pointed out:

> In the midst of this tough testing of our own cherished values all around the world, it is not surprising to find many of our land-grant institutions in the vanguard of those promoting better living conditions, better education, greater opportunity, social justice, and freedom in the far corners of the earth. Their traditional hallmark of practical service to the community, one applied to a local and State constituency, then to the whole Nation, has now been broadened to an international constituency.
>
> In many foreign countries, developed and less developed alike, the contagion of practical university service to the community is spreading rapidly. The land-grant colleges can take pride in the fact that their once distinctive characteristic is now being nationalized and internationalized, not as a carbon copy of their particular curriculum, organizational structure, and methods but as a compelling idea which can be adapted to appropriate local needs and forms in any nation.

Mr. Speaker, I am proud to add my voice to the many who are commemorating the 100 years of service to the Nation through land-grant institutions. I take great pride in pointing to the work of two land-grant institutions in my State—the University of Kentucky and Kentucky State College. Both of these schools have been an important part of the splendid land-grant college movement. If we may in any manner look to the past for indications of the future, I know that land-grant colleges and universities in America will continue to expand in scope and influence in the next hundred years.

A New Republican Offensive

EXTENSION OF REMARKS

OF

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, June 29, 1962

Mr. CURTIS of Missouri. Mr. Speaker, I place in the RECORD a timely and thoughtful statement by the Senator from New York, the Honorable KENNETH KEATING.

This is a matter of great concern both to Republicans and to all citizens, Independents, Democrats, and apathetics.

The statement follows:

A NEW REPUBLICAN OFFENSIVE

(By Hon. KENNETH B. KEATING, of New York)

Tomorrow a group of distinguished Republicans will make a pilgrimage to Gettysburg, Pa. Overlooking the grassy battlefield immortalized by the first Republican President, Abraham Lincoln, they will confer with our most recent Republican President, Dwight D. Eisenhower.

Their objective: to map strategy for the complex modern battlefield on which today's political wars are fought and to develop a newer and stronger base of Republican power, the "all-Republican conference," in an effort to wrest a degree of political and public relations initiative from the Democrats.

How well this is done can determine the thrust and affect the outcome of the Republican effort this November. And on the pivot of 1962 turns hope for a Republican comeback in 1964.

In military terms Republicans are storming a fortified position from the base of a cliff. A staggering prospect, but in my opinion, an achievable one.

At Gettysburg, General Eisenhower's guests will be acutely aware that Democrats hold two towering advantages: They possess the levers of political power residing in a 4-year lease on 1600 Pennsylvania Avenue and congressional majorities standing at about 2 to 1 in the Senate and 3 to 2 in the House of Representatives. They have shown, moreover, an enthusiastic aptitude for pressing those levers in a manner to produce thunderous chords of publicity.

In the tug of war for the minds and hearts of America's voters, propaganda is a mighty weapon. It can develop issues. It can win elections. No one realizes this more clearly, or personifies it more uniquely, than the present incumbent of the White House. Polling Congressmen for their evaluation of him after 1 year in office, a well-known news magazine found bipartisan respect for the Kennedy public relations flair. A consensus, in fact, considered it his prime asset.

A normal week's crop of headlines, radio and television newscasts underscores the dominance of the personable, populous, peripatetic and publicity conscious First Family. Horses, dogs, children, yachts, movie colony buddies, and gala society events create as much or more news copy than governmental endeavor, and in the final tally probably constitute a political "plus."

Contrast this with the tiny band of elected Republicans, lacking the White House control tower, seriously understaffed in Congress and hamstrung by financial woes.

The imbalance is unhealthy. It is not so much a threat to Republican strength, although that unquestionably exists, as it is to national well-being. How can Americans, called upon to resolve critical foreign and domestic issues, perform as thoughtful, informed voters without exposure to all views, without no-holds-barred intellectual crossfire via the mass media?

Blame for the current information gap rests on the doorsteps of both parties and the press. Together, by default or intent, we have created a Democratic communications colossus straddling the Potomac, its giant shadow looming from Bangor to Honolulu.

Is there a Republican course of action to counter effectively our minority status in the public relations battle and ultimately reverse the political tides? Indeed there is.

Before suggesting directions Republicans might consider, it is important to separate mentally what a party is and what it seems to be on the Nation's front pages and TV screens. The most brilliant public relations effort can only temporarily boost a political party which does not truly serve the people. Action makes news, but only to the extent that a political party generates constructive action will it obtain long-term propaganda value, or, put another way, consistent support at the polls, for itself and its candidates.

"You do not go into politics to get something," one of the most successful politicians I know once confided. "You enter politics to help." He had touched the nerve of political wisdom, the essence of winning elections, the secret of creating a favorable response. From time to time this principle is violated and voters are hoodwinked by slogans versus substance, but not over the long haul.

The challenge, and the obligation, for Republicans is to communicate their more responsible and frequently more complex party positions. It is relatively simple to convey a politically expedient message. It is infinitely more difficult to develop the case for America's long-term good. Yet that is what must be done. And it must be done well enough to outclass oversimplified "good guys versus bad guys" propaganda, a Democratic specialty born in the days of the New Deal.

President Harry Truman, in two expedient words, tagged a Republican Congress "do nothing" as he whistlestopped to victory in 1948. The tag disintegrates when one recalls that the 80th Congress, among other things, authorized the Marshall plan, passed the Defense Unification Act, cut taxes, and balanced the Federal budget for the first time in 17 years. Refuting such a slogan takes thought, words, and the will to resist the pat political phrase in the interest of responsibility.

Americans, it seems to me, are outgrowing their receptivity to sloganeering. Many find it insulting. The mental age of the average voter, I hold, has risen far above the oft-quoted 12 years. A hunger for political ideas appears to be invigorating the Nation at this moment when Government leaders offer so little that is exciting or provocative.

Those who expected a refreshing shower of new ideas from the incoming administration are wallowing in the tepid waters of warmed-over spending schemes from the thirties and wading through eloquently repetitive mimeographed messages from the White House. Unemployment, Cuba, and discrimination, so passionately and critically inveighed against during the campaign, are still with us.

It follows that Republicans have a magnificent opportunity for creative, meaningful answers. In today's world, these will not be simple. The population rush to America's cities produces slums and crime. Our farmers shoulder new burdens brought on by overproduction and foreign competition. Such problem weeds flower into political issues, and on such issues elections are won or lost.

In light of these and many other deeply held convictions, I wrote Senator THRUSTON B. MORTON, then chairman of the Republican National Committee, after the narrow Nixon-Lodge defeat in November 1960. I proposed an "all-Republican conference" to serve as a top-level party public relations and advisory body. The idea has collected support and now is coming to fruition under the leadership of the current chairman, Representative WILLIAM E. MILLER of New York.

As a result, General Eisenhower will play host at this first strategy session to a wide spectrum of Republican officialdom, from former Vice President Nixon through an array of erstwhile Cabinet officials, agency heads, diplomats, Governors, congressional, and political leaders.

Bracketed into ARC will be the 12-man congressional team, of which I am a member, which recently produced a "declaration of principles," hailed in many quarters as the Republican 1962 campaign platform.

ARC is expected to become, in a sense, the microphone for those principles. It is my eager hope that such a body, adequately staffed, will provide a new forum and a ringing new voice to clarify, dramatize, and publicize affirmative Republican positions and to challenge the opposition.

A key word in this projection, however, is "staff." Few people outside Washington realize the need for researchers, lawyers, investigators, writers, and other technical aids to study, develop, and publicize party positions. Official demands, endlessly devouring the days and nights of our lawmakers, place qualified assistance at a premium.

Behind the scenes, a Capitol ferment on this very point could erupt into a sizzling political issue. The number of professional staffers assigned to majority and minority members of the 30-odd committees which do the hard-core work of Senate and House recently triggered a Republican-Democrat feud when a head count revealed the Republicans severely shortchanged. While Congress itself splits roughly into two-thirds Democrats and one-third Republicans, Senate committee staffs are about 12 to 1 and House counterparts 14 to 1 Democratic.

Cut off its professional aides and a party can be rendered mute. Republicans, therefore, find themselves victimized by the glaring imbalance and deprived of a vital conduit for communicating with America.

Keenly aware that they were slashing a political jugular, Democrats recently, by a straight party line vote, killed a measure to raise the Republican staff ratio initiated by Senator CARL CURTIS of Nebraska and myself. On the House side, the fight led by able Representative THOMAS B. CURTIS of Missouri is fiercer and the stakes larger. The Republican bill in the House would open the way for minority Members to obtain up to 40 percent of a given committee's professional and clerical staff.

While no Democrat has challenged its merits, a stone wall of opposition has been thrown up. The situation, of course, is intolerable for Republicans, but thus far has received relatively little notice in the press. The one columnist who has seen fit to hit it hard calls it "a scandal of national proportions" which goes to the "very vitals of our two-party system."

Here, it seems to me, is issue No. 1 for the all-Republican conference.

Given proper staff in Congress, buttressed by a well-staffed Republican National Committee and ARC, plus long overdue Republican staffing in the big metropolitan centers, our party will possess the men and machinery to develop issues properly and take its case to the people.

To attract the allegiance of thoughtful persons, it is important that we crystallize how we differ from Democrats.

Any attempt to identify us with a philosophy of privilege or inertia is historically inaccurate. We Republicans are not Tories. In terms of the great division of political opinion which occurred in the 17th century, the Republican Party springs from the Whig, rather than the Tory, branch. Our Whig ancestors fought for freedom in the American Revolution against the Tory brand of absolutism.

What, then, is Republican philosophy in terms of 20th-century America? No party has a prouder set of credentials, for ours are principles resting upon human values no less than commonsense.

Republicans have no cleavage on the great concept of equal rights for all citizens, regardless of race or color.

Republicans, maturely aware of the welfare of future generations, support Government thrift to avoid saddling those to come with debt and taxes.

Republicans, on the record, have shown understanding and practical know-how in programs of health care, social security, and education.

Republicans, on the record, have kept the Nation at peace.

Two-thirds of the tax cuts since 1913 have been granted by Republicans.

To spell out clearly the meaning of these contrasts with the opposition, we must engage in a battle against cliches. Surely no political party could do greater service to the Nation than to discredit the cliche mentality in politics. I cite a few samples which have been parlayed into household words and gains at the polls:

The Hoover depression: Walter Lippman has written, "All the main features of the Roosevelt program were anticipated by Mr. Hoover." Hoover's efforts at reform—in banking, new security issues, regulation of power companies, and revision of railway regulations—were blocked by Democrats in the House of Representatives.

Those rich Republicans: Republicans, it is fortunately true, have Nelson Rockefeller. Democrats have Averell Harriman, Franklin D. Roosevelt, "Soapy" Williams, John F. Kennedy, Lyndon Johnson, Senators Joseph Clark and Robert Kerr, Neil Staebler, and many other millionaires.

Let's get this country moving again: During the 2 years in which President Eisenhower had a Congress of his own party, Republicans established the Department of Health, Education, and Welfare, passed the St. Lawrence Seaway law, granted history's biggest tax cut, brought peace in Korea, extended social security to 10 million persons and unemployment compensation to 4 million, and wrote a vocational rehabilitation law which continues to bring new lives and new jobs to hundreds of thousands of handicapped persons each year.

Nothing remotely comparable has come out of the last 18 months, during which the President has had overwhelming Democratic majorities in the Congress.

Republican obstructionists: The recently passed manpower retraining law, first measure to hold real hope for our unemployed, is essentially a Republican measure and at this writing the only law of significance passed this year. Obstructionism has come only from Democrats filibustering against civil rights legislation.

In evolving specific positions, I urge that every Republican measure his own stands against the basic tenets I have spelled out—a progressive posture on civil rights, Government economy and lower taxes, cooperative and practical Federal-State assistance programs, and a foreign policy based on firmness and military strength.

One of our shortcomings has been a tendency of some Republicans to hang these principles on the wall like a "God Bless Our Home" cross-stitch sampler. The acid test for our party will come in the vigor with which we apply these principles, the fierceness with which we fight for them, the eloquence with which we utter them.

Certainly it has not been lost upon the Nation that the 1960 Republican platform pledge on civil rights is honest and practical, that Republicans—in contrast to the administration—introduced bills to implement it and worked hard for legislation. We should continue to emphasize this issue.

In contrast, the Nation never has fully realized the soundness and good sense of Republican farm proposals. More work needs to be done here. The wild attacks on former Agriculture Secretary Benson obscured the fact that Eisenhower's farm proposals were killed by the Democratic Congress, thus depriving the Nation of practical firsthand experience with them. Republicans must do a continuing job of highlighting the regimentation the administration's proposals place on the farmer, the unemployment it will breed, the reduction in farm income, rise in consumer prices and bloated bureaucracy which are bound to follow.

Republicans, in my opinion, should work for tax relief in a variety of service areas—costs of medical and hospital insurance, costs of education—to help make these available to every American.

Republicans must work aggressively to tighten and enforce State election statutes to eliminate fraud and prosecute instances of fraud. In this they should be able to count on wide support from nonpartisan civic groups.

Republicans under no circumstances should misrepresent our Nation as second-best in prestige or military might in order to achieve political gain.

Republicans should continue to stand for firmness in foreign policy. The details of such policy should not become political campaign fodder but it must be obvious to all that firmness in Cuba, Berlin and Laos would have better served the national interest.

Republicans should favor a system of priorities in foreign aid, giving preference to those nations whose principles resemble most closely those of the free world.

Republicans should work toward a Federal Government which serves, rather than dominates, the people.

Far from academic generalities, these are stirring battle cries, which can rally men and women who genuinely seek good government, and which can win elections.

From now on, in my opinion, the national party in power should be called upon to justify its record biennially. A series of debates between the Democratic and Republican national chairmen, patterned after the Nixon-Kennedy confrontations in 1960, would serve the public interest, clarify the position of the "outs," and force the "ins" to justify their use of the power granted by the electorate. If Democratic Chairman Bailey is unwilling to debate Representative MILLER in 1962—and there have been such indications—another Democratic protagonist should be put forward.

Fighting cliches also takes manpower. I propose that the Republican Party recruit about 500 highly intelligent young men and women, train them carefully in Republican principles, debate and public speaking, then assign them to the States to train in turn new party leaders and workers and to seek out candidate talent at all levels.

National political committees suffer from a power gap. Their responsibility—to build party organization year round in order to win elections at campaign time—is not matched by their authority, for rarely do they create or build issues. Issue impact comes from lawmakers in Congress. Every statement on taxes, agriculture, foreign policy or other current issues by a party chairman automatically alienates some of his regional troops. His tendency, therefore, is to shy away from the very matters which deeply motivate voters and indulge in vituperative buckshot of one kind or another.

These political realities can be outflanked by closer cooperation between the national committee and Members of Congress. The chairman, for example, could help to inspire and organize congressional task forces of members with common interests. Last year 50 Republican House Members engaged 25 college professors to study and develop, among other things, remedies for structural unemployment in the United States. The results—recommendations probing deeper and offering sounder courses of action than anything put forward by the Kennedy administration. The Democratic Congress has dragged its feet in acting upon them.

In the uphill struggle to better display Republican positions, normal news coverage is not enough. Publicity should be backed with paid advertising in newspapers, magazines, posters, car cards, radio and television. A regular weekly Republican telecast could put the party's story before the Nation in a dramatic and courageous way.

Labor, youth, intellectuals and the small businessman were prime targets of Britain's Conservative Party, when in 5 short years, it rocketed back to power from a position less promising than that held by the Republicans. Study of techniques used in the Tory resurgence will offer clues to higher Republican scores at the polls.

It would be naive to assume that Republicans can effect major organization buildups or shifts in public image without substantial outlays of money. Republicans must go to the people, launching a strenuous door-to-door campaign for funds. In 1960 34 million voters chose the Republican ticket. If only 5 million of these pledged $1 per month or $12 per year to the national headquarters, the financial worries of the Republicans would be over.

In "The Making of the President, 1960" Theodore H. White had this to say of the Republican Party:

"This is the party that abolished slavery, wrote the first laws of civil service, passed the first antitrust, railway control, consumer-protective and conservation legislation, and then led America, with enormous diplomatic skill, out into that posture of global leadership and responsibility we now so desperately try to maintain."

Such a party is worth fighting for.

If these comments seem to exhort Republicans, they are no less an exhortation to all voters. When a mature, responsible political party puts forward thoughtful proposals for good government, Americans are called upon to reciprocate with what is best in themselves, to abandon the political platitudes by which many of us have lived, to shun the slick and the expedient, to think long and carefully about what is best for America.

At his news conference this week, President Kennedy complained about the lack of Republican support for his legislative program. In my judgment, Republicans are more than willing to join in any coalition for the public interest.

This is what the President should be working for if he wants action on a program for America rather than partisan issues for the November election. There is no reason for Republicans to swallow whole every detail of the President's legislative recommendations. We have shown on more than one occasion that we will back sound proposals regardless of their origin. If the President prefers to use Republicans as scapegoats for the failure of his legislative program in an overwhelming Democratic Congress, that is his prerogative. I believe he would achieve far more for the Nation if he took positive steps to work with Republicans on these vital questions in order to obtain the best possible program.

The all-Republican conference is proof that Republicans are determined to play a constructive role in building a sound and progressive future for Americans. Let the President meet us part way, and he will find much less to complain about in the performance of both parties in solving our Nation's problems.

Good Work, Mike

EXTENSION OF REMARKS
OF
HON. WM. J. RANDALL
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Friday, June 29, 1962

Mr. RANDALL. Mr. Speaker, the Fourth, Missouri District has recently been honored when Michael C. Gilliland, of Independence, Mo., became the first student of the School of Journalism of the University of Missouri to be chosen a Morris E. Jacobs fellow.

Mr. Speaker, we take this means to publicize this honor because too much newspaper space is always given to the omission and wrongdoing of our youth and far too little publicity to their worthwhile achievements. We congratulate Mr. Gilliland upon this well-deserved fellowship for which he will receive a check in a substantial amount and as an additional award will be given office training by a well-known Kansas City advertising firm.

The fellowship will become an annual award and carry with it the privilege of further training by associates of Jacobs. Honors of this kind are not an exceptional thing for our young friend because Gilliland, when a former student at the University of Missouri, was general chairman of the journalism school's 50th anniversary celebration in 1958. Yes, honors seem to sort of be attracted to Mike Gilliland, but only because he deserves them. He was graduated this year with the degree of bachelor of journalism, specializing in advertising. He was on the university honor roll, and a member of Kappa Tau Alpha, national scholastic fraternity, which membership is limited to students in the top 10 percent of the class. He is also a member of Alpha Delta Sigma, national professional journalism fraternity.

This fall our honored constituent will return to the University of Missouri to work on his master's degree under Dr. William Stephenson, professor of research, to specialize in copy testing.

The University of Missouri School of Journalism was the first separate school for journalists in America and has long been recognized as a leader in the field of training for an advertising career.

Mike, all of us are proud of you—your many friends, your Congressman, your home city, even the entire Fourth Missouri District. Best wishes for a successful career.

So Long, Doctor

EXTENSION OF REMARKS
OF
HON. CECIL R. KING
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 29, 1962

Mr. KING of California. Mr. Speaker, I wish to present another example of a practice of organized medicine throughout the Nation in their campaign to prevent the people from being made aware of the facts in connection with the proposal for health care for the aged under the Social Security Act.

To the great credit of David Newby, publisher of the Boonville (Ind.) Enquirer this plan was exposed.

As long as we have publishers with such character and courage the freedom of the press will prevail, and Mr. Newby is deserving of high commendation.

I call this editorial to the attention of the House of Representatives together with a presentation of the article that stirred the ire of the doctor as a further illustration of how facts continue to agitate the opposition.

The editorial and article follows:

[From the Boonville (Ind.) Enquirer]

SO LONG, DOCTOR

An irate doctor called at our office Friday morning objecting to an article appearing in last week's Enquirer. The article, written by U.S. Representative CECIL R. KING (Democrat of California), cosponsor of the King-Anderson health care for the aged bill, gave the American Medical Association's 30-year record of opposition to every proposal before Congress dealing with the welfare of the American people.

The doctor submitted several questions or statements (some of which were in no way connected with the King-Anderson bill) along with other AMA propaganda opposing the King-Anderson bill, demanding that we publish the same in order to give equal space to the AMA views. In fact, he ordered his Enquirer stopped if we publish anything criticizing the AMA.

That was the straw that broke the camel's back. The Enquirer management has always tried to present both sides of a question. We have given several columns of space to AMA views through the "Doctor Talks" column, and we will continue to publish articles favoring the King-Anderson bill.

We have figured the amount due the doctor on the unused part of his subscription, and a check for the same is in the mail.

So long, doctor, it wasn't fun meeting you.

[From the Boonville (Ind.) Enquirer, June 14, 1962]

AMA RECORD PLACED BEFORE NATION'S VOTERS

(By Representative CECIL R. KING, Democrat, of California)

As progress toward the enactment of the King-Anderson bill appears more favorable, the spokesmen for the American Medical Association become more desperate and irresponsible in their efforts to defeat our bill.

The current AMA campaign of distorted interpretations of our health care for the aged bill is consistent with the association's reputation of opposing and being wrong on practically every major judgment they have made during the past 30 years with respect to proposals before Congress dealing with the welfare of the American people.

TRADEMARK DISTORTIONS

Scare phrases and distortions have been a trademark of the AMA since 1939 when it denounced the social security system as "a definite step toward either communism or totalitarianism." Since that time the AMA has propagandized the public with misleading scare charges against social security.

The AMA's viewpoint relative to the King-Anderson bill carries nothing but echoes of the familiar distortions of the past.

In 1949, the AMA continued to express opposition to the social security system by declaring through the scare techniques:

"So-called social security is in fact a compulsory Socialist tax. It has not provided satisfactory insurance protection for individuals where it has been tried but, instead, has served as an entering wedge for establishment of a Socialist form of control over the lives and fortunes of the people."

SCARE TECHNIQUE IN ACTION

It is noteworthy to acquaint you with the scare technique employed by the AMA in opposing the extension of social security benefits to the permanently and totally disabled at age 50. Their opinion expressed then was:

"To initiate a Federal disability program would represent another step toward nationalization of medical care and the socialization of medicine. This program constitutes a serious threat to American medicine at incalculable cost to the public."

The "incalculable cost to the public" which the AMA predicted was so low that the 1960 Congress found it possible to eliminate the eligibility limitation at age 50 and provide for those eligible at any age without an increase in social security taxes.

The AMA labeled the Old Age and Unemployment Insurance Act in the same terms as it applied to the social security system by declaring:

"This act represents a weakening of national caliber, a definite step toward either 'communism or totalitarianism.'"

The House of Delegates of the AMA on more than one occasion adopted resolutions which disapproved the Sheppard-Towner Act, the original grants-in-aid program granting Federal funds to State health agencies to reduce the death rate among mothers and children.

Their opinion was: "This act is unsound in policy, wasteful and extravagant, unproductive of results and tending to promote communism."

SOCIAL SECURITY HUGE SUCCESS

Social security now enjoys universal recognition as a major factor for economic and social stability. The King-Anderson bill merely incorporates into the social security system a method of prepayment health care for the aged. This will make it possible for citizens to save with dignity during their working years for the protection of their health in later years.

Independence Day of the Somali Republic

EXTENSION OF REMARKS
OF
HON. ADAM C. POWELL
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Friday, June 29, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm falicitations to His Excellency the President of the Somali Republic, Aden Abdulla Osman; and His Excellency the Somali

Ambassador to the United States, Omar Mohallim Mohamed, on the occasion of the second anniversary of the Somali Republic's independence.

Mr. Speaker, on July 1, 1960, the Italian trust territory of Somali and the former British colony of Somaliland merged to form the independent democratic Republic of Somali. The 2 million people of Somali today celebrate the second anniversary of their independence, and I welcome the opportunity to salute this brave and individualistic people of northeast Africa. The larger portion of the new state, the former United Nations trust territory, was administered by Italy with the explicit understanding of the United Nations General Assembly that the Somali people would be granted their freedom by the end of 1960. The transfer of power was completed on July 1, 1960, when the Itailian trust territory was combined with Somaliland, which had received its own independence from the United Kingdom 6 days earlier and, in an act of farsighted statesmanship, renounced its newly acquired sovereignty in order to bring together the majority of the Somali people.

The Legislative Council of Somaliland and the Legislative Assembly of Somali were combined into a single National Assembly, and on July 22, 1960, a democratic government took office at the capital of Mogadishu, under the skilled leadership of Premier Abdi Rashid Shermarke. Two months later the Somali Republic took its place in the United Nations, and in June 1961 the provisional constitution of the new democracy was approved by the Somali people.

Today the leaders of the Somali Republic struggle courageously with the economic and political problems of their country on the eastern horn of Africa. Their achievements deserve our attention and the emulation of newly independent peoples around the world. The Somali people are striving to unify their country, to adopt the ancient Somali language to the needs of a modern state, and to perfect the country's budget and accounting systems. They are engaged in a challenging struggle against poverty, a struggle rendered more difficult by unprecedented floods which placed one-fourth of the country under water last August. Yet the Somali people have faced their problems with a keen understanding and they are moving ahead in the economic development of the nation. At the same time, the Republic strives to develop a national spirit consistent with the ancient traditions of the Somali people, traditions which are preserved today by over 120 tribes both within and beyond the borders of the new nation.

We in the United States consider it both a privilege and a fundamental obligation to cooperate with the Somali Republic in the development of this young democracy. The Somali Republic has received the advice of experts from the United Nations and the assistance of the United States and other countries; it should hardly be necessary to add that the friendship between the American people and the people of Somali is based on our respect and encouragement for the Somali desire for nonalinement in major international conflicts. Mr. Speaker, I congratulate the Somali people on the second anniversary of their independence and salute the achievements of this ancient people on the shores of the Indian Ocean.

Congressman Torbert H. Macdonald's Address on U.S.S. "Massachusetts" Before Massachusetts Veterans of Foreign Wars 42d State Convention in Springfield

EXTENSION OF REMARKS

OF

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, June 29, 1962

Mr. BOLAND. Mr. Speaker, the 42d annual convention of the Massachusetts Department, Veterans of Foreign Wars of the United States, was held in my home city of Springfield last weekend, June 22, 23, and 24. The convention proceedings were presided over by my good friend, and fellow post member, State Commander Edward W. Hartung of Springfield.

The address to the assembled Veterans of Foreign Wars delegates and membership was given by our colleague, Congressman TORBERT H. MACDONALD of Massachusetts, about the future of the famous battleship of World War II, the U.S.S. *Massachusetts*. I ask permission to have Congressman MACDONALD's address included with my remarks.

The address follows:

SPEECH DELIVERED BY CONGRESSMAN TORBERT H. MACDONALD, DEMOCRAT, OF MASSACHUSETTS, BEFORE THE VFW STATE CONVENTION, SPRINGFIELD, MASS., JUNE 23, 1962

I want to thank Commander Hartung for inviting me to talk to you today about the future of the U.S.S. *Massachusetts*. Having been a delegate to VFW conventions in the past years, I am fully aware of your full agenda, and you may rest assured that I shall make remarks as brief as possible.

Time is growing short. If no action is taken in the next few weeks, the U.S.S. *Massachusetts* will be demolished and sold for scrap. Unless organizations such as the Veterans of Foreign Wars speak up, Massachusetts and the Nation will suffer a great loss.

As you are aware, the U.S.S. *Massachusetts* is no ordinary vessel. This great 15,000-ton battleship has had a long and honorable service in the U.S. Navy. In my opinion, the U.S.S. *Massachusetts* is the Commonwealth's most historic link with World War II. "Big Mamie," as she was affectionately called by her crew, is credited with the sinking of 3 enemy battleships, damaging 2 other fighting ships, destruction of at least 16 Japanese planes, and the bombardment of 9 enemy territories.

A mere listing of the awards earned by "Big Mamie" is dramatic evidence of why the people of Massachusetts are so proud of this gallant ship. Eleven battle stars were earned by the U.S.S. *Massachusetts* in these occupations: North African invasion, Gilbert Islands, Marshall Islands, Asiatic-Pacific raids, Hollandia operation, Western Caroline Islands, Leyte, Luzon, Iwo Jima, Okinawa Gunto, and Third Fleet raids against Japan.

If the U.S.S. *Massachusetts* is scrapped, we all will have suffered a tremendous spiritual and historical loss. The Secretary of the Navy promised me that the Navy will donate the U.S.S. *Massachusetts* to the Commonwealth if the donee—the gifttaker—is prepared to raise sufficient money to cover the initial costs of preparing the vessel for display. These preparation costs might range to about $200,000. The cost is high but an opportunity is presented whose worth cannot be estimated in dollars and cents.

Such a memorial would mean much more than preserving a gallant ship. It would honor the many men from the Commonwealth who served in World War II, and who acquitted themselves with such bravery and devotion. In addition, the physical presence of a ship like the U.S.S. *Massachusetts* would serve to remind generations to come of the sacrifices their ancestors made so willingly so that they might enjoy freedom.

Raising this amount of money would be difficult, but it can be, and has been done. The people of the States of North Carolina and Texas raised sufficient sums of money to make their State battleships permanent memorials. Aside from values mentioned earlier, the Massachusetts battleship exhibit would be self-supporting through modest admission charges and would become, in my opinion, one of the outstanding tourist attractions of the State.

I have been assured personally by the Department of the Navy that the scrapping of the *Massachusetts* will be delayed until the Commonwealth has had sufficient time to consider the possibility of raising funds to preserve her. Governor Volpe has received my proposal that he form a Battleship Commission to consider the feasibility of the project. As yet, he has not indicated the course he intends to pursue. If a Battleship Commission were appointed, I am confident that the people of Massachusetts would rally together to preserve this gallant ship. I have received letters from many individuals from all parts of the State indicating their interest in preserving the U.S.S. *Massachusetts* as a historical shrine and educational exhibit.

If you agree that the U.S.S. *Massachusetts* should not be destroyed and sold for scrap, if you believe that the people of Massachusetts will want to preserve this ship, then I urge you write to Governor Volpe to form a Battleship Commission.

Protectionism or Survivalism

EXTENSION OF REMARKS

OF

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 29, 1962

Mr. DENT. Mr. Speaker, the American producers ask no more than an opportunity to compete on a nearly even basis. You would not ask the Washington Senators to play the New York Yankees with seven men against nine and the umpire a stockholder of the Yankee ball club. You would not match a plowhorse against a thoroughbred in the Kentucky Derby. You would not allow a championship match between a heavyweight and a flyweight boxer. How can you put an American workman up against a foreign worker in a battle of survival in the profiteering, exploiting trade jungle?

When we recognize this trade business as a business we will better understand the need for restraints, protective covenants, agreements, and above all policing power.

If this Congress believes the trade world is all milk and honey and that concessions giving the United States a trade or job advantage will come from the passage of this bill, then this Congress is either naive or has completely ignored the world history of trade since man first got mixed up in a deal involving an apple and a snake.

Again, if the world is so ready to give and take with each country writing its own rules and we put our trust in their good will, why do we have to have a full-fledged policing force to keep our own domestic, industrial and trading complex from destroying each other in the dog-eat-dog commercialism involved in the production and sale of goods?

Can any Member of Congress justify a vote for this legislation which is virtually stripped clean of congressional policing power and in fact opens up the road for the greatest industrial exodus since the textile industry left the Northeastern States for a lower priced production area in the late twenties and early thirties?

At least the industrial movement was confined to our own Nation, but the results insofar as New England and the textile areas of Pennsylvania were disastrous, and many of our communities have never recovered.

How many of you have seen a coal town die? Next to sending your son off to war there is no mortal anguish greater than the final paycheck in a closing plant where a man has spent his mature life working at a job or trade. Every now and then I go back to my hometown on the banks of the Allegheny. There is nothing left but the old gobpile, streaked with gray after these many years of summer sun and winter snows, the look of rejection and submission pictured in the rounded shoulders beaten by the rains and winds. There is a sadness about age and loneliness whether it be a person or a community.

If this legislation before us were less frank and less callous, and the injury to innocent workmen, to their families, the promise of industrial oblivion to our communities, the confiscation by legislation of a man's ingenuity and investment for the illusive goal called the common good, perhaps one would salve his conscience by pleading ignorance of the end results.

However, when the common good is pictured as a matter of dollar balances on one side and displaced workers on the other, I fail to see the benefits of the common good attainable under the act. Are we to believe it to be in the common interest to destroy the job opportunities of millions of workers in one field of endeavor in order to increase the income of certain sections of our Nation and jobs for certain groups.

In plain words how can we justify the exemption of the textile industry or the subsidized farm products because they cannot compete under the free trade policy embodied in this legislation, and then say to the workers in other industries and production fields, your job is to be sacrificed so that these workers who cannot compete in this unfair trade war can prosper.

Any Member of this House whose district produces mass consumption goods can be voting to destroy the economy of his area and the jobs of his people. Of course it will take time for the full impact of this legislation to become effective. The most we can expect will be in the hope and prayer that the President will, like his predecessor before, receive the powers and then not execute them.

I remember the do-or-die effect put into the 1958 extension of the reciprocal trade agreements. I remember the great drives for added jobs and the curtailment of oversea, runaway U.S. industries. We would be able to cut foreign aid because the trade balances would be used instead of aid. The results seem to be completely overlooked by the proponents of this legislation who are back again rushing the same promises, only louder.

Did we reduce unemployment? We did not. We actually have greater industrial, chronic unemployment today than we had in 1958.

Did we curtail foreign investment? We did not. We witnessed the greatest exodus in the history of the United States in any like period. There are 3,000 American firms overseas, 1,400 of them left the United States since 1958.

Did we stop the outflow of gold or reduce the claims on gold reserve? We did not. The claims against our reserves are now highest in all our history and the balance of gold last year in spite of the greatest trade balance buildup agreement between our Nation and our trading pools overseas, was actually $3½ billion.

Did we succeed in getting trade agreements that created a market for our goods because of concessions granted? We did not. The loss of U.S.-sponsored exports in the trade balance measured in jobs and work days turned out to be the greatest single contributor to the decline in our economy and our job opportunities.

Did the trade-instead-of-aid slogan produce results? It surely did. We gave away more jobs through trade than at any period in our history and our foreign trade expenditures are the highest in all history.

Let us not be dishonest to our people. This legislation will curtail employment opportunities for the Northern industrial high-cost production States and will swing this trade oppression benefits to the agricultural subsidy products area, to the Government-oriented business, to the internationally sponsored and controlled American enterprises, and the self-sufficient domestic owners of exclusive patents and processes which they lease to foreign producers.

In my humble opinion the size of the vote in favor of this bill is no credit to the membership of Congress, but rather a dubious honor to the "soap opera" tactics of the Madison Avenue boys and the freedoms enjoyed by the news media in editing the news.

I repeat that my main opposition to this legislation is the callousness of the admitted purposes of the bill to create injury to one group of citizens for the benefit of others.

I was not sent to Congress to close coal mines and domestic factories in order that underpaid cotton workers could be kept working at their expense.

HOUSE OF REPRESENTATIVES

SATURDAY, JUNE 30, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalms 33: 12: *Blessed is the Nation whose God is the Lord.*

O Thou who art the supreme ruler of men and nations, in these strange and troubled days, we are reminding ourselves that the history and life of our beloved country, as a God-fearing nation, have their roots and inspiration in the primary fact and fundamental reality of religion.

When we study and look at the lofty ideals and ideas which rule our Republic, we find that this country was not discovered and founded by a motley crowd of atheists and agnostics, whose whole life was sodden in materialism, but by men and women who walked in the footsteps of God, for at the very center of our national life there is the altar of faith and prayer, erected by those God-fearing forefathers who took Thee into account and had respect for Thy divine order.

Help us to understand that if we fail to grasp this truth then we have no clue to the meaning of our enlightened civilization and culture and no conception and appreciation of those ideals and principles which are distinctly and definitely religious in character. Grant that we may feel that it is our inescapable responsibility to continue to hold high the banner of religious faith and freedom.

Hear us in the name of the Captain of our Salvation. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 8045. An act to change the name of the Hydrographic Office to U.S. Naval Oceanographic Office.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 8982. An act authorizing the Dow Chemical Co. to construct, maintain, and

operate a bridge across the Rio Grande at or near Heath Crossing, Tex.;

H.R. 9883. An act to authorize the San Benito International Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Tex.; and

H.R. 12061. An act to extend the Renegotiation Act of 1951.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2429. An act to revise the boundaries of the Virgin Islands National Park, St. John, V.I., and for other purposes; and

S. 2560. An act to amend the Interstate Commerce Act, as amended, so as to strengthen and improve the national transportation system, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1969) entitled "An act to amend the Federal Aviation Act of 1958, as amended, to provide for supplemental air carriers, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) entitled "An act to provide for continuation of authority for regulation of exports, and for other purposes."

The message also announced that the Vice President had appointed Senators JORDAN, JOHNSTON, and KUCHEL as members on the part of the Senate of the North Carolina Tercentenary Celebration Commission, established by Public Law 87-437.

The message also announced that the Vice President, pursuant to House Concurrent Resolution 438, had appointed the following Senators as members of the joint committee to represent Congress at the forthcoming ceremonies to be conducted at Roanoke Island, N.C., during the week beginning August 12, 1962, for the celebration of the 375th anniversary of the birth of Virginia Dare, in commemoration of the 375th anniversary of the landing of Sir Walter Raleigh's colony on Roanoke Island, N.C., and the birth of the first English child in America, Virginia Dare: Senators COTTON, ERVIN, HOLLAND, HRUSKA, JACKSON, and JORDAN.

GEN. FREDERIC SMITH

Mr. SIKES. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SIKES. Mr. Speaker, on today retirement ceremonies were observed at Bolling Air Force Base for Gen. Frederic Smith, Vice Chief of Staff for the Air Force. This colorful and able officer has contributed distinguished service to the Nation's defense forces. He saw the emergence of airpower as a major factor in warfare. He saw this Nation's Air Force progress from the simple aircraft of pre-World War II days to the amazingly complex missile systems of today. He served well during the lean days prior to World War II, in the chaotic buildup and final triumph which characterized that war, and through the problems of demobilization which followed. His growing influence was felt in the Korean conflict and in the long years of the cold war which have followed. Long recognized as one of the most valuable officers in the Air Force, it appeared that the ascendancy of his star would not stop short of the Office of Chief of Staff. Illness, however, has cut short his remarkable career. In retirement he carries with him the admiration and esteem of a Nation grateful for his long and outstanding service, and the particular appreciation of the Congress for that service.

OPENING FEDERAL COURTS WITH PRAYER

Mr. BAKER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BAKER. Mr. Speaker, I am in dead earnest in urging early enactment of my bill, H.R. 12345, which requires all Federal courts including the Supreme Court of the United States to open every session with prayer to Almighty God.

We open every session of the House of Representatives, and our coequal body does likewise, with solemn prayer to the Supreme Architect of the universe.

Our Chaplain in the House, the Reverend Bernard Braskamp, and the Chaplain of the Senate, the Reverend Frederick Brown Harris, are on hand for the opening of every session of these two high lawmaking bodies, and frequently we have visiting ministers representing every religious faith in the land, including the Jewish, Catholic, Church of Christ, Christian, Methodist, Presbyterian, Baptist, Greek Orthodox, and all other denominations, to open each of our sessions with prayer.

We stand reverently, with bowed heads, while these great men of God pray for the preservation of the United States of America and for guidance of the divine power to the Members of the House of Representatives, of which I am proud to be a Member. On many occasions, these prayers have caused me to think more seriously on the importance of the matters with which we were faced and on some occasions, have caused me to change my vote on some of the issues.

I abhor the recent Supreme Court decision.

Many Members of Congress are proposing constitutional amendments to overrule the Supreme Court decision and I shall vote for all of those proposals, but this procedure could well take 10 years. Let us face up to it.

Enactment of my bill, H.R. 12345—fate must have had something to do with the number given my bill—is most important to the continued freedom and preservation of our way of life.

I believe with all my heart that the Supreme Court of the United States will be greatly helped by praying at the opening of every session, and they might of their own motion reverse their decision.

WHAT GOD MEANS IN THIS NATION

Mr. MASON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MASON. Mr. Speaker, as many of you people know, my name is NOAH—N-O-A-H. My God-fearing Welsh mother gave the majority of her 13 children Bible names, and she gave us good coaching in the Bible and what it means. Because of that I am delighted to hear our Chaplain emphasize and reemphasize what God means in this Nation and what He ought to continue to mean. I have complimented him upon that fact, because if ever there was a time in the history of this Nation that we need the guidance of God it is now.

The majority of the members of our Supreme Court seem to have forgotten—or perhaps they deliberately ignore the fact—that this Nation was founded by God-fearing people who were seeking a place where they could serve God according to the dictates of their own conscience.

CALL OF THE HOUSE

Mr. MILLIKEN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 139]

Abbitt
Addabbo
Addonizio
Alford
Alger
Andersen, Minn.
Anfuso
Arends
Ashbrook
Aspinall
Bailey
Barrett
Bass, N.H.
Bass, Tenn.
Bates
Becker
Betts
Blatnik
Blitch
Boland
Bolton
Bonner
Boykin
Bromwell
Broyhill
Buckley
Burke, Ky.
Byrnes, Wis.
Carey
Casey
Celler
Chamberlain
Chenoweth
Coad
Colmer
Cook
Corman
Cramer
Curtis, Mass.
Curtis, Mo
Davis, James C.
Davis, Tenn.
Derounian
Derwinski
Dingell
Donohue
Edmondson
Ellsworth
Evins
Farbstein
Fino
Fisher
Flood
Fogarty
Frazier
Frelinghuysen
Gathings
Gilbert
Glenn
Goodell
Gray
Green, Pa.
Griffin
Griffiths
Halleck
Harrison, Va.
Hays
Healey
Herlong
Hoeven
Hoffman, Mich.
Horan
Hosmer
Ichord, Mo.
Jennings
Johnson, Md.
Jones, Ala.
Judd
Kelly
Keogh
Kilburn
Kirwan
Kornegay
Kowalski
Kyl
Laird
Landrum
Latta
Loser
McCulloch
McSween
McVey
MacGregor
Madden
Mahon
Mailliard
Martin, Mass.

Matthews
May
Miller, George P.
Miller, N.Y.
Montoya
Moore
Moorhead, Pa.
Morse
Moss
Moulder
Multer
Nelsen
Norrell
Nygaard
O'Brien, Ill.
O'Brien, N.Y.
Philbin
Pilcher
Poage
Poff
Powell
Rains
Randall
Reece
Reuss
Rhodes, Pa.
Riehlman
Riley
Rivers, Alaska
Rivers, S.C.
Rogers, Tex.
Rousselot
St. Germain
Santangelo
Saund
Saylor
Schadeberg
Scranton
Seely-Brown
Shelley
Sheppard
Sisk
Slack
Smith, Miss.
Smith, Va.
Spence
Stratton
Thompson, La.
Thompson, N.J.
Tollefson
Ullman
Van Vandt
Walter
Whalley
Whitener
Wilson, Calif.
Yates
Zelenko

The SPEAKER. On this rollcall, 280 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXPORT CONTROL ACT OF 1949

Mr. PATMAN. Mr. Speaker, I call up the conference report on the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 1955)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That section 12 of the Export Control Act of 1949 is amended by striking out 'June 30, 1962' and inserting in lieu thereof 'June 30, 1965'.

"SEC. 2. Section 1(b) of the Export Control Act of 1949 is amended to read as follows:

" '(b) The unrestricted export of materials without regard to their potential military and economic significance may adversely affect the national security of the United States.'

"SEC. 3. (a) Section 2 of the Export Control Act of 1949 is amended by inserting 'of the United States' immediately before the period at the end thereof.

"(b) Section 2 of such Act is further amended by adding at the end thereof the following new paragraph:

" 'The Congress further declares that it is the policy of the United States to formulate, reformulate, and apply such controls to the maximum extent possible in cooperation with all nations with which the United States has defense treaty commitments, and to formulate a unified commercial and trading policy to be observed by the non-Communist-dominated nations or areas in their dealings with the Communist-dominated nations.'

"(c) Section 2 of such Act is further amended by adding at the end thereof (after the paragraph added by subsection (b) of this section) the following new paragraph:

" 'The Congress further declares that it is the policy of the United States to use its economic resources and advantages in trade with Communist-dominated nations to further the national security and foreign policy objectives of the United States.'

"SEC. 4. Section 3(a) of the Export Control Act of 1949 is amended by adding at the end thereof the following new sentence: 'Such rules and regulations shall provide for denial of any request or application for authority to export articles, materials, or supplies, including technical data, from the United States, its territories and possessions, to any nation or combination of nations threatening the national security of the United States, if the President shall determine that such export makes a significant contribution to the military or economic potential of such nation or nations which would prove detrimental to the national security and welfare of the United States.'

"SEC. 5. Section 5 of the Export Control Act of 1949 is amended to read as follows:

" 'VIOLATIONS

" 'SEC. 5. (a) Except as provided in subsection (b) of this section, in case of any violation of any provision of this Act or any regulation, order, or license issued hereunder, the violator or violators, upon conviction, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than one year, or by both such fine and imprisonment. For a second or subsequent offense, the offender shall be punished by a fine of not more than three times the value of the exports involved or $20,000, whichever is greater, or by imprisonment for not more than five years, or by both such fine and imprisonment.

" '(b) Whoever willfully exports any material contrary to any provision of this Act or any regulation, order, or license issued hereunder, with knowledge that such exports will be used for the benefit of any Communist-dominated nation, shall be punished by a fine of not more than five times the value of the exports involved or $20,000, whichever is greater, or by imprisonment for not more than five years, or by both such fine and imprisonment.' "

And the House agree to the same.

WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,
WILLIAM A. BARRETT,
CLARENCE E. KILBURN,
GORDON L. MCDONOUGH,
WILLIAM B. WIDNALL,
Managers on the Part of the House.

A. WILLIS ROBERTSON,
JOHN SPARKMAN,
PAUL H. DOUGLAS,
HOMER E. CAPEHART,
WALLACE BENNETT,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate bill provided for an indefinite extension of the Export Control Act of 1949, and contained other amendments to that act dealing with congressional findings and policies and increasing criminal penalties. The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment which provided for a 3-year extension of the act and made various other amendments (differing from the Senate bill) relating to findings, policies, criminal penalties, and rules and regulations governing export controls. The committee of conference adopted a substitute for both the Senate bill and the House amendment.

Extension of act: The Senate bill (by repealing section 12 of the act, which presently provides for the expiration of all authority thereunder on June 30, 1962) extended the act indefinitely. The House amendment extended the act only for 3 years (until June 30, 1965). The conference substitute follows the House amendment.

Findings: The Senate bill added to the act a new provision declaring that the Communist bloc is engaged in economic warfare against the free world and that strong economic measures are necessary to preserve our freedom and security. The corresponding provision of the House amendment added to the existing findings contained in the act new language declaring that the potential economic (as well as military) significance of exports should be taken into account in determining whether they may adversely affect the national security of the United States. The conference substitute follows the House amendment.

Declaration of policy: The Senate bill added to the declaration of policy in the act new provisions stating that it is the policy of the United States (1) to formulate and apply export controls to the maximum extent possible in cooperation with all of our allies, with a unified commercial and trading policy to be observed by non-Communist-dominated nations in their dealings with Communist-dominated nations, and (2) to use our economic resources and advantages in trade with Communist-dominated nations to further our national security and foreign policy objectives. The House amendment contained no corresponding provisions, but amended the existing declaration of policy to make it clear that it is the national security of the United States that export controls are intended to protect. The conference substitute contains the provisions from both the Senate bill and the House amendment.

Rules and regulations governing export controls: The House amendment added new language to section 3(a) of the act to require the denial of any license or authority to export articles, materials, supplies, or data to nations threatening the national security of the United States unless the President determines that the export does not significantly contribute to the military or economic potential of any such nation in a way which could prove detrimental to the national security and welfare of the United States. The Senate bill contained no corresponding provision. The conference substitute contains the House provision in an amended form under which a license or authority for any such export would be required to be denied if the President determines that such export makes a significant contribution to the military or economic potential of any such nation in a way which would prove detrimental to the national security and welfare of the United States.

Criminal penalties for violations: The Senate bill amended section 5 of the act to increase the maximum penalty which may be imposed for violation of the act or of any regulation, order, or license thereunder (presently $10,000 or 1 year's imprisonment or both) to (1) three times the value of the exports involved, or $20,000, or 5 years' imprisonment, or both, for second and subsequent offenses, and (2) to five times the value of the exports involved, or $20,000, or 5 years' imprisonment, or both, for exports made (in willful violation of the act or any such regulation, order, or license) with knowledge of intended use for the benefit of a Communist-dominated nation. The corresponding provision of the House amendment simply increases the maximum term of imprisonment for violations of the act (or of regulations, orders, or licenses thereunder) from 1 to 2 years. The conference substitute follows the Senate bill.

WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,
WILLIAM A. BARRETT,
CLARENCE E. KILBURN,
GORDON L. MCDONOUGH,
WILLIAM B. WIDNALL,
Managers on the Part of the House.

Mr. PATMAN (interrupting reading of statement). Mr. Speaker, the statement appears in the CONGRESSIONAL RECORD. In view of the fact that there is no dispute about this, and since we are all in agreement, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that I be permitted to extend my remarks preceding the vote on the conference report, and that the gentleman from North Carolina [Mr. KITCHIN] be allowed to extend his remarks immediately following my own remarks; that the gentleman from California [Mr. LIPSCOMB] be permitted to extend his remarks following the remarks of the gentleman from North Carolina [Mr. KITCHIN] and that all Members be permitted to extend their remarks on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, the bill that the conference approved includes elements from both the House and the Senate versions.

In section 1, both bodies had adopted somewhat similar amendments. The conferees on the Senate side agreed that the House version was the better of the two and the conference accepted it.

In section 2, your conferees accepted an amendment by the Senate which in one part further emphasized an elaborated the substance of the change the House had made in section 1. In its other part, the amendment declares that the United States should seek to develop maximum cooperation among the free nations of the world in exercising control over trade with the Sino-Soviet bloc and other unfriendly nations.

In section 3, after very difficult discussions, your conferees developed a modification of the section of the bill originally enacted by this House. In dealing with this section of the act, your conferees encountered a very stubborn position on the part of the Members from the other House. It became clear that if we were to report back to you with a bill before the expiration of this important legislation, it would be necessary to find alternative language.

Your conferees believe that this new section 3, while it is a substantial modification of the amendment originally passed by this House, adds to the present act a valuable provision for rules and regulations to be followed in administering the act. Although it is my understanding that such rules and regulations now exist and that the executive branch can proceed to carry out the new law without a break in enforcement policy, nevertheless, this amendment will provide congressional guidance for Executive review of existing rules and regulations to assure that they are in face in accord with its provision.

In section 5, your conferees accepted the Senate penalty provision since it imposed an even more stringent penalty on repeated or willful violations than did the House version. Although it is a different provision, your conferees believed it was acceptable as in accord with the intent of the House in enacting its original amendment to this section.

Finally, the conferees accepted the view of this House that the act should be extended for only 3 years. In addition, it preserves the Congress' right to terminate the act by concurrent resolution. The conferees in adopting the House version recommended further extensions of 4-year periods. In adopting this policy we had in mind this should help the Department to obtain and keep employees and to make clear to friendly and unfriendly nations alike that we consider this a permanent program.

In presenting the conference report to you, I wish to emphasize that your conferees succeeded against vigorous opposition in gaining a substantial portion of the bill with which we went into the conference. I think we can fairly recommend the conference report to you for your favorable action.

Mr. KITCHIN. Mr. Speaker, as chairman of the Select Committee on Export Control, I submitted four amendments to H.R. 11309 all of which would have strengthened our export controls by requiring the Secretary of Commerce, the Administrator of the act, to consider the economic significance of any export to the Sino-Soviet bloc which could prove detrimental to the security of the United States and to change the penalty for violations of the act from a misdemeanor to a felony.

I was very pleased that all of these amendments were unanimously adopted by my colleagues in the House by a vote of 339 to 0. I want to take this opportunity to thank them for their unanimous support. They were made a part of S. 3161, and passed by the House. The Senate bill originally had provisions which would have served to tighten control of exports to Communist countries. The provisions in that bill were not in conflict with the policy statement expressed in the amendments adopted by the House.

Of paramount importance was my amendment to the Export Control Act to make statutory a requirement that applications for authority to export articles, materials, or supplies, including technical data from the United States, its territories and possessions to any nations or combination of nations threatening the national security of the United States be denied "unless the President shall determine that such export does not make a significant contribution to the military or economic potential of such nation or nations which could prove detrimental to the national security and welfare of the United States."

This and the other adopted amendments to the act were submitted with unanimous concurrence of all members of the Select Committee on Export Control. The Committee conducted a thorough study of export controls and heard testimony from officials of Cabinet level who are responsible and concerned with the administration of export controls, as well as from persons in private industry. The amendments submitted were considered essential and would add muscle to our export control program and would require that the economic significance of exports to our enemies be taken into consideration.

I was somewhat disappointed that the Senate could not see fit to adopt the entire language of House amendments. However, I am convinced that the Senate bill, which essentially expresses the same intent, as passed by both Houses, will insure continued strict control of exports to our enemies and proper regard will be afforded the economic as well as military significance of such exports in the interest of the national security and welfare of the United States.

Mr. LIPSCOMB. Mr. Speaker, on reading the debate conducted in the other body in the June 29 CONGRESSIONAL RECORD pertaining to the conference report on S. 3161 which we now have before us, one would be led to believe the House conferees completely capitulated. Nothing could be further from the facts. The conference agreement included acceptance of the House position on section 1(b) of the Export Control Act of 1949; acceptance of the House position on section 2; acceptance of the House position on section 12; acceptance of the principle for a stronger penalty provision in section 5; and acceptance of the House compromise language on section 3(a), the amendment which was the big problem.

It was indicated yesterday in the other body that when the Senate conferees read the language for section 3(a) which had been worked out between the Thursday's conference and the Friday's conference, they found the language almost identical to the language the Senate conferees proposed to the conference committee in Thursday's session. The House should know that the House conferees worked out language and had it adopted which was significantly stronger than the Senate conferees' language.

The Senate proposal on Thursday which the House conferees would not accept, pertaining to the requirement that applications for licenses be denied in certain instances, read, as I understand it:

> If the President shall determine that such export would prove detrimental to the national security of the United States.

The language accepted Friday between the House and Senate conferees and before us now reads:

> If the President shall determine that such export makes a significant contribution to

> the military or economic potential of such nation or nations which would prove detrimental to the security and welfare of the United States.

You can readily see the House conferees obtained a significant gain by the addition of the words "makes a significant contribution to the military or economic potential of such nation or nations," and by the addition of the words "and welfare."

The compromise language puts added emphasis on the economic factors involved as is done in the House amendment to section 1(b) of the act.

Mr. Speaker, the question before the House is the adoption of the conference report on S. 3161 to extend and strengthen the Export Control Act of 1949.

I would like to further review briefly events that have unfolded over the last few days as they bear on the situation confronting us.

Thursday, June 28, the conferees on S. 3161 brought back a report on this bill, proposing a simple 1-year extension of the Export Control Act.

That afternoon, the Senate rejected the conference report, and by a vote of 44 to 33 adopted a motion to send this bill back to the committee of conference. The action by the Senate merits applause.

The action by the conferees, taken because of lack of agreement and in view of the fact that the expiration date of the act is today, June 30, was contrary to the will of the Congress and against the wishes of the great majority of American citizens who are concerned about the licensing of goods and supplies for export to Communist nations.

Both the House and Senate spoke only a few days ago, and most emphatically, in favor of strengthening the Export Control Act.

The House on June 25, 1962, voted to extend the act for a 3-year period and to strengthen the act with amendments aimed at requiring the administration to take into meaningful account the economic factors involved in the struggle between the free world and the Communist bloc.

This is a necessary move because it is obvious that a major battleground between the free world and the Communist bloc lies in the area of the economic struggle. The House passed the measure, H.R. 11309, with amendments, by a vote of 339 to 0.

On Saturday, June 23, 1962, the Senate by a vote of 49 to 1 approved a bill, S. 3161, with strengthening amendments, to extend the Export Control Act. Earlier it had approved the amendments also by an overwhelming vote, 57 to 2.

Certainly this reflects the deep concern of the Congress over our present trade policies with Communist nations.

Following Senate rejection of the conference report through adoption of a motion to recommit to the conference committee, the House-Senate conferees met again on Friday and reached agreement on a bill.

I am in accord with the agreement reached in conference on the provisions included in the bill, except with regard to the House amendment to section 3(a) of the act.

The agreed-to amendments included provision for extending the act for a 3-year period, as in the House-passed bill. The amendments which provide that the economic factors of the struggle between the Communist bloc and the free world must be taken into consideration in considering applications to export goods and materials, as provided in both the House and Senate bills, are also included.

The conferees agreed on retaining the amendment, from the Senate bill, to provide for more stringent penalties for violations of the act.

I believe that insofar as these sections are concerned, the bill reported from conference is wholly acceptable and strengthens the act.

The real bone of contention in conference was the House amendment to add new language to section 3(a) of the Export Control Act to provide that rules and regulations adopted under the act would provide for denial of any request or application for authority to export items from the United States unless a finding is made by the President that such export does not make a significant contribution to the military or economic potential of any nation or combination of nations threatening our national security which could prove detrimental to our security and welfare. This section of the House-passed bill was the cause for the unsuccessful attempt by the conference committee to get a simple extension.

When the committee locked horns on this vital point, and agreement could not be reached, it was decided to send back a bill proposing the year's extension to the present act and no strengthening amendments.

The conferees have now accepted this section, but with certain modifications.

The House amendment to section 3(a) called for denial of licenses for exports to any nations threatening our security—and I read:

> Unless the President shall determine that such export does not make a significant contribution to the military or economic potential of such nation or nations which could prove detrimental to the national security and welfare of the United States.

That language has been recast to read as follows:

> If the President shall determine that such export makes a significant contribution to the military or economic potential of such nation or nations which would prove detrimental to the national security and welfare of the United States.

The original House language required the President to deny applications to export goods to the Communist bloc unless he makes a certain finding. Under the conferees' language, he must deny exports to the bloc if he makes a certain finding.

I do not agree with the underlying reason for changing the language of this section though I, with reluctance, feel that the House should accept this compromise. It is better than no amendment to section 3(a) of the act, or no amendments at all.

The compromise language to section 3(a) does retain an element of strength toward bringing about firmer policies on trade with the bloc. Policies adopted in administering this section are, of course, all important. The administration can, and should, interpret this section as placing stringent limitations on trade with the Soviet bloc.

One note of caution here. According to debate in the other body when the first conference report was rejected, the Department of State begged and pleaded that the amendment to section 3(a) be thrown out. This offers something less than maximum encouragement that the Department of State will exert major effort toward bringing about adoption of meaningful policies in keeping with the will of Congress as expressed through its deliberations on the Export Control Act legislation. This is something the Congress must, and will, be watching carefully and with great interest.

All in all, on consideration of the merits and demerits of the bill as reported from conference, I feel that it does represent meaningful improvements over the present Export Control Act.

We cannot allow the Export Control Act to lapse nor can we in good conscience allow the act to go unamended. I think in considering the situation that we are confronted with, it is in the interest of our national security and welfare to adopt the conference report.

Mr. PELLY. Mr. Speaker, it will be recalled that this House adopted an amendment to strengthen the Export Control Act. I refer to the Kitchin amendment to require the administrator of the act to consider the economic significance of any exports to the Sino-Soviet bloc which could prove detrimental to the national security of the United States.

This provision when extension of the Export Control Act was considered last Monday was accepted by the House Banking and Currency Committee. It was to recognize the economic potential of the Communists in the cold war. On a rollcall vote it passed 339 to 0.

The Senate version of S. 3161 carried language which embodied a similar principle in that it had a provision calling for a maximum effort for free nation cooperation in free world trade with the Sino-Soviet bloc. Also, a provision to spell out that the economic significance of exports to unfriendly nations should be considered.

Certainly on the basis that both the House and Senate versions had amendments of similar purpose it would have been expected that the conferees could work out their differences.

Imagine then, Mr. Speaker, my amazement as a strong believer in the need for such a strengthening of the law, when I learned that the conferees agreed to a continuation of the present act for 1 year without any of the language covering the economic significance of the act.

It was almost as if the executive branch and the administration had exerted their influence because they have opposed such changes in the act. In this connection it is no secret that many Members of the House have been unhappy over policy decisions in the administration of the Export Control Act. I, myself, am especially concerned over the implications of this because of the fact that Under Secretary of State George W. Ball previously was Chairman of a Presidential task force which, for all practical purposes, recommended removal of controls in favor of increased trade with the Soviet bloc.

Recently, too, there have been reports that State Department planner Walt W. Rostow has a new proposal whereby through unrestricted trade we will bring about friendship with the Soviets. In other words, Mr. Speaker, I am fearful that the administration may decide to embark on a program which would help the Communist bloc build up its economy and I think that could have very serious implications. That is why I supported the Kitchin amendment, because I felt it important that economic impact factors in the cold war not be overlooked.

I have had in mind that recently in the other body an amendment was adopted 57 to 24 to bar U.S. aid to any Communist country. The administration brought great pressure to reverse this action and on the following day by a vote of 56 to 34 this bar was declared not to include shipments of food under Public Law 480. The administration has made it clear that it wants a free hand in dealing with trade policy with the Communists.

In 1959 Premier Khrushchev in an article in Foreign Affairs magazine called for more trade between the Soviet Union and the United States stating:

> If both sides want to improve relations, all barriers in international trade must be removed.

In other words Khrushchev in his design to build up the Soviet economy wants barriers such as the Export Control Act to be eliminated. I believe that Secretary Ball and the others in the administration favor such an elimination of barriers. Dr. Rostow, for example, is said to have a belief that we could bring about friendly relations with the Soviets through trade and thereby get Russia to join us in a nuclear test ban. He is said to believe that the United States should do away with all controls and many of the liberal advisers of the President are said to agree with him.

However, Mr. Speaker, I do not agree. I believe that we should strengthen export controls. I think that the United States should prevent Communist bloc countries from using our technical data, our engineering know-how and our machines and commodities to build up their economic and military potential.

However, to revert to the conference report before the House today.

I was glad indeed that before the issue came to the House, by a vote of 44 to 33, the other body recommitted the conference report with the result that subsequently a new agreement was worked out to which the Senate has agreed.

The compromise language calls for denial of exports to any nation or combination of nations threatening our security if the President determines that such exports would contribute significantly to their economic or military potential.

The Kitchin amendment required the President to find that exports would not so contribute before an export license could be issued.

The language as agreed on is much weaker and I am not at all happy about the compromise. I judge the gentleman from North Carolina is not pleased either, but he has agreed to go along and that is about all we can do. Certainly, Mr. Speaker, this new version is better than a straight extension.

Mr. Speaker, I seem to see the fine hand of the State Department in this watering down of this bill. At least I know it will gratify some of our advocates of free trade with the Communists.

Anyway the other body has agreed to the conference report and the House has little in the way of an alternative other than to follow suit.

As for me, Mr. Speaker, I suppose I should be thankful for small mercies. In fact I am thankful that this is not a simple extension. Certainly Congress has spelled out its intent and I hope our internationally minded planners do not ignore what we have written into this law.

Mr. PATMAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

SUGAR ACT AMENDMENTS OF 1962

Mr. COOLEY. Mr. Speaker, I call up the conference report on the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. GROSS. Mr. Speaker, reserving the right to object, I assume the gentleman from North Carolina [Mr. COOLEY] plans to take ample time to explain what transpired in the conference?

Mr. COOLEY. If the gentleman will yield; yes.

Mr. GROSS. I thank the gentleman. Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 1957)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Sugar Act Amendments of 1962'.

"SEC. 2. Section 201 of the Sugar Act of 1948, as amended, is amended as follows: by striking out of the last sentence thereof, all of the language following the phrase 'in addition to the consumption, inventory, population, and demand factors above specified and the level and trend of consumer purchasing power,' and by adding after such phrase the following language: 'shall take into consideration the relationship between the price for raw sugar that he estimates would result from such determination and the parity index, as compared with the relationship between the average price of raw sugar during the three-year period 1957, 1958, and 1959, and the average of the parity indexes during such three years, with the view to attaining generally stable domestic sugar prices that will carry out over the long term the price objective previously set forth in this section; and in order that the regulation of commerce provided by this Act shall not result in excessive prices to consumers, the Secretary shall make such additional allowances as he deems necessary in the amount of sugar determined to be needed to meet requirements of consumers. The term "parity index" as used herein shall mean such index as determined under section 301 of the Agricultural Adjustment Act of 1938, as amended, and as published monthly by the United States Department of Agriculture.'

"SEC. 3. Section 202 of such Act is amended to read as follows:

" 'SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

" '(a) (1) For domestic sugar-producing areas, by apportioning among such areas five million eight hundred and ten thousand short tons, raw value, as follows:

" 'Area	*Short tons, raw value*
Domestic beet sugar	2,650,000
Mainland cane sugar	895,000
Hawaii	1,110,000
Puerto Rico	1,140,000
Virgin Islands	15,000
Total	5,810,000

" '(2) (A) To the above total of five million eight hundred and ten thousand short tons, raw value, there shall be added an amount equal to 65 per centum of the amount by which the Secretary's determination of requirements of consumers in the continental United States for the calendar year exceeds nine million seven hundred thousand short tons, raw value. Such additional amount shall be apportioned between the domestic beet sugar area and the mainland cane sugar area on the basis of the quotas for such areas established under paragraph (1) of this subsection and the amounts so apportioned shall be added to the quotas for such areas.

" '(B) Whenever the production of sugar in Hawaii, Puerto Rico, or in the Virgin Islands in any year subsequent to 1961 results in there being available for marketing in the continental United States in any year sugar in excess of the quota for such area for such year established under paragraph (1) of this subsection, the quota for the immediately following year established for such area under paragraph (1) of this subsection shall be increased to the extent of such excess production: *Provided*, That in no event shall the quota for Hawaii, Puerto Rico, or the Virgin Islands, as so increased, exceed the quota which would have been established for such area at the same level of consumption requirements under the provisions of section 202(a) of the Sugar Act of 1948, as amended, in effect immediately prior to the date of enactment of the Sugar Act Amendments of 1962.

"'(b) For the Republic of the Philippines, in the amount of one million and fifty thousand short tons, raw value, of sugar.

"'(c) (1) For the six-month period ending December 31, 1962, for foreign countries other than the Republic of the Philippines an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of (i) the quotas established pursuant to subsections (a) and (b) of this section, (ii) the amount of nonquota purchase sugar authorized for importation between January 1 and June 30, 1962, inclusive, pursuant to Sugar Regulation 820, and (iii) the quotas for foreign countries other than the Republic of the Philippines established by Sugar Regulation 811 for the six-month period ending June 30, 1962.

"'(2) For the calendar years 1963 and 1964, for foreign countries other than the Republic of the Philippines, an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of the quotas established pursuant to subsections (a) and (b) of this section.

"'(3) (A) The quotas for foreign countries other than the Republic of the Philippines determined under paragraphs (1) and (2) of this subsection, less five thousand six hundred and sixty-seven short tons, raw value, for 1962 and less eleven thousand three hundred and thirty-two short tons, raw value, for 1963 and 1964, shall be prorated among such countries on the following basis:

"'Country	Per centum
Cuba	57.77
Peru	6.71
Dominican Republic	6.71
Mexico	6.71
Brazil	6.37
British West Indies	3.19
Australia	1.41
Republic of China	1.24
French West Indies	1.06
Colombia	1.06
Nicaragua	0.88
Costa Rica	0.88
Ecuador	0.88
India	0.71
Haiti	0.71
Guatemala	0.71
South Africa	0.71
Panama	0.53
El Salvador	0.36
Paraguay	0.35
British Honduras	0.35
Fiji Islands	0.35
Netherlands	0.35

"'(B) For the six-month period ending December 31, 1962, Canada, United Kingdom, Belgium, and Hong Kong shall be permitted to import into the continental United States the amount of sugar allocated to each in Sugar Regulation 811, issued December 11, 1961 (26 F.R. 11963). For the calendar years 1963 and 1964, Canada, United Kingdom, Belgium, and Hong Kong shall be permitted to import into the continental United States a total of thirteen hundred and thirty-two short tons of sugar, raw value, which amount shall be allocated to such countries in amounts as specified in Sugar Regulation 811, as amended, issued March 31, 1961 (26 F.R. 2774);

"'(C) For the six-month period ending December 1962, the Secretary is authorized to allocate to foreign countries not enumerated in subparagraph (A) or (B) an amount of sugar, raw value, not exceeding in the aggregate five thousand short tons. For the calendar years 1963 and 1964, the Secretary is authorized to allocate to foreign countries not enumerated in subparagraph (A) or (B) an amount of sugar, raw value, not exceeding in the aggregate ten thousand short tons. Each foreign country to which an allocation is made under the provisions of this subparagraph for any period or year shall be permitted to import into the continental United States the amount of sugar allocated to it by the Secretary.

"'(4) Notwithstanding the provisions of paragraph (3) of this subsection, whenever the United States is not in diplomatic relations with any country named in paragraph (3) of this subsection and during such period after resumption of diplomatic relations with such country as the Secretary determines is required to permit an orderly adjustment in the channels of commerce for sugar, the proration or allocation provided for in paragraph (3) of this subsection shall not be made to such country, and a quantity of sugar not to exceed an amount equal to the proration or allocation which would have been made but for the provisions of this paragraph, may be authorized for purchase and importation from foreign countries, except that all or any part of such quantity need not be purchased from any country with which the United States is not in diplomatic relations, or from any country designated by the President whenever he finds and proclaims that such action is required in the national interest. In authorizing the purchase and importation of sugar from foreign countries under this paragraph, special consideration shall be given to the countries of the Western Hemisphere and to those countries purchasing United States agricultural commodities.

"'(5) Sugar authorized for purchase pursuant to paragraph (4) of this subsection shall be raw sugar, except that if the Secretary determines that the total quantity is not reasonably available as raw sugar from the countries either named or determined by the Secretary under paragraph (4) of this subsection, he may authorize for purchase for direct consumption from such countries such part of such quantity of sugar as he determines may be required to meet the requirements of consumers in the United States.

"'(6) Sugar shall not be authorized for purchase pursuant to paragraph (4) of this subsection from any foreign country which imports sugar unless, in the preceding and current calendar year, its aggregate exports of sugar to countries other than the United States equal or exceed its aggregate imports of sugar.

"'(d) Whenever in any year any foreign country with a quota or proration thereof of more than ten thousand short tons, raw value, fails to fill such quota or proration by more than 10 per centum and at any time during such year the world price of sugar exceeds the domestic price, the quota or proration thereof for such country for subsequent years shall be reduced by an amount equal to the amount by which such country failed to fill its quota or proration thereof, unless the Secretary finds that such failure was due to crop disaster or force majeure or finds that such reduction would be contrary to the objectives of this Act. Any reduction hereunder shall be prorated in the same manner as deficits are prorated under section 204.

"'(e) If a foreign country imports sugar, it may not export sugar to the United States to fill its quota or proration thereof for any year unless, in both the preceding and current calendar years, its aggregate exports of sugar to countries other than the United States equal or exceed its aggregate imports of sugar. If sugar is exported to the United States from any foreign country in any year in violation of this subsection (e), the quota or proration thereof for such foreign country for subsequent years shall be reduced by an amount equal to three times the lesser of (i) the amount of such country's excess of imports of sugar over its exports of sugar to countries other than the United States during the preceding or current calendar year, in whichever year an excess or the larger excess occurs, or (ii) the amount of sugar exported to the United States by such country to fill its quota or proration thereof during the calendar year in which the violation of this subsection (e) occurred.

"'(f) The quota or proration thereof or purchase authorization established for any foreign country may be filled only with sugar produced from sugarbeets or sugarcane grown in such country.'

"SEC. 4. Section 204 of such Act is amended to read as follows:

"'SEC. 204. (a) The Secretary shall from time to time determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugarbeets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any area or country will be unable to market the quota or proration for such area or country. If the Secretary determines that any domestic area or foreign country will be unable to market the quota or proration for such area or country, he shall revise the quota for the Republic of the Philippines and the prorations for foreign countries named in section 202(c)(3)(A) by prorating an amount of sugar equal to the deficit so determined to such countries without a deficit on the basis of the quota for the Republic of the Philippines and the prorations for such countries then in effect: *Provided*, That no part of any such deficit shall be prorated to any country not in diplomatic relations with the United States. If the Secretary determines that any foreign country will be unable to fill its share of any deficit determined under this section, he shall apportion such unfilled amount on such basis and to the Republic of the Philippines and such other foreign countries named in section 202(c)(3)(A) as he determines is required to fill any such deficit: *Provided*, That no such apportionment shall be made to any foreign country not in diplomatic relations with the United States. If the Secretary determines that neither the Republic of the Philippines nor the countries named in section 202(c)(3)(A) can fill all of any such deficit whenever the provisions of section 202(c)(4) apply, he shall add such unfilled amount to the quantity of sugar which may be purchased pursuant to section 202(c)(4), and whenever section 202(c)(4) does not apply he shall apportion such unfilled amount on such basis and to such foreign countries in diplomatic relations with the United States as he determines is required to fill such deficit.

"'(b) The quota established for any domestic area or the Republic of the Philippines under section 202 shall not be reduced by reason of any determination of a deficit existing in any calendar year under subsection (a) of this section.'

"SEC. 5. (a) Section 205(a) of such Act is amended by inserting in the second sentence thereof immediately after 'sugarbeets or sugarcane' the following: ', limited in any year when proportionate shares were in effect to processings'.

"(b) Section 205(a) of such Act is further amended by inserting after the second sentence thereof the following new sentence: 'The Secretary is also authorized in making such allotments, whenever there is involved any allotment that pertains to a new sugarbeet processing plant or factory serving a locality having a substantial sugarbeet acreage for the first time or that pertains to an existing sugarbeet processing plant or factory with substantially expanded facilities added to serve farms having a substantial sugarbeet acreage for the first time, to take into consideration in lieu of or in addition to the foregoing factors of processing, past marketings, and ability to market, the need of establishing an allotment which will permit such marketing of sugar as is necessary for reasonably efficient operation of any such new processing plant or factory or expanded facilities during each of the first two years of its operation.'

"SEC. 6. Section 206 of such Act is amended to read as follows:

" 'SEC. 206. The sugar or liquid sugar in any product or mixture, which the Secretary determines is the same or essentially the same in composition and use as a sugar-containing product or mixture which was imported into the United States during any three or more of the five years prior to 1960 without being subject to a quota under this Act, shall not be subject to the quota and other provisions of this Act, unless the Secretary determines that the actual or prospective importation or bringing into the United States or Puerto Rico of such sugar-containing product or mixture will substantially interfere with the attainment of the objectives of this Act: *Provided*, That the sugar and liquid sugar in any other product or mixture imported or brought into the United States or Puerto Rico shall be subject to the quota and other provisions of this Act unless the Secretary determines that the actual or prospective importation or bringing in of the sugar-containing product or mixture will not substantially interfere with the attainment of the objectives of this Act. In determining whether the actual or prospective importation or bringing into the United States or Puerto Rico of any sugar-containing product or mixture will or will not substantially interfere with the attainment of the objectives of this Act, the Secretary shall take into consideration the total sugar content of the product or mixture in relation to other ingredients or to the sugar content of other products or mixtures for similar use, the costs of the mixture in relation to the costs of its ingredients for use in the United States or Puerto Rico, the present or prospective volume of importations relative to past importations, and other pertinent information which will assist him in making such determination. Determinations by the Secretary that do not subject sugar or liquid sugar in a product or mixture to a quota, may be made pursuant to this section without regard to the rulemaking requirements of section 4 of the Administrative Procedure Act, and by addressing such determinations in writing to named persons and serving the same upon them by mail. If the Secretary has reason to believe it likely that the sugar or liquid sugar in any product or mixture will be subject to a quota under the provisions of this section, he shall make any determination provided for in this section with respect to such product or mixture in conformity with the rulemaking requirements of section 4 of the Administrative Procedure Act.'

"SEC. 7. Section 207 of such Act is amended to read as follows:

" 'SEC. 207. (a) The quota for Hawaii established under section 202 for any calendar year may be filled by direct-consumption sugar not to exceed an amount equal to 0.342 per centum of the Secretary's determination for such year issued pursuant to section 201.

" '(b) The quota for Puerto Rico established under section 202 for any calendar year may be filled by direct-consumption sugar not to exceed an amount equal to 1.5 per centum of the Secretary's determination for such year issued pursuant to section 201: *Provided*, That one hundred and twenty-six thousand and thirty-three short tons, raw value, of such direct-consumption sugar shall be principally of crystalline structure.

" '(c) None of the quota for the Virgin Islands for any calendar year may be filled by direct-consumption sugar.

" '(d) Not more than fifty-six thousand short tons of sugar of the quota for the Republic of the Philippines for any calendar year may be filled by direct-consumption sugar as provided under section 201 of the Philippine Trade Agreement Revision Act of 1955.

" '(e) (1) None of the proration established for Cuba under section 202(c)(3) for any calendar year and none of the deficit prorations and apportionments for Cuba established under section 204(a) may be filled by direct-consumption sugar.

" '(2) The proration or allocation established for each foreign country which receives a proration or allocation of twenty thousand short tons, raw value, or less under section 202(c)(3), may be filled by direct-consumption sugar to the extent of the average amount of direct-consumption sugar entered by such country during the years 1957, 1958, and 1959. None of the proration or allocation established for each foreign country which receives a proration or allocation of more than twenty thousand short tons, raw value, under section 202(c)(3), may be filled by direct-consumption sugar. None of the deficit prorations and apportionments for foreign countries established under section 204(a) may be filed by direct-consumption sugar.

" '(f) This section shall not apply with respect to the quotas established under section 203 for marketing for local consumption in Hawaii and Puerto Rico.

" '(g) The direct-consumption portions of the quotas established pursuant to this section, and the enforcement provisions of title II applicable thereto, shall continue in effect and shall not be subject to suspension pursuant to the provisions of section 408 of this Act unless the President acting thereunder specifically finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar which requires the suspension of direct-consumption portions of the quotas.'

"SEC. 8. Section 208 of such Act is amended to read as follows:

" 'SEC. 208. A quota for liquid sugar for foreign countries for each calendar year is hereby established as follows: two million gallons of sirup of cane juice of the type of Barbados molasses, limited to liquid sugar containing soluble nonsugar solids (excluding any foreign substances that may have been added or developed in the product) of more than 5 per centum of the total soluble solids, which is not to be used as a component of any direct-consumption sugar but is to be used as molasses without substantial modification of its characteristics after importation, except that the President is authorized to prohibit the importation of liquid sugar from any foreign country which he shall designate whenever he finds and proclaims that such action is required by the national interest.'

"SEC. 9. Section 209 of such Act is amended (1) by inserting before the last three words of subsection (a) the words 'or proration'; (2) by inserting after the word 'proration' in subsection (d) the words 'or allocation' and by striking the period at the end of subsection (d) and inserting a semicolon in lieu thereof; and (3) by adding a new subsection (e) to read as follows:

" '(e) From bringing or importing into the Virgin Islands for consumption therein, any sugar or liquid sugar produced from sugarcane or sugarbeets grown in any area other than Puerto Rico, Hawaii, or the continental United States.'

"SEC. 10. (a) Section 211(a) of such Act is amended by striking out the first two sentences thereof.

"(b) Section 211(c) is amended to read as follows: 'The quota established for any domestic sugar-producing area may be filled only with sugar or liquid sugar produced from sugarbeets or sugarcane grown in such area.'

"SEC. 11. Section 212 of such Act is amended by inserting after 'alcohol,' in clause (4) thereof the following: 'including all polyhydric alcohols,'.

"SEC. 12. A new section 213 is added and inserted immediately after section 212 of such Act as follows:

" 'SEC. 213. (a) An import fee established as provided in subsection (b) of this section shall be paid to the United States as a condition for importing into the continental United States sugar purchased pursuant to paragraph (4) of section 202(c) of this Act. Such fee shall be paid by the person applying to the Secretary for entry and release of sugar. Such payment shall be made in accordance with regulations promulgated by the Secretary.

" '(b) Whenever the Secretary determines that the currently prevailing price for raw sugar for the United States market exceeds the market price which he determines, from available information, prevails for raw sugar of foreign countries which may be imported into the continental United States pursuant to paragraph (4) of section 202(c), he shall establish an import fee in such amount as he determines from time to time will approximate the amount by which a domestic price for raw sugar, at a level that will fulfill the domestic price objective set forth in section 201, would exceed the market price for raw sugar (adjusted for freight to New York, and most-favored-nation tariff) of foreign countries which may be imported into the continental United States pursuant to paragraph (4) of section 202(c). Such fee shall be imposed on a per pound, raw value, basis, and shall be applied uniformly to sugar purchased pursuant to paragraphs (4) and (5) of section 202(c).

" '(c) As a condition for importing sugar into the continental United States pursuant to paragraph (3) of section 202(c) and section 204(a) of this Act, an import fee shall be paid to the United States during the years 1962, 1963, and 1964, which fee in each such year shall be respectively 10, 20, and 30 per centum of the amount which the Secretary determines from time to time will approximate the amount by which a domestic price for raw sugar, at a level that will fulfill the domestic price objective set forth in section 201 would exceed either the prevailing market price for raw sugar (adjusted for freight to New York, and most-favored-nation tariff) of foreign countries which may be imported into the continental United States pursuant to paragraph (4) of section 202(c), or whenever paragraph (4) of section 202(c) does not apply, the prevailing world market price for raw sugar (adjusted for freight to New York, and most-favored-nation tariff). The fee provided for in this paragraph shall be imposed on a per pound, raw value, basis, and shall be applied uniformly, except that the import fee imposed on any direct-consumption sugar during the years 1962, 1963, and 1964, shall be respectively 0.1, 0.2, and 0.3 of one cent per pound more than the import fee imposed on raw sugar under this paragraph.

" '(d) The funds collected as import fees by the Secretary pursuant to the provisions of this section shall be covered into the Treasury as miscellaneous receipts.'

"SEC. 13. (a) Section 301(b) of such Act is amended by striking out the language 'in excess of the proportionate share for the farm, as determined by the Secretary' and inserting in lieu thereof the language 'in excess of the proportionate share for the farm, if farm proportionate shares are determined by the Secretary'.

"(b) Section 302(a) of such Act is amended by striking out the language 'for the farm, as determined by the Secretary,' and inserting in lieu thereof the language 'for the farm, if farm proportionate shares are determined by the Secretary,'.

"(c) Section 302(b) of such Act is amended to read as follows:

" '(b)(1) Whenever the Secretary determines that the production of sugar from any crop of sugarbeets or sugarcane will be greater than the quantity needed to enable the area to meet the quota, and provide a normal carryover inventory, as estimated by the Secretary for such area for the calendar year during which the larger part of the sugar from such crop normally would be marketed, he shall establish proportionate shares for farms in such area as provided in this subsection. In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugarbeets and sugarcane marketed (or processed) for the extraction of sugar or liquid sugar (within proportionate shares when in effect) and the ability to produce such sugarbeets or sugarcane.

" '(2) The Secretary may also, in lieu of or in addition to the foregoing factors, take into consideration with respect to the domestic beet sugar area the sugarbeet production history of the person who was a farm operator in the base period, in establishing farm proportionate shares in any State or substantial portion thereof in which the Secretary determines that sugarbeet production is organized generally around persons rather than units of land, other than a State or substantial portion thereof wherein personal sugarbeet production history of farm operators was not used generally prior to 1962 in establishing farm proportionate shares. In establishing proportionate shares for farms in the domestic beet sugar area, the Secretary may first allocate to States (except acreage reserved) the total acreage required to enable the area to meet its quota and provide a normal carryover inventory (hereinafter referred to as the "national sugarbeet acreage requirement") on the basis of the acreage history of sugarbeet production and the ability to produce sugarbeets for extraction of sugar in each State.

" '(3) In order to make available acreage for growth and expansion of the beet sugar industry, the Secretary, in addition to protecting the interest of new and small producers by regulations generally similar to those heretofore promulgated by him pursuant to this Act, shall reserve each year from the national sugarbeet acreage requirement established by him the acreage required to yield 65,000 short tons, raw value, of sugar. The acreage so reserved shall be distributed on a fair and reasonable basis, when it can be utilized, to farms without regard to any other acreage allocations to States or areas within States determined by him and shall be withheld from such other allocations until it can be so utilized: *Provided, however,* That beginning with 1966, the total acreage previously reserved and not used, plus that reserved in the current year, shall not exceed the acreage required to produce 100,000 short tons, raw value, of sugar. At the time the Secretary distributes the sugarbeet acreage reserve for any year, which determination of distribution shall be made as far in advance of such year as practicable, such distribution shall thereby be committed to be in effect for the year in which production of sugarbeets is scheduled to commence in a locality or localities determined by the Secretary to receive such reserves for such year, such determination of distribution by the Secretary shall be final, and such commitment of the sugarbeet acreage reserve shall be irrevocable upon issuance of such determination of the Secretary by publication in the Federal Register; except that if the Secretary finds in any case that construction of sugarbeet processing facilities and the contracting for processing of sugarbeets has not proceeded in substantial accordance with the representations made to him as a basis for his determination of distribution of the sugarbeet acreage reserve, he shall revoke such determination in accordance with and upon publication in the Federal Register of such findings. In determining distribution of the sugarbeet acreage reserve and whenever proposals are made to construct sugarbeet processing facilities in two or more localities where sugarbeet production is scheduled to commence in the same year, the Secretary shall base his determination and selection upon the firmness of capital commitment, suitability for growing sugarbeets, the proximity of other mills, need for a cash crop or a replacement crop, and accessibility to sugar markets, and the relative qualifications of localities under such criteria. Whenever there is no interest in constructing a new facility to commence production in a certain year, the Secretary shall give consideration to proposals, if any, to substantially expand existing factory facilities and in such event he shall base his determination of distribution of the sugarbeet acreage reserve on the aforementioned criteria and the extent of the proposed substantial expansion or expansions. If proportionate shares are in effect in the two years immediately following the year for which the sugarbeet acreage reserve is committed for any locality, the acreage of proportionate shares established for farms in such locality in each of such two years shall not be less than the smaller of the acreage committed to such farms or the acreage required to yield 50,000 short tons, raw value, of sugar based upon the yield expectancy initially considered by the Secretary in distributing the sugarbeet acreage reserve to such locality.

" '(4) The allocation of the national sugarbeet acreage requirement to States for sugarbeet production, as well as the distribution of the sugarbeet acreage reserve, shall be determined by the Secretary after investigation and notice and opportunity for an informal public hearing.

" '(5) In determining farm proportionate shares, the Secretary shall, insofar as practicable, protect the interests of new producers and small producers and the interest of producers who are cash tenants, share tenants, adherent planters, or sharecroppers and of the producers in any local producing area whose past production has been adversely, seriously, and generally affected by drought, storm, flood, freeze, disease, insects, or other similar abnormal and uncontrollable conditions.

" '(6) Whenever the Secretary determines it necessary for the effective administration of this subsection in an area where farm proportionate shares are established in terms of sugarcane acreage, he may consider acreage of sugarcane harvested for seed on the farm in addition to past production of sugarcane for the extraction of sugar in determining proportionate shares as heretofore provided in this subsection; and whenever acreage of sugarcane harvested for seed is considered in determining farm proportionate shares, acreage of sugarcane harvested for seed shall be included in determining compliance with the provisions of section 301(b) of this Act, notwithstanding any other provisions of section 301(b).

" '(7) For the purposes of establishing proportionate shares hereunder and in order to encourage wise use of land resources, foster greater diversification of agricultural production, and promote the conservation of soil and water resources in Puerto Rico, the Secretary, on application of any owner of a farm in Puerto Rico, is hereby authorized, whenever he determines it to be in the public interest and to facilitate the sale or rental of land for other productive purposes, to transfer the sugarcane production record for any parcel or parcels of land in Puerto Rico owned by the applicant to any other parcel or parcels of land owned by such applicant in Puerto Rico.'

"Sec. 14. Section 404 of such Act is amended by inserting ', fees' after the word 'penalties' in the second sentence thereof.

"Sec. 15. Section 408 of such Act is amended by striking out all of subsection (b) thereof and inserting the following new subsections (b) and (c):

" '(b) In the event the President, in his discretion, determines that any foreign country having a quota or receiving any authorization under this Act to import sugar into the United States, has been or is allocating the distribution of such quota or authorization within that country so as to discriminate against citizens of the United States, he shall suspend the quota or other authorization of that country until such time as he has received assurances, satisfactory to him, that the discrimination will not be continued. Any quantity so suspended shall be authorized for purchase in accordance with the provisions of section 202(c)(4), or apportioned in accordance with section 204(a), whichever procedure is applicable.

" '(c) In any case in which the President determines that a nation or a political subdivision thereof has hereafter (1) nationalized, expropriated, or otherwise seized the ownership or control of the property of United States citizens or (2) imposed upon or enforced against such property or the owners thereof discriminatory taxes or other exactions, or restrictive maintenance or operational conditions not imposed or enforced with respect to property of a like nature owned or operated by its own nationals or the nationals of any government other than the Government of the United States, and has failed within six months following the taking of action in either of such categories to take steps determined by the President to be appropriate and adequate to remedy such situation and to discharge its obligations under international law toward such citizens, including the prompt payment to the owner or owners of such property so nationalized, expropriated, or otherwise seized, or to arrange, with the agreement of the parties concerned, for submitting the question in dispute to arbitration or conciliation in accordance with procedures under which a final and binding decision or settlement will be reached and full payment or arrangements with the owners for such payment made within twelve months following such submission, the President shall suspend any quota, proration of quota, or authorization to purchase and import sugar under this Act of such nation until he is satisfied that appropriate steps are being taken. Any quantity so suspended shall be authorized for purchase in accordance with the provisions of section 202(c)(4), or apportioned in accordance with section 204(a), whichever procedure is applicable.'

"Sec. 16. Section 412 of such Act (relating to termination of the powers of the Secretary under the Act) is amended by striking out 'June 30' and inserting in lieu thereof 'December 31' and by striking out '1962' in each place it appears therein and inserting in lieu thereof '1966'.

"Sec. 17. Section 413 of such Act (relating to the effective date of the Sugar Act of 1948 and the termination of the powers of the Secretary under the Sugar Act of 1937) is repealed.

"Sec. 18. (a) Section 4501(c) (relating to termination of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out 'December 31, 1962' in each place it appears therein and inserting in lieu thereof 'June 30, 1967'.

"(b) Section 6412(d) (relating to refund of taxes on sugar) of the Internal Revenue Code of 1954 is amended by striking out 'December 31, 1962' and inserting in lieu thereof 'June 30, 1967' and by striking out 'March 31, 1963' and inserting in lieu thereof 'September 30, 1967'.

"Sec. 19. (a) Except as otherwise provided, the amendments made by this Act shall become effective January 1, 1962.

"(b) The amendments made by section 6 and section 12 of this Act shall each become effective on the date stated in regulations implementing each of such sections and published in the Federal Register, or sixty days after the date of enactment of this Act, whichever is earlier."

And the Senate agree to the same.

Harold D. Cooley,
W. R. Poage,
Paul C. Jones,
Daniel K. Inouye,
Charles B. Hoeven,
Clifford G. McIntire,
Charles M. Teague,
Managers on the Part of the House.

Harry F. Byrd,
Robert S. Kerr,
Russell B. Long,
George A. Smathers,
John J. Williams,
Frank Carlson,
Wallace F. Bennett,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The Senate amendment struck out all after the enacting clause of the House bill and substituted language which differed from the House bill in several major respects. The Senate amendment generally retained the provisions of the House bill relating to quotas for domestic areas and the proration of deficits.

The Senate amendment differed substantially from the House bill in its handling of the foreign portion of the quota. It continued unchanged the quotas of foreign countries at the level provided in existing law except to reduce the Cuban quota by the amount which had been added to domestic quotas. It provided that a quantity of sugar equal to that withdrawn from Cuba (or from any other quota country with which the United States broke off diplomatic relations) should be purchased on the world market and subject to an import fee which would return to importers only the world market price. It further provided that sugar imported from countries assigned specific quotas would be subject to an import fee which would recapture a cumulative 20 percent each year of the difference between the world price and the domestic price of sugar, adding up to complete recapture of this difference in 5 years.

Under the Senate amendment, the importation of refined sugar would have been continued at approximately the same rate as under existing law except that importations of refined sugar from Cuba would have been reduced by 125,000 tons and the balance of the Cuban white sugar authorization would not have been imported as long as Cuba is not permitted to fill its quota. The House bill contained, in view of the increased raw sugar quotas, more substantial restrictions on the importation of refined sugar.

The Senate amendment did not contain the provisions of the House bill designed to prevent foreign countries discriminating against U.S. citizens in allocating or distributing its quota among exporters in such country and to penalize quota countries which expropriate the property of American citizens without adequate compensation. Also, the Senate amendment did not contain the House provision authorizing the return to sugar exporters of the Dominican Republic the import fees which were assessed against them in 1960 and 1961.

Following are the major provisions of the substitute for the Senate amendment which has been agreed to in the committee of conference and is recommended in the accompanying conference report.

1. Extends the act to December 31, 1966, with respect to domestic areas and the Philippines and to December 31, 1964, with respect to quotas for other foreign countries.

2. Provides that, when domestic requirements are at the present level of 9.7 million tons, the U.S. sugar market will be supplied as follows:

(a) By increasing the quotas for domestic sugar-producing areas by about 625,000 tons and in addition assigning those domestic areas 65 percent of increases in consumption as compared to 55 percent under current legislation. The quotas for each of the domestic sugar-producing areas under current legislation and as provided in the conference agreement are as follows:

[Short tons, raw value]

Area	Present legislation	Conference agreement
Domestic beet sugar	2, 110, 627	2, 650, 000
Mainland cane sugar	649, 460	895, 000
Hawaii	1, 117, 936	1, 110, 000
Puerto Rico	1, 231, 682	1, 140, 000
Virgin Islands	16, 795	15, 000
Total	5, 186, 500	5, 810, 000

The quotas for the domestic areas were identical in the House and Senate language.

The assignments to the domestic areas are effective during the life of this act, to December 31, 1966.

(b) By assigning a quota of 1,050,000 tons to the Philippines, effective until December 31, 1966. There will be no premium recapture on the Philippine quota.

(c) By assigning quotas totaling 1,205,000 tons to foreign suppliers, other than Cuba and the Philippines, to be effective to December 31, 1964, on approximately the following basis:

Country:	*Tons*
Peru	190, 000
Dominican Republic	190, 000
Mexico	190, 000
Brazil	180, 000
British West Indies	90, 000
Australia	40, 000
Republic of China	35, 000
French West Indies	30, 000
Colombia	30, 000
Nicaragua	25, 000
Costa Rica	25, 000
India	20, 000
Ecuador	25, 000
Haiti	20, 000
Guatemala	20, 000
South Africa	20, 000
Panama	15, 000
El Salvador	10, 000
Paraguay	10, 000
British Honduras	10, 000
Fiji Islands	10, 000
Netherlands	10, 000
Other countries	11, 332

With respect to these foreign country quotas, there will be a cumulative reduction of 10 percent each year in the premium permitted over world prices. The import fee will be 10 percent of the difference between the world price and the U.S. price in the period during 1962 in which this provision is effective, 20 percent in 1963, and 30 percent in 1964.

(d) By reserving a quota of approximately 1,635,000 tons for Cuba when that nation again becomes a free and independent nation. In the meantime, while the United States and Cuba are not in diplomatic relations, the amount of this Cuban reserve will be purchased from any countries with which we are in diplomatic relations on a "global quota" basis with full recapture of the difference between the world price and the U.S. price, with special consideration to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

The committee will observe with interest the operation of this global quota purchase program and requests that the Secretary of Agriculture provide it with monthly reports on all operations under this provision of the Sugar Act.

3. Revises the formula provided in section 201 of the act to employ the price of raw sugar and the USDA parity index, as they were related in the years 1957 to 1959, as a guide to the fairness of prices between producers and consumers.

4. Stipulates that the Secretary of Agriculture, in order to make available acreage for growth and expansion of the beet sugar industry, reserve each year, from the national sugarbeet acreage requirement, not in excess of the acreage required to yield 65,000 tons, which represents a reserve amounting to the average production of approximately 26,000 acres. This reserve would be distributed to farms without regard to other acreage allocations to States or to areas within States. The sugarbeet acreage reserve would be available for distribution to new growers supplying a new factory in a new area, and it is contemplated that this would enable the establishment of one new factory each year with two factories in each third year. The bill as agreed upon in conference also clarifies the circumstances under which the Secretary would establish grower proportionate shares and the Secretary's authority to consider the sugarbeet production history of farm operations in lieu of or in addition to the sugarbeet production history of land units, in regions where the Secretary determines that sugarbeet production is organized generally around persons rather than units of land and where personal history was generally used prior to 1962. The conferees stipulated that no language in the bill agreed upon could be deemed to deny the Secretary authority to make State allocations with respect to cane sugar as well as to beet sugar.

5. Places limitations on direct-consumption sugar substantially similar to those in the House bill. This would limit the direct-consumption sugar that may be entered from foreign countries other than the Republic of the Philippines to the average entries during the years 1957–59 of such sugar from countries which receive a proration of 20,000 tons or less. No direct-consumption imports would be permitted from countries, other than the Philippines, with quotas of more than 20,000 tons. Provides that replacement supplies of sugar authorized for importation in lieu of quotas of countries not in diplomatic relations with the United States, such as Cuba, shall be in raw sugar so long as raw sugar is reasonably available from all authorized sources combined. If the Secretary finds that raw sugar is not reasonably available, he may authorize the purchase of direct-consumption sugar as required.

6. Provides that a deficit in the quota or proration for any domestic area or foreign country would be prorated, in accordance with their basic quotas or prorations, to quota countries with which the United States maintains diplomatic relations and which are able to fill such deficit. If these countries cannot fill all of such deficit, the remainder would be apportioned by the Secretary to nonquota countries with which we are in diplomatic relations.

7. Provides that any nation or political subdivision thereof which hereafter unlawfully expropriates American-owned property or otherwise seriously discriminates against such property and fails to take remedial action within a reasonable time will have its quota, proration, or authorization to import sugar suspended. Further provides that if the President, in his discretion, finds that any nation discriminates against U.S. citizens in its sugar program, he shall suspend the quota or other authorization of such nation.

8. Provides that quotas apply to the sugar content of any sugar-containing product or mixture which does not have a recent history of importation unless the Secretary finds that importation will not substantially interfere with attainment of the objectives of the act. The Secretary may also apply quotas to the sugar content of any sugar-containing product or mixture that has a history of importation in recent years if he finds that importation of the product or mixture will substantially interfere with attainment of the objectives of the act.

9. Sets up a small liquid sugar quota to permit the importation of sirup of cane juice of the type of Barbados molasses and eliminates other liquid sugar quotas.

10. Prohibits the importation into the Virgin Islands of any sugar not produced in domestic areas and only sugar produced in the Virgin Islands would be eligible to be brought into the continental United States within the quota for the Virgin Islands.

The House conferees reluctantly receded on the provision which provided for a refund of approximately $22 million to the Government of the Dominican Republic, including the South Puerto Rico Sugar Co., an American-owned company. The conferees agreed that while the claim was meritorious the refund of the amount involved should not be authorized in this bill, but might very well be appropriately considered in separate legislation.

Harold D. Cooley,
W. R. Poage,
Paul C. Jones,
Daniel K. Inouye,
Charles B. Hoeven,
Clifford G. McIntire,
Charles M. Teague,
Managers on the Part of the House.

Mr. COOLEY (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this conference report that is now being submitted to the House meets the approval of all the House conferees and all of the Senate conferees except one. We had long conferences and discussed all the provisions of the two bills at great length.

The Senate, as all Members know, brought out a bill which was substantially the administration's bill. The bill which the House passed was a bill written in the House Committee on Agriculture.

Mr. Speaker, the bill as developed by our Committee on Agriculture and approved by the House allocated 9,700,000 tons of sugar and based the participation in our sugar market on country-by-country quotas. I point out to the House that of the more than 2 million tons allocated by the committee on this country-by-country basis, changes affecting only 135,000 tons of these allocations were made in the conference, as the House conferees resisted the efforts of the other body to open all this tonnage for foreign suppliers, except the Philippines, on a catch-as-catch-can global quota system. This clearly indicates that the House committee made the allocations, in the bill it presented to the House, in a fair and reasonable fashion.

At one time we could be safe and sure that we would have an adequate supply of sugar at all times because Cuba, which was 90 miles off the coast of Key West, always had an adequate supply available to this market. Actually Cuba delivered to this market at prices below world prices during World War II, the Korean conflict, and again in 1957. Now we no longer have Cuba and we have to look to other places for our supplies.

Our committee very diligently and carefully went over the whole world sugar situation country by country. We gave preference to the Western Hemisphere countries and made what we considered reasonable and adequate allotments for many of the Western Hemisphere countries which had not heretofore participated in this program but our chief concern was to secure adequate and assured sugar supplies, diversified supplies, for U.S. consumers. So, having voted down, in our committee unanimously, the proposal for world quotas and having voted unanimously against the recapture of premiums, we set about to make these allocations as fairly and as equitably as we possibly could, taking into consideration the location and proximity of nations.

We found that it was necessary for us to go out of the Western Hemisphere for some of our sugar because we were told by the Director of the Sugar Branch that we could not rely safely upon the Western Hemisphere for adequate supplies of sugar at all times. That accounts for some of these allocations to countries outside of the Western Hemisphere.

In the conference the committee representing the Senate held out for the Senate position and the House conferees unanimously stood adamant against world quotas. But knowing we would have to have a sugar program and that without a sugar program chaos would prevail in our domestic sugar market we did make concessions. We told the conferees to begin with that we would not capitulate but we would compromise and compose our differences and discuss each of these quotas on the merits involved.

As the upshot of a long discussion we finally did agree to let the Cuban quota which we had fixed at 1,500,000 tons be placed on a global quota basis; that is, our executive branch of the Government may acquire that sugar anywhere on earth it decides to acquire it, if it can find the sugar and if exporters are willing to sell to us at world prices. Even this portion of the bill requires that preference will be given to Western Hemisphere countries and friendly countries in this hemisphere.

After making that concession we reduced some of the quotas in the House bill so as to pick up another 135,000 tons, which we added to the Cuban fallback of 1,500,000. So we now have 1,635,000 on a global quota basis. All of the rest of it is on a nation-to-nation allocation.

Then we had another thing to decide. In the Senate they provided for a 20-percent annual phaseout of the sugar premiums which means that 20 percent each year would be accumulated, and at the end of 5 years you would have no foreign quotas and sugar program, in my opinion.

You would have prices in our market the same as prices on the world market, and there would be no inducement for anyone to sell in this market.

The strange thing about it is that the Senate emphasized constantly that they wanted to do something for Cuba, they wanted to save something for Cuba so when Cuba comes back into the family of free nations the economy of Cuba could enjoy the benefit of our premium market which they have enjoyed in past years. But the bill adopted by the Senate saved nothing for Cuba. By recapturing at the cumulative rate of 20 percent a year, any difference between the world market price and our price at the end of 5 years, Cuba and all others would be at world market prices and therefore their quotas would be worthless. They can sell anywhere for these prices.

At this point, Mr. Speaker, I would like to make a prediction. I predict that the executive branch is not going to buy the 1,635,000 tons of sugar in the Cuban drawback at world market prices and that, in fact, it has no intention of doing so. It will offer to buy this sugar at just a little above the world market price, so that the United States will still be an attractive market for homeless sugar.

If this happens, there will be intense competition for import permits to ship this sugar into the United States—even if it only means a few hundred dollars more per boatload than shipping it to some other country. If there are import applications covering more sugar than there is in our global quota, someone is going to have to decide who gets import permits and who goes without them.

Under these circumstances, who is going to allocate this 1,635,000 tons of sugar? Not the 437 elected Members of the House of Representatives and the 100 elected Members of the Senate, but a handful of appointed employees in the executive branch of the Government.

Mr. KEARNS. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Pennsylvania.

Mr. KEARNS. I think you have done a remarkable job in this situation. I am particularly interested in whether we are going to recognize Castro and whether we are going to take care of the Dominican Republic. I just walked over here this morning with Senator Carlson. I know what they did in the Senate. I think you did a good job.

But how are we going to explain to the people of the United States of America this situation?

Mr. COOLEY. This bill?

Mr. KEARNS. Yes.

Mr. COOLEY. I will tell you how you can explain it to them.

Mr. KEARNS. I would like to have a letter you would dictate. It would be valuable to have.

Mr. COOLEY. All right, I will dictate one to you right now. Here is the explanation.

Our domestic producers cannot possibly compete with foreign sources in the production of sugar. We have the highest cost production right here in the Hawaiian Islands and Puerto Rico and our domestic beet and cane areas. Without the program, the housewife might say, "All right, we will get this sugar on the world market at world prices, therefore we will have cheaper sugar." That is not true.

Mr. WILLIS. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Louisiana.

Mr. WILLIS. The gentleman was asking how he was going to explain to his constituents about this bill vis-a-vis Castro and the reservation of the Cuban quota.

Mr. COOLEY. We are reserving the Cuban quota, for that time when Cuba returns to the family of free nations. There is not one pound of quota in the bill for Castro Cuba. Cuba had a quota of 3,200,000 tons before Castro came into power. We have taken that 3,200,000 tons and set aside 1,635,000 tons which we say we are saving for free Cuba. The other is given to domestic producers of both cane and beets and to these foreign countries which are enumerated in this report.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Arkansas.

Mr. HARRIS. The gentleman has referred to the fact that in the conference report 1,635,000 tons were set aside for Cuba. Is that right?

Mr. COOLEY. It is being held for Cuba.

Mr. HARRIS. But not now.

Mr. COOLEY. No.

Mr. HARRIS. What the gentleman means is that if and when Castro is overthrown and Cuba comes back into the free world there will be this amount that will be allocated to Cuba, but nothing goes to Cuba now?

Mr. COOLEY. Nothing now goes to Cuba. Not a pound goes to Cuba, but the administration is authorized to acquire that quantity elsewhere on a year-to-year basis.

Mr. KEARNS. I think the gentleman from Arkansas [Mr. HARRIS] asked you the question I wanted to know. If you were writing me a letter how to answer labor problems or education, I would refer to the distinguished gentleman, my chairman, and say, this is my opinion. Now how do we write to define our position against Castro on the sugar bill?

Mr. COOLEY. How do we explain our position?

Mr. KEARNS. Define our position.

Mr. COOLEY. Well, we just do not give Castro any sugar.

Mr. KEARNS. All right.

Mr. COOLEY. We do not give him a pound and we will not give him any.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Iowa.

Mr. GROSS. How do you make the protection contained in this bill square with the free trade bill which was passed earlier this week?

Mr. COOLEY. That is a very good question.

Mr. GROSS. And which the gentleman voted for.

Mr. COOLEY. I said that is a very good question.

The SPEAKER. The time of the gentleman has expired.

Mr. COOLEY. Mr. Speaker, I yield myself 5 additional minutes.

Mr. Speaker, I want to say to my friend, the very purpose of this act is to protect American producers of sugarbeets and sugarcane, and the American consumer, and that has been very well accomplished over a period of 27 years.

Mr. GROSS. Of course, the American consumer is paying twice over the world market for sugar.

Mr. COOLEY. No.

Mr. GROSS. Oh, yes.

Mr. COOLEY. In terms of consumer purchasing power, sugar is cheaper in the United States than in any other country in the world.

Mr. GROSS. The world market in April was less than $2.50 and our price was $6.43.

Mr. COOLEY. I agree with you that the market here is usually above the world market price. It was designed in the original act, so that it would be and give us an assured supply of sugar. In times of great national emergency the world price has gone above the domestic price but because of our quota system our suppliers have continued to ship to us even at a loss compared to world prices.

Mr. GROSS. So today the gentleman becomes a protectionist while earlier this week he was a free trader along with a lot of others.

Mr. BOGGS. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman.

Mr. BOGGS. As the gentleman knows, the bill that we passed earlier this week was not a free-trade bill, it was a bill providing for reciprocity. The bill that the gentleman from North Carolina is sponsoring here today is the same kind of bill to provide reciprocity in the markets of the Western Hemisphere and elsewhere. And, Mr. Speaker, if the gentleman will yield further, I want to point out there is no such thing as a world price of sugar. That is a fictitious thing. This so-called price of sugar applies to no country on earth. Relatively speaking, except for certain tropical countries, we have the cheapest price of sugar of any nation on earth.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman.

Mr. MASON. With reference to this reciprocity business, if I understand what reciprocity means, there has been no reciprocity since 1934 when the reciprocal trade agreements program was adopted. We got the short end of the stick every year since then.

Mr. WICKERSHAM. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman.

Mr. WICKERSHAM. I would like to ask the gentleman, in this conference report, how much new growth is there? How many tons are available for new growers?

Mr. COOLEY. Well, I will discuss that question right now. In our bill we provided 50,000 tons a year for new beet growers, which is a tonnage sufficient to justify the building of one mill. The other body increased that figure to 65,000 tons. We receded and accepted the 65,000-ton figure.

Mr. WICKERSHAM. May I ask at this point, then, if, within the next 2 or 3 or 4 years, there would be any chance or any possibility of a new refinery, say, in Oklahoma, New Mexico, or Texas, or Kansas?

Mr. COOLEY. I cannot tell you where any new refinery may be built. We did not fix the location of the mills. Nobody can be sure of that. All we did was set aside a certain tonnage in the bill and for new areas—65,000 tons a year. We increased the domestic participation in the growth in sugar consumption from 55 to 65 percent. Now, for the benefit of those who are interested in refineries, I would like to say the position of the House in regard to refined sugar did prevail.

We have stricken out 375,000 tons of refined sugar coming in from Cuba.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. GROSS. Is there still a quota from Mauritius?

Mr. COOLEY. No. It will be pleasing to the gentleman to know that there is not. I would like to take a minute on Mauritius. Mauritius is an island out in the Indian Ocean, a far-distant place from here.

Mr. GROSS. East of Madagascar.

Mr. COOLEY. Yes; somewhere east of Madagascar, but it is an important spot in the sugar world. Representatives of all the sugar-producing areas of the world will meet in Mauritius for the annual international sugar conference this fall.

Mr. GROSS. They have a nice climate down there.

Mr. COOLEY. That is probably true. I have never been there. They also have a production and potential production on this little island of 600,000 tons of sugar a year. They consume less than 30,000 tons on the island. They are capable of exporting almost 600,000 tons.

The SPEAKER. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Speaker, I yield myself 5 additional minutes.

The population is about half the size of the District of Columbia. The area is slightly larger than my home county. But it is an important little island and a reliable source of supply. We gave them only 10,000 tons, more or less a hardship relief proposition, but there was so much fuss raised about Mauritius we just had to recede. The conference bill does not give Mauritius anything.

I hope Mauritius will get something out of the other part of the program.

Mr. GROSS. How about Ireland?

Mr. COOLEY. You mean that green little island across the Irish Sea? Yes, that is in.

Mr. GROSS. Ireland is in?

Mr. COOLEY. We did not name it, but it is right in here. In the general language there is 10,000 tons unallotted.

Mr. GROSS. This is a sugar-short nation, is it not?

Mr. COOLEY. But it is in the bill.

Mr. GROSS. One final question: Is the other body doing anything about this conference report today?

Mr. COOLEY. They will meet Monday, and we are assured that they will act by Monday noon.

Mr. GROSS. Then this act expires at midnight tonight.

Mr. COOLEY. That is right.

Mr. GROSS. Why does not the other body meet and take care of it today? Can the gentleman explain why they should not act today and this act be continued?

Mr. COOLEY. We were told by the administrator that we could go on for a few days without a program.

Mr. GROSS. Then why are we dealing with it here today?

Mr. COOLEY. The Senate will be in a position to pass it Monday morning and very little sugar can be taken out between Saturday and Monday afternoon. I want to see this bill enacted today.

Mr. ABERNETHY. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. ABERNETHY. The House, under the rules of procedure, has to act first, the bill originating in the House, so we have to act on it today.

Mr. GROSS. Even though it is passed by the House today, it will not become law until the other body agrees to it also.

Mr. COOLEY. It will not. The Sugar Act will expire. That means we will be without a program.

Mr. GROSS. So the sugar people can get their sugar out of the warehouses until the new law is enacted.

Mr. COOLEY. That is right. I will amplify my statement for the RECORD, Mr. Speaker, regarding Ireland. I have a prepared statement.

Mr. Speaker, one of the delightful subjects in the Senate bill—along with many features which the House conferees did not consider so pleasant—was a provision for the purchase of up to 10,000 tons of sugar from that gem of the eastern Atlantic, sometimes referred to as the Emerald Isle, which annually has for export a small amount of sugar. It is true that Ireland is not mentioned specifically in the Senate bill but on page 3 of the conference report, subparagraph (c) authorizes the purchase from "foreign countries not enumerated" in the foreign quota section of up to 10,000 tons of sugar per year. It was stated in the Senate that this language was intended to permit the importation of 10,000 tons of sugar per year from Ireland and it was the clear and avowed intention of the committee of conference that this authorization should be retained in the bill.

Now, as everyone knows, sugarcane does not grow in Ireland and all of the Irish sugar production is beet sugar, which comes out of the mill in crystal form ready to use, just as our own beet sugar does.

On page 6 of the conference report in subparagraph (2) is a limitation on the importation of refined sugar into the United States which says:

> The proration or allocation established for each foreign country of 20,000 short tons, raw value, or less under section 202(c)(3) may be filled by direct-consumption sugar to the extent of the average amount of direct-consumption sugar entered by such country during the years 1957, 1958, and 1959.

Since Ireland did not import any sugar into the United States during those years, it might appear at first that this provision would prevent the carrying out of the provision, with respect to Ireland, adopted by the conference and set out on page 3, to which I have previously referred. However, a closer look at the language makes it clear that there is no conflict in these two provisions. The subparagraph on page 6 refers only to "the proration or allocation established for each foreign country" under section 202(c)(3). No proration or allocation is established for Ireland under the provisions of that section, but the purchase of some sugar from Ireland is left discretionary with the Secretary of Agriculture. The provision giving the Secretary this authority states that each foreign country to which an allocation is made under the provision of that authority "shall be permitted to import into the continental United States the amount of sugar allocated by the Secretary."

Thus it is quite clear that, since the provision as just referred to is absolutely mandatory in character, and since the provision on page 6 relating to refined sugar applies only to countries specifically named in the previous section of the bill, the legislation does permit, as the conference intended, the importation of this quantity of refined sugar annually from Ireland.

I would like to say another thing; we include a quota for the British West Indies. This quota embraces all the territories that are members of the BWI Sugar Association. This includes British Guiana.

And let me mention the Dominican Republic. We very reluctantly gave up the idea of a refund of $22 million which was taken away from the Dominican people and the companies which exported sugar to the United States. The Senate recognized the claim, but they did not think it should be included in this bill; so we receded, and it was stricken out.

Mr. BREEDING. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. BREEDING. Is there any provision in this new bill which says that these countries selling us sugar must spend a great portion of that money for agricultural products in our country, such as wheat?

Mr. COOLEY. No; unfortunately that is not in here, but it is clearly understood by the House and I am sure by the Senate that we reserve the right to reallocate these quotas and that when we do we will take a hard look at such transactions.

If the program is not being administered advantageously for the sale of our agricultural commodities, we will do what we can to improve the situation. We will be watching.

Mr. DOLE. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Kansas.

Mr. DOLE. There is an amendment adopted in the Senate bill that does apply to the global portion of the program giving preference to those countries who will buy our commodities?

Mr. COOLEY. That is true. In this part of the program we must leave it up to the administration to carry out what they know to be the views of Congress, and that is that we should give special consideration and preference to the countries that are purchasing our commodities.

Mr. INOUYE. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Hawaii.

Mr. INOUYE. Mr. Speaker, is it not true that in the years 1942, 1943, 1944, 1945, 1947, 1951, and 1957, because of the Sugar Act, the United States was able to buy sugar at less than the world market price?

Mr. COOLEY. That is correct.

Mr. INOUYE. Is it not true, as far as our housewives are concerned, we spend less for sugar than all other countries?

Mr. COOLEY. Less than any other country?

Mr. INOUYE. Yes.

Mr. COOLEY. I think that is correct.

Mr. BOGGS. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Louisiana.

Mr. BOGGS. The gentleman from Hawaii has made a very significant statement. As a matter of fact, in World War I, when we had no sugar act, when we were operating under the old tariff system, we had practically no sugar in the United States, and the price went up to 25 and 30 cents a pound. In World War II we had a Sugar Act and the price did not advance at all.

Mr. COOLEY. Yes.

Mr. JOHANSEN. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Was Ireland included in the sugar quotas prior to this bill?

Mr. COOLEY. No.

Mr. JOHANSEN. Can the gentleman give us a little more detailed explanation for the inclusion of Ireland?

Mr. COOLEY. Well, it was in the Senate bill, and we had to make some concession, and we thought that was one concession we could justify making. Ireland exports about 15,000 tons of sugar a year.

Mr. JOHANSEN. Apparently we have not been able to get one concession out of the other body. If the legislation does not expire at midnight, I am wondering why we are here today.

Mr. COOLEY. I thought last night the Senate would be in session, but the leadership decided to let it go over until Monday.

Mr. BRUCE. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Indiana.

Mr. BRUCE. I notice on page 3 of the report a reference to the assignment of exports from Hong Kong. Can the gentleman tell me the source of the sugar that will be coming from Hong Kong?

Mr. COOLEY. No; unfortunately I cannot tell the gentleman what the source would be. Hong Kong, for some reason or other, has been in the Sugar Act from the very beginning. It has a small allocation of 3 tons.

Mr. BRUCE. Is there any chance that this sugar would be coming out of Red China?

Mr. COOLEY. Of course we hope not. I do not know whether it will be coming out of Red China or not. It is not supposed to come out of Red China.

Mr. BRUCE. I thank the gentleman.

The SPEAKER. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Maine [Mr. McINTIRE].

Mr. McINTIRE. Mr. Speaker, the chairman of the Committee on Agriculture has given quite an extensive explanation of this bill, but I thought it appropriate that the minority conferees join with him in support of this conference report. This conference report, if one looks at it from the standpoint of the domestic producer, is a more favorable report than the bill the House passed. We have moved the domestic producer's share of the annual growth from 63 percent up to 65 percent. That may not seem too significant but it is a figure which the domestic producers felt was more equitable.

There was also a provision in both the House and Senate bills by which there would be set aside a fixed amount which would be available to establish new areas and new mills for refining new production.

The House bill carried this reservation at 50,000 tons a year. In the conference report we took the Senate figure of 65,000 tons.

Now, the House bill, as the chairman has indicated, was a bill by which we allocated every pound of sugar to a list of countries on a permanent basis, which included the Cuban allocation.

CALL OF THE HOUSE

Mr. JOHANSEN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 140]

Abbitt
Addonizio
Alford
Alger
Anfuso
Arends
Ashbrook
Aspinall
Bailey
Barrett
Bass, N.H.
Bass, Tenn.
Bates
Becker
Betts
Blatnik
Blitch
Boland
Bolton
Bonner
Boykin
Bromwell
Broyhill
Buckley
Burke, Ky.
Byrnes, Wis.
Carey
Casey
Celler
Chamberlain
Chenoweth
Coad
Colmer
Cook
Corman
Cramer
Curtis, Mass.
Curtis, Mo.
Davis, James C.
Davis, Tenn.
Derounian
Derwinski
Dingell
Donohue
Edmondson
Ellsworth
Evins
Farbstein
Fino
Fisher
Flood
Fogarty
Frazier
Frelinghuysen
Garland
Gathings
Gilbert
Glenn
Goodell
Green, Pa.
Griffin
Griffiths
Halleck
Harrison, Va.
Hays
Healey
Herlong
Hoeven
Hoffman, Mich.
Horan
Hosmer
Ichord, Mo.
Jennings
Johnson, Calif.
Johnson, Md.
Jones, Ala.
Judd
Kelly
Keogh
Kilburn
Kirwan
Kornegay
Kowalski
Kyl
Laird
Landrum
Latta
Loser
McCulloch
McSween
McVey
MacGregor
Madden
Mahon
Mailliard
Martin, Mass.
Matthews
May
Miller, George P.
Miller, N.Y.
Montoya
Moore
Moorhead, Pa.
Morse
Moss
Moulder
Multer
Nelsen
Nygaard
O'Brien, Ill.
O'Brien, N.Y.
Philbin
Pilcher
Poage
Poff
Powell
Rains
Randall
Reece
Reuss
Rhodes, Pa.
Riehlman
Riley
Rivers, Alaska
Rivers, S.C.
Rogers, Tex.
Rousselot
St. Germain
Santangelo
Saund
Saylor
Schadeberg
Scranton
Seely-Brown
Shelley
Sheppard
Sisk
Slack
Smith, Miss.
Smith, Va.
Spence
Stratton
Thompson, La.
Thompson, N.J.
Tollefson
Ullman
Van Zandt
Walter
Whalley
Whitener
Wilson, Calif.
Yates
Zelenko

The SPEAKER pro tempore (Mr. MILLS). On this rollcall 283 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

SUGAR ACT AMENDMENTS OF 1962

The SPEAKER pro tempore. When the point of order of no quorum was made, the gentleman from Maine had 4 minutes remaining. The gentleman is recognized.

Mr. JONAS. Mr. Speaker, will the gentleman yield?

Mr. McINTIRE. I yield to the gentleman.

Mr. JONAS. I was interested in the colloquy between the gentleman from Iowa and my colleague from North Carolina, the chairman of the committee, on the question of how this bill can be squared with the free trade bill the House passed last Thursday. Would you say this is a protectionist bill?

Mr. McINTIRE. I would reply to the gentleman from North Carolina that this bill has within it a global concept which in its actual day-to-day operations means the setting of an import fee which will be equal to the difference between the world price and the domestic price of sugar in this country. If I have any distinct understanding of a protection device, this fits my definition.

Mr. JONAS. I understood the chairman of the committee to state in his remarks that if it were not for this bill, the domestic producers of sugar would be driven out of business by foreign competition.

Mr. McINTIRE. In my opinion, the domestic producers of sugar cannot compete as producers of sugar at present world prices.

Mr. JONAS. I am going to vote for the conference report because I am in favor of protecting the domestic producers of sugar from being driven out of business by unfair competition just as I was in favor of protecting the textile workers in my section of the country from being driven out of their jobs by unfair competition from low cost goods produced abroad and shipped into this country and sold in many instances under the cost of production here. I wish the proponents of this legislation had shown equal interest in the plight of industrial workers who will be thrown out of work when the trade bill becomes effective.

Mr. McINTIRE. May I say to the gentleman from North Carolina that his position and mine are similar in relation to the comment he has just made.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. McINTIRE. I am happy to yield to the gentleman.

Mr. GROSS. I just heard the gentleman use the words "world market." The gentleman is convinced contrary to what the gentleman from Louisiana [Mr. BOGGS] says—the gentleman is convinced that there is a world price, a world market and a world price for sugar; is he not?

Mr. McINTIRE. The term which is used as "world price" is a price which actually reflects the cost of sugar which is, in fact, distress sugar—it represents a very limited amount of sugar which is available out of the total supply. But it comes as close to being a world price as any other term that might be used. But it is, in fact, not a price that reflects the worldwide cost of sugar. It is a price on a limited amount of sugar.

Mr. HARVEY of Indiana. Mr. Speaker, will the gentleman yield?

Mr. McINTIRE. I yield to the gentleman.

Mr. HARVEY of Indiana. I note in the report, although our chairman stated there would be no quotas established as such, that a set of quotas is published and the statement is made, I believe, to quote from the report, it is recommended that such a quota be adhered to. That is on page 14 of the conference report, by assigning quotas on approximately the following basis. Would the gentleman be kind enough to inform the House as to what effect he thinks this statement in the conference report will have on the administrator?

Mr. McINTIRE. Without any question, at least from my understanding of this conference report and the supporting legislation, we have established quotas here. The Senate bill had quotas established in it. They listed the same provisions that are in existing law. The House bill had a much extended list of quotas. We are presenting here in this conference report a list of nations classified as having quotas. However, I would add that we are also placing in this law a means by which the fees are adjusted under the global concept on the basis of 10 percent each year for the 3 years of the act.

My understanding is that we do have permanent quotas listed in this bill.

Mr. HARVEY of Indiana. I thank the gentleman. I would only comment in passing that I feel Congress needs to adhere to and follow very closely our concept of how this should be done, for we have evidence that in the past the wishes of Congress were flagrantly disobeyed and disregarded, and it was done in open defiance of the intent of Congress.

Mr. McINTIRE. I thank the gentleman.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. McINTIRE. I yield.

Mr. DEVINE. Thus far we have been unable to get a satisfactory explanation for the inclusion of a 10,000-ton allocation for Ireland. It is my understanding that the trade people in Ireland are unable to produce enough sugar for their domestic consumption. I would ask the gentleman if the conferees during the conference offered any justification or explanation for including this fine country under such circumstances.

Mr. McINTIRE. May I advise the gentleman from Ohio that in going around the world to purchase sugar last year we did purchase some sugar from Ireland. The provision was in the Senate bill. The House receded to the Senate and placed the same provision in this bill.

I would like to close my remarks with just one observation. In this bill we have made provision which, in my opinion, protects the employment in the refining plants along our coastal areas. This was a serious problem in the early development of the bill, but this bill does provide protection for the employees in these processing plants.

I would also say, as I have said before, that in my opinion this conference bill is more favorable to the domestic sugar industry than the House bill but in my opinion the domestic industry both cane and beet, wants to examine very closely the global quota concept as it is in operation over the next few years. This is a major departure from legislation in previous sugar bills. This departure is very, very major. It could have very interesting and perhaps rather serious developments, and I think it should be examined as we go along to make sure that these changes are constructive for our domestic industry.

Mr. COOLEY. Mr. Speaker, I yield such time as he may desire to the gentleman from Florida [Mr. SIKES].

Mr. SIKES. Mr. Speaker, the conference report on the sugar bill is a definite improvement over the Senate version of the bill. I believe it would have been a serious mistake to adopt in toto the Senate bill. I am particularly pleased that in the conference report the increased domestic quota is protected and the assignment of quotas to our friends in Latin America also is preserved.

U.S. producers are in excellent position to take advantage of the opportunity for production of additional quantities of sugar for the domestic market. This is one of the healthiest aspects of the bill. It will provide a definite stimulus to the American economy.

The scope of the measure we are approving today will be of substantial benefit to the Alliance for Progress. Had we adopted the Senate version of the sugar bill, it would have had the effect of launching a ship and immediately thereafter scuttling it. The Alliance for Progress is a newly launched enterprise now being tested for seaworthiness. The sugar bill provides an effective indication of the determination of the United States to favor the nations of our own hemisphere.

Possibly it was not generally known here, but consternation has twice prevailed in Latin America during the consideration of the sugar bill; once when an ill-advised official of the State Department announced that certain nations would not receive a quota under the administration version of the bill, and again when the Senate threw out the House bill and substituted the measure which would have given the State Department the authority to administer the measure and assign quotas. Meetings have been held with the State Department Secretariat by ambassadors of Latin America to convey firsthand their dismay and concern over these developments. The conference version of the bill, by retaining these important factors of the House bill, will do much to restore confidence.

Many thousands of new growers and producers and workers will benefit directly in the United States and in the Western Hemisphere through this bill. Millions of dollars will be invested by private enterprise and initiative in modernization, new equipment, higher wages, and in schools, hospitals, highways—even wells in villages—as a result of this bill. And, finally, the bill shows concern for the pocketbooks of the American housewife and the American taxpayer. The conference report should be adopted.

Mr. COOLEY. Mr. Speaker, I yield such time as he may desire to the gentleman from Hawaii [Mr. INOUYE].

Mr. INOUYE. Mr. Speaker, I notice that in the conference report at the bottom of page 3 and the top of page 4, in the language providing for the handling of the quota which is withdrawn from Cuba, the phrase appears "and a quantity of sugar not to exceed an amount equal to proration or allocation which would have been made but for the provisions of this paragraph, may be authorized for purchase and importation from foreign countries."

Mr. Speaker, this language does not carry out the intention of the committee of conference. The conferees discussed this particular language and it was understood that the language of the House bill would be used at this particular point instead of the language of the Senate bill. The House bill reads "a quantity of sugar equal to the proration or allocation which would have been made but for the provisions of this paragraph, shall be authorized for purchase and importation from foreign countries."

However, in the settlement of the big issues before the conference, and one of the big issues was the manner in which the Cuban drawback is to be purchased, it was agreed that the House would accept in general the provisions of the Senate bill. Since those provisions are involved in this paragraph 4 in which the language as just quoted appears, in its final action the conference staff simply lifted paragraph 4 from the Senate bill, without using the House language in this particular phrase which had previously been agreed upon.

It was the intention of the committee of conference that the Secretary should have no discretion in this matter; that when a quota has been withdrawn from Cuba, or from any other country, there shall be an obligation on the part of the Secretary to replace all of such quota with sugar from other countries.

This intent is properly stated in the statement on the part of the House on page 14 of the conference report where it says:

> While the United States and Cuba are not in diplomatic relations the amount of this Cuban reserve will—

And I repeat, "will"—

> be purchased from any countries with which we are in diplomatic relations.

This is clearly the proper interpretation of this language in the bill and leaves the Secretary no discretion in this matter.

Mr. Speaker, prior to the issuance of this statement, I conferred with the chairman of our committee, the gentleman from North Carolina [Mr. COOLEY], and the distinguished senior member of the minority, the gentleman from Maine [Mr. McINTIRE], and these gentlemen have assured me of their concurrence in this statement.

In closing, Mr. Speaker, all members of the House conference committee, I am certain, will join with me in commending the House conference staff members for their superb job in preparing this report. Our special gratitude should be extended to our faithful and tireless staff members, Mr. John Heimberger, Mr. Hyde Murray, and Mrs. Christine Gallagher.

Mr. COOLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. QUIE].

Mr. QUIE. Mr. Speaker, I want to commend the conferees on reaching this agreement because it comes very closely in line with the substitute I offered in the Committee on Agriculture. At that time I indicated I favored global quotas. When we secure the Cuban quota on a global quotas basis, it will leave the sugar quota intact to be purchased from Cuba in the event the country ever overthrows Castro.

It also provides for a reduction in the permanent quota that was not in the House bill, which I think is good and was in my substitute. It gives preference to the Western Hemisphere and to the countries that will buy agricultural commodities from the United States. I do not agree we should give some of these countries permanent quotas for the first time, British West Indies, French West Indies, Australia, India, South Africa, the Fiji Islands, and also the Netherlands which had a quota prior to the enactment of this extension.

I want to ask the chairman of the committee a question. According to the provision on page 4 of the committee report, subsection (e), if a foreign country imports sugar, it may not export sugar to the United States to fill its quota or proration thereof for any year unless in both the preceding and current calendar years its aggregate exports of sugar to countries other than the United States equal or exceed its aggregate imports of sugar.

From a table we had in a report on the bill when it came to the House, it was shown that the Netherlands is importing more sugar than they are exporting to countries other than the United States, in which case they will not be permitted to send the 10,000 tons to the United States; is that correct?

Mr. COOLEY. If I understand the gentleman correctly, I think he has stated the situation accurately. I may say to the gentleman the Netherlands has participated in this program for years. There was a small allocation of 4,000 tons, and we increased it to 10,000 tons.

Mr. QUIE. Under that section, if it is found more sugar is being imported into the Netherlands than they are exporting to countries other than the United States, they will not be able to fulfill the 10,000-ton quota?

Mr. COOLEY. I think that is correct. I might say that some comment was made regarding Ireland and why Ireland was included. I looked at the record here, and it is indicated that Ireland has exported in the last 3 years an average of 15,000 tons. Under those circumstances they are receiving 10,000 tons.

Mr. QUIE. Take Ireland in the table on page 10 of the House Report No. 1829 on H.R. 12154. If they are importing more than 15,000 tons over exports to other countries, then they, too, would not be able to sell us the 10,000 tons which was spoken of earlier.

Mr. COOLEY. I think that is correct.

Mr. QUIE. Also in your quota to "other countries" amounting to 11,332 tons, Canada, the United Kingdom, and Belgium are included, and those countries definitely are importing more sugar than they are exporting to countries other than the United States, and for that reason they would not be able to sell to the United States any of the quota that is given to them; is that correct?

Mr. COOLEY. You left out Hong Kong. I think Hong Kong is in the same category.

Mr. QUIE. Yes.

Mr. COOLEY. If the actual facts show they are in violation of the sugar quota brought in, then the gentleman's interpretation is correct, and I think it is correct.

Mr. QUIE. I thank the gentleman.

Mr. COOLEY. Mr. Speaker, I yield myself 1 minute.

Mr. HAGEN of California. Mr. Speaker, will the gentleman yield?

Mr. COOLEY. I yield to the gentlemen from California.

Mr. HAGEN of California. Is British Guiana considered part of the British West Indies?

Mr. COOLEY. That is my understanding; yes.

Mr. HAGEN of California. Is there any provision which would prevent British Guiana getting any part of this? Is it your intention that British Guiana participate in this British West Indies allocation?

Mr. COOLEY. That is correct.

Mr. Speaker, I now yield 2 minutes to the gentleman from Kansas [Mr. DOLE].

Mr. DOLE. Mr. Speaker, this bill, that is, the conference version, is a marked improvement, in my opinion, over the measure before the House last week. I should point out that on page 4 of the conference report there appears the following language:

> In authorizing the purchase and importation of sugar from foreign countries under this paragraph, special consideration shall be given to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

This language adopted by the other body and offered by the Senator from Kansas [Mr. CARLSON] is self-explanatory and a marked improvement. Also, under the Senate version 65 percent of the market growth will go to domestic beet producers. In my opinion, the global quota provisions are noteworthy and will help eliminate lobbyists and pressure groups. Setting aside 65,000 tons per year for new factories for new growers as provided in the Senate version will mean four plants in 3 years instead of one processing plant per year as provided in the House version.

Mr. BEERMANN. Mr. Speaker, will the gentleman yield?

Mr. DOLE. I yield to the gentleman from Nebraska.

Mr. BEERMANN. I see in the statement on the part of the managers of the House on page 16 the House conferees reluctantly receded on the provision which would have provided for a refund of over $22 million to the Dominican Republic. I do not see that part in the conference report.

Mr. DOLE. I might explain to the gentleman that the House receded from its position on this amendment. The matter is pending in the Court of Claims as I previously pointed out in the committee and on the House floor.

Mr. COOLEY. Mr. Speaker, if the gentleman will yield, of course, the language is not in the conference report because it was deleted in conference. We receded from the language of the Senate. If you will look at page 16, the last paragraph, it just refers to the $22 million as being a matter to be considered under separate legislation.

Mr. DOLE. Certainly elimination of this windfall is another improvement to the bill.

Mr. BEERMANN. It says "might very well be appropriately considered in separate legislation." Since this matter is in the Court of Claims, it ought to be considered under separate legislation, if at all.

Mr. DOLE. Probably many things can be considered in separate legislation.

The SPEAKER. The time of the gentleman from Kansas has expired.

Mr. COOLEY. Mr. Speaker, I yield 2 minutes to the gentleman from North Dakota [Mr. SHORT].

Mr. SHORT. Mr. Speaker, as one of those who kicked up quite a little fuss on the floor when we were considering this bill the other day, I want to commend the conferees on the House side particularly for coming back with a conference report that I think is somewhat of an improvement over the bill we passed here a few days ago, because it provides improvement so far as our domestic industry is concerned. This is the thing that I was concerned about the other day, and I want to compliment my chairman on the House Committee on Agriculture for getting this improvement in the bill.

It has been reiterated what has been done for the domestic industry. I will not go into that. I do have some little concern that it is not quite clear what certainly is going to happen under the administration of this new bill in regard to the recapture provision. I have a little bit of concern where we are going to be at the end of 5 years. Are we going to be in the position where we buy all of our foreign sugar in the world market and the domestic industry is going to be in the position of looking like a highly subsidized industry?

Mr. Speaker, I think we have to remember that we have to protect this domestic industry of ours, because it is vital to us; it is vital not only to a large segment of the economy of our country but vital to us as a part of our supplies for this Nation in the event hostilities develop.

Mr. Speaker, I also express a little bit of concern and regret that there was not some provision for the domestic industry to share to some degree in domestic deficits, as has been included in previous legislation. However, in the wisdom of the conferees and in the wisdom of the committees on both sides of the Capitol this was left out. I will have to concede to their better judgment.

I want to say here and now, Mr. Speaker, that I hope this bill will be passed. I intend to vote for it, as I did the other day. I hope there will not be too many Members who vote against the bill because I think with all the peculiarities involved in this sugar legislation, this is about the best we could come up with at this time.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. SHORT. I yield to the gentleman from North Carolina.

Mr. COOLEY. On the recapture portion of the bill, I would like to say to the gentleman that the Senate bill provided for recapture at the rate of 20 percent a year for 5 years. That is what they refer to as the phasing out program. That means that at the end of 5 years you have no quota on foreign sugar coming into this country.

We compromised that and fixed it at 10 percent each year for a period of 3 years.

Mr. Speaker, I will remind the gentleman that the foreign quota applications here only run for 2½ years; namely, this year plus 1963 and 1964; at the end of this year we will take a look at this Cuban fallback, and before the end of 1964 we will take a look at all these foreign allocations.

Mr. SHORT. I thank the gentleman from North Carolina for explaining in more detail this most important part of the bill.

Mr. COOLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Oklahoma [Mr. Wickersham].

Mr. WICKERSHAM. Mr. Speaker, first I would like to compliment the committee for at least increasing the amount of acreage and tonnage for domestic growers. I think it should have been at least 150,000 tons. However, I desire to pay tribute to our Senators from Oklahoma, and particularly to pay tribute to my senior Senator from Oklahoma, Robert S. Kerr, for his work in getting the quotas for domestic growers increased from 50,000 tons, as contained in the House bill, to 65,000 tons.

Mr. Speaker, at this time I should like to ask the gentleman from Missouri [Mr. Jones] who has taken a great interest in the sugar bill and who is familiar with the situation, being on the Committee on Agriculture, if in his opinion, there is sufficient tonnage allocated to new growers to the extent that such States as Kansas, Oklahoma, Texas, and so forth, could get four refineries within the next 3 years?

Mr. JONES of Missouri. May I compliment the gentleman from Oklahoma [Mr. Wickersham], former member of the House Agricultural Committee, for his great interest in the farmers, and for his knowledge of the facts relating to quotas for new growers.

If the gentleman will yield further, I might say that I doubt that there would be four refineries in 3 years; that is too fast.

Mr. WICKERSHAM. Within what period of time?

Mr. JONES of Missouri. Well, this bill provides for a lot more than we would have received under the House bill originally. It is estimated that there will be one factory the first year, one factory the second year, and possibly two factories the third year, and then on a continuing basis, predicated upon the basis of the increases that have been allocated.

Mr. WICKERSHAM. Then, the gentleman thinks within the next 5 or 6 years those States would have the opportunity of getting a refinery?

Mr. JONES of Missouri. If the gentleman will yield further, one of those States, I would say, would get a refinery within the next 3 years.

Mr. WICKERSHAM. I thank the gentleman.

Mr. Speaker, I would like to ask my colleague, the gentleman from Kansas [Mr. Breeding], a question: I am aware of the position of the gentleman from Kansas, and his interest in farmers. I am also aware of his thorough knowledge of the agricultural situation.

I know of the gentleman's interest in the quota system. I notice that he mentioned the fact that he thought we should require these countries which receive these quotas to, in turn, purchase an equal value in the form of American farm products.

I agree with the gentleman, and I should like for the gentleman to elaborate further upon his idea.

Mr. BREEDING. Mr. Speaker, if the gentleman will yield——

Mr. WICKERSHAM. I yield to the gentleman from Kansas.

Mr. BREEDING. I would like to comment a little bit on the work that the gentleman from Oklahoma [Mr. Wickersham] has done in regard to working out this sugar program, and his efforts to get more sales for agricultural products from our country abroad. I, too, have worked in this program consistently to try to get these purchasing countries to spend a great portion of this money here in our country. I feel it is no more than right that they should. That was the reason for my question of the chairman of the committee, because in the language that went out of the House here a few days ago in this sugar bill we had this wording in there. However, it is not presently contained in the conference report. The gentleman from North Carolina [Mr. Cooley] says that it will be reviewed annually, and those countries that show that they are spending this money for agricultural products then will be given consideration in the new allocations.

Mr. WICKERSHAM. Mr. Speaker, I agree with the gentleman. I also agree with my colleague from Texas [Mr. Rogers] in that I think the quota allocated to Cuba that is held in reserve until Cuba returns to the free-world fold should be loaned to the American growers, old and new, to the extent they can continue to grow the additional acreage, until such time that Cuba gets back on the right track, at which time the population will have increased to such an extent that it will never be returned.

Mr. Speaker, at this time I should like to ask the Chairman this question. Since it is so important that the House approve this measure today, June 30, is it not equally important that the other body act today so that no warehouse or individual may be in a position to corner the market on Sunday or Monday? Evidently, it appears that the Senate will not act until Monday afternoon.

Mr. COOLEY. I do not think it could happen on Sunday. I doubt that anything will happen on Monday. Unfortunately, we have no control over the other end of the Capitol.

Mr. WICKERSHAM. I agree with the gentleman; I hope nothing will happen.

Mr. COOLEY. I have been assured that the conference report will be considered in the Senate next Monday.

Mr. JOHANSEN. Mr. Speaker, will the gentleman yield?

Mr. WICKERSHAM. I yield to the gentleman from Michigan.

Mr. JOHANSEN. In view of the concern expressed by the gentleman from Oklahoma, which I share with respect to the failure of the other body to act, I think that the responsibility for this, if anything goes amiss, will have to be shared by them. And I would like to direct attention to the fact that in the other body the Under Secretary of State, Mr. Ball, was quoted as the authority for giving assurance and guarantee that there would be no injury resulting. In the unfortunate event that there is injury, I should like the record clear as to that statement.

Mr. QUIE. Mr. Speaker, will the gentleman yield?

Mr. WICKERSHAM. I yield to the gentleman from Minnesota.

Mr. QUIE. Mr. Speaker, I should like to say to the gentleman that of the 4 or 5 mills that may be established the gentleman should not expect that they will all be in his part of the country, because I understand they will be allocated on a first come, first served basis. One of these years we expect Minnesota will be in there.

Mr. WICKERSHAM. I am sure that Minnesota and Oklahoma interests will come in from time to time. You may rest assured that Oklahoma will be in there, right alongside the other States.

Mr. COOLEY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and on a division (demanded by Mr. Johansen) there were—ayes 143, noes 8.

Mr. JOHANSEN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 248, nays 31, not voting 158, as follows:

[Roll No. 141]

YEAS—248

Abernethy
Adair
Albert
Alexander
Andersen, Minn.
Andrews
Ashmore
Auchincloss
Avery
Ayres
Baker
Baldwin
Barry
Battin
Beckworth
Beermann
Belcher
Bell
Bennett, Fla.
Bennett, Mich.
Berry
Boggs
Bow
Brademas
Breeding
Brewster
Brooks, Tex.
Brown
Burke, Mass.
Burleson
Byrne, Pa.
Cahill
Cannon
Cederberg
Chelf
Chiperfield
Church
Clark
Cohelan
Collier
Conte
Cooley
Corbett
Cunningham
Curtin
Daddario
Dague
Daniels
Davis, John W.
Dawson
Dent
Denton
Diggs
Dole
Dominick
Dooley
Dowdy
Downing
Doyle

Dulski
Durno
Dwyer
Elliott
Everett
Evins
Fascell
Fenton
Finnegan
Flynt
Ford
Forrester
Fountain
Fulton
Gallagher
Garmatz
Gary
Gavin
Giaimo
Gonzalez
Goodling
Granahan
Grant
Gray
Green, Oreg.
Gross
Gubser
Hagan, Ga.
Hagen, Calif.
Haley
Hall
Halpern
Hansen
Harding
Hardy
Harris
Harrison, Wyo.
Harsha
Harvey, Ind.
Harvey, Mich.
Henderson
Hiestand
Hoffman, Ill.
Holifield
Holland
Huddleston
Hull
Inouye
Jarman
Jensen
Joelson
Johnson, Wis.
Jonas
Jones, Mo.
Karsten
Karth
Kearns
Kee
Keith
King, Calif.
King, N.Y.
King, Utah
Kitchin
Kluczynski
Knox
Kunkel
Langen
Lankford
Lennon
Lesinski
Libonati
Lindsay
Lipscomb
McDonough
McDowell
McFall
McIntire
McMillan
Macdonald
Mack
Magnuson
Martin, Nebr.
Mason
Mathias
Meader
Merrow
Miller, Clem
Milliken
Mills
Minshall
Moeller
Monagan
Moorehead, Ohio
Morgan
Morrison
Mosher
Murphy
Murray
Natcher
Nedzi
Nix
Norblad
Norrell
O'Brien, Ill.
O'Hara, Ill.
O'Hara, Mich.
Olsen
O'Neill
Osmers
Ostertag
Passman
Patman
Pelly
Perkins
Peterson
Pfost
Pike
Pirnie
Price
Purcell
Quie
Reifel
Rhodes, Ariz.
Roberts, Ala.
Roberts, Tex.
Robison
Rodino
Rogers, Colo.
Rogers, Fla.
Rooney
Roosevelt
Rosenthal
Roush
Ryan, Mich.
Ryan, N.Y.
St. George
Schenck
Scherer
Schneebeli
Schweiker
Schwengel
Scott
Selden
Shipley
Short
Shriver
Sibal
Sikes
Siler
Smith, Calif.
Smith, Iowa
Springer
Stafford
Staggers
Steed
Stephens
Stubblefield
Sullivan
Taylor
Teague, Calif.
Thomas
Thompson, Tex.
Thornberry
Toll
Trimble
Tuck
Tupper
Udall, Morris K.
Utt
Vanik
Van Pelt
Vinson
Waggonner
Wallhauser
Watts
Weaver
Weis
Westland
Wharton
Whitten
Wickersham
Widnall
Williams
Willis
Wilson, Ind.
Winstead
Wright
Younger
Zablocki

NAYS—31

Anderson, Ill.
Ashley
Baring
Bolling
Bray
Broomfield
Bruce
Clancy
Devine
Dorn
Feighan
Findley
Hechler
Hemphill
Johansen
Kastenmeier
Kilgore
Marshall
Michel
Morris
O'Konski
Pillion
Pucinski
Ray
Rostenkowski
Roudebush
Rutherford
Taber
Teague, Tex.
Thomson, Wis.
Young

NOT VOTING—158

Abbitt
Addabbo
Addonizio
Alford
Alger
Anfuso
Arends
Ashbrook
Aspinall
Bailey
Barrett
Bass, N.H.
Bass, Tenn.
Bates
Becker
Betts
Blatnik
Blitch
Boland
Bolton
Bonner
Boykin
Bromwell
Broyhill
Buckley
Burke, Ky.
Byrnes, Wis.
Carey
Casey
Celler
Chamberlain
Chenoweth
Coad
Colmer
Cook
Corman
Cramer
Curtis, Mass.
Curtis, Mo.
Davis, James C.
Davis, Tenn.
Delaney
Derounian
Derwinski
Dingell
Donohue
Edmondson
Ellsworth
Fallon
Farbstein
Fino
Fisher
Flood
Fogarty
Frazier
Frelinghuysen
Friedel
Garland
Gathings
Gilbert
Glenn
Goodell
Green, Pa.
Griffin
Griffiths
Halleck
Harrison, Va.
Hays
Healey
Hébert
Herlong
Hoeven
Hoffman, Mich.
Horan
Hosmer
Ichord, Mo.
Jennings
Johnson, Calif.
Johnson, Md.
Jones, Ala.
Judd
Kelly
Keogh
Kilburn
Kirwan
Kornegay
Kowalski
Kyl
Laird
Landrum
Lane
Latta
Loser
McCulloch
McSween
McVey
MacGregor
Madden
Mahon
Mailliard
Martin, Mass.
Matthews
May
Miller, George P.
Miller, N.Y.
Montoya
Moore
Moorhead, Pa.
Morse
Moss
Moulder
Multer
Nelsen
Nygaard
O'Brien, N.Y.
Philbin
Pilcher
Poage
Poff
Powell
Rains
Randall
Reece
Reuss
Rhodes, Pa.
Riehlman
Riley
Rivers, Alaska
Rivers, S.C.
Rogers, Tex.
Rousselot
St. Germain
Santangelo
Saund
Saylor
Schadeberg
Scranton
Seely-Brown
Shelley
Sheppard
Sisk
Slack
Smith, Miss.
Smith, Va.
Spence
Stratton
Thompson, La.
Thompson, N.J.
Tollefson
Ullman
Van Zandt
Walter
Whalley
Whitener
Wilson, Calif.
Yates
Zelenko

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Aspinall for, with Mr. Rogers of Texas against.

Mr. Hébert for, with Mr. Mahon against.

Mr. Kirwan for, with Mr. Thompson of New Jersey against.

Mrs. May for, with Mr. Schadeberg against.

Mr. Cramer for, with Mr. Bass of New Hampshire against.

Mr. Keogh for, with Mr. Fogarty against.

Until further notice:

Mr. Buckley with Mr. Alger.

Mr. Alford with Mr. Nygaard.

Mr. Multer with Mr. Martin of Massachusetts.

Mr. Kornegay with Mr. Horan.

Mr. Farbstein with Mr. Moore.

Mr. George P. Miller with Mr. Saylor.

Mr. Addabbo with Mr. Halleck.

Mr. Davis of Tennessee with Mr. Morse.

Mrs. Kelly with Mr. Scranton.

Mr. Flood with Mr. Curtis of Massachusetts.

Mr. Delaney with Mr. MacGregor.

Mr. Walter with Mr. Glenn.

Mr. Zelenko with Mr. Wilson of California.

Mr. Friedel with Mr. Bates.

Mr. Healey with Mr. Arends.

Mr. Philbin with Mr. Hoeven.

Mr. Santangelo with Mr. Judd.

Mr. Donohue with Mr. Byrnes of Wisconsin.

Mr. O'Brien of New York with Mr. Laird.

Mr. Lane with Mr. Betts.

Mr. Powell with Mr. McCulloch.

Mr. Loser with Mr. Griffin.

Mr. Carey with Mr. Miller of New York.

Mr. McSween with Mr. Riehlman.

Mr. Celler with Mr. Whalley.

Mr. Green of Pennsylvania with Mr. Frelinghuysen.

Mr. Gilbert with Mrs. Bolton.

Mr. Barrett with Mr. Chenoweth.

Mr. Stratton with Mr. Nelsen.

Mr. Bailey with Mr. Goodell.

Mr. Anfuso with Mr. Van Zandt.

Mr. Burke of Kentucky with Mr. Poff.

Mr. Bonner with Mr. Bromwell.

Mr. Corman with Mr. Seely-Brown.

Mr. Moss of California with Mr. Fino.

Mr. Harrison of Virginia with Mr. Hosmer.

Mr. Blatnik with Mr. Ashbrook.

Mr. St. Germain with Mrs. Reece.

Mr. Saund with Mr. Derwinski.

Mr. Shelley with Mr. Tollefson.

Mr. Sheppard with Mr. Becker.

Mr. Sisk with Mr. Ellsworth.

Mr. Slack with Mr. Latta.

Mr. Smith of Virginia with Mr. Kilburn.

Mr. Thompson of Louisiana with Mr. Chamberlain.

Mr. Jennings with Mr. Rousselot.

Mr. Madden with Mr. Curtis of Massachusetts.

Mr. Moorhead of Pennsylvania with Mr. Derounian.

Mr. Rains with Mr. Broyhill.

Mr. Reuss with Mr. Kyl.

Mr. Rhodes of Pennsylvania with Mr. Garland.

Mr. Frazier with Mr. McVey.

Mr. Fallon with Mr. Mailliard.

Mr. Colmer with Mr. Hoffman of Michigan.

Mr. MORRIS changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMIT THE HARVESTING OF HAY

Mr. COOLEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3062) to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 107(a)(3) of the Soil Bank Act is amended by changing the period at the end thereof to a comma and adding the following: "and except that the Secretary may, with the approval of the contract signers, permit hay to be removed from such acreage if the Secretary, after certification by the Governor of the State in which such acreage is situated of the need for removal of hay from such acreage, determines that it is necessary to permit removal of hay from such acreage in order to alleviate damage, hardship, or suffering caused by severe drought, flood, or other natural disaster."

Mr. SHORT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. SHORT. Mr. Speaker, the bill under consideration, S. 3062, is identical to legislation introduced in the House by my colleague from North Dakota [Mr. NYGAARD] and myself. Since S. 3062 was passed in the Senate some time ago, in order to expedite granting of this haying authority, the House Committee on Agriculture substituted the Senate bill in its entirety for my bill. This eliminates the necessity for a conference and the bill can go directly to the President for his signature.

This legislation is looked upon with favor by the Department of Agriculture and provides the means of utilizing the land retired under the soil bank program in areas where disaster conditions exist, such as drouth or flood.

If there are any questions, I would be glad to take time to explain this bill further, but since we passed similar authorizing legislation 1 year ago, I believe most of the Members are familiar with its provisions.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TOBACCO ACREAGE ALLOTMENTS

Mr. COOLEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution (S.J. Res. 201) to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. GROSS. Mr. Speaker, reserving the right to object, this is not the bill that contains the Senate provision dealing with the rotation of agricultural attaches, is it?

Mr. COOLEY. No; I do not think so.

Mr. GROSS. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 316 of the Agricultural Adjustment Act of 1938 is amended by adding thereto a new subsection (g) to read:

"(g) Notwithstanding the provisions of subsection (c) relating to the filing of a lease with the county committee, the lease and transfer of an allotment for the 1962 crop year shall be effective if, (1) pursuant to regulations issued by the Secretary, the county committee, with the approval of a representative of the State committee, finds a lease in compliance with the provisions of this section was agreed upon prior to the normal planting time in the county, as determined by the Secretary, or June 15, 1962, whichever is earlier, and (2) the terms of the lease are reduced to writing and filed in the county office in which the farms involved are located within twenty days of the date this subsection becomes law."

With the following committee amendment:

On page 1, line 9, strike out "pursuant to regulations issued by the Secretary, the county committee, with the approval of a representative of the State committee, finds" and insert in lieu thereof "the Secretary finds that".

The committee amendment was agreed to.

The joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING THE RENEGOTIATION ACT OF 1951

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 12061) to amend the Renegotiation Act of 1951, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

IN THE SENATE OF THE UNITED STATES,
June 29, 1962.

Resolved, That the bill from the House of Representatives (H.R. 12061) entitled "An Act to amend the Renegotiation Act of 1951" do pass with the following amendments: After line 6, insert:

"SEC. 2. (a) Section 108A of the Renegotiation Act of 1951, as amended (50 U.S.C., App., sec. 1218a), is amended to read as follows:

"'SEC. 108A. REVIEW OF TAX COURT DECISIONS IN RENEGOTIATION CASES.

"'(a) JURISDICTION.—Except as provided in section 1254 of title 28 of the United States Code, the United States Courts of Appeals shall have exclusive jurisdiction to review decisions by the Tax Court of the United States under section 108 of this Act in the same manner and to the same extent as decisions of the district courts in civil actions tried without a jury, except as otherwise provided in this section. In no case shall the question of the existence of excessive profits, or the extent thereof, be reviewed, and findings of fact by the Tax Court shall be conclusive unless such findings are arbitrary or capricious. The judgment of any such court shall be final except that it shall be subject to review, under the limitations herein provided for, by the Supreme Court of the United States upon certiorari, in the manner provided in section 1254 of title 28 of the United States Code.

"'(b) POWERS.—Upon such review, such courts shall have only the power to affirm the decision of the Tax Court or to reverse such decision on questions of law and remand the case for such further action as justice may require, except that such court shall not reverse and remand the case for error of law which is immaterial to the decision of the Tax Court.

"'(c) VENUE OF APPEALS FROM TAX COURT DECISIONS IN RENEGOTIATION CASES.—A decision of the Tax Court of the United States under section 108 of this Act may, to the extent subject to review, be reviewed by—

"'(1) the United States Court of Appeals for the circuit in which is located the office to which the contractor or subcontractor made his Federal income tax return for the taxable year which corresponds to the fiscal year with respect to which such decision of the Tax Court was made, or if no such return was made for such taxable year, then by the United States Court of Appeals for the District of Columbia, or

"'any United States Court of Appeals designated by the Attorney General and the contractor or subcontractor by stipulation in writing.'

"(b) The second sentence of section 108 of such Act is amended to read as follows: 'Upon such filing, such court shall have exclusive jurisdiction, by order, to determine the amount, if any, of such excessive profits received or accrued by the contractor or subcontractor, and such determination shall not be reviewed or redetermined by any court or agency except as provided in section 108A.'

"(c) Section 105(b)(2) of such Act is amended by striking out the last sentence thereof.

"(d) The amendments made by this section shall apply only with respect to cases in which the petition for redetermination is filed with the Tax Court of the United States after the date of the enactment of this Act."

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. BAKER. Mr. Speaker, reserving the right to object, I ask unanimous consent that the gentleman from Illinois [Mr. MASON] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MASON. Mr. Speaker, the bill as it passed the House would extend the Renegotiation Act for a period of 2 years, until June 30, 1964. The amendment as offered by the Senate would allow for appellate review of Tax Court decisions on renegotiation cases. Lack of appellate review has come under sharp criticism by many within the past few years. The chairman has ably explained this change, and I concur with him in his support of it.

Mr. BAKER. Mr. Speaker, further reserving the right to object, a similar amendment was offered in the Committee on Ways and Means and was fully considered.

Mr. Speaker, I favor the amendment adopted by the other body and favor concurrence therein.

Mr. MILLS. Mr. Speaker, will the gentleman yield?

Mr. BAKER. I yield to the gentleman from Arkansas.

Mr. MILLS. Mr. Speaker, I had informed the Members of the House that I would explain this amendment.

The House passed some weeks ago this bill continuing the Renegotiation Act for 2 additional years. It was the feeling on the part of the chairman of the committee, at least, and I think shared by some members of the committee, that it would be well for this matter to pass without amendment, particularly in view of the fact that the staff of the Joint Committee on Internal Revenue Taxation had recommended a 2-year extension of the program without amendments.

Mr. Speaker, the Senate Finance Committee, when the bill reached it, added three amendments in that committee. When the matter was considered on the floor of the Senate on yesterday, two of the amendments adopted in the Finance Committee were defeated by the action of the Senate. However, one amendment remained in the bill. This amendment has to do with the review of Tax Court decisions in renegotiation cases.

Mr. Speaker, this legislation's existing authority expires midnight tonight. If the legislation is to be continued without interruption, it will have to be enacted today by the House. Even though we were in this situation, I would not, Mr. Speaker, call this amendment up for approval of my colleagues until I had had an opportunity to discuss it with the Chairman of the Renegotiation Board and until discussions could be had with the Deputy Attorney General. Both the Chairman of the Renegotiation Board and the Deputy Attorney General have reported to us that although they shared my own individual view, that it would be better for this legislation to be extended for 2 years without amendment, that this amendment is workable, though they would have preferred not to have it. It does not impose any unreasonable burdens upon anyone.

The Senate amendment is intended to permit Tax Court decisions in renegotiation cases to be reviewed by the appellate courts in the same manner and to the same extent as its decisions in tax cases—subject, however, to certain important limitations which I will mention shortly. Thus, the Senate amendment provides that Tax Court decisions in renegotiation cases may be reviewed by the U.S. courts of appeals—and by the Supreme Court of the United States upon certiorari—in the same manner and to the same extent as decisions of the district court in civil actions tried without a jury, which is the same scope of review as in tax cases. Under this provision, the appellate courts will be permitted to review Tax Court decisions in renegotiation cases insofar as they involve legal questions, such as whether contract receipts or accruals are exempt from or are subject to the act, whether an expenditure will be allowed as a cost for renegotiation purposes, and on other legal questions involving interpretations and application of the provisions of the Renegotiation Act.

Under the Senate amendment, however, appellate review of Tax Court decisions in renegotiation cases will be subject to certain important limitations. The first limitation is that the question of the existence of excessive profits, or the extent thereof, may not in any case be reviewed by the appellate courts. Another limitation is that findings of fact by the Tax Court are to be conclusive unless they are arbitrary or capricious. Moreover, the powers of the appellate court are limited to affirming the decisions of the Tax Court or to reversing them on questions of law and remanding such cases to the Tax Court. These limitations are all designed to prevent the appellate courts from substituting their judgment for that of the Tax Court on the questions of the existence or extent of excessive profits.

The Senate amendment is prospective in effect only, and will not apply to any case which is now in the Tax Court. It will apply only to cases in which a decision of the Tax Court is rendered after the date of its enactment, and then only if such case is one in which the petition for redetermination is filed with the Tax Court after the date of enactment. This amendment is prospective only in effect, and will apply only to cases decided some time after its enactment. There will be further opportunity for congressional review of its provision should any question arise that would make such review necessary. No inference is to be drawn as to pending cases due to the enactment of this provision.

Mr. Speaker, in view of the fact that this legislation, I think, should be at the President's desk by midnight, I am suggesting to my colleagues that we adopt this amendment rather than delay its enactment by following the procedure of going to conference.

Mr. BAKER. Mr. Speaker, the situation has been ably and fully discussed by the chairman of the committee. I concur completely. I think it is a good amendment.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BAKER. I yield to the gentleman from Iowa.

Mr. GROSS. Apropos the remark of the gentleman that the legislation needs to be passed by midnight, it occurs to me we might very well have spent some time today considering the second supplemental appropriation bill, that we ought to have had this second supplemental appropriation bill before us today, because it is my understanding that in view of the widely traveled Presidential family the expenses have mounted and the Secret Service may not be paid as of after midnight. I should regret very much either to circumscribe the travels of the President's family or to see the Secret Service go unpaid.

Mr. MILLS. Mr. Speaker, I share the gentleman's concern in that regard.

Mr. GROSS. I thank the gentleman. I knew he would.

Mr. MILLS. I am sure the gentleman recognizes that I am not responsible for any delay in that matter but that I am only trying to prevent another such delay here in a matter under the jurisdiction of the Committee on Ways and Means.

Mr. GROSS. Of course, the gentleman, I am sure, would not want to see the Secret Service go unpaid by virtue of the fact that the funds have been exhausted by virtue of the fact that the President's family is so widely traveled.

Mr. BAKER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

BRIDGE ACROSS RIO GRANDE AT HEATH CROSSING, TEX.

Mr. SELDEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 8982) authorizing the Dow Chemical Co. to construct, maintain, and operate a bridge across the Rio Grande at or near Heath Crossing, Tex., with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 7, after "Company" insert: "for a period of sixty-six years from the date of completion of such bridge".

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

BRIDGE ACROSS RIO GRANDE NEAR LOS INDIOS, TEX.

Mr. SELDEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 9883) to authorize the San Benito International Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Tex., with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Strike out all after the enacting clause and insert: "That (a)(1) the San Benito International Bridge Company of San Benito, Texas., is authorized to construct a toll bridge and approaches thereto across the Rio Grande, at a point suitable to the interests of navigation, at or near Los Indios, Texas, and for a period of sixty-six years from the date of completion of such bridge, to maintain and operate such bridge and to collect tolls for the use thereof, so far as the United States has jurisdiction over the waters of such river; and (2) the Starr-Camargo Bridge Company of the State of Texas is authorized to construct a toll bridge and approaches thereto across the Rio Grande, at a point suitable to the interests of navigation, at or near Rio Grande City, Texas, and for a period of sixty-six years from the date of completion of such bridge, to maintain and operate such bridge and to collect tolls for the use thereof, so far as the United States has jurisdiction over the waters of such river.

"(b) In the case of each such bridge, the construction, maintenance, and operation authorized by this Act shall be in accordance with the provisions of the Act entitled 'An Act to regulate the construction of bridges over navigable waters', approved March 23, 1906 (33 U.S.C. 491 to 498, inclusive), and shall be subject to (1) the conditions and limitations contained in this Act, (2) the approval of the International Boundary and Water Commission, United States and Mexico, and (3) the approval of the proper authorities in the Republic of Mexico.

"Sec. 2. Each of the companies referred to in the first section of this Act may fix and charge tolls for transit over the bridge which it is authorized under such section to construct, in accordance with the laws of the State of Texas, and the laws of the United States, applicable to such tolls, and the rates of toll so fixed shall be the legal rates until changed under the authority contained in section 4 of the Act of March 23, 1906 (33 U.S.C. 494).

"Sec. 3. Each such company may sell, assign, transfer, or mortgage the rights, powers, and privileges conferred on it by this Act, to any public agency, or to an international bridge authority or commission, and any such agency, authority, or commission is authorized to exercise the rights, powers, and privileges acquired under this section (including acquisition by mortgage foreclosure) in the same manner as if such rights, powers, and privileges had been granted by this Act directly to such agency, authority, or commission.

"Sec. 4. Notwithstanding the provisions of section 6 of the Act of March 23, 1906 (33 U.S.C. 496), this Act shall be null and void as to any bridge authorized to be constructed by this Act unless the actual construction of such bridge is commenced within 3 years and completed within 5 years from the date of enactment of this Act.

"Sec. 5. The right to alter, amend, or repeal this Act is expressly reserved."

Amend the title so as to read: "An act to authorize the San Benito International Bridge Company to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Texas, and to authorize the Starr-Camargo Bridge Company to construct, maintain, and operate a toll bridge across the Rio Grande near Rio Grande City, Texas."

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

PROGRAM FOR THE WEEK OF JULY 2, 1962

Mr. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. FORD. Mr. Speaker, I asked for this time in order to inquire of the majority leader the program for next week.

Mr. ALBERT. Mr. Speaker, I desire to advise the membership that it is our hope and plan that we may complete the legislative business for the week on Monday next and not program any legislation for the balance of the week. We shall ask unanimous consent on Monday next to go over on adjournment until Thursday, and thence until the following Monday.

PRIVATE CALENDAR TO BE CALLED ON MONDAY

In view of that fact, Mr. Speaker, I ask unanimous consent that the Private Calendar may be called on Monday next instead of Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ALBERT. Mr. Speaker, Monday is Consent Calendar day and under the consent just obtained, the Private Calendar will also be called.

There are seven suspensions:

H.R. 11586, vessels, construction differentials.

S. 2775, trust territory, authorization appropriation.

S. 46, reservoir, New Mexico, Elephant Butte and Caballo.

H.R. 4860, jurisdiction of submerged lands.

H.R. 4749, presunrise operations, radio stations.

House Resolution 714, clear channel radio stations.

H.R. 12121, authority of Small Business Administration.

There will be 20 minutes of debate on each side on the suspensions. The suspensions may not necessarily be called in the order listed.

In the absence of any emergency we do not plan any legislative program for the balance of the week.

Wednesday, of course, is Independence Day, and there will be no session.

This announcement is subject to the usual reservation that any changes in the program will be announced later, and that conference reports may be brought up at any time.

Mr. FORD. Do we understand that the Atomic Energy Commission authorization bill will not be scheduled at all?

Mr. ALBERT. The gentleman is correct. The chairman of the committee has requested that the bill not be scheduled next week.

Mr. FORD. I thank the gentleman from Oklahoma.

Mr. ANDERSEN of Minnesota. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield.

Mr. ANDERSEN of Minnesota. May I ask the gentleman from Oklahoma if he anticipates having a quorum on the floor Monday?

Mr. ALBERT. It is certainly important that we have a quorum.

Mr. ANDERSEN of Minnesota. If there is not a quorum, I cannot see my way clear to permit action on those suspensions.

Mr. ALBERT. The gentleman, of course, is entitled to have a quorum present when any legislative matter is considered in the House.

SIGNING OF ENROLLED BILLS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday, next, the Clerk be authorized to receive messages from the Senate and the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LT. GEN. ARTHUR G. TRUDEAU

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FEIGHAN. Mr. Speaker, today a great soldier and distinguished American ends his Army career. Lt. Gen. Arthur G. Trudeau is retiring from the U.S. Army, leaving behind him a monument of accomplishments which have contributed greatly to the security of our Nation, but of equal importance he leaves behind him a reputation for moral character combined with great intellect which is second to none.

Today General Trudeau lays aside the uniform of his country which he has worn so proudly and with great distinction for over 38 years. He served his country nobly in peace, in war, and in assignments as varied as any officer could desire. His professional proficiency is well known. His unique record of accomplishments reflects a strong character which never compromised on those principles which are based on love of God and country, and respect for his fellow man.

General Trudeau's road has not always been easy. His uncompromising stand on great issues involving basic morality and principle has often led him into difficult situations. But, confident always, he faced these obstacles with the same courage and honor he displayed when faced by the enemies of our country in battle. As a brief insight to the man and soldier, I wish to insert Lieutenant General Trudeau's parting message to his subordinates and a brief résumé of his background and military service:

Parting Message

(By Arthur G. Trudeau)

In my 42 years of Army life I have had many unique opportunities to serve my country, but never in a more challenging way than as chief of research and development nor in association with more dedicated and loyal men and women.

The contributions which each of you—individually and collectively—have made to the modernization and readiness of that military service we all love so well—will always stand as an inspiration to me. As I conclude my Army career, please accept my deepest thanks for your tireless energy and loyal devotion to the jobs at hand—and extend to your families my admiration for their understanding, indulgence, and patience.

I know that you will always maintain those high standards of intellectual honesty and moral integrity which have endowed this great country with a magnificent heritage. Our Nation surely will continue to shine in brilliance provided individuals like you forever remember our heritage and what it cost our forefathers in blood and sacrifice.

The present is a time of crisis, demanding the best that is in each of us—and our determination to give it.

Now, as you continue your R. & D. efforts or go on to other jobs elsewhere, it is my warm wish that you will continue to serve America in full measure, and personally achieve ever-greater success and happiness in your future endeavors.

Good luck and Godspeed.

Lt. Gen. Arthur G. Trudeau, U.S. Army, (Retired)

Arthur Gilbert Trudeau was born in Middlebury, Vt., July 5, 1902. He was graduated from the U.S. Military Academy in 1924 and commissioned a second lieutenant of Engineers. Prior to World War II he served with various Engineer units of the Regular Army, National Guard, and Organized Reserves. In addition, General Trudeau was the special assistant administrator for Gen. Hugh Johnson with the Works Progress Administration and military assistant to the district engineer, Seattle Engineer District.

In 1942 General Trudeau became the Chief of Staff of the Engineer Amphibian Command. At the request of General MacArthur, he was sent to the Pacific in 1942 to assist in planning for amphibious operations in the Pacific. After returning to the United States early in 1943 he organized and commanded the 4th Engineer Amphibian Brigade but was then reassigned to Washington where he served until 1945 as Director of Military Training, Army Service Forces. This duty was interspersed with special missions to Italy, North Africa, and Great Britain in 1944, in connection with the planned invasion of France and again to Europe in 1945 to plan the deployment of troops to the Pacific. He was promoted to brigadier general in 1944. In June 1945 General Trudeau was named G–3 of the newly activated Army Forces, Western Pacific. Shortly thereafter he was directed to activate and command Base X in Manila to support the planned assaults on Japan.

In 1946, after returning briefly to his wartime post in Washington with the Military Training Division, Army Service Forces, he began a 2-year assignment as Chief, Manpower Control Group, on the War Department General Staff. From 1948 to 1950 he commanded the 1st Constabulary Brigade in

Germany; he then returned to the United States to serve as the first Deputy Commandant of the reactivated Army War College until early 1952.

During the period of the Korean war, General Trudeau's service included promotion to major general and assignment in Japan as division commander of the 1st Cavalry Division and in Korea as commanding general, 7th Infantry Division. After the armistice he was ordered to Washington as Assistant Chief of Staff for Intelligence. Two years later he returned to Japan as Deputy Chief of Staff, Far East and United Nations Command. In 1956 he was promoted to lieutenant general and returned once again to Korea as commanding general, I Corps (Group). From April 1, 1958, until his retirement on June 30, 1962, he served as Chief of Research and Development, Department of the Army. On July 1, 1962, he will assume the post of president, Gulf Research & Development Co.

In addition to a B.S. degree from the U.S. Military Academy, General Trudeau holds an M.S. degree in civil engineering from the University of California at Berkeley. The degree of doctor of laws, honoris causa, has been conferred upon him by Seattle University, the University of Michigan, Middlebury College, Norwich University, and the University of Akron; that of doctor of science by Pennsylvania Military College; and that of doctor of engineering by Manhattan College. During his military career he has been graduated from the Engineer School, Command and General Staff College, and the Army War College.

DECORATIONS

Among his decorations are the Distinguished Service Medal with two oak leaf clusters, the Silver Star with oak leaf cluster, the Legion of Merit, the Bronze Star, the Air Medal, and the Army Commendation Ribbon. His foreign decorations include the award of Cordon of Ethiopia (Honor Star Order), Commander of the Order of Leopold II (Belgium), Grand officer of the Order of Boyaca (Republic of Colombia), the Order of the Rising Sun, 3d class (Japan), the Distinguished Military Service Medal (Taeguk) with Silver Star (Korea), the Order of Military Merit (Korea), Knight Commander of the Order of the Sword (Sweden), and the United Nations Medal.

Mr. FORD. Mr. Speaker, will the gentleman yield?

Mr. FEIGHAN. I am glad to yield to the gentleman from Michigan.

Mr. FORD. Mr. Speaker, I want to subscribe to and endorse everything the gentleman from Ohio has said about General Trudeau. He has had a great career in the Army, and I am satisfied that he will make equally great contributions to the Nation's welfare as a civilian.

Mr. FEIGHAN. I thank the gentleman.

Mr. SIKES. Mr. Speaker, will the gentleman yield?

Mr. FEIGHAN. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Speaker, I wish to associate myself with the gentleman from Ohio and the gentleman from Michigan in the remarks they have made about General Trudeau.

Mr. FEIGHAN. I thank the gentleman.

Mr. HALL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include a letter to Gen. Arthur G. Trudeau.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HALL. Mr. Speaker, per permission granted by unanimous consent this date, I enclose herewith, to follow related remarks by the gentlemen from Ohio and Michigan, a personal letter to one of our Nation's greatest soldiers, leaders, and research directors:

June 30, 1962.

Lt. Gen. Arthur G. Trudeau,
U.S. Army Retired, Department of the Army, the Pentagon, Washington, D.C.

My Dear General Trudeau: It came as quite a shock to note your retirement on page 12236 of the Congressional Record as of today. May you have good fortune, happiness, health, and prosperity with Gulf Research & Development Co., and as its president, let me congratulate them.

I need not dwell on your long and illustrious career. I'm sure you've heard "quantity sufficient," of that in recent days. My interest is as a member of the Armed Services Committee and as a member of the graduating class of the 5th Special Course Command and General Staff School on December 6, 1941. You were one of my "young" professors. I was a middle-aged captain, Medical Corps, from Camp Grant. I have watched your career with intense interest since that date as civilian, and as Chief, Personnel Services Office of the Surgeon General during World War II, where I contacted you from time to time in the old SOS and later ASF.

Congratulations to you and yours, and may you find continued dynamic thrust in happiness of retirement while maintaining the equanimity that you so richly deserve.

Sincerely,

Durward G. Hall,
Member of Congress.

Mr. DADDARIO. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. DADDARIO. Mr. Speaker, I am happy to join in the tribute to Lt. Gen. Arthur G. Trudeau, U.S. Army, retired, who has been in the forefront of the exploration of science and technology in this country in recent years.

General Trudeau has been a vigorous and active proponent of progress on the frontiers of research. He has appeared on many occasions before the Committee on Science and Astronautics, as he did before other committees, to explain simply and thoroughly the possibilities of such research and the importance of an urgent prosecution of this effort.

He clearly understood the importance of constantly expanding the horizons of basic research, which is bound to be the principal determinant of progress in future decades, both in the military art and in industry and commerce. He encouraged full use of the national resources in the Government-sponsored activities and worked hard to increase the participation of colleges, universities and research institutions in the program.

The House recalls his distinguished combat record, his assumption of grave responsibilities in the intelligence field at a time when military agencies had been under critical fire for what some believed to be a failure to be sufficiently aggressive in this important field, and the numerous assignments he has discharged with skill.

I believe he deserves fuller recognition as he enters upon his retirement and I am pleased to salute him today.

J.F.K.'S DREAMING, DUCKS THE FACTS

Mr. YOUNGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. YOUNGER. Mr. Speaker, President Kennedy, in his Yale address made this statement:

> The myth persists that Federal deficits create inflation, and budget surpluses prevent it.

Apparently he has not read the record for the last 36 years for during that period the Federal Government ended up its fiscal year 25 times with deficits and 11 times with surpluses. During these same years, using the consumer price index as perhaps the best indicator of inflation, we have had 25 years in which the price index increased denoting inflation, with 10 decreases and 1 year where the index was stationary. There certainly must be some relationship between the surpluses and the years of inflation. Also the deficits certainly have a very direct relationship to the outflow of gold for in 1958 when we had the largest peacetime deficit in our history, the foreigners took $2.3 billion of our gold in lieu of dollars. This year we are experiencing the second largest peacetime deficit in our history, and the gold continues to be withdrawn. I think Henry J. Taylor in his column in the Scripps-Howard papers of June 18 covered these points very well. His article follows:

J.F.K.'s Dreaming, Ducks the Facts

(By Henry J. Taylor)

President Kennedy's money formula has ruined many a married man. Some wives go for his debt ideas like kittens go for cream. But those who do soon hear the sheriff knock on the door and the husband ends up wondering what hit him. So can the United States.

Again, this time at Yale, the President says tut-tut and puts a rosy glow on spending, spending, spending more than is earned. If this kind of kabuki were wise and sound, why not double the spending and double the debt and really "get this country going"?

MYTH? NOT ON YOUR LIFE

Mr. Kennedy refuses to see the penalties (or bankruptcy) in overspending no matter how long you do it. Yet, what is folly in the family, cannot be wisdom in the nation.

Thus it is difficult to make a serious comment on what the President calls "myths" about money. These may be "myths" in the White House but they are not myths in the history of the world. The tut-tut to debt is not even novel. Debt is to politicians what hay is to a horse. But who pays for their actions in the end? The stricken nation and its stricken people.

I heard Peron in the wheat-beef-corn rich Argentine make Mr. Kennedy's same claims. Where is the Argentine money-value now? And where is the Argentine economy? The President said not one money-debt word Mussolini didn't say (and practice) when he took Rome. That was 40 years ago. Hitler, in turn, made this idea the economic keystone of his nation socialism in 1933.

THEY ALL MADE THE SAME SPEECH

When Mr. Kennedy said some conversations he has heard "sound like old records, long-playing, left over from the middle thirties," it depends on whose recordings you are listening to. For not alone did both Mussolini and Hitler make the speech, but I've heard Nasser make it in Egypt, Franco in Spain, Tito in Belgrade and, of course, Blum in France. But I never heard it often enough to believe in it because I have seen what happened to those who did.

Doubtless our President is sincere, but he is also wrong. He is equally wrong when he seeks to define "confidence." Confidence is an internal, individual conviction. It cannot be commanded into existence. The stock market mirrors the feelings of the world's millions.

If confidence wanes it is because many people responsible to themselves, their families or companies profoundly disagree with how Mr. Kennedy thinks and his methods of enforcing his will. Perhaps they are wrong, but in his Yale contentions, other speeches and in much of his performance, Mr. Kennedy has chosen to champion ideas that have only paid off in politics and never in the security of nations.

FACE REALITY, MR. PRESIDENT

It is profoundly wrong for Mr. Kennedy to treat the confidence factor merely as a public relations question. Nor should doubts about his programs be belittled in the White House as if they were small, mean, personal prejudices by opponents. The doubts are far more justified and honest than that. History, mathematics, a knowledge of workaday life in a household or nation and all the lessons of human nature figure in these doubts.

Confidence is impossible as long as the President defies reality and merely supports the political, convenient theories of his advisers. What the President continually talks about in economics is not a policy; it is a dream.

It is the liquidation of America and our security against the Soviet Union—not who may win the election—that worries most Americans. Yet, it is easy in Washington to become so politically minded that anything makes sense so long as it is well-expressed and wrong seems right, ipso facto.

Deep, worldwide confidence in the dollar or in America's destiny cannot grow on any such basis as that.

WHAT ABOUT RAILROAD EARNINGS?

Mr. DULSKI. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DULSKI. Mr. Speaker, the railroad industry, by using bookkeeping methods which fail to show accurately its true financial picture, continues to misrepresent its economic condition with claims that it is bordering on bankruptcy. Claims that the railroads in recent years have been earning "a rate of return on net assets" of less than 3 percent have been widely published in an effort to show that the railroads have inadequate earnings.

I contend that this picture of the railroads, which is commonly held as the result of the distorted view which railroad propaganda has created, seriously misrepresents the case. While I concede that our regulatory laws have discriminated against the railroads in some areas, I nevertheless am convinced that the outlook for the future of our railroads is bright and that, all things considered, the industry today is in a much healthier condition than the railroad propagandists, who are seeking legislative favors and subsidies from the Congress, would have us believe.

A publication of the Association of American Railroads, entitled "The Gathering Transportation Storm," typically paints a gloomy picture of railroad earnings and then spells out in detail a comprehensive legislative program which the railroads want Congress to enact, including substantial tax concessions and other subsidies and major changes in our regulatory laws. By using the phrase "rate of return on net assets," the railroads in this publication claim to have the lowest earnings position of any American industry, with a claimed rate of return of only 2.6 percent.

Turning from this railroad industry publication to the 1960 annual report of the Interstate Commerce Commission, however, I find on page 196 a table on "Railroad capital actually outstanding and net income, 1949–59" which paints quite a different picture and shows that, in no year since 1949, has the net income of the railroads been less than 8 percent of the value of railroad stock outstanding, and in three of these years it has amounted to more than 10 percent. This table, from the official ICC report, is as follows:

Railroad capital actually outstanding and net income, 1949–59: Line-haul railroads and their lessor subsidiaries

Year ended Dec. 31—	Total railroad capital	Funded debt unmatured [1]	Preferred stock	Common stock	Ratio of debt to capital	Net income [2]	Ratio of net income to stock
	Thousands	*Thousands*	*Thousands*	*Thousands*	*Percent*	*Thousands*	*Percent*
1949	$18,342,568	$9,120,246	$1,988,169	$7,234,153	49.7	$496,103	5.33
1950	18,273,631	9,089,499	1,976,670	7,207,462	49.7	854,951	9.31
1951	18,219,950	9,007,960	1,976,699	7,235,291	49.4	757,934	8.23
1952	18,066,968	8,870,639	1,953,640	7,242,689	49.1	900,472	9.79
1953	17,658,048	8,767,043	1,868,411	7,022,594	49.6	939,887	10.57
1954	17,590,304	8,744,039	1,530,064	7,316,201	49.7	712,252	8.05
1955	17,422,043	8,771,315	1,309,482	7,341,246	50.3	958,849	11.08
1956	17,399,198	9,093,139	1,394,985	6,911,074	52.3	908,416	10.94
1957	16,774,573	9,115,053	1,369,233	6,290,287	54.3	765,227	9.99
1958	16,602,537	9,093,753	1,266,001	6,242,782	54.8	630,033	8.39
1959	16,365,102	8,885,861	1,245,673	6,233,568	54.3	607,924	8.13

[1] Does not include long-term debt in default. For class I railroads and their nonoperating subsidiaries such debt amounted to $17,228,000 at the close of 1959.

[2] Intercorporate duplications not eliminated, but amounts shown correspond with the stock in the 2d and 3d preceding columns.

These latter figures of railroad earnings seem to me to be much more significant and to give a truer picture of the railroad's financial condition than those presented by the industry, which bases the computation of the rate of return on a highly inflated book value which has no relationship whatever to the real value of the actual railroad plant today. Under our private enterprise system, the rate of return of any business is set by the public and no enterprise can earn more than the amount of return it gets from public use. When it is realized that railroad management in recent years has been doing everything possible to curtail railroad services and to shrink the railroad plant through mergers, the elimination of passenger train service and less-than-carload freight, and has abandoned many thousands of miles of railroad track, I think that the wonder must be that railroad earnings nevertheless have held to their unusually high levels. Obviously, those who have invested in the stocks of railroad companies have being doing quite well even though railroad management has cut back service to a level which can only be described as a national disgrace.

Railroad management, in the booklet referred to, cites as one of the "signs of trouble in railroading," the fact that railroad passenger service has declined by 32 percent over the period 1946–60. Over the same period, however, railroad management has been responsible for abandoning some 9,600 miles of railroad and the number of passenger train cars has dropped by 18,500—a reduction of 40 percent. Almost every day, the papers report that another railroad is eliminating still more passenger trains, and the result is that the service being offered to potential passengers clearly is declining at a much faster rate than the need for this service. If the railroads provided better service, I am convinced passenger traffic would grow.

The present wave of railroad mergers is threatening to cut service and to reduce the railroad plant even below today's dangerously low level, yet the railroads are pushing these consolidations as an answer to the problems of declining traffic and revenue losses. The logic of this thinking escapes me completely. Instead of cutting back service, it seems to me, the railroads should be doing everything possible to expand their services to the shipping and traveling public as the only means they have of increasing their business. Just how the railroads expect to be able to increase their traffic and revenues by reducing their potential for traffic and income through mergers certainly must remain a mystery, especially when it is also noted that the most recent study of the effects of size upon railroad operating efficiency shows conclusively that such efficiency declines as the size of a railroad increases.

The fact is, of course, that even with their declining share of total traffic, the railroads today remain by far the largest and most profitable of any of our common carriers. They realize a margin on gross which is two to three times that of the airlines and trucklines, and is more favorable than that of inland waterway shipping. If they do not show a high rate of return on book value, it clearly is because that book value is inflated. For example, it includes branch lines, passenger cars, and other equipment which long ago were abandoned, but which have not yet been written off as depreciation. One reason for this, of course, is that these parts of the railroad plant, no longer in actual use, have been pledged as security on their general mortgages, the terms of which say that this equipment cannot be junked until either an equivalent part of the mortgage is paid off or the equipment is replaced by substitute equipment.

The railroads contend that they should earn a rate of return on everything they have on their books, even if it long ago ceased to be used as part of railroad operations. Obviously, it is unfair to the public when the railroads demand a high rate of return on capital investment which long ago was withdrawn from service and public use. Because there has always been a particularly high portion of "watered" capital in the railroads' financial structure, the true rate of return on their claimed "total assets" has always been questioned. Only the railroads' misleading propaganda can cover the fact that railroad net income in recent years has risen substantially, and in most recent years they have enjoyed the highest prosperity in their history. Over the last decade, railroad gross revenues averaged about $10 billion a year, or more than double the gross revenues they had in 1921. During the war prosperity years, 1941–45, railway net income averaged $679 million annually and during the postwar years, 1946–50, their net income averaged $537 million. During the recent 5 years, 1954–58, railway net income averaged $764 million, and the startling truth is that, despite all the cries of recession that we are now hearing from railroad management, the railroads have never in any other 5-year periods in their history had net income as great as they had from 1951 to 1955 or from 1954 to 1958.

Like every industry, the railroads have suffered from the recession which has affected the Nation as a whole, but it is clear that they are once again on the way up. Although I believe that some changes in our national transportation policy to aid the railroad industry by placing it on a fair competitive basis are essential, I think that it is equally important that Congress act on pending legislation with an accurate and well-balanced picture of the railroads' financial condition in mind. We must not let railroad propaganda lead us into going along with the current philosophy of a large segment of railroad management which seeks to cut back and destroy a large part of our rail transport capacity through merger and other abandonments of services. I for one, will insist that any tax relief or other aid to the railroads be conditioned upon evidence that they will once again seek to provide the extent and kind of railroad services which the public interest requires. The sound and healthy financial condition of railroad finances, over the long run, as I have outlined them above, would make such action on any other basis foolhardy.

RINGING OF CHURCH BELLS ON FOURTH OF JULY

Mr. ROOSEVELT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, I have received from a distinguished constituent of mine, the Reverend Father George, pastor of the Little Sisters of the Poor, a letter with an excellent suggestion. He writes me:

> Could not you propose to the President that he ask all the churches in the land to ring their bells at an appropriate hour on the Fourth of July? This could be an annual ritual symbolic of the real freedom in our land. These bells could ring, say, from 11:55 a.m. to 12 noon as a reminder of our vigilance to ever protect our liberty before it gets too late.

Mr. Speaker, while it is probably too late to implement this excellent suggestion this year, I shall certainly urge the President to make such a suggestion for ensuing years.

WEST VIRGINIA WOMEN WIN NATIONAL AWARD

Mr. HECHLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the body of the RECORD and to include extraneous matter therein.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. HECHLER. Mr. Speaker, the Woman's Club of Logan has covered itself with glory and brought pride to all West Virginians by winning the $10,000 award presented by the General Federation of Women's Clubs for the most outstanding program of community improvement in the entire Nation. Just think of it—with 18,000 clubs with a membership of 12 million women, the Logan Woman's Club won the first prize.

The effective work of the women in this southern West Virginia coal mining town has sparked a new spirit of optimism in a community which had been depressed economically and also in its outlook. Now all groups, organizations and people in Logan have united in a great community improvement effort which cannot help but move the community forward in many different ways.

On Thursday, I had the esteemed honor of spending the entire day with seven of the wonderful members of the Logan Woman's Club here in Washington, and personally conducting them on tours of the White House and the Capitol. I am grateful to many of my colleagues for the graciousness which they displayed in talking with these outstanding civic leaders as we walked through these hallowed Halls.

The names of the seven representatives of the Logan Woman's Club who were here Thursday are: Mrs. T. L. Henritze, club president; Mrs. William Becker, chairman of the community improvement committee, who personally received the award on behalf of the club on Thursday evening; Mrs. R. H. Colvin, who is also West Virginia safety committee chairman; Mrs. Elizabeth W. Ast, of Holden, president of the southwest district; Mrs. C. C. Chambers, a former president under whose leadership many of the winning community improvement projects had their start; Mrs. J. T. Wyatt, of Logan, and Mrs. Basil Harrah, of Man.

Mr. Speaker, the text of the statement of the General Federation of Women's Clubs awarding Logan Woman's Club first prize, follows:

> Take Logan, W. Va.
>
> Many people would have said, "You can have it." Logan County had become a byword as the worst depressed spot in West Virginia.
>
> Employment had dropped roughly 50 percent as the coal industry became mechanized and many mines closed. Ten thousand people left Logan County between the 1950 and 1960 census. Retail sales dropped 50 percent. Gloom enveloped the town like a mountaintop fog.
>
> But not the Woman's Club of Logan.
>
> Impatient with talk about what "they" should do for the town, the women said, "There isn't any 'they'. There's just you and I. If the job gets done, we do it."
>
> In February 1960, the woman's club called together 37 organizations to form the Progressive Rejuvenation Improvement Development Enterprises, Inc., commonly called the Council of PRIDE.
>
> PRIDE saw the immediate need of clothing for the impoverished and set up a distribution center. Then it moved on to uncover other problems.
>
> A crisis arose. A reactivated chamber of commerce started a membership drive which threatened PRIDE's support. Immediately the woman's club explained that the objectives of the two organizations did not conflict. The chamber of commerce could deal with major problems of business and industry while PRIDE could build up the whole community into a picture that would attract industry.
>
> A survey was made covering available manpower, possible Government aid, and redevelopment projects of other towns. As a result, the Logan County Development Corp. was formed, authorized to solicit up to $1 million in capital.
>
> Campaigns were launched to stimulate sale of stock, the most successful being a 7-day radio marathon when local talent performed to stimulate pledges for stock at $2.50 per share, minimum $25, maximum, $5,000. Money-pledging fever fired the countryside causing coal miners to agree to payroll deductions for stock purchase. Underpaid teachers put up $2,000. Final yield of the marathon—$127,000. People of Logan County, 1,400

individuals, groups and companies, raised a total of $256,000 toward attracting new industry and putting Logan on its feet.

In the meantime, PRIDE, working with the conservation commission, developed the chief Logan recreational area of 3,082 acres by using the unemployed to clear land, to cut stone for bridge abutments, and to construct park equipment. By the summer of 1961, the area was in use.

Logan County Development Corp. has brought in a new garment factory, creating some 375 new jobs. Other contracts are in prospect.

Optimism is rampant in Logan, one proof of which is that the community chest, lagging in recent years, was oversubscribed by 6 percent in its 1961 drive.

Logan may be a depressed area. It has no depressed people.

Mr. Speaker, I have never seen as much enthusiasm on the part of people in any section of the country as displayed by the reaction of the seven members of the Logan Woman's Club as we toured the White House and the Capitol. They showed their pride not only in their community but their deep understanding of our national traditions exemplified here.

We got up early in the morning and had the rare experience which millions of Americans have had when they go through the White House. We sneaked over to the west wing while the President was having breakfast, and with a sense of awe caught a glimpse of the Cabinet room and the President's office, and felt the confident pride which all Americans feel when they view this nerve center of the free world. We could also sense the global importance of the lonely decisions which history has thrust on President Kennedy.

In the Capitol, we spent a considerable amount of time on the floor of the House and Senate, visiting the Speaker's office, and through the graciousness of Mrs. Juanita Roberts we tarried awhile in the Vice President's office. After lunching in the House Restaurant, we attended the debates on the trade bill in the House and the debt ceiling bill in the Senate, after which we visited with West Virginia's two able U.S. Senators, JENNINGS RANDOLPH and ROBERT C. BYRD.

Later in the evening, I had the honor of being at the Sheraton Park Hotel when the awards were presented. The atmosphere was electric, as club after club was announced and Logan remained in competition. It was a moment of pride for all West Virginians when the national award was announced as the Logan Woman's Club.

Mr. Speaker, the statement submitted by the Logan Woman's Club in its prize-winning entry follows:

COMMUNITY IMPROVEMENT CONTEST, 1960–62, WOMAN'S CLUB OF LOGAN, INC.

Coming together is a beginning; keeping together is progress; working together is success. At the beginning of the year 1960, a quick comparison of the 1950 U.S. census population figures for the city of Logan with the 1960 U.S. census figures, 5,079 in 1950; 4,185 in 1960, showed that for the city of Logan to progress indeed meant "keeping our own at home." This, then, was the immediate problem. To progress, the people of Logan must find a way for the thousands of dispossessed miners to earn a living, and thereby halt the constant departure of Logan Countians, and through diversification of industry, to entice others into the area. In this way, and this way only, could this sudden town once again become a little city. Without this, all community effort for betterment was to no avail.

Logan had been a bustling mining community with retail sales in the peak year of 1957 at $14 million. Although the population is just 4,185, there are within a 5-mile (air mile) radius of Logan, 20,347 persons who derive their livelihood in the retail business of Logan proper and who profit from its community improvement, charity drives, cultural advantages, and better shopping facilities. Within a 15-mile radius, the U.S. census (1960) lists a Logan County population of 61,570 persons, a loss of almost 10,000 since 1950. All are entirely dependent upon the ups and downs of the mining industry which was admittedly sick.

Because the business growth of the city depends upon the county, no real improvement could be realized without a consideration of the problems of the whole county. Although there are five other incorporated towns, Chapmanville, Holden, Man, West Logan, and Mitchell Heights, and two unincorporated towns, Omar and Sharples, it is commonly admitted that the problem was a mutual one. How long these towns could survive if the unemployed miners were forced to leave or had to be placed on welfare rolls in increasing numbers, was a matter of conjecture and fear on the part of many.

The Woman's Club of Logan considered this a challenge to reactivate the Logan County Development Council, an organization started 2 years before with actually many of the same purposes. It had first bogged down because of conflict in name with an already organized group of welfare agency workers and interested citizens. However, because of an unenlightened attitude toward the serious plight of Logan County, because of apathy on the part of the civic representatives sent to those meetings, the Logan County Development Council had had little impact upon the community. But this time, with the added incentive to work more closely with the new government agencies and offices set up to try to solve the needs of the well-publicized "southern mining counties," it was felt that more teeth could be put into the organization and that more actual projects could be undertaken and made a reality. In the 2 years since the organization of the original Logan County Development Council, the idea that "they should do it" had given way to the realization that "there isn't any they; there's just you and I, and if the job gets done, we have to do it."

This, then, was the need to be filled, the extent of the obstacles to be overcome, and the method to be tried to unite a whole county for its own self-preservation.

An organization meeting was called for February 1960. Newspaper and radio publicity called on all groups in the county to send representatives. Members of the Woman's Club of Logan appeared before civic groups, reached others by telephone, asking them to send three representatives to discuss the organization itself and the many needs of the community. Thirty-seven organizations were represented at that first meeting. Enthusiasm was high and all present concurred that these were the basic problems: (1) Diversification of industry; (2) improvement of Logan County's recreation; (3) an immediate work program for unemployed; (4) the enlargement of a safety teens council at Logan High School to embrace other schools in the county; (5) participation in any other improvement projects that seemed indicated upon further study; and (6) constant close communication between civic groups and government agencies.

In subsequent committee meetings, a constitution and bylaws were adopted renaming this council Council of Progressive Rejuvenation Improvement Development Enterprises, Inc., or as it was to become known, Council of PRIDE.

Following much survey of needs and many meetings, PRIDE's first major project was a countywide clothing drive, and it was here that the club representatives first saw the value of such an organization. Because all clubs, churches, parent-teachers' associations, school authorities, Boy Scouts, municipal, and county authorities were participating in one countywide drive; the local radio and newspaper publicity was three times what it had been before, with the result that the immediate problem was solved. Adequate clothing was made available for all who asked for it or seemed to need it.

It was a carefully planned project with these results:

1. Complete details of drive were mimeographed and mailed to over 50 cooperating agencies.

2. Newspaper and radio publicity, because many individual club drives were cooperated into one drive, was much more attention getting than before.

3. A PRIDE clothing room for distribution was made available by the board of education where clothing could be marked, sized, and stored by women's organizations so that teachers and principals could have easy access to it as the need arose.

4. The PRIDE clothing room has become a permanent project with two or three of the member clubs taking it on as a special project.

5. So well has this project been publicized that in the 14 months since the first drive for clothes the PRIDE clothing room has been kept going without another special drive or without an additional appeal for helpers.

Perhaps the greatest contribution of Council of PRIDE to Logan County has been its constant dissemination of material to all segments of community life. As each problem became evident, PRIDE appointed committees to investigate the situation thoroughly, then take action. This procedure was followed:

1. A committee appointed to survey problems.

2. Committee decides what action to take.

3. Where possible, such action was turned over to member organizations whose overall projects encompassed this need.

(a) For example, all problems related to sight conservation and helping the blind was referred to the Lions Club.

(b) Problems related to schools were referred to the PTA council.

4. When no apparent organization was in existence to analyze the need, suggest solutions, and carry them through, new ones were formed.

5. Best example of this perhaps was PRIDE's examination of the need for improvement of roads as access to and from Logan County.

In cooperation with the Highways Committee of the Logan County Chamber of Commerce, a hard-working committee was appointed to investigate needs of the area, recommendations to be made and best way to proceed to link Logan with southern counties, as well as Charleston and Huntington. These recommendations were made to the State road commission:

1. Improvement of road from Logan to Cabwaylingo, at that time the closest State park to Logan County.

2. Route 119 to top of Blair Mountain needed resurfacing.

3. State Route 10 from West Hamlin to Huntington should be relocated and widened.

4. PRIDE'S highway committee cooperated with the Logan County Chamber of Commerce in setting up a luncheon meeting in Charleston, February 9, to form a Southern

West Virginia Highway Association to establish a "backbone highway system."

(a) Association to be formed of 10 southern West Virginia counties.

(b) All State and Federal officials related to this problem were invited to meeting.

5. Logan County committee adjunct to Southern West Virginia Highway Association was formed at a meeting held on March 2, 1961.

6. Member organizations were kept informed of developments as this project then was turned over to above organizations.

7. Impact of this group on legislators and constant correspondence with them has had its effect. Mimeographed copies of all such correspondence mailed to all member organizations of PRIDE.

Progress in this phase of community endeavor is of necessity slow, because it obviously depends upon State and Federal legislation to release appropriations for such work. There have been setbacks. However, the weight of opinion expressed by a community kept abreast of the progress in such a situation by an organization like PRIDE, will, we feel confident, bring more desirable results in the future than has been done in the past.

One major development that has helped the council of PRIDE make the desired impact on the community, and at the same time, became a stumbling block that almost reduced PRIDE's prestige to the minimum, was the simultaneous reactivation of the Logan County Chamber of Commerce. For the first time in its 30-year existence the Logan County Chamber of Commerce appointed its first full-time acting director in February 1960. Up to that time, outstanding business and professional men in the community had led the work of the chamber on a part time basis. Approximately 100 memberships was the peak for any one year, and indeed, it had 100 members at the time that Mr. C. H. "Pat" Murphy was hired on a full time basis. An all-out membership drive was undertaken at the same time that council of PRIDE was explaining the necessity for civic organizations to join PRIDE for concerted civic improvement. To many, there was a duplication of purpose in the two organizations.

Realizing that the maximum effectiveness of both were in jeopardy, and ultimately the benefits of both to Logan County, the Woman's Club of Logan, as the sponsoring organization of PRIDE, offered its services to acquaint the public with the different objectives of both organizations; namely, (1) chamber of commerce could deal with certain problems of major importance to business and industrial life of community by virtue of the variety and greater experience of business and professional men represented; (2) PRIDE could back up with public disemination of material, and liaison with all organized elements of Logan County, the important activities developed by the chamber; (3) at the same time, PRIDE's basic purpose, that of improving the physical, cultural, and industrial climate dovetailed the work of the chamber, by solving the lesser problems and more immediate problems such as taking care of the needy, cleaning up and beautifying the county so that industries being wooed so vigorously by the chamber would see a better overall picture of the community; and (4) there was certainly enough work for both organizations.

To further cloud the issue, realizing that there were not left in Logan County enough businesses to maintain the increased activities of the chamber, the membership was opened to all organizations.

This resulted in the appointment of Mrs. Martha Jane Becker, a member of the Woman's Club of Logan, by the board of directors of the chamber, as the chamber's coordinator for women's organizations.

Following this appointment, Mrs. Becker contacted 12 women's organizations and the Logan County PTA Council, which has resulted in five memberships to date. The PTA council, although very much interested, was advised by the State PTA council that member PTA's were not allowed to enter into this kind of project as a body.

As a result of the close cooperation of PRIDE with the Logan County Chamber of Commerce, and an awakening awareness of the business and professional men of Logan County that they must have an active organization representing them, the Logan County Chamber of Commerce has at this writing over 300 active members.

Parallel with these other activities of both PRIDE and the Logan County Chamber of Commerce, was the growing interest and research into a solution of the one basic need in Logan County, the diversification of industry, so that Logan Countians displaced from their one trade by mechanization of the mines could find employment here and stay at home. This basic need was analyzed with these methods:

1. A survey of the available manpower.

2. A survey of possible government aids in seeking and securing from State and Federal sources, help in aiding Logan County's sick economy.

3. Professional help from the newly formed West Virginia Department of Commerce.

4. Professional help from industries.

5. Complete study of redevelopment projects of other West Virginia towns and counties.

6. Lack of big industries to supply needed funds for conducting surveys or backing efforts to reach industries desiring to relocate.

The conclusion of all committees considering this need resulted in: (1) formation of the Boone-Logan-Mingo Development Association—(a) failed due to lack of effective leadership from all three counties; (2) formation of the Logan County Community Development Association—(b) original organization was not set up to sell stock.

By this time, it was evident that a large capital investment was necessary to woo industries to any section of West Virginia, most particularly Logan County. To do this, the Logan County Development Corp. was formed and a million dollar stock issue was offered to the public in an endeavor to use the resulting funds to entice new industry to Logan County. With an expected 4-to-1 ratio in government funds, the development corporation will finally hope to develop new industries, thereby stimulating the economic growth and security with this $5 million potential as its basic financial foundation.

Many discouraging factors have delayed the culmination of this sale:

1. Impossibility to interest large securities companies in bringing an experienced sales force to Logan County for this purpose.

2. Lack of local experienced sales personnel trained for a big selling job like this.

3. Apathy on the part of businessmen in the area to either invest personally or through the business.

(a) Caused by ventures of like nature entered into before that had failed to result in any improvement for the county.

4. The lack of reserve capital, both in business funds and personal budgets.

To further this sale on the grassroot level, certain steps were taken:

1. Sale of stock was announced to public in August 1961.

2. This was followed by an all-out publicity campaign, culminating in a 1-day intensive sale on Monday, September 25, 1961.

3. To date, 17,471 shares of stock have been sold for a total aggregate of $43,677.50 in funds.

Two extenuating circumstances are relevant:

1. In a community the size of Logan County, it is virtually impossible to wage two public campaigns at the same time.

(a) Publicity space for such purposes is at such a minimum, that only one at a time can be effective.

(b) The same small coterie of workers plans, directs, and works for all drives.

(c) When the Logan County Development Corp. stock sale hit its peak, it was necessary to soft-pedal it in deference to the Logan County Community Chest campaign which had to be held in November.

2. In a county where the average yearly personal income is $1,737, a stock sale of this magnitude is of necessity slow.

Groundwork has been laid for a second extensive publicity campaign to get underway within the month. The determination is still here to put the sale over the top. Progress to this date may seem small, but to those who have witnessed the work done here, it looms large in the face of the ailing economy of the area. In the meantime, the development corporation has been alert to requests of industries desiring to relocate.

At one of PRIDE's first meetings, the recreational needs of Logan County were enumerated. Subsequent surveys showed that there were no State picnic tables located anywhere within the boundary of Logan County, much less a public recreational area where families could enjoy fishing, hiking, picnicking, and the other pastimes possible at such a recreational spot. A committee was appointed to investigate the possibilities of locating and developing such an area. The following report was made:

1. A committee of interested citizens, representing the Logan Civic Association, the Logan County Chamber of Commerce, and the Logan County Recreation Board had found a site of 3,082 acres, situated on Little Buffalo Creek near Henlawson that could be purchased.

2. The Logan Civic Association had funds with which to secure an option on land, if State funds could be allocated for its development.

3. Through the then new State temporary economic program, salaries for unemployed workers might be available.

4. Dr. Warden Lane, then director of the State conservation commission, told the committee that the State would spend $150,000 on development of the site in 1960 if the land could be obtained.

This was the beginning of the Chief Logan Recreational Area, which Dr. Lane later promised would be the "garden spot of West Virginia" in the very near future. The following progress has been made:

1. The Logan Civic Association bought the land for $90,000, was reimbursed to the extent of $50,000 by the State of West Virginia when the area was deeded to the State and set up as the chief Logan recreation area.

2. Manpower was paid at first through STEP.

3. Later this cost was met by the emergency employment program, and now is under the aid to dependent children program.

4. Approximately $122,000 has been expended in labor since January 10, 1961, when the first man began working on the development.

5. Another $20,000 has been spent by the State to acquire adjacent property.

6. First old dwellings had to be torn down, the entire area cleaned off, the main stream rechanneled for better use of area, and roads were built.

7. By the summer of 1961, 100 picnic tables were in use, scenic trails were established and one fishing pond opened.

8. Approximately 64,000 persons used it in the summer of 1961.

9. Everything for development has been made on the site, with materials on the place.

(a) Roads have been constructed of red dog base, found at site of tipple.

(b) Old telephone and light poles form rustic walking bridges.

(c) Old railroad ties form beds of bridges.

(d) Approximately 130 men are working at the site each month. One hundred on part-time basis, thirty on full-time basis.

(e) Six stone fireplaces have already been constructed.

(f) A second fishing pond is under construction.

(g) Approximately $13,000 is being spent each month.

The State of West Virginia has been asked to include a budget request for $400,000 for further improvement in the fiscal year.

This, then, was the solution found by PRIDE and its nucleus of civic organizations, through aid and help from the State of West Virginia to help improve the recreational facilities for Logan County. However, this is secondary in importance to the fact that 130 unemployed men are now learning a new trade under this development. The Camp Chief Logan Recreational Area is a solution to two basic needs:

1. Putting unemployed men back to work.

2. Improving the recreational facilities in Logan County, so that in this one important phase, Logan County will rate high in one category of community living required by industries planning to relocate.

Another prerequisite demanded by industries planning to relocate is that the desired community show its interest in beautification of the area and a constant effort to keep it clean. Mrs. S. J. Maynard, regent of Princess Aracoma chapter, Daughters of the American Revolution, and a past president of the Woman's Club of Logan, was appointed a member of the Governor's council for the cleaning up and beautification of West Virginia. Mrs. Maynard called a meeting for April 18, 1961, to make plans for this campaign.

Committee appointments were made.

A proclamation declaring April 24-May 15 as the period for a Logan County cleanup and beautification campaign was issued by the Logan County court.

Other activities included:

1. A giant parade, featuring cleanup posters and suggested ways people could clean up premises of their own property.

2. Groups of citizens in various areas constructed wayside parks.

3. One entire community was inspired to secure from the Island Creek Coal Co. a slate dump, which they converted to a recreational area.

4. Many other projects that were not reported still have had their effect on the general improvement of Logan County as a whole.

The campaign culminated with the announcement on Tuesday, October 17, that Logan County was one of seven counties to qualify for lights in Governor Barron's "Flame of PRIDE," a large map of West Virginia, located on the statehouse lawn in Charleston.

It has always been true that one project for the good of the community always leads to another. This year's very fine work done by the unorganized women of the Verdunville area of Logan County during the cleanup campaign, and the recognition given them by the Logan Banner and radio station WVOW inspired them to organize as Logan County's seventh woman's club.

1. On November 22, 1962, sponsored by the Woman's Club of Logan, 22 charter members organized the Verdunville Woman's Club.

The Woman's Club of Logan has been interested since its inception in 1926 in the youth of the community. At the beginning of the 1958–62 period, with greater emphasis being placed on the safety campaign by the NEA and the National Safety Council, the greatest need in this sphere was the teaching of safety practices in such a way that the youth themselves would set the program and act as an example to the adult population of the county.

At the suggestion of Mrs. R. H. Colvin, a member of the Logan High School faculty, the safety-for-teens program started on a small basis by the junior department of the Logan Woman's Club, was transferred to the Woman's Club of Logan in 1960 and subsequently introduced to council of PRIDE, so that what had been a citywide program could become a countywide project.

As a result of the prominence of the safety teen program and its being adopted as a model for other high school teen safety councils throughout the State, Wallace W. Barron, Governor of West Virginia, appointed Mrs. Colvin first as a member of the Governor's steering committee for traffic safety, and subsequently to the executive committee for the Governor's conference on fire prevention.

This safety program won the G.F.W.C. Shell Oil Co.'s youth traffic safety program for the year 1961, a $1,000 savings bond presented to the Woman's Club of Logan.

Also in 1961, Logan High Safety Council won second place in the National Daughters of American Revolution-All State Insurance driver education contest.

For her work in sponsoring this outstanding overall teen safety program, Mrs. Colvin was runner-up in the National Carol Lane Awards contest, 1961.

The program for fire prevention as carried on at Logan High School has been recommended to all schools in West Virginia as an ideal program to be followed at the special request of the executive board of the Governor's Commission on Fire Prevention. This report was included in the handbook sent out from the State fire marshal's office to all fire departments and county leaders in West Virginia and all State fire marshals in all 50 States.

Projecting this program into 1962, Mrs. Colvin is at this writing, helping to compile a school safety program with suitable programs set up at each grade level. She is doing this at the request of Mr. Roy Walters, safety director for the West Virginia Board of Education. This handbook will be distributed to all West Virginia schools at the annual driver education and safety meeting at Jacksons Mills.

Because of the success of the program at Logan High School, it was voted at the State meeting last April to organize a West Virginia Teens for Safety Council with member chapters in the high schools of West Virginia.

Due to the accomplishments of the community during the year 1960 and the first 9 months of 1961, enthusiasm was at a higher pitch than usual when November brought with it plans for the annual community chest campaign. In spite of pride in accomplishment, the board of directors realized that raising this amount of money might prove hard to do because taxes had increased, cost of living was on an upward trend, and at the same time, appeals to the community chest were mounting. In 1959–60, the community chest goal of $75,000 had not been reached. In 1960–61, only $52,000 of a goal of $75,876 was raised, and it was necessary to exhaust surplus reserves to meet the budget. So the campaign committee decided to employ professional help.

The following campaign was outlined:

1. A goal of $96,570 was outlined.

2. Thomas Miller Associates was the company hired.

3. Extensive publicity campaign including:

(a) Pep talks to all civic organizations.

(b) Radio spots on saturation basis. Roundtable discussions on activities of various agencies helped by community chest.

(c) Newspaper stories daily on actual results gained.

4. Different divisions set up with workers urged to complete work and report quickly.

5. Excellent system of checking daily to keep workers' enthusiasm high.

6. Final windup was a house to house canvas conducted by all Woman's Clubs in county.

The results surpassed expectations:

1. Not only did Logan County reach its goal.

2. Logan County was first county in the State of West Virginia to reach its goal for 1961–62 community chest campaign.

3. A total of $106,223.61 was subscribed.

4. Six percent over the goal.

This was considered by all workers as a perfect example of what 100 percent cooperation can accomplish in any community undertaking.

These, then are the areas of community work which show the most pronounced public cooperation among all groups, the most progress achieved so far toward goals:

1. The organization of PRIDE.

(a) Because the activties of PRIDE have been so numerous, the minutes of PRIDE have been included, for the express purpose of showing the wide variety of civic work achieved by PRIDE and the dissemination of information accomplished by PRIDE resulting in the wholehearted support of the entire community to its projects.

2. The reactivation of the Logan County Chamber of Commerce.

3. The establishment of the Chief Logan Recreation Area.

4. The organization of the Southern West Virginia Highways Association.

5. The extension of a fine Logan High School safety teens program to schools in county, and subsequently to other schools in State and Nation.

6. A cleanup and beautification campaign.

7. The organization of the Verdunville Woman's Club for community betterment.

8. A community chest campaign that was one of the few in the State to exceed its 1961–62 goal.

No attempt has been made so far in this report to explain any of the many community projects of the Woman's Club of Logan, except those which resulted in community wide participation. However, along with these main accomplishments, the Woman's Club of Logan has also worked hard with splendid community support and cooperation on their continuing projects.

1. Support of the woman's club library.

a. Economic plight of county has caused city and county support to be temporarily withdrawn, necessitating a community-wide solicitation of funds to keep the doors open.

2. Cooperation with other women's clubs in county in making Logan County patients in State hospitals happier and more comfortable through the sanitoria patients' aid program.

3. Participation in G.F.W.C. seat belt project.

EVALUATION OF PROJECT

It is conceded that without the help of many on the professional level, State and municipal chamber of commerce representatives, the State conservation commission, the Governor's emergency relief measures, the services of Mr. Jack Lloyd, the Appalachian Power Co., the services of Thomas L. Miller Associates, and many others, none of these projects could have been accomplished.

The difficulties surmounted have been great, the apathy of a one-industry coal mining community being the hardest to overcome. Emotions have flared and jealousy on the part of one organization against another has slowed progress toward our ultimate goal, the diversification of industry so that Logan County's own citizens can learn other trades, seek other jobs, and remain at home in a thriving business climate.

Individual differences, political and philosophical ideals have clashed, but, in the final analysis, the projects accomplished are proof that personal and organizational purposes have given way to a wholesome consideration of the best interests of Logan County as a whole, to a greater degree in the period 1960–62, than in any previous 2 years of its long and varied history.

That it may be permanent and continuing, through the cooperation of Mr. Charles D. Hylton, Jr., managing editor of the Logan Banner, Logan's one daily newspaper, a series of articles entitled "We Point With Pride to ———," apprising the public of these many accomplishments, is now running in the Logan Banner. Subsequent articles, written by community leaders, to be published before March 1, 1962, will salute the chief Logan recreation areas, the senior citizens program, the Logan County Development Corp., the woman's club library, the cleanup and beautification campaign, and the community chest. This series of articles enumerating the accomplishments of the past 2 years will have paved the road into the final achievement of these projects yet uncompleted, and the beginning of bigger and better developments toward our final goal.

CONCLUSION

In conclusion, during the past 2 years, the various segments of Logan County have come together, and that is a beginning. Through the projects enumerated in this report, they have kept together, and that is progress. They have worked together, and it is in this area that our task is projected into the future, for through working together comes success.

Council of PRIDE in Logan County—Communicating Organizations

(As of February 1960)

Logan County Chamber of Commerce.
Logan County Council of Garden Clubs.
Logan County Council of PTA.
Parkway Garden Club.
Girl Scouts, W. & B. Building.
Logan Ministerial Association.
WVOW Radio Station.
Editor, Logan Banner.
Sharples Woman's Club.
American Legion Auxiliary.
Logan County Recreation Commission.
Holden Woman's Club.
Kiwanis of West Logan.
Omar Woman's Club.
Junior Woman's Club.
Logan Woman's Club.
Man Rotary Club.
Logan Senior High Activities Club.
American Legion.
Kiwanis of Chapmanville.
Logan Rotary Club.
Kiwanis of Logan.
Logan Lions Club.
Women of the Moose.
DAR.
SAR.
Triadelphia Woman's Club.
Chapmanville Woman's Club.
Boy Scouts of America.
Logan Moose Club.
BPOE.
Logan Secretaries Association.
County court.
Community council (welfare) agencies.
Logan Temple Sisterhood.
Beta Sigma Phi.

(Note.—This list does not include the individual women's groups of several churches nor the names of individuals who are in support of communication with PRIDE.)

CONSTITUTIONAL AMENDMENT TO AUTHORIZE PRAYER IN THE PUBLIC SCHOOLS

Mr. WALLHAUSER. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. Hiestand] may extend his remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HIESTAND. Mr. Speaker, I have introduced House Joint Resolution 778, calling for a constitutional amendment which would specifically authorize prayers to be offered and the Bible read as part of the program of any public school in the United States.

This amendment, in my judgment, is urgent—once and for all—to clear up the misunderstanding and shock occasioned by the Supreme Court's recent decision forbidding the Government to specify the wording of a prayer.

I feel the decision was unwise for two reasons—first, that the limitation on a Government entity wording a prayer does not, in itself, in my opinion, impose religion or make mandatory any part of it. I agree emphatically with Justice Potter Stewart's dissenting opinion.

Secondly, I consider the decision unwise, in that it provides so great a misunderstanding and shock to the American people. Obviously, the vast majority of people resent any inhibition of any kind upon their personal and religious beliefs—and this decision was played up as such.

Hitherto the Court has been mindful of widespread effects of decisions and at times has declined to rule on the meticulous language of some statute. Just why the Court assumed the responsibility of ruling in this case is not clear. And, certainly the American people have, as they should have, arisen in their wrath and resented the decision just as if it were inhibiting their beliefs or religious practices.

I hope my resolution, together with those of many other Members, gets early attention—and I shall press for its adoption.

LAND-GRANT SYSTEM OF HIGHER EDUCATION

Mr. WALLHAUSER. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. Kastenmeier] may extend his remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KASTENMEIER. Mr. Speaker, 100 years ago, on July 2, 1862, President Abraham Lincoln signed the Morrill Act establishing the land-grant system of higher education. By providing incentive on a national scale, the act significantly instilled into our society the revolutionary principle of equal educational opportunity, or as Hon. Justin Smith Morrill put it, the act provided a nationwide system of higher education "for those at the bottom of the ladder who want to climb up."

Echoing and reechoing the convictions of Thomas Jefferson, Justin Morrill, Abraham Lincoln, and many others who saw in educational opportunity for all a practical method of making democracy work are the now existing 68 land-grant institutions. Although these institutions today make up less than 4 percent of the institutions of higher education in our Nation, their weight is felt many times more throughout the world.

For example, land-grant institutions enroll 20 percent of the Nation's undergraduate students, granting almost 40 percent of all doctoral degrees in every field of study, about one-half of all the doctorates in the sciences, engineering, and in the health profession; all of the doctorates in agriculture, and about one-fourth of the doctorates in the arts and languages, in business and commerce, and in education itself. Almost half of all regular and Reserve officers in the U.S. Air Force, one-quarter of all elementary and high school teachers, and more than one-third of the Nation's college teachers are trained by the land-grant colleges.

The pulse of the land-grant philosophy is felt throughout the world for land-grant institutions educate 26 percent of all foreign students studying in the United States, have 36 percent of the foreign faculty here, provide 41 percent of the U.S. professors serving overseas, and handle 70 percent of the International Cooperation Administration educational programs.

It is no accident—

As President Conrad Elvehjem of the University of Wisconsin points out—

> that more than half of the living Nobel Prize winners earned degrees from land-grant institutions, for quality as well as utility was stressed from their beginning.

We in Wisconsin are especially proud to commemorate the 100th anniversary of the Morrill Act because of its considerable influence in particular on the development of the University of Wisconsin. The contributions of this great institution—whose main campus is in Madison in the Second Congressional District of Wisconsin which I have the honor to represent—to education in particular and society in general are far too numerous to mention. But I would like to draw my colleagues' attention to one traditional but rather modern and unique outgrowth from the university which I feel is significantly related to the principles toward which the Morrill Act was directed. This concept, fostered by the University of Wisconsin, has become known as the Wisconsin idea—"the idea that the boundaries of the campus were the boundaries of the State and that knowledge should be put to work, in every possible way, for the advancement of society." The university providing the unique strengths of its faculty and facilities became a tool for solving the problems of its State.

A crusader of the La Follette era characterized the State of Wisconsin "as an experiment station in politics, in social and industrial legislation in the democratization of science and higher education. It is a laboratory in which popular government is being tested in its reaction on people, on the distribution of wealth, on social well-being." The university was vitally involved in the volatile experiment.

Although struggling against the doubts of some of its faculty members and vigorous criticism by a conservative element in the State, the university was determined to nurture the Wisconsin idea. Staff members helped to draft reform legislation and they served on various regulatory commissions. As pointed out in the history digest of the University of Wisconsin "the doctrine of service to the State was implemented in the large-scale extension work in sponsoring research to obvious economic benefit to Wisconsin. These activities were given wide publicity which helped the university to acquire the reputation for being at the forefront of higher education. The success with which the university served the new forces in the State began to influence other institutions both in America and abroad. The feeling that the university was, in fact, an arm of the State turned Wisconsin's citizens toward it, demanding specialized aid. The result was the invigoration of the university's agriculture work and the development of general extension."

How well Robert Frost poetically depicted the university when he praised the foundations of democracy and excellence of the university as "bringing quality out of quantity." And how well President Elvehjem characterized the effectiveness of the Morrill idea that—

> The idea of a State university supported by the public to help all people live a better life, free to seek the truth wherever it might lead, open to all who could benefit from it—was inspired and strengthened by the Morrill Land Grant Act. One proof of the idea's effectiveness lies atop the hill that rises from the shores of Lake Mendota. How well this idea is carried forward in the years ahead may well determine the future course of America and the world.

Mr. Speaker, I have taken this opportunity, not only to extol the university of my State, but to refresh the memories of my colleagues and the American citizens to the vital American spirit which is born and reborn a thousand times daily on our American campuses. Our country stands out proudly among the nations of the world in responding to educational needs. Perhaps this is the time then to recall what Thomas Jefferson once said. He spoke of providing opportunities for education to the poor, for "we hope to avail the State of those talents which nature has sown as liberally among the poor as the rich, but which perish without use. But of all views none is more important, none more legitimate, than that of rendering the people the safe, as they are the ultimate, guardians of their own liberty." And as further pointed out, the people can be rendered safe, by education.

Thus again I would like to extend my appreciation to the Morrill idea, and those institutions created in its image. We must never forget the idea of equal educational opportunity for all, regardless of origin, dependent only on ability. We must provide the right for those at the bottom of the ladder to attempt the climb up.

URGING INCREASE OF MINIMUM DRINKING AGE TO 21

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Connecticut [Mr. DADDARIO] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. DADDARIO. Mr. Speaker, several days ago I signed a petition along with several of my colleagues representing the States of the Greater New England area which urged the responsible government leaders of the State of New York to raise the minimum drinking age of their State to 21.

I cannot emphasize enough the seriousness of this problem as it affects the moral well-being and safety of the young people of my State. Under present conditions any teenager may cross the border into New York and be served at one of the many accessible bars and package stores located only a short distance from the Connecticut line. The number of automobile accidents involving these young people upon returning to their homes is alarming, but the law enforcement agencies are helpless in preventing this needless slaughter because of the present New York law.

Radio station WMCA serves the Greater New York City area and as a member of the communications field is obliged to exercise discretion in dealing with issues affecting its listeners.

Yesterday I received a copy of an editorial from this station dealing with teenage drinking which I feel is irresponsible and immature in its approach to this pressing problem. The tone of the editorial is phrased so as to appeal to the lowest of emotions. The battle-scarred veteran and his wife are denied the privilege of a drink in all States except New York. This is a terrible injustice according to the editors of this radio station, but obviously they have never considered the majority of fun-seeking teenagers who are not fighting heroes and who still persist in crossing into New York merely to have a good time, and end up maimed and scarred from a horrible automobile accident.

New York is the only State in this country which allows young people 18 years of age to purchase hard liquor, yet WMCA suggests that New York's neighboring States "can keep their 18, 19, and 20 year olds at home much more easily by lowering their minimum drinking age to 18." The people of Connecticut are anxious to have their children grow up in an atmosphere which is beneficial to their health and happiness. The age of 21 is soon enough to permit young people to have access to alcoholic beverages, I think we can all agree.

I hope, along with countless other citizens of these United States, that this issue can be resolved in a rational manner, and I again appeal to the New York authorities to reconsider the present law allowing the purchase of liquor by persons over 18 years of age.

CONSUMER PROTECTION IN PURCHASE OF MEATS AND MEAT PRODUCTS

The SPEAKER. Under the previous order of the House, the gentleman from Iowa [Mr. SMITH] is recognized for 10 minutes.

Mr. SMITH of Iowa. Mr. Speaker, last year I introduced a bill (H.R. 7871) to extend consumer protection in the purchase of meats and meat products by making Federal inspection available to several hundred large packing plants. My statement at that time was as follows:

> I have introduced a bill which would require more commercial slaughtering plants to be federally inspected. The law now requires inspection only of those plants which sell meat in other States.
>
> This bill would also cover those plants which are subject to the jurisdiction of national labor laws whether or not they actually sell in other States.
>
> Under the Wagner, Taft-Hartley and Landrum-Griffin Acts, we provide regulations and protect the rights of both management and employees but ignore the protection of the consumer of their products in 20 percent of the medium and large slaughtering plants. Some of the plants which avoid selling across State lines are much larger than many that do.
>
> There are now about 2,600 nonfederally inspected medium and large slaughtering plants in the Nation of which 900 slaughter more than 2 million pounds each per year.
>
> The bill would also prohibit sale of meat products in a "deceitful form."
>
> Some meat such as ham is not sold in containers and this provision would prohibit the sale of meat not in containers such as ham with large amounts of water pumped into the veins without clearly informing the consumer of this fact.
>
> Owners and dealers with sick or diseased animals which would probably be condemned at a federally inspected plant often sell them to nonfederally inspected plants. About 7 percent of all animals are found to have some condition or disease that requires a partial condemnation of the carcass.
>
> People generally believe all meat sold in stores has been inspected by competent authorities, when in fact about 15 percent of the meat slaughtered commercially in the United States has not been inspected by competent authorities, either Federal or local, and meat products slaughtered or processed in plants not subject to Federal laws have also been adulterated, under a deceptive name and in a deceiving form.
>
> Hams have been found to have had as much as 30 percent of their weight in water pumped into the veins. Washing compound that will make unfit meat appear bright has been found in meat products and flour has been added to bolognas far in excess of the 3 percent permitted by Federal regulations without informative labeling.

> Although 16 percent of the federally inspected meat in the United States is slaughtered in Iowa, Iowa Legislatures have never provided for a State meat-inspection system to protect consumers of meat from plants which are not federally inspected. There are now at least 24 medium and large saughtering plants in Iowa, and 9 of these plants slaughter more than 2 million pounds per year. This situation has permitted the growth of plants that can adulterate meat and meat products with large quantities of foreign materials so long as they do not sell outside the State.

Mr. Speaker, the Department of Agriculture has suggested several amendments to my proposal, and in order that the alternative suggestions can be fully considered, I am introducing a new bill incorporating their suggested amendments. I do not necessarily subscribe to all the proposed changes but believe they can be better considered if such a bill is introduced. I urge the Members to study and support this legislation to protect the health of our Nation.

REPUBLIC OF THE CONGO

The SPEAKER. Under the previous order of the House, the gentleman from Pennsylvania [Mr. NIX] is recognized for 15 minutes.

Mr. NIX. Mr. Speaker, May 30 marks the day when freedom for the Republic of the Congo was proclaimed 2 years ago by Belgian King Baudouin after more than 50 years of occupation. Since that fateful day the Congo has been in the forefront of the news and the country itself has been torn by tribal conflict and civil dissension in part caused by its native population but to a greater degree by the cupidity of outside vested interests determined to secure their holdings and perpetuate their economic and social supremacy there. May 30, 1959, formally closed a vicious chapter of Congolese domination, enslavement, and profiteering by European and American enterprisers which dated back to the early 18th century and slave-trading days. During which period successive waves of foreigners skirted the Atlantic coast of the Congo River Basin raiding and kidnaping, attacking and invading, subsequently partitioning and finally overcoming the heartland of the African Continent.

On behalf of all believers in freedom of these United States—both living and dead, including those noble souls who cried out at the turn of this century against the reign of terror which accompanied the Belgian imperialists' entry into the Congo, who deplored the cutting off of Congolese hands for insufficient rubber production—in the Kasai and in the Katanga—I bring you greetings and trust you may know peace and plenty from your rich earth in your time. On behalf of the Afro-American citizens of this country, from those who trace one-fifth of their ancestors to the Congo, we share your determination to survive and live as freemen in your native land. Afro-American concern for their brother Africans is no less great than that registered by nationals among us from Hungary, Poland, Yugoslavia. We, more than any other group in the United States know what it means to have been enslaved and denied freedom and an opportunity for personal development and community advancement.

The Congo produces 60 percent of the world's cobalt, 70 percent of its industrial diamonds and about 10 percent of its copper and tin. Its variety of exports is greater than that of any other African country except that of the Union of South Africa. The tumultuous rapids of the Congo River could provide the nation with one of the world's most impressive hydroelectric outputs, which in turn could provide a vast complex comparable to that of the Ruhr industrial basin.

It has been said that if Africa's mineral resources were suddenly cut off from the United States and her NATO Allies, and especially those from the Congo, our industries could grind to a halt. The development of Congo resources together with the preservation of Congolese good will is vitally essential to the expanding economies of the United States and Western Europe; and will be of increasing importance, in these respects, in the decades which lie ahead.

We, therefore, express our absolute certainty that these resources will be developed by a free, democratic, untrammeled people and government of the Congo for the good of all concerned.

It is incredible that those who have grown rich from wealth drawn from the good earth at such great cost to African life, liberty, and economy should attempt now to nullify the freedom granted the Congolese people by King Baudouin in 1959. With money netted from helpless underpaid native Congolese, European settlers and profiteers seek now to draw other nations to their side with charges of "the most serious crimes against humanity" in total disregard to duly appointed officials of the United Nations acting under instructions of member nations dedicated to insuring justice to people in their native land that peace may prevail in this nuclear age.

There are some in this country who have been seduced, unfortunately, by the propaganda of 20th-century pirates who through fraud, deception, and misrepresentation aspire to solicit the aid of Western Powers, especially that of the United States, in order to guarantee their ill-gotten gains; thereby, sabotaging the hard-earned independence recently won by the Congolese people.

Mr. Speaker, I risk the prophecy that this freedom of which we speak will never be relinquished by the Congolese or by any of the emerging nations on the continent of Africa, and that this freedom will be cherished with reverential regard and that spirit will one day mold all Africa's people into one great nation as we are one.

The Congo needs us and we need the Congo. May all of us citizens of this country, some true brothers of African natives, pledge our mutual help and assistance in a world growing smaller every day and more dependent one upon the other.

GREATER MUSKEGON'S SECOND ANNUAL SEAWAY FESTIVAL

The SPEAKER. Under the previous order of the House, the gentleman from Michigan [Mr. GRIFFIN] is recognized for 10 minutes.

Mr. GRIFFIN. Mr. Speaker, today marks the opening of a gala, weeklong festival at Muskegon, Mich., in the congressional district which I am proud to represent.

Greater Muskegon's second annual Seaway festival runs from June 30, through July 7. It will serve our State and the Nation as an impressive reminder of the great step forward which was taken by Congress when it authorized and appropriated funds to develop the St. Lawrence Seaway.

Muskegon, largest city on Lake Michigan's east shore, boasts the finest natural deepwater harbor on the Great Lakes, improved by the Federal Government at a cost of $3 million. It is formed by Muskegon Lake and connected with Lake Michigan by a channel 6,050 feet long, 240 feet wide, and 21 feet deep. There are 17 commercial docks, public and private, serving local industries through 12 oversea ship lines and all lake shipping lines. No tugs are required for berthing or turnaround. More than 4 million tons of cargo are handled annually. There is shipside rail and truck service.

Opening of the St. Lawrence Seaway in 1959 made Michigan the principal maritime State on the Nation's new fourth seacoast. Now 80 percent of the world's merchant fleet can reach Michigan seaports, 19 of which handle a million or more tons of shipping annually.

Michigan's future in world trade is assured. It ranks third among the 14 leading industrial States in productivity as measured both by value added per production worker and by value added per man-hour. Michigan has a highly diversified skilled labor force, manning 365 different types of industry found within the State.

Muskegon is highly favored in this industrial complex by its outstanding selection of industrial sites with exceptional advantages, including water for transportation, for industry, and for recreation. Muskegon pioneered in the development of the industrial foundation plan through which building requirements of new industries were met under a loan plan.

Now a community of more than 100,000 persons, Muskegon sprang from a fur trading post; earned its first title in 1887 as "Lumber Queen of the World" and it second title in World War II as an "Arsenal of Democracy."

One of Muskegon's distinguished citizens, John C. Beukema, served on the St. Lawrence Seaway Board. He and other leaders there long have recognized the city's potential in world trade. It was this sort of farsightedness that led to staging of the first seaway festival last summer and now to planning for the second annual seaway festival.

The spacious L. C. Walker Sports Arena, where many of the indoor festival events will be held, was dedicated by the Vice President of the United States on October 27, 1960. The arena also is home of the famed Muskegon Zephyrs Hockey Team, 1962 champions of the International Hockey League and winners of the Turner Cup.

Mr. Speaker, this year's seaway festival will be a land-sea-air-space affair, with attractions ranging from flying demonstrations to displays of a three-stage 75-foot Atlas missile of the type that rockets Lt. Col. John Glenn into orbit, and a Snark missile. If plans work out, Colonel Glenn's globe-circling capsule *Friendship 7* will be there too.

The Blue Angels, famed Navy precision flying team, will take to the air over Muskegon on July 4, preceded and followed by the Navy's Starflight gymnastics team. The woman member of the gymnastic team is Mary L. Hutchins, a WAVE from Muskegon stationed at the Naval Air Base Training Command headquarters, Pensacola, Fla.

The Navy Department has been directed to arrange July 4 visits by surface units, and festival directors are hopeful of securing appearance of an Atlantic fleet submarine, destroyer, or other vessel. Lt. Comdr. Harold Minard, officer in charge of Muskegon's Naval Training Center and a festival director, says Ninth District Naval headquarters has approved a weekend visit by two PCE's of the Great Lakes Naval Training Squadron.

Other events will include a "Nationality Night" program; Brunswick Cup races sanctioned by the Michigan Outboard Racing Association; jazz concert; carnival midway; ox roast; sports car gymkana; Miss Michigan pageant; Woodland antique auto tour; and dedication of the McGraft Park Bandshell, featuring music of the West Shore Symphony, Muskegon Community Band, and the Cosmopolitan Male Chorus.

Mr. Speaker, all this should make clear that Muskegon's second annual seaway festival, June 30 to July 7, will be a great success and that Muskegon and her sister cities throughout Michigan's Water Wonderland are entering a new era of progress made possible by the St. Lawrence Seaway and expanding world trade.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to:

Mrs. RILEY (at the request of Mr. ALBERT), for today, on account of official business.

Mr. KORNEGAY (at the request of Mr. HENDERSON) from Saturday, June 30, through July 3, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. RYAN of New York, for 60 minutes, on July 9.

Mr. SMITH of Iowa (at the request of Mr. GRAY), for 10 minutes, today, and to revise and extend his remarks.

Mr. NIX (at the request of Mr. GRAY), for 15 minutes, today, and to revise and extend his remarks.

Mr. GRIFFIN (at the request of Mr. WALLHAUSER), for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. ALBERT and to include an address delivered by the Speaker before the Rivers and Harbors Congress.

(The following Member (at the request of Mr. ALBERT) and to include extraneous matter:

Mr. JOHNSON of California.

(The following Member (at the request of Mr. WALLHAUSER) and to include extraneous matter:)

Mr. CUNNINGHAM.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2429. An act to revise the boundaries of the Virgin Islands National Park, St. John, V.I., and for other purposes; to the Committee on Interior and Insular Affairs.

S. 2560. An act to amend the Interstate Commerce Act, as amended, so as to strengthen and improve the national transportation system, and for other purposes; to the Committee on Interstate and Foreign Commerce.

ENROLLED BILL SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 8031. An act to amend the Communications Act of 1934 in order to give the Federal Communications Commission certain regulatory authority over television receiving apparatus.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3161. An act to provide for continuation of authority for regulation of exports, and for other purposes.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 37 minutes p.m.), under its previous order, the House adjourned until Monday, July 2, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2256. A letter from the Assistant Secretary of the Interior, transmitting a draft of a proposed bill entitled "A bill to make any bank organized under the laws of American Samoa eligible to apply for insurance under the Federal Deposit Insurance Corporation Act, and for other purposes"; to the Committee on Banking and Currency.

2257. A letter from the Administrator, Housing and Home Finance Agency, transmitting a draft of a proposed bill entitled "A bill to provide additional authorization under section 202 of the Housing Act of 1959 of appropriations for loans for the provision of housing for elderly families and persons"; to the Committee on Banking and Currency.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DAWSON: Committee on Government Operations. Twenty-first report pertaining to administration of grants by the National Institutes of Health (Rept. No. 1958). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BRAY:

H.R. 12379. A bill to amend section 3503 of title 38, United States Code, to provide for the restoration of the rights of certain veterans to benefits forfeited before September 1, 1959; to the Committee on Veterans' Affairs.

By Mr. HERLONG:

H.R. 12380. A bill to amend the Internal Revenue Code of 1954 to provide for the taxation of a life insurance company which owns a controlled insurance subsidiary and to subtract from the policyholders' surplus account unused tax credits; to the Committee on Ways and Means.

By Mr. ROGERS of Florida:

H.R. 12381. A bill to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of Iowa:

H.R. 12382. A bill to extend Federal meat inspection and to permit cooperation with State meat inspection services and for other purposes; to the Committee on Agriculture.

By Mr. KASTENMEIER:

H.R. 12383. A bill to amend the United Nations Participation Act of 1945 to provide an opportunity for the public to provide support for the United Nations through the purchase of peace bonds; to the Committee on Foreign Affairs.

By Mr. HAGAN of Georgia:

H.J. Res. 793. Joint resolution proposing an amendment to the Constitution of the United States permitting the offering of prayers and the reading of the Bible in public schools or other public bodies in the United States; to the Committee on the Judiciary.

By Mr. JOHNSON of California:

H.J. Res. 794. Joint resolution requesting the President to enter into negotiations with Canada with respect to imports of softwood and authorizing the establishment of temporary import quotas for softwood; to the Committee on Ways and Means.

By Mr. MILLER of New York:

H.J. Res. 795. Joint resolution proposing an amendment to the Constitution of the United States to permit the offering of prayer in public schools; to the Committee on the Judiciary.

By Mr. MONAGAN:

H.J. Res. 796. Joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools; to the Committee on the Judiciary.

By Mr. MOORE:

H.J. Res. 797. Joint resolution proposing an amendment to the Constitution of the United States permitting nonsectarian prayer in public schools or other public places if participation therein is not compulsory; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. HARVEY of Michigan introduced a bill (H.R. 12384) for the relief of Guzin Delman, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

375. By Mr. DOLE: Petition of 95 citizens of the Oberlin, Kans., community against the enactment of the King-Anderson bill (H.R. 4222); to the Committee on Ways and Means.

376. By the SPEAKER: Petition of W. J. Brown, State overseer, Church of God, Ellicott City, Md., relative to protesting the recent Supreme Court decision in the New York State Board of Regents prayer case, prohibiting the free exercise of prayer in public assemblies; to the Committee on the Judiciary.

377. Also petition of Bennerd James Craig, Leavenworth, Kans., relative to a redress of grievance relating to a sentence imposed upon the petitioner, Bennerd James Craig; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Facts on Communist Propaganda—VII: Provisions of House Amendment

EXTENSION OF REMARKS

OF

HON. GLENN CUNNINGHAM

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Saturday, June 30, 1962

Mr. CUNNINGHAM. Mr. Speaker, I have been amazed at the misunderstandings, deliberate or otherwise, which have occurred about the House action in adopting a ban on free or subsidized delivery of Communist propaganda. Charges of censorship were raised in one paper; the American Civil Liberties Union somehow imagined the amendment interfered with the right to read Communist propaganda.

In order to clear up these misunderstandings, the following material was prepared. It pertains to section 12 of H.R. 7927, the postal rate bill.

The part VII concludes the current general material prepared in answer to queries from the press, Members of Congress, and interested citizens and groups. In summary, the parts were as follows: "Part I: Universal Postal Union"; "Part II: Volume of Communist Propaganda"; "Part III: American Publications in Russia"; "Part IV: A Profit for the United States?"; "Part V: 'Free' Delivery?"; "Part VI: Free Exchange of Ideas"; and "Part VII: Provisions of House Amendment."

The above-mentioned material follows:

PROVISIONS OF HOUSE AMENDMENT

There is no mail censorship in this amendment. The sanctity and privacy of first-class mail remains in full force. Second- and third-class domestic mail and international printed matter can be opened for inspection as has always been true. It is even called open mail.

If large quantities of first-class mail are suspect, there are regular legal procedures which have been in effect for years whereby the proper officials may apply to the courts for a search warrant to open such first-class mail. A good case will necessarily have to be made to the courts before such a warrant will be issued. This provision gives authorities an avenue of inspection now for first-class mail suspected of containing dope, hard-core pornography or other nonmailable matter.

There is no attempt through this amendment to deny people the right which is theirs to read anything they want to. Communist material—books, periodicals, and pamphlets of every description—may still be obtained, because they can be brought into this country and then mailed via parcel post. This is true because the amendment applies only to the postal rate provisions in this bill, and this bill does not set parcel post rates. Parcel post pays its own way because rates are set by executive agencies at a break-even level to cover expenses involved.

The big difference is that under the amendment Communist propaganda would have to be distributed here at the expense of the sender with the Post Office Department gaining ample revenue for the use of the mails. We would no longer handle and deliver this material at our taxpayers' expense or at subsidized rates.

The first amendment to the Constitution provides:

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances."

Section 12 of H.R. 7927 reads:

"In furtherance of this authority to counteract adverse usage of the mails and to reduce the domestic postal deficit, no international mail handling arrangement under which any postal rate, whether or not reciprocal, is established, shall permit the receipt, handling, transport, or delivery by the United States Post Office Department of mail matter determined by the Attorney General to be Communist political propaganda.

"No United States postal rate established by the Postage Revision Act of 1962 shall be available for the receipt, handling, transportation, or delivery of mail matter determined by the Attorney General of the United States to be Communist political propaganda financed or sponsored directly or indirectly by any Communist controlled government."

It does not take a lawyer to see that there is no connection between the first amendment and section 12. Section 12 does not prohibit any American from reading, saying, printing, or publishing anything. It does not stop him from receiving Communist-printed matter.

Furthermore, any newspaper, radio or TV station can carry all the news it wants to about the Soviet bloc nations, including full-length speeches by Soviet officials if so desired. This will always be possible unless the publication is controlled or sponsored directly or indirectly by a Communist-controlled government. Our free press is not so controlled and therefore the propaganda amendment has nothing whatsoever to do with freedom of the press.

Address by the Honorable John W. McCormack to the 49th National Convention of the National Rivers and Harbors Conference

EXTENSION OF REMARKS

OF

HON. CARL ALBERT

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Saturday, June 30, 1962

Mr. ALBERT. Mr. Speaker, on May 18, 1962, our distinguished Speaker John W. McCormack addressed the 49th Annual Convention of the National Rivers and Harbors Congress here in Washington.

The Speaker extended the greetings of the House of Representatives and demonstrated once again his personal concern for every facet of the well-being of this great Nation. There is no flood control problem in John McCormack's congressional district. Massachusetts faces no famine-or-flood paradox such as is common in many of our Western States. The Speaker's constituents do not lose millions of dollars worth of rich soil in annual flood damage. Yet Speaker McCormack realizes these problems exist in many areas of the country, draining and sapping our resources and our potential strength. John McCormack has always been a stanch supporter of the programs designed to preserve and develop the water resources of our Nation.

Under unanimous consent, I want to insert in the Record Speaker McCormack's address to the National Rivers and Harbors Congress which dramatizes the importance of this organization's efforts in behalf of our Nation and graphically illustrates our own distinguished Speaker's understanding and concern with one of the vital problems of our day.

The speech follows:

GREETINGS FROM THE HOUSE OF REPRESENTATIVES TO THE 49TH NATIONAL CONVENTION OF THE NATIONAL RIVERS AND HARBORS CONGRESS

(Address delivered by Hon. JOHN MCCORMACK of Massachusetts, Speaker of the House of Representatives)

My very good friend, Speaker Martin, President Buckman, my good friend, Senator Wiley, my good friend, Bob Sikes, General Clarke and Colonel Press, and ladies and gentlemen, I'm very happy to join with you on this occasion. It happens that I represent a congressional district that hasn't even got a creek in it. We have the Neponset River, but you wouldn't even call it a creek in most parts of the country. There's no problem about flood control, in connection with the Neponset River, so I refer to that to indicate, like we have no farms in my district, we have no flood control problems.

But I've always been interested in this great Nation of ours. To me it's a union of States and not 50 States separate and distinct from one another. And when the great resources that are going to waste could be marshaled for the public interest, and when the people in any part of the country are faced with that constant fear and danger of floods proper and effective action should be taken.

I also think that adequate protection should be given to the people of the various sections of our country who, as I said, are faced with that constant fear of floods coming down and endangering life and property.

So, having that in mind, back in the 1930's, I introduced a bill in Congress, which is now law. You're probably acquainted with it. You probably are not acquainted with the fact that a fellow in Congress, coming from a district that hasn't got a flood control project or problem is the author.

Prior to that there was a Federal-State relationship, as you'll remember, where the State had to furnish the lands free and clear from all encumbrances and pay the administrative expenses, and that was the difficulty to a number of the States of the Union. And I always felt that the problem of a river where danger existed, and a river flowed through two or more States, was a problem the Federal Government.

And then I introduced another bill—I'm not trying to advertise myself, because there are no votes here for me, but simply to show my interest in the great work you've been doing—I also introduced another bill some years ago, which you probably have heard of. That was the bill giving authority for the Army Engineers to build projects up to not exceeding $350,000 each year without specific authority for each project on the part of Congress, and they could apportion from the blanket or general funds appropriated by Congress for that purpose. So I've followed your work throughout the years. I've addressed your conventions or conferences in the past. And I'm very happy to be here on this occasion and my, what I think is concrete action on my part—not words—evidence the fact that I have cooperated as a Member of Congress in every way possible because I'm proud of the fact that I introduced both those bills and both of them are now upon the statute books of our country.

As I said, it is with great pride that I appear here to bring a word of greeting from my colleagues in the Congress. I am proud that this great organization is presided over by a most able and distinguished colleague, on this occasion, by my very dear friend from Massachusetts, Speaker MARTIN, who preceded me by some years in the office which I now hold. No Member of Congress, and no person in or out of Congress has worked more diligently or more effectively for the development of rivers and harbors for this Nation than my good friend, JOE MARTIN. And what I say about JOE MARTIN goes for BOB SIKES. As a matter of fact, BOB called me up to remind me—he called me up yesterday to be sure to remind me to be here today. The best evidence of the interest of Congress—of the Congress, both branches—in your organization is the men who are your Vice Presidents on the congressional level—BOB SIKES, JOE MARTIN, JOHN BLATNIK on the part of the House, Senator HOLLAND, Senator WILEY, who's here, Senator YARBOROUGH on the part of the Senate. I'm very happy to be on the program with my distinguished friend from Wisconsin, Senator WILEY. I join all these colleagues of mine from both branches of the Congress, in extending greetings from all Members of the Congress to your great organization—and it is a great one. You do great work and I know it—which is devoted to the development of America for the American people.

I would probably leave a better impression with all of you if I merely said amen to what has already been said by General Clarke and Colonel Press and which will be said by Senator WILEY. I have favored all phases of all programs designed to conserve water and soil. I—again not boasting—I have rather a proud feeling that I have never voted in 34 years against a bill that came before the House of Representatives authorizing a project. That includes Tennessee Valley, whether your views are for it or not, Boulder Dam, upper Colorado, only a few years ago, back 4 or 5 years ago, when I made statements in support of it, and all of the other bills that have come up in the House of Representatives, because it carries out my broad viewpoint of this great Nation of ours in marshaling the natural resources to serve our people. I have supported the projects in all sections of the country aimed at controlling the ravages of floods and opening up our waterways for the benefit of man, conservation of water, conservation of soil, recreation, hydroelectric power, flood control, irrigation. These are things that we cannot afford not to do. I am proud of the steps being taken along this line in my own State. We are developing upstream flood control in Massachusetts and the other New England States in the manner and on a scale that will be a model for this Nation. We are expanding the breadbasket of our State. This is one of the methods open to the Nation as a whole to meet the challenge of such an ever-expanding population which will in time play an important part also in connection with our whole American life.

I not only favor developing and utilizing our great rivers. I want to see watersheds, small watersheds, developed and controlled. I want to see dams on the tributaries, as well as on the great streams of our land. I favor the development of the great watersheds of the West for irrigation and reclamation of power. I have driven and flown across our great Western States and have observed the tremendous productive capacity of desert wastelands once they are touched by water. This is one of our great food and fiber reservoirs of the future. But we cannot wait until the future to proceed with their development. We must begin now in order to finish the task—the job—in time to meet certain demands of tomorrow and there are great demands. You realize it. I realize it. Even in the field of sanitation, furnishing water for the demands of the people of America 10 years from now—that, of itself, will be tremendous.

I favor flood control in the central and eastern sections of our country as I favor reclamation and irrigation in the arid West. In all sections of our country water, which can be a dangerous enemy, must be harnessed and made the obedient servant of man. Recreation is not the smallest aspect of our water program. More and more of our people are leaving the farms every year and going into the cities. The small towns are becoming smaller and the large cities larger. We need more open-air recreation for the growing industrial population.

So, Mr. President, I join my colleagues in what will be said during this convention. You are to be congratulated on being the oldest and most active national organization designed to build up rivers and harbors resources in our country. These things are for America. They will serve us well in peace and if war comes, serve us in time of war. They are indispensable to the future greatness of America. I appreciate very much your invitation. It's a pleasure for me to have joined with you on this occasion.

Free World Challenges and Opportunities

EXTENSION OF REMARKS

OF

HON. HAROLD T. JOHNSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Saturday, June 30, 1962

Mr. JOHNSON of California. Mr. Speaker, the East Los Angeles College has conferred on one of our distinguished colleagues an honorary associate in arts degree. This honor given to our colleague, CHET HOLIFIELD, carried additional distinction for my good friend because it is the first such degree ever to be offered by the college which is a part of the great Los Angeles city educational system. CHET HOLIFIELD was the guest speaker at the commencement exercises speaking on the question of "Free World Challenges and Opportunities." He outlined with his usual skill the challenges which face this Nation and the free world.

Under previous leave, I include this fine document in the RECORD:

FREE WORLD CHALLENGES AND OPPORTUNITIES

Mr. Chairman, respected friends and members of the East Los Angeles Junior College graduating class of 1962, you have accorded me a great honor by inviting me to address you on this occasion, which marks an important event in the life of each graduate.

For 2 years you have worked hard and made sacrifices to advance your education. You have had fun, too, and fond memories will go with you from this familiar and friendly place.

Count yourselves fortunate that you have had the opportunity to go to college. This graduation marks a milestone of achievement. You have readied yourselves for new duties and responsibilities. Whether you continue your formal education, or start a career and a livelihood, I wish you every success and happiness.

The pursuit of happiness is ennobled by special mention in the Declaration of Independence, along with life and liberty, as God-given inalienable rights of mankind.

We Americans have been criticized for being too preoccupied with the pursuit of happiness in the sense of creature comforts and material well-being. Our education has been scored as shallow and misdirected; our art and culture as meager and rude.

It is the custom of critics abroad to put us down as pragmatists and money-grubbers, rich in material wealth but poor in things of the spirit, insensitive to the nobler and higher aspects of existence.

There is some truth in generalizations of this kind, but not enough to be descriptive of our national character. We Americans are more cultured, more idealistic than our detractors suppose. As a nation we are generous to a fault. We respect learning.

We take our education seriously. We are eager to experiment, to prove and improve.

Now we have our faults and our flaws—as all peoples do—and I shall suggest some of them in the course of these remarks. But the problems that beset us as a nation and as individual citizens derive largely from the fact that we have not fully adjusted to deep-seated and revolutionary changes in the world and in our own society. The significance and impact of these changes are not always plain to see. They work slowly beneath the surface, and oftentimes we see only a momentary disturbance on top.

It is of the utmost importance that we understand what is going on in the world today. For if we do not understand, we are doing less than our duty as citizens. If we do not understand, if we are indifferent when we must pay heed, then vital national policies may starve for lack of support and our national existence may be endangered.

As a nation we might perish—in the literal sense that man now has devised the means for sudden and massive destruction of life and property and radioactive contamination of large parts of the populated earth. Missiles with nuclear warheads can span oceans and continents in a few minutes—swift messengers of death.

The only war that most of you have been aware of personally in your young lives is the Korean war. In this century, two great wars have racked the world, with unparalleled fury and violence. In World War I, 17 million soldiers of all nations were killed and 13 million civilians died because of military action, massacre, starvation, or exposure. In World War II another 30 to 40 million persons—military and civilian—died.

World war III would make the destruction of life and property of World Wars I and II look petty in contrast. By the grace of God and the wisdom of man—a wisdom yet to be shown—we may be spared the frightful carnage and devastation of nuclear war. But peace in our times is not merely the absence of war.

We must work at peace—without flagging, without stint. We must earn peace, like our bread, by toil and sweat, by sacrifice, by the helping hand stretched across the seas to our allies, by the good deed and the generous gift for others in strange and distant lands.

Three billion souls inhabit the earth, crowded in 7 percent of the total land surface where climate and soil permit better or worse subsistence. China and India together account for more than one-third of the peoples. If we all sat at the same table—a philosopher once said—no one would starve. Yet upwards of 2 billion people go to bed hungry most every night. They live out their dreary existence in shacks and mud huts, disease-ridden, careworn, working with primitive tools, laboring early and late for a bowl of rice or a crust of bread.

One of the revolutionary developments of our times is that the mass of humanity no longer is willing to accept misery as a way of life. In many places people are fighting and working and voting for independence.

These moves to independence, in some ways, seem premature. The new nations lack many of the basic skills and resources for self-government and industrial progress. Tools and machinery and investment capital are in short supply, even while plans are ambitious and promises are many. Not enough people are educated, not enough are trained in the art and science of government, not enough have time to participate in affairs beyond the daily struggle for existence.

Even so, the striving for independence and self-improvement will not be stopped.

Each nation and its people, in their own way, seek life and liberty and pursue happiness. They knock on humanity's door. They want a modest share in the good things of life.

When the United Nations was born in 1945 it had 50 member nations. Today there are more than 100 members in the U.N. In the year 1960 alone, 17 new nations gained admittance. Africa, Asia, and Latin America together account for 70 out of 104 U.N. member nations. The U.N. is a forum for the claims of the underprivileged.

Nations wealthier and more advanced are in a position to help. From our own store of abundance will come food and tools and machinery. We will send doctors, engineers, teachers, administrators—to heal and build, to instruct and advise. And if necessary, we will send arms to the frontiers of freedom, to guard against Communist aggression.

Freedom is challenged on every front, and most acutely, in the areas where people are striving to establish and maintain their independence. To our country is given, in these perilous times, the solemn, high responsibility and the demanding task of carrying freedom's banner.

Arrayed against us is the strong, ruthless force of communism—a force that seeks to dominate the world, to put all mankind in thrall to its tyranny.

The greatest challenge we have is to preserve the peace without losing ground to tyranny, to offer those who seek freedom the precious opportunity to have and hold it.

Communism is the enemy of freedom, of the free society, of democratic constitutional government. I don't mean to suggest, however, that communism is a monolith without cracks, without stresses and strains. For the fact is that the Communist world has its own problems which pit faction against faction and one Communist country against another.

It is difficult to predict the outcome and the consequences of the maneuvering for power, prestige, and dominance within and among the countries of the Communist world. But this I know: That if their people had a secret ballot and a free choice they would throw their leaders out and change their government systems. They would join the ranks of the free.

For those in the Communist world who have not been murdered or starved or tortured to death are committed, for the most part, to grinding labor, low wages, poor housing, scarce rations, few or none of the amenities of life. Fear of starvation drives Chinese peasants into overcrowded Hong Kong. Distaste for the drab, dull life of East Germany drives people over the wall to the West.

Life behind the Berlin wall and the Iron Curtain is really drab and dull.

When I was in Moscow in 1957 I was struck by the absence of gaity and humor, the inferior quality of merchandise, the lack of style in clothes, the poor furnishings in the hotels, the monotony of the food, and—particularly—the unrelieved seriousness of the authorities. Laughter is a scarce item in a regimented society.

It would be a dangerous mistake, however, to discount Soviet technical achievements. My visit to Moscow coincided with Sputnik I launching in October 1957. The Soviets demonstrated by that feat that they were considerably ahead of us in building powerful rocket engines. In 1949, 4 years after Hiroshima, they built an A-bomb, and in 1953 they were practically up with us in developing the H-bomb. Their recent space flights outpace our own efforts.

These Soviet achievements could only be accomplished by a nation which has been concentrating on heavy industry and technology. We know that the Soviets are turning out more engineers and scientists than we are. Indeed, the Soviet Government is fast becoming a government dominated by engineers—a kind of technocracy out to rule the world.

While the Soviets have yet to show that they can produce enough meat and milk and grain to adequately feed their own people, their feats of technology attract worldwide attention.

The great danger is that leaders of the poor and backward nations, impatient for quick results, indifferent to the requirements of a free society, will invite Communist support and eventual domination. We must meet that challenge.

To advance the cause of freedom, to carry out our leadership role in the family of free and uncommitted nations, we must be sure that our own house is in order. Our defenses must be kept strong, our economic condition healthy. We must offer creative opportunities for all our people to learn and earn and live satisfying lives.

The young ones who need guidance and schooling, the able-bodied who seek work, the elderly people who need medical care—these are all part of the family we call America. The less privileged among us, whatever their age or creed or national origin or the color of their skin, are entitled to live in dignity and decency, to be accorded equal justice and equal opportunity, which is our common birthright and our democratic heritage.

We Americans are better clothed, better housed, better fed, have more education and leisure, more opportunities for creative and productive work, than most of the world's people. We are the affluent society. And yet, along with the blessings of abundance, we have our share of economic ills.

Our industrial machines are wondrously efficient, but they displace more and more workers every year. Our farmlands have amazingly high yields per acre, but more and more people leave the countryside each year to seek employment in towns and cities. Our warehouses bulge with food we cannot eat, with goods we cannot buy.

Not that Americans generally are poor or getting poorer. The median income of American families in 1959 was $5,700, an increase of 84 percent over the $2,600 earned per family in 1949. Even if we adjust for the fact that the 1959 dollar bought less goods and services, American families were still 50 percent better off than they were a decade ago.

Almost 7 million of the 45 million families in the Nation received money incomes of $10,000 or more in 1959, and an additional 19½ million families had incomes ranging between $5,000 and $10,000.

This is good progress. It signifies a major shift of families upward along the entire income scale. Nevertheless, we must not forget that 18½ million families earned less than $5,000 in 1959. Of these, 9½ families (accounting for some 36 million people) earned less than $3,000 a year. And of the later group, 2½ million families earned less than $1,000 a year.

The unhappy fact is that many Americans live close to the margin of existence—on nonproductive small farms, in depressed towns and villages, in slums of great cities.

We produce more than our consumers can buy without using all our productive capacity in manpower, materials, and machinery. We have still to achieve full production and employment and sustained purchasing power. We must find new markets at home and abroad. We must do many other things—all the while keeping our economy free of inflation, assuring an economy of continued free enterprise and profitable investment. The challenge to American ingenuity and enterprise is great.

A healthy, progressive economy demands not only ample private investment, but a high level of public investment. Schools and hospitals, urban renewal, highways, subways, government buildings—these and other public works must go forward to accommodate our mobile and growing population—to eliminate traffic congestion and blighted areas, to provide needed structures and facilities for schooling our children, for healing the sick, for administering our public affairs, and for giving Americans opportunities to work and play in pleasant surroundings.

To you who graduate today and prepare to join in the business and public life of your communities, the challenges will be many and great.

I don't mean to suggest that these challenges will all be grim. This is a wonderful age of science and invention and exploration.

When I was in your age bracket—let's say 35 years ago—life was much more simple. Montebello was a booming oil town of about 2,000 inhabitants. East Los Angeles, from Eastern Avenue to Montebello, was a wide expanse of dairy pastures and garden crop lands.

We had no television sets. The radio was a quaint and rare box. The model-T Ford burned up the dirt roads at 30 miles an hour.

That was about the year 1927. The first coast-to-coast network radio broadcast was made in that year—a play-by-play account of the Rose Bowl football game at Pasadena. And a young flyer named Lindbergh earned the Congressional Medal of Honor and the plaudits of millions for flying across the Atlantic in a monoplane at an average speed of 170 miles an hour.

Now a young astronaut gains fame by orbiting the earth in a capsule at the fantastic speed of 17,500 miles per hour. Before this decade is run out, brave young men will be exploring the valleys of the moon and preparing for journeys to other celestial bodies.

It has been my privilege, as a member of the Joint Congressional Committee on Atomic Energy, to play a part in the decisions which spurred some of the most important technological developments in the last 15 years—the establishment of civilian control of atomic energy, the development of the H-bomb, the creation of a nuclear Navy, the promotion of atomic energy as a new source of peacetime electric power, and the beginnings of the development of nuclear rockets for propulsion in outer space.

From my many contacts with scientists, engineers, and technicians, I realize that the disciplines of industrial and professional life today are stern—far more demanding than in my youth. Our young people need more and better education and training to make the most of their opportunities, to fit themselves into the exacting jobs of an age of science and technology. The jobs are more exacting, but the rewards are correspondingly larger.

To those of you who will go from here to institutions of higher learning, I say: Excellent. Study hard, sharpen your intelligence, deepen your knowledge, broaden your understanding, equip yourselves for superior performance.

To those of you who will go from here to business or industry or other pursuits, I say: Continue your education in every way that you can.

In a fundamental sense, all life is an educational process. "Live and learn" is an old saying. But what I want to convey is the importance of education as a means of keeping abreast of events in our complicated world. It is important to be well-read, to be well informed on public affairs, to be, if possible, an active participant as well as an informed observer. Your community needs your leadership.

Technology explodes in new knowledge every day. There has been nothing like it before. The tempo of life is quicker, the world shrunk by fast transport and communication. To know how others work and live, what they strive for, where they are going, is part of our continuing education. To assess public and political affairs with insight and understanding, so that the demagog can be discounted and the statesman supported, is part of our continuing education.

There are those who assault our eyes and ears with words—printed and spoken—seeking our allegiance for purposes of their own, purposes misguided or sinister. Whether they be wedded to an alien philosophy of communism or to a homespun variety of fascism, they are not in the mainstream of America, they are not riding the wave of the future.

Bolsheviks, Birchites, and beatniks have this in common—that they live in the byways and the dark corners of our national life.

They create their own phantom worlds and evil spirits. The beatniks yearn for nonconformity, and they seek it outside the ordinary world. The Birchites yearn for the simple life, and they seek it in the distant past. The Bolsheviks yearn for a dictatorship, and they seek it by the faraway Soviet example. As you travel the mainstreams and the broad highways of American life, you will do well to avoid these detours and blind alleys. I do not counsel conformity for conformity's sake. I advocate the nonconformity that comes with intelligent and independent thought, not the nonconformity of the eccentric or the regimented radical.

Intelligent and independent thought does not come from book learning alone. It comes from practice—from using our intelligence, from applying our knowledge, from testing our ideas by exchange with others. There is no substitute for good sense and good judgment. There is no easy way to acquire good sense and good judgment.

My plea is that you avoid complacency and mental laziness. Don't swallow everything you read in the newspapers and magazines and hear broadcast on the air. Inquire, examine, check, challenge. Easy acceptance of the popular notion of the day induces narrow conformity, invites prejudiced opinion in place of fact and truth and sound basic values.

Education and freedom go hand in hand. Democracy flourishes when its people are literate and well informed. But our democracy needs more: It needs superior performance in a contest with the Communist system.

Thus there are two aspects to our educational concern: Quantity and quality. On the quantitative side, educational attainment must be spread broadly among the people. On the qualitative side, we must develop to the full the talents of those with special abilities, to insure national survival, and progress and world leadership.

Quantitatively, our level of educational attainment is improving steadily. Take literacy—the ability to read and write—as the baseline. When I was a boy, 1 in 10 Americans was illiterate. Today the illiteracy ratio is something like 1 in 45, hardly more than 2 percent of the population.

In 1940 about 24 percent of the adult population (25 years or older) had finished high school. In 1959 the figure was 43 percent.

In 1940 the median years of school completed was 8.4; in 1950 it was 9.3, and in 1959 it was 11. Incidentally, the women rank higher than the men. They have a half year more of schooling.

As you can see, the educational trend is steadily upward. The same applies with respect to college education, though the advance is less striking. For example, college graduates were 5 percent of the adult population in 1940. This increased to 8 percent in 1959. Here the men did better than the women, largely because of the GI bill for veterans.

In any case, you ladies and gentlemen are in the educational vanguard. You are in the best educated segment of American society. From your ranks will come tomorrow's leaders. America's future is in your hands.

These are times, as Tom Paine once said, which try men's souls. There are dark, dangerous waters to navigate, rocks and reefs, shifting sands. I speak of the dangers but somehow I feel cheerful of the outcome.

To you I say: Have faith in yourselves and your country. Rejoice that you live in these wonderful and exciting years. Discharge wisely and well your responsibilities to yourselves, your families, your communities, your country, and the world, and your lives will be rich in satisfaction beyond any material reward.

In closing, I will quote a few words of unmatched eloquence from a speech by Franklin Delano Roosevelt. It was delivered in October 1936, commemorating the 50th anniversary of the Statue of Liberty.

When a monument is erected to President Roosevelt, certainly these words will be inscribed thereon:

"Even in times as troubled and uncertain as these, I still hold to the faith that a better civilization than any we have known is in store for America and by our example, perhaps, for the world. Here destiny seems to have taken a long look. Into this continental reservoir there has been poured untold and untapped wealth of human resources. Out of that reservoir, out of the melting pot, the rich promise which the New World held out to those who came to it from many lands is finding fulfillment.

"The richness of the promise has not run out. If we keep the faith of our day as those who came before us kept the faith of theirs, then you and I can smile with confidence into the future."

God bless you.

SENATE

Monday, July 2, 1962

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Father of all mankind, whose love no manmade barriers can shut out, we thank Thee that there is no other right that can veto our right to Thee.

As this day at the beginning of another week we ascend the world's great altar stairs, sloping through darkness up to Thee, we come, not with a philosophy of prayer, but in the practice of this greatest of all powers which, as with golden chains, ties our human race around the throne of the eternal.

To turn to Thee even for a brief pause in the midst of draining days is to be reminded that for each of us is coming a day when we shall look back at the finished span of our life, with its ardent ambitions, its hot, strenuous endeavors, its noise, and its rush and dust, and see that it is emptiness and shadows except when here and there we have turned aside to be thoughtful of others, and unselfish in our outreach as we set our hearts on little, unremembered acts of kindness and of love.

So may the circle of our concern be stretched out until it is as wide as all humanity.

We ask it in the name of the One who came, not to be ministered unto, but to minister. Amen.

THE JOURNAL

On request of Mr. HUMPHREY, and by unanimous consent, the reading of the Journal of the proceedings of Friday, June 29, 1962, was dispensed with.

CONTINUATION OF AUTHORITY FOR REGULATION OF EXPORTS—MESSAGE FROM THE HOUSE RECEIVED DURING ADJOURNMENT

On Saturday, June 30, 1962, the Secretary received a message from the House of Representatives announcing its agreement to the conference report on the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes.

Subsequently, on the same day, the Secretary received the enrolled bill, which had been signed by the Speaker, and it was signed by the President pro tempore.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on June 30, 1962, he presented to the President of the United States the enrolled bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on July 1, 1962, the President had approved and signed the following acts:

S. 1834. An act to further amend the act of August 7, 1946 (60 Stat. 896), as amended, by providing for an increase in the authorization funds to be granted for the construction of hospital facilities in the District of Columbia; by extending the time in which grants may be made; and for other purposes; and

S. 3161. An act to provide for continuation of authority for regulation of exports, and for other purposes.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 3062) to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions.

The message also announced that the House had passed the joint resolution (S.J. Res. 201) to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 1658) to amend the act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce, with an amendment, in which it requested the concurrence of the Senate; that the House insisted upon its amendment, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HARRIS, Mr. WILLIAMS, Mr. STAGGERS, Mr. FRIEDEL, Mr. BENNETT of Michigan, Mr. SPRINGER, and Mr. YOUNGER were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H.R. 8982) authorizing the Dow Chemical Co. to construct, maintain, and operate a bridge across the Rio Grande at or near Heath Crossing, Tex.

The message further announced that the House had agreed to the amendments of the Senate to each of the following bills of the House:

H.R. 9883. An act to authorize the San Benito International Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Tex.; and

H.R. 12061. An act to extend the Renegotiation Act of 1951.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H.R. 8031. An act to amend the Communications Act of 1934 in order to give the Federal Communications Commission certain regulatory authority over television receiving apparatus;

H.R. 8045. An act to change the name of the Hydrographic Office to U.S. Naval Oceanographic Office;

H.R. 8982. An act authorizing the Dow Chemical Co., to construct, maintain, and operate a bridge across the Rio Grande at or near Heath Crossing, Tex.;

H.R. 9883. An act to authorize the San Benito International Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Tex., and to authorize the Starr-Camargo Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Rio Grande City, Tex.;

H.R. 11221. An act to amend section 302 of the Career Compensation Act of 1949, as amended (37 U.S.C. 252), to increase the basic allowance for quarters of members of the uniformed services, and for other purposes; and

H.R. 12061. An act to extend the Renegotiation Act of 1951, and for other purposes.

CALL OF THE LEGISLATIVE CALENDAR DISPENSED WITH

On request of Mr. HUMPHREY, and by unanimous consent, the call of the Legislative Calendar was dispensed with.

LIMITATION OF DEBATE DURING THE MORNING HOUR

On request of Mr. HUMPHREY, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. HUMPHREY, and by unanimous consent, the Subcommittee on National Stockpile and Naval Petroleum Reserves of the Committee on Armed Services was authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of Frank E. Smith, of Greenwood, Miss., to be a member of the Board of Directors of the Tennessee Valley Authority, which was referred to the Committee on Public Works.

EXECUTIVE REPORT OF A COMMITTEE

The following favorable report of a nomination was submitted:

By Mr. KEATING (for Mr. MAGNUSON), from the Committee on Commerce:

Rear Adm. Donald McG. Morrison, U.S. Coast Guard, to be Assistant Commandant of the U.S. Coast Guard with the rank of vice admiral.

The PRESIDENT pro tempore. If there be no further reports of committees, the nominations on the executive calendar will be stated.

DEPUTY UNDER SECRETARY OF STATE

The Chief Clerk read the nomination of William H. Orrick, Jr., of California, to be Deputy Under Secretary of State.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

AMBASSADORS

The Chief Clerk read the nomination of Charles Edward Rhetts, of Indiana, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Liberia.

The PRESIDENT pro tempore. The question is, Will the Senate advise and consent to this nomination?

Without objection, the nomination is confirmed.

The next nomination on the Executive Calendar will be stated.

The Chief Clerk read the nomination of William M. Rountree, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of the Sudan.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Leonard Unger, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Laos.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk proceeded to read sundry nominations in the Diplomatic and Foreign Service.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of all these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. HUMPHREY. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

Eligibility of Banks in American Samoa for Insurance Under Federal Deposit Insurance Corporation Act

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to make any bank organized under the laws of American Samoa eligible to apply for insurance under the Federal Deposit Insurance Corporation Act, and for other purposes (with an accompanying paper); to the Committee on Banking and Currency.

Additional Appropriations for Loans for Housing of Elderly Families and Persons

A letter from the Administrator, Housing and Home Finance Agency, Washington, D.C., transmitting a draft of proposed legislation to provide additional authorization under section 202 of the Housing Act of 1959 of appropriations for loans for the provision of housing for elderly families and persons (with accompanying papers); to the Committee on Banking and Currency.

Second Supplemental Report on Tariff Classification Study

A letter from the Chairman, United States Tariff Commission, Washington, D.C., transmitting, pursuant to law, a second supplemental report on tariff classification study, dated June 1962 (with an accompanying report); to the Committee on Finance.

Report on Review of Supply Management of High-Value Repairable Aviation Assemblies and Equipment Within the Department of the Navy

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of the supply management of high-value repairable aviation assemblies and equipment within the Department of the Navy, dated June 1962 (with an accompanying report); to the Committee on Government Operations.

Use of Certain Public Space in District of Columbia by Administrator of General Services

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting a draft of proposed legislation to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW., in the District of Columbia, and for other purposes (with an accompanying paper); to the Committee on Public Works.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution of the Legislature of the Territory of Guam; to the Committee on Commerce:

"Resolution 419

"Resolution relative to respectfully requesting the U.S. Congress to enact legislation excluding the territory of Guam from the provisions of the Shipping Act of 1916, as amended, and the Intercoastal Shipping Act of 1933, as amended

"Whereas the provisions of the Shipping Act of 1916, as amended, title 46, U.S.C.A., and the provisions of the Intercoastal Shipping Act of 1933, as amended, 46 U.S.C.A., do apply to the territory of Guam, particularly as the same relate to the transportation of goods and persons; and

"Whereas as a result of the applicability of these U.S. statutes to Guam, cargoes like fish or fish products may not be brought into the United States, including, if the same were transported aboard a foreign-flag vessel, and such statutes prohibit the transportation of passengers between ports or places in the United States, either directly or by way of a foreign port in foreign vessel, thereby restricting tremendously the amount of shipping available for purposes of trade between Guam and other parts of the United States; and

"Whereas the net effect of the application of these laws, in the case of Guam, is to prevent foreign vessels from transporting passengers and property between Guam and any port in Hawaii or in the continental United States, meaning that only U.S. documented vessels may engage in trade between Guam and any other "domestic area," as for example, foreign vessels sailing from San Francisco to the Far East cannot stop in Guam to unload passengers or cargo collected in San Francisco, Hawaii, or any other U.S. port; and

"Whereas the effect of such laws as they apply is to seriously hamper trade between Guam and other places, thereby rendering our program of tourism and trade, particularly inoperative, fatuitous, and nugatory; Now, therefore, be it

"*Resolved*, That the Sixth Guam Legislature does hereby on behalf of the people of Guam respectfully request and memorialize the Congress of the United States to enact legislation which would exclude the territory of Guam from the provisions of the Shipping Act of 1916, as amended, and the Intercoastal Shipping Act of 1933, as amended; and be it further

"*Resolved*, That the Speaker certify to and the legislative secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the President of the United States, to the Presiding Officer of the Senate, to the Speaker of the House of Representatives, to the chairman, House Committee on Interior and Insular Affairs., to the chairman, Senate Committee on Interior and Insular Affairs, and to the Governor of Guam.

"Duly adopted on the 12th day of June 1962.

"F. T. Ramirez,
"*Acting Speaker.*
"R. J. Bordallo,
"*Acting Legislative Secretary.*"

A telegram in the nature of a petition from Champlain Council 441, Knights of Columbus, Richmond Hill, N.Y., signed by Thomas E. Butler, recorder, favoring legislative action to correct the decision of the U.S. Supreme Court banning prayer in New York public schools; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BUSH, from the Committee on Armed Services, with amendments:

H.R. 7727. An act to amend title 10, United States Code, to permit members of the Armed Forces to accept fellowships, scholarships, or grants (Rept. No. 1675).

REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES—FEDERAL EMPLOYMENT AND PAY

Mr. BYRD of Virginia. Mr. President, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, I submit a report on Federal employment and pay for the month of May 1962. In accordance with the practice of several years' standing, I ask unanimous consent to have the report printed in the Record, together with a statement by me.

There being no objection, the report and statement were ordered to be printed in the Record, as follows:

Federal Personnel in Executive Branch, May and April 1962, and Pay, April and March 1962

PERSONNEL AND PAY SUMMARY

(See table I, p. 2)

Information in monthly personnel reports for May 1962 submitted to the Joint Committee on Reduction of Nonessential Federal Expenditures is summarized.

Total and major categories	Civilian personnel in executive branch			Payroll (in thousands) in executive branch		
	In May numbered—	In April numbered—	Increase (+) or decrease (—)	In April was—	In March was—	Increase (+) or decrease (—)
Total [1]	2,461,534	2,453,952	+7,582	$1,154,495	$1,214,556	—$60,061
Agencies exclusive of Department of Defense	1,395,582	1,391,240	+4,342	639,802	671,918	—32,116
Department of Defense	1,065,952	1,062,712	+3,240	514,693	542,638	—27,945
Inside the United States	2,295,639	2,288,673	+6,966			
Outside the United States	165,895	165,279	+616			
Industrial employment	571,147	569,117	+2,030			
Foreign nationals	171,171	170,700	+471	26,073	25,299	+774

[1] Exclusive of foreign nationals shown in the last line of this summary.

Table I breaks down the above figures on employment and pay by agencies.

Table II breaks down the above employment figures to show the number inside the United States by agencies.

Table III breaks down the above employment figures to show the number outside the United States by agencies.

Table IV breaks down the above employment figures to show the number in industrial-type activities by agencies.

Table V shows foreign nationals by agencies not included in tables I, II, III, and IV.

TABLE I.—*Consolidated table of Federal personnel inside and outside the United States employed by the executive agencies during May 1962, and comparison with April 1962, and pay for April 1962, and comparison with March 1962*

Department or agency	Personnel				Pay (in thousands)			
	May	April	Increase	Decrease	April	March	Increase	Decrease
Executive departments (except Department of Defense):								
Agriculture	98,554	95,497	3,057		$42,235	$43,377		$1,142
Commerce	29,802	29,493	309		16,945	17,929		984
Health, Education, and Welfare	74,733	74,901		168	35,675	36,551		876
Interior	58,508	56,725	1,783		28,885	29,754		869
Justice	31,169	31,051	118		18,565	19,636		1,071
Labor	8,412	8,363	49		4,581	4,648		67
Post Office	583,658	581,663	1,995		243,253	258,209		14,956
State [1] [2]	39,757	39,682	75		18,258	19,241		983
Treasury	83,990	87,449		3,459	45,375	46,660		1,285
Executive Office of the President:								
White House Office	452	449	3		245	264		19
Bureau of the Budget	456	457		1	368	376		8
Council of Economic Advisers	47	50		3	36	40		4
Executive Mansion and Grounds	74	73	1		39	37	$2	
National Aeronautics and Space Council	22	20	2		16	16		
National Security Council	45	41	4		30	33		3
Office of Emergency Planning	496	488	8		377	387		10
President's Commission on Campaign Costs	6	11		5	6	6		
Independent agencies:								
Advisory Commission on Intergovernmental Relations	56	32	24		$20	$21		$1
American Battle Monuments Commission	439	423	16		80	82		2
Atomic Energy Commission	6,807	6,795	12		4,623	4,806		183
Board of Governors of the Federal Reserve System	599	599			365	381		16
Civil Aeronautics Board	806	804	2		557	580		23
Civil Service Commission	3,981	3,935	46		2,247	2,324		77
Civil War Centennial Commission	5	5			5	5		
Commission of Fine Arts	6	6			5	5		
Commission on Civil Rights	82	74	8		40	35	$5	
Delaware River Basin Commission	2	1	1		1	1		
Export-Import Bank of Washington	262	259	3		164	182		18
Farm Credit Administration	238	239		1	160	167		7
Federal Aviation Agency	43,854	43,728	126		27,066	28,396		1,330
Federal Coal Mine Safety Board of Review	7	7			4	4		
Federal Communications Commission	1,399	1,382	17		870	916		46
Federal Deposit Insurance Corporation	1,248	1,246	2		744	784		40
Federal Home Loan Bank Board	1,152	1,140	12		693	746		53
Federal Maritime Commission	158	155	3		110	114		4
Federal Mediation and Conciliation Service	379	361	18		290	305		15
Federal Power Commission	911	906	5		589	615		26
Federal Trade Commission	1,061	1,046	15		670	700		30
Foreign Claims Settlement Commission	64	64			46	46		
General Accounting Office	4,624	4,643		19	2,734	2,883		149
General Services Administration	31,029	30,901	128		13,974	14,640		666
Government Printing Office	6,906	6,906			3,775	3,992		217
Housing and Home Finance Agency	13,060	12,912	148		7,481	7,711		230
Indian Claims Commission	20	20			19	19		
Interstate Commerce Commission	2,378	2,383		5	1,485	1,558		73
James Madison Memorial Commission	1	1			1	1		
National Aeronautics and Space Administration	21,785	21,458	327		14,838	14,544	294	
National Capital Housing Authority	430	431		1	176	185		9
National Capital Planning Commission	55	52	3		34	37		3
National Capital Transportation Agency	75	81		6	55	58		3
National Gallery of Art	324	322	2		125	130		5
National Labor Relations Board	1,870	1,863	7		1,186	1,246		60
National Mediation Board	117	152		35	106	133		27
National Science Foundation	846	849		3	486	540		54
Outdoor Recreation Resources Review Commission	14	27		13	19	22		3
Panama Canal	14,495	14,591		96	4,705	6,725		2,020
President's Committee on Equal Employment Opportunity	47	42	5		28	21	7	
Railroad Retirement Board	2,061	2,076		15	1,057	1,120		63
Renegotiation Board	189	190		1	150	154		4
St. Lawrence Seaway Development Corporation	166	157	9		117	95	22	
Securities and Exchange Commission	1,274	1,257	17		788	810		22
Selective Service System	6,865	6,854	11		2,030	2,127		97
Small Business Administration	3,097	3,076	21		1,778	1,827		49
Smithsonian Institution	1,258	1,227	31		569	558	11	
Soldiers' Home	1,028	1,034		6	330	342		12
South Carolina, Georgia, Alabama, and Florida Water Study Commission	58	58			43	43		
Subversive Activities Control Board	27	27			22	23		1
Tariff Commission	271	270	1		182	195		13
Tax Court of the United States	148	148			110	109	1	
Tennessee Valley Authority	18,614	18,480	125		10,812	10,828		16
Texas Water Study Commission	18	18			9	19		10

See footnotes at end of table.

TABLE I.—*Consolidated table of Federal personnel inside and outside the United States employed by the executive agencies during May 1962, and comparison with April 1962, and pay for April 1962, and comparison with March 1962*—Continued

Department or agency	Personnel				Pay (in thousands)			
	May	April	Increase	Decrease	April	March	Increase	Decrease
Independent agencies—Continued								
U.S. Arms Control and Disarmament Agency	81	77	4		63	55	8	
U.S. Information Agency	11,034	10,968	66		4,365	4,649		284
Veterans' Administration	176,524	176,956		432	17,694	75,930		4,236
Virgin Islands Corporation	1,096	1,104		8	218	210	8	
Total, excluding Department of Defense	1,395,582	1,391,240	8,619	4,277	639,802	671,918	358	32,474
Net change, excluding Department of Defense			4,342				32,116	
Department of Defense:								
Office of the Secretary of Defense	1,785	1,780	5		1,304	1,379		75
Department of the Army [3]	391,456	389,753	1,703		181,667	190,844		9,177
Department of the Navy [3]	346,307	346,912		605	176,935	189,392		12,457
Department of the Air Force	307,818	307,482	336		146,431	153,874		7,443
Defense Atomic Support Agency	2,076	2,065	11		953	1,005		52
Defense Communications Agency	138	128	10		79	80		1
Defense Intelligence Agency	200	188	12		112	109	3	
Defense Supply Agency [3]	14,877	13,120	1,757		6,350	5,054	1,296	
Office of Civil Defense	1,159	1,144	15		780	822		42
U.S. Court of Military Appeals	40	39	1		30	31		1
Interdepartmental activities	39	43		4	24	21	3	
International military activities	57	58		1	28	27	1	
Total, Department of Defense	1,065,952	1,062,712	3,850	610	514,693	542,638	1,303	29,248
Net change, Department of Defense			3,240				27,945	
Grand total, including Department of Defense [4]	2,461,534	2,453,952	12,469	4,887	1,154,495	1,214,556	1,661	61,722
Net change, including Department of Defense			7,582				60,061	

[1] May figure includes 15,484 employees of the Agency for International Development as compared with 15,399 in April, and their pay. These AID figures include employees who are paid from foreign currencies deposited by foreign governments in a trust fund for this purpose. The May figure includes 3,796 of these trust fund employees and the April figure includes 3,833.

[2] May figure includes 608 employees of the Peace Corps as compared with 500 in April and their pay.

[3] In May 1,558 employees and their functions were transferred to the Defense Supply Agency as follows: 1,349 from the Department of the Army, and 209 from the Department of the Navy.

[4] Exclusive of personnel and pay of the Central Intelligence Agency and the National Security Agency.

TABLE II.—*Federal personnel inside the United States employed by the executive agencies during May 1962, and comparison with April 1962*

Department or agency	May	April	Increase	Decrease
Executive departments (except Department of Defense):				
Agriculture	97,406	94,386	3,020	
Commerce	29,189	28,886	303	
Health, Education, and Welfare	74,223	74,392		169
Interior	57,991	56,213	1,778	
Justice	30,835	30,717	118	
Labor	8,315	8,280	35	
Post Office	582,242	580,237	2,005	
State [1] [2]	10,206	10,154	52	
Treasury	83,374	86,832		3,458
Executive Office of the President:				
White House Office	452	449	3	
Bureau of the Budget	456	457		1
Council of Economic Advisers	47	50		3
Executive Mansion and Grounds	74	73	1	
National Aeronautics and Space Council	22	20	2	
National Security Council	45	41	4	
Office of Emergency Planning	496	488	8	
President's Commission on Campaign Costs	6	11		5
Independent agencies:				
Advisory Commission on Intergovernmental Relations	56	32	24	
American Battle Monuments Commission	10	10		
Atomic Energy Commission	6,774	6,763	11	
Board of Governors of the Federal Reserve System	599	599		
Civil Aeronautics Board	805	803	2	
Civil Service Commission	3,977	3,932	45	
Civil War Centennial Commission	5	5		
Commission of Fine Arts	6	6		
Commission on Civil Rights	82	74	8	
Delaware River Basin Commission	2	1	1	
Export-Import Bank of Washington	262	259	3	
Farm Credit Administration	238	239		1
Federal Aviation Agency	42,864	42,741	123	
Federal Coal Mine Safety Board of Review	7	7		
Federal Communications Commission	1,396	1,379	17	
Federal Deposit Insurance Corporation	1,246	1,244	2	
Federal Home Loan Bank Board	1,152	1,140	12	
Federal Maritime Commission	158	155	3	
Federal Mediation and Conciliation Service	379	361	18	
Federal Power Commission	911	906	5	
Federal Trade Commission	1,061	1,046	15	
Foreign Claims Settlement Commission	60	60		
General Accounting Office	4,553	4,572		19
General Services Administration	31,024	30,896	128	
Government Printing Office	6,906	6,906		
Housing and Home Finance Agency	12,886	12,737	149	
Indian Claims Commission	20	20		
Interstate Commerce Commission	2,378	2,383		5
James Madison Memorial Commission	1	1		
National Aeronautics and Space Administration	21,773	21,446	327	
National Capital Housing Authority	430	431		1
Independent agencies—Continued				
National Capital Planning Commission	55	52	3	
National Capital Transportation Agency	75	81		6
National Gallery of Art	324	322	2	
National Labor Relations Board	1,837	1,829	8	
National Mediation Board	117	152		35
National Science Foundation	836	839		3
Outdoor Recreation Resources Review Commission	14	27		13
Panama Canal	168	168		
President's Commission on Equal Employment Opportunity	47	42	5	
Railroad Retirement Board	2,061	2,076		15
Renegotiation Board	189	190		1
St. Lawrence Seaway Development Corporation	166	157	9	
Securities and Exchange Commission	1,274	1,257	17	
Selective Service System	6,708	6,697	11	
Small Business Administration	3,053	3,031	22	
Smithsonian Institution	1,246	1,216	30	
Soldiers' Home	1,028	1,034		6
South Carolina, Georgia, Alabama, and Florida Water Study Commission	58	58		
Subversive Activities Control Board	27	27		
Tariff Commission	271	270	1	
Tax Court of the United States	148	148		
Tennessee Valley Authority	18,608	18,482	126	
Texas Water Study Commission	18	18		
U.S. Arms Control and Disarmament Agency	81	77	4	
U.S. Information Agency	2,992	2,995		3
Veterans' Administration	175,498	175,940		442
Total, excluding Department of Defense	1,334,299	1,330,025	8,460	4,186
Net increase, excluding Department of Defense			4,274	
Department of Defense:				
Office of the Secretary of Defense	1,739	1,734	5	
Department of the Army [3]	339,044	337,602	1,442	
Department of the Navy [3]	322,694	323,376		682
Department of the Air Force	279,303	279,177	126	
Defense Atomic Support Agency	2,076	2,065	11	
Defense Communications Agency	131	121	10	
Defense Intelligence Agency	200	188	12	
Defense Supply Agency [3]	14,877	13,120	1,757	
Office of Civil Defense	1,159	1,144	15	
U.S. Court of Military Appeals	40	39	1	
Interdepartmental Activities	38	42		4
International Military Activities	39	40		1
Total, Department of Defense	961,340	958,648	3,379	687
Net increase, Department of Defense			2,692	
Grand total, including Department of Defense	2,295,639	2,288,673	11,839	4,873
Net increase, including Department of Defense			6,966	

[1] May figure includes 2,581 employees of the Agency for International Development as compared with 2,493 in April.

[2] May figure includes 542 employees of the Peace Corps as compared with 501 in April.

[3] In May 1,558 employees and their functions were transferred to the Defense Supply Agency as follows: 1,349 from the Department of the Army, and 209 from the Department of the Navy.

TABLE III.—*Federal personnel outside the United States employed by the executive agencies during May 1962, and comparison with April 1962*

Department or agency	May	April	Increase	Decrease
Executive departments (except Department of Defense):				
Agriculture	1,148	1,111	37	
Commerce	613	607	6	
Health, Education, and Welfare	510	509	1	
Interior	517	512	5	
Justice	394	394		
Labor	97	83	14	
Post Office	1,416	1,426		10
State [1] [2]	29,551	29,528	23	
Treasury	616	617		1
Independent agencies:				
American Battle Monuments Commission	429	413	16	
Atomic Energy Commission	33	32	1	
Civil Aeronautics Board	1	1		
Civil Service Commission	4	3	1	
Federal Aviation Agency	990	987	3	
Federal Communications Commission	3	3		
Federal Deposit Insurance Corporation	2	2		
Foreign Claims Settlement Commission	4	4		
General Accounting Office	71	71		
General Services Administration	5	5		
Housing and Home Finance Agency	174	175		1
National Aeronautics and Space Administration	12	12		
National Labor Relations Board	33	34		1
National Science Foundation	10	10		
Panama Canal	14,327	14,423		96
Selective Service System	157	157		
Independent agencies—Continued				
Small Business Administration	44	45		1
Smithsonian Institution	12	11	1	
Tennessee Valley Authority	6	7		1
U.S. Information Agency	8,042	7,973	69	
Veterans' Administration	1,026	1,016	10	
Virgin Islands Corporation	1,096	1,104		8
Total, excluding Department of Defense	61,283	61,215	187	119
Net increase, excluding Department of Defense			68	
Department of Defense:				
Office of the Secretary of Defense	46	46		
Department of the Army	52,412	52,151	261	
Department of the Navy	23,613	23,536	77	
Department of the Air Force	28,515	28,305	210	
Defense Communications Agency	7	7		
Interdepartmental activities	1	1		
International Military Activities	18	18		
Total, Department of Defense	104,612	104,064	548	
Net increase, Department of Defense			548	
Grand total, including Department of Defense	165,895	165,279	735	119
Net increase, including Department of Defense			616	

[1] May figure includes 12,903 employees of the Agency for International Development as compared with 12,906 in April. These AID figures include employees who are paid from foreign currencies deposited by foreign governments in a trust fund for this purpose. The May figure includes 3,796 of these trust fund employees and the April figure includes 3,833.

[2] May figure includes 66 employees of the Peace Corps as compared with 59 in April.

TABLE IV.—*Industrial employees of the Federal Government inside and outside the United States employed by the executive agencies during May 1962, and comparison with April 1962*

Department or agency	May	April	Increase	Decrease
Executive departments (except Department of Defense):				
Agriculture	3,778	3,933		155
Commerce	5,697	5,537	160	
Interior	8,338	8,296	42	
Post Office	255	259		4
Treasury	5,175	5,175		
Independent agencies:				
Atomic Energy Commission	250	249	1	
Federal Aviation Agency	1,898	1,897	1	
General Services Administration	1,808	1,778	30	
Government Printing Office	6,906	6,906		
National Aeronautics and Space Administration	21,785	21,458	327	
Panama Canal	7,379	7,464		85
St. Lawrence Seaway Development Corporation	129	124	5	
Tennessee Valley Authority	15,637	15,538	99	
Virgin Islands Corporation	1,096	1,104		8
Total, excluding Department of Defense	80,131	79,718	665	252
Net increase, excluding Department of Defense			413	
Department of Defense:				
Department of the Army:				
Inside the United States [1]	[2] 142,300	[3] 141,711	589	
Outside the United States	[2] 4,550	[3] 4,455	95	
Department of the Navy:				
Inside the United States [1]	202,054	202,390		336
Outside the United States	454	456		2
Department of the Air Force:				
Inside the United States	138,618	138,902		284
Outside the United States	1,482	1,485		3
Defense Supply Agency: Inside the United States [1]	1,558		1,558	
Total, Department of Defense	491,016	489,399	2,242	625
Net increase, Department of Defense			1,617	
Grand total, including Department of Defense	571,147	569,117	2,907	877
Net increase, including Department of Defense			2,030	

[1] In May 1,558 employees and their functions were transferred to the Defense Supply Agency as follows: 1,349 from the Department of the Army, and 209 from the Department of the Navy.

[2] Subject to revision.

[3] Revised on basis of later information.

TABLE V.—*Foreign nationals working under U.S. agencies overseas, excluded from tables I through IV of this report, whose services are provided by contractual agreement between the United States and foreign governments, or because of the nature of their work or the source of funds from which they are paid, as of May 1962 and comparison with April 1962*

Country	Total		Army		Navy		Air Force		National Aeronautics and Space Administration	
	May	April	May	April	May	April	May	April	May	April
Australia	1	1							1	1
Canada	34	36					34	36		
Crete	49	49					49	49		
England	3,576	3,377			88	87	3,488	3,290		
France	22,354	22,294	18,692	18,497	11	10	3,651	3,787		
Germany	80,925	80,992	67,927	68,011	85	84	12,913	12,897		
Greece	270	273					270	273		
Greenland	134	147					134	147		
Japan	54,361	54,082	19,174	18,913	15,208	[1] 15,284	19,919	19,885		
Korea	6,221	6,188	6,221	6,188						
Morocco	2,538	2,629			708	780	1,830	1,849		
Netherlands	52	53					52	53		
Saudi Arabia		2						2		
Trinidad	596	577			596	577				
Total	171,171	170,700	112,014	111,609	16,816	16,822	42,340	42,268	1	1

[1] Revised on basis on later information.

STATEMENT BY HARRY F. BYRD, OF VIRGINIA

Executive agencies of the Federal Government reported civilian employment in the month of May totaling 2,461,534. This was a net increase of 7,582 compared with employment reported in the preceding month of April.

Civilian employment reported by the executive agencies of the Federal Government, by months, in fiscal year 1962, which began July 1, 1961, follows:

Month	Employment	Increase	Decrease
1961—July	2,435,804	16,700	---------
August	2,445,078	9,274	---------
September	2,427,216	---------	17,862
October	2,429,691	2,475	---------
November	2,437,709	8,018	---------
December	2,430,998	---------	6,711
1962—January	2,428,691	---------	2,307
February	2,436,725	8,034	---------
March	2,441,800	5,075	---------
April	2,453,952	12,152	---------
May	2,461,534	7,582	---------

Total Federal employment in civilian agencies for the month of May was 1,395,582, an increase of 4,342 compared with the April total of 1,391,240. Total civilian employment in the military agencies in May was 1,065,952, an increase of 3,240 as compared with 1,062,712 in April.

Civilian agencies reporting the larger increases were Agriculture Department with 3,057, Post Office Department with 1,995, and Interior Department with 1,783. The largest decrease was reported by Treasury Department with 3,459. Agriculture, Interior, and Treasury Department changes were largely seasonal.

In Department of Defense larger increases in civilian employment were reported by Defense Supply Agency with 1,757 and Department of the Army with 1,703. The largest decrease was reported by Department of the Navy with 605.

Inside the United States civilian employment increased 6,966 and outside the United States civilian employment increased 616. Industrial employment by Federal agencies in May totaled 571,147, an increase of 2,030.

These figures are from reports certified by the agencies as compiled by the Joint Committee on Reduction of Nonessential Federal Expenditures.

FOREIGN NATIONALS

The total of 2,461,534 civilian employees certified to the committee by Federal agencies in their regular monthly personnel reports includes some foreign nationals employed in U.S. Government activities abroad, but in addition to these there were 171,171 foreign nationals working for U.S. agencies overseas during May who were not counted in the usual personnel reports. The number in April was 170,700. A breakdown of this employment for May follows:

Country	Total	Army	Navy	Air Force	NASA
Australia	1	--------	--------	--------	1
Canada	34	--------	--------	34	-------
Crete	49	--------	--------	49	-------
England	3,576	--------	88	3,488	-------
France	22,354	18,692	11	3,651	-------
Germany	80,925	67,927	85	12,913	-------
Greece	270	--------	--------	270	-------
Greenland	134	--------	--------	134	-------
Japan	54,361	19,174	15,268	19,919	-------
Korea	6,221	6,221	--------	--------	-------
Morocco	2,598	--------	768	1,830	-------
Netherlands	52	--------	--------	52	-------
Trinidad	596	--------	596	--------	-------
Total	171,171	112,014	16,816	42,340	1

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KUCHEL:

S. 3495. A bill for the relief of Toufic Renno; to the Committee on the Judiciary.

By Mr. WILEY:

S. 3496. A bill for the relief of Peter Denes, and for other purposes; to the Committee on the Judiciary.

By Mr. PROXMIRE:

S. 3497. A bill to amend the Communications Act of 1934 with respect to the consideration of construction permit and station license applications where certain interests of Members of Congress are involved; to the Committee on Commerce.

(See the remarks of Mr. PROXMIRE when he introduced the above bill, which appear under a separate heading.)

By Mr. LAUSCHE (for himself and Mr. YOUNG of Ohio):

S.J. Res. 208. Joint resolution to establish a Commission to develop and execute plans for the celebration of the 150th anniversary of the Battle of Lake Erie, and for other purposes; to the Committee on the Judiciary.

CONCURRENT RESOLUTIONS

NONSECTARIAN PRAYERS IN PUBLIC SCHOOLS

Mr. ROBERTSON (for himself, Mr. TALMADGE, Mr. STENNIS, and Mr. THURMOND) submitted a concurrent resolution (S. Con. Res. 81) expressing the sense of Congress on the use of nonsectarian prayers in public schools as a part of their activities, which was referred to the Committee on the Judiciary.

(See the above concurrent resolution printed in full when submitted by Mr. ROBERTSON, which appears under a separate heading.)

CONSIDERATION BY UNITED NATIONS ASSEMBLY OF PERSECUTED UKRAINIAN CATHOLIC AND ORTHODOX CHURCHES

Mr. YOUNG of North Dakota submitted a concurrent resolution (S. Con. Res. 82) favoring consideration at the next United Nations Assembly of persecuted Ukrainian Catholic and Orthodox churches, which was referred to the Committee on Foreign Relations, as follows:

Whereas the western part of Ukraine fell under Soviet Russian domination after World War II and was incorporated into the Ukrainian Soviet Socialist Republic according to the agreements entered into at Teheran and Yalta; and

Whereas the Union of Soviet Socialist Republics and Ukraine are members of the United Nations whose General Assembly adopted the Universal Declaration of Human Rights on the 10th of December 1948, declaring that everyone has the right to freedom of thought, conscience, and religion; and

Whereas the Constitution of the Union of Soviet Socialist Republics unequivocally guarantees freedom of religion for all its citizens; and

Whereas the 20th, 21st, and 22d Congresses of the Communist Party of the Union of Soviet Socialist Republics have declared that "Stalinist" and antiparty methods of coercion are to be denounced and abandoned; and

Whereas the Russian Orthodox Church has become a member of the World Council of Churches, which vehemently supports the toleration of all faiths; and

Whereas the Metropolitan Joseph Slipy of Lwiv, head of the Ukrainian Catholic Church, has served 17 years in prison, and he, with many members of the clergy, are still imprisoned: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the President is hereby requested to make such efforts, through the United States delegation to the United Nations, as may be necessary to place the condition of the persecuted Ukrainian Catholic and Orthodox Churches on the agenda of the next United Nations Assembly for its consideration.

SEC. 2. The President is further requested to take all such steps, through the Secretary of State and the United States delegation to the United Nations, as may be possible to encourage that Archbishop Joseph Slipy, Metropolitan of Lwiv and head of the Ukrainian Catholic Church in Ukraine, and all other prelates of the Orthodox, Protestant, Jewish, Moslem and other faiths, be released from prison and granted their freedom.

AMENDMENT OF COMMUNICATIONS ACT OF 1934, RELATING TO CONSTRUCTION PERMIT AND STATION LICENSE APPLICATIONS IN CERTAIN CASES

Mr. PROXMIRE. Mr. President, the Federal Communications Commission has in the past justified the award of a lucrative television channel in part on the ground that stockholders of the company were Members of Congress.

This was held to give the applicant an edge in the civic participation criterion—one of the yardsticks used by the FCC in deciding contested cases.

I sharply disapprove of this criterion. Members of Congress have great authority over the FCC. They enact its basic law, provide the annual appropriations, and, in the case of Senators, confirm the appointment of the Commissioners.

Specifically favoring an application because it has a Congressman participating could turn into a form of payola. We in Congress benefit from the practice. It's up to us to end it.

The FCC itself, dependent as it is on Congress, cannot be expected to reverse a policy so favorable to Senators and Congressmen, unless Congress acts. Silence by Congress on this subject means that the special advantage to Congressmen in the award of lucrative broadcast franchises will continue.

Six of the seven members now on the FCC were also on it when the favoritism to Congressmen was stated. There has been no indication from them that this policy has been disavowed. The new member, Chairman Newton Minow, has not expressed an opinion.

I do not expect the Commission to reverse this decision on its own. Rather it is my view that Congress has a clear, immediate responsibility to state a firm policy against giving favorable weight to ownership or pecuniary interest by a

Member of Congress in a broadcasting firm.

My bill does not prohibit Members of Congress from ownership or participation in television or radio stations. But it does prevent such ownership from favorably influencing the FCC.

I introduced a similar amendment in 1960, at which time the chairman of the Communications Subcommittee of the Senate Commerce Committee indicated on the floor that hearings would be held if the bill were introduced again.

My present action is in response to that understanding.

Mr. President, I introduce the bill to amend the Communications Act, and I ask that it be printed in the Record and appropriately referred.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the Record.

The bill (S. 3497) to amend the Communications Act of 1934 with respect to the consideration of construction permit and station license applications where certain interests of Members of Congress are involved, introduced by Mr. Proxmire, was received, read twice by its title, referred to the Committee on Commerce, and ordered to be printed in the Record, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 308(b) of the Communications Act of 1934 (47 U.S.C. 308(b)), is amended by adding at the end thereof the following new sentence: "In considering the application made by any person for any construction permit or station license, or any modification or renewal thereof, the Commission may not consider as a factor favoring the granting of that application the fact that such applicant is a Member of Congress or the fact that any Member of Congress has any direct or indirect pecuniary interest in the applicant."

NONSECTARIAN PRAYERS IN PUBLIC SCHOOLS

Mr. ROBERTSON. Mr. President, there is an old maxim to the effect that history repeats itself. About 140 years ago one of our greatest statesmen and political philosophers was claiming that Congress was creating formidable deficits through wasteful spending and that the Supreme Court was at the same time undermining our established form of government. In a letter from Monticello dated December 25, 1820, Thomas Jefferson wrote to his friend, Thomas Ritchie:

> If there be anything amiss, therefore, in the present state of our affairs, as the formidable deficit lately unfolded to us indicates, I ascribe it to the inattention of Congress to their duties, to their unwise dissipation and waste of the public contributions. They seemed, some little while ago, to be at a loss for objects whereon to throw away the supposed fathomless funds of the Treasury. I had feared the result, because I saw among them some of my old fellow laborers, of tried and known principles, yet often in their minorities. I am aware that in one of their most ruinous vagaries, the people were themselves betrayed into the same frenzy with their representatives. The deficit produced, and a heavy tax to supply it, will, I trust, bring both to their sober senses.
>
> But it is not from this branch of government we have most to fear. Taxes and short elections will keep them right. The judiciary of the United States is the subtle corps of sappers and miners constantly working underground to undermine the foundations of our confederated fabric. They are construing our Constitution from a coordination of a general and special government to a general and supreme one alone. This will lay all things at their feet, and they are too well versed in English law to forget the maxim, "boni judicis est amplaire jurisdictionem." We shall see if they are bold enough to take the daring stride their five lawyers have lately taken. If they do, then, with the editor of our book, in his address to the public, I will say, that "against this every man should raise his voice," and more, should uplift his arm.

In line with the admonition of Thomas Jefferson that every man should raise his voice when he feels that our Supreme Court has exceeded its constitutional authority, on behalf of myself, and Senators Talmadge, Stennis, and Thurmond, I send to the desk a concurrent resolution disclaiming the action last month of the Supreme Court in the New York school prayer case of Engle against Vitale and ask that the resolution be permitted to lie on the table for the next week to permit Senators to become cosponsors who wish to reaffirm publicly that we are, as our Pledge of Allegiance to the Flag states, "one Nation under God."

Mr. President, in support of the concurrent resolution, I ask unanimous consent to have printed at this point in the Record the text of the resolution, a brief statement in support of its adoption, a copy of the opinions of the members of the Court of Appeals of the State of New York, a copy of the brief of intervenors—respondents in the U.S. Supreme Court, and a copy of a timely and stirring sermon which I was permitted to hear on yesterday at the Metropolitan Baptist Church by its pastor, Dr. R. B. Culbreth, who took as his text the 12th verse of the 33d Psalm: Blessed is the nation whose God is the Lord."

The PRESIDENT pro tempore. The concurrent resolution will be received and appropriately referred; and, without objection, the concurrent resolution and the material requested will be printed in the Record; and the concurrent resolution will lie on the desk, as requested by the Senator from Virginia.

The concurrent resolution (S. Con. Res. 81) was referred to the Committee on the Judiciary, as follows:

Whereas from the first permanent white settlements in North America at Jamestown and Plymouth Rock we have recognised the existence of God and our dependence on Him; and

Whereas the greatest single threat to our political and religious freedom is posed by nations who deny the existence of God; and

Whereas the atheists in our Nation are making a concerted drive to eliminate the recognition of God in our Government as completely as He has been eliminated in Russia, and have recently included in that program the demand to eliminate from public schools, not only the voluntary recitation of a prayer, but all hymns, all religious paintings, and all celebrations connected with Christmas and Easter; and

Whereas there never has been a greater need to inculcate in the minds and hearts of the youth of our Nation a reverence for God and faith in His omnipotence; and

Whereas with that in view the board of regents of the State of New York prepared for voluntary use in the public schools of that State a nonsecular form of civic prayer which merely recognized the existence of God and our dependence on Him; and

Whereas in the case of *Engle* v. *Vitale,* the Supreme Court of the United States on June 25, 1962, declared the use of that voluntary prayer to be unconstitutional; and

Whereas the clear implication of that Court action is the outlawing of public recognition of God by any government agency, Federal or State, including a prohibition against employment of chaplains in both branches of the Congress and for all branches of our Armed Services; and

Whereas the Congress desires to go on record as reaffirming that we are one nation under God and are desirous of passing on to generations yet unborn that rich heritage; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the designation by a public school authority of a nonsectarian prayer for use, as a part of the activities of a public school, does not constitute an establishment of religion or an infringement of the doctrine of separation of church and state in violation of the Constitution of the United States, if participation in the offering of that prayer by individual students is not made compulsory.

The material presented by Mr. Robertson is as follows:

Statement by Senator Robertson

I have submitted a concurrent resolution expressing the disapproval of the Congress of the recent Supreme Court decision in the New York school prayer case. That decision, in my opinion, was contrary both to the law and the evidence.

The facts were that the State board of regents, which in Virginia we call the State board of education, suggested for voluntary use for public schools in that State a 22-word prayer, which merely acknowledged God and asked His blessings "upon us, our parents, our teachers, and our country." The use of the prayer was at the discretion of local school boards, and all pupils who did not care to participate could ask to be excused. The Supreme Court held that the 14th amendment extended the 1st amendment, to all the States and that the prayer in question violated the 1st amendment. The first amendment says that the Congress shall make no law with respect to the establishment of religion or prohibit the free exercise thereof. Of course, the 22-word prayer established no state church and the freedom to participate did not bring the prayer within the prohibition against the free practice of religion. So the decision was contrary to the evidence.

The decision was contrary to the law because the 1st amendment applied to Congress only, and there was nothing in the 14th amendment that made it apply to the States. James Madison, author of the first 10 amendments, wanted to make the first amendment, with respect to the separation of church and state, apply to the States, but was defeated in that effort. In 1875, Representative James G. Blaine, of Maine (later a distinguished Senator from that State), offered a resolution in the House to amend the Constitution to extend the first amendment to the States, and while that passed the House it was defeated in the Senate. The Blaine resolution provided, in extending the first amendment to the States, it would not prohibit prayers in the public schools. The Senate, in refusing to extend the first amendment to the States, said with respect to the last section which would have exempted prayers in the schools, that there was nothing in the first amendment that prohibited prayers in the schools.

When was the 14th amendment adopted and why? It was a Civil War measure, proposed in 1866 and allegedly ratified 2 years later, although in the opinion of many, not legally. The purpose of the amendment was to implement the 13th amendment, which had granted freedom to former slaves. Desiring to give former slaves all the rights and privileges of the white citizens of the Nation, the 14th amendment provided "No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws." That was the sole purpose of the 14th amendment, and that is all that it did. But in 1940 the Supreme Court, in an effort to extend the 1st amendment to the States, for the first time claimed that the due process clause of the 14th amendment extended to the States the prohibitions of the 1st amendment against the establishment of a state church or the free exercise of religion. Even if we accept that as a proper interpretation of the Constitution the fact remains that the 14th amendment merely extended but added no new substance to the 1st amendment.

Incidentally, it was 14 years later that the Supreme Court decided that the 14th amendment also included a prohibition against segregated public schools and in reaching that conclusion overrode every previous Federal and State court decision on the subject.

The sum and substance of this situation is that the Supreme Court has decided that it can use the due process clause of the 14th amendment to strike down any State law that it pleases. And unless Congress intervenes that poses a threat not only to the historic position of our Nation, with respect to belief in God, but to other very essential rights of the States and the people thereof.

It has likewise overridden every recent decision of the State courts in cases brought by atheists to prohibit prayers in the public schools. New York State always has had an outstanding court and its rejection of the atheists' case was able, clear, and convincing. Equally so was the decision of the court in Maryland in a case brought there by an atheist against the Lord's Prayer. That case has been on the docket of the Supreme Court since last April and the Lord's Prayer certainly will be prohibited if the Congress and the people of the Nation who believe in God supinely accept the decision in the New York case. And, in a Florida case, which is headed for the Supreme Court, the atheists have asked not only to eliminate prayers but all hymns, all religious paintings, and all Christmas and Easter celebrations.

Therefore, I think it is highly important for the Senate to go on record as disapproving the decision of the Supreme Court in the New York school prayer case.

[10 N.Y. 2d 174]

In the Matter of Steven I. Engel et al., Appellants, v. William J. Vitale, Jr., et al., Constituting the Board of Education of Union Free School District No. 9, New Hyde Park, N.Y., Respondents—Henry Hollenberg et al., Intervenors-Respondents

(Court of Appeals of New York, July 7, 1961)

Taxpayers in school district and parents of children attending the public schools brought a proceeding under the Civil Practice Act, section 1283 et seq., for an order in the nature of mandamus to compel the board of education to discontinue the saying of a prayer in the schools. The supreme court, special term, Nassau County, Bernard S. Meyer, J. (18 Misc. 2d 659, 191 N.Y.S. 2d 453), entered an order denying demand for jury trial and denying mandamus and remanding the matter to the board for further proceedings. Permission to appeal was granted by the special term pursuant to Civil Practice Act, section 1304. The Supreme Court, Appellate Division, Second Judicial Department, 11 A.D. 2d 340, 206 N.Y.S. 2d 183, affirmed by a divided court. The special term entered an order dismissing the proceeding under Civil Practice Act, section 1300. The petitioners appealed. The court of appeals held that the noncompulsory daily recitation of the regents prayer in the public schools is not violative of the constitutional guarantees of freedom of religion.

Order affirmed.

Dye and Fuld, JJ., dissented.

CONSTITUTIONAL LAW (KEY NO. 84,274)

Noncompulsory recitation in public schools, following Pledge of Allegiance to Flag at start of each school day, of regents prayer worded as follows: "Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers and our country" is no violative of State constitutional guarantee of free exercise and enjoyment of religious profession and worship, without discrimination or preference, or Federal constitutional prohibition against laws respecting an establishment of religion or prohibiting free exercise thereof. (U.S.C.A. Const. Amend. 1; Const. art. 1, sec. 3.)

William J. Butler, Stanley Geller and Peter B. Schwarzkopf, New York City, for appellants.

Bertram B. Daiker and Wilford E. Neier, Port Washington, for respondents. Porter R. Chandler, New York City, Thomas J. Ford, Brooklyn, and Richard E. Nolan, New York City, for intervenors-respondents.

Charles B. Brind, Jr., John P. Jehu, Elizabeth M. Eastman, and George B. Farrington, Albany, for board of regents of the University of the State of New York, amicus curiae.

Mervin H. Riseman, Henry Edward Schultz, Arnold Forster, Paul Hartman, Theodore Leskes, Edwin J. Lukas, and Sol Rabkin, New York City, for American Jewish Committee and another, amici curiae.

Desmond, chief judge:

"In 1951 and again in 1955 the board of regents, governing body of our State public school system, recommended to all local school boards that 'at the commencement of each school day the act of allegiance to the flag might well be joined with this act of reverence to God: "Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers and our country."' In 1958 the respondents, who are the board members of a public school district in Nassau County, conformed to the regents' recommendation and gave instructions to the teaching staff to adopt the practice in the district's schools. Petitioners, taxpayers in the district and parents of children attending the schools and all (except one nonbeliever) being members of various religious bodies, brought this proceeding for an order directing the board to discontinue the practice. They assert that it is unlawful because of the prohibitions of the first amendment ('no law respecting an establishment of religion, or prohibiting the free exercise thereof') and the command of section 3 of article I of our State constitution ("The free exercise and enjoyment of religious profession and worship, without discrimination or preference, shall forever be allowed in this state to all mankind').

"The order here appealed from contains adequate provisions to insure that no pupil need take part in or be present during the act of reverence, so any question of compulsion or free exercise is out of the case (see *Zorach* v. *Clauson*, 343 U.S. 306, 72 S. Ct. 679, 96 L. Ed. 954).

"What remains of appellants' argument is this: that the saying of regents prayer as a daily school exercise is a form of State-sponsored religious education and is accordingly an unconstitutional establishment of religion. If the utterance of these reverential words was religious education, then providing such education would be so far beyond the powers of a public school board as to be wholly arbitrary and unlawful, so that the courts would need no constitutional warrant for forbidding it. But it is not religious education nor is it the practice of or establishment of religion in any reasonable meaning of those phrases. Saying this simple prayer may be, according to the broadest possible dictionary definition, an act of religion, but when the Founding Fathers prohibited an establishment of religion they were referring to official adoption of, or favor to, one or more sects. They could not have meant to prohibit mere professions of belief in God for, if that were so, they themselves in many ways were violating their rule when and after they adopted it. Not only is this prayer not a violation of the first amendment (no decision of this or of the U.S. Supreme Court says or suggests that it is) but a holding that it is such a violation would be in defiance of all American history, and such a holding would destroy a part of the essential foundation of the American governmental structure.

"The regents prayer is an acknowledgment of our dependence upon Almighty God and a petition for the bestowal of His blessings. It includes an acknowledgment of the existence of a Supreme Being just as does the Declaration of Independence and the constitutions of each of the 50 States of the Union, including our own. In construing even a constitution some attention must be paid to the obvious intent of those who drafted it and adopted it (*Carey* v. *Morton*, 297 N.Y. 361, 79 N.E.2d 442). That the first amendment was ever intended to forbid as an establishment of religion a simple declaration of belief in God is so contrary to history as to be impossible of acceptance. No historical fact is so easy to prove by literally countless illustrations as the fact that belief and trust in a Supreme Being was from the beginning and has been continuously part of the very essence of the American plan of Government and society. The references to the Deity in the Declaration of Independence; the words of our National Anthem: 'In God is our trust'; the motto on our coins; the daily prayers in Congress; the universal practice in official oaths of calling upon God to witness the truth; the official thanksgiving proclamations beginning with those of the Continental Congress and the First Congress of the United States and continuing till the present; the provisions for chaplaincies in the Armed Forces; the directions by Congress in modern times for a National Day of Prayer and for the insertion of the words 'under God' in the Pledge of Allegiance to the Flag; innumerable solemn utterances by our Presidents and other leaders—all these and many more make historically unescapable the flat statement in *Zorach* v. *Clauson*, 1952, 343 U.S. 306, 313, 72 S. Ct. 679, 684, supra, that: 'We are a religious people whose institutions presuppose a Supreme Being,' which paraphrased the Supreme Court's similar assertion in 1892 in the Holy Trinity Church case (*Rector, Etc., of Holy Trinity Church* v. *United States*, 143 U.S. 457, 12 S. Ct. 511, 36 L. Ed. 226). As Justice Beldock of the appellate division wrote in this case: 'The contention that acknowledgments of and references to Almighty God are acceptable and desirable in all other phases of our public life but not in our public schools is, in my judgment, an attempt to stretch far beyond its breaking point the principle of separation of church and state and to obscure one's vision to the universally accepted tradition that ours is a Nation founded and nurtured upon belief in God.' (11 A.D. 2d 340, 206 N.Y.S. 2d 188.)

"The universally accepted tradition referred to by Justice Beldock has been maintained without break from the days of the Founding Fathers, all of whom believed in the existence of God (see Cousins, 'In God We Trust'), to the day of the inauguration of President Kennedy. It is an indisputable and historically provable fact that belief and trust in a Creator has always been regarded as an integral and inseparable part of the fabric of our fundamental institutions. It is not a matter of majority power or minority protection. Belief in a Supreme Being is as essential and permanent a feature of the American governmental system as is freedom of worship, equality under the law, and due process of law. Like them it is an American absolute, an application of the natural law beliefs on which the Republic was founded and which in turn presuppose an Omnipotent Being.

"The motives and purposes of the regents and of the local board are noble. The success of the practice is problematical. But there is no problem of constitutionality.

"The order should be affirmed, without costs."

Froessel, judge (concurring):

"The thoughtful and thorough opinion written at special term and its review of the relevant history and the authorities, culminating in its order of March 17, 1961, renders extended discussion unnecessary.

"We are not here concerned with the statements of the board of regents or of the local school board as to their motives or purposes in the eventual promulgation of the challenged recitation.

"The narrow question presented is: Do the Federal and State Constitutions prohibit the recitation by children in our public schools of the 22 words acknowledging dependence upon Almighty God, and invoking His blessing upon them, their parents and teachers, and upon our country? To say that they do seems to me to stretch the so-called separation of church and state doctrine beyond reason.

"History and common experience teach us that the perception of a Supreme Being, commonly called God, is experienced in the lives of most human beings. Some, it is true, escape it, or think they do for a time. In any event, that perception is manifest, independent of any particular religion or church, and has become the foundation of virtually every recognized religious faith—indeed, the common denominator. One may earnestly believe in God, without being attached to any particular religion or church. Hence a rule permitting public school children, willing to do so, to acknowledge their dependence upon Him, and to invoke His blessings, can hardly be called a law respecting an establishment of religion or prohibiting the free exercise thereof in transgression of the first amendment, which in nowise prohibits the recognition of God, or laws respecting such recognition.

"The challenged recitation follows the Pledge of Allegiance, which itself refers to God. Schoolchildren are permitted to sing 'America,' the fourth stanza of which is indeed a prayer, invoking the protection of God, Author of Liberty. The preamble to our State constitution, which is taught in our public schools, provides: 'We the people of the State of New York, grateful to Almighty God for our freedom.' Virtually every State constitution in the United States, as well as the Declaration of Independence, contains similar references. To say that such references, and others of like nature employed in the executive, legislative, and judicial branches of our Government (see *Zorah* v. *Clauson*, 343 U.S. 306, at pp. 312–313, 72 S. Ct. 679, at p. 683), unrelated to any particular religion or church, may be sanctioned by public officials everywhere but in the public school room defies understanding.

"As Mr. Justice Douglas said, in the *Zorach* case (supra, 343 U.S. at p. 313, 72 S. Ct. at p. 684), in holding that the New York City released time program does not violate the first amendment, 'We are a religious people whose institutions presuppose a Supreme Being. We guarantee the freedom to worship as one chooses. We make room for as wide a variety of beliefs or creeds as the spiritual needs of man deem necessary. We sponsor an attitude on the part of government that shows no partiality to any one group and that lets each flourish according to the zeal of its adherents and the appeal of its dogma.' Here no partiality is shown, nor are classrooms being turned over to religious instructors as in *People of State of Ill. ex rel. McCollum* v. *Board of Ed.* 333 U.S. 203, 68 S. Ct. 461, 92 L. Ed. 649. Any effort of a particular group to promote its own beliefs, doctrines, tenets, and dogma must be carried on outside the public school, and any law to the contrary would violate the first amendment. *People of State of Ill. ex. rel. McCollum* v. *Board of Ed., supra.*

"As we see it, then, the challenged recitation was rightly upheld. It is not compulsory, is clearly nonsectarian in language, and neither directly nor indirectly even suggests belief in any form of organized or established religion. It permits each child to express gratitude to God and to invoke His blessing, to be steadfast in the faith of his acceptance if he has one; it compels no one, directly or indirectly, to do anything, if that be his or his parents' wish. All remain free, and thus we do not show preference as between 'those' who believe in no religion' and 'those who do believe' (*Zorach* v. *Clauson, supra,* 343 U.S. at p. 314, 72 S. Ct. at p. 684).

"The orders appealed from should be affirmed, without costs."

Burke, judge (concurring):

"I concur in the opinions of Chief Judge Desmond and Judge Froessel. The dissenting opinion not only inadvertently distorts the purposes of the first amendment, but is also self-contradictory. The first amendment, it admits, specifically forbids any kind of monism in respect to religion. The amendment, it concedes, encourages diverse religious tenets. But the opinion reads in the amendment an attempt to compel conformity in the field of education—in other words, a compulsory unification of opinion in all school boards to totally reject any religious element in education and banish it from the schools. This, of course, would force on the children a culture that is founded upon secularist dogma.

"This interpretation rests on a misunderstanding. There is no language in the amendment which gives the slightest basis for the interpolation of a Marxist concept that mandates a prescribed ethic. According to the opinion, the separation of church and state which was intended to encourage religious interests among our people would become the constitutional basis for the compulsory exclusion of any religious element and the consequent promotion and advancement of atheism. It is not mere neutrality to prevent voluntary prayer to a Creator; it is an interference by the courts, contrary to the plain language of the Constitution, on the side of those who oppose religion."

Dye, judge (dissenting):

"The question posed on this appeal is whether the recital of a school-sponsored prayer may be required as a daily procedure in a public school. This question comes about as a result of a recommendation duly adopted at a special meeting of the Board of Education of Union Free School District No. 9, New Hyde Park, N.Y., held July 8, 1958, requiring that 'the regents prayer be said daily in our schools,' pursuant to which the board gave a 'direction to the district principal that this be instituted as a daily procedure to follow the salute to the flag' (minutes, board of education, Union Free School District No. 9, of meeting July 8, 1958).

"The regents prayer is worded as follows: 'Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers and our country.' It derives from the 'Regents Statement on Moral and Spiritual Training in the Schools,' issued by the New York State Board of Regents, as duly adopted at a meeting held on November 30, 1951. This statement was reaffirmed and supplemented by 'The Regents Recommendations for School Programs on America's Moral and Spiritual Heritage,' unanimously adopted March 25, 1955. The recommendations requoted the opening sentence of the 1951 statement, viz.: 'Belief in and dependence upon Almighty God was the very cornerstone upon which our Founding Fathers builded,' and went on to express the conviction that 'such fundamental belief and dependence is the best security against the dangers of these difficult days and the adoption of their recommendations the best way of insuring that this Government and our way of life shall not perish from the earth.'

"The regents recommended that school programs be instituted, stressing the moral and spiritual heritage of America. It was in response to this recommendation that the respondent board promulgated the above order.

"In the schools in the respondents' district, it is the practice to say the prayer immediately after the salute to the flag, as a required daily procedure. It is led by the teacher or by a student selected by the teacher, with other students joining therein. While it does not appear whether any students leave the classroom during such recital, no penalty attaches for nonparticipation, since the board announced that, as a matter of policy, no child was to be required or encouraged to join in said prayer against his or her wishes.

"The petitioners with one exception—a nonbeliever—are all members of various religious faiths and, as taxpayers and parents of children attending public schools within the district, have challenged the saying of the prayer and have demanded its discontinuance on the ground that it amounts to an abridgement of religious freedom guaranteed by the 1st and 14th amendments to the Federal Constitution and section 3 of article I and section 4 of article XI of the New York State Constitution which, in essence, is to say that it constitutes a breach in Jefferson's metaphorical wall separating church and state.

"No one doubts for a moment that we are a religious people. It can be safely said that under no other government—past or present—have the people enjoyed such an untrammeled freedom to worship as they please and to indulge such freedom in more different ways and according to more diverse tenets and beliefs than do the people of the United States. The number of sects and religious groups are almost countless, due, no doubt, to the varied origins of our heterogenous population who have come here seeking, among other things, an asylum from religious persecution and a freedom to gain salvation in their own chosen way. The recognition of the need for the spiritual comfort and solace derived from religious practices was a first concern of the Founding Fathers who gave it expression in the simple and plainly worded phrase: 'Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.' (U.S. Constitution, 1st amendment.) Our State constitution reiterates the same thought as 'The free exercise and enjoyment of religious profession and worship, without discrimination or preference, shall forever be allowed in this

State to all mankind.' (New York Constitution, art. I, sec. 3.)

"The natural consequence of these fundamental principles is not only to allow but to guarantee to all citizens an absolute freedom in the exercise of religious belief or no belief. By the same token, our State is free to function without interference by or dictation from an organized church. This mutual forbearance in spirit and in practice has eliminated divisiveness in a most sensitive area, created mutual respect for both church and state and has unified our people in a way that no other force could do.

"The development of the precise meaning of the establishment and freedom clauses of the first amendment has had a long and interesting history which needs no narration here. Very recently the U.S. Supreme Court has dealt with it in a series of historical decisions which, though varying in details, make it clear that the establishment and freedom clauses of the first amendment constitute a complete and unequivocal separation of church and State, a wall which must be kept high and impregnable, for in modern times it means at least this: 'Neither a State nor the Federal Government can set up a church. Neither can pass laws which aid one religion, aid all religions, or prefer one religion over another. Neither can force nor influence a person to go to or to remain away from church against his will or force him to profess a belief or disbelief in any religion. No person can be punished for entertaining or professing religious beliefs or disbeliefs, for church attendance or nonattendance. No tax in any amount, large or small, can be levied to support any religious activities or institutions, whatever they may be called, or whatever form they may adopt to teach or practice religion. Neither a State nor the Federal Government can, openly or secretly, participate in the affairs of any religious organizations or groups and vice versa.' *Everson* v. *Board of Ed.*, 330 U.S. 1, 15–16, 67 S. Ct. 504, 511, 91 L. Ed. 711. A year later, in *People of State of Ill. ex rel. McCollum* v. *Board of Ed.*, 333 U.S. 203, 210, 68 S. Ct. 461, 464, 92 L. Ed. 649, involving a released time program in Illinois public schools, the U.S. Supreme Court found that the program, which in substance permitted outside teachers sponsored by religious organizations to give instruction in religion to schoolchildren, in the school building, during the school hours, as a substitute for the secular teaching provided in accordance with the compulsory education law, was 'beyond all question a utilization of the tax-established and tax-supported public school system to aid religious groups to spread their faith.' This, as Mr. Justice Black took pains to point out (333 U.S. at pp. 211–212, 68 S. Ct. at p. 465), did not 'manifest a governmental hostility to religion or religious teachings. A manifestation of such hostility would be at war with our national tradition as embodied in the first amendment's guaranty of the free exercise of religion,' and the key to its meaning 'rests upon the premise that both religion and Government can best work to achieve their lofty aims if each is left free from the other within its respective sphere.' It is interesting to note that in McCollum the four dissenting Justices in Everson concurred. Mr. Justice Frankfurter, while recognizing (333 U.S. at p. 213, 68 S. Ct. at p. 466) the existence of a clash in views as to what the wall separates, nonetheless made it very clear that the 1st and 14th amendments 'have a secular reach far more penetrating in the conduct of Government than merely to forbid an established church.'

"The New York released time program was tested and approved in *Zorach* v. *Clauson*, 343 U.S. 306, 72 S. Ct. 679, 96 L. Ed. 954. This permitted release of public school students during class hours for religious instruction off the school grounds, provided that written parental approval was first obtained. All costs were paid by the interested religious organizations. Some have read Zorach as a retreat from McCollum, but a majority of the U.S. Supreme Court did not think so. In sustaining the program, the Court removed any possible doubt that the principle of complete and unequivocal separation enunciated in McCollum was being reaffirmed since the prohibition is absolute (343 U.S. at p. 312, 72 S. Ct. at p. 683). As the Court expressed it, 'We follow the McCollum case' (343 U.S. at p. 315, 72 S. Ct. at p. 684). In deciding the merits as they did, the U.S. Supreme Court took the view that New York was 'adjusting the schedule of public events to sectarian needs * * * [in the] best of our traditions,' for to hold otherwise, in its opinion, 'would be to find in the Constitution a requirement that the Government show a callous indifference to religious groups. * * * The Government must be neutral when it comes to competition between sects. It may not thrust any sect on any person. It may not make a religious observance compulsory. It may not coerce anyone to attend church, to observe a religious holiday, or to take religious instruction. But it can close its doors or suspend its operations as to those who want to repair to their religious sanctuary for worship or instruction. No more than that is undertaken here' (343 U.S. at p. 314, 72 S. Ct. at p. 684).

"It is also interesting to note that in *McGowan* v. *State of Maryland* (366 U.S. 420, 81 S. Ct. 1101, 6 L. Ed. 2d 393) Mr. Justice Douglas took occasion to sharpen what he had previously said in Zorach about our being a religious people by writing:

"'But those who fashioned the Constitution decided that if and when God is to be served, His service will not be motivated by coercive measures of government. * * * [The first amendment] means, as I understand it, that if a religious leaven is to be worked into the affairs of our people, it is to be done by individuals and groups, not by the Government. * * * The idea, as I understand it, was to limit the power of government to act in religious matters ([West Virginia State] *Board of Education* v. *Barnette* (319 U.S. 624, 63 S. Ct. 1178, 87 L. Ed. 1628), supra: *People of State of Illinois ex rel. McCollum* v. *Board of Education* (333 U.S. 203, 68 S. Ct. 461, 92 L. Ed. 649), not to limit the freedom of religious men to act religiously nor to restrict the freedom of atheists or agnostics.

"'The first amendment commands government to have no interest in theology or ritual; * * * On matters of this kind government must be neutral.' *McGowan* v. *State of Maryland*, 366 U.S. 420, 563–564, 81 S. Ct. 1101, 1219, supra.

"Very recently McCollum (supra) was employed to strike down Maryland's belief in God test for public office as an unconstitutional invasion of freedom of belief and religion and, accordingly, unenforcible (*Torcaso* v. *Watkins*, 367 U.S. 488, 495, 81 S. Ct. 1680, 1683), the Supreme Court stating: 'Neither [a State nor the Federal Government] can constitutionally pass laws or impose requirements which aid all religions as against nonbelievers, and neither can aid those religions based on a belief in the existence of God as against those religions founded on different beliefs.' It is clear, therefore, that the establishment clause should not have the narrow application which a majority here would ascribe to it, and that it bars the action taken by the school board.

"Running through the fabric of these definitive decisions, like the pattern of a tree of life in an intricate tapestry, is a clearly defined line of demarcation between church and state, which may not be overstepped in the slightest degree in favor of either the church or the state. In such light, a board of education may not require the saying of the regents prayer as a daily school procedure. It is a form of State-sponsored religious education; in fact, according to the regents, its purpose is 'teaching our children, as set forth in the Declaration of Independence, that Almighty God is their Creator' (1951 statement of belief) and 'will give to the student an understanding and appreciation of his role as an individual endowed by his Creator * * * and of reverence for Almighty God.' It would thus 'fulfill its (the school's) high function of supplementing the training of the home' (fundamental beliefs, regents recommendations, adopted March 25, 1955). This requirement falls squarely within the categories of disability accounting for the decisions in Everson and McCollum (supra): Use of public school classrooms during regular school hours, limitation of participation to those children whose parents consent and, in addition, being led by a teacher or by a person designated by the teacher. Under such announced purpose and method of performance, it cannot be less than instruction contrary to the establishment and freedom clauses, nor can the requirement be excused on the theory that the saying of the prayer—although conducted in the presence of the student body in the assembly hall of the classroom—is nonetheless a voluntary act, since no child is required or encouraged to join in said prayer against his or her wishes (answering affidavit), or on the theory that during the saying the child may remain silent, leave the room, or report late. This is no answer, for it contains the very elements the prayer is supposed to eliminate: Divisiveness, a type of compulsion, exerting as it does a pressure which an immature child is unable to resist because of his inherent desire to conform, and constituting a subtle interference by the State with the religious freedom guaranteed by the first amendment. As Mr. Justice Frankfurter so aptly phrased it: 'Separation means separation, not something less * * *. The public school is at once the symbol of our democracy and the most pervasive means for promoting our common destiny. In no activity of the State is it more vital to keep out divisive forces than in its schools, to avoid confusing, no to say fusing, what the Constitution sought to keep strictly apart.' *McCollum, supra,* 333 U.S. at p. 231, 68 S. Ct. at p. 475.

"The mere circumstance that the children of these petitioners may constitute a minority is no justification for rejecting their petition. The guarantees of the Bill of Rights, of which the first amendment is the very cornerstone, were designed to protect minorities, which include diverse religious sects and atheists. While majority rule is an accepted incident of the political aspects of the democratic process, nothing in the Bill of Rights permits imposing the will of a majority—even in the slightest degree—upon an objecting minority, contrary to its protective cloak (*Torcaso* v. *Watkins, supra; West Virginia State Board of Educ.* v. *Barnette,* 319 U.S. 624, 63 S.Ct. 1178, 87 L. Ed. 1628). The very fact that the school board is charged with the duty of educating the young who are compelled to attend public school, except in certain instances not presently pertinent (Education Law, Consol. Laws, c. 16, sec. 3212), is reason enough to observe scrupulously the establishment and freedom clauses here invoked. What was said in McCollum is appropriate here: 'We renew our conviction that "we have staked the very existence of our country on the faith that complete separation between the state and religion is best for the state and best for religion." (*Everson* v. *Board of Education,* 330 U.S. at p. 59, 67 S. Ct. at p. 532.) If nowhere else, in the relation between church and state, "good fences make good neighbors".' (*McCollum, supra,* 333 U.S. at p. 232, 68 S. Ct. at p. 475.)

"The sponsors of the regents prayer claim that it is nonsectarian in nature, a simple statement acknowledging the existence of and our dependence upon a Supreme Being; that such reference is of much the same character as the reference to God in various holiday programs (i.e., Christmas, Easter, Thanksgiving Day), in various official oaths, in invocations and benedictions said at most public gatherings, at meetings of some official bodies as well as in the inscription of the motto 'In God We Trust' on coins, stamps, and banknotes. Although these references may well be regarded as a permissible illustration that we are a religious people (cf. *Zorach* v. *Clauson, supra*), it does not follow that the regents prayer is beyond the reach of the first amendment. Such an approach belies the avowed purpose of the regents which, as we have pointed out, was to commence 'teaching our children' (statement of belief). In our view, this conflicts with the establishment clause which, under the 14th amendment, applies to the state—and boards of education are not excepted (*West Virginia State Board of Education* v. *Barnette, supra*). While the Barnette case dealt with the punitive consequences of noncompliance, the U.S. Supreme Court again made it clear that 'If there is any fixed star in our constitutional constellation, it is that no official, high or petty, can prescribe what shall be orthodox in politics, nationalism, religion, or other matters of opinion or force citizens to confess by word or act their faith therein' (319 U.S. at p. 642, 63 S. Ct. at p. 1187). The Pledge of Allegiance was neither designed nor intended for other than a patriotic purpose; yet, as applied to children who were expelled for refusal to comply because of religious scruples and whose absence thereby became unlawful, subjecting them and their parents or guardians to punishment was held unenforcible as to them. Under the Federal Constitution, it employed an impermissible means of achieving national unity. 'Compulsory unification of opinion,' as Mr. Justice Jackson in his illimitable forthrightness said (319 U.S. at p. 641, 63 S. Ct. at p. 1187), 'achieves only the unanimity of the graveyard.' The inculcation of religion is a matter for the family and the church. In sponsoring a religious program, the state enters a field which it has been thought best to leave to the church alone. However salutary the underlying purpose of the requirement may be, it nonetheless gives to the state a direct supervision and influence that overstep the line marking the division between church and state and cannot help but lead to a gradual erosion of the mighty bulwark erected by the first amendment. This does not mean that the state is or should be hostile to religion—merely that the state should not invade an area where the constitutionally protected freedom is absolute and not open to the vicissitudes of legislative or judicial balancing.

"The order appealed from should be reversed and the prayer of the petitioners should be granted, directing the Board of Education of Union Free School District No. 9, New Hyde Park, to discontinue the saying of the regents prayer in the schools within its district."

Foster, J., concurs with Desmond, C. J.

Froessel, J., concurs in an opinion in which Van Voorhis, J., concurs.

Burke, J., concurs in a separate opinion.

Dye, J., dissents and votes to reverse in an opinion in which Fuld, J., concurs.

Order affirmed.

[Supreme Court of the United States, October Term, 1961—No. 468]

THE REGENTS PRAYER CASE—BRIEF OF INTERVENORS-RESPONDENTS

(In the matter of the application of Steven I. Engel, Daniel Lichtenstein, Monroe Lerner, Lenore Lyons, and Lawrence Roth, petitioners, against William J. Vitale, Jr., Philip J. Freed, Mary Harte, Anne Birch, and Richard Saunders, constituting the Board of Education of Union Free School District No. 9, New Hyde Park, N.Y., respondents, directing them to discontinue a certain school practice, and Henry Hollenberg, Rose Levine, Martin Abrams, Helen Swanson, Walter F. Gibb, Jane Ehlen, Ralph B. Webb, Virginia Zimmerman, Virginia Davis, Violet S. Cox, Evelyn Koster, Irene O'Rourke, Rosemarie Petelenz, Daniel J. Reehil, Thomas Delaney, and Edward L. MacFarlane, intervenors-respondents.)

(On writ of certiorari to the Court of Appeals of New York)

QUESTION PRESENTED

As phrased by petitioners (br. 3), the statement of the question presented is misleading in two vital respects:

1. It implies the existence of an element of coercion or compulsion which is totally absent from this case. The recital of the prayer in question is purely voluntary. No claim or threat of coercion was made below. The regulations of the respondent school board strictly forbid it; and the record shows that no such coercion has ever occurred or been threatened.

2. It implies that petitioners' attack is directed solely against the particular prayer here involved. On the contrary, as petitioners plainly stated in all the courts below, and as is implicit in their brief here (br. 7, 11), their attack is upon any and every form of voluntary religious observance, and against any use of the name of God, in every public school throughout the country.

In order that this Court may clearly grasp the nature and breadth of the issue here presented, we submit that the question should be restated as follows:

Does the Constitution of the United States peremptorily forbid, in all the public schools of the Nation, and in the absence of any element of compulsion, any voluntary form of prayer or other traditional practice which recognizes the existence of God or our Nation's dependence on Him?

STATEMENT OF THE CASE

A. The background of the regents' prayer

The regents' prayer, which petitioners claim "may endanger the entire constitutional basis of our religious liberty" (petition for certiorari, p. 16), is a brief and simple acknowledgment of the existence of a Supreme Being in accordance with our national heritage of belief and the embodiment of that heritage in voluntary civic prayer. It is 22 words in length, requires approximately 12 seconds for recital and reads:

"Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers and our country" (28).[1]

It was unanimously adopted in 1951 by the Board of Regents of the University of the State of New York which is, and since 1784 has been, the highest educational authority in the State (N.Y. Const., art. 5, sec. 4; art. 11, sec. 2) and whose high standing and reputation are acknowledged throughout the educational world. The members of this board included representatives of the Hebrew, Catholic, and Protestant faiths, and at least one prominent Unitarian. The language of the prayer was taken directly from provisions appearings in the constitutions of nearly all the States of the Union.[2]

In recommending the prayer to local school districts, the regents stated:

"Belief in and dependence upon Almighty God was the very cornerstone upon which our Founding Fathers builded.

"Our State constitution opens with these solemn words: 'We, the people of the State of New York grateful to Almighty God for our freedom, in order to secure its blessings, do establish this Constitution.'

"We are convinced that this fundamental belief and dependence of the American—always a religious—people is the best security against the dangers of these difficult days. In our opinion, the securing of the peace and safety of our country and our State against such dangers points to the essentiality of teaching our children, as set forth in the Declaration of Independence, that Almighty God is their Creator, and that by Him they have been endowed with their inalienable rights of life, liberty, and the pursuit of happiness.

"We believe that at the commencement of each school day the act of allegiance to the flag might well be joined with this act of reverence to God: 'Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country' " (28).

This awareness of the necessity for recognition in our public educational system of the moral and spiritual values to which the American people have always subscribed was reaffirmed by the regents in 1955 in their unanimous "Recommendations for School Programs on America's Moral and Spiritual Heritage" (30–39).

After recommending intensive study of the fundamental documents of our country, the regents declared:

"The same will give to the student an understanding and appreciation of his role as an individual endowed by his Creator with inalienable rights and as a member of a group similarly endowed; of respect for others, particularly parents and teachers, of devotion to freedom and of reverence for Almighty God" (38).

In this way the regents have sought to impart to the future citizens of the State a recognition of the moral and spiritual values which have been recognized as the basis of our free society since colonial days. The regents' prayer, integral part of that program, serves as a simple reminder that Americans trust in God, as the Pledge of Allegiance serves as a simple reminder of our obligations to our "one Nation under God."

In recommending this program, the regents were not unmindful of the 1st and 14th amendments. They specifically cautioned against any injection of sectarianism or formal religious instruction into the public school:

"In putting such recommendations into effect teachers will be mindful always of the fundamental American doctrine of the separation of church and state, and careful at all times to avoid any and all sectarianism or religious instruction which advocates, teaches, or prefers any religious creed. Formal religion is not to be injected into the public school. It is a matter for the church and the home, for the religious leaders and the parents of each child" (32).

As the regents make plain, their recommendation was made with the implicit understanding "that no child would ever be forced, contrary to its conscience, to recite this prayer or even the words 'under God' in the Pledge of Allegiance, or even the pledge itself" (regents' brief, p. 24).

This policy the regents have declared they stand ready to enforce if need arises (ibid.).

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[1] Except as otherwise identified, references are to the pages of the transcript of record.

[2] Direct acknowledgment of dependence on God appears in the constitutions of Iowa and North Carolina. A prayer for God's blessing or guidance appears in the constitutions of Illinois, Kentucky, Maine, Massachusetts, Mississippi, New Jersey, Oklahoma, Pennsylvania, Rhode Island, and Texas. Almost all the rest (including that of New York) contain expressions of gratitude to God as the author of our liberties. These constitutional provisions are set forth at appendix A to the brief submitted by respondent school board.

There is no claim that the regents' policy has ever been violated either in the district where this case arises or in any of the other districts where the prayer is in use.

B. The nature and background of this litigation

On July 8, 1958, respondent school board, acting in accordance with the regents' recommendation, adopted a resolution directing that the regents' prayer be recited in the schools of the district as a daily procedure to follow the salute to the flag (25–26, 40–41, 65–66). On January 22, 1959, petitioners, as interested parents and as taxpayers of the district, commenced a special proceeding against respondent school board under article 78 of the New York Civil Practice Act[3] to require the board to discontinue the recitation of the prayer in the public schools of the district (9–18).

The 16 intervenors-respondents are citizens and taxpayers of the school district and are parents of 37 children actually attending the 7 district public schools (54). They include members of the Hebrew, Protestant, and Catholic faiths, and one (Evelyn Koster) who is a member of no religion or organized church. As persons specially and beneficially interested in upholding the action of the school board under section 1298 of the Civil Practice Act, they asked and were granted leave to intervene below on behalf of themselves and other parents in the district in support of the board's position (43–45).

It must be emphasized that there is no allegation in the petition for relief under article 78 (11–18) that any child of any petitioner or any other child in the district was ever compelled, or even urged, to join in the prayer or was ever disciplined or threatened with disciplinary action for failing to do so. Any child whose parents so desire is either excused from the classroom during the recitation of the prayer or permitted to remain silent while the prayer is recited by others (171–73). The answer of respondent school board (19) and the affidavit of its president (26), the opinions below (66, 136–37, 142, 146) and the affidavit of the school board president read in support of the board's motion for a final order of dismissal (170) make it plain that no such compulsion was contemplated, or has ever occurred. Petitioners, throughout this case, have consistently contended that the mere institution of the regents' prayer—or for that matter any prayer—in the public school system is incurably unconstitutional under any and all circumstances, regardless of the absence of coercion (175–76).

Thus, the issue presented in this case is solely one of law and has been so treated by all courts below: Does the Federal Constitution require the abolition of the noncompulsory recital of this nondenominational prayer?

The New York Supreme Court, special term (Meyer, J.), in a scholarly and well reasoned opinion, held that the recognition of prayer is an integral part of our national heritage—a point petitioners grudgingly admit (br. 7–8)—and that the establishment clause cannot have been intended to outlaw the practice in schools any more than in other areas of our public life; that prayer in the schools has been a traditional and accepted practice, particularly at the times of the adoption of the 1st and 14th amendments; that these amendments were not intended to outlaw this practice; and that the regents' prayer, as a brief and voluntary acknowledgment of God's existence, does not violate either the Federal or State Constitutions (50–116; 18 Misc. 2d 659).

The order entered upon this determination denied the petition, thus refusing to order the discontinuance of the regents' prayer, and directed that the matter be remanded to respondent school board for proceedings not inconsistent with the court's opinion (6–8). That opinion directed the board to adopt certain specific safeguards, confirming its existing practice, to ensure that the recital of the regents' prayer was a voluntary matter, to be observed or not at the election of the child or his parents (8, 105–09).

The appellate division, second department, affirmed per curiam, one justice concurring in part and dissenting in part (124–25; 11 A.D. 2d 340).

Pursuant to the direction of special term, the school board adopted regulations confirming its existing practice and emphasizing that no teacher or school authority was to comment on participation or nonparticipation in the prayer or suggest or require that any posture or language be used or not used, and providing that any child should be excused from participation or attendance upon request. All parents and taxpayers were so notified (172–173). A final order was then entered in supreme court, Nassau County, dismissing the proceeding on the merits on the ground that respondent school board had fully complied with the directions of special term, as affirmed (167–168). Petitioners appealed to the Court of Appeals of New York from this final order and pursuant to sections 588(2) and 590(a) of the New York Civil Practice Act, brought up for review the interlocutory order of the appellate division affirming the prior order of special term, which determined the merits of the constitutional isues raised by petitioners (164–165).

The court of appeals, by a 5-to-2 vote, affirmed the final order and, accordingly, found no error in either the interlocutory or the final order brought up for review (142; 10 N.Y. 2d 174). That court first held that there were "adequate provisions to insure that no pupil need take part in or be present during the act of reverence, so any question of compulsion or free exercise is out of the case (see *Zorach* v. *Clauson*, 343 U.S. 306)" (142).

The court of appeals further ruled that the recitation of the prayer was neither religious education nor the practice of or establishment of religion in any reasonable meaning of those phrases (143), but was in harmony with a universally accepted tradition of public prayer in American life. In the majority opinion, Chief Judge Desmond stated:

'The regents' prayer is an acknowledgment of our dependence upon Almighty God and a petition for the bestowal of His blessings. * * * That the first amendment was ever intended to forbid as an establishment of religion a simple declaration of belief in God is so contrary to history as to be impossible of acceptance" (143).

Judge Froessel, in his concurring opinion, found that the voluntary recital of the regents' prayer was within the scope of this Court's decision in *Zorach* v. *Clauson*, 343 U.S. 306 (1952), rather than that of *McCollum* v. *Board of Education*, 333 U.S. 203 (1948), stating:

"The narrow question presented is: Do the Federal and State constitutions prohibit the recitation by children in our public schools of the 22 words acknowledging dependence upon Almighty God, and invoking His blessing upon them, their parents and teachers, and upon our country? To say that they do seems to me to stretch the so-called separation of church and state doctrine beyond reason (145).

* * * * *

"One may earnestly believe in God, without being attached to any particular religion or church. Hence a rule permitting public school children, willing to do so, to acknowledge their dependence upon Him, and to invoke His blessings, can hardly be called a law respecting an establishment of religion or prohibiting the free exercise thereof in transgression of the first amendment which in no wise prohibits the recognition of God, or laws respecting such recognition.

"The challenged recitation follows the pledge of allegiance, which itself refers to God. Schoolchildren are permitted to sing 'America,' the fourth stanza of which is indeed a prayer, invoking the protection of God, author of liberty. The preamble to our State constitution, which is taught in our public schools, provides: 'We the people of the State of New York, grateful to Almighty God for our freedom.' Virtually every State constitution in the United States, as well as the Declaration of Independence, contains similar references. To say that such references and others of like nature employed in the executive, legislative, and judicial branches of our Government (see *Zorach* v. *Clauson*, 343 U.S. 306, at pp. 312–313), unrelated to any particular religion or church, may be sanctioned by public officials everywhere but in the public school room defies understanding (145–146).

* * * * *

"Here no partiality is shown, nor are classrooms being turned over to religious instructors as in *McCollum* v. *Board of Educ.* (333 U.S. 203). Any effort of a particular group to promote its own beliefs, doctrines, tenets, and dogma must be carried on outside the public school, and any law to the contrary would violate the first amendment. (*McCollum* v. *Board of Educ., supra.*)

"As we see it, then, the challenged recitation was rightly upheld. It is not compulsory, is clearly nonsectarian in language, and neither directly nor indirectly even suggests belief in any form of organized or established religion. It permits each child to express gratitude to God and to invoke His blessing, to be steadfast in the faith of his acceptance if he has one; it compels no one, directly or indirectly, to do anything, if that be his or his parents' wish. All remain free, and thus we do not show preference as between those who believe in no religion and those who do believe (*Zorach* v. *Clauson*, *supra*, p. 314)" (146–147).

C. What this case does and does not involve

To correct several misconceptions which arose in petitioners' arguments below, some of which are reflected in their brief here, we wish to make plain, as we did below, what this case does not involve:

1. It involves no element and no claim of coercion or penalty, actual or threatened, against any of the petitioners or their children.

2. It involves no element and no claim of unlawful taxation or pocketbook injury.

3. It involves no attack either upon the sincerity of petitioners' religious beliefs or lack of belief or upon their right to hold and practice their views without interference from any source.

4. It involves no claim that the views of these petitioners, or of any others, are entitled to any less protection than those of the majority.

By the same token, it is our position that these petitioners, who have shown no injury to themselves, have no right under color of the establishment clause, to impose their views upon the vast majority of their fellow citizens, to deny to others the rights which they claim for themselves, to force all others to conform to their views or, in short, to deny to others the free exercise of religion. It is the basic thesis of this brief that, in the absence of any compulsion, the voluntary recital of such a prayer is in full accord with our traditions; and that to force its abolition upon unwilling local authorities and unwilling parents would be a distortion not only of the first amendment but of all our history. What is here involved is not simply a basic clash between two philosophies, but an assertion by petitioners that they are entitled, not only to voice and practice their philosophy, but to impose it throughout the entire field of public education as a constitutional mandate upon the vast majority who disagree.

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[3] Art. 78, entitled "Proceeding Against a Body or Officer," provides a summary procedure for reviewing the acts of public officials and others, codifying and replacing the traditional proceedings of mandamus, prohibition, and certiorari.

The basic clash is squarely recognized by petitioners in these words (brief 32):

"The Board of Regents of the State of New York have stated that '[b]elief in and dependence upon Almighty God was the very cornerstone upon which our Founding Fathers builded.' Petitioners disagree."

That they have the constitutional right so to disagree is conceded. What we deny is their right to magnify that disagreement into a constitutional and historical absolute, and to coerce all others into passively accepting it as an essential element of our entire public educational system.

SUMMARY OF ARGUMENT

1. This Court has recognized the historical fact that "We are a religious people whose institutions presuppose a Supreme Being" (*Zorach v. Clauson, supra*, at 313).

Those institutions surely do not exclude our schools. Parents have a constitutional right to insist that their children should not be forcibly subjected in those schools to that atmosphere of complete and uncompromising secularism toward which petitioners' approach must lead. Such parents have a right to insure that their children should not be compulsorily forbidden by judicial mandate from a brief, nondenominational, and voluntary recognition of that belief in and gratitude to Almighty God which lies at the foundation of all our institutions, secular as well as religious. The prayer itself is nothing more than a simple affirmation of that faith in a higher power exemplified on innumerable solemn occasions throughout our history, from the Declaration of Independence to the present day. It reflects the present embodiment of traditions and customs existing in this country prior to the adoption of either the Federal or State constitutions and which those constitutions were emphatically not intended to destroy.

2. The regents' prayer was adopted by the unanimous vote of the highest educational authority of New York. As recommended by the regents, as actually used in all the schools of this district, and as confirmed by the orders of the courts below, it embodies no element of coercion. No child can be compelled to say the prayer. No child can be disciplined for refusing to join in it.

3. Petitioners have the right to believe, and to have their children believe, what they choose about the basic principles which guide our lives and upon which our institutions are established. No one is here attacking that belief or that right. No one seeks to force petitioners' children to utter a single word, or to do a single act, which is contrary to law or to their own convictions. But petitioners have no right, we insist, to warp our educational system so as to force all others to conform to their views.

These are matters of deep and abiding principle. We ask the Court to approach its decision having constantly in mind two questions: (i) whose civil liberties are really here at stake; and (ii) which side is really upholding, and which side is attacking, our Constitution?

POINT I

The regents' prayer is an embodiment of traditional civic prayer. Voluntarily recited, it represents a reasonable and proper method of developing an appreciation and understanding of the basic principles of our national heritage and, as such, does not violate the Constitution.

A. Civic prayer is an integral part of our national heritage and tradition

Belief in and dependence upon God as the author of our liberties and the source of our inalienable rights, are woven into the fabric of our institutions and are affirmed in our basic civic documents from the Declaration of Independence onwards. They are specifically recited in the constitutions of all but one of our States.[4] No one, it is true, can be compelled to accept that belief or acknowledge that dependence; but they are nevertheless present, and form an inescapable part of our national tradition and heritage, in which both adults and schoolchildren share.

With that belief, in the minds of the great majority at least, is associated the idea of prayer. Prayer may be personal, family, or liturgical—in which case it is entirely outside the scope of government. But prayer may also be civic—i.e., performed on occasions or in contexts that reveal the prayer as performed by the citizen in union with his fellow citizens. Civic prayer is traditionally said voluntarily, without rite or ceremony, and contains no denominational teaching.

By such civic prayer, in the words of our State constitutions, our people express their "profound reverence for the Supreme Ruler of the Universe" (Colorado), express themselves as "grateful to Almighty God for the privilege of choosing our own form of government, for our civil and religious liberty" (Arkansas), as "acknowledging our dependence upon Him for the continuance of those blessings to us and our posterity" (North Carolina), and as "humbly invoking" His blessing (Texas). The regents' prayer says no more than do these State constitutional declarations.

The custom of prayer on public occasions in the United States has a long and honored history for the first citizens of our Republic realized that unalienable rights are only those which come from God. By the Declaration of Independence, a compulsory subject in all New York schools (education law, sec. 3204(3) (a) (2)), they set forth this religious declaration as a self-evident truth:

"That all men are created equal, and are endowed by their Creator with certain unalienable rights."

These ideas, simple enough for children to understand yet profoundly influencing our entire philosophy of government, are a declaration of dependence on God and of human rights unalienable because God given.

On June 12, 1775, the Continental Congress issued a proclamation for a day of fasting and prayer:

"As the great Governor of the World, by His supreme and universal providence, not only conducts the course of nature with unerring wisdom and rectitude, but frequently influences the minds of men to serve the wise and gracious purposes of His providential government; and it being at all times our indispensable duty devoutly to acknowledge his superintending providence, especially in times of impending danger and public calamity, to reverence and adore His immutable justice as well as to implore His merciful interposition for our deliverance:

"This Congress, therefore, considering the present critical, alarming, and calamitous state of these colonies, do earnestly recommend that Thursday, the 20th day of July next, be observed by the inhabitants of all the English colonies on this continent as a day of public humiliation, fasting, and prayer" (2 Journals of the Continental Congress 87 (1775)).

Days of prayer and thanksgiving were proclaimed in 1777, 9 id. at 851, 854, 873 (1777), in 1782 after the victory of the American armies, 23 id. at 646–647 (1782), and again in 1783 after the signing of the peace treaty with Great Britain, 25 id. at 699 (1783). On June 20, 1782, Congress approved the design of the Great Seal which pictured the eye of God above a pyramid of 13 steps and contained the inscription "Annuit Coeptis" signifying "He (God) hath favored our undertakings." Cf. 22 id. at 338–339 (1782).

In 1789 it was moved by the Senate that there be a religious service in connection with Washington's inauguration:

"*Resolved*, That after the oath shall have been administered to the President, he, attended by the Vice President, and Members of the Senate and House of Representatives, proceed to St. Paul's Chapel, to hear divine service, to be performed by the Chaplain of Congress already appointed." (1 Debates and Proceedings in the Congress of the United States 25.)

With slight changes the measure passed both Houses. (Id. at 29.)

On the very same day that the First Congress approved the first amendment (Sept. 24, 1789), it resolved:

"That a joint committee of both Houses be directed to wait upon the President of the United States to request that he would recommend to the people of the United States a day of public thanksgiving and prayer, to be observed by acknowledging, with grateful hearts, the many signal favors of Almighty God, especially by affording them an opportunity peaceably to establish a Constitution of government for their safety and happiness." (Id. at 949.)

Pursuant to this resolution, President Washington issued a proclamation October 3, 1789, which declared:

"Now therefore I do recommend and assign Thursday the 26th day of November next to be devoted by the People of these States to the Service of the great and glorious Being, who is the beneficient Author of all the good that was, that is, or that will be. That we may then all unite in rendering unto him our sincere and humble thanks for his kind care and protection of the People of this country previous to their becoming a Nation, for the signal and manifold mercies, and the favorable interpositions of His providence." See Cousins, "In God We Trust" 72 (1958).

In 1853 petitions seeking the abolition of chaplaincies in the Armed Forces and in Congress on the ground of alleged unconstitutionality were considered and unequivocally rejected by the Senate Judiciary Committee, which emphasized that there was no intent on the part of the framers of the Constitution to make this an irreligious nation or to prohibit public expressions of religious devotion (S. Rept. No. 376, 32d Cong., 2d sess. (1853)). Congress has continued to affirm our national tradition of civic or organic prayer. In 1952 it directed the President to set aside by proclamation a National Day of Prayer (36 U.S.C. sec. 185). Our national motto, established in 1956 by act of Congress (36 U.S.C. sec. 186) is "In God We Trust," a phrase which has long been required on all of our coins and paper currency (31 U.S.C. sec. 324(a)). In 1954 Congress added the words "under God" to the prescribed Pledge of Allegiance to the Flag (36 U.S.C. sec. 172). In recommending this amendment the House Judiciary Committee stated:

"This is not an act establishing a religion or one interfering with the free exercise of religion. A distinction must be made between the existence of a religion as an institution and a belief in the sovereignty of God. The phrase 'under God' recognizes only the guidance of God in our national affairs" (H. Rept. No. 1693, 83d Cong., 2d sess. (1954)).

The constitutionality of this amendment has already been sustained against attack, on the same first amendment grounds here presented, by the courts of New York in *Matter of Lewis v. Allen*, 5 Misc. 2d 68 (Sup.

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[4] West Virginia appears to be the sole exception.

Ct. Albany Co. 1957), aff'd, 11 A.D. 2d 447 (3d Dept. 1960).[5]

Judicial observance of civic prayer is found throughout the land and in the supplication with which this Court opens each session:

"God save the United States and this honorable Court."

The late President Franklin D. Roosevelt fully summed up our Nation's religious heritage of acknowledgment of and dependence upon God:

"Thus from our earliest recorded history, Americans have thanked God for their blessings. In our deepest natures, in our very souls, we, like all mankind since the earliest origin of mankind, turn to God in time of trouble and in time of happiness. 'In God We Trust'." Thanksgiving Day Proclamation, 3 Stokes, "Church and State in the United States" 190 (1950).

Former President Eisenhower warned:

"Each day we must ask that Almighty God will set and keep His protecting hand over us so that we may pass on to those who come after us the heritage of a free people, secure in their God-given right and in full control of a government dedicated to the preservation of those rights" (37).

These are not meaningless gestures. They are not, as petitioners' counsel contended below, mere "incidental mentions of God" which "prove nothing." They prove that the practice of civic prayer is an integral part of our national heritage.

"There is no dissonance in these declarations. There is a universal language pervading them all, having one meaning; they affirm and reaffirm that this is a religious Nation. These are not individual sayings, declarations of private persons: They are organic utterances; they speak the voice of the entire people." *Holy Trinity Church* v. *United States,* 143 U.S. 457, 470 (1892).

The specific issue here presented concerns the voluntary recital in the public schools of this traditional form of civic prayer which does no more than recognize the existence of God and our dependence on Him. Voluntary civic prayer in the schools does not differ from civic prayer on other public occasions. The essential point is that the child attends school as one of a community of fellow citizens-in-training, in pursuit of learning, character, civic standards, and moral values, the possession of which is necessary to any well-ordered society. Hence the school prayer situation can be valid compared with that of civic prayer on other public occasions, in Congress, at the opening of the courts, and at the inaugurals of our Presidents. All are secular situations; all are public; in all it is a matter of citizens convening as citizens.

The question then seems to be this: If voluntary civic prayer is constitutionally appropriate on other public occasions, why must such prayer, as distinguished from formal denominational training, be completely forbidden on school occasions? If it is permissible, and even praiseworthy, for public officials publicly to invoke the Providence of God for the protection and furtherance of the good of the Commonwealth, what is wrong with a voluntary invocation for the good of pupils, parents and teachers, upon whom the good of the Commonwealth so largely depends?

Petitioners seem to accept the fact of our tradition of civic or organic prayer but they contend that the regents' prayer, as a nondenominational prayer "composed by laymen who are State officials, acting in their official capacity" does not come within that presumably acceptable classification (br. 14). The same criticism could, of course, be leveled at the Declaration of Independence and all of our other civic prayers or invocations of God, including the State constitutions from which the wording of the regents' prayer was adopted.

Nor is the regents' prayer objectionable on the ground (advanced by petitioners below) that it is a "new-fangled" idea originating in 1951. On the contrary, it is in line with a tradition in New York going back for over a century (52), and its language is borrowed from documents some of which are even older. Far from being a State-dictated form of worship as charged by petitioners, the regents' prayer, a type of prayer common to virtually all religions, is squarely within our tradition of civic or organic prayer because it, like the preambles to our State constitutions, our Presidential proclamations and similar utterances, simply acknowledges man's dependence on God and requests His blessings.

B. *The first amendment was not intended to abolish civic prayer as an expression of our national heritage and tradition of belief in God and dependence on Him*

The first amendment states:

"Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof."

In seeking to ascertain the meaning of this amendment or of any constitutional provision, the intent of the framers, particularly as expressed in their actions; and the sense of the Nation at the time are paramount. Cf. *Ex Parte Bain,* 121 U.S. 1, 12 (1886); *Rhode Island* v. *Massachusetts,* 37 Pet. 657, 723 (1838).

To determine the sense of the Nation and the intent of the framers we shall examine: (i) the religious beliefs of the people of the time and their attitude toward public prayer; (ii) existing and subsequent educational practices; and (iii) the meaning of the establishment clause in the context of civic prayer as revealed by legislative and administrative practices contemporaneous with the adoption of the first amendment.

The framers of the Constitution were representatives of a people who from the first birth pains of the new nation had exhibited a sense of personal responsibility to God; and the documents of the times give eloquent testimony of the religious convictions of the Founding Fathers.[6] Canon Stokes, in his authoritative work "Church and State in the United States," observed:

"Much less recognized, but equally clear, is the conviction of the founders of the vital importance of religion to the new nation. I expected, before I began this study, to find this to be true as far as President Washington and some of his associates were concerned; but I have been surprised at the mass of evidence to support the claims of religion in a republic as expressed by men like Thomas Jefferson and Benjamin Franklin, who have often been classed as freethinkers. Even Thomas Paine was not an atheist" (1 Stokes, "Church and State in the United States," 514–515).

Canon Stokes is simply summarizing the view of Jefferson himself, who said:

"The God who gave us life gave us liberty at the same time." See "Rights of British America" (1774) (1 Writings of Thomas Jefferson 142) (Washington ed. 1853–54).

"Can the liberties of a nation be thought secure when we have removed their only firm basis, a conviction in the minds of the people that these liberties are a gift of God." See "Notes on Virginia" (1782) (8 Writings of Thomas Jefferson 404) (Washington ed., 1853–54).

Jefferson's great opponent, John Adams, who presided over the Senate when it considered the first amendment, held the same views. In an address to the Militia of Massachusetts on October 11, 1798, he said:

"Our Constitution was made only for a moral and religious people. It is wholly inadequate to the government of any other" (9 Charles Francis Adams, "The Works of John Adams," 229).

The guarantees of religious freedom contained in the first amendment are the expression not merely of a political conviction of the Founding Fathers, but of a religious concept as well.

"One cannot speak of religious liberty, with proper appreciation of its essential and historical significance, without assuming the existence of a belief in supreme allegiance to the will of God." Hughes, C. J. dissenting, in *United States* v. *Macintosh,* 283 U.S. 605, 634 (1931) (concurred in by Justices Holmes, Brandeis, and Stone). The decision in that case was subsequently overruled and the minority view was upheld in *Girouard* v. *United States,* 328 U.S. 61 (1946).

The belief in God so deeply felt by the Founders was expressed in the actions taken by the early Congresses and Presidents. Public schools, as we know them today, did not exist in the Colonies and, as special term noted (78–79), colonial education was largely under religious auspices. However, there is no contemporaneous indication that the framers of the first amendment intended to outlaw all reference to religion from the educational process, even in areas where that amendment operated directly from the outset, such as the District of Columbia and the territories. Indeed, the actions taken by the early Congresses impel the opposite conclusion. The Northwest Ordinance of 1787, adopted in the very year in which the Constitution was drafted, affirmed this philosophy:

"Religion, morality, and knowledge, being necessary to good government and the happiness of mankind, schools and the means of education shall be forever encouraged" (1 Stat. 51–52).

This ordinance was adopted verbatim by the First Congress August 7, 1789 (ibid.), and its language was also adapted to the government of the territory south of the Ohio River by the First Congress May 26, 1790 (1 Stat. 123). When the Indiana Territory was formed from the Northwest Territory in 1800, the identical language of the original Northwest Ordinance was made applicable to it by the Sixth Congress (2 Stat. 58–59).

The principles of religion appear to have been taught more than 100 years ago in the Distrct of Columbia, an area to which the first amendment has from the inception of our Nation, been applicable:

"Free to all, without sectarian taint or bias, and without any question as to the political or religious belief of those who desire to enjoy their benefits, the principles of morality and religion are taught by individuals who are themselves exemplifications and patterns of that morality without which all national institutions are feeble, and all human glory are unsubstantial shadows" Annual Report of the Trustees of Public Schools of the City of Washington, August 1850, contained in "Communications of the Mayor of the City of Washington to the Board of Aldermen and Board of Common Council, Sept. 9, 1850," page 451.[7]

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[5] We are advised that a notice of appeal to the New York Court of Appeals has been filed but that the appeal has not yet been perfected.

[6] See, e.g., "Mayflower Compact"; "Articles of Confederation"; "Declaration of the Causes and Necessity of Taking Up Arms," 2 Journals of the Continental Congress, 154–157; "Declaration of Independence"; "Washington's Farewell Address," 4 Congressional Record, 5562; John Adams, "Address to the Militia of Massachusetts," Oct. 11, 1798, quoted, infra, at 22.

[7] Bible reading and prayer, with provision for excuse of children upon request, are today, and have long been the practice in the District schools. See appendix at p. 64, infra.

Thus, a belief in God has been associated with morality and education from our beginnings. George Washington spoke for all the founders when he said:

"Reason and experience both forbid us to expect that national morality can prevail in exclusion of religious principle." Farewell Address, 4 CONGRESSIONAL RECORD, 5562.

Governor Lewis, of New York, in his address to the legislature in 1804, stated:

"In a government resting on public opinion, and deriving its chief support from the affections of a people, religion and morality cannot be too sedulously inculcated. To them science is an handmaid, ignorance the worst of enemies. * * * Common schools under the guidance of respectable teachers should be established in every village, and the indigent be educated at public expense." (State of New York, Messages from the Governors: Charles Lincoln, vol. 2, pp. 550–551.)

In 1812 a common school system was established in New York on the basis of recommendations made by a special commission. This commission reported that:

"Morality and religion are the foundation of all that is truly great and good, and are consequently of primary importance" (Id. at 720–721).

The Public School Society founded in New York in 1805 by private philanthropists received State money after 1807 to assist it in its work. The society was regarded as nondenominational, though chartered to teach the sublime truths of religion and morality contained in the Holy Scriptures in its schools.

The secularizing movement in the schools commenced in the Commonwealth of Massachusetts under Horace Mann, but in the final report of the board of education headed by Mann (1847), it was observed that the public schools should adhere to a program of "daily Bible reading, devotional exercises and the constant inculcation of the precepts of Christian morality." Mann himself in his final report in 1848 said:

"I believed then (1837) as now, that sectarian books and sectarian instruction, if their encroachment were not resisted, would prove the overthrow of the schools. I believed then, as now, that religious instruction in our schools, to the extent which the Constitution and the laws of the State allowed and prescribed, was indispensable to their highest welfare, and essential to the vitality of moral education.

"I avail myself of this, the last opportunity which I may ever have, to say in regard to all affirmations or intimations that I have ever attempted to exclude religious instruction from the schools, or to exclude the Bible from the schools, or to impair the force of that volume, that they are now, and always have been, without substance or semblance of truth. Our system earnestly inculcates all Christian morals; it founds its morals on the basis of religion; it welcomes the religion of the Bible; and in receiving the Bible, it allows it to do what it is allowed to do in no other system, to speak for itself." (4 Mann Annual Reports 308 (Boston 1891), quoted in 2 Stokes, op. cit., supra, at 57.)

The views of Jefferson and Madison have been frequently cited by this Court in first amendment cases, and are referred to by petitioners at pages 26–28 of their brief. On the particular question whether Madison and Jefferson believed or intended, by the first amendment, to abolish all vestiges of God from our public school system, we are faced at the outset by the facts (i) that no public school system existed in their lifetime and (ii) that Jefferson himself, though devoted to the cause of free public education, flatly opposed the idea of making it compulsory.[8]

However, Madison, as pointed out by Mr. Justice Frankfurter in the McCollum case, 333 U.S. 203, 216, was a deeply religious man, as evidenced by his letter to Frederick Beasley written in 1825:

"And the belief in a God all powerful wise and good, is so essential to the moral order of the world and to the happiness of man, that arguments which enforce it cannot be drawn from too many sources nor adapted with too much solicitude to the different characters and capacities to be impressed with it." See Cousins, "In God We Trust," 321 (1958).

Although Madison went as far as any of the Founding Fathers (and further than most) in his ideas of separation of church and state, we have found nothing in his writings to indicate that even he would have pressed his doctrine to the extent of asserting that the first amendment would forbid all voluntary expressions of reverence for God in a compulsory public educational system which in his day was nonexistent, but which has now come to embrace the great majority of all the children of the Nation.

His views, as expressed in the remonstrance (already extensively considered by this Court), have, we submit, no direct application here. At the time of that remonstrance, the Anglican Church, which had previously held a practical monopoly over not only religion but also education in the State of Virginia, was in process of being removed from that position. The proposal made in the assessment bill, against which Madison's remonstrance was directed, was to establish a tax system primarily for the direct support of all Christian religious bodies in the State and incidentally for supporting their sectarian educational enterprises. Precisely such a mingling of sectarian and governmental functions was held to be involved in the McCollum case, in which the remonstrance was cited (333 U.S. at 214). But the circumstances of this case, we submit, are quite different; and there is nothing in the remonstrance which would indicate that its author intended to outlaw all mention of God from public life, or from school life. Indeed, the remonstrance itself contained not only a recognition of God's existence but an earnest appeal for His help.

Jefferson worked long and hard for the establishment of a system of free public education in his native State. His efforts in this respect, together with many of the original documents, are set forth in Honeywell (cited supra, p. 26, footnote). Jefferson's proposed Virginia school bill of 1817 (Honeywell, appendix H) set up a system of free tax-supported primary schools under local supervision in each county. The only reference to religion is contained in section 11:

"The said teachers shall, in all things relating to the education and government of their pupils, be under the direction and control of the visitors; but no religious reading, instruction or exercise, shall be prescribed or practiced inconsistent with the tenets of any religious sect or denomination" (Honeywell, p. 235).

When we consider that the existing school system which Jefferson's bill was designed to replace or supplement was a system almost entirely under sectarian auspices, the need for such a directive is apparent. But the bill itself, in the section quoted, recognized and allowed for the possibility of some simple nondenominational recognition of God in the school. It therefore seems probable that, were Jefferson alive today, he would repudiate any contention that the first amendment requires a compulsory excision from our whole public educational system of all voluntary mention of God or of that dependence upon Him which Jefferson himself acknowledged in the Declaration of Independence.

There is, on the contrary, evidence that both Jefferson and Madison recognized the place for voluntary religious exercises even within the bounds of a tax-supported educational system and indeed on State property. When Jefferson came to set up the University of Virginia, he prepared a report for the commissioners which was signed by Madison as one of that body. In the section of that report dealing with the proposed buildings, it was stated:

"It is supposed probable, that a building of somewhat more size in the middle of the grounds may be called for in time, in which may be rooms for religious worship, under such impartial regulations as the visitors shall prescribe, for public examinations, for a library, for the schools of music, drawing, and other associated purposes" (Honeywell, app. J, at 249).

The regulations enacted by the board of visitors of the University of Virginia on April 7, 1824, were prepared by Jefferson as rector and approved by Madison as a member of the board. These regulations provided:

"Should the religious sects of this State, or any of them, according to the invitation held out to them, establish within, or adjacent to, the precincts of the university, schools for instruction in the religion of their sect, the students of the university will be free, and expected to attend religious worship at the establishment of their respective sects, in the morning, and in time to meet their school in the university at its stated hour.

"The students of such religious school, if they attend any school of the university, shall be considered as students of the university, subject to the same regulations, and entitled to the same rights and privileges.

* * * * *

"The upper circular room of the rotunda shall be reserved for a library.

"One of its larger elliptical rooms on its middle floor shall be used for annual examinations, for lectures to such schools as are too numerous for their ordinary school room, and for religious worship, under the regulations allowed to be prescribed by law" (Honeywell, app. M, at 274–275).

At brief 28 petitioners cite as authority for their position the 1808 letter from Jefferson to the Reverend Samuel W. Miller, explaining his unwillingness to issue Thanksgiving Day proclamations. Jefferson's practice in this regard was not followed by any other President with the sole exception of Andrew Jackson. See 3 Stokes, "Church and State in the United States," 180–193 (1950). And despite his aversion to Thanksgiving Day proclamations Jefferson felt no hesitation in publicly invoking God's name in public documents, such as the Declaration of Independence and both of his inaugurals.[9]

Madison also invoked God's name in his public documents, such as the remonstrance and his first inaugural.[10] During the War of 1812, he acceded to the insistent demands of Congress, expressed in a joint resolution (Annals of Congress, 12th Cong., 1st sess. 310), that a proclamation be issued requesting Divine assistance in the war. In addition to this proclamation issued on July 9, 1812, Madison issued three others, on July 23, 1813, November 6, 1814, and March 4, 1815. See Fleet, "Madison's Detached Memoranda," 3 Wm. & Mary Quarterly Historical Magazine 562 (3d series).

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[8] Roy J. Honeywell, "The Educational Work of Thomas Jefferson" 35–6 (Harv. Univ. Press 1931 (hereafter cited as "Honeywell").

[9] The concluding sentence of Jefferson's first inaugural said:

"And may that Infinite Power which rules the destinies of the universe lead our councils to what is best, and give them a favorable issue for your peace and prosperity." Davis, Newton, and Lott, "The Inaugural Addresses of the American Presidents From Washington to Kennedy," 17 (1961).

In his second inaugural he said:

"I shall need, too, the favor of that Being in whose hands we are, who led our fathers, as Israel of old, from their native land and planted them in a country flowing with all the necessaries and comforts of life; who has covered our infancy with His providence and our riper years with His wisdom and power, and to whose goodness I ask you to join in supplications with me that He will so enlighten the minds of your servants, guide their councils, and prosper their measures that whatsoever they do shall result in your good, and shall secure to you the peace, friendship, and approbation of all nations." Id. at 22.

As a Member of the First Congress, Madison had served on the committee to arrange for the appointment of a chaplain to Congress, a precedent that has endured to this day (id. at 457). As President, he approved statutes providing for compensation to the chaplains of both Houses (act of Apr. 30, 1816, c. 170; 3 Stat. 334) and for chaplains in the Armed Forces (acts of Jan. 11, 1812, c. 14, sec. 24, 2 Stat. 674; Jan. 29, 1813, c. 16, sec. 16, 2 Stat. 796; April 18, 1814, c. 82, sec. 9, 3 Stat. 135; April 24, 1816, c. 69, sec. 2, 3 Stat. 297). It was not until late in life and long after retirement from the Presidency that Madison in his "Detached Memoranda" expressed serious doubt about the propriety of these practices (1 Stokes, op. cit., supra, at 456).

Jefferson seems never to have expressed any opposition to service chaplains, and as President he approved an act providing one chaplain, with the rank of major, for each brigade of the Army (act of Apr. 12, 1808, c. 43, sec. 7, 2 Stat. 482). The Articles of War, which he also approved, not only provided for chaplains but also "earnestly recommended to all officers and soldiers, diligently to attend divine service" (act of Apr. 10, 1806, c. 20, 2 Stat. 359).

The issues involved in this case cannot be resolved, as petitioners attempt to do, by reiteration of the words "wall of separation." As Mr. Justice Frankfurter observed in the McCollum case:

"The mere formulation of a relevant Constitutional principle is the beginning of the solution of a problem, not its answer. * * * But agreement, in the abstract, that the first amendment was designed to erect a 'wall of separation between church and state' does not preclude a clash of views as to what the wall separates" 333 U.S. at 212-213).

It can hardly be contended that a Congress composed of the very men who had drafted, debated and voted on the first amendment, and who were intimately familiar with the intended scope of that amendment, would immediately violate it and pass statutes, such as those authorizing chaplains, which would obviously prefer believers over nonbelievers, and would aid the general cause of religion or the particular sect with which the congressional chaplain was affiliated. The same principle applies to the statutes appointing military chaplains.

These and all the other actions by the early Congresses, and all the invocations of the Almighty which pervade the public utterances of the Founding Fathers, are not at variance with this Court's interpretation of the scope of the establishment clause as set forth in *Everson* v. *Board of Education*, 330 U.S. 1, 15-16 (1947). Traditional voluntary civic prayer of the type envisaged and practiced by the early Congresses and by the Founding Fathers is, we submit, within an area which they intended to preserve and transmit as part of our national heritage, and to which the prohibitions of the establishment clause cannot reasonably be held to extend. "That is the commonsense of the matter," as the Court clearly indicated in pointing out that the references to the Almighty which run through our laws, our public rituals and our ceremonies in no way flout the provisions of the first amendment (*Zorach* v. *Clauson*, 343 U.S. 306, 312, 313 (1952)).

Recognition of this principle does not require any deviation from the Everson definition of the meaning of the establishment clause, and is in no way inconsistent with past decisions of this Court. On the contrary, we submit that the extension of the Everson interpretation which petitioners now urge would, in reality, rewrite our entire history.

C. The adoption of the 14th amendment was not intended to prohibit prayer in public schools

In *Cantwell* v. *Connecticut*, 310 U.S. 296, 303 (1940), and subsequent cases, this Court declared that the due process clause of the 14th amendment operated to carry over against the States the provisions of the first. Very recently, however, this Court declared in *Bartkus* v. *Illinois*, 359 U.S. 121, 124 (1959):

"We have held from the beginning and uniformly that the due process clause of the 14th amendment does not apply to the States any of the provisions of the first eight amendments as such. The relevant historical materials have been canvassed by this Court and by legal scholars. These materials demonstrate conclusively that Congress and the members of the legislatures of the ratifying States did not contemplate that the 14th amendment was a shorthand incorporation of the first eight amendments making them applicable as explicit restrictions upon the States."

The Court relied on its prior decision by Mr. Justice Cardoso in *Palko* v. *Connecticut*, 302 U.S. 319 (1937), to hold that the only provisions of the first 10 amendments which are brought into operation against the States under the 14th amendment are those which "have been found to be implicit in the concept of ordered liberty," and that the 14th amendment prohibits to the States only those practices "repugnant to the conscience of mankind." Elsewhere in the Palko decision it was held that the prohibitions applied against the States are only those without which it would be impossible to maintain "a fair and enlightened system of justice" (302 U.S. at 325), those without which "neither liberty nor justice would exist" (id. at 326) and those whose absence would create "a hardship so acute and shocking that our polity will not endure it" (id. at 328).

Citing the Bartkus case on this point special term held, we submit correctly:

"While the concept of ordered liberty clearly includes freedom of religion, with respect to both establishment and free exercise, legislative permission for the noncompulsory public recital of prayer cannot be said to be repugnant to the conscience of mankind" (85).

Nor, we submit, can such permission be said to create "a hardship so acute and shocking that our polity will not endure it."

There is nothing in the legislative background of the adoption of the 14th amendment which shows any intent to alter settled habits and customs with respect to religion or to change the meaning of the 1st amendment. See opinion of special term (72-78) and the authorities that cited (Flack, "Adoption of the Fourteenth Amendment" (1908); James, "The Framing of the Fourteenth Amendment"; "Illinois Studies in Social Sciences," vol. 37 (1936); Fairman, "Does the Fourteenth Amendment Incorporate the Bill of Rights?" 2 Stan. L. Rev. 5 (1949)).

Indeed, the complete lack of any such intent is shown not only by the debates on the unsuccessful Blaine amendment of 1875 (discussed by special term at 76), but by the very language of that proposed amendment. In the form introduced in the House (4 Congressional Record 205) it read:

"No State shall make any law respecting an establishment of religion or prohibiting the free exercise thereof; and no money raised by taxation in any State for the support of public schools, or derived from any public fund therefor, nor any public lands devoted thereto, shall ever be under the control of any religious sect, nor shall any money so raised or lands so devoted be divided between religious sects or denominations." The House by a two-thirds majority adopted the amendment in this form, with two minor changes (4 Congressional Record 5189-5192).

In the Senate the amendment was completely rewritten by the Judiciary Committee and was presented and debated in this form[11] (4 Congressional Record 5453):

"No State shall make any law respecting an establishment of religion, or prohibiting the free exercise thereof; and no religious test shall ever be required as a qualification to any office or public trust under any State. No public property and no public revenue of, nor any loan of credit by or under the authority of, the United States, or any State, territory, district, or municipal corporation, shall be appropriated to or made or used for the support of any school, educational or other institution under the control of any religious or antireligious sect, organization, or denomination, or wherein the particular creed or tenets of any religious or antireligious sect, organization, or denomination shall be taught. And no such particular creed or tenets shall be read or taught in any school or institution supported in whole or in part by such revenue or loan of credit, and no such appropriation or loan of credit shall be made to any religious or antireligious sect, organization, or denomination, or to promote its interests or tenets. This article shall not be construed to prohibit the reading of the Bible in any school or institution; and it shall not have the effect to impair rights or property already vested.

"Sec. 2. Congress shall have power, by appropriate legislation, to provide for the prevention and punishment of violations of this article."

The amendment in this form failed to receive the necessary two-thirds support in the Senate (4 Congressional Record 5595) and was accordingly never submitted to the States. Cf. Ames, "The Proposed Amendments to the Constitution of the United States During the First Century of Its History," House Document No. 353, part 2, 54th Congress, 2d session 277-278 (1897).

Obviously, if the Members of Congress at that time (including many who had voted for the 14th amendment) had believed that the 14th amendment had settled the problem of prayer or Bible reading in the public schools, the Blaine amendment—in either the House or Senate version—would have been superfluous. In fact opponents of the measure pointed out in the Senate that, under its broad wording, denominational teaching (even on a voluntary basis) to prisoners or to inmates of orphanages, hospitals, and other charitable institutions receiving State aid would be unconstitutional (4 Congressional Record 5455-5456, 5581-5583). Senator Edmunds, a supporter of the measure, agreed that this would be so (4 Congressional Record 5588). Yet not withstanding this broad language, the Senate version contained an express reservation permitting Bible reading in the public schools. It is likewise noteworthy that supporters of the Blaine amendment vigorously stressed the fact that it would not bar the teaching of nonsectarian religious principles. Thus, Senator Frelinghuysen, of New Jersey, said (4 Congressional Record 5562):

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[10] In the last paragraph of his first inaugural Madison spoke of: "the guardianship and guidance of that Almighty whose power regulates the destiny of nations, whose blessings have been so conspicuously dispensed to this rising Republic, and to whom we are bound to address our devout gratitude for the past, as well as our fervent supplications and best hopes for the future." Id. at 27.

[11] In a footnote to Mr. Justice Frankfurter's opinion in the *McCollum* case (333 U.S. at 218, n. 6) the Senate version which we have quoted above is set forth at length, but is cited (erroneously, we believe) as the House version.

"Sir, does that prohibit religious instruction in prisons? Does it prevent religious instruction anywhere? * * * Institutions supported by the money of all persuasions, even though they be prisons, are not to be made schools for teaching Presbyterianism, or Catholicism, Unitarianism, or Methodism, or infidelity, or atheism, and this article says so. But this article goes no further. There is nothing in it that prohibits religion as distinguished from the particular creed or tenets of religious and antireligious sects and denominations being taught anywhere."

A similar plea in favor of teaching of general religious principles in contrast to teachings of particular tenets, which alone were to be barred by the Blaine amendment, was made by Senator Edmunds, who referred to the offering of prayer in Congress in the following words:

"Do we not here, in this public council Chamber of the Nation, whose members probably represent all Christian creeds, daily from your [the President's] desk hear prayer to Almighty God, not the prayer of creed but the prayer of man imploring the beneficent protection of his Creator" (4 Congressional Record 5588).

Thus, the most extreme limit of the amendment in either House did not reach religion per se but only "Any religious or antireligious sect, organization, or denomination, or wherein the particular creed or tenets of any religious or antireligious sect, organization or denomination shall be taught" (4 Congressional Record 5453).

In the Blaine amendment we have an attempted expansion of the establishment clause by some of the most ardent advocates of absolute separation of church and State in our history. Yet, even to them it was clear that the Blaine amendment would not exclude all prayer from the schools but rather would recognize both Bible reading and nondenominational prayer as acceptable and constitutional.

Having failed of passage initially, the Blaine amendment was thereafter reintroduced on 20 further occasions between 1876 and 1929, but only once reported out of any committee, in that case with an adverse recommendation. See "Proposed Amendments to the Constitution," H. Doc. No. 551, 70th Cong., 2d sess. 182.

POINT II—THIS COURT'S INTERPRETATION OF THE 1ST AND 14TH AMENDMENTS DOES NOT BAR THE REGENTS' PRAYER

A. The regents' prayer does not constitute an establishment of religion

Ignoring our entire national tradition and practice outlined above, petitioners place their full reliance on *McCollum* v. *Board of Education*, 333 U.S. 203 (1948), and on two recent decisions of this Court—*McGowan* v. *Maryland*, 366 U.S. 420 (1961) and *Torcaso* v. *Watkins*, 367 U.S. 203 (1961). None of them, correctly interpreted, supports petitioners' position and *Zorach* v. *Clauson*, 343 U.S. 306 (1952), is plainly against them.

The McCollum case held unconstitutional a program of released time religious education operated in the classrooms of the public schools in the city of Champaign, Ill. That program involved these features:

1. Formal and detailed sectarian instruction in the public schools was the essence of the program.[13]

2. Pupils were segregated for instruction by the school authorities according to their several faiths.

3. The choice of sectarian programs was limited, and approval by the school authorities was a necessary prerequisite to participation by any sect.

4. School officials supervised and approved the religious teachers.

5. Pupils were solicited for denominational instruction on school premises, and registration cards were distributed by the school.

6. Nonattending pupils were isolated or removed to another room.

7. In the specific case of the McCollum child, there was evidence of hardship and disciplinary problems arising from this segregation.

It is obvious that the program of instruction found unconstitutional in the McCollum case differs markedly from the regents' prayer at issue in this case. In McCollum the core of the program was formal sectarian instruction to pupils grouped according to their sectarian preferences. This was in effect the conduct of sectarian schools on public school premises and subject to the supervision of the public school authorities. To the contrary, the regents' prayer, as found by the New York courts (112–113, 146), is not sectarian instruction of any type but rather constitutes a simple—and wholly voluntary—affirmation of belief in and dependence on a Supreme Being in full accord with the heritage and traditions of our people. It does not relate to the tenets of any particular sect or denomination. It does no more than recognize the theistic principle of our heritage. There are those who do not accept that principle—a right which is undeniably theirs to hold. But they have no right to abolish what most of us conceive to be an essential part of our heritage, or to force others to accept their views. Judicial repudiation of the regents' prayer would involve the enshrinement of a principle which is at war with our cultural and constitutional experience and would in effect amount to an establishment of secularism. In the words of the Supreme Court of New Jersey in *Doremus* v. *Board of Education*, 5 N.J. 435, 449, 75 A. 2d 880, 887 (1950), the freethinker "lives in a country where theism is the warp and woof of the social and the governmental fabric and he has no authority to eradicate from governmental activities every vestige of the existence of God." Cf. *Carden* v. *Bland*, 199 Tenn. 665, 288 S.W. 2d 718 (1956); *Lewis* v. *Board of Education*, 157 Misc. 520 (Sup. Ct., N.Y. Co. 1935), modified on other grounds, 247 App. Div. 106 (1st Dept. 1936), appeal dismissed, 276 N.Y. 490 (1937).

This proposition is reinforced by the clarification which this Court placed upon McCollum in the Zorach decision. In Zorach the Court clearly indicated that the first amendment does not forbid all cooperation between religion and the state and a fortiori between parents and the state. The philosophy of Zorach is in full accord with the past decisions of this Court and with the principles underlying our national heritage.

Zorach involved the validity of the New York released time program whereby children are, on request of their parents and without any governmental compulsion, permitted to leave public school premises and attend religious instruction of their choice. Objections that this program violated the 1st and 14th amendments were rejected by all New York courts (198 Misc. 631; 278 App. Div. 573; 303 N.Y. 161). The court of appeals, speaking through Judge Froessel, declared (303 N.Y. at 172):

"It is thus clear beyond cavil that the Constitution does not demand that every friendly gesture between church and state shall be discountenanced. The so-called 'wall of separation' may be built so high and so broad as to impair both state and church, as we have come to know them."

In affirming, this Court asserted (343 U.S. at 312–314):

"The first amendment, however, does not say that in every and all respects there shall be a separation of church and state * * * That is the common sense of the matter. Otherwise the state and religion would be aliens to each other—hostile, suspicious, and even unfriendly. * * *

* * * * *

"We are a religious people whose institutions presuppose a Supreme Being. We guarantee the freedom to worship as one chooses. We make room for as wide a variety of beliefs and creeds as the spiritual needs of man deem necessary. We sponsor an attitude on the part of Government that shows no partiality to any one group and that lets each flourish according to the zeal of its adherents and the appeal of its dogma. When the state encourages religious instruction or cooperates with religious authorities by adjusting the schedule of public events to sectarian needs, it follows the best of our traditions. For it then respects the religious nature of our people and accommodates the public service to their spiritual needs."

Petitioners rely heavily on the recent decision in *McGowan* v. *Maryland*, *supra*, relating to Sunday closing statutes. This case is not apposite in interpreting the first amendment insofar as the practice of voluntary civic prayer in our public schools is concerned. The Court in McGowan affirms by way of dictum the propositions laid down in the McCollum case but the precise issue in McGowan is related to this case only in that there was at stake a national tradition which had been reinforced by State legislative action. After thoroughly reviewing the Sunday law practice this Court concluded that the legislation satisfied a public purpose and consequently the incidental benefit accruing to religion would be insufficient to invalidate the common observance of Sunday.

Finally, petitioners refer to another recent decision of this Court involving the first amendment—*Torcaso* v. *Watkins*, *supra*. In that case it was held that a Maryland statute requiring an individual to profess a belief in a Supreme Being as a condition to holding public office was a violation of the first amendment. It is a reflection of the proposition that the free exercise clause is offended by any requirement of a test oath as a condition to holding public office. The Torcaso case is a classic example of the State forcing a person "to profess a belief or disbelief" on penalty of specific and immediate civil disability, 367 U.S. at 495, and is thus clearly distinguishable from practices such as the regents' prayer, which are wholly voluntary reflections of the basic principles of our Nation and involve no penalty or disability whatever.

The teaching of these cases and of Zorach is that church and state need not—indeed cannot—be implacably hostile to each other. Rather, each must to some extent accommodate the other and enable our Nation to maintain and fulfill its heritage and traditions. In Zorach, a program of released time sectarian education was approved as a permissible accommodation of the spiritual needs of our people. The regents' prayer, a voluntary civic prayer squarely within a tradition antedating the ratification of the Constitution, and continuing unbroken since then, is clearly within the area of permissible accommodation recognized in Zorach.

B. Petitioners' claim that the regents' prayer violates the free exercise clause is unfounded

Contrary to the impression which petitioners seek to create (brief, 5) that "certain features of the procedure connected with the prayer were objectionable because 'compulsory,'" special term did not find that any coercion had ever occurred, but merely remanded the case in order to permit respondent school board to take explicit steps to record and confirm their existing practice as to the voluntary nature of the prayer. This the board has done[13] (171–173); and a final order of dismissal has been entered (167–168). However, any formal procedure to insure that participation in the prayer be voluntary is simply a restatement of existing practice, since there is no claim and no showing whatsoever in the record, that any child in the district has ever been coerced or threatened.

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[13] At 333 U.S. 226 Mr. Justice Frankfurter pointed out that the candid purpose of the Champaign program was sectarian teaching.

The argument of inherent coercion or divisiveness, discussed by petitioners at brief, 29-32, differs little from similar claims made to this Court (and rejected) in the Zorach case. Indeed, far more divisive practices than the regents' prayer have in fact been repeatedly sustained by the courts. It is the regular practice in New York and elsewhere to excuse children of particular religious faiths on their several respective holy days, thus marking them out for the attention of all their classmates as being different. In *Zorach* v. *Clauson*, counsel for the unsuccessful petitioners went so far in argument as to claim that this was divisive and therefore probably unconstitutional. Though there were dissenting opinions in the appellate courts in *Zorach* v. *Clauson*, no judge accepted that argument.

In the Zorach case, and in other cases sustaining released time, another factor of divisiveness is inevitably present. Children who leave school to attend released time religious instruction are publicly marked off and separated, as are those who decline to participate and remain under compulsion in the classroom. Yet that factor of alleged divisiveness as a matter of law was strenuously urged and decisively rejected by the decisions of all the courts in that case.

The same divisiveness exists in every case in the schools of New York when a Christian Scientist pupil, in accordance with the requirement of education law, section 3402(5), presents a written request from his parents to be excused from a hygiene course and thereupon is marked out as different by being openly excused for a known religious reason for an extended period. The same element of divisiveness would occur when, in obedience to the mandate of this Court in *West Virginia State Board of Education* v. *Barnette*, 319 U.S. 624 (1942), the child of a Jehovah's Witness declines to take part in the Pledge of Allegiance to the flag or to make the open and public gesture required of those who participate.

The best answer to petitioners' conclusory claim of divisiveness is to be found in the words of Mr. Justice Jackson, concurring in the *McCollum* case (333 U.S. at 232–233):

"But here, complainant's son may join religious classes if he chooses and if his parents so request, or he may stay out of them. The complaint is that when others join and he does not, it sets him apart as a dissenter, which is humiliating. Even admitting this to be true, it may be doubted whether the Constitution which, of course, protects the right to dissent, can be construed also to protect one from the embarrassment that always attends nonconformity, whether in religion, politics, behavior or dress. Since no legal compulsion is applied to complainant's son himself and no penalty is imposed or threatened from which we may relieve him, we can hardly base jurisdiction on this ground."

Thus, there is here no constitutional problem of inherent coercion. Any such coercion could only occur if, as discussed below, the prayer is prohibited and the free exercise of religion by the majority of the parents and children concerned is thereby curtailed.

POINT III—PETITIONERS SEEK, UNDER THE CLOAK OF THE FIRST AMENDMENT, TO COERCE THE VAST MAJORITY INTO SUBSERVIENCE TO THEIR DEMANDS—THE INVALIDATION OF THE REGENTS' PRAYER WOULD ERADICATE ALL MENTION OF GOD FROM OUR PUBLIC SCHOOLS AND WOULD IMPAIR THE CONSTITUTIONAL RIGHTS OF INTERVENORS-RESPONDENTS TO THE "FREE EXERCISE" OF THEIR BELIEFS

Petitioners demand that, because they do not like the prayer or desire their children to participate, the prayer and any other devotional reference to God must be outlawed for every teacher and child and from every public school. This goes far beyond any decided case, carries implications reaching far beyond the facts of this case, and, we submit, is neither necessary nor proper to protect petitioners' undisputed right to abstain.

On this point *West Virginia State Board of Education* v. *Barnette*, 319 U.S. 624 (1942)—not cited by petitioners—is strong authority in our favor.

In that case, this Court struck down as unconstitutional a regulation of the West Virginia State Board of Education which required all teachers and pupils in public schools to participate daily in the customary Pledge of Allegiance to the Flag.[14] The complaining parties were Jehovah's Witnesses, who regarded the pledge as an act of idolatry and insisted that compulsory participation in it was contrary to their religious convictions. Under the applicable regulations and statutes, failure to participate in the pledge was declared to be insubordination, dealt with by expulsion. The expelled child could be proceeded against as a delinquent, and his parents or guardians were liable to prosecution (319 U.S. at 629).

The essence of this Court's decision lay in these drastic compulsory factors. This was made plain not only throughout this Court's opinion but also by the opinion of the court below, whose decision was affirmed. The latter opinion concluded:

"We are clearly of opinion that the regulation of the board requiring that schoolchildren salute the flag is void insofar as it applies to children having conscientious scruples against giving such salute and that, as to them, its enforcement should be enjoined. Injunctive order will issue accordingly" (47 F. Supp. 251, 255).

The injunctive order thus granted, and affirmed on appeal, enjoined the defendants "from requiring the children of the petitioners, or any other children having religious scruples against such action, to salute the flag of the United States, or any other flag, or from expelling such children from school for failure to salute it." (P. 46 of Supreme Court record in *Barnette* case, No. 591, October term, 1942.)

In the instant case, special term pointed out that the Zorach decision, by refusing to prefer "those who believe in no religion over those who do believe," recognized but refused priority to the nonbelievers' right (290), and held further that although every individual had a constitutional right personally to be free from religion, that right is a shield, not a sword, and may not be used to compel others to adopt the same attitude (97). This is completely in accordance with the opinion of this Court in Barnette, which said (319 U.S. at 630):

"But the refusal of these persons to participate in the ceremony does not interfere with or deny rights of others to do so."

In the case at bar, we should have not the slightest objection to the entry of an order such as was entered in the Barnette case and we believe that the order of special term is fully consistent with the Barnette principle. Such an order would be merely declaratory of the existing position of the board that recital of the regents' prayer is purely voluntary, and that no child is to be coerced into saying it or punished for not saying it. But such an order or directive is not what these petitioners ask. On the contrary they insist that the prayer—or indeed any prayer—be completely outlawed for everyone and under all circumstances. No case supports any such sweeping proposition; and the Barnette case, as we read it, is directly contrary.

POINT IV—PETITIONERS' CONTENTIONS, IF ACCEPTED, WOULD HAVE REPERCUSSIONS OF VAST CONSEQUENCES THROUGHOUT OUR EDUCATIONAL SYSTEM AND WOULD OVERTHROW PRACTICES COMMONLY ACCEPTED FOR GENERATIONS

This Court must of course decide the case before it and not some other case. But as Mr. Justice Frankfurter observed in his dissent in the Barnette case:

"That does not mean that a case is dissociated from the past and unrelated to the future. We must decide this case with due regard for what went before and no less regard for what may come after" (319 U.S. at 661).

While petitioners' attack is directed in form only against the regents' prayer, the entire thesis of their argument, and the claim which they made below, is that any and every form of voluntary prayer, any and every form of voluntary devotional exercise, any and all forms of Bible reading and indeed anything that would constitute a voluntary recognition of God's existence and overriding providence, must constitutionally be banished from the public school system of every State in the Union.

In approaching a task of this magnitude, we believe that among the considerations which this Court will have in mind are the following utterances of some of its members, even though some of these were given in dissent:

"These questions are not lightly stirred. They touch the most delicate issues and their solution challenges the best wisdom of political and religious statesmen. But it presents awful possibilities to try to encase the solution of these problems within the rigid prohibitions of unconstitutionality." (Frankfurter, J., dissenting in *Barnette*, 319 U.S. at 661.)

"What is asked is not a defensive use of judicial power to set aside a tax levy or reverse a conviction, or to enjoin threats of prosecution or taxation. The relief demanded in this case is the extraordinary writ of mandamus to tell the local board of education what it must do." (Jackson, J., concurring in *McCollum*, 333 U.S. at 234.)

"We must leave some flexibility to meet local conditions, some chance to progress by trial and error. * * * The task of separating the secular from the religious in education is one of magnitude, intricacy and delicacy. * * * If with no surer legal guidance we are to take up and decide every variation of this controversy, raised by persons not subject to penalty or tax but who are dissatisfied with the way schools are dealing with the problem, we are likely to have much business of the sort." (Jackson, J., concurring in *McCollum*, 333 U.S. at 237–38.)

"Devotion to the great principle of religious liberty should not lead us into a rigid interpretation of the constitutional guarantee that conflicts with accepted habits of our people." (Reed, J., dissenting in *McCollum*, 333 U.S. at 256.)

In the case at bar, it is clear that a decision in petitioners' favor would necessarily result in outlawing, in addition to the particular prayer here involved, any and all prayers of any form, as well as a variety of time-honored school practices such as Bible reading, the singing of even such hymns as "America" and many other similar practices, even when conducted on a purely voluntary basis with no compulsion to participate and no penalties for nonparticipation. A decision in petitioners' favor, we submit, would necessarily result in outlawing even the voluntary recital of the Pledge of Allegiance to the Flag, a well-nigh universal practice throughout all the schools of the country.

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[13] The board's regulations include not only provisions that children may be excused on request either from attendance or from joining in the prayer, but also specific prohibitions against comment by teachers on participation or nonparticipation, and against any suggestion by teachers "that any posture or language be used or dress be worn or be not used or not worn."

[14] The pledge at that time did not contain the words "under God." See 319 U.S. at 628.

As noted above, the Pledge of Allegiance was altered by act of Congress in 1954 to read as follows (36 U.S.C., sec. 172):

"I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all."

In the case at bar, that pledge (including the words "under God") and the regents' prayer are recited at the opening of the school session as the regents recommended and the petition alleges (14). The inclusion of the words "under God" is presumably contrary to the professed convictions of at least some of the petitioners. The entire pledge in any form is contrary to the convictions of all Jehovah's Witnesses. Under present practice, there is no compulsion on any pupil to recite either the prayer or the pledge. But that is not enough to satisfy petitioners. What they ask is to have the prayer (and by inevitable inference the present form of the pledge) completely abolished. They are thus calling upon the judicial arm of the State to impose enforced conformity with their own views.

Such a claim has already been made, and decisively rejected, with respect to the amended Pledge of Allegiance in *Matter of Lewis* v. *Allen,* 5 Misc. 2d 68 (spec. term, Albany Co. 1957), aff'd, 11 A.D. 2d 447 (3d dept. 1960).

In that case petitioners sought mandamus against the Commissioner of Education of New York to compel the deletion of the words "under God" from the pledge. It was established without contradiction that no child was compelled to recite those words, and indeed that there was no compulsion to recite the pledge itself. Petitioners nevertheless claimed, on the same first amendment grounds as are urged here, that because they objected on religious grounds to the use of the words "under God," it should be abolished for everyone. An appeal in this case is now pending in the Court of Appeals of New York and presumably will be eventually prosecuted to this Court. The New York courts relied heavily on the decision of this Court in *Zorach* v. *Clauson, supra,* where it was forcefully stated that religion and the State need not be hostile to each other:

"Otherwise the State and religion would be aliens to each other—hostile, suspicious, and even unfriendly. Churches could not be required to pay even property taxes. Municipalities would not be permitted to render police or fire protection to religious groups. Policemen who helped parishioners into their places of worship would violate the Constitution. Prayers in our legislative halls; the appeals to the Almighty in the messages of the Chief Executive; the proclamations making Thanksgiving Day a holiday; 'so help me God' in our courtroom oaths—these and all other references to the Almighty that run through our laws, our public rituals, our ceremonies would be flouting the first amendment. A fastidious atheist or agnostic could even object to the supplication with which the Court opens each session: 'God save the United States and this honorable Court'" (343 U.S. at 312–313).

In the case at bar, if petitioners are right, both *Board of Education* v. *Barnette* and *Lewis* v. *Allen* were wrongly decided. In *Lewis* v. *Allen,* the courts of New York should have sustained the petition and stopped the use of the pledge by anyone. In Barnette, instead of relieving the children of Jehovah's Witnesses from compulsory participation in the pledge, this Court should have outlawed that pledge completely. If petitioners are right, then a single Jehovah's Witness parent can today achieve that result by appropriate action in any school district where the Pledge of Allegiance is used.

The Barnette case is not cited in petitioners' brief on the merits; but in their reply brief in support of their petition for certiorari (pp. 2–3) they say:

"Respondents and intervenors-respondents would have us accept the theory advanced by the Jehovah's Witnesses that the addition of the phrase 'under God' to the Pledge of Allegiance converts the saying of the pledge into a religious activity such as the saying of the regents' prayer."

The Jehovah's Witnesses never advanced any such theory and could not have done so, since at the time of the Barnette decision in 1943 the pledge did not contain the words "under God" (see 319 U.S. at 628). In fact, the theory that the addition of those words to the pledge does convert the saying of the pledge into an unconstitutional religious activity has been publicly espoused by the very organization which is prosecuting the present case for petitioners.[15]

Nor is it any answer to argue, as petitioners did below, that the Pledge of Allegiance is a practice which has nothing whatsoever to do with religion, and that the Barnette case is, therefore, inapplicable. The Jehovah's Witnesses insisted that the pledge, even without the words "under God," had very much to do with religion, and won their case upon that very ground. Their position was that the pledge was to them a religious rite of a particularly repulsive kind, constituting idolatrous worship of graven images (contrary to Exodus 20, verses 4–5) and subjecting a participant to peril of damnation. This Court accepted their contention without agreeing with their theology, and decided the case squarely on religious grounds (see opinion of Jackson, J., for the Court, 319 U.S. at 630–631, and the concurring opinions of Black and Douglas, JJ., at p. 643, and Murphy, J., at pp. 645–646).

Similarly, petitioners in *Lewis* v. *Allen, supra,* insisted that to pronounce in the public schools the words "under God" in the same pledge as amended in 1954, caused that pledge to become a religious rite which was offensive to the consciences of unbelievers. In each case the Court held that the consciences of the objectors were entitled to respect and protection, but not to sanctions denying the rights of others or compelling them to conform to the objectors' views.

Prayer in public schools is not, as petitioners seem to imply, an isolated or recent phenomenon confined to New York, where, as special term noted, the practice goes back for well over a century (52). The public school systems of many other States have long required or permitted a variety of religious or quasi-religious practices without apparent damage to the body politic or to the children receiving training in the public schools. Insofar as any of these practices involve any element of coercion or penalty, problems may of course be presented which are not present in the case at bar. But if petitioners are correct, any and all such practices are incurably unconstitutional per se, regardless of their voluntary nature and regardless of any absence of coercion or of pecuniary or personal injury.

Accurate statistics as to the exact nature and extent of such practices are difficult to obtain; but the available information indicates that they are widespread.

Cannon Stokes, writing in 1950, says (2 "Church and State in the United States" 551):

"Although no comprehensive statistics are available, it is believed that a majority of public schools in the country still open their daily sessions with reading without comment from the Bible, and that a substantial minority open with a hymn and the Lord's Prayer. The latest careful survey I have seen (1946)—and this is not complete—showed that 13 States including the District of Columbia required Bible reading in all public schools; 25 States permitted it; and in 8 States no public schools read the Bible."

The most recent published survey is contained in the May–June 1961 issue of the periodical Religious Education in an article entitled "The Extent of Religious Influence in American Public Schools," which consists principally of statistics compiled as the result of a questionnaire addressed to school superintendents in all sections of the country. The replies showed, inter alia, that some form of homeroom devotional exercises are held in over 50 percent of the country's school systems, and Bible reading in over 41 percent.

Annexed to this brief as an appendix [not printed in Record] is a compilation of available statutory, decisional, and administrative material showing the current status of religious practices in the public schools of various States. This list is not exhaustive or complete as it covers only States having some affirmative statutory or other material requiring or permitting such practices. This appendix shows in summary that 24 States and the District of Columbia require or expressly permit the reading of the Bible; that 7 States and the District of Columbia require or expressly permit the recitation of the Lord's Prayer or similar devotional exercises; and that 1 State requires the Ten Commandments to be displayed in classrooms. Inquiries, necessarily not comprehensive, made by us as to the prevalence of such practices, especially in States having no specific statutory or other authority relating to such practices, confirm Canon Stokes' judgment that such exercises are indeed the rule and not the exception. According to petitioners, all of these time-honored methods of providing children with an appreciation of their national heritage must be prohibited.

In New York itself, recognition of God in the public schools is by no means confined to the recital of the regents' prayer, which was recommended by the regents for voluntary adoption—a recommendation which school districts are free to disregard. Throughout the schools of New York City, for example, daily sessions are started with the singing of the last stanza of "America,"[16] which is definitely and unequivocally a prayer and for that reason is subject to all the constitutional infirmities here claimed by petitioners. The last stanza of the national anthem[17] contains an unequivocal invocation of God and is presumably equally objectionable. In fact, the display of our national motto in the public schools has been opposed in some quarters as a violation of the first amendment.

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[15] The American Civil Liberties Union, which has announced (in its 1960 annual report) that it is prosecuting the appeal in the case at bar, has likewise announced its support of the proposition that the words "under God" make the Pledge of Allegiance unconstitutional. At p. 48 of its annual report for the year 1954, in the section dealing with the religious provisions of the first amendment, appears the following comment on the enactment of the statute which placed those words in the pledge: "Although this legislation may be no more than advisory, a recommendation by Congress without any legal effect, the widespread use of the revised pledge may well raise a test case of constitutional import. If the constitutional issue of separation of church and state is properly raised, the American Civil Liberties Union will file a friend of the court brief."

[16] Last stanza of "America" reads:

"Our fathers' God, to Thee
Author of Liberty,
To Thee we sing;
Long may our land be bright
With Freedom's holy light;
Protect us by Thy might,
Great God, our King."

Other illustrations, by no means fanciful, come to mind. In *Hardwick* v. *Board of School Trustees*, 54 Cal. App. 696, 205 Pac. 49 (1921), the prescribed course in physical education included compulsory dancing lessons. A parent, on the stated ground of religious scruple, objected to having his children participate, and they were thereupon expelled. The court ordered their reinstatement, basing its decision solely on the element of coercion. At the same time it observed that it would be "wholly untenable and unreasonable" for any such parent to insist that the dancing lessons be dropped for others.

More specifically, in New York, section 3204(3) of the education law includes hygiene, the history of New York State, and American history, including the "principles of government proclaimed in the Declaration of Independence and established by the Constitution of the United States," as compulsory subjects of instruction in all the schools of the State. By the same token, a study of the history of New York State would certainly include some mention of its constitution, which commences with an invocation of the Deity. The prescribed study of the "principles of government" proclaimed in the Declaration of Independence brings us face to face with the fact that the Declaration at four separate places refers to God, to whom the Founding Fathers attributed all of our "unalienable rights," to whom they appealed, and on whose protection they declared their reliance. On petitioners' theory, each one of these subjects involves constitutional difficulties.

Christian Scientists object on religious grounds to instruction in certain aspects of hygiene (notably the germ theory). The New York Legislature, scrupulously endeavoring to accommodate the needs of education to Christian Science views, has provided that any pupil on request may "be excused from such study of health and hygiene as conflicts with the religion of his parents or guardian." (Education Laws, sec. 3204(5)). Similar provision is made in the laws of Alaska, Florida, Iowa, Pennsylvania and Washington. If petitioners are right, then any Christian Scientist parent in this or any other school district would be entitled merely to have his own children excused or "segregated" from the objectionable portions of the hygiene course, but to insist that the course itself—or large portions of it—be dropped.

A prophetic warning against this sort of thing was voiced more than a decade ago by Mr. Justice Jackson, concurring in the *McCollom* case (333 U.S. at 237):

"The task of separating the secular from the religious in education is one of magnitude, intricacy and delicacy. To lay down a sweeping constitutional doctrine as demanded by complainant and apparently approved by the Court, applicable alike to all school boards of the Nation 'to immediately adopt and enforce rules and regulations prohibiting all instruction in and teaching of religious education in all public schools,' is to decree a uniform, rigid and, if we are consistent, an unchanging standard for countless school boards representing and serving highly localized groups which not only differ from each other but which themselves from time to time change attitudes. It seems to me that to do so is to allow zeal for our own ideas of what is good in public instruction to induce us to accept the role of a superboard of education for every school district in the Nation."

The responsibility of preserving our public educational system against such results is not solely that of school boards. Parents are equally and vitally concerned. *Meyer* v. *Nebraska*, 262 U.S. 390 (1923); *Pierce* v. *Society of Sisters*, 268 U.S. 510 (1925). Those parents who wish to have their children brought up to revere their flag are entitled to have their children afforded the opportunity to recite the Pledge of Allegiance in the public schools, as the regents recommend. Those who wish to have their children brought up to participate in our national tradition of reverence for their Creator are entitled to have them afforded the opportunity, as the regents suggest, to acknowledge that reverence through the medium of the regents' prayer. Those who do not wish to recite the pledge or participate in the prayer are not subject to the slightest compulsion, but they have no right, under color of the Constitution, to compel all others to conform to their views.

The fact that the American tradition is emphatically not godless needs no further elaboration here. The point is covered in point I, supra, as well as in the brief of respondent school board.

Nor is there any tradition which requires the public school to be completely Godless. As Dean Weigle[18] put it:

"There is nothing in the status of the public school as an institution of the State, therefore, to render it godless. There is nothing in the principle of religious freedom or the separation of church and state to hinder the school's acknowledgment of the power and goodness of God." ("Religion and Public Education," American Council on Education Studies, vol. XI, No. 26, p. 19, 1945.)

Or as stated in Stokes, "Church and State in the United States" (1950), vol. II, p. 493:

"It is realized that the public school in a democracy is almost necessarily a secular institution, being intended for pupils of all religious groups. This however does not and should not imply that it is irreligious, and a people with our background should not permit it to become antireligious. Indeed, every such school should show its sympathy with a spiritual outlook that involves recognition of the existence of God as the Creator of the world and of man, and the Judaeo-Christian teaching of our duty to Him and to our neighbor. These are the foundations of our national creed based on the Declaration of Independence, the spirit of the Constitution, the Ordinance of 1787, the decisions of our higher courts, and the papers of Washington, Jefferson, Lincoln, and our other great statesmen."

It is no answer to say that parents who do not like a godless education in the public schools are free to send their children elsewhere. This assumes (i) that the public schools must of necessity be godless, and (ii) that private or parochial schools, within the parents' means and suitable to their faiths, are available in the community. The second assumption may or may not be true in any given community. The first assumption is false to our whole tradition, and is something which these petitioners have no right to impose on others.

As Dean Weigle puts it:

"More serious than these attempts of educational theorists to foist their atheism—or their nontheistic humanism, as they prefer to call it—upon the schools and colleges is the disposition to expel God from both government and education as an illegal entry. This disposition is due to an extreme interpretation of the principle of the separation of church and state, which confines God to the church and outlaws Him in the state." ("Religious Education," vol. 49, p. 76 (1954).)

Nor is it any answer to say that parents are free to teach religion at home, and that they cannot complain if the public school is forced by these petitioners to adopt an attitude which the vast majority regard as contrary to their most cherished beliefs and traditions.

As Dr. F. Ernest Johnson, professor emeritus of Teachers College, Columbia ("The Study of Religion in the Public Schools"), stated in a report of a conference sponsored by the American Council on Education, 1958, page 32:

"I have never heard anyone refute the statement that, if the general education program in the public school covers practically everything else that is vital, yet excludes religion entirely, it tends to create the impression that religion is peripheral to education."

Or as said by a leading British educator (Moberly, "The Crisis in the University," 1949, p. 56):

"It is a fallacy to suppose that by omitting a subject you teach nothing about it. On the contrary, you teach that it is to be omitted, and that it is therefore a matter of secondary importance. And you teach this not openly and explicitly, which would invite criticism; you simply; take it for granted and thereby insinuate it silently, insidiously, and all but irresistibly."

Belief in a Divine Being lies at the basis of our institutions and in the recognition of individual worth and dignity. It is also the point at which our American way of life and values differ most sharply from the totalitarian. No pupil can be educated for his duties as an American citizen if the school is forced to ignore the existence of God and assume a completely negative rather than a neutral attitude toward religion. We cannot solve the problem of the necessity of imparting moral values to our young if we are forced by law to ignore the heritage and traditions of our Nation. God-fearing parents have the right to protest against the total and compulsory elimination of God's name from our schools. These petitioners have no right to force that abolition upon others in the name of the constitutional guarantees of freedom of religion. To allow such a result would be a subversion of our entire tradition and would give to a single fastidious atheist or agnostic a veto power over any public expressions of reverence for God. It would, contrary to the Barnette decision and to the first amendment, deny to children and parents approving of the regents' prayer, the free exercise of their beliefs, and of their right to participate in that tradition.

CONCLUSION

We accordingly respectfully submit:

1. The voluntary recitation of the regents' prayer is nothing more than a recognition of the basic principles which form our national heritage and tradition.

2. It would be a departure from those principles, unwarranted by the Constitution and contrary to its traditions, for these petitioners to impose upon our educational system, and upon thousands of unwilling parents, enforced conformity with petitioners' views.

3. On this record petitioners are clearly not entitled to an order granting them the only relief which they seek—the total abolition of the regents' prayer.

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[17] Last stanza of national anthem reads:

"Blest with victory and peace, may the heav'n-rescued land
Praise the Power that hath made and preserved us a nation.
Then conquer we must, for our cause it is just,
And this be our motto: 'In God is our trust.'"

[18] Luther A. Weigle, dean emeritus of the Divinity School of Yale University.

We therefore urge that the order under review be affirmed in its entirety.

Respectfully submitted.

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Dated March 2, 1962.

WHAT MAKES AMERICA GREAT?

(Sermon preached July 1, 1962, at the Metropolitan Baptist Church, Washington, D.C., by the pastor, Dr. R. B. Culbreth)

"Blessed is the nation whose God is the Lord" (Psalm 33:12).

One hundred and eighty-six years ago one of the most important documents ever penned by man for American people—the Declaration of Independence—was signed by the Thirteen Colonies that then composed what is now the greatest nation on the face of the earth. This document, written largely by Thomas Jefferson, depicts deep faith in the power and living reality of God. It has stood as one of the greatest milestones in the history of civilization.

Our text today is one of God's principles for success laid down many years ago in the Old Testament: "Blessed is the nation whose God is the Lord." America is living proof of the truth of this statement. It was founded on the Christian faith, inspired by Christian hope, guided by Christian truth, and nurtured by prayer.

Who among us doesn't thrill at the sight of the American flag waving in the breeze all over our land and especially here in Washington. We love to sing:

"My country, 'tis of thee,
Sweet land of liberty,
Of thee I sing:
Land where my fathers died,
Land of the pilgrims' pride,
From every mountainside
Let freedom ring!

"My native country, thee,
Land of the noble free,
Thy name I love:
I love thy rocks and rills,
Thy woods and templed hills;
My heart with rapture thrills
Like that above.

"Let music swell the breeze,
And ring from all the trees
Sweet freedom's song:
Let mortal tongues awake;
Let all that breathe partake;
Let rocks their silence break,
The sound prolong.

"Our fathers' God to Thee,
Author of liberty,
To Thee we sing:
Long may our land be bright
With freedom's holy light;
Protect us by Thy might,
Great God, our King!"

As Wheeler McMillan wrote recently in the Farm Journal "Ours Is a Country"—

"Where farmers outproduce all other farmers, and the people are better fed for fewer hours of work;

"Where the benefits for unemployed wage workers are higher than wages in most of the world;

"Where gifts to charity by private persons year after year are the world's greatest;

"Where three-fifths of the people own their homes;

"Where more than 15 million people own stock in the Nation's industries;

"Which after defeating them has aided its enemies to rebuild themselves;

"Which has extended $90 billion in aid to less fortunate countries;

"Which has no wishes for conquest;

"Where with less than 6½ percent of the world's people we own 65 percent of the world's passenger automobiles;

"Where more Negroes go to college and more Negroes own automobiles than all the people of their race elsewhere on earth;

"Where we have the right to choose our work, homes, religion, education, and how we spend our money;

"And which liberty has made rich and productive.

"May we then, thoughtfully and sincerely, celebrate our greatest American holiday, the Fourth of July."

In our national anthem we acknowledge God and on our money is inscribed our motto: "In God we trust." We have ever been a religious people. It is ingrained in our very culture and you can't separate a man's faith from the man. When Christ Jesus saves a man, He gives to him a new nature and the man is different 7 days a week. We have ever been a Nation of people who believe in prayer.

Now, I want to make a few statements about the decision of the Supreme Court June 25, 1962, regarding prayer in the public schools. This decision has caused an uproar throughout the land and we should do well to give serious study to all of its implications.

The headlines of the newspapers at first left me, as perhaps they did you, in shocked unbelief. Since then, with more time to study the decision, I have drawn several conclusions.

First of all, it should be said that the Supreme Court was not passing judgment on all prayers nor on all religious practices. Their immediate concern was the prayer composed by the board of regents of the State of New York for the New York public schools. So the issue was—shall government agencies define and direct the prayers of the American people?

We should remember that Baptists have long been distinctive for their belief in the separation of church and state. We take pride in the fact that our Baptist forebears were willing to die for religious freedom and that men like Roger Williams had a lot to do with the first amendment of our Constitution. Furthermore, Baptists have no prayer book, nor written prayers for we believe that prayer should come from the heart and not be mechanical because "prayer is the soul's sincere desire, unuttered or expressed, the motion of a hidden fire that trembles in the breast." Therefore, no court of authority can rule prayer unconstitutional. An individual is free to pray in school, in Congress, or wherever he may be, for this is a God-given right that no earthly power can destroy. The New York board of regents' prayer was a compromise prayer and did not serve the cause of devout religion. I question the value of reciting the 22-word prayer in the first place.

Now, the matter which causes me greatest concern is, What will come next? Is this action of the Supreme Court the forerunner of many similar decisions which will reach beyond the limited scope of this particular decision and will ultimately destroy our traditional way of life? Justice Douglas cited 16 kinds of "aids" from the Government for religion now available. He said that there is a long list of additional aids in each State. The context in which he made his remarks would indicate that he considered them all unconstitutional. Will we before long not have chaplains in Congress and all our Federal institutions including the military? Will churches soon have to pay taxes on all their property? Will it be long before contributions to religious organizations will not be exempt from the Federal income tax? Will it just be a matter of time until churches will no longer have mailing privileges? If so, our children will live in a nation strikingly different from the America that our forefathers died to establish.

One other concern disturbs me deeply. I know that our Constitution provides that any citizen can have his say, but when you look at the printed releases of the religious background of those bringing these suits, you wonder just what is their ultimate objective? Is it "freedom of religion" or "freedom from religion"?

It is the duty of the public schools to teach truth—all truth. The Bible in the public schools is part of the great body of truth and should be taught as any other book that reveals truth. It should not be taught with sectarian slants, neither should it be ignored or left out simply because a few do not agree with its teachings. No book taught in the public schools today would receive 100 percent endorsement of everyone.

God's statement is: "Blessed is the nation whose God is the Lord." This is not—blessed is that nation that ignores God, or forgets God, but the nation that makes God its Lord is the one blessed. Is America determined to depart from that which has made her great? Pericles built a civilization upon culture, and it failed; Caesar built a civilization upon power, and it failed; our forefathers founded our Nation upon Christianity, and America will live so long as the Lord is our God.

Now, I share with you a simple outline and a few statements by Dr. Millard A. Jenkins in "The Hope of America" (pp. 128–130—Special Day Sermons).

Let us consider three negatives and three positives regarding America's greatness.

1. America's greatness does not lie in her illustrious past. There is no real assurance that past success guarantees future hope. America has been called "The Paradise of Liberty," but, like Eden, she may become a "paradise of fools." It is well to look back at history to gain inspiration for the present, but we must keep that forward look to those things that safeguard the future. We do well to remember the proverb, "Pride goeth before destruction, and a haughty spirit before a fall" (Proverbs 16: 18). Another proverb that should be remembered daily is, "Righteousness exalteth a nation, but sin is a reproach to any people" (Proverbs 14: 34).

America has risen to the highest of all nations in the world but we should remember God's warnings to Edom: "The pride of thine heart hath deceived thee, thou that dwellest in the clefts of the rocks whose habitation is high; that saith in his heart, who shall bring me down to the ground? Though thou exalt thyself as the eagle, and though thou set thy nest among the stars thence will I bring thee down, saith the Lord" (Obadiah 1: 3, 4).

2. America's greatness does not lie in her politicians. We thank God that there are dedicated men who are elected and appointed to public office. We need to pray for more of them. The prayer of Josiah Gilbert Holland could well be the prayer of each of us as we think of our politicians:

"GOD, GIVE US MEN

"God, give us men! A time like this demands
Strong minds, great heart, true faith and ready hands;
Men whom the lust of office does not kill;
Men whom the spoils of office can not buy;
Men who possess opinions and a will;
Men who have honor; men who will not lie;
Men who can stand before a demagog
And damn his treacherous flatteries without winking!
Tall men, sun-crowned, who live above the fog
In public duty, and in private thinking;
For while the rabble, with their thumb-worn creeds,
Their large professions and their little deeds,
Mingle in selfish strife, lo! Freedom weeps,
Wrong rules the land and waiting justice sleeps."

But when you realize that there is a tavern for every 326 persons in the United States, or 1 tavern for every 96 families, and 213,955 more taverns than churches in our Nation, you can't help but feel that somebody has sold out to the liquor interests. This damnable business is responsible for a large percentage of the slaughter on our highways and has caused more than 5 million Americans to become alcoholics, losing business ability, causing absenteeism and all sorts of other problems.

I talked with an alcoholic recently. He was a young man in his twenties. I asked him when he started drinking. His reply was, "I took my first drink when I was 18, immediately after going into military service." He further stated that it was there for him in his Army camp. I wish there was some way that these teenage youths, who haven't reached anything like maturity, could be protected by our Government, rather than our Government becoming a party to their downfall.

3. America's greatness does not lie in her great culture and wealth.

History speaks to us of the failure of culture and wealth. Witness Egypt, Babylon, Greece, Rome. Witness faded glories of the past. History tells a tragic story of nations once voluptuous in wealth sunken into decay, and their greatness only a memory.

The story goes that a certain monk, an anchorite of Nitra, had accumulated one hundred crowns by weaving cloth. After his death his brethren met to decided what to do with the money. Some proposed to give it to the poor, another to a church, but the majority said that it was hoarded money, and that it should be cast into the grave with him. By doing good with money, man, or nation, stamps the image of God upon it. Hoarded, ill-gotten, or selfishly used, it perishes with them. Jesus told of a man whose wealth increase made a fool out of him (Luke 12).

America's greatness does not lie in material things—banks, skyscrapers, real estate, commerce, oil, and cattle—material wealth is easily swept away. Her imperishable wealth is in her Christian ideals, and Godly institutions. It is in her freedom of conscience, and her untrammeled liberty and untarnished name, and her unsullied patriotism, and her youth today and generations to follow, if they be endowed with Christian culture, and endued with Christian principles that make for peace among men, and the permanency upon the earth.

By these things nations live. Without them they perish. Denis A. McCarthy wrote:

"This is the land where hate should die, no feuds of faith, no spleen of race,
No darkly brooding fear should try beneath our flag to find a place.
Lo, every people here has sent its sons to answer freedom's call;
Their lifeblood is the strong cement that builds and binds the nation's wall.

"This is the land where hate should die, though dear to me my faith and shrine,
I serve my country well when I respect beliefs that are not mine.
He little loves his land who casts upon his neighbor's word a doubt,
Or cites the wrongs of ages past from present rights to bar him out.

"This is the land where hate should die, this is the land where strife should cease,
Where foul suspicious fear should fly before our flag of light and peace,
Then let us purge from poisoned thought that service to the state we give,
And so be worthy as we ought of this great land in which we live."

WHEREIN LIES AMERICA'S GREATNESS

What are the elements of her enduring strength? What are the stars that should guide her? America's hope is not behind her, but before her. But that hope depends upon what course she follows.

1. The hope of America lies in her moral purity.

The spine of America has a serious curvature. Like Rome before her fall—divorce and rottenness exist. When will we find a cure? When will worldly wise men quit discrediting the glorious gospel of our blessed God? When will young women cease trying to outdo standards of the half world? When will commercialized vice cease to be popular, and immorality a fine art? When will the impulse of the moment be refused unchecked sway, and I want to no longer occupy the throne of I must not? When will we cease to glorify Hollywood and make sex and immorality prizes? When will we cease to debauch the youth of our land with strong drink? When will we cease to glorify criminals and make a laughing stock of our courts? When will gambling, with its $6½ billion a year be restrained? When will we be free of the tragic record of a murder every 30 minutes, and a crime bill of $15 billion a year and 90 percent of criminals going free to continue their nefarious work upon others? When will our TV be free from making policemen look stupid?

All of these things have been brought upon us, because man has turned away from the God of heaven, and bowed down to the god of gold. When two liquor distilling firms roll up $50 million dividends in 1 year, the sad story is written that America is willing to see fat fortunes built on cold fire grates, and empty flour barrels, and coffin lids and damned souls of their victims; and encourage a business to the destroying of human bodies, debauching human morals, and sending countless throngs to hell. No wonder the Lord hath declared that "* * * hell hath enlarged herself, and opened her mouth without measure; and their glory and their pomp and he that rejoiceth in it shall descend into it" (Isaiah 5: 14).

No nation can sell its morals for gold and survive. Belshazzar tried it. We pray "God bless America" but which America? Drunken America? Gambling America? Sunday-desecrating America? Mammon-worshiping America? Lawless America? To your knees, O America! God is calling, "If My people, which are called by My name, shall humble themselves, and pray, and seek My face and turn from their wicked ways, then will I hear from heaven and will forgive their sin and heal their land" (II Chronicles 7:14).

2. The hope of America lies in her political sanity.

The Roman historian, Gibbon, reminds us that the fall of the Roman Empire was due, among other things, to excessive taxation. We would do well to examine our deficit spending in the light of Roman history. Dr. Jenkins points out that "political sanity calls for American idealism with its free schools, separation of church and state, adjusted differences between capital and labor; every man's home his castle, and every man his own priest before God—free to call upon Him, and to worship as conscience alone dictates."

Will America sail straight ahead, guided by the chart and compass of her liberty guaranteeing Constitution; or will she be burned upon the rocks of political tyranny by siren voices of timesavers and exploiters?

3. The hope of America lies in her religious integrity.

Darwinism has produced for us evolution's caveman. Nazism has produced the superbigot who holds himself to be in possession of the only philosophy by which the race can grow great. Marxism has produced the human beast that goes forth to wreck Christian civilization and bring back the dark ages of the world. Formalism has produced religious anemia. Modernism has robbed religion of the supernatural, set up rationalism in the place of inspiration, and has taken the glory from God and given it to man.

People become like the gods they worship, and to worship these cold, dead gods is to become cold and dead. Religious integrity calls for the arousing of America from her religious indifference. The churches are not being opposed in America, they are being ignored. "Ignore" and "ignorance" are from the same root stem. American people are "ignorant" when they ignore the church. "Blessed is the nation whose God is the Lord." Worldliness says the strength of spiritual Christianity is from within, and indifference ignores it from without.

The decision of the Supreme Court could be a blessing in disguise. Back in the years between the Old and New Testament, the Jewish people had grown indifferent to their ancient religion. Many of the priests forsook their study to engage in the Greek customs and games of the day. But when Antiochus Ephiphenes, about the year 167 B.C., passed his act of religious uniformity compelling all people to worship in common the religion he proposed, this led to the revolt of the Jews under the leadership of the Maccabees and subsequently to their reestablishment of all religious practices and finally to their independence as a nation. Maybe God is going to use this decision of our Supreme Court to stir up the religious fervor of America. If so, America's greatest achievements may be ahead. We pray that this will be the outcome.

Mr. ROBERTSON. Mr. President, in conclusion, I wish to make it crystal clear that the resolution I am submitting has nothing to do with the doctrine of the separation of church and state as it is reflected in our constitutional principles. On June 26 of this year, I introduced into the Record, beginning at page 11710, a speech that I had previously made outlining Madison's contribution to religious freedom. The principles that Madison, as well as Washington and Jefferson, followed as regards the separation of church and state would in no way be affected by my proposed resolution. I have consistently supported the position of our Founding Fathers with regard to separating church and state, and I shall consistently continue to do so in the future.

PROPOSED AMENDMENT OF CONSTITUTION, TO PERMIT OFFERING OF PRAYER IN PUBLIC SCHOOLS—ADDITIONAL COSPONSORS OF JOINT RESOLUTION

Under authority of the order of the Senate of June 27, 1962, the names of Senators Byrd of West Virginia, Bennett, Mundt, Carlson, Fong, Talmadge, and Williams of Delaware were added as additional cosponsors of the joint resolution (S.J. Res. 205) proposing an amendment to the Constitution of the United States to permit the offering of prayer in public schools, introduced by Mr. Beall (for himself and other Senators) on June 27, 1962.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. KERR:

Address by Hon. Douglas Dillon, Secretary of the Treasury, delivered before the international convention of the General Federation of Women's Clubs, in Washington, D.C., on June 25, 1962.

SUPREME COURT RULING ON PRAYER—WHAT NEXT?

Mr. STENNIS. Mr. President, on yesterday there appeared in the Washington Star an unusually timely and penetrating article entitled "Supreme Court Ruling on Prayer—What Next?" This is a most worthy presentation of this highly important question; and I ask unanimous consent that the article be printed in full at this point in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SUPREME COURT RULING ON PRAYER—WHAT NEXT?

(EDITOR'S NOTE.—Fourteen years ago this month, the Star printed, by permission, the accompanying editorial from the American Bar Association Journal. It commented on the then recent decision in the McCollum case, interdicting religious instruction in the public schools of Champaign, Ill. We are reprinting it here again as apt comment on the Supreme Court's decision last Monday, which found unconstitutional the recitation in New York public schools of an officially approved prayer. The Bar Association Journal's editorial now seems even more prophetic of things yet to come in the Court's broadening interpretation of the establishment clause in the first amendment than it did when it first appeared.)

In our May issue we commented on what appears to be a tendency in the Supreme Court to invalidate under the 1st and 14th amendments State laws and State law enforcement measures which have worked well in the State for many years and have long been upheld, as valid under the same constitutional provisions, by the highest courts of law in the States. We here comment on another propensity, instanced by the decision in *Illinois ex rel McCollum* v. *Board of Education* ("the Champaign County school case"), decided on March 8, to invalidate and proscribe local and State "practices embedded in our society by many years of experience," not expressly contained in State statutes although carried on under their authority and expressly upheld by the State courts as valid under the constitutional provisions now held to outlaw them.

In the McCollum case, Mr. Justice Jackson, who concurred with the 8-to-1 majority in reversing the Supreme Court of Illinois, wrote that: "It is idle to pretend that this task is one for which we can find in the Constitution one word to help us as judges to decide where the secular ends and the sectarian begins in education. Nor can we find guidance in any other legal source. It is a matter on which we can find no law but our own prepossessions." He avowed that: "We should place some bounds on the demands for interference with local schools that we are empowered or willing to entertain." And Mr. Justice Reed, who alone dissented, warned that: "This Court cannot be too cautious in upsetting practices embedded in our society by many years of experience. A State is entitled to have great leeway in its legislation when dealing with the important social problems of its population. A definite violation of legislative limits must be established. * * * Devotion to the great principle of religious liberty should not lead us into a rigid interpretation of the constitutional guarantee that conflicts with accepted habits of our people."

A FATEFUL DECISION

The McCollum case may be one of those fateful decisions which is ignored at the time and regretted in the future. It deserves thorough consideration now. The people should have the assistance of lawyers in coming to an understanding of its effect and implications. The latent consequences of the ruling could hardly be overemphasized. It is a pronouncement by our Supreme Court on a fundamental principle, not only of national policy but of our civilization and way of life. The journal wishes to assist in analyzing the case and, to the extent of available space, invites a discussion of its import.

Statutes of the State of Illinois were involved to the extent that its compulsory education law required attendance at schools within specified ages and gave to district boards of education supervisory powers over the use of public school buildings. What was done and permitted by the Champaign board, in agreement with accredited representatives of different religious faiths, was held to violate the 1st amendment, extended by the 14th amendment to apply to State legislation. What the courts were asked by the petitioner-appellant to do was not an invalidating of any State law but the granting of a writ of mandamus telling the local school board what it should and should not do.

VOLUNTEER IN ASSOCIATION

Interested members of the Jewish, Roman Catholic, and Protestant faiths in the school district had formed a voluntary association called the Champaign Council on Religious Education. They obtained permission from the board of education to offer classes in religious instruction to public school pupils. Classes were made up of pupils whose parents had signed printed cards asking that their children be permitted to attend. Such classes met once a week in the regular school rooms of the school building. The council employed the religious teachers at no expense to the school authorities, but the instructors were subject to the approval and supervision of the superintendent of schools. The classes were taught in separate groups by Protestant teachers, Catholic priests, and a Jewish rabbi. Students who did not choose to take the religious instruction went to some other room in the building to pursue their secular studies. Students present at any of the religious classes were released for that time from secular study. Accordingly, reports of their presence or absence at religious classes were made to secular teachers. No coercion, discrimination or favoritism for any one religious faith or sect was shown. The challenge was of any religious teaching at all on school property and during school—in the religious faith chosen by parents or pupils with freedom for any to stay away.

The plaintiff, an avowed atheist, asked that the court order the board of education to "adopt and enforce rules and regulations prohibiting all instruction in and teaching of all religious education in all public schools in Champaign District No. 71 and in all public school houses and buildings in said district." She asked the court to ban "every form of teaching which suggests or recognizes that there is a God." She specified the proscribing of the teaching or reading of any parts of the Scriptures, including the Twenty-third Psalm. Two hundred years ago a woman like Mrs. McCollum would have been persecuted as an infidel and heretic. Today she sought and obtained the aid of a judicial decree to suppress the teaching which was the very genesis of the freedom which she exercises for herself by trying to take it from others.

The best available figures of the U.S. Office of Education and the National Education Association show that at least 2 million children were attending some kind of religious classes in 2,200 cities, towns and communities a year ago, with the number at least 3,000 this year and the number of children correspondingly increased. Nearly all children in public schools are present during reading of Scriptures or nonsectarian prayers. According to a survey reported by the United Press, Bible reading in public schools is required by law in Alabama, Arkansas, Delaware, Florida, Georgia, Idaho, Kentucky, Maine, Massachusetts, New Jersey, Pennsylvania, Tennessee, and the District of Columbia. Another 24 States permit reading of the Bible and repeating of the Lord's prayer without comment.

The extent of the Court's disruption of local practices and habits of the people in many States is shown by the NEA survey as reported by the United Press. "Definitely unconstitutional" under the decision is any plan under which the school system releases pupils from regular school classes and provides classrooms and other services for the religious classes. Some school districts in at least 11 States conduct such programs: Alabama, Illinois, Louisiana, Michigan, North Carolina, Ohio, Oklahoma, Oregon, Texas, Vermont, Virginia, and Hawaii.

OFF PREMISE PLANS

Also "unconstitutional" under the ruling is any plan where religious education is conducted off school premises but during school hours and with the active cooperation of the school administration, pupils being released from the regular school, and teachers and church authorities cooperating in keeping attendance records. Some schools in at least these 34 States have that type of plan: Alabama, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Utah, Vermont, Virginia, West Virginia and Wisconsin and Alaska and Hawaii. In New York State this type of plan was upheld as constitutional by the court of appeals in a suit by an atheist and later embodied in the State's education law.

The first amendment provides that: "Congress shall make no law respecting establishment of religion or prohibiting the free exercise thereof." The 14th amendment has been construed by the Court to extend to lawmaking by a State the prohibitions contained in the 1st amendment. Looking at the matter in the light of our country's history as Mr. Justice Reed urged, it is difficult to see how the Constitution was violated by what the local community and school board in Champaign did. Did it constitute an establishment of religion? Was not "the free exercise" of religion denied by what the Court did rather than by the State law? Mr. Justice Reed said that the amendments "do not bar every friendly gesture between church and state" and are not "an absolute prohibition against every conceivable situation where the two may work together." It has never been so in our history.

MADISON IS CITED

James Madison wrote that: "He apprehended the meaning of the words to be that Congress should not establish a religion and enforce the legal observation of it by law, nor compel men to worship God in any manner, contrary to their conscience." Thomas Jefferson, oft-quoted foe of giving governmental support to any one religious sect or faith to the exclusion of others, did not oppose the use of public funds in support of religious education along with other education. On the contrary, he recommended for his beloved University of Virginia a theological school for the training of clergymen, a large room for religious worship, an elaborate arrangement for students of the religious institutions which he proposed that the various denominations should be set up in connection with the university—all at public expense. As President of the United States, Jefferson used public funds and Government properties in aid of religion and religious education in various ways, as has every President to this day. Recognition of an interest in and support for religion of the recipient's choosing has not been regarded as an "establishment," so long as no one faith is singled out, favored or established to the exclusion of others.

Sessions of the Senate and House of Representatives, under their historic rules, are opened always with a prayer by chaplains paid from public funds. Chapels are maintained on the Government reservation at West Point and Annapolis; "no cadet will be exempted from attendance." Millions of dollars were spent in erecting and maintaining chapels at army camps and bases during World War II; they were used interchangeably by clergymen of the different faiths. Chaplains went everywhere with the troops and on ships of war and conducted services. Money of taxpayers and properties of Government were used freely to see to it that our young men who went into the face of danger and death did not lack the ministrations of those who believed in God and the verities of religion. Must State and local governments do less for those who are being educated for citizenship and life?

Under the 1944 legislation, a discharged veteran may be educated at public expense to be a clergyman, in a denominational school of his choice. A month after the decision in the McCollum case, the Congress passed and the President signed an appropriation of $500,000 to erect a chapel for religions at the U.S. Merchant Marine Academy at Kings Point, N.Y. On May 28 the U.S. Post Office placed on sale a postage stamp bearing the legend: "These Immortal Chaplains * * * Interfaith in Action." It bears portraits of four young ministers of religion—a Methodist, a Roman Catholic priest, a Jewish rabbi and a Baptist—and also a painting of a torpedoed troopship which carried them to their graves off Greenland on February 2, 1943—the SS *Dorchester* of our Navy. They were on Government property at taxpayers' expense, to hold religious services and give instruction and ministration in religion. And when they made their way to the deck of the stricken ship, they gave their lifejackets to four young men who had lost theirs in the confusion. Having given away their own chance to live, the four chaplains stood close together, holding hands, as the ship went under—an immortal demonstration of the unity of religious faith and what religion does for people—now appropriately commemorated by our Government. Was all this "constitutional"? Maybe there was something in the *Dorchester* incident which the majority in the Supreme Court missed—something to which the highest courts of our States and countless local communities have held fast.

SOVIET CONSTITUTION

The Constitution of the Soviet Union provides (art. 124): "In order to insure to citizens freedom of conscience, the church in the U.S.S.R. is separated from the state and the school from the church. Freedom of religious worship and freedom of antireligious propaganda is recognized for all citizens."

Fortunately, the framers of our Constitution did not go that far, and the institutions and practices of our people have not gone that far. Nothing in our Constitution commands that the first amendment should now be interpreted as though it read like the above-quoted provision. Nothing in our Constitution commands that "freedom of religion" shall be freedom from religion.

Of course, the decision has a far deeper significance, in the philosophy of law and government and the role of the court, than the interdiction of the arrangement worked out by the religious faiths with the school board in Champaign, Ill. As Mr. Justice Jackson and Mr. Justice Reed solemnly warned, new and far more vexatious aspects will arise, in litigation which will seek to carry the present ruling to further extremes. The traditionally religious sanctions of our law, life, and government are challenged by a philosophy and a judicial propensity which deserves the careful thought and concern of lawyers and people.

ONE HUNDREDTH ANNIVERSARY OF SIGNING OF MORRILL LAND GRANT ACT OF 1862

Mr. STENNIS. Mr. President, today marks the 100th anniversary of the signing of the Morrill Land Grant Act of 1862. It is most appropriate that the act was signed into law so close to Independence Day, because the Morrill Act was in itself revolutionary, a piece of legislation rooted in the protest against the extremely limited educational opportunities then existent.

Thomas Jefferson would have approved this legislation. This greatest of all American statesmen, the man who drafted the Declaration of Independence, realized the indispensibility of general educational opportunity if the infant nation were to succeed. Thus, in 1818 he wrote to a friend:

> If a nation expects to be ignorant and free in this state of civilization it expects what never was and never will be.

And again, the same year, Jefferson, who was to found the University of Virginia in the following year, expressed a long cherished ambition to devote his energies to the establishment of a democratic educational system in this country. He described such a system as follows:

> A system of general instruction which shall reach every description of our citizens from the richest to the poorest.

The system of education envisioned by Jefferson has come to fulfillment, under the Land Grant Act, in 68 institutions of higher learning through the United States, including the Mississippi State University, which is my alma mater. I hope that I may be forgiven if I employ Mississippi State as an example of the manner in which land-grant colleges have kept pace with the advances in learning and the growth of the Nation. Originally, like the others, Mississippi State was founded to provide education for the sons of farmers and the sons of mechanics, but it now includes many other schools in a widely diversified educational spectrum. Among others, it has a school of engineering, a school of arts and sciences, and a school of business and industry, to mention the undergraduate curriculum alone. Mississippi State enrolls over 5,000 students; and its buildings and grounds have a total value of over $28 million.

We have been fortunate, too, in the educators and administrators who have had a hand in building this wonderful institution; and at this time I want to specially commend President D. W. Colvard, as well as Ben L. Hilbun, president emeritus.

As I have said, Mississippi State's growth has paralleled the advances in education and the growth of our Nation, as have land-grant colleges generally. Another bright example is the University of Wyoming, at Laramie, where it was my pleasure to deliver an address on May 28, at the dedication of several new buildings. The University of Wyoming had grown from the most humble of beginnings, with a faculty of 6, to a huge institution numbering 30 major buildings and approximately 4,500 students. It has grown to this size under the Land Grant Act, and is planning to expand even further.

The significance of their wide contribution to the scientific, the technical, the social, and other professional aspects of the national community is evident from the number and caliber of land-grant school graduates and their broad fields of interest. Twenty percent of all the Nation's undergraduate students attend these schools. While land-grant schools comprise only 4 percent of all institutions of higher learning in this country, they award almost 40 percent of all doctorate degrees annually conferred. They produce, in addition, more than one-third of all the university and college teachers. Finally, as the highest compliment of all, we should note that 25 of 42 living American Nobel prizewinners attended land-grant colleges and universities.

One hundred years ago only 1 in 1,500 Americans went to college. Today, one in three attends college. The Land Grant Act of 1863 has been a prime factor in this great change in educational opportunity, and it was truly described as "the most important single Government step in the training of scientific and professional personnel."

Those of us who conceive as the proper function of a central government the performance for the States only of those things the States are unable to do for themselves, will find encouragement in the success of the land-grant institutions, now largely self-sustaining.

Under the terms of the original act, each State received a grant of Federal land apportioned on the basis of 30,000 acres for each Member of Congress, with the income from the sale of the land to be used as an endowment fund for the continuing support of the colleges. However, with the passage of amendments to the act providing additional direct grants for operating purposes, the States began to recognize their own obligations. I am advised by the American Association of Land-Grant Colleges and State Universities that—

> Today Federal funds comprise a minor part of the general operating and endowment inincome of most land-grant colleges.

This history of the land-grant colleges should be an object lesson for government planners. This history proves that big government, once moving in on the States, need not stay there forever.

Looking to the future, our land-grant colleges will continue to provide even broader opportunities for our people; and I predict that in their second century their contributions and their record of achievements will far exceed those of the first century.

DELAWARE AND THE CENTENNIAL YEAR OF THE LAND-GRANT COLLEGE ACT

Mr. BOGGS. Mr. President, today marks the 100th anniversary of the signing of the Morrill Land-Grant Act by President Lincoln.

I consider it a great privilege to join in the nationwide centennial observance of the enactment of this far-reaching law.

This act was a great stimulus in making higher education available throughout our country. It initiated the establishment of an educational system which has a magnificent record of accomplishment.

The State of Delaware recognized the great opportunities of the Land-Grant College Act, and accepted its provisions and responsibilities.

There are two land-grant institutions in Delaware. They are the University of Delaware, at Newark; and Delaware State College, at Dover. Both schools have been greatly benefited, with resulting greater educational opportunity, service, and effectiveness.

The historic and present relationship of the land-grant concept to the State of Delaware and the University of Delaware was appropriately presented in "The President's Report—The University of Delaware—1960–61." The able and distinguished author of this report, Dr. John A. Perkins, President of the University of Delaware, was President of the American Association of State Universities and Land-Grant Colleges in 1961.

Mr. President, as a part of the observance of this centennial year of the Land-Grant College Act, I ask unanimous consent that this very appropriate report be printed at this point in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

THE PRESIDENT'S REPORT, UNIVERSITY OF DELAWARE—1960–61

I

The University of Delaware, along with the 67 other land-grant universities and colleges in the country, is celebrating the centennial of the Land-Grant College Act sponsored by Representative Justin Smith Morrill, of Vermont, and signed by President Abraham Lincoln July 2, 1862.[1] And well this university might celebrate the so-called Morrill Act.

Delaware College, privately chartered in 1833, defunct for a little over a decade after 1859, was enabled to reopen its doors in 1870 only because the legislature made it the beneficiary of the 90,000 acres of land the State received under the act. Proceeds from the sale of this land were to constitute a permanent endowment for paying professors' salaries when Delaware, along with the other States, founded or designated "at least one college" which would emphasize "agriculture and the mechanic arts and teach military tactics." Such education, heretofore neglected in established colleges, was quite as much needed at that juncture in the Nation's history as the predominant preparation for the vocations of law and theology. The special mandate that other scientific and classical studies were not to be excluded meant, according to the sponsor of the legislation, they were to be included.

In short, the idea was "a liberal and practical education for the industrial classes in the several pursuits and professions of life at a cheaper cost by reason of being close at hand." Delaware's and other legislatures in accepting the benefactions of the act and designating a college to receive the proceeds of the 30,000 acres of land given for each of its Members in Congress henceforth assumed responsibility that facilities for instruction would be provided. The institutions (which in our instance became the University of Delaware) in accepting this benefaction and subsequent advantages enacted in behalf of land-grant colleges likewise assumed special curricular responsibilities. In this land-grant centennial year, it is most appropriate to frame my annual report with special reference to our land-grant stewardship.

As for our responsibility to provide "a liberal and practical education for the industrial classes" which, incidentally, in our broadly based Republic means virtually everybody, the university enrolled this autumn 6,300 young people and adults in courses for credit. About half of these, 3,204 are full-time undergraduates, an increase of 400 over last year.

While such rapid growth makes for difficulties, in several respects it is encouraging that this university should have a 14-percent jump in enrollment as compared with an increase nationwide of between 6 and 8 percent. First, Delaware has been behind other States in the percentage of its capable youth going on to higher education.[2] Secondly, the University of Delaware with a mandate upon it "to teach such branches of learning as are related to agriculture and the mechanic arts" has, since its land-grant affiliation, had too few students, especially in the most practical vocational programs (engineering, agriculture, home economics, and education), to provide rich and increasingly more sophisticated instruction except at a relatively high cost per student. When Delaware College reopened its doors as a land-grant institution in 1870, it offered an engineering course of 3 years, an agricultural course of 4 years and a classical one of 4 years to a total of 22 students.

For the good of its students and the taxpayer, this university not only has a responsibility to grow to accommodate capable youth but to encourage their distribution among these mandated programs. Our effort must be that they receive a quality education and do so at a cost that compares even better with programs given in similar but larger universities.

With such considerations in mind a more detailed breakdown of current enrollments is at the same time encouraging and disappointing. Our other scientific and classical studies are not only available but well enrolled. Our school of arts and science is growing much faster than our uniquely land-grant schools. Four years ago arts and science constituted but 45 percent of the undergraduates; today it constitutes over 52 percent.

Engineering, when today's seniors were freshmen, enrolled one-quarter of our baccalaureate degree seekers; this year engineering enrolls but 16 percent. Meanwhile, the engineering school budget has had to be considerably increased to strengthen faculty and keep curriculums abreast of scientific developments. Both have been accomplished to a heartening extent. Today if one is to maintain an engineering program of integrity, it must be more like what ours has become than what it was. Unfortunately, in view of the strength of program and the Nation's need for technically educated talent, engineering enrollments at the University of Delaware, as the Nation over, have remained fairly stable. While the university is running ahead of forecast enrollments by 300 undergraduates, it is lagging behind predicted enrollments in engineering by 300. Under the circumstances, one must speculate whether the high schools are satisfactorily preparing and motivating potential young engineers for a modern curriculum in engineering science. One wonders, too, whether both parents and high school teachers are sufficiently aware of the high quality engineering education available to Delawareans on this campus.

The enrollment situation in home economics is not dissimilar. There is a failure to recognize that collegiate home economics is not simply an extension of high school homemaking for girls who have neither the interest nor ability to attend college. It is a highly challenging, scientifically oriented curriculum requiring intelligent enrollees which leads women graduates to well-paying jobs as nutritionists, textile experts, fashion designers, and child care specialists, all desperately sought after by employers. The reason for the dearth of home economics students here was diagnosed years ago as partly reflecting an inadequate home economics program in many of Delaware's secondary schools. It may also reflect a lack of understanding by guidance counselors that collegiate home economics is academically respectable, making intellectual demands commensurate with the abilities of their very best girls and offering far better paying employment opportunities than commonly do programs in the humanities and social sciences where clever women students are often directed. Our placement director informs me that many girls in the humanities and social sciences have unrealistic aspirations for their first job. Moreover, young women, the Nation over, tend to conclude overquickly that by majoring in these fields and attaining a "B" average or better they are among the intellectually elite. Too late they awaken to the fact that they can do little more than hire out at low paying and ultimately routine jobs and fail to make the contribution to society, whether they marry or not, which might be expected from their native ability.

In spite of an encouraging increase in the number of freshmen enrolled in our school of agriculture, a similar enrollment situation obtains in that school. The decided decline in the percentage of the population engaged in farming especially in Delaware, inevitably adversely affects enrollments. By mentioning this fact, I would not further the common misconception that the majority of agricultural graduates here or elsewhere, because they usually enter with rural backgrounds, become family farm operators upon graduation. They are far more likely to enter agri-business, which includes food distribution and marketing of farm products, development and sale of farm machinery, fertilizers and insecticides as well as estate management and corporate-type agricultural production. Low agricultural enrollments also reflect the fact that in many rural high schools the boy without special intellectual motivation, but still with plenty of brains, is too often proselytized into the high schools' not-too-challenging vocational agriculture course. It prepares the boy for a type of farming that may no longer exist as a profitable enterprise or won't last as such throughout his adult life. Moreover, this course too seldom fits him, especially in English, for the alternative of entering and succeeding in a first-rate agricultural college. The college curriculum in agriculture also has become more scientific. In today's changing world such a training is more practical than "how to do it" courses that may soon be outmoded by scientific advances.

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[1] In 1953 the National Manpower Council described this act of 1862 as "The most important single governmental step in connection with the training of scientific and professional personnel * * *." A task force of the Hoover Commission of 1949 described it as "the most effective grant-in-aid ever made by the Federal Government."

[2] Incidentally, Delaware has not made much progress in educating a higher proportion of its college-bound students at home. Last year Delawareans sent a greater proportion of their youth out of State for their higher education than did any other State. Hence, if only the factor of fairness is considered, our university is obligated to reciprocate by admitting a reasonable number of especially capable students from other Commonwealths. Even if Delaware were not a "debtor State" educationally, it would still be advantageous to have out-of-State students. By reason of careful selection they can enrich the education of our own Delaware youth. As for the economics of out-of-State admissions, the subject warrants consideration in the body of the text.

Our schools of agriculture and home economics each continue to enroll under 200 degree-seeking undergraduates. Again, to have programs of quality for so few students makes per-student costs of instruction high. Obviously, we have to give certain courses in order to educate a student as a bona fide home economist, agriculturalist or engineer. It costs the university very little, if any more, to have an upper division class of 10 students grow to 15, a third of which comes from out of State. Nonresident students pay 100 percent higher fees which more than cover the added incremental costs of their instruction. Our admission policy has been not only to take into account the high academic ability of the out-of-State students who apply but to give preference to those seeking admission to our schools where enrollments are especially low and our operating costs consequently high.

The preparation of schoolteachers was not one of the expressed land-grant injunctions. It soon became clear, however, that democracy's colleges could not prosper unless democracy's elementary and secondary schools were better staffed. Hence, teacher education soon became a prime responsibility of most land-grant colleges. Since World War II teacher education has come into a larger role on this campus both in the preparation of undergraduates and in improving teachers in service through formal graduate courses and through workshoplike courses offered afterhours in the schools.

Again, owing to the small size of Delaware and the relatively few who go on to college, particularly from the lower counties, the number of teacher-candidates at this university has never been large. This has made it difficult to offer teacher education in many of the specialities which have developed under the general banner of pedagogy.

In recent years the growth of our school of education has been considerable, but it has just kept pace with the university's general growth in enrollments. In view of the great need for teachers in all areas of Delaware a still larger enrollment would have meant much to the State. There is no better source of teachers for each local community than its own boys and girls graduating from the local university. They are the teacher-trainees most likely to want to teach in smaller cities and somewhat rural towns. For several reasons this teacher potential has not been available in Delaware to the extent required. In the first place the areas most desperate for teachers are too often the ones sending the fewest students to our university. Secondly, because an inordinate number of young Delawareans go out of State for their higher education, they are naturally likely, upon graduation, to accept teaching positions in far places rather than home places.

Meanwhile, those rightly worried about staffing our public schools are prone to criticize the university for not providing a larger supply of teachers replete with the specializations desired by conscientious school districts. One hears of proposals for the establishment of a teachers' college or makeshift arrangements for teacher training. The meat of the coconut is simply that the university needs many more than the 519 students now enrolled in its school of education. If it had a thousand such students, all of the State's school districts would have more well-trained teachers. Further, the university would be justified from a cost standpoint in developing a few specialized curriculums such as those training teachers for the handicapped, business education, industrial arts, and guidance and counseling even though the numbers needed each year with such specializations are few.

To acknowledge what is still needed should not obscure the many services that the university has, on a relatively small student base, been providing for Delaware's schools. For a decade this university has had a nationally recognized program in the teaching of reading. Our faculty has given special assistance to the secondary schools in the revision of the mathematics and English curricula. Special summer institutes, awarded the university by the National Science Foundation and the U.S. Office of Education, have increased the skills of teachers in foreign languages, mathematics and science, and guidance and counseling. The Delaware School Study Council was financed for a decade largely by the university directly or by foundation grants the university secured expressly for this purpose. Each year a number of conferences on educational problems for both teachers and parents are sponsored by the university.

The university and its school of education are not limited by either ideas or desire to be of service to the schools of Delaware. If the funds were forthcoming, present services could be enriched and other needed ones, particularly a bureau of school services and a circulating visual aids and film library, would be gladly provided. For both needs, funds have been unsuccessfully solicited from local foundations. The legislature is seemingly always so pressed to meet the direct financial requests of the public schools that the time and mood never seem right for the university—concerned as it necessarily must be to secure funds for its own growing operations—to ask for considerable sums to enable it to assist further the public schools.

The university, conscious of long having had too many programs for the size of its enrollment, is wary about taking on new schools and curriculums, such as those sometimes advocated in medicine and social work. Our steadfast objection to the proliferation of duplicating and competing junior colleges in Delaware grows out of similar wariness. Such improvement as the university has been able to effect in its teaching costs has been owing to larger entering classes. The comparatively low-cost instruction of freshmen and sophomores helps to offset the inevitably high cost of quality education in the upper 2 years where scientific advances require many specialized courses with fewer students in each. This is true everywhere, but especially so in Delaware. It would therefore be particularly costly to the people of Delaware to establish new junior colleges whose costs would be no lower than the university's freshman and sophomore work and by the same stroke increase the university's cost of providing instruction for other students who will enroll here.

Enough consideration of this university's endeavors to provide for too few students the spectrum of professional curriculums called for by the Land-Grant Act. Another injunction of the land-grant idea is to provide these curriculums at a cheaper cost to the student. This meant, for many years of this institution's history, mediocre to poor higher education. Such quality as our mandated curriculums have had was owing to a tendency to disregard the land-grant philosophy of keeping fees minimal. In 1950, fees charged Delaware students were the fourth highest among State-assisted universities. Since then the quality of many of our programs has been vastly improved. Fortunatelly, fees—in the interval—have been raised less than in comparable universities, dropping our university from 4th to 14th highest. This was possible in part because the State legislature began more nearly to carry out its responsibility to maintain and provide facilities for instruction under the Land-Grant Act. Lest it be thought, however, that our appropriations have been unusually generous, it should be understood by Delawareans that last year among the 10 States of lowest population (those confronted with similar paucity of students and corresponding high costs), only Idaho provided less money per capita for higher education. The prime reason Delaware has begun to have quality in its higher education is private benefactions. A few individuals have helpfully provided annual gifts and endowments, all the land, many of the buildings and much of the equipment—all of which have greatly embellished the development and operation of the university so modestly supported from tax sources. Even if the State does better (which it must if the university is to accommodate foreseen enrollments, keep abreast of rising costs, and pay competitive salaries), fees and other charges to students undoubtedly must rise in the years ahead. My hope is that charges will not go up here at a rate faster than at sister land-grant universities.

While the land-grant philosophy makes it incumbent that this university keep its doors open to those who are in modest circumstances, there is an equally important corollary. The doors of higher learning are also to be ajar for those who have native ability and eagerness for learning although lacking some of the formal requisites for admission. With all the concern of faculty and trustees to provide quality higher education for Delaware youth, we try continually to guard against academic snobbishness under the guise of standards, and selfishness in placing esoteric desires and academic convenience ahead of the welfare of youth and their needs for flexibility and consideration on an individual basis.

When Delaware College reopened in 1870, "Perhaps not a single student," Professor Vallandigham wrote, "was really well prepared for the work to be done or could have entered any of the larger colleges without conditions."[3] This autumn—in keeping with the tradition that brought the land-grant institutions into being—we admitted over 200 students on a "limited admissions" program. Many of this group are not candidates for degrees. They are enrolled in our newly designed 2-year terminal curricula. In the same spirit, this last summer the university offered on the campus and in Georgetown programs especially designed to prepare able young Delawareans for admission by filling in gaps in their secondary school preparation.

It should not be thought that this and other land-grant institutions do not have their full measure of excellent students. Sixty percent of all living American Nobel Prize winners hold earned degrees from the land-grant colleges. Our present freshman class has among it 30 high school valedictorians and at least 40 finalists and semifinalists in the national merit scholarship competition. There are 12 students whose college board scores are in the top 1 percent of the Nation. Our seniors scored higher than those in 75 percent of the colleges and universities administering the graduate record examination.

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[3] Vallandigham, Edward N., "Fifty Years of Delaware College, 1870–1920," Newark, Del., Kells, 1920.

II

The colleges in the land-grant system are more than a reflection of the Morrill Act of 1862.[4]

Two other Federal acts specified functions that have given these institutions further uniqueness in higher education. The first, the Hatch Act of 1887, called for an agricultural experiment station in each of the colleges, "to aid in acquiring and diffusing * * * useful and practical information on subjects connected with agriculture and to promote scientific experiment and investigation." The second, the Smith-Lever Act of 1914, created in each a cooperative extension service in association with the U.S. Department of Agriculture. Under it agents in every county were to diffuse practical research findings "on subjects relating to agriculture and home economics and to encourage application of the same."

Owing to these three major Federal acts, our type of university commonly describes its purposes to be threefold teaching, research, and service. They also generally have a tripartite organization to implement these purposes. The undergraduate teaching function at this university has already been discussed. Moreover, instruction is our most commonly understood activity. In this centennial account of our stewardship, special emphasis needs be upon our research and service activities.

According to the late Dr. George A. Harter, a longtime servant of the university, the Hatch Act of 1887 was as important to the continuance of the university as the act of 1862 had been to its reopening. "The establishment of the experiment station probably saved the college. * * * The Federal aid * * * gave us a great impetus. In this period the State was making no contribution to the expenses of the college." Delaware's agricultural experiment station, begun in a two-story brick building costing only $3,000, has made significant contributions. Around 1897 Prof. Frederick D. Chester presented the first systematic arrangement for determining the identity of various bacteria. A decade later Dr. C. L. Penny developed a soluble oil emulsion which greatly advanced horticultural sprays. In the 1930's Dr. George L. Baker and associates did fundamental research in pectins and jellies giving impetus to a new industry.

Today, the University of Delaware's agricultural experiment station staff of over 60 researchers expends three-quarters of a million Federal and State dollars annually in research on plants, animals, poultry, and food production and distribution. Over and above this, 30 corporations, foundations, and Government agencies sponsor agricultural research here on problems ranging from development of disease-resistant peppers, to analysis of the organic structure of soils, to human-related research on cancer in chickens and on proteins and new vitamins. In 1960–61, the experiment station published 247 scientific papers in professional journals and distributed the fruits of their research in 64,400 pamphlets, bulletins, and commodity newsletters.

The Hatch Act directive to promote "scientific experiment and investigation" admittedly was related specifically to agriculture. It spread to others the truth discovered in this field: If material worthy of the designation of higher learning was to be taught to truly advanced learners, it would have to develop out of research. The better the American university, the quicker the awareness and implementation of this truth. University research was also forwarded by absorption of the inventive and scientific spirit of the late 19th century and the example of the German universities.

In general, it was not until the era of World War II that, aside from agriculture, our university awakened to its research responsibility. In 1947, the late Allan P. Colburn was appointed assistant to the president for research. A few years later the University of Delaware Research Foundation, a separate but university-related lay enterprise, was incorporated and began its important contributions.[5]

Organizationally, there have been developed, in the past decade, several research policies to which general adherence has been given. Rather than create a separate administrative structure for research, our endeavor has been to appoint, whenever the opportunity arose, deans, department chairmen and teaching faculty members who accepted research as a coordinated function of teaching. For example, our provost, now, in addition to being the top research coordinator, is the chief educational officer as well. Similarly, we determined that the right man to head our school of engineering was one not solely interested in undergraduate teaching but one who was aware that if this teaching was to be done well, research and graduate work must likewise be a concern of that school. In short, research responsibility has become an integral part of university life in all units and at all levels of personnel. A second policy has been not to accept organized research enterprises on our campus except as they grow out of the teaching interests of faculty members. The one exception to this was mitigated this year when our independent center for research on social behavior was melded to the department of psychology with a common head, Prof. John T. Lanzatta.

Still another policy has been that we would not contract for research to the extent that our strongest faculty members would be diverted entirely from undergraduate teaching. With us the teaching of undergraduates must never be neglected. It is with satisfaction that I report no faculty member has relinquished more than half his teaching duties for research, the average being more nearly one-quarter. A corollary policy is that salaries are not to be so largely dependent on research funds that the university could not, from its own stable resources, meet the full payroll of its tenure faculty should outside research moneys dry up.

These policies mean that research within this university is inevitably in phase with the university's basic financial support from the legislature and our endowment and that the growth of our faculty is primarily based upon enrollment growth. Such conservatism may mean that the university's research renown may not rise as a rocket but it should continue forever in orbit, financially and economically stable.

Even with such guiding principles, in the decade 1950–60 sponsored research (aside from that in agriculture), grew in dollar volume from a quarter of a million dollars to five times that amount. Last year 20 departments of the university shared 152 research projects sponsored by 14 governmental agencies, 10 foundations and 18 corporations. To illustrate with a few examples, research on oyster diseases, formation of plastics, fuel for rockets, nonverbal communication in groups, synthetic hormones, viruses, the chemistry of cancer and the effect of radiation on cells is currently being carried on by our faculty.

To review our research activity only in terms of dollars would be to overlook creativity in the humanities and social sciences which seldom enjoy contracts or outside sponsors. Research in these areas is, relatively speaking, financially neglected. Necessarily, productive scholarship in fields other than the exact sciences has been, in this and other land-grant universities, mostly incidental to classroom instruction rather than a completely coordinate activity.

To encourage creative work here in the nonscience fields, several steps have been taken. Their principal research facility, our library, has been greatly strengthened in several directions. In the past 5 years the budget for the purchase of books has been doubled, enabling book holdings to be increased by 50 percent to 328,000 volumes. The number of magazines and scholarly journals received periodically has increased from 575 in 1950 to 1,994 this year. Over and above these acquisitions, special grants from endowment income and gift funds also have been made for book purchases to departments where scholarly activity and leadership seemed to warrant it.[5a] Further, the University of Delaware Library Associates, a second helpful lay-citizen group, organized with the fostering of the university's library and our humanities as its raison d'etre, has greatly enriched research possibilities. Gifts such as "Hansard's Parliamentary Debates" from 1902 to 1959, the 51-volume "Bol'shaia Sovetskaia Entsiklopedia," and classical art slides are but a few of the hundreds of potential research tools the associates have added. In addition, the University of Delaware Library Associates has supplemented library equipment with map cases, microfilm readers, and record players. Sponsored research funds help the science professors to travel. The university's own limited funds for travel make it less easy for other professors to go to farflung places to original sources of data. Our library associates have wisely given funds for this purpose, too.

Just as research contracts create a double standard among university faculty who would travel, so they do with respect to released time from teaching to do research. Universities, like this one, which are not rich enough to lighten teaching loads across the board to foster faculty research, can, as we have, adopt a policy of administered teaching loads. Under it department chairmen are encouraged to arrange lighter teaching schedules on a semester-to-semester basis for first one and then another faculty member who has a specific and well-begun research project to be brought to completion. To give such preferential treatment requires fairminded courage on the part of the department chairman and understanding on the part of the faculty. Our three Winterthur assistant professorships in art, English, and history were created specifically to give these three departments the flexibility of staff to enable all the faculty in these departments with research interests related to Winterthur Museum to spend time by turns at the museum. More funds are needed to permit this granting of released time to bona fide researchers in all the humanities and the social sciences. This arrangement, if more funds were available, would put research opportunities in these fields on exactly the same competitive basis as exists in the sciences where sponsored research funds and commensurate released time go to the faculty-scholar who can deliver completed research. Light teaching loads for all on the supposition that research will be forthcoming from all is one of the great managerial fallacies in higher education.[6]

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[4] The second Morrill Act of 1890, and the Nelson amendment of 1908; the Bankhead-Jones Act of 1935 as amended in 1960—all modestly subsidized funds for teaching.

[5] In recent years the University of Delaware Research Foundation has been especially helpful in providing funds for projects of at least two types: One, sponsoring over an extended interval research in brucellosis, the effects of organic matter upon soil fertility and the improvement of nutrition in Delaware field hay; two, subsidizing ten or more faculty research projects each year with particular concern to help younger faculty members whose repute or interest was not yet such as to attract governmental, foundation or industrial support.

[5a] The Delaware General Assembly has granted the university's capital fund request of $3,127,000 for a new open stack library. This facility will greatly improve the research as well as service functions of our library.

Another modest effort which fosters research and scholarship in the humanities and social sciences, although not restricted to these fields, is our program of summer research fellowships. Here, faculty compete for grants to enable them to spend the summer doing research. In the past 5 years 86 percent of the fellowships available went to faculty members in the humanities and social sciences. Our arrangements and funds on deposit with the University Publishers, Inc., making possible publication of books under the University of Delaware imprint, are largely to the benefit of the humanities and social sciences. Up to now, our funds, limited as they are, have been more than adequate to subsidize the manuscripts worthy of publication.

Lack of productivity in the nonscience fields is by no means all to be chalked up to insufficient subsidy. Academicians must admit and perhaps look to their Ph. D. training for the reasons why, with notable exceptions, most of the creative work in literature, music, painting, and even in social research is done outside the universities.[7]

Because of the longtime obligation upon the land-grant universities to do research, it should come as no surprise that they together produce 40 percent of the Nation's doctoral degrees in all subjects, all of those in agriculture, and half those in the sciences, engineering and health professions. They even produce one-quarter of all doctorates in the arts, languages, business and education.

Exactly as might be expected, graduate study at the University of Delaware has grown with research as a post-World War II phenomenon.[8] For example, all our Ph. D.'s are educated by those departments which together receive 85 percent of our sponsored research funds. To develop a well-balanced strength in this university, the problem is to continue but not over extend research and graduate study in a few departments and to foster both in a number of others. To go forward on this model, as I said in my report a year ago, may in the long run be actually no more expensive.[9] The fact is that a university can't have graduate students without research or much research activity without such students. You can have neither without outstanding faculty members. Where a university lacks both it is hard to attract or to retain the quality of faculty person a true university must have. The dilemma can be occasionally overcome. It is believed we have done it in the physics department with the appointment of Dr. Ferd E. Williams as chairman.[10]

A university like Delaware, in seeking and holding faculty members with these specialized talents, is confronted with several realities of the "academic marketplace." First, all qualified college teachers are in short supply and those of high caliber are in especially high demand. Second, academia is plagued by its own species of "organization man," the fellow who would rather be an underling in a well-established, prestigious, large institution than a top-to-middling person venturing to build another distinguished place of higher learning.[11]

Another reality perhaps is best described in the words of the distinguished Swedish physical chemist, Prof. Stig Claesson, who is on our campus this year as visiting land-grant centennial professor.

"I don't understand why faculty in this country are always on the move. * * * Science is a very democratic thing. You can do good work in it at any institution. It will be recognized for what it is and it doesn't matter if the place is here, the University of Texas or Princeton. The attitude in America seems to be to do a good job so that an invitation will be forthcoming to join a university of higher prestige. In Sweden we take pride in where we are and work to reflect well upon that place as well as ourselves."

True as his comment is, Professor Claesson may not have emphasized enough a related factor which, in addition to prestige, causes people to move. It is the considerable differentials in salaries and in space and facilities that exist among American universities.

The American situation is well explained to a Britisher by former President C. W. de Kiewiet of the University of Rochester:

"In brief, I am indicating to you the highly competitive position within the university and between universities. This phenomenon can be viewed from various angles. From the point of view solely of the professors, this highly flexible situation can be very attractive. An able man in a sought-after field * * * is in an exceedingly good bargaining position. I would not, however, say that the faculty is happy about the ranges which exist, since after all, the less able people (or those in less competitive situations such as English or history) tend to be more poorly paid. From time to time they necessarily get moody or cynical, though I must say that by and large this competition for good men at good salaries keeps universities very much on their toes. The good ones simply must develop an enormous amount of activity in soliciting and generating funds. This causes a very marked differential in quality to develop between the rich universities and the poor ones, for those with active programs of solicitation and those without.

"From the point of view of the administration of the university, this competitive situation produces very difficult problems indeed * * * every administrative officer lives under the yearly burden of knowing that a relatively significant number of the faculty will move elsewhere. It is very usual for a faculty member to move elsewhere at short notice, even though the university has gone to considerable expense to appoint him and to provide him with facilities. From time to time, therefore, a very disturbing collapse of established programs may occur."

As our salaries have improved, our laboratories and library expanded and equipment purchases stepped up, this university has done better not only in recruiting but in the retention of its staff. Our annual retention rate is 13 percent better this year than 5 years ago, but such improvement can be very short lived. If there is the least sense that our university is no longer moving ahead with respect to these items, the competition for distinguished faculty will cause us quickly to lose our best people and the quality they give both instruction and research. Moreover, it should be understood why the university administration must always be seeking (and hopefully receiving) additional funds both in Dover and among potential donors.

III

The service function of the land-grant universities has expressed itself particularly through cooperative extension and courses for adults on and off the campus. Justin Morrill's admonition to disseminate higher learning more widely has meant taking it to the farmer's dooryard and country kitchen, the industrial establishment and the schoolhouse occupied evenings by adults.

Appropriations under the Smith-Lever Act of 1914 matched by State funds enabled this university, and others like it, to begin agricultural extension. From a staff of 6 our extension service has grown to 25 professionals supported by more than twice that number of full- and part-time functionaries. In this 47-year interval, great changes also have taken place in Delaware's agriculture. The problem now is not so much to increase production but to market the greater volume of products. The number of farms has decreased and those remaining are larger in acreage. Delaware, once a rural State, has come to be predominately an urban one. Insofar as possible, adaptations to these changes are being made in our extension work. For example, consumer forums and landscaping for suburbanites have become a larger part of the home demonstration and county agents' activities. The residual farmers at the same time expect, and up to now have received, the same variety and quality of services rendered when the State was largely agricultural. In spite of all the university is doing for fewer farmers, a recent resolution was offered by the Sussex Farm Bureau asking that our extension service tell them how to sell crops, not how to increase production. This assignment was undertaken as long ago as 1954 under the able direction of Mr. Robert L. Bull, entirely with Federal and business grants. Today we have one of the most remarkable agricultural marketing and food distribution programs in the Nation.

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[6] Such loose practice may, to some extent, have prompted such suggestions as that made a few years ago by the late Beardsley Ruml in his "Memo to a College Trustee," advocating that trustees assume larger and active responsibility for costs of instruction.

[7] It may be that in the selection of college teachers disproportionate emphasis is put upon hiring the grade-getter rather than the one who gives evidence of creativity. In a study of the creative person by the Institute of Personality Assessment and Research it was concluded that above a substantial minimum level there seems to be no relationship between the degree of intelligence and a person's creativity. Many of today's most creative people haven't been grade-getters enough to be admitted to graduate study under present competitive conditions. This does not augur well for overcoming present disappointment in tomorrow's college teachers. See New York Times, Sunday, Oct. 22, 1961, p. 63.

[8] To look simply at the graduate school's total enrollment and its relative stability is deceptive. There were 950 in 1956 and 1,055 now. However, most of these students are teachers and full-time employees of local industry. Both types are pursuing study beyond the bachelor's degree on a sporadic part-time basis. Over a period of years they may earn a master's degree, even securing credits toward a doctorate. The latter degree, however, requires at least a year of full-time campus study; actually 3 to 4 or even 5 such years is not unusual. It is the number of graduate students who are in residence that are the meaningful statistics of the growth, cost and sophistication of graduate instruction here. The number of students in this category has increased about 10 percent a year for the past several years and now stands at 340, most all of whom have graduate fellowships or teaching assistantships.

[9] On balance, it costs a university no more money to hire one full-time instructor and a fair-to-middling professor than to subsidize two first-rate graduate students and pay well an outstanding faculty member.

[10] A few outstanding appointments which should augment our strength for research and graduate teaching and also make a first-rate undergraduate education inevitable are: Dean Roy M. Hall in education, Prof. Jerzy Nowinski in mechanical engineering, Associate Prof. Robert W. Kennard in mathematics, Assistant Prof. Norman Axelrod and Associate Prof. John W. Preiss in physics, Assistant Prof. Arlette Rasmussen in nutrition, Assistant Profs. Don Dennis and Carl von Frankenberg in chemistry and Assistant Prof. Edward O. Pfrang in civil engineering.

[11] We tried without success to lure several men here this past spring who were purportedly being trained by Ford Foundation grants in engineering for just such academic entrepreneurship. But almost vitiating the whole idea, they chose to or were prevailed upon to stay on in the large, graduate institutions to carry on already established research.

The land-grant idea of service—perhaps influenced by the Lyceum and Chautauqua movements—broadened to include the giving of college courses to adults in the evening. With us this came to be known as university extension.[13] Its development began in earnest following World War II. Last year our university extension division offered 318 courses for credit to over 3,000 enrollees. It sponsored 43 campus conferences or lectures which attracted well over 8,000 people to the campus. By contract arrangements, we are offering this year courses for teachers in several school districts, for military personnel at arsenals and bases and for technicians in company office buildings, not to mention a wide variety of credit course offerings in the evenings on campus and in four other centers of the State. In serving young people and adults who would overcome at night their lack of collegiate education, the university has had no financial help from either the Federal or State Governments. This enterprise has had to be a "tub on its own bottom," dependent entirely upon fee charges. Perhaps a more fitting figure of speech would be "a burden on the backs of the professors," for they are the ones who make the enterprise possible. They teach on an overtime basis at rates that pay them less than half instead of 1½ times their regular pay. They are expected to advise extension students for no additional pay at all.

This weakness of the program is dramatically illustrated in the school of education where the faculty members already have a heavier-than-usual number of full-time undergraduates to advise. Each member of this staff tries to offer some work in extension and teaches in the summer school as well. Try as they do, it is not possibly for our 12-man faculty in this school to meet all the demands for courses in university extension. It is necessary to co-opt especially well-qualified personnel from nearby public school jurisdictions to offer the wide range of courses sought by teachers goaded to garner more credits by the State salary plan.

In 1960–61 for the first time in recent years our own faculty was able to teach slightly more than half of all the courses offered in university extension. Our extension clientele have come to expect ever more courses to suit their personal advantage. Reports about university extension that filter in too often complain about too few courses at too high prices, rather than commend the university and its faculty for their struggle to offer the many courses they do. Although it is our declared intention to offer the same quality work in extension as is offered daytime on the campus—and this is done with surprising frequency—it cannot always be expected from co-opted instructors whose first loyalty must be to their regular employers and to their full-time jobs. They cannot attend departmental meetings, know our university philosophy, standards, or expectations. Under the circumstances, my concern is that we may give too much college credit in extension already, considering the staffing problem and the general library and laboratory limitations. But the ambitious fellow who piles up credits in extension complains that we do not offer our University of Delaware degree for work taken entirely in extension. He is apt to be infected with the American disease of being more concerned with degrees than with learning. And why not? Job opportunities and social prestige seem to depend upon the former rather than the latter.

In an earlier and simpler organization of a rural society, the land-grant institution could best be of service by helping the individual farmer and his wife with their problems. Now the children of these farmers have moved to the cities. Their problems, aside from employment, have become less individual and more an outgrowth of urban life. The solutions depend not so much upon individuals as upon their governments and social and civic organizations. The land-grant institution has long been conscious of the need to respond to calls for service by governments and citizen groups struggling with urban-related problems of land use, planning, zoning, redevelopment, water supply and other services required for health and decency when people live in rundown central cities and run-up-for-quick-profits housing developments. Efforts to secure funds enabling our universities to provide an urban extension service have not been helped along by a Congress now beset by fears about Federal control (the 100 years of land-grant experience to the contrary) and the quite opposite corollary that Federal assistance shall not go to public universities unless the benefits of the evil are shared by private institutions as well. Legislators from rural constituencies, and most legislators come from them, have not, understandably, the same sense of urgency about urban problems that they have about farm ones. Delaware, with its high per capita income and enlightened citizenry, when it has a job that needs doing should not have to be pushed into doing it by Federal matching grants as has been the pattern in the past. With the assistance of the Ford Foundation, our university has this year been able to establish an urban services program underwritten for 5 years.

This university with the need to coordinate three distinct types of extension services, with an alumni body which has doubled in size in the past 11 years, with an increasing number of problems owing to the growth of activities and higher public expectations, not to mention preparing for annual instead of biennial legislative sessions, has taken steps to unify responsibility for these related, multifarious activities. This was done with the appointment of our dean of agriculture, George M. Worrilow, to the newly created post of vice president for university relations.

These past 11 years as president of a small, atypical but nonetheless land-grant institution, have been satisfying ones. A prominent educator with intimate knowledge of many of America's institutions of higher education in unsolicited comment said, "Delaware is probably the best of its kind and size." If true, it has been made so by the unusual support of trustees, administrative and faculty colleagues, alumni, and enlightened and generous citizens—all of whom realize that to a considerable degree a university is a mosaic of their individual standards of excellence, intellectual and other, their sense of responsibility and even their shortcomings.

Respectfully submitted.

JOHN A. PERKINS,
President.

NOVEMBER 15, 1961.

Mr. HAYDEN. Mr. President, I join with other Senators in pointing out that today is the 100th anniversary of the Morrill Land-Grant Act. On July 2, 1862, President Lincoln signed into law the Morrill Act, which authorized the donation of public lands to the several States and Territories as an incentive to them to provide colleges which would be established primarily for the benefit of agriculture and the mechanic arts. This act marked the first step in the establishment of the land-grant system. In the ensuing 100 years, 68 land-grant colleges and universities have been established in the United States. The land-grant colleges today educate 1 out of every 5 students enrolled in all colleges in the United States. I believe that, in part, the success of our public educational system, and certainly that of the land-grant colleges, is a tribute to the foresight of the Congress which enacted the Morrill Act 100 years ago.

At that time, only 1 out of every 1,500 hundred young Americans went to college. Today, 1 out of every 3 attends a college. In 1862, the United States was considered to be a rural nation and, at that time, one farm worker was able to support 4.53 persons. Today, 1 farm worker supports 27 persons. The productivity of our farms provides more food and fiber than we need for home consumption, for normal exports, and for distribution under authority of the Agricultural Trade and Development Act. The credit for the increase in agricultural productivity in the past 100 years must go to the ingenuity of many individuals, industrial agencies, and corporations, in addition to the land-grant college system. The land-grant institutions, however, through the stimulus of the Morrill Act, established educational facilities and, later on, established research and extension programs as they were authorized by Congress, which have made remarkable contributions to the growth of the agricultural economy, as well as to the entire economy of the United States.

For example, in my own State of Arizona, which was admitted to the Union in 1912, only 50 years ago, a land-grant college was authorized to be established by the Territorial legislature in 1885. In the 75 years since the establishment of the University of Arizona, it has been in the forefront of agricultural and economic development in the State. I am informed that 75 percent of the land devoted to field crops is planted to varieties that have been originated in or were introduced by the University of Arizona. New varieties of long staple and other types of cotton have been developed which have completely revolutionized cotton production in the State of Arizona, and, today, it leads all States in yield per acre. Similarly, the large increases in the yields of sorghum, barley, and other crops grown in the State, reflect in large measure the work of the university and its graduates who are engaged in agriculture and other related activities within the State. It has been a fundamental precept at our State land-grant university—the University of Arizona—that the way to increase and broaden a man's understanding is to teach him not only what to do, but how to do it and also why it should be done. I take this opportunity to extend my congratulations to the land-grant college system, comprised of educators, research workers, and extension workers, that have done a good job during the first 100 years, and I wish them continued success in the years to come.

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[13] A division of academic extension was created here in 1920. The following year 4 courses were offered and 20 years later there were only 14 offered.

Mr. DIRKSEN. Mr. President, July 2, 1962, will be the 100th anniversary of the first Land-Grant College Act known as the Morrill Act, which was first signed into law by President Abraham Lincoln. Today there are 68 land-grant universities and colleges.

The Morrill Act provided for "the endowment, support and maintenance of at least one college—in each State—where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and mechanic arts in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life."

An act of Congress which revolutionized higher education was signed into law by President Abraham Lincoln on July 2, 1862. Sponsored by Congressman Justin Smith Morrill of Vermont, the act put higher education within reach of all Americans. It pushed back the old horizons of learning and brought the colleges to the people.

The Morrill Act offered to every State 30,000 acres of Federal land, or land scrip, for each of its Members of Congress, to be sold to endow at least one college in the State. Today, there are land-grant institutions in all of the 50 States and in Puerto Rico.

The Morrill Act is significant because it helped to bring to life the democratic idea of equality of educational opportunity. An "open door" to college for all who had the will and ability to learn was unprecedented in world history. One hundred years ago 1 young American in 1,500 went to college, compared with 1 in 3 today. The land-grant system has become the Nation's largest single source of trained and educated manpower.

A second reason for the fundamental significance of the Morrill Act is that for the first time colleges were brought to the people. Teaching and research were not limited to the confines of campuses. Throughout the States they serve, land-grant people conduct special classes, they go to factories and farms to test research results, they contribute to the cultural life of the community, and they seek solutions to economic, social, and physical ills that beset their fellow citizens.

Mr. President, I quote from page 11 of a pamphlet, "The Centennial Year 1961–62 and Beyond—Land-Grant Universities and Colleges," as follows:

> To assess and evaluate: This purpose is being carried out by critical studies of the job the institutions are doing, in order to find better ways of doing it. The findings of study groups and the insights of foreign observers and local citizens will be used to guide future actions and programs of land-grant institutions.
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> World perspective: Visiting lecturers and students from foreign countries are participating, observing, evaluating. From their perspectives of cultural and geographical distances, they are giving critical insights to the role of land-grant colleges in the world today. From a different viewpoint, study committees from the land-grant colleges are preparing four critiques on land-grant work in the international field.
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> National studies: Work in eight subject areas is being evaluated with the aid of "outside" experts. The convocation of the land-grant colleges at Kansas City in November of 1961 provided an opportunity for full discussion and review by land-grant people and international and national leaders in higher education.
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> State projects: Many of the State universities and colleges are conducting their own centennial projects of assessment and evaluation. Informed citizens are being called upon to consider the functions and the current problems of land-grant institutions and to give their views of educational and public service needs.

I bring this matter to the attention of my colleagues in Congress and to interested people throughout the country.

Mr. LONG of Missouri. Mr. President, this day marks the 100th anniversary of the signing of one of the most important acts of Congress. On July 2, 1862, President Lincoln signed into law the Morrill Land-Grant Act.

This act was to have a profound effect in helping to build a nation then torn by civil war into the greatest industrial and agricultural power of the world. The men instrumental in the passage of this act certainly shared a part of the insight and wisdom of those who drafted our Constitution.

The University of Missouri was created by an act of the Missouri Legislature in 1839. It is the oldest State university west of the Mississippi and the third oldest west of the Allegheny Mountains.

In 1862, the university was closed down for a while when Federal troops occupied the university building. But this has always been looked upon as a good year for the struggling university too, because of the passage of the Morrill Act. Under the Morrill Act, the university received 330,000 acres of land. This was a great encouragement for the university for up to 1867 there was no State appropriation for the school's operation. One of the results of the act was the establishment of the School of Mines and Metallurgy at Rolla, Mo., in 1871 as a part of the university. Also in 1870, the College of Agriculture was established as a division of the university under the provision of the act.

Lincoln University at Jefferson City, Mo., is also a land-grant school. It was established in 1866 as Lincoln Institute by officers and men of the 62d and 65th Regiments of the U.S. Colored Infantry as an institution to serve the needs of the newly freed Negro. In 1879, the State of Missouri undertook the support and control of the institute as a State school.

Under the second Morrill Act of 1890, Lincoln became a land-grant college. In 1921, its name was changed to Lincoln University and in 1954, following a ruling by the Missouri attorney general, the university was opened to all qualified students.

There can be no question but that the Morrill Act has contributed greatly to the progress of the State of Missouri. It is only proper that we give due recognition to this program on this its 100th anniversary.

Mr. MUNDT. Mr. President, I am sure that all of us who serve in this body often have fond hopes that ideas which we have, legislation which we sponsor, laws which we enact, will still be effective, helpful, inspiring, and useful, even after 100 years. Perhaps that is often a vain hope. However, today we are honoring the 100th anniversary of an act which has done much to improve the economic and social welfare of our country—and which is doing much to improve the economic and social welfare of the world.

One hundred years ago, the beloved Abraham Lincoln signed into law the Morrill Act, which was introduced in Congress by Justin S. Morrill of Vermont. This act of Congress brought into being the land-grant colleges, which today number 68, and which enroll 20 percent of the Nation's undergraduate students and grant nearly 40 percent of all doctoral degrees in all fields of study.

The land-grant colleges are the people's colleges, because they get their student body from the modest homes of average Americans, and their purpose is to prepare informed, educated men and women for service to their fellow man.

Several laudatory speeches have been made about the high purpose of the land-grant colleges. I shall not attempt to review the objectives or the accomplishments in a general way. What I would like to do today is to review a case history of a land-grant college which is responding to the most modern challenges facing the world, and which is serving the people of America well in traditional educational, technical training, and other avenues of intellectual pursuits. That college is South Dakota State College, located in Brookings, S. Dak.

I believe that the land-grant college was primarily designed to lend help to areas like South Dakota. It brought the college to the doorstep of midwestern pioneers, and provided opportunities for study which might otherwise have been denied to many of our citizens.

The land-grant college also brought to our area teachers, technicians, laboratory workers, who studied our particular problems and who tried to find methods of improving the economic opportunities for the great agriculture areas of our country.

How well South Dakota State College has lived up to the basic purpose of the land-grant college is very aptly demonstrated by a statement which I have taken from the 1962 Fact Book on that college. Under the subtitle "Philosophy of the College," the following information is set out:

> The philosophy of South Dakota State College is reflected in its aims and purposes: To provide professional and vocational training in the fields of agriculture, engineering, home economics, pharmacy, nursing, and the sciences and arts on both the undergraduate and graduate levels; to provide citizenship training and general education essential for the understanding and appreciation of the American way of life; to promote, through extracurricular activities, student self-development in cooperation and leadership; to promote and conduct research particularly in the fields of agriculture, engineering, home economics, and science; to

promote and conduct statewide programs in practical education for the youth and adults of South Dakota in agriculture, homemaking, and other vocational pursuits.

South Dakota State College—like all land-grant colleges—places great stress on the idea that it is there to be of service to the people of our State. School authorities say, and I believe with accuracy, that the activities of State colleges touch the lives of practically every South Dakotan. They claim that it is almost impossible to find any person in the State who does not have some connection, either direct or indirect, with the college. What a wonderful purpose the faculty and students of our South Dakota land-grant college serve.

One of the information booklets which I have obtained from South Dakota State College has outlined what some of these services are. I shall not elaborate on all of them, but I think the value of the college to our citizens of the State is vividly and significantly set out under the portion of the story relating to extension work and special services. I ask unanimous consent to include these pertinent paragraphs in the Record at this point.

There being no objection, the paragraphs were ordered to be printed in the Record, as follows:

IMPROVING THE ODDS—THROUGH EXTENSION

Most people will help themselves if they are shown the way.

Bringing knowledge to farmers, ranchers, and their families, in a form which they can adapt to their daily tasks, is the way the Cooperative Extension Service helps South Dakotans improve the odds.

Faith in the ability of people to work together in mapping their own destiny is at the core of the extension program, a truly cooperative arrangement involving State College, the Federal Government, and South Dakota counties.

Local people in each county determine the problems which need to be solved. The county extension agent and home demonstration agent, located at the local level, then help the people marshal their resources to get the jobs done. Often these extension workers are called professors at the grassroots.

Informal, out-of-school education helps the people solve their everyday problems and take advantage of opportunities through individual and community action.

Extension activities fall into three areas—agriculture, home economics, and 4-H. Theses are mainly for the benefit of rural people, but nonfarm families can also get the advice on such topics as homemaking, consumer buying, gardening, lawns, and landscaping.

The grassroots professor has all of the resources of State College at his fingertips if needed to help solve local problems. He can call upon extension subject matter specialists at the college or the research staff.

The county agent brings people together on the local level so they can plan the work to be done. As an expert who keeps up on new trends and ideas, he often is asked for advice and counsel. He helps local leaders organize 4-H clubs and other groups. He helps them locate information to solve local problems.

To get a better idea of the scope of this program in the State, here are some statistics for a recent year:

More than half of the boys and girls, fathers and mothers in South Dakota participated in one or more of the extension programs.

Eighteen thousand boys and girls were active in 4-H clubs.

Nearly 19,000 homemakers were members of home demonstration study groups.

More than 7,000 educational meetings were held with an attendance of 301,271.

County and home agents made 31,121 farm and home calls.

A total of 127,479 persons visited extension offices seeking information.

Hundreds of field demonstrations were given.

Agents prepared more than 15,000 news articles, radio broadcasts, and television programs.

Nearly 400,000 educational bulletins were distributed to South Dakotans.

The extension service has taken the lead in community and area development programs in which the people are mustering their resources to hold their own and make progress in a modern and changing world. It is promoting development of water conservancy districts.

As the people of the State try to improve their odds for success, they look to the extension service to point the way through information, planning, and leadership.

IMPROVING THE ODDS—THROUGH SERVICE

Another way in which State College helps South Dakotans improve the odds is through service. Workshops, short courses, institutes, and other types of meetings are held to give information on new and current developments in special fields.

Among the many groups which benefit from such meetings are school lunch cooks, highway engineers, school administrators, and school board members, sewage plant operators, nurses, teachers, pharmacists, printers, and numerous others.

Another type of service is called statewide services. This includes testing of soils, seeds, water, and diseased animals—the type of service requiring trained personnel and special equipment often not available elsewhere.

In a recent 2-year period 41,605 animal specimens were examined, 12,000 soil samples were analyzed so that efficient use could be made of fertilizers, 834 water samples were tested, 1,370 seed samples were analyzed, and 36,613 acres were examined in seed certification.

Mr. MUNDT. Mr. President, while the importance of South Dakota's land-grant college to the people of my home State can be easily demonstrated, the importance of that institution to the people of the world is becoming more evident.

In about 2 weeks, South Dakota State College is to begin a special international seminar in soil and water utilization. This is a new concept in international seminars—the bringing together of peoples from around the world to attack the common problem of food production through better utilization of our natural resources. We hope that this is but the first of a series of seminars on this and other related problems.

To this pioneer seminar are coming 54 citizens from 25 nations. Their work will mark the first exchange of technical information on the whole range of soil and water utilization, including the economic and sociological benefits which accrue to a country which adopts workable conservation projects.

South Dakota State College has agreed to host this important event. The president of the college, H. M. Briggs, and the entire faculty have bent every effort toward making this event a great success. Numberless man-hours of voluntary work has gone into the planning phases. The schedule of events will include, not only discussions, but many field trips which will carry the visitors to a variety of areas where soil and water utilization techniques will be demonstrated. South Dakota offers some of the very best demonstration projects of this kind.

This seminar is not aimed solely at the technical training level—but it is hoped that it will provide guidance to legislative and executive department leaders who make policy in their own countries, and who, after returning, will be able to implement some of the ideas which they have gained. I may say that our own people may learn many skills and get much information from visitors who are working on these same problems in arid and semiarid areas of the world.

But the important thing—and the thing which I wish to stress now—is that a land-grant college, established for the principle purpose of assisting areas neighboring it, has pushed back its horizons to give a helping hand to other neighbors in other lands—giving fuller meaning to its philosophy and purpose.

The campus of State College is prepared to welcome these visitors. The citizens of our State are cooperating to see that each foreign national who spends a month in South Dakota goes home with good impressions and happy memories of his visit here. This demonstration of typical, friendly midwestern life should be inspiring to everyone who attends the seminar. We sincerely hope the broad goals of peace through understanding will be achieved in some measure by this visit.

And from a more selfish viewpoint, we hope that information gleaned from the seminar will assist other peoples, now dependent on us for food and foreign aid, in building their own economies and thus lessen the demands on the resources of the United States.

It is in this manner that South Dakota State College—a land-grant college—fulfills a need in a modern world.

Indeed, this chain of land-grant colleges provides one of the best means of supplying information to foreign nationals. It is a network through which our Government officials can work efficiently and effectively, and I am informed by Cannon Hearne, director of the Foreign Agriculture Training Division, that South Dakota State College and all other land-grant colleges have done splendid work in this field—cooperating in our giant effort to help others help themselves, and, at the same time, to promote the philosophy of the exchange-of-persons programs which have been enacted by the Congress.

Mr. President, it is well that Congress eulogizes the work of a former colleague today. I predict that 100 years from today others who follow us will pay homage, as we are doing, to the great idea of Justin Morrill and to the work which the land-grant colleges of America will have carried on.

In conclusion, Mr. President, I ask unanimous consent to insert in the Record, at this point, a brief history of South Dakota State College and an article on the purpose of South Dakota State College, which appears in the general catalog of that institution—which stands as a living memorial to the memory of Justin Morrill and the Land-Grant College Act.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

HISTORICAL SKETCH

ESTABLISHMENT

An act of the Territorial legislature, approved February 21, 1881, provided that "an agricultural college for the Territory of Dakota be established at Brookings, provided that a tract of land not less than 80 acres be secured and donated to the Territory of Dakota."

The legislature of 1883 provided for the erection of the first building. This building, now known as the Central Building, was opened for use September 24, 1884.

The enabling act admitting the State of South Dakota, approved February 22, 1889, provided that 120,000 acres of land be granted for the use and support of the agricultural college, in accordance with the act of Congress making donations of land for such purpose. The acts of Congress referred to are primarily the act of July 2, 1862, known as the Morrill Act, providing that 30,000 acres of public land for each representative in Congress be given to each State toward "the endowment, support, and maintenance of at least one college, where the leading object shall be, without excluding scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and mechanic arts." By the enabling act of 1889 Congress granted to South Dakota for the agricultural college 40,000 additional acres, in lieu of a grant that had been made to the new States in 1841. Thus the total land grant for the agricultural college was 160,000 acres.

In the Morrill Act of 1862, such colleges were spoken of as colleges of agriculture and mechanic arts. In order that the name might more nearly conform to the object for which the college was established, the legislature of 1907 changed the name from "The Agricultural College of South Dakota" to "The State College of Agriculture and Mechanic Arts."

The agricultural experiment station was organized in 1887, under the Hatch Act of Congress, which provided for the establishment of agricultural experiment stations in connection with agricultural colleges. These stations were established for the purpose of conducting experiments and research in connection with all branches of the home and agricultural industries of the United States, due regard being paid to the various conditions and needs of the respective States. It is also their object to aid in diffusing among the people useful and practical information in all subjects connected with homes and agriculture. The South Dakota station conducts its investigations chiefly along the following lines: livestock, dairying, soils, field experiments with crops, greenhouse work, trees and small fruits, injurious insects, chemistry of plant growth, and foods.

PURPOSES

In accepting the provisions of the Morrill Act of Congress of 1862, the State of South Dakota, in 1889, "bound itself legally and morally to carry out the purposes for which the grants and annuities were intended." The purposes of this so-called Land-Grant College Act are "the endowment, support, and maintenance of at least one college (within each State) where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agricultural and mechanic arts, in such a manner as the legislatures of the States may respectively prescribe in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life."

The South Dakota Code in 1939 carries a statement of purposes which originally appeared in the Session Laws of Dakota Territory in 1887 and which reads as follows.

"The purpose of this institution is to afford practical instruction in agriculture and the natural sciences connected therewith, and also the sciences which bear directly upon industrial arts and pursuits."

South Dakota State College accepts these statements of purpose as fundamental, but of necessity takes account of the tremendous changes in conditions since 1862. Agriculture and the mechanic arts have since become applied sciences and corresponding emphasis is placed upon the sciences and their applications. The right of women to educational opportunities has become an established principle and is recognized in this college by placing homemaking and nursing on a par with agriculture and the mechanic arts, and by providing other career opportunities for women as well as for men. In addition, the college accepts responsibility for the promotion of research, adult and youth education as authorized by Federal and State laws passed subsequently to those mentioned above.

Thus, stated in terms of modern conditions, but within the spirit of the Morrill Act and the early legislative acts of South Dakota, the purposes of State college are (1) to provide professional and vocational training in the fields of agriculture, engineering, home economics, pharmacy, nursing, and the sciences and arts on both the undergraduate and graduate levels; (2) to provide citizenship training and general education essential for the understanding and appreciation of the American way of life; (3) to promote, through extracurricular activities, student self-development in cooperation and leadership; (4) to promote and conduct research particularly in the fields of agriculture, engineering, home economics and science; (5) to promote and conduct statewide programs in practical education for the youth and adults of South Dakota in agriculture, homemaking, and other vocational pursuits.

Mr. KEATING. Mr. President, today we are privileged to commemorate the 100th anniversary of the signing of the Morrill Land-Grant College Act—a landmark in the history of higher education. This act led to the development of the land-grant college system which has been a leading factor in the evolution of America and in the development of the United States to its present position of world leadership.

It is extremely difficult for one to visualize the state of higher education prior to 1862. Educational opportunity was, for the most part, limited to those privileged by birth, by social status, and by wealth. College curriculums were unchanged for a period of 200 years, from the inception of the first college, and frozen into a traditional mold designed for members of traditional professions and leisure classes. The term "higher education," if applied to these early institutions, must be with tongue in cheek. Even the Harvard of the 1850's was characterized by Louis Agassiz as "a respectful high school where they taught the dregs of learnings."

The State of New York claims credit for what was probably the real forerunner of land-grant colleges. In 1824 Steven Van Rensselaer founded an institute, which still bears his name, in Troy, N.Y., to "apply science to the common purposes of life." His principal objective was "to qualify teachers for instructing sons and daughters of farmers and of mechanics in the application of experimental chemistry, philosophy, and natural history to agriculture, domestic economy, the arts, and manufactures."

The immediate effect of the Land-Grant College Act in the State of New York was the founding of Cornell University which was authorized in 1865 and opened October 7, 1868. Since this time Cornell has gained world recognition and standing for its contributions to agriculture and many other fields.

Mr. President, the contributions of land-grant colleges are too numerous to list in detail. It is, however, a fact that our agricultural productivity is unparalleled in world history, that our problem today is how best to use this abundance rather than to prevent starvation, a fact that today we are sharing our abundance with those less fortunate in other countries. One American farmer produces enough food for himself and 26 others—an efficiency ratio unmatched throughout the world. All of these blessings are due in immeasurable degree to our land-grant colleges. Other significant contributions include the discovery of streptomycin; development of the television tube and the first cyclotron; research in space, rockets, and rocket fuels; control of botulism for the canning industry; and findings responsible for the beginnings and growth of the ceramics, wood pulp, and soybean processing industries. The value to America of land-grant research contributions alone exceeds by many times the total amount expended on these colleges since they came into being.

This year our land-grant colleges are assessing and evaluating the accomplishments of their first century, not for the purpose of basking in the glow of praise for a job well done, but for the purpose of identifying more clearly their special responsibility to this country and the world in the future.

Mr. HICKENLOOPER. Mr. President, 100 years ago today, an act of Congress which revolutionized higher education was signed into law by President Abraham Lincoln. The Morrill Land-Grant Act offered to every State 30,000 acres of Federal land, or land scrip, for each of its Members of Congress, to be sold to endow at least one college in each State, "where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life." I am glad today to help pay tribute to the 68 land-grant colleges, at least one in each of the 50 States and Puerto Rico.

Being of the State of Iowa, land of colleges, I am particularly proud of Iowa's own land-grant institution, the deservedly famous and widely respected Iowa State University of Science and Technology, at Ames, Iowa.

A century ago, Americans dreamed of a new sort of education, tailored to the industrial revolution and to new problems of a great new nation. Where colleges and universities had confined themselves to classical studies and training for professions such as teaching, the ministry, medicine and law, it was now proposed that they meet more directly the practical needs of all citizens and at minimum cost to the individual. Americans particularly wanted emphasis on research and instruction which would increase agricultural production and improve rural living conditions, as well as research and instruction in technology and engineering.

Iowans believed in this new philosophy, and almost from the beginning of statehood in 1846 they discussed the establishment of an agricultural college. Three young and progressive Iowa farmers, Benjamin F. Gue, Robert A. Richardson, and Ed Wright, drafted a bill to create such a college, and the bill became law under the signature of Gov. Ralph P. Lowe on March 22, 1858—the birthdate of the institution which is now the Iowa State University of Science and Technology.

The Iowa General Assembly was the first to accept the terms of the Morrill Land-Grant Act—240,000 acres of land, on September 11, 1862. For the 100 years since, Iowa State University has been a leader in land-grant affairs. During that time it has become a great scientific and technological university, and holds many "firsts."

Iowa State University was the first land-grant institution to admit women from the beginning. It offered the first course in home economics, in the 1870's, and established the first experimental kitchen. It today has the largest program in the home economics area found anywhere in the world.

Iowa State was the first to establish a 2-year course in veterinary medicine, in 1879.

It has long since been increased to a 4-year veterinary school, and for a long time has been the leading veterinary school in the world.

In 1904, Iowa State was the first—with Illinois—to organize its engineering research into an engineering experiment station.

Iowa State took the lead in teaching and research in agriculture. Its faculty almost from the beginning worked with all Iowa through institutes and short courses in various parts of the State. It developed the first pattern of the extension service in agriculture and home economics now used nationwide.

It began early to work with farm youth in what later became the 4–H movement.

Iowa State has achieved wide fame in the physical and biological sciences. Iowa State scientists were among the keymen who solved the problems of producing uranium and developing the atomic bomb during World War II. A major laboratory of the U.S. Atomic Energy Commission is now on the campus as part of the Iowa State Institute for Atomic Research, and the AEC is currently completing $6 million of new construction.

Near Ames, the Agricultural Research Service of the U.S. Department of Agriculture is creating a $16 million national animal disease laboratory which will work in close cooperation with the university. Location of the new laboratory at Ames comes in part as recognition of the excellent programs in animal husbandry, veterinary medicine and basic science at Iowa State University, as well as the extensive collections of scientific journals in its library.

In 1960, the university began operation of a technical institute within the college of engineering. The institute trains the type of highly skilled technician who is much in demand in Iowa's expanding industrial economy. Thus the Iowa State University of Science and Technology, which has grown to an enrollment of approximately 10,000 students, continues to expand and to develop new programs to meet the needs of Iowa and of the Nation.

Indeed, the horizons of this university do not stop with our shores—they expand to Peru, where Iowa State University assisted the Peruvian Government in a study of legal and economic aspects of land reform, to India, where the university cooperated with the Ford Foundation and Boroda University in putting the science of home economics to work more effectively for the Indian people, and to many other countries, where the phrase "I'm from Iowa" brings warmth to the host's smile and welcome.

As the land-grant institutions observe their 100th anniversary, they number less than 4 percent of the Nation's colleges. Yet they enroll 20 percent of the Nation's undergraduate students and grant nearly 40 percent of all doctoral degrees in every field of study. Still quality has not been sacrificed for the sake of quantity—of the 42 living Nobel Prize Winners who were educated in the United States, 25 received one or more degrees at a land-grant university.

Mr. METCALF. Mr. President, during some of the most trying days of the Civil War, the American Congress acted on a proposal of Representative Justin Morrill and established what became some of the most meaningful precedents in the history of our Union. Passage of the Morrill Act for land-grant colleges, and its signing by President Lincoln on July 2, 1862, were acts of faith. Even as an ideological chasm threatened to divide the Nation permanently, the President and the Congress demonstrated their faith in our federal system, and in the people in the several States to establish a type of popular higher education that would further the general welfare of the entire Nation.

The Morrill Act, by providing that Federal lands be conveyed to the States for the establishment and maintenance of colleges to promote "liberal and practical education in the several pursuits and professions in life," changed the mode of American higher education. Before the Morrill Act, only about 1 or 2 percent of college-age men were enrolled in institutions of higher education, and they were pursuing a narrow curriculum of classical languages, philosophy, theology, and mathematics in order to prepare for four basic professions: the ministry, teaching, law, and medicine. Land-grant colleges not only broadened curriculums to develop many kinds of human abilities, but brought a new emphasis on research and a more rigorous and productive approach to American academic life. The results are well known. Although the 68 land-grant colleges comprise only 4 percent of all the colleges and universities in the country, and 20 percent of the students, they grant nearly 40 percent of all the doctoral degrees awarded annually, and 25 of the 42 living American Nobel Prize winners who studied in this country earned degrees at land-grant institutions.

Land-grant colleges also led the way, along with other State universities and colleges, in breaking the tie between education and the church. In accordance with the Federal Constitution and the constitutions of the various States, the land-grant colleges scrupulously avoid sponsoring any particular sect or creed.

Through their agricultural experiment stations and extension divisions, land-grant colleges have brought the fruits of research and the opportunities of education to hundreds of thousands of American citizens who are not able to secure the benefit of on-campus training.

Aside from the precedents established in the pattern of American higher education, the Morrill Act established the precedent of cooperative federalism in being the first long-range Federal program to employ the grant-in-aid device. While individual States often find it difficult to build superhighways or schools or hospitals, there is a real national interest in their doing those things. That national interest is made concrete in the form of grants-in-aid. Although the first monetary grant-in-aid was not made until 1916, the grant-in-aid principle was clearly established with the Morrill Act 100 years ago.

In 1893 the land-grant institution in my own State, Montana State College, began operation in Bozeman. Today Montana State College offers work leading to bachelor's, master's, doctor of education, and doctor of philosophy degrees. It is composed of schools of agriculture, education, engineering, home economics, nursing, art, letters and science, and the graduate division. The college operates the agricultural experiment station and seven branch stations: the Western Montana Branch Station, Corvallis; the Central Montana Branch Station, Mocassin; the Huntley Branch Station, Huntley; the North Montana Branch Station, Havre; the U.S. Range Experiment Station, Miles City; the Eastern Montana Branch Station, Sidney; and the Northwestern Montana Branch Station, Creston. Montanans have always been justly proud of our State college; it represents the land-grant tradition well in our State.

Mr. KUCHEL. Mr. President, today we celebrate a milestone in higher education. One hundred years ago today, President Lincoln signed the Land-Grant College Act, better known as the Morrill Act, for its author, Representative—and later Senator—Justin Morrill, and ushered in a complete new concept of higher education. The accomplishments of a century are numerous and extraordinary, and certainly due our recognition.

The Morrill Act gave impetus to the real beginnings of badly needed higher education. Primarily, it broke the financial barriers and opened the doors to education for all those who had the will and the ability to learn—an unprecedented feat in world history. Because of this base-broadening, it has been an important factor as well in the evolution of American democracy and leadership. Furthermore, it opened wide the doors to research of all types; and among its fruits have been major contributions to our Nation's economic well-being.

The purpose of the Morrill Act, in its own words, was to provide for "the endowment, support, and maintenance of at least one college—in each State—where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanical arts in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life."

Under the terms of the act, each State received a grant of Federal land, apportioned on the basis of 30,000 acres for each Member of Congress at the time. The income from the sale of the land provided an endowment fund for the continuing support of the colleges. My State's share was 150,000 acres—an amount from which Californians have reaped manifold benefits.

I think the response to the Morrill Act was indicative of the need of the time. Within 9 years, 36 States, including California, had established Federal land-grant colleges. Today there are 68 such colleges and universities.

While the relative number of land-grant colleges is actually small—3.4 percent of all our American colleges and universities—they are educating 20 percent of our college population. The University of California, for example, of which we in California are mighty proud, has an enrollment on 7 campuses of more than 53,000—making it the largest university complex in the United States.

Land-grant colleges, in addition, award 40 percent of all doctorate degrees, including all those in agriculture and about one-half of all doctorates in the sciences, engineering, and in the health professions. The land-grant colleges also contribute significantly to the training of future Reserve and Regular officers of our armed services through ROTC programs.

This record of achievement is worthy of our attention. All our society, directly or indirectly, has been a beneficiary of the land-grant system. When the act was passed in 1862, only 1 out of 1,500 youngsters went to college. Today one out of three goes, and land-grant colleges have filled a gap. The Nation is up against vast educational demands again. College enrollments are expected to double in the next 10 years. Hopefully, this remarkable system can guide us to meet the vast challenges in bringing educational opportunities within the reach of still more of our capable youth.

Mr. CASE of New Jersey. Mr. President, July 2 marks the 100th anniversary of President Lincoln's signing of the Morrill Land-Grant Act. A milestone in the history of public education, the act provided for the establishment of at least one college in each State by endowments obtained through the selling of Federal land. At present there 68 such institutions, located in all of the 50 States and in Puerto Rico.

Since the Presidential proclamation a year ago requesting the celebration of this significant centennial, the Association of State Universities and Land-Grant Colleges has sponsored a variety of programs aimed at assessing the evolution of land-grant colleges in particular, and the problems which higher education in general confronts today. The centennial program has occasioned conferences, lecture tours, publications, films, television series, opinions of foreign observers, and seminars of local citizens, all of which have helped to evaluate the three facets of the land-grant college effort—teaching, research, and public service.

Today it is fitting for us to join the 138 national organizations and the many individuals, both American and foreign, in commemorating the Morrill Land-Grant Act. Let us review the nature of the land-grant colleges.

We tend to take for granted our system of public education. But we cannot forget that this system is the result of a lengthy evolution. In the times when the Morrill Act was conceived, most American colleges had been founded by religious denominations and were exclusively concerned with teaching men the so-called professions, following the European tradition. The Morrill Act, then, was revolutionary in its emphasis on practical education, especially in the study of agriculture. The men who originated the act had an eye for the future.

Justin Morrill knew from personal experience the needs of the working American. He wrote—

> My sympathies are all for the working man. I was brought up on a farm and know how to plant corn, to pull flax, and to dig potatoes.

No longer strict imitators, Americans had launched their own ideas of education, of which they can be justly proud. As Andrew White, former Cornell University president, has said—

> It is, in my opinion, a service which deserves to be ranked with those of Hamilton in advocating the Constitution, of Jefferson in acquiring Louisiana, and of Clay in giving us a truly American policy. Mr. Morrill's service is the more noteworthy when we consider the time it was rendered, the darkest period of the Civil War.

The contributions of the land-grant colleges to agriculture through education and research have been immense, and it is interesting to note that the U.S. Department of Agriculture, with which these colleges have cooperated closely and fruitfully, is also celebrating its centennial this year.

The history of the land-grant system has proved the fallacy of the hypothesis that the quantity of students must decrease the quality of learning. Twenty-five of the 42 American Nobel Prize Winners who studied in this country earned their degrees in land-grant institutions. In 1862 one American in 1,500 went to college. Today one out of three high school graduates attends college and land-grant colleges graduate more than one-fifth of these students.

Thus far, I have spoken in general of the achievements of the land-grant system. But it is important to see in detail what they have accomplished, and I would like to cite as one example the accomplishments of Rutgers University, of which I am a graduate and former trustee.

In 1864 the New Jersey State legislature established the Rutgers Scientific School as the State's land-grant college. It was founded on the principle that no race, no religion, no economic background, could prohibit the prospective student's entry into the institution, and it has held to this principle. In the last century Rutgers has made many significant contributions to agricultural and technical knowledge.

Rutgers University is only one of the land-grant colleges, and if one multiplies its achievements by the nearly 70 land-grant colleges now in existence, one can appreciate the tremendous progress they have made in the past, and are still making, and will continue to make in the future. I should like to pay tribute to the land-grant colleges for their eager shouldering of responsibilities for education in a constantly changing society. Theirs has been a most effective method for insuring equality of opportunity in American education.

MORRILL ACT CENTENNIAL AND LAND-GRANT BENEFITS TO MISSOURI

Mr. SYMINGTON. Mr. President, today marks the centennial of one of the great events in American history—an event which ranks as one of the basic steps which the Congress has taken to assure that democracy would grow and flourish.

On July 2, 1862, President Lincoln signed the Morrill Act which made it possible for institutions throughout the country to provide education for all who had ability and the desire to learn.

The State of Missouri was an early beneficiary of this far-reaching and significant congressional action. The University of Missouri, which was created in 1839, was closed down for a while during 1862, when Federal troops occupied the university building. Under the act of that year, however, the university received 330,000 acres of land, the proceeds from which were to be used for the development of instructional facilities in agriculture and mechanical arts.

The importance of the Morrill Act to our university can be seen when it is realized that until 1867 there was no State appropriation for university operation. The College of Agriculture was established in 1870; and another immediate result of the Morrill Act was the establishment of the now world-famous School of Mines and Metallurgy at Rolla, Mo., in 1871.

Under the second Morrill Act of 1890, Lincoln University at Jefferson City, Mo., became a land-grant college; and in the following year, industrial and agricultural courses were made part of the curriculum.

This institution—founded in 1866, as a school to serve the needs of the newly freed Negro—has grown and prospered to become one of the great educational institutions of our State.

The growth of both the University of Missouri and Lincoln University would not have been possible without the assistance and encouragement of the act which we are commemorating today. The same is true of schools throughout our country, and it is indeed fitting that as we view the history of the past 100 years, we also take encouragement from the ever more important role our land-grant colleges and universities will play in the future. For as the demands on all institutions of higher learning increase, the goal of providing education for all who have ability and who desire it becomes increasingly difficult.

Those who have worked closely with these universities know they will be able to fill this goal, and I am sure they will continue to give the training which provided our country with 25 of the 42 living American Nobel Prize winners.

I join in saluting our great land-grant institutions, and am particularly pleased that the State of Missouri has played a major role in the celebration of this event. Charles Guggenheim & Associates, a distinguished motion picture company from St. Louis, has made the half-hour centennial documentary film which will be used this year and in succeeding years to tell the land-grant story.

Dr. Elmer Ellis, president of the University of Missouri, has been one of the leading members of the Centennial Committee of the Association of State Universities and Land-Grant Colleges.

Mr. President, it is a great honor to join with my colleagues in commemorating one of the great events in American history.

AMENDMENT OF SECTION 316 OF AGRICULTURAL ADJUSTMENT ACT OF 1938—EXTENSION OF TIME FOR FILING LEASE TRANSFERRING TOBACCO ACREAGE ALLOTMENT

Mr. ELLENDER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate Joint Resolution 201.

The **PRESIDING OFFICER** (Mr. HICKEY in the chair) laid before the Senate the amendment of the House of Representatives to the joint resolution (S.J. Res. 201) to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed, which was, on page 1, line 9, strike out all after "(1)" over through and including "finds" on page 2, line 1, and insert "the Secretary finds that".

Mr. ELLENDER. Mr. President, a few days ago the Senate passed this measure. The House has added a minor amendment which does not change the joint resolution at all, and is in accord with the views of my good friend, the Senator from Georgia, who introduced the joint resolution.

Therefore, Mr. President, I ask that the Senate concur in the amendment of the House to Senate Joint Resolution 201.

The **PRESIDING OFFICER.** Is there objection?

Mr. DIRKSEN. Mr. President, I understand that this came out by unanimous vote.

Mr. ELLENDER. Yes; and there is no objection.

The **PRESIDING OFFICER.** Is there objection to the request of the Senator from Louisiana that the Senate concur in the amendment of the House? Without objection, it is so ordered.

SUPPLEMENTATION OF CERTAIN PROVISIONS OF FEDERAL LAW INCORPORATING THE TEXAS & PACIFIC RAILWAY CO.

Mr. McCLELLAN. Mr. President, I ask that the Chair lay before the Senate the amendment of the House of Representatives to Senate bill 3025.

The **PRESIDING OFFICER** laid before the Senate the amendment of the House of Representatives to the bill (S. 3025) to supplement certain provisions of Federal law incorporating the Texas and Pacific Railway Co. in order to give certain additional authority to such company, which was, to strike out all after the enacting clause and insert:

> That in addition to the powers conferred by the Act entitled "An Act to incorporate the Texas Pacific Railroad Company and to aid in the construction of its road, and for other purposes", approved March 3, 1871 (16 Stat. 573), as supplemented by the Act of May 2, 1872 (17 Stat. 59), the Act of March 3, 1873 (17 Stat. 598), the Act of June 22, 1874 (18 Stat. 197), and the Act of February 9, 1923 (42 Stat. 1223). The Texas and Pacific Railway Company shall have the right and authority, subject to the provisions of the Interstate Commerce Act and any Act supplemental thereto, to acquire securities or stock of, or property from, any other carrier.
>
> SEC. 2. The capital stock of The Texas and Pacific Railway Company, heretofore fixed by its board of directors pursuant to the provisions of the Act of February 9, 1923, at $75,000,000 may be increased at any time in such amounts as do not result in more than $100,000,000 of such company's capital stock outstanding and as are agreed to by resolution of its board of directors duly adopted in accordance with such company's bylaws and with the consent of the holders of a majority in amount of its then outstanding capital stock, expressed by vote in person or by proxy at a meeting of said stockholders called for the purpose upon such notice as such bylaws require. The provisions of the Act of February 9, 1923, with respect to the additional capital stock authorized by such Act (except with respect to the aggregate amount thereof), shall be applicable to the additional capital stock authorized by this Act and, in addition thereto, the par value of the capital stock of said company and the number of shares thereof shall, subject to the limitations of this Act, be in such amount as may be determined from time to time by resolution of such company's board of directors duly adopted in accordance with such company's bylaws and with the consent of the holders of a majority in amount of its then outstanding capital stock, expressed by vote in person or by proxy at a meeting of said stockholders called for the purpose upon such notice as such bylaws require.
>
> SEC. 3. All power and authority granted to The Texas and Pacific Railway Company by this Act, the Act incorporating such company, and Acts supplemental thereto, shall be subject to the provisions of the Interstate Commerce Act and any Acts supplemental thereto.

Mr. McCLELLAN. Mr. President, the House has passed this bill with an amendment; and I ask that the Senate concur in the amendment of the House.

The only point involved is the name of the company. The Senate version of the bill uses the words "the company"; and the word "The" is a part of the name of the company. By means of its amendment, the House has corrected the bill accordingly.

Therefore, I move that the Senate concur in the amendment of the House.

The motion was agreed to.

CHURCH AND STATE—PRAYER ISSUE NEEDS COOL HEADS

Mr. YOUNG of Ohio. Mr. President, the first 10 amendments to the Constitution of our country, termed with affection "the Bill of Rights," were adopted on the demand of men who had won the Revolutionary War.

The very first amendment provides:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble and to petition the Government for a redress of grievances.

America was settled by men and women in search of religious and political liberty. The makers of our Constitution provided three equal and coordinate branches of our Federal Government—legislative, executive, and judicial. Article I of our Bill of Rights provides complete separation of church and state.

It is important for Americans to maintain the constitutional principle that we support Supreme Court decisions, even when we may not agree with them. Our Supreme Court has the duty and responsibility to interpret the laws of our country.

Many letters and telegrams have come to me from my constituents critical of the recent decision of the Supreme Court of the United States prohibiting official prayers in public schools. Regarding this and any other decision of our Supreme Court, any person who urges disregard or violation of such decision is resisting law and order.

This decision held that State governments or our Federal Government are prohibited from prescribing by law "any particular form of prayer which is to be used as an official prayer in carrying on any program of governmentally sponsored religious activity." Specifically, the decision states that public authority—States and boards of education—may not compose prayers and require them to be used in our public schools. As I read this decision, it does not prohibit groups of parents from proposing voluntary prayers in schools, nor does it prohibit an opportunity for a period of silent prayer and meditation. This would not be violative of the Court's decision.

The Supreme Court rejects the use of public authority to support religious programs. It does not reject private initiative.

It happens I am a chuch member. I fully agree with our President in his stated belief that people should pray more in their homes and teach their children to do the same. Individual citizens, organizations, and various churches should emphasize the importance of religion and belief in God.

Certainly, this recent decision is the law and must be obeyed, except in the remote event that the Constitution of our country is amended in the manner provided in the Constitution itself, or until and unless this decision is overruled by a decision of the Supreme Court in a future case.

Mr. President, in the Washington Post of July 1, under the caption "Church and State—Prayer Issue Needs Cool Heads." There was a fine, thoughtful, informative and convincing article written by Roscoe Drummond, one of America's foremost news analysts, whose column is widely read.

I ask unanimous consent that this article appear at this point in the RECORD as part of my remarks, and I embody it as part of my remarks on this subject.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CHURCH AND STATE—PRAYER ISSUE NEEDS COOL HEADS

(By Roscoe Drummond)

There is no good alternative to accepting in good spirit and good faith the Supreme Court's decision that the Constitution prohibits official prayers in the public schools.

All of the alternatives seem to me dangerous, unwise, and undesirable.

In the first flush of emotional distaste for the Court's ruling—which I confess to sharing—some Members of Congress go so far as to imply that the best answer is refusal by the State and local governments to abide by the Supreme Court decision and rely on public support to discredit Federal enforcement.

Nothing could be worse; nothing could be more pernicious; nothing could do more to undermine the teachings of a religiously reverential nation. The duty of the President is to enforce the laws of the land—and he will do so. If State and local governments adopt the practice of deciding which laws they will obey, how can Government avoid the whirlwind which will come from teaching that citizens, too, can decide which laws they will obey and get away with it?

I am certain that Governors, mayors, school boards, and the public will reject nullification as unworthy, unworkable, and un-American.

Another facet of the response to the Court's decision affecting prayer in the public schools is the recurring proposal that, since some do not like the Court's rulings, something should be done about the Court itself; reduce the length of term (now lifetime) the Justices serve and reduce, if possible, its authority to determine what is constitutional and what is unconstitutional.

The consequence would be chaos—or something worse. To reduce the length of terms in any meaningful way would put into the hands of the President the ability to reshape the Court to suit his wishes. Franklin Roosevelt tried that once; his Court-packing plan was overwhelmingly defeated.

If Congress attempts to deny to the Supreme Court the right to decide constitutional questions, it simply means that there will be 50 State courts deciding constitutional questions every which way. There would, in effect, be 50 different versions of the Constitution and a long stride toward a dis-United States of America.

A legal and rational alternative to the ruling that voluntary, nondenominational prayer in the public schools is unconstitutional is an amendment to the Constitution making voluntary, nondenominational prayer constitutional.

We ought to be very slow and very deliberate before we do anything to tamper with one of the most vital, fundamental, and distinctive ingredients of the American system of government—the principle of separation of church and state.

As one who strongly supports the concept of separation of church and state as the happiest and best form of a free society—as does President Kennedy—I would counsel those who think they want to amend the first amendment (which erects the wall of separation between church and government) to ponder long and prayerfully.

At a time when the principle of separation of church and state is in danger of being compromised by those who favor Federal or State aid to religious-based schools, the Court's decision is the strongest possible security. It buttresses the President's position that such aid would be unconstitutional.

I find it difficult to conceive of any change in the first amendment which would not erode the principle and purpose for which it was put into the Constitution: to keep church out of the state, to keep the state out of the church to guarantee absolute freedom of religious worship without giving special favor to one religion or even equal favors to all religions.

HOUR OF DECISION FOR CARE FOR ELDERLY

Mr. YOUNG of Ohio. Mr. President, for years the ruling house of delegates of the American Medical Association and its powerful, big-spending lobby in Washington have been exerting every effort to block action on legislation to provide medical care for the elderly within our social security system.

The American Medical Association has compiled an infamous record of opposition to any and all legislation designed to provide better and cheaper medical facilities for the American people. The American Medical Association in the past resisted free diagnostic centers for tuberculosis and cancer, Red Cross blood banks, Federal aid to medical education, voluntary health insurance, school health services, and Federal aid to public health.

Mr. President, this small band of willful men who dictate the policy of the American Medical Association are using any and every tactic they can conceive of to deny hospital care to those Americans who need it the most.

In a recent speech before a Rotary Club audience, Dr. Edward M. Annis, head of the American Medical Association speakers bureau, stated that "the Health Secretary would become a 'czar of medicine' ruling over the health needs of 14 million 'wards of the state'."

Mr. President, the insidious distortion by an American Medical Association official is typical of the deceit employed by that organization to mislead the American people. The legislation which we are to consider would not make anyone a "ward of the state." It would do just the opposite, it would protect our elderly citizens from being reduced to pauperism by a prolonged illness. It would give these people an added measure of independence and security. Patients would be free to select their own doctors and doctors would be free to reject or accept professional employment and to determine details of medical treatment. American Medical Association propaganda notwithstanding, there would be no Government intrusion into the traditional doctor-patient relationship.

Mr. President, the majority leader [Mr. MANSFIELD] and the Senator from New Mexico [Mr. ANDERSON] have worked hard to provide the Senate with an opportunity to act on this needed legislation. I welcome this opportunity and shall give the proposed amendments my strong support. I feel that the amendments retain the basic features of the King-Anderson bill which has been supported by our President. These amendments provide for medical care for the elderly within the framework of our social security system. The social security—in other words, old-age and survivors and disability insurance system—is an actuarially sound insurance system. The amendments also would extend coverage to many persons who are not eligible for social security or railroad retirement benefits. This will result in a net cost of $50 million in 1964 out of general revenue, but this annual cost will drop sharply in following years and eventually disappear. Those elderly men and women not presently enjoying coverage within our social security system number about 2,500,000. Their life expectancy is not projected into the far distant future.

Furthermore, it would permit hospitals to designate a private organization—Blue Cross or a similar voluntary organization experienced in dealing with hospitals—to handle the more sensitive administrative functions of the program. The designated organization would receive the bills for services and pay them. It would act as an intermediary between hospitals and the Social Security Administration.

Let us not be deceived by the smokescreen of fraudulent arguments and untenable claims made by the medical politicians who appear to rule the American Medical Association. Let us consider the welfare of 17 million Americans 65 years of age or older who live in fear that their economic well-being will be wiped out by a prolonged illness or serious accident, that they are likely to be dependent on the kindness and generosity of relatives, or upon State welfare agencies, unless we pass the bipartisan supported amendments offered by the distinguished junior Senator from New Mexico and cosponsored by many Senators on both sides of the aisle.

SUPREME COURT DECISION ON SCHOOL PRAYER

Mr. WILEY. Mr. President, several days ago I placed in the Record an article by David Lawrence relating to the prayer issue. Today I wish to place in the Record two other very fine articles which I think clearly bring light into the picture. In the present situation there is a great deal of confusion as to the reading of the language of the decision. Perhaps the two articles I have in mind will add light if people are seeking light.

The first article is entitled "Prayer Issue Needs Cool Heads," and was written by Roscoe Drummond. It was published in the Washington Post and Times Herald on Sunday, July 1. The second article is entitled "Religious Battle an Old Story," and was written by Drew Pearson for the Washington Merry-Go-Round.

It is quite significant that many people do not have the historical background with respect to why the amendment in question became a part of the Constitution.

I ask unanimous consent that the two articles to which I have referred may be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

Church and State—Prayer Issue Needs Cool Heads

(By Roscoe Drummond)

There is no good alternative to accepting in good spirit and good faith the Supreme Court's decision that the Constitution prohibits official prayers in the public schools.

All of the alternatives seem to me dangerous, unwise and undesirable.

In the first flush of emotional distaste for the Court's ruling—which I confess to sharing—some Members of Congress go so far as to imply that the best answer is refusal by the State and local governments to abide by the Supreme Court decision and rely on public support to discredit Federal enforcement.

Nothing could be worse; nothing could be more pernicious; nothing could do more to undermine the teachings of a religiously reverential nation. The duty of the President is to enforce the laws of the land—and he will do so. If State and local governments adopt the practice of deciding which laws they will obey, how can government avoid the whirlwind which will come from teaching that citizens, too, can decide which laws they will obey and get away with it?

I am certain that Governors, mayors, school boards and the public will reject nullification as unworthy, unworkable and un-American.

Another facet of the response to the Court's decision affecting prayer in the public schools is the recurring proposal that, since some do not like the Court's rulings, something should be done about the Court itself; reduce the length of term (now lifetime) the Justices serve and reduce, if possible, its authority to determine what is constitutional and what is unconstitutional.

The consequence would be chaos—or something worse. To reduce the length of terms in any meaningful way would put into the hands of the President the ability to reshape the Court to suit his wishes. Franklin Roosevelt tried that once; his Court-packing plan was overwhelmingly defeated.

If Congress attempts to deny to the Supreme Court the right to decide constitutional questions, it simply means that there will be 50 State courts deciding constitutional questions every which way. There would, in effect, be 50 different versions of the Constitution and a long stride toward a dis-United States of America.

A legal and rational alternative to the ruling that voluntary, nondenominational prayer in the public schools is unconstitutional is an amendment to the Constitution making voluntary, nondenominational prayer constitutional.

We ought to be very slow and very deliberate before we do anything to tamper with one of the most vital, fundamental and distinctive ingredients of the American system of government—the principle of separation of church and state.

As one who strongly supports the concept of separation of church and state as the happiest and best form of a free society—as does President Kennedy—I would counsel those who think they want to amend the first amendment (which erects the wall of separation between church and government) to ponder long and prayerfully.

At a time when the principle of separation of church and state is in danger of being compromised by those who favor Federal or State aid to religious-based schools, the Court's decision is the strongest possible security. It buttresses the President's position that such aid would be unconstitutional.

I find it difficult to conceive of any change in the first amendment which would not erode the principle and purpose for which it was put into the Constitution: to keep church out of the state, to keep the state out of the church to guarantee absolute freedom of religious worship without giving special favor to one religion or even equal favors to all religions.

Religious Battle an Old Story

(By Drew Pearson)

Near Orange, Va., just south of Washington, there is a grove of ancient oak trees under which was held a meeting 174 years ago which led to last week's Supreme Court decision banning state prayers in public schools.

It is quite a beautiful grove of oak trees, now made into a park by the junior chamber of commerce, and the American public has almost forgotten what went on there. The Supreme Court justices who wrote the opinion banning state prayer, however, had not.

It was near Orange, Va., that John Leland, a crusading Baptist minister, sat down with James Madison, later President of the United States, and worked out the first amendment to the Constitution which reads in part:

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

Behind this first amendment, or the first section of the Bill of Rights as it is called, has been a long struggle which many Americans, now inclined to take their current freedoms for granted, have forgotten.

John Leland, the Baptist who helped pioneer the first amendment, had migrated to Virginia from Grafton, Mass., not far from Salem Hill, scene of the hanging of witches. He knew how Baptist Roger Williams had been banished from the Massachusetts Bay Colony, and how Quakers had been hanged on Boston Common because they sought to worship in their own way. They were hanged and banished by the Puritans who had come to New England to seek religious freedom but failed to grant it to others.

In Massachusetts, Leland's marriage to Sally Devine was not officially recognized because it was performed by a Baptist preacher, and, if he had moved to Connecticut, he could not have been sure of owning property because the controlling Congregational Church sometimes seized the property of non-Congregationalists.

In Virginia, the Episcopal Church, then the State church, was not as fanatical, though it did ban Quakers and would not permit Baptists and other religions to conduct services. Virginia taxes, however, were collected for one State church, and no preacher could preach without a State license.

Before Leland arrived in Virginia, another Baptist, James Ireland, had been horsewhipped, jailed, threatened, pulled from pulpits, ducked in ponds, and driven out of town. Leland was a huge man and fared better. He preached 3,000 sermons throughout most of Virginia. And thanks in part to his zeal, partly to increased tolerance, partly to the foresight of Thomas Jefferson and Madison, Virginia passed a law in 1776 permitting anyone to preach.

Ten years later in 1785, Jefferson wrote a provision which became Virginia State law and which contained these stirring words:

"We, the General Assembly of Virginia, do enact that no man shall be compelled to frequent or suggest any religious worship, place or ministry whatsoever, nor shall be enforced, restrained, molested or burdened in his body or goods, nor shall otherwise suffer on account of his religious opinions or belief; but that all men shall be free to profess, and by argument to maintain their opinions in matters of religion, and that the same shall in no wise diminish, enlarge or effect their civil capacities."

But though the battle for religious freedom in Virginia was won, Massachusetts did not go nearly as far as Virginia and the Constitution for all the 13 Colonies had not been finally drafted or ratified.

It was at this point in 1788 that John Leland met with James Madison in the grove of oak trees near Orange, Va.

Leland insisted there must be a guarantee of religious freedom in the new Constitution. Madison feared Massachusetts would not ratify if it were inserted. Finally, the two reached a compromise. Madison was not sure he could become a delegate to the Constitutional Convention. Leland agreed to support him for nomination as a delegate if Madison would pledge that the first amendment to the Constitution would set up guarantees for religious liberty, freedom of speech and the press.

In Philadelphia later, Madison carried out his promise.

That was how the constitutional provision was adopted which caused the Supreme Court last week to rule, in effect, that to require Jewish children or nonbelievers to participate in a prayer drafted by the State of New York infringed upon the free exercise of their religion.

POLICY STATEMENT BY ADJUTANTS GENERAL ASSOCIATION OF THE UNITED STATES

Mr. WILEY. Mr. President, the creation of an ever-stronger nuclear and conventional defense force is necessary for the security of the United States. Naturally, this involves a well-balanced fighting force.

Recently, I was privileged to receive from Maj. Gen. Ralph J. Olson a policy statement adopted by the Adjutants General Association of the United States.

As the Congress attempts to review—and provide the wherewithal to fully meet—our needs, the statement of policy, I believe, deserves the consideration of Members of Congress, and particularly of the Armed Services Committees.

I ask unanimous consent to have the statement printed in the Record.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF POLICY

(Adopted by the Adjutants General Association of the United States at its annual meeting April 30 to May 2, 1962, Summit Hotel, New York, N.Y.

The Adjutants General Association of the United States, recognizing the military threat to the peace and security of the United States and other countries of the free world, commends the President of the United States for determined, courageous and positive actions undertaken during the past year to strengthen the Nation's defenses. We fully support his statement that our country should have a choice other than holocaust or surrender. Such threats to freedom will continue so long as aggressive nations maintain massive conventional forces and nuclear attack capabilities. It is imperative, therefore, that the military buildup of the active military forces of the United States be sustained, for freedom in this period of severe international tension can be secured only by the maintenance of nuclear and conventional defense forces superior to those of any possible aggressor.

The Active Military Forces of the United States require the backup and support of effective Reserve Forces in partial mobilizations, such as we are now experiencing, or in general mobilization.

Special note is made of the President's desire to raise the level of mobilization readiness of National Guard and other Reserve Forces, and especially to develop a force of early ready National Guard divisions and supporting Army National Guard and U.S. Army Reserve nondivisional units. The early ready divisions and supporting units are to be placed in high priority status.

The attainment of the highest practicable levels of combat readiness in order that Reserve Forces might be deployed for combat or overseas training in the shortest time possible following mobilization is necessary. The division and nondivisional units of the Army National Guard are currently at the highest level of mobilization readiness ever attained. This level of readiness can be escalated by authorizing higher manning levels, increased issues of weapons and equipment and allocation of more training time for staff and other personnel.

There exists now in the Army National Guard a priority force of eight divisions. The National Guard is prepared to provide the Army the types of organization required for balanced Army force upon mobilization.

To carry out the President's proposal to raise the readiness of Reserve Forces, the Department of Defense proposed that the strength of the Army's Reserve components be substantially reduced, that more than 850 company size units be eliminated (approximately 500 Army National Guard) and 4 Army National Guard and 4 U.S. Army Reserve divisions be deactivated.

The Defense Department plan failed to gain approval of the Army General Staff Committee on National Guard and Army Reserve Policy and the Reserve Forces Policy Board of the Defense Department, the two Committees charged in law with responsibility for advising the Secretary of the Army and Secretary of Defense on National Guard and Reserve affairs.

The Defense Department plan, if implemented, would severely limit the capability of the Army National Guard to fulfill its Federal and State missions as the Nation's first line Reserve Force. The plan is deficient for these reasons:

(a) It is in fact a reduction of our conventional forces thereby placing increased reliance on nuclear weapons. This contradicts the need, so sadly lacking, for a flexible response to varying levels of aggression;

(b) Reduces the capability of the States to carry out vital recovery missions in a post thermo-nuclear attack period;

(c) Limits the opportunities for the youth of our country to participate voluntarily in part-time military training.

(d) Decreases the strengths of nonpriority force units to levels below those at which effective training can be conducted requiring an excessive number of "fillers" upon mobilization and greater postmobilization training time;

(e) Establishes strengths of priority force units at unrealistic levels (85 to 90 percent) requiring commanders thereof to devote the greater portion of their time to recruiting and administration and correspondingly less time to training; and

(f) Concentrates and freezes the liability and hazard for repeated recall to active service on a relatively small number of men, organizations, and communities designated as the "priority force" and precludes rotation of priority force designation among available units.

This association, being responsive to the President's desire to have the most effective Reserve Force possible, submits that the desired high-priority Reserve Force for the Army can best be achieved by certain actions to develop that force largely within the Army National Guard without reducing the number or effectiveness of nonpriority units now in being.

We strongly recommend and respectfully urge that these specific actions be taken:

1. Raise the strength level of the Army National Guard to 412,000 to provide the required additional strength for high-priority units.
2. Permit the rotation of required high-priority units based on capabilities.
3. The existing 27 divisions and other nondivisional units of the Army National Guard be retained and the necessary realinement of nondivisional units be accomplished by conversion of those existing units to types necessary to meet the Army's mobilization requirements.
4. Additional mobilization training for the headquarters and staffs of high-priority organizations be provided by restoring such staff training time as has been deleted in recent years.
5. Any reorganization or realinement be accomplished as a parallel action with the reorganization of the Active Army and Reserve components in accordance with the ROAD concept.

MISUSE OF TIMBER RESERVES POINTS UP NEED FOR WILDERNESS BILL

Mrs. NEUBERGER. Mr. President, Mr. Brooks Atkinson, former drama critic for the New York Times, now writes an interesting column called "Critic at Large."

I am particularly interested in the article written by Mr. Atkinson for June 29, 1962, wherein he states in his headline that the "Misuse of the National Timber Reserves Points Up Need for Wilderness Bill."

One paragraph of his fine column is especially interesting to me. He states:

> Under existing law, mining prospectors who lease land to search for minerals in the Federal forests can cut the timber on their patents. The Comptroller General stated that 12 prospectors who paid less than $4,000 for rights to mining exploration on Government lands sold more than $500,000 worth of timber. In the Rogue River National Forest in Oregon, $150,000 worth of timber was sold on land leased for $2,375.

The reference which Mr. Atkinson makes is to the notorious Al Serena mine project in my State.

I ask unanimous consent, Mr. President, that the entire article may be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MISUSE OF THE NATIONAL TIMBER RESERVES POINTS UP NEED FOR WILDERNESS BILL

(By Brooks Atkinson)

In discussing the wilderness bill on June 1, this column was too bland about one factor.

It surmised that the timber on Government lands is now more scupulously protected than it was a half century ago: "We are not that callous now—or, are we?" It appears that the disclaimer at the end of the sentence was justified. For the Comptroller General of the United States recently asked Congress "to halt large-scale exploitation of national timber reserves" on lands leased for mining exploration, according to a Washington dispatch to this newspaper.

Under existing law, mining prospectors who lease land to search for minerals in Federal forests can cut the timber on their patents. The Controller General stated that 12 prospectors who paid less than $4,000 for rights to mining exploration on Government lands sold more than $500,000 worth of timber. In the Rogue River National Forest in Oregon, $150,000 worth of timber was sold on land leased for $2,375. The General Accounting Office files show no mineral production on any of these leaseholds.

Government timber is not so securely locked up as most of us had assumed. But locking up national resources is the objection that the lumber industry, among others, has against the wilderness bill—now in committee in the House after having been passed by the Senate. Although the bill affects only 2 percent of the lands already owned by the Government, it proposes to withhold from commercial exploitation certain primitive areas that have special values in their natural state.

The American Forest Products Industries believes that if the citizens understand the bill, they will oppose it. Deprive the American housewife of "kitchen towels, newspapers, bath tissues, beautiful wood paneling for her home, books and thousands of other wood-derived products on which she depends—then, brother, you have started a commotion that will be heard around the world," according to a mimeographed bulletin released by the Forest Industries. That is a stupid threat, expressed in the vernacular of the street.

It need not be taken as representative of the entire lumber industry, which is not unaware of public responsibilities. Engaged in modern tree farming, it endeavors to operate on the principle of the multiple use of forests, not only to cut timber, but also to replant, conserve water sources, preserve wildlife and make forests available for public recreation. Lumber companies on occasion have gone further. A few years ago the Lee Tidewater Cypress Co. in Florida preserved the largest stand of native cypress in the Nation by giving some of it and selling the rest at bargain prices to the National Audubon Societies.

But the public interest in primitive lands goes beyond industry and recreation. It is directly related to the possibility of a calamitous situation. In a speech on conservation in New York recently, the Duke of Edinburgh made a startling assertion that represents a common conviction among conservationists: "Our descendants may be forced to live in a world in which man is the only living creature." Man, the greatest of predators, is capable of destroying all other forms of life by exploitation and the use of poison sprays. He can also destroy himself.

Unless the various forms of plant and animal life can be kept in some sort of balance, Americans will make a fatal break in the chain of life that links human beings to their past in nature and to other forms of life today.

To preserve our status as human beings, we shall need these few wilderness areas as museums, which will preserve our natural heritage; laboratories, which will give scientists the raw materials for research into forms of life and the connection between forms of life; and as shrines, which will give us a sense of proportion in our relation to the universe. "What is man that thou art mindful of him?" is an ancient question that enlightened people will never stop trying to answer.

Two percent of the lands already owned by the Government is a small price to pay for the physical and spiritual health of future Americans.

THE MIRACLE OF AMERICAN AGRICULTURE

Mr. HUMPHREY. Mr. President, it was just 100 years ago this past May that Congress passed and President Lincoln signed two pieces of legislation of far-reaching significance to our entire country. The first was a bill which created a Department of Agriculture in the Federal Government and the second was the Homestead Act which opened half a continent of new lands to be converted into family farms, largely by the resourcefulness and labor of the families who settled on them.

It was exactly 100 years ago today—July 2, 1862—that President Lincoln signed the Land-Grant College Act which set aside portions of the federally owned lands to be sold for the endowment of at least one college in each State, "to teach such branches of learning as are related to agriculture and the mechanic arts in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life."

These three acts of Congress in 1862, just 100 years ago, are the foundation on which were built many of the institutions supporting American family farming today, and, indeed, many of the institutions which sustain our democratic way of life.

At an even earlier period in history our beloved Thomas Jefferson observed:

> Laws and institutions must go hand in hand with the progress of the human mind * * * as new discoveries are made, new truths discovered and manners and opinions change, with the change of circumstances, institutions must advance also to keep pace with the times.

This is precisely what has happened in rural America in the 100 years since Congress passed those historic acts. A Commissioner and nine staff members began functioning as a Department of Agriculture on July 1, 1862. It was 6 years later before the new Department had a building of its own. Twenty-seven years later the Department of Agriculture was raised to Cabinet status. By that time the number of employees had increased to 488.

Two years later the weather service was transferred from the Army Signal Corps to the Department of Agriculture and the number of employees increased to 1,577. Time and space do not permit the listing of all the significant growing points in the Department of Agriculture.

EARLY INTEREST IN THE CONSUMER

I do want to emphasize, however, that the Department of Agriculture soon became more than a technical and scientific agency for the education and assistance of farmers. By 1897 the work of the Department was organized into four bureaus: Plant Industry, Chemistry, Forestry, and Soils. Dr. Wiley, the Chief of the Bureau of Chemistry, recognized the need for regulations governing the preparation and processing of foods for human use to prevent their adulteration and contamination. He became a leader and a spokesman for consumers who desired legislation in this field. His laboratories disclosed substandard food products offered for sale in the markets. In response to these activities Congress passed the Pure Food and Drug Act in 1906 and entrusted the enforcement of it to the Bureau of Chemistry, under the direction of Dr. Wiley, in the Department of Agriculture. Later, home economists and research and education in the field of home economics, nutrition, clothing, and family living became a part of the growing Department of Agriculture.

REGULATORY WORK IN DISEASE CONTROL

Regulatory work in the field of animal and crop diseases was undertaken at an early date and has grown until it now forms an important part of the institutions serving family farming in America.

CONSERVATION OF NATURAL RESOURCES

"Tama Jim" Wilson, of Iowa, was appointed Secretary of Agriculture in 1897 and served 16 years under three Presidents, McKinley, Theodore Roosevelt, and Taft. He did more than any other single individual, in those early years, to make the Department of Agriculture a vital part of the Federal Government. Gifford Pinchot became the first chief of a newly created Forest Service, in 1905, under Secretary Wilson, and made conservation of natural resources a national issue. His work in the field of forestry conservation was later supplemented in the field of soils by Dr. Marbut and Dr. Hugh Bennett. They directed the classification and mapping of the soils of America and developed national educational and technical assistance programs in the field of soil conservation.

ECONOMIC ASSISTANCE TO AGRICULTURE

Soon after the turn of the century farm leaders became concerned that industrial progress was outstripping improvements in farming and farm life. President Theodore Roosevelt, in 1908, was persuaded to appoint a Country Life Commission to look into ways and means of improving rural life. It concluded, among other things, that more adequate credit would be of help to farmers in their efforts to improve their farms and become farm owners.

It was 1916, however, before these recommendations were translated into a Federal Farm Credit Act setting up 12 cooperative regional land banks to make land mortgage loans to farmers. These banks in the first instance were independent of the Department of Agriculture, but in recent years they have been very closely associated with it.

When farm prices fell sharply after World War I, farm leaders proposed that the Government should give greater assistance to farmer marketing cooperatives. In order to clarify the position of large cooperatives and exempt their usual business activities from existing antitrust legislation, the Capper-Volstead Act was passed in 1922. Assistance to farm cooperatives has been an important activity of the Department of Agriculture since that time.

Farmers' financial distress continued in spite of the best efforts of cooperative marketing and cooperative farm supply associations. Agitation for Government farm relief measures finally resulted in the passage of an Agricultural Marketing Act in 1929, which was administered by a Federal Farm Board outside the Department of Agriculture. The history of its failure and its replacement by an Agricultural Adjustment Administration within the Department of Agriculture in 1933 is well known to most people today. Almost all of the economic assistance programs carried on by the Department of Agriculture today are an outgrowth of programs started in the 1930's.

HOMESTEAD ACT DISTINCTIVELY AMERICAN

Let me offer a few brief comments now on the Homestead Act and the results of it. The goal of most colonists in the earliest years of civilized life in this country was family farm ownership and operation.

Popular demand for a Homestead Act was a natural outgrowth of the basic drives of the earliest American colonists, their decendents and their associates. They believed that families who settled on new lands and developed family farms, should be permitted full ownership of the land. To a certain extent the Homestead Act merely eased prevailing current practices on the frontier.

HOMESTEADER FAMILIES WERE SELF-RELIANT

They asked only for land from which they might develop their own farms. The rest they could and would do for themselves.

Mr. Chickering's design for the commemorative homestead stamp, which was released recently, portrays the spirit of those who carved their homes from the prairies. The bleak sky and the treeless vista bespeak a lonely life in which the homesteader and his family struggled to develop a productive farm.

In the century since President Lincoln approved the Homestead Act, 1,622,107 homesteaders have claimed 270,216,874 acres. They have cultivated and improved their farms. They have built homes and raised families on them. Daniel Freeman was the first person to acquire a farm under the new act. He homesteaded 160 acres near Beatrice in Gage County, Nebr. The Homestead National Monument of America is now located on that land.

Although thousands of families took advantage of the Homestead Act in the first years of its operation, it was not until 1913 that homesteading reached its highest annual rate, with 11 million acres homesteaded in that year. As recently as 1961 there were 438 claims filed under the Homestead Act of 1862 as amended, for 57,000 acres of Government-owned land.

America is the Nation she is today because of our tremendously efficient and productive agriculture based on family farming. And family farming is the backbone of American agriculture today because men and women in the past 100 years have had the personal courage to settle new lands under the Homestead Act of 1862.

COLLEGES PLAY MAJOR ROLE

Turning now to the land-grant colleges, we find that about three-fourths of 1 percent of the population enjoyed the opportunities of a higher education 100 years ago, when the land-grant college or Morrill Act was passed. Each State agreeing to the terms of the act was granted 30,000 acres of Federal lands for each of its Representatives and Senators in Congress. This acreage was to be sold to provide a capital fund on the investment of which the State would pay in perpetuity 5 percent annually to support the college.

Today, 100 years after the Land Grant Act, more than 2,000 colleges and universities are giving a higher education to between 2 and 3 percent of the population. Of these 2,000 colleges and universities, only 68 are land-grant institutions, yet their enrollment is 20 percent of the total college enrollment.

Today's land-grant colleges, with their closely geared research-teaching-extension programs, are being adapted to many phases of scientific research and development.

In 1850 not a single college in the United States was equipped for laboratory teaching. By 1870 only six colleges taught chemistry and physics by the laboratory method. The concept that scientific knowledge could be advanced through a combination of research and teaching was loudly debated in the formative years of the land-grant movement. It took a firm foothold as the agricultural experiment stations became a strong force in the land-grant movement as they did in the 1880's. Their insistence that the land-grant colleges should be institutions where scientific knowledge was sought as well as taught helped the land-grant colleges become scientific centers recognized throughout the world.

These land-grant institutions provide almost all the higher education provided in the field of agriculture and 40 percent of the undergraduate instruction in engineering. They grant 22 percent of all bachelor's degrees, 25 percent of all master's degrees, and 38 percent of doctorates of philosophy.

Resident instruction and research at the colleges, however, did not fully meet the needs of the rural people. So in 1906 the first county agent was appointed to do something about bollweevils, which were destroying cotton in Texas. Other agents were appointed in the South and elsewhere. The value of this extension work was so widely recognized by 1914 that Congress passed the Smith-Lever Act, which provided for cooperative financing of the county agent system operated in each State under the direction of the land-grant college.

MANY INFLUENCES HAVE MOLDED AMERICAN AGRICULTURE

While the legislative acts which created the land-grant college system, the Federal Department of Agriculture, and the opportunity to develop family farms from public lands had a great influence on the development of our present highly efficient family farming, many other influences must be given due recognition. Sons and daughters of farm families from every country of Europe, and from most parts of the world have made important contributions to this great development.

These people brought to America the skills and agricultural know-how of their home communities. They learned from each other and developed new techniques adapted to the new conditions and large acreage available in America.

They brought crops and animals from every part of the world to the United States and adapted and improved them. Hard Red Winter wheat was brought to the United States from the steppes of Russia. Merino sheep were introduced from Spain. Beef and dairy cattle were brought over from Great Britain and Western Europe.

Sugarbeets were introduced from Germany. Rice was introduced from Africa and Asia. Soybeans were more recently introduced from Manchuria. Melons were developed from Southern Asia and African seed strains. Peanuts originally came from South America, the tomato from tropical America, and barley perhaps from Egypt.

The poultry industry which has reached such a high state of productivity in the United States, is a development of species first found in Asia. Although Irish potatoes may have been introduced into the United States from Ireland, records indicate they originally came from the highland areas of South America. Every part of the world has made a contribution to the productivity of the U.S. agriculture.

Industrial development paralleled the growth of agriculture in America. Labor was scarce. Hired farmworkers never became a permanent class. Within a few years they operated their own farms or moved into industrial jobs. Machines were perfected to replace hand labor in producing and harvesting crops. The large acreages in the fields facilitated farming with machines. Unneeded workers on farms found jobs in industry.

With nonfarm jobs readily available for most of those not needed in farming, a scarcity of farmland for cultivation has not developed as in many of the older countries of the world. Because other jobs were available for some members of the family, inheritance laws have not required the subdivision of farms into uneconomical parcels of land as in many parts of the world. Farms and farming lands are bought, sold, and rented each year in every community in the United States. In this way individual farm families adjust their land holdings and their farming operations on a free interprise basis to fit their family labor situation, their health, their equipment, and their livestock.

Throughout the history of U.S. agriculture, every farm family has been free to make as much or as little of its economic opportunities as it wished. Farmers take pride in having attractive homes and farm buildings. High crop yields and well-kept livestock are important in achieving social status and leadership position in American rural communities. Weed-free fields, painted buildings, good fences, and good farm machinery are signs of a well-managed farm. Where these conditions exist, the farm family usually has a leadership role in the rural communities' activities.

Every farm family also shares the great American dream that there is no limit to the opportunities available to the children born on the farm. They may become the best farmers in the community if they desire. Or they may become doctors, lawyers, college professors, or high officials in the Government if they prefer. Every rural community in the United States can point to individuals in high positions in the professions, business, and government, who came from their homes and attended their schools.

HIGH VALUE PLACED ON EDUCATION

Many speak and write of the agricultural revolution or "explosion" of technology on American farms in recent years. But high productivity on American farms is the result of more than the substitution of machines for human labor. It involves more than the use of new pesticides, new fertilizers, and new feeds.

Throughout our entire history the citizens of the United States, both farm and nonfarm, have placed a high value on education. Increased educational training has been recognized as one of the best ways of increasing the productivity of young people. American farmers and farmworkers have more school training and are better educated than ever before. In every State in the United States school training is supplemented with up-to-date, publicly financed adult educational programs on improved techniques in agricultural production.

FEW COUNTRIES APPROACH AMERICAN AGRICULTURE'S PRODUCTIVITY

Several countries with 90 percent of their active male population engaged in agricultural production are unable to feed and clothe their population adequately. Forty percent of all the countries for which statistics are available, utilize 50 percent or more of their workers in agricultural production yet fail to meet the nutritional and clothing needs of their populations. In contrast, of 100 workers in the United States today, only 7 are at work on farms. Few countries in the world approach this record of agricultural productivity. For many years, farm population has been declining while total population was increasing. Only 8 out of each 100 people, including both workers and their families, are now found on farms in the United States.

The small proportion of the total population engaged in agriculture in the

United States is the more noteworthy since agricultural exports fully offset agricultural imports and account for a substantial part of our commercial exports. France, also, almost balances agricultural imports with exports but has about 25 percent of her population on farms. The Netherlands has 20, Italy has 30, and the U.S.S.R. has over 50 percent of her population engaged in farming.

In the past 20 years, agricultural production in the United States has increased more than half. Its rate of increase in recent years has been greater than for any similar period in history.

A farmworker in the United States now produces sufficient agricultural products to support himself and 24 others. In comparison, farmworkers in the U.S.S.R. produce enough for themselves and 4 others at the present time—less than half as much as farmworkers in the United States produced 20 years ago, and a fifth as much as they produce today.

MORE PROGRESS IN AMERICAN AGRICULTURE IN PAST 100 YEARS THAN IN THE PREVIOUS 7,500 YEARS

Research and education on plant nutrient needs has resulted in great advances in mineral and synthetic fertilizer production and a doubling in its use in the past 10 years. The amount of cropland cultivated in the United States has remained relatively stable for 40 years, yet, increased use of improved fertilizers together with other technical advances have increased crop output 60 percent.

Antibiotics and other growth-stimulating substances added to hog-, poultry-, and cattle-fattening rations have speeded up rates of growth and fattening, and increased live weight gains per 100 pounds of feed consumed.

To summarize briefly, scientific developments relating to agriculture in the past 100 years, largely originating in the Government-supported agricultural colleges, and the U.S. Department of Agriculture, have resulted in more progress in American agriculture during this period than any place else in the world in the previous 7,500 years.

In two decades the American farmer has nearly tripled his output per hour of work. Nothing like this has ever been known in the world before. It is one of the significant and important breakthroughs of human history.

As a result of this remarkable forward surge, one-third fewer U.S. farmers produce food and fiber for one-third more people than 20 years ago—and provide them with better diets for a smaller proportion of their income than can be found anywhere else in the world.

Madam President, I would like to take this opportunity to pay tribute to the centennial committee of the Association of State Universities and Land Grant Colleges for the fine work it has done in connection with the observance of the centennial anniversary of enactment of the Land Grant College Act.

I ask unanimous consent that there be inserted in the RECORD the names of the centennial committee members and consultants, and also the list of individuals and organizations which have been so generous in making financial contributions to the national centennial fund.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). Is there objection?

There being no objection, the lists were ordered to be printed in the RECORD, as follows:

CENTENNIAL COMMITTEE MEMBERS

Chairman: President Richard A. Harvill, University of Arizona.

President J. D. Boyd, Alcorn A & M College.

President Elmer Ellis, University of Missouri.

President Novice G. Fawcett, Ohio State University.

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CONSULTANTS

President E. D. Eddy, Jr., Chatham College, Pa.

Dr. J. L. Morrill, President Emeritus, University of Minnesota.

Russell I. Thackrey, executive secretary, ASULGC.

Jay Richter, centennial director.

Frances Adams, assistant director.

Herman R. Allen, manager, centennial convocation.

THE NATIONAL CENTENNIAL FUND

Financial support for the centennial program has come from the land-grant institutions themselves, who contributed from their limited budgets a substantial part of the fund, and from organizations and individuals who appreciate the importance of the work that lies ahead for these institutions. The large number of these contributors, and the varied endeavors they represent, reflect the broad base of popular support enjoyed by this democratic system of higher education.

CONTRIBUTORS TO THE NATIONAL CENTENNIAL PROGRAM

Ackerman, Lee, Scottsdale, Ariz.
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Farm Bureau Services, Inc., Lansing, Mich.
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Farmers Union Jobbing Association, Kansas City, Mo.
Farr Co., Greeley, Colo.
Federal Intermediate Credit Bank of St. Louis, St. Louis, Mo.
Federal Land Bank, St. Louis, Mo.
Ford Foundation, New York, N.Y.
Ford Motor Co. Fund, Dearborn, Mich.
Freeman Foundation, Tucson, Ariz.
Gardner Advertising Co., St. Louis, Mo.
General Electric Foundation, Ossining, N.Y.
General Motors Corp., Detroit, Mich.
George Getz Corp., Chicago, Ill.
P. H. Glatfelter Co., Spring Grove, Pa.
Goodyear Farms, Litchfield Park, Ariz.
Grain Processing Corp., Muscatine, Iowa.
Grandon, Preston, Daily Gazette, Sterling, Ill.
Great Northern Railway Foundation, St. Paul, Minn.
Green Giant Foundation, Le Sueur, Minn.
Guilford Dairy, Greensboro, N.C.
Gutwein Milling Co., Inc., Francesville, Ind.
Hales & Hunter Co., Chicago, Ill.
Hallmark Cards, Inc., Kansas City, Mo.
Hanny's, Phoenix, Ariz.
Haver-Lockhart Laboratories, Kansas City, Mo.
Hayden Flour Mills, Inc., Tecumseh, Mich.
Hercules Powder Co., Wilmington, Del.
Hershey Chocolate Corp., Hershey, Pa.
Hess & Clark, Ashland, Ohio
Heterochemical Corp., Valley Stream, N.Y.
W. D. Hoard & Son, Fort Atkinson, Wis.
Hoffmann-La Roche, Inc., Nutley, N.J.
J. A. Hogle & Co., Tucson, Ariz.
Holland, Walter E., Tucson, Ariz.
Honeggers' & Co., Inc., Fairbury, Ill.
Hooker Chemical Corp., Marysville, Ohio.
Hubbard Milling Co., Mankato, Minn.
Illinois Central Railroad, Chicago, Ill.
Illinois Farm Supply Co., Bloomington, Ill.
Indiana Farm Bureau Cooperative Association, Indianapolis, Ind.
Inland-Steel-Ryerson Foundation, Inc., Chicago, Ill.
International Harvester Foundation, Chicago, Ill.
International Ladies' Garment Workers' Union, New York, N.Y.
Jacome's Department Store, Tucson, Ariz.
John Hancock Mutual Life Insurance Co., Boston, Mass.
K Lazy M Ranches, Holtville, Calif.
Kansas City Livestock Exchange, Kansas City, Mo.
Kansas City Stockyards Co. of Maine, Kansas City, Mo.
Kent Feeds, Inc., Muscatine, Iowa.
Kerr, Alfred F., Tucson, Ariz.
Kerr-McGee Oil Industries, Inc., Oklahoma City, Okla.
Charles F. Kettering Foundation, Hinsdale, Ill.
Koppers Co., Inc., Pittsburgh, Pa.
Krey Packing Co., St. Louis, Mo.
Kroger Co., St. Louis, Mo.
Lake to Lake Dairy Cooperative, Manitowac, Wis.
Land O'Lakes, Minneapolis, Minn.
Lauhoff Grain Co., Danville, Ill.
Leeds and Northrup Foundation, Philadelphia, Pa.
Lincoln Electric Co., Cleveland, Ohio.
Link-Belt Co., Chicago, Ill.
Livestock Industry Markets Association, Kansas City, Mo.
Livestock National Bank, Kansas City, Mo.
Lovejoy, Walter E., Tucson, Ariz.
Martin's Feed Mills, Inc., New Paris, Ind.
Oscar Mayer and Co., Chicago, Ill.
Oscar Mayer and Co., Madison, Wis.
Maytag Company Foundation, Inc., Newton, Iowa.
Metropolitan Cooperative Milk Producers Bargaining Agency, Inc., Syracuse, N.Y.
Michigan Bell Telephone Co., Detroit, Mich.
Midwest Dried Milk Co., Dundee, Ill.
Midwestern Grain Co., Kansas City, Mo.
Midwest Feed Manufacturers' Association, Kansas City, Mo.
Midwest Wool Marketing Cooperative, Inc., Kansas City, Mo.
Miller Publishing Co., Minneapolis, Minn.
Mine Safety Appliances Co., Pittsburgh, Pa.
Mississippi Chemical Corp., Yazoo City, Miss.
Mississippi Valley Stock Yards, Inc., St. Louis, Mo.
Missouri Farmers Association, Inc., Columbia, Mo.
Missouri Farmers Association Feed Mill, St. Joseph, Mo.
Missouri Farmers Association, Inc., Grain and Feed Division, St. Joseph, Mo.
Missouri Farmers Association Mutual Insurance Co., Columbia, Mo.
Missouri Farm Bureau Federation, Jefferson City, Mo.
Montana Flour Mills Co., Great Falls, Mont.
Moorman Manufacturing Co., Quincy, Ill.
Moore-Lowry Flour Mills, Inc., Kansas City, Mo.
Morton Salt Co., Chicago, Ill.
Morris, Samuel H., Globe, Ariz.
Murphey, John W., Tucson, Ariz.
Myers, Harold E., Tucson, Ariz.
National Cash Register Co., The, Dayton, Ohio
National Dairy Products Corp., New York, N.Y.
National Education Association, Washington, D.C.
National Educational Television & Radio Center, New York, N.Y.
National Limestone Institute, Inc., Washington, D.C.
National Live Stock Producers Association, Chicago, Ill.
National Molasses Co., Oreland, Pa.
National Oats Co., East St. Louis, Ill.
National Plant Food Institute, Washington, D.C.
National Rural Electric Cooperative Association, Washington, D.C.
Nationwide Mutual Insurance Co., Columbus, Ohio
New Idea (Division AVCO Corp.), Coldwater, Ohio
Norris Grain Co., Kansas City, Mo.
Nutrena Mills, Minneapolis, Minn.
Ohio Bell Telephone Co., Cleveland, Ohio
Olin Mathieson Chemical Corp., New York, N.Y.
Onstott, Herbert H., St. Louis, Mo.
Owens-Corning Fiberglas Corp., Toledo, Ohio
Owens-Illinois Glass Co., Toledo, Ohio.
Pacific Supply Cooperative, Walla Walla, Wash.
Arline and Thomas Patton Foundation, Cleveland, Ohio.
Parker, Selby C., Tucson, Ariz.
Pay Way Feed Mills, Inc., Kansas City, Mo.
F. H. Peavey Group Foundation, Minneapolis, Minn.
Pfizer, Chas. & Co., Inc., New York, N.Y.
Phelps Dodge Corp., New York, N.Y.
Philadelphia Electric Co., Philadelphia, Pa.
Pillsbury Co., Kansas City, Mo.
Pillsbury Co., Minneapolis, Minn.
Pima Savings & Loan Association, Tucson, Ariz.
Pittsburgh Forgings Co., Pittsburgh, Pa.
Place & Place Architects, Tucson, Ariz.
Portland Cement Association, Chicago, Ill.
Prairie Farmer Publishing Co., Chicago, Ill.
Producers Grain Corp., Amarillo, Tex.
Producers Live Stock Marketing Association, National Stock Yards, Ill.
Progressive Farmer, Birmingham, Ala.
Pure Milk Association, Chicago, Ill.
Quaker Oats Foundation, Chicago, Ill.
Ralston Purina Co., St. Louis, Mo.
Republic Steel Corp., Cleveland, Ohio.
Research Corp., New York, N.Y.
Rickel, Inc., Kansas City, Mo.
Roxane, Inc., St. Joseph, Mo.
Rudy-Patrick Seed Co., Kansas City, Mo.
St. Louis Bank for Cooperatives, St. Louis, Mo.
St. Louis Live Stock Exchange, National Stock Yards, Ill.
St. Louis National Stockyards Co., National Stock Yards, Ill.
Salina Terminal Elevator Co., Kansas City, Mo.
Salt River Valley Water Users Association, Phoenix, Ariz.
Schreiber Mills, Inc., St. Joseph, Mo.
Scott County Milling Co., Sikeston, Mo.
Sears Roebuck & Co., Chicago, Ill.
Seitz Packing Co., Inc., St. Joseph, Mo.
Selby Motors, Tucson, Ariz.
Shellbuilder Co., Houston, Tex.
Murray J. Shiff Construction, Tucson, Ariz.
Simonds-Shields-Theis Grain Co., Kansas City, Mo.
Snell & Wilmer, Phoenix, Ariz.
Southern Farmers Association, North Little Rock, Ark.
Southern States Cooperative, Richmond, Va.
Spencer Chemical Co., Kansas City, Mo.
Spencer Kellogg & Sons, Inc., Kansas City, Mo.
Staley, Thomas W., Kansas City, Mo.
Star-Kist Foods, Inc., Terminal Island, Calif.
Superior Feed Mills, Oklahoma City, Okla.
M. M. Sundt Construction Co., Tucson, Ariz.
Wayne Thornburg Ranches, Litchfield Park, Ariz.
Thurber, Harold B., Sonoita, Ariz.
Tidewater Oil Co., Delaware City, Del.
H. C. Tovrea Co., Tucson, Ariz.
Traders Livestock Exchange, Kansas City, Mo.
Tucson Gas, Electric Light & Power Co., Tucson, Ariz.
United Brotherhood of Carpenters & Joiners of America, Washington, D.C.
United Co-operative Farmers, Inc., Fitchburg, Mass.
United Milk Producers of New Jersey, Trenton, N.J.
United States Steel Foundation, New York, N.Y.

Upjohn Co., Kalamazoo, Mich.
Valley National Bank, Phoenix, Ariz.
Walgreen Drug Stores, Chicago, Ill.
Watt Publishing Co., Mount Morris, Ill.
H. K. Webster Co., Lawrence, Mass.
Western Farmers Association, Seattle, Wash.
Western Publishing Co. Foundation, Racine, Wis.
Westinghouse Air Brake Foundation, Pittsburgh, Pa.
Whitmoyer Laboratories, Inc., Myerstown, Pa.
Wirthmore Feeds, Inc., Waltham, Mass.
Wisconsin Farmco Service Cooperative, Madison, Wis.
Wolcott & Lincoln, Inc., Kansas City, Mo.
Woods, Sid, Yuma, Ariz.
L. M. White Contracting Co., Tucson, Ariz.
Zip Feed Mills, Sioux Falls, S. Dak.

ADDENDA

McGraw-Hill Book Co., Inc., New York, N.Y.
Michigan Milk Producers Association, Detroit, Mich.
National Association of Educational Broadcasters, Washington, D.C.
National Canners Association, Washington, D.C.
National Dairy Products Corp., New York, N.Y.
Safeway Stores, Inc., Oakland, Calif.

EDUCATION PROBLEMS IN THE EMERGING COUNTRIES

Mr. HUMPHREY. Madam President, I call to the attention of the Senate excerpts from two reports by Gerald F. Winfield, Chief of the Communications Resources Division of the Agency for International Development. One report outlines the conclusions of his study conconcerning the difficulties of education in underdeveloped regions of the world. Education is at once the key to progress for less developed nations and a field where progress has been held up by a lack of capital and the very backwardness of the people. It has been the prodigious task of Mr. Winfield and his staff to find methods of educating at low cost millions of people under the most adverse conditions.

The principal barrier to educational progress was the lack of trained teachers, thus prohibiting the widespread use of the traditional verbal forms of instruction, while standard audiovisual techniques could not be used, as electricity is not available and equipment is too expensive. One imaginative solution to this dilemma developed by the Communications Resources Division is a cheap, simple, yet ingenious device by which filmstrips can be projected by sunlight through a homemade contraption constructed from tin cans, mirrors, and a lens. Mass-produced filmstrips shown to large classes can counteract the inadequacies of badly trained teachers while simultaneously educating the teachers themselves to instruct better the succeeding classes of children and adults. The sunlight filmstrip projector seems to be a child's toy in its simplicity yet it has the potential to educate a continent. This report of Mr. Winfield describes a startlingly new approach to education in less-developed nations.

Mr. Winfield's second report is a concrete proposal for the implementation of his plan in Latin America. It provides for the improvement of existing educational facilities, the opening of new schools, and the training of adults. His proposal includes the use of the Peace Corps and correlation with present educational research in this country in order to minimize costs.

Education is at once crucial to the interests of the United States in the less developed nations and to the hopes of these nations themselves. Gerald Winfield and the staff of the Communications Resources Division of AID have made a significant contribution to the education of humanity and are worthy of the highest praise. I ask unanimous consent to have printed in the RECORD at this point in my remarks excerpts from these two reports.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

PROTOTYPE LEARNING SYSTEMS: A NEW SET OF TOOLS FOR DEVELOPMENT ASSISTANCE

INTRODUCTION

Social and economic development is dependent upon people. Those people must be able to use more advanced technical processes and greater ranges of knowledge. The fundamental need in developing people is expanded movement of knowledge to them in such ways that they act on that knowledge. The most fundamental characteristic of underdeveloped countries is that the average citizen controls or can use only a tiny capital plant and is able to apply only limited knowledge in his use of it.

The movement of knowledge to people in the underdeveloped societies is complicated by the following factors:

1. The level of literacy is low.

2. Modern channels of communication are poorly developed.

3. The "communication load" is many times greater than in advanced societies. This can be illustrated in agriculture. In the United States the average farm size is 250 acres. When the communication process gets one American farmer to change one practice for one crop, he can apply it to 50 to 250 acres. In the underdeveloped areas the average farm size is 2 to 20 acres. This means that if a practice change is to be applied to from 50 to 250 acres, it will be necessary to communicate with from 10 to 500 farmers to have the same economic effect as communicating with 1 American farmer.

4. People are dominated by status and tradition and are extremely cautious in accepting change.

New systems for communicating knowledge are urgently needed to move general knowledge to the public; to speed and improve education in the schools; to provide for more effective extension activities in health, agriculture and industry; and to provide better education and training for labor. Any system for the communication of knowledge must operate at low cost and have built into it the capacity to guide and develop both paid and volunteer teachers.

One of the most productive things that can be accomplished in the underdeveloped countries is to use a larger portion of the underemployed time of many people in the teaching-learning process.

THE LEARNING SYSTEMS CONCEPT

One of the major achievements of modern society has been the development of the systems concept. Systems have been widely applied to many industrial, military and other processes.

A system is a combination of people and things organized into an interacting flow of processes by which specific goals are reached.

A learning system is a combination of people, equipment, learning materials, and practice and use situations designed to work together to achieve a clearly defined educational or training objective. Such learning systems may consist of a wide range of combinations of people and things depending on the goal to be achieved. Inherent in the systems approach is the notion that every aspect of the system, human and nonhuman, is to be examined, developed, tested, evaluated and fitted together into an efficient, easily operated whole.

This systems concept contrasts with the more traditional approach which proceeds on the assumption that if the people are provided, they will independently and repeatedly invent the necessary things required for the most effective learning process.

In facing the need for educational breakthroughs in the underdeveloped world, the idea of developing learning systems is a sound one. This systems approach envisions the careful designing and testing of total systems to be carried out by highly qualified groups and checked out in a wide enough variety of situations to determine their efficiency and practicality. The systems can then be mass produced to obtain the greatest possible saving and be used by people who can be rapidly trained to do so.

Such systems, to meet real conditions, must usually employ inexpensive delivery equipment to present programed materials that are heavily visual in character, supported by carefully worked out verbal elements. They must be designed to support and guide poorly trained teachers so that they can do an effective teaching job and can upgrade their own knowledge and skill as they teach.

The physical materials in the carefully designed learning system is in the nature of a floor under the limitedly educated and trained teacher. It does not provide walls and a ceiling, but permits the teacher great room for continuing creativity and personal growth. But at the same time, provides a foundation which insures basic minimal effectiveness if the system itself is fully used.

One of the great advantages of learning systems is that they can substitute for the deficiencies in the general and specific learning environments that are characteristic of the underdeveloped areas. This is particularly true when learning systems make extensive use of pictorial materials. Through the projected picture, it is possible for a learning system to fully present the artifacts and processes common to the modern world, in areas where those artifacts and processes are still unknown. The learning systems will bring students more rapidly into an understanding of the world into which they will move as development takes place.

Learning systems can also provide, at very much lower cost, for the expensive apparatus and library materials which are still lacking for the conventional learning process in most parts of the underdeveloped world. Supplying skillful direction and guidance for using local materials and processes for observation, study, and experimentation, it is possible to design learning processes which will carry the individual far along the way to completely overcoming the disadvantages of the restricted general learning environment.

Learning systems can be designed that flexibly combine the iconic signal system carried in pictures, diagrams, and motion, with the digital signal system of the spoken and written word and mathematics, to communicate knowledge with a highly effective result. Learning systems so designed make it possible for images to clearly and effectively evoke words and words to evoke images. Such learning systems can be used to significantly lower the level of verbal difficulty involved in mastering many subjects. Such reduction in verbal difficulty level can play a significant part in solving educational breakthrough problems in the underdeveloped parts of the world.

NEW LOW-COST LEARNING SYSTEMS FOR THE ISOLATED RURAL SCHOOL

A new combination of projected and printed materials can supply effective self-help learning systems to primary schools at one-fourth to one-third the cost of equally good conventional textbooks.

These systems maximize the use of projected materials for group study, reducing printed materials to an experimentally determined necessary minimum. They guide the teacher in the combined use of several well-proved teaching methods including:

1. Effective student motivation and orientation;

2. Clear subject matter presentation in pictorial form with each learning point developed in a series of small steps which use the psychological principles of programed learning with as much immediate reinforcement as is feasible in a group-learning situation.

3. The systematic use of discussion, individual reading and study;

4. Student involvement through (a) experiments; (b) observations and surveys; (c) the making of useful things for everyday life; (d) the making of teaching materials; and (e) actually teaching parents and others what has been learned;

5. Effective means for reviewing and evaluating the student's work and learning.

Visual presentation has at least four fully demonstrated strengths: (1) Visually communicated material must be specific and concrete. If it is possible to "draw or take a picture of it," then there is no doubt that a specific idea is being dealt with concretely; (2) visual materials are less apt to be misinterpreted than are verbal materials; (3) pictures make it possible to enlarge or reduce the size of objects and see distant or unseeable things; (4) with pictured structures or processes before the student, the level of difficulty of the language used to describe or discuss them can be significantly lowered.

The wide use of such systems in preindustrial societies became possible with the development of the sunlight filmstrip projector. This projector provides an inexpensive way of delivering projected material in the classroom whenever and wherever the sun shines. It consists of three parts:

First, a swivel-mounted flat mirror to reflect sunlight into the projector in the classroom. The mirror can be located in a sunshiny area as far as 30 to 40 feet away. The light enters through a hole in the wall. As the sun moves the mirror must be adjusted every 20 to 30 minutes.

Second, a projector which is a simple arrangement to carry a 35-millimeter, single-frame filmstrip and a lens that can focus for short-thrown, rear-screen projection. The lens costs 25 to 30 cents and the whole projector can be mass produced in plastic for no more than $2 or $3.

Third, a shadowbox made with a 16- by 20-inch screen. The screen is a piece of plastic which costs about $1.25. The shadowbox which protects the back of the screen from extraneous light, can be made of wood, cloth, cardboard or almost any available opaque material.

It is not necessary to darken the schoolroom. The sun provides enough light to produce an image bigger and brighter than a television screen.

Until the sunlight projector was developed, it was impossible to use projected materials for teaching in rural schools: First, because there was no electricity and second, because in hot climates, darkening the room stifles the children. This piece of equipment can be made and installed for about $10 per classroom.

It will not be desirable to teach all subjects with the sunlight filmstrip projector for two reasons: First, all subjects are not equally susceptible to being taught with heavy pictorialization and second, the sun will not shine all the time. A number of subjects in each grade will be taught without using the projector so that on cloudy days or during cloudy hours on days when the sun shines, the teacher can teach subjects or carry on activities which do not require the projector, reserving the materials that are taught with the projector for those times when the sun is shining.

NEW LOW COST MASS LEARNING SYSTEMS FOR EFFECTIVE SOCIAL DEVELOPMENT IN LATIN AMERICA

(By Gerald F. Winfield)

I. GENERAL

The rapidly mounting influence in Latin America, of the Chinese formula for Communist revolution as expounded by Mao Tse-tung, has become an inescapable challenge to freedom in the Americas. Adapted to Latin America, tested and confirmed in Cuba, this formula stresses the use of drastic social change as the driving force for a revolution to be generated among the poor, disheartened rural population; to be spread to the urban masses still closely linked to their rural origins; and designed to attract into leadership educated, idealistic but dissatisfied young people who now lack opportunity to serve and to lead.

If Communist revolution is to be interdicted in Latin America, the needs of rural people must be met. Governments in Latin America must deliver hope and a sense of importance and dignity to their rapidly expanding, poverty-stricken rural people. Time is short.

Inadequate basic education for the rapidly expanding rural population is an integral part of the challenge. Low productivity in agriculture and industry is caused in significant measure by widespread illiteracy and by limited education and training for both children and adults. Ignorance makes itself felt in all fields, particularly in agriculture, industry, and health.

II. THE PROPOSAL

This is a proposal for a major effort to be made to improve and expand primary and adult education in Latin America with emphasis on rural areas. This improvement to be attained by equipping a large number of schools with new low-cost mass learning system to (a) improve the quality of teaching in existing schools, (b) increase the rate at which teachers are trained and new schools organized, (c) introduce a program of continuing adult education.

These objectives can be quickly achieved at reasonable cost if the effort is concentrated enough and of sufficient scope to stimulate widespread change in the educational process and involve large numbers of people.

This program would address itself to a number of sections of the Act of Bogotá and therefore should find a place in the new program of social and economic development now under preparation.

III. THE PLAN

Implementation

The implementation of this program consists in first preparing basic prototypes of selected subjects. These prototypes will then be adapted in each cooperating country. This adaptation will be carried out through careful but rapid testing. One of the virtues of this method is that it is educationally, psychologically, and operationally sound enough to accept the risk of rapid and widespread application.

The subject matter selected will be suitable for the first six grades and include parallel materials for continuing adult education.

Emphasis is placed on the teaching of science, mathematics, writing, geography, and other subjects which will be valid in every country. As skill and experience with these new systems develops in the individual countries it will be possible for the countries to apply them to other subject areas, including history, social studies, and eventually language arts.

For adult education, these teaching systems can be applied effectively to literacy, agriculture, homemaking, health, mathematics, and many other subjects.

The degree of success of this plan will depend on the concentration of sufficient resources to develop, and implement these new systems of instruction.

Schedule

This program should be executed in two phases.

Phase A: Would be limited to eight or nine nations. For the purposes of this illustrative presentation, nine countries have been listed. They have about 4 million primary schoolchildren in a combined population of approximately 40 million. This new system to serve this school population would require about 100,000 filmstrip projectors in as many classrooms. This is believe to be the minimal effort to fully demonstrate this new technique.

Phase A would introduce the new method into most existing classrooms and would begin the expansion of primary education by facilitating the organization of new schools. From 2 to 3 years will be required.

Phase B: This phase would further expand this operation to (1) include additional subjects; (2) add the remaining countries of Latin America; and (3) expand the number of rural schools.

The entire program involves eight steps.

Step 1: Agreement on plan.

Step 2: The development and preliminary testing of prototype systems.

Step 3: Adaptation to each country.

Step 4: Installation of the system in selected schools.

Step 5: In-service training of teachers.

Step 6: Evaluation of results.

Step 7: Installation of the system in all grades.

Step 8: Implementation of phase B.

Administrative organization

This program should be carried out by ICA through bilateral arrangements with each country within the framework of the Act of Bogotá. Within ICA/W and the USOM's it should be set up as a joint responsibility of the communications media staff and the Office of Educational Services with close support from health, agriculture, and industry. It will have to be strongly staffed both quantitatively and qualitatively in Washington and in the field.

Use of Youth Corps

Both phase A and phase B of this program can make effective use of young educated nationals and U.S. college graduates. Logistic and teacher education needs are such that it would be possible to use several hundred young people to help introduce the new systems, to train teachers, and to provide a direct source of feedback information. Such involvement of youth in leadership and service is important both to the success of this program and as a means of giving constructive opportunity to young people.

Development of educational materials industries

This program would equip each cooperating nation with the industrial capacity to produce these new learning materials. The projectors, filmstrips, filmstrip cans, paper, ink, and printing needed for these teaching materials would be required in sufficient volume to stimulate the development of industries to supply them and would boost economic growth.

DETECTIVE SGT. JAMES ROCHE

Mr. KEATING. Madam President, I am sure that all of us were distressed and sorrowed to learn of the death of Detective Sgt. Jim Roche. He performed his duties faithfully and courageously. He was skilled and dedicated in his work. He met his death through a heart attack which resulted from his efforts to overcome an apparently demented individual who was trying to force his way into the Senate.

I know about the outstanding courage of Detective Sergeant Roche from personal experience. About a year ago a mentally ill veteran from my State came to Washington for the purpose, as he stated, of putting an end to the junior Senator from New York. We all encounter such threats and experiences. Mr. Roche handled the case with which he was confronted with great ability. He took the man downstairs and took away from him a stiletto about a foot long, which the man had concealed on his person.

Many of us in the Senate owe a debt which perhaps we do not know about to this fine man who met his death in such an untimely and unfortunate way. I extend my sincere and heartfelt sympathy to his wife and his family.

STATUTORY DEBT LIMIT

Mr. YOUNG of Ohio. Madam President, on the day Harry S. Truman left office as President and General Eisenhower became President, January 20, 1953, our national debt was $267 billion. The annual interest charge on this was less than $6 billion. Government bonds were selling at par. This was the very good fiscal situation of our Government at the time Harry S. Truman was President of the United States and at the termination of his outstanding service as Chief Executive.

On the day, January 20, 1961, that General Eisenhower left the White House and John F. Kennedy became our President after 8 years of that Republican administration, our national debt had grown from $267 billion to $293 billion. At that time the annual interest charge on our national debt was in excess of $9 billion.

Not only was our national debt at an alltime high up to that period, but on that day our money and bonds were selling at a discount in the marts of the world. Furthermore, there was a grave outflow of gold from this country. Under President Kennedy, the outflow of gold has been greatly lessened.

Congress has enacted, by practically unanimous vote of the membership of both Houses, measures sponsored by the administration to diminish the outflow of gold. It has not been completely stopped, but during the past 12 months it was less than half of the outflow of gold during President Eisenhower's last year in office. In 1960, the outflow of gold was $1,700 million. Last year it was $1,200 million. This year it will be not more than $800 million, being approximately $400 million to date. U.S. currencies and bonds are now selling at a premium.

SOVIET FISHING PENETRATION

Mr. BARTLETT. Madam President, the extent of Soviet fishing operations in the North Pacific is dramatically illustrated by the fact that a steamship passenger line has been established to transport fishermen to and from the waters which are being fished.

The June 7 issue of Water Transport, a Soviet daily newspaper for fishermen and merchant marine personnel, describes inauguration of this new service. The passenger-freighter vessel *Smolny* will be used on the run. The other day it left Vladivostok for the Bristol Bay region with about 300 fishermen to replace other fishermen going on vacation.

During recent years we Americans have been losing out in fishery competition. In the North Pacific close to the shores of Alaska, which has long been considered to be ours by historic right, there have been increasing inroads by both Japanese and Soviet competitors. Now they are coming south of the Aleutians even. The threat is grave. It has had not only a devastating effect on the livelihood of thousands of Alaska fishermen, and fishermen from other parts of the Pacific coast, but lacking any international controls at all for most species of fish and none at all so far as the Russians are concerned, there is always the grave possibility that these rich fishing banks which properly utilized could provide valuable protein food for man forever will become exhausted.

The time to act is now.

It is not only in the North Pacific that the Russians have been active. Off the northeast Atlantic coast there are huge Russian fishing fleets.

The perils that confront us, our lack of attention to this really important problem, the failure of our Government to give the fisheries the high rating they deserve, was called to the attention of the Senate and the Nation only recently by the distinguished Senator from Massachusetts [Mr. Smith]. In a splendid speech on this subject, which I recommend to the attention not only of those having a primary interest in the commercial fisheries but to all who want to see the position of the United States maintained, Senator Smith gave perhaps the most detailed accounting of the past, the present, and the seemingly gloomy prospects for the future in the most detailed analysis of this subject which has ever been assembled and delivered.

SENATOR GRUENING, OF ALASKA, SPEAKS TO METEOROLOGISTS

Mr. BARTLETT. Madam President, if you do not know what meteoromythology is, here is your opportunity to learn.

If you do not know what mythometeorology is, the explanation is at hand.

And still another word—climythology—was added to the language last week by our colleague, the junior Senator from Alaska [Mr. Gruening], when he spoke at the banquet of the 203d national meeting of the American Meteorological Society at the University of Alaska, on June 27.

What the Senator said was so delightful, so informative and so appropriate to the occasion that I am convinced the speech deserves even a wider audience than heard it at our farthest north university, which, by the way, is a land-grant university.

Madam President, I ask unanimous consent to have the Senator's address printed at this point in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

Address of Senator Ernest Gruening at Banquet of 203d National Meeting of American Meteorological Society, University of Alaska, June 27, 1962

Mr. Emerson, members of the American Meteorological Society, and guests, in extending the invitation, some 6 months ago, to address this meeting, your toastmaster, who is the regional administrative officer of the U.S. Weather Bureau for Alaska, wrote me:

"As a longtime Alaskan dedicated to the growth and development of Alaska you have a comprehensive understanding of the role that meteorology and climatology play in the scheme of things."

I was and am flattered by that, I fear, undeserved assumption of my comprehensive understanding of so vast, spacious, and expanding a pair of related sciences. However, I am delighted to take advantage of this encomium to discuss the influence that these twin disciplines have had, have and may have on the past, present, and future of the State of the Union in which we are now assembled.

It is an interesting phenomenon that as the field of human knowledge expands, not only are new sciences and subsciences born, but by becoming correlated and interrelated, established sciences give birth to new ones. Thus, physics and geology are the happy progenitors of geophysics—already a lusty adolescent pretty well on its own. Physics and astronomy gave birth to astrophysics. I need not prolong the listing of such offspring of scientific matings. As science expands, new hyphenated sciences are generated.

Geopolitics, a relatively new science created incidental to Pan-Germanic aspirations for domination of the earth by Hitler's presumed master race, may soon, as men land on the moon, become selenopolitics. This will be succeeded, no doubt, by astropolitics or cosmopolitics as the invasion by earthians of our planetary neighbors becomes imminent.

I venture to suggest that a hitherto undesignated child of meteorology and climatology—illegitimate, I regret to state, in this respectable company—has played an important part in the history of Alaska; has seriously affected its past and present, and is still to be reckoned with in the future. I could call this offspring meteoromythology or mythometeorology, or climythology. I should probably leave the determination of nomenclature to the philologists with historians and meteorologists as consultants.

For the time being, as its proponent, I shall call it climythology. Meteoromythology has a good alliterative and onomatopoeic sound, but climythology is simpler and easier to enunciate. This science, or pseudoscience, which perhaps should be classed with alchemy, astrology, phrenology or palmistry, has nevertheless had, and still has, its numerous followers, and has had a marked effect in shaping, or misshaping Alaska's destiny. I will now trace briefly its origin and effects.

Climythology, as far as Alaska is concerned, came into existence sometime between March 30, 1867, when William Henry Seward consummated the purchase of Alaska, and 1868, when the Congress was called upon to pay the bill.

That bill, for $7,200,000, or approximately 2 cents an acre, loosed a storm in the House of Representatives. I shall not attempt to say whether it was a hurricane or a tornado, but it was accompanied by a lot of wind, by a great flood—a flood of oratory and some verbal thunder. The sum and substance of it was that while Seward had taken Alaska, he and the United States had been "taken," in the contemporary colloquial sense.

Alaska was pictured on the floor of the House of Representatives and in a substantial section of the press as a frozen waste with a savage climate, where little or nothing could grow, and where few could or would live.

Typical of the statements of climythologists was that of Representative Benjamin F. Loan, of St. Louis, who declared: "* * * the acquisition of this inhospitable and barren waste will never add a dollar to the wealth of our country or furnish any homes to our people. It is utterly worthless. * * * To suppose that anyone would leave the United States * * * to seek a home * * * in the regions of perpetual snow is simply to suppose such a person insane."

Another climythologist was Representative Orange Ferris, of Glens Falls, N.Y., who asserted that Alaska "is a barren, unproductive region covered with ice and snow" and "will never be populated by an enterprising people."

Another Representative from New York, Dennis McCarthy, of Syracuse, cited "reports that every foot of the soil of Alaska is frozen from 5 to 6 feet in depth" and ventured that his colleagues would soon hear that Greenland was on the market.

And the minority report of the House Committee on Foreign Relations, in a scathing denunciation, declared that Alaska "had no capacity as an agricultural country * * * no value as a mineral country * * * its timber generally of poor quality and growing upon inaccessible mountains * * * its fur trade * * * of insignificant value, and, will speedily come to an end * * * the fisheries of doubtful value * * * in a climate unfit for the habitation of civilized men."

I hope I will not be misunderstood when I point out that these "climythologists" were all Members of the House of Representatives, and not of the Senate. However, lest I seem to be imputing a greater wisdom and prescience to the Senate membership of that day than that of what is referred to in the Senate as "the other body," I must, in deference to historical accuracy, point out that except for Senator Charles Sumner's address to the Senate urging the purchase, there is no record of what questions his senatorial colleagues asked him and what comments they made, since the treaty was voted on in an executive session, which, but for the result, is not reported. That even Sumner's eloquence barely sufficed to achieve ratification of the Treaty of Cession is shown by the fact that there was just one vote more than the two-thirds majority required by the Constitution.

And so a lot of denigrating epithets were fastened on Alaska, such as "Icebergia," "Polaria," "Walrussia," "Seward's Polar Bear Garden," "Seward's Icebox," and the one coined by the press, which has endured the longest, "Seward's Folly."

It is a well-known axiom of social psychology that error accepted as verity can be as potent as truth.

The consequences of this Alaskan "climythology" were soon evident. Having established and propagated the concept of Alaska as a worthless waste with a savage climate, Congress proceeded to act accordingly. It immediately forgot its new acquisition. In the next 17 years, it provided no government for what was not even dignified as other American areas had been with the title of "Territory." Alaska was merely the "District of Alaska."

During those 17 years, Congress enacted just two laws relating to Alaska. One, applied to Alaska the navigation laws and created Alaska a customs district, which merely meant that imported foreign goods, of which there would be virtually none, would pay the same duties as elsewhere in the Union; and, two, a law turning over the fur seal fisheries of the Pribilof Islands to the Secretary of the Treasury, who promptly leased them as a monoply to a firm in San Francisco, the Alaska Commercial Co.

Seventeen years may not seem like a long time in the pageant of history, but it is four Presidential administrations plus 1 year. More pertinent, it is 8½ Congresses. In those days, each Congress usually assembled for three sessions instead of two, as nowadays. To be sure, some 25 bills providing civil government for Alaska were introduced. Yet, in the first 24 sessions of Congress after the purchase, not one of these bills ever got out of committee and never was vouchsafed a comment on the floor of either house. The prevailing "climythology" prevented that.

During that unique period, no pioneer who had come hopefully to Alaska could acquire title to the log cabin he had hewn from the forest wilderness nor to the land on which he had settled. No prospector could stake a mining claim with security for his enterprise and toil. Property could not be deeded or transferred. No will was valid. No injured party could secure redress for grievances except through his own acts. Crime could not be punished. Finally, marriage could not be celebrated—a cruel and unusual circumstance—though somehow life went on.

So, for 17 years the "climythology" which proclaimed Alaska a frozen waste with a savage climate, had in fact frozen the Congress into immobility and placed Alaska in a political and economic deep-freeze.

During these years, such authority as there was was exercised de facto and without any legal authority by the commanding general stationed at Sitka. And when, in 1877—10 years after the cession—he and his troops were called back to the States to put down an uprising of Nez Perce Indians, there was not even that semblance of government.

The fear of an Indian uprising was contagious. It haunted all the area west of the Mississippi through that decade. Reverberations of the massacre of General Custer by Sitting Bull and his braves a year earlier traveled far and wide.

The settlers in Alaska shared this alarm and requested their distant government to send some war vessel, a gunboat, perhaps, to overawe any possible uprisers and to help preserve peace, law, and order. This request, repeated with growing urgency and trepidation, was totally ignored. This was before the days of cable and telegraph. Finally, in great alarm, the whites who had settled in Sitka appealed to their neighbors, the Canadians, who promptly responded, and one of Her Majesty's ships performed the service that one of Uncle Sam's naval vessels should have.

When a U.S. sloop-o'-war finally arrived in 1879, the captain of that vessel stationed at Sitka and his successors were, for 5 years, without legal authority, but de facto, the rulers of Alaska.

During all this time a stream of complaints flowed from the settlers to Washington. They were ignored. In 1881, representatives elected from various Alaska communities, including Sitka, Juneau, and Wrangell, met in convention in Juneau and drafted a memorial to the President and Congress requesting the creation of the Office of Delegate in the House of Representatives. Every territory had been granted this voteless representation. A contest at the convention for that post simmered down to a race between the highest Federal officials stationed in Alaska, the collector of customs and his predecessor. The winner, Collector Mottram D. Ball, carried his plea to Washington, asking that he be seated. He was not, and Alaska had to wait 25 more years before the enormous concession of a voteless delegate was granted.

Climythology was unabated.

Finally, in 1884, in response to the proddings of three Presidents, Congress gave Alaska its first body of law, the Organic Act of that year. However, it proved unworkable and worthless. It provided a Presidentially appointed Governor, but forbade the establishment of a legislature and of a delegate in Congress. It forbade the application of the general land laws. It made impossible a legal jury system.

For the next 14 years, the messages and communications of five successive Governors to the President, the Secretary of the Interior, and the Congress were urgent pleas to pay some attention to Alaska, to give it some workable body of law. No heed was paid to any of these requests. Congress was still obsessed with the Alaska climythology of the late 1860's.

When, however, in the late 1890's, gold was discovered in the Klondike and some 60,000 gold seekers rushed to Alaska and found their legitimate desires unattainable for lack of suitable laws, Congress was slightly moved by the caustic communications of these constituents and, at the turn of the century, enacted some legislation. But, being drafted by men thousands of miles from the scene and totally unfamiliar with it, this legislation was again inappropriate and unworkable. So the cry for someone who could speak officially for Alaskans—a voteless delegate such as every Territory had had from the very beginning—gathered new force. However, even this slight concession was not granted until 1906. By then, the Alaskans had raised their sights and demanded a legislature, such as every Territory had had. Finally, in 1912, this was conceded. It had taken 45 years—from 1867 to 1912—to give Alaskans that minimum of self-government to which all Americans feel themselves entitled.

Climythology played an important part in that 45-year delay, as it would continue to delay and frustrate the aspirations of Alaskans.

It played its part in making the Organic Act of 1912, though an improvement over its unworkable predecessor, the most restrictive act imposed by the United States on one of its outlying areas. It was notable chiefly for the things it forbade Alaskans to do.

They were still not permitted to make any basic land laws—a vital omission in an area virtually 100 percent public domain and crying for settlement.

They were not permitted to manage their natural resources—their fish and wildlife—as had other territories.

They were not allowed to have their own judiciary.

There were many other restrictions.

So, when the first legislature convened in 1913, after passing what legislation it could, it memorialized Congress to do for the Territory what its legislators were forbidden to do.

These requests, all reasonable and scarcely controversial, were totally ignored by the Congress for 40 years, one result of which was the steady depletion, almost to extinction, of Alaska's greatest natural resource, the salmon fishery.

In addition to neglect, downright discrimination followed. Congress excluded Alaska from the provisions of Federal highway aid, although Alaska was paying all Federal taxes—victims of the "taxation without representation" which our forefathers declared to be tyranny in the 18th century.

Congress further placed Alaska in the straitjacket of a steamship monopoly, with the resulting burden of ever-increasing astronomical freight rates.

Climythology had never ceased to function against the aspirations of the people of Alaska.

As a matter of fact, climythology has manifested itself like a hardy perennial in virtually every major congressional debate on Alaska.

It appeared during the struggle to give Alaska its limited Territorial government in 1912.

It emerged during the debate on the building of the Alaska Railroad in 1913. Said Representative Martin Dies, of Texas (father of another Martin Dies), in opposing the bill:

"We have owned this colossal chunk of frozen earth for more than 50 years and with great labor and expense have succeeded in thawing out only 2,000 or 3,000 acres."

Representative Thomas W. Hardwell, of Georgia, likewise an opponent, asked: "Why spend this money at the North Pole?" introducing a touch of mythogeography.

Representative Walter Elder, of Louisiana, stated that in the region to be served by the railroad there was "a killing frost every month of the year."

Representative William J. Fields, of Kentucky, said that "before going to Alaska to break the "ice trust" by building a railroad through it," Congress could better be spending the money in the continental United States.

The next 40 years under the restrictions and discriminations imposed by a distant and uninterested Government and by absentee industry were to lead Alaskans to the conviction that statehood was their only way out.

Indeed, the almost forgotten provision of the Treaty of Cession which had admitted the inhabitants "to the enjoyment of all the rights, advantages and immunities of citizens of the United States," constituted, Alaskans believed, a pledge for statehood.

They had had fine verbal support for their aspirations. In 1912, President Taft, in a message to Congress, declared:

"There is nothing in the history of the United States which affords such just reason for criticism as the failure of the Federal Government to extend the benefit of its fostering care to the Territory of Alaska."

And, 5 years later, in 1917, Secretary of the Interior Franklin K. Lane asserted:

"The statement that the people of Alaska have borne more handicaps than any other people who have pioneered new, undeveloped territory, at least on the North American Continent, has been made so often that it has become trite. Nevertheless it is true."

These were fine words. But nothing was done by the Federal authorities to materialize them. In fact, matters became worse until Alaskans finally, in the 1940's, moved boldly toward statehood.

Inevitably "climythology" appeared in the statehood debates. One of its leading opponents—in the Senate this time—declared that statehood offered no solution, since Alaska's difficulties were "due to the extreme climate and hazardous living conditions. Congress cannot change the climate," he continued.

To support his case, this Senator quoted from an article in the New York Times written by Hanson W. Baldwin, its military expert, who had been reporting the winter military maneuvers north of the Arctic Circle. "It is," Baldwin had written, "a land * * * of relentless winters. * * * Brief exposure can mean death."

No change in laws would relieve Alaska, the Senator continued. Its fate and future were all summed up "in that short sentence * * * 'Brief exposure can mean death'."

The Senate defeated the statehood bill by one vote—45 to 44. Climythology had done it. This was 1952. The people of Alaska had to wait 6 more years and to make more vigorous and audacious efforts before statehood became a reality. And they did it.

We now have statehood for Alaska—but the heritage and sequelae of 90-odd years of climythology and colonialism remain to be liquidated. That legacy is with us and its dispersal is the challenging task and duty of those whom the people of Alaska have elected to public office.

For climythology concerning Alaska is still widespread among our fellow-citizens in the lower States.

When I used to go back east to Washington during my years in the governorship, the question most frequently put to me was: "What is the weather in Alaska like?"

When asked by my friends, I could generally detect overtones of solicitude. Although not overtly expressed, I could sense the questioner's sympathy with the hardships the Gruenings must have to endure. Could we stand the cold?

So, I would explain, and after awhile it became routine, that it was no more possible to answer in one sentence what the climate of Alaska was like than it would be to answer in one sentence what the climate of the United States—the older 48—was like; that Alaska was as wide and deep as the United States and had several very different climates in its diverse and farflung regions.

And when I would compare or contrast the winter and summer temperatures in Juneau, where we lived, with temperatures in various parts of the lower 48 States, I suspect that only those who really trusted me believed that I was not giving a chamber of commerce version.

This would therefore seem an appropriate time and occasion to set the record straight and replace climythology with comparative climatology, dispelling the climyths of the "hazardous living and savage climate" of Alaska.

For surprising as it may be to some, the truth is that—from a climatic standpoint—living is less hazardous in Alaska than in any other State of the Union.

Climate—weather—accounts annually for scores of deaths in the other 49 States from causes which do not exist in Alaska.

Consider, first, tornadoes. They occur every year in the other States and only a few of the lower 49 are exempt.

In the 46 years beginning in 1916, since the Weather Bureau began recording the casualties from tornadoes, it has recorded 1,217 deaths, an average of over 26 a year. In only four of those 46 years were no deaths recorded, although bodily injuries and property damage were. In 1953 the death toll from tornadoes reached the tragic figure of 244. The number of injured each year is, of course, far greater than the fatalities, and the property damage over the same period is about a quarter of a billion dollars.

Tornadoes occur in every State of the Union except Alaska. No tornado has ever taken a life in Alaska.

Hurricanes annually take a varying toll of lives in the 48 lower continental States, ravaging the Atlantic and Gulf coasts in the process. In 1947 they took 53 lives, one in Texas, one in South Carolina, 12 in Louisiana, 22 in Mississippi.

Hurricanes took 4 lives in 1948, 3 in 1949, 19 in 1950, none in 1951, 3 in 1952, 2 in 1953. In 1954, four hurricanes took the tragic total of 193 lives. Hurricane Carol, in that year, killed 60 in New England, and Hurricane Hazel took 95 in the Atlantic States north from South Carolina.

The next year, 1955, was even more disastrous, with Hurricane Connie killing 25 in Maryland, New Jersey, New York, and New England, and Hurricane Diane killing 184 in Virginia, Pennsylvania, New York, Connecticut, Massachusetts, and Rhode Island.

In 1956, the hurricane deaths dipped to 21—all in Mississippi, Louisiana, Alabama, and Florida.

But 1957 was the worst on record, with 395 dead, of which Hurricane Audrey took 371 in Louisiana. In 1959, there were 24; in 1960, 65, and in 1961, 46.

Despite the fact that Alaska's coastline is longer than the combined Atlantic, Gulf and Pacific coastlines of the 48 lower continental States, no hurricane has ever taken its toll of an Alaskan life.

In the decade 1948 to 1957, according to the Weather Bureau, a total of 2,054 persons in the lower continental 48 States were killed by lightning, an average of 205 a year. Only one State besides Alaska suffered no death from lightning in that decade. Texas led with 150 deaths from lightning; Alabama was next, with 112; Georgia third, with 110; North Carolina had 101; Mississippi, 98; South Carolina, 95.

Thunderstorms are not common in Alaska. Lightning is seen here rarely and no one was ever killed by lightning in our State.

Even our volcanoes, of which some 50 are active, seem to be uniquely benign. Writing on the explosion of Mount Katmai, which took place on June 6, 1912, just 50 years ago this month, George C. Martin, geologist with the U.S. Geological Survey, rendering the first full account in the February 1913 issue of the National Geographic magazine, declared that the eruption was undoubtedly one of the most violent of historic times, adding:

"In the violence of the explosion, in the quantity of material thrown out, and in the distance to which the ejected material and sound waves were carried, this was certainly among the greatest eruptions witnessed by man. It differs, however, from almost all other known great eruptions in that the immediate damage to property was almost nothing, and that, as far as known, it was not the direct and sole cause of the loss of a single human life."

As contrasted with the weather fatalities in the lower States from hurricanes, tornadoes, and lightning, averaging hundreds of deaths annually, Alaska can record from natural disasters, in comparable periods of record, only less than a dozen deaths from the two seismic waves which swept the Scotch Cap lighthouse and its personnel into the sea in 1946, and the similar occurrence in the Yakutat area 4 years ago, where five perished. Both of these were due to earthquakes beneath the ocean floor off the Alaska coast.

It is for us the living—the living in Alaska, who have experienced neither tornado, nor hurricane, nor been struck by lightning—to oppose longstanding "climythology" with facts.

They will reveal that while the 49th State has the widest range of temperatures under the flag—from 100° above to 76° below zero at Fort Yukon—life, as far as climatic vicissitudes are concerned, is the least hazardous of any State of the Union.

I could and should, no doubt, rest my case there, but I cannot forbear to add a word about Alaska's spaciousness and its grandeur.

Henry Gannett, for many years the chief geographer of the U.S. Geological Survey, gave this "one word of caution to those intending to visit Alaska. * * * 'If you are old, go by all means; but if you are young, wait. The scenery of Alaska is much grander than anything else of the kind in the world, and it is not well to dull one's capacity for enjoyment by seeing the finest first.'"

What distinguishes life in Alaska from life in the other States? For one thing, the unspoiled wilderness, with all its abundance, beauty, and mystery is always nearby. Our mountains, rising either from the sea or from a base only a few hundred feet above sea level, exhibit perhaps as great visible altitude as any mountains found anywhere on earth.

This entrancing land displays both the celestial fireworks of the Aurora Borealis and the midnight sun—though I will have to admit that even we cannot exhibit both at the same time.

But perhaps most important, the last frontier is inhabited by the friendliest people. There is neither caste nor class in Alaska. Here are no status seekers.

Being both Americans and Alaskans is status enough.

STATE-FEDERAL SAN LUIS CONTRACT REVIEW

Mr. MILLER. Madam President, the contract relating to the San Luis, Calif., reclamation project has become effective, following the failure of any objection to be made to the contract by Congress following the hearings before the Senate Committee on Interior and Insular Affairs. The contract was considered, and inasmuch as there were no objections from the members of the committee, it was permitted to go into effect.

Notwithstanding that, I believe it to be fitting and proper that the Record show the position taken on this project by the National Farmers Organization. I ask unanimous consent that a statement relating to the contract for this project, which has been furnished to me by Albert E. Casper, vice president and legislative representative of the National Farmers Organization, be printed at this point in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Ninety-Day Count-Down: The State-Federal San Luis Contract Review

The administrations of Presidents Franklin Roosevelt, Harry Truman, and Dwight Eisenhower resisted the attempts of large landholders to destroy the antiwater monopoly provisions of national reclamation law. Under the present administration it appears that a half century of efforts described by Senator Paul Douglas on the Senate floor as "one of the greatest land steals that has ever been attempted in the history of this Nation" are now succeeding.

While President John F. Kennedy was presenting land titles to campesinos at La Morita, Solicitor Frank Barry, of Interior, was denying that Congress applied acreage limitation to the State service area on San Luis project in California. He was mistaken. The facts are, Congress declared in the San Luis Act itself that reclamation law shall govern the Secretary of the Interior; Congress refused to exempt the State service area; and Congress refused to permit any exceptions to reclamation law at all.

Acreage limitation, Solicitor Barry argues, is not applicable to the State service area because application could "precipitate a conflict with legitimate State authority which Congress was careful to avoid." But neither the U.S. Supreme Court in 1959 nor the California Supreme Court in 1960, when acreage limitation was before them, found conflict between acreage limitation and State authority. In these same years the Legislature and people of California both repeated earlier authorizations to the State executive to accept Federal acreage limitation. Solicitor Barry's conclusion is unsupportable. There is no conflict.

Solicitor Barry not only saw conflict where there is no conflict. Further, he failed to see Federal investment where there is vast investment. His opinion appears to say that acreage limitation should follow Federal investment. Yet he appears to overlook Federal flood control contributions to the State project, overlook Federal investment in 107 miles of San Luis Canal and Reservoir, overlook Federal maintenance of Sacramento River channel as a conduit for the State project, and overlook proposals to Congress of Federal loans to the State at low rates of interest, or even at no interest at all. These are large errors.

The Justice Department is uneasy about Solicitor Barry's view of the law, although concurring in elimination of acreage limitation from the San Luis contract. The Attorney General says, "Strong arguments can be made to the effect that (Congress) did not intend to abandon the policy even within the area to be serviced by the State." The Justice Department covers its reluctance with hopes for "congressional reexamination" and "positive action." But review of contract by two committees is not the way to determine the intent of the whole Congress.

The Constitution provides for determination of congressional intent by the judiciary. In the courts the scales of justice are evenly balanced; in contract review they are not. Congress made sure before authorizing the San Luis project that there would be no exemption from, nor exception to, reclamation law. Congress considered exemption of the State service area and rejected it. Now the committees that were denied the exemption they sought, with authorization already in hand, are the very ones to say whether or not there is to be exemption. In contract review they need only remain silent to gain what the whole Congress refused them. The procedure for contract review is inappropriate, both judicially and politically, to the function ascribed to it by the Justice Department.

It is common knowledge that holders of large tracts of irrigable land have worked persistently to escape the acreage limitation. Acreage limitation is the instrument of the public policy against water monopoly and land speculation that furnishes cardinal justification for opening the Public Treasury to help bring water to private lands. Holders of large tracts of land have worked for two generations to throttle the policy without closing the doors of the Treasury to themselves. In 1944 a blueprint of their tactics appeared, disclosing an intention to use the State of California as an instrument of escape. Apparently they have succeeded in maneuvering the State at least momentarily into position; a State administration elected on a promise to support Federal acreage limitation and empowered by law to accept it, nevertheless now combats it.

Another blueprint appeared last year, one drawn for these final stages of escape. Legal counsel, experienced in opposing reclamation law, advised the State how to proceed step by step to nullify acreage limitation. The advice was given on an expressed assumption that neither the State administration nor the Federal Bureau of Reclamation desires to apply acreage limitation to the State service area. Events in Washington and California appear to fit this blueprint. Acreage limitation is omitted from the State-Federal contract. The Department of Justice is making no challenge in the courts. People injured by abandonment of public policy are too scattered, too ill-informed and ill-equipped to take the case to the courts themselves, or perhaps they assume that their Government will go before the courts to represent them there, if necessary to protect the public interest. The contract is in the hands of committees with no desire to apply acreage limitation and the 90-day countdown has begun. All this follows the blueprint.

Should the executive branch of the Federal Government respond to plans made in California to avoid enforcement of Federal law, and particularly nonenforcement of this law? Some answer "Yes," among them the San Francisco Chronicle in a recent editorial: "* * * the decision may be shaky legally but * * * it is sound and practical * * *. It has never seemed to us that (the Federal 160-acre limitation) could practically be applied to the highly developed, large-scale, corporation-dominated farming ventures of the lower Central Valley." Others would answer: the administration's first responsibilities are to the interests of the many for whom reclamation law was enacted, the many who need not live in the shadow of corporation-dominated farming communities if the law is enforced.

The resistance of excess landholders to acreage limitation is not hard to understand. About 34 owners of irrigable land in the southern San Joaquin Valley, none of them with less than 5,000 acres, hold three-quarters of a million acres. A conservative estimate of public subsidy on earlier projects to irrigate private land in proximity to the State service area is $600 per acre. The law permits subsidization of water for 160 acres per individual, or 320 acres for man and wife, viz, $96,000 and $192,000 respectively; acreage limitation forbids more. In addition, the law affords the valuable privilege of operating one's entire holdings with subsidized water for a decade prior to sale of excess lands at a fair appraised price. The complaint, apparently, is that this public generosity to individuals is too little.

Many examples of large holdings of excess land could be cited from public sources. One can serve as illustration. In southern California it appears that the 90,000-acre Irvine Ranch in Orange County will need more water, and is likely to obtain it as part of the State service area. Like managers of other large properties who are reluctant to sell their excess holdings to obtain water under reclamation law, the management of Irvine Ranch prefers to retain ownership of its lands. According to the Los Angeles Times the ranch plans a "new city" with "55-year leases with reappraisal every 25 years." The world has looked upon mortmain with distrust since the Middle Ages.

In sum it appears after defeat in Congress, after defeat before the Supreme Court, after repeated defeats by votes of the people of California, that interests desirous of participating in public financial generosity for water development free of the controls of acreage limitation, have turned now to the National administration to nullify the law.

It will take courage to reject their program. Should the President now order inclusion of acreage limitation in the San Luis contract, however, President Kennedy can be sure of his own legal ground. State law gives the Governor of California authority to accept acreage limitation, so he can be sure of his legal ground, too. Moreover the Governor, if he wishes, can then proclaim both the triumph of his State water program and his adherence to the policy and specific platform on which he won by a million votes in 1958. This course offers solid ground for future hopes of popular support in California; abandonment of principle on a question never far from the surface in California for three generations offers none.

The Department of Justice should take this question to the U.S. Supreme Court. The Solicitor of the Interior Department apparently is willing to consider cooperating in a court test of his Kings and Kern opinion to which excess landholders object. Should there be any less willingness on the part of this administration to go into court to test the San Luis opinion, one so shattering to the prospect for creating modest landholdings and well-balanced communities through reclamation?

The Secretary of the Interior warned recently that future national financial support for reclamation depends on preservation of acreage limitation by the West itself. He said: "I can't think of a worse time for us to abandon the traditional policy that has governed reclamation policy in the past." (Sacramento Bee, Oct. 20, 1961, p. a–10.) Failure to attach to the proposal in the current budget to grant $66 million for flood control on Feather River to the State of California, a condition that reclamation law shall apply to the State service area, would belie emphatic assurances that there "will not be a plugged nickel of Federal money in the State project" given by California spokesmen to Congress in support of their demand for exemption of the State service area. Strict adherence to national policy now will strengthen western prospects for Federal help for future reclamation and assure as well, in the words of the Supreme Court, that reclamation shall "benefit people, not land," and shall distribute these benefits "in accordance with the greatest good to the greatest number of individuals."

In May 1959 Senators Paul Douglas of Illinois, and Wayne Morse, of Oregon, defeated the attempt to remove acreage limitation from the State service area. During debate Senator Douglas asked: "Is it not true that the wide distribution of the land and property has furnished the basis for economic democracy in the Middle West, and that out of the economic democracy in many States have come movements for political democracy; notably the La Follette movement and, as well, the support which the great Senator Norris and others have received?"

This is the centennial year of the homestead law signed by Abraham Lincoln in 1862. This is the 60th anniversary of the national reclamation law signed by Theodore Roosevelt in 1902. Are we to celebrate these anniversaries with funeral pyres? And in what name would the fires be ignited? Not law. Politics? Surely not heads-up politics, good for the long pull. Surely not public policy. Surely not conservation. Surely not preservation of the American heritage.

February 10, 1962.

BIGGEST LOBBY IN WASHINGTON

Mr. MILLER. Madam President, I find, quite often, that the general public does not have a correct concept of the lobbying process in Congress. The public seems to think that the lobbying groups are confined to the AFL–CIO, the Farm Bureau, the American Legion, the national headquarters of various trade groups, and other organizations.

I think it should be made very clear that the most powerful lobbying group in Washington is the White House, which has almost unlimited resources at its disposal to try to affect legislation by having it either passed or defeated. A good example of this practice is what happened in the case of the farm bill. An article entitled "Freeman's Lobbying for Kennedy Farm Bill Reaches High Pitch," written by Paul Duke, and published in the Wall Street Journal of June 21, 1962, describes the lobbying activities of the White House and the Department of Agriculture with respect to the farm bill. I ask unanimous consent that the article be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Freeman's Lobbying for Kennedy Farm Bill Reaches High Pitch—He Camps Near House Debate To Woo Lawmakers—Aids' Hopes High for Today's Vote

(By Paul Duke)

Washington.—Agriculture Secretary Freeman, employing the flair of a carnival pitchman, is championing the administration's farm bill with a display of salesmanship that has left even seasoned politicians slightly popeyed.

Yesterday, President Kennedy's farm boss capped 3 weeks of frenzied effort with a stellar performance. Settling into Speaker McCormack's office hard by the entranceway to the House debate over the bill, Mr. Freeman bombarded a parade of uncertain legislators with a sales spiel that would have aroused envy in the best of sideshow barkers.

Whether this campaign results in success or failure will be decided today when the House begins final voting. And, as the decision time drew closer, Freeman forces were increasingly optimistic that they would win approval of at least a modified version of their plan, if farmers approve, to impose the tightest production and marketing controls ever placed on wheat, corn, and other crops. "Orville figures he needs at least 210 votes, taking into account normal absences," says one aid. "And we think he's got 'em." If all Representatives voted, it would take 217 votes to carry the 432-Member House.

Mr. Freeman's lobbying already has paid off in the Senate which several weeks ago granted its approval by a four-vote margin. But the House has loomed as an even more difficult hurdle because of the opposition of conservative southern Democrats and of Republicans who look with disfavor on moves toward greater Federal controls of agriculture.

WINNING OVER OPPONENTS

However, the optimism emanating from the Freeman camp seems to have more than a little justification. Talk to one veteran Democrat who once was opposed to the administration bill but now is tottering on the fence.

"This man is a snake charmer," he declares, "I was all set to speak against this bill until Freeman started coming around to see me and he's almost got me convinced I should vote for it."

A wavering Southerner seconds the endorsement. "He's the most persuasive man I've ever listened to," this legislator attests. "He not only sells himself, but he sells his cause." A House Democratic leader sums up the administration's hopes with this comment: "If anybody is going to pull the bill out for us, it's Orville."

And, the farm bill strategists are confident they'll corral some surprising support. One possible backer: Representative Smith of Virginia, chairman of the powerful Rules Committee and leader of the conservative Southern bloc. Already, there is solid evidence that Southern opposition is beginning to crumble; all of the 10 Georgia Members are now supporting the bill, and legislators from other States of the Old Confederacy show signs of shifting.

In contrast, Republican opponents late yesterday were displaying a deepening gloom about their chances for sidetracking the bill. "The administration has had too many soldiers in this battle and they're twisting too many arms and making too many deals for us to win," a western Republican remarked sadly.

If this sentiment proves prophetic, the credit seems sure to accrue to Mr. Freeman's never-say-die diligence. Before setting up shop in Speaker McCormack's office yesterday, the Agriculture Secretary hustled out of bed to appear on the National Broadcasting Co.'s "Today" television program at 7:45 a.m. After his pitchman's performance, he spent the day on Capitol Hill collaring Congressmen wherever they could be found.

PERSONAL APPROACH TYPICAL

This personal approach is typical. Since Mr. Freeman stepped up his campaign several weeks ago, it's estimated he's visited with upwards of 100 legislators. Take Tuesday, for example. After an 8 a.m. strategy conference in his office, the Agriculture Secretary talked with 6 Congressmen during the morning. He lunched with reporters from a variety of newspapers and then took on four more lawmakers during the afternoon in addition to his regular chores.

Today, as the crucial House voting begins, the administration farm general plans a telephone campaign directed primarily at undecided Representatives. His pitch will take the form of a willingness to perform service. "Do you have any questions, or need any information about this bill?" he'll ask. If any inquiries are posed, a battery of aids will leap for the answers.

Though much of the Freeman lobbying is directed at uncertain fellow Democrats, Republicans are not neglected. This week the Agriculture Secretary mailed letters to each of 30 GOP House Members considered vulnerable to appeal—mostly from urban areas such as in New Jersey and Michigan, Congressmen redistricted out of office by their legislatures back home, and well-known mavericks.

In the notes, Mr. Freeman took advantage of a recently disclosed strategic windfall: A letter from an aid to former President Eisenhower's Agriculture Secretary, Ezra Benson, purporting to describe a decision by Republican leaders last fall—now denied by GOP chieftains—not to propose solutions to farm problems but to simply criticize the administration.

"It is a well known fact that the Republican leadership is opposing (the bill) just for opposition's sake," Mr. Freeman wrote, "and I know you are under great pressure to follow this course." But, he urged, "the farm proposals were designed in the national interest, and I hope you will consider it in this relation as well as in the interest of all the people in your district."

In essence, the Freeman spiel, whether to Democrats or Republicans, is quite simple. First, he rattles off facts and figures showing the billions Uncle Sam is now paying to subsidize American agriculture. Then he tells the Congressman that there is no hope for reducing costs under the current program. Unless something is done to discourage excess plantings, he declares, the outlook promises only continued overproduction, massive payments in price supports, and additional Billie Sol Estes scandals.

Despite the encouraging signs, the battle has not been all smooth going for the former Minnesota Governor. Not only have farm groups such as the American Farm Bureau Federation been opposing the bill, but the administration has encountered other troubles within the Democratic ranks such as:

Woman's wiles: Congresswoman Edith Green, of Oregon, normally a major backer for administration measures, isn't certain she'll vote for this year's bill because she doesn't see much good in any farm bill.

Election thorns: Mr. Freeman has failed to land the vote of Representative Pike, whose Long Island, N.Y., district is now Republican leaning; he's fearful his support would lead voters to turn against him in the fall elections.

Counterlobbying: The power swung by the Farm Bureau in Illinois is making Representatives Mack and Yates think twice about backing the bill. Mr. Mack faces a tough reelection battle with Representative Findley in a merged district, and Mr. Yates is seeking to unseat Senate Republican Leader Dirksen.

Civil rights: Some southerners say they can't vote for the bill because of a provision that would permit farm land to be turned into recreation areas, which they fear would have to be racially integrated. However, the House yesterday rejected Republican amendments to specify that such facilities must be integrated.

Still Mr. Freeman apparently has won the endorsement of the heretofore reluctant National Grange, a farm organization with its biggest membership in the Northeast, Midwest, and Far West. Herschel D. Newson, master of the Grange, in a letter to Congressmen from areas where the Grange is strongest, backed Mr. Freeman's most controversial proposal: Mandatory planting limits on feed grain acreages, if farmers approve in a referendum. Previously, the Grange had approved the administration's farm bill only "in principle." Thus the Grange apparently joins the Farmers Union, another farm organization, in supporting the measure.

But, more than anything, the Democrats are encouraged by the solid backbone of support for the bill from the party's city brethren, who in recent years had found it convenient to vote against some farm bills because of consumer complaints about food costs. This time, though, the Democratic delegations from Boston, Chicago, New York, and Philadelphia are united behind the bill.

The administration's farm bill would extend to wheat and feed grains the same planting and marketing curbs now in effect for cotton, rice, and tobacco. It also provides for pilot projects that could lead eventually to shifting about 51 million acres of land into uses other than for crops. Today, Republicans plan to offer their own catchall bill that would continue most of the existing governmental programs for another year.

In yesterday's preliminary sparring the House adopted several relatively noncontroversial amendments, including a GOP-backed proposal to give the President authority to provide surplus commodities to feed refugees from Communist China who flee to Hong Kong.

But the Chamber turned down another Republican-supported motion to permit funds received from the sale of farm surpluses to be sent to Yugoslavia and Poland to help build up private farms in those Communist-controlled countries. It also voted to permit a controversial provision that would have prohibited the Agriculture Department from issuing marketing orders to control the supply of potatoes for use in making dehydrated potato flakes and potato chips.

Mr. HUMPHREY. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Madam President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE 186TH ANNIVERSARY OF SIGNING OF DECLARATION OF INDEPENDENCE

Mr. DIRKSEN. Madam President, on this July 4, 1962, 186 years since the signing of the Declaration of Independence by dedicated men who had the most vivid vision and reasoning power, we should pause a moment and reflect. There are two questions on my mind which we should ask ourselves.

First. Have we, in this 20th century, shown equal vigor, courage, foresight, and determination to the pilgrims and the pioneers, who shed blood, suffered and withstood unmeasured hardships, that this Nation under a republican form of government might be a land of the free and a home of the brave?

Second. Have we the proper concern, the desire, and the wisdom to carry on, maintaining the basic principles as set forth by the Declaration of Independence and the Constitution of the United States, as devised by our forefathers, that liberty and justice can continue to reign in our United States of America?

These are serious questions. Each generation must consider its responsibilities as well as its benefits. We have been blessed and have lived in a country rich in produce, skills, and manpower. Every man, woman, and child must share the responsibility of keeping America great with freedom for all.

Our country must come before self. May each one feel as Lewis Morris, one of the signers of the Declaration of Independence felt, when he said, "There are plenty of homes, but only one country," when he was about to place his signature on the revered document and was told that the enemies were at the gates of his Long Island home, but that his property would be spared if he would withhold his vote for liberty.

Mr. Lewis Morris lost his home, but saved his country. Let us never let such thinking and loyalty die. There is no other country like our United States of America.

I ask unanimous consent that the article "Our Lives, Fortunes, Honor," as published in the official Boy Scouts magazine, May issue, be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Our Lives, Fortunes, Honor

July 4, 1776, in Philadelphia was an unusually fine day: A comfortable 76° in midafternoon—pleasant indeed for July.

The atmosphere was anything but pleasant in the brick Statehouse on Chestnut Street. The Continental Congress had been in session for long, tiring days, in dispute over a document they called "A Declaration of Independence."

The speechmaking had ended. The last stage of the historic conference had come. There was no joy, for each man was faced with the most difficult decision of his life.

It was a time for heartbreak for South Carolina's Thomas Hayward, whose family was divided on loyalty to the King or the colonies.

It was a time for decision for the Quakers and Moravians, who opposed bloodshed yet loved their country as much as the others. Men searched their souls as discussion droned on in the flickering candlelight.

What manner of men were these 56 patriots who, by signing their names, risked everything, including their lives? As a consequence, some suffered imprisonment, exile, slander, and broken health. Others lost their fortunes, and their homes were sacked and burned. Yet, few Americans today can name even 10 of this band of men who put together the document that signaled the birth of the greatest nation on earth.

Every man in the room clearly understood the dangers of signing the document they were painstakingly reworking, paragraph by paragraph.

There were men of wealth—Charles Carroll, of Maryland; John Hancock, of Massachusetts; and Robert Morris, of Pennsylvania. A stroke of the pen might make them paupers.

Sam Huntington, of Connecticut, had risen from a humble barrelmaker by studying law at night to become a Justice of the Supreme Court and a member of the Governor's council, appointed by King George III. He stood to lose more than even the wealthy men.

The afternoon wore on without agreement. Delegates argued about the content of the paper, the timing, even the wisdom of the step it proposed. If they could have foreseen the future, what might their decision have been?

What if New York's Francis Lewis had foreseen his home burned and his wife held for months in a filthy prison? General Washington finally secured her release due to her failing health, but she died 2 years later because of her confinement.

What if Richard Stockton of New Jersey had known he would die in poverty because the British seized all his property?

There was little doubt in the minds of the leaders that the declaration would finally be signed. As John Adams said, "the real revolution occurred in the minds of people" before this Congress convened. The session was nearing the end, and the delegates would scatter. For some, tragic fates lay ahead.

Some were the biggest financial backers of the Revolution and lost every cent they had. Carter Braxton of Virginia, richest of them all, died in debt, brokenhearted. His fortune was in ships, all captured by the English.

The wife of John Hart, a New Jersey farmer, was dying when the Hessians reached his farm a few months after he signed the document. Hart escaped into the woods, but his property was ruined, and his 13 children scattered. Hart lived in a cave until he could return home a year later only to find his wife dead. Almost 70, he joined Washington's army as a private.

When Lewis Morris was about to sign, he received word the enemy was at the gates of his Long Island home, but that his property would be spared if he would withhold his vote for liberty. "There are plenty of homes, but only one country," he answered and signed. He lost everything he possessed and his family was exiled.

The candles in the statehouse were flickering out as a final reading of the declaration began:

"When in the course of human events."

A small boy ran to the steeple of the building where an old bellman had waited patiently since early morning. "Ring, ring," the boy cried.

The old man pulled the rope and the great bell began pealing its crucial message. The inscription on the bell read: "Proclaim liberty throughout all the land unto all the inhabitants thereof."

SELECT BIBLIOGRAPHY ON UKRAINE AND OTHER NON-RUSSIAN NATIONS IN THE SOVIET UNION

Mr. DIRKSEN. Madam President, it has become a truism in the field of international relations that peace with justice is solidly furthered through a broader knowledge and deeper understanding of other nations and peoples. Yet, strangely enough, in these perilous times we have scarcely observed this basic axiom in relation to Ukraine and many other captive non-Russian nations in the Soviet Union.

The serious lag and lacunae in our appreciative understanding of these particular nations are compounded by two essential facts. The first fact is that Ukraine, with a population of over 40 million, is the largest captive non-Russian nation not only in the Soviet Union but also behind the Iron Curtain. Long the Achilles heel of the Soviet Russian Empire, Ukraine is one of our most formidable allies for freedom in Moscow's colonial system. The second essential fact is that the non-Russian nations in the U.S.S.R.—from the Baltic to the Caucasus and into central Asia—constitute a tier of fundamental weakness and vulnerability in the imperial structure of Moscow's empire. This was clearly demonstrated when in July 1959 Khrushchev erupted violently over the passage of the Captive Nations Week resolution by the U.S. Congress. He has been erupting ever since over the mention of these occupied non-Russian nations.

Madam President, I believe it is most fitting on the eve of the third anniversary of our Captive Nations Week observance to introduce into the Record this "Select Bibliography on Ukraine" and other non-Russian nations in the Soviet Union. This is the first compact and essential bibliography on this vital subject. Its value and usefulness to our libraries, educational institutions, and public agencies will be enormous. Its value to the interests of our Nation is immeasurable.

Under the far-seeing auspices of the Ukrainian Congress Committee of America, this select bibliography was compiled by Dr. Alexander Sokolyshyn, a professional librarian in the New York City system. It was edited by Mr. Walter Dushnyck, managing editor of the Ukrainian Quarterly. Its final presentation was arranged by Dr. Lev E. Dobriansky, professor at Georgetown University and national chairman of the Ukrainian Congress Committee of America.

This special project in the interests of American public enlightenment and knowledgeable directions for the expansion of freedom was made possible by a beneficent contribution of Mr. Nicholas Dutchak, of Detroit, Mich. The good that he made possible will, I know, be warmly appreciated by every institution profiting from its use.

Madam President, I ask unanimous consent that this valuable bibliography be printed in full in the Record.

There being no objection, the matter was ordered to be printed in the Record, as follows:

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ADDRESS BY SENATOR WILEY

Mr. DIRKSEN. Madam President, the distinguished Senator from Wisconsin [Mr. Wiley], delivered a significant address to the 49th national convention of the National Rivers and Harbors Congress recently, and I ask unanimous consent to have the address printed in the Record as a part of my remarks.

There being no objection, the address was ordered to be printed in the Record, as follows:

Greetings From the Senate of the United States to the 49th National Convention of the National Rivers and Harbors Congress

Senator Wiley. Mr. Toastmaster, Mr. President, Mr. Speaker, distinguished ladies, and gentlemen, I, too, welcome the opportunity to be here, welcome the opportunity to say a few words, and to extend my warmest greetings to all of you. Wisely and diplomatically you have elicited greetings from both sides of the political fence. I happen to be just a Republican, you understand, and my good friend, the Speaker, well he belongs to the majority party, for the present, I believe. Well, anyway, it's a good thing that we don't let partisanship enter here. What we need is cooperation as in our natural resources development program we must have. With a fast increasing population, as suggested, the United States is confronted with building effective and improved water resource programs. In addition, we face the well-recognized challenge of further improving flood control, rivers and harbors development, reflecting my long-time interest in adequately developing our water resources. I was one of the cosponsors of Public Law 358, the 83d Congress, which gave us the St. Lawrence Seaway. The Seaway, a magnificent engineering and constructive feat, unparalleled in American history, promises great things for the utilization of the Great Lakes, the greatest inland water system in the world, and also for its contiguous rivers. Regionally and nationally, the Seaway, I believe, will create new economic life for America. I talked to a man the other day who had taken it from one of the ports in my own State, told about the wonderful adventure he had, what it meant to him to have that great tourist—that's the phrase he used—the great tourist opportunity. Across the country as reflected in this nationwide representation here at your 49th meeting, however, there is a growing need to assure ever better utilization of our invaluable resource—water. This includes projects of flood control, river and harbor improvements, irrigation, reclamation, carrying on conservation practices. For more than 60 years, the National Rivers and Harbors Congress have contributed in a splendid way toward attainment of such goals by inspiring greater public concern and interest in our Nation's urgently needed water development program, acting effectively to convert plans into reality and strengthen cooperative efforts between Federal, State, and local agencies, working in land and water use.

In establishing realistic criteria for determining our support of development programs, we have been a tremendous help to our national legislature in providing the necessary Federal support for such programs. As you will appreciate, Members of Congress cannot always get on-the-spot information for flood control, but this very organization is doing a great job in getting the facts to us. As you know, the omnibus rivers and harbors flood control bill, on which hearings have recently been held in the House, may be expected to be considered shortly by the Public Works Committee. In addition, in the Senate, it will soon consider the public works appropriation bill. The measure contains many significant projects including several in my own State. I'm hopeful that Congress will pass a realistic bill, one that will help us to progress at a proper pace, and will not invite a veto. Within this framework, some might call it a handicap, I believe that the Congress should move forward as expeditiously as possible toward approval of this piece of legislation.

Like all of you, I'm well aware that there are other projects all over the country, which if further developed, would better serve not only local, but the national interest. As constructively exemplified in your work, however, there is need to establish a priority system for such projects. Although we, by natural inclination, would like to accomplish the job all at once. Consequently, I am hopeful that as soon as possible, the many meritorious projects still being held in abeyance, will also be considered.

As we face the future, I want to again commend you and express appreciation for the spendid work you are doing in this significant field. Moreover, I shall look forward to what I know will be the constructive results of this convention. In your efforts, I am confident you will write another significant page in a history of the Nation's rivers and harbors development program.

Now just let me suggest this one word in conclusion. These are perilous times. We are thinking about water. We are thinking about our harbors. We must not forget the real challenges that are confronting us—peace or war, communism and its impact upon the world and America, and three, can we preserve the economic integrity of this country. These are the three challenges. These we must ever bear in mind and see to it that we are adequate to meet head-on these challenges that we face.

Thank you.

Mr. PROXMIRE. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Wisconsin will state it.

Mr. PROXMIRE. Has morning business been concluded?

The PRESIDING OFFICER. The morning hour is still in effect.

Mr. MANSFIELD. Madam President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

PUBLIC WELFARE AMENDMENTS OF 1962

Mr. MANSFIELD. Madam President, under the unanimous-consent agreement of Friday, June 29, I ask unanimous consent that the Chair lay before the Senate the unfinished business.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated, by title.

The LEGISLATIVE CLERK. A bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

TIGHT CREDIT MAY BLOCK ANY ECONOMIC EXPANSION FROM TAX CUT

Mr. PROXMIRE. Madam President, in the last few weeks, especially the last few days, there has been more talk about tax cuts than the Nation has heard in a long time. These tax reduction proposals have been designed to develop a fiscal policy to expand the economy. At the same time, the Federal Reserve System has slammed the tight-credit brakes on the economy more decisively in June than in any other month in recent years.

Late last month, the chamber of commerce joined with the AFL-CIO and a panel of 21 top-ranking economists, led by Harvard Prof. Seymour Harris, in calling for a big tax cut now, designed to expand the economy. Over the weekend distinguished Senators have joined in that position, and the Governors of three of the largest States of the country—California, New York, and Ohio—have also supported that position.

Even if these powerful advocates should persuade Congress to follow their prescription, any expansionary effect of a tax cut would run smack into the contracting impact of the Federal Reserve Board's action. The result might be to create a standoff effect in the economy with the only certainty that interest rates would be high, credit scarce, the budget more unbalanced, and the national debt higher than ever. The fact is that the second biggest cost of our Federal Government today—second only to defense—is the servicing of the national debt—the cost of the interest on the national debt.

Obviously, the Federal Reserve Board's policy results in higher interest charges on the national debt, thus imposing a greater burden upon the American people.

Federal Reserve action during June, slashed free reserves of member banks by a whopping 40 percent, or from $517 to $306 million. Even that $306 million is a gross overstatement of free reserves on the Reserve basis in effect until recently. Congress last year passed legislation to enable the Federal Reserve to count cash vault or till cash as part of their reserves. If an adjustment is made for this, we can see that the reserves now in our banking system are exceedingly low. This is the reason why, during the month of June, borrowing at the Federal Reserve bank increased 100 percent, because the rates climbed sharply.

I call attention to the fact that for the week ending June 13 the Federal Reserve sold $321 million of Federal securities; in the week ending June 20, $54 million; and in the week ending June 27, $191 million. Of course, this selling of securities by the Federal Reserve has a tendency to drive up interest rates and to soak up available reserves of cash.

Mr. DOUGLAS. Madam President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I am glad to yield.

Mr. DOUGLAS. I commend the Senator from Wisconsin for his statement. The sale of Government securities in the amount of well over half a billion dollars diminishes the lending capacity of the banking system; does it not?

Mr. PROXMIRE. That is correct. I understand this is the most significant way in which the Federal Reserve accomplished its apparent objective of reducing free reserves and tightening credit, with their consequences.

Incidentally, I understand the Federal Reserve has purchased no securities with more than 5 years maturity since April. In the week of June 29, it sold $28 million worth of securities with maturities between 5 and 10 years, and $52 million worth of securities with maturities of more than 10 years—and the Federal Reserve has had a very small portfolio of long-range obligations.

BALANCE OF PAYMENTS DOES NOT REQUIRE HIGH INTEREST RATES

I stress this point because the argument by Wall Street leaders and Wall Street experts is that the Federal Reserve has to do this in order to protect our balance-of-payments position. They argue that this is necessary because if interest rates go lower, there will be an exodus of capital; the theory is that then Americans will sell their securities and buy foreign securities, and thus we will lose capital, and this contributes directly to our adverse balance of payments.

However, there are several difficulties with that theory. One is that no study to show that that is true has been made, although again and again we have asked that such a study be made. In other words the tight credit interest hike is based on a theory that has not been supported by any study.

In the second place, we have pleaded with the Federal Reserve to follow a policy of keeping short-term interest rates high, but of doing its best to reduce long-term interest rates, for of course the long-term rates have the most significant effect on stimulating the economy, particularly in the homebuilding area, which is especially sensitive to high interest rates.

Madam President, I wish to state for the RECORD at this time the fact that between May 30 and June 27, net free reserves declined from $517 to $306 million; but during the same period, borrowings at Federal Reserve banks increased from $86 to $168 million; and, at the same time, interest rates increased right along the line.

I ask unanimous consent that a table which I have prepared, showing bond yields at the end of May and early June, as contrasted with the latest yields, be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Bond yields

	June 1 or earlier		Latest	
	Percent	Date	Percent	Date
Corporate Aaa	4.27	May 25	4.29	June 22
U.S. Government long term (due or call 10 years plus)	3.85	May 11	3.90	Do.
Short and long Governments Aaa	2.92	May 3	3.05	Do.
Corporate Baa	4.98	June 1	5.02	Do.
Short and long Baa	3.52	May 17	3.62	Do.
3-month Treasury bills	2.65	June 8	2.73	Do.
6-month Treasury bills	2.74	do	2.80	Do.
3- to 5-year issues	3.43	Apr. 6	3.50	Do.
Finance company paper, 90 to 179 days	2.88	June 1	3.04	Do.
Federal funds	1.30	Jan. 26	2.95	Do.

HOW HOME BUYER IS HIT

Mr. PROXMIRE. Madam President, it would be hard to conceive of monetary action by the Federal Reserve which would have a more restraining effect on the economy. This sudden contraction of free reserves not only drives up interest rates drastically, discouraging businessmen and home buyers from borrowing and buying or building, it actually shuts down the availability of any credit for thousands of borrowers. It especially hits home buyers. They are particularly sensitive to increases in long-term interest rates. For example, consider a home buyer, Mr. Jones, who, on the basis of proposals which have been before the Senate, will receive a tax cut. Under those proposals, if he has a reasonably substantial income, he will receive a tax cut of $1,000 or $1,500. It is hoped that when he receives a tax cut in that amount, he will proceed to purchase a home or an automobile, or to engage in some other kind of economic activity which will stimulate the economy. But at the same time the Federal Reserve Board is following a policy of increasing interest rates. So if Mr. Jones decides to buy a house, he will find that his monthly payments will be substantially higher. Furthermore, in some cases he will find that he cannot get any credit, because the Federal Reserve Board will have so greatly tightened credit that less credit will be available.

HOW BUSINESSMAN IS HIT

Next, Madam President, let us consider corporation A. On the basis of proposed tax-cut legislation, this corporation would enjoy a cut in its taxes, and thus would have more funds available for reinventment. But, at the same time, if the corporation expected to obtain at least some of the funds it would use by borrowing them, it would have to pay more in interest, and in some cases it would find that the funds it needed were not available because the banks would not have enough funds, because they would have to ration the funds which were available.

CONTRADICTORY ECONOMY POLICY NONSENSICAL

It may be that despite the stock market plunge during June and the continuation of high levels of unemployment and idle plant capacity, the economy is moving into a period of such rapid expansion in coming months that the Federal Reserve must tighten credit sharply to protect the economy from inflation. If this is true, however, it certainly makes no sense for Congress to consider making a heavy tax cut. A tax cut would not only have an inflationary effect; it would also unbalance the budget even further in a period of expansion, when, if ever, the Federal Government should run a surplus.

I predict that if the Federal Reserve Board follows a policy of tightening credit and making less credit available to American businessmen and consumers and borrowers, and if the President recommends, and Congress passes, a tax cut bill, we shall have an incredibly stupid economic policy—truly contradictory; and in that event, we would, I think, for the first time in our history, follow a policy completely contradictory, and one which would not seem to have any sensible basis at all. If the economy needs to be stimulated, perhaps it makes sense to have a tax cut and also to have an easier monetary policy, reduce interest rates, and make credit more freely available. On the other hand, if we face an inflationary period and if the economy can be expected to expand too readily, there should not be a tax cut, and perhaps under those circumstances a tight credit policy could be justified. But as the situation now stands, our policy planners should get together, because what they are now doing is completely contradictory and cannot be justified. All of us feel that our economy can and should grow, and I am sure that all of us feel that it should grow as rapidly as possible without inflation. Certainly it has to grow if the millions of persons now unemployed are to have opportunities to find the jobs they seek. At the same time, I believe we should recognize that if we are going to follow a compensatory fiscal policy, we should be honest enough with ourselves to recognize what this fiscal policy of reducing taxes does in deliberately running an unbalanced budget and a deficit at this time, a time of economic expansion.

TIMING ESSENTIAL TO EFFECTIVE FISCAL POLICY

The essence of compensatory fiscal policy is timing. I wonder, in view of what has happened to the labor force and in view of what has happened to business generally, if we should follow that policy now.

Unemployment statistics which I have before me for March, April, and May indicate the following status of the labor force and unemployment: The number who have been unemployed for 15 weeks or more in March was 2 percent of the total labor force. In April it was 2 percent. In May it went down to 1.7 percent, which is a significant improvement. It will be interesting to see what the June statistics show.

If we are going to reduce taxes, it seems to me we ought to have basic information and statistics of this kind before us.

Even more encouraging is what has happened to the number of married males who are unemployed. There, of course, is the greatest burden on persons in our economy, in terms of the most serious tragedy of unemployment. The percentage of the labor force of married males who were unemployed in March was 2.7 percent. The percentage decreased to 2.3 percent in April and went down to 1.9 percent in May.

These are encouraging statistics. If they continue to improve in June, once again they will indicate that unemployment, which is the area of our economy which has been most troublesome and which has deeply concerned our economic experts, is improving and gives promise of perhaps improving further.

Furthermore, it has been said, with at least some degree of wisdom, that we should be extremely careful about accepting a tax cut because it is probably going to be a one-shot cut. If taxes are reduced by $7½ billion or $10 billion, it is very improbable that there will be another tax cut, short of a very serious economic situation indeed.

FORTUNE ANALYSIS INDICATES ECONOMY WILL CONTINUE TO EXPAND

In conclusion, I invite the attention of my colleagues in the Senate to the latest analysis in Fortune magazine of the status of the economy, because it seems to me it is very, very encouraging, and those who favor a tax cut should be in a position to meet the analysis, which is based on competent and careful economic study.

The July issue of Fortune magazine has this to say: In the first place, Fortune magazine predicts that, with respect to the gross national product, which increased 7 percent in the past 12 months, will gain 6 percent in the coming 12 months.

As one examines these assumptions and conclusions, he can see that this is a quite conservative analysis. It allows for difficulties, including the recent difficulty in the stock market.

The article states that the stability of U.S. prices is quickening demand not only at home but also from abroad, and further:

> While a feeling of boom is today lacking in the behavior of prices and unemployment, it is in one sense for the happiest possible reasons. Productivity has performed sensationally, up 8 percent in 5 quarters, better than in a dozen years or than anyone counted on. Nothing could be more salubrious for potential returns on investment or growth of output, and ordinarily the only question now would be how far beyond next year the economy's internal forces would carry its expansion.
>
> These are, however, not ordinary times, owing to the steel crackdown and the market break and Roundup has allowed for these dampeners on demand. As the result of the market break in particular, consumers will spend somewhat less than Roundup previously forecast. As for business investment, in January Roundup forecast a rise of $3.5 billion for the next two quarters, but now the rise may be on the order of only $1 billion per quarter till the end of this year.
>
> Thereafter, however, there should be an upturn, particularly marked in the second half of 1963.

Fortune further points out in defense that—

> Outlays have risen by $6 billion in the past year. But expenditures will go up about half as fast from now on: by a bit more than $3 billion per annum right through fiscal 1963 and well into 1964. These added expenditures include the swelling costs of the space program, small increases for the AEC and military aid overseas, and some increases for the Defense Department. The latter are going up across the board, for limited war as well as Polaris equipment.

Fortune's article proceeds to point out that—

> Contrary to some published impressions the national accounts budget was in deficit by a rate of $1 billion this spring.

This is important, and I stress it because many persons argue that, although we ran a deficit in the administrative budget, if we consider the real impact on the economy—which is not accurately reported in the administrative budget—the Government was having a deflationary, a retarding, a restraining effect on the economy last year. Fortune points out that this is not true, that there was a deficit by rate of $1 billion, in the national accounts budget which most accurately reflects the effect of the Federal budget on the economy.

There has been an argument on the part of some persons that, whereas the restraining effect was slight in the past, it is going to be substantial in the coming months unless there is a substantial tax cut. That is one of the main arguments made for a tax cut. Fortune says that is not true. It says that there will be only a small surplus of receipts over outlays 12 months from now in the national accounts budget, and it is based on assumptions which are quite conservative.

The article continues:

> The inherent strength in investment, which led Roundup in January to forecast a $7 billion annual advance, is still great. It precludes any real recession in capital goods, and on the contrary suggests a speedup sometime in 1963. * * *
>
> In short, strength in the capital sector flows from the fact that spending has been comparatively moderate, or based on real market growth.

The article then goes into the very crucial area of inventories, as to whether they will be built up or reduced. The article states:

> The big point about inventories is that they are definitely on the low rather than the high side, and so is the rate of accumulation. In the second quarter of 1962 accumulation ran to only $3 billion per year, principally because steel users, who had accumulated inventories as a hedge against a possible midyear stoppage, were running off stocks. This runoff will soon stop, and Roundup expects that the rate of accumulation will increase in the third quarter and run at over $6 billion per year in 1963.

The article continues to comment on dealer stocks of cars and states:

> Dealer stocks of cars are the lowest in 3 years despite near-record sales, and stocks of other retail and wholesale merchants of hard goods are also low. Business has in the past year been pursuing the most conservative policy ever recorded by Fortune's quarterly surveys. Stocks have grown only half as much in the past 2 years as sales of goods to final users, which are up 8 percent over mid-1960. All in all, inventories, which now come to more than $100 billion, should grow at least in pace with final sales of goods. Roundup projects this rate at a bit over 6 percent a year through 1963.

The article indicates that the construction business looks good and promising, on the basis of what has happened, the demand, and the needs.

I ask unanimous consent that the article from Fortune entitled "Business Roundup," in the July issue, be printed in the Record at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

It Adds Up

Against the backdrop of an economy that was producing $560 billion worth of goods and services while the stock market fell precipitously, men debated last month the possibilities of continued growth, a slowdown, and even an outright recession. One task of the discipline of economic analysis and forecasting is to define some limits of the effects of swings in confidence such as the country is now experiencing.

In Roundup's judgment a real recession in the U.S. market economy—defined as a sharp turndown in production—is not in the cards during the next 12 months. As argued last month, the recent drop in the stock market in a period of monetary ease cannot be viewed as the harbinger of recession in the light of past experience. The condition of inventories, the structure of capital demands, the surge in Government spending, the strength in housing, the incomes, and savings of consumers, are all extraordinarily favorable and imply a large momentum. The worst immediate consequence Roundup can see issuing from today's loss of confidence would be that the economy would now simply level out for a time. It is barely conceivable that 6 months from now there could be a mild dip on the order of 1960–61, but only if the economy had risen meanwhile with confidence still impaired. By then, however, it is far likelier that the fabric of confidence would be restored, given the stakes that both business and Government have in economic growth.

The above are the outside pessimistic possibilities. In fact, Roundup's own forecast of the future remains basically optimistic. On this forecast GNP will rise from its present $560 billion to around $593 billion next spring, in today's prices. This is as far as it appears sensible now to forecast specific sectors of the economy charted on page 40. The logic of expansion, however, suggests that the economy will continue to rise, to $610 billion by the end of 1963, when it would be at full employment. For all of 1962, GNP will be about $564 billion, a 7 percent gain over 1961 but 2 percent less than forecast last January. The range for 1963 would be near $600 billion.

The details behind these calculations are elaborated below, but behind them lie certain hard facts and more general assumptions. The foreground fact is that the economy is performing powerfully, not poorly. Total goods and services are moving to final users at precisely the rate Roundup forecast a year ago. Final demand has increased 8.5 percent in five quarters, at once the best peacetime advance and yet the most belittled of the postwar. Total GNP is running today some $10 billion below Roundup's forecast of January, but this is chiefly due to the early settlement of steel wage negotiations. Instead of a sharp buildup in inventories then assumed as likely, metal stocks are running down. This means, however, that inventory accumulation will rise in coming months, adding impetus to the unbroken advance of GNP.

Strength for the next 6 or 12 months is also notably plain in demand for apartments and houses, for cars and home goods, and in the increasing expenditures of Government for roads as well as for armaments. Federal programs for depreciation revision and an investment tax credit, and for more public works and unemployment benefits will tend to offset some of the depressing effects recently emanating from Washington and Wall Street. The stability of U.S. prices, moreover, is quickening demand not only at home but also from abroad. While a feeling of boom is today lacking in the behavior of prices and unemployment, it is in one sense for the happiest of possible reasons. Productivity has performed sensationally, up 8 percent in five quarters, better than in a dozen years or than anyone counted on. Nothing could be more salubrious for potential returns on investment or growth of output, and ordinarily the only question now would be how far beyond next year the economy's internal forces would carry its expansion.

These are, however, not ordinary times, owing to the steel crackdown and the market break, and Roundup has allowed for these dampeners on demand. As the result of the market break in particular, consumers will spend somewhat less than Roundup previously forecast. As for business investment, in January Roundup forecast a rise of $3.5 billion for the next two quarters, but now the rise may be on the order of only $1 billion per quarter till the end of this year. Thereafter, however, there should be an upturn, particularly marked in the second half of 1963. The growth of capital stock is now and has for some years been on the order of only 2.3 percent per annum while total production has been advancing faster than that, and this rate is simply inadequate for a long-term growth of 4 percent or more in the economy. The dampened rise in investment is presenting the Nation with a due bill on the future. How and when this bill will be paid may depend, if only in part, on whether restraints on long-term growth implicit in the present tax system are lifted. It is a sign of hope, however, that such reforms are now being widely supported.

Even to attempt to look into 1963 may seem far off from present realities, but it serves to put present discussion of the state of the economy into broad perspective. Such perspective is today badly needed. The intangible of psychology is notoriously hard to judge and never more so than now after the stock market decline and while the administration's basic relation with the private economy is still not altogether clear. Of the two, the latter is wholly critical. The fact is that the business system of economy requires freedom on the part of entrepreneurs and managers to make their own market calculations about prices. Presumably everyone, including the administration, knows this, and will work to clarify unnecessary uncertainties. If, as should be expected, men are thus reasonable, investor psychology might well shift, but in any case the economy would be free to fulfill its potential. In the meantime the economy's course in coming quarters may be no smoother than it was over the past 18 months, when it ran strong and weak in successive periods, but on the whole registered a powerful advance. For practical operations, it has been less fruitful to bend to the breeze of each turn in psychology than to adhere to the inner logic of this expansion. That logic is further detailed in the following 10 critical points.

Defense: Outlays have risen by $6 billion in the past year. But expenditures will go up about half as fast from now on: by a bit more than $3 billion per annum right through fiscal 1963 and well into 1964. These added expenditures include the swelling costs of the space program, small increases for the AEC and military aid overseas, and some increases for the Defense Department. The latter are going up across the board, for limited-war as well as Polaris equipment.

Budget: The regular Federal budget will show a deficit of $7 billion for fiscal 1962 and will also be in deficit for fiscal 1963. More important for the economy is what happens to the so-called national income accounting of Federal operations, which takes account of government trust funds, and treats corporate taxes on an accrual rather than a cash basis. Contrary to some published impressions the national accounts budget was in deficit by a rate of $1 billion this spring.

By next spring Federal receipts will go up by at most $8.5 billion, and at a slower rate thereafter even if the economy is then moving toward full employment. Social security tax rates, to be sure, will go up next January at a rate of over $2 billion a year. But the revision of depreciation rules will reduce revenues by $1 billion or so.

Meanwhile, Federal outlays by next spring will have risen by $6.5 billion from a recent rate of $110 billion. This will include $3 billion more for national defense, and $3.5 billion more for a wide variety of nondefense purposes. The latter estimate assumes that Congress will vote a renewal of temporary unemployment insurance and special public works while compromising on proposed cuts in farm costs and a rise in postal rates.

Thus there would be only a small surplus of receipts over outlays 12 months from now on the national income accounting. Looking further ahead, there could be a small surplus in fiscal 1964 under full employment conditions, but not as big as is often assumed. This whole prospect of deficit now and only a small surplus in the future means that Federal finances will not act as a drag on further economic recovery. But it also complicates the prospect for tax reform, which is badly needed to speed economic growth. There is relatively little margin for a tax program that involves a large loss of revenue.

Capital spending: The rate of investment in plant and equipment has risen by $5 billion over the past year to $50 billion now. It may not better that rise in the next year, as the result of the steel imbroglio and the decline in stock prices. But the inherent strength in investment, which led Roundup in January to forecast a $7-billion annual advance, is still great. It precludes any real recession in capital goods, and on the contrary suggests a speedup some time in 1963.

As the economy entered the spring its overall rate of utilization of capital stock was the highest since 1955. National output had grown 8 percent since the 1960 peak, capital by only 5 percent, and pressure on capacity was causing many businessmen to expand 1962 plans. In March the SEC-Commerce survey reported that plans called for an 8 percent rise in capital spending in 1962 over 1961, and subsequent Fortune and McGraw-Hill surveys indicated that the rise would be larger than that. The SEC-Commerce survey taken in May, which reflected first reactions to the steel dispute, indicated expansion in some areas but cuts in spending plans for steel and automobiles, and so on balance plans were back to only an 8-percent gain.

The break in stock-market prices introduced a new uncertainty. Initial reports indicated that a great majority of companies were holding fast to their plans—one factor being that they are not yet investing all their available cash flow. Nevertheless there have undoubtedly been scattered cutbacks by some companies, while others may now be holding back on new plans that otherwise would be in the making. While few have problems of financing, some may be worrying about the market as a harbinger.

But the probabilities favor a speedup in capital spending sometime in 1963, possibly by spring. It will be helped by revision of depreciation rules and the probable investment credit legislation. More important is the assumption that there will be a gradual lifting of uncertainty about pricing and some stabilization in the stock market. Pressure on capacity meanwhile will have increased as national output continues to grow faster than capital stock.

Such pressure is already leading electric utilities to budget more for 1963 and 1964 than for 1962. And the position today of the energy, metal, and transport industries, which account for about half of all capital investment, is enormously significant. Their outlays were very high in 1957 and so accounted for most of the sharp 1958 drop. Thereupon their expansion was moderate and the 1960–61 dip in investment was small. Today their outlays are still below the best levels of 1960, despite an increase in replacement needs, and will remain so at the end of this year. In the other half of capital investment—i.e., nonmetal lines, communications, and commercial businesses—expansion has been accompanied by large increases in sales and output. In short, strength in the capital sector flows from the fact that spending has been comparatively moderate, or based on real market growth.

Inventories: The big point about inventories is that they are definitely on the low rather than the high side, and so is the rate of accumulation. In the second quarter of 1962 accumulation ran to only $3 billion per year, principally because steel users, who had accumulated inventories as a hedge against a possible midyear stoppage, were running off stocks. This runoff will soon stop, and Roundup expects that the rate of accumulation will increase in the third quarter and run at over $6 billion per year in 1963.

Dealer stocks of cars are at the lowest in 3 years despite near-record sales, and stocks of other retail and wholesale merchants of hard goods are also low. Business has in the past year been pursuing the most conservative policy ever recorded by Fortune's quarterly surveys. Stocks have grown only half as much in the past 2 years as sales of goods to final users, which are up 8 percent over mid-1960. All in all, inventories, which now come to more than $100 billion, should grow at least in pace with final sales of goods. Roundup projects this rate at a bit over 6 percent a year through 1963.

Constructions: Starts of nonfarm private houses should continue to run about their present 1,500,000 rate through the next 12 months. Contracts for apartment building this summer and fall swelled to a rate of 400,000 to 450,000 per year. Meanwhile builders of prefabricated and semifinished shell homes report increases in sales. Demand for one-family homes should strengthen since interest rates for both FHA and conventional mortgages are coming down. The whole market for housing is being expanded by an upturn in the marriage rate, and these young householders are not likely to be affected by the drop in the stock market. This drop may for a time adversely affect the market for alterations and additions to existing housing, which has been slow to respond to rising incomes. But there may be a catchup in 1963 as more people come to understand the new home-repair credits legislated last year. Construction of dormitories, motels, and other nonhousekeeping units will continue to boom.

Public works will rise sharply with the start of the new fiscal year, which will open up large new allocations of highway trust funds, and end the lag in such construction. Also, Congress seems likely to vote an 18-month program for public works for depressed areas. Gains in housing and public works will interact upon one another and will also have effects on commercial and institutional building (a rising portion of capital investment).

Prices and wages: The general price level keeps rising a bit over 1 percent a year owing mainly to the slow, steady increase in the price of services. But commodity prices remain on even keel, and as unit labor costs have been stable for some years, this trend should continue. While manufacturing wage rates rose 2.7 percent in the past year, productivity in manufacturing exceeded the postwar average gain of a bit over 3 percent. Productivity in total nonfarm business has been going up spectacularly. After stalling from 1955 to 1957, and rising about normally thereafter from 1958 to 1961, gains in the past year have been unusually large and have restored the postwar trend of average gains of 2.9 percent a year. Although cost pressures are naturally increasing a bit as productivity gains slow down to more normal rates, there appear to be no significant upward pressures on prices on the immediate horizon.

Income and savings: Personal disposable income is running at a rate of about $385 billion. It is naturally expanding with rising employment, while benefit payments of all kinds will once again rise sharply in coming months, in part under new legislation (temporary unemployment insurance, manpower training, etc.). Real income per person has now climbed 6 percent over 5 years ago (with the slowdown in wage rises balanced by slower price rises). It has gone up over 3 percent in the past year and will do at least as well in the next.

It is quite possible that people who suffered outright or paper losses in the stock market will curtail some consumer expenditures in order to restore their assets. At the very most such savings could come to a rate of $10 billion. So Roundup expects that in the next several months the rate of savings may go up by $3 billion, and that the percent of income saved will go back to over 7.

Consumer spending: Consumer spending is now running at a rate of about $360 billion. Discounting for price increases, the volume of spending will be up about 4 percent in the next year as against 5.5 percent last year, and as compared to an average gain of about 3.5 percent per annum since spring, 1957.

The drop in the stock market may slow spending a little but more significant is the fact that incomes will continue to rise. Expenditures on food and services will continue to grow, but the big potential is in buying of goods, particularly as low-price lines have widened markets. Purchases of goods are up about 8 percent over a year ago, and may rise by 5 percent more. Home-goods sales particularly will expand a good deal with more new apartments and houses.

New cars have led the goods upswing, and 1962 sales (including imports) will crowd the 1955 records. This year's sales of cars will about match Fortune's projection of 7,200,000, based on normal replacements and growth. An extra million jalopies of 1946–50 vintage, which should normally have been scrapped by now, are still on the road. Replacements generally will be speeded by the increasing appearance of compacts in the used-car market. All this suggests that another year could produce a rise in new-car sales from the 1962 volume.

Credit and stocks: The stock market has hardly been acting according to Hoyle this spring. Bear markets are almost always preceded by a financial pinch that is reflected in banking figures (e.g., the debit-loan ratio). No such pinch has occurred, and indeed the debit-loan ratio is still rising, an anomaly with only two precedents in the past generation (in 1934 and in late 1938), and business did not follow the market down.

When business has followed the market down in the past, it has been after financial stringency, and not always then. Stocks fell 25 percent in 1946, for example, but the financial pinch did not stop business from entering into the 1947–48 boom.

Industrial stock prices have fallen 26 percent in 6 months as of the middle of last month, 15 percent lower than at the writing of the June Roundup. At mid-June, Standard & Poor's 425 industrial stocks were selling at 13.5 times current annual earnings, as against 19 times at the December highs and a range of 12 to 16 times in 1955–57 (after eliminating inventory profits and extra depreciation charges).

Administration and Federal Reserve policy for nearly 2 years has attempted to keep credit easy (to spur domestic business) and yet to keep interest rates up (to avoid outflow of capital abroad). Hence rates have fluctuated relatively little, and instead of rising in pace with business this year, those at short term have been relatively steady and those on bonds and mortgages have actually declined a bit. The money supply is expanding (especially if the banks' soaring time deposits are included) and there is no present reason to expect any major change in these policies, though a continued outflow of capital is worrying the Treasury.

Exports: Foreign trade should act as a slight net stimulant to the U.S. economy over the next 18 months. Imports will rise more gradually than they did over recent months. Exports should improve more rapidly, partly as the result of Government programs to expand foreign aid, to tie it to U.S. goods, and to promote U.S. sales of commercial and military products. Equally important, business is improving among several major U.S. customers (e.g., Britain, Western Europe), and meanwhile prices are rising in most of the industrial nations.

This will tend to improve the overall U.S. balance of payments. But capital movements are still a difficult problem since U.S. interest rates remain somewhat lower than abroad, and U.S. capital markets are open to all comers. The overall rate of dollar deficit is now running at about half or less of the $3.8-billion average deficit of 1958–60. The administration hopes to close the gap by the end of 1963. But this will not be easy to achieve.

Mr. PROXMIRE. Madam President, I also ask unanimous consent that the latest national summary of business conditions from the Federal Reserve Bulletin be printed in the RECORD at this point. It is also quite encouraging, although it is not as up to date as Fortune. It includes statistics for May, rather than June.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NATIONAL SUMMARY OF BUSINESS CONDITIONS

Economic activity expanded somewhat further in May with increases in industrial output, sales of autos and nondurable goods, and construction activity. Personal income and employment edged up and the unemployment rate declined slightly further. Commercial bank credit expanded somewhat further. Common stock prices dropped sharply in May and early June.

INDUSTRIAL PRODUCTION

Industrial production in May was 118 percent of the 1957 average, up one-half percent from the April level. A sharp decline in steel production was more than offset by widespread gains among other industrial materials, consumer goods, and business equipment.

Auto assemblies increased further by 5 percent in May and current schedules indicate a continued rise in output in June. Production of furniture and some other home goods also increased in May, while output of television sets declined slightly from an advanced April level. In the equipment industries, there were gains in output of industrial, commercial, and farm machinery as well as in freight and passenger equipment.

Steel ingot production was curtailed sharply in May and the total index for iron and steel mill operations declined 12 percent. In early June, ingot output declined slightly further. Output of construction materials as well as most nondurable materials rose further in May.

EMPLOYMENT

Seasonally adjusted employment in nonfarm establishments rose slightly further in May to 55.3 million. The factory workweek increased less than seasonally from the advanced level reached in April. Average hourly and weekly earnings were maintained at record levels. The seasonally adjusted unemployment rate was 5.4 percent as compared with 5.5 in April.

CONSTRUCTION

Value of new construction activity increased in May for the third consecutive month and, at a seasonally adjusted annual rate of $59.6 billion, about matched the record fourth quarter average of last year. Public construction decreased further in May, while private construction advanced 4 percent as residential and most types of nonresidential activity continued to rise.

DISTRIBUTION

Dealer deliveries of new autos increased further in May to a seasonally adjusted, annual rate of 7½ million units, including imports, as compared to a 6¼ million rate a year earlier. Department store sales in May rose somewhat further from the record March–April level and were sharply above a year ago. The preliminary figures reported on total retail sales were off slightly in May following an appreciable increase earlier in the year. Dealers' stocks of autos have been reduced this spring and stocks at department stores have shown little change.

COMMODITY PRICES

The wholesale commodity price index declined somewhat between early May and early June, as decreases among fresh vegetables and meats contributed to a decline in foodstuffs. Prices of industrial commodities generally continued to show little change. The Consumer Price Index rose slightly further in April with prices of used cars up 4 percent.

BANK CREDIT AND RESERVES

Total commercial bank credit increased somewhat further in May. Expansion in loans was at a slackened rate and holdings of U.S. Government securities declined. The seasonally adjusted money supply declined sharply in the second half of the month. Time deposits at commercial banks rose further and U.S. deposits increased substantially.

Total reserves and required reserves of member banks increased in May. Excess reserves and member bank borrowings from the Federal Reserve were about unchanged. Reserves were absorbed principally through further gold outflow and an increase in currency in circulation and were supplied by Federal Reserve purchases of U.S. Government securities.

SECURITY MARKETS

New security financing by corporations and State and local governments was in moderate volume from mid-May through mid-June. Yields on corporate bonds changed little while yields on State and local government bonds increased. Common stock prices decreased sharply further in heavy trading volume.

Yields on U.S. Government securities changed little from mid-May to mid-June. The market rate on 3-month Treasury bills fluctuated narrowly in a range around 2⅝ percent, while yields on long-term bonds averaged slightly below 3.90 percent.

Mr. PROXMIRE. Madam President, I also ask unanimous consent that an article from the Washington Post entitled "Credit Tightened Slowly by Federal Reserve," be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CREDIT TIGHTENED SLOWLY BY FEDERAL RESERVE

(By Edward Cowan)

The Federal Reserve Board has been tightening up on credit in the past few weeks.

The Board is still pursuing an easy credit policy. But it is not quite so easy as it was. The difference may presage a rise in interest rates later in the year.

How far the Federal Reserve plans to go remains to be seen. It seems highly unlikely that the Nation's central bank will get downright stingy with credit. Yet, official figures strongly indicate that it is becoming a little less generous.

Officials at the Board followed their customary practice today of declining to explain subtle shifts in policy and emphasis. But they openly declined to dispute the inference that the Board's own figures on bank reserves point to a shading in the direction of less credit.

As yet, the shift in emphasis has produced no noticeable upward trend in interest rates. The Board's own discount rate still is 3 percent. Banks still have ample supplies of loan money. There is said to be an excess of mortgage money.

Federal Reserve officials feel there is no forseeable danger that modifying credit ease will hinder economic expansion.

The Board has two other concerns on its mind:

Keeping interest rates high enough to prevent investors from pulling their money out of the United States. The level necessary to do this could be higher than normal if investors became skittish about the country's two big deficits: In the Federal budget and in the international flow of dollars.

Financing of the Federal budget deficit in the year starting Sunday, July 1. Red-ink appears inevitable. There is some apprehension at the Board that it will be financed out of newly created bank credit rather than real savings of individuals and corporations.

The Federal Reserve's gradual shift toward a less generous credit policy is reflected in figures on commercial banks' "net free" or surplus reserves, which reached their lowest point since 1960 last week. These reserves are the basis for bank loans.

From a high of $517 million in the week ended May 30, the daily average of net free reserves for the banking system has dropped as follows:

[In millions]

May 30	$517
June 7	467
June 14	335
June 21	347
June 28	306

Except for 2 weeks in March, net free reserves fluctuated in the $400 million to $500 million range since late January. Their running below $350 million for 3 weeks in a row indicates the Board is soaking up a little of the commercial bank's loanmaking potential.

The Federal Reserve, under prodding by the Kennedy administration, has followed a generous credit policy to promote economic expansion. But even with loan money plentiful, business has not sustained a rapid rate of expansion. Not a few Government economists suspect the upturn may stall this summer and then resume in the fall.

Mr. PROXMIRE. Madam President, in conclusion on this particular subject, I feel very strongly that, if we are to have a tax cut, we should have our eyes open. We should recognize that this tax cut is a matter of timing. It is serious and of great importance in terms of timing; and there are very strong indications in the economy that we are moving ahead and expanding.

Certainly, if there is to be a tax cut, we should not like to have our monetary authorities at the same time follow a contracting policy which tends to discourage buying, borrowing, and business expansion, and act as a retarding influence on the economy.

Mr. DOUGLAS. Madam President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. DOUGLAS. I commend the Senator from Wisconsin on the high intellectual level of the discussion which he has initiated.

I should like to ask the Senator this question: Is it not true that in the past, when the Federal Reserve Board has been charged with pursuing too restrictive a credit policy, it has been said that when excess reserves amount to $500 million or so, this is an adequate supply, but that when the supply falls below $500 million there might well be said to be a shortage of available credit.

Mr. PROXMIRE. The Senator from Illinois is absolutely correct. On the basis of this definition, it is perfectly clear that the Federal Reserve Board is now following, by its own definition, a tight-money policy.

This is especially true in view of the fact—which, incidentally, was suggested to me by the Senator from Illinois before I started this speech—that now these free reserves are based on vault cash. Most of the $500 or $300 million of free reserves is based on vault cash, cash never counted as a reserve before, but now being counted. Therefore, the credit policy is particularly tight.

Mr. DOUGLAS. The vault cash is needed to enable people who present checks to be paid in cash for those checks.

Mr. PROXMIRE. The Senator is absolutely correct.

Mr. DOUGLAS. It is not a basis for further expansion.

Mr. PROXMIRE. The statistics have shown consistently that the only free reserves there were in the economy were really in the country banks.

Mr. DOUGLAS. That is another important point. Is it not true that even when the reserves amounted to $500 million or more, they were almost entirely confined to the country banks, which, in the Nation's economy, made only a minority of loans?

Mr. PROXMIRE. The Senator is right. The record shows that when the reserves were $500 million, as I recall, the reserves in country banks were very close to that figure, by themselves. The Reserve and Central Reserve reserves were virtually nil.

Mr. DOUGLAS. Even when vault cash was counted.

Mr. PROXMIRE. The Senator is correct.

Mr. DOUGLAS. I always felt that the $500 million definition was improper, and that it was much too restrictive. Now, with only $300 million actually reserved, the Senator from Wisconsin is completely correct in saying that what the Federal Reserve Board has done has been to tighten credit at this crucial period.

I did not hear all of the statement by the Senator from Wisconsin. Did the Senator from Wisconsin put into the RECORD the figures as to how much the interest rate has gone up?

Mr. PROXMIRE. The Senator from Wisconsin did put those figures into the RECORD. The interest rates have gone up all along the line, depending upon the length of maturity and whether one is talking about corporate bonds or Treasury bills. The interest rate has gone up consistently. It has gone up in a substantial range.

I put those figures into the RECORD, but unfortunately I do not have them in front of me at the moment.

Mr. DOUGLAS. If the United States should have a recession, a very grave responsibility will rest on Mr. William McChesney Martin for tightening credit at a time when the economy is in some doubt as to what is going to happen.

Mr. PROXMIRE. The Senator is right.

Furthermore, though the Senator from Illinois may disagree, it seems to this Senator that it would be historically consistent as well as economically, the more conservative policy to have some credit ease before following a policy of monetary expansion. I am saying that it would be better to follow a policy of lower interest rates before running a big budget deficit and before a tax cut.

Mr. DOUGLAS. The Senator is speaking of long-term interest rates.

Mr. PROXMIRE. That is correct.

Mr. DOUGLAS. There is still a margin between the short-term interest rate and the long-term interest rate, is there not?

Mr. PROXMIRE. There is, indeed.

Mr. DOUGLAS. It would be possible to raise the short-term interest rate and yet to lower the long-term interest rate.

Mr. PROXMIRE. Yes. It is my understanding that, although we have pleaded with the Federal Reserve Board to do this, the Board has not tried very hard to do so. Perhaps it has tried it to a very modest extent; and, to the extent it has tried it, it has been very successful.

Mr. DOUGLAS. Is it not true that the European deposits in this country are primarily in the form of short-term deposits, deposits in banks which can be withdrawn at a moment's notice, whereas the American holdings overseas are in long-term investments which cannot be quickly liquidated? That is why the European countries have us, in a sense, at their mercy.

Mr. PROXMIRE. The Senator is correct. In the event our balance-of-payments situation should become really serious it would not necessarily be required that we increase interest rates sharply. We could follow a policy which virtually every other country in the world except Switzerland has followed—a policy of setting some limitation on the export of capital, on the investment of capital abroad. Perhaps that would be an extreme position, which the Federal Reserve Board might not wish to take, but it is a possibility on which it can rely if it has to. I would not support that position.

Mr. DOUGLAS. I never wish to be demagogic in my denunciation of foreign countries and their people, but is it not true it would be a terrible thing for the Swiss banks and for the Swiss bankers to determine the financial policy of the United States?

Mr. PROXMIRE. It would, indeed.

Mr. DOUGLAS. Is it not true that the resources of the Swiss banks are primarily derived not from the savings of the Swiss people but from the deposits of South American dictators and large plantation owners who put their money into numbered, anonymous accounts?

Mr. PROXMIRE. The Senator is correct. There are some American speculators, some prizefighters, and others, who also take advantage of those banks.

Mr. DOUGLAS. Second, do not the members of the "underworld" of this country largely use those numbered, anonymous accounts in Swiss banks as a means of getting rid of their "hot" money?

Mr. PROXMIRE. They do, indeed.

Mr. DOUGLAS. In all probability, does not the Soviet Union use the Swiss banks?

Mr. PROXMIRE. I am sure the Soviet Union does.

Mr. DOUGLAS. Then the Swiss banks put some of this money on deposit in American banks, on call, which gives them the power at any time to call the loans and throw the United States into financial difficulties.

Mr. PROXMIRE. That is correct.

Mr. DOUGLAS. And William McChesney Martin then will say that the Swiss bankers have lost confidence in the American dollar.

Mr. PROXMIRE. The Senator's point is extremely well taken. Furthermore, I point out at this juncture, that not only will the Federal Reserve Board indicate that the Swiss bankers have lost faith in the American dollar, but also that the European bankers generally are concerned about our fiscal policies because they are not in balance, as are their systems. The most recent analysis by Dr. Eckstein's group at Harvard shows that we have a far better record of fiscal balance and fiscal responsibility than they.

Mr. DOUGLAS. When the budgets are on a comparable basis.

Mr. PROXMIRE. When the budgets are on a comparable basis, we have a far better record.

Mr. DOUGLAS. In other words, if they were to count capital investments as part of current expenditures, as we do.

Mr. PROXMIRE. The Senator is correct.

Mr. DOUGLAS. I think the Senator has made a very able argument.

Let us suppose that the Federal Reserve Board tightens credit, helps to bring on a recession, and thus increases the pressure upon the President to lower taxes. Then let us suppose that the pressure is to lower taxes in accordance with the recommendation of the U.S. Chamber of Commerce, and to give the big reductions to those in the upper income brackets. If that should happen, would not the Federal Reserve Board have contributed to an alteration of our tax policies in favor of big income recipients?

Mr. PROXMIRE. The suggestion of the Senator from Illinois is extremely interesting. I had not quite pursued the problem that far, but the suggestion has very interesting implications.

The fact is that the Federal Reserve Board policy definitely has put us in such a position that a tax cut may be likely. People are now observing the statistics for June. They will do so throughout July. Then perhaps they will decide whether there should be a tax cut before this session of Congress adjourns.

The big reason they would make such a decision is that business seems to be sluggish, business is not going ahead, construction is not going ahead, business is not borrowing at the same rate, and so on.

One explanation for that is that credit is not available. If the home buyers cannot borrow or have to borrow at extraordinarily high interest rates, home buyers will not borrow. Similarly business will borrow less, build less, do less. The result will be that there will be a contraction in the economy, as the Senator from Illinois suggests, because of the Federal Reserve Board policies. Those policies might bring on a tax cut, and a tax cut of a kind which would be regressive instead of progressive, one that would be in the interest of a very few, with very little benefits, if any, for the overwhelming majority of the American people.

Mr. DOUGLAS. In other words, Mr. William McChesney Martin and his associates would put the administration in a squeeze.

Mr. PROXMIRE. The Senator is correct.

Mr. DOUGLAS. I think the Senator from Wisconsin has made a very able contribution to the discussion of this question. I only hope that his discussion is noticed by the financial press and by the Federal Reserve.

Mr. PROXMIRE. I thank the Senator from Illinois very much.

Madam President, I wish to emphasize once more that it makes no sense whatever to talk about a tax cut when the Federal Reserve is following policies of trying to constrict the economy and to prevent the American people from borrowing and spending. To follow that kind of policy and cut taxes at a time when we know the reduction in taxes will contribute to the deficit would be only to follow a policy which could at best be called stupid and at worst idiotic.

FOOD WOES GROW FOR GERMAN REDS

Mr. PROXMIRE. Madam President, I ask unanimous consent that an article entitled "Food Woes Grow for German Reds," published in the New York Times today, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FOOD WOES GROW FOR GERMAN REDS—REGIME ADMITS IT HAS NO HOPE FOR QUICK SOLUTION

BONN, GERMANY, June 30.—The Communist East German regime admitted today that it was having unpleasant difficulties in supplying enough food for its 17 million people. It held out little hope for an early change.

Neues Deutschland, the main party newspaper, called on municipal leaders for the second day in a row to win the awareness and full understanding of the whole people that some restrictions are unavoidable for some time.

The newspaper acknowledged that meat, eggs, milk, and other dairy products were in short supply and exhorted functionaries to try and achieve a correct distribution of available supplies.

The paper said that extraordinarily bad weather last year cut the harvest of some major staple items far below expectations. Without giving basic figures, it said that the potato crop was 43 percent below the 1960 output, while beets dropped 32 percent, corn 37 percent, and grain 24 percent.

LIVESTOCK FEED IS SHORT

The lack of feed for cattle, pigs, and poultry, the newspaper continued, could not be made up with higher imports and livestock dropped considerably.

Yesterday, in a two-page account in Neues Deutschland devoted largely to the food problem the regime admitted that an increase in livestock prescribed by the Government never materialized. Instead a survey conducted in June showed that there were 46,000 fewer head of cattle and 1,300,000 fewer pigs.

"As a consequence, we now must slaughter 60,000 head of cattle in the third quarter instead of in the final quarter of 1962 as we had planned," the party organ wrote.

Neues Deutschland said that 27 percent of East Germany's annual imports consisted of food. It warned the population that its standard of living could not be improved with purchases from abroad because the shifting of foreign currency into this channel would endanger the fundament for our economic growth.

The party newspaper suggested that people help themselves by meeting production goals in agriculture and industry.

Meanwhile, the Government hinted that it might tighten its security measures along the Berlin wall to close the holes that have helped a few people escape to the West.

In an order of the day commemorating the founding 17 years ago of the peoples police, the Government called on the two armed brigades guarding the wall to increase your efforts so that we can guarantee the inviolability of our state border.

Mr. PROXMIRE. The article shows once again what I have been trying to emphasize on the floor of the Senate. The Communists are losing in the world today and we are winning. The basic, fundamental reason why the Communists are losing is that their agriculture is so retarded. It is so slow that they cannot do the job. At the same time American agriculture is moving ahead magnificently in our No. 1 success story.

SOLIDS RATHER THAN FATS STRESSED BY CALIFORNIA DAIRY INDUSTRY

Mr. PROXMIRE. Madam President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "New Milk Values Offered Dieters," published in the New York Times today, in which the California dairy industry is reported as developing and using a new system to appraise the value of milk and in doing so are emphasizing the protein value of milk rather than its butterfat value.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NEW MILK VALUES OFFERED DIETERS—SOLIDS, NOT FATS, STRESSED IN CALIFORNIA SYSTEM

SAN FRANCISCO, June 30.—The California dairy industry has a new way of setting raw milk values, designed with an eye upon the national trend toward low-fat diets.

The new system is a combination of the old butterfat value method with a new concept of valuing solids-not-fats, which is the powder left when butterfat and water are removed.

The system went into effect April 1. One element of it was to establish price control by the State Department of Agriculture over a new dairy product—low-fat, high-protein milk. California, like many other States, has a system of State control over milk prices.

CENT LESS THAN REGULAR

Low-fat, high-protein milk was new in California, although it had been sold elsewhere for several years. Here the special milk sells at 24 cents a quart, a cent less than regular milk, but 5 cents more than skimmed milk.

The new produce is 2-percent butterfat and 10-percent solids-not-fats. Generally, the 10-percent level is reached by adding solids. Regular milk is 3.5-percent butterfat, and 8.5-percent solids-not-fats.

Measurement is made by a specific gravity hydrometer, similar to an antifreeze tester for automobile radiators.

Much of the attraction for the dairy-conscious State Department of Agriculture was in the appeal of the new product for dieters.

"I believe there has been a strong trend in America toward dieting," said Charles Paul, State director of agriculture. "This is particularly true among the ladies, who diet to get pretty figures."

Mr. Paul also lamented the unfavorable publicity milk fat gets among the weight conscious. The decision, he explained, was "to give them more vitamins and less fat."

But the new legislation originated within the dairy industry, and here there was another reason for its support. In northern California the leading business association in the field is the Associated Dairymen, made up of some 500 producers of grade A milk.

OFF THE GOLD STANDARD

Al Pollard, manager of the association, compared the change to "going off the gold standard of butterfat" and onto the "silver standard of solids-not-fats."

Many years ago, he said, milk was sold purely on a butterfat content basis, but later it was realized that much food value was in skimmed milk.

So the system was changed to provide a combination value based on butterfat and gross weight. But, just as with butterfat, some cows produce milk with higher solids-not-fats values than do others.

The new pricing system provides for rewarding the owners of these herds, Mr. Pollard explained.

But this will not result in any financial benefit immediately to a dairy owner, said William J. Hunt, Chief of the Division of Dairy Industry of the Department of Agriculture.

Further, it should tend to change the competition between various breeds of dairy cattle by removing the advantage held by those breeds whose milk had high butterfat content.

Wesley Sawyer, a Waterford dairy farmer and a director of the Associated Dairymen, said he believed this new system of valuing milk was the most important part of the new legislation.

A TREND IS NOTED

"This new concept recognizes all nutrients," said Mr. Sawyer.

"The trend has been away from fats in food. The separation of the food components in milk will permit the dairy industry to move, through price changes in more salable components, in the direction the public's demands move."

Mr. Sawyer called the solids-not-fats portion now the most important part of milk—"it can't be easily duplicated while butter fat is in competition with vegetable oils."

Spokesmen for two milk retailers gave summations of the companies' experience with the new low-fat milk that tended to support Mr. Sawyer.

A large grocery chain, although stocking low-fat milk for the last 10 weeks has not found a great public demand. Skim seems to remain the favorite milk for dieters. A spokesman for a large dairy said that his company had pushed the new product and that, while sales were satisfactory, they were not startling.

LAND-GRANT COLLEGE CENTENNIAL: A LIGHT FOR THE FUTURE

Mr. YARBOROUGH. Madam President, 100 years ago today, on July 2, 1862, President Abraham Lincoln signed into law legislation to create the land-grant colleges.

One of them, the Agricultural and Mechanical College of Texas, became the first tax-supported institution of higher education to open its doors to students in Texas. It is one of the finest educational institutions of higher learning in America.

For the first time, the land-grant colleges made education available to others than the fortunate few born to social status and wealth.

The 68 land-grant colleges today represent less than 4 percent of the Nation's institutions of higher learning, but enroll 20 percent of the Nation's undergraduate college students, and grant 22 percent of all bachelors degrees in the United States, 25 percent of all the masters degrees, and 38 percent of all the doctorates.

Their service to the Nation has been to provide leaders in both peace and war. Historically, they have been a major factor in the Reserve Officer Corps.

I believe it was General Marshall who said that but for the Federal Reserve Corps training in land-grant colleges, our effort in World War II would have been delayed by 6 months. The services of those colleges to the Nation have been to provide leaders both in peace and in war.

Originally created to "teach such branches of learning as are related to agriculture and the mechanic arts, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life," in the 100 years of their service, the range of studies available in land-grant colleges has grown with the times, and is now as broad as higher education itself.

Today, land-grant colleges are looking ahead with some of the vision demonstrated 100 years ago by pioneers in education. For example, on January 4–5, 1962, a national conference was sponsored in Washington by the AFL–CIO and land-grant leaders, to consider the problem of opportunities for higher education, availability of classrooms, financing, scholarships, and high school preparation for college, especially for students from lower income groups.

The land-grant colleges are continuing to cooperate in their programs with 138 national organizations, embracing agriculture, industry, professional societies, labor, and service groups.

They continue to serve the Nation as a beckoning light to those who seek higher education, and they continue to provide distinguished leadership in this field.

Twice this year, I have visited Texas A. & M. College for public appearances, and each time I am more impressed with the high quality of work performed by this magnificent institution, and the degree of its service to the State and Nation. It was their proud boast during World War II that they had furnished more officers for the armed services than even the National Military Academy at West Point.

Today, there are some 2,000 institutions of higher learning in the United States with 3,891,000 students enrolling. That a fifth of these students are in 68 land-grant colleges is a matter of pride to the fine educators in these schools and a tribute to the vision of those responsible for the 1862 act. That 25 of the 42 living American Nobel Prize winners who studied in this country had earned land-grant college degrees is another factor reflecting great credit upon the land-grant educators.

The land-grant colleges and universities are deserving of the support of all Americans. They are a living tribute to what the leadership of the U.S. Government means in the field of higher education. They are living witnesses for the legislation to aid institutions of higher learning now pending in the Congress of the United States. They are a living testament to the benefits of higher education to a person, a family, their region, this Nation.

One hundred years of progress by the land-grant colleges cries out to the Congress today to solve its petty quarrels, and make the centennial of the Morrill Land-Grant College Act a living centennial and memorial by taking another long stride forward in higher education in America.

It is time to take the price tag off higher education, and make brains—not money—the test of who sits at the lamp of learning. The golden door of education for American youth should be opened to all who have the will and capacity to go to school. The ever-increasing tuition rates should not bar them. This year is the time for the Congress to open educational doors for the next century. The best tribute to this centennial year would be a new advance, and new and vaster plans for the century to come.

The ideal for the next century should be a college education for every young American with intellectual ability to acquire it. This is a major purpose of the American dream. The Congress should be fulfillers, not sideline debators, for this American ideal.

I ask unanimous consent to have printed in the Record the following article from the Pasadena Daily Citizen, Pasadena, Tex., captioned "Busy Lincoln Found Time To Help Colleges Get Start"; and another from the Washington Sunday Star of July 1, 1962, captioned "Land-Grant College: Our Most Significant School Move."

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Pasadena (Tex.) Daily Citizen, May 30, 1962]

Busy Lincoln Found Time To Help Colleges Get Start

On July 2, 1862, President Abraham Lincoln, in spite of his crushing load of military decisions, found time to give thought to quite another kind of document among those heaping his desk. Picking up this document, he began to read: "An act donating public lands to the several States and Territories which may provide colleges for the benefit of agriculture and the mechanic arts * * * without excluding other scientific and classical studies * * * in order to promote the liberal and practical education of the industrial classes."

Here was the means of giving every American the same opportunity as his fellows, whether he came from privileged position or—as did Lincoln—from the "industrial classes." President Lincoln took his pen and signed this famous Morrill Land Grant Act, thus bringing into being the world-renowned system of land-grant colleges and universities.

Now, on the occasion of the celebration of the centennial of the Morrill Land Grant Act, the system number 68 institutions, one or more in every one of the 50 States and Puerto Rico. Included are such giants as the universities of California, Illinois, and Maryland, Rutgers, Purdue, and the Massachusetts Institute of Technology.

One of the few States to have more than one land-grant institution is Texas. The two colleges which place Texas within such an elite group are Texas A. & M. and Prairie View Agricultural and Mechanical College.

One hundred years ago 1 young American in 1,500 went to college. Today one in three attends. The land-grant system has become the Nation's largest single source of training and educated manpower.

As well as bringing into vivid reality the idea of equality of educational opportunity, for the first time colleges were brought to the people. Teaching and research were no longer confined to the campus. Land-grant people conduct special classes, they go to factories and farms to test research results, they contribute to the cultural life of the community, and they seek solutions to economic, social, and physical ills of their fellow citizens.

The value of land-grant research alone exceeds by many times the total amount spent on these colleges since they came into being. These researchers have made discoveries ranging from agricultural pest-control drugs to mining processes and the first atom-smashing cyclotron.

A subject of great importance to Americans and the free world—against the backdrop of the struggle which pitted brother against brother, Morrill included in his act a provision for on-campus training in military subjects. Morrill, seeing far beyond his time, created a structure that has served our Nation well in four major wars.

Early in World War II, General George C. Marshall, then Army Chief of Staff, estimated that the ROTC, born under the 1862 act, had speeded mobilization by 6 months.

* * * * *

[From the Washington (D.C.) Star, July 1, 1962]

Land-Grant College: Our Most Significant School Move

(By G. K. Hodenfield)

They said later that Abraham Lincoln on that day had lighted a candle that would guide future generations of Americans out of the dark night of ignorance.

But it was a moment of history that passed without notice, an act of faith that was long unsung.

In midsummer 1862, the Nation writhed in civil war. Confederate Gen. Robert E. Lee had just thrown back Gen. George B. McClellan's army of the Potomac in the 7 days' battles.

The Treasury Department in Washington was advising its agents: "Wherever you find an article, a product, a trade, a profession, or a source of income, tax it." Long months of bloody fighting lay ahead, and the future was bleak.

Small wonder then, that the country paid scant heed when President Lincoln on July 2, 1862, signed into law the Morrill Act, the most important single piece of Federal legislation in the history of American education.

The Morrill Act led to the establishment of 68 unique land-grant colleges and universities, including such honored and distinguished institutions as the Massachusetts Institute of Technology, the University of Illinois, Auburn, and Texas A. & M.

But it did more than that, much more.

BROADENED EDUCATION

It put higher education within the grasp of all who could profit by it, be they scions of wealthy families or children of the poor.

It paved the way for an agricultural revolution that is the envy and the wonder of the world, and which is not yet ended. It spawned programs of adult education and extension services which may well be this country's most important exports to the undeveloped areas of the world in the years ahead.

Not even Representative Justin Smith Morrill, of Vermont, himself, could have foreseen the wonders that were to blossom from the legislation for which he had fought so long.

If Lincoln made any comment when he signed the bill, history doesn't record it. But sometime during a hot and sticky day 100 years ago tomorrow he took a quill pen in hand and signed:

"An act donating public lands to the several States and Territories which may provide colleges where the leading object shall be, without excluding other scientific and classical studies and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts in order to promote the liberal and practical education of the industrial classes."

The act granted each State 30,000 acres of Federal land lying within that State for each of its Members of Congress. States which no longer had enough Federal land within their boundaries for the purposes of the act were given scrip which entitled them to land in the still undeveloped Western States. New States collected when they entered the Union, or sometimes while still territories.

Income from the sale of the land and the scrip was to be invested in "stocks of the United States or of the States, or some safe stocks, yielding not less than 5 percent upon the par value of said stocks."

The capital investment itself was to "remain forever undiminished." The income from the investment was to be used only for the educational goals of the act.

Eventually, the States received 11,383,082 acres in either land or land scrip, and sold them for a total of $13,478,946. By today's standards, that $13.5 million is a bagatelle. Purdue University, for instance, now has an annual operating budget of nearly $50 million, which does not include construction.

But the interest alone from that $13.5 million set great forces in motion.

Today there are 68 land-grant colleges or universities, at least one in every State and one in Puerto Rico.

They enroll 20 percent of all U.S. college students. They confer 40 percent of all the doctor's degrees awarded in this country. Through their ROTC programs, these institutions provide almost half of all the Regular and Reserve officers in the Armed Forces.

NOBEL PRIZE WINNERS

Twenty-five of the forty-two living American Nobel Price winners have earned degrees from land-grant institutions.

Research at these colleges and universities brought the development of the first cyclotron, television tube, transistor, the production of pure uranium, and the discovery of such wonder drugs as streptomycin, stilbestrol, and dicumarol.

The ceramics, soybean, and woodpulp industries all had their start in land-grant colleges.

But perhaps the greatest impact these institutions have had is the field of agriculture.

As former Representative Dixon, Republican of Utah, told the House in a speech a few years ago:

"The fact that the productivity of our agriculture is unparalleled in world history, the fact that our problem in America is how best to use our abundance rather than how to prevent starvation, the fact that we are sharing our plenty with the hungry of this earth—all of these blessings are due in immeasurable degree to our land-grant colleges."

In 1862, a farmer produced enough for himself and only four others. Today he produces enough for 26 others.

In 1862, the average corn crop in Illinois was about 15 bushels per acre. Today it is 77.

In 1862 the South harvested about 120 pounds of cotton per acre. Today that same acre produces 438 pounds.

All this was part of the dream of Representative Morrill when he first introduced his Land Grant Act in Congress on April 20, 1858.

"Men waste hundreds of acres of land on the theory that it is inexhaustible," Mr. Morrill told the House.

"Our population is rapidly increasing and brings annually increased demands for bread and clothing. If we can barely meet this demand while we have fresh soils to appropriate, we shall surely reach the point of our decline and fall.

"The nation which tills the soil so as to leave it worse than they found it is doomed to decay and degradation."

THE ORIGINAL IDEA

Historians do not agree on whether Mr. Morrill or Jonathan Baldwin Turner should be credited with originating the land-grant idea.

Mr. Turner, in 1850, urged that Illinois endow a State university with the money it received from the sale of public lands. Mr. Morrill said later he first got the idea of land-grant colleges about 1856, but "where I obtained the first hint of such a measure, I am wholly unable to say."

But whoever had the idea first, it was Mr. Morrill, son of a Vermont blacksmith, who pushed it through Congress.

To do it, he had to overcome opposition from westerners, who did not want the land within their borders sold to outsiders; from southerners, who saw the federally financed institutions as an invasion of States rights, and from President Buchanan, who vetoed the measure after it first passed the House and Senate.

The Morrill Act squeaked by the House in 1858 by a vote of 105 to 100, and the Senate by a vote of 25 to 22, only to run into President Buchanan's veto.

Mr. Buchanan said the bill would cost too much, would confuse the relationship between the Federal Government and the States, injure the newer States, compete unfairly with established colleges and universities, and violate the Constitution.

The veto was upheld in Congress, despite an impassioned plea by Mr. Morrill.

PRESIDENT ASSAILED

Mr. Morrill said, "the President has committed, if not a crime, at least a blunder." He called the veto incomprehensible, and declared, "the telegraphic news of this veto will start a tear from the eye of more than one manly boy, whose ambition will now be nipped in the bud."

In December 1861 when Mr. Morrill brought his bill before the House again, he found the going much easier.

First, the secession of the Southern States had removed much of the opposition.

Second, Mr. Morrill had added the proviso that the land-grant institutions must teach military tactics, and Congress was painfully aware of the need for more officers.

(Ninety-six years later, another Federal aid-to-education bill was given a boost through Congress by being called the National Defense Education Act of 1958.)

This time the vote was 91 to 25 in the House and 32 to 7 in the Senate.

Although President Lincoln made no recorded comment when he signed the bill, he was aware of the potential. As he eloquently put it at the Wisconsin State Fair in Milwaukee on September 30, 1859:

"No other human occupation opens so wide a field for the profitable and agreeable combination of labor with cultivated thought, as agriculture. * * * Every blade of grass is a study, and to produce two where there was but one is both a profit and a pleasure."

UNDERDEVELOPED AREAS NEED STABILITY TO ATTRACT INVESTMENTS FROM OUTSIDE

Mr. YARBOROUGH. Madam President, one of the most important factors in helping underdeveloped countries to improve their economic stability is the encouragement of outside investments. Difficulties faced by prospective American investors in foreign countries are discussed in an editorial in the Houston Chronicle of Monday, June 18, 1962.

I ask unanimous consent to have the editorial entitled "Stability Attracts Foreign Investment" printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

STABILITY ATTRACTS FOREIGN INVESTMENT

In seeking to bring about the permanent economic well-being of underdeveloped areas among the new nations coming into existence these days, a most important factor is private foreign investment. This is the opinion of A. A. Fatourous, a member of the law faculty of Western Ontario University. He explains the whole field in a book, "Government Guarantees to Foreign Investors," to be issued Tuesday by Columbia University Press.

Four obstacles, however, stand in the way of foreign investment as this observer views the problem. The possibility of eventual expropriation is perhaps the greatest concern of private investors. Coupled with this is apprehension concerning the political and economic stability of local governments. Lesser evils but still considerations are the limitations imposed on operations by these governments and the exchange controls.

The book reviews for the first time the various types of guarantees extended to foreign investors and examines their efficacy. Among these are bilateral and multilateral international treaties. More common, however, are the specific individual agreements between investors and governments of both capital-importing and capital-exporting states.

We have seen in Cuba and elsewhere how the violent overthrow of an established government with which the United States and its businessmen had had agreements and treaties can blow down the whole house of cards. The best security of all, therefore, is for the governments to prove themselves stable and worthy of the confidence of their own people as well as the confidence of the investors.

CALLUP OF RESERVES AND NATIONAL GUARD EMPHASIZED NECESSITY OF PREPAREDNESS

Mr. YARBOROUGH. Madam President, I ask unanimous consent to have printed in the Record an editorial from the Dallas Times Herald of Monday, June 18, 1962, entitled "A Lesson Learned," commenting on the need for preparedness for an emergency callup of Reserves and National Guardsmen.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

A Lesson Learned

The Army undoubtedly made some mistakes in the calling up of Reserves and National Guardsmen last fall.

But it also learned some valuable lessons. And some of these lessons are going to be put to good use.

One lesson learned seems to be that soldiers called into service have to have a place to live and train. And it's a lot easier to have a place ready for them than to put it into shape after they arrive.

So the word is that the Army intends to keep Fort Polk, La., and Fort Chaffee, Ark., open after the reservists and guardsmen return home in August.

This kind of preparedness, like that of having adequate reserves and adequate equipment, strikes us as good commonsense.

ADDRESS DELIVERED BY SENATOR KUCHEL AT CONVENTION OF THE AMERICAN LEGION IN CALIFORNIA

Mr. KUCHEL. Madam President, on last Thursday I was privileged to speak to the State convention of the American Legion, at Fresno, Calif. I ask unanimous consent that the text of my comments on that occasion be included in the Record at this point in my remarks.

There being no objection, the address was ordered to be printed in the Record, as follows:

A Strong America Shall Remain Free

(Text of remarks by U.S. Senator Thomas H. Kuchel before the California State convention of the American Legion, Fresno, June 28, 1962)

As a member of the Legion, I am particularly honored to accept your invitation and to join with you today. You and I, and the thousands who belong to this organization, share a common concern and a common responsibility: How to maintain our Nation's strength so that our ideals of freedom and equality of opportunity shall prevail.

The American Legion clearly recognizes that no matter how great the technology and the scientific advances in military strength that it is still the human being—his brainpower and his willpower—who determines the outcome of armed conflict. We recognize, too, that as we build a modern Defense Establishment, in this nuclear era in which we live, we must care responsibly for American veterans of all wars who responded to the challenge in past decades when our country was in danger.

As a U.S. Senator, I have assumed that one paramount responsibility is to make available the assistance of a grateful nation to our fellow veterans who require a helping hand. The better to discharge that duty, the Senate, in my view, ought to have a standing Committee on Veterans' Affairs. I have coauthored such a proposal, and I will continue to work for its approval.

I am particularly gratified that in 1954 I could be of service in securing funds for the construction of a new wing to accommodate paraplegics at the Long Beach Veterans' Hospital. In the same year, I sponsored the amendment to get the Veterans' Hospital at Palo Alto underway. Two years ago, I helped to push along the funds necessary for a sorely needed Veterans' Administration Hospital at Martinez. I have voted against crippling amendments to cut back on the medical research funds available to the Veterans' Administration.

As you know, at last the House has sent to the Senate H.R. 10743, which would raise the compensation payments to veterans with service-connected disabilities. While this legislation is still inadequate in several respects, it is a step in the right direction. I am hopeful that Congress will approve it and thus end the parliamentary war on veterans' legislation which does a disservice to the veterans whom we seek honorably to serve. A grateful nation cannot, must not, and will not turn her back on her soldier-citizens who have given of their bone and marrow to keep America free.

The fact of the matter is that the price of freedom is not, and never has been, cheap. All too often we brush aside the fact that we today in America enjoy freedom only because, from almost every generation, our fellow Americans have fought and died to protect our liberty.

When I have supported veterans' legislation—endorsed by the American Legion—there have been some, usually nonveterans, who falsely labeled the legislation as "giveaway," and who libeled both the beneficiary and the sponsors in the process.

There are some Americans of varying political ideology who refuse to understand our Nation's needs and the defense requirements which have been imposed upon us. Some of them would render us defenseless by having our Nation unilaterally disarm. Some would weaken America, by repudiating President Kennedy's courageous decision to keep our nuclear arsenal supreme through atmospheric nuclear testing. They would weaken the common strength of our free friends by having our Government abandon a nuclear deterrent within NATO. They would weaken the moral fabric of the free world by recognizing Red China, whose rulers are as wanton and as evil as this world has ever known. These Americans speak through fear or dread, or something worse. But, thank God, their voices fall on deaf ears.

There are some people amongst us who, through frustration or fear, demand that the United States commence a nuclear war against the Soviet Union. They do not know what they are talking about. They do a disservice to the cause of American security, and to the cause of American ideals, and to the cause of a just peace, indeed, to the very future of the globe.

The United States of America does not seek armed conflict with anyone. That is not a statement of weakness. It is a statement of high principle. We seek peace with justice in the world. That is our goal. That is what we strive for. We maintain a vast and superior Military Establishment, not to commit an act of aggression, but to demonstrate the utter and awesome and costly futility of any potential aggression against us. We maintain a vastly superior nuclear arsenal strategically deployed around the globe, on land, and in the air and beneath the seas, not to provoke war, but to deter it.

Meanwhile, we diligently seek to find a way to peaceful and honorable solutions to the international disputes which plague mankind. We recognize the eternal truth uttered by that great American soldier statesman, General of the Army Douglas MacArthur who said:

"Global war has become a Frankenstein to destroy both sides. No longer is it a weapon of adventure—the shortcut to international power. If you lose, you are annihilated. If you win you stand only to lose."

It is said that the world lives in a balance of terror. We do. It is said that it is frightfully difficult to make peace. It is. But, in this unchartered nuclear era, we, together with like-minded nations of good will, continue to try to find an honorable way. We intend to continue our supremely powerful Defense Establishment, never to commence armed conflict, but always to deter aggression or if, unhappily necessary, to combat it. We intend, also, to keep our defensive agreements with our free friends for precisely the same purpose.

Meanwhile, this troubled and divided world moves on in history. From the agreements, which the free nations in the Atlantic communities have long since reached for purposes of defense, they, most of them, have gone forward to strengthen their economic and cultural ties. I believe the European Economic Community is a natural and logical development of the NATO defensive charter. Today the so-called European Common Market represents solid progress toward the dream of a United States of Europe, composed of free countries and free peoples dedicated toward the maintenance of their liberty and their integrity.

The European Market is sure to grow and to prosper. Several weeks ago I had an opportunity to talk with the Prime Minister of Norway. He told me his country desires to become a member of the Common Market. Denmark is interested. So is Iceland. So are Ireland and Austria and Switzerland. And the United Kingdom, notwithstanding its own economic problems with members of the Commonwealth, also aspires toward association. The growth of this new economic union among free peoples has moved the Soviet to bitterness and, I think I may say so, to envy. Free peoples are becoming stronger, economically as well as militarily.

And now, a new development takes place within the Common Market. The other day its Council of Ministers took a unique and challenging step by agreeing in principle to offer $780 million of financial aid to 16 African States and Madagascar under a new 5-year association agreement to become effective next January. We have a great stake in the future of all of Africa. We want her newly emerging countries to be free and independent. It is an encouraging development to see Western Europe prepare to assist them.

Last year, the President appointed me a member of the American delegation to visit the new African country of Senegal on the occasion of her independence celebration. I saw evidence of poverty and disease. But I also saw a happy people, whose leaders are dedicated to maintaining the new-found freedom of their people and to improving their own standards of life. Communism remains a problem in Africa, but it is a problem that can be won by the West, and by freedom. I have seen this same spirit and drive reflected in those leaders of other new African nations as I have been privileged to meet and speak to them.

Whatever problem our own U.S. economy has with respect to trade policy developments in Europe, I believe the Common Market adds strength to Western security. I shall favor, in the Senate, legislation permitting Americans to deal with the Common Market to maximum, mutual advantage of America and of our friends in Western Europe. Our Government must have adequate authority to permit it to negotiate effectively with the Common Market in the interest of our own industry, and our own agriculture. Trade policy properly negotiated should mean more American jobs. And I remind you as Californians, our State is the first international trader among all 50 of our States. In 1960, California exported $1.8 billion in agricultural commodities and manufactured goods.

Time is on the side of freedom in this long, dreary struggle in which it is engaged with communism. The Soviet Premier is eternally wrong when he prophesies communization of the world in the next two generations. Americans reject imperialism, Communist or otherwise. And to the contrary, I suggest that the Soviet Union's grandchildren, in their day, may well live in freedom. And never once in all the history of the Soviet Union, has a people or a country voluntarily accepted communism. When communism has come to engulf and subjugate a people, it has always come by force or by subversion.

Life goes on, and on this side of the Iron Curtain, Western society makes progress. We shall make more. In this intrepid and challenging chore the United States plays a preeminently important part. Ours is the responsibility of leadership in the cause of free men. We shall, we must, discharge it with firmness, with vision, and with courage, and with an unswerving belief, that in God's good time, human liberty will prevail.

Years ago, General Eisenhower, during his Presidential career, uttered the sobering declaration that there is no longer any alternative to peace. We, my fellow Legionnaires, live somewhere between war and peace. The strong wage peace better than the weak. And we shall remain strong.

We live in complicated times. We must be wary, but not afraid. We must be resolute, not shaken. We need to reaffirm the values of Western civilization, not renounce them.

Those who are entrusted, by their fellow citizens, with the responsibility to advise and decide the great issues which confront our Nation at home and abroad also require balance, perspective, and understanding. Complicated times and the problems which arise from them, require complicated solutions, not emotional appeals, panaceas, or slogans.

What is required is a sense of history and an understanding of it. We in America, our free world allies, and the underdeveloped nations are confronted with a common enemy. The enemy is a world revolutionary force known as international communism. The zeal in a Communist's eyes comes from his belief in the Marx dogma that history is inevitably on his side, and that all will be swept before his cause. We disagree. So will history. The power in a Communist's hands comes from the more practical formulas of Lenin, Stalin, and Khrushchev, who have said one thing, only to do another. The phrase "peaceful coexistence" has all too often been used as a cloak, under which intrigue and subversion have fomented pressure and peril on the West. The free world must never forget last summer when, in the midst of Geneva conferences on disarmament, Khrushchev suddenly announced a new nuclear test series. While there is no rule book for the Communist, he understands only too well the rule book of the West. He knows that we are products of the Judaic-Christian tradition. He knows we believe in the rule of law and the sanctity of contract. We make a mistake sometimes in assuming the Communist believes as we do. We assume he is rational, when he is a zealot. We assume he seeks an honorable peace when he seeks conquest.

Many in the West have a great capacity to believe only what they want to believe. Hitler and his nazism—another perversion of Western values—told us what he wanted, but with a lack of brainpower and willpower we did not understand and believe until it was almost too late.

If the history of Communist expansion teaches us anything, it teaches us that communism respects strength, not weakness. With the exception of the tragic fiasco in Cuba, our Republic has an honorable record—we stood firm in Berlin under Stalin's threats by starting the airlift. Over a decade later, America again stood firm in Berlin. We are there by right and by agreement. Speaking for myself, I oppose the creation of any international control agency on access routes to Berlin, which would contain any representatives of the puppet East German regime.

Under President Truman we maintained the freedom of Greece and Turkey. Under President Eisenhower we maintained the freedom of Guatemala, Iran, and Lebanon. So, too, in the Congo, the United Nations, with the approval of Presidents Eisenhower and Kennedy, has rebuffed Russian intervention. Interestingly enough, the same Russian planes which delivered supplies to Communist subverters in the Congo, were later photographed delivering supplies to the terrorists operating in Laos.

As assistant leader of my party in the Senate, it has been my privilege to attend bipartisan meetings at the White House under two Presidents for frank discussions on proposals for resisting tyranny and for furthering the cause of freemen. I am a Republican. Our President is a Democrat. But we—all of us—are, first, Americans. And I continue to believe that we, all of us, or, at any rate, most of us, want our foreign policy and our national defensive arrangements geared simply and solely to what is in the best interests of our Republic and its perpetuation.

I will disagree with the President when I believe he is wrong. But I will try always to make it constructive criticism and never narrow obstruction.

I have criticized those who approved a loan to Ghana—a country I do not regard as a "free, friendly nation," as our law requires. In 1961, I helped lead the fight in the U.S. Senate against revision of the Battle Act which would have authorized the granting of American assistance to Communist satellites. I stand today on this issue exactly where I stood 1 year ago.

Last year, I cosponsored the language in the Foreign Assistance Act of 1961 which would permit the President to invoke economic sanctions against Communist Cuba. Congress overwhelmingly approved this legislation. I urged the President to make immediate use of it. And we are grateful that he did earlier this year.

As a member of the Senate Committee on Appropriations, I have been privileged to scrutinize the defense budget of this Nation. I have supported two Presidents in their requests for sufficient funds to assure that our own military power, and our own nuclear deterrent, remain superior to any other nation on earth. I have objected in the Senate when some Senators from both parties have used the Defense Budget as a place to establish their so-called economy votes.

I shall continue to support an effective mutual security program in the future as I have in the past. As an American delegate to the Conference of NATO Parliamentarians, I have found that those representing the Western Alliance share common aspirations and purposes which are sure to surmount any of the temporary and frustrating disagreements which so often take place among friends. Each is proud of his own country. Each wants, in friendship and good comradeship, to have our peoples stand together against a common foe.

But, with it all, each, or most, with understandable pride, wants his country to remain sovereign and independent. And I know I do, and you do, for your family and for mine. I am simply an American, working in the Senate of the United States, for the perpetuation of his own country, and for the liberty which God has given its people.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 1526. An act for the relief of Joey Kim Purdy;

S. 1943. An act for the relief of Hajime Sumitani;

S. 2107. An act to amend title 14, United States Code, entitled "Coast Guard", to extend the application of certain laws relating to the military services to the Coast Guard for purposes of uniformity;

S. 2130. An act to repeal certain obsolete provisions of law relating to the mints and assay offices, and for other purposes;

S. 2198. An act for the relief of Lise Marie Berthe Marguerite De Simone;

S. 2300. An act for the relief of Byron Wong;

S. 2309. An act for the relief of Tio Sien Tjiong;

S. 2355. An act for the relief of Filomena F. Schenkenberger;

S. 2586. An act for the relief of Alexandra Callas;

S. 2606. An act for the relief of Patricia Kim Bell (Kim Booshin);

S. 2607. An act for the relief of Lee Hwa Sun;

S. 2633. An act for the relief of Susan Holt Lerke (Choi Sun hee);

S. 2679. An act for the relief of John Axel Arvidson;

S. 2709. An act for the relief of Ernst Fraenkel and his wife, Hanna Fraenkel; and

S. 2732. An act for the relief of Yoon So Shim.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1969. An act to amend the Federal Aviation Act of 1958, as amended, to provide for supplemental air carriers, and for other purposes; and

S. 3062. An act to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions.

SUGAR ACT AMENDMENTS OF 1962—CONFERENCE REPORT

Mr. LONG of Louisiana. Madam President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of June 29, 1962, pp. 12358-12363, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. MANSFIELD. Madam President, will the Senator yield to me without losing his right to the floor?

Mr. LONG of Louisiana. I yield to the Senator with that understanding.

Mr. MANSFIELD. Madam President, I suggest the absence of a quorum. The attachés of the Senate should take notice that this will be a live quorum. I want every Senator to be notified to that effect.

The PRESIDING OFFICER. The Clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

[No. 109 Leg.]

Aiken
Allott
Anderson
Bartlett
Bennett
Bible
Boggs
Burdick
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Case
Chavez
Clark
Cooper
Cotton
Curtis
Dirksen
Dodd
Douglas
Dworshak
Ellender
Engle
Fong
Fulbright
Gore
Gruening
Hartke
Hayden
Hickenlooper
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Keating
Kerr
Kuchel
Lausche
Long, Mo.
Long, Hawaii
Long, La.
Mansfield
McCarthy
McClellan
McNamara
Metcalf
Miller
Monroney
Morse
Moss
Mundt
Muskie
Neuberger
Prouty
Proxmire
Randolph
Robertson
Russell
Scott
Smith, Maine
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. ERVIN], the Senator from Michigan [Mr. HART], the Senator from North Carolina [Mr. JORDAN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Washington [Mr. MAGNUSON], the Senator from Wyoming [Mr. MCGEE], the Senator from Rhode Island [Mr. PASTORE], the Senator from Rhode Island [Mr. PELL], the Senator from Florida [Mr. SMATHERS], the Senator from Massachusetts [Mr. SMITH], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

I further announce that the Senator from Colorado [Mr. CARROLL] and the Senator from Idaho [Mr. CHURCH] are necessarily absent.

Mr. KUCHEL. I announce that the Senators from Maryland [Mr. BEALL and Mr. BUTLER], the Senator from Indiana [Mr. CAPEHART], the Senators from Kansas [Mr. CARLSON and Mr. PEARSON], the Senator from Arizona [Mr. GOLDWATER], the Senator from Kentucky [Mr. MORTON], the Senator from New Hampshire [Mr. MURPHY], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the conference report.

Mr. LONG of Louisiana. Mr. President, last Friday night the House and Senate conferees agreed on a compromise version of the sugar bill. The Senate conferees, as is their custom, stood firm, and gave ground only when absolutely necessary and only when the benefits obtained seemed to well outweigh the loss. I shall state very briefly the results of the conference, and Senators can judge for yourselves how the conferees represented them in this matter.

In the first instance, the Senate version of the bill had an expiration date of June 30, 1967. The House version date was December 31, 1966. On this point the Senate conferees receded, with regard to the domestic production part of the bill, for what seemed to be sound reasons. Domestic quotas are on a calendar-year basis; and, for a number of reasons, it seemed wise to have the bill continue in operation until the end of some calendar year. We did not count this as any real concession.

With regard to the added allocations of the growth factor, the Senate conferees were adamant. This firmness was soon evident, and the House conferees conceded. So the conference report allows 65 percent of the growth factor to be allocated to domestic areas—instead of the 63 percent in the House version—and a 65,000-ton-a-year reserve for new areas, as against the 50,000 granted in the House version. The entire language of the Senate version with respect to this was adopted, with very minor changes which were obvious improvements.

The Senate conferees then made somewhat of a concession on the section of the bill pertaining to the imports of direct consumption sugar. The House version was more restrictive in this respect than the Senate bill, and finally the House language was adopted. This would limit the direct consumption sugar that may be entered from countries other than the Republic of the Philippines to the average amounts entered during the years 1957–59 for all countries with total quotas of 20,000 tons or less. No direct consumption sugar would be permitted to enter from countries with quotas of more than 20,000 tons. All sugar brought in as replacement for the suspended Cuba quota must enter in the raw state, so long as raw sugar is reasonably available from other authorized sources.

The House conferees receded, and accepted the Senate version with regard to the definition of "alcohol." The Senate had clarified this section of the basic law, which provides that sugar brought in for the manufacture of livestock feeds and alcohol need not come in under the quota provisions. The Senate amendment was adopted.

The Senate conferees receded and adopted the House language concerning the importation of liquid sugar. The purpose of the language in both versions was to limit possible abuses and danger to the program through the importation of liquid sugar. The two versions were not far apart; but the House proposal seemed a little tighter, so the Senate did not lose by this concession.

The real problem in the conference, and one which several times threatened to leave us with no sugar bill at all, involved the features of the foreign quotas. At one point the conferees agreed to disagree, and the conference broke up; but after a little time, during which both sides had the chance to analyze the situation and contemplate the serious nature of the results of no sugar legislation, another final effort seemed to bring results which, although not quite satisfactory to either side, at least seemed to leave them equally unhappy—which is about the best one could hope for under the circumstances.

The country allocations of basic quotas in the House version were substantially larger than in the Senate version. In any compromise on this, the amounts in the Senate version would have to go up, and those in the House version would have to come down. However, any allocations at all were involved in the question which caused the real impasse—namely, whether these quotas would remain stable, with the premium price constant, or whether the premium should be reduced on a graduated basis.

The Senate version provided that the more moderate quotas assigned to foreign countries should be granted on the basis of a gradual increase in the percentage of the import fee to be collected upon importations of sugar from those countries. On a 5-year basis, 20 percent of the import fee would be collected the first year, and 40 percent, 60 percent, 80 percent, and 100 percent in the succeeding years, respectively. The House version had no such graduated scale of import fees, for it had no import fee at all.

The ice was broken for the first time when the distinguished Senator from Utah [Mr. BENNETT] suggested a possible compromise of a shorter extension, with the import fee applying. An earlier suggestion for a simple 1-year extension of the foreign quota features of the bill had been rejected. But since the House conferees seemed to prefer to have no bill at all, rather than to have a 5-year extension with a gradual reduction in premium payments, there began a discussion of a shorter period. The possible compromise seemed to be along the line of a shorter period for the foreign quota sections of the bill only, and this was explored and debated.

As a part of this problem, the conferees debated the reallocation of the Cuban quota and the size of the Cuban quota to be maintained for that country when and if our mutual relations improved. The House conferees finally conceded on the Cuban quota reserve; and the Senate provision that the unfilled Cuban quota should be purchased on a "global quota" basis—that is, purchased from any country desiring to sell, but with the payment of a full import fee based on the difference between the world price and the domestic price was adopted. This constituted a major concession on the part of the House conferees, and it seemed for the first time that a bill suitable to both Houses could be drafted.

The Senate had hoped for a larger Cuban quota to be available to that country when and if it deserved it and could handle it. The Senate version provided for a substantially larger quota for Cuba, even though it could not be assigned there at the present time. The Senate finally compromised on a figure of 1,635,000 tons, to be kept in reserve until such time as Cuba might again join the free world. The House conferees receded from their former position of requiring that the Cuban quota be reallocated on a full premium-price basis. The conference report states that all importations under the suspended Cuban quota shall come in under full recapture of the premium; in other words, all such imports are to be subject to the full import fee, and will be bought on a first come, first served basis.

After settling this major problem, the conferees proceded to discuss the basic quotas for the rest of the world. Some countries granted quotas under the House version were dropped; some quotas in the House version were reduced, which meant that some country quotas in the Senate version were raised. The list of allocations to the various countries is rather long, and I ask that it be printed in the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

	Tons
Peru	190,000
Dominican Republic	190,000
Mexico	190,000
Brazil	180,000
British West Indies	90,000
Australia	40,000
Republic of China	35,000
French West Indies	30,000
Colombia	30,000
Nicaragua	25,000
Costa Rica	25,000
India	20,000
Ecuador	25,000
Haiti	20,000
Guatemala	20,000
South Africa	20,000
Panama	15,000
El Salvador	10,000
Paraguay	10,000
British Honduras	10,000
Fiji Islands	10,000
Other countries	11,332

Mr. LONG of Louisiana. Madam President, the House conferees receded further from the position that no premium price reductions would take place; and the Senate conferees receded a little on the length of time of the operation of the part of the act applying to foreign quotas. As agreed upon, the quotas are allocated to the countries named for a period of 2½ years, or until the end of 1964, with a three-step reduction in the premium payments. The first year imports must pay 10 percent of the import fee based on the difference between the world price and the domestic price; the second year, 20 percent of the difference; and in the third year, 30 percent.

This reduction in premium payments was a very important part of the Senate version of the bill. The administration had indicated that it was highly advisable to begin to do away with the premium price system; and it is gratifying to be able to report that we have, at least, made some progress in this direction.

Madam President, I hope the conference report will be adopted. I hope the Senate will agree that the conferees from this body upheld the Senate traditions and brought back a suitable compromise. I understand that the full House has adopted the conference report by a vote of 248 to 31. I hope the Senate will sustain the Senate conferees.

I should like to add that the anticonfiscation amendment contained in the House version of the bill was strengthened in conference, in light of the action undertaken by the Senate Foreign Relations Committee when it voted for a rather strong provision along that line.

The provisions which would have made it possible for the President to have dispensed with sugar quotas and sugar payments in instances in which American property had been seized without compensation, by determining that it was desirable to take such action, were eliminated from the bill.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield?

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator from Louisiana yield to the Senator from Florida?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. First, I compliment the Senator from Louisiana and other members of the conference committee. In the main they have reported not only a livable bill, but also one which is much better than the version of the bill which came to us from the House.

I am particularly interested in two features of the bill, although I wish to make very clear that I shall not in any way obstruct early adoption of the conference report, because I think early continuity of the sugar program is highly desirable under the existing conditions.

Next, let me say that I notice that from the list of countries among which sugar was prorated by the provisions of the House version of the bill, only Argentina, in this hemisphere, and Mauritius, not in this hemisphere, were eliminated from the list in the House version. Is that correct?

Mr. LONG of Louisiana. That is correct. The quotas for some other countries were reduced; but those were the only two countries for which quotas were completely eliminated.

Mr. HOLLAND. That is the way I understand the report.

I am particularly concerned with the elimination of the Argentine quota, because I have found the Argentines very cooperative with us, particularly in the tung-oil field, with which the Senator from Louisiana is familiar, inasmuch as his State, Mississippi, and my own State are the three heavy tung-oil producing States. The Senator from Louisiana will remember that in that field we secured a quota for Argentina some years ago; but our Argentine friends felt that the quota was not exactly as fair or as mutual as it should be, and requested that it be discontinued, and agreed to confine their shipments to this country within substantially the same limits as those the quota had fixed; and certainly they have lived up to that commitment. I am very anxious to know why the premium price quota for Argentina was eliminated.

Mr. LONG of Louisiana. Perhaps the Senator from Florida recalls that the Senate version of the bill did not contain any quota at all for Argentina. In other words, the Senate version of the bill assigned quotas only to countries which had had quotas assigned by previous legislation. Even then, it had a provision that every year the premium payment would be reduced 20 percent, so that in 5 years there would be no premium payments.

The Senate bill gave Argentina a fixed quota and no reduction in premium.

The Senate conferees, in trying to hew to the Senate version of the bill, were trying to stay as close as possible to the Senate approved bill. So far as the Senate conferees were concerned, they were willing to take that version, so far as concerns assigning a quota to countries other than ones that had had a quota historically. The House yielded on this point, and with regard to reductions for others.

The Senator will recall that only these countries were included in the bill: The Philippines, Peru, Dominician Republic, Mexico, Nicaragua, Haiti, the Netherlands, the Republic of China, Panama, and Costa Rica. Outside this area, Canada, the United Kingdom, Belgium, Hong Kong, and the British West Indies were included.

The conferees became embittered at times, and in seeking to have the House eliminate the premium payment amounts, the House, yielding insofar as it could—I would assume on the basis of the information the House conferees had—with regard to Argentina did not support it as much as the others. This was a matter of the House yielding to the Senate, and not the other way.

It may be that we can ask the President to take another look at this question, in view of the fact that there was provision for a country quota. The President felt that none should have a country quota other than those who had had it historically, and even then there should be a premium reduction. We did obtain a reduction, but not as rapidly as the President wanted.

Mr. HOLLAND. I fully realize that in conference one cannot get everything he would like. The thing that disturbs me is that Argentina alone among our hemispheric friends originally included was completely cut out of the entitlement to a premium quota basis. I note that several of our other good friends among the Latin American countries have had their premium payment quotas continued. I certainly do not want to deprive them of any of their benefits under the conference report. It seems to me it is particularly necessary, with our Alliance for Progress program underway, to deal as evenhandedly as possible with our friends in Latin America. Does the Senator from Louisiana agree with me in that statement?

Mr. LONG of Louisiana. I agree with the generality of the Senator's conclusion. I say to him, however, that the Senate conferees went to conference committed to the Senate's position not to let any of those countries have quotas. We are not taking away anything they had, in so far as relates to countries which had quotas temporarily being gradually reduced. If the Senate conferees had had their way, all of them would have been left out. Instead, the following countries were included: El Salvador, Guatemala, Brazil, Colombia, French West Indies, Australia, Paraguay, India, British Honduras, Fiji Islands. Mauritius did come out. The position of the Senate is to try to put the entire act on a basis under which there would be no premium payments 5 years from now, and only those who had had premium payments for 5 years gone by on a legislative basis, would have had any. We succeeded in going very far in that direction. Perhaps some persons felt we went too far, but we had the Senate approved bill before us, and that is what we were trying for.

Mr. HOLLAND. I can appreciate that the Senator was fighting for the Senate bill. I am glad he prevailed in so many respects. I am only sorry that if any of the Latin American countries that were scheduled to have a premium payment basis under the House bill were eliminated, they were not all eliminated.

The Senator from Louisiana made a statement to the effect that he understands there may be some action contemplated to correct that situation. Is it contemplated for the immediate future?

Mr. LONG of Louisiana. I shall certainly be glad to consider it. As I said, the Senate bill assigned very little under quotas. We went to conference on a basis of a difference of 1,200,000 tons between what the House assigned under quotas and what the Senate was willing to assign under quotas. We came out with a 1,635,000-ton reserve to be purchased at the world market price.

It might be said that we yielded to the extent of about 600,000 tons in order to get a conference report. It may be that as a result of yielding on this issue as between countries, some adjustment may be indicated. That is a subject on which the State Department should advise us. But the House conferees had a right to do what they did on the first motion, which was to exclude all the administration's advisers from the room. I do not blame them for doing it. Under the separation of powers, they had a right to do it. With the administration supporting the Senate's position, it was probably necessary, in order for the House conferees to maintain their position, that there should not be any advisers from the Department of State or Department of Agriculture in the room.

On that basis, it might well be that the administration might recommend that there should be a relatively small, or even a substantial, adjustment in connection with foreign quotas.

From the Senate point of view, we were doing the best we could to uphold the Senate bill. I believe the Senate is in the best position it has ever occupied in conference.

Mr. HOLLAND. I thank the Senator. I think he is correct. I think this is a true give and take. I am sorry as much had to be given in the field I have mentioned.

As I understand, the Senator is not averse to having a correction of this matter so far as Argentina and any other adversely affected Latin American nation is concerned.

Mr. LONG of Louisiana. I would be perfectly willing to put Argentina on a basis with the other countries in this hemisphere. I would want to get the advice of the State Department and the President on that subject, because they are in a better position to know the situation than this Senator is.

From where we were standing in the conference committee, we thought it would be better to have such advice, but we were dealing with a coequal legislative branch of the Government. We did the best we could to adhere to the Senate position.

Insofar as some inequity may be involved as between friends of ours within this hemisphere, the Senator can recognize that it was a matter of the House yielding on some of these questions. If the House yielded too far, it was not because the Senate did not try to get the Senate bill all the way.

Mr. HOLLAND. Again I compliment the Senator from Louisiana for the degree of success in the conference.

Mr. LONG of Louisiana. At the time Argentina was removed from the provision, the Senate conferees did not know that other countries would not also be eliminated. We were hoping they would be. Our position was that we wanted to stay with the Senate bill, and stay as close to holding the Senate position as we could.

Mr. HOLLAND. I thank the Senator. My next question has to do with the increase for domestic producers, with which I know the Senator from Louisiana is concerned, not only on a national basis, but in the interest of the producers of his own State.

Will the Senator state for the record the result of the conference insofar as relates to the increased production permitted under the conference for the mainland sugarcane producers?

Mr. LONG of Louisiana. That which was in conference was the difference between the House figure of 63 percent of the increase and the Senate figure of 65 percent of the increase. We adopted the Senate figure of 65 percent of the increase.

As a practical matter, I believe the Senator will find that with respect to every item in conference, with possibly one or two minor exceptions, insofar as the domestic industry is concerned, the agreement which was reached was to the advantage of the domestic industry. When the House version of the bill seemed to be more favorable to the domestic industry, we took the House provision, and the House generally yielded to the Senate when the Senate provision was more favorable.

The Senate bill would have provided a longer duration than the House bill, but the domestic industry felt that this program should be on an annual basis, because in that way the farmers will know what they can plant and can make their plans at planting time.

When we took the shorter expiration date of the House version, so far as the domestic industry was concerned, it was on the basis that it would be better for the farmers to know in January what their situation was going to be when they started planting than to have a bill passed and leave them in a situation of uncertainty at the end of June.

Mr. HOLLAND. I have one more subject which I should like to have the Senator discuss. I appreciate his kindness in yielding.

My understanding is that there was no difference between the two versions of the bill passed by the House and by the Senate on the immediate increase to domestic producers either in the cane-sugar industry or the beet-sugar industry.

Mr. LONG of Louisiana. There was no conflict in that regard. That was not in conference.

Mr. HOLLAND. Was it the intention of the conference committee, and is it the Senator's understanding of the intention of the Congress, in respect to the bill, that the added tonnage to the domestic industry is to take care of the increased plantings that have been made in the cane-sugar industry and the increase in plantings made and to be made in the beet-sugar industry?

Mr. LONG of Louisiana. The Senator is correct. I believe there would be an increase of about 625,000 tons.

The State of Florida, relatively speaking, probably will benefit more than the State of Louisiana, because Florida is increasing its sugarcane acreage much more rapidly than is Louisiana. Florida has climatic advantages over Louisiana. That additional tonnage will be available for the domestic producers of beet sugar and cane sugar. I do not have the breakdown as between the two, but the additional tonnage will be available under the act.

Mr. HOLLAND. Of course, the Senator is mindful of the fact that in my State the planting of sugarcane has substantially doubled in recent years as the result of the cutting off of the Cuban source of a large portion of our sugar. Is it the Senator's understanding that the added domestic sugarcane tonnage, under the terms of the bill, is designed to take care of the added plantings of the domestic sugarcane industry? I am thinking particularly now of the addition to planting, which has been very heavy in the Florida cane sugar industry.

Mr. LONG of Louisiana. Florida will get its full share of the increase. Of course, there will be some increases also in the beet sugar areas. I do not know whether Louisiana plans to greatly increase its sugarcane planting, but I understand the Florida situation. There have been very substantial increases in planting.

Historically, Louisiana has produced about 10 times as much sugarcane as Florida, but Florida, has been able to produce very efficiently and very economically, as the Senator knows, in competition with other beet and sugarcane producers. Of course, Florida will be in a position to harvest the crop and to market the crop being produced there.

Mr. HOLLAND. I thank the distinguished Senator from Louisiana. I am particularly anxious to have this point made clear for the RECORD, because those who have planted new acreage in my State are very much concerned as to whether they are to be taken care of under the terms of the bill. They are much concerned as to whether they will have an equitable opportunity, along with the older growers, to have their acreage cared for under the terms of the bill. As I understand the situation, from the Senator's comment, they will have.

Mr. LONG of Louisiana. Of course, this matter will be under the discretion of the Secretary of Agriculture, and the bill gives to the Secretary the powers he needs to protect the new growers in the Senator's State.

Mr. HOLLAND. And it is the intention of those framing the bill to take care of the new acreage?

Mr. LONG of Louisiana. Yes, it is.

Mr. HOLLAND. I thank the Senator.

Mr. ELLENDER and Mr. ALLOTT addressed the Chair.

Mr. LONG of Louisiana. I yield to my colleague.

Mr. ELLENDER. Mr. President, I also wish to compliment the committee of conference for being able to reach agreement. I was somewhat dubious on Friday as to whether or not they could do this.

I regret, as many other Senators regret—particularly my good friend, the Senator from Illinois [Mr. DOUGLAS]—that the Senate was more or less compelled, in order to get a bill, to add new countries to those which already receive permanent quotas. As I recall, under the present law only 10 countries in the past have received quotas. They are Cuba, Peru, the Dominican Republic, Mexico, the Republic of China, Nicaragua, Costa Rica, Haiti, Panama, and the Netherlands.

Mr. LONG of Louisiana. The Senator left out the Philippines. The Philippines were once a part of the United States.

Mr. ELLENDER. I know, but the Philippines are treated separately. As the Senator from Florida has pointed out to me, the Philippines have a treaty with the United States.

What concerns me, with respect to the countries to the south of us having permanent quotas—Brazil, the British West Indies, the French West Indies, Colombia, Ecuador, Guatemala, El Salvador, Paraguay, and British Honduras—is that we have provided no quota for one of the most important countries to the south of us, Argentina. My fear is that by not providing a sugar quota for Argentina some friction may result. I have hopes that something can be done about that. The only reason I suggest the problem is that the conference saw fit to agree to add quotas for several countries to the south of us, and, as I said, left out Argentina.

Mr. LONG of Louisiana. Mr. President, I explained this situation to the Senator from Florida in considerable detail. I believe part of that explanation occurred before my colleague entered the Chamber.

Mr. ELLENDER. I understand what happened. I was present and I heard everything the Senator said. There is one thing we must not overlook, however. I think it will be pleasing to quite a few of us. The Senate version of the bill provided a graduated recapture of the premiums payed over a period of 5 years. The House had no such provision in the bill it passed, but the House conferees did agree to a recapture provision of 10 percent for the first 6 months, 20 percent for the next year, and 30 percent for the third.

Mr. LONG of Louisiana. Until the act expires.

Mr. ELLENDER. I am very hopeful that in time all of the premium payment will be recaptured and will find its way to the general fund of the Treasury. That, of course, must be done gradually, I will say to the Senator from Illinois [Mr. DOUGLAS], I do not think it could be done overnight.

I was very hopeful that the Senate version of the bill would be accepted. Since that was not possible, I express the hope that the Senate will rectify the situation so far as Argentina is concerned in some way.

However, it is imperative that we accept some type of conference report today, because, as the Senator knows, the Sugar Act expired on June 30. My fear is that if we try to obtain another conference, there is no telling what would happen and how long it would take. It is my belief that the Senate should accept the conference report, as did the House. Then we can deal with a quota for Argentina in subsequent legislation. I hope that is the course that the Senate will take.

Mr. LONG of Louisiana. Mr. President, there is no doubt in my mind that if the Senate sees fit to send to the House a bill which would place Argentina among those who do have some premium sugar, the House will pass it. The House bill contained a provision for Argentina; the Senate bill did not have a provision for Argentina. As the Senator knows, that is the sort of thing about which the State Department should advise us.

The Senator spoke about the various points that we won as a concession from the House. In my judgment, we did far better than the Senate conferees have ever done in relation to the Sugar Act in years past. Previously the House conferees would sit adamantly and refuse to yield on a point, and since most of the conferees came from States or districts in which no sugar was produced, they were in a position to take the attitude that if we did not want a Sugar Act, very well, the Sugar Act would expire.

Mr. ELLENDER. I am not registering any complaint about that. To the contrary, I believe the conferees did a very good job in getting the House to accept these two principles.

First, the Senate bill contained a provision that would permit a great deal of the Cuban quota to be distributed on a global basis.

Second, we would gradually recapture the premium payments that are made to foreign governments.

As I review the bill as a whole, the 9,700,000 tons of estimated consumption of sugar for the current year would be distributed as follows:

Beet and cane sugar producers of this country, including Hawaii, the Virgin Islands, and Puerto Rico, would receive a quota of 5,810,000 tons. The Philippine Islands would receive a quota of 1,050,000. Under previous laws, which were reenacted, other countries would receive quotas totaling 11,332 tons. That accounts for 6,871,332 tons. If we deduct that sum from 9,700,000 which is the estimated domestic consumption, 2,828,668 tons remains, of which Cuba's allocation would be 1,634,122 tons. The remainder of the countries named would receive quotas totaling 1,194,546 tons.

Mr. LONG of Louisiana. The Senator is correct.

Mr. ELLENDER. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table setting forth those figures.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	Tons
Estimated U.S. consumption for current year	9,700,000
Allocated as follows:	
Domestic producers	5,810,000
Republic of the Philippine Islands	1,050,000
Others	11,332
Total	6,871,332
Balance for foreign distribution	2,828,668

Distributed as follows:

Country	Percentage allocation	Amount (tons)
Peru	6.71	189,804
Dominican Republic	6.71	189,804
Mexico	6.71	189,804
Brazil	6.37	180,186
British West Indies	3.19	90,234
Australia	1.41	39,884
Republic of China	1.24	35,075
French West Indies	1.06	29,984
Colombia	1.06	29,984
Nicaragua	.88	24,892
Costa Rica	.88	24,892
Ecuador	.88	24,892
India	.71	20,084
Haiti	.71	20,084
Guatemala	.71	20,084
South Africa	.71	20,084
Panama	.53	14,992
El Salvador	.36	10,183
Paraguay	.35	9,900
British Honduras	.35	9,900
Fiji Islands	.35	9,900
Netherlands	.35	9,900
Subtotal	42.23	1,194,546
Cuba	57.77	1,634,122
Total	100.00	2,828,668

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. McCLELLAN. Will the Senator tell me why Argentina received no quota? Was that subject discussed in any way?

Mr. LONG of Louisiana. The Senate bill assigned no quota to Argentina, El Salvador, Guatemala, Brazil, Ecuador, French West Indies, Australia, Paraguay, India, South Africa, Mauritius, British Honduras, and the Fiji Islands.

The Senate conferees fought to eliminate all of those countries that were not included in the Senate bill. As a practical matter, the Senator's question should be asked in the House. The House bill contained that provision. The Senate bill did not.

Mr. McCLELLAN. I understand. I merely wished to ascertain the reason. I did not know whether it was an oversight or what had happened. A number of countries that had not had quotas heretofore have now been given quotas, as I understand. Argentina had no quota heretofore and she is not given even a token quota now. It occurred to me that perhaps Argentina should have at least a token quota, as some of the other countries were given. I do not know whether it is quite proper to single Argentina out or, by circumstances, allow her to be singled out as the only South American country not to receive a quota of any kind. Perhaps there is a reason.

Mr. LONG of Louisiana. At the time the House of Representatives yielded on

Argentina, the Senate conferees were hoping they would take all the rest of the countries out, too. But the House conferees became adamant and would not yield on the remainder. We reduced the number of countries as much as we could.

I am trying to point out to the Senator that we went to conference with a Senate bill that provided an assignment of 2,600,000 tons of sugar on a global basis—on a first-come-first-served basis—without any premiums. We came back from the conference with a bill that would assign 1,635,000 tons on that basis.

The Senate conferees were compelled to yield on roughly 600,000 tons. The House conferees were compelled to yield to the extent of about 1,635,000 tons. That was the main point in the conference. Perhaps the House conferees should have yielded more with regard to some of the countries and less with regard to Argentina.

I hope that if the bill works out in a way that the administration feels is not proper and that there should be some provision for Argentina, that the President will send us a recommendation so that we can make a provision for Argentina. My best understanding is that there would be no real opposition on the House side to such a provision. At least a great majority of the Representatives in the House would go along with such a proposal.

There is so much involved in the conference report, including industrial and agricultural interests in this country, as well as so many things in the field of foreign relations about which I am certain we are right, I hope that the Senate will agree to the conference report, and that if we are wrong with regard to Argentina, that the error will be corrected at a subsequent time.

Mr. McCLELLAN. I believe the conferees did a marvelous job. I commend them. I think we are all very much gratified at the measure of success the conferees finally had in bringing in the conference report. There is no criticism at all from my standpoint. But, unless there is some reason about which I do not know, we should not leave Argentina standing out like a sore thumb. We should not appear to have slighted Argentina, because I am sure that was not the intent of Congress. I cannot conceive that we intended to do anything like that.

I hope that as a result of our making the record now, the President will take some action to indicate clearly that the conference report was, after all, the result of a tug of war and a compromise, and that we did the very best we could. If he has the authority to make some adjustment, I hope that such an adjustment will be made promptly so that our attitude toward Argentina as compared to other South American countries will not be misunderstood.

Mr. LONG of Louisiana. If the President feels the same way the Senator from Arkansas does about the question, he will make that recommendation and this Senator will be glad to support it. But at the time we were in conference, as I pointed out previously, the Senate conferees were supporting the administration position. The House conferees——

Mr. McCLELLAN. Since the conferees had to yield——

Mr. LONG of Louisiana. Permit me to make the following point: The Senate conferees were supporting the position of the administration up to that moment. The House conferees were at war with the administration's position. The first motion that the House conferees made was to send all the administration advisers out of the room. On the question of permitting one country to have a new quota and letting some other country come under a quota, the advisers are in no position to advise. The House insisted on the maintenance of the theory of the separation of free and coequal branches of the Government, with the result that they did not want any administrative advisers in the room, and for good reason.

Mr. McCLELLAN. So far as the Senator knows, is there any reason why, if we are going to let all the other countries come in, why Argentina should be excluded?

Mr. LONG of Louisiana. No.

Mr. McCLELLAN. Is there any reason for it?

Mr. LONG of Louisiana. No. I would say that if we are to assign a quota to Paraguay and Guatemala and El Salvador and Brazil and Ecuador and Colombia and India and South Africa and British Honduras and the Fiji Islands, Argentina certainly can make as good a case as many of them for being included.

Mr. McCLELLAN. That is what I think. The record should be made clear in the Senate that Argentina is not being singled out by the Senate, with any idea of penalizing her, or by way of retaliation, or anything like that. Such an erroneous impression should not go out of the Senate.

Mr. LONG of Louisiana. As a matter of fact, this will be something that the administration will have to look into.

Mr. McCLELLAN. I hope so. Of course, I have no more interest in Argentina than in any other South American country. At the same time, I do not think we should single out one country and treat that country in a way different from that in which we treat other countries.

Mr. LONG of Louisiana. I thank the Senator.

If we prove to be in error about this matter, I would be glad to help, on any reasonable basis, in subsequent legislation, to modify any error that we might have made here.

Mr. McCLELLAN. I thank the Senator.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. ALLOTT. I believe we have pretty well covered the Argentina situation. As I understand, the Senate conferees got as far as having Argentina stricken.

Mr. LONG of Louisiana. And Mauritius, also. We took Mauritius out of the bill completely.

Mr. ALLOTT. Then the bomb, we might say, struck, and that was as far as the conferees could get on that subject.

Mr. LONG of Louisiana. We succeeded in reducing what was available to most of the rest of the countries, and also in reducing the amount of the premium payments these countries would get. So far as the quota that would be assigned to the countries which were obtaining quotas for the first time is concerned, that was a case of the House defending its position, with the Senate trying to take them all out.

Mr. ALLOTT. I believe we have gone into the Argentine matter for a half hour now in the debate. It is perfectly clear what happened. Before I ask the Senator another question, I wish to say that I beileve the Senate conferees did a wonderful job.

Mr. LONG of Louisiana. I appreciate the Senator's statement.

Mr. ALLOTT. I compliment the distinguished Senator from Louisiana for his part in the accomplishment. What the conference committee did was outstanding. By and large I feel that the viewpoint of the Senate was sustained at least so far as the conference bill expresses our point of view.

There is one item in which I am particularly interested. In the original House bill there were temporary allocations made of 1,250,000 tons of Cuban sugar. I opposed this temporary allocation for two reasons: First, I felt there is no such thing as a temporary allocation, because once we make it it becomes permanent in the mind of the recipient. Second, having assigned the quota, it no longer is a plum which we can dangle before people who may become disenchanted with what is going on in Cuba, to give them an opportunity to reestablish themselves economically through the cane sugar industry, which is the only method they have, even though it may take years. Does the Senator agree?

Mr. LONG of Louisiana. Of course; that is, so long as the premium payments are made. If the premium payments are no longer made, they will have to sell at the world market price. However, so long as the premium payments remain in effect, then, of course, if Cuba were a friendly nation, as she has been in the past so far as the United States is concerned, the Cuban cane industry could receive the large amounts of premium payments on their great sales of sugar to the United States, as in the past. I salute the Senator for trying to maintain that situation, so that a free Cuba could again have a substantial portion of the allocation of the sugar sales in the United States on a premium basis, as it had in the past.

Mr. ALLOTT. Even if the sugar were not sold on a premium basis, it would still mean a market for the Cuban sugar when the premium had worked itself out. It is not Cuba's allotment now; it is what used to be the Cuban quota, which we are segregating for the time being.

Mr. LONG of Louisiana. That is correct.

Mr. ALLOTT. I have two sets of figures before me. One set of figures shows Mexico receiving an allotment of 80,108 tons under the present law. Then I have another set of figures which I received from the staff. Those figures show 95,409 tons. Does the Senator know which of these figures are correct?

Mr. LONG of Louisiana. The 95,409 tons were the original quota for Mexico. Under the conference report the quota would be 190,000 tons.

Mr. ALLOTT. So that Mexico has doubled its quota for this year.

Mr. LONG of Louisiana. Yes.

Mr. ALLOTT. I notice, in checking these figures, that there are other countries which have done comparably well. Can the Senator from Louisiana give any particular reason why Mexico, in its present attitude toward the United States—even though the President has spent a weekend there—should be entitled to double its quota?

Mr. LONG of Louisiana. It is not a matter of what I think. The House originally provided 200,000 tons.

Mr. ALLOTT. They provided even more.

Mr. LONG of Louisiana. Yes. Our effort was to reduce it below that figure. As a matter of fact, the Senate bill provided for 95,000. We would have been happy to settle for that amount.

Mr. ALLOTT. In the original bill the House provided a quota of 95,000, plus 200,000, plus a temporary quota of 150,000.

Mr. LONG of Louisiana. Yes.

Mr. ALLOTT. That brings up a question in which I am very much concerned. I never begrudge anyone making a living. However, we have reached the place in the enactment of sugar legislation which presents the question of how far we should go when we observe people in Washington, representing foreign governments on a contingency basis, acting the way they do. In my opinion it represents a poor concept of law and a very poor principle of legislation. It is bad enough that the Senate and the House should be lobbied by every interest in the country. There is an effort to serve a proper function in a situation like that. On the other hand, grave questions are raised as to the function that is served when pressure is exerted when the undertaking is to see how much can be cleaved off or how much can be gotten out of Uncle Sam for an individual country, particularly when that is done on a contingency basis.

Mr. LONG of Louisiana. For the Senator's information I should state that the Senate did not yield to any such pressure as that.

Mr. ALLOTT. I realize that, of course.

Mr. LONG of Louisiana. The Senate did not add an extra ton, unless we talk about the 10,000 tons that eventually got into the bill for Ireland. Aside from a few tons for Ireland, the Senate did not yield anything.

Mr. ALLOTT. I am speaking about the principle involved, when we see people who represent foreign countries whose interests are absolutely inimical or at least contrary to the interests of this country operating as they do, and doing it on a contingency basis, as they have done in connection with the pending proposal.

Mr. LONG of Louisiana. I should observe that their interests are not necessarily in conflict with the interests of our country. In this respect, I am defending the House position. I have heard it said so often I might as well say it to the Senator, let us be fair. The fact is that there is a large volume of precedent in legislative history behind the writing of quotas into the law by the Senate and the House.

I have become convinced that this is not the sort of thing we ought to be doing. I believe that the Nation should speak with a single voice. Only the President should recommend what our foreign policy should be. After he does, we should undertake to say whether we think he is right or wrong about it.

Historically, the House Committee on Agriculture would write in the proposed quotas, and the Senate Committee on Finance would have the same privilege. When the Senate committee undertook to write in the quotas in recent years, it was done at the recommendation of the administration; in other words, we provided in the bill what the State Department, and the President would recommend to us. So long as I have been a member of the committee of conference, I cannot recall that we have undertaken to vary from what the administration recommended as a proper arrangement.

Mr. ALLOTT. I recall very well the traditional arrangements between both bodies on this matter. I think the distinguished Senator from Louisiana and the entire body of conferees have effected an excellent compromise. Personally, I feel that the bill should be enacted, and enacted at once, so that there will not be any further hiatus between the expiration of the old law and the beginning of the new one.

Mr. LONG of Louisiana. My judgment is that if we consider the bill from the point of view of the United States, it is the best sugar bill we will ever have passed. It leaves much to be desired; but so far as I can point out objectionable features, like those the Senator has stated there are in the bill, it is at least a move in the right direction compared with the previous act.

Mr. ALLOTT. I think the Senator from Louisiana depreciates himself and the members of his committee a little too much; because while they did give away 600,000 tons, roughly, under the Senate position 1,635,000 tons are still retained. This is an amount larger than was available under the bill as it came to the Senate. No doubt there was much discussion of this point, but the Senator did well to retain that provision.

Mr. LONG of Louisiana. I thank the Senator from Colorado. We have retained 2½ times as much as we yielded, so far as the amount of tonnage involved is concerned, between premium payments and nonpremium payments.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield to the Senator from North Dakota.

Mr. YOUNG of North Dakota. I join with other Senators in complimenting the Senate conferees upon having worked out a far better piece of legislation than I thought was possible. I think they have reached an excellent solution.

I wish to ask one question: What formula is used now to determine the distribution of the domestic allotment as between cane sugar and beet sugar? Is it the same formula as was used in the past?

Mr. LONG of Louisiana. I assume the formula will be the same. The bill does not touch that phase. The only thing the bill provides on that subject is that 65,000 tons a year shall be reserved for new areas. This is, of course, larger than the 50,000 tons which the House provided.

The committee had in mind that that amount would go to beet-sugar mills. It might be enough to make possible the building of two new sugar mills a year. As a Senator from a cane-sugar-producing State, I am willing to go along with that. I believe all the increased production per acreage will be in beet-producing States. They will get most of the increase. Perhaps there will be some increase in the cane-sugar-producing States. We believe that that increase will go mostly to Florida, not to Louisiana.

But we did not seek to provide a formula for the distribution. Usually about 90 percent of the domestic sugar production has been beetsugar, and 10 percent has been cane sugar, within the continental United States. We expect to maintain that proportion. As a matter of fact, the proportion is nine-tenths to one-tenth. The figuring by tenths related to the time before Hawaii was admitted to the Union. Including Hawaiian cane, the percentage is about one-fourth to three-fourths.

Mr. YOUNG of North Dakota. So the formula will be about the same as it always has been?

Mr. LONG of Louisiana. Yes; we did not touch that. That will remain in the hands of the Secretary of Agriculture.

I do not know of anyone who is complaining about that factor. I can appreciate why the Senator from North Dakota has raised the question. Not being a member of the committee, he would not want to have North Dakota prejudiced. But this provision would not have that effect.

Mr. JAVITS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield to the Senator from New York.

Mr. JAVITS. A few importers in New York import refined sugar from the United Kingdom, Belgium, the Netherlands, and Canada. I gather that the continuation of those imports, which amount to about 5,500 tons a year, will be cut off by the adoption of the House language. The clerk of the conference has directed my attention to a provision at the foot of page 6 of the conference report on that subject.

My question is, first, to confirm that that is so, and the reason for it; and second, to ask a question which those people have put to me. Perhaps the Senator from Louisiana can help with that; perhaps he cannot.

It is the fear of the New York importers that the Department of Agriculture may seek to make this part of the act retroactive, so that even if the importers could get some of the sugar into the United States in the next few days, before the bill became law, the entry of it would be invalidated for some reason. That seems inconceivable to me.

Mr. LONG of Louisiana. It was not understood in the conference that anything in the act would be retroactive. I do not know of any basis on which that would be the case. I could be proved wrong by the express wording of some section in the bill, but I do not know of anything to that effect.

Mr. JAVITS. It is not the intent?

Mr. LONG of Louisiana. Not so far as the chairman of the Sante conferees is concerned.

Mr. JAVITS. Will the Senator give the rationale which dictated the elimination of this type of import?

Mr. LONG of Louisiana. The more raw sugar that is imported into and refined in the United States, the more jobs and the more business the American sugar refiners are able to have in refining sugar. I believe that this is a House provision which was agreed to. As I recall, this was a difference between the House and the Senate bills. In a long, hard fought conference, extending over days, a conference which at times became acrimonious, this was one of the instances in which the Senate conferees were able to agree with the House and took the House position, although on something of this sort someone gains and someone loses.

Mr. JAVITS. So far as we in New York are concerned, our refineries gained very definitely from the provision which relates to the elimination of the 250,000 tons of refined sugar which could otherwise have been imported if the Cuban situation had remained intact. That comes out of the Senate version, incidentally. Perhaps, therefore, it was a compensatory provision. That is, the Senate having prevailed in terms of 250,000 tons, the House provision prevailed with reference to this rather minor tonnage, but which does effect some New York importers.

I am not complaining about this, but I wanted to get to the point, first, of the rationale that these people will not feel that no attention has been paid to them; and second—what I hardly felt would be the case—they need have no fear of retroactivity.

Mr. LONG of Louisiana. When we allow more production to our domestic beet growers, we then are compelled to reduce the importation of white sugar. Cane sugar is produced as raw sugar and is refined. Beet sugar is refined. If more beet sugar is to be produced in this country, necessarily it is white sugar. That being the case, by producing more beet sugar, necessarily we reduce the amount of refined cane sugar imported into this country.

Mr. JAVITS. Is it fair to say that the New York sugar refiners having gained something appreciable in terms of employment because of the prohibition of the importation of 250,000 tons, it was not unexpected that these small importers would have to give up something, and that this was the compromise that was reached?

Mr. LONG of Louisiana. Yes; that is how it worked out. I believe the Senator will find that there is nothing retroactive. Once the importers have received their sugar, they can refine it.

Mr. JAVITS. I thank the Senator from Louisiana.

Mr. MOSS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield to the Senator from Utah.

Mr. MOSS. I have followed the discussion on the report of the conference. I, too, wish to commend the Senator from Louisiana and the other conferees for an excellent report. It seems to me that we have before us a report on a sugar bill which will be far superior to anything we have had up to this point.

I also wish to agree with what has been said by a number of other Senators about the elimination of Argentina, when other Latin-American countries were included. I think something should be done to rectify that oversight, or elimination.

Does the Senator understand that if the conference report shall now be agreed to, and the bill sent to the President, some immediate action would be forthcoming to deal with the problem of Argentina in another way, through another legislative vehicle outside the sugar bill itself?

Mr. LONG of Louisiana. I understand that such an effort will be made. I do not ask any Senator to commit himself to it, but I understand there will be such an effort, based upon the President's judgment of what the overall effect might be when he considers the quotas for additional countries. I was against including new quotas for any new countries.

Mr. CLARK. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. CLARK. I am keenly aware of the very great difficulties with which the Senator from Louisiana and his colleagues on the conference committee must have been faced when they went into the conference and had to face the doughty and intrepid chairman of the House committee, whose views on these matters are well known and often have been stated. So I do not criticize the Senator from Louisiana for not having gotten a better deal than he and the other Senate conferees did.

But I wish to emphasize the point that I represent the Commonwealth of Pennsylvania, which is greatly interested in obtaining sugar for its consumers as cheaply as possible, for basically Pennsylvania is a sugar-consuming State, although a few sugar refineries are located in the Commonwealth. But basically Pennsylvania is interested in obtaining sugar at as low a price as possible. Of course I understand that the interests of the beet-sugar and the cane-sugar producing States are different from the interests of our State in connection with this matter.

It is my understanding—and I hope the Senator from Louisiana will correct me if I am in error—that under the bill recommended by the administration—for which I voted with some reluctance, because of the increase it provided in the domestic production—the Cuban quota was to be transferred to a world quota, instead of being allocated to particular countries.

Mr. LONG of Louisiana. That is correct.

Mr. CLARK. Is it not true that under the conference report, of the 25 countries to which the House committee had assigned quotas, 23 still would get quotas?

Mr. LONG of Louisiana. There was a difference, as between the House version and the Senate version of the bill, in terms of tons——

Mr. CLARK. I should be glad to discuss the tons later on, but at this time I prefer to discuss the number of countries.

Mr. LONG of Louisiana. Numerically, more countries will receive quotas. But let me show the Senator from Pennsylvania some of the progress we made.

Mr. CLARK. I shall be very happy to listen to the Senator. But it is a fact, is it not, that the House version of the bill made assignments to 25 countries; and the President did not want assignments made to any countries; and the conference report makes assignments to 23 countries?

Mr. LONG of Louisiana. That is correct—that far. But, in addition, the House assigned temporary quotas, amounting to approximately 1,500,000 tons, I believe, to many of the countries which would receive quotas for the first time, and perhaps to some countries which already had had quotas assigned to them. The Senate conferees were successful in putting all the temporary quotas under the so-called global arrangement, for which the Senator from Pennsylvania voted, and for which I, too, voted, I may say.

Mr. CLARK. Nevertheless, is it not true that the House Committee on Agriculture proceeded to deal with a field which, in my opinion, at least, is one which should be exclusively a part of our foreign policy, and more or less assigned sugar quotas to 25 countries, over the objection of the administration; and the conference report assigns quotas to 23 of those countries?

Mr. LONG of Louisiana. Well, the conference report still provides quotas; but under the conference report the damage is not anything like as great as it was when we started out.

Mr. CLARK. I do not doubt that is true. Nevertheless, does not the Senator from Louisiana agree that the assignment of those quotas is a very delicate matter which affects the foreign policy of the United States?

Mr. LONG of Louisiana. Well, as the Senator from Pennsylvania knows, the President does not want any quotas at all assigned.

Mr. CLARK. If the President does not want any quotas assigned, and if we do not want any quotas assigned, I should like to have the matter dealt with, in the interest of the foreign policy of the United States, by someone who has considerable knowledge of this area and can deal properly with it.

Mr. LONG of Louisiana. When I said the President does not want any quotas at all assigned, I may say that the President recognizes that some of these countries have had quotas in the past, and were expecting to have them again. So, rather than cut them off immediately, the President thought their quotas should be phased out—reduced by perhaps 20 percent a year.

Mr. CLARK. However, certainly the President did not want countries which had not had quotas before to receive them now. Yet that is what the conference report does.

Mr. LONG of Louisiana. That is what the House committee decided, and that is what the House voted for. We did the very best we could to prevent the inclusion of new quota assignments in the conference report.

The Senator from Pennsylvania says we dropped only two countries from the list. But when we consider the impact on consumers, from the point of view of obtaining sugar at as low a price as possible, it is correct to state that for every ton we conceded under the premium basis, we managed to get 2½ tons removed from the premium basis. So we made a great amount of headway in the direction the President was advocating, and, I suppose, in the direction the Senator from Pennsylvania would advocate.

Mr. CLARK. Can the Senator from Louisiana state how many new countries were awarded quotas by the House, in the bill it passed, although they did not have quotas last year?

Mr. LONG of Louisiana. Fourteen.

Mr. CLARK. Was the Senator from Louisiana able to determine, as a result of the conference, what was the rationale for granting quotas to the 14 new countries? Is there some high foreign policy reason which affected the judgment of the House Committee on Agriculture? Did they think that provision would be to the advantage of the foreign policy of the United States; or was it simply the result of some gigantic lobby deal?

Mr. LONG of Louisiana. No, no one said the latter; and I suggest to the Senator from Pennsylvania that he would not have suggested that to the House members of the conference committee, if he had been one of the conferees, unless he wanted to break up the conference completely.

Mr. CLARK. I realize that the Senator from Louisiana is very brave.

Mr. LONG of Louisiana. Not brave, but I recognize the situation as it existed there. The House took the position that there is not a world surplus of sugar, and that, in fact, there may be a shortage. Having determined that, the House undertook to determine which sugar-producing countries were friendly to us and could be relied upon to supply us with sugar in the event we encountered trouble.

The Senator from Pennsylvania knows that there have been times when it was difficult to obtain sugar in the United States. During World War I, the price rose as high as 26 cents a pound, I believe; and at that time the dollar would purchase a great deal more than it will now.

But this was the best judgment which the House Agriculture Committee saw fit to give us, after that committee had had a chance to study the matter and confer with spokesmen for the administration and others. It was not my position; but let me say that if there had been a written record of what was said in the conference room, I believe it could be found that the House conferees expressed themselves—and with some considerable logic—in almost as complete disagreement with the logic behind the Senate's position as the Senate conferees expressed themselves in disagreement with the logic behind the position taken by the House—and much of it with considerable appeal to some groups. For instance, I refer to statements to the effect that the State Department could not be trusted to handle such matters in ways which would best protect the interests of the people of the United States.

Mr. CLARK. So the House committee members took the position that they were better able to handle the foreign relations of the United States than is the State Department, insofar as the allocation of sugar is concerned? Is that about what their argument boiled down to?

Mr. LONG of Louisiana. Yes; in some instances. I did not agree with that. As the Senator knows, we hear much criticism, from time to time, of our foreign policy; and it is very easy to pick out some phase of our foreign policy, and contend that in that connection the State Department is failing to protect the interests of the American people.

Mr. CLARK. How many of the 14 new nations which the House Agriculture Committee undertook to give quotas to are still going to get quotas under the conference report?

Mr. LONG of Louisiana. Twelve. Of course, some will not get as much as the House wanted to provide.

Mr. CLARK. So the Senate was able to cut out two?

Mr. LONG of Louisiana. Yes.

Mr. CLARK. Does the Senator recall which two?

Mr. LONG of Louisiana. Mauritius and Argentina.

Mr. CLARK. Could the Senator tell me what the rationale of the House was in not standing firm in insisting that Mauritius and Argentina should be given the same quota as those countries that some of us feel are not as deserving, and in not giving those countries the same treatment and most-favored-nation treatment?

Mr. LONG of Louisiana. I can only say that those of us on the Senate side felt that if we could have, we would have taken them all out and would have reduced the premiums by 20 percent a year for all countries, even those historically getting them. We could not take them all out. Some of the countries receiving sugar quotas that are temporary or permanent under this legislation had reductions of as much as 90 percent as compared with what the House provided for those countries.

Mr. CLARK. It was my understanding that the Senator said a few moments ago there were slightly more than 2 million tons of sugar in global quotas as the Senate passed the bill, and that the Senate had come back with 1,600,000 tons intact. Is that correct? I thought I so understood the Senator.

Mr. LONG of Louisiana. That is my impression. I would like the right to correct that statement. Some of these figures may not be completely correct.

Mr. CLARK. But the Senator did make that statement?

Mr. LONG of Louisiana. Yes.

Mr. CLARK. I wonder how the Senator will reconcile that statement with the statement made by Mr. COOLEY, chairman of the House Agriculture Committee, as reported in the CONGRESSIONAL RECORD for June 30. He was addressing himself to the conference report and the Members of the House. He said:

> I point out to the House that more than 2 million tons allocated by the committee—

He is referring now to his committee—

> on this country-by-country basis, changes affecting only 135,000 tons of these allocations were made in the conference.

That would seem to me to be a little inconsistent with the Senator's position.

Mr. LONG of Louisiana. I would like to check the figures.

Mr. CLARK. Suppose the Senator takes time to check the figures. I am sure that later in the debate he will be able to give us the accurate details.

Mr. LONG of Louisiana. I have enough figures before me to compile a statistical index. This is a complicated subject.

Under the global quotas, there would be 1,635,000 tons.

Mr. CLARK. That is what the conference report provides?

Mr. LONG of Louisiana. That was what came out of conference. The House did not have any of it in its version.

Mr. CLARK. Going into conference, how much did the Senate provide?

Mr. LONG of Louisiana. I will try to provide the Senator with the figures.

Mr. CLARK. If the Senator will indulge me further, and this will be my last line of inquiry—the Senator from Louisiana has been very patient and very courteous, as he always is—I am interested at the grave concern of some of our colleagues about the failure to give an allotment of 10,000 tons to Argentina, which when the bill was passed last year was to help a struggling democracy rule, which now has—temporarily we hope—a regime permitted to continue in office at the sufferance of the military. Some of our colleagues have said much about the 10,000-ton quota, but I have not heard anything said about the Dominican Republic, and what might happen to that Latin American country, in which there has been a great effort by the people and a dictatorship has been ousted. The Dominican Republic now has a democratic system of government which it seems to me vitally needs the help of the sugar program of the United States, and yet nobody speaks out in support of the Dominican Republic.

I have an article in my hand from this morning's New York Times entitled "Dominicans Fear Internal Crisis Over

Sugar Quota Cut by United States" which states:

> White House and State Department officials worked throughout the weekend here trying to avert a major crisis in U.S. relations with the Dominican Republic over this country's new sugar legislation.
>
> The new Sugar Act approved yesterday by the House of Representatives and scheduled for Senate action tomorrow would, in the opinion of Dominican officials, greatly reduce their sugar exports to the United States.
>
> The Dominican Republic, struggling to carry out a transition to democracy and to move toward basic reforms after three decades of dictatorship, fears that this would lead to an economic collapse and a political upheaval that would favor the pro-Communist elements in the country.

There is much more to the same effect, which I shall refer to later when I get the floor in my own right.

Was the plight of the Dominican Republic discussed in the conference at all, and why was not some quota adopted to help keep this Government in some shape, if we are going to help everybody else fighting on our side?

Mr. LONG of Louisiana. I wish the Senator would not hit me with these one-two attacks, one from the right and one from the left. The Senator mentioned Argentina. Our bill cuts out Argentina from a quota. Then the Senator comes back and attacks me with respect to the Dominican Republic, wanting it to have some of the quota.

Mr. CLARK. That is correct. My position has been inconsistent. So has the Senator's. The Senator and I both wanted to have no quotas; he came back with about 23 quotas, some for countries which do not deserve to have them; others may deserve them but are not getting them.

Mr. LONG of Louisiana. If the Senator will look at the amounts, he will see that we held two-thirds of what we went after. After all, in a conference, in order to get an agreement, we must give something.

Under the Senate version of the bill, the Dominican Republic would have had 111,000. Under the House version of the bill it would have 350,000. We came out with 190,000 tons, which is 160,000 tons less than the high figure of the bill. I suppose the Senator is now supporting the foreign policy of the House Agriculture Committee when it puts the Dominican Republic on the high side.

Mr. CLARK. According to the New York Times this morning, under the conference report the Dominican Republic would be awarded 190,000 tons annually, or 95,000 tons for the second half of 1962, which compares with 476,000 tons that the Dominicans exported to the United States in the first half of this year, as its share of the permanent quota and temporary assignment of the Cuban quota.

So it seems to me that what we are doing is a terrible economic slap in the face at the Dominican Republic. I do not want to argue with the Senator. My question is, was it discussed in conference?

Mr. LONG of Louisiana. The Senator is making a very misleading statement. The article the Senator read tends to mislead.

Mr. CLARK. I am glad the Senator is not accusing me of misleading.

Mr. LONG of Louisiana. From hearing this discussion, one would gain the impression that the Dominicans had a quota of 480,000 tons.

Mr. CLARK. No; the first half of this year.

Mr. LONG of Louisiana. They might have sent us that much, and I assume they did, but the fact of the matter is that tney had a quota of only 111,157 tons. What this Nation bought over and above that was due to the fact that Cuba did not fulfill the allotment given to her.

Mr. CLARK. The same conditions obtain now.

Mr. LONG of Louisiana. The Dominicans can still sell us sugar over and above this quota. We are talking about what they sell us on a statutory premium price basis.

So far as selling sugar to the United States at the world market price is concerned, they can come in on a first come, first served basis and sell us a great deal more sugar than they did last year.

Mr. CLARK. I thank my friend for his courtesy.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I say to the Senator from Louisiana and to the Senator from Pennsylvania, it is not true no one was concerned about the Dominican Republic's sugar quota. I spoke out during the debate in the Senate on this subject. I called the White House in regard to it. I called the State Department in regard to it. I have been very much upset about the attitude which has been taken in some quarters concerning the Dominican Republic's quota of sugar.

A year ago the Dominican Republic was given a larger quota, out of the Cuban quota, under the premium price schedule. This year, under the terms of the conference committee bill, there is to be provided 190,000 tons of sugar under the premium price program. However, the Dominican Republic has more than 900,000 tons of sugar available for export.

A democratic regime in the Dominican Republic, not a dictatorship, a year ago increased the wages of the workers there about 300 percent. It did this because it believed the previous conditions with regard to labor in the sugar fields in the Dominican Republic, under Trujillo, were unbelievably bad and literally resulted in slave labor. A new regime came into the Dominican Republic, following the ousting of Trujillo and his assassination. A new democratic regime took over. The new Government sought to benefit the workers. The new Government sought to provide better working conditions and better housing. The new Government tried to institute a sugar program under the kind of conditions which we in America say we favor—private enterprise with good working conditions.

The quota this year is to be larger than the assigned quota a year ago; but, because of the conditions prevailing a year ago, as a result of which the Cuban quota was reassigned under premium prices, the Dominican Republic was able to sell a large portion of its sugar to the United States.

I pointed out these facts last Wednesday. I filled the RECORD with documents which indicated the serious situation confronting the Government of the Dominican Republic.

I am happy to note the conference committee was more generous than the Senate as far as the quota for the Dominican Republic is concerned.

I believe it would have been well to restrain the quotas to the Western Hemisphere. That made good sense. I think it was a tragedy Argentina was not given a quota. I hope we can remedy this. We have a method for remedying it.

Argentina had no lobby. Argentina had no one representing it except its distinguished Ambassador. The plea was made to the State Department, yet Argentina got no quota whatsoever. Argentina needs a quota.

I wish to say, for Argentina, that Argentina is making a desperate effort to preserve constitutional government. Argentina should be given every opportunity to have some way to do something about its balance-of-payments situation. Argentina is a good customer of the United States.

I think it might be well to pay a premium price for sugar to our Latin American friends in order to encourage better working conditions. It is healthy to encourage industry in these countries under the private enterprise system. I might add, Mr. President, that the United States, as a party to the International Sugar Agreement, ratified by the Senate as recently as 1959, has recognized that the minimum sugar price which will permit the objectives of that document is 3.25 cents per pound, as set out in article 21 of the agreement.

I think the conference report has many features which are creditable. I agree with the Senator from Louisiana that one cannot get everything he wishes from a conference. It is perfectly obvious that, had the other countries not been included, it would have been necessary to go back to the old system. Every Senator knows that if we do not pass a sugar bill with some degree of permanency, next year we shall face even more trouble with regard to the domestic quota, more trouble with regard to what we call the growth rate under the domestic quota, with more refineries and more sugarbeets planted and less available for the foreign countries to sell to the United States.

Sugar is one of the commodities the sale of which permits the people of other countries to buy other commodities from the United States.

I think the conference committee rendered a good service under all the circumstances. It had a difficult assignment.

Is the domestic quota to be for 5 years?

Mr. LONG of Louisiana. The foreign quota is to be 2½ years. Actually, it is to be 4½ years for the domestic quota and 2½ years for the foreign quota.

Mr. HUMPHREY. Four and a half years and two and a half years.

Mr. LONG of Louisiana. Yes.

Mr. HUMPHREY. The domestic situation, relating to the beet and cane sugar growers in the United States, will be settled on a formula basis for 4½ years under the proposal. There will be an opportunity, 2½ years from now, to review the entire foreign quota problem without inclusion of the domestic problem in negotiations.

All during the process of preparing the sugar bill those who had responsibility for it worked hard. I make no bones about it; I did a great deal of work on it month after month, to try to get some order out of incipient chaos, to try to get the domestic producers to arrive at some realistic settlement which would be fair, which would provide a fair quota with regard to immediate availability of sugar and the growth rate for the future.

I worked with Myer Feldman at the White House, with the Department of Agriculture, and with the Department of State.

I support the conference committee report, with the thought we shall be able to amend it, in some other piece of legislation, to provide a quota for the Republic of Argentina. I think that quota is desperately needed.

I think also that the quota for the Dominican Republic is inadequate. I agree with what the Senator from Pennsylvania has said. This is a government which at this time needs to be able to furnish sugar to the United States under the premium price schedule.

I do not know whether the other quotas to be assigned are adequate. I do know that our neighbors in Latin America deserve some degree of stability of economic commitment. We have made commitments under the Alliance for Progress program. I think we could make some commitments under the sugar program. This would help.

So far as the other little areas are concerned, under the House bill—of which I have heard—I am not drawing any judgments. I would not have voted that way, but I know that our colleagues on the conference committee did what they could. I was close to our colleagues last Friday night on this subject. I know they did the best they could in the light of the circumstances they faced as conferees. If any Senator thinks he can have his way in conference, there is no use in calling it a conference. A conference is a give-and-take proposition. It involves a compromise.

I think the Senators did quite well. The amount of 1,635,000 tons was saved for global quota—only to find out now that the experts had testified it is imperative that something else be done for the Argentina Republic, Dominican Republic, and possibly Peru. I think these are facts we must face.

Mr. LONG of Louisiana. Mr. President, with reference to the Senator's statement, I, too, would like to see the Sugar Act based someday on the principle that if the nations involved will raise wage standards and improve living conditions of the people who work in the canefields, we will pay them more for their sugar.

Mr. HUMPHREY. Exactly.

Mr. LONG of Louisiana. Why do we have a Sugar Act? It is intended to make possible a minimum wage and decent hours for the people of our country. If there were no Sugar Act, wages of 60 cents and 80 cents an hour in this country, which have been so severely criticized, could not be paid. We could not meet the production cost of those who pay people 6 cents an hour in those fields.

I agree with the Senator that the proposal is the best we can do under the circumstances.

The Senator has touched on a subject about which I believe a point should be made. The best single provision in the bill is that the foreign sections will expire in 2½ years, and the sections relating to domestic production will expire in 4½ years. There are some Senators—and this Senator is one of them—who would like to fight all the way to make the sections relating to foreign production complete good sense and to support what seems to be a sensible foreign sugar policy.

We find ourselves in conference with an act expiring, as the present one has now expired. Anyone, including the Russians, who wishes to do so, can bring ships to our shores and unload sugar at a nice profit in the United States. There is no impediment to such action by Cuba, Russia, and other countries. There is nothing to prevent them from coming in unless the President should see fit to invoke the Trading With the Enemy Act or some other act of that sort. At present sugar is being diverted to American ports, where other nations will dump their sugar because they will have the advantage of a better price by putting it on the American market.

For the first time in 26 or 28 years we now have a situation in which anyone, friend or enemy, can pour sugar into our country on a first-come-first-served basis. It is essential that the act be renewed if for no other purpose than for the benefit of the working people and the farmers of the United States who produce sugar.

As I pointed out, we would divorce the two sections. We would have a part relating to domestic production, which would be separated from the part relating to foreign production, which would expire first. Then we could think about the domestic industries insofar as sugar production is concerned, and we would be in a position to completely ignore any pressures that might be brought by House conferees, who for the most part represent districts in which sugar is not produced.

Those individuals have insisted upon having things their own way. The Senate can be as tough as the House, and perhaps a little tougher. For the future we appear to have resolved that impasse. That result is one of the best provisions in the bill.

So far as the principle for which the Senator has spoken, I point out that the junior Senator from Louisiana voted to require the premium payment to be put back into the Treasury, when the proposal was offered by the Senator from Illinois a year ago. The only reason we lost at that time on the floor of the Senate was that the President was opposed to such a provision. I am frank to say that if we had managed to obtain it, we could not have gotten the House to agree to it. Now we have managed not only to get the provision in the bill but also to apply it to much of the sugar that is produced offshore. We have made a great deal of progress by having included a provision for gradual reduction in the premium.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. FULBRIGHT. Did I correctly understand the Senator earlier to state that he thought that the making of allocations of quotas in the manner in which they have been made was not a satisfactory method, and that the allocations probably should be made by the executive branch, since it was not a function of the legislature?

Mr. LONG of Louisiana. I think I said that if there were to be any allocations, the executive branch should recommend what they should be, and that unless the Congress should find some overriding reason for differing with the recommendation of the executive branch, it should accept the judgment of the Executive rather than try to write a foreign policy in the House Committee on Agriculture, or even in the Senate Committee on Finance. That is the way the Finance Committee has undertaken to do it throughout my service in the Senate.

Mr. FULBRIGHT. Would not the Senator agree that if there was ever a time in which to stop the practice of jockeying in the Committee on Agriculture and Foresty over a question of extreme importance in foreign relations, now is the time to do it? Although officially the allocations are made for 2 years, the Senator knows that a great many of the States to which quotas would be given are not now producing as much as the quota would allow.

Mr. LONG of Louisiana. I hope the Senator is not going to undertake to renew his fight against having any Sugar Act at all, because this Senator comes from a State in which a great deal of sugar is produced.

Mr. FULBRIGHT. I did not wish to raise that question. The Senator comes from one of the two States that are legitimate sugar producers. I have always made that statement every time the question has arisen.

Mr. LONG of Louisiana. I am glad that beet sugar is produced in some areas; otherwise we would probably be out of business now.

Mr. HUMPHREY. What does the Senator from Arkansas mean by "legitimate"?

Mr. FULBRIGHT. I mean a State that can compete on a legitimate economic basis without the outrageous subsidy that is being paid, the like of which we cannot find in any other area of our economy. While I do not know that it can now do so, probably the State from which the Senator from Louisiana comes could have been a legitimate economic producer of cane sugar.

Mr. LONG of Louisiana. I doubt that any State—even Louisiana—in our country could compete with Cuba if we were required to match their low wage standards.

Mr. FULBRIGHT. If we had arranged to protect the sugar industry, as we have done with respect to other agricultural commodities, on the same basis on which we deal with tobacco, rice, and other commodities, there would not have been a major economic problem. If a support price were paid to the sugar cane industry, the cost to the Treasury would not have been anything like the present cost. The Senator would agree to that statement, would he not?

Mr. LONG of Louisiana. My guess is that a beet producer today can compete as efficiently as a cane producer. In fact, I think it could be shown that in some cases high wages are being paid by the beet producers.

Mr. FULBRIGHT. Is it not correct that the cost of a beet sugar factory is far greater than that of a cane sugar factory?

Mr. LONG of Louisiana. Oh, yes.

Mr. FULBRIGHT. Much greater. Generally speaking, the industry did not start until the beet sugar producers were included in the bill, whereas the industry had started in Louisiana long before then. Is that not so?

Mr. LONG of Louisiana. Yes. The Louisiana industry was in operation for more than 100 years.

Mr. FULBRIGHT. That is what I meant by a legitimate economic industry. It was not a creature of the bill.

I wish to return to the impassioned plea of the Senator from Minnesota [Mr. HUMPHREY], who has suddenly become concerned about the Dominican Republic. I am concerned, too, about its political repercussions. I believe they probably grow out of mismanagement, in the way the bill has been handled by the House particularly. But the truth is that the Dominican Republic was not pleased with the bill in the beginning. Is that not true?

Mr. LONG of Louisiana. I do not think it was. I believe the Dominican Republic was not pleased with either bill.

Mr. FULBRIGHT. The truth of the matter is that under the Senate bill the premium price would have been paid on only 96,000 tons. Yet the Dominican Republic would have had an opportunity to share in the 2.6 billion tons of the global quota; and it is in the best position of any country to compete for that quota, is it not?

The Senator talked about the cost of production. The Senator from Minnesota made a great plea. I call attention to page 368 of the hearings, at which point appears a report of one of the largest producers of sugar, certainly outside the Trujillo properties, in the Dominican Republic. I read from a report of South Puerto Rico Sugar Co., three-fourths of whose business or production is in the Dominican Republic, although the company is named the South Puerto Rico Sugar Co.:

> The proportionately lower cost of making sugar in such large volume, plus larger sales in the United States, offset the effect of low selling prices in the world market. As a result, profit margins were the widest in 4 years, and operating income advanced 35.8 percent. Earnings before provision for taxes gained 58.1 percent. After U.S. and foreign income taxes at 51.1 percent, as against 56 percent in fiscal 1959–60, final net rose 75.8 percent. Net income in 1959–60 was before a net refund of $266,121 from employees' retirement plan, equal to $0.26 a common share.

That is the official report on the company. The president of the company testified before the committee, and he did not challenge the figures. That indicates that these profits were made at the world price after the premium had been retained by the president.

In other words, the large volume of production under the Senate bill, giving them a larger part of the global quota, would indicate, according to the report of the company, which is one of the largest sugar producers, that they would profit very well at the world price. In fact, it is so stated. These figures are shown at the world price.

It is very easy to talk about new housing and better wages, and so on. They have increased wages. Good for them. That would increase these figures by about $16 million. However, we are concerned with $245 million in payments from this country. That will not wipe out their profit by any means.

There is more misinformation spread about the pending bill than about any other bill that I have ever seen go through the Senate. It is complicated, of course. It is always brought to the Senate at the last minute. The argument the Senator has made can be advanced, because the bill is never brought here until the last week in the fiscal year. They never come to us with a bill in January or February. Does the Senator agree?

Mr. LONG of Louisiana. It is not for me to say, but it has always been my opinion that it is brought here at this late hour so that the House will be able to exert pressure on the Senate conferees.

Mr. FULBRIGHT. The Senator comes from the leading sugar-producing State in the country. I am glad to have him admit that this is not the proper way to deal with this subject, especially as a foreign policy matter; that the sugar should be allocated after consultation with the State Department and the Department of Agriculture. Certainly those two departments should consult in a matter of this kind. I for one do not see any better time for doing it than now. Once the quotas are allotted, they will never be taken back. It could very well be used as a reason for breaching diplomatic relations if they were taken back.

Mr. LONG of Louisiana. If the Senator from Arkansas is in a position to override the House on this matter I would be glad to consider what he has in mind.

Mr. FULBRIGHT. I should like to have the Senate reject the conference report. If the House will take the Senate bill, all right. If they will not do that, let us take the House bill. I am confident the President will veto it. Then we would get rid of the matter at least temporarily.

Mr. LONG of Louisiana. If we reject the conference report, I know what will happen. We will have no Sugar Act. Furthermore, over a period of time we will have no domestic sugar industry at all. I know that the Senator from Arkansas would be pleased to welcome such a development. I would not.

Mr. FULBRIGHT. Oh, no. I have never said that I wanted to destroy a domestic industry. As I have said before, the bill should be handled as we handle a bill for any other agricultural commodity. I have said to the chairman of the Committee on Agriculture, "Why should not sugar be handled like cotton or rice?" Why should we not handle sugar in the same way we handle cotton or rice in the chairman's State and in my State? There is nothing comparable in our whole system to the way we handle sugar.

Mr. LONG of Louisiana. The fact that sugar is a deficit crop is one reason. I suppose it is fair to say that if we did not have an act to protect the domestic sugar industry, and if we were to put sugar on a completely free-trade basis, we would have no domestic sugar industry. At a time when there was a shortage and we did not have full access to the world market, as was the case in World War I, consumers had to pay almost 26 cents a pound. It would mean that under such conditions we would be paying over 50 cents a pound, the equivalent of what was paid during the First World War. The same thing can be said with reference to World War II. If we had no reliable supply of sugar, we would be placed at a great disadvantage. That is one of the reasons why it has been determined that we should continue the sugar industry in our country.

I have no doubt that if the conference report is rejected, and if what the Senator from Arkansas has indicated should happen, and we go back and tell the House, "We are not going to let you write a new section in the bill. You will have to take the general concept of the Senate bill," there will be no Sugar Act. The President would be compelled to act under the defense amendment; he would have to invoke that provision to preserve the sugar industry in this country, because preservation of that industry is important from the national defense standpoint.

Mr. FULBRIGHT. The Senator knows very well that what would happen, if we rejected the report, would be that there would be at least an extension for 60 or 90 days of the existing law until we were able to work out a bill. The Senator knows that very well.

Mr. LONG of Louisiana. I do not know any such thing. I wish I did.

Mr. FULBRIGHT. The Senator knows that the House has always taken a more intimate interest in the bill than has the Senate. It has insisted on initiating the legislation. It has called the tune ever since we have dealt with the subject.

Mr. LONG of Louisiana. The Senator will find that there is not a senior House Member of the conference committee who has very much sugar produced in his district. They can very well take the position of not wanting any law.

Mr. FULBRIGHT. How can the Senator explain their extreme interest in the bill if what the Senator says is the case?

Mr. LONG of Louisiana. I would not undertake to explain their position. I can explain my own position, and perhaps the position of the Senator.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. ELLENDER. In connection with what the Senator from Arkansas has said, as I pointed out earlier today, the Senate bill had in it the principle of recapturing the premium payments. We induced the House to adopt that principle. It is now in conference. In other words, we are recapturing these premium payments.

Mr. FULBRIGHT. To a limited extent.

Mr. ELLENDER. Ten percent for the remaining 6 months of this year, 20 percent for the next year, and 30 percent in 1964. That is 30 percent.

Mr. FULBRIGHT. Then it stops.

Mr. ELLENDER. That amount will be recaptured.

Mr. LONG of Louisiana. It stops because the act stops.

Mr. ELLENDER. Inasmuch as that principle has been adopted, it is my judgment that future Congresses will continue that principle.

Mr. FULBRIGHT. The bill does not go nearly as far as the Senate bill did. We phase it out completely in 5 years.

Mr. ELLENDER. The House bill had nothing of the kind in it. The House has accepted the principle that was included in the Senate bill.

Mr. HUMPHREY. We phase it out in 2½ years. That amounts to 30 percent of the premium payments.

Mr. LONG of Louisiana. Thirty percent.

Mr. HUMPHREY. Ten percent, twenty percent, and then thirty percent. That is a substantial phaseout.

Mr. LONG of Louisiana. The act expires then. If we then want to step up the phaseout, we will be in a position with respect to the separate foreign portion, and we will be in a much better position to insist on the Senate position when an expiration would mean that they would not get any premium. In 2½ years we would be in a much better position. What would happen otherwise, if we went back to conference, would be that we would be back in the position where the majority of the Senate would get hurt a great deal more than a majority of the House. The House would be in a better position to say, "If you do not take it, let us see how you can live with no Sugar Act."

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. HUMPHREY. I have heard a great deal said about the inefficiency of the beet sugar industry. I want the Senator from Arkansas to know that the Red River Valley of North Dakota and Minnesota, where we pay $1.11 an hour, can produce beet sugar as cheaply as any area in the United States. It is a matter of record that the land there is among the most fertile in the country. Each year we do not have a Sugar Act, and each year we go on an emergency basis, more and more acres will be plowed up and put into beets. When more land is put into beets, more refineries are needed. The result would be that, instead of 60 percent, the domestic allotment will be 70 percent, and at the same time we will jeopardize our relations with our Latin American friends.

I should like to go back to the discussion of the Dominican Republic. The world price of sugar 2 years ago was considerably lower than it is today. Last year it was higher than it is today. Last year the United Kingdom imported 450,000 tons of sugar from the Dominican Republic; this year, none. Why? They are getting it from Russia and Poland. Why? Because Russia and Poland get Cuban sugar. Castro is in the picture. That is one market gone for a friend of ours. Four hundred and fifty thousand tons of sugar from the Dominican Republic that used to find its way into the United Kingdom is gone today. Why? Because Mr. Khrushchev, through his connection with Mr. Castro, has the Cuban sugar. Any time Russia wants to undersell us with Cuban sugar, unless we have some kind of price arrangement made with their friends and associates, they can do so. We can buy sugar from the Soviet Union. The Soviet Union would be delighted to sell us some Cuban sugar. I imagine they would sell it far below 2.56 cents a pound. I imagine we could get it for 2 cents a pound. The Russians would like some American dollars. As a matter of fact, 70 percent of the entire Dominican Republic earnings come from dollar sugar.

Do we want to give the Dominican Republic money out of the Treasury in the form of grants of foreign aid, or do we want to let them have an opportunity to earn it? Here is a government which in 200 days has increased the wages of its workers 300 percent. It has adopted a minimum wage law. It has passed agrarian reform legislation. It has provided housing for low-income workers. It is a country which is in serious trouble. Why? Because of a severe limitation upon its sugar quota.

I am of the opinion that if the Senate should reject the conference report which has been brought to us, even with all its inadequacies—and every Senator who was a member of the conference has expressed some doubt about it—we will be thrown into a no-man's land of utter economic chaos, as far as sugar is concerned. Any Senator who has beet producers in his own area will find out they will be terribly disappointed, and we will have more trouble. Furthermore, we will find the world markets will be manipulated by the Soviet Union, which has the largest bloc of sugar in the world—35 percent of the total sugar production. Give any country like the Soviet Union 35 percent of the total sugar production, with a market which is a so-called free market, and we will find what will happen to the market. Our Latin American friends will be put on the pin of Soviet imperialism, so to speak; they will not know what to do. Every one of the Latin American countries will be at the mercy of a market that is manipulated.

This is why I think our Government today is much more concerned about sugar quotas than it was last week. The sad facts have started to come out.

Mr. FULBRIGHT. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. FULBRIGHT. The Senator from Minnesota has stated some statistics which are at variance with the International Sugar Council report of April 1962. This report contains the sales, for example, of the Dominican Republic to the United Kingdom. The amounts are in metric tons. If they are translated into U.S. tons, the amounts would be a little higher.

The Dominicans sold to the United Kingdom 313,960 metric tons in 1959, 330,071 tons in 1960, and 236,215 tons in 1961.

Mr. HUMPHREY. And in 1962?

Mr. FULBRIGHT. The reason why the Dominican Republic has not sold to the United Kingdom in 1962 is that it has committed almost its entire output to the United States.

The Senator from Louisiana said that in the first 6 months of this year the Dominican Republic shipped 400,000 tons of sugar to the United States and had nothing left for the United Kingdom.

All the talk about the danger of Russia, and so on, is pure propaganda, designed to influence the Senate. There is no basis in fact for such a statement. The Dominican Republic has not sold 700,000 tons of sugar at any time to the United Kingdom.

I refer Senators to table 29 on page 31 of this report.

The Senator said that the United Kingdom—Great Britain and Northern Island—does not buy sugar from the Dominican Republic because they buy sugar from the U.S.S.R. or from Poland.

I ask Senators to refer to the table on page 88. That table gives the source of the imports by countries of origin from 1958 to January 1962.

The United Kingdom and Northern Island got from the U.S.S.R. exactly nothing in the way of refined sugar.

From Poland, in 1958, a total of 400 metric tons. In 1959, 37,014 tons; 1960, 15,087 tons; 1961, 11,212 tons; in January 1962, nothing.

That was refined sugar. Let us now consider the amount of raw sugar that was shipped.

Raw sugar, from Poland, in 1959, nothing; in 1960, 31,543 metric tons; in 1961, 88,699 tons; in January 1962, 15,956 tons.

That is not an appreciable amount when we consider that the United Kingdom is the largest single importer of sugar in the world. So it just is not so—this enormous takeover by the U.S.S.R. and Poland of the sugar market of the United Kingdom.

The Dominican Republic is not selling to the United Kingdom because it is selling that commodity to us at a higher price for the first 6 months. They got a premium on this year's sugar. I ask the Senator from Louisiana if that is not so.

Mr. LONG of Louisiana. Yes.

Mr. HUMPHREY. For the first 6 months.

Mr. LONG of Louisiana. Yes.

Mr. HUMPHREY. They were not pushed out by any flooding of the market.

Mr. LONG of Louisiana. They got a premium for it; but we certainly needed that sugar. If it had not been available, we would have been in bad shape.

Mr. FULBRIGHT. The Senator from Louisiana is not telling us that there was a shortage of sugar, is he?

Mr. LONG of Louisiana. If we had not had that sugar, we would have had to find it somewhere else.

Mr. FULBRIGHT. Argentina is one country that is a legitimate exporter of sugar.

Mr. LONG of Louisiana. But the Senator from Arkansas voted to cut them out.

Mr. FULBRIGHT. But the report which the Senator defends so vigorously eliminates Argentina and substitutes a country not now producing the amount of its quota, and which did not do so last year. Several countries named in this report have been given larger quotas than they produced last year, and were unable to fill the quotas they had last year.

Mr. LONG of Louisiana. That happened to be in the House bill.

Mr. FULBRIGHT. It is in the conference report. Some of those quotas are still larger than the amounts they can produce. What is being proposed is the creation of a new industry, an expanded industry, that has not been able to produce at levels which were assigned to them last year——

Mr. LONG of Louisiana. So far as the committee thought of that. Perhaps that is so in one case or two. But we are going only a small fraction as far as the House of Representatives went.

If the Senator from Arkansas had been more interested in getting a sugar act than in defeating one, and if he had been a member of the conference, he would have gone as far as we did. But if he had been interested in defeating the bill, he would have done what one other member of the conference did; he would not have signed the report; he would have hoped the report would not be agreed to.

I do not know what study the Senator has in mind for the domestic industry.

Mr. FULBRIGHT. We should do for sugar what we do for other agricultural commodities in this country. I do not know why sugar should have special treatment. I have said so a dozen times. Sugar ought to be handled by the Committee on Agriculture and Forestry, on a basis similar to that of other agricultural commodities.

Mr. LONG of Louisiana. The Senator from Arkansas made a statement a few years ago that we should get all our sugar from Cuba, and Cuba should get all its rice from us.

Mr. FULBRIGHT. If we had treated Cuba properly 10 years ago, Cuba probably would not be a Communist country today. The first time the Senator from Louisiana heard me say that was about 12 or 15 years ago. If we had had any sense at all, we would have treated Cuba in such a way that she would not have become a Communist country.

Mr. LONG of Louisiana. I suspected that Castro was a Communist long before the Senator from Arkansas did, because I was one of the first to favor cutting off his sugar quota.

The point is that we ought to be able to rely upon our own industry to produce our essential requirements for war purposes, if for nothing else. We have known what we must expect of the sugar industry. We know what it can do.

The Senator said we ought to sell rice. Every acre that produces sugar in Louisiana can produce rice. The rice industry would be in a fine fix now if we had made such a deal, because if we could not have produced our own sugar, we would be in a position to flood the whole world with rice. Then we would find it necessary to find some way to reduce acreage for rice.

Mr. HUMPHREY. By the way, Minnesota does not produce any rice.

Mr. LONG of Louisiana. And we would have been crying tears of bitter regret, to find out that we had destroyed our sugar industry and had run Arkansas out of the rice industry, and that here we were with no market for our surplus rice.

Mr. HOLLAND. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. HOLLAND. I thank the Senator from Louisiana for yielding to me.

Let me say that I am glad the Senator has gotten around to this point, because some Senators seem not to realize why the sugar program was initiated and why it is vitally important to our Nation and its survival.

In the case of sugar and in the case of wool, we have heavy deficits in those two vital commodities, alone; and we had heavier deficits in them when we began those programs some years ago.

So far as wool is concerned, everyone knows that in the event of war we must have warm clothing for the men in our Armed Forces who engage in combat; so in connection with the wool program we have premiums for the production of wool; and of course we have to pay more to have it produced in the United States than to have it produced in places where labor is much cheaper and where, for other reasons, wool can be produced more cheaply.

In the case of sugar, insofar as the Nation as a whole is concerned, there is no vital food, other than sugar, in which we are faced with a deficit in production. So some years ago we began with this program—it began not long after World War I, and before World War II. We have had to step it up since then, because we discovered that we did not have an adequate production of sugar; and we know perfectly well that, with the changed conditions in Cuba, which is so close to our shores, we have an even more precarious problem confronting us now, in the event of war.

So I think that Senators who try to put the sugar production program and the wool production program—because they stand together—on the same basis as the programs for corn, wheat, tobacco, cotton, and rice—when all of us know that those commodities are produced in great abundance in the United States and that we have vast surpluses of them—expose their lack of understanding of a critical problem for our country.

I am glad this program is not handled by the Foreign Relations Committee, because some measures which have come from that committee have seemed to indicate that the Foreign Relations Committee was paying more careful attention to the problems of other nations than to the problems of survival of our own people, in time of world war.

The question of whether the program should be handled in the Committee on Agriculture and Forestry or in the Finance Committee is beside the point here. In the House of Representatives, the bill initiated in their Committee on Agriculture. So far as I am concerned, I feel that every compliment and every commendation are due the Senator from Louisiana [Mr. LONG] and the other conferees who worked with him to bring out this conference report, which is by far the best conference report in this field which has been brought here in many years. So, instead of caviling about these questions, we should remember that we are happy and fortunate to have in this hemisphere other nations—which in the main are friendly to us—which can produce sugar at relatively short distances from our shores, as compared with the geographical position of other great producers of sugar throughout the world. So certainly we should place every emphasis on the point of giving friendly and generous treatment to those nations in this hemisphere. To do so is directly in furtherance of the Alliance for Progress program.

I am only sorry we did not do that in the case of Argentina. I am perfectly willing to go further in the case of the Dominican Republic.

But I certainly agree that the approach to this matter by the Senate and by the Senate committee was the better of the two approaches, and I emphasize that the Senate conferees are to be very warmly complimented.

I hope that without further debate the Senate will recognize that it is dealing with a problem vital to the survival of the Nation in the event of war, and will proceed to approve the conference report—after which I strongly hope, and I urge, that we take the steps necessary to meet the problem of our neglect of Argentina and our relative neglect of the Dominican Republic.

I thank the Senator from Louisiana for yielding to me.

Mr. LONG of Louisiana. I thank the Senator from Florida.

Mr. DOUGLAS obtained the floor.

PROPOSED TAX RELIEF AND EXPENDITURES

Mr. LAUSCHE. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I am glad to yield for what I understand is to be a brief statement by the Senator from Ohio.

Mr. LAUSCHE. I thank the Senator from Illinois for yielding.

Mr. President, my fears are that we are at the threshold of a course of action recommended by certain institutions and economists to the Congress which seemingly will bring temporary relief to the economy, but forebodes dire economic difficulties in the future.

The talk is now intense about the need of an across-the-board tax reduction, knowing that such a reduction will create the largest peacetime deficit in the history of our country.

This alarming course is recommended in spite of the fact that we have had deficit operations in 25 out of the last 31 years; that the purchasing power of the dollar has dropped from 100 cents, in 1941, to about 46 cents, in 1962; that our gold reserves are being drained by our short-term international creditors; that we have ended the fiscal year 1962 with a deficit of at least $7 billion; that only a short time ago we passed legislation authorizing the United States, together with 10 other countries, to create a $6 billion pool of gold and hard cash, primarily to be available for draft by the U.S. Government to support its possible falling value; and that we in the Congress are in the process of considering a bill that would remove the silver support of our $5, $10, and $20 silver certificates.

Should we not give heed to what has happened in Canada as a consequence of deficit operations?

Should we not immediately direct our attention to the grave problems confronting the economy of Canada, in connection with which Prime Minister John Diefenbaker, through a five-point program, is attempting gallantly to save the Canadian economy?

The Prime Minister of Canada has increased the import tariffs; cut the amount that Canadians are allowed to spend abroad; raised interest rates, to attract foreign capital and reduce borrowing; and has announced a $250 million cut in his own budget.

But these drastic actions are not all that have been taken. Last May 2 he deemed it necessary to devalue the Canadian dollar, making it worth 92½ U.S. cents. Obviously the net result was that the prices of all things at home were raised, while the prices of things sold in the world market were lowered.

The problems of Canada resulted from a practice of spending more than it had available in money.

Since 1957, Canada has accumulated a deficit of about $2 billion; and that accumulation of a $2 billion deficit in 5 years would be the equivalent of a $42 billion accumulation in a similar time in the United States.

It is a fallacy to argue that Federal deficits do not create inflation. Can we forget the destructive erosion of the currency in Germany which resulted from the Government's spending more than the money it had available? Can we forget that a million marks were needed to buy a single sausage in Germany? Can we forget the experience of France, whose 20-cent francs were finally worth two-tenths of a cent, or that of the Italians, the Greeks, and the Romans, or that of any other country which resorted to the printing press in order to pay public bills?

It is rather certain that none of these governments which are still in existence will try it again—or, at least certainly not until new generations have had time to forget the damaging results produced when their federal governments interminably spent more than they took in.

In our country we have increased our debt, after World War II, from the low level of $255 billion in 1952 to approximately $300 billion in 1962. This experience of not reducing the debt incurred in war in the protracted period of about 16 years is quite foreign to our past experience in this country.

Historically, our Government has pursued a policy of relatively prompt reduction of the national debt. Alexander Hamilton, in the earliest days of the Republic, set the tone for future generations. He argued that a national debt has a number of useful attributes, but that one of its foremost characteristics is that it could help a nation establish its credit rating among the nations of the world—if the debt were paid off with promptness. Over the decades, the debt rose primarily during wars and depressions, and fell largely in response to the basic philosophy that the national debt should be extinguished. Twenty-four years after the War of 1812 the debt was entirely paid off. In 27 years after the Civil War the debt was reduced by almost two-thirds; and in the 10 years after World War I the debt was reduced by one-third.

Since the last war we have had periods of unprecedented prosperity, but during those periods our national debt was not reduced. We did reduce taxes in 1953—all, in my opinion, to the ultimate damage of our national security.

Even without the proposed tax reduction covering the fiscal year of 1963, the prospects are strong that in that year we shall have another deficit of about $5 billion. With the proposed tax reduction, the deficiency would in all probability be around $12 billion.

Our Nation simply cannot stand that; the result would be a cheapening of the dollar; the accelerated flight of gold; the robbing of the annuitants, pensioners, and the humble possessors of life savings. More frightening, however, is the possibility that we might have to follow the course of Canada by either devaluing the dollar or removing the gold support that now gives the currency of the United States some sense of stability.

Before this proposal of reducing taxes is acted upon, it ought to be given far deeper consideration concerning its ultimate implications to the economic security of our Nation.

My own opinion is that the proposal is bad and is not in the interest of either our economy or our security. The cure is worse than the illness for which a remedy is sought. Confusion would be piled on confusion.

The ancient Greeks in trying to climb to the heavens conceived a grandiose scheme. They proceeded to pile Mount Ossa on Mount Olympus and Mount Pelion on Mount Ossa; thus, through that laborious process, they hoped to reach their goal. But when they finished their work, they found their problem was worse than when they began.

So will it be when this desirable but imprudent objective of reducing taxes without reducing expenditures is finished. Our economy and our security will be in a worse position than before the cure was applied.

Our citizens ought to have tax relief—but on a basis consistent with the security of our economy and our country. Let us eliminate imprudent expenditures, giveaway programs, the pyramiding of unneeded personnel on the Federal payroll. Thus we can reduce operating costs and make possible foreseeable tax reductions.

Repeated and increased deficits aggravated by the proposed tax reduction are not the way out of our troubles.

I repeat that increased deficits are the cause of depreciation in the purchasing power of the dollar.

I submit to my colleagues that we would cure a temporary condition by a proposed tax reduction that would create, in 1963, a deficit of $14,500 million.

Mr. GORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. Mr. President, I hesitate to decline to yield to any colleague, for I know I have no particular claim to the floor. But it so happens that I have been waiting for several hours. I prefer to have the debate confined to the sugar bill, rather than to turn to other matters.

However, if my friend, the Senator from Tennessee, has a deep and burning desire to speak at this time——

Mr. GORE. I do have.

Mr. DOUGLAS. Very well; then I cannot resist the request of the Senator from Tennessee, and I yield to him. But I hope that in the interest of comity, he will exercise some restraint.

Mr. GORE. I shall try.

Mr. LAUSCHE. I yield for a question.

Mr. GORE. Will the Senator repeat his last sentence? Would we provide a temporary cure?

Mr. LAUSCHE. Yes. My position is that a temporary cure would be provided by reducing taxes, but that the cure would be worse than the evil it remedied.

Mr. GORE. With no assurance that it would work.

Mr. LAUSCHE. The tax burden would be decreased by $9½ billion, for the next fiscal year.

Mr. GORE. This is advocated on the ground that it would put money in the spending stream. Does the Senator feel any assurance that many people, both at home and abroad, would not regard this as an act of desperation? It might drive more money out of the spending stream than it would put into it.

Mr. LAUSCHE. The Senator has stated more clearly that I have been able to state the very thing I fear. I am of the belief that if we reduce taxes in the manner recommended, the very opposite from what we expect is likely to be the result; but even though it would produce a temporary cure, even though it would put money in the spending stream——

Mr. GORE. Without driving more out.

Mr. LAUSCHE. Yes; the piper would have to be paid. We would have to pay for the music, and the price that we would have to pay would be far greater than the benefits that would be received.

Mr. GORE. Without trespassing upon the time of the distinguished Senator from Illinois, I say to the distinguished Senator from Ohio that I share his concern. It may be that the economy needs a spur, though I notice that many aspects of the economy are making new records. Automobiles are selling at a rapid pace. Building is breaking all records. It may be that the economy temporarily needs a spur. If so, there are many ways to do it without making big tax cuts which would bring about huge deficits that would shock this country and might shock the economies of other countries.

Mr. LAUSCHE. I shall conclude my remarks by saying that once there was a theory, "Spend in accord with your income." Subsequently the theory was adopted, "Spend more and more, and tax less and less." It cannot be done. It can lead only to disaster.

SUGAR ACT AMENDMENTS OF 1962—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended.

Mr. DOUGLAS. Mr. President, we all recognize the difficult task which faced the Senate conferees. They were dealing with a tremendous subsidy to foreign producers and a big bonus to domestic producers which had been paid over a long period of time; and those who had made a profit at the expense of the American consumers naturally did not want to give up this subsidy.

The Senate conferees were also dealing with a powerful House committee which in the past has called the tune on sugar legislation.

I, too, feel that the Senate conferees not only did the very best they could, but they did better than I feared they might be able to achieve. But they did not do as well as I had hoped they might achieve. I think the issue at stake should be clearly recognized by the public, the Senate, and the press.

With the world price of raw sugar at 2.7 cents a pound, and with the tariff and freight cost to New York at nine-tenths of a cent, it is possible, to lay down raw foreign sugar along the Atlantic seaboard at a cost of approximately 3.6 cents a pound.

Mr. HOLLAND. Mr. President, will the Senator yield at that point?

Mr. DOUGLAS. I yield.

Mr. HOLLAND. Did not the Senator recognize the other day in a speech the fact that with any considerable demand for this so-called world surplus, the so-called world price would rise considerably?

Mr. DOUGLAS. It would probably go up. How much it would go up is a question. But the domestic price is now 6.4 cents. Therefore, there is a bonus of 2.8 cents a pound or $56 a short ton above the world price which is paid to foreign producers and also to domestic producers.

Slightly less than 10 million tons of sugar are consumed inside the United States, 60 percent is produced inside the United States, and approximately 40 percent is imported, of which roughly 1 million tons comes from the Philippines, and slightly less than 3 million tons from outside this country excluding the Philippines.

This means that with a bonus, a premium, or a subsidy of $56 a ton, the total bonus which the domestic consumers pay amounts to approximately $550 million; $330 million of this goes to the domestic producers, $220 million going to the foreign producers. And of these foreign producers, approximately $60 million goes to the Philippines, regulated under a treaty and outside the scope of this legislation. Therefore, a $160 million subsidy is paid to countries other than the Philippines.

As Senators know, the Senator from Illinois has been maintaining for several years that this bonus, premium, or subsidy to foreign sugar producers should be done away with.

I am frank to say that, as one who believes in low tariffs and as one who in general believes in the much vaunted free market, I have not been happy about the $330 million paid to domestic producers, but I did not propose to attack it, because I believed it was politically impossible to do so. The strength both of the cane sugar States and of the beet sugar States was such that, as a practical matter, we could never reduce the subsidies, at least at this time. But I did think it possible that we could eliminate the subsidies paid to foreign producers, and buy sugar at the world price, and put into the U.S. Treasury the fee which would be the difference between the world price and the domestically maintained price but which now goes as a subsidy to the foreign producer.

Mr. GORE. Mr. President, will the Senator yield at that point?

Mr. DOUGLAS. I yield.

Mr. GORE. Is that not what is done in the case of lead and zinc?

Mr. DOUGLAS. I am not certain.

Mr. GORE. A tariff is imposed on imports of lead and zinc; is it not?

Mr. DOUGLAS. Yes.

Mr. GORE. If buying at a premium price is a good principle, why could we not do it in the case of lead and zinc, in the case of oil, and in the case of many other commodities? What is the point of passing a reciprocal trade program? Let us buy what we need on a quota basis and at a premium price. Then we shall really be there.

Mr. DOUGLAS. Perhaps there is some merit in what the Senator has said.

Last year, as we know, the Senate Committee on Finance, by a unanimous vote, adopted the amendment which I offered to pay the fee into the Treasury. We came to the Senate with it. It met with the opposition of the foreign sugar producers and their lobby, and it met with the opposition of the State Department, which convinced the administration that the administration ought not to support it. Of course, in the background there was the opposition of the distinguished chairman of the House Committee on Agriculture.

As a result, we lost the fight on the floor of the Senate, and the system of paying domestic American prices for all the sugar imported was continued for a year and a quarter. So, for the past 2 years, foreign producers have been able to receive the domestic price for sugar, which results in a subsidy, outside the Philippines, of approximately $160 million a year, or a total of at least $320 million for 2 years. Having received these sums, naturally the foreign producers do not wish to give them up. Having drunk some of the economic lifeblood of America, they do not wish to give up drinking this economic lifeblood.

Mr. GORE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. GORE. What about the nations which are to be cut in, which have not had this sip of our blood?

Mr. DOUGLAS. These nations see others drinking the blood, so they wish to share it.

Mr. GORE. Does the Senator know who owns the refinery in Ireland?

Mr. DOUGLAS. I do not know.

Mr. GORE. Why is Argentina to be cut out and Ireland to be cut in?

Mr. DOUGLAS. I do not know.

Mr. GORE. Does Ireland produce enough sugar for her own needs?

Mr. DOUGLAS. No; but I think there is a product known as chocolate crumb which Ireland feels she could export to the United States.

Mr. GORE. All the argument about Argentina being cut out and other nations being cut in illustrates how unsound it is to pass legislative quotas on this product.

Mr. DOUGLAS. The House included nearly every producing country.

I noticed, at the end of the hearings, that certain areas had been omitted. I asked if any one of those areas was represented either in person or by a lobbyist. I asked if there was anyone from the New Hebrides who wished to testify; or anyone from the Canary Islands; or anyone from the Azores; or anyone from the beautiful rocky island of Tenerife or Tristan de Cunha; or anyone from Christmas Island, where the mutineers from the *Bounty* went; or anyone from Norfolk Island, which used to be a penal colony; or anyone from Easter Island, which was the religious center of the Polynesians with its magnificent statues.

They did not appear, so they were left out.

I daresay that if those islands had had representatives around they would have been included, but they failed to get in on the distribution of the pie, or the drinking of the blood. The rite known as the drinking of the American blood is the exploitation of the American consumer.

Mr. President, a great deal of trouble was caused last year by the failure to purchase sugar at world prices. We built up many countries and many sugar producers, who demand as a right what was given to them as a privilege. They had no right to the extra bonus, subsidy, or premium. It was made perfectly clear on the floors of the two Houses of Congress that the allotment was temporary. We have checked with the State Department, and the State Department assures us that all those countries were told that the allotment was merely temporary, and that there was no permanent commitment by the United States. Nevertheless, these countries now say, "We have had it. We are entitled to it. If you do not continue to give it to us, we will go to the Communists or we will break away."

Mr. GORE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. GORE. They make a more dire threat than that. The Dominican Republic, according to the New York Times, said last night that it would quit accepting our aid under the Alliance for Progress program.

Mr. DOUGLAS. That would be a very severe penalty. We would indeed have our feelings grievously hurt by this terrible threat.

Mr. GORE. This has driven certain people into a "tizy." One country is going to quit taking our aid unless we give it a sugar bonus also.

Mr. DOUGLAS. I believe Mr. Nehru said he might become so aggrieved with us that he would refuse to take our aid.

Mr. GORE. And the President of the Philippines says that he will not come to visit us until we pass a bill he favors. Is this not a wonderful world?

Mr. DOUGLAS. I do not think either the Senator from Tennessee or the Senator from Illinois is demagogic, when we raise these issues.

I wish to maintain the point that these countries were not given a vested right. It was purely a gratuity, and in my judgment a mistaken gratuity, which, once given, has been claimed by its recipients as a right. An appetite developed in this way breeds an increased desire.

This year we succeeded in convincing the Senate, with the support of the administration that the principle we advocated was right. I think the Senate made a very wise decision. It allocated the roughly 2½ million tons of Cuban sugar for purchase on a global basis at world prices. Thereby we expected to save approximately $140 million. On the remaining 330,000 tons, given to those countries which had quotas before Castro, the premium quota payment or fee was to be continued but was to be phased out over a 5-year period; 20 percent off the first year, 40 percent off the next year, 60 percent off the next year, 80 percent off the fourth year, and completely terminated in the fifth year. Eventually, these relatively small additional amounts, too, would be purchased at the world price.

Then they would go upon the world price basis. At the end of the 5 years we would be saving not $140 million a year but approximately $160 million a year. The average for the 5 years would be $150 million a year, or a total of about $750 million in 5 years.

Some may say, "That is not very much." It is three-quarters of a billion dollars. That is quite a bit.

The ability of the United States to stand the burdens of these subsidies is not unlimited. We are the strongest Nation in the world, but our strength is not unlimited. We are in grave difficulty, as the Senator from Ohio has said, because of an unfavorable balance of payments. We can save, in 5 years, $750 million which otherwise would go overseas. Certainly, if other things are equal, that is worth doing.

We know that when our conferees went to conference they faced a very difficult situation. The House was wedded to the idea of foreign subsidies. I do not know why, but it was.

I am sure the conferees of the Senate did the very best they could. I am willing to give them a decoration for bravery—not the Congressional Medal of Honor; not even the Navy Cross or the Silver Star; but I would be willing to give them the Bronze Star, which is a fine decoration for bravery and for good performance under fire.

The conferees have brought to the Senate a bill which, in the initial year, would save for the Treasury of the United States not the $140 million or $144 million for which we had hoped, but roughly $100 million. The 1,635,000 tons would be purchased at the world price, at a savings of $56 a ton. If my hurried multiplication is correct, that would be a little more than $91 million a year. On the remaining 1.2 million tons, there would be a decrease in the premium price, fee, or subsidy of 10 percent the first year, of 20 percent the second year, and of 30 percent the third year. My figures, roughly, are that the total savings the first year would be a little short of $100 million and in the third year would be a little more than $110 million.

This would be better than the present situation. I point out, however, that at the end of a 3-year period 22 countries still would receive a price roughly 70 percent above the world price.

It would provide a subsidy not of 2.8 cents a pound, but of 2 cents a pound, or $40 a ton.

I should like to point out what the subsidy would be for the first year. I shall read the list by countries.

The total subsidy provided for Peru on a 190,000-ton basis in the first year would be $9,576,000; for Mexico, $9,576,000. For the Dominican Republic the total subsidy would be $9,576,000; for Brazil just over $9 million; for the British West Indies over $4.5 million; for Australia $2 million. Incidentally, Australia is inside the British system and would get a premium price for selling sugar if it should sell sugar to the British Commonwealth.

The total subsidy to the Republic of China would be just under $1.8 million. The French West Indies, who are under the French system, would receive $1.5 million, as would Colombia. Nicaragua would receive $1,260,000; Costa Rica $1,260,000; India, our dear friend, $1 million; Ecuador, $1,260,000; Haiti, $1 million; Guatemala, $1 million; South Africa—that bastion of racial tolerance—$1 million; Panama, $756,000; El Salvador, $504,000; Paraguay, $504,000; British Honduras, which is inside the British system, $504,000; The Netherlands $504,000; other countries, $576,000.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I should like to complete a sentence and then I shall be happy to yield.

All other countries would receive a total of 11,000 tons. I think we will find that Ireland, Mauritius, and Argentina will get in under the wire and be admitted to the holy convocation after a time.

I yield.

Mr. MORSE. I understand that the Union of South Africa receives an American subsidy.

Mr. DOUGLAS. The producers in the Union of South Africa would be given 20,000 tons, which in the first year, at $56 a ton, would result in a subsidy of over $1 million.

Mr. MORSE. Does the record anywhere give us the reasons why the Union of South Africa is to be included in the sugar quota?

Mr. DOUGLAS. A representative of that country testified. I was not satisfied with his statement, but it had a witness present. In short, it wants the subsidy.

Mr. MORSE. Was that the sum and substance of the testimony?

Mr. DOUGLAS. I think so.

Mr. MORSE. Was he able to show any obligation of any kind?

Mr. DOUGLAS. We have no obligation to any of the countries involved, with the possible exception of the eight countries which had quotas when Cuba had and used its quota. We were gradually cutting and phasing them out, and I did not object to that. I did not wish to see the quota taken away all at once. But South Africa was not one of those countries.

Mr. MORSE. Does the record show anywhere a need for extending the subsidy to any of the countries other than the original eight countries to which we have been granting a subsidy?

Mr. DOUGLAS. I think probably on political grounds a case could be made for the Dominican Republic. The case of the Dominican Republic has been overstressed in the last 2 days, but I believe a case could be made for assistance to the Dominican Republic.

Mr. MORSE. We have been of some assistance to the Dominican Republic for how many years?

Mr. DOUGLAS. In 1960 President Eisenhower very wisely suspended the premium paid to the Dominican Republic when it was ruled by Trujillo. I think approximately $22 million in subsidies was impounded and paid into the Treasury. Then when a democratic government was established, the premium payments were resumed. The Dominican Republic is now suing to obtain the $22 million, claiming that that was a right which should not have been taken away from it, and that as the inheritors of Trujillo they are entitled to get it. I do not think that country has any case whatsoever in law. If the case were in the courts, I am sure it would be defeated. But they then went to the House and obtained recognition from the House of the claim for $22 million. But, thank the Lord, a provision for that amount of money is not in the conference report as it has come to us. I congratulate the Senate conferees for having that provision eliminated.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield.

Mr. MORSE. The Senator has referred to a claim on the part of the Dominican Republic for a quota as a matter of right Does the Senator know of any case involving any country in which the country as a matter of right has a legitimate claim to a continuation of the subsidy?

Mr. DOUGLAS. No; I do not think there is any case in which, as a matter of legal right, the United States is bound to continue to pay the subsidy of $56 a ton. It may be, in the case of the 330,000 tons which went to the eight countries which had quotas when Cuba had a quota, that the bonus payments should be removed gradually, as was provided in the Senate bill. But it should not be enlarged.

Mr. ELLENDER. The conference report so provides.

Mr. DOUGLAS. The conference report would only taper off the subsidy. It would not eliminate it. The great merit of the Senate bill was that, at the end of the operation of the Senate bill, the subsidy would have been gone completely. But the present provision would leave the subsidy at 70 percent at the end of 3 years, and if present prices prevail, that would amount to a subsidy of 2 cents a pound, or $40 a ton.

Mr. ELLENDER. The Senator realizes that, insofar as the foreign elements are concerned, the bill will expire in 2½ years.

Mr. DOUGLAS. Yes; I understand that.

Mr. ELLENDER. When we reinstate it, we can continue the gradual cutting off.

Mr. DOUGLAS. We can, but will we? There is the whole point. Last year, when we continued the practice, it was said, "This is not a permanent assignment. Next year we can change it."

But this year the countries involved are more determined, more rapacious, more avaricious, more demanding, and more insistent that we continue the subsidy. We built up appetites which demand more and more. The time to have ended the practice was last year; or, rather, in 1960 we should not have started it. But last year perhaps we could have stopped it.

A great responsibility for continuing it last year rests upon the State Department and the man who then headed the Latin American Division, Mr. Thomas Mann, who, I notice, is up for promotion today. A great responsibility rests on those people for perpetuating the system for another year and a half, getting us in deeper and deeper.

If we continue the practice for another 2½ years, even at 70 percent of the premium, I do not believe we will ever get rid of the program, because then the countries will have been getting the subsidy for 5 years.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. Is it not a fact that the House bill did not include the tapering off feature?

Mr. DOUGLAS. That is true.

Mr. HUMPHREY. This is the first time we have ever been able to get the House to agree on a stated period of time under a schedule for phasing out the premium payments.

Mr. DOUGLAS. Yes. I said I think we have attained in compromise approximately 60 percent of the Senate bill. But there are grave abuses which continue and which we need to recognize.

Mr. HUMPHREY. The Senator is correct. But I believe the point that can be made with reference to the conference report is that certain breakthroughs were made on fundamental principles, such as, first, phasing out of the premium payments. Second, a long-term program for domestic producers, thereby stabilizing that particular situation, which was being aggravated every year. Third, the establishment of the principle of world quotas under an apportionment of the so-called Cuban allocation.

So if we take a good look at the situation, I think we have made substantial progress. My worry is that if we reject the conference report, we shall have nothing.

Mr. DOUGLAS. At the moment I am not saying that the Senate should reject the report, although I expect to vote against it. I should like to emphasize this point, and I hope the Senator from Minnesota will not take it amiss. The Senator from Minnesota and I have fought side by side for 15 years on the hustings and on the floor of the Senate. I hope we shall continue for a long time to fight side by side. He is a terrific fighter. I must say, however, that his idea that the way to help the poor peons abroad is to give a sugar subsidy to the plantation owners does not square with his domestic political beliefs. In his political career at home he has always advanced the Democratic theory that the way to build up the prosperity of the Nation is to do it from the bottom up; that we should help people at the bottom so as to build up purchasing power. I never heard my good friend advance the Republican theory of trickle down that he is now advancing with respect to foreign sugar policy. He says we should give the subsidy to the plantation owners; that then they will pass it down to the peons at the bottom. The Senator from Minnesota should be consistent, and he should adopt the same foreign policy and the same foreign economics that he advances so vigorously at home.

Mr. HUMPHREY. I know the Senator will not deny me a chance to respond.

Mr. DOUGLAS. I could not do it even if I so desired.

Mr. HUMPHREY. I appreciate the Senator's wise understanding. I say to the Senator that the program which he is advocating is that we should buy each pound of sugar that comes into this country at the world price, and let the lowest bidder get the business. This would jeopardize wages in many countries.

Mr. DOUGLAS. I should like to reply to my friend.

Mr. HUMPHREY. We know that workers' wages in some of the countries have been increased.

Mr. DOUGLAS. They have been increased to some extent. However, let me read some of the wages.

Mr. HUMPHREY. We do not have any evidence that the global quota system on a universal basis would do the job. The Senator from Minnesota is not opposed to a trial of the global quota system. He is trying to recognize some of the facts; namely, that when we exclude a country like Argentina, while other countries are included, we are getting into trouble. We have a treaty with the Philippines under which we would take 1,050,000 tons at a fixed price. We will pay the Philippines one price, and then we will tell the people of Argentina, "Sorry, but we cannot help you."

Mr. DOUGLAS. The Philippine quota is fixed by treaty.

Mr. HUMPHREY. That does not change the price situation. The benefit trickles down in the Philippines, too. I am not in favor of the trickle-down theory. I am trying to preserve a system that has had some credibility. One of the stable commodities in the United States has been sugar, in terms of price. I have not heard many customers complain about the price of sugar.

Mr. DOUGLAS. Oh, yes. The price has been fairly stable, but the price has been set higher than the world price and kept there.

Mr. HUMPHREY. Of course it has been higher than the world price.

Mr. DOUGLAS. About 2.8 cents a pound more than the world price, or $56 a ton. The Senator has been weeping copious tears about the workers on the plantations. Let me tell the Senator about those wages. I knew that he or some other Senator would raise that issue on the floor. Therefore, some time ago we sent cablegrams to our embassies in various countries and asked what the wages were. Let me read some of them.

Mr. HUMPHREY. Before the Senator reads them, I wish to say to him that I do not weep copious tears about this situation. I am dry eyed about it. I am not worried about whether we will get a better deal by having the Government recapture the premium. What the Senator from Minnesota has stated is that the conference report is a good beginning toward solving a difficult problem. I say to the Senator from Illinois that if the conference report is defeated—and apparently that is the purpose of some Senators—chaos will result in the sugar market. It is as simple as that. Let us not get a great deal of minutiae into the discussion. I have heard a great deal said about the inefficiency of the sugarbeet producer. In Minnesota we pay $1.11 an hour.

Mr. DOUGLAS. I say to my very dear friend from Minnesota—and I do not use that adjective sarcastically—that the wage of a field hand in Peru last year, on the basis of an 8-hour day, ranged from 19 cents an hour to approximately 27 cents an hour. In Haiti, it was 10 cents an hour. In Costa Rica, it was 14 cents an hour. In the Dominican Republic, about which the Senator has been speaking, it was 25 cents an hour.

Mr. HUMPHREY. That was last year?

Mr. DOUGLAS. Yes. In the Republic of China, it was about 12½ cents an hour. In Mexico it ranged from 12 cents to 20 cents an hour. In Nicaragua it was 27 cents an hour. In Panama, it ranged from 12½ cents to 22 cents an hour. I am translating day wages to hourly wages in terms of an 8-hour day. If it is a 10-hour day, the hourly rate is less. In Brazil it was 19 cents an hour. In Argentina, it was a little less than 25 cents an hour. Ecuador, 15 cents an hour. Guatemala, 10 cents an hour. British West Indies; in Barbados, about 37 cents an hour; in Trinidad, 27 cents an hour.

The plain facts are that not much of the prosperity of the planters trickles down to the workers. It is a well-known fact that with some exceptions—Mexico and Costa Rica are the best examples—land is tightly held by a relatively small group. Sugar milling is even more tightly concentrated. The result is that the profits go to a relatively small group of people who own the mills, and to some of the bigger plantation owners. The men who cut the cane get very little out of it. The big plantation owners then send their money abroad. They put their money into numbered accounts in Swiss banks. That is where most of the money would go. It would go into the Swiss banks. Then the plantation owners send their lawyers up here to say that it is absolutely necessary for the stability of the government that they continue to get these enormous sums.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am very glad to yield to the Senator from Oregon, who, as we know, is chairman of the Latin American Subcommittee of the Committee on Foreign Relations, and therefore knows a great deal about the Latin American situation.

Mr. MORSE. The Senator is very kind, but I do not know very much about it, or I would not be asking these questions to elicit information. Can the Senator from Illinois tell me what the percentage of our sugar imports would be under the conference report for which we would not pay a premium price?

Mr. DOUGLAS. Excluding the Philippines, about 60 percent would not be at the premium price.

Mr. MORSE. That would be on the world market.

Mr. DOUGLAS. Yes. With respect to the remaining 40 percent, it would taper down by 10 percent a year. Therefore, at the end, 40 percent of the imports will be at 70 percent of the premium price or subsidy.

Mr. ELLENDER. No; it is 10 percent, 20 percent, and then 30 percent.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. DOUGLAS. Of course, I am excluding the Philippines, because that situation is governed by treaty.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. ANDERSON. I apologize to the Senator from Oregon. I wish to enter into the debate with one observation. The Senator from Illinois was a little worried, as I was worried, that the imports taper down so slowly; namely, 10 percent a year for a couple of years.

In connection with the one portion of the conference in connection with which I was permitted to sit in, because one of the conferees had to be absent, as the Senator from Louisiana knows, I suggested that we go ahead with cutting down the allotment to 20 percent, as the President had suggested.

We got absolutely nowhere. We found ourselves in complete disagreement. Later I suggested we take 10 percent the first year and 15 percent for 6 years, and accomplish the program in 7 years instead of in 5. Here again we ran into an absolute stone wall. Finally, we agreed on 10 percent.

I agree with the Senator from Illinois that it is not sufficient but when we get into this kind of situation, we do the best we can in the final analysis.

Mr. DOUGLAS. I wish to make it clear that I am not blaming the committee we sent to conference. They had a difficult problem to solve. I can never understand why the House conferees continue to insist upon paying foreign producers these huge subsidies. I cannot understand it; yet I recognize that it is a fact of life.

Mr. ANDERSON. We had hoped that at the end of 3 years it would be a total of 60 percent, but it came out a total of 30 percent. We tried all sorts of other figures, and it became impossible. We insisted that the principle of the Douglas amendment be maintained. I appreciate that we did not accomplish all we had hoped to, but that was sometimes hard to do.

Mr. MORSE. Mr. President, I was glad to hear the Senator mention in his discussion the problem of the Latin American oligarchs. We all know that one of the great handicaps which confronts us in the whole Alliance for Progress program is that as the American Government pours more of the money of American taxpayers into Latin America, aimed at helping the economic and productive power of Latin America, which is essential to raising the standard of living of most of the people, we are confronted with the obstacle of the economy policy of the oligarch.

Mr. DOUGLAS. That is correct.

Mr. MORSE. The oligarch in Latin America is not, by and large, investing in the economic future of his country, but, as the Senator from Illinois has pointed out, is investing in Swiss and New York banks. What happens is that we, as taxpayers, are really assuming the burden that ought to be assumed by the wealthy of Latin America.

Has the Senator from Illinois given any thought as to whether, if we are to continue these premium payments, we can insist upon certain strings being attached in regard to tax reforms, for example? It would be interesting, if we had the data, to have the Senator read not only the figures of the wages paid the workers on the plantations, but also to read a statement of the taxes paid by the sugar plantation owners into the treasuries of their respective countries. I do not have such information. I think the Senator from Illinois would find it at least surprising and disappointing that we are dealing with an economic class which, by and large, does not begin to pay the taxes which their ability to pay warrants.

So we are saying, in the whole Alliance for Progress program, "We will help if you will help yourselves. When we speak about helping yourselves, we mean we will take a look at your tax reform program, your land reform program, your health program, and your education program."

On a problem such as this, I think we must either fish or cut bait. So I ask the Senator from Illinois: Is there any way, in his opinion, whereby we can attach to the premium payments for sugar some reciprocal self-help obligations on the part of the countries concerned; that we can get some kind of assurance or guarantee in respect to wages, in respect to taxes, in respect to preventing the flight of capital out of their countries? We must remember that if the oligarchs of Latin America continue to take their capital out of Latin America and put it in New York and Swiss banks, we have one of two choices: The first is to let their countries go down to communism—which, in my judgment, will happen in many of those countries in the next 10 years.

Mr. DOUGLAS. And which the oligarchs are indirectly helping to accomplish.

Mr. MORSE. Certainly they are not preventing it. Second, whether we will let that happen or will continue to pour the largess of the American taxpayer, through the Alliance for Progress program, into Latin America in order to save those countries from communism, on the theory that it is in our self-interest as a free nation to prevent the Latin American nations from becoming Communist.

What disturbs me about a program such as this is that we are pouring out our great resources without any commitments of self-help on the part of the recipient countries. I do not suppose this can be accomplished in the sugar bill at this late hour; but I believe it is well to point this problem up, because it is a good example of one of the basic problems which confront us in Latin America. What good does it do us to pay premium prices, as the Senator from Illinois has so well pointed out, if the oligarchs are going to grow richer; if the workers are going to get very little money. We know that this is the great problem of northeastern Brazil. The money will flow into Latin America, and the plantation owners will take their economic killing for a certain number of years and then, in many instances, will go to Switzerland, France, Italy, or elsewhere to spend the rest of their lives and live in the luxury that their exploitation of the peons of Latin America has made possible.

We cannot expect to prevent such a situation as that in one shot. I know that. Yet I think it is important to point out in the debate, as the Senator from Illinois has so well made clear to the State Department, that we are just about fed up with the turning over of the resources of this country for the supposed benefit of another country, but which really brings little benefit to that country.

I do not know what good the premium price on sugar has really done for the masses of people of Latin America. I think it would be quite a job to set down on paper proof that it has done good for the masses.

It might be argued that instead of working for 14 cents an hour, the labor will be paid 19 cents an hour. But that is not much of a wage. Parents will recognize that 19 cents an hour does not save their children from malnutrition; and that condition exists to such an extent in so many parts of the area to which the premium price is given that the longevity is 30 to 36 years. The people are old when they are young, and they die young. I have said that about underdeveloped countries.

As to the other point—and I am so glad the Senator from Illinois has placed it in the RECORD—I am at a loss to understand why we provide aid to Australia. I do not know why we are pouring the premium price into Australia. It is about time Australia started paying its own share of foreign aid expenditures. I do not know why in the world we are pouring money into the Union of South Africa. Look at the position of the Union of South Africa in the United Nations. It is a country that will not even let a committee of study and survey go into southwest Africa, where, day in and day out—and it has gone on for years—the most horrendous atrocities are being committed against the enslaved people. The United Nations cannot even get a committee of investigation into southwest Africa. We all know that the Union of South Africa seeks to take over southwest Africa, without any right in law at all.

How can we expect to get support in the United Nations from the new nations of Africa, when they will tell our delegation to the United Nations to its very teeth: "Don't tell us you stand for freedom when you pay premium prices for sugar produced in the Union of South Africa under conditions which amount to enslavement"? These actions come home to roost.

So I am at a loss to understand why we pay premium prices to so many nations. I think a case can be made for the payment of a premium price for sugar, as the Senator from Illinois has said, to some of the eight countries, including possibly the Dominican Republic, to the south of us, whose supply of sugar was of vital interest in the war, when we had to get sugar from close by—and we know how vital sugar is to the diet of Americans.

I do not know why we scatter sugar quotas around the globe, because in time of war it will not be possible to get sugar from Formosa or the Philippines or South Africa or Ireland.

Mr. DOUGLAS. Is it not true that sugar attracts flies?

Mr. MORSE. It certainly attracts those that think they can get more money by spreading a little sugar. But that is not the way to conduct American foreign policy.

I am in a quandry. If we could have a sugar bill which gave us some assurance that the countries in Latin America which would get the premium price would use that benefit as an assistance or help to raise the standard of living of the masses of the people, so essential to save those people from going over to communism, I would be inclined to support the report. But I simply find myself in a paradox in regard to this particular conference report, because I find the Senator from Illinois to be so persuasive as to who the real beneficiaries of this sugar premium price handout will be.

I have heard nothing in the debate, nor do I know of anything from the State Department, which indicates that it is going to use our sugar premium price as a bargaining factor to obtain the necessary reforms which we are going to insist upon if the Alliance for Progress program is to work.

The Senator from Illinois knows that here in Washington I spoke to a conference of Latin American engineers—and I did so at their request—on the Alliance for Progress program. In that speech I pointed out the need for making such reforms in Latin America if the Alliance for Progress program is not to be headed for serious trouble here in the United States. The U.S. taxpayers are going to catch up—and sooner than many persons realize—with the constant outpouring of their resources into the so-called underdeveloped countries of the world when the wealthy in those countries are not investing in the development of their own countries.

Mr. DOUGLAS. I thank the Senator from Oregon for making this point in greater detail. Of course, nothing whatever in the conference report will require the countries whose sugar producers will receive these subsidies to improve labor conditions or institute any programs of tax reform or any program of land reform. It is merely the hope that these payments will "trickle down," the William McKinley theory of making those at the top prosperous, with the hope that prosperity will trickle down to those at the bottom. It has not worked at home. It will not work abroad.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield briefly?

Mr. DOUGLAS. First, I wish to make a somewhat stronger case, and then I shall be glad to yield.

As one who believes in the opposite theory, as developed by Andrew Jackson, William Jennings Bryan, and within this country by Hubert Humphrey, I believe in developing a country from the bottom rather than from the top down. But this measure would not do what I recommend, and in my judgment these countries would not agree to it.

Mr. ANDERSON. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. Mr. President, I hope I have not stunned the Senator from Minnesota——

Mr. HUMPHREY. No, Mr. President; the Senator from Minnesota is not stunned; but he has exhilarated me, and I wish to ask what countries the Senator from Illinois voted for under the Senate version, as it came from the Senate Finance Committee. What countries were included in the Senate version?

Mr. DOUGLAS. They were countries which previously had had small quotas: The Philippines, Peru, the Dominican Republic, Mexico, Nicaragua, Haiti, the Netherlands, the Republic of China, Panama, and Cost Rica. But the sum total for all of them came to only approximately 330,000 tons, and they were to be phased out.

Mr. HUMPHREY. But were not the oligarchs getting these quotas?

Mr. DOUGLAS. If I had had my way——

Mr. HUMPHREY. But that is not my question. I ask the Senator, were not the oligarchs getting those quotas?

Mr. DOUGLAS. Yes; but we limited them to 330,000 tons, and we were going to abolish the quotas and the subsidy completely in 5 years.

Mr. HUMPHREY. But were not the oligarchs getting those quotas?

Mr. DOUGLAS. Yes, but not as much as under the bill the Senator from Minnesota is favoring.

Mr. HUMPHREY. I do not want to see the oligarchs get any. But the Senator from Illinois was on the Finance Committee——

Mr. DOUGLAS. And we voted to phase them out in 5 years.

Mr. HUMPHREY. Yes; but the point is, that the House committee did not vote to phase them out at all.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. But when the conferees met, as the Senator from New Mexico has pointed out, the principle of phasing out was maintained. Some adjustment was needed between no phasing out or phasing out over a period of 5 years.

As far as the conference committee is concerned, let me point out there are fewer oligarchs in Australia than there are in some of the countries the Senate Finance Committee included in its list. So possibly the conferees helped dilute the oligarch principle a little.

Mr. DOUGLAS. They helped dilute it by increasing from 330,000 tons to 1,200,000 tons the amounts to be purchased at the premium price or subsidy.

Mr. HUMPHREY. But the point is that the House committee's quotas were sharply cut in conference. Again I wish to point out that a unilateral operation is not developed by this measure. The House version included many countries which were to be given rather extensive quotas. The Senate Finance Committee attempted to cut back those quotas, and they were reduced. I think this is a worthy accomplishment.

I wish to make it quite clear there is really very little difference between what the Senator from Illinois voted for and what I voted for, because both of us voted for the Senate Finance Committee bill.

Mr. DOUGLAS. I thought the Senator from Minnesota was supporting the McCarthy amendment, which would have reduced the global quotas still further.

Mr. HUMPHREY. The Senate did not vote on the McCarthy amendment.

Mr. DOUGLAS. I know that; but I thought the Senator from Minnesota was quite active in supporting the McCarthy amendment.

Mr. HUMPHREY. Not at all. Let me say to the Senator from Illinois, my good and dear friend, for whom I have nothing but admiration, affection, and respect—and he knows that—that what my colleague [Mr. McCARTHY] was attempting to do was point out some of the weak points and shortcomings of an overall global quota system. But he did not press for a vote on his amendment.

Mr. DOUGLAS. That was because in polling the Senate he found he could not get more than 20 votes for the amendment.

Mr. HUMPHREY. He did not have time to poll the Senate.

Mr. DOUGLAS. Perhaps not; but did not someome poll the Senate for him?

Mr. HUMPHREY. I cannot answer that.

I can only say that when the junior Senator from Minnesota is credited with giving such a vivid description of the percolate-up system——

Mr. DOUGLAS. At home.

Mr. HUMPHREY. And also abroad.

Mr. DOUGLAS. No, for we cut it out for those abroad.

Mr. HUMPHREY. No; I submit that the countries for which the Senator from Illinois voted in the committee—Peru, the Dominican Republic, Mexico, Nicaragua, Haiti, the Netherlands, China, and the others—are just as oligarchical as are the countries for which I voted, because we voted for the same countries.

By the way, the Netherlands, which was included in the list for which both of us voted, has a good wage scale.

Mr. DOUGLAS. I think the Netherlands were to get only 4,000 tons.

Mr. HUMPHREY. I do not remember; but a little sin here goes a long way. When the conferees returned from the conference, they had included some countries which were not in the Senate bill. For example, India was added. The Senator from Illinois and I have supported aid to India. There are not too many oligarchs there.

Mr. DOUGLAS. Will the Senator from Minnesota permit me to place in the RECORD a few facts in the midst of the statement he is making? I did not vote for permanence in that connection; I voted to limit it to 5 years, and to restrict them to 330,000 tons a year.

Mr. HUMPHREY. And so did I.

Mr. DOUGLAS. But now we are faced with a conference report which calls for 1,200,000 tons of subsidized foreign sugar which even at the end of 3 years will have a 70 percent premium.

Mr. HUMPHREY. I voted exactly as the Senator from Illinois—namely, to phase them out in 5 years. But now we have a report which calls for a 30-percent phaseout and a review in 2½ years—not bad.

Mr. DOUGLAS. A review in 2½ years; but in the meantime we shall have built up large subsidies, which in the first year will be $60 million a year, and at the end of the third year will be $46 million. Does not the Senator from Minnesota believe that will result in building up powerful lobbies?

Mr. HUMPHREY. The Senator from Illinois previously voted to provide employment for lobbyists for 5 years. I recommend we provide employment for them for only 2½ years. So this is a matter of legislative judgment.

But the important question is whether it is better to reject the conference report, with all its inadequacies—and it has plenty of them—or to accept the conference report, which provides for every principle the Senator from Illinois wants.

Mr. DOUGLAS. About 60 percent only.

Mr. HUMPHREY. Forty percent of the quotas are to go to countries outside of the United States, which are to receive what we call premium payments. Is that correct?

Mr. DOUGLAS. Now.

Mr. HUMPHREY. That is what is going to be preserved.

Mr. DOUGLAS. Oh, no.

Mr. HUMPHREY. Under premium payments.

Mr. DOUGLAS. I want to eliminate the premium payments.

Mr. HUMPHREY. Under the present system, as provided in the conference report, 40 percent of the quotas will be under premium payments, 60 percent not.

Mr. DOUGLAS. That is true of the amount to foreign countries other than the Philippines.

Mr. HUMPHREY. The Senator from Minnesota wishes to make the point that in 2½ years we are going to phase out 30 percent.

Mr. DOUGLAS. Only 30 percent of the fee or subsidy.

Mr. HUMPHREY. That is better than what we have. What does the Senator want?

Mr. DOUGLAS. I want to wipe out the whole moral idea of subsidizing abroad. I was going to differ with the Senator because he said he believed in the subsidy system——

Mr. HUMPHREY. I said present conditions are chaotic, and it will lead to confusion and chaos in the sugar economy if we merely extend the act. I said the conference report provides a basis of 5 years for the domestic industry, and 2½ years for the foreign program, to phase out, and there is a global quota program.

I think this is a good start.

Mr. DOUGLAS. I do not think I am violating any confidence when I say I have heard rumors that after the conference report there will appear, not sugar, but honey, and that honey will attract the flies as well as sugar, and that the honey bill will provide a subtraction of 200,000 tons from the global quotas for sugar and an increase in the assigned quotas to countries unspecified. So instead of 1,600,000 tons a year to be bought at world prices, it will be 1,600,000 tons minus x number of tons which will be added to honey—very sweet.

Mr. HUMPHREY. May I say most emphatically and frankly to the Senator it is a fact the President of the United States and the Secretary of State are deeply concerned over two countries involved in the Sugar Act. One of them is the Argentine, which received no quota, and the other is the Dominican Republic, which got an inadequate quota. Therefore, there may well be amendments to another bill to take care of this situation.

I think it is quite interesting that, despite all that has been done before, these two countries have not been provided for, one of which finds itself in a very difficult situation economically and politically. I think an adjustment might be made, since the quota system is being maintained. The Senate Finance Committee included the Dominican Republic under the quota. It is not included there now——

Mr. DOUGLAS. Under the Senate bill we gave them 95,000 tons. Under the conference report they have 190,000 tons. Now the Senator from Minnesota proposes to increase that still further.

Mr. HUMPHREY. Yes. Last year we bought approximately 900,000 tons from her, 450,000 the first half of this year.

Mr. DOUGLAS. The Senator from Minnesota is such a dear friend of mine that I do not wish to engage in a prolonged discussion with him, but I merely wish to state a simple principle: The way to help people is to put the quota premiums into the Treasury and then help those people by providing schools, roads, needed economic aid, and land and tax reforms. I personally would be willing to pledge the entire receipts we get from the fee on sugar to the Alliance for Progress. But I do not believe the way to help the people is to give the subsidies to the plantation owners and the sugarmill proprietors.

ORDER OF BUSINESS

Mr. DIRKSEN. Mr. President, will the Senator yield so that I may ask the majority leader a question?

Mr. DOUGLAS. I yield.

Mr. DIRKSEN. I wish to ask the majority leader whether it is proposed to vote on the conference report tonight and whether he anticipates a yea-and-nay vote.

Mr. MANSFIELD. We intend to vote on the conference report tonight. It is my understanding that some Members of the Senate will ask for a yea-and-nay vote.

Mr. DIRKSEN. I ask further whether we are going to get around to the genus apis which is imported honey bees, so that, though restricted, honey bees can get their sugar out?

Mr. MANSFIELD. I do not know about that, but we are going to get around to the honey bees sometime.

SUGAR ACT AMENDMENTS OF 1962—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. DOUGLAS. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. DOUGLAS. I yield to the Senator from New Mexico.

Mr. ANDERSON. I wish to ask the Senator from Illinois if he does not think there is some real value in the fact that domestic quotas now run for 5 years and the quotas to the other countries go for three seasons, or 2½ years. The bill would last 4½ years; the quotas would last 2½ years. I think that is a good deal of progress.

In 1947 an effort was made to write a new sugar bill. It was finally written in the office of the then Secretary of Agriculture, early in 1948.

Mr. DOUGLAS. That was the present junior Senator from New Mexico.

Mr. ANDERSON. It was then sent to Congress. It got a fine reception here, and I commend every Senator who voted for it. It was passed in 1948. I think I have been involved in every extension of the Sugar Act since that time, either as a member of the committee or when I have been brought into the discussion, as I was a couple of years ago.

The Senator from Louisiana [Mr. LONG], the Senator from Utah [Mr. BENNETT], and the junior Senator from New Mexico sat through a long discussion of this subject at one time with the House conferees. We came up against the same question. If we should finally refuse to deal with it, the Sugar Act would fail, because we were at the end of the congressional session.

The Senator from Louisiana brought back a report at about 4 or 5 o'clock in the morning. He stood on his feet for 2 or 3 more hours, and the Senate accepted it.

I point out that we have always been under the gun. We have had to act in the face of a deadline. This time, for the first time, the bill comes to us on the first day of July in which Congress has met, and Congress is in session for what I hope will be only 1 month, but it may be 2. If it should be 2, we have plenty of time to consider the act if we do not agree with either House.

It seems to me this is great progress and a great achievement.

Second, I point out to the Senator from Illinois and other Senators who have said we ought to be more careful about allotments, that the matter can be taken care of 2½ years from now, when the bill terminates, without involving the domestic allotment. Congress would not have to be in a hurry, because sugar producting States would lose on their quotas. So we can deal with this question forthrightly.

I do not want to say I hold in my hand——

Mr. DOUGLAS. That is a good phrase.

Mr. ANDERSON. I happen to have in my possession a sheet of paper that was circulated inside the conference committee on Friday afternoon and evening. The Senator from Louisiana was present when this sheet was passed around. I did not know the purpose of it.

I thought it was a proposal to settle the disagreement. I wrote some figures on the side of it. I totaled up what I thought the House was proposing. I ended with a figure of 1,170,000 tons. I added to that the 1,050,000 for the Philippines. That made a total of 2,220,000 tons. I added the 5,710,000 tons for the domestic producers, to get a total of 8,030,000 tons. I took that figure from the figure of 9,700,000 tons we were supposed to have, and I noted there was a difference of 1,670,000 tons. I thought to myself, "This will be very close to the global quotas. If we take off another 150,000 tons from the top, that will bring it to 1,820,000. The President ought to be satisfied with that."

We submitted that as a proposal to the House conferees, and that broke up the conference. The House conferees became quite belligerent. They had not intended that this paper should be regarded as an offer on their side.

The able Senator from Louisiana did not leave the room, but the rest of us did. The Senator from Louisiana stayed. It was said that there was a misunderstanding, that it was not to be understood that the House conferees were offering this paper as evidence. We thought it was their proposal.

Therefore, we tried again.

The Senator from Oregon asked a while ago, "What is Australia doing on this list?" The simple answer is that there had to be some basis for final agreement. The basis, finally, for agreement, was to accept a House list that totaled a reasonable amount in exchange for the House conferees accepting the principle of the global quotas of 1,635,000 tons plus an arrangement whereby the foreign quotas would terminate 2½ years from now, leaving us with domestic quotas for 2 additional years, so that the foreign fight could not be tied in with the domestic fight.

While this is only one man's opinion, I believe the conference report would be of great help, perhaps the greatest help ever, toward putting this program on a correct basis, in order to do the things the Senator has been talking about concerning the economies of these countries. I hope, therefore, that the conference report will be agreed to.

Mr. DOUGLAS. I thank the Senator from New Mexico. It is true, of course, that we would have a strategic advantage if the foreign quotas expire in the 2½ years which we did not have in 1960, which we did not have in 1961, and which we do not have now. Each time, although the representatives from the cane sugar and the beet sugar areas have, on the whole, loyally stood with us inside the Senate, nevertheless when the problem has gone to conference the conferees have been faced with the fact that the House has been obdurate. Then if the bill lapsed the domestic feature would lapse, also. Therefore, pressure was put on the conferees to accept the House position and to continue the subsidy paid to foreign producers.

As the Senator from New Mexico states, this particular problem will not exist 2½ years from now. That will be a great advantage.

On the other hand, I think one can prophesy that there will be a continuation of a very strong foreign sugar lobby, and we shall hear piteous stories of how we would wreck the Dominican Republic, Honduras, the British West Indies, the Fiji Islands, Australia, South Africa, Mauritius, Panama, Haiti, Paraguay, Ecuador, India, Nicaragua, Costa Rica, Colombia, the Netherlands, Guatemala, the French West Indies, Taiwan, El Salvador, Brazil, Mexico, and Peru. We shall all be subjected to that argument once more.

I should like to close on the final point on which the Senator from Arkansas touched several times, and which I think needs to be emphasized. This is the question of what effect the action we take will have upon the possibility of bringing Cuba back into the Association of American States on a democratic, non-Communist basis.

I point out that the proposal of the administration which was adopted by the Senate would allot 2½ million tons to Cuba if, as, and when Cuba comes back as a democratic country. That is less than the 3.2 million tons Cuba had been allotted, because the domestic quota was increased. I personally think that action was a mistake. However, at least 2½ million tons were to be provided.

Under the terms of the present proposal that would be reduced to 1.6 million tons. If honey draws in its wake a couple of hundred thousand more tons for Argentina and the Dominican Republic, that will leave only 1.4 million tons for Cuba.

Senators know, of course, that this argument will be used to those on the fence in Cuba. They will be told, "Why come back to the American system? Why throw out the Communists when all you will get will be 1.6 million tons or 1.4 million tons instead of the 3.2 million tons you had before?" The anti-Communist movement inside Cuba will be weakened.

Not only that, but what about all the other countries which now have quotas, which would lose some of these quotas if, as, and when Castro was overthrown? This will mean that if Castro is overthrown and it is necessary to go on to the world price basis, those countries will lose money. There would be a direct economic inducement for those countries therefor to oppose the overthrow of Castro and to favor the continuation of communism, because they would make money in that way.

I am sure that was not the intention of the House committee. Of course it was not the intention of the conference committee. That will be the effect, however, inevitably. It will give these countries a vested interest in maintaining Castro in power.

If we are to talk about foreign policy being a consideration, such a policy will strengthen Castro all through Latin America.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to the Senator from New Mexico.

Mr. ANDERSON. In addition to the 1,635,000 tons, there is a recapture provision. The Senator from Illinois correctly pointed out that the 10-percent recapture is rather slow. Just the same, 10 percent a year for a few years will recapture a great deal. All of that amount will be available for the Cuban quota.

Mr. DOUGLAS. Seventy percent would be available, but that would be at a premium of 2 cents a pound, or $40 a ton.

Mr. ANDERSON. What I am saying is that 30 percent of the amount available, some 340,000 tons, could be added to the 1,635,000 tons, to bring it up to some 2 million tons. I hope that can be used as a constant incentive for the Cubans.

After the war the Philippines wanted to come rapidly back into the sugar market. In the Sugar Act of 1948 we provided a very reasonable, and I think fancy, allotment to the Philippines, so that they could come back rapidly as producers of sugar. They did not do so, however. Years went by without their production increasing greatly.

I believe that the Castro government has had a very severe adverse effect on the sugar production of Cuba. Even after Cuba comes back to the family of nations, as I hope it will, it will take a good many years to build back the production of sugar to its former level.

I only say that I am the individual who stood on the Senate floor some years ago and moved greatly to increase the Cuban quota. I have no antagonism toward the old growers of Cuba. I should like to see Cuba come back again.

I believe the proposal before the Senate would make a move in that direction, although I agree with the Senator from Illinois that it may be inadequate.

Mr. DOUGLAS. I thank the Senator from New Mexico.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. CLARK. The Senator from Minnesota [Mr. HUMPHREY]—who is my dear friend as well as a dear friend of the Senator from Illinois—and several other Senators have referred to what they say will be chaos if the Senate does not agree to the conference report today or tomorrow. I wonder whether that is not worth a little exploration.

I am not so sure—I ask my friend from Illinois, who is more knowledgeable on the subject, since he is a member of the Committee on Finance, to give me his opinion—exactly what is the chaos to be feared. So far as the people of Pennsylvania are concerned, they would get sugar a little cheaper. We do not raise beet sugar or cane sugar in Pennsylvania. I believe none is raised in Illinois. I would not wish to state the argument on so sectional a basis alone, but it occurs to me that the chaos is not our fault. Any chaos which may result will be the fault of the other body, for failure to accept the administration bill.

I wonder how chaotic it would be if a few ships should land at U.S. ports in the next week or so, bringing in cheap sugar. I wonder whether that might not be in the national interest.

I ask the Senator from Illinois, if a few ships carrying sugar should land, does he not think that might put our friends in the other body under greater pressure than we are under?

Mr. DOUGLAS. I think the Senator from Pennsylvania has made an interesting suggestion. He has in mind predominantly what the Senator from Illinois has in mind; namely, the interest of the consumers.

Everybody has been talking about the producing areas. My good friend from Minnesota talked about the Red River Valley. That was not the Red River Valley of the South, but the Red River Valley of the North. I am reminded of the words of the old song:

> Remember the Red River Valley,
> And the cowboy who loves you so true.

The Senator from Minnesota has an affection for the Red River Valley, and for his side of the Red River Valley. His affection is greater than that of the sentimental cowboy who was deserted by his sweetheart in Arkansas.

The consumer's interest is, however, extremely important. I do not think affairs would be thrown into chaos if the consumer were to be able to get her sugar at half a cent a pound less. I think it would be a practical demonstration that the price of sugar has been too high. The program has gone on without anyone knowing what was happening. Five hundred and fifty million dollars, plus $100 million in excise taxes a year, has been taken out of the pockets of the American consumer without her knowing what was happening. Virtually all of it has been distributed either in cash subsidies or in higher prices.

The Department of Agriculture has told that we could let the situation continue for a few days with virtually no effect, or we could have a 30-, 60-, or 90-day extension. There would be no difficulty. Even if the price of sugar did go down, I would not weep over it.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DOUGLAS. Was I too personal?

Mr. HUMPHREY. No. I can understand the consumer's interest. My point is that I used the word "chaos" in speaking about the difficulties we would be in. I wish to make quite clear that each year there has been an extension of the present situation, more and more acres have been plowed up for sugarbeets. There has been unlimited planting. So each year more and more acres are plowed up. There is a greater demand on the part of producers and refiners to extend and improve the domestic quota.

Mr. DOUGLAS. That is true.

Mr. HUMPHREY. I believe the proposal has a tendency to aggravate the international situation even more so.

Mr. DOUGLAS. That is true.

Mr. HUMPHREY. The Senator from Minnesota has never really interested himself in the matter of sugar legislation. As a former member of the Committee on Agriculture and Forestry I was interested in the subject merely because it is an agricultural commodity, but proposed sugar legislation has been handled by the Finance Committee.

The administration wanted to come to some kind of agreement this year on a long-term sugar program that included the following facets: First, a domestic quota that was reasonable, with a growth factor that would take into consideration the growth of population and production. Second, the administration wanted to retain the historic quotas for the Western Hemisphere countries with which we have had continuing relationships in the sugar market. Third, the administration wanted to establish the principle of the global quota.

It was the suggestion of the Senator from Minnesota, along with others, that we should take a large portion of the Cuban quota and make of it a global quota. This recommendation was made privately and publicly. The Senate bill which was reported from the Senate Committee on Finance contained a domestic quota of 60 percent. As I recall, the growth factor was 65 percent. The bill had what we call historic quotas and a global quota. Those were the provisions in the Senate bill.

It seemed to me that by and large it was a fairly good arrangement.

Actually, the Senate increased the growth factor in the domestic quota a little over what had been recommended by the administration.

Now we are confronted with an entirely different approach. The Senator from Minnesota has recommended the adoption of the conference committee report on the basis that if the conference committee report is not agreed to, we shall be back here a year from now with the same old fight on the same old ground, only more aggravated, because if the present act is extended, we would have premium payments on all imported sugar. Domestic production would expand.

My point is that we are attempting to make a beginning in the tapering off of premium payments. We would make a beginning on the recapture so as to fill in the Cuban quota. We would establish a 5-year program for the domestic producers. I think it is in the national interest that this be done. I do not think there is any real basic argument on the question, despite all the minutiae that we have discussed today. I cannot help but think that the conference report is a decided improvement in the program.

Mr. DOUGLAS. Mr. President, I am not a perfectionist. I know that legislation is a process of compromise. I know that our conferees did the very best they could. But I think the program on the whole has been such an iniquitous one, at least so far as its producers are concerned, that it needs to be thoroughly aired on the Senate floor. We should impress upon our colleagues in the House that we in the Senate who believe that the sum involved should go to the Treasury rather than to the foreign producers feel very strongly about that matter and are going to press such a proposal.

I serve notice now that if I am present in the Senate Chamber when the foreign producers come here 2½ years from now, I shall try to remove all of the subsidy which is now paid to them. I know there will be a great difficulty in doing so. I think it is important that they should realize in the meantime that they have no legal vested right in the bonus payments of $60 million which they are going to receive in the next year, or the $46 million which they will get 3 years from now. It is a gratuity to which they have no legal right. It is a sum which will be given to them merely through the generosity of the American Congress. They should adjust themselves to having it taken away from them 3 years from now.

I know that my statement will have no effect on the actions of the countries involved. It will have no effect on their arguments. But the record should be clear. The consumers and the taxpayers of the United States have a right to be considered. I ask the State Department again to inform each country that is given a quota and a subsidy that the arrangement is purely temporary and they have no right to its continuance. They can look forward to a gradual phasing out—that is if I have my way.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to the Senator from Louisiana. I should like to make a supplementary point and I will then yield the floor.

Mr. ELLENDER. I wish to add a little to what my good friend from Minnesota said. If the conference report is agreed to, it will mean a fixed quota for both the sugarcane producers and the beet growers. The growers in Louisiana and Florida start planting sugarcane next month. Farmers will know that their quota is limited to 895,000 tons, and that knowledge will prevent the race to which my good friend from Minnesota has been referring and will put the whole sugar situation on an even keel.

Mr. LONG of Louisiana. Mr. President, will the Senator yield further?

Mr. DOUGLAS. I am glad to yield.

Mr. LONG of Louisiana. Mr. President, as one of the conferees, I felt it my duty to support the position the Senator has taken with regard to foreign producers.

Mr. DOUGLAS. I am sure that the Senator has.

Mr. LONG of Louisiana. I not only agree with the general burden of his argument about the premium payments to foreign countries, but also I voted for the proposal a year ago when the President was asking us not to vote for it.

Mr. DOUGLAS. The Senator is correct.

Mr. LONG of Louisiana. I assured the Senator that I expected to hold out for that position in the conference. I am frank to tell the Senator that it was my judgment that there would not have been a conference report had I done so. It was my judgment that the Sugar Act would expire, and those of us who are interested in the domestic industry would have had to go to the President and ask him to invoke the defense amendment of the Trade Act in order to do the best that could be done to handle a very bad situation so far as the domestic sugar industry is concerned. Fortunately, it was possible to arrive at a conference report which in my judgment is much better than we had any hope of achieving at the time we went to the conference.

As I recall, last year this Nation purchased at premium payments 2,840,000 tons of sugar.

Mr. DOUGLAS. From countries other than the Philippines.

Mr. LONG of Louisiana. The Senator understands that with respect to the Philippines we are bound by treaty, and we have no choice.

Mr. DOUGLAS. That is correct.

Mr. LONG of Louisiana. This year we shall purchase only about 1,200,000 tons at premium prices.

Mr. DOUGLAS. Yes; the Senator from Illinois has said that.

Mr. LONG of Louisiana. So we shall have greatly reduced the amount. About 60 percent of the purchases this year will be at the world market price, under the conference report.

Mr. DOUGLAS. That is correct.

Mr. LONG of Louisiana. The Senator has been criticized substantially on the floor for cutting too much from the premium price. The Senator made reference to the quotas which the House bill had in it. South Africa was referred to. It was in for 120,000 tons. We are cutting it down, in the conference report, to 20,000 tons. That is, it will be 20,000 tons instead of 120,000 tons. India had 130,000 tons at the premium price. Under the conference report, India would get premium payments on 20,000 tons.

Australia also was referred to. Australia had 200,000 tons at premium prices. Australia, under the conference report, would get 40,000 tons at premium prices.

We were not able to cut them out entirely, but we have cut them by about 20 percent from what the House bill provided.

French West Indies had 40,000 tons. We cut that to 30,000 tons.

Brazil had 340,000 tons at premium prices. That amount has been reduced to 180,000 tons. The British West Indies had 250,000 tons at premium prices.

Mr. DOUGLAS. I believe it was 350,000 tons.

Mr. LONG of Louisiana. The British West Indies were in for 250,000 tons. We cut it down to 90,000 tons at premium prices. Peru was in for 350,000 tons at premium prices. Under the conference report it would get 190,000 tons, slightly more than half. The Dominican Republic was in for 350,000 tons at premium prices. In the report we would cut that to 190,000 tons. Mexico was in for 350,000 tons. We bring it down to 190,000 tons. There are more reductions. The major reduction is with regard to the Republic of China, which we cut to 150,000 tons.

The Senator knows that after we have reduced some of these countries we are going to be called on to give them more in foreign aid because we have taken away from them funds they were getting under the Sugar Act. In other words, we would be taking away from them income which they had derived previously under the Sugar Act. It is money which they will contend should be made up to them at least in part in foreign aid. We can meet that problem when we face it. But that is one of the things the Senator has advocated.

It seems to me that on principle we have achieved what the Senator has been contending, and that is that the premium payments should be phased out. Dollarwise we have succeeded in disposing of two-thirds of the payments in this one bill. We have also placed ourselves in such a position that, come the expiration of the foreign phases, we shall be in a strong position to consider what the Senator believes should be done further so far as the foreign aid sections are concerned.

So far as the domestic portion is concerned, I hope very much that if we get the Senator's program for the foreign part of it, he will not compel us to take the program that he is advocating for the domestic industry.

Mr. DOUGLAS. I have never accused the conference committee of doing badly. I said that they did better than I feared they would, but not as well as I hoped they would.

I should like to close on one final note, and that is that there is in the conference report the House provision which prohibits the importation into the United States of any refined sugar. We formerly permitted the importation of 250,000 tons of refined sugar. This is no longer to be permitted. We have adopted, so far as this prinicple is concerned, mercantilism in its purest from. Mercantilism permits the importation of raw materials provided they are to be fabricated or processed inside this country.

We all know that in the past the sugar program has been put over by a triple alliance, the foreign sugar producers, the domestic sugar producers, and the Atlantic coast refiners. Again and again President Roosevelt pointed the finger at the Atlantic coast refiners. The Atlantic coast refiners were successful in limiting the importation of refined sugar to 250,000 tons. Now they have been successful in eliminating all importation of refined sugar. It must come in raw. What will this mean to the refiners in Cuba if, as, and when Cuba comes back into the democratic alliance and its mills again refine sugar from raw sugar?

The Atlantic coast refiners have been putting the thumbscrews on the freedom of trade in such matters. That is another weakness in the bill as it finally appears.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. What was in the Senate bill on that point?

Mr. DOUGLAS. It permitted the importation of 250,000 tons of refined sugar.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. ELLENDER. I should like to state to my friend from Illinois, if he will permit me to do so——

Mr. DOUGLAS. Certainly.

Mr. ELLENDER. As I understand, the only refining factory in Cuba was owned by Americans in Hershey, Pa. That was recently sold to Cuban interests. Of course, Castro has all of it now. So in my judgment there is no further need for 250,000 tons of imported refined sugar.

Mr. DOUGLAS. In general it is a bad policy for a country to follow. It is mercantilism. We are following the mercantilistic theory, under which only raw material can come in for purpose of being fabricated in this country. This was the basis of the theory and practice of Colbert in France, and of the British mercantilists. As one who believes in greater freedom of trade, I believe this is in direct contradiction to the basic theory of low tariffs.

Perhaps I am tipping my hand prematurely, but when this act, so far as the foreign quotas are concerned, comes up in 2½ years from now I hope the Senate will reverse itself and permit the importation of at least 250,000 tons of refined sugar. I do not have too much hope about this, but I certainly believe the struggle should be made. I am an unabashed low tariff man. I am not ashamed of that fact. I am proud of it. I hope to see that principle followed.

I yield the floor.

Mr. FULBRIGHT. Mr. President, I hesitate to take the time of the Senate at this late hour, but I should like to make a few remarks on this subject. First, let me say that I particularly agree with the final statement of the Senator from Illinois. My basic objection to the proposed legislation, as I stated the other day, is that it is contrary to the spirit of the trade bill which the House passed a few days ago. We find ourselves riding off in two different directions at the same time. The Sugar Act gives inducement to an expansion of the domestic sugar industry. I object to that, because I do not think in the long run it is for the benefit of either this country or of individual foreign countries.

I have made some calculations concerning some of the countries which have been given quotas. For example, the Irish have been given a quota. Ireland is not listed by name, but it will be included under the provisions of the bill. Everyone has mentioned it. The State-Agriculture Departments projection shows the export capability of Ireland—that is, of refined sugar—is 25,000 tons. Their domestic production is up about 30 percent in the last 5 years.

Ireland imported more than 50,000 tons of raw sugar in each of the last 5 years and exported a little more than 15,000 tons of refined sugar the past 3 years. In 1960, 22,000 tons of its imports came from Cuba. There is no report as to how much came from Cuba in 1961.

In other words, here is a situation in which a deficit country has not produced, apparently, all its own needs, although it was rapidly increasing domestic production; or, to put it in another way, the bill will induce the expansion of an almost nonexistent sugar export program in Ireland. I think this goes in the wrong direction. Generally speaking, the bill not only induces an uneconomic domestic sugar industry by this very great subsidy, but does so in other countries, as well.

Under the conference report, we are going to provide a subsidy to South Africa. There is no excuse whatever for that. All we are doing is picking up what South Africa lost in the Commonwealth Sugar Agreement. The Union of South Africa formerly sold sugar to the Commonwealth under this agreement. When they left the Commonwealth they lost this preferred market. South Africa does not need this subsidy; it is relatively well off. South Africa is the largest gold-producing country in the free world. If I am correctly informed, its balance of payments is all right. There is no excuse for our providing South Africa with a sugar subsidy.

Much the same can be said of Australia. There is no excuse for granting a subsidy to Australia. Australia has the capacity, according to the State-Agriculture projection, to produce 840,000 tons for export; 600,000 tons is marketed under the Commonwealth Sugar Agreement. Australia markets over half of its sugar at the world price, some even to Commonwealth nations. For the past 5 years, she has had a carryover of almost 800,000 tons.

In 1961, the United States purchased 90,000 tons from Australia. Australia is one country that can compete in sugar on an equitable basis; this is evident for she is already selling a large part of her production at the world price. Yet, it is proposed here to give Australia a quota. If there is any excuse for that, I cannot see it.

The conference has given to British Honduras a quota of 10,000 tons. She reportedly has the ability to produce 13,000 tons for export. But British Honduras already has a 19,000-ton quota under the British Commonwealth Sugar Agreement. Yet we are extending to British Honduras a quota of 10,000 tons which she has not had, at a time when she has not even had sufficient production to fill her quota under the Commonwealth Sugar Agreement. So here is a good example of our going out of our way to induce additional production in a country which does not now produce enough to fulfill its existing preferential quotas.

I thoroughly agree with the theory advanced by the Senator from Illinois a moment ago about mercantilism. We are destroying the normal flow of trade of those countries well adapted to produce sugar and inducing artificial production in other countries, like British Honduras.

The Netherlands is a most peculiar example. The Netherlands is an overall importer of sugar. In 1961, the Netherlands imported more than 150,000 tons of sugar, including, incidentally, about 30,000 tons from Cuba. The Netherlands exports last year totaled about 60,000 tons.

The United States, with purchases of almost 10,000 tons in 1961, was the Netherlands' second largest customer; this was all refined sugar, made from imported raw sugar. I have never heard anybody attempt to explain what excuse there is for such an arrangement. Why should we raise the Netherlands' 4,000-ton quota to 10,000? I do not quite understand why there was even a 4,000-ton quota to begin with. In any case, there is no reason whatever, to justify the way in which this quota has been arbitrarily allocated.

Mr. GORE. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield to the Senator from Tennessee.

Mr. GORE. How would it be determined which Netherlands producer would receive the order for the additional subsidy?

Mr. FULBRIGHT. I do not really know. Does the Senator mean which individual company within the Netherlands would receive the quota?

Mr. GORE. Yes; how would that be determined?

Mr. FULBRIGHT. I do not know. That question would have to be asked of one of the experts in this field. I do not know whether that question was ever raised in committee.

Mr. GORE. Let us consider the Union of South Africa. To what producer would the United States pay the subsidy?

Mr. FULBRIGHT. Frankly, I do not know. It might be through associations which are represented by lobbyists; and the amount would be distributed in accordance with the production. But I do not know.

Mr. GORE. It is an interesting question.

Mr. FULBRIGHT. The Senator from Louisiana [Mr. Long] is not in the Chamber. He may be able to answer the Senator when he returns.

Mr. GORE. The question was raised earlier in a discussion as to the advisability of having the proceeds from the tariff on sugar which was imported, if such a tariff should be levied, go into the Treasury of the United States. Is not that customarily the repository of receipts from tariffs?

Mr. FULBRIGHT. It is.

Mr. GORE. Does not the Senator believe that our Treasury is slightly depleted?

Mr. FULBRIGHT. It is badly in need of revenue at the moment.

Mr. GORE. I should like to ask the Senate to interpret the premium price principle with respect to the balance of payments. We have a great program in effect to increase exports. Is it not true that the premium price program exports dollars?

Mr. FULBRIGHT. It does; at artificially high prices for commodities which we could buy for almost half of what we pay.

Mr. GORE. How does the Senator square this principle with the principle of the reciprocal trade program?

Mr. FULBRIGHT. I do not. I have said before, and I say today, that this principle is directly contrary to the spirit of the Trade Act which was recently passed by the House, and to the spirit of the reciprocal trade program, because we are seeking to make the United States self-sufficient in a commodity which we are not naturally equipped to produce economically. The principle of free trade is that each country produces in accordance with its natural advantages, so that the most efficient producer in each land will produce; and then other countries will trade with them.

I think the Sugar Act arrangement injures all other agriculture of an export nature. In the long run, I should say that this bill, in a very subtle way, would be inimical to the fortunes of the cotton producer, the rice producer, the wheat producer, or the tobacco producer in exporting his commodity, because we are, in a sense, tightening the free application of international trade in agriculture. One of the most serious problems today is agriculture—that is, the problems of agriculture going into the Common Market. That is really what has been holding up the entry of the British into the Common Market. In my opinion, a bill of this kind would contribute to that difficulty.

Mr. GORE. A question has been raised about the advisability of encouraging more production at home, and thus requiring the American taxpayer to pay heavier subsidies. I think there is some validity to that contention. But if the alternative is to pay a subsidy to some unknown producer in the Union of South Africa——

Mr. FULBRIGHT. That is outrageous; I agree with the Senator.

Let me cover the first part of the Senator's inquiry. The Senator raised a question about increasing domestic production.

If we are already in business—and I have always maintained that since Louisiana, for example, has been in the sugarcane business for a hundred years, sugarcane growers are entitled to consideration just as the corn or cotton or tobacco grower, or any other grower of agricultural products——

Mr. GORE. I fully share the Senator's sentiment.

Mr. FULBRIGHT. We have made the best effort possible. We are not satisfied with the programs in other fields; but on balance, cotton, rice, and tobacco are in good condition. They are not out of balance. I think the last administration, for political reasons, not economic reasons, got corn production out of line. The acreage for the others has been held down.

In the case of sugar we would not only assist those already in the business, but we would actually pay others handsomely to go into the business. If we were successful, I suppose it would not be possible to produce enough sugarbeets in the United States, even though it is said to be important in connection with our self-defense. After all, we are much better able to grow corn, cotton, rice, and so forth. But the 45,000 farmers in this country who grow sugarcane and beets make more money. The other day someone showed me figures that shows this bill amounts to a payment of about $10,000 for each of them. I think there is nothing comparable to that. So this is very special treatment for a very select, small group; and I do not see the justification for it. I think it is contrary to the overall interests of agriculture, and those who have been engaged in agriculture for years.

Mr. GORE. But regardless of whether that is justified or is not justified, I fail to see any merit whatever, any merit of any sort, in selecting—by some process I do not understand—certain producers in the Union of South Africa, and stating that the U.S. Government, despite the condition of its Treasury and despite its balance-of-payments difficulty, will give them a subsidy of $50 a ton.

Mr. FULBRIGHT. There is no explanation for it that I can understand, nor have I heard any this afternoon.

Mr. GORE. And what about Ireland?

Mr. FULBRIGHT. I have heard all the debate today, and I do not think anyone has attempted to justify the treatment proposed to be given to South Africa, except to say, "Well, we had to do it; we could not have everything our own way."

Mr. President, I hold in my hand perhaps the best explanations of how these subsidies are arrived at. I call these to the attention of the Senator from Tennessee, and ask unanimous consent to have printed at this point in the RECORD an analysis of the lobbying arrangements made in connection with this bill. I believe they cover all but one of the countries which have been given quotas. These are records taken from both the official registration statements in the Department of Justice and from certain material furnished to the Senate Finance Committee at the request of the Senator from Illinois, when he was acting chairman. I think these are accurate figures; we believe them to be.

There being no objection, the tabulations were ordered to be printed in the RECORD, as follows:

AUSTRALIA

Robert C. Barnard.

Client: Colonial Sugar Refining Co., Ltd.

Contract: An oral arrangement under which payments received are based on the amounts of work involved together with reimbursements for out-of-pocket disbursements. The agreement is terminable at any time by either party on giving notice.

Fee: As reported by Mr. Barnard to Senate Finance Committee June 23, 1962:

Period covered	Fees	Disbursements incurred	Disbursements reimbursed
Jan. 1 through June 30, 1961	$10,500	$806.96	$286.78
July 1 through Dec. 31, 1961	8,250	1,618.17	1,876.08

To be included in June 30, 1962, foreign agents registration statement

	Fees	Disbursements
Jan. 1 through Mar. 31, 1962	$4,400	$466.83

BRAZIL

Albert S. Nemir (A. S. Nemir Associates).

Client: Brazilian Sugar and Alcohol Institute.

Contract: An agreement entered into March 9, 1962, covers a period to December 31, 1962. In a letter to the Senate Finance Committee dated June 26, 1962, Mr. Albert Nemir stated that "we have not yet finalized our agreement in detail since this contract is not designed to be for representation to the Congress, but is designed for the purpose of developing a budget to maintain a permanent office in the United States to cover a broad category of services, including technical research, legal counsel, marketing research, sales service, as well as research necessary in Brazil including domestic and foreign travel expenses."

Fee: The agreement provides for a minimum fee of $25,000 a year.

"The agreement provides further for a set-aside amounting to approximately 20 percent of normal sugar brokerage with a ceiling on the associates' earnings per year under certain conditions and with a possible acceleration beyond this ceiling under other conditions. The agreement further provides that the minimum fee paid to the associates by the institute may be charged against the total fee paid by the institute. All expenses are for the account of the associates and the budgeting of expenditures under the agreement is left to the discretion of the associates, it being understood that the budget must be based on the availability of revenue from the operation of the agreement."

This comes to about 25 cents a ton.

BRITISH HONDURAS

L. Blaine Liljenquist.

Client: Representing Government of British Honduras on matters pertaining to the securing of a sugar quota under the U.S. Sugar Act.

Contract: Letter of authorization.

Fee: None, but has an interest in the sugar mill that would be constructed if a 30,000-ton U.S. quota is granted.

BRITISH WEST INDIES

Arthur Quinn.

Client: British West Indies Sugar Association (Inc.).

Contract: Contract on file was entered into on December 1, 1960, to run until November 30, 1961. On November 14, 1961, the contract was extended for 1 additional year.

Fee: $20,000 per annum with a payment of $5,000 per annum for expenses.

Notes: Mr. Quinn also represents the Sugar Industry of Ecuador. The agreement filed in 1961 provides for payments of $800 a month plus $200 a month in expenses.

REPUBLIC OF CHINA

Robert L. Farrington.

Client: Chinese Government Procurement and Services Mission.

Contract: Represent the Republic of China regarding sugar legislation. Contract entered into February 5, 1962.

Fee: Client agrees to pay attorney for the above services a retainer fee of $2,500 upon the acceptance of this contract, plus $500 per month, payable monthly, for each month until the end of the present session of the Congress, or until the sugar legislation above referred to has been enacted into law, whichever event occurs first. Client also agrees to reimburse attorney for necessary expenses.

Fees and payments reported by Mr. Farrington are $2,500 for the initial retainer fee; monthly payments of $500 per month for the months of February through June, inclusive; and $291.36 for expenses, a total of $5,291.36.

COLOMBIA

Ernest Schein.

Client: Distribuidora de Azucares, S.A., Azucareros Independientes, Ltda., Compania Azucarera del Valle, S.A., of Colombia.

Contract: Contract to run until end of the 1st session of 88th Congress which is estimated as the summer of 1963.

Fee: "(a) A retainer of $15,000 payable before I am required to make a statement in your behalf before the Committee on Agriculture of the House of Representatives of the United States conducting hearings on proposed amendments to the Sugar Act.

"(b) On any allotment of U.S. sugar imports from foreign areas in favor of the Republic of Colombia in excess of 10,000 tons per year up to 30,000 tons, an amount equal to $0.50 per ton of such excess.

"(c) On any allotment of U.S. sugar imports from foreign areas in favor of the Republic of Colombia in excess of 30,000 tons per year, an amount equal to $0.25 per ton of such excess.

"(d) It is understood and agreed that compensation under items (b) and (c) will be payable to me only if during the period of my employment a regular sugar quota for the Republic of Colombia is included in the amendments to the Sugar Act of the United States "It is further understood that you will reimburse me for reasonable incidental expenses."

COSTA RICA

Dina Dellale.

Client: Camara de Azucareros de Costa Rica.

Contract: Agreement is oral and runs to the end of 1963. Contract is to represent the client in all their business in the United States, including the sugar bill.

Fee: $9,000 per year including expenses.

Notes: The registrant reported to the Justice Department a minimum fee of $5,000 per year plus additional amounts if services should warrant.

DOMINICAN REPUBLIC

Philip F. Maguire.

Client: Comision de Defensa del Azucar y Fomento de la Cana

Contract: Agreement is to run from May, 1962, until February, 1963.

Fee: $18,000 for the above period to be paid in three equal installments of $6,000 on June 1, September 1, and December 1, 1962. Expenses to be reimbursed.

DOMINICAN REPUBLIC

G. Douglass Debevoise.

Client: In a letter to the Senate Finance Committee dated June 25, 1962, Mr. Debevoise stated that he testified before the committee as president of the South Puerto Rico Sugar Co. and did so at the request of their board of directors. He further stated the company retains the Washington law firm of Messrs. Surrey, Karasik, Gould & Greene for services covering Puerto Rico, the Dominican Republic and Europe. At $20,000 a year.

DOMINICAN REPUBLIC

Walter Sterling Surrey (Surrey, Karasik, Gould & Greene).

Client: South Puerto Rico Sugar Co.

Contract: Retainer agreement was entered into September 1956.

Fee: According to Mr. Surrey's letter dated June 25, 1962, to the Senate Finance Committee:

"Subsequent to September 12, 1956, the agreement with South Puerto Rico Sugar Corp. was modified without a written amendment to increase the retainer to $20,000 per year and to include services to be rendered both in Puerto Rico and in Europe through this firm's office in Paris."

ECUADOR

I. Irving Davidson.

Client: Ecuadorian Sugar Producers.

Contract and fee: In a letter dated June 25, 1962, to the Senate Finance Committee, Mr. Davidson stated as follows:

"I have recommended to the Ecuadorian Sugar Producers that they grant me permission to give you a copy of our agreement.

"My quarterly report filed pursuant to the Federal regulation of the Lobbying Act is correct. The only moneys I have received to date from my principals, the Ecuadorian Sugar Producers, is the $500 which appears on this statement."

According to reports, Davidson's fee calls for a contingent payment of at least 50 cents a ton.

FIJI ISLANDS

Charles H. Brown.

Client: South Pacific Sugar Mills, Ltd., and the Colonial Sugar Refining Co., Ltd.

Contract: The firm was retained on January 30, 1961, for a period of 3 months commencing January 31, 1961, to explore U.S. marketing possibilities for the Fiji sugar industry. According to a letter dated June 25, 1962, sent to the Senate Finance Committee, one-third of the firm's work for the client has been devoted to contacting Members of Congress relative to the status of sugar legislation.

Fee: $2,000 a month, plus normal out-of-pocket disbursements. Mr. Brown states that no contingency fee is charged.

GUADELOUPE AND MARTINIQUE

Walter Sterling Surrey (Surrey, Karasik, Gould & Greene).

Client: Amerop Commodities Corp.

Contract: 2. Surrey, Karasik, Gould & Efron will also represent Amerop Commodities Corp. for the purpose of security authorization for the purchase of cane sugar for the U.S. market at the U.S. market price from private sugar producers located in Martinique, Guadeloupe, and Reunion. In this connection, it is recognized that the ultimate objective is to secure for these areas a permanent quota under the Sugar Act of 1948, as amended.

Fee: 4. Surrey, Karasik, Gould & Efron shall be compensated at the following rate: $10,000 upon this agreement coming into effect and thereafter at an annual retainer, beginning January 1, 1961, of $35,000 of which $15,000 is allocable to representation related to paragraph 2 above, it being recognized that it is the intent of both parties to continue this agreement in subsequent years.

5. Surrey, Krasik, Gould & Efron will be reimbursed for actual out-of-pocket expenses incurred by it in connection with the representation of your company.

Agreement amended November 17, 1961, as follows:

"In accordance with discussions we have held between us and in view of the fact it is expected there will be hearings on sugar legislation during 1962, it is agreed between us that the retainer agreement now effective, and as set forth in paragraph 4 of the letter of September 27, 1960, shall be amended by providing for the annual retainer to be paid Surrey, Karasik, Gould & Greene by Amerop Commodities Corp. to be at the rate of $40,000 for the calendar year of 1962."

GUATEMALA

Sheldon Z. Kaplan.

Client: Guatemalan Sugar Producers Association.

Contract: Agreement dated March 5, 1960, to extend over a period of 18 months.

Fee: $5,000 a year. The client, in a letter dated March 5, 1960, suggests that "should the proposed operation of this association become successful, we are prepared to better the fee hereby offered."

Notes: In a letter to the Senate Finance Committee dated June 25, 1962, Kaplan reported receipt of $5,000 for calendar year 1960, $5,000 for calendar year 1961 and $12,000 for 1962.

HAITI

James H. Rowe, Jr. (Corcoran, Youngman & Rowe).

Client: Haytian American Sugar Co.

Contract: An oral agreement. Firm retained for a period of 2 years beginning February 15, 1962.

Fee: Monthly retainer of $1,250. Out-of-pocket expenses reimbursed. Expenses February to June 1962, reported as approximately $300. Mr. Rowe reports that no contingent fee is charged.

INDIA

James W. Riddell (Dawson, Griffin, Pickens & Riddell).

Client: India Sugar Mills Association.

Contract: Agreement dated May 21, 1962, to advance the interests of India Sugar Mills Association before the executive departments and the Congress in obtaining a sugar quota allocation for India under the provisions of the Sugar Act of 1948 as amended, and specifically under the Sugar Act Amendments of 1962.

Fee: "It is understood between us that our compensation shall be as follows:

"1. If the Sugar Act Amendments of 1962 extend the Sugar Act of 1948, as amended, for a period of 3 years or longer, then $33,000 per year, but not to exceed $99,000 together with expenses not to exceed $5,000 per year, and not to exceed a total of $15,000.

"2. If the Sugar Act Amendments of 1962 extend the Sugar Act of 1948, as amended, for a period of 2 years, then $33,000 per year, together with expenses not to exceed $5,000 per year.

"3. If the Sugar Act Amendments of 1962 extend the Sugar Act of 1948, as amended, for a period of 1 year then $50,000 per year, together with expenses not to exceed $5,000 per year.

"It is also understood between us that in the event the Sugar Act Amendments of 1962 are enacted by the Congress without any consideration being given to the position of India by the terms of the legislation, this understanding of employment between us shall be terminable at the election of the Indian Sugar Mills Association (Export Agency Division), and that we shall be entitled in that event only to that compensation referred to in the above-numbered subparagraph (3), that is to say, $50,000 together with any expenses not to exceed $5,000 incurred on behalf of the association."

Notes: In his letter to the Senate Finance Committee dated June 25, 1962, Mr. Riddell states that the fee of his firm is not contingent on the quota allocated.

IRELAND

George Bronz.

Client: Irish Export Board.

Contract: According to Mr. Bronz no explicit agreement, written or oral was made with respect to services rendered (exhibit B—foreign agents registration statement).

Fee: Bronz states that he expects to bill the Export Board at his usual hourly rate of $35 an hour for the time spent. "No contingency of any kind is involved."

MAURITIUS

Ralph W. Gardner (Gardner, Morrison & Rogers).

Client: Mauritius Sugar Syndicate.

Contract: Contract to run from June 29, 1961, to December 31, 1962.

Fee: The sugar syndicate agreed to pay during the period £8,000 sterling plus expenses not greater than £100 sterling. (The dollar equivalent of £8,000 sterling is $22,243.78). The agreement further stipulated that if, prior to January 1, 1962, the situation with respect to Cuba has so changed that it appeared there was no longer any need for the services, the syndicate could so advise prior to January 1, 1962, and under those circumstances the syndicate would not be liable to pay the second £4,000 installment of the fee.

Notes: Mr. Gardner reported to the Senate Finance Committee in a letter dated June 25, 1962, receipts of $11,121.89 on July 26, 1961, and $11,220.95 on January 12, 1962. He also stated that no additional fees were due the firm regardless of whether Mauritius obtains a sugar quota. Expenses were listed at $184.38.

MEXICO

Oscar L. Chapman.

Client: Union Nacional de Productores de Azucar, S.A. de C. V.

Contract: Term of the agreement is for 4 years beginning January 1, 1961.

Fee: An annual fee of $50,000 U.S. currency in quarterly payments of $12,500 on the first day of the months of January, April, July, and October of each year, and in addition to the above for one time only 25 cents per tons of increase in Mexico's basic or permanent quota of sugar exports to the American market, which amounted to 115,809 tons in 1960.

NICARAGUA

I. Irving Davidson.

Client: Government of Nicaragua.

Contract and fee: In a letter dated June 26, 1962, to the Senate Finance Committee Mr. Davidson stated he had no specific agreement with the Government of Nicaragua concerning any compensation for his lobbying activities for the sugar quota. "If needed, the sum of $500 will be allotted for those expenses from my overall public relations fee."

Notes: In reports filed with the Department of Justice, Mr. Davidson has reported receiving $1,000 a month from the Government of Nicaragua although no written contract is on file.

NICARAGUA

Ganson Purcell (Purcell & Nelson).

Client: Nicaragua Sugar Estates, Ltd.

Contract: The firm states that its representation is terminable at any time and is not contingent upon the oucome of legislation pending before the Congress. A quarterly retainer fee is charged.

Fee: Fees and reimbursement of expenses received for representation of Nicaragua Sugar Estates, Ltd., February 2, 1960, through June 20, 1962, were reported to the Senate Finance Committee by Purcell & Nelson as follows:

Fees and reimbursement of expenses received for representation of Nicaragua Sugar Estates, Ltd., February 2, 1960, through June 30, 1962

Feb. 2 through Sept. 30, 1960:	
Initial retainer	$2,500.00
Additional fees	2,500.00
Expenses	190.28
Subtotal	5,190.28
Oct. 1, 1960, to June 30, 1962:	
7 quarterly retainer payments of 1,250 each	[1] $8,750.00
Additional fee for January through March 1962	750.00
Expenses	364.91
Subtotal	9,864.91
Total	15,055.19

[1] During May and June 1962, extensive work has been done in connection with the preparation of evidence for presentation before the House Committee on Agriculture and the Senate Finance Committee. Charges for services rendered during the current quarter are, therefore, expected to exceed substantially the $1,250 retainer. Expenses for the period have not been determined but will not differ in nature from those previously incurred.

PANAMA

Wesley E. McDonald, Sr.

Client: Asociacion Nacional De Productores De Asucar.

Contract: To represent the association at any hearings held before the Senate committee on the matter of increasing the quota of sugar for Panama.

Fee: An inclusive fee of $1,500 plus expenses.

PERU

John C. Duncan.

Client: In a letter dated June 25, 1962, to the Senate Finance Committee Mr. Duncan stated that he testified before the committee as an official of W. R. Grace & Co. which owns sugar properties in Peru. "This was done at the request of other Peruvian sugar producers. I have no agreement with and will receive no payment from the Peruvian producers."

Note: Mr. Duncan is not registered with the Department of Justice as a foreign agent.

PHILIPPINES

John A. O'Donnell.

Client: Philippine Sugar Association.

Contract: Present contract period from January 1, 1961, to December 31, 1962, to serve as general counsel in Washington of the Philippine Sugar Association.

Fee: $2,500 a month including expenses.

EL SALVADOR

Rocco C. Siciliano.

Client: Sugar Producers Association of El Salvador.

Contract: Basic retainer fee for calendar year 1962 for legal services and representation of the association before Congress and executive agencies.

Fee: Financial terms set forth by Mr. Siciliano are as follows:

"1. $10,000 basic retainer for calendar year 1962.

"2. Should further services be desired during calendar year 1963 a basic retainer of $15,000 payable in equal installments at the beginning of each quarter.

"3. Reimbursement of necessary expenses including travel will be paid upon proper itemization."

This contract was signed June 21, 1962, 9 days before the bill ran out.

REPUBLIC OF SOUTH AFRICA

John R. Mahoney (Casey, Lane & Mittendorf).

Client: South African Sugar Association.

Contract: Verbal agreement reached in May 1961.

Fee: Casey, Lane paid in accordance with the time charges expended by partners and associates of the firm at rates ranging from $12.50 to $50 an hour depending upon which partner or associate worked on the matter. Expenses to be reimbursed.

Note: Mr. Mahoney in a letter dated June 25, 1962, to the Senate Finance Committee states that the firm of Casey, Lane & Mittendorf has neither asked for nor received a retainer fee and that no contingency fee of any type is involved. Time charges for February and March 1962 were listed as approximately $4,900 and expenses $49.45.

Mr. FULBRIGHT. Mr. President, when the Senator from Tennessee asks what is the explanation, I say the nearest explanation I have found is contained in those records with regard to lobbying. They constitute the only explanation which appears to have any relevance to some of the quotas, so far as I have been able to ascertain.

Mr. GORE. Did the Senator from Arkansas say Argentina did or did not employ lobbyists?

Mr. FULBRIGHT. Argentina did not have a lobbyist and was left out. Mauritius, which did have a lobbyist, was left out.

I hold in my hand a telegram which I ask unanimous consent to have printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., *June 30, 1962.*

SENATOR J. W. FULBRIGHT,
Senate Office Building,
Washington, D.C.:

Reference sugar bill. I call your urgent attention discriminatory exclusion of Argentine quota of 20,000 tons in approved version of House subject to prompt Senate consideration. Argentina only Latin American sugar exporting country excluded while others in similar condition from Europe, Africa, and Asia have been granted old and new quotas including highly developed countries. No other quota country faces such large trade deficit vis-a-vis United States as Argentina. This means serious setback in Alliance for Progress efforts. I request friendly gesture toward Argentina by Senate including Argentina quota 20,000 tons. Regards,

ROBERTO ALEMANN,
Argentine Ambassador.

Mr. FULBRIGHT. Mr. President, the telegram is from the Argentina Ambassador, who, of course, is the legitimate representative of Argentina in this country; he is not a hired lobbyist, as are the ones to whom I referred a moment ago—U.S. citizens who have been employed by foreign governments to plead their cause before Congress.

In the telegram the Argentine Ambassador states:

> Reference sugar bill, I call your urgent attention [to] discriminatory exclusion of Argentine quota of 20,000 tons in approved version of House, subject to prompt Senate consideration. Argentina [is] only Latin American sugar exporting country excluded, while others in similar condition from Europe, Africa, and Asia have been granted old and new quotas, including highly developed countries. No other quota country faces such large trade deficit vis-a-vis United States as Argentina.

And I think that is true. Argentina buys from us, but has a deficit in her trade.

I read further from the telegram:

> This means serious setback in Alliance for Progress efforts. I request friendly gesture

toward Argentina by Senate's including Argentine quota [of] 20,000 tons.

Mr. President, one interesting thing about Argentina is that it is not necessary to build up a sugar industry there, as is necessary in the case of some of the other countries referred to, for Argentina has been exporting 150,000 tons a year, for the world market. Argentina trades with us, but has a deficit in her balance of payments. She did not employ a lobbyist with regard to the Sugar Act. I do not want these remarks to be interpreted by any other countries as urging them to employ lobbyists, because I do not think it is a good practice. In one case, just a week before this bill was to be taken up, a Washington lawyer made a deal with a foreign producing association involving a very substantial sum of money to be paid for lobbying before the Congress. I do not think that is good practice. That does not take place in connection with other agricultural bills, so far as I know. We hear from representatives of the American Farm Bureau or the Farmers Union, who are well known, and are on the payrolls of those institutions. But they are not paid exorbitant sums of $10,000 a month or $50,000 a year, or contingent fees of $100,000, to help in connection with the passage of a single bill. I have not heard of anything like that in connection with any other agricultural bill.

Representatives of various agricultural organizations come to see me as they see all other Members of Congress; usually they are representatives of the farm cooperatives and similar organizations. I do not think there is anything wrong with that, for they are very helpful, inasmuch as most of them are well informed. But they do not engage in the kind of frenetic activities which have been indulged in in connection with this sugar bill.

Incidentally, staff members who went to the Department of Justice to inspect the records in connection with foreign agent registrations discovered that the registration law is almost being ignored, insofar as many of its requirements are concerned. Lobbyists do not file the details of their agreements. The law requires periodic filing, with details as to what they are paid and what the money is spent for. But in some cases they file only generalized statements, without any itemization regarding what was done with the money or without other details the law requires. In other words, the law is flouted by many of them—although occasionally one will file properly. But the theory of that act, which was passed in 1938, was that by revealing what those employed by foreign countries do—the act does not provide any penalty for being employed by another country; it is prefectly legitimate to be employed as a lobbyist, but those thus employed are required to reveal the facts—the act will operate as a sufficient restraint, so as to prevent abuse. But, now we find that many of them do not abide by that law.

Furthermore, I think the information we did receive indicates exorbitant payments by some countries, including countries which, ironically enough, cannot afford to make such payments unless we make these large subsidies available to them. For example, consider Panama, which is friendly to us. We have many ways of helping her—for instance, in connection with our Panama Canal Treaty. That is perfectly legitimate, and we have revised it once; but times change, and further revisions may be justified. Panama has a sugar allocation of 4,000 tons under the present act, but the conference report would increase it to 15,000 tons. However, the State-Agriculture report shows that the current production of sugar in Panama available for export is only 5,000 tons.

So here we have a case in which the country is not producing the quota authorized by the conference report.

The argument is made that at the end of 2 years we can stop it or we can take another look at it. Look at the situation when a country is producing only 5,000 tons, and we induce her to increase production to 15,000 tons in order to get a large subsidy. At the end of 2 years, do Senators think we are going to say, "No longer"? The foreign country has a large investment in cultivation and preparation of soil, which is not an easy thing. The theory is that it can be cut back, but I do not think it will be done. All that will be done will be to inspire uneconomic sugar production in Panama. We shall really be doing that country an injury in the long run. We shall be doing a shortrun injury to Panama if we remove the subsidy, or a longrun injury to the American taxpayer if we do not. It is a bad thing, in my opinion.

In 1961 the United States authorized the purchase of 10,000 tons from Panama but that country was able to supply only 7,700 tons, and all of that was refined sugar, which I assume under this bill could no longer come into this country. We are holding out a carrot to her to increase her production over a 2-year period, at the end of which time inevitably there will be a demand to continue, and it will be a just demand.

For Guatemala the conferees provided a 20,000-ton quota. In the past 3 years production in Guatemala has increased 100 percent. In 1961, the United States authorized Guatemala to sell us 17,000 tons, of which she was able to supply only about one-half.

Early this year she sought aid from the Export-Import Bank for a sugar mill which was justified on the basis of sugar sales at premium prices to the United States. This loan was very properly refused. But here again this bill is inducing them to produce for the American market.

El Salvador has been given a quota of 10,000 tons. According to the State-Agriculture projection, she can produce 13,000 tons. In 1961 the United States authorized 12,000 tons, but El Salvador could not supply the last 600 tons.

Again, El Salvador is one of the small, poor countries paying an exorbitant fee to a lobbyist to obtain a quota, which will create a new high-cost industry tied to the U.S. market. It is no argument to suggest that the Dominican Republic is getting a quota and so should others. People say, "Why the Dominican Republic?" At least she has a tradition of production and supply, just as Louisiana does.

The conferees provided Ecuador with a quota of 25,000 tons. The State-Agriculture projection shows that she will be able to produce a much lesser amount. Her production has increased substantially in anticipation of this quota.

Similarly with Paraguay, a country which has received a quota of 10,000 tons in the conference report. The Agriculture-State projection shows an ability to produce 9,000 tons, 1,000 tons less than the quota in this bill. It would have the same effect on Paraguay, getting her to increase an industry beyond what it is now capable of producing.

All of this is very bad policy and I believe will inevitably lead to disappointment on their part or to disaster on our part.

If times do not change pretty substantially, we probably shall be forced to do something sooner or later, most likely under difficult conditions.

If we do not have the foresight to see what is going to happen and take measures now, we are asking for disaster.

I have further remarks, but they have been covered so well by the Senator from Illinois that I know they would be repetitious, and I see no reason to further belabor the RECORD.

While I am on my feet, Mr. President, I ask for the yeas and nays on the conference report.

The yeas and nays were ordered.

Mr. FULBRIGHT. I hope the Senate will review the record.

One last word. Much has been said about what will happen if this matter goes over for a few days. I invite attention to pages 78 and 79 of the Senate Finance Committee hearings. This question was raised with Mr. Murphy and Mr. Myers, who is the head of the Sugar Division of the Agriculture Department. It is very clear from them that no disaster would occur, if this matter were to go over for a few days for further consideration. It is very clear from this statement that if the Senate were to reject the report, and it went back to the House, in the light of these new discussions, the House might find it possible to go along with the Senate's version of the bill, which certainly was infinitely better than the conference report. I think it is worth the effort.

Mr. WILLIAMS of Delaware. Mr. President, I join the Senator from Arkansas in expressing disappointment over the conference report. As one of the conferees, I did not sign it because it went too far in accepting the allocation of basic quotas to many foreign countries.

Under the House-approved bill, permanent allocations of basic quotas were made to 25 countries. The conference report provides for basic quotas to 24 countries, with 2 countries deleted and another added. Argentina has been eliminated, but apparently there is a movement afoot to give Argentina its quota under a later bill. The other country deleted was Mauritius, but, on the other hand, the conferees added to the bill the Republic of Ireland.

So far as the allocation of basic quotas are concerned, the only difference between the bill as approved by the conference report, and the bill sent over by the House, the so-called Cooley bill, is that the Republic of Ireland has been substituted for Mauritius. Apparently, there are more Irish votes in Boston than there are Mauritians.

Anyway, Ireland gets an allocation of about 10,000 tons as basic quota at the premium payment rate.

As the Senator from Arkansas pointed out, there is no deadline on the enactment of this bill. We have been told by representatives of the State and Agriculture Departments that if this bill is defeated we can in the next week or two enact the necessary legislation to protect the domestic industry. There would be no harm so far as the domestic industry or consumers are concerned. I am in harmony with the statement that the domestic industry should be protected. I would support the introduction and enactment of the necessary legislation to protect the American sugar producer, but I do not think it is necessary to give subsidies to producers of 24 or 25 countries scattered throughout the world in the name of protecting the American producers.

The argument has been made that the Senate won a great victory in the conference. I do not see such a great victory—quite the contrary. The House got practically all that for which it asked. Under the Senate version of the bill the Republic of Peru would have had a basic quota of 121,507 tons. Under the House version of the bill, it would have had 200,000 tons. But under the conference report it has 190,000 tons, a cut of only 10,000 tons. The Dominican Republic had 111,157 tons under existing law. The House proposed to give it 200,000 tons. The conference report gives it 190,000 tons, or a cut of only 5 percent.

The Senate bill and the administration's proposal provided that each country should keep its basic quota as provided under existing law, but the Senate bill provided that the premium payments on these basic quotas would be reduced 20 percent annually over the next 5 years.

Mexico had 95,409 tons of basic quota under the existing law. The bill as passed by the Senate carried over existing law. The bill as passed by the House proposed to give to Mexico 200,000 tons. The conference report gives a quota of 190,000 tons to Mexico.

Brazil had no basic quota under the existing law, nor was there any quota provided under the bill as passed by the Senate. The bill as passed by the House would provide for Brazil 190,000 tons, and the conference report would give Brazil 180,000 tons as basic quota.

The administration, speaking on behalf of the President, made what I thought was an excellent argument against the permanent allocation of basic quotas to foreign countries on the basis that once these basic quotas are allocated they cannot be taken away without creating misunderstandings. I completely agree with that position of the administration. I regret to say that apparently the administration has run out on that position over the weekend.

The British West Indies, under the existing law and under the Senate bill, had a quota of 84 tons. Under the bill as passed by the House, the British West Indies would have been given 100,000 tons. The conference report would authorize 90,000 tons. That would be an increase from 84 tons basic quota under the law to 90,000 tons under the conference report.

Again, as the President said, once the basic quota is allocated with the provision that the country may keep it for 2½ years it will create almost an international incident to attempt to take it away.

Australia had no basic quota under existing law, nor was any quota provided under the bill as passed by the Senate. Under the bill as passed by the House, Australia would have been given 50,000 tons. The conference report gives 40,000 tons.

The French West Indies had no basic quota, either under existing law or the bill as passed by the Senate. The House bill would have provided 40,000 tons. The conferees have recommended 30,000 tons.

Costa Rica had a quota of 3,968 tons under existing law as well as under the bill passed by the Senate. The bill as passed by the House would have provided Costa Rica with 30,000 tons. The conference report recommends 25,000 tons.

Nicaragua had a basic quota under existing law of 17,471 tons. The bill as passed by the House would have provided 30,000 tons. That figure has been cut back to 25,000 tons.

The Republic of China had a basic quota of 3,980 tons under existing law; the same would have been provided under the bill as passed by the Senate. The House recommended a quota of 45,000 tons, and the conference report would make that 35,000 tons.

Ecuador had no basic quota under existing law. The recommendation for Ecuador in the bill passed by the House was 30,000 tons. The conference report provides for 25,000 tons.

Columbia had no basic quota under existing law nor under the Senate bill. The House proposed a quota of 35,000 tons, and the conferees would authorize a quota of 30,000 tons.

Haiti had a quota of 8,268 tons. The House proposed an allocation of 25,000 tons, and the conferees have recommended 20,000 tons.

Guatemala had no basic quota either under existing law or under the bill as passed by the Senate. The House recommended 20,000 tons, and the conference report recommends the full 20,000 tons.

Argentina had no basic quota under existing law or the Senate bill. The recommendation in the bill as passed by the House for Argentina was a quota of 20,000 tons. The conference committee recommends no basic quota, although I would judge after listening to some of the arguments which have been made here this afternoon that Argentina may come out in the end better than some of the other countries the way its prospects are snowballing. I understand there is a proposal to hook the sugar quota for Argentina to a bill dealing with honey bees. If we ever attach sugar to honey it will be hard to tell how sweet the solution will be—that is, to all except the taxpayers.

India had no basic quota either under existing law or the Senate bill. The House recommended a quota of 30,000 tons in its bill, and the conferees recommend 20,000 tons.

South Africa had no basic quota under present law or the Senate bill. The bill as passed by the House would have allocated 20,000 tons to South Africa. The conference committee approved the full 20,000 tons.

Panama had a basic quota of 3,980 tons under existing law. The bill as passed by the Senate provided for the same quota. The House proposed a quota of 15,000 tons. The conferees have agreed to the 15,000 tons.

El Salvador, Paraguay, British Honduras, and the Fiji Islands all had no basic quotas under existing law, and the Senate bill gave them none. The bill as passed by the House would have provided 10,000 tons of basic quotas for each of those countries, and that allocation is recommended in the conference report.

The Netherlands had a basic quota of 4,149 tons under existing law, and that was the quota carried in the bill as passed by the Senate. The bill as passed by the House would have raised that quota to 10,000 tons, and the conferees have agreed to that amount.

Mauritius is the little island off the coast of South Africa. It had no basic quota under present law. The Senate bill gave it none. It would have been given a 10,000 ton quota under the bill as passed by the House, but the conferees have stricken out the quota for Mauritius and instead have provided 11,332 tons for Ireland.

I might say that in the bill one cannot find Ireland mentioned by name. It was suggested in the conference committee that it might be less embarrassing politically if Ireland were not mentioned by name. Nevertheless, everyone recognizes that the unmentionable country which is to get this special quota is Ireland. Ireland has no quota now, and I understand there is presently no sugar-producing industry in Ireland, but in its generosity the Senate will now approve one.

Why it is necessary to provide $60 million to $75 million as an extra subsidy for these foreign producers throughout the world I do not understand. It certainly does not have to be done in the name of protecting American industry, nor does its allocation on such an arbitrary basis improve our foreign relations.

The President suggested—and on this point I am in complete agreement with him—that we should continue quotas only as provided under present law.

It was recommended, and the Senate bill so provided, that the program be phased out over a period of 5 years by reducing the premium payments for all foreign quotas by 20 percent per year.

Thus at the end of 5 years the foreign subsidies would be totally eliminated, and we would be operating on a global quota basis, buying at world market prices.

Our domestic industry could be protected by a tariff or by a special import tax as is presently levied. Thereby, instead of the taxpayers paying a $160 million annual subsidy they could collect something in the Federal Treasury. If we bought the sugar on a world basis and if the world market price were below the domestic market price the difference would go into the Treasury rather than into the pockets of foreign producers.

The basic foreign quota as provided under existing law is around 370,000 tons, but there has been recommended an increase of about 825,000 extra tons under the conference report.

The conference report represents about 90 percent of the basic quotas for foreign producers as provided under the bill which was denounced as the so-called Cooley proposal. I was amazed to hear this afternoon that the administration is willing to accept this proposal, that the only objection the administration now has to it is that it does not go quite far enough. The administration now says it would like to have the authority to authorize these premium payment quotas on another 150,000 tons.

I point out that if this proposal is carried through for an additional 150,000 tons of quota to be allocated as the President sees fit then we will have established a basic quota for foreign countries in excess of what was provided in the original bill as passed by the House.

I am amazed that the administration is going to swallow this and reverse its position of last week. This represents a complete about-face, considering what they told us as late as 6 o'clock last Friday afternoon. Then we were told by representatives of the administration that rather than take what they considered to be "this obnoxious bill" they would prefer to have no bill at all. The administration representatives even told the conferees that they were reasonably sure a veto of the bill would be recommended unless the firm allocation of these additional quotas at the high subsidy rate to the foreign countries were eliminated from the bill.

The administration representatives insisted that the President be given discretion to allocate the so-called world quota of sugar. I am sure that procedure would have resulted in a great savings for the taxpayers.

Another point is that one cannot allocate these quotas with the premium payments on a worldwide basis without interfering with foreign relations. We have seen examples of that. Argentina is already complaining because she has been left out. Another country does not think its quota is fair.

I do not think that the U.S. Senate is the place to be shuffling around these allocations. I do not think the Members of the Senate should divide up some $60 million or $80 million of subsidy for foreign producers.

The President for the past several weeks has been denouncing this proposal. I am sorry that he has reversed his position and is now endorsing the proposal.

I conclude by pointing out that the major difference I see in the allocations of the basic quotas as provided in the House bill and in the conference report is that the Republic of Ireland is to be substituted for the island of Mauritius.

FISCAL RESPONSIBILITY REQUIRES LESS GOVERNMENT SPENDING

Mr. WILLIAMS of Delaware. Mr. President, the call of the U.S. Chamber of Commerce for a $5 billion to $8 billion tax reduction in the face of a multibillion-dollar Federal deficit is in direct contradiction to every principle of sound business economics for which this organization has always stood.

Obviously a tax reduction at this time can only be financed by further increasing the national debt since we are already operating the Government at an annual deficit rate of over $7 billion.

To cut taxes now in the face of this continuing deficit and before a corresponding reduction in expenditures has been achieved would be the height of fiscal irresponsibility, and such action would be an open admission that the Congress and the administration do not have the courage to place a price tag on the many new spending programs which are being dreamed up daily on the New Frontier.

I notice that the Governors of New York, Ohio, and California have joined President Kennedy and the chamber of commerce in the parade calling for an immediate tax reduction.

Significantly, last week at the Governors' conference we find that the Governors were still calling for more and more Federal aid from Washington.

These Governors, as well as the President and the U.S. Chamber of Commerce, know full well that a tax cut in the face of a continuous rise in Government spending would lead to a staggering deficit. A deliberately planned deficit of such proportions at this time would be the most inflationary action this administration could take, and while it may be politically popular at the time, the long-range inflationary results for America would be disastrous.

A tax reduction financed on borrowed money would inevitably result in a devalued dollar.

Inflation does not hurt the rich as it does the workingman and the middle class. The rich most often have their investments in oil wells, real estate, or in other fixed assets. They own x percent of America and a devalued dollar only raises the quoted value of their assets, and after the readjustment pains they still own the same x percent of America.

But the workingman and the retired people most often have their life savings invested in a home with the balance in savings accounts, life insurance policies, pension funds, Government bonds, social security, and so forth.

His home is his only inflationary hedge. His life savings are in the bank, life insurance, Government bonds, pensions, and so forth, and the purchasing value of all these would be reduced in direct proportion to the depreciation of the American dollar.

Instead of reducing Government expenditures the President's 1963 budget calls for a further increase in next year's expenditures of $3½ billion. This $3½ billion increase comes on top of increased expenditures of $8 billion and a deficit of near that amount during the fiscal year just ended.

There appears to be no desire at administration levels to cut these ever-increasing expenditures. On the contrary, last week Mr. David E. Bell, the Director of the Bureau of Budget, openly boasted that the Kennedy administration has deliberately planned the $7 billion deficit of the fiscal year just ending.

To now accept the political expediency of endorsing continued huge deficits in the face of a period of relatively high employment would be an open admission that the administration and the Congress has decided to pay our national debt with an ultimately devalued dollar.

A tax reduction, even though financed on borrowed money, may stimulate the economy in the immediate future, but unless such reduction was based on sound financing principles—that is, a corresponding cut in expenditures—the economy would be in worse shape when the artificial stimulant wore off.

A man cannot borrow himself rich, nor can a nation spend itself into prosperity on borrowed money. Man has tried it; nations have tried it; all have failed.

If the administration, the Governors, and the U.S. Chamber of Commerce really want to cut taxes let them first support us in our efforts to reduce the expenditures of Government. This can only be done if the States, industry, and the individual citizens will stop trying to unload on the Federal Government all of those responsibilities which should be accepted as their own.

If we can cut Government expenditures by $6 billion to $8 billion we could then pay some on our national debt and pass the rest of the savings on to the American people in the form of a bona fide tax reduction.

As one member of the Senate Finance Committee and as one who has consistently opposed these increased and ofttimes unnecessary expenditures, I refuse to have any part of such irresponsible action as to endorse a tax cut in the face of our present deficit. I shall continue to oppose any tax cut until such time as our Government expenditures have first been reduced to the point where such tax reduction would not be financed on borrowed money.

SEVENTEEN MILLION STOCKHOLDERS

Mr. JAVITS. Mr. President, I shall detain the Senate only a minute. In connection with the subject discussed by the Senator from Delaware [Mr. WILLIAMS], it is extremely significant that the New York Stock Exchange has just released its 1962 stockholders' census, which finds that 1 out of every 6 Americans is today a shareowner, as compared with 1 out of 8 in 1959 and 1 out of 16 in 1952. The specific figures show that 17,010,000 Americans now own stocks. When we add to that number the more than 80 million Americans who have life insurance policies and savings bank deposits and those who are interested in pension and welfare funds or have similar interests which depend upon investments, we begin to see why a serious debacle in the stock market, such as the one we have had, impairs the willingness and will of Americans to go forward, and why it is absolutely essential to give some incentive and indication by the Government that that confidence is justified which we ask of people in order to enable that economy to go forward.

I have advocated the kind of tax cut which would be an incentive tax cut and which could be compensated by other matters in a package such, for example, as getting the bogged-down present tax bill enacted into law by taking out of it what we know cannot be passed, such as the provision relating to the withholding tax on interest and dividends, and by doing something about oil depletion, which can bring in additional revenue to the Federal Government.

By reducing the taxes of those in the lowest and highest brackets and making some token reduction in the corporate income tax, we could give America the signal to go forward. I think we can understand the blow to confidence in what has occurred when we see that 17 million Americans are directly involved. Those are not manipulative bourbons in the old sense of stock exchange parlance. It represents the considered judgment of a great section of the American people. Indeed, there is new backbone. We have always talked about it in terms of the farm. Without in any way detracting from or depreciating the value and independence of our farmers, in the 17 million direct security holders is the new vertebra of our country, the new backbone of the American economic system. It is that particular voice which I think needs to be listened to now.

I ask unanimous consent to have printed at this point in the Record an editorial entitled "Seventeen Million Stockholders," published in the Daily News today.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Seventeen Million Stockholders

Every 3 years, the New York Stock Exchange takes a census of the number of Americans holding corporate stocks, directly or through trust funds and investment companies.

Results of the 1962 stockholder census have just been released, and we'd call them most interesting.

"Nearly 1 out of every 6 Americans," says Stock Exchange President Keith Funston, "is a shareowner today, compared with 1 out of 8 in 1959 and 1 out of 16 in 1952."

The specific figures: 17,010,000 Americans now own stocks, as compared with 12,490,000 in 1959—and with only 6,400,000 in 1952. Of the 17,010,000, 55.1 percent are women and 44.9 percent men.

Nor are these stockholders a bunch of plutocrats. Their average yearly income is only $8,600; and 55 percent of them are in the $5,000 to $10,000 bracket.

Their average age is 48, while the average age of persons buying stocks for the first time is 39.

New York State has the largest number of stockholders for any one State, with California second and Pennsylvania third.

Interestingly enough, since the market took its May 28 nosedive, numerous brokerage firms report large numbers of new customs coming around to buy stocks.

We'd call this news encouraging, and we hope the number of U.S. stockholders will go on increasing, despite the market's current horsing around.

Solid companies are still paying dividends, and seem certain to go on doing so. Shrewd—or shrewdly advised—investors can expect to pick up bargains at current prices, and to make fair profits if they hold onto them for a while.

The more stockholders we have, the more widespread should be the appreciation of the blessings of our profit-and-loss system, and the more cautious future Presidents should be about calling all businessmen s.o.b.'s.

That, we feel, would be a gain all around—and here's luck if you're a stockholder or planning to become one.

SENATOR KENNETH B. KEATING

Mr. JAVITS. Mr. President, it is always a great pleasure when a colleague, especially a colleague from my own State, is lauded by one of our great newspapers for a particular achievement in terms of world peace, the security of our own Nation, and the security of the free world. Senator Keating, my colleague from New York, is most favorably spoken of in an editorial published in today's issue of New York's Daily News. The editorial is entitled "Russia Fights With Oil." Oil is a very critical element in the cold war.

As Chairman of the Economic Committee of the NATO Parliamentarians, I can testify from knowledge over the years to the very important impact of this problem upon the likelihood of our success in the cold war. Senator Keating has taken a very important part in that effort. It is properly noted, and he is lauded for it by the New York Daily News. I think it would bring satisfaction to our colleagues to read it in the Record. I ask unanimous consent to have the editorial printed at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Russia Fights With Oil

At the request of Senator Kenneth B. Keating, Republican, of New York, a Library of Congress research expert named Halford L. Hoskins has just completed a study of Soviet Russia's use of petroleum in the cold war.

Russia has considerable oil, and it is using a good deal of it—and plans to use more—in efforts to shrink free world oil companies' business by selling the stuff at cut rates, building refineries for Russian oil in countries stupid enough to accept such Soviet "help," and employing various other crafty devices.

HOW FREE WORLD CAN FIGHT BACK

This oil offensive, says Senator Keating, "represents a grave threat to the free world."

To combat it, the Senator urges several steps on the part of the free nations. Among these are curbs on imports of Soviet oil, uniform oil policies for all the North Atlantic Treaty Organization nations, bans on free world sales to Russia of pipeline and oil-processing equipment, persistent publicizing of Soviet dirty pool in cutting oil prices, and in other ways trying to undermine the free world's oil trade.

It is to be hoped that the free nations, and particularly our own, will take Senator Keating's and Mr. Hoskins' warnings seriously, and act together on them as fast and resolutely as possible. Keating and Hoskins deserve the free world's gratitude, we believe, for having sounded this alarm so promptly and so vigorously.

SCHOOLS MUST STRESS MORE FUNDAMENTALS

Mr. ALLOTT. Mr. President, as our scientists and engineers make more and more advances, they are faced with a literally bewildering need for knowledge—knowledge in many fields. Some of them already are beyond calling this era the age of space and are terming it the age of complexity.

I was particularly struck by the approach taken in a recent speech at a high school dedication in California by Mr. John R. Moore. Mr. Moore is a former college professor, a distinguished scientist, and president of Autonetics, a division of North American Aviation. Under him are more than 32,000 persons, many of them scientists, engineers, and highly trained technicians.

Mr. Moore's conclusion that our schools must stress more fundamentals if they are to do the job needed for our Nation in the years ahead is one which I have been making for many years. His reasoning for this conclusion and some of the insights he gives into the problems of the age of complexity are well worth the time and attention of my distinguished colleagues.

Mr. President, I ask permission to have Mr. Moore's speech printed at this point in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Address by John R. Moore at the Dedication of New Pacific Palisades High School, June 6, 1962

This is the second dedication in 6 days in which I have had the honor to participate. Last Friday we dedicated at Autonetics our own new research center. It is delving in some mysteries of science which even we, who deal with such matters almost as commonplace, would call "way out."

For example, just a few weeks ago I was telling what I thought was a joke to emphasize microminiaturization. As you know, we have been able in recent years to compress into small tablets the properties and functions found in tubes and wires and rectifiers and amplifiers which would have filled a large speaker's stand. I would show such a tablet. Then I would dig around in a pocket, turn it inside out, like this, and finally announce that I did not tell our scientists to make it "that small." And yet, today in that new research center we are working on electronic circuits which would be so minute as to be invisible.

That is typical of the speed with which our world of science is moving today, in research facilities all over the world. And yet, there is a great similarity between such a research center and a school. Both are dedicated, hopefully and prayerfully, to a brighter, fuller future for all mankind.

That future is vastly complex. It will stretch far into space and far beneath the surface of the ocean. It will be built on machines and mechanisms which are infinitely complicated. It will use scientific knowledge of great depth and breadth. It will have automatic planners; automatic controls; automatic production. It will have controlled environments. It may even have smooth-flowing, safely controlled traffic on our freeways.

Despite the computer and automation—despite everything we can foresee, it will require not less, but more factors which can be brought to it only by the intelligent being. We tend, in our military and in our industry, away from a large number of simple devices to smaller number of more complicated devices and machines. The ratio of personnel in the factory to personnel in the technical departments of our defense industries, for example, has changed from 20 to 1 during World War II to 2 to 1. This ratio is declining even further in such projects as Mercury, Saturn and Apollo so that the time is not far off when more expenditure will be required for technical work in the aerospace-electronic industry than for the production of its complex products.

This means a continuing increase in the number of technical jobs without a corresponding increase in factory employment. It means that any devices combined into complex systems must be far more reliable than ever before.

We come here to one common problem of the school and the new industry: personal motivation. Where can the student dropout, without even the fundamentals gained through a high school education, turn for opportunity in the world ahead? And, within our programs, such as building the very complex system of constant readiness, control and guidance for the Minuteman missile, we have found the motivation of employees one of the greatest tasks.

A radio set may contain 50 parts. The guidance system for a missile may contain 25,000. This is an increase by a factor of 500. In order to achieve the same reliability for the whole system, the average reliability of each individual part must be increased by a factor of 500. The failure of just one part, at a critical moment, could imperil the defense of our Nation. This is true whether the failure stems from engineering, from inspection, or from a momentary lapse on the part of any individual in the manufacturing process.

This is a story which management in the electronics industry must keep in front of each of its workers. We do it by much the same methods as a school board and faculty. We bring it to the attention of our workers repeatedly, in a dozen different ways, including in-plant television and classroom training.

To motivate, we must communicate. And communications is another great problem of science and industry today. This involves not only the ability to express ideas, directives and other products of mental activity. It involves the ability to comprehend the expressions of others.

This means that specialists must have some knowledge of scientific, business and management considerations beyond their own field. It is a matter of both understanding and efficiency. With the explosive growth of scientific knowledge, we have, for example, a great problem of information retrieval. My own company is spending many man hours and days in an attempt to find new ways to store, classify and recover new knowledge—and if the librarian for this fine new school has made any breakthroughs in this field we will gladly hire her away from you.

We attempt to make optimum use of electronics to assemble and analyze great quantities of information in such a way as to exhibit the special cases which are the basis of sound management decision. If the basic information is cluttered with nonessentials, or if it does not contain the latest advances, even the best of computers cannot do a thorough job. If the management personnel who study the situation do not understand both the economic and the scientific language, or factors, then no amount of data selection will bring a sound decision. It is a hollow satisfaction to prove that something new and wonderful can be done unless means are found to ensure that it is done.

This is indeed the space age. But it might better be termed the age of complexity. And all of the needs of this age of complexity impose some very important requirements on education. The advance of industrial specialties will certainly continue. But the ultimate limitation to progress will be our ability to combine these specialties into useful systems, whether they be mechanical or social.

Education must develop people with increasingly broad backgrounds. It is far more important today than ever before that students be given a sound grounding in fundamentals. We must look anew at the trend in higher education particularly to concentrate primarily on the intensive training in specialties. So much specialization is concentrated in our corporate and government laboratories that it would be impossible for our schools to match them. And advances are so swift that the details of specialty learned in the schools often are obsolete before the student can bring them to practical use.

Modern management is looking more and more for the generalist not the specialist. The requirements are for a solid background of physics and mathematics, practical courses in economics and politics, a sense of history and a feeling for language, both English and foreign. With the increasingly international flavor of our lives and economy, we can no longer depend on those of other nations to communicate with us in English. It is quite evident that while many of them seem to speak English, they do not understand it to the extent required for accurate, efficient, international business and technical communication. Our schools must attempt not only to teach the mechanics of a foreign language but also to teach the meaning and the customs which lie behind the mechanics.

And while discussing communication, let me say that we get a gleam in our eye when we hire the young man who has been a high school or college debater. The chance is that he learned to analyze his arguments and those of his opponents, to present a maximum amount of information in a minimum time and to think on his feet. More important, he has learned a degree of objectivity, so important in decisionmaking.

In the age of complexity, it is essential that the courses and their teachers continually maintain touch with the overall objective of the student's education—with the real world in which this learning will be applied. For instance, in the field of science and mathematics, there are so many actual problems that it is not desirable to clutter up the minds of our students with those which are not likely to occur. It is essential that our education continually emphasize the practical—keep touch with reality. We haven't time not to do so.

Finally, education in the age of complexity must concentrate on improving the ability of people to think—accurately, intensively, rapidly, and objectively. This means courses in rapid reading. It means training in recognizing the point of diminishing returns, so that time is not wasted on items of no consequence. It means a recognition that the most valuable commodity, and the most valuable asset of our country today, is the consecutive time spent by its good people thinking about things on which they are experts. I emphasize the word "consecutive," because nothing is so inefficient even to the best of brains as to have too little time to think about a problem. But it also means that, if there is any single objective which merits the fullest support of our society and our Government, it is that objective of medicine or psychology or electronics aimed at improving the mental capacity of the individual. This is the absolute improvement. It is the improvement which regenerates itself and from which dramatic progress in all facets of life will spring.

The challenges of the age of complexity are many. A requirement for meeting these challenges is a system of education geared to the changing conditions of an exploding technology and a new era of interrelationships far more complex than any with which we have been familiar in the past. It is up to every member of society to help our educators do their most important part in successfully meeting these challenges and changing the age of complexity from an age of incipient frustration and confusion to a new age when man is truly master of his life.

ONE HUNDREDTH ANNIVERSARY OF THE SIGNING OF THE MORRILL LAND GRANT ACT

Mr. ALLOTT. Mr. President, today, July 2, 1962, is the 100th anniversary of the signing of the Morrill Land Grant Act by President Abraham Lincoln. This memorable act is, of course, responsible for the granting of public lands to the States and territories for the purpose of establishing and supporting of colleges and universities designed to promote liberal and practical education for the youth of our Nation.

Today there are 68 land-grant colleges and universities in existence as a direct result of the Morrill Act. One of these, I am proud to say, is today one of the leading universities of my State of Colorado—or perhaps I should say one of the leading universities in the land, located in my native State of Colorado.

I am referring, of course, to Colorado State University located in Fort Collins, Colo. Colorado State University is a coeducational land-grant institution located in the valley of the Cache la Poudre River, where the Great Plains meet the foothills of the Rocky Mountains. It is the oldest State educational institution in Colorado, having been established by the territorial legislature in 1870. Classes began in 1879, and three students constituted the first graduating class. Today, more than 6,500 students are enrolled.

In addition to academic instruction, Colorado State University is responsible for operation of a research foundation, an experiment station for research in agriculture, engineering, and home economics, and the extension service which disseminates information throughout the State in agriculture and home economics. The State 4-H program also originates at Colorado State University.

The university is 5,000 feet above sea level, 65 miles north of Denver, and 45 miles south of Cheyenne, Wyo., at Fort Collins, Colo. Fort Collins is noted for bright clear days. The air is dry and relatively free from dust, with annual precipitation of 14.77 inches. Quarterly temperatures means are January, 26.1; April, 46.1; July 69.4; and October, 48.6.

The 68 land-grant colleges and universities are very fittingly devoted this centennial year to a look ahead. The past is being reviewed carefully to determine those areas in which improvement may be indicated, but the emphasis is on the future.

I know the Senate will join with me today in commemorating this milestone in the history of these great educational institutions, and in wishing them all success in attaining the goals they have set for themselves as they embark on their second century of progress. And, I hope the Senate will join with me as well, in a tribute to a Congressman from the great State of Vermont, Justin Smith Morrill, who in 1862 had the foresight to propose this historical piece of legislation offering each State 30,000 acres of Federal lands or land scrip for each of its Members in Congress, to be sold and the proceeds to be used to endow at least one college in the State.

We in Colorado are proud of Colorado State and its many contributions to our State. We are grateful to those who, in their proven and practical wisdom, were able to foresee the need for such institutions and had the courage to carry their beliefs through to a successful culmination.

INCREASE IN PRODUCTIVITY CREATED BY ADDITIONAL CAPITAL INVESTMENT

Mr. ALLOTT. Mr. President, I have recently been in correspondence with Mr. John S. Carlson, a lawyer in Tulsa, Okla., whom I have known for some 30 years, who is the son of a former Governor of Colorado, and who himself is a Phi Beta Kappa and a Rhodes Scholar.

In a letter to me of June 22, 1962, he points out some very unusual but nevertheless, I believe, very sound approaches and conclusions with respect to the recent controversy arising from the steel price dispute between the administration and the steel companies.

I believe that the conclusions he has arrived at will help all people to arrive at a sounder evaluation of the circumstances and conditions which resulted in that particular affair.

I ask unanimous consent that the letter may be printed in the Record at this point in my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

In re Kennedy versus United States Steel. Fallacious conclusions reached by misappropriation of increase in productivity created by additional capital investment.

Tulsa, Okla., *June 22, 1962.*

The Honorable Gordon Allott,
Senator from Colorado,
Senate Office Building,
Washington, D.C.

Dear Gordon: The increase in employee benefits negotiated earlier this year by the steelworkers was adjudged to be within the limits of the administration's formula. The administration declared it to be noninflationary on the basis of the increase in productivity. To my knowledge, the right of Kennedy and labor to measure the wage increase as being within the "increase in productivity" has not been seriously questioned. Although this increase in productivity is primarily, if not solely attributable to the investment of additional capital, it was commandeered by Kennedy for labor. Apparently no one has questioned their right to arrogate it to their own use in justifying the determinations made. Meanwhile the steel companies whose additions to capital created the increase were derisively denied relief. Once again we have been deluded by the sophisticated reasoning now rampant in Washington. Perhaps we have become so enchanted in the aura of Kennedy sophistication that we are no longer capable of applying clear and simple reason and logic.

By what process of logic, law or reason did labor acquire the right to appropriate the increase in productivity created by additional capital investments? To this day I have not seen any public announcement by the press, by any public figure, or by any representative of the steel industry, discussing this concept which is basic to the issues raised by Kennedy's action in his bout with United States Steel. It is indeed pertinent to inquire: Who created and what caused the increase in productivity in the steel industry?

No claim has been made that the increase in productivity is the result of more vigorous and strenuous efforts by the laborers. No one has questioned that the increased productivity is directly attributable to increased efficiency of plant and equipment resulting from increased investment by the steel companies.

Nevertheless Kennedy and his apologists have repeatedly described the increased labor benefits negotiated this year by the steelworkers, and sanctioned by the Government, as noninflationary because the increased benefits were within the limits of the increase in productivity. Thereafter vigorous and unprecedented Executive pressures were used to stop an attempt on the part of certain steel companies to increase the price of steel.

Repudiation of the specious reasoning propounded by Kennedy and his apologists is inevitable and immediate upon reaching a clear understanding of the reason why productivity rose and who was responsible for the rise. The increase in productivity in the steel industry was primarily, if not solely, due to increased investment of capital.

It would be useful to consider comparable situations in simplified form. If I buy a power lawnmower to replace a manually driven lawnmower and the user is thereby enabled to cut three times the area of grass in the same period of time, should his wages be increased from $2 per hour to $6 per hour? If a bank lends an additional $100,000 as an addition to a $1 million, 6-percent loan, would anyone say that the additional $6,000 interest per year should be paid to the bank clerks and denied the banks? If a tractor is purchased to replace horses and the number of acres of land plowed in 1 day is thereby quadrupled, would the erstwhile driver of the horses received a fourfold wage increase as a result of the increase in productivity? In each of these instances, the increased productivity was caused by an increase in the capital invested or used. The establishment of an arithmetic or mathematical formula relating increased productivity to wages would be impossible.

I wish it to be crystal clear that I make no issue of the wisdom or propriety of the increase in wages under discussion here. My point is that by specious reasoning the basis of the increase in employee benefits has been misstated. The real issues have been beclouded with muddled thinking. As a result a number of fallacious conclusions have been reached which could be avoided by an honest, straightforward recognition of the true basis of the wage increase.

This is not written to question the increase. I believe in a high standard of living for the largest percentage of the population feasible. I also believe in a healthy and expanding economy. In addition, and contrary to the apparent belief of many, the achievement of this result is enhanced when issues are discussed with clearheaded reality and represented to the public in this manner. When a wage increase is made, let the true reason for the increase be stated by those who sponsor or support it. In my judgment, the use of a false premise to justify such an action is either the result of fuzzy thinking or downright misrepresentation. The former could only indicate ineptitude and the latter involves the employment of deceit. In these times, we cannot tolerate occupany of high positions of responsibility and trust by persons who are either incompetent or dishonest.

Let us not be misled by justification of a wage increase on a spurious basis which can bear no relationship to the real reason for its being granted. Such woolly thinking beclouds the fact that higher costs are inevitably caused by the higher wages. Success by the sophist in creating this confusion permits him to lead us to a second mistaken conclusion. He then explains that the higher labor costs are merely an offset to the increase in productivity. Therefore, the increase in wages did not create an increase in costs to exceed the permissible amount, i.e., the amount of the added productivity. Using this final fallacy as the basis of his reasoning, he then concludes that no price increase is needed to compensate the investor for the increase in wages.

I cannot avoid observing that the cleverist mathematician cannot produce a correct answer to a problem in arithmetic if his original assumption is that 2 times 2 equals 7. Whatever arithmetic gymnastics are employed thereafter, the answer will always be wrong. In like manner, the most adept deceiver cannot establish a formula reliant upon the relationship of cause and effect of economic forces when no causal relationship exists between the two. Nor can adroit linguistic legerdemain vitiate the existence of true cause and effect when they are present. The simple facts are that the higher productivity was caused by the added investment and was in no way caused by or related to labor's activities.

If we assume that a 5-percent increase in productivity were caused by an increase in investment of exactly 6 percent and if, in these circumstances, wages were increased by an amount sufficient to absorb the increase in productivity, the investor would receive nothing for his added investment. In such event, labor would be the beneficiary of something to which it made no contribution while the actual creator would remain unrewarded. A windfall to one—confiscation of the property of the other.

When increased capital investment increases productivity, the cause has been the increased investment and the effect is the greater productivity. In these circumstances we cannot conjure up any causal relationship between this enlargement of productive capacity and the efforts of the laborers. Hence, attribution of this increased productivity to justify a wage increase is specious.

By employing the foregoing economic fantasy Kennedy dodged the right of the steel companies to increase prices to offset increases in labor benefits. These two factors do have a direct causal relationship.

Increases in capital invested caused increased productivity. Labor did not contribute in any substantial way to this increase in productivity and hence it has no causal relationship therewith. Increased wages do cause increases in costs. When wages go up, costs increase. No justification exists to divert the benefits of increased capital investment from the investors and transfer them to labor.

Recognition of the economic factors having real causal relationship with each other in this situation dispels the confusion and makes the real issues stand out in bold relief.

To the extent that the increase in productivity created by added investment is transferred to labor and denied to the investor, the investor's additions to capital are effectually confiscated. He is thereby deprived of the benefits of the productive capacity of his property. Stagnation of industry is inevitable when the fruits and benefits of investment are subject to arbitrary appropriation and thereby taken from the true owners and awarded to others. No wise investor will continue to increase his investment in property, plant or equipment if the anticipated return therefrom is subject to willful and capricious appropriation by supervening authority.

The issues in the steel dispute have been presented to the public in a confusing manner by the administration. The use of false grounds to obtain public acceptance of the propriety of a wage increase is political chicanery. When used to deny the right to compensation for the resultant increase in costs, it is doubly opprobrious.

I sincerely believe that politicans can be and should be statesmen. I also believe that occupancy of a high political position in this great Nation of ours requires the highest degree of integrity, honor and truthfulness. It is a high and worthy calling where great good can be accomplished. I believe that the great majority of the American people have the same feeling and that they enthusiastically support men in political office when they possess and practice the basic virtues.

I cannot believe our present administration is totally incompetent. I therefore am forced to the conclusion that the obfuscation of issues, having direct and serious effect upon the economy and the daily lives of each of us, is deliberate. Would that it were not so.

Yours very truly,

JOHN S. CARLSON.

SUGAR ACT AMENDMENTS OF 1962—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended.

Mr. KERR. Mr. President, I should like to direct a question to the Senator from Louisiana. On page 6 of the conference report there appears section 7 (e)(1), as follows:

> (e)(1) None of the proration established for Cuba under section 202(c)(3) for any calendar year and none of the deficit prorations and apportionments for Cuba established under section 204(a) may be filled by direct-consumption sugar.

The bill makes provision for a certain allocation, including 10,000 tons of direct-consumption sugar, which, according to the understanding of the Senator from Oklahoma, who sponsored the amendment in the Senate, and from what he understood from the conferees, would make it possible for the allocation of that much to be made to the country of Ireland. The question I should like to ask the Senator from Louisiana is whether it was the intent of the conferees—in the event the Secretary of Agriculture, on his behalf or that of the President wanted to allocate, under the authorization for the 10,000 tons, to the country of Ireland—that the language setting forth the authority for the allocation in the bill is such that it would not be adversely affected or denied either by what I have just read or by any other section of the bill.

Mr. LONG of Louisiana. It was the intention of the conferees that Ireland should be eligible for this allocation of direct-consumption sugar. It was intended that this should not be defeated by any other provision in the bill.

Mr. KERR. The Senator from Oklahoma understands that the chairman of the House conferees made that very plain on the floor of the House. I should like, if it is consistent with accuracy, as I understand it to be, to have made perfectly clear on the floor of the Senate the understanding of the Senate conferees.

Mr. LONG of Louisiana. That was the understanding of the Senate conferees. I believe it will be reflected in the statement on the House side by the chairman of the conferees when he submitted the report on the part of the managers of the House.

Mr. KERR. I thank the Senator.

Mr. LONG of Louisiana. Incidentally, I believe it should be stated that Ireland has a sugar industry and produces substantial amounts of sugar.

Mr. KERR. And exports sugar. Is that correct?

Mr. LONG of Louisiana. That is correct.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question on that point, with respect to Ireland?

Mr. LONG of Louisiana. I yield.

Mr. FULBRIGHT. Who has the floor?

Mr. LONG of Louisiana. The Senator from Oklahoma has the floor.

Mr. KERR. I yield to the Senator.

Mr. FULBRIGHT. The Senator said that Ireland has a sugar industry and exports sugar.

Mr. KERR. Yes.

Mr. FULBRIGHT. Does it export sugar which it produces?

Mr. KERR. That is the information I have. The statement on the floor of the House on the part of the chairman of the managers of the bill on the part of the House, was to the effect that Ireland exported in the nature of 15,000 tons a year.

Mr. FULBRIGHT. Is it not true that it has imported 50,000 tons of raw sugar during each of the past 5 years?

Mr. KERR. I am not in a position to answer that question.

Mr. FULBRIGHT. I am. The fact is that it has imported that amount of sugar. I have a table issued by the International Sugar Council in its statistical bulletin dated April 15, 1962. Ireland has imported some 50,000 tons of raw sugar. It processes this sugar and reexports it.

Mr. KERR. I understand that it is exported in two forms; first, in manufactured products—candy, and so forth—and, second, in refined sugar.

Mr. FULBRIGHT. That is correct.

Mr. KERR. It has exported in excess of 15,000 tons a year of refined sugar. What it had exported or imported was not in the mind of the Senator from Oklahoma when he offered the amendment on the floor, which was contained in the bill as it passed the Senate. My information was that it was the intent of the conferees that authority for the President to allocate that amount of a quota of direct-consumption sugar was retained in the bill by the conferees. That was the statement of the chairman of the managers on the part of the House, which was made on the floor of the House. I merely confirmed it by asking the same question of the manager of the conference report on the floor of the Senate.

Mr. FULBRIGHT. Much has been said by the Senator from Minnesota and others about the danger of Cuban sugar. It so happens that Ireland imported from Cuba in 1957, 9,754 tons; in 1958, 31,030 tons; in 1959, 3,106 tons; in 1960, 20,167 tons.

Her principal suppliers have been Cuba and the Dominican Republic. Ireland does not have an excess of sugar.

Mr. KERR. The Senator from Oklahoma did not take the position that the production of sugar originated in Ireland.

Mr. FULBRIGHT. I want to clarify the RECORD. I gathered that from the response of the Senator from Louisiana, because he said it has an industry and exports sugar.

Mr. KERR. Yes. It has an industry and it exports sugar. It could not export it without an industry to produce it.

Mr. FULBRIGHT. The sugar exported is largely that which comes from Cuba and the Dominican Republic. During the past 4 years that has been the situation. I think the RECORD should show it. This is not relief that is being proposed for a producing country. Ireland refines and reexports sugar. That is what happens.

Mr. KERR. The observations of the Senator from Arkansas are perfectly pertinent. I am neither desirous of nor in a position to question their accuracy. I was only making legislative history with reference to the purpose of the conferees in connection with the language of the bill as passed by the Senate and as agreed to in conference. I regret that the Senator from Arkansas does not like it. However, that is neither here nor there. He is in perfect position to argue against it. I wish to make the record clear that the action of the Senate and the conferees resulted in a certain situation.

Mr. FULBRIGHT. I think this ought to be made clear on the record, with reference to the reasoning, if any. I do not know of any reason why it was allocated to Ireland any more than it was allocated to South Africa. I have not heard any reason given here all day.

Mr. KERR. I was not in the posture of trying to satisfy the Senator's curiosity for any reason.

Mr. FULBRIGHT. We are giving Ireland $1,600,000 in sugar purchases. That is what it amounts to.

Mr. KERR. Not at all. The language in the bill gives the President the authority to do it.

Mr. FULBRIGHT. The Senator has stated that he understands, and expects the President to fully understand.

Mr. KERR. No; it is the hope of the Senator from Oklahoma that the President will follow it; but he is not compelled to do so, as the Senator from Arkansas knows.

Mr. McCARTHY. Mr. President, as a general rule, I am opposed to having the Senate conferees retreat when they meet with the House; but in this case their retreat from the Senate position—or their advance from it—was, I think, a commendable one. I would have urged them to go somewhat further in making allocations of the Cuban quota which has been withdrawn from that country. I said in the debate on the bill last week that this program would cause us trouble. I did not think the trouble would arise as soon as it has. I think we have evidence today that the only unrealistic proposal that was made was to allocate a certain portion of the sugar that we purchase outside the United States to some countries and pay them a premium price, and then turn around and buy the rest of our supplies at what is called the world market, which really does not exist. What does exist, and is called the world market, is really a "dumping market."

We have set the stage for future trouble. From 5 o'clock to 7 o'clock is what might be called the hour of prophecy in the Senate, so I will prophesy: We will be back time and time again in the course of the next 2 years, seeking adjustment of the Sugar Act in such a way as to meet new problems and crises as they arise.

I should like to place in the Record references to three more or less international statements concerning the problem of sugar in international trade. The first is from the United Nations in its sugar report, which states:

> Sugar exhibits to an unusual degree the features which make an unregulated market undesirable.

The second reference is to the fact that the regulatory mechanism of the International Sugar Agreement has broken down because of Cuba's refusal to abide by its quota.

Third, under the agreement made at Punta del Este, we made a more or less formal attempt "to find a quick and lasting solution to the grave problem created by excessive price fluctuations in the basic exports of Latin American countries on which their prosperity so heavily depends."

Title 4 of the charter deals with basic export commodities and states:

> National measures affecting commerce in primary products should be directed and applied to—
>
> * * * * *
>
> 2. Avoid market instability:
>
> Therefore:
>
> A. Importing countries should * * * be ready to support, by adequate regulations, stabilization programs for primary products that may be agreed upon with producing countries.

What we have done is to create greater instability than that which already exists in the international market. I wish the Senate might have taken more time to study the program, and that we might have fulfilled what I consider to be the constitutional responsibility of the Senate: to act as a kind of check upon the executive branch of the Government when it fails to meet its responsibility, particularly in matters touching upon international relations; and along with that, to act as a check in giving proper direction to the House of Representatives.

Mr. CLARK. Mr. President, when the sugar bill first came before the Senate, I reluctantly supported it, first, because I thought it was a much better bill than the iniquitous measure passed by the House, which at that time seemed the only alternative; and second, because the Senate bill at least got away from the logrolling procedures of the past by establishing out of the Cuban quota a global quota which could, at a later date, be reassigned to a free and democratic Cuba, or in the alternative could be used to support the democratic governments and economies of other sugar-producing states which might be under foreign or domestic totalitarian pressures, as, for example, the Dominican Republic.

Something has been said today on the floor of the Senate about the needs of the Dominican Republic. Some Senators think they are substantial; some think otherwise. My own view is that we in this country have an obligation to support the new democratic government of that Republic in any way we can. The case for the Dominican Republic is well stated in an article entitled "Dominicans Fear Crisis Over Sugar," published in the New York Times of today, July 2. I ask unanimous consent that the article may be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

Dominicans Fear Crisis Over Sugar—United States Moves To Soften Impact of Quota Cut—Senate Due To Act on Slash Today

(By Tad Szulc)

Washington, July 1.—White House and State Department officials worked throughout the weekend here trying to avert a major crisis in U.S. relations with the Dominican Republic over this country's new sugar legislation.

The new Sugar Act, approved yesterday by the House of Representatives and scheduled for Senate action tomorrow would, in the opinion of Dominican officials, greatly reduce their sugar exports to the United States.

The Dominican Government, struggling to carry out a transition to democracy and to move toward basic reforms after three decades of dictatorship, fears that this would lead to an economic collapse and a political upheaval that would favor the pro-Communist elements in the country.

Last night the Dominican Council of State issued a statement in Santo Domingo repeating its earlier intention to suspend all Alliance for Progress programs in the country if the new Sugar Act is signed.

The Dominican argument is that if the Republic is prevented from continuing to earn an adequate income through premium sugar exports, it cannot assume the burden of accepting loans under the U.S. aid program for Latin America.

The cost of producing sugar in the Dominican Republic is well above current world market prices. But by selling sugar in the United States, which pays a premium above world prices, the Dominicans are assured an income.

While the Kennedy administration sought to abolish the system of national quotas for sugar-producing countries, a compromise worked out Friday night in a House-Senate conference provided for payment of premiums on only 1,205,000 tons of imported sugar. This is about one-fourth the annual foreign purchases of the United States.

Furthermore, the premiums would be reduced gradually over the next 30 months.

Under the compromise version—the House bill had maintained in full the national quotas—the Dominican Republic would be awarded 190,000 tons annually, or 95,000 tons for the second half of 1962.

This compares with 476,000 tons that the Dominicans exported to the United States in the first half of the year, based on their permanent quota and a temporary assignment of nearly 4,000 from the frozen Cuban quota.

AN 80-PERCENT SLASH

In practice, therefore, the compromise bill would cut the Dominican exports to this country in the second half of the year to about 20 percent of what they were in the first half.

The big temporary assignment from the Cuban quota was given to the new Dominican regime last January, when the Council of State was established, as a gesture designed by President Kennedy to assist the Caribbean country in its transition toward democracy.

Although the administration has made it repeatedly clear to the Dominican Government that the big windfall of January could not be a permanent allocation, both United States and Dominican officials recognize now that the drastic reduction in the quota will have the effect of pulling the rug from under the new regime.

They concede that the loss of the sugar revenues would more than nullify the impact of the $25 million in Alliance for Progress loans already granted the Dominican Republic.

The point made by Dominican officials—and now recognized here—is that the sharp and sudden cutting of the quota may shatter all the efforts to lead the Dominican Republic toward democracy.

After the last remnants of the dictatorship of the late Generalissimo Rafael Leonidas Trujillo Molina were removed from the Dominican Republic in January, the United States saw in that country the bright promise of establishing a vivid contrast between the prosperity of a democracy there and the hardships under the Communist regime in nearby Cuba.

DISCUSSIONS DELAYED

But all these plans ran into the sugar problem, and a major crisis in relations has developed instead. Although the administration has considered a global quota system—removing the premiums and the national quotas—since last August, no effort was made until the last moment to discuss the situation with Dominican officials.

Dominican officials believe that if the United States had reviewed the problem with them some time ago, it may have been possible to work out quietly some method of phasing out the Dominican sugar from the premium market while assisting the country, through the Alliance for Progress, in programs for diversifying its economy.

But no such conferences were held until after a political crisis developed in the Dominican Republic 2 weeks ago when the

House Agriculture Committee issued its list of quotas, reducing considerably the Dominican share of the U.S. market.

While the Dominicans were protesting the House bill, the new compromise version hit them even harder.

Only early last week did planning begin here in earnest on how to assist the Dominican Republic, after the realization spread in the administration that the Dominican situation was a special case affecting the U.S. national interest.

With the Senate vote on the compromise bill slated for tomorrow, high-ranking officials held urgent conferences all day yesterday and today. They sought to present the Dominican Government with acceptable proposals on shoring up its economy in the light of the blow that would be dealt the Republic by the sugar legislation.

PLAN GIVEN DOMINICAN GROUP

Tentative proposals were communicated to a Dominican delegation, headed by Finance Minister Ramon Caceres, which returned to Santo Domingo today.

Officials agreed that speed was essential, to avert the possibility that approval of the legislation might lead to a political explosion in the Dominican Republic, forcing what is an essentially pro-U.S. Government to take a hard nationalistic attitude.

The confusion surrounding the sugar legislation caused additional foreign policy problems today when Argentine Ambassador Roberto Alemann protested that a 10,000-ton quota for his country, granted under the House bill, was eliminated from the compromise bill. Argentina has never had a quota.

Mr. CLARK. Mr. President, the Senate conferees have now returned with a conference report which, in my judgment, is not much better than the House bill. I say again that I believe the Senate conferees did their very best. I commend the distinguished Senator from Louisiana [Mr. LONG] for his efforts. However, the difficulty is that the House has been adamant on sugar legislation for many a long year, and it has become almost customary for the Senate to yield to the House on the ground that if we did not yield, there would be no bill, and what has been described in the argument today as chaos would be perpetuated.

I regret that the conventional argument has again taken hold. It seems to me that the conference report perpetuates the logrolling deals under which 23 countries, 12 of them for the first time, are given a share of the American market at the premium price; and this allocation is made, although this is clearly a matter of our foreign affairs, not by the House Committee on Foreign Affairs, not by the Senate Committee on Foreign Relations, but by the House Committee on Agriculture.

I hope very much that when another sugar bill comes before the Senate, as in due course it will, the part which deals with foreign quotas will be referred by the Parliamentarians of both bodies to the House Committee on Foreign Affairs and the Senate Committee on Foreign Relations; and that if it is not so referred, we in the respective bodies will see to it that those two committees pass upon the bill in the interest of our foreign policy before it is brought to the floor of either body for a vote.

I point out that such a procedure is frequently followed in connection with other proposed legislation. I recall that in our efforts to have the Delaware River compact passed in the Senate last year, it was necessary to have the measure run the gauntlet, first, of the Committee on the Judiciary, then the Committee on Public Works, and finally the Committee on Interior and Insular Affairs. We succeeded in jumping all those hurdles, and the bill was passed.

I think we could ask that a bill dealing with sugar quotas, but which vitally affects the foreign policy of the United States, should be required to jump at least two hurdles, instead of only one. I raise the question whether the Committee on Finance has any legitimate interest in the bill; whether it is not a question for the Committee on Agriculture and Forestry and the Committee on Foreign Relations. Why should we not take a close and careful look at our rules and the jurisdiction of the various committees, in order to determine whether the Committee on Finance has not, over the years, acquired a jurisdiction which was never intended at the time the rules were originally adopted?

The bill has fixed quotas as a result of no consultation with the Secretary of State or either of the congressional committees charged with the consideration of matters of foreign policy. When we are dealing with a matter as sensitive in the conduct of foreign policy as the allocation of sugar quotas, the President of the United States should have the same broad powers over sugar as I hope we are about to give him over other segments of world trade.

This serious threat to the intelligent conduct of our foreign policy is compounded by the unjustified increase in the share of the domestic market reserved for high cost beet and cane sugar producers in the South and the West.

The people of Pennsylvania have no interest in increasing the price of sugar. The interest of the more than 11 million people of our Commonwealth is in lower, not higher, prices for sugar. There are occasions when a Senator must think of the national interest, even if his vote may not be popular at home. But this, I submit, is not such an occasion. This bill, I argue, is not in the national interest. It is definitely opposed to the interest of all Pennsylvanians, because we want lower—not higher—sugar prices.

Accordingly, Mr. President, I shall vote against the conference report, in the hope that after further consideration a bill more in the public interest can be passed.

It is said that we must have this bill immediately, lest the country be flooded with cheap sugar, since the present act which maintains the support prices has expired. But, Mr. President, in my judgment this would be something far short of a catastrophe. The long-range damage which this measure would do to our foreign policy far outweighs any short-range harm to the artificial domestic support price of sugar which would result from postponing enactment of this legislation until we can get a decent bill.

I regret that the administration has not told us why it has abandoned its original opposition to the conference report—an opposition which was widely circulated as late as this morning. I hope that on further consideration the President will decide to veto this measure.

Mr. LAUSCHE. Mr. President, I shall vote against the conference report. However, I wish to say that I highly commend the conferees for obtaining the best possible bill from the conference, under all the circumstances which prevailed.

For a number of years at about this time of the year I have been subjected to the proposition that time is running out, and that unless we act at once, irreparable damage will be caused the country. Each year for the last several years, at about June 27 or June 26, there hurriedly comes before this body a sugar bill which requires passage by midnight of June 30.

I wish to be free in the exercise of my judgment, without having presented to me the argument that unless I act at once, irreparable damage will come to the Nation. I cannot understand how it is that this annual, identical coincidence occurs—that the sugar bill comes to us at a late hour, making it impossible for the Senate to exercise its voluntary, independent judgment.

Furthermore, Mr. President, the very structure of this allocation of quotas to different nations of the world creates a flood of lobbyists who not only are promised fixed fees, but also are promised contingent fees, dependent upon their success in procuring for their principals assignments of sugar sales. I do not wish to be in the position of subscribing to what I saw in a pamphlet, which was placed on my desk, about the inordinate fees—contingent and otherwise—being earned by those who have come before the committees to present the cause of the nations who are so frantically fighting for the assignment of quotas.

At one time I taught, in law school, the subject of agency; and I recall that there is a principle of law that whenever an agent is hired, on the basis of a contingent fee, to procure the performance of an act by an executive public official or by a legislative body, that arrangement is contrary to public policy, and is invalid.

In connection with the measure before us, we cannot reach into the private agreements on a contingent basis which have been made by various countries with special agents to procure the passage of the pending measure. But I will not by my vote indirectly and impliedly give approval to this nefarious practice. I will vote against this measure, if on no other basis than the fact that these countries should be told that we do not subscribe to such procedure.

To the nations which rely upon their ambassadors, I express commendation; and if I could have my way, I would give them special benefits because of that very fact.

Next, Mr. President, from the standpoint of foreign relations, our country should be able—without the involvements and entanglements which will come from the creation of these new assignments of quotas, and I understand that there are to be 12 of them—to deal freely with Cuba, if and when Castro no longer is there. But through this program of assigning quotas now, regardless of the efforts to mollify the assignments, the problem of dealing with Cuba in the event Castro no longer is there will become more complicated.

In conclusion, I commend the conferees for what was done; I think they did a superlative job. But I still believe that the allocations to individual nations are not helpful to the United States. They throw a cloud upon what is happening in the other body and what is happening in the Senate. I do not want lobbyists to laugh while I am voting to give approval to what has been done. From my standpoint, I notify them that the moment they appear on the basis of contingent fees, that very act will stamp their conduct and the conduct of their principals as improper, so far as I am concerned.

Mr. ANDERSON. Mr. President, I promise to take not more than 1 minute; but I wish to say to the Senator from Louisiana [Mr. Long], who was one of the conferees, that I hope he recognizes—as I do—that on page 4 of the report there is a provision that special consideration shall be given to the nations of the Western Hemisphere. The following language appears:

> In authorizing the purchase and importation of sugar from foreign countries under this paragraph, special consideration shall be given to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

Does not the Senator from Louisiana believe that language was written in carefully, prayerfully, and purposely; and does he not agree that we do intend that special consideration shall be given to these countries?

Mr. LONG of Louisiana. Yes, that is definitely intended; and it is hoped by those who wrote this report, as well as by those who agreed to it in the conference, that this measure will be administered in such away that those countries in the Western Hemisphere would be preferred—if that can be done—in connection with the purchases of sugar, because they have been our historic sources of offshore sugar; and also we want consideration given in this connection, insofar as possible, to countries which have been purchasing U.S. agricultural commodities.

Mr. ANDERSON. Yes. On that point, the House conferees may say that the House is very anxious to protect countries which have purchased U.S. agricultural commodities, and that therefore we should have an opportunity to do this for those countries, if that is at all possible.

I have discussed this matter with the Senator from Oklahoma [Mr. Kerr], and I think he also agrees that this consideration should be given.

For myself, I wish to say that I hope it will be given, because these countries have been our historic sources of our offshore sugar, and they have also been purchasing U.S. agricultural commodities. So I believe they certainly should be given this special consideration.

Mr. LONG of Louisiana. And I hope the State Department will take steps to see to it that such special consideration is given.

The PRESIDING OFFICER. The question is on agreeing to the report.

On this question, the yeas and nays have been ordered.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that further proceedings under the quorum call be suspended.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the conference report. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. Bartlett], the Senator from North Dakota [Mr. Burdick], the Senator from New Mexico [Mr. Chavez], the Senator from Mississippi [Mr. Eastland], the Senator from North Carolina [Mr. Ervin], the Senator from Tennessee [Mr. Gore], the Senator from Michigan [Mr. Hart], the Senator from Indiana [Mr. Hartke], the Senator from North Carolina [Mr. Jordan], the Senator from Tennessee [Mr. Kefauver], the Senator from Washington [Mr. Magnuson], the Senator from Wyoming [Mr. McGee], the Senator from Rhode Island [Mr. Pastore], the Senator from Rhode Island [Mr. Pell], the Senator from Georgia [Mr. Russell], the Senator from Florida [Mr. Smathers], the Senator from Massachusetts [Mr. Smith], and the Senator from Alabama [Mr. Sparkman] are absent on official business.

On this vote, the Senator from Alabama [Mr. Sparkman] is paired with the Senator from Massachusetts [Mr. Smith]. If present and voting, the Senator from Alabama would vote "yea," and the Senator from Massachusetts would vote "nay."

I further announce that the Senator from Colorado [Mr. Carroll], the Senator from Idaho [Mr. Church], the Senator from Alaska [Mr. Gruening] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. Bartlett], the Senator from North Dakota [Mr. Burdick], the Senator from New Mexico [Mr. Chavez], the Senator from Mississippi [Mr. Eastland], the Senator from North Carolina [Mr. Ervin], the Senator from Tennessee [Mr. Gore], the Senator from Michigan [Mr. Hart], the Senator from Indiana [Mr. Hartke], the Senator from North Carolina [Mr. Jordan], the Senator from Tennessee [Mr. Kefauver], the Senator from Washington [Mr. Magnuson], the Senator from Wyoming [Mr. McGee], the Senator from Rhode Island [Mr. Pell], the Senator from Georgia [Mr. Russell], the Senator from Florida [Mr. Smathers], the Senator from Colorado [Mr. Carroll], the Senator from Idaho [Mr. Church], and the Senator from Alaska [Mr. Gruening] would each vote "yea."

I also announce that, if present and voting, the Senator from Rhode Island [Mr. Pastore] would vote "nay."

Mr. KUCHEL. I announce that the Senators from Maryland [Mr. Beall and Mr. Butler], the Senator from Indiana [Mr. Capehart], the Senators from Kansas [Mr. Carlson and Mr. Pearson], the Senator from Arizona [Mr. Goldwater], the Senator from Kentucky [Mr. Morton], the Senator from New Hampshire [Mr. Murphy], the Senator from Vermont [Mr. Prouty], and the Senator from Massachusetts [Mr. Saltonstall] are necessarily absent.

The Senator from Delaware [Mr. Boggs] and the Senator from Texas [Mr. Tower] are also necessarily absent.

If present and voting, the Senator from Maryland [Mr. Beall], the Senator from Kansas [Mr. Carlson], the Senator from New Hampshire [Mr. Murphy], the Senator from Vermont [Mr. Prouty], and the Senator from Massachusetts [Mr. Saltonstall] would each vote "yea."

On this vote, the Senator from Delaware [Mr. Boggs] is paired with the Senator from Kansas [Mr. Pearson]. If present and voting, the Senator from Delaware would vote "nay," and the Senator from Kansas would vote "yea."

The result was announced—yeas 54, nays 12, as follows:

[No. 110 Leg.]

YEAS—54

Aiken
Allott
Anderson
Bennett
Bible
Bush
Byrd, Va.
Byrd, W. Va.
Cannon
Cooper
Cotton
Curtis
Dirksen
Dodd
Dworshak
Ellender
Engle
Fong
Hayden
Hickey
Hill
Holland
Hruska
Humphrey
Jackson
Javits
Johnston
Keating
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Long, La.
Mansfield
McCarthy
McNamara
Metcalf
Monroney
Morse
Moss
Mundt
Muskie
Randolph
Robertson
Scott
Smith, Maine
Stennis
Symington
Talmadge
Thurmond
Wiley
Williams, N.J.
Yarborough
Young, N. Dak.

NAYS—12

Case
Clark
Douglas
Fulbright
Hickenlooper
Lausche
McClellan
Miller
Neuberger
Proxmire
Williams, Del.
Young, Ohio

NOT VOTING—33

Bartlett
Beall
Boggs
Burdick
Butler
Capehart
Carlson
Carroll
Chavez
Church
Eastland
Ervin
Goldwater
Gore
Gruening
Hart
Hartke
Jordan
Kefauver
Magnuson
McGee
Morton
Murphy
Pastore
Pearson
Pell
Prouty
Russell
Saltonstall
Smathers
Smith, Mass.
Sparkman
Tower

So the conference report was agreed to.

Mr. HOLLAND. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

IMPORTATION OF ADULT HONEY BEES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1530, H.R. 8050, to amend the act relating to the importation of adult honey bees.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 8050) to amend the act relating to the importation of adult honey bees.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add the following new section:

SEC. 2. (a) Section 202(c)(4) of the Sugar Act of 1948, as amended, is amended by inserting "(A)" after "(4)", and by adding at the end thereof the following new subparagraph:

"(B) Of the quantity authorized for purchase and importation under subparagraph (A), the President is authorized to allocate to countries within the Western Hemisphere, for the six-month period ending December 31, 1962, an amount of sugar, raw value, not exceeding in the aggregate 75,000 short tons, and for the calendar years 1963 and 1964, an amount of sugar, raw value, not exceeding in the aggregate 150,000 short tons."

(b) Section 202(e) of such Act, as amended, is amended by adding at the end thereof the following new sentence: "The provisions of this subsection shall not apply to sugar exported by any foreign country to the United States to fill any allocation made to it under subsection (c)(3)(C)."

(c) Section 207(e)(2) of such Act is amended by adding at the end thereof the following new sentence: "The provisions of this paragraph shall not apply to any allocation made to a foreign country under section 202(c)(3)(C)."

(d) Section 213 of such Act, as amended, is amended—

(1) by striking out "(4)" each place it appears in subsections (a) and (b) thereof and inserting in lieu thereof "(4)(A)";

(2) by striking out "paragraph (3) of section 202(c)" in the first sentence of subsection (c) thereof and inserting in lieu thereof "paragraphs (3) and (4)(B) of section 202(c)"; and

(3) by striking out "(4)" each place it appears in the first sentence of subsection (c) thereof and inserting in lieu thereof "(4)(A)".

(e) The amendments made by this section shall be effective as if they were enacted as a part of H.R. 12154 entitled "An Act to amend and extend the provisions of the Sugar Act of 1948, as amended", Eighty-seventh Congress, second session.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana has the floor.

Mr. MANSFIELD. Mr. President, notwithstanding the title of the bill, I should like to make an explanation of the proposed amendment. First, I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, I am not sure that I correctly understand the amendment. If I correctly understand it, it would restore to the basic quotas 150,000 tons of sugar for foreign producers and deduct that amount from the so-called global quotas. Is that correct?

Mr. MANSFIELD. That is correct; from the global quotas.

Mr. WILLIAMS of Delaware. From the global quotas. If I correctly understand the mathematics, assuming the Senate adopts the amendment and the bill is enacted, we shall have established permanent basic quotas of 7,000 tons more than Mr. COOLEY proposed or than was provided for in the bill as passed by the House.

Mr. MANSFIELD. I am not at all certain about the figure. If the proposal were adopted, it would operate on the same basis as is operative with respect to other countries which have been given quotas under the conference report which the Senate just considered.

Mr. WILLIAMS of Delaware. As I understand the situation, the conferees took 143,000 tons out of the permanent, basic quotas assigned under the Cooley bill and added that amount to the global quotas. This proposal would take 150,000 tons from the global quotas and put it back in the basic quotas column. The net result would be, after all this debate, premium payments on another 7,000 tons.

Mr. MANSFIELD. I always accept the Senator's word.

Mr. WILLIAMS of Delaware. Under the circumstances I wonder if administration officials who denounced the Cooley bill do not now owe the gentleman on the other side of the Capitol an apology. I cannot support this proposal.

Mr MANSFIELD. I will take the Senator's word.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. PROXMIRE. Mr. President, the Senator from Wisconsin desires to offer an amendment to the amendment offered by the Senator from Montana. However, the amendment of the Senator from Montana is not printed. It is difficult for the Senator from Wisconsin to draft an amendment in the time available.

If the President were to be given such discretionary sugar authority it would be greatly preferable, in the judgment of this Senator, that the quota come not from the global quota but from the national quota. In other words, there should be a pro rata reduction of the quotas which have now been provided to the various countries. Out of that amount 150,000 tons could be made available for distribution, apparently to Argentina and the Dominican Republic.

Under those circumstances the Senator from Wisconsin would be willing to support the bill. If the Senator from Montana will modify his amendment to provide that the quotas shall come from the national quotas, I will not have to offer my amendment. If the Senator is not willing to do so, however, the Senator from Wisconsin will ask the Senator from Montana if he would be willing either to hold the bill over until tomorrow, so that an amendment could be drafted, or to provide the necessary time so that the Senator from Wisconsin might have such an amendment drafted accurately by counsel.

Mr. MANSFIELD. I hope the Senator, if it will not inconvenience him too much, will try to draft an amendment of that nature tonight, so that, if possible, the Senate can consider it.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. LONG of Louisiana. I understand the problem in this regard. I have indicated as much in the course of the debate on the conference report.

Those of us who supported the Senate position were supporting the position of the administration in the conference, when we contended that no more than about 300,000 tons should be on a premium basis, and that even that amount should be phased out over a period of 5 years. As I have indicated, the administration had no idea as to what the outcome on the conference report was likely to be.

Our friends on the House side, for reasons best known to themselves—I suppose for tactical reasons if no other—insisted that there should be no administration advisers in the room to advise the conferees on the foreign policy problems that would be created by the conference. Under the circumstances, having supported the Senate position and trimmed the House figures to the lowest point to which we were capable of trimming them, I understand that the President feels that if we are to put additional quotas in, there should be some flexibility and discretion on the part of the President to allot some additional quota to Argentina and perhaps to some other country within this hemisphere in order to meet the various foreign policy considerations that might confront the President and his advisers.

I point out that the House bill would have assigned quotas to various countries. They were the quotas that were carried into the conference. For example, the Republic of Peru was to be assigned 350,000 tons. We reduced that amount to 190,000 tons, a reduction of 160,000 tons. More sugar was involved in that reduction than the proposed amendment would involve, insofar as adjusting the entire quota in the hemisphere is concerned.

The Dominican Republic was to be assigned 350,000 tons. We reduced that amount to 190,000 tons, which was a reduction of another 160,000 tons.

That is more than the Senator's amendment contemplates. According to the House bill, Mexico was to be assigned 350,000 tons. That amount was reduced to 190,000 tons.

Mauritius was to have been assigned 110,000 tons. We reduced that amount to zero.

South Africa was to have been assigned 120,000 tons. We reduced that amount to 20,000 tons.

India was to have been assigned 130,000 tons. We reduced that amount to 20,000 tons.

Australia was to have been assigned 200,000 tons. We reduced that amount to 40,000 tons.

Brazil was to have been assigned 340,000 tons. We reduced that amount to 80,000 tons.

The point is that we made a reduction of 1,635,000 tons in the amount proposed in the bill that the House had passed, and we reduced the premium prices as well. While he has not personally asked me, I understand that the President has said that since the conference report made the allotment of 1,200,000 tons and added additional countries, the President would like more flexibility to make adjustments.

As a practical matter, if we were to try to do what the Senator from Wisconsin has proposed and undertake to take the proposed adjustments out of the allotments made to countries that have already an agreed quota, the House Committee on Agriculture would not consider it. It might be possible to bring about the desired result the other way around. We could give the President the necessary flexibility to assign an additional quota to Argentina, or perhaps make some increased adjustment insofar as the Dominican Republic is concerned. But, as a practical matter, if we were to try to do it the other way around, by taking a quota away from some country that the House held out for to the very end, I regret to say, the probabilities are that the House would not consider it and the House Committee on Agriculture would not act upon it if we did it that way.

I personally objected, as did my senior colleague from Louisiana [Mr. Ellender] to going back to conference to consider the question. I believe that my judgment in the matter is vindicated by what has happened in the Senate. We have had an all-day debate, even when the question was not raised. That being the case, it seems to me that if we would give the President the flexibility he has requested, we must keep in mind that we are working with quotas. Neither the President nor any of his advisers was consulted about what the new quotas were to be. We in the Senate were fighting for what we thought the position of the administration to be. We agreed to no more new premium quotas than we were forced to accept. The President now says, "If you are going to put new quotas in the bill, there should be some flexibility to make adjustments in order to meet what might be a bad international situation."

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. HOLLAND. There have been a good many discussions on the floor of the Senate today. I have understood that the proposed amendment to the honey bee bill would allow the President to set up the 20 million tons for Argentina and provide some additional leeway to deal with the Dominican Republic or perhaps with other countries that had not been, in his judgment, reasonably or fairly treated. Is that the understanding of the distinguished majority leader?

Mr. MANSFIELD. The figures would be at the discretion of the President, and the countries mentioned would be given consideration. But the whole amendment would apply only to the Western Hemisphere.

Mr. HOLLAND. I understand that it would apply to the Western Hemisphere, but I also understood all day, during the various stages of the debate, that the amendment to be offered would take care of the Argentina problem and afford the President leeway to deal with the Dominican Republic.

Mr. MANSFIELD. It is my understanding that the measure would give the President such flexibility.

Mr. HOLLAND. And it is so intended?

Mr. MANSFIELD. Yes.

Mr. HOLLAND. I am perfectly willing to accept that explanation of the majority leader, though I shall always be glad to join in an amendment if the Senator from Wisconsin prepares one which will clarify our purpose.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield to the Senator from South Dakota.

Mr. MUNDT. I wish to be sure that I correctly understand the purposes of the Senator's proposed amendment, if he decides to offer it. In explaining it, he said that his amendment would provide that instead of taking the proposed sugar quota from the global quota, it would take the new quota from the national quota, which is subject to two interpretations I wish to establish for the record that the Senator would not propose taking the quota away from the national quota so far as it applies to the United States.

Mr. PROXMIRE. Oh, no. I am delighted to have the Senator from South Dakota emphasize that point.

Mr. MUNDT. The quota would come from the quotas given to foreign countries.

Mr. PROXMIRE. The Senator is absolutely correct—the national quotas to other nations, not the domestic quota.

Mr. MUNDT. I wished to clear up the ambiguity. I was sure that the Senator had that in mind.

Mr. PROXMIRE. I am grateful to the Senator from South Dakota for clearing up that point.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. McCARTHY. I wish to ask a question of Senators who handled the conference and who are now handling the amendment to the honey bee bill. I think it is a record for the Senate to attempt to embrace a program almost before it has been adopted. The question I raise is, Why do we not show full confidence in the administration by giving the President authority to assign quotas or to negotiate the necessary international agreements with regard to all the unassigned quotas?

It is my opinion that something of that kind will have to be requested in any case, because if we go into the world sugar market to purchase sugar, I believe we shall be in violation of at least three international agreements that we have signed.

First, I think we shall be in violation of commitments we have made in the United Nations.

Second, I think we shall be in clear violation of our commitment under the International Sugar Compact.

Third, we shall be in violation of the charter of the Punta del Este Conference, which we signed most recently.

I believe that now would be a good time for the Senate to say, "We will give the President authority to reassign quotas and to enter into agreements with regard to all the quotas in keeping with our commitments under the three international compacts."

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. HUMPHREY. My colleague has pointed out some important developments and facts that we must face. I have in my hands a copy of the International Sugar Agreement of 1958. In article 21 of that agreement the United States as a party to that agreement has recognized the minimum sugar price which will permit a realization of the objectives to be achieved. As set forth in article 21 of the agreement, the objective is 3¼ cents a pound. The present world price is 2.7 cents a pound. We have fixed our signatures to an agreement, which has been adopted and ratified by the Senate, in which the objectives of the act, as specifically outlined in article 21, will require a price of 3¼ cents a pound. I think the Senator has made a good point, and I think an analysis of the Sugar Agreement in my hand will so demonstrate.

I ask unanimous consent to have printed at this point in the Record a statement of the historic policy of the United States to maintain a fair world price for sugar.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Historic Policy of the United States to Maintain a Fair World Price for Sugar

The United States has long been a party to the International Sugar Agreement. The latest version of the agreement was ratified by the Senate of the United States as recently as 1959.

In transmitting the agreement for ratification on May 13, 1959, Acting Secretary of State Douglas Dillon stated the policy of the United States as follows:

"U.S. sugar producers have consistently supported the negotiations of sugar agreements in the realization that the United States should do its part to help avoid a drastic decline in the price of sugar in the world market, with its attendant effects on the sugar industries of friendly foreign countries."

In support of this policy objective, the United States has agreed under the International Sugar Agreement of 1959 not to allocate quotas for the importation of sugar into the United States to countries that do not participate in the International Sugar Agreement.

Furthermore, the United States as a party to the agreement, espouses the following principles which are set out in article 1 of that document:

"The objectives of this agreement are to assure supplies of sugar to importing countries and markets for sugar to exporting countries at equitable and stable prices and, by these and other means to assist in the maintenance of the purchasing power in world markets of producing countries or areas and especially of those whose economies are largely dependent upon the production for export of sugar by providing adequate returns to producers and making it possible to maintain fair standards of labor conditions and wages."

The United States, as a party to the agreement, has also recognized that the minimum sugar price which will permit these objectives to be achieved is 3.25 cents per pound, as set out in article 21 of the agreement.

The United States as a signatory to the International Sugar Agreement, and in its own interest and that of its friends and allies, must recognize that the present world price of sugar, at 2.7 cents per pound, is not an adequate price.

Mr. HUMPHREY. The Senator would agree that we could adopt that kind of language and send it to conference. In the meantime there can be some consultation with the State Department, the administration, and those responsible to see that we carry out our international agreements.

SUGAR QUOTAS—EXPLANATION OF PROPOSED AMENDMENTS TO H.R. 8050

Mr. MANSFIELD. Mr. President, under the Sugar Act of 1948, as amended by H.R. 12154, Cuba is given a quota of 57.77 percent of the total quotas for all foreign countries other than the Republic of the Philippines. Based upon estimated domestic consumption of sugar of 9,700,000 tons, Cuba's quota for 1963 and 1964 would be 1,635,000 tons.

However, under the provisions of the Sugar Act, as amended by H.R. 12154, the quota for any foreign country is suspended during any period during which the United States is not in diplomatic relations with such country, and a quantity of sugar equal to the amount of the suspended quota is authorized to be purchased and imported from other foreign countries. Thus, during the remainder of this year, and during 1963 and 1964, the Cuban quota of 1,635,000 tons would be available for purchase and importation from other foreign countries.

Subsection (a) of the proposed amendment authorizes the President, for 1963 and 1964, to allocate to countries within the Western Hemisphere 150,000 tons of the suspended Cuban quota, leaving a balance of 1,485,000 tons which could be authorized for purchase and importation from foreign countries under the so-called global quota. For the 6-month period beginning July 1, 1962, and ending December 31, 1962, 75,000 tons could be allocated by the President to Western Hemisphere countries out of the 817,500 tons assigned to the global quota for this 6-month period.

Under section 213 of the Sugar Act, as added by H.R. 12154, an import fee is imposed on all sugar purchased and imported under the global quota. This fee has the effect of eliminating the premium price for sugar so imported. The new section 213 also imposes an import fee on sugar imported under the regular quota provisions in effect for the remainder of 1962 and for 1963 and 1964. However, in the case of sugar imported under the regular quotas, the import fee is 10 percent of the full import fee for the remainder of 1962, 20 percent of the full fee for 1963, and 30 percent of the full fee for 1964. The effect of this provision is to reduce gradually the premium price for sugar imported under the regular quotas.

Subsection (d) of this proposed amendment provides that sugar imported under allocations to Western Hemisphere countries made by the President under the authority given to him under subsection (a) will be subject to the import fee provided for sugar brought in under the regular quotas and not the import fee provided for sugar purchased under the global quota. Thus, a portion of the premium price would be paid for such sugar—90 percent for the balance of 1962, 80 percent for 1963, and 70 percent for 1964—the same as would apply to sugar imported under the regular quotas.

Subsections (b) and (c) of the proposed amendment are in the nature of technical amendments to provisions of the Sugar Act, as amended by H.R. 12154, to carry out the intent of the Senate and the conference committee with respect to the 10,000 tons of sugar which the Secretary of Agriculture may allocate to foreign countries for which no regular quota or allocation is provided in the law. Subsection (b) of the proposed amendment makes it clear that the provisions of section 202(e) of the Sugar Act, as amended by H.R. 12154—relating to countries which export sugar—are not to apply to an allocation made by the Secretary under the provision referred to above. Subsection (c) of the proposed amendment makes it clear that the provisions of section 207(e)(2) of the Sugar Act, as amended by H.R. 12154—relating to restrictions on the importation of direct-consumption sugar—are also not to apply to sugar imported under an allocation made by the Secretary under this new provision.

Mr. DIRKSEN. I should like to make inquiry at this time of the distinguished Senator from Wisconsin as to whether he intends to offer his amendment and; if so, how much discussion may be involved.

Mr. PROXMIRE. I have discussed the amendment with the majority leader. If it is agreeable, I should like to discuss the amendment tonight and vote on it tomorrow under a time limitation. In this way there would be no inconvenience to Senators, because they could go home now. We could vote tomorrow without delaying the Senate. I believe the Senator from Montana has suggested that the Senate meet at 11 o'clock tomorrow morning, and that the vote come at 12 o'clock noon.

Mr. McCARTHY. I should like to reserve the right to offer an amendment also.

Mr. MANSFIELD. Can we arrive at an agreement as to how much time Senators would like for discussion of their amendments?

Mr. McCARTHY. Whatever the Senator suggests. Perhaps 30 minutes, 15 minutes to a side.

Mr. PROXMIRE. The Senate could convene at 11 o'clock, and vote at 12 o'clock. That would be satisfactory.

Mr. MORSE. I would suggest that the leadership put off the vote until Thursday if a unanimous-consent agreement is desired.

Mr. HOLLAND. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. HOLLAND. Speaking only for myself, I am completely satisfied with the Senator's statement that he expects the Argentine quota to be taken care of without fail out of this amount, and that the rest of the amount can be used in the discretion of the President, with consideration, of course, of the Dominican situation and of any other situation which the President thinks requires consideration.

Mr. KERR. In this hemisphere.

Mr. MANSFIELD. In this hemisphere.

Mr. HOLLAND. In this hemisphere only.

ORDER FOR SUBCOMMITTEE ON INTERNAL SECURITY TO MEET DURING SESSION OF THE SENATE TOMORROW.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the Subcommittee on Internal Security of the Committee on the Judiciary be permitted to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

INCREASING SUPPORT FOR INVESTMENT CREDIT PROPOSAL

Mr. KERR. Mr. President, I ask unanimous consent to have printed in the RECORD two items which are significant as indicators of the increasing trend of support within the business and financial community for the investment credit proposed by the administration to stimulate modernization and expansion of the Nation's productive equipment.

One is an excerpt from a report by the Research Institute of America of the results of a survey it conducted among its more than 30,000 members, constituting a representative segment of American business. This report showed remarkable support for the administration's tax and tariff proposals. In particular, it showed a 2 to 1 favorable margin for an 8-percent tax credit on investment in new equipment. As the institute's summary points out, contrary to current estimates in some business and political circles, two-thirds of the responding businessmen favored the investment tax credit. Only about a quarter were opposed and about 8 percent were noncommittal.

This extensive support for the investment credit is all the more impressive, expressed as it is by a group which frankly opposed many other administration policies. The investment credit was in fact almost as widely supported as the Treasury's forthcoming liberalization of depreciation guidelines, which was favored by 79 percent of the responding businesses.

The other significant indicator is an article entitled "Appraisal of Current

Trends in Business and Finance" which appeared in the Wall Street Journal of July 2. It is written by Mr. George Shea, one of the most knowledgeable and astute observers of the American financial scene.

Mr. Shea notes, in his lucid and penetrating discussion, that the investment credit is in fact a specific technique of tax reform which effectively supplements the shorter depreciable lives and liberalized depreciation procedures to be announced by the Treasury Department within the next week or so.

There being no objection, the release and article were ordered to be printed in the RECORD, as follows:

BUSINESSMEN FAVOR J.F.K. TAX AND TARIFF MEASURES BUT RETAIN OPPOSITION TO ADMINISTRATION

WASHINGTON, D.C., June 26.—Remarkable support for the Kennedy administration's tax and tariff proposals was expressed by a representative segment of the American business community in a detailed poll conducted among its more than 30,000 members by the Research Institute of America. The results included a 2 to 1 favorable margin for the 8-percent tax credit on new equipment, a majority vote in favor of the foreign income section of the 1962 tax bill, opposition to a temporary tax cut now, overwhelming support for the trade bill and for the promised depreciation revisions.

(NOTE TO EDITORS.—The results of the questionnaire sent to over 30,000 business executives representing every type and size of business firm located across the country, are attached. This tabulation of returns is the largest response ever received by the Research Institute of America in a poll of its members. The nature of the cross-section of American business surveyed and the exceptional number of responses makes this poll an unusually sensitive reflection of the attitudes of American businessmen.)

The single exception to the favorable response to the administration's tax and trade packages was the significant opposition to the provision calling for the withholding of tax on interest and dividends, which was opposed by over 75 percent of the business executives who responded to the poll by the Research Institute, the Nation's largest private, industry-supported, business advisory organization.

These results are made all the more noteworthy by the fact that the same survey, which received the largest number of responses in the Research Institute's 26-year history, demonstrated that the anxiety in the business community about the administration is extremely high, and that opposition to a number of the nontax aspects of the Kennedy legislative program was overwhelming.

Contrary to current estimates in some business and political circles the businessmen responding favored two of the three most controversial sections of the tax bill passed by the House and currently under Senate Finance Committee scrutiny; the 8 percent tax credit provision which was favored by 65.1 percent, with 26.9 percent opposing and 8 percent no opinion. The provisions for taxing of foreign income were favored by 43.4 percent, opposed by 41 percent with 15.6 percent noncommittal. On a related tax matter, the businessmen supported the administration's position by voting against a temporary reduction of corporate and personal tax rates now by a margin of 61.7 percent to 35.3 percent, with 3 percent expressing no preference. Also, only 1 out of 10 respondents expressed opposition to the coming revision of the depreciation schedules.

[From the Wall Street Journal, July 2, 1962]

APPRAISAL OF CURRENT TRENDS IN BUSINESS AND FINANCE

(By George Shea)

A curious aspect of this year's debate on the tax measure which the Senate Finance Committee is laying aside for the present has been the nature of the opposition to the proposed credit for new investment in equipment. Sources that say they speak for business, and sources that say they speak for labor unions and liberals, have both opposed it.

As passed by the House the credit would let businesses deduct from their income-tax bills 7 percent of what they spend on additional equipment. The business opponents say they would rather have a reform of the law governing the depreciation, for wear and tear of property, that may be deducted from taxable income. The leftwing opponents say that if there's any tax reduction at all it should be in the lowest brackets of individual income tax rates.

Reform of depreciation can be accomplished, basically, in only one way. That's by allowing depreciation to be deducted faster than is now permitted. Such will be the net effect of an announcement expected later this week from the Treasury, setting forth new and simplified categories of so-called useful lives of various kinds of property. It will enable businessmen to depreciate in, say, 15 years, property which previously could not be written off in less than, say, 25 years.

The argument in Congress isn't over these coming schedules. What the business group which opposes the credit wants is a law that would give businesses even more freedom than the Treasury can grant them under present law.

Complete reform would let businesses write off facilities at any rate they liked, even writing off 100 percent of a piece of property in the year it is bought. The Government would lose revenue in that year, because the deduction would reduce taxable income more than now permitted. But in subsequent years, as long as the property was in use for profitmaking activities, the Government would gain revenue, because that property would yield no further deductions from income. Assuming no change in the number of years the property is used under either method of depreciation, the Government would neither gain nor lose in the end.

Actually, the Government, and also the economic system, would probably gain through such complete freedom. The reason is that the faster any property is written off, the less tendency there is to keep it in use after it becomes obsolete or even mildly inefficient. Then, any earlier replacement of, say, a machine would not only stimulate economic activity, but would also bring earlier income-tax revenue to the Government on the profit made by the builder of the new machine.

However, the chances of getting the Government to give businessmen that much leeway are pretty small. For one thing, the Government might indeed lose a great deal of revenue the first year. For another, many legislators would be vaguely afraid businessmen might get away with something thereby.

Thus the problem becomes one of political strategy, in which the essential difference in results between the credit or a more liberal depreciation law must be judged. Actually, the resemblance between the two is greater than appears at first sight.

The credit would work this way: A business buys $100 of equipment. That year, after calculating its income tax the usual way, it is allowed to reduce the tax by 7 percent of $100, that is, by $7.

Methods of fast depreciation now available in the law let a business write off equipment more heavily in the first few years of use than in later years. For instance, one such method available in present law, if applied to a piece of equipment with a useful life of 15 years, lets a business write off in the first year one-eighth, and in the 15th year only one one-hundred-and-twentieth, of the value. The first-year deduction on the $100 piece of equipment thus can be $12.50, which, at the corporate tax rate of 52 percent, would save the business exactly $6.50 in tax in that year.

Thus, the credit, which would save $7 in tax in the year of purchase, could be looked upon as the result of extra depreciation. The amount of depreciation which would save $7 at a 52-percent tax rate would be $13.46.

A special feature of the proposed credit is that it would be available in addition to the full predication deductions already permitted by law. Thus, the buyer of the $100 of equipment with a life of 15 years could, in the first year of using it, save both the $7 through the credit and the $6.50 through using the depreciation method drescribed above. That's a total saving of $13.50. And the amount of depreciation which would save $13.50 at a 52 percent tax rate is $25.96.

As far as the taxpayer is concerned that's the equivalent of a depreciation deduction on the $100 facility of more than 25 percent in the first year. While technically this is not the same thing as a new form of accelerated depreciation, it has the same result.

One argument of some business opponents of the credit has been that it is a gimmick which could be repealed very easily. That's a matter of opinion, of course, the counterargument being that tax concessions once specifically granted by Congress are difficult to repeal.

Another argument is that the credit would be a windfall for businesses which have been planning to spend money on equipment, and thus would discriminate against those that aren't planning to spend or don't have the money. However, the same thing might be said of depreciation reform; when such a law was passed in 1954 it was made applicable only to newly purchased facilities.

And even if a new reform measure were applied to all property, businesses purchasing new facilities would get the greatest benefit from it; it would apply throughout the life of the new facilities but only to the remaining life of the old.

Complete reform of depreciation rules would surely be desirable. The question of political strategy at this time is whether half a legislative loaf is better than the possibility of getting none at all by helping the liberals fight the proposed credit.

DISCRIMINATION IN DEFENSE SPENDING

Mr. HUMPHREY. Mr. President, in recent days Senators have received a communication from the Deputy Secretary of Defense, Mr. Roswell L. Gilpatric, releasing the results of a study of the shifting pattern of Defense prime contract procurement.

Boiled down to its essence the Gilpatric report, "The Changing Patterns of Defense Procurement," says the following:

First. Three out of four dollars of prime contract money awarded to universities and nonprofit research institutions were centered in five States—Massachusetts, California, Maryland, New York, and Illinois—and the District of Columbia. Over $300 million out of the total of $431 million awarded in fiscal year 1961 went to these five States and the District. Thirty-five percent of the total went to the State of Massachusetts alone.

Second. Of the total research, developmental testing, and evaluation contracts let in fiscal 1961—a total of $6 billion—over 41 percent went to California. New York had 12 percent. The other 48 States shared less than 47 percent of the total of this $6 billion.

As Mr. Gilpatric points out, the concentration of this R.D.T. & E. effort in California and the eastern seaboard States is of major importance because any company which has contracted or managed the research, design, development, and testing work on a new weapons system—or major component—and has assembled the engineering, talent, and experience for this purpose, is obviously in an exceptionally strong position to compete for the follow-on production contracts, and for new developmental contracts, as well.

Third. The Gilpatric report stresses this latter point by listing the military prime contract awards by region and demonstrating that California alone, which had 41 percent of the R.D.T. & E. contract money, also had 24 percent of the total military prime contract awards. New York, which had 12 percent of the total R.D.T. & E. contract money, had 12 percent of the total prime military contract award money. Massachusetts, which had 5.8 percent of the R.D.T. & E. contract money also had 4.8 percent of the total prime contract awards.

We do not have the figures from Mr. Gilpatric for fiscal year 1963, but a general idea of the Defense Department's contracting pattern can be assumed by examining the published figures for NASA's fiscal year 1963 $3.7 billion budget request, published in Missiles and Rockets, June 11, 1962. Four States will get almost two-thirds of the NASA budget. California is scheduled to receive almost $1 million—$947,767—which is over one-fourth of the total NASA budget. Florida with $543 million, Louisiana with $395 million, and Alabama with $341 million, account for another one-third of the NASA budget. Texas, Missouri, New York, Ohio, Maryland, and Virginia will receive over $100 million each of the NASA budget. This leaves 40 States to share one-half of a billion dollars of the NASA budget, with only 10 States accounting for over $3.2 billion dollars—a very heavy concentration, indeed.

Mr. President, we are very proud in Minnesota of the great Institute of Technology at the University of Minnesota—an institute which has won worldwide acclaim in many fields, including those of aeronautical engineering and electronics.

We are also very proud of the fact that in the Minnesota area we have the second or third largest complex of electronics work—more than 170 firms, almost all of them founded within the last 5 years and almost all of them heavily engaged in both commercial and defense subcontracting. The number of people employed in the electronic industry in Minnesota by the end of 1961 had increased 75 percent over the year 1955.

It includes such giants as Remington Rand Univac, IBM, and Minneapolis Honeywell. It also includes scores of bright young firms employing a handful of engineers.

There is no question but that the meteoric rise of the electronics industry in Minnesota is directly related to the presence there of a great university and its superlative institute of technology. Even now, industry leaders have been planning with the University of Minnesota a huge new industrial research facility.

What concerns me is that in Minnesota, as doubtless in other areas of the country in which there are other great universities, the Defense Department and the National Aeronautics and Space Administration have simply fallen behind the times. They have evidently taken the easy way out in the award of prime contracts, both for research and development and production.

Mr. President, I am interested in knowing why the Department of Defense feels it has to put fully half of its entire R.D.T. & E. money into California and New York. I am interested in knowing why half of the money for R.D.T. & E. contracts awarded to schools and nonprofit institutions must go into the States of Massachusetts and California.

Is it now about time that those managing the Defense Department's research and development programs recognize the tremendous economic dislocations and distortions which are created by this imbalance in the award of R.D.T. & E. prime contracts?

Mr. President, it is time that the Department of Defense assumed the responsibility to develop a better balance in the award of R.D.T. & E. contracts, by insuring that a reasonable share of these funds go to qualified institutions and business firms which can do the job equally as well as those in Massachusetts and California. A gross imbalance can be seen when one compares the funds allocated for R.D.T. & E. work in Minnesota schools and other nonprofit institutions—a total of less than $3 million—as opposed to the awards to Massachusetts schools and nonprofit institutions of $120 million. This is a ratio of 60 to 1.

Mr. President, will all due respect to that great institution, the Massachusetts Institute of Technology, they are just not that good. And the Institute of Technology at the University of Minnesota is just not that relatively unable to do the job. Neither are the schools and nonprofit institutions of California—which shared in fiscal year 1961 over $80 million of R.D.T. & E. funds—40 times more creative and capable than the schools and nonprofit institutions of Minnesota.

Mr. Gilpatric points out:

> The Midwest, with its great university resources, and with its heavy annual production of Ph. D.'s and other professionals, did not in fiscal year 1961 obtain a share of defense prime contract awards, either for production, for general R.D.T. & E., or for nonprofit research proportional to its share of the Nation's scientific and technical skills.

Mr. President, I would quarrel, however, with Mr. Gilpatric's conclusion that certain institutions, companies, and communities have been "far more alert, more active, and more effective in their quest for Defense R.D.T. & E. contracts than others have been." While this may be partially true, it is also the responsibility of the Defense Department to do a better job on its homework, to know better than it has so far demonstrated it knows what resources are available outside California and Massachusetts, and to make a conscious effort to communicate with the professional communities in areas such as Minnesota so that the opportunities to bid on these R.D.T. & E. contracts are more fully understood and more widely disseminated.

When two States so dominate the R.D.T. & E. pattern of the country, something is wrong and it cannot be wholly ascribed to lack of initiative on the part of the business and professional community. Those who direct the procurement program of the Defense Department, and who persist in following the easy way—that is, to award the contracts to the big corporations and to the big institutions, must bear the major share of responsibility for this major distortion in the pattern of military procurement.

Mr. President, Senator McCARTHY, Representative BLATNIK, Representative KARTH, and I are continuing a major effort to correct this distortion by bringing Defense Department and NASA procurement people to Minnesota to see what we have. We intend to persist in this effort. We have a vital, creative, alert, and aggressive professional community in Minnesota. We have a concentration of brains and initiative in our State that should be used to its fullest if the Defense Department is going to tap the best potential of the country.

Mr. President, I intend to ask the Defense Department to provide me with a monthly report of the total R.D.T. & E. contracts being awarded, listed by State, and I hope to be able to work with the Department of Defense and NASA in creating a healthier, more equitable and more efficient pattern of the distribution of this vital work.

PRESIDENT KENNEDY'S VISIT TO MEXICO

Mr. HUMPHREY. Mr. President, we have just had ample evidence of the good that can be accomplished by personal diplomacy at the highest level. It is fair to say that President Kennedy's trip to Mexico this past weekend was a triumph—not only a personal triumph for the Chief Executive and his host, President López Matéos of Mexico, but a triumphant demonstration of the common interests and the common principles binding two great republics of this hemisphere.

President Kennedy's visit to Mexico was of significance to all nations of the Western Hemisphere. It proved that whatever may be the policy differences between the United States and a sister republic, there are unbreakable bonds of sympathy and understanding between the peoples. Thanks to his recognition of the liberal and humanitarian motives behind Mexico's political actions, President Kennedy was able to translate these excellent people-to-people relations into excellent government-to-government relations. The symbol of this change was the hearty "abrazo" from President

López Matéos on Mr. Kennedy's departure at the Mexico City airport yesterday.

Thus the main effect of this visit was a rebirth of trust and cordiality between the Mexican and United States Governments. Ever since the Cuban invasion of April 1961, entirely too much attention has been paid to the different approaches taken by Mexico and the United States toward such problems as Castro's Cuba and the Alliance for Progress. Clearly it would be impossible for a single state visit to remove these differences in 3 days, but the important thing was that they were put in perspective; they were relegated to a secondary position behind each country's shared ideals of social justice and political liberty, behind a shared revolutionary commitment to the rights of man, including his right to individual and family dignity.

In this atmosphere a beginning could be made on specific economic and political problems. The U.S. loan of $20 million for aid to Mexican agriculture under the Alliance for Progress was both timely and symbolic. Likewise, great progress was made toward a settlement of the damage to Mexican cottonfields caused by the high salinity of the Colorado River. For its part, Mexico appeared to give its hearty endorsement to the social ideals and financial principles of the Alliance for Progress. Unqualified participation of Mexico in the Alliance could be instrumental in making the Alliance a success. Mexico has much to teach her neighbors throughout Central and South America. As President Kennedy so correctly stated in reply to the welcoming speech by President López Matéos on June 29:

> The Mexican revolution has helped to show what could be done—that the path of freedom is the path of progress. In the almost 20 years since Franklin Roosevelt came to Monterrey, your supply of goods and services has tripled, your per capita output has increased nearly 8 percent, you have become virtually self-sustaining in agriculture, and you have maintained the most consistent and impressive rate of growth of any Latin American nation.

Not only that, but Mexico is no longer a byword for cashiered elections, frequent and violent changes of government, and corrupt dictatorship. The dominant factor in her economic progress has been Mexico's remarkable political stability. Mexico has avoided the extremes of the revolutionary left and the reactionary right. Always anti-Communist, Mexicans are beginning to recognize the subversive danger of the present regime in Havana. Neither Americans in Mexico nor the U.S. Government have had any reason to fear or to misinterpret President López Matéos' celebrated remark that—

> My administration is of the extreme left within the Constitution.

If Mexico adheres to her liberal Constitution, which is almost a foregone conclusion under present circumstances, the result can only be a continuation of the progress registered in the past 20 years.

I have stated on previous occasions, Mr. President, that President Kennedy could do a world of good for the Alliance for Progress if he would make a personal visit to as many countries as possible in this hemisphere. His earlier visits to Venezuela and Colombia proved the accuracy of this thesis; his visit to Mexico proved it even more conclusively. And when he goes, I hope that he will always be accompanied by our gracious First Lady, Mrs. Jacqueline Kennedy, who never fails to impress her hosts with her knowledge of Spanish and her unfailing appreciation of the history and culture of the countries she visits. In short, Mr. President, I am all for the kind of personal diplomacy we have just witnessed.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the following:

First. Excerpts from speeches by López Matéos and John F. Kennedy, June 29.

Second. Biography of Adolfo López Matéos, New York Times, June 30, 1962.

Third. United States-Mexican communique—June 30, 1962.

Fourth. Christian Science Monitor, June 29: "Goals in Latin America."

Fifth. Christian Science Monitor, June 29: "What Kennedy Sees in Mexican Trip," by Robert R. Brunn.

Sixth. Washington Post, July 2: "Mexico Bids Kennedys Fond 'Adios' " by Carroll Kilpatrick.

Seventh. New York Times, July 2: "Vivas for Kennedy End Visit to Mexico."

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 30, 1962]

EXCERPTS FROM SPEECH BY LÓPEZ MATÉOS AT LUNCHEON IN MEXICO CITY AND TEXT OF KENNEDY'S REPLY

The Charter of the Organization of American States assures us in words through which shines the depth of conviction that "the historic mission of America is to offer a man a land of liberty, and a favorable environment for the development of his personality and the realization of his just aspirations."

We have tried in Mexico for more than 150 years to live in accordance with this precept. And not without price—although perhaps with an understandable lack of modesty—I can say, Mr. President, that you, having come from a free nation, have today entered another land of liberty where a people that loves its independence works incessantly toward the realization of social justice.

In the world of our day, agitated by the immensity of the threats which hang over it, the symbolic meeting during these days between two free peoples is full of significance.

Our international relations with all countries are founded upon the classic principles of the law of nations and, first among these, that of the juridical equality of states, since equality, the sovereign parity of all peoples, together with the democratic equality of citizens, is the essential element within which harmony and peace may fully prosper.

This principle of international democracy, applied by us with that respect and consideration which our peoples and our Governments have toward each other, is the one that today so happily inspires our cordial relations with the United States of America.

MOTIVE FOR UNDERSTANDING

It pleases me greatly to know, Mr. President, that the Mexican Revolution, now finally understood in the United States by its profoundly humanistic base, is identified with the sentiment of liberty that never departed from the great American nation; it pleases me to know—I repeat—that our revolution is now, in addition, a new motive for understanding between our two countries and a stimulus that permits their Presidents—while fear, ignorance and poverty exist in many regions of the world—to converse in terms that help to advance the realization of just and time-honored aspirations.

Neither humanity nor any nation has ever sought its own destruction. It is their destiny to live to the end. And we must not permit fear or petty interests to take over in our spirits, leading us to suppose that the world can be saved through inaction or asphyxia. As you said in your speech at Yale University only a few days ago, and you said it very well, "For the great enemy of truth is very often not the lie—deliberate, contrived and dishonest—but the myth—persistent, persuasive, and unrealistic."

In the course of 50 years of revolution, or better yet, since the revolution entered its constructive stage, there have been effected in Mexico wonderful political, economic and social changes that if not impeded by events in the world, will place our country within reach of attaining its true greatness, that is to say, the highest expression of its national personality.

I do not wish to develop further an analysis of what Mexico has gained by means of the revolutionary movement of 1901, but I cannot in justice do less than invite those coryphaei of skepticism so that they may confirm with their own eyes, in a quick comparison between the Mexico of the beginning of this century and the Mexico of today, the immensity of the differences between the two, and above all—since this pleases us even more than does our still incipient economic development—that they reflect upon the magnitude of the social task that is evident in the continuity and progress of the agrarian reforms, the multiplying increase of schools, the prosperous growth in social security, the continuous building of housing developments and the effective protection of health and human life.

DIGNITY AS A HUMAN BEING

But more than that, the transformation of the spirit of the Mexican who has today full conscience of his dignity as a human being and of all his fundamental rights; who knows that he has a country which protects and shelters him; who has a national ideal and shares, therefore, the destiny of Mexico; who is sure that his sons will have larger opportunities and better chances to fulfill their destiny; who knows also that his dignity, freedom, and sovereignty must be respected in the same manner as he respects the dignity, freedom, and sovereignty of others.

All this justifies the interest with which Mexico has followed the development of that vast program of cooperation which you, Mr. President, have conceived as an alliance of the American republics for the realization of their progress, and which we have always interpreted—and I am happy to reaffirm it now—as a movement in which all the republics of this hemisphere that desire to participate in it have a position of responsibility, and not simply as a unilateral program of aid from the United States of America. This is one of the reasons that has moved Mexico to give it its support.

Behind the determination to bring to a satisfactory conclusion numerous economic and social reforms in the structure of many colonial or semicolonial institutions that have acquired a strange survival on American soil; behind that determination there is the inspiration of clear revolutionary thought that coincides in its entirety with that of our recent Mexican history. To deliver to all peoples the ripe fruit of revolution, avoiding the painful stage of fratricidal struggles, constitutes at last a historical experiment of incalculable importance.

LIBERTY HELD BASIC

Little by little inter-American cooperation has been becoming a concrete fact, and it is already possible to anticipate that our system, in spite of its defects and errors, and thanks to programs like the Alliance for Progress, which are restoring to our system its original revolutionary concept, will find its true path and take accelerated steps to travel along this road.

The welfare of the people forms an integral part of the historic mission of America. Man, his liberty and his dignity; the people, their well-being and their prosperity, have always been basic preoccupations of the American nations.

We have our flags, Mr. President; no one has seized them from us nor shall we allow them ever to be taken from us. All that we have to do is to raise them on high and as they wave in the air, march confidently toward the future, where peace with justice may be assured, as also the dignity of the human being with liberty, and the friendship of all peoples with the sovereignty of nations.

Mr. President, ladies and gentlemen, I propose that we drink a toast to the prosperity and the welfare of the United States of America and to the health and the personal well-being of its illustrious President, His Excellency John F. Kennedy, his most gracious wife, Mrs. Kennedy, and the distinguished members of his party; may their stay in Mexico be a pleasant one and may it remain fresh in their memories for many years.

BY PRESIDENT KENNEDY

It is with both pleasure and reverence that I have crossed the peaceful border which separates our two nations. For Mexico and the United States share more than a common border. We share a common heritage of revolution, a common dedication to liberty, a common determination to preserve the blessings of freedom and extend its fruits to all.

While geography has made us neighbors, tradition has made us friends. Economics has made us partners. And necessity has made us allies—in a vast Alianza para el Progreso. Those whom nature hath so joined together, let no man put asunder.

Two great and independent nations—united by hope instead of fear—are bound to have differences and disappointments. But we are equally bound to discuss them in a frank and friendly manner, to agree whenever we can agree, and to respect each other's views whenever we disagree. As cotenants of the same continent, we cannot meet our mutual needs in disarray. But, working together, we can face the future together with confidence.

There is much to be done in the future. As President López Matéos has said, the ideals of the Mexican revolution will not be fulfilled "while there is even one child without a school, one illiterate adult, one family without its own home, and while there is even one farm or city worker who does not receive enough salary to lead a decent life."

We are committed to those goals in my own country, for our own people. No nation can seek social justice abroad that does not practice it at home. But now, in addition, the United States of America is committed to help fulfill these goals throughout the Americas—to work together with Mexico and all other nations of the inter-American system to create a society in which all men have equal access to land, to jobs, and to education—a society in which no man is exploited for the enrichment of a privileged few, and in which every arm of the government is dedicated to the welfare of all.

This effort is not a one-way street. We in the United States have much to learn as well as to teach. There are commodities we must buy as well as sell. There are national burdens to be shared as well as individual burdens to be lifted. Where barriers stand between us, they must be shattered on both sides.

And so, my friends, I do not come to speak of what my country offers yours, but of what together we can do for our children. Your President and I, your people and mine, are united in our ideals and aspirations for this hemisphere. Together we shall work—together we can succeed.

Aspirations listed

Permit me now to remind you of a few of those common aspirations.

1. First, we are determined to reinforce the inter-American principle of absolute respect for the sovereignty and independence of every nation. That principle was at the heart of the good-neighbor policy—and we remain good neighbors today. That principle is the foundation of our Alliance—and we shall always be allies for progress. We recognize the right of every nation to order its own affairs, to formulate its own policies, to decide upon its own actions, subject only to the obligations of international law and the rights of other nations. And all nations who seek forcibly or by subversion to impose their will on any American country will find the free nations of this hemisphere united and determined to preserve the independence of all.

2. Secondly, we are dedicated to the ideal of a free and peaceful hemisphere of free and equal nations." "Democracy," said Benito Juárez, "is the destiny of humanity; freedom its indestructible arm." This was the destiny of the Mexican Revolution—this was the destiny of the American Revolution—and this destiny will not be achieved in full until the entire Western Hemisphere is a community of free democratic nations, committed to the individual freedom of their citizens.

3. Third, we are devoted to increasing social justice for all. National independence means little to the man who is not yet independent of poverty and illiteracy and disease. New factories and machinery mean little to the family without a home, to the student without a meal, to the farmer who has given up hope of ever owning the land he tills. If you and I and our two great nations believe in peaceful revolution—if we believe that social justice can be achieved without the sacrifice of freedom or progress—then we have ample opportunity in this hemisphere to carry out those convictions.

But it will not be easy. Ending outmoded systems of land tenure—reforming unjust systems of taxation—expanding the opportunities for better housing and better health and better education where no opportunities have existed before—all this will not be easy.

Path of freedom

But the Mexican revolution has helped to show what could be done—that the path of freedom is the path of progress. In the almost 20 years since Franklin Roosevelt came to Monterrey, your supply of goods and services has tripled, your per capita output has increased nearly 8 percent, you have become virtually self-sustaining in agriculture and you have maintained the most consistent and impressive rate of growth of any Latin American nation.

These are, I realize, only statistics—but behind these statistics I know hope has replaced despair and opportunity has replaced misery. And while, as your President López Matéos has said, your revolution is far from completed in this nation, we must now work together to bring such hope and opportunity to all the Americas.

There will be delays. There will be setbacks. There will be frustrations. We cannot double the number of classrooms, double the rate of literacy, reduce by three-fourths the rate of infant mortality and increase by 50 percent the average life expectancy in a matter of months or even years. Commodity price agreements are difficult to work out. Power and transportation systems are a long time in building. And basic internal reforms are certain to be resisted.

But now we know where we are going—and we are on our way. We do not seek to change or direct any nation's political or economic system. But we do seek to assist the Latin American nations to make fundamental changes in the life of the peoples of Latin America—and thereby to change the course of human history. If we can pursue this course with the unyielding determination you have shown—we shall surely prevail in the end.

A century ago President Abraham Lincoln declared that the independence of Mexico was a cardinal object of American policy; and he instructed his Secretary of State to tell the people of Mexico of his "respect for the * * * heroism of her people and, above all, their inextinguishable love of civil liberty."

Today, 100 years later, that deep respect remains in the hearts of the people and the President of the United States. For our two nations have been blessed with the same blessings of liberty in the past. We will dream the same dreams of opportunity in the future. And our two continuing revolutions have now been joined as one—one great effort—on one great continent—in one great Alianza para el Progreso.

[From the New York Times, June 30, 1962]

A HARDENED MEXICAN—ADOLFO LÓPEZ MATÉOS

MEXICO CITY, June 29.—President Adolfo López Matéos, who was inaugurated for a 6-year term December 1, 1958, is a grimmer and grayer man as he welcomes President Kennedy to a state visit to Mexico.

According to his intimates, the Mexican leader is also a considerably tougher man as he nears the two-thirds mark of his administration. He recently observed his 52d birthday.

Mexico's political system being what it is, the Presidency carries an awesome power, and it makes a proportionate demand on the incumbent. There has never been an easy Presidency in Mexico, but the term of Adolfo López Matéos has been more difficult than most.

He inherited great social and political uneasiness. A series of violent demonstrations had been quelled forcibly in the capital less than 4 months before he took office. The seeds of a nationwide railroad strike had already been sown, and when it took place 15 months after he was inaugurated, it threatened to cripple the national economy.

STRIKE LEADERS ARRESTED

The President, who in the previous administration had been Minister of Labor, broke the back of that strike by ordering the left-dominated leaders arrested. Most of them, including the leader, Demetrio Vallejo, are still in prison.

Mexico's well-known muralist, David Alfaro Siqueiros, later admitted in court that the Mexican Communist Party, of which he was the leading figure, gave moral and physical support to the strike. Subsequently he was arrested for fostering antigovernment, anti-U.S. demonstrations. He, like Senor Vallejo, is still in prison.

Once known as an expert in finding an acceptable compromise, the President early in his administration began showing an unexpected toughness. Later he attempted to placate Mexico's astonished left wing, which had considered him as leaning their way.

The President said flatly: "My administration is of the extreme left, within the Constitution."

A BOXER IN SCHOOL

Senor López Matéos, who stands 5 feet 10 and weighs about 180 pounds, was an amateur boxer in school, and a great hiker. On one of his school vacations he walked from

Mexico City to the Guatemalan border and back, a distance of 851 miles. The journey took 46 days.

The President is a music lover and especially favors Beethoven. He also is fond of sports. He owns three automobiles of European make and drives whenever he gets a chance.

He was a wide-ranging reader until the social and administrative demands of office became overbearing. Long able to read in English, he has been practicing lately to speak it. It is said he may make an attempt at it in his conversation with President Kennedy this weekend.

Since taking the Presidency, Senor López Matéos has traveled widely. Besides taking many trips throughout his own country, he has made state visits to various Latin American countries and to the United States and Canada. There are plans for similar visits to Japan and India, and possibly to the Soviet Union.

Senor López Matéos was born May 26, 1910, in Atizapan de Zaragoza, near the capital. His family, well off by provincial standards, was descended on both sides from soldiers, revolutionaries, and intellectuals.

Before entering politics, the President was director of the Toluca Scientific and Literary Institute, from which he has been graduated with a law degree. He was elected to the National Senate in 1946.

The President is married to the former Eva Samano, a former teacher, of Mexican and English parentage. They have a 19-year-old daughter, Eva.

UNITED STATES-MEXICAN COMMUNIQUE

MEXICO CITY, June 30.—Text of a joint communique issued by President Kennedy and President López Matéos:

"President Adolfo López Matéos and President John F. Kennedy have held a series of conversations which mark a new era of understanding and friendship between Mexico and the United States.

"Both Presidents reaffirmed the dedication of their countries to the ideals of individual liberty and personal dignity which constitute the foundation of a civilization which they share in common. In consonance with their dedication to these ideals and acting always as sovereign and independent countries, which decide their own policies and their own courses of action, they propose to respect and maintain the principles of nonintervention—whether this intervention may come from a continental or extracontinental state—and of self-determination of peoples. Therefore they are resolved to uphold these principles in the international organizations to which they belong, to defend and strengthen the democratic institutions which their peoples, in the exercise of their sovereign rights, have constructed, and to oppose totalitarian institutions and activities which are incompatible with the democratic principles they uphold.

"Both Presidents fully accept the responsibility of every sovereign nation to form its own policies, without outside dictation or coercion. They also recognize that the republics of the hemisphere share the commitment they have recently accepted, in accordance with the Inter-American Treaty of Reciprocal Assistance and the Charter of the Organization of American States to defend the continent, and to foster the fundamental democratic values. This principle of common responsibility, without impairment of national independence, is the cornerstone of the Organization of American States."

THE 1961 CHARTER BACKED

"Another dimension of this principle was expressed at the Punta del Este Conference in August of 1961. The two Presidents reaffirm their support of the Charter of Punta del Este and of the program of accelerated social and economic progress which that charter embodies. In fact, Mexico and the United States, together with the other countries of the inter-American system, are closely associated in a vast endeavor, without precedent, to promote the well-being of all the inhabitants of the hemisphere.

"President Kennedy recognized that the fundamental goal of the Mexican revolution is the same as that of the Alliance for Progress—social justice and economic progress within the framework of individual freedom and political liberty.

"The two Presidents also discussed the economic and social development program of Mexico. President Kennedy reaffirmed his country's commitment, made in the Charter of Punta del Este, to continue to cooperate with the Government of Mexico in the endeavor which it and the Mexican people are carrying out to accelerate the economic and social well-being of all the inhabitants of the Republic. The two Presidents agreed that the Alliance for Progress is essentially a program of mutual cooperation, in which the greater effort should come primarily from the nation which is seeking its development. Mexico and the United States are determined, so far as they are concerned, to continue such an effort until hunger, poverty, illiteracy, and social injustice have been eliminated from this hemisphere.

"The two chiefs of state concurred in the need of intensifying the efforts which are being made through the various international organizations including the United Nations, the inter-American system, and the European Economic Community to achieve expanding levels of trade, with special attention to the elimination of discriminatory and restrictive practices against exports of basic commodities from Latin America. They agreed that it is indispensable that a broadened and more stable market should be provided in order to improve the income of the exporting countries. Of such income, workers and farmers should have an equitable share to permit increases in their levels of living. Cotton, coffee, sugar, and metals were the subject of special discussion.

"ROLE OF GOVERNMENT

"The two Presidents discussed the importance of achieving higher rates of economic growth in their respective countries. They agreed that government has an essential role in stimulating and supplementing the efforts of private enterprise for attaining this objective, especially through sound economic and fiscal policies. Both Presidents agreed that inflation and financial instability have an adverse effect on economic development and the level of living of the general public. President López Matéos expressed the continued determination of his Government to pursue policies which would promote financial stability and economic growth, and President Kennedy promised the cooperation of his Government toward that end.

"The two heads of state exchanged views on the importance of the United Nations in promoting international understanding and peace and in encouraging economic and social progress. They decided, in consequence, that their Governments should consult each other with the view of cooperating even more closely in all matters which maintain and strengthen the purposes and principles of the San Francisco Charter.

"Both Presidents expressed the strong desire that, within the scope of the United Nations, and particularly at Geneva, negotiations should continue for general disarmament as well as for the termination of nuclear tests, both based upon effective means of control.

"Both heads of state feel gratified by the manner in which their Governments are collaborating in the eradication of illegal drug traffic, and agreed to redouble their efforts and their cooperation to put an end to this criminal activity.

"DAM PROJECT REVIEWED

"The two Presidents reviewed the progress of the joint undertaking of their countries in constructing the Amistad Dam and Reservoir project and expressed satisfaction that this project is proceeding on schedule.

"The two Presidents discussed the problem of Chamizal. They agreed to instruct their executive agencies to recommend a complete solution to this problem which, without prejudice to their judicial position, takes into account the entire history of this tract.

"In relation to the problem of salinity of the waters of the Colorado River, the two Presidents discussed the studies which have been conducted by the scientists of the two countries. The two Presidents noted that water which the United States plans to release during the winter of 1962–63 for river regulation and such other measures as may be immediately feasible should have the beneficial effect of reducing the salinity of the waters until October 1963. They expressed their determination, with the scientific studies as a basis, to reach a permanent and effective solution at the earliest possible time with the aim of preventing the recurrence of this problem after October 1963.

"The Presidents finished their conversations by emphasizing their determination that whatever temporary difficulties may at times arise between Mexico and the United States, the two Governments should resolve them in a spirit of close friendship, inasmuch as they are fundamentally united in defense of those values of liberty and personal dignity which their revolutionary ancestors struggled to establish."

[From the Christian Science Monitor, June 29, 1962]

WHAT KENNEDY SEES IN MEXICAN TRIP

(By Robert R. Brunn)

WASHINGTON.—President Kennedy will spend a good part of his time in Mexico with President López Matéos talking about the Alliance for Progress.

He will encourage President López Matéos to bring Mexico into a more active role in the Alliance and reassure private investors in Latin America.

U.S. officials disclose their country will spend something like $3 billion in the next 5 years for the Alliance but analysts agree the flight of Mexican capital is disturbing.

Mrs. Kennedy accompanies the President, as well as floor leader Senator MIKE MANSFIELD and Mrs. Mansfield, and Teodoro Moscosco, coordinator for the Alliance for Progress. Fifty American newsmen are flying down from Washington.

RELATIONS BETTER

This trip comes when relations with Mexico have improved somewhat in the past 2 years although a residual Mexican distrust of American economic motives remains.

A dip in relations began with the Cuba invasion and was further accented by a Mexican nationalization program. The effect of both forces has abated to a sizable degree.

President Kennedy indicated the thrust of his talks with President López Matéos at his press conference on Wednesday. He said he hopes the talks can uncover "what we together can do to strengthen the democratic fabric in all of Latin America."

Mexico so far has been cautious about the Alliance. President Kennedy hopes to convince the Mexicans that they should not only participate in the Alliance as a beneficiary but as a donor.

MADE OWN CONTRIBUTIONS

President Kennedy, it is expected, will remind President López Matéos that Mexico put into practice the social principles of the Alliance for Progress long ago. Officials here say that Mexico could contribute tremendously to the success of the program with its experienced technicians in such fields as land reform and planning.

Experts here agree that if President Kennedy could sell the Alliance to Mexico and bring Mexican technicians to Latin American countries that are on the verge of social revolutions, the Alliance would be measurably strengthened.

As President Kennedy left for Mexico it was announced the United States will soon sign an agreement for a $20 million loan to Mexico under the Alliance.

CAPITAL FLOWS OUT

The loan will help to provide medium and long-term credit for small farmers, combined with public and private Mexican funds in an expanded program of agricultural extension services by the Mexican Government.

At the same time World Bank officials left for Bogotá to discuss implementation of a global economic aid consortium for Colombia that could revolutionize the Alliance for Progress. A consortium such as those working in India and Pakistan uses West European funds plus American aid.

If successful in Colombia, consortium development is expected to spread to other countries and deemphasize the role of the United States, which would still provide the Alliance money now committed.

American investors have been shying from Latin America and Latin American capital has been fleeing. The Alliance is pushing social evolution. President Kennedy is expected to discuss this problem with President López Matéos.

Mexico itself, with its nationalization program, has frightened American capital away. This Mexicanization emphasis was designed to give Mexican enterprise an advantage, arguing that Mexican enterprises should not be unfavorably affected or their future development frustrated.

At the start of 1960 the Mexican economy slowed up to a walk and a balance-of-payments problem developed. U.S. Ambassador Thomas C. Mann worked hard with the Mexican Government to convince it that the "gringo" days are gone. To prove it, for example, the United States gave a $75 million stabilization fund to draw on to solve the payments crisis.

ECONOMY PICKS UP

Since 1961 the dynamic Mexican economy has improved with industrial production beginning to climb again, exports picking up, and the payments gap narrowing a bit. This all seems to go along with the López Matéos decision to deemphasize the nationalization policy.

The flight of capital from Mexico has been arrested and not reversed and the Government has been working hard to reassure private industry inside and outside the country.

Mexico is the best U.S. customer in Latin America. In 1960 Mexico bought more than $802 million in U.S. goods; it shipped goods worth more than $445 million to this country. U.S. investors have more than $1 billion interest in Mexican industry; more than 500 U.S. firms active in Mexico keep the dollars flowing across the border.

CUBA STANCE SHIFTED

The Kennedy visit comes at a point where the economical condition is improving and when the Mexican stance toward Cuba has shifted.

It is now plain to the Mexican people as a whole that the Cuban Embassy in Mexico City is a center of subversion and propaganda. The Mexicans are quite sophisticated about communism and the final revelation of Castro's Marxist-Lenin philosophy ended a slow process of deglamorization for the majority.

So Cuba is no longer the friction point that it was with the United States and this makes the Kennedy visit much more possible. However, the pro-Castro movement is still politically powerful in Mexico. Mexico still stands on the principles of nonintervention and self-determination in Cuba and continues to recognize the Castro government.

[From the Christian Science Monitor, June 29, 1962]

GOALS IN LATIN AMERICA

(By Bertram B. Johansson)

The concept that the $20 billion Alliance for Progress aid program in Latin America must become a vast political undertaking as well as the economic achievement it is intended to be is gaining a wider acceptance and circulation in Washington.

None other than Felipe Herrera, the articulate President of the Inter-American Development Bank—which is itself injecting huge amounts of funds into the hemisphere's economies—is giving voice to this view.

President Kennedy's trip to Mexico this weekend is a step in achieving wider political acceptance of the Alliance.

AIMS SPELLED OUT

The objectives of the Alliance, Mr. Herrera says, besides being economic, are also political "since they are designed to create in Latin America a united group of strong, independent, and progressive countries whose presence in world affairs represents a positive force in defense of man's ethical and spiritual values and in furtherance of international understanding."

Postponed consideration of the political problems inherent in the Alliance is one of its chief limitations, Mr. Herrera believes, and may impair its chances of success.

Mr. Herrera expressed these views at a colloquium on Latin America at Georgetown University this week.

SUPPORT NEEDED

The awakening of broad political support among the masses is a precondition for activating development policies and plans, he said. (Provisions for a public information program for the Alliance were turned down at Punta del Este months ago.)

Mr. Herrera observed that a complex set of political factors, including the fact that there are 20 separate Latin nations often going their own separate ways, determines the insufficiency of a public information program to bring about the desired climate in hemisphere public opinion.

Often, he said, when one country receives a loan, persons in another country, instead of realizing the overall value of the loan to all of Latin America, carp about their own country not receiving enough.

COOPERATION INVOLVED

In the United States, the realization is necessary that the Alliance is a cooperative effort of all the Americas that entails reciprocal responsibilities and benefits.

Mr. Herrera urged mobilization of public opinion in all the hemisphere's countries by chief executives and political leaders, rather than just by economists, who are not particularly equipped for this sort of effort.

He urged, too, the establishment of machinery for economic cooperation such as Europe has found so useful, and which was approved at the highest political levels, such as the Organization for European Cooperation, now superseded by the Organization for Economic Cooperation and Development, and the European Coal and Steel Community.

BANK ROLE REVIEWED

The IADB President, who is a Chilean, reviewed some of the activities of the Bank in its short period of existence, which included the following projections:

At the time of termination of projects already approved by the bank and under active consideration, the number of houses constructed will be 166,336, benefiting 1,088,437 persons.

The number of water supply and sewerage systems installed will be 1,005 in 864 locations for the benefit of 16,686,410 people.

And the number of persons benefiting from projects in the agricultural field will be 724,086.

RESEARCH STIMULATED

IADB also has helped the Alliance stimulate study of Latin American economic and social problems and preparation of national development plans (a concept many Latin countries have resisted for years).

The amount of foreign resources that must be invested in Latin America in the current decade has been determined, targets established for the rate of growth in per capita product and for improving significant indices of social conditions.

Mr. Herrera urged that in the light of recent European experience, "we must give serious thought to the possibility of establishing institutions such as a Latin American parliament and executive bodies designed to carry out economic integration in specific sectors of our economy, as Europe has done with the Coal and Steel Community."

TRAINING MUST EXPAND

To provide a solid footing for the technological revolution Latin America needs, "We must expand our current effort to train our national labor force and raise its cultural and technical levels," he commented.

The total of Latin American technicians and professionals today is about 50,000 persons, or the equivalent of 0.24 professional persons for every 1,000 population. By comparison, the United States has a technical force of about 1,100,000, or the equivalent of 6 professional persons for every 1,000 population.

A massive effort in the technical training field is, therefore, imperative, said Mr. Herrera, to raise the number of Latin American professionals to 110,000 by 1970, or an increase of 120 percent over current levels.

[From the Washington Post, July 2, 1962]

MEXICO BIDS KENNEDYS FOND "ADIOS"

(By Carroll Kilpatrick)

MEXICO CITY, July 1.—President Kennedy's visit to Mexico ended today, as it began on Friday, on a wave of emotion.

Several hundred thousand persons crowded the streets to wave goodby as the President and Mrs. Kennedy drove from the historic Shrine of Guadalupe, where they attended mass, to the airport.

The crowds today, while smaller than those on Friday that set a record here, were largely unexpected and showed no signs of being organized. They were as friendly as any a political leader could wish for.

If there was any anti-U.S. sentiment, often advertised here, it did not show in the smiling faces that greeted the Kennedys throughout their visit.

At the famous shrine tens of thousands of persons jammed the plaza to applaud the Kennedys as they entered and departed. Inside the great church itself 5,000 worshipers forgot tradition and vigorously applauded the American guests.

There were many more thousands along the entire 10-mile route through some of the poorest sections of the city to the airport, where President and Mrs. Adolfo López Matéos bade their guests farewell.

Although there is strict separation of church and state in this Catholic country the people seemed to applaud the President's choice of the Shrine of Guadalupe, the center of Catholic authority and tradition, in which to worship.

The Mexican President followed tradition by staying away from church, and no high official accompanied the Kennedys to the shrine. Mexicans said it would be in violation of the spirit of the Constitution for President López Matéos to attend mass.

But the Mexican people were delighted when the first Catholic President of the United States went to their most hallowed church.

Mexican and United States officials called the weekend visit a personal triumph—and the President took off for Washington at 11:30 a.m., Mexican time (1:30 p.m., e.d.t.), in a mood far different from that of a year ago as he returned from his Vienna meeting with Premier Khrushchev.

[The presidential jet landed at Andrews Air Force Base at 5:30 p.m. (e.d.t.). Mr. and Mrs. Kennedy traveled by helicopter to the White House.]

What the visit seemed to accomplish was not a change in the politics of either country but a change in attitude on the part of Government and people here. Difficult problems still exist and longstanding suspicions have not been entirely forgotten.

But a new basis for discussion apparently was established.

As one expert explained the situation, the Government will not feel compelled to play upon anti-U.S. sentiment but will be able to approach difficult Mexican-American problems with a desire for settlement.

President Kennedy began his day with a symbolic gesture as significant as his visit to the shrine.

He went to the Monument of the Revolution to lay wreaths on the tombs of Francisco I. Madero and Venustiano Carranza, thus identifying himself with the revolution which the Catholic Church opposed and which Mexican history books say the United States has always opposed.

Then the President and Mrs. Kennedy drove to the shrine where an Indian peasant is said to have seen the Holy Mother on December 9, 1531.

Since that time the Virgin Mary has been regarded as the protectress of the Indian people and the patron saint of Mexico.

The Most Reverend Miguel Dario Miranda, archbishop primate, met the Kennedys and Senate Majority Leader Mike Mansfield, Democrat, of Montana, and Mrs. Mansfield at the door and escorted them to their seats.

It was at this point that the worshipers first broke into loud applause. Some shouted "viva." Then the congregation and choir sang the moving "Hymn of Guadalupe," which they sang again as the services ended.

Speaking in English, the archbishop welcomed the U.S. visitors and praised them for helping to strengthen peace and good relations between Mexico and the United States. He invoked God's blessings and said the mass was celebrated to promote friendship between the two peoples.

After the archbishop read the Mass, Mrs. Kennedy, kneeling, presented a bouquet of red roses as an offering to the patron saint of Guadalupe.

The rose is the flower of the Virgin of Guadalupe because the Indian peasant who is said to have seen the Holy Mother was admonished by Zumarraga, to whom he reported the vision, to return with some evidence. The peasant, Juan Diego, went back to the top of the hill where only cactus had grown and found roses.

The archbishop blessed the roses that the First Lady presented, took them to the altar and then returned them to Mrs. Kennedy.

At this point she was inducted into the order of our Lady of Guadalupe an the worshipers applauded for the second time. They applauded again when the Kennedys began to leave for the drive to the airport.

In contrast to the well-guarded drive into the city Friday, there were few people and no soldiers guarding the route today and the motorcade often was slowed to avoid accidents.

There were no farewell speeches at the airport, but President López Matéos embraced Mr. Kennedy as he said goodby. On Friday, there had been only a formal handshake. Today's brazo signified the Mexican President's warmer feeling.

Mr. and Mrs. Kennedy shook hands with several hundred diplomats and Government officials, and the President was given a 21-gun salute before he boarded his jetplane.

[From the New York Times, July 2, 1962]

Vivas for Kennedy End Visit to Mexico

(By Paul P. Kennedy)

Mexico City, July 1.—President Kennedy left Mexico today after having received the applause of crowds as fervid as those that greeted him Friday.

More than 200,000 people crowded into the area of the Basilica of Guadalupe, where the President and Mrs. Kennedy attended Mass in the morning.

Waving and cheering Mexicans, dressed in holiday attire, later lined the entire 11-mile route from the basilica to the International Airport, from which the President left for Washington. He left behind a triumph in the establishment of better relations between Mexico and the United States.

After a final farewell at the airport, Mr. Kennedy and President Adolfo López Matéos embraced in the traditional Latin American abrazo. On Friday, when they had met, they shook hands formally, and the absence of an abrazo was conspicuous.

The change from a formal handshake to an embrace paralleled President Kennedy's achievement of a switch in Mexico's attitude toward the United States from coldness to warmth and understanding.

In the talks between the two Presidents and in a joint communique issued yesterday there was no overt reference to the coolness that had developed in relations over the last few years.

President López Matéos aroused a certain amount of ire when he cautioned the foreign press to "write the truth about what has happened here in this meeting." But aside from this, there was virtually complete rapport between the two Presidents and between the Presidents and the press in general during the talks.

The harmonious discussions also provided a setback for extreme leftist elements that had attempted to have Mr. Kennedy's visit canceled.

PROBLEM NOT INSOLUBLE

It appeared evident that there were only a few concrete results from the visit. However, the two Presidents proved—apparently to their mutual satisfaction—that the insoluble problems of the past that had barred harmonious relations were now not as insoluble as they had seemed.

Mexico has won an assurance that President Kennedy would use his energy and authority to help solve some of her principal problems with the United States.

President Kennedy, on his part, appears to have alined Mexico, with only minor reservations, as a strong supporter of the Alliance for Progress, which is designed to speed social and economic development in the hemisphere.

The attitude of Mexico regarding Cuba has not changed, but there appeared to have been little hope of bringing about a change even before the talks had started.

Mexico regards Cuba's Socialist ideology as incompatible with democratic principles, but she has refused to support measures that would isolate Cuba from other nations in the hemisphere.

On the Alliance for Progress, which the United States regards as its best long-range weapon for defeating any spread of revolution by Cuba or the Soviet Union in the hemisphere, Mexico agreed that the plan "is essentially a program of mutual cooperation, in which the greater effort should come primarily from the nation which is seeking its development."

The Mexican statement is expected to aid the United States in its efforts to promote the Alliance as a partnership in which self-help, rather than one-way aid, is stressed.

During the talks, President Kennedy announced a $20 million agricultural loan to Mexico under the Alliance program.

The Presidential discussions also led to an interim settlement of the thorny problem over the Colorado River waters that are used to irrigate farmland in Mexico. The United States agreed to take measures to reduce the waters' high salt content, which has ruined many acres of Mexican cotton land.

Mr. Kennedy also pledged to use his efforts to reduce trade barriers between Mexico and the United States.

Overall, President Kennedy worked hard and consistently at advancing the idea that the revolutionary heritage of the United States was similar to that of Mexico. Observers viewed this approach as one of the factors that contributed to the success of the President's visit.

VISIT TO TOMBS

Mr. Kennedy and his wife began their official day early by joining in the placing of wreaths at the tombs of Mexico's two revolutionary heroes, Francisco Madero and Venustiano Carranza.

Later, as they entered the Basilica of Guadalupe, a crowd of about 5,000 worshipers broke into applause. The Right Reverend Miguel Dario Miranda y Gomez, primate archbishop of Mexico, welcomed them and later led a prayer in English for the "full success to all the efforts" made during the President's visit.

KENNEDY RETURNS TO UNITED STATES

Washington, July 1.—President Kennedy's plane landed at nearby Andrews Air Force Base at 5:35 p.m. today after a 4-hour flight from Mexico City.

President Kennedy dispatched a thank-you message expressing friendship for Mexico to President Adolfo López Matéos while flying back to Washington.

He said their talks would provide a firm basis for continued cooperation between their two countries. He then added: "I came to meet a President and a statesman, I have left you as a friend. Viva Mexico."

[From the New York Times, July 2, 1962]

First Lady Visits Shrine of Mexico

Mexico City, July 1.—Mrs. John F. Kennedy offered a bouquet of red roses at the shrine of the patron saint of Mexico today and was enrolled into the Roman Catholic order that is dedicated to spreading devotion to Our Lady of Guadalupe.

Five thousand worshipers watched as Mrs. Kennedy climbed the steps of the huge altar of the church and knelt at the top step with the bouquet of roses, the official flower of the patron saint.

She offered the flowers to Archbishop Miguel Dario Miranda y Gómez who was celebrating the Mass in honor of President and Mrs. Kennedy on their departure from Mexico.

The archbishop took the roses to the altar, blessed them and then selected three and gave them to the wife of the President. Kissing the medal that had been placed about her neck, Mrs. Kennedy was inducted as a Dame of Our Lady of Guadalupe.

SITE DATES TO 1531

The shrine to Mexico's patron saint was built on the site where, on December 9, 1531, the Blessed Virgin was said to have appeared to an Indian named Juan Diego.

For a doubting bishop who demanded proof, Diego put into his serape some roses said to have suddenly bloomed on the barren land. When he unfolded the serape in front of the bishop there were no roses inside, according to the story, but a picture of the Virgin. This picture is displayed in glass at the high altar of the shrine.

The archbishop addressed President Kennedy and his wife as they sat in a second-row pew:

"We pray that all the efforts made by all of you will bring understanding. We pray to assure full success to all the efforts made in the past few days you have been in the capital of our country. We pray for the peoples of both countries and to the peace of the hemisphere."

MEXICANS CHEER HER

The visit to church ended the 2½-day state visit by President and Mrs. Kennedy. Cries of "Jackie, Jackie," and "Viva Jacqueline" signaled the part that Mrs. Kennedy had played in the happy capture of Mexico's capital.

Mexican women were fascinated by Mrs. Kennedy's wardrobe. She changed her dress several times daily during her brief visit, but only once did she repeat her costume, a white outfit she wore Friday and today.

There was praise today for a First Lady, who had apparently done her homework up for the trip. She impressed Dr. Eusebio Davalos Hurtado, director of the National Anthropology Institute, with questions that showed some knowledge of Mexican anthropological history. In fact, after her visit to the museum she and Dr. Davalos persuaded President Kennedy to break into his tight schedule and sneak away late yesterday afternoon for an unscheduled tour of the institute.

Perhaps Mrs. Kennedy's biggest success with the Mexicans was her decision to speak in Spanish at a luncheon yesterday of scholars, writers, and industrialists.

ORDER FOR ADJOURNMENT UNTIL TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the business for today has been concluded, the Senate adjourn until 12 o'clock noon tomorrow.

The **PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

ORDER FOR ADJOURNMENT FROM TUESDAY, JULY 3, UNTIL NOON ON THURSDAY, JULY 5

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow, it adjourn until 12 o'clock noon on Thursday next.

The **PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

IMPORTATION OF ADULT HONEY BEES

The Senate resumed the consideration of the bill (H.R. 8050) to amend the act relating to the importation of adult honey bees.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate convenes at 12 o'clock on Thursday next, the amendments of the Senator from Wisconsin [Mr. PROXMIRE] and the Senator from Minnesota [Mr. MCCARTHY] be acted on under a 30-minute limitation of debate on each amendment, 15 minutes to a side; and that at the conclusion of the debate on those two amendments, the vote be taken on the passage of the bill.

The **PRESIDING OFFICER.** Is there objection?

Mr. DIRKSEN. Mr. President, does that mean that the honey bee bill will not be considered tomorrow?

Mr. MANSFIELD. Yes.

Mr. DIRKSEN. It will be considered or not?

Mr. MANSFIELD. It will not be.

Mr. DIRKSEN. What will be the order of business tomorrow? I understood that probably the Department of Health, Education, and Welfare appropriation bill, which would be eligible for consideration tomorrow, following compliance with the 3-day rule, might be considered tomorrow.

Mr. MANSFIELD. The HEW bill will not be taken up tomorrow.

Instead of voting on the passage of the bill on Thursday next at the hour of 1 o'clock, there will be a vote on the amendment now pending, offered by the Senator from Montana.

Mr. LONG of Louisiana. Mr. President, does the Senator have in mind including in the usual unanimous-consent agreement the usual provision about relevancy to provisions in the bill?

Mr. MANSFIELD. That is correct. It is intended to have such a provision incorporated in the unanimous-consent agreement when it is completed.

Mr. PROXMIRE. Mr. President, I approve of the unanimous-consent request. For clarification, I am wondering if there are to be two yea-and-nay votes, and 1 hour of debate, a half hour on each amendment, if the vote on the amendment of the Senator from Montana might not come at 1:30 o'clock. I wanted to make certain that there would be a full half hour on the McCarthy amendment, the Proxmire amendment, and the Mansfield amendment.

Mr. MANSFIELD. That is correct.

The **PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, to clarify the RECORD, the unanimous-consent request was to the effect that 30 minutes be allowed on each amendment, 15 minutes to a side; to include the McCarthy amendment, if offered; the Proxmire amendment, if offered; and the Mansfield amendment, now pending; to be followed by a vote on the bill itself. Is my understanding correct?

The **PRESIDING OFFICER.** Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, under the agreement which has been reached, the time will begin to run at noon on Thursday; and a morning hour will be held, if need be, after the disposal of the bill, as amended, if it is amended.

The unanimous-consent agreement was subsequently reduced to writing, as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That effective on Thursday, July 5, 1962, immediately after the Senate convenes, during the further consideraiton of the bill (H.R. 8050) to amend the act relating to the importation of adult honeybees, debate on amendments by Senators MANSFIELD, PROXMIRE, and MCCARTHY shall be limited to 30 minutes, each, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided,* That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received: *Provided further,* That after the disposition of the Mansfield amendment the Senate proceed to vote on the final passage of the bill.

The **PRESIDING OFFICER.** The amendment of the Senator from Montana [Mr. MANSFIELD] will be received and printed, and will lie on the table.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the amendment of the Senate to the bill (H.R. 3840) to provide for the conveyance of certain real property of the United States to the Carolina Power & Light Co.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended, and it was signed by the President pro tempore.

THE CENTENNIAL OF THE SIGNING OF THE MORRILL LAND-GRANT ACT

Mr. FONG. Mr. President, today our Nation is observing the 100th anniversary of the signing of the Morrill Land-Grant Act by President Abraham Lincoln. In all 50 States a total of 70 universities and colleges benefit from the provisions of that act.

Although the University of Hawaii at Honolulu, Hawaii, did not receive a grant of land such as that provided for State colleges under the Morrill Act of 1862, today it is a Federal land-grant institution and shares in the benefits from the Second Morrill Act of 1890, the Nelson Amendment of 1907, and subsequent legislation.

Earlier this spring, the University of Hawaii, now in its 55th year, held ceremonies marking the centennial year of the Morrill Act at a convocation.

The University of Hawaii was established in 1907 as the College of Agriculture and Mechanic Arts by the Legislature of the Territory of Hawaii. Four years later, in 1911, the name was changed to the College of Hawaii.

In 1919, the territorial legislature passed a bill creating the University of Hawaii in 1920 and the charter provided for two colleges. The College of Hawaii became the College of Applied Science, and the College of Arts and Sciences was added. In 1931, the legislature combined the Territorial Normal School with the University School of Education to form Teachers College and now the College of Education.

Subsequently, the College of Tropical Agriculture was established in 1946, the College of Business Administration in 1949, the College of General Studies in 1956, the Colleges of Engineering and Nursing in 1959, and the East-West Center in 1960.

Prior to 1951, all graduate work was performed under the supervision of the graduate division, but in that year the name was changed and designated the graduate school.

The Hilo campus on the Island of Hawaii, the southernmost island in the chain, was opened in 1947. Total enrollment on both campuses exceeds 9,000 students at the present time.

The Morrill Act of 1862 provides for the endowment of at least one agricultural and mechanical college in each State. Thirty thousand acres of land or land scrip was offered each State for each Senator and Representative from that State, to be held or sold to provide for permanent endowment for one or more colleges providing education in the fields of agriculture and the mechanic arts.

Until 1960, Hawaii was the only State which had not received a grant under the Morrill Act or under legislation in lieu thereof.

Prior to becoming a part of the United States in 1898, Hawaii was an independent country. Unlike most of the States, our lands in Hawaii were not initially owned by the Federal Government. Thus we have never had public lands in Hawaii, as this term applied to the Western States. Under the treaty of annexation of 1898, the public lands of the Republic of Hawaii were ceded to the United States to be held in trust for the people of Hawaii.

If Hawaii were to be treated in similar fashion to her sister States under the Morrill Act, she would have been entitled to 90,000 acres of land—30,000 acres for each Senator and Representative. But such lands were not available on Oahu, where the University of Hawaii is located, or elsewhere in the eight-island State.

In the Hawaii omnibus bill of 1960, designed to amend relevant Federal statutes so that Hawaii would be treated on an equitable basis with her sister States, a section entitled "Land-Grant College Aid" provided for an appropriation of $6 million to the State for the support of the college of agriculture and the mechanic arts to be invested pursuant to the provisions of the Morrill Act of 1862.

Congress authorized the $6 million sum in lieu of a land grant in 1960 but only $2,225,000 was appropriated that year. Last year I appealed to the Senate Appropriations Committee to appropriate $3,775,000—the balance of the authorized funds—for the university. And this was accomplished. Today Hawaii is on an equal basis with other States with respect to the Morrill Act.

I am very pleased that the University of Hawaii, originally established as a land-grant college in 1907, shares in this Federal program with 69 other land-grant universities and colleges throughout the 50 States and Puerto Rico.

Although the University of Hawaii held its centennial celebration earlier this year, I am sure that today, July 2, 1962, is appreciatively and meaningfully commemorated as the centennial of that historic act, authored by Congressman Justin Smith Morrill, of Vermont, providing education for all those who are able and willing to learn.

PAN AMERICAN FLIES 100,000TH TRANSATLANTIC TRIP

Mr. MONRONEY. Mr. President, at approximately 8 o'clock tonight a jet aircraft will depart from Idlewild International Airport, bound for London, Frankfurt, and points beyond, around the world to San Francisco. This will be Pan American World Airways' flight No. 2 and it will be particularly significant because it will mark the 100,000th time that Pan American will have crossed the Atlantic.

The departure of the 100,000th flight from Pan Am's glistening umbrella-shaped terminal at Idlewild will be vastly different from the takeoff of history's first flight of paying passengers across the Atlantic on June 28, 1939.

On that day, 5,000 spectators cheered and a brass band played as 22 passengers filed out on a yacht-type pier in Port Washington Bay in Long Island, N.Y., to board the clipper *Dixie*, a flying boat capable of the then considerable cruising speed of 150 miles per hour.

That plane, a Boeing 314, flew to Marseilles, via the Azores and Lisbon, in 29 hours, 20 minutes.

The jet clipper *America*, a 600-mile-per-hour Boeing 707 that can carry 161 passengers, will be more than three-quarters of the way around the world in the same elapsed flying time.

Since the historic flight of the clipper *Dixie*, Pan Am has carried 3,590,000 passengers across the Atlantic and now operates 204 transatlantic passenger flights on clockwork schedule every week.

The jet clipper *America* will be flying one of the two round-the-world flights Pan Am makes every day as part of its service to 114 cities in 80 lands around the globe.

From New York to London, it will be commanded by Capt. Robert D. Fordyce of Locust Valley, N.Y. At London, Capt. Benjamin S. Harrell of Manhassett, N.Y., will take over the controls, taking flight No. 2 as far as Beirut with intermediate stops at Frankfurt, Munich, and Istanbul.

Captains Fordyce and Harrell were junior flight officers on the June 28, 1939, trip. Their combined flight experience equals the number of years that have elapsed since the Wright brothers first flew at Kitty Hawk, N.C.

Mr. President, as chairman of the Aviation Subcommittee of the Senate Commerce Committee, I commend Pan American for its many pioneering accomplishments and feel certain that I reflect the opinions of my colleagues.

GOVERNMENT, POLITICS, AND STUDENTS

Mr. WILLIAMS of New Jersey. Mr. President, through the years much has been written about the influence and effects of politics upon the functioning of the Federal Government. Unfortunately, many people are under the impression that politics has nothing but an adverse effect on government, molding policies to its own end, which is thought always to be selfish.

However, it must be realized that, because of the size and complexity of our Government, politics is not only present in the Government, but essential. When a country like ours is governed by elected representatives, politics is the method by which varying views concerning vital issues are brought to light and discussed. Wherever there are people to be instructed and informed, politics plays a large part.

Students are expressing increasing interest in the operation of our Government and are now taking part, to a greater degree than ever, in government activities in their municipalities and States. Their interest is indicative of a growing realization that they will play an active part in the events of this critical decade.

Within recent weeks I have had direct evidence of their interest. Each year I invite seniors in New Jersey high schools to participate in a competition for summer scholarships in my office. Judges select the scholarship winners on the basis of their achievements in school and community, together with essays submitted by all applicants. The three students selected by the judges spend 2 weeks at my office in Washington observing at firsthand the workings of their Government.

This year, I asked the students to submit essays discussing the relationship between students and politics and government. I was interested in seeing their concept of the role politics plays in government and how they, as students would form their own ideas and actively work with groups whose views they supported.

Their responses were immediate and most encouraging. I have discovered that students do take a great deal of interest in government machinery at all levels, and many of the essays expressed a desire for more high school courses dealing specifically with the functioning and current problems of government. More than 200 seniors in New Jersey high schools wrote essays which were intelligent and surprisingly comprehensive.

Judges must have had a difficult time in choosing the final winners. The students wrote seriously, and in some cases, since they were already active in their communities, from experience.

I was once again impressed with the fact that here, in our youth, lies our country's greatest resources. We must do all we can to encourage students to develop their talents and abilities, to formulate high ideals and strong convictions, and to actively carry them out in their professions and their communities.

The final winners were Ronald Bettauer of Teaneck High School; Irvin Richter of Bridgewater-Raritan High School in Somerville; and Ronald Weinstein of Trenton Central High School. Their essays succinctly reveal much about them as students and Americans.

Mr. President, I ask for unanimous consent to have the essays printed in the Record.

There being no objection, the essays were ordered to be printed in the Record, as follows:

Government, Politics, and the Student

(By Ronald Bettauer)

What will determine the political future of America? "It is just a question of how much the people know, how much they are called upon to do," answered Sam Rayburn. It is necessary "to bring them face to face with their responsibilities as citizens, or as a part of a group of citizens, or as a party, and let them know that their responsibility right now is terrific."[1] How are people brought face to face with responsibility? What will motivate them to fulfill that responsibility? It is a question of how much the people know. Education is the answer. Education can instill the patriotic sense of national destiny in the people, and it can enable them to recognize their responsibility to society.

Consequently, the primary political concern of the student is to educate himself. His is the task of learning history, not just of America, but of the world. He should learn about the political structure of his society—the Federal, State, and local units of government. He should be aware of the happenings in the world, and, moreover, he should have a deep concern about these happenings. In modern times diplomacy based on ignorance cannot succeed. Therefore, the student must first know his Government well, but also must be informed about other contemporary governmental systems.

The Government's prime political responsibility to the student is to give him the opportunity to learn about the Government itself. He must receive the necessary training in history, which is the foundation of the present. Without doubt, there is much to be learned from European and Oriental history as well as from American history. Political philosophy is an integral part of the history course. These fields are surely as important to our national destiny as are those mentioned in the National Defense Education Act. Why are they not included? The success of a democracy depends just as much on an educated voting populace as it does on scientists and mathematicians. The proposed School Assistance Act of 1961 would have been an assertion of Government responsibility in fields of education other than science and mathematics, for the State could have determined the allotment of its share of the aid. However, as it is, the State and local governments have the responsibility of expanding and heightening their standards to include if not a more extensive, a more intensive program of social studies—a deeper penetration into the world situation today and how it became what it is today, a deeper penetration of the problems of the United States.

Youth is the time to interest a person in the affairs of his country. Youth is the time to permanently dispell political apathy, national and international. Stimulating programs of studies in the school system are the natural means of preparation for the voting populace. The school is the institution best suited to give the student the power to discuss and define issues in the light of reason and to choose what is best. It can give him an open mind, a mind focused both on reality and on idealistic aims.

Hence, the Government, be it local, State, or Federal (whichever has the best facility to do so), is charged by the precepts of our Republic to provide the student with the opportunity to become educated; and it is the duty of the student, as a future voter, to become intimately acquainted with our political structure. It is a question of how much the people know. If the populace is educated, democracy cannot fail, for education will instill in us the spirit of democracy and show us how to govern ourselves best. This is the essence of the relation between government, politics, and the student: the student must educate himself politically so that he may assume his position in society when the time comes, and the Government must provide the opportunity for him to do so. A secure future is the dividend of a sound investment that has reached maturity. That investment is education. As President Kennedy said, "Our progress as a Nation can be no swifter than our progress in education."[2]

Government, Policies, and the Student

(By Irvin Richter)

In this new mass society in which we live, the role of government—that complex of institutions that have a monopoly of organized force in internal and external affairs—of necessity has changed. The state, the organized political community, needs a certain degree of stability in the social system in order to maintain its own equilibrium; this requires not only the adjustment of conflicting demands by different groups in the social and economic order, but also the deliberate creation of social well-being demanded by the new doctrine of equality.

Thus, government, as the agent of the state, has been forced more and more to assume positive responsibility for the creation and distribution of wealth. In doing so, it has become big government, both in scope and in the numbers of those employed in carrying on its responsibilities.

To keep government responsible and yet effective places a tremendous strain both on the machinery and the personnel of government as well as on the alertness and activity of the public. The democratic way of political life is not an easy one, but its rewards are great. No form of government is simpler than that of one man ruling over others; yet all history stands as a record of the abuse of power so concentrated. Democracy requires from its citizens a level of political intelligence, experience, maturity, public spirit, and self-restraint which is lacking in large parts of the world; and it also demands the exercise of ingenuity in finding solutions and developing the political machinery appropriate for a system which desires freedom and responsibility. The great strength of democracy is that its way of life fosters and encourages these very qualities.

Democracy is dependent upon the character of the people and it cannot operate successfully unless they are sufficiently intelligent and educated to form sound judgments, sufficiently self-disciplined to act with integrity and honor, and free to express their own opinions and to organize effectively to carry them out.

The demands of this new world, like the demands of the political community, are first to all demands that we think and learn. When it comes to learning through the political community, the object is to learn how to be a responsible citizen, enjoying liberty under law. The freedom of the individual must be protected, but in addition the citizen must grow in responsibility if our country is to become conscious of itself as a part of humanity and to think humanity in order to organize it. Individual freedom and liberty under law are not incompatible, and they are both indispensible.

Education in politics is indeed the order of the day. Education which so molds the spirit, morals, and minds of men that they will accept the responsibilities of active citizenship is of first importance in the modern democracy. There is none better than the practical and idealistic student to provide the higher education needed for free societies. Once more the student, on a new scale, has the duty of forming a more perfect union, which will involve establishing justice, promoting the general welfare, and securing the blessings of liberty to ourselves and our posterity.

Government, Politics, and the Student

(By Ronald Weinstein)

"Government of the people, by the people, anf for the people"—thus runs the description of American government. For nearly 200 years the people have experimented in democracy. Government on local, State and National levels has grown, reformed, and matured. The people have grown in responsibility with it. Political parties and political activities have taken on new emphasis. Able and clearly defined leadership is a necessity in today's world, for our National Government in the 1960's is in crisis. It faces domestic problems as well as assaults from the outside. Our State and local governments also face urgent problems as the United States of America is becoming increasingly urbanized. Tomorrow's citizens will have to be acquainted with the government and its problems as today's citizens must be. The students of today are the voters and leaders of tomorrow. Government, politics, and the student form a very intimate relation.

The student usually first learns of his government in a high school history course. Previous to this, he may have followed government occurrences in the newspapers, magazines, television, or radio. An early interest and knowledge of government is important. Although direct participation is, of course, impossible, the student can begin to be active in other ways. Political rallies in school create great enthusiasm during election campaigns. "Get Out and Vote" projects, such as one I directed in the 1960 campaign for Key Club, inform the voter and urge him to cast his ballot. There is more the student can do besides directing his attentions to the excitement of elections. He can study the government by keeping in close contact with acts and measures. This past year I had the opportunity to interview over radio the chairman of the charter commission in Trenton. It is in ways like these that a student obtains a keener view of the workings of his government.

It is in high school, too, that the voter of tomorrow first learns about political parties and issues. The student finds that all politicians are not the sly, money-grabbing characters that are usually portrayed in books, even though there is much evidence in history to bear out this fact. Politics is a delicate balance of power, a game in which more than two can play. Third parties and other groups often affect the march of history to a great extent. In short, the student becomes aware of many political parties, many platforms, and numerous ideas. No narrow path is set for a student to follow; after studying what is before him, he is free to form his own opinions. This, of course, is the way it should be. But it is important to remember that the student never ceases to be a student. He will always be learning something new, judging with different views, and acting in new manners. This allows for great expansion in our way of thinking. It allows us to move ahead with the times. It makes our democratic form of government elastic yet strong.

Politics and government are many times looked upon by the voters in a lackadaisical manner. They cast them aside as being either too complex to understand or too trivial to care about. It is the student's responsibility to learn to care about and understand his Government and its politics. In an age when ever increasing, vital decisions are being made by the Government, it is imperative that citizens take an active part. The student must be prepared to take his proper place in the community. The student should be prepared to enliven the politics of his area. What is a student's ultimate purpose? It is to serve his country—actively and wisely.

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[1] "Sam Rayburn Takes a Look at the World," U.S. News & World Report. vol. LI, No. 15, Oct. 9, 1961. p. 56.

[2] House or Representatives, 87th Cong., 1st sess., Doc. No. 92, "Messenger from the President of the United States Relative to American Education," Feb. 20, 1961. p. 1.

URBAN RENEWAL

Mr. WILLIAMS of New Jersey. Mr. President, with the passage of more than a decade since enactment of the urban renewal program, we have perhaps come to take it for granted. Yet the program represents a unique and brilliant reconciliation of the interests of private enterprise and the interests of those who want better cities. The program is, I think, a tribute to the resourcefulness of our country, and from time to time it is useful to contemplate this fundamental fact.

On June 21, Mr. William L. Slayton, Commissioner of the Urban Renewal Administration, took the occasion to discuss the basic framework of the urban renewal program in a talk to the Practicing Law Institute in New York.

In examining "The Differences in Viewpoints of the Government and the Private Developer," Mr. Slayton noted that—

> The traditional relationship between public and private interests has been characterized by the imposition of controls and regulations by the public on private enterprise to prevent private enterprise from doing that which the public decrees as undesirable. In urban renewal, however, the association is a cooperative one in that the public agencies must work closely with private enterprise to achieve the positive—rather than negative—goals established by the public.

As Mr. Slayton observes it is this new partnership in urban renewal that provides the great opportunity "to experiment; to attempt to provide new ways of urban living; to build new kinds of neighborhoods; and to build good architecture." And it might be added that urban renewal provides this opportunity without replacing private enterprise by complete Government action.

Mr. President, I think the Members of this body would find Mr. Slayton's comments on this still evolving partnership between the public and private interests both illuminating and rewarding. I ask unanimous consent that Mr. Slayton's speech be included in the RECORD at this point.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

DIFFERENCES IN VIEWPOINTS OF THE GOVERNMENT AND THE PRIVATE DEVELOPER

(Remarks by William L. Slayton, Commissioner, Urban Renewal Administration, Housing and Home Finance Agency, at the conference on urban renewal and housing, presented by the Practicing Law Institute, Hotel Astor, New York, N.Y., June 21, 1962)

The urban renewal program under title I of the Housing Act of 1949, as amended, relies upon both public activities and private action to achieve renewal objectives. These objectives are removal of slums through either demolition or rehabilitation, rehousing of families displaced by slum eradication, replanning of the renewal area to meet local objectives and standards, and rebuilding of the area by private enterprise in accordance with the public objectives and criteria stated in the urban renewal plan.

There are two areas of major emphasis in this process. The first is the exercise of control by the public to make sure that the rebuilding accomplishes the public objectives. The second is the rebuilding by private enterprise. Thus, public direction and private enterprise are linked to carry out the program.

It is a rather unique arrangement in that the history of public administration, association between public and private activities has been characterized by the imposition of controls and regulations by the public on private enterprise to prevent private enterprise from doing that which the public decrees as undesirable. In urban renewal, however, the association is a cooperative one in that the public agencies must work closely with private enterprise to achieve the positive—rather than negative—goals established by the public. This new approach to public administration, in the field of its relationship to private enterprise, has not created a standard operating procedure nor has it been accomplished with great ease. It is still evolving and has not really achieved a body of experience that is adequate to guide public administrators in their dealings with private enterprise.

And on the other side of the coin, private enterprise has not yet accustomed itself to this kind of relationship to Government. It has not fully absorbed the basic tenet of the relationship; namely, that it is expected to achieve objectives—public objectives—which, in a normal operation, would not be major, motivating objectives.

Under our system of private enterprise, modified as it is to achieve public objectives, the motivation of private enterprise is to make a profit. Its control is the competition of its competitors. Government, on the other hand, in dealing with the actions of private enterprise, frequently restricts the free action of private enterprise to achieve the public good. Thus, for example, Government, through the zoning ordinance, imposes limitations on the use of land to protect the welfare of the city as a whole, because private enterprise is expected, and does, operate to use land to its best financial advantage. Its motivation is expected to be, and it is, to realize as much profit as possible from the use of the land.

It is this kind of alinement—the Government establishing limitations on the activities of private enterprise—which has been the background of the relationship between private enterprise and Government. Now we are confronted with a program that has hopefully been viewed as a new kind of relationship between private enterprise and Government. In urban renewal we have approached the rebuilding operation with the hope that a spirit of cooperation could replace the standard relationship—one that could achieve a positive result satisfying to both Government and private enterprise. For it is only through this cooperative endeavor that we can achieve the new forms of urban living that are so essential to the future of our cities.

We can always retreat to the old modus operandi, but to do so would be to lose much of the hope that urban renewal now offers. Therefore, I would like to discuss this urban renewal program from the standpoint of establishing a working relationship between the private developer and the local government to achieve the public objectives of the urban renewal program.

First let me talk just a little about these objectives. You are all familiar with the standard subdivision development and with the standard apartment house. With but a few exceptions, they do not evidence any advance in site plan, livability, or architecture. It is expensive for the developer to experiment. If he does not produce a salable or rentable item, he loses money. He is much wiser to stick to the proven last. For this he cannot be blamed; but at the same time, society loses. The consumer's choice is limited; those with different tastes must build their own—or else accept that which is on the market. The consumer cannot import a house from Europe as he imports a car.

In urban renewal our one great opportunity is to experiment; to attempt to provide new ways of urban living; to build new kinds of neighborhoods; and to build good architecture. The city cannot compete with the suburbs, except in travel time, unless it concentrates on rebuilding areas that offer greater attractions to a market that now resides in the suburbs. Our standard developments do not offer such competitive advantages.

The question is how can we achieve this better way of building and achieve it with a private enterprise that has been operating in the standard development pattern? Cities can require something new and better in the way of development—but they cannot achieve it unless private enterprise can be persuaded to build it. Thus, one must analyze what is necessary to persuade private enterprise.

Let me point out that to date the urban renewal program has been very fortunate in achieving its goals of better design, better site planning, better architecture. By and large, developers have done extremely well in selecting top architects and in being willing to experiment with new approaches to design and site plan. But if urban renewal is to achieve any volume, it must begin to rely on more than a few pioneers.

Let's examine this relationship between public agency and private developer. First, I believe that in the urban renewal program, the city and the private developer have a common area of interest. But the product is not a standard product. It is a specialized product designed to meet the needs of a particular area and to achieve a particular objective. The city specifies the objective and the developer tries to achieve it. Only by close collaboration, in an atmosphere of mutual respect, can they achieve their objective.

We need a change in attitude, I believe, on the part of both. On the public side, the public official must look to the builder as a responsible, capable, and effective producer of the desired goods. On the other side, the builder must recognize that he is involved in a program that has well defined public objectives. This is not a situation that is purely private, comparable to acquiring land, say, for a section 207 rental housing project. The public objectives must be achieved, and the builder has to recognize that he must amend his procedures and adjust his operations to make sure that these objectives are met. A builder who cannot function in this manner should not be a participant in the urban renewal program.

Public officials must also recognize that the end result cannot be fully achieved unless the profit motive is adequately recognized. The public official is not always conversant with the financing and developmental problems that confront the builder. Frequently he does not understand the nature of risk capital. We must try to further his education in this respect, and refrain from putting the stamp of approval on restrictions that hamper the builder in achieving his expectation of a reasonable profit.

The private builder is not always sympathetic with the public objectives of the public official nor does he readily understand the procedures that officials must follow in order to achieve these objectives. The private builder is not used to having the director of the planning commission and his staff looking over his shoulder when he prepares a site plan or when his architect prepares a preliminary plan for the new structures. Nor is he in the habit of having his plan reviewed in detail by a public body. But this review, this evaluation—this constructive criticism from the public body—is essential in urban renewal projects, and the builder should be able to adjust himself accordingly.

But I recognize that we live in a real world and that although we desire and preach cooperation there are bound to be differences in viewpoint between the public agency and the redeveloper. Although the public agency and the redeveloper may indicate that, in broad general terms, they have the same objective, the realities of hard bargaining often reveal differences in the approach to that objective.

For example, what about money? The redeveloper naturally is interested in investing the smallest amount of cash possible and in maximizing his return on that investment.

To be effective, on the other hand, each public agency is going to have to emphasize design. It will want as much amenity as possible built into the redevelopment project. It will want the most housing or best commercial space for the least money in terms of rents. These obviously are contrary to smallest investment possible and maximum return. Therefore it is necessary to strike a balance—but a balance that does not jeopardize the public objectives. We have tried to achieve this balance by devising financing methods for housing under FHA that makes it attractive—presumably—for builders to build housing in urban renewal areas. Equity requirements are low and there is an assurance of financing because of the role of the Federal National Mortgage Association if private financing is not available. This has proved successful in attracting developers.

Nevertheless, some local agencies have viewed their operations not in terms of social objectives but in terms of real estate operations—attempting to maximize the amount of money obtained on the sale of the land. High land prices tend to persuade the redeveloper to put less money into the building and more money into the land. His mortgage amount is pretty well determined by the maximums set by FHA and he has a problem of distribution between land and structure. Where the public objective is to achieve a particularly good design, the developer will have to put relatively more money into his structure than he would normally be expected to do in the operation of the free and unpublicly directed market.

Consequently, I personally feel that in land disposition methods we are far better off establishing a reuse value that is agreed upon by FHA, the LPA, and URA—and then selecting developers on the basis of the competence and attractiveness of their design, rather than on the basis of one single factor—how much they would pay for the land.

We see, then, that it is essential for the public agency to insist upon the kind of standards that will produce the best kind of development. It is also incumbent upon the public agency to recognize that (a) private enterprise must operate with an adequate profit, and (b) if the monetary requirements are made too stringent, they will discourage private enterprise from participating. We must always make sure that our public objectives are not compromised, but at the same time be sensitive enough to the operation of the private market to establish realistic regulations. Thus, there is no need to acquire greater financial security than is absolutely necessary to make sure that the public interest is protected. For example, a developer must put up a cash deposit before he can undertake a redevelopment project. We should not require that such a deposit be retained after he has acquired the land, for at this time the local public agency has the land itself as security for performance of contract obligations by the redeveloper. Nor should we expect a developer to wait patiently while the public agency takes its time in performing the necessary functions in making the land available.

I am thinking particularly of the installment of site improvements that are essential to the project. I have found that some public agencies have a very cavalier attitude toward such items as paving of streets and installation of sewers—items that obviously are essential to the functioning of the project. A redeveloper must naturally wait for these to be installed before he can begin his construction, or in some instances, before he can start renting his apartments or stores. Waiting is costly for the developer. It is costly and means that he is not able to use his capital profitably during this period. Time is something that public agencies seem more willing to waste than does private enterprise.

Another difference in viewpoint is design itself. As I said earlier, I feel that we have an urban renewal obligation to experiment in many ways with new housing types, new site plans, and various financing techniques. We must rely upon the private redeveloper to undertake these experiments. But the builder is reluctant, naturally, to risk his money in experimenting with a relatively untried new type of housing, or a new arrangement of housing on the site. He knows also that doing something different means running into more difficulty all along the line. Consequently, he must be persuaded—and he will not be persuaded if the objectives in new design set by the redevelopment agency becomes more difficult to achieve because of obstacles created by other bureaucracies.

Thus, the private developer must have the sympathetic cooperation of all local public officials. For instance, new ideas in design generally mean something different from the standard controls found in zoning ordinances. Whoever administers the zoning ordinance must have some sympathy for the new approach. If the developer is to stick his neck out, so should the city, in accepting new and different concepts from those that have governed city development for the past 30 years.

So here, in recognizing the difference in viewpoint and working to achieve its public objectives, the public agency must take positive action to assure the developer—who may be a reluctant participant—that what is being proposed and supported by the local public agency will also receive all other necessary governmental approvals.

And certainly there is a difference in viewpoint on social objectives. The public agency will often feel strongly that urban renewal should achieve certain basic social objectives. On the other hand, the developer may be somewhat reluctant to jeopardize his investment in trying to meet social objectives that have not proved easy to achieve. Integration is obviously a social objective that may create concern for the redeveloper, and yet its achievement is essential. There is an obligation on the public agency to acquire all the information possible and to work with the developer and local groups to make sure that the public objectives are understood, and that the resources of the entire community are mustered in support of these social objectives. Certainly, we cannot rely exclusively upon the redeveloper to be our social experimenter.

Another difference in viewpoint that should not be too difficult to reconcile but one which has damaged redevelopment in the past is the question of when community facilities such as schools will be built to serve a redevelopment area. The developer naturally wants to have the school available and operating when he starts to rent or sell. The school board or the city, on the other hand, frequently takes the position that it is a waste of public money to build a school until large numbers of children are clamoring to attend it. Here we have the anomaly of either (1) a housing development with no school or (2) a school with no housing development—to take the most extreme positions.

Here I believe that in the long run the viewpoint of the developer is in the greater public interest than the viewpoint expressed by some public agencies.

In renewing our wornout slum areas, it is essential to establish a new character. Families with children must be persuaded to move to the project area. There must be strong attractions. The attraction of reasonable rents and sales prices, locations and designs are basic—but, insufficient. Mother wants to make sure that her children will have a conveniently located and well-equipped school to attend.

I think the southwest Washington redevelopment project with its Amidon School provides an excellent example of the wisdom of developing a new school and a good school early in the redevelopment process. The apartments and houses being rented and sold in the southwest area are now advertised as being within the district of this new school. This has become a selling point by the developer and has been an important factor in making southwest Washington such a success.

One other item that I would like to refer to is timing. The public agency is naturally anxious to get construction underway, but at times it appears as though, even with the money it may be costing him, the redeveloper is not acting with the greatest possible speed. Here I feel that the apparent difference in viewpoint is more apparent than real—for it should be to the basic interest of both to get construction underway promptly. The redeveloper will ordinarily be anxious to initiate construction. However it may in some instances be a shortrun benefit to the developer to drag his feet because he may be busy elsewhere, or he may not have the front money available immediately and so wishes a postponement.

Here I feel that the developer cannot be accommodated. Here it is essential that the agreement between public agency and the redeveloper be very specific and that the penalties for nonperformance or inadequate performance be clearly stated and actually invoked by a public agency. We cannot permit developers to delay activities at the expense of the community's interest in prompt development.

One other difference in viewpoint concerns the kind of investor. I am referring to the public interest in having a long-term investor as a redeveloper. This is in contrast to the way in which private enterprise normally builds office buildings and housing developments. Our experience has been with the entrepreneur developer who has a small amount of equity and an interest in using that equity to create a capital asset—constructing an office building or apartment house and selling it for a capital gain when it is providing sufficient income. This is the standard entrepreneural operation and has created most of our postwar building.

However, it is to the interest of the city and public agency to have an investor who looks upon this investment as a long-term investment. When an investor knows he is going to stay with it for quite awhile, he will be interested in building better, in building in maintenance-free items, and in designing more lasting and attractive structures. In short, his interest as a long-term investor will be more in accord with the interest of the public agency.

I think we are going through something of a revolution in investment in redevelopment and that this is due in part to the realities of a situation. Redevelopment projects by their very nature generally take longer to rent up; it takes some time to build up the character of an area. I think that some of our early investors who started out as basic "get-in get-out" investors have had to become of necessity long-term investors. They haven't been able to get out because they haven't been able to sell their property for what they would like to make out of it. I think we are now attracting the longer term investor. As I meet with and talk to new developers coming into urban renewal, I find that their interest seems to be more in the long term rather than in the short term.

These, it seems to me, are the basic differences in viewpoint between the redeveloper and the public agency. They are differences that shouldn't be disturbing, since they are only natural in the way our public-private system works. On the whole we have been fortunate in attracting the kind of developers we have. Basically their wishes and objectives appear to be in accord with those of public agencies. Naturally, in the achievement of these objectives their viewpoints differ at times from that of the public agency. On the whole, however, I think that these differences have been resolved without compromising the objectives of the public agency or the objectives of the renewal program.

However, even though the experience has been relatively good and we seem to have developed this new kind of public administration approach on the relationship between public and private and the way in which the public selects a developer, I feel it is essential to continue to recognize that there are differences in viewpoints and that we must be specific in providing systems for resolving those differences.

We must always keep in mind what Housing Administrator Robert C. Weaver recently said: "We are concerned not simply with building and investment. It is what we build, where we build, and for whom we build that is important. It is what we do about the communities we have already built that will shape the opportunities, the living standards, and the business growth of the American town and city."

No developer should come into the program unless he really recognizes that the public objectives must be achieved. And at the same time no public agency should go into this program without recognizing that certain elements are essential if private enterprise is to be able to function in its role in enabling the public agency to achieve its public objectives.

President Kennedy has pointed out that "The unfinished business of our society still lies stretching before us." He was referring to, among other things, the great task of rebuilding our cities. In this unfinished task we need the energy, ingenuity, and cooperation of private enterprise as well as public agencies. And it is urban renewal that has opened up ways of cooperation, to make our cities the centers of vigor, industry, and culture.

NEED FOR NEW LOOK AT BUY AMERICAN ACT

Mr. CANNON. Mr. President, on March 3, 1962, the Buy American Act passed its 29th birthday. During that long span of years the act has been amended only twice—in 1946 and in 1949. Both amendments served to clarify the original purpose of the act so that congressional intent has remained unchanged.

However, with the passage of Executive Order No. 10582, December 17, 1954, the whole implementation of the act has been altered. This order attempted to set uniform standards for administration of the act. Its most important features are: First, the procuring agency may give the domestic bidder a preference differential of 6 percent of the foreign bid, or 10 percent if exclusive of applicable duties and all costs after arrival in the United States; second, materials are considered foreign if the cost of the foreign component is 50 percent or more of the total cost of all components of the material. The procuring agency (a) may reject any bid for reasons of national interest, and (b) may reject a foreign bid in any situation in which the domestic supplier offering the lowest price for furnishing the desired materials undertakes to produce substantially all of such material in areas of substantial unemployment. The preferential treatment for areas of substantial unemployment was doubled to 12 percent by the Department of the Interior in 1955 and generally has been followed since that date.

Let me submit, Mr. President, that the price differential under the Buy American Act is too small under present world economic conditions. Today our industries must comply with a host of Federal acts which materially increase costs of production in comparison with such costs for foreign industries. Other nations frequently do not have such stringent laws as we do. American wages are four to nine times more than those of our competitors. This more than compensates for our lower materials expenditures.

Recently, the Navy announced the purchase of nearly $500,000 worth of German steel to be used in fabrication of our Polaris submarines. This action had been approved by the head of Naval Material, Vice Adm. George Beardsley and Adm. Ralph K. Jones, of the Bureau of Ships. I would not censor these officers because they rigidly and properly applied the Buy American Act to this purchase which had been bid at approximately 30 percent less than competing bids from U.S. firms.

The reasons for the low bid may be a matter of dispute. But, I do not believe there is any dispute on the need to face economic realities and to do so rapidly. I think it incumbent upon the administration to raise the preference differential to more realistic levels which would assist our own economy.

Originally, the Buy American Act established a price differential of 25 percent which was adequate to permit American firms to compete with foreign businesses for Government contracts. When Executive Order No. 10582—1954—changed the differential as I have described, in many areas, the probability of American bids competing successfully with foreign bids became virtually impossible. Perhaps with world economic conditions of 1954 such action was necessary, as a temporary measure to help foreign nations rebuild their economies, but today's situation is entirely different. Our balance of payments is such that every effort must be made to alleviate it.

Today we have more unemployment than most nations. Our annual growth rate is below that of any other major industrialized nation—ranging from 8.5 to 3.1 per cent—except the United Kingdom—2.6 percent. We have become a low-investment country; in relation to the 11 major industrial nations, we stand third from the bottom. Although not the primary consideration, import competition is a significant factor in our failure to keep pace economically with other nations. One segment of this competition is for goods purchased by the Government.

When our Government purchases from foreign concerns with a 6-percent differential, it may seem that money has been saved. But, as studies have shown, such is not always the case. Although the computations are too complex to cite, estimates indicate that the Federal and State taxes alone on a $100,000 order would be $15,449 or more than twice the so-called saving to the Government. If one were to trace through the second spending cycle, the total taxes generated amount to $36,014 or a 36-percent return on the original outlay. Of course, I realize that some of this disparity would be compensated for by import duties, but that, in my opinion, would be a very minor consideration.

In some industries, Government purchases constitute 50 percent or more of total sales. Many are relatively small; the hydraulic turbine industry, for example, has annual average domestic bookings over the last 10 years of about $27 million. Over the same period the Government has purchased about 60 percent of their orders. Foreign competition became significant in 1954 with the promulgation of Executive Order No. 10582 lowering the differential from 25 percent to 6 percent. By 1959, 52.78 percent of the dollar value of hydraulic turbines was awarded to foreign manufacturers. This has meant hardship to a small but essential industry and to its employees. Similar results could be shown for other industries.

It seems to me no more than fair that American industry be granted a preference double that at present in effect under the Buy American Act; that is, 12 percent in general and 24 percent for areas of substantial unemployment. This, among other measures, should help to solve our unemployment problem, particularly in areas of labor surplus. As I have indicated, money put to work within the United States produces tax revenues for the Federal and State Governments. An average domestic manufacturing concern will pay $6,250 Federal income tax on a $100,000 order or about the same as the supposed Government saving. As shown previously, the average $100,000 domestic sale eventually in all its cycles yields $36,000 in taxes. Spent abroad, it contributes little to our economy.

In our serious unemployment and balance of payments all possible measures must be taken that will help alleviate the situation. Doubling the preferential on Government purchases of foreign goods is one measure that will help solve the unemployment problem and will aid in alleviating our balance-of-payment deficit. I therefore urge the President to use the authority vested in his office to raise the differential between foreign and domestic bids on Government contract purchases from 6 to 12 percent and even higher for areas of substantial unemployment.

ONE HUNDREDTH ANNIVERSARY OF THE MORRILL LAND-GRANT ACT

Mr. CLARK. Mr. President, the Congress has properly given serious attention to education needs in America and has some significant measures under consideration such as the one to aid construction of facilities in institutions of higher learning. There have been those, however, who have thrown up their hands in horror at the idea that the Federal Government would in any way participate in educating the youth of America. These opponents have predicted some dark and dire days ahead simply because the Government is trying to help education do something it cannot do by itself.

In spite of what these people seem to believe, education in America today would be quite different if the Congress had not always recognized its responsibility and acted accordingly. We can go back 100 years, to July 2, 1862, when President Lincoln signed the Morrill Land-Grant Act. This act granted public lands to the States and the income from sale of these lands was used to endow and support at least one college in each State. Were it not for this far-reaching action of Congress 100 years ago, America today would have 68 less colleges and universities for that is the number of these so-called land-grant institutions. Among the missing would be Pennsylvania State University, Massachusetts Institute of Technology, University of Illinois, New Mexico State University, Texas Agricultural and Mechanical College System, University of Wyoming, and many, many others.

Mr. President, the Nation owes a debt to our predecessors of 100 years ago who had the vision, the foresight, and the fortitude to initiate a revolution in higher education in America and we would be remiss if today we did not take note of their effort and acknowledge what was accomplished.

THE SUGAR ACT

Mr. MORSE. Mr. President, I wish to say that the vote I cast in support of the conference report was one that was very difficult to cast so far as I was concerned, because I believe the whole situation is a very dubious one, for the reasons that were set out in the debate on the floor of the Senate today.

However, I came to the final conclusion that I thought the conference report was undoubtedly the best report we could get at this session of Congress. The record that was made was a record that is perfectly clear to Congress that we cannot justify waiting until the 11th hour again for action on the sugar quota program.

In the next session of Congress it is the clear duty of the leadership of both Houses to see to it that we get the sugar quota matter up at a much earlier date. I am far from convinced that the 12 Senators who voted against the conference report did not have a great deal to support their position and possibly cast the sounder vote.

However, it is the old story of resolving the doubts in favor of the conference. We must also be realistic about the parliamentary situation that confronts us in the Senate. Furthermore, I decided to vote to support the conference report, because I was well aware as were most of my colleagues in the Senate, that the amendment now offered by the majority leader was to be offered as soon as the conference report was adopted. It is a very appropriate sweetener to the honey bill. It is necessary to do justice both to Argentina and to the Dominican Republic, as well as justice to the President of the United States.

First, let me say a word about doing justice to the Dominican Republic and to the Republic of Argentina. If we had adopted merely the conference report, the allocations provided in the conference report would have given ample justification to the Dominican Republic and to Argentina for deep resentment against the United States. They could charge, and I think rightfully, that we followed a discriminatory policy against them, which under the circumstances could not be justified.

Further, I take the Senate back a few months, when we were using our good offices and our diplomatic channels to seek to bring the Dominican Republic into the orbit of free nations in the Western Hemisphere. I know something about those negotiations. They were not easy. The moderates in the Dominican Republic who were finally successful in bringing the Dominican Republic into the orbit of the free nations in this hemisphere had a nip-and-tuck situation for many weeks. It could have gone either way. It could very well have fallen back into the Trujillo tyranny, or it could have fallen into the orbit of the Communists.

We owe much to the patriots of the Dominican Republic for the patriotic services they rendered to freedom in their own country and the great service they rendered to freedom in the Western Hemisphere.

Some criticism has been made on the floor of the Senate today in regard to some statements that have been made by some of the leaders of the Dominican Republic. I think some of those statements were regrettable, but they are understandable. I do not rise to object to them or to condone them. I rise to plead for understanding with regard to what produced those statements.

Mr. President, I thank the distinguished majority leader, the distinguished Senator from Wisconsin, and the distinguished Senator from Minnesota, the majority whip, for their cooperation in arranging to have unanimous consent for votes on Thursday. It so happens that several Senators necessarily must be absent from the Senate tomorrow. We have a long way to go in order to be home for appropriate Fourth of July meetings. It would be impossible for us to be here tomorrow. That has been well known for quite some time. There are times in the Senate when it is necessary to cancel trips in order to protect what we consider to be parliamentary rights. We have a duty to be present. We are in just such a situation now in the Senate. So I express my appreciation to the majority leader, to the Senator from Wisconsin [Mr. PROXMIRE], and to the Senator from Minnesota [Mr. HUMPHREY], for their cooperation with the senior Senator from Oregon, who is speaking not for himself alone, but also for some other western Senators who find themselves in exactly the same situation.

I also thank the minority leader [Mr. DIRKSEN] for his cooperation in reaching this agreement. He does not know that I know, but I also wish to thank the distinguished Senator from Florida [Mr. HOLLAND] for the good service he rendered in arranging the agreement just reached.

Mr. President, at the time it was nip and tuck as to whether the Dominican Republic would fall back into the orbit of the Trujillo tyranny or into the orbit of Castro communism, or whether it would be saved for the cause of freedom in the Western Hemisphere.

I know something about the diplomatic negotiations of that time and period, for I, along with other members of my Subcommittee on Latin American Affairs, and also with the chairman of the full Foreign Relations Committee, the Senator from Arkansas [Mr. FULBRIGHT], was in frequent consultations with the administration in regard to the developments in the Dominican Republic.

I cannot pay too high a tribute to the great service rendered at the time by the patriots for freedom in the Dominican Republic. They were constantly in danger of losing their lives; but they were dedicated public servants; and in my judgment they saved the Dominican Republic for freedom.

Therefore, it is understandable—even though today there were some criticisms on the floor of the Senate—that some of the leaders of the Dominican Republic made some unkind expressions in regard to the United States, in connection with the sugar bill, for, after all, the economy of the Dominican Republic is in no small degree a sugar economy; and what happens to the Dominican Republic as regards the price paid for Dominican sugar and the income they get from sugar can very well determine, in the months ahead, whether the Dominican Republic is to remain a free nation. When we are dealing with this subject matter, Mr. President, we are dealing with a very delicate and vital matter, as it affects the future of the Dominican Republic. The cost of whatever additional allotment the Dominican Republic may receive, through the wise discretion of the President of the United States, through the Mansfield amendment to the honeybee bill as the vehicle for doing greater justice to the Dominican Republic, will be a small price to pay for the strengthening of freedom in the Dominican Republic.

Much the same can be said about the Argentine. I certainly need not refresh the recollection of Senators in regard to the turbulence which has occurred in recent months in the Argentine. It is my hope that we shall strengthen the cause of freedom there, too, and that at least we shall make clear at all times to the Argentine that we are willing to do what we can do strengthen the cause of freedom there. But, Mr. President, not one among us can be certain about what the situation in the Argentine will be 12 months from now. Furthermore, there are other places in Latin America where that is also true.

That is one reason why I said, earlier today, during the debate, that I would be much more inclined to favor the conference report if it had been more limited to the countries of the Western Hemisphere, but that I was at a complete loss to understand why the Union of South Africa was brought into the sugar quotas and why Australia—of all nations—should get this premium price handout from the U.S. Government, and why the talk about Ireland crept into the debate, in connection with the proposed aid to Ireland.

Mr. President, let us remember the major reason for the development of the premium price sugar program. The purpose was to assure an adequate supply of sugar close to home—not in the Union of South Africa, not in Formosa, not in Australia, not in Ireland, not in any of those remote areas. I state quite frankly that I think the application of the premium price program for sugar to those remote areas is a misuse and an abuse of the purpose and the underlying principles which in the first instance caused us to adopt the premium price sugar quota program.

The basic reason for it was to supply the American people with an adequate amount of sugar in time of war, when we were losing ships by the score. In fact, we lost more ships in our convoys than the American people yet know about. The loss of our convoy ships, particularly in the early part of the war, was extensive.

There are other reasons for the development of the premium-price program for sugar—reasons typical of our humanitarianism and our charitable impulses, although the program has not worked out in the way originally planned, because of the failure of the countries concerned, on the part of the sugar interests in those countries. We believed that this premium-price sugar quota program might benefit the field producers and the mill producers of sugar—in other words, the workers, the peons, the peasants—and, yes, I am sorry to say, Mr. President, in describing those peasants in many parts of the world I think it proper to use the term "serfs," figuratively chained to the soil. We thought our premium-price sugar quota program not only would provide an available source of sugar for our American diet—and sugar is particularly essential to the American diet—but also would make it possible for us to render deserved economic aid and assistance for the benefit of the workers.

Little did we comprehend, as the Senator from Illinois [Mr. DOUGLAS] so eloquently pointed out this afternoon, that these countries, through their sugar barons, would continue to exploit the workers, irrespective of the premium price that we paid for the sugar. It is a very sad record redounding to the everlasting discredit of the oligarchs of Latin America who are guilty of exploitation of fellow human beings, and of being, as I said earlier this afternoon, so inconsiderate and inhumane in exploiting the people and then depositing their profits in Swiss and New York banks. But that is going to have to be worked out on the diplomatic level.

That statement leads me to the second reason for supporting the Mansfield amendment, before I leave tonight to be in my home State, which therefore will not give me an opportunity tomorrow to present my case in support of the Mansfield amendment.

I support it because I think it is very important that the President of the United States be given the discretionary power made available to him under the amendment. In fact, I would give the President more discretion than the Mansfield amendment would give him, if I were writing the legislative ticket, so to speak. But I have talked to the majority leader about this amendment. I do not speak for him, but for myself, when I say that I found his discussion very helpful to me in reaching my conclusion that this is probably the maximum amount of discretion that we will be able to give to the President and get the congressional support we need for granting it.

Let me say to the President that, if we are going to have any hope of making the Alliance for Progress program work, without in any way sacrificing our obligations to maintain a system of checks upon our State Department and its diplomats, and upon the President himself, I want to urge that, within our system of checks, we lean in the direction of giving to the President of the United States a maximum amount of discretion in connection with just such problems as this one. More than we may recognize at first glance, Mr. President, the Mansfield amendment has a great deal to do with making the Alliance for Progress program work, for it is going to be generally recognized in the Western Hemisphere that the sugar bill in its present form, as it exists now that we have approved the conference report, is far from a desirable bill. All that can be said for it, in my judgment, is that it is more desirable than what we would have had if we did not have it.

The Mansfield amendment seeks to give to the President at least a little leeway, at least some area for discretionary action on his part. As one who has worked very closely with the President on the Alliance for Progress program, as Senators may have heard me say before, all the major proposals in the Alliance for Progress program can be found in the recommendations which the Latin American Subcommittee made to the full Foreign Relations Committee at the time the now President of the United States was a member of that committee.

We all worked very closely together with the then Senator from Massachusetts in developing the recommendations of the Latin American Subcommittee, based upon the research studies and reports made for us by a group of scholars and experts on Latin America. From their reports really came the major recommendations for the Alliance for Progress program.

I have complete confidence in the President of the United States in respect of the Alliance for Progress program, as I do with respect to his administration generally; but I cannot emphasize too strongly tonight how important it is that the representatives of the United States, in respect of putting the Alliance for Progress program in operation, must have a great deal of latitude for negotiation.

What I say now is no reflection on our Latin American friends, and no criticism of them, but only a recognition of great differences between Latin American cultures and the culture in the United States; great differences between Latin American political norms and political norms in the United States; great differences between Latin American conceptions of negotiability in the operation of government and those of negotiability in the administration of government in the United States.

These great differences very often are prone to lead to misunderstandings on the part of Latin American representatives around the diplomatic table or at international conferences, or to the development of a noncooperative attitude, or, for want of better language, to hurt feelings, because they are accustomed to the national spokesmen, even under their democratic processes, negotiating for their government, and his negotiations becoming the word and the bond of his nation.

Under our system of checks and balances, we do not grant as sweeping a power to the negotiator for our country as they do in Latin America. For example, Mr. President, when the Secretary of State of the United States goes to a conference, such as Bogotá Conference of 1960, or the Punta del Este conference of this year, he is not in a position to sit down and make final commitments, for he has a Congress behind him as a check. His negotiations are subject, after all, to the final approval of Congress. He can negotiate on behalf of the President of the United States, because he is the President's spokesman at that conference.

So I have found, in several international conferences that I have attended in Latin America in my capacity as chairman of the Latin American Subcommittee, that there is a great deal of misunderstanding—even downright misunderstanding—on the part of Latin Americans concerning the position taken by U.S. representatives.

There is a tendency for them to feel that we are "cagey," when we are not "cagey" at all when we tell them, "This is as far as we can go, because this is the limit of our authority, but we are satisfied we shall get approval."

How pertinent that remark is to what happened at Bogotá in 1960. At the Bogotá conference the representatives of other nations wanted the Senator from Iowa [Mr. HICKENLOOPER], the senior Senator from Oregon, and the Under Secretary of State, Mr. Dillon, to give them firm, final, and binding commitments. We could not do it, because that does not happen to be our system for international negotiations. It is their system. There was no doubt about the finality of their commitments, so far as the authority to commit was concerned. We were not in that position.

What we must do, in my judgment, if we are to make the Alliance for Progress work, is to give the maximum discretion to the President we can give under the checks and balance system. That is what the Mansfield amendment would do.

I make this statement tonight strongly urging the Senate to give support to the Mansfield amendment for the two reasons I have mentioned. I think justice and fairness to the Dominican Republic and to Argentina call for it. I think that the President of the United States has a right to have the discretion the amendment seeks to vest in him. Granting him that discretion I think will work to the best interests of the United States. I am satisfied that the President of the United States has demonstrated he can be trusted with the discretion which the Mansfield amendment would vest in him.

RECALL OF NONCOMBAT TROOPS FROM EUROPE

Mr. STENNIS. Mr. President, I was extremely gratified to learn yesterday that the Department of Defense has given orders for the recall from Europe of 7,500 noncombat support troops, and that a much larger long-term withdrawal is under consideration.

I have long been puzzled by the failure of the Department of Defense and the Department of the Army to get more divisions and other fighting manpower out of the number of available troops. As I have heretofore pointed out on the floor of the Senate, we lag far behind the Soviets and the West Germans in the utilization of available manpower and the one big reason is that we have employed fighting men in positions that could well be filled by civilians. I have been encouraged by the fact that the Department of Defense has been making a full scale study of this situation. This indicates that the very serious problem has been recognized and that efforts are underway to solve it.

I might add that the Preparedness Investigating Subcommittee, of which I am chairman, has also been making a study of this problem, and we have been kept advised of preliminary actions by the Army and the Defense Department. However, since the official studies will not be completed for some several months I will not attempt to comment on the problem or possible definitive solutions until that time.

In view of my interest in and concern over this problem, which are long standing, and because of the preliminary conclusions developed by my subcommittee, I was encouraged in May of this year to receive reports that the Department of Defense planned to recall approximately 40,000 noncombat troops from Europe. It may be recalled that I commented upon this development on the floor of the Senate on May 4, 1962, at which time I noted that we had been advised by the Department of Defense that studies were already in progress to identify these categories of military positions which could appropriately be assigned to civilian personnel.

As I pointed out then, the release of military personnel from essentially civilian tasks would have several beneficial results. First, it would result in greater economy in our Armed Forces and would result in a better utilization of our military manpower. Second, it would permit the use of the recalled troops for the purpose of building up our combat strength and aid us in reaching the 16-division goal. Third, it would help stem the outflow of American dollars and thus assist in reducing our unfavorable balance of payments.

I have also been advised that replacements of the withdrawn troops will be, for the most part, by civilian personnel. This, of course, is a move in consonance with my oft-expressed conviction of the desirability of substituting civilians for the military in essentially civilian occupations.

Following my address to the Senate of May 4, in which I stressed the fact that the recall of noncombat support manpower was desirable, I received a letter from Hon. Roswell Gilpatric, Deputy Secretary of Defense, in which he was kind enough to state that he had read my remarks with "great interest and appreciation." Then he asserted that possible steps to reduce the imbalance of our payments without impairing the efficiency of our combat forces were being studied, including the possible recall of noncombat troops and the improved rotation of other support forces. Mr. Gilpatric closed his letter with the following paragraph:

> We have long been aware of your strong view that we must make more efficient use of available manpower. Secretary McNamara and I, and all responsible officials in the military departments, share this view completely. A constructive public statement on this matter, such as the one you have made on the floor of the Senate, gives considerable encouragement to us and increases our determination to find better ways of meeting this problem.

Mr. President, I commend the attitude of the administration with respect to this matter. It is particularly gratifying to learn that this attitude is being translated into concrete action, as shown by the recall of these 7,500 troops. There is no point in issuing draft calls beyond our actual needs when the available trained manpower is already in uniform but is being utilized, in all too many instances, for the discharge of noncombat and essentially civilian functions.

I was particularly interested in the report that the recall of the 7,500 troops could be effected without weakening or reducing the strength of our combat forces. This confirms my prior convictions. Considering the large additional number of troops which have been engaged in the same or similar types of support activities, I believe that a substantial larger number can be recalled in the future. The sooner we do this and the sooner these troops are moved into combat or direct combat support billets, the greater will be our state of preparedness.

I state again, as I did on May 4., that I do not advocate that we shirk any of our obligations or commitments to our NATO allies. I merely recommend that we find a better and more economical way to do the job and that, in the interests of economy of both money and manpower, we take every available step to insure that military manpower is released from support, supply, and logistic functions which can properly and appropriately be performed by civilian personnel. In commending the Department of Defense for the first steps which it has taken in connection with this problem, I again urge that the Secretary of Defense continue to give it the high and urgent priority which its importance demands and merits.

I am confident that 40,000 troops, as originally mentioned, or perhaps even more, can be taken out of Western Europe without in the slightest degree impairing or weakening in any manner the military striking power of our forces or of forces allied with ours.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

ADDITIONAL BILL AND JOINT RESOLUTION INTRODUCED

An additional bill and joint resolution were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. JAVITS:

S. 3496. A bill to authorize the striking of certain medals at the U.S. Mint at Philadelphia for outstanding civilian achievement; to the Committee on Banking and Currency.

By Mr. WILLIAMS of New Jersey:

S.J. Res. 209. Joint resolution to temporarily suspend the equal opportunities requirement of section 315 of the Communications Act of 1934, and for other purposes; to the Committee on Commerce.

(See the remarks of Mr. WILLIAMS of New Jersey when he introduced the above joint resolution, which appear under a separate heading.)

SUSPENSION OF THE EQUAL TIME PROVISION OF THE COMMUNICATIONS ACT

Mr. WILLIAMS of New Jersey. Mr. President, I introduce, for appropriate reference, a joint resolution relating to section 315 of the Communications Act of 1934.

The joint resolution would do three things:

First, it would suspend the equal opportunity or equal time requirement of the Communications Act for the 1964 presidential and vice presidential campaign.

Second, it would suspend the equal time requirement for the 1962 congressional and gubernatorial campaigns.

Third, it would direct the Federal Communications Commission to study the effect of the suspension on the 1962 and 1964 campaigns, the advisability of suspending or repealing or modifying the equal time requirement for future campaigns, and the need for establishing standards with respect to any change in section 315.

Mr. President, I would like to take a moment to briefly describe the purpose of this joint resolution. It seems to me there is no question that section 315 has created difficulties for television and radio broadcasters in making adequate time available to major candidates for public office, which has made it difficult for broadcasters to adequately cover the issues and candidates during election campaigns. The broadcaster faces the problem of being forced by law to devote substantial amounts of expensive time to all manner of fringe candidates if he gives time to the major candidates. Thus a broadcaster cannot be blamed for giving little or no free time to anyone. This surely does not advance the cause of public enlightenment and the democratic process.

In 1959 section 315 was amended to exclude news broadcasts, news interviews, and documentaries from the equal time provision and in 1960 the provision was suspended for the presidential campaign. I believe the evidence indicates that the public gained considerably from those actions, and that the broadcasters by and large used their new discretion fairly and with good judgment.

Nevertheless, since the communications media occupies such an essential role in today's election process, I believe it is extremely important that Congress act with caution and restraint in its consideration of section 315, and only after careful study of the actual effects of any modification.

I think it would be unwise to repeal section 315 once and for all, without very careful consideration of the long-range implications, and without careful consideration of the questions and problems that might arise from such action.

For example, by repealing section 315 we would hope it would result in greater coverage of political campaigns and the allocation of more time to major candidates, but we do not know that this would necessarily or always be the case. We do not really know that it is section 315 which has created the inadequate coverage or whether economic or other factors are involved. Furthermore, I doubt we can generalize at this time from the experience of the 1960 presidential campaign coverage to congressional and other campaigns for public office. A presidential election is without question a "great show" which has wide appeal to viewers and listeners. Who would not want to cover an event like that? But can we be sure that substantial amounts of additional time would be devoted to congressional and gubernatorial elections if section 315 did not stand in the way? This is but one question that arises.

We would hope that broadcasters would be able to distinguish wisely between major candidates and the obviously marginal and fringe candidates, but we do not know with certainty that this would be the case. And we do not at present have any guidelines on this question.

With respect to the major candidates themselves, we would hope that, having granted the repeal, broadcasters would always treat the candidates with fairness and impartiality as they are now required by law to do, but we do not know that this would forever be true.

I mention these uncertainties, Mr. President, because I believe that section 315 provides some very important safeguards which go to the root of the election process in the electronic age of today.

As a general principle, I think suspension of section 315 as the need arises, rather than outright repeal, would be the wiser course. It would have the advantage of compelling periodic review and analysis of how well the suspension is working out in actuality.

Second, it seems to me that, at the beginning especially, it is most important to proceed on an experimental basis, and provide a mechanism for evaluating the practical and philosophical implications involved in any modification of section 315, and for studying what guidelines or codes of conduct may be necessary for the future.

The joint resolution I have introduced would suspend the equal time requirement for the 1964 presidential campaign, as the President has recommended.

In addition, it would suspend the requirement for the 1962 congressional and gubernatorial campaigns, and direct the FCC to study the effect of that suspension and the advisability of extending it in the future.

The Commission would have the benefit of using the 1962 congressional and gubernatorial campaigns as a test tube in which to explore some the questions I earlier raised.

The joint resolution would require the Commission to report its findings and recommendations to the Congress by December 31, 1963, with respect to the 1962 congressional and gubernatorial campaigns, so that Congress would have time to consider the findings and take whatever action may be appropriate in time for the 1964 election campaigns. The Commission would also be able to study what guidelines may be necessary in the event it believed continued suspension or repeal or modification of section 315 to be desirable.

Thus, Mr. President, I think Congress would be in a much better position to take action which would both enable broadcasters to serve the public more adequately in election campaigns and also protect the rights of all genuine candidates for public office.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 209) to temporarily suspend the equal opportunities requirement of section 315 of the Communications Act of 1934, and for other purposes, introduced by Mr. WILLIAMS of New Jersey, was received, read twice by its title, and referred to the Committee on Commerce.

PUBLIC WELFARE AMENDMENTS OF 1962—AMENDMENTS

Mr. CARROLL submitted amendments, intended to be proposed by him, to the amendments submitted by Mr. ANDERSON (for himself and other Senators) to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, which were ordered to lie on the table and to be printed.

GENERAL UNIVERSITY EXTENSION EDUCATION ACT OF 1962—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of June 27, 1962, the names of Senators BOGGS, CARLSON, FULBRIGHT, HART, HUMPHREY, KEFAUVER, LONG of Missouri, MCGEE, PELL, PROXMIRE, WILEY, YARBOROUGH, MCCARTHY, NEUBERGER, and SMITH of Massachusetts, were added as additional cosponsors of the bill (S. 3477) to promote the security and welfare of the people of the United States by providing for a program to assist the several States in further developing their programs of general university extension education, introduced by Mr. MORSE (for himself and other Senators) on June 27, 1962.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, July 2, 1962, he presented to the President of the United States the following enrolled bills:

S. 1969. An act to amend the Federal Aviation Act of 1958, to provide for supplemental air carriers, and for other purposes; and

S. 3062. An act to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions.

ADJOURNMENT

Mr. STENNIS. Mr. President, I move, in accordance with the order previously entered, that the Senate stand in adjournment until 12 o'clock tomorrow.

The motion was agreed to; and (at 8 o'clock and 28 minutes p.m.) the Senate adjourned, pursuant to the order previously entered, until tomorrow, Tuesday, July 3, 1962, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate, July 2, 1962:

TENNESSEE VALLEY AUTHORITY

Frank E. Smith, of Mississippi, to be a member of the Board of Directors of the

Tennessee Valley Authority for the remainder of the term expiring May 18, 1963, vice Herbert Davis Vogel, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 2, 1962:

Department of State

William H. Orrick, Jr., of California, to be Deputy Under Secretary of State.

Ambassadors

Charles Edward Rhetts, of Indiana, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Liberia.

William M. Rountree, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of the Sudan.

Leonard Unger, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Laos.

Diplomatic and Foreign Service

The following-named Foreign Service officers for promotion from class 1 to the class indicated:

To be career ministers

Samuel D. Berger, of New York.
Edmund A. Gullion, of Kentucky.
Martin J. Hillenbrand, of Illinois.
John D. Jernegan, of California.
Thomas C. Mann, of Texas.
Robert McClintock, of California.
Frederick E. Nolting, Jr., of Virginia.
Joseph Palmer 2d, of California.
G. Frederick Reinhardt, of California.
William M. Rountree, of Maryland.
Roy Richard Rubottom, Jr., of Texas.
John W. Tuthill, of Illinois.
William R. Tyler, of the District of Columbia.

HOUSE OF REPRESENTATIVES

Monday, July 2, 1962

The House met at 12 o'clock noon.

Rev. J. Hodge Alves, rector, the Falls Church, of Falls Church, Va., offered the following prayer:

Almighty God, loving and holy Father, who has made all men and all things. We acknowledge our dependence upon Thee. We thank Thee for this good land in which we live; and for all its freedoms. Make us wise and loyal enough to preserve them. Make us humble and gracious enough to share them. Bless us, our Nation, and these sons of our Nation who serve before Thee in this House. Make them conscious of the glorious responsibility and opportunity that is theirs. Guide them this day and every day; and grant that they may ever look unto Thee and find strength. Keep them in remembrance of that noble band who, 186 years ago, "risked their lives, their fortunes, and their sacred honors" for this dream that has become America. May we ever look unto Him whom our forefathers revered, Jesus, who maketh us to recognize the eternal worth of every man. Amen.

THE JOURNAL

The Journal of the proceedings of Saturday, June 30, 1962, was read and approved.

MEXICO'S STAKE IN AMERICA

Mr. PELLY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. PELLY. Mr. Speaker, I doubt if there is an American citizen from ocean to ocean and border to border who is not personally experiencing a warm glow of pride and gratification at the tumultuous reception given our President and the First Lady by our neighbors, the people of Mexico.

Certainly, the cordiality of this reception and the evidence of public good will are a reflection of the kind of friendship and good neighborliness which should exist. I am sure, this feeling is fully reciprocated by the people of the United States.

Certainly, as President Kennedy pointed out, there is a revolution going on today against poverty. I only hope our neighbors to the south understand that in fomenting this revolution against poverty through foreign aid the United States has been undermining our financial strength. I hope other nations and we ourselves appreciate what a stake the world has in America and the stability and soundness of the American dollar and our financial strength.

Mr. Speaker, if the Alliance for Progress is to succeed—and I certainly hope it will—our foreign assistance programs must be limited to areas such as Mexico where the seeds of prosperity will fall on fertile and friendly soil. We cannot spend ourselves into economic weakness and at the same time achieve prosperity of others. I would cut out all aid to the Communists and unfriendly nations and concentrate on friendly nations such as Mexico.

LAND-GRANT COLLEGE ACT

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that all remarks made today by various Members of the House regarding the anniversary of the Land-Grant College Act may be assembled at one point in the Record, in consecutive order. Furthermore, the suggestion was just made to me that all Members may have permission to extend their remarks in the body of the Record in connection with the Land-Grant College Act.

Mr. ALBERT. Mr. Speaker, reserving the right to object, I had a special order on this subject. Various Members asked me to yield to them on the subject, but in view of the request that my friend just made, I ask unanimous consent that my own remarks may follow those of the gentleman from Indiana and that all Members desiring to do so may have 5 legislative days in which to extend their remarks on the same subject.

Mr. HALLECK. Mr. Speaker, reserving the right to object, may I say to the gentleman from Oklahoma that his remarks should precede those of all of the rest of us, and I trust he will amend his request in that regard.

Mr. ALBERT. No, Mr. Speaker. I would like to have my remarks follow those of the gentleman from Indiana and that all others who desire to do so may extend their remarks following my remarks.

The SPEAKER. Does the gentleman from Indiana withdraw his request?

Mr. HALLECK. I do, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Parliamentary Inquiry

Mr. AVERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. AVERY. In view of the colloquy that just took place between the gentleman from Indiana and the gentleman from Oklahoma, just what position does that place those Members that have already been recognized in regard to the Land-Grant College Act?

The SPEAKER. In connection with the request of the gentleman from Indiana, concurred in by the gentleman from Oklahoma, they will all be carried in the Record together in chronological order.

Mr. AVERY. I thank the Speaker for that explanation.

FEDERAL INCOME TAX CREDIT FOR LOCAL INCOME TAX PAYMENTS

Mr. O'HARA of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. O'HARA of Michigan. Mr. Speaker, we are all familiar with the great difficulties being experienced by State and local units of government in obtaining the tax revenues needed by them to discharge their essential responsibilities. An increasing number of local units of government have turned or are turning to one form or another of income taxation in order to meet their needs. The harrassed local taxpayer is beset on every side by taxes of nearly every description. The price of civilization is high and getting higher.

Mr. Speaker, I have today introduced a proposed amendment to the Internal Revenue Code which would, at one and the same time, provide relief for the taxpayer and an improved opportunity for other units of government to seek tax sources so badly needed by them.

My bill, designated as H.R. 12388, would provide a credit against Federal income tax for State and local income taxes paid during the taxable year. If H.R. 12388 is enacted, the Federal tax liability of individual taxpayers would be reduced by the amount of any State or local income tax paid by them.

In order to protect Federal revenues and to avoid encouraging the enactment of unreasonably high State and local income tax levies, the maximum reduction permitted under my bill is 5 percent of the individual Federal income tax liability.

Under present tax laws individual taxpayers who itemize their deductions are permitted to deduct any State or local tax payment from their income before calculating their Federal tax liability.

However, this provision does not adequately recognize either the needs of hard-pressed local units of government or the financial pressure on the local taxpayer.

In the first place, not all taxpayers itemize their deductions. Many of them, particularly those of low or moderate income, who are subject to withholding, take advantage of the optional standard deduction instead of itemizing their deductions. Those who utilize the optional standard deduction receive no benefit from the deductibility of State or local tax payments.

In addition, the Federal tax saving flowing from a deduction varies according to the citizens tax bracket and may not be large. Those taxpayers who do itemize their deductions reduce their Federal income tax liability by an amount equal to the State or local tax payment multiplied by the percentage rate applicable to their particular Federal tax bracket. The largest number of taxpayers are in the 20-percent bracket. Their saving, under present law, is therefore only 20 percent of their State or local tax payment.

On the other hand, a Federal income tax credit would reduce their Federal tax liability by the entire amount of State or local income tax paid by them up to the limit of 5 percent of Federal tax liability provided in my bill.

Mr. Speaker, there has been a good deal of talk lately about a Federal tax reduction either now or next year. I believe that any tax reduction enacted by this Congress should include within it the principles of my bill introduced today. Enactment of the amendment to the Internal Revenue Code I have proposed would provide a tax reduction which has been estimated by the professional staff of the Joint Committee on Internal Revenue Taxation at $750 million. It would have the additional advantage of combining meaningful tax reduction with an opportunity for States and local governments to place their own revenue system upon a sounder foundation.

AID TO DEPENDENT CHILDREN

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The **SPEAKER.** Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Speaker, I take this time to call attention to the fact that it has been announced that the other body today will start considering a bill which passed this House on March 15, H.R. 10606. One of the important provisions of that legislation was the continuation of aid to dependent children under a new provision inserted a year or so ago whereby we would provide aid for dependent children in the event the husband or the breadwinner was in the home. That provision expired June 30, the day before yesterday.

Mr. Speaker, 60,277 families were receiving aid under this provision. These families included 217,000 children. The Federal program to aid these children expired last Saturday night. Until H.R. 10606 is enacted there will be no provision for these people.

In spite of this fact, certain Members of the other body are delaying and may prevent the enactment of the bill by their efforts to use it as a vehicle to carry the King-Anderson medical care proposal.

If aid to the unfortunate dependent children is delayed or denied, these children and their families will have no one to blame but the Senators who are now trying to pull what they think is a "fast one" with respect to the King-Anderson bill.

If the other body insists on putting the so-called King-Anderson amendment on this bill they must take the responsibility of killing the aid to dependent children. I am convinced that with that amendment the bill will be dead. Mr. Speaker, I want to make it perfectly clear that I, for one, will not be blackmailed by this kind of operation in the other body.

COMMITTEE ON BANKING AND CURRENCY

Mr. ALBERT. Mr Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight tomorrow to file a report on the bill H.R. 11158, the mass transportation bill.

The **SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

CONSENT CALENDAR

The **SPEAKER.** This is Consent Calendar Day. The Clerk will call the first bill on the Consent Calendar.

PRINCE GEORGES COUNTY SCHOOL BOARD, MARYLAND

The Clerk called the bill (H.R. 6759) for the relief of the Prince Georges County School Board, Maryland.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The **SPEAKER.** Is there objection to the request of the gentleman from Iowa?

There was no objection.

INCREASING GRATUITY ON DISCHARGE OF PRISONERS

The Clerk called the bill (H.R. 11017) to amend section 4281, title 18, of the United States Code to increase from $30 to $100 the amount of gratuity which may be furnished by the Attorney General to prisoners discharged from imprisonment or released on parole.

The **SPEAKER.** Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, reserving the right to object, I have discussed this proposed legislation with Mr. Bennett, head of the Federal Prisons System. In my discussion with him he informed me that if this bill is enacted into law, despite the fact that the increase paid to prisoners being released is from $30 to $100, it is not the intention of the Federal Prisons System to ask for any increase in their budget for fiscal 1963. On the basis of that assurance by Mr. Bennett I withdraw my reservation and endorse the legislation.

Mr. LIBONATI. The gentleman realizes also that it is permissive.

The **SPEAKER.** Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4281, title 18, United States Code, is hereby amended by striking out the figure "30" and inserting in lieu thereof the figure "100".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL PUBLIC WORKS WEEK

The Clerk called the joint resolution (S.J. Res. 68) providing for the designation of the week commencing October 1, 1961, as "National Public Works Week."

The **SPEAKER.** Is there objection to the present consideration of the joint resolution?

Mr. GROSS. Mr. Speaker, reserving the right to object, am I correctly informed that there was a verbatim resolution passed by the House on a previous occasion this year; and if so why is this resolution on the Consent Calendar today?

Mr. ROGERS of Colorado. Mr. Speaker, if the gentleman will yield, the gentleman is correct; the House passed legislation of this type recently and sent it over to the Senate. If the gentleman will notice the report, he will see that we were accurate in what we did but the other body sent this resolution over, thought that we should take their resolution, but it carries a date of October 1, 1961. We have an amendment at the desk to amend it so that the date will be October 14, 1962. The error was theirs, not ours.

Mr. GROSS. Then this is a matter of correcting an error on the part of the other body?

Mr. ROGERS of Colorado. That is correct.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER.** Is there objection to the present consideration of the joint resolution?

There being no objection, the Clerk read the joint resolution, as follows:

Whereas public work facilities and services are of vital importance to the health and well-being of the people of the Nation, and

Whereas the members of Federal, State, and local units of government are responsible for and must design, build, operate and maintain the highway, water supply, sewage and refuse disposal systems, public buildings and other structures and facilities essential to serve the citizens of our country, and

Whereas such facilities and services could not be provided without the dedicated efforts of the public works engineers and administrators of this Nation, and

Whereas the ability of governmental agencies to attract and retain competent persons to provide said facilities and services in the most efficient manner possible, is materially influenced by the people's attitude toward their public servants, and

Whereas it is in the public interest for the citizens and civic leaders of this country to become better acquainted with the public works needs and programs of their respective communities: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the seven-day period commencing October 1, 1961, as "National Public Works Week", and calling upon the people of the United States to celebrate such week with activities and ceremonies paying tribute to the public works engineers and administrators of the Nation and the important work which they perform.

With the following committee amendment:

On page 2, line 5, strike out "October 1, 1961," and insert "October 14, 1962."

The committee amendment was agreed to.

The joint resolution was ordered to be read a third time, was read the third time, and passed

The title was amended so as to read: "Providing for the designation of the week commencing October 14, 1962, as 'National Public Works Week.' "

A motion to reconsider was laid on the table.

REPEAL OF OBSOLETE STATUTES RELATING TO MINTS

The Clerk called the bill (S. 2130) to repeal certain obsolete provisions of law relating to the mints and assay offices, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3495 of the Revised Statutes, as amended (31 U.S.C. 261), is amended to read as follows:

"Sec. 3495. The different mints and assay offices shall be—

"First. The mint of the United States at Philadelphia.

"Second. The mint of the United States at Denver.

"Third. The United States assay office at New York.

"Fourth. The United States assay office at San Francisco."

Sec. 2. Section 3558 of the Revised Statutes, as amended (31 U.S.C. 283), is amended to read as follows:

"Sec. 3558. The business of the United States assay office at San Francisco shall be in all respects similar to that of the assay office at New York, except that no gold or silver shall be refined. The Officer in Charge shall be allowed the amount of necessary and bona fide wastage as determined by the Secretary of the Treasury but not to exceed that provided for the melter and refiner in section 3542 of this title, for wastage incurred in the casting of fine gold and silver bars. Such wastage allowance shall not apply to deposit operations."

Sec. 3. The following obsolete provisions of law are repealed:

(a) Section 344 of the Revised Statutes (31 U.S.C. 252).

(b) Section 3497 of the Revised Statutes, as amended (31 U.S.C. 264).

(c) Section 3498 of the Revised Statutes, as amended (31 U.S.C. 265).

(d) Section 3499 of the Revised Statutes, as amended (31 U.S.C. 268).

(e) Section 3500 of the Revised Statutes (31 U.S.C. 269).

(f) Section 3502 of the Revised Statutes (31 U.S.C. 254, 271).

(g) Section 3504 of the Revised Statutes, as amended (31 U.S.C. 266, 272).

(h) Section 3556 of the Revised Statutes, as amended (31 U.S.C. 280).

(i) Section 3557 of the Revised Statutes, as amended (31 U.S.C. 282).

(j) Section 3559 of the Revised Statutes, as amended (31 U.S.C. 284).

(k) Section 3560 of the Revised Statutes, as amended (31 U.S.C. 285).

(l) Section 3561 of the Revised Statutes, as amended (31 U.S.C. 286).

(m) Act of February 20, 1895 (ch. 105, 28 Stat. 672; 31 U.S.C. 262, 283).

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PUERTO RICO REPRESENTATION ON FEDERAL HOME LOAN BANK

The Clerk called the bill (H.R. 10383) to amend the Federal Home Loan Bank Act to give Puerto Rico the same treatment as a State in the election of Federal Home Loan Bank directors.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, reserving the right to object, I notice there are no departmental reports carried in the committee report. Normally we require this be done. I wonder what is the reason for the omission.

Mr. PATMAN. Mr. Speaker, if the gentleman will yield, I can assure the gentleman that the agencies involved have approved the bill, and although they were not inserted in the report, the agencies did approve it.

Mr. FORD. I do know the agency did testify. It is, however, very helpful if we can have statements from the various departments in the committee report unless there is some time problem.

Mr. PATMAN. I agree with the gentleman. Hereafter I am sure we will do that.

Mr. FORD. Inasmuch as there was testimony in the hearings and it is noted in the report, I will withdraw my reservation of objection, Mr. Speaker, but I do urge that all committees hereafter print the departmental report where possible.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (e) of section 7 of the Federal Home Loan Bank Act, as amended, is hereby amended by striking out the last sentence of said subsection and inserting in lieu thereof the following: "The term 'States' or 'State' as used in this section shall mean the States of the Union, the District of Columbia, and the Commonwealth of Puerto Rico. The Board, by regulation or otherwise, may add an additional elective directorship to the board of directors of the bank of any district in which the Commonwealth of Puerto Rico is included at the time such directorship is added and which does not then include five or more States, may fix the commencement and the duration, which shall not exceed two years, of the initial term of any directorship so added, and may fill any such initial term by appointment: *Provided,* That (1) any directorship added pursuant to the foregoing provisions of this sentence shall be designated by the Board, pursuant to subsection (b) of this section, as representing the members located in the Commonwealth of Puerto Rico, (2) such designation of such directorship shall not be changed, and (3) such directorship shall automatically cease to exist if and when the Commonwealth of Puerto Rico ceases to be included in such district."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALLOY OF THE 1-CENT PIECE

The Clerk called the bill (H.R. 11310) to amend section 3515 of the Revised Statutes to eliminate tin in the alloy of the 1-cent piece.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, reserving the right to object, will this provide for a heavier or lighter penny?

Mr. PATMAN. It does not relate to the weight of the coin.

Mr. GROSS. You are changing the weight of the material which goes into the penny, are you not?

Mr. PATMAN. This is using a different metal.

Mr. GROSS. Yes, so I renew my question: Is it going to be heavier or lighter?

Mr. PATMAN. The change involved will be very small, not enough to affect the value or the weight of the penny.

Mr. GROSS. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the third sentence of section 3515 of the Revised Statutes, as amended (31 U.S.C. 317), is amended to read as follows: "The alloy of the 1-cent piece shall be 95 percentum of copper and 5 per centum of zinc."

With the following committee amendment:

On page 1, after line 6, add the following new section:

"Sec. 2. The first and second sentences of section 3552 of the Revised Statutes, as amended (31 U.S.C. 369), are amended by striking out 'medals and proof coins' and inserting 'medals, proof coins, and uncirculated coins' in lieu thereof."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RELATING TO CERTAIN SUBMERGED LANDS

The Clerk called the bill (H.R. 4860) to place certain submerged lands within the jurisdiction of the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. ANDERSEN of Minnesota. Reserving the right to object, Mr. Speaker, I note this is one of the bills which is slated for action under suspension of the rules later today. I should like to know if there is any opposition to the bill on either side of the House.

The SPEAKER. If there were no opposition to this bill it would come off the list if passed by unanimous consent.

Mr. ANDERSEN of Minnesota. I would have to find out if there is any opposition before expressing myself and speaking under my reservation of objection.

Mr. ASPINALL. If the gentleman will yield, as far as the Chairman of the committee handling the legislation is concerned, there is no opposition to the passage of this bill.

Mr. ANDERSEN of Minnesota. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) all lands permanently or periodically covered by tidal waters up to but not above the line of mean high tide and seaward to a line three geographical miles distant from the coastlines of Guam, the Virgin Islands, and American Samoa, as heretofore or hereafter modified by accretion, erosion, and reliction, including filled in, made, or reclaimed lands which were formerly permanently or periodically covered by tidal waters, are hereby placed under the control of the government of Guam, the Virgin Islands, or American Samoa, as the case may be, to be administered in trust for the benefit of all of the people thereof. Such control and administration shall not, in the case of American Samoa, be so exercised as to interfere with rights in the lands aforesaid and the waters overlying the same existing under and recognized by the customs of the Samoan people.

(b) No lease, license, or permit shall be granted, and no other interest or right shall be created, by any governments aforesaid with respect to land placed under its control by subsection (a) of this section for a period of more than ten years except that, with the written approval of the Secretary of the Interior, the period may be not more than twenty-five years.

(c) The President is authorized to withdraw from the control of any of the governments aforesaid any or all of the lands placed under its control by subsection (a) of this section.

(d) Nothing in this section shall affect the use, development, improvement, or control by or under the constitutional authority of the United States of the lands referred to in subsection (a) of this section and the waters overlying such lands for purposes of navigation.

SEC. 2. (a) Except as otherwise provided in this section, the governments of Guam, the Virgin Islands, and American Samoa, as the case may be, shall have concurrent jurisdiction with the United States over parties found, acts performed, and offenses committed on property owned, reserved, or controlled by the United States in Guam, the Virgin Islands, and American Samoa, but no person who has been placed in jeopardy of punishment under the criminal laws of the United States shall be put in jeopardy of punishment under the laws of the government of the Virgin Islands, Guam, or American Samoa, as the case may be, with respect to the same offense, and no person who has been placed in jeopardy of punishment under the criminal laws of the government of the Virgin Islands, Guam, or American Somoa, as the case may be, shall be put in jeopardy of punishment under the laws of the United States with respect to the same offense.

(b) No person subject to the Uniform Code of Military Justice shall, by reason of this section, be subject to the criminal jurisdiction of the governments aforesaid with respect to any offense for which the punishment under the laws of the government concerned can exceed a fine of $300 or imprisonment for more than thirty days or both.

(c) None of the governments aforesaid shall have concurrent jurisdiction under this section in any case in which its civil law is in conflict with that of the United States.

SEC. 3. The United States hereby disclaims any right, title, or interest which it may have in any land in Guam solely by reason of the failure of a person in possession of such land on or before December 10, 1898, to have perfected his title to such land on or before such date.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That (a) all right, title, and interest of the United States in all lands permanently or periodically covered by tidal waters up to but not above the line of mean high tide and seaward to a line three geographical miles distant from the coastlines of Guam, the Virgin Islands, and American Samoa, as heretofore or hereafter modified by accretion, erosion, and reliction, including filled-in, made, or reclaimed lands which were formerly, permanently, or periodically covered by tidal waters, are hereby conveyed to the government of Guam, the Virgin Islands, or American Samoa, as the case may be, to be administered in trust for the benefit of all the people thereof.

"(b) There are excepted from the transfer made by subsection (a) hereof—

"(i) all deposits of oil, gas, and other minerals, but the term "minerals" shall not include sand and gravel;

"(ii) all lands adjacent to property owned by the United States above the line of mean high tide;

"(iii) all lands acquired by the United States by eminent domain proceedings, purchase, exchange, or gift;

"(iv) all lands filled in, built up, or otherwise reclaimed by the United States for its own use;

"(v) all lands containing structures and improvements constructed by the United States;

"(vi) all lands that have heretofore been determined by the President or the Congress to be of such scientific, scenic, or historic character as to warrant preservation and administration under the provisions of the Act of August 25, 1916 (39 Stat. 535), as amended and supplemented; and

"(vii) all lands designated by the President within one hundred twenty days after the date of enactment of this Act:

Provided, That upon request of the Governor of Guam, the Virgin Islands, or American Samoa, the President may, without reimbursement or with such reimbursement as he may deem appropriate, convey all right, title, and interest of the United States in any of the lands described in subparagraphs (ii), (iii), (iv), (v), (vi), and (vii) of this subsection to the government of Guam, the Virgin Islands, or American Samoa, as the case may be, if such land is no longer needed by the United States.

"SEC. 2. (a) Nothing in this Act shall affect Executive Order Numbered 8683, of February 14, 1941, which established the naval defensive sea area and naval airspace reservation around and over the island of Guam, as amended by Executive Order Numbered 8729, of Apirl 2, 1941, or the right of the President to establish other naval defensive sea areas and naval airspace reservations when deemed necessary for national defense.

(b) Nothing in this Act shall affect the use, development, improvement, or control by or under the constitutional authority of the United States of the lands transferred by section 1 hereof, and the navigable waters overlying such lands, for the purposes of navigation or flood control or the production of power, or be construed as the release or relinquishment of any rights of the United States arising under the constitutional authority of Congress to regulate or improve navigation, or to provide for flood control, or the production of power.

(c) The United States retains all its navigational servitude and rights in and powers of regulation and control of the lands conveyed by section 1 hereof, and the navigable waters overlying such lands, for the constitutional purposes of commerce, navigation, national defense, and international affairs, all of which shall be paramount to, but shall not be deemed to include, proprietary rights of ownership, or the rights of management, administration, leasing, use, and development of the lands and natural resources which are specifically conveyed to the governments of Guam, the Virgin Islands, or American Samoa, as the case may be, by section 1 of this Act.

"SEC. 3. (a) Except as otherwise provided in this section, the governments of Guam, the Virgin Islands, and American Samoa, as the case may be, shall have concurrent jurisdiction with the United States over parties found, acts performed, and offenses committed on property owned, reserved, or controlled by the United States in Guam, the Virgin Islands, and American Samoa. A judgment of conviction or acquittal on the merits under the laws of Guam, the Virgin Islands, or American Samoa shall be a bar to any prosecution under the criminal laws of the United States for the same act or acts, and a judgment of conviction or acquittal on the merits under the laws of the United States shall be a bar to any prosecution under the laws of Guam, the Virgin Islands, or American Samoa for the same act or acts.

"(b) Notwithstanding the provisions of subsection (a) of this section, the President may from time to time exclude from the concurrent jurisdiction of the government Guam persons found, acts performed, and offenses committed on the property of the United States which is under the control of the Secretary of Defense to such extent and in such circumstances as he finds required in the interest of the national defense.

"(c) The government of Guam shall exercise its concurrent jurisdiction over persons subject to the Uniform Code of Military Justice pursuant to agreements concluded from time to time between the Governor of Guam and the Secretary of Defense.

"SEC. 4. Subsection (b) of section 21 of the Revised Organic Act of the Virgin Islands (68 Stat. 497, 510) is hereby amended to read as follows:

"'(b) All right, title, and interest of the United States in the property placed under the control of the government of the Virgin Islands by section 4 of the Act of June 22, 1936 (49 Stat. 1807, 1808) is hereby conveyed to such government: *Provided*, That with respect to lands and other properties which on the date of this Act are designated pursuant to law for administration by the Secretary of the Interior under the provisions of the Act of August 25, 1916 (39 Stat. 535), as amended and supplemented, such lands and properties shall retain the legal status accorded them immediately prior to the enactment of this Act.'

"Sec. 6. Subsection (b) of section 28 of the Organic Act of Guam (64 Stat. 384, 392) is hereby amended to read as follows:

"'(b) All other property, real and personal, owned by the United States in Guam, not reserved by the President of the United States within ninety days after the date of enactment of this Act, is hereby conveyed to the government of Guam, to be administered for the benefit of the people of Guam, and the legislature shall have authority, subject to such limitations as may be imposed upon its acts by this Act or subsequent Acts of the Congress, to legislate with respect to such property, real and personal, in such manner as it may deem desirable.'"

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. O'Brien] and myself may extend our remarks at this point in the Record on the bill just passed.

The **SPEAKER.** Without objection, it is so ordered.

There was no objection.

Mr. ASPINALL. Mr. Speaker, as far as I am aware, H.R. 4860 is a noncontroversial bill, but it is of such importance to the people of our offshore areas—Guam, the Virgin Islands, and American Samoa—that I think Members should have an opportunity to discuss it.

When we passed the Submerged Lands Act back in 1953, we overlooked our offshore areas. We failed to give their governments the power to control the submerged lands which surround them, to exploit such resources as are there, and to provide for their development. In a way, the submerged lands off the coasts of these little islands are more important to their people than the submerged lands off our coasts are to us statesiders. We still have lots of land within our continental limits in which to expand. But the only way that Guam or Samoa or the Virgin Islands can find more land is to make it, to build it up along their coasts.

This has been happening. The new jet airstrip in American Samoa, for instance, is partly built on filled land. In the Virgin Islands, industrial plants are being built on reclaimed soil. And in Guam, there are portions of what is now fast land that not many years ago were submerged.

Our failure 10 years ago to cover these three areas in the Submerged Lands Act has led to a great deal of confusion over land titles, particularly in Guam. It has also led to a stagnation in potential development there that ought not to exist and has no need to exist.

In all three of these areas filled-in land and built-up land is of great economic importance. But the Solicitor of the Department of the Interior has ruled that there is no local authority that can lease or sell submerged land so that it can be filled in or built up. Indeed, there is not even authority in any of the downtown departments in Washington to sell or lease submerged land. For anyone to get permission to reclaim submerged land, he would have to come to Congress. Although we have tended to such business a few times before, I think we can all agree that Congress has more important things to do than take care of work of this sort. I think we can also agree that it is a matter that can be handled by a territorial legislature with a lot more knowledge of local needs than it can be by anyone in Washington.

This, then, is the first thing that H.R. 4860 does. It vests in the governments of the Virgin Islands, Guam, and American Samoa title to their submerged lands, subject to certain exceptions written into the committee's amendment to the bill. These exceptions will, I believe, fully protect the Federal interests. First, even though it is doubtful that there are any mineral values of any consequence in any of these areas, the amended bill reserves whatever minerals there are to the United States. Second, it preserves to the United States submerged land immediately adjacent to shoreline property which the United States owns. Third, it saves any land which the United States may have acquired by purchase or which it has itself reclaimed for its own use or which contains structures and improvements which the Government owns. Fourth, it reserves any offshore land which the National Park Service administers—a provision of importance only in the case of the Virgin Islands. Finally, it gives the President a period of 120 days during which to designate any lands which he thinks should be preserved and which are not otherwise covered by the other exceptions. The amended bill also makes it clear that it shall not affect naval defense air and sea reservations or the United States own right to develop and control development of the offshore lands if it chooses to do so.

Mr. Speaker, I think that this will make clear the purpose of sections 1 and 2 of the amended bill. Section 3 deals with matters of legislative jurisdiction and I will leave it to the gentleman from New York [Mr. O'Brien], the chairman of our Subcommittee on Territories, to deal with this matter. For myself, however, and for the Committee on Interior and Insular Affairs, I want to recommend passage of H.R. 4860.

Mr. Speaker, I join the chairman of the Committee on Interior and Insular Affairs in recommending passage of H.R. 4860. He has already discussed the importance of sections 1 and 2 of the amended bill to the people of the Virgin Islands, Guam, and American Samoa. I want to discuss briefly the importance of section 3.

Two of the three areas that I have just mentioned—the Virgin Islands and Guam—are unincorporated territories of the United States and the third—American Samoa—is still in the status of a possession. The people of the first two are American citizens while the Samoan people are American nationals; that is, people who owe and acknowledge allegiance to the United States but have not been accorded all the rights and privileges of citizenship.

I regard section 3 of H.R. 4860 as another step—an important step—in the progress of the people of these islands toward full self-government. Its enactment will remove a cloud on the jurisdiction of their legislatures and courts by making it clear that the civil and criminal laws of these three areas apply to all people living there except as Congress provides otherwise.

Notwithstanding its status as an unincorporated territory, Guam has had somewhat the same problem that exists in the States with respect to the jurisdiction of its legislature and its courts over acts committed on land belonging to the United States. The same problem exists on the Virgin Islands and American Samoa, but it is of particular importance on Guam because of the extent of the area directly controlled by the United States there and because of the fact that about half of its population is military and half of it is civilian.

This problem was called to the attention of the Committee on Interior and Insular Affairs by Judge Paul D. Shriver while he was employed by the committee as a special consultant on territorial affairs. Judge Shriver, I should explain, has been appointed by the President to an 8-year term as judge of the U.S. district court on Guam, an office which he had also held before he became the committee's consultant. He was and is thoroughly conversant with territorial problems, and his advice to us was well tendered and well taken.

He pointed out to us, as examples of the sort of problem that can arise, two murder cases which occurred there:

A taxi fare was taken by the driver to a war-dog cemetery in Guam which had been reserved to the United States under the Organic Act. There he struck her with a tire iron, placed her in the trunk of the taxicab, drove into a civilian area and threw her over a cliff. If the deceased had died in the war-dog cemetery there is a question as to whether the Government of Guam would have had jurisdiction to prosecute him for murder as was done. As the judge in this case, both the attorney general of Guam and the U.S. attorney shared my concern as to jurisdiction. Because of some evidence in the case I held that the deceased was alive when she was driven off the reservation.

Shortly after the above case a man lying on a beach with a woman companion was murdered and the woman seriously injured. The accused was prosecuted by the Government of Guam but if the beach was below the high water mark the land would have been owned by the United States and possibly under its exclusive jurisdiction.

These, of course, are dramatic illustrations of the sort of problem that exists in these islands. But we need not dwell on the dramatic. The thread runs through the whole fabric of the law. There is question, for instance, whether Guam's conditional sales contracts laws are applicable on the military reservations there—whether people residing on these reservations have residence for marriage and divorce purposes—whether the Guamanian laws on libel and slander are in force—what the law of workmen's compensation is—and so on and so forth. And there is the equally intriguing question of what law is applicable if Guam's is not.

But I do not want to belabor the point. I merely want to repeat that Guam's population is divided about half and half between the military and the local groups, that a very large proportion of the area of Guam is in Federal reservations, and that, as is obvious, it is important to all people on Guam, whether military or civilian, to know more precisely where they stand with respect to such matters as those that I have just mentioned than they can now know.

I also want to say that there was no disagreement within the committee on the desirability of clearing up this facet of the law so that legislatures and litigants and courts can all know where they stand. The only problem that we encountered was an initial overcautiousness on the part of the Navy Department which at first seemed to feel—though their witnesses testified to the contrary when questioned closely—that vesting legislative jurisdiction over such subjects as these in the local legislature might, for some unknown reason, lead to security problems. We overcame this problem, and the Navy Department has concurred in our solution, by allowing the President to withdraw from Guam's jurisdiction at any time any subject which he finds necessary for reasons of national defense. The same question did not arise in the cases of American Samoa and the Virgin Islands, so there was no need for such a power to exclude these areas.

I said earlier that the problem of exclusive Federal jurisdiction in the three areas is somewhat similar to the problem in the States. It is, but fortunately the solution is a simpler one in the case of the territories than it is elsewhere. First, the territorial legislatures and courts are creatures of Congress, whereas the legislatures and courts of the States are their own creatures. Hence a jurisdictional problem which could be solved in a State only by agreement between it and the United States can be solved in the case of the territories by a simple act of Congress. In the second place, in the territories there are not nearly the multiplicity of Federal agencies, each with its own individual problems and attitudes, that there are in the States. Hence we need not be concerned, as we would have to be concerned on the mainland, with being sure that each and every individual problem is scrutinized and dealt with.

Mr. Speaker, I am happy to recommend enactment of H.R. 4860.

ELEPHANT BUTTE AND CABALLO RESERVOIR AREAS, N. MEX.

The Clerk called the bill (S. 46) to provide for the establishment and administration of basic public recreation facilities at the Elephant Butte and Caballo Reservoir Areas, N. Mex., and for other purposes.

Mr. GROSS. Mr. Speaker, since this bill is scheduled for consideration under suspension of the rules, I ask unanimous consent that it be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

BRIDGE AT CAPE HATTERAS NATIONAL SEASHORE, N.C.

The Clerk called the bill (H.R. 8983) to authorize the Secretary of the Interior to participate in financing the construction of a bridge at Cape Hatteras National Seashore, in the State of North Carolina, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GROSS. Reserving the right to object, Mr. Speaker, I think we need some information on this bill. I understand that this would be in the nature of a windfall of about $500,000 to the State of North Carolina.

Mr. BONNER. Let me explain to the gentleman that prior to the establishment of the national seashore park, the State of North Carolina built all the roads now within the national seashore park and maintained the roads, and has improved the roads. At that time the State operated across Oregon Inlet, where this bridge is to be built, with two ferries. One of them working part time. The State of North Carolina gave to the Department of the Interior a million dollars toward the establishment of the national seashore park. The Mellon Foundation gave $1 million. The State of North Carolina gave the State park at Hatteras and all the lands therein to the Federal Government for the establishment of the seashore park. The burden of the transit across Oregon Inlet where this bridge is to be built now requires six ferries. There were over a million people from out of the State transported across this inlet during 1962. The seashore park maintains three children's recreational areas—at Cape Hatteras, Buxton and one north of Oregon Inlet. The bridge ordinarily would be built by a 50-50 contribution from the Bureau of Public Roads and the State of North Carolina, under the prevailing conditions. This is the only national park in which a State maintains and has built all the public roads. So this certainly is a modest contribution to ask the Department of Interior to make toward the building of this national necessity for the convenience of the people of the United States. Here is the greatest playground on the Atlantic coast. I certainly hope the gentleman will see the fairness of it and not object to this bill because I would never have introduced it if I thought it could be interpreted as being a windfall to the State of North Carolina. In fact a fair division would be one-third each: State, Bureau of Public Roads and Department of the Interior.

Mr. GROSS. Let me say, in the first place, that a half million dollars is not a trivial contribution, as the gentleman stated, in the mind of the gentleman from Iowa.

The State of North Carolina reaps a pretty rich harvest as a result of the tourists coming through there. You want them; do you not?

Mr. BONNER. Naturally, people want business.

Mr. GROSS. Yes, and that is why you maintain the free ferry service at this time because you want these tourists and others.

Mr. BONNER. I do not know of any place, sir, where you would find the congestion of people that we have there. Not in any State that I know of—nor in the State of Virginia do they operate free ferries or free bridges across waters of this kind.

Mr. GROSS. There are a lot of free bridges being operated across the Potomac.

Mr. BONNER. The State of North Carolina has built three large bridges leading to the national seashore park and we have paid for them ourselves. This bridge is wholly within the national seashore park. It is wholly within the park.

Mr. GROSS. Why do you not come up with your 50 percent in the State of North Carolina; why go to the National Park Service for this money?

Mr. BONNER. Sir, the National Park Service pays part of this money to the Bureau of Public Roads and part of it is at the expense of the State of North Carolina.

Mr. GROSS. This is not an interstate road—this is a State road; is it not?

Mr. BONNER. No, sir, this is the road that lies within the seashore park. I would like to explain another part of it since you asked that question. Below Ocracoke on this highway, the State maintains a ferry across Ocracoke Inlet. The State maintains a ferry service from Ocracoke down to Atlantic leading to Morehead and on south. This is one location which does require the bridge. The State will keep these ferries from this location to relieve the congestion below it at the other locations. This is certainly a fair thing to ask.

Mr. GROSS. No, no—it is not trivial because in this case you are trying to get the National Park Service in for 12½ percent of the cost of this bridge. It is not trivial.

The report accompanying this bill indicates it will be necessary to obtain national seashore lands in order to build this bridge. Do you expect to pay for these lands or do you expect to have these lands donated for that purpose?

Mr. BONNER. I cannot imagine any land that would be required.

Mr. GROSS. The report says that some national seashore land is going to be required.

Mr. BONNER. The bridge is built connecting both ends of the highway on each side of the park. In other national parks, the Interior Department has built all the roads and bridges.

Mr. GROSS. Mr. Speaker, it is not my desire to take any further time on this bill on the Consent Calendar.

I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

LAND FOR THE OGLALA SIOUX INDIAN TRIBE

The Clerk called the bill (H.R. 10485) to declare that certain land of the United States is held by the United States in trust for the Oglala Sioux Indian Tribe of the Pine Ridge Reservation.

Mr. FORD. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The **SPEAKER.** Is there objection to the request of the gentleman from Michigan?

There was no objection.

OFFENSES COMMITTED IN INDIAN COUNTRY

The Clerk called the bill (H.R. 11846) to amend the provisions of title 18 of the United States Code relating to offenses committed in Indian country.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1153, Offenses committed within Indian country, of title 18 of the United States Code is amended to read as follows:

"§ 1153. Offenses committed within Indian country.

"Any Indian who commits against the person or property of another Indian or other person any of the following offenses, namely, murder, manslaughter, rape, carnal knowledge, assault with intent to commit rape, incest, assault with intent to kill, assault with a dangerous weapon, arson, burglary, robbery, and larceny within the Indian country, shall be subject to the same laws and penalties as all other persons committing any of the above offenses, within the exclusive jurisdiction of the United States.

"As used in this section, the offenses of rape and assault with intent to commit rape shall be defined in accordance with the laws of the State in which the offense was committed, and any Indian who commits the offenses of rape or assault with intent to commit rape upon any female Indian within the Indian country, shall be imprisoned at the discretion of the court.

"As used in this section, the offenses of burglary, assault with a dangerous weapon, and incest shall be defined and punished in accordance with the laws of the State in which such offense was committed."

SEC. 2. Section 3242, Indians committing certain offenses; acts on reservations, of title 18 of the United States Code is amended to read as follows:

"§ 3242. Indians committing certain offenses; acts on reservations

"All Indians committing any of the following offenses, namely, murder, manslaughter, rape, carnal knowledge, assault with intent to commit rape, incest, assault with intent to kill, assault with a dangerous weapon, arson, burglary, robbery, and larceny on and within the Indian country shall be tried in the same courts, and in the same manner, as are all other persons committing any of the above crimes within the exclusive jurisdiction of the United States."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMEND ACT AUTHORIZING NATIONAL MEDALS OF SCIENCE

The Clerk called the bill (H.R. 4055) to amend the act of August 25, 1959, to authorize the payment of a monetary award to recipients of the National Medal of Science.

Mr. GROSS. Mr. Speaker, reserving the right to object, here is a bill back again after the House turned down the monetary award provision in 1959. This bill would provide $10,000 to each of 20 or so scientists who are awarded medals each year. In my opinion, we have got to draw the line some place against the expenditure of money. I cannot think of a better place to do it than here.

Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The **SPEAKER.** Is there objection to the request of the gentleman from Iowa?

There was no objection.

DESIGNATING A NATIONAL GODDARD DAY

The Clerk called the bill (H.R. 9485) to amend the National Aeronautics and Space Act of 1958 to promote public knowledge of progress and achievement in astronautics and related sciences through the designation of a special day in honor of Dr. Robert Hutchings Goddard, the father of modern rockets, missiles, and astronautics.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the congress hereby finds that rapid advances and developments in the fields of astronautics and related sciences are having an increasing impact on the daily lives of the people, the national security, and long-range human progress. It is therefore desirable and appropriate that steps be taken to promote greater public knoweldge of the progress and achievement being brought about in these fields, and for that purpose to provide for special recognition and honor to Doctor Robert Hutchings Goddard, the father of modern rockets, missiles, and astronautics, and to designate and set aside a special day to honor his memory and his accomplishments.

SEC. 2. Section 203(b) of the National Aeronautics and Space Act of 1958 is amended by striking out "and" at the end of paragraph (12), by striking out the period at the end of paragraph (13) and inserting in lieu thereof "; and ", and by adding after paragraph (13) the following new paragraph:

"(14) to promote public knowledge of progress and achievement in the fields of astronautics and related sciences by providing for appropriate ceremonies, meetings, and other activities on March 16 of each year, a day to be known and celebrated as Goddard Day in honor of the epochal achievements in these fields by the late Doctor Robert Hutchings Goddard. The President is authorized and requested to issue annually a proclamation calling upon officials of the Government and the public to participate in the ceremonies, meetings, and other activities held in observance of Goddard Day."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

VESSEL "BAR-HO IV" TO BE USED IN COASTWISE TRADE

The Clerk called the bill (H.R. 6219) to permit the vessel *Bar-Ho IV* to be used in the coastwise trade.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding section 27 of the Merchant Marine Act, 1920, as amended (46 U.S.C. 883), the vessel now known as the Bar-Ho IV, United States document numbered 284309, built in 1950 at Port Clinton, Ohio, which was transferred to Canadian ownership by permission of transfer order, MA-2165, now owned by Barr and Company, Incorporated, New York, New York, shall be entitled to engage in the coastwise trade, for so long as such vessel is from the date of enactment of this Act continuously owned by a citizen of the United States.

SEC. 2. As used in this Act the term "citizen of the United States" includes corporations, partnerships, and associations, but only those which are citizens of the United States within the meaning of section 2 of the Shipping Act of 1916, as amended.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TUGS "JOHN ROEN, JR." AND "STEVE W."

The Clerk called the bill (H.R. 6456) to permit the tugs *John Roen, Jr.*, and *Steve W.* to be documented for use in the coastwise trade.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding section 27 of the Merchant Marine Act of 1920, as amended (46 U.S.C. 883), the tug now known as the John Roen, Jr., documented under United States registry with official number 203853, built in 1907 in Chicago, Illinois, presently under Canadian registry by permission of transfer order numbered MA-3619, and the tug now known as the Steve W., documented under United States registry with official number 273563, built in 1957 in Toledo, Ohio, presently under Canadian registry by permission of transfer order numbered MA-3618, shall be entitled to be documented to engage in the coastwise trade, for so long as each such tug is owned by a citizen of the United States. For the purpose of this Act the term "citizen of the United States" includes a corporation, partnership, or association if it is a citizen of the United States within the meaning of section 2 of the Shipping Act, 1916.

With the following committee amendments:

On page 2, line 2, at the end of the line add the following: "for use in connection with dredging operations."

On page 2, line 4, delete the period and insert the following: ", and so long as such corporation is a citizen of the United States as defined in section 2 of the Shipping Act, 1916. If such vessels, while documented pursuant to this Act, transport merchandise or passengers in the coastwise trade except as an incident to dredging operations, such vessels shall be forfeited to the United States, such merchandise shall be forfeited to the United States, and the owner of such vessels shall be subject to a penalty of $200 for each such passenger transported Any penalty or forfeiture incurred under the provisions of this Act may be remitted or mitigated by the Secretary of the Treasury in accordance with the provisions of section 5294 of the Revised Statutes (46 U.S.C. 7)."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. FORD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. FORD. May I ask what happened to bills listed as Consent Calendar No. 488 and 489? They were not on the Consent Calendar list that I received last Friday. Have they disappeared over the weekend?

The SPEAKER. The Chair is informed that Calendar No. 488 was passed.

Mr. FORD. If it was passed Saturday it was not cleared with the minority leadership.

The SPEAKER. Will the gentleman withhold his parliamentary inquiry while the facts are being ascertained?

Mr. FORD. I certainly will, but I must say I am a bit confused.

The SPEAKER. The Chair will state that Calendar No. 489 was passed today.

Mr. FORD. I am sorry, Mr. Speaker. I am reading from the Consent Calendar list for Monday, July 2, 1962, and 488 is listed on this sheet.

The SPEAKER. The Chair will endeavor to ascertain the facts.

USE OF VESSEL "LUCKY LINDA"

The Clerk called the bill (H.R. 7741) to permit the vessel *Lucky Linda* to be documented for limited use in the coastwise trade.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding section 4132 of the Revised Statutes of the United States, as amended (46 U.S.C. 11), and section 27 of the Merchant Marine Act, 1920, as amended (46 U.S.C. 883), the vessel Lucky Linda, built in Nova Scotia, and owned by Martin Soderlund, Northport, New York, shall be admitted to American registry and documented under the laws of the United States, and shall be entitled to engage in the coastwise trade to the extent necessary to permit the carriage of passengers, whether for hire or otherwise, not to exceed twenty miles to sea from a harbor of safe refuge between Block Island, Rhode Island, and Fire Island Inlet, New York, so long as such vessel is from the date of enactment of this Act continuously owned by a citizen of the United States.

SEC. 2. As used in this Act the term "citizen of the United States" includes corporations, partnerships, and associations, but only those which are citizens of the United States within the meaning of section 2 of the Shipping Act, 1916, as amended.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ADMITTING THE OIL SCREW TUGS "BARBARA," "IVALEE," "LYDIA," AND "ALICE," AND THE BARGES "FLORIDA," "DB–8," "NO. 220," AND "NO. 235" TO AMERICAN REGISTRY AND TO PERMIT THEIR USE IN THE COASTWISE TRADE

The Clerk called the bill (H.R. 8168) to admit the oil screw tugs *Barbara, Ivalee, Lydia,* and *Alice* and the barges *Florida, DB–8, No. 220,* and *No. 235* to American registry and to permit their use in the coastwise trade while they are owned by Standard Dredging Corp., a New Jersey corporation.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provisions of section 4132 of the Revised Statutes of the United States, as amended (46 U.S.C. 11), and section 27 of the Merchant Marine Act, 1920, as amended (46 U.S.C. 883), the vessels now known as (1) the oil screw tug Barbara, formerly documented under United States registry with official number 254901, built in 1948 at Tampa, Florida, formerly owned by Standard Dredging Corporation, a New Jersey corporation, transferred in 1957 to Standard Dredging de Venezuela, C.A., a subsidiary Venezuelan corporation, and to Venezuelan registry and flag by permission of transfer order numbered MA–3260, and to be transferred to Standard Dredging Corporation, a New Jersey corporation, upon enactment of this Act, (2) the oil screw tug Ivalee, formerly documented under United States registry with official number 293505, built in 1940 at New Orleans, Louisiana, formerly owned by Standard Dredging Corporation, a New Jersey corporation, transferred to Standard Dredging de Venezuela, C.A., a subsidiary Venezuelan corporation, and to Venezuelan registry and flag by permission of transfer order numbered MA–3261, and to be transferred to Standard Dredging Corporation, a New Jersey corporation, upon enactment of this Act, (3) the oil screw tug Lydia, formerly documented under United States registry with official number 240360, built in 1941 at New Orleans, Louisiana, formerly owned by Standard Dredging Corporation, transferred to Standard Dredging de Venezuela, C.A., a Venezuelan subsidiary corporation, and to Venezuelan registry and flag by permission of transfer order numbered MA–3262, and be retransferred to Standard Dredging Corporation, a New Jersey corporation, upon enactment of this Act, (4) the oil screw tug Alice, built at New Orleans, Louisiana, by the Equitable Equipment Company, Incorporated, never documented under United States flag and registry, sold in 1957 to Standard Dredging de Venezuela, C.A., a Venezuelan corporation, documented under Venezuelan flag and registry, and to be transferred to Standard Dredging Corporation, a New Jersey corporation, upon enactment of this Act, (5) the barge Number 220, formerly documented under United States registry with official number 264593, built in 1949 at Tampa, Florida, formerly owned by Standard Dredging Corporation, a New Jersey corporation, transferred to Standard Dredging de Venezuela, C.A., a subsidiary Venezuela corporation, and to Venezuelan registry and flag by permission of transfer order numbered MA–3263, and to be transferred to Standard Dredging Corporation, a New Jersey corporation, upon enactment of this Act, (6) the barge Florida, formerly documented under United States registry with official number 254043, built in 1932 at Mobile, Alabama, formerly owned by Standard Dredging Corporation, a New Jersey corporation, transferred to Standard Dredging de Venezuela, C.A., a subsidary of Venezuelan corporation, and to Venezuelan registry and flag by permission of transfer order numbered MA–3264 and to be transferred to Standard Dredging Corporation, a New Jersey corporation, upon enactment of this Act, (7) the barge DB–8, formerly documented under United States registry with official number 265934, built in 1943 at Galveston, Texas, formerly owned by Standard Dredging Corporation, a New Jersey corporation, transferred to Standard Dredging de Venezuela, C.A., a subsidiary Venezuelan corporation and to Venezuelan registry and flag by permission of transfer order numbered MA–3265, and to be retransferred to Standard Dredging Corporation, a New Jersey corporation, upon enactment of this Act, and (8) the barge Number 235, formerly documented under United States registry with official number 262934, built in 1950 at Mobile, Alabama, formerly owned by Standard Dredging Corporation, a New Jersey corporation, transferred to Standard Dredging de Venezuela, C.A., a subsidiary Venezuelan corporation, and to Venezuelan registry and flag by permission of transfer order numbered MA–3266, and to be retransferred to Standard Dredging Corporation, a New Jersey corporation, upon enactment of this Act, shall be admitted to American registry and shall be entitled to engage in the coastwise trade and to transport passengers and merchandise, between points in the United States, including districts, territories, and possessions thereof embraced within the coastwise laws, for so long as such vessel or any of them are, from the date of enactment of this Act and upon completion of the transfer or retransfer of ownership of said vessels to Standard Dredging Corporation, a New Jersey corporation, continuously owned by Standard Dredging Corporation, a New Jersey corporation.

With the following committee amendments:

On page 4, line 19, after the word "trade", insert the following: ", but only as an incident to dredging operations,".

"On page 4, line 20, after the word "merchandise", insert the following: ", as an incident to dredging operations,".

On page 5, at the end of line 4, delete the period, and insert the following: ", and so long as such corporation is a citizen of the United States as defined in section 2 of the Shipping Act, 1916. If any such vessel, while documented pursuant to this Act, transports merchandise or passengers in the coastwise trade except as an incident to dredging operations, such vessel shall be forfeited to the United States, such merchandise shall be forfeited to the United States, and the vessel owner shall be subject to a penalty of $200 for each such passenger transported. Any penalty or forfeiture incurred under the provisions of this Act may be remitted or mitigated by the Secretary of the Treasury in accordance with the provisions of section 5294 of the Revised Statutes (46 U.S.C. 7)."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING SECTION 510(a) (1), MERCHANT MARINE ACT, 1936

The Clerk called the bill (H.R. 10022) to amend section 510(a) (1), Merchant Marine Act, 1936.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proviso in section 510(a) (1), of the Merchant Marine Act, 1936, is amended to read as follows: "*Provided,* That until June 30, 1964, the term 'obsolete vessel' shall mean a vessel or vessels, each of which (A) is of not less than one thousand three hundred and fifty gross tons, (B) is not less than twelve years old, and (C) is owned by a citizen or citizens of the United States and has been owned by such citizen or citizens for at least three years immediately prior to the date of acquisition hereunder."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENDING TO THE COAST GUARD APPLICATION OF CERTAIN LAWS RELATING TO THE OTHER MILITARY SERVICES

The Clerk called the bill (S. 2107) to amend title 14, United States Code, entitled "Coast Guard," to extend the application of certain laws relating to the military services to the Coast Guard for purposes of uniformity.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 14, United States Code, is amended as follows:

(1) Section 461 is amended—

(A) By amending the heading to read as follows:

"§ 461. Pay and allowances; pay of officers indebted to the United States; remission of indebtedness of enlisted members"

(B) By adding at the end thereof the following new subsection:

"(c) If he considers it in the best interest of the United States, the Secretary of the Treasury may have remitted or canceled any part of an enlisted member's indebtedness to the United States or any of its instrumentalities remaining unpaid before, or at the time of, that member's honorable discharge."

(2) The analysis of chapter 13 is amended by striking out the following item:

"461. Pay and allowances; pay of officers indebted to United States."

and inserting the following item in place thereof:

"461. Pay and allowances; pay of officers indebted to the United States; remission of indebetedness of enlisted members."

(3) Section 495 is repealed.

(4) The analysis of chapter 13 is amended by striking out the following item:

"495. Additional pay for holders of medals."

(5) Section 496 is amended to read as follows:

"§ 496. Time limit on award; report concerning deed

"(a) No medal of honor, distinguished service medal, distinguished flying cross, Coast Guard medal, or bar, emblem, or insignia in lieu thereof may be awarded to a person unless—

"(1) the award is made within five years after the date of the deed or service justifying the award;

"(2) a statement setting forth the deed or distinguished service and recommending official recognition of it was made by his superior through official channels within three years from the date of that deed or termination of the service.

"(b) If the Secretary determines that—

"(1) a statement setting forth the deed or distinguished service and recommending official recognition of it was made by the person's superior through official channels within three years from the date of that deed or termination of the service and was supported by sufficient evidence within that time; and

"(2) no award was made, because the statement was lost or through inadvertence the recommendation was not acted upon; a medal of honor, distinguished service medal, distinguished flying cross, Coast Guard medal, or bar, emblem, or insignia in lieu thereof, as the case may be, may be awarded to the person within two years after the date of that determination."

(6) Chapter 17 is amended by adding the following new section after section 654:

"§ 655. Arms and ammunition; immunity from taxation

"No tax on the sale or transfer of firearms, pistols, revolvers, shells, or cartridges may be imposed on such articles when bought with funds appropriated for the United States Coast Guard."

(7) The analysis of chapter 17 is amended by adding the following new item thereto:

"655. Arms and ammunition; immunity from taxation."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MAINTENANCE AND REPAIR OF GOVERNMENT IMPROVEMENTS UNDER CONCESSION CONTRACTS

The Clerk called the bill (H.R. 11405) to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the act of August 25, 1916 (39 Stat. 535), as amended, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That privileges, leases, and permits granted by the Secretary of the Interior for the use of land for the accommodation of park visitors, pursuant to section 3 of the Act of August 25, 1916 (39 Stat. 535), as amended, may provide for the maintenance and repair of Government improvements by the grantee notwithstanding the provisions of section 321 of the Act of June 30, 1932 (47 Stat. 412; 40 U.S.C. 303(b)), or any other provision of law.

With the following committee amendment: Page 1, line 9, strike out the parentheses around the letter "b" in the code citation.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHANGING NAME OF PETERSBURG NATIONAL MILITARY PARK

The Clerk called the bill (H.R. 10276) to change the name of the Petersburg National Military Park, to provide for acquisition of a portion of the Five Forks Battlefield, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Petersburg National Military Park, established under authority of the Act of July 3, 1926 (44 Stat. 822; 16 U.S.C. 423a, 423b–423h), and enlarged pursuant to the Act of September 7, 1949 (63 Stat. 691; 16 U.S.C. 423a–1, 423a–2), is redesignated the Petersburg National Battlefield.

SEC. 2. The Secretary of the Interior, in furtherance of the purposes of the Acts referred to in section 1 of this Act, may acquire by purchase with donated or appropriated funds, exchange, transfer, or by such other means as he deems to be in the public interest, not to exceed twelve hundred acres of land or interests in land at the site of the Battle of Five Forks for addition to the Petersburg National Battlefield. Lands and interests in lands acquired by the Secretary pursuant to this section shall, upon publication of a description thereof in the Federal Register, become a part of the Petersburg National Battlefield, and thereafter shall be administered by the Secretary of the Interior in accordance with the provisions of the Act entitled "An Act to establish a National Park Service, and for other purposes," approved August 25, 1916 (39 Stat. 535; 16 U.S.C. 1, 2, 3), as amended and supplemented.

SEC. 3. There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of this Act.

With the following committee amendment:

On page 2, line 14, strike out all of section 3 and insert in lieu thereof:

"SEC. 3. There are hereby authorized to be appropriated such sums, but not more than $90,000, as are necessary to acquire land pursuant to section 2 of this Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ST. AUGUSTINE QUADRICENTENNIAL COMMISSION

The Clerk called Senate Joint Resolution 91, to establish the St. Augustine Quadricentennial Commission, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. GROSS. Mr. Speaker, reserving the right to object, these new commissions usually cost money. I would like to ask the gentleman how much this will cost the Federal taxpayers.

Mr. FORRESTER. Mr. Speaker, I am delighted to inform the gentleman from Iowa that the bill when it passed the Senate carried an authorization for some money; but our subcommittee struck that provision which the gentleman will find as amendment No. 4 to the bill. It does not cost anything.

Mr. GROSS. On page 2 of the bill, I note the members of the Commission would serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary and actual expenses incurred by them. Who puts up the money?

Mr. FORRESTER. That is from the State commission.

Mr. GROSS. I beg your pardon?

Mr. FORRESTER. The donations which go to the commission. It is paid through donations.

Mr. GROSS. That will be paid by donations?

Mr. FORRESTER. That is right.

Mr. GROSS. This will not require the importation into Florida of athletes from Australia, New Zealand, and perhaps other places?

Mr. FORRESTER. No. All this does is to celebrate the 400th anniversary of the city of St. Augustine, the first city in the Nation.

Mr. GROSS. Last year, in connection with celebrating the Orange Bowl, it is reported athletes were imported at Federal expense to help with the celebration. I want to be sure this does not happen in the instant case.

Mr. FORRESTER. There is nothing like that in this bill.

Mr. GROSS. I am glad to have the assurance of the gentleman on that.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) there is hereby established a commission to be known as the "Saint Augustine Quadricentennial Commission" (hereinafter referred to as the "Commission"), which shall be composed of eleven members to be appointed as follows:

(1) Two members who shall be Members of the Senate, to be appointed by the President of the Senate;

(2) Two members who shall be Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives;

(3) One member from the Department of the Interior who shall be the Director of the National Park Service, or his representative, and who shall serve as executive officer of the Commission; and

(4) Six members to be appointed by the President of the United States after consideration of such recommendations as the Governor of Florida may make, upon the request of the President.

(b) The President of the United States shall, at the time of appointment, designate one of the members appointed by him to serve as Chairman. The members of the Commission shall serve without compensation, but shall be reimbursed for travel, subsistence, and other expenses actually and necessarily incurred by them in the performance of duties vested in the Commission.

(c) A vacancy occurring in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) Service of an individual as a member of the Commission shall not be considered as service or employment bringing such individual within the provisions of sections 216, 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U.S.C. 99).

SEC. 2. The functions of the Commission shall be to develop and to execute suitable plans for the celebration, in 1965, of the four hundredth anniversary of the founding of Saint Augustine, Florida, the oldest permanent and continuous settlement in the United States. In carrying out these functions, the Commission is authorized to cooperate with and to assist the Quadricentennial Anniversary Commission of Florida.

SEC. 3. The Commission may employ, without regard to the civil service laws or the Classification Act of 1949, such employees as may be necessary in carrying out its functions under this resolution.

SEC. 4. (a) The Commission is authorized to accept donations of money, property, or personal services; to cooperate with patriotic and historical societies and with institutions of learning; and to call upon other Federal departments or agencies for their advice and assistance in carrying out the purposes of this resolution. The Commission, to such extent as it finds to be necessary, may, without regard to the laws and procedures applicable to Federal agencies, procure supplies, services, and property and make contracts, and may exercise those powers which it determines are necessary to enable it to carry out efficiently and in the public interest the purposes of this resolution.

(b) Expenditures of the Commission shall be paid by the executive officer of the Commission, who shall keep complete records of such expenditures and who shall account also for all funds received by the Commission. A report of the activities of the Commission, including an accounting of funds received and expended, shall be furnished by the Commission to the Congress within one year following the celebration as prescribed by this resolution. The Commission shall terminate upon submission of its report to the Congress.

(c) Any property acquired by the Commission remaining upon termination of the celebration may be used by the Secretary of the Interior for purposes of the national park system or may be disposed of as surplus property. The net revenues, after payment of Commission expenses, derived from Commission activities, shall be deposited in the Treasury of the United States.

SEC. 5. There is hereby authorized to be appropriated not to exceed the sum of $10,000 to carry out the provisions of this resolution.

With the following committee amendments:

On page 2, lines 8, 9, and 10, strike out all after "United States".

On page 3, line 14, substitute a colon for the period and add the following: "*Provided, however,* That no employee whose position would be subject to the Classification Act of 1949, as amended, if said Act were applicable to such position, shall be paid a salary at a rate in excess of the rate payable under said Act for positions of equivalent difficulty or responsibility. Such rates of compensation may be adopted by the Commission as may be authorized by the Classification Act of 1949, as amended, as of the same date such rates are authorized for positions subject to said Act. The Commission shall make adequate provision for administrative review of any determination to dismiss any employee."

On page 3, lines 21 and 22, strike out ", without regard to the laws and procedures applicable to Federal agencies,".

On page 4, strike out lines 19 through 21.

The committee amendments were agreed to.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENDING CHARTER OF THE AMERICAN HOSPITAL OF PARIS

The Clerk called the bill (H.R. 11996) to amend the act of January 30, 1913, to provide that the American Hospital of Paris shall have perpetual succession.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 9 of the Act entitled "An Act to incorporate the American Hospital of Paris", approved January 30, 1913 (37 Stat. 655), is amended by striking out "for the term of fifty years" and inserting in lieu thereof "in perpetuity".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANTIETAM DAY

The Clerk called House Joint Resolution 720, to designate September 17, 1962, as Antietam Day, and for other purposes.

There being no objection, the Clerk read House Joint Resolution 720, as follows:

Whereas, Monday, September 17, 1962, will mark the one hundredth anniversary of the Battle of Antietam; and

Whereas it was near the small village of Sharpsburg, Maryland, that the Army of the Potomac under command of General George B. McCellan and the Army of Northern Virginia under the command of General Robert E. Lee met in the bloodiest single day of conflict on September 17, 1862; and

Whereas the Battle of Antietam was the first penetration of Union territory by Confederate Forces and one of the most decisive battles of the Civil War; and

Whereas the Battle of Antietam was a turning point in the conflict between the States and afforded President Lincoln the opportunity to issue his preliminary announcement of the Emancipation Proclamation; and

Whereas the soldiers in both armies in the War Between the States were fighting for a concept of constitutional government by law and for the dignity of man and that the struggle to bring this concept into universal practices continues today; and

Whereas the Battle of Antietam will be commemorated both in action to tell the story of individual heroism and sacrifice and in solemn remembrance to instill in the heart and mind of America that this Nation, conceived in liberty and dedicated to the proposition that all men are created equal, has been tested and has endured; and

Whereas the period of August 31, 1962, to September 17, 1962, will be a time of observance of the one hundredth anniversary of this historic battle and should be given proper recognition as a time of rededication to the ideal that this Nation, under God, shall have a new birth of freedom and that government of the people, by the people, for the people, shall not perish from the earth: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the 17th day of September 1962 is hereby designated as Antietam Day and is to be set aside as a special day for solemn commemoration of those who died on that day a century ago and to reaffirm our loyalty to the United States of America and for the recognition of the heritage of American freedom and unity; and the President of the United States is authorized and requested to issue a proclamation calling upon officials of the Government to display the flag of the United States at half mast until noon on Antietam Day, when it shall be hoisted to the peak, on all Government buildings on such day and inviting the people of the United States to observe such day, in schools, and other suitable places, with appropriate ceremonies.

With the following committee amendment: Strike the third, fourth, fifth, and sixth "whereas" clauses.

The committee amendment was agreed to.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LIMITS ON CONSTRUCTION-DIFFERENTIAL SUBSIDY

The Clerk called the bill (H.R. 11586) to amend section 2 of the act of July 7, 1960, as amended, to continue the 55-percent limit on construction-differential subsidy for construction, reconstruction, and reconditioning of ships for 3 additional years.

Mr. GROSS. Mr. Speaker, since this bill is scheduled to come up under suspension of the rules, I ask unanimous consent that it be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

SALARIES OF RECALLED RETIRED REFEREES

The Clerk called the bill (H.R. 12157) to amend the Bankruptcy Act in respect to the salaries of retired referees.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, reserving the right to object, I understand that this bill provides that retired referees in bankruptcy or employees in bankruptcy courts can be reemployed, is that correct, without jeopardizing their retirement?

Mr. FORRESTER. Mr. Speaker, if the gentleman will yield, sometimes they are recalled by the judge. They are subject to recall, and when they do that, they are simply paid the minimum salary that the acting referees get for the same type of work.

Mr. GROSS. And this is becoming necessary because we are further beefing up the Nation's bankruptcy courts despite the prosperity we hear so much about and all the spending that Congress indulges itself with the greatest of ease. So, we have to bring retired bankruptcy court employees back in and make special dispensation for them. Do I understand that noncommercial bankruptcies have increased 150 percent in the last year?

Mr. FORRESTER. I will say to the gentleman that there has been a marked increase in bankruptcies, that is correct, but it happens that this is going on all the time, so far as having the right to recall these retired referees.

Mr. GROSS. But you want to make sure, when they are recalling the employees, that it will not jeopardize their retirement.

Mr. FORRESTER. No.

Mr. GROSS. Well, what is the point?

Mr. FORRESTER. If they are recalled and serve, they would only get their retirement pay. What this does is to give them the same amount of money, minimum amount of money, that an acting referee performing the same duties would get during the time they are actively in service.

Mr. GROSS. In any event, they are needed now because of the 150-percent increase in individual bankruptcies that are coming into the courts, despite all the New Frontier prosperity we hear about.

Mr. FORRESTER. That I cannot tell the gentleman.

Mr. GROSS. I thank the gentleman. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph d of section 40 of the Bankruptcy Act (11 U.S.C. 68(d)) is amended to read as follows:

"d. (1) All referees in bankruptcy and employees in the offices of such referees shall be deemed to be officers and employees in the judicial branch of the United States Government within the meaning of the Civil Service Retirement Act.

"(2) Any referee who has retired or been retired under the provisions of paragraph (1) of this subdivision may, if called upon by a judge of a court of bankruptcy, perform such duties of a referee, conciliation commissioner, or special master under this Act, within the jurisdiction of the court, as he may be able and willing to undertake. The retired referee shall receive as compensation for his services, either full or part time, the salary authorized for the referee serving the territory to which the retired referee is assigned. However, the rate of compensation of a retired referee assigned to serve on a full-time basis in the territory of a part-time referee shall be the minimum rate established by the Judicial Conference of the United States for full-time service. Salaries authorized under this paragraph shall be subject to the provisions of section 13(b) of the Civil Service Retirement Act."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REAL ESTATE IN DISTRICT OF COLUMBIA FOR INTERNATIONAL MONETARY FUND

The Clerk called the resolution (H.J. Res. 714) authorizing the acquisition of certain property in the District of Columbia and its conveyance to the International Monetary Fund, on a full reimbursement basis, for use in expansion of its headquarters.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. ANDERSEN of Minnesota. Mr. Speaker, reserving the right to object, may I ask the gentleman from Texas [Mr. PATMAN], is there any known opposition in your committee relative to this particular resolution?

Mr. PATMAN. It passed the committee unanimously.

Mr. ANDERSEN of Minnesota. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the resolution?

There being no objection, the Clerk read the resolution, as follows:

Whereas it is in the interest of the Government of the United States to promote international monetary cooperation; and

Whereas in furtherance of that interest the United States, under authority of the Bretton Woods Agreements Act (59 Stat. 512, as amended), became an original member of the International Monetary Fund (hereinafter referred to as the "Fund") which serves as a permanent institution providing the machinery for consultation and collaboration on international monetary problems; and

Whereas the principal office of the Fund has been established in Washington, District of Columbia, in fulfillment of the requirements in the articles of agreement of the Fund that the site of its principal office shall be located in the territory of the member country having the largest quota in the Fund; and

Whereas the present principal office of the Fund has become inadequate as the result of the increased membership and activities of the Fund; and

Whereas it is to the advantage of the Government of the United States to assist the Fund to acquire, with the resources of the Fund, an adjacent site for the expansion of the Fund's headquarters: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized, on the basis of full reimbursement by the International Monetary Fund, (1) to acquire, by purchase, condemnation, or otherwise, the land in the northwest section of the District of Columbia known as lots I, R, and K in square 141, together with any buildings and improvements thereon, and (2) to convey the property so acquired to the International Monetary Fund for use in expanding the principal office of the Fund.

With the following committee amendment:

Page 2, line 7, strike out "I, R, and K" and insert in lieu thereof "I and R".

The committee amendment was agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVEY LAND TO THE PRINCE GEORGES HOSPITAL

The Clerk called the bill (H.R. 7782) to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Prince Georges County Hospital, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized to convey to the Prince Georges County Hospital, upon payment of fair market value, all right, title, and interest of the United States of America in and to the following described parcel of land which comprises a portion of the Baltimore-Washington Parkway, being situated in Prince Georges County, Maryland:

Beginning at a stone at the end of the second line of tract numbered 121, a conveyance from Einar Mortenson and Vera Mortenson to the United States of America recorded in liber 794, folio 197, among the land records of Prince Georges County, Maryland;

thence with the third line of said conveyance, south 18 degrees 18 minutes 50 seconds west 439.37 feet to a stone, a corner common to the United States of America and Prince Georges County Hospital properties and formerly a corner common to the properties of Prince Georges County Hospital, Einar and Vera Mortenson and Elbertie Foudray;

thence with the second line of tract numbered 120–B, a conveyance from Elbertie Foudray to the United States of America recorded in liber 794, folio 197, among the land records of Prince Georges County, Maryland, south 21 degrees 31 minutes 10 seconds west 230.54 feet to an iron pipe a corner common to the United States of America, Prince Georges County Hospital and now or formerly Louis and William Smallwood properties and formerly a corner common to the properties of Prince Georges County Hospital, Louis and William Smallwood and Elbertie Foudray;

thence with the third line of tract numbered 120–B, north 88 degrees 04 minutes 30 seconds west 431.10 feet to an iron pipe, a corner common to the United States of America and now or formerly Louis and William Smallwood properties and formerly a corner common to the properties of Louis and William Smallwood and Elbertie Foudray;

thence through the lands of the United States of America, formerly the lands of Elbertie Foudray and Einar Mortenson and Vera Mortenson, north 46 degrees 38 minutes 27 seconds east 898.82 feet to the point of beginning, and containing 3.225620 acres, more or less and as shown on the plot bearing drawing numbered NCP 123–395, dated May 22, 1961, and filed among the land records of National Capital Parks.

With the following committee amendment:

Page 1, lines 4 and 5, strike out the words "fair market value," and insert in lieu thereof "one dollar plus the cost of making the conveyance,"

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. That concludes the call of the Consent Calendar.

PARLIAMENTARY INQUIRY

Mr. FORD. Mr. Speaker, to continue my parliamentary inquiry, I have subsequently found out that this bill, No. 488 on the Consent Calendar, was cleared by the chairman of the Committee on Interior and Insular Affairs with the ranking minority member, and, I gather, also with the minority leadership.

Mr. ASPINALL. Mr. Speaker, if the gentleman will yield, I would like to make that definitely clear that the bill was cleared with the leadership of the minority party and the ranking member of our committee. When it was brought up on the floor, the gentleman from Iowa [Mr. Jensen] went into the matter quite thoroughly, and I think satisfied everybody on the floor at that time.

Mr. FORD. I only raise this question because I think it would be helpful in the future if a bill is placed on the Consent Calendar, that before it is brought up under unanimous consent outside of the Consent Calendar, that those of us who are on the objectors' committee should be at least notified or consulted. Otherwise, we are taken somewhat by surprise as to the proposed legislation upon which we have to pass.

Mr. ASPINALL. Mr. Speaker, if my colleague, the gentleman from Michigan [Mr. Ford] will yield for an explanation, the bill was considered in the committee. There was a conference and immediate consideration was requested at that time. The bill was placed before the committee only 1 day before it was called up on the floor. The chairman of the full committee apparently forgot about the relationship existing between the gentleman from Michigan and the gentleman from Colorado. The next time the gentleman from Colorado shall see to it that it clears through the gentleman from Michigan [Mr. Ford].

Mr. FORD. Mr. Speaker, I know that the gentleman from Colorado [Mr. Aspinall] is a man of utmost integrity, but I think in the future it would be advisable and beneficial if we had an understanding that once a bill gets on the Consent Calendar, unless it is withdrawn officially, it ought to be brought to the attention of the objectors so that we will know what is happening to the calendar over which we have some jurisdiction.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. FORD. Surely.

Mr. WALTER. This morning the gentleman from Michigan announced that there was no report available on a bill that was on the calendar. Despite that fact the bill was approved. Those of us who have had some responsibility in this field have always felt that without the report of the affected department of Government, the Congress ought not to act. After all, the several departments have access to information that sometimes does not come to us. It seems to me that the departure from this rule is not going to contribute to the continued safety of this very delicate operation in which we are engaged at the moment.

Mr. FORD. In response to the distinguished gentleman from Pennsylvania [Mr. Walter], I wholeheartedly agree with the gentleman's observation. I felt by bringing the matter up this morning and giving warning to these committee staffs and the committees as a whole, that no more legislation than was on the Consent Calendar would be approved unless we had committee or departmental reports available. It would be helpful to all of us, certainly.

CAROLINA POWER & LIGHT CO.

Mr. BONNER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 3840) to provide for the conveyance of certain real property of the United States to the Carolina Power & Light Co., with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 3, after line 14, insert:

"Sec. 3. The conveyance issued under this Act shall be subject to the right of the public to have free and unrestricted access to, and use of, the land and the lake thereon for boating, fishing, swimming and other recreation to the extent such access and use are consistent with the basic purpose of the lake as a source of uncontaminated water for industrial purposes."

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. ARENDS. Mr. Speaker, reserving the right to object, I do not know what this conference report contains. I wonder if the gentleman from North Carolina [Mr. Bonner] has spoken to anyone over here about it?

Mr. BONNER. The bill passed the House, and it passed the Senate with an amendment. This was an amendment that the Senate put in.

Mr. ARENDS. Has it been cleared over here? Has the gentleman conferred with the members of the committee in the leadership over here about it? Did all conferees agree on the amendment?

Mr. BONNER. We were merely accepting a Senate amendment which reduces and protects the shoreline of the lake for public utilization.

Mr. ARENDS. I wish that the gentleman would confer with the members of the committee on this side, so as to let us know what is taking place in order that everyone is aware of all these conference reports contain. I know nothing about it. I do not know whether the gentleman has spoken to anyone on the committee on our side about it. This is a practice which I think we have got to break up if we are to follow proper legislative procedure and protect Members on both sides of the aisle.

Mr. BONNER. Would the gentleman withhold that for the time being, until we get it cleared?

Mr. HEMPHILL. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from South Carolina.

Mr. HEMPHILL. Mr. Speaker, the bill passed the House and it went to the Senate. The Department of the Interior felt that in order to protect the best interests of the United States that there should be put in a reservation that the land and lake be used for recreational purposes insofar as possible.

Mr. ARENDS. Mr. Speaker, I ask the gentleman if he will defer this request until we find out exactly what the situation is.

Mr. BONNER. Mr. Speaker, I withdraw my unanimous consent request.

CALL OF THE HOUSE

Mr. LAIRD. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 142]

Alford
Alger
Anfuso
Ashbrook
Ashmore
Auchincloss
Ayres
Baring
Barry
Bass, N.H.
Bass, Tenn.
Betts
Blitch
Boggs
Bolling
Buckley
Celler
Chamberlain
Coad
Colmer
Cook
Corbett
Corman
Cramer
Curtis, Mass.
Curtis, Mo.
Davis, James C.
Davis, John W.
Davis, Tenn.
Dawson
Derwinski
Dominick
Ellsworth
Farbstein
Feighan
Fino
Fisher
Flood
Fogarty
Fountain
Frazier
Friedel
Gathings
Gilbert
Glenn
Granahan
Griffiths
Halpern
Harding
Harrison, Va.
Harvey, Mich.
Hays
Henderson
Hoeven
Hoffman, Mich.
Horan
Hosmer
Ichord, Mo.
Inouye
Jennings
Jensen
Johnson, Calif.
Johnson, Md.
Kastenmeier
Keith
Kelly
Keogh
Kilburn
King, Utah
Kitchin
Knox
Kornegay
Kowalski
Kyl
Landrum
Lennon
Lesinski
Loser
McCulloch
McSween
McVey
Macdonald
MacGregor
Madden
Martin, Mass.
May
Merrow
Miller, Clem
Miller George P.
Miller, N.Y.
Minshall
Moeller
Montoya
Moorhead, Pa.
Morse
Nedzi
Nix
Norrell
Peterson
Philbin

Pilcher
Poage
Powell
Rains
Randall
Reece
Reuss
Riehlman
Rivers, Alaska
Rivers, S.C.
Ryan, Mich.
St. George
St. Germain
Saund
Scott
Scranton
Seely-Brown
Shelley
Sisk
Slack
Smith, Iowa
Smith, Miss.
Spence
Steed
Taber
Thompson, La.
Utt
Waggonner
Weis
Whitener
Willis
Wilson, Calif.
Yates
Zelenko

The **SPEAKER**. Three hundred and two Members are present, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

The **SPEAKER** pro tempore (Mr. ALBERT). Under previous order of the House, the bills on the Private Calendar will be called today.

The Clerk will call the first bill on the Private Calendar.

MRS. WILLIAM W. JOHNSTON

The Clerk called the first bill on the Private Calendar (H.R. 9942) for the relief of Mrs. William W. Johnston.

Mr. **ROBERTS** of Alabama. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

FELIPE O. PAGDILAO

The Clerk called the bill (S. 2147) for the relief of Felipe O. Pagdilao.

Mr. **ANDERSON** of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

BYRON WONG

The Clerk called the bill (S. 2300) for the relief of Byron Wong.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Byron Wong shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act upon payment of the required visa fee. Upon granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ERNST FRAENKEL AND HIS WIFE, HANNA FRAENKEL

The Clerk called the bill (S. 2709) for the relief of Ernst Fraenkel and his wife, Hanna Fraenkel.

Mr. **AVERY**. Mr. Speaker, I ask unanimous consent that Private Calendar No. 601 be passed over without prejudice.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Kansas?

Mr. **WALTER**. Mr. Speaker, I object.

The **SPEAKER** pro tempore. Is there objection to the present consideration of the bill?

Mr. **AVERY**. Mr. Speaker, I regret but I will have to object.

The **SPEAKER** pro tempore. Two objections are required. Are there other objections?

There being no further objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in the administration of the Immigration and Nationality Act, as amended, the provisions of Section 352(a)(1) of that Act shall be held to be and to have been inapplicable in the cases of Ernst Fraenkel and his wife, Hanna Fraenkel, naturalized citizens of the United States: *Provided*, That they return to the United States for permanent residence prior to June 1, 1965.

Mr. **GROSS**. Mr. Speaker, a parliamentary inquiry.

The **SPEAKER** pro tempore. The gentleman will state it.

Mr. **GROSS**. Is the bill now subject to discussion or debate?

The **SPEAKER** pro tempore. The bill is subject to amendment if a proper amendment is offered.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. **WALTER**. Mr. Speaker, I desire to include the following letter relative to the matter just acted on above:

U.S. MISSION, BERLIN,
New York, N.Y., March 28, 1962.

Hon. FRANCIS E. WALTER,
Chairman, Subcommittee on Immigration, Judiciary Committee, House of Representatives.

DEAR CONGRESSMAN WALTER: Conscious of your keen interest in Berlin and of your understanding of the importance of the Free University in our efforts to sustain the viability of the city, I address myself to you in behalf of a naturalized citizen who is teaching at the Free University of Berlin.

Prof. Ernst Fraenkel, a native of Germany, has requested Senator DOUGLAS to introduce a private relief bill to extend his permission to remain in Berlin more than 3 years. Once before, in 1955, a bill sponsored by Senator DOUGLAS made it possible for Dr. Fraenkel to remain in Berlin. In 1958 he returned to America and taught for a year at Berkeley. However, he was then called back to the Free University, this time as dean of the philosophical faculty. He had expected to return to the United States this year but since the events of August 13, 1961, his continued presence in Berlin has become even more important from our point of view and is of direct benefit to the United States.

1. One of our objectives, within the framework of Berlin's viability, is to develop and extend the study of the United States and of our Government in German universities, a function Professor Fraenkel fulfills exceedingly well as a teacher of comparative government and as an enthusiastic and much sought after lecturer.

2. Among other things, he has prepared and had published in Berlin in 1960 an excellent university level textbook entitled "Das Amerikanische Regierungssystems" (The American System of Government).

3. Maintenance of a high morale and the best available teaching staff at the Free University is of direct concern to us.

To lose Professor Fraenkel at this time would be to lose one of the influential Americans in Berlin at a time when Berlin needs every possible indication of American interest and intent to remain.

There is a need to move rather swiftly as the university must make arrangements for its next semester lecturers and thus needs to know by the end of April whether Professor Fraenkel will be available. I hope I am not presuming in asking your support of the relief bill for Ernst Fraenkel and his wife, Hanna, introduced in the Senate as S. 2709.

With high respect and kindest regards.

Sincerely yours,

LUCIUS D. CLAY,
General, Retired, U.S. Army.

CLARA B. FRY

The Clerk called the bill (H.R. 7615) for the relief of Clara B. Fry.

Mr. **ROBERTS** of Alabama. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

CAPT. DALE FRAZIER

The Clerk called the bill (S. 1264) for the relief of Capt. Dale Frazier.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Captain Dale Frazier, United States Army, retired, of Honolulu, Hawaii, is hereby relieved of all liability to repay to the United States the sum of $13,052.89, representing overpayments of retired pay received by him for the period from March 27, 1952, through August 3, 1955, while he was employed by the Department of the Navy, such overpayments having been made through administrative error in violation of section 212 of the Act of June 20, 1932, as amended (5 U.S.C. 59a), which limits the amount of retired pay certain retired commissioned officers may receive when holding civilian positions under the Government.

SEC. 2. The Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury, not otherwise appropriated, to Captain Dale Frazier, an amount equal to the aggregate of the amounts paid by him, or withheld from sums otherwise due him, in complete or partial satisfaction of the liability to the United States specified in the first section.

With the following committee amendment:

Page 2, following line 9, insert an additional section, as follows:

"SEC. 3. No part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

N. M. BENTLEY AND GEORGE MARKWALTER

The Clerk called House Resolution 690.

There being no objection, the Clerk read the House resolution, as follows:

Resolved, That the bill (H.R. 7618) entitled "A bill authorizing the payment of certain moneys to N. M. Bentley in settlement of claim against the United States", together with all accompanying papers, is hereby referred to the Court of Claims subject to its rules and pursuant to sections 1492 and 2509 of title 28, United States Code; and the court shall proceed expeditiously with the same and report to the House, at the earliest practicable date, such findings of fact, including facts relating to delay or laches, facts bearing upon the question whether the bar or any statute of limitations should be removed, or facts claimed to excuse the claimant for not having resorted to any established legal remedy, and conclusions based on such facts and shall be sufficient to inform Congress whether the demand is a legal or equitable claim or a gratuity, and the amount, if any, legally or equitably due from the United States to the claimant.

The resolution was agreed to, and a motion to reconsider was laid on the table.

MARGARET MacPHERSON AND OTHERS

The Clerk called the bill (H.R. 1660) for the relief of Margaret MacPherson, Angus MacPherson, Ruth MacPherson, and Marilyn MacPherson.

Mr. ROBERTS of Alabama. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

ALVIN BARDIN

The Clerk called the bill (H.R. 3134) for the relief of Alvin Bardin.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Alvin Bardin, of Milwaukee, Wisconsin, the sum of $2,886.44. The payment of such sum shall be in full settlement of all the claims of Alvin Bardin (whether in his own right or as subrogee or assignee of the Eulberg Brewing Company and the Denmark Brewing Company) against the United States arising out of erroneous information given to him, and in good faith acted upon by him, in the settlement in the Tax Court of the United States of the cases of Bardin against Commissioner (docket numbered 53954, decision entered February 19, 1957), Eulberg Brewing Company against Commissioner (docket numbered 16018, decision entered February 28, 1957), and Denmark Brewing Company against Commissioner (docket numbered 16019, decision entered February 28, 1957). Mr. Bardin was induced to enter into certain stipulations in these cases upon the representation by the attorney for the Commissioner of Internal Revenue that such stipulations would result in an aggregate liability not exceeding $25,000, whereas the judgments entered upon the stipulations resulted in an aggregate liability of $27,886.44: *Provided*, That no part of the amount appropriated in this Act in excess of 10 per centum thereof, shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

On page 1, line 6, strike "$2,886.44" and insert "$727.60".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CARLETON R. McQUOWN AND OTHERS

The Clerk called the bill (H.R. 4950) for the relief of Carleton R. McQuown, Thomas A. Pruett, and James E. Rowles.

Mr. AVERY. Mr. Speaker, I ask unanimous consent that Private Calendar No. 624 be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

SELMA EXPLOSION CLAIMS

The Clerk called the bill (H.R. 5312) for relief of certain additional claimants against the United States who suffered personal injuries, property damage, or other loss as a result of the explosion of a munitions truck between Smithfield and Selma, N.C., on March 7, 1942.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the claimants hereinafter named, the sums hereinafter specified, in full satisfaction of their respective claims against the United States for compensation for personal injuries, and property losses or damages sustained by them as the result of an explosion which occurred when a truck in which munitions were being transported for use by the United States Army collided with a privately owned passenger automobile at the intersection of United States Highways Numbered 301 and 70, between Selma, North Carolina, and Smithfield, North Carolina, on March 7, 1942, the equitable responsibility of the United States for the payment of identical claims having been recognized by the enactment of Private Law 86-92 (Eighty-sixth Congress, H.R. 2594, August 7, 1959).

(1) T. E. Cooke, Louisburg, North Carolina, for personal injuries, $7,500;

(2) T. E. Cooke, Louisburg, North Carolina, for property damage, $800;

(3) Bobbie Ray Lewis, Greenville, North Carolina, for personal injuries, $6,000;

(4) Roy A. Roberston, Jacksonville, Florida, for personal injuries, $10,000; and

(5) Harold J. Selman, Gainesville, Georgia, for personal injuries, $8,000: *Provided*, That no part of the amounts appropriated in this Act in excess of 25 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contracts to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Strike out all after the enacting clause and insert: "That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the claimants hereinafter named, the sums hereinafter specified, in full satisfaction of their respective claims against the United States for compensation for personal injuries, and property losses or damages sustained by them as the result of an explosion which occurred when a truck in which munitions were being transported for use by the United States Army collided with a privately owned passenger automobile at the intersection of United States Highways Numbered 301 and 70, between Selma, North Carolina, and Smithfield, North Carolina, on March 7, 1942, the equitable responsibility of the United States for the payment of identical claims having been recognized by the enactment of Private Laws 86-92 (Eighty-sixth Congress, H.R. 2594, August 7, 1959).

"(1) T. E. Cooke, Louisburg, North Carolina, for property damage, $800;

"(2) Bobbie Ray Lewis, Greenville, North Carolina, for personal injuries, $6,000; and

"(3) Roy A. Robertson, Jacksonville, Florida, for personal injuries, $10,000: *Provided*, That no part of the amount appropriated in this Act in excess of 25 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DANIEL WALTER MILES

The Clerk called the bill (H.R. 7469) for the relief of Daniel Walter Miles.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

SP5C. CURTIS MELTON, JR.

The Clerk called the bill (H.R. 8201) for the relief of Sp5C. Curtis Melton, Jr.

Mr. ROBERTS of Alabama. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

LORETTA SHEA

The Clerk called the bill (H.R. 9894) for the relief of Loretta Shea, deceased, in full settlement of the claims of that estate.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay out of any money in the Treasury, not otherwise appropriated, the sum of $569.89 to the estate of Loretta Shea, deceased, in full settlement of the claims of that estate against the United States for the balance of pay, subsistence, and transportation allowances due Loretta Shea by reason of the death of Leo Shea, radioman second class, United States Naval Reserve, Service Number 191–84–13, who is presumed to have died in action February 8, 1944: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

VERNON J. WIERSMA

The Clerk called the bill (H.R. 11863) for the relief of Vernon J. Wiersma.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Comptroller General of the United States be, and he hereby is, authorized and directed to settle the claim of Vernon J. Wiersma, 641 Oneida Road, Chillicothe, Ohio, for reimbursement of expenses incurred and loss of salary sustained as the result of the failure of the Department of Agriculture, Forest Service, to appoint him to a position with that Service in November 1959, after having authorized him to travel from Birmingham, Michigan, to Rhinelander, Wisconsin, for that purpose and to allow in full and final settlement of the claim the sum of $299.04. There is hereby appropriated the sum of $299.04 for payment of said claim.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHARLES F. WARD, JR., AND BILLY W. CRANE, SR.

The Clerk called the bill (H.R. 2611) for the relief of Charles F. Ward and Billy W. Crane.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Charles F. Ward, of Charlton Heights, West Virginia, the sum of $7,500, and to Billy W. Crane, Senior, of Montgomery, West Virginia, the sum of $7,500. The payment of such sums shall be in full settlement of all claims of the said Charles F. Ward and Billy W. Crane, Senior, against the United States arising out of their development during the years 1947 through 1952, and submission to the National Guard Bureau, of a mortar training device which was of aid to Federal employees in developing subcaliber mortar trainers, and materially energized the development thereof: *Provided,* That no part of either of the sums appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with the claim settled by the payment of such sum, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendments:

On page 1, line 5, strike "Charles F. Ward" and insert "Charles F. Ward, Junior,".

On page 1, line 6, strike "$7,500" and insert "$1,000".

On page 1, line 7, strike "$7,500" and insert "$1,000".

On page 1, line 9, strike "Charles F. Ward" and insert "Charles F. Ward, Junior."

On page 2, line 5, strike "in excess of 10 per centum thereof".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "For the relief of Charles F. Ward, Junior, and Billy W. Crane, Senior."

A motion to reconsider was laid on the table.

MRS. MARY E. O'ROURKE

The Clerk called the bill (H.R. 3624) for the relief of Mrs. Mary E. O'Rourke.

Mr. AVERY. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

DR. AND MRS. ABEL GORFAIN

The Clerk called the bill (H.R. 6709) for the relief of Dr. and Mrs. Abel Gorfain.

Mr. AVERY. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

LOUIS J. SIMPSON

The Clerk called the bill (H.R. 7328) for the relief of Louis J. Simpson.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Louis J. Simpson, of San Antonio, Texas, is hereby relieved of liability to repay to the United States the sum of $2,442.16, representing the portion of the amounts paid to him while employed on a contract basis by the Veterans' Administration between October 1, 1958, and October 23, 1959, which was not deducted from such amounts as required by section 13(b) of the Civil Service Retirement Act (5 U.S.C. 2263(b)). In the audit and settlement of the accounts of any certifying or disbursing officer, full credit shall be given for all amounts for which liability is relieved by this Act.

With the following committee amendments:

Page 1, line 3, strike "Louis J. Simpson," and insert "the estate of Louis J. Simpson, deceased,".

Page 1, line 6, strike "him" and insert "the decedent".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of the estate of Louis J. Simpson, deceased."

A motion to reconsider was laid on the table.

THEODORE ZISSU

The Clerk called the bill (H.R. 8550) for the relief of Theodore Zissu.

Mr. AVERY. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

PATTI JEAN FULTON

The Clerk called the bill (H.R. 9828) for the relief of Patti Jean Fulton.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for purposes of the Civil Service Retirement Act, Patti Jean Fulton shall be deemed to be the adopted daughter of Harold E. Fulton, deceased former employee of the Ordnance Ammunition Command, Joliet, Illinois. No benefits shall accrue by reason of the enactment of this Act for any period prior to the date of enactment of this Act.

SEC. 2. Notwithstanding any other provision of law, benefits payable by reason of the enactment of this Act shall be paid from the Civil Service Retirement and Disability Fund.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GEORGE WM. RUEFF, INC.

The Clerk called the bill (H.R. 11031) for the relief of George Wm. Rueff, Inc.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any limitation of time contained in section 520(c)(1) of the Tariff Act of 1930 (19 U.S.C. 1520(c)(1)), the Secretary of the Treasury shall reliquidate consumption entry numbered 1400, which was liquidated on July 27, 1954, on a shipment of zinc concentrate in bulk, in order to correct a clerical error made in failing to take into account the water content of such zinc concentrate resulting in George Wm. Rueff, Incorporated, paying duty in excess of that actually required by law in the amount of $3,446.81.

With the following committee amendment:

Page 1, line 12, strike "$3,446.81" and insert "$3,509.66".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHAO YAO KOH

The Clerk called the bill (S. 1074) for the relief of Chao Yao Koh.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Chao Yao Koh shall be held and considered to have been lawfully admitted to the United States for permanent residence as of September 5, 1952, upon payment of the required head tax and visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendments:

On page 1, line 6, strike out the date "September 5, 1952" and insert in lieu thereof "the date of the enactment of this Act".

On page 1, line 7, strike out the words "head tax and".

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOEY KIM PURDY

The Clerk called the bill (S. 1526) for the relief of Joey Kim Purdy.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Joey Kim Purdy shall be held and considered to be the natural-born alien child of Ralph B. Purdy, Junior, and Julia Purdy, citizens of the United States: *Provided,* That the natural parents of the said Joey Kim Purdy shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TIO SIEN TJIONG

The Clerk called the bill (S. 2309) for the relief of Tio Sien Tjiong.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Tio Sien Tjiong (A-10396702) shall be held and considered to have been lawfully admitted to the United States for permanent residence as of January 3, 1953.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALEXANDRA CALLAS

The Clerk called the bill (S. 2586) for the relief of Alexandra Callas.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Alexandra Callas, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Michael Callas, citizens of the United States: *Provided,* That the natural parents of Alexandra Callas shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ARIE ABRAMOVICH

The Clerk called the bill (S. 2736) for the relief of Arie Abramovich.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

KIM HYUNG IN COMSTOCK

The Clerk called the bill (H.R. 7638) for the relief of Kim Hyung In Comstock.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Kim Hyung In Comstock shall be held and considered to be the natural-born minor alien child of Specialist First Class Carl D. Comstock and Mrs. Comstock, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privileges, or status under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SISTER MARY ALPHONSA (ELENA BRUNO) AND SISTER MARY ATTILIA (FILIPA TODARO)

The Clerk called the bill (H.R. 8730) for the relief of Sister Mary Alphonsa (Elena Bruno) and Sister Mary Attilia (Filipa Todaro).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Sister Mary Alphonsa (Elena Bruno) and Sister Mary Attilia (Filipa Todaro) shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence as provided in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the appropriate quota for the first year that such quota is available.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UMBERTO BREZZA

The Clerk called the bill (H.R. 9915) for the relief of Umberto Brezza.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provision of section 212(a)(9) of the Immigration and Nationality Act, Umberto Brezza may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act: *Provided,* That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TAI JA LIM

The Clerk called the bill (H.R. 1388) for the relief of Tai Ja Lim and Tai Chung Lim.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 203(a)(3) and 205 of the Immigration and Nationality Act, the minor children Tai Ja Lim and Tai Chung Lim, shall be held and considered to be the natural-born alien children of John Yung Rhee, a lawful resident alien of the United States.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, for the purposes of sections 101(a) (27)(A) and 205 of the Immigration and Nationality Act, the minor child, Tai Ja Lim, shall be held and considered to be the natural-born alien child of John Yung Rhee, a citizen of the United States."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read: "A bill for the relief of Tai Ja Lim."

A motion to reconsider was laid on the table.

SURAJ DIN

The Clerk called the bill (H.R. 2139) for the relief of Suraj Din.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Suraj Din shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HORACE AMBROISE DIDOT

The Clerk called the bill (H.R. 5238) for the relief of Horace Ambroise Didot.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Horace Ambroise Didot shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee: *Provided,* That nothing in this Act shall be construed to waive the provisions of section 315 of the Immigration and Nationality Act.

With the following committee amendment:

On page 1, strike out lines 3, 4, 5, 6, and the language "upon payment of the required visa fee" on line 7, and substitute the following: "That, the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Horace Ambroise Didot. From and after the date of the enactment of this Act, the said Horace Ambroise Didot shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MR. AND MRS. SALVATORE MORTELLITI AND SON, ANTONIO MORTELLITI

The Clerk called the bill (H.R. 2176) for the relief of Mr. and Mrs. Salvatore Mortelliti and son, Antonio Mortelliti.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of the Immigration and Naturalization Act, Mr. and Mrs. Salvatore Mortelliti and son, Antonio Mortelliti, shall be held and considered to be nonquota immigrants.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, notwithstanding the provision of section 212(a)(9) of the Immigration and Nationality Act, Salvatore Mortelliti may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act: *Provided,* That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read: "A bill for the relief of Salvatore Mortelliti."

A motion to reconsider was laid on the table.

AMRIK S. WARICH

The Clerk called the bill (H.R. 3127) for the relief of Amrik S. Warich.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Amrik S. Warich shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MIRHAN GAZARIAN

The Clerk called the bill (H.R. 4954) for the relief of Mirhan Gazarian.

There being no objection, the Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mirhan Gazarian shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Mirhan Gazarian. From and after the date of the enactment of this Act, the said Mirhan Gazarian shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ERNST HAEUSSERMAN

The Clerk called the bill (H.R. 11127) for the relief of Ernst Haeusserman.

There being no objection, the Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of July 2, 1958 (Private Law 85–461), is hereby amended by deleting the language "no later than June 28, 1962" and substituting in lieu thereof the words "upon the termination of his position as director general of the Vienna Burgtheater."

With the following committee amendment:

On page 1, line 6, strike out the word "upon" and substitute in lieu thereof the words "within thirty days after".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. GEOHAR OGASSIAN

The Clerk called the bill (S. 1889) for the relief of Mrs. Geohar Ogassian.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mrs. Geohar Ogassian shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Mrs. Geohar Ogassian. From and after the date of the enactment of this Act, the said Mrs. Geohar Ogassian shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HAJIME SUMITANI

The Clerk called the bill (S. 1943) for the relief of Hajime Sumitani.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Hajime Sumitani shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LISE MARIE BERTHE MARGUERITE DE SIMONE

The Clerk called the bill (S. 2198) for the relief of Lise Marie Berthe Marguerite De Simone.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, the provisions of sections 201(a), 202(a)(5), and 202(b) shall be inapplicable in the case of Lise Marie Berthe Marguerite De Simone.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FILOMENA F. SCHENKENBERGER

The Clerk called the bill (S. 2355) for the relief of Filomena F. Schenkenberger.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraph (3) of section 212(a) of the Immigration and Nationality Act, Filomena F. Schenkenberger may be issued an immigrant visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act. This Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PATRICIA KIM BELL (KIM BOOSHIN)

The Clerk called the bill (S. 2606) for the relief of Patricia Kim Bell (Kim Booshin).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Patricia Kim Bell (Kim Booshin), shall be held and considered to be the natural-born alien child of Doctor and Mrs. Archie Bell, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LEE HWA SUN

The Clerk called the bill (S. 2607) for the relief of Lee Hwa Sun.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Lee Hwa Sun, shall be held and considered to be the natural-born alien child of Mr. and Mrs. John Matthews, Junior, citizens of the United States: *Provided,* That the natural parents of the said Lee Hwa Sun shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SUSAN HOLT LERKE (CHOI SUN HEE)

The Clerk called the bill (S. 2633) for the relief of Susan Holt Lerke (Choi Sun Hee).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Susan Holt Lerke (Choi Sun Hee), shall be held and considered to be the natural-born alien child of Kurt Lerke and Julia Lerke, citizens of the United States: *Provided,* That the natural parents of the said Susan Holt Lerke (Choi Sun Hee), shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOHN AXEL ARVIDSON

The Clerk called the bill (S. 2679) for the relief of John Axel Arvidson.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 315 of the Immigration and Nationality Act or the Act of July 9, 1918, or the decree of the Hennepin County District Court, Minneapolis, Minnesota, dated March 15, 1919, John Axel Arvidson shall be held and considered eligible to be naturalized as a citizen of the United States provided he is otherwise qualified in accordance with the general requirements as to residence, good moral character, attachment to the principles of the Constitution, and disposition to the good order and happiness of the United States as set forth in section 316 of the said Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

YOON SO SHIM

The Clerk called the bill (S. 2732) for the relief of Yoon So Shim.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Yoon So Shim, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Robert Thatcher, Junior, citizens of the United States: *Provided,* That the natural parents of the said Yoon So Shim shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING THE ACT OF MAY 13, 1960 (PRIVATE LAW 86-286)

The Clerk called the bill (H.R. 7736) to amend the act of May 13, 1960 (Private Law 86-286).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Private Law 86-286, approved May 13, 1960, is hereby amended by substituting "twenty-eight years" in lieu of "twenty-five years".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LT. COMDR. JOSEPH P. MANNIX

The Clerk called the bill (H.R. 9603) for the relief of Lt. Comdr. Joseph P. Mannix.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Lieutenant Commander Joseph P. Mannix (1893), United States Coast Guard, retired, is hereby relieved of liability to the United States in the amount of $13,324, the amount by which he was overpaid retirement pay, as a result of administrative error, during the period from February 1, 1957, to September 30, 1961, inclusive. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for any amount for which liability is relieved by this Act.

SEC. 2. The Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lieutenant Commander Joseph P. Mannix, an amount equal to the aggregate of the amounts paid by him, or withheld from sums otherwise due him, in complete or partial satisfaction of the liability to the United States specified in the first section: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Strike all after the enacting clause and insert the following: "That notwithstanding the fact that Lieutenant Commander Joseph P. Mannix (1893), United States Coast Guard, retired, is indebted to the United States in the amount of $13,324, because of overpayment of retired pay in the period from February 1, 1957, to September 30, 1961, inclusive, as the result of administrative error on the part of the Government, the Secretary of the Treasury shall only require a repayment or a withholding from amounts otherwise due Lieutenant Commander Joseph P. Mannix of that amount, if any, which will not impose undue or inequitable hardships upon him. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for the full amount of liability in the amount of $13,324 resulting from the overpayment of retired pay referred to in this Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER pro tempore. This completes the call of the Private Calendar.

Mr. WALTER. Mr. Speaker, I ask unanimous consent to insert in the RECORD immediately following the approval of the bill S. 2709, a letter from General Clay.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

TO AMEND THE SMALL BUSINESS ACT

Mr. PATMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 12121) to amend the Small Business Act, as amended.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 4 of the Small Business Act is amended to read as follows:

"(c) There is hereby established in the Treasury a revolving fund, referred to in this section as 'the fund', for the Administration's use in financing the functions performed under sections 7(a), 7(b), and 8(a) and under the Small Business Investment Act of 1958, as amended, including the payment of administrative expenses in connection with such functions. All repayments of loans and debentures, payments of interest, and other receipts arising out of transactions financed from the fund shall be paid into the fund. As capital thereof, appropriations not to exceed $1,935,000,000 are hereby authorized to be made to the fund, which appropriations shall remain available until expended. Not to exceed an aggregate of $1,434,000,000 shall be outstanding from the fund at any one time for the purposes enumerated in sections 7(a) and 8(a). Not to exceed an aggregate of $160,000,000 shall be outstanding from the fund at any one time for the purposes enumerated in section 7(b). Not to exceed an aggregate of $341,000,000 shall be outstanding from the fund at any one time for the exercise of the functions of the Administration under the Small Business Investment Act of 1958. The Administration shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the outstanding cash disbursements from the fund, at rates determined by the Secretary of the Treasury, taking into consideration the current average yields on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities as calculated for the month of June preceding such fiscal year."

SEC. 2. (a) The Small Business Administration is empowered to make such loans (either directly or in cooperation with banks or other lenders through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any firm to adjust to changed economic conditions resulting from increased competition from imported articles, but only if (1) an adjustment proposal of such firm has been certified by the Secretary of Commerce pursuant to the Trade Expansion Act of 1962, (2) the Secretary has referred such proposal to the Administration under that Act and the loan would provide part or all of the financial assistance necessary to carry out such proposal, and (3) the Secretary's certification is in force at the time the Administration makes the loan.

(b) The Small Business Administration's authority to make loans under this section shall be in addition to and separate from its authority to make loans under the Small Business Act. The rate of interest for the Administration's share of any loan made under this section shall be not less than the greater of 4 per centum per annum or the rate most recently determined by the Secretary of the Treasury under section 4(c) of the Small Business Act; and no such loan, including renewals or extensions thereof, may be made for a period or periods exceeding twenty-five years. With respect to loans made under this section the Administration shall apply the provisions of sections 5, 6(a), 7(a)(1), 7(a)(2), 7(a)(3), 7(a)(7), 7(c), 10(a), 10(b), 13, 16, and 17 of the Small Business Act as though such loans had been made under section 7(a) of that Act.

(c) There are hereby authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to carry out this section.

The SPEAKER pro tempore. Is a second demanded?

Mr. GROSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. GROSS. Mr. Speaker, is this the small business bill being called up under suspension?

The SPEAKER pro tempore. The gentleman is correct.

Mr. GROSS. Mr. Speaker, I demand a second in order to assure an explanation of the bill.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

CALL OF THE HOUSE

Mr. DEROUNIAN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. PATMAN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 143]

Alford
Alger
Anfuso
Ashbrook
Ashmore
Auchincloss
Ayres
Baring
Barry
Bass, N.H.
Bass, Tenn.
Betts
Blitch
Boggs
Bolling
Boykin
Buckley
Celler
Chamberlain
Coad
Colmer
Cook
Corbett
Corman
Cramer
Curtis, Mass.
Curtis, Mo.
Davis, James C.
Davis, John W.
Davis, Tenn.
Dawson
Delaney
Derwinski
Diggs
Dominick
Donohue
Ellsworth
Farbstein
Feighan
Fino
Fisher
Flood
Fogarty
Fountain
Frazier
Friedel
Garland
Gathings
Gilbert
Glenn
Granahan
Griffiths
Hansen
Harding
Harrison, Va.
Harvey, Mich.
Hays
Henderson
Hoeven
Hoffman, Mich.
Horan
Hosmer
Ichord, Mo.
Inouye
Jennings
Jensen
Johnson, Calif.
Johnson, Md.
Kastenmeier
Keith
Kelly
Keogh
Kilburn
King, Utah
Kitchin
Knox
Kornegay
Kowalski
Kyl
Landrum
Lankford
Lennon
Lesinski
Loser
McCulloch
McSween
McVey
Macdonald
MacGregor
Madden
Martin, Mass.
May
Merrow
Miller, Clem
Miller, George P.
Miller, N.Y.
Minshall
Moeller
Montoya
Moorhead, Pa.
Morse
Nedzi
Nix
O'Hara, Mich.
Peterson
Philbin
Pilcher
Poage
Powell
Rains
Randall
Reece
Reuss
Riehlman
Rivers, Alaska
Rivers, S.C.
Ryan, Mich.
St. George
St. Germain
Saund
Scott
Scranton
Seely-Brown
Shelley
Sibal
Sisk
Slack
Smith, Calif.
Smith, Iowa
Smith, Miss.
Spence
Steed
Taber
Thompson, La.
Waggonner
Watts
Weis
Whitener
Willis
Wilson, Calif.
Yates
Zelenko

The SPEAKER. On this rollcall, 293 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AUTHORITY OF SMALL BUSINESS ADMINISTRATION

The SPEAKER. The gentleman from Texas [Mr. PATMAN] is recognized.

Mr. PATMAN. Mr. Speaker, the amendments to the Small Business Act included in the bill—H.R. 12121—as amended by the committee amendment, would increase the SBA revolving fund from $1.200 to $1.935 million; with the dollar ceilings of the various loan programs increased as follows:

The regular business loan and prime contract programs would be increased from $725 to $1,434 million, the disaster loan program from $150 to $160 million, and the Small Business Investment Act programs from $325 to $341 million. The bill would also make technical changes in connection with simplifying the computation of revolving fund interest payable by SBA to the Treasury, and make certain additional clarifying language changes in the section. It would also empower SBA to make loans to firms injured by imports, where the Secretary of Commerce makes an appropriate certification pursuant to the Trade Expansion Act of 1962—H.R. 11970—and requests that SBA furnish financial assistance.

Mr. Speaker, there is an urgent need for this legislation since these additional authorizations will be needed if these important lending programs are to be continued fully beyond the current fiscal year. The House Committee on Appropriations is now considering SBA's request for the fiscal year 1963.

We believe the bill as reported by the committee and as amended by the committee amendment is a satisfactory compromise for everyone. Certainly the 4-year authorization for the regular business loan program will give the agency some room to operate in the future. I regret that we could not grant more than a 1-year authorization to the programs operated under the Small Business Investment Act but I must admit there is some merit to the idea that because of the newness of the program it would be advisable to review the program from year to year.

I believe the committee hearings, as well as the committee report, demonstrate the need for the immediate consideration of the legislation.

I now yield to the gentleman from California [Mr. McDONOUGH].

Mr. McDONOUGH. Mr. Speaker, I did not demand a second on this bill for the reason that the amendments cited by the gentleman from Texas [Mr. PATMAN] are agreeable to the minority side of the committee. As a matter of fact, the minority side of the committee offered amendments to provide these three separate funds to be set up in separate dollar amounts, which was not agreed to by the majority, but apparently under the urgency of making these funds available because of the beginning of the fiscal year, making the funds necessarily available to the Small Business Administration, the majority side agreed to our proposal that each one of these funds be set up separately with ceiling dollar amounts. We agreed to that, and therefore I did not ask for a second for that reason.

Now, the additional authority provided here to relieve business that may be injured by imports under the trade bill recently passed by the House, that is still in a matter of doubt for the reason that it has not passed the Senate. If that passes the Senate under the same terms as the House passed it, then this money is provided under this authorization to relieve business that is injured by excessive imports into the United States.

Mr. PATMAN. Mr. Speaker, I reserve the balance of my time.

Mr. GROSS. Mr. Speaker, I yield 2 minutes to the gentleman from Kansas [Mr. AVERY].

Mr. AVERY. Mr. Speaker, speaking as a minority member of the Select Committee on Small Business, obviously we will support this legislation. I would like to call to the attention of the House, however, that this is just an exercise in futility here this afternoon. As a matter of fact, the Small Business Administration has been out of funds for about the last 90 days, and the only applications they could receive and approve were so-called disaster applications or a very limited number of applications that they could accommodate or cover by funds flowing back into their credit by repayment to the revolving fund.

I would like to have the chairman or the ranking majority member of the Committee on Banking and Currency advise the House as to whether or not he feels that there is going to be some responsibility assumed on the part of the majority to make additional funds available to the SBA for lending under the existing authority.

Mr. PATMAN. The gentleman is correct in that they are out of funds and they are using the revolving fund to the greatest extent possible, but that is due to the fact that the Committees on Appropriations have not acted. As soon as the appropriation bills are passed here in the House and the Senate and approved by the President, then, of course, the situation will be solved.

Mr. AVERY. I wonder, then, would the gentleman tell us just what relief is available in this measure we are passing today, inasmuch as there are no funds currently available, and from what I can read in the newspapers, why, there is no indication for any relief available as far as appropriation funds are concerned in the near future.

Mr. PATMAN. This bill is not of much use until the Committees on Appropriations act. They are holding up the situation now.

Mr. AVERY. Does the gentleman agree, in view of the rather distressed economic condition, that this is most unfortunate for the plight of the small businessman that the Small Business Administration has not even been able to accept applications for making loans?

Mr. PATMAN. The gentleman is correct in the contention that they are out of money, but he is not correct about not accepting applications. They are accepting applications and processing them. However, they have this additional problem. By the time they get this money, which will be possibly off 3 months or maybe 4, they will have to go and review those applications again, so that is double work. I hope the Committees on Appropriations will act promptly.

Mr. AVERY. I thank the chairman for his views, and I hope the appropriations will be forthcoming.

Mr. GROSS. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, I take this time to ask the gentleman from Texas a question or two. Since this bill authorizes the Small Business Administration to make loans to firms injured by competition from imports, can the gentleman tell me what the committee developed during the preparation of this bill; what information was developed as to the prospective need for loans to small business as the result of damage from imports?

Mr. PATMAN. Well, it is obvious that some businesses will be injured. I think that is admitted by everyone. There will be some injury to the business of this country under the Trade Expansion Act. We accept that. It is normal.

Mr. GROSS. Why should we accept it?

Mr. PATMAN. Well, because in making these adjustments, some of the adjustments will have an adverse effect on some businesses.

The Trade Act, I believe, for the first time in history, makes provision for problems like this to be adjusted in a manner that will be the least harmful to business in general.

Mr. GROSS. Yes, our distinguished Speaker called it compensatory payment, and some others called it administrative adjustment, and some others called it adjustment allowance.

I do not know what it is.

Mr. PATMAN. I do not know, either.

Mr. GROSS. It is sugar coated, any way you figure it.

Mr. PATMAN. It will be helpful.

Mr. GROSS. Can the gentleman be a little more helpful as to the prospective need for this legislation as it deals with damage by virtue of imports?

Mr. PATMAN. No; I do not think anyone can, because we cannot predict what the situation will be. The Trade Expansion Act has not finally been passed. This action is being taken in the event the act does pass in the form it passed the House.

Mr. GROSS. Did the gentleman make any inquiry as to how much small business would be damaged as a result of free trade?

Mr. PATMAN. It would be futile to make such inquiries because no one knows what adjustments will be needed after the Trade Expansion Act is passed.

Mr. GROSS. So, this, then, becomes a blank-check authorization upon the Treasury?

Mr. PATMAN. I think that is an unfortunate phrase—a "blank-check authorization."

Mr. GROSS. How else would the gentleman characterize it?

Mr. PATMAN. I characterize it as providing against something that could possibly happen, if the Trade Expansion Act should become law, that would react unfavorably upon small business.

Mr. GROSS. Well, the gentleman is convinced that it will damage—that the free trade bill will damage—small business?

Mr. PATMAN. No.

Mr. GROSS. The gentleman has already said that it will.

Mr. PATMAN. I am not predicting that it will.

Mr. GROSS. The gentleman has said that it is obvious that it will.

Mr. PATMAN. No; we would not be surprised if it did, because in getting advantages sometimes we have to agree to things that will react unfavorably upon a small part of our economy. In order to get the bigger advantage, we may have to suffer some minor disadvantages.

Mr. GROSS. Did the Secretary of Commerce, to whom you delegate this power to make loans to small businesses as a result of injury from foreign imports; did he have no information or light to shed on how much this is likely to cost?

Mr. PATMAN. No, I do not think anyone would have known that. I do not think it is possible to know that.

Mr. GROSS. Then how could he know that there would be a necessity for any loans?

Mr. PATMAN. No one knows that. It is just a matter of knowing that there is a possibility here, and we want to guard against it and protect businesses as much as we can against what could possibly happen.

Mr. GROSS. Does not the trade bill take care of this?

Mr. PATMAN. It does not take care of this specific point.

Mr. GROSS. What does the gentleman mean by "this specific point"? Does it not take care of any and all businesses that may be damaged?

Mr. PATMAN. Yes, that is right.

Mr. GROSS. Then why do you write it into this bill?

Mr. PATMAN. It makes this agency lending facilities available to the Department of Commerce, in the event this type service is needed or desired, in order to avoid duplication of such facilities.

Mr. MULTER. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I would be glad to yield to the gentleman from New York. I hope the gentleman can shed some light on the necessity for this provision.

Mr. MULTER. In the trade bill which we have just passed is a provision giving the Secretary of Commerce authority to make loans to those who might need them because of the implementation of that act. In order to avoid the duplication of lending facilities, this bill now authorizes the Small Business Administration to process those loans that are referred to this agency by the Secretary of Commerce. In other words, the Secretary of Commerce has no lending facilities today. SBA has. We do not want to set up a new lending facility in the Department of Commerce. This bill, therefore, authorizes the SBA to process those loans referred to it by the Secretary of Commerce.

Mr. GROSS. But you are going to have two lending agencies, are you not?

Mr. MULTER. No; we are trying to avoid that. This bill sets up the lending facility for the Trade Act if the Secretary of the Department of Commerce determines loans are necessary.

Mr. GROSS. For what you are pleased to call small business?

Mr. MULTER. No. This will handle all loans.

Mr. GROSS. It will handle all of the loans?

Mr. MULTER. Yes.

Mr. GROSS. Was this provision written into the free trade bill?

Mr. MULTER. The trade bill authorizes the Secretary of Commerce to make the determination, but it does not set up a lending agency. We give, in this bill, the SBA the right to make those loans. Without this the Secretary of Commerce would have no place to turn to make those loans, or to get those loans made.

Mr. GROSS. This authority is for both big and little business, is that correct?

Mr. MULTER. That is right.

Mr. PATMAN. If the Secretary certifies it.

Mr. GROSS. Since you are not preempting, perhaps, but taking over this entire field, or since the Small Business Administration is taking over this entire field, did you not have the Secretary of Commerce before your committee when this legislation was written to tell you what he thought would happen?

Mr. MULTER. Speaking for myself, and I think many of the other members of the committee feel the same way, since the trade bill determined that this was a necessary function to be performed by Government, it was essential to set up some facility to accomplish that; and rather than creating a new agency it was agreed that the Small Business Administration, which already has this tremendous experience in lending—and bear in mind that in the disaster loans we cover all loans to all business, regardless of amount; the disaster loan program is a program regardless of small business or amount. Therefore, we said that this agency already having this experience can do this job, without our having to create a new agency.

Mr. GROSS. This is not the Committee on Ways and Means speaking here today; this is the Committee on Banking and Currency. The gentleman still has not answered my question as to why he did not have the Secretary of Commerce before the Banking and Currency Committee to state what was likely to happen under the provisions that have been written into this bill with respect to damage by foreign imports. Why did you not have the Secretary before you?

Mr. MULTER. Obviously, our agreeing with the need for this was approved by this House when the House passed the trade bill with that provision and the only thing needed was a lending facility. This is the lending facility.

Mr. GROSS. But you did not know that when the trade bill was before the House in what form it would be approved or whether it would be approved at all.

Mr. MULTER. We knew it before the trade bill got to the House. We knew it from the hearings. We knew it before the bill got to the House. We did not have to duplicate the work that was already done.

Mr. GROSS. This bill was considered by your committee a long time ago. The trade bill was before the House only a few days ago.

Mr. MULTER. That is quite correct.

Mr. GROSS. You cannot predicate what you did in your committee weeks ago on what the House did only late last week. Let us not put it on that basis.

Mr. MULTER. Possibly we were soothsayers and we knew that the House was going to approve the trade bill.

Mr. GROSS. I am glad to hear the gentleman say that he has a crystal ball. And if he has a crystal ball I wish he would tell me how much use is going to be made of this provision.

Mr. EVINS. Why not put it on the basis of judicial knowledge?

Mr. AVERY. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Kansas.

Mr. AVERY. Mr. Speaker, I am not sure whether I disagree with the gentleman from Iowa [Mr. GROSS]. I think it is most appropriate that the Small Business Administration be named as the agency to provide such relief as becomes necessary under the so-called Trade Expansion Act. My question to the chairman is this: Under the authority set out in this bill, have you rescinded the guidelines that traditionally have prevailed in the Small Business Administration as far as the approval of loan applications is concerned? Are you waiving those merely upon certification of the Secretary of Commerce, or will they have to be certified by the Secretary and still conform to what we consider to be good risk?

Mr. PATMAN. The rules and regulations of the Small Business Administration will apply on all proposals referred to the SBA by the Secretary of Commerce under his authority as provided for by the Trade Expansion Act.

Mr. AVERY. The mere certification of the Secretary of Commerce will not suspend the usual qualifications that are required of a loan applicant?

Mr. PATMAN. It will not.

Mr. AVERY. I thank the gentleman.

Mr. GROSS. Mr Speaker, I just want to emphasize that here we have further evidence today of the damage that will very likely be caused to business, large and small, in this country as a result of the passage of the free trade bill last week.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield.

Mr. PATMAN. The disaster loan program is quite an important program—when there is a disaster, such as a hurricane, that affects big as well as small business and the Small Business Administration administers that program. This is a comparable situation under the Trade Expansion Act. It is on all fours with it. So we adopted the same principle in this amendment.

Mr. GROSS. I have no doubt in the world, I will say to the gentlemen, that there will be a hurricane of foreign imports that will create a disaster situation in this country for many businesses. I am not objecting to the Small Business Administration handling this matter, and Mr. Speaker, I want to add that disaster loans, granted by the Small Business Administration, are the results of acts of God, but the loans made to industries and businesses as the result of damage from foreign imports are because of acts of Congress.

Mr. Speaker, I yield back the balance of my time.

Mr. PATMAN. Mr. Speaker, I yield such time as he may require to the gentleman from Massachusetts [Mr. BURKE].

Mr. BURKE of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BURKE of Massachusetts. Mr. Speaker, may I at this time commend the gentleman from Texas, the Honorable WRIGHT PATMAN, and the members of the Banking and Currency Committee for their excellent report with reference to H.R. 12121. As a former member of this important committee and one who is tremendously interested in small business I am pleased to give my support to this very necessary legislation. This bill will increase the SBA revolving fund from $1.2 to $2.6 billion. It will result in the consolidation of the dollar ceiling authorizations now provided for SBA lending and other programs financed by the revolving fund, except for disaster loan ceiling which would be retained and increased from $150 to $160 million. It further makes technical changes in connection with simplifying and clarifying the language and the computation of the interest payable by SBA. The bill further provides that the SBA be empowered to make loans to firms injured by imports.

These are all important improvements and will go a long way toward assisting the small businessman with his mounting problems. I heartily endorse H.R. 12121 and urge its passage.

Mr. PATMAN. Mr. Speaker, I yield to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Speaker, the gentleman from Texas and the committee are to be congratulated on this meritorious and much needed legislation.

As a member of the House Select Committee on Small Business I know this action will give encouragement to small business that their needs in this difficult time are not being forgotten by Congress. I join my friend from Kansas in the hope that the Appropriations Committee will act soon and generously on this authorization.

I also believe that small business will be helped by this legislation to expand and tailor its opportunities under the conditions which the trade bill recently passed will bring about.

While it is true that no one can accurately prophesy the use to which small business will put this authorization, it is inconceivable that the demand will not be created. The time to meet that demand is not when it can be proven that small business has been hurt but rather, as this bill makes possible, by providing machinery in advance for orderly changeover and expanded operations.

I hope this measure receives overwhelming support.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill H.R. 12121, as amended?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

Mr. PATMAN. Mr. Speaker, I understand there is a similar Senate bill on the Speaker's table, S. 2970, to amend the Small Business Act. I ask unanimous consent for the immediate consideration of that bill, and that the House bill just passed be substituted for it.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 4 of the Small Business Act is amended to read as follows:

"(c) There is hereby established in the Treasury a revolving fund, referred to in this section as 'the fund', for the Administration's use in financing the functions performed under sections 7(a), 7(b), and 8(a) and under the Small Business Investment Act of 1958, as amended, including the payment of administrative expenses in connection with such functions. All repayments of loans and debentures, payments of interest, and other receipts arising out of transactions financed from the fund shall be paid into the fund. As capital thereof, appropriations not to exceed $1,450,000,000 are hereby authorized to be made to the fund, which appropriations shall remain available until expended. Not to exceed an aggregate of $1,109,000,000 shall be outstanding at any one time for the purposes enumerated in the following sections of this Act: 7(a) (relating to regular business loans), 7(b) (relating to disaster loans), and 8(a) (relating to prime contract authority): *Provided,* That the Administration shall report promptly to the Committees on Appropriations and the Committees on Banking and Currency of the Senate and House of Representatives whenever (1) the aggregate amount outstanding for the purposes enumerated in sections 7(a) and 8(a) exceeds $1,012,200,000, or (2) the aggregate amount outstanding for the purpose enumerated in section 7(b) exceeds $96,800,000. Not to exceed an aggregate of $341,000,000 shall be outstanding at any one time for the exercise of the functions of the Administration under the Small Business Investment Act of 1958, as amended. The Administration shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the outstanding cash disbursements from the fund, at rates determined by the Secretary of the Treasury, taking into consideration the current average yields on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities as calculated for the month of June preceding such fiscal year."

Mr. PATMAN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Strike out all after the enacting clause of the bill S. 2970, and insert in lieu thereof the provisions of the bill H.R. 12121, as amended, as follows: "That subsection (c) of section 4 of the Small Business Act is amended to read as follows:

"'(c) There is hereby established in the Treasury a revolving fund, referred to in this section as "the fund", for the Administration's use in financing the functions performed under sections 7(a), 7(b), and 8(a) and under the Small Business Investment Act of 1958, as amended, including the payment of administrative expenses in connection with such functions. All repayments of loans and debentures, payments of interest, and other receipts arising out of transactions financed from the fund shall be paid into the fund. As capital thereof, appropriations not to exceed $1,935,000,000 are hereby authorized to be made to the fund, which appropriations shall remain available until expended. Not to exceed an aggregate of $1,434,000,000 shall be outstanding from the fund at any one time for the purposes enumerated in sections 7(a) and 8(a). Not to exceed an aggregate of $160,000,000 shall be outstanding from the fund at any one time for the purposes enumerated in section 7(b). Not to exceed an aggregate of $341,000,000 shall be outstanding from the fund at any one time for the exercise of the functions of the Administration under the Small Business Investment Act of 1958. The Administration shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the outstanding cash disbursements from the fund, at rates determined by the Secretary of the Treasury, taking into consideration the current average yields on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities as calculated for the month of June preceding such fiscal year.'

"SEC. 2. (a) The Small Business Administration is empowered to make such loans (either directly or in cooperation with banks or other lenders through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any firm to adjust to changed economic conditions resulting from increased competition from imported articles, but only if (1) an adjustment proposal of such firm has been certified by the Secretary of Commerce pursuant to the Trade Expansion Act of 1962, (2) the Secretary has referred such proposal to the Administration under that Act and the loan would provide part or all of the financial assistance necessary to carry out such proposal, and (3) the Secretary's certification is in force at the time the Administration makes the loan.

"(b) The Small Business Administration's authority to make loans under this section shall be in addition to and separate from its authority to make loans under the Small Business Act. The rate of interest for the Administration's share of any loan made under this section shall be not less than the greater of 4 per centum per annum or the rate most recently determined by the Secretary of the Treasury under section 4(c) of the Small Business Act; and no such loan, including renewals or extensions thereof, may be made for a period or periods exceeding twenty-five years. With respect to loans made under this section the Administration shall apply the provisions of sections 5, 6(a), 7(a)(1), 7(a)(2), 7(a)(3), 7(a)(7), 7(c), 10(a), 10(b), 13, 16, and 17 of the Small Business Act as though such loans had been made under section 7(a) of that Act.

"(c) There are hereby authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to carry out this section."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 12121) was laid on the table.

LIMITS ON CONSTRUCTION-DIFFERENTIAL SUBSIDY FOR CONSTRUCTION, RECONSTRUCTION, AND RECONDITIONING OF SHIPS

Mr. BONNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 11586) to amend section 2 of the act of July 7, 1960, as amended.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 502(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1152(b)), is hereby further amended to read as follows:

"(b) The amount of the reduction in selling price which is herein termed 'construction differential subsidy' may equal, but not exceed, the excess of the bid of the shipbuilder constructing the proposed vessel (excluding the cost of any features incorporated in the vessel for national-defense uses, which shall be paid by the Secretary in addition to the subsidy), over the fair and reasonable estimate of cost, as determined by the Secretary, of the construction of the proposed vessel if it were constructed under similar plans and specifications (excluding national-defense features as above provided) in a foreign shipbuilding center which is deemed by the Secretary to furnish a fair and representative example for the determination of the estimated foreign cost of construction of vessels of the type proposed to be constructed. The construction differential approved and paid by the Secretary shall not exceed 55 per centum of the construction cost of the vessel, except that in the case of reconstruction or reconditioning of a passenger vessel having the tonnage, speed, passenger accommodations and other characteristics set forth in section 503 of this Act, the construction differential approved and paid shall not exceed 60 per centum of the reconstruction or reconditioning cost (excluding the cost of national-defense features as above provided): *Provided, however,* That after July 7, 1965, the construction differential approved by the Secretary shall not exceed in the case of the construction, reconstruction or reconditioning of any vessel, 50 per centum of such cost. When the Secretary finds that the construction differential in any case exceeds the foregoing applicable percentage of such cost, the Secretary may negotiate and contract on behalf of the applicant to construct, reconstruct, or recondition such vessel in a domestic shipyard at a cost which will reduce the construction differential to such applicable percentage or less. In the event that the Secretary has reason to believe that the bidding in any instance is collusive, he shall report all of the evidence on which he acted (1) to the Attorney General of the United States, and (2) to the President of the Senate and to the Speaker of the House of Representatives if the Congress shall be in session or if the Congress shall not be in session, then to the Secretary of the Senate and Clerk of the House, respectively."

Sec. 2. The last sentence of section 502(d) (46 U.S.C. 1152(d)) is hereby amended to read as follows: "Nothing in this section shall be construed as authorizing the Secretary to approve or pay a construction differential in excess of the applicable maximum percentage of the construction cost of the vessel as provided in subsection (b) of this section."

Sec. 3. The amendments made by this Act shall be effective only with respect to contracts entered into with respect to (a) the construction of a vessel the keel of which was laid after June 30, 1959, or (b) the reconstruction or reconditioning of a vessel the shipyard contract for which was entered into after June 30, 1959, and the Secretary may, with the consent of the parties thereto, modify any such contract entered into prior to the date of the enactment of this Act to the extent authorized by the amendments made by this Act.

The SPEAKER. Is a second demanded?

Mr. TOLLEFSON. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. BONNER. Mr. Speaker, this bill extends existing law for 3 years with reference to the 55-percent ceiling on construction differential subsidy under the Merchant Marine Act, 1936. It also authorizes a 5-percent higher ceiling in the case of reconstruction of passenger vessels. The Department of Commerce recommended the continuation of existing law for 1 year. The committee felt it should be extended for 3 years.

The difference between the 55-percent ceiling on construction subsidies authorized for new cargo vessel construction compared with the 60-percent ceiling authorized for reconstruction of passenger vessels is due to the greater cost of labor in tearing out the older materials and equipment in a passenger vessel and replacing them. It is estimated that this was a fair and reasonable differential between the two types of situation. Unless we do maintain our passenger vessels and from time to time reconstruct them, we will not have any passenger vessels for troop transports. The fact is that this committee has authorized new construction and there never has been any appropriation for it. So if we are going to support the armed services with ships that are available for troop transports, then from time to time these passenger vessels have to be reconstructed.

Mr. BATES. Mr. Speaker, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from Massachusetts.

Mr. BATES. I intend to support this bill, but I would like to ask the gentleman why the discrimination against fishing vessels.

Mr. BONNER. I think the Committee on Merchant Marine and the House of Representatives have been very liberal in their dealing with the New England fishing fleet. This is a different category entirely from that.

Mr. BATES. In respect to the fishing vessels, that is 33⅓ percent and this is 55 percent. I did not understand why a small fishing vessel owner should be discriminated against when we have large companies that get 55 percent. Further, we want to expand foreign trade.

Why do we not just let them build them overseas? It is not going to hurt the shipbuilding industry in the United States because we are not building any fishing boats here. At least if we had some boats built, then some of the shipyards in this country might get some repair work. So here we are neither building nor repairing fishing vessels. I am going to introduce a bill, and I certainly hope the gentleman will support it, either to provide that we can build them overseas or, if not, on a parity with the provisions contained in this particular bill.

Mr. BONNER. It has only been a short time since we passed a construction subsidy provision with respect to fishing vessels, and we have not had any length of time to gather experience under that provision with respect to fishing vessels. But this is in an entirely different category and field from the trawler operation.

Mr. BATES. I do not understand it in any different sense than the gentleman does.

Mr. BONNER. I share the gentleman's interest in the industry that he is speaking for.

Mr. TOLLEFSON. If the gentleman will yield further, just for the information of the gentleman from Massachusetts, may I say that the Fish and Wildlife Service having had this problem before it, and having had a number of studies made recently, has now recommended that fishing vessels be permitted to be constructed abroad. That will require, of course, legislative implementation and it is my understanding that our committee will take up that recommendation for consideration, probably in the next session of the Congress.

Mr. TOLLEFSON. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. Gross].

Mr. GROSS. Mr. Speaker, this is going to pose another interesting vote for some Members of the House of Representatives. Last week the free trade bill was before the House and a majority of the Members supported free trade. If anyone can think of a bill with more protection in it than this measure now before the House, please tell me about it. If you can think of a single bill with more protection for American industry, you tell me about it. This bill is made necessary by reason of the protection given shipyards in the United States against low-cost foreign shipbuilding. There is no other reason for it. In 1934 or 1936—I believe it was 1936—the subsidy for this purpose was 33⅓ percent. You are asked to vote a 55-percent subsidy or tariff here today.

Mr. O'KONSKI. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. O'KONSKI. How does the gentleman from Iowa think that we can solve the problems unless we first create them? How are we going to spend all this money on subsidies if, first, we do not create a need for them?

Mr. GROSS. The gentleman has a question that will have to be answered by someone else. I cannot give him the answer.

Mr. BONNER. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from North Carolina.

Mr. BONNER. I know the gentleman from Iowa wants the record to be correct. The 50-percent ceiling has been in existence since 1936. This bill is higher than the 50-percent ceiling. It is not necessary that the 55 percent be used, and in the report we have a table showing that it can go as high as 55 percent.

Mr. GROSS. I understand that. I appreciate the gentleman's explanation.

Mr. BONNER. So the 33 percent that has been mentioned did exist prior to 1936.

Mr. GROSS. The protection can go as high as 60 percent on the reconversion of passenger ships; is that correct?

Mr. BONNER. That is right.

Mr. GROSS. Yes, I appreciate the gentleman's correction. Perhaps I overstated it slightly, but the fact remains that you can go to 55 percent on ship construction and 60 percent on the reconversion of passenger ships and I say again it is going to be interesting to see how some people vote who were so free-trade minded last week. I am going to vote for the bill because I believe, and always have believed, in protecting American industry and American workers wherever they may be whether in shipyards or in other industries. I know that the American worker, employed, is by all odds the best market for the products of the Iowa farmer and the American farmer. This I know. I know that this giveaway business, Public Law 480, cannot last forever for it is not a true market for agricultural products. So I am for this protection but again I would ask about some of the rest of you who voted for free trade only last week. Are you going to be able to support this bill today for the protection of American shipbuilders? If you do not vote for this bill you will have put the ship operators in a straitjacket, for under the law, if I understand it correctly, they are required to build and reconvert in American shipyards. So this bill means 100-percent protection, a 100-percent tariff in the shipbuilding business.

Mr. JONAS. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield.

Mr. JONAS. Just last Saturday we voted for a tariff on sugar users but we also voted a bill for tree trade insofar as many imports are concerned which admittedly are damaging 800 U.S. firms. Is that consistent?

Mr. GROSS. Consistency does not seem to mean very much around here. I appreciate my friend's comments and thank him for them.

Mr. TOLLEFSON. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. O'KONSKI].

Mr. O'KONSKI. Mr. Speaker, as I understand this subsidy it applies only to passenger ships. Is my information correct?

Mr. TOLLEFSON. Mr. Speaker, will the gentleman yield?

Mr. O'KONSKI. I yield.

Mr. TOLLEFSON. This bill extends existing temporary law which applies a 55-percent ceiling on ship construction and ship conversion. It also provides for a ceiling of 60 percent on reconstruction and reconversion of passenger ships only.

Mr. O'KONSKI. On passenger ships only.

Mr. TOLLEFSON. Yes.

Mr. GROSS. Mr. Speaker, if the gentleman will yield, if a certain number of ships are built the subsidy can be 55 percent.

Mr. O'KONSKI. I want to point out the effect subsidies on foreign shipping are having on Great Lakes shipping. The competition of foreign ships subsidized by American money is having a devastating effect on Great Lakes shipping. Ever since the advent of the Great Lakes-St. Lawrence Seaway domestic shipping on the Great Lakes has dangerously deteriorated, so much so that if the competition from foreign shipping continues in the next 3 years as it has in the past 2 you are not going to find one single domestic American-owned ship sailing on the Great Lakes. They just cannot meet the competition from foreign shipping subsidized with American money. Take for example ships engaged in foreign commerce.

Mr. BONNER. Mr. Speaker, will the gentleman yield?

Mr. O'KONSKI. I yield.

Mr. BONNER. Foreign ships do not take return cargo in domestic trade. They may bring cargo into a port but they are not privileged to take cargo between domestic ports. I imagine the gentleman's trouble is from trucklines and railroads that parallel the lakeshore. It cannot be said of foreign ships, because you cannot ship between one American port and another in a foreign-flag vessel.

Mr. O'KONSKI. I appreciate the gentleman's interpretation of the law, but here is the situation: The greatest bulk of shipping on the Great Lakes is iron ore from the mines in Minnesota and Michigan and Wisconsin to the steel-producing centers. Now, however, there are large imports of iron ore from Canadian mines. We are importing ore from Newfoundland, we are importing ore from Venezuela, we are importing ore from Liberia in Africa. These imports have increased to such an extent that the iron mines in northern Minnesota and Michigan which once produced 80 percent of all the iron ore consumed in the world now produce less than 50 percent of the iron ore consumed in the United States.

I repeat, since the advent of the Seaway imports of iron and steel, that great area of iron-ore production in the Great Lakes produced less than 50 percent of the iron ore consumed in the United States of America. Imports not only have hurt iron ore production. Imports have hurt Great Lakes shipping.

Do the Members of this body know that just because a ship transports a ton of iron ore from Canada or Venezuela or maybe Liberia, that ship is automatically entitled to a Federal subsidy of 50 percent for construction. It is entitled to an operational subsidy differential and an operational subsidy. It is also entitled to a depreciation allowance where they can depreciate those ships, like Canada for instance, in 3 years' time.

The domestic Great Lakes iron-ore carriers which are indeed in competition with these foreign iron-ore vessels coming into the Great Lakes have no operational subsidy, they have no construction subsidy, and they have to spread their depreciation over a period of 40 or 50 years. Because of the subsidies which are allowed these foreign ships, because they are engaged in foreign commerce, it is impossible for domestic ships to stay in business.

Mark you this, Mr. Speaker, because of that foreign competition, 3 years from now you are not going to find one single American-owned vessel sailing the Great Lakes, because of the competition coming from foreign shipping subsidized with American money.

I introduced a bill to allow some kind of a construction differential and operational subsidy, and a depreciation figured over a period of 3 years to apply equally to Great Lakes shipping. But the same Department of Commerce that recommends this bill has recommended against my bill. So I cannot get any action from the great committee chairmaned by the distinguished gentleman from North Carolina. I just cannot understand why the Department of Commerce turns a deaf ear to domestic shippers but always jumps to favor foreign shippers.

I plead with the gentleman from North Carolina, my distinguished friend, to plead with the Department of Commerce to give domestic shippers and shipyards the same treatment we are always giving foreign interests.

I do not object to this bill. My criticism of this bill is that the protection outlined therein should also apply to domestic Great Lakes shipping. I hope the committee will urge the Department of Commerce to alert itself to the tragedy befalling Great Lakes shippers and shipbuilders and report favorably on my bill.

Mr. TOLLEFSON. Mr. Speaker, I yield to the gentleman from Iowa.

Mr. GROSS. May I ask the gentleman if it is possible for American shipbuilders to use foreign imported steel in the construction of American ships in American shipyards?

Mr. TOLLEFSON. I may say to the gentleman from Iowa that American-built ships are to be built under the law in American yards, and I know of no occasion where foreign steel has been put into American-built commercial ships.

Mr. PILLION. Mr. Speaker, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from New York.

Mr. PILLION. Is it not true that ship plates are coming to this country at rates of about 40 percent lower than domestic ship plates?

Mr. TOLLEFSON. It is my understanding that the Navy has purchased some steel abroad. As to the cost, I am not certain.

Mr. PILLION. Is it not true the Navy must buy foreign steel unless they have more than 6 percent differential ordinarily and 12 percent in the event there is an unemployment surplus in a particular steel-producing area? Is that not why the Navy must buy foreign steel?

Mr. TOLLEFSON. I am not familiar with naval ship construction to that extent. It is my personal opinion that the Navy should buy all of its steel in the United States for use in the construction of naval vessels.

Mr. PILLION. Unfortunately, that is not the law, and that is not what is happening today. As the gentleman knows, the Thatcher Bridge across Panama is being built with foreign steel.

Mr. TOLLEFSON. I am aware of that fact.

Now, Mr. Speaker, there have been a number of interesting side issues here. I think we should make this clear to the House. First of all, this bill simply extends for an additional 3 years the present law which provides for a ceiling of 55 percent on ship construction and ship conversion except with respect to passenger vessels, in which case the ceiling is raised to 60 percent for conversion and reconstruction only.

Now, this requirement or this provision was made necessary by reason of the action which the House took in past years. A few years ago the House approved the construction of two superliner passenger vessels, one to operate in the Atlantic and the other to operate in the Pacific, but the Bureau of the Budget under the previous administration and under this administration has failed to make provision for it. As a consequence, the lines which were interested in constructing new passenger vessels have been unable to do so. The only thing that remains for them to do now is to reconvert or reconstruct their passenger vessels. Reconstruction and reconversion of passenger vessels is a costly thing, because it involves tearing out the old staterooms and putting in new. The material cost is not such a big factor; it is the labor cost. In the case of one vessel under construction or under reconversion and construction, the subsidy differential was 59.1 percent, of which the report makes mention. The theory of construction subsidy is to put the American operator on a par with his foreign competitor. If we do not, he cannot compete. So, this bill is designed to take care of the isolated case now and then in connection with reconstructing passenger vessels. There are only a handful of them in operation, carrying the American flag. This is designed to put that passenger operator on a par with his foreign competitor. This bill is a good bill. It is made necessary by the facts of the situation as they confront us.

I hope the Members know that the gentleman from Iowa, while he raised some very pertinent points, nevertheless, said that he favors this bill. He is a member of our committee and he understands the need of this legislation. I want the Members to know that he is supporting this legislation. I trust the House will approve it. It is a necessary bill. It stays in effect for only 3 years. It gives the Maritime Administration an additional 3 years to make a study of this very vexing problem which is confronting our ship-operating industry.

I want to make one correction in the RECORD. I think the gentleman from Wisconsin [Mr. O'KONSKI] has some misunderstanding about ship construction subsidy. Now, there are no American-flag ore carriers that are subsidized in any respect at all. No American-flag subsidized operator competes with his ore carriers on the Great Lakes. The competition that he speaks of, apparently, comes from foreign-flag operators. I can understand his concern and I can understand the reason for his introduction of a bill to provide for a construction differential subsidy for vessels operating on the Great Lakes. But, this subsidy applies only to those ships which operate on what we call established and essential trade routes, and thus the Maritime Administration has not seen fit to include the Great Lakes operators in that category. It may be, as experience comes to us in the operation of foreign-flag vessels over the Great Lakes, that the Maritime Administration will move in that direction. But, I want to assure the gentleman that no American-flag subsidized operator competes with his Great Lakes operators.

Mr. Speaker, I trust the House will approve this bill. It is a good bill.

Mr. BONNER. Mr. Speaker, I yield such time as he may desire to the gentleman from Virginia [Mr. DOWNING].

Mr. DOWNING. Mr. Speaker, I rise in support of this legislation, although I regret that it is necessary. It may be interesting to know that last fall a special committee of the Committee on Merchant Marine and Fisheries visited some of these foreign shipyards, particularly on the continent of Europe, to ascertain why it was they could build ships for half of what we could. They can, but certainly they cannot build a better quality ship. But, they can produce a cheaper ship than we can. And, of course, it is because of their low labor rate and the low cost of the materials that go into the ship.

Mr. Speaker, there is one encouraging factor, however. Most of the directors of these yards did say that their labor costs are going up on the average of 10 percent a year, and that their materials costs are going up not quite as much, but are increasing upward. If we could just hold our own labor costs down and material costs down in the shipbuilding industry for the next 15 or 20 years, perhaps, then when the Europeans increase their labor costs, we could be on a more competitive basis. I certainly hope so.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. DOWNING. I yield to the gentleman from Iowa.

Mr. GROSS. Is it not also true that many foreign shipyards are more modern than American yards today, and use more modern equipment than is being used in American yards?

Is it not true that through the multibillion-dollar foreign handout programs we have helped to develop these foreign shipyards to provide them indirectly, if not directly, with more modern equipment than we have in our own American yards?

Mr. DOWNING. I think the gentleman is correct on both points. We saw some completely new shipyards in the process of being constructed over there, and I must say they are more fully automated than our yards. But I emphasize the point that they do not build a better ship than the American shipbuilders construct.

Mr. GROSS. I agree with the gentleman.

The SPEAKER. The question is on the motion of the gentleman from North Carolina [Mr. BONNER] that the House suspend the rules and pass the bill H.R. 11586, as amended.

The question was taken; and the Speaker announced that in the opinion of the Chair two-thirds had voted in the affirmative.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 293, nays 5, not voting 138, as follows:

[Roll No. 144]

YEAS—293

Abbitt
Abernethy
Adair
Addabbo
Albert
Alexander
Andersen, Minn.
Anderson, Ill.
Andrews
Arends
Ashley
Aspinall
Avery
Bailey
Baker
Baldwin
Barrett
Bates
Battin
Becker
Beckworth
Beermann
Belcher
Bell
Bennett, Fla.
Bennett, Mich.
Berry
Blatnik
Boland
Bolton
Bonner
Bow
Brademas
Bray
Breeding
Brewster
Bromwell
Brooks, Tex.
Brown
Broyhill
Bruce
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Byrnes, Wis.
Cahill
Cannon
Carey
Casey
Cederberg
Celler
Chelf
Chenoweth
Chiperfield
Church
Clancy
Clark
Cohelan
Collier
Conte
Cooley
Cunningham
Curtin
Daddario
Dague
Daniels
Dent
Denton
Derounian
Devine
Diggs
Dingell
Dole
Dominick
Dooley
Dorn
Dowdy
Downing
Doyle
Dulski
Durno
Dwyer
Edmondson
Elliott
Everett
Fallon
Fascell
Fenton
Findley
Finnegan
Flynt
Ford
Forrester
Frelinghuysen
Fulton
Gallagher
Garland
Garmatz
Gary
Gavin
Giaimo
Gonzalez
Goodling
Grant
Gray
Green, Oreg.
Green, Pa.
Griffin
Gross
Gubser
Hagan, Ga.
Hagen, Calif.
Haley
Hall
Halleck
Halpern
Hardy
Harris
Harrison, Wyo.
Harsha
Harvey, Ind.
Healey
Hébert
Hechler
Hemphill
Herlong
Hiestand
Hoffman, Ill.
Holifield
Holland
Huddleston
Hull
Jarman
Joelson
Johansen
Johnson, Wis.
Jonas
Jones, Ala.
Jones, Mo.
Judd
Karsten
Karth
Kearns
Kee
Kilgore
King, Calif.
King, N.Y.
Kirwan
Kluczynski
Kowalski
Kunkel
Laird
Lane
Langen
Lankford
Latta
Libonati
Lindsay
Lipscomb
McDonough
McDowell
McFall
McIntire
McMillan
Mack
Magnuson

Mahon
Mailliard
Martin, Nebr.
Mathias
Matthews
Meader
Michel
Milliken
Mills
Monagan
Moore
Moorehead, Ohio
Morgan
Morris
Morrison
Mosher
Moss
Moulder
Multer
Murphy
Murray
Natcher
Nelsen
Norblad
Norrell
Nygaard
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
Olsen
Osmers
Ostertag
Passman
Patman
Pelly
Perkins
Pfost
Pike
Pillion
Pirnie
Poff
Price
Pucinski
Purcell
Quie
Reifel
Rhodes, Ariz.
Rhodes, Pa.
Riley
Roberts, Ala.
Roberts, Tex.
Robison
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roudebush
Roush
Rutherford
Ryan, N.Y.
Santangelo
Saylor
Schadeberg
Schenck
Scherer
Schneebeli
Schweiker
Schwengel
Selden
Shelley
Sheppard
Shipley
Short
Shriver
Siler
Smith, Calif.
Smith, Va.
Springer
Stafford
Staggers
Steed
Stephens
Stratton
Stubblefield
Sullivan
Taylor
Teague, Calif.
Teague, Tex.
Thomas
Thompson, Tex.
Thomson, Wis.
Thornberry
Toll
Tollefson
Trimble
Tuck
Tupper
Udall, Morris K.
Ullman
Utt
Vanik
Van Pelt
Van Zandt
Vinson
Wallhauser
Walter
Weaver
Westland
Whalley
Wharton
Whitten
Wickersham
Widnall
Williams
Wilson, Ind.
Winstead
Wright
Young
Younger
Zablocki

NAYS—5

Broomfield
Goodell
Marshall
Ray
Rousselot

NOT VOTING—138

Alford
Alger
Anfuso
Ashbrook
Ashmore
Auchincloss
Ayres
Baring
Barry
Bass, N.H.
Bass, Tenn.
Betts
Blitch
Boggs
Bolling
Boykin
Buckley
Chamberlain
Coad
Colmer
Cook
Corbett
Corman
Cramer
Curtis, Mass.
Curtis, Mo.
Davis, James C.
Davis, John W.
Davis, Tenn.
Dawson
Delaney
Derwinski
Donohue
Ellsworth
Evins
Farbstein
Feighan
Fino
Fisher
Flood
Fogarty
Fountain
Frazier
Friedel
Gathings
Gilbert
Glenn
Granahan
Griffiths
Hansen
Harding
Harrison, Va.
Harvey, Mich.
Hays
Henderson
Hoeven
Hoffman, Mich.
Horan
Hosmer
Ichord, Mo.
Inouye
Jennings
Jensen
Johnson, Calif.
Johnson, Md.
Kastenmeier
Keith
Kelly
Keogh
Kilburn
King, Utah
Kitchin
Knox
Kornegay
Kyl
Landrum
Lennon
Lesinski
Loser
McCulloch
McSween
McVey
Macdonald
MacGregor
Madden
Martin, Mass.
Mason
May
Merrow
Miller, Clem
Miller, George P.
Miller, N.Y.
Minshall
Moeller
Montoya
Moorhead, Pa.
Morse
Nedzi
Nix
O'Neill
Peterson
Philbin
Pilcher
Poage
Powell
Rains
Randall
Reece
Reuss
Riehlman
Rivers, Alaska
Rivers, S.C.
Ryan, Mich.
St. George
St. Germain
Saund
Scott
Scranton
Seely-Brown
Sibal
Sikes
Sisk
Slack
Smith, Iowa
Smith, Miss.
Spence
Taber
Thompson, La.
Thompson, N.J.
Waggonner
Watts
Weis
Whitener
Willis
Wilson, Calif.
Yates
Zelenko

So, two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Mr. Davis of Tennessee with Mr. Bass of New Hampshire.

Mr. Buckley with Mr. Corbett.

Mr. Corman with Mr. Auchincloss.

Mr. Farbstein with Mr. Sibal.

Mr. McSween with Mr. Morse.

Mr. Keogh with Mr. Kyl.

Mr. Anfuso with Mr. Curtis of Missouri.

Mr. Moeller with Mr. Fino.

Mr. Madden with Mr. Alger.

Mrs. Kelly with Mr. Hosmer.

Mr. Thompson of Louisiana with Mrs. Weis.

Mr. Gilbert with Mr. Horan.

Mr. George P. Miller with Mr. Minshall.

Mr. Nix with Mr. Ashbrook.

Mr. Zelenko with Mr. Riehlman.

Mr. Thompson of New Jersey with Mrs. May.

Mr. Powell with Mr. McCulloch.

Mrs. Granahan with Mr. Glenn.

Mr. O'Neill with Mr. Ellsworth.

Mr. Philbin with Mr. Betts.

Mr. Donohue with Mrs. St. George.

Mr. Evins with Mr. Ayres.

Mr. Fogarty with Mr. Scranton.

Mr. St. Germain with Mr. Miller of New York.

Mr. Frazier with Mr. Kilburn.

Mr. Harding with Mr. Hoeven.

Mr. Slack with Mr. Seely-Brown.

Mr. Friedel with Mr. Barry.

Mr. Harrison of Virginia with Mr. Martin of Massachusetts.

Mr. Yates with Mrs. Reece.

Mr. Hays with Mr. Merrow.

Mr. Loser with Mr. Jensen.

Mr. Sisk with Mr. Chamberlain.

Mr. Boggs with Mr. Wilson of California.

Mr. Sikes with Mr. Cramer.

Mr. Alford with Mr. Harvey of Michigan.

Mr. Ashmore with Mr. Curtis of Massachusetts.

Mr. John W. Davis with Mr. Taber.

Mr. Delaney with Mr. MacGregor.

Mr. Feighan with Mr. Knox.

Mr. Fountain with Mr. McVey.

Mr. Henderson with Mr. Keith.

Mr. Whitener with Mr. Mason.

Mr. Kornegay with Mr. Hoffman of Michigan.

Mr. Kitchin with Mr. Derwinski.

The result of the vote was announced as above recorded.

The title of the bill was amended to read: "A bill to amend section 502 of the Merchant Marine Act, 1936, as amended."

A motion to reconsider was laid on the table.

The doors were opened.

THE TRUST TERRITORY OF THE PACIFIC ISLANDS

Mr. O'BRIEN of New York. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2775) to amend the act of June 30, 1954, providing for a continuance of civil government for the Trust Territory of the Pacific Islands, as amended.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the appropriation authorization in section 2 of the Act of June 30, 1954 (68 Stat. 330), is hereby amended by increasing it from $7,500,000 to $17,500,000: *Provided,* That not more than $15,000,000 is authorized to be appropriated for the fiscal year 1963.

The SPEAKER. Is a second demanded?

Mr. SAYLOR. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. O'BRIEN of New York. Mr. Speaker, I yield myself such time as I may require.

The SPEAKER. The gentleman from New York is recognized.

Mr. O'BRIEN of New York. Mr. Speaker, we have before the House of Representatives today S. 2775 and its counterpart, H.R. 9958, which will increase the present authorized appropriation for the Trust Territory of the Pacific Islands from $7½ to $17½ million per year. The $7½ million ceiling was set by the act of June 30, 1954. During the past 8 years, tremendous progress has been noted in the development of the trust territory. As outlined in our committee Report No. 1936, the United States is responsible to the United Nations for the administration of the affairs of the 78,000 inhabitants of the 96 island groups comprising the Marshall, Caroline, and Mariana Islands, excluding Guam. The United States has obligations to promote the political, economic, social and educational advancement of the islanders who look to us for guidance and respond admirably to our tutelage.

While the United States can be proud of the progress the islanders have made since we assumed control over them at the conclusion of World War II, the time has come when we must rebuild our wornout utilities, docks, airstrips, hospitals and schools, many of which were constructed 15 to 18 years ago. From the chart included in our report, it can be seen how the increased funds will be used. In fiscal 1963, the lion's share will go for construction. Next year it is planned to get an accelerated elementary school program underway. Hitherto, this program has, for the most part, been the responsibility of the various municipalities.

As a result, the building program as well as the upgrading of the teachers has suffered in many instances. We believe the time has come to augment local funds for a few years and to develop a school system that meets our responsibilities under the trusteeship agreement. I recognize that over $2 million are being earmarked for transportation and this is a sizable figure when fewer than 80,000 persons are involved. We must realize, however, that the trust territory covers an area the size of the United States and there are only a few small locally owned ships plying the waters. There are no privately owned airlines, of course. Therefore, air and water transportation lines are operated under charters issued by the trust territory government and are largely subsidized.

A number of our committee members, as well as other Members of Congress, have visited the trust territory and will agree with me that if we are to assume our responsibilities to the inhabitants of the islands, we must take all necessary steps to assist them economically, politically, educationally, and socially. It is not our intention to acculturate them so rapidly that they will be dissatisfied with their island environment, but we do want them to be equipped so that they will be able to prepare themselves for the world beyond their immediate horizon when the proper time comes.

I want to call your attention to the amount of anticipated local revenues, about $1½ million per year. Most of this sum comes from the sale of copra—processed coconuts. We are proud of the success the islanders have achieved in helping to pay their way in the light of the very limited natural resources at their command. The islanders are anxious to be good citizens and are most grateful to the United States for our efforts on their behalf.

Although this bill lifts the ceiling for appropriations from $7½ million to $17½ million, we amended it to provide that not more than $15 million be appropriated for fiscal year 1963.

Mr. Speaker, I urge favorable consideration of S. 2775 as amended by the Committee on Interior and Insular Affairs.

Mr. ASPINALL. Mr. Speaker, will the gentleman yield?

Mr. O'BRIEN of New York. I yield to the gentleman from Colorado.

Mr. ASPINALL. Mr. Speaker, the gentleman from New York [Mr. O'BRIEN] always does an exceptionally good job as chairman of the subcommittee. In this instance he has done a particularly good job as far as the national interests are concerned and advising the Congress of the United States of its responsibility in the administration of the trust territory.

When the Department witnesses first came before the subcommittee to justify the recommended increase in the authorization for appropriation, they failed to make a case. The gentleman from New York [Mr. O'BRIEN] requested that they come back before our committee with evidence in justification of the increase. On their return to the committee they were able to justify their request for the increase.

We have certain obligations in the trust territory which make necessary a stepped-up program. But the work that is to be done, the educational facilities that must be provided, the public works projects that should be constructed, and so forth, are absolutely necessary for our national defense, and I especially commend the gentleman from New York for his work on this particular bill.

Mr. O'BRIEN of New York. I thank the gentleman.

Mr. SAYLOR. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, I rise in support of this legislation.

The witnesses from the Department of the Interior who appeared before our committee have justified the authorization of the amount of money in this bill. However, I certainly hope that the proper subcommittee of the Committee on Appropriations will keep a careful eye on expenditures in the trust territory. While the Department witnesses justified the increase for the next several years of an annual expenditure of $17½ million each year, it is necessary to note that most of the expenditures, most of the increases, are for construction in the islands of necessary facilities. As soon as these structures are built, I am satisfied that there will not be the need for this amount of money in the years to come.

Mr. Speaker, with that admonition, I sincerely hope that the House suspends the rules and passes this bill.

Mr. ASPINALL. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I will be happy to yield to the gentleman from Colorado.

Mr. ASPINALL. Did I understand my colleague's reference to the appropriating committee that if they will exercise the same surveillance in the future that they have exercised in the past, the gentleman from Pennsylvania will be very well satisfied?

Mr. SAYLOR. I will be very well satisfied.

Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Speaker, I would like to ask the gentleman a question concerning the language in the report to be found on page 3:

> The committee points out, however, that it would not be considered out of place for that government to furnish assistance to these nonpublic schools, solely in their secular aspects, to the same degree to which Federal assistance is now or may hereafter become available to similar schools in the United States and to the extent to which the furnishing of such assistance is consistent with the use of funds, after they are actually appropriated, to accomplish in full the purposes for which they are appropriated.

What is the meaning of this? Does this mean that we are going to support secular or private schools in connection with this bill?

Mr. O'BRIEN of New York. No; I think it would be the opposite. What we tried to do was to fashion language that would make sure that these schools, which perform a tremendous service in educating these people, would get no more or no less than the schools on the mainland of the United States, because, regardless of what the individual feelings of any members of the committee might be on this subject, we felt, in the first place, this was not the vehicle to try to settle that problem and, in the second place, we would run into such questions as to whether the Constitution itself applies to the trust territories. So, what we tried to say is that we recognize the opportunity that these 41 schools are playing in the education of these people and playing in the welfare of these people and that we want to make sure that whatever they are legally and properly entitled to they should get. But, at the same time we do not want to go beyond what we are permitted to do, because while the Constitution of the United States might not apply to trust territories, it very definitely applies to Members of the House who vote for this authorization.

Mr. GROSS. I thank the gentleman for his explanation.

I would like to ask the gentleman an additional question. He may not be able to answer it, but I would like to ask the question anyway. The newsprinters now report President Kennedy has promised to give some land in western Texas back to the Mexicans. Is there any delegation of power in this bill by which the President can give away any Texas land?

Mr. O'BRIEN of New York. No. I might say, in the trust territories he does not have any land to give away even if he wanted to.

Mr. GROSS. I thank the gentleman.

Mr. O'BRIEN of New York. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. CAREY].

Mr. CAREY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CAREY. Mr. Speaker, I am pleased to voice strong support for this timely and constructive legislation. While I have the opportunity I pay tribute to the author of this bill, the chairman of the Subcommittee on Territories, my distinguished colleague from New York [Mr. O'BRIEN], who could well rest on his oars after ferrying the great States of Alaska and Hawaii into the Union. But this outstanding son of Albany, N.Y., continues as the outrider or possibly even the outrigger of our offshore interests in the developing commonwealth to the south, the archipelagoes of the Atlantic, the Pacific, as well as the polar caps. His dedicated surveillance and that of the members of the subcommittee on both sides over these areas of American responsibility have been most rewarding. A word of commendation must also be said for the zealous and gifted counsel on territories of the Interior and Insular Affairs Committee, Dr. John L. Taylor, whose firsthand experience as former director of education in the trust territory has been singularly helpful. And since I have not done so before I express my deep respect and gratitude to the chairman of the Committee on Interior and Insular Affairs, the distinguished gentleman from Colorado [Mr. ASPINALL]. The privilege of serving as a freshman in Chairman ASPINALL's parliamentary preparatory school for precise and provident legislation is a prized one.

Pauline Frederick, the United Nations commentator for the National Broadcasting Co. said recently on the program "Emphasis" that the name "Micronesia" sounds more like a virus than a place on the map. She said a great many more things, many of which I trust will be answered by our action this day and I submit the transcript of her broadcast in the RECORD at this point:

The broadcast is as follows:

> This is Pauline Frederick. "Emphasis"—United Nations.
>
> Micronesia sounds more like a virus than a place on the map, but geography makes it important. Micronesia is in the western Pacific, north of the equator, and embraces the Mariana, Marshall, and Caroline Islands.
>
> The United States administers this vast island complex under the authority of the United Nations. By right of conquest the United States might have claimed the territory after wresting its control from the Japanese during World War II. Instead, the area was handed over to the U.N., which designated it a "strategic" trusteeship and with the United States its administrator—all at the request of the United States.
>
> Under terms of the trust, the United States is pledged to improve the economic, political, and social conditions of the Micronesians—to promote their development and

to prepare them for self-government. But because their homeland was declared "strategic" or a vital defense zone, the Micronesians have witnessed more of the military side of American life than of its democracy.

Since the United States was given the right to fortify the area, naval and air bases have been set up on this Pacific crossroads. And on Johnston Island, on Kwajalein Atoll, on Eniwetok and Bikini, American testing sites for experimentation with atom and hydrogen weapons have been installed. This is an American bastion of defense in the Pacific. For the Micronesians there has been created a home where the skies are cloudy all day—a place hung over with manmade mushroom suspensions, instead of a sunny paradise.

As a piece of real estate the islands have negative rather than positive value. But the United States is more interested in keeping other nations out than in occupying them. The United States could maintain American defense with Hawaii and Guam but it cannot afford to have another power use the Micronesian Islands, as Japan did, as a springboard for foreign aggression. The United States does not seek to colonize the islands nor to exploit the natives. But not anticipating a harvest, it has sown few seeds.

The consequence was a diplomatic black eye last year when the U.N. Trusteeship Council issued a report full of criticism for American failure to discharge its duty toward the native population. "Progress" was not the word used to identify American policy and practice toward the island wards. The Soviet Union, naturally, made much propaganda of the situation.

Presently, the U.N. Trusteeship Council is again examining the U.S. stewardship. Preliminary debates indicate that this year there will be less fodder for the Russian propaganda mill. More Micronesians are being trained for government jobs and more of their children are in school. Kwajalein has petitioned the United States for settlement of property claims. Generally progress has been noted.

Nevertheless, if the United States would capitalize on Micronesia as a display case, not enough effort and expenditure have been forthcoming. According to the High Commissioner, the overall income for the territory was $71 per capita in 1961. The money spent on public health was only $10 per capita—$2 less than in 1960. The Micronesians need more roads, more schools, more capital for industry. From the land of the free they see bombs bursting in air, but little proof of democratic interest and dollars.

This is Pauline Frederick, NBC News, United Nations.

Mr. CAREY. Mr. Speaker, I will admit that I personally associated this term "micronesia" with a specific for digestive relief until my service on this subcommittee. As a result of that service I am now convinced that a greater effort on our part as trustee of the territory is most desirable. I have been privileged to attend for the last 2 years the sessions on the Trusteeship Council of the United Nations reviewing our performance in this area. From the report of the visiting mission of the United Nations which went to the trust territory in 1961 we received many suggestions, mostly constructive, some critical. But it is not because of sideline comment from any group that I urge expanded assistance to augment the self-help of these island communities.

It is because I recognize that this area and its people are willingly and effectively associated with us in free world development that we can and should lend encouragement.

The form and principle of the assistance contemplated in this program are at once the most effective and economical type of aid. It is directed to the development of the health and education of the people of these islands to enable them to better help themselves.

Mr. Speaker, I would like to talk further to the point raised by the gentleman from Iowa [Mr. Gross].

In the report, on page 3 thereof, it does mention the mission schools. These schools operate under the charter granted by the trust territory. They contribute a definite public benefit. These mission schools are required to admit children of all denominations. Their curriculum is also controlled by the charter of the trust territory. One of three children in the trust territory attends these schools. I suggested, and I hold, that the language is entirely proper, that they should receive whatever secular assistance would be theirs were they children attending U.S. schools.

Mr. Speaker, I think it is important to note here that in the trust territory as a result of the trust agreement entered into by the United Nations with the United States, and ratified by the 80th Congress, we are required to provide a general system of education which includes the mission schools. I am not going to pass upon or even attempt to judge whether the Constitution would apply here. But in order to perform our duty under the trusteeship agreement, I state it is entirely proper for us to aid them in whatever and whichever way such aid would be given were they in the United States. I point out that with reference to our Indian schools as a trustee we have extended certain assistance to those schools operated by missions. I would ask the chairman of the subcommittee if under the 41 separate programs of aid to private schools listed in the March 28, 1961, list furnished by the Department of Health, Education, and Welfare, under which programs children in private schools would be entitled to the assistance of the Federal Government, would that also inure to the benefit of the children of the mission schools in the trust territory?

Mr. O'BRIEN of New York. I say to the gentleman that it is my understanding that things such as school lunch programs and similar assistance which now attach to private schools in the United States would under the existing law—under the existing Executive order—apply to the mission schools in trust territories.

Mr. CAREY. Mr. Speaker, I thank the gentleman from New York. I hope the administration will give effect to the language contained in the report.

I am especially impressed with his reference to the school lunch program. This has direct application to the matter contained in a letter I have received from a bishop in the Caroline Islands. This letter was forwarded on May 15 and not received in my office until June 25, long after we had concluded hearings on this bill and submission of the matter for the report. I believe this letter is highly informative and in the light of our discussion here today it would seem that some provision could be made which would adjust the problem of transportation cost for surplus food raised in the letter. Certainly if these charges would not be assessed against private schools here in the United States they should not be assessed against mission schools in the trust territory.

The letter follows:

May 15, 1962.

Hon. Hugh Carey,
Member, Interior and Insular Affairs Committee, Subcommittee on Trust Territories, U.S. House of Representatives, Washington, D.C.

Dear Mr. Carey: I am writing from Truk in the Trust Territory of the Pacific with the hope of interesting you, as a member of the subcommittee concerned with this trust territory, in some of the problems that we meet here in our work for the people of the Caroline and Marshall Islands. This may be a presumption on my part and certainly I do not want to burden you with matters which, though they loom large to us, may seem very trifling to you. But, it seems worth the attempt.

1. Throughout the area, one of our chief efforts has been to establish schools in the centers as well as in the larger outlying islands. These are taught for the most part by Sisters of two congregations, and their success, according to the testimony of visitors as well as academic results, especially in the matter of English speaking, has been very good.

We also have one high school for boys on Truk for students from all the districts. It is entirely for boarders. Two Jesuit priests and four Jesuit scholastics make up the faculty. I am only quoting the practically unanimous judgment of Government officials, visiting educationalists, and casual visitors when I say that it is the best school in the trust territory.

2. The expense of this educational program is borne entirely by the bishop and the missionaries, with the exception of some small assistance from the people in some parts. The money for the erection of substantial buildings, equipping them with desks and books, study materials, support of the Sisters and teachers, comes chiefly from appeals in the New York State area. This is allotted according to need by the bishop and the missionaries and, of course, it is never enough.

3. Since technically the trust territory is not a U.S. possession, I wonder if some assistance might not be offered to mission schools (not merely Catholic), without raising the bogey of "separation of church and state." I understand that under the present trust territory administration large sums of money are to be made available for developing elementary education throughout the islands. I raise the question whether it would not be a practical and efficient way to attain that end to allot some of the appropriation on a pro rata basis to the mission schools which are already here and operating and have, what is most important in education, a corps of dedicated teachers.

4. As an example, I propose one minor help which could be carried out immediately. For the past 4 years all schools have been allowed to participate in the surplus food program, which, I believe, comes under the Department of Agriculture. This food—rice, powdered milk, flour, cheese, etc., etc., is shipped to Guam freight free. From Guam it is distributed, according to the requisitions from the various mission centers. The food is free and has been a tremendous help for our undernourished children. We are grateful for it. But, from Guam there is a charge on the missions for freight, plus handling charges at the port of delivery. Thus, a bag of rice, sent from Guam to Truk, costs 50 cents for freight from Guam;

plus 33 cents for handling and storage charges at the Truk port. I submit that the trust territory could well absorb this carrying charge and then the surplus food would be really free. I enclose with this the statement of the surplus food expense for Xavier High School for the fiscal year broken down into categories for freight and handling from Guam to Truk. The amount seems small, but every penny counts when it comes to supporting our schools. In all there are 17 Catholic elementary schools with about 3,000 children. The figures given for Xavier High School are for 80 boys. The money saved from the expense of the carrying charges from Guam would thus be in the range of $4,000 a year for our educational work here in the islands.

As I said, we are happy to have the surplus food and it is a wonderful help for our children. But, since it is carried without expense to the trust territory from San Francisco to Guam, why should the PML (Pacific Micronesian Lines) and the local civil administrations profit at the expense of the mission schools to carry it from Guam to its destination?

With a blessing on your work, I remain,

Sincerely yours,

VINCENT I. KENNALLY, S.J.,
Vicar Apostolic.

Department of Agriculture surplus food charges

Date of invoice	Account No. 9155	Account No. 6041	Account No. 6052	Total
Aug. 4, 1961	$4.30	$0.45	$1.50	$6.25
Sept. 20, 1961	26.80	2.40	7.50	36.74
Oct. 3, 1961	24.05	3.01	5.75	32.80
Nov. 13, 1961	37.75	5.04	10.50	53.29
Jan. 19, 1962	24.10	3.60	11.50	39.20
Dec. 20, 1961	35.70	4.30	13.60	53.60
Feb. 15, 1962	23.45	3.20	10.25	36.90
Apr. 12, 1962	25.47	3.68	11.67	40.82
May 2, 1962	3.05	.08	.30	3.43
May 3, 1962	25.55	2.67	11.27	36.82
May 7, 1962	6.30	.16	.60	7.06
June 5, 1962	2.25	.05	.25	2.55
Bill due				44.43
Total for 1961-62 fiscal year				387.89

NOTE.—Account No. 9155 is freight charges, Guam to Truk; accounts Nos. 6041 and 6054 are handling and storage charges at Truk port.

Mr. SAYLOR. Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Speaker, I should like to compliment the subcommittee, its chairman, my good friend from New York [Mr. O'BRIEN], as well as the gentleman from Pennsylvania [Mr. SAYLOR], the ranking member of the subcommittee, who are here handling this bill, on the fine work they have done. I compliment them not only on the work they are doing at present on this bill, but what has been done for these trust territories in the Pacific. I am continually amazed in the Congress at the broad interests of the various Members, and the reason why they have those interests. I am sure that we in the House know that the interests of these trust territories, as well as our U.S. territories and possessions of the United States as well as our Interior Department affairs, are in good hands with this committee.

Mr. Speaker, I recommend that we should pass this bill. I feel that we are making good progress in the trust territories.

I have followed closely the developments in the Mariana, the Caroline and Marshall Islands since my tour of duty as a Navy lieutenant took me to the southwest Pacific in World War II. It is a matter of some pride with me that I was elected to Congress from the southwest Pacific, while on a Navy carrier. And when I left the carrier CVE *Makin Island* to come back here in 1945, I said to our people on board that we ought to have these islands, the present trust islands, then the Japanese mandated islands, for our United States, Philippine, Australia, and New Guinea security.

I am humbly glad to say that it was my bill that passed, granting the President authorization to enter the trusteeship agreement, under the United Nations Security Council, for the U.S. trusteeship of these 96 islands of 687 square miles strategically scattered over 3 million square miles of the Pacific Ocean between Hawaii and the Philippine Islands.

These islands contain 78,000 fine people and they can make a real contribution to our country and the free world defense. I look ahead to the time when this area will have a State of the United States rather than just a U.S. trust territory. These are peace-loving good people who, with education, can have the same abilities we do. If they are given adequate technical training they can become a very fine anchor and backup in depth for the free world just east of the Philippine Islands. We in the United States should never forget that this gives us the backup of 3 million square miles of islands, and of friendly peoples who have caused no trouble whatever in the Pacific.

These people are a wonderful, law-abiding people, and it was a privilege for many of us World War II servicemen to take part in their liberation and the restoration of their human rights and freedom. I feel this trusteeship which includes the right to install bases will provide a defense not only for the United States but the Philippines, and provide for the progress and development of the peoples of these trust territories. One of the good things about it is that the General Assembly, as well as the Security Council, of the United Nations, likewise feel that the United States is doing a good job in the trust islands. The whole world has come to the conclusion that it is a very wise mandate and a good trusteeship and that we in the United States are living up to our responsibilities. Having served in the 14th General Assembly of the United Nations as a U.S. delegate on the U.S. mission through appointment by President Eisenhower, and serving at present as an adviser on space to the U.S. mission at the U.N., I believe I have had the opportunity to evaluate personally, general opinion on this U.S. trusteeship.

Mr. Speaker, may I ask the chairman one question? There are now no colleges in the mandated trust territories as we know them. When these good people are not getting our Federal aid that would otherwise be going to them under our present U.S. statutes if they had colleges, why could we not do something in the way of allotting them a certain amount based on population, so that many of these young people could go to college, or perhaps through the local institutions and through the grade of junior college? Of course, transportation there is so difficult, but we could make a special exception and see how this education proposal works out. Has the committee given any consideration to that?

Mr. O'BRIEN of New York. Mr. Speaker, I would say to the gentleman that the committee has not specifically done so because the problem now is that of taking care of the elementary schools.

This is rather a desperate problem. I did think, even if we succeed in what we are attempting to do here, that the problem even of a junior college would be one for a Congress at least 10 years in the future, because the need down below is so urgent that we cannot get to that other state any sooner.

Mr. FULTON. My question includes planning for the future. I am glad the chairman has spoken of 10 years in the future. We in Congress must see that these trust territory young people get equal education and equal opportunity for education and progress. We must see that these good people do not come to be the kind of a dependency that our good American Indians have come to be. I feel that we need to do this, that we need to move affirmatively and constructively forward with a long-term education and technical instruction plan to bring these people to where they can develop their schools, their own leaders, their own progressive economy, and high standard of living, not only for the defense of the United States and the Pacific area, but for their own good. We need such development for the benefit of world peace and progress.

There is one further thought, Mr. Speaker. Can we, through the House Committee on Foreign Affairs, through foreign aid, set up some of these programs for the aid of these trust territory people in the technical trades such as we are doing in the Middle East for the Arab refugees?

Mr. O'BRIEN of New York. Mr. Speaker, I would say to the gentleman that can be done. I have a private thought on this matter that I did not attempt to put in the form of this legislation, because I did not want to get it confused with the Peace Corps. But I do feel, when you have got to have a crash education program in a place of this kind, we might very easily attract starry-eyed young people in Hawaii and the Virgin Islands and other places and persuade them to go there to bring this educational system at least to a decent level.

Mr. FULTON. I believe this is a really serious bill that should be given every consideration for the benefit of these fine U.S. trust territory people and for our own U.S. and free world security and progress. To you trust territory people who read this CONGRESSIONAL RECORD, we U.S. Pacific servicemen have not forgotten your friendly welcome and your wonderful islands. We are glad to be part of the team working for your progress and success, and the education of your young people. Best wishes and good luck.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill S. 2775, as amended?

The question was taken, and the Speaker announced that in the opinion of the Chair two-thirds had voted in the affirmative.

Mr. SAYLOR. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll:

The question was taken; and there were—yeas 281, nays 14, not voting 141, as follows:

[Roll No. 145]

YEAS—281

Abbitt
Abernethy
Adair
Addabbo
Albert
Andersen, Minn.
Anderson, Ill.
Andrews
Arends
Ashley
Aspinall
Avery
Bailey
Baldwin
Barrett
Bates
Battin
Becker
Beckworth
Beermann
Bell
Bennett, Fla.
Bennett, Mich.
Berry
Blatnik
Boland
Bolton
Bonner
Bow
Brademas
Bray
Breeding
Brewster
Bromwell
Brooks, Tex.
Broomfield
Brown
Broyhill
Bruce
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Byrnes, Wis.
Cahill
Cannon
Carey
Casey
Cederberg
Celler
Chelf
Chenoweth
Chiperfield
Church
Clancy
Clark
Cohelan
Collier
Conte
Cooley
Cunningham
Curtin
Daddario
Dague
Daniels
Dent
Denton
Derounian
Devine
Dingell
Dole
Dominick
Dooley
Downing
Doyle
Dulski
Durno
Dwyer
Edmondson
Elliott
Everett
Evins
Fallon
Fascell
Fenton
Findley
Finnegan
Ford
Forrester
Frelinghuysen
Fulton
Gallagher
Garmatz
Gary
Gavin
Giaimo
Gonzalez
Goodell
Goodling
Grant
Gray
Green, Pa.
Griffin
Hagan, Ga.
Hagen, Calif.
Haley
Hall
Halleck
Halpern
Hansen
Hardy
Harris
Harrison, Wyo.
Harsha
Harvey, Ind.
Healey
Hechler
Hemphill
Herlong
Hiestand
Hoffman, Ill.
Holifield
Holland
Huddleston
Hull
Jarman
Joelson
Johnson, Wis.
Jonas
Jones, Ala.
Jones, Mo.
Judd
Karsten
Karth
Kearns
Kee
Kilgore
King, Calif.
King, N.Y.
Kirwan
Kowalski
Kunkel
Laird
Lane
Langen
Lankford
Latta
Libonati
Lindsay
Lipscomb
McDonough
McDowell
McFall
McIntire
McMillan
Mack
Magnuson
Mahon
Mailliard
Marshall
Martin, Nebr.
Mathias
Matthews
Meader
Michel
Milliken
Mills
Monagan
Moore
Moorehead, Ohio
Morgan
Morris
Morrison
Morse
Mosher
Moss
Moulder
Multer
Murphy
Murray
Natcher
Nelsen
Norblad
Norrell
Nygaard
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
O'Konski
Olsen
Osmers
Ostertag
Passman
Patman
Pelly
Perkins
Pfost
Pike
Pirnie
Poff
Price
Pucinski
Quie
Reifel
Rhodes, Ariz.
Rhodes, Pa.
Roberts, Ala.
Roberts, Tex.
Robison
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Roudebush
Roush
Rousselot
Rutherford
Ryan, N.Y.
Santangelo
Saylor
Schadeberg
Schenck
Scherer
Schneebeli
Schweiker
Schwengel
Selden
Shelley
Sheppard
Shipley
Short
Shriver
Sikes
Smith, Calif.
Springer
Stafford
Staggers
Steed
Stratton
Stubblefield
Sullivan
Taylor
Teague, Calif.
Teague, Tex.
Thomas
Thompson, N.J.
Thompson, Tex.
Thomson, Wis.
Thornberry
Toll
Tollefson
Trimble
Tuck
Tupper
Udall, Morris K.
Ullman
Vanik
Van Pelt
Van Zandt
Vinson
Wallhauser
Walter
Weaver
Westland
Whalley
Wharton
Whitten
Wickersham
Widnall
Williams
Wilson, Calif.
Wilson, Ind.
Wright
Young
Younger
Zablocki

NAYS—14

Alexander
Dorn
Dowdy
Flynt
Gross
Johansen
Pillion
Purcell
Ray
Siler
Smith, Va.
Stephens
Utt
Winstead

NOT VOTING—141

Alford
Alger
Anfuso
Ashbrook
Ashmore
Auchincloss
Ayres
Baker
Baring
Barry
Bass, N.H.
Bass, Tenn.
Belcher
Betts
Blitch
Boggs
Bolling
Boykin
Buckley
Chamberlain
Coad
Colmer
Cook
Corbett
Corman
Cramer
Curtis, Mass.
Curtis, Mo.
Davis, James C.
Davis, John W.
Davis, Tenn.
Dawson
Delaney
Derwinski
Diggs
Donohue
Ellsworth
Farbstein
Feighan
Fino
Fisher
Flood
Fogarty
Fountain
Frazier
Friedel
Garland
Gathings
Gilbert
Glenn
Granahan
Green, Oreg.
Griffiths
Gubser
Harding
Harrison, Va.
Harvey, Mich.
Hays
Hébert
Henderson
Hoeven
Hoffman, Mich.
Horan
Hosmer
Ichord, Mo.
Inouye
Jennings
Jensen
Johnson, Calif.
Johnson, Md.
Kastenmeier
Keith
Kelly
Keogh
Kilburn
King, Utah
Kitchin
Kluczynski
Knox
Kornegay
Kyl
Landrum
Lennon
Lesinski
Loser
McCulloch
McSween
McVey
Macdonald
MacGregor
Madden
Martin, Mass.
Mason
May
Merrow
Miller, Clem
Miller, George P.
Miller, N.Y.
Minshall
Moeller
Montoya
Moorhead, Pa.
Nedzi
Nix
O'Neill
Peterson
Philbin
Pilcher
Poage
Powell
Rains
Randall
Reece
Reuss
Riehlman
Riley
Rivers, Alaska
Rivers, S.C.
Ryan, Mich.
St. George
St. Germain
Saund
Scott
Scranton
Seely-Brown
Sibal
Sisk
Slack
Smith, Iowa
Smith, Miss.
Spence
Taber
Thompson, La.
Waggonner
Watts
Weis
Whitener
Willis
Yates
Zelenko

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert and Mr. Keogh for, with Mr. John W. Davis against.

Until further notice:

Mr. St. Germain with Mr. Bass of New Hampshire.
Mr. Hays with Mr. Knox.
Mr. Friedel with Mr. McVey.
Mr. Ashmore with Mrs. Reece.
Mr. Alford with Mr. Chamberlain.
Mr. Kitchin with Mr. Keith.
Mr. King of Utah with Mr. Curtis of Massachusetts.
Mr. Macdonald with Mr. Garland.
Mr. Peterson with Mr. Hoffman of Michigan.
Mr. Zelenko with Mr. Mason.
Mr. Buckley with Mr. Auchincloss.
Mr. Inouye with Mr. Martin of Massachusetts.
Mr. Ichord of Missouri with Mr. Cramer.
Mr. Delaney with Mr. Scranton.
Mr. George P. Miller with Mr. Miller of New York.
Mr. Yates with Mr. Kilburn.
Mr. Lesinski with Mr. Horan.
Mr. Farbstein with Mr. Glenn.
Mrs. Granahan with Mrs. May.
Mr. Harding with Mr. Alger.
Mr. Reuss with Mr. Betts.
Mr. Rivers of Alaska with Mr. Corbett.
Mr. Lennon with Mr. Fino.
Mr. Baring with Mr. Sibal.
Mr. Anfuso with Mr. Minshall.
Mr. Corman with Mr. Gubser.
Mr. Donohue with Mr. Baker.
Mr. Philbin with Mr. Curtis of Missouri.
Mr. Fountain with Mr. Ayres.
Mr. Kornegay with Mrs. Weis.
Mr. Scott with Mr. Derwinski.
Mr. Henderson with Mr. McCulloch.
Mr. Whitener with Mr. Hoeven.
Mrs. Kelly with Mrs. St. George.
Mr. Gilbert with Mr. MacGregor.
Mr. Boggs with Mr. Ashbrook.
Mr. Davis of Tennessee with Mr. Ellsworth.
Mr. Feighan with Mr. Seely-Brown.
Mr. O'Neill with Mr. Harvey of Michigan.
Mr. Moeller with Mr. Merrow.
Mr. Moorhead of Pennsylvania with Mr. Riehlman.
Mr. McSween with Mr. Belcher.
Mr. Thompson of Louisiana with Mr. Taber.
Mr. Loser with Mr. Barry.
Mr. Nix with Mr. Kyl.
Mr. Fogarty with Mr. Jensen.

Mr. GROSS changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ELEPHANT BUTTE AND CABALLO RESERVOIR AREAS, N. MEX.

Mr. ROGERS of Texas. Mr. Speaker, I move to suspend the rules and pass the bill (S. 46) to provide for the establishment and administration of basic public recreation facilities at the Elephant Butte and Caballo Reservoir Areas, N. Mex., and for other purposes.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized and directed to investigate, plan, construct, operate, and maintain basic recreation facilities at Elephant Butte and Caballo Reservoirs, Rio Grande Federal reclamation project, New Mexico (including access roads and facilities for the safety, health, and protection of the visiting public), and to provide for the public use and enjoyment of such recreation facilities and the water areas of such reservoirs in such manner as is consistent with the primary purpose of such project. The cost of such recreation facilities shall be nonreimbursable and nonreturnable.

SEC. 2. The construction of recreation facilities at or near Elephant Butte and Caballo Reservoirs, as herein authorized, shall not provide in any manner whatsoever a basis for the allocation of water for recreation use or for the allocation of reservoir capacity for recreation use; and the priority for irrigation use of water stored in Elephant Butte and Caballo Reservoirs and the priority of use for irrigation purposes of the capacities of such reservoirs shall not be affected in any manner by the provision for recreation facilities as authorized herein.

SEC. 3. The Secretary of the Interior may issue such rules and regulations as are necessary to carry out the provisions of this Act and may enter into an agreement with the State of New Mexico, or a political subdivision thereof, for the administration, operation, and maintenance of the facilities herein authorized.

SEC. 4. There are authorized to be appropriated such amounts, but no more than $607,000, as may be necessary to carry out the provisions of this Act.

The SPEAKER. Is a second demanded?

Mr. SAYLOR. I demand a second.

Mr. ROGERS of Texas. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ROGERS of Texas. Mr. Speaker, I yield myself such time as I may desire.

Mr. Speaker, the purpose of this legislation is to authorize the construction of recreational facilities at two existing Federal reservoirs in New Mexico in order to provide for public use and enjoyment of these water areas.

Now, one of these reservoirs, the Elephant Butte Reservoir, was one of the early reclamation projects and was completed in the year 1916. The Caballo Reservoir, or regulating reservoir, downstream from the Elephant Butte Reservoir, was constructed and completed in 1938. At the time the Elephant Butte Reservoir was constructed, recreational facilities were not being provided, and this reservoir is located in an area where people have great need for water facilities for recreational purposes.

As a matter of fact, it is not only not unusual, but it is usual for people to drive as far as 600 or 700 miles on a weekend with a boat tied to their car in order to get to a reservoir.

Mr. Speaker, some time ago there were some limited recreation facilities built in connection with the Elephant Butte Reservoir under the CCC program. But that constitutes all of the recreational facilities they have at either reservoir.

Mr. Speaker, we went into this thing in detail in an effort to determine just exactly what the Congress of the United States should do to correct the situation. It was concluded that the greatest service which could be rendered from a recreational standpoint in that area was that something should be done to make facilities available. When the bill came over from the Senate, it was more or less open ended, with the appropriations on an estimated basis. The committee amendment that we placed in the bill put a ceiling at, I believe, $607,000. Now, $149,000 of that amount will go for recreational purposes at the Caballo Reservoir—the downstream reservoir—and about $458,000, or the difference between $149,000 and $607,000, will go for recreational facilities at Elephant Butte.

Mr. Speaker, there is one other point that I think should be made, and that is this: Under the present reclamation projects recreation or money allocated for recreation is not reimbursable to the Federal Government. It is what we call a nonreimbursable item. As I pointed out, at the time these reservoirs were built, there were no recreational facilities provided. However, when this matter came before the subcommittee, we discussed at that time the possibility of working out some kind of a situation where a minimum or a reasonable payment could be made by people using these recreational facilities in order to defray the expense. The reason that a charge of that kind is not contained in this bill is because there is a bill on the general subject pending before our committee on which we are presently working and which we hope to conclude before long, making it possible to make some reasonable charge insofar as all of the Federal facilities are concerned in order to help defray many expenses, even though it is nonreimbursable.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of Texas. I would be happy to yield to the gentleman from Iowa.

Mr. GROSS. Does not the gentleman think that this bill ought to await action on the other bill which the gentleman mentioned?

Mr. ROGERS of Texas. No; I do not think so, I will say to the gentleman from Iowa, because the charge is not being made in other areas where recreational facilities were provided. The situation out here in this area simply poses a problem where you have a reservoir there with no recreational facilities. It is bad from a health standpoint, it is bad from the standpoint of availability of recreational services to people over an extremely wide area.

Mr. GROSS. If the gentleman will yield further——

Mr. ROGERS of Texas. I yield to the gentleman from Iowa.

Mr. GROSS. Let me ask the gentleman this question: What contributions are the States of New Mexico and Texas making to these recreational facilities?

Mr. ROGERS of Texas. Well, now, the gentleman means on the recreational facilities?

Mr. GROSS. Yes; that is what this bill deals with, is it not?

Mr. ROGERS of Texas. Yes. They are making the same contribution insofar as contributions are concerned that all other States in which reservoirs are located are making on reclamation projects. There is no particular fund set up by the State other than our regular recreational funds which are used in conjunction with the Federal Government expenditures in order to make these recreational facilities available. Now, this bill provides that the Secretary of the Department of Interior can make an agreement with the State of New Mexico to work this situation out, and there is an expense involved in that particular.

Mr. GROSS. The fact of the matter is that the States are not putting anything into this recreational activity.

Mr. ROGERS of Texas. Oh, yes; I do not think there is a State in the United States that does not have a Recreation Department and recreation funds, and they spend a tremendous amount of money, in connection with Federal projects, such as access roads and other facilities on State land.

Mr. GROSS. What are they putting into this project, if anything?

Mr. ROGERS of Texas. This project is located in New Mexico on the Rio Grande River, quite a few miles from Texas; and I should like to yield to the gentleman from New Mexico to answer the gentleman's question.

Mr. MORRIS. Mr. Speaker, the State of New Mexico has already expended $900,000 for a paved road up to the Federal area. The State of New Mexico will operate and maintain facilities that will be built by the Federal Government. We hope to have many of the people from the gentleman from Iowa's State down in New Mexico so they may have a decent place to fish when they come there.

Mr. GROSS. I hope that if the $600,000 is authorized in this bill Iowans will get at least a smell of what goes on down there. But that is beside the point. I cannot understand why the taxpayers of the entire country have to provide more than a half million dollars to take care of recreational facilities under these circumstances.

Mr. ROGERS of Texas. Mr. Speaker, let me say this to the gentleman from Iowa. When you look at the statistics of these projects you will find that approximately 80 percent of the people who go to these areas come from outside of the State in which the project is located. That is the reason we are presently considering general legislation on the subject of making charges because it would be quite unfair for a State to be required to pay a large sum of money for recreational facilities in New Mexico to take care of the people in Iowa, and vice versa.

Mr. GROSS. Then let us hold up this bill and see what is done with the other bill to provide the financing necessary for these recreational facilities.

Mr. ROGERS of Texas. I could not agree with the gentleman that that would be in order. I do not think it would be quite fair to the people in that area.

Mr. YOUNGER. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of Texas. I am glad to yield to the gentleman.

Mr. YOUNGER. What is the water in this reservoir used for—irrigation?

Mr. ROGERS of Texas. Irrigation.

Mr. YOUNGER. Solely?

Mr. ROGERS of Texas. You could say solely except for the recreational purposes in connection with the reservoirs themselves.

Mr. YOUNGER. Is the water used by the cities or for public use?

Mr. ROGERS of Texas. No, not that I know of, except under the compact between this country and Mexico. Of course, this is the Rio Grande River. It subsequently becomes the boundary between the United States and Mexico.

Mr. YOUNGER. Will we add here to the pollution which we will later have to spend money on?

Mr. ROGERS of Texas. No. We are reducing it here. That is one of the primary purposes of this type of legislation. There are no facilities to take care of the health situation there. That would be part of the recreational structure.

Mr. SAYLOR. Mr. Speaker, the gentleman from Texas has explained the purpose of this bill. For the reason that we have no user charge and since these two reservoirs were built under the policy of the Federal Government to allow the construction cost or the charge for recreational facilities to be included in the initial construction, I believe the bill should pass and these facilities should be built. As the gentleman from New Mexico [Mr. MORRIS] has explained, the State of New Mexico has agreed that they will, when these facilities are erected, operate them in these two reservoirs.

The SPEAKER. The question is, will the House suspend the rules and pass the bill Senate 46, as amended?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

PRESUNRISE OPERATIONS BY DAYTIME RADIO STATIONS

Mr. HARRIS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4749) to amend the Communications Act of 1934, with respect to the hours of operations of certain broadcasting stations, as amended.

The Clerk read as follows:

That part I of title III of the Communications Act of 1934 (47 U.S.C. 301–329) is amended by adding at the end thereof the following new section:

"OPERATION BEFORE SUNRISE WITH DAYTIME BROADCASTING FACILITIES

"SEC. 330. (a) If such operation does not violate any treaty or agreement to which the United States is a party, any standard broadcast station may, notwithstanding any other provision of this Act, operate with its authorized daytime facilities during—

"(1) any presunrise period after 6 o'clock antemeridian, local standard time; and

"(2) any presunrise period after 4 o'clock antemeridian, local standard time, in the case of any such station which, on sixty days during the twelve calendar months preceding the date of enactment of this section, operated during such presunrise period after 4 o'clock antemeridian, local standard time, with the daytime facilities licensed to it on the date of enactment of this section, if such operation was consistent with rules of the Commission then in effect.

"(b) The provisions of subsection (a) shall not permit a station to operate during any of the hours in which an unlimited time standard broadcast station in the same community or urbanized area, operating with its nighttime facilities, serves substantially the same area as would be served by such presunrise operation.

"(c) Where any unlimited time station makes a prima facie showing that presunrise operation by a station using daytime facilities under the provisions of this section results in harmful interference to radio reception of a substantial portion of the area or population within the primary service area it serves with its nighttime facilities, such unlimited time station shall be entitled to a hearing. The Commission shall modify or terminate the operation authorized by subsection (a) only if it is determined after hearing that such interference has been shown and that such modification or termination serves the public interest, convenience, or necessity.

"(d) Notwithstanding section 316 of this Act or any other provision of law, no right to a hearing shall arise by virtue of operation under this section, except as specified in subsection (c).

"(e) If any standard broadcast station licensed to operate only during daytime hours is not authorized by this section to operate during the presunrise period after 4 o'clock antemeridian, local standard time, the licensee or permittee of such station may make written application to the Commission to authorize such operation. The Commission may authorize such operations, in whole or in part, if it determines that such operation will not cause any harmful interference with the radio communication of any other radio broadcasting station which affects a substantial portion of the area or population within the primary service area of such other radio broadcasting station.

"(f) As used in this section the term 'harmful interference' means any emission, radiation, or induction which seriously degrades, obstructs, or repeatedly interrupts a radio communication service.

"(g) Nothing in this section shall (1) affect the Commission's authority to authorize sharing time arrangements under which only one of the stations concerned shall have any of the rights provided for in this section, or (2) be deemed to preclude the Commission from authorizing by rule, with or without the necessity of application, any standard broadcast radio station authorized to operate only during daytime hours to operate during any presunrise or postsunset period, or both, in such circumstances and under such conditions as the Commission may find to be in the public interest."

SEC. 2. The amendment made by this Act shall take effect on the ninetieth day after the date of its enactment.

The SPEAKER. Is a second demanded?

Mr. SPRINGER. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. HARRIS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, the purpose of this legislation is to make available to many persons in the United States, before sunrise in wintertime, vitally needed radio programs furnishing local news and information. At present many persons in the United States reside in areas which are not served by fulltime community radio stations and, therefore, they have to do without such early morning local news and information programs in wintertime.

What is responsible for this situation? Well, under the regulations of the Federal Communications Commission, many daytime broadcasting stations may not begin operations until after sunrise and in wintertime, especially in northern localities, sunrise occurs rather late in the morning.

You may wonder why the Federal Communications Commission has adopted rules which seem so unreasonable at first flush and which seem to discriminate against many small community radio stations.

Let me try to explain the background of the problems which the Commission and the Congress are facing. I shall have to begin to tell you briefly about the physical characteristics of the radio signals transmitted by standard broadcasting stations.

Standard broadcasting stations are known to most of you as AM stations as distinguished from FM stations, FM standing for frequency modulation and AM standing for amplitude modulation.

Now, the electromagnetic waves transmitted by standard or AM broadcasting stations consist of two basic types: groundwaves and skywaves. The strength of groundwaves is consistent day and night and groundwaves travel along the surface of the earth.

Skywaves are propagated into the atmosphere. During the daytime most of the skywaves are not reflected back to the earth's surface. As the sun sets, however, a layer of electrified particles about 65 miles above the earth becomes in effect a mirror and reflects most of the skywaves back to earth. Skywaves are of variable strength but can travel many hundreds of miles with considerable intensity during the nighttime.

Now, since groundwaves are of consistent strength day and night, the service rendered by groundwaves is referred to as the primary broadcasting service. Since skywaves are of variable strength and are effective only at nighttime for broadcasting purposes, the service rendered by means of skywaves is referred to as secondary broadcasting service.

Now, the absence of skywaves during the daytime makes it possible to permit more AM stations to broadcast during the day without creating undue interference than at night. It is for this reason that about one-half of the 3,400 standard broadcast stations licensed by the Federal Communications Commission are licensed for daytime operations only.

Now, you can see the basic reason why, under the present rules of the Federal Communications Commission, daytime stations are permitted to operate only between sunrise and sunset.

Since this rule—which as you can see is based on physical factors—makes it impossible for daytime stations to broadcast during the early morning hours in wintertime, the Commission sought to give daytime facilities an opportunity to come on before sunrise if their operation before sunrise did not cause undue interference to other stations.

Now the bills on which the committee held hearings, and there were many bills introduced by different Members who were greatly concerned over this situation, would have authorized operations by daytime stations at least during the hours from 6 a.m. to 6 p.m.

In the course of the hearings, the committee heard testimony in favor of this legislation from numerous Members of Congress, many operators of daytime broadcasting stations, and the committee has received numerous communications from the listening public urging adoption of this legislation. Members of the FCC and spokesmen of organizations representing regional broadcasting stations and clear channel stations presented testimony in opposition to the legislation.

Now, the committee was confronted with an exceedingly difficult situation. The problems involved are highly technical but the committee felt very strongly that some opportunity should be provided to make available in wintertime during presunrise hours, local news and information programs which would furnish to many persons information on local weather and traveling conditions, local school, civic, and charitable activities, local agricultural marketing information and information on plant openings and closings which might be affected by weather conditions and other factors.

The committee felt that these local news and information programs must take priority over programs broadcast by regional stations and clear channel stations which frequently are removed great distances from small communities which have only daytime stations.

These regional stations and clear channel stations cannot possibly fill the need of providing many small communities and rural areas which are within their reach with information on local conditions and local activities.

Now, since presunrise operations by daytime stations are likely to cause some interference to the radio signals of other stations, the committee decided to limit the extent of this interference as much as possible.

Under the provisions of the legislation only those daytime stations which are located in areas not served by fulltime stations would be authorized to begin operations at least at 6 a.m. local standard time. In addition, those daytime stations which are located in areas not served by fulltime stations and which have operated for at least 60 days during the year preceding enactment of this legislation during presunrise hours after 4 a.m. may continue such early presunrise operations.

The legislation provides that if the Commission determines after hearing that presunrise operations result in harmful interference to a substantial portion of the primary service area of an unlimited time station, then the Commission is required to modify or terminate such operation in the public interest. Daytime stations which do not meet the terms and conditions of this legislation permitting sunrise operations, may make written application to the Commission to authorize such operations. However, such stations would have the burden of proving to the Commission, and the Commission must find, that such operations will not cause any harmful interference in a substantial portion of the primary service area of any other station.

Now, why did the committee feel that it is necessary for the Congress to legislate on this highly technical subject? I want to tell the Members of the House that the committee had great hesitation to recommend legislation in this area and is doing so only because there seems to be no other way of assuring an adequate early morning radio service in many small communities and rural areas.

The committee report discusses in detail the proceedings which the FCC has conducted and the decisions which the Commission has reached, all of which have been unfavorable to early morning operations.

The committee has no quarrel with the Commission insofar as operation by daytime stations after sunset are concerned. The interference resulting from postsunset operation are likely to exceed greatly the interference which may be caused by presunrise operations. Furthermore, the committee record indicates that the public need for postsunset operations by daytime stations is not anywhere near as great as is the need for presunrise operations by daytime stations.

The Commission has struggled with this problem for many years and the committee has conducted hearings on this legislation during the 86th Congress and again during the 87th Congress. The committee has come to the conclusion, on the basis of the extensive hearings conducted by it, that legislation is required if radio service in the public interest is to be provided during presunrise hours in those communities which do not have full-time radio stations. The communities which do not have full-time stations are primarily the smaller ones and the reason for that is to be found in the fact that frequencies for the operation of full-time stations have all been assigned to larger communities and the smaller communities have had to content themselves with frequencies which permit daytime operations only.

Legislation recommended by the committee is not legislation which seeks to favor small daytime stations at the expense of regional and clear-channel stations. The committee is interested not in the competitive economics of different classes of radio stations. The committee is interested in providing local radio services for citizens in communities which at present lack local wintertime presunrise radio services.

Admittedly, the daytime stations have asked for more. They wanted to operate not only presunrise but also postsunrise. The committee felt that the public interest is not at all the same with regard to postsunrise operations. Therefore, the legislation of the committee is limited in scope. However, it is legislation which, in the opinion of the committee—and the committee is unanimous on this, is badly needed if radio services are to be provided in the public interest in those situations where such services are unavailable at present.

Now, I could go on at great length relaying other aspects of this legislation. I could talk to you about FM services which might be used to supplement or replace local AM services. I could talk to you about the possibility of reassigning full-time stations from larger communities which have many such stations to smaller communities which have daytime stations only. The report deals with these details and I urge the Members who seek additional information to read the report.

I want to repeat, our committee has taken great pains in conducting hearings on this legislation. The Commission has testified several times on this legislation, and while individual Commissioners have indicated that they are sympathetic with the objectives which the committee is seeking to accomplish by this legislation, the Commission thus far has not seen fit to take any constructive steps in bringing out these objectives. Therefore, I am urging the House to adopt this legislation and it is my hope that the Commission will implement this legislation in such a manner that the public will get the benefits which the committee is seeking to bring to the public.

As pointed out in the committee report, two perfecting and clarifying committee amendments will be moved when the House will vote on this bill.

Mr. GAVIN. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman.

Mr. GAVIN. Mr. Speaker, I want to compliment the gentleman first on a very fine explanation, and I associate myself with his remarks. I have a number of small stations in my district that have been asking for this legislation for a considerable time. I want the gentleman to know I wholeheartedly support this bill.

Mr. HARRIS. I thank my colleague and appreciate his support very much.

Mr. ABERNETHY. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Mississippi, a sponsor of one of the bills, who testified before the committee on the bill.

Mr. ABERNETHY. I also wish to associate myself with the gentleman from Arkansas and congratulate him and his committee for the relief which this legislation gives. As the gentleman says, it does provide the early morning hours almost exactly as they sought, but you are not able to give them the late afternoon time that they desired.

Mr. HARRIS. We are giving about 40 percent of the stations relief per se. It will give the others some relief by application to the Commission.

Mr. ABERNETHY. I would like to say that I have about 15 or 18 stations in my district interested in this legislation, and on their behalf I wish to express appreciation to the gentleman.

Mr. AVERY. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. AVERY. I appreciate the gentleman's yielding to me. This problem has been before the Committee on Interstate and Foreign Commerce for some 6 years. This probably is not the best solution to the problem but it is probably the best one that could be reached.

Mr. HARRIS. It is not all that we could ask for, but it does meet a great part of the problem. We have got to decide it on that base. The people are entitled to some decision.

Mr. AVERY. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. AVERY. The gentleman's explanation is abundantly clear except in one respect, and that is those stations that have not been on the air in the last 6 months after 4 o'clock. The report says they may apply for permission from the Commission to come on the air if there is not another broadcasting facility in the primary service area which is going to. Is there any definition of what a primary area is?

Mr. HARRIS. Yes; there is a generally accepted definition for both primary and secondary service. Primary service is service provided by ground waves. Secondary service is that provided by skywaves.

Mr. DULSKI. Mr. Speaker will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from New York who represents the district where the trouble came from, the city of Buffalo. A station in that city filed a petition which brought this matter on. The decision by the court of appeals called for an answer from Congress; there was need for Congress to take some action.

Mr. DULSKI. The reason I am asking the gentleman to yield is this: You have a daytime station and a full-time station. The case is covered on page 5 of the report.

Mr. HARRIS. Yes, when you read the report you get some idea of the problem.

Mr. DULSKI. Is there any relief provided for WGR when WBEN is operating on the same wavelength?

Mr. HARRIS. If the situation results in harmful interference the Commission is directed to decide in the public interest whether the daytime may continue to operate.

Mr. PILLION. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. PILLION. The decision in the WBEN case constitutes a further justification for Congress stepping into the situation for the purpose of modifying existing law under which they will be taken off the air. Is it not true that under this bill where there is a conflict between a daytime station and an all-time station that automatically that wavelength will be transferred to the daytime station for that section?

Mr. HARRIS. There will be some overlapping of service in certain areas, but we feel that priority should be given to community services. It will not affect the primary service of any other station unless the Commission determines that that is in the public interest.

Mr. PILLION. There are other considerations that enter into it. It seems to me the action contemplated under this legislation is completely contrary to our common law and to the law of property rights.

Mr. HARRIS. I do not agree with the gentleman at all. That is not the purpose of this legislation.

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. WHITTEN. I commend the gentleman for definitely solving a problem that has been bothering us for a long time. I am sure it will bring a measure of relief in my area.

Mr. HARRIS. I know the gentleman's interest and thank him for his kind words.

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. STRATTON. Mr. Speaker, I want to commend the gentleman from Arkansas for his leadership in bringing this bill to the floor for prompt action. I support the bill and urge its prompt passage by the House.

As the gentleman from Arkansas has already indicated, this bill will fill an urgent need for many of the rural areas of our country. H.R. 4749 will provide greatly needed relief for a number of radio stations which serve those areas of upstate New York which I have the honor to represent.

In Norwich, N.Y., for example, Station WCHN has long provided valuable traffic, weather, and school-closing information to people of a very large area, and has provided this in time to be helpful, well before the winter sunrise hour. Without the passage of H.R. 4749, this very valuable service being performed by Station WCHN to the people of its area would have to be terminated, and the results of such termination could only bring harm and extreme inconvenience to the city of Norwich and its surrounding areas.

I am glad that this bill is before us today, and I urge its overwhelming and rapid adoption.

Mr. BREEDING. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield.

Mr. BREEDING. Mr. Speaker, I rise to support H.R. 4749, which is designed to offer protection to class III radio stations. This legislation is similar to a bill I introduced on April 16, 1962, to accomplish the same purpose.

It seems to me, Mr. Speaker, that the protection this legislation offers is needed by 2,300 small, predominately rural, stations which are now endangered by a proposed rulemaking before the Federal Communications Commission.

There is no question in my mind that docket No. 14419, now before the FCC, could easily limit the sign-on time of these stations to as late as 8 a.m. Such action would have a most adverse effect, not only upon the stations involved, but, more importantly, the rural audiences which these stations serve. This legislation would prevent the FCC from taking the proposed adverse action.

I cannot impress upon you too strongly the importance of the early morning radio service in my area to farmers, schools, and highway users. These stations bring them much needed information as to the weather. The farm marketing news is also a valuable part of the service of these stations.

I believe this matter of operating hours of these so-called sun-up to sundown stations should be settled once and for all, and I believe the proper place to settle it is in the Congress. As long as the final decision rests with the Federal Communications Commission, the operators of larger stations will continue to press for limiting the hours of the small, rural stations.

We need the service in rural areas such as I represent. The stations are doing a fine job in passing along needed information to the public. Let us pass this legislation and insure the situation will not be disrupted in the future.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Tennessee.

Mr. EVINS. Is the gentleman opposed to giving licenses for additional daytime stations throughout the country?

Mr. HARRIS. Not where there is a frequency available; no.

Mr. EVINS. There is a great backlog of cases in the Federal Communications Commission, a large number of applications pending, and they are far behind. The gentleman would not oppose additional applications pending where there is a public need and necessity and where there is an urgency for them?

Mr. HARRIS. I would not oppose any applications, and I doubt that the Commission would, where there is a frequency available and the service is needed. It has been the policy over the years to grant such stations a license. What I have been objecting to is that the Commission, in trying to divide up the cake, has given so many stations a license to operate where they conflict with other frequencies within the area. There is such a fine distinction there it is hard to avoid overlapping of the services; therefore, interference causes great concern.

Mr. EVINS. The gentleman does not favor granting additional lines. His policy would be no more additional stations or no more small business, but, rather, larger and bigger operations. That would be the logical conclusion of his position; would it not?

Mr. HARRIS. I do not get the gentleman's implication at all. I have not indicated such in any statement I have made.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa [Mr. HOEVEN] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. HOEVEN. Mr. Speaker, during the past winter months I have received many communications from constituents in northwest Iowa expressing the inconvenience which has been caused to them by the fact that their local radio stations may not commence daytime operations until sunrise time. As you can readily understand, sunrise during the winter months in northwest Iowa occurs rather late in the morning.

This past winter particularly, my area had unusually inclement weather with heavy snows and subfreezing temperatures. On a number of occasions, it was necessary to close schools and cancel civic functions during the early morning hours, and it was not possible to give these announcements until after the radio stations commenced broadcasting at sunrise time. In many cases this was after the hour on which farm children had departed for school. The lack of early morning weather forecasts has also been a hardship to my constituents in rural areas who are out of the range of full-time broadcast stations.

I am pleased that the Committee on Interstate and Foreign Commerce has favorably recommended H.R. 4749 and feel that it should be given full support. If H.R. 4749 is enacted into law and the local radio stations are permitted to commence broadcasting at 6 a.m., a great part of the above-mentioned hardship can be alleviated.

Mr. BERRY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The **SPEAKER.** Is there objection to the request of the gentleman from South Dakota

There was no objection.

Mr. BERRY. Mr. Speaker, as one of the sponsors of legislation to permit presunrise operations of daytime radio stations, I urge the passage of H.R. 4749 which will make available to many people urgently needed radio service, particularly in the winter.

In the farm and ranch country, the local radio station is a vital element in the community, bringing valuable information on weather conditions on which the stockmen depend, school closings, and other emergency announcements.

For example, the president of one of our large colleges wrote recently on the importance of this legislation. As one who travels frequently, local weather conditions are essential in his planning, and it is impossible to delay trips and prearrangements which would be necessary if stations could not go on the air until sunrise.

The Mobridge (S. Dak.) Tribune commented editorially:

> There are no radio stations in the Dakotas, Minnesota, Montana, or Wyoming on 1300 kilocycles. It would be a tremendous disservice to the people of the central Dakotas to deprive them of early morning local radio reception to prevent minute interference (either real or imagined) to a station several hundred miles away.

From personal knowledge, I can assure my colleagues that these local radio stations perform a tremendous community service in furnishing local news, weather and driving conditions, school and civic group announcements, and I strongly urge my colleagues to support this legislation so that the Federal Communications Commission could permit these stations to begin operations at least at 6 a.m. local standard time.

Mr. SPRINGER. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I know that many are wondering here why we have daytime stations separated from full-time stations. It seems there were not enough frequencies. When we got down to the end of the frequencies, there were not enough full-time frequencies to go around to everybody who wanted one for their own community. So the Commission came on this idea of a daytime station which could operate during just the time that the sun was over the horizon and those frequencies did not interfere with a full-time station which was operating at the same time.

What is the reason for the daytime stations and what brought them on? Primarily, those were in small communities. If you think over your congressional districts, you will find most of the daytime stations are in small communities.

They do three things in the way of service to a community in the early morning and late afternoon. First, they give the news, and I am talking now about the local news, the local community news, not Chicago, New York, or San Francisco, but news as to what happened in Moberly, Mo., or Champaign, Ill.

Second, they gave the weather; and third, they provided for emergencies.

These things are important in any community of any size, especially in rural areas where you are inclined to have bad weather and where there is a need for these three things. This was one of the real reasons why we needed some service in the early hours in these small communities, so the people would have these services.

In this bill we have provided for giving that service after 6 o'clock in the morning, before sunrise; and in those stations that now broadcast before sunrise but after 4 a.m. I am talking about presunrise, but after 4 o'clock in the morning.

There were other provisions. That is, where you have both unlimited time stations, and also you have daytime stations. The burden is on the full-time station to show there is interference. If they can show a prima facie case, and if they have established a prima facie case, they are entitled to a hearing. The burden is then on the unlimited station to show that there is interference. When you go to the presunrise after 4 o'clock stations, the burden is on the daytime station to show there is no interference with the unlimited station.

Now, I think these are the four important things that I wanted to bring to the attention of the House, and I believe these are logical. We had hearing after hearing on this extending back at least 8 years that I have been on the committee, and I believe the sequence in which we have set this up, 6 o'clock and 4 o'clock, and the burden of proof fits realism as we have it today in this whole question of radio broadcasting.

Mr. PILLION. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. PILLION. I sympathize with what the committee is attempting to do and agree with the ultimate objective. However, I am in whole disagreement in the procedure in which it is being done. For example, if an all-time station loses part of its wavelength or part of its right to broadcast between 6 a.m. and sunrise, the burden of proof is upon that all-time station to show substantial damage. Now, is that not injury for a party aggrieved or a victim whose property rights are being taken away and transferred to another that he cannot even have a hearing until such time as he proves substantial damage?

Mr. SPRINGER. May I say he does not have a property right. The Federal Government gives him that license. It is a public interest, and if we believe the public interest is benefited by doing it in another way, we do that.

Mr. PILLION. In other laws the word "substantial" has been interpreted as meaning 51 percent. Now, does that mean that the all-time station must show that it has a 51 percent or substantial damage to its station before it is entitled to a hearing at all? That is a strange law.

Mr. SPRINGER. May I say this, if the "unlimited station" makes a prima facie case, then he is entitled to a hearing.

Mr. PILLION. Of substantial interference?

Mr. SPRINGER. I do not want to get into an argument with the gentleman as to what "substantial" is. That is a legal question. But, we believed that this was the criterion that ought to be set up.

Mr. ANDERSEN of Minnesota. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Minnesota.

Mr. ANDERSEN of Minnesota. I have numerous small stations in southwestern Minnesota who have been handicapped by the fact that they cannot open up in the wintertime early enough in the morning to give warning about schools being closed or road conditions and such. Now, does this bill help them?

Mr. SPRINGER. That is one of the problems that was raised in the committee which fell under the heading of emergency. The gentleman just mentioned another emergency, and we attempted to clear that up.

Mr. KEARNS. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Pennsylvania.

Mr. KEARNS. I want to compliment the committee on both sides for its wisdom and judgment in bringing in this bill. I think it will help a whole lot.

Mr. JONES of Missouri. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Missouri.

Mr. JONES of Missouri. I want to thank the gentleman and the committee for bringing out this bill, and while it is a so-called half loaf, it will be of great benefit to the small stations. But, I also want to make this announcement, that those who are interested in trying to help these small stations had better stay on the floor for the next bill, because you are about to take away everything given by this bill by the next one that is going to be offered. I am in agreement with this bill, but I will have to be against your next bill.

Mr. HARSHA. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Ohio.

Mr. HARSHA. I would like to associate myself with the remarks of the gentleman from Missouri, because I feel as he does about the next bill. However, I do want to compliment the committee for bringing this bill out, and I hope sometime in the future it may be able to correct the situation in other respects.

Mr. DULSKI. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from New York.

Mr. DULSKI. This matter of dealing with radio frequencies, that is a power that is already given to the Commission.

Mr. SPRINGER. Now, I say we dealt with this over a period of years. We felt that this was of enough serious importance in light of all the testimony presented before the committee to take the action which we have today. Our hearings were very complete on this matter, and I believe that the committee has acted correctly.

Mr. GRAY. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Illinois.

Mr. GRAY. Mr. Speaker, I rise in support of H.R. 4749, the so-called presunrise operations bill for radio stations. This legislation will be of tremendous help to radio stations in southern Illinois and although it does not go far enough it is a good beginning. Thousands of southern Illinois residents are deprived of needed public service during early morning hours because stations are not permitted to come on the air before sunrise. As you know, Mr. Chairman, during some of the winter months this is rather late in the morning, therefore, newscasts, weather reports, information on schoolbuses, and other valuable information cannot be obtained because of the radio stations being off the air during predawn hours. I believe this practice has done a gross injustice to both the radio stations and the general public.

Mr. Speaker, I was one of the first Members of the House to introduce legislation to provide 6 a.m. to 6 p.m. operation of daytime stations and I am certainly happy that we are now recognizing the great need of giving at least some assistance to this vital industry. I want to take this opportunity to congratulate the distinguished chairman of the committee, the gentleman from Arkansas [Mr. Harris] and the other colleagues of the committee for bringing out this important legislation.

I also want to congratulate my colleague, the gentleman from Illinois, Congressman George Shipley, whose bill was brought up for consideration. I am indeed hopeful the Senate will take expeditious action on this bill and that it will become law during this session of Congress.

Mr. WEAVER. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Nebraska.

Mr. WEAVER. Mr. Speaker, I would like to commend most highly the Committee on Interstate and Foreign Commerce and its most capable Subcommittee on Communications for a fine piece of work on this bill. I would also like to commend most highly the able and distinguished chairman of that subcommittee, the gentleman and my good friend from Missouri [Mr. Moulder].

This legislation is necessary and important to the rural residents of America. It will provide them with a strong guarantee that they will get good local radio service during the early morning hours when such service is vitally needed.

This bill also protects existing full-time radio stations in communities where they are performing the needed services from encroachment on their rightful time by small, new radio stations. If a full-time station is performing an adequate service in a community, this bill would preclude the Commission from authorizing a so-called daytime only station from extending its hours of service to a time prior to 6 a.m. local standard time.

Mr. Speaker, I first became interested in the problems of the daytime radio stations some years ago. This interest was heightened greatly this year when the Federal Communications Commission threatened to destroy these stations' ability to serve prior to actual sunrise. The proposed rules change would have limited almost every one of these stations to a strictly sunrise to sunset operation. It would have limited their service capacity to local communities and would have financially destroyed many of these stations.

Early this year—in January—I wrote to the Chairman of the Communications Commission and outlined the problem to him and pointed out how serious this matter was for many, many communities in Nebraska and other Midwestern and Western States. The reply I got was so unresponsive that I determined then to work out legislation to cure the matter.

I did so, and much of the principle of my bill is now contained in the legislation before us. The purpose of this bill and the one I introduced is essentially the same.

This legislation has a twofold purpose. The first is to prescribe the hours in which a daytime broadcast station can operate. The second is to protect those stations from the harassment of the Commission and the threats of harassment from distant city fulltime broadcasting stations.

Under terms of this bill, which were also contained in my measure, daytime stations would be permitted to operate prior to sunrise, but not before 4 a.m., if they had operated during such a period during 60 days of the calendar year immediately preceding final enactment of this legislation.

If any full-time station operates in the same community or urban area, this section of the bill would not apply because, obviously, the full-time station would be providing the same services that the daytimer could supply.

Also, if a daytime station is interfering with the signal of any full-time radio broadcast station, then the full-time station may file a complaint with the Commission. In the past the Commission merely took a look at the complaint, checked it out and then ordered the daytimer to cease presunrise operations. Under the new procedure, the full-time stations would have to take the matter to a hearing before the Commission and prove that the daytimer was, in fact, interfering with a substantial portion of the station's signal in its primary market or listening area.

This would end the harassment of small daytime only operators whose signal may in a haphazard manner interfere sporadically with the signal from some other station.

I believe that this bill contains adequate safeguards for both the big and the little fellows.

Most important, however, this bill will guarantee to the rural and smalltown audiences of America the continued good local radio service to which they are accustomed and which they so badly need. Without this bill, I am afraid that the Commission could again, in an arbitrary manner, endanger these stations and threaten them with destruction.

I urge overwhelming approval of this measure.

Mr. DOMINICK. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Colorado.

Mr. DOMINICK. Mr. Speaker, I thank the gentleman, and I want to congratulate the committee for this bill which I think is a real step forward. But I do have a question:

It is my understanding that if there is a standard broadcasting station operating full time now, and at the same time there has been a daytime station which prior to the time has been broadcasting weather information, school information, road conditions, and so on, that they would no longer be permitted to broadcast that because of this other station being located in the area?

Mr. SPRINGER. If I understand the gentleman correctly, if in the same community or general area there is a full-time station, the daytime station does not change its hours.

Mr. DOMINICK. If the gentleman will yield further, it cannot broadcast, then, from 6 o'clock on?

Mr. SPRINGER. No; because you have an unlimited station in the community rendering the service which is needed.

Mr. DOMINICK. Suppose the station does not give the service? Suppose it is not giving this type of information?

Mr. HARRIS. Mr. Speaker, will the gentleman from Illinois yield to me in order to respond to that question?

Mr. SPRINGER. I yield to the gentleman from Arkansas.

Mr. HARRIS. The answer to the question—if there is a 250-watt station in the community that does not serve the area adequately, and there is a daytime station that does cover the area more adequately, the daytime station then could go on the air and continue to serve the area.

Mr. SPRINGER. The word used is "adequate."

Mr. KUNKEL. Mr. Speaker, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. Mr. Speaker, I want to say to the gentleman that I wrote all of the radio stations located in my district, some of which were large ones, and a few of them were smaller ones, and none of them took the trouble to answer my letter. So they cannot be very seriously affected, is my conclusion.

But later one of the men at one of the radio stations stepped into my office down here, and I asked him about it. He told me it did not make any difference to them one way or the other because these small stations appealed to an entirely different market from the one which their own station sought.

Mr. SPRINGER. Mr. Speaker, I yield 4 minutes to the gentleman from South Carolina [Mr. Hemphill].

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The **SPEAKER.** Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. **HEMPHILL.** Mr. Speaker, I want to congratulate my distinguished and beloved chairman, and the members of my committee on this legislation. I think it is overdue. However, I offered in the committee an amendment. I am not going to offer it today because under the circumstances of the rules it is not possible. This amendment would provide that on an afternoon when the world series was on, or another sporting event of that nature or importance was on with comparable popularity in the United States, that we would not cut the sports event off in the middle of the broadcast.

Mr. Speaker, the reason I offer that amendment is that many people in my part of the country have to listen to the world series on the radio because their work requires them to be away from the television sets. So their reception of the sports events during that part of the year comes through their radio reception.

We feel it is a shame and a disgrace to say to a station that is carrying the World Series, and to the listeners, the American public, that they are going to have to cut off right in the middle of the World Series. I do not think it is right. The purpose of my offering the amendment in the committee, which was voted down, at the end of an executive session—I cannot go into the details of it—was to try to give the American public this continuing service.

The purpose of my speaking here today is to let the Federal Communications Commission know that I have the hope that under some rule or regulation of the Commission, if it is possible, when such a sporting event is being presented to the American people they will be allowed to listen until the end of the game.

It is very simple, and it may be a little bit sentimental, but I think it is right. I like to listen to the World Series. This happened to me personally just last year. I called up the station and asked, "What is wrong?" And the station said, "We have to cut off because of the rules; we are obeying the rules." But there were hundreds of people, and I imagine thousands of people over the Nation who probably had the same experience.

Perhaps this is not a very serious matter, but it is of such a nature that we in the Congress should show our appreciation of the situation; that we recognize that we are the greatest people on the face of the earth partially because of baseball and other sports; that our people appreciate sports and our people love baseball and it is the national pastime.

I do hope that the Commission will see fit to do something about it. If it does not, I intend to sponsor legislation next year to accomplish that purpose.

Mr. **TAYLOR.** Mr. Speaker, I represent the 10 most western counties in North Carolina, and they are located in or near the Smoky Mountains. High mountains prevent the reception in the six western North Carolina counties of radio stations in Asheville, Atlanta, and Knoxville during early morning and daylight hours. Often I have tried in vain to get the 6 p.m. news or 11 p.m. news on a car radio while visiting in these counties.

People in these six counties depend almost entirely on four local daytime broadcasting stations. They depend on these stations in the early morning for emergency weather reports and reports on road conditions. In this mountain section of the sunny South, there is considerable amount of ice and snow in the winter and roads can quickly become hazardous and dangerous.

Parents, teachers, and schoolbus drivers depend on the local stations for announcements concerning the closing of schools when driving is too hazardous. These announcements must be made prior to local sunrise since during winter months local schoolbuses start their pickups before sunrise. Without the early radio announcements, many rural schoolchildren would be stranded along lonely roads on cold winter mornings waiting for schoolbuses that are not going to come.

I submit that it is essential and in the public interest that these stations be allowed to continue presunrise broadcasts, and I have written two letters to the Federal Communications Commission conveying this information and these ideas.

I have not heard one word of complaint from any larger station in North Carolina or in surrounding States that these daylight stations are in any way causing interference by presunrise broadcasts.

Mr. **MACK.** Mr. Speaker, I want to join with my distinguished chairman, the gentleman from Arkansas, the honorable OREN HARRIS, in full support of this proposal. Many of us who represent smaller towns and rural communities are vitally interested in expanding hours of operation of the so-called daytime broadcasters radio station. These stations are all small AM stations operating in communities generally less than 25,000 in population. Normally these stations operate in areas not served by full-time stations and devote their programing to the interests of those citizens residing in areas within a 25-mile radius of the station.

Under this bill the small daytime broadcasting stations would be permitted to come on the air at 6 a.m. during the winter months to serve the citizens of these areas. In some regions of our country the sun rises as late as 8 a.m. and for that reason it has been important for the small broadcasting stations to give vital information during the early morning hours. This legislation would make available to many persons radio programs furnishing local news, local weather, driving conditions, and reports on local school, civic, and charitable inactivities. This is especially important during the winter months, where in my area they have on many occasions hazardous driving conditions and heavy snowdrifts, which make it necessary to close schools until the roads are clear. These stations would also be able to provide during the winter months local agricultural information and other information necessary for the conduct of business.

Mr. Speaker, I am strongly in support of this bill, because it will favorably affect my citizens living in central Illinois.

Mr. **HARRIS.** Mr. Speaker, I ask unanimous consent that all Members have permission to extend their remarks in the RECORD at this point.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The **SPEAKER** pro tempore. The question is, will the House suspend the rules and pass the bill H.R. 4749, as amended?

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The title was amended so as to read: "A bill to amend the Communications Act of 1934 with respect to the hours during which certain broadcasting stations may operate with their daytime facilities."

A motion to reconsider was laid on the table.

CLASS I-A CLEAR CHANNEL STATIONS

Mr. **HARRIS.** Mr. Speaker, I move to suspend the rules and pass the resolution (H. Res. 714) expressing the sense of the House of Representatives with respect to the authorization by the Federal Communications Commission of class I–A clear channel operations.

The Clerk read as follows:

Resolved, That it is the sense of the House of Representatives that the Federal Communications Commission—

(1) may, notwithstanding Senate Resolution 294, seventy-fifth Congress, third session, adopted June 7, 1938, authorize the use of power in excess of fifty kilowatts on any of the twenty-five class I–A clear channel frequencies in the standard broadcast band (five hundred and forty to sixteen hundred kilocycles) which are specified in the rules of the Commission, if, after consideration of all pertinent factors, including the objective of providing improved nighttime radio service to substantial areas and populations presently receiving inadequate nighttime radio service, the Commission finds that operation on such frequencies with power in excess of fifty kilowatts will serve the public interest, convenience, or necessity; and

(2) should not authorize, for a period of one year from the date of adoption of this resolution, the construction for nighttime operation, or the nighttime operation, of any station on any of the twenty-five class I–A clear channel frequencies in the standard broadcast band (five hundred and forty to sixteen hundred kilocycles) which are specified in the rules of the Commission, unless such station was or could have been authorized consistent with the rules of the Commission then in effect, to operate on such a frequency on July 1, 1961.

The **SPEAKER.** Is a second demanded?

Mr. **BENNETT** of Michigan. Mr. Speaker, I demand a second.

Mr. **JONES** of Missouri. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. JONES of Missouri. Is the gentleman from Michigan opposed to the bill?

Mr. BENNETT of Michigan. Mr. Speaker, I am for the bill.

Mr. JONES of Missouri. Mr. Speaker, I demand a second.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. JONES of Missouri. I am, Mr. Speaker.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. HARRIS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, let me briefly explain the background of House Resolution 714.

In 1945 the FCC instituted a rulemaking proceeding to reexamine clear-channel radio allocations because there were large areas within the United States without any radio service.

The hearing ordered by the Commission in 1945—Docket No. 6741—established that over 25 million Americans living in almost 60 percent of the land area of the continental United States do not today receive a single nighttime primary radio service or a single adequate nighttime skywave service.

In September of 1961 the Commission adopted a report and order in the rulemaking proceeding which had been started in 1945, looking toward duplicating about half of the remaining 25 clear-channel frequencies, of which there were originally 40, established in 1928. The Commission's decision would duplicate about half of the clear-channel frequencies by permitting one additional fulltime station to operate on each of the frequencies affected. The Commission reached no decision on the question of whether clear-channel stations should be authorized to operate with power in excess of 50 kilowatts in order to improve nighttime service where needed. In its report and order, the Commission stated that in considering the question of authorizing higher power on clear channels, it was required to give due consideration to a Senate resolution adopted in 1938, expressing opposition to higher power.

There have, of course, been many changes in the field of broadcasting since 1938 and, in fact, some of the Commissioners, including the chairman, in appearing before our committee expressed a desire to receive an expression from the House of Representatives concerning its present attitude on the question of higher power.

Our committee is convinced, after hearing witnesses from the Commission, farm groups and representatives of clear-channel stations, that the Commission should be given complete discretion to use all possible tools, including the use of higher power, to improve the inadequate nighttime radio service now afforded to over 25 million Americans. House Resolution 714 gives the Commission that opportunity and makes clear that, as stated by section 303(c) of the Communications Act, the Commission is free to determine the operating power of broadcast stations.

The Commission's 1961 decision which has not become final because of pending petitions for reconsideration, would result in improved service to only a small fraction of the 25 million underserved Americans. Following this decision four bills were introduced in the House to prohibit the duplication or breakdown of any of the clear-channel frequencies beyond that authorized as of July 1, 1961 (H.R. 8210, 8211, 8228, and 8274). Two of the bills provided in addition that clear-channel stations should be authorized to operate with power in excess of 50 kilowatts where the station concerned could show that the power requested would improve significantly its nighttime skywave service to underserved rural areas.

In the hearings held before our subcommittee, there was unanimous agreement on the part of engineering experts that the authorization of higher power would improve significantly the nighttime radio service to underserved areas. The committee also received testimony from General Bestic, on behalf of the Department of Defense, who stated that "we favor increased power and clear-channel operation to aid in survivable communications."

Accordingly, House Resolution 714 expresses the sense of the House of Representatives that the Commission should authorize the use of power in excess of 50 kilowatts "if, after consideration of all pertinent factors, the Commission finds that operation with power in excess of 50 kilowatts will serve the public interest, convenience or necessity."

In order to give a reasonable amount of time for the Commission to reconsider its 1961 decision in the light of House Resolution 714, the resolution also expresses the sense of the House of Representatives that the Commission should not authorize any duplication on clear-channel frequencies beyond that authorized as of July 1, 1961, for a period of a year from the adoption of this resolution.

I urge that the House adopt the resolution in order to give the Commission unfettered discretion in solving the problem of providing adequate nighttime service to the entire United States, an objective required by section 1 of the Communications Act which directs the Commission to regulate "interstate and foreign commerce in communication by wire and radio so as to make available, so far as possible, to all the people of the United States a rapid, efficient, nationwide, and worldwide wire and radio communications service."

The problem of providing an adequate nighttime radio service to all Americans has remained unsolved for much too long a period of time. The adoption of the House resolution will aid materially in achieving this goal.

Mr. JONES of Missouri. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I cannot yield to my colleague now. The gentleman can use his own time.

Mr. JONES of Missouri. I do not want you to make an incorrect statement.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman.

Mr. HALLECK. Mr. Speaker, the gentleman will recall I served for a very considerable time on the Committee on Interstate and Foreign Commerce and while I am not presently on that committee, I have had a continuing interest in its work.

Mr. HARRIS. Yes, and we appreciate it very much.

Mr. HALLECK. Through the years I have listened to the pros and cons in respect to the clear-channel stations. There is not any question in my mind that the operation of the clear-channel stations very clearly is in the best interests of many, many people in the country. I have asked the gentleman to yield at this point to say, I trust this resolution will be adopted when it is voted on this afternoon.

Mr. HARRIS. I thank the gentleman.

Mr. BENNETT of Michigan. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman.

Mr. BENNETT of Michigan. I would like to commend our chairman for making a very excellent explanation and statement on this bill. The legislation was reported unanimously by our committee and as far as I know, it is not controversial. If enacted, we think it will do considerable good for millions of people whose only nighttime radio service is from the clear channel stations.

Mr. HARRIS. An increase in power can only be permitted with respect to certain stations so far as interference is concerned. But any increased power primarily affects only nighttime operations and, therefore, the secondary services. It is not intended here to interfere with daytime operation at all.

Mr. ASHLEY. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman.

Mr. ASHLEY. I am interested in the comments of the chairman of the committee with respect to this resolution. In the hearings was it indicated how many stations might avail themselves of this authority, this discretionary authority that would be vested in the Commission so that they would be able to broadcast at the higher power?

Mr. HARRIS. This would be left to the discretion of the Commission after they had made their study and reevaluation and engineering studies as to what, if any, interference there might be to any side frequency stations.

Mr. ASHLEY. In the report, it was stated:

> The proponents of the resolution [speaking of the Senate resolution] were apprehensive that permitting a few stations to operate with power in excess of 50 kilowatts would result in undesirable concentration of control of the media of communication and would give stations authorized to broadcast with power in excess of 50 kilowatts such an economic advantage as to deal a serious blow to other stations.

I want to say to the gentleman, I am from Toledo, Ohio, as the gentleman knows, and I have received a number of calls with respect to this same fear, and I will say to the chairman of the committee that they still express the same fear.

Mr. HARRIS. In those days we did not have 100 daytime stations on the air. We had only a few stations compared with what we have today. Now we have 3,400 or 3,600 stations.

Mr. ASHLEY. They are expressing the fear that if the Commission allows stations to broadcast at power above the 50 kilowatts, it is going to impair their economic situation at the present time.

Mr. HARRIS. The major radio economic support comes from local communities where the stations are and that is the reason it is broken down into these local community operations.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman.

Mr. DINGELL. In answer to the question asked by the gentleman from Ohio, there is experience already on this point. One of the so-called clear-channel stations about 30 years ago had an opportunity to go back to the higher power for a very brief time. They found, as a matter of fact, that the revenue of the station increased only very slightly. As a matter of fact, it was not able to compete to the hurt or detriment of the small daytime type of stations in the umbrella of this increased power area. As a matter of fact, the same experience continues today, in that small daytime stations operating within the umbrella of the high power, clear-channel stations today outcompete by many times more, on the order of about 10 to 1, in terms of advertising dollars for the existing power coverage of that clear-channel station.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman.

Mr. BOLAND. Mr. Speaker, I wonder if the gentleman can tell us where this leaves the Federal Communications Commission, this resolution indicates the sense of the House of Representatives with respect to this problem. How about the resolution of the other body back in 1938 indicating the sense of the Senate? Where does it leave the Federal Communications Commission?

Mr. HARRIS. We feel that it would put the FCC in a position that when application is made the Commission should consider all the facts and make engineering studies and all other studies involved and then come to a conclusion as to what should be done in the public interest.

Mr. BOLAND. I know the gentleman is interested in protecting the small- and medium-sized radio stations. I have heard from some of the small stations in my area who fear that the enactment of this resolution where implemented by action of the FCC would prove disastrous to class 4 radio stations.

Mr. HARRIS. I frankly doubt that the Federal Communications Commission would approve any increase in power that would interfere with other stations.

I would like to make this additional statement: There are very few of these class 1-A clear-channel stations that, in the opinion of the committee, will apply for increased power. There are very few, some 8 or 10, who would increase their power without serious interference with other areas.

Mr. BOLAND. I appreciate the gentleman's remarks.

Mr. BENNETT of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BENNETT of Michigan. Mr. Speaker, I favor House Resolution 714 and hope it will be adopted.

The Congress must be concerned that a huge block of Americans have been deprived, for a long period, of adequate nighttime radio service. This situation which is undisputed is contrary to the spirit and requirements spelled out in the Communications Act of 1934. This act directs that all Americans, where possible, shall be provided with good radio service. We have largely attained this goal in the daytime hours, but we are far short of it from sunset to sunrise. This situation is particularly unfortunate in that it is clearly apparent that it can be largely and readily corrected without apparent harm or injury to anyone. House Resolution 714 is designed to make remedial measures quickly possible and the public interest will be served by its adoption.

Over 25 million people living in nearly 60 percent of the country currently receive entirely inadequate nighttime radio service. Other millions receive only one adequate nighttime radio service, not to mention the great number of people who use car radios in the Nation's remote rural areas.

If you tried, by the way, to listen to a car radio during a long open country trip at night, or if you happen to live in a remote area, you are well acquainted with the seriousness of the problem.

Experience has proven that the solution to the problem does not lie in the addition of more radio stations broadcasting at night. During the past 15 years the number of full-time stations on the air has more than doubled. Yet, the number of people receiving inadequate AM radio service during the hours of darkness has gradually inched upward.

Ample evidence is now available and was brought to the committee by technically competent witnesses, including Federal Communications Commission engineers, that improved nighttime radio service to most of these millions of Americans is now not only technically possible but economically feasible through the use of adequate power on a sufficient number of I-A clear-channel stations properly located geographically. Actually, the United States is one of the few countries of the world that remains anchored to a 50-kilowatt power ceiling. Over 1,000 stations around the globe are using power far in excess of 50 kilowatts.

The House resolution which our committee has reported accomplishes some, but not all, of the things which I sought to accomplish with my bill. The House resolution counteracts the Senate resolution of 1938 which has been referred to by the Commission in its proposed clear-channel decision and in its testimony before the committee as one of the reasons why the Commission at this time is unwilling to authorize broadcasting with power in excess of 50 kilowatts.

The Commission has requested congressional guidance on the question of higher power and I wholeheartedly support the House resolution which makes clear that the Commission shall not be shackled by the 1933 Senate resolution in determining whether the authorization of higher power is in the public interest.

That Senate resolution was based not so much on technical as on economic and social grounds. It is abundantly clear that the economics of broadcasting have changed materially since 1938, and the reasons which may have been valid in 1938 are certainly no longer valid in 1962. The resolution declares a 1-year moratorium with regard to the proposed duplication of over one-half of the existing clear-channel frequencies. The purpose of this moratorium is to give all class I-A clear-channel stations an opportunity to reconsider its report and order in the light of this House resolution. In asking the Members of the House to vote for this resolution, I would like also to express the hope that the Commission will make use of this opportunity of reconsidering its proposed clear-channel decision. It is my opinion that the proposed duplication of existing clear channels is not in the public interest.

There are four or five times as many AM radio stations on the air today as compared to 25 years ago. Television is now available in nearly 90 percent of U.S. homes. Frequency modulation has come into the picture on an expanding basis. And the networks have declined until they are only a minor factor in today's broadcasting picture. It, therefore, seems clear that there are no compelling reasons as to why the Commission should not move forward as rapidly as possible in the public interest to bring radio service to rural America on a par, insofar as possible and practical, with that enjoyed by urban people through the authorization for the use of sufficient power on an adequate number of I-A clear-channel stations.

Involved also is the question of what is an adequate number of clear-channel stations to best serve the national interest, both today and in the future. This is a question which the Commission will want to carefully appraise in the light of the provisions and intentions expressed in this legislation and the legislative history being made in connection with it.

In order to provide a sufficient amount of time for such an appraisal the committee included in House Resolution 714 a 1-year status freeze on the 25 existing I-A clear channels. During this period also clear-channel stations will also have the opportunity to express their interest in applying for the use of higher power.

The committee decided against a permanent I-A status freeze on the present 25 I-A clear channels because it believes that the Commission should make the decision of how many clear channels are needed based not only on present national and military needs but also on foreseeable future needs in these two areas.

Yet, there was a preponderance of technically competent testimony questioning the wisdom of the Commission's September 1961 proposal which would destroy by duplication 13 of the 25 clear channels. This decision, if implemented, would bring needed nighttime improved radio service to only a fraction, possibly 2 or 3 percent of those Americans seriously in need of such improved service. It would permanently foreclose, furthermore, the use of increased power on the 13 channels proposed for duplication as the only means of bringing improved nighttime service to many rural people.

In short, it would appear that substantially more than 13 clear channels are needed if the Commission is to reach the desired goal of bringing the best possible radio service to all Americans, plus, of course, meeting present and future defense needs.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Missouri [Mr. JONES].

Mr. JONES of Missouri. Mr. Speaker, I hesitate, and I regret that I have to take the floor today in opposition to House Resolution 714. I had requested the chairman of the committee to carry this bill over to give us an opportunity to get some information; and there is even a possibility that some of these apprehensions might be resolved. But there seems to be some reason why this resolution has to go through today. If you will note, this resolution was only introduced on June 27, about 4 days ago.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. JONES of Missouri. No, I am not going to yield to anyone. I am going to make my statement first. Read the resolution. It says it was introduced on June 27 and referred to the House Calendar on June 29.

Mr. DINGELL. As a matter of fact——

Mr. JONES of Missouri. Mr. Speaker, I do not yield. I demand the regular order.

The SPEAKER pro tempore. The gentleman from Missouri will proceed.

Mr. JONES of Missouri. I am reciting facts here that are substantiated, and I am going to tell you why this bill is here.

This bill that you passed a minute ago was a palliative to get you ready to swallow something you do not like. That bill gave the small station, the small operator, something on the one hand which now they are going to take away from him on the other through this bill. I do not want to see it go through. I know many of you have small stations in your district. Let me tell you what this Resolution 714 will do. I think it can best be expressed in the words of the Senate resolution which was adopted back in 1938. I will read the resolution to you:

> *Resolved,* That it is the sense of the Senate of the United States of America that the operation of radio-broadcast stations in the standard broadcast band (550 to 1600 kilocycles) with power in excess of 50 kilowatts is definitely against the public interest, in that such operation would tend to concentrate political, social, and economic power and influence in the hands of a very small group, and is against the public interest for the further reason that the operation of broadcast stations with power in excess of 50 kilowatts has been demonstrated to have adverse and injurious economic effects on other stations operating with less power, in depriving such stations of revenue and in limiting the ability of such stations to adequately or efficiently serve the social, religious, educational, civic and other like organizations and institutions in the communities in which such stations are located and which must and do depend on such stations for the carrying on of community welfare work generally; and be it further
>
> *Resolved,* That it is therefore the sense of the Senate of the United States of America that the Federal Communications Commission should not adopt or promulgate rules to permit or otherwise allow any station operating on a frequency in the standard broadcast band (550 to 1600 kilocycles) to operate on a regular or other basis with power in excess of 50 kilowatts (CONGRESSIONAL RECORD, vol. 83, p. 8944).

Not only does it do that, but do you know what they intend to do under this resolution? They intend to increase the power in excess of 50 kilowatts. They do not tell you how far, but they propose to increase it to 750,000 watts.

That is what they are proposing to do in this legislation.

I want to tell you something. They tell you about what the technical things show. The chairman said it would not interfere with the daytime clear channel stations. I say it will not only interfere with them, if they are on the same channel, but it is going to interfere with every other channel which is a neighboring channel.

In other words, I am interested in a station that operates on 830 kilocycles. A station with a power of 750,000 watts on 820 or 840, which is the adjoining channel, is going to destroy a part of the power of that station. As the gentleman from Massachusetts very correctly stated, some of the small stations in Massachusetts are going to be greatly damaged by this, and other class stations are going to be damaged.

I think all of you have had the experience of listening to one station. You will be on the beam for that station and you will get it very clearly until you drive for 15 or 20 miles. Then you run into interference with two or three stations. That is not necessarily the station on the same channel. It can be a station on the adjoining channel that spills over. When these stations will spill over with 50,000 watts, think what it will do when you put 750,000 watts in that station. It will spill over. It will damage those stations, it will interfere with the operation of the station on a technical basis. It is going to destroy clear reception in addition and do the things that the Senate resolution has said it would do.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. JONES of Missouri. I yield to the gentleman from Iowa.

Mr. GROSS. Is it not true that only one clear channel station up to this time was ever allocated more than 50,000 watts, and that was on an experimental basis?

Mr. JONES of Missouri. As far as I know, that is correct.

Mr. GROSS. Can the chairman tell me. Is it not true that up to this time only one clear channel station in this country was ever allocated more than 50,000 watts, and that was on an experimental basis?

Mr. DINGELL. It was on an experimental basis, and during that time no adverse impact was found on any small broadcaster or on the revenues of any small broadcasting station.

Mr. GROSS. I happen to know something about that operation. I know they were clamoring, after they were taken off the 50,000 watts, to get back on.

Mr. JONES of Missouri. Yes.

Mr. GROSS. It was economically a very fine thing; but, as the gentleman from Missouri says, when you pile 750,000 watts into a series of stations, you are going to cause a lot of difficulty for a lot of small stations in this country.

Mr. DINGELL. Since that time there has been a great change in the broadcasting structure of this country. We have television. Instead of two or three hundred small stations, we today have 1,900 AM stations and we have approximately another 1,900 FM stations.

Mr. GROSS. Now, just a minute. The gentleman has yielded me a little time, and I would like to use it. Do not mix this up with TV. We are dealing with AM radio broadcasting. Let us not mix TV up with this because TV has no place in this picture today.

As the gentleman from Missouri says, if they want to go to 750,000 watts, they are going to do damage to a lot of small stations in this country. The gentleman says this does not apply to daytime broadcasting, but let me point out there have been a lot of licenses issued, a lot of licenses have been issued since 1938, and licenses to operate nighttime, too.

The gentleman from Arkansas will agree with that, there have been a lot of licenses issued to nighttime stations since 1938, when the Senate said this was the wrong thing to do?

Mr. HARRIS. There have been innumerable stations licensed since 1938, but there have not been any clear-channel stations that have been licensed since 1938.

Mr. GROSS. What we are talking about is the effect that this super-duper power exercised by a few stations will have on the nighttime operation of the smaller radio stations.

Mr. HARRIS. I can say to the gentleman that there are 12 clear-channel stations that can put on increased power, an unlimited amount, and would not have one single bit of effect on any station existing in the United States.

Mr. JONES of Missouri. I will challenge that statement.

Mr. HARRIS. The gentleman may challenge it.

Mr. JONES of Missouri. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. Harsha].

Mr. HARSHA. Mr. Speaker, I rise in opposition to this House Resolution 714. Broken down in simple language all it does is give the large broadcast stations a tighter hold on the broadcast field. It allows them to expand their operations into the areas now served by the smaller stations, who at the present time are having extreme difficulty in competing against the larger operations. This will make the job even more difficult and drive many of them out of business. Surely at a time when our economy is lagging, when we are having more business failures than at any other time in our history, and unemployment is high we should not by action of this Congress do anything that will increase these failures, and increase unemployment. Adoption of this resolution will give the large broadcasters the tools to do that.

These small stations must have revenue to operate. This resolution will permit the big broadcaster to come in and offer the advertiser broader coverage and take the business away from the little fellow. Adoption of this bill would tend to concentrate political, social, and economic power and influence in the hands of a few. It is against the public interest for the reason that it would have an injurious economic affect on other stations operating with less power, limiting the ability of such stations to adequately and efficiently serve the social, religious, educational, civic, and other like organizations within the communities in which such stations are located and which must depend upon such stations for carrying on community welfare work.

Furthermore it would deprive many small towns such as I have in my district from ever having stations of their own. The larger stations will preempt the field. For these reasons Mr. Speaker, I am opposed to this resolution and hope the House will defeat it.

Mr. JONES of Missouri. Mr. Speaker, I want to call attention also that the FCC, through its Chairman, is opposed to this basic legislation here for these reasons, and I will quote from the hearings. He is speaking of the four bills that were introduced and which this resolution proposes to supplant:

> (1) They would foreclose completely one approach to use of the I-A channels for improvement of radio service—duplication—even though, in general or on some of these channels, this may be the most appropriate use thereof, as the Commission has concluded it to be for 13 of the 25.
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> (2) Insofar as they contemplate higher power for the I-A stations, these bills reflect a judgment in favor of this concept which the Commission has been unable to reach after years of intensive study of the possible advantages and disadvantages of authorization of power of the magnitude of 500 or 750 kilowatts.
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> (3) To the extent that higher power is not in the public interest, either generally or on a particular frequency—and on some of them, for various technical reasons, little service gain could be achieved in this way—the bills would require maintenance of the present inadequate status quo, by foreclosing use of duplication to improve service on frequencies not appropriate for higher power.

In other words, the Commission is now studying how they can improve the service, and they say that this would foreclose improving the service and do damage to existing stations, both large and small.

Now, if they were to take a vote among all of the radio stations in the United States as to whether they wanted to see this passed, do you know who you would find voting for it? You would find every one of the large chains voting for it. You would find these people on these clear channels voting for it and the rest of the people voting against it; making the larger chains bigger and bigger and the smaller ones, whom you are trying to serve, smaller, who are trying to stay in business and perform a service for their country.

Mr. MARTIN of Nebraska. Mr. Speaker, if the gentleman will yield, I wish to associate myself with the remarks of the gentleman from Missouri, and I agree with him completely. I am sure that the need existed in 1938 for the Senate to pass this resolution which is included in the committee report and in the hearings which you just read, and if it was needed in 1938, do you not agree that it is needed today in 1962?

Mr. JONES of Missouri. It is needed all the more today than it was then.

Mr. MARTIN of Nebraska. And if this resolution that we have before us now is adopted this afternoon, is it not correct that it will direct the FCC to reverse its policy which they have been following?

Mr. JONES of Missouri. There is no question about that.

I want to also call attention to the fact that if you defeat this resolution here, the committee can still have four bills to work on and go to the Committee on Rules and bring out a rule so that we can have an opportunity to amend it. Defeat this resolution and let the committee take their bill to the Committee on Rules and come back here and let us work on this thing in an orderly manner. In other words, there is no great rush about this, anyway. You are not going to damage anybody by defeating this resolution this afternoon.

You might hurt the vanity of some particular Member, but I think the interest of the people is far more important than that.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. JONES of Missouri. I yield to the gentleman from Michigan, briefly.

Mr. DINGELL. Has the gentleman read rule 308 of the House of Representatives?

Mr. JONES of Missouri. I think I have read about as many rules as the gentleman from Michigan has read.

Mr. HARRIS. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. Dingell].

Mr. DINGELL. Mr. Speaker, 3 minutes is not very long to dispel the bad impression that has been created by a mishmash of fact, fiction, and distortion that has just been spread by my good friend and colleague, the gentleman from Missouri, Mr. Jones.

Mr. Speaker, the simple fact of the matter is that I have never been in the well of the House of Representatives to speak for a giveaway or a bad piece of legislation. Unless this legislation is passed, 26 million people in the United States will be denied an adequate measure of radio coverage. As a matter of fact, those 26 million people will be denied any radio coverage, because they live in the white areas. This is the reason for this piece of legislation being before the Congress today—simply to authorize the clear channels to go to a high enough power to offer an adequate measure of service in order to cover those white areas, and to give persons who have no radio service today in this year of 1962 a choice of as many as three or four or five or six or seven or eight stations which cannot be furnished by the so-called "little fellows" who, as a matter of fact, have neither the economic means, the desire, nor the wish to furnish this kind of service.

Mr. Speaker, let us take a look at this measure. We are told that the Senate resolution of 1938 is a basis for voting this measure down. This measure has been pending in the Committee on Interstate and Foreign Commerce for better than a year, and not one witness, including the distinguished gentleman from Missouri [Mr. Jones] who is sitting here in the well today, appeared to testify against this measure; no member of the radio fraternity, either daytime or regional or otherwise, appeared in opposition to this measure.

Mr. Speaker, I have had some conversations with the Chairman of the FCC, I will tell the gentleman from Missouri, and it just so happens that the Chairman of the FCC has no objection to this bill. He says that this is the province of the Congress of the United States to legislate and he, furthermore, told me that if the Congress chooses to legislate on this matter, then it is proper for the Congress to do so, and he will accept the will of the Congress. This is what the FCC Chairman said.

Mr. Speaker, I will tell the gentleman from Missouri [Mr. Jones] further that other members of the FCC happen to favor this measure. Now, let us look at it in this way:

In 1938 we had vast networks which dominated the whole of the radio industry, and that was the reason for the resolution. Today the networks are practically a liability in the radio field.

Mr. POFF. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. I will yield to the gentleman from Virginia.

Mr. POFF. I read from your committee report the following words:

> The Chairman of the FCC and several Commissioners testified in opposition to the legislation.

Mr. DINGELL. I have not very much time, I will say to the gentleman, but I am telling the gentleman what the Chairman of the FCC told me. Now, the gentleman can take whatever he wants from the committee report. I am just telling the gentleman what the Chairman of the FCC told me.

Furthermore, I will say this: This was the same thing told me by the Chairman of the FCC when I questioned him during the hearings.

The SPEAKER pro tempore. The time of the gentleman from Michigan has expired.

Mr. HARRIS. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. DINGELL. I thank the gentleman.

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. I would be delighted to yield to the gentleman from Arkansas.

Mr. HARRIS. In answer to the question of the gentleman from Virginia, the FCC Chairman did testify that they were opposed to any program that would virtually interfere with their efforts to duplicate the 12 existing channels to whom they conceded there should be a breakdown. They think they should be broken down. You see, there are 25 total. One has already been duplicated—Albuquerque, and a station in New York, I believe it is—and then there are 12 others that they propose to duplicate, and leave 12 other clear channels without duplication. But there is no indication that they want next week or next year to break them down. Maybe they should be broken down. I do not know. But I want to say to the Members of the House that they either should be broken down in toto and the resources used, or they should be permitted to get the power which would permit them to serve the people of the United States. We can say here that under certain conditions and with certain stations as the Commission finds in the public interest, they should give increased power to those particular stations to serve these vast areas that are now not receiving secondary broadcasting.

Mr. DINGELL. Mr. Speaker, let me tell you who supports this measure. The National Grange supports and endorses this measure. The Farmers Union endorses and supports this measure. The Farm Bureau endorses and supports this measure. Almost every single regional and local farm organization supports this. Why? Clear-channel radio stations give excellent service. They give marketing news. They give farm and commodity prices.

The SPEAKER, pro tempore. The time of the gentleman from Michigan [Mr. DINGELL] has expired.

Mr. DINGELL. Mr. Speaker, the fact that over 25 million Americans living in nearly 60 percent of the Nation's land area receive grossly inadequate nighttime AM radio signals 40 years after the birth of broadcasting is unfortunate and harmful to the national interest. Less harmful but serious is the fact that additional millions receive only one fully adequate and reliable nighttime radio signal. This is a situation that has been left uncorrected far too long. My support of House Resolution 714 stems from the fact that it is designed to make quickly possible material progress toward the solution of this regrettable condition.

This lack of adequate nighttime radio service to millions is particularly damaging to the national interest for the reason that rural and other people living in remote regions who are the victims of this deficiency rely upon radio in their daily lives and business more than most others, and is alarmingly dangerous for defense reasons.

The Communications Act of 1934 directs the Federal Communications Commission to "make available, so far as possible, to all people of the United States a rapid, efficient, nationwide and worldwide wire and radio communications service." The Commission has largely attained this requirement during daylight hours. Attainment of this requirement during the nighttime period is now technically possible and altogether practical without harm to anyone under the American system of broadcasting. Further delays toward achieving this end should not be experienced and House Resolution 714 is directed toward the attainment of this objective.

Remote rural areas and the people therein deserve, to the maximum extent practical all pertinent factors considered, to be the beneficiary of four or more nighttime radio signals comparable to the maximum extent possible to the signals received by their urban neighbors.

All qualified engineers, including those at the FCC, agree that the use of power substantially in excess of 50 kilowatts on a sufficient number of class I–A clear-channel stations is the only practical known way to adequately serve the national interest in the attainment of this objective. It is regrettable that under our system of broadcasting it is technically impossible for the 1,900 full-time AM radio stations to provide any appreciable nighttime AM listening to the 25 million underserved Americans. It is significant also that even though the number of full-time radio stations has increased from 900 to 1,900 in the past 15 years, that the number of people who are dependent upon skywave service of clear-channel stations for their only nighttime radio service has not changed significantly. In fact, it has increased slightly and will continue to increase until action to solve the problem is implemented.

The esteemed chairman of the House Interstate and Foreign Commerce Committee, in explaining House Resolution 714, described clearly the technical reasons for our heavy national reliance upon radio clear channels and the nighttime skywave service that stations thereon alone can bring to vast remote regions. He carefully explained the historical background against which the committee found it desirable to formulate this legislation and to recommend unanimously its adoption by the House of Representatives.

House Resolution 714 wisely provides, in addition to authorizing the use of higher than 50 kilowatts power on I–A clear channels, where such use would serve the public interest, for a 1-year freeze from the date of enactment of the July 1, 1961, status of the 25 I–A clear channels. This will provide the Commission with an opportunity to make an accurate appraisal of the number of I–A clear channels that are needed to meet the total present and future national needs in light of the provisions and intent of this resolution.

There was a preponderance of evidence presented to the committee that the 12 I–A clear channels that the Commission proposed to preserve as such for the time being in its September 1961 decision are an entirely inadequate number to meet present and potential national needs even though the stations operating thereon are authorized to use power in excess of the present ceiling. It should be noted that 4 of these 12 channels are already partially or totally duplicated, leaving a potential of only 8 true clear channels in case the Commission's proposal were to be implemented. One Commissioner testified that these 12 I–A clear channels with higher power utilized thereon would provide a type E skywave service to virtually all underserved Americans. It is unanimously admitted, however, that a type E service, while better than no service at all is entirely and grossly inadequate. Our goal should be, to the maximum extent attainable, a type D service which can be afforded to a substantial portion of the underserved millions provided a sufficient number of I–A clear channels are authorized to use adequate power within practical limits.

The distinguished chairman of the Committee on Interstate and Foreign Commerce, Mr. HARRIS, also mentioned that the Department of Defense testified at the February 1962 clear-channel hearings in favor of increased power and clear-channel operation to aid in survivable communications. Who knows what the future holds in defense communications needs and requirements? The nighttime distance coverage capabilities of clear channel stations operating with sufficient power are unique and irreplaceable which accounts in part for their defense usefulness. In short, it is imperative that the Commission exercise extreme caution in dissipating by duplication any of these 25 irreplaceable national and natural clear-channel assets at least until it has been clearly determined that the benefits of such possible duplication would clearly and unquestionably, in terms of new groundwave service to a substantial number of underserved people, exceed the losses in service, present and potential, civilian and military, caused to the I–A clear-channel skywave service by such duplication.

The Commission's clear-channel decision made in September 1961 was especially alarming and unjustified in that it proposed to duplicate and forever destroy 13 of the 25 precious and irreplaceable I–A clear channels in order to achieve a new groundwave nighttime service to less than 3 percent of the millions of Americans depending solely upon clear-channel skywave service for their only AM nighttime radio listening.

Noteworthy to the consideration of House Resolution 714 also is the conclusive evidence that under today's conditions the arguments of a quarter of a century ago against the use of power in excess of 50 kilowatts are no longer valid. Today there are over 3,500 (AM) radio stations on the air. At that time there were less than 1,000. Television has come to almost 90 percent of U.S. homes. Other vehicles of mass media have multiplied materially. Radio networks, as a dynamic part of the national radio scene, have been largely displaced by local programing. The FCC itself in its September 1961 report and order in the clear channel proceeding said in this regard "our close scrutiny of the portions of the record going to the issue of higher power fails to persuade us that, whatever the merits of the pending proposals for higher power, the objections listed against it have been sufficiently met." House Resolution 714 is designed to remove any deterrence which may have inhibited the Commission from previously authorizing the use of higher power on I–A clear channels and further to stimulate action by the FCC in accordance with its provisions.

It is expected then that the Commission act without undue delay to authorize the use of higher than 50 kilowatt power on I–A clear channels where such authorization will meet the conditions and purposes provided in this resolution.

It is assumed that power of sufficient strength to bring the best possible nighttime radio service, all pertinent factors considered, to the 25 million Americans who are currently without adequate nighttime radio service, plus serving amply the civil and military defense uses of these channels will be authorized. It is assumed, furthermore, that these essential signals will be protected adequately from side-channel and cochannel interference.

Passage of this legislation holds the potential of enabling millions of rural and smalltown residents to listen to nighttime radio signals more nearly equal to those of their city neighbors for the first time in history. It will enable clear-channel stations to finally achieve the full purpose for which they were set up in 1928. It complies with a request from several members of the Federal Communications Commission, including the Chairman, for a congressional expression of policy on the matter of the authorization for the use of higher power. When coupled with the outstanding programing service offered by the broadcasters on regional and local radio channels, this legislation will bring to the national scene a much improved national radio system—a system which is now the envy of the world.

Mr. DINGELL. Mr. Speaker, I ask unanimous consent that the gentleman from Tennessee [Mr. Loser] may extend his remarks at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. LOSER. Mr. Speaker, House Resolution 714 is a wise and farsighted resolution. A congressional expression of policy with regard to radio clear channels has been needed for a long time. It is the Congress in the ultimate that must bear the responsibility for serving and protecting the public interest, convenience, and necessity in the uses to be made of radio channels. The Federal Communications Commission is an instrument of the Congress.

This legislation expresses the sense of the House of Representatives as it relates to the possible use of power in excess of 50 kilowatts on U.S. I–A clear channels and envisions a careful appraisal of the number of I–A clear channels needed to best serve the national interest both now and in the future.

It is designed to remove barriers to the use of sufficient power on an ample number of radio clear channels so as to enable stations operating on these channels to perform better one of the primary functions for which clear channels were initially set up. This function is to provide nighttime radio service for wide areas—service that under the American system of broadcasting is not now available nor will it be available in the foreseeable future from other classes of AM radio stations to huge segments of the Nation.

Yet, the millions of residents of these areas deserve, need, and should quickly receive, insofar as it is technically and economically feasible, service in terms of signal strength equal to that of our metropolitan areas.

Millions of farm families and other rural and smalltown residents will be the recipients of the vastly improved rural radio service which this legislation envisions. In short, the beneficiaries will be the substantial citizens—the solid people—the small businessmen and farmers of rural areas. These are the people that form a sizable portion of the Nation's backbone. Let it be clearly understood that the Federal Communications Commission is obligated by the Communications Act of 1934 as reinforced by this sense of the House of Representatives expression to bring these people the best nighttime AM radio signals, all factors considered, that it is possible to attain.

That a congressional policy was needed to achieve this and other ends concerning the use of radio clear channels is reinforced by the fact that the Commission's September 13, 1961, decision concerning the proposed use of these channels was entirely unsatisfactory. It proposed to duplicate 13 of the 25 clear channels in a compromise decision which all witnesses before the House Interstate and Foreign Commerce Committee hearings, except those from the Commission, denounced as a wholly unsatisfactory answer to the problem of bringing improved radio service to the millions of Americans that now suffer from inadequate radio nighttime service. It was clearly demonstrated at these hearings that far more than 12 radio clear channels are needed to best serve the public interest today and in the future. It was noted at the hearings that only one member of the present Federal Communications Commission was a Commissioner at the time the clear-channel rulemaking proceedings were initiated in 1945. It was further noted that no new indepth studies, hearings, surveys, or scientific investigations have been made with respect to the problem since the mid-1940's. It is my hope that the legislation will break this longstanding period of stagnated inadequacy in terms of using clear channels amply for the purposes for which they were originally set aside.

Well over 50 percent of the Nation depends solely upon them for its only nighttime AM radio service—service which currently lacks sufficient signal strength to be fully dependable and listenable at times in many areas.

This legislation is wise and timely, furthermore, because it will enable the FCC to cooperate with civil and military defense leaders from the positive clear-channel policy base envisioned by House Resolution 714. This will enable long-range sound defense communications plans to be made and programs to be established in an atmosphere of permanency concerning the wisest and most useful purposes to which I–A clear channels may be put in serving the defense needs of the country.

Finally, on February 8, 1962, under extension of remarks as carried in the Congressional Record, I spelled out the necessity for preserving radio clear channels for military as well as other reasons. I referred to the February 2, 1962, testimony of the Department of Defense which clearly indicated from a technical standpoint the desire of the Department for the maintenance of radio clear channels utilizing higher power as an aid in survivable communications. I would like this statement to be considered as a part of my contribution to the legislative history of this resolution.

It is clearly apparent that no clear channel should be duplicated until it is found, after careful study and analysis, that the defense interests of the country over and above the other national welfare interests would not be harmed or jeopardized by such action. The stakes are too big for unstudied or hasty decisions. After all, clear channels when they are once duplicated and destroyed can never be unduplicated.

Mr. JONES of Missouri. Mr. Speaker, I want to make some comments on some of the statements that have been made. Intentions and results, as you know, are very often quite different. I am not challenging the intentions of this committee, but I am challenging some of the information that they have and the reliance that they have put upon the technical information and other theoretical information, because it does not work out that way.

The gentleman talked about the great white area that is not being served. If they did what the Commission has been studying and is prepared to do and which this would permit them to do, under paragraph 2 of the bill—and incidentally, I told the chairman that if he would take this back and just use section 2, I think we could support it. There is no reason why your clear channels should not be split. If you had one channel reserved all over the United States, we could have one of them in New York, we could have one in San Diego, or one in Los Angeles, we could have one in Portland, Oreg., or one in Miami, Fla. They would not be in conflict. There would be someplace in the United States where they would be. But those people would have the opportunity to listen to other clear channels and we do not need to have more power, but I think they could very properly use the additional channels.

They talk about who is supporting this bill. I do not think they can show me anybody who is supporting this bill but these national organizations. Some of them did support some of the four bills that were introduced. But this resolution came out on June 27, 5 or 6 days ago. That is all the time we have had under this. If you vote this down we can come back and adopt some legislation that is reasonable which will not do destruction to some of these smaller stations. I repeat, the only stations that want to see this are the large networks and the few clear-channel stations that you have. Of course, as I said before, they want the rich to get richer and the big to get bigger.

Mr. Speaker, I yield back the balance of my time.

Mr. HARRIS. Mr. Speaker, I have one other thing to say. I appreciate the gentleman's interest. I know that the gentleman, like a lot of others, is interested in certain radio operations. I know the gentleman is interested in daytime station operations. I do not want this House to get the impression from the statements made by the gentleman a moment ago that the resolutions we presented to you today, to try to do something for the daytime stations, was merely a sop. That is no compliment to my committee. We have a committee of 33 members who, in my judgment, are as dedicated as the gentleman from Missouri or other Members of this House of Representatives.

The gentleman from Missouri [Mr. MOULDER] and his subcommittee held hearings on this bill and gave an opportunity to all who wanted to be heard. The hearings were held February 1, 2, and 13. There were four bills pending: H.R. 8210, H.R. 8211, H.R. 8228, and H.R. 8274 on this subject matter.

The committee did precisely what almost every other committee of this House has been doing over the years. In the consideration of the legislation before it the committee agreed on an amendment to strike out all after the enacting clause and directed me, as the chairman, to introduce the resolution in order that the committee could meet the next morning and report it out. So I do not believe that the gentleman from Missouri means what he says when he tries to reflect on the members of the Committee on Interstate and Foreign Commerce by intimating they are trying to shove something through this House. God forbid that I would ever ask you to do that. If the gentleman feels that way, I want him to vote against the resolution.

Mr. JONES of Missouri. I do not think the gentleman now is trying to talk about the merits of the resolution, he is talking about the committee. I have every respect for the committee and the individual members thereof, but that does not mean I have to swallow every piece of legislation you bring out when I think it is not in the best interests, because I think you have gotten some information which you have acted on which is not correct. The gentleman resents my getting up and opposing the resolution.

Mr. HARRIS. No, not at all. I refer the gentleman to the hearings.

Mr. JONES of Missouri. That is what I am taking most of this information from.

Mr. HARRIS. The gentleman has not read the hearings.

Mr. JONES of Missouri. You do not have much time to read the hearings when a resolution is reported out on June 29th and taken up on July 2d.

Mr. HARRIS. I decline to yield further, Mr. Speaker.

I feel Mr. Speaker in the interest of the listening public of the United States the committee reported this resolution unanimously, after listening to the testimony of the witnesses, and directed me to bring it to the House. I thought that there was no serious opposition to it. That is the reason it was brought up this way. I ask the House to support this resolution.

Mr. ROSTENKOWSKI. Mr. Speaker, House Resolution 714, now being considered is legislation designed for the general welfare of our Nation. It is designed to preserve existing radio clear-channel stations, and provide them with additional power to extend coverage to rural areas now void of the pleasures of radio at night.

Last evening over 25 million rural and smalltown Americans, living in almost 60 percent of the land area of our country, received what the Federal Communications Commission characterizes as inadequate radio service—in terms of signal strength.

This is hard to believe in view of the fact that almost 2,000 standard broadcast—AM—radio stations were operating last night. This truth is explained by the fact that when several stations operate at night on the same frequency or channel, they cause interference to each other in the areas located between the locations of the stations concerned, thus shrinking their coverage. Because this mutual interference is more severe during nighttime hours than during the day, the only nighttime radio service received by over 25 million Americans living in sparsely settled areas is the skywave or secondary service rendered by clear-channel stations. The more fortunate urban dwellers are able to receive groundwave or primary service, usually from a substantial number of different stations of one or more classes—I-A, I-B, II, III, and IV. Groundwave represents a constant and more reliable signal. Skywave represents a variable and hence less reliable signal.

Twenty-four of the one hundred and seven standard broadcast frequencies—which are spaced 10 kilocycles apart from 540 to 1600 kilocycles—are referred to as class I-A clear channels. They have only one station operating on each of the frequencies at night. Because of this, the class I-A clear-channel stations' skywave signals—which are reflected back to earth to a much greater degree during nighttime hours than during daytime hours—provide a source of service rather than a source of interference. It is this skywave or secondary service on which over 25 million Americans must rely for their only nighttime radio service. Additional millions must rely on this nighttime skywave service for their only choice of radio programs.

It has been acknowledged for years that the clear-channel skywave service, on which Americans living or traveling in nearly 60 percent of the Nation's land area depend for their only nighttime radio service, and on which additional millions of people depend for their only choice of nighttime programs, is inadequate, in terms of signal strength, and must be improved in order to comply with the mandate of section I of the Communications Act of 1934—which has been in effect since 1927—that a radio service be provided to the entire country. It is further acknowledged that higher power on clear channels is the only possible way to improve this service.

In 1928 Congress authorized 40 clear-channel stations of the 107 standard broadcast frequencies. However, the Federal Communications Commission could issue radio licenses to a station in an area where it felt that the public was not receiving service. These licenses could operate on a channel designated as a clear-channel station. As a result the figure 40 has been reduced to 25 at the present time. Now the FCC wishes to duplicate 13 of these 25 clear-channel stations, in addition to already providing 2 stations emergency authorization to operate until 10 p.m. on presently established clear channels, which leaves a total of only 10 clear-channel stations.

If most of the people who live in remote rural areas are to receive any acceptable nighttime radio service, clear channels, with added power where needed, must be preserved.

It is not fair or right to deprive any U.S. citizen of adequate nighttime radio service in time of peace.

In the case of a national atomic emergency, furthermore, clear channels represent the only nighttime way the people in remote areas might be able to receive advice on what to do. Radio is the only mass media which can reach these people. Radio, too, may be the only means of reaching city dwellers, as their battery operated home and car radios may be their only source of receiving communications in the event of disaster which would render inoperative our powerline facilities. In view of this vital need, the skywave service to the 25 million Americans must be improved through the use of higher power which will also bring improved groundwave service to urban dwellers.

With respect to military needs, the Department of Defense, through General Bestic, has testified to its need, for technical reasons, for clear channels and higher power. One of the systems under active experimentation is the use of radio signals for a backup teletype communications system for military needs. Since this system, to be operative, depends upon groundwave signals of very low field intensity order, it is important that nothing be done to interfere with these signals. Duplication of any of the remaining clear channels would threaten the reliability of this system and therefore should not be tolerated. Even more important, higher power must be authorized in order to make this vital use of radio signals as reliable as possible. Further, no one can say what the future will bring as to possible military uses of radio signals and for this reason, clear channels must be kept interference free. It must be remembered also that once a clear channel is duplicated by the addition of one or more full-time stations, it is next to impossible to remove such stations from the channel. There is no justification for breaking down any of the remaining 25 of the original 40 class I-A clear channels.

For these reasons, it seems clear to me that Congress must issue a specific policy directive to the Federal Communications Commission which will cause it to take prompt action to improve service to the over 25 million Americans living in underserved areas—which constitute almost 60 percent of the land area of this country. Since the Commission itself agrees with the proponents of the present legislation that this needed improvement of radio service can be brought about only through the use of higher power on the existing clear channels, it is apparent that we should favorably pass House Resolution 714.

Mr. FINNEGAN. Mr. Speaker, it has been brought to my attention that House Resolution 714, now before the House, is legislation that would preserve existing radio—AM—clear-channel stations and would authorize the use of higher power for these stations.

Mr. Speaker, upon studying the existing situation with reference to the needs of our country, it is my belief that the Congress should go on record in favor of this resolution.

It has been pointed out that clear-channel skywave service is the only nighttime radio service to 25 million Americans and the present skywave service has inadequate power to serve the tremendous land areas that has its only nighttime reception through clear-channel stations. This is in direct contradiction of section I of the Communications Act of 1934 which stated that radio service is to be provided to the entire country.

The Federal Communications Commission is seeking to duplicate 13 of the present 25 clear-channel stations, which would impair the existing system, as insufficient as it is. Instead of restraining the few clear-channel stations we have, we should be strengthening them.

Mr. Speaker, let us make full use of our too few remaining clear-channel stations by directing the Federal Communications Commission that the 25 clear-channel stations now in existence should remain so and improvements should be brought about by the authorization of higher power on these existing clear channels.

The SPEAKER. The question is on the motion offered by the gentleman from Arkansas to suspend the rules and agree to the resolution.

The question was taken; and on a division (demanded by Mr. JONES of Missouri) there were—ayes 86, noes 38.

Mr. JONES of Missouri. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 198, nays 87, answered "present" 1, not voting, 150, as follows:

[Roll No. 146]

YEAS—198

Abbitt
Adair
Addabbo
Albert
Andersen, Minn.
Andrews
Arends
Aspinall
Bailey
Barrett
Bates
Becker
Belcher
Bell
Bennett, Mich.
Blatnik
Bonner
Brademas
Breeding
Brooks, Tex.
Broomfield
Brown
Broyhill
Burke, Ky.
Burleson
Byrne, Pa.
Byrnes, Wis.
Cahill
Carey
Casey
Cederberg
Chelf
Chenoweth
Church
Clancy
Clark
Cohelan
Collier
Cooley
Curtin
Daddario
Dague
Daniels
Dent
Denton
Derounian
Devine
Dingell
Dominick
Dooley
Dowdy
Downing
Doyle
Dwyer
Edmondson
Elliott
Everett
Evins
Fallon
Fascell
Fenton
Finnegan
Flynt
Ford
Forrester
Fulton
Gallagher
Garmatz
Gary
Gavin
Giaimo
Gonzalez
Goodling
Grant
Gray
Green, Oreg.
Green, Pa.
Hagan, Ga.
Hagen, Calif.
Halpern
Hansen
Hardy
Harris
Healey
Hébert
Hemphill
Herlong
Holifield
Holland
Huddleston
Jarman
Johnson, Wis.
Jones, Ala.
Judd
Karsten
Karth
Kilgore
King, Calif.
Kirwan
Kluczynski
Kowalski
Kunkel
Lane
Langen
Libonati
Lindsay
Lipscomb
McDonough
McDowell
McFall
McIntire
McMillan
Mack
Magnuson
Mahon
Mailliard
Marshall
Mathias
Matthews
Meader
Michel
Milliken
Mills
Monagan
Moore
Morgan
Morris
Morrison
Moss
Moulder
Murphy
Murray
Nelsen
O'Brien, Ill.
O'Hara, Ill.
O'Hara, Mich.
Olsen
Osmers
Ostertag
Passman
Patman
Perkins
Pfost
Pike
Pirnie
Price
Pucinski
Purcell
Quie
Rhodes, Pa.
Roberts, Ala.
Roberts, Tex.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Rosenthal
Rostenkowski
Rutherford
Ryan, N.Y.
Santangelo
Schenck
Scherer
Schneebeli
Schweiker
Schwengel
Selden
Shelley
Sheppard
Sikes
Smith, Va.
Springer
Staggers
Steed
Stephens
Sullivan
Taylor
Thompson, N.J.
Thompson, Tex.
Thomson, Wis.
Thornberry
Toll
Tollefson
Trimble
Ullman
Vanik
Van Zandt
Vinson
Wallhauser
Walter
Whalley
Williams
Wright
Young
Younger
Zablocki

NAYS—87

Abernethy
Alexander
Anderson, Ill.
Ashley
Avery
Baldwin
Battin
Beckworth
Beermann
Bennett, Fla.
Berry
Boland
Bolton
Bow
Bray
Brewster
Bromwell
Bruce
Burke, Mass.
Cannon
Conte
Cunningham
Dole
Dorn
Dulski
Durno
Findley
Frelinghuysen
Garland
Goodell
Gross
Gubser
Haley
Hall
Harrison, Wyo.
Harsha
Harvey, Ind.
Hechler
Hiestand
Hoffman, Ill.
Hull
Joelson
Johansen
Jones, Mo.
King, N.Y.
Laird
Lankford
Martin, Nebr.
Moorehead, Ohio
Morse
Mosher
Natcher
Norblad
Nygaard
O'Konski
Pelly
Pillion
Poff
Ray
Reifel
Rhodes, Ariz.
Robison
Roush
Rousselot
Saylor
Schadeberg
Shipley
Short
Shriver
Siler
Smith, Calif.
Stafford
Stratton
Stubblefield
Teague, Calif.
Teague, Tex.
Thomas
Tuck
Tupper
Udall, Morris K.
Utt
Weaver
Westland
Wharton
Whitten
Widnall
Winstead

ANSWERED "PRESENT"—1

Kearns

NOT VOTING—150

Alford
Alger
Anfuso
Ashbrook
Ashmore
Auchincloss
Ayres
Baker
Baring
Barry
Bass, N.H.
Bass, Tenn.
Betts
Blitch
Boggs
Bolling
Boykin
Buckley
Celler
Chamberlain
Chiperfield
Coad
Colmer
Cook
Corbett
Corman
Cramer
Curtis, Mass.
Curtis, Mo.
Davis, James C.
Davis, John W.
Davis, Tenn.
Dawson
Delaney
Derwinski
Diggs
Donohue
Ellsworth
Farbstein
Feighan
Fino
Fisher
Flood
Fogarty
Fountain
Frazier
Friedel
Gathings
Gilbert
Glenn
Granahan
Griffin
Griffiths
Halleck
Harding
Harrison, Va.
Harvey, Mich.
Hays
Henderson
Hoeven
Hoffman, Mich.
Horan
Hosmer
Ichord, Mo.
Inouye
Jennings
Jensen
Johnson, Calif.
Johnson, Md.
Jonas
Kastenmeier
Kee
Keith
Kelly
Keogh
Kilburn
King, Utah
Kitchin
Knox
Kornegay
Kyl
Landrum
Latta
Lennon
Lesinski
Loser
McCulloch
McSween
McVey
Macdonald
MacGregor
Madden
Martin, Mass.
Mason
May
Merrow
Miller, Clem
Miller, George P.
Miller, N.Y.
Minshall
Moeller
Montoya
Moorhead, Pa.
Multer
Nedzi
Nix
Norrell
O'Brien, N.Y.
O'Neill
Peterson
Philbin
Pilcher
Poage
Powell
Rains
Randall
Reece
Reuss
Riehlman
Riley
Rivers, Alaska
Rivers, S.C.
Roudebush
Ryan, Mich.
St. George
St. Germain
Saund
Scott
Scranton
Seely-Brown
Sibal
Sisk
Slack
Smith, Iowa
Smith, Miss.
Spence
Taber
Thompson, La.
Van Pelt
Waggonner
Watts
Weis
Whitener
Wickersham
Willis
Wilson, Calif.
Wilson, Ind.
Yates
Zelenko

So, two-thirds having voted in favor thereof, the rules were suspended and the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Halleck and Mr. Derwinski for, with Mr. Kearns against.

Until further notice:

Mr. Rains with Mr. Martin of Massachusetts.

Mr. Rivers of Alaska with Mr. Miller of New York.

Mr. Harding with Mr. Alger.

Mr. Thompson of Louisiana with Mr. Minshall.

Mr. Watts with Mr. Curtis of Massachusetts.

Mr. Sisk with Mr. Horan.

Mr. Slack with Mr. Scranton.

Mr. Alford with Mr. Cramer.

Mr. McSween with Mr. Kilburn.

Mr. King of Utah with Mr. Betts.

Mr. Ichord of Missouri with Mr. Ayres.

Mr. John W. Davis with Mr. Corbett.

Mr. Feighan with Mr. Hoeven.

Mr. Fogarty with Mr. Seely-Brown.

Mr. St. Germain with Mr. Harvey of Michigan.

Mrs. Granahan with Mr. Merrow.
Mr. Nix with Mr. MacGregor.
Mr. O'Neill with Mr. Kyl.
Mr. Moorhead of Pennsylvania with Mr. Barry.
Mr. Inouye with Mr. Taber.
Mr. George P. Miller, with Mr. Ellsworth.
Mr. Reuss with Mr. Ashbrook.
Mr. Henderson with Mr. McCulloch.
Mr. Kornegay with Mr. Riehlman.
Mr. Kitchin with Mrs. St. George.
Mr. Scott with Mr. Fino.
Mr. Fountain with Mrs. May.
Mr. Whitener with Mr. Sibal.
Mr. Loser with Mrs. Weis.
Mr. Frazier with Mr. Curtis of Missouri.
Mr. Harrison of Virginia with Mr. Hoffman of Michigan.
Mr. Peterson with Mr. Bass of New Hampshire.
Mr. Moeller with Mr. Knox.
Mr. Lesinski with Mr. McVey.
Mr. Hays with Mr. Keith.
Mr. Davis of Tennessee with Mr. Chamberlain.
Mr. Ashmore with Mr. Auchincloss.
Mr. Lennon with Mr. Glenn.
Mr. Corman with Mr. Latta.
Mr. Donohue with Mr. Jensen.
Mr. Philbin with Mr. Baker.
Mr. Friedel with Mr. Wilson of California.
Mr. Macdonald with Mrs. Reece.
Mr. Montoya with Mr. Hosmer.
Mr. Madden with Mr. Griffin.
Mr. Jennings with Mr. Wilson of Indiana.
Mr. Ichord of Missouri with Mr. Roudebush.
Mr. Willis with Mr. Van Pelt.
Mr. Yates with Mr. Chiperfield.
Mr. Baring with Mr. Jonas.
Mr. Boggs with Mr. Mason.

Mr. BURKE of Massachusetts changed his vote from "yea" to "nay."

Mr. ULLMAN changed his vote from "nay" to "yea."

Mr. KEARNS. Mr. Speaker, I have a live pair with the gentleman from Indiana [Mr. HALLECK] and the gentleman from Illinois [Mr. DERWINSKI]. If they were present, they would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks in the RECORD on the resolution, House Resolution 714, just passed.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

PROGRAM FOR THE BALANCE OF THE DAY

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ARENDS. Mr. Speaker, I ask for this time in order to inquire of the majority leader if he can advise us concerning the program for the balance of the day.

Mr. ALBERT. Mr. Speaker, except for unanimous-consent requests, I understand there is one bill which the chairman will ask unanimous consent to take from the Speaker's desk to agree to an amendment.

That will finish the legislative program, but we are asking Members to stand by until we find out for certain whether there will be any further action needed on the sugar bill conference report. If that report is agreed to in the other body, as is expected, there will be no further legislative business this week.

Mr. ARENDS. This would be a matter of a recess after the special orders have been completed, if we do not hear prior to that?

Mr. ALBERT. It may be necessary to ask the House to go into a recess, but it may be that the other body will have taken action before that time.

Mr. ARENDS. If the other body does not take favorable action, would that possibly call for a session tomorrow?

Mr. ALBERT. It could possibly bring about a session tomorrow. But it is my opinion we will not have a session tomorrow and will not need to have a session tomorrow.

I would ask Members to stand by this evening.

CONVEYANCE OF CERTAIN PROPERTY TO CAROLINA POWER & LIGHT CO.

Mr. BONNER. Mr. Speaker, I ask unuanimous consent to take from the Speaker's desk the bill (H.R. 3840) to provide for the conveyance of certain real property of the United States to the Carolina Power & Light Co., with a Senate amendment thereto, and concur in the Senate amendment.

Mr. Speaker, this has been cleared with the minority.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 3, after line 14, insert:

"SEC. 3. The conveyance issued under this Act shall be subject to the right of the public to have free and unrestricted access to, and use of, the land and the lake thereon for boating, fishing, swimming and other recreation to the extent such access and use are consistent with the basic purpose of the lake as a source of uncontaminated water for industrial purposes."

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

THREE HUNDRED AND SEVENTY-FIFTH ANNIVERSARY OF THE LANDING OF THE LOST COLONY AND THE BIRTH OF VIRGINIA DARE

The SPEAKER. Pursuant to the provisions of House Concurrent Resolution 438, 87th Congress, the Chair appoints as Members of the joint committee to represent the Congress at ceremonies celebrating the 375th anniversary of the landing of the lost colony and the birth of Virginia Dare, the following Members on the part of the House: Mr. BONNER, Mr. SMITH of Virginia, Mr. KIRWAN, Mr. ASPINALL, Mr. JENSEN, and Mr. MAILLIARD.

PAN AMERICAN AIRWAYS HUNDRED THOUSANDTH FLIGHT ACROSS THE ATLANTIC OCEAN

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WILLIAMS. Mr. Speaker, today is significant in the history of commercial aviation. Tonight, at 8 o'clock, a Boeing 707 jet aircraft will leave the Pan American terminal at Idlewild Airport for a worldwide flight which will ultimately terminate in San Francisco.

It will be the 100,000th time that a Pan American plane will have flown across the Atlantic Ocean.

The history of commercial flying across the Atlantic dates almost as far back as Col. Charles A. Lindberg's epochmaking solo flight in 1927, the year Pan American World Airways was founded.

Within 2 years after Colonel Lindbergh's New York-Paris flight, Pan Am was actively planning a broad skyway to Europe. But flying the Atlantic "on a wing and a prayer," as the early civilian and military pilots did, was one thing. Establishing dependable, regularly scheduled air transportation for passengers across the "world's most dangerous ocean" was quite another.

Larger, safer, longer ranging planes had to be designed, constructed and tested; bases and maintenance facilities had to be established, not only in the United States and Europe, but at way stations in between; communications had to be vastly improved, and meteorology—until then largely a hit-or-miss proposition—had to be painstakingly developed into a science.

Colonel Lindbergh, as Pan Am's technical adviser, made survey flights to the Far East and Scandinavia. His Scandinavian route was not far from the one taken by the airline's west coast-Europe flights today.

The German dirigibles Graf Zeppelin and Hindenburg began flying lighter-than-air routes across the Atlantic. But this form of travel was abandoned in 1937.

By early 1939, special planes—Boeing 314 flying boats—had been built and tested for Pan Am's transatlantic service. On June 28, 1939, Pan American's Dixie Clipper took off from Port Washington, N.Y., on the world's first commercial passenger-carrying airplane flight across the Atlantic—to Marseille, via the Azores and Lisbon. Twice-a-week schedules were established. Shortly thereafter, Pan Am inaugurated service to Southampton, England via the North Atlantic route.

A Pan Am DC-4 became the first commercial landplane in over-ocean service in October, 1945. Later, the company's engineers helped develop the

Boeing Stratocruiser, the famed "double-decker" that was the last word in luxurious air travel in the late 1940's.

Then, in fast sequence, came the DC–6B's and DC–7C's—with their far larger passenger, mail, and cargo capacities. In 1958, Pan Am inaugurated American Flag jet passenger service across the Atlantic with giant, 600-mile-per-hour Boeing 707 Jet Clippers.

Today, just 23 years after the first commercial passenger-carrying flight across the Atlantic, Pan Am helps make it the world's most air-traveled ocean by operating 204 transatlantic passenger flights on clockwork schedules every week.

Mr. Speaker, Members of the Subcommittee on Transportation and Aeronautics of the Committee on Interstate and Foreign Commerce, as well as all other Members are interested in the expansion of safe, dependable air transportation. As chairman of the subcommittee, I salute Pan American on this achievement.

Mr. JARMAN. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS. I am happy to yield to my colleague from Oklahoma.

Mr. JARMAN. I want to join in this tribute to Pan Am and its 100,000th flight across the Atlantic. A great airline and an outstanding record of service.

Mr. Speaker, in 1927 Pan American World Airways was formed and the first U.S. flag international air transport operation was inaugurated. This was only the first of many steps to be taken by Pan American in thrusting our country forward to an unquestionable first place in aviation. Today Pan Am has developed into a system of jet airliners capable of transporting passengers and cargo around the world in half the time it took only a few years ago. This great airline carries our flag to all parts of the globe—no city in the world being farther than a short day's flight.

In addition to its outstanding contribution in advancing American aviation, Pan American has also been a potent instrument of national defense in times of emergency. This great airline was of tremendous value to our country in World War II, and most recently was given a frontline assignment in the cold war—to keep its planes flying between West Berlin and West Germany.

It is with real pleasure that I today pay tribute to Pan American World Airways, the patriotism and leadership of which are in the highest tradition of the Nation.

Mr. WILLIAMS. I thank the gentleman for his contribution.

VERMONT SENATOR JUSTIN SMITH MORRILL

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. STAFFORD. Mr. Speaker, today is the 100th anniversary of the passage of the Morrill Act. This act is the enduring headstone of the life of Senator Justin Morrill, of the State of Vermont.

This year, the people of the United States are paying homage to a Vermonter who exercised more influence on the history of higher education in America than any other man—he was Senator Justin Smith Morrill, the founder of our system of land-grant colleges and universites. The occasion for this observance is the 100th anniversary of the passage of the Morrill Act, which was signed into law by President Lincoln on July 2, 1862.

Morrill's bill granted each Congressman in each State 30,000 acres of Federal land, to be used for the establishment of State universities. The result is a living memorial to Justin Morrill. Today there are 68 land-grant colleges and universities in our States and territories. Here 20 percent of our country's college students are enrolled; here are granted 40 percent of all doctorate degrees; here half of all living American Nobel Prize winners received earned degrees.

These land-grant institutions differed from the usual 19th-century college in that they included in their curricula practical courses in agriculture and the mechanic arts in addition to the liberal arts and humanities. This blending of the practical and the academic was the cornerstone of Morrill's bill, and it took 5 years of persuasion and determined effort in the Congress for Morrill to make his dream a reality.

While Senator Morrill is remembered particularly as the father of the land-grant college, history records that during the 44 years he served in the Congress as Vermont Representative and Senator, he exerted a marked influence on American life and history. As a member and later chairman of the Senate Finance Committee in the critical period of the Reconstruction, he held firmly to his beliefs in a sound economy despite pressures from the "free spenders." Also, to Morrill goes the primary credit for the beautification of Washington's Government buildings and for the creation of the Library of Congress, the Smithsonian Institution, the Washington Monument, and the Hall of Statues.

EIGHTH ANNUAL CONVENTION, MASSACHUSETTS VETERANS OF WORLD WAR I

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous material.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, I insert herewith part of the remarks I made at the eighth annual convention banquet, Veterans of World War I of the U.S.A., Department of Massachusetts, Inc., at the Hotel Sheraton, Worcester, Mass., Saturday, June 30, 1962:

> It is encouraging to note that, according to the date of our national charter, we are not quite 4 years old.
>
> Although our individual ages may contradict that figure, I believe that the steadily increasing number of barracks, and the enthusiasm of our membership verify our claim that the Veterans of World War I of the U.S.A. is an organization of ex-servicemen that is youngest in age and youngest in spirit.
>
> The confident comradeship in evidence at this annual convention speaks well for the future of our outfit.
>
> As our membership is restricted exclusively to those who served in 1917–18, the Veterans of World War I of the U.S.A. is now the senior veterans organization.
>
> In that position of leadership, we have responsibilities, not only to the survivors of the 4 million who served with us, but to the whole veteran population; members, dependents, and widows.
>
> In this connection, I think that we should investigate the rumor that the Veterans' Administration is studying the advisability of further curtailing its contact office service.
>
> At the beginning of 1962, 161 full-time offices throughout the United States were closed down. In their place, a few contact officers were required to ride the circuit, spending 1 day a week in a specified city, the second day in another city, and so on.
>
> This economical arrangement is unfair and burdensome to the veterans and the contact officers.
>
> I have seen disabled veterans and widows climbing the 30 steps to the second floor of a post office in my district, which is an effort for the older ones, and then obliged to wait in line for their turn to get advice or assistance.
>
> I have also seen hard-pressed contact officers so busy that they were unable to take a half-hour break for lunch until 2:30 or 3 p.m.
>
> Now we hear through the grapevine that even this rationed service is to be cut still more. If this should happen, disabled veterans and widows will be up against a real inconvenience and hardship, in traveling many miles from their home communities to Boston, Springfield, or the few other contact offices that will be left. We depend upon the vigilance of veterans' organizations to prevent a curtailment of essential services to their comrades.
>
> The resolutions passed by this convention cover subjects ranging from veterans' legislation to programs and policies concerned with the security and progress of the Nation.
>
> We would be less than candid if we did not assert that our primary interest is the fraternity of World War I veterans.
>
> We founded a national organization of our own, nearly 40 years after the end of that war, and we did so out of sheer necessity.
>
> As we approached the age of retirement and compared the treatment accorded World War I veterans with the benefits enjoyed by the veterans of other wars before and since, it was clear to see that if we didn't organize we would go down in history as the one veterans' group that did not stand up for its rights.
>
> Our drive to win a pension expresses our unity and our determination to be recognized. Otherwise, the identity of World War I, and what it meant to us, would be absorbed and lost in other organizations whose membership is not limited to those who served in a national emergency that ended almost 44 years ago.
>
> That experience would have meant nothing if it failed to develop an enduring comradeship among the veterans of World War I.
>
> We make no secret of the fact that the pension is our main objective but to those who say that it is our only goal, we point to the active participation by hundreds of barracks in the civic, social, and patriotic life of their respective communities, and the feeling of pride that our members have in belonging to the Veterans of World War I of the United States.

Some of our members would not be eligible for a pension under the terms of the bill because their incomes are above the qualifying ceiling. But, in the true spirit of comradeship they are working hard for this bill, for the protection of those who do need a pension.

Opponents of this legislation have tried to mislead the American public into believing that we seek a "blanket" pension * * * for those who do not need it * * * as well as for those who do.

But this argument is not having its intended effect.

More and more Members of the House of Representatives are signing discharge petition No. 4. Only a handful more and we shall have the 219 necessary to force the bill out of committee and to a vote.

H.R. 3745 is a reasonable bill.

It would provide a monthly pension for those of our comrades with disabilities, and who are unemployable.

In relation to the cost of living and the Federal budget, its benefits would be less than pension benefits paid to veterans of previous wars.

We do have income limitations in our bill * * * in contrast to the absence of such limitations in pensions paid to Spanish War veterans, and previously, to the veterans of the Civil War.

We know we are fighting for a good cause * * * backed by right and precedent * * * to provide for older veterans who have pitifully small social security benefits or other forms of income to support them in their later years.

This could be * * * the year of decision.

As the goal is within sight, the veterans of World War I and their ladies auxiliary * * * Department of Massachusetts * * * must keep in contact with their Senators and Congressmen to insure rollcall support.

We want a pension for our deserving comrades but we do not exist as an organization for that purpose alone.

We honor and perpetuate the memories of our service in 1917–18 for the sake of the Nation, and for the sake of our loyalty to one another.

TARIFF ERAS

Mr. BONNER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks, and include an editorial.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BONNER. Mr. Speaker, I desire to call to the attention of the House a most enlightening editorial that appeared on Saturday of last week in one of the Washington, D.C., papers. This editorial deals with the Smoot-Hawley Tariff Act of 1930, the Tariff Act that bankrupted this country. It reduced the imports from $4 billion to $1.4 billion, and dropped our exports to $1.6 billion from $4.6 billion.

Mr. Speaker, it is my opinion that this editorial is the greatest argument for the Reciprocal Trade Act, the act that the Congress continued last week, that I have read recently in any of the periodicals of America.

Mr. Speaker, I include the editorial at this point in the Record.

The editorial referred to follows:

Tariff Eras

Passage of the administration's foreign trade bill in the House was achieved by such a lopsided vote and after such a halfhearted opposition that its approval by the Senate and the inauguration of a new era in American tariff policy now seems almost certain.

The old high-protectionist policy that repeatedly triumphed in Congress after the Civil War came to an end in 1934 with the passage of the Reciprocal Trade Act. Protectionism had been pushed to bankruptcy by the Smoot-Hawley Tariff Act of 1930 under which imports had declined from $4 billion to $1.4 billion while exports had dropped from $4.6 billion to $1.6 billion. The Roosevelt administration's tariff program, authorizing tariff cuts of 50 percent in existing rates, by agreements with other countries, went into effect in 1934. The powers of the Reciprocal Trade Agreement Act have since been renewed 11 times. The course of foreign trade has vindicated the theory put forth by Secretary of State Cordell Hull. Exports by 1960 had risen to more than $20 billion and imports to nearly $15 billion.

Tariff reductions brought about in the Reciprocal Trade Act era from 1934 to 1960 have been dramatic. When the first act was passed there were imports of $1.7 billion a year of which $627 million were taxed with duties up to 50 percent. In 1959, imports of $15 billion were admitted with taxes on 61 percent of the trade at an average of 11.5 percent.

The bargaining power of the old law now is about spent and new authority is needed if tariff reduction principles of the past 30 years are to be allowed to work their continued improvement in foreign trade. The broad powers given the President in the new bill will permit the Government to pursue these gains further. In the face of the record it is a wonder that there is any remaining opposition to the prudent reduction of tariffs or any survival of the old high-protectionist myths and dogmas.

When the Reciprocal Trade Agreement Act was being debated in 1934, tariff reformers warned that America must choose between its economic isolation and a revival of trade. The vote in the House suggests that at last it has chosen. Passage in the Senate will confirm the choice. In the 32 years since the passage of the Smoot-Hawley bill, there has been a revolution in American thinking. The House action suggests that the possibility of a counter revolution has just about ended. The rate of change may have seemed slow to those who have struggled to bring about 11 renewals of the Reciprocal Trade Act and the passage of this new measure. Still, it is doubtful if any other system of government could have achieved more efficiently and smoothly so profound an alteration of economic views tenaciously held by overwhelming majorities in Congress just 30 years ago.

CARE OF AGING UNDER COMPULSORY TAX

Mr. HALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HALL. Mr. Speaker, reports in the press indicate that our colleagues in the other body have discovered a "shortcut" in the legislative process which, if it serves as an example on all other measures, should enable that body to conclude its legislative duties in time to adjourn by Independence Day, and permit the Senators almost unlimited time for campaigning. On the other hand, I would hope and pray that it undergoes the same fate, as did similar tactics on the administration's bill for a Department of Urban Affairs and Housing.

I refer to the fact that the Senate apparently intends to act on the controversial subject of care of the aging under compulsory social security tax, without even going through the motions of hearings by appropriate committees. It will add this on as an amendment to H.R. 10606.

Just last week, the distinguished Speaker of the House suggested that a motion to recommit the trade bill would be an expression of lack of confidence in the House Committee on Ways and Means. If that be the case, what words could be used to adequately describe this impending Senate action, which not only would have the effect of bypassing the House Committee on Ways and Means, but would even bypass the appropriate Senate Committee on Finance, which normally considers social security tax legislation.

It is almost inconceivable that an issue involving billions of dollars, and the whole course of medical, hospital, plus ancillary care, for the Nation would be considered under such conditions.

If this legislative course is pursued in the other body, it means that Members of that body will be asked to vote on an important issue without the benefit of hearings or committee reports.

Also such a procedure would jeopardize the bill—H.R. 10606—passed in this body to improve public assistance and child welfare programs including ADC. I realize the practice of attaching controversial legislation to matters which at the very least have had the benefit of considered judgment, is not uncommon in the Senate. But though it may not be uncommon it certainly is a drastic shortcut in due process of legislation.

The so-called compromise includes all and the most objectionable feature of the administration's original proposal the reliance on a compulsory system of medical care under social security taxation.

It includes a hastily drawn provision to extend coverage to the estimated 3½ million people over age 65 who are not now under social security. Yet, it does this with virtually no consideration for the vastly increased cost of such coverage, and without the benefit of competent testimony to indicate the actuarial basis or soundness for such a political decision. Besides, I would remind the House that it has never been proved that people have suffered from lack of care when truly in need, thanks to American hospitals, doctors, and nurses.

Furthermore the Potomac air is thick with reports that the administration is soon to recommend a substantial tax decrease to head off the recession which may be looming following the Kennedy crash of the stock market. Some of the same Senators who have reached the compromise have also been the leaders in suggesting a tax cut. Yet their new cure-all for what ails the administration-pressured medicare bill is, in effect, to recommend about a $2 billion increase in payroll deduction and employer contributions under social security.

Many times, the administration has been accused of the right hand not knowing what the left hand is doing. In this case, it not only knows, but obviously endorses, two opposite courses of action.

The sound arguments that have prevailed against the King-Anderson bill are equally sound now. The Kerr-Mills bill has been in effect only a little over 18 months and more and more States are embracing it or actively considering enabling legislation.

The arguments in favor of giving the Kerr-Mills bill a chance to operate are as valid today as they were a few weeks ago when it became obvious that the King-Anderson bill was doomed to oblivion.

The new compromise in no way reverses the sound arguments in favor of State responsibility and constitutional rights.

I would sincerely hope, that if the Senate does not tidy its own house by killing this monstrosity of legislation in its incipiency, that this body will maintain its prerogatives and respect for due process, by refusing to accept same.

CENTENNIAL OF THE MORRILL LAND-GRANT ACT

Mr. ALBERT. Mr. Speaker, today marks the centennial of the enactment of a law which has had significance beyond the dreams of even its most ardent supporters. One hundred years ago, on July 2, 1862, President Abraham Lincoln signed the Morrill Land-Grant Act, proclaiming his faith in the future of these United States. In the darkest days of the Civil War, following a major defeat of Union forces, the Great Emancipator freed generations of unborn Americans from the bondage of ignorance. Opponents contended the Nation could not afford money for education when it barely could afford to finance a war, but President Lincoln directed an investment which has been returned a hundredfold in an enlightened populace.

The Morrill Act sought to create a new concept for American education—that every person capable of benefiting from higher learning should have the opportunity to pursue it. Prevailing European tradition prescribed the availability of education only to the aristocracy, based on wealth, class, or profession. Fledgling American democracy demanded an educated electorate, capable of self-government. Thomas Jefferson recognized the importance of mass education for the success of our noble experiment when he told William Jarvis:

> I know of no safe depository of the ultimate powers of the society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion by education.

The Federal Government first recognized its basic responsibility to provide this mass education by adopting the Northwest Ordinance which antedates the Constitution itself. Three-quarters of a century later, the distinguished Senator from Vermont, Justin Smith Morrill, authored a bill to further the Nation's educational aims.

The legislation proposed the creation and continuance of at least one college in each State with the principal object of teaching in areas related to agriculture and the mechanical arts. It specified that scientific and classical studies should not be excluded from the curriculum. Rather, it sought "to promote the liberal and practical education" equally for all capable of receiving it.

To accomplish these purposes, each State received a grant of 30,000 acres of Federal land for each of its Senators and Representatives in the Congress. Income from the sale of the land was to endow and maintain the college.

Today there are 68 of these land-grant institutions in all 50 States and Puerto Rico. One out of every five college students attends a land-grant school. Of the 40 living American Nobel Prize winners who were educated in this country, nearly two-thirds of them received degrees from these colleges and universities.

The philosophy of today's land-grant institution is threefold: teaching, research, and extension.

The basic and most important function of any educational institution is the transmission of knowledge. The land-grant schools still view their mission as the preparation of citizens who are able to participate fully in the activities of a democratic society.

Nearly half our Nation's Reserve officers receive their training in land-grant colleges and universities. They are a vast reservoir of public schoolteachers. Governmental agencies draw heavily on their graduates for qualified personnel to administer a wide variety of programs. These schools confer approximately 40 percent of the total doctorate degrees and all in agriculture. They grant one-half of all doctorates in the sciences, engineering, and health professions, and one-fourth of all in arts and languages, business and commerce, and education.

Their success in research has been even more spectacular. A land-grant institution is credited with developing the first cyclotron. The lifesaving drugs, streptomycin and dicumarol, were discovered in land-grant universities. Many industries, including television, owe their beginnings and growth to the pioneering research conducted in these schools.

The extension programs of the land-grant institutions play a major role in expanding and disseminating knowledge. True to their original purpose and working in conjunction with the U.S. Department of Agriculture—which also celebrates its centennial this year—these schools operate a vast network of services to the American farmer which have helped advance our agricultural efficiency to a level the world has never before known. In addition to the agriculture experiment stations which research specific problems, the extension service provides general advice and assistance, helping farmers to utilize new techniques and developments.

Extension work is not confined to agriculture. The principle of continuing adult education is implemented through night classes, workshops, seminars, and correspondence courses.

Oklahoma is particularly fortunate to be one of the few States which has two land-grant institutions, Oklahoma State University and Langston University. In the past decade, Oklahoma State has initiated a number of major educational programs, including a national program to improve the teaching of mathematics and science in high schools; first in Oklahoma and later in other States, a field program to enrich high school science studies; development of the Oklahoma Junior Academy of Science, offering high school students an opportunity to display their experiments publicly; and creation of the Oklahoma High School Institute which encourages youngsters to enter engineering and science as careers. A major accomplishment was the establishment of an agricultural college in Ethiopia, extending the land-grant ideas of education to Africa and Asia. Home economists and industrial technicians are being trained in east and west Pakistan. OSU is making an important contribution to the growth and progress of Oklahoma while furthering the international aims of American policy.

Langston University is smaller than Oklahoma State but performs the same vital functions in its area. Its faculty members have received special recognition in the arts and the university itself has received honors in many fields. As its enrollment expands, the school restructures its curriculums and services to meet new demands.

A particularly useful program has been the training courses in trades and industry below the degree level which prepare students for practical employment in their respective fields.

If we apply the Biblical adage, "By their fruits you shall know them," to the land-grant program, we see a harvest of contributions to America—able, well-trained minds; technical and scientific advances; and the conservation, expansion, and dissemination of knowledge. The National Manpower Council report called the Morrill Act "the most important single governmental step in connection with the training of scientific and professional personnel." The Hoover Commission hailed it as "the most effective grant-in-aid ever made by the Federal Government." This cooperative Federal-State effort to meet a national responsibility was unique in its day, and it has continued to be effective down through the years.

We salute these institutions on this, their centennial day, together with the faculties and students who implement their purposes. We commend the centennial committee and the distinguished educators who have participated in the planning of this observance. Above all, we thank the men and women who have devoted their lives to building America's educational foundation. May we continue in future centuries to reap the benefits of their vision and dedication.

May I also add, Mr. Speaker, that Oklahoma has backed up her great land-grant colleges with a group of fine junior agricultural and mechanical colleges, including Eastern Oklahoma A. & M. and

Murray College in my district. Colleges of this type have an indispensable place in our growing system of public education.

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, it is my privilege to represent the Second Congressional District of Indiana which can proudly claim one of the greatest land-grant colleges in the Nation—Purdue University, located at West Lafayette.

As the Nation observes the 100th anniversary of the act, signed by President Abraham Lincoln on July 2, 1862, I am happy to offer a few comments on the history of Purdue University and to recite a few of its many distinguished accomplishments.

The Indiana General Assembly formally accepted the Land-Grant Act in 1865, but it was not until a long and democratic debate over where the college should be located that the issue was finally settled.

At a special session of the assembly in 1869, the legislators accepted an offer from John Purdue and other citizens of Tippecanoe County. Mr. Purdue pledged $150,000 from his own resources to which others added $50,000.

In September 1874 a faculty of 6 opened classroom doors to 46 students.

Today more than 16,000 young men and women study at the campus in West Lafayette and thousands more attend classes at Purdue centers in Fort Wayne, Hammond, Indianapolis, and Michigan City.

Purdue University, whose motto is "Within its chosen field Purdue must lead, not follow," grants more bachelor's degrees in engineering than any other university in the country.

Beyond that, Purdue stands near the top in the number of engineering master's and Ph. D. degrees it awards.

Its agricultural students take their places every year in the Nation's economy producing and distributing food and fiber products. They and other land-grant agricultural graduates help to make Americans the best fed and best clothed people in the world.

With their military training, Purdue students become better fitted to protect us all. Some of these men complete advanced courses, are commissioned, and enter active duty in the Army, Navy, and Air Force.

Every year Purdue receives several million dollars for research from many sources. Monetary returns to the Nation through such research amounts to many times the cost.

The contributions of research engineers mean that we all benefit from smoother and safer highways, more efficient automobiles and home appliances, well lighted and more comfortable homes, cleaner and more sanitary cities. The Nation does its business faster and more efficiently with better aircraft and electronic machines, products of pure and applied research. The land is protected by rockets and missiles which history has forced these men to develop.

Engineering educators through the University Extension Administration offer credit and noncredit classes, short courses and conferences, clinics, and lectures. They discuss their latest technical information in publications available to the public.

Purdue's agricultural scientists, home economists, and veterinary scientists, through the Agricultural Experiment Station and Agricultural Extension Service, work in fields and in laboratories, in homes and factories, and on farms, creating new knowledge, evaluating it, and passing it on to all who are interested.

The discoveries of agricultural researchers directly benefit all. For example, agricultural economists estimate that perhaps $30 million is added every year to the income of Indiana farmers who use hybrid corn varieties developed in Purdue laboratories.

Rural citizens learn of new agricultural discoveries through the Agricultural Extension Service. Each year men of this service in the field and in the home reach more than 107,000 farm families and 90,000 boys and girls in 4-H.

Hundreds of thousands of people every year request some of the 1,300 different publications on agricultural and home economics subjects available from the Agricultural Information Office.

Mr. Speaker, in its history of nearly nine decades, Purdue University can look back on many accomplishments.

Purdue was first to reproduce a black-and-white television picture—1931; demonstrate the electrical behavior of germanium and silicon which led to the development of the transistor—1942; establish standards for iodine 131 and sodium radiophosphate used in the diagnosis of disease and treatment of cancer—1954; develop an electronic device to evaluate the amounts of fat and lean in live animals—1954; operate a standard broadcasting station in Indiana—1922; develop a practical process for vapor phase nitration of natural hydrocarbon compounds. This has led to new detergents, insecticides, and dyes—1930; test a full-scale locomotive in a laboratory—1891; use a DeLaval steam turbine for instructional purposes—1895; and own a university airport—1931.

I am confident that in the years to come Purdue will make many more significant contributions to the well-being of our great country.

Mr. HARVEY of Indiana. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. Mr. Speaker, as a graduate of that institution, I am happy to join with the gentleman from Indiana in observing this 100th anniversary of the act.

Mr. AVERY. Mr. Speaker, today marks the centennial of the signing by President Abraham Lincoln of the Morrill Act establishing the land-grant system of public higher education. And with this act began a new chapter in our history in the development of our outstanding system of higher education. The land-grant colleges, as they grew, placed great emphasis on professional or specialized education, seeking to meet the needs of a people just learning how to apply the discoveries of science and advancing technology for the benefit of all.

As we pay tribute on this 100th anniversary, it is with pride that I note that Kansas State University, Manhattan, Kans., was first to be designated by the State legislature as a land-grant institution. Today there are 68 colleges, at least 1 in each of the 50 States and Puerto Rico, designated as land-grant institutions; and while they number less than 4 percent of the Nation's colleges, they enroll about 20 percent of the Nation's undergraduate students. The schools grant nearly 40 percent of all doctoral degrees in every field of study. They confer about one-half of all doctorates in the sciences, engineering, and in the health professions, and all of those in agriculture.

The influence of the land-grant institutions extends into the homes and working lives of all Americans and of peoples around the world. Streptomycin, the drug used for control and treatment of tuberculosis, was discovered at a land-grant university. Another school is responsible for developing dicumarol, the chemical substances from sweet clover that prevent clotting of the blood.

The land-grant institutions train almost half of all Regular and Reserve officers of the Armed Forces through ROTC programs.

The efficiency ratio of the farmworker, the highest in the world, is in a large measure the result of work done by State agricultural experiment stations located at land-grant institutions.

Kansas State University is a typical example of the growth of the institutions. On February 3, 1863, the Kansas Legislature accepted the provisions of the first Morrill Act and received 97,632 acres of land to be sold and the proceeds used to help establish a college to teach agriculture and mechanic arts.

Under the Land-Grant Act of 1862, a grant of 30,000 acres of land was provided each Senator and Representative in Congress, the land to be sold and proceeds invested, the income used to establish and endow, as Justin Morrill, prime mover in Congress for the act, defined:

> At least one college [in each State] where the leading object shall be, without excluding scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and mechanic arts.

Further Kansas legislative action accepted the property and buildings of Bluemont Central College in Manhattan, Kans., from the Methodist Church as the site for the new agricultural institution. On February 16, 1863, the new college was formally established. It began operations with 52 students. Today there are more than 8,000 students.

Kansas State was one of the first colleges to organize a "domestic economy" program with lessons in sewing and instruction on applying chemistry to food in 1873, as well as one of the first land-grant institutions to offer a number of courses in agriculture and to open a school of veterinary medicine.

To me it is significant the outstanding record achieved by the land-grant colleges has been accomplished with only a minor part of the income formed by Federal funds. It is approximated that of the expenses for on-campus instruction, of all the institutions, the Federal Government contribution is only about 3 percent. For agricultural instruction, which includes the extension division, the Federal help is about 25 percent of all funds expended.

It is most encouraging that the land-grant educators during this centennial year are looking to the future with the aim of doing everything possible to open even wider the doors of the colleges to the increasing number of students. The philosophy of the Land-Grant Act that public higher education is of primary benefit to the society that supports it should be encouraged and fostered. This is a wise centennial challenge for the years ahead.

Mr. ASPINALL. Mr. Speaker, I desire to take only a minute to join with my colleagues in marking the occasion of the signing into law of the Land-Grant College Act 100 years ago today. On May 28, one of the land-grant colleges, the University of Alaska, bestowed upon me the honorary degree of doctor of laws; and I took the opportunity on that occasion to speak at greater length concerning the development and accomplishments of the land-grant college system. The remarks I made at that time were inserted by my good friend, Senator Bob Bartlett, in the Congressional Record for June 11, 1962.

Nonetheless, as chairman of the Committee on Interior and Insular Affairs which has jurisdiction of our public lands, and as a Representative from a public land State, I could not miss this additional opportunity to refer Members to some facts of history while commemorating this centennial observance.

In bringing my views to the attention of the House, I also want to point with pride to our land-grant college in the State of Colorado: Colorado State University at Fort Collins, Colo. Authorized originally as an agricultural college, it was opened to students in 1879. Today we have a university with over 6,500 degree-credit students in all phases of education, of whom over 1,100 are engaged in graduate work.

I think we should always remember the basis of opposition to the Land-Grant Act and the reasons set forth by President Buchanan on February 24, 1859, when he vetoed a land-grant bill. The arguments raised at that time are the same ones that we hear today in a different context:

First, we could not afford the cost. Here is an argument that is continually advanced by those who do not have faith in America. Forward-looking people with vision—and I do not mean starry-eyed dreamers, but real practical people—have never hesitated to endorse and vote for programs that in themselves would provide incentive for new expansion and greater progress for the United States.

Another familiar tune concerned the question of States rights and the relationship between the central Federal Government and the various States. I do not think it is necessary to do more than mention this timeworn rallying point for opponents of programs that the Federal Government must undertake because they would not be accomplished otherwise.

One last reason given by President Buchanan among his many objections deserves note: this is the charge of giveaway. The Presidential message said that the right to dispose of the property of the United States did not embrace the idea of giving away the property. He was also fearful that the State governments would be led to extravagance, if not to corruption, because these grants would remove the requirement that the States raise money for their needed purposes through taxation. What is obtained easily and without responsibility will be lavishly expended, he said.

I must again take this opportunity to point out that the grants of land for establishment of a college system were not part of a giveaway. So, the objection and the fears were not well-founded. But again, the important thing is that the fears stem from a lack of faith in America. America is where it is in the world because of its people and unless we continue to have faith in the people to exercise discretion we cannot have faith in self-government. I therefore remind my colleagues to examine objections that are raised on this floor to solutions offered to the problems of the 1960's to see whether those objections are not based on the same foundation as the objections of the 1860's. Remember that if we do have faith and confidence, given the tools with which to do the job, the people of America will continue to move forward.

Mr. WICKERSHAM. Mr. Speaker, in the year 1896, some 11 years before Oklahoma was admitted as a State in the Union, a small class of six men was the first to graduate from Oklahoma State. The graduation of this first class has great significance for us today for that event is a part of the dynamic history of Oklahoma State University—one of the 68 land-grant colleges and universities in America. As we pause from the routines and business of this House Chamber to participate in the observance of the centennial anniversary of the signing of the Morrill Land-Grant College Act of 1862. I consider it appropriate to review some of the highlights of the Oklahoma State University which was established under this legislative provision.

The territory of Oklahoma received some 350,000 acres in Federal lands in 1890 when it accepted the Morrill Act. The sale of these lands yielded $835,637, the income from which was used for the establishment of a land-grant institution of higher education. The purposes of this new school were those embraced by the enabling Federal legislation:

> Without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts * * * in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life.

Oklahoma State University like other land-grant institutions of that early time was to be established as a college open to all capable individuals who might wish to digress from or could not afford the classical education then currently offered.

Oklahoma State was located in the town of Stillwater, much to the delight of that town's citizens.

One history of the university reports:

> The first Territorial Legislature of Oklahoma established the university at Stillwater, the act becoming effective on Christmas Day, 1890. Two hundred acres of land for the university farm were a condition of the location and these acres were donated by the farsighted citizens of Payne County.

The university land donated by the county citizens is reported to have been untouched by plow or other implements, with the exception of about 16 acres. It is further reported that "Most of the good people of Stillwater helped the first experiment station director burn off the tall grass that hid the corner markers of the property; and, assisted again when the first furrows were turned on the 2d day of December 1891. At this time in the history of the school, the faculty consisted of the president, the experiment station director, and four professors. On opening day, the school enrolled 45 scholars and began instruction in the bare, makeshift classrooms which look suspiciously like the Congregational Church in Stillwater.

Today, 100 years after the signing of the land-grant college legislation and some 72 years after the establishment of Oklahoma State, the university has a main campus consisting of 150 acres on which 40 buildings are located. University students participate in courses of study in eight main divisions or colleges as well as at university branches at Oklahoma City and Okmulgee. Students may earn undergraduate B.A. or B.S. degrees in one of 73 major fields of study. The M.A. degree is offered in 60 fields, and the Ed. D. and Ph. D. degrees may be earned in 31 different fields. The programs of the university are truly manifold and afford diversified education and training—in keeping with these exciting times of new frontiers.

Moreover, the university has extensive provisions for its three divisional agencies—an agricultural experimental station, an engineering research division, and a research foundation. There is also an extension service which reaches each of the State's 77 counties. It is reported, for example, that experiment station programs embrace more than 100 scientists and some 60 graduate students annually. The university is currently engaged in 300 experimental projects, several of which are cooperative with the U.S. Department of Agriculture. It is further reported that research is conducted at a 6,500-acre animal research station at Fort Reno, a 920-acre veterinary research station at Pawhuska, and parts of the 20,000 acres of the university-owned Lake Carl Blackwell property.

I know, of course, that the Oklahoma State University is not unique in its programs of education and training and its opportunities for research and discovery. The record of this fine university is reflected by each of our land-grant colleges and universities among the several States and the territory of Puerto Rico. It is no wonder to me that these 68 institutions, which enroll about 20 percent of the college population, grant over 40 percent of the doctoral degrees in all subjects. Neither do I find their collective records of development and discovery amazing. The fact that 24 of the 40 living U.S. Nobel Prize recipients were educated at land-grant institutions is only further evidence of the accent these schools give to freedom for development up to one's maximum potential and talents.

In my opinion it is only right that these colleges and universities resulting from cooperative National-State efforts in behalf of the higher education of our people have promoted diversification of approaches to study, research, and association which enable individuals to respond most capably to the changing demands of the Nation. America—which has dared to pioneer in the establishment of a society founded upon basic tenets of individual freedom and citizen responsibility for Government—should, quite naturally, also have pioneered in the realms of expanded educational opportunities. I am in full agreement with the thought that through, first, on-campus programs for undergraduate education; second, an emphasis upon practical education without excluding the traditional; and third, an emphasis upon basic and applied research as a part of the total university program, land-grant institutions represent a trilogy of American ingenuity.

It remains the serious duty of the American people, however, to constantly and diligently evaluate educational opportunities for capable people. Only if we accept this responsibility can we hope to preserve not only our land-grant institutions and their splendid records of progress, but, in fact, our total free society. In the course of evaluation and the formation of future directions for land-grant colleges and universities, it is important that their fundamental aims never be forgotten—to teach, to find, to tell, to serve; higher education could have no greater goals.

Mr. STEED. Mr. Speaker, it was 100 years ago today that President Abraham Lincoln gave a typical example of his far-reaching vision by signing into law the Morrill Land-Grant Act. The War Between the States was in its second year, and on that very day all prospects of a short and relatively less costly conflict were suddenly gone. The armies of the Union, having met their worst reverses thus far in the giant 7-day battles, were in retreat, their apparently successful campaign against Richmond unexpectedly wrecked by the brilliant strategy of Robert E. Lee.

President Lincoln could not know that it would take 2 full years of war to recover a position so advantageous to the cause of the Union, but he was carrying all the burden of the continuous news of defeat and dangerous withdrawal.

Amid this immediate peril he found the power to turn to the vitalization of a long-range program that would remold American higher education and help make a brighter life for all parts of the Nation—North, South, and the West that was still only partially realized.

Much of the credit goes to Congressman Justin S. Morrill, of Vermont, who for years had battled for a program of Federal land-grant colleges and who had piloted the bill through the 37th Congress.

The measure encouraged the founding of at least one land-grant college in each State by granting to the State 30,000 acres of land or its equivalent in scrip for each of its Congressmen. The land or scrip was sold to provide a permanent endowment for the colleges established.

The institutions thus established were to "promote the liberal and practical education of the industrial classes in the several pursuits and professions of life." In the years that followed they helped to eliminate the concept of a narrow program of classical studies which, cast in Europe, still beset American education in 1862.

Eventually, 68 institutions were established under this program. Oklahoma is one of the few States to have two—Oklahoma State University at Stillwater, and Langston University at Langston, both located in the Fourth Congressional District which I represent.

Oklahoma received 350,000 acres of land for the program, and they were sold for $835,637. Most of the lands involved were in the northwestern counties of the State and the Panhandle.

Oklahoma State University, which was Oklahoma A. & M. College until 1957, was authorized by an act that took effect on Christmas Day, 1890, in only the second year of Oklahoma Territory. The people of Stillwater donated the 200 acres for the territorial farm as required by the enabling act. When classes were opened in 1891 there were 45 students. Now, 70 years later, there are more than 10,500 on the main campus. Another 1,500 are being trained at Okmulgee Tech.

The campus now contains 40 buildings valued at some $50 million, and adjoining it are the 1,420 acres of the Oklahoma State University farms. The architectural style of the structures has been developed in a single plan inspired by the late Dr. Henry G. Bennett, distinguished president of the institution for more than 20 years. It was Dr. Bennett who established President Truman's point 4 program and pointed the way for the more constructive features of our foreign aid system.

His successor, Dr. Oliver S. Willham, has guided the university through the expansion of the last decade. The swift growth of the educational system is illustrated by the fact that Oklahoma State University awarded some 19,000 degrees in the decade 1950-60, while in the previous 60 years of its existence the total number awarded was only slightly larger—23,000. This recent upsurge in the development of the university, as Dr. Willham has described it, indicates what lies ahead.

Oklahoma State today is organized into six undergraduate divisions—agriculture, arts and sciences, business, education, engineering, and home economics. In addition are the graduate school and the school of veterinary medicine.

Research activities are carried on in three great agencies: the agricultural experiment station, the engineering research division, and the research foundation. The laboratory of radioisotopes and radiations is a cooperating group for peacetime use of atomic energy.

The experiment station finds more than 100 scientists and about 60 graduate students annually engaged in 300 active experimental projects, some of them in cooperation with the U.S. Department of Agriculture. Sixteen special stations in various parts of the State, six of them operated jointly with USDA, contribute to the work.

Among the achievements of the experiment station are many original contributions. It has developed methods of using Oklahoma feeds to produce high-quality meat animals. It has invented a brush-type cotton plant stripper, and its discovery that cottonseed meal is not poisonous to livestock enable the feeding of the meal to livestock in unlimited quantities.

The engineering research division conducts sponsored projects for private industry, the State and Federal Governments. Its engineers discovered a method of tracking tornadoes, invented the parking meter, and also compounded the formula used in asphaltic concrete pavements.

The research foundation conducts projects in areas not covered by the other two research agencies. Some 100 faculty members and graduate studies are active in this research annually.

Through the Agricultural Extension Service, Oklahoma State University reaches all of the 77 counties of Oklahoma with the latest information on better farming and homemaking practices. Its 4-H program, with annual membership of 75,000 boys and girls, is a guidepost for helping to develop responsible citizens.

This year the overall budget for Oklahoma State University exceeds $20 million. The sources of revenue are general revenue funds of the State; Federal appropriations, especially for the agricultural experiment station and the agricultural extension service, and student fees, contracts, gifts and loans.

Oklahoma State works overseas through the agricultural education program it is carrying on at the invitation of the Federal Government and that of Ethiopia in east Africa and through its home economics and technical education institutes in Pakistan.

Langston University, whose new president, Dr. William H. Hale, is in his second year of service, has a history of service dating back to 1897. Events there have been ably described in the following article, which appeared in the Chicago Defender April 14:

Langston University Beginning New Era

> Langston University has begun a new era of service under the dynamic leadership of its 10th president, Dr. William H. Hale, the first alumnus to serve in this position. Dr. Hale succeeded Dr. G. L. Harrison who had served the institution as president for 20 years when he retired August 31, 1960.
>
> The institution was established March 12, 1897, by an act of the Territorial Council of Oklahoma as one of the State's land-grant institutions. It is 10 years older than the State of Oklahoma and was named for John Mercer Langston, an outstanding Negro of the 19th century who served in the U.S. Senate and was first dean of the Howard University Law School.
>
> Langston University is a member of the Oklahoma State system of higher education, 1 of the 18 institutions of higher education supported by the State and is opened to all qualified students. Langston is accredited by the North Central Association of Colleges and Secondary Schools and is a member of the Association of American Colleges and the American Association of Colleges of Teacher Education.
>
> The institution is organized into five major divisions, each of which confers the bachelor's degree; namely, agriculture, arts and sciences, education, home economics, and mechanical arts.
>
> A communications laboratory for the teaching of modern languages was set up this year, representing the newest innovation in the teaching of languages. Recognizing the major importance of reading ability to success in college, the institution has also set up this year a development reading laboratory with modern equipment and staff with a view toward rapidly raising the reading levels of students who can benefit from this type of service.
>
> The institution is approved by the U.S. Department of State for the exchange of foreign students and recently signed a contract with the Department of State's Agency for International Development to participate in the training program for foreign students. At present the Langston University student body includes students from over 20 States and 2 foreign countries.
>
> Since the institution was founded, it has conferred bachelor degrees on more than 3,500 students. In addition, more than 2,700 persons have completed terminal trade courses offered by the university.
>
> Many of the institution's graduates and former students are outstanding leaders in various fields throughout the Nation. The university has a unique distinction of providing presidents of two land-grant colleges: Dr. John T. Williams, of Maryland State College, and Dr. William H. Hale, of Langston University.

Oklahoma State and its neighbor, Langston, typify the Nation's land-grant universities today. Numbering less than 4 percent of the institutions of higher learning, they care for 20 percent of the undergraduate students. They train almost one-half of the Regular and Reserve officers under the ROTC program.

Dr. Allen Nevins, famed historian, has well put the functions of these institutions for the future of our democracy:

> They have a prime function, that is, in contributing to equality of opportunity, giving every ambitious person, young or old, rich or poor, well trained or ill trained, a chance adapted to his gifts; helping people move freely from position to position, from rank to rank.

As Dr. Willham has put it:

> Education is our primary aim, experience is our example, and change is our continuing challenge.

By meeting it, the land-grant institutions will fulfill the ideals of Jefferson as expressed in his letter to C. C. Blatchly in 1822, as true now as ever:

> I look to the diffusion of light and education as the resource most to be relied on for ameliorating the condition, promoting the virtue, and advancing the happiness of man.

Mr. REIFEL. Mr. Speaker, today marks the 100th anniversary of the Morrill Land-Grant Act. In 1889, when South Dakota was admitted to the Union, the enabling act provided 120,000 acres of land for the support and use of the agricultural college which had been established at Brookings, Dakota Territory, 1881. Thus it was through the provisions of the act which we are commemorating today that my alma mater, South Dakota State College, was assured of a secure future and continued existence.

We in South Dakota are proud of the contributions through research and study which our land-grant college has made to agriculture and to an improved way of life for millions of Americans. We are pleased to join in the commemoration of the 100th anniversary of the act which made it all possible—the Morrill Land-Grant Act of 1862.

HIGHER EDUCATION COMES TO THE DAKOTA SETTLER—THE MORRILL LAND-GRANT ACT

Mr. Speaker, in the year 1862, South Dakota had not yet been admitted to the Union. It had just become a territory—Dakota Territory—with Yankton, a trading post on the Missouri River, as its first capital. President Abraham Lincoln had just sent the first Territorial Governor west to the settlers gathering along the Missouri, James, and Big Sioux Rivers. The vast grasslands were still the domain of the Sioux Indian tribes and the herds of buffalo, antelope and other wild game still roamed at will over the virgin lands.

It would be a long time before the Dakota Territory would stand on its own. For many years it would remain as the last great American frontier. The war in the East, which would continue to divide the Nation for 3 more years, had slowed the westward expansion. The country's young men were being called to the colors. Before the great conflict between the North and the South had broken over the Nation, many families had gone west, but they had stopped in the still sparsely populated lands of Iowa and Minnesota, fearful of venturing farther into the wild savage country which stretched between them and the Rocky Mountains.

It was these first settlers—these brave people who had pushed west into the fertile fields of Iowa—who were destined to play an important role in securing a great blessing for the future State of South Dakota.

These people had surged west in the hope for a fulfillment of a better life for themselves and for their children. Part of this great dream encompassed a new kind of education.

A NEW KIND OF EDUCATION

In the East, education was restricted to those few who were privileged by birth, by social status, or by wealth. The pioneer on the western plains wanted schools for his sons and daughters with a minimum of cost and with an emphasis on research and instruction in agriculture and the mechanical arts. The settlers wanted instruction in those fields which would increase the blessings of their way of life—the rural life of the farmer.

These brave, hardy people were faced with a problem. How could they manage to establish inexpensive popular higher education? The Nation was still in the process of settling the frontier. Vast regions of the country's heartland were still unsettled. The new States and Territories, where the thick buffalo grass of the prairie had just fallen to the sweep of the scythe and where the virgin lands had just felt the bite of the plow, were short of the needed resources to create their own systems of higher education.

SENATOR MORRILL'S IDEA

Mr. Speaker, a Vermont man, Senator Justin Smith Morrill, had an idea which would help the people establish the needed facilities and do it cheaply. It was true that the new States and territories were poor in resources, but the Nation was not. The vast public lands were a fabulous resource of great potential value. Senator Morrill's idea was to sell portions of the federally owned land and use the proceeds for the perpetual endowment in each State of at least one college whose main aim would be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanical arts, in such manner as the legislatures of the States may prescribe, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life.

Thus, under the terms of the act, each State would receive a grant of Federal land apportioned on the basis of 30,000 acres for each Member of Congress. The income from the sale of the land was intended to provide an endowment fund for the continued support of the college. Senator Morrill's bill was passed by Congress and signed into law by President Lincoln on July 2, 1862.

A PRESIDENT'S FAITH

When Lincoln signed the Morrill Act, our Nation was embarked on a new course—that of preserving the Union. Abraham Lincoln expressed his faith in a nation when he signed the Morrill Act. Those days were the darkest in the country's history, and though the country was locked in a life-and-death struggle, President Lincoln knew that the present could not exclude the future. The day would come when the North and South would again join together and the boys would be marching home from the bloody battlefields at Manassas, at Shiloh and at Gettysburg. Many would not return and for those who stayed behind, the Nation would mourn. But for those who did return, a new life would have to be made. A new life could be made in the West—for both the southern boy and the New England Yankee.

The virgin lands of Dakota Territory were open. The Homestead Act had become law on May 30, 1862. Pioneer farmers and stockmen were given free land under this act. What was to prevent the young Civil War veteran from going West to start anew on the rich lands of the prairies?

INDIANS SLOW SETTLERS

For a while the Indian Americans slowed the migration into their Dakota homeland. The Homestead Act was the warning signal for the end of a way of life of the Sioux Nation. No longer could they hunt the precious buffalo in peace.

The white settlers were killing the animals faster than they could reproduce. The Indian's staple of life was disappearing from the prairie.

The increased settlement initiated the war of the Sioux outbreak in 1862. A council at old Fort Sully on the Missouri River ended it 3 years later. But soon hostilities were renewed in the Red Cloud War. In 1863 the Sioux tribes won by treaty the right to the lands west of the Missouri River as a permanent hunting grounds. This would be changed in 1876 with the discovery of gold in the Black Hills.

In the meantime the fertile river valleys between the Minnesota River and the Missouri were filling with settlers. In 1871 the first railroad reached the Territory and with it came an increased flux of settlers and the means of easy access to the markets of the East.

The now successful settlers and farmers were beginning to experience the same aspirations as the Iowa settlers of an earlier decade. But now the means to insure a better way of life for the sons and daughters of the Territorial settlers was available.

THE AGRICULTURAL COLLEGE AT BROOKINGS

The Territorial legislature approved an act on February 21, 1881, providing that an agricultural college for the Territory of Dakota be established at Brookings, provided that a tract of land not less than 80 acres be secured and donated to the Territory of Dakota.

The Enabling Act, admitting South Dakota to the Union, was approved on February 22, 1889, and provided 120,000 acres of land to be granted for the use and support of the agricultural college, in accordance with the Morrill Land-Grant Act.

On June 1 of this centennial year of the Morrill Land-Grant Act, a new Northern Grain Insects Research Laboratory was dedicated at Brookings, S. Dak. This laboratory is a noteworthy addition to the college and will give the school facilities which will enable chemists and entomologists to actively pursue the search for better and safer materials against which insects cannot build a resistance. The new facilities at South Dakota State will add new discoveries to the long list of research accomplishments of the Department of Agriculture and the State experiment stations.

We in South Dakota are proud of the accomplishments which the land-grant colleges have made to agriculture and to the American way of life. South Dakota has been an active supporter of improved adult education as first conceived by the Senator from Vermont a hundred years ago. We are pleased to share in commemorating the 100th anniversary of the Morrill Land-Grant Act.

Mr. POFF. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. POFF. Mr. Speaker, today we commemorate the 100th anniversary of the signing of the Morrill Land-Grant Act by President Lincoln and the subsequent establishment of a system of land-grant colleges throughout the United States. This is a particularly significant anniversary on the campus of Virginia's Land-Grant College which this year celebrates its 90th year of operation.

At Blacksburg, Va., near this very hour, Virginia Polytechnic Institute's 11th president assumes his new duties. After 15 years of faithful service to the college, the State and the Nation, Dr. Walter S. Newman is retiring and today, Dr. T. Marshall Hahn moves into the office which Dr. Newman has occupied for the past decade and a half.

Since 1872 when Virginia Tech was established, the enrollment has grown from 132 students in its first year to 5,300 students in 1961. The college has conferred 19,500 undergraduate degrees and 2,800 graduate degrees—more than half of them under Dr. Newman's administration. From 4 professors in 1872, the VPI staff has grown to 2,000 of the most highly qualified instructors, professors, researchists and extension workers in the country. The woman's division of VPI—Radford College—has more than 1,600 students on its campus today.

Dr. Hahn today assumes the presidency of a Virginia school in every sense of the word. Four out of five students at VPI are Virginians and three of every four graduates remain in Virginia. These young men and women have their eyes firmly fixed on the future of the State, the South, the Nation. Thus, even as we laud this fine Virginia institution, no fair man can help but recognize the tremendous contributions Virginia Tech has made and is making to the Nation.

VPI's contributions are not confined to the campuses at Blacksburg and Radford. Throughout Virginia, extension personnel and others conduct special classes and panels. They go to farms and factories to test research results. They advise, instruct and guide and they carry back to the campuses the problems which have beset their fellow citizens.

On this 100th anniversary of the Land Grant Act and the 90th year of the Virginia Polytechnic Institute, it is hail and farewell. Farewell to Dr. Walter Newman whose contributions to education are manifold and whose mark on the progress of VPI can never be erased. And hail to Dr. Marshall Hahn who, in the coming years, has been commissioned to guide VPI as it assumes its place as the most outstanding land-grant college in these United States.

Mr. COOLEY. Mr. Speaker, on July 2, 1862—100 years ago today—President Lincoln signed into law the act of Congress establishing the land-grant college system throughout the length and breadth of our land.

I salute the land-grant college system on this its centennial.

It is a privilege to each one of us in the House of Representatives of the United States to look now with pride back across a century at the great educational revolution, represented by this act of the Congress in 1862, and to note the progress that this revolution in teaching and learning has brought to our several States and to our Nation.

In my own State of North Carolina we are marking a dual celebration this year. We are active in observing the land-grant centennial, but we are also marking the diamond jubilee of our own land-grant college — North Carolina State College in Raleigh, which I am proud to say is in the district I represent.

On March 7, 1887, the North Carolina General Assembly created a new college in our State. This in itself might not seem remarkable today, but in the light of the conditions which prevailed at the time, such a step was indeed a serious one. Our State had previously accepted the conditions of the Land-Grant Act and had installed at the University of North Carolina courses in practical agriculture and mechanics. The university, as you know, is the oldest State-supported institution of higher learning in our country, having opened its doors in 1795.

But our State, as was all the Southland, was recovering from the heavy burden of our tragic conflict. And it was soon apparent that support for these new programs at the university was insufficient to meet the changing demands of the time.

Thus it was that a hardy band of leaders worked diligently and successfully to establish an institution, separate from the university, which would concentrate its full energies in developing, as the Land-Grant Act specified, agriculture and the mechanic arts. They realized, and then brought our people and their representatives in the general assembly to realize, that our State's prosperity and welfare no longer could depend on the methods of the past. We needed, and needed desperately, the trained agriculturist and the competent engineer if our State were to have the growth so necessary in that postwar era.

A centennial and a diamond jubilee seem far away to those of us who have reached our maturity in the 20th century.

Yet this 75 years just spans the lifetime of two men—Mr. Sam Young, of Raleigh, and Mr. W. J. Mathews, of Goldsboro—members of the first graduating class of this new institution we created. That they are alive and active today is witness enough to this short span of passing years.

The past century has brought our Nation to a new place of eminence and leadership in the affairs of men throughout the world. It has brought both opportunity and challenge. But I sincerely believe that had we not experienced this century of revolution in our higher educational system, we could not stand today preeminent among the councils of the free world. This system has produced for us the trained scientists, the engineers so necessary to the complex age in which we now live.

As conscious as I am of these contributions, I am even more aware of the contributions made to our country by the trained scientists of agriculture who have made it possible for us to feed and clothe ourselves abundantly. As concerned as you know I am with the complex problems of modern agriculture, I cannot help but wonder on the occasion of this centennial celebration if it would have been possible for us to be the envy of the world if we had not had for this past 100 years a dedicated group of men and women who have labored to improve the quality of our produce and livestock, the yields of our fields and vineyards, and the ability of our farmers to become the efficient producers necessary to undergird the high standards we have accepted for our society in personal service, technology, and the very variety of foods we eat.

In my own State, our land-grant institutions reach out to the farthest corners of our mountain glens and to the windtossed sands of the seashore.

We have seen North Carolina State College grow from a struggling infant on an inadequate budget to one of the finest centers of teaching, research, and extension in the entire Nation.

Today on the campus of this institution stands the first nuclear reactor to be erected outside the confines of the Atomic Energy Commission. To me it is a symbol. It is a symbol of peace. For as the revolutionary educational concepts embodied in the land-grant legislation came from a period of war and crisis, so do I believe that from wartime atomic destruction can come the seeds of growth necessary for the future development of our country and the entire world.

North Carolina State College is working to promote a better world.

The Peruvian Government has had with the college for a number of years contracts for assistance in the fields of both agriculture and textiles. The knowledge and experience of our land-grant scientists are being shared today so that man, in whatever condition of life he might find himself, will have hope of a better future before him.

Hundreds of foreign students are enrolled at North Carolina State College. Through these young men and women, we have a marvelous opportunity to work for a better future for us all. So we must indeed say that the land-grant institutions of our country form an important part of the total resources for peace throughout the world.

What this college has meant to our State is indeed difficult to measure. Its engineers, architects, textile specialists, foresters, chemists, teachers, and indeed its agriculturists daily enrich the quality of life for all our people.

The savings to our agricultural community made possible by the research work at the college have more than repaid the cost. Operating this year on a research budget in excess of $5 million, scientists in all fields are exploring for new knowledge, new knowledge which might well change the course of our world.

So much has been accomplished in the last 100 years by the land-grant colleges and so much has been accomplished by North Carolina State College in its 75 years that I can only feel confident that this great revolution in higher education, guided by such young leaders as our chancellor, Dr. John T. Caldwell, who is this year serving as president of the Association of State Universities & Land-Grant Colleges, will be even more productive of constructive contributions in the years ahead.

Mr. EDMONDSON. Mr. Speaker, I welcome the opportunity to join our distinguished majority leader and other colleagues in hailing this significant 100th anniversary.

The great achievements in education which are the harvest of the Morrill Act are an enduring monument to the wisdom and foresight of Vermont's Senator Justin Morrill and his colleagues of the Congress a century ago.

These achievements are also a continuing source of pride and progress in the States wherein the land-grant institutions are located, and every Oklahoman is justifiably proud of Oklahoma State University, Langston University, and Oklahoma State Tech in Okmulgee.

Because the Okmulgee school is located in the Second Congressional District, and because its educational role is highly specialized and almost unique in the Southwest, it has been a major interest of Oklahoma's Second District Congressman for many years.

The plain fact is that Oklahoma State Tech leads the entire Nation in its field—the provision of technical and trade training opportunities for all citizens, regardless of previous education.

Several other features of Oklahoma State Tech are worthy of mention, and account in part for the tremendous success of the institution:

First, Tech students learn by actually performing the skills required on the job.

Second, instruction must have successful industrial experience.

Third, the school operates the year around with a trisemester plan of education, and the intensified training makes possible completion of course work in 2 years or less—substantially less in some fields.

Fourth, course changes are made to meet the demands of industry, and industrial advisory committees meet regularly on the campus to offer technical advice and assistance.

Finally, instructors in the shops teach 40 hours a week, and assist the school's able director, L. K. Covelle, in one of the finest job placement programs for graduates to be found in the country.

Oklahoma Tech has not only been a national leader in veterans' training programs and the adult Indian vocational training program, but has also done one of the Nation's finest jobs in vocational rehabilitation.

More than 1,500 severely handicapped persons have been trained for productive jobs at the Okmulgee school, and now hold jobs in new occupations as a result of their training.

The range of training opportunity is evidence by Dr. Oliver Willham's recent report as president of the parent institution, Oklahoma State University at Stillwater, in which Dr. Willham pointed to a total of 35 trades now being taught at Okmulgee.

These trades range from small engine repair to domestic refrigeration, from basic carpentry to office machine operation, from lithography to dry cleaning, from retailing to automotive preventive maintenance—and a host of other trades.

Almost one-fourth of Tech's graduates have been men and women who did not complete high school and were ineligible to enter most colleges and universities.

Yet the record indicates that more than 42 percent of these graduates are now earning in excess of $450 a month, after completion of Tech's training program.

With a growing national demand for skilled technicians and workmen in American industry, and in every community, the future role of Okmulgee Tech is assured.

Under the dedicated leadership of Director Covelle, and with an equally dedicated and able faculty and staff, Oklahoma Tech will continue to lead America in its vocational and trade training field.

Mrs. GREEN of Oregon. Mr. Speaker, 100 years ago today President Lincoln signed into law a measure that revolutionized higher education. I refer to the land-grant or so-called Morrill Act, which, in effect, placed higher education within reach of all Americans. It removed the classical studies from the educational cloisters and provided a means to obtain funds for the land and the buildings and the courses to help train a pioneer people to tame, cultivate, and harvest the rich soil and resources of our great land. The act is a protest against the limitations of courses and restrictive student enrollment provisions of the classical universities.

The Morrill Act is an education of an open-door policy in higher education, regardless of the student's occupational, economic, or social status. Teaching and even research no longer found itself limited to the campus. Land-grant representatives now go to town, farm, school, and factory as part of their jobs.

I think this centennial observance is particularly notable at a time when we in the Congress are today wrestling with legislative proposals to help our schools and colleges, facing classroom shortages and rising enrollments, to meet the new, revolutionary challenges of a new pioneer age—that of space and of science and of international relations. We might well adopt the motto that the Congress of 100 years ago adopted in passing the Morrill Act: "New Occasions Teach New Duties."

The Morrill Act offered to each State 30,000 acres of nonmineral Federal land or land scrip for each of its Members of

Congress to be sold to endow at least one college in the State. Today, 50 States and Puerto Rico have land-grant institutions. There are 68 in all. One hundred years ago, 1 in every 1,500 young Americans went to college; today, 1 in 3 attends. The land-grant college institutions number less than 4 percent of the colleges in the United States; they enroll however about 20 percent of the undergraduate students and grant almost 40 percent of all doctoral degrees in every field of study. Many Members of this House of Representatives are graduates.

This fall in my home State, Oregon State University will start its 95th year. The legislative assembly of Oregon established Oregon State University, then named Corvallis College, as the land-grant college. A total of 90,000 acres of land in Lake and Klamath Counties were allocated to Oregon under terms of the Morrill Act. Sale of these land grants netted the Oregon State University about $214,000. Today, Oregon State University receives $6,000 a year in interest from this fund, which, I am told is the equivalent of the annual average salary of 1 of the 600 faculty members at Oregon State University.

Oregonians have proudly watched while their land-grant college has grown in the last 60 years from some 6 buildings and a few hundred students to a plant valued at $55 million, some 70 major buildings, and an enrollment of almost 10,000 students drawn from every county in Oregon, 41 other States, and 39 foreign countries.

Mr. DEVINE. Mr. Speaker, during 1961–62, the Ohio State University and the other 67 land-grant institutions are celebrating the centennial of the Land-Grant College Act. The following background was provided by President Novice G. Fawcett:

Background of Land-Grant Act

I. THE LAND-GRANT COLLEGES ARE BORN

A century ago, in the second year of the Civil War, a new type of higher education—education for the masses—was born in this country. This came about when, on July 2, 1862, Abraham Lincoln signed the Morrill Act which provided for grants of land to the States in proportion to population.

From the sale of this land the States were to create colleges whose leading object was to be the teaching of such branches of learning as are related to agriculture and the mechanic arts in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life.

Scientific and classical studies were not excluded, and provision for training in military tactics was required, otherwise each State was free to write its own charter for one or more such colleges as its legislature might decide. These new colleges came to be known as land-grant institutions. Today 68 of them are serving their States, the Nation, and the world in an astonishing variety of ways.

Educational revolution

In 1861 the opportunity for higher education in this country was limited chiefly to the privileged few. Their college education, moreover, was based mainly on classical British and continental models. It was intended to fit students principally for the learned professions.

Today, thanks largely to the land-grant colleges and universities, the old exclusiveness is gone. Higher education has become more broadly practical and more widely available. This educational revolution was as far reaching in its effects as the industrial and economic revolution itself.

Why "land grant"?

The backers of popular higher education understood well what the Nation needed. The question was how it could be managed. At midcentury the vast region between the Missouri and the Pacific slopes was largely unoccupied. The States and territories lacked the resources to create their own systems of higher education.

The Nation, however, had a resource of great potential value in its public lands. Put part of that wealth to the service of education, the reformers argued, and learning could be brought to the industrial classes, by which they meant nearly everyone who worked for a living.

The plan was for a grant of Federal land to each State, 30,000 acres for each Member of Congress from that State. This land was to be sold—the going price was then about $1.25 an acre—with the income used to endow and support at least one college in each State.

The idea attracted many supporters. Among the most active were Jonathan B. Turner, of Illinois, and Justin S. Morrill, of Vermont. Morrill, who served nearly 50 years in Congress, led the fight for the necessary Federal legislation. A land-grant college bill was passed in 1859, but President Buchanan vetoed it.

A second measure, also introduced by Morrill, was signed into law by President Lincoln. This was more than 5 years after the struggle for adoption of the plan had begun. Thus, in the midst of the Civil War, a large part of the Nation's wealth was allotted to establish and maintain these new colleges.

The idea in action

The land-grant colleges became far different from existing colleges and universities. They emphasized professional or specialized education, seeking to meet the needs of a people just learning how to apply the discoveries of science and advancing technology to daily life.

This practical kind of education was the leading object set forth in the Morrill Act. But thanks to the provision for the teaching of other scientific and classical studies, the values in traditional, classical education could be combined with a curriculum better suited to meet the needs of a changing society.

In the end, 37 colleges of agriculture and mechanic arts were founded and 32 State or territorial universities were begun or expanded. By 1900 the States had recognized their obligation to help support these colleges. Today Federal funds form only a minor part of the income of most of them.

The idea today

Although these institutions number fewer than 4 percent of the Nation's colleges, they enroll about 20 percent of all U.S. undergraduate students and grant nearly 40 percent of all doctoral degrees.

They conceive their role to be a three-way one: to conserve, to advance, and to transmit knowledge. In this, of course, they are no different from other colleges, public or private. What sets them apart is how the three methods of serving their basic aims are woven together:

First and most familiar is the wide variety of graduate and undergraduate curriculums. Over the years, these colleges have responded to new needs by expanding their offerings while continually insisting upon high standards. Thus thousands of deserving and qualified students have had an opportunity to prepare for useful lives in the newest as well as the oldest fields of study and careers. The Nation has benefited immensely in peace and in war from the instruction in military science required in these colleges. Historically they have been the backbone of the Reserve Officer Corps with its ready supply of junior officers for the armed services.

To teaching has been added the important concept of basic and applied research as an integral part of a university's work. The work of the land-grant colleges has made life in America as well as in all nations of the world richer, healthier, and happier. Among the results of research have been the perfecting of new crops, the first cyclotron, the discovery of streptomycin, and countless other significant advances in human knowledge.

Finally and perhaps most distinctive is extension work. This embraces cooperative extension in agriculture and home economics in association with the U.S. Department of Agriculture, and general extension activities—adult education courses, radio and television programs, conferences, special institutes—which disseminate knowledge to the entire population.

In such varied ways, the land-grant colleges and universities strive to advance the idea that inspired their founders—that practical and liberal education shall embrace all knowledge in service to all people.

One hundred years after the Federal Government joined hands with the States to establish a new form of higher education, the land-grant college idea has become a worldwide pattern. Other countries have copied the American design of democracy's colleges to meet the new needs of their lands and times.

II. OHIO AND THE MORRILL ACT

Ohio was slow to take full advantage of the Morrill Act. It was not until 11 years after its passage that the Ohio Agricultural and Mechanical College, now the Ohio State University, opened its doors.

Ohio began action to implement the law in 1864. But it was another 6 years from the time Ohio accepted the offer of Congress until it took steps to organize such a college. Another 3 years elapsed before the resulting college was ready to open.

Ohio was far from making the most of this educational subsidy. It received 630,000 acres in land scrip, an amount exceeded only by the grants to New York and Pennsylvania. Yet a dozen other States realized greater returns from the sale of their land scrip than Ohio. Its land scrip yielded $340,906, or an average of 54.1 cents an acre as against the established Government price of $1.25 an acre.

Ohio settled finally upon a single new institution as the beneficiary of the Federal land grant. Until this decision was reached many voices advocated a variety of plans to carry out the option set forth in the Morrill Act. Even after this agreement was reached, opinion was divided sharply as to whether the new college should be broad or narrow gage. Happily the issue was decided on the former basis. Another question concerned the location of the college but the site finally chosen was at the very heart of the State.

Governor Tod takes first step

Gov. David Tod laid the offer contained in the Morrill Act before the State board of agriculture in November 1862. He outlined his views and sought the opinion of members of the board "as to the propriety of accepting the grant." The board urged the acceptance of the land grant and offered to cooperate.

Governors Tod, Brough, Anderson, Cox, and Hayes all brought the subject to the attention of the General Assembly in one way or another. The board of agriculture, too, memorialized the legislature to accept the land grant and favored "the speedy establishment of one or more agricultural and polytechnic schools in accordance with the terms of the grant."

In January 1864, the Agricultural Convention, composed of delegates from the county agricultural societies, adopted a resolution "That the State of Ohio ought to accept the grant of land for the establishment of agricultural colleges as soon as possible." On February 9, 1864, the General Assembly accepted the offer contained in the Morrill Act.

Two ideas for disposing of the proceeds of the land grant emerged, one by Governor John Brough in his annual message and the other by School Commissioner E. E. White in his annual report of 1865. To Brough it was clear that the intent of the Morrill Act was "to institute a new and distinct species of education; one not heretofore favored or specifically encouraged, by State or National aid." He was equally convinced that the grant should be "applied to a separate institution."

White advocated that the fund be divided for the "establishment of a central institution of a professional character, including a school of military tactics, etc.," dealing largely with applied science and to a large extent experimental. The other half he proposed to divide among three well-endowed colleges in different parts of the State. From the beginning, fortunately, the State board of agriculture advocated a single "centrally located institution, supported from an undivided fund."

In April 1865, the legislature took steps to dispose of the land scrip. It authorized the secretary of state, auditor, and treasurer to advertise for proposals for the purchase of the scrip at not less than 80 cents an acre or in parcels of less than 160 acres. It also set up a commission of five to recommend a location for "said college or colleges." The commissioners were instructed to consider "the accessibility of such location to all parts of the State * * * the inducements which may be offered * * * in the way of donations of land, buildings, money, or other valuable property," the availability of the necessary land at reasonable expense and any other pertinent considerations.

In 1865, the commissioners received various proposals. They also visited various places. By the end of the year the first sales of the land scrip for 11,360 acres were reported at 80 and 82 cents an acre.

In April 1866, the legislature set up a six-member board of trustees to receive proposals and to report to the next session "on their opinion for locating an agricultural and mechanical college" for Ohio. The trustees were authorized also to receive proposals for donations of land, buildings, and money in trust for the State. Nothing seems to have come of this.

Another act gave the commissioners greater power and discretion in the sale of the land scrip. The floor of 80 cents an acre was removed and they were empowered to sell the scrip "at the best price they can obtain for the same." More liberal terms were also authorized. Under this impetus all of the land scrip was disposed of by November 1866, and the commissioners so reported a month later. The scrip was sold to 36 persons, but 3 persons bought 90 percent of it. Most of it went for 53, 55, or 56 cents an acre.

Many seek to benefit

Meanwhile the jockeying to enjoy the fruits of the land-grant continued in the legislature. In 1867 various petitions were presented which sought a division of the "agricultural fund." There were resolutions also to establish agricultural and mechanical professorships in existing Ohio colleges. Three measures were introduced to establish an agricultural and mechanical college but all failed. In March 1867, the State Board of Agriculture endorsed a Senate bill, for a single new college and urged its passage. Since no action resulted, the State agricultural convention in January 1868, again adopted a resolution declaring "its judgment in favor of one college, and opposed to the division of funds" and informed the legislature that "the agricultural and mechanical interest of Ohio demanded an early settlement of these questions."

In March 1868, a joint resolution was adopted which recalled that the time for providing for a land-grant college would expire July 2, 1872, and declared "That it is important for the General Assembly of Ohio to take immediate steps to provide for one college for the objects and purposes aforesaid."

On March 22, 1870, the die was finally cast for a single institution "to be styled the Ohio Agricultural and Mechanical College." This marks the true date of the founding of the university. By this law the college was to be governed by a board of trustees consisting of one member from each congressional district. They were to have the usual powers, including the right "to elect a president, to determine the number of professors and tutors, elect the same, and fix their salaries," as well as the right to remove any of them "whenever the interests of the college, in their judgment, shall require." They were also "to fix and regulate the course of instruction, and to prescribe the extent and character of experiments to be made." The college was to be open "to all persons over 14 years of age" and each county was to have "its just proportion, according to its population."

It was the duty of the board "to permanently locate said agricultural and mechanical college upon lands, not less than 100 acres, which in their judgment is best suited to the wants and purposes of said institution, the same being reasonably central in the State, and accessible by railroad from different parts thereof, having due regard to the healthiness of location, and also regarding the best interests of the college in the receipt of moneys, lands, or other property donated to said college by any county, town, or individual, in consideration of the location of said college at a given place."

The college could not be located "until there are secured thereto, for such location, donations in money or unencumbered lands at their cash valuation, whereon the college is to be located, or in both money and such lands, a sum equal to at least $100,000." On April 18, 1870, the legislature authorized the counties to raise money to obtain the location of the college. It was under the provisions of this measure that Franklin County ultimately obtained it.

The new board of trustees was called to order May 11, 1870, by Gov. Rutherford B. Hayes who, a score of years later, was to be a trustee himself. While by the law the college had to be located upon at least 100 acres of land the trustees felt that at least 300 should be obtained. Similarly, while the legislature provided that the minimum sum "to be secured for the location of the college" was $100,000, the trustees believed that a much larger sum was desirable.

Much interest was shown in Columbus regarding the matter and a special election was called for August 13, 1870, on a proposal to donate $300,000 to have the college located in Franklin County. The proposal carried. On August 30, the county commissioners formally made an offer of $300,000 to the trustees and 2 months later this was accepted.

Franklin County chosen

Four counties competed actively for the location of the college—Champaign, Clark, Franklin, and Montgomery. After the trustees inspected various possible sites, they voted on September 21, 1870, to accept the proposition of Franklin County and to locate the college there. Through local contributions, Franklin County's donation was increased by $28,000, making a total of $328,000.

The question now was where to locate the college in Franklin County. Sites were proposed near Worthington, on the Neil farm north of Columbus, and on other farms east of the city. The Neil farm consisted of about 300 acres.

The board settled on the Neil farm, plus certain other land, in all eight tracts of about 327 acres, as the site of the college, accepted the $300,000 offer of Franklin County, and voted to pay into the endowment fund out of the proceeds of the Franklin County donation just enough money to make it $500,000 on January 1, 1871, "which shall, on no account be reduced below that amount." The board voted also to engage a competent architect to aid in getting up designs for buildings on "the Agricultural farm" to cost not more than $100,000.

Between 1865 and 1878, the new college had five boards of trustees. In 1874 a reorganization of the board was effected by a new law which reduced the board to five members.

In 1877, under another reorganization, the board was enlarged so that again each congressional district was represented. But in May 1878, the general assembly changed the name of the college to the Ohio State University and pared the board to seven members. It has remained so ever since.

Broad gage or narrow

A major issue of the formative period concerned the nature and scope of the college—whether it should be broad gage or narrow, whether it should take the utmost advantage of the Morrill Act or confine itself to a minimum practical program. The original board of trustees was split wide open on this issue and each camp had its outside adherents. Fortunately for the university of the future and for the people it was to serve, the broad-gage proponents finally won by a single vote.

Governor Hayes pointed out that, by law, the proceeds of the land scrip were to be used for a college, where "the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts." Here was the essence of the college's charter. The saving phrase was "without excluding other scientific and classical studies." The provision for teaching "such branches of learning as are related to agriculture and the mechanic arts" also helped to prop the door open for a broad program instead of a narrow and limited program.

Hayes saw that here was something new in the way of education. "It is evident that the intention of the enactment," he observed, "is to institute a new and distinct species of education." This was to be "the instruction of the industrial classes, within themselves, and in that which pertains to their own callings, in order that they may make practical and manual application of it, incidentally for their own benefit, but actually for the increase of the national production of wealth."

Later, the objectives of the college were restated in this capsule fashion:

1. To furnish a good general education by which the youth of Ohio shall be fitted for the several pursuits and professions of life.

2. To produce opportunities for those who wish to pursue special studies.

One of the first things the trustees did was to adopt a college seal which was drawn up by Joseph Sullivant. It was in the form of a pyramid, for durability, "to signify the fixedness and perpetuity of our institution," surmounted by the lamp of knowledge. On the face of the pyramid, in ascending order, were agriculture "as the chief occupation of man," since it "underlies and supports all"; art, including, "both the mechanic and polite arts"; science, including philosophy; and letters, "marking the refinement and intellectual status of a country." The lamp of knowledge was to signify that the new college was "a light on a high place, to illuminate all that comes within its sphere."

Another major task was to choose a president. The developments here were unpromising, for the trustees named three men in succession before a definite choice was made. This was due, in part, to circumstances beyond the control of the trustees. It appears that the office was first offered to Gen. Jacob D. Cox, wartime Governor of Ohio. Senator James W. Patterson, of New Hampshire, formerly a Dartmouth professor, was then elected but circumstances made his acceptance impossible. The trustees now turned again to Edward Orton, president of Antioch, who had declined election as professor of geology, mining, and metallurgy but was persuaded to change his mind when the appointment combining both positions was offered to him.

Ten departments projected

Ten departments were projected when the plans for the future university were laid out in January, 1871. Ninety years later there were more than 80 departments of instruction, and the college had grown to 10 flourishing colleges and the graduate school, besides eight professional schools, special bureaus the lake laboratory, the research foundation, and other special activities. The Founding Fathers would have been astonished how their educational mustard seed had grown.

Many other changes occurred during those years. Departments were divided and subdivided, a few were merged and others disappeared. Single departments grew until they encompassed entire new colleges, and more.

In the beginning everything was contained in the college itself. In time there was a regrouping into "schools" within the university. During the Canfield administration, 1895–99, separate colleges appeared. A succession of changes has been taking place ever since. For a time there was some tendency toward duplication as, for example, in two colleges of medicine and the creation of specialized departments where general departments already existed. In later years university policy has been against this practice.

In January, 1871, the trustees adopted the report which contemplated the 10 departments, as noted. But some months later they resolved to establish a slightly different list as follows: agriculture, physics, and mechanics; mathematics and engineering; general and applied chemistry; geology, mineralogy, and metallurgy; zoology and veterinary science; botany, horticulture, and vegetable anatomy, and physiology; English and language and literature; modern and ancient languages; political economy and civil polity; and military tactics. Not all of these chairs were filled at the outset.

III. THE UNIVERSITY AND ITS FRUITS

On September 17, 1873, 19 students met on the former Neil farm to begin their studies in the new Ohio Agricultural and Mechanical College. Columbus was then a city of 35,000. Total attendance the first year was 40.

Dedicated to the principle of educational opportunity for Ohio young people from all economic and social levels, without distinction as to race, creed or color, the university is open to the graduates of any recognized Ohio high school.

Except for brief declines brought about by war or depression, the student body has grown steadily. Peak enrollment was reached in the autumn quarter, 1947, when a heavy influx of World War II veterans boosted the figure to an alltime high of 25,403.

With the passing of the "veterans' bulge," the enrollment trend was downward for several years. Since 1951, the student body has again grown steadily. On the basis of both full time and total enrollment, Ohio State each year is among the dozen largest universities in the Nation.

The university granted its first degrees in 1878 to a graduating class of six. Since then more than 122,000 degrees have been awarded. The university has operated on a year-around schedule since the four-quarter plan was put into effect in 1923.

Nearly 4,000 courses are offered. The undergraduate colleges are agriculture and home economics, arts and sciences, commerce and administration, education, and engineering. The professional colleges are dentistry, law, medicine, pharmacy, and veterinary medicine. The special schools are architecture and landscape architecture, aviation, fine and applied arts, home economics, journalism, music, nursing, optometery, and social work.

Off-campus centers established

The university took another important step in extending its educational opportunities with the establishment of undergraduate centers at Marion and Newark in 1957, Mansfield in 1958, and Lima in 1960. Graduate courses have been taught since 1946 at its Wright Field Graduate Center, Wright-Patterson Air Force Base, Dayton, and graduate social work courses have been offered since 1959 in Cincinnati.

The Ohio Agricultural Experiment Station, created at Ohio State in 1882, was moved to Wooster in 1891 but continues to operate in close association with the university.

Ohio State has had eight presidents—Edward Orton, Sr., 1873–81; Walter Q. Scott, 1881–83; William H. Scott, 1883–95; James H. Canfield, 1895–99; William Oxley Thompson, 1899–1925; George W. Rightmire, 1926–38; Howard L. Bevis, 1940–56; and Novice G. Fawcett, 1956– .

To campus visitors, the most obvious indication of the university's growth has been its physical expansion. Originally University Hall was the only structure on the campus, except for residences occupied by the president and the professor of agriculture. Today there are some 120 permanent buildings. The university's property, totaling 2,780 acres, includes 665 acres of campus and 1,120 acres in the university farms and a 634-acre airport. The value of lands, buildings, and equipment is put at $138 million.

The total income of the university for the fiscal year 1959–60 was approximately $77 million for current operations, capital expenditures, athletics, auxiliary enterprises, and dormitories and dining halls. Expenditures for educational and general operations amounted to $53,324,000 of which the State provided $24,710,000 or 46.4 percent. Thus, Ohio State is actually a State-assisted, rather than a State-supported, university.

By their fruits

For a century the underlying idea behind the Land-Grant Act of equality of educational opportunity has been bearing fruit throughout the Nation. For nearly 90 years, similarly, this has been true in Ohio in increasing measure through the widening services of the Ohio State University. As with the land-grant system at the national level, the university has long since become Ohio's largest single source of trained and educated manpower. In recent years particular attention has been given to improving the quality of that training and of the resulting product—men and women trained for fruitful citizenship in a democratic society.

The constituency of the university campus is literally worldwide. It not only draws its students from all 50 States and from many foreign lands but in recent years parts of the university program have been carried to and applied in distant lands such as India, Turkey, Guam, and even the Arctic and the Antarctic to mention only a few. Members of the university staff have gone to these far places on assignments lasting up to 2 years, carrying the university and the land-grant idea with them. On the homefront the University Research Foundation has become an operation of first magnitude, with an annual research program for Government and industry now running to more than $7 million a year.

But essentially the university's prime products are—and will continue to be—people. Its graduates—more than 120,000 of them plus tens of thousands of former students—are living proof of this. Among them have been and are leaders in the professions, business, science, and industry, many of them, like the late Charles K. Kettering, of first rank. The value of such a product to the State of Ohio, and to the Nation, is beyond price. It is a public asset that might not have been possible without the Land-Grant Act and the vision of those who foresaw what it could mean to the State and the Nation. Today the university is bounded only by new frontiers of learning, research, and accomplishment.

In the words of President Fawcett:

"Today this campus stands out as a great citadel of learning and as a symbol of man's unswerving pursuit of knowledge, truth, and wisdom.

"Its influence cannot be contained within the State or the Nation, for there are no boundaries around knowledge. Neither is there a limit beyond which the constructive power of great intellects can be confined. The service aspect of this enterprise, which has its genesis in teaching and research, is now worldwide and can never be otherwise."

Mr. Speaker, a brief history of the Ohio State University follows:

On September 17, 1873, 19 students met on what had been the Neil farm, north of Columbus, to begin their studies in the new Ohio Agricultural and Mechanical College.

Columbus, then a city of 35,000, extended only a little past the Union Railway Station. From that point the students traveled over the Worthington pike, past an occasional farmhouse, to the new college site. Some came by foot, others on horseback, and a few in carriages.

Later enrollment brought the first year's attendance to 40. Instruction by a seven-member faculty was undertaken in the yet-unfinished University Hall, where the sound of carpenters' hammers echoed for several months after the opening of classes.

Thus began the college which in 1878 was renamed the Ohio State University. It might have been located in another city but for the determined efforts of Joseph Sullivant, the only Columbus representative of the first board of trustees. This body, with 19 members, held its first meeting on May 11, 1870.

SELECTING THE UNIVERSITY SITE

Since July 2, 1862, when President Lincoln approved an act of Congress providing for land-grant colleges, other Ohio communities had made determined efforts to obtain the new educational institution. The legislature and its committees and commissions over a period of 8 years had considered many sites, chief among which were Miami University, Urbana, and London. None was accepted, however, and when the first board of trustees was appointed in 1870, steps were quickly taken to settle the controversy over the location.

At the board's meeting on September 6, 1870, proposals from Montgomery, Franklin, Champaign, and Clark Counties were received. The Franklin County offer, which included a donation of $300,000 in county bonds and private subscriptions of $28,000, was accepted. The trustees then considered several locations within Franklin County, and the Neil farmsite was approved on the fifth ballot.

Tradition has it that the spring which once fed Mirror Lake played an important part in the selection. The story is told that

Daniel Keller, board member from Fairfield County, while viewing the site drank deeply from the spring, then said: "Shentlemens, it's hard to get a Dutchman away from a spring like that."

Later, Keller said his main reason in preferring the Neil farmsite was that "it was far enough removed from the city of Columbus that the studious habits of the young men could not be interfered with by contact with city life."

As difficult as it was to select a site, scarcely less difficulty was experienced in deciding the scope of courses to be offered. The subject was fought over in newspaper editorials, in "letters to the editor," and in speeches before the Ohio General Assembly for several years before a decision was finally reached.

The "narrow gage" group held that the institution should devote itself solely to the teaching of agriculture and the mechanic arts, which the "broad gage" contenders wanted a broader program of higher education. The liberals of the board of trustees finally won—by one vote. From the beginning, too, the university had as its greatest purpose the provision of higher educational opportunities for young people, many of whom were unable to go to the traditional type of college, or whose needs could not be met there.

ENROLLMENT CLIMBS STEADILY

Those who enrolled on the day of the university's opening included students from six Ohio cities in addition to Columbus. Among them was Miss Harriett Townshend, who was the last surviving member of this class of 1878 at the time of her death on April 29, 1950. Present enrollment each year includes students from every Ohio county, all of the 50 States, and from some 65 other countries.

Dedicated to the principle of educational opportunity for Ohio young people from all economic and social levels, without distinction as to race, creed, or color, the university is open to the graduates of any recognized Ohio high school. These admissions, as well as those of persons seeking entrance without a high school diploma, are handled by the entrance board. Although preference is given to Ohioans, out-of-State high school graduates who rank in the upper third of their classes also are considered for admission as undergraduates.

Except for brief declines brought about by war or depression, the student body has grown steadily. After World War II, a heavy influx of veterans boosted enrollment to 25,403 in the autumn quarter of 1947—a peak not surpassed until 14 years later. Seventy temporary buildings added the space necessary to accommodate many more class sections and to provide offices for the expanded staff during the postwar period. Added housing requirements also brought about establishment of the "GI Village," west of the Olentangy River, where barracks-type buildings for married students and their families now have been replaced by 400 modern apartment units.

With the passing of the "veterans' bulge," the enrollment trend was downward for several years, but its lowest point, 18,618 in the autumn of 1951, proved to be well above the highest prewar level of 13,293 in 1939. The student body has grown steadily since 1951. A decade later (autumn, 1961), enrollment climbed past the postwar record high for the first time when it reached 27,565. On the basis of both full-time and total enrollment. Ohio State each year is among the dozen largest universities in the Nation.

The university granted its first degrees, to a graduating class of six, in 1878. Since that time the total of degrees awarded has mounted to more than 127,000.

The alumni organization, known officially as The Ohio State University Association, has its headquarters on the campus. With some 32,000 paid members, it is the second largest in the Nation. The present association dates from 1912, when an earlier group was reorganized.

FACULTY AND CURRICULUM GROW

Like the student body, the teaching staff has increased greatly from it original seven. On the first faculty were President Edward Orton, Sr., geology; Norton S. Townshend, agriculture; Thomas C. Mendenhall, physics; Sidney A. Norton, chemistry; Robert W. McFarland, mathematics; Joseph Millikin, modern languages; and John W. Wright, ancient languages. At present there are some 2,300 on the faculty in 85 departments.

The university has operated on a year-round schedule since the four-quarter plan was put into effect in 1923.

Approximately 4,500 courses are offered in the departments of instruction, which are organized into 10 colleges, a graduate school, and 9 special schools. Within the university there were no colleges as such until 1896, but what became the college of agriculture and home economics and the college of engineering date from the beginning of the university. Similarly, other teaching activities which later evolved into colleges were pharmacy and veterinary medicine, both created in 1885; law, 1891; arts and sciences, 1895; engineering, 1896; education, 1907; medicine, 1914; dentistry, 1914; and Commerce and administration, 1916. The special schools are those of journalism, nursing, optometry, social work, aviation, music, fine and applied arts, home economics, and architecture and landscape architecture.

BRANCHES ARE ESTABLISHED

The university took further important steps in extending its educational opportunities with the establishment of undergraduate academic centers at Marion and Newark in 1957, Mansfield in 1958, Lima in 1960, and Lakewood in 1962.

Graduate courses have been taught since 1946 at the university's Wright Field Graduate Center, Wright-Patterson Air Force Base, Dayton. Graduate social work courses have been offered since 1959 in Cincinnati.

The Ohio Agricultural Experiment Station, created at Ohio State in 1882, was moved to Wooster in 1891 but continues to operate in close association with the university.

Three of the colleges started in downtown Columbus. Law classes were taught for 3 years in the Franklin County Courthouse before facilities were provided on the campus. Medical and dental classes were conducted for 10 years in buildings of the Starling-Ohio Medical College near downtown Columbus after these facilities were acquired by Ohio State.

The college of medicine, incidentally, celebrated in 1959 its 125th anniversary as a direct descendant of Willoughby Medical College, founded on Lake Erie in 1834. The university as a whole marked the 75th anniversary of the beginning of instruction with a year-long celebration in 1948–49. During 1961–62, Ohio State and 67 other land-grant colleges and universities joined in observing the centennial of the congressional act which led to their founding.

Ohio State has had eight presidents—Edward Orton, Sr., 1873–81; Walter Q. Scott, 1881–83; William H. Scott, 1883–95; James H. Canfield, 1895–99; William Oxley Thompson, 1899–1925; George W. Rightmire, 1926–38; Howard L. Bevis, 1940–56; and Novice G. Fawcett, who has served since August 1, 1956.

Sixty-four men and two women have served as trustees since the reorganization in 1878. One of the former, Rutherford B. Hayes, had been President of the United States. This board consists of seven members, appointed by the Governor for terms of 7 years each, and is the governing body of the university.

An elective faculty council was established in 1941, replacing the general faculty as a deliberative body.

In the field of intercollegiate athletics, Ohio States was admitted to the Western Conference (the "Big 10") in 1912. A fund-raising campaign which produced $1 million for a stadium was begun in 1920, and Ohio Stadium, seating more than 82,000, was was dedicated on October 21, 1922.

EXPANSION MARKS POSTWAR PERIOD

To campus visitors, most obvious indication of the university's growth has been its physical expansion. When it opened, university hall, built at a cost of $112,484, was the only structure on the campus, except for residences occupied by the president and the professor of agriculture. University hall provided space for classrooms, laboratories, and offices, for student, and faculty housing, and for all other necessary activities. Today there are some 120 major buildings. The university's property, totaling 2,790 acres, includes 675 acres of campus and 1,120 acres in the university farms, a 634-acre airport, and two 18-hole golf courses. Financial records list the present value of lands, buildings and equipment at $150 million.

An appropriation of $4,500 in 1877 was the first financial assistance given the university by the Ohio Legislature. Today, with the university's operations totaling some $79 million annually, more than half of its income is from sources other than tax funds—from student fees (about 11.8 percent), research projects, dormitories, and dining halls, departmental earnings, athletic receipts, gifts, and others. State assistance represents some 45.5 percent of the total.

Greatest building program in the university's history took place after World War II, when in the span of a few years, $24 million was expended for new structures and additions to existing ones. A new health center, opened in 1951, arose in the southwest corner of the campus, where the university built a 600-bed hospital, ranking among the Nation's best, and a three-story College of Dentistry building, at a total cost of $9 million. The State of Ohio spent an additional $5 million to add to the health center a 300-bed tuberculosis hospital and the 200-bed Columbus Psychiatric Institute and Hospital.

The $1.1 million Ohio Rehabilitation Center, completed in 1961, and the Psychiatric Institute were transferred that year to the university's control.

At the eastern edge of the campus was built a new Ohio Union, student recreational and activities center. This $4 million modern building was financed through student fees on petition of the student body. It contains bowling alleys, billiard rooms, hobby facilities and game rooms, restaurants and cafeterias, a library and an auditorium, two large ballrooms, offices for many of the university's 300 student organizations, and many other features. Recent buildings also have included a $2,600,000 addition to the university library; the $3 million Mershon auditorium; the $3,200,000 St. John arena, and $1 million Thomas E. French fieldhouse; more than $17 million in dormitory construction; major building projects for each of the colleges, and other construction.

As it has developed, the campus community has become virtually a "city within a city." It has its own powerplant, radio and television stations, post office, airport, police department, and golf course. Three years in preparation, a master plan to guide the future development of the campus and its surrounding neighborhood was adopted in 1962. A research foundation, formed in the mid-1930's, administers scientific investigations for Government agencies and industrial firms under contracts totaling millions of dollars annually.

The physical boundaries of this "city within a city" can be defined easily. But the university itself is bounded only by new frontiers of learning, research, and accomplishment.

In the words of President Fawcett:

"Today, this campus stands out as a great citadel of learning and as a symbol of man's unswerving pursuit of knowledge, truth, and wisdom.

"Its influence cannot be contained within the State or the Nation, for there are no boundaries around knowledge. Neither is there a limit within which the constructive power of great intellects can be confined. The service aspect of this enterprise, which has its genesis in teaching and research, is now worldwide and can never be otherwise."

Mr. Speaker, I am indeed proud to represent the district in which this great educational institution is located, and to personally commend the outstanding leadership of its president, Novice G. Fawcett.

Mr. GARY. Mr. Speaker, I would like to join my colleagues today in recognition of the 100th anniversary of one of the most important items of legislation the Congress has ever enacted—the Land-Grant Act. This act provided for the donation of public lands to the States and territories for the establishment of colleges teaching, among other subjects, agriculture and the mechanic arts and I am proud to say that we have today in Virginia two outstanding institutions of higher learning created as a result of this legislation. They are Virginia Polytechnic Institute at Blacksburg and Virginia State College, which is located in my congressional district at Ettrick and is ably administered by its president, Dr. Robert P. Daniel. Virginia Tech, as a matter of fact, is marking the anniversary of the Land-Grant Act today by installing a new president, Dr. Thomas Marshall Hahn, to replace the retiring Dr. Walter S. Newman. Virginia Tech and Virginia State are but two of the 68 institutions set up under this act and which now enroll 20 percent of our college students, but knowing of their fine work in my own State I wanted to include them in this tribute today to the farsightedness of the Congress 100 years ago.

THE MORRILL ACT AND THE STATE OF ILLINOIS

Mr. O'HARA of Illinois. Mr. Speaker, exactly 100 years ago today, in July 1862, President Lincoln signed a legislative measure which gave added momentum to the American revolution in education. The focus of this legislative measure was upon higher education—an opportunity which was extremely limited to all but the very wealthy or those who had use for a purely classical mastery. The sons and daughters of the common workingman could have not afforded study in the colleges of those times. Moreover, their needs were for education and training which gave attention equally to classical and practical matters. Classical philosophy, Greek, and the adventures of Homer were certainly recognized to be studies of both value and interest to those pioneering the land; however, they were not the only subject areas which needed research and study in a new rich nation with wild lands to be tamed; barren spots to be irrigated and farmed; and an expanding frontier to be settled and urbanized.

There grew among the commonfolk, therefore, an unrest and dissatisfaction with the limited opportunities for higher education for their children. Coupled with this unrest was an awareness on the part of educators that higher education must be promoted among all capable people if the Government of the new Nation were to be wisely maintained. These factors played a large part of the beginnings of the land-grant college movement.

The idea of higher education for all capable people grew and drew support from men and women of varied backgrounds. The names of Jonathan B. Turner and Justin S. Morrill are foremost among those who spearheaded the total land-grant movement which resulted in the legislation signed in 1862 by President Lincoln.

We of Illinois may be proud to link the name of Turner, the well-known educator, with higher education in our State. Because of his interest in farming plus his experience in education Turner became convinced that all people including the farmers and mechanics should have an opportunity to promote their development through college or university study. In 1850, Turner unveiled what has been called his "blueprint for educating the industrial classes." At a meeting of the Illinois Teachers Institute he presented "A plan for a State university for the industrial classes." It is reported that his plan called for using money Illinois had received from the Federal Government from public land sales to endow a State university, and that his vision went beyond the borders of Illinois. In promoting his idea about higher education which included the practical and classical, Turner said:

> We need a university for the industrial classes in each of the States with their consequent subordinate institutes, lyceums, and high schools in each of the counties and towns.

This man who gave so much of himself to the growth of the land-grant idea lived to lay the cornerstone of the University of Illinois in Champaign, Ill., and to see his blueprint spring into a giant university.

From the Illinois Industrial College of 1867, therefore, developed the University of Illinois which is today one of 68 land-grant colleges and universities in the Nation. It ranks fifth among the top 10 institutions of higher learning in the United States in total number of degrees awarded and second among the land-grant colleges in total number of degrees granted since their founding. The university is currently enrolling over 30,000 students, an enrollment perhaps never envisioned by the instructors of 27 students who first studied at the Industrial College. Moreover, the University of Illinois is affording a course of study which embraces the entire education spectrum. Its programs are in keeping not only with this adventurous space age but are helping to shape a course of direction for the Nation as we strive to promote the total national welfare and offer leadership among the world's free peoples.

Most recent innovations into the existing curriculum include such advancements as a 5-year program leading to simultaneous degrees in both engineering and liberal arts; a doctor of philosophy in physicochemical biology; a master of science in finance and in nuclear engineering; and new departments of finance, anthropology, and Russian. The variety of research conducted at the university has also been in keeping with its function as a land-grant institution. A computer laboratory, the institute for research on exceptional children, and the neuropsychiatric institute are but a few of the campus research facilities. Through these research findings, as well as through its cooperative extension service, the university is continually serving the people of Illinois.

Discussing the contributions of the land-grant institutions, the noted educator Oliver C. Carmichael had pointed out that:

> It is difficult to conceive what the United States would be like today if the Land-Grant College Act had failed to pass or if President Lincoln had refused to sign it. Educationally, economically, and politically, it would be a different land and would occupy a different place in the international community.

Dr. Carmichael further emphasized the important, far-reaching part played by the Nation's land-grant institutions when he stated that:

> Undoubtedly the scientific, technological, and technical development of the past 100 years had been largely due to the emphasis on science and technology in American higher education, which in turn stemmed largely from the land-grant college movement. The success of America economically and industrially has inspired other nations to follow its lead in their educational programs in the scientific and technological fields. Thus the influence of the Morrill Act has been widespread both at home and abroad.

We know, of course, that the Federal financial assistance which this university has received through the land-grant legislation has been an important factor in its tremendous growth. Yet there has been no Federal interference in university programs. In my opinion the successful arrangement of National-State cooperation in behalf of higher education resulting from the Morrill Act is clear evidence of the sound basis upon which the act was established. It is a major factor to be remembered upon this day of observation of the centennial anniversary of the legislation, and I am proud to be among the many who now take time out to make these acknowledgments.

Mr. ROBERTS of Texas. Mr. Speaker, in observance of the 100th anniversary of the signing of the Morill Land-Grant Act by President Lincoln, it is a pleasure to include the following remarks from a recent speech by Dr. M. T. Harrington, chancellor of the Texas Agricultural and Mechanical College System, before a large gathering at Corpus Christi, in which he makes clear the system's indebtedness to the Land-Grant College Act of 1862, and the philosophy upon which the system has been subsequently guided. He also cites some of the accomplishments which have been achieved as a result:

> As familiar as it is to us today, this (the Land-Grant College Act) was a truly revolutionary development in higher education in 1862. It was the first translation of American democratic principles into educational terms. It turned away from the age-old European concepts of higher education, after which our other colleges and universities had been patterned, and established a new, truly American concept, which today much of the world is attempting to adapt.
>
> In the land-grant philosophy the Government recognized the importance to the whole country of the education of its youth for the duties of citizenship in both peace and war. This justified the support of higher education with public funds. It further recognized the importance of educating young people to make a better living as well as in the art of living better. Practical matters became suitable subjects for higher education. It established an equality of educational opportunity by deliberately offering higher education at a low cost to the sons and daughters of all economic levels. And, finally, it recognized the responsibility of educational institutions to serve the entire population, not just the groups formally enrolled as students. This led to the creation of research and extension organizations in connection with the colleges.

It was on this philosophy that the A. & M. College of Texas was founded and by which its development has been guided. Although Texas, as a member of the Confederacy, was not in a position to take advantage of the Land-Grant Act when it was signed, it was this act which led directly ot the establishment of Texas' first State-supported institution of higher education, the A. & M. College.

At the close of the Civil War, in 1866, Texas accepted the provisions of the Land-Grant Act. Reconstruction delayed further action on the matter until 1871, when the formal establishment act for A. & M. College was passed by our State legislature. It required another 5 years to secure the necessary money, construct the first buildings and open the institution.

As Gov. Richard Coke put it, in his speech at the opening of the college, on October 4, 1876, "Texas is preparing to embrace and be worthy of the great destiny which the big years of the future have in store for her."

Nor have we simply chased the will-o'-the-wisp of the newest and most spectacular in each stage of Texas' development. While, in turn, cattle, crops, transportation, oil and minerals, and finally, industry, have been the motivating force in Texas' growth, each of these has been backed by a solid economy based on its predecessors. The cattle business is still of great importance to Texas, as is all of agriculture. So are transportation, oil, and the other mineral industries. We have neglected none of these.

In recent years some of our more spectacular contributions have included revolutionizing the beef cattle industry through discovery of a means of evaluating the hereditary ability to gain, and the stimulation of the poultry industry through the discovery of growth factors in rations which produce commercial broilers in half the time with a third less feed, as compared to previous standards. Hybrid sorghums developed by our researchers, have added more than $20 million a year to the income of Texas farmers in recent years. Our Texas Transportation Institute, official research agency for the Texas Highway Department, has made giant strides in the improvement of construction and maintenance methods for Texas highways, cutting costs and raising quality of our roadways. A tornado warning system, using radar, pioneered by our oceanography and meteorology department now protects lives and properties throughout the southwestern tornado area. Submarine pipelines to serve offshore developments of sulfur mines, were made possible through research of the same department. The list is long; these are merely examples.

While all of these accomplishments are mentioned in terms of their research discoveries, let me remind you that research is of value to the public only after it has been put to use. Our extension workers have carried news of these discoveries to the people who can use them and taught them how to use the new information profitably. In turn, it has been the task of our teaching divisions to train young men in the newest technologies as they were developed, so that they may be used effectively in the future. The three functions of a land-grant institution such as ours—teaching, research, and extension—are inseparable. Each contributes to and stimulates the other, and it is the sum of their results, rather than any individual phase, which returns to the taxpayer a rich dividend on his investment.

Today, Texas is entering a new period of development in which industry based upon scientific discoveries and technological skills is a major factor. Trained brainpower is the one great natural resource of such industries. The present trend of development at the college is significantly parallel to this trend in Texas' economy.

Mr. PATMAN. Mr. Speaker, this year we in the United States are observing the 100th anniversary of the signing of the Morrill Act, which cleared the way for the land-grant college system and its teaching, research, and extension contribution so well known today. Perhaps no other single invention has had so great an impact on the growth of human capabilities in this country.

Consider the United States of a century ago—a land endowed with an immense potential wealth in natural resources—a people with a will to work and a desire to learn, but with only a limited fund of scientific knowledge and scarce opportunity to share in this knowledge. This is the environment in which the land-grant colleges were born. From this has emerged an unparalleled opportunity for nearly anyone who wants to go on for higher education; a breakthrough in new agricultural, engineering, and scientific knowledge; and an effective extension organization for putting this new knowledge into the hands of working people and householders.

Passage of the Morrill Act did not in itself insure broader opportunities for practical higher education. Success depended on the subsequent ideas, interest, and support of the people themselves. The people did respond. In my own State of Texas, the State legislature created the A. & M. College of Texas in 1871—less than a decade after the Morrill Act had been passed. The college was opened in 1876. Two years later a companion institution, Prairie View A. & M. College, was also opened for Negro students. For the first time all alert young people of Texas, regardless of their financial or social position, had the opportunity to go on for higher education.

It was soon found in Texas, as in other States, that existing scientific knowledge about agriculture and the mechanical arts was very limited. Faculty in the land-grant colleges began research investigations. Soon joint Federal-State support of agricultural experiment stations was provided through the Hatch Act of 1887. The resulting research has stimulated tremendous technological breakthroughs which have contributed much to the growth of our Nation.

Dissemination of these research findings has been by no means restricted to students on the college campuses. The U.S. Department of Agriculture and the land-grant colleges soon found themselves undertaking efforts to pass on new scientific information to farmers and homemakers who had not had the opportunity to go on to college. The success of early experiences with farm demonstrations, some of the earliest of which were held in east Texas, was culminated in 1914 with the passage of the Smith-Lever Act. This act created the cooperative extension service which has made the help of county agents and specialists available to nearly every county today, through the teamwork of Federal, State, and county governments.

What have the teaching, research, and extension activities associated with the land-grant college movement meant to the individual family?

My own home in northeast Texas is not untypical of the impact that the land-grant movement has had. Many a young person, through the extension-sponsored 4-H Clubs has had his eyes opened to career opportunities both within and outside of agriculture. This experience has stimulated many of these youth to enter college at Texas A. & M., and Prairie View, as well as other institutions of higher learning. Had they been born in another country, most of these young people would have had no hope of ever going on for a college education or of seeking occupations outside the confines of family tradition.

To the farm people in the area, the land-grant college movement has meant a place to turn for help in adjusting to the tremendous changes which have accompanied the technical progress of our Nation's agriculture. The farmer in northeast Texas can turn to his county agent for help in choosing successful practices and organizing his farm businesses. A committee composed of local leaders helps to plan the work of the County Agent. The farmer can attend meetings and read materials prepared by 45 agricultural production and marketing specialists serving him at Texas A.

& M. College. An area farm management specialist, who lives nearby in northeast Texas, is specifically assigned to serve the needs of farmers in his and neighboring counties. Farmers in Texas are benefiting from research being conducted at more than 40 field stations located throughout the State; 7 of these are located in northeast Texas. The farmer can have greater confidence in the feed and fertilizer materials which he buys as a result of the continual testing services provided by the feed and fertilizer control unit at the Texas A. & M. College campus.

The services of the land-grant colleges are not confined to farmers and ranchmen. The homemaker in northeast Texas, whether she lives in the country or the city, can obtain the latest information about home economics and household management from her county home demonstration agent. Home economics specialists from Texas A. & M. frequently come to her county to provide special help to the people in her county. Communities in northeast Texas have organized, with the help of an extension rural sociologist, to find ways to stimulate growth of their communities and to make living more pleasant for all. The Texas Agricultural Extension Service provides a rural area development specialist, who lives in northeast Texas, to help us to find ways to make the most of our nonfarming opportunities. Research coming from the engineering experiment station and the Texas Transportation Institute at Texas A. & M. College provides a wealth of knowledge for community officials and business people alike. Many of our people go to the campus of Texas A. & M. College to attend special short courses every year.

And so it is that the people of northeast Texas, and those in every other section of the United States, have an unparalled opportunity—through knowledge afforded by the land-grant college movement—to contribute to, and benefit from, our Nation's progress.

Mr. OLSEN. Mr. Speaker, I would like to take this opportunity to mark the anniversary of a unique and strong American tradition, the anniversary of the founding of our State land-grant colleges. On July 2, 1862, President Lincoln signed the Morrill Act, which established a fund to support "at least one college—in each State—where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts—in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life."

Since 1862 these land-grant colleges have established a notable reputation for experimentation in the field of education. They were the first institutions to offer practical education as a part of the college curriculum, and they pioneered in the field of extension studies, a vital service to our Army men and their families stationed in foreign countries, without access to American schools. The ROTC training programs at these colleges provide the backbone of the Reserve Officers' Corps. In recent years the colleges have begun an extensive series of programs in cooperation with foreign universities which are eager to initiate a similar program in their own countries. The State presses long associated with various land-grant institutions have done some of the most noteworthy work in the field of publishing in the 20th century.

America's famed success in the fields of farming, ranching, horticulture, and animal husbandry is due primarily to the technical assistance the American farmer has received from this Federal school and experimentation program.

Under the dedicated and spirited leadership of Dr. Roland R. Renne, Montant State College at Bozeman, Mont., has been in the forefront of the active land-grant colleges in recent years. Just this summer the college signed a contract with the Peace Corps to train 70 volunteers from all over the country on the campus at Bozeman. Montana State College has always felt a keen interest in contributing to the welfare and progress of the State. The research projects sponsored by the college in agriculture and forestry, notably the recent project in small diameter timber, are outstanding examples of the way in which a college's initiative and facilities can support and advance the people and unique resources of its State.

Mr. ABERNETHY. Mr. Speaker, on this 100th anniversary of the land-grant college system, it is a privilege and a matter of great pride to me to direct the attention of the House of Representatives to a great educational institution, Mississippi State University at Starkville, which lies within the district I represent.

The Land-Grant College Act, signed into law on July 2, 1862, endowed at least one college in every State, and this was the beginning of a revolution in education in these United States.

Other Members have reviewed the accomplishments generally of this revolution in teaching and learning. Others have reviewed the great work being done by the land-grant colleges in their States. I simply want to tell this House that whatever good being done in these other colleges, we are doing it better down at Mississippi State.

This is one of the great institutions for training young minds in the United States. Our scholastic standards are high.

Moreover, I want to emphasize to the House that down at Mississippi State we turn out, in the person of our scholars, manly men and beautiful ladies. As for our men, review the scores of our football, basketball, and baseball teams of years past, or watch the scoreboards next fall. But our greatest boast, our surest wealth, is the beauty of our ladies. We are blessed with the fairest in the Southland, and these are the most beautiful of all.

Mr. Speaker, I think the House will want information in some detail on this institution and to that end I am reading into the RECORD at this point a brief history of Mississippi State University.

The story of Mississippi State University is like the growth of a tree—strong of heart, sure of progress, and with eyes toward God and the betterment of man.

The institution's seed was planted in 1878 as Mississippi Agricultural and Mechanical College; its growth at the beginning was slow but sure during the early 1900's; it took on a personality and changed its named to Mississippi State College during the hard years of the depression; but its determination to grow and prosper brought it out of the wartime slump and today its enrollment has reached 4,800 students. During the 1958 legislative session, it rose still higher when its name was changed again to Mississippi State University. It is still growing.

Legislative action in 1878 provided for the establishment of Mississippi Agricultural and Mechanical College, and the first session began in 1880 with Gen. Stephen D. Lee as president.

At the beginning, there were 350 students and the initial construction consisted of an academic building, a men's dormitory, a chemical laboratory, and the president's home.

In 1888, the agricultural experiment station was founded. Between 1890 and 1900 the experiment station program was broadened and the curriculum of the resident teaching division was revised to provide separate courses of study in agriculture and mechanics. These later became the school of agriculture and the school of engineering.

During the period from 1900 to 1910, a forerunner of the school of education was founded. The formal school of education was established in 1935.

The fourth decade brought the establishment of the school of science, the school of business and industry, and the agricultural extension service.

The institution concentrated its efforts on special wartime services in 1917 and 1918, and more than 1,000 men were trained for Army service.

During the fifth and sixth decades, the campus building program was accelerated; the college was granted membership in the Southern Association of Colleges and Secondary Schools; the college was made coeducational; and the name was changed to Mississippi State College; and the school of education and the graduate school were established.

The decade from 1940 to 1950 brought an expansion in all phases of the college's activities. In the first half of the period, most of the students entered the Armed Forces and the program of the institution was adapted to war services.

The returning war veterans, aided by the GI bill, pushed campus enrollment past the 3,500 mark, and temporary classrooms and apartments were built, as well as several new dormitories and apartment houses. Enrollment now exceeds 5,000.

During the last decade, four developments are outstanding: First, expansion and improvement of the physical plant and facilities of the university; second, development of research related to agricultural, engineering, industrial, scientific, educational, and business needs of the State's economy; third, expansion of the graduate school and the increasing importance of advanced and technical courses; and fourth, upgrading of the faculty and staff.

Indeed, Mr. Speaker, this great land-grant institution is among the Nation's finest.

Mr. HARVEY of Indiana. Mr. Speaker, because of the great gains made by American agriculture in the past 100 years I wish to share two articles with my colleagues and which will point out some of these gains:

THE MCCLURE PARK PROSPECT AT PURDUE UNIVERSITY

(By Jean Paul Mather, vice president, Purdue Research Foundation)

The recent opening of Purdue University's Industrial Research Park (McClure Park, Inc.) marks the foresight of a new type of pioneering in the land-grant university tradition. The original Morrill Act, chartering these colleges and universities, dedicated their endeavors to "provide colleges for the benefit of agriculture and the mechanic arts." From 1862 to the present, Purdue University has developed strength in engineering and science paralleling the program in agriculture. The dissemination of knowledge in agriculture beyond campus instruction was broadened by Federal support of the experiment station and extension service programs for taking information and research results directly to the farm and community for application. Engineering and science, however, as the technology and sciences have exploded in significance during the past century, were confined chiefly within the campus structure in laboratories and classrooms. Industry and commerce gained access to the knowledge vital to their progress directly by hiring graduates of the engineering and science schools and divisions of the university. Indirectly they gleaned ideas and information from published research.

Dynamic changes have brought about the recent increasing trend for the establishment of industrial research laboratories near great universities. The first is the rapid, almost unbelievable rate of advance in discovery, innovation, invention, and exploration in the sciences and in engineering. This explosion has occurred in both basic research on fundamental ideas and applied research utilizing these ideas in the technology.

The second change is the increasing evidence that modern science and technology are interdisciplinary. The old compartmentalization of physics, chemistry, mechanical engineering, chemical engineering, etc., doesn't work as scientists push the latest scientific horizons back. Team approaches are essential, involving scientists from different disciplines, and scientists and engineers from all avenues of knowledge. Finally, as a concomitant of the other changes, industry in close relationship to the university scientific community gains access to the best source or supply of younger well-trained scientists to staff their own private enterprises.

McClure Park at Purdue University represents another kind of teamwork. Industrial researchers, working on both basic and applied problems, now move into the university environment. They live and work in a community of opportunity sharing their problems and ideas with the large pool of professionals already assembled on the campus. They gain access to complex equipment and intricate facilities which the average industry does not have and cannot afford. They share the stimulation of the intellectual campus environment—the plays, concerts, and lively discussions—and they share without a long commuting run. And through the outgoing graduate program, scientific staff recruitment is not only stimulated but also vastly improved.

The philosophy of the land-grant tradition of public service through the university is thus translated into a two-way street. University faculty and research people and graduate students will benefit from contact with applied basic research, not confined to curricular and campus approaches. The classical tradition and methods of the campus will receive new stimuli, new attitudes, new ideas. Provincialism will be decreased by rapid interplay between discovery and application. The speed of reaction of this process will be much greater because of the impact of the university on industry through its graduates and its publications.

This effort is one of foresight, of practical vision that is not visionary. Sponsored by Purdue Research Foundation, a nonprofit university-affiliated corporation, the first 100 acres of a possible 1,000-acre park are now under development. On laboratory for Wabash Magnetics, Inc., started operations in May 1962. Plans for laboratory space for four other corporations are on the drafting boards. Concerns who look to innovation, new products, and new methods as the way to meet foreign and domestic competition may find the answer here.

AMERICAN AGRICULTURE AND THE LAND-GRANT COLLEGE

Modern American agriculture permits a single farmworker in this country to produce food enough for himself and 25 other persons. This is an unparalleled production efficiency ratio.

Thirty years ago it took an industrial worker of the United States just about 1 hour of his labor to buy a dozen eggs. Today it takes him only 15 minutes of work to earn enough to pay for a dozen eggs. Eighteen minutes of work buys a pound of chuck roast that three decades ago cost 24 minutes of labor. The amount of working time required to earn a quart of milk has been cut in half, as is the case with potatoes and also bread.

What has brought this about?

It has been described as a "technological revolution." What that means is simply this: people in agricultural research, in education, and industry have joined with farmers to bring their total capacity to bear on problems of food and fiber production, processing and distribution. The result is ever-increasing amounts of food and clothing for a growing population at decreasing costs per unit of output.

At the heart of the country's system of agricultural research and extension education is the land-grant college and State university. There are 68 of these institutions, with at least 1 in each of the 50 States as well as Puerto Rico.

In partnership with the States and with the U.S. Department of Agriculture, the land-grant colleges administer the Nation's vast network of agricultural experiment stations. They work closely with the Cooperation Extension Service—Federal, State and county—to train its leaders and workers, and to put their talents and findings to work for the improvement of agriculture and family living. The land-grant college brings together formal campus teaching, research and extension work in one institution serving the people.

Higher education in agriculture in the United States is confined almost entirely to these institutions. They grant all of the doctorate degrees in agriculture, almost all of the other advanced degrees, and four of five bachelor's degrees awarded in agricultural subjects in this country.

Every year there are approximately twice as many jobs open to agricultural graduates as there are young people with the degrees required to qualify for them. One reason these many excellent opportunities are missed may be that agriculture is frequently defined in a misleading and narrow manner.

The number of farmers and ranchers in the country has declined in recent years, but the amount of raw food and fiber products they produce has been steadily increasing—and the broad field of agriculture today includes all of the scientific, technical, professional and business occupations concerned with processing and distribution. Agriculture, in fact, is the Nation's largest single industry. Four of every 10 people employed in the United States serve agriculture.

Positions open to agriculture graduates include such broad categories as communications (farm writing, advertising, TV work, and movie production); conservation (soil and water, forestry, wildlife management); research (on production, pests, new uses for farm products, antibiotics); education (college instruction, vocational agriculture, extension teaching, technical assistance to foreign nations); business and industry (farm management, food processing), and the business of farming itself, which today demands broad knowledge of economics, engineering, chemistry, and animal and plant life.

Professional instruction in agriculture at land-grant colleges is based largely on the natural sciences—chemistry, physics, botany, zoology, and geology. It is not necessary at the start for a student to know exactly which branch of agriculture he will finally follow. Courses in the first year or two are general and allow flexibility in final choices.

Four-year courses are provided in general agriculture, including agronomy, animal-dairy-poultry husbandry, horticulture, and wild game; in agricultural administration or economics; in agricultural engineering; and other fields. Almost all other subjects outside as well as within agriculture essential to a full life and good citizenship are taught at land-grant institutions. These colleges, which enroll about 20 percent of the Nation's total college population, award 40 percent of doctorate degrees in all subjects.

The centennial of the land-grant colleges and State universities on July 2, 1962, marks the date that President Abraham Lincoln, a century earlier, signed the Morrill Act. This law, establishing the land-grant system of higher education, also in effect established and made secure the principle of equal educational opportunity in this country.

The act embodied a new concept of higher education. It provided Federal assistance to institutions under State control for education of the many as well as the few well-to-do, and placed new emphasis on science and technology—at the same time continuing traditional studies in the liberal arts and humanities. Terms of the land-grant law provided the public support that has permitted qualified young people of modest means to attend college. The act specified that the States be granted Federal lands, amounting to 30,000 acres for every Representative and Senator in the U.S. Congress.

Proceeds from the lands were to be invested, and the income used to establish and endow—in the words of the act—"at least one college where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and mechanical arts, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life."

As used a century ago, the term "industrial classes" included practically everybody who worked for a living in whatever capacity. The principles of the original Land Grant Act have been extended in the Hatch Act of 1887, providing joint Federal-State research in agriculture at land-grant institutions; in the Second Morrill Act of 1890, providing further Federal assistance to the colleges and universities; and in the Smith-Lever Act of 1914, establishing the Nation's present extension services.

To stimulate their growth and contribute to their strength, all of the 68 land-grant institutions belong to the Association of State Universities and Land-Grant Colleges—or more briefly, the Land-Grant Association. It is through the association, formed in 1887, that the land-grant colleges work with one another, and with the U.S. Department of Agriculture on national problems of extension education and of agricultural research.

Mrs. BOLTON. Mr. Speaker, exactly a century ago in the second year of the Civil War, a new concept of higher education—education for all—was born in this country. This came about when, on July 2, 1862, President Abraham Lincoln signed the Morrill Act which provided grants of public land to the States in proportion to population. It is appropriate that we observe this centennial by calling attention to the contributions to our country that have resulted from the Land-Grant Act.

A century ago the new States and territories lacked the resources to create their own systems of higher education. The Land-Grant Act provided for a grant of Federal land to each State amounting to 30,000 acres for each Member of Congress from that State. This land was to be sold—the going price then was about $1.25 an acre—and the income used to endow and support at least one college in each State. Justin S. Morrill of Vermont, who served nearly 50 years in Congress, let the fight for the necessary Federal legislation. More than 5 years after the struggle for adoption of the plan had begun, the land-grant college bill, known as the Morrill Act, was signed into law by President Lincoln.

The Morrill Act is significant because by endowing at least one college in every State, controlled by the State, it helped bring to life the democratic idea of equality of educational opportunity. An open door to college for all who had the will and ability to learn was unprecedented in world history. One hundred years ago 1 young American in 1,500 went to college compared with 1 in 3 today. The land-grant system has become the Nation's largest single source of trained and educated manpower.

A second reason for the fundamental significance of the Morrill Act is that for the first time colleges were brought to the people. Teaching and research were not limited to the confines of campuses. Throughout the States they serve, land-grant people conduct special classes, they go to factories and farms to test research results, they contribute to the cultural life of the community, and they seek solutions to economic, social, and physical ills that beset their fellow citizens. The 68 land-grant universities and colleges today enroll 20 percent of the country's college population and grant 40 percent of all doctorate degrees; confer approximately 50 percent of doctorates in sciences, engineering, and the health professions; all of those in agriculture, and 25 percent in arts and languages, in business and commerce, and in education itself. Further testifying to the quality of teaching, research, and service by these institutions is the fact that 25 of 42 living American Nobel Prize winners who went to college in this country have earned degrees from land-grant institutions.

Ohioans are extremely proud of Ohio State University which was founded in Columbus in 1873 as a result of the Land-Grant Act. Like land-grant institutions in other States, the university has long since become one of Ohio's largest sources of educated manpower. Over the years it has graduated more than 122,000 students.

Today the scope and influence of the Ohio State University are literally worldwide. Not only does it attract students from all 50 States and from many foreign countries, but also parts of the university program have been carried to and applied in India, Guam, and other distant places. On the homefront the Ohio State University Research Foundation has become an operation of the first magnitude, with an annual research program for government and industry amounting to about $7 milllion a year.

But essentially the university's prime products are—and will continue to be—people. Among them have been leaders in the professions, business, science, and industry. The value of such persons to the State of Ohio, and to the Nation, is beyond price. Truly the university is a public asset that might not have been possible without the Land Grant Act.

Mr. NYGAARD. Mr. Speaker, on July 2, of 1862, as the Civil War swung into its second summer of fighting, the Congress of the United States managed to find time for an act of major importance. It was on that day that President Abraham Lincoln signed the Morrill Land-Grant Act. The results of that act are evident in almost every State in the Union.

It was this act that gave every young American a chance at an education, regardless of whether he came from a position of wealth or from poverty. The famous Morrill Act granted to each State 30,000 acres of federally owned land for each of its Members of Congress. It now includes 68 colleges, 1 or more in every one of the 50 States. This year we celebrate 100 years of service to the Nation of these land-grant institutions.

The land-grant colleges have brought together formal campus teaching, research, and extension work in one institution serving the people. Typical of the colleges that have contributed so much to our abundance is North Dakota State University. This fine university was founded in 1890, only 1 year after North Dakota became a State. The very first legislative assembly of the State founded the school, under the provisions of the Morrill Act. It opened its doors in 1891 to 5 students with an approved curriculum of 18 subjects. From this humble start it has grown to an enrollment of 3,581 students from every county in the State, nearly half the States in the Union, and 18 foreign countries. A faculty of more than 535 serve in teaching, research, and extension activities.

When achievements are listed, North Dakota University has a right to be profoundly gratified by the work of its graduates—11,086 graduates have taken their place in society, all useful citizens contributing to the Nation's economy and progress. A good example of the amazing research work done at the NDSU laboratories are the figures on Hard Red Spring wheat in a recent year. Of the 17,690,458 acres of Hard Red Spring wheat planted in the United States, the six NDSU varieties made up over 62 percent. There are many other examples of the contributions of this fine land-grant college—contributions so profound in their effect that the sum result is not yet known.

Land-grant colleges in general, have upheld all the high hopes professed by supporters of the program 100 years ago. As a matter of fact, the results have often gone beyond expectations. The land-grant institutions enroll 20 percent of the Nation's college population—they grant about 40 percent of the degrees. They grant about half of all doctorates in the sciences, engineering, and health professions. Of 35 living winners of the Nobel Prize in America, 21 earned degrees at land-grant institutions. In short, land-grant colleges are responsible for pioneering research in many fields. It is a great pleasure to honor all of these worthy schools on this 100th anniversary of the Land-Grant Act.

Mr. JENSEN. Mr. Speaker, a good thing can stand repetition, so part of my remarks today will be echoed in other speeches celebrating the centennial of the Morrill Land-Grant Act, signed into law by President Lincoln just a century ago.

I can repeat the fact that there are 68 land-grant colleges and universities in the United States and Puerto Rico.

I can restate that the Morrill Act was significant for two reasons: First, it embodied the then revolutionary idea that everyone with the ability to absorb a higher education should have the chance to attend college; second, it provided the incentive on a national scale to bring this concept of equal educational opportunity to life.

I can cite figures to show the great impetus the Land-Grant Act gave to American higher education.

But I am now going to discourse on some items of interest that can be claimed on this floor by no one save my Iowa colleagues.

You see, my friends, through fortuitous circumstance Iowa was the very first State to take advantage of the generous provisions of the Land-Grant Act. It so happened that Iowa had called a special session of its general assembly in September of 1862 to consider vital problems of the war. The assembly promptly ratified acceptance of the proffered aid by the U.S. Government, and Iowa became the first State in the land-grant family. I should concede that Michigan quickly followed in accepting the Government offer, and then set about building its college before Iowa had turned to that undertaking. Thus, Michigan State University holds the honor of being the first school to open its doors under the terms of the Morrill Act.

But back to Iowa. The Morrill Act provided public lands to the States on the basis of 30,000 acres for each Senator and Representative which that State had in Congress. The proceeds were to constitute a permanent "endowment, support, and maintenance of at least one college where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts, in such manner as the legislatures of the States may respectively prescribe, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life."

It was a broad charter, covering about everything. The land-grant colleges were to offer studies in agriculture, science, engineering—in fact almost anything that would help young people prepare for life in the rapidly industrializing world.

Now, here is a recitation of something which brings pride to Iowans. When the first students arrived, they came as boys and girls together, and this was a radical departure from the accepted pattern of the day, when coeducation on the college level was almost nonexistent. But hearken to the farseeing wisdom of those Iowa early settlers. Both the board of trustees and the president were determined that women had as much need for education, and as much right to it as did men. Consequently, Iowa's new college became the first land-grant institution to be coeducational in fact from the very beginning. In a full century its only requirements for admission have been in the realm of scholarship. No one has been denied because of sex, race, creed, or lack of wealth.

Iowans in this manner put down some solid foundation stones for their new college. From that beginning the chronology of firsts is typical of Iowa accomplishments. In 1879 it had established an experimental creamery. It began a course in dairying in 1880, and in 1897 inaugurated the first college curriculum ever offered for a degree of bachelor of science in dairy industry.

It offered what may have been the first course in forestry in the United States in 1874, and in 1904 began the professional training of foresters, becoming one of the early schools among the 25 now recognized.

Iowa State University today enrolls more undergraduates in agriculture than any other institution in the world.

Iowa State was the first agricultural college to go to the farmers. In 1870, President Welch conceived the idea of sending some of the faculty to hold institutes in various parts of the State.

There are other remarkable achievements in the logbook of enterprises at Ames, but I will close by citing one more, of national interest. It was Iowa farmers and Iowa educators who were to undertake pioneer work which led to the cooperative extension service in agriculture and home economics as an integral part of land-grant colleges in America. It is said the 4-H theme originated in Iowa.

So, you can see that Iowa has been faithful to the purposes of the Morrill Act, as conceived by its author in that long ago time. And so that the thousands of bright youngsters, from Iowa and all over the globe, who pass through those exciting halls of knowledge on the beautiful campus at Ames will have a constant reminder of the flint-eyed Vermont idealist who made it possible, one of the principal buildings there has been named Morrill Hall.

We in Iowa recognize what an enormous debt we owe to his wisdom, and to the generosity of this great country. We feel secure in the knowledge that we have fulfilled and continue to fulfill the vision of Senator Morrill.

Mr. MATHIAS. Mr. Speaker, today marks the centennial anniversary of the initiation by President Lincoln of a century of national educational opportunity under the Morrill Land-Grant Act sponsored by Congressman Justin Smith Morrill, of Vermont. The purpose of the act was to provide for "the endowment, support, and maintenance of at least one college in each State where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and mechanic arts, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life."

This act embodied the then revolutionary idea that everyone with the ability to absorb a higher education should have the opportunity to attend college. In 1838 only 1 in 1,300 of the youth of college age in this country went to college, and by 1869 the ratio had increased to 1:1,900. Today one of three are in college, but with the current boom in college population, there will not be enough places for all those who will want to attend by 1970 if we do not vastly improve our present capacities and personnel.

It is a further purpose of this act to promote on a national scale the incentive to bring this concept of equal educational opportunity to life. Each State was granted 30,000 acres of land per Member of Congress, the income from which was to be used to support a college in the State. These colleges were intended to facilitate the export of the fruits of the classroom to the people and the places where they would do the most good, while they would also import the practical experience of the nonacademic, everyday world to the often insulated classrooms. Today 68 of these colleges and universities in the United States and Puerto Rico are carrying forth the principles of the original act.

The record of these institutions is truly impressive. They award 20 percent of all college degrees to our Nation's undergraduates and 40 percent of all our doctorate degrees in all areas. It is an interesting footnote that two-thirds of the living American Nobel Prize winners who were educated in this country received degrees from land-grant colleges.

The research and testing of these institutions have produced outstanding accomplishments. These include streptomycin for the treatment of tuberculosis and dicumarol to prevent clotting of the blood, an advancement to which former President Eisenhower owes his current state of good health. Basic work on the fatigue of metals has been of infinite value to the Nation's railroads, and land-grant colleges developed the first cyclotron and did early research on the transistor. Today, the American farmer, aided by the techniques and methods developed in these colleges, produces food enough for himself and 25 other people.

Maryland boasts two land-grant institutions, the University of Maryland at College Park and Maryland State College in Princess Anne. The original land received by Maryland, located in Alabama due to insufficient Federal lands in Maryland, was sold to a speculator at the end of the Civil War at 51 cents an acre for a total of $112,504. The proceeds of this sale were invested in bonds, and the income today amounts to some $3,000 a year though it has been as high as $8,000. The University of Maryland as a result of the act now has an affiliation with the Federal Government which yields it an appropriation of around a million dollars a year, and stronger ties between the university and the State have developed. The university also enjoys a close national and international link with other institutions and benefits from their research and testing.

Under the auspices of the Morrill Act the University of Maryland began to renew its emphasis in agricultural work in 1890, and by 1900, three-fourths of the university budget was devoted to an agricultural program. In the three decades following 1890 the university was hailed for its basic research into soils and fertilizer analysis and entomology. In addition, Maryland farm production increased fourfold as farmers applied the technology from the university's laboratories and classrooms. Finally, the university was able to establish an engineering school which has produced such outstanding figures as Herschel H. Allen, builder of the Delaware and Chesapeake Bay Bridges and the Baltimore Harbor Tunnel.

The work has only begun, however, and the efforts of the ably directed centennial committee are aimed at continued improvement and extension. The program is a vast study to examine the past and take stock of the achievements that have been realized over the years in order to determine their status in the present program. Emphasis is placed on the future and the attainment of ever higher quality. These colleges today have a marvelous capacity for outstanding work, but we must strive to increase the qualified personnel, students, and academic standards in order to keep the spirit of the Morrill Act alive.

The efforts of the centennial committee are earnestly designed to seek this improvement on a vast local, national, and international scale. Through the use of literature, conferences, and the resources of mass media, the committee is soliciting and circulating the views of a large number of people before a broad public. Not only scholars, but farmers, mechanics, engineers, and management personnel as well as laymen from all walks of life are asked to contribute appraisals of the program and to suggest means of improvement. This endeavor is one of vital concern to us all and we should make a point of joining the General Assembly of Maryland and the President of the United States in encouraging this quest for a continuing high standard of American education. The Morrill Act has afforded an opportunity to the youth of this country but we must not allow the excellence and quality of this opportunity to be compromised in the effort to make it as broad as possible.

Mr. FORD. Mr. Speaker, it is a matter of pride for everyone in Michigan that their State founded an agricultural college in 1855, 7 years before President Abraham Lincoln signed into law the Morrill Act which brought into being today's 68 land-grant universities and colleges. Today, July 2, 1962, is the 100th anniversary of the Morrill Act.

Michigan Agricultural College was a pioneer institution in the literal sense, for it was the first of its kind in the Nation, indeed in the entire world. It embraced a revolutionary concept of education: A college which was devoted for the first time to all the people.

A hundred years ago Michigan was a rugged State populated by pioneers. They were forward-looking men and women who wished to keep the land they were winning and build for the future. As a natural outgrowth of their community, they formed a State agricultural society. In the year 1850, this society, realizing the importance of education to agriculture, petitioned the State Legislature of Michigan to establish an agricultural college. This petition received recognition by the incorporation of a clause in the revised constitution of the State in 1850. This clause called for the legislature to establish an agricultural college. During the next few years there was considerable debate as to whether the need for an agricultural college would be best served by establishing it as an individual entity. The latter course was chosen and on February 12, 1855, the Governor of Michigan signed a law establishing the Agricultural College of Michigan.

During the next 2 years buildings were erected, grounds were cleared, and a faculty formed; and on May 13, 1857, the college was formally opened. The following day classes began with a total of 63 students, an almost unprecedented enrollment for the opening day of a new college in the United States.

Using Michigan Agricultural College as the model, Congressman—later Senator—Morrill, of Vermont, and Senator Bingman, of Michigan, drew up and proposed the Morrill Act which granted lands to the individual States to be sold, and the money used for the "endowment, support, and maintenance of at least one college where the leading object shall be to teach such branches of learning as are related to agriculture and the mechanic arts, to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life." In his only formal speech supporting the measure, Congressman Morrill named but one example of what he would create: the college in Michigan, "liberally supported by the State, in the full tide of successful experiment."

For the Agricultural College of Michigan, the Morrill grant meant a quarter of a million acres of land which could be put up for public sale. In short, it fairly insured the financial stability of the college.

It was not until 1885 that the income from land sales specified in this act warranted the establishment of a "complete mechanical instruction." In this year, equipment was procured for a woodshop, a blacksmith shop, and an iron shop. Professors were engaged and engineering thus became a member of the Michigan Agricultural College family.

It was also at this time that the college truly became a model from which the land-grant system evolved, for it gave heavily from its small faculty who left on promise of higher salaries to start new courses and to build new institutions dedicated to the tradition established with this system. Michigan Agricultural College became the prototype of all future successful land-grant colleges.

The years passed, and the university grew. Enrollment jumped from 627 in 1900 to 2,478 in 1925 when the official name of the college, Michigan Agricultural College, was changed to the Michigan State College of Agriculture and Applied Science. Thirty years later, in 1955, the centennial year of the college, another name change took place when State officials changed Michigan State College to Michigan State University, a far more accurate designation. Winter term registration, 1962, set an alltime winter term record of 22,571 students enrolled for credit.

As these figures indicate, Michigan State University has enjoyed an amazing growth. Its physical plant has expanded with an almost Aladdin-like rapidity. Its students, on and off the campus, have multiplied until it renks today among the largest of American institutions of higher learning. It renders services in a variety of fields. It serves youth and it serves adults. The people go to Michigan State; and Michigan State goes to the people.

To the people of Michigan, however, Michigan State University is more than a campus, more than a college which outranks many universities in size and scope, more than a body of students and alumni. It is the center of experiment and research. It is the center of the cooperative extension service, launched more than 45 years ago, under whose guidance county agricultural agents, home demonstration agents, and 4–H Club leaders in effect carry the college to all the people of Michigan bridging the gap between scientific research and practical application of knowledge, thus making for better farming for farmers and better living for all.

Perhaps the words of Michigan State University's outstanding president, John A. Hannah, in a talk marking the centennial of Michigan State University, sums up most appropriately the land-grant philosophy which is so rich a heritage at Michigan State:

> It is one of the strengths and one of the glories of the land-grant college tradition that this new kind of education was developed and made available in response to a persistent public demand. We have in history no comparable example of an educational agency deliberately designed, created and put into use specifically to do the will of the American people, to serve them as they wanted to be served.
>
> We in the land-grant colleges and universities will do well to remember that our institutions are the creatures of the people in the most specific sense, and I believe that history records that they have prospered and retained the affection of the people in direct proportion to their success in interpreting the changing needs of the common people of America and in serving those needs as the people themselves want them to be served.

As the precursor of the land-grant colleges, Michigan State University stands today as a vivid example of how much the scope of higher education has broadened since the signing of the Land-Grant Act.

It is my privilege to join in tribute to the centennial of the land-grant philosophy and to recognize with native pride the part that the State of Michigan has played through Michigan State University in opening a new era for American higher education.

Mr. CAHILL. Mr. Speaker, the Congress is privileged to celebrate on this occasion a highly significant anniversary. One hundred years ago today a towering figure in American political history placed his famous signature upon an embattled bill; and with that gesture he brought into being a new American idea, one which was to cast the shadow of its influence much farther than even its most enthusiastic proponents had dared to dream. President Lincoln's acceptance of the Morrill Act, more popularly known as the Land-Grant Colleges Act, was widely recognized as a departure from traditional American educational thinking; but the breadth of implications for future educational directions which the new act bore could only be left for posterity to measure. The 87th Congress in 1962 is in something of a position to take that measurement. We are honored today to do so.

What the Morrill Act meant was a courageous departure from 200 years of tradition in American higher education, a tradition of classical studies which the settlers in the new land had brought with them from the old. With the passage of the Morrill Act, the Congress was announcing its readiness to declare that education in the new democracy had better be democratic; that learning in the practical and future-conscious new world had better be future conscious and practical. Toward that end, Congress was providing for the granting of Federal lands to the States for the endowment of a network of colleges throughout the Nation. These colleges were to emphasize the teaching of subjects relating to agricultural and mechanical arts, with the goal of promoting "the liberal and practical education of the industrial classes in the several pursuits and professions in life."

Within a year of its enactment, the Land-Grant Act was accepted by the New Jersey Legislature, and accordingly brought to the State scrip for 210,000 acres of public land. The issue then was the choice of institution. By the end of 1864, the State legislature and the Rutgers College, of New Brunswick—a well-established institution already approaching its own centennial anniversary—had expressed mutual commitments; and Rutgers had become New Jersey's land-grant college.

Today we all are witnesses and recipients of the benefits which have accrued to the United States from her 68 land-grant colleges. Each year hundreds of thousands of American young people register at these schools to take advantage of the vast range of courses, the manifold opportunities for technological and scientific research, and the realistic preparation for useful vocational life which have continued to characterize most land-grant institutions. Each year these colleges and universities confer a total of doctoral degrees which represents approximately 40 percent of all such degrees awarded throughout the Nation. Each year the land-grant colleges commit themselves more deeply to the educational service of their localities, carrying lecture series, extension courses, and home-study programs into towns and homes throughout the States. Annually they increase their service to many developing nations abroad, having already in recent years undertaken more than 120 foreign projects under contract from the Federal Government. And always, steadily, their research and experiment stations press for new discoveries and better techniques in engineering, agriculture, and all areas of applied science.

It is for such services that the people of New Jersey are indebted to Rutgers University. Today the colleges of arts and science, of agriculture, and of engineering, with the graduate school of education, continue the university's long record of eminent scholarship and achievement; and the future is at least as exciting as the past. Our impressive college of engineering, for instance, having recently completed thorough programs in nuclear and in chemical engineering, anticipates the inspiring prospect of a new $5,500,000 engineering building, which will be the largest single building project in the university's history and will permit a doubling of enrollment by 1965.

From such news we may learn, Mr. Speaker, that what we hail as the land-grant institutions' splendid achievement in their first century merely points to their increased service in the future. Standing as we do between two phases of so intensely valuable and varied a career, we can do nothing more fitting than accord them our deepest admiration and gratitude.

Mr. BOW. Mr. Speaker, as we celebrate today the 100th anniversary of the land-grant colleges, I wish to pay tribute particularly to the State agricultural experiment stations which are so important a part of the college system.

One of the pioneer stations, established in 1882, is the Ohio State Agricultural Experiment Station at Wooster, in my congressional district. A visit to this facility is one of the most interesting and informative experiences one can have.

Mr. Speaker, in 1852 the average farmworker supported 4.53 persons. In 1962 the average farmworker supports 26 persons.

The revolution in farm techniques so dramatically demonstrated in those statistics is due in no small part to the work of the experiment stations of the land-grant college system.

Last winter I visited the station at Wooster and was shown a few of the more interesting projects underway there. The variety of work that is underway defies the imagination. Nine pages in the annual report are required to list the experiments and projects in agricultural economics and rural sociology, agricultural engineer, agronomy, animal science, botany and plant pathology, dairy science, dairy technology, entomology, forestry, home economics, horticulture, poultry science, and veterinary science.

The work done by this station and others throughout the Nation have made American agriculture the envy and inspiration of the entire world. There are no known limits on the contribution that the station may make in the future.

It is a pleasure today to pay tribute to the men and women who have manned the Ohio State Agricultural Experiment Station over the years, and who are doing so much today to provide a better future for all Americans.

Mr. CONTE. Mr. Speaker, it is appropriate today, on the 100th anniversary of the signing of the Morrill Act by President Lincoln, to consider the past, present, and future of the land-grant colleges and universities which were established through the passage of this act.

The basic purpose of this act was "to provide the liberal and practical education of the industrial classes in the several pursuits and professions in life." Sponsored by Congressman Justin Smith Morrill, of Vermont, the act provided for a grant of Federal land to each State in the amount of 30,000 acres for each Member of Congress from the State. It stipulated that the income from the sale of this land was to be used for the endowment and support of at least one college in each State. Although primarily intended to provide technical and practical education, the act contained a provision for the inclusion of "traditional, classical education" at the institutions to be founded.

Today, there are 68 land-grant colleges and universities including such well-known institutions as the University of Massachusetts and the Massachusetts Institute of Technology in my own State. Although these 68 number less than 4 percent of the Nation's colleges and universities, they enroll 20 percent of the Nation's undergraduate students and grant nearly 40 percent of all doctoral degrees in every field of study.

Certainly these statistics are evidence that the primary significance of the Morrill Act—to offer individuals educational opportunities regardless of their occupation or economic status—is being accomplished. The additional importance of this act can be found by examining the novel educational approach which the land-grant colleges and universities introduced. This approach is based on the idea that "practical and liberal education shall embrace all knowledge in service to all people." Unlike their predecessors, they developed and promoted the concept of bringing the institution to the people, in addition to bringing the people to the institution. This concept materialized in the form of extension courses. Representing an attempt to educate the entire population rather than merely a select group, this novel program includes both cooperative extension programs in agriculture and home economics in association with the U.S. Department of Agriculture, and more general extension activities conducted by means of adult education programs, radio and television programs, conferences, and special institutes. Thus, one of America's basic concepts—that everyone is entitled to an education—is being realized to a greater degree than ever thought possible by our Founding Fathers in the field of education.

The future role of this Nation's land-grant colleges and universities is certain to be one of great significance. Undoubtedly, they will continue to develop new educational methods, as they have done in the past, in order to meet the challenges of future scientific and technological discoveries. In these institutions will be found the place for the expanding college enrollments which presently plague and will continue to challenge this country's educational system for many years. Finally, the concept of the land-grant college and university will continue to influence educational systems throughout the world. The recently emerging nations presently are patterning their new educational institutions after the concept of public education provided for in the Morrill Act of 1862.

Today, I am proud to pay tribute both to the concept contained within the Morrill Act and to the past work and achievements of the land-grant colleges and universities. I wish them continued success in their efforts to provide the highest quality of education possible, to serve as centers for both basic and applied research vital to our Nation's future, and to continue the role which they have played in enlightening citizens through civic and cultural activities.

Mr. OSTERTAG. Mr. Speaker, today we observe the centennial of one of the greatest developments ever seen in the history of education—the 100th anniversary of the signing by President Lincoln of the Morrill Land-Grant Act, which established our great system of land-grant colleges.

I join with my colleagues in paying well-deserved tribute to all the land-grant colleges throughout our country and, in particular, I wish to commend and to call to the attention of Members the outstanding land-grant institution in New York State, Cornell University.

I salute Cornell for its great service to education in my State.

The signing of the Land-Grant Act by President Lincoln 100 years ago represented the realization of the dreams of many supporters, but, among the most ardent were two Members of Congress, Jonathan B. Turner, of Illinois, and Justin S. Morrill, of Vermont.

Once before, in 1859, the Congress had passed the land-grant bill, only to have it put aside because of misgivings about its cost and constitutionality.

But, on July 2, 1862, by a few strokes of his pen, President Lincoln brought into being an educational revolution, a revolution as far reaching as the industrial and economic revolution in its effects on our country.

Mr. Speaker, just 100 years ago, opportunity for higher education in this country was nearly always restricted to those privileged by birth, by social status, and by wealth. In addition, college education was almost entirely based on classical and continental models, and was intended to fit students for the learned professions as they were then recognized.

Today, higher education is no longer exclusive. It has become both more practical and more easily available. It is no longer the privilege of the few, but it is an opportunity open to all who can benefit from it and meet its demands.

How was this revolution accomplished? The pioneers of popular higher education knew what the Nation needed—they were opposed to restricted education, and they were dissatisfied with the classical and traditional education which did little to train students for the demands of our expanding American life. They recognized that a bold, new idea was needed to revolutionize our educational system.

But, the Nation at that time was still in the process of development. Vast stretches of our land were still unoccupied. The financial resources of all the States and territories were severely limited, and could not possibly provide systems of higher education.

However, there was one fabulous resource that the entire Nation had in abundance—our public lands. And so, the pioneers argued that this resource should be put to use in the cause of education. Federal land grants should be made to each State—30,000 acres for each Member of Congress from the State—and this land should be sold and the income used to endow and support at least one college in each State.

Thus, in 1862, when the country was torn by civil strife and bloodshed, and when the future seemed dark indeed, our land-grant colleges were born "to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life." The land-grant colleges were born out of a high estimate of education as an instrument of individual and social progress. They were born with a broad concept of the many different kinds of abilities human beings possess and the value of cultivating them all to the utmost. They were born from faith in the people of America. The colleges have been committed from their beginning to the wide dissemination and use of knowledge.

In 1862 we had a national population of 32 million and could boast of 203 colleges and perhaps 25,000 college graduates. Today, just 100 years later our population of 180 million is served by more than 2,000 institutions of higher education enrolling 3,891,000 students, and counting millions of alumni. The 68 land-grant colleges and universities account for about one-fifth of our students. They grant 22 percent of all the bachelor's degrees conferred, 25 percent of the master's degrees, and 38 percent of the doctorates.

What a great record the land-grant colleges have made in their first 100 years. We can be justly proud of their achievements, and look forward with them as they continue to advance the noble idea that inspired their founders—that practical and liberal education shall embrace all knowledge in service to all people.

Mr. WALLHAUSER. Mr. Speaker, the 100th anniversary of the signing of the Morrill Land-Grant Act by President Lincoln occurs on July 2, 1962.

As the land-grant institutions observe their 100th anniversary they number less than 4 percent of the Nation's colleges. Yet they enroll about 20 percent of the Nation's undergraduate students and grant nearly 40 percent of all doctoral degrees in every field of study. Of the 38 American Nobel Prize winners who went to college in this country 20 have earned degrees from land-grant institutions. Land-grant colleges also train about one-half of all the Regular and Reserve officers who enter the Armed Forces from civilian institutions.

The great State of New Jersey is proud to claim one of the earliest land-grant institutions, Rutgers University. Originally a private institution, Rutgers accepted the responsibility of becoming New Jersey's land-grant university in 1864. In January of 1864 a special committee of the Rutgers board of trustees made an extensive report which included these humble words:

> As to the expedience on the part of the trustees of Rutgers College of endeavoring to secure this grant from the State of New Jersey there can in the opinions of the committee be no doubt. This money as the gift of the State is to be expended somewhere. The question is into whose hands the trust of its expenditure can best be bestowed. It is surely better that it should be entrusted to a discreet and conservative body of men, who will apply it with a wise reference to the general interests of sound education, than that it should be squandered in some foolish experiment, or used to bolster up some charlatan scheme of ephemeral character and questionable tendencies. Will Rutgers College be the almoner of this Government munificence, or will she stand back and see it put into less safe and less capable hands?

Later that year the legislature designated the Rutgers Scientific School as New Jersey's land-grant college.

Since its inception as a land-grant college Rutgers has continued year after year to stride forward and has today emerged as an academic giant on the horizon of knowledge. I am confident that I speak for all the people of New Jersey in paying tribute to our laudable land-grant university on this, the anniversary of the land-grant colleges.

Mr. DOMINICK. Mr. Speaker, today marks the 100th anniversary of the signing of the Land-Grant College Act of 1862. On the day that Abraham Lincoln signed into law the bill which Representative Justin Smith Morrill, the son of a Vermont blacksmith, had guided through Congress, the event received little notice or acclaim—probably because our Nation was engaged in a great civil war and the tides of battle were running in favor of the Confederates. A bloody battle had just ended in a victory for the forces of Gen. Robert E. Lee and the Union forces under Gen. George B. McClellan were in retreat. Perhaps Lincoln, himself, attached little significance to this act as he took his quill in hand to sign his name to the document which began "An act donating public lands to the several States and territories which may provide colleges." But, 100 years later we look upon the truly monumental accomplishments which that document made possible. With that stroke of his quill, Lincoln launched a century of enlightenment, and signed into law the most important single piece of Federal legislation in the history of American education.

For Representative Morrill it represented the successful culmination of 6 years of effort, during which time the bill had twice passed both Houses of Congress, only to be vetoed the first time in 1858 by President Buchanan who sided with the southerners who feared that these federally financed colleges would be an invasion of States rights, and some westerners who did not want land in their States sold to outsiders.

Morrill's success in 1862 may have been due in large measure to a provision which he added to his original bill. That provision required that the land-grant institutions must teach military tactics. The need for this provision undoubtedly was brought home to Congress by the tragedy of the Civil War which was threatening to tear this Nation asunder. But military training was not the main objective of the Morrill Act although the training of a reserve group of young men for the military defense of our country has been an important function of our land-grant institutions for 100 years. They have trained a high percentage of all Regular and Reserve officers entering the Armed Forces through the military training programs of civilian institutions.

The act declared that:

> The leading object shall be, without excluding other scientific and classical studies, * * * to teach such branches of learning as are related to agriculture and the mechanic arts * * * in order to promote the liberal and practical education of the industrial classes.

Evidence is abundant as to how well this leading object has been attained.

The ceramics, soybean, and woodpulp industries all had their start in land-grant colleges. Research in these land-grant colleges and universities led to the development of the television tube, the transistor, the first cyclotron, and production of pure uranium. Such wonder drugs as streptomycin, stilbestrol, and dicumarol were discovered through the research done at these land-grant colleges.

In agriculture the results have made the American farmer the envy of the world. For example, in 1862, the American farmer produced enough only for himself and four others—today, he produces enough for himself and 26 others. This picture is endlessly amazing. The southern cotton farmer in 1862 harvested an average of about 120 pounds of cotton per acre. Today from that same acre he harvests an average of 438 pounds of cotton.

It truly can be said that what was foreseen in Morrill's historic mandate has been realized even beyond the vision of the land-grant movement pioneers, including education not only for men but for women—opportunity not only for an intellectual elite but also for all who must carry the burdens in a great and growing democracy—and the ideal of learning, not for its own sake alone, but in service to society.

In 1862, with a national population of 32 million, we boasted 203 colleges and perhaps 25,000 college graduates. Today our growing population of 180 million is served by more than 2,000 institutions of higher education with 3,891,000 students enrolled and an alumni numbering in the millions.

Today, there are 68 land-grant universities and colleges. One-fifth of all college students are enrolled in these land-grant institutions. They grant 22 percent of all the bachelor's degrees conferred, 25 percent of the master's degrees, and 38 percent of the doctorates. Twenty-five of the 42 living American Nobel Prize winners who studied in this country earned degrees at land-grant colleges and universities.

Mr. Speaker, one of these fine land-grant universities is located in my district. Colorado State University in Fort Collins, Colo., was established by an act of the Colorado Territorial Legislature in 1870, and today under the excellent guidance of its president, Mr. William E. Morgan, it is truly dedicated to the ideals and objectives set forth in the Morrill Act.

Flying over the Capitol Building today, on this the 100th anniversary of the signing of the Morrill Act by President Abraham Lincoln, is an American flag which I shall present to Colorado State University in commemoration of this anniversary and in recognition of the splendid accomplishments of this university.

Today, we salute the wisdom of our predecessors in Congress, and express the hope and dedication that we shall continue onward toward the noble objectives set forth in the Land-Grant College Act of 1962.

Mr. NELSEN. Mr. Speaker, as a Minnesota farmer, I have reason to know of the tremendous contribution to our national progress which was made possible by the signing 100 years ago of the Morrill Land-Grant Act by President Lincoln. We have all been beneficiaries of the work of our universities and colleges in the field of agriculture.

I count it a privilege to join in the observance of this centennial and to express the belief that the future is bright because of the foundation for educational opportunity which grew out of the Land-Grant Act.

We in the State of Minnesota are proud of the fact that our State university is the second largest land-grant school in the Nation. Through its several campuses, its extension division, short courses, and public service programs, it has played a leading role in developing within the State of Minnesota one of the finest educational systems in the country. Its contributions are not only in the field of agriculture but also in the training of administrators, teachers, doctors, scientists, engineers, and businessmen, and in developing the cultural appreciation of all the citizens of the State.

It is a quite well-known fact that American agriculture has in the past decades gone through an unparalleled technological revolution. Today 1 farmworker in America produces enough to feed himself and 26 others, a food production capability which has never been approached in the history of mankind. Much of the credit for this great productive ability goes to the agricultural extension service, serviced by our land-grant colleges. In the State of Minnesota county extension agents, sponsored and supported in part by the University of Minnesota, work with over 180,000 farm families in the State.

On this occasion, I salute with pride our great University of Minnesota which in itself marks with great distinction this 100th anniversary of the Morrill Land-Grant Act.

I note that the immediate past president of the University of Minnesota, Dr. J. L. Morrill, serves as a consultant to the centennial committee of the Association of State Universities and Land-Grant Colleges. He is one of a number of nationally recognized school administrators who have headed our great University of Minnesota. This fine tradition of educational leadership and public service is now being carried on by President O. Meredith Wilson who, I am sure, joins me in this centennial recognition of our land-grant colleges. Under the leadership of President Wilson, the University of Minnesota will continue to fulfill the obligations for which it was established. Its motto speaks for itself:

> Founded in the faith that men are ennobled by understanding, dedicated to the advancement of learning and the search for truth, devoted to the instruction of youth and the welfare of the State.

Mr. STEPHENS. Mr. Speaker, a century ago today land-grant colleges were established.

It is proper for an accounting to be made of the stewardship of the University of Georgia, a land-grant institution, on the 100th occasion of this memorable date.

To show that the talent entrusted to us has not been buried but has been invested and the initial coin reproduced a thousandfold, I respectfully call the attention of the Members of the House of Representatives to the following proud record:

Background: The University of Georgia, chartered in 1785, opened its doors in the first years of the 19th century. For almost 100 years, it existed as a liberal arts college, dedicated to the education of young men who would enter medicine, the law, the ministry, or teaching. Chartered by the Georgia House of Assembly as a full and complete seat of learning, the university is certainly that today. Its history and progress have revolved around the changing aspects of Georgia, and the changing needs of her citizens.

Emergence of university: The emergence of the institution as a university followed the land-grant movement. With the first quarter of the 20th century, the University of Georgia assumed its present identity, expanding to include 11 schools and colleges: Arts and sciences, agriculture, business administration, education, forestry, home economics, journalism, law, pharmacy, veterinary medicine, and the graduate school. It divides its myriad functions, as do other land-grant institutions, into three big areas: Teaching, research, and service.

Teaching: The university is headquarters for more than 9,000 students who come from every county in Georgia, from 41 other States, and from 38 foreign countries. They have a choice of more than 90 major areas of study, and more than 35 degrees, including the Ph. D. in 16 fields.

Teaching these students is a highly trained faculty, 51 percent of whom hold the doctoral degree. Each year, students of outstanding scholastic achievement are graduated. The university has contributed 15 Rhodes scholars—more than all other colleges and universities in Georgia combined have produced.

Of the university's more than 40,000 living alumni—62 percent of whom live in Georgia—there are men and women who have made outstanding contributions to the advancement of science and to the progress of man.

One alumnus perfected the famous blue baby operation; another did the scientific research on which the booming pulpwood-paper industry is based; two more were among the three scientists who were on hand when the first uranium atom was split; one is president of the World Bank, a man frequently cited as having contributed as much toward peace and understanding as anyone else; still another is credited with major influence in shaping social security and unemployment insurance programs for the United States. It is interesting that the two Georgians selected for honor in National Statuary Hall roomed together at the University of Georgia: Crawford W. Long, the father of painless medicine, and Alexander H. Stephens, vice president of the Confederacy.

Research: Pushing back the boundaries of knowledge is one of the university's main functions. Research results in a better way of living. From university laboratories have come, for instance, coastal Bermuda grass which has vitally affected the South's livestock economy; important information on poultry nutrition and disease control which has made Georgia the leading broiler-producing State in the Union. Recently released were a new high yielding Soft Red Winter wheat, and a new hybrid yellow corn. From university laboratories have also come the flying syringe gun which has revolutionized the capture of wild animals, from unruly steers on Georgia farms to the giant beasts of the African jungle. Research on deer disease in the School of Veterinary Medicine has been credited directly with the tremendous increase in the size of deer herds in the South.

One university professor is working on the problem of atomic waste disposal to determine how it may be handled more safely. Another is working with the Air Force to discover the nature of the sodium layer in the upper atmosphere. There is also research underway in all arts as well as business law, and government, for which the university maintains a bureau of business research and an institute of law and government. Science research is increasing significantly now that the six-unit, multimillion-dollar science center is in full use.

Service: The university serves Georgia through its cooperative extension service which provides, among other things, for county and home demonstration agents in every county. The 4-H Clubs, including the 4-H Club Center at Rock Eagle, are part of the university as are the agricultural experiment stations located all across Georgia and the Georgia Crop Reporting Service.

To provide educational opportunities for the adults of the State, the university maintains the Georgia Center for Continuing Education which each year attracts more than 20,000 people to the campus for short courses and conferences. Through the center's home study program, and its off-campus center program, thousands of additional students are enrolled annually for credit work. The center's program has been expanded the past 2 years to reach a large audience of Georgians through selective television programing on WGTV, channel 8.

With sponsorship of the National Science Foundation and other agencies, the university now has special summer and year-round institute programs designed for high school and junior high school teachers in various fields. Other special summer programs have been designed for outstanding high school students.

The libraries of the university, containing approximately 460,000 volumes, provide ready information on almost every conceivable subject. The libraries have outstanding holdings in mathematics and contain the largest and most complete collections of Georgiana material ever assembled.

In the 87th Congress, five Members of the House and both Senators are alumni, demonstrating the preparation for public service afforded by the university.

The future: In his most recent annual report and in statements to alumni, President O. C. Aderhold has pointed out that students who come to the University of Georgia today will reach retirement from active life after the turn of the century. They are growing to maturity in an era which is bringing a rapid change in the focus of history.

> Scientific research and the march of technology are reshaping the work-habits, the living patterns, and the income of the population. The face of the State is changing. Water and timber cover large areas. Towns have vanished and cities have expanded. If man is not to fall victim of these changes, he must learn how to master them, and how to understand and foresee them.
>
> It is against this background, inevitably, that a public, land-grant university must examine its progress, plan more rapidly, and approach needs more urgently.
>
> The University of Georgia is the product of vision. The Founding Fathers of our State foresaw the importance of public higher education in a society for freemen. They acted upon their vision at a time when strength, courage, determination, and sacrifices were involved in action.

He further stated that "tremendous efforts have been exerted toward the goal of a great State university to meet the challenges of our time," and he declared that the university is on the threshold of greatness with a vision for the future.

Mr. DANIELS. Mr. Speaker, today, July 2, marks the 100th anniversary of the Morrill Act signed by President Abraham Lincoln. This famous Land Grant Act offering public lands to each State accepting its provisions on a ratio of 30,000 acres for each Member the State had in Congress has resulted in the establishment of 68 educational institutions scattered throughout our great Nation. These institutions, organized to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life, have created a record of which it can be justly proud. Although these institutions number less than 4 percent of the Nation's colleges, they enroll approximately 20 percent of the Nation's undergraduate students and grant nearly 40 percent of all doctoral degrees in every field of study. They confer some 50 percent of doctorates in sciences, engineering, and the health professions; all of those in agriculture; and 25 percent of those in arts and languages, in business and commerce, and in education. They train approximately one-half of all the Regular and Reserve officers who enter the Armed Forces from civilian institutions. They have produced 20 out of 38 living American Nobel Prize winners who attended college in this country. Research conducted by these institutions has resulted in the perfecting of new crops, the first cyclotron, the discovery of streptomycin, and countless other significant advances in human knowledge.

Rutgers University, the land-grant institution in my State of New Jersey, is an ideal example of a land-grant college devoted to the advancement of human knowledge. It was John B. Smith, first entomologist at Rutgers' College of Agriculture and Experiment Station, who first advanced the proposition that the mosquito nuisance could be brought under control. The experiment station's recognition that plants are more susceptible to contamination of the atmosphere than animals has contributed much to the fight against air pollution. Rutgers has similarly excelled in the field of engineering in which research for 1959 to 1960 included 18 contracts with military branches of the Government for a total cost of $263,670.

The 68 land-grant institutions, however, have not rested and are not resting on these noble accomplishments. Nothing stands as better testimony to this fact than the extensive self-analysis which these institutions are undergoing in this their centennial. Debates on tuition costs, international critiques, subject area studies, and citizen seminars are just a few of the many means through which these organizations are trying to perpetuate the ideal of learning, not for its own sake alone, but in service to society, and the advancement of knowledge and the search for truth.

I wish to take this, the 100th anniversary of the founding of the land-grant institutions, as an appropriate occasion to commemorate the vast opportunities afforded us by these institutions in all fields of our lives. Their efforts have contributed inestimably to us as individuals, and to our Nation as a whole.

Mr. KITCHIN. Mr. Speaker, this year marks the 100th anniversary of land-grant colleges and universities. Founded during the latter half of the 19th century, these institutions formed the nucleus of a system of higher education, as distinct and productive as the world has ever known. As Dr. John T. Caldwell, chancellor of North Carolina State College and president of the Association of State Universities and Land-Grant Colleges, significantly remarked:

> The powerful thrust of democracy in American higher education so evident today is part and parcel with the forces which produced the land-grant movement.

Established out of protest against the limited opportunities in both curriculum and admissions available in the traditional classical college, and land-grant institutions touched off an educational revolution. College doors were opened to the industrial class. The curriculum was expanded to include the practical studies of agriculture and the mechanic arts, as well as military science.

From this initial breakthrough in higher education, the land-grant idea has mushroomed and spread into the far corners of the earth.

> Throughout the changes of the most changeful of centuries—

Observed Earle D. Ross, noted author and university historian—

> the basic objectives of the movement have persisted and at their fullest attainment have realized the ideas and ideals of the true founding fathers in an all-purpose and all-service university.

Today, 68 land-grant colleges and universities are serving the needs of our own Nation and many abroad. Although they comprise only 5 percent of all colleges in the United States, the land-grant institutions enroll one-fifth of the

Nation's college population. Their curricula constitute a wide spectrum of learning, in subjects ranging from accounting to zoology. The land-grant colleges also conduct the world's largest off-campus educational program. Through the cooperative extension service, they are, in fact, bringing education to the people. Pioneers in research, the land-grant colleges continue to advance science and technology. The agricultural experiment stations, authorized in 1887 at land-grant colleges, established these institutions as centers of research. Their scientific contributions have included such achievements as the development of the transistor, the first cyclotron, and production of pure uranium; and research in space, satellite tracking, rockets, and rocket fuels, and special foods for spacemen. The land-grant colleges provide, as well, nearly half of the Nation's Reserve officers through their ROTC programs. And, in recent years, these institutions have undertaken over 125 contracts to provide educational and technical assistance for countries around the globe.

We have witnessed, over the past 100 years, the steady growth, and development of these colleges to maturity. Typical of this progress are the two North Carolina land-grant institutions, the State college of agriculture and engineering at Raleigh, and the agricultural and technical college at Greensboro. Both colleges first opened their doors to students during the late 1880's. As State college got its start at the university, so agricultural and technical college was first an annex of Shaw University at Raleigh. However, the citizens of Greensboro, wanting the institution located in their city, secured 14 acres of land, constructed a building with funds appropriated by the general assembly and raised from local sources, and moved the school, in 1893, to its present location in Greensboro. From these original 14 acres, the campus has grown to more than 700 acres, including the college farms, over 30 buildings, and an enrollment of more than 2,000. Similar expansion occurred at State college. A student body of 45, instructed by 6 faculty members, today numbers more than 7,000 and 600, respectively. From 1 building, 1 stable, 2 mules, and a 60-acre farm, the college expanded into a $50 million plant on a campus of 72 major buildings.

Both institutions have grown, not only in size, but in service to the people of North Carolina. Through their research and programs in agricultural and industrial studies, they have influenced the State's industrial and agricultural growth and productivity. The cooperative extension services have enriched the lives of our people, by introducing them to the latest methods and devices for farm, plant, and home use. Through adult education programs and off-campus instruction, our land-grant institutions are serving the educational interests of North Carolina citizens. TV instruction has also benefited the people of our State. State College operates an educational TV station with other units of the Consolidated University of North Carolina; and Agricultural and Technical College has produced several programs on WFMY-TV and WUNC-TV. North Carolina is proud of the accomplishments of its two land-grant colleges, and grateful for the benefits they have provided to our people, our State and to the Nation.

I acknowledge today, the fine record of achievement of all the land-grant colleges and universities. If the past is, as many claim, an indication of future developments, we can look then, to these colleges for continued educational advancement. In the words of Professor Ross:

> At the end of their first century of trial and error and amid the stress and strain of a transforming economic and social order, these unique and indigenous institutions of education and research have demonstrated a capacity to grow and a flexibility to adjust and change that, we may fairly conclude, afford the most hopeful potentialities for the future of American higher education.

Mr. MORRIS. Mr. Speaker, two of the greatest measures of the strength and value of legislation are the challenges of change and time. The Morrill Land-Grant College Act has met these challenges for some 10 decades and has come through with banner colors. It is legislation which continues to be progressive because it is legislation which provides for a flexible program of study. It is legislation which has endured wars and the accompanying aftermath. It is legislation which has been accepted and utilized by every State in the Union and the Commonwealth of Puerto Rico. It is legislation which established a successful arrangement for National-State cooperation in behalf of higher education. Most important of all, it is legislation which has been instrumental in promoting the philosophy that higher education should afford diversified study opportunities for all qualified people.

The land-grant college philosophy is clearly presented in the statement of purpose of the 1862 act which reads:

> To provide for the endowment, support and maintenance of at least one college (in each State) where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts * * * in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life.

The record of the land-grant college movement reveals this emphasis upon agriculture, mechanic arts, and "the education of the industrial classes." Without a doubt, the educational programs of land-grant institutions have been key factors in the sound and sane development of the bounty of this Nation and in our progress as a free society.

We know, for example, that through research programs in science and engineering land-grant institutions have perfected drugs which are an important part of modern medicine, and they have developed technological and scientific methods, materials, and machines which have special significance in this era of expanded boundaries for adventure and exploration. Also, land-grant institutions have been credited with having done basic pioneering research in television and the transistor. The agricultural programs of land-grant colleges and universities have promoted a wiser use and a more nutritious and abundant yield from our farmlands and livestocks. Programs of study, testing, and evaluation in the field of home economics have promoted a more enlightened approach to the important business of home management, child care, and general family health.

The Morrill Act of 1862 has come to be respected for having established a successful arrangement for National-State support for higher education. Federal financial assistance for higher education through the first Morrill Act and subsequent legislation has been vital to the strengthening of land-grant colleges and universities which today educate some 20 percent of our college population, and award over 40 percent of the doctoral degrees in all subjects.

Moreover, through Federal financial assistance to higher education resulting from the Morrill Act legislation, colleges and universities have been stimulated and encouraged to expand and enrich their curriculums and keep their study programs attuned to the changing needs of the American society. Yet through the 100-year history the States and their citizens have maintained control over our land-grant institutions. Today Federal funds constitute only a minor part of the income of these colleges and universities—a fact which speaks well for both the record of Federal financial assistance to education and to State efforts to expand their support to meet the full financial responsibility.

In my opinion, one of the most important contributions of the land-grant college movement to America is the promotion of the idea that knowledge should be disseminated widely throughout the population if we would truly benefit from higher education. Land-grant institutions meet this special challenge to our free society—the responsibility for dissemination of new ideas, discoveries, and methods—through programs of cooperative and general university extension services.

Cooperative extension programs are carried on in agriculture and home economics in association with the U.S. Department of Agriculture. Each land-grant college has a staff of county agents who aid the institution in making available newest discoveries of research to the farm, home, and market. Certainly this program is fundamental in the promotion of the general welfare through education. Learning in this sense becomes especially real and meaningful and departs from the restricted realms of the classical and purely theoretical approaches.

The university extension programs of land-grant institutions provide for adult instruction either through credit or noncredit courses; correspondence courses; conferences and institutes. Through the land-grant movement adult education has long received the attention it deserves as an important economic and social instrument. As we view the tremendous scientific and technological advancements of this recent decade and consider the challenges to this Nation to provide leadership for the free world, we come to appreciate even more fully the need for continuing education for our adult citizens so that they may be informed. Through land-grant college and university programs of continuing education or general university extension service we help our adult citizens become even better prepared to respond to the current worldwide challenge to men's minds. Now more than ever before in the history of free societies it holds true that "an educated person is one who is continually at work on his own enlargement."

Mr. Speaker, much will be written about the land-grant college movement as we participate in a nationwide observance of the 100th anniversary of the signing of the Morrill Act. Historians will review the land-grant college movement in terms of the total epic of our democratic society; educators will review the movement in terms of its significance to the development of higher education; statesmen will review the movement as it has come to represent cooperative National-State efforts on behalf of an enlightened citizenry. To my way of thinking, there is no single group—with either specialized or general interest in the education and training of all capable people—which could review the land-grant college movement over the past 10 decades without concluding that it has been and continues to be something of great value.

Mr. TOLL. Mr. Speaker, for about 107 years the citizens of Pennsylvania and of this Nation have benefited from a program of education conducted by a school which is now known as the Pennsylvania State University. This institution, which had its beginnings in 1855 as the Farmers' High School, became the State land-grant institution in 1863 when Pennsylvania accepted the provisions of the Morrill land-grant college legislation.

Before its designation as the State land-grant institution, Pennsylvania State University, then the Farmers' High School, offered a program designed to give young men "a knowledge of the English language, grammar, geography, history, mathematics, chemistry, and such other branches of the natural and exact science as will conduce to the proper education of a farmer." Because this course of instruction was recognized to be of a collegiate level, the school was renamed and became the Agricultural College of Pennsylvania. One year later, the institution became a land-grant college.

No doubt, the designation of the school as the State land-grant college was an important factor in the more rapid expansion and development of its already revolutionary approach to higher education. Some of the most immediate institutional changes reported to have accompanied its land-grant status are: the inclusion of the mechanic arts in the program, the initial admission of women students, and an enlargement of the physical plant. In 1874, the school was renamed the Pennsylvania State College and in 1953 it became the Pennsylvania State University—in formal recognition of its work as one of the leading institutions of higher education in the country. As I join my colleagues in paying tribute to land-grant colleges and universities in America, upon this centennial occasion, I feel that I must pay a special tribute to the Pennsylvania State University which has been an important part of the total land-grant movement for some 99 years.

I am pleased to note, however, that the year's observance or the land-grant centennial has not been devoted only to high praise of the progress of 68 colleges and universities. Rather, the centennial program has been organized and directed toward two specific and very important goals: First, assessment and evaluation; and, second, the building of public understanding.

In keeping with the first phase of the centennial year observance—assessment and evaluation—noted scholars in the field of higher education, land-grant college and university professors and administrators, and visiting lecturers from foreign countries have reviewed the total land-grant college movement and considered the future directions in terms of both world perspectives and continuing State and National needs.

In keeping with the second phase of the centennial year observance—building public understanding—the land-grant college story has been told and dramatized so that each citizen might have a fuller understanding of this fundamentally American approach to higher education. Building public understanding of the land-grant higher education philosophy is of great importance. I do not believe that we can give too much emphasis to the fact that this Nation must maintain opportunities for higher education not only for an intellectual elite but also for all who must accept the responsibilities of our free society. Dr. J. L. Morrill, chairman of the Land-Grant Centennial Theme Committee, has wisely pointed out:

> Education faces always the problem that the land-grant movement founders discerned a century ago: The requirement for reappraisal, reorganization, and redirection to meet the needs of time and change. Persistence in old patterns, however resourceful and responsive in their day, is not sufficient to the future which becomes the pressing present.
>
> New occasions teach new duties.

As I view the land-grant movement in perspective, and realistically look at our world today it becomes apparent to me that after 100 years of forward movement, resulting in expanded programs and the building of a philosophy of service as an important factor in higher education, land-grant institutions in America have come to a crossroad. Greeting these institutions at this great intersection are the tremendous challenges to this Nation which has assumed an important leadership role among all free people. All here know these factors well: freedom to think and do in the pursuit of individual fulfillment; strength and wisdom to offer guidance to those who have or would elect this freedom; perseverance and dedication to the eradication of physical and social ills which restrict the body and blight men's visions. All these things are challenges to land-grant institutions if these institutions would maintain their philosophy and purpose. They are challenges also, as we well know, to the entire American society.

It is fitting, therefore, that we laud the progress of land-grant colleges and universities—progress has been their byword. It is fitting that we commend the efforts of those closely associated with the land-grant movement as they critically evaluate programs and plan new directions—theirs is no easy job. Most of all, it is fitting to acknowledge the support which the citizens of the several States have given to land-grant colleges and universities for the further promotion of the aims of these individual schools and the general national welfare.

Mr. WEAVER. Mr. Speaker, 100 years ago today President Abraham Lincoln signed into law one of the most far reaching and progressive pieces of legislation ever to be enacted by the Congress of the United States—the Morrill Land-Grant College Act. The University of Nebraska which is located in our capital city of Lincoln provides an outstanding example of how this law has worked for the betterment of our community, our State, and our Nation.

This action by the U.S. Government was in all reality a major experiment. Until the signing of this law it had always been considered that education was a privilege for the few, something to be jealously guarded, something in the form of a special inheritance for the wealthy. Few men had gone to college, and even fewer women had had the benefits of higher education.

But in the year 1862, the United States was embroiled in a great war which, in Lincoln's words, was to determine whether a democratic nation could long endure. Major changes were in the making, traditions were being shattered, new ideas permeated the air.

It was in this atmosphere that Morrill introduced the new concept of endowing colleges with public funds so that they could extend to all of the people everywhere the benefits and blessings of education.

Under the law at least one college in every State was endowed through the sale of federally owned land in the States. Thus, for the first time, education was brought to all of the people and the democratic concept that everyone with ability, energy, and a desire to learn should have the right and the facilities at hand for that learning.

This revolution in education came at a time, also, when the Nation was moving west and the population of our great Western States was far removed from the old and traditional seats of higher learning on the eastern seaboard. The Morrill Act changed this and education moved westward as well, keeping pace with the population and the times.

One extremely significant statistic involved is that, 100 years ago, 1 young man in 1,500 was educated beyond high school. Today, one in three is able to attend college for at least 1 year.

America's great industrial growth has been based, in large part, on the skilled and trained manpower which has been turned out by our land-grant colleges and universities. This vast reservoir of educated men and women is the greatest single asset of our country.

This asset is even more important to us today than it was a hundred years ago. Again, our Nation is caught up in a great struggle with the evil genius stalking the earth—world communism. The struggle today is again to determine whether a nation conceived in liberty can long endure in a world which has also seen the growth of communism and socialism.

The land-grant colleges of America must continue to provide the leadership and the training to insure that we have an adequate supply of resourceful, educated men and women who can make it possible for this Nation not only to endure, but to turn back the tide of communism and bring the blessings of liberty and freedom to other areas of the world where the light of freedom has been dimmed or gone out.

Mr. HARRIS. Mr. Speaker, today holds a special significance for all of us who share a continuing interest in the development and improvement of our institutions of higher education.

This Nation's system of agricultural research and extension education had its genesis in the signing by President Lincoln, 100 years ago today, of the Land-Grant Act, better known as the Morrill Act for its principal sponsor, Representative Justin Smith Morrill of Vermont.

This most important legislation offered to each State 30,000 acres of land for each Member of Congress representing the State. The proceeds from sale of the lands was intended to provide a permanent endowment for at least one college in each State which would supply instruction primarily in agricultural and technical subjects. The avowed purpose of its sponsors was to furnish educational opportunities to the qualified youth of the country who could not otherwise afford the luxury of college study.

The investment has paid enormous dividends. As most of us are aware, the dynamic growth and prosperity of our Nation in the last century has been made largely possible by virtue of the labor force trained in the skills contemplated under the Land-Grant Act.

Within the decade following passage of the Land-Grant Act, 37 States had accepted its conditions. During the last century 68 land-grant institutions have been established, at least one in each of the 50 States and one in Puerto Rico.

The State of Arkansas accepted the provisions of the Morrill Act in 1871 and created the Arkansas Industrial University at Fayetteville, later to be renamed the University of Arkansas. The following year, a second land-grant college was established, the Agricultural, Mechanical, and Normal College at Pine Bluff.

It is surely a remarkable testimonial to the dedication and vision of those men who labored in the cause of advanced education for people of modest means that—whereas a century ago only 1 young American roughly in 1,500 attended college—1 in every 3 young Americans does so today. Twenty percent of the country's college population is enrolled in land-grant universities and colleges. These institutions confer approximately 50 percent of the doctorates in science, engineering, and the health professions, all of those in agriculture and 25 percent in the arts and languages, business and commerce, and education itself.

Surely, in view of this record, the anniversary of the land-grant program deserves recognition from Americans, all of whose lives have to some degree benefited. It remains for us to be ever mindful of the great work begun 100 years ago and strive to even more fully realize its ideal—an open door to higher education for the qualified and ambitious youth of the Nation.

Mr. HAGAN of Georgia. Mr. Speaker, on July 2, 1862, President Abraham Lincoln signed the Morrill Land-Grant Act. This act provided for the turning over of Federal lands amounting to 30,000 acres for each Representative and Senator to the individual States so that they might endow at least one college that would teach agriculture and the mechanical arts. Today marks the 100th anniversary of the signing of that act and is therefore a fitting time to look at some of the benefits which have accrued from that piece of legislation.

There are now over 68 land-grant colleges and universities which enroll 20 percent of the Nation's college students and award 40 percent of its doctorate degrees. Georgia is privileged to have two fine land-grant colleges, Fort Valley State College, and my own alma mater, the University of Georgia. The University of Georgia is an example of the benefits derived from the Morrill Act. Although it is one of the oldest institutions of higher learning in the country, Georgia's status as a university followed the land-grant movement. It was this legislation which helped her grow to a university with 9,000 students from all counties in Georgia, 40 States and 38 foreign countries, 40,000 living alumni, 15 Rhodes scholars, and a faculty where 51 percent hold doctoral degrees.

For still another reason it is a pleasure for me to take a small part in marking this wonderful occasion. As a member of the House Agricultural Committee and a farmer myself, I feel privileged to cite some of the contributions made by land-grant colleges to the world of agriculture. How is the American farmworker able to produce enough food for himself and 26 others when in the Soviet Union 40 percent of the population is not able to produce nearly as much? The answer is partially to be found in the research which is continually being conducted by the Nation's land-grant colleges. These colleges administer a vast network of agricultural experiment stations and have pioneered in agricultural innovation. They grant all the doctorate degrees in agriculture, almost all of the other agricultural advanced degrees and four of five bachelor's degrees awarded in agricultural subjects. At the University of Georgia alone agricultural research has developed coastal bermuda grass, important information on poultry nutrition and disease control, high yielding Red Winter wheat, and a new hybrid yellow corn.

The Morrill Land-Grant Act helped to bring colleges to the people and effect the idea of equality of educational opportunity. Both for this reason and for the two personal reasons which I have already cited, it is a pleasure for me to wish the Nation's land-grant colleges and universities the best of luck and a brilliant future on this their hundredth anniversary.

Mr. MONTOYA. Mr. Speaker, I join my colleagues in the Congress in observing this centennial of the Land-Grant College Act, more commonly referred to as the Morrill Act.

On July 2, we commemorate the signing of this historic legislation which donated public lands to the several States and territories for the purpose of establishing and endowing colleges for the benefit of agriculture and the mechanic arts. Born out of the faith of a few farsighted men, and out of protest against existing educational inequalities, these land-grant institutions marked the beginning of a system of higher education unequaled by any nation. We have witnessed, over the past century, their contributions to the development of what President Kennedy referred to as "the most ambitious and fruitful system of higher education in the history of the world."

At the time of the Morrill Act, there were 203 colleges serving a nation of 32 million people. An estimated 1 out of every 1,900 went to college. Higher education was then regarded as the privilege only of the wealthy. Today, more than 2,000 institutions of higher learning enroll over 3 million students. The land-grant colleges alone are educating one-fifth of our Nation's college population; awarding approximately 22 percent of all bachelor's degrees conferred, 25 percent of the master's degrees, and 38 percent of the doctorates. The impact of the land-grant institutions has not only been in opening the college doors to increased numbers. Their emphasis on practical education without excluding the traditional studies has also revolutionized the entire curriculum in American higher education.

They introduced agriculture, the mechanic arts, and military tactics into a curriculum which had been limited to the classical studies. Today however, the land-grant colleges offer a broad range of courses from philosophy to the sciences. Their program has been described as a trilogy of American ingenuity. The first part is the traditional campus offering of numerous undergraduate and graduate courses; the second function includes basic and applied research; and third is the extension work, both cooperative extension and general or university extension, carried on in the land-grant colleges.

The land-grant institution in my own State of New Mexico reflects the growth and influence of this land-grant idea over the years. Originally founded as Las Cruces College in 1888, the legislative assembly passed the act on February 28, 1889, making it the New Mexico College of Agriculture and Mechanic

Arts. From modest beginnings in a 2-story brick building of 14 rooms, New Mexico State University today has 52 permanent buildings on an 800-acre campus. It maintains a 289-acre irrigated experimental farm and orchard, a 61,760-acre cattle and experimental ranch, a 2,160-acre recreational area in the Organ Mountains, and numerous barns and experiment station buildings. The agricultural experiment station has become an integral part of the university. Through scientific study, the station functions to improve the economic and social opportunities of the rural population throughout the State. Research at the university is not limited, however, to the field of agriculture.

The physical science laboratory, organized in 1946, carries on research and development in the fields of physical science and engineering.

It is currently engaged in designing and constructing electronic and other instruments and devices for use in the guided missile field. The laboratory also operates telemetering equipment for missiles launched at White Sands Missile Range, Cape Canaveral, and Fort Churchill, Canada. And, the research center, organized in 1959, encourages basic research in all departments of the university.

Through its cooperative extension program, the university carries educational work in agriculture and home economics to all the people of the State. Approximately 85 county extension agents bring to farmers, ranchers, and homemakers the latest accepted farm, ranch, and home practices. The university's off-campus instruction program, through the community colleges and academic extension, also provides educational opportunities for all citizens of New Mexico.

On this centennial celebration, New Mexico State University and 67 other land-grant institutions take pride in their development as part of our growing democracy. As stated in the Report of the Commission on Intergovernmental Relations, "By pushing back the frontier of ignorance the land-grant colleges have contributed so much to the building of modern America that one cannot imagine what our country would be like had they not come into being."

Mr. CELLER. Mr. Speaker, it gives me most particular and personal satisfaction that House Joint Resolution 436, introduced by me to provide for the recognition of the centennial of the establishment of the system of land-grant universities and colleges became Public Law 87-163 on August 25, 1961.

In the history of our development, no one act played a greater role than the Morrill Land-Grant Act of July 2, 1862, signed by President Lincoln. From this grew a national system of higher education, giving educational opportunities to the people of this country, which they had heretofore been denied because of economic reasons. The land-grant system has become the Nation's largest single source of trained and educated manpower.

Twenty-four of the forty living American Nobel Prize winners who attended colleges in this country have earned one or more degrees from land-grant institutions. The value to the American people of land-grant research contributions exceeds by many times the total amount expended on these colleges since they came into being. For example, here are only a few of the hundreds of outstanding research achievements:

Discovery of streptomycin for treatment and control of tuberculosis.

Discovery of many vitamins and uses of trace elements.

Development of anticoagulant dicoumarol for use against blood clots.

Development of the television tube, the transistor, the first cyclotron, and production of pure uranium.

Research in space, satellite tracking, rockets, and rocket fuels and special foods for spacemen.

The second fundamental reason for the significance of the Morrill Act is that it brought colleges to the people. Throughout the States they serve, land-grant people conduct special classes, they go to farms to test research results, they contribute to the cultural life of the community, and they seek solutions to economic, social, and physical ills besetting their fellow citizens.

In my State, New York is most fortunate to have as its land-grant institution, the respected Cornell University at Ithaca, N.Y. It must be remembered that each land grant developed differently, but that they all had a common outlook—a belief that the needs of the people should be served, that education is for those who deserve it, and that it is not simply for those who can afford it. Cornell has dedicated itself to this common purpose.

Cornell has been a pioneering institution—it was the first university to teach architecture, the first to teach American history, it was the first in many things. It is still pioneering, for its School of Industrial and Labor Relations, established at the end of World War II, was the first such school; its Center for Radiophysics and Space Research is the first such center on a university campus.

Today Cornell has more than 100,000 alumni, and from such alumni the basic idea of the land-grant college has spread throughout the Nation through their achievements, developing and tripling the benefits that they themselves received. Let me particularize: When I talked earlier of the pacemakers who have been graduated from land-grant colleges, I noted that 24 of the 40 living American Nobel Prize winners who attended colleges in this country have earned one or more degrees from land-grant institutions. Out of these 24, 4 are alumni of Cornell University—a very high percentage indeed. They are Isador I. Rabi, physics; Pearl Buck, literature; Herman J. Muller, medicine and physiology; and George W. Beadle, chemistry. In addition, John R. Mott—deceased—was the recipient of the Nobel Prize for Peace. They received the prize not simply for their work but because of the benefit of their work to the world.

The country and New York State owe a debt of gratitude to Cornell University and to Justin S. Morrill, the Senator from Vermont, who sponsored the Land-Grant College Act. It is well that we remember that were it not for the Land-Grant Act of July 2, 1862, enacted into law exactly 100 years ago, the country and New York State could not have been the fortunate beneficiaries, as we are today, of such a farseeing program.

Mr. FINDLEY. Mr. Speaker, the land-grant college program was deeply rooted in what is now the 20th Congressional District, Ill. Abraham Lincoln, who signed the Morrill Act, which launched the land-grant program, was a citizen of Springfield, now the largest city in the new 20th.

Jonathan B. Turner, whose great career as a scholar was linked intimately with Illinois College and Jacksonville, was one of the most prominent and effective supporters. Turner made a notable speech outlining the proposal at Griggsville in Pike County, Ill., and this year a marker commemorating that event was dedicated by David Henry, president of the University of Illinois.

Lincoln's action July 2, 1862, in the midst of a great struggle for national survival, signing the Morrill Act was one of the most notable of his notable career. Higher education was no longer to be the province of the few. Colleges were to come to the people. His foresight changed the character of higher education.

As a result, today the land-grant system has become the largest single source of trained manpower.

Mr. MURPHY. Mr. Speaker, American higher education today faces a serious challenge with which the Congress, like the rest of the country, has become deeply concerned. We are profoundly eager that every capable young American, regardless of his background, be permitted to receive a thorough education. One which offers him both breadth in general education and rich detail in the specialized area to which he chooses to dedicate the efforts of his adult lifetime. In our eagerness to advance that cause, let us not forget that there were others in the last century who espoused exactly that same hope, and whose successes have proved of incalculable importance. I refer, of course, to the great idea which took shape in the Land-Grant College Act of a hundred years ago today, to which the Congress is honored to pay tribute on this occasion. Let us today not fail to acknowledge where American higher education of our time would be had the Congress of 1862 failed to be faithful to the future.

Probably those dreamers of a century ago—most notably, of course, Jonathan Baldwin Turner and Justin Smith Morrill—never imagined for a moment that the great network of agricultural and technical colleges for which they labored so unremittingly could ever grow to the size and the influence that have since been achieved. Surely they did not guess that 100 years after their bill was passed the land-grant colleges and universities would be educating one out of every five students enrolled in American higher education, or awarding 40 percent of the total number of doctoral degrees earned in all subjects; surely they could not know the vast importance which the land-grant colleges' technical and agricultural discoveries were to have in the Nation's growth. They did know, though, that a new Nation of practical, original thinkers must have educational opportunity in tune with that newness, that practicality, and that original thought. No classical curriculum, unadapted to the needs and nature of the new land and unavailable to most who were not wealthy, could do for America what these men knew needed doing. Therefore they urged and argued until the Congress passed and President Lincoln signed a bill providing for grants of Federal land to States, the proceeds from which were to constitute permanent endowment for at least one institution of higher education per State. These institutions, without neglecting traditional subjects, were to stress studies which would benefit agriculture and the mechanic arts in order to promote the liberal and practical education of the industrial classes.

The history, the multifarious contributions, and the current prominence of the 68 land-grant institutions resulting from this act constitute well-known information. We all have, indeed, much cause to be proud of them. But Illinois has particular justifications for pride. One of them is that the first real movement for the granting of Federal lands to the States for the support of agricultural and mechanical institutes originated from Illinois. Its leader, of course, was Jonathan Baldwin Turner, then a gifted teacher at the small Illinois college and deeply dedicated to the extension of educational opportunity. It was very largely because of the vision and unflagging effort of this educational frontiersman that there ever came to appear on Lincoln's desk 100 years ago today a bill awaiting the historic occasion of his signature.

But today Illinois has an even greater cause for pride in the stature and service of its own land-grant institution. What began in 1868 in Urbana as the Illinois Industrial College, boasting an enrollment of only 77, has become the mighty University of Illinois with an annual enrollment of well over 30,000. Always near the fore in the development and extension of the land-grant college concept—it was, for instance, one of the first such colleges to admit women, and the first to develop a separate engineering experiment station—this great institution, through its many methods of reaching not only its vast numbers of registered students but all other interested adults in Illinois, has implemented the development and the well-being of the State beyond all measuring. We city folk are perhaps less able than many to assess the university's great contributions to the agricultural life of our State, but we are familiar with many of its continous scientific, technical, and cultural services and influence; and all Chicagoans can claim with pride their role as hosts to the university's professional schools of medicine, dentistry, nursing, occupational therapy, and pharmacy.

On this occasion we are honored to salute the land-grant institutions' first century of remarkable achievement.

Mr. VAN ZANDT. Mr. Speaker, the centennial observance of the signing of the Land-Grant College Act has particular significance to all residents of my home State of Pennsylvania, since the Pennsylvania State University, University Park, Pa., in my congressional district is one of the most prominent of the 68 land-grant colleges and universities in the Nation.

On July 2, 100 years ago, President Lincoln signed the Morrill Land-Grant Act, the first step in a series of such acts which revolutionized higher education in this Nation and brought tremendous changes in our economic and social life. President Lincoln, in signing the bill into law, praised Congress for dedicating a part of the public domain to such a worthwhile endeavor.

Under the terms of the act each State received a grant of Federal land apportioned on the basis of 30,000 acres per Member of Congress. The income from the sale of the land was intended to provide for at least one college in each State. The act provides that the objective of the land-grant college "shall be, without excluding other scientific and classical studies, to teach such branches of learning as are related to agriculture and the mechanic arts in such manner as the legislatures of the States may respectively prescribe in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life." The term "industrial classes" as used a century ago did not have the limited meaning it has today, but was employed to describe almost everybody who worked for a living in whatever capacity.

The objective of the act was a radical departure from previous ideas and methods of education. The emphasis in curriculum was on classical languages and mathematics with somewhat less attention given to such subjects as ethics and rhetoric. Although the Nation was primarily agricultural, with most of the people working the land, little consideration was paid to the agricultural sciences in the colleges and universities and no research and experimentation, so valuable to current agricultural production, was conducted. Because of the lack of adequate knowledge about scientific farming methods, farms were being stripped quickly of their fertility and usefulness.

At the same time, the industrial revolution was gaining momentum on this side of the Atlantic and beginning to convert the economy of the Nation. With the advance of the industrial age, a new need for technical training had been revealed. This too was all but ignored by the existing institutions of higher learning. There were few departments of engineering in the United States before 1862 and these were not of college grade. Rensselaer Polytechnic Institute and the Military Academy at West Point inaugurated civil engineering early in the 19th century, but their programs were modeled on the French polytechnic institutes, not after their universities.

The Morrill Act created the institutions to meet these needs. Land-grant colleges and universities introduced a new set of courses quite different from those found in traditional universities and over the years established a respected place in American education for study in engineering, science, home economics, veterinary medicine and scores of subjects which we now take for granted as part of the normal curriculum.

Undoubtedly the scientific and technological development of the United States in the past 100 years, culminating in our present superiority in agriculture and technology, is a product of this farsighted legislation. The land-grant college movement stimulated our advances in these fields and made possible our vast resources of trained and educated manpower without which our Nation could not have developed at such an amazing speed. In the 1953 report of the National Manpower Council, the Morrill Act was described as "the most important single governmental step in connection with the training of scientific and professional personnel."

Perhaps even more significant is the fact that for the first time in history, higher education was placed within the reach of all young people who had the willingness and aptitude to acquire it. A university education was no longer merely a gentleman's privilege, but was brought close to all the people in accordance with the American democratic ideal. Furthermore the curriculum now was such as would interest the workingman.

Many a financially poor boy and girl has been able to secure a college education only because of the assistance of the land-grant college or university. Before the Morrill Act only 1 person out of 1,500 attended college compared to 1 in 3 today.

In addition to the new courses conducted on campus, the land-grant institutions introduced the remarkable innovation of extension services which brought higher education and its benefits to the people in the counties and towns. Land-grant people conduct special classes throughout the States they serve. U.S. Office of Education figures show that in the 1958–59 academic year, land-grant institutions enrolled 77,717 men and 46,795 women or a 124,515 total in extension courses. Nor are these courses the only phase of the extension services conducted by the institutions. Land-grant people go to the factories and farms to demonstrate new products and methods and to test research results.

Senator ALEXANDER WILEY, of Wisconsin, said of the land-grant movement:

> During its almost 100-year lifetime, the land-grant program has written itself indelibly into the lives of our people and into the structure of the Nation.

According to President Eric A. Walker, of Pennsylvania State University, the influence of the research achievements of the land-grant institutions is felt each day by Americans in their work and homes. President Walker states that 100 years ago, a farmworker could raise enough food to feed only himself and four other people. Now 1 American farmworker produces enough food for himself and 24 other persons—an efficiency ratio without parallel throughout the world. To illustrate his point, President Walker said:

> In Russia today, a Soviet farmer can produce enough to feed himself and four other people, which just matches our productivity of a century ago.

Dicumarol, the chemical to which such notables as Dwight Eisenhower and LYNDON JOHNSON, and many other people with histories of heart conditions owe their present good health, was discovered at a land-grant university. Streptomycin, the drug used for control and treatment of tuberculosis, was discovered at another.

Land-grant colleges also are responsible for the first cyclotron, for pioneering research on television and the transistor, for the basic work on fatigue of metals that has saved the railroads millions of dollars, and for the beginnings and growth of thriving industries, from ceramics to wood pulp and soybean processing.

In this way many billions of dollars have been added to the wealth of the Nation. Certainly the land-grant colleges and universities have proved to be a sound investment.

The 68 colleges and universities in the United States and Puerto Rico which constitute the land-grant institutions currently make it possible for 600,000 students, one-fifth of the Nation's enrollment, to go to school. While these colleges and universities are less than 4 percent of the institutions of higher learning throughout the land, they award almost 40 percent of the Ph. D. degrees in all fields, about one-half of those in the sciences and engineering, and in the health professions, and all those in agriculture. They also confer approximately one-fourth of the doctorates in the arts and languages, in business and commerce, and in education itself.

The land-grant colleges and universities were among the first to open their doors to women. Today a majority of the doctorates awarded women in agriculture, engineering, and law are conferred by land-grant institutions.

I find the figures for degrees in nonagricultural and mechanical subjects interesting ones. Although the emphasis of the Morrill Act was directed toward the agricultural and mechanical arts, it specifically did not exclude classical and other scientific studies. Thus, totality of knowledge has become the land-grant institutions' goal. This liberality set a pattern of education copied in various countries throughout the world. The land-grant pattern has been adopted in India, Iran, Ethiopia, and throughout Central and South America.

The achievements and objectives of the land-grant college system are particularly well exemplified by the Pennsylvania State University. What is now Penn State was chartered in 1855 as the Farmer's High School. That institution was designed to give young men a knowledge of the English language, grammar, geography, history, mathematics, chemistry, and such other branches of the natural and exact sciences as will conduce to the proper education of a farmer. This concept of education was close to that of the architects of the Morrill Act.

In 1863 the Pennsylvania State Legislature designated the school, known by then as the Agricultural College of Pennsylvania, as the land-grand college of the Commonwealth. The college enlarged the scope of its instruction to include the mechanical arts and other subjects, began to admit women students and increased its enrollment. In 1874, it was renamed the Pennsylvania State College, the name by which it was to be known for the next 79 years. In 1953 its name was changed to the Pennsylvania State University in formal recognition of what it had long since become, one of the leading universities of the country.

Penn State today offers more than 2,200 undergraduate and nearly 1,000 graduate courses encompassing a wide variety of subject matter. In addition to resident education, the university conducts a broad research program and offers class and informal instruction throughout the State. The original student body of 69 has grown to more than 20,000, the faculty of 4 to a teaching, research, and continuing education faculty of more than 2,000.

In observance of the 100th anniversary of the signing of the Land-Grant College Act, I salute the work of the Pennsylvania State University and the proponents of the Morrill Act, who made possible such remarkable achievements in the field of education.

Mr. BARRY. Mr. Speaker, this year marks the 100th anniversary of the signing of the Morrill Land-Grant College Act of 1862. It is a privilege for me to join in the commemoration of this historic act which established a uniquely American approach to higher education. Largely through an emphasis developed and promoted by land-grant colleges and universities higher education in America has come to embrace not only the traditional and classical studies, but also to give important emphasis to education programs in keeping with the particular needs of our local communities, States, and the larger national society.

The history of the land-grant college movement highlights this uniqueness in our approach to higher education. It is a history which begins in a time of war and national tremor; yet it is a history which reveals a national concern for higher education for all qualified people. It is a history which reveals an emphasis upon diversified programs of higher education to meet the wide range of student interests, abilities, and talents. It is a history which includes dramatic moments of discovery and development; of perfection of the old and great promise for the future. It is a history which embraces the education of some of our most outstanding citizens. Most important of all, it is a history of the development of an educational philosophy which includes community services among its basic aims.

As our specialists in higher education and those especially concerned with the administration of our land-grant institutions devote time during this centennial year to a review and evaluation of the land-grant college movement, so must all Americans be reminded of their responsibility to keep watch over the total directions of education in this society which depend so much upon an enlightened citizenry for progress.

Mr. PRICE. Mr. Speaker, I join my colleagues in the observance of the 100th anniversary of President Lincoln's signing of the Land Grant Act, July 2, 1962. On last Friday I addressed the House on this subject.

The few words I would add to what I said on Friday will be in connection with Illinois participation in the land grant program and to point out that the University of Illinois accepted under provisions of the Morrill Act 480,000 acres in scrip and the sale price for this scrip was $648,442. This great institution was authorized in 1867 and a year later the college was opened to students.

One of the stanchest advocates of land grants for the establishment of institutions of higher learning was an Illinoisan, Jonathan Baldwin Turner. A teacher at Illinois college, Turner in 1850 outlined a plan for "a university for the industrial classes in each of the States with their consequent subordinate institutes."

Turner's constant, aggressive work brought a petition from the Illinois Legislature to the U.S. Congress on February 8, 1853, calling for donation "to each State in the Union an amount of public lands not less in value than $500,000 for liberal endowment of a system of industrial universities, one in each State of the Union."

The Illinois professor's battle was climaxed by the signing of the Morrill Act by President Lincoln. Through his fight he had much opposition. He was an independent thinker and an outspoken critic of the "traditionalists" in education who opposed his plan.

CLEMSON COLLEGE

Mr. DORN. Mr. Speaker, South Carolina is very fortunate to have two land-grant colleges—Clemson College located at Clemson, S.C., and South Carolina State College located at Orangeburg, S.C.

I salute these two great institutions today on the 100th anniversary of the signing of the first Morrill Act by President Abraham Lincoln on July 2, 1862. Clemson and South Carolina State Colleges have aided tremendously in the agricultural and industrial development of South Carolina.

Mr. Speaker, since Clemson is in my own congressional district, I would like to pay particular tribute to Clemson as an institution of higher learning. The challenges presented to Clemson have been many and varied. Clemson College met the challenge of the boll weevil which threatened to wreck the economy of the State. Clemson led in diversification of agriculture in enabling many family-size farmers to remain on the land and become self-reliant and independent. Agricultural science at Clemson met the supreme challenge of soil erosion. Clemson is located in the red hills and cotton area where the land is subject to erosion. Farms that formerly were clay hillsides and red gullies are now green with grass and reforestation. The livestock industry, particularly beef cattle, is being pioneered by Clemson.

Clemson is looking ahead in the field of forestry to the time when the greatest single crop in the South will be pine trees. Industrialization has developed at a fantastic rate throughout South Carolina. Clemson is pointing the way with its research labs and close cooperation with businessmen. Clemson is literally the capital of a great and growing industrial empire.

At the foothills of the Blue Ridge Mountains on the plantation of one of the Nation's greatest statesmen, John C. Calhoun, donated to the State by his son-in-law, Thomas G. Clemson, this land-grant college is a tribute to the wisdom of Senator Morrill and Abraham Lincoln and a classic example of what has been done and will continue under the Land-Grant College Act.

Mr. BREEDING. Mr. Speaker, one of the most significant pieces of legislation ever passed by the Congress of the United States was the Morrill Act, which made possible the outstanding system of land grant colleges which have proved of such great importance in the development of our Nation.

The Morrill Act, signed on July 2, 1862, by President Lincoln, revolutionized higher education. Under the terms of the bill, each State was offered 30,000 acres of Federal land, or land scrip, free of charge, for each of its Members of Congress to be sold and the proceeds used to endow at least one college in the State.

The Morrill Act provided the financial incentives for States to found State universities and colleges, many of which have become world famous in the intervening 100 years.

The Morrill Act was based upon the premise that the opportunity for higher education must be broadened. At that time only 1 young American in 1,500 was able to attend college.

The Morrill Act also demonstrated that the Federal Government could act in cooperation with the States in advancing the cause of education without fastening the dead hand of Federal control upon the educational system. Our system of mutual cooperation has worked splendidly, as the records of our great land-grant colleges testify.

I am proud to recognize this historic occasion. Also, I am happy to have an opportunity to pay tribute to the land-grant colleges for the outstanding contribution they have made, and are making today, to the betterment and improvement of our Nation.

Mr. ZABLOCKI. Mr. Speaker, 100 years ago today, President Abraham Lincoln signed the Morrill Land-Grant Act. That act gave my own State of Wisconsin 240,000 acres of public land for the purpose of establishing an institution of higher learning.

This act, sponsored by Congressman Justin Morrill, of Vermont, a man who himself had been denied a university education because of poverty, has made it possible for thousands of American men and women who would have been similarly deprived to attend colleges and universities throughout this Nation.

The Morrill Act has stimulated basic research in agriculture. As a result, the farming technology of this country is without parallel in the world. It has made possible a wide variety of graduate and undergraduate programs in 68 colleges and universities across this land. It has been the backbone of the Reserve Officers' Training Corps program.

The land-grant philosophy has spurred the development of cooperative extension services in agriculture and home economics. Millions of Americans have directly benefited from those services; they have become definite factors in raising our standard of living.

Although the University of Wisconsin was established in 1848, its material beginning may fairly be said to be the grant under the Morrill Act. As the university grew and developed, scholars were drawn from all parts of the country to add distinction to its faculty. By the first decade of the present century, Wisconsin was attracting nationwide attention. President Theodore Roosevelt wrote:

> It is not too much to say that the University of Wisconsin occupies a position entirely unique, not merely in this country, but in the world, as an institution which, beyond all others, has come nearest to recognizing the ideas of using the instrumentalities of higher education for rendering the greatest possible service to the country.

In performing these services, the University of Wisconsin has not surrendered high standards of academic achievement. Poet Robert Frost has said of the university that it is "bringing quality out of quantity."

From among the myriad accomplishments in scholarship, research, education, and service attained by this institution of learning through the years, several may be singled out:

In 1890, S. M. Babcock, a professor in the college of agriculture, announced the invention of a simple, quick, and accurate device to measure the butterfat content of milk. The immeasurable value of the Babcock milk test to the dairy industry and Babcock's refusal to patent the process won wide acclaim for him and the university.

It was at the University of Wisconsin 45 years ago that C. M. Jansky, Jr., constructed a power tube which was capable of making voice transition possible, laying the foundation for our present communications system. Through his invention, therefore, Jansky was indirectly responsible for the statewide network of educational radio stations which today carry university programs into homes throughout the State.

Thirty years ago Dr. Conrad A. Elvehjem succeeded in isolating nicotinic acid, thereby finding a cure for the chronic disease pellagra. Today Dr. Elvehjem is president of the university. He has seen it become the institution of higher learning which consistently leads all others in this country in the number of doctoral degrees awarded yearly.

During World War II, University of Wisconsin scientists, along with all of the university's atom-smashing equipment, were secretly loaned to the Government for work on the atomic bomb at Los Alamos, N. Mex. With the end of the war, the equipment was returned to an underground laboratory on the Wisconsin campus, where researchers again probe the secrets of the atom.

In recent days, the University of Wisconsin and members of its faculty have been in the news on three occasions for public service activities. Earlier this month, the university was authorized to make a major study of land reform in Latin America under the Alliance for Progress. Three weeks ago Professor Feinsinger of the law faculty aided Secretary of Labor Goldberg in mediating the threatened flight engineers' strike against Trans World Airlines. This week a Peace Corps project, training volunteers for the Ivory Coast, will begin on the campus under the direction of Professor Zolberg of the political science department.

Each year the University of Wisconsin has expanded to bring greater benefits to more people—from State-centered cooperative services to international projects. On this centennial of the Morrill Land-Grant Act, I wish to extend my congratulations to the University of Wisconsin and the other land-grant colleges and universities across the United States. I am confident they will surpass their present outstanding achievements in their continuous search for excellence.

THE CENTENNIAL OF THE SIGNING OF THE MORRILL ACT

Mr. MULTER. Mr. Speaker, the centennial today of the land-grant colleges and State universities marks the date that President Abraham Lincoln, 100 years ago, signed the Morrill Land-Grant College Act. The Morrill Act is significant because, in establishing the land-grant system through endowment of at least one college in every State, it established and made secure the principle of equality of educational opportunity in our land.

This "open door to higher education" for all who had the will and ability to learn was unprecedented in world history. One hundred years ago 1 young American in 1,500 went to college, whereas today 1 in 3 go. The land-grant system has become the Nation's largest single source of trained and educated manpower.

That our forerunners in Congress had the extraordinary foresight to provide for the great American education system of today seems all the more remarkable when considered in light of the time of its passage. In an hour darkened by civil strife and discord, farsighted men paused and provided for the higher education of future generations. Justin Smith Morrill, of Vermont, a self-educated man who had been denied the privilege of a college education, stated his purpose very simply: "I would have higher learning more widely disseminated." History has granted him that wish. Today at least one result of his aim may be found in every State of the Union as well as in Puerto Rico. These land-grant colleges and universities account for one-fifth of the Nation's higher education enrollment.

Many feel that the continuation of our democratic system of higher education for the many hinges upon expansion of support for colleges consistent with the

Nation's population growth. Mr. John Cowles, publisher of the Minneapolis Star & Tribune, stated several years ago:

> If the land-grant institutions should fail, quantitatively or qualitatively, to play the full role which destiny is assigning them, I doubt that we will have a free society and a democratic form of government in the United States a century hence.

As we recognize the tremendous impact of the land-grant system on higher education since the signing of the Morrill Act, it is fitting that we should take this opportunity to salute the results of this outstanding enactment: the Nation's land-grant colleges and universities.

Mr. HOLLAND. Mr. Speaker, in July of this year—1962—we observe the 100th anniversary of the signing of the Morrill Land-Grant College Act.

In other words—we have had Federal aid to education for 100 years in America and our free enterprise system has survived, in fact it has expanded to undreamed of heights; our private colleges have increased, in fact they are ever growing; our people have improved themselves and their living conditions and, it is most interesting to note, there has been no Federal control of education—no brainwashing from Washington—no detrimental effects to our Nation.

I cannot help but wonder what support President Lincoln would have received from his party if the members then were like they are today.

President Lincoln had faith in his fellow man. He had confidence that the average individual, given the opportunity, would work hard to better himself or herself and others in the Nation would then benefit.

The Land-Grant College Act accelerated the growth of America by providing teachers and leaders, scientists and engineers, soldiers and farmers, and today they are contributing much in research and development for the world of tomorrow.

Today every State in our Union has at least one and some have more.

Although the land-grant colleges are only 4 percent of all the universities and colleges in America, there we educate approximately 20 percent of all those attending our institutions of higher learning.

As our Nation has grown so have these colleges.

As our horizons have broadened so have their studies and courses.

Our land-grant colleges—with Federal and State Governments cooperating to offer opportunities to the people of the Nation—have been a shining example to other countries throughout the world and our system has been copied by many.

The next 100 years will take us to even higher peaks—and into outer space.

With our ever-increasing population and our ever-increasing need for additional education, the need for these colleges is greater than ever before.

They should be supported by one and all and they should be a living example that the Federal and State Governments can work together in the field of education with only one object in mind—to help our people help themselves and thereby serve the best interests of the Nation.

Mr. TEAGUE of Texas. Mr. Speaker, I am both proud and pleased to call attention to the fact that the Morrill Land-Grant Act passed by the Congress of the United States was signed into law just 100 years ago today. No other act passed by Congress has ever had greater beneficial effect on the life and development of our country. Through this act was created America's great system of national land-grant colleges and universities and, with it, America's single greatest contribution to the history of higher education.

Part of my pride and pleasure on this occasion is personal. It was my privilege to attend the Agricultural and Mechanical College of Texas. I made my home in College Station and started my public career as postmaster in that community, where I had unusual opportunities to meet and know not just the faculty but also generations of students. No experience quite compares with that of watching green, untutored boys, fresh from the farms and villages, transformed into dedicated young men, ready to assume distinguished careers as citizens and professional people.

On October 4, 1876, Governor Coke of Texas opened the college with these words:

> The aim and mission of the Agricultural and Mechanical College of Texas is, while preparing the young men of Texas for the high duties of American citizenship, at the same time to train their intelligence in the methods and appliances of science, and their hands for the skills which shall utilize them in the everyday pursuits of life.

This was to be accomplished, he said, while maintaining the cost at the lowest possible figure.

Governor Coke could have been speaking not just for the Agricultural & Mechanical College of Texas but also for its distinguished sister institution at Prairie View and for all the other 66 land-grant colleges and universities in the country. Starting with this high aim and with six students, the institution at College Station has developed into one of the truly great technical schools in the Nation. Much the same thing can be said for all the others.

Along with this development, these institutions gave real meaning to the word "service" in higher education—service to democracy, service to the people of the country, service to the economy. It would be impossible for me or for anyone else to catalog all the essential services the land-grant colleges and universities have performed for our country—services that include the introduction of research and extension activities as legitimate concerns for higher education generally, that include providing academic respectability for the useful arts and sciences, that even include changing college-going from the privilege of the few to the right of the many.

For me, this ideal of service to the society in which they exist is symbolized by the military training programs these institutions have offered through the years. Passed in a period of national emergency, the Morrill Act specifies that "military tactics" be included in their programs. Through two world holocausts, the value of these programs in providing our Nation with citizens who could quickly and effectively take up their duties as officers and soldiers in the defense of their land and ideals has been proved beyond a doubt. I saw these citizen-soldiers in action during some of the worst days of World War II, and I know that all Americans can be proud of them and that all Americans are indebted to them.

At the Agricultural and Mechanical College of Texas, all freshmen and sophomores with few exceptions belong to the corps of cadets. The regular habits of study and living, the attention to duty, the love of order, and the sense of public responsibility formed by the strict military discipline under which the cadets live serve the students well whether or not they elect to pursue military careers. It is training in responsible citizenship.

But military training is only a symbol. These are colleges that took the higher learning from behind the ivory towers and made it an effective complement to the life of the country and to the lives of the people who live in it. They gave us education with dirt and grease on its hands and sweat on its brow. They gave us the education we had to have to change from a nation in which three-fourths of the people had to work on farms to supply enough food to feed themselves to a nation that has to worry about how to spend its leisure time. They gave us the knowledge we had to have to change from an undeveloped but powerful young giant of a country to the world's most productive industrial society. They gave us the broadly based erosion of ignorance we had to have to make democracy a reality and the achievement of individual dignity a practicality.

The Morrill Land-Grant Act was America's greatest investment in the development of its most precious resource—the people of the United States. It was probably the wisest investment and the most profitable ever made by any country at any time in history. What is there that we have—and do not have—that is or is not ours because of the capabilities or limitations of the American people? Because they seek always the development of the capabilities and the reduction of the limitations, not of some of the people but of all of them, the land-grant institutions have served America fundamentally and vitally. We are all of us their debtors.

Mr. THOMPSON of New Jersey. Mr. Speaker, today is the 100th anniversary of the Morrill Act of 1862. As we are all aware, the first Federal-aid-to-education legislation had been passed in 1785, almost 80 years before Congress enacted the Morrill Act, when public lands were first authorized to be set aside for the endowment of schools, but there is no question that the Land-Grant College Act of 1862 was a milestone in the history of Federal assistance to education.

Much of the recent debate over Federal aid has left people with the impression that it is something new and revolutionary, and that Federal programs in education will lead to something vaguely referred to as "Federal control" of education. The history of the Morrill Act shows clearly both that the American people have accepted the fact that there is a national interest in education and that a responsible Government can lend assistance to education without destroying values we revere. Today some 20 percent of the Nation's undergraduate students are enrolled in land-grant colleges.

I am particularly proud, Mr. Speaker, of the role that Rutgers, the State University of New Jersey, has played in this program. Its achievements are living testimony to the success of this great cooperative venture. New Jersey accepted the provisions of the Morrill Act in 1863, and received scrip representing 210,000 acres of public land.

The scrip was sold for $116,000 and the State pledged payment of interest at the rate of 5 percent, or $5,800, to whatever institution might be designated to serve as the land-grant college. Rutgers showed interest, as well as some other colleges.

In January 1864 a special committee of the Rutgers board of trustees made an extensive report which included these humble words:

> As to the expedience on the part of the trustees of Rutgers College of endeavoring to secure this grant from the State of New Jersey there can in the opinions of the committee be no doubt. This money as the gift of the State is to be expended somewhere. The question is into whose hands the trust of its expenditure can best be bestowed. It is surely better that it should be entrusted to a discreet and conservative body of men, who will apply it with a wise reference to the general interests of sound education, than that it should be squandered in some foolish experiment, or used to bolster up some charlatan scheme of ephemeral character and questionable tendencies. Will Rutgers College be the almoner of this Government munificence, or will she stand back and see it put into less safe and less capable hands?

Later that year the legislature bypassed the "charlatans" and designated the Rutgers Scientific School as New Jersey's land-grant college. The language of the act contains some prophetic phrases looking beyond teaching to research and extension work; the trustees were required "to furnish and provide a suitable tract of land, conveniently located for an experimental farm" and to provide for "public lectures upon the subject of agriculture," at least one in each county every year. This they did; they bought a 98-acre farm from Mrs. James Neilson, they appointed Dr. George H. Cook, distinguished geologist and one of the great scholars who have embellished the Rutgers faculty over the years, as professor of agriculture, and Dr. Cook with his horse and buggy proceeded to give the public lectures.

Perhaps a few words about Dr. Cook may be in order.

"To make things go" was his favorite expression. Things—things that are benefiting New Jersey agriculture and mankind throughout the world—did "go" then and they are still on the "go."

Aside from his pioneering efforts in directing an agriculture and teaching program and subsequently an agricultural experiment station, Dr. Cook supervised the compilation of a series of 20 geological and relief maps. They were prepared with such painstaking care that competent judges declared them the best in existence, and the U.S. Geological Survey adopted them as models.

Geology, or the history of the earth and its life, took up much of Dr. Cook's time. Consequently, his first experimental emphasis was placed on soil science—the field of study that gave us streptomycin in 1943. Sales of this wonder drug by pharmaceutical houses amount to some $50 million a year, and the $4 million institute of microbiology which stands majestically overlooking the University Heights campus is but one monument to the achievements of the American system of land-grant colleges and universities.

In the words of those who wrote the 50-year history of Rutgers Agricultural Experiment Station, Dr. Cook was "an inspired scientist and tireless worker, with the industry of an Edison and the modesty of a Lindbergh. His life and accomplishments were so eloquent that now, 50 years after the institution he hoped and planned for had become a reality, his works speak so loud that he is recognized as the foremost figure of his century among the agricultural leaders of our State."

Many other accomplishments in agricultural research could be cited, but perhaps two will suffice.

Few of us in New Jersey today realize that malaria was once a major health problem in New Jersey. Before the turn of the century, what is now the Centenary Collegiate Institute at Hackettstown bragged in its catalog that its location made the malaria problem almost negligible. It was John B. Smith, first entomologist at the college of agriculture and experiment station, who first advanced the proposition that the mosquito nuisance and menace could be brought under control. He was ridiculed, but he persisted, and through his efforts and those of his successors, Thomas J. Headlee and Bailey B. Pepper, his dream has become a reality and thousands of acres are today devoted to the resort business, to agriculture and to industry which in years past were untenable. New Jersey's work in mosquito control has been copied throughout the world.

Another area in which our State university has pioneered is that of air pollution. For 16 years, scientists at the experiment station have been grappling with this problem. Their work is based in large part on the recognition that plants are more susceptible to contamination of the atmosphere than animals, including human beings. Therefore, plants can be used as indicators to warn of excessive pollution of the air. At the same time, for the protection of farmers whose crops are sometimes seriously damaged or totally destroyed by air pollution, they have carried on an educational program designed to assist industrial concerns and others involved with measures which will help them to avoid contaminating the air which we all breathe. Plans are in progress right now for the establishment of a bureau of sanitation and environmental science which, it is hoped, will greatly strengthen the university's ability to deal with this major problem.

The mechanic arts provision of the Land-Grant College Act was established with a program in engineering education as outlined in a report by Rev. Dr. William H. S. Demarest, former president of Rutgers University, in his book, "History of Rutgers":

> Thus the designation of Rutgers as the land-grant college of New Jersey opened the way for the establishment of a program of engineering education which in the beginning at least was a more important dividend than the course in agriculture.
>
> The first class entered in 1865, 13 in number. Seven continued to graduation in 1868.

Today, nearly 100 years later, the Rutgers College of Engineering is one of the major educational and research units of New Jersey's State university. As of spring of 1961 the college had enrolled 680 4-year undergraduates, 126 5-year undergraduates, and 101 graduate students. It was engaged in a wide and varied program of research in the fields of engineering and ceramics and had before it the inspiring prospect of a new $5½ million engineering building, which will be the biggest single building project in the history of the university.

The basic job of the college of engineering is to provide the full range of engineering education through careful balance of the three essential elements of undergraduate instruction, graduate instruction, and research.

The college has had a rapid and highly successful growth since the end of World War II. The new engineering plant will permit a doubling of enrollment by 1965.

The bureau of engineering research was established in 1949–50 and all engineering and ceramic research is now conducted as a part of this bureau. Dean Elmer Easton serves as chairman.

In 1957–58 a microwave laboratory was established as a unit of the bureau on the University Heights campus. In 1958–59 an electron microscope was added to the materials research laboratory. In this same year we entered into an exchange program between Rutgers and the University of Osaka in Japan. This program has since been extended to include several other Japanese institutions.

Research in 1959–60 included 18 contracts with military branches of the Government with a total cost of $263,670, 7 with nonmilitary Government agencies totaling $36,280, 4 nongovernmental organization projects totaling $15,710, and 1 State agency project financed by a $3,280 grant. In addition, $26,000 appropriated by the State for the bureau was invested in research.

These projects ranged from studies of the submicroscopic structure of alloys through electron microscopy and X-ray diffraction to the development of programs for ceramic radomes and investigations of harmonic generations in wavelengths measured in millimeters.

The college of engineering has also increased and expanded its services in other areas as it provides educational and research facilities to the general community and to its students and alumni.

One final word—we in New Jersey can be proud that our State has been in the forefront of this great educational movement: our alumnus, Simeon DeWitt, certainly had the germ of the land-grant college idea in 1819; our State was the third in the Nation to establish an agricultural experiment station, 7 years before the Congress voted funds to set them up at all land-grant colleges; our legislature was a year ahead of Congress in authorizing extension work. Let us hope that our State, through its State university, will continue to lead the way.

Mr. ROOSEVELT. Mr. Speaker, it is with pleasure that we mark this year the centennial of the Morrill Act, the bill signed in 1862 by President Lincoln establishing land-grant colleges. This centennial has been commemorated by Presidential proclamation and is being celebrated in ceremonies throughout the Nation under a steering committee of distinguished educators headed by President Richard Harvill, of the University of Arizona.

The Morrill Act opened the door to higher education for thousands of Americans, a door always before closed save to those privileged by birth, wealth, and social position. And in testimony to the success of the act I cite with pride an example in my own State, the land-grant University of California, which has grown to be the largest university system in the United States.

It is particularly fitting that we mark this occasion in our generation, one in which equal opportunity for all citizens in all endeavors is at last becoming a reality. It is a tribute to the vision of Congressman Morrill and his supporters that such a great step toward the realization of this goal was taken 100 years ago.

But the job is not yet finished. The second Morrill Act of 1890 provided for the further endowment of land-grant colleges, including a provision allowing this Federal aid to be given to States which maintained separate facilities for white and colored students and whose white colleges practiced segregation in their admission standards. Since the 1954 desegregation decision of the Supreme Court, it has been clear that the separate-but-equal doctrine is unconstitutional. This being so, the administration of the act as it exists is also unconstitutional.

I am happy, however, that a bill has been introduced by Congressman DANIELS—H.R. 11707—which would delete the offensive provisions allowing the application of funds to colleges denying entry to colored students. This bill has been reported out favorably by the Committee on Education and Labor, and is now pending before the Rules Committee. I trust we will soon have a rule bringing this measure to the floor, thus giving us the opportunity to bring this program, one of the most bold attempts by freemen toward university enlightenment, into conformity with constitutional principle.

Mr. MOSS. Mr. Speaker, today marks the 100th anniversary of the signing by President Lincoln of the Morrill Act which created the land-grant college system. Born in the turmoil of the Civil War, this system has made tremendous contributions to the Nation and now provides dramatic evidence of how the Federal Government can act effectively to spur the development of education.

There are now 68 land-grant colleges and universities in the United States. One-fifth of the Nation's nearly 4 million students of higher learning are enrolled in these institutions. These schools currently grant 22 percent of all bachelor's degrees conferred, 25 percent of all master's degrees, and 38 percent of all doctorates. In recent years, the importance of well-trained engineers to the national defense has been recognized. The land-grant institutions play a particularly large role in this area, granting 40 percent of all engineering bachelor's degrees, 42 percent of all master's, and 53 percent of all Ph. D's. This amazing record also carries over into the vital fields of mathematics and the physical sciences. Of all doctorates in mathematics, 35 percent, and 42 percent of all those in the physical sciences are earned in land-grant schools of higher education.

Of course, agricultural is a primary area of instruction in these institutions. This is emphasized by the fact that the land-grant schools annually graduate 80 percent of all those receiving bachelor's degrees, 97 percent of all master's, and all those earning doctorate degrees in agricultural studies.

The unprecedented productivity of American agriculture certainly is a direct result of the research and educational effectiveness of the land-grant system. Working with the Agriculture Experiment Service and the Cooperative Extension Service throughout the Nation, the land-grant schools have made available to our farmers the latest and most advanced agricultural information, enabling them to increase productivity to the point where today each farmer feeds 23 other persons, a feat that cannot be matched in any other country.

The high quality of education in these institutions is also well attested to by the fact that 21 of the 36 living American Nobel Prize winners who studied in this country earned land-grant degrees.

Since passage of the Morrill Act in 1862, more than 11 million acres of the public domain have been donated by the Federal Government to the States for the aid and support of land-grant colleges and universities. Additionally annual Federal cash grants have been made to these schools for their further endowment and to help finance agricultural research. In short, these institutions came into being because of the initiative of the U.S. Congress and the Federal Government, and have continued to receive substantial Federal assistance over the years.

Present-day opponents of Federal aid to education continually repeat their time-worn slogan "Federal aid means Federal control." The fact that the march of time has thoroughly trampled this mythical charge does not prevent its being dusted off and chanted loudly whenever badly needed school-aid legislation appears to be near passage. The 100-year history of the eminently successful land-grant system proves conclusively that Federal aid to education can result in vast benefits very much in the national interest without endangering the school governing authority of local governments or the integrity of the individual institutions involved. If the land-grant centennial observance does no more than teach this obvious lesson, it will be a great success.

Mr. Speaker, it indeed gives me great pleasure to pay honor today to the land-grant system and its individual colleges and universities.

Mr. BOLAND. Mr. Speaker, more than a century ago, a Massachusetts-born professor sounded the plea "we need a university for the industrial classes in each of the States, with their consequent subordinate institutes, lyceums, and high schools in each of the counties and towns." Thus Jonathan Baldwin Turner, in a speech before the Illinois Teachers Institute, unveiled his blueprint for land-grant colleges and universities. Convinced that there must be well-trained men in all professions for the Nation to fulfill its destiny and, therefore, that higher education must be within reach of all the people who sought it, he campaigned vigorously for passage of the Land-Grant Act, more commonly known as the Morrill Act for its author in the Congress, Justin Smith Morrill.

Mr. Speaker, I join my colleagues today in commemorating the centennial of this historic measure, out of which has developed an educational network unique and unrivaled in all the world. Not only have these land-grant colleges revolutionized higher education in America, but their efforts have touched as well every phase of our life. As President Kennedy noted:

> In the history of land-grant schools can be read much of the history of our country—a history they have played no small part in shaping.

The democratic ideal of equality took on added significance when the Morrill Act opened college doors to all who wished to attend. Our agricultural and industrial growth received its stimulus from these early land-grant institutions, which emphasized agriculture and the mechanic arts. The act's provision for the inclusion of military science in the curriculum was the forerunner of our widespread ROTC programs.

Land-grant colleges today train almost half of all Regular and Reserve officers entering the Armed Forces through the military training programs of civilian institutions. And land-grant research has resulted in such valuable achievements as the discovery of streptomycin for treatment and control of tuberculosis, the development of hybrid corn, and the development of the television tube.

The impact of land-grant colleges has been felt not only on the domestic scene, but ever more increasingly on foreign shores. This revolutionary land-grant idea is now on the march all over the world. As the former Assistant Secretary for Educational and Cultural Affairs, Philip Coombs, remarked:

It is not surprising to find many of our land-grant institutions in the vanguard of those promoting better living conditions, better education, greater opportunity, social justice and freedom in the far corners of the earth. Their traditional hallmark of practical service to the community, once applied to a local and State constituency, has now been broadened to an international constituency.

In recent years, land-grant institutions have undertaken over 125 contracts to carry out educational and constructive projects in Asia, Africa, Europe, Latin America, and the Middle East.

I point with pride to the fact that it was the Massachusetts State College of Agriculture, now the University of Massachusetts, which was to become the model for this post-World War II development of technical assistance abroad. In 1876, Massachusetts State College set the precedent by helping in the development of Hokkaido University in Japan. Then a newly established institution with few teachers and four wooden structures, the University of Massachusetts has grown steadily to its present 80 buildings on a 700-acre campus. Sharing the land-grant funds with Massachusetts Institute of Technology, the university continues its comprehensive program of instruction, research, and service to the people of the State.

Mr. Speaker, I congratulate the land-grant colleges and universities for their past century of achievement at home and abroad. Let us today, on this centennial celebration, renew our support for their efforts to function as fruitfully and effectively in all future endeavors.

Mr. DADDARIO. Mr. Speaker, today marks the 100th anniversary of the Land-Grant Act of 1862, which provided for the "endowment, support, and maintenance of at least one college—in each State—where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts."

This was truly a historic and momentous act, for in establishing a system of university education which broke with the past, the originators of this act opened the doors of education to every man and woman of the several States.

We no longer live in a world confined by the boundaries of the United States. Problems which an earlier generation considered local have lost their original meaning and have become matters of worldwide importance.

The land-grant colleges have been pioneers on the international frontier. They have awakened to the fact that foreign relations are not only the concern of the State Department, but also of every educator and student in this country.

This year the Association of State Universities and Land-Grant Colleges is observing the centennial year in a manner which reflects their thinking about the role of American universities in the world today. Last week eight Fulbright lecturers participated in a special colloquium at the University of Connecticut as part of the special program commemorating the centennial year. This conference is a typical example of the assessment and evaluation being given to the college system through the land-grant program by professors from foreign countries. These lecturers and students contribute critical insights to the role of colleges in the world today, but they are also being informed of the functions and purposes of these institutions. This knowledge will be brought back to their own native countries and disseminated throughout their educational systems, thus strengthening higher education throughout the world.

The fact that this organization of colleges is not afraid to subject itself to this critical analysis attests to their understanding and awareness of our complex and fluctuating world.

As 100 years ago, so today the Nation's needs are new and different, but I am confident that the land-grant colleges are alert to this fact of change and will continue to work for the enrichment and cultivation of democratic values both here at home and abroad.

Mr. FRIEDEL. Mr. Speaker, today marks the centennial when President Abraham Lincoln signed into law the Morrill Act, establishing the system of land-grant colleges in the United States. It is, therefore, fitting and proper that we pause from our legislative duties to take cognizance of this important event.

Justin Smith Morrill, U.S. Senator from the New England State of Vermont, the author of the act that bears his name, proposed the act which provides for "the endowment, support, and maintenance of at least one college—in each State—where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture, and the mechanical arts in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life."

To accomplish its purpose, the new law provided a grant of Federal land apportioned on the basis of 30,000 acres for each Member of Congress. The income from the sale or rental of such land was intended to provide an endowment fund for the support of the colleges.

This act is of particular significance to my State of Maryland. As the War Between the States ended, the Legislature of Maryland voted to accept the terms of the grant. Although the yield therefrom was small, it nevertheless paved the way for what is today a truly great institution of higher learning—the University of Maryland, of which we are justly proud. This well-known and respected university, which has grown beyond the fondest hopes of its alumni and friends, joins with 67 other land-grant institutions across the length and breadth of our great Nation in celebrating 100 years of democratic opportunity in higher learning.

The Morrill Act is significant because it helped to bring to life the democratic idea of equality of educational opportunity and provided an open door to all who wanted to learn. We are indebted to all who supported this important measure because, for the first time, higher education was brought directly to the people. It is a fact that the land-grant system has become the Nation's largest single source of properly trained and well-educated manpower.

Today, the land-grant colleges and universities confer 22 percent of all bachelor's degrees, 25 percent of the master's degrees, and 40 percent of the doctorates. From this, one can readily gage its impact and service to the American people.

Never before in our long history have we more fully appreciated the need for higher and more specialized education than at present. If our Nation is to continue its destiny as a world leader in the fields of democracy, science, technology, and the arts, its people must be educated to cope with today's increasing demands for broader knowledge and keen competition from other countries. We are challenged, but with the invaluable aid of the land-grant system and with faith in God, we will meet that challenge and win to make this a better world.

Mr. MARSHALL. Mr. Speaker, today's observance of the 100th anniversary of the signing of the Morrill Act by President Abraham Lincoln is an appropriate reminder of the success of this great American experiment in higher education. The 68 land-grant colleges in the 50 States and Puerto Rico testify to the progress we have made in bringing the concept of equal educational opportunity into reality. In the last 100 years, we have come to accept the proposition that all qualified young people should have an opportunity to attend college. Thus, the idea implanted in the Land Grant Act has become an accepted part of the American goal, a goal that continues to challenge us in 1962.

The act signed by President Lincoln provided that the income from the sale of the land grants be used to establish and endow "at least one college where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and mechanic arts, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life."

An outstanding example of this achievement is our own University of Minnesota. Chartered in February 1851, by the Legislative Assembly of the Territory of Minnesota, the University of Minnesota is joining with land-grant colleges and State universities throughout the Nation in observance of the centennial year of the Land Grant Act. The people of Minnesota are proud of the university as one of the great land-grant universities in the Nation, dedicated to training the youth of today and the citizens of tomorrow.

In addition to giving college instruction to more than 28,000 students on its Minneapolis, St. Paul, Duluth, and Morris campuses, the university offers special training to the people of our State through its schools of agriculture and its general extension division. In addition, its staff members who are county agents, 4-H Club agents, home agents, and recreation and health consultants work with citizens in their own homes and on their own farms.

Countless experiments of vital importance to our future are carried on in the diverse research laboratories on the university campuses, at several agricultural experiment stations scattered throughout the State, at the Rosemount Research Center, the Cloquet Forest Research Center, the Cedar Creek Natural History Area near Bethel, the Fruit Breeding Farm and the Arboretum at Excelsior, the Lake Itasca Forestry and Biological Station, the Mayo Foundation at Rochester, the Hormel Institute at Austin, and the university hospitals.

The immeasurable contribution of the University of Minnesota in the fields of education and research are reason enough for Minnesotans to be proud of their university. I think, too, that it serves as an outstanding example of the achievement which we owe to the Land Grant Act.

I have a deep personal interest in the observance of the centennial of the agricultural extension service since my father, Frank Marshall, was named the first county agent in Minnesota in 1912. This was noted in a recent account in the Dassel Dispatch, of Dassel, Minn., which I include at this point in the RECORD:

EXTENSION SERVICE NOTES ANNIVERSARY

With the U.S. Department of Agriculture observing its centennial this year, the Agricultural Extension Service, a USDA agency, is noting a few anniversaries of its own.

Although county agricultural extension work did not begin in Meeker County until later, the first farm demonstration was started on a farm near Terrell, Tex., in 1903. At that time, Dr. Seaman Knapp, a crop expert with the U.S. Department of Agriculture, persuaded Walter C. Porter to farm half his 70 acres the old way and half the modern way. The 35 acres farmed the scientific way earned $700 more than the other half of the farm.

This convinced many farmers that scientific farming paid, and it marked the real beginning of agricultural extension work—a new method of education.

Agricultural extension work through the University of Minnesota was authorized in 1909, with A. D. Wilson named the first director of the University of Minnesota Agricultural Extension Service. Frank Marshall was named Minnesota's first county agent in 1912, serving in Traverse County, later residing in Meeker County.

Also in 1912, T. A. "Dad" Erickson was appointed the State's first State 4-H Club leader. In 1914, Congress passed the Smith-Lever Act, which gave Federal support to extension work.

Today, county extension work is a four-way partnership between the people of the county, the county government, the University of Minnesota, and the U.S. Department of Agriculture.

In looking through the records in his office, County Agent Howard Grant found a continuing, varied program designed for improving the farming and family living. A few of the activities featured strongly in past and present extension programs in Meeker County are: Livestock improvement through better feeding and management, bull rings, DHIA, etc.; poultry improvement through better feeding and management, recordkeeping, etc.; crop improvement, including Thatcher wheat, Gopher oats, alfalfa, fertilizers, pasture management, etc.; farm management, recordkeeping management services, farm employment agencies, etc.; soil-conservation work and the development of the soil-conservation district.

Mr. Speaker, the Washington Sunday Star of July 1 included an interesting article, "Land-Grant College: Our Most Significant School Move," giving us the historical background of the Morrill Act. The particular emphasis on the contribution of the land-grant colleges to the agriculture of the United States reminds us that the efficiency of the American farmer, which is one of the wonders of the modern world, had its beginning in this act. I include the article in the RECORD at this point:

LAND-GRANT COLLEGE: OUR MOST SIGNIFICANT SCHOOL MOVE

(By G. K. Hodenfield)

They said later that Abraham Lincoln on that day had lighted a candle that would guide future generations of Americans out of the dark night of ignorance.

But it was a moment of history that passed without notice, an act of faith that was long unsung.

In midsummer, 1862, the Nation writhed in Civil War. Confederate Gen. Robert E. Lee had just thrown back Gen. George B. McClellan's Army of the Potomac in the 7 days' battles.

The Treasury Department in Washington was advising its agents: "Wherever you find an article, a product, a trade, a profession, or a source of income, tax it." Long months of bloody fighting lay ahead, and the future was bleak.

Small wonder, then, that the country paid scant heed when President Lincoln on July 2, 1862, signed into law the Morrill Act, the most important single piece of Federal legislation in the history of American education.

The Morrill Act led to the establishment of 68 unique land-grant colleges and universities, including such honored and distinguished institutions as the Massachusetts Institute of Technology, the University of Illinois, Auburn, and Texas A. & M.

But it did more than that, much more.

BROADENED EDUCATION

It put higher education within the grasp of all who could profit by it, be they scions of wealthy families or children of the poor.

It paved the way for an agricultural revolution that is the envy and the wonder of the world, and which is not yet ended. It spawned programs of adult education and extension services which may well be this country's most important exports to the undeveloped areas of the world in the years ahead.

Not even Representative Justin Smith Morrill, of Vermont, himself, could have foreseen the wonders that were to blossom from the legislation for which he had fought so long.

If Lincoln made any comment when he signed the bill, history doesn't record it. But sometime during a hot and sticky day 100 years ago tomorrow he took a quill pen in hand and signed:

"An act donating public lands to the several States and territories which may provide colleges * * * where the leading object shall be, without excluding other scientific and classical studies and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts * * * in order to promote the liberal and practical education of the industrial classes."

The act granted each State 30,000 acres of Federal land lying within that State for each of its Members of Congress. States which no longer had enough Federal land within their boundaries for the purposes of the act were given scrip which entitled them to land in the still undeveloped Western States. New States collected when they entered the Union, or sometimes while still territories.

Income from the sale of the land and the scrip was to be invested in "stocks of the United States or of the States, or some safe stocks, yielding not less than 5 per centum upon the par value of said stocks."

The capital investment itself was to "remain forever undiminished." The income from the investment was to be used only for the educational goals of the act.

Eventually, the States received 11,383,082 acres in either land or land scrip, and sold them for a total of $13,478,946. By today's standards, that $13.5 million is a bagatelle. Purdue University, for instance, now has an annual operating budget of nearly $50 million, which does not include construction.

But the interest alone from that $13.5 million set great forces in motion.

Today there are 68 land-grant colleges or universities, at least 1 in every State and 1 in Puerto Rico.

They enroll 20 percent of all U.S. college students. They confer 40 percent of all the doctors' degrees awarded in this country. Through their ROTC programs, these institutions provide almost half of all the Regular and Reserve officers in the Armed Forces.

NOBEL PRIZE WINNERS

Twenty-five of the forty-two living American Nobel Prize winners have earned degrees from land-grant institutions.

Research at these colleges and universities brought the development of the first cyclotron, television tube, transistor, the production of pure uranium, and the discovery of such wonder drugs as streptomycin, stilbestrol, and dicumarol.

The ceramics, soybean, and woodpulp industries all had their start in land-grant colleges.

But perhaps the greatest impact these institutions have had is the field of agriculture.

As former Representative Dixon, Republican, of Utah, told the House in a speech a few days ago:

"The fact that the productivity of our agriculture is unparalleled in world history, the fact that our problem in America is how best to use our abundance rather than how to prevent starvation, the fact that we are sharing our plenty with the hungry of this earth—all of these blessings are due in immeasurable degree to our land-grant colleges."

In 1862, a farmer produced enough for himself and only four others. Today he produces enough for 26 others.

In 1862, the average corn crop in Illinois was about 15 bushels per acre. Today it is 77.

In 1862, the South harvested about 120 pounds of cotton per acre. Today that same acre produces 438 pounds.

All this was part of the dream of Representative Morrill when he first introduced his Land-Grant Act in Congress on April 20, 1858.

"Men waste hundreds of acres of land on the theory that it is inexhaustible," Mr. Morrill told the House.

"Our population is rapidly increasing and brings annually increased demands for bread and clothing. If we can barely meet this demand while we have fresh soils to appropriate, we shall surely reach the point of our decline and fall.

"The nation which tills the soil so as to leave it worse than they found it is doomed to decay and degradation."

THE ORIGINAL IDEA

Historians do not agree on whether Mr. Morrill or Jonathan Baldwin Turner should be credited with originating the land-grant idea.

Mr. Turner in 1850 urged that Illinois endow a State university with the money it received from the sale of public lands. Mr. Morrill said later he first got the idea of land-grant colleges about 1856, but "where I obtained the first hint of such a measure, I am wholly unable to say."

But, whoever had the idea first, it was Mr. Morrill, son of a Vermont blacksmith, who pushed it through Congress.

To do it, he had to overcome opposition from westerners, who did not want the land within their borders sold to outsiders; from southerners, who saw the federally financed institutions as an invasion of States rights, and from President Buchanan, who vetoed the measure after it first passed the House and Senate.

The Morrill act squeaked by the House in 1858 by a vote of 105 to 100, and the Senate by a vote of 25 to 22, only to run into President Buchanan's veto.

Mr. Buchanan said the bill would cost too much, would confuse the relationship between the Federal Government and the States, injure the newer States, compete unfairly with established colleges and universities, and violate the Constitution.

The veto was upheld in Congress, despite an impassioned plea by Mr. Morrill.

PRESIDENT ASSAILED

Mr. Morrill said, "The President has committed, if not a crime, at least a blunder." He called the veto incomprehensible, and declared, "the telegraphic news of this veto will start a tear from the eye of more than one manly boy, whose ambition will now be nipped in the bud."

In December, 1861, when Mr. Morrill brought his bill before the House again, he found the going much easier.

First, the secession of the Southern States had removed much of the opposition.

Second, Mr. Morrill had added the proviso that the land-grant institutions must teach military tactics, and Congress was painfully aware of the need for more officers.

(Ninety-six years later, another Federal aid-to-education bill was given a boost through Congress by being called "The National Defense Education Act of 1958.")

This time the vote was 91–25 in the House and 32–7 in the Senate.

Although President Lincoln made no recorded comment when he signed the bill, he was aware of the potential. As he eloquently put it at the Wisconsin State Fair in Milwaukee on September 30, 1859:

> "No other human occupation opens so wide a field for the profitable and agreeable combination of labor with cultivated thought, as agriculture * * *. Every blade of grass is a study, and to produce two where there was but one is both a profit and a pleasure.

Mr. WHITTEN. Mr. Speaker, I fully believe that I have spoken as much about American agriculture, the dependence that 183 million Americans have upon it, and the fine job which has been done by the relatively few Americans who are engaged in agriculture—less than 10 percent—as anyone in the Congress. This discussion and argument have come about because of my position as chairman of the Appropriations Subcommittee for Agriculture.

Mr. Speaker, there are many arms of the Government, many agencies which have contributed greatly to the wonderful job of agriculture—the Soil Conservation Service, the Rural Electrification Administration, the agricultural conservation program, the research service and many, many more.

It is my belief, however, Mr. Speaker, that the backbone of our great success, whereby 25 out of 26 Americans are freed to provide television sets, radios, automobiles and the thousand and one things which make for our high standard of living, is the land-grant college system with its extension and experiment service parts.

I join with their many supporters in saying "a good job well done" on this the 100th anniversary of the signing of the Morrill Land Grant Act by President Lincoln on July 2, 1862.

Since I will cover this subject more fully when we report our annual appropriations bill for agriculture in the next few weeks, I believe it fitting here to say that food and fiber remain basic, that with agriculture we are dealing not merely with the less than 10 percent on the farm but with the food supply of all Americans, protecting our high standard of living. In dealing with all agricultural agencies we are dealing with the people's effort to do for ourselves—and whatever the fine results of all, it is the land-grant colleges which do the training. It is the home demonstration and county agents who provide such knowledge in the effective manner on which all our welfare depends.

Under leave to extend my remarks I include excerpts from a speech of Dr. D. W. Colvard, fine president of Mississippi's outstanding land-grant college. We regret that fine material on its history has had to be left out in the interest of brevity:

The centennial year of 1962 is an appropriate time for taking stock of Mississippi's land-grant university. A well-rounded land-grant institution must never lose sight of the fact that it has a threefold obligation to its public: teaching, research, and service. The teaching function is excellently provided for by the university's six undergraduate schools and the graduate school.

In research, Mississippi State University boasts a continuous record of productive organized research dating from the founding of the agricultural experiment station in 1887. Over the years the State chemical laboratory, the State plant board, the business research station, the engineering and industrial research station, and the social science research center have each maintained a research program directed toward the economic prosperity of Mississippi.

The life of every Mississippian has been changed by the contribution that Mississippi State University has made to better living and the better life. The face of the Mississippi farm has changed tremendously. In 1959 Mississippi farmers produced one-fourth more products than in 1949 with 40 percent fewer farm families utilizing 26 percent less cropland and 10 percent less total land. Labor crews have been displaced by machines and mules by tractors.

The traditional down-at-heels, one-gallus farmer has all but joined the labor crews and the mules in oblivion. Why? The traditional cotton culture of the State has been revolutionized under the guiding genius of the world's most renowned cotton experiment station at Stoneville in the Mississippi Delta. For the State's farmer, Mississippi State University has provided anhydrous ammonia for fertilization, new chemicals for weed control, new crops, new breeds of plants, and a far-reaching program in seed technology. The State's livestock have enjoyed the benefits of permanent pasture planning developed at Mississippi State University. Farmers have found new sources of income in dairying and beef cattle. They have prospered from new developments in scientific broiler and egg production. Also Mississippi State has pioneered in the proper husbandry of forest resources. And of all this Mississippi State University can indeed be proud.

But Mississippians are two dwellers, too. Today the trend of population is toward urban centers. Some 600,000 of the State's 2 million people have moved away from the farm in the last two decades. Mississippi State University researchers have charted and interpreted these changes. Urban Mississippi has made many demands upon the institution, especially in the realms of industry and business. For over two decades, the Business Research Station has kept abreast of the commercial trends in our State. Mississippi State University specialists have served as advisers to State business and State government in tackling the problems of private and public finance in Mississippi.

Mississippi State University engineers no longer have to look northward for employment. The door of opportunity is being opened by our State's own industries, some of which have been built on discoveries made at Mississippi State University. An outstanding high voltage laboratory is serving both the suppliers and users of electric power. A structures laboratory maintained by the civil engineering department is testing bridges and highways to make travel and transportation safer for Mississippians. At the same time, Mississippi State University chemists diligently test the gasoline we use and the fertilizer we put on our soil. The new and cheaper lagoon process of sewage disposal has been promoted by university researchers. Mississippi State entomologists have battled successfully to keep us all several jumps ahead of our insect enemies. Watching all these developments with its phenomenal memory and its ability to speed up the process of research is the first digital computer to be put in operation on a university campus in Mississippi.

Lest we assume that Mississippi State University has been earthbound, it would be well to note that Mississippians may soon be able to travel in a plane produced by the aerophysicists of Mississippi State University in cooperation with the U.S. Army Transportation Corps. The "Marvel," as the plane is appropriately called, can take off or land on a 60-foot strip at 35 miles per hour and cruise aloft at a comfortable 350 miles per hour. It could well revolutionize low-speed transportation.

And what of the future? First of all, the task of educating Mississippians will continue. Our program depends mightily upon knowledge. Thanks to a tremendous enrollment growth in the last decade, Mississippi State University is now educating 30 percent of all the white youth of Mississippi who are attending our own State-supported senior colleges and universities. As demands for educational excellence increase, the land-grant university will never cease its endeavors to serve the young people of our State and serve them well.

Mrs. GRIFFITHS. Mr. Speaker, Michigan State College was founded February 12, 1855, as the first agriculture college in the United States. A few years later this unique idea was extended to the entire Nation through the system of land-grant colleges established by the Morrill Act which was signed 100 years ago today on July 2, 1862.

Using Michigan Agricultural College at East Lansing as the model, Senator Morrill, of Vermont, and Senator Bingham, of Michigan, drew up and proposed the Morrill Act which granted lands to the individual States to be sold and the money used for the "Endowment support and maintenance of at least one college where the leading object shall be to teach such branches of learning as are related to agriculture and the mechanic arts, to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life."

For the first time, institutions of higher learning turned their attention to serving not only the scholarly but the practical needs of the common man.

During these 100 years the system established by this act has grown to the point where it includes 68 institutions, enrolls 20 percent of the country's college population, grants 40 percent of the doctoral degrees awarded in all subjects, and trains about one-half of the Regular and Reserve officers entering the Armed Forces through the military training programs of civilian institutions.

In 1862 1 young American in 1,500 went to college. Today the ratio is 1 in 3, thanks chiefly to the Morrill Act.

The land-grant system has become the Nation's largest single source of trained and educated manpower.

Indeed I am also personally indebted to this system for I was fortunate to graduate from the University of Missouri, a member of the American Association of Land-Grant Colleges and State Universities, which throughout its history has contributed a significant service to higher education in that State and throughout the country.

The University of Missouri has the distinction of being the oldest State university west of the Mississippi River and the third oldest west of the Allegheny Mountains.

Authorized only 18 years after the Missouri Territory became a State, it was established 23 years before the passage of the Morrill Act. Under this legislation it received 330,000 acres of land, the proceeds from which were used for the development of instruction and instructional facilities in agriculture and mechanic arts.

Today the university is a well-respected and well-known institution and it is presently engaged in a great building program to keep abreast of the demands of the State.

In addition to having one of the 10 largest colleges of agriculture in the Nation, its school of journalism was the first regularly organized school of journalism in the world, and has been the training ground for many of our finest journalists.

Thus these two institutions are just two examples of the revolution in higher education that was achieved by the Morrill Act. In passing this act Congress displayed a statesmanship that has seldom been equaled and once more reaffirmed the democratic foundations of our country in providing an equal opportunity for all to become more effective citizens and more effective human beings.

Mr. McINTIRE. Mr. Speaker, 100 years ago today, July 2, 1862, President Lincoln, by signing the Morrill Act, established one of the greatest vehicles for educational opportunity ever brought into existence for the people of a nation.

Justin Smith Morrill, the distinguished Senator from Vermont, said he wanted the legislation of his authorship to provide a nationwide system of higher education "for those at the bottom of the ladder who wanted to climb up." The fulfillment of this objective has far exceeded whatever Senator Morrill, in his greatest expectations, ever could have envisioned.

Our Nation has been richly blessed with the fruits of this marvelous system of education, and I, personally, am thankful for the opportunity extended me for an education at a land-grant institution in my home State, the University of Maine.

The 68 land-grant universities and colleges in America represent less than 4 percent of this Nation's formal educational institutions, but they enroll 20 percent of this country's students of undergraduate level and grant nearly 40 percent of all doctorate degrees for every field of study. These statistics alone show the vital part that is now being played in the field of education by these land-grant institutions.

Education has been a highly important part of the function of these institutions, but then to this aspect was ultimately added basic and applied research, as exemplified by the agricultural research and agricultural extension programs. These dynamic programs brought together scientific and human resources that have provided undisputed proof that the scepter of hunger need no longer plague mankind.

The land-grant universities and colleges have marked the centennial anniversary as an opportunity for reviewing the past in order to see more clearly the problems of the present, and to map clearly a pathway for even greater service in the years ahead.

I wish to commend the Association of State Universities and Land-Grant Colleges for the excellence of the centennial program now in progress, among these being Dr. Richard A. Harvill, president of the University of Arizona and chairman of the centennial steering committee, and Mr. Russell J. Thackrey, executive secretary of the association.

I would like to comment that since its organization in 1865, the University of Maine has graduated men and women who have made distinguished contributions to all walks of life and in the four corners of the world. Great men have served on the institution's faculty, its board of trustees, and as president.

Under the outstanding leadership of Dr. Lloyd Elliott, our present president, the University of Maine is progressively looking to the future, recognizing its responsibility to provide for the youth of our State an educational opportunity that will equip them to cope with the vital issues of their generation.

As a part of the centennial commemoration of the signing of the Morrill Act, a citizen seminar was held at the university campus at Orono, Maine. This seminar was entitled "How the University Can Serve in the Next Quarter Century." Dr. Elliott served as moderator for the program, and others participating were Owen H. Smith, Presque Isle, representing Maine agriculture; Benjamin J. Dorsky, Bangor, president of the Maine State Federation of Labor, representing Maine labor; Dr. Margaret Dickie, Bar Harbor, a scientist with the Jackson Memorial Laboratory, representing Maine education; and John L. Baxter, Jr., Corinna, representing Maine business and industry.

The opening remarks of these individuals express appreciation for the service to Maine of our land-grant university, and these remarks also provide a breadth of opinion relative to the institution's responsibilities for the future.

These statements follow:

Agriculture's Job During Next 25 Years Is Tremendous One

(By Owen H. Smith)

The record of the land-grant institutions in the service of agriculture has been a distinguished one. A pretty good case can be made for giving the lion's share of credit for the present productivity of American agriculture to the teaching, research, and extension programs of our land-grand colleges. No nation of the world has ever approached the situation we find in the United States today where only 20 percent of the average worker's income goes for food. In the Western European area nearly 40 percent (60 percent in Russia and 80 per cent in India) of the worker's income must be used to buy food.

Unquestionably, the advanced technology of U.S. agriculture has released resources of manpower to industry. Man's first need is necessarily food, and manpower must be available to produce, process, and distribute this food supply. Beyond this, manpower can be used to provide the defense weapons, the cars, the television sets, the beauty preparations, the books, the furniture, and the other goods which make up the American standard of living. Agriculture's capacity has made our way of life possible.

But enough on the contributions of the past, the question is, "What of the future?" Reducing this question to a very personal viewpoint, the issue is really "What do I, representing Maine farmers, expect from the University of Maine in 1970, in 1975, in 1980, and on through the next quarter of a century?" I expect a lot, but we in agriculture do not expect either more or less than other segments of the Maine economy. We recognize no special privileges but do feel we will make substantial and continuing but entirely reasonable demands on the University of Maine. Let me express in some detail the things we expect from our land-grant institution.

WHAT WE EXPECT

1. Education of our young people: We expect the University of Maine to provide our young men and women with educational opportunity of the finest kind in terms of quality and breadth of offering. Our sons and daughters must be prepared for first-rate career opportunities over a wide spectrum of career possibilities. This means degree training at a topnotch level in a wide variety of fields such as agribusiness, biological science, engineering including agricultural, forestry, liberal arts, professional fields, such as medicine, law, and business, home economics, and education. There is no such thing as a most important field—all are important.

Another educational area which warrants special mention and all too frequently is overlooked is that of technical, nondegree training. An important and much needed field of education which lies between high school and college degree training is that of preparing young men and women for technical employment. Perhaps the present 2-year agricultural program at the university will illustrate my point. Here is an organized and generally successful effort to take good farm boys and prepare them for careers as successful farmers. The university has recognized that it has a responsibility for training these young men not only to understand and practice the principles of modern agriculture but also to be enlightened, intelligent citizens. The course has combined the agricultural sciences with social science training. Relatively, many more graduates from the 2-year program will stay in Maine and contribute to the Maine economy than will graduates from our degree courses. This kind of technical education opportunity needs to be broadened to include other significant fields such as preparing young men or women for technical employment (above the day-labor level) in wood industries, woods operations, food-processing plants, tourist and recreational organizations, the fishing industry, the food-serving (restaurants, hotels, etc.) industries, retailing organizations, and so on. Here there is a substantial need and the University of Maine should be moving vigorously into providing this kind of training for our Maine youngsters.

2. The second area of concern is that of research. Agriculture's need for research is an ongoing need. The need for research continues to be a very real one, but the character and emphasis of research should continue to change as it is already doing. We in agriculture have less and less concern in having the University of Maine undertake research to provide "how" answers, but more and more concerning in having "why" answers. That is, for example, expenditures of public money for research on how to fertilize potatoes, or spray apples or feed dairy cows is much harder to justify than is research on the basic principles of plant growth and nutrition and on the understanding of the metabolism of the dairy cow. Basically then it is my opinion that the institution must carry a research program at present on accelerated levels directed toward answers to fundamental or basic problems. Agriculture and forestry are very vital and most important parts of the Maine economy. These industries cannot conduct their own research programs. They have every reason, however, to expect that State funds, industry funds, and Federal funds should be used for research conducted by the university.

In addition to more fundamental research, direction of research is also expected to change. Greater than ever need exists for basic, factual information on the merchandising and utilization of Maine agricultural and forestry products. More data on utilization and conservation of our natural resources of soil, water, timber, and people would seem important, since after all Maine must build her future on these resources. Other fields in which agriculture has an interest in seeing more or better research undertaken include forest management studies, poultry, nutrition, human nutrition, land utilization, exploration or alternative enterprise possibilities, farm policy, and many others.

If the country is to maintain its present standards of food availability and utilization, ongoing research is a must. This is as true for Maine as a geographical unit as it is for the Nation as a whole.

3. The final area in which I wish to suggest that the university has a responsibility towards agriculture is that of ongoing adult education. The need for learning does not stop as the schoolhouse door closes behind you. Increasing one's earning power and improving the possibilities for enjoying living, demand continuing educational opportunities geared to the needs and objectives of the rural citizen. Obviously, this educational program involves the subject-matter areas traditionally presented by the cooperative extension service, but the times demand a fresh and modern method of presentation.

NEED TO USE TELEVISION

For example, under present conditions, television should be used more widely. Daily or at least every other day, hour-long, subject-matter programs should be available over television. Mass media of communication should be used vigorously, to present appropriate and pertinent subject-matter material that I need as a farmer. Such material should be geared to the necessarily high-level intelligence of the modern commercial farmer. This program should be during the early evening hours, but the exact time is unimportant, since it is hoped that this material will be so significant and so well presented, that I will need to have a television set available no matter where I am, or that I will feel it necessary to go where one is available so I won't miss the offering. This kind of teaching will require new and different field agents, and will also call for specialists of experience and with training to be available on a county or regional level—men who can give straight-forward, authentic information to highly intelligent successful producers. This kind of an extension program would mean the elimination of county lines and county association membership. Instead, it would create commodity regions which might or might not follow political subdivisions, and would be an entirely different extension organization from what we now have.

In fact, I envision an extension organization which would involve all the intellectual resources of the university. I am a potato and egg producer. I feel I am reasonably competent in the field of potato and egg production and merchandising. Of course, from time to time, I will need new factual information so as to keep my techniques at a high level. This type of information needs to be made available constantly. Beyond this, however, as citizens in rural communities we need further education in depth in other areas—subjects such as public policy, land utilization, soil chemistry, literature, music appreciation, accounting, U.S. history, consumer economics, art appreciation, and dozens of other subjects. I believe Maine people are willing to pay for this kind of adult education either through direct taxation or by a system of fees. I believe, furthermore, that the university will need to undertake this kind of a broadened adult education program, not within the next 25 years, but within the next 5 years. It may take a bit longer for this idea to come to completion. Agriculture is a specialty. We best serve our specialty when we know it thoroughly and then move beyond it to round out and deepen our thinking and our lives. This kind of an adult education program will do that.

Agriculture's job during the next 25 years is a tremendous one. We will never outgrow our need for food. Just remember that every single day, hour by hour, our population increases by 8,000 people. In a year, there are 3 million more to be fed. By 1975 there will be 235 million people in this country who must eat. Agriculture must continue to have the resources of the university at its disposal to be able to fill this order. In fact, I believe that the land-grant college system in general and the University of Maine in particular need to assume an even greater leadership responsibility, in directing and guiding the agricultural development of Maine.

UNIVERSITY CAN BE OF GREAT SERVICE TO INDUSTRY

(By John L. Baxter, Jr.)

How can the University of Maine be of greatest service to the State of Maine and particularly to Maine industry in the next 25 years? I think I shall start with the particular and go to the general.

First, let me say that this is a subject which should be of great and pressing interest to an institution which depends upon public funds for its existence, because in the long view, which is the view we are taking today, the amount of money the State can afford to spend on the capital improvements and operating requirements of the State university will most certainly depend upon the amount of the gross product turned out by the State's industries. The tax sacrifice index of Maine now ranks high among the States. It has been as high as 8th; it moved to 11th. I would judge that it is no lower than 11th now and perhaps it has turned higher with the taxes passed in the last session. Since this indicates that we are already calling on a relatively high percentage of our gross income to support State services and since we still do not do as much as the average State, then we must create more income to obtain more services and that can only be accomplished by greater productivity. Obviously, if we produce more we will creat more wealth in terms of payments for raw materials, services and wages. These additions will throw off more tax income to the State and thus more can be done. As a State institution which can influence this situation, and which as I have said requires substantial State funds for its operation, I believe the university should be strongly industry oriented.

I would hasten to say at this point that I am sure the university is aware of this; it does much now in this respect. I just don't want it to forget it, and I hope it will work even harder at it in the next 25 years, because the period starting perhaps about 1965, and extending probably 20 years into the period we are discussing, is going to be one of great shifting and changing both in the location and character of industry. Industry is cold and calculating. It must deal with the facts. While, as individuals, we are sentimental about our State and love it devoutly, sentiment is a luxury which industry cannot afford, and unless we meet industry's basic needs, we may find ourselves fulfilling Arnold Toynbee's description of the State as being "a relic of the 17th century inhabited by woodmen, watermen, and hunters."

INITIATE ANNUAL CONFERENCES

So, first, I say the university should concern itself deeply with this situation. Specifically, perhaps the university should initiate annual conferences of industry leaders to discuss this subject in much more depth than I can treat with it here today. Actually, industrialists are normally so wrapped up in trying to make enough money for various levels of government to tax, and an industrial plant and a college being by their nature quite unlike each other, the industrialist frequently has to be approached. I don't say this is good or wise on the part of the industrialist, but it is a fact which a university should realize and take the initiative in overcoming.

Secondly, I believe that the nature of Maine industry now and in the future makes the university program now in existence known as the department of industrial cooperation of more importance than the attention it is now getting. I fully realize that perhaps its present low level of operation has something to do with the level of demand put upon it by industry. I also suspect, however, that a good portion of its decline has to do with conflicts and organizational problems within the university itself. I think the advisory committee should be reactivated. I will admit that the Maine industry, which it serves, that is, small industries without their own research facilities, is provincial, unimaginative, and unaware of what it can gain by full use of the department. But this is a fact of the nature of Maine industry now and for the foreseeable future, and I believe it is up to the department to carry its message to these industries and sell them on the benefits they can obtain through its services, even though this may be crass commercialism from an ivory tower.

MORE INSTITUTES NEEDED

Another suggestion which I submit is the continued establishment of institutes such as the Pulp and Paper Institute which is performing such an outstanding service for our No. 1 industry. While the industry itself is deeply involved in the financial support and the operations of this institute, the results are also a very great credit to the university and its staff. Pulp and paper—the raw material and finished product brought together in a unique marriage of education and industry—suggest the possibility of a similar effort on behalf of our second largest combine: that is, leather and leather products. We are all aware of the expansion into Maine over the past decade of tanneries and shoeshops, until their gross output is now second in volume to pulp and paper and they are still expanding. It is my understanding that these industries might benefit greatly from the same sort of service as is furnished by the Pulp and Paper Institute, and, further, that unlike Europe from which they get their strongest competition, such facilities are not available anywhere in the Northeast, or in even perhaps the whole United States. In this respect I am referring to a type of effort far above the trade school level and one best exemplified by the work you are already doing for the pulp and paper industry.

I would further suggest that a similar effort, at least, be started in the field of electronics. The approach may need to be somewhat different in that we do not yet have an extensive electronic manufacturing industry established to support a full-scale institute, and are presented with the chicken or the egg dilemma, or which comes first? We are all acutely aware, however, of the growth of the electronics industry in the Boston area, attributed by many of the opportunity for advanced study and research in nearby colleges. It is also felt that a possible direction of expansion could be toward Maine. Executives of that part of the industry which has already made this choice decry the lack of opportunity for key personnel to further develop their knowledge while attending to their daily industrial duties.

To this end I would suggest the establishment of a lecture series at the Portland campus by authorities in the field of electronics from other colleges in the East. While this program may be lightly attended at first, because the industry is yet young in Maine, I believe that an important factor in establishing the so-called Maine ellipse as a place to establish plants would be that such services would be available together with a program to expand them as the demand grew. This we must recognize as a long-range program, because we would not begin it if we conceived the level always to be that which is required at the moment.

The DIC, the establishment of more institutes, and the establishment of adult study programs for advanced study are but three of the specifically industry-oriented fields in which the university could be helpful in the years to come. I am sure there will be many other such opportunities, if the university cultivates an industrial awareness over the next 25 years.

EDUCATION BEYOND THE SPECIFICS

In going from the specific to the more general, I would call your attention to the need of industry for citizens educated beyond the specifics of a science or some particular vocation. It has often been said that our scientific knowledge has far outrun our ability to cope with the status quo which it has created. Thus we are far more knowledgeable in the field of mutual extermination, than in the field of interpersonal relationships which would make such knowledge unnecessary. We will soon colonize new planets, while our own planet is wracked with poverty and war. We will soon be kept alive for 100 years, without any very good ideas about what to do with those 35 years which occur after the first 65.

Industry has a great stake in closing this gap, lest it find itself staffed with automatons incapable of acting except by rote, and lest the society of which it is a part tear itself to pieces. Within itself, vertically and horizontally, industry needs people with the ability to think, people with a trained imagination and good judgment, with skill in logical reasoning, with a thorough understanding of the economic system of which they are a part, with an awareness of society and the world about them, and with the ability to read efficiently and communicate lucidly both orally and in writing.

Outside of itself the inculcation of these qualities upon the citizenry is even more important, because industry no longer operates in a so-called free economy. Today government at all its levels both in the executive, as well as legislative branches, has the power of life and death over industry. Decisions are made which affect business profoundly; decisions made by people with no understanding of economics, and upon bases having nothing whatever to do with the proper or successful operation of business. For those outside of Government, the volume and impact of communications through radio, television, newspapers, magazines, and books is such that one almost has to be an intellectual to act rationally, and a rational public is the best life insurance policy which business can have in its portfolio.

And so I would urge the university over the next 25 years not only to maintain our relative position in the sciences in which we lead and to catch us up where we lag, but also to remember that man does not live by bread alone and to cultivate in its students, therefore, those other qualities which I have previously mentioned. This I believe is the greatest service it can perform for its State and for its Nation. And in performing this for them it will be doing a great service for industry because without each other neither can survive.

UNIVERSITY MUST SAFEGUARD ACADEMIC QUALITY AND FREEDOM

(By Dr. Margaret Dickie)

We meet here today to look into the future, to think of ways in which this university may serve in the next 25 years. To a large extent, how and what it can do depends upon us, and upon our elected representatives in the legislature.

I was asked to serve on this panel as an educator, and under some slightly false pretenses, I accepted. I have never taught formally, served on a school board, or been involved in educational administration, but, I am the product of two dedicated teachers who have served many young people well. They have fostered in me a deep respect for education and all that it stands for. I am a member of a scientific community that serves the world not only in basic research, but encourages young people to consider scientific careers, and aids the medical profession, in a new field—medical genetics. Thirdly, I belong to an organization, the American Association of University Women, whose prime purpose is practical educational work. AAUW was founded to promote increased opportunities for advanced study for women, and today this group has as a central policy, improvement of education at all levels. Therefore, these remarks come from an interested citizen who has a continuing interest in improving education—its quality, facilities, and program.

ACADEMIC QUALITY AND FREEDOM

As we consider the next quarter century and ways in which the question before us might be answered, a list we make of things we would like to see the university do becomes meaningless if the university does not continue to increase, maintain, and safeguard two essential items: Academic quality and academic freedom.

Academic quality is in large measure due to the excellence of the faculty—their teaching ability and their inquiring spirit to pursue knowledge and to impart this knowledge to others.

How can the university continue to maintain and raise the quality of the courses it now has? There are at least two ways in which this can be done; first, by offering attractive salaries; and second, by offering attractive so-called fringe benefits.

In the present decade, and in those to come, unless the salaries are above average, the faculty will be fairly transient and will not be the topnotch type needed. There is a critical shortage of college teachers and this is expected to become greater rather than less. The university, in this market, must be able to compete effectively. Salary is one standard for the acceptance of a position. Another is the fringe benefit package. In this category many of the following criteria are as important as the financial considerations. Here one considers such items as the teaching load (and the type of teaching load), the research opportunities available, and the sabbatical leave program. Listing them in this fashion sounds as though the problem were simple, but it is vastly more complex than this. Some teachers wish only to teach. This is their life—not only their work, but their pleasure and hobby as well. Others must teach because of the knowledge they absorb and wish to impart as they continue their studies. Still others like to be challenged by undergraduate and graduate students. They draw their stimulation, their excellence, from the challenges of these two very different groups. I don't feel that research is or should be made a must, but the opportunity should be there if a faculty member wishes to use it. In some universities now, this research tail wags the dog, so to speak, and no matter how good the teacher, if X number of papers are not forthcoming in a given amount of time, the teacher is out. Research should be an adjunct to and not the criterion for the quality of the professor.

My second essential item, academic freedom, is a very controversial phrase these days. I use it to mean that in the pursuit of knowledge students must be encouraged to learn as much as possible about all areas of a subject—a culture—a doctrine. It is only by such intensive study of all sides of a situation that they can learn to evaluate the information and learn to come to wise, just, and tolerant decisions rather than bigoted, biased, and uninformed decisions. The future of this State, and of all nations in the world, hangs on such freedom—to learn, to impart the knowledge to others, and to arrive at informed decisions.

LOOKING TOWARD THE FUTURE

Bearing these two essential qualities in mind, what then can we look for in the future at the university? Now it is possible to list a number of items.

1. Continued expansion and improvement of the University of Maine in Portland.

2. Expansion and improvement of the graduate program in a greater number of departments.

3. Maintenance of accreditation of the colleges within the university.

4. If the referendum issue passes, use of ETV in the following areas:

(a) Courses for teachers.

(b) Greater coverage and continued improvement of the extension program.

(c) Encouragement of post high school training.

(d) Stimulation of adult education.

5. Increase in foundation support for various projects.

6. Establishment of a medical school.

7. Sponsoring of special meetings and symposia such as the prelegislative council meeting held last year.

8. Cooperation with other institutions in many areas—facilities, faculty, etc.

I'm sure this list is not complete, but it does represent a number of things the university may try to do in the next quarter century. But—if we wish the university to do any, or all, of these things—we, too, must work.

1. We can encourage nonpolitical appointments to the board of trustees. Board appointments should be made on the basis of sincere interest in the university's welfare, coupled with expert knowledge of finance, education, or other specialties which the individual can contribute to the board's deliberations.

2. We must ask our legislators to support the university's requests; speak to them, write to them, elect them or not elect them, based in part on their feelings about and support of the university and the other State institutions of higher learning.

LET OUR LEGISLATORS KNOW

What we had for an education is not good enough for the coming generations. On a cold day in December 1940 in a little room under the Chicago Stadium, a new element was made, and the world was forever changed. Therefore, we must offer more and different kinds of education, that for working as well as that for living in the world community. Technology and automation are changing our lives daily, more skill is needed to work, and there is more leisure. Nationwide the long-term unemployables are the unskilled workers who either have no opportunity or won't take opportunities offered to learn a new skill or trade. Learning skills and learning profitable uses of leisure time are essential. Do-it-yourself tasks are fine, but they can't last forever, and our lives need and deserve more than this. We need to know more about what is going on in the world from Mongolia to Chile, and understand the events. We need to learn, and from what we learn on all sides of the question, not just one side, we need to make judgments about issues, and then we must let our legislators know about our decisions. If we don't do this, they operate in a vacuum, and we have not fulfilled our duties as citizens.

Do you want more industry in Maine? I suggest that roads and tracts of land will not be a big attraction unless educational quality and facilities are rapidly improved. During the coming session of the legislature, I am determined that I shall keep abreast of what is going on at the university, what is needed, and I intend to tell my representative what I hope he will do in support of the cause of higher learning. Will you join me?

The university wishes to serve the State community in many of the areas that have been mentioned. We, too, must serve by knowing our university, its proud achievements, its greatest concerns, and seeing that the legislature does all in its power to protect, nurture, and cherish this institution. It is one of the State's greatest assets, and its continued advancement depends upon how well we support it.

Continuing Need for Change To Meet Conditions of the Times

(By Benjamin J. Dorsky)

I wish to express my sincere appreciation for the opportunity to be with you this afternoon and to state the views of Maine labor in the role that the university must play in the next quarter century to help the State of Maine.

It has been said that man's knowledge lights the way to freedom and that freedom is the most precious heritage that we have. I can think of no better starting point to tell you of our interest in institutions of learning, and education in general.

The American public school system did not just happen; from earliest times the labor movement played a major role in the creation of free public education.

Unions in the first half of the 19th century were determined that the promise of democracy should be fulfilled in terms of equality of opportunity. Many of the propositions, advanced and advocated by the labor movement in that time, have materialized, the abolition of imprisonment for debt, universal suffrage, the reform of the militia system by which the wealthy could buy their way out of military service are a few examples.

MORE AND BETTER OPPORTUNITIES

The dream of every parent is to see that his children have more and better opportunities to advance themselves in all phases of our society. Education is the first need. For through education the world and its wonders are opened for the eye to see. Opportunities hidden to the ignorant are spread out for the educated to see and grasp.

The university should be the leader and the voice to make education as free and universal, on the higher level, as our public school system. It should not retain the narrow concept of "means" and differentiate between levels of society.

The university should be the focal point for all levels of our economy, to gather together, to know and understand each other and others' viewpoints in order to unite our peoples in a common objective—to better the lot of all of us.

The living habits of Maine people depend greatly on their ability to make use of the products of the land, beneath the land, and the sea. A better understanding and knowledge of what we have and its use should and must be an objective of the university.

People desire an orderly process of living. It is essential that we have good government to propose and enforce a code of law by which we must abide—in order that the orderly process of living shall benefit the vast majority in their will to lead happy and normal lives, and to be part of a society that desires unity among its component parts.

Although the university has and is contributing its voice toward better government, there is a continuing need for change to meet the conditions of the times, as well as the betterment of the existing rules to serve the people. The voice of the university should never be stilled in its effort to meet at all times the needs of the people.

RIGHT ATMOSPHERE FOR TEACHERS

I have attempted to give you a few thought-provoking ideas toward which the university should work in the next quarter century. I realize that a start must be made somewhere. Someone must assume responsibility. Building up the plant in which to operate can be the start. It is more important that the teachers, who will bring out the leaders of tomorrow, be able to live and work in an atmosphere befitting to their roles.

In conclusion, the matter of responsibility—it is my firm conviction that we, the people of Maine, have shirked our responsibility in providing the means to do the complete job. We have refused to recognize that the potential benefit to be derived far surpasses the investment necessary. We have, as individuals, become selfish, complacent, unwilling to recognize that the glories of the past, achieved by men of vision, no longer have meaning. It is necessary again to dream the dream of the men of vision, and go on to a new greatness in new paths that the university can charter for us in the next quarter of a century.

Mr. SCHNEEBELI. Mr. Speaker, today is the 100th anniversary of the Morrill Act signed by President Abraham Lincoln. It was this act which brought into being today's 68 land-grant universities and colleges. The institutions founded as a result of this act grew out of a need as fundamental to America as the bounty from its harvests. It was out of this need, out of this faith, that the land-grant colleges sprang.

The colleges were founded out of protest against the limited opportunities in both curriculum and admissions available in the traditional classical college. The widespread interest in practical education for the sons and daughters of the working class which included all but the very wealthy led to the passage of the Morrill Act of 1862. In its own words, the purpose of this act was "to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life."

The Morrill Act is significant because it helped to bring to life the democratic idea of equality of educational opportunity—an "open door" to college for all who had the will and ability to learn was unprecedented in world history. One hundred years ago, one young American in 1,500 went to college compared with 1 in 3 today. The land-grant system has become the Nation's largest single source of trained and educated manpower.

Pennsylvania accepted the terms of the Morrill Act and pledged the "faith of the State to carry the same into effect" on April 1, 1863, designating as the Commonwealth's land-grant institution the Agricultural College of Pennsylvania, which today is the Pennsylvania State University, and a part of my congressional district.

The Morrill Act offered to every State 30,000 acres of Federal land, or land scrip, for each of its Members of Congress, to be sold to endow at least one college in the State. Under the terms of this act, Pennsylvania received scrip for 780,000 acres of land—30,000 acres for each of its 26 Senators and Representatives—which was to be sold to provide a permanent endowment for its land-grant institution. Badly mismanaged, the sale of this scrip brought less than $440,000. This sum was later increased to an even $500,000 by legislative appropriation.

This endowment now provides Pennsylvania State University with an annual income of less than $30,000. Upon this base, however, has been founded an institution with an annual budget of about $60 million, a student body of over 20,000 young Pennsylvanians, a research program that spends more than $10 million a year, and an adult-education program that reaches millions of Pennsylvanians.

As land-grant institutions observe their 100th anniversary, they number less than 4 percent of the Nation's colleges. Yet they enroll about 20 percent of the Nation's undergraduate students and grant nearly 40 percent of all doctoral degrees in every field of study. Twenty-five of the 42 living American

Nobel Prize winners who studied in this country earned land-grant degrees.

On this occasion, I want to extend to Pennsylvania State University my congratulations on their record of achievement and my sincere best wishes for the future. They have won the respect, confidence and admiration of all Pennsylvanians and the faculty has indeed every right to be proud of the reputation that Pennsylvania State University has earned.

Mr. SIKES. Mr. Speaker, 100 years ago today, President Abraham Lincoln signed a bill which was to change the whole pattern of higher education in the United States. The principal sponsor of the measure, and the man whose name it bore was Congressman Justin Smith Morrill, from Vermont. He was to serve 43 years in Congress. The purpose of the Morrill Act was to insure general training in higher education in at least one college in each State. Widespread national interest had been aroused in practical education which was not then available for most people through the limited opportunities of curriculum and admission available in the traditional classical colleges. There are now 68 land-grant colleges and universities in the 50 States and Puerto Rico. In my State, the University of Florida and the Florida Agricultural and Mechanical University are outstanding examples of the great service to education which land-grant colleges perform.

One young person in 1,300 went to college in 1838; but as the years passed, it became even more difficult to secure enrollment—and by 1869, only 1 in 1,900 went to college. Almost none but the well born or wealthy few were privileged to receive a college education. Largely, as result of the land-grant institutions, this trend was completely reversed, and now through land grant and other institutions, opportunity for an education is available to nearly every deserving young person.

I take pleasure in submitting in the CONGRESSIONAL RECORD the 1962 prize-winning essay for the Florida Power Corp. entitled "Centennial of Higher Education," by Wayne Ezell, LaFayette High School, Mayo, Fla.

I submit also, an article from the Florida Alumnus by the president of the University of Florida, Dr. J. Wayne Reitz, entitled "The University of Florida: A Self-Portrait." It speaks effectively of the work of the University of Florida through the years since its founding.

CENTENNIAL OF HIGHER EDUCATION—1962 WINNING ESSAY FOR THE FLORIDA POWER CORP. "SCHOLARSHIP FOR LEADERSHIP" AWARD

(By Wayne Ezell, Lafayette High School, Mayo, Fla.)

The idea of education for the industrial classes has stirred the hearts of our Nation's leaders since the very beginning of America. George Washington advanced a proposal for a national university in his first inaugural address. Thomas Jefferson was a great crusader for improving the law for educating the common people. The Northwest Ordinance of 1785 stated the national interest in education, but it was not until a bare century ago that higher education was made available to the overwhelming majority of Americans who obtained their livelihood from farming, the mechanical arts and business.

Until that time higher education in the United States was the domain of a handful of colleges and universities whose main interests were in law, medicine and theology. These schools were largely open to the more fortunate classes who had money or high position. Little regard was given to the fact that the livelihood of the greater majority of Americans was made from farming, the mechanical arts and business, and that there was no provision for training young people in these skills.

The latter part of the 19th century found the United States a young nation taking stock of itself. Many of our national leaders at that time were beginning to realize the need of well-trained men in all professions if our Nation was to fulfill its destiny of becoming the greatest Nation the world has ever known.

Historians do not agree upon who should receive the credit for originating the land-grant idea. There is a general agreement, however, that such men as Jonathan Turner, Thomas Clemson, and Justin S. Morrill were quite valuable in the course of development of the land-grant movement.

In the year 1857, Morrill submitted a bill to Congress that, if passed, would give the State Federal land to sell so they could raise money to establish colleges and universities where the leading object would be to teach those subjects related to agriculture and the mechanical arts in order to promote a more liberal and practical education of the industrial classes.

This bill was passed by both Houses in 1859, but President Buchanan vetoed Morrill's act on the ground that such a bill would be a violation of States rights, that it would bring about unfair competition for the private schools, and that it was unconstitutional since Congress was not empowered to spend money for education.

Standing steadfast in his belief, with faith in the growing democracy, inspired by a dream of education for all who so desired it, Morrill again submitted his bill to Congress in 1861, and on July 2, 1962, President Lincoln signed the bill into law and made possible the establishing of what is known today as land-grant colleges and State universities.

The entire picture of education in the United States was changed when the Land-Grant Act of 1862 was passed. Many billions of dollars have been added to the wealth of the Nation in return for mere millions invested in land-grant colleges and universities. Out of the classrooms of these institutions have gone many leaders who have made modern-day agriculture in America the most efficient the world has even known. In addition to the improvements made in the fields of agriculture, these institutions have had a great influence on the social, political and economic development of the United States.

Let us take a look at some statistical figures to find out how these colleges are doing in comparison with other American colleges. Today they are awarding 31 percent of the doctoral degrees in the social sciences, 28 percent in business and education, 25 percent in English, 23 percent in literature and foreign languages; furnish half the Nation's Reserve officers; and maintain the largest educational program in the world. This is quite a record for 68 institutions that constitute just 18 percent of the total college population of the Nation.

Of the 40 living Nobel Prize winners, 24 were educated in America and earned degrees from land-grant colleges. Among these were Selman Waksman, Russian-born Rutgers graduate who won the Nobel Prize for his discovery of streptomycin; Pearl Buck, graduate of Cornell University and winner of the Nobel Prize in literature; Ralph Bunche, of UCLA, a grandson of a slave and now Under Secretary of the United Nations, who was honored for his work as U.N. mediator in Palestine. The German-born Nobel Prize physicist, Dr. Polykarp Kusch, received his doctor's degree from the University of Illinois.

In America today, 1 farmworker can produce enough to feed himself and 22 others, an efficiency ratio without parallel in world history. The productivity of this country's farm plant is in large measure the result of work done by the experiment stations and the extension services of our land-grant colleges and State universities.

Researchers at land-grant institutions have many enviable achievements to their credit. Streptomycin, the drug used for control and treatment of tuberculosis, and dicoumarol, the chemical substance that prevents the clotting of blood, were both discovered in these universities. The basic work on fatigue of metals, the first cyclotron, pioneer research in television and the transistor, the beginning of the woodpulp industry, special facilities such as those used in radiation biology and atomic research, research in engineering, human nutrition, industrial management, veterinary medicine, home economics, science, education, and many more achievements point to a century of illustrious accomplishments of these institutions.

Another distinctive accomplishment of the land-grant institutions is that of extension work. This includes cooperative extension in agriculture and home economics and general extension activities such as adult education courses, radio and television programs, conferences and special institutes, which carries knowledge beyond the campus to the entire population.

From the research laboratories and farms of the agricultural experiment stations have come high-yielding crop varieties and hybrids, better breeds of livestock, and improved ways of living.

In addition to off-campus educational training, the land-grant institutions have faced up to a new challenge in oversea responsibilities, going to work in over 40 foreign countries to bring to the people of those lands not only improved ways of agriculture, but in public health service, public administration, teacher education and a host of other areas.

Bringing things home to my own community, I find that over 65 percent of the faculty of my school was at one time enrolled in one of these land-grant institutions. Many of our community leaders have attended one or more of these colleges. The agricultural economy of my county has received a tremendous boost through the efforts of these schools, both directly and indirectly.

As an example, many research developments are sent directly to the farmer through the Agricultural Extension Service. One of these, the application of dolomite to the soil, has helped to double the yield of corn on our own family farm. The practice of soil testing and following suggested procedures of fertilization, crop rotation and conservation practices under the direction of our county agricultural agent and soil conservation technicians have brought about many marvelous changes in our way of living that were never dreamed of, even by our immediate forefathers.

Figures and statistics cannot tell the complete story of the advancement and training of our young people through the work of the land-grant institutions and their graduates over the generations. I would like for you to meet my former Sunday school teacher, who had a delicate lung operation, her life saved, no doubt, through the research development and facilities of our own university medical center at Gainesville. Countless others have received new hope and a new lease on life through the facilities made available to them through this great institution.

Born of a need to train the sons of farmers and mechanics, land-grant colleges and State universities have grown to become instruments of broad public service to every class and kind.

In this centennial year of progress through the land-grant colleges and State universities we might well say that no other element in the course of American history has had so great an influence on the development of American agriculture and education. Always close to the people, land-grant institutions know the needs of the people, and use their resources to improve their lives, secure in the knowledge that they are giving power to men who will use it wisely.

Yes, today Morrill's dream is a reality. It is a great step, perhaps the greatest, toward offering a liberal and practical education for all classes of people. These land-grant colleges and State universities are vital to America when viewed from any angle, for certainly education is the key factor to the success of any nation.

The University of Florida: A Self-Portrait

(By President J. Wayne Reitz)

The University of Florida, since its founding in 1853, and through 108 years of growth has played a unique and prominent role in the development of Florida.

As a land-grant university, 22d largest university in the Nation, the university has been ever conscious of its responsibility to educate the deserving youth of Florida and to provide a center of research for the great progress of Florida agriculture, industry, business, and culture.

This is the centennial year of the commemoration of the signing of the Morrill Act—the act which, in July of 1862 stimulated the creation of land-grant colleges in the States for the purpose of promoting "liberal and practical education * * * in the several pursuits and professions in life."

PRIVILEGED OPPORTUNITY

Up to that point, higher education had been available only to prospective lawyers, preachers, teachers, and doctors—and all too often only to the sons of the wealthy. With the establishment of the land-grant colleges, the sons and daughters of farmers, businessmen, mechanics, and tradesmen had access to higher education opportunities. This act which established the concept of providing higher education for all who could profit from it is recognized as the most significant piece of legislation ever to be passed in support of higher education. We shall celebrate its passage throughout this year.

For many years, of course, the older private schools and the public liberal arts colleges and normal schools were skeptical and critical of the land-grant colleges. Such is the common experience of a pioneering effort. But times have changed and as a new year emerges, I should like to describe for you the land-grant college, 1961.

The University of Florida can be considered an excellent case study for an analysis of the 1961 model of a land-grant university. Although I shall refer specifically to the University of Florida, much of what I write is also true of the better known land-grant colleges of the Nation. It is also true that the better known land-grant universities of the Nation are also among the better known of all universities in the United States and the world.

If one were listing the top 25 universities in the Nation—although there is little basis for making such a classification other than subjective evaluation—one would certainly include such institutions as Cornell, Wisconsin, MIT, California, Minnesota, Illinois, as well as others. These are, of course, all land-grant institutions.

The land-grant institutions have produced 60 percent of the Nobel Peace Prize winners now living. While representing but 4 percent of the total number of colleges, they have produced 40 percent of the doctoral degrees. The contribution of the research laboratories is priceless and the list of accomplishments is endless.

Everyone is familiar with the tremendous advances in agricultural production brought about by imaginative and energetic people aided by the results of research and the benefits of education. In the past 20 years, farm production per man has increased by 185 percent for the Nation as a whole. Total farm production is twice that of 1910 and one-fourth greater than in 1950. We are actually operating fewer acres than in 1920.

PROUD HERITAGE

But now let us take a close look at our land-grant university—a university which is attracting more and more attention not only in the South but in the Nation. It is a university which is also making significant contributions in the international sphere.

University of Florida's official enrollment for this fall is 13,634, of which over 1,400 are graduate students. We have some $85 million worth of buildings and equipment, a faculty and staff of growing stature, and a grouping of more colleges and schools on one campus than can be found south of the University of Wisconsin. Although we are proud of this fine group of facilities—we are bursting at the seams in many of them, and the situation will be even more critical in the years just ahead.

Let me relate some of the unusual things that are going on at the University of Florida in the decade of the sixties. First, I shall ask you to assume that we do rather well those routine but important things—that we feed and house our students as well as possible, that we provide heat, light and water to our buildings in an efficient manner, that we review our course offerings periodically to make certain they are geared to reality, that we keep the grass mowed and the hedges trimmed, and that all of these normal functions of a big State university are going along in a fine manner.

Here, now, are some of the things one may not know about the University of Florida. Do you know that the university is achieving national recognition and stature and is making significant contributions in the international sphere? Let me document this: at the national level, the university has, within the past 2 years, been tapped to furnish faculty members for two extremely important programs of nationwide significance.

We were asked by Encyclopaedia Britannica Films to produce a series of chemistry films to be used in high schools all over the Nation and, probably because of the success of this undertaking, National Broadcasting Co. asked our chemistry department to provide a professor (Dr. John Baxter) to conduct "Continental Classroom" over nationwide TV.

Within the past month an announcement has been received from the U.S. Office of Education of a grant to strengthen our Latin American areas program with particular emphasis on Spanish and Portuguese languages. With the framing of the Alliance for Progress program in their efforts to contain communism in this hemisphere, expansion and improvement of studies such as this can be just as signficant in the long run as the tremendous emphasis on science and technology.

This university has been increasingly recognized by the foundations and by industry for excellence in research and teaching faculty. Ten years ago, the University of Florida was attracting only about $200,000 in grant money from such sources; today, there are $5 million in grants and contracts in force—from the National Science Foundation, the National Institute of Health, the Ford Foundation, and the Rockefeller Foundation, to name just a few. Just this year the Ford Foundation made a grant of $695,000 over a period of 3 years to strengthen our graduate program in engineering and science.

To be more specific, work in radioactive isotopes is nationally and internationally known. The cobalt 60 irradiator is tangible evidence of a unique facility in one portion of that field. The potential impact of this instrument in the hands of plant breeders challenges the imagination.

The university is attracting students from all of the 50 States, although we are not recruiting them. Obviously they do not come to the University of Florida because of its sandy beaches. I am amused from time to time as I observe the reactions of visitors to our campus from some of the big Ivy League institutions. Recently, a staff member reported an interesting observation made to him by a dean from Harvard. He had never visited the university before and was surprised at what he found. After 2 days of conferences with faculty members at the university, he made the remark that he frankly didn't know there was anything like that below the Mason-Dixon line. He told this staff member further that he had the feeling that he was on the campus of one of the best State universities in the country.

Yes, the University of Florida is becoming widely known on the national scene.

I wonder, however, if one realizes that there are distinct contributions which the university makes to the cause of international education and development. Let me give you a few illustrations: For several years now, we have been admitting to the university a small number of students from foreign countries. This year, we have students from 65 countries around the globe.

Think what these students—all of whom must meet the same entrance requirements as American students—do to enrich the experiences of your sons and daughters. At one and the same time, we are sharing the talents and resources of our university with people from other lands, and we are giving our Florida students an opportunity to rub shoulders with people from Burma, Indonesia, Jordan, Brazil, France, and 60 other nations in the far corners of the globe.

INTERNATIONAL ROLE

Significant contributions are being made to effective foreign service abroad. I am very proud of the fact that, without a formal foreign service institute or department, our faculty is training future foreign service officers so well that only 10 other institutions in the Nation are furnishing a greater number of such officers.

Over a period of several years, we have sent faculty members to Costa Rica for periods varying from 1 month to 3 or 4 years. Their contributions to the development of agricultural research there have been outstanding.

More recently, we have assumed responsibilities under the auspices of Ford Foundation grants totaling about $1 million for helping to strengthen the faculty and the curriculums at the University of Mandalay in Burma. In 1958 we sent our first team of faculty members to Mandalay—a physicist, a biologist, and a geologist. Two of them are remaining for their fourth year. Then, last February, our first faculty member in agriculture went out to Mandalay to initiate a program in agricultural sciences—agricultural economics, extension, animal sciences and horticulture.

We will be affiliated with the University of Mandalay for another 6 or 8 years. You may be wondering why the University of Florida—a State university and a land-grant college—should be engaged in work of this type on the other side of the globe. First, we were selected because of our ability to do a good job in strengthening a sister institution 12,000 miles away. We, too, have responsibilities in helping to strengthen the non-Communist countries. It is our feeling that a stronger educational system in Burma will make a direct contribution to the future peace of the people of Florida.

For the past 2 years the university has been engaged in a unique cooperative program with Uppsala University in Sweden in the field of quantum chemistry. Through this program internationally known scientists are attracted to the campus. At the present time an institute in quantum chemistry and physics is being held on this campus, attended by scientists from throughout this country and 20 foreign countries. This is one of the most significant short-term institutes being held in America today.

The University of Florida has made many other contributions in the international sphere. I presume that the most significant is in the area furnishing consultants to all sorts of important development programs overseas. Our faculty members are in constant demand to go places and do things. These range from such tasks as advising the Indian Government on how to establish educational television in their institutions to studies on livestock nutritional disorders in Peru and Argentina. Our medical college staff members are delivering important papers in meetings around the world and our people in the college of education have been instrumental in molding educational policy in the far corners.

We are proud, too, of the contributions which our alumni are making when they return to their homes in far places. They are holding important positions in many States and many nations.

THE NEW FRONTIER

The land-grant college and State university of the 1960's is an entirely different institution from that of the early years. It is an institution of prominence and eminence. It came into being to serve the educational and research needs of the various States, and while this remains its primary mission, it inescapably contributes to the Nation and its global responsibilities. During much of last year and all of this one, we are engaged in a self-evaluation study of the university in order to better delineate its role and scope.

Beginning next fall, we will move into year-round operation under a trimester system. We are concerned with strengthening and gearing research programs to better serve the various fields, recognizing that today's research is tomorrow's progress.

The university has undertaken a vigorous scholarship program to recruit the really superior students in the high schools of Florida. This year 50 of these outstanding high school graduates were enrolled at the university.

At the same time we are gearing for more effective research administration and operation; we have made curricular adjustments to meet the present and future pattern of demands placed upon our graduates by everchanging professional fields. We have constantly upgraded the training and educational requirements for specialists.

In a new area of university development the State of Florida can take justifiable pride in the progress being made by the J. Hillis Miller Health Center. In the medical and health related sciences, this fine teaching and patient care facility has, already in a short period of time, attained a high level of prestige of regional and national significance.

As we celebrate the centennial of the Land-Grant College Act, I take pride in the contributions of the University of Florida to the State, Nation, and world. We enter into the future with the full confidence that through seeking excellence we shall make even greater contributions.

Our first and most important responsibility shall be that of giving the best possible program of higher education for the young people of the State of Florida. They are our most precious asset and to assist them in developing their full potential provides the most rewarding investment. As a research institution we shall assume our responsibility for anticipating new problems and solving old problems for agriculture, business, industry, and the professions.

Ours is the responsibility for training much of the leadership for the fastest growing State in the Union. All of these responsibilities our fine faculty and staff willingly accept.

We pledge to you that we will always keep uppermost the needs of our young people for quality education. Also, at the same time, we will make you proud of the University of Florida as it contributes in its research and public service programs to the welfare of the State, Nation, and world, in 1962.

Mr. AUCHINCLOSS. Mr. Speaker, 100 years ago our country was torn asunder by a bitter and savage Civil War between the North and the South. The daily news was full about the war, the casualties, the battles, the gains and the losses on both sides and the President of the United States, Abraham Lincoln, was held responsible for the protection of all citizens in their rights as freemen. The art of war was in the air, the art of peace was not being practiced.

However, that great man, Abraham Lincoln, had thoughts about the future of our country and its needs for development and the necessity of providing sustenance for a growing nation as well as opportunities for the improvement of our minds when peace came. With those thoughts in mind he encouraged an idea developed under the leadership of Simeon DeWitt, Jonathan B. Turner, and Justin S. Morrill, with the result that on July 2, 1862, he signed the Morrill Land-Grant Act. This law offered public lands to each State with the provision that the proceeds of the grant should be used among other subjects for the endowment, support, and maintenance of at least one college where the leading object shall be to teach such branches of learning as are related to agriculture and the mechanic arts. The New Jersey Legislature accepted the provisions of the Land-Grant Act in 1863 and received scrip from the Federal Government representing 210,000 acres of public lands. This sale of this scrip brought $116,000 and the State pledged payment of 5 percent interest—$5,800—to whatever institution might be designated to serve as a land-grant college. Rutgers College in New Jersey applied for consideration and the State legislature in 1864 designated the Rutgers Scientific School as New Jersey's land-grant college.

Under the energetic and erudite leadership of Dr. George H. Cook, who was appointed professor of agriculture, things began to move, and as a result of the work of this distinguished scholar the well-known Rutgers Agricultural Experiment Station came into being. Then under Dr. Cook's supervision a series of 20 geological and relief maps were prepared which were subsequently adopted by the U.S. Geological Survey as models.

Dr. Cook was a tireless worker and is recognized among the agriculture leaders of New Jersey as the foremost figure of his century in that field of research. He instituted at the start experimental studies in the science of the soil which proved a sound foundation for future developments. It is well known that this field of study resulted in the discovery of streptomycin in 1943.

There have been many studies made at Rutgers Experiment Station over the years which have proved of great benefit to mankind, but there are a few which warrant special mention. One was mosquito control and the work done at Rutgers resulted in a control system which has been copied throughout the world. This aided materially in the curtailment of malaria and in the restoration of thousands of acres of land for human use. Another outstanding development which the Rutgers Experiment Station has pioneered is that of air pollution. For more than 16 years the scientists at the station have been working on this problem based on the recognition that plants are more susceptible to air contamination than human beings, and this theory has been proved correct. As a result an educational program has been carried on for the protection of farmers' crops as well as a similar program to assist industrial concerns to avoid the contamination of the air which we all breathe. Encouraging results have been obtained, and today a bureau of sanitation and environmental science is being established to deal with this major and important problem.

At the start of the program under the Land Grant Act, Rutgers established a course in engineering education with an enrollment in its first class in 1865 of 13, of whom 7 graduated in 1868. Today—1961—the Rutgers College of Engineering has an enrollment of 680 4-year undergraduates, 126 5-year undergraduates, and 101 graduate students, a total of 907 students. The college enjoyed a rapid growth since the end of World War II, and under the plans of new engineering facilities now under way will permit the doubling of this enrollment by 1965.

Space does not permit describing the other activities and development over the years that have taken place at Rutgers—the State university, but suffice it to say that all the citizens of the State are proud of what has been done. These great contributions to the life and progress of our country were made possible by the devoted and unselfish determination of men and women who dedicated their efforts for the benefit of mankind under the provisions of the Land Grant Act of 1862. It is indeed a duty and a privilege to remember at this time that 100 years ago under the foresight and brave leadership of Abraham Lincoln the opportunity was offered for constructive service and that this faith in the future generations of Americans has not been in vain. Dividends in the form of better living and sound achievement have been paid, all of which is a definite contribution to the strength of our Nation. May we go forward in the next 100 years with even greater faith to achieve even greater conquests with gratitude in our hearts for the vision and enthusiasm of our forefathers.

Mr. SHORT. Mr. Speaker, 28 years after the Morrill Act was signed into law by President Abraham Lincoln, North Dakota's first State assembly established North Dakota's land-grant institution. This school, known to several generations of North Dakotans as North Dakota State College of Agriculture, was renamed, by a vote of the people in 1960, North Dakota State University.

The first president of North Dakota State University was Horace Stockbridge, who assembled a small faculty and the school opened its doors in 1891 to five students. From this small beginning, North Dakota State University has, during the 72 years of its existence, offered an ever-increasing number of North Dakota young people an opportunity for a well-rounded education. At the same time, the importance of agriculture to North Dakota has been retained and students have been provided with knowledge of the opportunities of agriculture in this area. Current enrollment is 3,581 with students from every county in North Dakota, nearly half the States of the Union, and 18 foreign countries. Total undergraduate enrollment is 3,299 of which 2,495 are men and 804 women.

It is significant to remember that the Morrill Act tied together agricultural education and agricultural research and dissemination of information. Horace Stockbridge, the first president of North Dakota State University, was also the first director of the experiment station. Through the years this important relationship of education and experimentation has been maintained. Research has pointed the way continually to how agricultural production could be improved, but, even more important how, under the widely varying climatic conditions of North Dakota, the individual farm and ranch operation could be stabilized. Crop varieties suited to the area were developed and it is worth noting that corn has become the State's fourth largest crop. This development of early maturing varieties suited to the short frost-free season has been one of the greatest single factors in enabling ranchers and farmers to put away a feed reserve for dry seasons. Hundreds of thousands of acres of corn are cut for silage and stored in silos where it can be kept almost indefinitely.

To put in perspective the importance of the land-grant institutions, it is worth noting that they enroll 20 percent of the Nation's college population and grant about 40 percent of all doctorate degrees. Of 35 living American Nobel Prize winners, 21 earned degrees at land-grant institutions.

Margaret Tuthill, in an article in the North Dakota Teacher, reiterates some of the significant contributions of land-grant institutions as—

> Scientific discoveries at land-grant institutions have had profound effects upon the daily lives of Americans. The cyclotron was developed at a land-grant institution, and so was the drug streptomycin, used for control and treatment of tuberculosis. Land-grant colleges are responsible for pioneering research in television and the transistors; for the beginnings and development of new industries; for agricultural research that has helped make America the best fed, healthiest Nation in history.
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> In research, service, and teaching, the land-grant colleges and universities have made valuable contributions to America. As one of the 68 land-grant institutions, North Dakota State University will join this year in the commemoration of the Morrill Act, which made those contributions possible.

I am sure I express the sentiment of all North Dakotans when I say that we are proud of our land-grant institution and look forward to its continued growth and service to our young people and to our farmers and ranchers.

Mr. HUDDLESTON. Mr. Speaker, this month marks the 100th anniversary of our land-grant college system. On July 2, 1862, in the midst of the War Between the States, President Lincoln signed the bill authorizing Federal grants of land to each State. This amounted to 30,000 acres for each U.S. Representative and U.S. Senator from the State. The land was to be sold and the income used to support at least one college in each State. In my home State of Alabama we have two land-grant colleges which are doing an outstanding job in preparing the young people of Alabama for useful and productive careers. The schools, Auburn University at Auburn, Ala., and Alabama Agricultural and Mechanical College, for Negroes, at Norman Ala., have made a tremendous contribution to the economic life of Alabama.

Conceived as training schools for young people interested in the agricultural and mechanical arts, these two schools now place emphasis on professional and specialized education. The education provided at land-grant schools is no longer just practical, as students are trained to meet the challenges of a dynamic and changing society.

Over the years the land grants have been responsive to the needs of our country. The schools have continually expanded the number and kinds of courses being offered. At the same time there has been a drive for higher and higher standards.

The backbone of the Reserve Officers' Corps has been the ROTC programs of our land-grant institutions. In peace and war the Nation has benefited from the colleges systematized instruction in military science.

Hundreds of outstanding men and women have attended land-grant institutions. Many would not have had the opportunity for further study if it had not been for the schools. The accomplishments and achievements of our land-grant colleges in the scientific fields are immense. Our American standard of living is partly due to the fine work done at our land-grant schools.

The Land-Grant College Act opened the door to equal educational opportunity for all our citizens. Colleges were brought to the people. Teaching and research were not confined to the campus. Recently, I had the opportunity to tour my home State of Alabama in connection with a political campaign. I visited every county in the State, and one of the things that struck me was the work being done by the Agricultural Extension Service and the home demonstration agents. Things once thought to be impossible are being done because of the hard work and dedication of these teachers and researchers. This is another tremendous contribution of our land-grant colleges.

Let us hope that the first hundred years of the land-grant idea is only the beginning. The land-grant colleges of America have built a record of educational achievement unparalleled in the history of the world.

Mr. MERROW. Mr. Speaker, we are celebrating the 100th anniversary of the signing of the Morrill Land-Grant College Act, of great significance in the history of the Nation, providing for the grant of public lands to States, the proceeds of which were to be used as permanent endowment for at least one institution of higher learning per State. These institutions, or land-grant colleges, were to be of a new American type; they were to place the emphasis of a college curriculum upon liberal and practical education in agriculture and the mechanic arts. No longer, according to the land-grant idea, could the classical college curriculum suffice; the citizens of the vigorous new country must learn how to make the most of their environment.

The 68 uniquely American colleges and universities which have sprung from that act take time out for a proud look at the past and a long, searching look at the future. The origins of the land-grant college movement took root in the same ideals from which this Nation was born and which vitalizes its efforts today—a belief in the worth of the common man and his right to equal opportunity for self-betterment.

MORRILL ACT ACCEPTED BY NEW HAMPSHIRE LEGISLATURE

The New Hampshire Legislature had accepted a Federal grant of 150,000 acres of land under the Morrill Act but only in the last year before its forfeiture—1866. There were five Representatives in the State and 30,000 acres were allotted for each Representative. The 150,000 acres of land were not located in New Hampshire but rather in one of the Western States and the New Hampshire Legislature received a script—or entitlement—to this amount of land. This land was sold by the State of New Hampshire for $80,000, a certain amount of which was allocated for each year's school expenditures.

LAND-GRANT COLLEGE FIRST AT DARTMOUTH

In 1868, the first class, numbering 10 students, was welcomed into New Hampshire's new College of Agriculture and the Mechanic Arts, established for the first part of its life at Hanover under the sponsorship of Dartmouth College. That institution, New Hampshire's land-grant college has become our own University of New Hampshire, located at Durham and currently serving more than 5,000 students enrolled in the colleges of agriculture, liberal arts, and technology, and in the graduate school.

When Prof. Ezekiel Dimond arrived at Hanover in August 1868, to undertake the work of building the New Hampshire College of Agriculture and Mechanic Arts, at that time he could hardly have foreseen the significant achievements which future decades had in store. The institution to which Professor Dimond had come was without either buildings or students—yet not without its hopes and expectations. A contract had to be negotiated with Dartmouth—the State's only college for many years—to provide for a cooperative yet separate functioning of the two institutions with interlocking boards of trustees and a common president.

While the college was at Hanover, the New Hampshire Legislature purchased 25 acres of land and since this would not suffice, Prof. Ezekiel Dimond, with his own personal funds, purchased an additional 135 acres of land until the college could afford to acquire it. This land was sold when the college moved to Durham.

It had made further progress as a land-grant institution through the establishment of the agricultural experiment station—1887—and the agricultural extension service—1911. Under the Hatch Act of 1887, for example, research in the agricultural sciences was considerably stepped up; courses were broadened; experimental work highlighted; and adult education introduced.

Yet, it soon became evident that independent status for the land-grant institution was necessary—reflecting as former President Eldon Johnson has noted—the "national movement toward more broadly based educational opportunity, more emphasis on the applied sciences, and more attention to education in the service of the whole people." Or, as he even more eloquently described the spirit of the land-grant movement:

> It was the strident but unmistakable voice of a resurgent democracy—the songs of Walt Whitman mingled with the clang of the anvil and the whir of the reaper.

GRANT BY BENJAMIN THOMPSON

In 1893, the New Hampshire College of Agriculture and Mechanic Arts moved to Durham to the "turnip patch" left in the will of Benjamin Thompson.

But the setbacks were many and the students often scarce; and it was not until 1923 that the school attained full university status. No doubt the influence of World War I and increased enrollments in the arts and sciences curriculums played their part in this development. In 1928, what had once been called our "one-horse academy" and "poor man's college" established a graduate school as the university's concepts of both education and service broadened with the developing needs and interests of the people—in literature, the arts, business, and the professions.

The years following were filled with all the successes, and at times shortcomings, in the life of a university. Just as the Civil War was undoubtedly a factor in promoting the original Morrill enactment, so too World Wars I and II were to have their impact on the work of the University of New Hampshire as on the other land-grant institutions of the Nation.

To be sure, as long as our democratic society continues to grow and change with the requirements of the times, we can expect democracy's colleges to reflect this progress in their efforts for a better America. Certainly, for example, we can anticipate even less emphasis on farming as an occupation and more concern with its scientific and research aspects. As a State and as a Nation, we have translated concern for our shrinking farm acreage into more intense efforts in farm-related services and agricultural research. As a result, we believe that farm people, fewer than ever before, are served better than ever before. For while New Hampshire continues to enjoy the advantages of village and rural living, we realized that industry now plays the predominant role in terms of economic progress.

THE UNIVERSITY TODAY

Today, Benjamin Thompson's original "turnip patch" encompasses over 2,800 acres of land devoted to the pursuit of many areas of learning available to people from all walks of life. Five thousand students now attend the university, and its services extend beyond the immediate campus through the cooperative extension service and university extension program which bridge the gap between home and classroom and between lab and farm. But the true quality of any institution still relies primarily on a high-caliber instructional staff. We are most fortunate in having such highly qualified faculty members at the university.

As we look to the future, let us not forget the finest accomplishments and inspirations of our past:

> The ideal of democracy in education has been faithfully served throughout these years, and the soundness of that idea has been demonstrated in the building of an institution which can and does offer every citizen an opportunity for self-betterment. The historian can predict only in the most general terms, but it can safely be predicted that as long as the idea of democracy guides its work, the university will continue to advance and will continue to do its share in the task of making New Hampshire a better State in which to live. ("History of the University of New Hampshire," Durham, Record Press, 1941, p. 304.)

Mr. RHODES of Pennsylvania. Mr. Speaker, 100 years ago a very important step was taken in Federal aid to education when President Abraham Lincoln on July 2, 1862, signed into law the historic Morrill Act.

This foresighted legislative program offered to every State 30,000 acres of Federal land or scrip for each Member of Congress to be sold to endow at least one college for each State. It sought to secure institutions of higher learning which would:

> Teach such branches of learning as are related to agriculture and the mechanical arts in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions.

Today, the Nation's 68 land-grant colleges stand as one of our greatest national achievements. Through their efforts to promote liberal and practical education, they threw their doors open to anyone who possessed the will and ability to learn irrespective of heredity, occupation, or economic status. Our land-grant institutions have been one of the greatest democratizing forces in our Nation.

They have also been the Nation's greatest single source of trained manpower. They enroll more than a fifth of the Nation's 3,891,000 college and university students. They grant 22 percent of all bachelor's degrees, 25 percent of the master's degrees, and 38 percent of the doctorates.

They have also blazed trails in taking education from the confines of the laboratory and library and bringing it to the farm, to the factory, and to the community in general. Our land-grant colleges have contributed crucially to our economic, social, and scientific progress. They have worked side by side with other community organizations and individuals to seek solutions to common economic, social, and physical problems.

Our land-grant institutions today shine as an example to the world, especially to those underdeveloped nations where education in the theoretical and practical sense is so vital. Land-grant colleges in Latin America, in Asia, in Africa would mean rising health and living standards, greater agricultural abundance, greater industrial and engineering know-how, and a growing number of trained civil servants, teachers, professional people, businessmen, and scientists.

America can be justly proud of its land-grant colleges and universities. It can be even more proud of those foresighted persons who more than 100 years ago fought hard for the ideals and visions they perceived.

Just as today, that progressive proposal when first set forth met with the same old cliches and arguments that have always been used to block the road of social and economic progress.

During the final debate on the Morrill Act, statements were made that the act would be in "direct violation of the Constitution." One Member of Congress termed the land grants "imprudent expenditures." Another claimed that the Nation had far higher and greater interests that demand the support of Government." There was also talk about burdensome Government debts with the implication that the Nation could not afford a land-grant program.

It is interesting, Mr. Speaker, to hear these century-old arguments today that are used by ultraconservatives in opposing all liberal and progressive legislation. Today, the most conservative Members of Congress have high praise for land-grant colleges.

President Kennedy's progressive program faces the same test and the same challenge as land-grant colleges and other progressive proposals faced 100 years ago.

Like land-grant colleges, many of President Kennedy's progressive proposals are bitterly opposed today. The question today, as in the past, is how long it will take to break the conservative grip that has slowed the Nation's economy and successfully blocked or watered down the President's program. Fortunately, time and history are on the side of progress.

Mr. MACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MACK. Mr. Speaker, today is the 100th anniversary of the Morrill Act which contributed greatly to our higher standard of education for bringing into being the land-grant colleges and universities. It must have taken great courage, to say nothing of the foresight, for our Representatives and Senators over 100 years ago to support this revolutionary bill.

I am especially proud to make note of this occasion since a predecessor of mine by a full century and perhaps our greatest President, the immortal Abraham Lincoln, signed this bill into law 100 years ago today.

I sincerely hope that the Congress today and our great President will have the courage to support legislation which will meet the needs of tomorrow. These are not normal times and many of our Members like to take a wait-and-see attitude on such matters as our trade bill, the agriculture bill, and our space exploration program. However, we must remember that times were far from normal when Mr. Lincoln signed the bill sponsored by Senator Morrill and set into motion the advancement of education in the United States of America. In the 100th anniversary year the Congress passed another bill which would provide assistance for our institutions of higher education. I support this proposal and I hope that 100 years from now people will look favorably upon this proposal as well.

We must remember that Abraham Lincoln signed the land-grant college bill in one of our most difficult and trying periods. He displayed great courage and certainly this bill was not promoted in normal times. As a result of the enactment of this legislation we now have 68 land-grant institutions in 50 States of the Union and I am especially proud to say that the University of Illinois in my native State is one of the land-grant schools.

Mr. BAILEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. BAILEY. Mr. Speaker, it was my pleasure today to attend the celebration of the passage of the Morrill Act setting up the land-grant colleges, held down at the Archives Building. I want to commend this piece of legislation, and advise the House that I now have pending before the Rules Committee legislation which will enlarge the field of the land-grant colleges. This bill will probably be ready for passage in the near future.

Mr. STRATTON. Mr. Speaker, I am pleased today to join in commemorating the 100th anniversary of the signing of the Morrill Land-Grant Act by President Lincoln.

As we all know, the Morrill Act provided that portions of federally owned land be sold and the proceeds used for the establishment in each State of at least one college which would provide educational training for those who until that time had been unable to afford the luxury of a college education.

Over the years these land-grant institutions have played a tremendous part in bringing the benefits of higher education within reach of the ambitions and energies of all of America's young people. Today there are 68 colleges and universities which have been established under the Federal land-grant program, and they enroll about one-fifth of our entire college population.

In 1865 Cornell University in my own State of New York was chartered by the State legislature under the Morrill Land-Grant Act, and under the leadership of Ezra Cornell and its first president, Andrew Dickson White, undertook to provide an institution where any person could find instruction in any subject and in which professors would be appointed and students welcomed without regard to religion or class.

Cornell was one of the first of our great American universities to throw its doors open to the sons and daughters of farmers and working men and women and today proudly counts among its alumni some of our most able and distinguished citizens.

Furthermore, Cornell has taken the lead in establishing and promoting research and extension work in agriculture and the sciences.

The signing of the Morrill Act into law was a great first step in expanding opportunities for higher education. However, it is just as important today as it was 100 years ago that we continue our efforts to eliminate the roadblocks which prevent many of our able and conscientious young people from achieving the great benefits of higher education. It is of interest, I believe, as we consider this great question of education today, and our need to develop our educational system to the full to meet the challenge of communism, to note that this great forward step we commemorate today, taken 100 years ago, was a step taken with Federal help yet one which today is universally praised on both sides of the aisle as an act of great achievement.

And so I am very glad to share in the centennial celebration of the Morrill Act, and I extend my congratulations to Cornell University and to the other land-grant institutions on this occasion.

Mr. SHORT. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. FRELINGHUYSEN] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. FRELINGHUYSEN. Mr. Speaker, attention has already been called to the fact that our land-grant colleges this year are celebrating their centennial anniversary. The year 1862 is usually remembered as one of the darkest of the Civil War—a period marked by dissension and violence. Yet, ironically, that year was marked not only by unsuccessful revolution but by the start of a highly successful evolution—the development of a uniquely American system of higher education. When the Congress passed the Land-Grant Act in that dark spring of 1862 it gave birth to a system of colleges and universities which today provides more educated manpower than any other single source.

Briefly, the Land-Grant Act, better known as the Morrill Act for its author, provided each State with public lands "for the endowment, support, and maintenance of at least one college in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life." The main intent of this legislation was to broaden the base of American higher education. The colleges established under the program provided instruction in the fields of agriculture and mechanics, as well as the traditional fields of science and the liberal arts. Tuition was kept at a minimum so as to make these new opportunities available to citizens of every economic background. For the first time higher education was available to students of varied interests and backgrounds, in contrast to the European system of education, which traditionally catered to the aristocracy.

Today there are 68 colleges which form part of the land-grant system. They enroll 20 percent of our college population and grant 40 percent of all doctorate degrees. These institutions are leaders among American universities. It was at the land-grant colleges that our ROTC program was initiated and successfully developed. It is at the land-grant colleges that many important discoveries of science and medicine have been made—the television tube and streptomycin, for example.

In addition to accomplishments in the field of research, the land-grant colleges have played an important role in the area of social service. Never conceived as closed intellectual communities, they have made the advantages of research and education available to the entire population. Representatives from the colleges are sent to factories and farms throughout the country where classes are held on the practical application of more efficient, modern techniques.

Rutgers University, which is the land-grant college, located partly in my congressional district, is a good example of the constructive force which these colleges provide. Its contributions to the control of malaria through research on mosquito control, and to the fight against air pollution as well as its cooperation in Government research projects, are just a few examples of the commendable work undertaken by Rutgers.

As 1862 was a year marked by domestic conflict, so 1962 is marked by international conflict. It is with this problem in mind that the Centennial Year Committee for the Association of Land-Grant Colleges has drawn up its program. A series of international symposiums and conferences is planned, at which representatives from foreign countries will discuss their problems and seek inspiration in the American land-grant system. In addition, many land-grant colleges, including Rutgers, are contributing to the development of colleges abroad and have inaugurated exchange programs with foreign universities.

Thus we have reason to look back with pride at our land-grant colleges. Not only have they done much to help build our country, but they continue to play an important role in its survival. They go far toward fulfilling the hopes of Jefferson when he said:

> I think by far the most important bill in our whole code is that for the diffusion of knowledge among the people. No other sure foundation can be devised for the preservation of freedom and happiness.

Mr. SHORT. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas [Mr. SHRIVER] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. SHRIVER. Mr. Speaker, today we recall the signing by President Lincoln of the Morrill Act on July 2, 1862, which established the land-grant system of public higher education. We look back with pride upon the important contributions which have resulted from this one piece of legislation. It is a privilege for me, coming from Kansas, the home of the Nation's first land-grant institution, to join in this tribute.

It was on February 16, 1863, that the Kansas Legislature established officially, under the terms of the Morrill Act, its land-grant college at Manhattan. This institution has developed into a full-fledged university and has truly earned its name, Kansas State University.

Kansas State is 1 of 68 land-grant colleges and universities in the 50 States and Puerto Rico. Next year it will formally observe the centennial of its creation by the Kansas Legislature, and at that time I hope to be able to speak specifically of Kansas State's contributions to Kansas and the Nation.

However, today we recall with gratitude the vision of those who 100 years ago successfully labored for legislation which has had such a profound beneficial effect upon this Nation. Through a program of Federal and State cooperation, we have seen the principle of equal educational opportunity created for all who had the will and ability to learn.

The proposition that all qualified young people should have equal access to college has been taken almost for granted in the United States during most of the past century. One hundred years ago this was not the case. The proportion of the Nation's youth going on to college was small and in fact declining.

The Land-Grant Act helped proclaim America's independence from the narrow view that only the wealthy were to be afforded higher educational opportunities.

One hundred years ago 1 young American in 1,500 went to college compared with 1 in 3 today.

The Morrill Act also brought the colleges to the people for the first time. Teaching and research were not limited to the confines of campuses. Throughout the States they serve, land-grant people conduct special classes, they go to factories and farms to test research results, they contribute to the cultural life of the community, and they seek solutions to economic, social, and physical ills that beset their fellow citizens.

A few weeks ago I discussed the contributions of the Department of Agriculture which was created a few weeks earlier during the same administration of President Lincoln.

The enormously productive agriculture of the United States today rests directly upon the research and educational effectiveness of the land-grant colleges and and universities and the Department of Agriculture.

Land-grant colleges form the heart of the Nation's amazing system of farm research and extension education which put the results of experiments to use. The results of this research has been most impressive when we consider that one American farmworker produces enough food for himself and 26 other persons—an efficiency ratio without parallel throughout the world.

Mr. Speaker, on the observance of an anniversary such as this it is good to look back and review the achievements of the past 100 years. This, also, is an appropriate occasion to look ahead in order that we may responsibly meet the challenges of the next hundred years.

We, in the Congress, are well aware of the problems facing higher education in the years ahead. The major problem may be that of maintaining the principle of equal educational opportunity in the face of rising enrollments and growing budget pressures.

In this regard, we may gain from the experience of the past. There are those who would transfer all of our problems, including those of education, to Washington and the Federal Government. However, the Morrill Act, which has had such far-reaching consequences in development of both education and agriculture, created a Federal and State partnership in establishing the land-grant system. The control of the land-grant institution remained with the State government.

It is my belief that the open-door policy established in principle by the Morrill Act a century ago can best be preserved if our State governments will properly assume their full responsibilities for the education of our young people.

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentlewoman from Arkansas [Mrs. NORRELL] may extend her remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mrs. NORRELL. Mr. Speaker, my colleagues in the House are aware that a strenuous legislative debate was successfully concluded a century ago. I understand that the sponsors of the measure persisted in their efforts for more than 5 years until the day came when the majority of their colleagues and President Lincoln joined in support of their idea for a system of public higher education.

This is the centennial year of the signing of the Morrill Land-Grant Act.

The 68 land-grant colleges and universities throughout our country are observing this centennial year by conducting projects of assessment and evaluation. Study committees from the land-grant colleges, visiting lecturers, and students from foreign countries are participating in a reappraisal of the functions of the institutions, with the purpose of meeting the educational and public service needs of the future.

Dr. John T. Caldwell, president of the Association of State Universities and Land-Grant Colleges, has described succinctly their purpose by this statement:

> The land-grant colleges and universities exist to help unfold the glories of man's possibilities and not to settle for less, to make it possible for all men to look out upon a universe better understood, more kind, more just, more abundant than when these colleges entered the scene 100 years ago.

The State of Arkansas takes pride in the two colleges established under the Morrill Act, both of which are located within the Sixth Congressional District which I represent. Arkansas A. & M. College is in Monticello, my home town; and Pine Bluff is the site of Arkansas A.M. & N. College.

RUTGERS AND NEW JERSEY

Mr. SHORT. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. OSMERS] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. OSMERS. Mr. Speaker, this is the 100th anniversary of President Abraham Lincoln's signing of legislation which led to the establishment of the land-grant colleges. The New Jersey Legislature accepted the provisions of the Land-Grant Act in 1863, and received script representing 210,000 acres of public lands.

The script was sold for $116,000 and the State pledged payment of interest at the rate of 5 percent, or $4,800, to whatever institution might be designated to serve as the land-grant college. Rutgers showed interest, as well as some other colleges.

In 1864, the legislature designated the Rutgers Scientific School as New Jersey's land-grant college. The language of the act contains some prophetic phrases looking beyond teaching to research and extension work. The trustees were required "to furnish and provide a suitable tract of land, conveniently located for an experimental farm" and to provide for "public lectures upon the subject of agriculture," at least one in each county every year. A 98-acre farm was purchased from Mrs. James Neilson. Dr. George H. Cook, a distinguished geologist and one of the many great scholars who have embellished the Rutgers faculty over the years, was appointed as professor of agriculture.

In the words of those who wrote the 50-year history of our agricultural experiment station, Dr. Cook was "an inspired scientist and tireless worker, with the industry of an Edison and the modesty of a Lindbergh. His life and accomplishments were so eloquent that now, 50 years after the institution he hoped and planned for had become a reality, his work still speaks so loudly that he is recognized as the foremost figure of his century among the agricultural leaders of our State."

Many accomplishments in research could be cited, but perhaps two will suffice.

Few of us in New Jersey today realize that malaria was once a major health problem in our State. Before the turn of the century, what is now the Centenary Collegiate Institute at Hackettstown boasted in its catalog that its location made the malaria problem almost negligible. It was John B. Smith, first entomologist at the College of Agriculture and Experiment Station, who first advanced the proposition that the mosquito nuisance and menace could be brought under control. He was ridiculed, but he persisted, and through his efforts and those of his successors, Thomas J. Headlee and Bailey B. Pepper, his dream has become a reality and thousands of acres are today devoted to the resort business, to agriculture, and to industry which in years past were unusable. New Jersey's work in mosquito control has been copied throughout the world.

Another area in which our State university has pioneered is that of air pollution. For 16 years, scientists at the experiment station have been grappling with this problem. Their work is based in large part on the recognition that plants are more susceptible to contamination of the atmosphere than animals, including human beings. Therefore, plants can be used as indicators to warn of excessive pollution of the air. Plans are in progress now for the establishment of a bureau of sanitation and environmental science which, it is hoped, will greatly strengthen the university's ability to deal with this major problem.

The Rutgers College of Engineering is one of its major educational research units. In 1961, the college had enrolled 680 4-year undergraduates, 126 5-year undergraduates, and 101 graduate students. It is engaged in a wide and varied program of research in the fields of engineering and ceramics. A new $5½ million engineering building is planned which will be the biggest single building project in the history of Rutgers. The new engineering building will permit a doubling of enrollment by 1965.

The bureau of engineering research was established in 1949, and all engineering and ceramic research is now conducted as a part of this bureau. Dean Elmer Easton serves as chairman.

In 1957 a microwave laboratory was established and in 1958 an electron microscope was added to its facilities.

The college of engineering has also increased and expanded its other services to provide educational and research facilities to the general community, to its students and alumni.

We in New Jersey are proud that our State has been in the forefront of this great educational movement. A Rutgers alumnus, Simeon DeWitt, had the land-grant college idea in 1818. Our State was the third in the Nation to establish an agricultural experiment station, which was done 7 years before the Congress voted funds to set them up at all land-grant colleges. Our legislature was a year ahead of Congress in authorizing agriculture extension work. Let us hope that our State, through Rutgers, its State university, will continue to lead the way so well started by the Land-Grant Act a century ago.

ARTHUR SCHLESINGER, JR., ON SOCIALISM

Mr. SHORT. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. Alger] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. ALGER. Mr. Speaker, on May 14 I inserted in the Congressional Record an article by the columnist Henry J. Taylor which quoted Arthur Schlesinger, Jr., Special Assistant to President Kennedy, concerning his views on socialism. Because I used the words "Marxist thinking," in the title of my remarks, Mr. Schlesinger objected and wrote me the following letter:

THE WHITE HOUSE,
Washington, May 17, 1962.

DEAR MR. ALGER: It is ironic that your insertion in the CONGRESSIONAL RECORD, entitled "Marxist Thinking of President Kennedy's Chief Adviser Endangers the Republic," was made the same week that the Saturday Evening Post published an article of mine entitled "The Failure of World Communism."

Let me make it absolutely clear to you that I am not a Marxist, nor have I ever been a Marxist. I suggest that you examine the full text of the article from which Henry J. Taylor took such misleading and distorted quotations. That article was written in 1947—at a time when, as you will agree, it was not precisely fashionable to be anti-Communist. Let me give you a few representative quotations from the article.

On the question of capitalism versus socialism:

"After all, which system has more successfully dehumanized the worker, fettered the working class and extinguished personal and political liberty? * * * The socialist state is thus worse than the capitalist state because it is more inclusive in its coverage and more unlimited in its power."

On property:

"The more varieties of ownership the better: liberty gets more fresh air and sunlight through the interstices of a diversified society than through the close-knit grip of collectivism."

On revolution:

"A revolutionary elite always has the wistful conviction, based on experience, that it is easier to dispose of opposition by firing squads than by arguments."

On the Soviet Union, "the radical expansionists in the Politburo:

"The mystique of the working class has faded somewhat since the First World War. In its place has arisen a new mystique, more radiant and palpable, and exercising the same fascinations of power and guilt: the mystique of the U.S.S.R. Each success of the Soviet Union has conferred new delights on those possessed of the need for prostration and frightened of the responsibilities of decision. In a world which makes very little sense, these emotions are natural enough. But surrender to them destroys the capacity for clear intellectual leadership which ought to be the liberal's function in the world. In an exact sense, Soviet Russia has become the opiate of the intellectuals.

"Communism gives Russian expansionism its warhead. On a prearranged signal, the Russian drive can explode internally in every country on the globe. Russian national objectives are limited; Communist international objectives are not. * * * The problem is to prevent the Soviet Union from breaking out of the reservation during its period of messianic intoxication. * * * Reduced to its fundamentals, the American problem is to arrange the equilibrium of forces in the world so that, at every given moment of decision, the Soviet general staff will decide against aggressions that might provoke a general war on the ground that they present too great a military risk."

On fellow traveling liberals:

"For the most chivalrous reasons they cannot believe that ugly facts underlie fair words: however they look at it, for example, the U.S.S.R. keeps coming through as a kind of enlarged Brook Farm community. Nothing in their system has prepared them for Stalin. * * * The official liberal runs interference for the Communist with a system of intellectual evasion and subterfuge that results directly from a desperate attempt to square a superficial and optimistic creed with a bitter century. * * * Worship of the proletariat becomes a perfect fulfillment for the frustrations of the intellectual."

These passages suggest the character of my beliefs in 1947. I should add that I was asked in this particular article to write about the future of socialism and did so, but as an analyst, not as an advocate. My personal views of socialism had already been made amply clear in the concluding pages of a book called "The Age of Jackson," published in 1945; as my views of communism were amply clear in an article on "The U.S. Communist Party," published in Life on July 29, 1946—one of the first exposures and condemnations of the activities of the American Communist Party to appear in a magazine of nationwide circulation.

I should add too that Henry J. Taylor's allusions to my supposed views on patriotism and religion refer, in fact, to my ironic restatement of the Marxist position—a restatement made for the purpose of showing how ridiculous the Marxist interpretation of these matters is. Taylor, in short, ascribes to me views that I ascribed to the Marxists for the purpose of condemning them.

I have no doubt that you and I differ on all sorts of issues. I am perfectly prepared to be denounced for things in which I believe. But I am getting increasingly tired of being attacked for beliefs I do not have and have never had. My record of anticommunism and anti-Marxism is documented in books and articles over a period of 20 years. Feel free to condemn me as a Democrat or as a liberal or as a New Frontiersman; but please stop condemning me for positions which I do not take and which I have demonstrably never taken.

Sincerely yours,
ARTHUR SCHLESINGER, Jr.,
Special Assistant to the President.

P.S.—The last part of the title of your CONGRESSIONAL RECORD insertion is as incorrect as the first part: I am far from being the President's chief adviser.

Mr. Schlesinger also wrote to my good friend and colleague, the gentleman from

Washington [Mr. Pelly]. Mr. Pelly's answer is herewith included:

Congress of the United States,
House of Representatives,
Washington, D.C., May 21, 1962.

Mr. Arthur Schlesinger, Jr.,
Special Assistant to the President,
The White House,
Washington, D.C.

Dear Mr. Schlesinger: Thank you for the copy of your letter to Representative Alger in which you object to being classed as a Marxist.

You can rest assured that I have never associated your convictions directly with those of Karl Marx. Rather, I would call you an advocate of welfare statism, which I oppose.

Since Marxists such as the late William Z. Foster and Gus Hall indicated society in the United States will be transformed from capitalism to communism through the intermediary state of the welfare state, I consider your belief that the welfare state is a defense against communism is erroneous and completely at odds with the national interest.

Accordingly, I am frank in regretting that Marxist or not, you are in a position to advise and influence our President.

Sincerely,

Thomas M. Pelly,
Representative in Congress.

The Special Assistant to the President, and he is one of the President's chief advisers despite his disclaimer, charges that he was quoted out of context from an article he prepared for the Partisan Review in 1947. Upon receipt of Mr. Schlesinger's letter in order to be fair to him and to correct any misstatement of fact I may have made, I have read the article from which the quotes were taken and will include it as a part of these remarks. Unless I have lost completely my understanding of the English language, Mr. Schlesinger's article clearly advocates and prophesies a socialist government for the United States and he defines socialism as "ownership by the State of all significant means of production." In Mr. Taylor's article which I used for the May 14 insertion in the Record, Mr. Schlesinger was quoted as saying that he had no reason to retract any of the 1947 article.

If we compare the dictionary definition of the various terms we find the following:

> Socialism: a political and economic theory of social organization on collective or governmental ownership and democratic management of the essential means for the production and distribution of goods.
>
> Marxism: The socialism of Marx and Engels, which makes the class struggle the fundamental force in history.

The difference, then, between Marxism and socialism is a matter of degree and a difference of opinion, perhaps, of the paramount importance of the historic struggle between management and labor. The fundamental principle of socialism whether it be Norman Thomas, or Marx, or Russian communism, is ownership by the state of the essential means of production and distribution of goods. This is the basic difference of philosophy which divides the liberals and the conservatives today. The conservatives, of which I am proud to be a spokesman, believe in the free enterprise system, individual initiative, private ownership, the profit motive. Under this philosophy we have developed in the United States the most successful economy in history with the highest standard of living for more people than any other nation has ever had.

The liberals of which Mr. Schlesinger is proud to be one—and I do not deny him the right to his belief—see progress only in state control of production, in a huge Federal bureaucracy which owns and controls essential industry, which limits profit, which directs the lives of the people, which guarantees security and limits freedom for the individual.

In my remarks on May 14 I said this kind of thinking by one who is so close to the President and whom, if we are to believe the President and the many articles written about the importance of Mr. Schlesinger as his Special Assistant, poses a serious threat to the Republic.

This is the struggle today in America. This is the choice the people must make, whether we are to choose socialism or free enterprise. As I have said repeatedly the people have the right to know what the choice is and they have the right to know what kind of society President Kennedy is planning. It is my contention the President has clearly charted his course in the many proposals he has sent to Congress to increase his power, to enlarge the scope of the Federal Government and to substitute the rule of bureaucracy for Government of, by, and for the people.

As a part of these remarks, and in order that there be no question of quoting Dr. Schlesinger out of context, I am going to include the entire article he wrote in 1947 and upon which he stands today. I would like to quote just a few paragraphs from the article to emphasize, in his own words, Dr. Schlesinger's belief that socialism is desirable for the United States.

Charting the blueprint for the takeover of socialism, Schlesinger says:

> If socialism (i.e., the ownership by the state of all significant means of production) is to preserve democracy, it must be brought about step by step in a way which will not disrupt the fabric of custom, law and mutual confidence upon which personal rights depend. That is, the transition must be piecemeal; it must be parliamentary; it must respect civil rights and due process of law.

Further, the Schlesinger article states:

> The classical argument against gradualism was that the capitalist ruling class would resort to violence rather than surrender its prerogatives. Here, as elsewhere, the Marxists enormously overestimated the political courage and will of the capitalists.

And further—

> The New Deal greatly enlarged the reserves of trained personnel; the mobilization of industry during the war provided more experience; and the next depression will certainly mean a vast expansion in Government ownership and control.

There are other such passages in the Schlesinger article. A careful reading of the piece which, as I stated was written in 1947 but with which Dr. Schlesinger just recently said he finds no fault, indicates to me at least he does advocate socialism, finds it a good thing for the United States. I say, because he believes this and because he is an influential member of the President's official family sitting at the right hand of the Chief Executive when important policy decisions are made, I say he is a danger to the Republic as we have known it and as most of the American people, I am convinced, want it to be.

[From the Partisan Review, May–June, 1947]

The Future of Socialism: III—The Perspective Now

(By Arthur M. Schlesinger, Jr.)

The Soviet experience has put the century-old debate between capitalism and socialism in a useful new perspective. Before the First World War, the case against socialism was generally made in terms of efficiency, the case against capitalism in terms of morality: that is, socialism was conceded to be good in principle but not to work; capitalism was conceded to work but not to be good in principle. After the Second War, we see a reverse tendency—a disposition to admit the inefficiency of capitalism and justify it as providing the margin on which liberty and democracy may subsist; a disposition to believe that the very efficiency of socialist management necessarily squeezes out freedom. After all, which system has more successfully dehumanized the worker, fettered the working class, and extinguished personal and political liberty?

The very shift in polemics suggests that both arguments have indulged in what Whitehead has called the fallacy of misplaced concreteness—the error of mistaking abstractions for concrete realities. The fact probably is that a great many of the criticisms urged against the abstractions "capitalism" and "socialism" alike are actually the defects, not of a particular system of ownership, but of industrial organization and the postindustrial state whatever the system of ownership. Industry and government are the basic evils; they institutionalize the pride and the greed, the sadism and the masochism, the ecstasy in power and the ecstasy in submission, which are the abiding causes of the troubles of the world.

In this light anarchism becomes the only faith for a moral man. Organization is man's solution to his sense of guilt. The very fact of organization attenuates personal moral responsibility; and, as organization becomes more elaborate and comprehensive, it becomes increasingly the instrumentality through which moral man indulges his natural desire to commit immoral deeds. "A crime which would press heavily on the conscience of one man, becomes quite endurable when divided among many." The state is only the climax of secular organizations—that "semihuman tiger or ox, stalking over the earth," Thoreau called it, "with its heart taken out and the top of its brain shot away"—and the totalitarian state concentrates in itself all the evil of organization by annihilating all the gaps and rivalries which make for freedom in a more loosely organized society.

The socialist state is thus worse than the capitalist state because it is more inclusive in its coverage and more unlimited in its power. Organization corrupts; total organization corrupts totally. The socialist state justifies itself on the ground that the concentration of power is necessary to do good; but it has never solved the problem of how you insure that power bestowed to do good will not be employed to do harm, especially when you remove all obstacles to its exercise. Soviet socialism has the added disadvantage that it was born in violence. The emotions of revolution in an industrial age can no more be localized than the emotions of modern war itself. Violence breeds its special hatreds and aggressions, which twist the normal hatreds of society into new and ugly forms. The habit of violence is hard to abandon, especially when it has worked in the past. A revolutionary elite always has the wistful conviction, based on experience, that it is easier to dispose of opposition by firing squads than by arguments.

The trouble with anarchism is, not at all that it is wrong, but that it is irrelevant. It may have its values as a mystique, but it is nonsense as a way of meeting the explosive problems of an atomic age. Its overt expressions, such as conscientious objection in times of war, tend to be morally vulgar and intellectually contemptible. Industrial organization and the postindustrial state are here to stay. The problem is not how to escape them but how to master them—or, more probably, how to live with them.

IS DEMOCRATIC SOCIALISM POSSIBLE?

Neither communism, with its despotism, nor capitalism, with its instability, nor fascism, with its combination of the two, provide attractive solutions to the problem of how to live with modern industry and the modern state. Is there another possibility? Has non-Communist, libertarian socialism a future? Abstracting the question for a moment from current political actualities, one must answer that there is no inherent reason why democratic socialism should not be possible.

If socialism (i.e., the ownership by the state of all significant means of production) is to preserve democracy, it must be brought about step by step in a way which will not disrupt the fabric of custom, law, and mutual confidence upon which personal rights depend. That is, the transition must be piecemeal; it must be parliamentary; it must respect civil liberties and due process of law. Socialism by such means used to seem fantastic to the hard-eyed melodramatists of the Leninist persuasion; but even Stalin is reported to have told Harold Laski recently that it might be possible.

The classical argument against gradualism was that the capitalist ruling class would resort to violence rather than surrender its prerogatives. Here, as elsewhere, the Marxists enormously overestimated the political courage and will of the capitalists. In fact, in the countries where capitalism really triumphed, it has yielded with far better grace (that is, displayed far more cowardice) than the Marxist schema predicted. The British experience is illuminating in this respect and the American experience not uninstructive. There is no sign in either nation that the capitalists are putting up a really determined fight. Liberal alarmists who feel that the clamor of a political campaign or the agitation of hired lobbyists constitutes a determined fight should read the history of Germany. In the United States an industrialist who turned a machinegun on a picket line would be disowned to an insane asylum. Fascism arises in countries like Germany and Italy, Spain and Argentina, where the bourgeois triumph was never complete enough to eradicate other elements who believe in what the bourgeoisie fear more than anything else—violence, and who then used violence to "protect" the bourgeoisie.

There seems no inherent obstacle to the gradual advance of socialism in the United States through a series of new deals. In 1933, Frances Perkins has reported, the coal operators pleaded with the Government to nationalize the mines. They offered to sell "to the Government at any price fixed by the Government. Anything so we can get out of it." The Government was not ready to take over the coal mines in 1933, as it was not ready to take over the banks, as it was not ready to keep the railroads in 1919. But the New Deal greatly enlarged the reserves of trained personnel; the mobilization of industry during the war provided more experience; and the next depression will certainly mean a vast expansion in government ownership and control. The private owners will not only acquience in this. In characteristic capitalist panic, they will demand it.

Government ownership and control can take many forms. The independent public corporation, in the manner of TVA, is one; State and municipal ownership can exist alongside Federal ownership; the techniques of the cooperatives can be expanded; even the resources of regulation have not been fully tapped. The more varieties of ownership the better; liberty gets more freed air and sunlight through the interstices of a diversified society than through the close-knit grip of collectivism. The recipe for retaining liberty is, not rationalization, but muddling through—a secret long known to the British, as D. W. Brogan has put it, "change anything except the appearance of things."

Socialism, then, appears quite practicable within this frame of reference, as a long-term proposition. Its gradual advance might well preserve order and law, keep enough internal checks and discontinuities to guarantee a measure of freedom, and evolve new and real forms for the expression of democracy. The active agents in effecting the transition will probably be, not the working class, but some combination of lawyers, business and labor managers, politicians and intellectuals, in the manner of the first New Deal, or of the Labor Government in Britain.

But we must return this question to the actualities from which up to now it has been abstracted. The process of backing into socialism in the contemporary world is not so simple as it sounds. Too many forces are working, some wittingly, some not, to obstruct that process. They can be discussed under three heads: the death wish of the capitalists; the betrayal of the intellectuals; and the counterrevolution of the Soviet Union.

THE DEATH WISH OF THE CAPITALISTS

Marxist folklore, we have seen, has always overrated the bourgeoisie. The capitalists have certainly been great organizers of production and, in this process, great exploiters of the downtrodden. But their confidence, intelligence, and ruthlessness have always dwindled as they got farther away from the factory or countinghouse. They have constituted a plutocracy, not an aristocracy. They have never been, in the political sense, an effective governing class.

A plutocracy is trained to think in terms of business dealings and not of war, in terms of security and not of honor, in terms of class and not of nation. With their power dependent on the continued convertibility of pieces of paper, they dread anything which might upset the fragile conventions of economic society. They lack the instinct, energy, and courage to govern. The shift which saved Britain in 1940 suggests some of the contrasts. Chamberlain reflected the sentiments of the business community—the longing for quiet, the hatred of violence, the terror of social upheaval. Churchill's instincts were those of an imperial aristocracy, bold, vigorous, somewhat contemptuous of trade, with power founded, not on finance, but on land, tradition, and sense of nationality. "There is something to be said for government by a great aristocracy which has furnished leaders to the Nation in peace and war for generations," Theodore Roosevelt once observed: "even a democrat like myself must admit this. But there is absolutely nothing to be said for government by a plutocracy, for government by men very powerful in certain lines and gifted with the 'money touch,' but with ideals which in their essence are merely those of so many glorified pawnbrokers."

The bourgeoisie consequently has always had to turn for protection to some nonbourgeois group. Without such protection, as Schumpeter puts it, it is "unable not only to lead its nation but even to take care of its particular class interest. Which amounts to saying that it needs a master." In England the business classes have had the aristocracy, and now the Socialists, to protect them. In America, when the chips were down the businessmen have always been bailed out by the radical democracy, often under aristocratic leadership—the Jeffersons, Jacksons, Lincolns, Wilsons, Roosevelts.

This normal political incompetence of the capitalists has recently been exaggerated by a gradual disappearance of the capitalist energies themselves: it is this combination which justifies the term "death wish." Not only does the bourgeoisie lack the skill to protect itself; it is increasingly lacking in the will to protect itself. The capitalist system, in effect, has killed its own interest in survival. The rise of big business, the development of mass production, and mass organization, have slowly taken the guts out of the idea of property. The spread of rationalism has set in motion a skepticism which holds no social authority sacred. Capitalism at once has strengthened the economic centralization and loosened the moral bonds of society. The result is a profound instability which invites collectivism as a means of restoring social discipline. As Schumpeter puts it, capitalism "socializes the bourgeois mind." Eventually the roots of capitalist motivation will wither away.

Even in America, the capitalist fatherland, the death wish of the business community appears to go beyond the normal limits of political incompetence and geographical security. After the First World War Trotsky predicted that American capitalism would now make its stunning debut on the world stage. Instead, American capitalism crept back into bed and pulled the covers over its face. It responded to the challenge of nazism by founding the America First Committee. It responded to the opportunities opened up by the Second World War by rushing to dismantle the instrumentalities of American military and economic influence in the name of balancing the budget.

The foreign policy of the business community is characteristically one of cowardice rationalized in terms of high morality. The great refusal to take on the Russians today is perfectly typical. That doyen of American capitalists, Joseph P. Kennedy, recently argued that the United States should not seek to resist the spread of communism. Indeed, it should "permit communism to have its trial outside the Soviet Union if that shall be the fate or will of certain peoples. In most of these countries a few years will demonstrate the inability of communism to achieve its promises, while through this period the disillusioned experimenters will be observing the benefits of the American way of life, and most of them will seek to emulate it." On this ground Kennedy has opposed all foreign loans from the British loan on.

We are confronted today with the picture of New Dealers trying to launch a positive foreign policy over the vigorous protests of the business groups which that policy will protect. Fearing change, fearing swift action because it might portend change, lacking confidence and resolution, subject to spasms of panic and hysteria, the American business community is too irresponsible to work steadily for the national interest, or even for its narrow class interests. At least the English business community has been persuaded by experience that it should accede to the political leadership of the aristocracy or, more recently, of the Socialists—of any group which will govern. But the American business community continues to resist the radical democracy, like a drowning man threshing out at his rescuer.

In so doing, it may destroy the possibility of a peaceful transition to socialism. In its panic it may yield to the most ruthless blackmailer—externally to the Soviet Union, internally to any political gangster promising security—and thereby dissipate the Nation's capacity to control its process of change. "Experience shows that the middle classes allow themselves to be plundered quite easily," Sorel wrote, "provided a little pressure is brought to bear, and that they are intimidated by the fear of revolution." This growing capitalist irresponsibility is the symptom of the death wish: it is Samson in the temple.

THE BETRAYAL OF THE INTELLECTUALS

Official liberalism was the product of the enlightenment, cross-fertilized with such things as unitarianism, science, bourgeois complacency, and a belief in progress. It dispensed with the absurd Christian myths of sin and damnation and believed that what shortcomings man might have were to be redeemed, not by Jesus on the cross, but by the benevolent unfolding of history. Tolerance, free inquiry, and technology, operating in the framework of human perfectibility, would in the end create a heaven on earth, a goal accounted much more sensible and wholesome than a heaven in heaven.

This rejection of the dark and subterranean forces in human nature acquired a kind of protective coloration in a century of peace and prosperity, like the 19th. Insight into evil became the property of a few disreputable esthetes and a few obstinate Christians. But the rationalists were betrayed by their own god in the 20th century when history went back on them and unleashed the terror. Freud, Kierkegaard, Sorel, Nietzsche had charted patterns of depravity while the sun of optimism was high in the sky. As it sank, practical men, like Hitler, Stalin, Mussolini, transformed depravity into a way of life.

Much more than a generation divides the liberals who denied evil from those who accept it. The word evil is here a designation, not an explanation; but, whether you use the vocabulary of religion or Freud or Pareto, there are moody and destructive impulses in man of which official liberalism has taken no serious account. Louis Jaffe recently wrote of Justice Brandeis, "One felt that nothing in his system prepared Brandeis for Hitler." Brandeis was among the more realistic of his generation: how much more unprepared were the readers of the liberal weeklies, the great thinkers who sought to combat nazism by peace strikes, the Oxford oath, and unilateral disarmament.

The type of the official liberal today is the fellow traveler or the fellow traveler of the fellow traveler: see the columns of the New Republic and the Nation. For the most chivalrous reasons they cannot believe that ugly facts underlie fair words: however they look at it, for example, the U.S.S.R. keeps coming through as a kind of enlarged Brook Farm community. Nothing in their system has prepared them for Stalin. The official liberal differs from the Communist, who knows what he is doing. He differs from the New Dealer, who has learned some of the facts of life from the exercise of responsibility and is consequently deeply hostile to the Communist. The official liberal runs interference for the Communist with a system of intellectual evasion and subterfuge that results directly from a desperate attempt to square a superficial and optimistic creed with a bitter century.

Many contemporary radicals have rejected these sunny meditations. Silone, Koestler, Malraux, Niebuhr, Orwell, Dos Passos, Hemingway, Macdonald: the very names suggest a range of perceptions and anxieties unknown to the columns of the New Republic. In this new version, man becomes at once greater and more pitiable, more aspiring and more frustrated, more hallowed and more doomed. This image stands up better in the century of Buchenwald. But the men who are possessed by it are still under official malediction as tired liberals, Judases, and apostles of disillusion.

If you believe man to be essentially good, you commit yourself to the endless task of explaining why he does not always behave that way. A simple way out is to affirm that, in spite of appearances to the contrary, he really is performing the good. In the course of this solution the liberal intellectual generates myths which he comes to prefer to actualities, especially if the actualities are uncomfortable (as they usually are). The addiction to myth is of course increased by the fact that the liberal has denied himself such traditional outlets for credulity as religion.

The susceptibility to wishfulness, the need for the sustaining myth, the disbelief in man's urge to destroy—all combine to reduce the capacity for critical judgment which the intellectuals' detachment from social loyalties should confer upon him. This is the real trahison des clercs. Instead of contributing clarity, logic, and rigorous insistence on facts, the liberal intellectual has been more and more devoting his ingenuity to laminating his favorite myths. He has failed wretchedly to live up to his obligation to provide intellectual leadership.

One myth, to which the liberal has clung in the face of experience with the imperturbable ardor of an early Christian, is the mystique of the proletariat. This myth, given its classical form by Marx, himself so characteristically a bourgeois intellectual, states that the action of the working class will overthrow capitalist tyranny and establish by temporary dictatorship a classless society. Its appeal lies partly in the intellectual's sense of guilt over living pleasantly by his wits instead of unpleasantly by his hands, partly in the intellectual's somewhat effeminate fascination with the rude and muscular power of the proletariat, partly in the intellectual's desire to compensate for his own sense of alienation by immersing himself in the broad maternal expanse of the masses. Worship of the proletariat becomes a perfect fulfillment for the frustrations of the intellectual.

Of course, this is not the whole story. There was considerable prima facie support for the myth. The beginnings of trade union organizations at one time may have promised a serious future for an organized proletariat. But there is no point in keeping up the pretense a century later. The trade union movement is as clearly indigenous to the capitalist system as the corporation itself, and it has no particular meaning apart from that system. In a socialist society its functions are radically transformed: It becomes, not a free labor movement, but a labor front. Even in England, as Sir Walter Citrine remarked on joining the Coal Board, strikes can no longer be trade union instruments in a nationalized industry. Unions inevitably become organs for disciplining the workers, not for representing them.

Indeed, the whole conception of the proletariat as an agency of change is meaningless. The technical necessity for organization instantly sets in motion a tendency toward oligarchy; separate interests arise between leadership and rank and file; and a working class, but its own bureaucratic instinct for survival.

Moreover, workers as a mass have rarely had the impulses attributed to them by Marxism. They too often believe in patriotism and patronize tax dance halls; in one way or another, they try to cure their discontent by narcotics rather than by surgery. Thus they are rarely swept by the proper mass emotions. The general strike is in principle the most potent weapon in the world, but it always remains potent in principle. The great moment for the general strike was perhaps 1914; but, even had Jaures survived, the working classes would have succumbed to the bugle, the flag, and the military parade. Marx recognized that many workers were not Marxists and so invented a classification called the Lumpenproletariat in which were dumped those who did not live up to theory. Lenin recognized this too and so invented a disciplined party which, announcing itself the only true representative of the proletariat, ruthlessly shot down dissenters. No county has more spectacularly abandoned a belief in the working class than the U.S.S.R.

For these various reasons, mystique of the working class has faded somewhat since the First World War. In its place has arisen a new mystique, more radiant and palpable, and exercising the same fascinations of power and guilt: the mystique of the U.S.S.R. Each success of the Soviet Union has conferred new delights on those possessed of the need for prostration and frightened of the responsibilities of decision. In a world which makes very little sense, these emotions are natural enough. But surrender to them destroys the capacity for clear intellectual leadership which ought to be the liberal's function in the world. In an exact sense, Soviet Russia has become the opiate of the intellectuals.

THE COUNTERREVOLUTION OF THE SOVIET UNION

The capitalist death wish and the liberal treachery are more or less unconscious obstacles to tranquil passage to socialism. The role of the Soviet Union, on the other hand, is highly intelligent, purposeful and determined. The U.S.S.R. perceives clearly that the most deadly foe of communism is not the reactionary, whose blind folly will only speed the disintegration of his own society. The serious enemy is really the radical democrat who proposes to solve the problems of unemployment and want without enslaving the masses and setting up a police state.

So long as Churchill lived in Downing Street, Moscow knew that Britain offered no competition in the struggle for Europe. But the victory of the Labor Party in the summer of 1945 brought new hope to all the people of Europe who still had freedom of political expression. It signalized an alternative to Moscow which promised the same economic advantages—and with political liberty in place of the NKVD. It was at this point that the U.S.S.R. stepped up its attack on the Socialist parties and began its concerted policy of hammering at the weak points, strategic and ideological, of the already crumbling British Empire.

The Communist war against the Second International has been a brilliant success. The Social Democratic Parties of Europe have remained steadfast in their traditions of caution, feebleness, and inactivity. They appear to be doomed today, because the working class does not trust their determination to carry out reforms, and the middle class does not trust their determination to resist communism. When the Communists do succeed in finally absorbing or destroying the Socialists, they will have virtually attained their objective of destroying the center and reducing the alternatives to the red and the black. The crime of the U.S.S.R. against the world is its determination to make experiments in libertarian socialism impossible.

What are the motives of the Soviet campaign against the West? "The trouble with Russia," Schumpeter has observed with considerable truth, "is not that she is Socialist but that she is Russia." If the Romanovs had pushed through industrialization and ridden out its political consequences, Russia would be confronting the world with much the same immediate problems of expansion—with the same thrusts into Western Europe, the Mediterranean, the Middle

East, and China. But czarist Russia would not have been able to multiply its national strength with the tremendous political weapon of communism.

The exception makes a good deal of difference. Imperial Russia could be dealt with like imperial Germany; its objectives would have been inherently limited by the clash of one nationalism with another. But nazism gave Germany a potent ideological weapon, and communism is infinitely more exportable than nazism. As a social faith, it can penetrate to every corner of the world and rally its fifth columns wherever injustice and poverty exist. Communism gives Russian expansionism its warhead. On a prearranged signal, the Russian drive can explode internally in every country on the globe.

Russian national objectives are limited; Communist international objectives are not. Experience has shown that a nation can sustain unlimited objectives for only a limited time. The fervor of a crusade wears a people out; after a time the country relapses from the messiah business into its national routine. The problem is to prevent the Soviet Union from breaking out of the reservation during its period of messianic intoxication.

THE ROLE OF THE ARMED TRUCE

British policy under Chamberlain presents a model of how not to undertake a campaign of containment. The United States is faced with the same situation today, only the geographical margins of tolerance are greater with the U.S.S.R. than they ever were with Germany. Reduced to its fundamentals, the American problem is to arrange the equilibrium of forces in the world so that, at every given moment of decision, the Soviet general staff will decide against aggressions that might provoke a general war on the ground that they present too great a military risk. At the same time, the United States must not succumb to demands for an anti-Soviet crusade nor permit reactionaries in the buffer states to participate conflicts in defense of their own obsolete prerogatives. Fascism has receded, but it has not disappeared.

The United States must maintain a precarious balance between a complete readiness to repel Soviet aggression beyond a certain limit and complete determination to demonstrate within this limit no aggressive U.S. intentions toward the U.S.S.R. It must commit itself, economically, politically, and militarily, to the maintenance of this balance over a long period. Given sufficient time, the Soviet internal tempo will slow down. The ruling class will become less risk-minded, more security minded. Greater vested interests will develop in the existing order; Russia itself will begin to fear the revolutionary tendencies which modern war trails in its wake. The squabbles between the Gallicans and the ultramontanes will dilute the ardor of the national Communist Parties; they too will develop stakes in an existing national order, if only in order to hold on to a mass following. At the same time, U.S. backing to the parties of the non-Communist left and U.S. support for vast programs of economic reconstruction may go far toward removing the conditions of want, hunger, and economic insecurity which are constant invitations to Soviet expansion.

Can the United States conceive and initiate so subtle a policy? Though the secret has been kept pretty much from the readers of the liberal press, the State Department has been proceeding for some time somewhat along these lines. Both Byrnes and Marshall have perceived the essential need—to be firm without being rancorous, to check Soviet expansion without making unlimited commitments to an anti-Soviet crusade, to invoke power to counter power without engaging in senseless intimidation, to encourage the growth of the democratic left. The performance has often fallen below the conception; but the direction has been correct. Men like Ben Cohen, Dean Acheson, Charles Bohlen have tried to work out details and whip up support for this admittedly risky program.

It is risky. It may at any moment tumble over into the ideological crusade. In addition, its proponents must combat the death wish of the capitalists, as exemplified by Mr. Kennedy, and the befuddlement of the fellow travelers, as exemplified by Mr. Wallace, both of whom unite in opposing a policy of resistance to Soviet expansion. The triumph of either the Kennedy or the Wallace views, if there is much difference between them, would mean the triumph of the radical expansionists in the Politburo, for it would remove all present obstacles to the Soviet conquest of Europe.

But can the United States embark on any program of resistance to Soviet expansion without itself moving toward fascism? There is certainly a short-run tendency in critical situations toward reliance on reactionaries as counter to Communists, because they are the only people who can match violence with violence. In a divided land like China or Greece the non-Communist left, men who believe in debate and and civil liberty, cannot stand up for long against men, whether of the extreme right or of the extreme left, who believe in rifles.

But over the long term the United States cannot develop a dependence on the right, if only because the right is a bad practical investment. A program of containment requires a ring of stable and satisfied countries around Russia—countries whose internal well-being provides a first line of defense against Communist penetration. At this stage in the world's history, the right cannot provide such governments. The very logic or events may force even a rightwing government in this country to support leftwing governments abroad, just as the Truman government is entertaining the thought of giving Greece the New Deal it has driven out of Washington. Far from leading to fascism at home, a program of containment may after a certain period lead to greater power for American labor. Just as it was necessary to bribe the business community to take part in the struggle against fascism, so it may be necessary to bribe the labor movement to take part in a struggle against communism. Whatever else may be said about a "permanent war economy," at least wages are high, employment is full, and the economy is relatively stable and productive.

All this presupposes, of course, that Marshall has not only the ability to develop his policy but also the backing to carry it out. The backing, rather than the policy itself, presents the serious question. A democracy is politically unreliable at best; the American democracy is notoriously unreliable on all questions of maintaining a continuous foreign policy. Between the irresponsibility of the capitalists, the confusions of the intellectuals, and the impotence of the working class, there may arise a state of irresolution which produces a political vacuum; and a political vacuum inevitably attracts activists—gangsters, terrorists, and totalitarians.

At this point the responsibility of the intellectual becomes manifest. Someone must serve as the custodian of honesty and clarity in a turbulent and stricken society. Someone must restore a serious sense of the value of facts, of the integrity of reason, of devotion to truth. Someone must provide intellectual leadership. As capitalism crumbles through the world, we know that any path which can preserve peace and freedom is narrow and hazardous. Our instruments must be as precise as possible, our analysis as dispassionate, our conclusions as honest and objective as we can make them. One false step may plunge the world into atomic war or deliver it into totalitarian darkness.

The intellectual must not be deflected from his responsibility by inherited dogma. It is clear today that Marx's method often was better than his own application of it. Experience is a better master than any sacred text. The experience of a century has shown that neither the capitalists nor the workers are so tough and purposeful as Marx anticipated; that their mutual bewilderment and inertia leave the way open for some other group to serve as the instrument of change; that when the politician-manager-intellectual type—the New Dealer—is intelligent and decisive, he can get society to move just fast enough for it to escape breaking up under the weight of its own contradictions; but that, when no one provides intellectual leadership within the frame of gradualism, then the professional revolutionist will fill the vacuum and establish a harder and more ruthless regime than the decadent one he displaces; and that the Communist revolutionist is winning out over the fascist and is today in alliance with an expanding world power which will bring every kind of external pressure to block the movement toward democratic socialism.

These seem to me the actualities of the day. If their acceptance means discarding Marx, let us by all means discard Marx. Too much leftwing political "thinking" is a form of scholasticism. We must make our own prognosis. If you say that the intellectual is a frail reed upon which to lean, you are probably guilty of understatement. But at least serious thinking is his job. Let him work at it for a time. He is more likely to escape from his confusion than the capitalist from his irresponsibility or the workers from his impotence. Serious intellectual direction may give our politics a cogency and a firmness which will maintain the equilibrium of forces and avert the war with Russia. If we can avoid this war, if we can contain the counterrevolution of the U.S.S.R. within clearly marked limits, we have a good chance to test the possibilities of a peaceful transition into a not undemocratic socialism. But, if our leadership and determination falter, neither democracy, socialism, nor anything else will have any more of a future than Hiroshima or Nagasaki.

CAPTIVE NATIONS WEEK

Mr. SHORT. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. Bow] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. BOW. Mr. Speaker, as we observe Captive Nations Week, I think it is appropriate to recall a concrete proposal to put the United States on the diplomatic offensive that was made some weeks ago by the Assembly of Captive European Nations, the representatives of the Soviet satellite countries here in the United States.

Ferenc Nagy, chairman of the assembly, suggests that our delegates to the U.N. should ask to have placed on the agenda the issue of the denial of self-determination, by the Soviet Union, to the peoples of Albania, Bulgaria, Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, and Rumania.

We should demand full discussion of Soviet colonialism, and point out again and again that these once-free nations are now held in bondage and systematically exploited more ruthlessly than any other colonial empire of the modern times.

I can think of no better way to turn world opinion against the Soviet Union. The right of self-determination is the issue that stirs all of Africa and Asia today. It has been historically a part of American doctrine. We should exploit it to the fullest, at every possible opportunity, with regard to the Soviet Union.

Mr. Nagy presents some interesting statistics showing the importance of the nine captive countries to their Soviet rules. Their population is equal to one-half that of the Soviet Union. Their production of crude steel, cement, coal and electric energy also is equal to one-half of the Soviet production. Seventy-two percent of Soviet imports of machinery and equipment come from this area.

If we take the offensive on this issue and use it to answer every Soviet thrust, we will be hitting the Kremlin in its most sensitive area.

Further, we will be giving the people of the Soviet colonies encouragement in their efforts to preserve their heritage and their hopes of eventually regaining their independence. This, too, can be a powerful force on our side in the important area of central Europe.

THE CENTENNIAL ANNIVERSARY OF THE MORRILL LAND-GRANT ACT

Mr. SHORT. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. WIDNALL] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. WIDNALL. Mr. Speaker, in a land as youthful and vigorous as our own, an idea 100 years old is often met with the skepticism of the young and impatient. But we Americans are practical people, too, and when an idea has been tried and tested reality for a century, we honor it in our own unique fashion—by using it as a basis for future achievement. One hundred years ago today, President Abraham Lincoln signed into reality the dream of Senator Justin Morrill to provide educational opportunity on a democratic scale. In celebrating the anniversary of the Morrill Land-Grant Act, the land-grant universities and colleges have appropriately called it a program in progress.

It is fitting, in this centennial observance, to call to mind the men and the era of a century and more ago. One of the first to conceive of the idea for a public supported institution of higher learning to teach the practical sciences and agriculture was Simeon DeWitt. DeWitt, the sole graduate, in 1776, of Rutgers, now the land-grant univesrity for my home State of New Jersey, published a pamphlet in 1819 calling on the State of New York to break away from the pattern of copying the universities of Europe. It was time, he declared, for the New World to forge a bold new path best suited to the needs of a new nation.

The man who put these ideas into legislation was a native of Vermont, who was forced to forgo his own formal education at age 15. Justin Morrill first introduced his ideas in the House of Representatives in 1857, only to see his plans thwarted by a reticent President Buchanan. Five years later, in the midst of the darkest days of national strife, another man of vision, Abraham Lincoln, culminated the struggle with his pen.

Under the provisions of the act, public lands, or scrip representing public lands, were offered to the States to endow at least one college in each State, through the moneys received in the sale of the land. The purpose of such an institution, while not neglecting other scientific and classical studies and including military tactics, was to teach such branches of learning as are related to agriculture and the mechanic arts in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life. Each State was to receive 30,000 acres of public land per Member of Congress from the State.

How well this farsighted program has succeeded can be seen from a few startling figures. Every State and the Commonwealth of Puerto Rico has at least one such college or university within its borders. Although the 68 land-grant institutions constitute only 4 percent of the total number of colleges and universities in our land, these same institutions enroll 20 percent of the Nation's undergraduate students. Even more astonishing is the fact that they grant nearly 40 percent of the doctorate degrees in every field of study, including half of those in scientific fields, and all of those in agriculture.

In New Jersey, Rutgers, the State university, is a case in point. From the sale of scrip representing 210,000 arces of Federal land, the State legislature had at its disposal, in 1863, $116,000 to begin the land-grant program. The original act, awarding the moneys to the Rutgers Scientific School, sought out a program for research in agriculture, an experimental farm, and a program of public lectures on agriculture in each county, the latter a forerunner of statewide extension work.

During the earlier years of the program, since a substantial demand for agricultural instruction was lacking, attention turned to the study of engineering. Today, the Rutgers College of Engineering is a major educational and research unit, enrolling more than 900 students in undergraduate and graduate study, with a planned expansion to double this size by 1965. Of particular note are the programs in nuclear and chemical engineering, the latter in response to the fact that New Jersey leads the Nation in the concentration of industries producing chemical products.

As an example of the pioneering approaches to education in the liberal arts, Rutgers points with pride to its Eagleton Institute of Politics. Born in 1953 as a result of a bequest by Mrs. Florence Peshine Eagleton of Newark, N.J., the institute has grown to fully realize its potential as a bridge between the academic and political worlds. Proclaiming its belief that effective democratic government can only be achieved through political education and participation, the Eagleton Institute seeks its goals through such diversified programs as graduate political internships on local, State, and National levels, case studies in the political, and a politician-in-residence program to enrich the understanding of the student, and no doubt, of the politician as well.

Nor has the original purpose of the Morrill Act been forgotten. In my own district, I am proud to note the outstanding dairy research farm of the Agricultural Experiment State of Rutgers University, located in Beemerville, Sussex County. Established in 1931 through the generous gift of Mr. James E. Turner of Montclair, N.J., the farm is nationally and internationally known for the significance of its dairy research work. Of particular importance has been its work in grassland farming research and inbreeding for increasing the fat content of milk. The latter achievement enabled New Jersey to gain the distinction as the originator of the cooperative artificial breeding movement in the United States in 1938.

And now, what of the future? In 1862, 1 out of 1,500 attended college; today 1 out of every 3 reach this goal. Of the 42 living Nobel Prize winners in America, 25 received degrees from a land-grant university, including Selman A. Waksman, from Rutgers. The land-grant colleges and universities are unwilling to rest on such laurels as these. Using the centennial year celebration as a springboard, these institutions have planned a wide variety of programs looking to the needs of America in the future. I am happy to note again that Rutgers is participating by scheduling, in 1962, a major lecture series on the problems of urban society and the university's role in finding solutions, directed by the Urban Studies Center of Rutgers. The center has been set up to develop a research and extension program for urban problems—inspired by the successful agricultural research and extension programs of land-grant institutions such as Rutgers.

In the arena of international affairs, the land-grant university and college contribution has been a significant one. The new Peace Corps program, for example, finds this same 4 percent of higher education institutions assuming a new dimension of leadership in training for the future corpsmen. In terms of projects already underway, land-grant colleges and universities were assigned 9 of the 16 college-based training programs, involving 544 trainees out of 973 in the entire program. This included 58 trained by Rutgers for work in Colombia in rural development.

It is impossible to do more than note here examples of the harvest reaped from the seed sown 100 years ago today. The vision of men such as Justin Morrill has proven a bountiful blessing to the country they loved so dearly. It is with great satisfaction and pride in my fellow countrymen of past and present generations that I join in tribute to the birth of an idea, on this the centennial anniversary of the signing of the Morrill Land-Grant Act, a unique American experiment, with benefits to all mankind.

WHAT DO MINNEAPOLIS PEOPLE THINK ON MAJOR ISSUES?

Mr. SHORT. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota [Mr. JUDD] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. JUDD. Mr. Speaker, I am reporting herewith a tabulation of the 11,372 replies to my annual questionnaire received from residents of Minneapolis, Minn.

It is my practice to engage a mailing service to address a copy of the questionnaire to every name in the telephone book with an address in my congressional district. Unavoidably this means that residents without telephones are missed and also a few questionnaires are addressed to persons no longer living. But I have not found a better way that is practicable.

This year the questionnaire was sent to all of the city of Minneapolis because the north, northeast, and southeast sections of the city which have been in the third district are to be in the fifth district hereafter.

The questionnaire was sent out in early March and the replies have been tabulated by an electronic computer service engaged for that purpose.

It is of course impossible to phrase a question on a complicated problem in such a way that a "yes" or "no" answer will express precisely what a person believes. Nevertheless, one can determine general trends in public thinking and this information is very useful.

About one-third of all the persons replying added comments on the questions I had asked, or on other subjects I had not mentioned, or on their general views on governmental policies. These comments give one some of the most valuable insights into not only what the writer thinks, but how deeply he feels on particular issues. It is regretted that it is not possible to reply to each individually.

Responsibility for my final position and vote on any question before Congress is, of course, my own; but I am eager to get as much of the thinking of my constituents as possible.

Mr. Speaker, a study of the results tabulated below will prove informative as well as interesting to all who are interested in what people of all walks of life in a large Midwest city were thinking in the spring of 1962:

Opinion survey—5th Congressional District, Minneapolis, Minn., 1962

	Number of replies	Percent of total
Do you consider yourself—		
Democrat-Farmer-Labor	1,291	11.4
Independent	3,166	27.8
Republican	5,684	50.0
Not indicated	1,231	10.8
Total	11,372	100.0

1. If appropriations above the budget are voted for national defense, do you favor providing the necessary revenue by:
(a) Increased taxes?
(b) Increased borrowing and higher national debt?
(c) Postponement of new domestic aid programs?

[In percent]

	(a)	(b)	(c)	No opinion
Democrat-Farmer-Labor	43.4	16.9	23.5	16.2
Independent	35.8	9.6	39.9	14.7
Republican	18.3	4.3	64.0	13.4
Not indicated	24.6	8.0	47.7	19.7
All	26.7	7.6	50.9	14.8

2. Do you favor Federal aid to education:
(a) For construction of public schools?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	68.5	16.3	15.2
Independent	53.0	31.0	16.0
Republican	34.1	46.9	19.0
Not indicated	46.2	34.2	19.6
All	44.6	37.6	17.8

(b) For construction of private schools?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	18.5	54.1	27.4
Independent	9.4	67.3	23.3
Republican	3.1	73.4	23.5
Not indicated	7.7	65.4	26.9
All	7.1	68.6	24.3

(c) For teachers' salaries in public schools?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	48.1	30.6	21.3
Independent	35.1	45.2	19.7
Republican	18.2	60.3	21.5
Not indicated	28.7	47.5	23.8
All	27.5	51.3	21.2

(d) For teachers' salaries in private schools?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	12.2	58.1	29.7
Independent	6.3	68.7	25.0
Republican	2.9	72.7	24.4
Not indicated	5.1	65.9	29.0
All	5.1	69.2	25.7

(e) Only to those States making above-average tax effort but unable to reach average educational level because of inadequate resources?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	40.2	32.3	27.5
Independent	47.4	31.9	20.7
Republican	56.3	25.4	18.3
Not indicated	44.6	27.3	28.1
All	50.7	28.2	21.1

3. With respect to proposed appropriation of Federal funds to assist in providing classrooms, laboratories, and equipment for colleges and universities, do you prefer:
(a) Loans?
(b) Grants?
(c) Both?
(d) Neither?

[In percent]

	(a)	(b)	(c)	(d)	No opinion
Democrat-Farmer-Labor	27.3	17.7	33.6	11.8	9.6
Independent	34.7	13.9	23.6	20.0	7.8
Republican	36.8	10.8	12.4	29.9	10.1
Not indicated	33.2	13.8	14.0	22.0	17.0
All	34.7	12.8	18.1	24.2	10.2

4. Do you favor creation of a new Federal Department of Urban Affairs and Housing:

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	58.0	33.3	8.7
Independent	39.9	52.2	7.9
Republican	15.7	77.0	7.3
Not indicated	27.3	59.7	13.0
All	28.4	63.3	8.3

5. Do you favor use of Federal funds to help construct community fallout shelters:

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	35.8	56.3	7.9
Independent	30.1	62.7	7.2
Republican	20.6	71.2	8.2
Not indicated	25.4	63.0	11.6
All	25.4	66.3	8.3

6. Do you favor legislation making it unlawful to refuse to hire any individual because of his race, religion, color, national origin, or ancestry:

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	68.0	26.9	5.1
Independent	58.2	36.8	5.0
Republican	46.1	48.3	5.6
Not indicated	46.8	43.1	10.1
All	52.0	42.1	5.9

7. Do you favor legislation making it unlawful to refuse to hire any individual because of his age when the reasonable demands of the position do not require a younger person?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	65.1	27.2	7.7
Independent	57.0	36.8	6.2
Republican	48.7	43.4	7.9
Not indicated	48.3	39.4	12.3
All	52.8	39.3	7.9

8. Do you favor providing a $100 monthly pension to all veterans of World War I whose annual income is below $2,400 if single, or below $3,600 if married?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	42.9	51.0	6.1
Independent	31.2	63.2	5.6
Republican	25.2	69.0	5.8
Not indicated	31.1	59.9	9.0
All	29.5	64.4	6.1

9. Do you favor an all-out effort to get a man to the moon and back (estimated cost, $7,000,000,000 or more)?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	41.3	51.9	6.8
Independent	38.4	55.2	6.4
Republican	26.5	66.3	7.2
Not indicated	28.3	60.6	11.1
All	31.7	61.0	7.3

10. Do you favor increasing social security benefits and the tax to pay for such increase?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	61.6	26.4	12.0
Independent	48.2	40.3	11.5
Republican	27.5	60.2	12.3
Not indicated	38.9	43.1	18.0
All	38.3	49.0	12.7

11. Do you favor permitting self-employed persons to establish retirement plans for themselves, similar to employee retirement systems, with tax deferred on the amounts put into such plans until benefits are received?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	63.2	26.2	10.6
Independent	68.5	22.5	9.0
Republican	73.5	16.4	10.1
Not indicated	66.9	17.8	15.3
All	70.2	19.4	10.4

12. With respect to plans for the Federal Government to assist elderly people with their health problems, do you prefer:

(a) The proposal to increase social security taxes in order to provide hospitalization, nursing home care, etc. (not including doctors' costs) for retired persons receiving social security benefits?

(b) Minnesota participation in the authorized program to use general tax revenues to provide Federal-State funds for hospitalization, nursing home care, doctors' and dentists' bills, etc., for all needy persons over 65?

(c) Both?

(d) Neither?

[In percent]

	(a)	(b)	(c)	(d)	No opinion
Democrat-Farmer-Labor	34.4	22.9	18.7	7.1	16.9
Independent	26.3	24.7	12.9	20.0	16.1
Republican	12.7	34.4	5.8	31.1	16.0
Not indicated	20.9	25.6	10.2	21.4	21.9
All	19.8	29.5	9.7	24.2	16.8

13. Do you favor giving the President broader authority for 5 years to reduce our tariffs if other countries reduce theirs reciprocally?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	81.6	12.0	6.4
Independent	71.8	22.3	5.9
Republican	51.7	40.5	7.8
Not indicated	58.1	29.9	12.0
All	61.3	31.1	7.6

14. Do you favor establishing subsidies for industries injured by tariff reduction?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	31.0	54.3	14.7
Independent	21.6	67.0	11.4
Republican	17.5	69.1	13.4
Not indicated	20.5	59.7	19.8
All	20.5	65.8	13.7

15. Do you favor a retraining program for workers displaced by automation or who lose their jobs as a result of lowered tariffs?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	79.9	12.1	8.0
Independent	73.0	19.9	7.1
Republican	61.3	27.9	10.8
Not indicated	62.5	21.5	16.0
All	66.8	23.2	10.0

16. Do you favor establishing Federal standards and controls for State unemployment compensation systems?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	65.7	24.4	9.9
Independent	53.1	37.6	9.3
Republican	36.0	53.0	11.0
Not indicated	47.1	37.5	15.4
All	45.3	43.8	10.9

17. Do you favor legislation to make industrywide unions subject to antitrust laws?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	63.0	25.0	12.0
Independent	79.9	11.9	8.2
Republican	87.1	3.6	9.3
Not indicated	72.9	9.6	17.5
All	80.8	9.0	10.2

18. Do you favor providing a tax credit to encourage new investment as a means of creating new jobs?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	65.3	24.2	10.5
Independent	69.2	20.9	9.9
Republican	72.2	16.0	11.8
Not indicated	65.3	17.4	17.3
All	69.8	18.5	11.7

19. Do you favor giving the President authority to reduce income taxes to combat a recession?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	75.6	17.2	7.2
Independent	60.7	32.2	7.0
Republican	42.6	47.9	9.5
Not indicated	53.5	32.3	14.2
All	52.5	38.4	9.1

20. Do you favor withholding of taxes on dividends and interest, as is done now on wages?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	61.0	30.5	8.5
Independent	51.3	41.2	7.5
Republican	28.8	62.6	8.6
Not indicated	39.3	46.1	14.6
All	39.9	51.2	8.9

21. Do you favor requiring members of cooperatives to include patronage dividends as income the year the dividends are declared?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	62.8	17.9	19.3
Independent	72.2	13.0	14.8
Republican	76.5	8.6	14.9
Not indicated	68.1	11.9	20.0
All	72.8	11.3	15.9

22. In general, do you favor continued U.S. assistance to other countries in the free world's struggle against Communist aggression and subversion?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	81.0	12.9	6.1
Independent	76.4	17.1	6.5
Republican	74.7	17.3	8.0
Not indicated	68.9	18.9	12.2
All	75.3	16.9	7.8

23. Do you favor providing about $10,000,000,000 over the next 10 years for economic assistance to Latin American countries?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	62.3	29.5	8.2
Independent	58.1	32.8	9.1
Republican	47.7	39.8	12.5
Not indicated	46.3	38.5	15.2
All	52.1	36.5	11.4

24. Do you favor admitting Communist China to the United Nations?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	29.0	62.6	8.4
Independent	26.6	65.5	7.9
Republican	11.0	82.4	6.6
Not indicated	18.2	70.3	11.5
All	18.2	74.1	7.7

25. Do you favor closer economic ties with the European Common Market?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	76.8	9.0	14.2
Independent	77.9	8.6	13.5
Republican	73.6	9.6	16.8
Not indicated	68.6	8.9	22.5
All	74.6	9.2	16.2

26. Do you favor closer U.S. cooperation with the North Atlantic Treaty Organization (NATO) countries in political and economic fields in addition to the present military obligations?

[In percent]

	Yes	No	No opinion
Democrat-Farmer-Labor	75.3	12.3	12.4
Independent	73.5	15.3	11.2
Republican	70.4	15.3	14.3
Not indicated	63.8	15.1	21.1
All	71.1	14.9	14.0

27. Do you think U.S. policy in relation to Communist world activities (for example in places like Berlin, Laos, Cuba, Africa, etc.) is:

(a) Too firm?

(b) Not firm enough?

(c) About right?

[In percent]

	(a)	(b)	(c)	No opinion
Democrat-Farmer-Labor	3.0	47.7	41.1	8.2
Independent	3.8	54.0	35.1	7.1
Republican	.8	70.5	22.6	6.1
Not indicated	1.9	58.1	27.2	12.8
All	2.0	62.0	28.7	7.3

28. The United Nations organization has incurred a deficit of over $100,000,000. This is due primarily to 2 things: (1) The cost of supporting U.N. troops in the Congo, the Arab-Israeli borders and elsewhere, and (2) the failure of some nations to pay their share of these additional costs. The U.N. General Assembly has voted to issue $200,000,000 of 10-year 2 percent bonds to enable the organization to operate while seeking to collect the funds through regular assessment of members. It has been proposed that the United States purchase half of these bonds. Would you favor:

(a) U.S. purchase of $100,000,000 of these bonds?

(b) An outright U.S. grant of $100,000,000 to "keep the U.N. going"?

(c) Neither?

[In percent]

	(a)	(b)	(c)	No opinion
Democrat-Farmer-Labor	57.0	6.0	23.7	13.3
Independent	51.5	3.6	33.8	11.1
Republican	39.6	3.6	41.2	15.6
Not indicated	35.9	3.3	29.6	31.2
All	44.5	3.8	35.9	15.8

29. Please number (1, 2, 3, 4, 5) in the order of their importance the 5 domestic issues which give you the greatest concern today:

	All	Democrat-Farmer-Labor	Independent	Republican	Party not indicated
1. Government spending	20,625	918	4,526	13,388	1,793
2. National security	14,616	1,768	4,605	7,107	1,136
3. High taxes	13,273	1,093	3,202	7,688	1,290
4. Power of Federal Government	11,446	279	2,230	8,053	884
5. Cost of living	10,334	1,438	2,897	5,023	976
6. Size of national debt	9,903	453	2,331	6,239	880
7. Cost of medical care	9,714	1,812	3,337	3,669	896
8. Unemployment	7,998	1,757	3,116	2,442	683
9. Farm surpluses	7,324	734	2,095	3,849	646
10. Civil rights	7,049	1,339	2,526	2,539	645
11. Leftist influence in the United States	6,782	299	1,511	4,335	637
12. Labor-management conflicts	6,367	475	1,636	3,717	539
13. Deficiencies in elementary education	6,075	936	2,370	2,239	530
14. Problems of the aged	5,590	1,125	2,001	1,874	590
15. Deficiencies in higher education	5,316	867	2,063	1,858	528
16. Automation	3,954	1,033	1,467	1,112	342
17. Defense against atomic fallout	2,324	402	744	931	247
18. Rightist influence in the United States	1,547	407	610	339	191

NOTE.—Above ratings arrived at by figuring 5 points for issue numbered 1, 4 points for issue numbered 2, 3 points for those numbered 3, 2 points for those numbered 4, and 1 point for those numbered 5.

A SENSIBLE FARM PROGRAM

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Maryland [Mr. BREWSTER] may extend his remarks at this point in the RECORD and include extraneous matter.

The **SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. BREWSTER. Mr. Speaker, I was among those Members of Congress who opposed H.R. 11222. I would like to set the record straight regarding my reasons for taking this position.

I agree with the administration that the Government has a right—in fact an obligation—to control farm production, if it is to continue supporting farm prices at a high level. This is a self-evident truth, which Congress has regrettably refused to recognize.

My opposition to the bill was based on my firm conviction that it would not solve our farm problems. Since my election to Congress in 1958, I have consistently opposed the continuation of high price supports—even when coupled with so-called acreage controls.

Bitter past experience should have convinced us that acreage controls simply do not work. They have failed to stem the flow of surplus grains into our bulging Government storage bins. The giant corporate farm combines—which have reaped huge profits from the price support system—have always been able to find means to circumvent any system of crop controls. The costly failure of the now discarded soil bank program is a good example of this.

The crux of the problem is continued high price supports coupled with amazing advances in farm technology. The sensible solution is to permanently retire from production a sizable portion of the vast acreage still being farmed in this country.

In my opinion, the administration's approach is not the answer. It could be likened to the application of a tourniquet in a case where major surgery is clearly indicated. The measure establishes stringent controls, continues high support prices, and farm problems are further compounded; and, furthermore, the Federal Government would be in partnership with every farmer.

I have long advocated a plan which I believe would really come to grips with the problem. Some will say my approach is too harsh, but drastic problems require drastic solutions.

I believe that price supports must be gradually but sharply reduced to the point where they serve as a safeguard against bankruptcy, rather than as an incentive to overproduction. As price supports are decreased, existing controls should gradually be eliminated. The end result will be a reasonably full farm economy governed by the law of supply and demand.

That such a free farm economy is possible is borne out by the fact that many farm products, such as meat, poultry, fruits, and vegetables—all of which are raised in abundance in Maryland—are now marketed without undue Government interference.

I recognize that such a plan would cause some dislocation and force certain marginal producers to give up commercial farming. The Government, having fostered and encouraged these marginal producers, has an obligation to soften the economic blow to them. A plan for payments in kind out of stored surpluses would help them through the transition period and would also serve to reduce the stockpile of surplus grains.

We should also explore the advisability of including displaced farm personnel in existing manpower retraining programs, and perhaps extend the coverage of our unemployment compensation laws to help ease their transition into new occupations.

Through the application of modern scientific techniques, new products are every day being derived from agricultural commodities. This research and the search for new markets must be stepped up.

As farm acreage is retired from production by the operation of natural economic laws, it should, in part, be acquired by Federal, State, and local governments for much-needed parks, recreation areas, wildlife refuges, and watershed protection. This will assure both its permanent retirement from agricultural use, and its availability for public use by future generations.

Finally, we must use our existing farm surpluses to a far greater extent to implement our foreign policy. Our food-for-peace program should be greatly expanded. Used in this manner, our farm abundance would be an infinitely more practical way of combating international communism than the shipment of obsolete military equipment to underdeveloped countries.

Congress must face up to its responsibility and adopt a sound, realistic plan, fair to both farmer and consumer. A vote against the administration's farm program should not be construed as a vote for farm surpluses, giveaway programs, or in support of special interests. On the contrary, my opposition was a vote of protest against the continuation of a fundamentally unsound program, which has not only failed to solve the problem, but has also resulted in higher food costs to the consumer and a staggering burden on the taxpayer.

THE MILFORD CITIZEN RECEIVES NEA FIRST PRIZE FOR EXCELLENCE

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Connecticut [Mr. GIAIMO] may extend his remarks in the body of the RECORD and include extraneous matter.

The **SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. GIAIMO. Mr. Speaker, the National Editorial Association has recently acknowledged a fact that the residents of my district have known for years—that the Milford Citizen is one of the finest weekly newspapers in the country.

On June 21 the NEA awarded first prize for general excellence to the Citizen. The newspapers competing for this honor were suburban and community weeklies with circulation above 6,000.

I should like to add my sincere compliments to those already received by the Citizen from the many Connecticut citizens who enjoy the Citizen and look forward to each issue. This newspaper has always maintained the highest journalistic standards, combining community reporting with excellent, farsighted, and provocative editorials on National, State, and local problems.

To its publishers, Mr. and Mrs. Alfred Stanford, and to its editor, Carlton Hill, I extend my congratulations. I know I echo the sentiments of its other faithful readers, all of whom are proud of the Citizen and pleased beyond measure by the NEA's well-deserved recogniton.

LOW-COST HOUSING

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Alabama [Mr. RAINS] may extend his remarks in the body of the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. RAINS. Mr. Speaker, I would like to announce that the Housing Subcommittee of the Committee on Banking and Currency, of which I am honored to be chairman, will conduct a 3-day hearing beginning Wednesday, July 11, on H.R. 12348 and H.R. 11877, which I have previously introduced.

H.R. 12348 would provide an additional $125 million for the Housing Agency's direct loan program which enables nonprofit sponsors to build low-cost housing for the elderly at rentals which our senior citizens can afford. H.R. 11877 would establish a new program under the Farmers Home Administration to provide better low-cost housing for senior citizens who live in rural areas.

Persons and organizations interested in the hearing should call or write John Barriere, staff director of the Housing Subcommittee, room 406, Old House Office Building, Capitol 4-3121, extension 4855.

OPERATION ROSTOW

The SPEAKER. Under previous order of the House, the gentleman from Vermont [Mr. STAFFORD] is recognized for 90 minutes.

Mr. STAFFORD. Mr. Speaker, several months ago a group of my colleagues, acting under the auspices of the House Republican policy committee, took the floor for a discussion of the "Liberal Papers."

At that time the subject of our discussion concerned a matter that, while most disturbing, was somewhat academic in nature, dealing as it did, with abstract suggestions and not concrete policy.

Today, this same group will rise for the purpose of discussing what is essentially the nightmare of the "Liberal Papers" translated into horrifying reality—the "Rostow Papers."

Mr. Speaker, if the "Liberal Papers" were a collection of incredibly naive views of the cold war, the "Rostow Papers" as described in press reports represent the guidebook by which these views can be routed from the dead-end street of fuzzy theory onto the avenue of policy implementation—in this case, the road to disaster.

If the "Liberal Papers" were the product of the minds of a collection of men unable to translate their dreams into reality, the "Rostow Papers" are the thoughts of a man in a position to help chart the Nation's course onto the rocks of ruin.

And I must say, Mr. Speaker, if the views of Walt Whitman Rostow do in fact become the basis of our cold war policy, the odor of defeat will soon fill our nostrils and darkness will close in around us.

My colleagues will discuss the theories of Professor Rostow in some detail. For the moment, however, I would like to examine the overall implications of the Rostow philosophy as it applies to the position of the United States in this moment of decision and peril.

Unfortunately, in discussing this subject, we must rely upon the voluminous past works of Professor Rostow since the State Department policy planning document compiled under his direction is being withheld from the Congress by the administration—surely an ominous fact in itself since denial of access to the newest Rostow paper, to the legislative branch, and to the American people themselves, is obviously not based on the security of the United States, but, rather, it seems clear enough, upon the political security of the administration and the personal security of Professor Rostow.

I do not make this statement lightly. It is an open secret that at least some members of the press have seen parts of this document, and if this is true then I believe that we can legitimately surmise that others outside of the Government may also have seen it. Thus the possibility exists that our enemies are also aware of the general outline of this document.

And it is therefore appalling to me, Mr. Speaker, that the representatives of the American people should be denied the opportunity of studying this document, significant parts of which may already be under study by the Soviet Union.

However, our inability to see the document is not as much of a handicap as it might seem to be. Fortunately, Professor Rostow has been extraordinarily prolific in publishing his opinions and theories over the years.

Now the most publicized theory of Professor Rostow, and I believe that he took what should in this instance be called the executive fifth amendment when asked about it by Members of the other body last Tuesday, is his belief that communism is mellowing.

He believes that communism, as a dedicated suprapolitical force in the affairs of mankind, is beginning to fade from the world arena. Mr. Speaker, there is absolutely no basis of fact for this belief. Communism continues to inflame the minds of the despots of the Kremlin with a fervor which, unhappily, the West cannot match in its dedication to democratic civilization. It still holds tight in its grip the butchers and bandits of Peiping. It does not for a moment relax its hold on the sadistic little toadies—the modern-day Quislings—whose every action betrays their countrymen in the captive nations to the masters of the Soviet Union.

Mr. Speaker, this dangerously naive and even ludicrous conception of the nature of communism arises out of Professor Rostow's inability to understand the enemy. For the enemy is not the Soviet Union and its people or the murderous regime in Red China and its suffering captive masses. It is communism itself. Russia is not the master of communism—on the contrary, it is its slave.

Having decided that communism is mellowing, Professor Rostow then moves on to the next step. He sees the doctrines of communism becoming more and more flexible. He sees it relaxing its iron grip on the satellites to the point at which, someday, all the Socialist countries will have an opportunity to participate in making policy for the Soviet bloc.

In the meantime, back at home, Mr. Rostow believes that the United States should adopt a policy of not "rocking the boat." He believes that we should embark on a program of massive foreign aid, without regard to the political complexion of the recipients or their positions on the issues of the cold war. He admits that such activity would bring about what he terms a decade of austerity that would weaken our ability to resist the onslaught of the Soviet Union. But, by this time, of course, the power of the Soviet Union would be so diffused throughout the Communist bloc that it would also be unable to do very much about the United States.

Thus confronted with a true stalemate, the two main contenders in the cold war would be too weak to prevail. And then those underdeveloped nations, which Mr. Rostow so fervently believes are the seat of all wisdom and justice, would constitute the true balance of power that would be able to make both the United States and the U.S.S.R. behave themselves.

And so we will at last come into the Rostow millennium—that wonderful day when communism has moderated into democratic socialism and capitalism has faded into democratic socialism and the entire world will live blissfully forever in a bright new dawn of a democratic world Socialist order.

What does this all boil down to, Mr. Speaker? It boils down to a world Socialist order, and this is precisely what Marx and Lenin were talking about. We must remember that communism is only a means whereby socialism can be achieved on a worldwide scale. Thus, I think it is fair to say that the Rostow strategy for the cold war is, simply, "if you can not fight them, join them."

Now, Professor Rostow never comes right out and says these things. He couches his thoughts in ambiguous language. He does, however, advocate an end to nationhood in his work "The United States and the World Arena." He does imply that the cold war is as much our fault as it is the fault of the

Soviet Union. But for the most part, he prefers to vail his objectives and sell them to the American people in small doses.

Mr. Rostow had better understand one thing clearly right now. The American people are not interested in an end to the cold war which involves our surrender to world socialism. I think that he had better understand that the American people want to win the cold war. I think that he had better understand that there are alternatives to nuclear war that do not encompass an end to nationhood.

Now I have only taken a very cursory look at the theories of Dr. Rostow. But I think that it is obvious that they are dangerous to our security.

One more thing. I want to make clear that I take no partisan satisfaction from this unhappy task of criticizing a member of the administration. Mr. Rostow in the Government represents a peril. And it is our duty to point this out.

Mr. Speaker, I ask unanimous consent that the following gentlemen may extend their remarks at this point in the Record—the gentleman from Missouri [Mr. Hall], the gentleman from Illinois [Mr. Anderson], the gentleman from Ohio [Mr. Ashbrook], the gentleman from Iowa [Mr. Bromwell], the gentleman from California [Mr. Bell], the gentleman from Kansas [Mr. Shriver], and the gentleman from Montana [Mr. Battin].

The SPEAKER. Without objection, it is so ordered.

There was no objection.

WHO IS WALTER WHITMAN ROSTOW?

Mr. HALL. Mr. Speaker, on the floor today under special orders, I should like to clarify the semantics involved in the question, "Who is Walt Rostow?" Let me begin by first describing who he is not. He not A. Waskow of "Liberal Papers" fame. He is not Marcus Raskin, also of "Liberal Papers" fame, and an employee of the National Security Council.

But he is another of the establishment with prepossessed ideas now near available to the social planners who constitute the danger of "lightening on the left."

Mr. Speaker, millions of Americans have recently read in the press and heard on radio of the rise to power in this administration of one Walt Whitman Rostow. Many thinking Americans have been greatly disturbed at the thought that someone, unknown to them, has been for so long a time, retained by the administration and engaged in the preparation and release of, "a guideline to future U.S. Foreign Policy." They were particularly upset this past week when the result of Professor Rostow's work, now before the National Security Council and the President for approval, were made "top secret," to Members of the U.S. Senate by use of the "executive fifth amendment" at the direction of the administration. Last week, President Kennedy silenced impending criticism at his press conference by acknowledging that Professor Rostow was, "only doing his job," and thus, following orders as to his denial of access to this vital information.

In order to assist the American people, who are increasingly becoming frustrated with their inability to break through the foreign policy curtain of the New Frontier, I would here present several salient facts in response to the question, "Who is Walt Whitman Rostow?"

First. Professor Rostow, up to the current administration's regime, has had but brief governmental service. He worked with the German-Austrian Economic Division of the State Department from 1945 to 1946, and with the Economic Commission for Europe from 1947 to 1949.

Second. He has had considerable experience as a professor of history and of economic history, beginning at Columbia, continuing at Oxford and Cambridge in England, and concluding at Massachusetts Institute of Technology, where he has been a staff member of the center of international studies since 1951.

Third. He has been most prolific in writing, including several joint ventures with Prof. Max Millikan which culminated in "A Proposal—Key to an Effective Foreign Policy," in 1957. While his latest book, "The United States in the World Arena," 1960, deals with foreign economic and military policy, he has also written in the fields of Communist China, foreign aid, the British economy, American policy in Asia, and "The Dynamics of Soviet Society."

Fourth. His economic views are based mainly on growth and American assistance to help the underdeveloped nations of the world. Nowhere does he include any provisions for the stimulation and expansion of the private enterprise system. In fact, he is not certain that the private enterprise system is the best mechanism for American economic growth.

Fifth. The one point that Professor Rostow is explicit on is that we must increase our aid—regardless of the cost to our prestige, to our national beliefs, and to our budget itself. No strings can be attached to this aid. It should be given even though native economists in the sovereign nation concerned may not feel it is the best way to proceed. Professor Rostow is in effect suggesting that we place dollars in unmarked brown bags and scatter them indiscriminately all over the world so that no one will be annoyed by the thought that we wish to extend this aid. He estimates the cost as a modest $2.5 to $3.5 billion additional per year.

Sixth. Professor Rostow, as were the authors of "The Liberal Papers," is quite opposed to American nationalism. He states that "America is essentially a continental island off the greater land mass of Eurasia." He feels that we must create "a federalized world organization under effective international law" by recognizing what he calls Soviet success and the superiority of Eurasia. We must see an end to nationhood and preserve a power balance between our country and Eurasia.

Seventh. Militarily, Professor Rostow in 1960 termed our alleged imbalance in missile strength the "reality of the gap"—a campaign reality which President Kennedy has been forced to admit did not exist. He feels that in the area of science and technology the Soviet Union was outstripping the complacent old front-runner. He wants us to abandon any nuclear deterrent and restrict our strength to fighting infantry brushfire wars. Shades of chapter 4 the "Liberal Papers," by Roskow—Note my analysis thereof, Congressional Record, page 6711, April 16, 1962.

Eighth. Our current Kennedy crash in American economic ongoingness must be satisfying to Professor Rostow, who wrote that we should "face the problems of the next decade by preparing to contemplate an increased degree of austerity." Instead of being proud of our standard of living and working to bring others up to it, he would "alter the pattern of our demand for automobiles," perhaps by a horsepower tax if other methods do not work. He does not realize that the success of our free enterprise economy depends on increased private consumption per person, not upon a decreased ratio.

In short, Mr. Speaker, Professor Rostow wants to persuade the Communist bloc to live up to the alleged good within it and to abolish our nationhood as the best means of persuasion. If his top-secret document now before our highest military and foreign policy experts contains similar thoughts and views, then our country is in grave danger. He encourages increased Government participation in the economy, both at home and abroad. He would manipulate human beings with disregard for all but economic actions and choices. He advocates policies which must inevitably lead to a degeneration of the United States in the eyes of the world. He is the proponent of a scheme so exorbitant in cost that it would lead to finite and final fiscal ruination of the United States, as well as of the nations upon which we would pour these unneeded dollars, to say naught of their need for an emerging sense of obligation and development of moral fiber.

It is high time the American people, who believe that the solution to the problem of the world does not lie in the coffers of the U.S. Treasury, nor in the shamefaced disavowal of the principles in which we believe, realize just who W. W. Rostow is, and in what he believes. When they do, I am sure he will beat a hasty retreat from the "high policy position," in which the President has placed him and others like him, whom he seems unable or unwilling to slough off. I do hope it is soon, lest another flag replaces the Stars and Stripes on the soil of what he calls a "mere island off continental Eurasia."

MELLOWING IS THE CORRECT WORD FOR IT

Mr. ANDERSON of Illinois. Mr. Speaker, last week Professor Rostow, the Chairman of our State Department Policy Planning Board, refused to reply to a question of whether the word "mellowing" appeared in his draft of a master plan for foreign policy now awaiting

President Kennedy's consideration. Those who purport to have seen the document are quite explicit in their claim that the entire plan is based upon the theory that Russian policies have mellowed during the post-Stalin era.

Even if the word "mellowing" did not, by some strange quirk, appear in the draft of this master plan, the sum and substance of Professor Rostow's views over the years would indicate that the implications of the word would be part and parcel of any document prepared by him. This is the man who told the warfare school at Fort Bragg that "it will not be a victory of capitalism over socialism." He said at Minneapolis that "it will not be a victory of the United States over Russia. It will be a victory of men and nations over the forces that wish to entrap and to exploit their revolutionary aspirations." He feels that certain unilateral actions in the field of disarmament, a two-China policy and demilitarization would help the victory which will come "on both sides of the Iron Curtain."

Mr. Speaker, I note no lessening of Communist intransigence nor of determination to bury the free world. In fact, even Premier Khrushchev has said this will come to pass only "when shrimp learn to whistle." I note in Professor Rostow's views a total misconception of the nature of Communist conspiracy. I note no understanding in his mind of its treachery as evidenced in a long history of broken treaties and agreements while steadily pursuing the goal of world conquest.

The Soviet historical process is irreversible. Its tactics may be compared to a giant hammer, striking in areas where necessary, and then slowly drawing back to set up another target. Its tactics are similar to a great baseball pitcher, mixing up his pitches between fast ball, slider, and knuckler to set up the batter for a strikeout or a harmless pop fly. But, as Milovan Djilas stated flatly, "Communism could not liberalize itself without ceasing to be communism."

A pitcher slowing his speed to disrupt a batter's timing is not trying to relax tensions. A hammer moving slowly but inexorably back to a striking position over your head is hardly being nonprovocative. Neither is the peak and valley diplomacy of the Soviet Union promoting peaceful coexistence. In cold, hard fact it is but setting up our reaction much as the stimulus controls the response of hungry, salivating Pavlovian dogs. For the United States to count on world communism's abandonment of its virulence or its ultimate aim just when it masses its forces for a new assault, be it military or ideological, is to gamble on a miracle. Professor Rostow's policies are far from a miracle.

From 1955 to 1958, Professor Rostow directed a Carnegie Foundation study to develop a new national portrait of the United States in a world setting. According to the New York Times of October 2, 1955, his project "will examine our role in what he calls the foreign policy revolution." And indeed it was. He here discovered and enunciated what to him was the foreign policy revolution—abolition of our nationhood as it has been historically defined.

He acknowledged some of the 67 persons who assisted in this project, including David Riesman, author of one of the "Liberal Papers"; Arthur Schlesinger, Sr. and Jr.; Chester Bowles, former Congressman, close to those who wrote the "Liberal Papers"; and others of similar orientation. However, "responsibility for the final judgments rests, of course, wholly with the author," Professor Rostow admitted.

What were these judgments? Reality of the missle gap. The economic success of the Soviet Union. The failure of the United States-European military, economic, and political alliance. No mention of the importance of the Common Market. No mention of Cuba, which appeared in 1958 and 1959 to others as a major Communist threat to the Western Hemisphere.

Mr. Speaker, as Chairman of our State Department Policy Planning Board Mr. Rostow has violated his trust and his oath of office if he has in fact recommended policies leading to the end of nationhood; to federalized world organization; to a world policed by freely moving inspectors; to remove from all nations—including the United States—the right to use substantial military force to pursue their own interests; and global domestic politics, regardless of their effect on our own interest. His belief that we must induce the Communist bloc to release the forces for good by persuasion only, along with his view that there is a process of change going forward slowly and irregularly in the Soviet Union, is both naive and extremely dangerous to America in the cold war which has been thrust upon up by an enemy sworn to bury us.

Whether or not Professor Rostow said "mellowing" in this latest document, all his previous writings indicate that this would be a mild and not an extreme comment on his part. Instead of a no-win policy, he has advocated policies which would doom us to defeat as surely as there are still shrimp which not only do not whistle but do not paddle boats up and down Soviet rivers to their own booming baritone version of "Volga Boatman."

THE ERRORS OF WALT WHITMAN ROSTOW

Mr. BROMWELL. Mr. Speaker, I am in hopes that the President and leaders of his administration have compared the past theories and predictions of Professor Rostow with actual fact. The errors and mistakes of the professor have stretched from economics to that of foreign policy, and seem particularly forbidding where his economics becomes the premise of his foreign policy views. If the papers submitted to the National Security Council and to the President by Professor Rostow are of like error, then the State Department Policy Planning Board Chairman will have done much to confuse, divide, and complicate the economic and military energies of the United States.

During the 1960 campaign, Professor Rostow not only became the chief apologist for its economic notions but also was a leader of the missile-gap school. He concluded that "as of 1958 it is not yet inevitable that the United States and the free world stand defenseless in the face of Soviet ICBM's at some point in the future, or without effective recourse in the face of limited military assault." As we now know, the alleged missile gap was a political figment of Professor Rostow's imagination.

If memory serves me, this was one of the 1960 campaign cries first silenced in action by the new administration; the campaign position was repudiated on February 20 of last year and by midsummer everyone knew that there was not and had not been a missile gap, that our military superiority over the Soviet Union includes and has long included missiles as well as ships, planes, and tactical weaponry.

Professor Rostow at least is consistent in error. His estimate of Soviet military strength is no more erroneous than has been his viewpoint of Soviet economic posture. He fears that the Soviet Union's economic, diplomatic, intellectual and military successes "threaten to outstrip the performance of free, democratic, and virtuous America." This, he feels, raises the question "of whether the principles of social organization which lie at the heart of the American conception of its nationhood are correct." I suppose this assertion is sufficiently vague to be dismissed, but sufficiently specific to permit the observation that the determination of those principles of social organization do not lie in Professor Rostow's area of activity; if he believes what he stated in effect earlier this year that the secret of liberty lies in the diffusion of power he should leave our principles of social organization alone. He feels that the Soviet Union was an economic success. Even Khrushchev's recent speeches belie this and the price of food there should be conclusive. Both Soviet and Red Chinese economic failure is by now obvious. From agriculture to factory production the Red "horns of plenty" are barren and empty today.

As a matter of fact, Rostow's latest work, "The United States in the World Arena," refuses to take note of the triumph of initiative in the European Common Market. He states that "nor is it yet inevitable that the United States and Europe fail to recapture a basis for joint initiative in military, economic and political affairs." He overlooks the European Common Market. He overlooks NATO. He overlooks the fact that a temporary breakdown in our European alliance system has been due mainly to actions of our present administration.

Professor Rostow's recommendation for almost limitless U.S. economic foreign aid for undeveloped nations of the world has been a consistent thread running through his past writings. He wants us to underwrite the modernization of Asia, the Middle East, Africa, and Latin America, and states on page 413 of his latest work that—

> It is as sure as anything can be that the central international problem for the future is the organization of a world community in which the United States, Western Europe,

> Japan, and Russia are joined by powerful industrial states in Asia, Latin America, the Middle East and Africa.

No word is written about the effect of this aid on the American economy. However, Rostow states on page 523 that—

> It would be unwise for Americans to face the problems of the next decade without preparing to contemplate an increased degree of austerity—that is, a decline in the rate of increase, or stagnation, of the private consumption level or, even, an absolute decline in private consumption per head.

The direction and intent of this foreign aid spending also was an error in Professor Rostow's thinking. For example, he advocated:

> Of the total increase in loans I suggested as necessary, India needs about 40 percent or $1.2 billion for each year in the third plan (third 5-year plan). * * * In short, the volume of public and private investment required over the next decade to make full use of visible Indian resources for growth calls for a supply of foreign capital substantially above current levels.

However, Indian economic and financial experts disagreed with Professor Rostow concerning their own country. Prof. B. R. Shenoy, former Indian representative to the World Bank and the Monetary Fund, stated in September of 1959 at Oxford that—

> Agriculture, basic source of livelihood for the overwhelming majority of the people, has been ruthlessly sacrificed to the building of costly industrial white elephants, including several steel plants, the need for which cannot be proved. * * * The result has been an inflationary rise in the price level, alleviated but not cured by foreign aid and by reducing the gold and foreign exchange backing of the currency to a dangerously low level.

Perhaps the most dangerous proposals that Professor Rostow has made, and his biggest mistakes from the point of view of the current world situation and the threat of world communism, surround his suggestion that the optimum policy still open to the United States is dependent on our ability to perform "an act of persuasion." Millions of Americans labor sacrificially for an honorable accommodation and universal peace, and in these labors the principles of liberation provide the structure. From its beginnings our Nation has been the great instrument of these principles. Mr. Speaker, "friendly persuasion" through an end to nationhood and an end to our military might is hardly a tactic to use against an enemy still sworn to destroy us "until shrimp learn to whistle." If the Chairman of our State Department Policy Planning Board sees an American interest in "an end to nationhood" and in recognition of "Soviet success" then his errors will eventually find their way into the thought and policy of our administration. At that point, the American flag stuck in the soil of what Rostow calls "a continental island off the greater land mass of Eurasia" cannot long endure, and Khrushchev's comments about not shooting off rockets or risking the life of a single Russian in a brushfire war somewhere in Asian jungles will indeed come true. I fear that Professor Rostow does not understand the foundations of America in the same terms as the rest of us. His vision of the United States as a subservient vassal of world government should eliminate him from any top planning position in our heirarchy of military and foreign policy officials.

OPERATION ROSTOW

Mr. BELL. Mr. Speaker, paramount in Mr. Rostow's writing as my colleague has stated, is the ridiculous notion that the Communist masters in the Kremlin are "mellowing" and that their revolutionary fervor will moderate.

This is absolute nonsense. There is not a shred of proof for this notion. Mr. Khrushchev himself has stated that the Communists will give up communism only "when the shrimp learn to whistle." And from the shrimp of the world, Mr. Speaker, comes only silence—not a hint of a whistle can be heard.

As a matter of cold fact the revolutionary struggle is going exactly as Lenin said that it would. The West becomes more divided every day. Our system of free world alliances, so painstakingly built up by the late John Foster Dulles, is crumbling.

SEATO has been dealt a death blow by the sellout in Laos—make no mistake about it. Southeast Asia today sits within the jaws of the Communist monster and the presence of all of the token forces we can muster will not prevent the jaws from closing whenever the Kremlin decides that the time is ripe.

In Europe NATO staggers. France displays contempt for us—Portugal a near hostility—a hostility that will probably cost us our bases in the Azores when our leases run out December 31 of this year.

Little by little, the day in which Lenin's proclaimed "encirclement of the capitalist world by socialism" will become a reality comes ever nearer.

Much more is happening to us round the world which time does not permit me to discuss. Let it suffice to say that communism is on the march. And who can expect it to suddenly cast aside its very reason for being at a time when it moves unchecked toward victory?

We have just witnessed a massive Communist military assault in Laos—accompanied finally by a Communist conquest of Laos thinly disguised as a "government of national union." Is this a sign that the Communists are mellowing?

Not long ago the world was shocked by the allegedly sudden resumption of nuclear tests by the Soviet Union and now we face another round of such tests by that nation. Is this a sign of mellowing?

Meanwhile the wheels of Communist subversion continue to grind on.

Probing here, probing there in the most vulnerable and sensitive corners of the world, their tactics of subversion, infiltration, and guerrilla warfare continue—whether it be in South Vietnam, Africa, Latin America, or the United Nations itself. Is this a sign of mellowing?

In the Formosa Straits area the Communists probe for signs of weakness today on the part of this administration. They build up their forces and continue to threaten an invasion of Formosa. Is this a sign of mellowing?

In speech after speech Khrushchev continues to say that he will bury us. Is this a sign of mellowing?

Mr. Speaker, there is no mellowing and there will be none. Only those poor fuzzy-minded wishful thinkers who infest the administration believe in such nonsense.

They believe in it because they do not understand total dedication. They do not understand it because they are not capable of such total dedication themselves. But the Communist masters of the Soviet Union and Red China understand total dedication. They understand it because they have it themselves. Their fervor for the Communists' cause never waivers. It will never waiver; it can only be eliminated like the cancer it is by victory for the West. It must be eradicated, or like cancer, it will continue to spread until it engulfs us.

I hope, Mr. Speaker, that the American people, now that they have been made aware of the type of thinking that is going on in this Government, will make their voices plainly heard. For what they will have to say is obvious. "Out with the Rostows," they will say, "enough of this sophistry that would have us believe that communism is only a bogieman that will go away with the first rays of dawn. Let us get down to the job of winning the cold war before it is too late."

I hope that the administration will heed their voices. Our future as a free nation depends upon it.

GOALS OF WORLD COMMUNISM

Mr. SHRIVER. Mr. Speaker, my colleague, the distinguished former Governor of Vermont, has spoken of Professor Rostow's inability to understand communism.

I would like to discuss this particular subject, for it is this inability to recognize the nature of our enemy that leads Professor Rostow to advocate continued coexistence.

Mr. Speaker, communism is not moderating. It is not going to moderate. It is going to continue its efforts to bring socialism to the world as the single dominant force in the affairs of mankind.

Indeed, what is it that makes Mr. Rostow believe that communism is mellowing? Have its adherents cast aside their goal of world domination? Have they freed the millions of people they have enslaved? Have they ceased to attempt to subvert the free nations of the world? Of course they have not.

In April of 1955, in Warsaw, Poland, Khrushchev said:

> We must realize that we cannot coexist eternally for a long time. One of us must go to the grave. They—the West—do not want to go to their grave either. So what can be done? We must push them to their grave.

And this is precisely what they are trying to do at this very moment. Why do they feel this way? Why cannot we hope for a moderation of their fervor?

It has long been recognized by many observers, including Nicoli Lenin, that it is not possible for socialism to live in the same world with freedom and its handmaiden, free enterprise.

The concrete reality of this fact today are the Iron and Bamboo Curtains and that dreadful blot upon the soul of mankind, the Berlin wall.

When faced with a choice between the soul-deadening system of socialism and the clean fresh air of liberty, man will always choose liberty, if he is given the choice to make.

Thus, the slaves of communism must be penned in and kept captive.

This was the real Berlin crisis and this is why we lost in that crisis when we stood idly by and permitted that wall to be built—permitted it to be built when our only opposition consisted of East German police who had been relieved of their ammunition in order to avoid any incidents should the West act from strength instead of weakness.

In recognition of the fact that socialism and liberty are utterly incompatible, Professor Rostow and his like-minded friends in the administration suggest not that the West undertake to see to it that it is communism that is defeated, but that the West embrace a form of socialism compatible with that practiced in the Soviet Union.

Now Professor Rostow realizes that the American people will just not buy this kind of rubbish. And so, in the Rostow paper, he suggests that his policies be "sold" to the American people and the Congress through what amounts to a massive governmental effort to brainwash all of us.

A sample of that brainwashing has already been given. While Members of Congress have been refused information from the Rostow paper—and access to Mr. Rostow—in recent months portions of the Rostow paper have been "leaked" to friendly newspapermen and publications. These sources have then proceeded to attempt the "sale" of selected parts of the Rostow thesis. This, I believe, could be termed "softening up" the prospective customers.

Immediately following Senator DIRKSEN's speech on the subject of the Rostow papers last week in the other body, the administration apparently became alarmed that premature release of the policy advocated therein would enrage the American people. And so, once again the brainwashing technique was set in motion.

In the last few days a number of "friendly" columnists and editorialists have publicly anticipated an outcry by members of the Republican Party in Congress by stating that such an outcry would be politically motivated.

Mr. Speaker, this is a downright falsehood and it should be understood right now that those of us who are participating in this series of speeches have one motive only—the security of the United States. And we are absolutely convinced that further implementation of the Rostow theories can and will bring our Nation nothing but disaster.

From the standpoint of politics, we Republicans would have much more to gain were we merely to stand by and permit these people to repeat their Laos- and Cuba-type mistakes a few more times. We could then pick up the pieces—if there were any left around to pick up.

The goals of communism have repeatedly been most evident. We as a nation should have learned our lessons and not succumb to this latest effort about which several of us are speaking this day.

As a nation, as a people, eternal vigilance is demanded.

WHAT ROSTOW'S THEORIES MEAN TO YOU

Mr. BATTIN. Mr. Speaker, suppose that Walt Whitman Rostow were suddenly granted absolute power in the United States and put into action the ideas and philosophy expressed in his writings and articles. What would this mean to us as American citizens?

First. On the domestic front, at least an addition $3½ billion would be channeled annually into foreign aid, even to nations whose fiscal and governmental experts did not wish such assistance. This would raise our national debt total by an additional $35 billion at the end of the next decade, and would earmark close to $2 billion in additional annual spending for national debt interest at the end of that period of time.

Second. American citizens would live the next decade in a planned crash program to increase our austerity and to decrease our consumption of luxury articles—such as automobiles—in order to increase welfare expenditures here and abroad. Either private transport systems would give way to other methods of travel or a horsepower tax or other fiscal device might be used to cut down on the size of our cars. Private gainful employment might retrench as well, in view of this cutting down on materials purchased to make cars. Rostow would not only manipulate rates and terms of mortgages and installment credit but would also use even more subtle tools available to our society. He admits that increased taxation may well be required.

Third. The American Nation may well be abolished in favor of a federalized world state in which Professor Rostow hopes that the Communists will obey the dictates of international law. The world will be policed by freely moving inspectors taking up their initial posts from one end of the world to another. Our military force will no longer be used to pursue our own interests but will enforce global domestic policies. Hopefully, he believes we will be able to induce the Communist bloc to release its forces "by persuasion only," this in view of the improvement he expects in the Soviet Union. On the other hand we feel that Russia remains dedicated to the creation of a single-world Socialist state, and will use any means to secure this end including class warfare, subversion, brutality and aggression. Professor Rostow refers to the Soviet challenge as one represented "by the military, economic, diplomatic and intellectual success of Soviet society and by its ability to maintain itself as an ongoing system." Whether our "policemen" could, in the absence of all nuclear weapons, put down a Soviet or Red Chinese "class struggle" against this world government would, of course, be a moot question indeed.

Fourth. Despite our deficit in the balance of international payments—our loss of gold—and the perilous position of our dollar, Professor Rostow would have us provide a long-range capital fund of from $10 to $12 billion to be available for grants over an initial 5-year period. He would advocate a taxing of those in the rich nations for the benefits of those in the poor ones. He would set up mechanisms like international currency control, international food and fiber bank and other devices for international price stabilization. He would institute substantial expansion in public sector commitments for welfare at home and worldwide welfare to the underdeveloped nations. He would shift the focus of national politics to the issues of communal survival and communal development which are, in fact, now and foreseeably central to the Nation's life and its welfare.

Fifth. Not only would our foreign policy, our military and our economic institutions undergo a shattering transformation, but our social and moral principles would undergo a similar examination and change under the Rostow plans. The Soviet success, he feels, is the most direct of assaults on the moral foundations of American life. It raises not only the question of whether the United States may be defeated in war—hot or cold—but also the question of whether the principles of social organization which lie at the heart of the American conception of its nationhood are correct, for in one essential dimension, Americanism as an articulated creed has consisted in the faith that virtue and success converged, and that this convergence was a model and guide to humanity at large.

Mr. Speaker, I do not know what proposals Professor Rostow has included in his recommendations on foreign policy to the National Security Council and to the President. If they are anything like his previous writings, they would lead to the destruction, devastation, and demoralization of what we today know as the United States militarily, morally, and economically. The world of Walter Rostow is something like the world of Walter Mitty—wishing, hoping, praying that he might have his own way but knowing that in this day and age what he proposes is fraught with the danger that it might perpetrate national suicide on the installment plan. If the Rostow plan would allow us a decade of life on this planet, we would say of his plan in retrospect, as did Browning, "the glory dropped from their youth and love, and both perceived they had dreamed a dream." The dream of Professor Rostow is truly a nightmare for the free world, for the American citizen, and for any who aspire to continued life with meaning in the days ahead.

FOREIGN ASSISTANCE ACT OF 1962

The SPEAKER. Under previous order of the House, the gentleman from California [Mr. ROOSEVELT] is recognized for 10 minutes.

Mr. ROOSEVELT. Mr. Speaker, I take this time to call to the attention of my colleagues the language of H.R. 10787, and to request support for including such language, or comparable phraseology, in the Foreign Assistance Act of 1962.

This measure provides that the Government of the United States shall furnish no aid or assistance to any foreign nation in carrying out any activity which will discriminate against any American citizen.

Some months ago, a constituent called my attention to the problems of the Arab boycott. In fact, he presented such a well-documented case of discrimination that I felt compelled to write to the Secretary of State and the Secretary of Commerce expressing grave concern over the submissive reaction of the United States to the continuation of the Arab League's boycott against Americans of the Jewish faith. I also protested the actions of governmental agencies which seemingly aid and abet this Arab boycott.

In my letters, I urged a complete reexamination of American policies and practices related to this boycott. I also urged full implementation of the congressional mandate to utilize foreign assistance funds in a manner which will give practical effect to American principles of fairness and equality.

The replies were interesting. The State Department said in part:

> Our Government does not condone measures which tend to discriminate against American citizens on grounds of race, religion or creed. Thus the United States has never agreed that Americans of the Jewish faith should not be included among personnel assigned to operate U.S. facilities at the Saudi Arabian airfield at Dhahran.

So far, so good. But the letter then went on to say:

> Saudi Arabia has generally refused to permit entry of American citizens of the Jewish faith on the assumption that such persons must be regarded as active supporters of Israel.

How can the United States possibly accede to the assumption that an American citizen of the Jewish faith, wearing the uniform of an American serviceman and under the orders of the U.S. Air Force, is an active supporter of Israel?

Yet, we do tacitly and very effectively accede to this assumption when we abide by Saudi Arabia's directive in this regard.

The State Department's letter further stated:

> No U.S. Government agency has sanctioned discriminatory charters for American-flag vessels carrying American surplus commodities to Arab countries.

We are all well aware that our Government does not sanction discrimination. What we are interested in is what the Government will do to bring discrimination to an end. It is intolerable for an agency of the U.S. Government to say: "We do not condone a discriminatory practice; we do not like it; but we will nevertheless submit to it." This is merely Pontius Pilate washing his hands.

The Department of State's letter also mentions the inclusion in the foreign assistance appropriation bill of section 108, regarding discrimination against American citizens by foreign nations, and kindly states that it supports the principles of the amendment.

We are not seeking the Department's support; we are not asking the Department's approval; we are demanding the full implementation of the plainly stated intent of Congress.

The reply from the Secretary of Commerce concerns me chiefly by its repeated references to the Arab boycott of Israel, a matter which is of no concern to us here, and which makes me wonder if I failed completely to make my point with the Secretary.

For instance:

> It is my view that this Government should continue to use every appropriate occasion to register its opposition to the Arab League boycott. However, we are unlikely to induce the Arab governments to abolish the boycott altogether.

None of us has brought this matter forward with the expectation that the U.S. Government will induce the Arab governments to abolish the boycott altogether. The Arab boycott against Israel is a matter between the Arab States and the State of Israel. The United States could not conceivably become involved in it, except as a possible neutral moderator.

Our only concern here is for Americans. Our protest is against the boycott of American citizens of the Jewish religion. We object to our own Government furthering the commercial interests of foreign nations who practice a system of discrimination and boycott against Americans because of religious beliefs.

The entire world is watching to see whether we intend to uphold our oft-stated principle of refusing to allow discrimination against any American citizen by reason of his race, color, or religion. We have failed to do so thus far.

The Congress has previously stated its policy in foreign assistance appropriation bills, but it has become increasingly obvious that the language of such measures was insufficient. Let us now emphasize to the nations of the world our unalterable opposition to the continued violation of a fundamental principle of the democratic way of life.

I ask your vote to include the language of absolute prohibition of discrimination against American citizens by foreign governments in the Foreign Assistance Act of 1962.

OUR NEIGHBOR—MEXICO

The SPEAKER. Under previous order of the House, the gentleman from Alabama [Mr. BOYKIN] is recognized for 30 minutes.

Mr. BOYKIN. Mr. Speaker, we are proud of our President of the United States, President John F. Kennedy; and we are proud of our President of Mexico, President López Matéos. Why should we not be? Why should not all of the people of this great country be proud of the great day they had in Mexico City? Why should not all of our neighbors south of the border, in that great and marvelous Mexico be proud? Surely, God had a hand in this great gathering there in Mexico, where our President and his wife and his great group of advisers gathered at a great feast of really and truly brotherly love.

I do not believe, Mr. Speaker, we have ever had a gathering just like this anywhere in the country. I have seen meetings, of course, here in the Capital of the United States, with all the greatest of the great—the same thing in New York and so many other places. But just to think—over 1 million of our neighbors, headed by their great President and his wife, President and Mrs. López Matéos, to meet and greet and make welcome our President and his wonderful wife and our group of Americans from Washington, who flew there for this great meeting, that, in my judgment, will mean so much, not only to our great Nation, the United States, but to this great nation just south of us—Mexico.

What a great day it was. And how we have all been waiting for this great day for so long. Now we have got to follow up on it, because it will mean so much to so many men and women, boys and girls. As a matter of fact, to all mankind. There have been so many people from faraway lands who have tried to cause trouble. I remember a year or two ago when I visited Mexico City with a great group from here at home, we met our Ambassador, the Honorable Robert Hill. I spent several days with Ambassador Hill and his family and our Mexican friends; but I found that where our U.S. Embassy had about 550 people, some of the people that were working against us had in their embassy over 1,500 people.

The people in Mexico are proud people; they are strong people; and they are so anxious to help and cooperate, and so are we. So, there in that great country, where they have more undeveloped assets than any spot I know, and where we need them and they need us—I believe now, Mr. Speaker, that most of our great men who head not only the individual projects there, but the partnerships and the corporations, are getting along wonderfully well with our great neighbors, the Mexicans.

I wish we could put the pictures in this CONGRESSIONAL RECORD, that will go to every library in this land and will tell the story of this great gathering of our people and the Mexican people down at the great celebration they had. Think, Mr. Speaker, over 1 million Mexicans met our President and Mrs. Kennedy, with their crew—with our Ambassadors and with their Ambassadors; and they were bound to know that we have a great President, who is more than anxious to do his part for this great Nation in keeping harmony with our closest neighbor.

Just think what it means—marvelous Mexico, the great United States and Canada, all right here, linked up together. What a great and strong three countries we happen to be; and as we get closer together—and I think this visit did just what so many men and women have been working for so long.

I have been going to Mexico and have done business there with those fabulous folks for over 40 long years. A long, long time ago, when the great Cordell Hull was Secretary of State, we asked him to advise us about Mexico and whom we should get to represent us. He suggested Basham, Ringe & Correa, and we did this, and ever since that time we have been dealing with this great group that understands Mexico so well. The senior member of this firm, Antonio Correa, knows the United States as well as any of us, and surely, he knows Mexico as well as any Mexican in this world. I remember a long, long time ago when we went there—and it was at the time that the great strong man, that outstanding man, former President Aleman, was President of this great nation that joins us on the south—south of the border—when they were building the road, the beautiful road that has been completed so long and has been used and enjoyed by not only the Mexican people, but our people and people from all over this earth—this is one of the great roads from beautiful Mexico City, the city that is about the second largest city on this continent—a city about the size of Chicago—maybe a little larger or a little smaller—a city with a climate, one of the greatest climates in the world—where the climate does not change on the Fourth of July or on Christmas. It is just a great country, Mr. Speaker, and there is so much room for expansion; but this Mexico City is a fabulous place, and I must tell you a story that, maybe will not be in this article that I am inserting in the RECORD.

Last fall, with a great group of industrialists gathered at our hunting lodge at McIntosh, Ala., on the Tombigbee River, 42 miles north of Mobile, I was, as usual, talking about the great possibilities and the great people of Mexico. Every man there agreed with me, and one in particular, who has done and is doing a tremendous business with our neighbors in Mexico. I am speaking of a great man, a good man, a brilliant man, a hard-working man—Sam Carpenter III, who has charge of the foreign business of one of the greatest groups on earth—the Du Ponts at Wilmington. The Du Ponts, in my judgment, have done more good at home and everywhere else, than any group I have ever known. Of course, there are people that want what they have and try to stop them and try to take away what they have worked for, but they just keep on going along, and they always will, because they are doing so much for all mankind.

Sam Carpenter said:

> Gentlemen, we have some very good business in Mexico—with our great Mexican partners—

And he said:

> I want to say that, without a doubt, the Mexicans are doing as fine a job as the men anywhere else on any place that we are doing business.

That included the United States and many foreign countries. Of course, I knew that, but I was so glad to have this man to tell the men that were sitting there—we had a group from the great Aluminum Co.; headed by Bob Learnard, we had a fabulous fellow there—a fellow that everybody ought to know and a man who has done so much for our Southland and who is interested in Mexico with our Mexican friends—not only in Mexico, but in practically every country that I know of. He is doing such a great job right now in Ireland—and I am speaking of Edward Ball, the great Edward Ball, the president of the St. Joe Paper Co. at Tallahassee, Fla., the man who is interested in so many developments, and especially in the banks in Florida—between 30 and 50 of them. I have visited many of them, and I have known this man for always. His sister is a very fabulous, wonderful woman—Mrs. Alfred I. du Pont, who has done so much good, not only down home and not only in Florida, Alabama, and Tennessee, but in practically every State. They are such great folks and such good folks, and they, too, have just kind of gone in partnerships with the good Lord and helped carry out some of the things He is doing.

So, Mr. Speaker, I believe that is what President Kennedy is going to do, along with President Matéos, and they are great people. There is so much to be done there in Mexico, and here, too; and they are so anxious to do it. This great President of Mexico has done and is doing such a great job. We had all sorts of threats when we heard that our President wanted to visit his neighbors, but that is the way the people who don't believe in God Almighty do—they bluff and they try to do everything. I was talking to the men in the cloakroom here in the Congress of the United States, and they said: "What a pity that the President is going to go down there, when he will take such a chance." He was not taking any chance; he knew he was going there to do good, and the people in Mexico knew he was coming there to do good; and people do not stop people from doing good; as a matter of fact, they cannot because they have God on their side.

Well, it is great there, and, like here, we have now former President Herbert Hoover, former President Harry Truman, and former President Dwight D. Eisenhower—three great Presidents—all living. I do not believe we ever before had four Presidents in the United States living all at one time. Well, we need them all, and I believe every one of them are cooperating and doing what they can to help us. Mexico has the same thing—and they have some great men who have been President of that great country; and I am sure that every one of them, like the great President Aleman, are doing all in their power to get us closer together. It is for our good and their good and for the good of all mankind. So, God was guiding President Kennedy, Mrs. Kennedy, and their group, when they went to visit our great neighbors, as the people used to do in the olden days that the Bible tells you about.

Well, we must follow up now and help develop the different things that the men of Mexico are so anxious to do, and the men of the United States are anxious to do, are doing, and will continue to do.

So, it seems to me, Mr. Speaker, it was a great day and lots of good was done, that will go on and on forever. As I have said, it is a pity we cannot have the pictures in the CONGRESSIONAL RECORD, showing wonderful Mrs. Kennedy visiting the different places of interest, and especially the children in Mexico; and she loved them and they loved her. The pictures appear in all of our papers and you would think you were coming down the streets in New York, in Washington, in Philadelphia, Cleveland, Mobile, or New Orleans, where they are greeting the greatest of the great, and just giving them all they had. There is one picture that I would like for everyone to see, where they were showering these two great Presidents—the President of Mexico and the President of the United States—with all sorts of things, from up in the big buildings down to the little buildings—on the streets and on the ground, in the car, and trying to get to the people—just to touch them.

Well, Mr. Speaker, President John F. Kennedy spent a great weekend, and it will always be remembered and never forgotten, and I believe a lot of good will come from the trip of President and Mrs. Kennedy and the great group that accompanied them, along with President and Mrs. López Matéos of Mexico and their great group. I think it was one of the greatest ovations ever given man that I can remember, any time, anywhere.

So, we are thankful, so very thankful, for these two men, with the many men and women that helped them, not only the Cabinet members and not only the men in the Senate and the House, but the great Ambassadors that did such a grand job. It was good, and it was great; and, of course, people everywhere—at least, the right thinking people, are happy, very happy, that President Kennedy made the visit to our great neighbors in Mexico. Much good will come from this visit. We will have some backsets again, but we will overcome them, because Mexico and the United States were really and truly made to work together, to play together, and to pray together, and I know, Mr. Speaker, that is exactly what we are going to do right now from now on out; and I do not believe anything on this earth can stop this great friendship that blossomed anew over last weekend.

The articles referred to follow:

[From the Washington (D.C.) Post, July 1, 1962]

Kennedy, López Affirm "New Era" of Friendship—Mexico's Land and Economic Reforms Hailed

(By Carroll Kilpatrick)

MEXICO CITY, June 30.—President Kennedy and Mexico's President Adolfo López Matéo completed their formal talks here today with a declaration that their 2-day meeting marks "a new era of understanding and friendship" between their two countries.

Both Presidents appeared to be elated over the success of their meetings and the demonstrations of friendship accorded President and Mrs. Kennedy wherever they went.

Their busy schedule took them to many parts of the city, including a housing project and a Fourth of July celebration by the American community here.

At Los Pinos, the presidential palace, President Kennedy hailed Mexico's land and economic reforms as a model for the hemisphere to follow in carrying out the Alliance for Progress.

WITNESSES LOAN SIGNING

The President made his comment after witnessing the signing of a $20 million Alliance for Progress loan to help small farmers. He called Mexico's land reform program the most impressive in the entire hemisphere.

The loan is proof of his administration's determination to work with Mexico in a vast development effort to provide more jobs for its workers, a better life for its farmers, and to help Mexico rise to its inevitable high rank among the industrialized nations of the world, Mr. Kennedy said.

The President and Mrs. Kennedy gave a luncheon at the Hotel Maria Isabel today for President and Mrs. López Matéos. Before the luncheon began the Kennedys escorted their guests to the pressroom in the hotel.

A huge sign at one spot said: "The workers of Mexico give a great welcome to President Kennedy."

The President's jet plane arrived at 11 a.m. local time (1 p.m. e.d.t.) after a flight of 4 hours and 20 minutes from Washington.

The Mexican President and his wife and daughter welcomed the Kennedys at the airport in a ceremony that included the playing of the Mexican and American anthems, a 21-gun salute and speeches of greeting by the two Presidents.

In his airport address and in a toast following a luncheon which President and Mrs. López Matéos gave for their guests, Mr. Kennedy emphasized the importance of close and friendly relations between the two countries.

At the luncheon, Mr. Kennedy sought to remove Mexican suspicions of American policy when he said, "We do not seek to change or direct any nation's political or economic system, but we do seek to assist Latin American nations to make fundamental changes in the life of the peoples of Latin America and thereby to change the course of human history.

"If we pursue this course with the unyielding determination you have shown," the President said, "we shall surely prevail in the end."

Mr. Kennedy said three common aspirations guide United States and Mexican policies.

"First, we are determined to reinforce the inter-American principle of absolute respect for the sovereignty and independence of every nation," he said.

"Second, we are dedicated to the ideal of a free and peaceful hemisphere of free and equal nations.

"Third, we are devoted to increasing social justice for all."

President Kennedy emphasized the importance of cooperative endeavors in this nation which is allergic to outside influences in its affairs or undue Yankee interference in hemisphere affairs.

President López Matéos told Mr. Kennedy that the Mexican people would give him "a generous welcome" and that the two leaders would have no difficulty in discussing their problems despite certain differences.

In a luncheon speech López Matéos called the Alliance for Progress a program in which all Latin America wished to participate. It is "not simply a unilateral program of aid from the United States," he said. "Little by little inter-American cooperation has been becoming a concrete fact, and it is already possible to anticipate that our system, in spite of its defects and errors, and thanks to programs like the Alliance for Progress which are restoring to our system its original revolutionary concept, will find its true path and take accelerated steps to travel along this road."

White House press secretary, Pierre Salinger, and Justo Sierra, special assistant to the Mexican President, announced that the two leaders in their first private meeting this afternoon "engaged in broad discussions of the political problems of the hemisphere." They also discussed the Alliance for Progress and the importance of improving the social and economic conditions of the American nations, Salinger and Sierra said.

[From the Washington (D.C.) Post, July 1, 1962]

TEXT OF KENNEDY TALK IN MEXICO

MEXICO CITY, June 29.—Ciudadanos de Mexico, conciudadanos de las Americas.

It is with both pleasure and high regard that I have crossed the peaceful border which separates our two nations. For Mexico and the United States share more than a common border. We share a common heritage of revolution, a common dedication to liberty, a common determination to preserve the blessings of freedom and extend its fruits to all.

While geography has made us neighbors, tradition has made us friends. Economics has made us partners. And necessity has made us allies—in a vast Alianza Para el Progreso. Those whom nature hath so joined together, let no man put asunder.

Two great and independent nations—united by hope instead of fear—are bound to have matters on which we must consult together. But we are equally bound to discuss them in a frank and friendly manner, to agree whenever we can agree, and to respect each other's views whenever we disagree.

As cotenants of the same continent, we cannot meet our mutual needs in disarray. But, working together, we can face the future together with confidence, for there is much to be done in the future.

As President Matéos has said, the ideals of the Mexican revolution will not be fulfilled "while there is even one child without a school, one illiterate adult, one family without its own home, and while there is even one farm or city worker who does not receive enough salary to lead a decent life."

We, in the United States, are committed to those goals in my own country, for our own people. No nation can seek social justice abroad that does not practice it at home.

But now, in addition, the United States of America is committed to help fulfill these goals throughout the Americas—to work together with Mexico and all other nations of the inter-American system to create a society in which all men have equal access to land, to jobs, and to education, a society in which no man is exploited for the enrichment of a few, and in which every arm of the Government is dedicated to the welfare of all.

This effort is not a one-way street. We in the United States have much to learn as well as to teach. There are commodities we must buy as well as sell. There are national burdens to be shared as well as individual burdens to be lifted. Where barriers stand between us, they must be shattered on both sides.

And so, my friends, I do not come to speak of what my country offers yours, but of what we can do together. Your President and I, your people and mine, are united in our ideals and aspirations for this hemisphere. Together we shall work—together we can succeed. Permit me now to remind you of a few of those common aspirations.

First, we are determined to reinforce the inter-American principle of absolute respect for the sovereignty and independence of every nation. That principle was at the heart of the good-neighbor policy—and we remain good neighbors today. That principle is the foundation of our Alliance—and we shall always be allies for progress.

We recognize the right of every nation to order its own affairs, to formulate its own policies, to decide upon its own actions, subject only to the obligations of international law and the rights of other nations. And all nations who seek forcibly or by subversion to impose their will on any American country will find the free nations of this hemisphere, I am sure, united and determined to preserve the independence of all.

Secondly, we are dedicated to the ideal of a peaceful and free hemisphere of free and equal nations. "Democracy," said Benito Juarez, "is the destiny of humanity, freedom its indestructible arms."

This was the destiny of the Mexican Revolution—this was the destiny of the American Revolution—and this destiny will not be achieved in full until the entire Western Hemisphere is a community of free democratic nations, committed to the individual freedom of all their citizens.

Third, we are devoted to increasing social justice for all. National independence, a fact of political freedom, means little to the man who is not yet independent of poverty and illiteracy and disease. New factories and machinery mean little to the family without a home, to the student without a meal, to the farmer who has given up hope of ever owning the land he tills.

If you and I and our two great nations believe in peaceful revolution, if we believe that social justice can be achieved without the sacrifice of freedom or progress—indeed that economic progress is the handmaiden of political freedom—then we have ample opportunity in this hemisphere to carry out those convictions.

But it will not be easy, for if it were easy it would have been done before. Ending outmoded systems of land tenure, reforming unjust systems of taxation, expanding the opportunities for better housing and better health and better education where no opportunities have existed before—all this will not be easy.

But the Mexican Revolution has helped to show what could be done—that the path of freedom is the path of progress. In the almost 20 years since Franklin Roosevelt came to Monterrey, your supply of goods and services has tripled, your per capita income has increased nearly 8 percent, you have become virtually self-sustaining in agriculture, and you have maintained the most consistent and impressive rate of growth of any nation in this hemisphere.

There are, I realize, only statistics, but behind these statistics I know, hope has replaced despair, and opportunity has replaced misery. And while, as your President López Matéos has said, your revolution is far from completed in your own nation, just as ours is not completed in our own country, we must now work together to bring such hope and opportunity to all the Americas.

There will be delays. There will be setbacks. There will be frustrations. We cannot double the number of classrooms, double the rate of literacy, reduce by three-fourths the rate of infant mortality and increase by 50 percent the average life expectancy in a matter of months or even years.

Commodity price agreements are difficult to work out. Power and transportation systems are a long time in building. And basic internal reforms in many countries are certain to be resisted.

But now we know where we are going, and we are on our way—and we have chosen to do it on the democratic road. We do not seek to change or direct any nation's political or economic system. But we do seek to assist the Latin American nations to make fundamental changes in the life of the peoples of Latin America, and thereby to change the course of human history. If we can pursue this course with the unyielding determination you have shown, we shall surely prevail in the end.

A century ago President Abraham Lincoln instructed his Secretary of State to tell the people of Mexico of his "respect for the heroism of her people and, above all, their inextinguishable love of civil liberty."

Today, 100 years later, that deep respect remains in the hearts of the people and the President of the United States. For our two nations have been blessed with the same blessings of liberty in the past. We will dream the same dreams of opportunity in the future. And our two continuing revolutions have now been joined as one—one great effort—on one great continent—in one great Alianza Para el Progreso.

Viva Mexico.

And now I would like to have you drink with me a toast to the very good health and happy life of the people of Mexico and to the well-being of the President of Mexico and his wife.

[From the Washington (D.C.) Star, July 1, 1962]

UNITED STATES, MEXICO WARN REDS TO STAY OUT OF AMERICAS

COMMUNIQUE ENDS TALKS OF LEADERS

MEXICO CITY, June 30.—President Kennedy and President Adolfo López Matéos issued a warning to totalitarian nations today against meddling in the affairs of the Western Hemisphere.

They said in a joint communique that their nations are determined "to oppose totalitarian institutions and activities which are incompatible with the democratic principles they uphold."

This seemed a clear warning to the Soviet Union and the Communist world, now allied with Fidel Castro's Cuba, to beware of intervention in this hemisphere.

DEDICATION TO DEMOCRACY

The warning came in a passage dedicating the two nations to democratic ideals.

The Presidents said, as their talks ended: "In consonance with their dedication to these ideals, and acting always as sovereign and independent countries, which decide their own policies and their own courses of action, they propose to respect and maintain the principles of nonintervention—whether this intervention may come from a continental or extracontinental state—and of self-determination of peoples.

"Therefore, they are resolved to uphold these principles in the international organizations to which they belong, to defend and strengthen the democratic institutions which their peoples, in the exercise of their sovereign rights, have constructed, and to oppose totalitarian institutions and activities which are incompatible with the democratic principles they uphold."

UNDERSCORES AGREEMENT

The two leaders' agreement that a new era of relations between Mexico and the United States has begun was underscored by the enormous emotional welcome given President Kennedy by the Mexicans.

The United States and Mexican Presidents also announced agreement on the nature of the Alliance for Progress effort to cure hemisphere economic and social ills.

"The Alliance for Progress," they said, "is essentially a program of mutual cooperation in which greater effort should come primarily from the nation which is seeking its development.

"Mexico and the United States are determined, so far as they are concerned, to continue such effort until hunger, poverty, and social injustice are eliminated from the hemisphere."

ALLIANCE SHOWCASE

That was the theme Mr. Kennedy stressed most heavily in his round of public speeches in this capital. Mexico is a likely prospect to become a showcase for the Alliance.

Before they sat down to talk, the two Chief Executives witnessed the signing of a previously announced agreement under which the United States will lend this country $20 million for agricultural improvement under the Alliance for Progress program.

Mr. López Matéos, in an earlier statement, expressed pleasure with the private talks he held with Mr. Kennedy.

"I am very much satisfied by the way in which the conversations have taken place and also because of the high sense of hospitality of the people of Mexico, Mr. López Matéos said. "I have spoken with President Kennedy about some historical episodes regarding matters of external policy, borders, and waters, and generally on everything of importance for the two countries."

SALTY WATER TALKS

The statement indicated the two Presidents discussed not only their different slants on how to treat Mr. Castro, but also such questions as the salinity of Colorado River waters. Mexican farmers complain that the waters, washing over new lands in Arizona, have become so salty that they are ruinous for Mexico's irrigated lands in the Mexicali Valley.

With exuberant cheers still ringing in his ears from the 1½ million people that turned out to greet him on his arrival yesterday, Mr. Kennedy took up an event-packed schedule on the second day of his visit, with a ceremonial wreath laying at Mexico's monument to independence.

A throng of about 1,000, shouting "Viva Kennedy," assembled around the tall marble shaft topped by a golden angel in the Paseo de la Reforma.

HIT AT HOUSING PROJECT

From there he stepped into a bubble-top limousine and was whisked to the Independencia Housing Development where he scored a new hit with thousands of Mexico City's humble working class. The low-cost development was built 2 years ago by the Social Security Institute for 15,000 persons.

A 100-member mariachi band struck up tunes, and a whirlwind of multicolored confetti and balloons cascaded about him as in yesterday's triumphal procession which American officials said was the greatest ovation on any of Mr. Kennedy's visits to a Latin American or European capitals.

The President toured the development, then walked for a block, going from person to person, shaking hands with men, women and children, and drawing smiles and laughs from the crowd of several thousand.

He was like a man running for office and enjoying himself.

STRESSES PROGRESS, FREEDOM

There, as in three previous speeches in the capital, he stressed the theme that economic progress goes hand in hand with political freedom. He said political freedom can lack significance to men and women, unless it also permits them "economic participation in the life of the country."

The crowd cheered as he wound up his talk with the cry: "Viva Mexico. Arriba (hooray) Mexico."

Women in the crowds frequently exclaimed at how young and fit the President seemed.

His talks were brief and off the cuff. As he mingled with the people he made good-natured remarks which brought cheers.

At one point, after meeting textile worker Roberto Shagun, father of nine, who pays $28 a month for a three-bedroom apartment, the President joked about Mexico's population explosion.

To a group of young girls crushing forward to get a look at him, the President said they would soon increase the problem by getting married and having families of 8, 9, and 10 children.

That drew cheers and laughter.

A SERIOUS PROBLEM

The population explosion is one of the most serious of Latin American economic and social problems. Populations expand so fast that economic growth can't keep up.

Leaving the housing project, the President was driven to Los Pinos, official residence of President López Matéos for the third of their down-to-earth conversations.

The $20 million loan agreement, President Kennedy said in a statement issued by the traveling White House, was additional evidence of the U.S. commitment to help Mexico provide more jobs, a better life for its farmers and "rise to its inevitable high rank among industrial nations of the world."

THE PEACE CORPS

The **SPEAKER**. Under previous order of the House, the gentleman from New York [Mr. FARBSTEIN] is recognized for 15 minutes.

Mr. **FARBSTEIN**. Mr. Speaker, the world is now applauding the successful operation of one of the brave new ideas of our time. The Peace Corps has seized upon the imagination of our youth and of the world. In underprivileged areas over the face of the globe people are responding gratefully and enthusiastically to the contributions being made toward a better life for millions.

It is a living demonstration of the viability of the democratic way of life and its unsurpassed moral and spiritual values.

Let us not, however, ignore or hide those areas in our own country in desperate need of assistance to win through to a fuller and a better life.

I believe we are living in an era in these United States at a time when great unleashed forces are awakening to the need to fully implement our democracy, wipe out the last vestiges of discrimination, destroy ignorance, banish poverty, conquer disease and move forward to that heritage inherent in our system of government.

For these reasons, I have introduced legislation to create a domestic Peace Corps. This legislation is modeled after the foreign one of which I am proud to have been a cosponsor emphasizing the prevention of juvenile delinquency in addition to the betterment of opportunities for all.

I believe that the creation of this Corps will evoke the zeal and the missionary fire always existent in our people and which has so enriched the pages of our history as a Nation.

Already, in my home district the pilot operation of Mobilization for Youth is going forword. Many of the problems we will encounter will serve as guideposts for the hundreds of thousands of volunteers eager, in my opinion, to join in a great coordinated program to eradicate forever in this land the blight of economic and social deprivation, juvenile delinquency and all other factors that deny the rights and privileges of our democracy to a single citizen.

PRAYERS IN PUBLIC SCHOOLS

The **SPEAKER**. Under previous order of the House, the gentleman from Connecticut [Mr. GIAIMO] is recognized for 10 minutes.

Mr. **GIAIMO**. Mr. Speaker, I am concerned and unhappy with the Supreme Court's decision on prayers in public schools. To me, it indicates a doctrinaire approach to the Constitution which is not warranted, nor, I believe, is it in fact desired by the great majority of the people. The greatness of America has been brought about in no small part by an avoidance of the doctrinaire approach to the solution of our great social problems. Historically, we have followed the pragmatic, commonsense approach which heretofore has served our varied and pluralistic society well. I see no reason to alter this tradition.

The Court seems to have forgotten this great lesson of history and instead appears to be interpreting the Constitution in a vacuum, rather than with due regard for certain basic realities; namely, that this is a Nation whose heritage, both governmental and cultural, is composed of institutions based upon a fundamental belief in God. As Justice Stewart stated in his brilliant dissenting opinion to the recent Supreme Court decision:

> It was all summed up by this Court just 10 years ago in a single sentence: "We are a religious people whose institutions presuppose a Supreme Being." (*Zorach* v. *Clauson*, 343 U.S. 306, 313.)

How then can anyone seriously contend that a simple prayer in a public school constitutes an establishment of a religion? Does it not rather substantiate the statement of the Supreme Court in the Zorach against Clauson case?

Our Founding Fathers well understood the 18th-century meaning of the term "establishment of religion." The term had great political significance in the history of that period, both in the United States and in Europe. I am convinced that our Founding Fathers did not intend to prohibit the noncompulsory saying of a simple nondenominational prayer. Neither do I believe that the first amendment was intended to be the rationale for the compete secularizing of our institutions and our culture. I submit that our Supreme Court is giving this Amendment a completely different meaning than was intended when it was written into the Constitution. As a result, the Court's doctrinaire interpretation will lead to undesirable conclusions. I believe that the term is being distorted—not to prevent the establishment of a religion but rather to completely secularize the institutions of our great Nation and in fact to create a new religion, the religion of secularism.

We cannot, nor should we, argue with the prohibition against the establishment of a religion. But I do not feel that it is wrong or undesirable to recognize our dependence upon God and to share and to participate in the spiritual heritage of our Nation. Our Nation was founded on this religious heritage, as Justice Stewart pointed out in his great dissenting opinion. One needs only to read our Declaration of Independence or our Constitution. One needs only to sing the national anthem or recite the Pledge of Allegiance. In Congress, we open each session by a prayer by the Chaplain. Most State mottoes and public buildings contain references to God.

All these indicate a deep and abiding spiritual heritage, a desire and determination to establish a nation and its institutions based on acknowledged dependence upon a Supreme Being. I do not believe that the desire of the overwhelming majority of our people to recognize this dependence has changed. Neither do I believe that it should be denied because a small minority finds it offensive.

Shall we proceed to remove further evidences of our spiritual heritage from our institutions? Shall we change the pledge of allegiance? Shall we abolish any reference in our schools to Christmas or Thanksgiving Day? Shall we deprive our servicemen of religious guidance and comfort by the abolition of the Chaplain Corps in our armed services? I certainly hope not. I would certainly oppose it. And yet, this would seem to be a logical extension of this decision, since these institutions are clearly public in nature. I do not attack the motives of the Supreme Court. In fact, I think it is shameful to attribute any motives other than honor to the actions of the Court. I think that the Court always acts from a deep sense of what it believes to be right and just. And we must abide by its decision. But the Court is human and can err, as we all do. I can and do disagree with the Court's interpretation of the first amendment to the Constitution in its recent case dealing with prayers in public schools.

The Court is taking us into very deep and dangerous waters. I am especially concerned with the effect this decision will have on our attempts to improve education in this country. For many years now, the Federal Government has given grants and assistance of various kinds to public and private institutions of higher education—the GI bill, funds made available by the National Science Foundation, the Atomic Energy Commission, the National Institutes of Health, and the U.S. Office of Education, public funds have been given to colleges for science buildings, laboratories, dormitories, graduate fellowships, undergraduate loans, and so forth. It is not unreasonable to predict that in the future more Federal grants and assistance will be forthcoming to our institutions of higher education. Heretofore, no one has seriously questioned the constitutionality of such assistance. I believe, however, that the constitutionality of these established programs is now very much in doubt. I would hope the day will never come when our nonpublic colleges and universities will be denied even the help and assistance they now receive. Our country has benefited greatly from the diversified character of our colleges and universities. I would not want to see American higher education reduced to one great secular and publicly owned type of college or university.

In the field of elementary and secondary education, the situation is even worse. There is little doubt in my mind that Federal aid to private schools would be declared unconstitutional by the Supreme Court. Can we afford to be doctrinaire and coldly oblivious to the plight of 6 million children attending private schools? Can we say to them that only the public schools shall receive Federal support? Shall we say this now, especially in view of the increased attempts to completely secularize the public schools? I think not.

The parents of these children are entitled to the same degree of consideration and attention as are the parents of those who would see our schools secularized. These parents support our institutions and our Government. They now find themselves compelled to send their children to secular schools which they find increasingly secularized. In all fairness, we must try to help these private institutions which abhor secularism with the same degree of fervor with which many supporters of the Supreme Court decision appear to embrace it. Practical solutions can and must be found which will enable all the various groups of our citizens to live in harmony and accord, but only if we use commonsense.

The recent decision would seem to imply further that Congress is limited in its consideration of educational problems to secular institutions only. It means we must ignore the great and pressing needs of millions of our citizens who want assistance for a private and denominational type of elementary and secondary school.

The rights of the agnostics or the atheists must be protected, but so should the rights of the great majority who favor the cultural and traditional forms of acknowledgment of a Supreme Being as it is already established in our traditions, our institutions, and our history. While we must risk all to preserve individual freedom, we must not do so at the expense of institutions and heritage which foster such freedom.

The Constitution says:

> Congress shall make no law respecting an establishment of religion.

I believe it is equally correct to say that neither shall the Supreme Court make a law respecting an establishment of religion. In this case, I believe that the Supreme Court is forcing a religion upon all Americans. That "religion" is secularism.

I have concerned myself with this problem for many years. I have examined my conscience and mind in order to decide what is best for my country. I want to see my country flourish with its pluralistic institutions and beliefs. I do not want to see it forced into the straitjacket of conformity and sameness which is secularism.

I believe the time has come to prepare and submit legislation which will clearly define what is meant by the doctrine of separation of church and state; which will prohibit the establishment of any religion but which will also enable us to help all of our people in the fulfillment of their educational, social, cultural, and spiritual goals; which will assure us freedom of religion but not freedom from religion; which will take into consideration the basic foundations of our institutions, our Government, and our heritage as Americans.

To drift on the dangerous seas of secularism, as the Supreme Court would seem to be compelling us to do, constitutes a real and present danger to the America we all love so well.

ONE HUNDREDTH ANNIVERSARY OF THE LAND-GRANT COLLEGES ACT

Mr. BELCHER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The **SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. BELCHER. Mr. Speaker, 100 years ago on July 2, 1862, President Abraham Lincoln signed the Morrill Act that launched the revolutionary land-grant system of higher education. This year, colleges and universities in the system are engaged in the centennial celebration of that act.

The land-grant colleges and universities exist for all men to look out upon a universe better understood, more kind, more just, more abundant than it was when these colleges entered the scene 100 years ago.

American land-grant universities are dedicated to the needs of people. They are the State universities whose job is to grow in character, in excellence, and in service. They are dedicated to the practical, the scientific, and to liberal education. These universities are generally given credit for the democratization of education at the higher levels.

Two outstanding land-grant universities are located in Oklahoma. These are Langston University, at Langston, and Oklahoma State University, at Stillwater.

The programs of these present-day land-grant universities have three main parts:

First, campus courses for undergraduate and graduate students; second, basic and applied research programs in agricultural and engineering experiment stations maintained by the college; and third, extension work conducted in agricultural and home economics, and off-campus instruction through correspondence courses, night classes, conferences, and institutes.

Langston University has achieved outstanding recognition in many fields and continues to attract outstanding persons in the various fields of learning. Added to the Langston University staff this year were four persons who hold the Ph. D. degree. Faculty members of Langston University are called upon to serve as consultants for in-service workshops, for career conferences, for community projects, and for assistance in the program for the accreditation of high schools by the North Central Association. Many other services are rendered by the staff at Langston.

Oklahoma State University counts among its contributions during the past 10 years the initiating of the national program for improvement of teaching high school mathematics and science, and a field program for enrichment of high school science courses—first in Oklahoma and later in adjoining States.

Oklahoma State University pursues excellence in all its endeavors, and the administration points with pride to a rising grade-point average and more students entering graduate school than ever before.

The theme of the centennial committee, "New Occasions Teach New Duties," can be no better expressed than by the land-grant colleges of Oklahoma where education is our primary aim, experience is our example, and change is our continuing challenge.

RECESS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that it may be in order for the Speaker to declare a recess at any time this evening subject to the call of the Chair.

The **SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The **SPEAKER.** The House will stand in recess subject to the call of the Chair.

Accordingly (at 5 o'clock and 47 minutes p.m.), the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired the House was called to order by the Speaker at 7 o'clock and 35 minutes p.m.

ADJOURNMENT TO THURSDAY, JULY 5

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Thursday next.

The **SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (H.R. 12154) entitled "An act to amend and extend the provisions of the Sugar Act of 1948, as amended."

The message also announced that the Senate agrees to the amendments of the House to a bill and a joint resolution of the Senate of the following titles:

S. 3025. An act to supplement certain provisions of Federal law incorporating the Texas & Pacific Railway Co. in order to give certain additional authority to such company; and

S.J. Res. 201. Joint resolution to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed.

AUTHORITY TO RECEIVE MESSAGES AND SIGN BILLS AND RESOLUTIONS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Thursday next, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The **SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

NEXT WEEK'S PROGRAM TO BE ANNOUNCED THURSDAY

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The **SPEAKER.** Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. I take this time, Mr. Speaker, to ask the gentleman from Oklahoma when we will be advised of the program for next week.

Mr. ALBERT. Mr. Speaker, if the gentleman will yield, the program will be announced on Thursday.

THE SUPREME COURT DECISION ON PRAYER IN THE PUBLIC SCHOOLS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Alabama [Mr. BOYKIN] may address the House for 1 minute and revise and extend his remarks.

The **SPEAKER.** Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. BOYKIN. Mr. Speaker, no recent decision of the Supreme Court has so shocked the Nation as that of June 25, 1962, in the case of Engel against Vitale, on the subject of the reading, in the public schools of the State of New York, of a simple and undenominational prayer composed and authorized by the New York State Board of Regents. In this decision, Mr. Justice Black, speaking for himself and four other Justices, reversed the judgment of the Court of Appeals of New York, and upheld the contention of Steven I. Engel and the other petitioners that the use of this prayer in the public schools of New York was a violation of the establishment clause of the first amendment to the Constitution, which reads: "Congress shall make no law respecting an establishment of religion." Mr. Justice Douglas wrote a separate concurring opinion, which is of considerable significance in the consideration of this case. Mr. Justice Frankfurter took no part in the decision, and Mr. Justice White no part in the consideration or decision. Mr. Justice Stewart, dissenting, gave a masterly analysis of the religious strands that are inseparable from the fabric of our Nation and its Government, bolstered by telling quotations from the Presidents of the United States, from Washington, Adams, and Jefferson to Eisenhower and Kennedy. After listing instances in which God has been recognized, and His worship enjoined, in official acts by Congress and President, Mr. Justice Stewart quoted from the Supreme Court decision in the case of Zorach against Clauson: "We are a religious people whose institutions presuppose a Supreme Being."

I believe that future generations of American schoolchildren will be reciting, among their patriotic elocution pieces, this historic dissent with its ringing peroration:

> I do not believe that this Court, or the Congress, or the President has by the actions and practices I have mentioned established an official religion in violation of the Constitution. And I do not believe the State of New York has done so in this case. What each has done has been to recognize and to follow the deeply entrenched and highly cherished spiritual traditions of our Nation—traditions which come down to us from those who almost 200 years ago avowed their "firm reliance on the protection of divine providence" when they proclaimed the freedom and independence of this brave new world.

What the Court in its majority opinion has done is to read back into the first amendment to the Constitution a meaning, connected indeed by a tenuous thread of logic, but certainly strange to the thought and experience of the framers of the amendment, and to the condition of the States for which the Constitution was written. This amendment, if interpreted in 1790 as a majority of the Supreme Court is interpreting it today, would have invalidated portions of the constitutions of almost all the States. Virginia had just abolished, in 1785, its established religion by the bill for establishing religious freedom, an act of whose authorship Thomas Jefferson was justly proud. Laws and constitutional provisions favoring one religion over others, or applying special disabilities or restrictions to the adherents of one or other particular faith, were in force in all the other States except Rhode Island, until well after the adoption of the Constitution of the United States, and even, in some cases, to the middle of the 19th century. The prohibition against the establishing of religion by the Congress was evidently intended, at the time, both to guard against the claims of rival churches which had official support in different States, as the Congregational Church in three New England States, and the Church of England in six others, and to prevent any possible frustrating, by Federal action, of religious liberties attained in any particular State. And this amendment is used now to strike down a generalized, nondenominational prayer in public schools. The delegates to the Constitutional Convention, I am sure, had no thought of any such development of their establishment clause. The public schools themselves lay far in the future, and I am confident that these moral and patriotic men would have looked with horror upon the thought of denying to schoolchildren the right to pray together. I can imagine such a man placing an emphatic forefinger upon the very next clause in the first amendment, and asking sternly, "And what, sir, do you think is meant by this?" For the provision in the first amendment respecting religion contains two interrelated clauses, neither complete without the other:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.

Voluntary public prayer has traditionally been considered an essential part of the free exercise of religion in the United States, and in each of the States, Colonies, and territories that have entered into the Union as we know it today. Mr. Justice Black and those for whom he speaks apparently consider that their decision does not necessarily apply to official recognitions of religion by government authority, the most conspicuous instance being the regular appointment of chaplains in both Houses of Congress and in the Armed Forces. Mr. Justice Douglas runs through an impressive list of such involvements of the Federal Government in religious activities, quoting from Fellman's "The Limits of Freedom." His contention is that a consistent observance of the prohibition in the establishment clause of the first amendment would do away with the financing of religious activity of any sort, by government at any level. This includes even indirect financing such as that by tax exemptions, or the deductibility from taxable income of contributions to religious institutions. Of these and all governmental activity in the religious sphere Justice Douglas says sweepingly:

> Our system at the Federal and State levels is presently honeycombed with such financing. Nevertheless, I think it is an unconstitutional undertaking whatever form it takes.

Justice Douglas' difference from the majority with which he concurs seems to be on this point—that he perceives and accepts an extension of the application of this principle to every possible expenditure of public money for a religious purpose. Justice Stewart, perceiving the same logical necessity of an extension of the decision if accepted, refuses to accept the decision himself.

This is a decision based upon the iron application of formal logic to a situation of human delicacy. It imposes rigidity of interpretation where flexibility is both traditional and necessary. Like the thought control pictured in George Orwell's "1984," it revises the past to make it agree with the opinion of the present. It denies the religious tradition of America, and countermands our hope for the future. If, as Justices Douglas and Stewart agree, as Justice Black does not effectively deny, every trace of religion is to be eliminated from American public life and public education by a consistent following out of the principles enunciated in this decision, then we may well fear for the future of our country.

I place my hope, however, in the aroused spirit of the people and of the Congress. I believe the time is ripe for a constitutional amendment that will make such prohibition of prayer forever impossible in the United States. To that end, I have offered House Joint Resolution 775, in the present Congress, whose essential provision reads:

> Nothing in the Constitution shall prohibit the offering of prayers in any public school or other place.

I urge the Honorable EMANUEL CELLER, chairman of the committee to which this resolution has been referred, to schedule an early series of hearings on this, and other resolutions to similar effect. It is vitally important to all the citizens of this country that the doubtful position in which the Nation has been placed as a consequence of this decision be immediately resolved, and that it be made plain, both to our own people and to all the world, that our freedom of religion means freedom to believe, to worship, and to pray, in private or in public, without either coercion or government interference. I hope that the recent Supreme Court decision means nothing in contradiction to this position; but I am sure the ambiguities of the decision, and its doubtful consequences, call for an immediate and forthright statement of our freedom to pray.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. MAY (at the request of Mr. ARENDS), for today, July 2, on account of illness.

Mr. WHITENER (at the request of Mr. BONNER), from June 30 through July 2, on account of official business.

Mr. ROOSEVELT, for Tuesday, July 3, to Monday, July 8, on account of home district business.

Mr. JOHN W. DAVIS, for Monday, July 2, 1962, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. BOYKIN (at the request of Mr. BURKE of Kentucky), for 30 minutes, today, and to revise and extend his remarks.

Mr. HEMPHILL (at the request of Mr. BURKE of Kentucky), for 30 minutes, today, and to revise and extend his remarks.

Mr. FARBSTEIN (at the request of Mr. BURKE of Kentucky), for 15 minutes, today, and to revise and extend his remarks.

Mr. GIAIMO (at the request of Mr. BURKE of Kentucky), for 10 minutes, today, and to revise and extend his remarks.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. LANE and to include extraneous matter.

Mr. GAVIN and to include extraneous matter.

Mr. LINDSAY.

Mr. ALGER.

Mr. WILSON of Indiana.

(The following Members (at the request of Mr. SHORT) and to include extraneous matter:)

Mr. FINO in two instances.

Mr. MATHIAS.

Mr. NELSEN.

Mr. PELLY.

(The following Members (at the request of Mr. ALBERT) and to include extraneous matter:)

Mr. MOSS.

Mr. GILBERT.

Mr. BAILEY.

Mr. BROOKS of Texas.

Mr. DADDARIO.

Mr. BOYKIN.

Mr. CAREY to extend the remarks he made in the House today and include extraneous matter and tables.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 8045. An act to change the name of the Hydrographic Office to U.S. Naval Oceanographic Office;

H.R. 8982. An act authorizing the Dow Chemical Co. to construct, maintain, and operate a bridge across the Rio Grande at or near Heath Crossing, Tex.;

H.R. 9883. An act to authorize the San Benito International Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Tex., and to authorize the Starr-Camargo Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Rio Grande City, Tex.;

H.R. 11221. An act to amend section 302 of the Career Compensation Act of 1949, as amended (37 U.S.C. 252), to increase the basic allowance for quarters of members of the uniformed services, and for other purposes;

H.R. 12061. An act to extend the Renegotiation Act of 1951, and for other purposes; and

H.R. 12154. An act to amend and extend the provisions of the Sugar Act of 1948, as amended.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1969. An act to amend the Federal Aviation Act of 1958, as amended, to provide for supplemental air carriers, and for other purposes; and

S. 3062. An act to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 38 minutes p.m.), under its previous order, the House adjourned until Thursday, July 5, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2258. A letter from the Comptroller General of the United States, transmitting a report on the review of certain aspects of the operations of unlimited sales agencies under the 1959 and 1960 cotton purchase programs of the Commodity Credit Corporation (CCC), Department of Agriculture. These operations began in June 1959 and extended through April 30, 1961; to the Committee on Government Operations.

2259. A letter from the Chairman, U.S. Tariff Commission, transmitting the second supplemental report on the tariff classification study made under the provisions of sections 101(b)(4) and 101(c)(1) of the Tariff Classification Act of 1962; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GEORGE P. MILLER: Committee on Science and Astronautics. Report on Centaur launch vehicle development program (Rept. No. 1959). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROGERS of Texas: Committee on Interior and Insular Affairs. H.R. 575. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the upper division of the Baker Federal reclamation project, Oregon, and for other purposes; with amendment (Rept. No. 1960). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLATNIK:

H.R. 12385. A bill to extend the temporary extended unemployment compensation program, to increase the rate of Federal unemployment tax for taxable year 1964, and for other purposes; to the Committee on Ways and Means.

By Mr. FINO:

H.R. 12386. A bill to amend section 336 of title 38, United States Code, to provide wartime rates of disability compensation for veterans disabled from injury or disease incurred or aggravated by oversea service; to the Committee on Veterans' Affairs.

By Mr. HARSHA:

H.R. 12387. A bill to amend the Internal Revenue Code of 1954 so as to provide for scheduled personal and corporate income tax reductions, and for other purposes; to the Committee on Ways and Means.

By Mr. O'HARA of Michigan:

H.R. 12388. A bill to amend the Internal Revenue Code of 1954 to provide a credit against the Federal income tax for State and local income taxes paid by an individual during the taxable year; to the Committee on Ways and Means.

By Mr. RIVERS of South Carolina:

H.R. 12389. A bill to make certain exceptions to the appellate jurisdiction of the Supreme Court of the United States and of the U.S. courts of appeals and to the jurisdiction of the district courts of the United States in actions relating to the public schools; to the Committee on the Judiciary.

By Mr. JOHNSON of Wisconsin:

H.R. 12390. A bill providing for the construction of a highway, and appurtenances thereto, traversing the Mississippi Valley; to the Committee on Public Works.

By Mr. COOLEY:

H.R. 12391. A bill to improve and protect farm income, to reduce costs of farm programs to the Federal Government, to reduce the Federal Government's excessive stocks of agricultural commodities, to maintain reasonable and stable prices of agricultural commodities and products to consumers, to provide adequate supplies of agricultural commodities for domestic and foreign needs, to conserve natural resources, and for other purposes; to the Committee on Agriculture.

By Mr. COLLIER:

H.R. 12392. A bill relating to the refund to the States of any unexpended balance of taxes collected under the Temporary Extended Unemployment Compensation Act of 1961; to the Committee on Ways and Means.

By Mr. EVERETT:

H.R. 12393. A bill providing for construction of a highway, and appurtenances thereto, traversing the Mississippi Valley; to the Committee on Public Works.

By Mr. HARSHA:

H.R. 12394. A bill to provide that Federal expenditures shall not exceed Federal revenues, except in time of war or grave national emergency declared by the Congress; to the Committee on Ways and Means.

By Mr. KOWALSKI:

H.R. 12395. A bill to extend the temporary extended unemployment compensation program, to increase the rate of the Federal unemployment tax for taxable year 1964, and for other purposes; to the Committee on Ways and Means.

By Mr. MOSS:

H.R. 12396. A bill to amend title III of the Public Health Service Act to authorize grants for family clinics for domestic agricultural migratory workers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 12397. A bill to provide for Federal assistance on a combination grant and loan basis in order to improve patient care in public and other nonprofit hospitals and nursing homes through the modernization or replacement of those institutions which are structurally or functionally obsolete, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BUCKLEY (by request):

H.R. 12398. A bill to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW., in the District of Columbia, and for other purposes; to the Committee on Public Works.

By Mr. RYAN of New York:

H.R. 12399. A bill to amend the Public Health Service Act so as to establish a program to assist in the construction of adequate sanitation facilities for migratory farm labor; to the Committee on Interstate and Foreign Commerce.

By Mr. LANE:

H.R. 12400. A bill to restore the battleship U.S.S. *Massachusetts* (BB-59) to the Naval Vessel Register and to provide for its retention as a vessel of the U.S. Navy; to the Committee on Armed Services.

By Mr. MOOREHEAD of Ohio:

H.R. 12401. A bill to amend chapter 55 of title 10, United States Code, to provide maternity benefits for spouses of persons called to active duty on or after August 1, 1961, after the termination of their active duty, and for other purposes; to the Committee on Armed Services.

By Mr. HARSHA:

H.J. Res. 798. Joint resolution proposing an amendment to the Constitution of the United States permitting the recognition of God and nonsectarian prayer in public schools or other public places if participation therein is not compulsory; to the Committee on the Judiciary.

By Mr. RIVERS of South Carolina:

H.J. Res. 799. Joint resolution proposing an amendment to the Constitution relating to the offering of prayers in public schools; to the Committee on the Judiciary.

By Mr. WILLIAMS:

H.J. Res. 800. Joint resolution proposing an amendment to the Constitution of the United States permitting the offering of prayers and the reading of the Bible in public schools in the United States, and relating to the right of a State to enact legislation on the basis of its own public policy on questions of decency and morality; to the Committee on the Judiciary.

By Mr. LATTA:

H.J. Res. 801. Joint resolution proposing an amendment to the Constitution of the

United States permitting nonsectarian prayer in public schools or other public places if participation therein is not compulsory; to the Committee on the Judiciary.

By Mr. ROUDEBUSH:

H.J. Res. 802. Joint resolution proposing an amendment to the Constitution of the United States permitting nonsectarian prayer in public schools or other public places if participation therein is not compulsory; to the Committee on the Judiciary.

By Mr. FULTON:

H.J. Res. 803. Joint resolution proposing an amendment to the Constitution of the United States permitting nonsectarian prayer in public schools or other places if participation therein is not compulsory; to the Committee on the Judiciary.

By Mr. WHITTEN:

H.J. Res. 804. Joint resolution proposing an amendment to the Constitution of the United States providing that the offering of prayers or any other recognition of God shall be permitted in public schools and other public places; to the Committee on the Judiciary.

By Mr. ROBERTS of Alabama:

H.J. Res. 805. Joint resolution authorizing the President to proclaim annually the week which includes July 4 as "National Highway Safety Week"; to the Committee on the Judiciary.

By Mr. FARBSTEIN:

H. Con. Res. 501. Concurrent resolution expressing the sense of Congress with respect to recent manifestations of anti-Semitism in the Soviet Union, and calling upon the Soviet Union to guarantee human rights; to the Committee on Foreign Affairs.

By Mr. HALPERN:

H. Con. Res. 502. Concurrent resolution expressing the sense of the Congress with respect to affirmative action to eliminate discrimination against and persecution of racial minority groups in any nation; to the Committee on Foreign Affairs.

H. Res. 719. Resolution expressing the sense of the House of Representatives with respect to the growing anti-Semitism in the Soviet Union; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII,

The SPEAKER presented a memorial of the Legislature of the State of Louisiana, memorializing the President and the Congress of the United States to take action on the discharge petition for H.R. 3745, now on the Speaker's desk, which was referred to the Committee on Veterans' Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANFUSO:

H.R. 12402. A bill for the relief of Concetta Maria, Rosetta, and Tomasino Mangiaracina; to the Committee on the Judiciary.

By Mr. FRELINGHUYSEN:

H.R. 12403. A bill for the relief of the Industrial Tractor Parts Co., Inc.; to the Committee on the Judiciary.

By Mr. GUBSER:

H.R. 12404. A bill for the relief of Jan Owsiak; to the Committee on the Judiciary.

By Mr. HARVEY of Indiana:

H.R. 12405. A bill for the relief of Wai Ban Chan; to the Committee on the Judiciary.

By Mr. O'HARA of Michigan:

H.R. 12406. A bill for the relief of Gino Fanelli; to the Committee on the Judiciary.

H.R. 12407. A bill for the relief of Mrs. Franciszka Andres Beregsasi; to the Committee on the Judiciary.

By Mr. O'NEILL:

H.R. 12408. A bill for the relief of Mrs. Nivart Gumusyan Chatalbach; to the Committee on the Judiciary.

By Mr. PUCINSKI:

H.R. 12409. A bill for the relief of Phillipas C. Konstantelos; to the Committee on the Judiciary.

By Mr. ROOSEVELT:

H.R. 12410. A bill for the relief of Luigi Giuseppe Luraschi; to the Committee on the Judiciary.

By Mr. RYAN of New York:

H.R. 12411. A bill for the relief of Jean Croitorou; to the Committee on the Judiciary.

H.R. 12412. A bill for the relief of Luisa Marotta; to the Committee on the Judiciary.

H.R. 12413. A bill for the relief of Pola Scheidenfisch; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

378. The SPEAKER presented a petition of Antanas Skudzinskas, secretary, Lithuanian Community of Boston, Dorchester, Mass., relative to requesting that the U.S. Government take all possible steps in forcing the Soviet Union to pull out of Lithuania her armed power, her Communist agents, and civil administrators, which was referred to the Committee on Foreign Affairs.

EXTENSIONS OF REMARKS

Legalized Gambling in England

EXTENSION OF REMARKS
OF
HON. PAUL A. FINO
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Monday, July 2, 1962

Mr. FINO. Mr. Speaker, today, I would like to tell the Members of this House about the gambling operations in England. While the Government of England does not conduct a national lottery as such, it does have many other forms of legalized gambling and a premium bond lottery.

Last year, almost $2 billion was spent on gambling. All this money was wagered quite legally on horseracing, on the dogs, on football pools, and on fixed odds. The Government collected over $114 million in betting taxes.

Mr. Speaker, in addition to this type of legalized gambling, the English Government, has sold over $1 billion in premium lottery bonds in 6 years.

We, in America, can profit from the British example if we too are successful in overcoming the pious protestations of intolerant hypocrites. A national lottery in the United States could turn the American gambling urge into a national asset. Once instituted, a national lottery would quickly bring such benefits and gain such popularity so as to silence its bluenose critics. A national lottery in the United States could easily and painlessly pump into our Treasury over $10 billion a year in new additional revenue which could be used for tax cuts and reduction of our national debt.

Frostburg, Md., Sesquicentennial Historical

EXTENSION OF REMARKS
OF
HON. CHARLES McC. MATHIAS, JR.
OF MARYLAND
IN THE HOUSE OF REPRESENTATIVES
Monday, July 2, 1962

Mr. MATHIAS. Mr. Speaker, it is rare that a commemoration of an event of local historical significance can be identified to a substantial degree with national history. The Sesquicentennial of Frostburg, Md., is, however, such an occasion.

Mrs. Mathias and I have had the privilege of being guests at the sesquicentennial celebration of Frostburg, which is notable for many reasons. We can personally recommend it for its historical interest and for the warm welcome of the people of Frostburg.

In the year 1812 when Frostburg was founded, this Republic was young indeed. It was only the 36th year of independence and the 23d year of Federal Government under the Constitution. In addition to the Thirteen Original States, only Vermont, 1791; Kentucky, 1792; Tennessee, 1796; Ohio, 1803, and Louisiana, 1812, had been admitted to the Union. The remaining 32 States have all come into existence during the last century and a half in which the people of Frostburg have been rendering unusual service to the Nation.

Geographically, Frostburg is situated on a mountain slope in an area of scenic beauty. Strategically, it bestrides U.S. Route 40 as it rises after passing through the Narrows west of Cumberland, Md. From the earliest times this has been a major road to the West. In the Seven Years War Gen. Edward Braddock led his ill-fated troops over this route toward Fort Duquesne and to death in ambush. George Washington passed and repassed by this way.

Historic as these events may have been, the real drama of the national trail must have been seen in the early days of Frostburg when it saw a steady stream of traffic moving westward. Thus Frostburg witnessed the very lifeblood of America pulsing into the new States yet to be founded.

The mayor of Frostburg, the Honorable Joseph James and his council are to be congratulated upon the constructive service they are rendering to the municipality as it enters the second half of its second century. The sesquicentennial committee, under its honorary chairman, the Honorable J. GLENN BEALL, a former Member of this House and now a distinguished Member of the other body, and J. Glenn Beall, Jr., general chairman, is to be thanked for the valuable and interesting commemoration it has arranged. This is an example of local history with an impact upon us all. I hope that many Americans will have the pleasure of sharing in the celebration of the sesquicentennial of Frostburg, Md., during the period of June 29 to July 7, 1962.

Tenth Anniversary of Commonwealth of Puerto Rico

EXTENSION OF REMARKS
OF

HON. JACOB H. GILBERT

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Monday, July 2, 1962

Mr. GILBERT. Mr. Speaker, our fellow citizens, Puerto Ricans in the island and in the United States, are celebrating the 10th anniversary of the establishment of the Commonwealth. I extend to them my hearty congratulations and join with my colleagues in commending them upon their great accomplishments.

We respect and admire the Puerto Ricans who are demonstrating on their small island the best example in the Americas of how to develop an underdeveloped community in an atmosphere of democracy and freedom.

In the last 14 years the people of the island have become self-governing. A short time ago, there was almost no industry; now as a result of a remarkable program of industrial development, more than 100,000 jobs have been created. Puerto Rico is producing electric energy at a per capita rate higher than any country in Latin America. A generation ago, the island was poor and the people suffered from lack of educational opportunities. Now the literacy rate is 87 percent and every third Puerto Rican attends some form of school. It has made phenomenal strides in the areas of new housing, hospitals, vocational education, transportation, and roads.

The Puerto Rican people by their industry, their pride in their island, their aim for improved social and economic conditions, have more than doubled their per capita income since 1950. Puerto Rico, a land of beauty, warm beaches, and cool mountains is now attracting half a million tourists annually, adding millions to the income of the Commonwealth. Investment of U.S. tax dollars on the island, and exemption from payment of Federal taxes, helped Puerto Rico to achieve its present prosperity and growth, but the greatest credit must go to the people. Under the splendid leadership of Gov. Luis Muñoz-Marín they have accomplished miracles. One of the most important developments is the better understanding which exists between the mainland and Puerto Rico. The citizens of Puerto Rico rely on us for protection; they have rendered outstanding service in our Armed Forces when called upon to help us. We are grateful to them for the contributions they have made in developing their land into the exemplary country it is today.

Texas A. & M. College Record Marks Centennial of Land-Grant College Act

EXTENSION OF REMARKS
OF

HON. JACK BROOKS

OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Monday, July 2, 1962

Mr. BROOKS of Texas. Mr. Speaker, July 2, 1962, marks the 100th anniversary of one of the United States greatest single contributions to liberal, scientific, and practical higher education—the Land-Grant Act of 1862.

Just a century ago, President Lincoln signed the bill allotting nearly 12 million acres of Federal land to the States to establish colleges and universities "where the leading object shall be, without excluding other scientific and classical studies and including military tactics, to teach branches of learning as are related to agriculture and the mechanic arts."

From this act sprang the 68 land-grant institutions across the country—colleges and universities that enroll some 20 percent of the Nation's undergraduate students and grant nearly 40 percent of all doctoral degrees.

The contributions of these institutions to the lives of our people, our Nation's industries and our agriculture have been immeasurable. In my own State of Texas, our great land-grant school, the Agricultural and Mechanical College of Texas, has benefited every rural, suburban, and urban family either directly or indirectly through extensive education, research and extension programs. It has also made significant contributions to our national welfare and defense.

The "father" of the Land-Grant Act was Justin S. Morrill, a Vermont storekeeper-farmer, who served as U.S. Representative and later as Senator from that State. He was a blacksmith's son, and his formal education ended at the age of 15. He firmly contended that ability and desire, not money or birth, should determine who went to college. Today the land-grant colleges uphold the philosophy projected by the Morrill Act by keeping their tuitions low—an open door, admitting all who can benefit from the educational programs that are offered.

The principles of the Morrill Act have been extended by two additional laws, the Hatch Act of 1887, providing for joint Federal-State research in agriculture at land-grant institutions, and the Smith-Lever Act of 1914, which brought into being the extension service as we know it today—a venture in adult education that has no parallel in recorded history.

Mr. Speaker, the Agricultural and Mechanical College of Texas—the land-grant college of Texas and oldest State-supported institution of higher learning in Texas—dates back to acceptance of the provisions of the Morrill Act by the Texas Legislature on November 1, 1866. The college was created by legislative act on April 17, 1871. That same year the State of Texas authorized the sale of 180,000 acres of land scrip at the rate of 87 cents per acre, the proceeds of which were invested in 7 percent gold frontier bonds in the amount of $174,000—the original endowment of the college.

On June 20, 1872, the Texas Legislature accepted a proposal to locate the new college at College Station on a 2,416-acre plot of land donated by interested citizens of Brazos County. After other legislative appropriations and construction, the A. & M. College of Texas was formally opened on October 4, 1876. On August 14 of that same year the Legislature of Texas passed an act to establish the present Prairie View A. & M. College for Negroes as a branch of the A. & M. College of Texas.

From its modest beginning 86 years ago, the A. & M. College of Texas has grown to a student body of nearly 8,000. Prairie View A. & M. College began operation March 11, 1878, with eight students. It now has nearly 3,000 students. These two land-grant schools have been of inestimable value to Texas and the Nation.

The pioneering Texans who founded the Agricultural and Mechanical College of Texas were men who dreamed "no small dreams." They dreamed of a college which would provide superior instruction to Texas' deserving sons; a college which would push back the frontiers of learning through extensive research; and a college which would, after having learned new things, make this learning available to every Texan. Recorded history has proved these dreams a reality.

We Texans know of the high-quality resident instruction given to Texas A. & M. College students, and perhaps we are equally familiar with the work of local county agents in bringing new practices and techniques to our attention. Likewise, we Texans are aware of the research being carried on at the college, though we sometimes may not realize the extensiveness of it, nor the economic implications it has to our direct benefit. To list here each great accomplishment of the A. & M. College of Texas would make this report too voluminous. However, a few examples should be cited in order to give proper credit on this land-grant centennial observance to the research accomplishments of this great land-grant college.

For example, the Texas and Southwestern cattle industry as it is known today might very well be nonexistent were it not for research done at Texas A. & M. College on "Texas"—tick—fever. Dr. Mark Francis, for many years dean of the school of veterinary medicine, through painstaking research found a method of eradicating the costly disease. His contribution was recognized by cattlemen everywhere as saving millions of dollars each year for the industry.

Many other cases could be cited where not only Texas, but the entire world, has profited immensely from developments at Texas A. & M. College in animal strains, in feeds, and in the control or eradication of diseases and insects.

It has been calculated that a strain of hybrid grain sorghum developed at Texas A. & M. College has resulted in 25 to 40 percent more grain per acre and returned to the economy of Texas more than $80 for each dollar spent on annual research. As the years follow, this amount will increase appreciably.

Practical research at Texas A. & M. College has given an economic boost also to the petroleum industry by showing how the injection of liquid petroleum gas into petroleum reservoirs will appreciably increase oil recovery. In one field alone, it is estimated that this technique will result in the additional recovery of from 10 to 12 million barrels of oil.

Mr. Speaker, the military contributions of Texas A. & M. College to the State of Texas, to the Nation, and to the cause of democracy have been great. More than 50,000 young men have been given basic military training at the college since the ROTC program was inaugurated in 1920.

In every war since the college was founded, Texas A. & M. College men have formed a valuable reserve of trained soldiers ready and able to uphold our American traditions. There were Aggies at San Juan Hill. Of the 79 Aggies in the Spanish-American War 47 served as commissioned officers, giving leadership where it was vitally needed.

During World War I, Texas A. & M. College furnished a greater proportion of its former cadets as commissioned officers than any other State college. Exemplifying the Aggie spirit, the class of 1917 volunteered en masse for duty before graduation. Recognizing the patriotic motive, the college awarded them their degrees beneath a giant oak tree in the hills near San Antonio. Fifty-two of those men never returned.

By December 7, 1941, more than 5,000 Reserve officers trained at Texas A. & M. College were on active duty. In addition to some 7,000 Reserve officers commissioned at the college who served in World War II, an equal number from the campus were commissioned through officers' candidate school. Six thousand more served as noncommissioned officers. More than 800 Texas A. & M. College men died during World War II.

Six Texas A. & M. College graduates—two of whom are still living—earned our country's highest decoration, the Congressional Medal of Honor.

The recognition and outstanding achievements attained by the graduates of Texas A. & M. College, in civilian life as well as in the military services, are tangible evidence of the caliber of training they receive in educational leadership. At Texas A. & M. every effort is made to mold character and develop a sense of values, moral and spiritual, and to foster within the students a dedication to God and country. The pattern of training at Texas A. & M. College is based on a "whole man" concept, designed to develop the student physically, mentally, and morally. Government, business, industry, agriculture, education, and the professions all benefit from the leadership qualities developed in the college's graduates.

New educational developments at Texas A. & M. have moved the college into the nuclear and space age early. Studies in space technology, developed in cooperation with the National Aeronautics and Space Administration, and dedication of a new $1.2 million nuclear science center are among significant recent additions to the college's educational program. Texas A. & M. maintains a data processing center, with $4 million invested in high-speed computers, that is second to none at any educational institution in the country.

Another significant new program is that of training officers for the sea. The Texas Legislature just this year established the Texas Maritime Academy at Galveston's Fort Crockett, with the A. & M. College of Texas responsible for its administration and program of education. Engineering and deck officers will be trained for America's ocean-going vessels.

In this land-grant centennial year, we in Texas are proud of our progressive land-grant institution and what it has meant to our State and to our country. The first hundred years since the signing of the Morrill Act have witnessed a revolution in American education. I take pride on this occasion in calling attention to what the Land-Grant Act has meant to Texas through the A. & M. College of Texas.

Tax Depreciation

EXTENSION OF REMARKS

OF

HON. EMILIO Q. DADDARIO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, July 2, 1962

Mr. DADDARIO. Mr. Speaker, it is welcome news to hear that the Kennedy administration has overhauled the tax depreciation schedule by giving businessmen greater freedom and flexibility in determining the rate their equipment is to be written off for tax purposes.

This action by the Treasury terminates the years of study by the Government and private industry of the tax structure of the United States, and marks the first time since 1942 that the Internal Revenue's Bulletin F has been revised to meet the needs of our complex industrial world.

The depreciation lives that will be used are expected to be 21 percent shorter, and I believe that this reform will aid in providing enough tax-free dollars to replace and rehabilitate the machinery and equipment used in the various industries throughout the country.

In this period of rapid technological change new industries as well as many old ones have found it impossible to achieve maximum productivity because of the outdated tax laws. There are many industries, both large and small, in Connecticut whose rate of expansion depends greatly upon reinvestment and replacement of outmoded equipment. I believe that these industries, which are fundamental to American industrial prowess, will recognize the opportunity which lies before them, and continue to expand their facilities at a rate which will strengthen their position in the world market.

I fully recognize the need to modenize our industrial plant to meet the challenge of the world market. Obsolescence hinders effective competition, and no industry can survive in the present world situation if it fails to reinvest at rates equal to the other competing nations. The President has recognized this need, and has moved toward a more liberal tax policy to enable our industries to expand in order to meet this new challenge.

The present administration has taken a big step forward, and now it is up to our businessmen to take advantage of the more liberal depreciation allowances in the drive to utilize their full productive capacity.

A Bill To Provide Wartime Rates of Disability Compensation for Veterans Disabled During Peacetime Service Outside the United States

EXTENSION OF REMARKS

OF

HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 2, 1962

Mr. FINO. Mr. Speaker, I have today introduced a bill to provide wartime rates of disability compensation for veterans disabled during peacetime service outside the United States.

The current Federal law concerning compensation for disabilities incurred during peacetime service in our Armed Forces, works to the disadvantage of many American servicemen and women serving overseas.

The present construction of section 336 of title 38, United States Code, limits disability compensation payments for injuries sustained in peacetime service, to 80 percent of the wartime rate. That is, at least, the way the law applies to most cases of disability incurred in peacetime.

I believe this to be an arrangement out of keeping with the American concept of the cold war, and therefore unfair to a large number of American servicemen and women.

As things stand today, the only service personnel in no way threatened by the potentially explosive nature of the cold war, are those on duty within the limits of the continental United States, Hawaii, Puerto Rico, and United States possessions. All others—and there are, indeed, many others—are scattered throughout the so-called trouble spots of the world. As of this moment, most of them are probably not in danger of destruction; but that, for all we know, and for all they know, may be only a temporary state of affairs.

For this reason, then, in recognition of the important part played by our servicemen and women overseas, it is high time that we move to amend our compensation laws, to the benefit of all veterans disabled from injury or disease incurred or aggravated by service overseas.

With this object in mind, I have introduced this bill.

Count Your Freedoms

EXTENSION OF REMARKS
OF

HON. FRANK W. BOYKIN

OF ALABAMA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 2, 1962

Mr. BOYKIN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a great article that was in the Sunday Star, a new slant on being an American, "Count Your Freedoms."

Well, we have been counting our blessings, but here this great man, my friend for such a long, long time, the former Governor of the great State of North Carolina, but now Secretary of Commerce of the United States, the Honorable Luther H. Hodges, has written an inspiring message—and it is a Fourth of July message, and what a pity it is, Mr. Speaker, that we cannot put the pictures in here, of the Washington Monument, along with Luther Hodges' picture on the right, and along with the beautiful display of fireworks that we will all be seeing in just a few days here in the Capital of the United States.

Well, this story speaks for itself. I have known Luther Hodges a long, long time, and I am thankful that he wrote this story, "Count Your Freedoms." Well, there is no way to count our blessings in this great country, and I think we have more of them now, since President Kennedy has just returned from one of the greatest visits to our neighbors, Mexico City.

Well, this freedom of choice is great, and it is a new kind of message on the Fourth of July. But we have a new kind of man as Secretary of Commerce, Luther Hodges. Well, he has to be great. If you only knew, as we do, his wonderful wife, and they say a man cannot do much without a wonderful woman to help him. Well, our President had his wife with him on this trip to Mexico, and he had this message. By the way, I am sending this article down to my friends in Mexico that have been so wonderful to our President. I am also sending Luther Hodges' message along, a new kind of Fourth of July message. Well, the old one was good enough, but we just keep improving and it keeps getting bigger and better in this great country of ours.

Some people think they are going to give us a backseat. Well, they might, but I believe God is looking down on us here, this Christian country that is trying to do a great job. Well, Luther Hodges is one of the great leaders of this Nation, and while we may not agree with him on everything, I doubt if there are any of us who agree with anybody on everything; but I do agree, and I believe you will agree with me, that he is doing a great job. He has an understanding heart, a wonderful, brilliant brain, and is doing his best for his country, for his Nation, and all mankind; and I am thankful that we have a man of this kind, the great Luther Hodges from our beloved Southland, North Carolina. He always reminds me of the marvelous men of Mobile, Ala., and if they do not treat him just right, we will be taking our great Secretary of Commerce and his wonderful wife down to that great Mobile Bay country. He has promised to come this fall anyway, and I am sure he will.

But this is a message that I am so glad that so many people will be able to read in this CONGRESSIONAL RECORD.

The article follows:

COUNT YOUR BLESSINGS

(By Luther Hodges, Secretary of Commerce)

When I was a boy in North Carolina, the Fourth of July was the most exciting holiday of the year. The whole town turned out for the races in the morning—sack races, three-legged races, and the wild race to capture a greased pig. Then we ate picnic lunches, bought lemonade at the refreshment stands, and settled down for the speeches.

Thundering oratory was much admired in that pre-World War I time. We listened, entranced, to the rolling phrases celebrating the glorious declaration of liberation from tyranny and despotism which took place on July 4, 1776. The inspiring words still echoed in our minds hours later when brilliant fireworks exploded in the night sky.

The years passed and the Fourth of July emphasis gradually shifted from the independence as a Nation, won for us by our forefathers, to the precious individual freedoms that we ourselves must guard constantly against attack and erosion. The four freedoms of Franklin D. Roosevelt—freedom of speech, freedom of worship, freedom from want, and freedom from fear—became the focus of our celebration.

This year I'd like to bring up a fifth freedom—a freedom we enjoy every minute of every day of our lives, yet one we rarely mention—freedom of choice.

What does the fifth freedom mean? Simply that in our personal, our business, and our community lives, we Americans have a range of free choices unmatched and almost undreamed of in many other parts of the world. For example:

FREEDOM OF CHOICE—WHERE WE LIVE

Americans are free to live wherever they please. One family moves from the city to a suburb. Another goes from a rented apartment to a house of its own. Still another heads West or North to a different State—in pursuit of a new job, a better school, fresher air, or merely a change of scene. People in many countries today do not have this freedom.

When I visited the Soviet Union in 1959 as one of nine State Governors, a man working in a factory told me, through an interpreter, that he came from a very beautiful, distant part of Russia where there were many vineyards.

"Would you like to work in the vineyards?" I asked.

"Oh, yes," his face lit up.

"Then why don't you?" I inquired.

He shook his head. Later someone explained to me that in order to buy a railroad ticket to that distant place, the man would be required to show proof that he had a job there. But to obtain a job, he would have to be there. So the idea was hopeless, because he had no choice as to his location or his job.

Last fall in Berlin I noticed a dozen West Berliners standing on a mound near the East-West dividing line waving their handkerchiefs—some occasionally wiping away tears. I asked a woman to whom she was waving.

"To my daughter and her baby and my elderly mother," she told me.

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But let us not be fat, dumb, and happy about our good fortune. The graveyard of history is filled with the bones of people who became too complacent, and were overrun by the lean and hungry have-nots. We must help other nations, some of whose citizens exist on as little as $50 each year, to improve their lot. In so doing we will also help ourselves, because some day they will be able to buy automobiles and television sets from us.

FREEDOM OF CHOICE—HOW WE RUN A BUSINESS

The Americans who make and sell all those automobiles, desks, radios, and bicycles enjoy broad freedoms of choice which we call free enterprise. Of course, our commercial society is complex today and sometimes redtape and collisions of public and private interest tend to confuse us. I find this true in government work, but the fundamental freedoms are always there and the goals are worth all our impatience and inconvenience.

An industrialist can make up his mind at lunch, "I'll build a front-wheel drive car that goes 150 miles an hour." A storekeeper can abruptly decide, "I'm bored with children's clothes—I'd rather sell hobby kits." A salesman can walk out of his job at an appliance company and look for work in the soft drink field. All three can set about their new projects that very afternoon, without the slightest thought of clearances, permits, or authorizations.

The one person who exercises an ultimate veto over them is the consumer. He must freely choose to buy what they offer, or they'll soon have no factory, no store, no job. Essentially, ours is a consumer-controlled economy.

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An important free choice of the American businessman is how he sells his product. He can put a sign in his window and hope the neighbors will see it. Or he can buy space in a publication or time on the air and, with the unique sales tool called advertising, try to sell to millions of people.

Of course this freedom is sometimes abused, but blanket criticism of advertising reflects a profound ignorance of its essential role in our economy. Without advertising to stimulate a constantly expanding demand for goods and services, we wouldn't be the wealthiest Nation that has ever existed.

Under our system, profits make possible the investments that create jobs and increase production. To keep this cycle spiraling upward, potential demand must be transformed into actual sales. Advertising does this by informing purchasers of the choices offered them.

A single example will show the service rendered to our whole economy by the right kind of advertising. When the first mankind made fabrics came out, they were referred to as "artificial silk" or "synthetic." The word "synthetic" was the equivalent of "fake" and the public was disposed to think of the new materials as worthless.

But carefully thought-out advertising informed buyers of the special merits of each of the new fibers. The goods lived up to the promises made for them, and today the production of manmade fibers has reached an astonishing 2 billion pounds a year.

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I feel that far too few of our businessmen are taking advantage of their freedom to sell overseas. A recent U.S. trade mission to eight new West African republics ran into many German and French salesmen, wide awake to the commercial potential of these new markets, but not a single American. Yet a 10-percent increase in our exports would virtually eliminate the deficit in our international accounts and create new jobs and profits.

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Finally, I want to talk about the choices a community can make. As citizens you are free to decide what kind of town yours will be—residential or industrial, fast growing or slow to change, a place where people come to study, retire, get rich, or kick up their heels.

And when things go wrong, you can choose remedies. Certain areas today are sorely depressed because resources have been depleted, industries have moved away, or leaders of the community have grown careless and indifferent. When this happens, people can simply bemoan their fate and accept relief, or they can leave and start somewhere else. Or they can act in concert to improve their condition.

I think particularly of a Maryland city with a real "can do" spirit. In 1960, Cambridge, on the Eastern Shore, was in a decline after the closing of a major food plant. More than 12 percent of the labor force was idle. Stores were failing. The prospects were indeed bleak when four young businessmen formed an industrial committee and by ringing doorbells collected $15,000, partly in $1 and $5 bills.

With this money, hard work and enthusiasm, they "sold Cambridge" to a manufacturing company, two boat companies and a publishing house. Later, a new sewage system was needed to serve expanding industry. The new area redevelopment program of the Department of Commerce assisted the city with a $68,000 loan and a $204,000 grant, and 875 more new jobs came into being. The people of Cambridge are taxpayers again instead of tax users—because they chose to do something about their problems. They made their choice.

FREEDOM OF CHOICE—LET'S KEEP IT

I get impatient with people who say we Americans have lost our freedoms, lost our momentum, lost our way. We have not. Sometimes I wish for a little of that rousing Fourth of July oratory of my boyhood so we could feel again the heady excitement and throbbing sense of our destiny.

I think we need to remind ourselves that we are not forced to go where we are sent, do what we are told, or eat what we are given—because 186 years ago, we declared for life, liberty, and the pursuit of happiness.

And as we exercise our freedom of choice in scores of ways, we can, by the unselfishness and the farsightedness of our choices, assure the continuation of the freedoms we cherish and their extension to others.

Count Your Freedoms

EXTENSION OF REMARKS

OF

HON. THOMAS J. LANE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, July 2, 1962

Mr. LANE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article by our Secretary of Commerce, the Honorable Luther H. Hodges, entitled, "Count Your Freedoms," which appeared in This Week magazine, July 1, 1962:

COUNT YOUR FREEDOMS

(By Luther H. Hodges, U.S. Secretary of Commerce)

When I was a boy in North Carolina, the Fourth of July was the most exciting holiday of the year. The whole town turned out for the races in the morning—sack races, three-legged races, and the wild race to capture a greased pig. Then we ate picnic lunches, bought lemonade at the refreshment stands and settled down for the speeches.

Thundering oratory was much admired in that pre-World War I time. We listened, entranced, the rolling phrases celebrating the glorious declaration of liberation from tyranny and despotism which took place on July 4, 1776. The inspiring words still echoed in our minds hours later when brilliant fireworks exploded in the night sky.

The years passed and the Fourth of July emphasis gradually shifted from the independence as a nation, won for us by our forefathers, to the previous individual freedoms that we ourselves must guard constantly against attack and erosion. The four freedoms of Franklin D. Roosevelt—freedom of speech, freedom of worship, freedom from want and freedom from fear—became the focus of our celebration.

This year I'd like to bring up a fifth freedom—a freedom we enjoy every minute of every day of our lives, yet one we rarely mention—freedom of choice.

What does this fifth freedom mean? Simply that in our personal, our business, and our community lives, we Americans have a range of free choices unmatched and almost undreamed of in many other parts of the world. For example:

FREEDOM OF CHOICE—WHERE WE LIVE

Americans are free to live wherever they please. One family moves from the city to a suburb. Another goes from a rented apartment to a house of its own. Still another heads west or north to a different State—in pursuit of a new job, a better school, fresher air, or merely a change of scene. People in many countries today do not have this freedom.

When I visited the Soviet Union in 1959 as one of nine State Governors, a man working in a factory told me, through an interpreter, that he came from a very beautiful, distant part of Russia where there were many vineyards.

"Would you like to work in the vineyards?" I asked.

"Oh yes," his face lit up.

"Then why don't you?" I inquired.

He shook his head. Later someone explained to me that in order to buy a railroad ticket to that distant place, the man would be required to show proof that he had a job there. But to obtain a job, he would have to be there. So the idea was hopeless, because he had no choice as to his location or his job.

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Grant and Loan Program to Hospitals

EXTENSION OF REMARKS

OF

HON. JOHN E. MOSS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 2, 1962

Mr. MOSS. Mr. Speaker, I am today introducing a bill to establish a combination matching grant and loan program to assist public and private nonprofit hospitals and nursing homes to undertake badly needed modernization and replacement projects.

A similar bill, S. 3407, has been introduced in the other body by Senator JOSEPH CLARK.

The primary health facility need in metropolitan areas today is modernization rather than construction of new bed capacity. This situation is not generally recognized by the public and has come about because of the prolonged concentration on important hospital needs accumulated during the depression and World War II, particularly the critical shortage of bed space in rural areas. Federal assistance in the construction of new hospitals through the existing Hill-Burton program has been instrumental in helping to reduce greatly the Nation's deficiency of hospital bed space. However, in recent years there has been a growing obsolescence of the hospitals that were already in existence, and, for the most part, located in urban areas, when the program of new construction was initiated in 1946.

A 1960 Public Health Service nationwide survey of each of the 25 U.S. metropolitan areas which have more than 2,500 general hospital beds, and sample reports from 32 smaller areas showed a projected national cost for needed modernization and replacement of $3.6 billion. This astonishing amount is almost four times the current rate of annual construction expenditures in the entire health facilities field, and only a fraction of that is spent on modernization and replacement which does not add new bed capacity.

This, as the survey demonstrated, is a nationwide need but I would like to point out that in my home State of California, the modernization backlog is estimated at $513 million.

The bill would authorize the U.S. Surgeon General, acting through the State Hill-Burton agencies, to make, first, grants up to 50 percent of the cost of qualified modernization projects and, secondly, loans either instead of or to supplement grants, provided the total Federal share does not exceed 80 percent of the cost of the project. Also, assistance would be provided for the development of comprehensive regional health facilities plans. The amounts to be authorized have been left blank in the bill pending the development in committee hearings of information on the optimum size of the proposed program. The program would be effective July 1, 1963, so there would be no budgetary impact until fiscal 1964.

The program envisioned in the bill is intended to complement and not to interfere with the existing Hill-Burton construction program. It would be administered in a similar manner. The State agencies that now are involved in the Hill-Burton program would process the new applications and the Surgeon General would employ administrative procedures similar to those presently in effect for the construction program. Modernization assistance funds would be available only to projects which would not increase bed capacity by more than 5 percent.

Mr. Speaker, this legislation deals with an important national health facility need. Under existing programs, much progress undoubtedly will be made in rapidly adding to the current number of hospital beds. However, modernization and replacement of many existing facilities is required to improve patient care by increasing the adequacy of services, safety, and efficiency, and to adapt present facilities to new hospital and related medical needs.

Fourth of July Festival in Denmark

EXTENSION OF REMARKS
OF

HON. ANCHER NELSEN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 2, 1962

Mr. NELSEN. Mr. Speaker, when we celebrate the 186th anniversary of the signing of the Declaration of Independence on the Fourth of July we will witness many celebrations throughout our 50 States. No doubt the bands will play; many fine patriotic and inspiring speeches will be made and without doubt colorful parades will mark this occasion.

One of the most enthusiastic gatherings will be held several thousands of miles away in the beautiful terraced heather-clad hills of Rebild National Park in Denmark. Danes and Americans join here annually in a most heartwarming expression and pay tribute to the causes of liberty and international friendship.

I visited Rebild Park and the Lincoln Museum in 1954. This beautiful park has a natural amphitheater which as history records was the result of the glacial streams of the ice age which cut gullies through the edge of this plateau. Three of these gullies met to form this bowl, which is now known as Rebild National Park.

Americans and Danes have been celebrating the Fourth of July together since 1912 when a group of Danish-born Americans purchased the ancient Rebild hills adjacent to Rolds Forest, one of the most beautiful sites in Denmark. They donated this land to the Danish Government as a national park with the stipulation that the American Independence Day be observed there every year. This was an expression of gratitude to America and almost every year since 1912 Americans of Danish birth or descent have met with Danish subjects in this beautiful park to celebrate our Independence Day.

This year marks the golden anniversary of this celebration and it will last from June 30 through July 5. The many events will include regattas, visits by American and Danish naval units, torchlight parades, concerts by the U.S. Air Force and Danish Royal Guard bands and fireworks displays. The climax will, of course, be when King Frederik IX and Queen Ingrid appear as guests of honor.

Thousands of families from all walks of life assemble there with high-ranking Government officials from both countries. The Danish royal family attends—the American Ambassador, the Danish Prime Minister, and Cabinet members participate in the festivity and this year Dick Nixon, the former Vice President of the United States, will speak at this celebration.

It would be difficult to put into words the enthusiasm that springs from such a celebration where thousands of people assemble and the oldest flag in the world, Denmark's Dannebrog, will fly alongside the new 50-star Old Glory, and adding to the color of the event, the flags of all the States will form an avenue leading to the center of the festival grounds and many thousands will visit the Lincoln Log Cabin, a historical museum devoted to American pioneers.

Perhaps the most stirring of all the experiences at the Rebild festivities will be the singing—songs of Denmark augmented by the Danish-born Americans' own wealth of music. Here the Danish royal anthem and the American national anthem will be sung and it is said that when the festival draws to a close, people sitting all over the steep slopes, up the sides of the bowl right to the hilltops, do not make slightest move to go until long after the orchestra has intoned and the song leader waved his baton and the many thousand voices joined in with:

> Thou land where I was born, where dwells
> my heart
> Whence stems my being, where my roots do
> rest
> Where, native tongue, thou doth mine heart
> impart
> My mother's voice, O accents sweetly blest.
> Thou salty Danish strand—where wild swans
> nest and roam
> Oh, verdant isles, O blessed shores of home
> Thou art my love
> Denmark, my native land.

For such reasons over the years many outstanding personalities, famous on both sides of the Atlantic, have appeared at Rebild, including Arctic Explorer Peter Freuchen, General Motors President William S. Knudsen, Hollywood Actor Jean Hersholt, Pianist Victor Borge, and Singer Lauritz Melchior.

On my visit to Denmark, the home of my parents, I was thrilled to see the neat farms and the intensive cultivation of every inch of soil. This little country, while not endowed with the richest soil in the world, through intense, careful cultivation has made Denmark a leader in the agricultural field. To say the least, I was proud of the country my parents came from and I wish them well in their celebration again this year on Independence Day.

We may certainly agree with King Frederik IX, who recently had this to say about the festival:

> It is my hope that these reunions may long continue into the years to come, preserving and strengthening the venerable and rich bonds of friendship across the Atlantic, and at the same time strengthening the friendly relations between the United States of America and Denmark.

The Army Reserve and the National Guard

EXTENSION OF REMARKS
OF

HON. LEON H. GAVIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 2, 1962

Mr. GAVIN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement made by me before a subcommittee of the House Armed Services Committee, June 20, 1962:

STATEMENT OF REPRESENTATIVE L. H. GAVIN BEFORE A SUBCOMMITTEE OF THE HOUSE ARMED SERVICES COMMITTEE RE ARMY RESERVE AND NATIONAL GUARD

I wish to take this opportunity to express my views concerning the announced plan of the Department of Defense to reorganize the Reserve components of the Department of the Army.

At the outset, let me make clear the fact that, in my opinion, this proposed reorganization is not an Army plan but in reality a decision by the Secretary of Defense to simply reduce the size of our Reserve Forces.

The Department of the Army is thus forced to play the role assigned to it by the Secretary—a role, in my opinion, dictated by budgetary considerations without regard to the actual military contingencies which should dictate our Reserve personnel strength.

Army witnesses before the Hébert subcommittee have repeatedly emphasized that "within available resources" the proposed plan will provide increased readiness to the Army Reserve components. Upon further questioning by this subcommittee, Army witnesses have attempted to justify this reduction in Reserve strength by pointing out that Army war plans do not contemplate a phased mobilization of the Reserve at a rate greater than that proposed under the new plan.

None of these arguments is either persuasive or logical. They all blithely ignore the real facts of life.

The size of the Army Reserve should not and cannot be determined on the basis of the number of guns or tanks or radios available to it. On the contrary, at any given point in time the primary consideration should be what is the strategic military requirement for the Army Reserve on the basis of the present and predictable international threat.

This must be the basic measure for developing the strength of our Reserve forces—any other, and particularly one based on budgetary considerations, is sheer folly.

I believe that the Army is caught on the treadmill of this type of budget thinking. Its resources for the Reserve program are those made available as fallout from the Regular Army. Yet, procurement and construction for the Regular Army has been so limited that it has been scarcely able to meet its problems of equipment and weapons obsolescence, without beginning to actually meet the logistic requirements of the Reserve.

As a consequence, Reserve resources have grown smaller and the Pentagon asks that we should now support an Army Reserve program not in excess of 642,000. Therefore, the Pentagon has come up with a "brilliant solution" to the problem—we'll cut eight divisions from the Army Reserve and National Guard, concentrate our resources with six high-priority divisions, and reduce to skeleton organizations the remaining divisions in the structure.

It is this type of logic which then results in the conclusion that we have increased our Reserve strength and our ability to wage conventional war.

I don't profess to be a military expert, but this incredible proposal to reduce our strength simply doesn't make sense.

We are living in a critical and chaotic world and we must be ready to meet any demands made upon us at any time anywhere. To cut back the Reserve and National Guard at this particular time, in my opinion, is not good judgment.

Our enemies are real. The threat to our national security is real. The Kremlin will not measure our ability to fight by the arguments and logic advanced by a computer in the Pentagon. The Kremlin will only be impressed by military strength.

In conclusion, I urge this subcommittee to oppose the proposed plan to reduce the strength of the Army Reserve and National Guard, and the proposed elimination of eight Reserve and National Guard divisions.

Address by Secretary of the Treasury Dillon Before General Federation of Women's Clubs

EXTENSION OF REMARKS

OF

HON. ROBERT S. KERR

OF OKLAHOMA

IN THE SENATE OF THE UNITED STATES

Monday, July 2, 1962

Mr. KERR. Mr. President, the Alliance for Progress embodies the philosophy expressed in the maxim, "The Lord helps those who help themselves." It is very important that the concepts underlying this new program of hemispheric cooperation and progress be understood by the citizens of the United States who have a great stake in its success, and by the citizens of all Latin American nations whose future progress depends so greatly upon its success.

A concise and meaningful report on the Alliance for Progress was made here last week by the Honorable Douglas Dillon, Secretary of the Treasury, in an address before the international convention of the General Federation of Women's Clubs. This summary by the Secretary of the Treasury deserves careful study by all who are concerned with the maintenance of peace, goodwill, and continuing economic progress in the Western Hemisphere. For that reason I ask unanimous consent that this excellent address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY THE HONORABLE DOUGLAS DILLON, SECRETARY OF THE TREASURY, BEFORE THE INTERNATIONAL CONVENTION OF THE GENERAL FEDERATION OF WOMEN'S CLUBS, SHERATON PARK HOTEL, WASHINGTON, D.C., MONDAY, JUNE 25, 1962

It is a great pleasure for Mrs. Dillon and me to be with you here tonight. Your request that I discuss President Kennedy's Alliance for Progress was a very welcome one, not only because of the importance of the Alliance, but because I know it has a special interest for this audience.

Women have a gift for seeing complex problems in human terms, as your scholarship program for talented Latin American students so clearly demonstrates. This quality is important to the Alliance, for, in Latin America, we are dealing with human emotions and aspirations—not just economic charts, loans, and machinery. If the Alliance is left entirely to the economists, the technicians, and the Government officials, it cannot succeed. Lasting progress calls urgently for widespread support by private citizens of our efforts to work with the other governments of the hemisphere in helping their peoples to achieve a better life.

I want to caution you against expecting miracles from the Alliance. There are no overnight solutions for problems that have been building up for centuries. The task of the Alliance is nothing less than helping the nations of Latin America move into the 20th century as quickly as possible—and under their own power.

Latin America contains some 210 million people, whose average annual income is only $295 a year—roughly one-eighth of our own. Forty years from now, Latin America's population will have tripled. Merely keeping pace with that population explosion in terms of average income would be a tremendous task—and it would produce no real progress. It would merely perpetuate the status quo. Therefore, the Alliance has had to go beyond this and, in order to raise the average individual income by a mere 2½ percent a year, has been obliged to set a 10-year goal of an overall annual growth rate of 5 percent.

Obviously, achieving such a rate of economic growth will require tremendous effort, and a heavy investment of capital for industrial and agricultural progress. In addition, Latin America cannot ignore the need for social progress. It needs schools as well as roads, and hospitals as well as factories. This is recognized by the democratic leaders of the hemisphere, who are well aware that economic progress must go hand in hand with social progress, for each reinforces the other.

No two countries in Latin America are completely alike, and every government must make for itself the hard decisions which sound allocation of available resources between social and economic progress will inevitably require. These decisions will not only be difficult, they may in many cases be unpopular. There will always be some who will want to spend more on social progress, and others who see economic progress as paramount.

As the Alliance advances, the pressures for more rapid growth will mount, rather than subside. There is already some feeling—in the United States, as well as in Latin America—that the Alliance is not moving fast enough. This is understandable, for the eradication of injustice and poverty demands both speed and vigorous action. But impatience is no subsitute for hard work—and that's what the Alliance requires. Unquestionably, there is need for more speed and urgency by some of our Latin American partners in undertaking the reforms which will provide the basis for greater economic and social development. I hope that all of our friends will move resolutely to mobilize their own resources—for self-help is the essence of the Alliance.

The United States is doing its part, not only directly, but through its membership in such international organizations as the Inter-American Development Bank and the World Bank, which are making major contributions. We have kept the promise we made 10 months ago at Punta del Este when the Alliance was launched, to contribute more than a billion dollars in the year ended last March—the anniversary of President Kennedy's call for creation of the Alliance. We will continue to do our full share.

But the success of the Alliance requires more than help from outside Latin America. It is true that $20 billion in outside government and private capital will be needed during the first 10 years of the Alliance. But it is also true that Latin Americans must commit four times that amount to their own economic and social development if the Alliance's goals are to be realized. Therefore, our assistance is being concentrated on those countries making the greatest effort to help themselves.

Most of the nations of Latin America are actively helping themselves. Essential land and tax reforms are moving ahead in many areas. So are effective programs to improve housing, education, and sanitation. The face of Latin America is changing, and while the problems are so vast that the changes may appear to be minor, significant advances are being made. For instance: In tax reform, the administration and collection of taxes has been improved in Argentina, Bolivia, Chile, Colombia, Guatemala, Panama, Paraguay, Peru and Uruguay, and tax rates have been increased in Argentina, Salvador, Mexico, Nicaragua, Panama, Uruguay, Venezuela, Costa Rica, and Ecuador.

In housing, savings and loans systems have been established in seven countries—Chile, Costa Rica, Ecuador, Guatemala, Colombia, Peru, and Venezuela. Plans are being prepared for similar systems in five more. Low-cost housing projects are also being undertaken in 10 countries.

In land reform, Mexico and Bolivia are continuing reforms, and broad programs are underway in Colombia and Venezuela. Other nations—including Brazil and the Dominican Republic—are at various stages of developing plans. Salvador, Peru, Honduras, and Chile have established new facilities for small-scale farms, and other nations have expanded existing facilities. These programs encompass more than land redistribution, although that is long overdue in some countries. Equally important are the programs underway to raise agricultural productivity, provide rural credit, improve farm-to-market roads, and make available new agricultural extension services.

In education, six nations—Chile, Ecuador, Mexico, Costa Rica, Panama, and Peru—have substantially increased their budgetary outlays for education and many more are preparing to expand their school programs.

If a single area can be said to symbolize the challenges facing the Alliance, it is surely Brazil's sprawling, drought-ridden northeast, where 25 million Brazilians live, many of them under a constant burden of poverty, disease and despair. For them, hope is a precious commodity. There are plans for a huge irrigation program, but in the meantime, the situation is desperate, and the Alliance is not standing still.

Just this month, a $17 million agreement under the Alliance was signed to provide pure water for 140 communities in northeastern Brazil, as well as a dozen mobile health units and dozens more permanent health centers. At the same time, another project was approved for this area which will expand the educational system in the State of Pernambuco and permit 200,000 children who have had no educational opportunities to attend school.

The food-for-peace program is an important part of the Alliance, and only this month a new type of agreement was signed to provide food for a cooperative in Alagoas State in northeastern Brazil. The food will maintain the families in the cooperative until it can produce its own. When this venture began last November, the cooperative had only 130 member families. Now there are more than 400, and there are plans for 1,300 4 years from now.

The poor of Brazil's cities are not being forgotten. For example, in Guanabara State, of which the beautiful city of Rio de Janeiro is a part, a resettlement program is underway which will improve 35 slum areas containing 300,000 people. In the spirit of the Alliance the project is being financed partly by the sale of surplus wheat from the United States, partly by the tax revenues of Guanabara State, and partly by the Brazilian Federal Government.

Similar progress is going forward in other countries. For example, tens of thousands of Peruvian schoolchildren are now getting hot lunches, and 44,000 families in Venezuela have been resettled under a land reform program. In tiny El Salvador, 700 new classrooms are going up which will provide facilities to teach 28,000 pupils.

These achievements are important, but the Alliance will not produce lasting results without sound planning, which is the key to any balanced program of economic and social development. The World Bank has been active in this area and the Organization of American States has set up an outstanding panel of experts that is working hard on the national development plans of Alliance members as quickly as they are submitted. This panel—the nine wise men, as they are called—came into being only a few months ago and has already received and done extensive work on long-term development plans from Colombia, Bolivia, and Chile. Three more long-term development plans from other nations are expected by the end of August, and a seventh in September. These efforts are important, not only to mobilize local resources, but also to attract external capital. They will do much to create an attractive climate for private investment from abroad.

Private capital has a major role to play in the continued progress of the Alliance—just as it did in the remarkable postwar recovery of Western Europe. Latin America's problem, however, is not the same as that faced in the European recovery. One of the major differences is the lack of internal capital and well-organized resources in Latin America. These resources must be developed, for the proper use of private investment—from both within and outside the hemisphere—is essential to the acceleration of development.

As an important first step in this direction, I think it incumbent upon Latin Americans themselves to reverse the flow of capital they are now sending abroad and invest it at home, where it is sorely needed.

Such local capital, particularly when used in partnership with external capital, can make a uniquely effective contribution to national development by blending local knowledge and resources with the highly developed technical and managerial skills that accompany capital from abroad. The opportunities for such investment will multiply with social and economic progress.

One very important element in the growth process of Latin America is foreign trade, since significant declines in the prices of the primary commodities which they export have often outweighed the benefits of the foreign aid received. This problem has intensified in recent years, because prices of many commodities produced by Latin America have fallen, thus reducing income from exports.

Take coffee as an example: Most of the countries in Latin America export coffee, and for six of them, coffee represents more than half their total exports. Coffee constitutes 22 percent of the total of all exports from Latin America. A 1-cent drop in the price of a pound of green coffee costs Latin America $50 million a year, and prices have been dropping.

The root of this problem is that almost twice as much coffee is produced each year as is consumed abroad. The result is a massive surplus which overhangs the market and exerts a downward pressure on prices. The United States believes that a solution to this problem requires a worldwide agreement between producing and consuming nations. We have taken the initiative in organizing the Coffee Study Group, which includes 28 producing countries and some 20 consuming countries. This group will meet in New York next month under the auspices of the United Nations, to consider the text of a draft agreement to provide consumer-producer cooperation on coffee, which is of such vital importance to Latin America. Included in the proposed draft agreement are provisions to bring about production controls and to speed up economic diversification in coffee-producing countries.

Reliance upon a single export such as as coffee as the major source of income from abroad is widespread in Latin America. For example, copper makes up almost 70 percent of Chile's exports, petroleum more than 90 percent of Venezuela's, and bananas 75 percent of Ecuador's. Most Latin American countries export somewhere between 18 and 25 percent of their total output, compared to only about 3 percent in the United States.

As a result, the domestic economies of Latin American countries react directly and immediately to sudden price fluctuations in world commodity markets. During the fifties, Latin America expanded its exports, but at the same time prices dropped steadily. The result was to wipe out gains resulting from the export expansion.

A method must be found whereby producers and consumers cooperate to avoid these harmful fluctuations. It is not easy to arrive at a solution that protects the interest of all concerned, but one must be found because trade expansion is vital to the development of all of Latin America.

The United States is continually supporting efforts to provide better and more favorable market opportunities for Latin American exports. President Kennedy's new trade program is directly designed to provide significant help. It would give the President wider authority to reduce or eliminate tariffs if the European Common Market agrees to take similar action.

I feel that Europe should take cognizance of the Latin Americas' need to expand and stabilize their export markets, and that European action on this matter—in addition to expanded programs of direct aid—would be of great benefit to the development of the free world. We would, of course, like to see European capital, both government and private, play an increasing role in hemisphere development. Expanding trade offers an excellent opportunity for the newly prosperous industrial nations to provide—by their immediate efforts—greater cooperation in this vital field.

In conclusion, I would like to emphasize once more the overwhelming urgency of the problems which the Alliance is designed to meet. I cannot think of a better way to describe this urgency than in the words of Teodoro Moscoso—U.S. Coordinator for the Alliance—who said of all the partners of the Alliance recently: "Like generals sending regiments into a decisive battle, we may not have the luxury of leisurely deployment of our troops, or of perfect textbook planning of how the battle should be fought. This means that in all probability we will make errors. But the one error we cannot afford to make is that of waiting, of letting the initiative slip out of our grasp. We must attack, massively, the enemies of poverty, injustice and hopelessness which still characterize the lot of so many in our hemisphere."

Trade, Truth, Trouble

EXTENSION OF REMARKS
OF

HON. BRUCE ALGER

OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Monday, July 2, 1962

Mr. ALGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following Washington Report submitted to my constituents by me under the title "Trade, Truth, Trouble":

TRADE, TRUTH, TROUBLE

H.R. 11970, the Trade Expansion Act of 1962 passed 299 to 125 (opposed 90 Republicans plus 35 Democrats, 7 of us from Texas). Earlier on recommit to replace the administration bill with a year's extension of present law the vote was 171 for (127 Republicans, 44 Democrats) to 253 against (43 Republicans, 210 Democrats). I voted for recommittal and against the new bill on final passage. Basic provisions of the bill were:

(A) New grants of tariff cutting authority:

Section 202: Eliminate all tariffs less than 5 percent; includes lumber, fish, fruits, meats, minerals, metals, etc.

Section 211: Eliminate all tariffs on those products whose "aggregated world export value" of United States and other nations together totaled 80 percent or more; includes organic and industrial chemicals, plastics, paints, cosmetics and soaps, rubber articles, glass products, leather goods, power, electrical and industrial, farm machinery, motor and road vehicles, candy, musical and record playing instruments, etc.

Section 212: Eliminate tariffs on agricultural products in raw or semiraw form; includes sugar, tobacco, animals, meat products, poultry, eggs, dairy products, grains and breakfast foods, feeds, fruits and juices, jellies, beverages, vegetables, nuts, cotton, wool, hides, chewing gum, drugs, etc.

Section 213: Eliminate tariffs on tropical agricultural products; includes coconut, mangoes, bananas, cocoa, chocolate, vanilla, cinnamon, nutmeg, etc.

(B) Administrative changes:

1. Eliminate peril point and escape clause, appoint chief negotiator of ambassador rank confirmed by Senate; additional

public hearings on products whose tariffs will be cut; and

(C) Federal subsidies; adjustment assistance as loans, technical assistance, increased tariffs, and tax concessions to injured firms and industries; assistance allowances to workers, 56 weeks of unemployment pay plus 27 weeks more (at 65 percent base weekly wage or average manufacturing wage of $92, whichever is less) for retraining pay plus $5 per diem plus 10 cents per mile travel expense plus 2½ weeks salary as relocation allowance, $230).

For the first time our Government abandons (1) no serious injury concept partially protecting U.S. industry from extinction by flood of foreign goods. (2) Item by item consideration: the bill would lump firms together as industry and thus consider any harm done. (3) Peril point: the bill would substitute the advice of economic impact on industry to President by Tariff Commission for the present law which requires findings of point product by product below which injury will accrue to U.S. firm plus report to Congress by President of items where trade concessions below peril point were made plus report by Tariff Commission to Congress on these same items. (4) Escape clause: the bill provides no escape for those firms and industries bankrupted, replacing present law which provides mandatory Tariff Commission's findings and Presidential action and/or action by Congress overriding the President.

The troubles facing us in debate and in our world trade posture result from failure to know and/or follow the truth. We are, as I see it, battling ignorance, the lack of knowledge of the coldblooded facts, the failure to recognize facts and learn from experience.

Some of the facts and factors of truth are these:

1. Reciprocal trade is not, has not, and assuredly will not (with even greater Presidential authority) be reciprocal. The truth is we are now, or shortly will be, the world's lowest tariff Nation (80 percent average 1934 to 10 percent today) while other nations impose quotas, embargoes, licensing and fee procedures, taxes, and regulations and other restrictions and discriminations actually preventing our goods to be shipped to them.

2. The bill substitutes quotas, trade restrictions, and subsidies for tariffs, therefore, is a less fair, a less free trade bill contrary to sustained nationwide propaganda.

3. Our trade surplus is not a surplus; we give our goods away and then show gifts as sales and surplus over imports.

4. Our balance of payments and gold position will deteriorate as the flood of imports will cause outflow of U.S. dollars (gold).

5. The bill in no way provides for other nations making concessions, only for our lowering our tariffs, disregarding present General Agreements on Trade and Tariffs violations (quotas) and GATT escape clauses, safeguards others retain, but we now by this bill deny our industry.

6. GATT (our executive agreement) has never been approved by Congress.

7. Texas and the Nation show tremendous job loss (Texas 56,040, United States 478,570) and money lost in increased imports as against reduced exports in those industries where simultaneously with losing jobs there was a worsening balance of trade (products included, meat products, candy, beverage, textiles, lumber, oil and coal products, footwear, leather goods, cement, vehicles, etc.)

8. Political and diplomatic decisions in our negotiations have replaced economic, whereas the truth is that good economics for us is the best politics.

9. The bill is planned injury with help going to industries too late under criteria which spells out bankruptcy, which loans won't help: Further proven by 56 pages of the bill spelling out assistance to workers after jobs are lost because of foreign imports closing down U.S. business.

10. The most favored nation clause permits any third nation to benefit by any of our concessions even though the second party with whom we negotiate makes no concession to the third or the third party with us. Thus Japan and others can flood us as a result of our negotiations with the Common Market countries.

11. We don't know which nations will comprise the Common Market—will the United Kingdom and the other 6 nations of the "Outer Seven" join in?

12. Because the Common Market (France, West Germany, Italy, Netherlands, Belgium and Luxembourg) is a protectionist bloc and are not matching out tariff cuts, U.S. industry is moving abroad to build plants within other countries, thus protected by the respective countries' high tariffs from U.S. competitors while free to ship back to United States because of U.S. low tariff.

13. Low wages, lower taxes, and less burdensome cost of doing business because of government laws and regulations are giving other nations the edge on us. U.S. industry cannot compete. Added to this is the monopolistic position of the U.S. labor which takes all productivity increase as wage increases, rather than permitting our prices to drop.

14. Our low tariff policies are permitting others to ship relatively more high-labor-content products to us while we ship out relatively more low-labor-content products—so others are taking away the market on highly industrialized goods from us because of our governmental laws—not because of ability to compete. We lose jobs and markets.

15. The bill does not prevent Communists invading our market. Transshipping is entirely overlooked. Example: Czechoslovakian typewriters are flooding United States and sold by Macy's. Covers are added in Canada marked "made in Canada." Our dollars help the Communists in their buildup and our industry and workers are hurt.

16. Government goes into business in a big way. The Secretary of Commerce may require security for the loans and then as he sees fit "assign or sell at public or private sale or otherwise dispose of, upon such terms and conditions and for such consideration, as he shall determine to be reasonable," "renovate, improve, modernize, complete, insure, rent, sell or otherwise deal with;" "acquire, hold, transfer, release or convey any real or personal property—etc." Is there anything he can't do?

17. Loans and help to industry can be a subsidy for and coverup of inefficiency. Also, the Small Business Administration already does what this bill prescribes.

18. The adjustment assistance conflicts with other Federal law—Area Redevelopment Act, Employment Act of 1946, manpower retraining, and State unemployment compensation. Obviously, the higher pay for loss of jobs through imports is discriminatory and will replace unemployment compensation and set Federal standards.

19. The worker's assistance does not permit a choice by the worker of retraining and only heads of families can receive the relocation allowance, those who are least likely to need it.

20. The national security provision, section 232 was not strengthened or redefined to protect the oil industry, the only product ruled vital for national defense.

My position as I stated in floor debate recognized the improvement of H.R. 11970 over the original bill H.R. 9900. But the truth and the facts I learned during the hearings forced me to recommend a simple extension of 1 year of present law to give us time to devise the right solution, not compound the errors.

My recommendations underlying this extension and pursuing truth are these:

1. Let us first learn the effects on industry of the 20 percent average cut of import tariffs which we granted only last March and which do not go into effect until July 1962 (½) and 1963 (½).

2. Demand now concessions long overdue from those who because of alleged dollar shortage, after agreeing to cut tariffs did not do so, as we did.

3. Find out what nations will comprise the Common Market—will Britain join?

4. Change the "most favored nation" provision assuring reciprocity.

5. Become hard headed in our negotiations instead of losing our shirts by demanding elimination of the trade restrictions now practiced against us; approval or disapproval of GATT by Congress; a review of GATT provisions and prevent violations by member nations; retaliation against those discriminating against us by (a) raising tariffs, and/or (b) imposing quotas; appoint a congressional committee to study the basic economic and fiscal problems confronting us related to trade, including balance of payments, dollar reserves, deficit financing, labor's monopoly and others. Then we can write a good trade bill with basically the right approach. As it is we are failing properly to diagnose the problems so, of course, the bill is bad legislation.

The basic danger and question remains. The troubles grow out of our failure to know the facts, the truth, without which the trade problem cannot be solved. Finally, how can a republic survive without truth and knowledge, widely disseminated and followed.

One final point. The significance of administration's success in packing the Rules Committee last year was apparent in this fight. I was among the leaders of an attempt to have the trade bill brought from the Rules Committee under an open or modified rule which would have permitted amending it and removing the worst features. By an 8 to 7 vote the Rules Committee sent the bill to the floor under a closed rule which prevented changes and gave the House the choice of accepting or rejecting it, so that Members who wanted to vote for the good had to take the bad. If we had been able to get an open rule on this bill, as we did on the farm bill, we would have defeated it also.

Italo-Americans Play Outstanding Role in United States

EXTENSION OF REMARKS
OF
HON. JOHN V. LINDSAY
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Monday, July 2, 1962

Mr. LINDSAY. Mr. Speaker, our colleague, SILVIO O. CONTE, delivered a timely and thought-provoking address on Sunday, July 1. Congressman CONTE's review of the outstanding role played by the Italo-Americans in the history of our country provides cogent support for his plea for long-overdue reform in our immigration policy. This fine address of our colleague from Massachusetts should help us to remember with pride the pluralistic tradition which has brought greatness to America. It should also encourage us to redouble our efforts to perpetuate this vital tradition which is being threatened by the shortsightedness of our restrictive immigration policy.

The text of Mr. Conte's speech is as follows:

Speech of Congressman Silvio O. Conte to the 48th Annual Convention of the Massachusetts Grand Lodge of the Order of Sons of Italy in America, July 1, 1962, Swampscott, Mass.

Mr. Chairman Campisi, Grand Venerable Donadio, fellow members of the Massachusetts Grand Lodge of the Order of Sons of Italy in America: I cannot adequately express to you the honor I feel as a Son of Italy on being asked to address this distinguished 48th annual convention. I deem it both a pleasure and a privilege to be able to spend even these short hours with you in a reunion of congenial brotherhood and a rejoicing at the great heritage of Italians in America. A record such as ours—a heritage of pride in our Nation, devotion to its cause of freedom, and love for its ideal of the equality of men—is unexcelled in patriotism. But a record is not built with human sacrifice just to look back on. It comes to us as a foundation for the future. And our duty to our pioneering fathers and their forefathers demands that we strengthen the structure and contribute the efforts of our generation to constructing a better America, more solidly exemplifying its principles and standing sturdy against the ill winds of godless ideologies.

Today, in the midst of the good fellowship of this gathering, in the quiet comfort of our homes, in the material prosperity of our daily lives, we feel secure. But on America which gradually extracts religion from its daily life in favor of material pleasures will not long be secure. An America which ignores the malfunctioning of its Government and corruption among its public servants cannot remain safe. An America whose children are not educated in the principles behind its past glories could turn down unwise paths in the future.

In our world of strife, no civilization is entirely safe from the encroachments of societies based on greed, distrust, and conquest. The day of the intercontinental ballistic missile and nuclear weapons is also the day for calmness, decision, and wisdom. When two nations have the power to destroy the earth, their people cannot afford to be apathetic about their destinies. Our destiny, God willing, is to live in peace and prepare our children to meet the crises which will surely confront them.

Italo-Americans have played a grand role in our history. We are bound to continue making America great. The first European foot to tread American soil was that of an Italian on October 12, 1492. Ever since, Italo-Americans have literally marched for our Nation. Although only 4 percent of our population were Italo-Americans at the time of World War I, 11 percent of those killed or wounded in the great war were our fathers and brothers who had answered the call of their country.

And so it has continued in every conflict since: 845,000 men and women of Italian descent served in the Armed Forces of the United States during World War II. Our heads are high with pride and our hearts are heavy with humility whenever it is mentioned that 20 of the 500 Congressional Medal of Honor winners in World War II came from the ranks of Italo-Americans. The greatest sacrifice that any mother and father can make during time of war is the giving of their sons to their Nation. Whose offering could have been greater than our own Antonio Potito, of the Lega Prottiva Lodge 379 of Springfield, who had nine sons fighting for their country in the second war?

But Italo-Americans yearn to walk in peace rather than march in war. They are doctors, lawyers, engineers, and businessmen. They are farmers, shopowners, builders, and teachers. And they have been honored far and wide for their contributions to our society. In 1954, Dr. Antonio Pisani, son of an immigrant shoemaker, was designated the outstanding general practitioner of the year by the Medical Society of the State of New York. From our neighboring State of Connecticut, Dr. William Verdi, faculty member of Yale University, internationally known surgeon and research scientist, has been honored here by the Italian Government for his outstanding service to humanity.

What young lawyer is not awed and inspired by our own Judge Felix Forte. How many engineers sat at the feet of Gaetano Lanza, for 40 years professor of mechanics at the Massachusetts Institute of Technology? What scientific breakthroughs can be attributed to Peter Bellaschi and Giuseppe Faccioli, once chief engineer of the General Electric Co.?

And the highest award the world can give, the Nobel Prize, in 1938 went to Enrico Fermi who led the United States into the atomic age. California's beauty and bountiful agriculture is due, in great part, to the help that horticulturist E. E. Fenzi gave nature in the Far West. It is still arguable that Antonio Meucci invented a workable telephone before his fellow countryman, Alexander Graham Bell. So the contribution of Italo-Americans to the vital field of American science is now legend. Our place along side others in all of society is indeed prominent, and our leadership in the arts and in music remains unexcelled.

The Italian heritage in America began quite obviously at the earliest possible date, but it has been a never-ending chain. Not only did Italians open the New World to the eyes and ears of Europe, but are conspicuous at every turn of its development. I guess we have always known a fantastic climate when we see one, because there were Italians in what is now Florida as early as 1565. Likewise, we saw the glamour of Arizona as early as 1539, when only the Indians vacationed there. Italians were given grants of land in Virginia way back in 1607, and Father Blount, a descendant of the Biondi of Italy, ventured with Lord Calvert to the shores of Maryland. Men and women from the Piedmont settled in Delaware in 1656. An early Italian contractor built Fort St. Louis, Ill., in 1683 and we have been America's builders ever since.

When it came time for America to break away from foreign domination, it was Philip Mazzei who inspired Thomas Jefferson to so eloquently express the feelings of the colonists with the phrase, "All men are, by nature, created free and independent."

This glorious tradition should be second nature to our children so that when they are cheering Joe Bellino or applauding Perry Como or laughing at Jimmy Durante, they will, at the same time, realize their stake in America and their great responsibility for its future. It is the patriotism, the accomplishments, and the citizenship of Italo-Americans which makes it no longer necessary for us to tell the rest of America about our famous, eminent, and outstanding men. Although we are eager to do it, no longer do we feel compelled to talk about DiMaggio, Marciano, or Graziano as our Irish friends no longer talk of John L. Sullivan, the "Boston Strong Boy." When Sullivan was an Irish hero, the Irish were struggling to prove themselves as Americans, but, like them, I don't think that now we have to prove anything to anybody any more. We need only to keep our record in front of ourselves and our children.

Looking to the future for a moment, we would think that our land would welcome those from around the world with open arms, but this has not been so. Instead, the policy of the Government despite our most logical and thoughtful arguments to the contrary, still embraces the McCarran-Walter Immigration Act of 1952. The tide, however, is turning. The efforts have not been entirely fruitless. I have stated again and again on the floor of the House of Representatives that revision is necessary, basic policy commands reevaluation, and that quotas must be revamped. Immigration legislation to allow close relatives—mothers, fathers, sisters and brothers—to rejoin broken families of loved ones demands the closest immediate attention of the Congress.

And now there is a ray of hope. Just last week, on the 10th anniversary of the McCarran-Walter legislation, Chairman Walter himself arose on the floor of the House to promise that steps will be soon initiated to begin a study by his subcommittee of the whole spectrum of American immigration policy. Although he stopped short of saying that pending bills would be considered now, Congressman Walter conceded that modernizations are realistic after 10 years of operation of the law. You may be sure that I, for one, will not be content with lengthy and drawn out study that does not produce results. The facts are well known to all of us, and we shall have our day in court.

Looking to the future again, the relations between our country and the Italy of 1962 could not be better today. We have every expectation that the long-range goals of the two nations will stay closely alined in the defense and progress of the Western World. Since the establishment of the Common Market, the whole world has been astounded by the economic progress of the six-member nations. I think it is entirely fair to say that no country has benefited more from its membership in the Common Market than has Italy. It is, today, one of the most dynamic and booming partners in this venture to unify a once scattered and war-torn continent. Not only was the treaty establishing the European Community signed in Rome, but Rome has also been the center for calm deliberations in further expanding the Market's membership. Italy stands firm with the United States to encourage Great Britain's full and undelayed membership. Italy stands with the United States against the dangerous multiplications of independent nuclear power throughout the world. Her contribution to NATO has fully met her commitments to the defense of the Atlantic Community. All this adds up to a remarkable record when we consider that Italy has been divided over the centuries, invaded and destroyed many times and that the outlook for the future was indeed dim 15 years ago. Just last year, she celebrated the centennial of her unification, and it seemed to me that it signified a vast turning point for our mothers' land in world affairs.

It was a wonderful sight to behold the ramifications of economic prosperity and political stability during my brief visit to Italy last fall. I was especially impressed in the tremendous steps which have been taken to develop the south. It is amazing to note that for the first time the economic rate of growth in the south has been higher than that of the rest of the country in 1961. Planning for further expansion is based on two objectives—full employment of the manpower in the south and intensified industrialization to absorb agricultural workers who are abandoning the farms there. The overall goal is to integrate the south into the rest of the economy so that it will no longer be the tremendously depressed area that it has been for so long. The Cassa program for economic development has placed special emphasis on the south to the extent that outright grants to small and medium sized industries have resulted in plant expenditures worth more than $154 million. So the future here too looks very bright.

All over Italy, it was heartening to see the downtrodden of World War II living in better homes, being able to move about the countryside whether it be on motor scooter or in a Fiat. The entire countryside and each town and city seemed to be alive again, not only with their usual color, but in the eyes of the people.

As my good friend and the new President of Italy, Antonio Segni, said in his inaugural address in May, "From the aspiration toward peace and from the responsibility to guard the freedom of the individual nations, the Atlantic community came into being in 1949, a community of nations whose bond and strength come more from the common faith in the freedom, peace and the progress of nation, than from the treaties which created it. Italy joined the alliance at that time. She has remained faithful to it in the years that have passed, and she will always be faithful to it." Antonio Segni will go down in history as a great President of Italy, and it is my privilege to call him my friend. It is with this feeling of mutual cooperation, expressed so eloquently by President Segni, that Italy and the United States stand side by side today.

All of you here tonight have played a vital role in the success we will have and in the prospects which lie ahead for Italo-Americans. The first article of the constitution of this great order of the Sons of Italy shows the spirit in which this convention meets here today. It reveals the philosophy under which the order has grown and flourished. It is characteristic of the approach taken by Italo-Americans to their duties as Americans. I quote, "To unite all the Italian emigrants in one single family and, without prejudice as to their religious or political creed, with the advantage which comes from the union of energy and sacrifice, to educate them to live as social ethics prescribe and human needs demand, in accordance with the principles of universal brotherhood suggested by the new times. To convince them that if love of the native country is admirable in them, that of the adopted country becomes a sacrosanct duty, because having found happiness in this country, they must expand their energy for it, assist in its economic and cultural gains, become citizens, and participate in its public life. To defend its existence, its independence, its liberty, in short, to take upon themselves all the duties of its citizens, in order to share in their rights."

Since our order was founded on March 1, 1904—58 years ago, the necessity for citizenship indoctrination has passed, but the devotion to the United States shown in this article of our constitution has grown over the years and with the passing generations. No citizens of our beloved country will ever surpass us in service to its causes.

I thank you.

Tragedy of Errors

EXTENSION OF REMARKS

OF

HON. EARL WILSON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 2, 1962

Mr. WILSON of Indiana. Mr. Speaker, on Tuesday of this week, I shall submit a statement to the Special Investigations Subcommittee of the Armed Services Committee regarding my position and conclusions of the procurement of the AN/PRC 41 radio set.

I shall submit this statement in an effort to bring home some points I have tried to make since this procurement started. I think the subcommittee has made them for me.

My remarks to the subcommittee follow:

STATEMENT OF HON. EARL WILSON OF INDIANA, TO THE SPECIAL INVESTIGATIONS SUBCOMMITTEE OF THE ARMED SERVICES COMMITTEE, JULY 3, 1962, CONCERNING PROPOSED PURCHASE OF UHF RADIOS BY THE NAVY DEPARTMENT ON A SOLE-SOURCE BASIS

Mr. Chairman and members of the subcommittee, I should first like to thank this subcommittee for taking its valuable time to look into what I believe to be the first before-the-fact sole-source contract award that has been challenged in this manner. In my opinion, Mr. Chairman, members and counsel have done an excellent job in obtaining information that will lead to future legislation. As you said last Thursday, "this is a legislative inquiry." Although its purpose has not been to prove the contemplated sole-source production of the AN/PRC 41 undesirable, I think it has done just that. I shall develop this theme as I progress. But I want to state my conclusion first. The AN/PRC 41 radio production should not be even now carried out on a sole-source basis. The facts simply do not back up the desire.

When I first opposed this procurement, I said I intended to oppose it as "not being in the best interests of the United States." I have done just that, and I have been profoundly shocked to learn that so many Navy people in high positions of trust have endorsed what appears to me to be a tragic series of blunders that, if allowed to stand, will (1) penalize the American taxpayer; (2) deny the capability and efficiency of American industry; and (3) justify the continued use of wartime emergency regulations for sole-source procurement during periods of nonemergency.

It is my opinion this subcommittee has brought out enough facts to show that (1) in deciding this production must be on a sole-source basis, the Navy was altogether too superficial in its study; (2) the Navy's actions before and since deciding to sole-source this procurement have been considerably less than ethical; (3) American industry, represented here by a single firm appearing under something less than ideal circumstances, has made an excellent case against sole-sourcing of this product; (4) the American taxpayer stands to be penalized over $1 million in this and other instances that can be documented, and, most important of all, (5) the legislative correction possible under terms of the Hébert amendment to the Armed Forces Procurement Act will correct future situations of this sort for the military, which certainly shows little inclination to correct them itself.

I wish to develop these points at this time. I hope others will be developed by this subcommittee in study of the other eight cases I referred to it in June. In connection with this, I want to state that I have a number of other cases which follow the same basic pattern. All lead to the conclusion that the military is penalizing the taxpayer to a degree that should not be tolerated.

Before discussing the points I want to cover, I find it necessary to recognize that last week Under Secretary of the Navy Kenneth M. BeLieu appealed to the sympathies of the committee and others during an emotional appeal in which he practically wrapped himself in the flag. Let me make this clear. I do not question Mr. BeLieu's valor in behalf of his country. His record speaks for itself. But I should like to ask when it was established that an outstanding war record be a prerequisite for a good Under Secretary of the Navy? When have medals been made qualifications for a high role in our national defense agencies? Medals, war records are for wartime heroics, which all of us admire and applaud. I am the first to warmly congratulate the Under Secretary for his contribution to his country. I must say, however, that had he been as diligent, as searching, and as industrious in the procurement of the PRC 41 radio set as he was in his role of a man serving his colors, we probably would not be here today, because the PRC 41 would be made by American industry after competitive bidding.

That is not the case. The Under Secretary is the highest of the officials we have heard here. He has done as have the rest—given sole-source procurement entirely too superficial a look. He has been the victim of inefficient and incompetent staff work, but he still supports them and their judgment. Poor judgment can be just as criminal as a felonious act itself, and the way such judgments as these are penalizing the taxpayer are certainly criminally wasteful.

This subcommittee has uncovered sufficient facts to indicate to me that this contract should not be sole-sourced to any one company. It has unmasked inefficiency and incompetency masquerading as the exact opposite behind a facade of initials and signatures on documents not worth the paper upon which they're printed. Almost all these redtape documents have been given only cursory inspection before being routinely authorized.

For these reasons I say to this subcommittee and to the Under Secretary of the Navy that his war record, impressive and appreciated as it is, cannot and does not excuse the inefficiency of him and his subordinates, for whom he takes full responsibility and whose actions are too costly to be tolerated.

What has this committee brought out? What has it developed during these hearings? I think it has established beyond the shadow of a doubt the need for the Hébert amendment to the Armed Forces Procurement Act. It has won a victory for its own legislation even before it is finally enacted. I am happy to have had a small part in this, and I am sure it will result in saving billions of dollars of the taxpayers' money. This committee, I think, has established with the Under Secretary's own statements that while the Navy and other armed services say they welcome reviews and investigations, they also resist legislation which will cure the ills that are under study. Mr. BeLieu's statements and Mr. HÉBERT's unchallenged statement that his amendment is already being resisted by defense agencies bears out my belief. What the Armed Forces say they want and what they really want are two different things. What they really want, it seems to me, is to be judge, jury, prosecutor, and witness for themselves with no outside interference.

The Hébert amendment will make it possible for an independent agency to place a checkrein on the reckless waste in military procurement. This hearing has proven the amendment should be made law.

I think it's been established that Navy policy is rooted in sandy soil. It can be changed capriciously, with only the Navy's knowing of the change. These changes can be hidden until the Navy thinks the time opportune. In this case, however, the Navy has outsmarted itself. The hearing has brought out that the 1959 policy of the Bureau of Ships I quoted in submitting my presentation to Secretary of the Navy Korth was changed in September 1961. I refer to this as the Bureau of Ships "open door policy." It said any contractor could submit a bid on any procurement, sole source or not. From May 21, when I submitted my presentation to Secretary Korth, until June 28, when Eugene Jones of the Office of Naval Material made his statement about the policy change, neither the General Accounting Office, EARL WILSON nor Arvin Industries were told the policy had been changed. No one ever called or wrote to say I was mistaken. Mr. Jones didn't state this in a conference in my office—yet on June 28 he quoted the new policy which, in effect, closed the open door.

The committee, as I remember it, tried to pinpoint this new policy. Who signed it? What led to it? How was it arrived at? To this moment, there has not been a word of concrete testimony on this matter. When asked questions, Navy said it would have to go back and get the answers. It appears to me that in such an important matter as this, the documents should be available. Certainly, little trouble was encountered in finding the policy had been changed. Why is it so hard to find out who, when, why, and how? We still don't know the answers.

It should be made clear, however, that the committee has at its disposal documents indicating that the Navy Bureau of Ships "open door policy" was being violated as early as September 1960, a full year before any policy change—if one was really made. There are documents in a colleague's office and in possession of a manufacturing firm I can pinpoint that will show direct violations of stated Navy policy such as I have charged in the case of the PRC 41. This can, and should, be inspected.

Time and again in this hearing we hear mentioned the words "time frame," which translate in civilian English into "time factor." Briefly, the Navy says only Collins can build the radio and deliver it in the time frame it has set up. This is not Collins fault. The Collins Co. is a good company, and I bear no ill will toward it. As I said on the floor a year ago, it plays the game by the rules the Navy sets up.

Returning to the time factor, interrogation by this subcommittee has established that the Navy's time estimate has been higher than either Arvin or Collins. If we really expect Navy's figures to be accurate, the cost is going to be even more and so is the time of delivery going to be longer.

This so-called time frame appears to me to be a judgment made at a subordinate level in the Navy Department. Once made, it was agreed to at every level and if questioned at all was questioned only superficially. In this time frame matter as in others, a judgment made at a subordinate level stood for all. The same is true for the technical complexity of the equipment. Despite the control points, interviews, board meetings, and all the redtape, this subcommittee has yet to hear any concrete testimony that will prove anything more than a superficial study was given this matter once a first decision had been made somewhere in the lower echelons of the Navy Department. This, I think, adds grist to the mill for the Hébert amendment. When a procurement agency is its own judge, jury, prosecutor, and witness, it has absolute power—and absolute power corrupts absolutely. So-called after-the-fact examinations, reviews, and hearings are too late. They are like locking the barn door after the horse is gone. Only if sole-source procurement can be stopped before it hits the taxpayer in the pocketbook, can we expect some relief, and this is what the Hébert amendment will make possible.

Now let us further examine the Navy's diligence in justifying this sole-source award. Lengthy interrogation by the subcommittee proved it took a naval board only 20 minutes to make the decision that the production of the PRC 41 was to be sole source. In fact, Major Sudhoff said he had considerable trouble persuading the board that the radio should be produced sole source—yet it took only 20 minutes. I want to tell you that I have read the documents which should have been present at that meeting, or which I would expect to have been there, and it took me 20 minutes to read them without discussing them afterward, and I am not a slow reader. Think of it. In 20 minutes, a decision was made and then was rubberstamped all the way to the top. And remember, in this one, the PRC 41, the major said he encountered considerable resistance. I shudder to think how our money is being wasted if this is any indication of Armed Forces efficiency. What happens when there is no resistance? Other sole-source actions, probably more questionable than this, must take minutes or seconds to set up for the rubberstamp brigade that awaits.

At the risk of becoming repetitive, Mr. Chairman, here, again is a place where the Hébert amendment will prove a corrective and will save the taxpayers further financial bloodletting.

As a corollary to this, do you recall that Mr. BeLieu testified that about 825 sole-source actions crossed his desk in the last fiscal year with all but 8 percent approved? Few were questioned as much as the PRC 41. I hardly think this makes a case for efficiency in the Navy Department.

I would like to turn now to two documents submitted by me to the subcommittee—the Arvin and Collins proposals. Both came from the General Accounting Office and are now in the hands of the subcommittee.

We have heard much here of 19 engineering changes that must be made. We heard Arvin representatives say these changes would require more time for the end product. The facts are, and they were not brought out here, it is going to take Collins longer to finish the radio due to these changes, too. The Navy has already recognized this by adding 2 months to the initial delivery schedule it proposes for Collins.

I want to point this out—it was never brought out by the subcommittee—Arvin and Collins prepared their bids on the same request for proposal. The same requirements were stated, the same words, the same numbers used—yet Arvin's bid was 34 percent lower. The engineering changes couldn't have been reflected in Collins' bid because they weren't incorporated in the request for proposal.

Arvin was told of these verbal, postbid changes during its courtesy call at the Bureau of Ships. These changes, I repeat, were not in the original RPF. Neither Arvin nor Collins bid on them, and the delay in delivery is not reflected in these original bids.

Documents I have provided to the subcommittee prove beyond a shadow of a doubt that the Navy was prepared to extend the initial delivery date for Collins to take care of these changes. The truth of the matter, Mr. Chairman, is that the Navy had started changing this contract even before it was signed. It inferred in its presentation that it will take Arvin longer to perform than Collins, and it inferred the changes were incorporated in the Collins proposal. It never said it—it inferred it, because it knows allowance for the changes is contained in its own proposal to sign a letter contract for the PRC 41 with Collins.

I have stated the way in which this procurement was justified for sole source. The prime reason is time of delivery of the equipment. I think we have a right to expect that any manufacturer who gets this contract should perform excellently and should have a sterling record of delivery. Yet, the subcommittee is in possession of documents I received from the General Accounting Office through the Bureau of Ships which shows that out of 86 line items for delivery under previous contracts, Collins has been delinquent in 40, with delinquencies as high as 13 and 14 months. I don't mention this to disparage Collins, but simply to show the superficial manner in which this procurement was examined by the Bureau of Ships before being lined up for the rubberstamp brigade.

Mr. Porter Hardy, of Virginia, summed up Navy's case succinctly on Thursday when he said Navy came here to try to rationalize its position. The Navy's own testimony has shown it didn't start to compile a detailed analysis until it learned of my interest and later of the subcommittee's interest. What would happen if procurement people in industry acted accordingly? I think the Navy simply tried to explain away its own inefficiency and incompetency. To the credit of the committee and its counsel, that did not happen.

In my opinion, the Navy's case boils down to time of delivery and technical nature of the product. Testimony I have heard disproves both contentions. In my opinion this subcommittee, while pursuing a course that has proven the desirability of the Hébert amendment, has also proven that (1) had the development contract for the PRC 41 been pursued and model and drawings delivered, (2) had engineering changes been noted, and (3) had American industry been given a chance, this radio could have been built and delivered on time and on a competitive bidding basis with a consequent huge saving to the taxpayers.

In his straightforward statement, Mr. Robert Nau, of Arvin Industries, said Arvin still warrants it can build this radio and deliver it in accordance with Navy wishes. This is no fly-by-night manufacturer talking, Mr. Chairman. This is a pioneer in the field—one of the six leading producers of radios in the Nation, a company with an outstanding performance record in the UHF field. This is an industry which does near $100 million of business a year and which is renowned for its conservative approach and excellent performance.

Mr. Chairman, the record speaks for itself. Had the Hébert amendment been law, Navy would have had to justify this sole-source procurement in a similar manner as we have experienced in this hearing. It could not have done this. It could not rationalize under intelligent inquiry. This subcommittee has proved that.

With the Hébert amendment as law, and the General Accounting Office looking over its shoulder, the military will be much more cautious in trying to erroneously justify sole-source awards. The result will be a better, more economical purchasing system and savings to the taxpayers that will amount to billions a year. I repeat what I have said many times today—the Hébert amendment should be passed by the Senate and signed by the President at the earliest possible time. We are just starting a new fiscal year, and it is never too early to begin saving money.

To my knowledge, Mr. Chairman, this is the first time a sole-source award has been challenged before the fact in this manner. There are many after-the-fact cases. The subcommittee has eight from my files, and I will shortly turn over several others. All show that sole-source procurement is a luxury we cannot afford.

In this case, however, we have a chance to prove the theory of the Hébert amendment as opposed to the Navy position. Navy says only Collins can meet its schedule, and I say American industry can perform alongside Collins. My suggestion is simply this: take the planned procurement and divide it between Collins and Arvin. Call the firms in, give Arvin a model, and complete drawings, split the award and tell them to go to work. If Arvin fails to produce, the Navy position is right, and Collins can assume the uncompleted portion of the work. There will be no delay. If Arvin produces, then the position I have taken is right and the Hébert amendment would have been used to stop sole-sourcing of this award. To add to that, if both produce, the Government will have a double source of supply to take care of future orders. I propose this in all sincerity, even though I know it has little chance. The Navy will welcome this suggestion even as it is welcoming the Hébert amendment right now.

In conclusion, Mr. Chairman, I would again like to thank the subcommittee and its staff for its cooperation in this matter. I think it has proven what it set out to prove—that the Hébert amendment is needed and needed now.

I would like to close by predicting a similar case that is coming up in the near future. The statement has been made, "WILSON is out to get the Navy." I am not, and I never have been. I have great admiration for the Navy and what it has accomplished, even as I have admiration for the great majority of Navy employees who are honest, hard-working Americans.

The Navy isn't the only defense arm that abuses the sole-source method of procurement. The Army is another. It is already planning to sole-source the AN/ARC 54 radio set on an urgency-of-delivery basis, and that sole-source award will go to Collins Radio Co. unless there is a change, now that I have made this statement. I invite the subcommittee's attention to this matter when it becomes pertinent.

I thank the chairman, the subcommittee members, and counsel for their kind attention and consideration.

Captive Nations Week

EXTENSION OF REMARKS
OF
HON. THOMAS M. PELLY
OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES
Monday, July 2, 1962

Mr. PELLY. Mr. Speaker, as a Member of the 86th Congress, on July 17, 1959, it was my privilege to support Senate Joint Resolution 111, designating the third week in July as Captive Nations Week and authorizing and requesting the President of the United States to issue a proclamation thereto.

This resolution, now Public Law 86–90, provided further that the President be authorized and requested to issue a similar proclamation each year until such time as freedom and independence shall have been achieved for all the captive nations of the world.

Pursuant to Public Law 86–90, President Eisenhower did issue the proclamation designating the third week in July 1959 as Captive Nations Week. A similar Presidential proclamation was initiated in 1960.

In 1961, President Kennedy also proclaimed the third week in July as Captive Nations Week, under the continuing congressional resolution.

However, the third week of July 1962 is fast approaching and since normally the White House has issued a proclamation well in advance of this date, I am concerned as to what action the President will take this year. Are the Members of this House to assume that another gesture of appeasement to the Kremlin is in the offing and that no proclamation will be forthcoming? I am cognizant of and bitterly resent the State Department's passive policy with respect to Communist bloc nations, but this is one instance when I would hope the executive branch will take the initiative and override any such advice of the Department of State.

The effectiveness of this proclamation can be accurately assessed by the volume of protests that emanate from the Kremlin each time it is issued. No event in the past 10 years has caused such sustained denunciation by Moscow, Peiping, and the puppets than the passage of this resolution and the annual observances it authorized into being. Indeed, Vice President Nixon, in his recent book, "Six Crises," stated that the observance of Captive Nations Week was "a major Soviet irritant throughout my tour."

Official annual recognition of Captive Nations Week by the leading nation of the free world points up the fact that these nations are held in bondage by the Soviet Union and are therefore living proof of Soviet colonialism—colonialism far more brutal, savage, and soul-destroying than was practiced by the imperial csarist government at the height of its power. As a result of this resolution, we have delivered a shattering, positive, and aggressive propaganda blow in the cold war.

By this means we have adopted a posture of offense, instead of constantly remaining on the defensive in the cold war effort.

Mr. Speaker, I urge the President to immediately issue the proclamation requested by the Congress and also express my active support of pending legislation to establish a special House Committee on Captive Nations, notwithstanding Secretary Rusk's opposition, based on his judgment that the formation of such a committee would be a "source of contention."

With the Soviet Union in trouble in many parts of its farflung empire, I suggest that 1962 could be a year of decision. The issuance of the Presidential proclamation, followed by passage of legislation establishing the special committee, might well be straws that break the camel's back.

Speech of Senator George D. Aiken, of Vermont

EXTENSION OF REMARKS
OF
HON. CLEVELAND M. BAILEY
OF WEST VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 2, 1962

Mr. BAILEY. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a speech delivered this morning at ceremonies marking the 100th anniversary of the Morrill Act of 1862, by the distinguished senior Senator from Vermont, the Honorable GEORGE D. AIKEN. Senator AIKEN is one of the cosponsors, with Senator MORSE, of a companion bill in the other body to H.R. 11340:

ADDRESS BY SENATOR GEORGE D. AIKEN, 100TH ANNIVERSARY OF LAND-GRANT COLLEGES AND UNIVERSITIES

The centennial anniversary of the Morrill Act of 1862 is an appropriate time to review the several land-grant statutes—their contributions to our Nation and the challenges, both national, and worldwide, which face our land-grant institutions today.

As a Senator from Vermont, I am happy to join with you in paying homage to Justin Smith Morrill, of Strafford, Vt., for his authorship of the first great Land-Grant Act and for the leadership he exerted in the Congress from 1862 until 1890 in securing the passage of necessary perfecting land-grant legislation.

Actually, Justin Morrill devoted some 33 years to the land-grant dream. He did not see his proposal as a partisan project, or any great revolutionary idea. He was practical and down to earth about it from the start.

To Justin Morrill, the land-grant idea was a commonsense plan for extending the advantages of education to all American people.

This is not to infer that he failed to grasp the sweeping changes which his law would provoke in American education. He knew that this was a change the people needed and wanted, and he realized that education was essential for effective, intelligent, and informed popular government.

Many thousands of words have been used to define the land-grant college system.

The Morrill Act of 1862 has been called the magna carta of American education, and the emancipation proclamation for those striving for higher education.

It is both of these, but the land-grant college laws, as a whole, are something more: They are designed to teach people how to do for themselves.

This fundamental objective is embodied in the original Morrill Act. It is the intent and the spirit underlying subsequent legislation—the Morrill Act of 1890, the Hatch Act of 1887, the Smith-Lever Act of 1914, and the Bankhead-Jones Act of 1935.

As early as 1785, the Northwest Ordinance had stipulated that 640 acres of land be sold to finance public schools in the Territory. Two years later, the Ordinance of 1787 emphasized that religion, morality, and knowledge are necessary to good government and mankind's happiness. To achieve these ends, the ordinance stated that "the means of education should be forever encouraged."

When the Albemarle Agricultural Society was founded, Thomas Jefferson wrote its constitution. A fundamental requirement of this constitution was that the members of the society make records of the successes and failures of their farming practices and turn this information over to the society so that their experiences could be pooled for the common good of all.

Similar requirements cropped up in the rules governing other agricultural societies. The practice was extended in the 1840's among the small farmers' clubs that were forming in farm communities all over our new country.

By 1850, the work of these societies and clubs had resulted in specific action by 20 of the 31 States to collect agricultural data systematically. Thus was the way prepared for the Morrill Act of 1862.

If he were here today, I am sure that Justin Morrill would point to the long record of painstaking effort by many men to build public support for the idea.

After President Buchanan vetoed the first Morrill Act in 1859, Morrill told his colleagues in the House that this bill had not been advocated as a party measure, that it had been supported by the legislatures of at least 13 States and "by an indefinite number of memorials from private citizens * * * by agricultural societies and agricultural men throughout the whole country." "It fought its way on its own merits," Representative Morrill declared.

History has recorded for us the well-known fact that Justin Morrill, the son of a blacksmith, finished his formal education at the age of 15. He clerked in the local general store, then worked for a time in a store in

Portland, Maine, before returning to Strafford and becoming a partner of his former employer, Jedediah Harris. By the time he was 38 he had saved up about $30,000 and left the store, later entering public life.

His education, of course, had not stopped. Morrill was largely a self-taught man, so he knew at first hand how important it was to make public education available to all men.

Morrill, however, did not look down on men who had been born "to the quality" so to speak. One of his strongest supporters was Thomas Clemson, of South Carolina, who had been educated abroad by wealthy parents. Clemson, like Morrill, believed that higher education should be made available to all men regardless of rank or station.

The third member of the trio who worked so valiantly for the progress of education in agriculture and mechanic arts was Jonathan B. Turner.

I would like to claim that Turner was also a Vermonter, but candor, and the fact that history is quite accurate on this point, force me to admit that he was born and raised just over the State line in Massachusetts about 40 miles from my own home and about 100 miles south of the home of Justin S. Morrill in Strafford.

The early life and the environment of these two men of destiny was quite similar although Turner had the advantage of an education at Yale which college he left in his senior year at the age of 28 to accept a teaching job at Illinois College.

The good Lord must have sent Turner to Illinois to provide a balanced team, for it was largely through the work of Turner in the West, Clemson in the South, and Morrill in the North that the land-grant bill finally became law after 5 years of effort.

It is probable that Morrill's initial interest and inspiration in a specific land-grant law grew from action taken years earlier by a committee of the Vermont Legislature. In 1840 the committee on education issued a report favoring facilities for the education of "the mechanic and the farmer." In the title of the Morrill Act of 1862 we find the purpose of the legislation was to "provide colleges for the benefit of agriculture and the mechanic arts."

About the same time another Vermonter, Prof. Alden Partridge, who founded Norwich University, was advocating that Congress establish a Federal system of education financed by the sale of public lands.

The rest of this early history we know pretty well—how slow the land-grant idea was to catch on in actual practice, how most of the States collected less than a dollar an acre from the sale of public land, and how the educational results were for some years negligible.

The Hatch Act of 1887 provided for the establishment of agricultural experiment stations.

The second Morrill Act of 1890 provided a permanent annual endowment of $25,000 for each land-grant college and barred funds for colleges which would not admit Negroes (although funds were available in States where segregated educational facilities were required).

The Smith-Lever Act of 1914 authorized the establishment of the Extension Service which enable colleges to provide instruction beyond the campus grounds.

The remarkable record of growth which has come from these initial laws is almost beyond belief.

American agriculture is what it is today—the greatest productive force in all human history—because of the educational activities made possible through our experiment stations and our Extension Service, as well as the enormous influence of the land-grant idea in democratizing all higher education.

The county agent and the home demonstration leader—these people have carried the very latest in farm and home economic know-how to almost every farm in America.

In his first speech in Congress on the land-grant idea, in 1858, Justin Morrill said that to enact this law would enable every farmer to raise two blades of grass instead of one. Little did he know how prophetic these words would prove to be.

Going back only 35 years, we find that the number of bushels of corn per acre has jumped from 26.4 in 1927 to 61.8 in 1961 and the wheat yield per acre has risen from 14.7 in 1927 to 23.9 bushels in 1961.

In terms of man-hours, farm production has tripled in the last 30 years. Crop production per man-hour has increased 300 percent and livestock production has gone up 70 perecnt.

Of course, the educational facilities of our land-grant institutions have not been limited to work in the field of agriculture. The technological growth of our Nation in the last 75 years is in large part the result of our land-grant training and experimentation in the fields of science and industry.

In the field of research alone, the work of the land-grant institutions resulted in the discovery of streptomycin, basic work on fatigue in metals, control of botulism for the canning industry, research in space and satellite tracking rockets and rocket fuels, development of the television tube, the transistor and the first cyclotron.

The list of accomplishments in these spheres is almost endless and, when added to the practical development in agricultural science, our land-grant program has done more to develop our Nation into a role of world leadership than almost any other single force.

More than 20 percent of our college students are enrolled in the 68 land-grant institutions. They are awarded about half of the doctoral degrees in the engineering, scientific, and health professions.

They are awarded about 40 percent of all the doctoral degrees and 25 percent of those in the languages, the arts, education, and business.

In only one sphere of our domestic growth does it seem that we have failed to avail ourselves of the land-grant tools we need to develop our human resources. This is in our small rural communities. Many of these communities are withering on the vine, as their young people move to the cities in search of greater opportunities.

This is a problem we should not disregard. We should do more to provide these small communities with adequate tools for maintaining productive industry in their own hometowns.

A high percentage of the failures incurred by small business people today comes from a lack of information on those factors which makes for success or failure—faulty location, improper equipment, inadequate promotion, or lack of understanding of the use of credit.

An extension service for small business and industry, similar to our great agricultural Extension Service, and which is to be found in only a few States today, would bring to these small communities the kind of information they need in order to help themselves.

In recent years we have seen a whole new world open up for our land-grant colleges and universities. After World War II our Nation was faced with the necessity for shoring up weak but friendly countries in all parts of the world.

Since the Marshall plan was put into effect in 1948, our foreign aid programs have been extended deep into the underdeveloped areas of Asia, Latin America, and Africa.

Home demonstration agents, county agents, soil conservationists and a host of other agricultural specialists have gone to the far reaches of the world to live and work among people who have not had access to the modern techniques so necessary for providing food, clothing, and shelter in the 20th century world.

This has been done in two ways—through the hiring of new career employees by our foreign aid agencies, and by contracting with land-grant colleges and universities for specific projects in specific lands.

These men and women have gone into remote areas to share their knowledge with less fortunate people. In the very best spirit of the original Morrill Act, they have sought to teach these people how to help themselves. Equally important, they are also instructing local leaders so they in turn can teach their own people.

This work is not all done overseas. The Agency for International Development (AID) also has an elaborate program for bringing leaders and students to the United States for further training in laboratories and classrooms. More than 6,500 were brought here for this purpose last year alone.

Individual colleges brought an additional 405 here under their university-to-university contracts. So widespread is this exchange that today there is scarcely a campus in America that does not have at least one AID-sponsored student on its campus.

In this work, our land-grant people have played a major role in winning friends for our country. Without question this is people-to-people practice in its finest sense.

In the days when he was Secretary of Agriculture, Henry Wallace used to say that, properly used, our technology and our surpluses represent national strength rather than weakness. Also, he insisted that we, the richest Nation on earth, cannot turn our backs on science and world hunger. These words are true today.

Justin Morrill envisioned the land-grant program to make higher education available to all people so that our relatively new country of 30 million people might develop to a point where it would be able to live in a highly competitive world. Today, we number more than 180 million. We have developed our agricultural and industrial technology to the point where we have outstripped all other nations.

Now it is our turn to help other nations as well as ourselves and this is what we have been doing for the last 14 years. By sharing our abundance and our knowledge, our land-grant people have measured up admirably to the challenge of these times.

Today, 28 land-grant institutions are providing technical assistance in 25 countries under a total of 53 individual university contracts. These contracts call for sharing American know-how in the fields of engineering and business administration, home economics and agriculture, vocational and industrial education, medicine, nursing, the social sciences, and teaching.

In addition, AID has its own missions in these and many other countries. On their staffs of specialists are many land-grant persons, drawn from our experiment stations, our extension services, and from land-grant universities and colleges.

In all there are about 3,500 AID technicians stationed overseas. In each mission from one-third to one-half are land-grant people. These AID representatives are actively combating hunger and famine. They are helping to improve the health and social levels of much of the world's population.

They are helping to expand the world economy so that there will be higher living standards for all people and thereby insure the security of free people against their enemies.

By living and working among less fortunate people, the land-grant people are doing as much to preserve peace and build better understanding as any single force.

They implement our foreign policy more effectively than all the diplomatic words that appear in our official handouts. For these people it is deeds rather than words that count. No one can say what changes must take place in our land-grant programs in the next century. But today these programs are facing a severe test.

Throughout the world there are many governments which attempt to completely control and regulate the social, political, and economic lives of the people. It is the dangerous world philosophy that people are accountable to governments, rather than governments being accountable to people that we must guard against.

While we need governmental machinery to help in many, many aspects of our lives, yet, government as a cure-all can only be fatal to the democratic processes.

Our land-grant achievements of the last century have changed the face of the earth. This has been so because of the great underlying aim of the Morrill Act—that people should learn how to do for themselves. We must remember that when Justin Morrill advocated passage of his bill, he did so because he believed that the land-grant institutions, "would turn out men for solid use and not for drones."

He had faith that the land-grant process would give the American farm and labor force "an intelligent direction." Most important, he told the Congress that under his bill something valuable would be done "for every owner of land * * * for all who desire to own land" and "something for every man who loves intelligence and not ignorance."

If we keep these guidelines intact, the land-grant system can continue to be a rewarding source of power and drive for free people everywhere for another 100 years.

SENATE

Tuesday, July 3, 1962

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Almighty God, our Father, Thou hast so made us that the hunger of our questing spirits can be satisfied only with the bread that cometh down from heaven, and our unutterable thirst can be assuaged only with the clear water from the river of life.

This day lead us, we pray, to the place of still waters and green pastures. We ask this not just for our own inner satisfaction. From the prison of the grasping life, where one sits at the center of his own selfish existence, we would escape to the infinite extension of life we call God, in whom there is no place at all for self, whose whole life is a splendor of self-sacrifice.

As in this gray, ailing world, so full of aching hearts, we reach out toward Thee, we know that the increase in our own sensibilities, our own sympathetic capacity to feel the pain of others, and all the pangs of human suffering and misery tell us that we are touching the hem of Thy garment.

So may we be the fit instruments of Thy will in helping to heal the wounds of this stricken earth.

We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. Mansfield, and by unanimous consent, the reading of the Journal of the proceedings of Monday, July 2, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on July 2, 1962, the President had approved and signed the following act and joint resolution:

S. 860. An act to provide greater protection against the introduction and dissemination of diseases of livestock and poultry, and for other purposes; and

S.J. Res. 192. Joint resolution providing for the filling of a vacancy in the Board of Regents of the Smithsonian Institution, of the class other than Members of Congress.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 46. An act to provide for the establishment and administration of basic public recreation facilities at the Elephant Butte and Caballo Reservoir areas, New Mexico, and for other purposes;

S. 1264. An act for the relief of Capt. Dale Frazier;

S. 1889. An act for the relief of Mrs. Geohar Ogassian;

S. 2775. An act to amend the act of June 30, 1954, providing for a continuance of civil government for the Trust Territory of the Pacific Islands; and

S. 2970. An act to amend the Small Business Act.

The message also announced that the House had passed the following bill and joint resolutions of the Senate, severally with amendments, in which it requested the concurrence of the Senate:

S. 1074. An act for the relief of Chao Yao Koh;

S.J. Res. 68. Joint resolution providing for the designation of the week commencing October 1, 1961, as National Public Works Week; and

S.J. Res. 91. Joint resolution to establish the Saint Augustine Quadricentennial Commission, and for other purposes.

The message further announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H.R. 1388. An act for the relief of Tai Ja Lim;

H.R. 2139. An act for the relief of Suraj Din;

H.R. 2176. An act for the relief of Salvatore Mortelliti;

H.R. 2611. An act for the relief of Charles F. Ward, Jr., and Billy W. Crane, Sr.;

H.R. 3127. An act for the relief of Amrik S. Warich;

H.R. 3134. An act for the relief of Alvin Bardin;

H.R. 4749. An act to amend the Communications Act of 1934 with respect to the hours during which certain broadcasting stations may operate with their daytime facilities;

H.R. 4860. An act to place certain submerged lands within the jurisdiction of the Governments of Guam, the Virgin Islands, and American Samoa, and for other purposes;

H.R. 4954. An act for the relief of Mirhan Gazarian;

H.R. 5238. An act for the relief of Horace Ambroise Didot;

H.R. 5312. An act for the relief of certain additional claimants against the United States who suffered personal injuries, property damage, or other loss as a result of the explosion of a munitions truck between Smithfield and Selma, N.C., on March 7, 1942;

H.R. 6219. An act to permit the vessel *Bar-Ho IV* to be used in the coastwise trade;

H.R. 6456. An act to permit the tugs *John Roen, Jr.*, and *Steve W.* to be documented for use in the coastwise trade;

H.R. 7326. An act for the relief of the estate of Louis J. Simpson, deceased;

H.R. 7638. An act for the relief of Kim Hyung In Comstock;

H.R. 7736. An act to amend the act of May 13, 1960 (Private Law 86-286);

H.R. 7741. An act to permit the vessel *Lucky Linda* to be documented for limited use in the coastwise trade;

H.R. 7762. An act to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Prince Georges County Hospital, and for other purposes;

H.R. 8168. An act to admit the oil screw tugs *Barbara, Ivalee, Lydia,* and *Alice* and the barges *Florida, DB 8, No. 220,* and *No.* 235 to American registry and to permit their use in the coastwise trade while they are owned by Standard Dredging Corp., a New Jersey corporation;

H.R. 8730. An act for the relief of Sister Mary Alphonsa (Elena Bruno) and Sister Mary Attilia (Filipa Todaro);

H.R. 9485. An act to amend the National Aeronautics and Space Act of 1958 to promote public knowledge of progress and achievement in astronautics and related sciences through the designation of a special day in honor of Dr. Robert Hutchings Goddard, the father of modern rockets, missiles, and astronautics;

H.R. 9603. An act for the relief of Lt. Comdr. Joseph P. Mannix;

H.R. 9828. An act for the relief of Patti Jean Fulton;

H.R. 9894. An act for the relief of Loretta Shea, deceased, in full settlement of the claims of that estate;

H.R. 9915. An act for the relief of Umberto Brezza;

H.R. 10022. An act to amend section 510 (a) (1), Merchant Marine Act, 1936;

H.R. 10276. An act to change the name of the Petersburg National Military Park, to provide for acquisition of a portion of the Five Forks Battlefield, and for other purposes;

H.R. 10383. An act to amend the Federal Home Loan Bank Act to give Puerto Rico the same treatment as a State in the election of Federal Home Loan Bank Directors;

H.R. 11017. An act to amend section 4281, title 18, of the United States Code to increase from $30 to $100 the amount of gratuity which may be furnished by the Attorney General to prisoners discharged from imprisonment or released on parole;

H.R. 11031. An act for the relief of George Wm. Rueff, Inc.;

H.R. 11127. An act for the relief of Ernst Haeusserman;

H.R. 11310. An act to amend section 3515 of the Revised Statutes to eliminate tin in the alloy of the 1-cent piece;

H.R. 11405. An act to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the act of August 25, 1916 (39 Stat. 535), as amended, and for other purposes;

H.R. 11586. An act to amend section 502 of the Merchant Marine Act, 1936, as amended;

H.R. 11846. An act to amend the provisions of title 18 of the United States Code relating to offenses committed in Indian country;

H.R. 11863. An act for the relief of Vernon J. Wiersma;

H.R. 11996. An act to amend the act of January 30, 1913, to provide that the American Hospital of Paris shall have perpetual succession;

H.R. 12157. An act to amend the Bankruptcy Act in respect to the salaries of retired referees;

H.J. Res. 714. Joint resolution authorizing the acquisition of certain property in the District of Columbia and its conveyance to the International Monetary Fund, on a full reimbursement basis, for use in expansion of its headquarters; and

H.J. Res. 720. Joint resolution to designate September 17, 1962, as Antietam Day, and for other purposes.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED OR PLACED ON CALENDAR

The following bills and joint resolutions were severally read twice by their titles and referred, or placed on the calendar, as indicated:

H.R. 1388. An act for the relief of Tai Ja Lim;

H.R. 2139. An act for the relief of Suraj Din;

H.R. 2176. An act for the relief of Salvatore Mortelliti;

H.R. 2611. An act for the relief of Charles F. Ward, Jr., and Billy W. Crane, Sr.;

H.R. 3127. An act for the relief of Amirk S. Warich;

H.R. 3134. An act for the relief of Alvin Bardin;

H.R. 4954. An act for the relief of Mirhan Gazarian;

H.R. 5238. An act for the relief of Horace Ambroise Didot;

H.R. 5312. An act for the relief of certain additional claimants against the United States who suffered personal injuries, property damage, or other loss as a result of the explosion of a munitions truck between Smithfield and Selma, N.C., on March 7, 1942;

H.R. 7328. An act for the relief of the estate of Louis J. Simpson, deceased;

H.R. 7638. An act for the relief of Kim Hyung In Comstock;

H.R. 7736. An act to amend the act of May 19, 1960 (Private Law 86-286);

H.R. 8730. An act for the relief of Sister Mary Alphonsa (Elena Bruno) and Sister Mary Attilia (Filipa Todaro);

H.R. 9603. An act for the relief of Lt. Comdr. Joseph P. Mannix;

H.R. 9828. An act for the relief of Patti Jean Fulton;

H.R. 9894. An act for the relief of Loretta Shea, deceased, in full settlement of the claims of that estate;

H.R. 9915. An act for the relief of Umberto Brezzc;

H.R. 11017. An act to amend section 4281, title 18, of the United States Code to increase from $30 to $100 the amount of gratuity which may be furnished by the Attorney General to prisoners discharged from imprisonment or released on parole;

H.R. 11031. An act for the relief of George Wm. Rueff, Inc.;

H.R. 11127. An act for the relief of Ernst Haeusserman;

H.R. 11846. An act to amend the provisions of title 18 of the United States Code relating to offenses committed in Indian country;

H.R. 11863. An act for the relief of Vernon J. Wiersma;

H.R. 11996. An act to amend the act of January 30, 1913, to provide that the American Hospital of Paris shall have perpetual succession;

H.R. 12157. An act to amend the Bankruptcy Act in respect to the salaries of retired referees; and

H.J. Res. 720. Joint resolution to designate September 17, 1962, as Antietam Day, and for other purposes; to the Committee on the Judiciary.

H.R. 4749. An act to amend the Communications Act of 1934 with respect to the hours during which certain broadcasting stations may operate with their daytime facilities;

H.R. 6219. An act to permit the vessel *Bar-Ho IV* to be used in the coastwise trade;

H.R. 6456. An act to permit the tugs *John Roen, Jr.*, and *Steve W.* to be documented for use in the coastwise trade;

H.R. 7741. An act to permit the vessel *Lucky Linda* to be documented for limited use in the coastwise trade; and

H.R. 8168. An act to admit the oil screw tugs *Barbara, Ivalee, Lydia*, and *Alice* and the barges *Florida, DB 8, No. 220*, and *No. 235* to American registry and to permit their use in the coastwise trade while they are owned by Standard Dredging Corp, a New Jersey corporation; to the Committee on Commerce.

H.R. 4860. An act to place certain submerged lands within the jurisdiction of the governments of Guam, the Virgin Islands, and American Samoa, and for other purposes;

H.R. 7782. An act to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Prince Georges County Hospital, and for other purposes;

H.R. 10276. An act to change the name of the Petersburg National Military Park, to provide for acquisition of a portion of the Five Forks Battlefield, and for other purposes; and

H.R. 11405. An act to provide for the maintenance and repair of Government improvements under concession contracts entered into pursuant to the act of August 25, 1916 (39 Stat. 535), as amended, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 9485. An act to amend the National Aeronautics and Space Act of 1958 to promote public knowledge of progress and achievement in astronautics and related sciences through the designation of a special day in honor of Dr. Robert Hutchings Goddard, the father of modern rockets, missiles, and astronautics; to the Committee on Aeronautical and Space Sciences.

H.R. 10022. An act to amend section 510(a)(1), Merchant Marine Act, 1936; and

H.R. 11586. An act to amend section 502 of the Merchant Marine Act, 1936, as amended; placed on the calendar.

H.R. 10383. An act to amend the Federal Home Loan Bank Act to give Puerto Rico the same treatment as a State in the election of Federal Home Loan Bank Directors; and

H.R. 11310. An act to amend section 3515 of the Revised Statutes to eliminate tin in the alloy of the 1-cent piece; to the Committee on Banking and Currency.

H.J. Res. 714. Joint resolution authorizing the acquisition of certain property in the District of Columbia and its conveyance to the International Monetary Fund, on a full reimbursement basis, for use in expansion of its headquarters; to the Committee on Foreign Relations.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nomination on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. HILL, from the Committee on Labor and Public Welfare:

Howard William Habermeyer, of Illinois, to be a member of the Railroad Retirement Board;

Charles H. Lithbow, and sundry other candidates, for personnel action in the Regular Corps of the Public Health Service;

Patrick J. Sullivan, and sundry other candidates, for personnel action in the Regular Corps of the Public Health Service;

Ronald C. Gunn, and sundry other candidates, for personnel action in the Regular Corps of the Public Health Service;

James Christensen, and sundry other candidates, for personnel action in the Regular Corps of the Public Health Service; and

Pasquale J. Ciccone, and sundry other candidates, for personnel action in the Regular Corps of the Public Health Service.

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Sverre M. Backe, of California, and sundry other persons, for appointment and promotion in the diplomatic service.

The PRESIDENT pro tempore. If there be no further reports of committees, the nominations on the Executive Calendar will be stated.

U.S. COAST GUARD

The Chief Clerk read the nomination of Rear Adm. Donald McG. Morrison, U.S. Coast Guard, to be Assistant Commandant of the U.S. Coast Guard, with the rank of vice admiral.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE PRESIDENT'S VISIT TO MEXICO

Mr. MANSFIELD. Mr. President, the state visit of the President of the United States to Mexico City last week was a striking manifestation of good will between the Republics of Mexico and the United States. The crowds which turned out, and they numbered in the millions, exceeded all expectations and their welcome was spontaneous and from the heart.

The two great Presidents of our respective nations met in a number of private conferences and discussed a variety of questions affecting the welfare of our countries. The discussions were frank, informal, and conducted with the utmost tolerance and understanding on both sides. President Kennedy greeted President López Matéos with a handshake on his arrival. On President Kennedy's departure, the two Presidents embraced one another in the traditional Mexican gesture of friendship, the abrazo. The meeting was a success and a triumph for both Presidents and for both countries. Out of these meetings came a better understanding of our position in the hemisphere and in the world, and on our part a better understanding also of Mexico's position in the same areas. It was understood that the hemispheric Alliance for Progress was already, in its chief attributes, being carried out in the United Mexican States. Great progress has been achieved in that country since the revolution of 1910 and the promulgation of the Constitution of 1917. Because of the community of interest between what has been done in Mexico and is still being done and the aims of the Alliance for Progress, a better comprehension was achieved by the two nations.

President López Matéos and President John F. Kennedy have much in common, though they come from sharply different origins. President López Matéos was 48 when he was sworn in as President in 1958; President Kennedy was 43 when he took office in 1961. They are both interested in social and economic reforms, in physical fitness, and in the overall bettering of the lot of their peoples. They are similar in many respects, and they are each trying to do what can be done, within constitutional limitations, for the benefit of the people of their respective countries. It is my belief that, based on the spontaneous welcome of the Mexican people during President and Mrs. Kennedy's entire stay and the frank and cordial discussion between the two Presidents, a new and better era in Mexican-American relations is in the offing and that those relations will continue to be based on equality, tolerance, good will and understanding between our two great nations.

To President López Matéos, to Mrs. López Matéos, to Miss López Matéos, we extend our deepest thanks for their cordiality and hospitality, and through them to all the people of Mexico for their heart-warming, goodhearted, and spontaneous reception to President Kennedy and Mrs. Kennedy. We were impressed by every aspect of the visit.

One of the highlights was the Ballet Folklorico de Mexico, which was a presentation of authentic Mexican folk dances of the past and the present. The numbers presented, to my way of thinking, showed that it is one of the great ballets of the world and the people of Mexico are to be complimented for having such a highly skilled ballet group and chorus. I am glad that this group will be at the Seattle World's Fair during the month of August. I am sure the American people, when they have an opportunity to see this outstanding ballet and chorus in the United States, will be as deeply impressed as were President Kennedy and the members of his party.

In conclusion, Mr. President, I ask unanimous consent that a number of newspaper articles and editorials on the state visit of the President of the United States be incorporated in the Record and also a copy of the final communique issued by the two Presidents which, in general, covers the meetings which they conducted informally and in private.

There being no objection, the articles, editorials, and communique were ordered to be printed in the Record, as follows:

[From the Christian Science Monitor, June 29, 1962]

López Matéos: "Latin Kennedy"

Presidents López Matéos and Kennedy are of sharply different origins but they share some points in common.

The two Chief Executives, who meet here Friday, were both elected to their nation's highest office while still in their 40's. Senor López Matéos was 48 when he was sworn in December 1, 1958; Mr. Kennedy 43 when he took office in 1961.

Like Mr. Kennedy, Senor López Matéos has retained a lively interest in sports and physical fitness. He was a boxer and soccer player and a rugged hiker in his youth.

As President, each has fought for controversial social legislation and each has had a Cuban problem, but for different reasons.

Unlike President Kennedy, President López Matéos was a poor boy. His father, a village dentist, passed on when his son was a year old. His mother struggled to support five children on the income from a small insurance policy and aid from relatives.

A good student, Senor López Matéos went through school on scholarships. He was ruggedly athletic, sometimes walking 35 miles over 12,000-foot mountains from school to Mexico City on weekends to see his mother. Once he hiked all the way to Guatemala, a distance of 700 miles, in 36 days.

From campus politics at the University of Toluca he graduated into the real thing when he made a speech welcoming a leader of the long-dominant Party of Revolutionary Institutions (PRI). The official liked the speech so much he made Senor López Matéos his secretary. The youth continued studying nights for his law degree.

He became friendly with Miguel Alemán, a lawyer, and helped as an adviser in the campaign which took Senor Alemán to the Presidency.

Under Senor Alemán, Senor López Matéos became Senator and represented his country at international conferences in the United States, Argentina, and Switzerland. He served as Ambassador to Costa Rica.

He met another man destined to become President, Adolfo Ruiz Cortines. He became Labor Minister after managing Senor Cortines' presidential campaign.

Senor López Matéos earned a reputation for fair dealing in the 13,000 disputes he handled while Labor Minister. He lived quietly, drove his own car, had no guards, and made few headlines.

But he impressed the party leadership, which picked him over half a dozen more prominent men to run for President in 1957. Nomination by the PRI is tantamount to election, but Senor López Matéos campaigned all over the country just the same. He made speeches in some 480 cities, a prelude to the world trips that later were to make him Mexico's most traveled President.

Elected by more than 90 percent of the vote, Senor López Matéos ordered sweeping changes in the Government. Cabinet offices were shifted, merged, or eliminated.

Senor López Matéos dedicated more public works projects than any previous President, but under his administration also came a series of new laws which frightened foreign investors. They included a profit-sharing program in which workers split profits with the owners of the firms they work for.

Government investments in private enterprise also worried many. There was a flight of capital by Mexico's own men of wealth. To prove that Mexico is sound and solidly united, Senor López Matéos named all seven living former Presidents to Government posts.

The Cuban question brought a chill in relations with the United States. Mexico and Brazil led the opposition to proposals to expel the Castro regime from the Organization of American States. Mexico finally went along with a compromise resolution declaring the Cuban regime incompatible with American democratic systems but abstained on the expulsion resolution.

Senor López Matéos' wife, a former schoolteacher, has become the most active Mexican First Lady in history. Her interests center on child-welfare projects. The couple have one daughter, who is attending school in Europe.

Kennedy's Mexico Trip Buoys Alliance Hopes

President Kennedy's hopes for success of his Alliance for Progress were buoyed today by his second personal diplomatic venture into Latin America—a smashing triumph in Mexico City.

Millions of Mexicans in gay fiesta spirit poured into the squares and esplanades of their capital and packed the streets to cheer the President and Mrs. Kennedy on their weekend visit.

That outpouring of humanity, which all but engulfed the Presidential bubble-top limousine as it inched its way yesterday from Mexico's most famous shrine, the basilica of Our Lady of Guadalupe, alone marked the trip a success.

LOANS, GRANTS NOT ALL

Mr. Kennedy's Alliance for Progress in Latin America, a multibillion-dollar international aid program spearheaded by the

United States, is keyed to peaceful revolution to benefit the little people of the hemisphere. He obviously is working on the theory that loans and grants aren't enough, that the job can't be done without enthusiasm of both governments and people.

From that standpoint the President and First Lady scored heavily on their trip to Venezuela and Colombia last December. Their weekend in Mexico City was even more spectacular.

Never before had Mexico City turned out in such masses to greet a visiting dignitary—and Government personnel who have been traveling with Presidents for years say the pulsating reception exceeded any they had witnessed.

FEARS UNFOUNDED

Fears that anti-United States elements would cause trouble proved unfounded. Mexican authorities had taken whatever precautionary measures were needed, or the leftists figured they were in a hopeless position. There were no disorders, not a placard of protest visible, through the weekend.

And yesterday, the shirt-sleeved and humbly dressed throng of the Mexican capital's old city surged into the streets to cheer the Kennedy's off in a demonstration that equaled in fervor the reception they had received downtown on their arrival Friday.

Wherever he spoke, at official luncheons or at the Mexican Government's big housing projects outside the city, Mr. Kennedy talked of revolution in the peaceful sense. He associated political and economic progress in the 1960's with the revolutions that had advanced both the United States and Mexico in the past.

TO WORK TOGETHER

The joint communique issued Saturday by Mr. Kennedy and President Adolfo López Matéos of Mexico bound the two countries to work side by side in promoting the well-being of all inhabitants of the hemisphere. It also joined them in recognizing the independence of each nation and to oppose intervention, whether from Castro's Cuba or Khrushchev's Moscow.

Mr. Kennedy and Mr. López Matéos went beyond the general problems of the hemisphere and attacked particular points of difference.

On the major dispute between the two governments, the United States agreed to take such measures as "may be immediately feasible" to reduce the salt content of the water flowing from the Colorado River into northern Mexico. Farmers in the Mexicali area have complained too much salt in the water has ruined their land.

Yesterday morning Mr. Kennedy laid wreaths at the monuments of two heroes of Mexico's 1910 revolution. Mrs. Kennedy, smilingly radiant in a white silk coat and matching white turban hat, was with her husband during the ceremony.

GREETED BY ARCHBISHOP

From there the American visitors motored to the basilica and were greeted personally by Archbishop Miguel Dario Miranda, Roman Catholic primate of Mexico, who celebrated the 30-minute low mass at the main altar.

It was on this spot in 1531, tradition says, that the Blessed Virgin appeared to a poor peasant and that roses grew where nothing had grown except cactus.

Mr. Kennedy dispatched a thank-you message expressing friendship for Mexico to Mr. López Matéos from the Presidential jet as it soared over the border on the return trip.

Saying his conversations with Mr. López Matéos would provide a firm basis for continued cooperation between the two countries, Mr. Kennedy told his weekend host:

"I came to meet a President and a statesman; I have left you as a friend. Viva Mexico."

[From the Washington Star, July 2, 1962]

ALL MEXICO CAPTIVATED BY KENNEDY AND WIFE

MEXICO CITY, July 2—The echoes of President Kennedy's visit will reverberate in Mexico City for a long time.

The visit obviously had a tremendous emotional impact on the Mexicans, who are admirers of beauty and brains.

Many foreigners complain that it is difficult to capture Mexican affection. For the United States Chief Executive and his lady it looked easy.

For 2½ days the visiting American couple dominated Mexican conversations.

In the street, in crowded fashionable night clubs, in homes, in schools and even among the humble Indian vendors in the markets, the visit was eagerly discussed.

AFFECTION WON QUICKLY

It took only a few minutes for the Kennedys to win the affection of all the people.

Dozens gathered everywhere around television sets as the main events of the visit were carried almost 12 hours each day.

Those who lined the streets for the arrival parade cheered wildly as President and Mrs. Kennedy passed by.

There is nothing as highly regarded by a Mexican as a smile, and the Kennedy's know how to smile perfectly.

Opinions are divided over who was the greater charmer—the President or Jacqueline. To no one's surprise Mrs. Kennedy seemed to have a slight edge by the time they returned to Washington. Her words in Spanish at the luncheon she and the President gave apparently did the trick.

PRAISED BY PRESS

Newspaper editors were delighted. A few samples:

"Her words were like music. Jacqueline got the best applause." (Ovaciones.)

"A Spanish thinker said that good things are twice as good when said briefly. We could add that when said by Jacqueline they are thrice as good." (El Universal.)

"Is she a woman or a fair lady? Jacqueline moved us with her sweet Spanish." (La Prensa.)

"Her words in melodious Spanish stirred great emotion and increased her popularity." (Novedades.)

"All Mexican homes vibrated with emotion. It was an unprecedented act in the history of diplomatic protocol. Her voice was soft and harmonious." (Excelsior.)

GOOD WORK IN MEXICO

The tumultuous welcome and warm hospitality accorded President and Mrs. Kennedy in Mexico City constitute a cheering sign that their weekend visit there has been markedly successful in promoting further good will and understanding between the United States and the Mexican people and Government. This gain, of course, is too intangible to be measured, but it is nonetheless important, especially in view of the strenuous and ceaseless Communist efforts down there to stir up mass sentiment against our country.

As for concrete results, the visit has enabled Mr. Kennedy and President López Matéos to engage in lengthy and cordial conversations that have resulted in a meeting of minds on several issues that bear significantly on relations between our two countries. True, the Mexican Government still does not go along with the United States and the great majority of the Organization of American States in support of measures aimed at isolating Communist-dominated Cuba from the rest of the hemisphere. Even so, in the joint communique on their talks, Mr. López Matéos has agreed with Mr. Kennedy that Castro's tyranny in Havana is incompatible with democratic principles, and he has agreed also that Red totalitarian intervention in the Americas must be vigorously opposed.

Further, apart from the Communist threat, the two Presidents have reached agreement on ways and means of clearing up certain boundary differences and solving the difficult problem caused by the destructive salt content in the Colorado River waters that have been used to irrigate Mexican farmland. In addition, Mr. Kennedy and Mr. López Matéos have laid the groundwork for efforts to reduce trade barriers, establish fair and stable prices for Latin American raw materials, and press forward with the Alliance for Progress as an enterprise vital to the social, political and economic health of all the Americas. Significantly enough, moreover, they have emphasized that this program is a partnership calling for self-help, and not just one-way aid from the United States, on the part of the countries in need of development.

All this adds up to a weekend of fruitful work. To be sure, no overnight miracles are going to flow from it, but there can be no doubt that Mr. Kennedy and Mr. López Matéos have succeeded not only in strengthening the ties that link our two countries, but also in putting fresh impetus behind measures to bring about a bright new inter-American era through great cooperative undertakings like the Alliance for Progress.

VIVAN LOS DOS PRESIDENTES

The tremendous acclaim with which President Kennedy was welcomed in Mexico City is a striking manifestation of good will between this country and Mexico. Steadily over the years, as Mexico has displayed impressive economic and political progress, she has come to be regarded by citizens of this country with increasing esteem. The reception accorded Mr. Kennedy affords dramatic evidence of a reciprocal attitude toward the United States south of the border.

One clear gain from President Kennedy's Mexico trip is already apparent. President López Matéos has used it as the occasion for publicly identifying himself, for the first time, with the Alliance for Progress program. The terms of his approval are sound and encouraging. He hailed the program as "a movement in which all the Republics of this hemisphere that desire to participate in it have a position of responsibility and not simply as a unilateral program of aid from the United States." Mexico's support of the program on this constructive basis will assuredly have a salutary impact among other Latin American nations taking part in the Alliance. Thus both in the sphere of Mexican relations and in the larger realm of all Latin American relations with this country, the Kennedy visit promises excellent dividends.

JOINT COMMUNIQUE ISSUED BETWEEN PRESIDENT JOHN F. KENNEDY AND PRESIDENT LÓPEZ MATÉOS FOLLOWING DISCUSSIONS IN MEXICO CITY, JUNE 29–30, 1962

President Adolfo López Matéos and President John F. Kennedy have held a series of conversations which mark a new era of understanding and friendship between Mexico and the United States.

Both Presidents reaffirmed the dedication of their countries to the ideals of individual liberty and personal dignity which constitute the foundation of a civilization which they share in common. In consonance with their dedication to these ideals and acting always as sovereign and independent countries, which decide their own policies and their own courses of action, they propose to respect and maintain the principles of nonintervention—whether this intervention may come from a continental or extracontinental state—and of self-determination of peoples.

Therefore they are resolved to uphold these principles in the international organizations to which they belong, to defend and strengthen the democratic institutions which their peoples, in the exercise of their sovereign rights, have constructed, and to oppose totalitarian institutions and activities which are incompatible with the democratic principles they uphold.

Both Presidents fully accept the responsibility of every sovereign nation to form its own policies, without outside dictation or coercion. They also recognize that the Republics of the hemisphere share the commitment they have freely accepted, in accordance with the Inter-American Treaty of Reciprocal Assistance and the Charter of the Organization of American States to defend the continent, and to foster the fundamental democratic values. This principle of common responsibility, without impairment of national independence, is the cornerstone of the Organization of American States.

Another dimension of this principle was expressed at the Punta del Este Conference in August of 1961. The two Presidents reaffirm their support of the charter of Punta del Este and of the program of accelerated social and economic progress which that charter embodies. In fact, Mexico and the United States, together with the other countries of the Inter-American system, are closely associated in a vast endeavor, without precedent, to promote the well-being of all the inhabitants of the hemisphere.

President Kennedy recognized that the fundamental goal of the Mexican revolution is the same as that of the Alliance for Progress—social justice and economic progress within the framework of individual freedom and political liberty.

The two Presidents also discussed the economic and social development program of Mexico. President Kennedy reaffirmed his country's commitment, made in the charter of Punta del Este, to continue to cooperate with the Government of Mexico in the endeavor which it and the Mexican people are carrying out to accelerate the economic and social well-being of all the inhabitants of the Republic. The two Presidents agreed that the Alliance for Progress is essentially a program of mutual cooperation, in which the greater effort should come primarily from the nation which is seeking its development. Mexico and the United States are determined, so far as they are concerned, to continue such effort until hunger, poverty, illiteracy, and social injustice have been eliminated from this hemisphere.

The two Chiefs of State concurred in the need of intensifying the efforts which are being made through the various international organizations including the United Nations, the inter-American system, and the European Economic Community to achieve expanding levels of trade, with special attention to the elimination of discriminatory and restrictive practices against exports of basic commodities from Latin America. They agreed that it is indispensable that a broadened and more stable market should be provided in order to improve the income of the exporting countries. Of such income, workers and farmers should have an equitable share to permit increases in their levels of living. Cotton, coffee, sugar, and metals were the subject of special discussion.

The two Presidents discussed the importance of achieving higher rates of economic growth in their respective countries. They agreed that government has an essential role in stimulating and supplementing the efforts of private enterprise for attaining this objective, especially through sound economic and fiscal policies. Both Presidents agreed that inflation and financial instability have an adverse effect on economic development and the level of living of the general public. President López Matéos expressed the continued determination of his government to pursue policies which would promote financial stability and economic growth and President Kennedy promised the cooperation of his government toward that end.

The two heads of state exchanged views on the importance of the United Nations in promoting international understanding and peace and in encouraging economic and social progress. They decided, in consequence, that their governments should consult each other with the view of cooperating even more closely in all matters which maintain and strengthen the purposes and principles of the San Francisco Charter.

Both Presidents expressed the strong desire that, within the scope of the United Nations and particularly at Geneva, negotiations should continue for general disarmament as well as for the termination of nuclear tests, both based upon effective means of control.

Both heads of state feel gratified by the manner in which their governments are collaborating in the eradication of illegal drug traffic, and agreed to redouble their efforts and their cooperation to put an end to this criminal activity.

The two Presidents reviewed the progress of the joint undertaking of their countries in constructing the Amistad Dam and Reservoir project and expressed satisfaction that this project is proceeding on schedule.

The two Presidents discussed the problem of Chamizal. They agreed to instruct their executive agencies to recommend a complete solution to this problem which, without prejudice to their juridical position, takes into account the entire history of this tract.

In relation to the problem of salinity of the waters of the Colorado River, the two Presidents discussed the studies which have been conducted by the scientists of the two countries. The two Presidents noted that water which the United States plans to release during the winter of 1962–63 for river regulation and such other measures as may be immediately feasible should have the beneficial effect of reducing the salinity of the waters until October 1963. They expressed their determination, with the scientific studies as a basis, to reach a permanent and effective solution at the earliest possible time with the aim of preventing the recurrence of this problem after October 1963.

The Presidents finished their conversations by emphasizing their determination that whatever temporary difficulties may at times arise between Mexico and the United States, the two Governments should resolve them in a spirit of close friendship, inasmuch as they are fundamentally united in defense of those values of liberty and personal dignity which their revolutionary ancestors struggled to establish.

PETITION

The PRESIDENT pro tempore laid before the Senate a resolution adopted by the fourth annual meeting of the National Conference of State Legislative Leaders, at Seattle, Wash., relating to federally aided public assistance programs, which was referred to the Committee on Finance.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. KEFAUVER, from the Committee on the Judiciary, without amendment:

S. Con. Res. 66. Concurrent resolution requesting the President to designate November 4–10, 1962, as National Country Music Week (Rept. No. 1676).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HUMPHREY:

S. 3499. A bill to repeal the duty on panama hats; to the Committee on Finance.

(See the remarks of Mr. HUMPHREY when he introduced the above bill, which appear under a separate heading.)

By Mr. CHAVEZ:

S. 3500. A bill for the relief of Jose Luis Garcia (also known as Jose Luis Andreu); to the Committee on the Judiciary.

REPEAL OF DUTY ON PANAMA HATS

Mr. HUMPHREY. Mr. President, I introduce a bill to repeal the duty on panama hats, and I ask that it be printed and appropriately referred.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3499) to repeal the duty on panama hats, introduced by Mr. HUMPHREY, was received, read twice by its title, and referred to the Committee on Finance.

Mr. HUMPHREY. Mr. President, I have introduced today a bill to eliminate the duty on panama hats, an item which is not produced in the United States but is of fundamental importance to the economy of Ecuador which we are assisting through our Alliance for Progress program. When our trade agreements program was inaugurated to further our international political and economic policies, we concluded a trade agreement with Ecuador which provided for a reduction in our tariff from 25 to 12½ percent on Ecuadoran strawhats. In 1956, however, the United States gave notice of termination of the trade agreement, and the rate of duty on these strawhats doubled when the duty reverted to the 1930 statutory rate of duty as a result of the termination.

When I was in Ecuador last fall, I discussed with Ecuadoran Government officials and with our State Department representatives various economic and political problems which we might focus on under our Alliance for Progress program. One of the problems called to my attention was the problem of reviving exports of this item to the United States, a matter which also had been called to former Vice President Nixon's attention during his visit to Ecuador in 1958.

Partly as a result of the 100-percent increase in our rate of duty, imports of these hats declined from $1,588,806 in 1956 to $579,664 in 1960. As a result, economic activity seriously declined in the two provinces of Azuay and Canar and thousands of small farmers and their families have suffered considerable hardships as receipts from this "cash crop" progressively dropped. The Ecuadoran Government estimates that approximately 200,000 farmworkers have been affected seriously by the decline in the production of this item and the areas have become a potential ground for subversive, communistic agitation. The Ecuadoran Government and our aid officials have been working together to further the economic development of these areas and one of the programs proposed is to revive the export market for these strawhats. An increase in exports will not only revive economic activity in these two depressed areas but also enable Ecuador to further its development by obtaining needed foreign exchange through trade instead of aid.

I would like to take this opportunity to point out that today, more than ever before, our tariffs and our trade policies are important weapons which we can utilize to further not only our own economic and political development but also the economic and political development of other nations of the free world, especially the underdeveloped countries. The trade agreements program has been an effective instrument in furthering our basic political and economic objectives.

The program deserves the support of all of us.

I ask unanimous consent to have printed in the Record as a part of my statement a memorandum which I received from the Ecuadoran Embassy relating to the particular bill I have introduced.

There being no objection, the memorandum was ordered to be printed in the Record, as follows:

Memorandum

For: Senator Humphrey.
From: Enrique Arizaga, Senator and Special Commissioner of the Government of Ecuador.

1. The Government of the Republic of Ecuador is presently engaged upon policies designed to bring about better economic conditions for the working classes and in a very special manner for the rural sector whose living conditions leave much to be desired due to low wages, especially in the Adean region of the country.

2. The uneconomic distribution of land and its low productivity, brought about by heavy erosion, makes it necessary for the tiller of the soil to seek additional sources of income in order to meet his needs, and in his endeavor to maintain possession of his plot of land and his home he prefers occupations like hat weaving, which for many years has given him the additional financial resources to defray his living expenses.

3. During the years of the Second World War, the hat-weaving industry received special stimulus, so much so that by 1945 Ecuador exported 350,000 dozens of hats having a value of $5,400,000.

4. Up to the year 1955, Ecuadoran hats entered the United States under the protection of a Reciprocal Trade Agreement signed in 1939 which cut to 12.5 percent ad valorem the 25-percent duty imposed by the Tariff Act of 1930. The treaty was denounced by the Government of the United States in 1955, so that since then the Ecuadoran hats have been paying the full tariff rate of 25 percent ad valorem.

5. Because certain countries like Italy, Philippines, and Japan are able to enjoy the benefits of the reduced tariff, their hats enter the American market at a decided advantage over hats from Ecuador. And this tariff discrimination has brought about a reduction of Ecuadoran hat exports to the United States so that at the present time American imports of Ecuadoran hats are hardly one-tenth of the volume achieved during the war years.

6. The dire economic conditions prevailing in the two important Ecuadoran Provinces—Cañar and Azuay—with a population of 500,000 people, make it necessary for the Government of Ecuador to take special interest in the solution of this problem in order to forestall social and political discontent arising from conditions of hunger and human misery engendered by the prostration of the hat industry.

7. It is for this reason that I have taken the liberty of reiterating the points raised in the memorandum presented by His Excellency Neftali Ponce Miranda, Ambassador of Ecuador in Washington, to the Honorable Senator Humphrey. The Government of Ecuador—through its Ambassador in Washington—is requesting that measures be taken by the U.S. Congress, through tariff legislation, making it possible for Ecuador to enjoy the full reduction accorded to other exporters of similar products introduced in the American market.

NOTICES OF MOTIONS TO SUSPEND THE RULE — AMENDMENTS TO DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION BILL

Mr. JAVITS submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H.R. 10904) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies for the fiscal year ending June 30, 1963, and for other purposes, the following amendment; namely, on page 28, line 10, delete the period and insert the following: "*Provided further, however*, That the funds herein appropriated shall be used only for hospitals and related facilities which are made available to all persons without discrimination in any respect whatsoever on account of race, creed, or color."

Mr. JAVITS also submitted an amendment, intended to be proposed by him, to House bill 10904, making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1963, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

Mr. BUSH submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H.R. 10904) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies for the fiscal year ending June 30, 1963, and for other purposes, the following amendments; namely, on page 16, insert the following before the period on line 14: "*Provided further*, That no part of the amounts appropriated in this paragraph may be used for payments to a local educational agency unless the Secretary of Health, Education, and Welfare shall have determined that such agency is proceeding in good faith toward full compliance with the constitutional requirement that racial discrimination be ended in public schools".

On page 16, insert the following before the period on line 25: "*Provided further*, That no part of the amounts appropriated in this paragraph may be used for providing school facilities or for grants to a local educational agency unless the Secretary of Health, Education, and Welfare shall have determined that such agency is proceeding in good faith toward full compliance with the constitutional requirement that racial discrimination be ended in public schools".

Mr. BUSH (for himself, Mr. Javits, Mr. Keating, Mr. Douglas, and Mr. Scott) submitted amendments, intended to be proposed by them, jointly, to the bill (H.R. 10904) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1963, and for other purposes, which were ordered to lie on the table and to be printed.

(For text of amendments referred to, see the foregoing notice.)

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION BILL—AMENDMENTS

Mr. PROXMIRE submitted amendments, intended to be proposed by him, to the bill (H.R. 10904) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1963, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. BUSH (for himself, Mr. Javits, Mr. Keating, Mr. Douglas, and Mr. Scott) submitted amendments, intended to be proposed by them, jointly, to House bill 10904, supra, which were ordered to lie on the table and to be printed.

AMENDMENT OF ACT RELATING TO IMPORTATION OF ADULT HONEYBEES—AMENDMENTS

Mr. PROXMIRE submitted amendments, intended to be proposed by him, to the amendment proposed by Mr. Mansfield to the bill (H.R. 8050) to amend the act relating to the importation of adult honeybees, which were ordered to lie on the table and to be printed.

PUBLIC WELFARE AMENDMENTS OF 1962—AMENDMENT

Mr. MOSS submitted an amendment, intended to be proposed by him, to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, which was ordered to lie on the table and to be printed.

DEPARTMENT OF DEFENSE APPROPRIATION BILL—ADDITIONAL CONFEREE

Mr. HAYDEN. Mr. President, I ask unanimous consent that the Senator from Mississippi [Mr. Stennis] be added to the list of Senate conferees on the bill (H.R. 11289) making appropriations for the Department of Defense for the fiscal year ending June 30, 1963.

The PRESIDING OFFICER (Mr. McNamara in the chair). Without objection, it is so ordered.

PROPOSED AMENDMENT OF CONSTITUTION TO PERMIT THE USE OF PRAYER IN PUBLIC SCHOOLS—ADDITIONAL COSPONSORS OF JOINT RESOLUTION

Under authority of the order of the Senate of June 28, 1962, the names of Senators **Hill** and **Byrd** of West Virginia were added as additional cosponsors of the joint resolution (S.J. Res. 206) proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools, introduced by Mr. **Stennis** (for himself and Mr. **Sparkman**) on June 28, 1962.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

S. 1526. An act for the relief of Joey Kim Purdy;

S. 1943. An act for the relief of Hajime Sumitani;

S. 2107. An act to amend title 14, United States Code, entitled "Coast Guard", to extend the application of certain laws relating to the military services to the Coast Guard for purposes of uniformity;

S. 2130. An act to repeal certain obsolete provisions of law relating to the mints and assay offices, and for other purposes;

S. 2198. An act for the relief of Lise Marie Berthe Marguerite De Simone;

S. 2300. An act for the relief of Byron Wong;

S. 2309. An act for the relief of Tio Sien Tjiong;

S. 2355. An act for the relief of Filomena F. Schenkenberger;

S. 2586. An act for the relief of Alexandra Callas;

S. 2606. An act for the relief of Patricia Kim Bell (Kim Booshin);

S. 2607. An act for the relief of Lee Haw Sun;

S. 2633. An act for the relief of Susan Holt Lerke (Choi Sun Hee);

S. 2679. An act for the relief of John Axel Arvidson;

S. 2709. An act for the relief of Ernst Fraenkel and his wife, Hanna Fraenkel;

S. 2732. An act for the relief of Yoon So Shim;

S. 3025. An act to supplement certain provisions of Federal law incorporating the Texas & Pacific Railway Co., in order to give certain additional authority to such company;

S.J. Res. 201. Joint resolution to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage may be filed; and

H.R. 3840. An act to provide for the conveyance of certain real property of the United States to the Carolina Power & Light Co.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, July 3, 1962, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 1526. An act for the relief of Joey Kim Purdy;

S. 1943. An act for the relief of Hajime Sumitani;

S. 2107. An act to amend title 14, United States Code, entitled "Coast Guard," to extend the application of certain laws relating to the military services to the Coast Guard for purposes of uniformity;

S. 2130. An act to repeal certain obsolete provisions of law relating to the mints and assay offices, and for other purposes;

S. 2198. An act for the relief of Lise Marie Berthe Marguerite De Simone;

S. 2300. An act for the relief of Byron Wong;

S. 2309. An act for the relief of Tio Sien Tjiong;

S. 2355. An act for the relief of Filomena F. Schenkenberger;

S. 2586. An act for the relief of Alexandra Callas;

S. 2606. An act for the relief of Patricia Kim Bell (Kim Booshin);

S. 2607. An act for the relief of Lew Haw Sun;

S. 2633. An act for the relief of Susan Holt Lerke (Choi Sun Hee);

S. 2679. An act for the relief of John Axel Arvidson;

S. 2709. An act for the relief of Ernst Fraenkel and his wife, Hanna Fraenkel;

S. 2732. An act for the relief of Yoon So Shim;

S. 3025. An act to supplement certain provisions of Federal law incorporating the Texas & Pacific Railway Co., in order to give certain additional authority to such company; and

S.J. Res. 201. Joint resolution to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage may be filed.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Record, as follows:

By Mr. WILEY:

Excerpts from address delivered by him over Wisconsin radio stations on weekend of June 30–July 1, 1962.

REEXAMINATION OF THE FEDERAL BUDGET

Mr. HUMPHREY. Mr. President, President Kennedy's recent address to the graduating students of Yale University called for us to reexamine some of the commonly accepted assumptions underlying our discussions of public fiscal policy. He has said that much of our argument to date has rested on stereotypes which are exhausted, worn out, irrelevant, and, most unfortunately, now stand in the way of the solution of hard and complicated problems.

The President urged that the merits of these assumptions be debated, not with partisan passion and wrangling, but with coolness and a sincere intent to learn the true state of affairs. Up to now, it has been painfully obvious that the objective of a dispassionate discussion of our public fiscal policy has not been reached. Already arguments have begun to form along partisan lines, rather than in terms of a sincere effort to discuss the facts.

However, it is not yet too late to return to a calm discussion of what the President called the "myths" of public fiscal policy. In fact, it is essential that we do so if we are ever to fully understand the complexities of our economy today and to reach solutions to our problems.

One of the subjects on which we need intelligent discussion today is that of the administrative budget which the executive branch sends to Congress each year. In his address, the President pointed out that this budget has considerable value for certain purposes, but is limited as a basis for discussing wider fiscal policies. In fact, he said:

> This budget in relation to the great problems of Federal fiscal policy, which are basic to our country in 1962, is not simply irrelevant; it can be actively misleading. And yet there is a mythology that measures all our national soundness or unsoundness on the single simple basis of this same annual administrative budget.

As a starting point, therefore, we need to look at the merits of the present budget. Before we can engage in any fruitful discussion on our fiscal policy, we need to reach agreement on the appropriateness of the budget as it now stands. In a recent edition of the Congressional Quarterly there appeared an article which succinctly described the present administrative budget and two alternative forms which have been proposed. One of these is the consolidated cash budget. It is much like our present administrative budget, but it includes in its totals many trust funds and Government-sponsored enterprises. Therefore, it is designed to show the total flow of money between the Federal Government and the public. The other form is the national income accounts budget, which measures the direct impact of Federal taxing and spending on the flow of the Nation's income and output. In other words, this budget would reflect the Federal portion of the gross national product.

Each of these forms deserved thoughtful examination in regard to the degree to which each presents a valid picture of the Federal Government's impact on the economy. The article from the Congressional Quarterly is of special interest in pointing out how the amounts of our Federal surpluses or deficits appear differently in each form of budget. The article casts a serious doubt on the usefulness of the deficit figure shown in the administrative budget as a measure of the extent of sound Federal spending. Therefore, Mr. President, I ask unanimous consent that the article entitled "Three Federal Budgets: What They Show" be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Three Federal Budgets: What They Show

President Kennedy, speaking at the Yale commencement exercises June 11, suggested that new modes of thinking about old problems are necessary in today's world. Public fiscal policy was among the areas in which he said "there is a danger that illusion may prevent effective action."

In commenting on the Federal budget, the President said, "We persist in measuring our Federal fiscal integrity today by the conventional or administrative budget—with results which would be regarded as absurd in any business firm—in any country of Europe—or in any careful assessment of the reality of our national finances. * * * (The administrative) budget, in relation to the great problems of Federal fiscal policy, is not simply irrelevant; it can be actively misleading. And yet there is a mythology that measures all of our national soundness or unsoundness on the single simple basis of the same annual administrative budget."

In urging a better understanding of the operation and significance of Government fiscal policies, President Kennedy also was laying the groundwork for public acceptance of his planned 1963 tax reform—and the planned deficit it will presumably entail. Since the Kennedy administration came to power, one deficit in the administrative budget has occurred ($3.9 billion in fiscal 1961, ending June 30, 1961), a second is in the making ($7 billion for fiscal 1962), and a third (for fiscal 1963) appears inevitable. But these figures and projections are based on the conventional or administrative budget which is only one of three measurements of Federal spending and revenues. A more useful tool, according to many economists, is the national income accounts budget which is prepared by the Department of Commerce.

The chief argument for using the income budget as a new reference point is that it is a more useful yardstick in guiding Government fiscal policy in recessions and booms. It is generally recognized that the Government can help reverse recessions by pumping more money into the economy at the appropriate time through lower taxes and/or increased spending; or it can brake inflation in prosperous times by running budget surpluses. The problem is to determine the appropriate time. As applied to the current situation, observers point out that although the administrative budget, according to January projections, will show a $7 billion deficit when fiscal 1962 ends June 30, the national income accounts budget is moving toward balance and will show a deficit of only $500 million at that time. (For comparison of budget estimates, see heading entitled "Three Budgets Compared" at conclusion of this article.) Clearly, the impact on the economy of a $7 billion deficit is different from that of a $500 million deficit, with the latter indicating a far greater braking effect. For reasons explained below, many economists feel the income accounts budget is a more precise indicator of the impact of Federal fiscal activities at any particular time and therefore is often a more helpful guide in the timing of fiscal decisions.

Some economists—including Budget Director David E. Bell—have argued that the Eisenhower administration's timing of its decision to balance the 1960 budget contributed to the halt of economic recovery in that period and the subsequent downturn in the spring of 1960. Similarly, the fact that the accounts budget apparently is moving toward balance, at a time when the economy is showing some "soft spots," may be used to reinforce the argument of those who advocate a tax cut earlier than January 1, 1963, as proposed by the President.

To date the discussion about the merits of different budgets has centered around the two mentioned above. But a third budget—the cash consolidated budget—also is important and must be considered by anybody who wishes to understand the Federal financial picture.

This Fact Sheet examines three different Government budgets, shows how they differ and indicates how they apply to fiscal policy.

TYPES OF BUDGETS

Three different budgets are involved in the increasing discussion of the Nation's economic health. They are: the administrative or conventional budget, the consolidated cash budget and the national income accounts budget.

Administrative budget: This budget, often called simply the conventional budget, is most familiar to Americans. It is presented to Congress by the President each January. (For a report on the fiscal 1963 budget see Weekly Report, p. 60; for the President's Economic Report see Weekly Report, p. 95, 114.) In this document are the expected expenditures of Government agencies for the coming year and the anticipated revenues. Certain items have traditionally been included and excluded in this budget. Generally, the receipts represent anticipated cash inflows. They are figured on such estimates as future economic conditions; expenditure estimates are geared to congressional action on new programs and the cost of current programs. Significantly, certain large items are excluded, in particular the giant trust funds operated by the Government. Two major funds are social security and highways. The matters of trust funds have become increasingly important as they have grown in number and size. Because the funds are excluded from the conventional budget but included in the other budgets, they have lent increasing importance to the latter. A second important aspect of this budget is the matter of timing of receipts and expenditures. In this budget—and in the consolidated cash budget—both categories show up at a time that is somewhat separated from their actual impact on the economy. The importance of this is discussed below.

Consolidated cash budget: This budget has similarities to the conventional budget. The cash budget is designed to show the flow of money between the Federal Government and the public as a whole. It represents the addition of some estimated items to the conventional budget totals and the elimination of certain items which would otherwise be counted twice as a result of the additional items. To obtain this budget, three basic adjustments are made in the conventional budget: (1) receipts and expenditures of trust funds and Government-sponsored enterprises are added (included in the enterprises are: the Federal Deposit Insurance Corporation, the Federal home loan banks, the Federal land banks, the banks for cooperatives and the Federal intermediate credit banks); (2) intragovernmental transactions (that is, those completely within the accounts of the budget, trust funds and Government-sponsored enterprises) are eliminated because they do not involve any flow of money with the public; (3) adjustments to place a limited number of noncash transactions on a cash basis are necessary. An example of the last item is interest on savings bonds which is considered a budget expenditure as it accrues but is not included as a payment to the public until it is paid. In comparing the budgets, it should be noted that receipts and expenditures in the cash and national income accounts budgets include the trust funds for highways, Federal disability insurance, Federal old-age and survivors insurance, Federal employees retirements, railroad retirement, unemployment, veterans' life insurance and other smaller items. None of these funds are included in the conventional budget, thus in effect hiding some $25 billion a year that comes to Government accounts.

National income accounts budget: This method of looking at the Nation's economic activities, prepared by the Department of Commerce, is in some respects a more perfect indication of the Federal Government's impact on the economy. Emphasis is placed on the use of resources. The Department presents its data on two different levels. On the one hand, it consolidates all of the economic data considered relevant in describing the activities of the Federal Government. This is the national income and product account for the Federal sector. On a more comprehensive level, the Department presents the national-income accounts, a system for making estimates of the Nation's total economic activity. The figures in the national-income accounts reveal the total market value of the currently produced output of goods and services, classified by type of expenditures—consumer expenditures; gross private domestic investment in new construction equipment and inventories; Federal, State and local government purchases of goods and services; and net exports. The total, obtained by summing these items, is called the gross national product. The Federal purchase of goods and services is the only category of Federal spending which is included directly in the GNP. These purchases represent the value of the Nation's currently produced output bought directly by the Federal Government.

The Federal sector account in the national income framework measures the direct impact of Federal taxing and spending on the flow of the Nation's income and output. Generally this account, like the consolidated cash budget, is more comprehensive than the conventional budget in that it includes the trust fund transactions. However, like all sectors of the national income accounts, it records only those receipts and expenditures which directly affect the current income and output of the Nation. Therefore, many capital transactions included in the other two budgets are excluded from the Federal sector measure. Excluded are such items as loans, mortgages, other financial claims and subscriptions to international lending institutions. Also excluded are purchases and sales of existing assets, such as land and secondhand property. These exclusions generally do not represent the production of current output or incomes earned in production.

Another important difference between this and the other budgets—which is central to the current debate about the Government's role in reversing recessions—is the timing of the budget figures. Briefly, this involves the fact the conventional and consolidated cash budgets record tax receipts as they are collected at the Treasury. The national income accounts record business taxes when they are accrued as liabilities and personal income taxes when they are withheld. Thus, by recording these taxes when they are set aside for later payments, this budget tends to reflect the true financial impact of the taxes on the people who pay them. Similarly, Federal purchases are recorded in the national income accounts primarily when goods are delivered and services performed. Such purchases do not show up in the cash budget until payment is made. The timing reflected in the national income accounts generally corresponds closely with economic impacts of Government taxing and spending.

In the fiscal 1963 budget document, the Bureau of the Budget said: "The Federal sector account is especially suited for an analysis of fiscal policy. It was specifically designed to complement the data on private expenditures and incomes contained in the national income accounts." However, the Budget Bureau noted one limitation in using the income accounts budget, in that it omits lending and credit activities and thus excludes a substantial volume of financial transactions through which the Federal Government significantly affects the capital and credit markets.

COMPARISON AND EVALUATION

The differences in timing between the consolidated cash budget and the national income accounts budget is illustrated in the accompanying charts which were part of a comparison of the budgets made last fall by the Federal Reserve Bank of Kansas City. In chart 1 (not printed in the Record) surpluses and deficits in the cash budget are shown in black bars and in the national income accounts budget by gray bars. The timing of swings from surplus to deficit and back is very different in the two series. Corporation income tax receipts are a vital factor in the swings. There is an average lag of about 6 months between the time the tax liability is accrued and the time it is paid. Thus, when there is a wide fluctuation in corporate income, as with the onset of recession, the resulting change in tax liability will not show up in the cash budget until later but will be indicated very quickly in the income accounts budget. In addition, the extent of Federal lending operations, which are included in the cash budget, will add to differences in the two budget series. The Federal Reserve bank said this explains most of the increase in the cash deficit during fiscal 1959.

Chart 2 (not printed in the Record) shows the relationship of the two budget concepts to periods of recession. The top panel shows the seasonally adjusted cash budget surplus or deficit on a quarterly basis. (For reference, periods of economic decline are shaded.) During the first such period the major move toward deficit developed after the end of the decline of 1957–58 and the move toward surplus culminated in the third quarter of 1960, after the next downturn had begun. The strong shift from deficit in early 1959 to surplus in mid-1960 has been regarded as an important deterrent to continued recovery in 1960, the bank said. The bottom panel deals with the national income accounts budget for the same period. This budget responded quickly to economic downturns in the Nation. Particularly noteworthy, this budget shows that the move toward fiscal surplus actually occurred in the first half of calendar 1959 when the cash budget was portraying a $3 billion deficit.

In evaluating the alternative budget measures, the bank said there is no reason for flatly rejecting either method as appropriate measures of Federal finance. The cash budget has a comprehensive coverage of Federal cash transactions with the public which first led analysts to use it rather than the conventional administrative budget to assess the Government's impact on the private economy. But the inclusion of certain financial transactions—either through lending programs or through the lag in certain tax payments after the liability is incurred—gives an imperfect measure of the real direct influence of the Government on private disposable income.

THREE BUDGETS COMPARED

These budget summaries were taken from the fiscal 1963 budget document released last January. Because many of the figures are estimates, changes in some of the final totals may occur. However, the significant aspect of the budgets for the current economic debate is that the surpluses or deficits vary in each accounting. Thus, an evaluation of the budget as a tool to moderate economic fluctuations depends to an extent on which budget is being considered:

National income accounts budget, Federal sector, 1961–63

[Millions of dollars]

	1961 actual	1962 estimate	1963 estimate
Total receipts	94,800	105,000	116,300
Total expenditures	97,000	106,100	111,900
Surplus (+) or deficit (−)	[1] −2,200	[1] −500	+4,410

[1] The May 1962 issue of Survey of Current Business, published by the Commerce Department, reported that the deficit in the income and product account totaled $4,000,000,000 for calendar 1961.

Consolidated cash budget, 1961–63

[Millions of dollars]

	1961 actual	1962 estimate	1963 estimate
Receipts from the public	97,242	102,623	116,614
Payments to the public	99,528	111,147	114,804
Excess of receipts (+) or payments (−)	−2,286	−8,524	+1,810

Administrative budget, 1961–63

[Millions of dollars]

	1961 actual	1962 estimate	1963 estimate
Budget receipts	77,659	82,100	93,000
Budget expenditures	81,515	89,075	92,537
Budget surplus (+) or deficit (−)	−3,856	−6,975	+463

Source: Fiscal 1963 budget.

CONDITION OF BOOKS IN WASHINGTON SCHOOLS

Mr. HUMPHREY. Mr. President, a few weeks ago I spoke out at some length on the floor about the disgraceful textbooks and the shameful shortage of library books and librarians in Washington's schools.

I brought in a stack of battered, tattered, aged, and wornout textbooks. Some had to be held together with string and rubber bands. Pages and, indeed, whole sections were missing. Many were written in the 1920's and the early 1930's, and contained astonishingly out-of-date information and instruction, particularly in the field of science.

My colleagues may recall some of them, which told of airplanes now being able to fly around the world; of "modern" refrigerator boxes which chill food by melting ice; and of our "grand allies," the Soviet Union.

Some people, I regret to say, right off the bat, without knowing anything about it, retorted that these must be isolated examples. They said one could no doubt find a few obsolete books in any school in the Nation.

Well, Mr. President, in response to my suggestion, Dr. Carl Hansen, Superintendent of Washington's schools, ordered an immediate, careful, thorough, and expert survey of the obsolete textbooks in the District of Columbia's schools.

I have now received the results of that survey, a survey which was undertaken personally by the Superintendent of Schools, and all of the assistant superintendents, with the help of supervisors, department heads, and teachers in all of the city's more than 100 schools. They intensively, extensively, painstakingly, and unhurriedly went over the supply, book by book.

I want to stress in particular that the judgment of obsolescence was not made on any casual or flimsy basis, such as the mere copyright date alone.

For the superintendents and teachers realized that in such fields as literature, spelling, and foreign language, for example, old editions may be as useful, and in fact sometimes better, than modern ones.

And even if an older book was not as satisfactory as a modern version, that did not render the book obsolete in their judgment, either. As Dr. Hansen noted, to favor one model of automobile over another does not make the older model obsolete.

Thus, the books the superintendents and principals and teachers have determined to be obsolete are the ones that are so outworn through years of hard, solid use, or are so outdated because of their antique contents that they should be condemned and immediately removed from use.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have 3 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. This is what the survey shows:

There are 190,101 obsolete textbooks in Washington's schools which should be replaced right now.

Of these, 146,220 are worthless because they are so outdated in content, and 43,881 have "had it" because of long years of use.

These are books which are so decrepit, so awful, so bad, so disgraceful, they must go now.

Dr. Hansen states that to replace these obsolete books will cost an extra $135,426.

The House of Representatives last week passed an appropriations bill granting the District $379,000 as its textbook base for fiscal 1963.

This sum will be applied again, as it is annually, to the yearend replacement of outworn and outdated textbooks.

The House was most generous last week in meeting the original request of the District for school textbooks.

Unfortunately, Dr. Hansen's thorough survey was not completed at the time, and the results were not known to the House Members.

Thus, an extra $135,426 will have to be appropriated if we want to solve the problem of obsolete books in the District of Columbia schools. And I cannot urge my colleagues too strongly to support this request.

Now to move on to the matter of library books and librarians: A few weeks ago I was appalled to learn that Washington has the worst school library situation in the Nation.

The District has been spending 64 cents per pupil, according to a 1947 formula, for library books in the junior and senior high schools. It has been spending nothing for library books in the elementary schools.

The national standard is $3 per pupil. Indeed, some cities, such as San Diego, spend $4 per pupil on library books. But Washington spends 64 cents in the junior and senior high schools and zero in the elementary schools.

And that is why the District of Columbia's school libraries are so woefully inadequate, so barren, so emaciated, so feeble.

Indeed, 43 of our Washington elementary schools have library rooms, many with furniture, but few books—just those which have been donated by foundations, PTA's, the junior league, and private citizens.

And there are, of course, no librarians in the elementary schools in Washington. Just across the Potomac River, in Virginia, there are libraries in every elementary school, and librarians, too.

To make a start at curing this intolerable situation, Dr. Hansen this year asked for $51,040 to hire 10 librarians for the elementary schools. He also asked for $25,000 to make a start at putting some books in the elementary school libraries.

The House-passed bill last week deleted both these requests.

Mr. President, I feel most deeply that the very, very least this great body should do—and must do—is to restore that money.

I say the very, very least, because even with $76,040 more for 10 librarians and 10,000 books, Washington's school libraries will still be the worst in the Nation. We will still be spending less money for library books than other cities.

In fact, it would take almost an additional $100,000 to raise the per pupil expenditure for library books to a mere $1 a pupil. But that perhaps should wait until next year.

For the District of Columbia schools have so many pressing needs—and they should not be jeopardized. Dr. Hansen, for example, needs 297 more teachers for next year, but the House trimmed this to 193.

I feel the Senate should restore the authorization for these teachers, too. I note the House appropriations bill grants the police department everything it asked, including 25 more dog teams and 56 more policemen.

Police dogs may help control the crime problem, but they will not solve it. Only human beings can do that, and especially those wonderful human beings known as teachers. While an approach to controlling the problem may be needed, I think an approach to preventing the problem is even more necessary.

In all, the House-passed bill grants the District of Columbia only $25,500 for library books, under the 1947 formula, and $37,500 to start library collections at four new high schools and junior high schools.

That is a total of $63,000 for library books in the entire District of Columbia school system with 120,000 youngsters and more than 100 schools.

Mr. President, I remind my colleagues that the new D.C. Stadium cost $24 million—$24 million for a stadium, but only $63,000 for school library books.

Mr. President, $63,000 is less than the combined salaries of three Senators or Representatives, but is supposed to be enough for library books for 120,000 youngsters.

I repeat that the very bare, rock-bottom, minimum, least we can do is to give $76,040 more to our District of Columbia school libraries for 10 elementary school librarians and 10,000 books, where there are now no librarians and no libraries to speak of.

Washington has the very best fire department in the country, thanks to the wisdom of Congress. And we should be proud of that. It also has one of the finest police forces. And we should be proud of that, too.

But it has the worst libraries and schools. Are we proud of this?

I think not. Thus, Mr. President, I shall be asking the District of Columbia Subcommittee of the Senate Committee on Appropriations to grant our Washington schools an extra $211,466 to eliminate the tragic situation of obsolete textbooks and to make a small beginning at overcoming the disastrous shortage of library books and librarians.

And I not only welcome but encourage the active support of all of my colleagues in this request.

Mr. President, I ask unanimous consent to insert in the RECORD a letter from Dr. Hansen describing the results of the obsolescence survey in detail; and also an editorial from the Atlanta Constitution noting that Georgia has no such problem, and a fine interpretive column in the Celina, Ohio, Daily Standard which gets right to the root of everything.

There being no objection, the letter, editorial, and article were ordered to be printed in the RECORD, as follows:

SUPERINTENDENT OF SCHOOLS,
Washington, D.C., June 29, 1962.

HON. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: In response to your suggestion we have undertaken a study of textbook obsolescence at the elementary, junior high, vocational high, and senior high school levels.

The survey included a report from each teacher as to books in use and the number of such books that were in poor condition. These are considered obsolete because of their condition. These books should be condemned and removed from the buildings.

Obsolescence in content is difficult to define. The copyright date alone is not sufficient evidence of obsolescence. In such fields as literature, spelling, and foreign languages, earlier editions of textbooks may be very useful and in some cases better than more modern versions. In other instances books may be considered less satisfactory than those currently available. Such books, however, are not obsolete. To favor one make of automobile over another does not make the latter obsolete.

The assistant superintendents in charge of the three levels were responsible for identifying obsolete textbooks used by their teachers. They enlisted the cooperation of supervisors and department heads. In deciding upon obsolescence they applied the same criteria to all textbooks on a citywide basis.

The rule for determining obsolescence includes up-to-dateness of content and method of organization. Supervisors and department heads listed books which in their opinion should be replaced by more up-to-date and better organized materials.

Table 1 shows the number of such books by levels.

TABLE 1.—*Books considered obsolete because of content or condition*

Level	Obsolete		Total
	Content	Condition	
Elementary school	59, 003	3, 725	62, 728
Junior high school	53, 749	21, 090	74, 839
Senior high school	27, 713	17, 247	44, 960
Vocational high school	5, 755	1, 819	7, 574
Total	146, 220	43, 881	190, 101

COST ESTIMATES

To replace in fiscal year 1963 all obsolete textbooks at all levels will cost $514,426.

The analysis of costs for the total figure is as follows:

To replace obsolete textbooks:

Elementary school level, 62,730 books at $1.50	$94, 095
Junior high school level, 74,839 books at $3.30	246, 969
Senior high school level, 44,960 books at $3.30	148, 368
Vocational high school level, 7,574 books at $3.30	24, 994
Total	514, 426

The House of Representatives appropriated $478,500 for textbooks and library books. The breakdown is as follows:

Textbook base for fiscal year 1963	$379, 000
Textbooks for new pupils	14, 500
Library books	25, 500
Subtotal	419, 000
Textbooks for new schools	22, 000
Library books for new schools	37, 500
Total	478, 500

The amount of $379,000 appropriated by the House of Representatives should be applied against the replacement need of $514,426. In the normal application of annual allocations of textbook funds, books that are obsolete because of content or conditions are replaced annually. As a result, $135,426, which is the difference between $514,426 and $379,000, is the additional amount needed to catch up in the backlog of obsolete books in the District of Columbia public schools.

Recapitulation table

Amount needed to replace obsolete books fiscal year 1963	$514, 426
Amount allowed by House for textbooks fiscal year 1963	379, 000
Additional funds needed to replace all obsolete books	135, 426

REVISION OF TEXTBOOK ALLOCATION FORMULA

As a result of the obsolescence survey, a new formula for textbook allocations was needed. This is under preparation for inclusion in the 1964 budget estimates. The purpose is to provide a sufficient annual textbook allocation to keep this supply current on a 5-year use schedule.

ELEMENTARY SCHOOL LIBRARIES

Forty-six elementary schools are equipped with library rooms. Because of overcrowding, these rooms in three buildings must be used as classrooms.

In these libraries there are 32,729 books supplied by donors such as foundations and parent-teacher organizations.

The goal is five library books per pupil in the larger schools. Thus 141,651 additional books will be needed in the 43 buildings to bring their libraries to standard on the number of books.

The board of education asked for the first step of the library program at the rate of 10 librarians and $2,500 for books for each of the 10 libraries in fiscal year 1963.

The Commissioners approved two library positions. These were deleted by the House.

The budget estimates for fiscal year 1964 will include funds for 20 library positions and $50,000 for library books at the rate of $2,500 for each library. In addition, an annual allocation of 50 cents per elementary school pupil for library books in the other schools will be requested. These funds will be used to purchase books, including reference books, for classroom libraries. When libraries can be obtained and library space allocated, the classroom libraries will be consolidated.

For fiscal year 1963, the original board of education estimates for beginning organized elementary school library services were as follows:

Class 18 librarians for elementary schools	$51,040
Library books for 10 elementary schools	25,000
Total	76,040

During the past 2 years in the junior high schools, 11 librarians have been appointed on a temporary basis. It is hoped that they may be continued temporarily in fiscal year 1963 and that these positions will be made permanent in fiscal year 1964.

I hope that this letter gives you the desired data. We are deeply indebted to you for your interest in the Washington, D.C. school system.

Yours very sincerely,

Carl F. Hansen,
Superintendent of Schools.

[From the Atlanta Constitution]

Can't Learn New Facts From Outdated Text

Senator Hubert Humphrey, of Minnesota, stood up on the floor of the Senate the other day with an armload of ragged textbooks and started reading.

"Airplanes are gradually conquering the earth," he read from a geography textbook. "Airplanes have not only sailed over the ocean, but they have sailed around the earth. Of course, stops were frequently made for gasoline and oil."

Then, reading from a physics book, Humphrey found this:

"Melting ice chills food in modern refrigerator boxes."

The textbooks came from District of Columbia schools.

Georgia, from all we've heard, does a better job of keeping textbooks up to date. But rapid changes in science and technology are bound to make the problem more difficult. Senator Humphrey has called attention to a matter that school officials need to stay on top of everywhere.

[From Celina (Ohio) Daily Standard]

Behind the News

An American Colony?

(By Steve Esrati)

What makes a country a colonial power?

Classic definitions indicate that the colony belongs to the mother country but has no government of its own. More modern definitions include economic colonialism, by which is meant that the area without self-government contributes to the well-being of the colonial power without receiving advantages in proportion to its economic value to the exploiting power.

We in the United States have always prided ourselves on our lack of colonial ambition. We gave independence to the Philippines. We pulled out of Cuba. We are accountable to the U.N. Trusteeship Council for our Pacific Trust Territories.

But there are three-quarters of a million native-born American citizens who have absolutely no self-government, who cannot vote for their city council, who cannot vote on their own taxes, and who are being economically exploited by their fellow Americans.

These people live in our Nation's Capital, They have a city council. It is the Congress of the United States. They have no mayor, no right to petition their council, no voice in their own affairs.

Recently, Senator Hubert Humphrey, of Minnesota, in his role of alderman from the city of Washington, pointed out to his fellow aldermen that a physics text used in the Washington schools discloses this item on modern physics: "melting ice" chills food in a "modern refrigerator box."

Said Humphrey: "There is not 1 home in 10 that uses a modern refrigerator box with melting ice."

Nuclear physics? The jet age? Sputniks? John Glenn's method of travel? John Glenn's children will not learn about them in their schools. Instead, they will read: "Airplanes are gradually conquering the earth. Airplanes have not only sailed over the oceans, but they have sailed around the earth. Of course, stops were frequently made for gasoline and oil."

That is from a sixth grade text. Their books on electricity were written, according to Humphrey, "pre-Thomas Edison."

Said Humphrey, "There is enough money in this city to build new hotels, cocktail bars, racetracks and a stadium. There is enough money in this city to give it one of the highest per capita income ratings in the world. But there is not enough money in this city to buy even simple arithmetic books for 10-year-old children."

The fact that your Congressman and your two Senators have to spend time on the local government of Washington is, of course, not why you elect them. You did not ask Bill McCulloch if he favored the establishment of school libraries in District of Columbia schools. The schools are without libraries. You did not ask Steve Young if he favored the new Washington Juvenile Court set-up which recently occupied Congress' time for weeks. You did not seek the opinions of Frank Lausche on Washington transit problems or on the city's parks.

Nevertheless, these men decide the fate of Washington's people.

Representative Edith Green, sickened by hours wasted on the Juvenile Court Act, suggested that the District be turned over to the Trusteeship Council of the U.N. At least, she held, the people of Washington would then be able to petition their governing body.

The residents of the District are disenfranchised for one very obvious reason: their majority is Negro. It is one of the few cities in the United States with a Negro majority. Our Southern friends cannot entertain any thought of allowing the city to govern itself. This could lead to a segregationist Member of Congress having to accept the fact that Negroes are Americans, too.

Nevertheless, progress has been made. The District has been allowed under a new amendment to the Federal Constitution, to cast votes for electors for President and Vice President. How much longer will the residents have to wait before they can run their own schools?

LAND-GRANT COLLEGE CENTENNIAL

Mr. ENGLE. Mr. President, on July 2, 100 years ago, President Lincoln signed a bill that opened the doors of higher education to all who wanted it. It marked the culmination of a long fight led by Representative Justin Smith Morrill of Vermont and an Illinois professor, Jonathan Baldwin Turner. They were not the first to pioneer for the idea of using an overabundance of land to do something about an underabundance of education. But it was their tenacity of purpose and their great concern "for those at the bottom of the ladder who want to climb up" that sent the land-grant bill to the desk of President Lincoln.

The Morrill Land-Grant Act brought to life the democratic ideal of equality of educational opportunity. It was the first of many programs that followed to advance the cause of higher education in this country. And it was the first to set the pattern of Federal support for education without Federal control. By the turn of the century the States began to recognize their own obligation to support higher education, and today Federal funds are only a small part of the income used in running land-grant institutions.

The objectives of the Morrill Land-Grant Act were clear and direct: To give everyone who desired it the opportunity to have a college education; and to expand on the traditional classic concept of a college curriculum by including studies related to "agriculture and the mechanical arts."

These were the original objectives.

Today the teaching courses at land-grant institutions embrace the whole sphere of technological, scientific, and cultural studies to meet the demands of a fast-changing world.

In addition, the land-grant system has recognized that research is an integral part of a university's work. The extensive research programs that have been undertaken in land-grant laboratories have led to the discovery of such new drugs as streptomycin, the development of an anticoagulant for use against blood clots, and the perfection of thousands of new crops.

The land-grant institutions are responsible also for a distinctive new idea in disseminating knowledge. Through its extension programs, our State universities and land-grant colleges are bringing their campuses to the people. They are giving men and women of all ages an opportunity to enlarge their intellects, improve their skills, and enrich their lives—in short, the opportunity to be more useful to themselves and to their country.

We have come a long way from the academic fare of the traditional college—and from the concept that a college education is for a select few.

In my own State, the University of California is a proud example of the high standards the land-grant institutions have built for themselves. Its list of accomplishments is impressive.

Of the 42 living American Nobel Prize winners, 7 of them earned their degrees at the University of California. Numbered among them is Glen Seaborg, formerly a chancellor at the University of California at Berkeley and now chairman of the Atomic Energy Commission. In discovering vitamins E and K, the university has made an invaluable contribution to the health and well-being of mankind. The university's famous Radiation Laboratory played a pioneering role in basic atomic research. Of the 14 synthetic elements known to man—elements that do not exist in nature—12 of them were discovered by University of California scientists. The library at the university is outranked in this country only by the Library of Congress and Harvard University in the quality of its collection.

Without the research programs and the wide dissemination of knowledge that the land-grant system has made possible, this country would not be enjoying the productive capacity that it does today—in the factory, on the farm, in commerce. The same can be said for the contribution it has made to the development of culture in the United States.

The land-grant concept has had considerable impact abroad. Many countries around the world are copying this classic example of democracy in action.

There is no more persuasive argument for Federal aid to education than the enormous success of the land-grant system. Here we have indisputable evidence that such Federal help can serve the national interest without destroying local initiative or institutional integrity. Nevertheless, the critics of Federal aid to education continue to cling to their fears of Federal control. It is my hope that the lectures, exhibits, meetings and other activities to commemorate the land-grant movement this year will serve to quiet their fears. Perhaps this commemoration of a living example of Federal aid to education is just what we need to get action on the program now before Congress.

I am proud to join in the tributes to the land-grant institutions and to honor the men who conceived, nourished, and brought into being 100 years ago a bold new approach to education.

ADDRESS OF JAMES A. FARLEY BEFORE IONA COLLEGE ALUMNI ASSOCIATION

Mr. DODD. Mr. President, on June 14, former Postmaster General James A. Farley made a notable address before the Iona College Alumni Association.

Mr. Farley once again has given eloquent voice to the underlying principles and spirit which have in the past motivated the forward march of the American people and which should in the future carry us forward to even greater triumphs.

Mr. President, I ask unanimous consent that this address be inserted at this point in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

America in the World Today

(Address by Hon. James A. Farley, chairman of the board, the Coca-Cola Export Corp., and former Postmaster General of the United States, before the Iona College Alumni Association, Hotel Roosevelt, New York City, June 14, 1962)

Mr. President, reverend clergy, Irish Christian Brothers, members of the Iona College Alumni Association and your guests, I consider myself highly complimented to be invited to address the Iona College Alumni Association at their annual banquet and I assure you that I am delighted to be here tonight.

I have always had great admiration and respect for the Irish Christian Brothers in their pursuit of the Christian education of youth, and I knew of the great work they have done in training the thousands of American boys and young men who have come under their supervision from the inception of the order's work in the United States. However, it was only recently that I fully learned of the founding of the order by Edmund Rice in 1802 in Waterford, Ireland, his inspiring leadership and the expansion of the congregation throughout so many parts of the world before his death in 1844. The record is most remarkable, and it is especially interesting that only 32 years after his passing the Irish Christian Brothers opened their first school in the United States—All Saints School in New York City—and that today 19 of their institutions are operated in our own archdiocese of New York.

I am convinced that there must be something unusually compelling about the Irish Christian Brothers for were that not so there never would have been the large number of vocations enabling them to open schools throughout this country and Canada.

It is hardly necessary for me to dwell upon the success of these institutions and the impact of their teaching upon all who came within the range of their influence. You who are members of the Iona College Alumni Association by your presence in this outstanding gathering tonight attest that.

I believe that we citizens of this particular region are most fortunate that the Irish Christian Brothers founded Iona College in the city of New Rochelle. The very location of a liberal arts college in the heart of one of the most populous areas of the United States and conducted by such universally respected educators has been a blessing beyond measure to parents and their sons, and it has solved many problems for them. An alumni numbering some 4,600 members in 22 years of the existence of an educational institution is certainly a record to point to with pride.

The name "Iona" has tremendous personal significance to me because James A. Farley III, 11 years old, is a pupil in the Iona Preparatory School. I am sure that we parents and grandparents need have no fears when we entrust our boys and young men to the Irish Christian Brothers for their education and preparation for this day's world.

An ancient king once built a huge monument, designed to last for eternity. When it was finished he was at a loss for a suitable inscription. So he summoned his wise men and asked them to provide an axiom which would last for all time. After much consultation they came forth with one. It simply read: "This, too, shall change."

No century in the recorded history of man has witnessed as much change as ours. Within 50 years country lanes have become eight-lane superhighways. From cowpath to canals, from canals to railways and from railways to jetliners the rate of speed of our civilization increases. Indeed Shepard, Grissom, Glenn, and Carpenter, our astronauts, are pioneers in the very same sense that Daniel Boone and Kit Carson were. Their present traces in the sky are blazing new international highways. There is scarcely a place on the globe now which is more than 24 hours away. By the year 2000 that will be shortened by half.

Thus we do not need wise men to tell us that things change and are changing. In fact, the change is so great that mankind is seeking for a beacon—something which does not change.

The reason is quite simple. The higher the speed of a ship the more dependent it is on a fixed lighthouse, a point of light by which it can tell where it is going.

I believe there are such fixed points, but I do not believe they can be found on a map, nor in the physical world. I believe such fixed points are in the world of the spirit, in the human heart, and that they were put there by a power higher than man's. I believe that there are guides for the souls of nations and of men and that so long as they put their hand in the hand of God their grip on the wheel of the ship of state can never fail.

It disturbs me from time to time, as I travel through our country, to hear the voice of doom as presented by the wail of the defeated to the percussion of the breast beating of the beatnik. Certainly this generation of Americans faces problems, but there was never a generation which did not.

The fact is that every problem presents a challenge and it is from the acceptance of the challenge that the life of the individual and of the Nation derives meaning. This generation of Americans, in fact, faces unbounded opportunity, because new industries, new professions and new sciences are creating new frontiers every day. These new areas of human endeavor are calling for young volunteers, and if America only responds with the same optimism, the same faith and courage of those who gave them their American heritage they, in turn, will pass on that heritage tested and deepened for the generations to come.

That heritage has been received by every American generation since 1776, and nearly every generation has had to defend it in actual war. Each has been victorious in turn. In World War I the American Army fought shoulder to shoulder with our allies to prove the concept, to make the world safe for democracy. In World War II our Nation had attained such might that it was able to marshal 16 million men and women in the armed forces and supply our allies as well. That challenge of World War II was as sharp as it was mortal but it was met. Men who had never been to sea before served on battleships, submarines, and all other naval ships. American youths who had never flown before became the world's best air pilots. Industrial America produced enough to supply and maintain the rest of the free nations even as they poured their wages into Government bonds. We were as united as a people in World War II as we were in 1776, because the challenge to our common heritage was felt by every American. There are no party lines when the life of the country is at stake.

Upon this generation the glory, the privilege and the duties of that heritage descend. No generation has more reason to be proud. The records of Shepard, Grissom, Glenn, and Carpenter attest that the American tradition remains unbroken; that the American people will produce men and women to master any crises and that this great heritage will be passed on intact to the generations which will follow. And, as Americans' duties have been expanded the basic American formula applies—"rely on yourself because the whole free world now depends upon your self-reliance." Any American who is pessimistic in the face of that formula is defeating nearly two centuries of American history. The flag above started out with 13 stars and now has 50. Those stars were not put there by pessimists.

That, among other reasons, is why I am confident, and I believe the country is confident. This country has faith in God and no man's faith exceeds that of President John F. Kennedy.

Since I believe there are absolute spiritual charts it follows that I believe that man-made charts are erroneous to the extent that they disagree with the ones of the soul. Thus, I deplore the entrance into our language of the term "personal security," particularly as it is set forth as a legitimate objective of the young people. In the first place, there is no such thing; and in the second place if there were there would be no surer way of losing it than to seek it.

This is not hard to illustrate. Thus, Gen. George Washington was a wealthy man. But he never hesitated a second when, on a question of principle, he had to choose between the comforts of Mount Vernon and the snows of Valley Forge.

What security do you suppose there was for Daniel Boone, Glenn, Kit Carson, and Carpenter? There was only the security of their faith in God—and the history books show that this is more than adequate. Nor do I confine myself to famous names. Those tens of thousands of American men and women who were strong enough to start out into the wilderness with a plow, an ax, and a rifle exampled that spirit which made our country. I care not what the industrial charts show; I insist that which built our country and that which maintains it are character and a faith in God.

But, as certainly as we must cling to unchanging spiritual values we must recognize the changes in the world about us.

Those changes have made free enterprise, free labor, free management and freemen absolute, indivisible partners. There is no free labor where there is no free enterprise. There is no free enterprise where there is no free labor, and there are no freemen where either is absent.

I find it tiresome to hear people who won't take the trouble to think talking about class warfare and class differences in America. If they ever existed in America they no longer exist now. There are men of both parties holding high positions in our Government who were born of wealthy parents. There are just as many who were born of poor parents. It never even occurs to these men that they are so-called different classes. They belong to one class—Americans—and their rise was due to hard work. Our country actually recognizes only one aristocracy in the long run—and that is the aristocracy of merit. And, also, in the long run, it is just as hard for one youth to survive his advantages as it is for another to survive his adversities. It is not money in the bank which determines the future of any American youth, it is the will in his heart, the imagination in his mind and the character in his soul which count. In America you don't inherit noble status—you must earn it yourself.

The same thing applies to the industrial system. I think I am qualified to talk on this subject. As chairman of the Democratic National Committee, I was entrusted by President Roosevelt with guiding through the Congress what has become known as the 100 basic social laws—social security, bank insurance, security market regulation, etc. It is noteworthy that each of these basic laws has been expanded by both Republican and Democratic administrations. This, in my opinion, completely validates my faith in the two-party system, and the American way. Our Constitution was built upon the theory of division of powers. It is necessary to have liberals who wish to expand; it is equally necessary to have conservatives who adhere to previous forms. Each acts as a brake on the other, and out of their opposition to each other a natural ordered growth takes place. The differences between the American liberal and the American conservative are very small indeed, compared to what they have in common, the American way.

For example, take the recent headlines on Big Steel. The United States Steel Co. paid in direct wages about $1,600 million. That's fair—200,000 men work hard for that, every working day. The stockholders get $200 million in dividends; that's fair, too; they take the risk. Their money is first in and last out. Now, I don't care what formal economists say, the workers of United States Steel and the shareholders of United States Steel are partners. And out of that partnership the Government collects in taxes as much as is paid to the stockholders.

Of course, what is true of United States Steel is true of every major corporation of our country. Their partnerships do not extend only to the one between stockholders and workers. They apply to their suppliers. Thus, United States Steel bought over a billion dollars from smaller businesses last year. These smaller businesses, along with direct wages, account for nearly two-thirds of the expenditures. I cite this to prove that American small business is the partner of the larger corporations. This is true of every major corporation. Of my own, Coca-Cola, for example, we have extended this principle of American economic partnership to over 110 countries, and each of those partnerships proves that the American way is not limited by geographical location. The system of private enterprise, economic partnership, and political freedom can perform a service and show a profit anywhere free men are permitted to operate, which brings me to the point from which I started—that the real values of this life are not material. That flag flying above our heads represents the spirit and the Government of the American people.

Well, I won't try to evaluate the American Government. I can't conceive of a world without it. It is more than the protector of our country; it now bears the burden of keeping free the soul of the world.

So, in describing the partnership of labor, business, and management I want to point out their single great common asset which never appears on the balance sheet—the American flag. On this Flag Day, let us remember that our privileges as Americans are matched by our duties. That for the flag above us many hundreds of thousands of our fellow citizens have given their lives. And that, that flag represents the supreme spiritual partnership of every American citizen with another in our great American Republic: one Nation indivisible, with liberty and justice for all.

DR. JAGAN, OF BRITISH GUIANA, AND COMMUNISM

Mr. DODD. Mr. President, since his election last year, the head of the British Guiana Government, Dr. Cheddi Jagan, has assiduously evaded a straightforward answer to the direct question of whether or not he is a Communist. This failure to state his views unequivocally, particularly during his visit here last fall, has resulted in some uncertainty, even among intelligent and informed people.

Last fall when our Government was contemplating giving assistance to the Jagan regime, I tried to alert the Nation to the probability that Jagan was a Communist. I pointed out then that we must not paralyze ourselves by requiring ironclad proof that a Marxist revolutionary is a dues-paying member of the Communist Party before we recognize in our foreign policy and in our foreign aid that such a man is indeed a party to the international Communist conspiracy. In the case of Jagan, what matters is the general tenor of his statements, his adherence to the party line, and the direction which his actions obviously are taking.

Castro was not a member of the Communist Party; yet an awareness of his political ideas and intentions could well have shown us where he was headed, even without his declaration that he was a Communist, and without any proof that he was a member of the Communist Party.

However, no doubt need exist about Dr. Jagan, who has finally been forced to dispel any uncertainty on his political convictions and on his intentions once his country gains its independence from Britain later this year.

In answer to a direct question asked before the Royal Commission inquiring into the riots of last February, Dr. Jagan said "I am a Communist," and added that he is an admirer of Khrushchev and Castro.

Inasmuch as Dr. Jagan was so recently in this country asking for substantial aid for his government which he now says will be run along Communist lines, the statement he made before the Royal Commission is of considerable importance.

What this statement signifies is that we now have two Communist regimes in the Caribbean area instead of one. True, Jagan has not yet been able to communize British Guiana completely. But the pattern of development is remarkably similar to the pattern in Cuba after Castro came to power. Jagan has publicly endorsed the concept of one-party government. He has banned the main opposition paper, the Georgetown Daily Chronicle, from government offices. He has sent hundreds of students to Moscow and Cuba for training. When he was asked at the recent inquiry whether these students received military training, he said "I do not know."

Mr. President, I would remind my colleagues that Dr. Jagan is a minority Prime Minister who during the last election only had 42.7 percent of the votes. Since then, he has suffered a serious setback in the defection of his Home Minister, Mr. Balham Singh Rai. If several more parliamentary representatives leave his party, he will be compelled to call a new election.

Mr. President, the administration has been wise in not granting any aid so far to British Guiana, and I hope that we will do nothing in the future to bolster the regime of Cheddi Jagan by granting him loans or credits, because if we do so we shall be assisting Jagan to forge the chains of a total Communist dictatorship.

I hope that, in the critical days ahead of us, we will use our information facilities to place the true facts about Jagan and about Castro before the people of British Guiana. I hope that we shall do so with at least as much diligence as Moscow and Havana have displayed in their pro-Jagan propaganda.

Mr. President, I ask permission to insert into the CONGRESSIONAL RECORD a copy of the British Guiana Daily Chronicle of June 23, 1962, containing a transcript of the relevant part of Dr. Jagan's testimony given before the Royal Commission.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Georgetown (British Guiana) Daily Chronicle, June 23 1962]

DR. JAGAN OF BRITISH GUIANA, AND COMMUNISM

Premier Dr. Cheddi Jagan yesterday admitted being a Communist when testifying before the Commonwealth Commission of Inquiry.

He made this statement under fire of cross-examination by Mr. Lionel A. Luckhoo, counsel to the chamber of commerce.

He further explained, however, that he admitted being a Communist only if it was meant in the context of "from each according to his ability, to each according to his needs."

He also admitted being admirer of Communist leaders, Mr. Nikita Khrushchev of Russia and Dr. Fidel Castro of Cuba, but further declared that he did not necessarily intend to introduce these types of policies in the British Guiana Government.

Pressed by further Luckhoo questions, Dr. Jagan said that he would resign from the Government of British Guiana at any time if he were satisfied that by so doing he would be serving in the best interest of all Guianese.

Dr. Jagan, when asked about reference made from a Los Angeles Times pictorial report that he was one of the top 12 Communists in the world today, said that he was neither flattered nor hurt about the local reproduction of the pictorial page. He had, however, made no attempt to get withdrawals or apologies made either by the Chronicle or the Los Angeles Times.

Questioned on reasons for banning Drs. Schwarz and Sluis from entering British Guiana, Dr. Jagan said he had been in receipt of information which led him to believe that the two American doctors had been associated with people who had planned to overthrow the Government by "force and violence."

He, however, declined to divulge to the Commission either his source or the information in his possession, with reference to his indictment against Drs. Schwarz and Sluis, when asked to do so by Mr. Luckhoo.

Mr. Luckhoo. Would you agree with me, Dr. Jagan, that the people of the country are entitled to know the political policy of the Government under which they are?

Dr. Jagan. Of course.

Question. And entitled to know the individual political policy of the individuals who are in charge of them?

Answer. Not necessarily. The Government is elected at elections and in these days of party politics, one goes to the elections with party manifestoes explaining this, so individual issues do not matter.

Question. You have your own political beliefs?

Answer. I am leader of the Government and the Peoples Progressive Party.

Question. Are you ashamed of your political beliefs, Dr. Jagan?

Answer. I am not ashamed.

Question. Are you a Communist, Dr. Jagan?

Answer. You will first have to explain what you mean by "Communist."

Question. Do you have any idea of what I mean by my question?

Answer. No.

Question. You have heard of Dr. Fidel Castro?

Answer. Yes.

Question. Do you know his policies?

Answer. I know some of them.

Question. Would you say Fidel Castro is a Communist?

Answer. I cannot say, that is for him to say.

Question. Are your policies the same as his?

Answer. As leader of the Government my policies are reflected in my party's manifesto.

Question. You know him quite well, and have studied his policies. Are your policies akin to his?

Answer. My policies have already been enunciated. That is all I want to say.

I am not aware of all of Dr. Fidel Castro's policies, and therefore I cannot compare them with my own.

Sir Henry. You were asked if they were akin.

Answer. I cannot say.

Mr. Luckhoo. The policies of which you are aware, and knew that Fidel Castro pursues, are these policies which you yourself pursue? Do you believe in state ownership, for instance?

Dr. Jagan. Yes.

Question. Abolition of private property?

Answer. My party does not believe in this.

Question. What does your party believe in, which Fidel Castro does not have or which the Communists do not have?

Answer. My party believes in free and fair elections, democratically held at regular intervals.

Question. Did you say when you returned from Tanganyika that you admired their system of a one-party Government?

BELONGED

Answer. No, I did not say that. I said there was a form of Coalition Government where almost all of the members of the legislature belonged to one party. But this did not mean a denial of democracy. I would like to see this here.

Question. What are your views on communism? Do you know what it is? Are you aware of its tenets?

Dr. Jagan. Are you aware of them?

Mr. Luckhoo. Dr. Jagan, if you want to ask questions, you will have to come here [indicating his position at the bar table]. While you are on the witness stand you must answer.

Sir Henry. Will you say, "Yes," or "No," whether you are aware of the tenets of communism?

Dr. Ramsahoye. If the witness is to answer yes or no, My Lord, it will mean that he is going to answer a question in relation to communism which he may understand differently from my learned friend, Mr. Luckhoo.

TENETS

Sir Henry. He has been asked to say whether he is aware of the tenets of communism. If he continues to be silent on this issue, the Commission will be forced to take note that the witness has avoided answering this vital question.

Dr. Jagan. I believe the tenets of communism to mean: From each, according to his ability, and to each, according to his need. And I believe that represents the Communist belief, and I accept it.

Mr. Luckhoo. Dr. Jagan, you have a clear idea of the tenets of communism. Do you accept these tenets of communism?

Dr. Jagan. I do.

Question. Then, Dr. Jagan, according to your own acceptance of these tenets, you are a Communist?

Dr. Jagan. I am a Communist, in accordance with my own views on communism.

Question. Are you an admirer of Fidel Castro?

Answer. Yes.

Question. Did you declare him to be the greatest liberator of the 20th century?

Answer. Yes.

ENDEAVOR

Question. Would you endeavor to pattern your own government after his style and manner?

Answer. Not necessarily, but I do admire him.

Question. Are you also an admirer of Nikita Khrushchev?

Answer. Yes.

Question. Have you defended his policy?

Answer. No, I have not defended his policy.

Question. As an admirer of Fidel Castro have you been responsible for the sending of our young men and women to Cuba, as well as to Russia? Have these young people been sent by the government of this country, or by the Peoples Progressive Party?

Answer. The scholarships were given to the P.P.P.

Question. Who pays all of the expenses, including traveling?

A. Not this government. The expenses are paid either by the government of the country from which they come or the government to which they are sent.

SCHOLARS

Question. Do you know that your party has been sending scholars who are illiterate on these scholarships?

Dr. Jagan here observed that he was not aware of this. He, however, pointed out that he did not put the same emphasis on literacy with regard to intelligence, as some other people did. There were many persons, he continued, who might have had little primary school training but, if given 1 or 2 years' training in adult education, would show great improvement educationally, as a result.

WARFARE

Question. Dr. Jagan, are these students going to receive military training or any other type of warfare?

Answer. I do not know.

Question. In the legislative council on July 24, 1953, did you say that there were only two camps—(1) the Communist or Socialist, and the other, the capitalist?

Answer. I do not remember.

Mr. Luckhoo then referred to "well-known Communists," naming visitors to British Guiana such as Endicott, Regier, Scott-Nearing, and others, who he said had been welcomed to British Guiana and treated with the traditional Guianese hospitality. Dr. Jagan interjected to remark that "Mr. Regier is certainly not a Communist," and that he knew that Mr. Scott-Nearing had been expelled from the Communist Party.

Question. Dr. Jagan, you believe in freedom of expression, and you do not believe in suppression?

Answer. I believe in freedom of expression.

Question. And you do not believe in control or muzzling?

Answer. I believe in freedom of expression.

Question. But did you not ban the Daily Chronicle from Government offices?

Answer. Yes.

Question. Why did you ban it? Were you perhaps seeking means to see if the Daily Chronicle would be forced to close down?

Answer. No, I am not interested in closing it down.

In reply to a number of other questions, Dr. Jagan admitted a proposal had been made to set up a press council, but with the intention of controlling what was published and what was not published. The idea was merely to maintain and preserve the ethics of journalism.

Question. When certain well-known Communists were prevented from coming into this country, you said you believed in freedom of movement for everyone?

Answer. Yes.

OVERTHROW

Question. Then why did your Government ban Drs. Schwarz and Sluis from entering British Guiana?

Answer. Because they were people known to be associating with others who were trying to overthrow the Government by force and violence.

Question. Do you have evidence to this effect?

Answer. Yes.

Mr. Luckhoo then pointed out that the commission was there holding sessions to inquire into the disturbances. If then he, Jagan, had such significant information but had not disclosed it to the commission, it would be indeed peculiar.

Dr. Jagan. It is not peculiar.

SENSE

Mr. Luckhoo. I use the word peculiar in the sense of knowledge being peculiar to you. Is this knowledge shared with your ministers?

Answer. My ministers took a collective decision.

Question. If people came to British Guiana and were participating in or engineering riots and other disturbances, don't you think it would be in the interest of the public to make that information known?

Answer. It is in the interest of the public to see that these people do not do these things.

Question. But could you not tell this commission the source of your information?

Answer. I cannot divulge all the sources of my information.

Mr. Luckhoo here suggested that Dr. Jagan was not speaking the truth.

The next aspect Mr. Luckhoo questioned Dr. Jagan on concerned the Houston bi-election. Dr. Jagan admitted that government was presently considering validating the election which the court had ruled void. He said no decision had finally been taken, because the matter was receiving the attention of the attorney general and colonial office law department.

DECISION

Mr. Luckhoo enquired if Dr. Jagan regarded this a democratic approach to override the decision of the court, and thus deny the people the right of selecting their own representative.

He then asked if the budget issued on the 31st of January was a good budget, and whether it was for the benefit of the people of British Guiana. Dr. Jagan replied, "Certainly."

Question. Must the leader of a country be strong, even to decide against the popular wish, if it is to benefit the country?

Answer. Yes.

Question. Why did you agree to amend the budget?

Answer. Because of misrepresentations and representations.

Question. Could misrepresentations be removed by informing the people?

Answer. Yes.

Question. And do you agree that the representations should not have had effect, if the original budget were sound and good?

At this stage Dr. Jagan gave a series of conflicting replies.

Mr. Luckhoo cross-examined Dr. Jagan to show that, although he had been hunting around the world, he had failed to obtain monetary assistance, because of his known Communist outlook.

"Would you agree to have an opportunity, Premier, to say whom you consider responsible for the disturbances of Friday, February 16?" asked Mr. Kenneth Potter, counsel of the Commission, at a point where he endeavored to have Dr. Jagan sum up his evidence.

Dr. Jagan replied: "I would say that persons who have failed to secure political power in the past by constitutional means, by legal means, were principally responsible—people who have consistently lost at elections—people who have lost their deposits at elections—people who have a deep sense of being aggrieved and who would like to be in the positions that we now hold in the government."

Mr. Potter proceeded to put further questions to the Premier.

DEFEAT OF THE FARM BILL BY THE HOUSE OF REPRESENTATIVES

Mr. DWORSHAK. Mr. President, there has been widespread publicity concerning the defeat of the farm bill by the House of Representatives. A few weeks ago newspapers were full of reports that the White House and the Secretary of Agriculture were making exceptional progress in their campaign to line up support for the farm bill. When the surprise defeat occurred, there was an immediate outburst by Democratic spokesmen that blame should be placed upon Republicans.

Mr. President, it is reassuring to know that while this method of alibis may be successful in some areas, there are editors in Idaho who are not deceived by this political chicanery. They know Democrats control not only the White House, but both the Senate and the House, with overwhelming majorities. Party leaders cannot justify claiming credit for everything that appears desirable and disclaiming responsibility when upsets are encountered.

Mr. President, the Twin Falls Times-News of Twin Falls, Idaho, on June 26, published an editorial calling attention to "Another Myth." I ask unanimous consent to have this editorial printed in the body of the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ANOTHER MYTH

There are no signs of grief among Magic Valley farmers in the wake of the House defeat of the farm bill. For several weeks, farmers in this region have been outspoken in their opposition to all farm controls. A national poll conducted by the Farm Journal indicates the attitude is not peculiar to Magic Valley.

The grassroots opposition to controls may have been one of the factors that led to defeat of the farm bill. Some 48 Democrats voted against the measure and it would be a good guess their stand was influenced considerably by word from the voters back home.

If Idaho's two Representatives, Mrs. GRACIE PFOST and RALPH HARDING, received much mail in opposition to the farm bill, it wasn't evident in their votes. They went right down the party line, voting for the farm bill. In view of the general protests from Magic Valley farmers, Mr. HARDING's vote for the farm bill isn't likely to help him at the polls in November.

As a result of the farm bill defeat, the Kennedy administration trotted out an old bromide that apparently has been adopted as the party line to explain all reversals. Representative VICTOR WICKERSHAM, Democrat, of Oklahoma, quoted President Kennedy as saying the defeat "shows the Republicans are the obstructionists and they shoulder that responsibility." The sentiment was more or less shared by Secretary of Agriculture Orville L. Freeman in a tirade that lashed the Republican Party for "its blind opposition to every farm bill except Benson's."

That's hogwash, and both President Kennedy and Secretary Freeman are well aware of it. Democrats in the House of Representatives outnumber the Republicans by something like 260 to 174, giving the Democrats clear control of the House by a wide margin of 86 votes. With such decisive control, the administration is fooling no one by trying to saddle the minority party for any failure or reversal. If the administration can keep Democratic members lined up in both the Senate and House, it can gain any legislation it desires.

The rollcall vote tells the story. One Republican Member of the House voted for the farm bill. But 48 Democrats heeded the word from their constituents and opposed the bill. Those 48 Democrats are the reason the farm bill was defeated and you can be sure the majority leadership wasted no time in voicing displeasure to the 48.

Let's have no more of this myth that 174 Republicans can outvote 260 Democrats. The Democrats control Congress without a shadow of a doubt. They get all the credit for what this particular Congress accomplishes, but they must also accept whatever blame is forthcoming. That's no myth.

TEACHING COMMUNISM IN THE SCHOOLS

Mr. KEATING. Mr. President, tomorrow, the people of the United States will be in the midst of celebrating our most joyous national holiday. It will be a day filled with flags and fireworks, picnics and ballgames, beaches and traffic jams. It will be a day filled with fun. But, Mr. President, it will also be a day filled with simple pride in our national independence and our national heritage. I know that tomorrow the American people, with their great capacity for being happy and being serious at the same time, will reflect upon the meaning of their country and will be proud of it.

But, Mr. President, the American people must be more than simply proud of all that is caught up in the word "America." They must also be aware that a communist menace has challenged that pride and has threatened to bury us. They must know and understand this potential enemy; they must know and understand how to combat it.

For several years, I have been urging that in our Nation's high schools there be serious, critical study of communism, as a means of educating the American people to these dangers. Too many of our people, young and old alike, are only vaguely aware of communism as a nebulous enemy which is beyond comprehension. They know it is bad, but that is all they know about it.

Mr. President, this type of public ignorance is as dangerous as any lapse in our material defense effort. It may be even more dangerous. In the last analysis, the people of any nation constitute its strength; and we must have a citizenry which is conversant with the forms of communism, the goals of communism, and the techniques of communism, if ultimately freedom and free institutions are to succeed.

Not too long ago, Mr. President, it would have been futile to stand here and urge that communism be taught in our schools. The attitude of too many people, including many who were supposedly well informed, was that teaching communism was tantamount to propagandizing for the Communists. Fortunately, that feeling has changed, and the American people have matured in their attitudes toward world politics. Increasingly, they have come to realize that information is a mightly weapon in any struggle, and that the immensity of the present conflict requires a superlatively informed populace, indeed.

A study of the teaching of communism in U.S. schools was made in 1959, at my request, by the Legislative Reference Service. This study noted only two school systems where the Communist threat was studied and explored academically. In the more than 2 years since that survey was conducted, I know that more progress has been made—not only in the number of schools offering at least a modicum of instruction in the dangers of communism, but also in the quality of the instruction.

Mr. President, this morning the New York Times published a report, written by Fred M. Hechinger, describing the progress which has been made in this area, and pinpointing weaknesses which must be corrected. I ask unanimous consent that Mr. Hechinger's excellent article be printed in the RECORD following my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

Study of Communism Gains in U.S. Schools as Debate on Aims Widens

(By Fred M. Hechinger)

(First of two articles)

Instruction about communism, as part of the public school curriculum, is gaining in popularity and professional respectability. But the effectiveness of teaching is hampered by confusion over objectives and ignorance of facts.

Disagreement is growing between educators who insist that the problem must be taught as part of the regular social studies, such as history, geography, and economics and many political spokesmen who call for special courses.

This is the conclusion reached after a survey of selected key areas and reports by correspondents of the New York Times.

However, educators planning or conducting such courses agree that any analysis of communism must be a critical one so there can be no danger of exposing students to pro-Soviet propaganda.

The most serious problem is posed by the confusion over the difference between teaching and indoctrination.

Other major obstacles are the shortage of teachers who have a thorough knowledge of the background of communism, the ignorance of students about basic economic facts and the competition for study time at the very moment when the entire academic curriculum is being reformed and stiffened.

Despite these difficulties, lessons on communism are gaining in favor rapidly. Special lesson outlines are being drawn up by local school systems and State education authorities, often with the help of nearby universities throughout the country.

State legislatures, some of which in the past prohibited such teaching, increasingly show an interest in laws requiring the study of communism.

MANUAL PLANNED

"Instruction in communism and its contrast with liberty under law" was published by the American Bar Association last February. Since then, the National Education Association, in cooperation with the American Legion, has drafted plans to publish "a manual of guidelines for teaching about communism for the use of teachers in the junior and senior high schools." Publication is scheduled for this week.

The wide variety of approaches to the still controversial subject and the lack of agreement among educators can be gaged from a study of the Washington area. It represents the classic pattern of a city with a variety of towns and commuter suburbs. It reflects the political climate of the Nation's most political city, and it is influenced by the legislative and educational views of two States.

There are seven public school systems in the Washington area: the District of Columbia, Montgomery and Prince Georges Counties in Maryland; Arlington and Fairfax Counties; and the cities of Alexandria and Falls Church in Virginia.

APPROACHES SUNDAY

There is little similarity between the approaches chosen by the seven school boards. But spokesmen for all but two of these agreed that the very topic was "until recently a very hot potato." Some are still concerned about "public acceptance."

CHANGING ATTITUDES FOUND

The Montgomery County School Board, considered the most advanced on teachers' salaries, teaching methods, and curriculum content in general, said in a progress report earlier this year:

"The social science curriculum is subject to changes in the temper and structure of the community and to changes in the political, economic, and technological scene both nationally and internationally. It would not, for example, have been as possible in 1948 or 1950 to introduce pilot courses in Russian history at the senior high school level as it is today."

This is a cautious reference to the era, marked by the Communist-hunting activities of the late Senator Joseph R. McCarthy, Republican, of Wisconsin. Then local and national vigilante and censorship committees made the teaching of controversial issues all but impossible.

Underlining the change, as indicated by the Montgomery County report, the supplementary reading lists of a number of very conservative school systems today include the "Communist Manifesto."

GAIN PROFESSIONAL STATUS

In many school systems today, ironically, professional status has been given to courses on communism and there are fewer educators who want to be found without them.

To date none of the three legislative bodies that exert influence on school boards in the Washington area—Congress and the General Assemblies of Maryland and Virginia—have followed Florida and Louisiana on requiring special courses on communism. However, one or two other Southern States, along with Oregon, are considered likely to act soon.

A syllabus on economic systems recommended by the Virginia Legislature has been widely rejected by local boards as, in the terms of one, "propaganda for the free enterprise system, without relation to communism."

One Virginia education official said that the students' lack of knowledge tended to lead the courses too much into the know your enemy field of propaganda. Students, he said, "come to class with some poorly grounded, preconceived cliches about the Communist system." He added:

"They are not prepared to handle economic theories. Marxism-Leninism stops them cold."

In Arlington, Va., specific course units on communism are required in the 8th, 9th, 11th, and 12th grades. Such courses, for example, cover the revolution of 1917, the rise of Stalin, the relationship between the Soviet Union and the United States during World War II and the deterioration of relations since then.

Teachers are required to take special summer courses.

The film "Operation Abolition," a controversial attempt to create the impression that the California student demonstrations against the House Un-American Activities Committee were Communist led, has been offered as an optional teaching aid by the school board but has been used very little.

By contrast, the Falls Church School Board has banned the film, but has made available a number of film strips made under the auspices of the Armed Forces.

In Fairfax County, Va., the unit on communism is optional as part of the 12th-grade course, "Virginia and World Government." The superintendent estimates that 80 percent of the teachers include the unit, but the amount of time spent on it ranges from 3 days to 6 weeks.

Although there is no formal preparation for teachers, other than by way of the curriculum guide, a committee of teachers prepared the syllabus used.

ECONOMICS COURSE OFFERED

The Alexandria schools have only just begun a one-semester 12th-grade course in economics as an elective.

Falls Church not only includes a study of communism in its required senior-year course in American history but also offers Russian history as an elective and lists among required outside reading "The New Class," by Milovan Djilas; "Dr. Zhivago," by Boris Pasternak, and the "Communist Manifesto."

In Prince Georges County, Md., there is no specific "work unit" on the subject but a source on "Problems of Democracy" is to be introduced for seniors next year. This will devote 9 weeks of classroom time to the study of communism.

Montgomery County is conducting for the first time this semester a "limited pilot course in Russian history," offered as an elective in 2 of the country's 12 high schools.

How do some of the other key areas in the country fit into a comparison with this study of the Washington area?

The range of the difference is best shown by the statewide mandate of a course in "Americanism versus Communism" for high school seniors in Florida and Louisiana as against defeat of a similar mandate by the Massachusetts House last February.

The vote against compulsory instruction was 72 to 32. The opponents argued that the bill would set a dangerous precedent by requiring school boards to conduct a course of a political nature.

In a typical Louisiana program, more than 30,000 students in 11th and 12th grade are getting instruction in a special 6-week course, 1 hour a day, taught by the history and social studies staff. Much of the stress is on materials of the House Un-American Activities Committee and on praise of the free enterprise system.

Teachers have been given a special 6-day summer course, which included a lecture by Dr. Fred C. Schwarz, the Australian-born leader of the Christian Anti-Communist Crusade.

It is too early to tell what direction the Florida courses, to begin in September, will take.

TRAINING FOR TEACHERS

Teachers will be given special instruction during the first semester of the new course.

Special television programs are being prepared. Among the basic readings for the course will be the history of the Communist Party in the Soviet Union, reports from the Committee on Un-American Activities and the Senate Internal Security Subcommittee.

Houston, Tex., is debating whether a special course should be given. Meanwhile, history teachers have been required to attend a series of lectures discussing the differences between the capitalist and Communist systems.

The California State Education Code, based on a law passed in 1951, tries to draw the line between indoctrination and education but leaves the details to the schools. The law specifically prohibits teaching about communism for propaganda purposes but says this provision is not intended to prevent the teaching of the facts.

In Los Angeles, a 200-page curriculum guide is being prepared by 70 teachers and administrators.

It is to be called "American Ideals and Institutions: Foundations of Freedom" and will attempt to outline a specific and positive program to alert pupils to the menace of communism. A 32-page chapter is to deal with threats to American institutions.

Meanwhile, a State panel of 14 educators is studying the possibility of drawing up curriculums on communism.

EXPERIMENTAL COURSE

In the Middle West, the Chicago Bureau of Curriculum Development is planning an experimental course contrasting communism and democracy, which is to be ready for trial in September. It will be part of the regular social studies sequence. A senior elective now deals with the subject.

Among the questions to be discussed in the course are "what is meant by economic infiltration?" and "how the Communist Party organizations in neutral and democratic countries serve the Soviet foreign policy?"

The Illinois State Superintendent of Public Instruction is working with a steering committee to examine what is being done in other parts of the country.

The Michigan Legislature is contemplating a bill that would require a course of not less than 30 hours on comparative government. The emphasis would be "on the free enterprise competitive system of the United States of America in contrast with the doctrines, objectives and techniques of communism."

STRESS ON STUDY INCREASED

In Ohio, the State authorities have not entered the debate. In the Cincinnati schools, however, where teaching about communism is compulsory, stress on communism in the senior course on "Socio-Economic Problems" has been increased during the last 2 or 3 years. The course is presented 1 hour each day, 5 days a week, for the entire year.

In most of the eastern States the attitude expressed by Dr. James E. Allen, Jr., New York State Commissioner of Education, is fairly typical. Dr. Allen said his department would help prepare materials and offer advice on publications. But he said he was opposed to separate courses on communism. Such instruction, he said, should be part of history, economics and geography.

This appears to put him, at least pedagogically, in some conflict with the State legislature which last year authorized local schools to offer a special course on "Communism and Its Methods and Its Destructive Effects."

The New York City school system responded wih a six-page mimeographed bulletin on "Teaching About Communism in the New York City Schools," within the social studies curriculum.

The process of integration of instruction on communism with other courses was described by Herman L. Lieber, chairman of social studies at James Madison High School in Brooklyn:

"In the ninth-grade course, the Soviet Union is treated as an important part of instruction on world geography."

CHINESE COMMUNISM STUDIED

"In the 10th year, the world history course first introduces communism in China, the emergence of a modern nation and the reasons why the Communists were able to gain control. This part of the course is covered in about 2 weeks.

"There is also extensive coverage of the rise of the Communist dictatorship in the Soviet Union from the historical point of view, beginning with the undemocratic aspects of the Tsarist past.

"During the 11th year, the study of comparative economics includes such systems as socialism, communism, and fascism in comparison with capitalism.

"A senior course deals with problems of American foreign policy, with stress on the policy of containment."

AID FROM UNIVERSITIES

Massachusetts in general and Boston in particular, use special guides prepared by local school systems and material furnished by the Harvard Center for Russian Studies, Boston University and the Center for International Studies at the Massachusetts Institute of Technology. The educational approval is similar to that in New York, integrating instruction on communism with regular social studies.

The Pennsylvania Department of Public Instruction considers itself a pioneer in the field, having asked for greater concentration on the subject in 1958 and published at the time, a 20-page bibliography, compiled by the Library of Congress.

Like New York and Massachusetts, however, the Pennsylvania authorities advocate such teaching as part of the existing social studies program.

PATTERN EMERGES

In general, there appears to emerge this important pattern: In the best of the Nation's school systems the study of communism has been accepted as a matter of course, long before the political pressures were applied locally and in legislatures. This would have been the natural course in any teaching of political and economic systems and philosophies and any study of world conflicts.

The sudden demand for special courses, in sharp contrast to earlier opposition (frequently by the same persons and groups) to any mention of communism, seems to have arisen from two different situations:

First, ignorance of what is actually being taught in the schools, with the resulting layman's tendency to see in the absence of a specific course label a lack of attention to the subject. This compares with similar beliefs about such dangers as alcohol and narcotics, often effectively and logically dealt with in biology, chemistry, hygiene and other courses. But, under the impact of a "crisis," the easiest way to show action is to pass a law asking for a special course in the schools.

Second, neglect in some school systems, in the absence of properly trained teachers and often also as a result of fear of "controversial issues," of the teaching of communism and other foreign political doctrines.

This usually indicates defective teaching, not only of such political doctrines, but also of the various social studies in general. In this instance, the resort to the patent-medicine special course can be dangerous because it creates the illusion of knowledge without the foundation of facts.

It is in such instances that teaching most readily gives way to propaganda, since teachers then, not sure of their subjects, try to play safe by using popular slogans rather than scholarly materials.

FROWNS ON SPECIAL COURSE

Based on his experience as chairman of social studies in a large New York City school, Mr. Lieber said that, when communism is taught as a separate subject, "it is almost inevitable that it becomes a superficial situation of name calling—a set of cliches and slogans." The only way to understand a major movement is to examine it in its historical context, he said.

He warned that a danger of teaching with slogans was that students, lacking real understanding, could easily be persuaded by an equally effective conflicting slogan.

Reflecting the general difference in approach, a group of 150 superintendents, college presidents, and teachers, meeting under the auspices of the U.S. Office of Education last March, could not reach agreement beyond the fact that the schools must teach an understanding of the nature of communism.

This highlights the problem that to many educators has long seemed a weakness in American education—the lack of continuity and cohesion. The elective system, which permits students a choice among many courses, sometimes is seen as inviting "crisis hopping," or an attempt to stay abreast of the development of trouble spots and "critical" languages.

Those who oppose this approach to education believe that legislative mandates are a further obstacle to cohesion and long-term curriculum planning.

HUGH J. ADDONIZIO IN CITY HALL

Mr. WILLIAMS of New Jersey. Mr. President, on Sunday of this week Hugh J. Addonizio took his oath as mayor of the city of Newark and thus ended 14 years of service in the House of Representatives. We in New Jersey are fortunate to have him as the chief executive of our largest city, but we who serve in Congress from New Jersey are going to miss him on Capitol Hill. His dynamism was known to his colleagues in both Houses; his friendship and helpfulness were valued highly by everyone who was fortunate enough to share in either.

For his inaugural address in Newark Sunday, Hugh Addonizio showed that he is vitally concerned at the municipal level about the same kind of problems to which he gave so much of his attention here in Congress. Let me read just a few excerpts from his speech, as reported by the press:

> It is my conviction that Newark can only survive if our neighborhoods survive * * *. Each neighborhood is important to our city and they must be preserved so that its families, its institutions, its small businesses and its individual culture can become vital parts of the total community * * *. I want a real program of neighborhood conservation and rehabilitation—not studies and surveys, which lull us into inaction.
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> As mayor of this city, I declare a state of war against slums, against blight, against the firetraps, against the unsafe dwellings that are affecting and encroaching on our good neighborhoods, and I shall not rest until this job is done. We shall condemn these properties so that our children will not be brought up in filth and squalor, nor will they live in the fear of flash fires that destroy precious human lives. * * * Housing codes and zoning will be strictly enforced. Inspections will be centralized and rigid measures will be taken against any landlord or tenant who violates the provisions of our housing codes.
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> * * * * *
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> Urban renewal must not be an expression of fancy words. I shall not be misled by press announcements of plans, blueprints and colorful brochures which describe the magnificent structures and buildings that are proposed to be erected sometime in the future * * * I want action today. Urban renewal cannot be accomplished by dreams and conversations. The buildings must rise and the job must be done.
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> * * * * *
>
> Instead of arguing over what is middle-income housing, we will build it. And if we cannot do it under present laws, then I will lead the march on Trenton to secure the necessary legislation * * * For too long now, Newark has been a sleeping giant with a potential unmatched, with a desire unparalleled and with an opportunity unlimited.

Sunday's speech was impressive, and so is the record of achievement which led up to it. Hugh Addonizio was born in this country 9 years after his mother landed in this country without a word of English at her command. On Sunday, it was Mrs. Livia Addonizio's well-earned privilege to sit on the podium and watch her son's inaugural. She has become accustomed to triumphs from Hugh. At Fordham College he was a quarterback with an outstanding team; in the Army he began as private and was discharged as captain with a great record of combat from North Africa to Germany. Politically, he has always been a winner, beginning with his upset victory in a district which had traditionally been Republican. He has beaten off all opponents since that first election of 1948.

Mr. President, Hugh Addonizio was a great Congressman, and he will be a great mayor. I ask unanimous consent to have reprinted in the Record a few recent clippings which tell about his career and his plans for the future of Newark.

There being no objection, the clippings were ordered to be printed in the Record, as follows:

[From the Newark Evening News, May 9, 1962]

Addonizio Seized House Seat From Republicans

Representative Hugh J. Addonizio, Newark's new mayor-elect, has made quite a habit of winning elections since he first entered politics in 1948.

Then, at the urging of Essex Democratic Leader Dennis F. Carey, he challenged Representative Frank L. Sundstrom in the traditionally Republican 11th District. Although he was a political unknown, Addonizio scored an upset victory by 1,724 votes.

Every two years thereafter, he scored another victory in a congressional contest—usually by a larger margin than before. Last night he continued the streak by winning the top elective post in his native city.

MOTHER WITH HIM

Addonizio, one of five children, was born January 31, 1914. His father, Frank, and his mother, Olivia, were immigrants from Italy. His father, who died in 1952, operated a clothing factory in Newark for 40 years. Addonizio's mother was among those who were with him in victory last night.

Addonizio, who has spent most of his life in the Vailsburg section, attended Lincoln School, West Side High School, and St. Benedict's Preparatory School. He was named quarterback on an all-State football team in 1934.

He received a bachelor's degree in business administration in 1939 from Fordham University, where he also played football. He enlisted in the Army in 1941.

He took part in eight major campaigns in Europe and Africa, received the Bronze Star and several other decorations, and rose to the rank of captain before his discharge in 1946.

IN FATHER'S FIRM

Then, in his only postwar venture into private business, he became vice president of his father's firm, A. & C. Tailoring Co., Inc. He left the firm later to devote full time to his congressional duties.

As a congressman Addonizio sided with the liberal wing of the Democratic Party on nearly all major issues. He voted in favor of civil rights measures, Federal aid to education, housing and urban renewal programs, medical aid for the aged through social security, and against labor reform bills.

He became the ranking member of the House Banking and Currency Committee and a member of its Subcommittee on Housing.

Addonizio has trounced seven different Republican opponents, the most recent of whom was Frank A. Palmieri, who ran against him in 1960. This year Palmieri is opposing Joseph G. Minish, the Democratic nominee, for Addonizio's seat.

DEFEATED TURNER

The Congressman has also beaten off attempts by various contenders—including, in 1960, Central Ward Councilman Irvine I. Turner to wrest the Democratic nomination from him in primary elections.

He announced officially last November that he would not seek reelection to an eighth term, but would instead enter the Newark mayoralty campaign. However, there had been indications for almost a year before then that the Congressman had his eye on city hall. His current term expires January 3, 1963.

Addonizio and his wife, the former Doris Goodheart, will celebrate their 20th wedding anniversary in July. They live with their four sons and two daughters at 68 Hazelwood Avenue. A seventh child and twin girl, died in infancy.

Addonizio commutes to Washington, and his family seldom goes there. When Congress is in session he shares a hotel suite with Representative Ralph W. Rodino, Democrat, 10th District, who also scored an upset victory in 1948 and likewise has been in the House of Representatives ever since.

[From the Newark Star-Ledger, Monday, July 2, 1962]

Beaming Mom So Grateful as Her Hughie Takes Oath

(By Denis Sheahan)

In 1895, a 10-year-old Italian girl landed in Newark from a province in Italy without a word of English at her command. Yesterday, on the steps of the City Hall in Newark, that girl, now a 77-year-old grandmother, flashed a million dollar smile.

It was a smile for the city she adopted and even more important because her middle son, Hugh, was inaugurated mayor to cap 67 years of ups and downs in the only city she ever knew.

PROUDEST MOMENT

Mrs. Livia Addonizio, robust and healthy, and mother of the city's new mayor said, "I'm so grateful, so thankful."

And the English which she never knew as a child flowed quick at one of the proudest moments in her long life.

Unmindful of the hot sun which beat on her for more than an hour, Mrs. Addonizio sat quietly throughout the ceremonies but on occasion, waved to a friend or two in the audience.

"My daughter, Ida," she said later, "was pointing them out to me."

Dressed in a pink linen dress and pink shoes the matriarch of the Addonizio family, also wore a large white orchid. Her gray hair was topped with a white floral hat.

WATCHES CHILDREN

Throughout the ceremony, Mrs. Addonizio applauded—but not too warmly. Her mind was on her grandchildren who sat on her right. Only Joseph, the mayor's 2-year-old son, gave her trouble.

"It was too hot for him," she said.

On "grandma's" left sat the mayor's wife, Doris. She was dressed in Parisienne pink dress and cape. She also wore a wide red and white floral hat.

WORKED AS YOUTH

The colors and the clothes were a far cry from the humble start with which Grandma Addonizio began in 1895. Four years after she came to the city she began working for a living.

"Those days were different," she said, "If you wanted to quit school you could."

Two years later she met the young man who was to be her husband. They courted for 6 years. At the age of 22, she married Frank Addonizio, who worked as a tailor in a building on High Street.

SON STUDIOUS

"Hughie," she said was the middle son. "I can remember when he was 7 years old. He used to take a book out to porch and read it. He was very studious."

But even a mother will tell that sons often lose interest in studies. "When Hughie was 16 we had a hard time keeping him in school."

But yesterday, as Mrs. Addonizio sat in the mayor's office waiting for him to complete the first session of the new city council, she said, "he's brilliant," as only a mother could say of her son.

She sat surrounded by her grandchildren, her brother, Otto Barrasso, 75, and her daughter-in-law. They were waiting for the new mayor to come back so they could all go home.

Waiting for them was the black Cadillac which took them to the ceremonies. It was a far cry from the day Mrs. Addonizio first came to the United States as an immigrant.

[From the Newark Star-Ledger, July 2, 1962]

Dynamism in City Hall

A hard-hitting talk on Newark and its future was delivered yesterday.

The words were of special importance, because the speaker was the city's new mayor.

Mayor Addonizio put great emphasis on the danger of slums and urban blight. He put similar emphasis on the need for neighborhood conservation and urban renewal.

In neither instance was the emphasis unwarranted. Blight is quite probably the biggest single problem to be overcome in the city, and redevelopment is probably the greatest single need. Recent articles in this newspaper have set forth in detail many of the factors involved.

The mayor's stress on blight did not make his talk a pessimistic one. Far from being pessimistic, it gave a dynamic view of the future possible for the city.

The future, the mayor suggested, depends on action, and immediate action. He said plans and proposals must now be transformed into new buildings. He offered specific programs to centralize inspections and enforce housing codes. He said new middle-income housing will be created, one way or another. He urged a crash program for industrial development. He even spoke of achieving uncluttered streets and unpolluted air. He characterized the city as "a sleeping giant," just waiting to be awakened.

Those are ambitious words. Are they realistic? Or are they akin to the "dreams and conversations" Mayor Addonizio deplored yesterday?

Realism, we hope, will prove to be the answer. Certainly, the mayor was realistic in outlining what's lacking. And he was realistic in asserting that the plans and blueprints of recent years must soon be translated into reality.

Mayor Addonizio has alerted the city to expect vigorous action during the next 4 years. If he keeps up the dynamism of his inaugural talk throughout that time, plenty should happen.

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

PUBLIC WELFARE AMENDMENTS OF 1962

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate for its consideration.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

Mr. KERR obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator from Oklahoma yield to me, so that I may suggest the absence of a quorum, with the understanding that he will not lose his right to the floor?

Mr. KERR. I yield to the majority leader with that understanding.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I move that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. KERR. Mr. President, I ask unanimous consent that Frederick B. Arner and Helen E. Livingston from the Education and Welfare Division, Legislative Reference Service, Congressional Library, who have been assigned to the Committee on Finance to work on the pending legislation, may be permitted to be present in the Chamber during the discussion of the bill, to assist me and other Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. Mr. President, the public welfare amendments bill which we have before us today represents, in my opinion, a significant milestone in the development of programs for the help and the care of needy people in this country. I regard it as one of the most constructive public welfare measures ever brought before this body.

It heralds a turning point in the programs which we have constructed over the last quarter of a century and more to assist the least fortunate of our fellow citizens—the men, women, and children who are ill or handicapped or aged or destitute for a great variety of causes.

Under this bill they can be given more than a grant of money to keep body and soul together. Financial assistance of course is now, and will remain, the first and most essential objective of public welfare. We are committed to the extent possible, to help see to it that no one be permitted to go hungry or unsheltered.

But in addition, through this bill, we will offer something else. We will extend hope—hope of a future in which children helped by public assistance will grow up to be self-supporting, responsible adults; hope for putting unskilled and deprived adults back to work through counseling and training; hope for reuniting families parted by desertion and despair; hope for assuring children freedom from neglect and abuse, and hope for the aged and the most severely handicapped of becoming less helpless and lonely than so many of them are today.

LOOKING TOWARD PREVENTION

There has been an increasing recognition in many quarters that money alone is not enough to transform economic dependency into personal independence. In many parts of the Nation, attempts have been made to provide other constructive services. This legislation places emphasis upon rehabilitation and the prevention of dependency, and this approach seems to me the most practical and realistic step we can take at this time to relieve the welfare burden.

I believe that citizens everywhere want to see this great and useful program yield greater returns in stronger, more stable, and more productive lives.

The public welfare amendments of 1962 are a testimony to the belief of the Congress in the dignity of every individual, whatever his circumstances, and his right to an opportunity to develop to his fullest capacity.

The Committee on Finance, under the experienced and able leadership of the Senator from Virginia [Mr. BYRD], has given careful consideration to each aspect of this comprehensive measure. We have had the benefit of testimony from many sincere and respected persons connected with the operation of public and private welfare programs as well as those looking at public welfare from the outside. There is nearly unanimous agreement that the proposed legislation will help bring welfare programs up to date and make them more effective in answering the needs of people who, for various reasons, do not fit easily into our rapidly changing, complicated, modern society. I think that we are fortunate to have at the head of the Department of Health, Education, and Welfare in this period of shifting focus a man who has been willing and able to call attention to the urgent needs of these times. A tremendous amount of constructive work under his able leadership has gone into his proposals to the Congress. Secretary Ribicoff has clearly pointed out that additional emphasis must be given to rehabilitation and prevention efforts if we in Government are to fulfill our responsibilities to the recipients of public assistance and to the public at large.

I would like to discuss some of the things which distinguish this measure from previous legislative proposals in this important and complex field.

EXTENDING HELP THROUGH SERVICES

I am deeply concerned, as many other Members are, over the fact that so many persons depend upon public assistance today for their main or sole support. We have more than 6½ million individuals now receiving aid from the Federal-State programs. Many studies have shown why they are there. Stated simply, the major causes could be summed up as old age, severe physical handicap, and the breakup of family life.

For many of these present recipients of aid, there is no alternative to continuing support. Our best efforts at rehabilitation cannot put them into the labor force if they are old, infirm or seriously disabled. We can however, do much more to help a great many of them make better use of what capacities they do have.

There are today some 2¼ million persons over 65 receiving old-age assistance. I am pleased to see this number is declining as the old age and survivors' insurance program proves increasingly successful in meeting basic economic needs after retirement. The numbers of needy blind and disabled persons on assistance total only another half million, but for all of these groups of individuals, this bill encourages States to provide social services which will help them to be less isolated, to be more personally independent, and to maintain some place in family and community life.

Many will be encouraged to find in this bill a provision for increasing the money payments to these elderly and handicapped recipients. Average payments today amount to only $72 a month for the old people, $76 for the blind, and $71 for the disabled. These monthly assistance grants are in many cases inadequate.

The Finance Committee was very much aware of this problem and believes that the proposal which originated in the other body changing the formula which increases the Federal share of the welfare payment is justified. The $1 monthly increase in the Federal share voted last year has been made permanent, and starting October 1 this will be augmented by another $4 a month from Federal funds, under this bill. Past experience has shown that increases of this nature have been passed on by the States directly to the recipients, and it is anticipated that the same result will occur this time. The effective starting date gives the States enough time to make the necessary changes in their payment plans.

The aid to dependent children program also will be strengthened financially by the provision for Federal sharing in the payment for both parents when both are living in the home. This will help reduce hardship in those homes where the father is disabled or unemployed. Up to now, the Federal Government has recognized as a recipient only one adult relative in the child's home.

STRENGTHENING FAMILY LIFE

Although the rehabilitation services this bill encourages in all categories will be helpful to recipients in the three adult categories specifically mentioned above, these services may be expected to yield the most impressive results in the aid to dependent children program, under which more than 950,000 families with some 2,800,000 children are now receiving help.

Here we can see greater possibilities of helping some adult relatives—an incapacitated father, perhaps, or a mother who can make some safe and suitable arangement for the daytime care of her children—develop useful skills and obtain self-supporting work. And there is the strong prospect of strengthening family life through expert services which can break the alarming cycle of dependency.

Many of the children who are on our aid to dependent children program today are there because their fathers have deserted them. Some of these broken family ties can be mended, but it takes the time and effort of a skilled welfare worker to reunite the family or obtain some support from the absent father. I have been pleased to see that one of the administrative actions taken by Secretary Ribicoff several months ago directed the States to take more responsibility for this important activity. The developments already stimulated by that action will be strengthened by this legislation. There are other problems reflected in the caseload of the children's program, among them illegitimacy, which can be approached through services. This is a problem which can be more effectively attacked with what this legislation provides in the way of skilled services. This means guidance, counseling, referral to all possible community resources whether public or private, arrangements for vocational training or better housing, encouraging children to stay in school, and similar concentrated efforts.

INCREASED FEDERAL AID

The bill encourages States to provide rehabilitative services by substantially increasing the amount of Federal funds which will be available if the States provide the minimum social services specified by the Secretary. Some of the States have made some progress along this path. Others will be able to move ahead only with the additional financial help provided in the bill. When the new plan is in operation, the Federal Government will pay 75 percent of the administrative cost of the specified social services instead of half, as it does now. In addition, States may choose not to provide social services, and if they so decide, they will still receive Federal sharing, but at a reduced level, for administrative costs. However, I believe all States should and will move in the direction of providing such services.

This will be one of the most difficult and challenging fronts in the long battle against dependency. Experimental programs conducted by forward looking States and counties have demonstrated many times, however, that social services provided by skilled staff can make inroads on the problems which force so many families to look to the public for their support.

Most of these services will have to come from the staff of public welfare agencies, but it is also possible under this bill for a public welfare agency to purchase services from other appropriate State agencies, such as a health department or vocational rehabilitation service.

The volume of unmet need is so great, and the problems which public welfare faces are so complex, that every effort must be made to meet them, using all available staff without duplicating efforts. Under this bill, it will be possible for a public assistance recipient who is physically handicapped to receive the vocational rehabilitation he needs only through a vocational rehabilitation agency.

TRAINING MORE WELFARE WORKERS

Public assistance can do little to affect the broad social and economic forces which affect the welfare of so many of our people and often the size of welfare loads. But for those already dependent, social services—to the best of our knowledge today—should be able to reduce or even in some cases cure their handicapping conditions. The key will be highly skilled welfare workers. This means that much more must be done about training.

The size of the training problem in public welfare almost defeats the imagination. There is about one trained person for every 23,000 recipients in the entire program today. Yet the problems they are called upon to solve are among the most difficult society presents.

This bill will provide for direct Federal training activities in this field, such as those already undertaken in other fields including medical social service and mental health. The Federal Government will be able, if this bill is passed, to offer special courses of study, short-term seminars, and experimental training by grants made directly or through contracts to institutions of higher learning. This will help find new and better methods of training to strengthen present-day staff. The money also would make possible increased training facilities at colleges and universities to increase the number of fully trained people.

EXPANSION OF CHILD WELFARE SERVICES

Through provisions for steady expansion of the present program of child welfare services under title V, part 3, of the Social Security Act, the bill gives further emphasis to providing a wider range of constructive welfare services for children. Child welfare services would be gradually expanded so that they would become available in all areas of the country. The ceiling authorized for annual appropriation for grants for these services would be increased gradually for this purpose.

In 1963 and 1964, the additional money would be used to encourage the establishment and development of day-care facilities and services. At the present time there are about 4 million children under 6, and another 5 million children between the ages of 6 and 11 years, whose mothers are working. Day-care services and facilities are grossly inadequate throughout the country. Consequently, the bill would make available, for the first time, separate Federal child welfare funds for the provision of day-care services and facilities under State child welfare plans. Day care would be provided only in those instances where it was determined to be in the interest of the child and of the mother and that a need for it exists. Priority would be given to low-income families, and to other groups and to geographical areas with the greatest relative needs for this type of care.

Another amendment would permit expanding training resources and enlarging the supply of trained child welfare personnel. The present law authorizes grants for research and demonstrations in the field of child welfare. The bill would add authorization for grants to institutions of higher learning for special projects for training, including traineeships, in child welfare. This provision complements the amendments in the bill which provide for expanding training programs for workers in the public assistance program. The success or failure of services to children is largely dependent on the competency and understanding of the workers providing these services. The training provisions of this bill are, therefore, of fundamental importance in achieving the redirection of public welfare programs which this bill contemplates to give greater emphasis to preventive and rehabilitative services.

MEETING THE SPECIAL NEEDS OF CHILDREN

Two provisions enacted by the Congress last year were temporary, but both have proven their value. This bill makes permanent the provision permitting Federal financial sharing in the cost of care for children who must be removed from unsuitable homes where they had been receiving aid to dependent children. This is a very small program. It is in use in 18 States and only some 1,200 children among those receiving aid to dependent children are living in foster families. But the provision makes it possible for States to offer this kind of help to those few children who are in home situations which threaten their wholesome development.

Another temporary provision recognized the plight of children in families where the father is unemployed. This made it possible for States which adopted the program to add unemployment to the eligibility factors for receiving aid to dependent children, along with the death, absence, or incapacity of the parent. This program would have ended June 30. The bill extends it for another 5 years. This program has proved to be a useful and effective resource in the 15 States where it is in operation. These include most of the areas where unemployment has been a particularly severe problem. More than 60,000 families are helped, and in two-thirds of the cases they could not be helped through general assistance or unemployment compensation. This new program already has shown its adaptability to current needs. In April this year, the caseload declined for the first time because work opportunities improved.

We all know that there are some cases in the children's program where the parent does not handle the money payment in such a way that it meets the essential needs of the child or children in the household. In these problem situations, which threaten a child's well-being and arouse criticism out of all proportion to their numbers, the States cannot at present provide anything except a money payment and still have Federal financial participation.

PROTECTIVE PAYMENT PLAN

The bill we are considering today offers States a new method for handling these troublesome situations without any financial penalty. It provides that in clearly determined cases where the funds are being misused, payment may be made on behalf of the child or children to an interested third party. The arrangements would be safeguarded as to numbers involved, and the rights of the recipients, and the protection of the child are carefully weighed. Of the many ways which have been broached for handling this vexing problem, this one offers the most hope of dealing sensibly with the issue without undermining basic human rights and the constructive objectives of the program.

There are other forward-looking aspects to this public welfare amendments bill which I would like to call to your attention. The proposed legislation attempts to encourage persons receiving assistance to obtain work or go back to work wherever possible. I have mentioned the social services which would pursue these possibilities in connection with other efforts to help dependent families. This bill also gives welfare departments another implement to use.

WORK AND TRAINING PROJECTS

A number of our States and localities already have community work relief projects, in which recipients of general assistance are employed to earn their assistance checks in whole or in part. The Federal Government does not, as you know, participate financially in the costs of general relief. However, since the extension of the aid-to-dependent-children program to include children of unemployed parents, employable adults are for the first time in the area of Federal-State responsibility. We must think of the unemployed parent's need to retain his job skills or to be retrained for employment which might be available if his own type of work offers no further opportunity.

Under this bill, Federal participation in aid-to-dependent-children payments would continue if the unemployed parent were assigned to a useful job in a community work and training project. Local and State resources would pay for materials, administration, and equipment. The program would be useful not only for the father who is out of work temporarily but also for some mothers who need experience or preparation for work.

The bill makes sure that the rights of the individuals involved are protected so that they are not forced to work under circumstances which would undermine their health or lower the community wage scales or leave children without care and protection.

As a further stimulant to recipients to find work to supplement—and ultimately to replace—the assistance check, the present Federal policy allows States to take into account the expenses incurred by the unemployed in earning other income. This might include bus fare, necessary articles of clothing, and similar items. In other words, the total earned income is not automatically deducted from the estimated budget need of the family for its essential food, clothing, and shelter. This is optional with the States. Some make the allowance and some do not. The bill requires all States to consider such expenses when the payment is being determined. In the particular case of the blind recipient, this bill would make it possible also to disregard—in determining the assistance payment—an additional sum which the recipient would require to complete an organized rehabilitation plan.

SUMMARY OF THE PRINCIPAL PROVISIONS OF THE BILL—PUBLIC ASSISTANCE

A. REHABILITATIVE SERVICES AND TRAINING IN THE PUBLIC ASSISTANCE PROGRAMS

A State, at its option, may now provide such services under all the public assistance programs except medical assistance for the aged. The Federal Government matches these expenditures on a 50–50 under the provision which governs administrative expenses.

Under the bill as passed by the House, States would be required to provide certain minimum services for applicants and recipients, which the Secretary would prescribe, to help them attain self-care—old-age assistance; self-support and self-care—the blind and the disabled; and to strengthen family life—aid to dependent children. There were no required services for medical assistance for the aged.

The committee's bill would leave the provision of such services optional with the States; but, if they are not provided by a State, the Federal matching of all administrative costs for that category of assistance—now 50 percent—would be reduced to 25 percent effective June 30, 1963.

The bill would authorize 75 percent Federal matching in all public assistance titles for certain services—including the minimum services—to be specified by the Secretary of Health, Education, and Welfare. These services—including the minimum services—could apply to applicants and recipients of assistance as well as to those likely to become or who have been recipients, on the request of such persons, within such periods as the Secretary may prescribe.

The 75-percent matching would also be available for training personnel who are employed, or who are preparing to work, in State or local welfare agencies.

Other services which the Secretary does not designate would be continued at 50-percent matching, as would all other administrative costs. Cost: HEW estimate, $40.8 million—cost figures for fiscal 1963—with over half going into the aid-to-dependent-children program.

B. INCREASE IN FEDERAL MATCHING FORMULA FOR THE AGED, BLIND, AND DISABLED

The committee bill, as does the House bill, increases the Federal matching share in the case of the programs for the aged, the blind, and the disabled to twenty-nine thirty-fifths of the first $35 of the average monthly payment per recipient; the maximum for matching would be raised to $70 on a permanent basis effective October 1, 1962. The bill passed by the House makes the same increase in the matching formula on a permanent basis effective July 1, 1962. The temporary provision now in effect which uses matching on four-fifths of the first $31, with a maximum of $66 through June 30, 1962, was extended through September 30, 1962. Without such an extension the formula would revert to four-fifths of the first $30 with a maximum of $65. The change does not affect the special provision for medical care in the old-age assistance program. Cost: HEW estimate, $105.5 million—cost figure for fiscal 1963—$140.6 million for first full year of operation.

C. CHANGES IN THE AID TO DEPENDENT CHILDREN (ADC) PROGRAM

First. Additional authority to States to prevent abuses in aid-to-dependent-children payments: The committee bill would provide that, beginning October 1, 1962, and ending June 30, 1967, payments—limited in number to 5 percent of recipients—would be authorized to be made to third parties interested in the welfare of the child where it is determined that the parent is so incapable of managing funds that the child's welfare is affected. Certain safeguards and standards would be prescribed. The committee eliminated the provision of the House bill which would have allowed the States to use voucher payments—payments directly to grocers, landlords, et cetera. Cost: HEW estimate, negligible—cost figure for fiscal 1963.

Second. Payments on the basis of the unemployment of the parent: This temporary provision of existing law, which is effective May 1, 1961, to June 30, 1962, would be extended for 5 years by the House bill and the committee bill and be expanded to cover both parents instead of one as in existing law. A provision would be added which would deny aid to a parent for refusal to accept retraining without good cause.

Under prior law, aid-to-dependent-children payments could be made only on the basis of the death, disability, or absence of the parent. Cost: HEW estimate, $85 million—of which $12 million is attributable to the second parent provision.

Third. Payments on the basis of the disability of the parent: Federal matching would be expanded to cover payments for both parents of children who are needy because of the disability of the parent. At the present time the Federal Government matches for one adult recipient only. Cost: HEW estimate, $22 million.

Fourth. Community work and training programs: The bill would provide that beginning October 1, 1962, for a period of 5 years, Federal matching funds would be available in cases where payments are made under work programs which are a part of the aid-to-dependent-children program and meet certain standards. Under interpretation of existing law there can be no matching as to payments made for work by a welfare agency; such payments currently are financed wholly by State and local funds. Under an amendment added by the committee, payments to individuals under these programs would be excluded from gross income for Federal income tax purposes. Cost: HEW estimate, negligible—cost figures for fiscal 1963.

Fifth. Payments to children removed by court order into foster care: Under temporary existing law, which is effective May 1, 1961, to June 30, 1962, payments can be made to aid to dependent children removed by court order into foster home care. This provision would be made permanent under the House bill and the committee bill. Payments under prior law were limited to children living with specified relatives. The committee deleted the provision in the House bill which would have expanded the program to include children placed in private child care institutions as well as those receiving family home care as in existing law. The committee bill also includes an amendment which would allow States, for a 1-year period, under the foster care provisions of aid-to-dependent-children program, to utilize the services of other public agencies in the placement and supervision of children in foster home care under agreements with the welfare agency. Cost: HEW estimate, $4.1 million—cost figures for fiscal 1963.

D. OTHER CHANGES IN PUBLIC ASSISTANCE PROGRAMS

First. Incentive for employment through consideration of expenses: The States would be required, in determining the amount of assistance to be provided for the needy aged, blind, disabled, and dependent children, to take into account necessary expenses that may reasonably be attributed to the earning of income. Under current administrative policy, the States may, at their option, consider such expenses.

Also, in determining need in the aid-to-dependent-children program, the States would be allowed to disregard certain earned or other income put aside for the child's future need—for example, such items as education or preparation for employment. Cost: HEW estimate, negligible—cost figures for fiscal 1963; $7 million a year after it goes into effect in July 1963.

Second. Optional single State plan for aged, blind, disabled, and medical assistance for the aged: States would be allowed to operate these programs under a single plan. States which select the single plan would become eligible for Federal matching for medical care for recipients of aid to the blind and to the disabled on the same basis as they are now available for recipients of old-age assistance—that is, up to $15 a month per recipient for vendor medical care. Such additional matching would not be available if States remained under their separate programs. Administration would be allowed, however, by separate existing blind agencies. Cost: HEW estimate, $7.4 million—cost figures for fiscal 1963; increases to $16 million in 1964 and subsequent years.

Third. Training of public assistance workers: Under the House bill, provisions of present law authorizing Federal grants to States to increase the number of adequately trained public welfare personnel to work in public assistance programs, which are due to expire June 30, 1963, would be made permanent, with dollar limitations on authorized appropriations for grants to States for training of public assistance workers—$3.5 million in fiscal 1963 and $5 million a year thereafter. Within the dollar limitations established by the House bill, the committee bill authorizes a program of direct Federal training and grant activity and of scholarships and stipends for persons preparing for employment in public welfare agencies. The committee bill would repeal existing provisions of law that authorize 100 percent Federal funds for expenditures made by States for training of staff. Cost: HEW estimate, negligible—cost figures for fiscal 1963.

Fourth. Assistance to repatriated American citizens: This provision of existing law, which was effective on June 30, 1961, and will expire on June 30, 1962, permits temporary assistance to citizens returning from foreign countries because of illness, destitution, or crisis. It would be extended for 2 years. Cost: HEW estimate, $400,000—cost figures for 1963.

Fifth. Demonstration projects: The bill would permit the Secretary of Health, Education, and Welfare to waive any State plan requirement which he deemed necessary—such as statewide applicability of plan—for pilot or demonstration projects designed to improve the public assistance programs and would provide alternative methods of financing such projects out of public assistance appropriations. Cost: HEW estimate, negligible—cost figures for fiscal 1963.

Sixth. Aid-to-the-blind programs, Missouri and Pennsylvania: The provision of the 1950 amendments, which granted an exemption to certain aid-to-the-blind programs—in effect at that time—from the income and resources test of Federal law, would be placed on a permanent basis. The temporary provision has been extended periodically and would, under existing law, expire in 1964.

Seventh. Other committee amendments: Two provisions were added by the committee which were not contained in the House bill. (a) The reported bill increases the dollar limitation which is applicable to public assistance expenditures in Puerto Rico from the present $9,500,000 to $10,500,000, and in the Virgin Islands from the present $320,000 to $400,000. The House bill would have increased these figures to $9,800,000 and $330,000, respectively, to reflect other changes made by the bill. (b) The bill as reported also contains an amendment which provides that, in determining need for aid to the blind, a State shall, in addition to present exempted amounts—$85 a month in earnings plus one-half of the balance—exempt such other amounts of income or resources as may be necessary to fulfill a State-approved rehabilitation plan for a blind individual. Such additional exemptions cannot last for more than 1 year.

CHILD WELFARE SERVICES

The authorization for child welfare services would be increased from the present $25 million per year to $30 million for 1963, $35 million in 1964, $40 million in 1965–66, $45 million in 1967–68, and $50 million in 1969 and thereafter. Of the amount between $25 and $35 million, there would be specific earmarking for day care of not more than $5 million in 1963 and not more than $10 million in subsequent years. The committee added an amendment which would permit Federal grants for research or demonstration projects in child welfare to be used for special projects for training personnel in this field. Cost: HEW estimate, $5 million—cost figures for 1963—increasing in subsequent years as noted above.

ADVISORY COUNCIL

The bill provides for an advisory council, to be appointed by the Secretary of Health, Education, and Welfare in 1964, to review the status of the public assistance and child welfare services programs and report their findings to the Secretary. The power to appoint other advisory committees contained in the House bill was somewhat limited in the bill reported by the committee.

CONCLUSION

It is a source of great pleasure to me to be able to commend this bill to you so wholeheartedly. I believe that it offers us great encouragement in our continual effort to make our public welfare programs more effective and more responsive to the needs of the day. We would not shun the responsibilities of public assistance. Many recipients are in need because of actions and decisions and forces of society as a whole, which are beyond individual control. The bill will help to make certain that assistance is provided in the way best calculated to strengthen individual and family life and to restore beneficiaries to a productive and independent economic status at the earliest possible time.

Mr. President, I ask unanimous consent that the committee amendments to the bill be agreed to en bloc and that the bill as amended be considered as original text for the purpose of amendment.

The **PRESIDING OFFICER**. Is there objection?

Mr. **DIRKSEN**. Mr. President, there is no objection. The distinguished Senator from Nebraska [Mr. CURTIS] is quite interested in having the bill considered as original text. I think that is in accordance with the request of the Senator from Oklahoma.

Mr. **KERR**. Yes.

The **PRESIDING OFFICER**. Without objection, the request of the Senator from Oklahoma is agreed to.

The committee amendments agreed to en bloc are as follows:

In the table of contents on page 1, in the line beginning with "(b)", to strike out "State plan provisions for services." and insert "Requirements for full Federal matching of State administrative expenditure."; on page 2, in the line beginning with "Sec. 107.", to strike out "Use of payments for benefit of child." and insert "Provision of care for child who is in unsuitable home."; in the line beginning "Sec. 109.", after the word "for", to strike out "spouse of relative with whom" and insert "both parents of", and in the next line, after the word "child", to strike out "is living"; in the line beginning with "Sec. 123.", to strike out "Training grants for public welfare personnel." and insert "Increase in adequately trained welfare personnel."; in the line after the one beginning with "Sec. 134.", to strike out "Sec. 135. Federal payments for foster care in child care institutions."; in the line beginning with "Sec. 136", to strike out "136" and insert "135"; on page 3, after the line beginning with "Sec. 153.", to insert "Sec. 154. Income and resources to be disregarded in determining need of individual for aid to the blind."; and, after the amendment just above stated, to insert "Sec. 155.

Responsibility for placement and foster care of dependent children."

On page 4, line 7, after the word "to", to strike out "section 2(a)(10)" and insert "subsection (c)(1)"; in line 17, after the word "to", to strike out "section 2(a)(10)" and insert "subsection (c)(1)"; on page 5, line 22, after the word "political", to strike out "subdivision, and" and insert "subdivision: *Provided*, That no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (i) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under such Act, or (ii) which the State agency or agencies administering or supervising the administration of the State plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under subparagraph (E), if provided by such staff, and"; on page 7, after line 2, to insert "except that services described in clause (ii) of subparagraph (D) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved."; at the beginning of line 9, to strike out "except that any such services which are defined as vocational rehabilitation services under the Vocational Rehabilitation Act and which are available, from the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services, to individuals under programs for their rehabilitation carried on under such State plan, may be provided only by such State agency or agencies (in the manner described in subparagraph (E)) except to the extent agreed to by such State agency or agencies."; on page 8, line 4, after the word "Secretary", to insert "of the Treasury"; on page 9, after line 10, to insert "and"; on page 10, line 7, after the word "to", to strike out "section 402(a)(12)" and insert "subsection (c)(1)"; in line 21, after the word "to", to strike out "section 402(a)(12)" and insert "subsection (c)(1)"; on page 11, after line 13, to strike out "services provided (in accordance with the next sentence) to any child who is an applicant for or recipient of assistance under the plan or who requests such services and (within such period or periods as the Secretary may prescribe) has been or is likely to become an applicant for or recipient of such assistance, or so provided to any relative," and insert "services provided (in accordance with the next sentence) to any relative, specified in section 406(a), with whom any child (who, within such period or periods as the Secretary may prescribe, has been or is likely to become an applicant for or recipient of aid to families with dependent children) is living, or to such child, if such services are requested by such relative or for services so provided to any child who is an applicant for or recipient of such aid, or to any relative,"; on page 12, line 13, after the word "political", to strike out "subdivision, and" and insert "subdivision: *Provided*, That no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (i) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under such Act, or (ii) which the State agency or agencies administering or supervising the administration of the State plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under subparagraph (E), if provided by such staff, and"; on page 13, after line 15, to insert "except that services described in clause (ii) of subparagraph (D) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved."; after line 21, to strike out "except that any such services which are defined as vocational rehabilitation services under the Vocational Rehabilitation Act and which are available, from the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services, to individuals under programs for their rehabilitation carried on under such State plan, may be provided only by such State agency or agencies (in the manner described in subparagraph (E)) except to the extent agreed to by such State agency or agencies."; on page 14, line 13, after the word "Act", to strike out "(as amended by section 132(b) of this Act)"; in line 24, after the word "to", to strike out "section 1002(a)(13)" and insert "subsection (c)(1)"; on page 15, line 9, after the word "to", to strike out "section 1002(a)(13)" and insert "subsection (c)(1)"; on page 16, line 12, after the word "political", to strike out "subdivision, and" and insert "subdivision: *Provided*, That no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (i) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under such Act, or (ii) which the State agency or agencies administering or supervising the administration of the State plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under subparagraph (E), if provided by such staff, and"; on page 17, line 15, after the word "agencies", to insert "except that services described in clause (ii) of subparagraph (D) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved."; at the beginning of line 21, to strike out "except that any such services which are defined as vocational rehabilitation services under the Vocational Rehabilitation Act and which are available, from the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services, to individuals under programs for their rehabilitation carried on under such State plan, may be provided only by such State agency or agencies (in the manner described in subparagraph (E)) except to the extent agreed to by such State agency or agencies."; on page 18, line 13, after the word "Act", to strike out "(as amended by section 132(c) of this Act)"; in line 24, after the word "to", to strike out "section 1402(a)(12)" and insert "subsection (c)(1)"; on page 19, line 9, after the word "to", to strike out "section 1402(a)(12)" and insert "subsection (c)(1)"; on page 20, line 14, after the word "political", to strike out "subdivision, and" and insert "subdivision: *Provided*, That no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (i) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under such Act, or (ii) which the State agency or agencies administering or supervising the administration of the State plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under subparagraph (E), if provided by such staff, and"; on page 21, line 17, after the word "agencies", to insert "except that services described in clause (ii) of subparagraph (D) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved."; after line 23, to strike out "except that any such services which are defined as vocational rehabilitation services under the Vocational Rehabilitation Act and which are available, from the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services, to individuals under programs for their rehabilitation carried on under such State plan, may be provided only by such State agency or agencies (in the manner described in subparagraph (E)) except to the extent agreed to by such State agency or agencies."; on page 22, after line 15, to strike out:

"STATE PLAN PROVISIONS FOR SERVICES

"(b)(1) Section 2(a) of such Act is amended by striking out paragraph (10)(C), by inserting 'and' after the semicolon at the end of paragraph (10)(A), by redesignating paragraphs (10) and (11) as paragraphs (11) and (12), respectively, and by inserting after paragraph (9) the following new paragraph:

"'(10) provide that the State agency shall make available to applicants for or recipients of old age assistance under the plan at least those services to help them attain or retain capability for self-care which are prescribed by the Secretary; and include a description of the steps taken to assure, in the provision of these and any other services which the State agency makes available to individuals under the plan, maximum utilization of other agencies providing similar or related services;'.

"(2) Section 402(a)(12) of such Act is amended to read as follow: '(12) provide that the State agency shall make available at least those services to maintain and strengthen family life for children, and to help relatives specified in section 406(a) with whom children (who are applicants for or recipients of aid to families with dependent children) are living to attain or retain capability for self-support or self-care, which are prescribed by the Secretary; and include a description of the steps taken to assure, in the provision of these and any other services which the State agency makes available to individuals under the plan, maximum utilization of other agencies providing similar or related services'.

"(3) Section 1002(a)(13) of such Act is amended to read as follows: '(13) provide that the State agency shall make available to applicants for or recipients of aid to the blind at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary; and include a description of the steps taken to assure, in the provision of these and any other services which the State agency makes available to individuals under the plan, maximum utilization of other agencies providing similar or related services'.

"(4) Section 1402(a)(12) of such Act is amended to read as follows: '(12) provide that the State agency shall make available to applicants for or recipients of aid to the permanently and totally disabled at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary; and include a description of the steps taken to assure, in the provision of these and any other services which the State agency makes available to individuals under the plan, maximum utilization of other agencies providing similar or related services'."

And, in lieu thereof, to insert:

"REQUIREMENTS FOR FULL FEDERAL MATCHING OF STATE ADMINISTRATIVE EXPENDITURES

"(b)(1)(A) Paragraph (4) of section 3(a) of such Act, as amended by subsection (a) of this section, is further amended by inserting, in the portion thereof which precedes subparagraph (A), ‘whose State plan approved under section 2 meets the requirements of subsection (c)(1)’ after ‘any State’, and by striking out the period at the end of such paragraph and inserting in lieu thereof ‘; and’.

“(B) Such section 3(a) is further amended by inserting at the end thereof the following new paragraph:

“‘(5) in the case of any State whose State plan approved under section 2 does not meet the requirements of subsection (c)(1), an amount equal to one-fourth of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (4) and provided in accordance with the provisions of such paragraph.’

“(C) Section 3 of such Act is further amended by adding at the end thereof the following new subsection:

“‘(c)(1) In order for a State to qualify for payments under paragraph (4) of subsection (a), its State plan approved under section 2 must provide that the State agency shall make available to applicants for or recipients of old-age assistance under such State plan at least those services to help them attain or retain capability for self-care which are prescribed by the Secretary.

“‘(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, that—

“‘(A) the provision has been so changed that it no longer complies with the requirements of paragraph (1), or

“‘(B) in the administration of the plan there is a failure to comply substantially with such provision,

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (4) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (4) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (5) of such subsection.’

“(2)(A) Paragraph (3) of section 403(a) of such Act, as amended by subsection (a) of this section, is further amended by inserting, in the portion thereof which precedes subparagraph (A), ‘whose State plan approved under section 402 meets the requirements of subsection (c)(1)’ after ‘any State’, and by striking out the period at the end of such paragraph and inserting in lieu thereof ‘; and’.

“(B) Such section 403(a) is further amended by inserting after paragraph (3) thereof the following new paragraph:

“‘(4) in the case of any State whose State plan approved under section 402 does not meet the requirements of subsection (c)(1), an amount equal to one-fourth of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (3) and provided in accordance with the provisions of such paragraph.’

“(C) Section 403 of such Act is further amended by adding at the end thereof the following new subsection:

“‘(c) (1) In order for a State to qualify for payments under paragraph (3) of subsection (a), its State plan approved under section 402 must provide that the State agency shall make available at least those services to maintain and strengthen family life for children, and to help relatives specified in section 406(a) with whom children (who are applicants for or recipients of aid to families with dependent children) are living to attain or retain capability for self-support or self-care, which are prescribed by the Secretary.

“‘(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, that—

“‘(A) the provision has been so changed that it no longer complies with the requirements of paragraph (1), or

“‘(B) in the administration of the plan there is a failure to comply substantially with such provision,

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (3) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (3) of subsection (a) but shall instead be made subject to the other provisions of this title, under paragraph (4) of such subsection.’

“(D) Section 408(d) of such Act is amended by inserting ‘and (4)’ after ‘section 403 (a)(3)’.

“(E) Section 409(b) of such Act (added by section 105 of this Act) is amended by inserting ‘and (4)’ after ‘section 403(a)(3)’.

“(3)(A) Paragraph (3) of section 1003(a) of such Act, as amended by subsection (a) of this section, is further amended by inserting, in the portion thereof which precedes subparagraph (A), ‘whose State plan approved under section 1002 meets the requirements of subsection (c)(1)’ after ‘any State’, and by striking out the period at the end of such paragraph and inserting in lieu thereof ‘; and’.

“(B) Such section 1003(a) is further amended by inserting at the end thereof the following new paragraph:

“‘(4) in the case of any State whose State plan approved under section 1002 does not meet the requirements of subsection (c)(1), an amount equal to one-fourth of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (3) and provided in accordance with the provisions of such paragraph.’

“(C) Section 1003 of such Act is further amended by adding at the end thereof the following new subsection:

“‘(c)(1) In order for a State to qualify for payments under paragraph (3) of subsection (a), its State plan approved under section 1002 must provide that the State agency shall make available to applicants for or recipients of aid to the blind at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

“‘(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, that—

“‘(A) the provision has been so changed that it no longer complies with the requirements of paragraph (1), or

“‘(B) in the administration of the plan there is a failure to comply substantially with such provision,

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (3) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (3) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (4) of such subsection.’

“(4)(A) Paragraph (3) of section 1403(a) of such Act, as amended by subsection (a) of this section, is further amended by inserting, in the portion thereof which precedes subparagraph (A), ‘whose State plan approved under section 1402 meets the requirements of subsection (c)(1)’ after ‘any State’, and by striking out the period at the end of such paragraph and inserting in lieu thereof ‘; and’.

“(B) Such section 1403(a) is further amended by inserting at the end thereof the following new paragraph:

“‘(4) in the case of any State whose State plan approved under section 1402 does not meet the requirements of subsection (c) (1), an amount equal to one-fourth of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (3) and provided in accordance with the provisions of such paragraph.’

“(C) Section 1403 of such Act is further amended by adding at the end thereof the following new subsection:

“‘(c)(1) In order for a State to qualify for payments under paragraph (3) of subsection (a), its State plan approved under section 1402 must provide that the State agency shall make available to applicants for or recipients of aid to the permanently and totally disabled at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

“‘(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, that—

“‘(A) the provision has been so changed that it no longer complies with the requirements of paragraph (1), or

“‘(B) in the administration of the plan there is a failure to comply substantially with such provision,

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (3) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (3) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (4) of such subsection.’”

On page 34, line 5, after the word “care”, to insert “services (including the provision of such care)”; in line 17, after the word “care”, to insert “services”; on page 35, line 7, after the word “exists”, to insert a semicolon and “and, in cases in which the family is able to pay part or all of the costs of such care, for payment of such fees as may be reasonable in the light of such ability,”; on page 37, line 17, after the word “for”, to strike out “the provision” and insert “use”; in line 18, after the word “part”, to strike out “of” and insert “for”; in line 19, after the word “care”, to insert “services, including the provision of day care”; on page 48, after line 11, to insert:

“(c)(1) Section 120 of the Internal Revenue Code of 1954 (26 U.S.C. 120) is amended to read as follows:

“‘SEC. 120. PUBLIC ASSISTANCE FROM WORK AND TRAINING PROJECTS.

“‘Gross income does not include payments of aid to families with dependent children (as defined in title IV of the Social Security

Act) received by an individual under a State plan approved under section 402 of such Act even though received in the form of payments for work performed by him.'

"(2) Section 3401(a) of such Code (26 U.S.C. 3401(a)) is amended by striking out the period at the end of paragraph (13) and inserting in lieu thereof '; or' and by inserting after such paragraph the following new paragraph:

" '(14) if such remuneration is in the form of a payment of aid to families with dependent children (as defined in title IV of the Social Security Act) received by an individual under a State plan approved under section 402 of such Act.'

On page 49, line 11, after the word "paragraph", to strike out "(11) (as redesignated by section 101 (b) (1) of this Act)" and insert "(10)"; on page 50, after line 7, to strike out:

"Sec. 107. (a) Section 405 of the Social Security Act is amended to read as follows:

" 'USE OF PAYMENTS FOR BENEFIT OF CHILD

" 'Sec. 405. Whenever the State agency has reason to believe that any payments of aid to families with dependent children made with respect to a child are not being or may not be used in the best interests of the child, the State agency may provide for such counseling and guidance services with respect to the use of such payments and the management of other funds by the relative receiving such payments as it deems advisable in order to assure use of such payments in the best interests of such child, and may provide for advising such relative that continued failure to so use such payments will result in substitution therefor of protective payments as provided under section 406(b) (2), or in seeking appointment of a guardian or legal representative as provided in section 1111, or in other action authorized under State law which is deemed necessary to protect the interests of such child; and any such action taken by the State agency pursuant to such State law, other than denial of such payments with respect to such child while in the home of such relative, shall not serve as a basis for withholding funds from such State under section 404 and shall not prevent such payments with respect to such child from being considered aid to families with dependent children.' "

On page 51, after line 8, to insert:

"PROVISION OF CARE FOR CHILD WHO IS IN UNSUITABLE HOME"

At the beginning of line 11, to strike out "(b)" and insert "Sec. 107."; in the same line, after the word "of", to strike out "such" and insert "the Social Security"; on page 52, line 3, after the word "another", to strike out "person" and insert "individual"; after line 15, to strike out:

"(B) meeting all of the need, as determined by the State, of individuals with respect to whom aid to families with dependent children is paid;" and, in lieu thereof, to insert:

"(B) making such payments only in cases in which such payments will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to families with dependent children to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;"

On page 53, line 21, after the word "below", to insert "the last"; in the same line, after the word "paragraph", to strike out "(3)" and insert "thereof"; on page 54, line 22, in the headline, after the word "for", to strike out "spouse of relative with whom" and insert "both parents of"; in line 23, in the headline, after the word "child", to strike out "is living"; on page 57, line 15, after the word "this", to strike out "Act" and insert "Act, but not more than ten such committees may exist at any time. The number of members appointed to any such committee shall not exceed fifteen."; on page 58, line 18, after the word "the", where it appears the first time, to strike out "private"; on page 60, after line 7, to strike out:

"TRAINING GRANTS FOR PUBLIC WELFARE PERSONNEL

"Sec. 123. Section 705(a) of the Social Security Act is amended by striking out 'for the fiscal year ending June 30, 1958, the sum of $5,000,000, and for each of the five succeeding fiscal years such sums as the Congress may determine' and inserting in lieu thereof the following: 'for the fiscal year ending June 30, 1963, the sum of $3,500,000, and for each fiscal year thereafter the sum of $5,000,000'."

And, in lieu thereof, to insert:

"INCREASE IN ADEQUATELY TRAINED WELFARE PERSONNEL

"Sec. 123. (a) Section 705 of the Social Security Act is amended to read as follows:

" 'TRAINING GRANTS FOR PUBLIC WELFARE PERSONNEL

" 'Sec. 705. (a) In order to assist in increasing the effectiveness and efficiency of administration of public assistance programs by increasing the number of adequately trained public welfare personnel available for work in public assistance programs, there are authorized to be appropriated for the fiscal year ending June 30, 1963, the sum of $3,500,000 and for each fiscal year thereafter the sum of $5,000,000.

" '(b) Sums appropriated under subsection (a) shall be available to enable the Secretary to provide (1) directly or through grants to or contracts with public or nonprofit private institutions of higher learning, for training personnel who are employed or preparing for employment in the administration of public assistance programs, (2) directly or through grants to or contracts with public or nonprofit private agencies or institutions, for special courses of study or seminars of short duration (not in excess of one year) for training of such personnel, and (3) directly or through grants to or contracts with public or nonprofit private institutions of higher learning, for establishing and maintaining fellowships or traineeships for such personnel at such institutions, with such stipends and allowances as may be permitted by the Secretary.

" '(c) Payments under subsection (b) may be made in advance on the basis of estimates by the Secretary, or may be made by way of reimbursement, and adjustments may be made in future payments under this section to take account of overpayments or underpayments in amounts previously paid.

" '(d) The Secretary may, to the extent he finds such action to be necessary, prescribe requirements to assure that any individual will repay the amount of his fellowship or traineeship received under this section to the extent such individual fails to serve, for the period prescribed by the Secretary, with a State or political subdivision thereof, or with the Federal Government, in connection with administration of any State or local public assistance program. The Secretary may relieve any individual of his obligation to so repay, in whole or in part, whenever and to the extent that requirement of such repayment would, in his judgment, be inequitable or would be contrary to the purposes of any of the public welfare programs established by this Act.'

"(b) (1) Section 526(a) of such Act is amended by inserting before the period at the end thereof '; and for grants by the Secretary to public or other nonprofit institutions of higher learning for special projects for training personnel for work in the field of child welfare, including traineeships with such stipends and allowances as may be permitted by the Secretary'.

"(2) The heading of section 526 of such Act is amended by inserting ', TRAINING,' after 'RESEARCH'."

On page 65, line 18, after the word "month", to insert "and"; on page 68, line 5, after the word "month", to insert "and"; on page 69, line 25, after the word "month", to insert "and"; on page 70, line 11, after "303", to insert "(d)"; after line 13, to insert:

"(e) Section 303(e) of the Social Security Amendments of 1961 (Public Law 87-64) is amended by striking out 'July 1, 1962' and inserting in lieu thereof 'October 1, 1962'."

On page 71, after line 5, to strike out:

"FEDERAL PAYMENTS FOR FOSTER CARE IN CHILD-CARE INSTITUTIONS

"Sec. 135. (a) Clause (3) of paragraph (a) of section 408 of the Social Security Act is amended by inserting 'or child-care institution' after 'foster family home'.

"(b) Paragraph (b) of such section is amended by striking out 'of this section in the foster family home of any individual' and inserting in lieu thereof the following: 'of this section—

" '(1) in the foster family home of any individual, whether the payment therefor is made to such individual or to a public or nonprofit private child-placement or child-care agency, or

" '(2) in a child-care insitution, whether the payment therefor is made to such institution or to a public or nonprofit private child-placement or child-care agency, but subject to limitations prescribed by the Secretary with a view to including as "aid to families with dependent children" in the case of such foster care in such institutions only those items which are included in such term in the case of foster care in the foster family home of an individual'.

"(c) Clauses (1) and (2) of paragraph (f) of such section are each amended by inserting 'or child-care institution after 'foster family home'.

"(d) The last sentence of such section is amended by inserting before the period at the end thereof the following: '; and the term "child-care institution" means a nonprofit private-care institution which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing'."

On page 72, at the beginning of line 17, to change the section number from "136" to "135"; on page 76, after line 18, to strike out:

"(10) provide that the State agency shall make available to applicants for or recipients of aid to the aged, blind, or disabled under the plan at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary; and include a description of the steps taken to assure, in the provision of these and any other services which the State agency makes available to individuals under the plan, maximum utilization of other agencies providing similar or related services;".

And, in lieu thereof, to insert:

"(10) provide a description of the services (if any) which the State agency makes available to applicants for or recipients of aid or assistance under the plan to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services;".

On page 78, line 7, after the word "disregard", to insert "(A)"; in line 9, after the word "month", to insert "and (B) for a period not in excess of twelve months, such additional amounts of other income and resources, in the case of an individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan"; on page 80, line 5, after the word "separate", to insert "State"; on page 81, line 5, after the word "and", to insert "to which the sentence of section 1002(b) following paragraph (2) thereof is applicable"; on page 82, line 6, after the word "Secretary", to strike out "of the Treasury"; on page 85, in line 21, after the word "State", to insert "whose State plan approved under section 1602 meets the requirements of subsection (c)(1)"; on page 86, line 7, after the word "to", to strike out "section 1602(a)(10)" and insert "subsection (c)(1)"; in line 17, after the word "to", to strike out "section 1602(a)(10)" and insert "subsection (c)(1)"; on page 87, line 22, after the word "political", to strike out "subdivision, and" and insert "subdivision: *Provided*, That no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (i) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under such Act, or (ii) which the State agency or agencies administering or supervising the administration of the State plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under subparagraph (E), if provided by such staff, and"; at the top of page 89, to insert "except that services described in clause (ii) of subparagraph (D) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved."; after line 6, to strike out "except that any such services which are defined as vocational rehabilitation services under the Vocational Rehabilitation Act and which are available, from the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services, to individuals under programs for their rehabilitation carried on under such State plan, may be provided only by such State agency or agencies (in the manner described in subparagraph (E)) except to the extent agreed to by such State agency or agencies."; in line 21, after the word "the", to strike out "Secretary." and insert "Secretary; and"; after line 22, to insert:

"(5) in the case of any State whose State plan approved under section 1602 does not meet the requirements of subsection (c)(1), an amount equal to one-fourth of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (4) and provided in accordance with the provisions of such paragraph."

On page 91, after line 15, to insert:

"(c)(1) In order for a State to qualify for payments under paragraph (4) of subsection (a), its State plan approved under section 1602 must provide that the State agency shall make available to applicants for or recipients of old-age assistance under such State plan at least those services to help them attain or retain capability for self-care which are prescribed by the Secretary.

"(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, that—

"(A) the provision has been so changed that it no longer complies with the requirements of paragraph (1), or

"(B) in the administration of the plan there is a failure to comply substantially with such provision.

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (4) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (4) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (5) of such subsection."

On page 95, line 25, after "section 2(a)", to strike out "(11)" and insert "(10"; on page 97, at the beginning of line 15, to strike out "$9,800,000" and insert "$10,500,000"; in line 19, after the word "exceed", to strike out "$330,000" and insert "$400,000"; at the top of page 99, to insert:

"INCOME AND RESOURCES TO BE DISREGARDED IN DETERMINING NEED OF INDIVIDUAL FOR AID TO THE BLIND

"SEC. 154. Effective July 1, 1963, so much of section 1002(a)(8) of the Social Security Act as follows the first semicolon therein is amended to read as follows: 'except that, in making such determination, the State agency shall disregard (A) the first $85 per month of earned income, plus one-half of earned income in excess of $85 per month, and (B) for a period not in excess of twelve months, such additional amounts of other income and resources, in the case of an individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan;'."

After line 13, to insert:

"RESPONSIBILITY FOR PLACEMENT AND FOSTER CARE OF DEPENDENT CHILDREN

"SEC. 155. (a) Clause (2) of section 408(a) of the Social Security Act is amended to read: '(2) whose placement and care are the responsibility of (A) the State or local agency administering the State plan approved under section 402, or (B) any other public agency with whom the State agency administering or supervising the administration of such State plan has made an agreement which is still in effect and which includes provision for assuring development of a plan, satisfactory to such State agency, for such child as provided in paragraph (f)(1) and such other provisions as may be necessary to assure accomplishment of the objectives of the State plan approved under section 402.'.

"(b) The amendment made by subsection (a) shall apply only for the period beginning July 1, 1962, and ending with the close of June 30, 1963. The Secretary shall submit to the President, for transmission to the Congress prior to March 1, 1963, a full report of the administration of the provisions of the amendment made by subsection (a), including the experiences of each of the States in arranging for foster care under the provisions of their respective State plans which are in accord with such amendment, together with his recommendations as to continuation of, and modifications in, such amendment."

At the beginning of line 24, to strike out "101 (b)"; on page 101, at the beginning of line 2, to insert "and 132 (d)"; in line 5, after "(d)", to strike out "132, 135,"; in line 10, after the word "sections", to strike out "107 (a) and"; in line 11, after "109", to insert "and 132 (other than subsection (d) and (e) thereof)"; in line 13, after the word "title", to strike out "IV" and insert "I, IV, X, or XIV"; in line 14, after the word "Act" to insert a comma and "as the case may be,"; in line 16, after "105", to insert "(other than subsection (c))"; after line 21, to insert:

"(f) The amendments made by section 101(b) shall be applicable in the case of expenditures, under a State plan approved under title I, IV, X, or XIV of the Social Security Act, as the case may be, made after June 30, 1963."

And, at the top of page 102, to insert:

"(g) The amendment made by section 105 (c)(1) shall apply in the case of taxable years ending after September 30, 1962. The amendments made by section 105(c)(2) shall apply to remuneration paid after September 30, 1962."

The amendments were agreed to.

The bill was read the third time and passed.

Mr. KERR. Mr. President, I send to the desk a committee amendment. I ask unanimous consent that the reading of the amendment be dispensed with but that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, the reading of the amendment will be dispensed with; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 49, between lines 5 and 6, insert the following:

"(d) Expenditures (other than for medical or any other type of remedial care) made at any time during the period beginning July 1, 1961, and ending with the close of September 30, 1962, which would have been considered aid to dependent children or aid to families with dependent children, as the case may be, under a State plan approved under title IV of the Social Security Act except that they were made in the form of payments for work performed by a relative with whom a dependent child (as defined in section 406 or 407 of such Act) is living, shall be deemed to have been made under a State plan approved under title IV of the Social Security Act and to constitute aid to dependent children or aid to families with dependent children, as the case may be, if (1) such expenditures were made under conditions which meet the requirements set forth in section 409 of such Act (added by subsection (a) of this section), other than subparagraphs (D) and (F) of subsection (a)(1) thereof and other than the requirement that the State agency (administering or supervising the administration of such plan) be administering or supervising the administration of the program under which such work is performed, and (2) at the time such expenditures were made, such State plan met the requirements of paragraphs (1), (2), and (3) of section 407 of the Social Security Act. The costs of administration of any such State plan may include, with respect to expenditures described in the preceding sentence, only such costs as are permitted in accordance with the provisions of subsection (b) of such section 409."

On page 101, line 17, strike out "subsection (c)" and insert in lieu thereof "subsections (c) and (d)".

Mr. KERR. Mr. President, I have cleared the amendment with the majority leader, the minority leader, the chairman of the committee, the ranking Republican member of the committee, and the other Democratic members of the committee.

I ask unanimous consent to have printed at this point in the RECORD a brief explanation of the amendment.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

EXPLANATION OF AMENDMENT

In this bill we have provided for community work and training programs as a part of the aid to dependent children program. Most of us agree that it is highly desirable that individuals who are unemployed and require assistance have an opportunity to retain their skills and acquire new skills through constructive work projects. This has become particularly important since May 1961 when we made temporary provision for aid to families in which a parent is unemployed. A number of States have operated work projects for years and attempted to accommodate these projects to the new program that we enacted last year—something which, in my judgment, is natural and commendable. However, in a few instances technical problems have arisen which create complications that may affect their right to Federal financial participation in some of their expenditures under the aid to dependent children programs. In view of the fact that these programs are wholly consistent with the spirit of the provisions in this bill which Congress has developed after careful consideration, it seems only fair that the efforts of the States that have been ahead of the Federal Government in this respect be recognized.

Accordingly, the amendment I am offering would make the community work and training provisions of H.R. 10606 effective back to July 1, 1961, the beginning of the quarter following our enactment of the provision for aid to families in which parents are unemployed. It would also not require, prior to October 1, 1962, that some of the rather technical provisions we have developed be in effect. Specifically, the provisions exempted would be those requiring protection of project workers by Workmen's Compensation or its equivalent, that additional expenses of a recipient of aid usually attributable, to such work will be considered, and provision that the program must be administered by, or under supervision of the State welfare agency.

Mr. KERR. Mr. President, I ask that the amendment be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KERR. Mr. President, I yield the floor.

CONFLICT OF INTEREST IN SALE OF GOVERNMENT COTTON

Mr. WILLIAMS of Delaware. Mr. President, I wish to comment on a report issued by the Comptroller General under date of June 29, in which he has called attention to what obviously appears to be a conflict of interest in the sale of certain Government cotton. I desire to read the letter of the Comptroller General which accompanied the report, dated June 29, 1962.

This report involves the sale of 2.7 million bales of cotton at a price of over $400 million wherein the agents acting on behalf of the U.S. Government were selling this cotton to themselves ofttimes as the only bidder.

U.S. General Accounting Office,
Washington, June 29, 1962.

To the President of the Senate and the Speaker of the House of Representatives:

Herewith is our report on the review of certain aspects of the operations of unlimited sales agencies under the 1959 and 1960 cotton purchase programs of the Commodity Credit Corporation (CCC), Department of Agriculture. These operations began in June 1959 and extended through April 30, 1961.

Under the CCC cotton purchase programs applicable to the 1959 and 1960 crops of upland cotton, CCC purchased eligible cotton from eligible producers through approved purchasing agencies. The cotton acquired by approved purchasing agencies was usually tendered to approved sales agencies which were authorized to offer the cotton for sale locally on behalf of CCC in accordance with the terms of their agreements with CCC. Sales agencies were selected by CCC from those persons and firms engaged in the cotton industry and having previous experience in the sale of cotton. Most sales agencies acted under agreements with CCC which permitted the sales agencies to purchase any cotton offered for sale by CCC, including cotton which the sales agencies themselves were offering for sale for CCC. These agreements were known as unlimited sales agency agreements, and the agents operating under these agreements were referred to as unlimited sales agencies.

Because unlimited sales agencies were permitted by CCC to bid on and purchase the CCC-owned cotton which they themselves were offering for sale as agents of CCC, there was an apparent conflict of interest between the sales agencies' inherent duty to fully protect the Government's interest in the disposal of CCC-owned cotton and their private interests, as cotton traders, to purchase the cotton from CCC at prices which would enable them to resell at the greatest possible profit. On the basis of CCC's average sales price of about $150 for a bale of cotton, we estimate that transactions in which the sales agencies sold CCC-owned cotton to themselves amounted to over $400 million.

Some unlimited sales agencies advised us, in essence, that they did not encourage competition on their sales of CCC-owned cotton beyond CCC's minimum requirements so that they could purchase the cotton at low prices for resale to their private accounts. Also, we noted that some sales agencies followed practices which, while generally not precluded by CCC regulations, tended to discourage competition and enable the sales agencies to purchase the cotton themselves at prices which may have been less than fair value.

In our opinion, the transactions in which CCC sales agencies purchased cotton offered for sale under their own unlimited sales agency agreements constituted violations of the provisions of 18 U.S.C. 434. This statute, which is applicable to the transaction of business by CCC, provides penalties for whoever, directly or indirectly interested in the pecuniary profits or contracts of any business entity, is employed or acts as an agent of the United States for the transaction of business with such business entity. Also, it is our opinion that the Commodity Credit Corporation was without authority to execute sales agency agreements purporting to sanction such transactions. Therefore, we believe that such transactions may be repudiated or that deficiency payments may be recovered under the sales agency agreements where failures of unlimited sales agencies to fulfill their fiduciary obligations to CCC resulted in sales of CCC-owned cotton to themselves at prices less than the fair value of the cotton.

The Department has informed us that its present officials were not responsible for the policy decisions which led to the formulation of the 1959 and 1960 cotton purchase programs and that it was unable to explain the reasons for the apparent conflict-of-interest provisions in the programs because the individuals who made the policy decisions are no longer with the Department and there are no written records of the considerations leading to such decisions.

We are recommending that the Secretary of Agriculture, after consulting with the Attorney General, undertake a review of the pertinent facts in the transactions involving sales of CCC-owned cotton by unlimited sales agencies to themselves and, where failure of sales agencies to fulfill their fiduciary obligations resulted in the sale of cotton at less than its fair value, that appropriate action be instituted to recover for the Government the deficiencies in the sales proceeds received by CCC. The Department has expressed its agreement with our recommendation and its readiness to pursue appropriate action to protect the interests of the Government.

Our review also disclosed that during the 1959 and 1960 purchase programs, a widespread practice developed among sales agencies, with the full knowledge of CCC, of paying fees or commissions to CCC purchasing agencies in order to influence the decisions of purchasing agencies in the forwarding of cotton purchased on behalf of CCC to sales agencies for disposal.

The payment of fees to influence the manner in which the Government's business transactions are carried out is contrary to sound principles for the conduct of public business, and in the 1959 and 1960 cotton purchase programs the practice increased the opportunities for unlimited sales agencies to buy from themselves the CCC-owned cotton which they offered for sale. Therefore, we do not believe that CCC should have sanctioned such a practice.

In addition we noted excessive delays in collecting the proceeds from sales of CCC-owned cotton made by sales agencies, and these delays resulted in increased costs to CCC.

Copies of this report are being sent to the President of the United States, the Secretary of Agriculture, and the Attorney General.

Joseph Campbell,
Comptroller General of the United States.

Upon the recommendation of the Comptroller General this report and more complete details have been referred to the Department of Justice for action. I wish to comment on some of the specific cases and the manner in which these questionable transactions were arranged, as outlined by the Comptroller General.

When this subject came to my attention some time ago, I discussed it with the Comptroller General, who at that time was already in the process of his investigation.

I have also discussed this with Secretary Freeman. It should be pointed out that these sales involving possible conflict of interest represented the 1959 and 1960 cotton crop. ASCS Administrator Godfrey stopped this in April 1961. I commend him for his prompt action.

Of the 13.2 million bales sold by sales agencies, approximately 9.7 million bales, or 73 percent, were sold under unlimited sales agency agreements. Of the 9.7 million bales sold under unlimited sales agency agreements, a total of about 2.7 million bales—or about 28 percent of all bales sold by unlimited sales agencies on behalf of Commodity Credit Corporation—were sold by various sales agencies through themselves.

It should be pointed out that what I have referred to as an unlimited sales agreement is an agreement which was approved by the Department of Agriculture whereby these cotton brokers not only could act as agents in the purchasing of the cotton and the handling of its sale on behalf of the U.S. Government but also were actually selling this cotton to themselves. Many of the brokers were operating, in effect, two companies—one working for the Government and one working for themselves. Of course, the Government was the loser.

The 1959 and 1960 cotton purchase programs were administered by the

Agricultural Stabilization and Conservation Service, formerly known as the Commodity Stabilization Service, of the Department of Agriculture, under the general direction and supervision of the Executive Vice President of the Commodity Credit Corporation.

The cotton sales agreements were officially approved by the Administrator of the Agricultural Stabilization and Conservation Service.

I ask unanimous consent to have printed at this point in the RECORD a list of the officers of that agency.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

LIST AND TERM OF OFFICE OF POLICYMAKING AND OTHER INTERESTED PRINCIPAL OFFICIALS OF THE DEPARTMENT OF AGRICULTURE DURING THE PERIOD OF THE ACTIVITIES DISCUSSED IN THIS REPORT [1]

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE [2]

Administrator

Walter C. Berger, from November 1956 to January 1961.

Horace D. Godfrey, from January 1961 to the present.

Deputy Administrator, Commodity Operations

Frank R. McGregor, from April 1955 to October 1959.

Andrew J. Mair, from October 1959 to December 1960.

Frank W. Hussey, from February 1961 to the present.

Director, Cotton Division

F. Marion Rhodes, from May 1952 to July 1960.

Ralph H. Raper (acting), from July 1960 to March 1961.

Joseph A. Moss, from March 1961 to the present.

Director, New Orleans Commodity Office

Frank P. Biggs, from April 1950 to October 1959.

Alexander P. McLachlan, from October 1959 to the present.

Mr. **WILLIAMS** of Delaware. Mr. President, the sales agencies, in their capacity as CCC agents, had knowledge of CCC's minimum acceptable sales prices and the official Government classes of the cotton they offered for sale.

For sales made on the basis of Government class during the 1959 and 1960 programs, CCC procedures made it optional with sales agencies whether to disclose CCC's minimum acceptable sales prices to prospective purchasers.

But it should be pointed out that in the instances in which the agents were operating both as buyers and as sellers they had access to the information which was most important to the one who was buying the cotton.

For sales made on the basis of samples during the 1959 program, CCC procedures made it optional with sales agencies whether to disclose the Government classes and/or minimum prices to prospective purchasers. For sales made on the basis of samples during the 1960 program, it was mandatory for sales agencies to disclose, as a minimum, either the Government classes or the minimum acceptable sales prices to prospective purchasers.

CCC required sales agencies to post notices of sales in at least two conspicuous public places and to post records or lists—catalogs—of all CCC-owned cotton available for sale by them during the 1959 program in at least one of the places where the related notices of sales were posted. During the 1960 program sales agencies were required to post their catalogs in at least two such places.

For sales by unlimited sales agencies, sealed bids were submitted to designated custodian banks by the offerers in accordance with the terms of the sales agencies' public notices of sale.

I ask unanimous consent, Mr. President, to have printed at this point in the RECORD a more complete record of the procedure which was followed.

There being no objection, the memorandum was order to be printed in the RECORD, as follows:

> Sales procedures of limited sales agencies differed from those of unlimited sales agencies in that the limited sales agencies were permitted to receive and open the sealed bids rather than have this service performed for them by custodian banks.
>
> CCC procedures provided for the agencies to sell CCC-owned cotton at the highest price offered which equaled or exceeded the minimum acceptable sales price as established by CCC. Minimum acceptable sales prices were established by CCC at 110 percent of the price support loan rate for cotton of the quality and at the location of the cotton to be sold plus carrying charges on such cotton. This percentage was the minimum prescribed by law (7 U.S.C. 1443(c)). Under this formula minimum sales prices established by CCC were always lower than the purchase prices paid by CCC for the cotton.

Mr. **WILLIAMS** of Delaware. Mr. President, the CCC sales agencies operating under unlimited sales agency agreements were permitted by CCC to bid on and purchase CCC-owned cotton which they themselves offered for sale as agents of CCC.

I think it very important to point out that under the rules of the Commodity Credit Corporation at that time these agencies were permitted to engage in this procedure, which now is regarded by both the Comptroller General and myself to have been obviously a conflict-of-interest arrangement. These approved sales agents had the inherent duty of fully protecting the interest of the Government in connection with the disposal of the cotton, and their own private interests as cotton buyers wherein they would wish to purchase the cotton at as low a price as possible was in direct conflict.

I quote the Comptroller General's comments on this point:

> As a result, in our opinion, a conflict of interest was created between the agencies' inherent duty to fully protect the Government's interest in the disposal of CCC-owned cotton and their private interests, as cotton traders, to purchase the cotton from CCC at prices which would enable them to resell at the greatest possible profit. On the basis of CCC's average sales price of about $150 for a standard bale of 500 pounds, we estimate that transactions in which the sales agencies sold CCC-owned cotton to themselves amounted to over $400 million.

Many agencies operating under unlimited sales agency agreements sold to themselves a large portion of the cotton they sold for CCC. During the 1959 and 1960 programs, over 100 sales agencies sold to themselves 50 percent or more of the CCC-owned cotton sold under their unlimited sales agency agreements, or about 1.5 million bales out of the total of about 2.1 million bales they sold.

Some unlimited sales agencies advised the Comptroller General, in essence, that they did not encourage competition on their sales of the CCC-owned cotton beyond CCC's minimum requirements so that they could purchase the cotton at low prices for resale to their private accounts.

Some sales agencies followed practices, which, while generally not precluded by CCC regulations, tended to discourage competition and enable the sales agencies to purchase the cotton themselves at prices which may have been less than fair value. Such practices included offering the cotton for sale hundreds of miles from its area of growth; withholding from prospective purchasers pertinent information concerning the cotton; offering cotton for sale in lots containing bales of cotton of different qualities, a procedure which could require purchasers to accept bales of undesired qualities in order to obtain bales of the quality needed; and offering cotton in a manner which required prospective purchasers to visit sales agencies' offices which were not located at the marketing centers where the sales were advertised, in an effort to become adequately informed as to the nature of the cotton. During the 1959 and 1960 purchase programs, a widespread practice developed among sales agencies of paying fees or commissions to purchasing agencies in order to influence the decisions of the purchasing agencies in the forwarding of cotton purchased on behalf of CCC to sales agencies for disposal.

I may say that such payments of fees and commissions had every evidence of being arrangements between the purchasing agents and the cotton companies to split the extra profits they were making as a result of selling the cotton to themselves.

The New Orleans commodity office records show that the 16 selected unlimited sales agencies sold to themselves about 420,000 bales during the 1959 program and about 290,000 bales during the 1960 program. These quantities represent about 35 percent and 29 percent of the total sales by the 16 sales agencies during the 1959 and 1960 programs, respectively.

The Comptroller General compared sales prices of about 316,000 of the bales which these 16 sales agencies sold to themselves during the 1959 program with CCC's minimum acceptable prices. We found that for about 142,000 bales, or 45 percent of the total bales compared, the sales prices were within 75 cents a bale of CCC's minimum acceptable sales prices; of the 142,000 bales, approximately 128,000 bales, or 41 percent of the total bales compared, were sold at prices within 50 cents a bale of CCC's minimum sales prices.

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[1] Operations of CCC sales agencies began in June 1959 and extended through April 1961.

[2] Designated as Commodity Stabilization Service prior to June 5, 1961.

The Comptroller General made a comparison on the results:

> The comparison showed that the prices paid to CCC by the six sales agencies for the 16,000 bales averaged about $4 a bale less than these published market prices for such cotton. In a few instances the published market prices exceeded the sales prices by $20 or more a bale.

The New Orleans commodity office records indicate that agencies operating under limited sales agency agreements obtained an average of at least $6.45 a bale above CCC's minimum acceptable sales prices for the 1.2 million bales of cotton which they sold for CCC during the 1959 program.

The result was that the Government was getting from $4 to $6 less than the regular market price under these so-called unlimited contracts under which the agents were selling the cotton on behalf of the Government to their own companies. That difference of approximately $4.50 or $5 to $6 a bale which the Government was losing as a result of the way the cotton was handled on this 2.7 million bales totals from $12 million to $15 million, at least.

At this time I should like to call attention to a few specific examples in regard to how these companies worked. I shall refer to these cases as A, B, C, D, and E. The names of the companies were very properly deleted from the report by the Comptroller General, because these transactions are being referred to the Department of Justice for its examination, not only from the standpoint of conflict of interest, but also from the standpoint that the Government can collect from these companies the amount lost as the result of their conflict-of-interest arrangement. These agents had a responsibility to protect the Government's interest, and they did not do it.

SALES AGENCY A

Sales agency A, a partnership, acted under an unlimited sales agency agreement covering sales made by its office located 540 miles away from a major marketing center. The two partners of sales agency A were also the principal stockholders of a corporation which acted under an unlimited sales agency agreement covering sales made by its office located at the major marketing center. Each of these two cotton sales offices were in existence prior to the 1959 cotton purchase program.

Most of the CCC-owned cotton sold by sales agency A was under the 1959 program and originated and was stored in the cotton-producing area surrounding the major marketing center 540 miles away from its office. This cotton was obtained by sales agency A's affiliated corporate sales agency from CCC purchasing agencies operating near the major marketing center. Instead of offering the cotton for sale to the many cotton firms in competition at the major marketing center close to the area in which the cotton was grown, the corporate sales agency, in most instances, transferred the necessary documents to its affiliate, sales agency A, to permit the sale of the cotton at that distant point.

That meant that those who wanted to bid on the cotton would have had to travel about 540 miles each way, or a round trip of more than 1,000 miles, in order to bid on the cotton. The result was that by advertising in such a manner the bidding on the cotton was minimized.

Members of the trade testified at public hearings held in September 1959, before the Cotton Subcommittee of the Committee on Agriculture, House of Representatives, that it was a matter of record that the highest prices could be obtained for cotton in the area of production because over the years the mills have found that cotton from particular territories is best suited for particular work, and therefore buyers visit the territories to compete for purchase of the cotton. The members of the trade were critical of sales agencies that routed cotton out of its normal area so that it appeared for sale at points where there was limited interest in and knowledge of the cotton being offered.

An inspection of the operations of sales agency A by a representative of the New Orleans commodity office on December 31, 1959, disclosed that the sales agency was not forwarding copies of its catalogs of cotton offered for sale to the offices of the Boards of Cotton Examiners of the Department of Agriculture serving the warehouses in which the cotton was stored.

As a result of the restricted distribution of sales catalogs during the first part of the 1959 program, potential purchasers in the major marketing center were not directly advised of the sales being held by sales agency A during that period. Furthermore, if they had learned of the sales, it would have been necessary for them to make a 1,100-mile round trip to examine the samples of the cotton offered for sale unless they had agents at the sales location.

During the 1959 program, sales agency A sold about 27,000 bales of CCC-owned cotton for about $3.6 million, of which about 16,000 bales were sold by the sales agency for about $2.1 million to itself or to companies whose officials were associated with the sales agency. About 13,600 of these 16,000 bales were sold without competition to sole bidders.

The report showed that the prices paid by sales agency A were below the published commercial market prices, as adjusted for storage location, for comparable quality cotton on the same days. The market prices averaged around $6.85 a bale above the prices paid to CCC by sales agency A for the 1,343 bales. For 410 of these bales, we also compared the prices paid by the sales agency with prices obtained for CCC by four other sales agencies for comparable quality cotton stored in the same general location and sold at approximately the same times. The comparison disclosed that the other four sales agencies obtained sales prices for CCC that ranged from about $3.75 to $7.35 a bale more than the prices paid by sales agency A and averaged about $6 a bale more.

Remember that most of these sales were made without any outside competition and that they were the sole bidder on the cotton which they were selling to themselves. What advertising was done was located 540 miles from the cotton. The Comptroller General's report shows that the prices paid by that sales agency for this Government cotton were below the market price, when adjusted for storage location, for comparable quality cotton on the same days. The loss to the Government average from $4 to $6 per bale.

For example, one spot check cited the market price averaged $6.85 a bale above the prices paid to the Commodity Credit Corporation by agency A on a total of 1,343 bales.

I now discuss another example:

SALES AGENCY B

During the 1959 program, sales agency B sold about 257,000 bales of CCC-owned cotton for approximately $34.3 million, of which about 159,000 bales were sold by the sales agency to itself for about $21.6 million. The Comptroller General reviewed sales held by the sales agency for the period November 4, 1959, through April 30, 1960, during which the sales agency sold about 241,000 bales of CCC-owned cotton. The results of these sales are shown in the following tabulation:

Sales method	Bales sold—		
	To the sales agency	To other bidders	Total
Exhibited samples—Government class and minimum price not shown in sales catalogs	131,000	63,000	194,000
Government class—class shown in sales catalogs and minimum price determinable by prospective purchasers	18,000	29,000	47,000
Total	149,000	92,000	241,000

The greater part of the CCC-owned cotton sold by sales agency B on the basis of samples during the 1959 program did actually consist of cotton which, according to market reports, was in strong demand.

Most of the 131,000 bales of cotton sold on the basis of samples by sales agency B to itself during the period November 4, 1959, through April 30, 1960, were classed as Strict Low Middling or below in grade. Market prices for these qualities of cotton were usually well above CCC's minimum prices during the 1959 program. We made a comparison of market prices and CCC minimum prices for nine different qualities of cotton which were Strict Low Middling or below and which represented about 37 percent of the cotton grown during the 1959 crop year in the State where sales agency B was located. The comparison showed that for the period November 4, 1959, through April 14, 1960, the published market prices for the nine qualities tested were invariably above CCC's minimum prices and ranged from $1.70 to $20 a bale above CCC's minimum prices. For seven of the nine qualities, market prices were always more than $5 a bale above CCC's minimum prices.

The Comptroller General's office examined another transaction, and it found the average market price on that particular lot was about $3.05 a bale above the price which was paid to the Government by sales agency B. The report showed that the prices paid by the sales agency for the 13,819 bales ranged from $9.80 a bale above to $41.80 a bale below the published commercial market prices for comparable quality cotton on the same days. The market prices averaged around $3.05 a bale above the prices paid to CCC by sales agency B.

The comparison disclosed that the prices paid by sales agency B were lower than the sales prices obtained for CCC by the four other sales agencies.

Middling, light spotted cotton having a $^{31}/_{32}$-inch staple length was generally in demand during the 1959 and 1960 programs. Published market prices for such cotton in comparison with successful bid prices, were as follows: On November 12, 1959, the published market price amounted to $8.60 a bale above CCC's minimum acceptable sales price, compared with the successful bid price of 10 cents a bale above CCC's minimum price; on January 13, 1960, the market price amounted to $7.60 a bale above CCC's minimum price, compared with the successful bid price of 50 cents a bale above CCC's minimum price.

SALES AGENCY C

With respect to sales agency C, the third company, we find that during the 1959 program, the sales agency obtained only a limited amount of competition for the purchase of the CCC-owned cotton when offered for sale and that the sales agency sold most of the cotton to itself at prices which approximated CCC's minimum acceptable sales prices. During the 1959 program, sales agency C sold about 42,000 bales of CCC-owned cotton for about $6.7 million, of which about 34,000 bales were sold to itself for $5.5 million. Although the sales agency was located in a busy cotton-trading center, the sales agency itself was usually the only bidder for the cotton which it purchased. In reviewing the bidding at sales held by the sales agency from October 2, 1959, through April 29, 1960, we noted that sales agency C was the sole bidder for about 26,600 of the 29,800 bales which the agency sold to itself during this period. The prices paid to CCC by the sales agency for the cotton which it sold to itself during the 1959 program averaged about $1.05 a bale above CCC's minimum acceptable sales prices.

However, the Comptroller General, in spot checking, stated that the prices paid to CCC by sales agency C for the 2,071 bales were below the published commercial market prices, as adjusted for storage location, for comparable quality cotton on the same days. The market prices ranged from $3.20 to $19.80 a bale and averaged about $6.45 a bale above the prices paid to CCC by sales agency C for the 2,071 bales.

The Comptroller General in his report noted that, with respect to sales held by the sales agency from September 23, 1960, through December 2, 1960, about 28,000 bales, or 64 percent, of the 43,500 bales it sold on behalf of CCC were sold to itself. At various of these sales the number of bidders ranged from 1 to 10 including the sales agency.

In other words, agency C, while acting as the broker for the U.S. Government, instead of properly advertising the cotton and getting the most it could get, sold to its affiliated companies many times when it was the sole bidder for an average of $6.45 a bale below the prevailing market price on the day of the sale.

SALES AGENCY D

The fourth example will be referred to as agency D.

During the 1959 and 1960 programs, sales agency D sold about 60,000 bales of CCC-owned cotton for an estimated $9 million, of which about 52,000 bales, or 87 percent, were sold by the sales agency to itself for an estimated $8 million.

A review of the competition received by sales agency D for the CCC-owned cotton which the sales agency sold to itself during the 1959 and 1960 programs disclosed that, for sales of about 42,000 of the 52,000 bales sold to itself, the sales agency was the sole bidder. A review of 3 sales held in different months by sales agency D during each of the 1959 and 1960 programs disclosed that, for sales of all but 7 of the 5,977 bales sold to itself at these 6 sales, the prices paid by the sales agency to CCC were within $1 a bale of CCC's minimum prices, and, for 5,768 bales, or 96 percent, of these 5,977 bales, the prices paid to CCC by sales agency D were exactly equal to CCC's minimum prices.

The Comptroller General stated in his report that in a review of the prices paid to CCC by the sales agency for the above-referred-to 5,977 bales of CCC-owned cotton which sales agency D sold to itself the market prices averaged around $7.35 a bale above the prices paid to CCC by sales agency D for the 5,977 bales.

In a further review of the prices paid to CCC by sales agency D for CCC-owned cotton which the sales agency sold to itself, they compared the prices paid to CCC for 229 bales with the prices received by the sales agency upon resale of the cotton. The comparison showed that the prices received by the sales agency upon resale of the cotton, after deduction of freight costs, office expenses, and carrying charges as estimated by the sales agency, averaged about $12.50 a bale above the prices paid by the sales agency to CCC for the 229 bales.

Here again we find that the conflict between protecting the Government's interest and buying a bargain with the inevitable result that the Government lost on an average about $7 per bale. Seven dollars per bale on 5,900 bales represents over $40,000 on this one transaction with agency D.

SALES AGENCY E

During the 1959 and 1960 programs, sales agency E sold about 84,000 bales of Government-owned cotton for an estimated $12.6 million, of which amount about 65,000 bales, or 77 percent, were sold by the sales agency to itself for an estimated $9.7 million. A review of the competition received by sales agency E for the 65,000 bales of Government-owned cotton which it sold to itself showed that for about 61,000 of the 65,000 bales this agency was the sole bidder.

The Comptroller General states that the market prices averaged about $6 a bale above the prices paid to the Government by sales agency E on a spot check of 8,389 bales which were examined at this time.

Thus the agency in this case, with the 61,000 bales, had a special profit of about $360,000 to $375,000.

I should also point out that the bulk of these sales involves the 1959 and 1960 cotton program. This procedure was stopped, based upon the record, in April of 1961, and this procedure is no longer permissible. I give credit to the present Director for stopping this practice. It never should have been approved in the first place.

A review of the prices paid to CCC for 8,389 bales of CCC-owned cotton which sales agency E sold to itself at the above-mentioned sales showed that the prices paid by sales agency E ranged from $3.05 above to $30.95 below the published commercial market prices, as adjusted for storage location, for comparable quality cotton on the same days.

There was another very questionable phase to these strange arrangements. I cite the payments of special fees or commissions to the purchasing agents. The Comptroller General refers to these as fees or commissions which were paid to influence the decisions of the Commodity Credit Corporation's purchasing agents in this area. I would refer to it as ordinary fee-splitting—something which was not only improper but in my opinion illegal from the beginning.

During the 1959 and 1960 purchase programs, a widespread practice developed among both unlimited and limited sales agencies of paying fees or commissions to CCC purchasing agencies in order to influence the decisions of purchasing agencies in the forwarding of cotton purchased on behalf of CCC to sales agencies for disposal.

Of 28 sales agencies that we interviewed concerning the payment of fees or commissions to purchasing agencies during the 1959 purchase program, 18 informed us that they paid such fees or commissions, ranging from 20 cents to $2 a bale, in order to obtain CCC-owned cotton to sell on behalf of CCC. These 18 sales agencies handled about 820,000 bales, or 10 percent of all bales tendered to sales agencies by purchasing agencies during the 1959 program.

Thirteen of the eighteen sales agencies made information available to us which indicated that they paid at least $270,000 in such fees or commissions.

Of 12 sales agencies that were interviewed concerning the payment of fees or commissions during the 1960 purchase program, 8 informed us that they paid such fees or commissions in order to obtain CCC-owned cotton to offer for sale. These eight agencies made information available to us which indicated that they paid at least $41,000 in such fees or commissions.

In one instance, an unlimited sales agency paid up to $2 a bale—about $82,000 in total—to six agents who obtained CCC-owned cotton for the sales agency during the 1959 program.

Another unlimited sales agency stated that it paid up to 65 cents a bale—about

$41,000 in total—to CCC purchasing agencies in order to obtain CCC-owned cotton to offer for sale.

Another unlimited sales agency paid purchasing agencies about $28,000 in fees or commissions in order to induce the purchasing agencies to forward the CCC-owned cotton they purchased from producers to the sales agency for disposal.

The Comptroller General summed his report up with the following comment:

> The payment of fees to influence the manner in which the Government's business transactions are carried out is contrary to sound principles for the conduct of public business, and during the 1959 and 1960 cotton purchase programs this practice increased the opportunities for unlimited sales agencies to buy from themselves the CCC-owned cotton which they offered for sale. Therefore, we do not believe that CCC should have sanctioned such a practice.

So we find that they were working a rather highly organized racket with the U.S. Government as the "sucker." The surprising part of it is that most of this was known to the officials in Washington, D.C., who were approving the procedure; or, if not known, there was no reason why it should not have been known. Certainly the Government was losing millions of dollars as a result of this racket.

This was not all; the selling of cotton to themselves and the questionable payment of fees was bad enough, but the Government was also losing money as a result of laxity in another feature of the program.

The Government was unusually slow in collecting for this cotton even after selling it at the bargain prices.

Ten days was the time for payment for the cotton. We find, however, that the agents were granted rather lenient terms. They were stretching out the time beyond the 10 days, to 30 days or even 40 days. In one instance I think for 83 days there was a delay of payment to the Government. This resulted in an additional loss to the Government of at least $500,000.

The Comptroller General's review discloses that sales representing only about $11 million, or 24 percent, of the amount tested were processed to completion within 10 days; 76 percent ran over. Some ran as long as 83 days in delay.

During the 1959 cotton purchase program, excessive delays in collecting the proceeds from sales of CCC-owned cotton made by the sales agencies resulted in estimated additional program costs to CCC of about $500,000, in the form of interest on additional borrowings required to finance the cotton program operations. Their report disclosed that sales representing only about $11 million, or 24 percent, of the amount tested were processed to completion within 10 days. For the remaining $35 million of sales, or 76 percent of the amount tested, the time required to effect collection of sales proceeds due CCC ranged from 11 to 83 days. On the basis of the average interest rate on CCC borrowings from the Treasury during the period of the sales, the delays beyond 10 days in collecting the $35 million in sales proceeds referred to above would result in additional interest cost to CCC of about $70,000.

For about 745,000 bales, or about 57 percent of the 1.3 million bales included in the commodity office review, the time required to collect the amounts due from purchasers exceeded 10 days and ranged from 11 to 38 days. The estimated additional interest cost to CCC on these sales because of the processing delays beyond 10 days would amount to about $54,000 on the basis of CCC's average sales price of about $150 a bale and the average interest rate on CCC borrowings from the Treasury during the period of the sales.

The time taken by one unlimited sales agency to invoice cotton sold for CCC ranged from 1 to 44 days and averaged 25 days during the 1959 program, and the sales invoicing time ranged from 1 to 39 days and averaged 22 days during the 1960 program. Since about 93 percent of the 23,500 bales of cotton sold by this sales agency during the 1959 and 1960 programs on behalf of CCC was sold to itself, the sales agency's invoicing practices usually resulted in the sales agency allowing itself an average of over 3 weeks to pay CCC for the cotton which it purchased.

This report, Mr. President, is available to Members of Congress and to the appropriate committees. It certainly should be carefully examined. I am confident that the McClellan committee or the Committee on Agriculture and Forestry will give this problem its thorough study.

A serious question is raised here. How did it happen? How did such a program ever get approved at the national level?

I do not like to think that anyone in the Government is crooked, but I dislike almost as much to think that anyone is stupid enough ever to approve knowingly any such arrangement.

Nevertheless, the arrangement was approved. The transactions were allowed to proceed, knowingly, under a situation in which agencies operating on behalf of the Government, supposedly protecting the Government, were advertising the sale of cotton in areas from 400 to 500 miles away from the area so that other buyers would not have an opportunity to bid. In many instances they bought the cotton as the sole bidder. When we find them bidding on the cotton from $3 to $5 or $6 per bale below the prevailing market price on the date of sale, questions are raised that I think have very properly been referred to the Department of Justice. I recognize that a congressional committee will have to give consideration to the fact that it may be unable to move at this time until after the Department of Justice has acted, but those who are responsible must be brought to account. The question of collecting the Government's loss of $12 million to $15 million must not be overlooked.

The procedure that has been followed here is an outrage, and those responsible must be called to task.

PUBLIC WELFARE AMENDMENTS OF 1962

The Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MATCHING FUNDS ON ADMINISTRATION OF PUBLIC WELFARE

Mr. SYMINGTON. Mr. President, H.R. 10606—as an extension and improvement of public assistance and child welfare services programs—recognizes the need for more rehabilitation services to make it possible to remove more people from the welfare rolls.

And yet, in order to encourage the States to provide more of this type of service, particularly in the area of Aid to Dependent Children, the bill as passed by the House posed a very real problem to current assistance programs. As amended by the Senate Finance Committee, this problem was reduced.

Based on correspondence from Governor Dalton, of Missouri, and conferences with Missouri's director of welfare, however, my colleague, Senator LONG, and I believe further modification is needed.

This need is recognized by a number of other States. On June 23, the senior Senator from Massachusetts, Senator SALTONSTALL, proposed a series of five amendments, numbered "6-23-62-A."

Mr. President, I ask unanimous consent that the Saltonstall amendments be printed at this point in my remarks.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

> On page 25, line 5, strike out "one-fourth" and insert in lieu thereof "one-half".
>
> On page 27, lines 5 and 6, strike out "one-fourth" and insert in lieu thereof "one-half".
>
> On page 29, lines 12 and 13, strike out "one-fourth" and insert in lieu thereof "one-half".
>
> On page 31, lines 10 and 11, strike out "one-fourth" and insert in lieu thereof "one-half".
>
> On page 90, lines 1 and 2, strike out "one-fourth" and insert in lieu thereof "one-half".

Mr. SYMINGTON. By eliminating the penalty provisions, these amendments will preserve the long-established principle of matching the States on a dollar-for-dollar basis in the basic administrative costs of carrying out the public assistance programs for the aged, the blind, the disabled, aid for dependent children, and medical assistance for the aged.

At the same time, by retaining the House and Senate Finance Committee provision for 75 percent matching of special administrative services, these amendments would encourage the rehabilitation work so essential to the sound improvement of present welfare programs.

The Senate Finance Committee, building on the work of the House of Representatives, has reported a bill containing important changes in the existing programs. We have discussed this problem with the distinguished senior Senator from Oklahoma, who is handling this bill for the Senate Finance Committee, and who has told us he has no objection to the amendments in question.

The proposal to match States on a 75-percent additional administrative basis—if they meet with minimum service requirements in a particular welfare category—is important for the encouragement it will give to States like Missouri that have met administrative standards in the past. The additional Federal assistance will also focus attention on needed rehabilitation aspects of future welfare programs.

On the other hand, serious difficulties would be encountered by attempting to cut the long-established dollar-for-dollar matching formula on present administrative costs for failure to meet minimum rehabilitation service requirements.

Some State laws might be hard to change, and necessary State appropriations might be hard to obtain, particularly because of the widespread concern about minimum standards not yet set up by the Secretary of Health, Education, and Welfare.

Under the penalties provided by the House, failure of a State legislature to act, and consequent inability to comply, could be very serious. As stated, the Senate eased the penalty, but it could still mean penalties of as much as $2 million a year to Missouri on present programs.

Gov. John Dalton, of Missouri, with the support of the Missouri Legislature, is moving ahead in setting up pilot rehabilitative services in our welfare programs. He has assured us of his interest and intention to continue improving the services, but does not want the present necessary dollar-for-dollar administrative funds threatened for possible failure to institute new services.

The 75-percent matching would encourage States to improve their rehabilitative services. This in turn should help make welfare recipients self-supporting members of society, reduce the welfare rolls, and thereby reduce Federal and State expenditures.

If State governments do not meet additional minimum requirements, however, I do not believe they should be penalized on the long-established programs under which they have been meeting, and continue to meet, matching fund requirements.

Mr. President, I ask unanimous consent to have printed in the Record at this point the following material: a telegram from Gov. John M. Dalton, dated June 14; a letter from Governor Dalton, dated June 20; a story from the St. Louis Post-Dispatch of June 24, entitled "Ribicoff To Get State Welfare Aid Cut Protest"; and a copy of telegram from Governor Dalton to the Honorable Abraham Ribicoff, Secretary of the Department of Health, Education, and Welfare.

There being no objection, the material was ordered to be printed in the Record, as follows:

Jefferson City, Mo., *June 14, 1962.*

Hon. Stuart Symington,
U.S. Senate,
Washington, D.C.:

The Senate Finance Committee has approved H.R. 10606 and ordered it favorably reported to the Senate with several amendments. We are greatly concerned with one of these amendments, which potentially could cause heavy decreases in Federal funds for administration in the future in Missouri, and other States. For some 20 years Federal funds have paid 50 percent of the cost of administering the Federal-State public assistance programs. H.R. 10606, as passed by the House, provides that if a State furnishes certain welfare services, as designated by the Secretary of Health, Education, and Welfare, the Federal administrative percentage would be increased from 50 to 75 perecnt. The Senate Finance Committee continued this feature, but further provided that if the services designated by the Secretary were not made available to recipients by the State, the matching of administrative costs from Federal funds, now 50 percent, would be reduced to 25 percent. While Missouri is wholeheartedly in sympathy with the administration's welfare bill aimed at restoring welfare recipients to useful citizenship, strengthening family life and furthering self-help and self-support among recipients, we strongly protest any possibility of reducing the Federal matching of administrative funds to less than 50 percent, as now provided. It is quite conceivable that the Missouri Legislature will not see fit to appropriate State funds to make possible additional Welfare staff members to provide the services hoped for in H.R. 10606. Under such circumstances, and as the Senate amendment now stands, the State could lose as much as $2 million per year, now provided in Federal funds for administration. I strongly urge you to make every effort to see that H.R. 10606, if finally enacted into law, provides that Federal administrative matching funds furnished to States not be allowed to be set below the present 50-percent figure. The importance of this to our State, and I am quite sure to others, cannot be overestimated.

John M. Dalton,
Governor.

Executive Office,
State of Missouri,
Jefferson City, Mo., June 20, 1962.

Hon. Stuart Symington,
Senate Office Building,
Washington, D.C.

Dear Senator: Thank you for your recent letter and the material regarding H.R. 10606.

We have studied the committee's report and remain of the opinion that the provision which my telegrams concerned is potentially dangerous to the State of Missouri. I certainly am wholeheartedly in accord with the philosophy of rehabilitation of persons receiving welfare benefits. However, under this bill and the Finance Committee's amendment, we have no way of knowing at this time what services the Department of Health, Education, and Welfare might require the State to furnish in order to be entitled to the 75 percent matching funds. We have no way of knowing whether or not the State of Missouri will be in a position to furnish the services which would be required nor have we any assurance that the legislature would be cooperative in authorizing the necessary personnel. If Missouri were unable to furnish the services which the Department might require, the reduction in the Federal matching payments for administration to 25 percent might result in a loss to the State of Missouri of some $2 million per year in Federal matching funds.

In my opinion, the offering of 75 percent as matching funds for the rehabilitation services is a strong incentive to provide such services and I do not see the necessity or desirability of the coercive threat of reduction in administrative matching funds for failure to provide such services.

May I urge you to do what you can to see that this measure would provide in no event less than equal matching funds as are now provided. I do consider this of importance to the State of Missouri not only from a financial standpoint, but also from the standpoint of principle involved.

With best regards, I am,
Sincerely yours,
John M. Dalton,
Governor.

[From the St. Louis Post-Dispatch, June 24, 1962]

Ribicoff To Get State Welfare Aid Cut Protest

(By Thomas W. Ottenad)

Washington, June 23.—Protests by Missouri officials against proposed changes in Federal welfare expenditures will be put before Secretary of Health, Education, and Welfare, Abraham A. Ribicoff, the Post-Dispatch was told today.

Ribicoff will be asked to approve an amendment that would eliminate from a pending Senate bill a provision cutting the Federal Government's share of the cost of administering State welfare programs from 50 to 25 percent under certain conditions. Missouri officials have said that the cutback might cost the State as much as $2 million a year in Federal funds now provided to help pay for administering State welfare programs.

Stanley R. Fike, administrative assistant to Senator Stuart Symington, Democrat, of Missouri, said agreement on putting the matter before Ribicoff was obtained at a conference here yesterday.

OTHERS AT MEETING

In addition to Fike, participants in the meeting included Daniel Miles, administrative assistant to Senator Edward V. Long, Democrat, of Missouri; Proctor N. Carter, director of the Missouri Division of Welfare; Elmore G. Carter, chief counsel of the division; Robert M. Ball, Social Security Commissioner; Charles E. Hawkins, legislative reference officer for the Social Security Administration, and experts from the Library of Congress.

Fike said Ball agreed to present to Ribicoff the request by Proctor Carter for an amendment that would eliminate the proposed reduction in Federal funds. The cut in Federal assistance would be made if States failed to provide certain minimum services designed to put more emphasis on rehabilitation of welfare recipients. Under terms of the pending bill, the nature of the services is to be spelled out later by Ribicoff.

Fike said that the Missouri officials endorsed the objective of upgrading welfare services. They said Missouri has started an experimental program to determine how strengthened services might best operate.

INCENTIVE CITED

The Missouri officials reportedly took the position that an incentive provided under the pending legislation was sufficient to encourage the State to provide improved minimum services. The incentive is a provision for the Federal Government to pay 75 percent, rather than 50 percent, of the administrative costs of new State services emphasizing rehabilitation.

Carter said the penalty provision was unnecessary, Fike stated. The Missouri official warned that Missouri and other States might have to cut back present welfare services as a result of the penalty clause if their legislatures are unwilling to underwrite the cost of new services.

Amending the proposed Senate bill would open the way to revising an even more stringent measure already passed by the House. The House bill provides that States failing to comply with the proposed new minimum standards could lose all, not just half, of Federal funds furnished for administration.

They could lose all Federal funds provided for direct payments to welfare recipients. This is a much larger sum than the administrative payments. In the year ended June 30, 1961, Missouri received $86,746,000 in Federal money for direct payments, compared with less than $4 million for administrative purposes.

Missouri officials, who at first were unaware of the nature of the penalty contained in the House bill, told Fike that this approach could endanger the State's entire welfare assistance program.

MISSOURIANS' ONLY HOPE

Because the House has completed action on its measure, the only hope for the Missourians is to try to have the Senate eliminate any penalty provision from its measure. This would throw the legislation into a conference of the House and Senate, where an attempt could be made to eradicate the House penalty clause.

If Ribicoff and his advisers agree to the request for eliminating the penalty provision, Fike said an amendment to carry out this change would be offered on the floor of the Senate. The bill, which has been approved by the Senate Finance Committee, is expected to be considered by the Senate some time next week.

If the Department of Health, Education, and Welfare will not agree to the change, Fike said, a decision on whether an amendment would be offered would have to be considered further. Originally the Kennedy administration favored the approach represented by the House bill. An agreement to place the matter before Ribicoff was arranged by Senators SYMINGTON and LONG as a result of a protest expressed last week by Gov. John M. Dalton, of Missouri, over possible effects of any cut in Federal funds.

JUNE 25, 1962.

Hon. ABRAHAM RIBICOFF,
Secretary of Health, Education, and Welfare,
Washington, D.C.:

I appreciate the meeting in Washington last Friday arranged by Missouri Senators SYMINGTON and LONG between officials of the Missouri Welfare Department and the Department of Health, Education, and Welfare at which time discussion was held on a proposed Senate Finance Committee amendment to H.R. 10606, which could, under certain conditions, result in greatly reduced Federal funds for administration of welfare programs by the States. We in Missouri are completely in accord with the new approach to welfare problems reflected in this legislation which was sponsored by your Department. We intend to do everything possible to further self-help, self-care and rehabilitation among recipients of welfare. However, we do not believe that any State should be put in the position of losing administrative money if such State did not furnish certain services to welfare recipients as designated by the Secretary of Health, Education, and Welfare. We believe the provision for an increase in Federal administrative matching from 50 to 75 percent would be sufficient incentive to States to provide welfare services consistent with the funds made available by the various State legislatures. It is conceivable in some instances that the Legislatures may not see eye to eye with the Federal department and might not for one reason or another furnish services designated as essential by the Secretary. For such States to have their Federal administrative allotments sliced in half as a consequence would be entirely wrong in our opinion. Potentially, Missouri could lose as much as $2 million a year in Federal allotments if our legislature did not appropriate money to add workers to furnish services to welfare recipients.

We were unaware that the House-passed bill carried even more penalties on the States. Nonetheless we are at this point trying to change the bill in the Senate so that no State would receive less than 50 percent Federal funds for administration as now provided by law. I sincerely hope that the Department will favor the elimination of the penalty provision in H.R. 10606 and that the bill will be enacted into law with such change.

JOHN M. DALTON,
Governor of Missouri.

Mr. LONG of Missouri. Mr. President, my distinguished colleague, the senior Senator from Missouri, has just presented a clear, persuasive argument for continuing the 50 percent matching fund basis for administrative costs even though the State does not provide the rehabilitation services prescribed by the Secretary of Health, Education, and Welfare.

The aim of the rehabilitation provisions of this bill to restore welfare recipients to useful citizenship, to strengthen family life and to further self-help and self-support among recipients is certainly commendable, and these provisions should become law. However, I have grave misgivings as to this sword of Damocles which the bill would hang over the heads of the States to obtain compliance. In my opinion, the 75 percent matching fund provision approved by the House and Senate Committee is a sufficient incentive to induce States to meet the requirements prescribed by the Secretary.

As my colleague has pointed out, this entire matter has been discussed and considered at length and I hope the Senate will take the appropriate action.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MUSKIE in the chair). Without objection, it is so ordered.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of measures on the calendar to which there is no objection, beginning with Calendar No. 1596.

Mr. KUCHEL. The record should clearly indicate that these items have been cleared with the minority.

Mr. MANSFIELD. Yes; they have been cleared.

Mr. President, I also ask unanimous consent that at the appropriate place I may insert portions of the hearing or remarks having to do with the bill being considered, except with respect to the immigration bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Without objection, the Senate will proceed to the consideration of the items on the calendar, in accordance with the request of the majority leader.

LOWER BRULE SIOUX RESERVATION, S. DAK.

The Senate proceeded to consider the bill (H.R. 5144) to provide for the acquisition of and the payment for individual Indian and tribal lands of the Lower Brule Sioux Reservation in South Dakota, required by the United States for the Big Bend Dam and Reservoir project on the Missouri River, and for the rehabilitation, social, and economic development of the members of the tribe, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 3, after line 9, to strike out:

> (c) If the Secretary of the Army determines that additional Indian lands, tribal or individual, within the Lower Brule Reservation are required for project purposes, other than for fish, wildlife, and migratory waterfowl, he may acquire such lands by purchase with the approval of the Secretary of the Interior or by condemnation.

On page 4, after line 24, to strike out:

> The amounts allocated for payment of tribal property that consists of improvements that are to be replaced by the Secretary of the Army pursuant to section 6 of this Act shall be withdrawn from the credit of the tribe and transferred to the funds available for the Big Bend Dam and Reservoir project upon request of the Secretary of the Army after completion of the work.

On page 5, line 17, after "section 3", to strike out "(a)"; in line 18, after "section 3", to strike out "(a)"; in line 19, after "Sec. 3.", to strike out "(a)"; in line 20, after the word "of", to strike out "$2,670,300" and insert "$1,968,750"; in line 24, after the word "plans", to strike out "housing on or near the reservation including Pierre, South Dakota, enterprises and programs, and for"; on page 6, line 13, after the word "programs", to insert a colon and "*And provided further*, That no part of such funds shall be used for per capital payments, or for the purchase of land by the tribe except for the purpose of resale to individual Indians in furtherance of the rehabilitation program authorized by this section, which resale is hereby authorized."; after line 18, to strike out:

> (b) The Secretary of the Interior is hereby authorized to convey without charge to the Lower Brule Sioux Tribe, or to the Lower Brule Sioux Tribe and the Crow Creek Tribe jointly, land owned by the United States that is under the jurisdiction of the Department of the Interior, in such acreage as may be reasonably required for the industrial development program or tribal housing projects. Any such land so conveyed that is located within the exterior boundaries of the reservation or of the Pierre Indian Agency

and boarding school reserve shall be conveyed in trust status. Any land so conveyed that is outside the exterior boundaries of the reservation or the aforesaid reserve shall be conveyed in a fee simple status subject to a restriction against alienation without the consent of the Secretary of the Interior, but shall not be exempt from taxation.

On page 7, line 23, after "Sec. 5.", to strike out: "The Secretary of the Army is authorized and directed out of funds appropriated for the Big Bend project other than funds provided by this Act (a) to construct access roads to Indian homes on the reservation, as required in accordance with plans approved by the Secretary of the Interior; (b) to construct an access road between Big Bend Dam and the relocated town of Lower Brule; (c) to protect, replace, relocate, or construct any essential governmental and agency facilities on the reservation, including schools, hospitals, Public Health Service and Bureau of Indian Affairs offices, facilities, service buildings, and employees' quarters, roads, bridges, and incidental matters or facilities in connection therewith, which the Secretary of the Interior determines will be impaired or required by reason of the Big Bend project; (d) to mark in a clearly identifiable manner the common boundary between the reservation and the Fort Randall and Big Bend projects; and (e) to take appropriate steps to protect from fire, Indian land adjoining the Fort Randall and Big Bend project lands." and insert "The Secretary of the Army is authorized and directed out of funds appropriated for the Big Bend project other than funds provided by this Act to protect, replace, relocate, or reconstruct any existing essential governmental and agency facilities on the reservation, including schools, hospitals, Public Health Service and Bureau of Indian Affairs offices, facilities, service buildings, and employees' quarters, roads, bridges, and incidental matters or facilities in connection therewith, which the Secretary of the Interior determines will be impaired or required by reason of the Big Bend project: *Provided, however,* That the design criteria employed shall be reasonably comparable to that of the presently existing roads, bridges, and facilities."; on page 9, line 4, after "Sec. 6.", to strike out "The Secretary of the Army, under plans approved by the Secretary of the Interior after consultation with the Lower Brule Tribal Council, is authorized and directed, out of funds appropriated for the Big Bend project other than funds provided by this Act, to locate and construct the new town of Lower Brule on tribal land on a site selected by the Lower Brule Sioux Council with the approval of the Secretary of the Interior, including blacktop streets, sidewalks, gutters, curbing, utilities, including water, sewage, and electricity, taking into account the reasonable future growth of the new town, dwelling houses for sixty-one Lower Brule Indian families of which not less than thirty shall be new construction, dwelling houses for Bureau of Indian Affairs and Public Health Service personnel, elementary school building and related equipment, facilities, recreational facilities, a municipal building providing space and facilities for agency offices, a tribal council room, tribal offices, tribal courtroom, jail, quarters for police and extension personnel, reservation library and Bureau of Indian Affairs and Public Health Service quarters and facilities." and insert "The Secretary of the Army, under plans approved by the Secretary of the Interior after consultation with the Lower Brule Tribal Council, is authorized and directed, out of funds appropriated for the Big Bend project other than funds provided by this Act, to locate, lay out, and construct on tribal land on a site provided by the Lower Brule Sioux Council with the approval of the Secretary of the Interior a townsite for the new town of Lower Brule, including substitute and replacement streets, utilities, including water, sewerage, and electricity, taking into account the relocation and replacement of the governmental and agency facilities as provided for in section 5 of this Act and the reasonable future growth of the new town: *Provided, however,* That the design criteria employed shall be reasonably comparable to that of the existing town streets, utilities, and facilities."; on page 11, line 19, after the word "Interior", to insert a colon and "*Provided,* That the time for vacating in any event will not extend beyond July 1, 1963."; on page 12, line 19, after the word "Tribe", to strike out "and the individual members thereof"; in line 22, after the word "charge", to strike out "for a period of five years"; in line 25, after the word "as", to insert "the Secretary of the Army determines"; on page 13, line 1, after the word "uses", to insert "and to lease such land for grazing purposes to members or nonmembers of the tribe on such terms and conditions as the Secretary of the Interior may prescribe"; on page 17, line 5, after the word "aggregate", to strike out "$125,000" and insert "$75,000"; on page 20, line 1, after the word "within", to strike out "thirty" and insert "ninety"; at the beginning of line 3, to strike out "13(b)" and insert "13(a)"; and in line 9, after the word "taxation", to strike out the comma and "including Federal excise taxes on purchases made by the tribe".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1636), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The principal purposes of H.R. 5144 are to reimburse individual Indian landowners and the Lower Brule Sioux Tribe in South Dakota for the trust lands acquired by the United States for the construction and operation of the Big Bend Dam and Reservoir on the Missouri River, to compensate the tribe and its members for treaty and tribal damages, and to provide for the improvement of the social and economic conditions of the members of the Lower Brule Sioux Tribe.

CROW CREEK SIOUX RESERVATION, S. DAK.

The Senate proceeded to consider the bill (H.R. 5165) to provide for the acquisition of and the payment for individual Indian and tribal lands of the Crow Creek Sioux Reservation in South Dakota, required by the United States for the Big Bend Dam and Reservoir project on the Missouri River, and for the rehabilitation, social, and economic development of the members of the tribe, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 3, after line 6, to strike out:

(c) If the Secretary of the Army determines that additional Indian lands, tribal or individual, within the Crow Creek Reservation are required for project purposes, other than for fish, wildlife, and migratory waterfowl, he may acquire such lands by purchase with the approval of the Secretary of the Interior, or by condemnation.

On page 5, line 13, after "section 3", to strike out "(a)"; in line 14, after section 3", to strike out "(a)"; in line 15, after "Sec. 3.", to strike out "(a)"; in line 16, after the word "of", to strike out "$4,002,000" and insert "$3,802,500"; in line 20, after the word "plans", to strike out "housing on or near the reservation including Pierre, South Dakota, enterprises and programs, and for"; on page 6, line 10, after the word "programs", to insert a colon and "*And provided further,* That no part of such funds shall be used for per capita payments, or for the purchase of land by the tribe except for the purpose of resale to individual Indians in furtherance of the rehabilitation program authorized by this section, which resale is hereby authorized."; after line 15, to strike out:

(b) The Secretary of the Interior is hereby authorized to convey without charge to the Crow Creek Sioux Tribe, or to the Crow Creek Sioux Tribe and the Lower Brule Tribe jointly, land owned by the United States that is under the jurisdiction of the Department of the Interior, in such acreage as may be reasonably required for the industrial development program or tribal housing projects. Any such land so conveyed that is located within the exterior boundaries of the reservation or of the Pierre Indian Agency and boarding school reserve shall be conveyed in trust status. Any land, so conveyed, that is outside the exterior boundaries of the reservation or the aforesaid reserve shall be conveyed in a fee simple status subject to restriction against alienation without the consent of the Secretary of the Interior, but shall not be exempt from taxation.

On page 7, line 19, after "Sec. 5.", to strike out "The Secretary of the Army is authorized and directed out of funds appropriated for the Big Bend project other than funds provided by this Act (a) to construct access roads to Indian homes on the reservation, as required in accordance with plans approved by the Secretary of the Interior; (b) to protect, replace, relocate, or construct any essential governmental and agency facilities on the reservation, including schools, hospitals, Public Health Service and Bureau of Indian Affairs offices, facilities, service buildings, and employees' quarters, roads, bridges, and incidental matters or facilities in connection therewith, which the Secretary of the Interior determines will be impaired or required by reason of the Big Bend project; (c) to mark in a clearly identifiable manner, the common boundary between the reservation and the Fort Randall and Big Bend projects; and (d) to take appropriate steps to protect from fire Indian land adjoining the Fort Randall and Big Bend project lands." and insert "the Secretary of the Army is authorized and directed out of funds appropriated for the Big Bend project other than funds provided by this Act to protect, replace, relocate, or reconstruct any existing essential governmental and agency facilities on the reservation, including schools, hospitals, Public Health Service and Bureau of Indian Affairs offices, facilities, service buildings, and employees' quarters, roads, bridges, and incidental matters or facilities in connection therewith, which the Secretary of the Interior determines will be impaired or required by reason of the Big Bend project: *Provided, however,* That the design criteria employed shall be reasonably comparable to that of the presently existing roads, bridges, and facilities."; on page 9, line 6, after the word "for", to strike out "seventy-five" and insert "fifty"; at the beginning of line 7, to strike out "blacktop"; in the same line, after the word "streets", to strike out "sidewalks, gutters, curbing,"; on page 10, line 25, after the word "the", where it appears the second time, to strike out "Interior." and insert "Interior: *Provided* That the time for vacating in any event will not extend beyond July 1, 1963."; on page 11, line 25, after the word "Tribe", to strike out "and the individual members thereof"; on page 12, line 3, after the word "charge", to strike out "for a period of five years"; in line 6, after the word "as", to insert "the Secretary of the Army determines"; in line 7, after the word "uses", to insert "and to lease such land for grazing purposes to members or nonmembers of the tribe on such terms and conditions as the Secretary of the Interior may prescribe"; on page 16, line 17, after the word "aggregate", to strike out "$125,000" and insert "75,000"; on page 19, line 14, after the word "within", to strike out "thirty" and insert "ninety"; at the beginning of line 16, to strike out "13(b)" and insert "13(a)"; and in line 22, after the word "taxation", to strike out the comma and "including Federal excise taxes on purchases made by the tribe".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1637), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The principal purposes of H.R. 5165 are to reimburse individual Indian landowners and the Crow Creek Sioux Tribe in South Dakota for the trust lands acquired by the United States for the construction and operation of the Big Bend Dam and Reservoir on the Missouri River, to compensate the tribe and its members for treaty and tribal damages, and to provide for the improvement of the social and economic conditions of the members of the Lower Brule Sioux Tribe.

Construction of the Big Bend Dam and Reservoir project was authorized as part of the comprehensive plan for flood control and protection of the Missouri River Basin provided for in the Flood Control Act of December 22, 1944 (58 Stat. 887, 891).

Big Bend Dam has been under construction for over 2 years. It straddles the Missouri River and rests on the Crow Creek Reservation on one side and the Lower Brule Reservation on the other.

The land for the damsite itself was acquired on March 9, 1960, through condemnation proceedings in the Federal district court in South Dakota. Since the reservoir of Big Bend Dam is to be filled by releases from Oahe Dam, the reservoir will be quickly filled. The town of Lower Brule will be inundated. The dam is scheduled for closing in 1963 and the Indians will be required to vacate by July 1, 1963. It is therefore important that action be taken on this bill at this session.

In the 86th Congress the Senate Committee on Appropriations directed the Secretary of the Interior to report to Congress on the amount of intangible damages which could properly be paid to the Lower Brule and Crow Creek Sioux Tribes and their members because of the construction and operation of the Big Bend project and on the amounts required for rehabilitation, regardless of residence, of these people, considering both the Big Bend and the Fort Randall Dams. In addition, the Secretary of the Interior and the Chief of Engineers were directed jointly to negotiate with the tribes on the fair market value of the trust property to be acquired and on the relocation and construction of various facilities and related matters (S. Rept. 1203, 86th Cong., 2d sess., pp. 12–13 (Mar. 25, 1960)).

Previous legislative settlements for Indian trust land taken in aid of the Missouri River Basin project have been completed with the Fort Berthold Tribe for Garrison Dam (63 Stat. 1026), the Cheyenne River Sioux Tribe and Standing Rock Sioux Tribe for Oahe Dam (68 Stat. 1191; 72 Stat. 1762), and the Crow Creek Sioux Tribe and Lower Brule Sioux Tribe for Fort Randall Dam (72 Stat. 1766; 72 Stat. 1773). H.R. 5165 follows the precedent established by these prior settlement acts. It is patterned primarily after the Standing Rock Sioux statute.

BARTOLA MARIA S. LA MADRID

The bill (S. 3039) for the relief of Bartola Maria S. La Madrid was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Bartola Maria S. La Madrid shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

BILL PASSED OVER

The bill (S. 1974) for the relief of Stefan Copilu was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MANSFIELD. I ask that the bill go over.

The PRESIDING OFFICER. The bill will go over.

ANTONIO GUTIERREZ FERNANDEZ

The bill (S. 2698) for the relief of Antonio Gutierrez Fernandez was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Antonio Gutierrez Fernandez shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

SUMIKO TAKAHASHI

The bill (S. 2902) for the relief of Sumiko Takahashi was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Sumiko Takahashi, the fiancée of Specialist Sixth Class James R. Mitchell, a citizen of the United States, shall be eligible for a visa as a nonimmigrant temporary visitor for a period of three months: *Provided,* That the administrative authorities find that the said Sumiko Takahashi is coming to the United States with a bona fide intention of being married to the said Specialist Sixth Class James R. Mitchell and that she is found otherwise admissible under the immigration laws. In the event the marriage between the above-named persons does not occur within three months after the entry of the said Sumiko Takahashi, she shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event that the marriage between the above-named persons shall occur within three months after the entry of the said Sumiko Takahashi, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Sumiko Takahashi as of the date of the payment by her of the required visa fee.

ROSA FUMAROLA BALICE

The bill (S. 2908) for the relief of Rosa Fumarola Balice was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Rosa Fumarola Balice, shall be held and considered to be the natural-born alien child of Otto Balice and Elizabeth Balice, citizens of the United States: *Provided,* That the natural parents of the said Rosa Fumarola Balice shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

MICHELANGELO COMITO (NATI)

The bill (S. 2992) for the relief of Michelangelo Comito (Nati) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Michelangelo Comito (Nati), shall be held and considered to be the natural-born alien child of Mr. and Mrs. Joseph Nati, citizens of the United States: *Provided,* That the natural parents of the said Michelangelo Comito (Nati) shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

ERNST HAEUSSERMAN

The bill (S. 3111) for the relief of Ernst Haeusserman was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Private Law 85-461, approved July 2, 1958, for the relief of Ernst Haeusserman, is hereby amended by deleting the date "June 28, 1962" and substituting in lieu thereof the words "one hundred twenty days subsequent to terminating his position as Director General of the Vienna Burgtheater."

DINH KHON NGO

The bill (S. 3121) for the relief of Dinh Khon Ngo (also known as Robert (kun Ting) Wu) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, the provisions of the proviso to section 201(a) shall not be applicable in the case of Dinh Khon Ngo (also known as Robert (kun Ting) Wu), a native of Vietnam.

DEMITRIOS DUNIS

The bill (H.R. 1609) for the relief of Demitrios Dunis was considered, ordered to a third reading, read the third time, and passed.

STAVROS MICHAEL MOURKAKOS

The bill (H.R. 1899) for the relief of Stavros Michael Mourkakos was considered, ordered to a third reading, read the third time, and passed.

MARIA STELLA TODARO

The bill (H.R. 2337) for the relief of Maria Stella Todaro was considered, ordered to a third reading, read the third time, and passed.

MRS. MARGUERITE DE SOEPKEZ

The bill (H.R. 3483) for the relief of Mrs. Marguerite de Soepkez was considered, ordered to a third reading, read the third time, and passed.

SEBASTIAN HERMOSILLA SANCHES

The bill (H.R. 3492) for the relief of Sebastian Hermosilla Sanches was considered, ordered to a third reading, read the third time, and passed.

CHIKOKO SHINAGAWA

The bill (H.R. 3912) for the relief of Chikoko Shinagawa was considered, ordered to a third reading, read the third time, and passed.

MISS ELEANORE REDI

The bill (H.R. 8862) for the relief of Miss Eleanore Redi was considered, ordered to a third reading, read the third time, and passed.

NOREEN JOYCE BADEN

The bill (H.R. 9180) for the relief of Noreen Joyce Baden was considered, ordered to a third reading, read the third time, and passed.

DR. CHARLES C. YU

The bill (H.R. 9468) for the relief of Dr. Charles C. Yu was considered, ordered to a third reading, read the third time, and passed.

CLAUDE HOMANN-HERIMBERG

The bill (H.R. 9588) for the relief of Claude Homann-Herimberg (nee Wagner) was considered, ordered to a third reading, read the third time, and pasesd.

ROSINA LUISI

The bill (H.R. 10960) for the relief of Rosina Luisi (Sister Mary Rosina) and Maria Fatibene (Sister M. Valentina) was considered, ordered to a third reading, read the third time, and passed.

MRS. JULIANE C. ROCKENFELLER

The Senate proceeded to consider the bill (S. 2807) for the relief of Mrs. Juliane C. Rockenfeller which had been reported from the Committee on the Judiciary, with an amendment, in line 8, after the word "Act", to insert a colon and "*Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act."; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraph (3) of section 212(a) of the Immigration and Nationality Act, Mrs. Juliane C. Rockenfeller may be issued an immigrant visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act. This Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALICE AMAR FROEMMING

The Senate proceeded to consider the bill (S. 2844) for the relief of Alice Amar Froemming which had been reported from the Committee on the Judiciary, with an amendment, on page 1, line 11, after the word "available", to insert a colon and "*Provided,* That the natural father of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act."; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Alice Amar Froemming shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available: *Provided,* That the natural father of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JENO NAGY

The Senate proceeded to consider the bill (S. 3026) for the relief of Jeno Nagy which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

That, notwithstanding the provisions of section 212(a)(6) of the Immigration and Nationality Act, Jeno Nagy may be issued a visa and be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act, under such conditions and controls which the Attorney General, after consultation with the Surgeon General of the United States Public Health Service, Department of Health, Education, and Welfare, may deem necessary to impose: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of that Act: *And provided further,* That the exemption granted herein shall apply only to a ground for exclusion of which the Department of State or the Department of

Justice has knowledge prior to the enactment of this Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARCELLO CHIOVELLI

The Senate proceeded to consider the bill (S. 3144) for the relief of Marcello Chiovelli which had been reported from the Committee on the Judiciary, with an amendment, in line 6, after the name "Scuderi", to insert a colon and "*Provided*, That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act."; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Marcello Chiovelli, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Alfred C. Scuderi: *Provided*, That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MICHAEL (MIKE) BESSLER

The Senate proceeded to consider the bill (S. 3177) for the relief of Michael (Mike) Bessler which had been reported from the Committee on the Judiciary, with an amendment, in line 6, after the word "natural," to strike out "parents" and insert "mother"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, the provisions of the proviso to section 201(a) shall not be applicable in the case of Michael (Mike) Bessler, a native of Malaya: *Provided*, That the natural mother of Michael (Mike) Bessler shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MRS. LESLIE M. PATERSON, JANET PATERSON, AND MARY PATERSON

The Senate proceeded to consider the bill (H.R. 1469) for the relief of Mrs. Leslie M. Paterson, Janet Paterson, and Mary Paterson which had been reported from the Committee on the Judiciary, with an amendment in line 4, after the word "Act", to insert "the clause numbered (1) in".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

GERDA GODIN

The Senate proceeded to consider the bill (H.R. 7369) for the relief of Gerda Godin which had been reported from the Committee on the Judiciary, with an amendment in line 5, after the word "deemed", to strike out "not".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

KRYSTYNA RATAJ

The Senate proceeded to consider the bill (S. 1461) for the relief of Krystyna Rataj which had been reported from the Committee on the Judiciary, with an amendment, in line 5, after the name "Krystyna", to strike out "Rataj" and insert "Ratay"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraph (28) of section 212(a) of the Immigration and Nationality Act, Krystyna Ratay may be issued an immigrant visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act. This Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Krystyna Ratay."

MRS. YANG YIN

The Senate proceeded to consider the bill (S. 2835) for the relief of Mrs. Yang Yin (Yang Chee Hung) nee Tsai Sieu Yoeh which had been reported from the Committee on the Judiciary, with an amendment on page 1, line 4, after the word "Act", to strike out "Mrs. Yang Yin (Yang Chee Hung) nee Tsai Sieu Yoeh" and insert "Sieu-Yoeh Tsai Yang"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Sieu-Yoeh Tsai Yang shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of the status of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Sieu-Yoeh Tsai Yang."

GUNTHER M. HILLEBRAND

The Senate proceeded to consider the bill (S. 3267) for the relief of Gunther M. Hillebrand which had been reported from the Committee on the Judiciary, with an amendment in line 4, after the word "time", to strike out "Gunther M. Hillebrand" and insert "Gunter Heinz Hillebrand"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, the periods of time Gunter Heinz Hillebrand has resided in the United States since his admission as a lawful permanent resident on March 5, 1956, shall be held and considered to meet the residence and physical presence requirements of section 316 of the said Act, and the petition for naturalization may be filed with any court having naturalization jurisdiction.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Gunter Heinz Hillebrand."

BILL PASSED OVER

The bill (S. 3392) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MANSFIELD. I ask that the bill go over.

The PRESIDING OFFICER. The bill will go over.

AMENDMENT OF UNIVERSAL MILITARY TRAINING ACT

The bill (H.R. 7719) to amend section 6(d) of the Universal Military Training Act to authorize certain persons who complete a Reserve Officer's Training Corps program to be appointed as commissioned officers in the Coast and Geodetic Survey was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1674) explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

EXPLANATION

The Coast and Geodetic Survey is a uniformed service, but not an armed force of the United States. Its commissioned corps numbers about 185. In time of national emergency the President may transfer commissioned officers of the Survey to the Armed Forces.

The officer recruitment program of the Coast and Geodetic Survey is handicapped because many of the physically qualified engineering students are enrolled in an ROTC program of one of the Armed Forces. Under existing law these ROTC graduates are required to accept a commission in the Armed Forces or a Reserve component of the Armed Forces upon graduation.

Under this bill an ROTC graduate, with the approval of the Secretary of the Military Department having jurisdiction over him, could accept a commission in the Coast and Geodetic Survey, instead of a commission in a Reserve component of the Armed Forces. If a person commissioned in the Coast and Geodetic Survey does not serve for 6 years, he would be required to accept a commission in a Reserve component of the Armed Forces and to remain a member of that Reserve component until the sixth anniversary of the receipt of his commission in the Coast and Geodetic Survey. This latter provision is intended to avoid a disparity in the length of service obligation incurred by those ROTC graduates entering the Coast and Geodetic Survey.

This proposal does not involve crediting service that is not now creditable for the purposes of the Universal Military Training and Service Act. Section 6(b)(3) of the Universal Military Training and Service Act provides that persons who have served for a period of not less than 24 months as commissioned officers in the Coast and Geodetic Survey are exempt from service, except after a declaration of war or a future national emergency declared by Congress.

This bill merely allows ROTC graduates to substitute active duty as a commissioned officer of the Coast and Geodetic Survey for active duty and Reserve duty in the Armed Forces. Since only 20 to 30 ROTC graduates would be recruited annually, the authority this bill conveys should not substantially affect the Reserve program of the Armed Forces.

UNIFORM COMPUTATION OF RETIRED PAY FOR ENLISTED MEMBERS RETIRED PRIOR TO JUNE 1, 1958

The bill (H.R. 4330) to provide uniform computation of retired pay for enlisted members retired prior to June 1, 1958, was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1673) explaining the purpose of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE LEGISLATION

The purpose of this proposed legislation is to provide uniform computation of retired pay between members retired prior to June 1, 1958, and those retired after that date under section 4 of the Armed Forces Voluntary Recruitment Act of 1945, as amended by section 6(a) of the act of August 10, 1946 (60 Stat. 995).

Under section 4 of the Armed Forces Voluntary Recruitment Act of 1945, 59 Stat. 539, enlisted retired pay due thereunder was computed at the rate of 2½ percent of the average enlisted pay, including longevity, which the enlisted person received for the 6 months immediately preceding his retirement, multiplied by the number of years of active service performed not in excess of 29 years. Section 4 of the 1945 law was amended by section 6(a) of the act approved August 10, 1946, 60 Stat. 995, 996, to provide, among other things, that an enlisted man so retired would receive, except when on active duty, monthly retired pay computed at the rate of 2½ percent of the base and longevity pay of "the enlisted grade held at the time he made application for retirement," multiplied by the number of years of active Federal service, not to exceed 30 years, and that the total retired pay so authorized should not exceed 75 percent of the total enlisted base and longevity pay such enlisted man was receiving at the "time he made application for retirement."

In considering the said section 4, as originally enacted, the Comptroller General in September 1947 (27 Comp. Gen. 129, 135) stated that: "* * * the primary purpose of statutory provisions such as that appearing in the said section 4, as originally enacted, requiring an enlisted man's retired pay to be based on a percentage of the average pay he received for 6 months prior to his retirement, was to prevent the abuse of giving enlisted men increased retired pay by promoting them to higher pay grades immediately preceding retirement." And, in the same decision the Comptroller General stated (p. 136) with respect to computation of retired pay under the August 10, 1946, amended section 4, that the annual pay of enlisted men retired is for computation in accordance with section 6 of the act of August 10, 1946, on the basis of "the enlisted grade held at the time he made application for retirement."

The military departments consistently have construed the restriction in the amended section 4 to apply only to "the enlisted grade held at the time he made application for retirement." The retired pay of enlisted members who were promoted to a higher pay grade between date of application for retirement and date of retirement has not been computed on the basis of the higher pay grade. The restriction was not construed as applying to increases in pay by reason of length of service. In the case of enlisted members who received an increase in pay for length of service between the date of application for retirement and actual retirement, retired pay has been based on the rate of basic pay after this increase.

Section 3A of the Pay Readjustment Act of 1942, as amended, specified that in computing service for all pay purposes credit shall be given for all periods during which members were enlisted or held commissions as officers, or held appointments as warrant officers. Thus, members were entitled to credit for pay purposes for active as well as inactive service. It has never been considered that the Congress intended that the restriction in the 1946 amendment was to single out enlisted men who received a pay increase for length of service between date of application and date of actual retirement so as to preclude them from counting active service for pay purposes at a time when all other enlisted members (and officers) were authorized to count all active service as well as inactive service for pay purposes. The legislative history of this provision fails to disclose any intent to so penalize this particular group of enlisted members.

The military departments, in computing and paying retired pay, counted the time up to the date of retirement in determining the service for basic pay upon which retired pay was based.

The Audit Division of the General Accounting Office considered these payments to be proper for a period of approximately 12 years. In addition, the Claims Division of the General Accounting Office actually issued claim settlements on such basis until March 1958. We consider that such action on the part of the various divisions of the Comptroller General's Office, while not binding upon the Comptroller General, do constitute a body of experience and informed judgment to which the military departments properly may resort for guidance. It was not until March 31, 1958, that the Department of the Air Force was advised by the Chief, Air Force Audit Division, General Accounting Office, that inclusion of such service was considered improper. In order to obtain an official decision from the Comptroller General the matter was submitted to him by the Military Pay and Allowance Committee in October 1958. In the decision of December 18, 1958, the Comptroller General formally advised the Secretary of Defense that such payments were considered by him not to be authorized by the amended section 4.

The pay provisions of the 1945 act were repealed by Public Law 1028, 84th Congress (70A Stat. 222), and such provisions are now contained in title 10, United States Code, sections 3991 and 8991.

Section 6(8) of the Military Pay Act of 1958 (Public Law 85-422) now specifically provides that service will be credited for pay purposes until the actual date of retirement. It was the view of the services that this provision would clarify whatever doubt the Comptroller General might have as to the intent of the Congress with respect to the computation of retired pay for personnel in this category. However, in the decision of December 18, 1958, B-134612, it was held, in effect, that section 6(8) is not a clarification of prior provisions of law, but rather is an amendment to the prior statutes since Public Law 85-422 is not retroactive in nature. The obvious result of this decision is that members retired prior to June 1, 1958, may not count active service for basic pay purposes between date of application for retirement and date of retirement for purposes of computing their retired pay, whereas members retired subsequent thereto may count such service. In view of this decision collection action must now be taken by the services, the extent of which may not be determined without a screening of approximately 27,000 records. It is estimated, however, that percentagewise comparatively few retired enlisted members are involved.

The Department of Defense is of the view that, under the unusual circumstances in this case, it would be most inequitable to even attempt to effect collection from these retired members, particularly since it is not considered to have been the intent of Congress to deprive these members of credit for active service.

STEFAN COPILU

Mr. MANSFIELD. Mr. President, that concludes the call of the calendar. I ask unanimous consent that the Senate now turn to the consideration of Calendar No. 1599, which went over by request.

The PRESIDING OFFICER. The bill will be stated.

The LEGISLATIVE CLERK. A bill (S. 1974) for the relief of Stefan Copilu.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provision of section 212 (a)(9) of the Immigration and Nationality Act, Stefan Copilu may be issued a visa and be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act: *Provided,* That this exemption shall

apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this Act.

PUBLIC WELFARE AMENDMENTS OF 1962

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to the consideration of the unfinished business.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

Mr. JAVITS. Mr. President, I wish to address myself to the bill itself, which I favor, and to a particular amendment which I have submitted. It deals with the question of judicial review, to which the States would be entitled under the plan of welfare payments or aid to the States in connection with welfare payments, which the bill provides.

The basis of my observations relate to the testimony of Miles B. Amend, chairman of the New York Board of Social Welfare, which appears in the hearings beginning at page 425.

As I have said, Mr. Amend is chairman of the New York State Board of Social Welfare, which is a board composed of 15 private citizens appointed by the Governor of New York with the consent of the State senate, one from each of the 11 judicial districts of the State and 4 at large.

He describes the board as being very diversified in terms of economic, professional, and other interests in the State. He describes the board as the policymaking head of the Department of Social Welfare of the State of New York.

The board endorsed the provisions of H.R. 10606, the bill now before the Senate, but he made some basic points, which I believe are extremely important. One of them is the basis for the amendment which I have submitted.

The recommendations made by Mr. Amend are twofold. First, he believes that there should be Federal court review of any proposed deduction or other penalty which flowed from the Federal Government to State plans and programs. Second, he believes that the best plan for Federal administration was for the Federal Government to require law on the part of the State to conform to Federal requirements, but that it should not break it down into the detail of the State's plan, which, he said, really resulted in a proliferation of technical and administrative detail.

If the general law of the State were in consonance with the requirement of the Federal Government, then the attitude of the Social Welfare Board of New York was that was adequate. Obviously, that deals with the whole scheme of legislation and was really testimony relating to a prewar policy on the part of some men. Therefore, in the proposed amendment to the bill, I have picked up only the problem of judicial review.

I have not called up my amendment because in a matter of this nature it is always best, if possible, to come to agreement with the department which is concerned. So we are making every effort to agree with the Department of Health, Education and Welfare on a judicial review amendment which will be satisfactory to them and satisfactory to us.

There is one question in that regard which is open and which, I think, can easily be resolved. My amendment expressly provides that payments to the State under the statute shall not be stopped while judicial review is pending, while an appeal is taken from the determination of the Secretary. I think the Department would prefer to keep silent on that score, so that, first, would leave it a matter of administration; and second, would leave it to the injunctive power of the courts, which would always have the power to intercede in the situation once a judicial review was sought.

My present thought is to accede to that idea; that is, to leave the matter unprovided for specifically by the bill, and therefore in the hands of the normal administrative process plus the injunctive power of the courts.

The other question comes as to the type of court which should have jurisdiction. Normally, we think of the circuit court of appeals as the review court for determinations made by the Secretary. There is some feeling that because there is not a circuit court of appeals in every State, there may be involved, since this is uniquely a State matter, an element of inconvenience to require State authorities and officials to proceed to another State than their own State in which to ask for judicial review. It is a fact, though, that every State has a U.S. district court; so it may be, if it is satisfactory to the Department, that that could be a solution.

I shall explore all these points of view and shall do my utmost to develop an amendment which will provide for a proper kind of judicial review, with proper accommodation to the Department and to the States. However, I have not called up my amendment for the reasons which I have stated; and I think it is useful to announce that the subject is under negotiation, as it were, for determination, because other Senators may have received from their State welfare authorities the same request that I have received from the welfare authorities of the State of New York. Therefore, I wish to extend, both on the floor of the Senate and through the Record, an invitation to other Senators having similar problems to cooperate with me in their resolution to cosponsor an amendment, as we finally agree on one, if we can agree on one, so that the whole question of judicial review, which interests not only my State, but other States, as well, may be determined at one and the same time. I hope that other Senators who are interested will communicate with me, so that we may resolve this unit question at one time by one amendment.

Mr. WILLIAMS of New Jersey. Mr. President, I call up my amendments designated "6-29-62—F." I ask that in lieu of a reading of the amendments, the amendments be printed at this point in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments offered by Mr. Williams of New Jersey for himself and Mr. Humphrey, Mr. Douglas, Mr. Smith of Massachusetts, Mr. Yarborough, Mr. Carroll, Mr. Hart, Mr. Morse, Mr. Javits, Mr. Burdick, Mr. McCarthy, Mr. Metcalf, Mr. Clark, Mr. Holland, and Mr. Smathers are as follows:

On page 40, after line 5, insert the following:

"(e) Part 3 of title V of such Act (as amended by the preceding provisions of this section) is further amended by adding at the end thereof the following new section:

" 'DAY-CARE FACILITIES FOR CHILDREN OF MIGRANT AGRICULTURAL WORKERS

" 'Sec. 529. (a) For the purpose of enabling the United States, through the Secretary, to further cooperate with State public-welfare agencies which have included in their plans for child-welfare services provisions calling for the providing of day-care facilities for the children of migrant agricultural workers, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1963, and for each succeeding fiscal year through the fiscal year ending June 30, 1965, the sum of $750,000, which shall be used exclusively for the establishment and operation of such day-care facilities.

" '(b) On October 1, 1962, and thereafter at the beginning of each fiscal year (commencing with the fiscal year ending June 30, 1964) the Secretary shall allot the sums appropriated pursuant to subsection (a) to States as follows: He shall allot to each State the plan of whose child-welfare agency calls for the providing of such day-care facilities an amount which bears the same ratio to the amount appropriated pursuant to subsection (a) of such year as the total number of children of migrant agricultural workers who were in such State during the preceding fiscal year (as determined by the Secretary on the basis of the best data available to him) bears to the total number of such children who were in all such States for such preceding year (as so determined).

" '(c) From the sums appropriated pursuant to subsection (a) and the allotments available under subsection (b), the Secretary shall from time to time pay to each State the public-welfare agency of which includes in its plan for child-welfare services provisions calling for the providing of day-care facilities for the children of migrant agricultural workers an amount equal to the Federal share (as determined under section 524) of such portion of the total sum expended under such plan (including the cost of administration of the plan) as is attributable to the providing of such day-care facilities. Such amounts shall be payable in the manner provided by section 523(b).

" '(d) The amount of any allotment to a State under subsection (b) for any fiscal year which the State certifies to the Secretary will not be required for carrying out the provisions of its State plan relating to the providing of day-care facilities for the children of migrant workers shall be available for reallotment from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines (1) have need in carrying out the provisions of their State plan which call for the providing of such facilities for sums in excess of those previously allotted to them under such subsection and (2) will be able to use such excess amounts during such fiscal year in carrying out such provisions. Any amount so reallotted to a State shall be deemed part of its allotment under subsection (b).

" '(e) In no case shall a State receive Federal financial assistance with respect to the same expenditure under this section and the preceding sections of this part.

"'(f) For purposes of this section—

"'(1) The term "migrant agricultural worker" means an individual (A) whose primary employment is agriculture, as defined in section 3(f) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(f)), on performing agricultural labor, as defined in section 3121(g) of the Internal Revenue Code of 1954 (26 U.S.C. 3121(f)), on a seasonal or other temporary basis, and (B) who establishes with his family for the purpose of such employment a temporary residence;

"'(2) The term "child" means a child who makes his home with his parent or the individual who stands in loco parentis to the child; and

"'(3) The term "day-care facility" includes (A) day-care centers whether provided directly by the State (or any political subdivision thereof) or indirectly through a purchase of care or other basis, and (B) individualized care provided through foster home services.

"'(g) No funds appropriated under the authority of subsection (a) shall be payable to any State which imposes, as a condition of eligibility for day-care facilities, any residence, requirement which excludes any otherwise eligible child physically present in the State.'"

Amend the table of contents so as to add, at the end of the matter describing the contents of section 102 of the bill, the following:

"(e) Day-care facilities for children of migrant agricultural workers."

Mr. WILLIAMS of New Jersey. Mr. President, these amendments relate to a program of day care for the children of migrant farm families.

During the past few years I have made field trips to numerous States and have seen and learned of conditions that are almost unbelievable. Children were locked in the family's quarters or playing unsupervised in roadways, near irrigation ditches, in the fields near heavy machinery and trucks, or in camp lots littered with junk, broken glass, and garbage. Parents were often far out of earshot, picking fruits, vegetables, and fibers.

The number of children who live under these conditions is not so small that their needs can be easily overlooked. An estimated 100,000 to 150,000 young children accompany their parents in the migratory stream each year. We have reason to believe that far more than half of these children, perhaps as many as 70,000, are under 6 years of age.

The concern for this problem goes back four decades. According to a report—"Children in Migrant Families," prepared by Children's Bureau of Social Security Administration, U.S. Department of Health, Education, and Welfare, December 1960, submitted to Committee on Appropriations, U.S. Senate—of the Children's Bureau of the Department of Health, Education, and Welfare, a church group in 1921 opened an experimental day-care center in Maryland which filled a gaping need.

This was a beginning, and it has been augmented over the years by the additional efforts of other church and private groups.

I observe in the Chamber the distinguished senior Senator from Florida [Mr. HOLLAND], who has shown great interest in this program. I have seen in his State some of the examples of a truly great humane work by church people and others who have brought day care to the children of migrant farmworkers.

Nonetheless, as we view the condition today, the program still amounts to no more than a beginning. Forty-one years later, there are still parents in this great Nation of ours who have no where to leave their children except in a wide-open field or an unkept, unprotected, unsanitary camp. In the entire Nation, there are only 24 day-care centers, licensed by State agencies, which primarily serve children of migrant families. The combined aggregate capacity of all 24 centers would probably serve less than 1,000 children.

Many States have rightfully become alarmed at the lack of daily supervision and have established day-care centers for migratory children on a pilot project basis. Regrettably, however, the financial resources of most States have not been sufficient to provide the stimulation needed for the establishment of these projects on a more general basis.

For the States which will expand initial projects and for the States which will start day-care centers, this amendment to H.R. 10606 would authorize an appropriation of $750,000 to provide matching grants to such States. A provision of the amendment assures that the grants will be channeled into those States having a substantial impact of migratory seasonal farmworkers each year and that residence requirements will not bar otherwise eligible children from the States' day-care services. The amount of Federal grants would be determined by the matching formula in the child welfare services section of the Social Security Act.

I want to emphasize, moreover, that this amendment is not intended to deny migratory children any welfare services and benefits currently available under the Social Security Act, or any amendment thereto.

This amendment to H.R. 10606 has been given the support of numerous church and social organizations concerned with alleviating the problems faced by migratory children. The administration, too, has given its support to this amendment. The Department of Health, Education, and Welfare, considers this amendment necessary and supports it. This amendment merely incorporates the provisions of our day-care bill, S. 1131, which had the express support of every administrative agency reporting on the bill.

I have given considerable time to the study of providing day-care services to our Nation's migrant children and am convinced that the proposed day-care amendment to H.R. 10606 will be of momentous assistance to these children. The enactment of this migrant day-care provision will announce the beginning of a safe, sanitary, and happy life for many young children whose only "happiness" has been the mere absence of hardship. Providing these many small children with positive joy and companionship is as needed as it is deserved by these neglected migrant children.

Mr. President, this amendment has been prepared and offered with the cooperation of the distinguished Senator from Oklahoma [Mr. KERR], who is in charge of H.R. 10606. The program of providing migrant children with day-care services has been arranged so as to begin in October of this year. It would be a continuing program and would phase out at the end of fiscal year 1964, the beginning of fiscal year 1965.

Mr. KERR. Mr. President, will the Senator yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. KERR. I believe the Senator from New Jersey intended to say that the program would terminate at the end of fiscal year 1965.

Mr. WILLIAMS of New Jersey. At the end of fiscal year 1965.

Mr. KERR. June 30, 1965.

Mr. WILLIAMS of New Jersey. The Senator is correct.

Mr. HOLLAND. Mr. President, will the Senator from New Jersey yield?

Mr. WILLIAMS of New Jersey. I am happy to yield to the Senator from Florida.

Mr. HOLLAND. Do I correctly understand that the amendments now offered to the more general bill are the same as S. 1131?

Mr. WILLIAMS of New Jersey. That is correct; with the exception that its time of life has been limited. It will end on June 30, 1965.

Mr. HOLLAND. In other words, the Senator's proposal sets up the same machinery and puts it on a trial basis, so far as time is concerned?

Mr. WILLIAMS of New Jersey. That is correct.

Mr. HOLLAND. I wish to voice my appreciation of the long, persevering, and even determined efforts of the distinguished junior Senator from New Jersey in this field. Sometimes his efforts have led into fields where I could not follow him; but in this particular effort I think every Senator will find it possible to follow the Senator from New Jersey, because there is not a doubt in the world that day-care schools for the children of migratory workers in the various States which have established them, including Florida, have shown their very great value. There is not a doubt in the world that the young children of the dayworkers who migrate from place to place in the pursuit of their livelihood in serving our seasonal agricultural industries need this kind of service.

I am glad to join with the Senator from New Jersey in this effort. I hope that the gracious act of the Senator from Oklahoma [Mr. KERR], who is handling the bill, in accepting the amendments, means that this program is now safely on the track to becoming law in the near future.

I thank the Senator.

Mr. WILLIAMS of New Jersey. I thank the Senator from Florida; and I wish to state that without his guidance, his counsel, and his cooperation, this measure and two or three others would not be as advanced as they are.

Mr. JAVITS. Mr. President, will the Senator from New Jersey yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. JAVITS. I am very glad to be a cosponsor of this amendment; and I wish to say that in the Finance Committee the leadership of the Senator from New Jersey has added greatly to the development of these provisions. I am a member of the subcommittee on which the Senator has done such great work in dealing with migratory labor; and the provisions of this amendment are most important in connection with our work in this field.

This is a most humanitarian measure, and I think the Senator from New Jersey is to be congratulated on having this amendment worked out in so wise a way, in connection with this most important field.

I thank the Senator from New Jersey.

Mr. WILLIAMS of New Jersey. Mr. President, I wish to state how helpful and cooperative the senior Senator from New York has been. I also wish to state that the chairman of the Finance Committee has been most cooperative, both this year and last year, in trying to find a way to bring this measure to the floor of the Senate.

Mr. JAVITS. I thank the Senator from New Jersey.

Mr. CURTIS. Mr. President, will the Senator from New Jersey yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. CURTIS. Will the Senator point out the language in regard to termination?

Mr. WILLIAMS of New Jersey. The termination language is in the copy which is at the desk. This was worked out within the last hour.

Mr. CURTIS. So it is not in the printed copy?

Mr. WILLIAMS of New Jersey. No, but it is in the official copy which is at the desk.

Mr. CURTIS. And the proposal will end at that time?

Mr. WILLIAMS of New Jersey. Yes, in June of 1965.

Mr. CURTIS. Is it anticipated that the need for it will be over then; or is this suggested as more or less of a temporary trial run, so that it can be looked at again at that time?

Mr. WILLIAMS of New Jersey. It is difficult to say how many States will avail themselves of the program. Of course, it is a relatively low matching program, and the States will have to put in considerable amounts of their own resources. After making those investments, probably they will wish to continue the program, because it really involves a small investment in order to take care of the many day-care needs of these migratory children. So I hope the States will continue this with their own programs.

Mr. CURTIS. Does the Senator from New Jersey anticipate that it will or will not be continued after 1965?

Mr. WILLIAMS of New Jersey. I would not wish to be dogmatic about the matter, either one way or the other; but I certainly hope the States will devote their resources to the program; and once they do, I hope they will continue the program.

Mr. CURTIS. I thank the Senator from New Jersey.

Mr. KERR. Mr. President, on the basis of the changes in the amendment of the Senator from New Jersey, I recommend that the amendment be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Jersey.

The amendment was agreed to.

Mr. MOSS. Mr. President, on behalf of the Senator from Indiana [Mr. HARTKE], I call up the amendment identified as "5-24-62—H" and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 55, between lines 2 and 3, it is proposed to insert the following:

> (e) The increase in the Federal share of public assistance payments provided for in this section shall be paid to the States only upon the condition that the money payments received by recipients of old-age assistance, aid to the blind, and aid to the permanently and totally disabled shall be increased by the full amount of the increase in the Federal share.

Mr. MOSS. Mr. President, the Senator from Indiana [Mr. HARTKE] is unable to bring up this amendment, since he is absent from the city, on official business. The amendment provides that the increase in Federal matching funds for the aged, blind, and disabled which is provided for by section 132 of the bill must be passed on to recipients, rather than be absorbed by the States.

The bill as reported provides for an increase of about $4 per recipient, plus continuing the $1 increase given on a temporary basis last year. This is a most modest increase, and one to which our needy, aged, blind, and disabled are certainly entitled. The national average payments in these three categories now are hardly enough to provide a bare level of existence—$76.35 for the blind, $72.08 for the aged, and $71.33 for the disabled.

At this income level, if 50 percent of the total amount of aid were allocated for food, which is about average, a blind aid recipient receiving $76.35 per month would have $38.17 per month for food. This is approximately $1.27 per day. In this age of high prices and rising cost of living, how can a person eat three meals a day on $1.27?

As H.R. 10606 is presently written, the language which provides for the increase in Federal matching funds for the aged, blind and disabled, contains no guarantee that this additional money going to the States will be passed on to the aid recipient. The State could, if they wished, use the increase in some other way, such as to meet the increased costs of new cases which are coming on the rolls.

Let me quote from a publication of the U.S. Department of Health, Education, and Welfare, Social Security Administration, entitled "State and Local Financing of Public Assistance, 1935–55." The third paragraph on page 18 reads:

> While Congress intended to benefit individual recipients by the three amendments, the Federal matching formula is related to total State and local expenditures and not to individual payments. Thus a specified increase in the Federal share does not necessarily mean that each recipient receives an increase in his assistance payment equal to the Federal increase. When the Federal share is increased, States use the additional funds in one or more ways. Some use the full amount of the increase to raise payments to recipients of the special types of public assistance. If State funds are limited and caseloads are increasing, however, a State may use only part of the money (or perhaps none of it) to raise assistance payments and use the rest (or all) to meet the costs of the growing assistance rolls. Furthermore if a State is already meeting need for the special types of public assistance in full, as defined in the State's assistance standards, it may see no need or justification for increasing assistance payments and may reduce State and local spending when the Federal share goes up. The State may prefer to transfer State and local funds to another program—where perhaps need is being met less nearly adequately than in the federally aided programs.

In other words, the Federal matching formula is related to total State and local expenditures, and does not assure in any way that the $4 increase we are authorizing here today, along with the $1 increase we are making permanent, will reach the relief recipient. If any State does not see any justification for raising assistance payments in any category, that State may simply reduce State and local spending, and fill in the Federal amount to keep benefits at the same level; or the State can use for some other assistance area the increase intended for the needy blind.

I feel that when Congress passes a bill to give the needy blind, or the needy disabled, or needy aged, an increase—regardless how small—and when all of the newspapers and other news media carry the story, the people who have been led to believe they will get that increase should have it, in this instance as soon after October 1 as possible. The fact that this is the congressional intent has been made very clear. The Senate Finance Committee report on this bill—H.R. 10606—says, on page 9:

> The committee expects, and, on the basis of experience after prior increases of this type, believes that the additional funds that would be available will be used by States to improve payments to persons who are receiving assistance under the programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled.

I realize that there are differences between the States in the extent of their need, and that if this amendment were passed it would force some States to make changes they may not want to make in their procedures. But we are only talking about a pitifully small increase of $4 a month for each recipient, and there is not a single State where our aged and our blind and our disabled could not put this to urgent use in a dozen different ways. Also, may I point out that this amendment relates only to the Federal contribution to these programs—not to State funds. It simply states that the amount the recipient is now receiving must be increased by $4—plus the $1 temporary increase voted in 1961. We are not dictating to the State what disposition it must make of State funds in this respect. Nor are we trying to dictate to the State what assistance standards it shall set.

The amendment I am offering is merely an attempt to assure that the intent of the Congress shall be carried out—and within a reasonable time.

I understand that the time between the effective date of the amendments and the date by which States raise payments by the entire Federal addition has tended to increase with successive amendments. After the 1948 amendments were passed, most of the States had raised payments to include the entire Federal addition by the end of 1948. But that in the case of later amendments it has taken 3 years for the majority of the States to reach the new levels provided, and in a few States, the full increase has never been reached.

I know that it is argued that eventually the vast majority of the States pass on the increases to relief recipients—in one form or another—but I feel this amendment should be passed to inform the States that the Congress wishes to have the full amount of the increase passed on directly to the recipient, as expeditiously as possible within the bounds of State administrative processes and laws.

Mr. CURTIS. Mr. President, will the Senator yield for a moment?

Mr. MOSS. I am happy to yield.

Mr. CURTIS. Has the amendment to which the Senator is speaking been printed?

Mr. MOSS. It has been printed; yes.

Mr. CURTIS. What is the number of it?

Mr. MOSS. It is identified as "6-28-62—H."

Mr. CURTIS. No copies seem to be available.

Mr. MOSS. I sent my only copy to the desk when I started.

Mr. CURTIS. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Does the Senator from Utah yield the floor?

Mr. MOSS. Yes; I yield the floor for a discussion on the amendment.

Mr. CURTIS. Mr. President, may I inquire if it is the intention of the distinguished Senator from Utah to ask for a vote on his amendment this afternoon?

Mr. MOSS. Yes; I had expected to ask for a vote—not necessarily a yea and nay vote.

Mr. KERR. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. KERR. I may say to the Senator from Nebraska that the Senator from Oklahoma opposes the amendment, and I shall discuss my reasons for my opposition at some length, if that is the question the Senator from Nebraska had in mind.

Mr. CURTIS. It is not my purpose to speak to the merits or demerits of the amendment at this time. I am concerned about the procedure. Tomorrow is a holiday. I believe all Senators had an understanding that there would be no votes today. If a vote is pressed for on any amendment that is not acceptable to the Committee on Finance, I shall insist on a live quorum.

I yield the floor.

Mr. MILLER. Mr. President, will the distinguished Senator from Utah yield so I may ask a question or two about this amendment?

Mr. MOSS. Certainly; I shall be happy to answer the Senator.

Mr. MILLER. As I understand the amendment, it is designed to prevent the Congress from passing legislation which has as its objective the improvement of the status of our old age and blind recipients in the States and having that objective frustrated by a State making a determination that the increase voted by Congress will not be passed on to the individual recipient. Is that the objective?

Mr. MOSS. The Senator is correct; that is the objective. There have been instances at times in the past where there has been an increase in the Federal contribution which has never reached the recipient, and which has caused a great deal of distress and misunderstanding.

Mr. MILLER. How is that possible where we have matching funds of the States and Federal Government involved?

Mr. MOSS. The Federal money, as I understand, has to be matched by State money, but it does not have to be applied to a specific program. The State may have several programs—dependent children, blind, disabled, general welfare—so, rather than apply the matching funds to a given program, the funds may be diverted to another welfare program, for example.

Mr. MILLER. Let us take as an example an old-age recipient receiving $100 a month in my State of Iowa. Because of increases in the cost of living, Congress reaches a determination that $100 a month is not adequate; it adopts a provision for $105 a month, for example. So the Congress, in order to meet that problem, makes an appropriation and amends the law to see to it that that old-age recipient gets $105 a month.

Mr. KERR. Mr. President, will the Senator yield on that point?

Mr. MILLER. I yield.

Mr. KERR. I would remind the Senator that the amendment referred to by the Senator from Utah does not operate on that basis. The Federal Government does not determine the amounts that meet the needs of the beneficiaries in the several States. That determination is made by the individual States. The amendments to which the Senator has referred have not been in the form of increases in payments from, for example, $100 to $105. They have been in the form of increasing the amount of money which the Federal Government would provide to the States in the event the States matched those funds, and would be added to whatever amount a particular State might be paying to its beneficiaries. As I understand, such amounts vary from somewhere in the average amount of $30 or $40 a month to $100 a month. So the amendment would not be in the form which the Senator from Iowa indicated as the basis for his question.

Mr. MILLER. I thank the Senator from Oklahoma. The Senator inferred that that was the specific way of doing it. What I was trying to get at was the intention of Congress in this legislation. I assume that in working up this particular proposal the committee staffs had come to the conclusion that some additional benefits are needed by aged and blind recipients, and in order to reach a conclusion on how much should be appropriated, they have tried to hit upon some kind of a standard, and there is a determination on the part of the committee that benefits should be increased by $5 a person.

In the State of Iowa, for example, the payment might be increased from $100 to $105. In the State of Utah, which might have a lower base, it might mean an increase from $65 to $70. The intention of the specific proposed legislation is to improve the status of the recipients by an average of $5 per person.

With that as a background, as an objective, do I correctly understand that some of the States have frustrated that objective by working out an allocation formula of some kind which does not increase the payment from $65 to $70, perhaps, in the State of Utah, or from $100 to $105, perhaps, in the State of Iowa.

Is this the background for the amendment?

Mr. MOSS. Yes. That is the problem to which the amendment is directed.

As I pointed out in my discussion, although usually the increases have been passed on, there have been increasing periods of delay, sometimes requiring 3 years before there is an increase to the recipient. In some States the increase has never been effective when it has been granted by the Federal Government.

The amendment is designed for the simple purpose of requiring States which receive added amounts from the Federal Government to pass those amounts on, to get them to the recipients so that the recipients will have the benefits from them.

When the Congress makes the decision that there is a need for additional money, it does not wish to have the program short-circuited, to have the money sent elsewhere or used for a purpose other than giving aid to the recipient.

Mr. MILLER. May I ask the Senator whether he has any statistics in regard to the history of this type of legislation, on the basis of which he feels that the amendment is desirable?

Mr. MOSS. I quoted rather extensively from the report from the Department of Health, Education, and Welfare, which indicated that this had happened before. I quote now from a document called "State and Local Financing of Public Assistance, 1935–55." It is dated in August of 1956.

I begin reading on page 18, the second paragraph:

> The congressional intent in passing the 1946, 1948, and 1952 amendments was primarily to benefit recipients of the special types of public assistance rather than to decrease State and local spending for public assistance. Because of this intent and because of the effect the amendments had on Federal spending compared with State and local spending and fiscal effort, a closer look at public assistance in the period 1946–

> 55 seems worth while in appraising the Federal and State-local financial roles.
>
> While Congress intended to benefit individual recipients by the three amendments, the Federal matching formula is related to total State and local expenditures and not to individual payments. Thus a specified increase in the Federal share does not necessarily mean that each recipient receives an increase in his assistance payment equal to the Federal increase. When the Federal share is increased, States use the additional funds in one or more ways. Some use the full amount of the increase to raise payments to recipients of the special types of public assistance. If State funds are limited and caseloads are increasing, however, a State may use only part of the money (or perhaps none of it) to raise assistance payments and use the rest (or all) to meet the costs of the growing assistance rolls. Furthermore if a State is already meeting need for the special types of public assistance in full, as defined in the State's assistance standards, it may see no need or justification for increasing assistance payments and may reduce State and local spending when the Federal share goes up. The State may prefer to transfer State and local funds to another program—for example, general assistance—where perhaps need is being met less nearly adequately than in the federally aided programs.

That is the basis for the amendment. The purpose is to prevent the increase from being cut off, as it were, between the Federal Government and the recipient.

Mr. MILLER. I thank the Senator from Utah. While I wish to hear both sides of the argument on this particular amendment, and I look forward to hearing the rebuttal by the distinguished Senator from Oklahoma, I want the Senator from Utah to know that I have observed this type of problem in previous years in my own State, and I am favorably inclined toward his amendment.

Mr. MOSS. I thank the Senator from Iowa.

Mr. CURTIS. Mr. President, will the distinguished Senator yield?

Mr. MOSS. I yield.

Mr. CURTIS. Is the amendment the Senator has offered an amendment to H.R. 10606?

Mr. MOSS. The Senator is correct.

Mr. CURTIS. I hold in my hand a print of that bill, Calendar No. 1549. Can the Senator inform the Senate as to where in the bill the amendment would appear?

Mr. MOSS. I am unable to indicate the exact location in the bill, since the amendment was printed before this particular printing of the bill was completed. It would have to be printed at an appropriate point. I do not have that information readily at hand. It is a general provision, however, and it would appear somewhere near the end of the bill.

Mr. CURTIS. The amendment refers to page 55. There are 102 pages in the bill.

Mr. MOSS. Unfortunately, I have given out all the printed copies of the amendment I had. I no longer have one at my desk.

Mr. CURTIS. I have one which I ask the page to take to the Senator.

Mr. MOSS. I thank the Senator.

Obviously, the reference to the line and the page does not coincide with the printing of the bill as it is now numbered and divided. This is a committee print. Many things have been stricken out, and new language has been written in.

Mr. CURTIS. Mr. President, will the distinguished Senator yield further?

Mr. MOSS. I yield.

Mr. CURTIS. The amendment says, "The increase in the Federal share of public assistance payments provided for in this section," and so on.

Mr. MOSS. Is the Senator referring to the increases carried in this proposal now before the Senate or to all the increases which have been enacted by law in the past to the original section?

The intention is to include under the amendment the increases proposed by the bill which amount, as I understand, to $4 per person in the three categories of disabled, blind, and dependent children, and also the $1 increase which was temporarily granted last year but under the bill would be made permanent, resulting in a total of $5 per welfare recipient.

Mr. CURTIS. In other words, if the amendment is agreed to, it would apply to the increases included in the pending proposal and not to prior measures?

Mr. MOSS. The Senator is correct.

Mr. CURTIS. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. Moss].

Mr. CURTIS. Mr. President, unless the amendment is acceptable to the Committee on Finance, it is my intention to insist upon a "live" quorum.

Mr. KERR. Mr. President, the amendment was considered by the committee at great length. As I understand, an amendment in one form or another which would achieve the object of the amendment of the Senator from Utah has been considered by the Committee on Finance many times. No such amendment has ever been adopted, for many reasons. The committee, both in connection with its own deliberation and based upon advice and information received from representatives of the Department of Health, Education, and Welfare, has found that it is very difficult to develop a workable provision because of complex administrative and fiscal problems involved. Various factors in individual State programs and circumstances make the effect of such requirement difficult to predict. Caseloads may be rising or declining. State and local funds may become more limited, or additional funds may become available.

The provision would require elaborate bookkeeping and auditing devices to determine whether the proportionate increases in money payments to recipients were properly made.

States claim Federal matching on estimates of future expenditures and cannot make those with exact accuracy. Thus, a State intending to meet the condition for receiving the increase in Federal funds could fail unless, to be safe, it raised money payments well above the amount needed to meet the condition.

The distinguished Senator from Utah made very clear that the increases provided by the Federal Government in past years have in effect, in most instances been passed on. The record of the Department of Health, Education, and Welfare indicates that increases to the extent of 95 percent have been passed on to the recipients either shortly after the increase was provided or within varying lengths of time. In all cases it was within a limited time.

I think the amendment in the form presented not only would be unworkable on the basis of any formula or specifications of administration thus far developed by the Department of Health, Education, and Welfare, but also could result in extreme discriminations and unjust results as between States.

For example, let us suppose a situation involving two States, one of which has recently gone through the process of increasing payments to its beneficiaries. Perhaps in that State local taxes have been increased in order to bring funds or revenue into the welfare fund out of which increases could be paid to the beneficiaries. Perhaps such State has recently passed through such an experience, and at the time of the passage of the bill it might be really straining its financial resources to carry out the provisions of an increase that had just been provided.

It might well be that another State had been lagging behind and had not provided, updated, or improved its program to move in order to more adequately meet the needs of the beneficiaries in that State.

Perhaps the first State could not take advantage of the proposed increase, having strained its financial resources in order to provide increases on the basis of matching funds already available. Under those provisions of the bill of that State, for the time being and until its resources or revenues increased or reached a more favorable posture, could be penalized, though it had already gone far beyond what many other States had been doing to meet the needs of its people.

At the same time, a State which had been slow in moving forward, but which had funds available, could take advantage of the proposal at very little, if any, cost to itself.

One of the basic principles of our assistance program is that it shall be participated in by the States on the basis of budgeted needs arrived at by the States which, as Senators know, are different in all of the States. I know of no two States that have exactly the same specifications and the same budgetary formula.

Therefore, as I see it, in the first place, the amendment would be unworkable. That has been the evidence submitted by the Department of Health, Education, and Welfare representatives before our committee every time the question has been brought before us. It would result in injustice as between the States. It would interfere with the operation of the programs by the States.

For those reasons the Senator from Oklahoma, stating a position consistent with that which the Committee on Finance has taken without exception, urges that the amendment be rejected.

Mr. MOSS. Because of the opposition on this question and the necessity of taking it to a vote, and because of the obvious fact that a considerable number of Senators are unable to be present today because of other commitments, although I am perfectly willing to discuss the amendment further, if there is further discussion, I announce that I intend to withdraw the amendment at this time and call it up again on Thursday, or whenever the Senate returns to the discussion of the bill, when it is possible to have a representative vote on it. If there is any further discussion I shall not withdraw it at this point, but I will withdraw it when the discussion has been completed.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. MOSS. I am glad to yield to the Senator from Iowa.

Mr. MILLER. Mr. President, I should like to ask the Senator from Utah a question. Earlier in the colloquy he read from the report with respect to the intention of Congress in connection with previous increases by Congress. Is there anything in the report of the Committee on Finance with respect to the bill or anything else in the legislative history regarding the bill that we can point to as evidencing the intention of the Congress that this additional money be passed on to the individuals we have been discussing, so that we can relate this amendment clearly to the intention of Congress?

Mr. MOSS. There is a statement in the committee report on the bill.

Mr. MILLER. Will the Senator please indicate the page number from which he is reading?

Mr. MOSS. This is at page 9 of the committee report. It reads:

> The committee expects and, on the basis of experience after prior increases of this type, believes that the additional Federal funds that would be available will be used by States to improve payments to persons who are receiving assistance under the programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled.

That language expresses the committee's hope and belief. However, this is still limited somewhat by the statement that it is expected that this will improve the payments to persons. The committee does not go so far as to say that the amount of the increase will be passed on.

Mr. MILLER. Of course this is what the Senator's amendment is designed to make sure of. Is that correct?

Mr. MOSS. To pin it down to the amount; yes.

Mr. MILLER. I thank the Senator.

Mr. MOSS. At this point I withdraw my amendment, but I give notice that I expect to call it up again when the debate is resumed on another day.

The PRESIDING OFFICER. Without objection, the Senator withdraws his amendment.

PROXMIRE AMENDMENT TO SUGAR BILL SAVES $8,400,000

Mr. PROXMIRE. Mr. President, I submit an amendment to the Mansfield amendment to the bill relating to the sugar act. The Senator from Montana's amendment provided additional discretionary quotas in the hands of President Kennedy so that the situation in Argentina and in the Dominican Republic may be handled more satisfactorily.

My amendment would have the advantage of saving $8,400,000 for the American taxpayer in Treasury payments, and of retaining an additional 150,000 tons in the global sugar quota—to be bought at world prices and kept available for Cuba in the event Cuban Communists are overthrown. The global quota under my amendment would remain at 1,635,000 tons. If my amendment fails it will be reduced to 1,485,000 tons.

Presidential discretion to allocate 150,000 tons would be secured by eliminating the following quotas which were allocated in the conference report adopted Monday, July 2.

At the present time Australia has a quota of 40,000 tons. That quota would be completely eliminated. So would the quota for India, which under the conference report has a quota of 20,000 tons. South Africa's 20,000 tons would be eliminated, as would the 10,000-ton allotment of the Fiji Islands. The Netherlands would have its allotment of 10,000 tons eliminated. In the category of "other countries" the allotment of 11,332 tons would be eliminated.

None of the above countries is located in the Western Hemisphere. On the basis of the hearings and the debate, it seems clear to me that while perhaps a case could be made out for premium prices being paid to countries in this hemisphere or to countries which traditionally have supplied sugar to this country, a case for providing additional quotas for countries outside the Western Hemisphere is peculiarly weak.

There is at least one country in the group which is not an exporter of sugar. Wealthy sugar speculators in that country would be buying sugar from Cuba at the world price and selling the same sugar at the premium price to the United States, thereby making a windfall, handout, painless, unjustified profit.

In addition the quota for the Republic of China would be cut back from its 35,000 ton conference allotment to its historical base of 3,000 tons or by 32,000 tons.

No Western Hemisphere countries would be cut back, other than Canada, which is included in the above listing with a small allotment under "other countries," with the exception of three dependencies which already receive premium sugar prices from their mother countries:

British West Indies would be cut back from its present 90,000 tons by slightly more than 5 percent or by 4,668 tons.

French West Indies would be cut back from their present 30,000 tons by 5 percent or by 1,500 tons.

British Honduras would be cut back from its present 10,000 tons by 5 percent or by 500 tons.

Mr. President, my amendment would provide the President with authority to allocate to Western Hemisphere countries the 150,000 tons of premium sugar that he believes necessary in the wake of Congress' decision to continue the practice of handing out quotas to various countries.

I propose that the 150,000 tons be taken from quotas given new suppliers outside the Western Hemisphere, countries which are basically importers of sugar, and those Western Hemisphere producers who receive premium sugar prices under other preferential sugar programs.

In accomplishing what the President desires, I believe my amendment is much closer to the spirit of the administration's overall sugar policy and, therefore, superior to the amendment offered by the distinguished majority leader, the senior Senator from Montana [Mr. MANSFIELD].

In the first place, my amendment would save the taxpayers about $8.4 million. The Mansfield amendment proposes to take the 150,000 tons from the 1.6-million-ton global quota, thereby reducing, by that amount, sugar upon which the Treasury is to recover the quota premium. With the quota premium today running about $56 a ton, the Mansfield amendment would prevent the Treasury from collecting $8.4 million. My amendment would not touch the global quota.

Second, my amendment would preserve at 1.6 million tons, the already depleted quota that would be available to Cuba. The Mansfield amendment would cut this by another 150,000 tons. I wish to add at this point, Mr. President, that some Senators may believe they are doing harm to Castro by this dissection of Cuba's U.S. sugar quota. I remind them that today Castro cannot sell 1 pound of sugar to this country. The government that is being harmed is the one that we hope eventually will replace Castro and will lead Cuba back into the free world. That government will need the economic assistance that would come from being able to sell a majority of the 5-million-ton Cuba sugar output in the United States at world market prices, or better.

Third, Mr. President, by eliminating five new quota countries and one old quota country—which is a net importer of sugar—all of whom are outside this hemisphere, we relieve our Government of the pressures that could develop from our support, through a premium subsidy, of their sugar industries.

I should like to emphasize that relieving our Government of this pressure is relieving us, not of just $8,400,000 a year, but of a cost which will be a great deal more than that, both in the first year and throughout the years, because we know that if anything is true, it is that once a subsidy is begun and once such a commitment is made to a foreign country, it is impossible to retract it without a great deal of difficulty, and also without running a serious risk of causing that country to become unfriendly.

I should like to discuss each of those countries for just a moment.

Australia's 40,000-ton quota would be eliminated. Australia has a Commonwealth sugar quota of 600,000 tons, 300,000 of which she sells to the United Kingdom at a premium price comparable to our own. The remainder goes to other Commonwealth countries at the world market price, plus a favorable tariff concession which comes to about 1 cent a pound. Australia sells over 150,000 tons outside the Commonwealth agreement at world prices. With a carryover of 700,000 tons, Australia could readily sell sugar to us at world prices without a premium.

India's new 20,000-ton quota would be eliminated. India has developed a domestic sugar industry which, with government aid, has aimed at getting into the export business as a means of raising foreign exchange. From 1959 to 1961, India's production rose over 1 million tons, while domestic consumption remained almost constant. Our 20,000-ton premium quota would be only an aid gesture, and I think would better be handled in foreign aid legislation. With carryover stocks of over 1.5 million tons, India could very well compete on its own for part of our global quota.

South Africa's 20,000-ton quota would be dropped. When South Africa resigned from the Commonwealth over her apartheid policies, she lost her privileges under the Commonwealth sugar agreement. By purchasing her sugar at premium prices, we would just be picking up where the Commonwealth left off—in effect, giving support to her apartheid policies, through support of her sugar industry.

Mr. President, as the distinguished senior Senator from Oregon [Mr. Morse] the chairman of the Latin American Subcommittee of the Foreign Relations Committee, said on the floor of the Senate yesterday, based on his expert experience in this field, this would be a very serious mistake. It would hurt us dramatically at the United Nations; and the other countries of the United Nations, especially those in Africa and Asia which have supported us in the past, and which are deeply opposed to the apartheid policies, would feel that they would have to oppose us.

Fiji's 10,000-ton quota would be eliminated. Fiji has a 1962 quota, under the Commonwealth sugar agreement, of 134,000 tons, which brings her a premium payment from the United Kingdom. This covers over 80 percent of her exports. Our 10,000-ton quota would put almost all of Fiji's sugar export capacity under preferential sales agreements.

The Netherlands would lose its 10,000-ton quota. The Netherlands position in the U.S. sugar program stems from its shipments of sugar in the early twenties. All the Netherlands' shipments up to now have been refined sugar, and apparently its quota is in violation of provisions in the recently passed Sugar Act which bar importation of refined sugar. In addition, the Netherlands is a net importer of sugar—over 140,000 tons in 1961, of which approximately 30,000 tons were from Castro's Cuba.

Mr. President, is there any sense in that? Why in the world should we buy sugar from the Netherlands when the Netherlands is an importer of sugar and is purchasing sugar from Castro's Cuba? Does that make any sense? The Netherlands buys the sugar at the world price, but sells it to us at a premium price. I think the world of the Dutch; they are wonderful people. But talk about a giveaway. This is the grossest kind of giveaway, without any kind of rational Government policy of helping all the people. Instead, it would simply help a few producers, who, as we have seen, are enormously wealthy and are characterized by two things: high profits and the low wages they pay those who work for them.

My amendment would also take away the 10,000 tons that have been eased into the Sugar Act for Ireland. I would note, Mr. President, that the Mansfield amendment that is directed, supposedly, at helping the Dominican Republic, Argentina, and Peru, contains no less than two paragraphs that have the effect of preserving the 10,000 tons of refined sugar that are aimed at Ireland.

Apparently no one knows why the Irish, who are net importers of sugar, have come into this 10,000-ton bonus. In 1960, the latest figures available to me, Ireland imported 30,000 tons of sugar with no less than 22,000 tons coming from Castro's Cuba. For all we know, Mr. President, Ireland may be shipping us refined Cuban sugar at U.S. premium prices.

The China quota would be cut from the 35,000 tons granted in the new legislation to the 3,000 tons that China has traditionally held in the U.S. market. There is no reason to purchase additional sugar from a supplier that is as distant from us as is China, except in the case of the Philippines.

It can be said that in the case of Formosa we are very anxious that the Formosan economy succeed and that we help it. We are. We are providing enormous help, through economic aid and defense support, to the Chinese Republic on Formosa, and we should do it, in my judgment; but to provide this additional handout or giveaway, not on any rational basis, but merely because everybody else is getting it, to me makes no sense.

The quotas of the British West Indies, British Honduras, and the French West Indies have each been cut by 5 percent.

As a matter of fact, the British West Indies were cut slightly more than 5 percent.

The reductions were made on these three Western Hemisphere producers since each of them already participates in a preference market. With the granting of a U.S. quota, each would become a recipient, in effect, of subsidies from two governments.

I am submitting my amendment at this time, and I ask unanimous consent that it may be printed in the Record.

The PRESIDING OFFICER (Mrs. Neuberger in the chair). The amendment will be received and printed and will lie on the table; and, without objection, the amendment will be printed in the Record.

The amendment, ordered to be printed in the Record, is, as follows:

In lieu of the matter proposed to be inserted by the amendment, insert the following:

"Sec. 2. (a) Section 202(c)(3) of the Sugar Act of 1948, as amended, is amended to read as follows:

"'(3)(A) The quotas for foreign countries other than the Republic of the Philippines determined under paragraphs (1) and (2) of this subsection shall be prorated among such countries on the following basis:

"'(B) From the quantity not prorated under subparagraph (A), the President is authorized to allocate to countries within the Western Hemisphere all or any portion of the quantity of sugar not prorated under subparagraph (A).'

"(b) The amendments made by this section shall be effective as if they were enacted as a part of H.R. 12154 entitled 'An Act to amend and extend the provisions of the Sugar Act of 1948, as amended', Eighty-seventh Congress, second session."

Amend the title so as to read: "An act to amend the act relating to the importation of adult honeybees, and to amend certain provisions of the Sugar Act of 1948, as amended."

PROXMIRE $247,105,000 REDUCTION IN HEW APPROPRIATION

Mr. PROXMIRE. Madam President, I am submitting an amendment to reduce the appropriations for the Department of Health, Education, and Welfare. The appropriation bill containing appropriations for this Department is now on the Senate Calendar, and I understand that it will be brought up in the very near future; if not on Thursday, early next week.

My amendment would reduce the appropriations for the Department of Health, Education, and Welfare by $247,105,000. It would cut back each expenditure in the appropriation bill to the level requested by the administration.

While my past efforts to reduce this appropriation have failed, the administration's unfortunate experience with these excessive appropriations in recent years should persuade the Congress that the time has come to blow the whistle on this deliberate extravagance.

Last year appropriations over what the President requested were not only protested by the administration; Secretary Ribicoff properly refused to spend some of the funds. Other funds were not expended because it was impossible to program the unexpected bonanza of money the Congress had forced on the administration.

On Monday the Fountain subcommittee provided the conclusive reason why the Congress should stop this excessive spending when it reported on the poor management by the National Institutes of Health and declared that "Congress has been overzealous in appropriating money for health research," with pressure for spending from skyrocketing appropriations resulting in waste.

In a personal comment, Chairman Fountain added that, "until NIH is capable of ministering these research funds in a manner which will assure their careful and proper use, I believe the Congress should hold the appropriation for these programs at the present level, and should not in any event, appropriate more than the President has requested."

The amendment, at least in part, is in response to that advice from the chairman of the subcommittee in the House, who has taken considerable time and expended much effort to study and consider appropriations for the National Institutes of Health, and who has made this outstanding report in connection with the mismanagement of these funds.

The great difficulty is that there is no question that it is politically unpopular for anyone to vote against research in cancer, heart disease, or mental illness no matter how high. All of us feel strongly that we should do all we can do effectively to combat these dread illnesses.

However, when the administration is headed by a President who served, when a Senator, on the Committee on Labor and Public Welfare in the Senate and who, as we all know, has great compassion and understanding and appreciation of health research, and the Department of Health, Education, and Welfare is headed by a former Governor of Connecticut, Abraham Ribicoff, a nationally known liberal, who also has a heartfelt compassion and deep interest in these things, and they recommend a certain amount for the appropriation, it seems to me to make no sense for Congress to say that it feels even more strongly in this matter and to appropriate funds which are not requested.

Madam President, in every case the budget estimate in which my amendment would reduce appropriations is well above the 1962 level of agency expenditure, although in a few cases 1962 appropriations exceeded the budget request. The reason for that is that the Department last year could not spend a part of the appropriation, and as to the rest of the money, the administration decided it was unwise to spend it, and therefore restricted it. In spite of that, the administration requests this year are substantially larger than last year's expenditures, and these appropriations, even when cut back by my amendment, would still result in a substantial advance in Federal spending for health research.

The PRESIDING OFFICER. Without objection, the amendment will be received and printed, and will lie on the table.

THE CASE AGAINST AN IMMEDIATE TAX CUT: PRICE STABILITY

Mr. PROXMIRE. Madam President, the general support that we have heard throughout the country as well as in Congress for a tax cut was joined by the Governors at their conference yesterday. Of course, the Governors are extraordinarily sensitive to the needs of their States and are in important positions of responsibility and political influence. Nevertheless, it seems strange to me that the Governors, who for the part, with some exceptions, have been asking Congress for additional appropriations, for additional expenditures, and for additional aid, and whose most conspicuous action at this conference has been to oppose the administration in its request for economy in the National Guard, should be asking, as they are, for a tax cut.

I wish to emphasize once again that the record shows that if we do have a recession, if we are getting into a recession, the economists who predict that we will get into one virtually unanimously say it will probably be the mildest recession this country has ever suffered; it will be a short one and will have a relatively light economic impact.

A recent analysis by U.S. News & World Report shows that three-quarters of our expenditures throughout our economy are very unlikely to drop at all in any recession; and the other one-quarter, while it does fluctuate, and might go down in a depression is far more likely now to move up in the next 2 or 2½ years. If we recognize this, and then recognize that the predictions of most economists seem to be favorable, not unfavorable; that they expect the economy to expand, not to contract—and only yesterday I placed in the RECORD the findings of the Fortune magazine economists, who predicted that even recognizing the effect of the stock market drop and other adverse developments in the economy, the gross national product will increase by $6 billion in the next fiscal year, the year ending June 30, 1963. This, added to the 7-percent increase in gross national product during the immediately past fiscal year, would mean that in the 2 years ending June 30, 1963, this country will have enjoyed, by far, the biggest dollar increase in its gross national product that it has ever enjoyed in any peacetime year in our history.

Of course, the economy has grown greatly but even from a percentage standpoint, it would appear that these 2 years, 1962 and 1963, will be characterized as among the most rapidly expanding in our history. To call for a tax cut right in the middle of this period, at a time when the budget is unbalanced and will be unbalanced during the coming fiscal year, is not advocating a compensatory fiscal policy. On the contrary, it is advocating precisely the opposite. It is advocating a policy of reducing taxes, a policy of running a deficit deliberately in a period of expansion and a period of prosperity. No economic theory justifies this.

In the second place, I emphasize that this policy runs in direct contradiction to what our monetary authorities are doing. The Federal Reserve Board has cut free reserves by $200 million in the month of June, a very sharp drop. Just this morning the New York Times reported that the average 91-day bill rate rose to a 2-year high last week. Interest rates have been pushed to a high level—higher, according to the New York Times, in the case of the U.S. bill rate, at least, than in the past 2 years, and this is characteristic of interest rates generally.

Under those circumstances, to say that now is the time to reduce taxes does not make any economic sense. One of the strongest arguments in favor of a tax reduction has been that European economies have been thriving, and doing so while following the policy of having their budgets unbalanced and of spending more than they take in. They have indeed pursued far less responsible economic policies than the United States.

The Eckstein study at Harvard University, which puts budgets on a comparable basis, shows that the countries of Europe have not balanced their budgets on a cash basis, while we have. For example, France has had an unbalanced budget in every 1 of the last 10 years, whereas the U.S. budget has been balanced on a cash consolidated basis about half the time.

This morning the Wall Street Journal carries an article that implies at least one interesting answer that economic growth has been much faster in Europe and Japan than in the United States.

For example, in France the 10-year rise in the cost of living has been 42 percent; in Japan, it has been 28 percent. But in the United States, the rise has only been 13 percent.

Furthermore, while these costs have risen in the last 10 years, the immediate prognostication for this country is for price stability over the next 2, 3, or 4 years, because of the fact we have increased competition from Europe; and because, second, we are in a position where our supply, our capacity, our operation, and so forth, has enabled all producers to meet the demands that are made upon them and to compete effectively and be in a position to reduce prices. It seems to me that this article is so pertinent and appropriate that I should quote from it. It points out:

> The cost of services is climbing sharply everywhere. But in America, the average cost to consumers of all durable goods, ranging from automobiles to automatic washers, actually stands today unchanged from a decade ago. The average cost of consumer nondurable goods, such as food and fuel oil, has risen only 8 percent over the same span.

Meanwhile, the article continues:

> Spendable per capita personal income (after taxes) in the United States has leaped about 30 percent in the last 10 years. And the average weekly pay of all factory workers, fast approaching the $100 mark, has climbed nearly 40 percent.

In answer to those who say the United States should follow the European economic policy because it has been working much better, we ought to recognize, in terms of real income price stability, that the U.S. economy has been operating better than the European economy.

For the millions on fixed incomes the U.S. economic superiority is especially marked. But for all Americans this relative price stability is a great, great bonanza.

One very stark and striking example is that refrigerators actually cost 38 percent less today than they did 10 years ago. Also, the storage space of a refrigerator today is about 60 percent greater. In view of the fact that statistics show that 99 percent of American homes have refrigerators, it seems to me that this is significant.

The article points out that a number of other commodities fall within the same category:

> A few days ago, leading U.S. drug producers cut prices on widely used antibiotics by 15 percent to 24 percent. More efficient production and marketing methods made the reduction possible, officials say.
>
> United States Steel Corp. recently revised its pricing of so-called secondary steel products, steels which are off-size or have inferior quality. As a result, United States Steel's price for some of these products has been reduced 15 percent and more, industry sources say. Stainless steel price cuts popped to the news late last week. * * *
>
> Price headlines abroad tell a markedly different tale. Several weeks ago, steel producers in France boosted their prices an average of about 2½ percent.
>
> In Germany recently the price of Volkswagen autos was raised by $60; over the weekend, the company warned of further price increases.
>
> In the Soviet Union, which publishes no cost-of-living index, the retail price of meat was lifted 30 percent and the price of butter was increased 25 percent last month.

Mr. President (Mr. Metcalf in the chair), I think what ought to be realized is that the kind of economic conditions that have prevailed over the last 5 or 10 years are likely to continue in the immediate future. It is probable that the European economy will continue to grow more rapidly than ours, and probably the European cost of living will also increase more rapidly. Our prices will be more stable. Under these conditions it seems to me that the economic policy in this country should be geared for stable growth, not the kind of growth that is based upon a hyperunbalanced budget.

The article in the Wall Street Journal points out:

> The huge capacity in many U.S. industries comes at a time when U.S. households already are saturated with key products and an increasing part of new purchases are for replacement.

We have 99 refrigerators for every 100 families, 90 TV sets, autos for almost every American family.

Our demand is more likely to be stable, not explosive. But in Europe there is quite a different situation.

The article in the Wall Street Journal states:

> In Europe, by comparison, there's still plenty of room for first-time customers.
>
> About 2 of 10 households have TV sets in the 6-nation Common Market of Germany, France, Italy, Belgium, the Netherlands, and Luxembourg.
>
> Less than half the homes in Britain contain refrigerators.

Here is the reason why these countries will continue to grow; it is because they do not have all the consumer goods that we have—the automobiles, the refrigerators, the television sets, and so forth. So of course there is a big market there. As wages there rise—and they have risen sharply, and more sharply than ours have—and as their incomes rise, of course, they will show a record of growth. But it seems to me that any fair and objective analysis will show the difference between the situation in this country and the situation in Europe.

In conclusion, Mr. President, I wish to refer to an editorial published this morning in the New York Times. The editorial deals with the debate on the budget. In discussing the necessity for a debate on the budget, the editorial begins by criticizing "fiscal conservatives," and states:

> To fiscal conservatives, the issue is simple. They see no need for any debate. They demand that the Government practice fiscal discipline by spending no more than it receives. Balancing the budget, they maintain, will preserve the purchasing power of the dollar and strengthen its standing abroad. They reject the administration's criticism that the conventional budget is misleading and inadequate.

The editorial concludes by stating:

> If Congress and the public accepted the "national income budget" to supplement, not to supplant, the traditional budget, we would gain a more precise measure of the Government's impact on the economy.

Of course that is correct. But the fact is that many of us who oppose a tax cut have argued, as I pointed out yesterday, that the fact is that last year the national income accounts budget was out of balance by a billion dollars, and all predictions are that in the coming year it will be in balance at best by a very narrow margin—and this in a period of inflation. So the effect of the budget on the overall economy next year will be expansionary, even if we do not have a tax cut; and if we do have a tax cut, the expansionary effect will be particularly pronounced, and this analysis is based on the national income accounts budget, not the administrative budget.

Mr. President, I ask unanimous consent to have printed at this point in the Record an article entitled "Average 91-Day U.S. Bill Rate Rose to a 2-Year High in Week." The article was published in the New York Times.

There being no objection, the article was ordered to be printed in the Record, as follows:

Average 91-Day U.S. Bill Rate Rose to a 2-Year High in Week

Washington, July 2.—Interest costs of new Treasury short-term securities soared today on the regular weekly sale.

In todays' marketing of the regular issue of 91-day bills, the average discount rate was 2.930 percent, the highest since June 2, 1960, when the rate was 3.184 percent. The average 91-day bill rate was 2.792 percent last week.

The record on the 182-day bills did not go so far back. Today's average of 3.008 percent was the highest since February 23 of this year, when the figure was 3.031 percent. The average rate on the 182-day bills was 3.031 percent a week earlier.

The 91-day bills brought bids of $2,211,408,000. The amount accepted was $1,300,115,000, of which $193,193,000 was on a noncompetitive basis and awarded at the average price.

The high was 99.269, for a rate of 2.892 percent. The low was 99.257, for a rate of 2.939 percent. The average was 99.259, for a rate of 2.930 percent, equivalent to a coupon rate of 2.99 on a full-year basis.

Eighty-one percent of the amount bid for at the low price was accepted.

New York investors bid for $1,645,151,000 of the bills and $883,661,000 was accepted.

The total amount bid for the 182-day bills was $1,202,567,000, of which $700,331,000 was accepted, including $40,750,000 on a noncompetitive basis.

The high was 98.394, for a rate of 2.979 percent. The low was 98.464, for a rate of 3.038 percent. The average was 98.479, for a rate of 3.008 percent equivalent to a coupon rate of 3.10 on a 365-day year.

Four percent of the amount bid for at the low price was accepted.

New York investors bid for $975,997,000 of the issue and $538,197,000 was accepted.

Mr. PROXMIRE. Mr. President, I ask unanimous consent to have printed at this point in the Record the article, to which I have referred, on the cost of living. It was published in the Wall Street Journal.

There being no objection, the article was ordered to be printed in the Record, as follows:

Cost of Living: Its Growth Has Been Much Faster in Europe and Japan Than in United States—Climbing Production Capacity Helps Counter Wage Push but Services Rise Sharply—Refrigerators, Jeans, Steel

(By Alfred L. Malabre, Jr.)

Foreign countries show more "growth" than the United States these days in one way that gets few headlines.

It's growth in the cost of living.

Living costs have increased less in the United States over the last decade than in any other major industrial nation of the free world.

Ever-climbing labor rates the world over tend to force up the price of all things that go into keeping people alive and happy. But in the United States, more so than in most land, swelling production capacity and lightning-fast equipment provide a mighty counterforce to the wage push.

KEY COUNTRIES COMPARED

The table below compares the cost-of-living climb in key industrial nations, including the United States, in the last 10 years. This country's increase is the smallest of the six. It's less than a third of that registered in France, less than half that noted in Britain and Japan.

10-year rise

	Percent
France	42
Britain	29
Japan	28
Italy	22
Germany	18
United States	13

The cost of services is climbing sharply everywhere. But in America the average cost to consumers of all durable goods, ranging from automobiles to automatic washers, actually stands today unchanged from a decade ago. The average cost of consumer nondurable goods, such as food and fuel oil, has risen only 8 percent over the same span.

Spendable per capita personal income (after taxes) in the United States, meanwhile, has leaped about 30 percent in the past 10 years. And the average weekly pay of all factory workers, fast approaching the $100 mark, has climbed nearly 40 percent.

PRESSURE ON PRICES

The fine print of Government statistics pinpoints the pressure that has been weighing on prices of many U.S. goods. Here's what has happened to the average price of some familiar products in this country in the last decade:

A refrigerator costs 38 percent less today than 10 years ago—and its storage space averages about 60 percent greater.

Shampoo preparations are down 2 percent.

A used car is 1 percent cheaper.

A pair of jeans is a scant 1 percent costlier.

Food prices have moved up only 8 percent—despite the rise of semiprepared foods, which ease the housewife's chores.

SOME RECENT REDUCTIONS

Recent news indicates the pressure on many prices in the United States is continuing—meaning still more for the money on many products, as far as the American consumer is concerned.

Norge division of Borg-Warner Corp. recently cut $10 from the price it charges dealers for a 13½-cubic-foot, two-door refrigerator. The appliance now sells for $256 in many stores, down from $278 several weeks ago.

A few days ago, leading U.S. drug producers cut prices on widely used antibiotics by 15 to 24 percent. More efficient production and marketing methods made the reduction possible, officials say.

United States Steel Corp. recently revised its pricing of so-called secondary steel products, steels which are off-size or of inferior quality. As a result, United States Steel's price for some of these products has been reduced by 15 percent and more, industry sources say. Stainless steel price cuts popped into the news late last week.

And soundings of the U.S. automobile industry indicate little change on price tags of 1963 models—though the new cars are expected to be roomier than their 1962 counterparts.

NEWS FROM ABROAD

Price headlines abroad tell a markedly different tale.

Several weeks ago, steel producers in France boosted their prices an average of about 2½ percent.

In Germany recently the price of Volkswagen autos was raised by $60; over the weekend, the company warned of further price increases.

In the Soviet Union, which publishes no cost-of-living index, the retail price of meat was lifted 30 percent and the price of butter was increased 25 percent last month.

Massive, burgeoning capacity to manufacture things man uses has thrown a heavy blanket across prices Americans pay for many products. This productive capacity is well ahead of actual use.

CLIMBING CAPACITY

The table below compares the rise of capacity and production in the United States for several basic materials going into consumer products—metals, textiles, chemicals, and petroleum. The figures are percentages of 1947–49 averages.

[In percent]

	Capacity	*Output*
1951	128	124
1953	144	131
1955	155	131
1957	166	150
1959	182	144
1961	191	131

In the period covered, capacity rose 49 percent, but actual production climbed only 6 percent. The 16-month-old business upturn has lifted output of these materials considerably since 1961, but capacity is still mounting, too, according to estimates.

For a sample of the capacity potential in U.S. factories, hark to husky Judson Sayre, chairman of Borg-Warner's Norge division. "If appliance companies operated around the clock for 3 or 4 months," says the executive, "they'd be able to build enough refrigerators, washing machines and other such goods to supply demand for a year—and then some."

Or look at steel, the chief raw material for such consumer goods as autos and appliances. In 10 years, the Nation's steel producers have increased their capacity by about 50 million tons, or some 45 percent.

The huge capacity in many industries comes at a time when U.S. households already are saturated with key products and an increasing part of new purchases are for replacement.

Some 99 percent of the Nation's homes contain refrigerators.

Nine of every 10 homes have TV sets.

About 96 percent of U.S. homes are equipped with washing machines.

For every three persons in the United States there is an automobile. And about 15 percent of the Nation's households already possess more than one car—there are 750,000 families with three cars or more.

ROOM IN EUROPE

In Europe, by comparison, there's still plenty of room for first-time customers.

About 2 of 10 households have TV sets in the 6-nation Common Market of Germany, France, Italy, Belgium, the Netherlands, and Luxembourg.

Less than half the homes in Britain contain refrigerators.

There's about 1 auto for every 25 persons in Italy and roughly 1 for every 10 persons in France, Germany, and England.

MERCURIAL MACHINES

High-speed equipment sharply boosts the output pace of American farmers and factory workers. The rapid machinery helps offset climbing labor rates, which otherwise could drive prices skyward.

"We're building a production line that can turn out 300 refrigerator cabinets an hour," reports Clyde Kaunitz, president of United Welders, Inc., a Bay City, Mich., machinery maker. "The top rate now is about 200 an hour and you were lucky if you could make 40 cabinets an hour 10 years ago." He adds, "There's nothing like what we've got here in foreign plants."

United Welders, in addition, recently began selling carmakers equipment that can produce 900 oil filters for auto engines hourly. Machinery used previously, Mr. Kaunitz says, produced about 250 filters an hour.

FASTER FARMERS

There's proof aplenty of rising productivity in this country—productivity that helps hold the cost of living down.

Some 5 million farmers turned out nearly a third more farm products last year than about 8 million farmers produced 15 years before, working with slower machinery.

About 410,000 steelworkers last year produced 98 million tons of the metal. A decade earlier, 520,000 steelworkers turned out 93 million tons.

Some 879,000 textile millworkers produced nearly 12 million yards of woven goods last year, while 10 years before 1,163,000 workers turned out about 13 million yards. Output declined 8 percent in the period, but the work force shriveled by 24 percent.

Department of Labor statistics show the climb of factory workers' output per man-hour, spurred by new equipment, as well as the rise of their hourly earnings. The totals are based on 1957–59 averages.

[In percent]

	Average hourly earnings	Output per man-hour
1951	75	85
1953	82	91
1955	88	96
1957	97	97
1960	104	104
1961	110	111

Hourly earnings have climbed 47 percent since 1951, the table shows, a swifter rise than output per man-hour. But in recent years, output per man-hour has risen slightly faster than hourly earnings.

Though prices in Europe have climbed more rapidly than prices in the United States, European prices, in many cases, remain below U.S. levels. As production capacity mounts overseas, competition from foreign concerns is sharpening. This adds to the weight on prices of many U.S.-made goods.

"There's no question that tougher competition from abroad, particularly from Japan, adds greatly to the competitive pressure that already exists on the price of radio sets in this country," asserts J. S. Wright, president of Zenith Radio Corp.

An official of Allied Stores Corp., a large department store chain, says, "Women's shoes from Italy, French sweaters, cameras from Germany and Japan—all tend to hold down the price of comparable goods made here."

Mr. PROXMIRE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD two editorials from the New York Times on which I have commented.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

THE BUDGET DEBATE—I

As a corollary to the long-standing debate over how best to spur economic growth, President Kennedy has launched another debate on the basic issue of budget policy.

To fiscal conservatives the issue is simple. They see no need for any debate. They demand that the Government practice fiscal discipline by spending no more than it receives. Balancing the budget, they maintain, will preserve the purchasing power of the dollar and strengthen its standing abroad. They reject the administration's criticism that the conventional budget is misleading and inadequate.

Conservative administrations in the United States have in fact tolerated budget deficits as a necessary evil. No one is disposed to turn the clock back by repealing the Employment Act of 1946, which gives the Government a mandate to promote noninflationary growth. But because conservatives honestly fear any enlargement of the Government's role, they insist on the sanctity of the traditional budget.

However, the Government's impact on the economy cannot be truly measured by the traditional budget. It omits any accounting of the Government's trust funds, such as highway grants and social security transactions, which means that it seriously understates the Government's financial operations. It includes Government loans that will be repaid, which leads to some overstatement. In addition, the familiar administrative budget is largely on a cash basis, although the economy is most affected when tax liabilities are incurred, not when they are collected. Thus, the traditional administrative budget not only fails to give a complete picture, but actually presents a distorted view, magnifying the extent of any deficit and minimizing any surplus.

The national income budget covers a broader range. It does not, incidentally, make a differentiation between current costs and capital expenditures—in such areas as research and education—which is common in Europe. But it does include trust fund operations and it puts tax liabilities on an accrual basis. It gives a much more accurate measure of the economic role played by the budget.

This does not mean that the administrative budget should be junked and the goal of balance abandoned. The traditional budget is still the best means of checking on Federal spending programs to prevent waste and to promote good financial housekeeping. It is an essential tool.

But making use of both kinds of budget would present a clearer picture of what is actually happening. It should strengthen the Government in fulfilling its responsibility without relaxing fiscal discipline. If Congress and the public accepted the "national income budget" to supplement, not to supplant, the traditional budget, we would gain a more precise measure of the Government's impact on the economy.

The Dialogue Begins

The dialogue President Kennedy sought with businessmen has begun in the form of an exchange of letters with David Rockefeller, president of the Chase Manhattan Bank. Their differences, in the main, are in degree, not kind. Mr. Rockefeller urges increased efforts to cut the deficit in our balance of payments and suggests that a higher level of domestic interest rates is needed, along with lower taxes and more effective control over expenditures.

For his part, the President emphasizes the steps taken in these directions, and repeats his willingness to listen to new ideas. Mr. Kennedy also attempts to reassure businessmen by stressing the need to ease the squeeze on profits. As he sees it, the real key to increasing profits is greater utilization of plant capacity. He feels that the administration's tax credit proposal, as well as revision of the Treasury's depreciation rules, will provide the incentive for greater plant investment.

This may be true. But if businessmen are to increase their outlays on plant and equipment while idle capacity is still available, they must first be confident of stronger demand for their products. The key to stimulating demand is to increase the spending power of customers, preferably through a tax cut. This solution has been urged on the administration by both labor and business. Governors Rockefeller, of New York; Brown, of California, and Di Salle, of Ohio, have now added their voices for an immediate tax reduction. A tax cut may not be a new idea, but it remains the most potent way to give the economy a lift.

ORDER OF BUSINESS

Mr. KERR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HICKEY in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCARTHY and Mr. BUSH rose.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. Who has the floor?

The PRESIDING OFFICER. The Chair thought that the Senator from Minnesota was seeking recognition.

The Chair recognizes the Senator from Connecticut.

REPRESENTATIVE TOM CURTIS AND THE ST. LOUIS POST-DISPATCH

Mr. BUSH. Mr. President, perhaps my most interesting and challenging assignment as a Member of the Senate has been my service on the Joint Economic Committee. Not only does the work of the committee cover my field of primary interest, economic policy, but also my service on the committee has given me the opportunity to make valued associations with my colleagues in both the House and Senate, and on both sides of the aisle, who share this deep interest in the economic problems which face our country.

As the ranking minority member of the committee during this session of the Congress, it has been my good fortune to work especially closely with Representative TOM CURTIS, of Missouri, the committee's senior Republican in the House Delegation.

Mr. President, I can say, without hesitation, that I have rarely seen, during my 10 years of service in the Congress, a man more thoughtfully and energetically devoted to the service of his Nation. I know that anyone who has worked closely with TOM CURTIS, even those who disagree with him strongly, will admit that he is one of the most hardworking and constructively critical men in the House of Representatives.

For this reason, I was startled and dismayed to read a St. Louis Post-Dispatch editorial on June 3 on a South American economic study conducted by the Joint Economic Committee. To my surprise, the editorial failed to credit, or even to mention, TOM CURTIS' central role in this important and timely study.

This omission in a newspaper which serves Representative CURTIS' district is all the more grievous because of the repeated and sharp attacks which the Post-Dispatch has made recently on various positions which TOM CURTIS has taken on favorite administration proposals.

I do not quarrel with Post-Dispatch's right or, indeed, its duty to state where and how it disagrees with TOM CURTIS. But when the Post-Dispatch omits even the slightest mention of an action by TOM CURTIS of which it highly approves, then I and my colleagues cannot help but wonder whether this is a calculated omission. If so, it calls into question the paper's fairness and objectivity, two qualities for which the Post-Dispatch has long been known and honored.

Now that the President and White House staff are reading the Post-Dispatch—rather than the Herald Tribune—it is more important than ever that it maintain the integrity which has traditionally been ascribed to it.

To its credit, few newspapers have been more interested in the subject of Latin America and Alliance for Progress than the Post-Dispatch. In view of the many articles and editorials which it has written on the subject, I am disappointed that the paper omitted news coverage or comment on the report on South American economic problems prepared last fall after a trip to the area by the Senator from Alabama [Mr. SPARKMAN], Representative TOM CURTIS and Representative MARTHA GRIFFITHS. These members of the Subcommittee on Inter-American Economic Relationships of the Joint Economic Committee work well and closely together as a team. The Senator from Alabama [Mr. SPARKMAN], gracious as usual, made clear that the hearings on the subcommittee report, on which the Post-Dispatch gave lengthy and favorable editorial comment on June 3, were the direct results of efforts by TOM CURTIS.

At the hearings May 10, the Senator from Alabama [Mr. SPARKMAN], the chairman of the subcommittee, said:

> It was largely at the suggestion and urging of Congressman CURTIS that we decided to have these followup hearings. We thought they would be a worthwhile adjunct to the study we made on the ground.

Anyone reading the transcript of those hearings could not fail to be impressed by the very important and constructive role which TOM CURTIS played in this study.

Oversea study trips are sometimes called junkets by the press, but I can assure you that any oversea trip in which TOM CURTIS participates is no junket. TOM CURTIS has a formula for oversea studies which I believe could well serve as a model for the Congress.

It involves, first, staff preparation, including both a thorough staff study of the countries involved and a visit by the staff to the area. This staff visit to the area is designed to lay the groundwork for the later visit by the committee members, who interview Government, labor, business, and university people. After making their on-the-spot study, the committee members write a report. Finally, formal hearings are held at which experts comment upon and evaluate the committee's report. This, Mr. President, is my idea of responsible and constructive committee work.

My purpose in making this speech is to clear the record. Here is a long and a good editorial by the Post-Dispatch on a subject of vital interest, a subject on which one of the St. Louis Representatives played a leading role.

If the Post-Dispatch attacks TOM CURTIS when it thinks he is wrong, then, in simple fairness, it ought to praise him when it thinks he is right.

Failure to do so, as in this case, is no accident. It appears that the Post-Dispatch has gone out of its way to omit reference to TOM CURTIS.

I know that the gentleman from Missouri can take care of himself, but I think that the people of St. Louis deserve a better deal from the Post-Dispatch. If the Post-Dispatch is really interested in the subject of Latin American economic policy, rather than in playing politics, it should begin to give its readers a fairer and more balanced view of the news.

Mr. President, I ask unanimous consent to have printed in the RECORD, following my remarks, an editorial from the Post-Dispatch of June 3, 1962, entitled "The Gold of the Incas."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

The Gold of the Incas

Latin Americans are still suffering from a form of economic colonialism, all right, but it is not what many of them think it is. They are being seriously exploited by their own people, as hearings before a Joint Economic Subcommittee on Inter-American Affairs in Washington show.

The situation involves the flight of Latin American capital to Swiss and other foreign banks. Some experts told the committee they would put the Latin investment overseas at more than $5 billion, as a guess; Senator

Javits, of New York, put the figure at between $9 and $15 billion.

This is a form of colonialism because it is taking Latin American wealth out of Latin America, where it could do immense good, and storing it abroad where it may do no good to anybody but the holders of the bank deposits. In principle, at least, there is not much difference between this process and that of the Spanish conquistadors who shipped the gold of the Incas home.

Senator Sparkman, of Alabama, calls the situation disturbing. It is disturbing for Congress because the amount stored abroad is at least half as much as the United States plans to invest in Latin America, through public and private sources, under the 10-year Alliance for Progress. The flight of capital is a rebuff to the U.S. effort and to the idea of self-help.

Latin American liberals—the democratic left on which the Kennedy administration counts for a peaceable social revolution—also ought to be disturbed. They are too much concerned with nationalizing existing industries and too little concerned with using their resources to develop new industries that would do far more good. In their addiction to Socialist methods, they cannot come to grips with the fact that the graduated income tax is American capitalism's most radical and most useful offering to their republics.

It is lack of reasonable income taxes and of reasonable enforcement that permits the constant drain of wealth. In the United States, the joint subcommittee heard, two-thirds of all taxes come from individual and corporate income levies; the remaining third is about equally divided between various excise and real property taxes. In Latin America, by contrast, no more than a fourth of governmental income stems from income taxes; nearly three-fourths comes from excise levies.

There is nothing liberal about such taxation. Income taxes at least recognize ability to pay; excise levies drain their income from the masses of people. Untaxed, or relatively so, the Latin oligarchies who possess the greatest ability to pay escape the responsibilities of wealth and send it abroad. How can the Latin politicians who denounce colonialism and demand economic independence justify this system?

Members of the subcommittee in Washington have discussed how to recapture some of the hidden capital. Some suggest Latin taxes on earnings on money invested out of the country; others think the sister republics might get more money back by granting a tax amnesty on hidden capital, as France once did. But the hard fact is that the flight of pesos and bolivares is still going on. Every sign of inflation, and every fist shaking by Castro, seems to put fear for their gold into the hearts of oligarchs.

Probably there is not much the United States can do, despite the damage done to hopes of the Alliance for Progress. But there is a great deal that Latin governments can do, in the way of currency controls and sound income taxes, soundly enforced. And governments that constantly preach the need for social progress, on one hand, and the need for foreign aid, on the other, should feel obliged to do no less than to control their own wealth and to help themselves.

PRIVILEGE OF THE FLOOR

Mr. PROXMIRE. Mr. President, I ask unanimous consent that on Thursday, during the debate on the sugar amendment to the bill, H.R. 8050, relating to the importation of adult honeybees, Mr. Walter Pincus, consultant to the Committee on Foreign Relations, be granted the privilege of the floor of the Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

PUBLIC WELFARE AMENDMENTS OF 1962

The Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

Mr. McCARTHY. Mr. President, I call up my amendment designated "6-29-62—C," now at the desk.

Mr. DIRKSEN. Mr. President, will the Senator yield to me so that I may suggest the absence of a quorum?

Mr. McCARTHY. I yield.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCARTHY. Mr. President, I withdraw my amendment. I intend to offer it later.

The PRESIDING OFFICER. The amendment of the Senator from Minnesota is withdrawn.

Mr. McCARTHY. Mr. President, by way of explanation of the amendment which I intend to offer later in the course of the debate, I should like to make a brief statement. I intend to offer the amendment on behalf of myself, the senior Senator from Minnesota [Mr. Humphrey], the Senator from Illinois [Mr. Douglas], the Senator from Michigan [Mr. Hart], the Senators from New York [Mr. Javits and Mr. Keating], and the Senator from Pennsylvania [Mr. Scott].

The Senator from Louisiana [Mr. Long] announced his support of the amendment and agreed to cosponsor it. The Senator could not be reached until after the amendment was ordered to be printed and, consequently, his name does not appear on the amendment.

The amendment, designated "6-29-62—C," if agreed to, would restore to the public welfare measure a provision which has been recommended by the administration and which has already been approved by the House of Representatives in its version of H.R. 10606.

The provision was eliminated by the Committee on Finance, although, so far as I know, I do not believe any witnesses appearing before the committee at hearings stated opposition to the proposal.

Under the aid-to-dependent-children program at the present time the Federal Government participates in an extensive program to assist children living in their own homes or in the home of a close relative. In April of this year more than 2.8 million children were receiving benefits under the program.

However, the State and local governments, along with voluntary agencies, provide almost the entire expense of maintaining children in foster family homes and child-care institutions. The most recent data, that for 1960, showed that State and local public welfare agencies were providing funds for 157,989 children in foster family homes and for another 40,736 in child-care institutions. The cost of the foster care programs was $147 million, of which the States supplied about $76 million, the local communities about $70 million and the Federal Government only $1.5 million. About $81.7 million of these funds were used to support children in foster family homes supervised by public welfare agencies and another $65 million for children in foster family homes and child-care institutions which are supervised or administered by voluntary agencies. A majority of States have contracts with private nonprofit groups and use their services in meeting their child-care problems.

The statistical records on the efforts of voluntary agencies indicate that these groups also make an important contribution to the welfare of needy children. For 1961 it is estimated that there were 125,000 children receiving foster care in which the primary responsibility was that of private agencies. Of these some 83,000 were placed in foster family homes and about 42,000 in child-care institutions. Probably about half of these 125,000 children, who were the primary responsibility of voluntary agencies, also received some aid from public funds, but the cost of supporting about 60,000 children was carried by the voluntary agencies alone.

Last year the Congress adopted a temporary measure to provide Federal participation for a very small percentage of children in foster homes—for those children removed from their homes by court order and placed in a foster family home. This legislation gave the States an alternative to leaving children in unsuitable homes—but where they would be eligible for Federal-aid-to-dependent-children payments—and permitted the States under limited circumstances to place them in foster family homes and still be eligible for payments. Both the bill approved by the House and the Finance Committee bill now propose to make this temporary measure a permanent provision.

However, in limiting the placement by the court to foster family homes the present act restricts the opportunity for the court to improve conditions for many unfortunate children, in that the changes made by the Committee on Finance would not permit any contribution by the Federal Government if by court order the child were placed in a child-care institution rather than in a foster family home.

In April of this year the present program of aid-to-dependent-children payments for children removed under court order provided for only 1,220 children in 13 States. Altogether 14 States have the program in effect and action has been authorized in an additional 5 States.

It is my understanding that the need is far greater and that a major impediment has been that foster family homes cannot supply all the needs of the children. The conditions which make it necessary to remove such children from unsuitable homes often result in needs for special psychiatric and medical care of the children. While foster family homes cannot ordinarily meet these needs, many child-care institutions have such facilities and services.

Most of the child-care institutions at the present time are conducted by private nonprofit groups often associated with a religious denomination. In 1960 there were about 1,200 private child-care institutions in the United States; in addition about 125 institutions are under wholly public auspices.

A second factor which limits the courts under the present law is that of the difficulty—and apparently in many cases the impossibility—of finding foster family homes for children under these circumstances. These are the most underprivileged children and often have special problems. When they come from minority group families, the difficulty is increased because the general crowded housing of these groups cuts down on the opportunity for finding suitable foster homes. In effect, then, the present legislation puts the States and the courts under pressure not to act in attempting to find better living conditions for these underprivileged and unfortunate children. They cannot find foster family homes, and if they place the child in a child-care institution, it has to be at State expense without Federal participation. I should add, of course, that while this is a most difficult problem, it involves only a small percentage of children. The Children's Bureau has estimated that only about 1 percent of the aid to dependent children would require removal under court order for foster care.

Mr. President, I believe that in judging this recommendation of the Department of Health, Education, and Welfare, we should keep in mind two principles.

The first consideration is the welfare of the child. The evidence under the limited provision of last year and the statements of authorities indicate that limiting the program only to those children who are placed in foster family homes is too rigid. The small percentage of aid-to-dependent-children who can be helped within the terms of this measure are among the most unfortunate in the Nation. Children in homes where parents suffer from poverty, sickness and unemployment have their own handicaps, but they retain the strength of family unity in spite of adversity. This provision relates to the unfortunate situation where the court finds the parent and the home unsuitable for the welfare of the child.

The issue is whether the Federal Government is going to place restrictions on programs which limit the courts from making a placement in the best interest of the child, forcing him to remain in a home which has been determined as an unsuitable place.

This amendment—and the House approved provision—opens the way for the courts to make a determination in the best interest of the child.

I do not believe we should be less concerned about the welfare of these children who must be removed from an unsuitable home than we are about needy children who have the advantage of remaining with their own families. I do not believe we want to extend Federal participation to the child whose home is unsuitable only if he is placed in a foster family home and deny it when the court determines it is in his best interest to be transferred to a child-care institution.

A second principle involved is that of State rights. The public welfare programs are primarily the responsibility of the States and local communities. The Federal Government participates, but, on the whole, the States develop the programs, supply the personnel, and make the primary and principal determinations as to how these children should be treated.

The States have traditionally used private child-care institutions to help meet their problems, and a majority of States today have contracts with private nonprofit child-care institutions to provide foster care. To adopt this amendment is not to give an open-end approval to the States, under which abuses could develop.

On the contrary, it authorizes action for a group who more than any other group under the social security program or welfare program come under close scrutiny and a most careful weighing of evidence.

It involves a court determination that the child should be removed from his unsuitable home. This is not a decision which judges make lightly.

I believe the Congress should approve minimum Federal standards which are placed in the law either to prevent misuse of Federal funds or to prevent discrimination against the needy. That is quite a different proposition from the restriction in the committee bill which excludes the most needy children from benefits which the court holds to be in their best interest.

I should like to read at this point an excerpt from the testimony of Mr. William R. MacDougall at the hearings on this bill conducted by the Committee on Finance. Mr. MacDougall is secretary of the welfare committee of the National Association of County Officials and general counsel of the County Supervisors Association of California. He stated:

> We give the highest priority to Federal participation to aid needy children in foster homes and institutions. Secretary Ribicoff himself has stated that Congress in enacting and amending our Social Security Act had repeatedly demonstrated its deep concern that no child, wherever he may live, shall go without food, clothing, shelter, or other essential needs.
>
> There is one glaring exception. Until last year all children in foster homes could truly be classified as American forgotten children with respect to Federal programs.
>
> Children in foster homes were not eligible for Federal participation under the aid-to-dependent-children program.
>
> In some States, children were being retained in unsuitable homes to qualify for Federal participation rather than being placed in a healthier atmosphere of a foster family because the local authorities were aware that there were not sufficient funds available to place the child in a foster home.
>
> We are pleased that H.R. 10606 would make permanent the change of last year, which provided for Federal participation for ADC payments to children in foster homes who had been placed there by a court order and were receiving ADC aid at the time they were moved to a foster home.
>
> We heartily endorse the new provision of H.R. 10606, which expands the program to include care in child-care institutions, as well as private foster homes.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. JAVITS. I believe that the Senator's amendment will materially benefit the people who are intended to be benefited by the pending measure, as well as the Nation generally. When the amendment is called up I hope to have the privilege of giving it all the support I possibly can.

Mr. McCARTHY. I thank the Senator from New York for his support. I hope the Senate will see fit to restore the House language. As I recall it was supported by every witness who testified about this provision and opposed by none. At the appropriate time when the amendment is offered, I will join the Senator from New York in making the case again in the Senate.

Mr. President, I wish to make an additional comment on some court decisions that relate to what might possibly be the only argument that could be made against the inclusion of these children in the pending bill.

The question of the right of States to place children in private agencies, even when conducted under the auspices of religious denominations, has been tested in court and the precedents uphold the right of the State to make such placements in the best interest of the child. The latest decision on the subject is that of *Schade* v. *Allegeny County Institution District* (126 A. 2d 911), decided by the Supreme Court of Pennsylvania in 1956. Here it was urged that reimbursement of sectarian orphanages violates the State constitution and the principles of the first amendment as applied to State action by the 14th amendment. The court stated:

> The appellant argues that the institution district's payments to the denominational or sectarian defendants tend toward governmental establishment of religion and, consequently, are violative of the 14th amendment. It is unnecessary to devote much time to this contention. The supreme court has, in principle, settled it adversely to the appellant's position. See *Everson* v. *Board of Education*, *supra*, where it was held that a State's use of public tax funds for the transportation of pupils to and from sectarian schools did not serve to promote the establishment of religion.

Another important decision on this subject is that of *Murrow Indian Orphans Home* v. *Childers* (171 P. 2d 600 (1945)). This case involved the constitutionality of contracts between the State board of affairs for Oklahoma and a Baptist child-caring institution for the support of certain dependent orphans. The facts disclosed that the home is sectarian in character. After reviewing all of the pertinent legal authorities, the Supreme Court of Oklahoma declared:

> The legislature of the people have a discretion in this matter and may care for needy

> children through any scheme that seems appropriate to them, omitting, of course, to offend other constitutional provisions. Such a scheme may involve State given institutional care, or placement in the homes of private citizens, or contracting with eleemosynary institutions, or by grants of money, or combinations of these.

A quasi-official document was filed by the National Probation and Parole Association as an amicus curiae in the Pennsylvania case of Schade against Allegeny County Institution District. The brief indicates that a survey was made to determine the extent of the use of private sectarian facilities for the care of delinquent, neglected, and dependent children. On the basis of the returns of this questionnaire, the association asserted:

> It is clear that in the States represented, substantial use is made of private agencies in the placement of delinquent, neglected, and dependent children by juvenile courts and among these agencies a majority of the children are placed in sectarian or denominational agencies.

The brief also asserts:

> The overwhelming majority of the replies were to the effect that if the use of sectarian institutions were withdrawn from the facilities available to the juvenile courts, there would result a critical loss of much needed facilities.

A particularly interesting reply is that made by the court in Alameda County, Calif. The court stated:

> We would be virtually restricted to the use of State schools, which are geared to the handling of much more severely disturbed children than those customarily placed in private, sectarian institutions.

The juvenile authorities of Richmond, Va., replied in the following manner:

> If the use of sectarian institutions were withdrawn, our welfare department would have to locate more foster homes and the cost would be borne by the taxpayer.

Mr. JAVITS. Mr. President, as we shall be entering into the debate on the amendments to the pending bill which relate to medical care for our aging citizens probably on or close to Thursday, and as Members of the Senate may be studying the RECORD over the Fourth of July, I should like briefly to make some observations on what has been accomplished in the amendments offered by the Senator from New Mexico [Mr. ANDERSON] and myself and other Senators on this side of the aisle as well as on the other side of the aisle in support of the amendments; and also to outline the area of our difference, as it still exists, though I hope very much that there will not be differences when we finally complete our work and are ready in a final way to call up the amendments.

The group of Senators on this side of the aisle who have worked with me and the Senator from New Mexico and his colleagues, in an effort to merge our ideas on medical care for the aging, have made substantial gains, which will be of great benefit to the program.

One of the most gratifying things that the Senator from New Mexico said in presenting the amendments last Friday was the fact that he felt there had been an affirmative contribution.

Let us first see what has been agreed upon, and then at what still remains open and subject to an agreement that we can attain.

First and very important, a real historical step forward has been taken in coverage. The Senator from New Mexico estimated that 2½ million of the uninsured people affected by the proposal not previously included would be included in the bill. These are the people over 65 who are not eligible for social security benefits. Very clearly all of those who are 65 on January 16, 1964, when this plan would take effect, will be blanketed in under the law, and would then be included, as the Senator from New Mexico described it, over a period of time up to 1971. All of these people would be blanketed into the social security system. With the incentive which will be given to get under the system, by the fact that greater benefits will be available, we have no doubt that for all practical purposes, estimating in the area of 85 percent to 90 percent, all of those over 65, whether or not now eligible for social security, and whether or not eligible for social security as time goes on up to the 1971 date—that a very large proportion will be blanketed in and included in the medical care benefits.

So for all substantial purposes, the overwhelming majority of those 65 and over not covered by the King-Anderson bill will come in under the benefits of the bill as it is now amended, following the discussions which we had in such an auspicious way with the Senator from New Mexico [Mr. ANDERSON]. That is the first point.

Mr. CURTIS. Mr. President, will the distinguished Senator from New York yield?

Mr. JAVITS. I yield to the Senator from Nebraska.

Mr. CURTIS. When will the act become effective?

Mr. JAVITS. January 1, 1964.

Mr. CURTIS. As I understand the amendment, all persons now eligible for title II benefits, which are the old age and survivor disability benefits, or who will become eligible by January 1, 1964, will be eligible for hospital benefits.

Mr. JAVITS. The Senator is correct.

Mr. CURTIS. They will be paid out of the social security fund, will they not?

Mr. JAVITS. No; they will be paid out of the special medical trust fund. That was the next point to which I wished to speak.

Mr. CURTIS. How much will persons already eligible, or who will become eligible by 1964, have paid into that trust fund?

Mr. JAVITS. Of course, persons who are eligible on January 1, 1964, will have paid whatever their social security tax was in the intervening year and a half.

Mr. CURTIS. When will the tax go into effect?

Mr. JAVITS. The tax will become effective a little earlier. I do not have the precise figures before me.

Mr. CURTIS. How much will persons who are now retired and who are eligible for social security have paid into the hospital benefits trust fund?

Mr. JAVITS. Those persons who are now retired and are not working, in the sense of still paying social security tax, will not have paid anything.

Mr. CURTIS. Why will their benefits be paid out of the social security fund, and the benefits of the 3 million aged who are not eligible for benefits not be paid from the fund, but directly from general revenues?

Mr. JAVITS. The reason is that the payers of social security will be paying into the fund, so the fund will have taxation money arising out of social security payments, although not paid by those who will be getting the benefits.

The Senator from Nebraska may recall that this was one of the great problems I had with the idea of social security financing, and why I called it regressive. But I pointed out the other day—and I am very glad to do so again at this moment—that I have felt, and I have ascertained to my own satisfaction over the course of the last 2 years, in round figures, that the younger people, those under 65, who would be paying, as it were, for those over 65, who have not paid anything on this particular account, are willing, from my observation, to do so, and want to do so. It seems to me there is a very strong sentiment—not unanimous, by any means; but this is my own judgment, and all of us in public life have to have some instinct about these matters—to pay the social security tax for health benefits, and even to begin to pay it now, although the health benefits for most social security payors will be long deferred.

So the answer to the Senator from Nebraska is: Yes. What the Senator has said is perfectly true. The beneficiaries will not have paid. But I feel—and I am speaking unilaterally—that those who will be paying into the trust fund will be willing to do so in the expectation of the future benefits that will flow to them.

Mr. CURTIS. But there will be two classes who will receive benefits. The first will receive benefits from the social security taxes paid by present workers, and one group will be paid from the general revenues. Why the distinction?

Mr. JAVITS. The distinction is that these are persons who are covered by the King-Anderson bill now, and those who are not eligible for social security are being brought in on a basis upon which they will gradually be blanketed into the system by the amendment which we prepared with the Senator from New Mexico. There is no distinction now. There was a distinction before. There is a distinction in the method of financing.

I have pointed out that those who are paying social security taxes, although they are not paying them for the benefits they will get right now, are nonetheless entirely willing to pay in order to receive that benefit conferred upon those who are members of the system, as it were.

Mr. CURTIS. Why are they willing to pay it for the members of the system who pay nothing, and not be willing to pay it for other aged who pay nothing?

Mr. JAVITS. I think there is some justification, because those persons are themselves persons who have paid into the system as a result of helping to build up the system.

Mr. CURTIS. In what way?

Mr. JAVITS. They have made their own social security payments before they reached the age 65. Hence, they are members of the system.

Mr. CURTIS. They are members of a very exclusive club, I agree, because a man who retired at age 65 5 years ago had a life expectancy of 12 years. His wife had a life expectancy of 14 years. I daresay that in the average case, where he has paid the maximum all through the years, in about a year he and his wife have drawn out everything they put into the fund.

Now a new fund will be started, to which he will not contribute but from which he will draw benefits; and there are other aged who have never received any social security benefits, who will now receive benefits. I agree to that part, but they will have financing from the General Treasury. They will be dependent upon appropriations. Is not that correct?

Mr. JAVITS. That is correct.

Mr. CURTIS. Why the distinctions?

Mr. JAVITS. The distinction is the one I made before: That the background of those who are eligible for social security is that they are members of a particular group. They are in the fund. They are insured. This is an extension of their insurance, as it were.

As I said to the Senator a moment ago, we had hoped this afternoon only to map out our basic ground.

Mr. CURTIS. We shall continue the discussion at another time.

Mr. JAVITS. I deeply appreciate the Senator's understanding.

Taxes will begin for the taxable years starting after December 31, 1962.

Also, we separate the trust fund. There will be a separate Federal medical trust fund, which will enable us to see precisely the viability of the whole enterprise, which is important.

Mr. President, I ask unanimous consent to have printed at this point in the Record an analysis of that provision made by the Senator from New Mexico [Mr. Anderson] and myself.

There being no objection, the analysis was ordered to be printed in the Record, as follows:

Separate Trust Fund

Under the bill I introduced last year, there would have been a health insurance account in the Federal social insurance trust fund. The trust fund would also have included special accounts for old-age and survivors insurance and for disability insurance. While I believe this arrangement would have been fully effective in segregating the moneys for the various benefits provided under social security, in the proposed amendment we have substituted provisions for a separate health insurance trust fund. We have made this change because some people believe that there would be merit in a separate trust fund for health insurance, and that there would be less danger of misunderstanding.

Of course, the payments for health services that would be made on behalf of those people who qualify for protection through the provisions for the uninsured would be made from general revenues. The trust fund and the rights of the social insurance beneficiaries would in no way be affected by these expenditures.

Mr. JAVITS. Mr. President, third—and this is very important, so far as we are concerned—is the whole scheme by which hospitals may be accredited, by which hospitals may join in allowing themselves to be represented by an organization like Blue Cross in their relationship to the Federal Government program; and providing also for some State administration.

All these factors are incorporated in this amendment and represent steps forward, taken as a result of merging the views of the Senator from New Mexico and his group and the group on this side of the aisle.

Finally, and most important—and this is the critical point of distinction—we have always made a big point of the fact that there should be an opportunity for private enterprise, whether cooperatives, group plans, or private insurance carriers, which would give, in value terms, very much the same thing as was given in the King-Anderson bill, to be compensated for so doing, helped by a premium payment from the Federal Government.

It is this fundamental option principle—also, incidentally, an option principle espoused by Governor Rockefeller, of New York—which has been one of the two big factors, the other being complete coverage, which is now being attained for all persons over 65, whether or not they are under social security.

What has happened with respect to the option is that we have adopted a basic principle with the Senator from New Mexico by which a private carrier may be reimbursed for benefits which it confers, if the benefits are the same as those in the Federal system after the bill has become law. Therefore, a private carrier may frame an insurance policy or coverage upon that base.

We have not worked out any way in which there would be premium reimbursements—which is a very different thing. It is one thing to reimburse benefits actually paid by the insurance carrier or the other carrier; it is quite another thing to reimburse for premiums. The Anderson amendments, in which we joined because they took us to where we were at that moment, carry the concept of reimbursement of the carrier for benefits paid.

So, Mr. President, I ask unanimous consent to have printed in the Record Senator Anderson's analysis of those provisions, which we have, in a sense, introduced, bid, and asked, to use a colloquial term. We on this side—the Senator from Kentucky [Mr. Cooper], my colleague [Mr. Keating] and I—have joined in the concept of having the Federal Government pay such part of its own total fund as will represent the allocated actuarial risk to the particular person who chooses to have a private plan, instead of the governmental plan. It is on this that we are trying to have a complete meeting of the minds.

There being no objection, the analysis was ordered to be printed in the Record, as follows:

PROTECTION FOR THE UNINSURED

Our proposed amendment provides to the residual group of 2½ million elderly people the same benefit protection that is provided those insured under the social security program and finances the protection for this group through general revenues. People who reach age 65 before 1967 and who do not meet the regular insured status requirements of the social security system would be deemed insured. Uninsured people who will reach age 65 in 1967 would be deemed to be insured for social security health benefits if they had earned as few as 6 quarters of coverage in covered work at any time—9 fewer quarters of coverage than men of this age need to qualify for social security retirement benefits and 6 fewer quarters of coverage than women of this age need to qualify for social security retirement benefits.

For people who reach age 65 in each of the succeeding years, the number of quarters of coverage needed to be insured for health insurance protection increases by 3 each year, thus, people reaching age 65 in 1968 would need 9 quarters of coverage, people reaching 65 in 1969 would need 12 quarters of coverage, and so on. For persons who attain age 65 after 1971 the special insurance status provisions for health insurance will require as many, or more, quarters of coverage as the regular insured status provisions for other social security benefits, so that for both men and women the new insured status provision will soon "wash out."

Under this special provision, people who are uninsured under the regular social security program and who become 65 after 1966 will be able to qualify for health benefits only if they have had reasonably substantial work under social security. This would be consistent with the work-related and contributory principles of the social security system.

It might be noted that one-half of the 2½ million uninsured people who will be affected by this proposal are receiving cash assistance under the Federal-State assistance program. Of course, some of these assistance recipients will be receiving health care through the Federal-State assistance program when our proposed health benefit program goes into effect. In their case the benefits of our amendment would sometimes be in the nature of a partial substitute for the aid they would be getting. Thus the cost of providing the new insured status provision will be offset in part by reductions in current expenditures. In other cases, however, the Federal-State assistance program does not give protection comparable to the benefits I am proposing, and in those instances the result would be a net increase in medical care for the assistance recipients.

I might also point out that in the uninsured group which would receive protection paid for by the General Treasury, there are some who have had the opportunity to come under social security but have declined to do so. For example, there are ministers and certain employees of nonprofit organizations who elected not to be covered and some employees of State and local governments who voted not to be covered. Of course, the uninsured group also includes doctors and their wives and widows who have not been included under social security solely because the American Medical Association has opposed such coverage. For purposes of administrative simplicity, no attempt has been made to exclude these groups.

COST OF HEALTH BENEFITS FOR THE NONINSURED

As I indicated, the cost of the proposed health benefits for the 2½ million noninsured would be met out of general revenues. The gross cost of the provision would be $250 million in 1964, the year the health benefits program would go into effect. This calendar year cost would be offset by savings in Federal medical care expenditures in 1964 that except for the passage of our amendment would be made under public assistance and the veterans' programs. These savings would be about $200 million, leaving a net cost to general revenues of about $50 million in 1964. Federal expenditures for the noninsured would decline over the years and eventually would wash out altogether.

SIGNIFICANT ADMINISTRATIVE ROLE FOR PRIVATE ORGANIZATIONS

Under the proposed amendment the Secretary of Health, Education, and Welfare would be given specific statutory authority to delegate some of the more sensitive administrative functions to Blue Cross or to other similar voluntary organizations that are experienced in dealing with hospitals and other providers of health services. Any group of hospitals (or group of other providers of health services) could designate a private organization of their own choice to receive their bills for services and to pay these bills. Advantageous additional administrative functions could be included in the contract between the Government and the organization. These administrative functions would include reviewing hospital fiscal records as a part of the determination of the cost of services, and acting as a center for communicating and interpreting payment procedures to hospitals.

I should point out that representatives of the American Hospital Association appearing before the Committee on Ways and Means last summer urged an approach that would utilize the services of voluntary organizations if a bill of this type were to be enacted, and I am convinced from numerous conversations with individuals in the field of hospital administration that the provisions I am now outlining will prove to be eminently satisfactory to them. The principal advantage hospitals and other providers of services would find in this arrangement would be that policies and procedures of the Federal program would be applied by the same organization which administers the private, voluntary benefit program with which most of them now deal.

The participation of Blue Cross plans and similar expert organizations in carrying out the provisions of our proposed amendment would have advantages that go beyond the benefits that would be derived from their experience in dealing with hospitals and the well-established working relationships that exist. With such organizations serving as intermediaries between the Government and the providers of services, those who are concerned that Government might try to intervene in hospital affairs would feel much more confortable.

ROLE OF STATE AGENCIES

Under our proposal the Federal Government would use State agencies to determine whether hospitals which are not accredited by the Joint Commission on the Accreditation of Hospitals are qualified to participate in the program. State agences would make these determinations also in the case of skilled nursing facilities and other providers of health services. The conditions of participation for such providers are spelled out in the amendment. State agencies would determine whether they are met. I am confident that all States would be willing and able to enter into agreements to assume these responsibilities, just as they have participated in the administration of the disability portion of the OASDI program.

State health departments or other appropriate agencies designated by each State would also give professional consultation to providers of health services to assist them in meeting the conditions for participation and in establishing and maintaining necessary fiscal records and providing information necessary to derive operating costs which are the basis for payment for their services. State agencies would be reimbursed for the costs of activities they perform in the health insurance benefits program, including Federal sharing in the costs of coordinating these activities with other State activities related to health and medical services.

What is contemplated is a Federal-State relationship under which each governmental entity performs those functions for which it is best equipped and most appropriately suited. State governments license health facilities and State public health authorities generally supervise these facilities. In addition, State programs purchase care from providers of health services. On the basis of experience and function, State agencies should assist the Federal Government in determining which providers of health services conform to prescribed conditions. Furthermore, where an institution or organization that has not yet qualified needs consultative services in order to determine what steps may be appropriately taken to permit qualification, such consultative services should be furnished by the State health or other appropriate State agency. These types of consultative services are related to State programs and requirements and should logically be provided by, or coordinated in, the State agency.

PRIVATE INSURANCE

The final revision which was added as a result of many conferences provides an option to beneficiaries to continue private health insurance protection in order to encourage private health insurance supplementation. The plan is as follows:

1. At the time of first eligibility for social security, beneficiaries who for a period of time had private insurance protection under plans which include the same benefits as provided under social security would be able to choose between having the statutory benefit paid for directly by social security or, if they wish to continue the private plan, they could have the statutory benefits paid for through the private carrier.

(Of course, those who did not elect to continue such a private plan could buy private policies completely separate from but supplementary to social security protection.)

2. Carriers would be reimbursed for the statutory benefits they paid for and for their administrative costs.

3. The beneficiaries could elect to have their benefits paid by a private carrier only if they have had the required plan in effect for a period before they become entitled to health benefits under social security. The required period of prior insurance would be brief at first, to allow for a change in private plans, and then gradually lengthen until 5 years of previous membership is ultimately required. The required period of membership would be 3 months for persons entitled when the plan goes into effect on January 1, 1964, and would remain at 3 months until the end of March 1964. From then until the end of 1968 it would require continuous membership from January 1, 1964, until entitlement. After 1968, 5 years would be required.

4. Any carrier would be approved to participate for its group health insurance plans and all nonprofit plans would be approved. To participate for individual policies a commercial carrier would need to be licensed in all States and doing 1 percent of the health insurance business throughout the Nation, or is found by the Secretary to be national in scope. As an alternative it could be approved for a particular State if it did 10 percent of the business in that State.

Mr. JAVITS. Mr. President, in this connection I ask unanimous consent to have printed in the RECORD an analysis of our amendment, so that Senators will be able to see at a glance the option provided by Senator ANDERSON's amendments—in which we have joined, for the reasons I have stated—which were filed last Friday. Thus, Senators will be able to see what we have in mind. I believe that will be taken as more than merely an idle statement, because I think the Senator from New Mexico [Mr. ANDERSON] and the Senators on our side who have joined with him have gone a long way toward reaching complete agreement; and I am very hopeful that by the time the measure is called up, we shall find ourselves completely in accord as to our views on the option, and thus I hope very much that it will not be necessary actually to press for adoption of the amendment which we have submitted for the purposes I have outlined.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

For those eligible individuals who have private health care plans for at least 1 year preceding age 65 and want to continue them, this option would provide a cash payment to an insurance carrier of premiums on a guaranteed renewable health insurance policy up to $100 per calendar year. The policy, which may be individual or group, shall provide benefits which the Secretary of Health, Education, and Welfare determines are equivalents of the value of the health insurance benefits provided in other sections of this bill. The carrier is also required to notify the Secretary in the event of a lapse in payment of premiums.

Mr. KEATING. Mr. President, will my colleague yield to me?

Mr. JAVITS. I yield.

Mr. KEATING. I think it is very helpful to have this amendment, so that Members can become acquainted with what we are trying to accomplish.

In the analysis my colleague has made this afternoon, I am not sure that one point was made entirely clear. It is my understanding that under the option contained in the revised Anderson amendments, the insured person can, if he wishes, bring into the plan, at age 65, a private policy, and that private policy need not be in terms of the benefits set forth in this act; it may be much broader, and many might wish to have a broader coverage. But if at age 65 such a person so covered was taken to the hospital and had benefits coming to him from the insurance company, the insurance company would be reimbursed to the extent that those benefits fell within the confines of those set forth in the bill. But for other benefits, beyond those, the insurance company would not be reimbursed. Is that correct?

Mr. JAVITS. That is exactly correct; and that would be covered by such remaining premium as the insurance company charged the insured.

Mr. KEATING. It is my hope, and I think it is the hope of all of us, that that might encourage the insurance companies to write broader coverage, because all of us recognize that the medical care envisioned by this bill is not by any means complete medical care. So this would encourage them to write a broader coverage at, we hope, a rather modest premium, inasmuch as the insurance company would be underwritten for the benefits set forth in the Anderson amendments.

Mr. JAVITS. That is exactly correct; and it is also accurate to add that the Anderson amendments benefits are calculated, at the best, to cover one-third of the total medical expenses, or perhaps even as high as 40 percent, but no more. So there is an enormous range for other benefits to be insured by insurance companies or cooperatives or group units of various kinds; and we hope that as we finally finish our discussions, we shall be able to present them—regardless of whether the insurance companies agree with us or do not agree with us; and right now they do not agree with us, any more than does the American Medical Association—with an opportunity which they will not forgo.

Mr. KEATING. Yes.

Mr. President, I appreciate very much my colleague's comments on these matters.

Mr. ANDERSON. Mr. President, two newspapers of national standing have come out over the weekend in strong support of the bipartisan proposal for a program of health care for the aged. I ask unanimous consent that an editorial from the New York Times and an editorial from the Washington Post of Sunday be printed in the Record at this point.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the New York Times, July 1, 1962]

Compromise on Medical Care

The success of Senate Democrats and Republicans in arriving at a compromise formula on medical care for the aged is a fresh demonstration of bipartisan responsibility in meeting urgent national problems. The extent to which the health issue has become enmeshed in party politics on both sides makes this in some ways an even more significant triumph for cooperation than the support the Trade Expansion Act was given in its passage by the House.

The new bill retains the sound insurance principles of social security as the bedrock of its financing, but it extends the plan's protection to the great bulk of the 3 million elderly citizens outside the Federal system. It also provides additional reassurance for those who fear the program might undermine the independence of the medical profession and it opens the way for an option to allow freedom of choice to persons preferring private health insurance. Senator Anderson, of New Mexico, and Senator Javits, of New York, chief engineers of the compromise, deserve special credit. The Nation's structure of social insurance will be better geared to meeting the needs of our aged citizens if their bill wins congressional approval.

[From the Washington Post, July 1, 1962]

Medical Breakthrough

There is room for qualified rejoicing over the new bill to provide medical care for the aged introduced in the Senate on Friday by 23 sponsors. It does the bill a disservice to call it a compromise; it is an improvement on the old version. And there is something really hopeful in the fact that it has the support not only of administration leaders but of five distinguished Republican Senators as well.

The Republican support comes from Thomas Kuchel, the Republican whip, and Senators Javits, Keating, Case, and Cooper. Although these men are progressive Republicans, who have already accepted the principle of social security financing for the medical care program, they are also men who have been articulately critical of the administration measure. That they and the Democratic sponsors of the program were able to adjust differences and join hands in a common proposal reflects the best sort of legislative accommodation and suggests a real determination on both sides to eschew political jockeying and find a practical solution for an urgent national problem.

The changes in the bill are all commendable. It will now include persons over 65 who are not covered by social security; it would be unwise as well as unjust to leave them out of the program. It provides that accreditation of hospitals furnishing services under the program be determined by the American Hospital Association and the American Medical Association; this should insure high standards, and perhaps it will in some measure mitigate the hostility of doctors. It will allow Blue Cross or other private insurance plans to deal with the hospitals in supervising administration of the program and it will give beneficiaries an option to continue private health insurance protection. In addition, it will adopt Gov. Nelson Rockefeller's idea of creating a separate health insurance trust fund instead of lumping medical care money in with other social security accounts. We see no harm in these changes.

The Senate is to debate the medical care program this week. We hope it will be an enlightening debate which will set at rest some of the hobgoblins raised by the American Medical Association. If the Senate passes the bill, it must go to the House where hopes for its adoption are far from high. Representative Wilbur Mills, the redoubtable chairman of the House Ways and Means Committee, is against it and so there is little hope that it will be reported out by that body. If senatorial strategists try tacking it on to the general welfare reform bill as an amendment, it will have to go to the House Rules Committee where its chances do not seem much brighter. Nevertheless, let us rejoice that it is on its way.

Mr. ANDERSON. Mr. President, the proposed welfare legislation embodied in H.R. 10606 is certainly of great importance. These proposals look to considerable betterment in the provision of public assistance and would make for a brighter future for those who cannot provide for themselves. I personally have strong feelings that there is need for this measure, and I particularly favor the greatly increased emphasis that it would place on rehabilitation of people now on relief.

I suggest, however, that we shall be remiss in fulfilling our obligation to the people of this country if we limit ourselves to taking action to improve the lot of people who have fallen into poverty but simultaneously take no action to remove the grave threat that faces the great majority of older Americans—average people who have always paid their own way and think of public assistance with its means test only as a last resort when all else has failed. The threat that they face, of course, is the possibility—even likelihood—that serious illness and a long hospital stay will wipe out their lifetime savings and leave them with the dreadful prospect of living out their later years in poverty.

Our obligation can be fulfilled only if legislation that would provide an effective program of health insurance for the elderly is enacted without delay. We must face facts. Giving assistance to people who are already reduced to poverty is necessary, but the prevention of dependency before it occurs is certainly more in line with the American tradition of self-reliance and the wishes and aspirations of the American people. I cannot stand by in silence and watch us try to pick up the pieces of lives that have been broken and not take the sensible, logical step of removing the haunting fear that faces almost all of our older people—the fear that costly illness will bankrupt them after many years of independence and force them to seek help from public or private charity or from already overburdened relatives.

Unless favorable action is taken now, health insurance for the aged is likely to be a major issue in the fall elections and next year a bill will be passed. But the problem that confronts our aged people is so pressing that I hope we will not delay a solution for another year.

GROUNDS FOR GENERAL AGREEMENT

For these reasons, a bipartisan group now proposes an amendment to H.R. 10606 to provide health insurance for people aged 65 and over. The amendment we would add to the welfare bill is a considerably improved version of S. 909, the bill I introduced last year. S. 909 is identical to Representative King's bill, H.R. 4222, which has been under consideration by the House Ways and Means Committee for some time.

In offering this amendment on the floor of the Senate, I recognize that the proposed health insurance for the aged measure is still under consideration by the House Committee on Ways and Means. My thought and purpose in proposing our amendment at this time is that the great importance of the proposal and the tremendous need for action justify immediate consideration by this body, thus facilitating early action by the Congress as a whole. We offer the proposed amendment as a clear and unequivocal demonstration that we in the Senate who agree, in principle, that the social security mechanism offers the only effective means of helping to finance the intolerable burden of health costs in old age are ready to resolve our differences of opinion and offer a proposal that can be enacted this year.

The amendment we offer proposes a program on which I am sure a majority of Senators can agree. It has been developed over a period of months after a painstaking evaluation of alternatives sponsored by my colleagues and thorough study of criticisms that have been raised against S. 909 and the points on which it has been misunderstood or misinterpreted. Our proposed amendment incorporates important features similar to those proposed by some of my colleagues but with decided improvements.

I have welcomed suggestions from a number of other interested people and organizations and have improved a number of provisions of S. 909 in accordance with their ideas.

The proposed amendment offers what I can assure you is a conscientious effort to develop a plan distinctly superior to S. 909 while at the same time preserving its essential points—health insurance benefits for aged social security beneficiaries and railroad retirement annuitants without a means test and financed through the contributory social security system.

On these essential social security features I cannot compromise. Our proposed amendment would utilize social security financing, for through this mechanism the health insurance needs of our people in their later years can be met by payments made during their working years. Health insurance will go far to make retirement protection under social security truly adequate in a way that increased cash monthly payments can never achieve. Health costs of the aged are not evenly distributed from month to month or even from year to year. A person over 65 may have no appreciable health costs for several years and then in a short time have health costs running into thousands of dollars. It is not possible to increase the cash benefits under OASI sufficiently to cover such large expenses. The obvious solution is to even out this expense over a span of years and over millions of the aged through insurance. The health insurance to which the elderly would be entitled would be provided as an earned right through the social security system which they have helped support by their contributions during their working years. Beneficiaries could apply for and receive the health insurance benefits of the program with dignity, and let us not forget that the dignity associated with the social security program has been a major factor in its widespread acceptance by the American people.

Similarly, the amendment we offer would follow the same threefold attack on dependency in old age as that carried out by the present social security program. First, basic health insurance protection against hospital costs and certain alternatives to hospitalization would be afforded the elderly through social security; second, the existence of a program of basic protection would encourage the development of additional private protection which the individual could purchase by his own means; third, all the States would be placed in a far better financial position to provide adequate medical assistance to help the relatively small group whose special needs and circumstance make it impossible for them to meet health costs that exceed those covered by this bill.

The proposed program would be financed on the same fiscally sound basis as the present social security program. Its cost over the longrun future has been carefully calculated, and sufficient income to meet both short-term and longrun program obligations is provided for.

MAJOR IMPROVEMENTS MADE IN S. 909

Some of the objections to S. 909, the bill I introduced last year, as we all know, have not been based on anything associated with my bill. The American Medical Association has made clear it opposes the British National Health Service as a form of protection against medical costs. This is an interesting point, but it has nothing to do with my bill. Some doctors have said they would not participate—apparently they would not accept payment under social security. This is an interesting point, too, but my bill never proposed to make payments to doctors. While the American Medical Association has lately given lipservice to compromise, it is quite clear that its only purpose is to delay action on constructive legislation in this area. The American Medical Association has stated its opposition to any program without a means test and to any program which uses social security financing. Its opposition and its statements cannot turn social security financing and protection given as a right, without a means test, into something that the American people regard as undesirable.

But I am speaking now of the objections raised by those who honestly want to see a health insurance bill passed. I have gone to great lengths to examine and study these objections and the reasoning behind them. I have made changes that I believe will be agreeable to all who really want a bill to be passed. It is with the sincere hope that efforts to work out satisfactory alternatives to some of the provisions in my bill will lead to the early availability of health insurance for the aged that I offer with other Senators our proposed amendment.

First, let me mention very briefly the general nature of the major changes embodied in our amendment. The amendment extends to aged persons who are not protected by the social security system the same health benefits that would be provided for aged social security beneficiaries and railroad retirement annuitants. Our proposal includes a number of new and explicit provisions that will make it crystal clear that the Federal Government will not be able to interfere with the practice of medicine or inject itself into the operation of hospitals. Specific provision is made so that hospitals may choose organizations, such as Blue Cross, to perform certain administrative functions that the Secretary of Health, Education, and Welfare could delegate to them. In addition, my proposal includes a provision for an option under which beneficiaries could get the health benefits through private insurance, group practice, and other voluntary plans instead of the Government plan.

Now, I should like to discuss the amendment, and the considerations that prompted the new provisions, in some detail.

THE UNINSURED AGED

When I introduced S. 909 early last year, there were many assertions that the great majority of the low-income older people who are not insured under social security would get help through Kerr-Mills programs of medical assistance for the aged. But there has been little of the hoped-for progress in this direction. The Kerr-Mills provisions clearly do not and cannot assure that people who need help with the payment of their hospital bills will get it. This is particularly true in the poorer States, which have not been able to muster the resources to match the Federal grants that are provided by the Kerr-Mills legislation. It is now obvious that if the basic health benefit needs of many of those who are not eligible under social security are not met through a Federal program tied in with social security, these needs will not be met in any satisfactory manner, if at all.

It is estimated that by January 1964—the effective date of our proposed amendment—the total population aged 65 and over in the United States will be 17,877,000. Of this number, about 400,000, though not eligible for social security or railroad retirement protection, would have their health needs taken care of under various other governmental programs. This 400,000 includes retired Federal employees who have Government programs of health benefit protection available to them, and people who are cared for in public tuberculosis and mental institutions at public expense. This leaves approximately 17½ million people who are 65 and over, of which about 15 million would be eligible for health insurance under either the social security or railroad retirement program. Our proposal would provide coverage for the residual group of 2½ million, which includes uninsured persons on old-age assistance and other public welfare programs, widows whose husbands died before becoming insured, and persons who are without health insurance protection under other public programs.

PROTECTION FOR THE UNINSURED

Our proposed amendment provides to the residual group of 2½ million elderly people the same benefit protection that is provided those insured under the social security program and finances the protection for this group through general revenues. People who reach age 65 before 1967 and who do not meet the regular insured status requirements of the social security system would be deemed insured. Uninsured people who will reach age 65 in 1967 would be deemed to be insured for social security health benefits if they had earned as few as six quarters of coverage in covered work at any time—nine fewer quarters of coverage than men of this age need to qualify for social security retirement benefits and six fewer quarters of coverage than women of this age need to qualify for social security retirement benefits.

For people who reach age 65 in each of the succeeding years, the number of quarters of coverage needed to be insured for health insurance protection increases by 3 each year, thus, people reaching age 65 in 1968 would need 9 quarters of coverage, people reaching 65 in 1969 would need 12 quarters of coverage, and so on. For persons who attain age 65 after 1971 the special insurance status provisions for health insurance will require as many, or more, quarters of coverage as the regular insured status provisions for other social security benefits, so that for both men and women the new insured status provision will soon "wash out."

Under this special provision, people who are uninsured under the regular social security program and who becomes 65 after 1966 will be able to qualify for health benefits only if they have had reasonably substantial work under social security. This would be consistent with the work-related and contributory principles of the social security system.

It might be noted that one-half of the 2½ million uninsured people who will be affected by this proposal are receiving cash assistance under the Federal-State assistance program. Of course, some of these assistance recipients will be receiving health care through the Federal-State assistance program when our proposed health benefit program goes into effect. In their case the benefits of our amendment would sometimes be in the nature of a partial substitute for the aid they would be getting. Thus the cost of providing the new insured status provision will be offset in part by reductions in current expenditures. In other cases, however, the Federal-State assistance program does not give protection comparable to the benefits I am proposing, and in those instances the result would be a net increase in medical care for the assistance recipients.

I might also point out that in the uninsured group which would receive protection paid for by the General Treasury, there are some who have had the opportunity to come under social security but have declined to do so. For example, there are ministers and certain employees of nonprofit organizations who elected not to be covered and some employees of State and local governments who voted not to be covered. Of course, the uninsured group also includes doctors and their wives and widows who have not been included under social security solely because the American Medical Association has opposed such coverage. For purposes of administrative simplicity, no attempt has been made to exclude these groups.

COST OF HEALTH BENEFITS FOR THE NONINSURED

As I indicated, the cost of the proposed health benefits for the 2½ million noninsured would be met out of general revenues. The gross cost of the provision would be $250 million in 1964, the year the health benefits program would go into effect. This calendar year cost would be offset by savings in Federal medical care expenditures in 1964 that except for the passage of our amendment would be made under public assistance and the veterans' programs. These savings would be about $200 million, leaving a net cost of general revenues of about $50 million in 1964. Federal expenditures for the noninsured would decline over the years and eventually would wash out altogether.

SIGNIFICANT ADMINISTRATIVE ROLE FOR PRIVATE ORGANIZATIONS

Under the proposed amendment the Secretary of Health, Education, and Welfare would be given specific statutory authority to delegate some of the more sensitive administrative functions to Blue Cross or to other similar voluntary organizations that are experienced in dealing with hospitals and other providers of health services. Any group of hospitals—or group of other providers of health services—could designate a private organization of their own choice to receive their bills for services and to pay these bills. Advantageous additional administrative functions could be included in the contract between the Government and the organization. These administrative functions would include reviewing hospital fiscal records as a part of the determination of the cost of services, and acting as a center for communicating and interpreting payment procedures to hospitals.

I should point out that the representatives of the American Hospital Association appearing before the Committee on Ways and Means last summer urged an approach that would utilize the services of voluntary organizations if a bill of this type were to be enacted, and I am convinced from numerous conversations with individuals in the field of hospital administration that the provisions I am now outlining will prove to be eminently satisfactory to them. The principal advantage hospitals and other providers of services would find in this arrangement would be that policies and procedures of the Federal program would be applied by the same organization which administers the private, voluntary benefit program with which most of them now deal.

The participation of Blue Cross plans and similar expert organizations in carrying out the provisions of our proposed amendment would have advantages that go beyond the benefits that would be derived from their experience in dealing with hospitals and the well-established working relationships that exist. With such organizations serving as intermediaries between the Government and the providers of services, those who are concerned that Government might try to intervene in hospital affairs would feel much more comfortable.

ROLE OF STATE AGENCIES

Under our proposal the Federal Government would use State agencies to determine whether hospitals which are not accredited by the Joint Commission on the Accreditation of Hospitals are qualified to participate in the program. State agencies would make these determinations also in the case of skilled nursing facilities and other providers of health services. The conditions of participation for such providers are spelled out in the amendment. State agencies would determine whether they are met. I am confident that all States would be willing and able to enter into agreements to assume these responsibilities, just as they have participated in the administration of the disability portion of the OASDI program.

State health departments or other appropriate agencies designated by each State would also give professional consultation to providers of health services to assist them in meeting the conditions for participation and in establishing and maintaining necessary fiscal records and providing information necessary to derive operating costs which are the basis for payment for their services. State agencies would be reimbursed for the costs of activities they perform in the health insurance benefits program, including Federal sharing in the costs of coordinating these activities with other State activities related to health and medical services.

What is contemplated is a Federal-State relationship under which each governmental entity performs those functions for which it is best equipped and most appropriately suited. State governments license health facilities and State public health authorities generally supervise these facilities. In addition, State programs purchase care from providers of health services. On the basis of experience and function, State agencies should assist the Federal Government in determining which providers of health services conform to prescribed conditions. Furthermore, where an institution or organization that has not yet qualified needs consultative services in order to determine what steps may be appropriately taken to permit qualification, such consultative services should be furnished by the State health or other appropriate State agency. These types of consultative services are related to State programs and requirements and should logically be provided by, or coordinated in, the State agency.

CONDITIONS FOR PARTICIPATION

Many people in the health field, including public health officials of the States, hospital administrators and many physicians have applauded the intention—clearly reflected in S. 909—to be specific about any conditions that hospitals or other organizations would have to meet before they could participate in the proposed program. To make sure that the new program would not in any way undercut the efforts of the health professions and would not permit payment to obviously substandard institutions, the participation requirements of S. 909 were intended to parallel requirements of the health professions as they define and accredit institutions. The provision has been interpreted as possibly implying an authority to impose additional requirements beyond those necessary for accreditation. The amendment we are offering makes very explicit that such authority is not provided. The amendment limits requirements for participation so that they may not go beyond the professionally set and professionally accepted standards established for hospitals save for the requirement of a review committee, which I shall discuss further. The original bill clearly anticipated heavy reliance on agencies like the Joint Commission on the Accreditation of Hospitals. Now the amendment goes so far as to name the commission and require use of its provisions and findings. The joint commission is composed of representatives of the American Medical Association, the American Hospital Association, the American College of Surgeons, and the American College of Physicians. There is a provision in the proposed amendment that specifically provides that, with the one exception of the review committee, a hospital that is accredited by the joint commission would be conclusively presumed to meet the conditions for participation in the proposed social security health insurance plan. About 84 percent of the hospital beds in the country are in hospitals that are accredited by the joint commission.

REVIEW COMMITTEE

The unconditional opportunity to participate that is assured to accredited hospitals is subject to only one exception. This exception is that all hospitals would also have to maintain some mechanism of their own for reviewing whether patients who are beneficiaries are in need of hospital services. The thought behind the bill was that the hospital's medical staff should keep an eye on long-stay cases. When S. 909 was drafted, the joint commission was considering adding to its standards for accreditation the requirement that hospitals maintain a formal hospital committee to conduct such reviews; S. 909 was drafted to require that hospitals maintain such committees. It is not now clear that a review requirement added to accreditation standards would take this exact form. Therefore, a utilization review requirement has been developed in the proposed amendment that would be acceptable to the joint commission no matter what form of review is decided upon by that organization. When the joint commission decides on what form the utilization review mechanism should take in order to qualify a hospital as an accredited hospital, that same requirement could be accepted in the proposed program.

MAINTAIN CLINICAL RECORDS

Another requirement that S. 909 provided as a condition for participating in the proposed health insurance program was that hospitals maintain adequate medical records. There has been some misapprehension that this provision would give the Federal Government authority to decide what was adequate. Of course, what was intended was a requirement that would merely follow accepted practices—in other words, a requirement that would go no further than the practices that any good hospital would have in effect anyway. Nevertheless, to preclude any misapprehensions, the new language in the amendment we are offering would require merely that hospitals maintain clinical records for their inpatients. This is parallel to a requirement of the American Hospital Association that institutions satisfy before they can be recognized as hospitals by that association.

LIMITATIONS ON REQUIREMENTS TO BE SET BY SECRETARY

There has also been some misunderstanding of the provision of S. 909 that authorizes the Secretary of Health, Education, and Welfare to prescribe such additional conditions of participation as he may find necessary in the interests of health and safety. It has been said that this authority to prescribe conditions of health and safety would lead to Government control. The fact that the intent of the bill was that the Secretary would lean heavily on the advisory council, State agencies, and accrediting bodies like the Joint Commission on Accreditation of Hospitals, and that this intent was clearly expressed in the bill, was apparently not enough to overcome all fear of Government control. To clear up any doubts, the amendment contains explicit limits on the Secretary's authority. First, as I mentioned previously, accredited hospitals would be conclusively presumed to satisfy the conditions that the Secretary would prescribe in the interests of health and safety of patients. Insofar as unaccredited hospitals are concerned, my amendment would specifically provide that the Secretary's health and safety requirements could not exceed those prescribed by the Joint Commission on the Accreditation of Hospitals.

Some of my colleagues may have wondered why the professionally accepted standards for adequate hospital operations are not used exclusively, and why the Secretary is given any authority in this area. Of course, the reason for this authority is not that the administration—or anyone else for that matter—wants to impose new standards of adequacy on hospitals and take over the health profession's responsibilities. The reason that the proposed health insurance plan cannot rely solely on the professional standards is that they are set too high for some hospitals and some parts of the country. Absolute adherence to the accreditation standards would unreasonably deprive the residents of some localities of protection under the proposed program.

MAINTAINING QUALITY OF CARE

On the other hand, if the proposed health insurance plan were to operate without any standards at all, or with only token standards of eligibility, the health insurance payments that would be made could damage the continuing efforts of the health professions to improve the quality of hospital care available throughout the country. Even more significant is the need for quality protection in the case of nursing homes. It would be regrettable if poor quality care in nursing homes were to be sponsored by paying for health care in institutions whose environment is truly a threat to the lives of their patients.

Our amendment would strengthen the assurance that nursing home services covered by the proposal are of high quality. It would do this by requiring that nursing facilities may participate in the program only if they are affiliated with hospitals.

MANNER OF PAYMENTS

There is another important area where a health insurance program under social security can back up the efforts of the health professions to improve hospital care. There is no better way to lower a hospital's ability to give quality care than to put patients there and then not pay the hospital fully for the services they receive. And this is just exactly what is happening under our public assistance programs in various parts of the country. I am not surprised that a good many people are genuinely concerned that the same thing not be allowed to happen under the proposed health insurance program.

No question has been studied more intensively than the matter of reimbursing hospitals under a social security health insurance program. Our amendment would absolutely assure that, under the proposed health insurance plan, payment would be made for the full and reasonable cost of the services the bill would cover. In addition to the assurances given by the reimbursement provisions of S. 909, the proposed amendment would include a specific reference to the guides to be used to assure that reimbursement would be made for all the various items of cost, including indirect costs, of the services covered under the proposal. The amendment states specifically that the reimbursement policy to be followed in paying hospitals would be oriented to the principles of reimbursement by third parties laid down by the American Hospital Association.

DRUGS

In addition to the modifications I have mentioned, the amendment we are offering makes a technical change that would make doubly sure that the bill would not discourage the use of any drugs of therapeutic value. Under S. 909, hospital payments would have been made for any drug or biological that is listed on any one of the three major U.S. drug listings that have been developed by the drug industry and the medical profession. Since these drug listings are entirely under the control of the medical profession, and since new drugs and therapeutic value can be added to the listings at will, I do not see how Government reliance on these compendia would involve Government supervision or restriction of physicians' choice of drugs. Nevertheless, the proposed amendment will clear up any misunderstandings by providing that payment would be made under the proposed program for any drug not listed on one of the professional drug listings if the drug is acceptable to the drug or pharmacy committee of the hospital in which the drug is used.

MEDICAL TEACHING PROGRAMS

Another charge made against S. 909 is that under it the Secretary might make use of decisions of organizations unacceptable to the American Medical Association in determining whether an intern and resident is a student doctor and not a full-fledged staff member. I have modified the provision in question to state specifically that a hospital intern or resident who is a member of a teaching program that is approved by the Council on Medical Education and Hospitals of the American Medical Association would be officially determined to be a student for whom payment could be made under the amendment. Obviously this was the intent of S. 909.

In making the language abundantly clear, in a bill already characterized by a full spelling out of provisions, I believe that the proposed amendment will put an end to any real concern that the Blue Cross-type insurance program we are proposing—for less than 10 percent of our population—will somehow lead to a program of socialized medicine. It will not—and the American Medical Association should stop worrying.

SERVICES COVERED

The basic insurance protection provided under our amendment—as under my bill, S. 909—includes four major benefits:

First. Payment would be made for inpatient hospital services for as many as 90 days of care during any single period of illness. The patient would be required to pay $10 a day of the cost of inpatient hospital care for up to 9 days during each benefit period, with the minimum payment being $20.

Second. Payment would be made for up to 180 days of skilled nursing home services for patients who transfer to a hospital-affiliated nursing home from a hospital.

Third. Home health services would be paid for when furnished by, or through, public or nonprofit agencies under a plan prescribed by a physician. Up to 240 home health services visits could be paid for during a calendar year. These services would include nursing care, physical, occupational, and speech therapy, medical supplies—other than drugs—appliances for temporary use, and certain part-time or intermittent homemaker services.

Fourth. Payments would be made for outpatient hospital diagnostic services of the kind customarily furnished by or through a hospital to its outpatients, with the patient being required to pay the first $20 of the cost of each diagnostic study.

DOCTORS' BILLS NOT COVERED

I want to emphasize that physicians' services would not be covered except for services of interns and residents-in-training under an approved teaching program, and except for hospital services provided by physicians in the fields of pathology, radiology, physical medicine, and anesthesiology where such physicians are in the employ of, or work under an arrangement with, the hospital.

HOSPITAL ORIENTED

Our proposal is focused on hospital services because an illness that necessitates hospitalization is usually the most costly. The medical expenses for aged people who are hospitalized are about five times greater than the medical bills of aged people who are not hospitalized. Furthermore, among the aged, hospitalization is very likely to occur. It is estimated that 9 out of every 10 persons who reach age 65 will be hospitalized at least once before they die; 7 out of 10 will be hospitalized at least 2 times; and almost 4 out of 10 will be hospitalized at least 3 times. The aged group spend at least twice as many days per capita in general hospitals as the population as a whole.

One of the most significant features of the proposal is that it provides alternatives to inpatient hospital care. Provision has been made for payment for skilled nursing home care, home health care, and outpatient diagnostic studies in order to promote the most efficient and economical use of existing health care facilities. In providing for payment for these alternative services, the proposed program would reinforce the efforts of the health professions to reserve hospital beds for acute illnesses requiring intensive treatment that can be provided only in a hospital.

As already noted, our proposal would not cover surgical services and other physicians' services. I believe that protection against costs of doctors' fees should not be included in the Government-sponsored program. Payment of doctors' fees requires financial arrangements to which physicians are adamantly opposed. Moreover, since the financial base of our proposed program is, like the entire proposal, intentionally modest and conservative, it seems better to concentrate the funds on hospital costs rather than doctors' fees, which by tradition are adjusted to the means of the patient. Since only basic health insurance protection would be provided under the amendment, aged people can be expected to purchase private, supplementary insurance against the cost of surgical and other physicians' services.

FINANCING OF THE PROGRAM

The chief actuary of the Social Security Administration has assured me that the benefits of the proposal would be financed on a sound actuarial basis with cost calculations based on assumptions and methodology consistent with those used for the other elements of the OASDI program. The financing of both the cash benefits, including the higher ones that would result from raising the earnings base, and the new health benefits, would be accomplished by raising the maximum taxable earnings base to $5,200 per year and by an additional combined employer-employee tax of one-half of 1 percent.

The proposed health benefits would be financed by an allocation to the health insurance trust fund from the total social security tax receipts—an allocation equal to what a combined employer-employee tax of .68 percent would yield. Part of this—.50 percent—comes from the increase in the scheduled contribution rates in all future years. The remainder comes from the net gain resulting in the cash-benefits portion of the system from raising the earnings base from $4,800 to $5,200.

SEPARATE TRUST FUND

Under the bill I introduced last year, there would have been a health insurance account in the Federal social insurance trust fund. The trust fund would also have included special accounts for old-age and survivors insurance and for disability insurance. While I believe this arrangement would have been fully effective in segregating the moneys for the various benefits provided under social security, in the proposed amendment we have substituted provisions for a separate health insurance trust fund. We have made this change because some people believe that there would be merit in a separate trust fund for health insurance, and that there would be less danger of misunderstanding.

Of course, the payments for health services that would be made on behalf of those people who qualify for protection through the provisions for the uninsured would be made from general revenues. The trust fund and the rights of the social insurance beneficiaries would in no way be affected by these expenditures.

ROLE OF PRIVATE INSURANCE

I want to emphasize that under this proposal the role of private insurance would be an important one. The proposal is designed to meet only the most pressing health care costs of the aged, and, as in the case of the present program of old-age and survivors insurance benefits, beneficiaries can be expected to build on the basic health insurance protection. I think we have every right to expect that at least some of the money the aged now spend to meet hospital costs, through insurance, and otherwise, would be used to purchase insurance against the costs of the services of physicians and dentists, drugs, and the other health services and supplies not covered under the proposal. Also, I would expect that many aged people who now go without any health insurance protection because they cannot afford to safeguard themselves against the financial catastrophe of a serious illness would also obtain supplemental coverage from private sources once real security becomes possible. Certainly, with basic protection furnished under the Government program, employers will be encouraged to carry supplemental protection for their retired employees just as they have provided supplementary pensions. Private financing alone cannot do the job but it can do much to make retirement and health insurance protection in old age adequate when basic protection under social security is available. Our amendment makes clear the intention to encourage and facilitate supplementation by States, private insurance, or other methods.

So the administration is indeed proposing that Government and private insurance play complementary roles in meeting the need. The role of Government in the health insurance area, just as it is in the area of retirement income, would be to provide a guarantee of basic protection for the aged through the Nation's social insurance system, while the role of private insurance would be to build supplementary protection on this base. By working together—and not by competing with each other—Government and private insurance can make comprehensive and adequate protection a realistic possibility for all of the aged.

SUMMARY

Mr. President, I am convinced that the amendment we are offering for the consideration of the Senate offers a reasonable basis for agreement. The amendment would embody all of the great merit of the social security approach and at the same time provide meaningful assistance for the relatively few older people who are not now protected by the social insurance system.

The proposal has strong safeguards against any possibility that Government would exert control over providers of services and established medical practices.

I take great pride in pointing to the large area of agreement that has been reached by those of us who sincerely seek a way by which much-needed protection against the cost of serious illness can be provided for our senior citizens. We believe we have demonstrated that we have offered a workable and satisfactory plan that will meet with widespread public approval. I urge all Senators who are seeking a way by which much-needed protection against the cost of serious illness can be provided for the aged to join in support of our proposal. If we are truly of good will, we can meet objections with fair and workable solutions; we can demonstrate to the American people our sincerity and good faith. There is no justification for further delay; we must not wait longer to provide an effective program of protection for the Nation's elderly people.

The final revision which was added as a result of many conferences provides an option to beneficiaries to continue private health insurance protection in order to encourage private health insurance supplementation. The plan is as follows:

First. At the time of first eligibility for social security, beneficiaries who for a period of time had private insurance protection under plans which include the same benefits as provided under social security would be able to choose between having the statutory benefit paid for directly by social security or, if they wish to continue the private plan, they could have the statutory benefits paid for through the private carrier.

Of course, those who did not elect to continue such a private plan could buy private policies completely separate from but supplementary to social security protection.

Second. Carriers would be reimbursed for the statutory benefits they paid for and for their administrative costs.

Third. The beneficiaries could elect to have their benefits paid by a private carrier only if they have had the required plan in effect for a period before they become entitled to health benefits under social security. The required period of prior insurance would be brief at first, to allow for a change in private plans and then gradually lengthen until 5 years of previous membership is ultimately required. The required period of membership would be 3 months for persons entitled when the plan goes into effect on January 1, 1964, and would remain at 3 months until the end of March 1964. From then until the end of 1968 it would require continuous membership from January 1, 1964, until entitlement. After 1968, 5 years would be required.

Fourth. Any carrier would be approved to participate for its group health insurance plans and all nonprofit plans would be approved. To participate for individual policies a commercial carrier would need to be licensed in all States and doing 1 percent of the health insurance business throughout the Nation, or is found by the Secretary to be national in scope. As an alternative it could be approved for a particular State if it did 10 percent of the business in that State.

That, I feel, makes the package complete and strengthens my hope that the Senate will take the forward step of approving this amendment.

Finally, I compliment the Secretary of Health, Education, and Welfare, Mr. Ribicoff, for the amount of time he has personally devoted to working out a satisfactory solution to some of our problems. Solutions were not easy to accomplish. A great deal of work was required to make sure that the proposals could be properly administered under the law. I wish to compliment Mr. Ribicoff for the fine job he has done.

Mr. McNAMARA. Mr. President, I ask unanimous consent that all staff members of the Committee on Aging be permitted access to the floor until the Senate has concluded its deliberations concerning H.R. 10606.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT UNTIL THURSDAY

Mr. McNAMARA. Mr. President, if there is no further business to come before the Senate, I move, pursuant to the ordered entered on July 2, that the Senate adjourn until 12 o'clock noon on Thursday.

The motion was agreed to; and (at 4 o'clock and 36 minutes p.m.) the Senate adjourned, under the order of July 2, until Thursday, July 5, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 3, 1962:

U.S. ATTORNEY

James P. Alger, of Utah, to be U.S. attorney for the district of Guam for the term of 4 years, vice Herbert G. Homme, Jr., resigned.

DEPARTMENT OF DEFENSE

Norman S. Paul, of the District of Columbia, to be an Assistant Secretary of Defense, vice Carlisle Piehl Runge.

CONFIRMATION

Executive nomination confirmed by the Senate July 3, 1962:

U.S. COAST GUARD

Rear Adm. Donald McG. Morrison, U.S. Coast Guard, to be Assistant Commandant of the U.S. Coast Guard with the rank of vice admiral.

EXTENSIONS OF REMARKS

Needed: Greater Government-Industry-Labor-Citizen Action

EXTENSION OF REMARKS

OF

HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Tuesday, July 3, 1962

Mr. WILEY. Mr. President, the Nation—now experiencing serious ups and downs in its economy—needs to undertake cool and levelheaded—not panicky—action to reestablish economic stability and to promote progress.

In a weekend broadcast over Wisconsin stations, I was privileged to discuss some of the outstanding problems facing the economy—together with some recommendations for dealing with the situation.

I ask unanimous consent to have excerpts of my talk printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

GOVERNMENT-INDUSTRY-LABOR-CITIZEN ACTION TO STABILIZE ECONOMY

Currently, the Nation—though well-established on a sound foundation—is experiencing some real "flaps" economically.

The stock market, an economic measuring stick, dropped downward with losses, within the last 6 months, estimated at $150 billion in security values. Some of the 40 large corporations have skidded from a few dollars to over $6 billion.

Generally, there is a widespread feeling that such drastic fluctuations of the stock market affect only rich investors. However, there are more than 13 million shareholders, many of them small and not rich, in corporations in this country.

Now, what are the reasons for the economic upheavals? As always, there are many theories. These range from: Allegations of manipulation of the market, diminishing of public confidence in the economy, and a growth-retarding caution that, because of recent activities, "big government," rather than supply-demand and the voice of labor-management, will become the determining factor in wages, prices, profits and economic policies.

WHAT REMEDY?

For remedies, there also are a variety of theories:

Some say: "Cut taxes." Naturally, all of us would like a reduction in taxes. However, reducing revenue—without commensurate cuts in Federal spending now escalating to all-time highs—would be a highly questionable economic policy.

Others say: "Let's transfuse hundreds of millions of dollars into the economy by more Federal spending." Again, there are times when governmental spending, local, State, and Federal, may be necessary to help halting economic downtrends. By experience, however, we should have learned that, contrary to some ivory tower economists, we cannot "spend ourselves into prosperity." The unwise injection of tax dollars into the economy, rather, can create only falsely based economic activity. Real economic strength, of course, is based upon maintaining a good—and increasing—rate of production and consumption.

The reestablishment of economic stability, of course, can be obtained by not glossing over problems; but rather by facing up to them.

Realistically, these problems, though challenging, are not insurmountable. To stabilize the economy, there is, economically speaking, a need for cool, levelheaded—not panicky—action.

Among other things, I believe the following steps could well be taken:

(1) A declaration by the Federal Government that it does not intend to unduly exercise all its long-reaching and possibly strangulating powers to dictate economic policy; but rather, that it intends to permit economic, not political, factors to be the determining force in economic affairs, as this best serves the public interest.

(2) A demonstration, and public reaffirmation, by leaders of job-creating businesses of confidence in the economy, and of plans for expansion to create more jobs and productivity.

(3) A confidence-inspiring statement by labor—as reflected in responsible actions of the past—that it is dedicated to considering the public, as well as its special, interest in wage-benefit negotiation.

(4) Citizens, individuals and corporate, to go ahead with sound buying plans, invest savings: to keep the economic wheels of the economy whirling.

HOUSE OF REPRESENTATIVES

THURSDAY, JULY 5, 1962

DESIGNATION OF SPEAKER PRO TEMPORE

The **SPEAKER** pro tempore (Mr. Albert) laid before the House the following communication from the Speaker, which was read:

July 5, 1962.

I hereby designate the Honorable Carl Albert to act as Speaker pro tempore today.

John W. McCormack,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalm 11: 3: *If the foundations be destroyed what can the righteous do?*

O Thou Eternal God, may our minds and hearts be stirred with a deepening sense of patriotism and gratitude as we continue to think of that day of high and holy memory in our national history when a company of God-fearing men were guided by Thy divine wisdom to sign the Declaration of Independence.

Grant that the blessings of freedom, which were purchased at a tremendous cost and which we prize so highly and are privileged to enjoy in such an abundant measure, may always be coordinated with the spirit of self-discipline.

Help us to cling with increasing tenacity of faith and fortitude to the great truth proclaimed by George Washington in his Farewell Address that religion and morality are indispensable and inseparable and that we cannot maintain our national greatness if we allow them to be subverted and obliterated by secularism.

Hear us in the name of our blessed Lord. Amen.

THE JOURNAL

The Journal of the proceedings of Monday, July 2, 1962, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 1609. An act for the relief of Demitrios Dunis;

H.R. 1899. An act for the relief of Stavros Michael Mourkakos;

H.R. 2337. An act for the relief of Maria Stella Todaro;

H.R. 3483. An act for the relief of Mrs. Marguerite de Soepkez;

H.R. 3492. An act for the relief of Sebastian Sanchez Hermosilla;

H.R. 3912. An act for the relief of Chikoko Shinagawa;

H.R. 4330. An act to provide uniform computation of retired pay for enlisted members retired prior to June 1, 1958, under section 4 of the Armed Forces Voluntary Recruitment Act of 1945, as amended by section 6(a) of the act of August 10, 1946 (60 Stat. 995);

H.R. 7719. An act to amend section 6(d) of the Universal Military Training and Service Act (50 App. U.S.C. 456(d)) to authorize certain persons who complete a Reserve Officers' Training Corps program to be appointed as commissioned officers in the Coast and Geodetic Survey;

H.R. 8862. An act for the relief of Miss Eleanore Redi;

H.R. 9180. An act for the relief of Noreen Joyce Baden;

H.R. 9468. An act for the relief of Dr. Charles C. Yu;

H.R. 9588. An act for the relief of Claude Homann-Herimberg (nee Wagner); and

H.R. 10960. An act for the relief of Rosina Luisi (Sister Mary Rosina) and Maria Fatibene (Sister M. Valentina).

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 1469. An act for the relief of Mrs. Leslie M. Paterson, Janet Paterson, and Mary Paterson;

H.R. 5144. An act to provide for the acquisition of and the payment for individual Indian and tribal lands of the Lower Brule Sioux Reservation in South Dakota, required by the United States for the Big Bend Dam and Reservoir project on the Missouri River, and for the rehabilitation, social, and economic development of the members of the tribe, and for other purposes;

H.R. 5165. An act to provide for the acquisition of and the payment for individual Indian and tribal lands of the Crow Creek Sioux Reservation in South Dakota, required by the United States for the Big Bend Dam and Reservoir project on the Missouri River, and for the rehabilitation, social, and economic development of the members of the tribe, and for other purposes; and

H.R. 7369. An act for the relief of Gerda Godin.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1461. An act for the relief of Krystyna Ratay;

S. 1974. An act for the relief of Stefan Copilu;

S. 2698. An act for the relief of Antonio Gutierrez Fernandez;

S. 2807. An act for the relief of Mrs. Juliane C. Rockenfeller;

S. 2835. An act for the relief of Sieu-Yoeh Tsai Yang;

S. 2844. An act for the relief of Alice Amar Froemming;

S. 2902. An act for the relief of Sumiko Takahashi;

S. 2908. An act for the relief of Rosa Fumarola Balice;

S. 2992. An act for the relief of Michelangelo Comito (Nati);

S. 3026. An act for the relief of Jeno Nagy.

S. 3039. An act for the relief of Bartola Maria S. La Madrid;

S. 3111. An act for the relief of Ernst Haeusserman;

S. 3121. An act for the relief of Dinh Khon Ngo (also known as Robert (kun Ting) Wu);

S. 3144. An act for the relief of Marcello Chiovelli;

S. 3177. An act for the relief of Michael (Mike) Bessler; and

S. 3267. An act for the relief of Gunter Heinz Hillebrand.

The message also announced the appointment of the Senator from Mississippi, Mr. Stennis, as an additional conferee on the bill (H.R. 11289) entitled "An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes."

ENROLLED BILLS SIGNED BY THE SPEAKFR

The **SPEAKER** pro tempore. The Chair desires to announce that pursuant to the authority granted the Speaker on Monday, July 2, 1962, the Speaker did on July 3, 1962, sign the following enrolled bill of the House and enrolled bills and joint resolution of the Senate:

H.R. 3840. An act to provide for the conveyance of certain real property of the United States to the Carolina Power & Light Co.;

S. 1526. An act for the relief of Joey Kim Purdy;

S. 1943. An act for the relief of Hajime Sumitani;

S. 2107. An act to amend title 14, United States Code, entitled "Coast Guard," to extend the application of certain laws relating to the military services to the Coast Guard for purposes of uniformity;

S. 2130. An act to repeal certain obsolete provisions of law relating to the mints and assay offices, and for other purposes;

S. 2198. An act for the relief of Lise Marie Berthe Marguerite De Simone;

S. 2300. An act for the relief of Byron Wong;

S. 2309. An act for the relief of Tio Sien Tjiong;

S. 2355. An act for the relief of Filomena F. Schenkenberger;

S. 2586. An act for the relief of Alexandra Callas;

S. 2606. An act for the relief of Patricia Kim Bell (Kim Booshin);

S. 2607. An act for the relief of Lee Haw Sun;

S. 2633. An act for the relief of Susan Holt Lerke (Choi Sun Hee);

S. 2679. An act for the relief of John Axel Arvidson;

S. 2709. An act for the relief of Ernst Fraenkel and his wife, Hanna Fraenkel;

S. 2732. An act for the relief of Yoon So Shim;

S. 3025. An act to supplement certain provisions of Federal law incorporating the Texas & Pacific Railway Co. in order to give certain additional authority to such company; and

S.J. Res. 201. Joint resolution to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage may be filed.

SUPREME COURT DECISION ON PRAYER

Mr. HAGAN of Georgia. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. HAGAN of Georgia. Mr. Speaker, there is continuing and growing concern on the part of the good people of my district with the implications of the recent Supreme Court decision concerning prayer in our schools. Some of the best comments on the subject I have read are contained in a front-page editorial that was written by Mr. William C. Rogers, editor of the Swainsboro Forest Blade, Swainsboro, Ga. I believe Mr. Rogers has ably stated the feelings of a vast majority of my constituents with respect to the Supreme Court's decision on the New York Board of Regent's recommended school prayer, and I further believe his comments will be of interest to my colleagues.

BLIND ARE THEY

The U.S. Supreme Court ruled Monday that daily recital of an official State prayer in public schools—even though nonsectarian in content and noncompulsory—offends the religious freedom guarantees in the Constitution.

Specifically, the ruling invalidates a New York Board of Regents recommendation calling for the recital of a 22-word school prayer expressing reliance on God and asking His blessing.

But the implications of the decision reach far beyond the boundaries of New York State—and the victors in court, the Civil Liberties Union and its supporters, are the first to admit this. Alan Reitman, assistant executive director of this group, is quoted as saying: "The decision may end religious observances of all types in all public schools." Reitman and his followers hail the decision as "a milestone in the development of the guarantee of the separation of church and state."

But what they refer to as a milestone is, in reality, simply another example of the shallowness of thought, the utter disregard of the American way of life, and the socialistic leanings of our Nation's highest tribunal.

Even a casual survey of American history clearly reveals that our Founding Fathers wanted freedom of, not freedom from religion. And it is evident even to an indifferent observer that Ben Franklin, Thomas Jefferson, Samuel Adams and the other great founders of our Nation interpreted the words "separation of church and state" as a guarantee from religious domination. They quite obviously did not intend a complete divorce of government and religion.

If they had, would the Nation's Founding Fathers have included in the Declaration of Independence such words as "all men are endowed by the Creator with certain inalienable rights"?

Would they have appealed in the same declaration to the Supreme Judge of the world for the rectitude of their intentions?

Would they have expressed their "firm reliance on the protection of the divine providence"?

It was, of course, no accident that our Founding Fathers used these words and expressed these thoughts. It was their deliberate aim to build a government founded on Christian principles, Christian laws and Godly objectives.

Separate God from America?

Would you erase from our coins the motto "In God We Trust"? Would you abolish the chaplaincy services of our Armed Forces? Would you have the President take the oath of his office swearing on something other than the Bible? Would you change the words of that familiar hymn: "Our Father God to Thee, Author of Liberty, to Thee we sing. Long may our land be bright with freedom's holy light! Protect us by Thy might, Great God, our King"?

Separate God from America?

Do this and our Nation will fade from the pages of history. The United States will endure only so long as the God-inspired ideals of its founders continue to be the guiding principle of its Government.

We must preserve these sacred ideals. We owe it to history; we owe it to those patriots who died that our Government might be founded on Christian concepts; and we owe it to our children and future generations.

How blind are they who would divorce God from America. Can not those who seek this, see what they are doing: They are using freedoms guaranteed by our Government in an effort to destroy those Christian principles upon which our Government of freedom is founded. They are protected in their efforts by the very thing they would now destroy.

Separate God from America?

Nay. It simply cannot be done, for America without God is not America.

PROGRAM FOR BALANCE OF THE WEEK AND NEXT WEEK

Mr. SHORT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. SHORT. Mr. Speaker, I take this time to inquire of the acting majority leader as to the program for the balance of the week and, insofar as he can, the program for next week.

Mr. MORRIS. Mr. Speaker, if the gentleman will yield, there is no legislative business for today. Monday is District Day and there is no business for District Day. It is the intention of the leadership to bring up the Foreign Assistance Act of 1962, H.R. 11921, on Monday and Tuesday. There will be 5 hours of general debate under the rule granted.

Mr. Speaker, I ask unanimous consent that any votes on Monday and Tuesday of next week except on rules or procedural matters go over until Wednesday because of the Virginia primaries.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New Mexico?

Mr. GROSS. Mr. Speaker, reserving the right to object, when is the Virginia primary?

Mr. MORRIS. Tuesday.

Mr. GROSS. The same day as the All-Star baseball game, I gather.

Mr. MORRIS. I might say to the gentleman from Iowa it is my understanding that there is a baseball game on that day also.

Mr. GROSS. Why on Monday should votes be put over?

Mr. MORRIS. This is customary procedure.

Mr. GROSS. Well, now, is the gentleman saying that we are going to take up the foreign giveaway bill on Tuesday, with a substantial number of Members of the House probably attending the All-Star baseball game?

Mr. MORRIS. No. The gentleman from Iowa misunderstood me. I indicated we were going to take up the Foreign Assistance Act of 1962, H.R. 11921, on Monday and Tuesday.

Mr. GROSS. No, I did not misunderstand the gentleman; it is still the foreign giveaway bill, call it whatever you want. Do you mean to say that is going to be brought up on Tuesday?

Mr. MORRIS. That is correct. That is the intention of the leadership.

Mr. GROSS. Well, I wonder how many Members of the House will want to go to a baseball game with quorum calls going on about every 20 minutes on Tuesday, because I intend to see that there is a quorum present when the multibillion-dollar program is brought up for debate.

Mr. MORRIS. I might say to the gentleman from Iowa that if a Member of the House goes to the baseball game, he will have to realize and understand that there is always the possibility of having quorum calls, and knowing the diligence with which the gentleman from Iowa works on legislative business, I am sure there will be quorum calls, and I think the Members are duly warned from this colloquy that there will be quorum calls.

Mr. GROSS. The gentleman agrees with me that this is important legislation, does he not?

Mr. MORRIS. I certainly think it is very important legislation.

Mr. GROSS. The House generated a pretty good head of steam, as far as legislation is concerned, last week. We did a pretty good week's work for the first time since this session convened in January. I was in hopes this would continue, so that we could adjourn and go home within a reasonable time without having legislation rammed down our throats under gag rules or consideration of conference reports when none of us is given the time to find out what was in them. That is a situation that will again develop if we continue to procrastinate in the House.

Mr. MORRIS. Mr. Speaker, will the gentleman yield further?

Mr. GROSS. I yield.

Mr. MORRIS. I think we did generate a rather good head of legislative steam last week, and I believe that we will continue to move along. Of course, it is pretty difficult for anyone to foresee what procedural matters may be coming up in the future on any given conference report.

About the only people whom I know who can foretell that are the committee chairmen or those who are chairmen of conference committees in the other body and in this body.

Mr. GROSS. Mr. Speaker, I withdraw my reservation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

Mr. MORRIS. Mr. Speaker, it is my understanding that I got unanimous consent on the program for next week?

The SPEAKER pro tempore. The gentleman got unanimous consent that roll calls would go over until Wednesday next.

Mr. MORRIS. Mr. Speaker, the balance of the legislative program for next week will be announced on Wednesday.

ADJOURNMENT OVER

Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

Mr. GROSS. Mr. Speaker, again reserving the right to object, apparently we are not going to be told what the program is for next week except for Monday and Tuesday. Is there some reason for that? Are we going to have another vacation toward the end of next week?

Mr. MORRIS. I might say to the gentleman from Iowa I doubt very seriously if there will be a vacation. I am sure there will be some legislative business. However, I am not in a position to accurately advise the gentleman at this time.

Mr. GROSS. But we have only a program for Monday and Tuesday of next week.

Mr. MORRIS. And, we have a schedule for Wednesday.

Mr. GROSS. Well, what is the schedule for Wednesday?

Mr. MORRIS. At least the balance of the legislative business will be announced on Wednesday.

Mr. GROSS. We have District business on Monday and the foreign giveaway bill on Tuesday. What is the program for Wednesday?

Mr. MORRIS. At least the legislative program for the balance of the week will be announced.

Mr. GROSS. Well, that will be a big day's work.

Mr. Speaker, I withdraw my reservation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

AUTHORITY TO SIGN ENROLLED BILLS AND RESOLUTIONS

Mr. MORRIS. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday next, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS

Mr. MORRIS. Mr. Speaker, I ask unanimous consent that Calendar Wednesday business for next week be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

IS PRAYER IN SCHOOLS REALLY BARRED?

Mr. SHORT. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. RAY] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. RAY. Mr. Speaker, the current number of U.S. News & World Report, on page 100 presents a thoughtful editorial by David Lawrence entitled "Is Prayer in Schools Really Barred?" It is a careful analysis of the Supreme Court's opinion, dated June 25, in the case of Engel against Vitale, and others. I am glad to bring this analysis to readers of the CONGRESSIONAL RECORD and to state at this point my own view that the Supreme Court's decision as expressed in the majority opinion is sound. I do not agree with the reasoning of Justice Douglas in his separate opinion.

The editorial follows:

IS PRAYER IN SCHOOLS REALLY BARRED?

(By David Lawrence)

The Supreme Court of the United States, in a 6-to-1 decision, has barred "official" prayers in public schools. But it hasn't barred prayer. It hasn't barred the teaching of morality or the philosophy of human brotherhood, or the spread of knowledge concerning Christianity or Buddhism or any of the other religions of the world. To permit in public schools the study of codes of human behavior is not to create "an establishment of religion."

But it is unconstitutional, says the Supreme Court, for Congress or any State to prescribe a form of prayer and require recitation as a regular exercise in a public school as part of a specified program of instruction. In delivering the formal opinion of the Court, Justice Black says:

"It is neither sacrilegious nor antireligious to say that each separate government in this country should stay out of the business of writing or sanctioning official prayers and leave that purely religious function to the people themselves and to those the people choose to look to for religious guidance."

It happens New York State undertook, through its board of regents, to require that in every public school the following prayer be said each day as an opening exercise:

"Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country."

The fact, says the Supreme Court, that the prayer may be "denominationally neutral" and that students may "remain silent or be excused from the room" does not remove the "constitutional defects" from the procedure. For the Court adds:

"Government in this country, be it State or Federal, is without power to prescribe by law any particular form of prayer which is to be used as an official prayer in carrying on any program of governmentally sponsored religious activity."

How would this apply if, for instance, the students were required to take a minute or two each day for silent prayer? Nothing would be said aloud. Each person would express to himself his own prayer, or say no prayer at all. The answer is that even this might be adjudged a violation of the Constitution if any governmental body prescribed such a religious program as an official part of the school's discipline.

But this does not render invalid any voluntary expression of religion by the students or bar teachers from granting a request from them for permission to conduct Christmas celebrations. Nor would mere discussion in the classroom of the importance of religion and its impact on the morality of a community be unconstitutional.

Justice Black says significantly in a footnote to the Court's opinion:

"There is of course nothing in the decision reached here that is inconsistent with the fact that schoolchildren and others are officially encouraged to express love for our country by reciting historical documents such as the Declaration of Independence which contain references to the Deity or by singing officially espoused anthems which include the composer's professions of faith in a Supreme Being, or with the fact that there are many manifestations in our public life of belief in God. Such patriotic or ceremonial occasions bear no true resemblance to the unquestioned religious exercise that the State of New York has sponsored in this instance."

It is the fact that the prayer in New York's schools was prescribed as such by the State government's own school board—and not the content of the prayer itself—which was the basis for barring the program as unconstitutional. The Supreme Court says in its ruling:

"We think that the constitutional prohibition against laws respecting an establishment of religion must at least mean that in this country it is no part of the business of government to compose official prayers for any group of the American people to recite as a part of a religious program carried on by government."

The foregoing quotation constitutes the ruling of the Court, and hence all other expressions of opinion are mere "dicta." They carry weight only as the view of individual judges. Thus, Justice Douglas, who wrote a separate opinion concurring in the ruling of the Court, says, in effect, he would bar the payment of any public funds to a church-related institution even for lunches or bus transportation and even for tuition grants to war veterans.

Each case must stand on its merits, and the key question before the Court always will be whether grants of financial aid actually put government in the position of prescribing or participating in any program of religious teaching.

OUR COUNTRY HAS A RICH SPIRITUAL TRADITION AND HAS PROSPERED AND GROWN UNDER GOD AS A CHRISTIAN NATION

Mr. EVINS. Mr. Speaker, I ask unanimous consent to proceed out of order for 5 minutes, to revise and extend my remarks, and to include extraneous matter.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. **EVINS**. Mr. Speaker, we have just heard the beautiful and inspiring prayer of our beloved chaplain, Dr. Braskamp, as he opened the proceedings of this day.

Mr. Speaker, our Nation has observed our national birthday, and as we celebrated the Fourth of July many Americans had occasion to reflect upon our great heritage.

This year the celebration of our National Independence Day came at a time when the people of our country are disturbed by recent decisions of the Supreme Court and particularly the decision regarding the recitation of a simple prayer in the public schools.

Ours is a Christian nation with a rich spiritual heritage.

I think it is appropriate that during this period of national celebration we hark back to some of our cherished traditions and realize that our country has grown great under God, that we have prospered and have been blessed by the grace of divine providence—that our tradition has indeed been that of a Christian nation.

In recently reviewing the inaugural addresses of all of the Presidents of the United States, I find that every single President—Presidents Tyler, Filmore, Johnson, and Arthur, as Vice Presidents taking the Office of President immediately following the death of the incumbent President, did not make inaugural addresses—from President Washington to President Kennedy has, in his inaugural address at the beginning of his administration, invoked, through prayer, the guidance and divine direction of God for himself as our national leader and for our country.

I believe these need to be reemphasized today.

The following excerpts are copies from sentences and phrases of inaugural addresses of the Presidents, each calling for prayer, for divine guidance and direction:

George Washington: "In humble supplication that, since He has been pleased to favor the American people with opportunities for deliberating in perfect tranquillity, and dispositions for deciding with unparalleled unanimity on a form of government for the security of their Union and the advancement of their happiness, so His divine blessing may be equally conspicuous in the enlarged views, the temperate consultations, and the wise measures on which the success of this Government must depend."

John Adams: "And may that Being who is supreme over all, the patron of order, the fountain of justice, and the protector in all ages of the world of virtuous liberty, continue His blessing upon this Nation and its Government and give it all possible success and duration consistent with the ends of His providence."

Thomas Jefferson: "* * * and may that Infinite Power which rules the destinies of the universe lead our councils to what is best, and give them a favorable issue for your peace and prosperity."

James Madison: "My confidence will under every difficulty be best placed, next to that which we have all been encouraged to feel in the guardianship and guidance of that Almighty Being whose power regulates the destiny of nations, whose blessings have been so conspicuously dispensed to this rising Republic, and to whom we are bound to address our devout gratitude for the past, as well as our fervent supplications and best hopes for the future."

James Monroe: "I enter on the trust to which I have been called by the suffrages of my fellow citizens with my fervent prayers to the Almighty that He will be graciously pleased to continue to us that protection which He has already so conspicuously displayed in our favor."

John Quincy Adams: "I appear, my fellow citizens, in your presence and in that of heaven to bind myself by the solemnities of religious obligation to the faithful performance of the duties allotted to me in the station to which I have been called."

(Second inaugural address): "Whatever success may attend my public service; and knowing that 'except the Lord keep the city the watchman waketh but in vain,' with fervent supplications for His favor, to His overruling providence I commit with humble but fearless confidence my own fate and the future destinies of my country."

Andrew Jackson: "And a firm reliance on the goodness of that Power whose providence mercifully protected our national infancy, and has since upheld our liberties in various vicissitudes, encourages me to offer up my ardent supplications that He will continue to make our beloved country the object of His divine care and gracious benediction."

Martin Van Buren: "I only look to the gracious protection of the Divine Being whose strengthening support I humbly solicit, and whom I fervently pray to look down upon us all. May it be among the dispensations of His providence to bless our beloved country with honors and with length of days. May her ways be ways of pleasantness and all her paths be peace."

William Henry Harrison: "I deem the present occasion sufficiently important and solemn to justify me in expressing to my fellow citizens a profound reverence for the Christian religion and a thorough conviction that sound morals, religious liberty, and a just sense of religious responsibility are essentially connected with all true and lasting happiness; and to that good Being who has blessed us by the gifts of civil and religious freedom, who watched over and prospered the labors of our fathers and has hitherto preserved to us institutions far exceeding in excellence those of any other people, let us unite in fervently commending every interest of our beloved country in all future time."

James K. Polk: "I enter upon the discharge of the high duties which have been assigned me by the people, again humbly supplicating that Divine Being who has watched over and protected our beloved country from its infancy to the present hour to continue His gracious benedictions upon us, that we may continue to be a prosperous and happy people."

Zachary Taylor: "In conclusion I congratulate you, my fellow citizens, upon the high state of prosperity to which the goodness of divine providence has conducted our common country. Let us invoke a continuance of the same protecting care."

Franklin Pierce: "I can express no better hope for my country than that the kind providence which smiled upon our fathers may enable their children to preserve the blessings they have inherited."

James Buchanan: "I must humbly invoke the God of our fathers for wisdom and firmness to execute its high and responsible duties in such a manner as to restore harmony and ancient friendship among the people of the several States and to preserve our free institutions throughout many generations. Convinced that I owe my election to the inherent love for the Constitution and the Union which still animates the hearts of the American people, let me earnestly ask their powerful support in sustaining all just measures calculated to perpetuate these, the richest political blessings which Heaven has ever bestowed upon any nation. I shall now proceed to take the oath prescribed by the Constitution, whilst humbly invoking the blessing of divine providence on this great people."

Abraham Lincoln: "If the Almighty Ruler of Nations, with His eternal truth and justice, be on your side of the North, or on yours of the South, that truth and that justice will surely prevail by the judgment of this great tribunal of the American people."

(Second inaugural address): "Both [the North and the South] read the same Bible and pray to the same God, and each invokes His aid against the other. It may seem strange that any men should dare to ask a just God's assistance in wringing their bread from the sweat of other men's faces, but let us judge not, that we be not judged. The prayers of both could not be answered. That of neither has been answered fully. The Almighty has His own purposes. 'Woe unto the world because of offenses; for it must need be that offenses come, but woe to that man by whom the offense cometh.' If we shall suppose that American slavery is one of those offenses which, in the providence of God, must needs come, but which, having continued through His appointed time, He now wills to remove, and that He gives to both North and South this terrible war as the woe due to those by whom the offense came, shall we discern therein any departure from those divine attributes which the believers in a living God always ascribe to Him? Fondly do we hope, fervently do we pray, that this mighty scourge of war may speedily pass away. With malice toward none, with charity for all, with firmness in the right as God gives us to see the right, let us strive on to finish the work we are in, to bind up the Nation's wounds, to care for him who shall have borne the battle and for his widow and his orphan, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."

Ulysses S. Grant: "I ask the prayers of the Nation to Almighty God in behalf of this consummation." (Ratification of the 15th amendment to the Constitution.)

Rutherford B. Hayes: "Looking for the guidance of that divine hand by which the destinies of nations and individuals are shaped, I call upon you, Senators, Representatives, judges, fellow citizens, here and everywhere, to unite with me in an earnest effort to secure to our country the blessings, not only of material prosperity, but of justice, peace, and union—a union depending not upon the constraint of force, but upon the loving devotion of a free people; 'and that all things may be so ordered and settled upon the best and surest foundations that peace and happiness, truth and justice, religion and piety, may be established among us for all generations.' "

James A. Garfield: "I shall greatly rely upon the wisdom and patriotism of Congress and of those who may share with me the responsibilities and duties of administration, and, above all, upon our efforts to promote the welfare of this great people and their Government I reverently invoke the support and blessings of Almighty God."

Grover Cleveland: "And let us not trust to human effort alone, but humbly acknowledging the power and goodness of Almighty God, who presides over the destiny of nations, and who has at all times been revealed in our country's history, let us invoke His aid and His blessings upon our labors."

Benjamin Harrison: "No other people have a government more worthy of their respect and love or a land so magnificent in extent, so pleasant to look upon, and so full of generous suggestion to enterprise and labor. God has placed upon our head a diadem and has laid at our feet power and wealth beyond definition or calculation. But we must not forget that we take these gifts upon the condition that justice and mercy shall hold the reins of power and that the upward avenues of hope shall be free to all the people."

Grover Cleveland (second inaugural): "I know there is a Supreme Being who rules the affairs of men and whose goodness and mercy have always followed the American people, and I know He will not turn from us now if we humbly and reverently seek His powerful aid."

William McKinley: "I assume the arduous and responsible duties of President of the United States, relying upon the support of my countrymen and invoking the guidance of Almighty God. Our faith teaches that there is no safer reliance than upon the God of our fathers, who has so singularly favored the American people in every national trial, and who will not forsake us so long as we obey His commandments and walk humbly in His footsteps."

Theodore Roosevelt: "My fellow citizens, no people on earth have more cause to be thankful than ours, and this is said reverently, in no spirit of boastfulness in our own strength, but with gratitude to the Giver of Good who has blessed us with the conditions which have enabled us to achieve so large a measure of well-being and of happiness."

William H. Taft: "I invoke the considerate sympathy and support of my fellow citizens and the aid of the Almighty God in the discharge of my responsible duties."

Woodrow Wilson: "This is not a day of triumph; it is a day of dedication. Here muster, not the forces of party, but the forces of humanity. Men's hearts wait upon us; men's lives hang in the balance; men's hopes call upon us to say what we will do. Who shall live up to the great trust? Who dares fail to try? I summon all honest men, all patriotic, all forward-looking men, to my side. God helping me, I will not fail them, if they will but counsel and sustain me."

(Second inaugural): "I pray God I may be given the wisdom and the prudence to do my duty in the true spirit of this great people."

Warren G. Harding: "I have taken the solemn oath of office on that passage of Holy Writ wherein it is asked: 'What doth the Lord require of thee but to do justly, and to love mercy, and to walk humbly with thy God?' This I plight to God and country."

Calvin Coolidge: "America seeks no earthly empire built on blood and force. The legions which she sends forth are armed, not with the sword, but with the cross. The higher state to which she seeks the allegiance of all mankind is not of human, but of divine origin. She cherishes no purpose save to merit the favor of Almighty God."

Herbert Hoover: "This is a dedication and consecration under God to the highest office in service of our people. I assume this trust in the humility of knowledge that only through the guidance of Almighty Providence can I hope to discharge its ever-increasing burdens. In the presence of my countrymen, mindful of the solemnity of this occasion, knowing what the task means and the responsibility which it involves, I beg your tolerance, your aid, and your cooperation. I ask the help of Almighty God in this service to my country to which you have called me."

Franklin D. Roosevelt: "In this dedication of a nation we humbly ask the blessing of God. May He protect each and every one of us. May He guide me in the days to come."

(Second inaugural): "I shall do my utmost to speak their purpose and to do their will, seeking divine guidance to help us each and every one to give light to them that sit in darkness and to guide our feet into the way of peace."

(Third inaugural): "We muster the spirit of America, and the faith of America. We do not retreat. We are not content to stand still. As Americans, we go forward, in the service of our country, by the will of God."

(Fourth inaugural): "The Almighty God has blessed our land in many ways. He has given our people stout hearts and strong arms with which to strike mighty blows for freedom and truth. He has given to our country a faith which has become the hope of all peoples in an anguished world. So we pray to Him now for the vision to see our way clearly—to see the way that leads to a better life for ourselves and for all our fellow men—to the achievement of His will, to peace on earth."

Harry S. Truman: "Events have brought our American democracy to new influence and new responsibilities. Steadfast in our faith in the Almighty, we will advance toward a world where man's freedom is secure. To that end we will devote our strength, our resources, and our firmness of resolve. With God's help, the future of mankind will be assured in a world of justice, harmony, and peace."

Dwight D. Eisenhower (little personal prayer delivered at opening of his inaugural):

"Almighty God, as we stand here at this moment my future associates in the executive branch of government join me in beseeching that Thou will make full and complete our dedication to the service of the people in this throng, and their fellow citizens everywhere.

"Give us, we pray, the power to discern clearly right from wrong, and allow all our words and actions to be governed thereby, and by the laws of this land. Especially we pray that our concern shall be for all the people regardless of station, race, or calling.

"May cooperation be permitted and be the mutual aim of those who, under the concepts of our Constitution hold to differing political faiths; so that all may work for the good of our beloved country and Thy glory. Amen."

John F. Kennedy: "We observe today not a victory of party, but a celebration of freedom—symbolizing an end, as well as a beginning—signifying renewal, as well as change. For I have sworn before you and Almighty God the same solemn oath our forebears prescribed nearly a century and three quarters ago.

"The world is very different now. For man holds in his mortal hands the power to abolish all forms of human poverty and all forms of human life. And yet the same revolutionary beliefs for which our forebears fought are still at issue around the globe—the belief that the rights of man come not from the generosity of the State, but from the hand of God. And so, my fellow Americans, ask not what your country can do for you: Ask what you can do for your country. Finally, let us go forth to lead the land we love, asking His blessing and His help, but knowing that here on earth God's work must truly be our own."

DOMESTIC OIL INDUSTRY

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Oklahoma [Mr. STEED] is recognized for 15 minutes.

Mr. STEED. Mr. Speaker, I have today introduced a bill which has for its purpose a major change in the Tax Code which presently permits importing oil companies to enjoy an unprecedented advantage over domestic oil companies in the amount of taxes paid to the Federal Treasury. Text of the bill follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be cited as the "Domestic Producers Incentive Tax Act of 1962."

Subsection (3) of section 114 of title 26, United States Code, is amended by adding a new sentence at the end thereof as follows:

"If the taxpayer elects to claim foreign tax credits under the provisions of section 901, 903, or 904 of the Internal Revenue Code of 1954, he shall not be entitled to claim the depletion allowance under this subsection on income from production from oil and gas wells outside the limits of the United States."

Failure of the House to heed the plea of the domestic oil industry for relief from the current oppressive competition of foreign oil, and the continued failure of the administration to grant any relief under existing law, compels me to take this new step in a desperate effort to provide some competitive means whereby the American domestic oil industry can hope to stay alive.

Petroleum and its products coming into the United States today pays a very small duty. It is obtained from foreign lands where the ad valorem price is a fraction of the cost of American produced oil. And it comes into this country tax free. A barrel of foreign imported crude oil upon reaching an American refinery has paid no tax to the Federal Treasury, yet it is replacing a barrel of American produced oil that has paid $1.50 in American taxes.

This cheap, almost duty-free and tax-exempt foreign oil provides no benefit or advantage to the American consumer. After being processed, it is sold to American consumers as though it had borne the full American domestic price.

This tax exemption, plus the cheapness of the raw material, has made it possible for importing oil companies to reap the most excessive profits in all history. Little wonder that the flood of foreign oil continues to grow at the expense of the withering domestic industry. The current mandatory import quota, intended to help the domestic industry, affords no assistance because it has been manipulated to permit an increase of 85,000 barrels a day additional foreign oil being imported today over the total for just a year ago. This is a continuance of a situation that has prevailed for 11 years to the constant detriment of the domestic oil industry. Every new barrel of petroleum energy demand in the United States for all these years has been gobbled up by the importers because of the great tax and price advantages they enjoy.

There is no mystery as to why 4 of the 10 American corporations making the highest profits last year are importing oil companies. This top-level profit rating was made by corporations whose gross business was less than many American corporations in other fields solely because of the tax and cost advantages enjoyed by oil importers.

Development and use of foreign produced oil would not be a source of concern if it were not permitted to destroy the most essential American industry—the domestic oil industry. This is our most essential industry because it provides us with the only indispensable commodity we must have—in our survival—petroleum energy. This unfair competition, sustained for so many years, has brought our domestic oil industry to its knees. The time is not far off when our country may well find itself short of a supply of energy within its own borders. If such a day comes, it will be a day of doom for America, for without oil, we die.

The question is raised as to why existing law, permitting mandatory quotas, has not solved the problem. The answer is that the regulations now in force are so full of loopholes that the program is a mockery. Efforts to get improvement in the quota program have failed. Some empty promises of relief sometime in the future are heard, but these have proved fruitless before. Perhaps a study of the administration advisers who control this policy, and their various connections with importing companies, could explain some of the administration's failure and reluctance to act. Importing oil companies, with their tremendous profits, have exhibited unprecedented influence in Federal policy.

In a later speech I hope to be able to discuss some of the personalities who have played a major role in our oil-import program. At that time I hope to point out the reason why selfish interest can supersede national interest when the power to make policy falls into the wrong hands.

Mr. Speaker, the justification for my bill is obvious. The existing tax structure is patently unfair. It is unfair to a necessary domestic industry and it is unfair to the Federal Government. It is unfair to the American people. The old excuse that special tax benefits can be extended to Americans who invest in foreign lands does not apply here, because these importing oil companies long since have recovered all their original capital many times over.

I urge my colleagues to give this bill serious and helpful study. I know of no single one thing that this Congress can do than to underwrite our national security by taking steps to save our domestic oil industry. Our growing dependency on foreign oil for our energy needs can lead to national suicide.

Mr. SAYLOR. Mr. Speaker, will the gentleman yield?

Mr. STEED. I yield to the gentleman.

Mr. SAYLOR. I would like to take this opportunity to commend the gentleman for the fine statement he has made and also for the great contribution he has made over the years in the fight to protect the American independent producers of oil. American independent oil producers have been one of those dedicated American groups that realize the importance of maintaining a fine oil industry in this country. If the House, in its wisdom, would have been smart enough last week to have adopted the amendment of the gentleman from Oklahoma and the gentleman from West Virginia to the trade bill, it would have gone a long way to solving some of the problems you have pointed up here in your fine speech today.

Mr. STEED. I thank the gentleman very much. I would like also to say that involved in this deterioration of the domestic oil industry by this influx of foreign oil is also a serious impact on the other of our two basic sources of fuel energy, the coal industry. It seems to me, we have gone about this as long as we can hope to go in ignoring our national interest and the welfare of these two indispensable and essential industries, when all we are serving by neglecting them is the greed of a few international oil companies and at the same time bringing no benefit to anybody in this country whatsoever.

Mr. SAYLOR. I heartily agree with the gentleman's statement.

HONORING W. W. LYNCH

The SPEAKER pro tempore (Mr. PRICE). Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, on the evening of June 19, 1962, members of the Texas delegation and our wives, including the Vice President and his wife, gathered for a dinner to honor Mr. W. W. Lynch, of Dallas, Tex., and his wife. The occasion for this dinner was the recent election of our fellow Texan, Mr. Lynch, to the presidency of the Edison Electric Institute. Attendance was almost 100 percent. Following are the remarks I made after dinner and the response of Mr. Lynch:

"Mr. PATMAN. I am delighted that you have joined me this evening in honoring a great Texan and my warm personal friend, Bill Lynch, and his lovely wife, Marty.

"You will perhaps remember that last year when the Edison Electric Institute elected Bill Lynch as its vice president, I put a testimonial into the CONGRESSIONAL RECORD. I will not repeat the things already in the RECORD but only remind you that mention was made then of the important role Bill Lynch played in the early development and building of Lone Star Steel Co., and his part in bringing the Campbell Soup Co. to Texas, both of which are located in and are beneficial to my own congressional district; also, the responsible part he played in the development of the great Alcoa project at Rockdale.

"Tonight I want to tell you briefly about one or two facets of his outstanding career in the electric utility business, particularly with regard to his relationships with the Southwestern Power Administration and his activities in connection with rural electrification.

"Notwithstanding the fact that he has been engaged in many and diverse industrial, educational, and cultural enterprises—Bill Lynch's consuming interest for 40 years has been Texas Power & Light Co. and the electric utility industry.

"He was the principal architect of an agreement entered into back in 1947 between Texas Power & Light Co. and the SPA, an agency of the Department of Interior, which was the first of its type ever entered into between an investor-owned electric utility and an agency of the Federal Government. I will not burden you with the details, but will only state that the value received by American taxpayers for each cubic foot of water that passes through the turbines at Denison Dam has been greatly enhanced by this unique agreement. In the first place, the taxpayers of this Nation have been saved millions of dollars which otherwise would have been required for federally owned transmission lines. In addition, by integrating the hydropower, which is limited in its availability, with the unlimited availability of power from Texas Power & Light steam plants, it has been possible for SPA, the marketing agency, to sell a maximum quantity of its power capability to meet all of the needs of its REA cooperative customers, and at maximum prices. Furthermore, the agreement carries out all of the objectives of the Flood Control Act of 1944, including the preference customer clause. This contract was one in which Mr. Rayburn took tremendous pride. It is a dramatic example of the benefits which accrue to the American public through an enlightened approach to such a problem and stands as a living witness to the genius and statesmanship of my friend, Bill Lynch.

"There are perhaps few men, if any, in the electric utility industry either in the investor-owned or in the public segment who are more familiar with all the ramifications of rural electrification than is our honored guest.

"Bill Lynch began building rural lines back as early as 1929 when he was appointed superintendent of distribution for Texas Power & Light Co. The problem of coordinating his own company's efforts with those of the REA fell on his shoulders and for a number of years he spent full time on these problems. He ofttimes conferred with and became personally acquainted with Morris Lewellyn Cooke and the early administrators of REA who followed him. He authored the policies of his own company and negotiated the contracts and agreements under which Texas Power & Light provided wholesale power service to all of the 29 cooperatives which were organized in the Texas Power & Light service area. In more recent years he has devoted himself to the development of a fair and equitable solution to territorial problems arising between his company and the electric cooperatives, particularly in those areas which have changed from rural to urban. This effort has proved quite successful in a number of instances.

"I would be less than honest if I did not tell you that ofttimes Bill Lynch and I have been poles apart in our politics, and that I have cast many votes in Congress when he would have been on the opposite side had he had a vote. Nevertheless, through the years we have found many areas of mutual interest and have worked closely and harmoniously together.

"I have never known a man who so consistently and universally commands the admiration and respect—as well as the confidence—of those with whom he deals. His innate sense of fairness, his complete honesty, his patience, and his becoming modesty, all serve to completely disarm any would-be antagonist, and put at ease all those who are privileged to deal with him.

"I consider it a great honor to present to you, one of the foremost industrial statesmen of our generation; my warm personal friend, and newly elected president of the Edison Electric Institute, Mr. W. W. Lynch.

"REMARKS OF MR. W. W. LYNCH

"Mr. Vice President and Mrs. Johnson, Mr. and Mrs. Patman, distinguished Members of Congress, and ladies, and Mr. and Mrs. Ryburn, Mr. and Mrs. Wooldridge, and Marty, nothing could please me more than to make my first public appearance as president of the Edison Electric Institute as a guest of Mr. and Mrs. Patman, and in the company of this distinguished group of fellow Texans.

"My wife Marty, and I, as well as my associates Mr. and Mrs. Ryburn, and Mr. and Mrs. Wooldridge, are so greatly honored by your presence here this evening and I am overwhelmed by, and am unworthy of Mr. Patman's generous introduction.

"I realize, all too well, that it would be unbecoming of me to discuss the industry I represent, and mention some of its accomplishments, as well as some of its problems, and not at the same time acknowledge and make allowances for the existence of more than one point of view, and for the existence of honest difference of opinion. I ask your indulgence, then, and your understanding, as I endeavor to tell you a few things about the Edison Electric Institute and the investor-owned electric industry it represents.

"The Edison Electric Institute, which is the trade association for the investor-owned electric utilities of our Nation was organized in 1933, and counts in its membership some 200 companies, representing over 97 percent of the investor-owned segment of the industry.

"The organized committee work of approximately 2,200 managers, scientists, engineers, accountants, and other specialists in the industry is coordinated by a fulltime institute staff headed by Mr. Edwin Vennard, managing director.

"This is relatively a young industry, having had its beginning when Thomas A. Edison built the Pearl Street Station in New York City only 80 years ago. Yet today, more of the savings of the American people are invested in this industry than in any other industry in our land—about $50 billion. If you have a life insurance policy or if you count on a pension in your later years, the chances are overwhelming that it will be financed in part by earnings on the securities of this industry or by the taxes it pays.

"This industry also leads all other industries of our Nation in the expenditure of capital funds for new construction—now running at the rate of approximately $3.5 billion each year.

"I believe I am talking to lawmakers tonight who have a special appreciation of taxpayers. You will be interested to know, then, that the investor-owned electric utility industry leads all other industries of our Nation in the payment of taxes, currently running at the rate of more than $2,300 million per year, which represents approximately 24 cents out of every dollar of revenue received from the industry's customers.

"Our demonstrated ability to provide for the needs of a growing America is indicated by the fact that the electric power capacity of the United States today exceeds the power capacity of the next five largest nations of the world combined and is about three times that of the Soviet Union. Russia has three times our land area, but we have five times as many miles of transmission lines.

"On the other hand, the impression many in the Halls of Congress have of us leaves much to be desired. To project our true image, to bring about an understanding of some of our problems and the important role we play in the economic life and well-being of America, is a task to which the Edison Electric Institute will address itself during the coming year.

"It occurs to me, that it might contribute to our better understanding should I attempt to enumerate the principles to which we subscribe and which guide us in the management of our respective enterprises.

"We favor and support, as a proper Federal function, the conservation of natural resources and the reclamation of the Nation's wastelands and deserts.

"We favor and support, as a proper Federal function, the control of devastating floods and the building of facilities which make navigable the rivers of the Nation.

"We favor, where it is economically justified—which often it is—the installation of power-generating facilities at multipurpose Federal dams.

"We favor and support the principle of the regulation of our industry by law, and believe that such regulation should effectively protect the public interest.

"Nevertheless, we find ourselves often at your doorsteps, asking you to oppose legislation which is pending before Congress.

"We believe that the interests of all the people are best served when the Government refrains from engaging in any business where the private investor segment of our economy is willing, and has proved its ability, to provide the needed goods and services, and particularly where the investor-owned taxpaying business is regulated by law in the public interest.

"I want to concur in what Mr. Patman had to say about my experience in rural electrification. Indeed, a great deal of my time and energy during the past quarter century has been devoted to the many ramifications of rural electrification. And yet, among all of the problems and hazards faced by the investor-owned electric utility industry, the most serious is that posed by the present direction being taken by the Rural Electrification Administration.

"Anyone who is familiar with my own company realizes that in a very real sense we have been engaged from the very beginning in the electrification of a predominantly agricultural area of Texas. By 1930, which was 5 years prior to the advent of REA, we had already carried electric service to more than 168 rural communities which until first served by the company had no electric service at all. In addition, with less than 107,000 total customers served at that time, the company already had built lines and extended service to 24,000 farm and rural customers.

"There is no need for me to review the conditions existing in this country during the early years of the great depression, nor to remind you of the impossibility, then, of securing private capital. Naturally, the progress of rural electrification by investor-owned companies was retarded.

"With the advent of REA, two principles and purposes were clearly set forth. One was that to build distribution lines and provide much needed employment in the extension of service to sparsely settled rural areas required Federal aid and subsidy such as was envisioned in the Rural Electrification Act; and second, that such aid and subsidy would never be used where power was available from any other source and that it would never be used to create a competitive development.

"Today the job of serving farm and rural areas is virtually complete. Yet the Rural Electrification Administration makes 100 percent loans, at 2 percent interest and in secret, for the construction of steam generating plants and high voltage transmission lines. The REA and the NRECA join hands with other agencies of Government in a program which, if continued, is likely to result in the destruction of the investor-owned industry.

"I know personally many of the men who today are managing the investor-owned electric companies throughout the Nation. While a barrel so large, to be sure, might occasionally turn up a bad apple, I will tell you that as a group these men are honorable, capable, and dedicated. These men are among the top builders of our industry and our agriculture, and are stalwart defenders of our American heritage.

"Speaking for my colleagues in the industry, and for the millions of investors whose life savings made possible the dynamics of our respective companies, we ask that you hear us on these controversial power issues. We hope you will oppose those programs that have as their principal purpose the nationalization of our industry and that can result only in removing taxpayers from the tax rolls and the weakening of our national strength.

"We ask that your influence be used to remedy the situation which, insofar as the electric business is concerned, has created two classes of citizens; those 79 percent who annually pay through their electric service bills the more than $2 billion in taxes which I referred to earlier, and the 21 percent who are the so-called beneficiaries of Federal income tax-exempt public power.

"In many of the business activities of our Nation, today's tax burden far exceeds the income available to its owners. We believe it is fundamental to the growth, development, and well-being of our Nation that every industry and every enterprise, regardless of ownership, engaged in a like business should bear the same burden of taxes.

"In return, we pledge you our complete dedication to the task ahead of keeping America strong. We pledge you our cooperation in all of those areas which require unity if we are to be strong. We guarantee our ability to design, finance, and build sufficient power facilities, whether they be generating stations, high voltage transmission lines, interconnections, pooling arrangements, or whatever is required to keep America powerful. We pledge our cooperation in any partnership arrangement for the distribution of Federal power which is appropriately made available at multipurpose Federal projects, and in such a way as best to serve the national interest, and without discrimination.

"You know, so much better than I, that our Nation today is facing its greatest trials and gravest dangers. These times call for greatness—and for sacrifice. I am grateful that we have in the Halls of Congress men such as yourselves, men who are willing to work 16 hours a day, men who cherish freedom and put God and country above party and politics.

"I hope we shall be able, at all times, to sit down with you and discuss our common problems; and that the vigorous and vital industry I represent will be able to make the greatest possible contribution to our national effort. I gain a feeling of confidence that such will be done as we meet together this evening, and as I contemplate the influence for good that this outstanding delegation has, and will continue to exert, in the affairs of this land we all love and cherish.

"I should like to express again to Mr. and Mrs. Patman the very deep appreciation of all of us from my company for this wonderful dinner occasion; and I should like to thank each of you for your friendship and for being with us this evening."

Mr. Speaker, I want to include also, the reading of an editorial concerning Mr. Lynch which appeared in Mr. Lynch's hometown newspaper, the Marshall News Messenger:

"W. W. LYNCH

"The highest recognition in the electric utility industry has gone to a native of Marshall, W. W. Lynch, president of Texas Power & Light Co.

"Mr. Lynch, who attended public school here, is a native son of whom the entire community is proud. His rise to presidency of Texas Power & Light Co. was through the ranks, after his graduation from Texas A. & M. College.

"The more recent recognition is his being named president of Edison Electric Institute, the trade association of the Nation's investor-owned electric utility companies.

"It is the highest honor the industry can confer upon one who it feels has contributed most in an industry that long has led in this Nation's free enterprise system.

"Mr. Lynch thus becomes the titular head of an industry in which investors—the people of this country—have placed $38 billion, the largest net capital investment of all the industries in America. The electric utility industry also has more of the savings of American people, in investments, than any other segment of the country's industrial might.

"No other industry approaches the $2 billion a year the electric utility people put into plant and equipment, year in and year out.

"Also, it might be reminded that no other industry in this country contributes as much in taxes to support local, State, and Federal Governments. Such is the type of industry in which Mr. Lynch is recognized as the Nation's most outstanding leader."

FREEDOM—HIGHER EDUCATION

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Iowa [Mr. SCHWENGEL] is recognized for 60 minutes.

Mr. SCHWENGEL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. SCHWENGEL. First, Mr. Speaker, I want to pay tribute to the gentleman from Tennessee, Mr. EVINS, who spoke so eloquently a few minutes ago, for calling to our attention the anniversary of the issuance to the world of what I call the greatest document of government ever offered by a government—the Declaration of Independence—yesterday was the 186th anniversary of the birth of this document.

This suggests that I also remind all of America through these facilities that as we think of what our forefathers had in mind for us when they created this phenomenon which we have come to know as America, we remind ourselves often that this Nation was cradled in liberty and therefore fostered the basic freedoms which led to the foundation of a republican form of government. Let us be reminded often also and forever remember as we see our flag fly over our public buildings and elsewhere, that our forefathers meant for it to remind us also of equality, equality of opportunity. The implication of that needs to be studied a great deal these days. Equality is something we cannot divide, and something we cannot multiply. It means to guarantee to each of us alike and to our children the protection of life and liberty and the right to own property. And let us never forget the meaning of this great blessing. What are these fundamental rights to be remembered? Freedom of speech, freedom of the press, freedom of worship, and an additional one we take so much for granted in our country, the freedom of movement, the freedom of movement of men, goods, voices, and ideas.

Let it be understood also that when any phase of these great things is challenged it is our business individually and collectively to respond and to protect these ideals and these freedoms when threatened. We can do this very necessary thing by having a dedicated interest in the rights that have been guaranteed for us and the good things that our government has provided for us.

Mr. Speaker, I was impressed with the quotations the gentleman from Tennessee appropriately called to our attention this morning. I was pleased that he used Lincoln extensively. Lincoln, in my opinion, is probably our most American American, and he, like most of our great statesmen, was inspired by our forefathers, and I am sure was impressed by what they said and did.

In fact, he said on Washington's Birthday in 1861 at Philadelphia, when he participated in the raising of the flag ceremony there that he never had a thought politically that did not stem somehow from the Declaration of Independence. We who read history know that the principal author of that Declaration was Thomas Jefferson.

Now, it may not be appropriate for me to speak to the young people in the galleries, but I want to read to you and to them a letter that points up the thing I am getting at and want to touch on this morning, which I think is important.

Thomas Jefferson gave us many great thoughts that we ought to think about very often. He told us in a letter he wrote to a namesake, and he wrote this letter by request, that there are four things to remember in a successful life and if you want to be a good citizen in this great land of the free.

That is, we should adore God and cherish our parents and love our neighbors as ourselves. Then he had one very potent thought that our boys and girls, men and women, who love freedom, ought to remember forever. He said, "You ought to love your country more than yourself." Love your country more than yourself.

On the anniversary of the Declaration of Independence, when we are challenged by a system and philosophy that would destroy everything that our forefathers brought to these shores from some foreign land that is worthwhile to think about.

As a former schoolteacher, Mr. Speaker, and because of some grave problems that prevail in the area of education; and the necessity, I believe, that we in Government today at every level be concerned about these problems, I have decided to speak for a few minutes today on higher education.

ON MEETING THE PROBLEM OF HIGHER EDUCATION

I begin, Mr. Speaker, by suggesting for today, when so much attention is being given to the problems of business, and when an administration is recommending a special tax credit to help business in certain instances, it may be well to ask, if you are interested in education, and I think everyone should be, what business is more important than the business of education? Obviously, the answer is none.

The plan I wish to talk to you about today is a plan that would apply the principle of tax credits to education, a plan to give the parents of children an opportunity to have a tax credit each year after their child is born.

I would like to suggest, Mr. Speaker, at a time when every person in the Nation is expected to develop and apply the very best of his talent in order to compete with and to beat those who would destroy freedom, it cannot be wrong for us to show some interest in the 27 percent of the parents of college-age students capable of doing college work, who are unable to send their children to college because their budgets will not permit this expense. This means that the parents of as many as 2 million qualified college-age young people are unable to help their child to take advantage of the opportunities that are presented on the college campuses in this land of the free.

This adds up to a tremendous and needless loss both to our Nation and to the students who will not have the equal opportunity to which they are entitled as citizens in this land of opportunity.

The current rising cost of higher education, due largely to inflation, Mr. Speaker, makes it very difficult for any student to attend a college or a university without encouragement and some assistance from his or her parents.

The inability to attend college and to be properly prepared to live in this complex world and qualified to make a contribution means a tremendous loss both in terms of personal income and in terms of national income.

Authorities tell us that the average annual wage for high school graduates is something in excess of $5,000 per year and the average annual wage of college graduates is in excess of $9,000 per year. That is a $4,000 difference.

It is estimated that we have approximately 43 working or wage-earning years. The amount of both personal and national income which is lost because of the financial inability of a large number of parents to assist their child in getting a higher education is great and it is tragic.

Assuming that approximately 2 million students capable of doing college-level work are, for financial reasons, denied a higher education, the income lost would be in excess of $7 billion per year, based on current rates.

Yet, perhaps, the loss in dollars and cents is secondary. Perhaps the greater loss is that those persons who are denied a higher education are being denied both the right and the opportunity to achieve a well-rounded or well-balanced education. This loss is only in part monetary; it is also an intangible loss. The denial of the opportunity to develop these intangible qualities is a loss to the nation as well as the individual.

Is it not frightening, I ask, in the extreme to ponder on this point: among these 2 million students who for financial reasons cannot attend college might be another Einstein, Teller, or great businessmen, educators, writers, and statesmen.

In this time of change and challenge, in an age when representative government is locked in battle with a fearsome, godless, materialistic philosophy which seeks to destroy freedom and subjugate free people, this loss is too great; it is unacceptable; it is intolerable.

Mr. Speaker, we should be concerned. This concern, in my opinion, is heightened and the value of education is underscored when we realize and ponder on the truth and impact of the following facts: we are doubling our knowledge in science each 10 years; 90 percent of all of the scientists who ever lived are living today; 90 percent of all drugs used today were unknown 10 years ago; 90 percent of all the light bulbs produced today are manufactured by only 12 men.

Today—I am very sensitive about this because I come from a farming area—a smaller percent of the population is producing more food for the whole population than ever before and that percentage is going down each year. Those of us who come from farming areas are proud to mention this fact also, that not only is the quantity of the food greater, but the quality is better, and this should stand as a tribute to the rural population of our country.

Three-fourths of the working force which will be employed in our plants and factories in 1975—only 13 years away—will be turning out products which have not yet been invented; by the year 2000—only 38 years away—the average person now in high school will need to be retrained vocationally three times before he retires; and by the year A.D. 2000 travel by rockets will be as common place as travel by jets is today.

Mr. Speaker, there have been 63 generations of people since the time of Christ. More changes have occurred in the past 1½ generations than in all the rest of time. These are developments that should lead us to think upon the problems that face us as we prepare to contend with the challenge of the future.

Mr. Speaker, I am and have been terribly concerned about the ability to meet the challenge of this age. My concern has led me to do some thinking on this matter. As I think about the future needs of education, I am convinced that no present national program that has been adopted by the Congress or granted through the Congress, and direct appropriations from Washington, can never be enough to adequately meet the need at every level of education in every area. In addition, experience has shown that all Federal aid programs are bound to have some Federal control. They will have an effect, finally, on total control and, therefore, discourage rather than encourage freedom.

Mr. Speaker, as we ponder the meaning today of the freedoms that have been handed to us by our forebears, we must show some concern about this, for we know from our history, if one will just think upon it, that our prosperity and our well-being and our own security have increased in direct proportion to the amount of freedoms that we have extended and opportunities that we have given to the people. So, this should be a very major interest of ours at all times.

Mr. Speaker, with the assistance of my research team, composed of college students at Iowa University, and with the help of two outstanding political science professors, we have developed a comprehensive plan which meets this problem very well. I think, indeed, I might say that it is so to a much greater degree than any other programs and proposals that have been considered or adopted by this Congress. We have chosen to call this plan the "Iowa Plan for Progress and Growth in Education."

Mr. Speaker, this plan consists of three phases. Phase 1 is not new. It would grant a $100 tax credit or tax deduction to the parent of a college student or to the student himself, depending upon who incurred the major portion of expense of obtaining a higher education.

Mr. Speaker, I have introduced legislation which would provide a tax credit, H.R. 7379, and H.R. 7380. I have also introduced a bill which would provide a tax deduction, H.R. 7066. Either approach would provide very real and much needed assistance to every boy and girl in college or the parents of college students in America today, and who would attend college in the future. In total, this would mean for a normal college education $400 of direct help that each student could get from this type of legislation.

Mr. Speaker, phase 2 is a unique and different approach. Under phase 2 a parent would receive a tax credit of $50 per year per child from the birth of the prospective college student until age 18, or until entrance into college, whichever is first, providing that investment certificates in the amount of each year's tax credit are purchased at some bank, some insurance company, or savings and loan association approved by the Treasury of the United States. This, we estimate, would finally create a fund of $20 billion. It would give to each child at least $1,400, providing they could get an interest rate of an average of 3 percent per year on each one of those tax credit certificates in which investment has been made in private industry.

Mr. Speaker, this envisions more help to more people than any other plan ever suggested to the Congress. It would provide for this money to be in the private sector of the economy, just as the bill which has been offered by this administration for business would provide that the tax credit allowed therein would go into the private sector of the American economy.

I say that if this is important—and I think it is important for us to give attention to the problems of business, but it is also important for us to consider at least an application of this principle in the field of education where boys and girls have to prepare themselves to meet the great challenges that prevail in the complex world ahead; and it is going to get more complex, I am sure, as time goes on.

Mr. Speaker, the purpose of this investment would be to encourage and assist in advance financial preparation for college or university education. Any student for whom certificates had been purchased for an 18-year period would have approximately $1,400 to his credit by the time he entered college. In the event that the parents are unable to purchase this certificate, a grandparent or an uncle or aunt could do so. These certificates would be negotiable only at approved institutions of higher learning. Disbursal of the amount would be dependent upon passing grades at a recognized institution of higher education. In the event that the child did not enter college or complete college the value of the certificates, plus interest, would revert to the U.S. Treasury.

I have introduced legislation to effect phase II, and it is found in H.R. 12126.

One of the most important features of this plan is that it would aid the greatest possible number of students with fewer controls and greater possibility of serving the national interest than any other plan ever introduced or envisioned. Phase II surpasses all current programs and proposals with respect to these two important areas.

Further, the Iowa plan has another virtue. It does not discriminate against the humanities by placing dominant emphasis on mathematics, physical and natural sciences, and foreign languages. This is not to indicate that these areas are not important, because they are. They are very important. But I think these areas in which we have a great concern, and rightly so right now, would naturally benefit from the increased opportunity for all boys and girls who can do college work to have college education.

These subject areas—that is, the physical sciences—are very important. However, we must not ignore the humanities for it is through this broad area of knowledge that we gain the skills and abilities to govern ourselves and to contend with the difficult problems within a free society. When we ignore the humanities we run the awesome danger of creating a society of nonthinking robots.

At the end of an 18-year period approximately $20 billion would have been set aside, earmarked for higher education. This sum of money would be in the private sector of our economy. This would have a stabilizing influence on our national economy and would do much to stem the disastrous tide of inflation.

Phase III would be based on this $20 billion fund.

Under this phase of the Iowa plan for growth and progress in higher education, the investment funds would be on the State level by a representative community. From this fund institutions of higher learning could borrow and student loans could be made. The State committee would pass on the loan application.

A number of technical problems remain to be worked out before this phase of the Iowa plan can be introduced, but I am confident that these problems can be solved.

This phase of the Iowa plan would make available to institutions of higher learning a loan fund of an unprecedented size.

Thus, this phase of the Iowa plan takes into consideration the increased enrollment and need for expanded facilities which would result from the provision of phase I and phase II. This is something which most proposals do not do.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. SCHWENGEL. Mr. Speaker, I invite all my colleagues to give serious thought to this type of approach to meet the needs of education in this very complex age.

Mr. Speaker, the plan which I am proposing for assistance to heads of families and students who bear the increasing load of expenses for college educations is gaining support as evidenced by editorials in the newspapers of my district. Under leave to extend my remarks, I call attention to two of the editorials which have appeared recently. One of them, "Aid to Education," is from the Tipton, Iowa, Conservative; the other, "Federal Help for College," appeared in the Burlington, Iowa, Hawk-Eye. The editorials follow:

Aid to Education

Congressman Fred Schwengel has some interesting legislative ideas. Not all of them become law and a few of them are admitted duds. But he has ideas and he is willing to submit them to the Congress.

His latest is one we like. It is in the field of higher education and our reason for liking it is obviously selfish, since there are five Clarks who could benefit by what Schwengel proposes.

Schwengel's bill would assist and encourage advance financial preparation for college education costs by granting parents a tax credit of $50 per year per child from the birth of the child to age 18, or entrance into college whichever is first, providing investment certificates in the amount of each year's tax credit are purchased.

The interest-bearing certificates, negotiable only at institutions of higher learning, would be purchased from private financial institutions—banks, insurance companies and savings and loan companies.

Any student for whom the certificates had been purchased would have approximately $1,400 to his credit by the time he was ready to enter college. If the student did not enter college, the value of the certificates, plus interest, would revert to the Treasury.

It is quite possible that single people and those without children may not see the merit in this plan, at least not to the degree of those with large families.

In introducing the legislation, Schwengel noted that he was not unaware of the revenue loss which would occur through the adoption of the plan, but suggested that this loss could be recouped by closing tax loopholes and making other changes in tax collection procedures.

"The loss to the country will be much greater than the revenue loss," Schwengel said, "if we don't make plans now to encourage the maximum use of all available talents. The benefit-cost ratio for higher education expenditures is most favorable. This is an area where we must concentrate."

Schwengel's proposal is phase II of a three-part plan. Phase I of Schwengel's plan would provide either a tax reduction or a tax credit for college expenses at the time the student actually attends school. Phase III of the comprehensive plan now in preparation will outline the use of the funds which will accrue through the purchase of the investment certificates. Colleges and universities could borrow from this fund and student loans would be made available. These loans would be administered at the State level.

Schwengel, a former teacher, sees the entire plan as a boon to both students and institutions of higher learning through its voluntary features and the absence of any Federal control. We are on his side.

Federal Help for College

Representative Fred Schwengel is back in the area with his proposal for a tax credit for college expenses. He has urged some such credit in previous sessions, and now is presenting both the White House and the Treasury Department a concrete proposal for college planning.

This is Federal aid to education. It is a form, however, that removes any strawman of Federal control, and also attacks a school bottleneck too often overlooked—financing for the students.

The Federal Government, during the Eisenhower years, did initiate a system of scholarships to aid the more talented youngsters in securing a college education. The defect with this system is that it is a direct form of Federal control over learning; for Washington in effect dictates what courses the scholarship winners will take. The emphasis to date has been toward science and technology, which is fine, but we need a few scholars, too.

The Schwengel plan would put no such Federal strings on a student's studies.

In addition to a tax credit for college expenses incurred each year, Schwengel suggests a prepayment plan. Parents would be able to purchase investment certificates in advance of a child's entrance to college, and presumably could deduct these costs as the years go along. These savings would be applied to college costs.

It has been a layman's observation that nearly every youngster who wants to go to college and has the talents to survive, manages to get there one way or another. But often this is at a tremendous hardship for parents. And the squeeze is becoming worse annually, so that it is inevitable some good college material will not make it.

If it is acceptable to deduct from the parent's income taxes the medical costs for removal of a student's appendix (which, incidentally, is another form of Federal aid to medicine), it should be even more in order to deduct some of the cost of training his mind. We hope Schwengel makes headway with this effort.

Mr. BROMWELL. Mr. Speaker, will the gentleman yield?

Mr. SCHWENGEL. I yield to the gentleman from Iowa.

Mr. BROMWELL. I should like to take this opportunity to commend the gentleman for his remarks and for the project he suggests. As the gentleman knows, I have long believed that one of the neglected devices in the field of education is the device which this body has within its control, which is the device of selective tax consideration for educational efforts. I think the main thrust of the gentleman's proposal is one which has potentially enormous popularity. I think the literally scores of proposals which are similarly based have been long neglected.

This proposal and others similar to it would permit freedom to release the creative energies of people in this area. A release of creative energies in this area is something on which there is almost unanimous concurrence as to its need. It breaks the circle of tax and spend and lodges not only the responsibility but the ability to meet problems with the people, where it belongs.

I commend the gentleman for his purpose, and I hope that these remarks of his, most notable remarks, are drawn to the attention of the entire American people.

Mr. SCHWENGEL. I thank the gentleman from Iowa.

MODIFYING THE DELANEY CLAUSE OF THE FOOD ADDITIVES AMENDMENT

Mr. NELSEN. Mr. Speaker, I am introducing today as a separate proposal sections 302 and 303 of H.R. 11582, the bill to amend the Federal Food, Drug, and Cosmetic Act introduced earlier this year by the gentleman from Arkansas [Mr. HARRIS], the chairman of the House Committee on Interstate and Foreign Commerce. Preliminary hearings have been held on H.R. 11582, but I am introducing these sections of the bill as a separate proposal so that action on this important modification of the so-called Delaney clause may be expedited.

The Food Additives Amendment of 1958 to the Food, Drug, and Cosmetic Act—Public Law 85–929—has created serious problems and inequities for all segments of the animal feed industry, as well as for the Nation's livestock and poultry producers.

The problem arises because the food additives amendment contains a flat prohibition with respect to the use of certain additives in food. Since food is also defined to include feed for animals, the result is that certain ingredients in animal feed which have been used with safety and with the approval of the Food and Drug Administration for a long period of time can no longer be approved for use. This is true even though the Food and Drug Administration may determine these ingredients are safe for the animal under conditions of use and safe for humans who eat the food yielded by or from the animal. This result could hardly have been intended and is clearly not necessary for the protection of the public.

The situation is further complicated by the fact that persons who used such ingredients as feed components prior to the enactment of the food additives amendment are permitted to continue their use, whereas feed suppliers who were not in business or those who did not have approval prior to the enactment of this amendment are denied such use. Several manufacturers who have built new and modern feed mills since 1958 have found themselves in the paradoxical situation of not being able to make certain feeds in these new plants yet may continue to manufacture these feeds in their older facilities.

Section 302 of H.R. 11582 would solve the problem and remove the inequities without in any way changing the law as it applies to human food or weakening the protection of the Nation's food supply accorded by the act. Basically, this section would modify the Delaney clause of the food additives amendment with respect to animal feeds only. It would permit the use of certain additives by all feed manufacturers and feeders when it is shown the additive does not harm the animal and there is no residue of the additive in the resulting human food derived from or yielded by the animal.

The former Secretary of Health, Education, and Welfare, Mr. Arthur S. Flemming, recognized the need for and the desirability of this modification. In the presentation of the Department of Health, Education, and Welfare before the House Interstate and Foreign Commerce Committee in connection with the color additives amendment, the Secretary pointed out that the food additives law "has proved to be needlessly stringent as applied to the use of additives in animal feed." The Department further stated: "For example, in the case of various animals raised for food production, certain drugs are used in animal feed which will leave no residue in the animal after slaughter or in any food product (such as milk or eggs) obtained from the living animal, and which are, therefore, perfectly safe for man. If this is demonstrated with respect to any particular additive * * * we can see no reason for not permitting such a use of an additive which could be highly useful and beneficial in the raising of animals for food."

The modification is restricted solely to feed for animals and in strict conformance with the conditions prescribed by the Secretary of Health, Education, and Welfare. It will enable the Secretary to regulate the use of additives in animal feed in a manner which will fully protect the public, benefit agriculture, and remove the inequities which now exist between feed suppliers.

I include the Food and Drug Administration analysis of sections 302 and 303 at this point in my remarks as an explanation of the provisions of my proposal which is identical to those sections:

Feed Additives Leaving No Residue in Food for Humans

Section 302(a) would correct a needless and unintentional inequity in the application of the food-additive anticancer proviso (sec. 409(c)(3) of the basic act) to additives for animal feed, while preserving in its full vigor the consumer protection now afforded by that provision. The basic principle of the anticancer provision, which would remain unimpaired, is that no tolerance for the addition of carcinogenic chemicals to food shall be granted in any amount, because in the present state of scientific knowledge no one can tell how much or little of a carcinogen would be required to produce cancer in any human being, or how long it would take such a cancer to develop. However, this principle is not, properly, fully applicable to feed for farm animals, since tests may demonstrate that a particular chemical, though cancer inciting (at particular feeding levels) in laboratory animals such as rats, will not induce cancer in the farm animal during its expected or intended life cycle; yet the anticancer provision fails to allow for such cases, even where it conclusively appears that no residue of the feed additive will remain in any of the animal's food products.

Hence, section 302(a) of the bill would provide that the anticancer proviso shall not apply with respect to the use of a substance (e.g., a veterinary drug) as an ingredient of feed for animals which are raised for food production, if the Secretary finds that, under the conditions of use and feeding specified in proposed labeling and reasonably certain to be followed in practice, such additive will not adversely affect the animals for which such feed is intended, and (ii) that no residue of the additive will be found in any edible portion of such animals after slaughter or in any food product of the living animal (such as milk or eggs).

This change would not only correct an inequity directly inherent in the anticancer proviso, but would also avoid the discrimination (in this respect) in treatment under the act as between veterinary drugs mixed with animal feed, which are per se considered "food additives" subject to the proviso, and veterinary drugs directly administered (by implantation, injection, or otherwise), which are considered "food additives" only if the added drug leaves a residue in, or otherwise affects the characteristics of, either (1) food products (such as milk or eggs) of the living animal or (2) some edible portion or product of the animal after slaughter.

Section 302(b) of the bill would similarly amend section 706(b)(5)(B) of the basic act—which is the corresponding anticancer clause contained in the Color Additive Amendments of 1960 to the basic act.

For the purpose of determining, under the amendments made by section 302(a) and (b) of the bill, whether an additive to animal feed will leave a residue in the edible portions or products of the animal—the Secretary would be authorized to prescribe or approve by regulation applicable methods of examination.

Section 302(c) of the bill would make the amendments made by section 302 effective on the date of enactment.

Section 303 of the bill would amend clause (4) of section 201(s) of the basic act (relating to substances used in accordance with a sanction or approval granted prior to enactment of provisions concerning food additives), in order to make the clause inapplicable to any previously sanctioned or approved use of a substance, if the Secretary finds that there is substantial doubt as to its safety. The Secretary's action would be required to conform with section 4 of the Administrative Procedure Act if such prior sanction or approval has been made public, and reasonable notice of his action would have to be given to any person on whose application such prior sanction or approval had been granted and any other person who had been officially advised unless such personal notice is impracticable; such requirements would not apply when the Secretary finds that there is an imminent hazard to public health.

THE ENACTMENT OF A MEDICAL-CARE PROGRAM FOR THE AGED THROUGH SOCIAL SECURITY

Mr. SCHWENGEL. Mr. Speaker, because of my great interest in solving a serious problem for our older citizens on a sound basis and to clean up some misunderstandings about proposed solutions, I would like to discuss at this time the important topic of medical care for the aged. In particular, I would like to offer some thoughts about the administration's so-called medicare program. This plan, of course, is also known as the King-Anderson or Anderson-King bill—being the identical bills, H.R. 4222 and S. 909.

The central idea of this proposal, as you know, is to use the Federal social security system to pay certain, limited health benefits to aged persons who are eligible for cash benefits under social security; while the costs of these health benefits would be met in part by an increase in the social security taxes paid by those actively at work and their employers. In essence, then, the idea of King-Anderson is simple. However, it must be noted that the details are quite complex. The bills run some 67 pages in length.

Before coming to the so-called medicare plan itself, I would suggest that we take a good hard look at the social security system on which it would be grafted and to which it will become a burden. And by social security I mean the Federal old-age, survivors, and disability insurance—OASDI—program.

NATURE OF SOCIAL SECURITY

Now social security is often regarded ase a sort of nationwide, Government-run pension system generally similar to the pension plans of private companies, and there are some similarities. Yet there are vast and very important differences which should be more widely understood.

Under private plans, by and large, funds contributed by the employee are matched in greater or less measure by the employer; and then the total over the years—increased by interest—is used to provide the pension for that particular employee. In social security, by contrast, the taxes paid this year by employees, employers, and the self-employed are used this year toward providing benefits for those now on the beneficiary rolls. For all practical purposes there is nothing left over to pay benefits to those who now are paying the taxes, when they grow old and retire. There are today hundreds of thousands who are paying all or one-half of the cost of this ongoing program.

According to an insurance actuary who has studied social security with much care, under the 1961 act, interest on the present trust funds will cover only about 2 percent of the cost of benefits and expenses, which may be contrasted with the support from interest earnings of a mature funded private plan of 40 to 50 percent. In other words, 98 percent of the money to pay social security benefits to the retired people of tomorrow will have to come from the working people of tomorrow and their employers—that is, from today's children. So the old idea of children taking care of their elders then is still going on and more so if this plan is adopted.

Let me put the point I am making in still another way: In a private plan, the money is ordinarily on hand at the time of the worker's retirement to pay his retirement benefits. In social security, by contrast, the payment of future benefits for someone retiring depends upon the willingness of the future taxpayers to put up the money.

The social security taxpayers of tomorrow will, I think, pay any reasonable taxes that may be levied upon them. But, by the same token, the Congress of today has a duty to avoid setting up a system so framed that it would grow to the point of placing unacceptable burdens on tomorrow's taxpayers. In that event, benefits would have to be reduced, either directly or by inflation; and the security which the working people of today think they are building through social security would have proven to be a disillusioning mirage.

In this regard, it is important to remember that social security taxes, under existing legislation, are scheduled to keep on going up. The present combined employer-employee rate of 6¼ percent will go to 7¼ percent next year, on up to 8¼ percent in 1966, and on to 9¼ percent in 1968. This means, for example, that a man and his employer who now pay combined taxes of $300 a year on earnings of $4,800 or over will be paying $444 a year by 1968. If, in the meanwhile, there should be any further liberalization in benefit amounts, or relaxation in the conditions under which benefits are paid, then still further tax increases would be needed.

These higher taxes, coming in the future, let me emphasize, will be needed—not to build up reserves—but to pay current benefits, the total of which keeps rising year by year. This is because the beneficiary rolls keep growing in length and because the higher wages of recent years are being reflected in higher benefit amounts, without any liberalization in the benefit formula.

With social security correctly seen as an automatically expanding system under which people do not provide their own benefits, but must look to their children for them, the necessity of keeping the system as only a basic floor of protection becomes clearly apparent. We can rightly call on the working generation to provide the retired generation with the necessities of life. But we cannot rightly require self-supporting people to sacrifice their own living standards in order to do more than that for their elders.

COST ESTIMATES FOR THE EXISTING SOCIAL SECURITY SYSTEM

Now if Congress is not going to build a Frankenstein's monster—with an almost insatiable hunger for social security taxes—we must take a very close look at the costs of every proposed amendment. We must weigh the value of the additional benefits—and the need for them—against the burden of the additional taxes necessary to meet the costs. And we must take into consideration the additional taxes needed not just in the first year of the proposed legislation, but in the 10th year and the 50th year as well. Otherwise, the total required to support the expanded system might place so great a composite burden on future taxpayers that the entire social security structure could collapse like a house of cards.

Here let me say that it is very difficult—if not impossible—to get precise estimates of what proposed social security liberalizations will cost. To illustrate a few of the factors that have to be considered, I may mention future birth rates and death rates, future levels of economic activity and the future price level, the rate at which aged people will retire in the future, the rate at which widows will remarry, future migrations of people into and out of the United States and the ages of the migrants, and the future degree of reliability of tax and informational returns.

In any event, it is customary for the social security actuary to offer Congress both high and low cost estimates for both the system as a whole and for any proposed amendments that are under study. Then, Congress is cautioned that actual results may prove to be higher than the high estimates, or perhaps lower than the low estimates.

To be on the safe side, and thereby to protect the people's social security expectancies, those of us here in Congress must be alert to the possibility that social security costs actually come close to the high estimates. On this basis, I think we must recognize that the existing system could easily come to require combined employer-employee taxes of 12 percent of taxable payroll. And if allowance is made for likely—even if undesirable—liberalizations in benefit amounts, retirement ages, the retirement test, the definition of disability, benefit elegibility requirements, and so on, then I believe we must allow for the cash-benefit social security program coming to cost 15 percent of taxable payroll.

This high figure of 15 percent may be contrasted with the maximum employer-employee tax rate scheduled under existing law—9¼ percent, as I mentioned earlier. Even on a low-cost basis, I think the cash-benefit program is sure to get up to 10 percent of payroll, if likely amendments are taken into account. We may surely expect more liberalizations, if costs of the existing system prove to be on the low side, than if they turn out to be on the high side.

Incidentally, Health, Education, and Welfare Secretary Ribicoff testified last year that social security taxes enter the danger zone when they come to exceed 10 percent of taxable payroll. So, as I turn now to the King-Anderson bill, we are in the danger zone at the outset.

THE COSTS OF KING-ANDERSON

Human health is a very subjective matter, and the costs of any proposed health benefits are unusually difficult to estimate. While there are many complexities in cash-benefit social security, as I mentioned, it is still much easier to tell whether someone is dead, or over the age of 65—the sort of determination called for under the existing program—than to tell whether he is sick. If he is sick, does he need to go to a hospital? Should he be operated on? Has he recovered enough to be moved to a nursing home? And when can he go home? There can obviously be no set answers to questions of this sort. It is not surprising, consequently, that the various cost estimates for the King-Anderson bill are extremely far apart.

To meet the costs of the King-Anderson benefits, the HEW Department proposes to increase the employer-employee tax rates under social security by 0.5 percent and to levy the taxes against the first $5,200 of a person's annual income, instead of $4,800, as at present. According to HEW Secretary Ribicoff, these tax increases would be sufficient. Of course, what he means is that these tax increases would meet the Government's intermediate cost estimates. If Congress wishes to be on the safe side, and provide against the Government's high cost estimates materializing, then the HEW Department would agree that something additional was needed.

More important, the insurance industry has carefully studied this whole subject. Three insurance associations presented a formal statement to the Ways and Means Committee last summer using data generally available from insurers, and employing actuarial techniques used to estimate the costs of benefits under medical insurance plans. They concluded that the proposed tax rate of five-tenths of 1 percent of a $5,200 payroll will be totally inadequate.

Specifically, they asserted:

1. Benefits under King-Anderson would cost $2.2 billion in 1963, as compared with the Government estimate of $1.1 billion;
2. By 1983 costs would reach $5.4 billion, in terms of 1963 dollars, as compared with the Government estimate of $2.3 billion; and
3. On a so-called "level premium" basis, the benefits would require a total payroll tax of 1.73 percent of the first $5,000 of taxable payroll as compared with the Government estimate of 0.66 percent.

Weighing this conflicting evidence, I judge that it would not be prudent for Congress to even consider adopting the King-Anderson bill unless we are prepared to increase social security taxes simultaneously by at least 1½ percent on a $4,800 wage base. Incidentally, I think it would be most unwise for us to seek to meet some of the costs by increasing the taxable wage figure from $4,800 to $5,000 or $5,200, as the administration proposes. As I see it, social security can be a good and useful program only so long as it remains at the floor-of-protection level. People earning above $4,800 a year should be expected to make their own security arrangements, so far as their excess earnings are concerned.

FUTURE LIBERALIZATIONS OF KING-ANDERSON

Returning to the costs of King-Anderson, let me say that the cost of the actual provisions in the bill is not really the important thing to think about. Whenever social security has moved into a new field, the initial legislation has subsequently been liberalized, supplemented, and generally rounded out. In the same way, some subsequent expansion would surely follow, once King-Anderson were adopted.

As a matter of fact, both sides agree that there would be subsequent liberalization. The American Medical Association, for instance, believes that passage of King-Anderson would soon lead to a compulsory program of national health insurance—often called socialized medicine—for everyone. On the other side, our former colleague, Aime J. Forand has been quoted as saying, "If we can just get our foot inside the door, then we can expand the program."

So, my colleagues, the expansion is bound to come. The question is, How much? Well, to begin with, let me say that the bill would only meet about 25 percent, on an average, of the medical costs of those coming under it. Most people do not realize, for instance, that the bill provides mainly hospital and nursing-home benefits; it does not provide for surgeons' and doctors' bills nor for out-of-hospital drugs.

Another important point is that the aged person himself would be expected to pay $90 in cash toward his hospital bill, if his hospital stay lasted 9 days or longer. If less, he would have to pay cash at the rate of $10 a day, with a minimum of $20. He would also be expected to pay up to $20 for out-patient diagnostic services.

Such restrictions as these could hardly last long. I think we in Congress would have to decide it was unreasonably restrictive to provide benefits depending upon the aged person himself putting up some cash, just as soon as it became apparent that a significant proportion of the aged were forfeiting their benefits because they lacked the cash.

Without developing this point any further, let me say that I believe a rounded package of health benefits for the aged would cost about two or three times what the restricted King-Anderson benefits would cost. I think, also, that Congress would be virtually compelled to round out the benefit package to some such extent.

Next, Congress would doubtless be under strong pressure to extend the King-Anderson benefits to all social security beneficiaries and potential beneficiaries—and not limit the benefits just to those aged 65 or over. Perhaps the health benefits would be extended first to disability beneficiaries and their dependents. But, before long, the health benefits would also be provided for those who have retired under the special age-62 provision, and to widows and surviving children. There are now about 17 million social security beneficiaries, of whom only about 12 million are aged 65 or over. So here are another 5 million people—as an initial number—who might reasonably receive the King-Anderson benefits, once the program were started. And, why should they not?

The next step—if taken—would be to provide King-Anderson benefits for those actively at work. I am not at all sure that Congress would actually take such a momentous and hazardous step, but it is at least a possibility. Even if this final step is not taken, I think I have shown how King-Anderson costs might go as high as, say, 5 percent of taxable payroll. And, adding this to the 15 percent which the cash benefits security may well come to cost, means we are now talking about costs that could soar up to 20 percent—one-fifth—of the covered earnings.

Let me say, too, that this 20 percent leaves out of account the costs of other social benefit programs—particularly unemployment compensation and workmen's compensation. The combined costs of these and related programs may run another 5 percent or so—with the overall figure up to one-quarter of the average man's earned income.

THE ALTERNATIVE

What alternative is there to King-Anderson—to taking this first step down a costly Federal health-care road that ends we are not sure where. I think, on the whole, the answer is more and better voluntary health insurance. Let me then, as a concluding segment of these remarks, say something about what voluntary health insurance can do and is doing.

One should realize at the outset, however, that any insurance operation is merely a method of pooling funds to meet a risk; it does not create new money. Insurance cannot offer protection unless there is a premium payment. For the aged—as for anyone else—if no premium is paid, voluntary health insurance cannot furnish benefits.

People who are needy, whether aged or not, must be provided medical care at the expense of someone else. Meeting the medical costs of the needy is thus a proper job for Government to handle. And Government is increasingly recognizing its responsibilities in this regard—the recent Kerr-Mills legislation for the so-called medically indigent being a particular bit of evidence.

I know there has been criticism of Kerr-Mills as not really having accomplished much so far. However, I agree with the statement by Dr. Edward Annis, the AMA spokesman, that Kerr-Mills works wherever responsible public leaders want it to work.

In any event, it should be realized that only about one-eighth of the aged are in the indigent category. Of the nonindigent aged, the proportion with voluntary health insurance has been increasing far more rapidly than in the case of the population at large. There has been a doubling in the number of aged persons with voluntary health insurance in the last 7 years; and the total of the aged now having coverage is some 9 million—about three-fifths of all the aged who are not indigent.

Further growth can be expected, if new legislation does not interfere. The insurance business is actively engaged in selling health insurance to the aged, both through the conventional means of individual solicitation by agents, and through various group techniques. Blue Cross-Blue Shield plans are also intensifying their efforts among the aged. Greater coverage of those already over 65 will almost surely result. At the same time, previously insured persons who become 65 in the future will continue to have protection through conversion or continuance of their group insurance, Blue plan coverage, or through continuance of their individual policies.

A few words are also in order about the types of protection available and the methods of providing it. In general, any type of health expense insurance that is available to young people is also available to older people. This includes hospital, surgical, and regular medical expense insurance with a wide range of benefits, and major medical expense insurance with numerous levels of deductible and maximum amounts. Premiums, of course, vary in keeping with the liberality of the benefits.

So far as those who are employed among the aged are concerned, there is really no particular problem. Regular group insurance—which is geared to the employment relationship—is ordinarily provided without regard to age. Moreover, in the field of group insurance, it is becoming more and more common for health benefits to be extended to those who have retired under a pension plan.

Individual-policy health insurance has the general mission of furnishing protection for those not covered or not adequately covered by group insurance. Attractive policies are available increasingly for those over 65. I might mention, in particular, the recent campaign of one large company to persuade the grown children of aged parents to buy protection for their parents.

Within the last few years, a technique different from either regular group or ordinary individual insurance has been used by insurance companies. It is the technique of mass enrollment. Some mass-enrollment plans for the aged go by such names as "65 Plus," "Fund 65," and "Senior Security Plan." By wide enrollment, State by State, and with national advertising, about 2 million aged persons have recently been covered under plans of this sort.

Two other recent insurance company endeavors should be mentioned. One is the health benefits program for retired Federal employees, which some 150 companies jointly underwrite. Good benefits are provided at an attractive price. There are several options which provide various levels of benefits, including major medical protection.

The second recent endeavor is the Connecticut-65 plan which, for all senior citizens of that State, also offers major medical expense insurance at modest cost. This plan is underwritten by Connecticut insurance companies together with such out-of-State companies as wish to participate. It became effective only toward the end of last year, but it already covers many thousands of persons.

For this Connecticut plan to be adopted, State enabling legislation was required, I should add. Because such legislation has already been adopted, or is being considered, in a number of other States, Connecticut-65 may well prove to be an emerging pattern for the future.

CONCLUSION

Where does all this discussion leave us? My opinion is that it would be an extremely grave mistake for Congress to adopt King-Anderson.

The great objection, as I have tried to bring out, is on the cost side. It is not so much the costs of the bill itself that disturb me, as it is the fact that this burden is to be added on top of the already high and rapidly growing social security burden. And the King-Anderson costs themselves would grow rapidly. At some point we come to the straw that breaks the camel's back, with disastrous consequences not only for the King-Anderson program but for the entire social security system as well.

Also, although I have not covered the point in these remarks, I am disturbed about what King-Anderson would ultimately do to the practice of medicine and to the administration of our hospitals. It may be that the fears of the American medical profession are ill founded. But I cannot believe that we would have the smoke of such widespread concern by physicians without the fire of danger of their profession.

Furthermore, I believe in the American system of free enterprise, and I regard the insurance business, including Blue Cross-Blue Shield, as a worthy part of the voluntary system. King-Anderson would strike it a heavy blow. I think that, if we feel there is insufficient voluntary health insurance now protecting the aged, we should be considering incentives—measures to stimulate the expansion of such insurance. We should not be considering a measure tending to destroy voluntary insurance.

Finally, let me say that perhaps the most dangerous thing about King-Anderson is that—once such legislation were adopted—there would be little real chance to turn back.

Mr. Speaker, July 1 was the 100th anniversary of the Internal Revenue Service. It is a special interest of mine because Abraham Lincoln signed the bill creating it and because Congress had a part in creating the Internal Revenue Service. I think it appropriate for us to make some observations on that question. I ask unanimous consent that this material I have here be placed in the RECORD at this point, along with two editorials.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

LINCOLN AND THE INTERNAL REVENUE SERVICE

Mr. SCHWENGEL. Mr. Speaker, this is the period of many centennial observations. The centennial period of the Civil War and the many significant things that came out of the Civil War which are worthwhile have been, will be, and, I believe should be, called to our attention.

Among the many new and important developments of that period was the creation of the Internal Revenue Service.

The bill creating this was signed by the President, July 1, 1862.

Since that time, many laws and amendments have been passed which have increased both the effectiveness and efficiency of this department.

Mr. Speaker, not always has the Internal Revenue Service functioned to satisfy the Congress or the people but generally speaking it may be said that the career people, for the most part, have fulfilled admirably their responsibility in applying the law fairly and equitably and, at best, it is a very difficult law to administer.

To those people who have done their best to administer this law impartially and effectively, we should say thank you and good luck as you seek to apply the policies and principles of the present law and those that will be passed by the Congress.

Mr. Speaker, without wanting to take a position on any legislation which may be before the Congress at this time dealing with both policy and changes in the law, I think it might be well for us to have an opportunity to reflect on the origin and early history of the Internal Revenue Service.

Lincoln's concern for the fiscal policy of our government is reflected in a statement he made on that question. He said:

> The tendency to undue expansion is unquestionably the chief difficulty. How to do something, and still not do too much, is the question. I would not borrow money. I am against an overwhelming, crushing system. Suppose, that at each session, Congress shall first determine how much money can, for that year, be spared for improvements; then apportion that sum to the most important objects.

So this must have been uppermost in his mind when he signed the Revenue Act of 1862.

Abraham Lincoln also said that his policy was to have no policy; that he did not control events, but was controlled by them. Now, however, in the spring of 1862 he had to act swiftly and surely. The news from bloody Gaines' Mill on the Chickahominy, stifled him and polluted the air with death.

To prosecute the war the Federal Government needed money, desperately. When the Civil War erupted in 1861, few anticipated the fighting would last longer than weeks, scant months at the very most. The first Civil War revenue measure, enacted in 1861, quickly proved inadequate.

By spring of 1862 the public debt was mounting at the rate of $2 million a day. It would total $3 billion at the end of the war. Vigorous financial action was mandatory. Prodded by a vigilant Lincoln and stung by aroused public opinion voiced through caustic newspaper editorials, Congress speedily enacted more effective tax legislation. What they produced became the most sweeping revenue-producing measure in the Nation's history to that time.

The new statute, signed by Lincoln on July 1, 1862, created the office of Commissioner of Internal Revenue, to administer the provisions of the law, and provided for progressive taxation, for levies on incomes, and for tax withholding, all of which are vital features of today's modern revenue statutes.

During the first fiscal year, the infant Internal Revenue office took in $36.6 million, a huge sum in those days and gratifying to the leaders directing the war effort. By fiscal 1864, the first really full year in which it was in operation, it yielded $116,965,578.26.

Today, the Internal Revenue Service, employing the skills and talents of more than 57,000 people and utilizing highly efficient electronic computers and modern management methods, collected in fiscal 1961 a record $94.4 billion at a cost of about one-half cent for every dollar of revenue.

The act of July 1, 1862, signed into law by President Lincoln, is the basis of the present internal revenue system, both as regards items taxed and organization to collect the taxes. It taxed incomes, estates, public utilities, banks, insurance companies, advertisements, occupations, liquors, tobacco, other specified commodities and provided stamp taxes on medicines, perfumery, cosmetics, playing cards, and certain commercial papers.

BOUTWELL FIRST COMMISSIONER

Since almost half a century had elapsed with no internal taxes of any nature having been levied by the United States, it was now necessary to set up a new organization for the purpose of making collections. To fill the post of first Commissioner of Internal Revenue, Lincoln appointed George S. Boutwell, former Governor of Massachusetts and a nationally known attorney.

The revenue statute was barely 16 days old when Commissioner Boutwell arrived in Washington on a rainy July day in 1862 to take office. With merely an inkling of what was in the law he was sworn to administer, Boutwell later reported:

> My first labor was to read the * * * law, which I had not before seen.

The new Federal official learned that he was given the power to assess, levy, and collect internal taxes and the right to enforce the tax laws through seizure and prosecution.

In excellent health at 44, the new Commissioner had taught school, served in the Massachusetts Legislature and been Governor of his State. Later he would serve in both the House of Representatives and the Senate and as Secretary of the Treasury.

He entered upon his office with a will and hectic times followed as he proceeded vigorously with the organization of an effective field and office force, prepared the regulations, arranged for the printing of revenue stamps and made innumerable decisions and interpretations.

Before he had held his office 5 months, Commissioner Boutwell had made more than 100 decisions relating to general principles of the new law, and twice as many rulings.

> The public anxiety—

He reported—

> in regard to the construction of the law induced a large amount of correspondence with persons in various parts of the country.

The volume of mail soon reached a level of 800 letters a day—and at first the Commissioner read every one that came in from apprehensive taxpayers.

Under the law, the President was authorized to divide the country into collection districts, 185 in all. Each district would have a collector, an assessor, plus deputies and assistants. But recruiting this force was no simple matter.

President Lincoln was a busy man those days, and hard to see. In truth, according to Commissioner Boutwell, the President appointed only two collectors whom he knew personally. The heaviest part of this particular burden fell on the mantle of the Commissioner, and he accepted his responsibility fully.

Mr. Boutwell built a revenue force at a spectacular rate. On the day he opened his tiny office on the first floor of the Treasury Building facing Pennsylvania Avenue, he had only one clerk to help him. Six months later his total force numbered 3,882. The most remarkable feature of this organization compared with the present time was the small size of the force in Washington.

During Lincoln's time the bulk of operations of the agency was in the field, from handling appeals to punishing frauds. The key official of the system was the assessor. Paid from $3 to $5 a day, depending on duties, the assessor kept his office open at all hours, heard appeals, issued summonses to those who failed to make returns, examined taxable property and inspected accounts. An assessor often spent his entire pay in setting up his field office. Congress soon approved the Presidential request for more pay and expense money.

The President, personally, was not immune to the bite of the tax collector. Like all good citizens of his time and ours, perhaps more zealously than some of his contemporaries, Mr. Lincoln paid his wartime taxes in full measure. In point of fact, he paid taxes too well. Recent research has uncovered a fascinating bit of Lincolnia. This was an application for a tax refund by Abraham Lincoln's estate; requested by David Davis, administrator of the estate, and approved after audit by an assessor and a collector; in the amount of $1,279.15. The return had been filed December 15, 1864, and the refund approved April 26, 1872.

The cost of war was gigantic. Abraham Lincoln assayed the human cost with trembling sensitivity—but he estimated the fiscal cost coolly, almost angrily, always demandingly. In a Washington full of troops, with churches and hospitals overflowing with wounded and dying, he needed no reminder of the urgency of ending the conflict as quickly as possible with national honor unimpaired and national dignity restored to all under law.

Taxes to finance the Federal war effort; to create an overwhelming superiority in the field and thus end the war as quickly as possible; became a prime mover in the politics of finance as practiced in Lincoln's day. Washington's finest minds were hard at work seeking new solutions to old problems and improvements to methods then in operation.

Few people today realize that it was the Revenue Act of July 1, 1862, which, for the first time in the history of our Federal Government, applied the principle of tapping revenue at the source—in clearer language, tax withholding, for greater and easier collection of revenue.

The law imposed a 3-percent tax on salaries and other income over $600 and under $10,000, and 5 percent on income over $10,000. Using the withholding system for the first time it required all Government paymasters and disbursing officers, to withhold the proper tax from salaries paid to all persons in the civil, military, and naval services of the United States—including Senators, Representatives, and Delegates to Congress. The law also applied withholding to the tax on interest and dividends paid by all railroads, banks, trust companies, and fire, marine, life, inland, stock and mutual insurance companies.

Uppermost in the thoughts of the President and most of the responsible lawmakers of the time was the concept of self-assessment. Representative Justin Morrill, an important member of the tax-writing House Ways and Means Committee, recognized this when he referred to the income tax, calling it "extremely difficult of adjustment and collection." But he went on to state, "Every man would be content provided his neighbor paid his just proportion." It was Congressman Morrill who proposed that tax returns be made under oath.

Lincoln's continuing struggle to maintain successfully the American experiment of popular government poured fuel on his burning conviction that "we cannot escape history." "The right will prevail" was his private and public slogan. On September 14, 1863, in an opinion on the draft, he included the following remarks:

> Again, a law may be both constitutional and expedient, and yet may be administered in an unjust and unfair way. This law belongs to a class, which class is composed of those laws whose object is to distribute burthens or benefits on the principle of equality. No one of these laws can ever be practically administered with that exactness which can be conceived of in the mind. A tax law, the principle of which is that each owner shall pay in proportion to the value of his property, will be a dead letter if no one can be compelled to pay until it can be shown that every other one will pay in precisely the same proportion according to value; nay even, it will be a dead letter, if no one can be compelled to pay until it is certain that every other one will pay at all—even in unequal proportion.

Administering the tax laws fairly and equitably was constantly in Lincoln's thoughts throughout the war years. In delivering a speech to the 164th Ohio Regiment on August 18, 1864, the President included the following:

> Soldiers, you are about to return to your homes and your friends. I am greatly obliged to you, and to all who have come forward at the call of their country. There is more involved in this contest than is realized by everyone. There is involved in this struggle the question whether your children and my children shall enjoy the privileges we have enjoyed. I say this in order to impress upon you, if you are not already so impressed, that no small matter should divert us from our great purpose. There may be some irregularities in the practical application of our system. It is fair that each man shall pay taxes in exact proportion to the value of his property; but if we should wait before collecting a tax to adjust the taxes upon each man in exact proportion with every other man, we should never collect any tax at all. There may be mistakes made sometimes; things may be done wrong while the officers of the Government do all they can to prevent mistakes. But I beg of you, as citizens of this great Republic, not to let your minds be carried off from the great work we have before us."

As the Civil War dragged on, other internal revenue measures were passed to cover more items and to increase the yield from income and inheritance taxes. A post of Deputy Commissioner of Internal Revenue was created in 1863, and the Secretary of the Treasury was empowered to hire revenue agents to help prevent, detect, and punish fraud.

When Mr. Boutwell resigned in 1863 after being elected to Congress, Joseph J. Lewis, a country lawyer from Pennsylvania, was made Commissioner of Internal Revenue. And continuity was effected in management and in principle.

Paying taxes by this time was considered a patriotic duty and was done with a minimum of resentment, until the last year or two of fighting, at any rate. The North had passed through the darkest period of the winter of 1862–63 and by July 1863, strengthened by the military successes at Gettysburg and elsewhere, public confidence soared. Much of the country away from the battle areas was enjoying a prosperity. Receipts from internal revenue for fiscal 1866 reached a new high of $311 million.

In the end, 80 percent of the cost of the Civil War was paid for by borrowing. Objections against taxes were on the increase. Scandal in tax fraud was in the making, to be followed by enlightened reform and effectiveness in revenue collection.

The Nation today owes much more to Abraham Lincoln's political philosophy and tenacity of belief than is generally known. Not only did he inspire the forces which held this Nation together, but he left us a heritage of fiscal precedent on which to base procedure to produce money to finance the activities of the Government, in peace or war.

Stated best in the simple language of the first Commissioner of Internal Revenue, George S. Boutwell rose above the pressures and confusion of his new post in a war-torn Nation, to note:

> The stability of the system is in the equal imposition of taxes and in the just and impartial administration of the law.

Mr. Speaker, there have been some interesting articles published by the Chicago Sunday Sun-Times and the Newark Sunday News that are enlightening and worthwhile and I will insert them at this point in the RECORD:

[From the Chicago Sun-Times, July 1, 1962]

ONE HUNDRED YEARS OLD, U.S. TAX SYSTEM LOOKS GOOD FOR MANY MORE

(By Norman Runion)

WASHINGTON.—Sure as death and taxes, no crowd of well-wishers will gather here Sunday to sing happy birthday to a prosperous 100-year-old: the Internal Revenue Service.

But like it or not—and most people don't—IRS shows every sign of entering the second century of its life full of health, vigor and our money.

Abraham Lincoln, the Great Emancipator, linked the American people's pocketbooks to the Government on July 1, 1862, when he affixed his signature to a bill creating the office of Commissioner of Internal Revenue.

FIRST TAXMAN FROM MASSACHUSETTS

The first taxman was George S. Boutwell, a former Governor of Massachusetts, and in his first year IRS pulled in $36,600,000 to help Lincoln fight the Civil War.

Boutwell's 1960 counterpart is Mortimer J. Caplin. And last year his agents and forms collected $94.4 billion, much of it to help pay the cost of the cold war. This is proof, if any is needed, of the truth in a statement by Thomas Paine:

"War involves in its progress such a train of unforeseen and unsupposed circumstances that no human wisdom can calculate its end. It has but one thing certain, and that is to increase taxes."

Vilified, the butt of countless jokes, yet indispensable to the functioning of society, Internal Revenue faces its second hundred years with customary aplomb. To commemorate the occasion, it is adopting a special symbol, a centennial emblem.

WHAT IT ALL MEANS

According to the IRS, "it shows the 'eagle,' traditional national emblem of strength, courage, viligance, and authority * * * the 'man,' representing the millions of citizen-taxpayers who voluntarily assess their tax under the American system, and at the same time, the public servants comprising the Revenue Service 'industry,' illustrating productive wealth, source of the Nation's revenue * * * and the 'map,' signifying the Nation and Internal Revenue's mission of fair and impartial administration."

To all this some of the American public probably feels like adding a slogan of its own: drop dead. Such a thought probably was in the mind of one man who filled out the "occupation" question on his tax form with the answer: "Taxpayer."

Or another who wrote: "I don't know who will be our first man on the moon, but I do know who will be the second. He will be an IRS income tax collector."

A FAR CRY FROM 1862

And there was the person whose opening yell at an IRS telephone operator was: "What makes you people think I can't add?"

With its vast operations today, Internal Revenue is a far cry from the makeshift organization that sprung into existence on July 2, 1862.

Sixteen days after Lincoln signed the law, Commander Boutwell came to Washington, finding in it every sign of a nation at war. Long lines of troops and horses plodded down the streets. In the White House, long Abe Lincoln saw them from his windows and brooded on the appalling cost—in men and money—of the fateful struggle between North and South.

By the spring of 1862 the cost of the fighting was running nearly $2 million a day. Taking note of this, and being prodded by Lincoln, Congress passed the most far-reaching money-producing measure enacted in the United States up to that time.

The act, which is the basis of the present internal revenue system, taxed incomes, estates, public utilities, banks, insurance companies, advertisements, occupations, liquors and tobaccos.

TAX ON SALARIES

Under the law, there was a 3 percent tax on salaries and other income over $600 and under $10,000, and a 5 percent tax on income over $10,000. For the first time in U.S. history, there was also a provision for withholding taxes. All Government paymasters were required to take out the proper tax from salaries of everyone in the military, naval, and civil services of the United States, including Congressmen.

The withholding provision also applied to tax on interest and dividends paid by all railroads, banks, trust companies and fire, marine, life, inland, stock and mutual insurance companies.

To administer this, Congress set up the Office of Commissioner of Internal Revenue. Lincoln, searching around for someone to take over, settled on the 44-year-old Boutwell, who had taught school, served in the Massachusetts Legislature, and been the State's Governor.

When Boutwell arrived in Washington he had only a bare idea of what he was supposed to do. "My first labor," he later said, "was to read the law, which I had not before seen."

DISCOVERS VAST POWERS

In doing so, he found he had the power to assess, levy and collect internal taxes, along with the right to enforce the tax laws through seizure and prosecution. This was fine with Boutwell, but he lacked the equipment to do it. He opened an office on the first floor of the Treasury building and found one clerk to help him out.

Six months later his taxmen totaled 3,882, most of them appointed by himself because Lincoln was too busy. The President, in fact, named only two collectors whom he knew personally.

Before Boutwell had been in office 5 months he had made more than 100 decisions relating to general principles of the new law.

He later said that "the public anxiety in regard to the construction of the law induced a large amount of correspondence with persons in various parts of the country."

Such correspondence, naturally, is still coming in. One puzzled woman inquired not long ago: "Since 1952 I've saved nearly three shopping bags of empty medicine bottles to substantiate my medical expenses. My husband says I'm crazy. Do you think I'm crazy?"

WORK DONE IN FIELD

During Boutwell's reign, much of the work was done in the field, whereas a greater proportion now takes place in Washington. Assessors, paid from $3 to $5 a day, collected the taxes and ran the system. As usual, they did a good job; by 1866, receipts from internal revenue reached a new high of $311 million.

At first, it was considered patriotic to pay the taxes. But as the war dragged on, and finally came to a halt, resentment grew and early in the 1870's the whole tax system was dropped.

It lay dormant until 1894, when a new law was passed by Congress. This lasted only one year before the Supreme Court declared it unconstitutional on the grounds that direct taxation was forbidden. With the needs of a growing society calling for more public money, Congress acted to rectify the situation.

In 1909 legislation was set in motion to amend the Constitution to give Congress the power to raise taxes. That year Alabama became the first State to approve the amendment, the 16th to the Constitution. It was finally ratified by the necessary 36 States in 1913. Wyoming had the honors.

COMPUTERS DO JOB NOW

Today the Internal Revenue Service consists of 57,000 people who use highly efficient electronic computers to make sure that Boutwell's credo is carried out: "The stability of the system is in the equal imposition of taxes and in the just and impartial administration of the law."

But all of these modern methods, and the new ones to come, will never erase that complaint as old as the times, the taxpayer's gripe.

Such as the gentleman who was told he could take a $600 deduction for his child, and replied: "What? Only $600. Listen, I'll bring him in and leave him with you. Let's see you take care of him for just $600 a year."

[From the Newark (N.J.) Sunday News, July 1, 1962]

ANNIVERSARY, SORT OF

A hundred years ago today, President Lincoln signed the act establishing the first Federal income tax, and the Internal Revenue Service thinks the anniversary merits recognition.

Why it thinks so is not altogether clear, for the income tax lasted only a few years after the Civil War. Revived in 1894, it was declared unconstitutional the next year. Not until 1913, when the 16th amendment was adopted, did the income tax begin an uninterrupted existence. No one can deny that it has made up for all those lost years.

In what surely must be the year's understatement, IRS says it is "not likely to become the most popular of Federal agencies." Nevertheless, it insists it is one of the most essential and is "performing with noteworthy success" and effectiveness. More modestly, IRS attributes much of this success to the honesty and patriotism of American citizens and their more or less voluntary compliance.

Few seek to evade their taxes and the rich and powerful in the United States cannot ignore the tax laws, which is not, says IRS, the case in "many nations." Perhaps it was not quite tactful of IRS to bring this up, because among the nations that let the rich get away with it are some that are receiving, or hope to receive, substantial sums of American taxpayers' money.

It's true that we couldn't do without good old IRS and whatever we think about the far from satisfactory tax law, it is being administered as honestly and fairly as could be expected. To IRS, therefore, many happy returns.

MORE EDITORIAL SUPPORT FOR EFFORT TO CORRECT IMBALANCE ON COMMITTEE STAFFS IN CONGRESS

Mr. SCHWENGEL. Mr. Speaker, the effort which I and several Members of Congress are making to secure more minority employees on the staffs of committees is being recognized across the country as being on the side of justice in order to bring about a balance of viewpoints and approaches to some of the serious problems of our time.

Under leave to extend my remarks, I wish to call attention to four more editorials which have followed my introduction of House Resolution 570, a bill to give the minority up to 40 percent of the staff employees on the standing committees. The four editorials follow: "A Wail in Washington," from the Columbia (S.C.) State; "Justice on His Side," from the Muscatine (Iowa) Journal; "Republicans Look to Your Staffs," from the New York Herald Tribune; and "Understaff Minority," from the Honolulu (Hawaii) Star-Bulletin.

[From the Columbia (S.C.) State, May 4, 1962]

A WAIL IN WISCONSIN

Charges of too much Democratic partiality in the selection of the staffs of congressional committees now come from Republican members. Most chairmen of these committees have denied the allegations, but this hasn't satisfied the Republicans.

Three members of the minority party (which Comedian Bob Hope says is always under threat of "genuflect or perish") have taken the leadership in a campaign to place more men and women of Republican choice on the committee staffs. They are Senator CARL CURTIS, of Nebraska; Representatives THOMAS B. CURTIS, of Missouri, and RED FRED SCHWENGEL, of Iowa.

The complainants acknowledge that a few committees, notably the Senate Foreign Relations and House Foreign Affairs, have staffs which have been impartially selected and conducted. However, they contend that these committees are exceptions.

Since the 1960 elections the Republicans have lacked the research and policymaking facilities of the executive branch and so are staff poor and unable to develop effective programs.

Senator CURTIS and Representative SCHWENGEL have compiled lists of staff members for each committee showing that, roughly, of every 10 staff members 1 works for the minority. Overall figures for the Senate show that 54 minority staff members out of a total of 498, while in the House there are only 43 out of 504. Joint committees contain 2 out of 72.

Representative CURTIS contends that stronger minority staffs would help make Congress less dependent upon the executive branch by providing prospective and counterproposals and make the two-party system stronger by making the minority more effective opponents. The Republicans are also impelled in their campaign by the fear that negative opposition will make the party a permanent minority.

Hence Representative SCHWENGEL has introduced a resolution which would enlarge House committee staff and allow the minority to hire approximately 40 percent of each staff and half the investigative staffs of special or select committees and subcommittees.

The group also has pressed the Republican leadership to get assurances from the Democrats for support either of the Schwengel resolution or of agreements between committee chairmen and the ranking minority members which would achieve the same end.

Democratic committee chairmen maintain that the Curtis and Schwengel figures give a distorted picture, and that a division of staff such as the one proposed in SCHWENGEL's resolution could destroy the professional staff system.

Under the 1946 Legislative Reorganization Act, which set them up, the professional committee staffs are supposed to be nonpartisan and not employed or dismissed for political reasons.

No matter how much international contention might be going on the men who make the laws still must have their intramural controversies.

[From the Muscatine (Iowa) Journal]

JUSTICE ON HIS SIDE

Representative FRED SCHWENGEL, of the First Iowa Congressional District, has justice on his side in appearances he has made and will make in behalf of better minority party representation on committee staffs in Congress.

It is reliably reported that the majority party's staff experts outnumber those of the Republicans 14 to 1 in the House and 13 to 1 in the Senate.

Because of the press of other duties, there can be but little doubt that it is these hired experts who dig up the evidence and conduct the inquiries which are authorized on the part of regular and special committees—performing the real heavy duties and exercising a tremendous influence upon the committee reports.

There can be but little doubt, too, that Members of Congress who are assigned to these committees often make considerable political capital out of their committee functions and findings.

With the bulk of the hired experts on their side, the majority party has the opportunity to reach a desired conclusion to support the legislative aims; with the opposition handicapped in its collection and presentation of refuting information and material.

Says the Washington Post, in commenting on what it terms "shocking unfairness" in this situation:

"To deprive the minority of experts, therefore, is to cripple it as an effective opposition. The Republicans as a group need to wake up and demand a better distribution of the experts, and if the Democrats have any regard for their own welfare when and if they become a minority, they can scarcely afford to refuse."

[From the New York Herald Tribune, Apr. 1, 1962]

REPUBLICANS, LOOK TO YOUR STAFFS

In Congress, staffs are the bread of life. And though Republicans have been going mighty hungry, very few have been doing anything about it.

Increasing the size of minority staffs on House and Senate committees might seem a minor item of Federal housekeeping, but it cuts to the heart of the effective functioning of Congress.

What makes staffing important is the role committees play in legislation. This is where the real work of Congress is done, and it is on committee staffs that individual Congressmen have to place primary reliance for help in their legislative work. Not only are committee staff members specialists in their respective legislative fields, which the employees in a Congressman's own office are usually not, but the Congressman's office is largely tied up with the mechanics of representing his constituency. When it comes to working out the intricacies of, say, a trade or tax bill, the Congressman needs ready access to experts on trade or tax legislation.

As Roscoe Drummond has been pointing out repeatedly in his columns, the Republicans are grossly underrepresented on the committee staffs. Most staffs have only one, two, or three staff members—sometimes none—appointed by and responsible to the minority members.

The same committee may have 10 or 20, or more, appointed by and responsible to the majority. Much of their work is technical and nonpartisan in nature, but a lot of it is not. Some committee chairmen organize their staffs on a professional, nonpartisan basis—but others use them in a highly partisan manner, to the Republicans' distinct disadvantage.

To work as it should, two-party government needs two parties each equipped to develop its own independent legislative program. It is here that the need for a strong minority staff—with which minority members can enjoy a confidential relationship—is most urgent.

It wasn't so bad when one party controlled Congress and the other the White House, so that Republicans had access to the machinery of the executive departments. But now that the Democrats control both branches, the Republicans are not even out in right field. They're out of the park, beyond the fence.

The minority staff of 2 on the House Education and Labor Committee, for example, is hardly a match for the 40-odd answerable to Chairman ADAM CLAYTON POWELL, plus the combined bureaucracies of the Departments of Labor and of Health, Education, and Welfare.

Democrats in Congress, liking the way their bread is buttered, have been understandably cool to pleas for bigger minority staffs. But the Republicans themselves have been apathetic. A few—notably Senator CARL CURTIS and Representative THOMAS B. CURTIS—have fought for fairer representation, and now a few more are joining in. But it's going to take a more concerted push than the Republicans have yet made to get the kind of minority staffs an opposition party needs—not only in its own interest, but in that of effective two-party government and sound legislative procedure.

[From the Honolulu (Hawaii) Star-Bulletin, May 7, 1962]

UNDERSTAFFED MINORITY

A modern version of the spoils system is at work in Washington and, we suppose, in most State capitols, our own included.

It has to do with the appointment of congressional and legislative committee staffs.

Some Republican Members of Congress say there are too many "Democratic experts" on congressional committee staffs. Most major committee chairmen, who are Democrats, deny it.

Nevertheless, Republican leaders have started a campaign to get more staff for the minority. They acknowledge that a few committees—notably the Senate Foreign Relations and the House Foreign Affairs—have impartially selected and conducted staffs, but these, they say, are the exception.

Since the 1960 elections, Republicans on Capitol Hill have been without the immense research and policymaking facilities of the executive branch. The result is that they are staff poor. And without staff, they say, they cannot develop effective programs.

Representative THOMAS B. CURTIS, Missouri Republican, says that stronger minority staffs would help to make Congress less dependent upon the executive branch by providing perspective and counterproposals. He says that they would make the two-party system stronger by making the minority more effective opponents.

An impelling reason behind the campaign for more staff is the Republican fear that merely negative opposition will make the party a permanent minority.

Republicans say that committee staff lists show roughly 1 staff member in 10 works for the minority. In the Senate there are 54 minority staff members out of a total of 498 and in the House, there are 43 out of 504. Figures for the joint committees show 2 minority staff members out of 72.

Representative Fred Schwengel, Iowa Republican, has offered a bill which would enlarge House committee staffs and allow the minority to hire about 40 percent of each staff. It would also allow the minority to hire half of the investigative staffs of special or select committees and subcommittees.

Democratic committee chairmen object that the Republican figures give a distorted picture and that a division of staff such as proposed could destroy the professional staff system.

According to the 1946 Legislative Reorganization Act, which first set them up, the professional committee staffs were to be nonpartisan, and neither hired nor fired for political reasons. Although the Democrats acknowledge that some chairmen treat committee staff jobs as patronage, they contend that most staffs currently contain people who were hired by Republican chairmen in the 80th and 83d Congresses, and are fairly run.

Unless they can translate the controversy into a popular campaign issue, the Republicans are not likely to get much response from the Democratic chairmen.

Symptomatic of the Democratic view was the comment of one congressional Democrat: "Next thing, they'll be asking for 40 percent of the White House."

Mr. NELSEN. Mr. Speaker, will the gentleman yield?

Mr. SCHWENGEL. I yield to the gentleman from Minnesota.

Mr. NELSEN. I want to thank the gentleman for his contribution today. The report he has made and the proposal he has suggested indicate a good deal of study on his part. I think his suggestion deserves most serious attention.

I should like to refer to one phase of it, the tax credit plan in the field of education. I introduced a bill a year ago to provide a tax credit to a parent who wants to send his or her child on to college. I found that proposal to be a very popular one. I think also it is a constructive one. Such a proposal would eliminate all of this problem as to what school gets aid and what school does not. It gives the parent the chance to choose without any controversy involved. I think it provides an incentive for the parents to send their children on to an institution of higher learning. I think the gentleman's plan throughout sort of encourages the same philosophy. I think it is constructive. I compliment the gentleman on the work he has done and hope he has success with his proposal.

Mr. SCHWENGEL. I thank the gentleman very much. May I say at this time that I have been aware of the gentleman's interest in education, and I have been aware of his legislation. It was the gentleman's bill and a number of others like that which we gave to the student group at the University of Iowa. I might say that they pretty largely worked out these plans. These are graduate students. They happen to be law students.

They have given this a lot of serious thought. This has been the result of conferences with educational leaders at the university level. They have talked to a lot of parents and have done a great deal of basic research, and it has been universally accepted.

I have written the Treasury Department and I have written to the Department of Health, Education, and Welfare, and to the President. Only the Treasury Department has chosen to answer. They evade the point and say that this plan gives greater help to the wealthier families. Of course, the reverse is true. If you actually sit down and study and analyze this, you can see that those people in the lower income brackets would get more credit and benefits from this than those in the higher brackets.

Mr. BEERMANN. Mr. Speaker, will the gentleman yield?

Mr. SCHWENGEL. I am very glad to yield to the gentleman from Nebraska.

Mr. BEERMANN. The gentleman from Nebraska has listened intently to the discussion that the gentleman from Iowa has made especially in the field of agriculture and tax credits. I want to commend the gentleman from Iowa for initiating a research program and bringing to the attention of his colleagues the Iowa plan for progress and growth in education. I think the members of the research group that you have worked with have done a wonderful job. I am also interested in these tax credits and tax deductions because I think this will bring our educational facilities up in a better light and create more interest at the local level, and I commend the gentleman for his remarks today.

Mr. SCHWENGEL. I thank my colleague very much for his kind remarks.

THE CENTENNIAL OF THE MORRILL LAND-GRANT ACT

Mr. SCHWENGEL. Mr. Speaker, on Monday, July 2, I had the privilege of attending the opening of the Land-Grant Centennial Exhibit at the National Archives where the Honorable George D. Aiken, U.S. Senator from Vermont, was the principal speaker.

Since Iowa State University at Ames, Iowa, was one of the first of the scientific and technical schools to be established under the Morrill Land-Grant Act, I was deeply interested in the Archives exhibit and the remarks which Senator Aiken made at its opening.

All of us are familiar with the immense changes that have come about in agricultural practices and products as a result of the research undertaken at Iowa State University and other land-grant colleges. These schools were founded on the expectation that they would serve the interests of the entire Nation rather than the provincial interests of a single State. The success of this Nation as the leading producer of food and fiber is eloquent testimony that the land-grant colleges have lived up to this expectation.

Senator Aiken's remarks were most appropriate. They make a significant contribution to this centennial observance. I wish to bring them to the attention of my colleagues and, under leave to extend my remarks, I include Senator Aiken's speech at this point in the Record:

An Address by the Honorable George D. Aiken, U.S. Senator From Vermont, at a Meeting and Reception Held July 2, 1962, at the National Archives, Washington, D.C., Honoring the 100th Anniversary of the Morrill Land-Grant Act

I suppose I have been selected for this honor because I happen to represent the States which Justin Morrill represented for nearly a half a century in the Congress of the United States. Sometimes I think, after the 22 years which comprise my term of service, that people expect you to do perhaps as much work as they used to do in a half century, and in some ways I rather envy Senator Morrill, except for the fact that he had the War Between the States at that time. The situation was quite different—he had no satellite communications filibuster to contend with, he didn't have people writing every day asking why their application for a Small Business loan had been turned down, he didn't have any Farmers Home Administration or Federal housing program to deal with, he didn't have to explain to people why he was going to vote for or against a compromise bill on medicare, he didn't have to explain whether the Common Market was going to be good for his community or not, he didn't have worries over overproduction, because his aim in those days to get greater production, and he didn't have to worry too much about getting home, even though it took longer to get home, because the sessions didn't last so long then. But above all else, I envy him the fact that the administration in power at that time was in quite full agreement with his ideas concerning agriculture and education.

Nevertheless, we take things as we find them; and today, besides honoring Justin Morrill and observing the centennial of the Land-Grant College Act, I think we may very well make it a day for taking real pride in the accomplishments of American agriculture, which is the envy of the world, and in showing this pride we seem to be honored by a very well-known person who lives several thousand miles from here. Mr. Khrushchev's speech on agriculture, which he gave on Saturday, held up American agriculture as a model for the Russian farmers to attempt to copy, and he very humbly stated that he saw nothing wrong in trying to copy what in his opinion was the best agriculture in the world. And we hope he'll succeed in adopting many of our ideas, even though I fully expect that after he adopts all our capitalistic ideas, he'll still insist on calling them Communist inventions.

Now this centennial of the Morrill Act is an appropriate time to review several of the land-grant statutes and their contribution to our Nation, and the challenges both national and worldwide which face our land-grant institutions today. As a Senator from Vermont, as I have said, I feel highly honored that I have been asked to join you in paying homage to Justin Morrill. On the 9th of November we'll be dedicating his homestead in Strafford, Vt., and I expect that people from all over the country will join in the observance at that time. We honor Justin Morrill for the leadership he exerted in the Congress from 1854, when, I believe, he entered the House, until in the 1890's.

During that time, he secured the passage of a great deal of extremely important legislation, including the land-grant legislation. Actually, Justin Morrill devoted 33 years to the land-grant dream. He did not see his proposal as a partisan project or any great revolutionary ideal, and he was practical and down to earth about it from the very beginning. To Justin Morrill the land-grant idea was a commonsense plan for extending the advantages of education to all American people. Now this is not to infer that he failed to grasp the sweeping changes that his law would provoke in American education. He knew this was a change that people needed and wanted. He realized that education was essential for effective, intelligent, and informed popular government.

Many thousands of words have been used to define the land-grant college system.

The Morrill Act of 1862 has been called the Magna Carta of American education, and "the emancipation proclamation for those striving for higher education."

It is both of these, but the land-grant college laws, as a whole, are something more: They are designed to teach people how to do for themselves.

This fundamental objective is embodied in the original Morrill Act. It is the intent and the spirit underlying subsequent legislation—the Morrill Act of 1890, the Hatch Act of 1887, the Smith-Lever Act of 1914 and the Bankhead-Jones Act of 1935.

As early as 1785, the Northwest Ordinance had stipulated that 640 acres of land be sold to finance public schools in the Territory.

Two years later, the ordinance of 1787 emphasized that religion, morality, and knowledge are necessary to good government and mankind's happiness. To achieve these ends, the ordinance stated that "the means of education should be forever encouraged."

When the Albemarle Agricultural Society was founded, Thomas Jefferson wrote its constitution. A fundamental requirement of this constitution was that the members of the society make records of the successes and failures of their farming practices and turn this information over to the society so that their experiences could be pooled for the common good of all.

Similar requirements cropped up in the rules governing other agricultural societies. The practice was extended in the 1840's among the small farmers' clubs that were forming in farm communities all over our new country.

By 1850, the work of these societies and clubs had resulted in specific action by 20 of the 31 States to collect agricultural data systematically.

Thus was the way prepared for the Morrill Act of 1862.

If he were here today, I am sure that Justin Morrill would point to the long record of painstaking effort by many men to build public support for the idea.

After President Buchanan vetoed the first Morrill bill in 1859, Morrill told his colleagues in the House that this bill had not been advocated as a party measure, that it had been supported by the legislatures of at least 13 States and "by an indefinite number of memorials from private citizens * * * by agricultural societies and agricultural men throughout the whole country."

"It fought its way on its own merits," Representative Morrill declared.

History has recorded for us the well-known fact that Justin Morrill, the son of a blacksmith, finished his formal education at the age of 14. At this point I might add that Justin Morrill was not the only contribution of the blacksmith's trade of Vermont to the agriculture and the education of the Nation, because John Deere was a practicing blacksmith in Vermont until he reached the age of 32, when he went out to Fred Schwengel's territory—almost your district, I believe, Fred, or very close to it—and decided that plowing was too hard by the orthodox method and therefore invented the steel plow. Just a typical Vermonter's way of getting out of work. But this had good results—let's put it that way.

Justin Morrill, after he finished school at the age of 14, went to work in a local general store and then he went afield over to Portland, Maine, and worked in a store over there before returning to Strafford and becoming a partner in a store where he had started his merchandising career. They say that by the time he was 38 years old he had saved up about $30,000, and he left the store to enter public life and came to Washington 6 years later. He did pretty well to save up $30,000 in that length of time. It was a lot of money in those days, so he must have been a very thrifty storekeeper.

But his education had not stopped when he left school or even when he left the store. He was largely a self-taught man, and he knew firsthand how important it was to make public education available to all people.

Morrill, however, although he was self-taught himself, did not look down on men who had been born "to the quality" as they say. One of his strongest supporters during his efforts on the land-grant bill was Thomas Clemson, of South Carolina, who had been educated abroad by wealthy parents. Clemson, like Morrill, believed that higher education should be made available to all men regardless of rank or station.

The third member of the trio who worked so valiantly for the progress of education in agriculture and the mechanic arts was Jonathan B. Turner.

I would like to claim that Turner was also a Vermonter, but candor, and the fact that history is quite accurate on this point, force me to admit that he was born and raised just over the State line in Massachusetts abut 40 miles from my own home and about 100 miles south of the home of Justin S. Morrill in Strafford.

The early life and the environment of these two men of destiny were quite similar, although Turner had the advantages of an education at Yale, which college he left in his senior year with the understanding that he would graduate just the same, at the age of 28, to accept a teaching job at Illinois College.

The good Lord must have sent Turner to Illinois to provide a balanced team, for it was largely through the work of Turner in the West, Clemson in the South, and Morrill in the North that the land-grant bill finally became law after 5 years of hard work.

It is probable that Morrill's initial interest and inspiration in a specific land-grant law grew from action taken earlier by a committee of the Vermont Legislature while he was still clerking in the store at Strafford. In 1840 the committee on education of the legislature issued a report favoring facilities for the education of "the mechanic and the farmer." In the title of the Morrill Act of 1862 we find the purpose of the legislation was to "provide colleges for the benefit of agriculture and the mechanic arts."

Do you think I look at the stamp too much? (Note.—The Citizens' Stamp Advisory Committee, at the suggestion of the Association of State Universities and Land-Grant Colleges had approved a commemorative stamp. This stamp, which was on display, was felt to be lacking in commemorative value since it bore only the words "Higher Education," with no mention being made of the Land-Grant Act.) It's just because I hope to see a tree or a blade of grass come up on it somewhere—possibly some indication that this is the centennial of the Land-Grant College Act. I'll try not to look too much.

About the time that Morrill was becoming interested in education and the land-grant idea, Prof. Alden Partridge, who founded Norwich University, was advocating that Congress establish a Federal system of education financed by the sale of public lands.

The rest of this early history we know pretty well—how slow the land-grant idea was to catch on in actual practice, how most of the States collected less than a dollar an acre from the sale of public land, and how the educational results were for some years rather negligible.

The Hatch Act of 1887 provided for the establishment of agricultural experiment stations.

The second Morrill Act of 1890 provided a permanent annual endowment of $25,000 for each land-grant college and barred funds for colleges which would not admit Negroes (although funds were available in States where segregated educational facilities were required).

The Smith-Lever Act of 1914 authorized the establishment of the Extension Service which enables colleges to provide instruction beyond the campus grounds.

The remarkable record of growth which has come from these initial laws is almost beyond belief. And this year the Congress has enacted legislation providing for educational television and requiring that television sets be all-channel from now on. I think there are great possibilities in this program. I do believe though that we have to definitely set down a program and not conduct it in the haphazard fashion which has been done up to this time.

American agriculture is what it is today—the greatest productive force in all human history—because of the educational activities made possible through our experiment stations and our Extension Service, as well as the enormous influence of the land-grant idea in democratizing all higher education.

The county agent and the home demonstration leader—these people have carried the very latest in farm and home economic know-how to almost every farm in America.

In his first speech in Congress on the land-grant idea, in 1858, Justin Morrill said that to enact this law would enable every farmer to raise two blades of grass instead of one.

Little did he know how prophetic these words would prove to be.

Going back only 35 years, we find that the number of bushels of corn per acre has jumped from 26.4 in 1927 to 61.8 in 1961 and the wheat yield per acre has risen from 14.7 in 1927 to 23.9 bushels in 1961.

In terms of man-hours, farm production has tripled in the last 30 years. Crop production per man-hour has increased 200 percent and livestock production has gone up 70 percent.

Of course, the educational facilities of our land-grant institutions have not been limited to work in the field of agriculture. The technological growth of our Nation in the last 75 years is in large part the result of our land-grant training and experimentation in the fields of science and industry.

In the field of research alone, the work of the land-grant institutions resulted in the discovery of streptomycin, basic work on fatigue in metals, control of botulism for the canning industry, research in space and satellite tracking rockets and rocket fuels, development of the television tube, the transistor and the first cyclotron.

The list of accomplishments in these spheres is almost endless and, when added to the practical development in agricultural science, our land-grant program has done more to develop our Nation into a role of world leadership than almost any other single force.

More than 20 percent of our college students are enrolled in the 68 land-grant institutions. They are awarded about half of the doctoral degrees in the engineering, scientific, and health professions.

They are awarded about 40 percent of all the doctoral degrees and 25 percent of those in the languages, the arts, education, and business.

In only one sphere of our domestic growth does it seem that we have failed to avail ourselves of the land-grant tools we need to develop our human resources.

This is in our small rural communities.

Many of these communities are withering on the vine, as their young people move to the cities in search of greater opportunities.

This is a problem we should not disregard. If we read history at all, we should know what happens to a nation when the people all leave the land and congregate in already overcrowded industrial areas. We should do more to provide these small communities of ours with adequate tools for maintaining productive industry in their own hometowns.

I see Congressman Bailey from West Virginia is here—chairman of the Education Committee in the House—and Congressman Bailey knows what I'm talking about when I say we have got to find a way to stop this migration of people from our rural States to a few great industrial centers, because the end can only be disaster if we don't find a way to stop it.

A high percentage of the failures incurred by small business people today comes from a lack of information on those factors which make for success or failure—faulty location, improper equipment, inadequate promotion, or lack of understanding of the use of credit.

An extension service for small business and industry, similar to our great Agricultural Extension Service, and which is to be found in only a few States today, would bring to these small communities the kind of information they need in order to help themselves. And we should undertake, I believe, to do for small industry—local industries and commerce—what we have done on the farm and in the home with our agricultural extension work.

In recent years we have seen a whole new world—literally a new world—open up for our land-grant colleges and universities.

After World War II our Nation was faced with the necessity for shoring up weak but friendly countries in all parts of the world.

Since the Marshall plan was put into effect in 1948, our foreign aid programs have been extended deep into the underdeveloped areas of Asia, Latin America, and Africa.

Home demonstration agents, county agents, soil conservationists, and a host of other agricultural specialists have gone to the far reaches of the world to live and work among people who have not had access to the modern techniques so necessary for providing food, clothing, and shelter and opportunity in the 20th century world.

This has been done in two ways—through the hiring of new career employees by our foreign aid agencies, and by contracting with land-grant colleges and universities for specific projects in specific lands.

These men and women have gone into remote areas to share their knowledge with less fortunate people. In the very best spirit of the original Morrill Act, they have sought to teach these people how to help themselves. Equally important, they are also instructing local leaders so they in turn can teach their own people.

This work is not all done overseas. The Agency for International Development (AID) also has an elaborate program for bringing leaders and students to the United States for further training in laboratories and classrooms. More than 6,500 were brought here for this purpose last year alone.

Individual colleges brought an additional 400 here under their university-to-university contracts. So widespread is this exchange that today there is scarcely a campus in America that does not have at least one AID-sponsored student on its campus.

In this work, our land-grant people have played a major role in winning friends for our country.

Without question, this is people-to-people practice in its finest sense.

In the days when he was Secretary of Agriculture, Henry Wallace used to say that properly used our technology and our surpluses represent national strength rather than weakness. Also, he insisted that we, the richest Nation on earth, cannot turn our backs on science and world hunger.

These words are true today. Our farm production is perhaps the most potent weapon that we have in fighting the cold war. We have saved many a nation from inflation and famine and have made it possible for them to maintain democratic governments, or at least democratic in comparison to what they otherwise would have had.

Justin Morrill envisioned the land-grant program to make higher education available to all people so that our relatively new country of 30 million people might develop to a point where it would be able to live in a highly competitive world.

Today, we number more than 180 million people. We have developed our agricultural and industrial technology to the point where we have outstripped all other nations.

Now it is our turn to help other nations as well as ourselves and this is what we have been doing for the last 14 or 15 years. By sharing our abundance and our knowledge, our land-grant people have measured up admirably to the challenge of these times.

Today, 28 land-grant institutions are providing technical assistance in 25 countries under a total of 53 individual university contracts.

These contracts call for sharing American know-how in the fields of engineering and business administration, home economics and agriculture, vocational and industrial education, medicine, nursing, the social sciences, and teaching.

In addition, AID has its own missions in these and many other countries. On their staffs of specialists are many land-grant persons, drawn from our experiment stations, our extension services, and from land-grant universities and colleges.

In all there are about 3,500 AID technicians stationed overseas. In each mission from one-third to one-half are land-grant people.

These AID representatives are actively combating hunger and famine. They are helping to improve the health and social levels of much of the world's population.

They are helping to expand the world economy so that there will be higher living standards for all people and thereby insure the security of free people against their enemies.

By living and working among less fortunate people, the land-grant people are doing as much to preserve peace and build better understanding as any single force.

They implement our foreign policy more effectively than all the diplomatic words that appear in our official handouts. For these people it is deeds rather than words that count.

No one can say what changes must take place in our land-grant programs in the next century.

But today these programs are facing a severe test.

Throughout the world there are many governments which attempt to completely control and regulate the social, political, and economic lives of the people.

It is the dangerous world philosophy that people are accountable to governments, rather than government being accountable to people, that we must guard against. And as I said in the beginning, I'm very happy that Mr. Khrushchev is recognizing the fact that we have made accomplishments in this country which they could never hope to do by the methods which they have had in force in Russia in recent years. And I quote from his speech of Saturday: "Farmers in America have learned, because of stiff competition, to keep track of costs and profits and use good management practices." Let's hope that this competitive system may spread to his country and be maintained throughout the world. And I'd like to say to him that it's not technology alone, but the degree of freedom which American farmers have enjoyed, that makes us the envy of the world today.

While we need governmental machinery to help in many, many aspects of our lives, yet government as a cure-all can only be fatal to the democratic processes.

Our land-grant achievements of the last century have changed the face of the earth.

This has been so because of the great underlying aim of the Morrill Act—that people should learn how to do for themselves.

We must remember that when Justin Morrill advocated passage of his bill, he did so because he believed that the land-grant institutions "would turn out men for solid use and not for drones."

He had faith that the land-grant process would give the American farm and labor force "an intelligent direction."

Most important, he told the Congress that under his bill something valuable would be done "for every owner of land * * * for all who desire to own land" and "something for every man who loves intelligence and not ignorance."

If we keep these guidelines intact, the land-grant system can continue to be a rewarding source of power and drive for free people everywhere for another 100 years.

PERMISSION TO REVISE AND EXTEND

Mr. GROSS. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made under my reservations of objection earlier this afternoon.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

AMENDMENT OF THE INTERNAL REVENUE CODE OF 1954

Mr. MORRIS. Mr. Speaker, I ask unanimous consent that the gentleman from North Carolina [Mr. Alexander] may extend his remarks at this point in the body of the Record and include therein extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, today I have introduced a bill which would amend section 4142 of the Internal Revenue Code of 1954 to exclude certain cabinets from the application of the excise tax on radio and television components.

A recent ruling of the Internal Revenue Service is subject to the possible interpretation that cabinets, stands, and other enclosures which are sold separately but which are susceptible of being used in connection with radio and television sets, are subject to the manufacturers' excise tax on radio and television components even though such items may be purchased for use for other purposes such as decorative book cabinets and the like.

The amendment contained in my bill would clarify the fact that when these items are sold separately and not in connection with the sale of a taxable radio or television set they are not to be considered as subject to the excise tax on radio and television components.

THE FEDERAL-AID HIGHWAY PROGRAM

Mr. MORRIS. Mr. Speaker, I ask unanimous consent that the gentleman from Maryland [Mr. FALLON] may extend his remarks at this point in the RECORD and include therein extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

Mr. FALLON. Mr. Speaker, recently I was glad to have had the opportunity to address the 17th Annual Convention of the National Limestone Institute. Also addressing this convention was D. Grant Mickle, Deputy Federal Highway Administrator of the Bureau of Public Roads. Mr. Mickle, who came to his present position earlier this year with a distinguished highway background presented an outstanding talk which should be read by all of us interested in our expanded highway program. Mr. Mickle's address follows:

THE FEDERAL-AID HIGHWAY PROGRAM: PROGRESS AND PROGRAM AHEAD

(By D. Grant Mickle)

I am delighted to join with you in this 17th Annual Convention of the National Limestone Institute. Your convention program this year certainly indicates serious attention to your technical and commercial problems.

Annual conventions have become a prominent part of the American scene, and certainly they are popular and frequent occurrences here in Washington. Unfortunately, these affairs are fancied by the public as occasions for considerable festivity. But in reality, I find that conventions such as yours, and those of other organizations oriented partly or wholly to highways, are very much business minded.

You have, of course, a multiple interest in highways. As commercial producers, your products are used in road construction, and they are hauled to these and other markets over the highways. As individuals, too, you use our 3½ million miles of roads and streets daily, for both business and pleasure.

I suppose that a good many of you drove here to Washington from your hometowns. On the way, almost certainly, you drove over some of the fine new superhighways that are a part of our National System of Interstate and Defense Highways. I don't suppose that there is a person here who is not familiar with the Interstate System program. But just for the record, in this biggest peacetime construction program in history we are building a 41,000-mile network of controlled-access freeways across the Nation, serving city and country alike. It is a Federal-State cooperative partnership operation, with the Federal Government paying 90 percent of the $41 billion cost.

As of April 1 of this year, almost 12,400 miles of the Interstate System had been improved at least to full capability of handling present-day traffic. That is 30 percent of the total system mileage. These 12,400 miles are open to traffic and are providing great benefits in time savings, vehicle-operation cost savings, relief from driving tension, and safety.

I am not saying that we have completed one-third of the system mileage. Of the 12,400 miles open to traffic, some 3,000 miles have only been improved to capacity for handling current traffic. They need further improvement to bring them up to our ultimate objective, adequacy for traffic in 1975. And 2,300 miles are toll roads, bridges, and tunnels, built without Federal-aid financing.

But we take considerable pride in reporting that 7,000 miles of the system, or 17 percent, have already been brought to the 1975 ultimate standards. And all but about 500 miles of that 7,000 have been completed since 1956, with Federal-aid interstate funds.

Our current rate of progress is good. In the past 12 months over 1,700 miles of the Interstate System were brought to the 1975 ultimate standards. That is the equivalent of the distance from Washington to Denver.

We now have construction underway on nearly 4,600 miles of the system, and preliminary engineering or right-of-way purchase are in progress for another 11,000 miles.

In terms of dollars, we have, since July 1, 1956, invested $6½ billion in interstate projects completed, and have another $6½ billion going in projects underway or authorized.

Our progress, in miles and dollars, is nothing less than spectacular. But we must remember that there are 13,000 miles on which no work has yet started. We can complete the Interstate System by 1972, the target date, but we're going to have to work hard. Speaking for both Public Roads and the State highway departments, we recognize the tremendous task ahead, but we are confident that the Interstate System will be completed on schedule.

I know that you are equally interested in the Federal-aid primary and secondary systems—our Federal-aid A–B–C program. Again, we in Public Roads and the States are proud of our record. Since 1956 we have completed new construction or improvements on more than 134,000 miles of main highways, secondary roads, and urban arterials. This work, along with engineering and right-of-way, cost more than $9 billion, half of it Federal-aid and half State funds. And work is now underway on almost 24,000 miles, at an estimated cost of $3½ billion.

In total, then, the money involved in the Federal-aid program since 1956, for work completed or underway in both the Interstate and A–B–C programs, amounts to $25½ billion. Of that total, over $17½ billion are Federal funds.

Let me demonstrate how this tremendous expenditure pays handsome returns as an investment. While the dollar value of highway user benefits cannot be calculated on a wholly factual, scientific basis, nevertheless we can make reasonable estimates with some confidence. Starting from scratch in 1956, the user benefits of the Interstate System in 1961 amounted to $1.3 billion; the A–B–C program benefits were $1.2 billion. That's a total benefit of $2½ billion in 1 year, in savings from reduced vehicle operating costs and fewer accidents, in savings of time, and in the lessening of the strains and discomforts of congested and stop-and-go driving.

Looking ahead to 1973, the year after the Interstate System is completed, these user benefits will reach $9 billion for the Interstate System and $6½ billion for the A–B–C program. That totals $15½ billion of savings in 1 year.

There are many other benefits, of a more indirect kind—to land value, industrial development, highway services, and our everyday life.

Safety benefits are tremendous. We estimate that the interstate highways open to use during 1961 saved some 2,000 lives that would otherwise have been lost in traffic accidents. In addition, in 1961, there were at least 60,000 fewer accidents and 25,000 fewer injuries. By 1972, the Interstate System will be saving more than 5,000 lives a year.

I presume that you are interested in our problems as well as our progress. One of them is money. The Interstate System financing was secured by last year's legislation, as you know. Provision for the primary and secondary systems—the A–B–C program—for fiscal years 1964 and 1965 is now being considered by the Congress. This bill proposes $950 million for fiscal year ending June 30, 1964, and $975 million for 1965. It would set the pattern of a $25 million increase every year until a $1 billion level is reached and maintained. This is in line with the increased amounts provided for the Interstate System. It is a pattern that would not unduly strain the highway trust fund, from which the Federal aid program is supported.

Our greatest problem today is that of urban transportation. By 1980, three-fourths of our population will be living in urban areas. The key to the urban problem, we believe, lies in a cooperative approach—the joining of the State, city, county, and Federal agencies involved, in a concerted planning effort.

In his recent transportation message to the Congress, President Kennedy said this: "Highways are an instrumental part of any coordinated urban transportation program, and must be an integral part of any comprehensive community development plan."

I want to point out that urban transportation problems are not exclusively wrapped up in the metropolitan areas and the Interstate System. Smaller places and secondary routes have their problems, too.

In this connection, the administration bill, following a recommendation in the President's recent transportation message to Congress, would permit more extensive use of Federal-aid secondary funds in urban areas. Some States are finding it difficult to improve the flow of traffic into the cities from rural secondary routes. This creates a hardship in smaller cities and in the outlying sections of large urban areas where the suburbs are expanding rapidly. The traffic on urban portions of secondary routes often is not heavy enough to merit high priority on available Federal aid urban funds. The proposed change in the law would permit use of secondary funds within urban areas, thus, making the A–B–C program much more flexible. It would do much to promote an integrated system of improvements.

We know that seeking solutions to the urban transportation problem is not an easy assignment. But through research and experience we have developed many modern techniques and study methods that make sound planning a rational procedure. Many of them were developed through research conducted or sponsored by Public Roads.

However, planning techniques and procedures are of little value if they are not used. An exciting action program for their practical application is now getting underway. Briefly, the American Association of State Highway Officials, the American Municipal Association, and the National Association of County Officials have undertaken a long-range effort to develop transportation plans and programs for every city of 5,000 population or more in the United States. Regional meetings are being held where key State, county, and city officials and civic and business leaders can learn about the methods of developing and gaining acceptance of transportation plans and programs. The first such meeting was held last month, with great success.

From these meetings will stem specific plans for a "pilot" city planning program in each State, to serve as demonstration projects. The program will then gradually extend to all cities. Since most of the larger metropolitan areas already have good planning programs underway or in prospect, the ACTION program will first concentrate on cities of 50,000 to 250,000 population, where the need is greatest.

The Bureau of Public Roads and the Housing and Home Finance Agency are participating in this ACTION program, by giving technical help and guidance, and by providing training in data-collecting and analysis techniques. We also will assist financially in these urban planning studies; the Bureau of Public Roads through the so-called 1½-percent funds, and the HHFA through use of their so-called 701 planning assistance funds.

Directly related to the action program is a proposal in the President's transportation message and included in the administration's highway bill. It would require that, beginning no later than July 1, 1965, approval of Federal-aid highway programs in metropolitan areas will be contingent on our finding that they are based on the results of a continuous planning process being carried on cooperatively by the States and the local communities.

The purpose of this, of course, is to assure that the Federal aid highway systems will be developed in urban areas as an integral part of a soundly based, balanced transportation system for the area involved. Now this is not intended as Federal intervention, nor will it be overly restrictive in details. But we cannot attack the urban problem in piecemeal fashion. We cannot plan highways with complete disregard of other forms of transportation, or vice versa. We cannot plan transportation without considering its relationship to overall urban planning for development and growth.

The President's contingency proposal on approval of urban Federal aid highway programs would not go into effect until 3 years from now. It would not delay the current program. There is reasonable time for the States and cities to establish a continuing planning process and to produce plans into which the highway programs would fit. If the action program for urban transportation planning is successful—and I am confident it will be—we well may have no occasion to hold up any urban Federal aid programs in the future. We all may have to stretch our resources, both technical and financial, to accomplish these objectives. But it can be done.

The key to this undertaking is cooperation. The State, city, county, and Federal agencies concerned must work together, not separately. We may have moments of disagreement and impatience. But these will rapidly dissolve if we strive for mutual understanding; if we are guided by facts, logic, and sound reasoning; if we firmly suppress hysteria and prejudice. Numerous urban studies already undertaken have demonstrated how well this cooperative effort works.

Along with government agencies, at the various levels, the organization of urban planning studies certainly should include representatives of the public. And the public should be fully informed of the objectives and operations of such studies. The plans we propose will have much to do with the future shape of the city. The public—fully and honestly informed as to alternative plans, their effects, and their costs—should make the choice of decisions.

We are eager, in fact, that every citizen have a broader understanding of all our highway programs, rural and urban, and a fuller sharing of our purposes. We in the Bureau of Public Roads are constantly mindful that the multibillion dollar Federal aid highway program is a program "of the people" as well as "for the people." Obviously, we should keep you informed on its progress. But we also recognize that we have a duty to inform you of its meaning to you as individuals as well as to the country as a whole.

The Secretary of Commerce, Luther Hodges, and Rex Whitton, the Federal Highway Administrator, consider it essential that the public share the purpose as well as the cost. This is true recognition of official responsibility and of the ultimate relationship of the citizen and the State. We are confident that from public understanding will come public support.

In addition to public support, it would be well here to talk about the people's money. It is public money, of course, that pays for the entire highway program—Federal, State, and local. There have, unfortunately, been instances of misuse of public highway funds, and this has hurt the program, primarily because it has shaken public confidence.

We in Public Roads and the State highway departments have a high responsibility to the public. We must be faithful to that trust. So must the contractors, materials suppliers, and all others who are involved in or are concerned with the highway program.

In organizing for this tremendously expanded highway program, we did not have nor could we assemble a ready-trained work force in the Bureau, in the States, and in contractors' organizations. Thousands of dedicated and highly competent technicians, engineers, and other personnel are working in the program, but we had to us some who were untried. Unfortunately, there have been instances of waste and incompetence chargeable to the shortage of trained personnel. Clearly, the States and the Federal Government must work together to strengthen our training programs and raise the performance levels of our work force.

There has also been outright dishonesty in the program, and this we cannot tolerate. The States and the Federal Government must work cooperatively to tighten our controls, to prevent misuse of public money, and restrict wrongdoing to the absolute minimum. The Bureau of Public Roads is indeed adding firm new measures to those already in effect, to discourage those unworthy of the public trust.

There is one final subject I want to discuss today, one that is of particular interest to you as producers of limestone aggregate for roadbuilding. We in Public Roads have been greatly concerned about the variance among State construction specifications. Much of it seems needless and unduly restrictive.

For example, there is almost endless variety in aggregate specifications. Among the States there are 215 different gradation specifications for coarse aggregate for portland cement concrete alone. The States differ considerably as to the sieve sizes used in determining gradations. Most of them use square-opening sieves, but a few still specify sieves with round openings. Yet there are standard AASHO and ASTM aggregate gradation specifications which, to considerable extent, meet all necessary requirements, allowing within their limits the variation needed for local circumstances.

The advantages of reasonable uniformity in aggregate gradation requirements are obvious. Many a producer serves two or more States as well as a number of county and local highway agencies or the contractors they employ. If each of them has different requirements, the producer must stockpile a considerable variety of aggregate sizes, or produce special mixes as needed. The aggregate, then, is bound to cost more. This unnecessarily added cost might better be used for additional miles of road improvement.

Recently a special committee of Public Roads technical experts made a thorough study of this problem of gradation diversity. This study followed a meeting in January 1961 between certain Public Roads officials and a 37-man specifications committee of the Limestone Institute, and I want to thank the institute for supplying the impetus for this action. The findings, and the Bureau's recommendations for a course of action leading to simplification, standardization, and uniform application of aggregate gradations, have just been published in a bulletin titled "Aggregate Gradation for Highways." It is now available from the Government Printing Office. I urge you to study it carefully.

The course of action recommended in this publication is not revolutionary nor is it an edict from Washington. We are urging implementation through the American Association of State Highway Officials of two actions by every State, where necessary:

1. Elimination from their specifications of all sieve sizes at variance with those already officially adopted by AASHO. This only means conversion; the new grading tables will provide the same gradations as before.

2. Elimination of gradations not conforming to AASHO or ASTM standards, to the extent possible. We recognize that nonconforming gradations may be justified for some circumstances, but they should be handled as special provisions or supplemental specifications.

It is worth noting that in this bulletin of ours there is also described a new type of aggregate gradation chart developed by Public Roads, with a discussion of its considerable advantages in evaluating gradations. This will be a very useful tool to highway engineers, and to you as producers, in the practical problems of adapting mixtures to specific, troublesome problem conditions.

It will be of considerable interest to you, also, to know that the American Association of State Highway Officials, through its construction committee, has undertaken two very important assignments bearing directly on specifications.

One of these is to review all State construction specifications, to determine if there are any that are so restrictive as to affect economical and satisfactory construction, or to prevent use of modern construction equipment and methods.

The other job is more difficult, but will be of tremendous, lasting value. It is to prepare basic guide standard specifications, for adoption by the AASHO member State highway departments, and for approval by the Bureau of Public Roads for Federal aid use. This should be a long, forward step toward reasonable uniformity in construction specifications. It can well mean both better and less costly construction.

I have tried, today, to discuss the progress of the highway program and some few of the problems we face. We are already a Nation on wheels. It seems inevitable that we will continue so. Total motor-vehicle registrations this year will probably reach 79 million; 3 million more than last year. I do not view this trend with alarm. It is obvious that the mobility provided by the motor vehicle and the highway is the desire of the people. To them, the car, the truck, and the bus are a very real need.

I do not view the continuing trend with complacency, either. But with careful, sensible, and scientific planning, and with the understanding and support of the people, we can meet the challenge of the future.

Last month we celebrated National Highway Week. Speaking of the occasion, Secretary of Commerce Hodges said: "America's highways are everybody's business. To agriculture, commerce, and industry, and to each of us in our daily pursuits, highways are America's lifelines." I assure you that we in Public Roads heartily concur, and are working toward accomplishment of this goal.

A TRIBUTE TO MY FRIEND, MY COLLEAGUE, MY MAYOR

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New Jersey [Mr. RODINO] is recognized for 15 minutes.

Mr. RODINO. Mr. Speaker, this week that chapter of his life as a Representative of the people in Congress comes to a close for the gentleman from New Jersey, my friend, Hugh J. Addonizio. The pages of that chapter will record for posterity his countless good deeds, his dedicated service—to his constituents and his country. For 13½ years—from January 1949 to this month—Hugh Addonizio spoke for his people with conviction and courage and deep understanding. The people of the 11th Congressional District looked upon him not only as their Representative—but as their champion and their friend. They will miss his voice here in the Congress, even as we will miss him. But while we shall no longer hear him speak out here, Mr. Addonizio's voice as chief executive of the city of Newark will continue to speak out in the people's interest. The last page in his chapter of public service as a Member of Congress may be turned over, but a new chapter was opened last Sunday having the title "Mayor of the City of Newark." And, I have every confidence that history will record it as a great one.

I know that his colleagues in the House wish him good luck and Godspeed.

As his friend of many years—and now as his constituent—I wish him well and, recognizing the great responsibility in the new role which he has assumed, I pray that God will continue to grant him good health and help guide him on his course.

I know that those of his old colleagues in this Chamber who were not at his inauguration as mayor will appreciate reading the dynamic, inspiring speech Hugh Addonizio delivered on that occasion. I know, too, that they will find of interest the editorial comment of Newark's two daily papers on that speech and the man who made it.

INAUGURATION SPEECH, MAYOR HUGH J. ADDONIZIO, CITY OF NEWARK, N.J., JULY 1, 1962

Members of the clergy, the esteemed members of the municipal council, my family, good friends, and fellow citizens of the city of Newark, today, we begin on a program of progress.

On May 8, I received a mandate from the people of the city of Newark.

This mandate was clear, emphatic, and definite.

It was the call for immediate action on all fronts.

It was the call of the people to cast off the shadow of living in a decaying city.

It was the call of the people to reestablish the neighborhoods they live in and love, so that this city could be for them and their families a permanent home and not a temporary site.

It was the call of the people for safety in their homes and on the streets.

It was the call of the people for elimination of the blight that has infected the city like a cancer—without hope of cure.

It was the call of the homeowners and small businessmen burdened with high taxes seeking relief.

Yes; it was the call of all the people.

To this voice I say: I understand your problems. I accept your challenge and I will fulfill my mission.

Today I dedicate myself to the redemption of our city from the failures of the past.

And I tell you, that only through bold, immediate action will we solve the problems that surround us.

For I do not believe that there is any problem that cannot be solved. Today, I dedicate myself to a city reborn, with new housing, new schools, new cultural centers, new health facilities—and a new spirit that once again will make Newark a truly great city.

It is my conviction that Newark can only survive if our neighborhoods survive.

Neighborhoods must not be amputated by highways.

Each neighborhood is important to our city and they must be preserved so that its families, its institutions, its small businesses and its individual culture can become an integral part of the total community.

I want a real program of neighborhood conservation and rehabilitation—not studies and surveys, which lull us into inaction.

The germ of blight that is beginning to infect our fringe areas must be arrested, and the slumlords who for years have derived wealth from the misery of the poor shall be chased from our city.

As mayor of this city, I declare a state of war against slums, against blight, against the firetraps, against the unsafe dwellings that are affecting and encroaching on our good neighborhoods, and I shall not rest until this job is done.

We shall condemn these properties so that our children will not be brought up in filth and squalor, nor will they live in the fear of flash fires that destroy precious human lives.

Housing codes and zoning will be strictly enforced. Inspections will be centralized and rigid measures will be taken against any landlord or tenant who violates the provisions of our housing codes.

Instead of arguing over "what is middle income housing," we will build it. And if we cannot do it under present laws, then I will lead the march on Trenton to secure the necessary legislation—so that people who live in our city can enjoy true middle income housing.

Urban renewal must not be an expression of fancy words.

I shall not be misled by press announcements of plans, blueprints, and colorful brochures which describe the magnificent structures and buildings that are proposed to be erected sometime in the far future.

I want action today.

For planning, important as it is, cannot be used as a cover for stalling on needed slum removal, the building of new schools and hospitals, the creation of new jobs, and the development of new centers of commerce, industry, and the arts.

Therefore, I serve notice on all of the developers who have put a great deal of time into these proposals to immediately transform these plans into action.

Urban renewal cannot be accomplished by dreams and conversations. The buildings must rise and the job must be done.

We will eliminate the skid row that greets our visitors as they leave the train station and walk to the center of our city.

We must make our downtown center the hub for the entire city, not just a daytime center of commerce—but a complete day and evening attraction for shopping, business, culture, and the arts.

As long as I can remember, I have seen the barren meadowlands lying wasted in the Port Newark area of our city—rotting away at the very site where Newark has the finest air, rail, land, and port facilities.

This area must become an exciting gateway into our city, not a garbage wasteland that borders our highways.

I shall, within the next 60 days, ask the city council to join with me in creating an industrial development and promotion commission professionally guided and staffed, so that we can formulate a crash program to transform this barren wasteland into an exciting area of industrial buildings and commerce which will bring increased tax revenue to the city.

And will provide an unparalleled source of job opportunities for the people of our city.

In the creation of this commission, and the reclamation of the meadowlands, I ask the leaders of labor, business, and industry to unite with us in this program.

We cannot be satisfied with things as they are.

We cannot permit continual decline because nothing has worked before.

We cannot ignore problems here because we use the excuse that they exist somewhere else.

We cannot ignore the job to be done because it was never done before.

Nor can we afford to be satisfied with what we have been accustomed to.

For too long now, Newark has been a sleeping giant with potential unmatched, with a desire unparalleled, and with an opportunity unlimited.

We must move forward.

My duty is to the people of the city of Newark who have elected me their mayor, and I believe in the fulfillment of their rights:

The right to have a decent home.

The right to have their children receive a superior education.

The right to have economic security and to have an equal opportunity to earn a living.

The right to receive immediate medical attention.

The right to breathe unpolluted air.

The right to have clean and uncluttered streets.

And the right to live without fear in their homes and in walking on the street.

Newark will no longer be regarded as a city without a heart.

City hall must become a focal point for service where people may bring their problems, and where government will help them in these problems with dignity and with respect for human values.

All of the people shall have an equal right and an open door to discuss the problems which affect their community and that door shall always remain open to all of the people so long as I am mayor of this city.

Newark is a city on the threshold of greatness or on the brink of disaster. Within the next 4 years, we will cross that threshold and once again be on the road to greatness.

We will move forward.

On this solemn day, I ask all of you who live or work in our city to unite with me, to build a new way of urban life, to develop a program of progress for all, so that Newark can be a living example to the State and to the Nation—that a city can be reborn.

With the help of God, this shall be done.

NEWARK, N.J., *July 1, 1962*.

[From the Newark Star Ledger, July 2, 1962]

DYNAMISM IN CITY HALL

A hard-hitting talk on Newark and its future was delivered yesterday.

The words were of special importance, because the speaker was the city's new mayor.

Mayor Addonizio put great emphasis on the danger of slums and urban blight. He put similar emphasis on the need for neighborhood conservation and urban renewal.

In neither instance was the emphasis unwarranted. Blight is quite probably the biggest single problem to be overcome in the city, and redevelopment is probably the greatest single need. Recent articles in this newspaper have set forth in detail many of the factors involved.

The mayor's stress on blight did not make his talk a pessimistic one. Far from being pessimistic, it gave a dynamic view of the future possible for the city.

The future, the mayor suggested, depends on action, and immediate action. He said plans and proposals must now be transformed into new buildings. He offered specific programs to centralize inspections and enforce housing codes. He said new middle-income housing will be created, one way or another. He urged a crash program for industrial development. He even spoke of achieving uncluttered streets and unpolluted air. He characterized the city as "a sleeping giant," just waiting to be awakened.

Those are ambitious words. Are they realistic? Or are they akin to the "dreams and conversations" Mayor Addonizio deplored yesterday?

Realism, we hope, will prove to be the answer. Certainly, the mayor was realistic in outlining what's lacking. And he was realistic in asserting that the plans and blueprints of recent years must soon be translated into reality.

Mayor Addonizio has alerted the city to expect vigorous action during the next 4 years. If he keeps up the dynamism of his inaugural talk throughout that time plenty should happen.

[From the Newark Evening News, July 3, 1962]

THE MAYOR'S AIMS

Every Newarker and every Newark interest can endorse in principle the ambitious program presented by Mayor Addonizio in his inauguration address.

The new mayor says he believes the people of Newark are entitled, as indeed they are, to have "a decent home, to have their children receive a superior education, to have economic security and to have an equal opportunity to earn a living, to receive immediate medical attention, to breathe unpolluted air, to have clean and uncluttered streets and to live without fear in their homes and in walking on the street."

As every new chief executive at every level of government has discovered, nothing is ever as simple as it seemed in the excitement of campaigning. The road between promise and performance is often strewn with obstacles. Some formidable ones will confront Mayor Addonizio.

One of his specific promises, for example, is to eliminate "the skid row that greets our visitors" as they enter the city from Pennsylvania Station. Such a cleanup along Market Street to Broad has often been promised. If the mayor can achieve it, he will have eliminated a blight from the main business center which would be tolerated by few big cities.

To point to obstacles is not to magnify them. Many of them can be surmounted if they are approached with determination and persistence. And Mr. Addonizio will find the community eager to support him when he starts translating program into action.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. PATMAN, for 30 minutes, today, to revise and extend his remarks and include extraneous matter.

Mr. STEED, for 15 minutes, today.

Mr. SCHWENGEL, for 1 hour, today.

Mr. RODINO (at the request of Mr. MORRIS), for 15 minutes, today, and to revise and extend his remarks and include therein extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

(The following Members (at the request of Mr. SHORT) and to include extraneous matter:)

Mr. WESTLAND.

Mr. MATHIAS.

(The following Member (at the request of Mr. MORRIS) and to include extraneous matter:)

Mr. BAILEY.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1461. An act for the relief of Krystyna Ratay; to the Committee on the Judiciary.

S. 1974. An act for the relief of Stefan Copilu; to the Committee on the Judiciary.

S. 2698. An act for the relief of Antonio Gutierrez Fernandez; to the Committee on the Judiciary.

S. 2807. An act for the relief of Mrs. Juliane C. Rockenfeller; to the Committee on the Judiciary.

S. 2835. An act for the relief of Sieu-Yoeh Tsai Yang; to the Committee on the Judiciary.

S. 2844. An act for the relief of Alice Amar Froemming; to the Committee on the Judiciary.

S. 2902. An act for the relief of Sumiko Takahashi; to the Committee on the Judiciary.

S. 2908. An act for the relief of Rosa Fumarola Balice; to the Committee on the Judiciary.

S. 2992. An act for the relief of Michelangelo Comito (Nati); to the Committee on the Judiciary.

S. 3026. An act for the relief of Jeno Nagy; to the Committee on the Judiciary.

S. 3039. An act for the relief of Bartola Maria S. La Madrid; to the Committee on the Judiciary.

S. 3121. An act for the relief of Dinh Khon Nga (also known as Robert (kun Ting) Wu); to the Committee on the Judiciary.

S. 3144. An act for the relief of Marcello Chiovelli; to the Committee on the Judiciary.

S. 3177. An act for the relief of Michael (Mike) Bessler; to the Committee on the Judiciary.

S. 3267. An act for the relief of Gunter Heinz Hillebrand; to the Committee on the Judiciary.

ENROLLED BILL SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 3840. An act to provide for the conveyance of certain real property of the United States to the Carolina Power & Light Co.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1526. An act for the relief of Joey Kim Purdy;

S. 1943. An act for the relief of Hajime Sumitani;

S. 2107. An act to amend title 14, United States Code, entitled "Coast Guard," to extend the application of certain laws relating to the military services to the Coast Guard for purposes of uniformity;

S. 2130. An act to repeal certain obsolete provisions of law relating to the mints and assay offices, and for other purposes;

S. 2198. An act for the relief of Lise Marie Berthe Marguerite De Simone;

S. 2300. An act for the relief of Byron Wong;

S. 2309. An act for the relief of Tio Sien Tjiong;

S. 2355. An act for the relief of Filomena F. Schenkenberger;

S. 2586. An act for the relief of Alexandra Callas;

S. 2606. An act for the relief of Patricia Kim Bell (Kim Booshin);

S. 2607. An act for the relief of Lee Haw Sun;

S. 2633. An act for the relief of Susan Holt Lerke (Choi Sun Hee);

S. 2679. An act for the relief of John Axel Arvidson;

S. 2709. An act for the relief of Ernst Fraenkel and his wife, Hanna Fraenkel;

S. 2732. An act for the relief of Yoon So Shim;

S. 3025. An act to supplement certain provisions of Federal law incorporating the Texas & Pacific Railway Co. in order to give certain additional authority to such company; and

S.J. Res. 201. Joint resolution to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage may be filed.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following titles:

On July 2, 1962:

H.R. 8031. An act to amend the Communications Act of 1934 in order to give the Federal Communications Commission certain regulatory authority over television receiving apparatus;

H.R. 8045. An act to change the name of the Hydrographic Office to U.S. Naval Oceanographic Office;

H.R. 8982. An act authorizing the Dow Chemical Co. to construct, maintain, and operate a bridge across the Rio Grande at or near Heath Crossing, Tex.;

H.R. 9883. An act to authorize the San Benito International Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Tex., and to authorize the Starr-Camargo Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Rio Grande City, Tex.;

H.R. 11221. An act to amend section 302 of the Career Compensation Act of 1949, as amended (37 U.S.C. 252), to increase the basic allowance for quarters of members of the uniformed services, and for other purposes; and

H.R. 12061. An act to extend the Renegotiation Act of 1951, and for other purposes.

On July 3, 1962:

H.R. 12154. An act to amend and extend the provisions of the Sugar Act of 1948, as amended.

ADJOURNMENT

Mr. MORRIS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 2 minutes p.m.), under its previous order, the House adjourned until Monday, July 9, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2260. A letter from the Chief Justice, Supreme Court of the United States, transmitting a copy of the Report of the Proceedings of a Special Meeting of the Judicial Conference of the United States, held at Washington, D.C., March 8–9, 1962, pursuant to title 28, United States Code, section 331 (H. Doc. No. 466); to the Committee on the Judiciary and ordered to be printed.

2261. A letter from the Assistant Secretary of Defense (Installations and Logistics), transmitting the July 1961 to April 1962 report on Department of Defense prime contract awards to small and other business firms, pursuant to section 10(d) of the Small Business Act as amended; to the Committee on Banking and Currency.

2262. A letter from the Administrator, Small Business Administration, transmitting the 17th semiannual report of the Small Business Administration covering operations between July 1, 1961, and December 31, 1961, pursuant to Public Law 85–536; to the Committee on Banking and Currency.

2263. A letter from the Comptroller General of the United States, transmitting a report on a review of selected aspects of the federally aided public assistance programs under the general administrative direction of the Kansas City regional office, Department of Health, Education, and Welfare (HEW); to the Committee on Government Operations.

2264. A letter from the Comptroller General of the United States, transmitting a report on the examination of royalty charges by Hazeltine Electronics Division, Little Neck, N.Y., under Department of Defense contracts; to the Committee on Government Operations.

2265. A letter from the Comptroller General of the United States, transmitting a report on the review of supply control and inspection activities of the Military Clothing and Textile Supply Agency (M.C. & T.S.A.), Philadelphia, Pa., the operating agency that was established in 1956 to manage clothing and textile materiel within the Department of Defense; to the Committee on Government Operations.

2266. A letter from the Comptroller General of the United States, transmitting a report on the review of reclamation of spare parts from excess aircraft engines in the Departments of the Army, Navy, and Air Force; to the Committee on Government Operations.

2267. A letter from the Chairman, Federal Communications Commission, transmitting a copy of the report on backlog of pending applications and hearing cases in the Federal Communications Commission as of May 31, 1962, pursuant to Public Law 554, 82d Congress; to the Committee on Interstate and Foreign Commerce.

2268. A letter from the Secretary of the Treasury, transmitting a draft of a proposed bill entitled "A bill to provide for the relief of certain enlisted members of the Coast Guard"; to the Committee on the Judiciary.

2269. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting a copy of the order suspending deportation in the case of Wa Kwok Tak, A10130301, pursuant to the Immigration and Nationality Act of 1952; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, pursuant to the order of the House of July 2, 1962, the following bill was reported on July 3, 1962:

Mr. MULTER: Committee on Banking and Currency. H.R. 11158. A bill to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems in metropolitan and other urban areas, and for other purposes; with amendment (Rept. No. 1961). Referred to the Committee of the Whole House on the State of the Union.

[Submitted July 5, 1962]

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. POWELL: Committee on Education and Labor. S. 1124. An act to provide financial assistance to the States to improve educational opportunities for migrant agricultural employees and their children; without amendment (Rept. No. 1962). Referred to the Committee of the Whole House on the State of the Union.

Mr. POWELL: Committee on Education and Labor. S. 1132. An act to provide for the establishment of a Council to be known as the "National Advisory Council on Migratory Labor"; with amendment (Rept. No. 1963). Referred to the Committee of the Whole House on the State of the Union.

Mr. POWELL: Committee on Education and Labor. H.R. 12070. A bill to provide assistance in the field of special education to institutions of higher education, and to the States, for training personnel and undertaking research and demonstration projects, and to establish, for consultation in connection therewith, an advisory council and technical advisory committees; and to amend the Vocational Rehabilitation Act to provide services to determine rehabilitation potential, to expand vocational rehabilitation services, and to make grants for construction of rehabilitation facilities and workshops; with amendment (Rept. No. 1964). Referred to the Committee of the Whole House on the State of the Union.

Mr. POWELL: Committee on Education and Labor. H.R. 12306. A bill to encourage the development, initiation, and expansion of occupational safety programs in the States through grants to States for demonstration and experimental occupational safety projects, and for other purposes; without amendment (Rept. No. 1965). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOLIFIELD: Joint Committee on Atomic Energy. H.R. 12336. A bill to amend the Atomic Energy Act of 1954, as amended, and for other purposes; without amendment (Rept. No. 1966). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER:

H.R. 12414. A bill to amend section 4142 of the Internal Revenue Code of 1954 to exclude certain cabinets from the application of the excise tax on radio and television components; to the Committee on Ways and Means.

By Mr. ASPINALL:

H.R. 12415. A bill to revise the boundaries of Mesa Verde National Park, Colo., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BATES:

H.R. 12416. A bill to authorize the sale, without regard to the 6-month waiting period prescribed, of chestnut extract proposed to be disposed of pursuant to the Strategic and Critical Materials Stock Piling Act; to the Committee on Armed Services.

By Mr. DOWDY:

H.R. 12417. A bill to amend the act of March 5, 1938, establishing a small claims and conciliation branch in the municipal court for the District of Columbia; to the Committee on the District of Columbia.

By Mr. DOWDY (by request):

H.R. 12418. A bill to amend the act entitled "An act to authorize the Commissioners of the District of Columbia to make regulations to prevent and control the spread of communicable and preventable diseases", approved August 11, 1939, as amended; to the Committee on the District of Columbia.

H.R. 12419. A bill to amend provisions of law relating to personal property coming into the custody of the property clerk, Metropolitan Police Department, and for other purposes; to the Committee on the District of Columbia.

By Mr. NELSEN:

H.R. 12420. A bill to amend the Federal Food, Drug, and Cosmetic Act, relating to food additives found to induce cancer; to the Committee on Interstate and Foreign Commerce.

By Mr. SANTANGELO:

H.R. 12421. A bill to amend section 241 of the Immigration and Nationality Act to prohibit the deportation of certain aliens who entered the United States before attaining the age of 14 years; to the Committee on the Judiciary.

By Mr. SAYLOR:

H.R. 12422. A bill to govern commercial power rate schedules for projects under the Federal reclamation law; to the Committee on Interior and Insular Affairs.

H.R. 12423. A bill to amend title III of the act of March 3, 1933, commonly referred to as the "Buy American Act", as it relates to the determination of the reasonability of cost of steel, steel products, and steel materials; to the Committee on Public Works.

By Mr. SCHWENGEL:

H.R. 12424. A bill to provide assistance to certain States bordering the Mississippi River in the construction of the Great River Road; to the Committee on Public Works.

By Mr. STEED:

H.R. 12425. A bill to amend the Internal Revenue Code, and for other purposes; to the Committee on Ways and Means.

By Mr. TOLL:

H.R. 12426. A bill to facilitate the entry of alien skilled specialists and certain relatives of U.S. citizens, and for other purposes; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FASCELL:

H.R. 12427. A bill for the relief of Casimira Villamil Pear; to the Committee on the Judiciary.

By Mrs. WEIS:

H.R. 12428. A bill for the relief of Giuseppa Grimaudo; to the Committee on the Judiciary.

By Mr. WHARTON:

H.R. 12429. A bill for the relief of Masako Ohara; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

379. The SPEAKER presented a petition of Richard J. Roth, secretary-treasurer, National Conference State Legislative Leaders, Albany, N.Y., relative to public assistance legislation and the Social Security Act, which was referred to the Committee on Ways and Means.

SENATE

THURSDAY, JULY 5, 1962

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, Maker of all things, Judge of all men, hallowed be Thy name.

As this Nation of our hope and prayer turns from the birthday of its daring advent among the established governments of the world, may the stern realities of the present beget in us mighty resolves to face without fear dangers even more formidable than those the founding patriots ever knew. We would solemnly reaffirm the reverent declaration of those who so long ago with intrepid faith stepped upon the shores of this promised land—"In the name of God, Amen."

With the sound of that great amen as our summons in these stirring new days, we would be true to the vision splendid of a redeemed earth where gnawing hunger, blighting superstition, and needless pain and misery will be but haunting memories in the day of deliverance which draweth near for all the sons of men. For this cause we set up our banners in this, Thy glorious day.

We ask it in the name of the Christ whose saving truth is marching on. Amen.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on July 3, 1962, the President had approved and signed the following acts:

S. 3062. An act to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions; and

S. 3266. An act to amend section 2 of the act entitled "An act to create a Library of Congress Trust Fund Board, and for other purposes," approved March 3, 1925, as amended (2 U.S.C. 158), relating to deposits with the Treasurer of the United States of gifts and bequests to the Library of Congress and to raise the statutory limitation provided for in that section.

IMPORTATION OF ADULT HONEY BEES

The Senate, under the order of July 2, resumed the consideration of the bill (H.R. 8050) to amend the act relating to the importation of adult honey bees.

The PRESIDENT pro tempore. The bill will be stated by title, for the information of the Senate.

The CHIEF CLERK. A bill (H.R. 8050) to amend the act relating to the importation of adult bees.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Montana [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Montana will state it.

Mr. MANSFIELD. Is the Senate operating under allotted time at present?

The PRESIDENT pro tempore. That is correct; and that is under the order adopted on July 2.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, with the understanding that the time required for the quorum call will be charged to the time available to my side under the agreement.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, how much time remains under my control?

The PRESIDENT pro tempore. Nine minutes; and a total of 24 minutes remains.

Mr. PROXMIRE. Mr. President, I offer, and send to the desk, my amendment in the nature of a substitute for the Mansfield amendment, and I ask that my amendment to the Mansfield amendment be read.

The amendment to the amendment was read, as follows:

SEC. 2. (a) Section 202(c)(3) of the Sugar Act of 1948, as amended, is amended to read as follows:

"(3)(A) The quotas for foreign countries other than the Republic of the Philippines determined under paragraphs (1) and (2) of this subsection shall be prorated among such countries on the following basis:

"Country:	*Per centum*
Cuba	57.77
Peru	6.71
Dominican Republic	6.71
Mexico	6.71
Brazil	6.37
British West Indies	3.03
Republic of China	0.14
French West Indies	1.01
Colombia	1.06
Nicaragua	0.88
Costa Rica	0.88
Ecuador	0.88
Haiti	0.71
Guatemala	0.71
Panama	0.53
El Salvador	0.36
Paraguay	0.35
British Honduras	0.33
Not prorated	4.86

"(B) From the quantity not prorated under subparagraph (A), the President is authorized to allocate to countries within the Western Hemisphere all or any portion of the quantity of sugar not prorated under subparagraph (A)."

(b) The amendments made by this section shall be effective as if they were enacted as a part of H.R. 12154 entitled "An Act to amend and extend the provisions of the Sugar Act of 1948 as amended", Eighty-seventh Congress, second session.

Mr. PROXMIRE. Mr. President, I yield myself 7 minutes.

The PRESIDENT pro tempore. The Senator from Wisconsin is recognized for 7 minutes.

Mr. PROXMIRE. Mr. President, my amendment is offered to the Mansfield amendment. Under my amendment the 150,000 tons of discretionary sugar the administration has requested would be taken from certain national quotas, not from the global quota which had been set aside for Cuba. The global quota would be purchased at the world price; and the national quotas would be purchased at the premium price. Therefore, my amendment would save for the Treasury $8,400,000.

Second, my amendment would preserve 150,000 more tons in the global quota to be made available to Cuba after Castro is thrown out of power. Thus, it would provide an incentive for throwing the Communists out of power in Cuba and it would provide an encouragement to the people of Cuba who want a free Cuba to seek one.

Third, my amendment would eliminate at the very start what I think is going to be a painful subsidy to maintain to countries outside this hemisphere—an artificial subsidy to countries which could not supply us in time of emergency, anyway.

This morning, I was in touch with the experts in this field in the Department of Agriculture; and they told me they approve my amendment, and believe it will work well, and say it seems to be much more than the Mansfield amendment in keeping with the basic provisions of the Sugar Act, which are to provide a sure and certain supply of sugar in the event of emergency.

AUSTRALIA

My amendment will eliminate the 40,000-ton quota of Australia, which has a Commonwealth sugar quota of 600,000 tons, 300,000 of which Australia sells to the United Kingdom at a premium price comparable to our own. The remainder goes to other Commonwealth countries at the world market price, plus a favorable tariff concession which comes to about 1 cent a pound. Australia sells over 15,000 tons outside the Commonwealth agreement at world prices. With a carryover of 700,000 tons, Australia could readily sell sugar to us at world prices without a premium. It seems to me that one of the obvious reasons why Australia received a quota is that Australia's lobbyist received $20,000 in the last 12 months for representing Australia before our Finance Committee and the House Agriculture Committee.

INDIA

India's new 20,000-ton quota would be eliminated. India has developed a domestic sugar industry which, with Government aid, has aimed at getting into the export business as a means of raising foreign exchange. From 1959 to 1961 India's production rose over 1 million tons, while domestic consumption remained almost constant. Our 20,000-ton premium quota would be only an aid gesture, and I think would better be handled in foreign aid legislation. With carryover stocks of over 1.5 million tons, India could very well compete on its own for part of our global quota. India's lobbyist will, if the bill is passed, receive $99,000. Under his contract he may receive only $50,000 if the bill fails. He, therefore, has $49,000 riding in opposition to this amendment.

SOUTH AFRICA

South Africa's 20,000-ton quota would be dropped. When South Africa resigned from the Commonwealth over her apartheid policies, she lost her privileges under the Commonwealth sugar agreement. By purchasing her sugar at premium prices, we would just be picking up where the Commonwealth left off—in effect, giving support to her apartheid policies, through support of her sugar industry. South Africa's lobbyist gets $50 an hour. In February and March he received $4,950.

FIJI

Fiji's 10,000-ton quota would be eliminated. Fiji has a 1962 quota, under the Commonwealth sugar agreement, of 134,000 tons, which brings her a premium payment from the United Kingdom. This covers over 80 percent of her exports. Our 10,000-ton quota would put almost all of Fiji's sugar export capacity under preferential sales agreements. Fiji's lobbyist receives $2,000 a month.

NETHERLANDS

The Netherlands would lose its 10,000-ton quota under my proposal. The Netherlands' position in the U.S. sugar program stems from its shipments of sugar in the early twenties. All the Netherlands' shipments up to now have been refined sugar, and apparently its quota is in violation of provisions in the recently passed Sugar Act which bar importation of refined sugar. The Netherlands lobbyist is a New York sugar broker.

The result is that the Netherlands can buy Cuban or other sugar on the world market at 3 cents a pound and sell to us at a 3 cents a pound profit. It makes no sense, particularly when the quota apparently is in violation of the recently passed Sugar Act barring importation of refined sugar.

In addition, the Netherlands is a net importer of sugar—over 140,000 tons in 1961, of which approximately 30,000 tons were from Castro's Cuba.

Mr. President, is there any sense in that? Why in the world should we buy sugar from the Netherlands when the Netherlands is an importer of sugar and is purchasing sugar from Castro's Cuba? Does that make any sense? The Netherlands buys the sugar at the world price, but sells it to us at a premium price. I think the world of the Dutch; they are wonderful people. But talk about a giveaway. This is the grossest kind of giveaway, without any kind of rational Government policy of helping all the people. Instead, it would simply help a few producers, who, as we have seen, are enormously wealthy and are characterized by two things: high profits and the low wages they pay those who work for them.

IRELAND

My amendment would also take away the 10,000 tons that have been eased into the Sugar Act for Ireland. I would note, Mr. President, that the Mansfield amendment that is directed, supposedly, at helping the Dominican Republic, Argentina, and Peru, contains no less than two paragraphs that have the effect of preserving the 10,000 tons of refined sugar that are aimed at Ireland.

Apparently no one knows why the Irish, who are net importers of sugar, have come into this 10,000-ton bonus. In 1960, the latest figures available to me, Ireland imported 30,000 tons of sugar, with no less than 22,000 tons coming from Castro's Cuba. For all we know, Mr. President, Ireland may be shipping us refined Cuban sugar at U.S. premium prices. Ireland's lobbyist gets $35 an hour.

REPUBLIC OF CHINA

The China quota would be cut from the 35,000 tons granted in the new legislation to the 3,000 tons that China has traditionally held in the U.S. market. There is no reason to purchase additional sugar from a supplier that is as distant from us as is China, except in the case of the Philippines.

It can be said that in the case of Formosa we are very anxious that the Formosan economy succeed and that we help it. We are. We are providing enormous help, through economic aid and defense support, to the Chinese Republic on Formosa, and we should do it, in my judgment; but to provide this additional handout or giveaway, not on any rational basis but merely because everybody else is getting it, to me makes no sense. China's lobbyist gets $500 a month and is on a $2,000 retainer.

FOREIGN POSSESSIONS

The quotas of the British West Indies, British Honduras, and the French West Indies have each been cut by 5 percent.

As a matter of fact, the British West Indies were cut slightly more than 5 percent.

The reductions were made on these three Western Hemisphere producers since each of them already participates in a preference market. With the granting of a U.S. quota, each would become a recipient, in effect, of subsidies from two governments.

The British West Indies lobbyist gets $20,000 a year and $5,000 expenses.

The French West Indies lobbyist gets $40,000 a year, but he is handling other business for the French West Indies.

The British Honduras lobbyist is associated with American interests which plan to build a sugar refinery if an additional premium quota is received.

To summarize, the facts are that my amendment would:

First, save $8,400,000 by enabling us to buy sugar at the world price, instead of at the premium price, and pay the difference into the U.S. Treasury.

Second, it would preserve an additional 150,000 tons for Cuba when the people throw off the Castro yoke.

Third, it would do this by cutting off quotas outside this hemisphere. There is no excuse at all for quotas outside the Western Hemisphere. Some of these countries are anything but underdeveloped. There is no reason why we should provide premium payments on sugar to countries which could not deliver the sugar to us in the event of emergency, because they are so far away.

Finally, the fact is that the lobbyists have been the main beneficiaries of this legislation. As the chairman of the Foreign Relations Committee pointed out, the lobbying on this bill has been unconscionable.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. PROXMIRE. I yield myself 1 more minute.

Mr. President, I ask unanimous consent that an excellent editorial from this morning's Washington Post in support of the Proxmire amendment be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

As the Bee Flies

The Senate has an opportunity today to modify some of the most eccentric features of the newly adopted Sugar Act and thereby calm the uproar among outraged neighbors. The method at hand is irregular, but then so is the problem. Amendments will be offered to a bill dealing with the import of adult honey bees, and if this hitchhiking succeeds the President can be given discretionary power to reallocate 225,000 tons of sugar among aggrieved Latin American producers.

As it now stands, the new Sugar Act is laced with indefensible discriminations. The export of sugar is not a life-and-death matter to the Netherlands, to Ireland, to South Africa, or to the Fiji Islands—areas that have unaccountably been added to the premium price quota market. Sugar is a matter of national survival to the Dominican Republic, a prime producer whose economy is 70 percent dependent on sugar sales.

It may be that some of the protests from Santo Domingo seem overwrought and unreasonable. But Dominican unhappiness must be seen against the record of the past when Congress seemed to go out of its way to help the Trujillo dictatorship. The problem is as much political as economic, and reports from the Dominican Republic all agree that a moderately oriented government will be in serious peril if the present Sugar Act is not modified. If a case for favoritism exists, it surely can be made for the Dominican Republic.

Senator Proxmire is offering an amendment that makes a good deal of sense even in the Alice-in-Wonderland realm of sugar politics. He would obtain the additional 225,000 tons by eliminating most nonhemispheric producers from the present list, by cutting Nationalist China to it historic allotment, and by deducting 5 percent from the quota awarded to the British West Indies, British Honduras, and the French West Indies. This would be far preferable to the alternate method of chopping another 225,000 tons from the already shrunken Cuban quota reserved for the time when Havana changes its course.

If the Senate accepts the Proxmire amendment, and if the House concurs, President Kennedy would be able to remedy some of the patent inequities of the Sugar Act. He could not only give a needed lift to the Dominicans; he could also restore Argentina to the list in place of the distant areas now included. Argentina, be it noted, is the only country concerned with sugar that did not have an American lobbyist; although it already has a substantial sugar export trade, Argentina was excised from the Sugar Act. Congress can take some of the sting out of ill-considered legislation by using the honeybee bill; an improvised cure is better than none at all.

Mr. PROXMIRE. Mr. President, I reserve the remainder of my time.

Mr. MANSFIELD. Mr. President, the difference between the amendment offered by the Senator from Wisconsin [Mr. Proxmire] and the Mansfield amendment can be simply stated. Both amendments have the same general end: to authorize the President to allocate 150,000 tons in 1963 and 1964, and 75,000 tons during the remainder of 1962, within the Western Hemisphere. Both amendments proceed from the assumption that the President ought to have greater flexibility in meeting certain foreign policy objectives of the United States than was provided by the recently adopted sugar bill. But the Mansfield amendment would draw this additional tonnage from the global quota, set at 1,635,000 tons under the sugar bill; the amendment of the Senator from Wisconsin would draw it from quotas assigned under the sugar bill to various countries not within the Western Hemisphere. The amendment of the Senator from Wisconsin would eliminate those quotas—indeed, would result in the elimination of all quotas for countries outside the Western Hemisphere, except the Republic of China.

I must say, Mr. President, that I have a considerable degree of sympathy with the Senator's amendment. But in my opinion the amendment, if adopted, would stand little or no chance of passage by the House of Representatives. The attitude of the House on this matter is well known. It was only after the most vigorous representations by the Senate conferees that the quotas for many countries outside the Western Hemisphere were reduced.

In the CONGRESSIONAL RECORD for July 2, 1962, the distinguished Senator from Louisiana [Mr. LONG], one of the conferees on the sugar bill, makes note of the fact that, outside the Western Hemisphere, there were some reductions—plenty of reductions, may I say.

Mauritius, under the House bill, was to have been assigned 110,000 tons. That was reduced to zero.

South Africa was to have been assigned, under the House bill, 120,000 tons. That was reduced to 20,000 tons.

India was to have been assigned 130,000 tons. That was reduced to 20,000 tons.

Australia was to have been assigned 200,000 tons. That amount was reduced to 40,000 tons.

The resulting bill retained the principle of a global quota, by providing that the 1,635,000 tons eliminated from various country quotas would constitute such a global quota. Further than that the House would not go, and, as a consequence, a number of countries outside the Western Hemisphere were granted allotments.

There is no reason to expect that the House would be any more sympathetic to the further reduction—indeed, the elimination—of these quotas now, than it was in connection with the basic sugar bill just passed.

Consequently, the approach I have suggested—of reducing the global quota by 150,000 tons—seems the only practical way to try to grant the President this much needed discretion. There would remain a global quota of 1,485,000 tons; the House is likely to agree to the Mansfield amendment; and the foreign policy objectives we seek to obtain in the Western Hemisphere would be more readily obtainable. I do not believe the Proxmire approach can gain acceptance by the other body, and as a consequence these objectives would be rendered more difficult to achieve. I urge the rejection of the Senator's amendment and I do so reluctantly because it has much merit.

Mr. MORSE. Mr. President, will the Senator yield to me?

Mr. MANSFIELD. I yield 1 minute to the Senator from Oregon.

The PRESIDENT pro tempore. The Senator from Oregon is recognized for 1 minute.

Mr. MORSE. Mr. President, the other evening, after the adoption of the conference report on the sugar bill, I spoke briefly about the amendment of the Senator from Montana to reassure some Latin American countries that the United States will continue to buy sugar from them in large amounts.

I expect to support the amendment. But I think it is necessitated only because we have not properly come to grips with the whole subject of sugar imports from other countries.

Those of us who have been active in Latin American relations and in the Alliance for Progress are familiar with the commodity stabilization problem facing many, if not most, Latin American countries. All too many of them are one-product countries, extremely dependent upon its export. Their economies lean so heavily on a single agricultural commodity or raw material that a slight shift in its price in the United States or in the world can wreck a whole nation. It can completely undo whatever progress might be underway through the financing of the Alliance for Progress.

We recognized the importance of commodity prices in the Western Hemisphere during the work of my subcommittee, published in 1960. One of the special studies of my subcommittee was done by International Economic Consultants, Inc., on "Commodity Problems in Latin America."

It is true that one of the greatest problems of Latin America is that of diversifying the economies of its nations, one also found in many States and areas of the United States. But until that is done, we cannot underestimate the impact of price variations upon individual nations and sometimes on groups of nations.

The tenor of the report by International Economic Consultants was rather unsympathetic to commodity stabilization agreements. It indicated that too often they shelter uneconomic production and encouraged specialization instead of diversification. But insofar as the United States maintains its own program of commodity stabilization for sugar, I think it is time we opened the matter of foreign quotas to international proceedings, at least within the Western Hemisphere.

Representatives of the nations of the hemisphere are already meeting to try to work out some agreement on coffee. Other commodities which could be approached in this fashion are tin, cocoa, copper, oil, bananas, and sugar.

There is no doubt that we have a certain interest in seeing to it that American consumers of these products are able to get them at reasonable prices. It has in part been to assure American consumers of low-cost supplies of these commodities that we have been unresponsive to the idea of commodity agreements, especially where the commodity is not produced in the United States.

But sugar is produced in the United States. It is produced in the form of beets and cane. We pay a price here for domestic sugar that is higher than the world price. But we pay a premium because we have conditioned the premium upon the observance of many minimum wage and hour regulations for American workers.

This is why I am very unhappy about paying the same premium to foreign producers, as we have been doing in the past. There is all too little evidence that any of it has trickled down to the benefit of the agricultural worker in Latin America, where all too often he is little but a serf to the soil. Yet the owners of these great sugar plantations are socking their profits away in foreign banks, and now they say that if we stop their premium price and their specific allotment, the bottom will drop out of their economy and the Alliance for Progress will be a failure.

This is the whole problem in northeastern Brazil. It is the land of the great sugar plantations, the hordes of miserable farmworkers, and of Communist agitation which threatens the stability of all of Brazil.

The PRESIDING OFFICER (Mr. METCALF in the chair). The time of the Senator from Oregon has expired.

Mr. MORSE. Mr. President, will the Senator yield me an additional 2 minutes?

Mr. MANSFIELD. I yield another 2 minutes to the Senator from Oregon.

Mr. MORSE. Mr. President, therefore, I offer the suggestion that the United States sound out the nations of the Western Hemisphere on a commodity stabilization program for sugar. It would not be just any stabilization agreement. But I would like to urge an agreement that would tie the allotment of quotas and the payment of any premium price to some minimum wage standards. Or it might tie the allotments and premiums to provision of adequate housing, sanitation, and education for the sugar workers and their families.

These, after all, are the objectives of the Alliance for Progress. They are also the reasons why we pay our own sugar producers a premium price. I see no reason why we should not use the premium price to accomplish the objectives of the Alliance for Progress in Latin America.

We have made clear that funds provided out of the Alliance for Progress must be matched with some needed reforms by the recipient country. I say we should do the same with sugar quotas.

I think some of these reforms could be accomplished faster, in fact, in the case of sugar workers, if we conditioned our allotments and price premiums upon compliance with some of the same types of working conditions we require of our own producers.

I have not explored all the possibilities or ramifications of this type of sugar stabilization agreement. It may be there are some obstacles I have not taken into account.

But there is one obstacle I am taking into account, and that is the increasing reluctance many of us are feeling to paying foreign growers a premium price for their sugar when it appears to be having little or no effect upon the conditions of work in the exporting country.

This belongs in the realm of the Organization of American States, and possible even in the realm of the Alliance itself. It belongs in the realm of negotiation on what standards will be met if quotas are assigned or premium prices paid, or both.

Above all, I share the view of the chairman of the Foreign Relations Committee that the subject of sugar quotas should be taken out of the hands of high-priced lobbyists, whose fees are so often contingent upon how many tons they are able to obtain for their foreign clients.

I address these remarks to my colleagues, to the administration, and to the officials of Latin American countries who may read the Congressional Record.

I say, in closing, that, in my judgment, the American people are catching up to the problem, and I think the American people are going to make clear to the Congress, before another sugar act is passed by Congress, that they are fed up with paying premium prices to enrich the oligarchs of Latin America and their lobbyists in the United States. They are fed up at not having American money put to work in Latin America in keeping with the objectives and ideals of the Alliance for Progress program, which is to help raise the standard of living of the masses of Latin America, so they will be and stay on the side of freedom, and not be victimized by communism. The sad fact is that much of our sugar expenditure in Latin America strengthens communism, and not freedom, because to the extent that these premium prices are not used to raise the living standards of the sugar workers, they help the Communists.

I think this will be the last sugar act to be passed by Congress unless we get some agreement which will assure that the premium prices are going to benefit the workers that raise the sugar, and not the oligarchs, who will take the profits made from exploiting the workers and invest them in Swiss and New York banks.

In my capacity as chairman of the Subcommittee on Latin America, I wish to make this official announcement regarding what will be my position on this problem and on similar ones.

Mr. CARLSON subsequently said: Mr. President, earlier today in the debate on the Mansfield amendment providing for increased sugar quotas to various countries, there was a limitation of debate. Therefore, I did not have an opportunity to discuss one amendment in the Sugar Act as it was passed by the Congress last week, and would also apply to the amendment that was agreed to today. I refer particularly to a statement in the conference report on the Sugar Act amendments of 1962, page 4, as follows:

> In authorizing the purchase and importation of sugar from foreign countries under this paragraph, special consideration shall be given to countries of the Western Hemisphere and to those countries purchasing United States agricultural commodities.

Mr. President, I call the attention of the Senate to that statement in the report for the reason that in the Mansfield amendment additional sugar quotas were allocated to various countries in the Western Hemisphere and other sections of the globe. I feel it is important to note—and I think that the State Department and the Department of Agriculture should again be notified—that we are going to follow with great interest and very close consideration the operation of the amendment in making trades or in furnishing quotas for sugar to other countries. I think it is important from our agricultural and foreign aid program that we do give special consideration to these points. These sugar quota allocations are of great value to the countries where they are assigned and certainly we as a Nation should not hesitate to ask that they buy some of our surplus agricultural products in return.

Mr. MANSFIELD. Mr. President, I reserve the remainder of my time. How much time do I have remaining?

The PRESIDING OFFICER. The Senator from Montana has 8 minutes remaining.

Mr. CLARK. Mr. President, I ask the Senator from Wisconsin to yield me 3 minutes.

Mr. PROXMIRE. Mr. President, I yield 3 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 3 minutes.

Mr. CLARK. Mr. President, it is never a gracious task for a Senator on this side of the aisle to oppose his majority leader, but I find myself regretfully compelled to do so today.

I believe the Proxmire amendment is proper. I believe it is in accord with what the Senate did in respect to the original bill when it was passed some time ago. I believe we should not yield to the other body our unrestricted right to determine for ourselves what is the national interest.

We know that the bill as passed by the Senate pretty much eliminated national quotas. We know that the House conferees insisted, as the price for having any bill at all, on national quotas for 23 countries, many of which have not the slightest claim on the bounty of the United States. We know that this was the result of one of the most gigantic lobbying exercises in recent history.

Mr. President, an article of interest in the New York Times of Tuesday, July 3, is entitled "Secret Trujillo Papers Disclose Intense Sugar Lobbying in United States." This article takes the mask off the massive lobbying done for only one country. I ask unanimous consent that the article, written by Tad Szulc, be printed in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

SECRET TRUJILLO PAPERS DISCLOSE INTENSE SUGAR LOBBYING IN UNITED STATES

(By Tad Szulc)

Washington, July 2.—Secret documents of the Trujillo dictatorship, now published for the first time, tell a story of intensive Dominican lobbying in Congress to frustrate the sugar policies of the Eisenhower and Kennedy administrations.

The documents were obtained by the New York Times in Santo Domingo from the secret archives of the late dictator, Generalissimo Rafael Leonidas Trujillo Molina.

The focus of the lobbying was sugar, but U.S. foreign policy and domestic politics were involved. The lobbying was similar to the kind that lobbyists for more than 20 foreign countries have carried on here in recent weeks in connection with a new sugar bill, which went to the White House today.

This bill has already created a crisis in the U.S. relations with the new democratic regime in the Dominican Republic.

Mentioned again and again in the reports of the Trujillo agents is Representative Harold D. Cooley, Democrat, of North Carolina. Mr. Cooley is chairman of the Agriculture Committee of the House of Representatives and the most influential man in Congress on sugar legislation.

Mr. Cooley was informed of the documents and appraised of their contents. He rejected any implication that his conduct had been in any way improper. It was pointed out that the documents present only the Dominican side of the picture. There was no evidence to support any charge of specific wrongdoing.

Although Mr. Cooley's name was mentioned most frequently in the Dominican documents relating to sugar, there were references to other members of the House Agriculture Committee, including Representative W. R. Poage, a Texas Democrat.

The names of several other Agriculture Department officials dealing with sugar matters, including Lawrence Myers, Robert Case, and a J. Murphy, were also mentioned. So were those of former Under Secretary of State Chester Bowles and Adolf A. Berle, Jr., a special consultant to the Secretary of State.

Mr. Myers heads the Sugar Office in the Agriculture Department. J. Murphy is apparently an erroneous reference to Tom Murphy, deputy to Mr. Myers. Robert Case apparently is an erroneous reference to William Case, an official in the Department's Sugar Division.

The reports cover conversations and meetings in recent years in which, the Dominican informants said, Mr. Cooley assured them he would firmly support Dominican sugar interests, gave them advice on how to go about their lobbying and informed them of his efforts to favor Dominican sugar in the U.S. market. Sugar entering the United States under the quotas fixed by law brings a big premium over the world market price.

Even after the United States had broken diplomatic relations and applied economic sanctions against the Trujillo dictatorship in 1961, the Dominican agents remained in touch with Mr. Cooley.

They reported—and the public record bears them out—that Mr. Cooley worked hard in Congress for repeal of the sanctions and for reimbursement to Dominican sugar interests of a punitive tax imposed on imports of their sugar by the Eisenhower administration.

Dealing with the points made in the documents, Mr. Cooley said he had never given Dominican representatives any advice "other than when I said they should get rid of Trujillo" if they wished better treatment for their sugar in the United States.

DENIES GETTING FEES

He denied he had ever received fees or contributions of any kind. There had been some conversations at his office with Dominican diplomats, he said, but only because they had no Washington lawyers at the time.

"But I told them I could give them no special advice," he said. "I cannot be responsible for what they wrote about me."

What they wrote can be summarized as follows:

In February 1960, Dr. H. E. Priester, principal financial adviser to General Trujillo, suggested that Mr. COOLEY and his family be given an all-expenses-paid vacation in the Dominican Republic, but said a direct invitation might be embarrassing to the Representative.

"The undersigned is convinced in view of Mr. COOLEY's background," he went on, "that he would not refuse any financial aid that may be offered to him to defray the expenses of his vacation in the south, without obligating him or his family to spend all his time exclusively in the Dominican Republic."

On June 22, 1960, Representative COOLEY attended a meeting in the Washington home of Marco A. Peña, head of the Dominican sugar office here, and informed his host of new amendments that were being planned for the Sugar Act.

On November 23, 1960, Senor Peña, now promoted to consul general, reported assurances from Mr. COOLEY "that he will work hard not only to put an end to the tax on our sugar * * * but also to see whether it would be possible to reimburse us the sum that we have not received because of this arbitrary Executive decision."

This was a reference to a 2-cent-a-pound penalty that the Eisenhower administration had imposed on imports of Dominican sugar after Mr. COOLEY had blocked President Eisenhower's request for authority to ban such imports.

On January 7, 1961, Senor Peña reported Mr. COOLEY "reiterated to us his previous promise of working firmly in favor of our sugar." Mr. COOLEY, according to the report, said that he had gone to New York to discuss the matter with President-elect Kennedy but that he had been unable to do so for lack of time.

On February 3, 1961, Representative COOLEY discreetly told Senor Peña that an approach to "a party suggested by a friendly person" should await official reaction to his new sugar bill, according to Senor Peña.

On February 15, 1961, Consul General Peña wired the Dominican Foreign Office that "COOLEY let us know today that he held individual conversations yesterday with Bowles, Berle, and Muñoz-Marin, and said that it is urgent to send immediately a person of the highest confidence of the illustrious superiority (General Trujillo) to treat basic aspects of the work he is carrying out together with our other friends."

The references were to Chester Bowles, who was at the time the Under Secretary of State, to Adolf A. Berle, Jr., who served as special consultant to the Secretary of State, and to Gov. Luis Muñoz-Marin, of Puerto Rico.

The Dominican documents were found by this reporter while studying the dictator's archives for clues to the operations of the Trujillo regime. The arrangements to examine the files were made through personal contacts several months ago, before the current difficulties over the sugar bill arose in Congress. The discovery of documents on sugar lobbying was fortuitous.

All the agents who sent the reports to the Trujillo regime have disappeared with the collapse of that regime, which occurred following the dictator's assassination in May 1960.

The present Dominican Government, therefore, bears no responsibility for the kind of lobbying activity described in the reports.

In recent weeks and months, however, lobbyists representing sugar interests of at least 22 foreign countries have been engaged in similar activity on Capitol Hill.

Speaking in the Senate debate on the current sugar bill Senator J. W. FULBRIGHT, Democrat, of Arkansas, said:

"Some years ago a wise man wrote me that 'where there is sugar, there you will find the flies.' Mr. President, the lobbyists on Capitol Hill working on the sugar bill are thick as flies."

THE KEY TO SUGAR POLITICS

Three things explain this intense interest of the Dominican Republic in Mr. COOLEY: The complexities and rewards of sugar politics, the power structure of the House of Representatives, and the skill of Mr. COOLEY in political maneuver.

The key to sugar politics is the American consumer. Though the American housewife may not know it, she is paying a handsome premium over the world price for sugar.

The premium on foreign sugar entering this country under the quotas established by law amounts to 2.8 cents a pound, according to testimony in recent congressional hearings.

This seemingly insignificant 2.8 cents adds up to about $550 million a year or more than $2.5 billion in the 5-year period covered by the pending sugar bill.

The $550 million is used by the Federal Government to make subsidy payments averaging 70 cents a hundred pounds to domestic sugar producers, for a total of about $330 million a year.

The remaining $220 million flows to foreign producers—those fortunate ones from the countries allotted import quotas under the sugar law.

This money is paid in competitive bidding by domestic refiners who buy the imported raw sugar at ports of entry. Domestic sugar production fills little more than half the annual demand and is limited by law. Thus sugar imported under the quotas is eagerly sought by refiners and other users, who bid up the price to the subsidized domestic price level.

The so-called quota premium, which the refiners pass on to the consumers, has been justified on the ground that it assures this country of an unfailing supply of sugar at steady prices, from both domestic and foreign sources.

With $220 million in "sweetening" at stake, the lobbyists for foreign sugar interests swarm to the Halls of Congress.

The man in whom they are inevitably most deeply interested is the chairman of the House Agriculture Committee, because all sugar legislation must originate in that committee.

And they are especially interested in Mr. COOLEY because he has shown himself to be a powerful and resourceful man. For years he has usually had his way on sugar legislation, not only in the House but also in differences with the Eisenhower and Kennedy administrations.

Moreover, he has frequently succeeded in imposing his will on the Senate, where strong sentiment has grown up for abolishing, or at least simplifying, the complicated system of import quotas and premiums.

The Dominicans were given a special incentive for lobbying by events connected with the rise of the Castro dictatorship in Cuba and the fall of the Trujillo dictatorship in the Dominican Republic.

Early in 1960, after the Eisenhower administration had concluded that the Castro regime was a Soviet satellite, President Eisenhower asked Congress for authority to reduce the import quota of Cuba. Normally the United States imported about 3 million tons a year from that country.

Mr. COOLEY successfully resisted this request until July. Then Congress passed a bill that enabled President Eisenhower to cut imports from Cuba.

The Dominican Republic was one of the exporting nations that joined in the scramble for a share of Cuba's former quota.

But in August, the Organization of American States called on the American Republics to break relations with the Dominican Republic and apply limited sanctions against that country because the Trujillo government had tried to assassinate President Romulo Betancourt of Venezuela.

In this situation, President Eisenhower asked Congress for authority to reduce imports of Dominican sugar. The Senate gave him what he asked, but Mr. COOLEY blocked action in the House.

As a result, the administration had no choice under the law but to license for import 321,857 tons of Dominican sugar, the Dominican share of the previous Cuban quota, in addition to the regular Dominican quota of 131,000 tons.

The administration reacted, however, by applying a 2-cent-a-pound penalty on the Dominican sugar, thus depriving the Trujillo sugar companies of a substantial profit.

During this period, when the United States had no diplomatic relations with the Dominican Republic, Mr. COOLEY is reported to have given assurances to the Dominican sugar agents that he would try to have Dominican exporters reimbursed for this penalty.

PUSHED REIMBURSEMENT

As late as last month he inserted a provision in the House version of the current sugar bill to pay the Dominican Government and one American-owned and one Dominican-owned sugar company $22,755,367 in reimbursement of this penalty.

The Kennedy administration and the Senate opposed this reimbursement provision, and it was dropped from the bill. Instead of giving the money to the sugar companies, the administration argued, a grant should be made to the Dominican Government as part of a constructive foreign-aid program.

The Trujillo documents show that the interest of the regime in the House Agriculture Committee dates to at least 1955. At that time—2 months before hearings on the 1956 Sugar Act were to open in the committee—the Dominican Government invited the entire committee and its staff to visit the country at its expense.

Representative COOLEY chose not to go, but his sister, Mrs. Mabel Downey—then a committee clerk—and his daughter and his son-in-law went.

The Trujillo archives include a letter dated April 18, 1955, written to Generalissimo Trujillo by Representative POAGE, who is vice chairman of the committee, stating that "your oustanding hospitality to the Agriculture Committee of our Congress has again strengthened the bonds which unite our respective countries."

"You, sir, are to be congratulated upon the achievements of the last 25 years."

A SECOND LETTER

A similar letter, on behalf of the staff of the committee, was written to General Trujillo on April 20 by Mrs. Downey, Mr. Cooley's sister.

"You afforded us a rare opportunity," she said, "and we shall cherish for many years to come your thoughtfulness and generosity."

There are several references to Mr. COOLEY and his committee in subsequent years. These references became more frequent in the records for 1960, the year the Sugar Act came up again for renewal and the cancellation of the Cuban sugar quota opened up prospects of a windfall import quota for the Dominican Republic.

Early in February, Luis Thomen, Dominican Ambassador in Washington, formally recommended to General Trujillo that an invitation to visit the Dominican Republic be extended to Mr. COOLEY and his family.

The matter was referred for comment to Dr. Priester, economic adviser of the Central Bank and the dictator's financial wizard.

In a lengthy memorandum, Dr. Priester first remarked that Mr. COOLEY "is the key man in everything concerning the U.S. Sugar Act" and that he "can be considered a friend of the Dominican Republic."

He recalled their work together at a sugar conference in Tangier in 1959 and reported that at the time Mr. COOLEY had "reiterated his appreciation for the technical help given him by the Dominican representative in the development of the formula of the Sugar Act of 1956, and expressed the hope of maintaining an equally close cooperation in the next revision of the said sugar law in 1960."

SUPPORTS GESTURE

Dr. Priester wrote:

"There is no doubt that Mr. COOLEY's financial position is not very good, and the family problem that he had to face recently in connection with the illness of his wife requires all his attention. The idea of Ambassador Thomen of inviting him, his wife, his daughter, and the latter's husband to enjoy a vacation in the Dominican Republic as guests of the Government constitutes a gesture that he will surely appreciate as a demonstration of good will."

Dr. Priester raised the question whether Mr. COOLEY could accept an individual invitation—without the whole committee's being also invited—and remarked that "it would be unlikely for Representative COOLEY to accept such an individual invitation after the Sherman Adams case."

Mr. Adams, an assistant to President Eisenhower, resigned in 1958 after it developed that he had accepted gifts and favors from Bernard Goldfine, a New England manufacturer.

DENIES TAKING FAVORS

The Trujillo archives made no further mention of this proposed offer. Mr. COOLEY never took a vacation in the Dominican Republic, and he denies he ever took favors of any kind.

On June 16 Ambassador Thomen reported that Mr. COOLEY was "extremely disturbed" over a bill presented by a Republican Representative giving the President power to cut sugar import quotas when Congress was not in session.

The bill was aimed at Cuba. Representative COOLEY had opposed the grant of authority to the President from the time President Eisenhower asked for it early in the year.

"I have no intention," Mr. COOLEY said publicly at the time, "of surrendering to the executive branch the responsibility and authority of Congress, nor do I intend to create a sugar czar in the executive department."

But Ambassador Thomen was able to report in the same dispatch that the Dominican Republic would benefit if Cuba's quota was cut.

"On the other hand," he said, "I have to report that Mr. Lawrence Myers of the Department of Agriculture, who has shown himself to be our good friend, said confidentially that if the Secretary of Agriculture is authorized to modify the quotas to benefit North American consumers, the Dominican Republic will receive a substantial increase even if it is indirect."

Mr. Myers was, and is, head of the Sugar Office of the Agriculture Department. This office sets the consumption quotas for the United States.

Informed of this Dominican dispatch today, Mr. Myers said:

"It is completely untrue that I ever made such a commitment."

Consul General Peña's next letter, written 2 days after the one that referred to Mr. Myers, reported that after a session of the House Agriculture Committee the consul general had invited to his home Representative Cooley, Mr. Myers, and two other Department of Agriculture officials—Robert Case and J. Murphy—to discuss the problem.

He telephoned the Foreign Office that Mr. COOLEY had advised him that a new amendment to the bill would be adopted, granting the President of the United States power to redistribute the Cuban quota in a manner that would benefit, among others, the Dominican Republic.

Consul General Peña also reported that "I secured a promise from Mr. Myers, who will testify today before the committee, that he would specifically mention the Dominican Republic as a country friendly toward the United States and a sure supplier of substantial quantities of sugar."

After weeks of conflict between the House and the Senate, a bill was passed at the beginning of July. President Eisenhower immediately used his new powers to reduce the Cuban sugar quota. As a result, the Dominican Republic was granted, in accordance with the new legislation, a quota of 321,857 tons in addition to its normal quota of 131,000 tons.

OAS ASKED SANCTIONS

In August, however, the Organization of American States called for the breaking of diplomatic relations with the Dominican Republic and the application of limited sanctions.

President Eisenhower asked Congress for authority to free the United States from the "seriously embarrassing" situation in which it was required under the law to import Dominican sugar.

The Senate agreed, but when Representative COOLEY blocked action in the House the special session of Congress adjourned without acting. Then the Agriculture Department licensed imports of Dominican sugar under the windfall quota diverted from Cuba and the 2-cent-a-pound penalty was imposed, thus nullifying the premium paid at the time over the world market price.

In these circumstances Consul General Peña wrote on November 23 to President Joaquin Balaguer of the Dominican Republic—then a puppet for ruler Generalissimo Trujillo—that he had established a new contact with Representative COOLEY.

He wrote that the interview had been arranged by Mrs. Asuncion Eckert, a former employe of the Cuban sugar lobbies and subsequently connected with the Dominican sugar office. Mrs. Eckert is a close friend of the Cooley family.

Senor Peña reported that "during the interview, COOLEY was very cordial, reiterating his wishes of cooperating with us." It was at that time, according to Senor Peña, that Representative COOLEY promised to "work hard" to bring about the lifting of the 2-cent penalty on Dominican sugar and the refunding of the money collected.

Mr. COOLEY was also reported to have expressed the opinion that the Kennedy administration would be "more beneficial to our cause."

On January 7, 1961, Senor Peña reported to President Balaguer that he had again seen Mr. COOLEY, "who reiterated to us his previous promise * * * of requesting an extension until December 31, 1961, of the Sugar Act."

Senor Peña's letters reflect the adulation accorded Generalissimo Trujillo by those in his government.

Dr. Balaguer is addressed as "His Excellency, Honorable President of the Republic," and as "Distinguished Dr. Balaguer."

Generalissimo Trujillo is referred to variously, in Senor Peña's letters, as "the Highest Authority," and "the Illustrious Superiority." Other Dominican documents, addressed directly to Generalissimo Trujillo, bear this salutation:

"His Excellency, Generalissimo Dr. Rafael Leonidas Trujillo Molina, Benefactor of the Fatherland and Father of the New Fatherland: Illustrious and Dear Chief."

On February 2, Senor Peña reported to President Balaguer a new meeting with Mr. Cooley in which they discussed the bill of the committee chairman to extend the existing law for 21 months, without changes. This was the solution favored by the Dominicans, who feared a change in the law.

Senor Peña quoted Mr. COOLEY as having said that "he is trying to convince the Executive of the convenience of accepting his bill in full and that he has great hopes in that sense."

Senor Peña then wrote:

"Regarding the question of approaching the party suggested by a friendly person, to which reference was made in our communication No. 111, dated the day before yesterday, COOLEY discreetly suggested that it would be prudent to wait more time until we can evaluate the reaction to his bill in high official spheres."

No identification was given of the "party" to be approached.

Less than 2 weeks later, on February 15, Senor Peña sent a semicoded telegram advising the Foreign Office of the conversation with Mr. Cooley in which he had spoken of his talks with Mr. Bowles and Mr. Berle at the State Department.

It was this telegram that reported a recommendation from Mr. COOLEY to send to Washington immediately a person enjoying the "highest confidence" of Generalissimo Trujillo to study the "basic aspects" of the activities that the Congressman was "carrying out together with others of our friends."

BANK HEAD ARRIVES

Early in March such a person arrived in Washington. He turned out to be Oscar Guaroa Ginebra Henriquez, the chairman of the Dominican Central Bank.

In a letter to Generalissimo Trujillo dated March 7, Senor Ginebra wrote that immediately after his arrival he had made contacts in Washington and "in this connection * * * I held a long conference with Congressman HAROLD D. COOLEY."

"In that interview," he wrote, "I had the opportunity to offer very interesting arguments to Mr. COOLEY, who appreciated them, and said they deserved to be brought before the Agriculture Committee in order to forestall the imposition of drastic measures against Dominican sugar."

Senor Ginebra then wrote:

"In that sense, at the suggestion of Mr. COOLEY, I prepared a short memorandum explaining in general terms the traditional position of the Dominican Republic; the artifices that had been used to obtain arbitrary resolutions by the Organization of American States; the uncertain position of the United States before Latin America; the perverse ideas of President Betancourt which he used through Mr. Berle and Thomas Mann (then Assistant Secretary of State for Inter-American Affairs), and the unexpected change, as well as the rebuff made by President (Janio) Quadros of Brazil to the Department of State, by establishing definitive relations with countries of the Iron Curtain."

A MEETING WITH LAWYERS

Senor Ginebra reported that in a meeting the following day with the Washington lawyers of the Dominican sugar interests a formula was drafted for the new sugar bill, leaving "the door open for an opportunity to obtain the sale of the extra quota of our sugar if we simply obtained an administrative decision, thus avoiding a new amendment to the law."

Senor Ginebra said that "we have succeeded in introducing new changes * * * in the amendment in order to avoid any specific mention of the Dominican Republic in the powers that are being granted to the President" for cutting the quotas of other countries in the national interest of the United States.

On May 17 Senor Ginebra wrote again to Generalissimo Trujillo, advising him that hearings on the new Sugar Act would open the following day but that "I have been assured by Congressman COOLEY that * * * the basic quotas of the exporting countries, including the Dominican Republic, would not be touched at all."

Then the communications to Generalissimo Trujillo ceased. He was assassinated on May 30.

Mr. CLARK. The majority leader has in fact stated, I believe—and I agree with him—that as an ideal matter the Proxmire amendment is preferable to the amendment he supports. I believe the Proxmire amendment would carry out the principle of the action of the Senate in passing the administration bill some time ago.

I say that if we ignore the situation in the House, there is not a shadow of a doubt that the Proxmire amendment represents what the administration really would like to have, if it were not concerned about acceptance of the proposal by the other body. I say that the failure to adopt the Proxmire amendment will be a yielding by the Senate of the United States to the most gigantic lobby which has hit this Congress this year.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has expired.

Mr. CLARK. Mr. President, will the Senator yield me an additional half minute?

Mr. PROXMIRE. I yield an additional half minute to the Senator from Pennsylvania.

Mr. CLARK. I am not one who believes that the other body will stage a strike against the national interest. I ask Senators to support their convictions, to do what they know is right—to support the Proxmire amendment.

Mr. MANSFIELD. Mr. President, I yield 4 minutes to the Senator from Louisiana [Mr. ELLENDER].

The PRESIDING OFFICER. The Senator from Louisiana [Mr. ELLENDER] is recognized for 4 minutes.

Mr. ELLENDER. Mr. President, I rise to support the amendment offered by the majority leader. Like the majority leader, I believe there is much merit in the amendment suggested by the Senator from Wisconsin [Mr. PROXMIRE], but I believe we must be realistic in dealing with the problem at hand.

All of us know of the difficulties which our conferees had last week in settling with the House the questions in dispute. It is my considered judgment that should the Proxmire amendment be added to the pending bill, the bill will not even be considered by the House.

I believe the bill as passed by the Senate should have been adopted insofar as foreign allotments were concerned. I think it was a grave mistake to provide permanent quotas for new countries. I also believe it was a mistake to provide permanent quotas for countries in the Eastern Hemisphere.

However, this is all behind us now. We must deal with the situation as it faces us today. It is my hope that when the Sugar Act is again considered 2½ years from now, we shall be able to study the question of permanent quotas for foreign countries more realistically. If we are to allocate quotas, I would like to see us allocate sugar quotas only to countries in the Western Hemisphere.

The main purpose of the Mansfield amendment, as I understand it, is to do justice to one of our friends to the south of us. One of the largest producers of sugar to the south of us is Argentina. Somehow, in the legislative process of writing a new Sugar Act, Argentina has been left out entirely in consideration of sugar quotas. We must take steps to rectify this situation. It is my belief that the President of the United States should be given this leeway.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. How much time is remaining to me?

The PRESIDING OFFICER. The Senator has 5 minutes remaining.

Mr. MANSFIELD. Mr. President, I yield the remainder of my time to the Senator from New Mexico [Mr. ANDERSON].

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 5 minutes.

Mr. ANDERSON. Mr. President, I oppose the Proxmire amendment, not because it is not well intentioned, but because I think that it would be a serious mistake. I agree completely with what was said by the distinguished chairman of the Committee on Agriculture and Forestry, the Senator from Louisiana [Mr. ELLENDER]. I think the conferees should have taken the Senate bill. The Senate bill was a fine piece of sugar legislation. I was not a cosponsor of the measure, so I can say freely that I commend the Senators who introduced it. It was a good piece of legislation. As it passed the Senate, the bill was still a good piece of legislation. Therefore it should have been accepted in conference. But it was not accepted. As frequently happens in conferences, the conferees did the best they could. Time after time, it was suggested to the conferees that they leave, break up, and forget about it. To do so would have posed some very great problems, not only to the domestic sugar producers of our country, but to producers throughout Latin America who recognize an extremely attractive market. Therefore, I agree with the Senator from Louisiana in his appraisal of the Senate bill. I say only that I know the conferees did the best they could at that time.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. ANDERSON. I am happy to yield.

Mr. PASTORE. Some Senators do not have too much heart for any sugar bill. But an accusation has been made on the floor of the Senate today that if the Senate should agree to the Mansfield amendment, we would support the lobbyists, and if we should agree to the Proxmire amendment, we would defeat the lobbyists. I think the Senator from New Mexico, who is conversant with questions of agriculture, ought to answer that question for the benefit of Senators.

Mr. ANDERSON. There is absolutely nothing of substance in that charge that could be seriously regarded. The conferees did not pay any attention to the lobbyists. We tried to come as close to the Senate bill as we could. The conferees paid no attention to what the lobbyists had done. I know that those who worked on the bill recognized that we cannot stop lobbying or prevent people from discussing various subjects. The conferees were not in any way influenced by the lobbying. Agreement to the Mansfield amendment would be no boon whatever to those who are interested primarily in lobbying.

I believe I am correct in the statement that the Government of Argentina had no lobbyist of any kind here. It did not try to lobby at all. As a Senator sitting in the conference, although not officially designated as a conferee, I can say that the proposal to drop Argentina from the bill was made on the basis of representations that the Argentine Government was not now interested in this particular market; and that it had plenty of markets for sugar elsewhere and would not be offended if it were left out of the bill. When we find that the Argentine Government is offended, I want to do something to correct the situation. That is why I support the majority leader in his amendment. I think it would be a serious mistake to leave Argentina with a cause of complaint, particularly when we included in the bill areas which I do not think should ever have been included, and which I tried my best to keep out.

In taking care of the situation in Argentina, the Mansfield amendment might lead to many other problems. Some might say, "You are going to expand the quotas." I point out that there is a strong possibility that there will be deficit areas. Deficit areas probably will correct most of the things that seem to be wrong with the measure. I have tried, as others have tried, to obtain a large quota that could be regarded as a global quota so that sugar could be used as an instrument of foreign policy and be of great value to our country. I believe we have taken a step in the right direction. If we had agreed to the Douglas amendment as originally stated, we would have taken a better step. But the Senate had to take the action that it could this year. It thereupon reduced the amount only 10 percent, whereas the President had asked for 20 percent. We did the best we could with the opportunities we had.

We should accept the conference report. We should accept also the Mansfield amendment, thus leaving in the hands of the President the opportunity to correct on a temporary basis what I think was improperly done in regard to the sugar bill.

If representations had been made to the conferees with respect to the nature of the Argentine operation, I doubt very much that the conferees would have agreed to the sugar bill. Therefore, while we have hurried a bit, I say that the Senate should agree to the Mansfield amendment, which is a reasonable amendment, one which can be handled; and that we should go on about our business and not worry about it. I know that I was not supporting lobbyists. If any lobbyist appeared in behalf of the Mansfield amendment, I do not know who he is or where he came from.

The measure is a good proposal. It should be accepted by the Senate. I hope it will be accepted by the Senate. I hope that when it is accepted by the Senate, good will be done for the benefit of our foreign policy, which might have been badly damaged by the previous adoption of the conference report.

Mr. PROXMIRE. Mr. President, I yield 2 minutes to the Senator from Iowa.

Mr. MILLER. Mr. President, I intend to support the Proxmire amendment. I do not believe concern for Argentina is any less on the part of those who support the Proxmire amendment than among those who oppose it. It is merely a matter of how we should handle the problem. The Proxmire amendment seems to me to represent a more suitable approach because of the saving to the American taxpayers, who have been forgotten quite a bit during the present session of Congress. The argument has been made that the House would not accept the Proxmire amendment. I think we ought to give the House an opportunity to act upon it. If that argument should hold true, I cannot see much point in the Senate's debating the medicare proposal for a week because it is common knowledge that the House will not accept that measure.

Mr. President, I believe that the Proxmire amendment should be agreed to.

Mr. PROXMIRE. Mr. President, the only argument made against the Proxmire amendment is that the House will not accept it. The statement of the majority leader is that it would have little or no chance of passage in the House of Representatives. Why? We agree that the amendment has merit. We agree that it makes sense. We agree that it would save money. We agree that now is the time to eliminate subsidies. It would be far more difficult to eliminate countries from the program 3 years from now. Countries named in the conference report will adapt their economy to the premium price. After they had increased wages, purchased facilities, and built refineries, it would then be extremely difficult to eliminate those countries.

We agree that the amendment makes sense from the standpoint of providing an instrumentality for the overthrow of Castro. It must be recognized that the experts in the Department of Agriculture stated, as they told me this morning, that they support my amendment. The Senator from New Mexico has said, in answer to the Senator from Rhode Island [Mr. Pastore], that lobbyists are not a consideration in connection with the bill.

The fact is that, with the exception of the lobbyist from Mauritius, every lobbyist has prevailed in his efforts and has secured at least something in the bill as it was passed in conference. Furthermore, depending on the outcome of this amendment the Indian lobbyist has $49,000 coming to him. If the Senate should agree to the Proxmire amendment, he would lose that amount. If the Senate does not agree to the Proxmire amendment, the lobbyist will receive an additional $49,000, or a total of $99,000 for the year.

Why collapse under those circumstances? The Senator from Montana says there have been no changes on this situation since the conference. The Senator is wrong. There have been changes in the past few days. The New York Times article has been spread all over the country. Yesterday I read in a Wisconsin newspaper the story about the sugar bill. A similar story has appeared in Chicago newspapers. Many Americans have been reading about the activities of Congress in respect to the Sugar Act, and realize the kind of lobby pressuring and high fees that has been going on with respect to the Sugar Act.

It seems to me that if we collapse on the measure, the Senate will have completely surrendered. Our position basically was that we should have a 2,600,000-ton global sugar quota reserve. The House figure was zero. My position is that we should stand fast for the global reserve. The position of the Senator from Montana is that we should give in and reduce the global reserve by the total amount to be set aside for Presidential discretion. I see no reason why we should not stand by our position and, if necessary, go to a conference on the honey bill. Perhaps on the basis of the conference we can come to an agreement.

At any rate, Mr. President, on the merits the amendments make sense. This is the first time in the Senate that I have ever heard as the only argument against an amendment that has clear merit is that it will not be accepted by the House. Why in the world should we not adopt the amendment on its merits and then go to conference, if necessary, and try to come back with an agreed report?

Mr. President, I reserve the remainder of my time, unless the majority leader wishes to yield back the remainder of his time, in which event I will surrender my remaining time.

Mr. MANSFIELD. Mr. President, I yield back the remainder of my time.

Mr. PROXMIRE. Mr. President, I yield back the remainder of my time, and ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. Proxmire] to the amendment offered by the Senator from Montana [Mr. Mansfield]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Is the Senate now voting on the Proxmire amendment?

The PRESIDING OFFICER. The Senate is now voting on the Proxmire amendment.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from Alaska [Mr. Bartlett], the Senator from Nevada [Mr. Bible], the Senator from North Dakota [Mr. Burdick], the Senator from Virginia [Mr. Byrd], the Senator from Tennessee [Mr. Gore], the Senator from Indiana [Mr. Hartke], the Senator from Minnesota [Mr. Humphrey], the Senator from North Carolina [Mr. Jordan], the Senator from Ohio [Mr. Lausche], the Senator from Louisiana [Mr. Long], the Senator from Washington [Mr. Magnuson], the Senator from Minnesota [Mr. McCarthy], the Senator from Virginia [Mr. Robertson], the Senator from Georgia [Mr. Russell], the Senator from Florida [Mr. Smathers], the Senator from Mississippi [Mr. Stennis], the Senator from Georgia [Mr. Talmadge], the Senator from Texas [Mr. Yarborough], and the Senator from Massachusetts [Mr. Smith] are absent on official business.

I further announce that the Senator from Colorado [Mr. Carroll], the Senator from Idaho [Mr. Church], and the Senator from Alaska [Mr. Gruening] are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. Burdick], the Senator from Indiana [Mr. Hartke], the Senator from Minnesota [Mr. Humphrey], the Senator from Louisiana [Mr. Long], the Senator from Minnesota [Mr. McCarthy], the Senator from Alaska [Mr. Gruening], the Senator from Nevada [Mr. Bible], the Senator from North Carolina [Mr. Jordan], the Senator from Washington [Mr. Magnuson], the Senator from Georgia [Mr. Russell], the Senator from Mississippi [Mr. Stennis], the Senator from Georgia [Mr. Talmadge], and the Senator from Colorado [Mr. Carroll] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Connecticut [Mr. Bush], the Senator from Maryland [Mr. Butler], the Senator from Indiana [Mr. Capehart], the Senators from Kentucky [Mr. Cooper and Mr. Morton], the Senator from Kansas [Mr. Pearson], the Senator from Vermont [Mr. Prouty], the Senator from Massachusetts [Mr. Saltonstall], the Senator from Pennsylvania [Mr. Scott], and the Senator from Texas [Mr. Tower] are necessarily absent.

The Senator from Nebraska [Mr. Hruska] is detained on official business. If present and voting, the Senator from Nebraska [Mr. Hruska] would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. Scott] is paired with the Senator from Kansas [Mr. Pearson]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Kansas would vote "nay."

The result was announced—yeas 26, nays 40, as follows:

[No. 111 Leg.]

YEAS—26

Beall
Boggs
Byrd, W. Va.
Chavez
Clark
Cotton

Dodd
Douglas
Dworshak
Engle
Fulbright
Goldwater
Hart
Hickenlooper
Javits
Keating
Kefauver
Miller
Murphy
Muskie
Neuberger
Proxmire
Smith, Maine
Wiley
Williams, Del.
Young, Ohio

NAYS—40

Aiken
Allott
Anderson
Bennett
Cannon
Carlson
Case
Curtis
Dirksen
Eastland
Ellender
Ervin
Fong
Hayden
Hickey
Hill
Holland
Jackson
Johnston
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Mansfield
McClellan
McGee
McNamara
Metcalf
Monroney
Morse
Moss
Mundt
Pastore
Pell
Randolph
Sparkman
Symington
Thurmond
Williams, N.J.
Young, N. Dak.

NOT VOTING—33

Bartlett
Bible
Burdick
Bush
Butler
Byrd, Va.
Capehart
Carroll
Church
Cooper
Gore
Gruening
Hartke
Hruska
Humphrey
Jordan
Lausche
Long, La.
Magnuson
McCarthy
Morton
Pearson
Prouty
Robertson
Russell
Saltonstall
Scott
Smathers
Smith, Mass.
Stennis
Talmadge
Tower
Yarborough

So Mr. PROXMIRE's amendment was rejected.

Mr. ELLENDER. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, it is my understanding that the Senator from Minnesota [Mr. MCCARTHY] will not offer his amendment. I therefore call up my amendment.

Mr. FULBRIGHT. Mr. President, I wish to offer an amendment to the Mansfield amendment.

Mr. MANSFIELD. Mr. President, will the Chair have read the unanimous-consent agreement entered into on last Monday?

The PRESIDING OFFICER. The unanimous-consent agreement will be read.

The Chief Clerk read as follows:

Ordered, That effective on Thursday, July 5, 1962, immediately after the Senate convenes, during the further consideration of the bill (H.R. 8050) to amend the act relating to the importation of adult honeybees, debate on amendments by Senators MANSFIELD, PROXMIRE, and MCCARTHY shall be limited to 30 minutes, each, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided,* That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received: *Provided further,* That after the disposition of the Mansfield amendment the Senate proceed to vote on the final passage of the bill.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. Is my interpretation of the unanimous-consent agreement reached by the Senate on Monday correct when I state that under that agreement only the amendments to be offered by the three Senators mentioned were to be considered, and that upon the conclusion of the action on the Mansfield amendment a vote would be taken on the passage of the bill?

The PRESIDING OFFICER. The Senator's interpretation is correct. The unanimous-consent agreement is limited to three amendments: The amendment of the Senator from Montana [Mr. MANSFIELD], the amendment of the Senator from Wisconsin [Mr. PROXMIRE], which has just been acted upon; and the amendment of the Senator from Minnesota [Mr. MCCARTHY].

Mr. MANSFIELD. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. I gather from a reading of the unanimous-consent agreement that an amendment could be offered, but that very likely no discussion of it could be had.

The PRESIDING OFFICER. No time has been allocated for debate on other amendments.

Mr. MANSFIELD. Mr. President, in view of the fact that the Senator from Arkansas wishes to offer an amendment, and notwithstanding the agreement reached, I suggest to him that I make the unanimous-consent request that he be allowed to offer his amendment, and that 5 minutes be allotted to each side for debate on the amendment.

Mr. FULBRIGHT. Mr. President, that is certainly agreeable.

Mr. MUNDT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from South Dakota will state it.

Mr. MUNDT. Does this proposal in any way affect the limitations on the so-called medicare bill?

The PRESIDING OFFICER. No; this proposal affects only the bill now under consideration.

Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. FULBRIGHT. Mr. President, I offer an amendment which I send to the desk, and I ask that it not be read. I can explain it in a few minutes.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 2, after line 10, it is proposed to insert the following:

"(c) Section 204(a) of such Act, as amended, is amended to read as follows:

"'(a) The Secretary shall from time to time determine whether, in view of the current inventory of sugar, the estimated production from the acreage of sugarcane or sugarbeets planted, the normal marketings within a calendar year of new-crop sugar and other pertinent factors, any area or country will be unable to market the quota or proration for such area or country. If the Secretary determines that any domestic area or foreign country will be unable to market the quota or proration for such area or country, he shall revise the quota for the Republic of the Philippines by prorating to it an amount of sugar which bears the same ratio to the deficit as the quota for the Republic of the Philippines determined under section 202(b) then in effect bears to the sum of such quota for the Republic of the Philippines and of the prorations to foreign countries named in section 202(c)(3)(A) then in effect; and shall allocate an amount of sugar equal to the remainder of the deficit to foreign countries within the Western Hemisphere named in section 202(c)(3)(A): *Provided,* That no part of any such deficit shall be prorated or allocated to any country not in diplomatic relations with the United States. If the Secretary determines that the Republic of the Philippines will be unable to fill its share of any deficit determined under this subsection, he shall allocate such unfilled amount to foreign countries within the Western Hemisphere named in section 202(c)(3)(A): *Provided,* That no such allocation shall be made to any foreign country not in diplomatic relations with the United States. In making allocations to foreign countries within the Western Hemisphere under this subsection, special consideration shall be given to those countries purchasing United States agricultural commodities. If the Secretary determines that neither the Republic of the Philippines nor the countries within the Western Hemisphere named in section 202(c)(3)(A) can fill all of any such deficit whenever the provisions of section 202(c)(4) apply, he shall add such unfilled amount to the quantity of sugar which may be purchased pursuant to section 202(c)(4), and whenever section 202(c)(4) does not apply he shall apportion such unfilled amount on such basis and to such foreign countries in diplomatic relations with the United States as he determines is required to fill such deficit.'"

Reletter succeeding subsections accordingly.

Mr. FULBRIGHT. Mr. President, the amendment is a simple one. The President is given discretionary power to reallocate to Western Hemisphere countries the amount of sugar which domestic or foreign areas are unable to market of their assigned quotas. That is all the amendment deals with.

Under the current law, such shortfalls are to be proportionately distributed to the Philippines and to all other countries having basic quotas, using their percentum entitlements as listed in the act.

Under this amendment, the Philippines would retain its prorated shortfalls, but the remainder would be distributed only to Western Hemisphere countries, taking into consideration those countries which purchase U.S. agricultural commodities.

The amendment does not go nearly as far as the amendment of the Senator from Wisconsin [Mr. PROXMIRE]. It deals only with the tonnage which the domestic and foreign areas are unable to deliver. It is estimated that the shortfall this year will be about 300,000 tons, and next year probably 200,000 tons. But this amount will gradually diminish under the effect of the bill.

The amendment does not disturb the allocation of the basic quotas already in in the law of countries outside the Western Hemisphere. It simply reallocates to Western Hemisphere countries the shortfall of the domestic areas. It would have the effect of depriving non-Western Hemisphere countries of any additional quotas because of the shortfall. That is all the amendment provides. I am quite confident it is in accord with the administration's view.

Mr. MANSFIELD. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. First, will the Senator from Arkansas define what he means by "shortfall"?

Mr. FULBRIGHT. Let us take an arbitrary illustration. Assume that the beet growers of the United States are allocated 2,500,000 tons, but are unable to produce more than 2 million tons. The shortfall would be 500,000 tons. The amount below their allocated quota is what I refer to as a shortfall. The amount they cannot produce of their quota assigned under the bill would be a shortfall. Actually, in many cases throughout the years, the domestic growers, particularly in Puerto Rico and Hawaii, have not been able to produce all that has been allocated to them; but the amendment would not deprive them of any amount to which they are entitled under the law. The amendment merely provides for the disposal of the tonnage which American producers fail to produce.

I think this amendment is in accord with the administration's position. It would do no harm to the domestic beet producers, either in Hawaii or anywhere else; and it also would preserve the present situation of the Philippines.

The only effect of the amendment is that the so-called shortfall would not be allocated to non-Western Hemisphere countries.

Furthermore, any allocation of the amount of the shortfall to Western Hemisphere nations would be at the discretion of the President. He would not have to allocate it to any nation; but he would have discretion to give it to any Western Hemisphere countries, but only within the amount of the shortfall.

Mr. MANSFIELD. Mr. President, I have been making inquiries about the amendment offered by the distinguished chairman of the Committee on Foreign Relations. I find that there have been no shortfalls; that, as a matter of fact, there has been overproduction in the domestic beet industry during the past several years because of the limitations which have been imposed. I do not know what to say at this time in response to the Senator's statement.

Mr. FULBRIGHT. Under the new bill, their quotas have been greatly expanded. If it develops under the expansion provisions of the bill that there are no shortfalls, then the amendment would have no effect, because it deals only with shortfalls.

Mr. HOLLAND. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield to the Senator from Florida.

Mr. HOLLAND. Suppose there be a shortfall in the beet industry, but suppose the cane sugar industry happens to have an excellent year and overproduces. Does the Senator mean that none of the shortfall could be assigned to the cane sugar industry?

Mr. FULBRIGHT. My interpretation of the new Sugar Act is that it could not be. All domestic deficits automatically go to foreign growers. My amendment directs these deficits to countries in the Western Hemisphere. I would interpret this amendment to mean that it could be reallocated anywhere in the Western Hemisphere. All the amendment means is that the shortfall, both domestic and foreign, could not be allocated to a country outside the Western Hemisphere.

Mr. JACKSON. Mr. President, will the Senator from Arkansas yield?

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator from Arkansas yield to the Senator from Washington?

Mr. FULBRIGHT. I yield.

Mr. JACKSON. I take it that by "shortfall," the Senator means to include both cane sugar and beet sugar?

Mr. FULBRIGHT. Oh, yes. I used cane sugar only as an illustration.

The PRESIDING OFFICER. The time available to the Senator from Arkansas has expired.

Mr. MANSFIELD. Mr. President, has all time for debate expired?

The PRESIDING OFFICER. Five minutes remain available to the opponents.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. MANSFIELD. I shall yield to the Senator from Missouri; but, first, I wish to ask the Senator from Arkansas whether I am correct in assuming that on the basis on which the amendment is offered, the Senator's amendment applies only to domestic production which falls short of filling the quota, and that the remainder would go to the countries of Latin America?

Mr. FULBRIGHT. It applies only to countries in the Western Hemisphere. Under the present law, as I understand it, whatever shortfall developed would be prorated among all foreign countries with basic quota allocations. Therefore, the other countries—those outside the Western Hemisphere, such as Fiji, Australia, and the others—would get their percentage.

All I am trying to do—and I believe this amendment does it—is preserve for the Western Hemisphere countries the so-called shortfall, if there is one.

Mr. MANSFIELD. But none of this would go to the Fijis or to Australia or to the Netherlands or to South Africa or to the other nations——

Mr. FULBRIGHT. They would not get any part of the shortfall; they would get only what they are given under the bill.

Mr. SYMINGTON. Mr. President——

Mr. MANSFIELD. I yield 2 minutes to the Senator from Missouri.

The PRESIDING OFFICER. The Senator from Missouri is recognized for 2 minutes.

Mr. SYMINGTON. Mr. President, I have respect for the amendment of the Senator from Arkansas. Does he think there would be any danger that the countries which would get any of the shortfall, later would be irritated to the point where we would have a problem on our hands if they did not get it after the shortfall was made up?

Mr. FULBRIGHT. I do not think so. The shortfall concept has been in the law, and we have had experience in the past with it, and there has never been any idea that it was a permanent quota.

Mr. SYMINGTON. I thank the Senator from Arkansas.

Mr. FULBRIGHT. It will be a gradually decreasing amount; and if there is a deficit, it will be only because there has been a very substantial increase in quotas for the domestic producers.

Mr. CANNON. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. CANNON. What is the present status of the Philippines, and what would be the effect on them?

Mr. FULBRIGHT. They get about one-third of it now, and will continue to get it; the amendment does not disturb them.

Mr. CANNON. So the amendment includes the Western Hemisphere countries, plus the Philippines?

Mr. FULBRIGHT. Yes; plus the Philippines.

Mr. KUCHEL. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. KUCHEL. Let us assume that a Latin American country to which an allotment has been made has a shortfall. Does the Senator's amendment cover that situation?

Mr. FULBRIGHT. I was not thinking of that, but it does cover that possibility. In other words, suppose Guatemala, with a quota, does not produce its full amount——

Mr. KUCHEL. Precisely.

Mr. FULBRIGHT. Under existing law that has to be prorated, among all foreign producers with basic quotas, as I understand the act. If my amendment is applied, the shortfall would be limited to the countries in the Western Hemisphere.

Mr. KUCHEL. The Senator's amendment applies only to a shortfall in the domestic production in the United States, does it?

Mr. FULBRIGHT. That was the situation I had in mind but it would also cover foreign shortfalls.

Mr. KERR. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. KERR. As I read the amendment, it applies not only to the fallout——

Mr. FULBRIGHT. To the shortfall.

Mr. KERR. Very well—to the shortfall in the case of either domestic production or that of a foreign country.

Mr. FULBRIGHT. Does the Senator mean if a shortfall were to occur?

Mr. KERR. If the Secretary determines that any domestic area or foreign country will be unable to market the quota or proration for such area or country——

Mr. FULBRIGHT. If it has a shortfall; yes.

Mr. KERR. In other words, if what the Senator from Arkansas refers to as a shortfall, and what I referred to as a fallout, were to occur, either by reason of inability of the domestic area or a foreign country——

Mr. FULBRIGHT. Yes; the Senator is correct.

Mr. KERR. Then that shortfall could be reallocated by the President, at his discretion?

Mr. FULBRIGHT. Within the Western Hemisphere.

Mr. KERR. Yes, within the Western Hemisphere. That is for any 1 year at a time?

Mr. FULBRIGHT. Yes, that is my purpose. It would be impossible to tell what the shortfall would be, except year by year.

Mr. KERR. I understand; but having reallocated—

The PRESIDING OFFICER. The time under the control of the Senator from Montana has expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the debate on this amendment may proceed for 5 additional minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. FULBRIGHT. We are not doing anything about the present shortfall arrangements of the sugar bill, except to limit its distribution to countries in the Western Hemisphere. That is the only effect sought to be brought about by this amendment.

Mr. KERR. And the fact that a shortfall occurred in the domestic area in 1964, and was reallocated to Mexico or to some other country in the Western Hemisphere, would not in any way be binding for the next year?

Mr. FULBRIGHT. That is correct, particularly because there might not be any shortfall the next year.

Mr. KERR. That is all I wanted to know.

Mr. FULBRIGHT. The Senator from Oklahoma is entirely correct.

Mr. KERR. I should like to have the Senator from Arkansas say, "Yes; that is the correct answer."

Mr. FULBRIGHT. Yes, that is the correct answer. The only effect of the amendment is to limit the distribution of the shortfall, whenever one might develop, to countries in the Western Hemisphere.

Mr. KERR. For that year?

Mr. FULBRIGHT. Yes; for that year. In the following year there might not be a shortfall; or if there were one, the allocation of the preceding year is not to be regarded as a precedent in any respect, and the President will be entirely free to reallocate it in some other way.

Mr. MANSFIELD. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. Would the Senator's amendment in any way affect my amendment?

Mr. FULBRIGHT. I do not think so. I think it is consistent with the purposes of the amendment of the Senator from Montana, in my view, but it goes a small step further, and provides that this discretionary power of the President on shortfalls shall be limited to distribution to countries in the Western Hemisphere. Therefore, I think it is consistent with the amendment of the Senator from Montana.

Mr. MANSFIELD. That was my impression.

Mr. KERR. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. KERR. I think the amendment of the Senator from Arkansas is an excellent one. It augments the amendment of the Senator from Montana, without creating a deficit or a penalty anywhere.

Mr. HOLLAND. Mr. President—

Mr. MANSFIELD. I yield to the Senator from Florida.

Mr. HOLLAND. Mr. President, I am perfectly willing to have this amendment adopted if the following condition be understood: that in the event it appears that this amendment would do violence to the provisions of the conference report which we adopted as to the reallocation of a domestic shortfall to some other domestic area, I would hope our conferees would be instructed to eliminate the amendment.

Mr. FULBRIGHT. If the amendment is so poorly drawn that it has that effect, I would agree with the Senator. That certainly is not its purpose.

Mr. HOLLAND. I thank the Senator from Arkansas.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I yield back my time.

Mr. BEALL. Mr. President, I yield back the time on this side.

The PRESIDING OFFICER. All time has been yielded back. The question is on the Mansfield amendment, as amended.

The amendment, as amended, was agreed to.

The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 8050) was passed.

The title was amended so as to read: "An act to amend the act relating to the importation of adult honeybees, and to amend certain provisions of the Sugar Act of 1948, as amended."

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. KERR and Mr. HOLLAND made a motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, July 3, 1962, was dispensed with.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the permanent Subcommittee on Investigations of the Committee on Government Operations was authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the Committee on the Judiciary.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Executive D, 87th Congress, 2d session, the International Wheat Agreement, 1962 (Ex. Rept. No. 6).

The PRESIDING OFFICER. If there be no further reports of committees, the nominations on the Executive Calendar will be stated.

RAILROAD RETIREMENT BOARD

The Chief Clerk read the nomination of Howard William Habermeyer, of Illinois, to be a member of the Railroad Retirement Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk proceeded to read sundry nominations in the Diplomatic and Foreign Service.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations in the Diplomatic and Foreign Service be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

PUBLIC HEALTH SERVICE

The Chief Clerk proceeded to read sundry nominations in the Public Health Service.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations in the Public Health Service be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. MANSFIELD. Mr. President, I ask that the President be notified immediately of the nominations confirmed.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDING OFFICER (Mr. Hickey in the chair) laid before the Senate the following letters, which were referred as indicated:

Report on Prime Contract Awards to Small and Other Business Firms

A letter from the Assistant Secretary of Defense, Installations and Logistics, transmitting, pursuant to law, a report on prime contract awards to small and other business firms, for the period July 1961–April 1962 (with an accompanying report); to the Committee on Banking and Currency.

Report of Small Business Administration

A letter from the Administrator, Small Business Administration, Washington, D.C., transmitting, pursuant to law, a report of that Administration, for the period July 1, 1961, to December 31, 1961 (with an accompanying report); to the Committee on Banking and Currency.

Report on Backlog of Pending Applications and Hearing Cases in Federal Communications Commission

A letter from the Chairman, Federal Communications Commission, Washington, D.C., transmitting, pursuant to law, a report on backlog of pending applications and hearing cases in that Commission, as of May 31, 1962 (with an accompanying report); to the Committee on Commerce.

Report on Review of Reclamation of Spare Parts From Excess Aircraft Engines in Departments of the Army, Navy, and Air Force

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of reclamation of spare parts from excess aircraft engines in the Departments of the Army, Navy, and Air Force, dated June 1962 (with an accompanying report); to the Committee on Government Operations.

Report on Review of Selective Aspects of Federal-Aid Assistance Programs

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of selective aspects of the Federal-aid assistance programs under the general administrative direction of the Kansas City regional office, Department of Health, Education, and Welfare (with an accompanying report); to the Committee on Government Operations.

Report on Review of Operations of Unlimited Sales Agencies Under the 1959 and 1960 Cotton Purchase Programs

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of operations of unlimited sales agencies under the 1959 and 1960 cotton purchase programs, Commodity Credit Corporation, Department of Agriculture, dated June 1962 (with an accompanying report); to the Committee on Government Operations.

Report on Review of Supply Control and Inspection Activities of the Military Clothing and Textile Supply Agency, Philadelphia, Pa.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of supply control and inspection activities of the Military Clothing and Textile Supply Agency, Department of Defense, Philadelphia, Pa., dated June 1962 (with an accompanying report); to the Committee on Government Operations.

Report on Examination of Royalty Charges by Hazeltine Electronics Division, Little Neck, N.Y., Under Department of Defense Contracts

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the examination of royalty charges by Hazeltine Electronics Division, Hazeltine Corp., Little Neck, N.Y., under Department of Defense contracts, dated June 1962 (with an accompanying report); to the Committee on Government Operations.

Report of Judicial Conference of the United States

A letter from the Chief Justice, Supreme Court of the United States, transmitting, pursuant to law, a report of the proceedings of a special meeting of the Judicial Conference of the United States, held at Washington, D.C., March 8–9, 1962 (with an accompanying report); to the Committee on the Judiciary.

Relief of Certain Enlisted Members of Coast Guard

A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to provide for the relief of certain enlisted members of the Coast Guard (with an accompanying paper); to the Committee on the Judiciary.

Suspension of Deportation of a Certain Alien

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, a copy of the order suspending deportation in the case of Wa Kwork Tak, together with a statement of the facts and pertinent provisions of law pertaining to the alien, and the reasons for ordering such suspension (with accompanying papers); to the Committee on the Judiciary.

Notice of Public Hearing by Delaware River Basin Commission

A notice of the Delaware River Basin Commission, Philadelphia, Pa., signed by Brinton Whitall, Acting Secretary, giving notice, pursuant to the Delaware River Basin compact, of the public hearing relating to municipal water supply and waste disposal facilities, Federal, State, and local nonurban recreation areas, river stage and stream gaging station, and interstate water quality standards, to be held in the Pennsylvania State Office Building, Philadelphia, Pa., on July 25, 1962; to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDING OFFICER:

A concurrent resolution of the Legislature of the State of Louisiana; to the Committee on Finance:

House Concurrent Resolution 41

Concurrent resolution relative to the discharge petition for H.R. 3745

Whereas H.R. 3745 is "bottled up" in committee before the U.S. Congress and a discharge petition therefor is on the desk of the Speaker; and

Whereas H.R. 3745 provides much-needed increases in the pensions of veterans; and

Whereas the small pensions now being received by veterans are inadequate to meet the increased cost of living; and

Whereas it is only appropriate that adequate provision be made for those who gave so much on behalf of their country: Therefore be it

Resolved by the House of Representatives of the Legislature of Louisiana (the Senate concurring), That the Members of the House of Representatives of the U.S. Congress are hereby memorialized to take immediate action on the discharge petition for H.R. 3745 now on the Speaker's desk; be it further

Resolved, That a copy of this resolution shall be sent to the presiding officers of each House of the U.S. Congress and to the members of the Louisiana delegation in the Congress of the United States.

———————,

Speaker of the House of Representatives.

———————,

Lieutenant Governor and President of the Senate.

A resolution adopted by the Church of God, of Maryland, Delaware, and the District of Columbia, protesting against the decision of the U.S. Supreme Court in the New York State Board of Regents prayer case; to the Committee on the Judiciary.

RESOLUTION OF BOARD OF COUNTY COMMISSIONERS, LABETTE COUNTY, KANS.

Mr. CARLSON. Mr. President, the Labette Board of County Commissioners, following consideration of the report of the Presidential Railroad Commission, which was filed with the President of the United States on February 28, 1962, adopted a resolution requesting that the report be disapproved, as it was an unfair, inappropriate and ruinous proposal for settlement of the wages and work rules disputes on the Nation's railroads, and urged that these wage rules and working conditions be resolved in collective bargaining.

I ask unanimous consent that the resolution be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Resolution of Board of Commissioners, Labette County, Kans., June 27, 1962

Whereas this commission of Labette County in the State of Kansas, duly assembled, has considered the report of the Presidential Railroad Commission filed with the President of the United States on February 28, 1962; and

Whereas this commission finds that the recommendations of the Presidential Railroad Commission, if given effect, would reduce the number of jobs of railroad engineers, helpers (firemen), conductors, brakemen and switchmen by nearly half, with resultant serious impairment of safety and efficiency of railroad operations, would require more work of employees at lower rates of pay, would deprive railroad operating employees of the fruits of collective bargaining gained in many years of negotiation, and would, also, by reason of abolition of existing railroad terminals in Kansas and elsewhere, destroy many railroad communities and cause the dislocation of homes of thousands of railroad workers; and

Whereas it is the sense of the members of this commission that in these times any proposal producing additional unemployment, longer working hours at lower rates of pay, the decimation of railroad communities in Kansas and elsewhere, as well as impairment of railroad safety, service and efficiency, is un-American, injurious to our national and local economies, contrary to established trends in labor relations, and deteriorative of the general well-being of our country, and must be condemned as such: Therefore be it

Resolved, and it is hereby the decision of this commission, That the report of the Presidential Railroad Commission of February 28, 1962, be disapproved and condemned as an unfair, inappropriate and ruinous proposal for settlement of the wages and work rules disputes on the Nation's railroads; and be it further

Resolved, That existing controversies between the railroads and their employees concerning wages rules and working conditions ought to be resolved in collective bargaining, without regard for the recommendations of the Presidential Railroad Commission, on bases which will maintain existing jobs, and improve and enhance wages and working conditions of railroad employees. A copy of this resolution shall be forwarded to the President of the United States, the Secretary of Labor, Members of the Senate and House of Representatives, the Governor of Kansas, State senators and representatives and the presidents of the rail unions involved.

Respectfully submitted.

Dale Westervelt,
Chairman.
J. D. Baumgardner,
Commissioner.
Howard E. Brown,
Commissioner.

Attest:

Vera Mercer,
County Clerk.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PASTORE, from the Joint Committee on Atomic Energy, without amendment:

S. 3491. A bill to amend the Atomic Energy Act of 1954, as amended, and for other purposes (Rept. No. 1677).

ADDITIONAL FUNDS FOR INVESTIGATION OF MIGRATORY LABOR—REPORT OF A COMMITTEE

Mr. WILLIAMS of New Jersey, from the Committee on Labor and Public Welfare, reported an original resolution (S. Res. 360); which was referred to the Committee on Rules and Administration, as follows:

Resolved, That section 4 of S. Res. 273, Eighty-seventh Congress, second session, authorizing an investigation of migratory labor, agreed to February 7, 1962, is amended by striking out "$50,000" and inserting in lieu thereof "$70,000."

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DODD (for himself, Mr. Hart, Mr. Keating, and Mr. Javits):

S. 3501. A bill to prohibit discrimination in employment in the District of Columbia because of race, religion, color, national origin, or ancestry; to the Committee on the District of Columbia.

(See the remarks of Mr. Dodd when he introduced the above bill, which appear under a separate heading.)

By Mr. SYMINGTON:

S. 3502. A bill for the relief of Mrs. Maria Nowakowski Chandler; to the Committee on the Judiciary.

By Mr. CANNON (for himself and Mr. Bible):

S. 3503. A bill to provide for certain commercial use of land at McCarran Airport, Clark County, Nev., if it is determined that such land is not needed for the operation of such airport; to the Committee on Commerce.

(See the remarks of Mr. Cannon when he introduced the above bill, which appear under a separate heading.)

By Mr. METCALF:

S. 3504. A bill to provide for alternate representation of secretarial officers on the Migratory Bird Conservation Commission, and for other purposes; to the Committee on Commerce.

By Mr. CASE:

S. 3505. A bill for the relief of Song Wan Young; to the Committee on the Judiciary.

By Mr. FULBRIGHT:

S. 3506. A bill to amend the National Housing Act to prohibit the inclusion of draperies and carpeting as part of the mortgage security in the case of Federal Housing Administration-insured mortgages covering multifamily rental housing projects; to the Committee on Banking and Currency.

By Mr. EASTLAND (by request):

S. 3507. A bill to provide penalties for certain offenses committed in connection with highway construction; to the Committee on the Judiciary.

CONCURRENT RESOLUTION

REENROLLMENT OF S. 3350, AMENDMENT OF DISTRICT OF COLUMBIA HOSPITAL CENTER ACT

Mr. BEALL submitted a concurrent resolution (S. Con. Res. 83) requesting the return of, and providing for the enrollment of S. 3350, to amend the District of Columbia Hospital Center Act, which was considered and agreed to.

(See the above concurrent resolution printed in full when submitted by Mr. Beall, which appears under a separate heading.)

RESOLUTION

ADDITIONAL FUNDS FOR AN INVESTIGATION OF MIGRATORY LABOR

Mr. WILLIAMS of New Jersey, from the Committee on Labor and Public Welfare, reported an original resolution (S. Res. 360) authorizing additional funds for an investigation of migratory labor, which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full when reported by Mr. Williams of New Jersey, which appears under the heading "Reports of Committees.")

FAIR EMPLOYMENT PRACTICES ACT FOR THE DISTRICT OF COLUMBIA

Mr. DODD. Mr. President, I introduce, for appropriate reference, a bill to prohibit discrimination in employment in the District of Columbia because of race, religion, color, national origin, or ancestry.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3501) to prohibit discrimination in employment in the District of Columbia because of race, religion, color, national origin, or ancestry, introducted by Mr. Dodd (for himself and other Senators), was received, read twice by its title, and referred to the Committee on the District of Columbia.

Mr. DODD. Mr. President, I am pleased to have as cosponsors the distinguished junior Senator from Michigan [Mr. Hart], the able junior Senator from New York [Mr. Keating], and the capable senior Senator from New York [Mr. Javits].

Unemployment of any kind is a tragedy which has many damaging effects upon the unemployed and upon society as a whole. But there is one kind of unemployment whose pernicious effects are more damaging than other kinds and that is unemployment which is due to racial discrimination.

For in addition to the frustrations, privations, wasted lives, and lost opportunities which accompany all unemployment, there is added a particular bitterness, a sense of despair, a hopelessness, a corroding anger born of injustice when unemployment is caused not by chance or circumstance but by a deliberate arbitrary policy of racial discrimination.

I am particularly concerned with what this kind of discrimination does to young people, and although my bill is addressed to the problem of employment discrimination in general in the District of Columbia, I wish to address my remarks to the problem as it affects young people.

Youth unemployment is one of the major contributing causes of juvenile crime and delinquency. In the District of Columbia there are approximately 13,000 out-of-school, out-of-work youths, between the ages of 16 and 20.

There is no single cause for this joblessness. In part, it arises because Washington has few industries and can offer few industrial jobs; in part, because youths can offer few skills and must be trained in the very rudiments of obtaining a job; in part, youth unemployment simply reflects the general level of unemployment that prevails in Washington.

There is, however, another serious factor also at work: racial discrimination.

The simple fact is that the Washington labor market is ruthlessly segregated in many fields, and Negroes have been denied equal access to virtually all fields.

Negroes constitute approximately 50 percent of the population of the District of Columbia.

In savings and loan companies, brokerage houses, title companies and real estate and mortgage firms, there is a total exclusion of Negro employees.

In banks, insurance companies, and other clerical and semiprofessional positions, less than 1 percent of the employees are Negroes.

In public utilities, there is a virtual total exclusion of male Negroes, and only 5 percent of the female employees are colored; in the retail trades, where the greatest progress has been made, only 15 percent of the working force is colored.

What of skilled labor? The startling and indeed shocking fact is that in the construction trade unions, there is a virtual 100 percent exclusion of Negroes. This is true of the unions representing electricians, plumbers, roofers, steamfitters, stone masons, tile setters, glaziers, and sheet metal workers. In these unions, there are no Negro journeymen and no Negroes are admitted for apprenticeship training which leads to the journeyman status.

In this statistical picture, there is enough to shame the conscience of management, labor, and most segments of the community.

But no recital of statistics can accurately convey the tragedy wrought by discrimination in employment. When a boy has been turned down by an employer or by a trade school or by a professional school or by a labor union, not because he is less qualified than others but because he is a Negro, all too often it destroys in him the will to succeed.

It closes off the avenue of hope, the sustaining force that enables people to endure and to overcome the common misfortunes of life, hope grounded in the belief that the contest is fair, that the field is open, that the tide will turn.

We can well understand the crushing effect upon any young American when he finds that whatever his qualifications, whatever his efforts, because of his color, he is denied the training he needs or, worse still, having obtained such training, is deprived of the chance to work at his arduously acquired trade.

This is the kind of poisoning injustice which turns healthy anticipation into brooding despair and which changes honest ambition into bitter cynicism.

Little wonder that those whom society so callously rejects become embittered and hostile. Little wonder that those to whom the high road of honest endeavor is barred are detoured onto the low road of crime and violence that leads inevitably to personal disaster for them and to public tragedy for the community.

Discrimination, wherever it exists, is evil and its fruits are evil; but never is it more evil than when it stunts the growth of young people and nowhere is it more contemptible than in the Capital City of the citadel of freedom in the world.

Discrimination is wrong because it robs boys and girls of their inherent right to develop and employ whatever skills or talents they have.

It is wrong because it arbitrarily denies them the productive, useful, self-supporting existence which is their due.

It is wrong because it poisons young minds and helps turn young people into young criminals.

It is wrong because it is unjust, warping those who suffer from it as well as those who inflict it.

It is wrong because it deprives the community and the Nation of the fruits of countless productive lives.

It is wrong because it mocks the central evolving principle of American history, which Lincoln defined as equality of opportunity.

And it is wrong because it humiliates and degrades our Nation and undermines the ideals it seeks to uphold in the world.

Because discrimination in employment is wrong, 24 States and many communities have enacted laws to prohibit it. The Congress of the United States is the lawmaking body of the District of Columbia, and it is therefore our responsibility to enact such a law here.

There can be no real argument as to Federal jurisdiction; there can be no real argument as to the existence of this terrible abuse in the Nation's Capital; there can be no real argument against the basic justice of a law to control this abuse.

Mr. President, it is with these thoughts in mind that I have drafted the bill to insure fair employment practices and the elimination of racial discrimination in employment in the District of Columbia. It is a lengthy and somewhat complicated bill which is the product of many hours and days of thought and consultation.

Very generally, it provides that it shall be an unlawful employment practice for an employer to refuse to hire, or to discharge, or to discriminate in employment against any individual because of his race, religion, color, national origin, or ancestry; that it shall be an unlawful employment practice for an employment agency to fail, or to refuse, to classify properly or refer for employment any individual for any like reason; and that it shall be an unlawful employment practice for a labor organization to cause or attempt to force an employer to discriminate against any individual. The bill would establish a Fair Employment Practices Commission for the District of Columbia to hear and dispose of all charges that fall within the scope of the bill.

This bill would increase minority group employment not only in the trades through equal opportunity for apprenticeship training, but what is more important in a nonindustrial area such as Washington, this law will prevent discrimination in the employment of minority group members in white-collar or clerical positions in banks, in real estate, in insurance, and in wholesale and retail trade. These are some of the employment areas most affected by discrimination.

Mr. President, I believe that this bill, if enacted, would constitute one step, one small but important step, toward the needed transformation of the Capital of the United States into a community which represents in its laws, in its institutions, in its buildings, in its courts, in its schools, in its churches, in its homes, in its racial relations, in its commerce, in its culture, in its moral tone, the finest of which a free society is capable.

FAIR EMPLOYMENT PRACTICES LEGISLATION NEEDED TO COMBAT JUVENILE DELINQUENCY

Mr. KEATING. Mr. President, I am delighted to join with Senator DODD as a cosponsor of his bill to establish a fair employment practices commission in the District of Columbia. This measure is a direct outgrowth of the work of the Subcommittee on Juvenile Delinquency of the Senate Committee on the Judiciary, under the chairmanship of the Senator from Connecticut. It is just one illustration of the excellent job this subcommittee is doing in this difficult and vitally important area of our national life.

Fair employment practices can be a major factor in leading young people into useful lives and keeping them from the path of crime. Our complaints about the high crime rate in the District of Columbia have a hollow ring if we do not back them up with an attack on some of the basic causes of criminality: idleness and lack of opportunity. We must be firm with those who break the law, but we must also do whatever we reasonably can to discourage the development of an environment which breeds crime.

My own State of New York was one of the pioneers in the enactment of fair employment practice legislation. The number of prosecutions under the New York law have been small, but its impact has nevertheless been very substantial. We are all more interested in compliance than in punishment of the offenders, in negotiation rather than compulsion. The real significance of such enactments is the wholesome climate they create for dealing with these problems. Our Nation's Capital should take this important step toward equality of opportunity for all Americans.

Mr. President, this bill should have the support of all those sincerely interested in curbing the steady rise in juvenile delinquency and making the District of Columbia a better place in which to live and work. I hope it will be the subject of early hearings and action.

CERTAIN COMMERCIAL USE OF LAND AT McCARRAN AIRPORT, NEVADA

Mr. CANNON. Mr. President, I introduce a bill on behalf of myself and my colleague, the senior Senator from Nevada [Mr. BIBLE], for appropriate reference and printing. This measure provides for certain commercial use of land adjoining the McCarran Airport in Clark County, Nev., after determination that such land is not needed for the operation of the airport.

The major portion of the lands in question was conveyed to Clark County pursuant to section 16 of the Federal Airports Act (49 U.S.C. 1115). Included in section 16 is a reversionary clause which proves that in the event any of the land is not developed or ceases to be used for airport purposes it automatically reverts to the United States.

The McCarran Airport is located in the vicinity of what is known as the Las Vegas Strip and is thus surrounded by real estate of high value. The county is presently in the process of altering the airport layout and, resultantly, certain portions of the original conveyance are excess to airport requirements. If the reversionary provision of section 16 were to operate, these lands would return to public domain and their excessive value would probably result in a scramble for acquisition by private interests and may eventually result in the erection of structures which were not compatible with the planning or use of the airport itself.

To avert such a problem, the county officials have requested, and this bill would authorize, that where lands were found to be in excess of airport needs they could be leased by the county for commercial and industrial development not inconsistent with the operation of the airport.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3503) to provide for certain commercial use of land at McCarran Airport, Clark County, Nev., if it is determined that such land is not needed for the operation of such airport, introduced by Mr. CANNON (for himself and Mr. BIBLE), was received, read twice by its title, and referred to the Committee on Commerce.

RETURN OF ENROLLED BILL, S. 3350, RELATING TO THE DISTRICT OF COLUMBIA HOSPITAL CENTER

Mr. BEALL. Mr. President, I submit a concurrent resolution and request unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The concurrent resolution will be stated for the information of the Senate.

The legislative clerk read the concurrent resolution (S. Con. Res. 83) as follows:

> *Resolved by the Senate (the House of Representatives concurring)*, That the President of the United States be, and he is hereby, requested to return to the Senate the enrolled bill (S. 3350) entitled "An Act to amend the Act of August 7, 1946, relating to the District of Columbia hospital center to extend the time during which appropriations may be made for the purposes of that Act"; that upon its return, the action of the Speaker of the House of Representatives and the President of the Senate in signing the said bill be deemed to be rescinded; and that in the enrollment of said bill, the Secretary of the Senate be, and he is hereby authorized and directed to make the following changes, viz: On page 2, line 2, of the engrossed bill, strike "1962" and insert in lieu thereof, "on the last day of the second session of the Eighty-seventh Congress"; and on page 2, line 2, strike "1963" and insert in lieu thereof "June 30, 1963".

The PRESIDING OFFICER. Is there objection to the request of the Senator from Maryland?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. BEALL. Mr. President, the purpose of the concurrent resolution is to request the President of the United States to return an enrolled bill, S. 3350, an act to amend the act of August 7, 1946, relating to the District of Columbia Hospital Center to extend the time during which appropriations may be made for the purposes of that act.

On May 17, 1962, the Senate passed S. 1834, to further amend the act of August 7, 1946 (60 Stat. 896), as amended, by providing for an increase in the authorization funds to be granted for the construction of hospital facilities in the District of Columbia; by extending the time in which grants may be made; and for other purposes. Thereafter, on June 15, 1962, the Senate passed S. 3350.

On June 25, 1962, the House of Representatives passed both of these bills, S. 1834 and S. 3350. The enactment on the same day of these two bills making amendments in the same section of the Hospital Center Act has created a situation from which confusion in the language of that act could result. It is, therefore, necessary to make the corrections in the language of S. 3350 set out in this resolution.

This concurrent resolution has been cleared with the leadership on both sides of the aisle and I therefore request its immediate approval.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (S. Con. Res. 83) was agreed to.

AMENDMENT OF FOREIGN SERVICE BUILDINGS ACT, 1926, TO AUTHORIZE ADDITIONAL APPROPRIATIONS—AMENDMENT

Mr. FULBRIGHT. Mr. President, on behalf of myself and the Senator from Oklahoma [Mr. MONRONEY], I submit for appropriate reference, an amendment to S. 1507, a bill to amend the Foreign Service Buildings Act of 1926, which is currently pending before the Committee on Foreign Relations.

The amendment is designed to prohibit foreign governments from locating their chanceries in residential areas in the District of Columbia. I am submitting it because I am concerned about the encroachment of business establishments in residential neighborhoods.

In locating its chanceries abroad, I believe the United States is generally required to comply with local laws, regulations, and customs of the country involved. I see no reason, therefore, why foreign governments wishing to locate chanceries in the District of Columbia should not be obliged to observe the same building and zoning regulations which apply to other commercial or business establishments.

The types of activities carried on in chanceries owned by foreign governments are of no less a business nature than those carried on by American commercial concerns located in the District of Columbia. Under the District building and zoning regulations the American concerns are precluded from locating their business establishments in residential areas and, in my opinion, foreign governments should also be prohibited from locating their chanceries in these areas.

I am aware that officials in the District of Columbia government and representatives of the Department of State have been working on this problem. I expect the Committee on Foreign Relations will wish to hold hearings on the amendments to the Foreign Buildings Act of 1926, and at that time representatives of the executive branch and the District of Columbia, as well as interested citizens, will be given opportunity to express their views.

The PRESIDING OFFICER. The amendment will be received, printed, and referred to the Committee on Foreign Relations.

PUBLIC WELFARE AMENDMENTS OF 1962—AMENDMENTS

Mr. COTTON submitted an amendment, intended to be proposed by him, to the amendment proposed by Mr. ANDERSON (for himself and other Senators) to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. CARROLL submitted an amendment, intended to be proposed by him, to the amendment proposed by Mr. ANDERSON (for himself and other Senators) to House bill 10606, supra, which was ordered to lie on the table and to be printed.

Mr. MORTON submitted an amendment, in the nature of a substitute for the amendment proposed by Mr. ANDERSON (for himself and other Senators) to the bill 10606 supra, which is pending.

CAPT. DALE FRAZIER

Mr. DIRKSEN. Mr. President, I ask that the Presiding Officer lay before the Senate the message from the House of Representatives amending S. 1264, for the relief of Capt. Dale Frazier.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1264) for the relief of Capt. Dale Frazier, which was, on page 2, after line 9, insert:

> SEC. 3. No part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. DIRKSEN. Mr. President, the amendment by the House of Representatives provides that no part of the amount appropriated in this act shall be paid to any agent or attorney on account on services rendered. This amendment is agreeable to the sponsor and, also, to the Committee on the Judiciary.

I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Illinois.

The motion was agreed to.

NOTICE OF RESUMPTION OF HEARING ON NOMINATION OF IRVING BEN COOPER TO BE U.S. DISTRICT JUDGE, SOUTHERN DISTRICT OF NEW YORK

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that public hearing will be resumed on Wednesday, July 11, 1962, at 10:30 a.m., in room 2228, New Senate Office Building, on the nomination of Irving Ben Cooper, of New York, to be U.S. district judge for the southern district of New York.

The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Nebraska [Mr. HRUSKA], the Senator New York [Mr. KEATING], and myself, as chairman.

ONE HUNDREDTH ANNIVERSARY OF THE ESTABLISHMENT OF LAND-GRANT COLLEGES

Mr. YOUNG of North Dakota. Mr. President, the year 1962 marks the 100th anniversary of the establishment by Congress of land-grant colleges, one of the most important influences in the field of education and all facets of agricultural endeavor in our Nation's history.

I am particularly proud to take part in this centennial because North Dakota State University is one of the strongest links in the land-grant college system.

The Morrill Land Grant Act, signed July 2, 1862, has opened the doors to millions of young men and women who wanted to go to colleges. A century ago, less than 1 percent of our young people went to colleges and universities. Today about one-third of them are enrolled in institutions of higher education and land-grant colleges absorb at least 20 percent of these students.

Although land-grant institutions number less than 4 percent of the Nation's colleges, this small minority of outstanding institutions enroll at least 20 percent of all our Nation's college students. Nearly 40 percint of all the doctoral degrees in every field of study are conferred to students of land-grant colleges and universities.

Besides the strictly academic value of land-grant colleges, the contribution they have made to the Nation through systemized instruction in miltiary science is of immense benefit. These institutions have historically been the backbone of the Reserve Officer Corps with its ready supply of trained leaders for the armed services.

I feel personally honored to make these remarks both because of the great role played in my State by North Dakota State University at Fargo and because of the fact that I attended this school for a brief time.

The establishment of land-grant colleges and universities soon led to the founding of agricultural experiment stations, which conducted organized programs of research in agriculture and related fields. As the years passed, it was found that although new technical information obtained through research was being taught in college classes, the new information and improved practices were slow to be adopted on farms throughout the country.

The solution was found through establishment of the Cooperative Extension Service by act of Congress in 1914. The purpose of the Extension Service was to take the research and scientific information in agriculture and related fields to the people and to assist them in putting these new practices into operation.

Much of the progress made in the vast and all-important industry of agriculture can be credited in part, and sometimes entirely, to the land-grant college movement.

One of the major reasons why agriculture in the United States is so far in advance of that of practically all of the rest of the world is due to our system of land-grant colleges with the experiment stations, Extension Service, boys' and girls' 4-H work, and the homemaker's programs. Perhaps no other phase of the American way of life is so greatly honored and respected throughout the world as is our land-grant college system.

Work by the Extension Service and the experiment stations has done more to insure better crops, thereby stabilizing farm income, than all Government programs combined. These experiment stations have conducted important basic and applied research which has made possible improved plant varieties, soils tests to develop fertilizer needs; more effective insect, disease, and weed control; improved farm buildings; more efficient livestock production and feeding; improved agriculture marketing and processing; farm management principles and practices; and improved family living.

We in North Dakota are very proud of our early-day agricultural research scientists. Their discoveries have included: The cause of flax wilt and the development of resistant varieties by Dr. H. L. Bolley; early horticultural planning in the State by C. B. Waldron; the development of rust-resistant varieties of wheat by L. R. Waldron; crop improvement and livestock breeding work by Dr. John H. Sheppard; the development of a tuberculosis test for poultry by Dr. L. Van Es; contributions in botany and plant identification by O. A. Stevens; the development of vegetables and fruit varieties by Dr. A. F. Yeager; and pioneer efforts which laid the groundwork for much of today's Pure Food Laws by Dr. E. F. Ladd, past president of North Dakota State University and U.S. Senator.

While these significant milestones in agricultural research have received worldwide recognition, the work goes on in the modern well-equipped laboratories at North Dakota State University and the other 67 land-grant colleges and universities.

One of the finest programs in the United States is the 4-H work for boys and girls. This, too, is the result of the land-grant college system. I do not know of any program that has done more for the youth of America than the 4-H program.

In North Dakota alone, the 4-H and homemaker programs touch some 41,000 people. It is important, too, to note that the Extension Service embraces many general services such as adult education courses, radio and television programs, conferences, and special institutes which disseminate knowledge beyond the campuses to the entire population.

The scope of North Dakota State University has expanded greatly since the door of its single building opened to students in 1891. Today more than 50 buildings grace its 100-acre campus in North Dakota's largest city. Its staff has increased from 5 to 535. Enrollment last fall reached 3,581. The school now awards all graduate degrees from bachelor through doctor of philosophy in many fields.

The university has experiment stations and farms adjoining the main campus in Fargo and near the cities of Carrington, Casselton, Dickinson, Edgeley, Hettinger, Langdon, Minot, and Williston.

An example of how the land-grant colleges have kept pace with the nuclear-age sixties is the five-room "isotope suite" operated by the College of Pharmacy at North Dakota State University. The isotope laboratory is currently studying the availability of phosphorus to North Dakota plants and is studying the metabolism of germinating flax rust spores.

A general information program, centering around campus events and programs, is providing year-long observance of the land-grant centennial in North Dakota. Scores of special events have taken place with the land-grant theme as their keynote.

A special reading shelf has been established in the State university library. All libraries in the State have been furnished with bibliographies of land-grant material; a 15-minute film has been produced; articles by centennial lecturers and other faculty members have appeared in State magazines; the State 4-H and Future Farmers of America have encouraged public speaking contestants to select the land-grant college movement as a topic; Homemaker Clubs have been given material for study of the land-grant college system; centennial lecturers and displays have been provided for various community activities; and special arrangements were made with all major State conventions.

Centennial activities climax this month with the annual meeting of the North Dakota Advisory Council for Agricultural Education and Research, a citizens group with representatives from each county in the State.

The land-grant colleges and universities are an American institution and represent an unparalleled American success story. This 100th anniversary of the Land-Grant Act is one of the most significant events in the Nation's history.

ADVERTISING OF "ENEMIES"

Mr. GOLDWATER. Mr. President, I ask unanimous consent that a very interesting and thought-provoking discussion held between Mr. Donald I. Rogers, business and financial editor of the New York Herald Tribune, and a group known as the Washington Roundtable in New York City on May 23, be printed at this point in my remarks.

There being no objection, the discussion was ordered to be printed in the RECORD, as follows:

THE WASHINGTON ROUNDTABLE

(By Donald I. Rogers)

One of the great drawbacks to my job accrues from the fact that whenever I give a talk before people who know me or read my column, they expect me to give voice to some opinions about the administration which otherwise would never get aired because they are unprintable.

If I don't sound off about Mr. Kennedy and his group today, it is not because I have changed my views or the President has changed his policies, but because in having the opportunity to talk to you, I want to take advantage of the chance to discuss something which I hold to be of even transcending importance.

I want to discuss with you, off the record, your own policies whereby you are voluntarily paying hundreds of millions of dollars in support of your most vicious and most effective enemies.

You don't believe me? Well you are—and you are doing it willingly and voluntarily and, believe it or not, with considerable pride.

There's a story going around Israel these days about two Israeli spies who got caught in an Arab country. They were given a quick trial and, quite naturally, were sentenced to death.

They were hustled to the courtyard of the prison and stood up against a wall to be shot. The Arab officer approached the first spy and offered to blindfold him. The spy glared and spit straight into the Arab officer's eye.

The second spy was horrified and shouted angrily: "Meyer, why do you always want to make trouble?"

I think there is an analogy here between the second spy and many businessmen. All too many businessmen have the attitude of the second spy. Under full attack from the full might of the Federal Government, many of you all too often ignore the fact that you can hardly make any trouble as bad as the trouble you are in.

In fact, the skillful liberals are using the money of your stockholders—which you hold in trust for them—to finance attacks upon you. I am not talking about the money taken from your companies in taxes, but money you, yourselves, spend or donate.

I imagine you, yourselves, have no idea how much American business is paying voluntarily to finance attacks upon the very principles most of you believe to be vital for the successful functioning of your business. I have only a vague idea, but it is many millions each year.

You do it through your advertising budgets.

Let's consider the newspapers in our Nation's Capital. There are three daily newspapers in Washington—two of them conservative and sympathetic with the business point of view. These are the old and respected Washington Star, and the Scripps-Howard afternoon paper, the Daily News.

The third paper, the Washington Post, is the journalistic flagship of the New Frontier. It rallies behind anything that is advocated or even suggested by Kennedy, Schlessinger or Heller. It is all out for increased Government spending. It is in favor of Federal urban renewal. It has fought effectively for Federal aid to education for years. It has trumpeted and pleaded for the President's medicare program tied in with social security. It endorsed with praise the President's tax bill, and urged immediate passage.

Think of anything, anything at all, in the way of legislative proposals that you fellows have opposed and have urged the NAM to block, and you will find that the Post is trying to get it enacted.

So, when businessmen place their advertising in Washington, where do they place it?

They place 600,000 more lines per month with the liberal, welfare-state-loving Post than in the Star, and the poor old conservative News runs a poor—a very poor—third.

The latest figures in Editor and Publisher, the newspaper trade journal, show that businessmen even increased their support of the Post this year over last year, as though in indorsement of the Post's militant support of the liberals, and, just to make sure there's no mistaking the point, they decreased their support of the Star. The increase for the Post amounted in a single month to more than 200,000 lines.

I know of one company, headed by a most conservative management, that last year placed one-third more advertising in the leftwing Post than it did in the conservative Star.

The picture is no different here in New York. We find that the greatest amount of advertising placed by businessmen goes into the liberal Times, which supports most of the welfare-state program and at most only gently chides the administration from time to time.

The influential conservative New York papers, the Herald Tribune and the World-Telegram and Sun get very sparse pickings indeed from the American business community which they support so effectively in their editorial policies.

In some other cities, we find the same kind of situation—as in St. Louis, where the liberal—sometimes wildly liberal—Post-Dispatch gets businessmen's dollars in much more plentiful quantities than does the conservative probusiness Globe-Democrat.

But, thank Heaven, American newspapers, by and large, are predominantly conservative in their editorial policies—that is, on their editorial pages—as President Truman was wont to complain and F.D.R. before him. President Kennedy has even commented on it, opining, "I am reading more but liking it less."

Even in the predominantly conservative press, however, businessmen have no standing and do not make their wishes known, for if the publisher, being a businessman himself, makes his conservative policies prevail on the editorial pages, the editors, wherever they have carte blanche, as most of them do, fill the papers with liberal columnists, and squeeze out the conservative columnists wherever and whenever they can. Any syndicate manager will testify to this. It is a well-established fact in my profession.

Far more attention needs to be given to the broadcast media. This is where business and the ideals of conservatism are taking a twin trouncing the like of which has never been seen before.

I'll give you an example. Jack Paar! The most copious public weeper since Mossadegh. Because a lot of underworked Americans weren't tired enough to go to bed and because of single-station dominance in many communities, Paar got an audience of 30 million Americans on his late night show.

Attracted by this audience, American businessmen invested over $25 million a year in the "Jack Paar Show". They continued to do so when Jack Paar became Fidel Castro's buddy—the frank supporter of the sinister man who brought communism to the Western Hemisphere.

They continued to do so when Paar viciously attacked and lied about Bill Buckley, editor of the National Review and author of "Man and God at Yale," a man who devotes his time and his personal fortune to the defense of principles which America must abide by if the free enterprise system and capitalism are to survive and prosper.

Has it never occurred to American businessmen that if the Paar show was worth $25 million a year to publicize their products, it was worth hundreds of times that amount to the left wing which got far more time on the show than the advertisers—and all for free?

For some time the only networkwide sponsored newscast on TV was the Huntley-Brinkley report, which last night won an Emmy Award. On that show the liberals get the breaks and the conservatives do not.

The special reports that Chet Huntley narrates are even farther on the liberal side than when he restrains himself in company with Brinkley. I'm sure you heard the repercussions that followed Huntley's sponsored show on the Newburgh story. Whether it is true or not that Huntley's crew bribed reliefers to wail and weep their lies into the microphones, it is most certainly true that the Newburgh city officials who were attempting to clean up relief abuses were made to look like cruel and heartless monsters.

Before Huntley and Brinkley, Edward R. Murrow was the advertisers' darling. This man's liberal record is certainly well-enough known to require no comment from me.

And then there is Howard K. Smith in Washington who supplies free air time to the New Frontiersmen to push their programs, he does this with the sponsorship of American business enterprises, they pay him liberally to help defeat the system that permits them to operate.

I'll read you a direct quotation from Howard K. Smith's recent show. This is Smith himself talking as a commentator and analyst, not as a reporter:

"A myth is something which is not true but which nonetheless is strongly believed. In America today it is widely believed that Government spending is evil, when in fact it is essential not only to spend but to increase expenditure. It is widely believed that the national debt is sinful and should be liquidated. In fact the debt is essential—probably it would do us good to increase the debt. It is believed that the Federal budget should be mostly, if not always, in balance. In fact, a succession of balanced budgets would lead us into even deeper recessions, not out of them." Howard K. Smith, informing the public how to vote—paid for by American private corporations—would you believe it?

Over on CBS there's a chap named Charles Collingwood who decided it would be a good racket to analyze the press on a regular basis, just as Time magazine and Newsweek do, and incidentally, have you ever known Time or Newsweek to have anything kind to say about a conservative newspaper?

This fellow, Collingwood, had something to say about me. I'll quote from his show:

"The financial sections, especially on Sundays, still support as in a private game preserve, some crusty old dinosaurs left over from an earlier age, who see the doom of the Republic and the end of the free enterprise system in obscure tax provisions and speeches by Government officials. If you have a taste for this kind of reading, as I have, you will find it on the pages near the stock tables. My favorite crusty old dinosaur is Donald Rogers of the Herald Tribune. He writes well, has a sense of humor and an infinite capacity for indignation and I have come to prefer him to David Lawrence, so long regarded as the master of this particular genre."

Collingwood was sponsored by an American corporation which sells its goods for a profit and hopes to continue to do so. Here I am trying to write an honest column on economics, trying sincerely to analyze our progress or lack of it, and one of the American corporations I have been trying to serve goes out of its way to pay this man to attempt to destroy me.

With the increased emphasis on informational programs, promoted by FCC Chairman Newton Minow, you can expect that Washington officials will be given more time on the air to put their views across to the public.

The broadcasters' fear of the FCC dictates this action. But if American businessmen choose to sponsor such programs dedicated to undermining themselves, they can have no complaint. If the broadcasters are acting out of coercion, the businessmen will be acting merely out of bad judgment.

A couple of years ago, even before the economy was under such a wide frontal attack from the left wing, there was an hour-long color TV show sponsored by the manufacturer of roller bearings. This was prime time, on the full NBC Network, plus scores of nonaffiliated stations. It was a very expensive show. When it came time for the commercials, this sponsor showed long freight trains and said how some of the finest freight cars traveled with his roller bearings.

I wrote to him and suggested that since he couldn't sell his product directly to the public and since he couldn't expect me to refuse to ride the New York Central to Albany unless it got cars equipped with his bearings, that it might be a good idea to devote a little of this precious air time to selling or explaining or defending the free enterprise system. After all (though I didn't say this in my letter) this chap couldn't make or sell his bearings if it weren't for the free enterprise system.

Can you guess his reaction? He sent me a two-sentence note notifying me that he had referred my letter to his advertising agency, and advising me that he never took any part in such things.

You know my reaction? All I could think was that when we lose this precious free enterprise system of ours, as ultimately we will if we don't awaken to realities, it couldn't happen to a more deserving son of a—a more deserving guy than this one.

There is still another area in which the fruits of American capitalism have been employed to help cut down the fruit tree. This is in foundations. One of the largest foundations in America is the Ford Foundation and somehow this was set up so that the earnings of American enterprise finances the Center for the Study of Democratic Institutions and the Fund for the Republic—both of which have launched attack after attack on American principles and have advocated more Government controls over business.

Businessmen haven't always been wise, either, in selecting educational institutions as recipients of their bounty, donations from profits—profits, I remind you, belong to stockholders. Businessmen are properly proud of the fact that they have given so much to educational institutions. Perhaps they should be. I'm no educator. But I would suggest that it's not how much you give but how strategically you give that counts most.

In my book many of the noble names in the world of education have lost their nobility over the last several years, and I'd want to look beyond a school's traditions and into its practices before I gave it much support. Moreover, I serve notice that as a loudmouthed stockholder, I'll expect any managements which represents me, to use the same discretion, else they'll hear from me, for I am tired of paying money to train my enemies, even if you are not.

I think many businessmen will admit privately, if not publicly, that they were hoodwinked—fooled, deceived—by the Committee for Economic Development. Eminent businessmen donated the cash and loaned the prestige of their names to this organization and then found the CED's reports and conclusions veering frighteningly off to the left, including the Committee for Economic Development report on economic education.

Gentlemen, how about a reappraisal?

Don't you believe that in all of the incidents I have cited here, American businessmen probably would have done less harm to the American institutions if they had paid all of these millions of dollars right into the Communist Party? I doubt that Americans could be persuaded to accept communism right off the bat, but they most certainly are being persuaded to accept Fabian socialism, and it is business money—your money—that is financing the job. Are you happy with results? Is this what you wanted?

If it is, don't expect people like me to devote much more time in support of your system, for it is a phony one, doomed to self-destruction. Why would I want to buy the securities of a corporation whose leaders are using my profits to destroy the system I am supporting with my hard-earned savings? It would be better for me to join forces with the Communists where I am sure their practical minds would find profitable use for my talents and I would benefit by suitable rewards.

I don't think the average stockholder is aware of what has been going on, and that is how it has been permitted to continue so long. But that doesn't make it right—and there are still a few of us around to alert the stockholders.

I am tired of defending a system that is headed by such muddled thinking as to ignore its own warriors and pay tribute, glory and riches to its enemies.

I speak as a man who has toiled into many midnight hours writing four columns a week defending you, a man who has tried desperately to get someone to sponsor a TV show depicting the benefits of the free enterprise system, a man who has tried for 12 years to get more than 8—you hear, 8—newspapers to print his column which favors free enterprise and analyzes the evils of socialistic measures—a man who has, in 2 years, delivered 168 lectures on the one subject, "There Goes Free Enterprise."

But I'm damn near through. So are a great many others of your friends. They're ready to quit you too, against their better judgment, against their sincerest beliefs, but if I may speak frankly, the leaders of American business damn well don't deserve their custodianship of the trust.

Naturally, I exclude you who are present here today. Your presence speaks for itself.

I wouldn't broach this subject if I didn't have ideas about what can be done about it.

First, let me tell you what I would not do if I were the head of a corporation. I would not try to influence the policy of newspapers, radio stations, and TV networks. They have a right to pursue the policies their managements choose. Businessmen would be guilty of flagrant abuse of their positions as advertisers if they tried to buy changes of policy with their advertising budgets—if we have any freedom left, it is because we have a free press, and it must be preserved.

But there is nothing unethical—indeed I think the practice is most ethical—in making sure that your company's dollars don't go to undermine your company and all other companies operating within the framework of the free enterprise system.

If you don't mind my saying so, I think the business executive who paid the bill on the Howard K. Smith show is a plain damn fool who deserves to be fired. I feel the same way about the sponsor of the Huntley show on Newburgh.

If I were a top executive of a company, I would quietly lay down the policy that prohibited advertising in any publication or upon any TV show which had a predominantly leftish tinge to it.

Only a few newspapers would have to be eliminated, and other newspapers in the same cities are perfectly capable of doing the advertising job required.

TV and radio, of course, are even easier. There is no station or network that need be eliminated. The company need only be concerned that it does not sponsor leftwing propaganda, whether in news, documentaries, or outright propaganda. There's nothing wrong with insisting on objectivity—a presentation of both sides of a story.

Some companies may want to be more courageous and seek out shows to sponsor which put forward the business point of view, though if all companies tried that it could be disastrous. There are no antitrust laws forbidding a little collusion there, where certain companies could be selected to sponsor such shows—may I suggest those which do not sell directly to the public, but to other businessmen—take steel companies; when I buy a car or a can opener, I don't ask whether it's United States or Bethlehem or Republic steel that I'm getting in my car or can opener.

General Electric and Armstrong Cork have been highly successful in building audiences while taking care not to be connected with undermining America. Both have even, on occasion, gone a step forward and allowed their shows to come right out in support of American fundamentals. Shocking thought.

But they found that it isn't necessary to sponsor leftwingers to get an audience. Sponsor the baseball game or the opera or Lawrence Welk or a comic who is nonpolitical—and who can quarrel with you?

But don't finance your own corporate demise.

A new generation is coming out of the universities now—a more conservative generation. If sponsors drop the aging liberals who now seem to dominate the news shows and public affairs shows of the networks, I believe that the networks will find some new and sounder men to take their places from among the conservatives in this generation now developing.

The move is up to the business community.

I'm sure I don't have to belabor the lesson of the Ford Foundation and I'm sure you will draw up the rules most carefully if you decide to set up a foundation, not that the lesson has been so striking in practice.

I think the lesson of the Committee on Economic Development is also plain. The NAM and the chamber of commerce are known quantities with written codes. They can be trusted to represent the business viewpoint at a time when the business view needs presentation more than ever.

(I must say, though, that I'm still mystified as to why the NAM was so silent when the steel pressure was on—the biggest skirmish of the New Frontier war on business—biggest so far, that is.)

Is it so foolish to put your money into the hands of your friends rather than your enemies?

I realize fully that the spending of advertising money is not a chore of high corporate executives. The ultimate choices often are left to underlings, space buyers, and others whose only guides are circulation figures, market data, milline rates, and coverage costs. It is not their fault, however, if they have never received any policy instructions from management—they won't consider ideological factors unless they're obliged to.

If they lack this instruction, I consider this a major management failure.

I know from experience that the space salesman on the Herald Tribune doesn't get to see top management—and probably wouldn't know that the president of the company he was soliciting for an ad had written me a personal letter congratulating me on fighting government encroachment upon business. And the space buyer that our space salesman does see probably will place his ad in the papers with the heavy circulation—the Times, the Washington Post, the St. Louis Post-Dispatch, and on the Paar shows and Chet Huntley shows—as the statistics indicate.

For some time now businessmen have been venturing into politics. Some have produced some worthwhile results. Some have made contributions. They're healthy, of course, these contributions, but peanuts compared to the advertising dollars these same businessmen spend to sponsor what turns out to be antibusiness, antifree enterprise propaganda.

It is amusing to me as an observer to see the businessmen worrying about the business image.

The bad image they worry about today, is the one they paid to create.

I do not suggest that any special high-blown organization is necessary or that any blacklist should be prepared. All that is necessary is a little attention and the insistence that your own company make the decisions as to what is worth supporting and sponsoring and what is not.

I do not suggest that you diminish the effectiveness of your advertising to any degree. Sell your products. But don't let the advertising support people who would destroy the system which permits you to manufacture and sell your products at a profit.

We are not yet halfway through the first 4-year term of President Kennedy. Over the years much power has been ceded to the presidency. Mr. Kennedy has gained more power than ever before and is still seeking yet more power. Much of the power he seeks is power directly over you in business.

I don't think we need to analyze the President. I do that 4 days a week, anyway. But the chips are down. There's a war on and it's a mighty war.

Are you going to be among those businessmen who pay for the ammunition for the enemy's side?

Mr. GOLDWATER. Mr. President, Mr. Rogers brings very forcefully to the attention of businessmen across the country how they have been spending their money in advertising what he calls their enemy—their enemy being those forces that are aligned against the free enterprise system of our country.

THE $1,000-A-PLATE KENNEDY BRUNCH

Mr. GOLDWATER. Mr. President, a short while ago at the AFL–CIO convention in Michigan quite a to-do was made over the fact that people in Michigan were being asked to subscribe to a $100-a-plate dinner, the fund thus raised being used for the benefit of Republican candidates. The language at that convention was that the Big Three auto companies were "exploiting and extorting their salaried employees for Republican contributions."

Emil Mazey went on to say:

> They have no right to use corporate money to enhance the candidacy of persons seeking Federal offices.

Mr. President, an interesting question comes to my mind as to what Mr. Mazey's attitude will be in respect to what I consider to be a rather unusual approach by the President of the United States. Apparently the President has offered to come to Detroit to confer with a select group of business people at a $1,000-plate brunch. It will not be an occasion which anyone with $1,000 can attend. It will be a closed meeting and, for the first time in my memory, the President will be peddling his influence with businessmen. I shall be very interested to see what Mr. Mazey has to say about that action. I think if Mr. Mazey is as exercised about the President's peddling of his wares as he was about the so-called Big Three of the auto industry trying to help the Republican Party, he will be doing the whole cause of campaign fund raising a favor.

I ask unanimous consent that the articles to which I referred, which were published in the Detroit News on June 28 and 29, be printed at this point in my remarks.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Detroit News, June 28, 1962]

Kennedy Toast at $1,000 a Plate

(By Glenn Engle)

A suggested price tag of $1,000 a plate has been attached to President Kennedy's brunch with a select list of 40 Detroit business and industry leaders here next October.

And the anticipated $40,000 proceeds from the guests, many of them expected to be prominent Republicans, will be used to help elect more Democrats to the next Congress.

SECURITY CHECK

That much information on the presidential brunch, first mentioned publicly some time ago, appeared definite today. Other details were lacking, such as:

The date, other than that it may be held in advance of the National Automobile Show which the President has been asked to attend.

The place, other than that it will be held in one of seven or eight private homes now being checked out by Secret Service agents for maximum presidential security.

The guest list.

The menu.

And, finally, the reaction of labor leaders who recently suggested that corporate purchases of tickets to $100-a-plate Republican dinners should be investigated by the Justice Department, headed by Mr. Kennedy's brother, Robert.

Heading the arrangements is Robert L. Fenton, Detroit attorney who lives at 13332 Ludlow, Huntington Woods.

HAILS RESPONSE

Fenton, a former member of the Oakland County Democratic executive board and president of a Democratic club, said no formal invitations had been sent out yet.

But he said that word-of-mouth invitations had elicited an "overwhelming" response.

The list is being held to 40, he said, to preserve informality.

He and Democratic State Chairman John J. (Joe) Collins agreed that the timing in connection with the auto show made it a "logical assumption" that top auto executives would attend.

Whether it is related to Mr. Kennedy's recent run-ins with corporation executives is "a matter of conjecture," Fenton said.

Collins explained it this way:

"A group of business people reasoned that, with President Kennedy coming in for the auto show, it would be a good idea to invite him to breakfast and exchange views."

He said the policymaking Democratic State Central Committee has no official connection with the function.

The $1,000 price, he added, is "not mandatory," but he confirmed reports that the receipts would go into the Democratic congressional campaign fund.

Fenton said he had been asked by Governor Swainson to serve as chairman.

He said it would be "only natural" for the Governor, who had a White House appointment today, to be extended an invitation.

The auto show is scheduled for October 20–28. But Fenton said Mr. Kennedy had agreed to the brunch on "one of the first 10 days of October."

On the subject of site, Fenton said a number of "marvelous homes" in Detroit, the Grosse Pointes, Birmingham, and Bloomfield Hills had been made available.

WANT "CROSS SECTION"

Because of such problems as security and special communication facilities, the selection will be left to the Secret Service, he said.

Fenton said one objective was to have a "cross section of the economy" on hand to discuss the President's legislative program and its effect on business, and to give the guests an opportunity to ask questions.

Will Michigan AFL–CIO President August Scholle and UAW President Walter P. Reuther be invited?

"It is not our present intention to invite them," Fenton replied.

ACCUSED BIG THREE

At the recent State AFL–CIO convention in Grand Rapids, Scholle accused the Big Three auto companies of "exploiting and extorting" their salaried employes for Republican contributions.

UAW Secretary-Treasurer Emil Mazey followed up that charge by threatening to demand an investigation by the U.S. Attorney General's Office of political fundraising by the Big Three.

"They have no right to use corporate money to enhance the candidacy of persons seeking Federal offices," said Mazey. "I charge a violation of the Federal Corrupt Practices Act."

A congressional report showed that Henry Ford II, Ford Motor Co. chairman, contributed $1,000 to the Democratic Party last year.

The company also produced a letter of gratitude from Neil Staebler, former Democratic State chairman now running for congressman-at-large, for Ford's bipartisan fundraising program.

Fenton was one of four Detroit area men who announced plans last fall to buy a luxury Miami Beach hotel for $2,500,000 and convert it into a diagnostic medical clinic for corporation executives.

The hotel was owned by a corporation headed by Frank D. McKay, former Michigan Republican boss.

[From the Detroit News, June 29, 1962]

Invitations for Sale?

Until officially told otherwise, we will continue to believe that an audience with the U.S. President is not purchasable, despite the implications of Michigan Democrats.

Attorney Robert L. Fenton describes himself as the representative of Governor Swainson in planning a Detroit session with President Kennedy at which 40 industrial leaders could discuss their problems at $1,000 a head. The money would be used for Democratic campaigns.

We confidently await an indignant reaction from the White House to a report that our President might lend himself as the main attraction to a sort of furtive "businessmen's smoker."

We await with equal confidence vehement protests from both business and labor. The meeting is envisioned by Democrats as a "brunch" from which industrial and business leaders hardly could stay away.

Early this month, the AFL–CIO State convention at Grand Rapids erupted with fulminations against the purchase of $100 a plate dinners by auto executives to finance politics. Emil Mazey, UAW secretary-treasurer, threatened to ask Attorney General Robert F. Kennedy, the President's brother, to investigate campaign giving by the auto companies.

August Scholle, State AFL–CIO president, charged funds were "extorted" from auto company executives through the medium of $100 a plate dinners for political campaigns. Surely he will not approve of multiplying the figure by 10 and using the prestige of the President to enforce collection.

The implication that a select group of well-heeled Detroit and Michigan business leaders would pay for an opportunity to lobby the President in their own self-interest is in itself a smear. Henry Ford II's public resentment to a proposal by UAW President Walter P. Reuther that the unions and the Big Three auto heads agree on amendments to the Employment Security Act which would be enforced on all other State businesses, quite probably forecasts the attitude of business toward the proposed closed-door huddle with the President.

Presidents of both political parties in the past have loaned their presence to partywide fund raising affairs. Those meetings were open to everyone, high and low, with the price of admission or a gift ticket, and there was no inference that those attending might win grace from Presidential displeasure.

We have more faith in Mr. Kennedy's reverence for office than Fenton, Governor Swainson, and Democratic State Chairman John Collins. If Mr. Kennedy comes to Detroit for the next auto show, his presence is the proud possession of all of us, not something to be raffled off at an exclusive bazaar, with Secret Service men on the gate and the Democratic fundraisers at the cash register.

INTERCHANGE OF IDEAS BETWEEN THE PRESIDENT AND THE BUSINESS COMMUNITY

Mr. JAVITS. Mr. President, I should like to call the attention of Senators to one of the greatest and most stimulating expressions of interchange of ideas between the President and the business community of the United States I have ever seen. It is contained in a letter from David Rockefeller, president of the Chase-Manhattan Bank of New York, to the President, and the President's reply, which are reprinted in the current issue of Life magazine. I ask unanimous consent that both Mr. Rockefeller's letter and the President's reply be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

A BUSINESSMAN'S LETTER TO J.F.K. AND HIS REPLY

(NOTE.—In the White House on the night of May 11, President Kennedy was giving a dinner for France's Minister of Cultural Affairs, André Malraux. One of the guests was David Rockefeller, art patron—and president of the Chase Manhattan Bank. The President and Mr. Rockefeller fell into private conversation on the state of the U.S. economy, and the President asked the banker to set down his views by writing a personal letter. Mr. Rockefeller did that, and the President later told Life's editor-in-chief that the letter exemplifies the kind of serious dialog which he greatly desires to have with businessmen at this particular time. Accordingly, Life obtained the consent of the President and Mr. Rockefeller to publication of his letter together with the President's reply. Naturally, nobody could agree with both David Rockefeller and the President about what ails the U.S. economy and about the cure. But everyone who reads their letters will be in a better position to discuss the subject concretely and seriously. This is what the President wants every citizen to do, and Life prints the two letters in lieu of an editorial.)

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: Two weeks ago you were kind enough to suggest that I write you a personal and confidential letter concerning my views on the balance-of-payments problem confronting our country. Since then I have been giving the problem a great deal of thought, and I have tested my own thinking with persons whose judgment in these matters I respect, both here and in Europe. Thus, although the letter which follows represents primarily my personal views, I am confident that the thoughts I express are shared widely within the financial and business community, both here and abroad.

I should like to say, first, that I believe some real progress has been achieved over the past few years in improving the basic position of our balance of payments. The major gain has occurred in our trade account and has been reflected in the rise in our exports since mid-1959. While imports also have advanced, it appears that we shall, nevertheless, realize a favorable balance on trade this year of $4 to $5 billion. Added to this, too, will be a surplus on service accounts, due chiefly to the $2.3 billion of net earnings from private foreign investment.

Unfortunately, this surplus on trade and service accounts still is not large enough to finance the very heavy outlays our country is making abroad for defense, foreign aid, and on private foreign investment. As a result, it appears likely that we shall run another deficit in our foreign payments this year, perhaps as large as in 1961.

Certainly one of the most critical tasks confronting you, as Chief Executive of our Nation, is to cut down the persistent drain through military expenditures abroad, without doing damage to our essential military posture. I concur wholeheartedly in your effort to offset these expenditures by persuading foreign governments to purchase a larger proportion of their military equipment from the United States. This has been a rewarding undertaking, but it would seem to me that the $1 billion figure to which you have publicly referred should be regarded as a minimum goal. If this cannot be realized through cooperation from foreign governments, I would think it necessary to search for savings elsewhere in the military sector. I have wondered myself, for example, if our foreign establishments could not be supplied directly from the United States on a wider scale, rather than rely so heavily on local sources, even though the process might be somewhat more costly.

Likewise, the policy of "tying" foreign aid to exports seems eminently sound in present circumstances. [Kennedy has publicly said that at least 80 percent of foreign aid should be spent by recipient governments in this country.—Editor.] My major query here would relate to the vigor with which the policy is pursued. While the announced objective is the tying of 80 percent of all aid, we seem consistently to fall short of that goal. At the same time, we would do well to place more emphasis on quality in our foreign aid, as contrasted with mere quantity.

I believe, too, that certain action which has been taken recently at the periphery of the payments problem should prove helpful. I refer especially to intervention in the exchange markets, the cooperative effort to dampen down the gold market, and the strengthening of resources that might be made available through the International Monetary Fund. All these are worthwhile efforts, although more in the nature of palliatives to control symptoms of the disease rather than the disease itself.

All the foregoing steps, positive though they may be, still do not provide ironclad assurance that the payments deficit will be overcome. On the contrary, there remains in the minds of most American businessmen a nagging doubt that action taken thus far will prove adequate. They witness the drain on our gold, the growing competition from the Common Market, and the sluggishness in our own economy, and quite naturally question where we may be heading 18 months to 2 years hence.

We are confronted then with the critical decision as to what more can and should be done. Two possibilities which are advocated in some quarters I strongly reject, as I am sure you do. One relates to devaluation of the dollar (in terms of gold and possibly in terms of other currencies), and the second involves the imposition of exchange controls over capital movements.

You are familiar, I am sure, with the pros and cons of an increase in the gold price. This in itself would not help our exports and correct the payments deficit unless it was accompanied by a shift in the relative parity of the dollar with other currencies, and I doubt very much whether other countries would agree to such a shift. Moreover, the disadvantages of such action are numerous—among them the windfall it would accord the Soviet Union, as well as the penalty it would impose on nations which, having had confidence in the dollar, hold reserves in dollars rather than gold. In my judgment, these and other disadvantages are compelling and overriding.

Similarly, the imposition of direct controls over capital movements would be tantamount to admission of defeat in one of our major objectives. For balancing our international payments is not an ultimate end in itself—it is an essential means toward a more important objective: namely, the maintenance of the dollar as the key currency in the international monetary mechanism of the free world. To impose exchange controls over capital movements would destroy the effective functioning of the dollar in this respect. Such action could only be viewed as a first step toward more drastic measures and might well set in motion forces that would hasten the advent of such measures.

The hard truth is, Mr. President, that the only way to achieve a solid solution to our balance-of-payments problem, one which is consistent with the key role of the dollar in international monetary affairs, is through time-honored methods—through an expansion of exports, an appropriate level of interest rates, and through maintaining confidence (both here and abroad) in the soundness and integrity of the dollar. Moreover, every aspect of the balance of payments cannot help but be influenced profoundly by the basic health of the American economy.

At this point it might be well to say a brief word about interest rates. I appreciate that over the past 18 months the Federal Reserve and the Treasury have been confronted with a most difficult problem. Balance-of-payment considerations alone would have called for a higher structure of interest rates than has prevailed. Yet it is understandable that with sizable unemployment and excess industrial capacity, the monetary authorities have been reluctant to raise rates. The result has been a compromise, with an effort to achieve a balance between these two divergent objectives.

My own judgment is that the monetary authorities may have leaned a bit too far toward easy money and a low structure of rates, given existing circumstances. Certainly it would be a serious mistake to permit a decline in the structure of rates at this point. Not only would this greatly intensify pressure on the balance of payments, but I feel strongly that it would have only a marginal impact through stimulating domestic economic activitity. Our failure to achieve more rapid economic growth is not due to high interest rates. It is the result of other, more deep-seated, factors, which I should like to review below. Interest rates in the United States are not high. Indeed they are lower than in any other country of the world with the possible exception of Switzerland.

Because of the intimate link between interest rates and the balance of payments, I believe the recent decline in rates in the capital markets has been unfortunate. It can only complicate and aggravate the balance of payments problem, and I would hope that the Treasury and the Federal Reserve would add their weight to efforts to stem this movement and, if possible, reverse it.

At the outset, I referred to the progress which has been made in expanding exports. While this progress has been real, it still has not been great enough.

In the end it will be essential that we achieve a still larger surplus on exports if we are to finance all our foreign commitments. The improvement in credit arrangements for export financing over the past year has been of positive assistance in this regard, although the results thus far, especially in the medium-term area, have been somewhat disappointing. Our own Bank has worked very closely with the Export-Import Bank in the development of their medium-term guarantee program, and we are very hopeful as to the ultimate effect. Likewise, export promotion activities of the Commerce Department and the State Department, both in the United States and abroad, appear to be better organized and of greater help than formerly.

Of much greater significance for our export effort than these matters, however, is the general posture of the American economy: our ability to control costs, to avoid inflation, and to act vigorously to improve our competitive position. Here it seems to me lies our greatest difficulty—one that has a bearing not only on exports, but on confidence of the entire world in the future of the dollar. For the hard truth is that a nation's balance of payment mirrors all those forces that help shape its economic life. Thus, the slowdown in the Nation's rate of economic growth, and the factors contributing to it, cannot help but affect adversely the vigor of our export effort, the pattern of international capital movements, and indeed the strength of the free world.

It is relevant to inquire, then, why we have experienced a relatively slow rate of growth in recent years, with continuing unemployment and excess capacity. Again the answer to this is complex and cannot be explored fully here. It does seem to me, however, that at the center of the problem lies a vicious circle of events; namely, a constant rise in costs, a squeeze on profits, and a serious lag in investment.

In speaking of controlling inflation, it is not enough to be able to point to the fact that the general level of prices no longer is rising to any significant degree. Inflation in the past few years has continued in another guise—in the form of rising costs. The result has been a completely inadequate level of profits. Your Council of Economic Advisers projected corporate profits before taxes for 1962 at $56½ billion. In fact, it now appears that profits will do well to exceed $52 billion. For more than a decade the share of profits in the national income has been trending downward. Profits provide the incentive for investment, as well as a major source of funds. It is little wonder then that investment has been lagging.

How does a lag in investment affect the balance of payments? It slows down efforts at cost reduction through modernization, and it slows the development and introduction of new products. This, in turn, makes industry less competitive in foreign markets than it otherwise would be. At the same time, lagging investment leads to downward pressure on interest rates and encourages a capital outflow. All this contributes to a deterioration in the Nation's balance of payments.

I personally believe your efforts to stimulate investment through the proposed tax credit and updating of depreciation rules are steps in the right direction. However, they are only initial steps. More will need to be done as promptly as possible.

One of the primary requisites, of course, is that costs be held under effective control. This can only be done by increasing efficiency which requires ever-increasing capital investment. If this can be accomplished. I am confident that the normal forces of competition will keep prices well in line. Secondly, I am convinced that a thoroughgoing overhaul of the Nation's tax system is urgently needed. Today the tax burden falls much too heavily on investment, more heavily, in fact, than in any other industrialized country of the world. In my opinion, this tax burden must be lightened, and soon, preferably through a material reduction in the corporate income tax rate.

I would be less than candid, Mr. President, if I failed to point out the close relationship which exists between budgetary policy and the possibility of tax reform. Great increases are occurring in Government spending, not only for defense but for nondefense purposes as well. In these circumstances, the business community naturally questions the ability of the Government to bring about tax reform and to lighten the tax load on investment. In the 5 years 1957–62, plant and equipment expenditures by all corporations will have increased by only $1 billion (to an annual role of $38 billion). In the same period, Government expenditures at all levels, State and local as well as Federal, have expanded by about $43 billion. Surely this is a lopsided development in any circumstances. Quite apart from questions of difference in philosophy regarding the role of government, I believe the comparison involved in these figures should truly be a cause for concern and dismay.

Of course, I recognize that we cannot reduce Government expenditures and reduce the tax burden in one easy stroke. But the very difficulty of the task requires that we undertake it at once.

It is argued in some quarters that we can have our cake and eat it too—that taxes can be reduced even while Government expenditures increase. The hope is that incomes will expand and push up Government revenues so as to fill the gap. But even if this does not happen, it is said, we need not worry about a deficit. Memories in these matters are long, however. The business community recalls that in the past, generally speaking, a series of Government deficits has laid the basis for an eventual eruption of inflation, even though the symptoms did not always appear immediately. Moreover, business has witnessed the close link between Government deficits and extreme forms of inflation in many foreign countries. While not all of these factors are relevant to the present American scene, they are nonetheless part of the background of experience and intuition which causes bankers here and abroad to look with concern on recent fiscal policy in our country and to worry actively about the future of the dollar.

For all these reasons, Mr. President—because of the vital need for increased investment, the requirement of lower taxes, and the importance of fiscal responsibility—I would urge upon you a more effective control of expenditures and a determined and vigorous effort to balance the budget. Such measures would act to place our economy in a much stronger position for real economic growth in the period ahead; they should increase our ability to expand exports, and they will strengthen confidence everywhere in the future of the dollar. All these are necessary to a lasting solution of our balance-of-payments problems, as well as to the broader fulfillment of our national aspirations.

In all of the above, I have been concerned with the deficit in our international balance of payments. I have said nothing about the potential problems posed by the large accumulation of short-term dollar assets on the part of foreign central banks, official institutions, and private entities. This is a major subject in itself—one which is related, among other things, to the evolving structure of our international monetary mechanism.

These huge balances pose a difficult responsibility for the United States. We may have stumbled into them initially, but they exist. They, of course, could prove to be a potential source of trouble. Concern over them arises not so much because of the volume presently outstanding, but because such balances continue to expand as a result of the unceasing series of deficits in our international payments. Thus the major means for avoiding trouble lies in achieving a balance (and for a time a surplus) in our international accounts. If we accomplish this, the principal foreign holders of dollar balances should give us little trobule.

Perhaps one need not mention, in the circumstances, the present law regarding the 25 percent gold reserve against Federal Reserve notes and deposits. There is a great difference of opinion on this law within the financial community—even within our own bank. I personally do not see why the Nation's full gold supply should not be available for international purposes. Others, however, argue that the requirement for some gold cover against internal currency acts as an essential source of discipline when the Nation incurs a serious deficit in its balance of payments. It is my understanding that the present gold cover can be suspended, if necessary, and for an indefinite period. This may then be the best way to handle the problem, should such action ever prove necessary, but I would not be averse to seeing the law repealed altogether if a suitable moment presented itself.

I want finally to commend the Treasury for thinking ahead on problems that might arise once our country does achieve a surplus in its balance of payments. Mr. Roosa's recent suggestion that in these circumstances the United States itself might build up limited exchange balances in other countries seems to me to have considerable merit. There is little doubt but that new forms and new methods of cooperation in international finance will be required in the future. The more these can grow naturally out of existing institutions, the better off we shall be.

I hope, Mr. President, that the comments set forth above seem responsive to the request you made of me the night of the dinner for André Malraux, and I trust they will prove to be of some interest and assistance to you. Among other things, they may perhaps help explain the basis for certain policies recommended by the business community. Needless to say, should you or your advisers wish to discuss this matter further, I should be more than happy to make myself available. All of us recognize that these are not easy times, and that your task is an incredibly heavy and difficult one. I am sure it is the desire of all responsible citizens, regardless of political affiliation, to contribute what they can to the forward progress of our country.

Sincerely,

David Rockefeller.

Mr. David Rockefeller,
President, the Chase Manhattan Bank,
New York, N.Y.

Dear David: Many thanks for your very thoughtful and constructive letter. The problems posed by our balance of payments deficits over the last several years are neither easily understood nor quickly solved; and I welcome the efforts undertaken by you and other business leaders to weigh the steps this administration has already taken, and to help devise new steps that might be taken, to improve our international accounts and stem the outflow of gold.

I have said many times that we must meet this problem with positive solutions, not negative action—and therefore this country will not—I repeat not—increase the price of gold, thereby devaluating the dollar, impose exchange controls, rely on restrictive import barriers or reduce our efforts to strengthen economic recovery. Nor can we afford to weaken our efforts for international peace and security which necessarily require some foreign outlays.

I appreciate your approval of the steps we have initiated thus far and the progress which has been made. Developments in the first 5 months indicate that our balance of payments deficit will be smaller this year than last—and last year was, as you know, a considerable improvement over the 3 previous years. During these last 17 months, moreover, speculative fever has virtually ceased as confidence in the dollar has been maintained. Our supply of gold is clearly sufficient—our exports far exceed our imports—and we are not, as a nation, in debt to the world but a creditor, with the annual increase in the value of our assets abroad consistently exceeding our annual payments deficit. Our drawing rights in the International Monetary Fund serve as a backstop to our own monetary reserves—and under legislation recently enacted by the Congress, this Nation will, once enabling appropriations have been enacted, participate in additional IMF lending arrangements which would be available to cushion any shock. And the two-way processes of balance of payments adjustment with other countries are being greatly furthered by the close relationships being developed among the treasuries and central banks of the free world.

In short, our basic position is strong—but there is still much to be done. Last year our expenditures abroad for the security and development of the free world (after subtracting foreign military purchases in this country, and grants and loans tied directly to U.S. procurement) amounted to $3.9 billion; net long-term private investment abroad amounted to $2.1 billion; American travelers abroad spent roughly $1 billion more than foreign visitors to this country; and the surplus of our exports over imports, added to the receipts earned by this country on foreign debts and private investment, fell more than half a billion dollars short of covering these foreign payments, even including special foreign debt prepayments which we will obviously not receive every year. Short-term capital movements aggravated this problem even further. The efforts to which you refer must, therefore, be intensified until an equilibrium is reached.

Foreign economic and military assistance and oversea defense expenditures are being increasingly tied to procurement in this country, and to the expenditure of local currencies instead of dollars. Already the net spending of dollars to maintain our defense establishment abroad has been cut from an annual rate of $2.7 billion down to $1.7, and negotiations for more cuts are going on now. But there is another conflict of objectives here which I know you will understand. We cannot supply more of these goods directly from the United States, if these are only available at higher costs, without adding to budget expenditures here at home. To keep total Government expenditures under control I have, therefore, had to put limits on acceptable price differences between home and foreign supplies.

Our allies will be pressed to increase their share of our joint defense costs, to increase their military procurement in this country as a means of offsetting our oversea costs, and to increase their share of economic aid to the developing countries. The net outflow of dollars on development loans and assistance is being cut to $1 billion or less and I have just initiated new administrative arrangements within the Government to bring that down further.

Our new efforts to attract foreign visitors and foreign capital to these shores will be stepped up, as we continue measures to lessen undue dollar outlays abroad by American tourists and military families.

As you note in your letter, our principal outlays, in addition to defense and foreign aid, are for private foreign investment. While the latter should not be subject to restrictions, and government must confine its restrictive influences to its own expenditures, such as those mentioned above on defense and foreign aid, our tax laws should surely not encourage the export of dollars by permitting "tax havens" and other undue preferences. The Senate Finance Committee is now considering what changes would be desirable.

We shall continue, as you suggest, to strike the most appropriate balance in interest rate policy. We have endeavored to keep our short-term rates high enough to avoid any unnecessary outflows. At the same time, we have tried to use our influence on the supply and demand for funds to give the fullest support for recovery, to increase the availability of capital for the purposes of investment and modernization you so rightly stress, and in general to help in the attainment of a growing, prosperous economy which would more surely keep American capital at home and attract foreign capital here.

Other means of international cooperation, as you know, include new monetary arrangements, such as our current efforts to acquire balances in other currencies, the prepayment of allied debts, and operations, when necessary, in foreign currencies in the international exchange markets. We know we cannot solve this problem alone—and other free nations know that they, too, cannot afford any weakness in the dollar, which is the very foundation of the international monetary system.

Our principal avenue, as you suggest, must be an increase in the surplus of our exports over imports. We have stepped up extensively our programs for export promotion, guarantees, and credit insurance. Essential to our hopes for wider and more accessible markets is passage of the trade expansion act now before the Congress.

Equally essential is the prevention of another inflationary spiral. Our share of the world's manufactured exports declined in the 1953–60 period by nearly 16 percent—at the same time that our prices on those products, relative to those of other industrialized nations, increased 14 percent.

The current recovery shows the best record of price stability of any comparable postwar period of rising production and recovery. It is for this reason that we have urged labor and management to hold labor cost increases within the confines of productivity increases.

Fully aware of the need you cite for increased investment, we have proposed a new tax credit which will increase the profitability of investments in new equipment and machinery by a far greater margin for every dollar of revenue forgone than alternative proposals. This will be supplemented by revision of the Treasury's depreciation rules which will give businessmen both far more flexibility and more realistic, up-to-date guidelines for charging off the cost of depreciable assets. The combined impact of these two moves is, in effect, a tax cut for American businessmen who modernize of more than $2.5 billion, a lessening of the squeeze on profits, a greater supply of funds for investment and a greater incentive to invest them. In addition, the "thoroughgoing overhaul of the Nation's tax system" to which you refer is planned for next year, effecting a net reduction in the burden of both corporate and personal income taxes.

But the real key to increased business profits—an objective I wholeheartedly share—is increased use of capacity. Idle plant and equipment incur costs but no return—and certainly they discourage investment in additional capacity. We must, as you point out, and the slowdown in the Nation's rate of economic growth—and all of the domestic measures of this administration, both short-run and long-range, are aimed at this objective.

Some of these measures cost money—money which is an investment in creating jobs or training skills or building the dams and highways and other facilities upon which our economy depends—money which, for the most part, is used to purchase goods and services, steel and concrete, groceries and gasoline, from the American business community. This does not, however, diminish the need for strict control of budget expenditures—and I have found it desirable to trim the budget requests of the various departments and agencies by several billion dollars each year, to prevail upon them not to spend all of the funds appropriated by the Congress and to urge upon the Congress measures designed to end the postal deficit, curb our farm surpluses and eliminate unnecessary defense expenditures. The failure of the Congress to enact this year's farm bill, for example, may cost the taxpayers an additional $1 billion a year. More than two-thirds of our budget increases have been for national security and space. Except for unavoidable debt charges and veterans' pensions, our domestic expenditures showed no increase in the budget I submitted in January—and new domestic civilian programs took less than one half of 1 cent of the taxpayer's dollar.

There are other points in your letter deserving of comment, which I look forward to discussing with you at an early opportunity. I am gratified that we agree so widely on basic problems and goals; and I assure you that this administration intends to do whatever must be done to make certain that the dollar remains as sound as a dollar.

Sincerely,

JOHN F. KENNEDY.

Mr. JAVITS. Mr. President, those are two most instructive interchanges upon the subject of the economic status of our country. The introduction to the exchange of letters apparently consisted of a private conversation on the state of the U.S. economy at a dinner at the White House on the night of May 11, which was subsequently, at the President's suggestion, incorporated in the exchange of letters.

The exchange of letters is valuable in showing, not only individual points of view, but points at which the business point of view can be fitted with the President's attitude in respect to major questions which we face.

I state only a unilateral judgment. The subject is one of great concern to me, both as a member of the Joint Economic Committee and as a Senator. There are two places in which the views of the President and Mr. Rockefeller need to be very closely juxtaposed. One is Mr. Rockefeller's prescription for what ails our country's economy and the President's idea as to how that should be dealt with in terms of the private enterprise system. The second is Mr. Rockefeller's views as to the Government's contribution to the deficiencies in our economy and the President's view as to what he ought to do in Government in order to deal with it.

After recounting the export promotion activities of the Commerce Department and the State Department, and the activities of the Export-Import Bank, and the steps we ought to take on interest rates, Mr. Rockefeller says:

> Of much greater significance for our export effort than these matters, however, is

> the general posture of the American economy: our ability to control costs, to avoid inflation, and to act vigorously to improve our competitive position. Here it seems to me lies our greatest difficulty—one that has a bearing not only on exports, but on confidence of the entire world in the future of the dollar. For the hard truth is that a nation's balance of payments mirrors all those forces that help shape its economic life. Thus, the slowdown in the Nation's rate of economic growth, and the factors contributing to it, cannot help but affect adversely the vigor of our export effort, the pattern of international capital movements, and indeed the strength of the free world.

This is the heart of Mr. Rockefeller's position with respect to the domestic economy. As he says, it is a test of our ability to control costs, to avoid inflation, and to act vigorously to improve our competitive position.

The President's reply to that position is contained in the following statement:

> But the real key to increased business profits—an objective I wholeheartedly share—is increased use of capacity. Idle plant and equipment incur costs but no return—and certainly they discourage investment in additional capacity. We must, as you point out, end the slowdown in the Nation's rate of economic growth—and all of the domestic measures of this administration, both short-run and long-range, are aimed at this objective.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I ask unanimous consent that I may proceed for 3 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, there is a real difference. Mr. Rockefeller says that the way to do the job in the world that must be done is to make ourselves more competitive and to control costs; whereas the President says that in order to do the job we must use our unused capacity. He is trying to do various things toward that end through the administration. I am now speaking in terms of credit and projects that one is willing to support. All of this, it seems to me, is an excellent argument for dropping the kind of tax program that is now pending before the Committee on Finance. I say that because if the President wants idle capacity used, he had better drop his tax ideas.

It is not enough to be tough with labor or management or with steel mills or with some unions. These are words and expressions. We lack any coordinating medium, even the elementary one of seeking economic goals, which President Eisenhower did.

I respectfully submit that we need a basic coordinating medium which will patriotically and in a business sense bring about efficiency in production. I have suggested the establishment of a Peace Production Board. Of all the suggestions I have made, I consider that to be the most important.

I respectfully direct the President's attention to the need for transforming his Labor-Management Committee at the White House into an effective coordinating body in terms of expansion of the economy of the United States.

The second point I wish to make, upon which there is a difference between the President and Mr. Rockefeller, is with respect to the approach to our fiscal problem. The President, although he does refer to it, is not too much concerned, as Mr. Rockefeller is, about our position in terms of confidence attributable to our budget and fiscal situations and the question of a budget balance.

I am not against a deficit when it is needed in order to deal with a particular situation or with a national emergency; but the idea of calling a budget balance a myth, or assuming that we can proceed forever without meeting our obligations and paying for what we get, is wrong. Therefore, again, I think the President ought to make that clear.

Most businessmen do not argue that we should not have a deficit now and then. We cannot balance the budget every year. However, to argue a junk-the-budget concept—and I am not talking about the dollar alone—and to advocate throwing the budget into the ashcan, is wrong.

Therefore I address a plea to the President that, first, he drop what is now in his tax bill with relation to foreign investments in oversea operations. This is wrong and inhibits American business. Second, I respectfully suggest that he explain to the country what he meant when he delivered his speech at Yale, and referred to the budget balance being a myth—not of an always balanced budget, but in terms of fidelity to that concept as one of the basic ingredients in American government and American public life.

In his letter the President refers to various proposals his administration expects to make—for example, the reform of the depreciation schedule. The President estimates that between that and the equipment credit contained in his tax bill, business will get the benefit of $2,500 million. The difficulty is that business is not interested in the equipment credit. Be that as it may—and I like it myself—business is not enthusiastic. Business is greatly interested in the depreciation schedules. I hope the President will bear in mind that the sooner they are issued, the better. They have been promised for this month, and the promise should be kept.

Second, I hope the President will cause his administration to be liberal in that regard, because I do not think the equipment credit proposal will get anywhere. So let us place the $2,500 million drop where it can get somewhere, namely, in depreciation values.

Finally, I speak as a member of the opposition when I say it is our desire to have the country succeed, because if the country succeeds, the President will succeed. This factor is inherent in our two-party system. I say to the President what I am sure others have said to him: He has had Republican cooperation before in many things, and we have always felt that he has earned it. I think he can have that cooperation in this instance by bringing back a feeling of confidence to the business community, which the President now finds, notwithstanding the advice of some people to him, is an important ingredient for national prosperity. It is easy for people who think they are great liberals to slough this aside, but that is not the way our country is operated.

The President does not have to act immediately. If he wants to evaluate ideas and seriously entertain this point of view, he can find a dozen David Rockefellers who will tell him what they think, and who will actively cooperate with his administration in order to bring about economic success to our country.

I am confident that, without regard to party affiliation in any way, American businessmen want to be helpful to the President. That is not true of every one of them; there are some rapacious businessmen. However, on the whole, in terms of ability to manage business, I think they begin to understand the responsibilities which they carry in the public interest.

I hope the President will be encouraged by his interchange with David Rockefeller and will pursue the subject further, so as to obtain the benefit of the experience and judgment of business leaders and business managers themselves; then to evaluate what he learns and use it; but not to proceed on any cavalier assumption that it cannot possibly be of use to him, because it will be a loaded gun.

I think we can succeed, because I believe that business wants the President to succeed and is ready to give full cooperation, if there is some assurance and hope that he will listen seriously and intently to what is said.

THE BUILDING OF INDUSTRIAL PLANTS IN THE UNITED STATES BY JAPANESE INTERESTS

Mr. CARLSON. Mr. President, I was very much surprised to learn that the U.S. Government had invited Japan to build industrial plants in the United States. These plants were to be located in areas considered to be underindustrialized.

The Secretary of Commerce, as I understand it, in visiting Japan last November, stated that he would advise Japanese industrialists of places in the United States that were underindustrialized.

This information would be furnished by the Secretary based on information submitted to him by these committees.

The Secretary of Commerce, in his visit to Japan last November, advised the Japanese Government and Japanese industrialists that, on the basis of reports that he had received from industrial areas in this Nation, where there were available plants and available labor, they should give consideration to that situation in any program for expansion of industry.

Personally, I do not believe that Japan or any other country can outproduce and outmanufacture our own industry and our own labor, unless they are given special tax advantages or reduced labor costs. Personally, I am opposed to both. We have the industrial know-how and the best labor in the world.

I mention this because of the fact that there is grave concern in this Nation about this invitation.

I sincerely hope that the U.S. Government will give some thought to our own industry and our own labor, without inviting Japan and other countries to come in and take over our plants, which, as I said, they cannot do without tax advantage or a lower wage scale, both of which we will not permit, and to both of which I am opposed.

Mr. MILLER. Mr. President, I was pleased to hear the distinguished senior Senator from New York state the facts of economic business life as he did, to the effect that businessmen generally are not pleased with the idea of the investment tax credit which President Kennedy and the rest of the New Frontier have tried to have passed as a part of the Internal Revenue Code. As evidence of that, the Wall Street Journal of February 8, 1962, published an excellent article on the impact on business of the proposed investment tax credit. The article states that business firms plan only a very slight stepup in capital spending if the investment tax credit should materialize.

I ask unanimous consent that the article be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MILLER. Mr. President, while I join the Senator from New York in expressing the hope that the Internal Revenue Service will very shortly issue a revised Bulletin F, making provision for more realistic depreciation allowances, I think it should be made clear that the Treasury Department and the Internal Revenue Service in the revision of Bulletin F cannot go beyond the tax law passed by Congress. Congress has specifically provided in the tax law that depreciation cannot be taken in excess of a reasonable allowance for wear and tear and diminution of value. It is well recognized that Bulletin F is obsolete and does not give appropriate recognition to the changes which have taken place in the intervening years since Bulletin F first was issued.

Nevertheless, it will behoove the Treasury Department and the Internal Revenue Service not to go beyond the law, which provides that not in excess of a reasonable wear-and-tear allowance may be provided by way of depreciation, except where Congress has specifically provided by law for special types of depreciation. I hope the revised bulletin will be issued shortly and will contain these changes.

On the other hand, I do not believe businessmen generally should expect any great bonanza as a result of the revision of Bulletin F. The revision is an overdue and much needed change, but it will only scratch the surface so far as tax relief and tax incentive for American business are concerned. In my judgment, business will not be encouraged to a great extent. There will not be the encouragement to expand present business or to begin new business, so necessary, in order to provide the types of opportunities which we must have for unemployed people and for the millions of high school and college graduates, unless there is a genuine tax cut. By a genuine tax cut, I do not mean a tax cut at the risk of making the budget further unbalanced. It is a well known economic fact that, sooner or later, as a result of deficit spending, the value of the purchasing power of our money will be diluted. The benefit will not go to any businessman who proposes to invest in plant additional money or additional dollars as a result of a tax cut, if the purchasing power of the dollar has been diluted by virtue of deficit spending.

I join completely in the remarks made by the distinguished senior Senator from Delaware [Mr. WILLIAMS], who took to task not only members of this administration, but also members of the national chamber of commerce, who do not realize the basic economic facts of life with respect to tax cuts. Tax cuts are needed, but they must come within the framework of a balanced budget; otherwise we will be on a treadmill, fooling the American people further.

EXHIBIT 1

TAX BILL'S IMPACT—FIRMS PLAN ONLY SLIGHT CAPITAL SPENDING BOOST IF NEW CREDIT IS VOTED—WITHHOLDING TAX ON INTEREST PROMISES COMPUTER BOON AND DEPOSITOR CONFUSION—WHAT IS A "BUSINESS MEAL"?

Tax changes now being shaped up in Congress probably would have some surprising as well as some predictable effects on business, a Wall Street Journal survey of over 100 executives shows.

A key provision of the tax bill that probably will be voted on by the House of Representatives this month—a tax credit for most companies amounting to 8 percent of what they invest in new machinery—may lead many of them to revive relatively small equipment-buying projects they had shelved. But it also may give what one executive calls "windfall" savings to companies going ahead with plant expansion programs they would have carried out anyway.

A tax credit for public utilities at 4 percent of their new equipment investments may speed extension of gas mains to some small towns and rural areas where they wouldn't be profitable now. But the disparity between this and the 8 percent credit to most of the utilities' customers may crimp electric utilities' sales by tempting some customers to install their own power-generating plants.

A 20-percent withholding tax on dividends and interest, to be deducted at the source, probably would speed computer sales and subject corporate and bank officers to a barrage of angry phone calls from shareholders and depositors who might think the deduction was the company's idea. It also would deprive some tax-exempt institutions and individuals of the use of sizable sums of cash, at least temporarily, and cause them and others headaches figuring out their refund claims.

RESTAURANT BANE OR BOON?

And tighter tax rules on business entertainment may either severely pinch some restaurants or help them snatch expense-account trade away from theaters and night clubs—depending on which of two conflicting interpretations of the pending changes is correct.

These assessments by businessmen are tentative, of course, as the tax revision bill is a long way from being law, and some of its provisions may be changed in coming congressional votes. Already the House Ways and Means Committee, which is preparing the bill, is considering modifying the dividend withholding provision to put it on a 3-year trial basis, ending in 1965; committee members think this might soften some expected congressional opposition.

But otherwise the committee, which must originate tax legislation, is expected to make only a few changes in a tentative draft of the bill it already has approved for submission first to the full House, then the Senate. So it is clear, at least, what are the main proposals that will be coming to a vote.

MANY COMPLEX RULES

These proposals are both numerous and complex. The bill would increase taxes on mutual savings banks and savings and loan associations, farm and consumer cooperatives, businessmen's earnings from some foreign investments, and some profits of U.S. corporations' foreign subsidiaries. Important as they are, though, these provisions would affect only certain segments of business, while the proposals for tax credits on machinery buying, tax withholding of dividends and some interest, and limitations on businessmen's deductions for entertaining would touch nearly every company in the country.

But the effects, though widespread, may not always be what the lawmakers anticipate—as can be seen best by a look at the provision that would involve the most money, the proposed 8 percent credit on investments in most types of new machinery.

Under this section of the draft bill, a business that invested, say, $1 million in new machinery in any one year could deduct $80,000 from its eventual corporate income tax bill for that year. In effect, it could buy $1 million worth of machinery by paying, in the end, only $920,000 out of the corporate treasury. The Kennedy administration, which proposed this section, has been counting on it to spur much new business spending for plant expansion and modernization, thus giving a lift to the entire economy.

SOME EARLY STARTS

But of 68 companies surveyed on this aspect of the bill, only one—Radio Corp. of America—thought the 8-percent credit would have a significant effect on major expansion programs. Of the rest, 38 said the credit would at most cause them to take a second look at "marginal" projects they had rejected, or start early on projects they eventually would have begun anyway.

And no less than 29 companies reported the credit wouldn't change their capital spending plans at all—though they would use the credit to reduce tax bills anyway. "If we spend $100,000, we're going to get $8,000 more cash," says Donald K. Evans, treasurer of Riegel Textile Corp.

"This program won't alter our construction program one bit; it's nothing more than a windfall," adds the executive vice president of a major chemical concern.

The reasons for this view vary, but underlying all of them is a conviction that an 8-percent credit simply isn't big enough to alter major corporate capital spending programs. This is particularly true of companies which draw up their capital spending programs far in advance. "Plans for 1962 capital spending have already been determined, and we do not believe the proposed tax credit will influence them," says Frank McGrath, financial vice president of United States Rubber Co.

Many other companies emphasize that they plan capital spending on the basis of what they think is needed to keep plants modern and to expand output as fast as the market will support, with tax rules a secondary consideration. A. Lightfoot Walker, president of Rheem Manufacturing Co., puts this view succinctly: "If we needed new equipment to run our business efficiently we would get it. If we did not need it, we would not spend money on it just to get a credit."

And some concerns are worried by excess capacity, which makes spending large sums of money for new machinery seem to them a dubious proposition regardless of tax laws. "The problem now is trying to find markets for our present production, not getting money to make more," says Joe E. Nolan, executive vice president of Weyerhaeuser Co., the big timber and forest products concern in Tacoma, Wash.

This isn't to say, however, that the credit would have no effect. On some less expensive projects, "it just might be enough to tip the balance in favor of replacing outmoded equipment with modern, efficient machines," says William Brown, vice president for finance of American Viscose Corp., Philadelphia rayon and cellophane maker.

A. J. INDUSTRIES SPEEDUP

The credit also would speed up some projects already in the works. 'An extra 8-percent allowance would allow us to accelerate expansion programs at our Jessup Wood Products Division, a $2 to $3 million expansion of our Reynolds Metals Division foundry, and other smaller programs," asserts Charles Ver Halen, president of A. J. Industries, Inc., diversified Los Angeles concern. International Business Machines Corp., too, says the credit in some instances should result in earlier acquisition of new capital equipment, though only to a quite limited extent.

And the effects of the credit could grow in coming years, as companies come to the end of programs they have budgeted now and begin shaping new ones. "The tax credit would certainly be welcome; it would not affect our 1962 plans but it would enter into our decisions on equipment spending in the future," says Kendall Co., Boston-based maker of textiles and surgical goods.

The effects of the separate 4-percent tax credit for public utilities investing in new equipment also might fall well short of some congressional hopes. Ways and Means Committee members have said this provision is likely to lower electric, water, and gas rates to consumers, by saving utilities some money which could be passed on to the public through rate cuts.

NO BOOSTS, NO CUTS

Utility executives concede the credit might make some rate increases unnecessary. "A 4-percent credit would give us about $160,000 and would forestall application for a rate increase for 2, possibly 3 years," says the treasurer of a California water utility. But no utility surveyed plans to cut rates voluntarily because of the credit, and most think increases in other costs would make impossible any rate cuts that State regulatory commissions might seek. "None of the utilities I know of are earning even close to an adequate return on their investment," says K. M. Robinson, chairman of Washington Water Power Co., Spokane, Wash.

Utility executives seem to be of two minds about the proposed credit. Many say the savings it would provide would make it possible to extend service on a stepped-up schedule. "It might mean we'd extend gas service to some small towns not now receiving it," says Dean H. Mitchell, president of Northern Indiana Public Service Co., Hammond, Ind. "Some of these projects would be unprofitable now, but the tax credit might make the difference."

These same executives and many others, however, denounce the bill as "discriminatory" and perhaps competitively harmful in giving utilities only half the 8-percent credit other industries would get. "We're competing with coal and oil industries for the fuel market, and they would receive an 8-percent credit," says Marvin Chandler, president of Northern Illinois Gas Co. "It just isn't fair."

ELECTRIC UTILITIES' FEARS

Electric utilities fear intensified competition from another source: their own customers. Aluminum companies in particular might figure it would be cheaper to put up their own generating plants with the 92-cent dollars an 8-percent credit would give them than to buy power from a utility that had to spend 96-cent dollars on new generating capacity, frets Jack Busby, president of Pennsylvania Power & Light Co. Aluminum companies need gigantic quantities of electricity to smelt ores into metal.

The proposed 20-percent withholding tax on dividends and interest probably would affect individual taxpayers more than anything else in the bill, but its impact on many corporations would be slight. Melville Shoe Corp., with 20,000 stockholders, does think dividend withholding would bring a tremendous increase in paperwork costs. But American Telephone & Telegraph Co., with nearly 2 million shareholders, says it could set up a withholding system at purely nominal cost.

For individual taxpayers, however, dividend and interest withholding would complicate the problem of preparing tax returns. Under the draft bill, banks and companies would not be required to prepare annual withholding statements for taxpayers showing how much tax has been withheld from dividends or interest the individuals received. Instead, the taxpayer would record on his tax return the amount of money he actually received and the full amount he would have received without the withholding tax, and file for a tax refund if he is entitled to one.

TAX RETURN PROBLEMS

This raises a problem: How would an individual taxpayer, if he knows only the net amount of dividends or interest he actually got after tax had been withheld, figure out what the pre-tax payment would have been? For stockholders this may not be too difficult as the gross amount of corporate dividends per share are announced regularly. But for the bank saver, who knows only the interest figure stamped on his savings account passbook, it may be more troublesome.

Actually, some savings institutions are planning to help the taxpayers even though not required to. First Federal Savings & Loan Association of Pittsburgh will work out some system to give savers a breakdown on what their pretax dividends would have been, how much tax has been withheld, and what the net figure after taxes is, every time it pays a dividend, a spokesman says. Savers are going to demand to know something more than the net dividend after taxes, he explains.

One tax accountant suggests an easy way to prepare tax returns even without such help—simply add 25 percent to the amount of interest or dividends the taxpayer actually received to find what the payment would have been if a 20 percent tax had not been withheld. If a figure is reduced by 20 percent, adding 25 percent to the remaining figure will restore the original figure. Thus, if a saver receives bank interest of $80, by adding 25 percent he will come up with the $100 of interest he would have received without a withholding tax, and figure that $20 had been withheld.

A.T. & T. FEARS CONFUSION

Some corporate officers fear, however, that many taxpayers would not be able to figure out such a system. L. Chester May, treasurer of A.T. & T., says that "from our experience with shareowners over many years we know that many entitled to refunds of tax withheld would never get them because of ignorance of the proper procedure and the complications of repeatedly claiming refunds."

Tax-exempt institutions, such as pension funds, which receive much income from stock dividends and bond interest, would be inconvenienced, too, since they would be liable to the withholding tax. "Suppose a pension fund has $1 million of income due it, and $200,000 of that is withheld," one New York banker says. "It can file a refund claim, of course, but it is going to lose a lot of interest (that it could have got by investing the $200,000) while waiting to get its money back."

A probably unintended effect of dividend withholding might well be to accelerate sales of computers. The withholding system now contemplated may well double the cost of distributing dividends to companies without the electronic brains, First National Bank of Boston estimates. But a major grocery chain which figures its dividends by computer says it could accomplish the added paperwork of a withholding system just by changing the perforations on some IBM cards.

IRVING TRUST PREPARES

New York's Irving Trust Co., which acts as dividend paying agent for some 250 to 300 corporations, already has rented an IBM 1401 computer, at $6,000 a month, in part to get ready for a dividend withholding system. Great Western Savings & Loan Bank, of Los Angeles, and a top midwestern steel company also indicate a withholding law would make them install some computers sooner than they would otherwise.

A wholly unintended effect of dividend and interest withholding, many businessmen fear, would be to make shareholders and depositors mad at them—not the Government. "We are absolutely sure that banks will be the crying post for the customers," says a vice president of a San Francisco bank. "Even if they don't complain, there will be a steady stream of them pouring into the bank wanting to talk about it. They will take up our time, and time is expensive."

To head off such complaints, Towmotor Corp., Cleveland maker of fork-lift trucks, plans to enclose a note in the first dividend check it sends out after withholding goes into effect. The note will suggest shareholders "direct any complaints to the proper place—Washington," says Harold E. Boehm, treasurer.

MEALS VERSUS "GOOD WILL"?

The main effect of the proposed new rules on entertainment tax deductions, so far, has been to spread confusion among restaurant owners. Under the bill, businessmen could claim deductions for only half the cost of entertaining clients at night clubs, theaters, country clubs and the like. Expenses for cultivating good will among customers also would be entitled to only 50 percent deductions. But "business meals" would continue fully deductible.

This has left a major question: Would every salesman treating a customer to an expense account dinner be entitled to a 100 percent business meal deduction? Or would he get such a tax break only if he actually tries to make a sale, and be entitled otherwise only to a 50 percent good will deduction? There's no answer yet, as the draft bill has not been put into formal legislative language. And some Washington followers of the Ways and Means Committee's deliberations suspect the exact definition of a business meal never will be spelled out by Congress, but will be left to later interpretation by the Internal Revenue Service and possibly the tax courts.

Restaurant operators, in consequence, are sharply divided over the likely effects of the new rules. Some, like New York's Restaurant Associates, Inc., think nearly all expense-account dining would be fully deductible, and the tax bill, as a result may be helpful. A businessman who wants to entertain "will simply take a client out for a late, elaborate dinner at a plush restaurant instead of getting involved in the dinner, show and nightclub routine, most of which will not be deductible," predicts a spokesman for this New York chain, which runs such swank restaurants as the Four Seasons and Forum of the Twelve Caesars.

But the National Restaurant Association, which represents about 5,000 public eating

> places, fears the bill would cause economic havoc in the restaurant business bacause, it thinks, most expense-account eating would be only half deductible. "Very little direct selling is done over the dinner table, because, in the tradition of American business, it is considered bad form," the group frets. "Most business luncheons and dinners fall into the good will category."
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> Tom Di Maggio, older brother of Joe and Dominick Di Maggio of baseball fame, and president and manager of Di Maggio's Restaurant in San Francisco, appears to agree with the association. "A lot of restaurants are going to have to fold" if the bill is passed, he says. "It's a terrible thing to face; so many of us depend on business entertainment for a large portion of our business."

Mr. MORTON subsequently said: Mr. President, I noticed an 8-column headline in today's Washington Evening Star: "Japan Asked To Build U.S. Plants." I understand the Senator from Kansas [Mr. CARLSON] spoke earlier in the day on the subject. I would like to develop just one point in connection with this headline and the accompanying Associated Press article dateline Tokyo. The article states:

> The Kennedy administration has invited Japan to invest in building factories in the United States—

And so forth. The fifth paragraph of the article states:

> Japanese industry has been working on a theory that it must produce abroad to hold its oversea markets. Plants have been established in southeast Asia, Latin America and on a limited scale in Europe. But there had been no talk here about moving into the United States.

We too have been doing that. U.S. industry has had to build plants abroad and hold its share of foreign markets. I think, on the whole, these plants have helped the United States. We have recovered dividends from them. We have been able to compete with foreign companies and American companies abroad have been able to use component parts made by American labor. We would have lost that business if we had not had plants overseas.

There has been a proposal by the administration, which has been considered for some time by the Senate Finance Committee, of placing a higher tax on the operations of U.S. plant subsidiaries abroad. I notice that many complications have to be overcome, and many hurdles, before Japanese plants can operate in this country; but I am sure that neither Japan nor the United States would put a higher tax on Japanese subsidiary plants operating in this country than are put on American companies competing side by side for the same market.

I therefore merely point out that it seems to me shortsighted indeed, when the United States builds a plant next to a Japanese plant in South America or Europe, that our administration asks us to tax that U.S. operation additionally when it is competing with a Japanese operation for a European or Latin American consumer market. I think it is a silly proposition to try to get rid of such tax havens. I think it goes far beyond the purpose that most of us or the Finance Committee want to achieve; namely, to do away with abuses in tax savings, but not at the same time to cripple employment opportunities here at home, through manufacture of component parts for our foreign subsidiaries, or to cripple income gained here at home from the earnings of foreign subsidiaries, or to further endanger our delicate balance of the gold situation and the gold outflow from this country.

I am quite convinced that if the Japanese bring plants into this country, they are not going to pay higher taxes than their American competitors, imposed either by the Japanese or the United States Government. Yet American industry going abroad to compete with a Japanese plant in third countries will be subject to higher taxes if the administration program now pending in the Finance Committee should ever be enacted into law.

INCOME TAX CUT IMPERATIVE NOW TO STIMULATE ECONOMIC GROWTH

Mr. RANDOLPH. Mr. President, an interpretative report by one of the news wire services contained the declaration subscribed to by unnamed "key Members of Congress who would have to do the spadework on tax-reducing legislation" that "if there is an income tax cut effective this year or even next January 1, it will have to be a temporary slash with an early date fixed for automatic restoration of higher rates."

I am not prepared to subscribe unreservedly to the theory as reported by the wire service that a rate restoration rider must be attached to a reducer, but I believe an income tax cut is advisable now, even if classified temporary and even if an early date were to be prescribed for restoration of higher rates.

Mr. President, I reiterate views I expressed on June 19, 1962, when addressing the Wisconsin Bankers Association in Milwaukee. On that occasion I said:

> It is my belief that an income tax cut is advisable now—not in 1963—for it appears that conditions are different at this time than when the administration proposed to defer such action until next year. Tax reforms can wait, even though these would benefit the country's future economic structure. It is my conviction that prompt compensatory measures must have precedence over far-reaching fundamental restructuring of our fiscal system.
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> There is a tendency in certain quarters to discount the precipitate drop which occurred in stock prices. I, too, feel that the gyrations in the market trading were not necessarily all in the negative. But millions of Americans, many of them citizens of modest means, have a right to be deeply concerned—and I am in that group. I am not an alarmist and I am not an exponent of gloom. But I believe we must be realistic about trends which are apparent in the current economic situation.
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> In May the increase in personal income was small—disappointingly small. The volume of retail sales declined. Corporate profits—and the viability of our enterprise system must depend on profits—dropped during the first 3 months of 1962 approximately $500 million below the 1961 figures.
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> A headline in the New York Times recently announced that "The U.S. Economy Is Growing—But Not Fast Enough To Suit the Critics." I am among those concerned about the slow rate of economic growth. This is not a time to stand by and watch it flounder.

Mr. President, I share the views expressed so lucidly in this forum last Friday by the vigorous assistant majority leader, the Senator from Minnesota [Mr. HUMPHREY]. The general health of our economy continued to be good. Perhaps it has a few too many allergies. A tax cut now would make our economy stronger, more productive, less allergic to stagnating influences. I concur that we should enact a tax law which will make possible economic growth in greater degree and at a faster pace, as was also indicated last Friday by the astute Senator from Florida [Mr. SMATHERS], a member of the Finance Committee. We are in agreement that the foundation of such a law should be a reduction in income tax rates. We should face the issue now and take prompt action on it. The plan of deferring action for another look at the situation in 1963 is the timid approach and it may be the too-late approach.

A TRIBUTE TO UTAH STATE UNIVERSITY

Mr. BENNETT. Mr. President, the significance of the land-grant college movement to higher education in America and in the world has been widely acclaimed in Congress and elsewhere in this, the year of its centennial.

Today I wish to pay tribute to the Utah State University of Agriculture and Applied Sciences in Logan, Utah, a distinguished member of the family of land-grant colleges and universities. Established by an act of the Utah Territorial Legislature in 1888, Utah State University will follow the land-grant centennial celebrations with its own diamond jubilee next year. With an original appropriation of $25,000 to establish an agricultural experiment station, and with instructions "to teach such branches of learning as are related to agriculture and the mechanic arts, and such other scientific and classical studies as shall promote the liberal and practical education of the industrial classes in the several pursuits and professions of life," Utah State University has grown with the State and the Nation to provide educational opportunity for all, in the spirit of the land-grant movement.

It has provided instruction to some 80,000 regularly enrolled students, approximately 22,000 of whom have earned degrees.

It has maintained from the first a vigorous research program in agriculture and the sciences, and today is conducting a research program in all areas of knowledge, with a total annual budget of $3.5 million from National, State, local government, and private funds. It has a worldwide reputation for research in arid lands, with special emphasis on problems of water and land management.

It was a pioneer in extension work, and employed one of the first county agents, anticipating the program established by the Smith-Lever Act of 1914.

This program has given instruction to thousands of people in short courses and workshops of various kinds, besides providing personal advice and continual dissemination of general information. About 100 people are at present employed full time in Utah State University extension services.

We who live in the West are particularly aware of the importance of the land-grant colleges in promoting the cause of agriculture. Our problems were special ones, because of the arid climate in the West, and the land-grant colleges have helped the farmers of the West to learn how to adapt their techniques to the harsh climate of the region. Utah State University has been recognized as one of the real leaders in this area, and research at that institution has contributed much to man's knowledge of how to cope with an environment which is often hostile to the farmer.

This experience has won worldwide respect for Utah State and its faculty. One example has been the program the university has undertaken in Iran, under a contract with the government of that nation. For more than a decade, agricultural experts from USU have been aiding the Government of Iran in meeting the problems which are facing its agricultural economy.

The university's ties with other countries are also established through many foreign students who go to Logan to attend the university. More than 300 foreign students were enrolled during the year just finished.

Utah State University has written a proud record of service to the people of Utah, the Nation, and now, as we have seen, other nations as well. This great institution has demonstrated that the concept of the land-grant college, approved by Congress just a century ago, was indeed a wise one.

COMMUNISM VERSUS FREEDOM

Mr. WILEY. Mr. President, currently there is considerable thought being given to teaching communism in depth in U.S. schools.

Realistically, we must know the enemy. Consequently, I believe that there is a need for better educating the U.S. public on the menace of communism.

Let me, however, say this: The teaching of communism in U.S. schools, in my judgment, should not be done unless there is a proportionate new effort upon educating students on the ideals and principles of our free way of life.

Strangely, there is a take-for-granted attitude that, because one is born in this country he is automatically and inherently ingrained with the knowledge of our system: its fundamental principles, workings, capabilities, accomplishments, and ultimate goals.

Realistically, this is not true.

Because of this tendency, however, there exists a great illiteracy among Americans on how our political-economic-social institutions not only best serve themselves, but also may be adaptable elsewhere in the world, particularly to newly emerging nations.

The 186th anniversary of our Independence Day, celebrated yesterday, brought out, as usual, great lipservice speeches and dedications to improve, preserve, and perpetuate our way of life.

Tossing beautiful speeches, however well formed, into the wind, however, will not do the job. The challenge, rather, is to analyze how and where renewed efforts can be taken to further improve and strengthen our way of life, to spread its working principles and ideals to other lands, and to win the many fronted competition against communism.

I ask unanimous consent to have two items printed in the RECORD.

First, an article published in the New York Times relating to discussions of studying communism in U.S. schools; and

Second, an excellent article entitled "The Winds of Freedom," written by Secretary of State Dean Rusk, published in the Saturday Evening Post.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

THE WINDS OF FREEDOM

(By Dean Rusk)

The Fourth of July is an especially appropriate time to reflect on our political heritage and its meaning in our times. Seventeen months' experience as Secretary of State has strengthened my conviction that the ideas which inspired the American Revolution and have guided our national development are the most powerful forces at work in the world today.

These ideas were stated simply but eloquently in certain of the great lines of our Declaration of Independence: "That all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed."

We were born as a nation out of a commitment to government by the consent of the governed and the proposition that man has certain unalienable rights. We adopted and have preserved a Constitution, with its Bill of Rights, to give form to these ideas and to protect them. At home as well as on the world scene these general commitments have, in the end, governed our policy as a nation.

Over the generations we have struggled to improve the application of these principles. We have fought to defend them. And we have the means and the will to defend them today.

As President Kennedy said in his inaugural address: "Let every nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe to assure the survival and the success of liberty."

IDEAS OF UNIVERSAL APPEAL

We have become the strongest Nation in the world and achieved the highest level of well-being for the average citizen that mankind has known. But that is not, I think, the primary reason why these ideas are the most powerful force at work in the world today. It is because the ideas themselves have proved universal in their appeal, because the truths which the Declaration of Independence called self-evident have seized, or are seizing, the minds of men everywhere.

These universal ideas gave rise to the democracies of Western Europe. They inspired the liberators of Latin America. They guided the development of the British Commonwealth. Since the Second World War they have led to the creation of more than 40 independent nations in Asia and Africa. We welcome these new nations with open arms to the separate and equal station to which the laws of nature and of nature's God entitle them.

Thomas Jefferson and John Adams and the others who helped to frame or subscribed to the Declaration would not have been surprised by this. Quite the contrary. They did not pretend to have invented anything new. The burden of complaint in the Declaration was that a tyrannical king was depriving the people of the American colonies of rights and liberties they had long enjoyed. Such opposition was in the British tradition. The British people had been building their liberties bit by bit, in no small part by contending that certain rights had previously existed. Magna Charta, the Petition of Right, the Declaration of Rights, among other great documents in the growth of the British Constitution, demanded what their claimants insisted was already the law of the land. The common-law judges who, sometimes at the risk of their own lives, put their arms around a prisoner at the bar and said to the king, "No, you cannot do that to this man," were strengthening traditional rights. Old rights were gradually expanded and improved. Thus slowly evolved both the common law and British institutions of democratic government.

DEPARTURE FROM BRITISH PATTERN

The larger principles stated in our Declaration of Independence were a departure from the British pattern. They were not articulated as the special historic rights and liberties of the British people or of the inhabitants of the British colonies on the eastern edges of the North American continent. But neither were they set forth as novel doctrine. They were presented as universal truths, arising out of a discourse on the nature and purpose of man which had begun more than 2,000 years earlier in Greece.

Likewise the French Declaration of the Rights of Man of 1789 was presented as a manifesto not just for the Frenchmen of that day, but for all men and all time.

From North America and Western Europe these ideas have spread over the world. Their strength and the willingness of men to fight for them have brought down one despotism after another. They are challenged today by the Communist tyrannies. But even the Communists seem to recognize the appeal of the notions of liberty and democracy. They call their governments republics or people's republics or democratic republics, although not one of them is a republic, not one rests on the consent of the governed tested in free elections. They are fond of such words as "democracy" and "freedom," although they invariably use them to mean the precise opposite. Likewise they apply the label "wars of liberation" to their efforts to impose their system on others by force. Their so-called war of liberation in South Vietnam is in reality a gangster war of assassination and terror against the common people of that country.

NEW NATIONS CHERISH OUR PRINCIPLES

Some people—too many—have fallen under the control of Communist regimes; but nowhere is communism as a creed deeply rooted. Communists have signally failed in their efforts to capture control of the independence movements in Asia and Africa. With partial exceptions for North Korea and North Vietnam, the new nations have come into being under the impulse of Western ideas and, in the main, under the leadership of men educated in Western universities or in local universities or mission schools where the concepts and practices of democracy, law and liberty were taught.

As Secretary of State I have talked with many of the leaders of these new nations. It has been thrilling and reassuring to hear so many of them advocate the great principles we have so long cherished—and with an understanding of their meaning which is the same as ours. What the Great Seal of the United States calls the "new order of the ages" is the example which most of the people of the world seek to follow.

As Robert Frost put in his special poem for President Kennedy's inauguration:

"New order of the ages did they say?
The newest thing in which they led the way
Is in our very papers of the day."

But we of the West, and particularly we Americans, should not overstate our contribution. We have done our share in formulating and advocating these principles and in protecting their practice. We can glory in having been among the first to endeavor systematically to apply them. Had we failed, the cause of freedom would have been set back for a long time. In his first inaugural Washington said that "the preservation of the sacred fire of liberty and the destiny of the republican model of government are justly considered as deeply, perhaps as finally, staked on the experiment entrusted to the hands of the American people."

But I do not believe that these ideas and the institutions which seek to translate them into a way of life would have spread over the world if they were not, as the authors of the Declaration of Independence believed, rooted in the aspirations of men everywhere. In plain fact, these concepts are not exclusively Western. They were articulated in ancient philosophies and various religions. They appeared in rudimentary form in the traditional autonomy of villages in many lands, and even in the taboos of primitive societies.

The idea that men should be free to speak their minds is certainly not peculiar to us or to the West. The idea that raw power must be curbed, that men are entitled to justice under law, is not peculiar to us or to the West. Nor does the West have an exclusive patent on the notion of consent of the governed or, as Lincoln put it more affirmatively, "government of the people, by the people, for the people."

As President Kennedy said on July 5 of last year at the ceremonies which marked the 150th anniversary of Venezuelan independence, the revolution whose principles were clarioned in our own Declaration of Independence is a "great world revolution * * * a revolution so flexible it answers the needs of all countries, of all races, of all cultures."

FREEDOM NOT A WESTERN MONOPOLY

I have heard it contended that the failure of some of the new nations to achieve or maintain fully democratic governments proves that democracy is unsuited to the peoples of Asia and Africa. I reject that contention. It is true that democracy cannot be created overnight. It is the most difficult form of government to operate. It requires an enlightened citizenry, a wide consensus on national purposes, forbearance and much skill. Only a few nations have thus far been successful in making democracy work continuously. And none, including ourselves, can claim to operate it perfectly.

But peoples keep turning and returning to democracy, because it is the system which harmonizes with human dignity and the abiding impulse of men to organize their societies in ways which protect that dignity. We have seen that happen in every continent. I have no doubt that we shall see it happen in still other countries where democracy has momentarily broken down or not yet been fully achieved. The exact forms of democratic institutions may vary from country to country. Perhaps some of the new nations erred in trying to copy exactly the parliamentary systems of the former colonial powers. There are many conceivable forms of democratic institutions. Ours have changed in some respects over the years. I am confident that the new nations which have not yet found the way to make democratic institutions work will succeed eventually. For I believe that the basic motivation and aspirations of men are essentially the same, regardless of the color of their skin or the continent or island on which they live. They human race is one.

THE MANDARIN AND THE PEASANT

A traditional Vietnamese story bears on this proposition. In the words of Hoang Van Chi (in his article "Collectivization and Rice Production," in the China Quarterly, January–March 1962 issue) it runs this way:

"There was once a peasant who grew such excellent fruit that his fame spread far and wide throughout the land. The Governor of the district in which the man lived made a special journey to visit him and to inquire about the methods he employed to produce such magnificent fruit.

"The peasant was a little overawed by the presence of such a great mandarin, but he did his best to reply to the latter's questions. 'To tell you the truth,' he said, 'I haven't any special method at all. Whenever I plant a fruit tree, I provide it with as much manure as I can, set it upright in the hole, tamp the earth back firmly around the trunk, and then I leave it to itself. I never prune it, or train its branches, or chop its roots like the other people do, and it provides me with plenty of fine fruit.'

"The mandarin nodded his head in approval and then put another question to the peasant. 'You seem to be able to manage your fruit trees admirably. Can you give me any advice about how to manage men, about how to govern a district?'

"The unexpected question surprised the peasant, so he was obliged to pause for a few moments and to think before he eventually replied. 'Administration,' he said, 'has never been my profession, so I have never really devoted much thought to it, but it is my opinion that men are like fruit trees. If you provide them with the conditions in which they can live and work, and keep a fatherly eye upon them from time to time, they will be prosperous, happy, and will cause you no trouble. If, however, you summon them daily to your office and order them to do this or forbid them to do that, they will prove to be a constant source of trouble, disorder, and unhappiness'."

As Mr. Hoang Van Chi pointed out, "The moral of this story is based upon centuries of experience, but the Vietnamese Communists are attempting to do just the reverse and are reaping the inevitable consequences. Man, having a mind and soul, is capable of being terrorized into submission, but only to a limited extent and for a limited time."

I share that conviction. I do not believe that even the modern police state, with all of its elaborate apparatus for repression, can permanently terrorize men into submission. I do not believe that any iron or bamboo curtain can permanently insulate large numbers of people against the great ideas of freedom and human dignity.

Today, even within the Soviet Union, there are signs that men and women want more freedom to state their views, greater scope to express the uniqueness and integrity born into them. Pasternak is dead, but his poems and great novel live. And some younger Soviet writers, reaching back into the rich and long Russian tradition, are choosing to focus their thoughts on the meaning of man and the worth of the individual. These stirrings may seem feeble to us, who have so long enjoyed liberty. But they are evidence that the Communists have not succeeded in turning men into robots. The themes of young writers and poets tell much of the direction societies will take; and in the Soviet Union these writers of the new generation are the beginning of what I believe will be a continuing trend—a slow trend perhaps, but one leading inexorably toward freedom.

I turn to another aspect of the struggle between freedom and coercion: the relative capacities of the two systems to improve the material well-being of men. The Soviets have made substantial progress in developing their physical resources. That is not especially surprising. They inherited a vast domain, with immense and varied natural riches, a very considerable industrial establishment and a talented and industrious people. The Communists claim to have invented a quick way of modernizing an economy. Although I cannot prove it, I believe that their economy could have been modernized faster under a political system which would have given full scope to individual initiatives and incentives. But any of us can muster ample evidence to repudiate the Communist claim that our economic development has been slow here at home.

All Americans of my generation know firsthand of the amazing economic and social advance of our own country in our own lifetimes. Many, like myself, were born in underdeveloped parts of the United States. Our society in rural Georgia when I was growing up was prescientific, pretechnical, premedical, prepublic health, preeducation—by present-day standards.

FREE SYSTEMS SURPASS SOVIETS

Forty years ago only 2 American farms out of 100 had any electric power; today 98 out of 100 have power for dozens of chores. Consider what has been done to lighten the burdens of the mother and housewife, to improve health and living conditions, within the past 35 years, and even within the past 10. Since the Bolshevik revolution we have added to our national production more than the entire present production of the Soviet Union.

Look at the amazing economic progress of Western Europe and Japan under free systems. Compare East Germany with West Germany, or Eastern Europe with Western Europe. Compare Communist China with almost any country you would care to name. The great leap forward has come down bottom side up. The vaunted shortcut to the future has proved to be the shortcut to misery.

Those who are responsible for what is happening all the way from East Germany to North Vietnam have not found the answer to the central problem to which they claim to have addressed themselves—the problem of economic and social satisfaction. They have not solved even the elementary problems of food production.

So when we say to our friends in the developing countries that the Communists have not found a magic formula and that the proved way of rapid development is through free institutions, devised by each nation in the light of its own history, we speak on the basis of the solid lessons of long human experience.

The economic and social performance of the industrialized free nations has knocked the bottom out of Marxist dogma. Marx predicted that the poor would become more numerous and ever poorer and that the rich would become fewer and ever richer. The precise opposite has occurred. The advanced nations of the free world devised means of directing the flow of income and of using their resources to improve the life of the ordinary man. It is in them that one sees the highest levels of well-being most equitably distributed.

POWER OF THE HUMAN SPIRIT

Marx predicted also a chain of recurring and ever-deepening economic crises. But the advanced free nations have devised means of curbing economic cycles and stimulating economic growth. Marx failed to reckon with the mind and spirit of men, their compassion and political ingenuity, their capacity to use free institutions to advance their lot.

It is not for us to fear the great winds of change that are blowing today. They are the winds we have long known and sailed with, the winds which have carried man on his unending journey, the winds of freedom.

We don't have to argue with people in other parts of the world about what we are really after and what they are really after. Have you ever been able to find anyone who would rather be ignorant than educated? Or hungry than fed? Or sick than healthy? Or gagged instead of free to speak his mind? Or shut up behind a wall or barbed wire instead of free to move about? Or who relished the knock on the door at midnight which means terror?

These simple ideas I have been writing about are the great power of the human spirit. Because they are central to our purposes, America at her best is admired and trusted; and America is at her best when she is true to the commitments we made to ourselves and to history in the Declaration of Independence. These are the ideas and ideals which give us allies, spoken or silent, among men and women in every corner of the earth. They are part of the unfinished business which is a part of our story. This is the basis of our confidence; this is the scope of our task.

The revolution of freedom, which we have so proudly nurtured and fought for in the past and to which we pledge today, as in 1776, "our lives, our fortunes, and our sacred honor," is the true, enduring revolution, because it springs from the deepest, most persistent aspirations of men. History says this revolution will not fail.

COMMUNISM STUDY "IN DEPTH" URGED—EDUCATORS ARE ADVISED TO GIVE FACTUAL OUTLINE

DENVER, July 3.—American schools must give "in depth" treatment to the Communist threat to democracy, a national conference of educators was told here today.

This treatment should include an accurate and factual presentation of Communist philosophy and practices, geared to the knowledge, maturity, and competence of American junior and senior high school students.

These recommendations were contained in a guide, "Teaching About Communism," issued by a joint committee of the National Education Association and the American Legion. It was made public and discussed at the association's annual convention, which is being held here this week.

ATTITUDE ON COMMUNISM

In teaching about communism, the report declared, "it is not necessary to maintain the position that everything about communism is a failure, in an effort to indicate its weaknesses."

The Communist economic system, it noted, "has not been without its successes" and has brought the Soviet Union in 40 years to a position where it is one of the world's great economic powers.

"The achievements, however," the report said, "have been won at high cost: the ruthless suppression of individual rights and intellectual freedom, the sacrifice of several million lives in the collectivization and purges of the 1930's, and the hardship and deprivation involved in the low standards of living."

The report observed that there were many organizations in the United States dedicated to fighting communism and that some of these groups opposed each other, not in their objective, but in their approach to the problem.

"Where these groups are controversial it is best for the schools to remain aloof," it said. This was an apparent reference to such organizations as the John Birch Society.

The report also said that, generally, teaching about communism should be handled as part of the social studies program. It would not "appear advisable," it said, to institute a special course on communism.

The report listed a number of guidelines for teachers in junior and senior high schools. On the matter of selecting content, it recommended that teachers:

Use the rich heritage of history in introducing the subject of communism.

Include the philosophy and terminology of communism.

Analyze the constitutions, the governments, and the power structure of Communist countries.

Study, compare, and contrast the economic systems of Communist and non-Communist countries.

Study the Communist usage of social institutions, such as the home, the church, and the school.

Study the foreign policy of the Communists.

Emphasize that the ultimate goals of communism have, to date, remained largely unaltered but that the strategy and tactics of world communism shift frequently, depending upon circumstances of time and place.

Study the operations of the Communists in the United States.

ON CLASSROOM PROCEDURE

The section on guidelines for classroom procedure said that the teacher himself should be well-informed on the material to be covered. It added that the teacher should understand that at the high school level, particularly, it would be easy to lose sight of the main issues simply by immersing students in a sea of unintegrated facts.

The materials presented should be within the range of knowledge, maturity, and competence of the students, this section said, and the practices of the Communist system should be presented in an accurate and factual manner. Moreover, sufficient time should be provided for adequate presentation and discussion of the subject.

In order that the community will fully understand what the schools are attempting to do in this area, the report said that the school board should develop a clear statement of its policy concerning teaching about communism.

The report also urged that efforts be made by all concerned to make sure that school programs of this nature be spared "the headline-hunting type of activity which inflames a community."

CONSERVATION OF NATURAL RESOURCES

Mr. MORSE. Mr. President, on June 13, I received an extremely thoughtful letter on our natural resources from Mr. Fred W. Fox, of Corvallis, Oreg.

All of us are used to receiving letters urging us to vote a certain way on a particular piece of legislation. Mr. Fox, however, took his own valuable time to set forth for my use his thoughts on the perspective which we should have in dealing with natural resources. His letter is not addressed to a particular piece of legislation but rather to all of the actions that we may be taking which will affect our natural resources.

Because this is, in my judgment, an exceptionally persuasive case for conservation, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CORVALLIS, OREG.,
June 13, 1962.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: As a relative newcomer to Oregon (from Ohio) I have become appreciative of our Nation's forests in a way incomprehensible to most midwesterners. Recent developments with respect to the use of our National Forests prompts me to write this letter. For many years I have been gravely concerned with the rate of exploitation of all our resources, concerned to the point of frequently expressing myself to many people around me. Personal experience with the procedures for mining coal in western Pennsylvania and eastern Ohio have been heart rending. It is truly incredible, for instance, to observe the way vast areas of land have been laid waste by strip-mining operators. Our resources are to be used, of course, but intelligent use must always prevail.

I have no feeling of envy for your position of having to make extremely difficult decisions regarding the use of our forest resources. I do, in fact, commend you for what I believe to be a generally high level of wisdom which you bring to bear on many of the issues you debate or decisions you make, whether they deal with local, national, or international problems. With respect to Northwest problems, the buffeting you take from the lumbering interest on one side and the recreation and conservation interests on the other certainly must keep your head a bit bloody. The layman often feels that he has little to contribute to the solution of such complex and highly specialized problems. Even the most informed people find no ready answers. It may be possible, however, to offer the most general of observations which in turn may be a basis for some principles as guides to action.

In the perspective of history man's use of his natural resources may be judged to have been either wise or unwise. It is my feeling that in general the record would support the "plundered planet" concept rather than the wise use concept. Since man is homo sapiens, this is clearly intolerable.

One of the real problems of our times has to do with our lack of concern for the future. Wisdom is difficult to define, but I'm sure that it includes consciousness of the consequences of one's acts, and to me the consequences often must be considered in terms of millennia rather than decades, particularly when dealing with problems of population, resources, world law, nuclear testing, and the like. I frankly am quite impatient with persons who, with some sense of assurance, claim that our coal resources will last another 300 years, oil will last another 200, or that our forests will meet man's needs for an additional 1,000.

In this regard a statement by R. J. Blakely may be paraphrased. Reviewing the history of the earth's creation as a trip around our earth we might say that the universe was created at Paris. Life emerged in St. Louis, and man appeared one block from my office on the Oregon State University campus. The agricultural revolution took place down the hall; cities were developed at the door behind me; and the scientific-technological revolution took place at the edge of my desk. It is impossible for me to focus my eyes on the mushroom cloud over Hiroshima or to follow Colonel Glenn in his orbits around the earth. And after sensing all this I am startled to realize that Fairbanks, Alaska, is man's destination. A feeling of total inadequacy might well overwhelm one when he contemplates the consequences of his acts for the unborn between here and Salem, let alone Fairbanks.

The forests of Oregon are the State's main resources, and one of the Nation's most important. Certainly we who work in State universities and colleges in Oregon should always be mindful of this; they are our bread. It is easy for me to drift to a position in favor of the conservation-recreation point of view. As you seek to represent me, however, please take it upon yourself to fill in the vacant spots in my information and the inadequacy of my personal judgment, and render decisions that are in the best long range interests of all: the industry as well as the recreation-minded, the people of Sabetha, Kans., well as those of Philomath, Corvallis, or Lebanon, and the generations of unborn all over the world a thousand years hence as well as my 9-year-old son now playing down on Hayes Street and for whom I came to Oregon in the first place.

Thank you for your devotion to duty.

Sincerely yours,

FRED W. FOX.

RECREATION ENTERPRISES

Mr. MORSE. Mr. President, in a newsletter published by the Department of Agriculture's Office of Information for June of 1962, a number of typical examples of going recreation enterprises were cited. I was most pleased to note that one such enterprise is that conducted by Mr. Clarence Hitchman, of Oregon City, Oreg.

In the same publication I noted a reference to Mr. J. S. Scheel, executive secretary of the Oregon State Rural Areas Development Committee, in which Mr. Scheel's technique of cutting redtape in obtaining the speedy approval of project proposals is outlined for the information of other State rural areas development committees.

Mr. President, I ask unanimous consent that excerpts from the two pages of newsletter No. 44, to which I have referred, be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

[Excerpts from Rural Areas Development Newsletter, No. 44, June 1962]

EXAMPLES OF GOING RECREATION ENTERPRISES

Forest Service, USDA, surveyed its field offices and State foresters for examples of going commercial recreation, wildlife and fish enterprises on privately owned forest lands, and came up with some interesting stories. Here are a few examples:

Bullfrog Park, Oregon City, Oreg., developed and owned by Clarence Hitchman, a former farmer, logger and bulldozer operator. Hitchman built two 3-acre ponds on part of his 150-acre forest. He equiped the area with picnic tables for 1,000 persons. There is plenty of running water, and other modern facilities. Up to 1,500 customers at a time have been in the park. Hitchman maintains a buffer zone of natural woodland around the park, which adds to the primitive atmosphere.

* * * * *

Oregon: J. S. Scheel, executive secretary of the State RAD committee, reports that, to speed up approval of OEDP's and project proposals, the State rural areas development committee at times uses the phone technique, calling all committee members for their comments. Though a bit costly, the technique hastens approvals.

ORDER OF BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

PUBLIC WELFARE AMENDMENTS OF 1962

Mr. METCALF. Mr. President, I ask that the Chair lay before the Senate the unfinished business.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

The PRESIDING OFFICER. The bill is open to amendment.

THE LAND-GRANT IDEA

Mr. MOSS. Mr. President, it is a profound privilege and a pleasure to join my colleagues today in paying tribute to the land-grant colleges and universities of the United States on the occasion of their centennial celebration. Could it be fully measured, the influence which these institutions have exerted since their beginnings upon the development of their Nation's course and character would prove staggering. Surely President Lincoln, despite his renowned gift of the long view, could have had at the time no inkling of the full significance of the bill to which he put his signature that July 2, 100 years ago. Our perspective on this July 2, is considerably better; nevertheless, so pervasive in so many aspects of our culture has been the fresh pressure of the land-grant-college idea that the trace of its influence is too intricate to be fully gaged. It must suffice that we indicate only a few proofs of its importance.

In accordance with the terms of the Morrill Act, finally passed 5 years after its introduction, more than 11 million acres of land have been granted to the 50 States and Puerto Rico, the proceeds from which have served and will continue to serve as permanent endowment for at least 1 institution of higher learning in each State. Each land-grant institution, we remember, was to take as its main object, in the quaint wording of the act, "the liberal and practical education of the industrial classes in the several pursuits and professions of life." Classical studies were to be offered as well, but the focus of the land-grant college was clearly to be liberal and practical education—offered, for a change, to young people of modest families and modest means as well as to their more privileged fellows.

That such provisions represented highly significant innovation was obvious to most thoughtful Congressmen of the time. It has been only the perspective of a century, however, which has enabled Americans to understand that, in the words of President Edward Eddy of Chatham College:

> Until the mid-19th century, educational institutions had been regarded as the conservative backbone of society. With the passage of the Morrill Land Grant Act, a new Nation asked its colleges, instead, to perfect the ability to adapt higher learning to a changing time, to keep just a little ahead of society, and to make the liberal approach a sound method in all practical matters.

One by one, the States moved to accept the Morrill Act. In 1888 the Territory of Utah passed a bill for the creation of a college, and in 1890 the Agricultural College of Utah opened at Logan with a first year's registration of 139. It is this institution which has given Utah the rich benefits accompanying the land-grant idea. By now it has become the Utah State University with an enrollment of well over 7,000 young people served by 7 resident colleges, a graduate school, and 2 branch colleges. Utah State serves well to illustrate the youthful vigor and ever-increasing breadth of influence which have characterized the growth of the land-grant institutions.

Insufficient though our tribute will be, let us attempt to assess something of the service which the land-grant colleges have rendered to the Nation's development. Let us ask first what service they have rendered to higher education in general and to the student in particular.

Clearly, one of the most significant contributions of the land-grant college has been the expansion of the curriculum. Traditional subjects, having long reigned supreme in higher education, were retained and honored in the new kind of college; but practical and liberal studies were given not only place but emphasis in the curriculum. The sciences were hustled from a position of near ignominy into the center of the academic spotlight. In 1862, the faculty of a prominent and traditional eastern college had agreed only grudgingly to allow one of the Nation's most eminent botanists to conduct a lecture course in his subject "at such hours as will not interfere with the regular studies of the undergraduates." That same year the land-grant idea proclaimed that the education of a forward-looking new people in a wealthy new world required specifically devoting the scholarly attention of thousands of the country's best young minds to the pursuit and application of scientific study. The acceptance of this emphasis was necessary not only because a rapidly increasing population waited with increasing eagerness upon the tapping and the wise management of the Nation's great resources; it was also necessary simply because the practical nature of the young American life and spirit demanded it. It was Utah's Brigham Young who said:

> I want to have schools to entertain the minds of the people and draw them out to learn the arts and the sciences. There is nothing I would like better than to learn chemistry, botany, geology, and mineralogy, so that I could tell what I walk on, the properties of the air I breathe.

The chief emphasis of the land-grant-college curriculum, then, has been the study of applied science, especially in agriculture and the "mechanic arts." But this emphasis is a part of a larger emphasis, the general liberalization and expansion of the traditional curriculum in many new and frequently practical directions. Land-grant institutions are universally distinguishable by the great breadth of their academic offerings, many of which are accompanied by opportunities for extensive research. This characteristic of land-grant institutions, the vastly broadened curriculum, has been responsible for giving to higher education in this country a color which is unique and distinctly American.

Another development in higher education chiefly attributable to the land-grant idea has been a major change in enrollment patterns. With the introduction of the land-grant college, hundreds of thousands of young people, many of them rural, whose tastes and talents and future employment probabilities did not encourage them to seek out a traditional college curriculum, found that higher education finally had met them half way; now at last there were colleges able to help them prepare for realistic application of realistic knowledge. To a large extent, it was precisely this factor which resulted in the fact that between 1850 and 1900, while the Nation's population trebled, college and university enrollments increased twentyfold; and that between 1900 and 1950, while the population doubled, the college enrollment increased tenfold. And significantly, many of the new kind of students were women; thorough training in practical fields, more than any other influence, was making possible extensive educational and vocational opportunity for the traditionally "second" sex.

But we cannot talk for long of the land-grant idea's service to the student and to higher education without finding ourselves examining its service to the States. Clearly, the history of agriculture, technology, medicine, and other areas of applied science has been affected immeasurably by the work of the land-grant colleges. Almost synonymous with the institution itself are the concepts of laboratories and experiment stations, where innumerable discoveries and their practical applications have first seen the light of day. Utah State, for instance, operates both an agriculture experiment station, which maintains some 15 field stations throughout the State engaged in as many as 170 research projects, and an engineering experiment station, which conducts basic and applied research in electrical, mechanical, civil, tool, and agricultural engineering of much benefit to State industries and projects.

Even more directly and widely useful to residents of the State is the land-grant university's elaborate network of off-campus education, through which results of the university's research as well as the regular content of a wide variety of liberal arts courses can be brought into the towns and homes of residents unable to study on campus. In Utah, thanks to USU, not only are full credit-carrying courses offered in as many as 30 residence centers throughout the State, but a great variety of home study courses applicable toward a degree are available as well. A network of lecture series, conferences, and institutes spreading across the State rounds out the extensive off-campus educational service. Here, indeed, is the land-grant idea of a university's direct service to all in its locality vividly and impressively illustrated.

Having widened our view to this extent, we cannot fail to see the unique gifts of the land-grant idea to the Nation as a whole. Most obviously, perhaps, the technical advancement resulting from the research and experimentation of land-grant institutions has been and will continue to be of incalculable importance. In the words of John T. Caldwell, chancellor of North Carolina State College:

> Let us make no bones about it. The United States would not enjoy the culture nor have the productive capacity that it does today—in farm, forest, skyscraper, or factory—without the contributions of research and the wide dissemination of knowledge to which the resources of the land-grant educational system have been devoted.

Nor should their great contributions in medical and atomic sciences be overlooked.

During occasions of military emergency, the Nation has known a special fervor in its gratitude to the land-grant institutions. In such times not only has their service in adult education for adapted production methods been of great importance, but the value of the ROTC, a concept born in land-grant institutions, has been made fully obvious.

But the services of the land-grant idea are broader still. Chancellor Caldwell's mention of the land-grant contributions to "culture" remind us that more than half of the living American holders of the Nobel Prize, including Pearl Buck and Ralph Bunche, hold degrees from land-grant institutions. And the land-grant idea has contributed richly to the Nation's foreign policy; since 1958, land-grant institutions have, under Federal contracts, taken on 126 educational and other projects in 42 countries in Asia, Africa, the Middle East, Europe, and Latin America. Utah State is working under such a contract with Iran, offering that country direct technical assistance as well as guidance in the field of agricultural education. It is interesting to note that in that country, as in India, Ethiopia, and Central and South America, the land-grant idea has been adapted from our example.

Nor should we ignore, when we are thinking of our foreign policy, that our land-grant colleges have for a long time been hosts to unusually large numbers of foreign students from new nations seeking technical education; or that with the inauguration of the Peace Corps, land-grant institutions predominated among universities selected as the first training centers, and then sent a strong representation of their students into the Corps itself.

In the long run, however, one of the greatest services the land-grant idea has performed and is performing is its contribution to American thinking. Most significantly, it confirmed and implemented our once timid belief in our democratic ideal that education belongs both to the land from which it springs and to all the people of that land who can benefit from it; nothing it has ever accomplished is more important than that. Furthermore, it has taught us that Federal assistance to education can be both immeasurably beneficial to innumerable Americans and gratifyingly free of governmental interference of any kind; in our President's words, it is "a monument to the fact that the cooperative effort of the Federal and State Governments is the best way to insure an independent educational system of the highest quality. These are two important lessons we do well to acknowledge.

Perhaps, though, there is yet another lesson. The land-grant idea taught that study is intended to lead to action. Congress, in its current consideration of legislative proposals in the field of education, would do well to take that to heart.

PUBLIC WELFARE AMENDMENTS OF 1962

The Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

Mr. MOSS. Mr. President, on Tuesday of this week, I proposed an amendment to this bill, and the amendment was debated at some length. Because of factors which then existed, I agreed to withdraw my amendment then, and reserved the right to call it up today.

I ask that my amendment, which was discussed at some length on Tuesday, now be called up and read.

The PRESIDING OFFICER. The amendment will be read.

The LEGISLATIVE CLERK. On page 70, between lines 17 and 18, it is proposed to insert the following:

> (f) The increase in the Federal share of public assistance payments provided for in this section shall be paid to the States only upon the condition that the money payments received by recipients of old-age assistance, aid to the blind, and aid to the permanently and totally disabled shall be increased by the full amount of the increase in the Federal share.

Mr. MANSFIELD. Mr. President, if the Senator from Utah will yield, I should like to suggest the absence of a quorum.

Mr. MOSS. I yield for that purpose.

Mr. MANSFIELD. Then, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. Mr. President, at page 12683 of the RECORD of the Senate proceedings for Tuesday, July 3, appears the brief wording of the amendment which we are now considering, together with the remarks I made at that time.

There was a colloquy among Senators at that time, including a discussion of the amendment by the senior Senator from Oklahoma [Mr. KERR], who is handling the bill on the floor. At that time the Senator from Oklahoma was in opposition to the amendment, and I think stated fully the reasons for his opposition. I stated my reasons fully at that time.

This amendment simply provides that any increase in the amount of Federal money granted for welfare in the classes of blind and disabled persons shall be passed on to the recipient at the end of the line, rather than be deflected or diverted or absorbed in any way by the State.

I think such a provision is of considerable importance because of the feeling of the people who are receiving this sort of aid that they have been betrayed when such benefits have not been passed on to them. I think when there has been a reason for Federal action increasing the amount of such support, certainly it should go to the recipient.

I have no reason to discuss the amendment in any more detail at the present time, and I ask for a vote on my amendment.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Utah.

The amendment was rejected.

Mr. MOSS. Mr. President, I send to the desk amendments which I call up at this time and ask to have stated. They are the same as the amendment the Senator from Indiana [Mr. HARTKE] had prepared. However, the measure has been slightly amended to refer to the proper page and paragraph designations.

The **PRESIDING OFFICER.** The amendments offered by the Senator from Utah will be stated.

The CHIEF CLERK. It is proposed, on page 78, line 9, to strike out "and".

On page 78, line 13, to insert ", and (C) the ability of such individual's family or relatives to provide for his support" after "plan".

On page 100, between lines 15 and 16, to insert the following:

> ABILITY OF FAMILY OR RELATIVES TO PROVIDE SUPPORT TO BE DISREGARDED IN DETERMINING NEED OF INDIVIDUAL FOR AID TO THE BLIND
>
> SEC. 156. Effective July 1, 1963, section 1002(a)(8) of the Social Security Act is amended to read as follows: "(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind as well as any expenses reasonably attributable to the earning of such income; except that, in making such determination, the State agency shall disregard (A) the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (B) the ability of such individual's family or relatives to provide for his support;".

Mr. MOSS. Mr. President, my amendment would amend H.R. 10606 to abolish the legally enforceable obligation of a relative to contribute to the support of a person who is blind. This amendment is strongly desired by the National Federation for the Blind.

At present, State laws require, under the penalty of legal action, that family members must contribute to the support of a needy blind person. A blind person's family is fully investigated, and a decision is made as to how much the family can afford to contribute to his support. This amount is then deducted from the benefits the blind person receives under the program in his State, and he becomes a dependent ward of his family, living with them.

The average payment to a needy blind recipient in this country is $76.35. Therefore, should it be found that a family can contribute $20 toward the support of a blind member in a State where the payment is about average, the payment the blind person would receive would be about $55.

Now on the face of it this seems fair. But in many families where the blind can be classified as needy, the family itself is on the narrow edge of need. To pull out of their meager resources enough money to support the blind member of the family—a perpetually nonproducing member—is not only a genuine hardship, but sooner or later begins to cause resentment. The blind member feeling and hearing the resentment he cannot see, knows he is a burden and a drain on family finances needed for others who do have a future.

If a family is unwilling to take on a measure of support for the blind member, and has been forced to do so, the strain is even greater. The blind member feels he is not only a burden, but unwanted.

In either instance, an atmosphere of bitterness and strife often develops—bitterness which deeply affects a person made more sensitive than most because of his affliction.

Today, every effort is being made to encourage the blind to rehabilitate themselves. We have developed splendid programs to help them. We have all been touched and inspired by the sight of a blind person making his own way about town, going to a place of business, doing a job. We all know that the blind, with resolution and proper training, can learn to take care of themselves and can take their place in society.

To do so, however—to make the break from their world of darkness and dependency—the blind need an atmosphere of harmony and encouragement. To rehabilitate himself, the blind person must put forth intense personal effort. He must have incentive and understanding. He must have peace of mind and harmony about him. This he cannot find in a household filled with resentment against him, and with strife and bitterness over his plight.

We are told that many of the more than 100,000 needy blind covered by the provisions of this bill are eager to rehabilitate themselves. They have the initiative and ability—they need only the independence the passage of this amendment would give them to start them down the path toward rehabilitation and self-support. It is evident that the federally supported programs we have established are hindering as well as helping them—I feel they must be adjusted so they are as modern and progressive as the blind themselves.

The amendment I am offering is in character with the trend in welfare legislation. In 1956, for example, the purpose of the amendments the Congress added to the public assistance sections of the Social Security Act was stated as follows:

> To promote the well-being of the Nation by encouraging the States to place greater emphasis on helping to strengthen family life and helping needy families and individuals attain the maximum economic and personal independence of which they are capable.

In the bill before us, both the House and Senate reports state similar objectives. The House bill states:

> The new approach embodied in the bill places emphasis on the provisions of service to help families become self-supporting rather than dependent on welfare checks. The bill would make it possible for the States to provide incentives to the recipients of public assistance to improve their condition so as to render continued public assistance for such persons unnecessary. This approach accords due recognition to rehabilitation of recipients so as to restore them as useful, productive individuals, and assist them to become self-supporting, independent and able to take care of themselves.

The Senate report has similar language.

I realize that many people feel very strongly about filial and family responsibility and I anticipate that some of the Members of this body may hesitate to write it off even in the case of the blind. The Department of Health, Education, and Welfare has issued a very interesting study on "Filial Responsibility in the Modern American Family." Though it deals primarily with the responsibility of adult children to their aged parents, many of its conclusions are applicable to the situation we are discussing today.

It shows that filial support policies vary from State to State, both in rigor and in methods of application. Some States require a contribution by law or policy, but do not make assistance contingent on contribution. In general, children living outside a State are not obliged to contribute to their parents, but they are encouraged to support them. Various scales of support are used in various States.

Now let me quote some pertinent comments from the study:

> Most administrators agree, regardless of their position on requiring filial support, that it is difficult and painful to administer * * * (and that) many parents resist the requirement and adult children resent it. The legislator enacting filial responsibility envisions a wealthy son whose father ekes out a desperate living on old-age assistance. But caseworkers and administrators see a different picture. Though income scales help to achieve a degree of equality, their application in varying situations and to families whose filial feeling may range from love to hatred may easily seem unjust to parent or child, client or caseworker. If in the end the agency must have recourse to the courts, prosecutors and judges are reluctant to bring these cases to trial. Even then, it frequently turns out that the child does not contribute the specified sum and the entire procedure begins again.

I would point out that such procedures are not unknown in the case of a family which is reluctant to contribute to the support of a blind person, either because of the strain on finances, or because of lack of a feeling of responsibility. What is the impact on the blind person?

This is brought out in another paragraph dealing again with filial responsibility to parents, but applicable in the case we are discussing:

> We are left with the question of the effects of filial requirements on families. In

> a sense, this is the crucial question. At some expense of equity and of feelings, both clients' and administrators', there is a net savings in enforcing filial support; opinions divide on whether it is worth while. The question that remains is, "what is the human cost of the saving?" * * * (There are) three kinds of human cost: The perpetuation of poverty, the substitution of enforcement for incentive, and the domination of family arrangements by considerations that are secondary, and often inimical to family cohesion.

Another question which undoubtedly would be raised is that of the saving of tax funds by requiring a family to assume either in full or part the care of a member who cannot support himself.

Again, I quote from the HEW study:

> If one examines the caseloads of the States that require filial support, they turn out to be markedly lower than the States that do not. As these tend to be the wealthier States that would in any case have lower caseloads, however, the savings is only in part a result of filial support. Among people receiving assistance, thorough exploration of filial support does not usually, in agency experience, produce a great deal more than is already being contributed. It appears that the savings might be balanced by the cost of administration.

This would apply, perhaps in a lesser degree, to the investigations necessary to decide whether the family of a blind person can contribute to his support, and how much.

I could continue to quote at length from the HEW study, but the gist of the discussion seems to be that there are some serious doubts among welfare administrators and social workers about the wisdom and effectiveness of forcing filial or family support, and also about the extent to which tax funds are saved in the process. I certainly do not want to indicate here that I feel families who are able should not shoulder responsibilities they can well carry, nor do I want to indicate that I do not believe children should care for their aged parents, nor that families with blind members should care for them if they are able, and care for them with good will and understanding. But I feel we must recognize the fact that when such care is forced on those who feel they are not able to shoulder it, or who are unwilling to shoulder it, the recipient of the aid can be made to suffer cruelly.

Mr. President, I believe that in the case of the blind we should consider them first—consider them before we consider welfare policies and tax loads.

I feel we must not doom the blind person by laws which force him to be dependent on his relatives and his family. Rehabilitation starts not with skilled personnel, not with training facilities—but it starts with the person himself. He must believe in himself, and he must have help in gaining in this belief. If he cannot get the inspiration he needs from his family, then he must be freed from dependence on that family so he can go where he can get inspiration and help. With independence, he may succeed in rehabilitating himself; without it he may sit, helpless and crushed, in a chair for the rest of his life.

I ask that the amendment be agreed to.

Mr. RANDOLPH. Mr. President, will my colleague yield?

Mr. MOSS. I am happy to yield to my colleague from West Virginia.

Mr. RANDOLPH. I shall not discuss the amendment which has been offered. It has had, and will have, discussion by proponents and opponents. I followed the RECORD earlier this week in connection with this subject matter. My support will be given to the amendment as offered by the Senator from Utah. It was my privilege to join with Senator HARTKE early in the first session of this Congress and sponsor a measure to amend title X of the Social Security Act. It provided that consideration with respect to the ability of the family or relatives of a blind individual to provide for his support shall be disregarded in determining his need for aid to the blind under State programs established pursuant to such title.

When we consider the independence of this group of our citizens, it is important to realize that there are approximately 400,000 blind persons in the United States of America. From this reservoir of blind people have come those individuals who have had not only the aptitudes but also the attitudes which have been very important in regard to certain work programs. This has been true particularly with respect to one notable effort to which I invite our attention.

The Vending Stand Act of 1936 provided the way, as it were, for blind persons who could meet certain requirements, who could be trained. The act provided for operation of those small business units.

In fiscal year 1961 there were 2,332 blind persons who were conducting these small business units in Federal and non-Federal buildings, as well as parks and forests throughout the United States.

In the fiscal year 1961 those men and women did a gross business of more than $42 million. They netted to themselves in excess of $8 million. I mention that program, which was enacted in 1936, as one of the very intelligent activities by which the blind of the United States have been able to reach a status of independence, dignity, and ability to contribute to personal and community responsibilities rather than to be recipients of charity. I express my appreciation to that segment of blind people in the United States. For the benefit of the 400,000 blind citizens in our country, we need to develop, at this time, additional programs of the type which I have mentioned.

Mr. MOSS. I thank the distinguished Senator from West Virginia for his timely comments. Certainly much has been done in that area. I think we have all been inspired to see the blind obtain a degree of initiative in providing for themselves. It has been inspiring to see the self-respect that their work brings to them, in strong contrast to sitting as a defeated burden upon family or friends. The blind person who has initiative may move out and grow for himself. He thereby grows in his own self-respect and the respect of the members of the community.

The amendment about which we are speaking would merely eliminate the condition that may arise, and sometimes does arise, in which a deep internal conflict develops within a family group because of the requirement of the law for a contribution in cases in which the family, for one reason or another, justified or not, does not feel that it should be imposed upon by the person who is handicapped by blindness.

The amendment would require that the family not be required by law to make a contribution to a person, or that his blind aid be decreased by any amount that legally should be contributed by the family. The amendment would give a blind person a sense of independence.

I repeat that I do not at all negate the idea that family responsibility should voluntarily motivate a family to want to help any member of the family. That should be done, and will be done in a great many cases, regardless of what the law is. I am thinking of cases in which, for one reason or another, that feeling of responsibility does not exist. In such cases the entire weight of oppression falls on the shoulders of the blind person, who is already handicapped and working against a very great handicap. That oppression should not be inflicted upon him. The amount about which we are talking is not great. Therefore I hope that the amendment will be agreed to.

Mr. KERR. Mr. President, will the Senator yield?

Mr. MOSS. I am happy to yield.

Mr. KERR. Does the Senator know the extent to which his amendment would change the present law?

Mr. MOSS. It would change the existing law only to the degree that an immediate member of the family would not be required to support a blind person who is receiving financial aid.

Mr. KERR. Is there any such Federal law at present?

Mr. MOSS. I am not sure of the extent to which there is a Federal law. I know that many States have such a law. We are talking about the money contributed.

Mr. KERR. Will the Senator advise the Senator from Oklahoma which State has a law that requires a relative of a blind person to support the blind person?

Mr. MOSS. I am not sure that I have that information available. I do not have the reference, except that, from my acquaintance with the welfare laws of my own State, I know that there is a requirement of a family contribution. I have been informed that such is also true in a great many other States.

Mr. KERR. In the knowledge of the Senator from Oklahoma, such is not the case. There are States which have laws that declare that the ability of sons and daughters to support the blind shall be taken into consideration in determining aid to the blind. If I correctly understand the amendment of the Senator from Utah, it is intended to prevent States from requiring that a relative of a blind person should support that blind person. If I correctly understand the Senator's amendment, it would say to a State, "You cannot, by your own State law, have a program which would take into account the ability of a relative to support a blind person."

As I understand the Senator's amendment, it would prevent a State from exercising its right to require a person to support a blind relative. The Senator's amendment would deny to a State the right, under its laws, to take into account the ability of a relative of a blind person to support that person.

Mr. MOSS. In general the Senator is correct.

Mr. KERR. The Senator has said that my statement is correct in general. Will he specify in what manner it is not correct?

Mr. MOSS. Under the Federal funds made available in the bill to a State it would not be permissible to decrease the allocation of the amount a blind person would receive based upon any study of the State or any finding of the State that the family, or some relative, could contribute in part.

In other words, the benefit would not go in different amounts to different people based upon the family circumstances and relief. There are areas of friction in which a family feels it has been imposed upon, and therefore makes the blind person feel that he is a drain and a burden upon the family. The amendment would be an attempt to restore the self-confidence of that blind person.

Mr. KERR. The amendment of the Senator from Utah would go far beyond that point. His amendment would compel a State to disregard the fact that the blind person had a relative who wanted to help to support him and was doing so.

Mr. MOSS. I do not think the amendment would go that far.

Mr. KERR. The Senator should read his own amendment.

Mr. MOSS. No relative would ever be inhibited in helping in a case in which he wanted to help. But the State would be inhibited from taking that fact into consideration and thereby decreasing the amount that would otherwise come to a blind person.

Mr. KERR. The Senator is entirely correct in his last statement. Even though a relative might be very wealthy and was making abundant provision for a blind relative, the Senator's amendment would require the same payments to that blind person as he would receive if he had no relative making independent arrangements for his support.

Mr. MOSS. That is quite true. It would be available for him.

Mr. KERR. I do not believe the Senator would wish to urge that amendment.

Mr. MOSS. I certainly do urge the amendment.

Mr. KERR. As the Senator sets forth in his amendment, the law with reference to aid to the blind is the most liberal of any assistance program we now have. The law now is that the first $85 a month of earned income is disregarded, in determining how much assistance shall be given to a blind person.

The law now requires that one-half of what a blind person earns above $85 a month be not taken into account in determining how much he shall receive from the State program. The Senator would provide that even though the blind person himself were making $85 a month, which is disregarded, and another $100 a month, being one-half of another $200 a month, which is also disregarded, would compel the State to disregard the fact that an independent, wealthy relative of the blind person was making a provision for the blind person in addition to what he was earning himself; and to contribute to him as though he were not receiving such contribution from his well-to-do or wealthy relative.

Mr. MOSS. I quote again, as I did before, from the report of the Department of Health, Education, and Welfare:

> The legislator enacting filial responsibility envisions a wealthy son whose father ekes out a desperate living on old-age assistance. But caseworkers and administrators see a different picture, as we shall observe.

Then it discusses that situation. Of course, there may be a situation of the kind the Senator points out. It might be that a wealthy family had a blind member. Nevertheless, a large number of these cases fall into the marginal area, where the administrator may have reason to say that the family can give a certain amount of support and where the family does not believe it can. In that way we get into an area where a blind person is made to feel the brunt of the conflict, and to feel the depressing effect of the situation, in that he feels as though he is a complete burden on the family and is unwanted, and, as a result, does not have the stimulus that we say we want to give blind people.

Mr. KERR. As the Senator knows, there is another amendment in the bill which provides:

> In determining need for aid to the blind, a State shall, in addition to presented exempted amounts ($85 a month in earnings plus one-half of the balance) exempt such other amounts of income or resources as may be necessary to fulfill a State-approved rehabilitation plan for a blind individual.

In other words, the bill contains an amendment which directs the State to disregard any income, just as the Senator would say, with reference to a wealthy or poor relative that may be necessary to make the blind person completely self-sustaining under a plan approved by his State.

Mr. MOSS. That is a very salutary provision. However, this would apply not only to the blind person who has an income but also to one who has an income and receives aid. In other words he would receive aid, and there could be no writeoff against the family.

I ask for a vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. Moss].

The amendment was rejected.

Mr. KERR. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. DIRKSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PROPOSED UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I send to the desk a unanimous-consent request and ask that it be considered.

The PRESIDING OFFICER. The proposed unanimous-consent agreement will be read.

The legislative clerk read the proposed unanimous-consent agreement as follows:

> *Ordered immediately*, That, during the further consideration of H.R. 10606, the public assistance and welfare bill, with the exception of the so-called Anderson and other Senators' amendment, hereinafter referred to, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to one hour, to be equally divided and controlled by the mover of any such amendment and the majority leader: *Provided*, That in the event the majority leader is in favor of such amendment the time in opposition thereto shall be controlled by the minority leader.
>
> *Provided*, That on the Anderson and other Senators' amendment to the said bill, debate on any amendment, motion, or appeal relating thereto, shall be limited to six hours, to be equally divided and controlled as above indicated: *Provided*, That on any amendment proposed thereto or motion relating thereto, debate shall be limited to one hour equally divided and controlled by the mover of any such amendment and Mr. Anderson, if he is opposed to any such amendment or motion, and that in the event he is favorable to such motion or amendment, debate in opposition thereto shall be controlled by the minority leader: *Provided further*, That no amendment that is not germane to the provisions of the bill or the Anderson and other Senators' amendment shall be received.
>
> *Ordered further*, That on the question of the final passage of the said bill debate shall be limited to six hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection?

Mr. MANSFIELD. It had been anticipated by the majority leader that the unanimous-consent request would be made prior to the final disposal of the honeybee bill. I hope there will be no objection to the proposal at this time, so that we may be in a position of assuring Members of what the status of the bill and amendments thereto will be for the rest of the week and possibly next week.

Mr. DIRKSEN. Mr. President, the majority leader has always been so obliging and he has always been so reasonable in his requests, that I often find it difficult to object.

However, I point out that we will be considering here a matter that has not been considered by the Finance Committee, which ordinarily would have jurisdiction in the matter; that we are considering a matter of such great import to the country and so permanent in its impact, and of a dimension that is scarcely appreciated by the membership at the moment, that I feel a maximum amount of discussion must develop on the Senate floor in every aspect of the proposal. Therefore, reluctant as I am, I feel constrained to and I must object.

The PRESIDING OFFICER. Objection is heard.

SOCIAL SECURITY FINANCING OF HEALTH COSTS

Mr. LONG of Hawaii. Mr. President, while we are hammering out a bill to provide health benefits for the aged which will be acceptable to the House as well as to the Senate, we will undoubtedly be faced with a variety of proposals all necessarily complex in their technical details. Because this is a complex and technical piece of legislation, the basic differences in philosophy of the alternatives proposed may not be immediately clear. I would like, therefore, to share my philosophy—the yardstick I shall use in determining whether a specific proposal measures up to my requirements of a program of health benefits financed through social security.

During this past year of serious debate over the issue of health care for the aged, one significant fact has emerged: There is now almost unanimous agreement that the problem is of such dimensions that only social security financing can provide the solution.

The AMA remains almost the lone holdout, still fighting a desperate rear guard attack, confusing the issue with indiscriminate labels of "too much" and "too little." Some of its members warn of strikes against the patient who uses social security benefits to pay for his hospital bills and of reprisals for any doctors who deviate from the official line.

First, the AMA objected to the King-Anderson bill because it excluded 3 million people—including the most needy—from coverage. Now we are considering legislation which will bring those 3 million under the program. They are now saying: "It's just an expanded version of King-Anderson." Many members of this body question the sincerity of the AMA. "We're damned if we do, and damned if we don't."

The first 6 months of 1962 have witnessed a number of impressive conversions to the principle of social security financing—conversions that give hope that the breakthrough of legislative action is near.

The year 1962 was barely underway before important developments took place. On January 4, Blue Cross Association and the American Hospital Association announced they would work out a national Blue Cross program for the aged, which involved governmental financial assistance, and that the method to be used by the Government in financing this program was "of secondary importance"—in other words, the social security financing mechanism could be used provided the plan was administered by Blue Cross. Significantly, the social security financing method, although long and vehemently opposed by organized medicine, had suddenly become acceptable to the one group directly involved in the administration's health insurance proposal—the hospitals.

On January 11, Senator Javits introduced his compromise bill to provide health insurance for the aged through social security financing, a radical departure from his earlier proposals based on general revenue financing.

Still another significant convert to the social security method was Representative Keith, Republican, of Massachusetts, who said "from the viewpoint of a professional insurance underwriter and a proven conservative," called the social security financing "the true conservative approach to a problem we can no longer ignore."

And to list one more—Senator Bush on June 27 introduced a bill, based on his dual conclusions that "there is a need for Federal action in this field which extends beyond the Kerr-Mills legislation," and that the "social security system provides an acceptable method of financing such a Federal program."

On June 20 Senator Pat McNamara, chairman of the Senate Special Committee on Aging, released a staff report that assembles an impressive array of evidence leading inevitably to the finding that Kerr-Mills—by itself—cannot be expected to meet the medical requirements of America's elderly people "either now or in the years to come," and that a program of hospital and related insurance benefits under social security is also needed to "provide the broad base of financial assistance that would help assure older Americans independence, dignity, and security in their retirement."

These are some of the developments of recent months that indicate the spreading conviction that use of the social security financing method is an absolute necessity in handling this problem.

But there is less conviction—in fact, there is still considerable confusion—about the obligations to the contributors that accompany the use of this financing method—the guarantees of benefits that are essential when we use the social security mechanism to collect a compulsory payroll tax in return for a future promise of benefits.

As a longtime and wholehearted advocate of the social security financing principle, I believe strongly that use of this financing method involves certain commitments to beneficiaries, now and in the future. There are four commitments basic in measuring the appropriateness of the specifications of any legislative proposal which is based on the social security principle.

First—and I think this is almost too obvious to need saying—there must be no needs test or income test for persons who are beneficiaries under social security. Such a test, no matter how liberal, is irreconcilable with the principle that social insurance benefits are an earned right. Why should workers help to finance, through their social security taxes, a benefit for which they will be ineligible if their retirement income exceeds some limit? Why should they accumulate other sources of retirement income if this would make them ineligible for the health benefits?

Because I believe so strongly that an income test is incompatible with the social security financing method, I was delighted to see that Senator Javits amended his earlier proposal, initially introduced in January, to eliminate the income test for those eligible for social security benefits.

Second. The health benefits must be available to everyone who meets the tests of eligibility whether these are tests of insured status under the social security system or whether the tests go beyond—as I believe they should—to encompass other aged persons. This means that there must be a Government plan to guarantee the benefits. There must be no chance that anyone, no matter how poor his health, is excluded from the benefits completely, or that there are exclusions of preexisting conditions. No one should be ruled ineligible on the basis of a technicality or failure to comply with some routine regulation. Attainment of this objective requires a Government plan which excludes no one—no matter how bad a risk. And in order that the Government plan should not be left with all the bad risks while private insurance "creams off" the better risks, the Government plan would have to be an exclusive plan, or at the minimum, protected through carefully drawn safeguards.

This yardstick would, of course, rule out completely proposals which leave the entire job to private insurance, such as those put forth by Senator Bush and by Congressman Bow and the sponsors of similar bills.

In this connection, I would call attention to the fact that Senator Bush, in introducing his proposal, stated that it was estimated that 12.2 million persons "would take advantage" of the proposal in 1963. There would be at least 14½ million people who would meet the eligibility qualifications of his proposal in 1963—that is, who would be 65 or over and eligible for social security or railroad retirement benefits. It is hard to conceive of anyone eligible who would not wish to take the offer of $108 toward the purchase of health insurance. Does this mean then that the other 2⅓ million persons would be unacceptable to the insurance carriers? Is this what is meant by not "taking advantage" of the proposal?

Any proposal that collects compulsory contributions over the working years and leaves to the small print of a health insurance policy the determination of whether the individual is eligible at all—or for what he is eligible—is completely unacceptable under my standards.

Third, the plan should provide a guarantee of specified services—a meaningful guarantee based on assurance of payment in full for the services included.

Only in this way can the health benefits be truly paid up in advance of old age. This rules out all plans that merely offer the meaningless promise of cash indemnity toward unspecified, uncertain, and constantly rising fees and charges—fees and charges that can, in fact, be expected to rise ever higher since the providers of medical services are left free to increase their costs because of the existence of the insurance.

It is completely unreasonable to expect the worker to pay contributions over his working lifetime—perhaps as long as 30 or 40 years—only to find that the cash indemnity health insurance policy he has been purchasing is virtually worthless when he is ready to collect.

In specifying that service benefits are an essential element of a health insurance program financed through social security, I recognize that I lay myself open to the counterargument that the cash benefits to be paid on retirement after 30 or 40 years of contributions may also be depreciated in value. I would only point out parenthetically that these benefits are related to wage levels and the problem is not the same.

Fourth, social security contributions should not be used to pay profits to private insurance companies, thus spending large amounts which have been collected compulsorily without buying protection. During 1960, commercial insurance companies returned only 53 cents on benefits for every dollar they collected for individual health policies.

The social security mechanism provides an economical method of collecting contributions for health benefits on a group basis. These contributions should not be squandered on health insurance premiums, heavily weighted by profits and overhead and determined on an individual rather than a group basis.

These are the four criteria—the four yardsticks—I would use in assessing the acceptability of any proposal for health benefits based on the principle of financing through the social security system.

I firmly believe that the social security system is the only method through which older people can be relieved of the burden—and the fear—of rising and unpredictable health costs. It is only through our social security system that workers can provide for themselves, as a group and at a rate they can afford to pay, health insurance that is paid up prior to old age.

Fortunately, we have now reached a point in our history where these beliefs—these convictions—are widely shared. It is time now to move on to put our principles into operation—to expand our social security program by providing protection against the most essential health costs of the aged. In so doing, let us be ever mindful of the obligations placed upon us when we use the social security mechanism of financing. Let there be no dilution of our commitments to future beneficiaries, no deviation from our basic principles.

THE SUPREME COURT RULING ON PRAYER IN THE PUBLIC SCHOOLS OF NEW YORK, AND THE PLEDGE OF ALLEGIANCE TO THE FLAG

Mr. KEATING. Mr. President, the current controversy over the Supreme Court's decision invalidating the New York school prayer highlights the campaign begun in 1954 by the New York Journal-American and other Hearst newspapers to include the words "under God" in the Pledge of Allegiance.

On June 14, 1954, President Eisenhower signed into law a congressional resolution providing that the words "under God" be inserted in the Pledge of Allegiance.

This was the successful culmination of a campaign which began in the New York Journal-American, and other Hearst newspapers, in an editorial dated April 28, 1954. The effort was inspired and directed by Mr. William Randolph Hearst, Jr.

On May 13 of that year a second editorial reported unanimous passage of the resolution by the Senate and its pending action in the House of Representatives. It was pointed out in the editorial that the Hearst newspapers had won backing for this worthy effort from Catholic, Protestant, and Jewish religious leaders, the American Legion, Jewish War Veterans, Catholic War Veterans, and Veterans of Foreign Wars.

In a third editorial, published on June 10, 1954, the Journal-American was able to report that the resolution had passed both Houses of Congress. Four days later, on June 14, it was signed into law by President Eisenhower.

Two years later a lawsuit was initiated against the new pledge but the New York courts resolved the issue on December 2, 1960, in favor of retaining the phrase "under God" in the Pledge of Allegiance.

Mr. President, the current controversy over the Supreme Court's decision invalidating the New York school prayer highlights the campaign begun in 1954 by the New York Journal-American and other Hearst newspapers to include the words "under God" in the Pledge of Allegiance.

In my opinion, our amendment of the Pledge of Allegiance served the public interest by giving expression to deeply held religious faith of the American people without favoring any particular religion. It demonstrated that the principle of church-state separation—in which I strongly believe—does not require isolation or rejection of religion by the state. The sentiment of the American people is evidenced by the fact that the resolutions sped through ordinarily time-consuming congressional processing in a matter of 6 short weeks.

Mr. President, it is interesting to recall this history in the light of the new controversy which has arisen as to the place of God in the public schools of America. I heartily commend the Hearst newspapers and Mr. Hearst for their effective and significant efforts.

PUBLIC WELFARE AMENDMENTS OF 1962

The Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

Mr. McNAMARA. Mr. President, the amendment for health insurance for the elderly now before the Senate has been referred to as a compromise.

However, I am pleased to note that the new proposal is in many respects a significant improvement over the original King-Anderson bill.

I had supported that bill as a reasonable base on which to start building adequate protection for our older citizens against the heavy medical costs of their later years.

With one major exception, I am even more pleased to support this new proposal.

Particularly gratifying is that a number of the improvements bring the proposal closer to my own bill—S. 65—which was introduced on January 4, 1961.

I say this not out of any pride of authorship, but because S. 65 had been carefully worked out to meet the basic needs of the elderly and to meet some of the arguments that have since plagued the King-Anderson bill.

Both bills provided for health insurance coverage for those eligible for social security to be financed through social security contributions.

However, we went further in S. 65 to include also the several million elderly individuals who did not have social security protection.

The new Anderson proposal now before the Senate, I am happy to note, would include those persons not now eligible for social security.

This is a most significant step forward, not only because this group includes many of the people most in need of health protection, but also because it meets one of the most telling objections to the King-Anderson bill which has been raised by the AMA and other opponents.

I sometimes feel that this argument, when raised by the AMA, somehow lacked the full ring of sincerity. Nevertheless, it was an argument that even many of the proponents felt was legitimate.

As in my bill, the costs of providing the protection for persons not eligible through social security would be met through general revenues. There would be no means test.

The inclusion of the noninsured aged is, I believe, the only way in which the States can be relieved of the almost intolerable financial burden of providing public assistance medical care for large numbers of needy aged persons.

Relieved of this burden, the States should be able to move ahead rapidly and on a sound financial basis to provide adequate medical care for those of the needy aged who may have medical costs beyond those met by the new program.

Recently the Senate Special Committee on Aging received a staff report entitled: "Performance of the States—18 Months of Experience With the Medical Assistance for the Aged (Kerr-Mills) Program."

In the introduction to that report, I stated:

> A program of hospital and related insurance benefits under social security should make it financially feasible for all the States to implement the Kerr-Mills MAA program. The two programs together would provide the broad base of financial assistance that would help assure older Americans independence, dignity, and security in their retirement.

I am pleased to see that the Anderson amendment also incorporates provisions like those in my bill for a separate trust fund for the health benefits and for the use of public agencies and nonprofit organizations for appropriate tasks.

Mr. MORSE. Mr. President, will the Senator from Michigan yield?

Mr. McNAMARA. I yield to the Senator from Oregon.

Mr. MORSE. I should like to emphasize that it was the distinguished senior Senator from Michigan who took the lead—and many of us were pleased and proud to support him—in proposing that these funds should be set up as a separate health trust fund, separate and distinct from the rest of the social security funds. I think that is a very important improvement in the bill.

Mr. McNAMARA. I thank the Senator from Oregon for his generous remark.

The new Anderson proposal before the Senate does continue a feature of the King-Anderson bill which is not included in S. 65 and which I still find objectionable.

This is the so-called deductible feature, under which the individual must first make some basic payments for health care provided before he is entitled to benefits under the proposed law.

While I can appreciate the reasons why this feature is included, I hope that in the years ahead it will be possible further to improve the basic program by eliminating such features.

Mr. MORSE. Mr. President, will the Senator from Michigan yield?

Mr. McNAMARA. I yield.

Mr. MORSE. I join with the Senator from Michigan in his criticism of the provision of the King-Anderson bill which requires an initial $90 payment to be made by the recipient. I shall offer an amendment to the bill during the course of the debate which will seek to eliminate the $90 payment. I think we ought to start to make our fight against that provision this year. I hope that my amendment will be adopted. In my judgment, this provision of the bill is not justifiable. A sound social security principle or policy ought to be adopted in connection with the medicare bill. I think the total cost should be paid out of the insurance fund, not out of the pockets of the aged.

It is said by some persons that the $90 initial payment will not be a great handicap to those who need medical care, but, in my judgment, it will be a serious handicap to thousands of persons. It will cause many aged persons to postpone, postpone, and postpone even getting a diagnosis. In my judgment, such a requirement will result in great injustice to the aged having very limited means.

I know of no really good reason why we should not start at the beginning to put this plan on a complete insurance basis, with the understanding that the entire cost, to the extent that the bill covers health expenses, will be paid out of insurance funds, and not out of the pocket of the patient.

I recognize that this is considered a workable compromise between the unconscionable means test of the Kerr-Mills Act and the desirability of having some legislation passed at this session of Congress. But I am always interested in the question: What is the right thing to do? In my judgment, the right thing to do in this instance is to put this proposal on a strict insurance basis to begin with, and to eliminate the initial payment on the part of the patient. I shall offer an amendment in due course of time which will propose to do just that.

Mr. McNAMARA. I thank the Senator from Oregon.

Mr. ANDERSON. Mr. President, will the Senator from Michigan yield?

Mr. McNAMARA. I yield.

Mr. ANDERSON. I was interested in the closing remarks of the Senator from Oregon about putting the proposal on a straight insurance basis. That is precisely what was attempted. A sound insurance basis includes recognition of the fact that numerous nuisance claims are filed. It is necessary to have a valid claim.

For example, automobile companies provide collision insurance. In the days when they provided full collision insurance, it became too expensive; practically no one would carry it. Therefore, the insurance companies adopted a provision for $50 or $100 deductible, the idea being that if a person did not have a serious accident or a serious involvement with an automobile, he would not have his car repaired. If he had full collision insurance, he would immediately have every dent or scratch removed, or even replace a damaged fender at a cost of $60, or whatever the price might be.

The same principle of deductibility has been carried into this bill. I do not say it is the wisest thing in the world; but otherwise, too many persons having slight illness would claim benefits.

Also, this provision is similar to provisions in all types of commercial insurance, particulary health insurance. It follows the provisions of the workmen's compensation laws in every State of the Union, laws which require that a person must be incapacitated for a limited number of days before he may institute a claim.

From what little experience I have had in the insurance business, I think this is a good provision. It might be desirable to suggest that people should be paid for the first day; and there may be possibilities that welfare funds will cover this medium later if a change is found to be desirable.

We must always bear in mind that we are looking for an actuarial principle when we provide within a reasonable fee the amount of coverage which will be provided. This was hastily done, but it involved what I thought was an insurance principle.

Mr. McNAMARA. Ninety dollars is the maximum.

Mr. ANDERSON. Yes, it is the maximum. But the important point is that we are trying to see to it that devastatingly large bills do not descend upon those who are unable to pay them.

Today I received a letter from a woman who said she is 45 or 48 years old, as I recall; but the point is that she has a son, she is the sole support of the family, and she has worked a lifetime to save for his education. But just as he is about to enter college, she has been stricken with cancer. She says the doctors' bills not only are using up all her funds, but they also are making it absolutely impossible for her son to obtain a college education. In other words, even if the first $90 of the bills would not do that, the remainder would.

Mr. MORSE. Mr. President, will the Senator from Michigan yield?

The PRESIDING OFFICER (Mr. Pell in the chair). Does the Senator from Michigan yield to the Senator from Oregon?

Mr. McNAMARA. I yield.

Mr. MORSE. What I wish to say at this point will not be directed in any way to the amendment of the Senator from Michigan. I desire to state that when I offered my amendment, I wished to discuss at some length the amendment of the Senator from New Mexico.

However, at this time I merely state that I do not think it is sound, in connection with this matter, to make a comparison with the deduction made in connection with automobile insurance. It is quite different to be dealing with the question of whether, in connection with such a deduction, a claim for an entire new fender is legitimate, even though only a small dent was put in the original fender. I think there is no comparison between that situation and the case of an elderly person who should have a diagnosis, and perhaps has a latent cancer or some other ailment, but simply does not have the $90, or whatever the amount which will be required for the first few days in the hospital.

In this case we have an effective check: the doctor is the check. If in a given case the doctor finds that the patient should receive some hospital attention, in my judgment we should take the doctor's word for it, and he should have the authority to send the patient to the hospital to get the necessary treatment; and the patient should not have to pay the $90 maximum amount called for in this bill. It should be paid out of the insurance fund, because we are seeking to set up a great humanitarian program which will provide the necessary health attention at the time when it should first be given to the elderly person.

I have talked to a considerable number of doctors about this matter; and Senators will be surprised to find how many of them—a considerable number—are of the opinion that in dealing with the problem of the elderly who should have some health insurance, the doctors should be the ones to decide whether the patient should go to the hospital for treatment.

So the doctors will be the ones who will provide the check; and thus it will not be necessary to worry about possible malingerers, as contrasted with those who really need such attention, if we provide, as I propose, that the check shall be made by the doctor.

Mr. McNAMARA. Mr. President, one provision of the new amendment, however, gives me deep concern. That is the provision of section 1716 for an option to continue private health insurance protection.

I would be remiss in my responsibility as chairman of the Senate's Special Committee on Aging if I let this provision pass without protest.

During the years when I have had the privilege of serving as chairman of this subcommittee and its predecessor—the Subcommittee on Problems of the Aged and Aging, of the Senate Labor and Public Welfare Committee—I have had the opportunity to listen to our elder citizens and to carefully investigate their problems and possible solutions.

As a result, I question whether section 1716 properly protects the interests of our aged people, as the consumers who would purchase the private health insurance promoted through this option.

Personally, I oppose as unnecessary and potentially wasteful of tax funds any option which would go into private profits, rather than benefits.

Without question, however, the Anderson proposal is an improvement over other proposals for private health insurance options.

It is not a free option allowing beneficiaries a premium which they can apply to any private plan, regardless of the benefits that will be forthcoming. It is, instead, a provision which would reimburse a private plan only for the benefits covered by the Government plan which are actually used.

The formula of reimbursing the carrier, in terms of costs of service, plus reasonable administrative costs, assures the same level of benefits for the recipient. It virtually eliminates the effects of adverse selection found in the other proposals. This reimbursement formula is an assurance that the trust fund dollars will go primarily for benefits, not for excessive profits and costs.

The option provision is, nevertheless, deficient in the following respects:

First. The reimbursement to the carriers relieves them of the cost of the risk, but does not assure that this relief will result in correspondingly lower premium rates for the package the individual is purchasing, or in increased benefits.

A direct reimbursement without some form of review and regulation could result in creating a situation in which the carriers could make high profits for supplementary coverage.

Second. The tie-in of Government-financed benefits with private health insurance supplementary coverage would provide the industry with an opportunity to "milk" the aged consumer.

The consumer, already confused by the various diverse forms of policies, could easily be approached for the sale of overpriced coverage. Not realizing how much of his risk is assumed by the Government plan, rather than by the insurance company, he might pay premiums far beyond the value of his supplementary coverage. The lack of Federal regulation, combined with the diverse laws and regulations of States, would be an almost irresistible temptation to sell tie-in, lost-leader insurance.

Third. The option would result in payment of unnecessary administrative costs to private carriers. Under a straight Government plan, these administrative costs could easily be absorbed by the social security administrative structure already in existence.

Fourth. The original King-Anderson bill would not have prevented carriers from selling supplementary coverage in an open market to the recipient.

Spokesmen for the industry have admitted that under the King-Anderson bill there is room for the expansion of sales of supplementary coverage, and that potentially there is an ever-increasing market among the older citizens for these sales.

The option of the new Anderson amendment, however, would assure the carriers a Government-approved—indeed, a Government-financed—sales pitch.

My objection to the option in the Anderson amendment, then, is primarily because of its failure to protect the aged consumer who might be putting his scarce dollars into supplementary protection that would be overpriced but would appear attractive primarily because of the Government-financed portion of the package.

Let me make clear that the Anderson option is infinitely preferable to other options that have been proposed. It at least protects the health insurance trust fund, and thus the contributor, by assuring that the carrier will not collect from the Government for benefits that are never paid.

I would suggest that the operation of such an option be given continuous scrutiny if it is enacted into law.

In saying that the option included in the Anderson amendment is less objectionable than other options that are under serious consideration, let me explain through specific reference to the Javits amendment.

I am very happy to see that the Senator from New York [Mr. JAVITS] is present on the floor. I know he has given a great deal of attention to this amendment, and I am sure that any Senator who has had even a passing interest in this subject has had an opportunity to hear from the Senator from New York on it.

Mr. JAVITS. Mr. President, will the Senator yield only on a question of fact?

Mr. McNAMARA. I am happy to yield.

Mr. JAVITS. I think it is fair to say—and the distinguished Senator from New Mexico [Mr. ANDERSON] is present—that what the Senator from Michigan called the Anderson option contained in the Anderson amendment is also the product of our joint work. I wanted to make that point factually clear.

Mr. McNAMARA. I am glad the Senator from New York has joined the Senator from New Mexico in this proposal. It makes it much better, so far as I am concerned.

This amendment proposes the payment of a sum, up to $100, to a private insurance carrier as partial premium on a policy that is "guaranteed renewable," and which provides benefits at least equal to the value of the benefits under the Government plan.

This proposal is inadequate in the following areas:

First. The so-called guaranteed renewable contract is not noncancellable—contrary to the common public impression.

It reserves to the company the right to increase premiums for classes of insured persons, or to terminate the policy for all who are insured.

The beneficiary, therefore, has no guarantee that he will receive benefits at a constant premium.

In fact, because medical costs are rising faster than other services, his benefit dollar will unquestionably provide less as time progresses.

In contrast, the social security approach assures the beneficiary benefits in terms of service for the rest of his life—a guarantee he can rely on without fear in his remaining years.

Second. The failure to prevent indiscriminate switching from the Government plan to private insurance, combined with the underwriting practices of the carriers which restrict enrollments, excludes undesirable risks and reserves to the carrier the right to terminate the policy, would result in an overloading of the Government plan with bad risks.

This lack of safeguards against adverse selection would defeat the economy and low cost of the social security plan which is based on spreading the risk over the greatest number of people—good and bad risks alike—in order to provide benefits at low cost.

Third. The option would result in payment of trust-fund dollars in profits to a loosely regulated industry.

Regulations vary widely in each State, and most State insurance departments are understaffed and underpaid and generally no match for the industry.

Unlike other forms of insurance, there is no specific rate regulation. The Javits amendment provides for no rate control.

The Secretary, charged with responsibility for proper use of social security contributors' dollars, would be forced to pay them out with no control over their disposition. This is an abdication of Federal responsibility not existent to this date.

Fourth. The Secretary, who is powerless to regulate rates or to bargain as do employers—including the Federal Government—for the advantages of group benefits, is compelled to pay dollars contributed by the Nation's workers to carriers who, on an average for individual policies, pay back little more than half of premiums received in benefits.

Almost half of these moneys may go for profits and costs, not benefits.

A situation like this is not tolerated in the administration of private trust plans. Far from fulfilling a commitment to the needs of the aged, this would be a gift of vast sums to insurance carriers.

Fifth. Commercial private individual health insurance policies today provide only limited dollar indemnities.

The beneficiary is not assured that these dollars will buy the same benefits next year or in the years thereafter, nor that they will buy the same benefits from one State to another.

The original King-Anderson bill provides coverage in terms of service, the same for every beneficiary, no matter where he lives.

He will know what he is getting and if he can afford to purchase supplementary coverage.

We can wait no longer to enact the proposed program of hospitalization and related health benefits for the aged through social security.

Each year that we delay means untold hardship for millions of older people.

One in every six people 65 and over go to the hospital each year.

But even more significantly, no one can predict whether he will be that one in six; all must be prepared for the eventuality.

No one is free from the worry that he will have a hospitalized illness, with all the heavy medical costs that go along with such illness.

During the past year, our Special Committee on Aging has held hearings in more than 30 cities throughout the length and breadth of the land, in rural areas as well as in large cities.

No one who had the opportunity to participate in these hearings, or who has read the printed records, can have the slightest doubt that the No. 1 problem facing the older people of this country is the problem of financing health costs during their later years, when incomes are at their lowest.

Our Committee on Aging has been the source of numerous studies and reports on the subject of the health and economic status of the aged.

All of these, including the 7,970 pages of State background studies for the White House Conference on Aging which we reprinted as a public service, make all too clear that the financing of health costs is an extremely serious problem for our older people.

They provide the factual proof of the existence and dimensions of the problem.

The hearings we have held added a new dimension to our knowledge—a perspective in depth. These hearings provided the voices and faces to go with our statistics.

We hear considerable talk nowadays of the importance of translating the problems of aging into the challenges of aging, of emphasizing the positive aspects of aging rather than the problems.

In simple fact, how is this possible, if our older people do not have the money for the basic essentials of everyday living, to say nothing of the heavy costs of medical care? How can they participate actively in community affairs if their lives are dominated by worry about failing health and heavy medical bills?

We must move ahead immediately to strengthen the economic security of our older population by providing basic protection against health costs.

This is the No. 1 step, which holds highest priority and urgency in our efforts to translate the problems of aging into the challenges of aging.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. McNAMARA. I am happy to yield.

Mr. JAVITS. In the first place, let me say I need not protest my respect and my personal affection for the Senator from Michigan, because he is well aware of them. Also, I have been designated by the Republican side to be a member of the Subcommittee on Aging. I am much pleased, knowing the strong feelings the Senator has on medical care, that he has taken a wait-and-see attitude on the option contained in the Anderson bill. It is with that in mind, and not in a contentious spirit, that I would like to call a few matters to the Senator's attention.

I think, as the Senator views the option concept, it is very important to note that it does not apply only to insurance companies. I think it is important to emphasize that fact for the country.

There are many cooperatives, many group practice organizations, and indeed pension and welfare funds—perhaps the most prominent is the Kaiser plan—which could fit into this concept which is called the option in the amendment.

There is another point I should like to suggest for a further study by the Senator. It is true that we wish to provide benefits for the aged. That is the fundamental point. It is also true, however, it is almost impossible for anybody to protect people against themselves. The people of whom we are speaking are fairly intelligent, older people. It has always been contemplated, as I have understood the bill, that there would be some kind of supplementary coverage. Indeed, the supplementary coverage which is called for by the bill itself is evidenced by the fact that the estimates generally proceed on the assumption that about one-third—up to not to exceed 40 percent—of the medical costs would be covered by the King-Anderson package. That is generally assumed to be the case, and I think the Senator himself has been a party to those estimates.

If there are to be supplementary benefits, and if the Secretary of Health, Education, and Welfare is to keep a rather tight rein on this whole situation, as I am confident he will, then under my amendment—even the one of which the Senator was rather critical, to which I will come in a minute—would it not be a fact that if we provided supplemental coverage, to be built efficiently upon the basic governmental coverage as contained in the bill, there would be a good chance to give to the person who seeks supplementary coverage more for his money? That was really the essence of the feeling of the Senator from New Mexico [Mr. ANDERSON], I believe.

I say "a chance." I am not trying to debate the Senator now, in view of the Senator's feeling that he would like to look into it further, with an open mind. Rather, I suggest areas of investigation, because the committee has a splendid staff which I think could be very helpful in looking into the implications of what we seek to do in regard to the totality of the Anderson proposal.

Mr. McNAMARA. I appreciate the remarks of the distinguished Senator from New York very much. I assure the Senator that what he has said concerning other organizations, as well as insurance companies, was included in my definite understanding. I hope there is nothing in what I have said which would indicate otherwise. I am happy to find out that we are as close together as this. I am moving, as the Senator has moved, considerably. Basically we are certainly on the same side, trying to get something done.

Mr. JAVITS. I agree that we are trying to get something done. I expressed the hope before that by the time this question gets to the voting stage there will be a single amendment, and that my amendment with respect to the option will not even be pending. I am hopeful that will occur.

There is one other thing which I would like to bring to the attention of the Senator.

I should like to bring to the attention of my colleague one other fact, because he did make some comment about it. The amendment which I filed—we kind of filed a "bid and asked amendment," to use a stock exchange term—went as far as we could in regard to the problem, since we did not wish to stand in the way of the filing of the amendment which the Senator from New Mexico [Mr. ANDERSON] worked out with us.

I say to my colleague—and I am sure he will agree, because this was in his own bill—to my mind, aside from the trust fund, there were two very important points to consider.

First, there was the generalized coverage for all of those who are over 65 years of age. That was in the McNamara bill, as it was in my bill, from the very start. That will be accomplished, I am sure. I know the Senator takes great satisfaction from that.

Mr. McNAMARA. Certainly.

Mr. JAVITS. Second, there was the question of the option.

Even in the amendment which I filed, in the first place, the standards for insurance or other coverage were to be set by the Secretary.

In the second place, the policy was not to be a cancellable policy. There was to be a guaranteed renewal at the option of the insured.

In the third place, at all times—and I think this is important, as bearing upon our good will in the matter, at least—the value of the benefits to be contained in the coverage must be not less than the value of the benefits to be provided by the King-Anderson proposal.

Finally, at no time would an older person be without coverage. We have provided even in our amendment—and, as I say, I hope that will be washed out—that the minute the policy lapses or is canceled for any reason, even for nonpayment of premiums, the Government coverage will immediately take effect.

I point that out to my colleague, because I think it is fair to those of us who have taken this position.

Finally, I should like to ask my colleague one other question. I assume that his view of the option turns upon the fulcrum of the discussions; that is, is the option to be for a premium payment or is the option to be for a reimbursement of benefits actually conferred? That goes directly to the solution of the so-called selectivity of risks argument, the traditional trade union argument, with which I know the Senator is very familiar.

May I have the Senator's reaction?

Mr. McNAMARA. I think that is true. My basic concern was not that part of the question, but the fact that the proposal involved such a potential drain on the trust fund. The potentiality of the drain on the fund on the first proposal of the Senator from New York was so great that I did not wish to run the risk of that drain. That was my primary objection.

Mr. JAVITS. I am very grateful to my colleague for this exchange of views.

Mr. ANDERSON. Mr. President, I call up my amendments No. "6-29-62—A."

The PRESIDING OFFICER. The amendments will be identified for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from New Mexico [Mr. ANDERSON], for himself and other Senators, proposes amendments to H.R. 10606 identified as "6-29-62—A."

The amendments are as follows:

On page 1, line 4, strike out "Public Welfare Amendments of 1962" and insert in lieu thereof "Public Welfare and Health Insurance Amendments of 1962".

On page 100, line 16, strike out "II" and insert in lieu thereof "III".

On page 100, line 18, strike out "201" and insert in lieu thereof "301".

On page 100, line 23, strike out "202" and insert in lieu thereof "302".

On page 100, between lines 15 and 16, insert the following:

"TITLE II—HEALTH BENEFITS

"Findings and declaration of purpose

"SEC. 200. (a) The Congress hereby finds that (1) the heavy costs of hospital care and related health care are a grave threat to the security of aged individuals, (2) most of them are not able to qualify for and to afford private insurance adequately protecting them against such costs, (3) many of them are accordingly forced to apply for private or public aid, accentuating the financial difficulties of hospitals and private or public welfare agencies and the burdens on the general revenues, and (4) it is in the interest of the general welfare for financial burdens resulting from hospital services and related services required by these individuals to be met primarily through social insurance.

"(b) The purposes of this Act are (1) to provide aged individuals entitled to benefits under the old-age, survivors, and disability insurance system or the railroad retirement system with basic protection against the costs of inpatient hospital services, and to provide, in addition, as an alternative to inpatient hospital care, protection against the costs of certain skilled nursing facility services, home health services, and outpatient hospital diagnostic services; to utilize social insurance for financing the protection so provided; to encourage, and make it possible for, such individuals to purchase protection against other health costs by providing in such basic social insurance protection a set of benefits which can easily be supplemented by a State, private insurance, or other methods; to assure adequate and prompt payment on behalf of these individuals to the providers of these services; and to do these things in a manner consistent with the dignity and self-respect of each individual, without interfering in any way with the free choice of physicians or other health personnel or facilities by the individual, and without the exercise of any Federal supervision or control over the practice of medicine by any doctor or over the manner in which medical services are provided by any hospital; and (2) to provide such basic protection, financed from general revenues, to those persons who are now age 65 or over or who will reach age 65 within the next several years and who are not eligible for benefits under the old-age, survivors, and disability insurance or railroad retirement systems.

"(c) It is hereby declared to be the policy of the Congress that skilled nursing facility services for which payment may be made under this Act shall be utilized in lieu of inpatient hospital services where skilled nursing facility services would suffice in meeting the medical needs of the patient, and that home health services for which payment may be made under this Act shall be utilized in lieu of inpatient hospital or skilled nursing facility services where home health services would suffice.

"Part A.—Health insurance benefits for the aged

"Benefits

"SEC. 201. The Social Security Act is amended by adding after title XVI the following new title:

" 'TITLE XVII—HEALTH INSURANCE BENEFITS FOR THE AGED

" 'Prohibition against interference

" 'SEC. 1701. (a) Nothing in this title shall be construed to authorize any Federal officer or employee to exercise any supervision or control over the practice of medicine or the manner in which medical services are provided, or over the selection, tenure, or compensation of any officer or employee of any hospital, skilled nursing facility, or home health agency; or to exercise any supervision or control over the administration or operation of any such hospital, facility, or agency.

" '(b) Nothing contained in this title shall be construed to preclude any State from providing, or any individual from purchasing or otherwise securing, protection against the cost of health or medical care services in addition to those for which payment may be made under this title.

" 'Free choice by patient

" 'SEC. 1702. Any individual entitled to have payment made under this title for services furnished him may obtain inpatient hospital services, skilled nursing facility services, home health services, or outpatient hospital diagnostic services from any provider of services with which an agreement is in effect under this title and which undertakes to provide him such services.

" 'Description of services

" 'SEC. 1703. For purposes of this title—

" 'Inpatient Hospital Services

" '(a) The term "inpatient hospital services" means the following items and services furnished to an inpatient in a hospital and (except as provided in paragraph (3)) by such hospital—

" '(1) bed and board (subject, however, to the limitations in section 1709 (c) and (d) on the amount which is payable with respect to certain accommodations),

" '(2) such nursing services and other related services, such use of hospital facilities, and such medical social services as are customarily furnished by such hospital for the care and treatment of inpatients, and such drugs, biologicals, supplies, appliances, and equipment, for use in such hospital, as are customarily furnished by such hospital for the care and treatment of inpatients, and

" '(3) such other diagnostic or therapeutic items or services, furnished by the hospital or by others under arrangements with them made by the hospital, as are customarily furnished to inpatients either by such hospital or by others under such arrangements;

excluding, however—

" '(4) medical or surgical services provided by a physician, resident, or intern, except services provided in the field of pathology, radiology, physiatry, or anesthesiology, and except services provided in the hospital by an intern or a resident-in-training under a teaching program approved by the Council on Medical Education and Hospitals of the American Medical Association (or, in the case of an osteopathic hospital, approved by a recognized body approved for the purpose by the Secretary), and

" '(5) the services of a private-duty nurse.

" 'Skilled Nursing Facility Services

" '(b) The term "skilled nursing facility services" means the following items and services furnished to an inpatient in a skilled nursing facility, after transfer from a hospital in which he was an inpatient, and (except as provided in paragraph (3)) by such skilled nursing facility—

" '(1) nursing care provided by or under the supervision of a registered professional nurse,

" '(2) bed and board in connection with the furnishing of such nursing care (subject, however, to the limitations in section 1709 (c) and (d) on the amount which is payable with respect to certain accommodations),

" '(3) physical, occupational, or speech therapy furnished by the skilled nursing facility or by others under arrangements with them made by the facility,

" '(4) medical social services,

" '(5) drugs, biologicals, supplies, appliances, and equipment which are furnished for use in such skilled nursing facility,

" '(6) medical services provided by an intern or resident-in-training of the hospital, with which the facility is affiliated or under common control, under a teaching program of such hospital approved as provided in subsection (a) (4), and

" '(7) such other services necessary to the health of the patient as are generally provided by skilled nursing facilities;

excluding, however, any item or service if it would not be included under subsection (a) if furnished to an inpatient in a hospital.

" 'Home Health Services

" '(c) The term "home health services" means the following items and services, which are furnished to an individual, who is under the care of a physician, by a home health agency or by others under arrangements with them made by such agency, under a plan (for furnishing such items and services to such individual) established and periodically reviewed by a physician, which items and services are provided in a place of residence used as such individual's home—

" '(1) part-time or intermittent nursing care provided by or under the supervision of a registered professional nurse,

" '(2) physical, occupational, or speech therapy,

" '(3) medical social services,

" '(4) to the extent permitted in regulations, part-time or intermittent services of a home health aid,

" '(5) medical supplies (other than drugs and biologicals), and the use of medical appliances, while under such a plan, and

" '(6) in the case of a home health agency which is affiliated or under common control with a hospital, medical services provided by an intern or resident-in-training of such hospital, under a teaching program of such hospital approved as provided in subsection (a) (4);

excluding, however, any item or service if it would not be included under subsection (a) if furnished to an inpatient in a hospital.

" 'Outpatient Hospital Diagnostic Services

" '(d) The term "outpatient hospital diagnostic services" means diagnostic services—

" '(1) which are furnished to an individual as an outpatient by a hospital or by others under arrangements with them made by a hospital, and

" 'which are customarily furnished by such hospital (or by others under such arrangements) to its outpatients for the purpose of diagnostic study;

excluding, however—

" '(3) any item or service if it would not be included under subsection (a) if furnished to an inpatient in a hospital; and

" '(4) any service furnished under such arrangements unless (A) furnished in the hospital or in other facilities operated by or under the supervision of the hospital, and (B) in the case of professional services, furnished by or under the responsibility of members of the hospital medical staff acting as such members.

" 'Drug and Biological

" '(e) The term "drugs" and the term "biologicals", except for purposes of subsection (c)(5) of this section, include only such drugs and biologicals, respectively, as are included in the United States Pharmacopoeia, National Formulary, New and Non-Official Drugs, or Accepted Dental Remedies, or are approved by the pharmacy and drug therapeutics committee (or equivalent committee) of the medical staff of the hospital furnishing such drugs or biologicals (or of the hospital with which the skilled nursing facility furnishing such drugs or biologicals is affiliated or is under common control).

" 'Arrangements for Certain Services

" '(f) As used in this section, the term "arrangements" is limited to arrangements under which receipt of payment by the hospital, skilled nursing facility, or home health agency (whether in its own right or as agent), as the case may be, with respect to services for which an individual is entitled to have payment made under this title, discharges the liability of such individual or any other person to pay for the services.

" '*Deductible; duration of services*

" 'Deductible

" 'Sec. 1704. (a)(1) Payment for inpatient hospital services furnished an individual during any benefit period shall be reduced by a deduction equal to $20, or if greater, $10 multiplied by the number of days, not exceeding nine, for which he received such services in such period.

" '(2) Payment for outpatient hospital diagnostic services furnished an individual during any thirty-day period shall be reduced by a deduction equal to $20. For purposes of the preceding sentence, a thirty-day period for any individual is a period of thirty consecutive days beginning with the first day (not included in a previous such period) on which he is entitled to benefits under this title and on which outpatient hospital diagnostic services are furnished him.

" 'Duration of Services

" '(b) Payment under this title for services furnished any individual during a benefit period may not be made for—

" '(1) inpatient hospital services furnished to him during such period after such services have been furnished to him for ninety days during such period; or

" '(2) skilled nursing facility services furnished to him during such period after such services have been furnished to him for one hundred and eighty days during such period.

Payment under this title for inpatient hospital services or skilled nursing facility services furnished an individual during a benefit period may also not be made for any such services after one hundred and fifty units of services have been furnished to him in such period; and, for purposes of this sentence—

" '(3) a "unit of service" shall be equal to one day of inpatient hospital services or two days of skilled nursing facility services, and

" '(4) there shall not be counted any inpatient hospital services furnished in a benefit period for any days in excess of ninety days or any skilled nursing facility services furnished in a benefit period for any days in excess of one hundred and eighty.

For purposes of the preceding provisions of this subsection, inpatient hospital services or skilled nursing facility services shall be counted only if payment is or would, except for this subsection and except for the failure to comply with the procedural and other requirements of or under section 1709(a)(1), be made with respect to such services under this title. Payment under this title for home health services furnished an individual during a calendar year may not be made for any such services after such services have been furnished him during two hundred and forty visits in such year.

" 'Benefit Period

" '(c) For the purposes of this section, a "benefit period" with respect to any individual means a period of consecutive days—

" '(1) beginning with the first day (not included in a previous benefit period) (A) on which such individual is furnished inpatient hospital services or skilled nursing facility services and (B) which occurs in a month for which he is entitled to health insurance benefits under this title, and

" '(2) ending with the last day of the first ninety-day period thereafter during each day of which he is neither an inpatient in a hospital nor an inpatient in a skilled nursing facility.

" 'Day

" '(d) For the purposes of this section, a "day" on or for which inpatient hospital services or skilled nursing facility services are furnished shall have the meaning customarily assigned to it by the hospital or skilled nursing facility furnishing such services, but in no event shall it be less than twenty-four hours (except the day on which such individual is admitted to, or discharged from, such hospital or such skilled nursing facility).

" '*Entitlement to benefits*

" 'Sec. 1705. (a) Every individual who—

" '(1) has attained the age sixty-five, and

" '(2) is entitled to monthly insurance benefits under section 202.

shall be entitled to health insurance benefits for each month for which he is entitled to such benefits under section 202, beginning with the first month with respect to which he meets the conditions specified in paragraphs (1) and (2). Notwithstanding the preceding provisions of this subsection, no payments may be made under this title for inpatient hospital services, outpatient hospital diagnostic services, or home health services furnished an individual prior to January 1, 1964, or for skilled nursing facility services furnished him prior to July 1, 1964.

" '(b) For the purposes of this section—

" '(1) entitlement of an individual to health insurance benefits under this title for a month shall consist of entitlement to have payment made under, and subject to the limitations in, this title on his behalf for inpatient hospital services, skilled nursing facility services, home health services, and outpatient hospital diagnostic services furnished him in the United States (as defined in section 210(i)) during such month; and

" '(2) an individual shall be deemed entitled to monthly insurance benefits under section 202 for the month in which he died if he would have been entitled to such benefits for such month had he died in the next month.

" '*Definitions of providers of services*

" 'Sec. 1706. For purposes of this title—

" 'Hospital

" '(a) The term "hospital" (except for purposes of section 1704(c)(2), section 1709(f), paragraph (6) of this subsection, and so much of section 1703(b) as precedes paragraph (1) thereof) means an institution which—

" '(1) is primarily engaged in providing, by or under the supervision of physicians or surgeons, to inpatients (A) diagnostic services and therapeutic services for surgical or medical diagnosis, treatment, and care of injured, disabled, or sick persons, or (B) rehabilitation facilities and services for the rehabilitation of injured, disabled, or sick persons,

" '(2) maintains clinical records on all patients,

" '(3) has bylaws in effect with respect to its staff of physicians,

" '(4) continuously provides twenty-four-hour nursing service rendered or supervised by a registered professional nurse,

" '(5) has in effect a hospital utilization review plan which meets the requirements of subsection (e),

" '(6) in the case of an institution in any State in which State or applicable local law provides for the licensing of hospitals, (A) is licensed pursuant to such law or (B) is approved, by the agency of such State responsible for licensing hospitals, as meeting the standards established for such licensing, and

" '(7) meet such other of the requirements prescribed for the accreditation of hospitals by the Joint Commission on the Accreditation of Hospitals, as the Secretary finds necessary in the interest of the health and safety of individuals who are furnished services by or in the institution.

For purposes of section 1704(c) (2), such term includes any institution which meets the requirements of paragraph (1) of this subsection. For purposes of section 1709(f) (including determination of whether an individual received inpatient hospital services for purposes of such section 1709(f)), and so much of section 1703(b) as precedes paragraph (1) thereof, such term includes any institution which meets the requirements of paragraphs (1), (2), (4), and (6) of this subsection. Notwithstanding the preceding provisions of this subsection, such term shall not, except for purposes of section 1704(c) (2), include any institution which is primarily for the care and treatment of tuberculosis or mentally ill patients.

" 'Skilled Nursing Facility

" '(b) The term "skilled nursing facility" means (except for purposes of section 1704(c) (2)) an institution (or a distinct part of an institution) which is affiliated or under common control with a hospital having an agreement in effect under section 1710 and which—

" '(1) is primarily engaged in providing to inpatients (A) skilled nursing care and related services for patients who require planned medical or nursing care or (B) rehabilitation services,

" '(2) has policies, which are established by a group of professional personnel (associated with the facility), including one or more physicians and one or more registered professional nurses, to govern the skilled nursing care and related medical or other services it provides and which include a requirement that every patient must be under the care of a physician,

" '(3) has a physician, a registered professional nurse, or a medical staff responsible for the execution of such policies,

" '(4) maintains clinical records of all patients,

" '(5) continuously provides twenty-four-hour nursing service rendered or supervised by a registered professional nurse,

" '(6) Operates under a utilization review plan, which has been made applicable to it under subsection (g), of the hospital with which it is affiliated or under common control,

" '(7) In the case of an institution in any State in which State or applicable local law provides for the licensing of institutions of this nature, (A) is licensed pursuant to such law, or (B) is approved, by the agency of such State responsible for licensing institutions of this nature, as meeting standards established for such licensing; and

" '(8) meets such other conditions of participation under this section as the Secretary may find necessary in the interest of the health and safety of individuals who are furnished services by or in such institution;

except that such term shall not (other than for purposes of section 1704(c)(2)) include any institution which is primarily for the care and treatment of tuberculosis or mentally ill patients. For purposes of section 1704(c)(2), such term includes any institution which meets the requirements of paragraph (1) of this subsection.

"'Home Health Agency

"'(c) The term "home health agency" means an agency which—

"'(1) is a public agency, or a private nonprofit organization exempt from Federal income taxation under section 501 of the Internal Revenue Code of 1954,

"'(2) is primarily engaged in providing skilled nursing services or other therapeutic services,

"'(3) has policies, established by a group of professional personnel (associated with the agency), including one or more physicians and one or more registered professional nurses, to govern the service (referred to in paragraph (2)) which it provides,

"'(4) maintains clinical records on all patients,

"'(5) in the case of an agency in any State in which State or local law provides for the licensing of agencies of this nature, (A) is licensed pursuant to such law, or (B) is approved, by the agency of such State responsible for licensing agencies of this nature, as meeting standards established for such licensing, and

"'(6) meets such other conditions of participation as the Secretary may find necessary in the interest of the health and safety of individuals who are furnished services by such agency;

except that such terms shall not include any agency which is primarily for the care and treatment of tuberculosis or mentally ill patients.

"'Physician

"'(d) The term "physician" means an individual (including a physician within the meaning of section 1101(a)(7)) legally authorized to practice surgery or medicine by the State in which he performs the functions referred to in this title.

"'Utilization Review

"'(e) A utilization review plan of a hospital shall be deemed sufficient if it is applicable to services furnished by the institution to individuals entitled to benefits under this title and if it provides—

"'(1) for the review, on a sample or other basis, of admissions to the institution, the duration of stays therein, and the professional services furnished (A) with respect to the medical necessity of the services, and (B) for the purpose of promoting the most efficient use of available health facilities and services;

"'(2) for such review to be made by either (A) a hospital staff committee composed of two or more physicians, with or without participation of other professional personnel, or (B) a group outside the hospital which is similarly composed;

"'(3) for such review, in each case in which inpatient hospital services are furnished to such individuals during a continuous period, as of the twenty-first day, and as of such subsequent days as may be specified in regulations, with such review to be made as promptly after such twenty-first or subsequent specified day as possible, and in no event later than one week following such day;

"'(4) for prompt notification to the institution, the individual, and his attending physician of any decision of the physician members of such committee or group that any further stay therein is not medically necessary.

The provisions of clause (A) of paragraph (2) shall not apply to any hospital where, because of the small size of the institution or for such other reason or reasons as may be included in regulations, it is impracticable for the institution to have a properly functioning staff committee for the purposes of this subsection.

"'Provider of Services

"'(f) The term "provider of services" means a hospital, skilled nursing facility, or home health agency.

"'Skilled Nursing Facilities Affiliated or Under Common Control With Hospitals

"'(g) A hospital and a skilled nursing facility shall be deemed to be affiliated or under common control if, by reason of a written agreement between them or by reason of a written undertaking by a person or body which controls both of them, there is reasonable assurance that—

"'(1) the facility will be operated under standards, with respect to—

"'(A) skilled nursing and related health services (other than physicians' services),

"'(B) a system of clinical records, and

"'(C) appropriate methods and procedures for the dispensing and administering of drugs and biologicals,

which are developed jointly by or are agreed to by the two institutions;

"'(2) timely transfer of patients will be effected between the hospital and the skilled nursing facility whenever such transfer is medically appropriate, and provision is made for the transfer or the joint use (to the extent practicable) of clinical records of the two institutions; and

"'(3) the utilization review plan of the hospital will be extended to include review of admissions to, duration of stays in, and the professional services furnished in the skilled nursing facility and including review of such individual cases (and at such intervals) as may be specified in this title or in regulations thereunder, and with notice to the facility, the individual, and his attending physician in case of a finding that further skilled nursing facility services are not medically necessary.

"'Use of State agencies and other organizations to develop conditions of participation for providers of service

"'SEC. 1707. In carrying out his functions, relating to determination of conditions of participation by providers of services, under section 1706(a)(7), section 1706(b)(8), or section 1706(c)(6), the Secretary shall consult with the Health Insurance Benefits Advisory Council established by section 1712, appropriate State agencies, and recognized national listing or accrediting bodies. Such conditions prescribed under any of such sections may be varied for different areas or different classes of institutions or agencies and may, at the request of a State, provide (subject to the limitation provided in section 1706(a)(7)) higher requirements for such State than for other States.

"'Use of State agencies and other organizations to determine compliance by providers of services with conditions of participation

"'SEC. 1708. (a) The Secretary may, pursuant to agreement, utilize the services of State health agencies or other appropriate State agencies for the purposes of (1) determining whether an institution is a hospital or skilled nursing facility, or whether an agency is a home health agency, or (2) providing consultative services to institutions or agencies to assist them (A) to qualify as hospitals, skilled nursing facilities, or home health agencies, (B) to establish and maintain fiscal records necessary for purposes of this title, and (C) to provide information which may be necessary to permit determination under this title as to whether payments are due and the amounts thereof. To the extent that the Secretary finds it appropriate, an institution or agency which such a State agency certifies is a hospital, skilled nursing facility, or home health agency may be treated as such by the Secretary. The Secretary shall pay any such State agency, in advance or by way of reimbursement, as may be provided in the agreement with it (and may make adjustments in such payments on account of overpayments or underpayments previously made), for the reasonable cost of performing the functions specified in the first sentence of this subsection, and for the fair share of the costs attributable to the planning and other efforts directed toward coordination of activities in carrying out its agreement and other activities related to the provision of services similar to those for which payment may be made under this title, or related to the facilities and personnel required for the provision of such services, or related to improving the quality of such services.

"'(b)(1) An institution shall be deemed to meet the conditions of participation under section 1706(a) (except paragraph (5) thereof) if such institution is accredited as a hospital by the Joint Commission on the Accreditation of Hospitals. If such Commission hereafter required a utilization review plan, or imposes another requirement which serves substantially the same purpose, as a condition for accreditation of a hospital, the Secretary is authorized to find that all institutions so accredited by the Commission comply also with section 1706(a)(5).

"'(2) If the Secretary finds that accreditation of an institution by a national accreditation body, other than the Joint Commission on the Accreditation of Hospitals, provides reasonable assurance that any or all of the conditions of section 1706(a), (b), or (c), as the case may be, are met, he may, to the extent he deems it appropriate, treat such institution as meeting the condition or conditions with respect to which he made such finding.

"'Conditions of and limitations on payment for services

"'Requirement of Requests and Certifications

"'SEC. 1709. (a) Except as provided in subsection (f), payment for services furnished an individual may be made only to eligible providers of services and only if—

"'(1) written request, signed by such individual except in cases in which the Secretary finds it impractical for the individual to do so, is filed for such payment in such form, in such manner, within such time, and by such person or persons as the Secretary may by regulation prescribe;

"'(2) a physician certifies (and recertifies, where such services are furnished over a period of time, in such cases and with such frequency, appropriate to the case involved, as may be provided in regulations) that—

"'(A) in the case of inpatient hospital services, such services are or were required for such individual's medical treatment, or such services are or were required for inpatient diagnostic study;

"'(B) in the case of outpatient hospital diagnostic services, such services are or were required for diagnostic study;

"'(C) in the case of skilled nursing facility services, such services are or were required because the individual needed skilled nursing care on a continuing basis for any of the conditions with respect to which he was receiving inpatient hospital services prior to transfer to the skilled nursing facility or for a condition requiring such care which arose after such transfer and while he was still in the facility for treatment of the condition or conditions for which he was receiving such inpatient hospital services;

"'(D) in the case of home health services, such services are or were required because the individual needed skilled nursing care on an intermittent basis or because he needed physical or speech therapy; a plan for furnishing such services to such individual has been established and is periodically reviewed by a physician; and such services are or were furnished while the individual was under the care of a physician;

"'(3) with respect to inpatient hospital services or skilled nursing facility services furnished such individual after the twenty-first day of a continuous period of such services, there was not in effect, at the time of admission of such individual to the hospital, a decision under section 1710(e) (based on a finding that timely utilization review of long-stay cases is not being made in such hospital or facility);

"'(4) with respect to inpatient hospital services or skilled nursing facility services furnished such individual during a continuous period, a finding has not been made pursuant to the system of utilization review that further inpatient hospital services or further skilled nursing facility services, as the case may be, are not medically necessary; except that, if such a finding has been made, payment may be made for such services furnished in such period before the fourth day after the day on which the hospital or skilled nursing facility, as the case may be, received notice of such finding.

"'Determination of Costs of Services

"'(b) The amount paid to any provider of services with respect to services for which payment may be made under this title shall be the reasonable cost of such services, as determined in accordance with regulations establishing the method or methods to be used in determining such costs for various types or classes of institutions, services, and agencies. In prescribing such regulations, the Secretary shall consider, among other things, the principles generally applied by national organizations (which have developed such principles) in computing the amount of payment, to be made by persons other than the recipients of services, to providers of services on account of services furnished to such recipients by such providers. Such regulations may provide for payment on a per diem, per unit, per capita, or other basis, may provide for using different methods in different circumstances, and may provide for the use of estimates of costs of particular items or services.

"'Amount of Payment for More Expensive Services

"'(c)(1) In case the bed and board furnished as part of inpatient hospital services or skilled nursing facility services is in accommodations more expensive than two-, three-, or four-bed accommodations and the use of such more expensive accommodations rather than such two-, three-, or four-bed accommodations was not at the request of the patient, payment with respect to such services may not exceed an amount equal to the reasonable cost of such services if furnished in such two-, three-, or four-bed accommodations unless the more expensive accommodations were required for medical reasons.

"'(2) Where a provider of services with which an agreement under this title is in effect furnishes to an individual, at his request, items or services which are in excess of or more expensive than the items or services with respect to which payment may be made under this title, the Secretary shall pay to such provider of services only the equivalent of the reasonable cost of the items or services with respect to which payment under this title may be made.

"'Amount of Payment Where Less Expensive Services Furnished

"'(d) In case the bed and board furnished as part of inpatient hospital services or skilled nursing facility services in accommodations other than, but not more expensive than, two-, three-, or four-bed accommodations and the use of such other accommodations rather than two-, three-, or four-bed accommodations was neither at the request of the patient nor for a reason which the Secretary determines is consistent with the purposes of this title, the amount of the payment with respect to such services under this title shall be the reasonable cost of such services minus the difference between the charge customarily made by the hospital or skilled nursing facility for such services in two-, three-, or four-bed accommodations and the charge customarily made by it for such services in the accommodations furnished.

"'No Payments to Federal Providers of Services

"'(e) No payment may be made under this title (except under subsection (f) of this section) to any Federal provider of services, except a provider of services which the Secretary determines, in accordance with regulations, is providing services to the public generally as a community institution or agency; and no such payment may be made to any provider of services for any item or service which such provider is obligated by a law of, or a contract with, the United States to render at public expense.

"'Payment for Emergency Inpatient Hospital Services

"'(f) Payments shall also be made to any hospital for inpatient hospital services or outpatient hospital diagnostic services furnished, by the hospital or under arrangements (as defined in section 1703(e)) with it, to an individual entitled to health insurance benefits under this title even though such hospital does not have an agreement in effect under this title if (A) such services were emergency services and (B) the Secretary would be required to make such payment if the hospital had such an agreement in effect and otherwise met the conditions of payment hereunder. Such payment shall be made only in amounts determined as provided in subsection (b) and then only if such hospital agrees to comply, with respect to the emergency services provided, with the provisions of section 1710(a).

"'Payment for Services Prior to Notification of Noneligibility

"'(g) Notwithstanding that an individual is not entitled to have payment made under this title for inpatient hospital services, skilled nursing facility services, home health services, or outpatient hospital diagnostic services furnished by any provider of services, payment shall be made to such provider of services (unless such provider elects not to receive such payment or, if payment has already been made, refunds such payment within the time specified by the Secretary) for such services which are furnished to the individual prior to notification from the Secretary of his lack of entitlement if such payments are not otherwise precluded under this title and if such provider complies with the rules established hereunder with respect to such payments, has acted in good faith and without knowledge of such lack of entitlement, and has acted reasonably in assuming entitlement existed.

"'*Agreements with providers of services*

"'SEC. 1710. (a) Any provider of services shall be eligible for payments under this title if it files with the Secretary an agreement not to charge any individual or any other person for items or services for which such individual is entitled to have payment made under this title (or for which he would be so entitled if such provider had complied with the procedural and other requirements under or pursuant to this title or for which such provider is paid pursuant to the provisions of section 1709(g)), and to make adequate provision for return (or other disposition, in accordance with regulations) of any moneys incorrectly collected from such individual or other person, except that such provider of services may charge such individual or other person the amount of any deduction imposed pursuant to section 1704(a) with respect to such services (not in excess of the amount customarily charged for such services by such provider) and, where the provider of services has furnished, at the request of such individual, items or services which are in excess of or more expensive than the items or services with respect to which payment may be made under this title, such provider may also charge such individual or other person for such more expensive items or services but not more than the difference between the amount customarily charged by it for the items or services furnished at such request and the amount customarily charged by it for the items or services with respect to which payment may be made under this title.

"'(b) An agreement with the Secretary under this section may be terminated—

"'(1) by the provider of services at such time and upon such notice to the Secretary and the public as may be provided in regulations, except that the time such agreement is thereby required by the Secretary to continue in effect after such notice may not exceed six months after such notice, or

"'(2) by the Secretary at such time and upon such notice to the provider of services and the public as may be specified in regulations, but only after the Secretary has determined, and has given such provider notification thereof, (A) that such provider of services is not complying substantially with the provisions of such agreement, or with the provisions of this title and regulations thereunder, or (B) that such provider no longer substantially meets the applicable provisions of section 1706, or (C) that such provider of services has failed to provide such information as the Secretary finds necessary to determine whether payments are or were due under this title and the amounts thereof, or has refused to permit such examination of its fiscal and other records by or on behalf of the Secretary as may be necessary to verify such information.

Any termination shall be applicable—

"'(3) in the case of inpatient hospital services or skilled nursing facility services, with respect to such services furnished to any individual who is admitted to the hospital or skilled nursing facility furnishing such services on or after the effective date of such termination,

"'(4) (A) with respect to home health services furnished to an individual under a plan therefor established on or after the effective date of such termination, or (B) if such plan is established before such effective date, with respect to such services furnished to such individual after the calendar year in which such termination is effective, and

"'(5) with respect to outpatient hospital diagnostic services furnished on or after the effective date of such termination.

"'(c) Nothing in this title shall preclude any provider of services or any group or groups of such providers from being represented by an individual, association, or organization authorized by such provider or providers of services to act on their behalf in negotiating with respect to their participation under this title and the terms, methods, and amounts of payments for services to be provided thereunder.

"'(d) Where an agreement filed under this title by a provider of services has been terminated by the Secretary, such provider may not file another agreement under this title unless the Secretary finds that the reason for the termination has been removed and there is reasonable assurance that it will not recur.

"'(e) If the Secretary finds that timely review in accordance with section 1706(e) of long-stay cases in a hospital or skilled nursing facility is not being made with reasonable regularity, he may, in lieu of terminating his agreement with such hospital or facility, decide that, with respect to any individual admitted to such hospital or skilled nursing facility after a date specified by him, no payment shall be made for inpatient hospital services or skilled nursing facility services after the twenty-first day of a continuous period of such services. Such decision may be made only after such notice to the hospital, or (in the case of a skilled nursing facility) to the hospital and the facility, and to the public as may be prescribed by regulations, and its effectiveness shall be rescinded when the Secretary finds that the reason therefor has been removed and there is reasonable assurance that it will not recur.

" 'Payment to providers of services

" 'SEC. 1711. The Secretary shall periodically determine the amount which should be paid to each provider of services under this title with respect to the services furnished by it, and the provider shall be paid, at such time or times as the Secretary believes appropriate and prior to audit or settlement by the General Accounting Office, from the Federal Health Insurance Trust Fund the amounts so determined; except that such amounts may be reduced or increased, as the case may be, by any sum by which the Secretary finds that the amount paid to such provider of services for any prior period was greater or less than the amount which should have been paid to it for such period.

" 'Health Insurance Benefits Advisory Council

" 'SEC. 1712. For the purpose of advising the Secretary on matters of general policy in the administration of this title and in the formulation of regulations under this title, there is hereby created a Health Insurance Benefits Advisory Council which shall consist of fourteen persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the civil service laws. The Secretary shall from time to time appoint one of the members to serve as Chairman. Not less than four of the appointed members shall be persons who are outstanding in the fields pertaining to hospitals and health activities. Each appointed member shall hold office for a term of four years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, three at the end of the first year, four at the end of the second year, three at the end of the third year, and four at the end of the fourth year after the date of appointment. An appointed member shall not be eligible to serve continuously for more than two terms. The Secretary may, at the request of the Council, appoint such special advisory or technical committees as may be useful in carrying out its functions. Appointed members of the Advisory Council and members of its advisory or technical committees, while attending meetings or conferences thereof or otherwise serving on business of the Advisory Council or of such a committee, or committees, shall receive compensation at rates fixed by the Secretary, but not exceeding $100 per day, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2) for persons in the Government service employed intermittently. The Advisory Council shall meet as frequently as the Secretary deems necessary. Upon request of four or more members, it shall be the duty of the Secretary to call a meeting of the Advisory Council.

" 'Review of determinations

" 'SEC. 1713. Any individual dissatisfied with any determination made by the Secretary that he is not entitled to health insurance benefits under this title or that he is not entitled to have payment made under this title with respect to any class of services furnished him, shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205(b) with respect to decisions of the Secretary, and to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g).

" 'Overpayments to individuals

" 'SEC. 1714. (a) Any payment under this title to any provider of services with respect to inpatient hospital services, skilled nursing facility services, home health services, or outpatient hospital diagnostic services, furnished any individual shall be regarded as a payment to such individual.

" '(b) Where—

" '(1) more than the correct amount is paid under this title to a provider of services for services furnished an individual and the Secretary determines that, within such period as he may specify, the excess over the correct amount cannot be recouped from such provider of services, or

" '(2) any payment has been made under section 1709(g) to a provider of services for services furnished an individual,

proper adjustments shall be made, under regulations prescribed by the Secretary, by decreasing subsequent payments—

" '(3) to which such individual is entitled under title II, or

" '(4) if such individual dies before such adjustment has been completed, to which any other individual is entitled under title II with respect to the wages and self-employment income which were the basis of benefits of such deceased individual under such title.

" '(c) There shall be no adjustment as provided in subsection (b) (nor shall there be recovery) in any case where the incorrect payment has been made (including payments under section 1709(g)) for services furnished to an individual who is without fault and where such adjustment (or recovery) would defeat the purposes of title II or would be against equity and good conscience.

" '(d) No certifying or disbursing officer shall be held liable for any amount certified or paid by him to any provider of services where the adjustment or recovery of such amount is waived under subsection (c) or where adjustment under subsection (b) is not completed prior to the death of all persons against whose benefits such adjustment is authorized.

" 'Use of private organizations to facilitate payment to providers of service

" 'SEC. 1715. (a) The Secretary is authorized to enter into an agreement with any organization, which has been designated by any group of providers of services, or by an association of such providers on behalf of its members, to receive payments under section 1711 on behalf of such providers, providing for the determination by such organization (subject to such review by the Secretary as may be provided for in the agreement) of the amount of payments required pursuant to this title to be made to such providers, and for making such payments. The Secretary shall not enter into an agreement with any organization under this section unless he finds it consistent with effective and efficient administration of this title.

" '(b) To the extent that the Secretary finds that performance of any of the following functions by an organization with which he has entered into an agreement under subsection (a) will be advantageous and will promote the efficient administration of this title, he may also include in the agreement provision that the organization shall (with respect to providers of services which are to receive payments through the organizations)—

" '(1) serve as a center for, and communicate to providers, any information or instructions furnished to it by the Secretary, and serve as a channel of communication from providers to the Secretary;

" '(2) make such audits of the records of provider as may be necessary to insure that proper payments are made under this title;

" '(3) assist in the application of safeguards against unnecessary utilization of services furnished by providers to individuals entitled to have payment made under section 1711;

" '(4) perform such other duties as are necessary to carry out the functions specified in subsection (a) and this subsection.

" '(c) An agreement with any organization under this section may contain such terms and conditions as the Secretary finds necessary or appropriate, and may provide for advances of funds to the organization for the making of payments by it under subsection (a) and shall provide for payment of the reasonable cost of administration of the organization as determined by the Secretary to be necessary and proper for carrying out the functions covered by the agreement.

" '(d) If the designation of an organization as provided in this section is made by an association of providers of services, it shall not be binding on members of the association which notify the Secretary of their election to that effect. Any provider may, upon such notice as may be specified in the agreement with an organization, withdraw his designation to receive payments through such organization and any provider who has not designated an organization may elect to receive payments from an organization which has entered into agreement with the Secretary under this section, if the Secretary and the organization agree to it.

" '(e) An agreement with the Secretary under this section may be terminated—

" '(1) by the organization entering into such agreement at such time and upon such notice to the Secretary, to the public, and to the providers as may be provided in regulations, or

" '(2) by the Secretary at such time and upon such notice to the organization, and to the providers which have designated it for purposes of this section, as may be provided in regulations, but only if he finds, after reasonable notice and opportunity for hearing to the organization, that (A) the organization has failed substantially to carry out the agreement, or (B) the continuation of some or all of the functions provided for in the agreement with the organization is disadvantageous or is inconsistent with efficient administration of this title.

" '(f) An agreement with an organization under this subsection may require any of its officers or employees certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in carrying out the agreement, to give surety bond to the United States in such amount as the Secretary may deem appropriate, and may provide for the payment of the charges for such bond from the Federal Health Insurance Trust Fund.

" '(g) (1) No individual designated pursuant to an agreement under this section as a certifying officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payments certified by him under this section.

" '(2) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this section if it was based upon a voucher signed by a certifying officer designated as provided in paragraph (1) of this subsection.

" 'Option to beneficiaries to continue private health insurance protection

" 'Sec. 1716. (a) In lieu of paying a provider of services under an agreement under this title, payments may be made to an eligible carrier under an approved plan with respect to services which are furnished by such provider of services to any individual entitled to health insurance benefits (hereinafter in this section referred to as an "eligible individual") and for which payment would otherwise be made under the preceding provisions of this title (hereinafter in this section referred to as "reimbursable health services"), if such individual elects to have payment for such services made to such carrier.

" '(b) (1) An individual may make an election under subsection (a) with respect to the plan of an eligible carrier only if he was covered by a plan of such carrier (or an affiliate thereof), providing or paying for the costs of inpatient hospital services, skilled nursing facility services, home health services, and outpatient hospital diagnostic services which are subject to no greater limitations and deductibles than are provided in section 1704, and providing or paying for the costs of some additional health services, continuously during whichever of the following periods is the shorter—

" '(A) a period of not less than five years ending with the close of the month in which such individual becomes entitled to health insurance benefits, or

" '(B) (i) if the month in which such individual becomes entitled to health insurance benefits is January, February, or March of 1964, a period of not less than ninety days ending with the close of the month before such month, or (ii) if the month in which he becomes so entitled is April 1964 or a subsequent month, the period beginning January 1, 1964, and ending with the close of the month before such month in which he becomes so entitled.

" '(2) An election may be made under subsection (a) in such manner and within such period after an individual becomes entitled to health insurance benefits, but in no event more than three months after the month in which he becomes so entitled, as the Secretary may prescribe; and an individual shall be permitted only one such election. An election so made may be revoked at such time or times and in such manner as may be so prescribed.

" '(c) To be approved with respect to any eligible individual, a plan must—

" '(1) include (A) provision of all reimbursable health services or payment to providers of services for the cost of all reimbursable health services furnished by them (as provided in subsection (d) (3)), and (B) provision of or payment for the cost of some additional health services; and

" '(2) provide for adequate notice to the Secretary and to such individual of termination of such individual's coverage under such plan.

" '(d) A carrier shall be eligible for purposes of this section if it—

" '(1) (A) is exempt from income tax under section 501(c) of the Internal Revenue Code of 1954, and is licensed in the State with respect to which it requests approval hereunder to provide or pay for the costs of reimbursable health services, or

" '(B) (i) is licensed in the fifty States and the District of Columbia to issue health insurance and, in the most recent year for which data are available, has made health insurance benefit payments aggregating at least 1 percent of all such payments in the fifty States and the District of Columbia, or (ii) is determined by the Secretary to be national in scope, or

" '(C) is licensed to issue health insurance in the State with respect to which it requests approval hereunder and, in the most recent year for which data are available, has made health insurance benefit payments aggregating at least 10 percent of such payments in such State, or

" '(D) in the case of a carrier which is not included in subparagraph (A), (B), or (C), is licensed to issue group health insurance in the State with respect to which it requests approval hereunder (but in such case it shall be eligible only with respect to such group health insurance);

" '(2) agrees to provide the Secretary, on request, such reports as may reasonably be necessary to enable him to determine the amounts due, under any plan with respect to which an election has been made under this section, on account of reimbursable health services and the administrative expenses of the carrier in connection therewith, and to permit such access by the Secretary to the records on which such reports are based as may be necessary to enable him to determine the accuracy of such reports; and

" '(3) agrees to make payments for reimbursable health services to providers of services in the same amounts, under the same conditions, and subject to the same limitations as are applicable in the case of such services for which payments are made under the preceding sections of this title.

" '(e) An eligible carrier shall be paid from time to time amounts equal to the payments made or the costs of services provided by it under approved plans for reimbursable health services and, in addition, such amounts as the Secretary finds to be the administrative costs of such carrier reasonably necessary to the provision of or payment for the cost of reimbursable health services under an approved plan for eligible individuals.

" 'Regulations

" 'Sec. 1717. When used in this title, the term "regulations" means, unless the context otherwise requires, regulations prescribed by the Secretary.

" 'Application of certain provisions of title II

" 'Sec. 1718. The provisions of sections 206, 208, and 216(j), and of subsections (a), (d), (e), (f), and (h) of section 205 shall also apply with respect to this title to the same extent as they are applicable with respect to title II.

" 'Designation of organization or publication by name

" 'Sec. 1719. Designation in this title, by name, of any nongovernmental organization or publication shall not be affected by change of name of such organization or publication, and shall apply to any successor organization or publication which the Secretary finds serves the purpose for which such designation is made.'

"Federal Health Insurance Trust Fund

"Sec. 202. (a) Section 201 of the Social Security Act is amended by redesignating subsections (c), (d), (e), (f), (g), and (h) as subsections (d), (e), (f), (g), (h), and (i), respectively, and by adding after subsection (b) the following new subsection:

" '(c) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the "Federal Health Insurance Trust Fund". The Federal Health Insurance Trust Fund shall consist of such amounts as may be appropriated to, or deposited in, such fund as provided in this section. There is hereby appropriated to the Federal Health Insurance Trust Fund for the fiscal year ending June 30, 1963, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

" '(1) (A) 0.18 of 1 per centum of the wages (as defined in section 3121 of the Internal Revenue Code of 1954) paid after December 31, 1962, and before January 1, 1964, and reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of the Internal Revenue Code of 1954, which wages shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of wages established and maintained by such Secretary in accordance with such reports; and

" '(B) 0.68 of 1 per centum of the wages (as defined in section 3121 of the Internal Revenue Code of 1954) paid after December 31, 1963, and reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of the Internal Revenue Code of 1954, which wages shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of wages established and maintained by such Secretary in accordance with such reports; and

" '(2) (A) 0.135 of 1 per centum of the amount of self-employment income (as defined in section 1402 of the Internal Revenue Code of 1954) reported to the Secretary of the Treasury or his delegate on tax returns under subtitle F of the Internal Revenue Code of 1954 for any taxable year beginning after December 31, 1962, and before January 1, 1964, which self-employment income shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of self-employment income established and maintained by the Secretary of Health, Education, and Welfare in accordance with such returns; and

" '(B) 0.51 of 1 per centum of the amount of self-employment income (as defined in section 1402 of the Internal Revenue Code of 1954) reported to the Secretary of the Treasury or his delegate on tax returns under subtitle F of the Internal Revenue Code of 1954 for any taxable year beginning after December 31, 1963, which self-employment income shall be certified by the Secretary of Health, Education, and Welfare on the basis of the records of self-employment income established and maintained by the Secretary of Health, Education, and Welfare in accordance with such returns.'

"(b) The first sentence of the subsection of such section 201 herein redesignated as subsection (d) is amended by striking out 'and the Federal Disability Insurance Trust Fund' and inserting in lieu thereof ', the Federal Disability Insurance Trust Fund, and the Federal Health Insurance Trust Fund'.

"(c) Paragraph (1) of the subsection of such section 201 herein redesignated as subsection (h) is amended by striking out 'titles II and VIII' and 'this title' wherever they appear and inserting in lieu thereof 'this title and title XVII'.

"(d) The last sentence of paragraph (2) of such subsection is amended by striking out 'and clause (1) of subsection (b)' and inserting in lieu thereof ', clause (1) of subsection (b), and clause (1) of subsection (c)'.

"(e) The subsection of such section herein redesignated as subsection (i) is amended by adding at the end thereof the following new sentence: 'Payments required to be made until title XVII shall be made only from the Federal Health Insurance Trust Fund.'

"(f) Section 218(h) (1) of such Act is amended by striking out 'and (b) (1)' and inserting in lieu thereof ', (b) (1), and (c) (1)'.

"(g) Section 221(e) of such Act is amended—

"(A) by striking out 'Trust Funds' wherever that appears and inserting in lieu thereof 'Trust Funds (except the Federal Health Insurance Trust Fund)';

"(B) by striking out 'subsection (g) of section 201' and inserting in lieu thereof 'subsection (h) of section 201'; and

"(C) by inserting 'under this title' before the period at the end thereof.

"(h) Section 1106(b) of such Act is amended by striking out 'and the Federal Disability Insurance Trust Fund' and inserting in lieu thereof ', the Federal Disability Insurance Trust Fund, and the Federal Health Insurance Trust Fund'.

"Increase in Earnings Base

"Definition of wages

"SEC. 203. (a) (1) Paragraph (3) of section 209(a) of the Social Security Act is amended by inserting 'and prior to 1963' after '1958'.

"(2) Such section 209(a) is further amended by adding at the end thereof the following new paragraph:

"'(4) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $5,200 with respect to employment has been paid to an individual during any calendar year after 1962, is paid to such individual during such calendar year;'.

"Definition of self-employment income

"(b) (1) Subparagraph (C) of section 211 (b) (1) of such Act is amended by inserting 'and prior to 1963' after '1958'; and by striking out '; or' and inserting in lieu thereof '; and'.

"(2) Such section 211(b) (1) is further amended by adding at the end thereof the following new subparagraph:

"'(D) For any taxable year ending after 1962, (i) $5,200, minus (ii) the amount of wages paid to such individual during the taxable year; or'.

"Definitions of quarter and quarter of coverage

"(c) (1) Clause (ii) of section 213(a) (2) of such Act is amended by striking out '1958' and inserting in lieu thereof '1958 and before 1963, or $5,200 in the case of a calendar year after 1962'.

"(2) Clause (iii) of section 213(a) (2) of such Act is amended by striking out '1958' and inserting in lieu thereof '1958 and before 1963, or $5,200 in the case of a taxable year ending after 1962'.

"Table for determining primary insurance amount

"(d) (1) The table in section 215(a) of such Act is amended by striking out all the figures in columns II, III, IV, and V beginning with the line which reads

"'105.50 102.30 315 319 109 254.00'

and down through the line which reads

"'399 400 127 254.00'

and inserting in lieu thereof the following:

"'101.50	102.30	315	319	109	255.20
102.40	103.20	320	323	110	258.40
103.30	104.20	324	328	111	262.40
104.30	105.10	329	333	112	266.40
105.20	106.00	334	337	113	268.00
106.10	107.00	338	342	114	268.00
107.10	107.90	343	347	115	268.00
108.00	108.50	348	351	116	268.00
		352	356	117	268.00
		357	361	118	268.00
		362	365	119	268.00
		366	370	120	268.00
		371	375	121	268.00
		376	379	122	268.00
		380	384	123	268.00
		385	389	124	268.00
		390	393	125	268.00
		394	398	126	268.00
		399	403	127	268.00
		404	407	128	268.00
		408	412	129	268.00
		413	417	130	268.00
		418	421	131	268.00
		422	426	132	268.00
		427	431	133	268.00
		432	433	134	268.00'.

"(2) The amendment made by paragraph (1) shall be applicable with respect to monthly insurance benefits under title II of such Act for months after December 1962 and with respect to lump-sum death payments in the case of deaths after December 1962.

"Average monthly wage

"(e) Paragraph (1) of section 215(e) of such Act is amended by striking out 'and the excess over $4,800 in the case of any calendar year after 1958' and inserting in lieu thereof 'the excess over $4,800 in the case of any calendar year after 1958 and before 1963, and the excess over $5,200 in the case of a calendar year after 1962'.

"Technical Amendments

"Suspension in case of aliens

"SEC. 204. (a) Subsection (t) of section 202 of such Act is amended by adding at the end thereof the following new paragraph:

"'(9) No payments shall be made under title XVI with respect to services furnished to an individual in any month for which the prohibition in paragraph (1) against payment of benefits to him is applicable (or would be if he were entitled to any such benefits).'

"Persons convicted of subversive activities

"(b) Subsection (u) of such section is amended by striking out 'and' before the phrase 'in determining the amount of any such benefit payable to such individual for any such month,' and inserting after such phrase 'and in determining whether such individual is entitled to health insurance benefits under title XVII for any such month,'.

"Advisory Council on Social Security Financing

"(c) (1) Subsection (a) of section 116 of the Social Security Amendments of 1956 is amended by striking out 'and of the Federal Disability Insurance Trust Fund' and inserting in lieu thereof ', of the Federal Disability Insurance Trust Fund, and of the Federal Health Insurance Trust Fund'. Such subsection is further amended by inserting before the period at the end thereof 'and the health insurance benefits program'.

"(2) Subsection (d) of such section is amended by striking out 'and the Federal Disability Insurance Trust Fund' and inserting in lieu thereof ', the Federal Disability Insurance Trust Fund, and the Federal Health Insurance Trust Fund'.

"(3) Subsection (f) of such section is amended by striking out ', the adequacy of benefits under the program, and all other aspects of the program' and inserting in lieu thereof 'and the health insurance benefits program, the adequacy of benefits under the program, and all other aspects of the program'.

"Part B—Amendments to the Internal Revenue Code of 1954

"Changes in Tax Schedules

"Self-employment income tax

"SEC. 211. (a) Section 1401 of the Internal Revenue Code of 1954 (relating to the rate of tax on self-employment income) is amended to read as follows:

"'SEC. 1401. RATE OF TAX.

"'In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows—

"'(1) in the case of any taxable year beginning after December 31, 1962, and before January 1, 1964, the tax shall be equal to 5.4 percent of the amount of the self-employment income for such taxable year;

"'(2) in the case of any taxable year beginning after December 31, 1963, and before January 1, 1966, the tax shall be equal to 5.8 percent of the amount of the self-employment income for such taxable year;

"'(3) in the case of any taxable year beginning after December 31, 1965, and before January 1, 1968, the tax shall be equal to 6.6 percent of the amount of the self-employment income for such taxable year; and

"'(4) in the case of any taxable year beginning after December 31, 1967, the tax shall be equal to 7.3 percent of the amount of the self-employment income for such taxable year.'

"Tax on employees

"(b) Section 3101 of such Code (relating to rate of tax on employees under the Federal Insurance Contributions Act) is amended to read as follows:

"'SEC. 3101. RATE OF TAX.

"'In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121 (a)) received by him with respect to employment (as defined in section 3121(b))—

"'(1) with respect to wages received during the calendar year 1963, the rate shall be 3⅝ percent;

"'(2) with respect to wages received during the calendar years 1964 and 1965, the rate shall be 3⅞ percent;

"'(3) with respect to wages received during the calendar years 1966 and 1967, the rate shall be 4⅜ percent; and

"'(4) with respect to wages received after December 31, 1967, the rate shall be 4⅞ percent.'

"Tax on employers

"(c) Section 3111 of such Code (relating to rate of tax on employers under the Federal Insurance Contributions Act) is amended to read as follows:

"'SEC. 3111. RATE OF TAX.

"'In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b))—

"'(1) with respect to wages paid during the calendar year 1963, the rate shall be 3⅝ percent;

"'(2) with respect to wages paid during the calendar years 1964 and 1965, the rate shall be 3⅞ percent;

"'(3) with respect to wages paid during the calendar years 1966 and 1967, the rate shall be 4⅜ percent; and

"'(4) with respect to wages paid after December 31, 1967, the rate shall be 4⅞ percent.'

"Effective dates

"(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1962. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1962.

"Increase in Tax Base

"Definition of self-employment income

"SEC. 212. (a) (1) Subparagraph (C) of section 1402(b) (1) of the Internal Revenue Code of 1954 is amended by adding 'and before 1963' after '1958'; and by striking out 'or' and inserting in lieu thereof 'and'.

"(2) Such section 1402(b) (1) is further amended by adding at the end thereof the following new subparagraph:

"'(D) for any taxable year ending after 1962, (i) $5,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or'.

"Definition of wages

"(b) Section 3121(a) (1) of such Code is amended by striking out '$4,800' wherever it appears and inserting in lieu thereof '$5,200'.

"Federal service

"(c) Section 3122 of such Code is amended by striking out '$4,800' and inserting in lieu thereof '$5,200'.

"Returns in the case of governmental employees in Guam and American Samoa

"(d) Section 3125 of such Code is amended by striking out '$4,800' wherever it appears and inserting in lieu thereof '$5,200'.

"Special refunds of employment taxes

"(e)(1) Section 6413(c)(1) of such Code is amended—

"(A) by inserting 'and prior to the calendar year 1963' after 'the calendar year 1958';

"(B) by inserting 'or (C) during any calendar year after the calendar year 1962, the wages received by him during such year exceed $5,200,' after 'exceed $4,800,'; and

"(C) by inserting before the period at the end thereof 'and before 1963, or which exceeds the tax with respect to the first $5,200 of such wages received in such calendar year after 1962'.

"(2) Section 6413(c)(2)(A) of such Code is amended by striking out 'or $4,800 for any calendar year after 1958' and inserting in lieu thereof '$4,800 for the calendar year 1959, 1960, 1961, or 1962, or $5,200 for any calendar year after 1962'.

"Effective date

"(f) The amendments made by subsections (b), (c), and (d) shall be applicable with respect to remuneration paid after 1962.

"Technical Amendment

"SEC. 213. Section 3121(l)(6) of the Internal Revenue Code of 1954 is amended by striking out 'and the Federal Disability Insurance Trust Fund,' and inserting in lieu thereof ', the Federal Disability Insurance Trust Fund, and the Federal Health Insurance Trust Fund,'. The amendment made by this section shall be effective January 1, 1963.

"Part C—Railroad Retirement Amendments

"Health Insurance Benefits for the Aged

"SEC. 221. (a) The Railroad Retirement Act of 1937 is amended by adding after section 20 of such Act the following new section:

" 'Health Insurance Benefits for the Aged

" 'SEC. 21. (a) For the purposes of this section, and subject to the conditions hereinafter provided, the Board shall have the same authority to determine the rights of individuals described in subsection (b) of this section to have payments made on their behalf for health insurance benefits consisting of inpatient hospital services, skilled nursing facility services, home health services, and outpatient hospital diagnostic services within the meaning of title XVII of the Social Security Act as the Secretary of Health, Education, and Welfare has under such title XVII with respect to individuals to whom such title applies. The rights of individuals described in subsection (b) of this section to have payment made on their behalf for the services referred to in the next preceding sentence shall be the same as those of individuals to whom title XVII of the Social Security Act applies and this section shall be administered by the Board as if the provisions of such title XVII were applicable, references to the Secretary of Health, Education, and Welfare were to the Board, references to the Federal Social Insurance Trust Fund were to the Railroad Retirement Account, references to the United States or a State included Canada or a subdivision thereof, and the provisions of sections 1707 and 1712 of such title XVII were not included in such title. For purposes of section 11, a determination with respect to the rights of an individual under this section shall, except in the case of a provider of services, be considered to be a decision with respect to an annuity.

" '(b) Except as otherwise provided in this section, every individual who—

" '(A) has attained age sixty-five and

" '(B) (i) is entitled to an annuity, or (ii) would be entitled to an annuity had he ceased compensated service and, in the case of a spouse, had such spouse's husband or wife ceased compensated service, or (iii) had been awarded a pension under section 6, or (iv) bears a relationship to an employee which, by reason of section 3(e), has been, or would be, taken into account in calculating the amount of an annuity of such employee or his survivor,

shall be entitled to have payment made for the services referred to in subsection (a), and in accordance with the provisions of such subsection. The payments for services herein provided for shall be made from the Railroad Retirement Account (in accordance with, and subject to, the conditions applicable under section 10(b) in making payment of other benefits) to the hospital, skilled nursing facility, or home health agency providing such services, including such services provided in Canada to individuals to whom this subsection applies but only to the extent that the amount of payments for services otherwise hereunder provided for an individual exceeds the amount payable for like services provided pursuant to the law in effect in the place in Canada where such services are furnished.

" '(c) No individual shall be entitled to have payment made for the same services, which are provided for in this section, under both this section and title XVII of the Social Security Act, and no individual shall be entitled to have payment made under both this section and such title XVII for more than ninety days of inpatient hospital services or more than one hundred and eighty days of skilled nursing facility services or more than one hundred and fifty units of such services during any benefit period, or more than two hundred and forty visits in any calendar year in which home health services are furnished. In any case in which an individual would, but for the preceding sentence, be entitled to have payment for such services made under both this section and such title XVII, payment for such services to which such individual is entitled shall be made in accordance with the procedures established pursuant to the next succeeding sentence, upon certification by the Board or by the Secretary of Health, Education, and Welfare. It shall be the duty of the Board and such Secretary with respect to such cases jointly to establish procedures designed to minimize duplications of requests for payment for services and determinations and to assign administrative functions between them so as to promote the greatest facility, efficiency, and consistency of administration of this section and title XVII of the Social Security Act; and, subject to the provisions of this subsection to assure that the rights of individuals under this section or title XVII of the Social Security Act shall not be impaired or diminished by reason of the administration of this section and title XVII of the Social Security Act. The procedures so established may be included in regulations issued by the Board and by the Secretary of Health, Education, and Welfare to implement this section and such title XVII, respectively.

" '(d) Any agreement entered into by the Secretary of Health, Education, and Welfare pursuant to title XVII of the Social Security Act shall be entered into on behalf of both such Secretary and the Board. The preceding sentence shall not be construed to limit the authority of the Board to enter on its own behalf into any such agreement relating to services provided in Canada or in any facility devoted primarily to railroad employees.

" '(e) A request for payment for services filed under this section shall be deemed to be a request for payment for services filed as of the same time under title XVII of the Social Security Act, and a request for payment for services filed under such title shall be deemed to be a request for payment for services filed as of the same time under this section.

" '(f) The Board and the Secretary of Health, Education, and Welfare shall furnish each other with such information, records, and documents as may be considered necessary to the administration of this section or title XVII of the Social Security Act.'

"Amendment Preserving Relationship Between Railroad Retirement and Old-Age, Survivors, Disability, and Health Insurance Systems

"(b) Section (1)(q) of such Act is amended by striking out '1961' and inserting in lieu thereof '1962'.

"Financial Interchange Between Railroad Retirement Account and Federal Health Insurance Trust Fund

"(c)(1) Section 5(k)(2) of such Act is amended—

"(A) by striking out subparagraphs (A) and (B) and redesignating subparagraphs (C), (D), and (E) as subparagraphs (A), (B), and (C), respectively;

"(B) by striking out the second sentence and the last sentence of the subparagraph redesignated as subparagraph (A) by subparagraph (A) of this paragraph;

"(C) by adding at the end of the subparagraph redesignated as subparagraph (A) by subparagraph (A) of this paragraph the following new subdivision:

" '(iii) At the close of the fiscal year ending June 30, 1963, and each fiscal year thereafter, the Board and the Secretary of Health, Education, and Welfare shall determine the amount, if any, which, if added to or subtracted from the Federal Health Insurance Trust Fund would place such fund in the same position in which it would have been if service as an employee after December 31, 1936, had been included in the term "employment" as defined in the Social Security Act and in the Federal Employment Contributions Act. Such determination shall be made no later than June 15 following the close of the fiscal year. If such amount is to be added to the Federal Health Insurance Trust Fund the Board shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Retirement Account to the Federal Health Insurance Trust Fund; if such amount is to be subtracted from the Federal Health Insurance Trust Fund the Secretary of Health, Education, and Welfare shall, within ten days after the determination, certify such amount to the Secretary of the Treasury for transfer from the Federal Health Insurance Trust Fund to the Retirement Account. The amount so certified shall further include interest (at the rate determined under subparagraph (B) for the fiscal year under consideration) payable from the close of such fiscal year until the date of certification.';

"(D) by striking out 'subparagraph (B) and (C)' where it appears in the subparagraph redesignated as subparagraph (B) by subparagraph (A) of this paragraph and inserting in lieu thereof 'subparagraph (A)'; and

"(E) by amending the subparagraph redesignated as subparagraph (C) by subparagraph (A) of this paragraph to read as follows:

" '(C) The Secretary of the Treasury is authorized and directed to transfer to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Health Insurance Trust Fund from the Retirement Account or to the Retirement Account from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Health Insurance Trust Fund, as the case may be, such amounts as, from time to time, may be determined by the

Board and the Secretary of Health, Education, and Welfare pursuant to the provisions of subparagraph (A), and certified by the Board or the Secretary of Health, Education, and Welfare for transfer from the Retirement Account or from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, or the Federal Health Insurance Trust Fund.'

"(2) The amendments made by paragraph (1) of this subsection shall be effective January 1, 1963. Such amendments and the amendments made by section 202(a) shall not be construed to increase or diminish the sums to be transferred, under the provisions of section 5(k)(2) of the Railroad Retirement Act before their amendment by paragraph (1) of this subsection, between the Railroad Retirement Account and the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund.

"Tax on Employees

"SEC. 222. (a) Section 3201 of the Railroad Retirement Tax Act is amended by striking out ': *Provided'* and inserting in lieu thereof the following: '. With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3101 of the Federal Insurance Contributions Act are increased with respect to wages by section 220 (b) of the Act which amended the Social Security Act by adding title XVII the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3101 are so increased with respect to wages: *Provided'*.

"Tax on Employee Representatives

"(b) Section 3211 of the Railroad Retirement Tax Act is amended by striking ': *Provided'* and inserting in lieu thereof the following: '. With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3101 of the Federal Insurance Contributions Act are increased with respect to wages by section 220(b) of the Act which amended the Social Security Act by adding title XVII the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by twice the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3101 are so increased with respect to wages: *Provided'*.

"Tax on Employers

"(c) Section 3221 of the Railroad Retirement Tax Act is amended by inserting after '$400' the first time it appears the following: '. With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3111 of the Federal Insurance Contributions Act are increased with respect to wages by section 220(c) of the Act which amended the Social Security Act by adding title XVII the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3111 are so increased with respect to wages'.

"Part D—Health insurance benefits for presently uninsured individuals

"Coverage Provisions

"SEC. 231. Anyone who—

"(1) has attained the age of 65.

"(2)(A) attained such age before 1967, or (B) has not less than 3 quarters of coverage (as defined in title II of the Social Security Act or section 5(l) of the Railroad Retirement Act of 1937), whenever acquired, for each calendar year elapsing after 1964 and before the year in which he attained such age,

"(3) is not, and upon filing application therefor would not be, entitled to monthly insurance benefits under section 202 of the Social Security Act and does not meet the requirements set forth in subparagraph (B) of section 21(b) of the Railroad Retirement Act of 1937, and

"(4) has filed an application under this section at such time, in such manner, and in accordance with such other requirements as may be prescribed in regulations of the Secretary.

shall (subject to the limitations in this part) be deemed, solely for purposes of section 1705 of the Social Security Act, to be entitled to monthly insurance benefits under such section 202 for each month, beginning with the first month in which he meets the requirements of this subsection and ending with the month in which he dies or, if earlier, the month before the month in which he becomes entitled to monthly insurance benefits under such section 202 or meets the requirements set forth in subparagraph (B) of section 21(b) of the Railroad Retirement Act of 1937.

"Limitations

"SEC. 232. (a) The provisions of section 231 shall apply only in the case of an individual who—

"(1) is a resident of the United States (as defined in section 210 of the Social Security Act), and

"(2) is a citizen of the United States or has resided in the United States (as so defined) continuously for not less than 10 years.

"(b) The provisions of section 231 shall not apply to any individual who—

"(1) is a member of any organization referred to in section 210(a)(17) of the Social Security Act,

"(2) has been convicted of any offense listed in section 202(u) of the Social Security Act,

"(3) is an employee of the United States, or

"(4) is eligible for the benefits of the Federal Employees Health Benefits Act of 1959 or the Retired Federal Employees Health Benefits Act.

"Payments to Trust Fund

"SEC. 233. There are hereby authorized to be appropriated to the Federal Health Insurance Trust Fund (established by section 201 of the Social Security Act) from time to time such sums as the Secretary deems necessary, on account of—

"(a) payments made from such Trust Fund under title XVII of such Act with respect to individuals who are entitled to health insurance benefits solely by reason of this part,

"(b) the additional administrative expenses resulting therefrom, and

"(c) any loss in interest to such Trust Fund resulting from the payment of such amounts,

in order to place such Trust Fund in the same position in which it would have been if sections 231 and 232 of this Act had not been enacted.

"Part E—Miscellaneous provisions

"Studies and Recommendations

"SEC. 241. The Secretary of Health, Education, and Welfare shall carry on studies and develop recommendations to be submitted from time to time to the Congress relating to (1) the adequacy of existing facilities for health care for purposes of the program established by this Act; (2) methods for encouraging the further development of efficient and economical forms of health care which are a constructive alternative to inpatient hospital care; (3) the feasibility of providing additional types of health insurance benefits within the financial resources provided by this Act; and (4) the effects of the deductibles upon beneficiaries, hospitals, and the financing of the program."

Make appropriate changes in the table of contents.

Mr. MANSFIELD. Mr. President, will the Senator yield with the understanding that he will not lose his right to the floor?

Mr. ANDERSON. I yield with that understanding.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

[No. 112 Leg.]

Aiken
Allott
Anderson
Beall
Bennett
Boggs
Byrd, W. Va.
Cannon
Carlson
Case
Chavez
Clark
Cotton
Curtis
Dirksen
Dodd
Douglas
Dworshak
Eastland
Ellender
Engle
Ervin
Fong
Fulbright
Goldwater
Hart
Hayden
Hickenlooper
Hickey
Hill
Holland
Hruska
Jackson
Javits
Johnston
Keating
Kefauver
Kerr
Kuchel
Long, Mo.
Long, Hawaii
Mansfield
McClellan
McGee
McNamara
Metcalf
Miller
Monroney
Morse
Morton
Moss
Mundt
Murphy
Muskie
Neuberger
Pastore
Pell
Proxmire
Randolph
Smith, Maine
Sparkman
Symington
Thurmond
Wiley
Williams, N.J.
Williams, Del.
Young, N. Dak.
Young, Ohio

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). A quorum is present.

Mr. ANDERSON. Madam President, I ask unanimous consent that without losing my right to the floor, I may yield now to the Senator from Missouri [Mr. SYMINGTON] in order that he may present a matter.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. SYMINGTON. I thank the Senator from New Mexico for his courtesy in yielding to me.

Madam President, as we stated on the floor of the Senate on July 3, and as reported in the CONGRESSIONAL RECORD for that date on page 12673, Missouri and a number of other States are deeply concerned about one of the provisions in the Public Welfare Amendments Act of 1962, H.R. 10606.

As passed by the House and as reported by the Senate Finance Committee, the long established dollar-for-dollar matching formula on the welfare programs under social security would be subject to change if the States did not meet minimum standards on certain additional administrative services not yet spelled out by the Secretary of Health, Education, and Welfare.

This problem would be corrected by a series of five amendments, intended to be proposed by the senior Senator from Massachusetts [Mr. SALTONSTALL], numbered "6–23–62—A." The Senator from Massachusetts is unable to be in the

Senate today, but I have been assured of his continued support for these amendments. My colleague [Mr. LONG] joins in offering them.

Madam President, I ask unanimous consent that these amendments be considered at this time.

Actually, Madam President, there are five amendments, in order to take care of this single item; they appear on five different pages. In each case, the word "one-fourth" is stricken out, and the word "one-half" is substituted for it.

I have previously explained these amendments. I understand there is no objection to them; therefore, I ask unanimous consent that they be considered at this time.

Mr. YOUNG of North Dakota. Madam President, will the Senator from Missouri yield?

Mr. SYMINGTON. I yield.

Mr. YOUNG of North Dakota. I wish to join in supporting the amendments. The executive secretary of the public welfare board in my State, Mr. Carlyle D. Onsrud, says they are necessary in our State. He advises me the welfare program would be badly crippled without these amendments which would permit continued administrative matching funds at 50 percent regardless of whether or not the State failed to comply with minimum services to be prescribed by the Secretary of Health, Education, and Welfare.

The PRESIDING OFFICER. Is there objection to temporarily laying aside the pending amendment of the Senator from New Mexico, in order to consider the amendment offered by the Senator from Missouri? The Chair hears none; and the amendments offered by the Senator from Missouri, for himself, the Senator from Massachusetts [Mr. SALTONSTALL], and the junior Senator from Missouri [Mr. LONG], will be stated.

The LEGISLATIVE CLERK. On page 25, in line 5, it is proposed to strike out "one-fourth" and insert in lieu thereof "one-half".

On page 27, lines 5 and 6, strike out "one-fourth" and insert in lieu thereof "one-half".

On page 29, lines 12 and 13, strike out "one-fourth" and insert in lieu thereof "one-half".

On page 31, lines 10 and 11, strike out "one-fourth" and insert in lieu thereof "one-half".

On page 90, lines 1 and 2, strike out "one-fourth" and insert in lieu thereof "one-half".

Mr. CURTIS. Madam President——

Mr. SYMINGTON. I yield to the Senator from Nebraska.

Mr. CURTIS. I wish to thank the distinguished Senator from Missouri for calling up these amendments on behalf of himself and the Senator from Massachusetts [Mr. SALTONSTALL].

I have received a telegram from Gov. Frank B. Morrison, of Nebraska, urging that this action be taken; and I have before me a letter from Mr. F. M. Woods, director of the State of Nebraska Department of Public Welfare, in which he states:

> These are matters which can and should be resolved by the States themselves. Federal regulations in the field will be of very little direct benefit to recipients of public assistance. Rather, such interference will result in chapters of written regulations, mountains of useless reports, and unnecessary expenditure of administrative funds.

The action the Senate has taken has prevented the long arm of Federal bureaucracy from reaching farther down into matters which can be handled by the various States, through their departments of public welfare. I thank the Senator for the service he has rendered in this connection.

Mr. SYMINGTON. I thank the Senator from Nebraska.

Mr. LONG of Missouri. Madam President, will my colleague yield to me?

Mr. SYMINGTON. I am glad to yield to my colleague.

Mr. LONG of Missouri. I wish to compliment my distinguished colleague for calling up these amendments at this time. As he knows, the absence of these amendments could have meant a $2 million loss to our State, and possibly would have meant curtailment of old-age assistance and other necessary welfare programs in Missouri.

Mr. SYMINGTON. Yes. My colleague and I have carefully studied this matter together, and we know that would have been the result in our State.

Mr. LONG of Missouri. I feel that certainly this is the better way to handle the matter, rather than to maintain the penalty in connection with the 50-50 matching program.

Mr. SYMINGTON. It is; and I thank my colleague for his contribution.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc.

The question is on agreeing to the amendments of the Senator from Missouri.

The amendments were agreed to.

Mr. SYMINGTON. Madam President, I thank the Senator from New Mexico for his courtesy in allowing these amendments to be considered and adopted at this time.

Mr. COTTON. Madam President, will the Senator from New Mexico yield to me?

Mr. ANDERSON. Madam President, I ask unanimous consent that at this time I may yield to the Senator from New Hampshire, without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. COTTON. I thank the Senator from New Mexico.

Madam President, I send to the desk an amendment intended to be proposed by me to the so-called Anderson amendment; and I ask that this amendment be printed and lie on the table.

The PRESIDING OFFICER. Without objection, the amendment will be received and printed, and will lie on the table.

Mr. MORTON. Madam President, Will the Senator from New Mexico yield to me?

Mr. ANDERSON. Madam President, I ask unanimous consent that I may yield now to the Senator from Kentucky, without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORTON. Madam President, I ask that a bill I have introduced, Senate bill 3386, be considered as an amendment in the nature of a substitute for the Anderson amendment; and I wish to have my amendment considered and wish to bring it up on the floor of the Senate tomorrow, and have it disposed of. It is not my intention to press for a yea-and-nay vote on my amendment; but I think tomorrow this amendment in the nature of a substitute can be disposed of.

I call attention to the fact that my amendment is the text of Senate bill 3386, and is being offered as an amendment in the nature of a substitute for the Anderson amendment.

Mr. JAVITS. Madam President, will the Senator from Kentucky yield in connection with his amendment in the nature of a substitute?

Mr. MORTON. I yield.

Mr. JAVITS. This looks very much like the so-called Bow plan. Can the Senator from Kentucky in any way identify the amendment for purposes of our study and consideration—in short, to indicate what differences or what similarities there are?

Mr. MORTON. My amendment differs from the Bow plan, in that my amendment provides for a needs test. In other words, one who pays no income tax would not pay for his insurance policy; the Government would pay for it. One who pays an income tax of $100 would make a certain payment—and so forth. So my amendment provides for a needs test, and in that way is different from the Bow plan.

Mr. JAVITS. I thank the Senator from Kentucky.

Mr. MORTON. Madam President, I offer my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Kentucky, offered as a substitute for the Anderson amendment, will be stated.

The Chief Clerk proceeded to read the amendment.

Mr. MORTON. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. MORTON as a substitute for the Anderson amendment is as follows:

That this Act may be cited as the "Health Care Benefits for the Aged Act".

DEFINITIONS

SEC. 2. For the purposes of this Act—

(a) The term "Secretary" means the Secretary of Health, Education, and Welfare.

(b) The term "State" includes the District of Columbia.

(c) The term "State plan" means a State plan for health benefits for the aged.

(d) The term "State agency" means the agency established or designated in accordance with section 4(a)(11).

(e) The term "contract" means the policy, contract, agreement, or other arrangement entered into between a carrier and a State agency for the purpose of providing for the participation by individuals in a health benefits program under a State plan.

(f) The term "health benefits program" means a group insurance contract provided by a carrier for the purpose of providing, paying for, or reimbursing expenses for health services.

(g) The term "carrier" means a voluntary association, corporation, partnership, or other nongovernmental organization which is lawfully engaged in providing, paying for, or reimbursing the costs of, health services under group insurance contracts in consideration of premiums payable to the carrier.

(h) The term "premium" means the amount of the consideration charged by a carrier for participation by an individual in a health benefits program provided by the carrier.

(i) The term "State share" means the portion of the premium to be paid by the State with respect to the participation of an individual in a health benefits program.

(j) The term "individual share" means the portion of the premium to be paid by an individual for his participation in a health benefits program.

(k) The term "taxable year" means a taxable year as defined in section 441(b) of the Internal Revenue Code of 1954.

(l) The term "Federal income tax liability" means, in the case of any individual, the amount of the income tax imposed for the taxable year on such individual under part I of subchapter A of chapter 1 of the Internal Revenue Code of 1954, determined without regard to the provisions of part IV of subchapter A of chapter 1 of such Code (other than section 37 of such part IV). The amount of the Federal income tax liability under a joint return shall, for purposes of the preceding sentence, be deemed to be the amount of the Federal income tax liability of each of the parties to such return.

APPROPRIATION

SEC. 3. For the purpose of enabling each State to assist individuals residing therein who are age sixty-five or over to obtain, through prepaid health benefits plans, provisions of, payment for, or reimbursement for the expenses of, health care services at subscription rates which such individuals can afford to pay (determined on the basis of the amount of their Federal income tax liability for the taxable year), there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this Act. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans for health benefits for the aged.

STATE PLANS

SEC. 4. (a) A State plan for health benefits for the aged must—

(1) provide for the participation, on a voluntary basis, by all residents of the State who are age sixty-five or over in a health benefits program which complies with the provisions of section 7;

(2) provide for adequate dissemination to such residents of full and complete information concerning the benefits provided under such program, the terms and conditions thereof, and the amount of the premium therefor;

(3) provide for such review by the Secretary and such other safeguards as the Secretary may determine to be necessary or desirable to assure that the premiums for participation in any such health benefits program reasonably and equitably reflect the cost of the benefits to be provided thereunder, and that participants therein shall receive the benefits to which they are entitled thereunder without undue delay;

(4) make suitable provision for the receipt, under such program, of benefits by participants residing in the State but who are temporarily absent therefrom;

(5) provide that any individual, who is enrolled under such a program for any taxable year, and who, during such year, changes his residence to another State, shall not be precluded from continuing to participate in such program for the remainder of such year by reason of his change of residence;

(6) provide that the full amount of the premium for such program with respect to each individual participating in such program shall be paid by the State;

(7) (A) provide that the individual share of any such premium shall be fixed in accordance with regulations issued by the Secretary under section 8, and that such share shall be collected by, or under the supervision of, the State agency; and

(B) provide that the tentative amount of such share, in the case of any individual, shall be determined on the basis of the amount of the anticipated Federal income tax liability of such individual as contained in his most recent declaration of anticipated Federal income tax liability (filed in accordance with section 9), and that, in the event of any discrepancy between the amount contained in such declaration and such individual's actual Federal income tax liability as reported to the State agency pursuant to section 11, a proper adjustment in the amount of such share will be made;

(8) provide that the State plan shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

(9) provide that the cost of administration of the State plan will be paid by the State;

(10) provide such methods of administering (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan;

(11) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan;

(12) make provision, in accordance with regulations promulgated under section 10, for verification of representations made by individuals incident to the determination of their share of the premium for participation in such a health benefits program; and

(13) provide for prompt notice to appropriate law-enforcement officials of any facts or circumstances suggesting that any fraud or misrepresentation has been committed by any individual in connection with his participation, or application for participation, in a health benefits program under the State plan.

(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility to participate in a health benefits program provided under such plan—

(1) any residence requirement which excludes any resident of the State; or

(2) any citizenship requirement which excludes any citizen of the United States.

PAYMENT TO STATES

SEC. 5. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has a plan approved under this Act, for each quarter, beginning with the quarter commencing October 1, 1962, an amount equal to the sum of the amounts expended, during such quarter, under the State plan as the State share of the premium for a health benefits program under such plan with respect to each individual participating in such program, not counting so much of any expenditure with respect to any individual which is attributable to payment of such a premium in excess of $125 per annum.

(b) The method of computing and paying the amount referred to in subsection (a) shall be as follows:

(1) The Secretary shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a). Such estimate shall be based on (A) a report filed by the State containing its estimate (determined in accordance with regulations issued by the Secretary) of the amount payable to it under subsection (a), (B) records showing the number of individuals in the State who are sixty-five or over, and (C) such other data as the Secretary shall find useful. In making any such estimate with respect to an individual who, prior to the date such estimate is made, has (incident to his participation during such quarter in a health benefits program under the State plan) filed in accordance with section 9 a declaration of anticipated Federal income tax liability, the estimated amount payable to the State under subsection (a) with respect to such individual shall be based on the State share of the premium for such individual's participation in such program, determined on the basis of data contained in such declaration.

(2) The Secretary shall then certify to the Secretary of the Treasury, the amount so estimated by the Secretary, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State under subsection (a) for such quarter.

(3) The Secretary of the Treasury shall thereupon, prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary, the amount so certified.

OPERATION OF STATE PLANS

SEC. 6. In the case of any State plan which has been approved under this Act by the Secretary, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration plan finds—

(1) that the plan has been so changed as to impose any residence or citizenship requirement prohibited by section 4(b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) that in the administration of the plan there is a failure to comply substantially with any provision required by section 4(a) to be included in the plan, or any other provision of this Act (or regulation issued thereunder by the Secretary) relating to the administration of the plan;

the Secretary shall notify such State agency that further payments will not be made to the State until the Secretary is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

HEALTH BENEFITS PROGRAMS

SEC. 7. (a) In order to qualify under the State plan, a health benefits program must—

(1) be offered by a carrier which is licensed to issue group health insurance in the State;

(2) be offered under a contract which contains a detailed statement of benefits offered, including such maximums, limitations, exclusions, and other definitions of benefits as the Secretary shall by regulations prescribe;

(3) offer participation of a noncancellable or guaranteed renewable basis; and

(4) offer each participant in the program a choice of either (A) ordinary or short-term

illness coverage, or (B) long-term or catastrophic illness coverage.

(b) Subject to the requirements contained in subsection (a), a health benefits program may be of the following types:

(1) Service Benefit Plan.—

(A) Hospital benefits.

(B) Surgical benefits.

(C) In-hospital medical benefits.

(D) Ambulatory patient benefits.

(E) Supplemental benefits.

(2) Indemnity Benefit Plan.—

(A) Hospital care.

(B) Surgical care and treatment.

(C) Medical care and treatment.

(D) Prescribed drugs, medicines, and prosthetic devices.

(3) Comprehensive Medical Plans.—Benefits of the types specified in this subsection under paragraph (1) or (2) or both.

(c) For purposes of this section the term—

(1) "service benefit plan" means a statewide plan under which payment is made by a carrier under contracts with physicians, hospitals, or other providers of health services for benefits of the types described in subsection (b)(1) rendered to participants in such plan, or, under certain conditions, payment is made by a carrier to the participant;

(2) "indemnity benefit plan" means a statewide plan under which a carrier agrees to pay certain sums of money, not in excess of the actual expenses incurred, for benefits of the types described in subsection (b)(2); and

(3) "comprehensive medical plan" means—

(A) a group-practice prepayment plan which offers health benefits of the types referred to in subsection (b)(3), in whole or in a substantial part on a prepaid basis, with professional services thereunder provided by physicians practicing as a group in a common center or centers. Such group shall include physicians who represent at least three major medical specialties which are applicable to aged persons, and who receive all or a substantial part of their professional income from prepaid funds; or

(B) individual-practice prepayment plans which offer health services in whole or substantial part on a prepaid basis, with professional services thereunder provided by individual physicians who agree, under certain conditions specified under regulations issued by the Secretary, to accept the payments provided by the State plan as full payment for covered services rendered by them including, in addition to in-hospital services, general care rendered in their offices and the patients' homes, out-of-hospital diagnostic procedures, and preventive care, and which are offered by organizations which have successfully operated for a period of not less than six months prior to entering into a contract with a State agency.

AMOUNT OF STATE SHARE AND INDIVIDUAL SHARE

Sec. 8. (a) The amount of the State share with respect to any individual for any period within a taxable year of such individual shall be based on the Federal income tax liability of such individual for such year and shall be determined in accordance with a schedule issued by the Secretary.

(b) Such schedule shall provide that the State share shall be—

(1) in case such period is a period of twelve months and the amount of the annual premium is $125 or less—

(A) an amount equal to 100 per centum of the premium, if the individual has no such tax liability for such year, (B) an amount equal to 20 per centum of the premium, if the individual has such a tax liability of $400 or more for such year, and (C) an amount (equal to not less than 20 per centum nor more than 100 per centum of the premium) established by the Secretary in regular inverse proportion to the amount of such individual's tax liability as aforesaid, if the individual has such a tax liability for such year but the amount thereof is less than $400;

(2) in case the amount of the annual premium is more than $125, the amount provided by paragraph (1) with respect to the first $125 of such premium plus 100 per centum of the excess of such premium over $125; and

(3) in case such period is less than twelve months, an amount which bears the same ratio to the amount of the State share (as determined under paragraph (1) or paragraph (2), as the case may be) as the number of months in the period bears to the number twelve.

(c) The amount of the individual share of any individual for any period shall be equal to the amount, if any, by which the amount of the premium with respect to such individual for such period exceeds the amount of the State share with respect to such individual for such period.

DECLARATION OF ANTICIPATED FEDERAL INCOME TAX LIABILITY

Sec. 9. (a) As a requisite to participation in a health benefits program under a State plan by any individual for any period within any taxable year of such individual, such individual shall file in duplicate, prior to the beginning of such period, with the State agency (or the local agency administering the State plan) a declaration (in such form and manner as hereinafter prescribed) of his anticipated Federal income tax liability for such year.

(b) Any such declaration shall be filed under oath or affirmation and shall be filed on forms supplied to the State agency by the Secretary. Such forms shall be prepared by the Secretary with the advice and assistance of the Secretary of the Treasury and shall require the submission of such data as may be necessary to provide, insofar as possible, an accurate estimate of the Federal income tax liability of the individuals filing such forms.

REPORT OF AMOUNT OF FEDERAL INCOME TAX LIABILITY TO STATE AGENCY

Sec. 10. Each individual who, during any taxable year, has participated in a health benefits program under a State plan approved under section 4(b), shall, at the time he files his Federal income tax return for such year, report to the State agency (on such forms and in such manner as the Secretary shall by regulations provide) the amount of his Federal income tax liability as determined by appropriate data contained in such return.

VERIFICATION OF ACCURACY OF DECLARATIONS OF ACTUAL FEDERAL INCOME TAX LIABILITY

Sec. 11. The Secretary and the Secretary of the Treasury shall cooperate in promulgating rules, regulations, and procedures for the purpose of—

(a) comparing amounts of actual Federal income tax liability reported by individuals to State agencies pursuant to Sec. 10 of this Act and the amounts of the actual Federal income tax liability of such individuals, as disclosed by Federal income tax returns submitted by such individuals or as determined by the Internal Revenue Service subsequent to the submission of such returns;

(b) assuring that, in the case of any such discrepancy, appropriate action will be taken to adjust the amounts of the State share and the individual share of the premium with respect to the individual to whom such discrepancy relates.

AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

Sec. 12. Section 213(e) of the Internal Revenue Code of 1954 (relating to definition of medical care for purposes of deduction of medical expenses) is amended by adding after paragraph (2) thereof the following new paragraph:

"(3) Notwithstanding the provisions of paragraph (1)(A), no amount paid with respect to an individual toward any premium for participating in a health benefits program under a State plan approved under section 4(b) of the Health Care Benefits for the Aged Act shall be considered as an amount paid for medical care."

Mr. ANDERSON. Madam President, this afternoon amendments to my amendment have been offered. I am happy that that is taking place, because it is an extremely important measure.

One of the things that is regarded as most significant is that hearings have not been held in a regular committee session to consider this proposal.

In 1960 there was a vote without 1 hour's consideration of the measure by the committee. At the same time we took a whole series of amendments, on which there had been no public consideration. I regret that there has been none on this amendment. Nevertheless, I proposed a motion inside the Finance Committee months ago to afford that opportunity. It was refused. I do not question the judgment of Senators who voted that way. All I say is that, because of that fact, it is necessary to present this measure without adequate committee hearings.

One of the questions raised frequently is the question of financing. Certain persons say there are different kinds of answers to financing. One person said, "I thought it was going to cost me $13. Now they say it is going to cost $27.50."

The proposals in the bill deal with more than health insurance. Therefore, I shall place in the Record a brief statement, with tables that will be helpful, in order that it may be possible to understand what we have in mind.

Our proposal provides for financing the health benefits which it would add to the OASDI system through an increase in the payroll tax of one-fourth percent each for employers and employees, and of three-eighths percent on earnings from self-employment, and an increase from $4,800 to $5,200 in the tax base—the maximum annual earnings subject to tax.

Most of the revenues thus raised would be used for the financing of health insurance benefits. A smaller part would go to pay for increased cash benefits for persons whose earnings are greater than $4,800. Persons earning $4,800 or less would not, of course, be affected by any raising of the tax base. Under the existing social security system, benefits are weighted, that is, they are a greater proportion of lower average monthly earnings under the system than of higher monthly earnings. Therefore, the income received from the combined employer-employee tax through an increase in the tax base to $5,200 is greater than the cost of paying the increased benefits which accompany such an increase. Under the proposal, the additional revenue—above that required to finance increased cash monthly benefits—would go toward the payment of the cost of the health insurance.

In terms of dollars, the person who earns $4,800 a year would pay $12 more than under present law. The person earning $5,200 or more would pay $27.50 additional under my proposal. Of this $27.50 only $17.68 would go toward health insurance costs, however. The remainder would go toward the payment of the old-age, survivors, and disability insurance benefits which would be increased for this group.

Madam President, I ask unanimous consent that a table showing the tax rates for employees in 1964 and later years under the system with health insurance benefits added, compared with those under present law, be printed at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Contribution rate and amount of contributions for an employee under present law and under the proposal

	Contribution rate (percent)	Yearly earnings				
		$2,400	$4,800	$5,200		
				Total	OASDI	Health insurance
1964-65:						
Under the proposal	3⅞	$93	$186	$201.50	$183.82	$17.68
Under present law	3⅝	87	174	174.00	174.00	
Increase	¼	6	12	27.50	9.82	17.68
1966-67:						
Under the proposal	4⅜	105	210	227.50	209.82	17.68
Under present law	4⅛	99	198	198.00	198.00	
Increase	¼	6	12	29.50	11.82	17.68
1968 and thereafter:						
Under the proposal	4⅞	117	234	253.50	235.82	17.68
Under present law	4⅝	111	222	222.00	222.00	
Increase	¼	6	12	31.50	13.82	17.68

Mr. ANDERSON. Madam President, there have been a great many questions as to what changes will be made in the bill. I tried to review these at some length on Tuesday afternoon. Let me review what some of them may be.

There is a change in the establishment of a separate health insurance trust fund. In the original bill there would have been a separate account. I have never regarded as a separate account payments into a fund, as is done in a bank by different persons. If I have an account in a bank and someone else has an account in the bank, those accounts are not marked as separate accounts or separate deposits for purposes of insurance. What we want to be sure of is that the checks I write are not charged to his account and that the checks he writes are not charged to my account. We want to make sure that the accounts are kept separately. I thought the problem in the original bill which involved the separate account was reasonably easy of solution. Others thought a trust fund would be better. Since we were both trying to reach the same base, I saw no objection to the establishment of a health insurance trust fund.

Second, in respect to a great deal of proposed legislation, we have had the proposal for blanketing in, for health insurance benefits, of two and a half million uninsured aged. We did not feel, at the beginning of this discussion, that this group of people should be covered under the health insurance fund through social security, because obviously they could not be paid from the social security fund. Therefore, in the earlier editions of the so-called King-Anderson bill there was no separate provision for the blanketing in of those two and a half million people.

Many people were seriously concerned about this problem and thought it should be attacked at the same time. I subscribe to that point of view. The senior Senator from New York [Mr. JAVITS] was one of those who recognized the problem. He recommended that in any final draft of the amendment we should take that problem into consideration. Others did the same. Therefore, we have incorporated in the amendments a proposal for blanketing in these two and a half million people.

Many have asked, "What would this do in my State? Who would be involved in my State?" Therefore, I ask unanimous consent to have printed at this point in the RECORD a table showing "Estimated Population and Persons Eligible for Health Benefits," under the amendments now before the Senate for its consideration.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Estimated population and persons eligible for health benefits under the Anderson amendment, Jan. 1, 1964

[In thousands]

State	Total population 65 and over	Number eligible under OASI	Number eligible under RRA	Total eligible under RRA and OASI	Number blanketed in
Total	17,877	14,448	794	[1] 15,009	2,500
Alabama	276	195	12	203	68
Alaska	7	4		4	3
Arizona	109	83	6	87	19
Arkansas	201	148	9	155	42
California	1,514	1,191	52	1,227	249
Colorado	169	122	10	129	36
Connecticut	262	233	5	237	22
Delaware	38	33	3	35	2
District of Columbia	72	47	2	49	
Florida	686	535	27	554	111
Georgia	308	208	14	218	83
Hawaii	31	27		27	2
Idaho	62	53	3	55	6
Illinois	1,038	856	60	898	125
Indiana	464	410	27	429	28
Iowa	338	276	17	288	45
Kansas	250	198	17	210	36
Kentucky	303	239	19	252	46
Louisiana	260	156	10	163	93
Maine	108	96	5	99	6
Maryland	245	189	13	198	33
Massachusetts	594	505	13	514	68
Michigan	695	624	20	638	50
Minnesota	379	304	23	320	54
Mississippi	196	137	7	142	51
Missouri	26	404	28	424	90
Montana	69	57	6	61	6
Nebraska	171	137	10	144	24
Nevada	20	15	2	16	3
New Hampshire	69	63	2	65	2
New Jersey	613	541	22	557	46
New Mexico	57	39	4	42	13
New York	1,811	1,555	56	1,595	186
North Carolina	334	271	10	278	51
North Dakota	60	50	3	52	7
Ohio	943	788	49	823	67
Oklahoma	260	176	7	181	74
Oregon	197	175	10	182	11
Pennsylvania	1,190	1,024	78	1,079	90
Rhode Island	93	86	1	87	4
South Carolina	158	117	5	121	34
South Dakota	75	61	2	63	11
Tennessee	326	243	18	256	75
Texas	819	565	33	588	217
Utah	66	58	5	57	6
Vermont	44	38	2	39	4
Virginia	306	239	21	254	35
Washington	296	250	13	259	26
West Virginia	174	149	14	159	13
Wisconsin	420	377	16	388	36
Wyoming	20	22	3	24	4
Puerto Rico	135	83		83	51
Virgin Islands	2	1		1	1

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[1] Corrected for duplication.

Mr. ANDERSON. Madam President, we made a third change. We tried to provide that private organizations, such as the Blue Cross plans, might be used for administration of the programs in making payments to hospitals.

Mr. KERR. Madam President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. KERR. To what extent?

Mr. ANDERSON. That would depend upon the extent to which the local agency desired to make use of them.

Mr. KERR. Do the amendments provide that any beneficiary or prospective beneficiary under the proposal would obtain money from the fund with which to pay for Blue Cross protection?

Mr. ANDERSON. They do not.

Mr. KERR. Is it not a fact that the only reference to Blue Cross in the amendments is one which would authorize the administration to channel the money through the Blue Cross to pay the hospital for the benefits to be provided?

Mr. ANDERSON. That is correct.

Mr. KERR. And the benefits would not be thereby increased or changed?

Mr. ANDERSON. That is correct. But there are a great many people who have gone up and down the country saying, "You are trying to break into this sacred relationship between the doctor and his patient." If people are worried about the sacred relationship, there should be no objection to the Blue Cross taking over the administrative phase and handling all the details, if it is their wish that Blue Cross do so.

Mr. KERR. If it is whose wish that it do so?

Mr. ANDERSON. The person involved.

Mr. KERR. The beneficiary?

Mr. ANDERSON. That is correct.

Mr. KERR. The beneficiary would get no more benefits.

Mr. ANDERSON. He might get benefits in this way: If he now has a Blue Cross policy, his policy may be very limited. He may have only a few days or a few weeks of benefits. If the amendments were agreed to and the bill was passed, it would be possible to extend the benefits a person would get from Blue Cross to a far greater field. It would not increase the benefits available because of the payment.

Mr. KERR. The beneficiary would get the same benefits, in addition to his own private coverage, whether the benefits provided for by the amendments were paid for through the Blue Cross or not, would he not?

Mr. ANDERSON. That is correct.

Mr. KERR. Is it not a fact that the only thing which the Senator's amendments would do with reference to Blue Cross would be to increase the administrative cost of the program without giving to the beneficiary a single dollar of added benefits?

Mr. ANDERSON. The point is that the administration can pay to Blue Cross the cost it would normally absorb itself in administration.

Mr. KERR. That is, the cost the Government would absorb?

Mr. ANDERSON. No; I did not say that.

Mr. KERR. The Senator said the Government could pay to Blue Cross what its own cost would be.

Mr. ANDERSON. What its own cost would be; that is correct.

Mr. KERR. The Government's cost.

Mr. ANDERSON. If the Government wished to do so, it could contact the Blue Cross to administer the program. The Blue Cross administration costs have been running about 3 percent. If they increased to 5 percent, that still would not be an extravagant figure. It would cost the Social Security Administration something to administer the program. If it wished to allow the money for administration to be spent by Blue Cross, we would see no objection to that.

Mr. KERR. I see no objection to it. I merely wish to make the record clear that that provision in the amendments would not give an added dollar to the local beneficiary, but only would bring the Blue Cross in as an intermediary between the Government and the hospital. There would be an expense in connection with the Blue Cross handling that Government fund, which the Government would have to pay, but as a result of which the beneficiary would not get another dollar in benefits.

Mr. ANDERSON. I operated a little insurance company for quite a while. I had two options in that regard. I could use the claim adjusters of my own on every case, or I could hire an adjuster service. The costs were about the same.

That is what we are trying to provide. If someone wishes to use Blue Cross and to pay them a reasonable fee for adjustment, it would probably balance out to what it would cost if the Government had the Government employees do the work themselves.

This provision results from a great demand that we allow the Kaiser plan, for example, to continue operation for the people who are already under the plan. I think the Kaiser plan is a good plan. I should like to see an arrangement under which it might be utilized by all those who wish to utilize it.

I have no objection to the Blue Cross. The Blue Cross has done good work. Therefore, if any group, county or State wishes to make use of the Blue Cross, I do not object to their doing so.

I do not think agreeing to the provision would result in a double charge, because I do not think the Government could possibly administer the program without some cost.

Mr. CURTIS. Madam President, will the Senator yield to me?

Mr. KERR. If the Senator will permit, I should like to ask another question.

In connection with the insurance company which the Senator says he has operated, with reference to which claims arose, which claims had to be settled either by his own adjusters or by outside adjusters, the Senator refers to claims which were undetermined as to the exact amount; does he not?

Mr. ANDERSON. Yes.

Mr. KERR. Under this program the specific benefits would be spelled out in the legislation; would they not?

Mr. ANDERSON. Yes.

Mr. KERR. So there would not be a question of adjustment with regard to how much in benefits was to be provided. That would be in the law.

Mr. ANDERSON. There is a problem of adjustment in determining how many dollars are to be paid as between the Federal Government and the person who enters the hospital.

The person entering the hospital would have to pay a part of the cost. He might have to pay $10 a day for perhaps a maximum of 9 days.

There would be a question with regard to Blue Cross providing certain additional benefits over and above those provided for the basic law. I point out that if Blue Cross wished to say, "We will pay the basic benefits ourselves," the Government could well afford to give it money to do so.

Mr. KERR. To pay the basic Blue Cross benefits?

Mr. ANDERSON. No.

Mr. KERR. To pay only the Government benefits?

Mr. ANDERSON. That is correct. They could recover from the Government the amount paid out.

Mr. KERR. For the Government?

Mr. ANDERSON. For the Government.

Mr. KERR. Plus a fee?

Mr. ANDERSON. Only when there was a decision by the Government itself that this involved an arrangement needing adjustment. If arrangements could be made with Blue Cross, at a cost of from 3 to 5 percent, I personally think that would be a good range of cost for the Government.

Mr. KERR. Madam President, will the Senator yield further?

Mr. ANDERSON. I yield.

Mr. KERR. Has the Blue Cross indicated it would either desire or accept such an arrangement.

Mr. ANDERSON. The Blue Cross representatives have been in my office a few times suggesting that they would like to be included in some sort of an arrangement of this nature.

Mr. KERR. I asked the Senator if they had indicated a desire or willingness to participate in this program as provided by the Senator's amendments on the basis set forth in the amendments for them to participate?

Mr. ANDERSON. I answer by saying that they have no authority or power to commit their organization until something is presented to them. We have no way of saying today what the bill will look like when it emerges from this Chamber or from the Congress.

Mr. KERR. I am assuming that the bill will emerge as the Senator has suggested it emerge.

Mr. ANDERSON. If the bill should emerge as I have suggested, the Department of Health, Education, and Welfare should be well advised to immediately get in touch with the Blue Cross to see if the many representations they have made of a desire to participate in this program would actually result in any service to be given by them. If they then want no part of the program, that will be fine.

In the case of the Kaiser plan, representatives of the Kaiser plan have suggested language to put in the amendments to make it easier for the Kaiser plan to do what is necessary.

I do not know what form the final language will take. I can say only that the Senators from New York [Mr. Javits and Mr. Keating], the able Senator from Kentucky [Mr. Cooper], the Senator from California [Mr. Kuchel] and other Senators have suggested that certain plans be included.

The result was a rather limited option, I grant the Senator. Whether that option will have to be extended or expanded I do not know. I cannot tell what the Congress will wish to have done.

I know that the able Senators from New York [Mr. Javits and Mr. Keating] and other Senators have worked steadily to find out if there is any basis on which the option itself might be altered in this proposal, to make it more workable. That is a hard problem to solve. It is very difficult to put in an option without changing the plan fundamentally. We have not yet been able to do so.

If we could devise such a provision, it would be proper, I think, to take it up with the Kaiser plan, the Blue Cross, or anyone else. Thus far we have not been able to accept the language submitted by the Kaiser plan. Whether we shall be able to deal with Blue Cross I do not know.

I can only say that many times Blue Cross has expressed the hope that we could keep this provision open so that they could give it consideration.

I believe that, as an organization, they would find it to their advantage, when they went to cover a case that is now under Blue Cross, to say, "If you are under the basic coverage of the social security approach which is carried in the bill, we will handle your adjustment. We will present a claim for the Government's portion. We will add 3 percent, or whatever it may be, for administration, and we will also take care of our own section of the claim, which the bill does not cover, because the provision is only basic. At a subsequent time we will ask for a payment from their own funds." I do not know what form it would finally take. We would try to keep it open so that the companies could make a presentation.

Mr. KERR. But no basis has yet been established as between the sponsors of the measure and the companies.

Mr. ANDERSON. The Senator is correct.

Mr. CURTIS. Madam President, will the distinguished Senator yield?

Mr. ANDERSON. I yield.

Mr. CURTIS. In the case stated, would the Blue Cross assume any of the risk?

Mr. ANDERSON. It depends on what the Senator means by "assuming any of the risk." If a person should go into a hospital, under the provisions of the bill he would have 90 days of protection. If the Blue Cross had issued a policy guaranteeing to pay that person from the first day onward, without any deductions, and for 100 days into the future, Blue Cross would assume a portion of the risk, because their policy overlaps the policy that would cover the basic considerations, but it would assume no part of the basic risk covered in the bill.

Mr. CURTIS. It would assume no part of the Government's risk?

Mr. ANDERSON. That is correct.

Mr. CURTIS. Is it anticipated that the Government would audit each individual claim handled and paid by the Blue Cross?

Mr. ANDERSON. That question was asked of me two or three times in the preparation of the option amendment. My only answer was that I would hope not. At the present time a great many bills come to the Department of Health, Education, and Welfare for services supplied by the Blue Cross. The Department of Health, Education, and Welfare audited those bills for a while and found that the Blue Cross bills are—I was about to say always in line, but I had better not make that statement. Some may have been found out of line. But so far as I know, the Department has never found anything wrong with bills sent by Blue Cross.

I assume that if the Blue Cross took a section of the plan, or if the Kaiser Co. did, or if it were handled through Eastman Kodak Co.'s plan or handled through some other large organization's plan, the Government would audit a few of the claims. It might do as the Internal Revenue Department does with reference to the income tax returns. It might audit every 5th claim, every 10th claim, or every 20th claim until it had established for itself that since there was no financial advantage to Blue Cross to pad or reduce the claim, and since the conduct of the company had been exemplary all the way through in the handling of claims, they could be accepted with very little audit.

Mr. CURTIS. Is it not conceivable that a case might arise in which, if the Government's claim were paid in a larger amount, Blue Cross' supplementary requirement to pay a supplemental amount would be less?

Mr. ANDERSON. I cannot conceive of that. If the bill should become law, a man coming into a hospital would be eligible to receive 90 days of hospitalization, for which he would make a contribution for the first 9 days at $10 a day. How the Blue Cross would pad the hospital bills and make the hospital sign up for some service it did not render, is beyond my comprehension.

Most hospitals are operated by charities, not by grafters.

Mr. CURTIS. I understand. But suppose some medical attention were rendered in a hospital. Who would decide whether or not the service was incident to the hospitalization, and therefore should be carried under the Government's plan, and who would decide that another carrier—possibly the Blue Cross—should pay for the service?

Mr. ANDERSON. I assume that in the last analysis it would be the Government. Last August I went into a hospital and had my gall bladder removed. I could have submitted my claim to three different companies. I chose one. I presented the claim and notified the rest of whatever other insurance I had. Somehow the companies made the necessary adjustment. I assume that something like that would happen again.

Mr. CURTIS. What organizations or business institutions besides Blue Cross could take advantage of the option under the language in the amendment of the Senator from New Mexico?

Mr. ANDERSON. I mentioned the Kaiser plan. I mentioned the fact that many labor unions have a provision in their agreements that would allow their present benefits to be expanded in case a bill of the nature of the one before the Senate should pass, and therefore additional benefits would be made available to their workers.

I refer specifically to the General Motors contract, with which the Senator may be familiar. If the bill should pass, a basic coverage would be provided under the bill under which it is conceivable that General Motors could say, "In order to balance what we have been doing previously, we will not only give you the benefits which we agreed to extend at one time, but we will add other things, because of the assumption of basic risk under social security."

Mr. CURTIS. How about the case of a nonprofit fraternal insurance society?

Mr. ANDERSON. A "sick and bury" society?

Mr. CURTIS. Could a nonprofit, nontaxable fraternal insurance society that may be writing hospital insurance qualify under that section?

Mr. ANDERSON. I can say only that I believe it would be a question which would depend upon what sort of nonprofit organization it was, and would best be handled by the individuals who would pass on the question when the bill was passed and not by me. I would not want the measure to tie up the Secretary of Health, Education, and Welfare so that he could not operate.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. ANDERSON. The Senator from New York has had more to do with the option provision than I have, and I recognize the fact freely. The two Senators from New York [Mr. Javits and Mr. Keating], the Senator from Kentucky [Mr. Cooper] and others came forward with option provisions that seemed to me to be a step in the right direction. Because I regarded it as a step in the right direction, such a provision was inserted in the bill. The Senator from New York is more familiar with it than I because for many days and nights the two Senators from New York have tried to work to find language that would fit perfectly into the bill. I commend them for it.

Mr. CURTIS. Madam President, I ask unanimous consent that the present colloquy may take place without the distinguished Senator from New Mexico losing his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Madam President, I should like to refer my colleague to the language on page 47, lines 8 to 12, of the amendments, which provides for a carrier which is exempt from income tax under the Internal Revenue Code, and thereby would open a door to nonprofit organizations of all characters, whether they are cooperative groups, unions, fraternal organizations, or otherwise.

I also call to the attention of my colleague the fact that the definitions which are contained in the bill also relate to private carriers, that is, profitmaking carriers, and would require them either to be national in scope, in terms very analogous to the kind of carriers that function under the Federal Government's employees insurance plan——

Mr. CURTIS. In other words, an insurance company operated for profit could qualify under the bill.

Mr. JAVITS. Provided it was either national in scope or represented an appreciable part of health coverage in a particular State. I think the Senator will find that the principles which are contained in the option in the bill will be finalized when the Senator from New Mexico [Mr. ANDERSON] and we agree upon the final character of the option. For example, we may make a change in the percentage of health insurance business which an insurance company must carry in a State in order to qualify. I think the 10-percent figure which is now contained in the amendment is too high, but the principle will be established that it can either be as it is now written, a nonprofit organization, fraternal, or otherwise, provided it is either a national company or a substantial company within a State. The 10 percent represents the experience of the Senator from New Mexico in his own company. That is the way in which the program would operate. As I say, there are three aspects: Nonprofit, a national company, or a company of appreciable consequence in the health and insurance field in a State will be able to qualify under the provision.

If the Senator from New Mexico will allow me to proceed, we are at the stage of elucidation, and I appreciate the way in which the Senator from Oklahoma [Mr. KERR] has opened the question. People are much more interested in what we are trying to do rather than in the merits or demerits of the proposal, which we will have plenty of time to hammer out.

In terms of what we are trying to accomplish, I point out that, like the AMA, the insurance companies have been very much against the proposal—and I do not say this invidiously, because they are honest and sincere in their opposition. In connection with these options we worked in the field of two aspects. First, we have had to study the present practice in order to determine whether the option would lend itself to being adapted within the context of the present practice of Blue Cross and other organizations; second, we have had to do our utmost to look forward to a time when this provision could be law and when a company, in judging the provisions, would find a sufficient inducement in the option to get into this business, using Government benefits, as it were, as a business.

Mr. CURTIS. Madam President, how many insurance companies does the Senator anticipate would qualify as being national in scope?

Mr. JAVITS. I believe we can give those figures. We have found that there are about 750 insurance companies in the country which write health insurance. The best information we have been able to get from reliable sources is that under the definitions now contained in the amendment, even before a change is made, about one-third of those companies would be eligible under this option. We are advised—and this is all I can tell the Senator—that this provision is an even more liberal provision than that contained in the statute for the insurance of Government employees for health, and that this provision allows even more companies to participate than does the regular Government employees' health plan.

Mr. CURTIS. Would the Secretary have authority arbitrarily to decide that 50 insurance companies, for example, could act as adjusting or servicing agencies, and would anyone who qualifies be entitled to such a contract?

Mr. JAVITS. The latter is the case. We have done our utmost to set out criteria which are self-operative. I remind the Senator from New Mexico that he said there was one situation in which Blue Cross could participate. I believe there are two under the terms of the bill, and therefore I think the record should be made clear on that point. I should like to have the record clearly show that one would be under the option provision which we are now discussing, which is by all odds the most pertinent. The other would be under the provision of the Anderson amendment, which I should like to read by number, so that we are clear about it. It is section 1715, at page 41, entitled "Use of Private Organizations to Facilitate Payment to Providers of Service."

There is introduced a nongovernmental entity servicing a group of hospitals, whether in a section, or area, or some other identity.

Mr. CURTIS. What kind of service?

Mr. JAVITS. As an intermediary between them and their accountings with the Federal Government. I am speaking now for the Senator from New Mexico, and I am sure he will correct me if I am in error. The Senator from New Mexico has ascertained that in many areas hospitals would prefer to continue their existing relationship with Blue Cross and let it have the relationship with the Government as being more convenient.

Mr. CURTIS. Who would make the selection of Blue Cross?

Mr. JAVITS. The hospital itself. We are talking about two different parts of the bill now.

Mr. CURTIS. I know.

Mr. JAVITS. We are talking about section 1715, which relates to the use of Blue Cross as an agent of the hospital, and we are also talking, quite separately and distinctly, about section 1716, which involves the use of Blue Cross or any other nonprofit or profit organization as carriers, using the option which is given to them.

Mr. CURTIS. The Senator means not taking the risk to pay the corpus of the benefits. Is that correct?

Mr. JAVITS. They would take some risk. They would take whatever part they contracted for, over and above the governmental part.

Mr. CURTIS. Not the Government's part.

Mr. JAVITS. No.

Mr. ANDERSON. Only the basic risks covered by the law.

Mr. CURTIS. Is it conceivable that a hospital would elect to have Blue Cross exercise the duties set forth in section 1715 as a go-between between the Government and the hospital, and that the patient in the hospital, being otherwise qualified, would elect a private insurance company to handle his claim?

Mr. KERR. Under section 1716.

Mr. CURTIS. Could that happen?

Mr. JAVITS. Yes. In that case the relationship between the insurance company would be with Blue Cross which represented the hospital, instead of with the Government. The problem could be handled very efficiently and conveniently in that manner.

Mr. CURTIS. Is it the Senator's proposal that there be a Government audit of all transactions between Blue Cross and the hospital pursuant to section 1715—an audit of the hospital claim and and audit of the insurance company?

Mr. JAVITS. On the question of audit, the answer would be "Yes." We would build up an audit situation with respect to individual claims. Let us remember that if we do not have the Blue Cross as an intermediary, there is involved either the individual hospital or the beneficiary himself. The question of audit exists in this situation, no matter how it is done.

Therefore, the answer to the Senator's inquiry about an audit would be "Yes." Of course, we must immediately say that that does not mean that every claim would be audited. There we get into the administration of claims audited by a Government department. No matter where we go, whether in the Department of the Interior or the Department of Agriculture, or any other branch of Government, although they have the right and power and authority to audit, they do not necessarily audit every claim.

Mr. CURTIS. We will leave the audit matter for the moment. Will every one of these claims be approved or disapproved by a representative of the U.S. Government?

Mr. JAVITS. The Senator from New Mexico will correct me if I am in error, but I would say that the Government will have full authority within the terms of the law. The answer to the question, "Can anyone qualify who can meet the terms of the law?" is "Yes." The Government would have complete authority as to the arrangement which is made, in toto; but that does not necessarily mean that the department will audit every claim. That would apply whether it involved Blue Cross, an insurance company, or a pension and welfare fund. Therefore, the arrangement would be entirely with the Government and entirely under the jurisdiction of the Secretary. That does not mean that he would audit every claim.

Mr. CURTIS. Suppose an individual otherwise qualified should spend only

1 day in the hospital. Would he be entitled to benefits?

Mr. JAVITS. As I understand the benefits laid out in the King-Anderson bill, he would not; he must himself pay for the first 9 days at $10 a day and at the very minimum, $20. If 1 day should cost more than $20, which is almost inconceivable, he would have a claim against the Government.

Mr. ANDERSON. If I may interrupt the colloquy at this point, Madam President, there are many technical questions being presented in the debate, and I therefore ask unanimous consent that representatives of the Department of Health, Education, and Welfare, particularly Mr. Robert Ball, Commissioner of Social Security, and Mr. Irwin Wolkstein, of that agency, may be privileged to sit in the Senate Chamber during the discussion.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. I, too, hope the Senator from New Mexico will take counsel of his experts and interrupt those of us who he may feel have responded to a question in a way which he believes to be wrong.

Mr. ANDERSON. I did not make the request because I thought the answers the Senator from New York was making were incorrect. The subject is extremely complicated, and I thought we should make certain that the information we give is correct.

Mr. CURTIS. I appreciate the patience of both the distinguished Senators for their answers, because, after all, hearings have not been held on this proposal.

Mr. ANDERSON. How did the Senator from Nebraska vote on the question of holding hearings on the proposal?

Mr. CURTIS. I voted against holding hearings.

Mr. KERR. Did the Senator vote to hold hearings if and when a bill came from the House?

Mr. CURTIS. Yes.

Mr. ANDERSON. That is true. But the committee always holds hearings if a bill comes from the House. We tried to have hearings on this proposal.

Mr. KERR. Did the Senator try to have hearings on this provision?

Mr. ANDERSON. On what provision?

Mr. KERR. The provision in section 1716(a) was not in the bill on which the Senator asked for hearings.

Mr. ANDERSON. We made some changes in a good many provisions. Those are questions which normally would have arisen if hearings had been held. The Senator from New York would have come before the committee and made suggestions, and the committee would have accepted or refused to accept them.

But the Senator from Nebraska raised the point that the committee has not had hearings. I suggest that that is not the best thing to say, when it was the Senator from Nebraska who prevented the committee from having hearings.

Mr. CURTIS. I prefaced the statement without specifying who was to blame. I took the position that there could not be hearings until a bill had come from the House.

Mr. ANDERSON. Other Senators probably voted that way because they thought it was the right way to proceed. I do not question that.

Mr. KERR. A request was never made to the Committee on Finance to have hearings on section 1716(a), which is one of the two items about which the Senator from Nebraska was asking.

If the Senator from New York is available, I should like to ask him a few questions, in view of the fact that the Senator from New Mexico has yielded to him.

Mr. ANDERSON. Certainly. Madam President, I ask unanimous consent that the Senator from Oklahoma may have the opportunity to discuss this subject with the Senator from New York, without my losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. Do I correctly understand that section 1715 was in the Anderson amendment?

Mr. JAVITS. That is correct.

Mr. KERR. Section 1716(a) was not?

Mr. JAVITS. That is correct.

Mr. CURTIS. What about (b), (c), (d), (e), (f), and (g)?

Mr. KERR. All of them were in the two sections, sections 1715 and 1716.

Under section 1715, the provision with reference to the agreement between the Secretary and any organization or group of organizations is triggered by the providers of the services seeking an agreement.

Mr. JAVITS. That is correct.

Mr. KERR. But under section 1715(a) the organization with whom the contract is made, so far as this bill is concerned, does not add to or take from the benefits provided in the law.

Mr. JAVITS. If the Senator has not misspoken himself, my answer to his question is "Yes." Is he still talking about section 1715(a)?

Mr. KERR. I am.

Mr. JAVITS. That is correct.

Mr. KERR. The agreement, if made, would be made at the request of the provider; and if made, would be an agreement between the Secretary and the organization—it might be the Blue Cross or any other organization—whereby the designated organization would pay to the provider, so far as the agreement was concerned, the benefits provided in the bill, and them only.

Mr. JAVITS. That is correct.

Mr. KERR. Section 1716 would be triggered by a patient asking for the privilege of having the benefits to which he was entitled under the bill paid to the provider by Blue Cross or some other organization.

Mr. JAVITS. If the Senator will substitute for "patient" the word "beneficiary," I would say "Yes."

Mr. KERR. Yes. He could not be a beneficiary without being a patient.

Mr. JAVITS. There is a difference.

Mr. KERR. Suppose he were the beneficiary.

Mr. JAVITS. I am not being captious. The patient is a person already confined to a hospital; he is already collecting benefits; whereas a beneficiary is a person who may or may not ultimately collect the benefits. The option, therefore, is to be exercised by the person who is the beneficiary.

Mr. KERR. By the person who would get the benefit under section 1617(a)?

Mr. JAVITS. That is correct.

Mr. KERR. By his making that request and triggering a situation whereby Blue Cross or someone else became the payor of the amounts of which the beneficiary was the recipient, the benefits from the Federal Government under the bill would not be increased or decreased by his taking that action, would they?

Mr. JAVITS. That is correct.

Mr. KERR. But in each instance—that is, under the situation triggered under section 1715 or under section 1716—for the same identical benefits that would be payable without action being triggered under section 1715 or 1716, the Federal Government would pay the same benefits plus a fee for the disbursing of the amount by the intermediary.

Mr. JAVITS. I cannot agree with that statement for this reason: it would pay, plus a fee, and it would receive value.

Mr. KERR. I did not say it would not receive value; I said it would pay the expense plus the amount agreed to under the agreement between the intermediary and the Secretary.

Mr. JAVITS. That is correct.

Mr. KERR. The patient would get no more benefits.

Mr. JAVITS. I cannot agree that the patient would not get more benefits. In the first place, he would get more efficient administration, which helps in the sense that things run more smoothly between the hospital and the Government. That would be under section 1715.

Under section 1716, the beneficiary would get the advantage of being able to induce those who are able to offer broader benefits to engage in that line of business.

Mr. KERR. The Senator has said that the program would be administered better if there were a Blue Cross intermediary doing those things. Is he thereby saying that Blue Cross is able to administer more efficiently than the Department of Health, Education, and Welfare?

Mr. JAVITS. Not necessarily. I merely say that in those cases in which the hospitals would choose the intermediary, the beneficiary would be getting the benefit of the fact that the hospital would provide if there were a more efficient way to deal with the Federal Government.

Mr. KERR. But the beneficiary would not get any more benefits.

Mr. JAVITS. I think he would get more benefits when things were going smoothly between the hospital which was looking after him and the Federal Government.

Mr. KERR. But he would not trigger the procedure in that event.

Mr. JAVITS. It does not matter who triggered it. The question is, Would he get any advantage under the arrangement that I have referred to in the bill? I think he would.

Mr. KERR. He must indulge the assumption that the hospital would be more efficient in caring for the patient if it were getting its money indirectly from the Government than if it were getting its money directly from the Government.

Mr. JAVITS. I think what is implicit in the Senator's statement is that the administration as between the hospital and the Government is also a factor in the kind of operation the hospital can carry on, and therefore its service to the patient.

Mr. KERR. In other words, the Senator from New York takes the position that a hospital would give a patient better service if Blue Cross were paying the hospital for the service than it would give if the Government were paying it for its service, although the money in both instances would come from the Government—in the one instance through the Blue Cross, and in other instance direct.

Mr. JAVITS. The Senator from New York does not take any such position in terms of the personal bedside service that a patient might get. The Senator does take that position in terms of efficiency of operation between a group of hospitals and the Government, if it choose to operate through an intermediary. I thing we have a right to assume that the operation would be smoother for them and, therefore, in those very strange ways which contribute to the satisfaction of a patient, the smoothness of operation between the provider of the service and the Government would, in my view, also benefit the patient.

That does not mean that there would be an orderly around at all times with a bedpan; but in those interesting ways which, in a hospital organization, communicate themselves to patients when things are going smoothly and efficiently, as compared with when they are not, if the hospitals choose to have an intermediary between them and the Federal Government, the operation will go more smoothly, in my opinion, and will be of benefit to the patient.

Mr. KERR. In each analysis, the Federal Government will have to determine whether it will pay the claims or not.

Mr. JAVITS. Yes; it will.

Mr. KERR. In the event it pays the claim through an intermediary, the Government will pay the claim plus a fee. Is that correct?

Mr. JAVITS. That is correct. But I say that for that the Federal Government will get a benefit in the reduction of its own cost of administration and in the greater efficiency, in my opinion, with which, in that particular case—because that is the way the hospitals choose to conduct their business—it would operate with the hospital.

Mr. KERR. Has the Senator heard from Blue Cross as to whether they desire this arrangement?

Mr. JAVITS. I have not. In the first place, this is not my arrangement, so I would not have heard from Blue Cross as to section 1715. The Senator from New Mexico would have to answer as to that.

Mr. KERR. The Senator has sponsored it, has he not?

Mr. JAVITS. I will have to answer for that. It is easy to jump from one to another. We are talking about section 1715. In respect to section 1715, I am a party to the bill. I believe in it as fully as does the Senator from New Mexico. But as to the direct evidence of communication with Blue Cross, I must leave that to the Senator from New Mexico to answer.

As to section 1716, I can speak, myself. I have done my utmost by consulting those in the field whom I consider to be of very great competence regarding the way in which the Blue Cross operates—and I shall be glad to give the Senator the name of my expert, so that when this option is finally turned out in its final form—for it is not yet in a form which is to my satisfaction——

Mr. KERR. Then the Senator from New York is not yet satisfied with section 1716?

Mr. JAVITS. I am satisfied with its basic principles. I stated the areas in which I am not yet satisfied with it; and we are now in what is, relatively speaking, an early stage of this debate. I have done my utmost to ascertain the principles now incorporated in this option, and the principles which will be incorporated in it when it is perfected. We may differ as to a percentage here or there, but this is now essentially as it will be, as regards the principles and the operating basis, which should interest Blue Cross and other cooperatives, and should also interest the insurance companies. I cannot get them to say now that they will use this. The opposition of all these entities is, as the Senator knows, very deep, but it is sincere. However, I am confident that if we set up a plan which, in the final analysis, will be such that they will be able to engage in it, there will be an excellent chance that they will engage in it.

But I think it is idle to suppose that we can now guarantee the extent to which the option will be exercised. However, the bill is not premised on that. The bill is premised on the opportunity; and we believe the opportunity will be presented in an effective way, so that it can be availed of by those within the complex of these private-enterprise entities.

Mr. KERR. But in order to do that, the Senator is assuming that the language of the bill will be changed, so that it will be acceptable to those who have not yet indicated to the Senator that it is acceptable to them; is that correct.

Mr. JAVITS. I think the changes of language will merely serve to improve a situation which, in my opinion, is already workable.

Mr. KERR. But the Senator has said, with reference to the language now in the bill, that he has not been able to get them to agree to operate under it.

Mr. JAVITS. That is correct; I have not yet been able to get anyone to agree to operate under it. And in my opinion that will be impossible until the bill becomes law, because the opposition of all these entities—their opposition to the bill and to the option and to everything else in that connection—is so deep that they will not agree that they can do anything with it, because they feel—and feel it quite sincerely, I believe—that such agreement by them now would compromise the depth and the intensity of their opposition. So if the standard of judgment is going to be that Blue Cross or the insurance companies will agree that they will use this, if I am going to accept that as the standard of judgment, then I guarantee the defeat of this whole proposition. So I will not do that, and I do not think it is necessary to have it before Senators decide whether they will vote yea or nay on this measure. I think other Senators will have to do what I have had to do, namely, determine on the basis of my experience and all the research I can make that this measure, as it will be passed by the Senate, will be susceptible of use; and thus there will be an option, and an opportunity—but not a guarantee in that connection—for the insurance companies and others actually to utilize the option.

Mr. KERR. Madam President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. KERR. Is the opposition to which the Senator refers—the opposition which he has said is so deep seated—any greater than the opposition the Senator from New York himself expressed in 1960, on the floor of the Senate, in connection with a plan proposed under a social security tax program?

Mr. JAVITS. Yes, I think it is much more deep seated and severe than the opposition I expressed to the social security method of financing, because they do not favor any kind of a medicare bill; and at that time, and to this very day, I am for a medicare bill; and my support of that position is superior to my opposition in the other case, so I have since changed my reason for being opposed to that method of social security financing.

Mr. KERR. But in 1960 the Senator from New York was deeply opposed to the social security financing plan, was he?

Mr. JAVITS. I was.

Mr. KERR. And the Senator from New York so expressed himself on the floor at that time, did he?

Mr. JAVITS. Yes.

Mr. CURTIS. Madam President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. CURTIS. Referring to section 1715, on page 41, what organizations or institutions or entities, other than the Blue Cross, can be utilized in connection with that section?

Mr. JAVITS. There are a wide range of organizations that can be. For instance, in New York we have two organizations: one is called Group Health Insurance—GHI; the other is the Health Insurance Plan. They are very large organizations; for example, one of them covers all employees of the city of New York. I believe that probably an organization of that type—and New York is not unique in that respect; there are others, in other parts of the country—could come under that plan. In addition, as the Senator from New Mexico [Mr. ANDERSON] has said, there are many other plans throughout the country—plans of industries and of trade unions—which have the necessary contractual flexibility to come within the purview of these provisions, once the provisions are available to us.

Mr. CURTIS. In reference to section 1716, beginning on page 45, could a newly formed, tax-exempt organization qualify for the purposes of that section?

Mr. JAVITS. If a newly formed organization is tax exempt and is licensed to do business in the State from which it requests approval to operate under that section, it may be qualified.

Mr. CURTIS. Could a newly formed insurance company, without qualifying nationally and without qualifying in whatever percentage is provided in lines 20 to 25, on page 47, qualify?

Mr. JAVITS. That would depend on the definition of "newly formed." A newly formed insurance company with even a modicum of experience—for example, experience of a year or two or three years, which is a rather small amount of experience for an insurance company—could qualify in a State under the percentage provision on page 47, in lines 20 to 25.

Mr. CURTIS. It would have to have at least 10 percent of such payments in that State, would it?

Mr. JAVITS. Yes. That calls for a certain amount of maturity, let us say, on the part of the company. In other words, it could not qualify the day it was organized, unless it could qualify under subsection (B) which requires a determination by the Secretary that the company is national in scope.

Mr. CURTIS. Does the Senator have any idea as to whether the words "10 percent of such payments in such State" refer to premiums or to other payments?

Mr. ANDERSON. I should like to say that a newly formed company which never has written any business obviously could not qualify. But the same thing could happen to such a company that is now happening to the Government Employees Health Plan—where the larger companies which have taken over these risks are allowed to farm out portions of the risks, and they are doing it now; they are doing that under all these policies that are being issued. They have a right to do it, and they do do it.

Mr. CURTIS. That was part of the basic legislation and the contract, was it not?

Mr. ANDERSON. It was required, but I do not think it is in the contract.

Mr. CURTIS. Is it required in this bill?

Mr. ANDERSON. No. We discussed including such a provision; but someone suggested that since they had done it under the other program without such a requirement, they probably could do this without such a requirement.

Mr. CURTIS. But I do not know what the 10 percent requirement on page 47 figures out to. It may be that some sound, established companies which are not now nationally known could not get 10 percent of that business.

Mr. ANDERSON. Let me explain how that version was included. Not every insurance company tries to write insurance in every State. So I tried to find a figure which would be a little more liberal than the one used originally in the Government Employees' Health Act, which provided that the company must be licensed in all 50 States. At one time, Texas passed the Ferguson Act, which required life insurance companies to invest inside the State of Texas all their assets representing reserves for that particular State. So companies, such as New York Life and Prudential and Equitable, withdrew from Texas; and a whole flood of new companies were organized in Texas to handle that business. Most of the big companies have now gone back into Texas; but for a long time they were out of Texas.

So a requirement that such a company must operate in all 50 of the States would have meant that a big company would have been excluded if it had not been operating in Texas at that time. Then we included the provision about being national in scope; and the provision is that if the Secretary determines the company is national in scope, that will be satisfactory.

The provision in regard to 10 percent comes about in a different way. In many States there are companies which have a large amount of business in a particular State. I think the Lamar Co. is the largest writer in Mississippi—or, at least, it is one of the large writers there. Certainly it would write more than 10 percent of the business there; and, naturally, under those circumstances it would be able to qualify under this 10 percent requirement.

I say very frankly to the Senator from Nebraska that I do not guarantee that 10 percent is the proper figure. Five percent may be better. I do not know.

Mr. CURTIS. It is conceivable that there might be 40 or 50 well-qualified, sound insurance companies writing hospital insurance in the State of Nebraska, and very few of them would have 10 percent of the business. Are they to be barred, and are only those which have 10 percent of the business to get in?

Mr. JAVITS. Madam President, will the Senator yield to me on this point?

Mr. ANDERSON. I yield.

Mr. JAVITS. This is one of the areas of the bill which I consider as unfinished. I am delighted to have heard the Senator. I think the figure will be fixed at 5 percent, and not 10 percent. I hope, too, that Senators as deeply interested in this subject as is the Senator from Nebraska will ascertain for us the appropriate information, because we are interested in factual information as to what would be a fair breaking point as between a company operating substantially in a State, and companies that have a very minor or small interest.

Mr. ANDERSON. I tried to bend over backward, as far as a human being could bend, to make sure that there were no exclusions of that nature in the amendment. Not only are the original provisions retained, but 10 percent is quite ample, because if there are 40 or 50 companies located in Nebraska writing insurance——

Mr. CURTIS. They do not have to be located in Nebraska. For example, New York Life, or Prudential, could be writing insurance in Nebraska; and we have a dozen of our own.

Mr. ANDERSON. If the Senator could imagine the Secretary of Health, Education, and Welfare saying that Prudential was not national in scope, he would be imagining the impossible.

Mr. CURTIS. I am talking about a business that asks for it but cannot get 10 percent of it.

Mr. ANDERSON. If the Senator will turn to the next page, it provides:

> In the case of a carrier which is not included in subparagraph (A), (B), or (C), is licensed to issue group health insurance in the State with respect to which it requests approval hereunder.

The situation can be taken care of. If the insurance commissioner says, "It is a small company, but it is being managed by good people, and is well known," it can qualify, and the Secretary of Health, Education, and Welfare can approve it; but it must write group insurance, and not merely individual policies.

Mr. CURTIS. But if the companies do write for groups, they qualify in toto?

Mr. ANDERSON. That is correct.

Mr. CURTIS. I thank the Senator, as well as the Senator from New York, for their great patience.

Mr. ANDERSON. I think the questions of the Senator from Nebraska are entirely proper. In the last few days we have asked hundreds of questions among ourselves.

The question as to which company should qualify was one in which I had a personal interest, because when I launched a company many years ago, I could not qualify under the law. I had to put up money I did not personally have. I had to borrow it and take out a policy on my life to insure repayment of the money.

Mr. AIKEN. Madam President, will the Senator yield for a question?

Mr. ANDERSON. I yield.

Mr. AIKEN. I am wondering if the insurance companies have indicated a desire or willingness to carry on the medicare program under the provisions of the Anderson amendment. Do they generally support the amendment of the Senator from New Mexico? What is their position? I have had communications from them asking my position, but, so far as I know, none of them has indicated to me what its position is, although I can infer, from reading between the lines, they are not happy with the amendment of the Senator from New Mexico.

Mr. ANDERSON. There is a mutual casualty group to which I have made contributions as president of a mutual insurance company, and a few days ago I received from them a vigorous letter telling me how awful this bill was. So I assume it is typical of the sort of comment we constantly receive from all sorts of insurance groups.

When the original Social Security Act was underway, there were those of us who were rash enough to predict it would be a fine thing for the insurance business. That view was not universally shared by those in the insurance business. The Senator from Vermont will recall that.

I pointed out, in that early day, if people were assured that their retirement needs were protected, they would have money to buy life insurance. Many insurance policies were annuity policies for protection of old-age requirements. They were wonderful if the people lived; but if they died there were not many benefits for their families. By establishing social security, the life insurance companies were permitted to show the value of having life insurance. There has been a great increase in pension plans and life insurance.

I predict to the Senator that if this measure is enacted into law, we shall see the greatest expansion of the health insurance business that this country can imagine.

Mr. AIKEN. I know how the Senator from New Mexico feels. He may recall that I worked for the St. Lawrence Seaway for 20 years, and when that law was finally enacted those who worked hardest against its establishment derived the greatest benefits from it. It seems to me the same thing may happen in the case of the medicare bill.

Mr. ANDERSON. My guess is that in the first few years after the bill becomes law we shall see a great expansion of insurance, because once the basic coverage is taken care of, people can always take care of themselves through the Blue Shield or similar plans. We shall see labor organizations getting contracts providing for the very basic needs, and there will be an expansion in the insurance field far beyond what is now in effect.

While the Senator from Michigan [Mr. McNamara] was absent from the Chamber, I referred to the insurance plan of the United Auto Workers in which there is specific provision to permit them to expand far beyond what is now in effect.

This will be one of the great blessings of the law. One of the reasons why I have said that, in the last analysis, this measure will be a boon to the medical profession is that there are many doctors who cannot get their bills paid, because when patients get through paying hospital bills nothing is left. Because of the expansion of service provided by this bill to take care of people, they will be able to pay their doctors, and that would be a fine thing.

Specifically, the answer to the question of the Senator from Vermont is that the insurance companies generally are not enthusiastic about this measure. They were not enthusiastic about the first provision. They were bitterly opposed to disability insurance in 1956. It was a horrible thing. It was going to destroy them. The bill passed, and we do not hear a word now against it from anybody. It is a fine proposal. Just as occurred in the case of the St. Lawrence Seaway, we shall find the same thing in this case. People who fought against it will say it is a good thing.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. JAVITS. I would like the world to know that I will stand shoulder to shoulder with the Senator from New Mexico [Mr. Anderson] on this bill. Whatever our problems are with the option provision, we will solve them.

Second, I think we have not broken through the hard crust of opposition, which is merely opposition which comes to us from the insurance companies which do not want government in the insurance business. They have not gotten down to what the bill means, the opportunities under it, and so forth.

I would count it as fortunate—and I know the Senator will help us if he can—if we could get some of the insurance companies down to the specific cases of what they can do with particular provisions of the measure, or what they cannot do. That would be most helpful in respect to the drafting of the bill itself.

Mr. AIKEN. One thing which bothers me considerably about the proposal is that the financing involves a tax on people with low incomes, incomes of $5,200 a year or less, whereas there is to be no restriction on the benefits. It seems to me that most of the retired corporation officials of this country have reached the age of 65 and would get the full benefits of the program, without regard to cost. I do not like to see the burden of the cost placed on people with low incomes.

Mr. JAVITS. Madam President, if the Senator will yield to me further, no doubt the Senator from Vermont will remember that I was one of the most ardent opponents of the regressive aspect of financing the proposal through the social security system. I opposed the program at the time it was before the Senate, and some thought at great political risk. I voted against the bill in August of 1960. I am proud I did so.

Madam President, I am thoroughly persuaded that this is the way the people who are in that income bracket would like to have it. If they look at it in that way, from the point of view of a hardheaded, pay-as-you-go approach, it involves a vast source of money, and I do not see how we as Senators could in good conscience say, "We are not going to permit you to do so."

We have not had a plebiscite or a referendum upon the subject, but I say to my beloved colleague that I am convinced that the overwhelming majority of people who are under social security want to finance the program in this way. They take a certain pride in the fact that they would actually deposit the money themselves. I do not see why we should prevent them from doing so, because that is a very hardheaded way of paying for most of the cost of the program as we go along.

Mr. AIKEN. Both the proponents and the opponents of the Anderson amendment have behind them powerful national organizations which perhaps wield some influence on their members. I know a few people who belong to labor unions who perhaps do not agree with the top-level leadership of such unions. I know doctors who have not spoken in ultracomplimentary terms of the AMA, and with respect to whom one gets the feeling that they merely "go along."

I shall listen to the debate as attentively as possible, as it continues. When the time comes to vote, I shall weigh the advantages of the measure as it may then be worded against its disadvantages. I shall vote accordingly.

Mr. JAVITS. I thank my colleague.

Mr. PASTORE. Madam President, will the Senator yield to me at this point?

Mr. ANDERSON. If the Senator does not mind, first I should like to yield to the Senator from Ohio [Mr. Young], who has been waiting.

Mr. YOUNG of Ohio. Madam President, I fully agree with the statement which has been made by the distinguished senior Senator from New York. In 1960 I voted for a medical-care-for-the-elderly program within our social security system. There has never been a doubt in my mind that this is what the vast majority of Americans desire and are entitled to.

The distinguished junior Senator from New Mexico is correct in the statements he has made concerning insurance company executives and the attitude they have taken in the past. In 1949 and 1950 I was a member of the Committee on Ways and Means of the other body. That committee then worked for some 6 months in respect to liberalizing and expanding the social security program. At that time, despite the fine experience which the American people had had from 1935 to 1949 with the social security program, executives of many of the insurance companies of the United States appeared before the Committee on Ways and Means and denounced the great work which was being done in that committee at that time in respect to expanding, liberalizing, and extending the social security system.

Despite their continuing opposition over the years from 1935 to this good hour, the private insurance companies of this Nation have increased their business by leaps and bounds. Years ago, people were not security minded. The social security law has brought about a change in the feelings of the people of this country, and has caused them to become more security conscious in regard to their aging years. That has been a good thing for all, including private insurance companies.

Like the Senator from New Mexico and the Senator from New York, I am sure I am numbered with many people who look forward to the day when the social security law of this country will be universal in its application, when it will adequately cover all who are employed by others and all who are self-employed.

We are undertaking a great work in the Senate in connection with the amendments which have been offered by the distinguished Senator from New Mexico. We are going forward. Under the leadership of the junior Senator from New Mexico we shall provide a great service for the American people. Someday, the executives of the life insurance companies will realize this. More and more the physicians and surgeons of this country who are members of the American Medical Association are realizing the great service provided the American people by the social security laws. I think the rank and file of the American Medical Association are now beginning to realize that they have been on the wrong track in the past and that this legislation is in the best interests of all Americans, including those in the medical profession.

Mr. ANDERSON. Madam President, a great many people who are connected with insurance companies are most sympathetic to what has been suggested.

They recognized that it is probably not wise to advocate this sort of program. I agree with that, because it is a program which sometimes has caused some misunderstanding and at times had led to some abuse.

Many of those people, however, have been extremely helpful in regard to providing information. For example, I wrote to one of the large insurance companies and asked the question, "Has your business grown since the passage of the social security law because people have had money to put into life insurance, whereas they did not have it available before?" I have been provided with much valuable information, showing the tremendous growth of the insurance companies.

Madam President, I yield to the Senator from Rhode Island [Mr. PASTORE].

Mr. PASTORE. Madam President, I should like to add my voice in support of the proposed legislation. I have been in the Chamber only a short period of time, but I have heard most of the colloquy between the distinguished Senator from New Mexico and the Senator from New York. I quite agree that one of the phenomena in regard to the proposed legislation, as pointed out by the Senator from New York, is that the people who are under social security are really the ones who favor this approach to the problem. They want to build up the fund during their productive working years, to provide for themselves in the twilight of their lives, when, most likely, they will be subject to this kind of expense and will not have the available funds with which to pay for it.

There is another amazing thing which I have experienced. I do not know what has been the experience of others in this Chamber, but I have every regard for their sincerity, as I hope they have for mine. When one speaks to an individual doctor—and I have talked with many of them—one finds his position often quite different from the position taken by doctors as members of an organization.

Not long ago I was asked to address the wives of the staff members of a Rhode Island hospital. Our discussion drifted into the question of hospital care. I asked them if they knew what was contained in the pending proposal. Many of them did not know what was in it. When one talked to them about it lucidly and individually, they did not see any objection to the proposal. They did not see how it had anything to do with them. No choice of doctors is involved. There is no question of medical expense involved in the proposed legislation.

The proposal merely calls for hospitalization, and for that kind of hospitalization involved after a certain number of days, as I understand. The sickness must be chronic in nature before any real benefits will be available to an individual under the proposed legislation; is that correct?

Mr. ANDERSON. I would not use the word "chronic," I would say the sickness would have to be severe.

Mr. PASTORE. How many days would a person have to be hospitalized before he could receive benefits?

Mr. ANDERSON. A person could start receiving benefits the first day, if his bill were large enough. This involves $10 a day as a deductible for the first 9 days. At the present rates of hospital care, that might be not nearly sufficient. The average cost to the hospital has gone from about $9.50 a day in 1946 up to about $35 a day at present.

Mr. PASTORE. In other words, for the first 9 days a person would have to pay $10 a day?

Mr. ANDERSON. The person would have to contribute $10 a day for the first 9 days. The balance of the bill would be paid by the fund. That would be, at the present time, about $20 or $25 a day.

Mr. PASTORE. In other words, an individual would be required to pay out of his own pocket $10 each day for the first 9 days.

Mr. ANDERSON. And the doctor must certify that he had to come to the hospital.

Mr. PASTORE. There would be no featherbedding under that provision.

Mr. ANDERSON. Certainly not.

Mr. PASTORE. Clearly the last place people wish to go is to a hospital. Most people do not want to go to a hospital unless they are really required to go. But for the life of me I do not know why anyone would resist proposed legislation that would assist individuals building up a fund during the time they are employed so they could take care of themselves on their own with dignity when they really need the hospital care after becoming 65 years of age.

The only people who talk about freedom of action and choice are—God bless them—those who do not need it to begin with.

I thank the able Senator.

Mr. KEATING. Madam President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from New York.

Mr. KEATING. Let me add a point to what the Senator from Rhode Island has just said. Last year, I conducted a poll on health care for the aged which was sent to about 1,050 doctors in New York State. The names were selected at random from the telephone book, 43 percent of them were selected from the city of New York and 57 percent from outside the city of New York. These percentages were selected because that is the voting ratio between New York City and the rest of New York State.

Rural doctors were not included, but 43 percent of the doctors from New York City and 57 percent from Buffalo, Rochester, Syracuse, Albany, and the other principal cities of New York State, were included.

The first question asked was approximately as follows:

> Do you feel that the Federal Government has any responsibility in the field of medical care?

Approximately 80 percent answered "Yes," to that question.

The next question had to do with financing which, of course, includes the Kerr-Mills method, the voluntary approach, and financing under social security. I was very much surprised to find that one-third of those who favored a Federal role in this field supported financing under social security. Perhaps it is indicative of the high level of interest in this issue that over 50 percent answered the poll, which is considered a very high percentage.

Mr. ANDERSON. Very good.

Mr. KEATING. Of those who felt that there was a responsibility on the part of the Federal Government, approximately 500, or one-third, said that they thought that it should be financed under social security. This is a little addition to what the Senator from Rhode Island has said.

I believe it would be fair to say that probably the large majority of doctors are opposed to this proposed legislation, even in its revised form. But I do not think their opposition is as intense as it was to the original bill. At least, I hope not.

As my survey and other similar polls have shown, there is a very substantial body of doctors who feel that the sound and proper method of financing medical care is under social security.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. PASTORE. We continue to refer to "medical care." That is farthest away from what the bill provides.

Mr. ANDERSON. The Senator is correct.

Mr. PASTORE. It is really a hospital care program. That is all it amounts to. It would not pay for doctors. It would not prohibit, restrain, or compel the choice of a doctor. The bill merely provides for hospital care, and for the first 9 days of hospitalization an individual would have to pay $10 a day out of his own pocket.

Mr. ANDERSON. The Senator is quite correct. We should get away from using the term "medical care."

Mr. PASTORE. It is not medical care.

Mr. ANDERSON. The hospital is the center of all medical care. For that reason it is important to get patients into a hospital early. They must realize that they should be in the hospital. We should make it possible for doctors to send patients to hospitals in time to do some good for the patients. I think it is a fine thing that doctors are coming to accept that idea.

I was surprised when the medical society in my hometown decided to conduct a poll on the question. Then the problem arose as to whether it should be a secret poll. The idea was opposed, but finally a secret poll was agreed upon. I was satisfied with the number who believe that the proposed program might be a successful approach.

I wish to return to one of the principal points I have made. People in the classes concerned would tax themselves for the benefits proposed. The social security benefits are what the worker really wants. He wants the help without a means test, and he knows that he can get the assistance he will need in later years.

A short time ago testimony was received that persons at lower earning levels would receive a greater return for their contribution than those at higher earning levels because the benefit formula is weighted in favor of those at the lower earning level. Under the health care proposal a worker earning $2,400 a year would pay $6 in increased taxes and a worker earning $4,800 a year would pay $12. Both would receive the same health insurance benefits. Thus the proposal would add an additional factor favoring the low-income worker.

We have had a great deal of discussion as to the plan. I was in a doctor's office talking to the doctor about my difficulties one day. On his desk lay a pamphlet entitled "Medical Aid for the Aged." Naturally I had more than passing interest in it. I picked it up, read it, and asked him if I could put it in my pocket. I did. I carried it with me. Those pamphlets are what the American Medical Association was putting out. There are further reasons why we believe socialized medicine for the aged should be rejected.

Those who have joined in trying to have a bipartisan approach to this question have tried to write into the bill a provision that would make sure that it would not be regarded as socialized medicine. There are provisions in the bill with respect to the selection and accreditation of hospitals. We put the provisions on the highest possible basis.

Accreditation by a committee would be required. Accreditation would include credentials from the American Hospital Association, the American Medical Association, the American College of Physicians, and the American College of Surgeons. There is no way in the world that someone could call that an attempt to build up socialized medicine.

Mr. MILLER. Madam President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. MILLER. I should like to cite to my good friend the Senator from New Mexico an example and see how the bill would affect the example. Incidentally, it is an actual case. The case is that of a young man, age 25, married, with two children, working at a job, covered by social security. He came down with multiple sclerosis, which in that particular case went on for about 8 years before he passed away. During practically all of that time he was completely bedridden. What would be the coverage that he or his family would receive under the amendments of the Senator from New Mexico?

Mr. ANDERSON. I am sorry. It is a bill for aged. It is not a health care program.

Mr. MILLER. I was wondering if, because of the fact that the young man became eligible for disability benefits under the social security system, there would be any provision in the bill that would cover him?

Mr. ANDERSON. I say again to the able Senator from Iowa that the amendments do not set forth a general health protection program. A person 25 years old would not be covered by a bill that provides for health care at the age of 65.

Mr. MILLER. There is no provision in the bill for coverage of someone under the age of 65 who becomes eligible for social security benefits on account of disability, then?

Mr. ANDERSON. Only his widow when she is 65 years of age, under the bill.

Mr. MILLER. I wished to ask that question of the distinguished Senator from New Mexico because I wanted to be absolutely sure that my impression was correct. My impression was that the man assumed in my example would not be covered.

Mr. ANDERSON. If we were to attempt to write a complete program of universal medical coverage, we could not do so with an addition of one-quarter of 1 percent to the social security payments. That is why we must hold to those things that can be covered.

There are many instances of the nature described by the Senator from Iowa that are very difficult. I received an account of one today in my mail. We get them constantly. The case to which I refer is that of a woman 45 or 48 years of age. She had been saving to send her boy to college. She had enough money to start him into school and was well satisfied with the situation. She is a widow. A short time ago she discovered that she had cancer. All the funds that she had set aside for the son's schooling are now gone. She said, "What can I do for my boy?"

Those are tragic instances. No one can wipe them away or laugh them away. At the same time it is not the purpose of the bill to try to control all the things that happen in a society.

Mr. MILLER. The point I should like to make is that we should really try to base the benefits of the bill on a financial need basis instead of extending them to millionaires as well as to poor people, and that we might arrange to cover the catastrophic situations such as the one that I have given. Several other situations have been brought to my attention which I hope to bring before the Senate before the debate on the amendments is completed. My point is that we have these catastrophic situations confronting us which, I believe, every Member of the Senate would like to have covered and which, as the Senator from New Mexico has said, we cannot cover at one-eighth of 1 percent contribution, if we are to have complete and general coverage. I believe we could cover situations like that if we were to limit the benefits to those who actually need them, rather than to give them to everyone, rich and poor alike.

Mr. ANDERSON. A great deal has been said about the fact that the bill would cover millionaires. I say to the Senator from Iowa that men with very large incomes already have all the protection they need when they get past 65. Once a person becomes 65, his entire doctor bill is deductible, as I discovered when I celebrated my 65th birthday, and as I have enjoyed since. Shortly after I became 65 I went to a very good dentist who built a small model of the Taj Mahal in my mouth. I worried about it. I thought he was taking in more territory than he should. As a member of the Committee on Interior and Insular Affairs I wanted to confine him to a restricted area. However, he took in a very substantial area and fixed things up in a fine fashion. When I got the bill I was not very calm about it. I thought it was more than it should be. I pointed that out to my wife. She, having more sense than I have, said, "Have you stopped to consider that you are past 65 and that this bill is deductible?"

The reduction for what the Senator says is a millionaire past 65 can run to 91 percent of the bill. Many people in the lower income tax brackets would like that too. It is not much satisfaction to a man who is well supplied with money to have this new benefit come to him. One might make that same statement with reference to the whole social security system in general.

Mr. MILLER. If it is not much satisfaction, why do we enact legislation to give them that benefit?

Mr. ANDERSON. We do not legislate for the benefit of millionaires. We legislate for the benefit of all people who are past 65. In that way we deal with people who may have a $50,000 income, who constitute three-tenths of 1 percent of all of those who are eligible under OASI. For those who have incomes of over $10,000 or more, it is only 3 percent. The other 97 percent are the ones for whom we legislate. We cannot help it if three-tenths of 1 percent get under the tent and are eligible for the benefits. I do not expect them to ask for it. I am told that there is a man in the Senate who, if he wanted to, could go out to Walter Reed and have certain sections of his anatomy removed, and the Government would take care of the bill. I believe there is historic precedent for that, for men high in Government. Not so long ago I had my gall bladder taken out. I went home and had my own physician take it out in a church hospital. I felt I got value received for my money. I also concede that it was deductible. I am not too worried about this general situation. There are men in the Senate who are eligible to retire from the Senate with large retirement pay. I suggest that the Senator from Iowa go to them and say, "Why don't you retire? You can draw your money." Those men still stay here. They do not quit. I understand there is a Member of the Senate who is not only past 60, but is past 70, and he might even be past 80, and is, for all of that, a rather young man. I would not suggest that he retire and draw the maximum of his retirement pay. He seems to be vigorously pursuing a political career and I hope he will be reelected.

Mr. MILLER. I did not intend that our colloquy should enter the field of the retirement of our colleagues in the Senate. What I should like to bring out is that we have it within our power to draw the pending bill in such fashion as to keep these benefits from going to waste, from going to those who do not need them. We could with the same stroke of the pen, so to speak, provide for coverage for a catastrophic situation of the kind to which I have referred, but which the bill does not cover. In that way we would be doing much more equity than by providing general coverage. It is not enough to say that if inequities result, and some of this money goes to people who do not need it, that is the way it is. It does not have to be that way. We have the ability to do something about it.

Mr. ANDERSON. I do not know exactly how we could write a bill to provide that benefits should be available to all who earn them, but that anyone who does not need them or does not want them, does not have to take them.

Mr. MILLER. The Senator has said that workers do not want a means test. I attended a meeting in my hometown of Sioux City, which was attended largely by workers. At that meeting they sought my support of the King-Anderson bill. However, when I pointed out that the benefits would go to those who did not need them, as well as those who need them, and when I pointed out the case that I related here, the strong consensus of that meeting was that benefits ought to go to those who need them. It may be that some other groups do not believe there should be a means test. However, if by having a means tests we could reduce the benefits that would go to those who do not need them and turn those benefits over to victims of catastrophic situations of the kind I have outlined, I believe we would be doing equity. I cannot see why people would object to a means test if that were the end result of having such a provision in the amendment.

Mr. ANDERSON. The Senator says, "If that were the result." If it were the result, that would be one thing. The amount of money that we would save by a means test for people who have large incomes is negligible. In the first place, they do not claim the benefits. That has been proved to be the case many times. There are Senators who probably are entitled to a great amount of retirement pay. They are not worried about it. Senators have left the Senate and have not drawn their retirement pay. Not all people draw these amounts.

Mr. MILLER. I am not advocating a means test for those who have a $50,000 taxable income. I would go much lower than that. In that way more benefits would be available for catastrophic cases.

Mr. ANDERSON. How low would the Senator go?

Mr. MILLER. I have not reached a determination on this point but I would say, for example, that we might relate this to the amount of income which reduces the social security benefits. The Senator knows that if a person is over 65 and has income of a certain amount, he does not get social security benefits. I believe we might interrelate this matter.

Mr. CURTIS. Madam President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. CURTIS. It is not an income test. It is a work test. An individual can have an unlimited income and still draw his social security. It is, by ruling, tax free. I have never heard of anyone declining it, contrary to statements that have been made.

Mr. MILLER. I appreciate the Senator's clarifying that point. I recognize the fact that it is a work test. My answer to the Senator from New Mexico would be to tie the amount of income under the work test into what we have been talking about.

Mr. CURTIS. Is it not true that an income test is applied to every veteran of the United States who has served in the military forces for his use of a veterans' hospital, unless his disability is service connected?

Mr. ANDERSON. I think that is correct.

Mr. CURTIS. Does that test also apply if the disability is service connected?

Mr. ANDERSON I do not know.

Mr. CURTIS. Does the Senator know what the income test is?

Mr. ANDERSON. It does not apply if the disability is service connected.

Mr. CURTIS. Does the Senator know what the income test amounts to?

Mr. ANDERSON. I do not.

Mr. CURTIS. Would the Senator agree that so far as all persons who are now retired are concerned, they will not have contributed anything to the hospital trust fund, assuming they continue to be retired?

Mr. ANDERSON. This situation has occurred over and over again. Congress passed a disability provision in 1956. The people who were able to take advantage of the provision had not contributed anything to the system.

Mr. CURTIS. But an individual who had been disabled all his life could not take advantage of it. He had to have a certain social security experience.

Mr. ANDERSON. Not on the social security level. We do not say this shall apply to future cases.

Mr. CURTIS. I do not take that point of view. I am referring to the present retired veterans of the country. Under this provision, if it passes as written, the present retired veterans would get hospital benefits far more liberal than the veterans of the country can avail themselves of under veterans' laws.

Mr. ANDERSON. Veterans can get hospitalization under veterans' laws.

Mr. CURTIS. Not without meeting an income test. The burden is on the veteran to trace his disability all the way back to his military service; and if he cannot meet that test, he must meet an income test before he can receive hospitalization in a veterans' hospital. While that is our historic policy with the veterans, the proposal of the distinguished Senator from New Mexico would take all of the present retired aged and make hospitalization available to them.

Mr. ANDERSON. The question of veterans' benefits is a complicated one. I believe the provision is that if a veteran applies for hospitalization and says, "I cannot pay," even though he may have other income, he is admitted to a veterans' hospital on his mere statement that he cannot pay.

Mr. CURTIS. It is true that no rigid inspection audit is made. It is assumed that most applicants are conscientious persons. I am sure they are. But if they have income over a certain amount and reveal that fact, they cannot be taken care of in a veterans' hospital if the disability is nonservice connected.

Mr. PASTORE. But if a veteran is now over 65 years of age and is collecting social security for a non-service-connected disability, he can certainly come under this program.

Mr. ANDERSON. Surely.

Mr. CURTIS. If he has been disabled through the years and has never earned any social security credit, he cannot come under the program. But an individual who is already retired and who has not paid a dime into the hospital trust fund may come in.

Mr. PASTORE. That is correct; and the benefit cannot be cut off. How can it be measured? A person who is now 63 years old, or 60 years old, and is paying social security, will continue to pay for 2 or 5 years. Yet someone else, who is 21 years old, will be paying for many more years. If we started to scale the benefits down in that way, we would never reach a point of equity. It must be one way or the other.

It is true that under this amendment anyone who is now collecting social security—and this deals with whoever is entitled to this benefit after 65 would benefit.

It may be argued that they have not made a contribution.

Mr. ANDERSON. Virtually everybody over age 65, or who has attained age 65, would be taken care of.

If he were in a veterans' hospital, he would not be taken care of by social security. If he were not in a veterans' hospital, he would be eligible under social security.

Mr. CURTIS. If he does not have eligibility for social-security benefits, is not the hospitalization dependent upon appropriations?

Mr. ANDERSON. No; the person would be blanketed in under the bill.

Mr. CURTIS. He would be blanketed in under the bill; but where would the money come from?

Mr. ANDERSON. From the general fund of the Treasury.

Mr. CURTIS. Does the Senator anticipate annual appropriations?

Mr. ANDERSON. No.

Mr. CURTIS. How would the money be forthcoming?

Mr. ANDERSON. The Government would pay this bill in the same way it pays the Kerr-Mills bills. How are those paid?

Mr. CURTIS. I believe it is by annual appropriation.

Mr. ANDERSON. I am sure that if there is a provision which requires annual appropriation, it will come up; but the beneficiaries would be blanketed in under this program, the same as anyone else.

Mr. CURTIS. And the payments would be subject to annual appropriation. Their neighbors, who likewise do not pay anything into the hospital trust fund, could draw on the hospital insurance trust fund.

Mr. ANDERSON. I think this is exactly the same situation as that under the Kerr-Mills law. The States are allowed to advance money under Kerr-Mills. The Government promises to pay it back, and it does. No money is provided in the act, but Congress always provides the money, and it would do so for this proposal.

Mr. CURTIS. The Senator from New Mexico has been very generous in yielding. I appreciate that, because I freely admit that I did not favor holding hearings on this proposal prior to passage by the House.

This is what I find hard to reconcile in the bill. It means that employees and employers and the self-employed, which includes the whole army of young people who are buying homes, sending their children to college, and paying their own medical bills, will be taxed to pay the hospital bill, or a portion thereof, under this measure, for everyone, just because he has passed an artificially fixed age. It is conceivable that many of the payers are far less able to pay that bill than the beneficiaries.

Mr. ANDERSON. The Senator from Nebraska voted for the Kerr-Mills law.

Mr. CURTIS. Yes.

Mr. ANDERSON. Under the Kerr-Mills Act, the same thing happens. Health care is paid for by the general taxation of the country. This bill merely provides for a start in the making of social-security contributions.

Mr. CURTIS. When people pay through general taxes, they pay according to their income. The recipients, while not complete paupers, are unable to bear the expense of costly illness, and I agree that that is the concern of government.

Under the Kerr-Mills Act, if a costly prescription needs to be filled, it can be filled. If hospitalization is needed, or if a nurse is needed to call at a home, that can be taken care of.

But under this proposal, the Government will embark upon a system in which the young and the middle aged, the producers, and the farmers, who cannot pass their social security tax on to anyone else, will have to pay the hospital expense, or a part of it—and I hope that question will be discussed at a later time, because I do not know how much good this bill will do unless it can be enlarged a good deal—of people who have reached a fixed age, many of whom are more able to pay than the payers.

Mr. PASTORE. The Senator from Nebraska has brought up a very important point. I do not know what the experience of the Senator from Nebraska has been. It is true that a young man who is now 25 years old and will start to pay toward the benefits cannot hope to gain anything under the act until he is 65. That is also true of middle-aged people. But I have not received one letter from such an individual who has opposed the proposed legislation. I invite any Senator to produce such letters. The remarkable thing is that objection has not come from those people.

I have received letters from people who themselves have fathers and mothers who might become subject to this measure. But I have not received one letter from anyone who is below age 50 or 55 or 60 who is opposed to this type of legislation on the ground that he would be paying for benefits which someone else would receive.

Mr. CURTIS. I have received such letters; but regardless of that, is it not true, if we are to be realistic, that this will be the beginning of a system; that it will be expanded to include more hospital care; that it will be expanded to include medical care; and that the age limit will be lowered? With millions of people paying, the money will be going, perhaps, to three-tenths of 1 percent of the people who come within a very high income category. I do not know whether it is three-tenths of the aged, or what percentage it is.

Mr. ANDERSON. All those who are over age 65.

Mr. CURTIS. I daresay that the income position of many persons aged 65 and over is far better than the income, property, and debt positions of individuals who are educating their youngsters, buying their homes, and paying all of their own hospital and medical bills.

Unless this bill is to be enlarged sufficiently to take care of everyone and to take care of all their expenses, it will never satisfy the American people. After all, a hospital bill of not more than $10 for 9 days is nothing. The point is that the costly things—such as the miracle drugs, and I am for them—are not covered at all by this measure.

So this is only a beginning, similar to the beginning which was made in Britain and in various other European countries. It is the beginning of a government system of medical care—at this time, only hospital care; but it is the beginning.

When Britain began its system in 1947, they had 1 doctor for about every 800 people; but today in Britain 1 doctor has to serve twice that many people.

Mr. PASTORE. Such statements were also made at the time we passed the Social Security Act, and also at the time we passed the unemployment compensation law. But, fundamentally, if the people of the United States want this program expanded after this beginning, what is so wrong about that? If the people of the United States want to pay for their hospital care by means of such insurance, in this fashion; and if they want this program, after they embark on it, to pay for more than hospitalization, what is wrong with that, if they want to pay for it?

Mr. CURTIS. Because it will ruin the free practice of medicine in this country.

Mr. PASTORE. I do not believe that for 1 minute. Certainly, among all the segments of our population, the doctors are well off, and make good incomes. In many instances they receive their education at public expense; the taxpayers pay for it. And I am happy that medical students are helped. I do not expect the doctors to go bankrupt 10 or 15 years from now, merely because we pass this law.

Mr. CURTIS. No; but I am talking about the patients. Why is it that all the countries of Europe that have government medicine no longer attract young doctors to go there to study and to practice. Instead, they come to the United States.

Mr. PASTORE. I would not say that is true.

Mr. CURTIS. I think it is.

Mr. PASTORE. There are many doctors in other countries. We do not have enough doctors here. Does the Senator from Nebraska know why?

Mr. CURTIS. We have 1 doctor for every 750 of our people.

Mr. PASTORE. Does the Senator from Nebraska know why we do not have enough doctors in our country now? It is because over the past 25 years our medical institutions have not kept pace with the explosion of our population. Today we are graduating only as many doctors as we graduated 25 years ago.

Mr. CURTIS. We have as many doctors now as we had a few years ago; we have 1 doctor for every 750 patients. But the curve has gone in the opposite direction in any country that has a government system.

Mr. PASTORE. But I cannot contemplate that the doctors of this country will become paupers or bankrupt or discouraged merely because we are providing hospital care for sick people.

Mr. CURTIS. Neither do I; but I see poor service for the patients developing.

Mr. PASTORE. I do not see that at all.

Mr. ANDERSON. Madam President, as regards the doctors in Britain, I wish to say a few words. Let me refer to an article in which it was stated that doctors were leaving Britain in great numbers, and so forth. Dr. Robert Platt, president of the Royal Academy of Physicians, carefully investigated that allegation. In an article published April 1962, in the London Times, he pointed out that the figures developed in connection with that study were somewhere between 400 percent and 800 percent in error, and that among the reasons why the figures were in error was that doctors from the Irish Republic had been included, although of course the Irish Republic is not part of Great Britain. Those doctors study in Britain, and then return to Ireland. In addition, a great many medical students come to Britain from parts of what used to be the British Empire—for example, from areas such as Iran, Iraq, and other areas which always have been close to the British Empire. They come to Britain and study medicine, and then return home; but when they return home, they are included among the doctors alleged to have migrated from Britain.

I think one of the best articles I have seen in connection with this field was written by Robert H. Estabrook, whom I admire and like very much. The article was published in the Washington Post on June 14. He wrote the article from London, where he has been observing for some time. The article is entitled "Britain Likes Its Medical Program." I ask unanimous consent that the article be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Post, June 14, 1962]

Britain Likes Its Medical Program

(By Robert H. Estabrook)

London.—How good is Britain's National Health Service? The question is pertinent in connection with President Kennedy's far less sweeping medical care plan for the elderly, and particularly with the many references to social medicine. Perhaps the fairest answer is: better than what the great majority of people had experienced beforehand.

Even today the National Health Act of 1946 is cited as the crowning achievement of the postwar Labor government. Under it all residents became entitled to "free" medical and dental care, medicines and hospitalization. Doctors, dentists and druggists were enrolled. Virtually all dentists and all but about 600 general medical practitioners participate, although some also retain private practices.

Patients are encouraged to select "family doctors." They are thereupon entitled to medical and dental consultation, surgery by specialists when necessary, ambulance service, blood transfusions, and rehabilitation. Hospitalization ordinarily is in general wards but private rooms may be rented when available for $3.45 a day.

Certain modifications in free services have become necessary. There are now minimal fees for prescriptions, glasses, dentures and appliances as well as for house calls, partly to discourage abuse. Employed persons also pay a special weekly insurance fee.

The system is financed 69 percent by national government appropriation, 12½ percent by insurance fees, and 8½ percent by local taxation. Direct charges to patients account for only about 4½ percent. Total expenditures of some $2.6 billion amount to about $50 per person per year. Doctors and local committees have a say in management of the program and in community health services.

Professional men are paid by the government on the basis of the numbers of patients on their lists. Payment to doctors and dentists are set to yield average yearly incomes of around $6,800 and $7,000, respectively. The typical doctor in National Health Service has a patient list of 2,300 persons. Additional payments are made to doctors with smaller lists and to those getting started.

In practice there are, of course, some shortcomings. Hospital facilities are still inadequate for the demand, and staffs are underpaid. Patients complain of delays for selective surgery, though not for emergency care. Perhaps in part because of too low a fee schedule there is a shortage of new doctors; there are charges, vigorously refuted by Minister of Health Enoch Powell, that dissatisfaction has caused substantial emigration. Despite the introduction of fees, costs of the program have continued to rise and are now double those of a decade ago.

Among the most comprehensive critiques is a study by Dr. D. S. Lees published by the Institute of Economic Affairs. Dr. Lees cites the inadequacy of medical and dental training and hospital building programs as evidence of the drawback of centralized control and reduced freedom to innovate. There is no proof, he says, that the general health improvement is attributable to National Health Service.

Dr. Lees also contends that the market is superior to the ballot box as a means of demonstrating consumer preference; he protests that the National Health Service eliminates individual decisions on how much to spend for medical care. He suggests that the program move away from free services to an insurance system that would reimburse doctors in private practice, as in some Scandinavian countries.

Lack of public awareness of costs is probably the most serious criticism. Doctors and dentists also could object that National Health Service makes them, in effect, public employees with their remuneration dependent upon Government fiat. Bureaucracy can be infuriating, and one hears occasional grumbling by doctors and patients alike. Some persons elect to go outside National Health Service when speed or delicate care is essential. At the same time, eligible foreigners who use National Health Service often are pleased by the service.

One point stands out, apart from arguments over principle and quality: There is remarkably little complaint that National Health Service has destroyed the doctor-patient relationship which the American Medical Association holds so sacred. Indeed, some authorities contend that this relationship has been improved by removal of the financial barrier. Criticisms must be weighed against relief from personal money worries.

In short, even with its faults most Britons seem proud of their National Health Service. Almost never is anyone encountered who wants to repeal it and return to the old system.

Mr. ANDERSON. The Senator has stated that the age would be lowered. But I do not think so, because those who still are at work want to keep the age level where it is. Voluntary insurance is doing a good job for these people.

As regards establishing an income test, that would tend to undermine the present cooperative relationships we have with the private plans, and there are more than 30,000 of them. The qualification provisions in connection with them are very liberal—just as those for many other private plans are. For example, the automobile industry has a liberal retirement program; and those who receive pensions would, under this means test, be eligible to receive medical care. I can see nothing wrong with using these plans, which apply during their working years, so that after the workers are 65 years of age, they can receive this care.

Mr. MILLER. Mr. President, will the Senator from New Mexico yield?

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator from New Mexico yield to the Senator from Iowa?

Mr. ANDERSON. I yield.

Mr. MILLER. The point was made that if the American people want this, we should give it to them. But my mail is running about 10 to 1 against the King-Anderson bill. I do my utmost to try to ascertain whether the letters are the result of spontaneous desires to write to me, or whether they are the result of requests by organizations that such letters be sent to me. I must say that my best evaluation of my mail on this subject indicates to me that although there is concern about meeting the hospital costs and nursing-home costs of our elderly people who cannot afford to do so—and there is no question about that, the great preponderance of those who are writing to me and those with whom I have visited in my State—which, as the Senator knows, has a very high ratio of its population in the older age brackets.

Mr. ANDERSON. But most of those are living in California.

Mr. MILLER. No, I must advise the Senator that although a great many of them have moved to California, and also to his great and beautiful State, there are still enough of them left in Iowa so that the ratio in Iowa of these senior citizens is much higher than the national average—in fact, very near the top. And the majority of those whom I have contacted have indicated to me that they do not want the King-Anderson bill—principally, I would say—although not necessarily only—because of the fact that it would extend these benefits to those who do not need them, those who can afford to handle them, at the cost of diluting the benefits which would go to those who do need them, and also at the cost of not covering some of the catastrophic situations to which I have referred.

I am sure that if there were a test vote, among the people of my State, as to whether they want to have cases, such as the catastrophic multiple-sclerosis case to which I have already referred, go by the board and not receive any coverage, or whether they wish to have benefits provided to a great many persons who have sufficient income to meet the costs of hospital and nursing-home care, their votes would be against the latter and in favor of the former.

That is why I point out to the Senator that I wish something would be done perhaps to tie in or interrelate the receipt of these benefits with the working-test rule of social security, so there would be sufficient funds to take care of the catastrophic cases, regardless of the age. When catastrophe strikes, it knows no age; and it seems to me there is a duty on the part of the Government to take care of catastrophic cases, when the persons involved do not have the wherewithal to meet the costs.

I thank the Senator from New Mexico for yielding to me.

Mr. ANDERSON. Mr. President, I yield the floor.

PROCUREMENT OF SUPPLIES IN THE DEPARTMENT OF DEFENSE

Mr. WILLIAMS of Delaware. Mr. President, ofttimes the question is asked, "How does it happen that dealers selling surplus military supplies and equipment always seem to have an adequate supply of everything?" This is particularly true of stores dealing with surplus clothing, and so forth.

The Comptroller General has just issued a report which clears up some of this mystery. For instance, his report showed that as of December 31, 1961, the Military Clothing and Textile Supply Agency of the Department of Defense in Philadelphia, Pa., had on hand total inventory valued at $1,117,800,000 of which amount $467,300,000 was in inventory excess to their needs.

A sample check of their procurement policies showed that on clothing and textile items alone between December 1957 and October 1960, they purchased $20,400,000 worth of clothing, which at the time of the purchase was unneeded.

Example 1: On December 31, 1957, the Military Clothing and Textile Supply Agency procured 492,000 Air Force blue serge winter uniform coats costing about $9,640,000 that were not needed.

On that same date the Military Clothing and Textile Supply Agency prepared a supply study that showed a need to buy only 10,427 Air Force wool serge winter uniform coats, blue shade 84, of a limited number of sizes, at a cost of about $204,400. This was the amount needed in order to maintain a forecast 17-month stockage objective.

However, instead of buying 10,427 coats the record shows that from June to September 1958 the Military Clothing and Textile Supply Agency awarded nine contracts that resulted in the delivery of 502,440 coats costing about $9,847,000. Thus, in this instance, the Government bought 50 times as many coats as its own reports showed were needed, representing a needless expenditure of $9,640,000.

Example 2: On September 30, 1958, a supply study made by the Military Clothing and Textile Supply Agency showed a need to buy 2,626 Air Force wool velour, blue shade 85, overcoats. This amount was needed in order to maintain a stockage objective of about a 17-month supply based on the then current rates of peacetime usage.

However, on December 18, 1958, the Military Clothing and Technical Supply Agency awarded a contract for 26,250 overcoats at a cost of about $675,000. Thus in this instance they had a procurement order showing a need for 2,626 overcoats, but they purchased 26,250 overcoats, or 10 times as many as needed. In this instance they wasted $706,000 in unnecessary procurement.

The Military Clothing and Technical Supply Agency argued that they bought in this huge quantity in order to get a cheaper price and to save money; however, an examination of the records shows that at the time of the purchase another bidder who was producing the same item at that time actually quoted the Government a price of 25 cents per unit less on a smaller quantity than that covered by the contract awarded. Thus they not only bought 10 times as many overcoats as they needed but they did not even award the contract to the lowest bidder.

Twenty-one months later a review of their inventory showed that they still had on hand 26,021 of the 26,250 overcoats.

Example 3: On December 29, 1958, they purchased 292,248 cotton sateen Army overcoats at a cost of over $6 million.

This purchase was made notwithstanding the fact that 3 months prior to the awarding of this contract their own records showed that the procurement was not at all needed. In fact, they already had on hand 954,586 overcoats, or more than a 4½-year supply.

Example 4: Between October 1958 and May 1959 the Military Clothing and Technical Supply Agency placed production orders with the Marine Corps clothing factory in Philadelphia, Pa., for about 54,000 Marine Corps blue gabardine coats to cost about $1,782,000. One June 3, 1959, the Marine Corps notified the Military Clothing and Technical Supply Agency that its previously computed requirements for fiscal years 1960 and 1961 were to be substantially reduced. In fact, the actual reduction in forecast requirements was greater than the quantity already on order, indicating that none of the 54,000 coats on order were needed to maintain the established peacetime level of supply.

Example 5: On October 8, 1958, the Military Clothing and Technical Supply Agency issued a production order to the Marine Corps clothing factory for 96,120 Marine Corps blue gabardine trousers to cost about $957,355.

In June 1959 the Marine Corps submitted to the Military Clothing and Technical Supply Agency reduction in forecast requirements for trousers. The Comptroller General's review at the factory showed that as of June 30, 1959, cloth had been cut for only 10,947 trousers and scheduled production in excess of this quantity could have been canceled at that time. However, the Military Clothing and Technical Supply Agency did not prepare a supply study on the trousers until October 16, 1959, and waited until November 25, 1959, to reduce scheduled production. This actually resulted in the ultimate delivery of 55,267 trousers.

Thus the failure of the Military Clothing and Technical Supply Agency to take prompt action in June 1959 to terminate the production order resulted in the expenditure of about $441,000 for 44,320 trousers not needed.

In five other instances the Comptroller General found that unnecessary expenditures of about $843,000 were incurred by the Government between December 1957 and October 1960 because it purchased new materials when it could have utilized acceptable textiles already available in its inventories.

Altogether the Comptroller General found excess inventories in the amount of $467 million in this phase of the Department of Defense procurement, and the few specific examples show how some of this excess inventory was unnecessarily accumulated.

This irresponsible buying of materials which are already in adequate supply represents a multimillion-dollar annual waste of the taxpayers' money. If the administration wants to give a tax cut all that it has to do is to squeeze the waste out of our present budget, including the Defense budget, and there is no doubt but that the cost of Government would be reduced by billions of dollars.

TAX PROPOSALS

Mr. PROXMIRE. Mr. President, in the last few days on the floor of the Senate I have been discussing the big controversy that has been going on nationally over a balanced budget and over the wisdom of a tax cut this year. In the last few days this controversy in the press has become extraordinarily interesting, because the argument I have made is that it makes no sense at all, at a time when the Governors of the country, the AFL–CIO, the great labor organizations, the chamber of commerce, the top economists, all seem to agree that we should expand the economy by tax cuts, that the Federal Reserve Board should pursue a policy of limiting the free reserves of our banks, forcing interest rates up, and causing a situation in which business has to contract rather than expand.

Tuesday I put in the RECORD the fact that the 90-day bill rate last week reached a 2-year high.

The diminution of reserves is the result, and I have documented it, of a deliberate policy on the part of the Reserve Board of sales of Federal obligations and soaking up money that is available, deliberately driving down the price of Federal securities and driving up interest rates.

Just yesterday in the newspapers a most revealing column by Sylvia Porter appeared. She is certainly one of the clearest, most articulate commentators on the financial scene. The article revealed the whole emerging economic strategy. She said:

> How to help spur a sluggish economy at home through bold actions which would deliberately create big budget deficits and, how, at the same time, to make it clear to our foreign creditors that we are not pursuing financially irresponsible programs.

This, said Miss Porter, is the big problem.

She points out that the way the Government is intending to do this is to try to run a tight credit policy and keep interest rates high and make credit available only to a limited extent, but to have a fiscal policy which is encouraging to the economy and expansionary. In connection with that, Miss Porter states this:

> This is what would be involved:
>
> Fiscal policy would take over as the key stimulant to the economy. This means tax cuts, budget deficits, far more money being poured into the economy by the Government than is being taken out in taxes.
>
> Monetary policy simultaneously would take over as the key guardian of the dollar. While credit would be available to take care of the needs of our businessmen and consumers, the cost of the borrowing would rise moderately and interest rates on short-term Government securities would be high enough to hold "hot money" in the United States.

Then this key sentence:

> The world's central bankers are telling our officials, in effect * * * if you go in for aggressive stimulation of your economy by fiscal (tax) policy, you also must go in for more restrictive monetary (credit) policy.

Of course the bankers say that. This is perfectly normal and natural that, from the standpoint of the bankers, they would say this is the best possible world—a world in which there can be high interest rates, and government trying to push them higher even while it is at the same time trying to expand the economy with deficit spending. They want interest rates as high as possible.

Of course, if the Government follows a restrictive policy in monetary matters, if the Government keeps the money supply as limited as possible, while it is trying to expand the economy by spending, the result is going to be high interest rates at all times; and high interest rates are, in effect, price supports for bankers. The higher the rates, the happier the bankers are. It is perfectly natural, and predictable, that they would take that position.

EUROPEAN EXPERIENCE IRRELEVANT

It is true that that policy has been followed in Europe with some success. They have had high interest rates there, higher than our own. They have, relatively speaking, spent more and taxed less, and the economy has been expanding at a greater rate than ours. I think every economist will agree that if a policy of tight money and high interest rates is followed to stimulate the economy, a far bigger tax cut will be necessary, and the Government will have to run a bigger deficit.

I want to reiterate that up to now the economists have advocated what they call a compensatory fiscal policy. In other words, in periods of recession or depression, the Government is supposed to run deficits, lower taxes, and increase spending, in order to push the economy ahead. Now, for the first time, even in an expansionary period, even when the economy is moving ahead, even when our gross national product has increased by 7 percent in the immediately concluded fiscal year, and predictions are that it will increase by 6 percent in the coming fiscal year, even under those circumstances the argument is that we should run a deficit, reduce taxes, and expand the economy.

PERPETUAL BUDGET DEFICITS THE VOGUE

A few hours ago I talked to a prominent economist here in Washington, and he admitted it seems that now the feeling among economists is that we probably should have perpetual budget deficits. The only difference is that the deficit should be very big in periods of recession or depression, and quite moderate, only a small deficit, in periods of prosperity.

In the present period of prosperity, with a record expansion of our economy in the past fiscal year and one predicted for the coming fiscal year, we are going to have a deficit of $7 billion for this last fiscal year, and a deficit of perhaps $6 to $7 billion for the next fiscal year. Even on a national accounts budget, and not just on an administrative budget. The income accounts budgets actually ran a deficit last year. Contrary to what the New York Times stated and what some economists have argued, there will be a deficit in the national accounts budget and not just in the administrative budget, next year.

I am very much aware of the serious unemployment problem we have, and we must recognize it. But unemployment has dropped. It has diminished. It has gone down. It is now at the lowest level at which it has been for some time, on a percentage basis, seasonally adjusted.

As I placed in the RECORD recently, there has been a sharp drop in unemployment figures for heads of families and married males who have been unemployed more than 15 weeks. I think that figure should drop even more. But I say the way to push the figure down is not to increase interest rates, not to discourage people from buying homes or cars, or to discourage businessmen from borrowing, or place such high rates on credit that people cannot borrow. I say the intelligent way to expand the economy is to keep interest rates as low as we can and try to balance the budget. That may not satisfy the international bankers, but it makes sense to the taxpayers.

Mr. President, in view of the fact that I have discussed Miss Porter's fine article, while I disagree with her viewpoint, I think in all fairness, although with some reluctance, I should ask unanimous consent that the commentary by Sylvia Porter be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

YOUR MONEY'S WORTH: NEW COMBINATION IN U.S. PROBLEMS

(By Sylvia Porter)

Never before have the U.S. Government's financial policymakers had to face these two problems simultaneously:

How to help spur a sluggish economy at home through bold actions which would deliberately create big budget deficits and, how, at the same time, to make it clear to our foreign creditors that we are not pursuing financially irresponsible programs. If these creditors withdraw the enormous totals of short-term funds they hold in our markets they could undermine the dollar.

An approach hitherto untried here is being intensively studied at the highest levels in Washington now.

1. To spur the economy at home: across-the-board tax cuts for both individuals and corporations. The plan is to try to offset the tax losses through some loophole closing, but it is acknowledged the tax slashes would considerably increase the budget deficit in the 1963 fiscal year which began Sunday.

2. To protect the dollar by preventing a devastating withdrawal of hot money by foreign creditors by following credit policies that the world's central bankers recognize as traditional and appropriate in a period of major budget deficits. Specifically, the Federal Reserve System would restrict credit, easy money would fade into tighter money, interest rates would rise.

ATTRACTIVE INTEREST

This would not only reassure the foreigners who hold more than $23 billion of short-term funds in our markets of the dollar's solidity. It also would make them want to keep their funds here to earn the attractive interest rates that would be offered on short-term Government obligations.

This is what would be involved:

Fiscal policy would take over as the key stimulant to the economy. This means tax cuts, budget deficits, far more money being poured into the economy by the Government than is being taken out in taxes.

Monetary policy simultaneously would take over as the key guardian of the dollar. While credit would be available to take care of the needs of our businessmen and consumers, the cost of the borrowing would rise moderately and interest rates on short-term Government securities would be high enough to hold "hot money" in the United States.

FOUND IT WORKS

The world's central bankers are telling our officials, in effect, "We don't worry about budget deficits you cause by tax reductions to give incentives to your businessmen and consumers to spend. We have done this ourselves and found it works. Nor do we worry about a new inflation spiral in your country's environment now.

"What we worry about much more is another U.S. recession which would make your dollar's position intolerable and drag us all down. But if you go in for aggressive stimulation of your economy by fiscal (tax) policy, you also must go in for more restrictive monetary (credit) policy. You can't run huge deficits, keep money easy, too, and maintain the world's confidence in the dollar."

These are about the only significant policies we haven't tried to date to solve our problems. We've not used tax cuts to spur the economy. We've not permitted money to tighten in a time of sluggish business; on the contrary, easy money has been a major way we've tried to spur business.

These are the policies which could be answers to both faster economic growth and a stable dollar—if those in charge of the policies can explain them plainly enough at home and abroad so that their aims are not thwarted at the start by misunderstanding.

NEW YORK TIMES BUDGET EDITORIAL IGNORES EUROPEAN INFLATION

Mr. PROXMIRE. Mr. President, I now turn to the second and third chapter of the budget argument carried in the New York Times of today and yesterday. I discussed first the article of Tuesday on the floor:

> The administration's policymakers * * * are particularly impressed by differences in budget policy, pointing out that the fastest growing countries have been willing to incur deficits to stimulate expansion. The inference is that adopting similar methods here could produce an equivalent rate of growth.

What the New York Times overlooks is that although the European economies have been growing, the countries of Europe have suffered a very sharp inflation. France has had an inflation in the past 10 years of 42 percent, compared to 13 percent in our country. Every European country has had a sharper inflation than the United States has had.

The second point is that in all of the European countries there are great consumer demands which are unmet. Something like 2 homes in 10 in Europe have television sets. A minority of families have automobiles in the European countries. Only half of the families in England, for example, have refrigerators.

In this country 99 percent of the homes have refrigerators. Nine out of ten homes in America have television sets. Most families have at least one automobile, if they can use one. Of course, in some urban areas the American families do not want or need an automobile.

The point is that there is not the same room for satisfying unsatisfied consumer demand for these products in this country as there is in European countries. I think the New York Times, in its budget debate, overlooks this fact.

The New York Times further says:

> Under present conditions, tax reduction would not be inflationary. It appears the best method to stimulate growth.

GOVERNMENT ECONOMIC POLICIES LAG IN EFFECT

We should realize that even tax reductions have a definite lag in their effect. There have been a series of very fine studies made as to the effects of monetary and fiscal policies on the economy. One of the best was made by a distinguished professor at the University of Chicago, Milton Friedman, on the effects of a full employment policy on economic stability. Another was done at the University of Michigan by Thomas Mayer, who previously studied monetary policy and its economic consequences and is now studying the effects of a fiscal policy of unbalanced budgets on the economy.

Both of these studies suggest that there may be a lag of 17 months, nearly a year and a half, between the time either monetary or fiscal policies are put into effect and the time the consequences on the economy are fully felt. Therefore, if there were to be a tax cut now the effects most likely would occur a year from now or later. These studies also suggest, incidentally, that both fiscal and monetary policies have relatively weak effects on the economy.

If there is anything we know about economics, it is that the crystal ball is mighty cloudy. We cannot tell what will happen a year from now, let alone a year and a half. The evidence is that the United States may now be in a period of prosperity and possibly an inflationary situation.

Although some economists disagree with Friedman and Mayer on other subjects, very few disagree on this subject of the lag between cause and effect.

The New York Times ought to recognize that there is a lag involved, which they have ignored. Under the present circumstances, when the outlook is that everything seems to be moving forward, to be moving ahead, if we are ever to have a balanced budget and ever to reduce the national debt at any time, it would seem that now is the time to do so.

Mr. President, I ask unanimous consent that "The Budget Debate—II" may be printed in the Record at this point.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

The Budget Debate—II

In opening the debate on economic growth, President Kennedy suggested that the United States may have something to learn from Europe's experience of almost a decade of uninterrupted noninflationary prosperity. The performance of the American economy has been anemic by comparison, and the administration's policymakers have been hard at work examining the European miracle. They are particularly impressed by differences in budget policy, pointing out that the fastest growing countries have been willing to incur deficits to stimulate expansion. The inference is that adopting similar methods here could produce an equivalent rate of growth.

American budget policy has proved none too effective in promoting growth because our high tax rates tend to stifle demand before full utilization of our resources is reached. This is the problem with which we are confronted now. Unquestionably, the rigidity of our tax structure has contributed to the frequency of recession and the sluggish character of each succeeding recovery. The Europeans have recognized that a flexible tax system is the key to an effective budget policy. In general, they have lower direct tax rates, and place more reliance on indirect taxes, encouraging a high level of economic activity and increasing their tax receipts.

Europe's economic renaissance should not be permitted to justify inflationary policies in the United States. It started growing from a lower base, which made rapid advance relatively easier. And its boom is largely based on the kind of pent-up consumer demand that we experienced during the early years of the postwar period. Indeed, the Europeans talk of the Americanization of their economies, and they are now facing some of the same pressures, rising costs and narrowing profit margins, that have been afflicting the American industry.

But, so far at least, Europe has demonstrated a willingness to experiment that we have not matched. Despite their past experience with ruinous inflation. Europeans have been willing deliberately to incur deficits to promote growth and eventual surpluses.

This is a lesson we have yet to learn. There is nothing moral or immoral about achieving a surplus or a deficit. But though it is demonstrably clear that our tax structure hinders economic growth, the moralists insist that any reduction await a balancing of the budget. The result is a limping economy and bigger deficits.

To stimulate growth, the President has declared his intention to reform the tax structure and reduce taxes before the budget is in balance. This is a forward step. Under present conditions, tax reduction would not be inflationary. It appears the best method to stimulate growth. This in turn will increase the Government's tax take. The only question is whether we can wait until next year for tax reduction, for it may then prove too little and too late.

NEW YORK TIMES BUDGET EDITORIAL THREE

Mr. PROXMIRE. Mr. President, the third editorial says, in part:

> If the United States did not have a deficit in our transactions with other nations, which has led to a drain on our gold supply, there would be much less resistance to the idea of deliberately incurring a deficit in our administrative budget.

In other words, it is stated that it would be easy to run a deficit now and to justify it if it were not for the international balance of payments. I think the international balance of payments may contribute in a tertiary way to this situation, but the principal reason for not running a deficit now is the fact that economic conditions seem to be improving, seem to be good. If we are ever to have a balanced budget, we should do it under circumstances like those of the present.

The editorial also states:

> Yet now that economic activity is falling short of expectations, largely due to the restrictiveness of Government policy, the administration is prepared to take the risk of a deficit.

There is no documentation in that editorial to show that the Government policy has been restrictive. What is restrictive about running a deficit of $7 billion in the administrative budget or a deficit of $1 billion in the national accounts budget? That is not restrictive. That is expansionary.

If there is any restriction, it is in regard to monetary policy. Interest rates are unnaturally high. They are unnaturally high in the sense that there is the smallest supply of money in relation to the job which money has to do with respect to the gross national product that we have had since the 1920's. That is the restriction. The ratio of the money supply to GNP is now about 27 percent. That is close to a modern record for tight money and the Fed would make it tighter.

The proposal, from Sylvia Porter and others, would put interest rates higher, would make them more restrictive, as a result of a bigger deficit.

Mr. President, I ask unanimous consent that the editorial "The Budget Debate—III" may be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

The Budget Debate—III

The debate over what kind of budget policy is best suited to promote noninflationary growth is complicated by the American balance-of-payments problem. If the United States did not have a deficit in our transactions with other nations, which has led to a drain on our gold supply, there would be much less resistance to the idea of deliberately incurring a deficit in our administrative budget. But gold continues to flow out, the deficit in our balance of payments is still large, and we cannot ignore the threat that the Europeans may lose confidence in the dollar if we resort once again to deficit spending.

During most of the postwar period the dollar seemed inviolable and our economy insulated from balance-of-payments considerations. Actually, we ran deficits in our foreign accounts in all but one year since 1949; but foreign confidence in the American economy did not deteriorate and the drain on the gold supply did not assume serious proportions until after the Eisenhower administration registered a deficit of over $12 billion, the largest ever in peacetime.

Last year, when faced with the twin task of overcoming a recession and defending the dollar, Mr. Kennedy chose to steer a middle-of-the-road course by holding down the budget deficit and pressing for balance during the coming fiscal year. Yet now that economic activity is falling short of expectations, largely due to the restrictiveness of Government policy, the administration is prepared to take the risk of a deficit.

Such a course will not upset European authorities. This is evident from the annual report of the Bank for International Settlements, whose membership is composed of the leading central bankers in Western Europe. It expresses more concern about the chronic deficit in our international transactions than in the state of the domestic budget, and makes clear that a more flexible fiscal policy—in other words, a deficit induced by tax cuts—should be considered as a means of promoting growth.

Europe's central bankers, who can hardly be classified as radicals, seem to feel that if the deficit is controllable, so that it is expansionary without being inflationary, it is preferable to a restrictive policy that would stunt growth. Their own experience has demonstrated that a well-managed deficit can ultimately result in a high level of activity and increased Government revenues.

A bigger domestic deficit means that we must redouble our efforts to reduce the deficit in our balance of payments which is bound to be aggravated by Canada's new moves to cut imports and attract capital from the United States. This means devising new methods to stimulate exports, either through tax incentives or fresh credit facilities. It means keeping our prices competitive. And it means getting Europe to pay more of the burden of economic and military aid.

Mr. PROXMIRE. Mr. President, the Washington Evening Star has an excellent editorial entitled "Deficits and Tax Cuts," in which the Star disputes the position of the U.S. Chamber of Commerce and points out how shortsighted is their advocacy of this proposal.

I ask unanimous consent that this fine editorial from the Washington Evening Star may be printed in the Record at this point.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Deficits and Tax Cuts

The Federal deficit for the fiscal year which ended June 30 was $7 billion. For such consolation as it may offer, this is about what had been expected. Better things were anticipated, however, for the fiscal year which has just begun. On several occasions the President had promised that there would be a budgetary surplus. And the budget message which went to Congress last January forecast a surplus of some $500 million. Budget Director David E. Bell offered assurance that the budget was "neither rigged or phony" and that it involved no distorted judgments to produce the promised surplus. But this, alas, has gone the way of those "best laid plans of mice and men," of which Robert Burns once wrote. The outlook now is for another deficit in this fiscal year of at least $4 billion.

Nevertheless, the clamor for an immediate tax cut is growing, and even the U.S. Chamber of Commerce has joined the chorus. If the President yields to this demand the deficit more probably will be in the neighborhood of $10 billion. We hope he will not yield. And we agree with Senator WILLIAMS, of Delaware, ranking minority member of the Senate Finance Committee, when he says: "To cut taxes now, in the face of this continuing deficit and before a corresponding reduction in expenditures has been achieved, would be the height of fiscal irresponsibility."

This may not be a sophisticated estimate of the situation. But we think it is the truth.

Mr. PROXMIRE. Mr. President, the Wall Street Journal published an editorial this morning in which the situation I have discussed is considered in terms of comparing the economy of the countries of Western Europe with ours. The editorial points to the inflation the countries of Western Europe have suffered, and the differences between their economy and ours. I ask unanimous consent that the editorial may also be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

NO EXCUSE

Western Europe's famous prosperity, which administration economists are studying for possible clues, has been accompanied by a not so welcome development—a steep climb in the cost of living.

As Mr. Malabre reported in this newspaper the other day, France's costs have risen 42 percent in the past 10 years, Britain's 29 percent, and West Germany's 18 percent. The increase in the United States is a comparatively modest 13 percent. A couple of points, we think, should be noted about these differing experiences.

One is that the rapid increase in Europe does not mean that European prices generally are higher than ours; in many cases they remain below U.S. levels. So there is little comfort for those who may hope that American goods can compete with foreign goods without strenuous efforts to cut production costs here.

Moreover, the European price record does not necessarily reflect a governmental policy of monetary inflation. On the contrary, the Europeans have largely turned from inflation in recent years. Prices have risen more there than here because certain other economic circumstances are very different.

In Western Europe demand is high, thanks in large part to the return to sound and convertible currencies and the lowering of tariff barriers in the Common Market. Under those conditions many people are buying cars and appliances for the first time; demand pressing against productive resources has sent prices higher.

In this country most people have long had such consumer goods; there is little first-time customer demand, and capacity generally exceeds output. The almost continuous inflation of the money supply through deficit financing is no longer having much of a stimulating effect on demand or production. At present we are not getting inflation's advertised zip but its bad effects, such as the dollar's weakness abroad and the storing up of potential trouble for the future.

So we hope our Government officials will not misread Europe's experience. If they seek a justification for the continued inflation on which they seem bent, they will not find it there. Indeed, they will not find a true justification anywhere.

Mr. PROXMIRE. Mr. President, I have one final point to make before I conclude.

The Wall Street Journal also reports this morning on what has happened to Federal aid to State and local governments. It is pointed out that the Federal aid has been increased from fiscal year 1955 to fiscal year 1963 from $3.1 billion to nearly $10 billion. Only 2 days ago the Governors at their conference proposed a Federal tax cut, yet the evidence is clear that State and local aid—particularly aid to States—has increased greatly, has tripled in the last 10 years. Of course, most of the Governors as usual are asking for more money.

Under these circumstances, what the Governors are asking does not seem to be in accordance with what they expect the Government to do, unless they expect the Government to run an enormous deficit, in view of the fact that perhaps the greatest increase in Federal spending—certainly the greatest increase in the regular administrative budget—has been in aid to local and State governments.

ADJOURNMENT

Mr. PROXMIRE. Mr. President, I move that the Senate stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 27 minutes p.m.) the Senate adjourned until tomorrow, Friday, July 6, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 5, 1962:

U.S. DISTRICT JUDGE

Inzer B. Wyatt, of New York, to be U.S. district judge for the southern district of New York. (New position.)

DEPARTMENT OF JUSTICE

Norbert A. Schlei, of California, to be an Assistant Attorney General, vice Nicholas deB. Katzenbach.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 5, 1962:

RAILROAD RETIREMENT BOARD

Howard William Habermeyer, of Illinois, to be a member of the Railroad Retirement Board for the term of 5 years from August 29, 1962.

DIPLOMATIC AND FOREIGN SERVICE

The following-named persons, now Foreign Service officers of class 2 and secretaries in the diplomatic service, to the office indicated:

To be consuls general of the United States of America

Sverre M. Backe, of California.
Stanley S. Carpenter, of Massachusetts.
Alton L. Gillikin, of North Carolina.
William L. Hamilton, Jr., of Maryland.
Thomas H. Linthicum, of California.

The following-named persons for appointment to the office indicated:

William H. Taft III, of Connecticut, to be a Foreign Service officer of class 2, a consul general, and a secretary in the diplomatic service of the United States of America.

Robert Louis Kinney, of Maryland, to be a Foreign Service officer of class 2, a consul, and a secretary in the diplomatic service of the United States of America.

The following-named persons, now Foreign Service officers of class 3 and secretaries in the diplomatic service, to the office indicated:

To be also consuls general of the United States of America

Eric M. Hughes, of Virginia.
John H. Morris, of Arizona.
Thomas H. Murfin, of Washington.
George W. Skora, of Arizona.

The following-named persons for appointment as indicated:

To be Foreign Service officers of class 7, vice consuls of career, and secretaries in the diplomatic service of the United States of America

Raymond J. Alvarez, of California.
William Bodde, Jr., of Maryland.
John W. Campbell, of California.
Donald I. Colin, of California.
Mrs. Joyce F. Garrett, of Michigan.
Francis M. Kinnelly, of Maine.
Clint A. Lauderdale, of California.
James L. Meyer, of California
James P. Murphy, of Oklahoma.
Preston L. Niemi, of Washington.
Martin Prochnik, of Colorado.
John E. Reinertson, of Wisconsin.
G. Henry M. Schuler, of Pennsylvania.
Eugene R. Vikingson, of Minnesota.

To be Foreign Service officers of class 8, vice consuls of career, and secretaries in the diplomatic service of the United States of America

Morris J. Amitay, of New York.
Daniel A. Britz, of Ohio.
James N. Bumpus, of California.
Donald D. Casteel, of Wyoming.
Harvey T. Clew, of Connecticut.
Patrick J. Flood, of Ohio.
William B. Harris, of California.
F. Stephen Hoffman, of New York.
Richard H. Imus, of California.
Peter J. Lydon, of Massachusetts.
John C. McClurg, of Missouri.
Miss Leona M. Nelles, of South Dakota.
Robert M. Ruenitz, of California.
David Segal, of Connecticut.
Raynold A. Riemer, of New York.
Maurice M. Tanner, of Arizona.
Frederick W. Tingley, of Maine.
Miss Mary M. Tracy, of New Jersey.
J. William Wenrich, of Michigan.
Milton J. Wilkinson, of Connecticut.

To be consuls of the United States of America

Norman C. Barnes, of Virginia.
Hugh W. Burrows, of Michigan.
Douglas A. Elleby, of Minnesota.
John G. Heyn, of Connecticut.
W. Allan Jackson, of California.
Norman P. Scott, of Colorado.
Edward H. Splain, of New York.
Donald K. Taylor, of Maryland.
Richard E. Undeland, of Nebraska.

To be vice consuls of the United States of America

James E. Anderson, of Virginia.
James M. Ascher, of Illinois.
Stewart D. Burton, of Utah.
James B. Fletcher, Jr., of Florida.
William P. Roessner, of Virginia.
Kenneth D. Sexson, of Illinois.
Walter Trenta, of New York.
G. Claude Villarreal, of Texas.

To be consul and a secretary in the diplomatic service of the United States of America

Thomas R. Byrne, of Maryland.

To be secretaries in the diplomatic and Foreign Service of the United States of America

Daniel C. Arnold, of Virginia.
Robert J. Baker, of Virginia.
Charles I. Cooper, of Massachusetts.
William M. Decker, of Virginia.
Willard B. Devlin, of Pennsylvania.
William F. Donnelly, of Ohio.
William C. Grimsley, Jr., of Florida.
Edward J. Nickel, of Connecticut.
Joseph P. Sherman, of Michigan.
Eugene F. Sillari, of New York.
John H. Tobler, of Virginia.

The following-named Foreign Service Staff officer for appointment to the office indicated:

Sterlyn B. Steele, of California, to be a consul of the United States of America.

Public Health Service

The following candidates for personnel action in the Regular Corps of the Public Health Service subject to qualifications therefor as provided by law and regulations:

FOR APPOINTMENT

To be surgeons

Charles H. Lithgow
R. Gerald Suskind

To be senior assistant scientist

Herbert S. Posner

FOR PERMANENT PROMOTION

To be senior assistant sanitary engineers

Jay S. Silhanek
Lyle D. Thomas
John A. Cofrancesco

To be sanitarians

Arthur E. Kaye
Leo J. Dymerski

To be senior assistant sanitarians

William B. Horning II
Gail D. Schmidt

To be senior assistant therapists

Joel H. Broida
Kenneth L. Bowmaker

To be senior assistant health services officer

Edward A. Diephaus

FOR PERMANENT PROMOTION

To be medical directors

Patrick J. Sullivan
James A. Hunter, Jr.
Theodore E. Hynson
James A. Finger
Arthur R. Dahlgren
Louis S. Gerber
Bernard F. Rosenblum
Lucy D. Ozarin
William F. Mayes
Wayland J. Hayes, Jr.
Leonard T. Kurland
Thomas A. Burch
Alan D. Miller
Louis B. Thomas
Robert B. Dorsen
Wilton M. Fisher
Kazumi Kasuga
Paul S. Parrino
Richard S. Yocum
Murray C. Brown
Roy P. Lindgren
Vincent E. Price
Robert E. Greenfield, Jr.
Robert M. Farrier
Stuart M. Sessoms
Sheldon Dray
Donald Harting
Henry D. Smith
Henry C. Savage
Charles Edward Smith
Willie G. Simpson
William L. Bunch, Jr.
Henry H. Kyle
Louis J. Oropallo
Gert L. Laqueur
Robert L. Bowman
John J. Brennan
Dominick J. Lacovara
Kirkland C. Brace
Vaso L. Purlia
Alvin L. Cain
Fred W. Love
Raymond W. Herrmann
Charles M. Gillikin
Edward B. Lehmann
Wilfred D. David
Charles E. Horner
Ruth E. Dunham
Holman R. Wherritt
Ralph S. Paffenberger, Jr.
John P. Utz
Robert L. Price
John M. Vogel
Milo O. Blade
Gerald R. Cooper

To be senior surgeons

Bert N. La Du, Jr.
Phyllis Q. Edwards
Frank W. Mount
Maurice F. Herring, Jr.
William L. Ross, Jr.
Henry K. Beye
Kehl Markley III
George R. Adam
Edward L. Kuff
Marguerite L. Candler
Lyman C. Wynne
John H. Waite
Robert L. Brutsche
Carl F. T. Mattern
Clifford H. Cole
William J. Zukel
Carl F. Essig, Jr.
Simon P. Abrahams
Chen Tung Sun
Jarvis E. Seegmiller
De Armond Moore
Leon Levintow
Harry S. Wise
Philippe V. Cardon, Jr.
H. Wayne Glotfelty
Charles A. Monroe

To be surgeons

Charles A. Davis
Cuvier D. McClure
Eugene T. van der Smissen
James H. McGee
Allen C. Pirkle
K. Lemone Yielding
Frank E. Lundin, Jr.
Willard P. Johnson
Frederick Dykstra
Peter V. Hamill
John R. McKenna
William C. Mohler
Lloyd Guth
Stanley Graber
Daniel C. Beittel
Joseph A. Barnes
Hilde S. Schlesinger
Raymond F. Smith
Samuel Baron
Robert N. Butler
Charles G. Lewallen
George G. Glenner
M. Walter Johnson
Frank R. Mark
Patrick J. Hennelly, Jr.
Stewart H. Mudd
William K. Carlile

To be dental directors

Seymour J. Kreshover
Isadore J. Jarin
John J. Satarino
Peter J. Coccaro
Richard P. French
Peter B. Drez

To be senior dental surgeon

Robert W. Bonds

To be dental surgeons

Seymour J. Kreshover
James R. Lambrecht
Edward J. McCarten
Kenneth T. Strauch
James J. McMahon
Bryant G. Speed

To be senior assistant dental surgeons

Robert J. McCune
Richard E. Adams
James D. Ashman
Darrel D. Lee
Maurice A. Correy
Norman L. Clark
Merwyn C. Crump
Steve D. Hunsaker
Philip M. Lightbody
Lloyd K. Croft
Wayne E. Stroud
Gerald C. Stanley
Kenton E. Nesbit
David R. Madsen
Robert A. Cialone

To be sanitary engineer directors

Elmer J. Herringer
Frederick F. Aldridge
E. Carl Warkentin
Paul W. Reed
John H. Ludwig
Harry W. Poston
Donald J. Schliessmann
James H. Crawford
Samuel R. Weibel
Curtis E. Richey
Gerald Dyksterhouse
Alfred E. Williamson, Jr.
Jerome H. Svore
Edwin L. Ruppert
Clarence J. Feldhake
Bernard E. Saltzman
Harry P. Kramer
Andrew D. Hosey
Daniel J. Weiner

To be senior sanitary engineers

Frank W. Noble
Vernon R. Hanson
Guy L. Hubbs
Jack H. Fooks

To be sanitary engineers

Leo Weaver
George F. Mallison
Ralph K. Longaker
David H. Howells
Robert L. Harris, Jr.
Eugene T. Jensen
Frederick A. Flohrschutz, Jr.
Harold W. Wolf
Edward R. Williams
Hugh H. Connolly
Francis L. Nelson
Richard D. Vaughan
John E. Munzer
John E. McLean
Bernd Kahn
Garry L. Fisk
Albert E. Bertram
Jerrold M. Michael
Ernest D. Harward
John M. Rademacher
Dean S. Mathews
Gene B. Welsh

To be senior assistant sanitary engineers

Lloyd A. Reed
Marvin D. High
H. Lanier Hickman, Jr.
Alfred W. Hoadley
Milton W. Lammering
James K. Channell
John N. English
James H. Eagen
Anton J. Muhich

To be assistant sanitary engineers

Robert P. Hangebrauck
Phillip L. Taylor
Lawrence J. Perez, Jr.
Samuel B. McKee
Russel H. Wyer
Louis J. Breimhurst
Robert H. Reeves
Max E. Burchett
John K. Carswell
James V. Waskiewicz

To be pharmacist directors

Boyd W. Stephenson
Joseph P. Crisalli
Victor F. Serino
Arthur W. Dodds
Robert L. Capehart

To be senior pharmacist

Dwight D. Wendel

To be pharmacists

Carl H. Brown
George J. Gruber
Peter L. Bogarosh

To be senior assistant pharmacists

Charles A. Branagan, Jr.
Donald H. Williams
James E. Slough

To be assistant pharmacists

Edward C. Brennan
Laurence D. Sykes

To be scientist directors

Willard T. Haskins
Ruth Sumner
William M. Upholt
Herbert F. Schoof
Leon O. Emik
Francis M. Middleton
Richard P. Dow
Simon Kinsman
Richard A. Ormsbee
Lewis J. Sargent
Robert H. McCauley, Jr
Archie D. Hess
William H. Ewing
John C. Wagner
Harry A. Saroff
George W. Pearce
Alfred S. Lazarus

To be scientists

John F. Sherman
Louis A. Cohen
Gerald C. Taylor
Aubrey P. Altshuller
William D. Sudia
Earl S. Schaefer

To be sanitarian directors

Leslie D. Beadle
Noah N. Norman
Joseph F. O'Brien

To be senior sanitarians

Robert B. Carson
Stephen Megregian
Robert D. Murrill
James A. King
Loyal C. Peckham
Harvey B. Morlan
C. Bradley Bridges
Reuel H. Waldrop
George R. Hayes, Jr.
Peter Skaliy

To be sanitarians

Eldon P. Savage
Donald C. Mackel

To be senior assistant sanitarian

Charles R. Porter

To be veterinary officer directors

Ramond J. Helvig
Willard H. Eyestone

To be senior veterinary officers

Francis R. Abinanti
James Lieberman

To be nurse directors

Clarice M. Russell
Anna M. Matter
Genevieve S. Jones
Lola M. Hanson
Elisabeth H. Boeker
Louise C. Anderson
Marjorie W. Spaulding
Catherine M. Sullivan
Gladys C. Guydes
M. Lois Power
Anne H. MacNeill
Margaret Denham
Mildred Struve
Grace I. Larsen

To be senior nurse officers

Margaret T. Delawter
Henrietta Smellow
Winifred M. Mendez
Bernadette T. Mesi
Jessie M. Scott
Emma J. Strachan
Vivian L. Gibson
Tirzah M. Morgan
Ovelia Winstead
Mary M. Bouser
C. Vistula Lancaster
Helen L. Roberts

To be nurse officers

Hazel Kandler
Lena F. Turner
Ruth P. Tweedale
Lucille T. Fallon
Elizabeth A. Mullen
Antoinette M. Antetomaso
Marcella R. Hayes
Mary G. Eastlake
Florence M. Seidler

To be senior assistant nurse officers

Jennifer Boondas
M. Ethel Payne
Kathryn G. Ames

To be assistant nurse officers

Ray Cameron
Sidney S. Louis

To be dietitian director

Janet E. Stroupe

To be senior dietitians

Margaret L. Smith
Anna O. Reimer

To be senior assistant dietitian

Anne E. Requarth

To be assistant dietitian

Carol Diffenderfer

To be senior therapist

Vida J. Niebuhr

To be therapists

Howard A. Haak
John R. Desimio

To be senior assistant therapists

Ronnie E. Townsend
Robert D. Skinner

To be health services directors

Milton Wittman
Mary C. Gillis

To be senior health services officers

Philip P. Simon
Ernest V. McDaniel
Edward S. Weiss
Barbara A. Murphy
Ellen J. Walsh
Rachel S. Simmet
George Landsman
Albert E. Rhudy
Emma M. Wiest

To be health services officer

Roberta E. Peay

FOR APPOINTMENT

To be senior assistant dental surgeons

Ronald C. Gunn
Robert C. Smith

To be assistant dental surgeons

Gerald S. Morrill
Paul D Frazier
Roger A. Meyer
Paul M. Feldstein
Ronald J. Wroblewski
Thomas C. Francis
Martin L. MacIntyre
Daniel R. Collins
Blair W. Thurgood
Arnold R. Henderson
Vincent L. Gillis
Clark E. Fullmer

Charles E. Tomich
Rudolph E. Micik
Robert A. Winkler

To be senior assistant sanitary engineers

Willard S. Sweeney
Albert V. Soukup

To be assistant sanitary engineers

Robert W. Zeller
John T. Talty

To be junior assistant sanitary engineers

Robert D. Shankland
David A. Bella
William J. Keffer
Bernard W. Dahl
Frank P. Partee
Sidney E. Clark
Raymond V. Knutson
Richard G. Hunsinger
Richard C. Tortoriello
Meredith H. Saxer
Leroy C. Reid, Jr

To be senior assistant sanitarians

Thomas A. Ford, Jr
Frank W. Mackison
Jack Womack
Bert W. Mitchell

To be assistant sanitarian

Vernon R. T. Bergman

To be senior assistant veterinary officers

John R. Mitchell
George M. Baer
James B. Brayton

To be assistant veterinary officers

Leonard C. Marcus
Edward H. Adelstein
Arlis D. Boothe

To be senior assistant nurse officers

Virginia B. Brown
June G. Allison
Floris E. Hadley
Frances M. Snyder

To be junior assistant nurse officers

Judith A. Sullivan
Sara G. Giles
Richard A. Lindblad
Patricia J. Kneip

FOR APPOINTMENT

To be senior assistant surgeons

James Christensen
Robert E. Anderson
William L. Kissick
Bernard L. Albert
Fritz R. Dixon
Theodor S. Kaufman
Theodor Kolobow
John L. Buckingham

To be assistant surgeon

Richard E. Mansfield

FOR APPOINTMENT

To be senior surgeons

Pasquale J. Ciccone
Alphonse C. Smuda
James R. Weaver
Carleton B. White

To be surgeons

Ray J. Beasley, Jr.
Sheldon Davidson
McGregor E. Knight

To be senior assistant surgeons

Joseph F. Alderete
Daniel D. Bosis
Francis A. Caprio
Gordon R. Cohen
Donald J. Lawler
John L. Lewis, Jr.
Donald J. Morrison, Jr.

To be senior dental surgeon

Charles E. Smith

To be senior assistant dental surgeon

T. Edwin Evans, Jr.

To be sanitary engineers

Delbert S. Barth
Ralph J. Black
Herbert H. Jones
Donald W. Marshall
Donald A. Townley

To be senior assistant sanitary engineer

Edgar F. Seagle

To be pharmacist

Ernest S. Lentini

To be senior scientists

Andrew R. Fodor
Raymond L. Laird

To be senior assistant scientists

Robert J. Ellis
Jerome S. Miller

To be senior veterinary officer

James N. Shively

To be senior assistant veterinary officer

Richard A. Tjalma

To be sanitarians

Robert P. Hayward
Clarence E. Calbert

To be senior assistant sanitarian

Willard N. Adams

To be nurse officer

Anastasia M. Zahler

To be dietitian

Charlotte E. Smith

To be health services officers

Sheldon A. Miller
William H. Redkey

To be assistant health services officer

Martha G. Barclay

EXTENSIONS OF REMARKS

H.R. 11970

EXTENSION OF REMARKS
OF
HON. CLEVELAND M. BAILEY
OF WEST VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 5, 1962

Mr. BAILEY. Mr. Speaker, under leave to extend my remarks in the RECORD, I include that part of my weekly radio broadcast to my constituents concerning H.R. 11970:

Ladies and gentlemen of the radio audience, last week when my broadcast report was recorded in Washington, the House of Representatives had not yet completed its action on the trade policies legislation.

As I indicated then, Members of Congress were given a Hobson's choice. We could either vote to extend the existing reciprocal trade agreements program, without any change whatsoever, or we could vote for the new bill.

I have never supported the existing reciprocal trade agreements program, and I was not about to change that position. While the new legislation was not very inviting either, it was an improvement insofar as key West Virginia industries are concerned. Despite its tariff-cutting powers, it did contain greater protection for West Virginia jobholders than the old program. Furthermore, there is always the possibility further improvements will be added in the Senate, where rules permit amendments from the floor. Under the new bill, Congress now has the right, by a simply majority, to set aside any Presidential action in readjustment of tariffs to correct injury. Formerly, it had no such power.

Furthermore, American industry and jobs have greater safeguards before a tariff reduction than was the case under the old law.

Under the House approved bill, the President—any President—before making reductions on the rates on imported articles, must submit his proposals for reduction to the U.S. Tariff Commission. The Commission is then authorized to conduct hearings to determine injuries, in advance, to domestic industries.

Thus the Tariff Commission, an arm of the Congress, assumes greater power, before the fact, than it has had over the last 25 years. The power of the so-called Committee on Reciprocity Information, dominated by long-haired internationalists, loses influence.

Under the first Trade Agreements Act of 1934, domestic producers had no court of last resort until the escape clause was written in 1951. As a consequence, they were compelled to meet foreign competition, change to some article of manufacture, or go into bankruptcy.

It was my pleasure to sponsor, and to have written into the extension in 1951, the escape clause. This permitted a domestic industry the privilege of appearing before the Tariff Commission to prove injury. The Tariff Commission was then authorized, if they found injury, to recommend an increase in the rate of duty on imports, or to recommend import quotas that would limit the amount of goods brought into the United States in any one year.

The "fly in the ointment" was the President's authority to override the findings of the Tariff Commission. During recent years the Tariff Commission has been overruled in most cases. Congress was powerless to act. Through the use of the executive order the White House has been able to nullify many of the advantages which could have been gained through the escape clause.

If those who wanted the old law extended had their way, we would operate under legislation which I have opposed on the floor of the House and all over West Virginia for the past 15 years. Their effort to continue this old unworkable trade agreement for another year, met complete failure when the House of Representatives refused to substitute.

Rather than have industry of the First District operate under continued hardships of the old trade agreement, as opposed to the new trade proposal, which is a decided improvement over the old act, I justifiably supported the new measure.

Since going to Congress, I have fought to save West Virginia's coal industry from foreign imports of residual oil and natural gas. Specifically some of my objections to the continuation of the old trade agreement were: the situation in West Germany that imposed an import quota on American coal, and requires our coal producers to pay prohibitive import duties in excess of the German-set quotas. Since West Germany is one of the Common Market nations, this situation will soon be open for negotiations at Geneva. In addition the old act continued an impossible situation where millions of cubic feet of natural gas are daily being imported from Canada on the free list, while we are required to pay 50 cents a ton on all coal sold in that country.

My decision to vote in favor of the trade proposal was influenced heavily by the evident need for changes in the old trade act; the need to strengthen the veto power of Congress in this vital field; the need to protect all West Virginia industry before any injury occurred; and finally, the need to gain additional Presidential favor for West Virginia, as was the case of import injury to the sheet glass industry.

You know we do not live in the best possible world. We live in a practical world. My vote, together with the President's real interest in our State, give our industries a voice which they would not otherwise have had.

Furthermore, this administration has given evidence of its own good faith. This evidence is found not only in the sheet, crown and cylinder glass case. It was found in willingness to open procurement of coal for West Germany to U.S. producers. It was found in recent GATT negotiations when there were no concessions made to hurt pottery. Rather, the way was paved for our potteries to obtain their clay at reduced rates.

Last week in a brief allusion to this issue, I remarked that it was one of a series of votes that will separate the men from the boys. It was a vote where we had to look ahead several years. It was a vote that offers some hope. A vote for a straight extension benefited West Virginia not at all. Under the existing legislation West Virginia jobs and industries had no hope for improvement.

Finally, the strengthened escape clause was written into the bill at my insistence. I have been urging the Congress to do this for years, to provide real congressional veto power. It is a move to restore to Congress its constitutional power to regulate commerce.

I could not and did not deny my own child.

Result of Questionnaire, Second District of Washington

EXTENSION OF REMARKS
OF

HON. JACK WESTLAND

OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 5, 1962

Mr. WESTLAND. Mr. Speaker, the people of the Second Congressional District have more than an average interest in national and world affairs. This interest is indicated by the response I have received from my annual questionnaire. I sent about 90,000 to my constituents this year and they returned 13 percent, one of the best responses I have had during the several years I have placed my questionnaire in homes throughout my district.

I am particularly pleased that so many were returned, because last year fewer persons answered the questionnaire than usual. The increase this year is indeed gratifying. I hope that in future years the number will increase.

When the answers to my questionnaire reached my office, they were grouped into six categories, which are self-explanatory. The categories included business, farmer, labor, professional, white collar, and miscellaneous. This last group included unsigned questionnaires, housewives, retired persons, students, and others who could not be readily classified in one of the other categories.

Mr. Speaker, I am grateful to those who took the time and trouble to comment in detail on the issues and problems involved. About 2 in 5 questionnaires returned to me contained comments. These remarks are a great help to me in determining how best to represent my district. I wish there had been enough time to permit me to give a more detailed reply to each person who answered the questionnaire, for I should like to have done so.

In general, the views of the majority who answered parallel my own thinking on the major issues of the day. I know the Members of Congress will be interested in the outcome of my questionnaire, so under leave to extend my remarks in the RECORD, I include the detailed results. The figures I use here represent percentages, not the number of persons who answered a particular question:

1. In order of importance to you, number the six most important issues today:

	Business	Farmer	Labor	Professional	White collar	Miscellaneous	All
National defense	44	34	52	21	44	48	42
Communism	16	10	11	17	16	10	13
Inflation	12	11	10	8	6	10	9
Education	4	4	8	12	4	7	8
Federal encroachment	7	11	4	9	7	5	7
Foreign affairs	4	5	3	11	7	4	6
Budget	4	3	3	5	5	3	4
Medical care	1	6	2	3	3	4	3
Disarmament	4	3	(1)	3	2	2	3
United Nations	(1)	(1)	(1)	3	(1)	2	1
Farm program	(1)	12	(1)	(1)	(1)	(1)	1
Space	1	(1)	2	2	2	(1)	1
Social security	(1)	(1)	2	(1)	(1)	1	(1)
Missile development	(1)	(1)	(1)	(1)	1	(1)	(1)
Other	2	(1)	2	5	(1)	3	2

[1] Less than 1 percent.

2. If there is a budget surplus in fiscal 1963, should Congress: (A) Increase spending, (B) reduce national debt, (C) decrease taxes?

	A	*B*	*C*
Business	3	69	28
Farm	(1)	74	25
Labor	6	64	30
Professional	4	77	19
White collar	2	65	33
Miscellaneous	3	68	29
All	4	68	28

[1] Less than 1 percent.

3. Should we revise our military and economic assistance program to cut off neutral nations such as Indonesia which receive Russian help?

	Yes	*No*
Business	71	29
Farm	49	51
Labor	68	32
Professional	48	52
White collar	58	42
Miscellaneous	69	31
All	64	36

4. Should the Federal Government provide funds for: (A) School construction, (B) teachers' salaries, (C) private schools?

	A		*B*		*C*	
	Yes	*No*	*Yes*	*No*	*Yes*	*No*
Business	42	58	14	86	7	93
Farm	55	45	20	80	12	88
Labor	63	37	29	71	9	91
Professional	60	40	67	33	8	92
White collar	50	50	25	75	8	92
Miscellaneous	50	50	25	75	6	94
All	53	47	33	67	7	93

5. Do you favor an increase in earning limits of social security recipients?

	Yes	*No*
Business	77	23
Farm	53	47
Labor	81	19
Professional	74	26
White collar	78	22
Miscellaneous	76	24
All	76	24

6. Should Congress relinquish its constitutional powers by giving the President authority to raise or lower income taxes?

	Yes	*No*
Business	4	96
Farm	10	90
Labor	11	89
Professional	7	93
White collar	4	96
Miscellaneous	9	91
All	8	92

7. Russia has tested about 50 nuclear devices in the atmosphere since she broke the nuclear test moratorium. Should the United States renew atmospheric tests to keep from falling behind in nuclear knowledge?

	Yes	*No*
Business	92	8
Farm	84	16
Labor	88	12
Professional	82	18
White collar	91	9
Miscellaneous	89	11
All	89	11

8. Should the United States purchase $100 million worth of United Nations bonds?

	Yes	No
Business	26	74
Farm	35	65
Labor	34	66
Professional	50	50
White collar	39	61
Miscellaneous	31	69
All	36	64

9. Should Congress give its tariff reducing powers to the President?

	Yes	No
Business	14	86
Farm	15	85
Labor	18	82
Professional	21	79
White collar	17	83
Miscellaneous	17	83
All	17	83

10. Should Congress approve the President's proposed Department of Urban Affairs?

	Yes	No
Business	22	78
Farm	31	69
Labor	42	58
Professional	36	64
White collar	33	67
Miscellaneous	33	67
All	34	66

11. Do you believe the United States should withdraw from the United Nations?

	Yes	No
Business	28	72
Farm	28	72
Labor	24	76
Professional	18	82
White collar	19	81
Miscellaneous	23	77
All	24	76

12. Should Washington State enforce its own pollution regulations or should it turn the job over to the Federal Government?

	State	Federal
Business	84	16
Farm	89	11
Labor	78	22
Professional	82	18
White collar	70	30
Miscellaneous	83	17
All	80	20

Mr. Speaker, the results show that many people of my district are still concerned with national defense. Closely tied to this is foreign affairs which ranked sixth. The fact that communism ranked second in importance is an indication that many are concerned with this threat and are alert to its dangers.

The fact that inflation was ranked as the third most important issue and that 68 percent believe we should use any budget surplus to reduce the national debt is a strong indication the people see the relationship between fiscal responsibility in government and a sound monetary system. Also, the people recognize the need for continued improvement in education by ranking it fourth in importance.

This year, the Federal encroachment ranked among the top six issues. I believe the people of my district are really concerned about this trend and my mail supports me in this matter.

Mr. Speaker, I am pleased that the majority in each category substantially expressed the same view toward all major issues. This means the people of the second district are in agreement when it comes to what is good for our country.

Independence Day Greeting to the President

EXTENSION OF REMARKS

OF

HON. CHARLES McC. MATHIAS, JR.

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 5, 1962

Mr. MATHIAS. Mr. Speaker, yesterday, July 4, 1962, the President of the United States went to Camp David with his family. Camp David is located in the Sixth Congressional District of Maryland and so it was my privilege to go there to deliver an Independence Day greeting from all the people of the district. Since the message reviewed briefly some of the highlights of our Revolutionary history, I am appending it for the information of Members of the Congress:

JULY 4, 1962.

THE PRESIDENT,
Camp David.

DEAR MR. PRESIDENT: On the 186th anniversary of the Independence of the United States of America it is a pleasure to welcome you to Frederick County and to the Sixth Congressional District of Maryland.

In coming, as you have today, from the statehouse in Philadelphia to western Maryland you have retraced the footsteps of many patriots who made liberty their creed, freedom their cause, and independence their goal. Even today it would be difficult to find citizens of America more jealous of individualism and more conscious of personal responsibility for the preservation of freedom than the people of western Maryland. To a remarkable degree, we have preserved the revolutionary endownment.

To have conserved these principles is natural, since they are our common inheritance. Eleven years before the Declaration of Independence our court repudiated the Stamp Act. Our Representatives in the Congress were the leaders who, like Gov. Thomas Johnson, nominated George Washington for command of the Army and, like John Hanson was chosen President. Our revolutionary soldiers fought on every battlefield from Boston to Charleston. Catoctin Furnace, almost within sight of Camp David, forged tools for the fight for freedom.

It is, therefore, more than a happy chance that you and Mrs. Kennedy are here on Independence Day. Our district is singularly identified with the revolutionary struggle for independence. Surely the mountain nymph, sweet liberty, has long been familiar in the hills and mountains of western Maryland.

Mrs. Mathias, and our sons Charlie and Rob, join me and all the people of the Sixth Congressional District of Maryland in hoping that you and your family have a pleasant and relaxing stay at Camp David.

Sincerely yours,
CHARLES McC. MATHIAS, JR.,
Member of Congress.

SENATE

FRIDAY, JULY 6, 1962

The Senate met at 12 o'clock meridian, and was called to order by Hon. LEE METCALF, a Senator from the State of Montana.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, we thank Thee for this moment of communion with the unseen, in a world where the worst constantly wars against the best.

Open our eyes, we pray, to invisible allies which fight by the side of those who keep step with the drumbeat of Thy will—invincible powers which at last will bend and break the spears of evil.

Our strength is dust and ashes,
  Our years a passing hour;
But Thou canst use our weakness
  To magnify Thy power.

From ease and plenty save us;
  From pride of place absolve;
Purge us of low desire;
  Lift us to high resolve.

And Thine shall be the kingdom, and the power, and the glory. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., July 6, 1962.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. LEE METCALF, a Senator from the State of Montana, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. METCALF thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, July 5, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on July 5, 1962, the President had approved and signed the act (S. 3063) to incorporate the Metropolitan Police Relief Association of the District of Columbia.

EXTENSION OF TIME FOR APPROPRIATIONS TO DISTRICT OF COLUMBIA HOSPITAL CENTER—VETO MESSAGE (S. DOC. NO. 103)

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read and, with the accompanying bill, referred to the Committee on the District of Columbia and ordered to be printed:

To the Senate:

I am returning herewith, without my approval, S. 3350, "To amend the act of

August 7, 1946, relating to the District of Columbia Hospital Center to extend the time during which appropriations may be made for the purposes of that act."

The purpose of S. 3350 is apparently to keep the District of Columbia Hospital Center Act alive from June 30, 1962, to June 30, 1963, for possible additional projects. However, on July 1, 1962, I approved S. 1834 (Public Law 87-511), which increased the appropriation ceiling in section 6 of the District of Columbia Hospital Center Act in order to permit the completion of the Greater Southeast Community Hospital and extended the act from June 30, 1962, to "the last day of the second session of the Eighty-seventh Congress."

Since Public Law 87-511 struck the terminal date of "June 30, 1962" and substituted "on the last day of the second session of the Eighty-seventh Congress," this bill cannot now strike "1962" and substitute "1963." Thus, S. 3350 would be ineffective to achieve its purpose. For this reason, and since Public Law 87-511 meets the immediate problem, I am withholding my approval.

JOHN F. KENNEDY.

THE WHITE HOUSE, *July 6, 1962*.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, the statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the following subcommittees were authorized to meet during the session of the Senate today:

The Antitrust and Monopoly Subcommittee of the Committee on the Judiciary.

The Permanent Subcommittee on Investigations of the Committee on Government Operations.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MAGNUSON (by request):

S. 3508. A bill to authorize a study of means of increasing the capacity and security of the Panama Canal, and for other purposes;

S. 3509. A bill to clarify certain provisions of part IV of the Interstate Commerce Act and to place transactions involving unifications or acquisitions of control of freight forwarders under the provisions of section 5 of the act; and

S. 3510. A bill to authorize the Interstate Commerce Commission, after investigation and hearing, to require the establishment of through routes and joint rates between motor common carriers of property, and between such carriers and common carriers by rail, express, and water, and for other purposes; to the Committee on Commerce.

(See the remarks of Mr. BULTER when he introduced the above bills, which appear under separate headings.)

By Mr. BUTLER:

S. 3511. A bill to amend title VI of the Merchant Marine Act, 1936, with respect to the operation of vessels as to which operating-differential subsidy is paid; to the Committee on Commerce.

(See the remarks of Mr. BUTLER when he introduced the above bill, which appear under a separate heading.)

By Mr. JACKSON (for himself and Mr. MAGNUSON):

S. 3512. A bill to suspend until June 30, 1965, the import tax on certain copper-bearing materials; to the Committee on Finance.

By Mr. ELLENDER (by request):

S. 3513. A bill to extend Federal Meat Inspection and to permit cooperation with State Meat Inspection Services, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. BEALL:

S. 3514. A bill to amend section 501(c) (14) of the Internal Revenue Code of 1954 to exempt from income taxation certain nonprofit corporations and associations organized to provide reserve funds for domestic building and loan associations, and for other purposes; and

S. 3515. A bill to permit nonprofit swimming or skating organizations to provide facilities for teenage dances without losing their exemption from the tax on club dues; to the Committee on Finance.

By Mr. SCOTT:

S. 3516. A bill to establish an Office of Urban Affairs in the Executive Office of the President; to the Committee on Government Operations.

By Mr. MAGNUSON:

S. 3517. A bill to authorize the Secretary of Commerce to establish and carry out a program to promote the flow of domestically produced lumber in commerce; to the Committee on Commerce.

(See the remarks of Mr. MAGNUSON when he introduced the above bill, which appear under a separate heading.)

RESOLUTION

STUDY OF EQUITY INVOLVED IN ROYALTY ON MINERAL PRODUCTION ON FEDERALLY OWNED LANDS

Mr. HICKEY (for himself and Mr. MCGEE) submitted a resolution (S. Res. 361) to authorize a study of the equity involved in the 90-percent royalty on mineral production on federally owned lands, which was referred to the Committee on Interior and Insular Affairs.

(See the above resolution printed in full when submitted by Mr. HICKEY, which appears under a separate heading.)

STUDY OF MEANS OF INCREASING CAPACITY OF PANAMA CANAL

Mr. MAGNUSON. Mr. President, by request, I introduce, for appropriate reference, a bill to authorize a study of means of increasing the capacity and security of the Panama Canal, and for other purposes. I ask unanimous consent that a letter from the Secretary of the Army enclosing a copy of the bill, requesting the proposed legislation, be printed in the RECORD.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 3508) to authorize a study of means of increasing the capacity and security of the Panama Canal, and for other purposes, introduced by Mr. MAGNUSON, by request, was received, read twice by its title, and referred to the Committee on Commerce.

The letter presented by Mr. MAGNUSON is as follows:

JUNE 22, 1962.

HON. LYNDON B. JOHNSON,
President of the Senate.

DEAR MR. PRESIDENT: Enclosed for consideration by the Congress is a draft bill "To authorize a study of means of increasing the capacity and security of the Panama Canal, and for other purposes."

Pursuant to House Resolution 105, 86th Congress, the Committee on Merchant Marine and Fisheries of the House of Representatives submitted a comprehensive report on a long-range program for Isthmian Canal transits. (H. Rept. No. 1960, 86th Cong.). That report was based on studies of the present and projected adequacy of the Panama Canal to meet the requirements of shipping made by the Panama Canal Company and by a board of consultants composed of highly qualified experts appointed by the committee.

The committee report recommended acceleration of interim improvements to the present canal as rapidly as economically possible; continuing study by the Panama Canal Company of the volume of traffic through the canal and further engineering studies of sea level canal routes across the Isthmus; and experimental development by the appropriate Government agency of excavation by nuclear explosives.

The Panama Canal Company has followed the recommendations of the committee in regard to the acceleration of the current improvement program including the development of new improved lock overhaul procedures to provide effective and practically continuous two-lane operation of the canal. The Company also has maintained a continuing study of the volume of traffic in relation to the capacity of the canal. This study has resulted in a revised estimate of the volume of traffic anticipated at the Panama Canal in the year 1975, exceeding by 22 percent the estimate used as a basis for the 1960 report of the Committee on Merchant Marine and Fisheries.

Consistent with the recommendations in the committee's report, the Atomic Energy Commission and the Army Corps of Engineers are jointly engaged in study and development of the peaceful use of nuclear explosives for excavation with appropriate attention to safety. Application of this program to development of techniques for construction of a sea level canal across the American isthmus will require actual surveys on the sites that would be involved in such construction, in regard to which presently available data are insufficient. Such techniques are necessarily dependent in part on topographical, geological and other natural conditions that would be encountered at the site of the route selected.

Section 1 of the enclosed draft bill would authorize and direct the Panama Canal Company to make the onsite surveys necessary to complement the nuclear excavation developmental program and it would also permit the Company to carry on the study of new conventional methods of canal construction as recommended in the report of the House committee. The contemplated onsite surveys would cover the most favorable locations for construction of a new canal in Panama and Colombia, subject to necessary prior authorization by the Governments of Panama and Colombia.

The studies and surveys provided by section 1 of the draft bill would provide engineering data essential for proper evaluation and comparison of the various projects for improving the capacity of the Panama Canal or construction of a new canal.

Section 2 of the draft bill provides for submission of the findings and conclusions of the Panama Canal Company to the President of the United States who, in turn, would submit his recommendations to the Congress.

Section 3 of the enclosed draft bill authorizes appropriations necessary to carry out the provisions of the act.

The Bureau of the Budget has approved the submission of this legislation as part of the President's legislative program.

Sincerely yours,

Elvis J. Stahr, Jr.,
Secretary of the Army.

S. ——

A bill to authorize a study of means of increasing the capacity and security of the Panama Canal, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Panama Canal Company is authorized and directed to make a study, with approximate estimates of costs, of the means for increasing the capacity and security of the Panama Canal or construction of a new canal to meet the future needs of interoceanic commerce and national defense, including necessary onsite surveys.

Sec. 2. Upon completion of the study provided for in section 1 of this Act, the Company shall present its findings and conclusions to the President, who shall submit his recommendations to the Congress.

Sec. 3. There are hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of the Act.

CLARIFICATION OF CERTAIN PROVISIONS OF PART IV OF INTERSTATE COMMERCE ACT

Mr. MAGNUSON. Mr. President, by request, I introduce, for appropriate reference, a bill to clarify certain provisions of part IV of the Interstate Commerce Act and to place transactions involving unifications or acquisitions of control of freight forwarders under the provisions of section 5 of the act. I ask unanimous consent that a letter from the Chairman of the Interstate Commerce Commission requesting the proposed legislation, together with the enclosures, be printed in the Record.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter and enclosures will be printed in the Record.

The bill (S. 3509) to clarify certain provisions of part IV of the Interstate Commerce Act and to place transactions involving unifications or acquisitions of control of freight forwarders under the provisions of section 5 of the act, introduced by Mr. Magnuson, by request, was received, read twice by its title, and referred to the Committee on Commerce.

The letter and enclosures presented by Mr. Magnuson are as follows:

Interstate Commerce Commission,
Washington, D.C., June 14, 1962.

Hon. Warren G. Magnuson,
Chairman, Committee on Commerce,
U.S. Senate,
Washington, D.C.

Dear Chairman Magnuson: I am submitting herewith for your consideration 40 copies of a draft bill, together with a statement of justification therefor, which would give effect to Legislative Recommendation No. 5 in the Commission's 75th annual report.

Your assistance in having this bill introduced and scheduling a hearing thereon would be very much appreciated.

Sincerely,

Rupert L. Murphy,
Chairman.

Recommendation No. 5

This proposed bill would give effect to legislative recommendation No. 5 of the Interstate Commerce Commission as set forth on page 187 of its 75th annual report as follows:

"We recommend that those provisions of part IV of the act relating to ownership, control, and operation of freight forwarders in common with carriers of other modes be revised and clarified, and to this end, that future transactions involving such relationships be made subject to the provisions of section 5 of part I."

Justification

The present provisions of part IV of the Interstate Commerce Act concerning ownership, control, and operation of freight forwarders are extremely confusing and, in some instances, apparently conflicting. The attached draft bill would clarify this situation by making freight forwarders subject to the provisions of section 5 of the act.

Section 411(a) of the act prohibits a freight forwarder or any person (defined in section 402 as including an individual, firm, and corporation) controlling a freight forwarder from acquiring control of a carrier subject to parts I, II, or III of the act. Expressly excepted from this prohibition is the right of any carrier subject to parts I, II, or III to acquire control of any other carrier subject to those parts in accordance with the provisions of section 5 of the act. In addition, under section 411(g) it is lawful for a common carrier subject to parts I, II, or III or any person controlling such a common carrier to acquire control of a freight forwarder.

Taken together these three provisions lead to the following confusing results: A person who initially gains control of a common carrier can subsequently acquire control of a freight forwarder, but a person cannot first acquire control of a freight forwarder and then acquire control of a common carrier; a person who acquires control of a common carrier and a freight forwarder, in that order, cannot later acquire control of another common carrier, although the common carrier controlled by such person can acquire control of another common carrier.

To add to the confusion section 411(c) precludes any director, officer, or employee of a common carrier subject to parts I, II, or III from directly or indirectly owning, controlling, or holding stock in a freight forwarder in his personal pecuniary interest. This leads to the rather unusual result that under section 411(g) a person may control both a carrier and a freight forwarder but, in view of section 411(c), this control must be exercised in some manner as not to include being an officer, director, or employee of the carrier.

It may therefore readily be seen why it is so difficult, if not at times impossible, to reconcile the language in the various sections discussed and give them meaning. If opportunity to engage in objectionable practices exists, it seems clear that it is a product of the common control of a carrier and a forwarder rather than the form whereby such common control is accomplished.

The draft bill would remove uncertainty and confusion about the meaning of the language in question by amending section 5 so as to place thereunder all acquisitions of control, mergers, consolidations, or unifications involving freight forwarders. The number of freight forwarders is so small that the increase in section 5 proceedings would be insignificant compared to the benefits to be derived from clarification of the law.

Four amendments to section 5 are necessary. Paragraph (13) would be changed to embrace freight forwarders subject to part IV within the definition of the word "carrier" as used in paragraphs (2) through (12). Paragraph (3) would also be modified to make the reporting and accounting provisions of part IV applicable to a noncarrier person authorized under section 5 to acquire control of a freight forwarder. A new sentence would be added to paragraph (4) in order to preserve the legality of existing common control relationships involving freight forwarders. Finally, paragraph (2)(a) would be amended to preclude approval, under revised section 5, of a common carrier, subject to part I, II, or III, holding a permit as a freight forwarder. This is in keeping with the retention of the present prohibition in section 410(c) of such unification of operating rights in a single entity. Otherwise substantial confusion would result among shippers as to the capacity in which the carrier was serving.

Several changes also are required in part IV in order to make it comport with amended section 5. The prohibition in section 404(c) respecting a common carrier giving undue preference or advantage to any freight forwarder would be reworded so as to be applicable to a freight forwarder controlling or under common control with such carrier as well as to one controlled by it.

As previously noted the proscription in the second sentence of section 410(c) against issuance of a freight forwarder permit to any common carrier subject to parts I through III would be retained. However, the language immediately following, beginning with the words "but no application", would become unnecessary as a result of the other amendments, and would therefore be deleted.

Subsection (g) of section 410 would be changed by addition of the following phrase at the beginning thereof: "Except as provided in section 5 of this act,". This language would preserve the existing law respecting transfers of freight forwarder permits in transactions which will not be subject to the provisions of amended section 5—for example, the transfer of a freight forwarder permit to a person which is neither a carrier nor a forwarder, and is not affiliated therewith. Similar provisions are applicable to transfers of motor carrier and water carrier operating rights in sections 212(b) and 312 of parts II and III, respectively.

In order to complement the prohibition in subsection (c) of section 410 against a common carrier holding a freight forwarder permit, subsection (h) would be amended so as to make it clear that a person holding a permit under part IV could not be authorized to engage in carrier operations under parts I, II, or III.

Section 411 would be amended by striking subsection (a), whose provisions have been superseded, and by redesignating subsections (b) and (c) as (a) and (b), respectively. Redesignated subsection (b) would be revised to empower the Commission to approve the holding of stock in a freight forwarder by a person affiliated with a carrier subject to parts I, II, or III. Subsections (d), (e), and (f) would be redesignated as subsections (c), (d), and (e) respectively. Finally, subsection (g) would be deleted as no longer being necessary.

The Commission believes that the attached draft bill would accomplish a much needed clarification of part IV of the Interstate Commerce Act and recommends its favorable consideration by the Congress.

ESTABLISHMENT OF THROUGH ROUTES AND JOINT RATES BETWEEN CERTAIN COMMON CARRIERS

Mr. MAGNUSON. Mr. President, by request, I introduce, for appropriate reference, a bill to authorize the Interstate Commerce Commission, after investigation and hearing, to require the establishment of through routes and joint rates between motor common carriers of property, and between such carriers and common carriers by rail, express, and water, and for other purposes. I ask unanimous consent that a letter from the Chairman of the Interstate Commerce Commission requesting the proposed legislation, together with the enclosures, be printed in the RECORD.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter and enclosures will be printed in the RECORD.

The bill (S. 3510) to authorize the Interstate Commerce Commission, after investigation and hearing, to require the establishment of through routes and joint rates between motor common carriers of property, and between such carriers and common carriers by rail, express, and water, and for other purposes, introduced by Mr. MAGNUSON, by request, was received, read twice by its title, and referred to the Committee on Commerce.

The letter and enclosures presented by Mr. MAGNUSON are as follows:

INTERSTATE COMMERCE COMMISSION,
Washington, D.C., June 20, 1962.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR CHAIRMAN MAGNUSON: I am submitting herewith for your consideration 40 copies of a draft bill, together with a statement of justification therefor, which would give effect to legislative recommendation No. 3 in the Commission's 75th annual report.

We would very much appreciate your assistance in having this bill introduced and scheduling a hearing thereon.

Sincerely,

RUPERT L. MURPHY,
Chairman.

RECOMMENDATION NO. 3

This proposed bill would give effect to legislate recommendation No. 3 of the Interstate Commerce Commission as set forth on page 186 of its 75th annual report as follows:

"We recommend that section 216(c) be amended to authorize the Commission, after investigation and hearing, when necessary and desirable in the public interest, to require the establishment of through routes and joint rates between motor common carriers of property and between those carriers and common carriers by rail, express, and water."

JUSTIFICATION

The attached draft bill would amend the Interstate Commerce Act to authorize the Interstate Commerce Commission, after investigation and hearing, to require the establishment of through routes and joint rates between common carriers of property by motor vehicle and between such carriers and common carriers by railroad, express, or water when required in the public interest.

At present, the only common carriers of different modes which may be required by the Commission to establish through routes and joint rates with each other are railroads, pipelines, and express companies subject to part I of the act, and railroads subject to part I and common carriers by water subject to part III. The only intramodal joint-rate arrangements that may be required by the Commission are between railroads, pipelines, and express companies, respectively, subject to part I, common carriers of passengers by motor vehicle subject to part II, and common carriers by water subject to part III. Common carriers of property by motor vehicle subject to part II are permitted, but may not be required to enter into joint-rate arrangements with other such carriers or with common carriers of other modes, nor, on the other hand, may common carriers of other modes be required to establish through routes and joint rates with motor carriers.

With the growth of the Nation's economy, the expansion of the motor carrier industry, and technological improvements in the transportation field, greater stress has been placed upon the importance of having a more coordinated national transportation system. Of fundamental importance to the accomplishment of this end is the establishment of through routes and joint rates within and between the various modes of carriage. It follows, therefore, that in many instances the failure or refusal of carriers to enter into such arrangements is contrary to the public interest in the furtherance of a more coordinated national transportation system.

The availability of through routes and joint rates inures to the benefit of the shipping public in numerous ways. It enables a shipper to make one contract with the originating carrier on behalf of all carriers participating in the arrangement. In addition, the shipper may ascertain the rate for a through movement by consulting a single tariff instead of many. Both shipper and consignee also have the advantages provided by section 20(11) and similar provisions in other parts of the act of recovering from either the originating or delivering carrier for loss or damage caused by any carrier participating in the through movement. Moreover, experience has shown that because of the economy of established channels of commerce through which substantial amounts of traffic may flow, and reduced freight rate calculation costs, joint rates are generally lower than a combination of local rates of connecting carriers not participating in such through service arrangements.

In the case of through routes among motor common carriers of property, most of the regular-route, general-commodity motor carriers participate in agency tariffs and are parties to the joint rates published therein. Such arrangements are, however, entered into on a permissive basis and are subject to termination at any time—a situation which is not conducive to the maintenance of dependable joint-line service. In addition, the tariffs filed under such voluntary joint-rate arrangements contain many restrictions as to individual carriers, thereby limiting the through routes and joint rates as to carriers and to points of interchange.

In the absence of such voluntary joint-rate arrangements among motor common carriers of property, the only way in which the Commission may provide for through motor carrier service is by granting extensions of operating rights to existing carriers or by approving consolidations and mergers of connecting carriers. The granting of such extensions is not always desirable, however, since it may result in a surplusage of carriers over certain routes. Many shippers have demonstrated their reluctance to rely on voluntary arrangements by prevailing upon motor carriers to file applications to extend their operating authority to include every point to which the shipper's traffic moves. Shippers justify their position, in many instances, by claiming that they are entitled to hold one carrier responsible for the safe and efficient transportation of their freight. Although a need for expeditious service is also frequently asserted, instances are relatively few in which it is successfully established that the use of multiple-line service results in delays of material consequences. Most of these applications are denied, but in many cases, the Commission finds it necessary to grant authority because of the failure of connecting carriers to adduce evidence of their willingness and ability to participate in joint-line service.

For many years railroads and motor carriers were reluctant to enter into through-route and joint-rate arrangements. While, in recent years, there has been some relaxation of this attitude on the part of the carriers, especially with the growth of piggyback service, such arrangements are, as in the case of those between motor common carriers of property, entered into on a permissive and voluntary basis subject to termination at any time. Here again the lack of any obligation on the part of the carriers to continue in effect such joint through-route arrangements is not conducive to the maintenance of dependable joint-line service.

Although no serious problems appear to have arisen in connection with the establishment of through routes and joint rates between common carriers by water and motor common carriers of property, the fear of collapse of such arrangements because of their permissive and voluntary nature is, of course, always present. The draft bill would therefore give the Commission authority to require the establishment and maintenance of such arrangements when required by the public interest.

Enactment of this proposed measure would permit the Commission, in proper cases, to compel the establishment and maintenance of dependable joint-line service responsive to the needs of the shipping public, and, at the same time, protect the carriers from unfair or unreasonable demands to provide through service. It would also have the effect of according greater equality of treatment in the regulation of the carriers of the various modes. In addition, we believe that it would be consistent with and in furtherance of the President's announced policy of encouraging and promoting through service and joint rates between all modes of transportation as carried forward in section 4(a) of S. 3242 and H.R. 11584.

AMENDMENT OF TITLE VI OF MERCHANT MARINE ACT, 1936, WITH RESPECT TO OPERATION OF CERTAIN VESSELS

Mr. BUTLER. Mr. President, I introduce, for appropriate reference, a bill to amend title VI of the Merchant Marine Act, 1936, with respect to the operation of vessels as to which operating-differential subsidy is paid. I ask unanimous consent that a summary of the bill be printed in the RECORD.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the summary will be printed in the RECORD.

The bill (S. 3511) to amend title VI of the Merchant Marine Act, 1936, with respect to the operation of vessels as to which operating-differential subsidy is paid, introduced by Mr. BUTLER, was received, read twice by its title, and referred to the Committee on Commerce.

The summary presented by Mr. BUTLER is as follows:

SUMMARY OF BILL TO AMEND TITLE VI OF THE MERCHANT MARINE ACT, 1936

1. General purpose: The maritime industry has had three strikes in 10 months. The west coast lines are sailing only because of the second Taft-Hartley injunction in 10 months, and there is no evidence that the dispute will be settled before the injunction expires the end of June. Foreign-flag lines have operated without interruption, and the U.S.-flag lines can recover only a part of the cargo they have lost because a great many shippers fear another frustration of their cargo by further strikes.

This bill seeks a solution in the narrowest possible area, and where the Government interest is the highest. It is accordingly directed to the subsidized lines, though as a practical necessity it includes the other ship operators in the same bargaining group. The bill, further, is designed to insure that the Government has full discretion at every stage whether to intervene or to keep its hands off. It gives the Government, if it does intervene, the widest possible range of alternatives with which to operate. It seeks, finally, to offer the Maritime Administration some prospective control, and the subsidized operator some protection, in the area where collective bargaining and standards of fair and reasonable costs may collide.

2. Petitions to settle a labor dispute: If there is a labor dispute which cannot be settled by the parties, the bargaining representative of either (i) a group of oceangoing carriers which includes a subsidized line or lines or (ii) of their employees may file with the Maritime Administration a petition for settlement of the dispute. The petitioner must show that he has offered to arbitrate the dispute and has been refused. The Administrator may with the concurrence of the Secretary of Commerce dismiss the petition because it is not considered appropriate for Government intervention. If not dismissed, the Secretary, after consultation with the Secretary of Labor, may choose (i) fact-finding, (ii) a decision after hearing by the Administrator, or (iii) arbitration by a panel appointed by the Secretary of Labor. (Sec. 614.)

3. Factfinding: If this course is chosen, the Secretary of Labor shall designate an Officer of Maritime Inquiry, who shall make public report on the facts and the issues within 20 days. The Secretary of Commerce in consultation with the Secretary of Labor shall thereafter decide whether to terminate the matter or to have either (i) the administrative hearing, or (ii) the arbitration. (Sec. 615.)

4. Maritime determination: This course would call for a regular statutory hearing, with judicial review, by which the Maritime Administrator could determine a fair and reasonable disposition of the dispute. (Sec. 616.)

5. Arbitration: If this course is chosen the Secretary of Labor would appoint a three-man National Maritime Arbitration Board which would by standard arbitration procedures enter an award settling the dispute. (Sec. 617.)

6. Injunction: Upon recommendation of the Secretary of Commerce the President could, by procedures closely similar to the Taft-Hartley Act, seek an injunction to prevent a strike or lockout while the above settlement procedures were in course. After an award or determination, by separate recommendation of the Secretary and decision of the President, the injunction against strike or lockout may be continued for a period not to exceed 3 years. It may be vacated on a showing of good cause. The parties are directed to continue their bargaining during the injunction. The individual right to quit work is preserved. (Sec. 618.)

7. Subsidy on fair and reasonable costs: The Maritime Administrator shall for subsidy purposes accept as fair and reasonable any award or determination or any requirement of a collective bargaining agreement. However, all labor contracts of subsidized lines must be filed with him (sec. 613) and he may give notice that any provision is not fair and reasonable. If the operator thereafter agrees to such a provision he shall not be paid subsidy on the excess cost. If a dispute results from his refusal to agree to such a provision, it shall be settled under the arbitration procedures described above. (Sec. 619.)

PROGRAM TO PROMOTE THE FLOW OF DOMESTICALLY PRODUCED LUMBER IN COMMERCE

Mr. MAGNUSON. Mr. President, I introduce, for appropriate reference, a bill which would benefit our domestic lumber industry by making available for marketing and production research a fund derived from the receipts from duties and tariffs on imports of forest products.

Our domestic forest products industry constitutes the fourth largest industry in the United States. On a production cost and productivity basis the industry has achieved the commendable position of being the world's most efficient.

Its production effectiveness notwithstanding, the industry now faces a difficult economic future over the next decade which can easily be translated into serious unemployment in hundreds of lumber communities in the South, Intermountain West, Far West, and Alaska.

A sluggish housing market, prime customer for U.S. lumbermen, has seriously reduced the domestic market for lumber products. Industry economists point out that at least a 15 percent increase in housing demand in any 1 year would be required to restore the lumber industry to 1959 levels, plus a reversal of the trend that now sees an increase in multifamily dwellings and a decrease in single-family dwellings. Competent studies suggest that it will be at least 1966 before the lumber industry can look forward to a satisfactory year in terms of domestic markets.

In the face of a depreciated market the domestic lumber industry has its problems now compounded by serious inroads from foreign production. Imports from Canada now take 14.3 percent of the U.S. market compared to less than half that proportion some 5 years ago.

In terms of the waterborne shipment of lumber from the west coast to Atlantic coast markets, Canada has increased her share of the U.S. market from 7 percent 10 years ago to 71 percent today. Unless something can be done to offset certain restrictions in this country, the west coast—Washington, Oregon, California—production of softwood lumber for water shipment to the Atlantic coast will disappear entirely. When this occurs in many lumber communities of the West the relationship of lumber production to the community will parallel what has happened to the depressed coal mining areas of West Virgina.

It has been some years since the U.S. lumber industry has been able to ship lumber competitively into Puerto Rico. Southern California and Hawaii have become predominantly Canadian lumber markets.

The domestic lumber industry's production efficiency notwithstanding, its marketing deficiencies are the result of factors beyond the control of industry management.

A depreciated Canadian dollar at 92.5 cents hangs over the head of the U.S. industry as a 7.5 percent price advantage. Long established maritime statutes now permit British Columbia an average $8 per thousand board feet transportation advantage on water shipments to eastern U.S. markets. Raw material sources, primarily from Government-owned timber stands in the United States, show stumpage fees in many instances twice that which Canadian producers pay their governments, national and provincial for logs.

Normally our U.S. lumber industry provides direct employment for 3 million persons, or, translated into service and community-related jobs, the employment and income base for almost 10 million workers in this country. There are 200,000 forest products workers out of jobs in this country today, with all probability that this number will increase over the next few years.

The Senate Commerce Committee had held public hearings on the lumber industry import problems in Washington, D.C., Olympia, Wash., Portland, Oreg., and Lewiston, Idaho. The record of these hearings documents the economic plight of the industry nationally.

Traditionally, national resource policy as related to our timber reserves has been directed by the Federal Government into conservation, and research for conservation purposes. In direct contrast, in Canada both the National Government and provincial governments have directed resource policy on timber to research for production and marketing. The approach of our Government has failed to take into account that we are growing timber faster than we can use it. A virtue of the product of our years of research for conservation purposes, combined with new technological advances in processing timber, has given us an almost unlimited resource plus the productive ability to process that resource. In this Nation we could well look to the real possibilities of using more wood in lieu of the use of other scarcer materials of high strategic value in terms of our national security.

All facts considered, the light of economic stability in this country, and in the face of our serious new responsibilities for developing a new international trade philosophy for this Nation, the economic plight of an industry that employs 3 million persons nationally cannot be ignored.

The future solution to the industry's problems lies in large part in the development of vast new foreign markets as underdeveloped nations of the world undertake rapid strides toward industrialization and higher standards of living. Our evolving trade program cannot overlook the simultaneous importance of making U.S. producers competitive in new foreign markets.

Our domestic lumber industry seeks only its Government's help in creating conditions of equal competitive opportunity at home and abroad. The industry itself is annually expending considerable sums in its own efforts to promote new foreign markets and new uses for forest products at home and abroad.

This bill would make it possible for our National Government to join in this production and marketing research effort of our fourth largest industry, and over the years can make a significant contribution to a permanent solution to the economic problems that now beset, competitively, the source of livelihood for 10 million persons related to an industry that covers nearly every corner of this Nation.

This bill would provide that 30 percent of the duties collected on imported forest products would be placed in a fund to be used by the Secretary of Commerce for production and marketing research. This is an adaptation of the Kennedy-Saltonstall Act which the Congress adopted when the fishing industry was experiencing a similar economic decline. Largely as a result of the application of Kennedy-Saltonstall funds to some of the major problems of the fishing industry, that industry was able to gain much of its lost ground. Under the terms of this bill the lumber industry would not only be helped in its efforts to regain and expand domestic markets, but it could begin exploring and serving the newer markets created by prosperous countries abroad. As noted earlier, conservation has reached such a fine science that this country will enjoy almost an unlimited source of raw timber material for the foreseeable future. It becomes important, therefore, to utilize this resource in the most effective way and to lift the lumber industry out of the decline it is now experiencing.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3517) to authorize the Secretary of Commerce to establish and carry out a program to promote the flow of domestically produced lumber in commerce, introduced by Mr. MAGNUSON, was received, read twice by its title, and referred to the Committee on Commerce.

STUDY OF EQUITY INVOLVED IN ROYALTY ON MINERAL PRODUCTION ON FEDERALLY OWNED LANDS

Mr. HICKEY. Mr. President, on behalf of myself, and my colleague, the senior Senator from Wyoming [Mr. McGEE], I submit, for appropriate reference, a resolution to authorize a study of the equity involved in the 90-percent royalty on mineral production on federally owned lands. In relation to the resolution, I ask unanimous consent to have printed in the RECORD a statement, together with a table, regarding Mineral Leasing Act receipts and allocations.

The ACTING PRESIDENT pro tempore. The resolution will be received and appropriately referred; and, without objection, the statement and table will be printed in the RECORD.

The resolution (S. Res. 361) was referred to the Committee on Interior and Insular Affairs, as follows:

Resolved, That the Committee on Interior and Insular Affairs, or any duly authorized subcommittee thereof, is authorized under sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified in rule XXV of the Standing Rules of the Senate to make a full and complete investigation and study (including the holding of public hearings in appropriate parts of the Nation) of (1) past and expected future revenues from the public lands, including natural resources, and the use of such revenues, and (2) the use of money in the Reclamation Fund and plans for such use in the future and the amounts of money which will be needed to carry out such plans, for the purpose of determining what changes, if any, should be made in the use of such revenues, including changes in the portions of such revenues which are paid to State or local governments.

SEC. 2. For the purposes of this resolution the committee is authorized through January 31, 1963, (1) to make such expenditures as it deems advisable; (2) to employ upon a temporary basis technical, clerical, and other assistants and consultants; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. The committee shall report its finding, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date.

SEC. 4. The expenses of the committee under this resolution, from the date of its agreement through January 31, 1963, shall not exceed $10,000 and shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

The statement and table presented by Mr. HICKEY are as follows:

THE SITUATION IN 1962

I

The Minerals Leasing Act of 1920 was entitled as "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain." Under its terms, a royalty on mineral production on federally owned land and other land on which the Federal Government has retained the mineral rights is paid to the Federal Government.

Table B shows the royalties paid by the States affected. It also shows the redistribution of those receipts to the States (37½ percent) and to the reclamation fund (52½ percent). In addition, it shows the Bureau of Reclamation cost of plant, property, and equipment built and in progress, and the relationship of the mineral royalty payments as a percentage of the cost of those projects.

As shown in table B, 12.3 percent of the Bureau's cost of plant and equipment has been financed by mineral royalties in the reclamation fund. The remaining 87.7 percent is financed from the following sources:

1. General appropriations from the Treasury.
2. Reclamation fund revolving revenues such as repayments and profits.
3. Other smaller sources.

It is evident that the reclamation program no longer depends upon the reclamation fund.

II

When the reclamation fund was established in 1902, it was the only means of financing Federal reclamation projects in the arid West. After 1920, the accruals under the Minerals Leasing Act became an additional source of revenue to that fund.

Money appropriated out of the reclamation fund is, in general, reimbursable to that fund. Repayments have, therefore, become an important contributor to the growth of the fund.

Reclamation fund receipts from mineral royalties have not kept pace with the needs and possibilities for reclamation, so that the financing has become increasingly dependent upon money appropriated from the general fund of the Treasury. In short, the mineral royalties are no longer as important in financing reclamation as they were in the early years.

Reclamation projects can and do stand upon their own merits under congressional appropriation methods. Approximately 90 percent of project costs are reimbursable and will be added to the reclamation fund when repaid from power and water revenues.

We are not against the reclamation fund; we only think the mineral royalties are no longer essential to the solvency of either the reclamation fund or the reclamation program in the West.

III

In the meantime, if the Western States had the additional 52½ percent in royalty revenues they could make direct and immediate use of these funds derived from the production of mineral wealth on the public lands within their respective borders. For example, part of these revenues could be used to construct a system of State parks adjoining the reservoirs created by reclamation dams. Table C shows the additional funds which would have been available to the States in 1960 under such a 90-percent plan.

We in Wyoming are not against reclamation. Far from it. It can be shown that reclamation pays. Arguments that reclamation contributes to the glut of farm commodities are for the most part unsound. The contribution of reclamation to the West cannot be measured in dollars and cents. But the individual States, with their individual problems, know best the projects in the future which will have to be built, but which will be too small for Bureau of Reclamation consideration. To finance these projects, in addition to those outlined in table A, the States will have to have the funds. The problem of the future for the Western States is getting money for small water projects and other similar projects. It is necessary that we all unite for the fullest development of the West.

Mineral Leasing Act receipts and allocations, June 30, 1960

	Total fiscal 1960	Total 1920 through fiscal 1960	37½ percent to States		52½ percent to reclamation fund		State percent of reclamation total	Bureau of Reclamation cost of plant, property, and equipment, built and in progress	Percent	Minimum royalty to fund as percent of cost of projects
			Fiscal 1960	1920–60	Fiscal 1960	1920–60				
Alabama	$2,186	$245,553	$808	$92,082	$1,073	$216,397	0.05			
Alaska	3,064,989	14,429,525	2,787,939	12,137,063				$832,863,181	0.9	
Arizona	676,157	3,001,237	253,559	1,125,206	269,536	1,339,527	.3	347,257,541	10.0	0.4
Arkansas	61,878	253,183	23,204	94,944	38,507	110,923	.03			
California	6,498,875	164,602,262	2,755,388	62,380,982	3,475,883	82,177,956	19.1	880,143,000	25.3	9.3
Colorado	9,154,007	104,387,078	3,432,990	39,149,406	5,170,369	52,300,523	12.2	215,660,762	6.2	24.3
Florida	364	6,470	57	2,347	17	3,222				
Idaho	237,203	2,806,806	88,951	1,074,955	122,197	1,458,503	.3	174,336,158	5.0	.3
Illinois		142		113		75				
Indiana		160			84	84				
Iowa								3,397,963	.1	
Kansas	322,317	1,659,508	120,860	622,310	145,717	773,224	.2	69,098,784	2.0	1.1
Louisiana	257,557	2,670,512	96,664	1,001,389	192,238	1,381,543	.3			
Michigan	1,588	65,953	596	24,734	1,218	34,030				
Minnesota								10,431,631	.3	
Mississippi	6,467	60,111	2,425	22,541	3,213	29,961				
Montana	4,586,482	39,733,777	1,761,994	14,975,419	2,480,394	19,605,126	4.6	220,530,626	6.3	8.9
Nebraska	17,605	186,238	6,636	69,840	8,317	90,597	.02	112,077,085	3.2	.08
Nevada	427,739	8,050,975	160,402	3,019,115	188,113	4,114,175	1.0	106,098,920	3.0	3.9
New Mexico	17,603,124	131,505,577	7,774,844	60,562,134	7,475,267	62,497,906	14.5	96,885,361	2.8	64.5
North Dakota	220,316	2,539,783	82,618	952,798	108,966	1,269,692	.3	52,380,004	1.5	2.4
Oklahoma	100,646	745,021	48,742	323,780	36,353	353,420	.08	31,398,021	.9	1.1
Oregon	144,708	797,814	54,266	299,501	22,203	356,828	.08	77,304,199	2.2	.5
South Dakota	272,010	2,194,340	102,004	822,263	108,730	1,077,212	.3	84,682,361	2.4	1.3
Texas								32,949,226	.9	
Utah	7,268,835	49,292,959	2,729,621	18,490,891	3,626,597	23,724,165	5.5	112,286,301	3.2	21.1
Washington	1,447	185,034	500	66,099	658	96,750	.02	600,305,828	17.2	.02
Wyoming	33,165,304	353,821,140	12,437,023	132,121,693	16,906,881	176,775,622	41.1	221,901,973	6.4	70.7
Nonproject property								1,554,223		
Total	84,091,454	883,300,918	34,722,100	349,431,636	40,382,520	429,787,530	100.0	3,483,543,138	100.0	12.3

Sources: Tables 120 and 126, 1960 Statistical Appendix to Annual Report of the Director, Bureau of Land Management; pp. 20 and 57–58, Report of the Commissioner of the Bureau of Reclamation, 1960.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATION BILL—AMENDMENTS

Mr. MOSS. Mr. President, I submit amendments to the bill (H.R. 10904) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies for the fiscal year ending June 30, 1963, and for other purposes.

My amendments would increase by $15,707,000 the appropriation for the fiscal year 1963 for the payment of entitlements under Public Law 874, and by $7,092,000 for the payment of entitlements under Public Law 815. These are the amounts included for these two programs in the supplemental appropriation bill for the fiscal year 1962, which the Senate has already passed, but which the dispute between the House and the Senate on the handling of these appropriations has held up. I am recommending that these items be added to the fiscal year 1963 appropriation bill, since it appears that the supplemental bill for the fiscal year 1962, now ended, may never be enacted.

The Congress has been consistent in providing, with one exception, the full amounts authorized under both entitlements for federally impacted school districts. It was obviously the congressional intent that full appropriations should be provided for the fiscal year 1962. If the additional funds are not provided for entitlements under Public Law 815, the construction assistance programs, the lower priority applications from school districts will have to be denied, and that if the full amount is not provided under the entitlements for Public Law 874, school districts will receive only about 92 percent of the amounts to which they are entitled for operation and maintenance.

I realize this is a rather unusual procedure, but I believe the situation merits it.

The ACTING PRESIDENT pro tempore. The amendments will be received, printed, and lie on the table.

PUBLIC WELFARE AMENDMENTS OF 1962—AMENDMENT

Mr. CARROLL submitted an amendment, intended to be proposed by him, to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, which was ordered to lie on the table and to be printed.

COMMUNICATIONS SATELLITE ACT OF 1962—AMENDMENTS

Mr. KEFAUVER submitted amendments, intended to be proposed by him, to the bill (H.R. 11040) to provide for the establishment, ownership, operation, and regulation of a commercial communications satellite system, and for other purposes, which were ordered to lie on the table and to be printed.

NOTICE OF HEARING ON S. 2818, TO PROMOTE THE FOREIGN POLICY OF THE UNITED STATES BY AUTHORIZING THE PURCHASE OF UNITED NATIONS BONDS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I wish to announce that the committee will hold a public hearing on S. 2818, to promote the foreign policy of the United States by authorizing the purchase of United Nations bonds, and affording an opportunity for the people of the United States to participate in the purchase of such bonds, as revised, on Thursday, July 12, in room 4221, New Senate Office Building. The hearing will begin at 10 o'clock, and also will include committee discussion of measures related to S. 2818.

NOTICE OF HEARING ON S. 3436, TO AMEND THE DEFENSE PRODUCTION ACT OF 1950

Mr. ROBERTSON. Mr. President, I wish to announce that a hearing will be held on Tuesday, July 17, 1962, on S. 3436, to amend the Defense Production Act of 1950.

The hearing will begin at 10 a.m., in room 5302, New Senate Office Building.

All persons who wish to appear and testify on this bill are requested to notify Mr. Matthew Hale, chief of staff, Senate Committee on Banking and Currency, room 5300, New Senate Office Building, telephone CApitol 4-3121, extension 3921, at the earliest possible date.

NOTICE OF HEARING ON S. 3066, TO AUTHORIZE A STUDY OF METHODS OF HELPING TO PROVIDE FINANCIAL ASSISTANCE TO VICTIMS OF FUTURE FLOOD DISASTERS

Mr. ROBERTSON. Mr. President, I wish to announce that a hearing will be held on Thursday, July 12, 1962, on S.

3066, to authorize a study of methods of helping to provide financial assistance to victims of future flood disasters.

The hearing will begin at 10 a.m., in room 5302, New Senate Office Building.

All persons who wish to appear and testify on this bill are requested to notify Mr. Matthew Hale, chief of staff, Senate Committee on Banking and Currency, room 5300, New Senate Office Building, telephone CApitol 4-3121, extension 3921, at the earliest possible date.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. WILEY:

Address delivered by him over Wisconsin radio stations, weekend of June 23, 1962, relating to development of Great Lakes recreation program.

PRAYER RULING MISINTERPRETATION

Mr. WILEY. Mr. President, my mail indicates that there is a great deal of misinterpretation in regard to the meaning of the Supreme Court's decision about prayers in public schools. In my opinion, probably one of the best minds today in the United States is that of David Lawrence. He has written about many things; and heretofore I have placed in the RECORD one of his articles and on yesterday I commented on several others.

Today I wish to call attention to his article entitled "Prayer Ruling Misinterpretation." For example, Mr. President, in Wisconsin when the supreme court makes its decision, the meat of the decision is printed first, and thereafter are printed the statements of the philosophy of the judge who has written the decision.

So I wish to quote from the article by David Lawrence; and I ask unanimous consent to have the entire article printed in the RECORD following my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit I.)

Mr. WILEY. I read from the first column of the article:

> Thus, in the prayer case, the six Justices who agreed with the majority ruling might each have had different reasons for arriving at the result—which was simply a statement that no governmental agency could "direct" or "compose" a prayer for mandatory use in public schools.

In that brief statement that "no governmental agency could 'direct' or 'compose' a prayer for mandatory use in public schools," I think David Lawrence gives the very meat of the Court's decision. I hope his article will be read widely, so that people will understand what it was that the Court decided.

EXHIBIT I

PRAYER RULING MISINTERPRETATION

(By David Lawrence)

EN ROUTE TO EUROPE.—Somehow, as one leaves the tense atmosphere of present-day Washington and travels across calm seas aboard a comfortable ship like the SS *United States*, things come into perspective. For, despite all of our boasted inventions, we still fail every now and then in the art of communication as between the people and their government. Government by impression is too often substituted for government by factual study.

It wasn't just because Chief Justice Earl Warren of the Supreme Court of the United States happened to be aboard as a fellow passenger that this writer's mind turned to the recent decision in the so-called prayer case. For this certainly has been continuously in the news. What, indeed, was the real reason for the widespread misunderstanding of the Supreme Court's ruling? Could the misinterpretations have been avoided? This correspondent has for a long time felt that the Highest Court ought to do what some of the State courts do—namely, separate the ruling or conclusion reached from the explanation or reasoning used to arrive at the decision.

Thus, in the prayer case, the six Justices who agreed with the majority ruling might each have had different reasons for arriving at the result—which was simply a statement that no governmental agency could "direct" or "compose" a prayer for mandatory use in public schools. Justice Douglas expressed some of his views at length in a separate concurring opinion. Also, of course, Justice Black presented his own views in writing the majority opinion of the Court. But did the other Justices agree with all the reasoning he gave in explanation of the ruling?

It would have been much better if the Supreme Court had started off its majority opinion in this case with a brief headnote of its own, saying simply that any law which orders or directs that a certain prayer be used in the public schools is a violation of the Constitution. This is a far different thing from saying—as some news reports put it—that prayer is forbidden in the public schools. Obviously, voluntary prayer said orally or a few minutes of silent prayer would hardly seem to come within the ruling proclaimed last week. But it would require a decision in a case involving that specific issue before this particular question could be ruled upon explicitly.

Yet, before a day had passed after the decision of June 25 was announced, the news wires of the country had told the people that, in effect, all prayer in public schools had been forbidden, that all mention of the Deity had been prohibited, and that songs referring in any way to God were barred. No wonder a furor arose in Congress and throughout the country.

The subject is so important to the American people that the spreading of such erroneous impressions—due to inadequate information about what the Supreme Court had really held—is tragic, but it is a consequence of the method of procedure now used by the Court itself.

This writer believes that the Supreme Court would be rendering a service to the cause of a better understanding of its decisions if the specific ruling in every case were separated from the rest of the opinion, so that all of the "dicta"—the personal views and interpretations in the Court's written opinion—would be clearly differentiated for the reporters who write the news dispatches on the Court's decision day.

There is a change, of course, which all the Justices would have to agree upon. It certainly wouldn't weaken in any respect the ruling itself. It wouldn't foreclose the expression of lengthy opinions explaining the background of and reasoning behind the ruling. But it would assure greater emphasis on what the Supreme Court had actually ruled.

A change in procedure that is in the public interest should not be less welcome because it is unprecedented. This writer, for instance, persuaded Chief Justice Taft in 1926 to make available to the press on Mondays, instead of on Thursdays, the printed proofs of the full text of the Supreme Court's decisions. Ever since the establishment of the Court, the newspapermen could give their newspapers on Mondays only summaries based on notes made hurriedly as the Justices read aloud their decisions, which were often lengthy and highly technical. But the newsmen couldn't see the actual texts until Thursday of the same week, when it was too late to rewrite their stories. Some wrong impressions were conveyed then, too.

This writer, incidentally, sympathizes with the plight of the Justices, who cannot answer criticism themselves. They have, of course, a right of rebuttal, but they have always felt it was better not to exercise it. Chief Justice Warren, for example, has been criticized a good deal in recent years and unquestionably could make a spirited defense of his views if he chose, for he was elected to three terms as Governor of California.

This correspondent, over a span of more than 50 years in Washington, has personally known the last 6 of the 13 Chief Justices of the United States. Every one of them has felt the same way—that any participation by them in public discussion as an aftermath of Supreme Court decisions is unwise. They never hesitated, however, to discuss informally with their newspaper friends the problem involved in acquainting the public with the true nature of Supreme Court decisions. It is a fair inference to say today that they all have wished there were some way the public, including the press, could come to understand better the limitations of judicial decisions in America. And maybe the Justices themselves would be helped in writing their opinions if they could understand the difficulties that even some of the best-informed people in the country have in adjusting themselves to the shifting winds of judicial history.

DEFICITS AND TAX CUTS

Mr. BUTLER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD two very fine editorials which strongly support the position taken by the chairman of the Finance Committee, the Senator from Virginia [Mr. BYRD], and the ranking Republican member of the committee, the Senator from Delaware [Mr. WILLIAMS]. One of the editorials was published on July 3 in the Washington Star; the other was published in the Washington News on July 5.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Star, July 3, 1962]

DEFICITS AND TAX CUTS

The Federal deficit for the fiscal year which ended June 30 was $7 billion. For such consolation as it may offer, this is about what had been expected. Better things were anticipated, however, for the fiscal year which has just begun. On several occasions the President had promised that there would be a budgetary surplus. And the budget message which went to Congress last January forecast a surplus of some $500 million. Budget Director David E. Bell offered assurance that the budget was "neither rigged nor phony" and that it involved no distorted judgments to produce the promised surplus. But this, alas, has gone the way of those "best laid plans of mice and men," of which

Robert Burns once wrote. The outlook now is for another deficit in this fiscal year of at least $4 billion.

Nevertheless, the clamor for an immediate tax cut is growing, and even the U.S. Chamber of Commerce has joined the chorus. If the President yields to this demand the deficit more probably will be in the neighborhood of $10 billion. We hope he will not yield. And we agree with Senator WILLIAMS, ranking minority member of the Senate Finance Committee, when he says: "to cut taxes now, in the face of this continuing deficit and before a corresponding reduction in expenditures has been achieved, would be the height of fiscal irresponsibility."

This may not be a sophisticated estimate of the situation. But we think it is the truth.

[From the Washington Daily News, July 5, 1962]

TURNING IN A FALSE ALARM

If the panicky and self-seeking advocates of a quick cut in Federal taxes want to bring on a business recession, they couldn't pick a surer method.

The thinking which creates this obsession has to assume that the average wage earner is a shiftless oaf without sense enough to come in out of the rain. Give him a couple of extra bucks and he'll dash out to spend them before they burn a hole in his pocket.

The extra spending, thus created, is supposed to invigorate the economy.

Unless justified by surplus cash in the Federal till, such an emergency cut would be far more apt to put on the brakes—in the light of commonsense and a long record of human experience.

Frighten a worker—or a coupon clipper, for that matter—with a false alarm of hard times and he automatically tightens his purse strings. Any extra cash coming his way goes under the mattress for a rainy day—along with some of the money he normally would spend for groceries or a new auto.

A tax cut in the current, red-ink circumstances would be formal notice that the Government itself is alarmed. If there actually is a fire threatened, this would fight it with gasoline. If these tax-cut people want to put the present healthy state of business on the skids, they don't actually have to put through a reduction. All they need to do is keep talking about it.

Backing the proposal is a strangely assorted crew, normally about as much in agreement as the Hatfields and the McCoys.

There is the U.S. Chamber of Commerce, wanting mainly to cut the high brackets. As Senator JOHN WILLIAMS aptly says, the chamber's stand is "in direct contradiction to every principle of business economics for which this organization has stood."

There is the AFL-CIO, wanting a cut mainly in the low brackets. There is Americans for Democratic Action (ADA), speaking for the U.S. economic idiot fringe, which holds President Kennedy's spending program has been too conservative.

Also there are a number of Governors who want taxes cut, meanwhile orating for more and more Federal handouts to their States. Gov. Mike DiSalle of Ohio and Gov. Pat Brown of California, both in tight reelection contests, want taxes cut. Gov. Nelson Rockefeller of New York, he don't say yes but still he don't say no, and thus is left in position to jump either way.

The U.S. Chamber of Commerce estimates a loss in revenue from its plan of $5.5 billion to $7.5 billion—none of it balanced by reductions in spending. Chairman HARRY F. BYRD, of the Senate Finance Committee, says the loss would be nearer $9.5 billion. He also estimates a $6 billion deficit for this fiscal year, without the tax cut. This would be on top of the $7 billion deficit for the year just closed.

If Senator BYRD's figures are right, as they usually are, we would be walking deliberately into the biggest peacetime deficit in U.S. history.

These deficits threaten a new round of increases in the cost of living. They further weaken the authority of the dollar on world markets, aggravating our balance-of-payments headache, and encouraging a new run on our gold reserves.

Senator WILLIAMS terms the proposal "the height of fiscal irresponsibility." That is stating it politely. Its adoption would put the great United States of America in the ragged-pants budgetary class of an impoverished banana republic—with no place to turn for foreign aid.

PROCUREMENT OF SUPPLIES IN THE DEPARTMENT OF DEFENSE

Mr. WILLIAMS of Delaware. Mr. President, yesterday I called the attention of the Senate to a report in which the Comptroller General pointed out the manner in which the Military Clothing and Textile Supply Agency of the Department of Defense, in Philadelphia, was purchasing unnecessary quantities of clothing. The procurement officer had received an order for 10,427 Air Force winter uniform coats; but instead of buying that quantity, it actually purchased 502,440—or 50 times as many as were needed. That represented an unnecessary expenditure in the amount of more than $9,500,000.

Today the Comptroller General has issued another report, which states, in substance, that the same procedure is being followed by another procurement officer in the Department of Defense; but this time the item, instead of being clothing, involves aviation parts. The report states that there has been unnecessary procurement of aviation parts due to lack of inventory control.

I ask unanimous consent that the letter of the Comptroller General, dated June 29, be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., June 29, 1962.

To the President of the Senate and the Speaker of the House of Representatives:

Herewith is our report on review of the supply management of high-value repairable aviation assemblies and equipment within the Department of the Navy.

Our review disclosed that the centralized inventory records maintained by the Navy's Aviation Supply Office (ASO) were inadequate for use in determining what quantities of high-value repairable assemblies and equipment should be purchased. We reconstructed stock records for 50 selected repairable aviation and equipment items. These reconstructed stock records showed that the consolidated Navy records at ASO did not include quantities of 31 of these items valued at more than $47 million which should have been a part of its stock on hand. Tests at storage locations revealed that many such items were in the physical custody of the Navy but were not shown on its records. Our review disclosed further that the Navy purchased or was purchasing certain of these items costing about $5.5 million and that these purchases would not have been necessary if the Navy had located and recognized the stocks that were not recorded on its records. Our review indicated also that additional purchases of about $3.8 million could have been avoided by locating the unrecorded stock; however, we could not make a conclusive determination in these cases because we could not locate Navy records of the computations of the requirements for these items.

The items we reviewed constituted less than 1 percent of the different items in the Navy's stock of repairable assemblies and equipment but represented about 7 percent of the $950 million estimated value of such stocks. On the basis of our tests, it appears that in all likelihood additional repairable aviation assemblies and equipment worth several hundred million dollars which should be in Navy stocks are not shown on its records and that a substantial amount of unnecessary procurement has resulted from the lack of control over these items as well as those which we tested.

The Navy advised us that, while our findings point out the need for improved inventory management, it does not consider that our findings indicate general deficiencies to the extent we have indicated. Therefore, the Navy proposes to strengthen its existing inventory management programs but does not propose to make any basic changes in its inventory management methods to deal with the problems disclosed by our review.

We do not believe that the proposed improvements in the Navy's inventory management programs provide the accounting control necessary to keep account of the quantities and locations of its stocks of high-value repairable assemblies and equipment. Therefore, we are recommending that the Department of the Navy undertake centralized monitoring of the accounting for stocks of these items and other related measures to provide more effective control over its stocks of high-value repairable assemblies and equipment.

Copies are being sent to the President of the United States, the Secretary of Defense, and the Secretary of the Navy.

JOSEPH CAMPBELL,
Comptroller General
of the United States.

Mr. WILLIAMS of Delaware. Mr. President, the report calls attention to the fact that on 50 selected repairable aviation and equipment items the Navy did not even know it had the material in its inventory. The report states that 31 specific items, valued at $47 million, which should have been listed as a part of the inventory actually were not listed as being on hand. Certain items representing several million dollars, which had been listed as inventory could not even be found; they had disappeared from the inventory. For example, it was found that the Navy was unable to account for 50 items which were shown in the inventory as of September 30, 1960, and that 31 of them, worth more than $47 million, could not be located.

I ask unanimous consent that the record of items missing from the inventories, appearing on pages 7 and 9 of the report, be printed at this point in the RECORD.

There being no objection, the excerpt and the lists were ordered to be printed in the RECORD, as follows:

Our review of these 50 items disclosed that at September 30, 1960, the Navy was unable to account for quantities of 31 of these items, worth over $47 million, which our review indicated should have been in the Navy's stock on hand. Following are examples of such items:

Name of item	Purchases delivered to the Navy to Sept. 30, 1960	Estimated losses from crashes disposals, and normal wear and tear	Quantity that should be on hand	Quantity that Navy records show on hand	Items not accounted for	
					Quantity	Dollar value
Receiver transmitter	358	6	352	206	146	$3,849,000
Propeller assembly, P2V	1,697	230	1,467	1,185	282	3,264,000
Gyroscope assembly	74	----------	74	32	42	3,150,000
Air turbine motor	861	102	759	621	138	1,072,000
Ejector	2,123	211	1,912	1,620	292	964,000
Propeller assembly, S2F and TF	2,114	243	1,871	1,695	176	932,000

In six other cases, it appeared that purchases of about $3.8 million would not have been necessary if the Navy could have located missing stocks. However, a definite conclusion could not be reached on these six cases because the Navy was unable to provide us with the computations it had used in deciding upon the quantities to be purchased. Navy personnel responsible for management of these items advised us in writing that such computations were not available. These items were as follows:

Item and contract No.	Quantity	Purchase cost
Propeller assembly, P2V:		
NOas 60-0253	70	$1,025,000
NOas 58-779	78	1,142,000
Receiver-transmitter: NOw 61-0578	54	590,000
Propeller assembly, WF-2 and S2F-3: NOw 61-0212	103	683,000
Propeller assembly, S2F-1 and S2F-2 and TF-1:		
NOw 60-0306	26	138,000
NOas 60-0173	48	254,000
Total	----------	3,832,000

In the remaining three cases, we found that the quantities purchased, totaling $1.9 million, were purchased as spares support for new aircraft. In these cases existing stocks were not considered in determining quantities to be procured, and thus these purchases were unaffected by the fact that some of the stocks which should have been on hand were not shown on Navy records.

Mr. WILLIAMS of Delaware. Mr. President, the Comptroller General issued another report, dated the same day, in regard to an overcharge of $176,000 on a contract which the Government had with the Hazeltine Electronics Division of the Hazeltine Corp., of Little Neck, N.Y. In this case the Comptroller General pointed out that the Department of Defense had not billed the corporation for $176,000 which was due the Government. This amount had not been billed through neglect on the part of the Department. I ask unanimous consent that this letter be printed at this point in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Comptroller General
of the United States,
Washington, D.C., June 29, 1962.

To the President of the Senate and the Speaker of the House of Representatives:

Enclosed is our report on examination of royalty charges by Hazeltine Electronics Division, Hazeltine Corp., Little Neck, N.Y., under Department of Defense contracts.

The report shows that the military services failed to collect royalty overcharges of $176,000 due the Government from Hazeltine. The prices of Hazeltine's contracts with the military services included amounts for certain royalties which the company estimated it would have to pay during performance of the contracts to a third party. The contracts specifically provided, however, that Hazeltine would report the amount of royalties actually paid and would refund to the Government the unpaid amounts. Hazeltine, in many instances, did not report to the military services the amounts of royalties paid under the contracts, and, even where Hazeltine made the required reports, the military services took no action to collect the unpaid royalties. Further, we found no evidence that the military services had adequate controls for collecting amounts due the Government from contractors for unpaid royalties. As a result of our examination, Hazeltine has agreed to refund all unpaid royalties upon request by the contracting agencies.

This matter was brought to the attention of the Department of Defense (DOD) and the three military services. DOD informed us that our proposed action to collect amounts due the Government was being carried out and that refunds under most of the contracts in question had already been received. DOD stated further that steps were being taken to insure that it had adequate procedures to prevent recurrence of this problem and said that our findings would be brought to the attention of contracting personnel and auditors throughout the Department of Defense. Also, in cooperation with this Office, the Air Force is communicating with other Government contractors, who may be holding unpaid royalties, in effort to obtain refunds for the Government where appropriate.

We are recommending to the Secretary of Defense that his Department review the results of the action being taken by the Air Force to uncover other instances of unpaid royalties due the Government and have similar investigations undertaken by the Army and the Navy if warranted.

Copies of this report are being sent to the President of the United States, the Secretary of Defense, and the Secretaries of the Army, Navy, and Air Force.

Joseph Campbell,
Comptroller General of the United States.

Mr. WILLIAMS of Delaware. Mr. President, I shall not comment further on these reports at this time except to say that we could substitute the words "airplane parts" for the word "clothing" as contained in my speech on yesterday and you would think it was the same report, or we could make similar substitutions in connection with the reports made 30 days ago or a year ago. Furthermore, I venture to say that similar reports from the Comptroller General will be coming to us in the next 30 days and at periodic intervals thereafter. In short, the Procurement Division of the Department of Defense has established a pattern of waste and extravagance which is rapidly becoming a national disgrace. The Department pays no attention whatever to the reports of the Comptroller General but merely repeats the weak excuse, "We will do better next time." However, instead of doing better the next time the Department actually is getting worse all the time. Mr. President, millions and, in fact, billions of dollars are being poured down the rathole by the irresponsible actions of the procurement officers of the Department of Defense.

There appears to be only one way to check this wasteful procedure; and that is to fire those who are responsible and then cut their appropriations by at least 10 percent.

DETECTIVE SGT. JAMES ROCHE

Mr. HICKEY. Mr. President, I think everyone in this body feels a great sense of sadness over the loss of Detective Sgt. James Roche. His genuine friendliness and helpfulness was known to all of us. I feel an especial personal loss since I enjoyed a rather great relationship with this dedicated public servant. I resided in the same part of town as he did here in Washington, and we often drove home together. Along with other Members, I shall long remember him and deeply miss the sincere, pleasant, and most courteous manner of Sergeant Roche, which he so eagerly displayed at all times.

Mr. President, I ask unanimous consent at this point to insert in the Record an article which appeared in the Washington Post on July 1, 1962, on the death of my friend, Sergeant Roche.

There being no objection, the article was ordered to be printed in the Record, as follows:

Detective Sergeant Roche of Police Department

(By Harry Gabbett)

A fatal heart attack, suffered Friday while he was helping fellow policemen control a berserk Capitol Hill visitor, closed out the 20-year Metropolitan Police career of Detective Sgt. James Roche early yesterday.

The 52-year-old detective, who spent most of his police days with the robbery squad, amassed 43 commendations in the course of a career which had called on him often to cope with violence.

Detective Roche was a native of Newtownbarry, in Ireland's County Wexford, but had lived in this country since 1929. He arrived in Washington in 1935 and after stints in the Army and with the Potomac Electric Power Co. he signed up as a policeman in September 1941.

He became a precinct detective 5 years later and was promoted to sergeant in 1948. With the exception of 3 months of vice squad service, Detective Roche served with the robbery squad until his transfer in January of this year to special duty at the U.S. Capitol.

His brief service with the vice squad nearly blighted an otherwise brilliant record. He was caught up in a police brutality probe in January 1949, but a grand jury refused to indict him and a trial board exonerated him of charges that he had absented himself without leave from a municipal court trial of a case out of which had grown the brutality investigation.

In addition to his numerous other commendations for police work above and beyond the call of duty (including the arrests of two murder suspects) Detective Roche also held the Award of Merit for extraordinary judgment and initiative which led to the arrest of a holdup man in September 1950, while the suspect was fleeing the scene of the robbery.

Detective Roche made his home at 2826 University Terrace NW., with his wife, Helen, who survives him.

SCHOOL LUNCH PROGRAM

Mr. WILEY. Mr. President, the national school lunch program—now serving more than 14 million students—has been an important factor for, first, improving the health of school youth, and, second, a significant outlet for dairy and other surplus commodities.

In Wisconsin, over 270,000 participated in the program last year and it is estimated this may well rise to over 296,000 in 1962.

Currently, the Senate Agriculture Committee is considering the House-passed bill, H.R. 11665.

Among other things, the measure contains proposals for revising the formula for distribution of funds under the program.

Today, I was privileged to receive a letter from Mr. Gordon W. Gunderson, school lunch administrative assistant for the Wisconsin State Department of Public Instruction. In the letter, Mr. Gunderson endorses the proposed formula change, including its reflections on the rapidly expanding program in Wisconsin.

I ask unanimous consent to have the letter printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE STATE OF WISCONSIN,
DEPARTMENT OF PUBLIC INSTRUCTION,
Madison, July 2, 1962.

Hon. ALEXANDER WILEY,
U.S. Senator, Senate Office Building,
Washington, D.C.

DEAR SENATOR WILEY: I have read with a great deal of interest the remarks which were published in the Appendix of the CONGRESSIONAL RECORD for Monday, June 25. These were the remarks which you made over Wisconsin radio stations on a previous weekend.

I have always been grateful to you for your support of the national school lunch and special milk programs and for all the effort which you have put forth in their behalf. The schoolchildren of Wisconsin will always be indebted to you for your accomplishments in legislation which has meant so much to their health and well-being.

I am writing you on this occasion to particularly ask your support of the Bailey bill (H.R. 11665), which recently passed the House. I note particularly your concern over the possible reduction in reimbursement rates for schools in Wisconsin in the event this bill should pass. However, according to the best of my calculations, we will be much worse off if the bill does not pass. During the past school term we paid 4 cents per meal reimbursement for type A school lunches and we paid the same amount for a half pint of milk served in schools which had the special milk program. With the completion of the consolidation program in Wisconsin on July 1, we face a year of the heaviest increase in participation in the school lunch program which we will ever have witnessed. Numerous rural schools which previously could not participate in the lunch program because of lack of space in which to place lunch facilities will now be attached to high school districts which will be able to serve lunches in such rural schools by transporting the food in heated food carriers from a central kitchen in the "parent" school. I will be greatly surprised if our increase in participation in the coming year does not equal or exceed 25 percent of the previous year. Unless the Bailey bill passes and school lunch funds are apportioned according to participation rather than on the basis of enrollment and income, we would stand to face a very serious reduction in the rate of reimbursement which we would be able to pay. Under the old or now existing apportionment formula we would receive no more Federal funds than in the previous year, but we would be required to spread such funds over a far greater number of schools and children.

Being a member of the national legislative committee of the American School Food Service Association, I have given a great deal of study to this bill and we have endorsed it not only as a committee but as a State.

I sincerely hope, therefore, that you will give it your support when it comes up for consideration in the Senate. The school lunch program is in need of more funds if it is to continue serving well-balanced, nutritious lunches to schoolchildren at a price which they can afford to pay. In the past year it was an outlet for a tremendous supply of Wisconsin dairy products as well as canned vegetables and meats which were produced in this State, and its expansion will make further use of not only the surpluses which are purchased by the U.S. Department of Agriculture but will create an additional market for foods through the local wholesalers and retailers.

Sincerely,
GORDON W. GUNDERSON.

The ACTING PRESIDENT pro tempore. Is there further morning business?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro temport. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT OF SMALL BUSINESS ACT

The ACTING PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 2970) to amend the Small Business Act, which was to strike out all after the enacting clause and insert:

"That subsection (c) of section 4 of the Small Business Act is amended to read as follows:

"'(c) There is hereby established in the Treasury a revolving fund, referred to in this section as "the fund", for the Administration's use in financing the functions performed under sections 7(a), 7(b), and 8(a) and under the Small Business Investment Act of 1958, as amended, including the payment of administrative expenses in connection with such functions. All repayments of loans and debentures, payments of interest, and other receipts arising out of transactions financed from the fund shall be paid into the fund. As capital thereof, appropriations not to exceed $1,935,000,000 are hereby authorized to be made to the fund, which appropriations shall remain available until expended. Not to exceed an aggregate of $1,434,000,000 shall be outstanding from the fund at any one time for the purposes enumerated in section 7(a) and 8(a). Not to exceed an aggregate of $160,000,000 shall be outstanding from the fund at any one time for the purposes enumerated in section 7(b). Not to exceed an aggregate of $341,000,000 shall be outstanding from the fund at any one time for the exercise of the functions of the Administration under the Small Business Investment Act of 1958. The Administration shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the outstanding cash disbursements from the fund, at rates determined by the Secretary of the Treasury, taking into consideration the current average yields on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities as calculated for the month of June preceding such fiscal year.'

"SEC. 2 (a) The Small Business Administration is empowered to make such loans (either directly or in cooperation with banks or other lenders through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any firm to adjust to changed economic conditions resulting from increased competition from imported articles, but only if (1) an adjustment proposal of such firm has been certified by the Secretary of Commerce pursuant to the Trade Expansion Act of 1962, (2) the Secretary has referred such proposal to the Administration under that Act and the loan would provide part or all of the financial assistance necessary to carry out such proposal, and (3) the Secretary's certification is in force at the time the Administration makes the loan.

"(b) The Small Business Administration's authority to make loans under this section shall be in addition to and separate from its authority to make loans under the Small Business Act. The rate of interest for the Administration's share of any loan made under this section shall be not less than the greater of 4 per centum per annum or the rate most recently determined by the Secretary of the Treasury under section 4(c) of the Small Business Act; and no such loan, including renewals or extensions thereof, may be made for a period or periods exceeding twenty-five years. With respect to loans made under this section the Administration shall apply the provisions of sections 5, 6(a), 7(a)(1), 7(a)(2), 7(a)(3), 7(a)(7), 7(c), 10(a), 10(b), 13, 16, and 17, of the Small Business Act as though such loans had been made under section 7(a) of that Act.

"(c) There are hereby authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to carry out this section."

Mr. ROBERTSON. Mr. President, for the convenience of the Senate, I ask unanimous consent to have printed in the RECORD at this point a comparison of the Senate and House versions of S. 2970 and a statement of the textual changes made in the Senate version of S. 2970 by the House amendment.

There being no objection, the statements were ordered to be printed in the RECORD.

Comparison of the House and Senate Versions of S. 2970, a Bill To Amend the Small Business Act

SENATE PASSED S. 2970	HOUSE PASSED S. 2970
Total revolving fund, $1,450,000,000 (up $250,000,000).	Total revolving fund, $1,935,000,000 (up $735,000,000).
Pooled regular business and disaster loan authorization $1,109,000,000 (up $234,000,000).	Regular business loan authorization, $1,434,000,000 (up $709,000,000). Disaster loan fund authorization $160,000,000 (up $10,000,000).
Authorization for programs under Small Business Investment Act of 1958, $341,000,000 (up $16,000,000).	Authorization for programs under Small Business Investment Act of 1958, $341,000,000 (up $16,000,000).
SBA is required to report to the Senate and House Committees on Banking and Currency whenever the amount outstanding for regular business loans exceeds $1,012,200,000, or whenever the amount outstanding for the disaster loan program exceeds $96,800,000.	No provision.
No provision.	H.R. 11970, the Trade Expansion Act of 1962, which passed the House on June 28, 1962, and is now pending before the Senate Committee on Finance, would permit firms suffering economic injury due to international trade agreements to apply to the Secretary of Commerce for adjustment assistance. If the proposal is "certified" by the Secretary of Commerce, he will "refer each certified adjustment proposal to such agency or agencies as he determines to be appropriate to furnish the technical and financial assistance necessary to carry out such proposal." Sec. 2. (a) of the House-passed version of S. 2970 would allow SBA to make loans under this program, whether or not the applicants and loans qualify under SBA standards ($350,000 maximum, for periods not in excess of 10 years). Sec. 2. (b) would empower SBA to make loans having maturities of up to 25 years, to firms of all sizes, at interest of not less than 4 percent, or the rate most recently determined by the Secretary of the Treasury under sec. 4(c) of the Small Business Act. Sec. 2. (c) authorizes to be appropriated, without fiscal year limitation, such sums as may be necessary to carry out the purposes of this section.

Changes Made in the Senate-Passed Version of S. 2970 by House Amendment

(Language omitted in black brackets; new language added by House amendment in italics)

Section 1. Subsection (c) of section 4 of the Small Business Act is amended to read, as follows:

(c) There is hereby established in the Treasury a revolving fund, referred to in this section as "the fund", for the Administration's use in financing the functions performed under sections 7(a), 7(b), and 8(a), and under the Small Business Investment Act of 1958, as amended, including the payment of administrative expenses in connection with such functions. All repayments of loans and debentures, payments of interest, and other receipts arising out of transactions financed from the fund shall be paid into the fund. As capital thereof, appropriations not to exceed [$1,450,000,000] *$1,935,000,000* are hereby authorized to be made to the fund, which appropriations shall remain available until expended. Not to exceed an aggregate of [$1,109,000,000 shall be outstanding at any one time for the purposes enumerated in the following sections of this Act: 7(a) (relating to regular business loans), 7(b) (relating to disaster loans), and 8(a) (relating to prime contract authority): *Provided*, That the Administration shall report promptly to the Committees on Appropriations and the Committees on Banking and Currency of the Senate and House of Representatives whenever (1) the aggregate amount outstanding for the purposes enumerated in sections 7(a) and 8(a) exceeds $1,012,200,000, or (2) the aggregate amount outstanding for the purpose enumerated in section 7(b) exceeds $96,800,000] *$1,434,000,000 shall be outstanding from the fund at any one time for the purposes enumerated in sections 7(a) and 8(a). Not to exceed an aggregate of $160,000,000 shall be outstanding from the fund at any one time for the purposes enumerated in section* 7(b). Not to exceed an aggregate of $341,000,000 shall be outstanding from the fund at any one time for the exercise of the functions of the Administration under the Small Business Investment Act of 1958 [, as amended]. The Administration shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the outstanding cash disbursements from the fund, at rates determined by the Secretary of the Treasury, taking into consideration the current average yields on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities as calculated for the month of June preceding such fiscal year.

Sec. 2. (a) The Small Business Administration is empowered to make such loans (either directly or in cooperation with banks or other lenders through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any firm to adjust to changed economic conditions resulting from increased competition from imported articles, but only if (1) an adjustment proposal of such firm has been certified by the Secretary of Commerce pursuant to the Trade Expansion Act of 1962, (2) the Secretary has referred such proposal to the Administration under that Act and the loan would provide part or all of the financial assistance necessary to carry out such proposal, and (3) the Secretary's certification is in force at the time the Administration makes the loan.

(b) The Small Business Administration's authority to make loans under this section shall be in addition to and separate from its authority to make loans under the Small Business Act. The rate of interest for the Administration's share of any loan made under this section shall be not less than the greater of 4 per centum per annum or the rate most recently determined by the Secretary of the Treasury under section 4(c) of the Small Business Act; and no such loan, including renewals or extensions thereof, may be made for a period or periods exceeding twenty-five years. With respect to loans made under this section the Administration shall apply the provisions of sections 5, 6(a), 7(a)(1), 7(a)(2), 7(a)(3), 7(a)(7), 7(c), 10(a), 10(b), 13, 16, and 17 of the Small Business Act as though such loans had been made under section 7(a) of that Act.

(c) There are hereby authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to carry out this section.

Mr. ROBERTSON. Mr. President, I move that the Senate disagree to the amendment of the House to S. 2970, a bill to amend the Small Business Act, request a conference thereon with the House, and that the Chair appoint the conferees on the part of the Senate.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Virginia.

The motion was agreed to; and the Acting President pro tempore appointed Mr. Proxmire, Mr. Robertson, Mr. Sparkman, Mr. Douglas, Mr. Long of Missouri, Mrs. Neuberger, Mr. Beall, Mr. Bennett, Mr. Javits, and Mr. Tower conferees on the part of the Senate.

REPORT OF THE BOARD OF VISITORS TO THE U.S. COAST GUARD ACADEMY

Mr. LONG of Hawaii. Mr. President, I wish to present for inclusion in the Congressional Record at this point a statement entitled "Report of the Board of Visitors to the U.S. Coast Guard Academy, New London, Conn., May 4, 1962."

I deem it an honor indeed to have been chosen as a member of the Board of Visitors of this outstanding service Academy and to have had the privilege of visiting it, accompanied by Representative Alton Lennon, of North Carolina, and Representative William S. Mailliard, of California. The esprit de corps which was so evident during our visit to the Academy speaks for the high quality of leadership present at the Academy and for the high standards adhered to by the cadets.

I ask unanimous consent that the report be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

Report of the Board of Visitors to the U.S. Coast Guard Academy, New London, Conn., May 4, 1962

The President of the Senate.
The Speaker of the House of Representatives.

Gentlemen: Pursuant to section 194 of title 14 of the United States Code, the following Senators and Members of the House of Representatives were designated to constitute the 1962 Board of Visitors to the U.S. Coast Guard Academy.

By the Vice President: Senator Oren E. Long, Democrat, of Hawaii.

By the chairman of the Senate Committee on Commerce: Senator E. L. (Bob) Bartlett, Democrat, of Alaska; Senator Norris Cotton, Republican, of New Hampshire.

By the Speaker of the House of Representatives: Representative Emilio Q. Daddario, Democrat, of Connecticut; Representative Charles E. Chamberlain, Republican, of Michigan.

By the chairman, House Committee on Merchant Marine and Fisheries: Representative Edward A. Garmatz, Democrat, of Maryland; Representative Alton Lennon, Democrat, of North Carolina; Representative William S. Mailliard, Republican, of California.

Ex officio Members: Senator Warren G. Magnuson, Democrat, of Washington (chairman, Senate Committee on Commerce); Representative Herbert C. Bonner, Democrat, of North Carolina (chairman, House Committee on Merchant Marine and Fisheries).

MEETING

A meeting of the Board of Visitors was held at the Academy on May 4, 1962. The following members of the Board were present: Senator Long, of Hawaii; Representative Lennon, of North Carolina; Representative Mailliard, of California.

The following officials of the U.S. Coast Guard were also present: From Headquarters: Rear Adm. George A. Knudsen, Chief, Office of Personnel; Capt. Roger M. Dudley, Chief, Personnel Training and Procurement Division; Capt. Mark A. Whalen, Liaison Officer; from the Academy: Rear Adm. Stephen H. Evans, Superintendent; Capt. Frank V. Helmer, Assistant Superintendent; Capt. William B. Ellis, Commandant of Cadets; Capt. Thorburn S. McGowan, USPHS, Senior Medical Officer; Comdr. Stanley L. Smith, Dean of Academic Instruction; Comdr. James W. Moreau, Chief, Plant and Personnel Division; Lt. Comdr. Alvin N. Ward, Comptroller; and other members of the Academy Staff.

ARRIVAL, BRIEFING, AND INSPECTION OF BUILDINGS AND GROUNDS

Upon arrival at the Academy, military honors were rendered to the visiting members of the Congressional Board of Visitors. The Superintendent and selected Staff Officers then met with the Board of Visitors for informal briefing session in connection with the progress of the construction program at the Coast Guard Academy. The Board then moved to a classroom in McAllister Hall, Engineering Building, to observe an oral presentation of a special research project undertaken by first class cadets. Following this, the Board visited the newly constructed maintenance building, the site of the planned enlisted men's building, the waterfront, and other Academy facilities. The Board then had lunch as guests of the Corps of Cadets in the cadet wardroom.

BOARD SESSION

After lunch the Board members were joined by Coast Guard officers in formal session. Senator Oren E. Long was unanimously elected chairman of the 1962 Board of Visitors.

SYNOPSIS OF THE MINUTES OF THE BOARD SESSION

1. The Chairman expressed for the Board of Visitors appreciation for the privilege of membership on the Board and its association with the U.S. Coast Guard Academy. At the suggestion of the Chairman, the Superintendent made a summary, outlined herein, of his written statement to the Board of Visitors.

2. The Superintendent stated that the academic council had completed a thorough review of the Academy's curriculum and had concluded that the curriculum was up to date and well integrated. He stated that no major change was indicated. The Superintendent pointed out that because of a recent statutory responsibility placed upon the Coast Guard for doing certain oceanographic work, the Academy had instituted a basic course in the science of oceanography. This course, together with the material covered in the mathematics, science, and engineering areas, provides a sound basis for those Coast Guard officers who take postgraduate work in oceanography and later specialize in this field.

3. The Superintendent then spoke of the subcommittee of the academic council which has been studying the feasibility of acquiring a sophisticated digital computer for educational use at the Academy. He pointed out the fact that already more than 30 colleges in the New England area alone, as well as the Naval, Military, and Air Force Academies, have computer centers where both faculty and students may pursue work involving the capabilities of the digital computer. The acquisition of a computer would be another step in the effort to keep the Academy curriculum and educational resources up to date.

4. Questions by Board members regarding the enrichment program at the Academy brought out the fact that additional courses in mathematics and humanities have been added to the program since the 1961 visit by the Board. Both second- and third-class cadets are eligible to participate. Approximately 45 percent of these two cadet classes are enrolled in enrichment courses.

5. Board members commented on the number of cadets currently on duty at the Academy. It was clarified by the Superintendent that the minimum point in numbers is lowest at the end of the school year. Attention was given to statistics on attrition data involving the past 11 classes. The evidence showed a gradual improvement in the retention of cadets during the 4-year course of study over the period 1954 to the present time.

6. A short discussion of the size of the entering classes indicated that Coast Guard headquarters determined the actual size based upon the needs of the service. This discussion led into the question of testing and selecting the actual members for a new cadet class at the Academy. It was brought out that the competitive entrance examinations are prepared to Coast Guard specifications. A continuous program of practical research is carried out on the validity of the tests that are employed. It was noted that the Academy test in mathematics has stood out notably as one of the best predictors for future academic success. Relative class standing on high school graduation, participation in extracurricular activities, and demonstrated capacity for leadership are other factors involved in selecting the members of an entering class of cadets.

7. The Superintendent spoke of the progress of improvement of the Academy faculty. In July of 1961, five professional civilian professors were added to the staff. During the coming summer 1962, seven additional civilian professors will join the Academy faculty. By 1963, there will be a total of 44 rotating military faculty members and 31 permanent professors. The Superintendent also noted that rotating faculty members who have not had graduate training at the master's degree level will, in the future, receive more than a summer refresher course of study.

8. At this point, questions from members of the Board brought out the fact that there were some 6,000 applicants for cadet appointments this year. Of these, 6,000, some 5,300 were approved to take the competitive entrance examination and 4,255 actually were examined. The Academy is in the final steps of selecting approximately 205 young men for the class of 1966.

9. The Superintendent continued his report, giving some details of the Academy's program to step up the audiovisual aid resources. A survey team of specialists from the department of audiovisual instruction of the National Education Association has been scheduled to visit the Coast Guard Academy during the week May 7–11 inclusive. After a study in depth of the facilities and program at the Academy, a comprehensive report is to be given by the survey team to the Superintendent. It is anticipated that the details of this report will serve as a guide to improve the educational resources of the Academy in this area.

10. In discussing cadet matters, the Superintendent reported that—

(a) As of May 1 there were 509 cadets in residence (class of 1962, 116; class of 1963, 98; class of 1964, 143; class of 1965, 152). One hundred and twenty-six cadets were on the honors list as a result of the fall term's work.

(b) On June 7 the first and third classes will embark on *Eagle, Absecon,* and *Yakutat.* They will depart New London on June 8 for a European cruise covering about 8,900 miles and including stops at Scotland, Belgium, and the Canary Islands. They will spend 55 days at sea and 15 days ashore in foreign ports. The new class of 1966 will report at the Academy on July 9. After a week of processing (consisting of testing, physical examinations, and outfitting) the new cadets will be sworn in and commence a 5-week intensive indoctrination and training program. This period will be followed by a 2-week cruise with the second class in the waters south of Long Island. The second class will undergo training at the Academy in CIC, aviation training at the Coast Guard Air Station, Elizabeth City, N.C., and an orientation period at Coast Guard Districts 1, 3, and 5.

11. Members of the Board raised the question of cadet finances, including taxation and a possible increase in the pay of cadets. It was explained that a ruling by the Internal Revenue Service required the withholding of income tax on cadet pay. At the recently concluded fifth annual conference of Superintendents of the Armed Forces Service Academies, the matter of cadet/midshipmen pay was discussed in some detail. At this meeting, the fact was made clear that the Naval Academy would submit a proposal to the military pay study group which would encompass the problems and thinking of the four Academies involved. This information was accepted by the members of the Board as indication that the matter of cadet finances had not been dropped from consideration.

12. A general discussion ensued on the status of the Academy library. It was evident from the discussion that the library is smaller than libraries in comparable colleges. The expenditures per student at the Air Force, Naval, Military, and Coast Guard

Academies were compared. This comparison indicated the Air Force Academy had the greatest expenditure per student and the Coast Guard Academy the lowest. It was noted by members of the Board that funds for library materials had been increased during the past year with an anticipated increase for fiscal year 1963. It was the consensus of the Board that the upgrading of library facilities at the Academy should receive continuous attention from the Superintendent.

13. A short discussion centered around the number and complexity of operations at the Academy hospital. The senior surgeon reported that orthopedic surgery was the main area of increase. The competency of the medical staff at the hospital was favorably commented on by the Board members.

14. All Coast Guard participants during the Board session were excused and the Board of Visitors then met in executive session.

RECOMMENDATIONS

Upon the conclusion of the executive session of the Board of Visitors the following unanimously approved recommendations were made:

1. The Department of Defense is urged to expedite the solution of the problem of inadequacy of cadet/midshipman compensation.

2. The improvement of facilities in the library must continue and at a greater speed than heretofore.

3. The capital improvement program involving long-range new construction and remodeling plans should be maintained on schedule. To this end, the Board recommends to the Secretary of the Treasury that sufficient funds be included in the Coast Guard budget during this period of improving the physical plant at the Coast Guard Academy.

REVIEW OF CORPS OF CADETS AND MEETING WITH CLASS REPRESENTATIVES

At the conclusion of the formal meeting of the 1962 Congressional Board of Visitors, the members were honored with a review by the Corps of Cadets. Following the review, various cadets met with the members of the Board in an informal manner.

CONCLUSION

The Board of Visitors wishes to make public its appreciation to the Superintendent, Rear Adm. Stephen H. Evans, for his continuing and dedicated efforts to maintain and improve the high standards of all phases of the Coast Guard Academy's program. The Board notes with regret the forthcoming retirement of Rear Admiral Evans and wishes to extend to him its sincere wishes for a rewarding experience in his new life. In addition, the members of the Board extend thanks to Adm. A. C. Richmond, Commandant, U.S. Coast Guard; Rear Adm. G. A. Knudson, Chief, Office of Personnel; Capt. R. N. Dudley, Chief of the Training and Procurement Division; and to Capt. Mark A. Whalen, liaison officer, for the assistance rendered to them. The Chairman and members also wish to thank the Corps of Cadets for the honors rendered and the warm hospitality extended in the cadet wardroom and the new cadet lounge. The views expressed by cadets were extremely helpful to the Board in forming impressions and opinions of the success of the Academy program.

Oren E. Long,
Chairman.
Alton Lennon.
William S. Mailliard.

NECESSITY OF PROMPT ACTION ON WELFARE LEGISLATION

Mr. DIRKSEN. Mr. President, I have had an exchange of telegrams and correspondence with Mr. Peter Cahill, executive secretary of the Illinois Public Aid Commission, in Chicago. The last communication from him is a telegram dated July 2, addressed to me, in which he says:

> Appreciate your consideration of our previous wires of June 8 and June 25 regarding disastrous effects on Illinois if Congress failed to act before June 30 to extend coverage under ADC of needy children of unemployed parents. The delay of a week or longer now reported in the press, however, makes it imperative that we again urge upon you immediate action on this extension if destitution and unrest are not to become critical in this State. As of today, 900 checks involving some 5,300 needy unemployed and their children have not been sent because of failure of the Congress to act on the extension prior to midnight June 30. Under Illinois law, State funds for these families can be spent only if Federal aid is made available. Similar numbers will be deprived of food and other necessities with each days delay to a total of almost 60,000 persons for the month.
>
> Peter W. Cahill,
> *Executive Secretary, Illinois Public Aid Commission, Chicago, Ill.*

Mr. President, I read that telegram into the Record because I appreciate what the delay on the public welfare items in the pending bill will occasion. Of course, the delay is the result of the substitutes being offered now to add medicare to the pending bill, and I think that fact ought to be noted for the Record.

QUIET DIPLOMACY

Mr. SCOTT. Mr. President, there is grave concern over the course of the administration's policy in the Near East. New tensions are building up in that region, violence has again broken out on the borders of Israel, and a new arms race is threatened by the heavy shipments of Soviet-bloc arms to the U.A.R.

A call for a review of U.S. policy and our proposed massive aid program for Egypt was issued by the senior Senator from New York at the 65th annual convention of the Zionist Organization of America, recently held here. I ask unanimous consent to print in the Record the address of Senator Javits entitled "The United States and the Spirit of 1776," which he delivered on June 30.

There being no objection, the address was ordered to be printed in the Record, as follows:

The United States and the Spirit of 1776

(Remarks of Senator Jacob K. Javits, prepared for delivery at the 65th Annual Convention of the Zionist Organization of America, Willard Hotel, Washington, D.C., on Saturday, June 30, 1962)

It is high time that the United States embarked on a policy of open diplomacy in the Near East and abandoned the quiet diplomacy which is causing us nothing but grief and losses in our position.

We should give up the soft line which has only encouraged the continued blockade of the Suez, the boycott of Israel, the blacklisting and discrimination against Americans, Arab intransigence on steps toward peace, immobilization of the Arab refugee situation, and general suspicion and distrust throughout the Near East.

The latest shock is the news that Egypt has received the first of 40 of the Soviet Union's hottest jet fighter planes. These MIG-21's fly at 1,200 miles an hour, carry the deadly Sidewinder-type rockets and offer a new menacing threat to the peace and stability of the Near East.

This heavy armament provides the most impressive reason I know for the United States to take a new hard look at the massive aid program it proposes to give President Nasser. He himself recently pointed out that the budget for Egypt's Army now stands at 130 million pounds, over $350 million, and more than three times higher than the military budget 10 years ago.

The present military budget, therefore, is roughly equal to the amount of economic aid we propose to make available to Nasser.

Our President said in his message to you Thursday night that the United States is seeking peace and prosperity for all countries in the Near East and that this objective would best be served by—and I quote his words—"a new spirit of comity in that important part of the world."

I wholeheartedly subscribe to that objective. But our proposed massive aid program for Egypt, without conditions and guarantees, is no more the way to achieve it than our policy of "quiet diplomacy" has been.

Quiet diplomacy has also been stated as the best way to handle the dangerous situation that is now threatening the Jews of the Soviet Union.

To a generation that still remembers vividly the notorious Slansky trial during the closing years of Stalin's reign and the anti-Semitic "doctor's plot," the current Soviet Government drive against Jews presents a grim warning of even more widespread oppression and tyranny in the near future. Synagogues have been bombed and burned in various parts of the Soviet Union, Jews have been assaulted on the streets, local Jewish leaders slandered and imprisoned, and certain religious ritual practices made impossible. Today, times are hard in the Soviet Union, food is scarce and prices are high; and if the past is any guide, there can be more than a suspicion that Russian Jews are now being used as scapegoats to divert public attention from internal troubles.

Recent news dispatches tell of a series of publicized trials in Minsk for alleged economic offenses, with 18 men convicted and sentenced, 5 of them to death. Jewish names are obvious in the list; at least seven are Jews, among them several of the condemned men. The overall statistics are even more revealing—out of 40 men and women condemned in recent months, at least 22 are known to have been Jews; out of 150 persons jailed, a majority are Jews. Frequently this agitation is coupled with propaganda attacks on Israel with implications of a "synagogue" or of an international conspiracy.

The Soviet Constitution and Government leaders disavow anti-Semitism, but in a land where anti-Semitism is deeply rooted, it is not difficult for the Government to revive latent distrust and resentment even without direct reference to the Jewish identity of the convicted men. Our Department of State has noted this intensification of the Soviet Government drive against Jews and other religious minorities, and it has pointed out that the recent Soviet attempt to answer by a public letter charges I had made on the floor of the Senate is a sign of their increased sensitivity to charges of anti-Semitism.

I have repeatedly declared that wide public protests by leading citizens and by civic and religious organizations are an effective way to try to bring about a halt to this inhuman course of action. This contrasts with the so-called quiet diplomacy advocated in official circles in the present administration, who seem to have little faith in the power of public protest.

In a recent letter on the plight of Soviet Jews, for example, our United Nations Ambassador, Adlai Stevenson, wrote to the American Jewish Committee that our concern is "to influence the actual situation favorably." And then he goes on to say: "This is more likely to be achieved by quiet diplomacy than it is by public protests." Here is the text of Ambassador Stevenson's letter:

"Thank you for your letter and for the very thoughtful statement on the predicament of Jews in the Soviet Union, adopted by the American Jewish Committee. This problem concerns us constantly, as you know. Our concern is not just to make a public demonstration about it for the record, since the U.S. position on religious freedom in all countries is certainly well known. Our concern rather is, if possible, to influence the actual situation favorably. This is more likely to be achieved by 'quiet diplomacy' than it is by public protests. Whether our diplomacy or that of private organizations, including yours, is likely to be more successful, no one can foretell. But you can be certain that the matter is in our minds and that we will seek every opportunity to be helpful, and will always welcome your ideas."

It is also the policy that the Department of State employs to answer angry American businessmen who have received boycott threats from the Arab League office in Kuwait or Lebanon. Such letters say that the United States does not approve of such practices, that our diplomatic representatives have been instructed to "seek to persuade all the Arab governments" that they should cease discriminating against U.S. citizens and that we will look for every opportunity to remind them of it. But "quietly," of course, while the Department of State will continue to watch the situation.

This is a what-can-we-do kind of attitude which minimizes the influence and prestige of the United States, and its ability to bring about a favorable solution.

This "quiet diplomacy" approach is responsible for one of our most glaring foreign policy failures—our seeming inability, notwithstanding that we got the British, French, and Israelis to leave Egypt in November 1956—to lift the Suez blockade and to stop the Arab League States from boycotting, blacklisting and otherwise discriminating against Americans who are Jewish or who choose to do business with Israel. Indeed, I do not know of a single formal public protest by our Government to an Arab State over these practices.

This negativism on the Near East policy continues to deprecate any truly broad initiatives in the Arab-Israel conflict because it seems to believe that these would boomerang and create new tensions. That negative policy is responsible for the slap-on-the-wrist kind of action that our diplomats administer to Arab governments who discriminate against American citizens, and for our failure to make President Nasser live up to his 1956 promises to open the Suez to the shipping of all nations without obstruction.

Year after year since 1956 the Congress has adopted strongly worded amendments to our foreign aid bills firmly pronouncing its repugnance and opposition to the Arab boycott, blacklisting and other discriminatory practices affecting Americans, and calling for their termination. This year for the first time the Senate has accepted an amendment, which I introduced, requiring the President to report annually to the Congress on our progress in eliminating these Arab practices and threats of intimidation and coercion.

But U.S. policy will continue to miss the boat in the Middle East as long as our State Department refuses to accept the realities and confines its action to pious intentions and defeatist vacillations. The American spirit which led our forefathers to reject any deals with the Barbary pirates, the determination to protect Americans which led to the War of 1812 against the British and which led President Lincoln to defend vigorously even in the midst of the Civil War—that spirit seems sadly lacking in our handling of the Arab League States.

It is outrageous that Jordan, which must have an annual $40 million grant from the United States for its national existence, should be permitted to maintain a blacklist of Americans without a single public protest from our Government.

Earlier this month 5 Americans in a group of 10, none of them Jewish, who are affiliated with the Gospel Tabernacle of Kansas City, Mo., were arrested and jailed for 3 days when they landed at a Jordanian airport. The charge—they were on a blacklist because of a religious weekly which they publish in this country. On being released they were put on a plane for Lebanon, while the others in the group were escorted through the Mandelbaum Gate into Israel.

This kind of insult to American citizens will continue as long as the administration persists in a timid policy toward every nation in the Middle East except Israel.

President Kennedy once promised us strong action and "White House initiatives," but what action has been taken in 2 years of office in this area to redeem those promises?

Our present aid program to Jordan contains no guarantees or conditions, and our proposed massive aid policy to President Nasser is equally devoid of any demands that he keep the peace and work for regional cooperation.

We are not one bit hesitant in asking our Latin American neighbors to fulfill similar conditions as part of the Alliance for Progress.

Why do we hold up our hands in horror at the suggestion that we demand the same compliance from the Arab States?

President Nasser has never made any secret about his anti-West attitude and Cairo's controlled press and radio are heavily slanted against the West. At the same time, Cairo is well disposed toward the Soviet bloc. While professing anticommunism at home, President Nasser builds his so-called Arab socialism on Communist lines—buys major Soviet arms his country can ill-afford and promotes the Near East arms race—and he has indeed been attacked by Saudi Arabia for turning Egypt into a Communist state on the Tito pattern.

He is already using the promise of increased American aid to stir up trouble among all his Arab neighbors and to renew his threats to attack Israel. He is continuing to acquire Soviet-bloc arms—including long-range bombers—at a rate which threatens the security of all Middle East states, including Syria and Turkey as well as Israel. Tension has further risen following publication in Cairo on May 18 of an extract from a U.A.R. cabinet discussion which reveals Nasser's plans for war against Israel in 1963 or 1964.

Such tensions are increased and aggravated by Soviet propaganda against Israel which has become more violent now than it has been for some time.

We cannot sit back complacently in the face of these threats and wait for time to be on the side of peace. The White House should be called on to live up to its 1960 determination to seize the initiative, and try to arrange at the very least for the exclusion of the Arab States and Israel from the arena of the cold war and an end to the arms race. This could be done within the aegis of the United Nations and with the support of the Afro-Asian bloc.

We should call a regional meeting at the earliest possible date and invite all the states in the Near East and North Africa as well as interested Western European nations. This conference would have the responsibility of developing a truly adequate regional program of economic and technical assistance which would develop ways and means of resettling the Arab refugees and also of raising living standards for all the Near East countries. Regional planning and regional cooperation is the only feasible way at the present time of overcoming deep-rooted animosities and rivalries, and bringing to the entire region an era of peace and well-being.

At such time, U.S. programs of assistance for development of water resources, for technical and vocational training, for economic and financial aid can truly bring about peace and stability. Israel's role in all these programs is indispensable to their success and would insure fulfillment of the Biblical promise of a land of milk and honey for the whole Near East.

This is the kind of vigorous, alert policy I hope to see our country following in the Near East.

SENATOR KEATING'S COMMENCEMENT ADDRESS AT YESHIVA UNIVERSITY

Mr. SCOTT. Mr. President, Senator Kenneth B. Keating, of New York, delivered the commencement address at Yeshiva University in New York on June 14. It is not only a refreshing and colorful statement to young graduates, but contains moral and spiritual philosophy very much needed in our times.

I ask unanimous consent that the speech of the Senator from New York be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Yeshiva University, 31st Annual Commencement, New York, N.Y., June 14, 1962

Text of remarks of Senator Kenneth B. Keating, of New York:

"Dr. Belkin, distinguished members of the board of trustees and of the faculty, members of the 1962 graduating class of Yeshiva University, honored guests, ladies, and gentlemen, several years ago, at another commencement, one of the young graduates who had just received her diploma was brought to me by her father, an old friend, and after he had introduced us, I asked the breathless young lady how it felt to have a diploma in her hands. 'Oh, Senator,' she said, 'I feel just like a worm that had suddenly turned into a butterfly.'

"Now, I had never thought of college as an incubation period, but I suppose that after curling up in the deep contemplation of printed pages for 4 years one does experience the ecstasy of liberation.

"Of course, the butterfly analogy is wholly invalid in the case of you young graduates of Yeshiva. For butterflies, as we know, are flighty creatures, notoriously underprivileged intellectually—which makes them, ipso facto, totally ineligible for membership in the Yeshiva University Alumni Association.

"In this same connection, one of the most heartfelt remarks I ever heard at a college commencement—or rather, overheard—came from a young graduate who had just received his diploma, and held it in the usual death grip. His proud girl friend was beside him, and if that diploma were made of mink she couldn't have admired it more. The graduate heaved a deep sigh, and told his girl feelingly: 'Honey, it took so many nights to make this day.' Especially is this commentary appropriate here at Yeshiva, where the lamp of learning is not a poetic figure of speech. Rather, it is a 75-watt bulb that puts in a tremendous amount of overtime.

"Today, you leave this splendid, revered and justly famed university. As you go forth from Yeshiva today, you are not travelers who have ended a journey—indeed, the road to true learning is a road you must travel all your life. For culture can never be reckoned in the arithmetic of semesters and credit hours. It is a mellowing of the mind and of the heart. It is a book you can never lay down because the pages grow richer and richer, the story ever more enchanting. Culture is not a word. It is an adventure of the mind, and of the spirit.

"This day you leave Yeshiva. But in a sense, it is not a true departure. It can never be. For as long as you live, and wherever you may be, each of you is a part of Yeshiva—as Yeshiva remains a part of you.

"I have spoken of culture as not a mere word—or a mere intellectual experience—but as an adventure of the mind and of the spirit. This concept—this true and valid concept—represents the ideal on which Yeshiva was founded—the ideal which has given your great alma mater its rare distinction and impressive reputation in the field of higher learning in America. Since its founding 75 years ago, Yeshiva has prepared its graduates not merely to make a living—but, if I may so put it—to make a life—a life that is enriched because it enriches other lives—a life of involvement that leaps beyond the narrow circle of self-interest to reach the greater, ever-widening circles of community, of nation, of world, of humanity itself.

"And the secret of Yeshiva's success is simple. It is an open secret. Here at Yeshiva it is not only the intellect that attends classes. The human spirit has its curriculum, too—and it learns the timeless, abiding truths—the ancient, hallowed precepts born deep in centuries past, yet today as fresh and meaningful for man as when they were first inscribed as the Judaic books of life. Yeshiva remembers what it is imperative to remember—that intellect is a dimension of culture—not its totality—that only when mind and heart and soul are equated—each bringing what it alone can bring—does the full flowering that is culture justify its name, its meaning, and its ultimate purpose.

"Today, unhappily, not only is culture considered as an intellectual attribute, solely, but in the spirit of the times, it has been made a kind of concentrate—as though mental food were just another food—and 'instant culture'—attractively packaged is offered for sale in the marketplace.

"Indeed, I recently saw a magazine advertisement for a course in 'instant French.' By some osmotic process, presumably, one speaks French on mere exposure to the language. I am sure that such French would be instantly incomprehensible.

"In this same connection, I am about to say something to you that would be academic heresy in many American colleges and universities. I mean, those seats of learning where pure intellect is enshrined and venerated—where spiritual and moral values are neither in the catalog nor in the curriculum.

"And so, consider with me for a moment this somewhat soul-searing fact. Soul searing to those who worship at the shrine of pure intellect. We have developed in this Nation machines which prove dramatically, conclusively, incontrovertibly—that intellect is not an inalienable possession and prerogative of man.

"Indeed, the computers—those 20th century thinkers which, like man, require only to be fed information to provide the answers—have, in an intellectual sense, antiquated man as a thinking organism. You recall the song, 'Anything You Can Do, I Can Do Better.' Well, that is the chant of the computers. They excel man in speed, in accuracy—and, heaven forbid, in perfection. Mistakes are written into intellectual man. They are machined out of intellectual computers. That is precisely why the world of intellect is not the total world of man—and that is why Yeshiva is so magnificently right in insisting upon a program of studies wherein the brain is not the only student, but wherein the heart and soul are enrolled as well.

"This reminds me—and because commencement is a joyous occasion, joy, too, is here in cap and gown—this reminds me of a little story I heard recently. Or possibly, I imagined it. Anyhow, here it is. A very refined computer—a most sophisticated computer—is accepted by Yale. Yale couldn't very well turn it down, since it had got nothing but A's in its college board examinations—and, besides, it had an IBM scholarship.

"So, this computer, let's call it Socrates, goes to Yale. For the whole 4 years, it engages in everything curricular, but nothing extracurricular—not even the Yale-Harvard game. Socrates' average—and this won't surprise you—is straight A's. Absorbing information infallibly, you see, and regurgitating it without a misplaced comma. Then, in his senior year, Socrates, the computer, has a most transistor-shattering experience. In his comprehensive final examination—on which graduation depends—he flunks totally, but totally—and abominably. Only about 30 percent of the questions answered. The people from IBM who had come to New Haven for Socrates' commencement are shocked beyond words. Then comes the technical explanation. If Socrates hadn't blown a fuse, one-third of the way through the examination, he would have graduated first in his class.

"The essence of this story is that in certain delimited areas intellect is mechanically perfectible by mechanical simulation beyond individual man's power. Man has devised machines that ape and exceed the intellect—yet this exquisite precision—this sophistication—this precocity remain the machine's only challenge to the total personality of man—remain a one-dimensional challenge. For machines can be taught arithmetic, but not compassion. They can provide a statistical picture of the universe—but they cannot color that picture with understanding—they cannot retouch it with reason—they cannot ennoble it with love or transform it with inspiration. It is because Yeshiva—your alma mater—is a true mother that she has given you this great and abiding truth: that life is not a mere intellectual experience—but an adventure of the soul.

"Your final examinations are not over—for life is the ultimate test of who you are and what you are—and that test requires answers not from your brain alone, but from your heart, from your conscience, from the deepest reaches of your soul.

"Yeshiva has prepared you fully, admirably, for that examination which lasts a lifetime. She has taught that you are inheritors of an ancient, a great and a noble religious tradition and, that at the same time, you are the trustees, the custodians of that tradition—that it lives only as you give it life—that it is enriched only as you enrich it.

"The timeless spiritual and moral values of the Jewish religion are more than the foundation on which you build your life. They are, as well, the blueprints that guide the building—day by day—and without which the structure of your life has neither form nor meaning. There are nations that have attempted to make the state a deity, to legislate traditional religious values out of existence, to channel the deep impulses and yearnings of the soul into the worship of man made gods—productivity and power. But a state based on walls and chains is not man's true destiny any more than gross national product is man's ultimate aspiration.

"In this regard, there is a story you may have heard, but it is so pointed that it is worth retelling.

"A Russian citizen named Igor had taken three phases of an examination for the coveted post of people's garbage disposal deputy, and having done well was called to Moscow for the ideological inquiry.

"The first question put to him by the examiners was: 'What is your attitude toward religion?'

" 'Religion is a capitalist fantasy,' Igor replied.

" 'And what do you think of churches and synagogues?'

" 'Churches and synagogues,' said Igor, 'are symbols of decadent democracy and reaction. They should be burned and their ashes dumped in the ocean by the enlightened working classes.'

" 'That's all,' the examiner said. 'You will be notified.'

"Igor went outside where a waiting friend asked, 'How did it go, comrade?'

" 'I feel very optimistic,' Igor replied. 'With God's help it's possible I passed the examination.'

"As you leave the world of Yeshiva today for the larger world of challenge and opportunity that lies ahead, I would counsel you to cherish deeply and forever the values that Yeshiva has nurtured and strengthened—because you take nothing more priceless from these beloved halls. Yours must be a life of involvement in humanity—and such an involvement is implicit in those eternal values of which I spoke. Today no man can wrap himself up in a cocoon of self-interest without making it the death shroud of his spirit as a man.

"The circle of your career may be delimited, but let the circle of your concern be the circumference of the globe. Alexander Pope once wrote, 'The proper study of mankind is man'—today, one might truthfully paraphrase this as 'the proper preoccupation of man is mankind.'

"And now what remains for me to say but Godspeed on your journey—and may the lives and careers of each one of you be the proud gifts you bring back one day to offer, as tokens of remembrance and affection, to the alma mater that your hearts will never leave."

CAPTIVE NATIONS WEEK

Mr. SCOTT. Mr. President, the Captive Nations Week Resolution—Public Law 90—of which I was a cosponsor, authorizes and requests the President of the United States to issue a proclamation declaring a week in July to be Captive Nations Week. For the past 3 years this week has had a special and significant meaning to those citizens of the United States who came to this country as refugees from the encroachments of the Soviet Union and to those people, still behind the Iron Curtain, who were not fortunate enough to escape. The response to the resolution in the United States was highly gratifying to those of us who sponsored it.

Equally satisfying was the reaction behind the Iron Curtain. The hysterical denunciation of the Captive Nations Week, indeed of the very idea of captive nations, by numerous Communist leaders clearly showed fear typical of rulers of slave states.

Mr. President, there is much criticism today of colonialism but too often such criticism is oddly selective. Some so-called neutralist nations fail to recognize that Soviet colonialism is probably the most extensive and thorough form of exploitation ever to appear in the history of the world. But it is precisely Soviet colonialism which should be exposed and condemned because it forms an active malignancy in international relations.

Mr. President, the purpose of the Captive Nations Week is to manifest clearly to the people under Soviet domination the historic fact that the people of the United States share with them their aspirations for the recovery of their freedom. In view of this purpose, I hope that President Kennedy will proclaim Captive Nations Week this year as an indication of our continued opposition to colonialism of all forms.

PUBLIC WELFARE AMENDMENTS OF 1962

Mr. MANSFIELD. Mr. President, is there further morning business?

The ACTING PRESIDENT pro tempore. Is there any further morning business? If not, morning business is closed.

Mr. MANSFIELD. I ask unanimous consent that the unfinished business be laid before the Senate and made the pending business.

The ACTING PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the Morton amendment in the nature of a substitute for the Anderson amendment.

Mr. ROBERTSON. Mr. President, good health is vital to our economic as well as our physical strength. That is true not only for the elderly but also for the middle aged and the young. There is much wisdom in the saying that "the health of nations is more important than the wealth of nations."

In this country, inflation has hindered our ability to attain and preserve good health. Although personal incomes have increased, medical costs have risen even faster. Other living costs have gone up, too. These developments have made it harder for people with limited savings and income—including the elderly—to meet their medical expenses.

To benefit persons aged 65 years and over, the proposal now before the Senate would inaugurate another Federal health insurance program, even though a Medical Assistance for the Aged Act was passed as recently as 1960. This proposed program—to be financed largely by increasing taxes and coverage under the social security and railroad retirement systems—would do nothing to retard or reverse the rapid rise in the cost of medical care. On the contrary, it would tend to underwrite whatever the prevailing level of medical expenses might be. Rather than help to reduce medical costs, the proposal would shift the prevailing cost burden to favor one segment of the population selected solely on the basis of age rather than of need.

For these and other reasons that I shall mention later, I oppose this proposal. I urge my colleagues to do likewise.

We do not suffer today from any shortage of health insurance protection plans. Numerous plans and programs are now in operation. More and more persons, including the elderly, have been coming under private health insurance plans offered by many types of insurers. These programs may take the form of Blue Cross or Blue Shield plans, guaranteed renewable-for-life policies, prepaid group practice programs, pension plans, veterans benefit programs, old-age assistance plans, and many others.

Two years ago, the Medical Assistance for the Aged Act, Public Law 86–778, was approved. This Kerr-Mills law authorizes 50- to 80-percent Federal grants to States to help "furnish medical assistance on behalf of aged individuals who are not recipients of old-age assistance but whose income and resources are insufficient to meet the cost of necessary medical services." I supported that legislation. I believe that it is entitled to a fair trial in the field before any new scheme may be considered seriously.

The Kerr-Mills law was signed on September 13, 1960. It has been in effect only a short time. Yet the Senate is now asked to pass upon an additional plan that would go far beyond this existing legislation.

The features of the proposal differ drastically from the Kerr-Mills law provisions that were approved by the Congress and the President. The proposal would be financed largely through the social security and railroad retirement systems; the Kerr-Mills law is financed solely through appropriations. The proposal would cover nearly all persons aged 65 years and over, regardless of need; the Kerr-Mills law limits aid to elderly persons, not receiving old-age assistance, who are needy. The proposal would cover only a portion of the average medical costs that elderly persons are likely to incur even during a limited period of time; the Kerr-Mills law is designed to be more inclusive. The proposal would require little administrative participation, and no financial participation, by the States; the Kerr-Mills law works solely through the States which must contribute from 20 to 50 percent of the total assistance. The proposal would involve expenditures estimated to exceed more than $1 billion in the first year, and billions more later—far in excess of outlays under the Kerr-Mills law.

Despite its novel features, this proposal has been brought up without any formal prior consideration by the Senate. The health insurance proposal was first introduced early last year (S. 909), but no hearings on it have ever been held in the Senate. Several new amendments to this proposal were first set forth in the CONGRESSIONAL RECORD only a few days ago. No hearings have been held, either, on these amendments.

We have had no chance to examine publicly through hearings how far the proposal might go in extending Federal control as well as Federal aid over the entire field of medicine. We have not been able to find out how the proposal might affect the operation of our medical institutions, the quality and type of medical services, the charging of medical fees, or the degree of free choice that beneficiaries would be permitted, by regulation, to exercise. We have no public record in the form of Senate hearings to guide us.

Even without the benefit of Senate hearings on the proposed program, I have serious reservations about the use of compulsory payments under the social security and railroad retirement systems to underwrite a health insurance scheme based on age rather than need. The billions of dollars in expenditures that would be made under this program would have to be offset by billions of dollars of additional taxes raised largely from social security and railroad retirement contributions. Yet even if this proposal is not adopted, a substantial increase in such taxes is already scheduled.

At present, the social security contribution rate payable by employers and employees is 3⅛ percent each upon the first $4,800 of wages and earnings, or a combined total of 6¼ percent. The rate payable by the self-employed is now 4.7 percent. Beginning next year, existing law requires these rates to be increased from time to time until the year 1968. By then, both employers and employees will be taxed at a rate of 4⅝ percent, or a combined total of 9¼ percent. The self-employed will be paying 6.9 percent.

High as these tax rates are, the proposed health insurance program would levy an additional combined tax of one-half of 1 percent, to be shared equally by employers and employees, and an additional tax of three-eighths of 1 percent upon the self-employed. The maximum amount of annual wages and earnings subject to the social security tax would be raised to $5,200 from the present level of $4,800.

Under the railroad retirement system, the current tax schedule calls for a combined rate of 14½ percent upon the first $400 of monthly earnings, to be shared equally by contributions from employers and employees. Starting in 1965, these rates will be raised at intervals until the year 1969. By that time, both employers and employees will be paying 9⅛ percent, or a combined total of 18¼ percent. An additional combined increase of one-half of 1 percent would, of course, be required under this proposed health insurance program, plus an increase in the wage base to cover beneficial benefits.

Despite the high contribution rate under the railroad retirement system, a substantial actuarial deficiency now exists in the railroad retirement account. At pages 8 and 9 of the Railroad Retirement Board's 1962 Annual Report, it is stated:

> Actually, as indicated by the recently completed triennial valuation of the system, there was an actuarial deficiency on December 31, 1959, amounting to 1.69 percent of the level taxable payroll, equivalent to $73 million annually. Adjustments for the 1961 Amendments to the Railroad Retirement and Social Security Acts and for the actuarially insufficient tax rates during 1960 and the first half of 1961 have increased the deficiency to 1.79 percent of taxable payroll, or $77 million a year, as of June 30, 1961.

The proposed health insurance plan would do nothing to improve the situation.

In summary, the health insurance proposal would be financed through the social security and railroad retirement systems by levying heavier taxes and by broadening the tax base. These additional taxes would be imposed even though social security taxes of as much as 9¼ percent for employers and employees combined, and 6.9 percent for the self-employed, are scheduled under existing law to take effect only 6 years from now. Part of this scheduled increase in social security taxes will come into operation next year, at the very time the administration has indicated that general income taxes should be reduced.

Additional taxes would also be levied under the railroad retirement system, even though contribution rates of as much as 9⅛ percent each for employers and employees, or a total of 18¼ percent combined, are slated under the existing law to be imposed only 7 years hence. The additional health insurance taxes would not ameliorate the existing actuarial deficiency in the railroad retirement account—a deficiency which might well be offset only by raising contribution rates still more. All these taxes, of course, would be payable along with regular corporation and individual income taxes.

Heavier taxes toward financing the proposed health insurance plan would be imposed only upon contributors to the social security and railroad retirement systems. Persons not covered by either system would pay no direct contribution, although nearly all of them would be eligible for a full range of medical insurance benefits. For these persons, the cost of the health insurance program would be financed through appropriations from the general fund of the Treasury. In the first year alone, the estimated gross cost to be met from appropriations would come to about $250 million. It is said that part of this cost would help to offset Federal medical care outlays that otherwise would be made under existing public assistance and veterans' programs.

As a result, persons contributing toward social security or railroad retirement would pay more than their fair share for the health insurance plan. They would pay once through increased taxes under social security or railroad retirement. They would pay again through general income taxes.

All these taxes would go toward supporting a massive compulsory insurance program, whether or not contributors needed coverage. Rich and poor alike would receive equal consideration, regardless of their ability to meet their own medical needs. Benefits would be available to all 14.5 million persons aged 65 years and over now under the social security system and all 500,000 or so persons aged 65 years and over now under the Railroad Retirement Act. Benefits would also be available to about 2½ million aged individuals not now a part of those systems. That would be the case even though both the retired and the uninsured would have made no contribution whatsoever toward the health insurance plan.

What would these benefits cover? Too little discussion, in my opinion, has been given to the matter of coverage. In many cases, a substantial portion of medical expenses would apparently be ineligible for insurance benefits.

To cite only a few items, physicians' fees for surgery, home, office, or hospital visits would be excluded, and so would drugs and medicines not supplied in a hospital. Inpatient service of general hospitals for stays in excess of 90 days would be excluded; so would skilled nursing home services after 180 days. Any services provided by mental or tuberculosis hospitals would be excluded completely.

For each of the first 9 days in a general hospital, an insured patient would have to pay a deductible amount of $10 a day, with a minimum deductible amount of $20 and a maximum of $90. An outpatient would have to pay $20 for each hospital outpatient diagnostic study.

The range and cost of services not covered by the proposed plan argue further, I believe, for public hearings that would put these facts on the record for all to study.

No matter what costs may be covered under the program, there appears to be a lack of agreement between Government and private actuaries whether the costs could be met satisfactorily by the proposed increases in social security and railroad retirement taxes and coverage, and additional appropriations. Here again, we need the benefit of Senate hearings to throw light upon some of the problems involved in determining how adequate the financing provisions may be.

Mr. President, for all these reasons I believe that it is premature to act without an extended consideration of this proposal in the form of hearings, committee action, and floor debate. It is premature to act before we have had a chance to observe the operations of the Kerr-Mills law, approved less than 22 months ago. It is too early to observe how effectively this program will work in many States. In my own State of Virginia, legislation authorizing participation in the Kerr-Mills program was enacted this year, and funds appropriated for this purpose will become available in 1964.

In other words, Mr. President, this is no time to rush into a vast new program of health insurance involving billions of dollars of expenditures even in the first few years. We already have a program, endorsed by the Congress, the President, and the States, that is just getting underway.

Consequently, I oppose the proposed plan, and shall vote against it.

Mr. ROBERTSON. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERTSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ELIMINATION OF RACIAL SEGREGATION IN FEDERAL HOUSING

Mr. JAVITS. Mr. President, I was very much interested in the answer of the President yesterday during his press conference to one of the questions asked of him which related to an Executive order that would eliminate racial segregation in federally financed housing. The President said:

> Question. Mr. President—Mr. President, I believe you've been in office about 17 months now and still haven't signed that order against racial segregation in federally financed housing. Could you tell us when you do plan to sign that?
>
> Answer. I will announce it when we think it would be in a useful and appropriate time.
>
> Question. You will sign it before the end of your term?
>
> Answer. I have said already that I would meet any commitments of that kind that I've made. We have carried out a great many activities in the field of civil rights, Executive action and—including action by the Department of Justice and others—and I will take action as it appears that they will accomplish the result which we want to accomplish, which is providing equal opportunity. Yes?

The "yes" related to another question.

Mr. President, the President of the United States should not be allowed to have that statement stand unchallenged. The President has now been in office almost 19 months. I would like to recall to the President what he said on the subject when he was campaigning. For example, on October 12, 1960, speaking before the National Conference on Constitutional Rights and American Freedom at the Park Sheraton Hotel in New York, and referring to the subject of discrimination in housing, the President said:

> As you have indicated, many things can be done by a stroke of the Presidential pen.

I point out that we are talking about housing with some kind of Federal support or Federal guarantee.

On August 8, 1960, in a speech that he made to the Leadership Conference on Civil Rights in Washington the President said the following:

> Let me give one example of an important immediate contribution that could and

> should be made by the stroke of a Presidential pen.
>
> Eleven months ago the Civil Rights Commission unanimously proposed that the President issue an Executive order on equal opportunity in housing. The President has not acted during all this time. He could and should act now. By such Executive action he would toll the end of racial discrimination in all Federal housing programs, including federally assisted housing.
>
> I have supported this proposal since it was made last September. The Democratic platform endorses it. A new Democratic administration will carry it out. But there is no need to wait another 6 months. I urge the President to act now.

The President of the United States has waited 19 months and has not yet acted. He shows no promise of acting unless—and this is what concerns me—he intends to act in connection with the coming congressional campaign in 1962. It seems to me clearly indicated by the statement of the President that he may have something like that in mind.

I do not think such an attitude does any credit to the entire civil rights issue. I believe I am a suitable person to make that statement. We have always prided ourselves on the fact that the issue was a bipartisan issue. We contributed to it fully, as did Senators on the other side of the aisle who were like minded.

I hope very much—and, in terms of the future of the issue itself, I think it would be most unwise to do differently—that the issue will not be used in such a way that it can be characterized as an aid or a prop in the congressional campaign at the end of 1962.

Mr. President, the action should have been taken within a few months after the President took office. He himself turned up his nose after 6 months had elapsed, as I have quoted. At the very latest, action should have been taken in the first year. It is now 19 months, and we now have clear notice that the President will act when he thinks the right time has come. There are very unhappy rumors afloat that he thinks the right time will be in connection with the congressional campaign of 1962.

I am not worried that the President might take such action in connection with a congressional campaign. It would be as welcome then as it would be at any other time. People would not be confused by the fact that any largess is being conferred upon them because of the campaign. But I make my statement today because I do not think delay helps the issue. I think it is very harmful to the issue in terms of what will happen not only on the question of housing, but also on the questions of employment, education, voting, and all the other issues which are concerned in the civil rights field. Now there is added evidence of the fact that the issue may be used as a useful political tool to be called upon at campaign time, and otherwise to be neglected.

I think one of the really serious failures of the present administration has been the fact that it has failed to come with vigor and authority to the Congress for legislation in the civil rights field.

A week or two ago I had occasion to make some statements about the President's committee which is seeking to eliminate discrimination and segregation in employment among Government contractors. I dealt with the relationship of a man named Trautman as a member of that committee, and a so-called voluntary program which he is carrying on. In that connection there was a glaring area in which proposed legislation was absolutely essential. It was a field in which the Eisenhower administration had asked for legislation. Proposed legislation was before us. It was unsuccessful in the Senate, but it was before us and it had the support of the Eisenhower administration. Such action would be the best evidence of good faith that the committee will be properly conducted if the Congress has an opportunity to look into the subject and underpin desire with the necessary legislation. Notwithstanding the clouds of doubt which now surround the committee, the administration has not come forward to request legislation even in that elementary field.

I believe it has been the considered policy of the present administration to avoid the Congress on the civil rights issue. The President may have rationalized and excused himself on the ground that he was trying to keep at a minimum opposition from powerful committee chairmen from the South who entertain strong views on the subject, or from other Senators or Representatives from the Southern areas of the country who entertain strong views, and that therefore he was subserving his main program. There should be no appeasement on such a moral issue. Nonetheless, that has been the policy of the present administration. Therefore, I believe it is all the more reason why, when it comes to action in the executive department—when it comes to the "stroke of the pen" action which the President himself referred to in his own campaign speeches almost 2 years ago—there is a very great duty on the part of the administration to undertake it.

I am proud to say that in our own State of New York there has been great progress in the civil rights field. In the city of New York there is now a very tight law against discrimination and segregation in housing, including private housing.. In the State of New York we have materially increased the ambit of our law and the power of our administration.

However, in the Federal Government the President, notwithstanding his manifest convictions on that score, has stayed his hand. He has not acted. Now we have an intimation that there will be some political action. As I have said, any time such an order is made it will be welcomed. Nevertheless, I think it demeans, embarrasses, and handicaps the whole issue in terms of the Congress when it is utilized in that manner.

So I address a plea—a request, if you will—that the right time to resume is "to resume," as has been said in a famous quotation. The President having stayed his hand all this time in respect of the stroke-of-the-pen order, it is not too late yet to separate the issue from the politics of the congressional campaign and to confine it to the kind of bipartisan support which the cause has generally enjoyed in the Congress.

The thing to do, if it is the right thing, is to do it now, and not to defer action. The President has affirmed and campaigned on that point. If it is right and moral, it should be done now and not deferred again, as deferral gives clear intention that it will be done for reasons and connections which in my view are unwise and prejudicial to the success of the fundamental issue that is involved here.

I hope the President will make this stroke-of-the-pen order. It is high time and long overdue. If he will do so, it will eliminate, so far as the Federal Government is concerned, segregation and discrimination in federally assisted housing.

TURKEY MARKETING ORDERS

Mr. AIKEN. Mr. President, since the New Frontier came into being, and since the Department of Agriculture has changed leadership, there has been great pressure put upon the Congress and upon the country to change our agricultural programs. It has been held forth that if farmers were only given a chance, they would vote overwhelmingly for a change in our agricultural programs; that they would gladly trust their fortunes to the executive branch of the Government and curtail their production in exchange for Government controls.

It appears that the administration felt that the turkey growers were the most likely candidates to accept the proposal of curtailed production and Government controls, and that it was expected that the turkey growers would accept such a change in the agricultural law by an overwhelming vote.

Consequently, the Department of Agriculture submitted a proposed national marketing order for turkeys to a referendum vote during the week of June 18 to 22.

I have in my hand a press release which was issued by the Department of Agriculture, but which was not given much coverage in the publications which the Department of Agriculture usually uses to set forth its releases. The release shows that the turkey referendum, instead of being overwhelmingly approved, was overwhelmingly defeated by the turkey growers of the United States. Only four States agreed to the proposal whereby the Federal Government would control production. Three of these States are small turkey-producing States. In Georgia only 58 turkey growers voted. In Kentucky only 47 turkey growers voted. In South Dakota only 40 turkey growers voted. In Wisconsin, which does have a substantial number, 240 turkey growers voted.

It was significant that this proposal for a nationwide turkey marketing order was so overwhelmingly defeated. Let us take, for example, the State of Kansas, where we had been given to understand that the farmers of that State were literally leaning against the rope trying to get under Government controls. In that State only 9.8 percent of the turkey growers voted to get under controls so far as turkeys were concerned. Take the home State of the New Frontier, Massachusetts. Only 18½ percent of the turkey growers in that State voted for a nationwide marketing order and Government controls.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. DIRKSEN. As I understand, first, this was to be a national marketing order.

Mr. AIKEN. Yes.

Mr. DIRKSEN. Second, it was to impose a limitation on the number of turkeys that a grower could produce and sell.

Mr. AIKEN. Yes.

Mr. DIRKSEN. Third, it was to put a limitation on the number of hatching eggs that a producer could produce and sell. Is that correct?

Mr. AIKEN. The Senator is correct. They were the type of controls that the administration would impose not only on turkeys, but also on dairy products and other products. The State of Illinois did not do overwhelmingly well by the New Frontier, because only 31 turkey growers voted for controls, and 107 voted against it. Only 22½ percent were anxious to get their necks in the Government noose.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. KEATING. What was the turkey situation in New York?

Mr. AIKEN. New York did not go for the New Frontier too hard: 18.4 percent of the turkey growers voted for controls; 81.6 percent voted against it.

Mr. KEATING. How many turkey growers voted in New York?

Mr. AIKEN. That takes a little explanation. Nine voted for controls and 40 against. It should be understood that only the largest growers and hatchers were permitted to vote. Therefore 80 percent of all the turkey growers in the United States were not permitted to vote in the referendum. It was to be expected that some of the larger growers would promote this system of Government controls, because Government controls mean more controls for themselves and the elimination of the smaller producers.

Mr. KEATING. What was the basis for excluding the small growers?

Mr. AIKEN. Anyone who produced less than 3,600 pounds of turkeys in 1961 was excluded from voting.

Mr. KEATING. Why was he excluded? Why would he not have the same right to vote as a big producer?

Mr. AIKEN. Well, I suppose the Secretary of Agriculture felt that those producing less than 3,600 pounds of turkeys were inconsequential; and only the large producers were permitted to vote.

To show that the very large producers were the ones who favored a nationwide program and system of controls, we find that while only 43.4 percent of the number of growers that were permitted to vote favored any controls, 50 percent of the volume favored controls. That indicates that the large growers supported controls. It is understandable that they should do so. I was going to comment on other States. The State of Minnesota, which was supposed to go overwhelmingly for controls, showed that 390 voted for controls, and 476 voted in opposition.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. PROXMIRE. As long as we are talking turkey, I wanted to ask the Senator about my State. He said that a substantial number voted in Wisconsin. What was the vote?

Mr. AIKEN. The vote in Wisconsin was 180 for controls, and 61 in opposition. I just cannot understand that myself. It means that someone worked hard in Wisconsin and persuaded 74.7 percent of the turkey growers to vote in favor of controls.

Mr. PROXMIRE. The ones that were not permitted to vote would not be restricted in their production. Is that not correct?

Mr. AIKEN. Only those that produced 3,600 pounds or more were permitted to vote.

Mr. PROXMIRE. The ones who were not permitted to vote would not be restricted.

Mr. AIKEN. They would be restricted in this way. Under controls, the hatcheries would be in a few hands. As I recall, one of the serious objections to the program was that a few hatchers could control the sale to competing growers.

It was really an effort to concentrate the controls over the poultry industry, first, in the hands of a few large producers, but ultimately in the hands of the Federal Government.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the entire release, dated June 29, 1962, and the table which appears on the reverse side of the release.

There being no objection, the release and table were ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF AGRICULTURE—TURKEY GROWERS TURN DOWN NATIONAL MARKETING ORDER

Growers voted down a proposed national marketing order for turkeys in a referendum held June 18–22, according to preliminary results announced today by the U.S. Department of Agriculture.

Out of a national total of 7,188 producer votes cast, 3,116 growers or 43.4 percent of those voting favored the marketing order program. These votes represented a marketing volume in 1961 of 845,241,000 pounds of live turkeys or 50 percent of the total volume voted.

Voting against the order were 4,072 producers, 56.6 percent of the total producer vote, representing 844,626,000 pounds of turkey marketed in 1961.

A marketing order program cannot be put in effect unless it is approved by at least two-thirds of the growers voting in a referendum by number or by volume of production.

The favorable vote fell short of the required two-thirds majority of those casting ballots by 23.2 percent of those voting and by 16.6 percent of poundage.

The total marketing volume voted amounted to 1,689,876,000 pounds, which represents 90 percent of the 1,878,381,000 pounds of turkeys produced in the United States in 1961.

Eligible to vote were producers who marketed more than 3,600 pounds of turkeys in 1961.

The turkey marketing order was proposed by the industry and formulated under existing legislation as a means of stabilizing prices to producers, many of whom lost heavily in 1961 as a result of overproduction.

Preliminary results by States follow (because of the relatively small vote in these States, results from the States of Arizona, Idaho, Louisiana, Maine, Mississippi, Montana, Nevada, New Hampshire, New Jersey, New Mexico, Rhode Island, Vermont, and Wyoming have been combined to avoid the possibility of disclosing voting by individuals.)

State	Voters			Live weight of turkeys		
	Number for	Number against	Percent for	For	Against	Percent for
Alabama	17	22	43.6	3,251,642	2,254,015	59.1
Arkansas	81	132	38.0	15,439,291	32,434,155	32.3
California	383	241	61.4	181,780,734	109,405,014	62.4
Colorado	66	46	58.9	17,371,583	14,586,173	54.4
Connecticut	5	9	35.7	1,999,733	1,671,230	54.5
Delaware	16	14	53.3	2,737,698	1,736,403	61.2
Florida	8	5	61.5	1,658,429	466,770	78.0
Georgia	46	12	79.3	10,222,432	2,623,103	79.6
Illinois	31	107	22.5	5,577,821	28,211,430	16.5
Indiana	184	232	44.2	34,576,360	45,804,636	43.0
Iowa	307	477	39.2	80,406,658	83,667,681	49.0
Kansas	19	175	9.8	3,569,440	15,537,369	18.7
Kentucky	36	11	76.6	17,456,960	661,047	96.4
Maryland	4	53	7.0	705,054	3,346,957	17.4
Massachusetts	5	22	18.5	1,141,277	3,995,776	22.2
Michigan	25	109	18.7	5,201,536	17,935,152	22.5
Minnesota	390	476	45.0	134,944,069	102,281,577	56.9
Missouri	339	247	57.8	58,462,570	46,570,372	55.7
Nebraska	41	76	35.0	8,982,624	16,607,959	35.1
New York	9	40	18.4	3,317,137	6,977,488	32.2
North Carolina	76	64	54.3	22,432,049	34,509,199	39.4
North Dakota	85	77	52.5	11,300,790	8,827,213	56.3
Ohio	100	200	33.3	24,085,842	31,003,393	43.7
Oklahoma	63	110	36.4	11,624,871	15,754,374	42.5
Oregon	53	97	35.3	8,511,443	17,065,847	33.3
Pennsylvania	32	150	17.6	4,991,842	25,529,815	16.4
South Carolina	38	26	59.4	9,286,993	6,742,083	57.9
South Dakota	29	11	72.5	7,722,966	4,972,118	60.8
Tennessee	5	6	45.5	576,508	1,478,173	28.1
Texas	213	282	43.0	36,507,854	40,801,992	47.3
Utah	39	175	18.2	13,500,604	56,439,968	19.3
Virginia	113	181	38.4	21,861,619	30,613,803	41.7
Washington	21	29	42.0	3,369,998	7,488,000	31.0
West Virginia	47	39	54.7	5,672,407	5,001,135	53.1
Wisconsin	180	61	74.7	73,531,503	10,857,496	87.1
Other States	10	58	14.7	1,310,931	10,617,098	11.0
Total	3,116	4,072	43.4	845,240,957	844,625,914	50.0

Mr. DIRKSEN subsequently said: Mr. President, the distinguished Senator from Vermont has discussed the turkey growers' referendum and has inserted in the Record some information with respect thereto.

On June 18 there appeared in the Chicago Tribune a timely editorial under the title "Rigged Referendum." I think the editorial should be printed in the Record, and I submit it for that purpose.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Chicago Daily Tribune, June 18, 1962]

Rigged Referendum

Any election in which 85 to 90 percent of the prospective voters were ruled ineligible to cast ballots would stir vehement protests from the electorate. Yet that is precisely the kind of election that Secretary of Agriculture Orville L. Freeman proposes in the national referendum for the turkey industry, which began yesterday and will continue through Friday.

Of an estimated 70,000 turkey growers in the United States, no more than about 10,500, and possibly as few as 7,000, will be eligible to vote on whether the supply and prices of turkeys should be regulated by a nationwide Federal marketing order. If the order is approved, it will be the first price-fixing regulation of its kind ever applied to any agricultural commodity on a nationwide basis, and will establish a precedent for similar orders to regulate other segments of the livestock industry, which up to now has remained free of Government controls.

Ineligible to vote under the rules of the referendum are the small producers, defined as those who last year marketed less than 3,600 pounds of live turkeys (fewer than 200 birds). Also ineligible are producer-handlers who grow and process not more than 100,000 pounds of live turkeys (about 5,500 birds) in their own facilities and who do not buy or sell more than 5,000 pounds of live turkeys from other sources. This leaves eligible to cast ballots only the 10 to 15 percent of the growers who account for approximately 90 percent of the Nation's turkey production. Many of these are the big operators who produce hundreds of thousands and even millions of pounds of turkeys and who can afford to cut back production by a given percentage without feeling the pinch that a smaller grower would feel in having to cut back by the same percentage.

It is true that those who are ineligible to vote would be exempt from provisions of the order, except that they would be prevented from expanding production beyond the prescribed minimums for voting eligibility without consent of an administrative committee set up under Mr. Freeman.

As the American Farm Bureau federation points out, "This approach is contrary to the American system, which has traditionally encouraged people to change by reducing or expanding their operations to better themselves and is certainly contrary to the objective of helping the family farm. Most of the growers who now produce thousands of turkeys started with fewer than 200 turkeys."

It is perhaps more than a curious coincidence that the regulations governing eligibility of producer-handlers rule out about 5,000 growers in the northeastern part of the country where opposition to Federal control of the turkey industry is particularly strong.

To become effective, the order has to be approved by a two-thirds majority of the voters, but here again the odds are stacked in Mr. Freeman's favor. He can rule the order approved on the basis of either numbers of voters or volume. On a volume count, a producer with 100,000 turkeys has 4 times as many votes as one with 25,000 turkeys, which means that a few voters with extremely large production could impose their will on the majority.

Mr. Freeman has, from time to time, expressed a dim view of the free market as a means of solving the economic problems of agriculture. Looks as if he doesn't like the free ballot, either.

FARMERS REJECT MANDATORY CONTROLS

Mr. AIKEN. Mr. President, Wallaces Farmer, published in Iowa, certainly cannot be considered as hostile to the present administration. Iowa claims to be the greatest agricultural State in the Union, although there are other States which would dispute that claim. Nevertheless, Wallaces Farmer from time to time conducts polls among its readers, practically all of whom are farmers, mostly in the State of Iowa. I have noticed over the years that those polls have been pretty accurate.

In the July 7 issue of Wallaces Farmer, which came this morning, I noticed an article entitled "Only 28 Percent Favor Mandatory Controls." I ask unanimous consent that the article may be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Only 28 Percent Favor Mandatory Controls

Secretary Freeman nursed an unpopular farm bill through the Senate and almost through the House. If it had passed, it would have meant new rules for Corn Belt farming.

Farmers would have been forced to make a choice between mandatory acreage controls and the free market for 1963. The decision would have been a tough one for many farm operators. The flexibility to adjust farm operations to changing situations would have been lost on one hand. The other choice would have brought bankruptcy to many farmers who are heavily in debt.

Defeat of the administration bill was both hailed and damned. Here are some comments from farm organizations.

National Farmers Union: President James G. Patton charged that "the House vote * * * indicates that profiteering and pure political chicanery are still guiding Republican-Farm Bureau farm policy, to the detriment of the farmers and the taxpayers of the Nation. * * * The sudden move for recommittal in the face of almost certain passage the bill was nothing but blatant disregard for the needs of the Nation."

American Farm Bureau Federation: President Charles B. Shuman said: "Rejection of the administration farm bill * * * was a victory for farmers, consumers, and taxpayers. The only losers were the political empire builders in Washington."

The Farm Bureau newsletter said: "Defeat of the Freeman bill leaves the Secretary free to implement the desirable features of the Agricultural Act of 1958, under which price supports for feed grains will be reduced—discouraging surplus production and encouraging market expansion."

Where do we go from here? The Benson program, with no acreage restrictions and supports for all corn grown at $1.04, will be in effect if Congress does not act. This same program piled up feed grain surpluses at the rate of 10 to 12 million tons per year in 1959 and 1960.

HOW VOTE IN REFERENDUM?

Many arguments over the now-defeated administration bill centered around this. Would two-thirds of the farmers vote for mandatory controls in return for corn supports around $1.25?

Many cross-currents are apparent. Some feel that mandatory controls will force everyone to cut his share, and that this may be the only way to save the family farm. On the other hand, the idea of forced reductions in plantings does not appeal to young, ambitious farmers on smaller farms; to dairymen and conservation-minded farmers who have kept a large acreage of forage crops; and to those opposed to any and all Government intervention in agriculture.

Administration spokesmen were confident that two-thirds would vote "yes" when the situation and the alternatives were explained to them. A Wallaces farmer poll taken the week of June 18 may shed some light—but not much—on how Iowa farmers would have voted in a feed grain referendum. We asked a fair sample of Iowa farmers:

If the farm bill now being considered by Congress passes, farmers will soon vote to pick one of two feed grain programs. Which one do you prefer?

1. Compulsory acreage quotas for farmers raising 25 acres or more corn and grain sorghum. Loan will be around $1.20 a bushel, and diversion payments will be about the same as under the present program.

2. Voluntary acreage quotas with cooperators getting loans of 75 cents per bushel or less. CCC could sell up to 350 million bushels of feed grains per year to reduce stocks.

3. Undecided.

Farmers polled voted like this:

	Percent
1. Compulsory quotas	28
2. Voluntary quotas	28
3. Undecided	44

Obviously, a great many farmers had not yet made up their minds. Many refused to select either 1 or 2. Many commented such as "neither one is any good" and "two impossible choices." In an actual referendum, if they voted, they would be forced to choose between 1 and 2. So we can only guess which way these undecided votes would have gone.

Farmers who are participating in the voluntary feed grain program this year are more willing to accept mandatory controls than those not participating. They voted 40 percent for controls, while only 14 percent of the nonparticipants voted for them.

Breakdowns as to age, size of farm, and income showed little or no significant differences. But those who voted for President Kennedy were much stronger for controls than Nixon voters—41 percent versus 13 percent. The vote for mandatory controls by farm organization membership was: Farm Bureau, 24 percent; Farmers Union, 60 percent; National Farmers Organization, 33 percent.

PUBLIC WELFARE AMENDMENTS OF 1962

The Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

Mr. KEATING. Madam President, I understand that the pending business has been laid before the Senate. Is the Morton amendment to the Anderson amendment the pending question?

The PRESIDING OFFICER (Mrs. Neuberger in the chair). Yes.

Mr. KEATING. Madam President, I desire to speak concerning the Anderson amendment. In my judgment, it is a vast improvement over the old King-Anderson bill, which it replaces. It is a far superior and more responsible approach to the health needs of the aged.

The amendment contains five new features which were not in the King-Anderson bill and which a number of my colleagues on this side of the aisle and myself felt were essential in any legislation to meet the health needs of our elderly. I shall not enumerate these five specific changes; however, I would like to take a few minutes today to show that these changes to a large degree remove the threat of Federal control over physicians and hospitals which has been advanced as a major argument in opposition to the administration's original King-Anderson bill.

The most important thing about any legislation in this field is how it helps and protects the elderly—but there are other considerations, and one of these is the impact which it will have upon the people who provide these health services. Will the doctors and hospitals involved come under the thumb of a huge Federal bureaucracy, or can means be found to accomplish our aims without subjecting these vital men and institutions to undue or excessive regulations from Washington? This is one of the major goals which we sought to achieve in working out the amendment now before us.

As far as hospitals are concerned, it provides that they shall be accredited for participation under the standards jointly established by the American Medical Association and the American Hospital Association—which together have for many years been in the business of accrediting hospitals. Only hospitals which meet these standards would be eligible under our amendment. The standards of the AMA and AHA are specific and measurable. The adoption of these standards enables us to rely on the expertise and good judgment of private citizens—rather than turn the responsibility over to a grand tzar of hospitals in some agency here in Washington.

Those few small hospitals in isolated communities which do not presently meet AHA-AMA standards will be certified—where suitable—by the Secretary of HEW who will administer a code of requirements based on the AHA-AMA standards but geared especially for exceptional cases, particularly small hospitals in out-of-the-way areas.

Madam President, as far as physicians are concerned, I remind the Senate that no doctors' services are provided under this measure. Furthermore, the option for private policies is developed so that private insurance companies will be strongly encouraged to write special policies which would take care of doctors' fees through private plans or various group health plans.

The option is designed to encourage people to obtain supplemental health benefits through private carriers at a relatively low cost. I envision that for somewhere around $3 to $6 a month in additional premiums, a person under this plan would be able to purchase a comprehensive health insurance package—including the basic benefits here provided, plus physicians' services, plus perhaps first dollar costs and some long-range protection for periods beyond the 90 hospital days which our amendment covers. Because this option is extremely easy to administer, I believe many people will take advantage of it. I hope private companies will eventually be eager to compete for this new business—which, in fact, will be made available as a direct result of this program.

Madam President, to reiterate, physicians are outside of this program altogether, hospitals are to be accredited by private experts, and insurance companies will be given an incentive to write supplemental health care policies including physicians' services, which entitles them to combine all of an individual's health insurance protection in one comprehensive policy.

While I still believe this option feature can and should be expanded, I am of the opinion that the bill before us today to a large part meets the major objections of those who are justly concerned that any new program in this field must not entail punitive or overwhelming Federal controls.

Madam President, these are not the only features of this new program which tend to avoid burdensome Federal controls. The plan we have devised explicitly permits State administration, where people would prefer it to Federal administration. It also allows private administration by groups like Blue Cross-Blue Shield or the Kaiser plan or private firms, where the providers of services and the Government can work out an arrangement to have this program privately administered.

Madam President, the social security program has been well accepted on both sides of the aisle. It sets a reasonable floor on want for retirement years. It says, in effect, that a person should have a minimal amount of food, clothing, and shelter to meet his basic needs when he retires. Who would deny that the cost and advancements of health care in modern society make it necessary that this additional protection be provided?

I think this substitute is an excellent demonstration of our ability to work together to reach a common solution to a common problem. I very much hope that this debate will yield light—and not heat and partisan inflammation. I hope too that those of my colleagues on this side of the aisle who recognize the need for health care for the aged will find it possible in the final analysis to accept this sensible and carefully framed approach to one of our greatest legislative challenges, and I urge them to give support to this revised bill.

Mr. **JAVITS**. Madam President, will the Senator yield?

Mr. **KEATING**. I yield.

Mr. **JAVITS**. I compliment the Senator on his objective and excellent analysis of the measure which is now before the Senate and thank him for his outstanding cooperation in this field. I believe it is just such cooperation that has produced the results which have been achieved so far and which lead to some hope of realizing the long held objective of medical care for our older citizens.

I join with the Senator from New York in a plea to Senators to give their most careful and considered judgment to the proposal which is before the Senate. I share with him the feeling that it satisfies essentially and basically the objections which have stood in the way of a broader acceptance of the health care plan, which has been considered ever since August 1960, and brings it to a stage where it is worthy of acceptance by all who have entertained a concern for private enterprise, private participation, freedom of choice, and State participation, so that the adjustment of benefits may become a reality, and not subject to abuse. These are the objectives which have characterized our attitude.

Mr. **KEATING**. Madam President, I thank my colleague for his remarks. All of us know that he has spent long hours, day and night, working to frame the terms of this revised measure. He has been a pioneer in the work in the field of health care, hospital care, and medical care; and he is undoubtedly as well informed on this subject as is any other Member of this body.

Madam President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks an editorial from the Rochester Democrat-Chronicle, a very fine newspaper of my home city, which I feel sure would never and could never have endorsed the terms of the original King-Anderson bill, but which a few days ago published an excellent editorial in which it endorsed the provisions of this revised bill, and urged that it be enacted into law.

The **PRESIDING OFFICER**. Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MEDICARE CALLS FOR COMPROMISE

As the issue of health care for the aged neared the discussion stage on the floor of the Senate yesterday, there appeared signs of a spirit of compromise in its best sense.

The emotionally and politically charged question has taken the form of a bipartisan measure that includes some of the stronger features of and adds some provisions woefully lacking in the administration-supported King-Anderson bill. It is the product of statesmanlike negotiations between Senator JACOB JAVITS, Republican, and Senator CLINTON P. ANDERSON, Democrat, and has picked up initial support from, among others, Senator KENNETH KEATING and the AFL-CIO.

Since this is a congressional election year, the chances are good that some kind of a health care bill will be enacted this year. As we have repeatedly emphasized, the medical care of 17 million older Americans is a responsibility that cannot much longer be postponed. The real question is how best to meet their needs.

Of all the plans with some chance of passage, the compromise proposal is the soundest and most comprehensive. Yet it provides the flexibility which both the Federal and

State levels of Government require to deal with this awesome and complex problem.

It would do what the King-Anderson bill would not do—provide benefits for 2,500,000 Americans not covered by social security. It would let States set up their own health care plans, sending participating States lump sums to provide basic health care for their aged. States could contract with private insurance firms for group policies and, if they wished, add State funds to extend benefits. It would stipulate that medical care money be kept in a trust fund separate from other social security funds. Another obvious advantage—since 75 percent of all Americans are already covered by some form of health insurance—is that the measure permits participants to continue their private insurance plans, with the Government paying part of the premiums.

Unlike the King-Anderson bill, it provides reassurance for those who fear the program might undermine the independence of the medical profession, and it preserves the freedom of choice for those preferring private health insurance. Financing would be accommodated by the vast social security machinery already in operation.

As long as most Americans believe the Government must take the initiative in the field of health care for the aged—and apparently that is true—legislation to that end should in its earliest stage be as inclusive of human need as practicable. This bill fills the glaring pockets of omission in the King-Anderson bill while lessening the risk of regimentation and socialism inherent in the administration bill. It is a measure that can be supported in good conscience.

Mr. ELLENDER. Madam President, the State of Louisiana has a long and laudable history of providing health care for the needy; and when I say needy, I mean all the needy, not just those 65 and older.

Our system was begun in the 1930's, and has grown until today we have a total of seven State-owned and operated hospitals located throughout the State. These are administered, and for the most part are paid for entirely by the State. In addition to large, well-staffed, and well-equipped hospitals, in each of our 64 parishes, or counties, we have a parish health center whose services are available to all, regardless of whether payment can be made. These health centers, I may add, are administered entirely by local personnel. Their services are financed through State and local taxes, with some assistance from the Federal Government.

In short, Louisiana has been guided by this philosophy, and I suspect that this will be true throughout the Nation: To the extent that citizens, not only senior citizens, cannot provide for their own needs, these needs become the concern of the community.

Let me emphasize the words "local community," "town," "city," and "parish." Where greater expenditures are called for, the State acts to provide such necessary facilities as hospitals.

Our general hospitals, assistance programs, and community, civic, social, and charitable groups have been the historical method of handling the medical needs of the poor. To this was added the financial assistance of the Kerr-Mills Act, passed in 1960. I feel that my State has done a good job of answering the needs of her people, regardless of whether they are covered by social security or whether they are over 65 years of age. This has been done with some Federal assistance in later years, it is true; but it has been done without Federal controls, and it has been done well.

Years ago, before introducing and enacting legislation to allow the State to participate fully in any Federal-State matching medical-care programs, Louisiana systematically and thoroughly conducted laboratories in one-third of its parishes, to learn at the community level how it could best administer for its people, and without permitting the system to be abused.

Hospitals, nursing homes, and the medical profession cooperated fully with the State in drafting procedures for financing medical assistance wherever necessary. This careful examination paid off; and I speak with assurance when I say that no one in Louisiana, of whatever age or station in life, can fail to get the needed medical attention. He or she can get it without paying a cent, if necessary, and can obtain it for as long as is required.

This has always been true in our State-owned and operated hospitals; but due to the enactment of the Kerr-Mills plan, direct payments to other hospitals are being made at a maximum of $35 a day for each patient, for a period of 10 days. If the individual's private doctor feels it is necessary, this period can be extended to 30 days. This 30-day limit can also be extended in special cases.

Direct payments to the patient's own doctor and the nursing homes have also begun. Hospitals, nursing homes, doctors, and patients have found the Louisiana system, coupled with the Kerr-Mills Act, to be adequate.

If we wish to consider only those over 65 years of age, and forget all others, it can be shown that 51 percent of the old people who are currently hospitalized in Louisiana are cared for by State aid alone, or by a combination of State and Federal aid. This is counting in the seven State owned and operated hospitals, and also the others participating under the Kerr-Mills Act.

It is true that our State hospitals are crowded. Wherever free services are to be found, there will also be found crowds. One of the most important features of the Kerr-Mills Act, though not much publicized, is to channel some of the needy from the State hospitals and nursing homes into more or less private facilities. This is a feature not to be overlooked. At present, the number of citizens who require hospitalization, and whose hospitalization is based on need, can easily be cared for by the State hospitals, with some help from those not operated by the State.

But I fear that if some version of the King-Anderson bill becomes law, not only will the State hospitals be overcrowded, but the other institutions will become overcrowded, as well. We all know that this is one of the main problems of socialized medicine, toward which this bill would lead the country. This overcrowding has troubled England's National Health Service since its beginning in 1948. Today, patients in England must wait weeks, except in extreme emergencies, before being allowed to enter the crowded hospitals. According to U.S. News & World Report, the file of applications for admission to one large London hospital shows many names that have been on the waiting list as long as 3 years. I would not want to see this situation come to prevail some day at almost every hospital in the United States.

Furthermore, Madam President, the original King-Anderson bill provides that the first $90 in expenses must be paid by the patient, as well as the normal fees for drugs and many of the extra services performed by hospitals. All fees by doctors must also be paid by those over 65 years old.

Madam President, under the rules and regulations in Louisiana, a single person can have as much as $250 monthly income—$3,000 per year—and still can qualify for assistance under the Kerr-Mills program. If he is the head of a family, he may earn as much as $325 per month—$3,900 per year—and any member of his family may qualify.

In addition, the recipient of Kerr-Mills aid may own his own home, and own property worth as much as $5,000, as long as that property can be classified as "income producing." He is allowed $1,000 worth of property that is not income producing if he is single, and $1,500 worth, if married. Also, if single, he may have $1,500 worth of life insurance, cash value, and, if married, the figure is $2,000.

In addition to these exemptions, he is allowed to own his own car, farm equipment, and any property necessary to earn his living.

These facts do a good job of fighting the argument that a person must be a pauper, or put his house up for sale, before he can qualify for assistance under Kerr-Mills. However, it should be noted that these figures do not apply in all the States. The Kerr-Mills Act says that to qualify, a person may not earn more than $1,800 per year, and allows the State to liberalize this amount if the State agrees to bear a larger share of the cost.

I am proud to say that Louisiana has done just that.

The most important differences between the original King-Anderson bill and the amendment now proposed are:

First. The amendment provides for covering everyone over 65, whether the person is covered by social security or the Railroad Retirement Act, or not. It is interesting to note that this additional coverage will be paid for out of the general revenues. This would open the door of the Treasury for later raids when the program proved to be more expensive than estimated.

Second. The amendment would set up a separate and brandnew trust fund to administer the moneys.

Third. The amendment makes provision for allowing private insurance companies, such as the Blue Cross, to participate.

Fourth. The amendment purports to make certain that the Government would in no way control the standards of doctors and/or hospitals by putting a portion of the controls into the hands of the American Medical Association and the American Hospital Association.

But the amendment still does not provide the benefits available under the Kerr-Mills Act. A patient's doctor bills would not be paid, nor would his first $90 worth of hospital treatment. In other words, $90 is deductible, and must be paid by the patient. The coverage would no doubt be expanded in later years to assist persons under the 65 age limit, and to provide fuller coverage.

At present, in Louisiana, Kerr-Mills provides for total coverage to give the needy complete medical coverage, doctor fees, drugs, hospital and nursing home care, and so forth. Kerr-Mills is, of course, financed through the general revenues paid by all the people.

I submit that the patients in the State hospitals would be unable to meet these requirements. Certainly the Kerr-Mills Act is more far reaching in this respect, for not only are the normal hospital and nursing home expenses paid, but also doctor bills, extra fees, and, in short, everything necessary to insure adequate medical care.

In my opinion, this proposed amendment is both more and less than it is cracked up to be. On the one hand it would not supply the coverage to be had under existing legislation, at least not among those groups where State services and facilities are needed so desperately. On the other hand, and no matter what its supporters say, it opens the door of this Nation's storeroom of medical knowledge and skill to the evils of socialized medicine.

It would also open the door of the Nation's Treasury to provide this service, which, in my view, is neither desired nor necessary. The supporters of this plan estimate its cost will be approximately $1.2 billion for the first year. I feel that this figure would prove to be totally unrealistic.

For an example, I again turn to the National Health Service of Britain. By coincidence, the first full year of that operation cost approximately $1.2 billion, almost exactly the estimated cost of the King-Anderson bill. But the supporters of the British plan had estimated that its cost would amount to something like $400 million. The total cost was over three times the esimate, and I predict that we would see the same thing happen here.

Today Britain's so-called free health service costs each British family, regardless of age or need, $140 a year. In 1961, socialized medicine cost the British Government $2.2 billion, up 13 percent from the previous year. This was about half what England spent for defense. This year we have passed a bill calling for the expenditure of almost $50 billion on defense. It is not inconceivable that the King-Anderson bill, or some measure like it, would soon be costing us about $8 to $12 billion, or one-fourth what we spend on defense.

To the Senator from Louisiana, this is unthinkable. I cannot see the need for this legislation, and it has no appeal to the country as a whole. Certainly it is not appealing in my State, for I have received only about eight letters in its favor, and literally thousands of letters against.

In this instance, I think the thousands are right. This is a bad piece of legislation, and I hope it will be defeated.

The PRESIDING OFFICER. What is the will of the Senate?

Mr. ELLENDER. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MORTON. Madam President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORTON. Madam President, I have been impressed with certain changes which have been made in the proposal of the distinguished Senator from New Mexico [Mr. ANDERSON], who has offered a modification of the original King-Anderson bill. This proposal has been supported and cosponsored by many of our colleagues on both sides of the aisle.

One of my principal objections to the King-Anderson bill still remains in the revised amendments; that is, the financing of the program through taxes levied on our social security system, through an increase in the taxes on the payrolls of America, an increase in the tax on the employer and an increase in the tax on the employee.

The social security tax in any business operation is a direct cost of manufacture or of processing, as the case may be. The total cost of manufacture is ground directly into the cost card of any company doing business. This is not so with regard to general taxes, and not so with regard to the corporate income tax.

I well remember that when first I had the responsibility for the management of a business the Federal corporate income tax was 13 percent. I had some part in the business, but was not active in management; when we disposed of the company in 1951, the Federal corporate income tax at that time was 52 percent. So, in the years in which I had some association with the business I saw the Federal income tax quadruple, from 13 percent to 52 percent.

Never once, Madam President, when the Federal income tax was increased, did we change the price of the consumer product which we manufactured. However, if our cost of raw materials went up one iota, or if our manufacturing or processing expense went up one iota, we found it necessary to change our prices in order to stay in business. We were in the grain processing business, which is much like the meatpacking business, in which one operates on a very close margin.

During the years of my association with the company our average net profit was far less than 1 percent of sales. When one is in a business operating on such a thin margin, one must immediately reflect in his prices the total cost of manufacture, and that of course includes the cost of wages.

I admit that what we are now talking about is a quarter of 1 percent tax on the manufacturer and a quarter of 1 percent tax on the employee, which sounds like minutiae, but this will be only the beginning of what might happen. Those of us who have taken the trouble to read the debates which occurred on this floor many years ago, when a proposed constitutional amendment was passed to permit the graduated income tax, know that once the program is started no one in this body today can foresee what ultimately will happen.

In one colloquy it was suggested that the tax might rise to 15 percent. The speaker was then talking about the personal income tax. He felt that it would become a confiscatory tax.

The rejoinder from one who was sponsoring the amendment was, "Oh, no. It is inconceivable that the Federal income tax of the United States would ever reach 10 percent."

As we all know, today the income tax starts at 20 percent and goes up to 91 percent.

I believe the same thing would happen under the proposed legislation. As more and more programs are loaded onto social security, we shall be bound to raise the cost to American industry, and consequently raise the price of American goods.

Why am I concerned about that? I am concerned because today we find ourselves unable to compete in many of the markets of the world that traditionally have been ours. Those markets concern basic steel and include automobiles and all sorts of other manufactured items. U.S. companies have been forced to establish subsidiaries abroad in order to hold their markets.

As I pointed out yesterday on the floor of the Senate, the Japanese are thinking of trying to invest in plants in our country, because the Japanese have found that in spite of their low wages, in order to hold their business abroad they must build plants abroad. They have plants in Latin America, in Europe, and elsewhere. We have similar plants. Why are we building such plants? We are doing so in order to hold our market. The plants abroad are providing job opportunities to American workers in this country, because component parts are made here.

Our system is also helpful to our balance of payments, because profits from abroad are returned to our country. But it is a fact, known to all, that today American industry is in the fight of its life to hold its position in world markets. That point is easily understood when we compare the wage rates in our country with wage rates in foreign countries. No one wishes to see wage rates in our country reduced. But it is now proposed that we should add to the wage cost the direct cost of such programs as medical care for the aged. Almost all Senators are for a program of medical care for the needy aged. In an affluent society such as ours we must face our responsibility in that field. I for one am prepared to do so.

The proposal which I have submitted to the Senate in the nature of a substitute for the amendment offered by my good friend the distinguished Senator from New Mexico [Mr. ANDERSON] would provide benefits for the needy aged. I believe it would more adequately take care of their total medical and hospital needs than any other program before the Senate. But it would not finance the program through a payroll tax.

Much is being said about how small the increase in the social security tax would be under the Anderson measure. However, such proposals start in a small way.

For example, in Germany a pension plan was started in 1883.

Health insurance came into the picture in a small way in the 1890's. Originally in Germany a payroll tax was levied to provide a small amount of sick pay to low income workers. Since the last World War the program has had a terrific growth. In Germany now the tax for the social security benefit package for pension and health is almost one-quarter of the payroll. The worker puts up 7 percent toward health insurance and 4½ percent toward his pension. The employer puts up an equal amount. Those percentages total 23 percent.

In every country in which health insurance is tied to a payroll tax the cost has risen to four or five times the original estimates. People feel that it is an investment, and therefore they want a greater return for their money than they put into it. Benefits rise and the costs are pushed further and further into the future.

I will demonstrate what has happened in some of the countries. Between 1949 and 1962 the percentage of payroll tax to cover pension plans and health insurance paid by the employee and the employer—and these figures do not necessarily follow the German pattern of a 50-50 division—is as follows:

In France the tax has risen from 16 percent up to 19½ percent.

In West Germany, as I have indicated, the tax has risen from 11 percent to 23.6 percent.

In Italy the tax has risen from 13 percent to 23.6 percent.

In Belgium the tax has risen from 14 percent to 16 percent.

Let us examine the situation in France in a little more detail. In France, the employer now must pay social security taxes for the national pension system, for the supervisor pension plan, for employees' income tax relief, for work accidents, and for apprentice education, plus an allowance for the employees' houses or apartments and for the employees' families. Think of it. There is a provision in France requiring a payroll tax for employee income tax relief, which makes it a direct cost.

Those countries are able to compete effectively with us and undersell us in spite of the high taxes because their wage base in relation to ours is extremely low. I am sorry that I do not have the latest figures with me, but I have the figures as of April 1959:

In Italy the hourly wages were 35 cents; in the Netherlands, 44 cents; in France, 47 cents; in West Germany, 54 cents; in Belgium, 56 cents; Switzerland, 67 cents; the United Kingdom, 68 cents; Sweden, 94 cents; the United States, $2.22.

If we total the fringe benefits, which include the social security taxes—and we can call them by whatever name we wish in the foreign countries—we find that in Italy the costs have risen to a staggering 74 percent of the hourly wage, and since Italy started in 1959 with a basic wage of 35 cents, Italian industrialists are still able to undersell us in many areas.

In our own case all fringe benefits, including social security taxes, and those negotiated through union contracts, amount to about 20 percent of the hourly wage. So one can see what might happen if we should continue to dump program after program onto the Social Security System, making it not an indirect cost, but a direct cost, as reflected in the cost card in the price of the article. If, however, we should finance the program or similar programs through the general fund, we would distribute the tax burden in our traditional manner. A heavier burden would be placed on those most able to pay. Under the social security method of financing medical care, the president of General Motors, who is under social security, would pay exactly the same amount in total dollars as the man on the assembly line. That to me is not in keeping with the traditional tax pattern of our country.

Social security is a good program. I do not suppose there is anyone in Congress who would vote to repeal it.

However, certain misconceptions have been developed about it, and I believe that these very misconceptions have led the public to jump for and clutch for the King-Anderson proposal which finances medical care through social security. These misconceptions are:

First. That the tax is a premium and, therefore, workers are prepaying their own benefits.

Second. That social security is an enforced or compulsory savings program.

Third. That the life income of those on the benefit rolls is supported—and therefore guaranteed—by the assets in the trust fund.

Fourth. That compared to traditional insurance, social security is a bargain.

Fifth. That people now on the benefit rolls and their employers have bought and paid for their benefits.

To correct these misconceptions I would like to quote from a statement by Mr. Robert J. Myers, Chief Actuary of the Social Security Administration. He said:

> Still another argument claims that the beneficiary has "bought and paid for his benefits" because he may have been contributing as much as 24 years. In actuality, however, a person who has had the maximum covered earnings for the period 1937-60 has contributed only $1,290 (and his employer a like amount). This represents, at most, only about 1 year's benefits payments for a retired worker without dependents so it is quite obvious that no person has anywhere nearly "bought and paid for his benefits." In fact, actuarial calculations indicate that, at most, the maximum proportion of benefits that have been paid for by an individual's contributions is now about 10 percent, and in many cases of beneficiaries now on the roll, this proportion is less than 1 percent.

Madam President, this indicates clearly that those who are today paying social security taxes are paying only, at most, about 15 percent or 20 percent into a reserve for their own retirement, and the rest is going to take care of those now on the rolls. Here we have a proposal that we know will not be held at one-half of 1 percent. We know from past experience that it is bound to go up and up. What this is doing is transferring to the workers today and, through increased manufacturing and industrial costs, the obligation for the care of those who are over 65 years of age.

Mr. CARLSON. Madam President, will the Senator yield?

Mr. MORTON. I am happy to yield.

Mr. CARLSON. The Senator from Kentucky is making a very interesting statement about the ever-increasing cost of programs once they have been included in the social security field. I am sure it was true also in the medical field. If the Senator has not already mentioned it, when social security legislation was first passed, the base pay on which the taxes were collected was $3,000, and the rate was 2 percent, which amounted to $60 a year. Yesterday the distinguished Senator from New Mexico placed in the RECORD the payments that are being made at the present time on $4,800. Under the new proposal the base pay will be $5,200, on which, in 1968 and thereafter, the rate will be 4⅞ percent. Under the present law it is 4⅝ percent on the employee and the employer, amounting to more than 9½ percent.

This is a program which those of us who have been in Washington for many years have watched grow in costs. First we increased the base on which the taxes were based and then we increase the taxes themselves. I fully agree with the distinguished Senator from Kentucky that this one-quarter percent on the employer and the one-quarter percent on the employee will be the beginning of a great program that someday will mean the collection of taxes from individuals who enter the program in an amount equal to or in excess of some of the amounts the distinguished Senator has mentioned as being collected in other nations who have had this type of program for years. The Senator is rendering a real service.

Mr. MORTON. I thank the Senator.

Mr. ANDERSON. Madam President, will the Senator yield?

Mr. MORTON. I am glad to yield.

Mr. ANDERSON. I do not wish to get into a discussion with the Senator on this question, because, as he knows, I admire the care with which he has prepared and presented his amendment. I should like to point out, with respect to what the Senator from Kansas has said, that it might be useful to compare what a dollar in 1937 bought with what a dollar in 1960 would buy. Food costs have gone up. Hospital costs have gone up from $9.25, in 1946, to $35. Naturally payments had to go up, too. They had to go up in order to keep the fund solvent.

I am not trying to be critical of the Senator from Kansas. He is a very faithful and conscientious member of the Committee on Finance, and we are longtime personal friends. I only say that we must compare costs as between one period and another, and take into consideration the erosion of the dollar, which all of us regret.

Mr. MORTON. I thank the Senator. I agree fully that the costs have gone up. None of us likes to see it happen, but it has happened. We have had a degree of deflation or depression or debasement of the dollar—whatever one wishes to call it. I hope it is over. It may not be, but may continue.

I believe that to be an added reason for not setting up a program, the costs of which we cannot measure 10 years hence, placed squarely onto a payroll tax. It is an added argument for financing it and funding it from the general fund, where it does not work toward denying Americans jobs and further forcing American industry out of the markets of the world.

Mr. CURTIS. Madam President, will the Senator yield?

Mr. MORTON. I yield.

Mr. CURTIS. The Senator is pursuing a line of thought which has much merit. The costs of the social security, even if the proposal before the Senate is not adopted, will increase a great deal. The program started out as a retirement program for the covered worker. I believe it was the late President Roosevelt who warned against expanding it too far. He said it was a floor of protection for the individual who could not, by reason of age, earn wages. Since that time the program has been extended to include a survivor benefit, not only for the surviving spouse in case of the death of the aged person, but also for the widow if the individual dies before he reaches the required age. If he leaves minor children it has a life insurance feature. It has been extended to include disability, first for those over 50 years of age, and later that was taken out. It has been projected for a period of 10 years in the future by the gentleman in the Department of Health, Education, and Welfare who is in charge of the legislation. I refer to Mr. Cohen. He is very learned in the field of social security. He has been one of the architects of the system. During the time that he was in private life, prior to the present administration, he was a professor who made many speeches and statements on the subject of social security. According to his pronouncements, he favors, at the end of a 10-year period, fixing the base for applying the payroll tax, not at the present $4,800 figure, but raising it to $9,000.

He has declared himself publicly, and has reaffirmed his views in official documents, in favor of the base's expansion, extension, and liberalization. The sum total of all of this would be a very high social security tax.

Actually, Mr. Cohen favors the proposed legislation which is before the Senate today. A few years ago he championed the Murray-Wagner-Dingell bill, which would have provided medical care not merely for the aged, but for all people. We who are realistic have good reason to believe that if the bill before the Senate shall be passed, its benefits will be extended so as to cover the purposes of that bill. That is logical.

If out of tax funds hospital bills are paid from the social security fund for individuals who are over age 65, regardless of their income, Congress will gradually move in the direction of taking care of bills essential for the individual who has had a long illness and has no earnings.

Mr. Cohen, on the basis of what he now advocates and has advocated in the past, has envisioned a program under which, when it is completed in 10 years, the self-employed individual making $9,000, and having a wife and two children, will be paying more in social security taxes than he will be paying in income taxes. From the income tax and other Federal taxes, all the expenses of the Nation are paid, including veterans' benefits and the retirement of the national debt. Yet it is proposed to move in a direction in which, under social security legislation, the $9,000 a year person, if he is self-employed, will be paying more for social security than he pays for all the other costs of government.

I commend the distinguished Senator from Kentucky for his study and his observations and for pointing up the fact that we are not proposing to give people something. We are proposing to add to a social program which will be endangered by its own weight. The reason why there is no widespread recognition of that fact at present is, as the distinguished Senator has pointed out, that the full impact of the program which is now in force has not been realized. The individuals now on the roll have made only a token payment for the benefits which they and their families will receive. A time will come when the burden under social security, which must be assumed by a young man just out of college and carried for 40 years or more—all through the years when he is buying a home, educating his children, and paying his own bills—will be very great.

This is not a proposal to give the people something. It is a proposal to pay some hospital bills now and add to the future burden of the individuals who will do the work of the country in the years which lie ahead. It will be an onerous burden.

I thank the Senator from Kentucky for yielding.

Mr. MORTON. I thank the Senator from Nebraska, who serves on the Committee on Finance, and who served in the other body for many years on the Committee on Ways and Means. He is one of the leading authorities in Congress on the subject of social security.

I wish to reemphasize some of the points which the Senator from Nebraska made. When the social security program was first enacted, it was assumed that the tax on the individual and the tax on the employer would never go beyond $90 a year per person. We have already seen that amount almost doubled. Without adding anything more to social security, without adding any new programs under the present law, there will be a 54 percent tax increase between 1961 and 1968. I recognize, as the Senator from New Mexico [Mr. ANDERSON] has stated, that costs have risen substantially since the social security program was inaugurated. As a Member of both the House and the Senate, I have voted for increasing the payments, and therefore increasing the number of benefits subject to taxation. Other provisions have been placed in the program. I voted for them; I did not quarrel about them.

First, in 1939—which was before I became a Member of Congress, but I approved of the action—Congress provided for a surviving child under age 18, a dependent child under age 18, a dependent wife age 65 or over; a widow age 65 or over, a widow under age 65 and having a child under 18; and a surviving dependent parent age 65 or over. They were included as beneficiaries.

In 1950—and I voted for this program also—Congress provided for a dependent wife under age 65 having a child under age 18; a dependent husband age 65 or over; a dependent widower age 65 or over; a surviving dependent; a former wife having an eligible child under age 18.

In 1956, Congress provided additional benefits. There were included disabled workers between ages 50 and 64; a dependent, disabled child 18 or over—if still disabled at age 18—a surviving disabled child 18 or over—if still disabled at age 18. Congress was pretty much in agreement on that amendment.

In 1958, 2 years later, Congress included the dependent wife of a disabled worker age 50 to 64. Also, a dependent child of a disabled worker age 50 to 64 was included.

Two years later, in 1960, benefits were provided for a disabled worker under age 50.

All this is good. It was done knowing that the cost would be increased. But now it is proposed to enter an entirely new field. The housing program for the aged might just as well be placed under social security. I read a list of benefits which are provided in France, all of which apply to social security. Many social welfare programs in this country might be transferred to the social security tax.

The question of health care is only one program; but when we start, we do not know where we will stop. I dislike to see a start made in burdening the payroll of America with these programs, worthy as they are, because any increase in the cost of administering them immediately affects the price of American goods; and the price of American goods affects the employment opportunities for American workers.

Madam President, on June 7, in the Senate, I stated my approach to this problem. I started along four basic lines: First, that any medical assistance program for the aged, sponsored by the Federal Government, should not be compulsory.

Second, the program should be administered by the States.

Third, governmental assistance should be given to all persons over age 65 who need it, but no monetary assistance should be given to those who are able to finance their own medical needs.

Fourth, the burden of the program cost should not fall most heavily on the lower income wage earner, as would be the case with an increase in the social security tax.

I have dealt at length with point 4. For a few minutes I shall discuss point 3, namely, that governmental assistance be given to all persons over 65 who need it, but that no monetary assistance be given to those who are able to finance their own medical needs.

I was impressed with the argument to the effect that one has to take a pauper's oath or has to disclose his assets or has to go through all the embarrassment, if you will, of making a full disclosure of his assets, in order to be a full beneficiary of certain medical care programs or proposals. But I point out that for many of the veterans' programs that system prevails.

However, in providing for the establishment of eligibility for this program, I suggest that we use one simple criterion, namely, the filing of an income-tax return. If one paid no income tax, the Federal Government would pay up to $125 for participation in this program, which would be administered by the States. If one paid a moderate income tax—the individual and the Government would share in the cost on a graduated basis. The higher the individual's income tax, the greater would be his share of his medical insurance cost. So the program would not involve a pauper's oath, but merely would involve disclosure of whether the individual concerned had paid an income tax.

When a needy person whose medical insurance payment had been made entirely by the Federal Government went to a hospital or to a doctor for care, neither the hospital nor the doctor would know whether the person had paid for the costs or whether the entire payment had been made by the Federal Government.

The position of the State in this connection would be that of carrying out the administration. The Federal Government would pay the full amount of the premium of a needy person who was unable to pay, or would pay whatever part of the premium the needy person did not pay. However, the States already have welfare organizations established, and could easily administer this program, and they should administer it. A State would approve two, three, four, five, six, or whatever other number of optional policies such a person could get.

A person who was completely indigent would perhaps want a policy which would particularly emphasize taking care of his day-to-day needs for drugs and medicines and doctor and dental services, and would not be so much concerned about catastrophic illnesses, because today a person who is a complete indigent is taken care of, one way or another, when he has catastrophic illnesses.

A person who had some means and could take care of his day-to-day drug and medical expenses and his doctors' and physicians' and dentists' bills might be disturbed about the possibility of a catastrophic illness which might wipe out whatever savings he and his family had. So that person would be more interested in purchasing a policy which would give consideration to, and would make provision for, the expenses in connection with a catastrophic illness.

We have already faced this problem, in connection with a bill passed under the leadership of the late great humanitarian, Senator Dick Neuberger, of Oregon; and we, ourselves, and all Federal employees have an option as to what type of insurance will best meet our needs. I believe that with the counsel and guidance of the welfare workers in the several States, the people would buy the policies which best fitted their particular needs or requirements. The policies would vary from State to State, of course. A person in Alaska might want to be covered against frostbite; but a person in Florida certainly would not be interested in such coverage. Of course, the policies would have to meet the broad guidelines established by the Secretary of Health, Education, and Welfare. In short, I think the people would get their money's worth.

Under my proposal, up to $125 would be paid for such an insurance program. Perhaps someone will say, "I am already sick, and no company will insure me." But the point is that the policies will be group policies, and no medical examination will be required. For example, a person over 65 years of age who today is in a hospital could get such insurance. But only in connection with a group policy could such a situation prevail. So I think that argument is of little weight or value.

What will be the benefits? What could be provided for $125? I think the benefits would be rather substantial. In my bill, I have deliberately left a degree of latitude, so that we would not require one particular type of policy, but would provide for a broad freedom of choice. So an elderly person could obtain a policy in accordance with what he or she thought the need would be.

Some definite benefits are spelled out in the so-called Bow bill, which has been introduced in the other body. I have made a sufficient investigation to know that those benefits could easily be covered under the $125 payment which I suggest in my bill. Senators who are interested in this matter can find these items beginning on page 3, line 18, of the so-called Bow bill, H.R. 10981.

In the bill we passed for Federal employees, we authorized a program under which insurance companies submitted bids, and then they were passed upon by the appropriate Government agency. A typical example is as follows—and I am sure that my proposal would cover this:

Subject to an overall $50 deductible, $12 for hospital room and board charges per day of confinement, for 90 days, plus $180 miscellaneous expenses and a $300 surgical schedule; or by increasing the deductible amount to $100, hospital visits and nursing home benefits of $5 in hospital doctor calls for 50 days and $6 nursing home for 31 days could be added.

Another would be $15 for room and board for 31 days, plus 75 percent of the first $750 of miscellaneous expenses, and a surgical schedule of $250, and $3 for doctors' calls for 31 days. Those are examples of benefits which I am sure could be covered by a policy costing $125 a year.

I shall not burden the Record or my colleagues by stating here the details set forth on these pages, but they give the details for the policies in connection with bids received from reliable insurance companies, for various types of outlined care which could be given under the retired Federal employees' health insurance program; and I feel sure that the $125 would give far greater end benefits to those in need of doctors' care, hospital care, medical care, surgical care, or dental care than is practicable under the approach outlined, certainly, in the original King-Anderson bill, and even in the Anderson amendment.

Madam President, I know that if we adopt the Anderson amendment and if it becomes law, there will be demands on us, as Members of Congress, beginning almost immediately—beginning next year—to add benefits. That would require us to add taxes on the payrolls and to add to the social security burden and to further impede our ability to maintain our markets and to withstand foreign competition and to provide job opportunities to the American people.

The history in other countries has been that the cost has immediately gone up four or five times the originally contemplated cost. And once we further opened up the social security tax as a device for financing worthy programs, we would have many other programs which would be clamoring to get in under the same tent, financed by social security.

A moment ago I mentioned housing for the aged. I think it is a typical example. There is no more reason for keeping housing for the aged out of this program than there is for putting medical care under it. After all, it does little good to keep a person healthy if he does not have a place in which to live; and I think it would follow, just as night follows day, that if we started this, we would be called upon to provide a much more pretentious housing for the aged program, to be handled through social security.

So, for all these reasons, I hope my substitute will be seriously considered by my colleagues.

First, I think it more effectively deals with the basic problem.

Second, it is more in keeping with the American tradition of taxing those who have the ability to pay.

Finally, I think it is certainly in keeping with many programs. This administration is interested in increasing our business abroad, in keeping America competitive, in increasing job opportunities here at home. It seems to me we get into constant contradictions. We get a program brought up to do one thing, and then we come up with another program that vitiates the purpose of the first one. A tax program is proposed that will hurt American business abroad and will restrict job opportunities at home through inability to export.

Now we have this medicare program before us which will add directly to the costs of American business, and therefore further impede job opportunities at home.

So for all those reasons—social, economic, and in the name of the spirit of American tradition—I think my substitute deserves attention, and I hope it will prevail.

Mr. JAVITS. Madam President, will the Senator yield for a question or two?

Mr. MORTON. I yield.

Mr. JAVITS. First let me state, with the Senator's permission, that the Senator from Kentucky is one of the most distinguished public servants in this body, not only in domestic but in foreign affairs. I think it is quite a tribute to him, in what we are trying to do, no matter how we are trying to approach the problem, that the Senator from Kentucky felt impelled to offer a constructive alternative, for which I have great respect, rather than rest on the proposition, which I think some persons do—and I hope very few—"Well, let us just leave it as it is and not get into this at all."

First of all, I feel that I am on the Senator's side because, whatever may be my position on the inadequacies of the Senator's proposal, the Senator is offering a constructive alternative.

Mr. MORTON. If I may interrupt at that point, the Senator from New York has given as much study to this matter as has any Member of this body. I remember that he gave us a positive approach to the problem in 1960. He offered a sound approach, which I was happy to support. My efforts here have been, in large measure, inspired by the great work he did in 1960.

Mr. JAVITS. The Senator is very kind.

The other day the Senator defined for me the differences between his bill and the Bow bill. I wonder if he would state them again, because I think it would be a good idea to have that statement in one place.

Mr. MORTON. First, under the Bow bill, the full insurance would be paid for all citizens over 65, regardless of need. Either the Government would pay for it or the full amount would be taken in a direct deduction when a person filed his income tax.

In my proposal, I have, to a degree at least, maintained the philosophy of need by putting it on a sliding scale: If the person pays no income tax, the Government pays the entire insurance premium cost; and then it graduates up to the point where the individual pays $400 in Federal income tax. At this point practically the full medical insurance premium would be paid by the individual.

Mr. JAVITS. The Senator mentioned another distinction.

Mr. MORTON. Another distinction is that the Bow bill spells out the benefits. My proposal leaves it in more general terms, merely requiring the States to certify a choice of plans, and those plans must be within the broad guidelines set by the Secretary of Health, Education, and Welfare.

Under the Bow bill, the persons would get their own insurance. My measure is on the group theory, so that anyone in a hospital today, for example, who might be 75 years old, would come under the provisions of the law.

Mr. JAVITS. Of course, in the measure of the Senator from Kentucky, the insurance contract is made by the State.

Mr. MORTON. Yes.

Mr. JAVITS. That is, the State contracts with as many carriers as it chooses?

Mr. MORTON. Yes.

Mr. JAVITS. Would the Senator contemplate that a State could contract with contractors and persons could have insurance with carrier A, B, or C, or does the Senator believe that, under his bill, the State would contract with a carrier to the exclusion of others, and therefore the people in that State would have to sign up for a policy with that particular carrier? What does the Senator have in mind in that respect?

Mr. MORTON. I would hope there would be several carriers, A, B, and C—not too big a number, but at least a reasonable choice, say, five, six, or seven. Although I do not specify it particularly, I think it is implied in my proposal that the Secretary of Health, Education, and Welfare, in his broad guidelines, would make it a requirement that a State would not favor one particular carrier.

Mr. JAVITS. If that is the case, does the Senator feel that the advantage is an actuarial advantage, in that a State would have a big bloc of subscribers to have insured? Also, would it not be a disadvantage that, unlike the option provision which is contained in the amendment of the Senator from New Mexico [Mr. ANDERSON] and our colleagues, in its present state—and I hope we will improve it materially—it gives a wide range, through co-op plans, insurance companies, et cetera? Does the Senator feel that would be a fair point to make as between his substitute and the Anderson amendment?

Mr. MORTON. Yes. I would be perfectly willing to provide the same option under my plan. As I said at the outset, I think the bill the Senator from New York has had a chance to work on with the Senator from New Mexico is a tremendous improvement over the administration proposal or the King-Anderson proposal. I think it is a magnificent job. But my particular worry is the social security financing. However, that is not the point we are discussing now. I think the Senators have done a splendid job in developing an arrangement under which groups, cooperatives, and so forth, can be brought in. I do not think they would be precluded under my measure.

Mr. JAVITS. The Senator will note that under the Bow plan, which is in this respect not analogous, but which gives us a word of warning, it carries within it a lifetime limitation, so that under the plan of Representative Bow, if a person had a $100 deductible amount, his lifetime limitation which could be incurred under the plan would be $5,000 in cost. If it was a $200 deductible item, it would give that person a lifetime maximum of $10,000.

I ask the Senator whether it is not very likely that if we left the field strictly to the insurance people, they would write these provisions into other policies and therefore the policies would fall short of one of the very big problems which is involved in this area, which is giving people a sense of mental insurance against catastrophe in all kinds of health problems.

Mr. MORTON. I do not contemplate writing any lifetime restrictions in the policies under my measure. I think experience and the competitive records of experience and the competition that is developing among groups which are seeking to sell health insurance today would work toward the highest possible liberalization of the policies.

Mr. JAVITS. Finally, I should like to ask the Senator this question. I was having a sandwich in the cloakroom, and the Senator may have already covered this point. Has the Senator from Kentucky made any estimate of cost under his measure?

Mr. MORTON. We have made an estimate, and as nearly as we can tell, it is somewhere in the neighborhood of $1.2 billion to $1.4 billion.

Mr. JAVITS. How many people does the Senator estimate that amount would cover?

Mr. MORTON. Of course, there are 17 million persons today who are over 65. Our difficulty in estimating cost came from trying to ascertain from the Internal Revenue Service how many of these persons paid taxes; and, if so, how much they paid in taxes. So our figures are somewhat of a guess. But we are pretty sure about the limit of between about $1.2 billion and $1.4 billion.

Mr. JAVITS. Certainly, the Senator's amendment would cover those who paid no tax at all?

Mr. MORTON. Yes.

Mr. JAVITS. And then those who paid less than $400? And it gives even a little to some who pay over $400 a year.

Mr. MORTON. Yes. Those over 65 years of age can deduct certain expenses now. They would get that benefit anyway.

Mr. JAVITS. I thank the Senator for his explanation. The Senator's plan would be premised upon appropriations to be made annually, in the amount somewhere between $1.2 billion and $1.4 billion.

Mr. MORTON. That is correct. That is a staggering amount of money, but there has been a great deal of talk about tax cuts. Some of our friends have been talking about a tax cut of as much as $10 billion. Perhaps we could ease up on the tax cut by 10 percent and have money available to provide for the health care of the needy aged.

Mr. JAVITS. I thank my colleague. Before I sit down I should like to express my appreciation for the constructive thoughtfulness which obviously has gone into the Senator's effort to meet this kind of problem. We often hear many words used in the endeavor to describe the ideology of Republican Senators—"liberal," "progressive," "conservative," and "ultraconservative." I prefer the word "thoughtful" for the Senator. I am very pleased that he has given his mind to this effort. I can only say that it will be helpful, whatever may be the fate of his particular proposal.

Mr. MORTON. I thank the Senator from New York.

Mr. MILLER. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator from Kentucky yield to the Senator from Iowa?

Mr. MORTON. I yield to the Senator from Iowa.

Mr. MILLER. Mr. President, I wish to join in the commendation of the distinguished Senator from Kentucky by my colleague from New York, for the excellent work he has done in endeavoring to come up with a reasonable, workable solution to the problem which confronts us.

I should like to ask my colleague from Kentucky a question about a subject which has troubled me considerably.

Although I like the approach used in the Senator's plan, I note that the means test, if we might call it that, seems to revolve around the concept of Federal income tax liability. I am sure that the Senator recognizes, as I do, that if we are to consider the economic means of people, the income tax liability does not necessarily reflect economic income. What the Senator from Iowa would like to have is a means test, based upon economic income.

On page 13 of the Senator's amendment, section 208, it is provided:

> The amount of the State share with respect to any individual for any period within a taxable year of such individual shall be based on the Federal income tax liability of such individual.

I should like to see that modified to reflect the economic income of the individual. The economic income could be defined to include the Federal net taxable income, which would be the adjusted gross income, minus the page 2 deductions, if there were any, or the optional standard deduction; and to that could be added the income not recognized for Federal tax purposes; such as, for example, tax-exempt bond interest or the unrecognized 50 percent of long-term capital gains.

I am sure we can visualize a situation in which many taxpayers might have no income tax liability whatsoever, but, as a result of having tax-exempt bond interest or long-term capital gains, might have a substantial economic income, which would put them in a preferred position as compared to those not having that income, if we should follow the approach used in the Senator's amendment.

My question to my colleague from Kentucky is whether it would be feasible to modify his amendment to include this type of approach.

Mr. MORTON. First, I recognize that the question posed by my colleague from Iowa is a valid question. I know the Senator is a distinguished tax lawyer and an expert in this field.

I thought of the point he has made. I think perhaps if we could provide for the economic income in a manner concise and easy, that approach would be better than my approach. However, there has been a great deal of talk about the "pauper's oath" and this, that and the other. I took what seemed to me to be the simplest device, even though I recognize there would be certain beneficiaries under the program who would be people of substantial means, who would pay either no Federal income tax or very little Federal income tax.

I am sympathetic toward the approach outlined by the Senator from Iowa, but I could not figure out a way to do it, I will say frankly, without getting the proposal so complicated that we would leave the basic objective.

Frankly, in total numbers I do not think we would find very many citizens who have substantial income from tax-free sources who do not also have large income from taxable sources. Therefore, they would pay income taxes.

Mr. MILLER. I agree with my colleague that the number probably would not be great. In my own State, and no doubt it is true in other States, I am sure it is true that there is a feeling that the economic status of an individual should be the critical test.

I recognize the practical problems of enforcement, when there is a departure from a simple test of income tax liability, adding in other factors.

Speaking from my own experience in my own State, I would suggest that this proposal should not be difficult to work out. As the Senator knows, on the Federal income tax return the full amount of long term capital gain is shown. It would not be difficult to obtain that information from the Federal income tax return. On the State income tax returns the tax exempt bond interest or other items exempt from taxation for Federal purposes are readily set forth. I do not believe we would encounter much difficulty in the administration of it, if we tied down the definition of economic income to the factors I have mentioned.

If the Senator thinks this suggestion has merit, the Senator from Iowa would be happy to sit down with him and try to devise an amendment to his amendment which would spell out a definition of economic income which would be practically enforcible. I do not think we need to get into too many refinements. The items I have mentioned are the two big items. I believe the two main items with respect to which we should take action are the unrecognized 50 percent of long term capital gains and the tax exempt bond interest. Both of those represent millions of dollars of income during any year. If we could get those out of the way, I think we would have a much more equitable approach, a much more palatable approach so far as the administrators in my State are concerned. I am quite sure the people in the social welfare administration in the State of Iowa would feel more comfortable about the program if an economic test tying in these other factors were used, rather than the straight income tax liability.

Mr. MORTON. Again I must say I have no way of knowing how many people are in that category. I think there are indeed very few people who have substantial income from tax-free sources, or who have long-term capital gains of any consequence, who do not at the same time have taxable income which would take them outside of the framework of the formula I have developed in my proposal. I think we are talking about so few people that I would hate to see us get bogged down in the argument, when I am trying to establish a more basic, fundamental concept of how to pay for medical care for the needy aged in an affluent society.

Mr. MILLER. But the Senator's proposal would tie the hands of a State. For example, my own State of Iowa could not take into account these other factors I have mentioned. I believe when a proposal would tie the hands of a State we should be reluctant to override long-standing policies of a State, and I think those policies would be overridden if we relied strictly on the income tax liability.

Mr. MORTON. If the Senator will permit me to interrupt, I shall be glad to endeavor to work with the Senator to develop language which would permit the States to consider the problem on the basis of actual economic income instead of on the basis of income taxes paid.

Mr. MILLER. Then I say to my colleague that I think we might be able to work something out to make it a better amendment. I know the Senator has spent far more time going into this subject than has the Senator from Iowa. All I am trying to do is to be helpful in perfecting a reasonably good amendment, which I think will be much more supportable than the amendment now pending.

Mr. MORTON. I thank the Senator. I shall be glad to work with him on the problem.

I yield the floor.

Mr. ANDERSON. Mr. President, first I wish to say to the able Senator from Kentucky [Mr. MORTON] that while we may not agree with his amendment, and some of us may have some argument about it, I desire to commend him publicly for the fact that when the suggestion was made in the Senate Committee on Finance that a hearing be held on the bill, the Senator from Kentucky voted to have a hearing, because the bill is an important one and would involve a great deal of money.

I appreciate the fact that the Senator from Kentucky took the position he did in the committee. I am glad to see that he recognizes that at this time there is very little disposition on the part of people to repeal the basic social security legislation. I was appreciative of the recital which he gave of the changes which have been made in social security legislation through all the years to date.

It is important, however, to realize that we have made the system grow as people wanted it to grow. When features are added to the bill, naturally the cost of the program is increased. I am glad to say that the Senator from Kentucky is one of those who has been helpful in the passage of good legislation along that line. I was pleased to hear his recital today.

However, we have seen what happens when we come to the question of proposing an income tax method of handling the program. People will say that it is not a good means test. Their statement is correct. It is not a good means test. If we were to apply a good means test, the experience of MAA, the medical assistance for the aged program, would show an average cost of about $42 per case in order to put it on the books. Therefore I think the Senator from Kentucky has a good point in saying that if we should try to improve on the income tax approach by a means test, we would have a rather costly venture that might or might not be the correct approach to it.

The Federal payments toward premiums would vary in accordance with the Federal tax liability of the insured aged individual. One intent of the provision is, of course, to conserve Government funds by relating payments to individual need. There is some question, however, as to whether that provision would actually save the program a significant amount of money.

The Government would pay a $125 premium with respect to a person who has no Federal tax liability. About 80 percent of the aged have no tax liability, so the Federal Government would be involved in paying all the cost of 80 percent of the people. At the present time, with the number of people we now have, it would mean a cost of about $1,750 million, to which we would add certain other costs, which would probably bring the total closer to $2 billion. But if we take only the rough figure of $1,750 million, the amendment would be an expensive one which would certainly continue to throw our budget further out of balance.

An income test based on Federal income tax liability has some deficiencies. For example, such a test would exclude various forms of income from nontaxable securities, certain dividends, social security and railroad retirement benefits, and a part of certain long-term capital gains. A retirement income credit is also allowed. Income from State and local bonds and securities is not counted. The option to file joint or individual returns also raises an issue as to treatment of individual members of a couple. It is unclear how such cases are intended to be treated under the bill.

Moreover, any cash income test—even if not tied to income tax—would favor persons receiving noncash income as contrasted to those receiving cash income. Noncash income is an important source of the income of the aged, with homeownership the most common source of significant income of this kind. About two-thirds of the aged people are homeowners. The value of this rent-free housing—ranging from $500 to $1,500 in most cases—would not be counted as income, whereas the nonhomeowner while no better off but with savings equivalent to the value of a home invested in assets providing interest or dividends might find the increase in cash income disqualified him. Almost half of the widows are homeowners and this group would especially be at a disadvantage in the case of a cash income test.

In any case, the test is not an effective means for preventing high-income people from receiving benefits exceeding $25 per year.

The administrative costs under the proposal of the Senator from Kentucky [Mr. MORTON] would be generally higher than that under my amendment. One of the basic reasons for this difference in cost is that Senator MORTON would require specific proofs in determining how much aid would be given to any aged person. The applicant would have to prove his age and each year a determination of his income would be involved. Considering that the average benefit to an individual per year would be in the vicinity of $100 if the cost of the determination were as low as $10, this determination alone would result in 10 percent costs for administration. While I have assumed $10 for this purpose, it should be recalled that in the MAA program administering the means tests costs $42 per case, on the average.

So I hope the amendment will be rejected. I believe that it is an interesting proposal. I say again that the proposal of the Senator from Kentucky has been carefully drawn. I realize that it represents a good deal of thought, care and attention. But I think the amendment should be rejected.

Mr. JAVITS. Mr. President, I shall not detain the Senate very long. I did wish to make a few observations.

Mr. KERR. Mr. President, will the Senator speak a little louder?

Mr. JAVITS. I might suggest that if perhaps the Senator from Oklahoma would come a little closer, he could hear better.

Mr. KERR. If the mountain will not come to Mahomet, Mahomet will go to the mountain.

Mr. JAVITS. And the mountain will be very honored.

Mr. President, I wish to make a few observations on the very interesting substitute suggested by the distinguished Senator from Kentucky.

I preface my observations by pointing out that the amendment represents a very thoughtful effort to meet the problem. And admittedly it is a problem.

I make my observations only because there will be other amendments. The Senator from Connecticut [Mr. BUSH] has an amendment.

The amendment of the Senator from Kentucky may find favor with the Senate, although I hope it does not. There may be other suggestions which raise the same points. Perhaps it is just as well that at an early stage of the proceedings the Senate should consider those points.

First, there is the question of cost, which I believe is very important. My distinguished and beloved friend, the Senator from Oklahoma [Mr. KERR], in his usual trenchant way, made me face the fact yesterday that there was a time when I was very much opposed to social security financing. I should like to face that fact again today. The amendment of the Senator from Kentucky [Mr. MORTON] raises the point very properly. There is no question about the fact that the program would result in less cost, in terms of the Federal budgetary establishment, if the social security financing prevails.

The reason I was opposed was that I felt it would be a tax upon those elements of the population at the lower income levels. Therefore I criticized the tax as regressive. It took about 2 years for me to come to the realization, which I repeat was my decision as a person in public life with an extrasensory perception which we all acquire after awhile, that those who would pay what I called and still call a regressive tax are not only willing but eager to pay it.

There is inherent in the concept dignity, strength, self-sufficiency, and self-help. The concept that people would be putting up some extra money to provide health protection for them when they grow older is an attractive concept to the working people of the United States. That strange alchemy occurs in a free society.

It is my observation—and I am acting upon it because I thoroughly believe it—that the great majority of the American people who would pay the extra percentage called for by the amendments of the Senator from New Mexico, are willing and glad to pay the required amount for the protection which they consider they would be getting under a suitable bill. That is a classic case, so far as I am concerned, on the question of financing.

When I was working on my bill in August 1960, I had to admit that it would cost $1 billion to $1¼ billion. The Senator from Kentucky [Mr. MORTON] must admit that his bill would cost $1,200 million to $1,400 million. Therefore, we must compare that cost with the fact that under the substitute of the Senator from New Mexico [Mr. ANDERSON] which we have joined in, the cost out of the general Federal Treasury would be something in the area of $250 million. The rest of the cost, roughly $1 billion more or less, but on the whole just about that figure, would be produced out of social security taxes. Since I am intellectually convinced that people are willing and ready to pay that tax for the purpose stated, why should we stop them? It certainly would reduce the drain upon the regular Federal budget, the regular Federal expenditures, and what we consider to be the cost of running the Federal Government, especially in respect of a program of the character we are considering.

The second thing is the question of benefits, which I think is raised very admirably by the proposal of the Senator from Kentucky. There are two ways to approach the benefit question. One way is as he has approached it, by allowing the competitive forces in the insurance field to establish benefits competitive within approved limits. He names a category; he does not specify benefits.

The other way is to set a standard to which private enterprise is invited to repair—better, if it can, but a standard nonetheless. I rather think for myself—and again I speak solely as an advocate and as one who has worked in this field—I prefer the setting of a standard. I believe that the standard that will be set will be a notch above what the private enterprise system is likely to go to now. Nonetheless and notwithstanding the fact that it is a notch above what it will go to now, I think the way we have it, with the option added to it, it will result in giving the private enterprise system a new base upon which to stand.

May I repeat that, Mr. President? We are having a conversation not only with each other, but with the country on this subject. I believe it should be very clear to everyone what we are trying to attain and what people like myself, who have come over to a point of view, believe. I believe that we are setting a standard which will be a base for the private enterprise system at a level higher than what in my view it would attain for some time.

Therefore, the standard we would be setting in the bill, according to the Anderson substitute, is desirable. It is a standard which I believe represents a reasonable contribution to the adequate medical care of the individual over 65. We all know that it does not represent all of his medical care. We know, for example, the great power and effectiveness of preventive care in respect to our older people. We know, for example—and geriatricians tell us—that it is important to keep older people ambulatory. We know that not less than 50 percent or probably nearer 60 percent of their medical expenses will not be met by the pending bill even if it is passed in its present form. Nonetheless, it is a big contribution to medical security. That is what it is. It is a platform on which private enterprise can build higher. It can build even higher on the concrete base that the bill will provide, and bring about adequate medical care for people over 65 in terms of money and in economy.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CURTIS. The cost of the program under the Anderson proposal would be borne through taxation, would it not?

Mr. JAVITS. It would be borne through the social security tax.

Mr. CURTIS. That is a compulsory tax.

Mr. JAVITS. Yes.

Mr. CURTIS. What remedies can be resorted to if it is not paid voluntarily?

Mr. JAVITS. Well, the same penalties that would apply to any other mandatory tax imposed by the Federal Government.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. ANDERSON. When the Senator from Nebraska says "if it is not paid voluntarily," I only wanted to say that I have always thought that most social security taxes were collected at the source by the Government. I did not know that the Government went around to the individual to collect its dollar.

Mr. CURTIS. The self-employed pay it directly.

Mr. JAVITS. The employer pays both for the employee and for himself.

Mr. CURTIS. Severe penalties are imposed if they do not collect it and pay it. Where does the money go after it is paid in taxes?

Mr. JAVITS. Under our bill it will go into a separate trust fund, a medical trust fund set up solely for this purpose.

Mr. CURTIS. In the U.S. Treasury?

Mr. JAVITS. Well, it will go into a separate trust fund which is under the jurisdiction and control of the Treasury; yes.

Mr. CURTIS. Who will pay out the benefits?

Mr. JAVITS. The benefits will be paid out in the first instance from the trust fund by the Treasury.

Mr. CURTIS. The Government will make arrangements with the provider of the service, whether it be a hospital or nursing home?

Mr. JAVITS. Or with an agent or with a supplier of the service to the beneficiary, where the beneficiary has availed himself of it—a private enterprise operation.

Mr. CURTIS. The Government must furnish it one way or another?

Mr. JAVITS. The Government must pay one way or another.

Mr. CURTIS. What makes it a private enterprise system when the Government collects the money with all the force of law of collecting any tax and where the Government administers the program even though there is an option that permits them to have an agent assist with the administration?

Mr. JAVITS. I would say that it is a partially private enterprise system and a partially Government system. I would say it is a mixed system.

Mr. CURTIS. If an individual lives in an area where Blue Cross is not going to act as the agent for the hospital or for the beneficiary, what part of it would be private enterprise?

Mr. JAVITS. That part which actually supplies the service to the individual. It will be supplied in many cases by hospitals or nursing homes or some health service agencies, which are private enterprise.

Mr. CURTIS. The hospitals are not Government-owned.

Mr. JAVITS. In the main, that is true.

Mr. CURTIS. But the operation of the plan otherwise is a Government system of paid medicine.

Mr. JAVITS. Well, I cannot agree with the Senator that this is a Government system of medicine. I think a fair description of it is that it is a system of private enterprise and Government. It is a mixed system of giving medical care—it is not really medical care—giving health care to those over 65. I cannot agree with the Senator. I know he is an able questioner, and I would like to go along with him, but I am intellectually convinced that this is not strictly a Government plan.

Mr. CURTIS. Turning to another subject, does the Senator know what the cost of a hospital bed runs to? Let us say a hospital bed in a semiprivate accommodation or in a ward.

Mr. JAVITS. There is great variance. I would fix the cost at somewhere in the $10 mark and as high as $35. It depends on the place.

Mr. KERR. That is per day.

Mr. JAVITS. Yes. It depends on the type of accommodation that is furnished.

Mr. CURTIS. If the beneficiary finds it necessary to go to a hospital and his illness is such and the facilities are such that he is placed in a bed which costs not to exceed $10 a day and he stays 8 days in the hospital, how much of the hospital bill will be paid by the plan?

Mr. JAVITS. Nothing.

Mr. CURTIS. Very well. My next question is, What is the average length of stay in the hospital for an aged person?

Mr. JAVITS. Our researches, when we looked into the matter, showed that last year in round figures it was 15 days.

I do not believe the figures are any different today. The Senator will not hold me to a slight percentage, I am sure.

Mr. CURTIS. I cannot even hold the Senator to that figure, because it is too round. I believe it is much lower.

Mr. JAVITS. It is actually 14.7 days average stay. I said 15.

Mr. CURTIS. For what class of people?

Mr. JAVITS. Over 65.

Mr. CURTIS. Those figures vary from the ones I have. I would be interested in the source of the Senator's figures, because I believe we are all in danger of having figures from my point of view and from the Senator's point of view which will not be complete.

Mr. JAVITS. I could not agree more with the Senator from Nebraska. When one draws upon one's recollection, it is always dangerous. So I ask the Senator's leave to submit to the Senator, and for the RECORD, the precise figure and the precise source. This is not the end of the matter, so we can go into it again at another time.

Mr. CURTIS. Does the Senator from New York know what percentage of the aged of the country now have some sort of private health insurance or hospital insurance?

Mr. JAVITS. I would not wish to say about health.

Mr. CURTIS. I will confine it to hospital insurance.

Mr. JAVITS. My understanding is that some kind of health coverage extends to something like 7 million-plus of persons over age 65. Again, the Senator is entitled to my source and to every detail; but, again, I am giving the Senator my best recollection.

Mr. CURTIS. Seven million out of how many million?

Mr. JAVITS. About 7 million out of about 17,500,000.

Mr. CURTIS. Has that number increased materially in the last 10 years?

Mr. JAVITS. I am sure it has increased materially, because the whole rate of increase in health coverage, through various types of health plans, is very great.

Mr. CURTIS. Does the Senator from New York have any facts to indicate that that increase will not be greater in the next few years than it has been in the past?

Mr. JAVITS. The Senator from New York cannot give the Senator from Nebraska those facts, except to point out that the rate of increase is slowed as a certain rate of participation is reached. But one of the main factors, which also affects the 7 million, is the extent of the coverage, which is one of the important points which have been made in these debates, which explains, in many cases, perhaps even the majority of the cases, the very limited nature of the coverage. There is health coverage, but it is quite limited in nature.

Mr. CURTIS. To what is it limited?

Mr. JAVITS. It varies with different plans and different types of participation.

Mr. CURTIS. Does it include prescriptions?

Mr. JAVITS. I could not say that to the Senator generically. Could the Senator tell me to what plan he refers?

Mr. CURTIS. I am talking about the new plan.

Mr. JAVITS. I beg the Senator's pardon. I understood the Senator to be talking about the so-called voluntary plan.

The plan of the bill does not include prescriptions. It includes such medicines as are provided in connection with hospitalization, and there is a fair degree of procedural formulas.

Mr. CURTIS. In other words, if there is an aged individual who, in order to sustain life, must have a prescription filled once or twice a week, this program would not provide for that?

Mr. JAVITS. I would not say that.

Mr. CURTIS. If he is not in a hospital?

Mr. JAVITS. If he is not in a hospital, that is a fact, except for one minor difference. There is a certain amount of outpatient diagnostic service provided in the bill, with a deductible amount of $20.

Mr. CURTIS. That is a cheap way of keeping the person out of the hospital.

Mr. JAVITS. Well, let us say that.

Mr. CURTIS. Suppose an aged person had to report to his doctor's office once a week. What would the Anderson proposal do for him?

Mr. JAVITS. Aside from the outpatient service, to which I referred, the Anderson proposal would not cover the doctor's service.

Mr. CURTIS. Suppose such a person called the family doctor, and the doctor went to the home. Would such service be covered under the Anderson proposal?

Mr. JAVITS. No, it would not.

Mr. CURTIS. We are asked to inject the Federal Government into a plan under a universal tax which will provide some benefits, and the proponents admit that the benefits are rather small. What is the Senator's estimate, or what is the best figure the Senator can obtain, concerning what a private carrier would charge for all the protection which is provided in the Anderson bill as now written?

Mr. JAVITS. We have tried to get various estimates on that subject for the 90 days of hospitalization with the $90 deductible. The best figure I can give the Senator is this. Our research has indicated wide diversities. Many companies have much lower ratios of operatings to premiums than do others.

We are told that the optimum ratio was somewhere in the 80- to 85-percent bracket. That is not even attained. The best figure I can give the Senator is that I calculate the cost to the Federal Government of this type of coverage, on a premium basis, as in the order of magnitude of $100 a year. What a private company would charge for that service remains a question, because the private companies have not been faced with this issue. However, I think it is fair to assume that Representative Bow rather carefully did his utmost to ascertain what insurance coverage would cost in connection with the proposed Bow plan.

It is rather significant to me that even with a lifetime limitation of $5,000, on the basis of $100 deductible, and $10,000 on the basis of $200 deductible, on the whole his figures for a $125 premium give, if anything, fewer benefits than the benefits provided by the Anderson plan. For example, because, again, we want to have our figures correct, his plan A—he has two alternatives in his proposal—provides 90 days' hospitalization, assuming a cost of $12 a day, which I think is a pretty low cost assumption, because apparently insurance companies, generally speaking, prefer an overall figure of $1,080 for all days of confinement in a calendar year. They give $120 for hospital ancillary charges, including surgery and emergency treatment; $6 a day for convalescent hospital room and board charges; and $186 for all such days of confinement in a year. So they are talking about 31 days, and they pay surgical charges—which the Anderson plan does not—according to a fee schedule with a $300 maximum for any single operation.

I submit that those benefits are rather materially lower than the Anderson benefits. The insurance companies are protected by a lifetime limitation, which I have described. Nonetheless, apparently the optimum figure which Representative Bow was able to get is $125 a year.

Mr. CURTIS. That includes surgery.

Mr. JAVITS. I know; I equated that fact with the nursing home service and the health service provided in the Anderson bill. Therefore, what will be provided by the Federal Government, even on this actuarial cost basis, is very much more for the money than what is provided today. I am hoping for much better things.

Mr. CURTIS. For whose money?

Mr. JAVITS. For the individual payer's money. The individual payer of the social security tax will get more for his money today than he would, generally speaking, in the insurance field.

Mr. CURTIS. When the Senator speaks of "today," is he referring to the young man of 25 years of age who begins to pay the bill?

Mr. JAVITS. No; I am talking about the man who needs coverage at age 65.

Mr. CURTIS. He will get his service free if he is already retired. That is pretty cheap.

Mr. JAVITS. That is correct; it is very cheap. But we are now talking about the impact on a man of average age when he becomes 65 years of age.

Mr. ANDERSON. Mr. President, will the Senator from New York yield at that point?

Mr. JAVITS. I yield.

Mr. ANDERSON. In connection with the discussion about the length of stay in a hospital, I ask unanimous consent to have printed at this point in the RECORD a table from the "Health Statistics of the National Health Survey of the United States, 1958–60." Table 12 shows the average length of stay in days for both sexes in different age groups. In the age group 25 to 34, the average length of stay is 6 days. In the age group above 65, the average length of stay is 14.9 days.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 12.—*Average annual number of hospital days and average length of stay by sex, family income, and age: days for discharges from short-stay hospitals, United States, 1958–60*

[Data are based on household interviews and refer to the living, civilian, noninstitutional population. The survey design and information on the reliability of the estimates are given in appendix I. Definitions of terms are given in appendix II]

Family income and age	Average annual number of hospital days in thousands			Average length of stay in days		
	Both sexes	Male	Female	Both sexes	Male	Female
All incomes						
All ages	166,935	77,018	89,916	8.4	10.5	7.2
Under 15	20,560	11,353	9,207	6.0	6.1	5.8
15 to 24	18,322	5,881	12,441	5.3	8.2	4.5
25 to 34	22,954	7,252	15,703	6.0	9.3	5.2
35 to 44	24,074	11,091	12,984	8.4	11.8	6.7
45 to 64	48,401	23,680	24,721	11.8	12.2	11.5
65 plus	32,623	17,762	14,861	14.9	15.9	14.0
Under $2,000						
All ages	32,125	16,345	15,780	11.4	15.0	9.1
Under 15	2,477	1,328	1,149	9.3	8.7	10.3
15 to 24	2,950	1,085	1,865	5.5	10.0	4.4
25 to 34	2,630	986	1,644	8.0	14.5	6.3
35 to 44	3,345	1,944	1,401	13.6	23.4	8.6
45 to 64	7,635	3,948	3,687	12.5	15.0	10.6
65 plus	13,087	7,053	6,034	15.7	17.0	14.5
$2,000 to $3 999						
All ages	35,947	18,179	17,768	8.3	11.1	6.6
Under 15	4,430	2,567	1,863	6.2	6.4	5.9
15 to 24	4,814	1,268	3,546	4.8	6.9	4.3
25 to 34	5,241	2,425	2,817	6.9	12.9	5.0
35 to 44	4,839	2,323	2,515	9.4	12.9	7.5
45 to 64	8,741	4,817	3,923	10.9	12.3	9.6
65 plus	7,883	4,779	3,104	15.0	16.4	13.2
$4,000 to $6,999						
All ages	51,389	20,378	31,010	7.4	8.3	6.9
Under 15	8,245	4,847	3,398	5.7	6.1	5.2
15 to 24	5,990	1,386	4,604	5.1	6.5	4.7
25 to 34	9,003	2,220	6,783	5.4	6.9	5.1
35 to 44	7,759	3,175	4,584	6.9	8.4	6.2
45 to 64	16,039	6,531	9,508	13.4	11.5	15.2
65 plus	4,353	2,220	2,133	13.6	13.1	14.0
$7,000 plus						
All ages	31,486	14,921	16,565	7.4	8.9	6.4
Under 15	3,912	1,869	2,043	4.8	4.6	5.1
15 to 24	3,273	1,599	1,674	6.6	10.9	4.8
25 to 34	4,607	1,331	3,276	5.5	8.4	4.8
35 to 44	5,420	1,865	3,555	6.5	7.2	6.2
45 to 64	10,125	5,704	4,421	10.1	10.6	9.5
65 plus	4,149	2,553	1,597	14.6	16.2	12.7
Unknown						
All ages	15,989	7,194	8,794	10.3	13.8	8.6
Under 15	1,496	742	754	7.4	7.1	7.8
15 to 24	1,295	543	752	5.3	7.6	4.4
25 to 34	1,473	290	1,183	5.9	7.1	5.7
35 to 44	2,712	1,783	928	18.0	44.6	8.4
45 to 64	5,862	2,680	3,183	12.1	14.9	10.4
65 plus	3,150	1,156	1,993	14.3	13.4	15.0

NOTE.—Estimates of discharges are based on the experience of members of the sampled households who were alive at the time of the family interview.

Mr. CURTIS. Mr. President, may I inquire if that is the average length of stay of everyone who went to the hospital, or is it the average based upon all persons over age 65?

Mr. ANDERSON. It is the average length of stay, in days, of persons who went into the hospital.

Mr. CURTIS. Who went into a hospital?

Mr. JAVITS. It is based on discharges per 100 persons.

Mr. CURTIS. But the average person did not spend that many days in the hospital.

Mr. JAVITS. That is correct.

Mr. CURTIS. My last question is: Can the Senator enumerate for me the list of businesses in which the U.S. Government has engaged, in which the Federal Government operates more efficiently and economically than does private enterprise?

Mr. JAVITS. Of course——

Mr. CURTIS. I would not suggest that the Senator start with the Senate restaurant or the Post Office Department.

Mr. JAVITS. The Senator could start with the protective services of the FBI; I think that would be a fairly good example.

Mr. CURTIS. But that is not a business.

Mr. JAVITS. I think there are in the country a number of persons in that business—Dougherty, the Burns organization, and a number of others.

Mr. CURTIS. The first inherent power of the Government is the police power, to maintain order; and that is a Government power. It is not a private business. But I mean the running of a restaurant or construction or work on force account or similar activities. I should like to have a list of examples in which the Government has excelled private enterprise in terms of progress and low cost.

Mr. JAVITS. Mr. President, I do not believe that a debater should ever be drawn into arguing for a point which he does not maintain.

Mr. CURTIS. I thank the Senator for his concession.

Mr. JAVITS. I would point out to the Senator from Nebraska that in 2 years I have rather worn myself thin in bringing into this plan the private enterprise element, because I think in this respect that mix might give us the most economical and just plan we could possibly get.

Mr. CURTIS. But when has a mixture of private enterprise and socialism ever worked?

Mr. JAVITS. Again the Senator from Nebraska bases his question on a postulate which does not arise here. None of us is talking about socialism. We are talking about Government and private enterprise, and that mix is working very well, in the main—for example, in the production of weapons systems; and, somehow or other, we have been able to work it effectively in war; and the other day we passed, with practically no opposition, a renegotiation statute which provides for a mix of Government and private enterprise. If we are to make progress in the directions in which this world must make progress and if we are to carry on enormous works, of a size today undreamed of, our business community will have to become more accustomed, rather than less accustomed, to this idea, because the alternative is all government; and that I, myself, reject with all the strength and force of my being.

Mr. CURTIS. Does the Senator from New York mean that a little bit of it is good?

Mr. JAVITS. No, I do not say that. I say that in order to make progress and in order to do the work which must be done, our private enterprise is learning; and I think one of the things it is learning in connection with this field and in connection with other fields is the ability to work with Government.

Mr. CURTIS. I thank the Senator from New York.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Kentucky [MR. MORTON].

Mr. KERR. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. KERR. I have been intrigued by what the Senator has said about this being a mixture of private enterprise and Government. Yesterday, in response to questions by me, the Senator from New York admitted that under both sections of the Anderson-Javits amendment which have to do with disbursing money in paying for the benefits to be provided, the Government would pay all the money, and beneficiaries would not get any more benefits under the program, whether the Government paid for it directly or whether it was paid for by the Government through intermediary, a private enterprise; and the Senator from New York admitted that if the payment was made through a private enterprise, through an intermediary, in addition to paying for the benefits, the Government would pay a fee to the intermediary, but it would not be a program in which the intermediary would be operating at a profit insofar as the health or hospital program itself was concerned. I believe that is a fair statement of what the debate yesterday disclosed.

Mr. JAVITS. Well, with all love and affection, although it is alleged that I said that, I do not believe that is a fair statement of what I said. But I shall wait for the Senator's question.

Mr. KERR. My question is this: To what extent is private enterprise involved, other than the extent I have just now described?

Mr. JAVITS. I have pointed out that the benefits which will accrue to the individual will include an opportunity for him to purchase on a better basis than he otherwise could, the additional coverage he needs, if he wishes to have more complete coverage than the Anderson plan would give him.

Mr. KERR. Then the Senator from New York would have to say that through this program the intermediary will get more money for the services provided by this bill than the cost of the services or than the amount the intermediary will pay to the hospital or to the nursing home or to the health service.

Mr. JAVITS. I would not have to say that at all, because under the option provision, which I gather is the one the Senator from Oklahoma is talking about——

Mr. KERR. There are two options; the Senator from New York said, yesterday, that there are two options.

Mr. JAVITS. I am talking about the option provided in section 1716.

Mr. KERR. Very well.

Mr. JAVITS. Under that, there will be no private enterprise operation except in addition to the basic guarantees of the plan—for the reason that the one giving the service cannot charge a premium for what is contained in the plan. So unless a person furnished service greater than that provided by the plan in the Anderson bill, he would not qualify as a person with whom such an option could be exercised.

Mr. KERR. But the beneficiary would not get any more from the Government, by reason of having exercised the option, than he would if he did not exercise it.

Mr. JAVITS. That is correct; he will not get any more from the Government; but he will get something from the company or the entity with which he exercises the option, as payment for it.

Mr. KERR. If he pays for it?

Mr. JAVITS. Yes. And if he does not, he will not.

Mr. KERR. Does any provision here require that the beneficiary shall receive more than what the intermediary is paid for—more than he would get if the Government did not make the payment to the intermediary?

Mr. JAVITS. The answer is "Yes."

Mr. KERR. I ask the Senator from New York to show it to me.

Mr. JAVITS. Because no payment may be charged by an intermediary for the services the Government provides.

Mr. KERR. But that was not my question. I asked whether any provision here states that the beneficiary will get more for the money he pays to the intermediary than the services provided and paid for by the Government.

Mr. JAVITS. But the Senator is not stating what the beneficiary is paying.

Mr. KERR. Does the Senator from New York assume that any payment by the beneficiary under this bill would require the intermediary to give that beneficiary more, if the payment were made under the provisions of this bill, than if the payment were made directly?

Mr. JAVITS. Of course. Suppose he paid a premium of $250 a year. He would get the services the Government would provide; and, in addition, he would get much more.

Mr. KERR. He would get $250 worth.

Mr. JAVITS. And much more, in addition, including probably surgical services, medical services, and all kinds of things.

Mr. KERR. But he would get only what he paid the intermediary for, would he not?

Mr. JAVITS. Certainly. Under any insurance policy, one gets only what he pays for.

Mr. KERR. Certainly, and that is the position I am taking.

I ask the Senator from New York what the beneficiary would get for his payment to the intermediary, under the provisions of this bill, that he would not get in the absence of this bill?

Mr. JAVITS. He would get the basic service the bill provides, plus many other things that he would not get if he bought a straight policy under a $250 premium. He would get more than he otherwise would get today for a $250 premium, because the carrier could give him the service the Government gives, plus many others things, in addition. Therefore, he would get a very much better deal.

Mr. KERR. But he would get only as much of a better deal as he paid for out of his own pocket, would he not?

Mr. JAVITS. But he would pay for the actuarial risk; and that risk is very much reduced when there is a provision that the Government will make reimbursement for the cost.

Mr. KERR. Will the Senator read the provision in the bill which requires the intermediary to give the beneficiary more for what the beneficiary pays than the intermediary would give the beneficiary if the deal were directly between the two and were limited to the deal? Does the Senator mean he would get the same service twice if he paid for it and the Government paid for it?

Mr. JAVITS. No; I do not mean that at all.

Mr. KERR. He would get two bottles of aspirin instead of one?

Mr. JAVITS. No. I mean when the insurance carrier can charge the premium for giving the service——

Mr. KERR. Where is that provided for?

Mr. JAVITS. I will get that language. The Senator has broached this question rather suddenly, he will admit.

Mr. KERR. I do not believe any Senator knows what is in section 1716 if the Senator from New York does not know, because he knows as much about the language as any Senator does whose name is on the bill.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MANSFIELD. Are we discussing the substitute offered by the Senator from Kentucky, or the amendment offered by the Senator from New Mexico?

Mr. KERR. I will answer the question of the Senator from Montana, and say the Senator from New York has been discussing neither.

Mr. ANDERSON. Mr. President, if the Senator will yield, may I ask the Senator from New York if we may vote on the pending amendment first, before discussing the other amendment?

Mr. JAVITS. I shall be glad to withhold any further statement and take up the matter again after the vote on the pending amendment.

Mr. KERR. I have asked the Senator from New York a question. I hope I succeed in getting a more direct answer than what I have received.

The Senator from New York said a while ago that he was limiting his remarks to what the beneficiaries would get under the bill today. Then the Senator made a statement, which I think I understood, and if I did not, I hope the Senator will correct me, "I am hoping much better things for them in the future."

Mr. JAVITS. No; I do not think that is a fair characterization of what I said.

Mr. KERR. If the reporter who took down the Senator's remarks is here, perhaps he can read what the Senator said.

The reason why I asked the question is that in 1960 the Senator from New York made a statement, which appears in volume 106, part 13, page 16901 of the RECORD, as follows:

> Mr. President, I think the hard nut of the issue is, Do we wish to inaugurate in the social security system what is, for all practical purposes, a health care scheme? I would not say it is exactly what the British do, but it is very much like it. * * *
>
> We are now starting with the aged over 68, but once we have imbedded it so fundamentally into the responsibility of the Government in terms, at the very best, of a Government insurance program, of course it will develop, without any question.

That is what the Senator said in 1960.

What he said a while ago today is that once we get written into the law what he has offered in this bill in the way of benefits for the beneficiaries, he hoped very much better things for them in the future.

In other words, as I understand the Senator from New York, today he hopes for things under this system in the future which in 1960 he feared would be the result.

Mr. JAVITS. No; I said no such thing. I said no such thing in 1960, and I have said no such thing now.

Mr. KERR. The Senator from Oklahoma read what the Senator from New York said in 1960.

Mr. JAVITS. I agree, as interpreted by the Senator. If the Senator will allow me to interpret what I said——

Mr. KERR. The Senator said that in 1960.

Mr. JAVITS. The Senator from New York reserves the right to explain what he said in 1960, if the Senator from Oklahoma will allow it.

Mr. KERR. I could not stop the Senator, and would not if I could, because the more the Senator speaks, the deeper he sinks into the mire of his own contradictions.

Mr. JAVITS. If the Senator will allow for the contradictions of Senators, which are famous——

Mr. KERR. I hope the Senator will speak for himself only in that regard.

Mr. JAVITS. The Senator from New York will.

In 1960 I was against the social security method of financing, and I used every argument at my command against it.

If the Senator from Oklahoma will let me have his attention, I would appreciate it. Having made his point, I think I would like to make mine.

In 1962, coupled with what I consider to be an option method, a radical difference in the whole approach and thrust of this bill, opening it to the cool, clean air of the private enterprise system, I have accepted the social security method of financing for the reasons which I have stated.

Among those reasons are that the people want to pay for such medical insurance; that there is no other way of getting a bill passed; that a medical care bill is desirable; and that there are precautions, which we have gone over time and again, which have overcome a good many of the objections I had to the bill originally.

I would be less than honest with myself, and less than honest with the people whom I represent in the State of New York, if, having come to that conclusion, I did not act on it, which I have done. I am not dismayed by remarks which I made in 1960, of which the Senator may find more, which indicated the basis of my conviction upon the previous occasion in reference to the bill which I then sponsored.

I would like to point out to the Senator that that bill provided for a system of broad medical care for our older citizens substantially as now exists in the pending proposal. The only difference between that bill and the Anderson bill was in the method of financing.

Whether the Senator from Oklahoma thinks so or not, the present Anderson bill has been widely hailed as being a real departure, in substantial terms, from the previous King-Anderson bill, on which we voted in 1960.

In answer to the substantive question which the Senator asked me before, I invite his attention to the provision of section 1716, subsection (b), which reads——

Mr. KERR. From what page is the Senator reading?

Mr. JAVITS. Page 45, lines 14 through 23:

> An individual may make an election under subsection (a) with respect to the plan of an eligible carrier only if he was covered by a plan of such carrier (or an affiliate thereof), providing or paying for the costs of inpatient hospital services, skilled nursing facility services, home health services, and outpatient hospital diagnostic services which are subject to no greater limitations and deductibles than are provided in section 1704, and providing or paying for the costs of some additional health services, continuously—

And so on. I point out particularly the words "some additional health services."

In short, whether we have expressed it artistically or to the satisfaction of the Senator from Oklahoma—and if we have not expressed it artistically, the Senator from Oklahoma is perfectly free to correct it—it is our desire and intention to make only those private plans available which have an additional quotient over and above the services provided by the Anderson bill.

Mr. KERR. But for which the patient himself pays.

Mr. JAVITS. He will pay a premium.

Mr. KERR. And having paid it, there is nothing in the provision which provides that he will get more benefits than if he had not paid for it.

Mr. JAVITS. That is correct.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CURTIS. With reference to the cost of the two plans, is it not a fact that the social security tax paid by an individual is not an allowable deduction from the income tax, but that a payment for a private hospital and medical insurance premium for a person over 65 is a deductible item?

Mr. JAVITS. That is correct.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Kentucky [Mr. MORTON] in the nature of a substitute for the amendment of the Senator from New Mexico [Mr. ANDERSON].

The Morton amendment in the nature of a substitute for the Anderson amendment was rejected.

POSITION OF AMERICAN MEDICAL ASSOCIATION

Mr. ANDERSON. Mr. President, in course of the past several months an increasing number of doctors have voiced support of proposals to provide health care for the aged through social security. They have taken a stand in direct opposition to the spokesman of the American Medical Association. I ask unanimous consent that the following letter to the editor from the El Paso Times of June 20, 1962, be printed in the RECORD. It is a fine statement by four physicians who support the social security approach.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the El Paso Times, June 20, 1962]

SPEAKING THE PUBLIC MIND

EDITOR, EL PASO TIMES:

At a time when careful and intelligent thought is needed on the very real problem of providing good medical care for our growing elderly population, it is most regrettable that there is at present a paucity of such thought by most segments of our population. Pressure groups have loudly presented their propaganda in an effort to achieve their objectives.

One such pressure group is the American Medical Association, a group which wrongly represents itself as the spokesman for all American physicians. By no means is this the case. Many thoughtful physicians, while endorsing wholeheartedly the AMA's programs of fighting health quackery and of aiding in the maintenance of high standards of medical education in this country, emphatically oppose the organization's ultraconservative political statements.

The AMA has recently, it seems to us, been guilty of perpetrating in numerous periodicals and in pamphlets placed in physicians' offices many half-truths and outright falsehoods concerning the King-Anderson bill and its supporters. We are ashamed and deeply disappointed that a group of men who like to consider themselves scientifically oriented are capable of reasoning of a caliber which would lead to failure of any freshman philosophy examination and of sordid emotionalism. Their publications accuse supporters of the King-Anderson bill of desiring to establish a National Health Service similar to that of Great Britain and insinuate in at least one publication which we have seen that perhaps there is a definite interest of Moscow in the passage of this bill. They have absurdly asserted that "the average income of those over 65 is greater than for those under 65." According to the New York Times, a usually reliable source, "the median annual income of families headed by persons over 65 is $2,897, as compared with $5,905 for other families" (May 27, 1962, p. 2E). They assert that living costs for the aged are lower, when we all know that grocery stores, utility companies, clothing stores, and landlords do not have special prices for the aged, nor should they. They pretend that medical expenses are no greater a threat to an individual over 65 than for a younger individual, ignoring common knowledge and life insurance statistics and the fact that a minority of these persons is gainfully employed. They speak of the King-Anderson bill's "interference with the doctor-patient relationship," when it pertains only to payment of hospital and nursing-home bills and has no clause which interferes with the patient's right to choose his own physician or the physician's right to diagnose and treat.

The Kerr-Mills bill covers those who qualify for and are willing to accept welfare aid. It does not adequately cover millions of aged citizens who are unable to afford prolonged and expensive medical care. Nor is it true that all physicians will see welfare patients.

We have known of some who will not. We do not believe that the plan to add medical care to the social security system is unreasonable. The argument that this is a forerunner of frank socialism is not valid. The same argument has been given against every important piece of social welfare legislation from social security to slum clearance and is advanced by those who oppose any change in the good old status quo.

We hope that physicians, social scientists, and those entrusted with making the laws of this land will join to work for better medical care for all citizens, applying rational and informed minds to this very complex problem.

Max M. Kinkel, M.D.
Leonard M. Lipman, M.D.
John A. Paar, M.D.
Mark J. Yanover, M.D.
812th Medical Group, Walker Air Force Base, N. Mex.

(Note.—The above are physicians currently stationed at Walker Air Force Base. This letter is to be understood as expressing solely the private opinion of its writers, and in no way expresses the policy of the 812th Medical Group or of the Medical Corps of the U.S. Air Force.)

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call may be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTERNATIONAL WHEAT AGREEMENT, 1962 — UNANIMOUS-CONSENT AGREEMENT TO VOTE MONDAY, JULY 9, 1962

Mr. MANSFIELD. Mr. President, after consultation with the distinguished minority leader, I wish to make a unanimous-consent request of the Senate.

The International Wheat Agreement, 1962, was reported unanimously by the Committee on Foreign Relations. It is anticipated that this treaty will be considered on Monday next. I ask unanimous consent that at the conclusion of morning business on Monday it be in order to consider the International Wheat Agreement, and that an hour be allocated to its consideration before a yea-and-nay vote is taken.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. MANSFIELD. Mr. President, I wish to make a further proviso, to the effect that if debate, if any, should be completed prior to the conclusion of the hour, Senators might well be on notice the vote could come in less than an hour after the conclusion of morning business.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. CARLSON. Mr. President, reserving the right to object, I hope that I shall have an opportunity to speak for 10 or 15 minutes after the vote is taken, to discuss the proposed postal rates as they affect farm publications. I would not wish to agree to any unanimous-consent agreement until I have some assurance of an opportunity to speak after the vote on the International Wheat Agreement.

Mr. MANSFIELD. The Senator will have the combined assurances of the leadership that he will be given time. We know the Senator is entitled to it. He takes little time. The Senator has that assurance.

Mr. CARLSON. I thank the Senator.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

The unanimous-consent agreement, as subsequently reduced to writing, is as follows:

Ordered, That on Monday, July 9, 1962, at the conclusion of the routine morning business, the Senate shall go into executive session to consider the International Wheat Agreement, 1962 (Executive D, 87th Congress, second session), and that debate thereon, and all motions and amendments thereto, be limited to 1 hour, to be equally divided and controlled by the majority and minority leaders. *Provided further,* That if debate is concluded sooner, a vote on the resolution of ratification may be taken immediately.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PUBLIC WELFARE AMENDMENTS OF 1962

The Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

Mr. ANDERSON. Mr. President, I ask unanimous consent that the pending amendment be set aside in order that the Senator from Illinois [Mr. Douglas] may offer an amendment to the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DOUGLAS. Mr. President, on behalf of myself and other Senators, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Illinois will be stated.

The Chief Clerk. The Senator from Illinois [Mr. Douglas] (for himself, Mr. Humphrey, Mr. Yarborough, Mr. Burdick, Mr. Dodd, Mr. Fulbright, Mr. Gruening, Mr. Holland, Mr. Jackson, Mr. Long of Missouri, Mr. McCarthy, Mr. Metcalf, Mr. Moss, Mr. Pell, and Mr. Randolph) proposes an amendment to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, viz:

On page 78, line 13, strike out "and" and insert in lieu thereof the following: "except that, in making such determination with respect to any individual claiming old-age assistance, the State agency may disregard not more than $25 per month of earned income; and".

On page 100, between lines 15 and 16, insert the following:

CERTAIN EARNED INCOME MAY BE DISREGARDED IN DETERMINING NEED FOR OLD-AGE ASSISTANCE

Sec. 156. Section 2(a)(10)(A) of the Social Security Act (as amended by section 106(a)(1) of this Act) is further amended by striking out the word 'and' at the end thereof and adding in lieu of such word the following: "except that, in making such determination, the State agency may disregard not more than $25 per month of earned income; and".

On page 100, line 24, strike out "and 134" and insert in lieu thereof "134, and 156".

Amend the table of contents of the bill so as to add, after the description of the contents of section 155 of the bill, the following:

Sec. 156. Certain earned income may be disregarded in determining need for old-age assistance.

The PRESIDING OFFICER (Mr. Hart in the chair). The question is on agreeing to the amendment offered by the Senator from Illinois for himself and other Senators.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the name of the junior Senator from Wisconsin [Mr. Proxmire] may be added to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, the purpose of the amendment is to allow those on old-age assistance to earn small amounts of pin money by babysitting, gardening, and other casual work without being penalized. The amendment would accomplish that objective by permitting States to exempt from the determination of an aged individual's need for old-age assistance an amount of earned income up to $25 a month. If enacted, the amendment would take effect beginning on July 1, 1963, which is at the beginning of the next fiscal year, and not during the current fiscal year.

The present law provides that in determining need under old-age assistance, the entire income and resources of an individual are to be taken into account.

What that means in practice is that any amount an aged person earns is deducted from the grant which has been determined to represent his need.

For example, suppose an aged individual is receiving a grant of $58 a month, which is the nationwide average excluding vendor medical payments. The average cash grant is approximately $58, and the medical assistance given is the equivalent of approximately $14 a month. In April 1962, the average money payment was $57.91 and the average medical payment was $14.33.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield.

Mr. AIKEN. Can the Senator inform the Senate as to the maximum grant in any State?

Mr. DOUGLAS. We have the figures. For April, California had the highest average money payment of $89.31. Including vendor medical payments, the California average was $101.60. In Connecticut, including medical payments, the average was over $111. Of course, in exceptional cases an individual monthly payment can run over $500 including medical payments.

Mr. AIKEN. I was wondering why the Senator arrived at $25 as the amount which could be earned over and above the grant? Why not $35 or $40?

Mr. DOUGLAS. I tried to be very conservative.

Mr. AIKEN. Possibly the Senator thought that he was dealing with conservative people in offering his amendment.

Mr. DOUGLAS. Yes; extremely so.

Mr. AIKEN. Nevertheless, it seems to me that $25 is little enough.

Mr. DOUGLAS. Mr. President, that statement is very interesting. When I submitted an amendment in 1956, I included in it the amount of $50 a month. On a yea-and-nay vote in the Senate the amendment was agreed to, but it was lost in conference. This time I thought I would be more modest.

Mr. AIKEN. The conservative individuals to whom I referred would not have been the Senate anyway.

Mr. CURTIS. Mr. President, will the distinguished Senator yield?

Mr. DOUGLAS. I am happy to yield.

Mr. CURTIS. Does the amendment of the Senator from Illinois have the support of the Department of Health, Education, and Welfare?

Mr. DOUGLAS. I am not certain.

Mr. CURTIS. I should like to ask one further question. At the present time additional earnings on the part of a recipient of old-age assistance are in the same category as a gift or some assistance from a relative. Is it not true that if a recipient of old-age assistance were drawing the average which was mentioned—$72—and it was learned that a son, daughter, or some other relative by some sacrifice was giving the recipient an additional amount of $25, if that fact were disclosed, the old-age assistance would be reduced from $72?

Mr. DOUGLAS. The Senator is correct.

Mr. CURTIS. But the amendment of the Senator from Illinois would not take care of that situation?

Mr. DOUGLAS. No. The amendment merely provides for an amount up to $25 of earned income. It would not apply to gifts, but to earned income.

Mr. CURTIS. I thank the Senator.

Mr. AIKEN. Mr. President, will the Senator yield for a further inquiry?

Mr. DOUGLAS. I yield.

Mr. AIKEN. How much unearned income would a recipient be entitled to retain with, we will say, an average old-age assistance payment of $72 a month?

Mr. DOUGLAS. Unearned income would be treated in the same way that earned income would be treated, and would automatically be deducted from the cash allowance which otherwise would be paid.

Mr. AIKEN. Can the Senator enlighten me as to how a person living on old-age assistance can live on $72 a month or even $97 a month?

Mr. DOUGLAS. The $72 is not necessarily the total income of the individual.

Mr. AIKEN. That is what I thought.

Mr. DOUGLAS. The amount of old-age assistance is the difference between the needs of the aged man or woman as determined generally by social workers, on the one hand, minus the resources of the aged man or woman.

Mr. AIKEN. I see.

Mr. DOUGLAS. The difference is the amount of old-age assistance. On the average $58 is approximately the cash payment and $14 is the average medical assistance.

Mr. AIKEN. I thank the Senator for the explanation.

Mr. DOUGLAS. The difference between the needs of the aged man or woman as determined by a social worker and the resources found by such a social worker represents the amount of the individual's old-age assistance grant. Suppose the aged person found that he could obtain a small amount of healthful and personally satisfying employment doing gardening work during summer months. If he earned $10 in 1 month, the full amount of his earnings would have to be reported and it would be subtracted from the cash grant, $58.

He would get $48 in old-age cash assistance for that month. If he could arrange for similar employment for consecutive months, this amount of regular small earnings, though very small, would be subtracted from his grant, so that his determined regular payment would be only $48 in cash.

Now, the disadvantages of such a provision are obvious. First, the old-age assistance recipient is discouraged from any useful paying work because, if he follows the law and reports his income, he will lose every dollar of it. And second, if he does accept some regular income for a few months and then loses it or gives it up, he will experience, in many cases, frustrating delays and difficulties in getting a return of his full entitlement under old-age assistance.

Thus, the old-age assistance recipient is not only discouraged from seeking casual and part-time employment but he is actually penalized for doing so.

What could be further from the purpose of our welfare programs than to enforce idleness and total dependency on the part of our older citizens by penalizing those who have insufficient resources when they attempt to work to meet some of their needs?

Moreover, I think we should take into consideration the unfortunate effect that this provision of the law has on the self-respect and psychological well-being of the individual. The opportunity to perform useful work for pay is important both to the "inner man" and to the individual in relation to his family life. For the aged person living with members of his family, and perhaps relying on them in some degree, it is certainly helpful to family harmony if the person able to do so is permitted to do rewarding work.

This provision of the law is antiquated. It stems from the depression days when the community wanted to discourage as many old people from working as possible in order to open up jobs for younger people.

But our employment problems are not basically of this kind today. The median age of the old-age assistance recipients is 76.4 years. Of the 2¼ million old-age assistance recipients very few will prevent younger persons from working by seeking casual employment yielding $25 or less a month.

Except for the amount of the exemption—this amendment is identical with the amendment which I offered in 1956 and which the Senate adopted by a roll-call vote of 56 yeas to 34 nays. Primarily because of the opposition of the Eisenhower administration, the amendment was lost in conference.

In 1958, I again offered a similar amendment to the social security amendments bill of that year, but including the exemption of an amount of earned income for ADC parents as well. This amendment was strongly opposed by the administration, and it failed to pass on a division.

In the 1956 amendment passed by the Senate, the exemption provided was $50. At that time, the average total old-age assistance payment was about $56. In April of this year, the average total payment had gone up to $72.24, including $14.33 of vendor medical payments. Thus, there has been some increase and under H.R. 10606 an additional small increase would be permitted. Because of this, but particularly because I would like very much to have this principle embodied in my amendment become law, I have submitted the amendment calling for only a maximum exemption of $25.

Of course this increase from $56 to $72 in the average payment is stated in current dollars. In 1957–59 dollars, the increase is only from about $60 to $68.65. So this amendment calls for a very small exemption.

The total cost of all this is somewhat clouded because it is not certain how many States will accept the provision. It is not mandatory upon the States to do so. It is only permissive. If they do so the Federal Government is ready to meet its share of the cost. There will be something of a windfall to the States because it will make more aged persons eligible for old-age assistance and Federal aid exceeds 50 percent of the cost on the initial amounts paid. In some cases a State may receive as the Federal Government's "matching" share as much as

5 or 10 times the amount actually paid to the new old-age assistance recipient.

Mr. President, I ask that the Senate adopt the amendment and thereby take this very gentle and moderate step, to show the 2¼ million recipients of old-age assistance that we have not written them off as having nothing to contribute to our economy in a modest way or as undeserving of a little earned pin money.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MONRONEY. I compliment the distinguished Senator for bringing the amendment to the Senate, and following up the fight he has made for many years for an adequate opportunity for people to earn a very limited amount in their old age to supplement their old-age assistance by meager earnings in doing odd jobs, thus obtaining some income that is necessary to provide a bare subsistence standard of living.

I, too, have been working on this idea. I have come into complete agreement with the Senator as to the need and as to the logic of offering these people—who never would be able to qualify for social security, and whose problems were inherited from the days when it was no concern of the Federal Government or of the States whether they were able to exist or not—an opportunity to provide themselves with this little income.

If my memory serves me correctly, we are talking about a declining number of people, as the Senator has said, who are around 76 years of age. I am told that today approximately two-thirds of the aged population have social security benefits for which they have paid and to which they are entitled. They may earn up to $1,200—I believe the figure is—a year, or perhaps more under social security.

Mr. DOUGLAS. One thousand three hundred and fifty dollars.

Mr. MONRONEY. The correct figure is $1,350. These people in most States are denied even income from selling chickens and eggs and the very meager change that they might earn in supplementary work.

I know that all the sociologists believe that one of the best means of helping to maintain respectability and the feeling of being wanted in old age is an opportunity to earn a few dollars.

I agree with the Senator that the earnings limitation is obsolete, because today the problem in small towns, as in large towns, is the problem of finding people who will do part-time work, who will babysit for parents who go out, as well as finding people who will take care of children of working mothers, and widows who have only a pittance on which to rely.

Mr. DOUGLAS. And people who will cut the lawns and do a little gardening.

Mr. MONRONEY. And those who will cut lawns. Consequently there is this void in the labor supply. Young men today want full-time jobs and salaries of about $200, for a high school graduate. Yet the aged citizens are denied this opportunity to work even though the need for work is there, such as taking care of cars, parking cars, pumping gasoline, working in a supermarket, and doing many other things that can give a feeling of being needed, and at the same time supplement income.

The national average monthly cash benefit of old-age assistance people runs to about $57 a month. Added to this is about $14 in vendor payments for medical care. Therefore, if the national average monthly cash benefit is in the neighborhood of $57, a greater earning allowance could logically be made.

Several of my colleagues in the Senate, among them the distinguished Senator from West Virginia [Mr. RANDOLPH], who is here, and the distinguished Senator from Vermont [Mr. AIKEN], who is here, feel that since this does not add to the money the Government pays out this should be more liberal than the $25 figure. I know the Senator wishes it to be more liberal. I believe that earnings of $50 a month would be possible without any serious impact upon the cost of the program. By that I mean that most of the people who retire today receive social security. Persons who have been on the rolls, subject to the means test, have been on social security for years, because Congress has expanded social security so much.

The idea that a new class would be opened by allowing persons to earn $50 a month or $25 a month is simply not factual in the light of the situation that exists today. Since this money comes from earnings, it will not come out of any money which will be appropriated.

I wish the Senator would go along with the amendment I should like to propose and to raise the amount to $50 a month. Five or six dollars a week will not encourage these people to run the risk of being cut off of the retirement rolls in the States.

Mr. DOUGLAS. May I reply to the Senator?

Mr. MONRONEY. Yes.

Mr. DOUGLAS. I am somewhat astonished at my own moderation. I came to the Chamber expecting to be torn limb from limb for proposing $25. Now I find the Senator from Oklahoma and the Senator from Vermont, who are very thrifty men, not upbraiding me, but suggesting that I should double the figure. I am afraid the cost would be high. Much as my heart beats with them, let us be moderate about this proposal; let us not go overboard. We should remember that this will make more persons eligible and that the States will get a windfall from the Federal payments. The greater the exemption, the greater the windfall. I am trying to combine prudent thrift with humane generosity.

Mr. MONRONEY. I believe we are being more than moderate when we limit earnings to about $6 a week. In other words, if a man has to take 2 days to mow his lawn, and he might get $7.50, and he might have a regular customer for whom he would tend a lawn at $7.50, then 1 week he will have to skip the job.

Mr. DOUGLAS. Why not have us start at $25; and if that is not enough, the amount can be increased later. Let us not swamp the system to begin with.

Mr. MONRONEY. The Senator from Illinois has been a pioneer in this field. It was his leadership that helped to establish this program twice in the Senate. As he mentioned, today's dollar is not the dollar of the days when he first presented the $25 amendment.

Mr. DOUGLAS. There has been an increase of 15 percent since 1957-59.

Mr. MONRONEY. Let us be reasonable and start it where it will be worth while for persons to have an earning capacity and go out and try to help themselves. I think it would be real frugality to help those who help themselves.

Mr. AIKEN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the Senator from Vermont.

Mr. AIKEN. I should like to add my voice to what has been said by the junior Senator from Oklahoma.

I would not consider that permitting an old-age recipient to earn up to $50 a month as being the acme of radicalism, exactly, because I would not say that $105 a month on which to live would permit any of them to become spendthrift.

Mr. DOUGLAS. Could they not live very handsomely on that in the little villages in the State from which the Senator from Vermont comes? Could they not live handsomely in the Connecticut River Valley at Thetford or Putney?

Mr. AIKEN. They could have at the time I was born, but they could not today. I have heard about going back to the pre-McKinley days; but actually the cost of living has been increasing in Putney, Vt., Thetford, Vt., and other places in Vermont.

I know the Senator from Illinois spent much of his early life—shall we call them formative years or informative years?—in the State of Maine. I never knew of anyone who came from the State of Maine or the State of Vermont to resist the opportunity to bargain.

While I would favor permitting an old-age recipient to earn up to $50 a month, that would not be taking it out of anyone else, because he would, for the most part, be doing much of the work he would be doing anyway. It would be just that much more money to be spent in the community, and it would increase business generally.

Mr. DOUGLAS. I believe thoroughly in the principle, but I never thought I would be reproached for not giving enough.

Mr. AIKEN. Everyone has his conservative moments. I suppose the Senator from Illinois is entitled to his. But if the Senator from Illinois, who was raised in the habits of New England, is unwilling to accept $50, what would he accept?

Mr. DOUGLAS. Now we have reached the point of bargaining on the Senate floor.

Mr. KERR. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the senior Senator from Oklahoma.

Mr. KERR. Has not the Senator amended his amendment to the point where it is permissive instead of mandatory?

Mr. DOUGLAS. That is correct; that is a still further concession.

Mr. KERR. If the $50, suggested by the junior Senator from Oklahoma [Mr. MONRONEY], the Senator from Vermont [Mr. AIKEN], and the Senator from West Virginia [Mr. RANDOLPH], were accepted it would not be mandatory upon the States.

Mr. DOUGLAS. That is correct.

Mr. KERR. It would only provide the authority to do that if they had the money to carry their program with the additional provision.

Mr. DOUGLAS. That is correct. But the Federal payments would increase by a greater ratio.

Mr. KERR. If a State could not go above $25, it would not be compelled to do so; but if it had the money which would enable it to do so, it could pay as much as $50 under the permissive provision.

Mr. DOUGLAS. Is the Senator from Oklahoma arguing in favor of raising the amount from $25 to $50?

Mr. KERR. I am.

Mr. DOUGLAS. My heart is deeply pleased, but my judgment is dubious.

Mr. RANDOLPH. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the Senator from West Virginia.

Mr. RANDOLPH. Hot or cool, we all seem to be warming to the subject. As a cosponsor of the amendment which has been offered by the astute Senator from Illinois, whom we admire——

Mr. DOUGLAS. I have never been charged with being astute.

Mr. RANDOLPH. I did not charge the Senator with being astute; I commend him for it.

Mr. DOUGLAS. I have never been so labeled.

Mr. RANDOLPH. It is my feeling, in view of the lucid arguments presented by both the junior Senator from Oklahoma [Mr. MONRONEY] and the senior Senator from Vermont [Mr. AIKEN], that I not attempt to present further reasons or seek to reinforce points well made, but rather that I should appeal to the Senator from Illinois to raise our figure. I trust he will do so. I am in full agreement with the desirability of having the amendment provide for $50 rather than $25. Of course, I would not oppose the amendment for $25. I favor the principle of this proposal, but I believe the amount is too conservative as provided in the amendment which I have cosponsored with other Senators, under the leadership of the senior Senator from Illinois. I sense there is a meeting of minds and a harmony of heart on this matter of equity to older persons who do part-time work, and should be rewarded rather than penalized for their initiative and industry.

Mr. DOUGLAS. At times we can pass measures by a bare majority. At other times, I yearn for a consensus. Since the proposal of $50 was opposed by the Eisenhower administration both in 1956 and 1958, I was afraid I would run into trouble from our friends on the other side of the aisle, if I proposed that sum again. Therefore, I thought I should be more moderate and, therefore, could then have the amendment adopted by a stronger vote.

But now, when the revered and respected Senator from Vermont [Mr. AIKEN], who is one of the spiritual leaders of the Republican Party, says he would like to have the amendment provide for $50, it makes me feel that possibly we might have success. But I wish more of our Republican friends would express themselves, so that I will not be led down the primrose path to the ultimate destruction of a good principle.

Mr. KERR. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. KERR. The Senator is aware of the fact, is he not, that if this amount is increased, it will still be necessary to go to conference?

Mr. DOUGLAS. Yes.

Mr. KERR. If he makes the $50 maximum permissive, is he not in a better position than he would be otherwise?

Mr. DOUGLAS. That all depends on who would be the conferees. I have had a bitter experience with the statement, "We will take it to conference." Again and again I have said that that is the parliamentary equivalent of taking a proposal into a secret chamber and cutting its throat.

Mr. KERR. Is it not true that the position of the Eisenhower administration was expressed to a mandatory provision, not to a permissive one?

Mr. DOUGLAS. No; I think it was permissive.

Mr. KERR. The Senator from Oklahoma remembers it the other way.

Mr. MANSFIELD. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the Senator from Montana.

Mr. MANSFIELD. It is my understanding, so long as the question has been raised, that the Department of Health, Education, and Welfare is not opposed to the amendment as offered by the Senator from Illinois and a number of other Senators. I feel fairly certain that if a reasonable figure should be reached, the Department would still not be opposed to the amendment, which is not mandatory, but leaves the payment to the discretion of the States.

Mr. DOUGLAS. Even of a larger figure than this?

Mr. MANSFIELD. Even of a larger figure.

Even for a larger figure.

Mr. DOUGLAS. Well, that is very reassuring. I may say to the senior Senator from Oklahoma that I hold in my hand a press release which I issued in 1956, and it stated that my amendment of 1956 was permissive, not mandatory.

Mr. KERR. And in what amount?

Mr. DOUGLAS. Fifty dollars a month.

Mr. KERR. Has the Senator from Illinois grown that much more conservative over these years?

Mr. DOUGLAS. Oh, I get more conservative every year. [Laughter.]

Mr. KERR. Then roll back the hand of time, and lift the banner you held aloft in your youth, that it may prevail. [Laughter.]

Mr. DOUGLAS. Well, the Senator from Oklahoma is a man mighty in valor and in strength.

Mr. MONRONEY. Will the Senator from Illinois accept the $50 amendment?

Mr. MANSFIELD. Mr. President, if the Senator will yield, let me say, in response to the question raised before by the Senator from Oklahoma [Mr. MONRONEY], that the Department of Health, Education, and Welfare does not oppose the amendment if it is optional.

Mr. MONRONEY. This is not only optional; when we talk about $50 in any one month, this will not automatically guarantee that any of the thousands of people on old age assistance will ever reach $600 a year.

Mr. DOUGLAS. That is correct.

Mr. MONRONEY. But if one on social security is allowed to have $1,350 of earnings, I do not think we are doing a grave injustice if we provide here for one-half of that amount of earned income. It will not be a balanced level; perhaps in the summertime it will be more. Also I venture to say that the total of earned income of the 25 or 33⅓ perecnt of those who may find employment will come closer to being $25, on the average, for the 12-month period than to being $50 a month.

This is optional for the States; but it is also problematical as to who can work, and, second, who can find the kind of job that will fit.

Mr. DOUGLAS. If the Senator from Oklahoma is prepared to offer an amendment to strike out the $25 and substitute $50, I will not object. In fact, secretly, I will exult. But if this should defeat the bill—if our friends on the other side of the aisle and their allies on this side of the aisle combined to defeat the bill—I would be unhappy.

Mr. MONRONEY. I would be very unhappy, too; and if I felt that the amendment would have that effect, I would be the last on this floor, or the next to the last, to offer this amendment.

Would the Senator from Illinois care to join in sponsoring the $50 amendment?

Mr. DOUGLAS. No. I think the Senator from Vermont [Mr. AIKEN] and the senior Senator from Oklahoma [Mr. KERR] and the Senator from West Virginia [Mr. RANDOLPH] should join in sponsoring the amendment; and I will accept it.

Mr. MONRONEY. But the amendment of the Senator from Illinois is the genesis of this amendment. I simply proposed the amendment in order to arrive at a better earning rate.

Let me say this applies to earned income; it has nothing to do with a person who obtains his income from investments or rent, and so forth.

Mr. DOUGLAS. That is correct.

Mr. MONRONEY. So it means he will have to find this much additional work.

Mr. DOUGLAS. Does the Senator from Oklahoma wish to offer the amendment formally?

Mr. MONRONEY. I shall send the amendment to the desk. It is the same as the Senator's amendment, except that——

Mr. DOUGLAS. But I do not want the amendment to be offered as a substitute for mine. It would be better merely to strike out the $25 and substitute therefor $50, would it not?

Mr. MONRONEY. Yes; that will be the amendment.

Mr. AIKEN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. AIKEN. I should like to add that I will do the best I possibly can to keep the 35 Members on this side of the aisle from defeating the 64 Members on the other side of the aisle. [Laughter.]

Mr. DOUGLAS. I thank the Senator from Vermont. We frequently have to deal not merely with the 35 over there but also with their numerous and powerful allies on this side.

Mr. MONRONEY. Mr. President, I ask to have the names of my colleague [Mr. Kerr], the Senator from West Virginia [Mr. Randolph], and the Senator from Vermont [Mr. Aiken] added as sponsors of the amendment.

Mr. DOUGLAS. And if other Senators wish to "hit the sawdust trail," they will be welcome. [Laughter.]

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. KERR. Has the amendment offered by the Senator from Oklahoma [Mr. Monroney], on behalf of himself, myself, the Senator from Vermont [Mr. Aiken], and the Senator from West Virginia [Mr. Randolph], been accepted?

Mr. DOUGLAS. Yes; I accept it.

Mr. KERR. Then the question is on agreeing to the amendment offered by the Senator from Illinois on behalf of himself and other Senators, as amended by the amendment submitted by the Senator from Oklahoma [Mr. Monroney], on behalf of himself, the Senator from Vermon [Mr. Aiken], the Senator from West Virginia [Mr. Randolph], and the senior Senator from Oklahoma [Mr. Kerr].

The PRESIDING OFFICER. Does the Senator from Illinois so modify his amendment?

Mr. DOUGLAS. Yes; I do.

Mr. KERR. Then, Mr. President, I ask that the amendment, as modified, be accepted.

The PRESIDING OFFICER. The amendment of the Senator from Illinois has been modified accordingly.

The question now is on agreeing to the modified amendment of the Senator from Illinois. [Putting the question.]

The amendment, as modified, was agreed to.

Mr. DOUGLAS. Mr. President, never in my wildest dreams did I think that such an amendment as this would be accepted unanimously by the Senate. [Laughter.]

Mr. KERR. Mr. President, if the Senator from Illinois is able to withstand a further shock, I should like to have his attention.

Mr. DOUGLAS. Yes.

Mr. KERR. Mr. President, I move that the vote by which the amendment, as modified, was agreed to be reconsidered.

Mr. McNAMARA. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

ORDER FOR ADJOURNMENT UNTIL NOON ON MONDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its session today, it adjourn until 12 o'clock noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, let me ask the distinguished majority leader, for the information of all Senators, whether there is to be further business today.

Mr. MANSFIELD. There will be no further business today; there will be no further votes. We have a unanimous-consent agreement that at the conclusion of the morning hour on Monday, we shall take up the International Wheat Agreement, 1962, and that within an hour there will be a yea-and-nay vote on it.

Inasmuch as the distinguished minority leader has asked what the business of the Senate will be, let me say I hope we may be able, on Monday, to consider the possibility of obtaining a unanimous-consent agreement.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTE TO REPRESENTATIVE PAUL FINDLEY, OF ILLINOIS

Mr. DIRKSEN. Mr. President, now and then some very kind things are said about a Member of this branch or a Member of the other branch of the Legislative Establishment, and I always like to see such things. I hold in my hand a letter from Robert Hess, chairman of the Board of Commissioners of the Boulevard Drainage District, Beardstown, Ill., which is highly complimentary of the distinguished Member of the House of Representatives who represents that district, and I believe the letter should be printed in the Record. Of course, I refer to the Honorable Paul Findley, a Member of the House of Representatives. I ask that the letter be printed at this point in the Record, as part of my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Beardstown, Ill., *June 27, 1962.*

The Honorable Paul Findley,
House of Representatives,
Washington, D.C.

Sir: In this day of stronger centralized government where many bureaus must look to their Washington headquarters for nearly all decisions it is indeed reassuring to be represented in Congress by someone who makes it a policy to be informed and active in all projects in that district.

We, the commissioners of the Boulevard Drainage District, wish to express our appreciation to you for the many occasions you have found time in your busy schedule to assist us in our drainage and flood control problems.

More than once you have saved the landowners of our drainage district the expense of sending our legal and engineering talent to Washington just to see that our information got to the right party.

The entire community is indebted to you for your securing the completion of the Beardstown flood control levee project in the form of increased pumping capacity and collector ditches to handle the flows from the underseepage pressure relief wells.

We sincerely appreciate your prompt attention to our letters and your personal contacts when in the district to see how the project is going.

Sincerely yours,

Robert Hess,
Chairman, Board of Commissioners, Boulevard Drainage District, Beardstown, Ill.

THE 100TH ANNIVERSARY OF MORRILL ACT

Mr. KEFAUVER. Mr. President, in this week of the 100th anniversary of the signing of the Morrill Act by President Lincoln, I am delighted to salute the land-grant movement in education and two important participants in that program, the University of Tennessee and Tennessee Agricultural and Industrial State University.

As President Kennedy noted in his proclamation recognizing the centennial of this historic act, it opened the doors of colleges and universities to all with the ability and will to learn, irrespective of heredity, occupation, or economic status.

But the 68 land-grant colleges and universities which subscribe to this principle are not spending this centennial year in self-satisfied celebration, Mr. President. Rather, in the best traditions of this movement, they are reviewing the past to see more clearly the problems of the present and find solutions to them.

Dr. J. L. Morrill, president emeritus of the University of Minnesota and chairman of the centennial theme committee, has expressed this thought:

> New knowledge today—in science, technology, the social studies and humanities—has opened new frontiers. It has set the requirements for new professions and careers in preparation for which the land-grant colleges and State universities have pioneered while gaining in training for the older ones. They will continue in this tradition.
>
> Education faces always the problem that the land-grant movement founders discerned a century ago: the requirements for reappraisal, reorganization, and redirection to meet the needs of time and change. Persistence in old patterns, however resourceful

and responsive in their day, is not sufficient to the future which becomes the pressing present.

New occasions teach new duties.

Mr. President, the University of Tennessee is among the oldest and Tennessee A. & I. is the youngest of the land-grant universities.

The University of Tennessee, which opened to students in 1794, now teaches about 16,000 students annually on its four academic campuses at Knoxville, Memphis, Nashville, and Martin, in 127 different areas of knowledge. Within the next 10 years, this enrollment is expected to double.

Tennessee A. & I. is this year observing its semicentennial as an institution of learning concurrent with a yearlong observance of the land-grant centennial.

One of the objectives of the joint celebration is to provide for the establishment of a national scholarship foundation in memory of the first president of Tennessee A. & I. and to honor the present administration for outstanding leadership that has resulted in raising this university from a teachers' college to a full-fledged land-grant university in a 15-year period.

The land-grant movement is one of the things that has made us a strong nation, Mr. President, and the participation in that movement by the University of Tennessee and by Tennessee A. & I. has contributed richly to the growth of the Volunteer State.

PRESIDENT KENNEDY'S INDEPENDENCE DAY ADDRESS

Mr. KEFAUVER. Mr. President, in my opinion, President Kennedy's Independence Day address at Philadelphia will go down in history as one of the landmark declarations in the modern free world.

The President's call for a declaration of interdependence between the United States of America and a United States of Europe is heartening indeed to those of us who, since the end of World War II, have been urging Atlantic partnership as the best means for making all the world a better place.

We have been moving toward a truly unified, truly integrated Atlantic community, as surely as day follows night. Two "hot" wars and the "cold" one ensuing since the late 1940's have sharpened our awareness of our common roots, our common interests, our common ideals, and our common enemy.

Out of this awareness has come concerted action, both military and economic; "united or perish" has been our watchword. We united in the execution of the Marshall plan, that historic demonstration of U.S. responsibility for the economic future of Europe. We united in NATO, that living alliance under a unified military command and one of the free world's most effective shields against enslavement. We united in the Organization for European Economic Cooperation, which has now grown into the Organization for Economic Cooperation and Development.

Some of these things we have done and are doing together because of the Soviet threat. But they are things that, regardless of the Soviet threat, we should do together because they are right.

Thus united, we have not perished. Rather, we have survived and more: we have erased much of war's devastation; our resolve to preserve freedom has hardened; our attitudes, especially concerning European commerce, have begun to mature. In short, we have learned how cooperation, supported by unity of purpose, can generate strength.

Now, in my opinion, the nations of the Atlantic community are on the threshold of their greatest growth—economic, social, spiritual, political. In his address yesterday, the President invited freemen on both sides of the Atlantic to cross that threshold. My fervent hope is that we shall.

I do not know whether the speech has previously been printed in the Record, but if not, I ask unanimous consent that it be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

President Kennedy's July 4 Address

Governor Powell, your excellency, the archbishop, Governor Lawrence, Mayor Tate, Senator Clark, Congressman Green, distinguished Governors, ladies and gentlemen, citizens of Philadelphia, it is a high honor for any citizen of the great Republic to speak at this Hall of Independence on this day of Independence. To speak as President of the United States, to the chief executives of our 50 States, is both an opportunity and an obligation. The necessity for comity between the National Government and the several States is an indelible lesson of our history.

Because our system is designed to encourage both differences and dissent—because its checks and balances are designed to preserve the rights of the individual and the locality against preeminent central authority—you and I both recognize how dependent we are, one upon the other, for the successful operation of our unique and happy form of government. Our system and our freedom permit the legislative to be pitted upon occasions against the executive, the State against the Federal Government, the city against the countryside, the party against party, interest against interest, all in competition or in contention one with another. Our task—your task in the statehouse and my task in the White House is to weave from all these tangled threads a fabric of law and progress. Others may confine themselves to debate, discussion, and that ultimate luxury—free advice. Our responsibility is one of decision, for to govern is to choose.

Thus, in a very real sense you and I are the executors of the testament handed down by those who gathered in this historic hall 186 years ago today. For they gathered to affix their names to a document which was above all else a document not of rhetoric, but a bold decision. It was, it is true, a document of protest, but protests had been made before. It set forth their grievances with eloquence—but such eloquence had been heard before. But what distinguished this paper from all the others was the final, irrevocable decision that it took to assert the independence of free states in place of colonies and to commit to that goal their lives, their fortunes, and their sacred honor.

A TRUMPET CALL

Today, 186 years later, that Declaration—whose yellowing parchment and fading, almost illegible lines I saw in the past week in the National Archives in Washington, is still a revolutionary document. To read it today is to hear a trumpet call. For that Declaration unleashed not merely a revolution against the British, but a revolution in human affairs. Its authors were highly conscious of its worldwide implications, and George Washington declared that liberty and self-government were, in his words, "finally staked on the experiment entrusted to the hands of the American people."

This prophecy has been borne out for 186 years. This doctrine of national independence has shaken the globe, and it remains the most powerful force anywhere in the world today. There are those struggling to eke out a bare existence in a barren land who have never heard of free enterprise, but who cherish the idea of independence. There are those who are grappling with overpowering problems of illiteracy and ill health, and who are ill equipped to hold free elections, but they are determined to hold fast to their national independence. Even those unwilling or unable to take part in any struggle between East and West are strongly on the side of their own national independence. If there is a single issue in the world today which divides the world, it is independence—the independence of Berlin or Laos or Vietnam. The longing for independence behind the Iron Curtain, the peaceful transition to independence in those newly emerging areas whose troubles some hope to exploit.

THEORY INTO PRACTICE

The theory of independence—as old as man himself—was not invented in this hall, but it was in this hall that the theory became a practice—that the word went out to all the world that "the God who gave us life gave us liberty at the same time."

And today this Nation—conceived in revolution, nurtured in liberty, matured in independence—has no intention of abdicating its leadership in that worldwide movement for independence to any nation or society committed to systematic human suppression.

As apt and applicable as this historic Declaration of Independence is today, we would do well to honor that other historic document drafted in this hall—the Constitution of the United States—for it stressed not independence but interdependence, not the individual liberty of one but the indivisible liberty of all.

In most of the old colonial world, the struggle for independence is coming to an end. Even in areas behind the curtain, that which Jefferson called "the disease of liberty" still appears to be infectious. With the passing of ancient empires, today less than 2 percent of the world's population lives in territories officially termed "dependent." As this effort for independence—inspired by the spirit of the American Declaration of Independence—now approaches a successful close, a great new effort—for independence—is transforming the world about us. And the spirit of that new effort is the same spirit which gave birth to the American Constitution.

UNITY IN STRENGTH

That spirit is today most clearly seen across the Atlantic Ocean. The nations of Western Europe, long divided by feuds more bitter than any which existed among the 13 colonies, are joining together, seeking as our forefathers sought, to find freedom in diversity and unity in strength.

The United States looks on this vast new enterprise with hope and admiration. We do not regard a strong and united Europe as a rival but as a partner. To aid its progress has been the basic objective of our foreign policy for 17 years. We believe that a united Europe will be capable of playing a greater role in the common defense, of responding more generously to the needs of poorer nations, of joining with the United States and others in lowering trade barriers, resolving problems of currency and commodities, and developing coordinated policies in all other economic, diplomatic, and political areas. We see in such a Europe a partner with whom we could deal on a basis of full equality in all the great and burdensome tasks of building and defending a community of free nations.

It would be premature at this time to do more than to indicate the higher regard with which we view the formation of this partnership. The first order of business is for our European friends to go forward in forming the more perfect union which will someday make this partnership possible.

ATLANTIC PARTNERSHIP

A great new edifice is not built overnight. It was 11 years from the Declaration of Independence to the writing of the Constitution. The construction of workable Federal institutions required still another generation. The greatest works of our Nation's founders lay not in documents and declarations, but in creative, determined action. The building of the new house of Europe has followed this same practical and purposeful course. Building the Atlantic partnership will not be cheaply or easily finished.

But I will say here and now on this day of independence that the United States will be ready for a declaration of interdependence—that we will be prepared to discuss with a united Europe the ways and means of forming a concrete Atlantic partnership—a mutually beneficial partnership between the new union now emerging in Europe and the old American Union founded here 175 years ago.

All this will not be completed in a year, but let the world know it is our goal.

In urging the adoption of the U.S. Constitution, Alexander Hamilton told his fellow New Yorkers to "think continentally." Today Americans must learn to think intercontinentally.

Acting on our own by ourselves, we cannot establish justice throughout the world. We cannot insure its domestic tranquility, or provide for its common defense, or promote its general welfare, or secure the blessings of liberty to ourselves and our posterity. But joined with other free nations, we can do all this and more. We can assist the developing nations to throw off the yoke of poverty. We can balance our worldwide trade and payments at the highest possible level of growth. We can mount a deterrent powerful enough to deter any aggression and ultimately we can help achieve a world of law and free choice, banishing the world of war and coercion.

COMMON CONCERNS

For the Atlantic partnership of which I speak would not look inwardly only, preoccupied with its own welfare and advancement. It must look outward to cooperate with all nations in meeting their common concern. It would serve as a nucleus for the eventual union of all free men. Those who are now free and those who are avowing that someday they will be free.

On Washington's Birthday in 1861, standing right there, President-elect Abraham Lincoln spoke at this hall on his way to the Nation's Capital. And he paid a brief and eloquent tribute to the men who wrote, and fought for, and who died for, the Declaration of Independence. Its essence, he said, was its promise not only of liberty "to the people of this country, but hope to the world * * * (hope) that in due time the weights should be lifted from the shoulders of all men, and that all should have an equal chance."

On this 4th day of July 1962, we who are gathered at this same hall—entrusted with the fate and future of our States and Nation—declare now our vow to do our part to lift the weights from the shoulders of all, to join other men and nations, in preserving both peace and freedom, and to regard any threat to peace or freedom of one as a threat to the peace and freedom of all. "And for the support of this Declaration, with a firm reliance on the protection of divine providence, we mutually pledge to each other our lives, our fortunes, and our sacred honor."

ECONOMIC CONCENTRATION

Mr. KEFAUVER. Mr. President, last week, quite by coincidence, two documents relating to the same general subject, economic concentration, made their appearance on the same day, June 25.

The first was a report, "Concentration Ratios in Manufacturing Industry, 1958, part 1," prepared for the Senate Subcommittee on Antitrust and Monopoly by the Bureau of the Census. The second was the decision of the Supreme Court in the Brown Shoe case, in which for the first time the Court has set forth its views concerning the general objectives, purposes, and congressional intent underlying the Celler-Kefauver amendment of 1950 to section 7 of the Clayton Act. This amendment prohibits mergers and acquisition which "may substantially lessen competition or tend to create a monopoly." In its decision the Court not only upheld the Government, but in so doing, except perhaps on one or two minor points, correctly interpreted the intent of Congress, as I recall it. The tests of law set forth in the decision are capable of empirical verification within a reasonable period of time. Their use by the antitrust agencies should serve to greatly reduce the amount of time and resources currently involved in both investigation and litigation.

The only regrettable aspect of the decision is that it has come 11 years after the law was passed. The delay, I hasten to add, is not the fault of the Court inasmuch as the Brown Shoe case was among the first to come before it under the 1950 amendment.

Unhappily concentration in manufacturing as a whole continued to grow apace during this period, and there can be little question that much of the growth was due to acquisitions of smaller companies by large corporations. The report on concentration shows that between 1947 and 1958 the share held by the 200 largest companies of total industrial output, as measured by value added by manufacture, rose 27 percent. In 1947 the 200 largest companies accounted for 30 percent of the value added by manufacture; by 1958 their proportion had risen to 38 percent.

This alarming increase in overall concentration confirms the apprehensions of those who for years have been troubled by developments which would inevitably make for higher concentration. The granting of the great bulk of Government contracts, of Government-financed research, and of Government-built facilities to a few large corporations, plus the acquisition of numerous small- and medium-sized companies by their larger competitors have apparently combined to bring about exactly the result which we have long feared.

The influence of mergers was particularly pronounced in the flour and meal industry, in which the four largest companies increased their share of total shipments from 29 percent in 1947 to 38 percent in 1958; in beer and ale, in which the share of the four largest rose from 21 to 28 percent; and in paper and board products, in which it increased from 15 to 34 percent.

Mr. President, I ask unanimous consent to insert in the Record an excellent news account of this concentration report written by Bernard Nossiter, appearing in the Washington Post of June 26, 1962. I also ask permission to have printed a perceptive editorial on the Supreme Court's decision in the Brown Shoe case appearing in the same newspaper on June 27.

The decision in the Brown Shoe case will, in my judgment, rank among the most important decisions ever handed down under the antitrust laws. The only dissent was that of Justice Harlan, relating only to a point of procedure. Because of its historical importance the entire decision should be printed in the Record; however, owing to space limitations, I ask at this time permission to have reprinted pages 16 through 28, in which the Court gives an account of the legislative history of the Celler-Kefauver amendment.

There being no objection, the article and editorial were ordered to be printed in the Record, as follows:

[From the Washington Post, June 26, 1962]

U.S. Report Shows Corporate Giants Sharply Increase Share of Output

(By Bernard D. Nossiter)

The Nation's corporate giants have sharply increased their share of industry's output in the postwar period.

The 200 largest manufacturers accounted for 30 percent of the dollar value of industrial production in 1947. By 1958, they had lifted their share more than one-fourth to 38 percent.

This is the central finding of a 452-page statistical report on concentration in manufacturing. It was compiled by the Census Bureau and released yesterday by the Senate Antitrust and Monopoly Subcommittee.

The conclusion that the big are getting bigger has important implications for economic policymakers. On the one hand, it could strengthen those who argue that a greater Federal voice is needed in economic decisions because competition is shrinking.

On the other hand, it could lead to increased enforcement of antitrust and antimerger legislation to restore more competition. So far, the Kennedy administration has been moving in the direction of the first alternative, an enlarged Government voice.

TRENDS VARIED

While the report gave a picture of increased concentration for the economy as a whole, the trends among individual industries varied sharply.

The largest concerns were increasing their control in autos, steel, and beer among others. But they were losing ground in such lines as oil refining, meat packing, copper and rubber. Among industries with sales of at least $1 billion, competition was increasing in about as many as it was decreasing.

COMPARES CHANGES

This standoff appears to contradict the findings for the whole economy. It is explained by the fact that the biggest corporations in the postwar period extended their range out of their original industry and across other industrial lines. Thus, big auto companies moved into earth moving machinery and diesel locomotives; large oil companies entered the chemical field, and electrical machinery makers went into aircraft equipment.

The study compared the change in industrial control in 1947, 1954, and 1958, years when a census of manufactures was taken. Most of the increased concentration of the 200 top firms took place between 1947 and 1954. The apparent slowdown between 1954 and 1958 was probably due to the sharp 1958 slump in sales of durable goods, where concentration is generally heaviest.

There was little change in the makeup of the leading companies, although they were not identified by name. In 1958 the 50 largest corporations included 34 who were in this elite group in 1947. The 16 newcomers were all drawn from the top 200 of 1947.

The degree of control exercised over an industry varied considerably from product to product. For example, parts makers produced 75 percent of the output in 1958; the four biggest auto makers alone accounted for 99 percent of the cars.

STEEL OUTPUT CITED

Similarly, the top four firms in the steelworks and rolling-mills industry sold 53 percent of the output, but the four largest ingot producers accounted for 71 percent and the four top makers of nails and spikes accounted for only 41 percent.

Federal law prevents a public breakdown of the degree of control exercised by fewer than four corporations.

Senator ESTES KEFAUVER, Democrat, of Tennessee, chairman of the Antitrust Subcommittee, said he "deplored the trend toward increased concentration of the industrial economy."

KEFAUVER traced it in part to the "intensive merger activity in recent years." He indicated that the Justice Department should use its authority to break up completed mergers that may substantially lessen competition. The Department has blocked some planned mergers, but KEFAUVER said it has not tried to break apart any merged firms under his 1950 amendment to the antitrust laws.

Three Republican members of the subcommittee, EVERETT DIRKSEN, of Illinois; ALEXANDER WILEY, of Wisconsin, and ROMAN L. HRUSKA, of Nebraska, said they were sorry the subcommittee had issued the report because, they said, it was put together by a Federal agency.

[From the Washington Post, June 27, 1962]

BUTTRESS FOR COMPETITION

The Supreme Court appears to have accurately and expertly read the mind of Congress as expressed in changes made in the Clayton Act in 1950 to prevent mergers that tend to lessen competition or create monopoly. A unanimous Court sustained the decision of a Federal district judge in St. Louis forbidding the merger of the Brown Shoe Co. and the G. R. Kinney Co. Chief Justice Warren's opinion for the Court is a sweeping exposition of what Congress did in that act to arrest mergers which tend to lessen competition while they are still in their "incipiency."

Experts in the field of antitrust legislation give the Court credit for avoiding perilous extremes on either side. It did not attempt to set up any mathematical formula to determine when competition is "substantially lessened" by a merger. Nor did it require proof of monopolistic trends that would be virtually impossible for the Government to supply. Rather, it laid its emphasis upon the economic characteristics of the industry in question and upon the facts of the case before it. The Court's realistic interpretation should make the law entirely workable and reasonably clear to both industrial leaders and the bar.

The primary purpose of this 1950 act was to forbid competition-throttling mergers through the acquisition by one company of the assets of another. The original Clayton Act had applied only to such mergers through the acquisition of stock. In making the change, however, Congress also wove in additional refinements. The original act was aimed directly at the lessening of competition between the merged companies. The legislative history of the amendment makes it clear that Congress in 1950 was thinking about the preservation of competition in much broader terms. Its intention was, as the Chief Justice pointed out, "the protection of competition, not competitors."

For example, the Chief Justice said the merger of two large companies or of a large and small company might violate the Clayton Act, while the merger of two small companies might not, if the purpose of the latter merger were to enable the two small companies to meet the competition of giants in the industry. Likewise a merger to save a weak company from bankruptcy could be upheld if the net result would not be to lessen competition.

The Court insisted on looking at conditions in the industry in addition to the status of the merged companies. In the shoe industry it found a tendency toward concentration of production in fewer and larger companies. The combination of two large manufacturers and sellers of shoes would obviously contribute to this tendency. It was not necessary for the Government to demonstrate that the competitive system had already been impaired, for Congress struck at all mergers the effect of which "may be substantially to lessen competition or to tend to create a monopoly." This language, as Chief Justice Warren noted, "requires a prognosis of the probable future effect of the merger." But the general aim that the courts must keep in mind is unmistakably clear. "Congress was desirous," the Court said, "of preventing the formation of further oligopolies with their attendant adverse effects upon local control of industry and upon small business."

When Congress sets up general guidelines on such a complicated and delicate subject as mergers in industry, it must necessarily paint with a broad brush. It is reassuring to see the Supreme Court interpret laws of this kind with deft consideration of economic realities as well as of the facts of the case and the intent of Congress. The net result should be better understanding of the law and a slowing down of the dangerous trend toward concentration of industrial power.

UNEMPLOYMENT STABILIZED AT A TOO HIGH 5.5 PERCENT

Mr. PROXMIRE. Mr. President, the headlines of today report that the unemployment rate for June increased over that for May. As chairman of the Statistics Subcommittee of the Joint Economic Committee, on the basis of my consultations with the staff experts of the Joint Economic Committee, the increase cannot be considered to be statistically significant. The figure increased from 5.4 percent, seasonally adjusted, to 5.5 percent.

It is my best information that a change of only one-tenth of 1 percent in the unemployment index cannot be considered to be statistically precise, because so many variations enter into the seasonally adjusted aspects of the statistics that it should best be treated as a stability of unemployment rather than an increase of unemployment.

At the same time, I want to call attention to the detailed effect of unemployment on persons who have been out of work more than 15 weeks, those who have been the real sufferers, those who have been out of work, not merely a matter of a few weeks, but 3 to 4 months.

In March of 1962, 1,485,000 persons had been out of work for 15 weeks.

In April the figure was 1,483,000.

In May the figure was 1,274,000.

In June it was 1,033,000.

However, the seasonal adjustments of these raw figures—and, unfortunately, only the raw figures are available—which have been made available to me by the experts on the staff of the Joint Economic Committee indicate that this is also a matter of stability in unemployment. For those who have been out of work more than 15 weeks, the seasonally adjusted unemployment has been at the level of about 1½ percent of the work force for the past 4 months.

In March, April, and May this was precisely the situation. One and one-half percent of the work force seasonally adjusted was out of work. In June a little more than 1.3 percent of the work force was out of work.

Once again I call attention to the fact that this is a very, very difficult figure to adjust, because of the impact of young people who enter the labor market in June and the distorting effect that has on the figures.

Statisticians have had much difficulty in adjusting the figures of the teenage group since different numbers of teenagers enter the labor market each year, due to the variations in the birth rate, and so forth.

Therefore, I think the wisest conclusion, on the basis of the statistics, is that long-term unemployment has been stable at a rate of about 1½ percent.

I share the feeling of those who think unemployment is at too high a rate—1½ percent of the work force, 1 to 2 million people out of work more than 15 weeks; 5½ percent of the work force unemployed, on a seasonally adjusted basis.

The figures for the past 5 months, February, March, April, May, and June, have been the same.

In other words, we have done nothing effective to improve the most serious economic problem that faces us—unemployment. It is all the more reason why the present restrictive policy of the Federal Reserve Board—a policy of deliberately restraining the supply of money, deliberately decreasing the availability of credit, deliberately driving up interest rates—just does not seem to make any sense.

I have spoken on this subject before, and I shall not detain the Senate further on this matter tonight, but I want the Record to show the actual increase in interest rates during the past few months.

RISING INTEREST RATES CHOKING OFF EMPLOYMENT

I ask unanimous consent that a table on page 724 of the Federal Reserve Bulletin, which I have brought up to date to July 5—at least in part—and to June 29 all the way, be printed in the Record at this point.

There being no objection, the table was ordered to be printed in the Record, as follows:

Bond and stock yields [1]

Year, month, or week	Government bonds: United States (long-term) [2]	Government bonds: State and local [3]: Total [4]	State and local [3]: Aaa	State and local [3]: Baa	Corporate bonds [3]: Total [4]	Corporate bonds [3]: By selected ratings: Aaa	By selected ratings: Baa	Corporate bonds [3]: By groups: Industrial	By groups: Railroad	By groups: Public utility	Stocks [5]: Dividend/price ratio: Preferred	Dividend/price ratio: Common	Stocks [5]: Earnings/price ratio: Common
Number of issues	4-9	20	5	5	120	30	30	40	40	40	14	500	500
	Percent per annum												
1959 average	4.07	3.74	3.35	4.24	4.65	4.38	5.05	4.51	4.75	4.70	4.69	3.23	5.92
1960 average	4.01	3.69	3.26	4.22	4.73	4.41	5.19	4.59	4.92	4.69	4.75	3.46	5.91
1961 average	3.90	3.60	3.27	4.01	4.66	4.35	5.08	4.54	4.82	4.57	4.66	2.97	4.79
1961—May	3.73	3.57	3.25	3.95	4.58	4.27	5.01	4.48	4.77	4.49	4.63	2.92	--------
June	3.88	3.63	3.35	3.97	4.63	4.33	5.03	4.54	4.83	4.52	4.66	2.99	4.67
July	3.90	3.63	3.35	3.94	4.70	4.41	5.09	4.59	4.89	4.60	4.69	2.99	--------
August	4.00	3.62	3.33	3.96	4.73	4.45	5.11	4.60	4.92	4.67	4.69	2.91	--------
September	4.02	3.64	3.33	4.02	4.74	4.45	5.12	4.61	4.94	4.67	4.69	2.93	5.22
October	3.98	3.59	3.28	3.98	4.73	4.42	5.13	4.60	4.92	4.66	4.62	2.91	--------
November	3.98	3.57	3.27	3.96	4.70	4.39	5.11	4.58	4.89	4.63	4.59	2.83	--------
December	4.06	3.63	3.32	4.04	4.71	4.42	5.10	4.59	4.91	4.62	4.64	2.85	5.08
1962—January	4.08	3.55	3.21	4.01	4.70	4.42	5.08	4.57	4.92	4.61	4.59	2.97	--------
February	4.09	3.40	3.08	3.83	4.70	4.42	5.07	4.57	4.90	4.62	4.52	2.95	--------
March	4.01	3.30	3.03	3.66	4.67	4.39	5.04	4.52	4.88	4.60	4.48	2.95	--------
April	3.89	3.21	2.98	3.55	4.63	4.33	5.02	4.46	4.86	4.56	4.45	3.05	--------
May	3.88	3.21	2.98	3.55	4.58	4.28	5.00	4.45	4.86	4.47	4.45	3.32	--------
Week ending—													
1962—May 5	3.87	3.16	2.92	3.52	4.61	4.30	5.02	4.43	4.85	4.54	4.43	3.16	--------
12	3.85	3.17	2.93	3.52	4.59	4.29	5.00	4.43	4.84	4.52	4.42	3.23	--------
19	3.87	3.18	2.94	3.52	4.58	4.28	4.99	4.42	4.82	4.49	4.43	3.23	--------
26	3.90	3.24	3.00	3.58	4.57	4.27	4.98	4.41	4.81	4.48	4.44	3.39	--------
June 1	3.89	3.27	3.04	3.60	4.58	4.28	4.98	4.42	4.81	4.48	4.54	3.57	--------
8	3.88	--------	3.05	3.64	--------	4.28	5.00	4.43	4.83	4.48	--------	--------	--------
15	3.87	--------	3.06	3.65	--------	4.28	5.01	4.44	4.86	4.46	--------	--------	--------
22	3.90	--------	3.05	3.62	--------	4.29	5.02	4.45	4.86	4.46	--------	--------	--------
29	3.95	--------	3.08	3.67	--------	4.29	5.03	4.48	4.88	4.46	--------	--------	--------
July 5	4.00	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

[1] Monthly and weekly yields are averages of daily figures for U.S. Government and corporate bonds. Yields of State and local government bonds are based on Thursday figures; dividends/price ratios for preferred and common stocks, on Wednesday figures. Earnings/price ratios for common stock are as of end of period.

[2] Series is based on bonds maturing or callable in 10 years or more.

[3] Moody's Investors Service. State and local government bonds include general obligations only.

[4] Includes bonds rated Aa and A, data for which are not shown separately. Because of a limited number of suitable issues, the number of corporate bonds in some groups has varied somewhat.

[5] Standard & Poor's Corp. Preferred stock ratio is based on 8 median yields for a sample of noncallable issues—12 industrial and 2 public utility. For common stocks, the ratios are based on the 500 stocks in the price index. Quarterly earnings are seasonally adjusted at annual rates.

Mr. PROXMIRE. Further, in connection with the same table, I ask unanimous consent that the Federal Reserve statistical release, dated June 30, showing the steady increase in interest rates during the past week, also be printed in the Record at this point.

There being no objection, the statistical release was ordered to be printed in the Record, as follows:

U.S. Government security yields and prices, calendar week ending June 30, 1962

	June 25	June 26	June 27	June 28	June 29	Weekly averages: This week	Weekly averages: Last week	Weekly averages: Year ago [1]
Yields (percent per annum):								
Auction average:								
3-month bills	--------	--------	--------	2.792	--------	2.792	2.721	2.219
6-month bills	--------	--------	--------	2.872	--------	2.872	2.800	2.399
Market yield:								
3-month bills	2.79	2.83	2.83	2.86	2.90	2.84	2.73	2.27
6-month bills	2.87	2.89	2.89	2.91	2.93	2.90	2.80	2.45
9 to 12-month bills	2.93	2.96	2.95	2.98	3.01	2.97	2.88	2.77
Other issues, due in 9 to 12 months [2]	3.08	3.11	3.11	3.15	3.16	3.12	3.03	3.01
Issues, due in 3 to 5 years [3]	3.57	3.59	3.57	3.61	3.64	3.60	3.50	3.71
Bonds, due or callable in 10 years or more [4]	3.93	3.95	3.94	3.95	3.98	3.95	3.90	3.93
Price: Bonds, due or callable in 10 years or more [5]	87.20	86.95	87.08	86.95	86.57	86.95	87.63	87.20

[1] As of July 1, 1961.

[2] Currently includes the 3¼-percent certificate of May 15, 1963, 3¼-percent note of May 1963, and the 4-percent note of May 15, 1963.

[3] Currently includes the following notes and bonds: 3⅝-percent note of Feb. 15, 1966, 3⅝-percent bond of May 15, 1966, 3-percent bond of Aug. 15, 1966, 4-percent note of Aug. 15, 1966, and 3⅜ percent bond of Nov. 15, 1966.

[4] Currently includes the following bonds due or callable in 10 years or more: 3⅞-percent of 1974, 4¼-percent of 1975–85, 3¼-percent of 1978–83, 4-percent of 1980, 3½-percent of 1980, 3¼-percent of 1985, 3½-percent of 1990, 3-percent of 1990, 3-percent of 1995, and 3½-percent of 1998.

[5] Prices derived from average market yields on basis of an assumed 3-percent, 20-year bond.

Note.—Yields are averages of those computed by the Federal Reserve Bank of New York on the basis closing bid prices.

Mr. PROXMIRE. These tables show that in the past month there has been a substantial increase in interest rates for all maturities, for Federal obligations, State obligations, local obligations, and private obligations.

It is most contradictory that, at a time when the Chamber of Commerce, the AFL–CIO, top economists in the country, Senators, Governors, and others are calling for a tax cut to get the economy moving, at a time when the budget is unbalanced, interest rates are moving up. Interest rates represent one segment of our economy over which the Government has obvious and direct control.

Mr. President, I ask unanimous consent to have printed in the Record the table on unemployment statistics to which I referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table, ordered to be printed in the Record, is as follows:

For June 1962, the actual number of unemployed who were unemployed for 15 weeks or longer was 1,033,000. The total labor force for June, including the Armed Forces, was 76,857,000. Thus, the seasonally unadjusted perecntage of those unemployed 15 weeks or over was 1.3 percent of the total labor force. As I indicated to you over the phone, this number of workers unemployed for 15 weeks or more usually declines seasonally in June. The following table indicates the seasonal variation factors used by the Labor Department for individuals unemployed 15 weeks or longer:

January	98.6
February	112.2
March	130.3
April	135.2
May	113.6
June	96.5
July	93.5
August	88.8
September	81.6
October	83.6
November	81.3
December	84.8

To determine the number of workers unemployed 15 weeks or more on a seasonally adjusted basis, you can simply divide through the actual number of workers by the seasonal adjustment factor.

Unemployment statistics

	March 1962	April 1962	May 1962	June 1962
Total labor force	73,582,000	73,654,000	74,797,000	76,857,000
Number who have been unemployed for 15 weeks or more	1,485,000	1,483,000	1,274,000	1,033,000
Percent of labor force	2.0	2.0	1.7	1.3
Seasonal variation factor	130.3	135.2	113.6	96.5
Seasonally adjusted percent of labor force	1.5	1.5	1.5	1.3

SECURITIES AND EXCHANGE COMMISSION INVESTIGATION APPROVED BY FORBES

Mr. PROXMIRE. Mr. President, in a recent issue of Forbes magazine, a lead editorial by Mr. Malcolm Forbes supports the Securities and Exchange Commission investigation of the stock exchange.

In view of the fact that there has been some criticism of the SEC investigation, and that some persons have charged that the investigation had some effect on the drop in stock prices, I think the support of the investigation by an outstanding business publication, and specifically by Mr. Forbes, who is an active and distinguished member of the Republican Party, is an especially appropriate commentary.

I happen to have great faith in the outstanding ability, integrity, and judgment of the head of the SEC, Mr. William Cary. I think it is a fine thing that Mr. Forbes has seen fit to so warmly endorse this investigation of the stock market.

Mr. President, I ask unanimous consent that this editorial also be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WHY THE SEC INVESTIGATION DESERVES SUPPORT

(By Malcolm S. Forbes)

I hope Congress promptly accepts the Securities and Exchange Commission's request for an additional $200,000 and 3 more months' time to complete its current investigation of stock market practices.

To date, the investigation has been carried on with intelligence, thoroughness and, under the circumstances, somewhat remarkable restraint. Some of the revelations at the public hearings could have been exploited in a most inflammatory manner. They have been aired, however, by Commission investigators as instances of abuse rather than widespread practices. The conduct of the investigation so far provides important reassurance to the financial community and investors in general that the SEC is aiming at mature, serious, and necessary improvements and updating of the rules and procedures in the country's securities markets.

Some have suggested that the SEC study has played an important part in bringing about the severe market decline. Nonsense. Undoubtedly it has put a damper on questionable practices engaged in by a few. But surely no one would seriously suggest that the bull market had depended on isolated sharp practices.

Far from having a bad effect on investors, the study and the consequent implementation of reasonable proposals ought to do exactly what SEC Chairman William Cary predicts, "contribute to investor confidence in a free and orderly market."

If anyone still has doubts as to the motivation and objectives of the study, consider the well-nigh revolutionary observation by Mr. Cary before Congress: "The Commission," declared he, "did not contemplate asking Congress for more powers."

What a refreshing approach in a period when the Government's innumerable regulatory agencies have been going all out in the exercise of present powers, assuming new powers by the exercise thereof, and asking for great additional powers.

NATIONAL INSTITUTES OF HEALTH APPROPRIATIONS EXCESSIVE, ACCORDING TO STAR

Mr. PROXMIRE. Mr. President, I ask unanimous consent that a fine editorial in today's Washington Star, entitled "How Much is Enough?" be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

HOW MUCH IS ENOUGH?

The House Committee on Government Operations is no doubt right in admonishing the National Institutes of Health to strengthen its management of funds for medical research.

We are more intrigued, however, by its inescapable conclusion that loose administrative practices have resulted at least in part from the pressure for spending increasingly large appropriations which have been granted by an overzealous Congress. Since 1950, NIH appropriations have multiplied nearly 16 times from $46.4 million to a total of $736.5 million this year. And during the great majority of those years Congress has insisted that the NIH accept and spend amounts considerably in excess of administration requests. Representative FOUNTAIN, of North Carolina, the chairman of the House Intergovernmental Relations Subcommittee, believes this has diverted the NIH from adequate attention to basic management problems. Accordingly, he has asked Congress to hold NIH appropriations for the time being to current levels and "not, in any event, to appropriate more than the President has requested."

His remarks could hardly be more timely, for it is evident that Congress once again is determined to administer the same old regimen of forced feeding. In January the President requested an NIH appropriation for the next fiscal year of $780.4 million. In March, calling this quite inadequate, the House Appropriations Committee raised the amount to $840.8 million. And only last Friday the Senate Appropriations Committee further jumped the figure to $900.8 million.

Senator PROXMIRE, of Wisconsin, has promised to make a fight on the Senate floor to reduce the amount to somewhere near the level sought by the administration. We think he is right. The essential question is not, as so many congressmen seem to feel, how much Federal money can be spared for medical research, but how much can be spent wisely and fruitfully. It is extremely silly to think that individual members of Congress are better qualified to answer this question than the officials conducting the various programs, including Dr. James A. Shannon, the NIH Director, who has assured Congress that the $780.4 million requested is adequate for the further development of a vigorous national medical research effort during the coming year.

Mr. PROXMIRE. This editorial refers to the Health, Education, and Welfare appropriations request, which is immensely in excess of the budget request of the President. It is pointed out in the editorial that for the National Institutes of Health the President and Secretary Ribicoff requested $780 million.

The Senate Appropriations Committee provided $900 million, an increase of $120 million. The Fountain committee in the House has made a careful investigation of the National Institutes of Health, and has found that what are called the excessive appropriations of the Congress have had much to do with the serious management problem in the National Institutes of Health. The committee has recommended specifically that Congress should not continue to appropriate more money than the administration has requested.

I think this is especially true in view of the fact that President Kennedy is a real expert in the field, that he served on the Labor and Public Welfare Committee in the Senate, that he understands the subject, and that he is a man of great compassion. The Secretary of Health, Education, and Welfare has pointed out that these funds cannot be used efficiently and that this is a wasteful practice.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the Senator from Washington.

Mr. MAGNUSON. I did not intend to make these few remarks, but I have listened to the Senator from Wisconsin and feel compelled to do so. I did not hear everything the Senator said but I was interested in the usual criticism of the budget for the Department of Health, Education, and Welfare.

I can go along with many of the things which have been said about the increases in the budget for ordinary procedures in the National Institutes of Health, administrative and otherwise. There is probably a great deal of room for improvement in administration, and for the expenditure of less money.

Very often the criticism has been made that the Senate in particular has added money in the research field. I refer to the pure research field, which is only a part of the budget for the Department of Health, Education, and Welfare, and in particular for the Health Institutes.

The same criticism has been made, on occasion, when I have suggested to the Senate an increase in research funds for the Veterans' Administration. The Senator from Colorado [Mr. ALLOTT] and I have suggested increases for medical research for the Veterans' Administration. We have always been opposed in respect to items over and above what the Bureau of the Budget has recommended, by the Bureau of the Budget itself and in many cases by the Department itself. It has been said that they do not want the extra money.

I have found over the years that the money has been well used in the research field in regard to health. Obviously, some of the money could have been wasted. It is hard to tell. The results are somewhat intangible.

In the field of research in health, basic research conducted may "spin off" something about which we know little in regard to the ills of mankind. We cannot put that down in dollars and cents.

I think one of the really bitter floor fights was with regard to a program of the Institutes of Health, on research and fellowships in the field of poliomyelitis. A small part of that money went to a man known as Dr. Salk. Perhaps if the budget for research had been as tight as some suggested—and I am speaking of medical research alone—there would not have been that particular fellowship to Dr. Salk.

Things such as that happen all along the way. It is very hard to judge how much money we should spend. Nobody wants to spend too much money.

My friend Dr. Vannevar Bush at one time suggested we should keep these people a little hungry; that they do a little better work, sometimes, when they are; and that too much money is not good for them—but it is hard to draw the line.

The proof of the pudding is found in the results. Last week I received figures with regard to the effect of medical research by government, private institutions, and otherwise. I refer to the total medical research force, working on some of the great problems of the day. As a result of the work which has been done, the longevity of the American citizen has been increased 6.3 years in the past 15 years.

Mr. PROXMIRE. May I reply to the Senator from Washington?

Mr. MAGNUSON. This is the proof of the pudding. In the field of medical research it is very difficult to know exactly what will happen.

The Senator from Colorado and I, I know, wish to provide only the money needed for the National Science Foundation and the Veterans' Administration. We would provide exactly the amount that could be used in the research field, dollar for dollar, if we knew the amount to appropriate. Sometimes it is difficult to know. Sometimes projects do not work out as we think they will.

As I have said, the proof of the pudding is in the result. I do not suppose that the American people would even attempt to put a price tag on the value of 6.3 more years of life. That is what has been accomplished in the past 15 years.

We first started appropriating for medical research some 25 years ago. I was one of the coauthors of the bill for the Institute of Cancer. At that time there was a great amount of criticism about the fact that we suggested an appropriation of $3 million for research. We ended up with $1 million the first year. From that the Institute has grown.

One could logically say that a great deal of the money spent in research in regard to cancer might have been wasted, because it has not been possible to answer some portions of the cancer problem. One of these days somebody will walk out of a laboratory, push a button and give us the answer and then there will be no more criticism. Then people will say the program has been worth while, so far as the Government is concerned.

I bring that to the attention of the Senator from Wisconsin. I know what the Senator is thinking about in regard to the administration of some of these items. Surely, there is a great deal of room for more competency and more efficiency. Sometimes there has been waste in regard to expenditures.

After all of the experience I have had, I hesitate to be categorical in regard to medical research. Some doctors who are outsiders tell the Congress, "This amount can be used." Others say, "This amount can be used." We try to keep the program moving forward, so that it has been possible to achieve what has been achieved in the past 15 years. There has been a great record.

I only say, in passing, if some of the insurance companies would adjust their premiums as we have been able to adjust longevity, it might be worth even more to the American public.

Mr. PROXMIRE. I agree with the Senator from Washington wholeheartedly that research has been invaluable. It has resulted in the saving of lives. There is no way to place a monetary value on those lives.

Mr. MAGNUSON. The Senator is correct.

Mr. PROXMIRE. Research has prolonged the lives of many of our citizens. The research which has been done has also prolonged the productive, working lives of the people. The Government, as a result, has obtained far more in taxes, directly, than the research has cost.

The position of the Senator from Wisconsin is not that the program should be reduced or cut back. The appropriations for last year were very large. The administration asked for more money than was appropriated last year, and substantially more.

I have talked with representatives of the Bureau of the Budget about this problem. I have talked with administration representatives about it. I have talked with people in the department.

I talked to the people in the Heart Institute, and they pointed out that it was not possible to spend $19 million which was appropriated last year. The Cancer Institute was not able to spend $9 million which was appropriated.

One of the reasons why the money was not spent is that the administration put restrictions on the Institute. The administration restrained them from spending $13 million. They could not spend $6 million because they were unable to program effectively.

Mr. MAGNUSON. That is correct.

Mr. PROXMIRE. They did not expect to get that much money.

The Institute was not able to spend all its money. The Bureau of the Budget has assured me that every single grant which met the standards of the National Institutes of Health has been authorized. We know the administration is compassionate, is expert in this field, and feels very strongly about the wisdom of expanding health programs.

It seems to me that, under these circumstances, instead of asking for a substantial increase on top of the increase the administration requested, we ought to stick with what the administration has requested.

In the first place, probably the additional money will not be spent. In the second place, if the appropriation is made the Institutes will be under great pressure, perhaps, to spend some of the money unwisely.

The Fountain committee did excellent work in documentation showing some of the waste in regard to the program. It seems to me we should agree with the administration and stick with the budget estimate, because it does represent a substantial increase of some $40 million over what was asked last year.

Mr. MAGNUSON. It is true that in many cases the administration has not spent some of the money appropriated. That should not be used as an argument why the Congress should not appropriate it. It may be that something happened all of a sudden to a program which looked very promising.

Then it was eliminated. Perhaps the person in charge of the program might not have been getting as far as he thought he could get with a particular project. The Senator from Wisconsin would be amazed to know all the results of basic research. I am sure he knows some of them. Even in the space program medical knowledge has been spun off. Those engaged in that program had no idea they would run into certain problems when they were putting missiles into the air. The point I wish to emphasize is that in the past 15 years the longevity of the American people has been increased 6.3 years. No price tag could be placed on such progress. That is the result of research, better hospitalization and sanitation, and all the things that go with it. But primarily it is the result of research.

For example, in the Veterans' Administration hospitals we find tuberculosis almost eliminated, at least so far as the treatment of inpatients is concerned. That result was achieved because at one time we insisted on giving the Veterans' Administration more research money than some of the people in the administration thought they could use. Now we are about to close up the TB wards.

We have made great progress in many other fields of medical research. But it has added up to an increase in the longevity.

In some areas of research we have not gone far.

Someone might ask categorically, "We have given you x number of dollars. What have you to show for it this year?"

Sometimes a man in charge of a program has not much to show for his work. But perhaps he has explored an area of research, and perhaps in the failure of the experiment and his going up a blind alley he will have saved money in the long run. He or other researchers may return and start to explore another street, and as a result be successful.

In the field of health research our country has done a great deal. Its programs have worked out well. Of course, we are hopeful that we can do more.

What I have said also points up a feature of the debate on a major piece of legislation that has been in progress today in the Senate. I see present in the Chamber the distinguished Senator from Michigan [Mr. McNARAMA], who has been working hard on the problems of the aged.

In the next 10 years we might increase longevity another 4 years. So in a quarter of a century the average American will find that his lifespan has been increased at least 10 years.

Fifteen years ago many deaths resulted from childbirth. As a cause of death, childbirth has been practically eliminated. Cancer of the uterus has been almost eliminated by a simple test that has resulted from research. We have appropriated money for research in many fields and have hoped that the programs would be successful. The programs cannot function on the basis of operating from July 1 to July 1. A researcher cannot work in that way. He may make a discovery in 90 days, or it may require 9 years. There are many problems that we should attack. The Senator from Wisconsin has been a great supporter of many such projects. Every other bed in veterans' hospitals is now what we call an MP or a mental case. Mental illness is a field in which we have spent a great deal of money for research. We have gone up many blind alleys and we have conducted many tests. Some have worked; some have not.

After the expenditure of not too much money, though additional money was available, a man working under that program found a certain form of tranquilizer which is doing a great deal in the treatment of mental cases.

Questions are constantly arising. These are things that many of us think about when someone says, "Maybe we are devoting too much money to medical research. Perhaps we should cut down the expenditures."

Perhaps we should say, show us what you have done.

I think anyone can see what we have done because, as the Senator from Wisconsin has so well said—and I am sure that the Senator from Michigan [Mr. McNAMARA] will agree with me—there can be no price tag on 6.3 years of a person's life.

Mr. PROXMIRE. Is it not a question of who is the best judge?

Mr. MAGNUSON. The Senator is correct.

Mr. PROXMIRE. I have the greatest confidence in the members of the Committee on Appropriations. The Senator from Alabama [Mr. HILL], who is a great champion of health measures, is recognized all over the country as an expert layman in that field. I have great faith in him. He has been fighting hard for funds for that purpose. It is tough to oppose him. At the same time, I point out that a man who is extraordinarily well qualified, Dr. James A. Shannon, NIH Director, has assured Congress that the $780 million requested is adequate for the further development of a vigorous national medical research effort in the coming year. He has said that that is enough. It is plenty. But the appropriations committee insists on giving him an additional $120 million.

Mr. MAGNUSON. I have found that sometimes those individuals have been as wrong in their view as those who have said that we need more money for research. The point is that somewhere between the $120 million and the other figure the Senator mentioned there can be flexibility. I am not so sure but someone may come forward with a program which will require more flexibility. The Senator from Wisconsin has said that it is a matter of judgment. There are extremes at either end. It is a matter of judgment to determine the proper amount in between. Such decisions have already resulted in an increase of 6.3 years in the life of an individual. I believe that is quite an accomplishment.

Mr. McNAMARA. Mr. President, I should like to illustrate the point in another way. I discovered some statistics that may be interesting at this point in the discussion. We have talked about measuring such things as research. We have talked about increasing longevity 6.3 years. On an average, every day 3,000 people reach the age of 65 years. Every day 2,000 people over 65 die. So, every day an additional 1,000 people are added to our population. Those people are over 65 years of age. That is due in no small part to basic medical research and what the Senator has been discussing. It is a real yardstick.

Mr. MAGNUSON. I do not wish to enter into a discussion of the merits of the various plans submitted for medical care for the aged. I have my own ideas, and I will vote in accordance with them. But I do know that the question deals with the number one social priority need in the United States. Moreover, the need has risen because we have done such a good job in medical research. People now live longer. Whether industry will admit it or not, the age limits in industry are brought down more and more. If an unemployed person is more than 45 years of age, he knows that it is pretty hard to find a job. People are living longer. In their retirement, they have more time to do some of the things they have always wanted to do. But the reason the medical care program for the aged has become a number one priority is that we have done such excellent work in medical research. It is not all the result of the Government's work. I would be the last to make such a statement. But the Government has been very helpful.

The other day I attended the 25th anniversary of the passage of the bill which established the Cancer Institute. I happened to be one of the cosponsors of that bill when I first came to Congress. We have not found the remedy for cancer. But we do know that whereas 25 years ago 4 out of 10 people died from cancer, today, 3, or a little less than 3 out of 10 die. That is progress. Those are some of the things that are happening. I merely suggest that when we go into the question of medical research, it is very difficult to make an evaluation from budget year to budget year. We look at what we have done generally and proceed with a great deal of caution. Many times doctors in a bureau, if they are good men, feel a little differently about this question. Representatives of the Bureau of the Budget have said to them, "This is all you are going to get."

I see the distinguished Senator from Maine [Mrs. SMITH], who is a member of the Committee on Appropriations, in the Chamber. We know that it is difficult to make a determination in the Committee on Appropriations. More money is often requested for work in medical research. The doctors have thought they were getting closer to the solution of a problem and needed more money.

We are doing excellent work. I do not mean that we should squander money and throw dollars around, but I cannot get away from the fact that the average American is now living 6.3 years longer than he lived 15 years ago.

Mr. PROXMIRE. The Senator from Washington is absolutely correct. We should have an expanded program. I point out that since 1950 we have expanded the program sixteenfold, which is a fantastic increase. This year the administration is asking for an additional $44 million over a very high appropriation last year.

My argument is that we must draw the line somewhere. I suppose we could make an eloquent case for twice as much as the Appropriations Committee has asked for. The whole question is, where do we draw the line?

So long as we have an administration in which we have confidence and it has asked for a generous increase, it seems to me we should go along with the administration, particularly when an expert committee in the House of Representatives has been investigating this subject. Its chairman has said that above all Congress should not exceed the requests of the administration in this particular field.

Mr. MAGNUSON. I have had some experience with the House committee in this field. The Senator from Maine [Mrs. SMITH] will remember that on many occasions the House committee did not want to appropriate anything in a certain medical field and seriously resisted an appropriation. A majority of the committee finally voted for the appropriation in line with the budget request, but at first the committee seriously resisted any increase in the figure.

It is a matter of judgment, of course. However, I never become excited about the fact that we did not spend x millions of dollars in research in a certain medical field. It might be that the project turned out to be one that went up the wrong street, and it had to be eliminated. I remember a big project at the Cancer Institute which those in charge thought was on the way toward success. Something like $32 million was needed for the whole project, to be spent over a period of time. It subsequently developed that it did not look so good, and it was not pursued. However, it was learned from it that it could very easily be a shortcut up another street.

Not only has this been done by the Government, but the Government has furnished a great deal of initiative in this field. I believe that if we could take a poll of medical researchers and medical scientists in the great universities and medical schools they would all tell us, so far as they are concerned, this is one of the finest programs that has existed for a long time. We have set the pattern for other countries. It is not of value, to this country alone. We talk about helping underdeveloped countries and in abolishing poverty and misery and illness in the world. I cannot begin to attempt to document the value of this program to a great number of people in the world in certain fields, particularly because of research that originated in the United States.

I did not mean to take so long in discussing the subject, but I have been very close to it for a long time.

Mrs. SMITH of Maine. Mr. President, I have listened with a great deal of interest to the remarks of the distinguished Senator from Washington. I should like to add a word to what he has said, without extending the debate. No one has done more as a pioneer in medical research than has the distinguished Senator from Washington. I have watched his efforts through the years. It was largely because of his efforts and the efforts of the Senator from Alabama [Mr. HILL] that I have been able to do the little that I have done.

While I certainly agree with the distinguished Senator from Wisconsin [Mr. PROXMIRE] that we must start curtailing our expenses, I ask, Why should we begin with medical research, when a little extra money might be used to such good purpose in case of a breakthrough?

Mr. MAGNUSON. I thank the distinguished Senator from Maine. I appreciate her remarks. I know of her deep interest in this subject. It is not so much a question of interest or motive; but when we see some of the results that have been obtained, we feel that something really worth while has been accomplished.

BIRTHDAY OF AVIATION PIONEER

Mr. MAGNUSON. Mr. President, two birthdays of significance to American aviation occurred last month. One was the 35th anniversary of Pan American World Airways. The second was the 63d birthday of Pan American's president, Juan Trippe.

Robert L. Twiss, aviation editor of the Seattle Times, called attention upon this joint birthday observance to the closeness of Pan American Airways and the Seattle area. He referred to the line's utilization of Boeing-built planes.

I ask unanimous consent that Robert Twiss' article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PAN AMERICAN, 35 YEARS OLD, LINKED WITH SEATTLE AREA

(By Robert L. Twiss)

Pan American World Airways, celebrating its 35th birthday anniversary this month, has made substantial contributions to air transportation since the line's first flight from Key West, Fla., to Havana.

And many of the carrier's accomplishments, particularly in recent years, have tied in closely with this community.

Pan American was the first airline to operate in continuous service a transport aircraft with a pressurized cabin. This was the old Boeing model 307 in 1937.

Later, Pan American began transatlantic service with Boeing model 314 flying boats to become the first American line to offer scheduled flights across the Atlantic. This was in 1939.

The line was the first to buy Boeing Stratocruisers after the war, when those double-decked piston-engined transports promised to offer new comfort and speed to commercial air transport.

Then, in 1955, Pan American kicked off the jet-transport sales race between the Boeing Co. and the Douglas Aircraft Co., placing an order for both Boeing and Douglas jets.

Boeing had its jets ready for service well ahead of its California competitor, so Pan American in 1958 became the first line in the world to offer scheduled flights in a U.S.-built jet. The firm is Boeing's fifth largest jet-transport customer.

Pan American was the first carrier to provide jet service to Alaska, flying 707's northward in 1960. More recently, the line became the first carrier to buy the new Boeing convertible passenger-cargo turbofan transport, the Model 707–320C, with an eye to the world's expanding aircargo markets.

Much of the line's pioneering can be traced to the foresight and determination of Juan T. Trippe, Pan American president, who founded the line and struggled through the early trying years of aviation to keep it afloat.

Trippe directed the carrier's growth from that first 90-mile run between Key West and Havana to a line with more than 70,000 miles of routes reaching into 83 countries.

Pan American has served Seattle since 1940. The line now flies from here to such destinations as Hawaii, London, Alaskan cities, Australia, and around the world.

Trippe will observe his 63d birthday next week. But instead of reviewing past accomplishments, Trippe undoubtedly will be looking ahead to advances in air transport, such as the supersonic transport and new routes to fly.

For Trippe, in company with so many aviation pioneers, always has looked to the future.

PROPOSED TAX REDUCTION

Mr. MORSE. Mr. President, as I have said many times in the Senate, I consider a sound American economy to be our strongest and most important defense weapon in the great contest between freedom and totalitarianism. Unless we maintain a confidence in the American people in our own economy, as well as the confidence of the people of the free segments of the world in the value of the American dollar, we are bound to weaken our national security. I am satisfied that we are still a nation with a strong economy, but I would be less than honest if I failed to tell you that I am becoming more and more concerned about some economic practices which, in my judgment, if they are not checked are bound to weaken our national economy.

The first topic which I would raise which involves one of my concerns over our economy is the subject of taxes. In my judgment, a tax reduction program is long overdue in our Nation.

This morning's newspaper carries an article to the effect that the administration will follow a course of watchful waiting, which I believe is a fair descriptive term to use in connection with the position taken by the President in his press conference yesterday when he dealt with the tax program. The article reads in part:

> President Kennedy told the press conference he was watching the economy closely. However, he said he had made no decision on whether a tax cut was needed now to infuse new vigor into our business.

There are various reasons for a tax cut. One would be to infuse confidence into our economy. But the more important reason is to do justice. In my judgment, we are in need of tax reform in order to do justice and equity to the American people. A tax reform is long overdue. That is why I shall endeavor, in a few minutes tonight, to make my position clear in regard to the tax issue. I have spoken on the subject elsewhere, but I am concerned about the fact that my administration is about to follow a course of watchful waiting instead of proceeding to put through this session of Congress, before adjournment, a tax bill which not only would plug tax loopholes, but also eliminate some of the inequities in our tax structure.

So I say that, in my judgment, a tax reduction program is long overdue in our Nation. My record in the Senate shows that I have been urging various forms of tax reform for some years.

There are a couple of elementary economic laws that cannot be legislated out of existence. One is that an economy cannot and will not expand with a restrictive purchasing power on the part of the mass of our people. I am concerned about the fact that for some years now the purchasing power of the average consumer in the United States, be he worker, farmer, teacher, or member of any other profession, plus the businessman, has been diminishing as far as real purchasing power is concerned. Please note that I speak of real purchasing power in its true economic sense and not inflated dollar purchasing power. An expanding economy which is essential to a healthy economy requires not only an expanding purchasing power to go along with it but it requires full employment.

I shall always be proud that I was one of the cosponsors of the Full Employment Act of 1946, an act, however, which has never been fully implemented.

That great leader, the late Senator from Montana, well known to the present occupant of the chair [Mr. METCALF], with whom the present occupant of the chair worked shoulder to shoulder for years, the incomparable Jim Murray, was the author of the Full Employment Act of 1946, of which I had the privilege to be one of the cosponsors.

We warned then that it would not be possible to maintain a strong economy in this country without full employment, without maintaining a high purchasing power on the part of the mass of the people. What confronts us today?

The present continuing hard core of unemployed employables is bound to be an economic drag on our economy. Economic losses of unemployment with outgo from the public Treasury in increased expenditures for public welfare costs, unemployment insurance, and the economic losses of idle hands should disturb all of us who recognize the importance of making our free economy work successfully as the best answer to any form of economic and political totalitarianism, be it Communist or Fascist.

In my judgment, one of the major causes of a growing restricting of the American economy is our tax structure. I am fully aware of the fact that we all have to pay heavy taxes if we are to remain free in the face of the threat of world communism. However, unfair taxes, taxes that have become so high that they tend to place a brake on expanding our economy defeat their own purposes. An expanding economy means more jobs and more production, and it is an economic truism that increased jobs and increased production mean an increase in the economic productive power of a nation with a resulting increase in the flow of tax dollars into the Federal, State and local treasuries.

One of the problems which confronts us is that about 80 percent out of every Federal tax dollar goes into the cost of present-day defense and into paying interest on past war debts and the various governmental expenses directly attributed to the past war.

In fact, it is an understatement to say 80 cents out of every dollar. I believe the latest official figures I observed, as a member of the Committee on Foreign Relations, indicated that about 82 cents of the Federal tax dollar were applied to so-called security costs, past and present, while 18 cents were applied to the civilian costs of the operation of the Federal Government. But for purposes of approximation and clarity, let us say that the ratio is 80 cents to 20 cents.

About 20 cents out of every Federal tax dollar goes into paying the cost of running our Government in respect to its so-called peacetime civilian service cost. When one looks at the public service paid for out of that 20 cents of every Federal tax dollar, one recognizes that the job of cutting Government expenses is much more difficult than some critics of Government expenses would have us believe. I am afraid it is true that until the world situation changes as far as U.S. defense needs are concerned, we cannot in intellectual honesty promise the American people any great savings out of the 20 cents of each tax dollar which goes to running the Government and the various general welfare public services which we all know the public not only demands but is going to continue to demand, and rightly so.

Every time I listen to a speech by one of the so-called economizers which does not deal in documentation, but in allegations, I find it interesting to note that the speeches contain no specifics as to just what service now rendered by the Federal Government to the people of the United States the economizer would have us do away with.

Name any of the great general welfare programs, whether it is social security or unemployment insurance or any of the conservation programs. Ask him if he would have the Government eliminate any of them or drastically reduce any of them. He will say, "Oh, no; that is not what I am talking about."

Let the economizers talk about savings in regard to specific proposals. It is so easy for the economizers to talk about bureaucracy and the enormous cost of operating the Federal Government. But they forget to tell the voters of the country that the cost of administering the Federal Government is the most economical of any level of government. It is well known that the administrative costs connected with the expenditure of a Federal dollar amount to half a cent. With respect to a State dollar, the cost is about a cent and a half. With respect to a local dollar—municipality or county—it is about 5 cents. In other words, the most economical government today, on the basis of comparison among Federal, State, and local levels, is not only the Federal Government, but the Federal Government by a very large proportion.

So we have a right to ask the economizers to be specific about the services they propose to eliminate, and then to have them justify to the American people the elimination of those services. I think it will be found that the American people will ask for, and have a right to ask for, increased services, not fewer services. The American people recognize the fact that the cost of freedom comes high, but that it is worth it.

Having made that criticism of those who are inclined to make so-called general speeches on economy, I have the obligation in my speech today, when I talk about a tax program, to be specific in regard to how I think there can be a tax saving program which undoubtedly will result, for a period of time—but I think a very temporary period of time—in an increased deficit, and how I propose to meet that deficit. I shall make a few suggestions in that regard before I finish my speech. First I wish to set forth the general terms of my speech in regard to the tax question.

It needs to be considered from the angle of whether or not we have developed a tax structure that is so inequitable in some of its respects that it is serving to restrict our economy and by so doing it is defeating its own purpose. If, as a result of some of our tax policy, we are discouraging businessmen to expand their production and thereby create new wealth and new jobs out of which new taxes come, then we had better call a halt to such tax inequities.

I have held the point of view for some years that we need a revamping of our tax structure in order to eliminate some of its inequities which are doing injury to the strength and stability of our free economy.

It was in 1947, when the Committee for Economic Development came forth with its first tax reform proposal, that I offered the tax reform program of the Committee for Economic Development in the form of a series of amendments. I have held to the point of view there stated ever since. That committee, as I have been heard to say before, was comprised of outstanding industrialists, businessmen, and tax experts of the country. Not a single Government official was a member of the Committee for Economic Development. The committee was composed of outstanding industrialists who had the responsibility, from the standpoint of business, of making the free enterprise system work. I have said many times, and I repeat today, that we would do well to heed many of their recommendations in regard to tax reform.

For example, consider the recommendation made in 1947, which that committee has issued on several occasions since, concerning excise taxes. They have pointed out that excise taxes are restrictive and regressive. They have stated that excise taxes were imposed during the war for the purpose of restricting the civilian economy in time of war; because the purpose of an excise tax is to restrict and discourage production. An excise tax is not based upon the principle of ability to pay; therefore, it is one of the most regressive of all our taxes.

Some of us have fought over the years to eliminate some excise taxes and to have others reduced. We made a start with the transportation tax, and I hope that before this session of Congress adjourns, it will be possible to eliminate more of them or to make further reductions in the remaining ones. But this is a good example of one of the areas of tax reform in which we have been working. It is a good example of why tax modification is sorely needed if we are to have a more equitable tax structure and are to be successful in eliminating unfair taxes now being imposed in some areas, and if we are to plug up some of the loopholes.

But that is not the only tax reform that is needed. For example, I question that a 52-percent corporate tax in peacetime, even though we are living under a defense economy, can be justified if we hope that industry will make capital investments in expanded production facilities. This 52-percent corporate tax is playing psychological havoc with American free enterprise. I do not know of any businessman who does not expect and is not willing to pay very high corporate taxes when we are at war. On the other hand, I think most American businessmen have come to realize—and rightly so—that a 52-percent corporate tax at the present time, particularly in view of the hundreds of millions of dollars that we have poured into the economies of other nations under the foreign-aid program, can no longer be justified.

BUSINESS EXPANSION NEEDED

Mr. President, when I speak of the relationship between the tax structure and an expanding economy, I also desire to point out that expansion of the economy is "primarily"—and I use that word advisedly—dependent upon existing businesses. Expansion of the economy is dependent upon expansion of existing businesses, rather than expansion of the economy through new businesses.

Of course, it is desirable to promote new businesses; and new businesses do expand the economy to a degree. But what many persons seem to overlook is the fact that the great bulk of the expansion of the economy invariably comes from the enlargement and expansion of existing businesses. I respectfully point out that we shall not encourage existing businesses to expand so long as we take, by way of the corporate tax, 52 percent of their profits.

All one has to do is talk to the businessmen, and they will say so. What many of them are trying to do today is to place their businesses in a profit-making position, so they can sell out, for many of them tell us that the 52-percent corporate tax is so economically discouraging to them that they are growing tired of working for the Government while the Government, in turn, pumps the economic largess of this country into a foreign-aid program about which I shall speak in a few moments.

I happen to be one liberal who does not hesitate to say that I believe the 52-percent corporate tax imposed at the present time is unfair and inequitable, and should be modified downward.

One may ask how much it should be cut. Until the facts are in, I am not prepared to say how much it should be cut. But I think we should be proceeding to assemble the facts; and we should be proceeding with hearings on a tax bill, in order to obtain the facts, so that we can reach an intelligent conclusion in regard to how much of a cut should be made.

I have no hesitancy in saying that I think it is an intelligent guess, within the realm of fact, that this year we could reduce it at least 2 percent, and possibly 4 percent; and I am not sure that a prima facie case could not be made, on the basis of the record which would be gathered at such hearings, possibly to reduce it, in the next 2 or 3 years, 6 percent.

But, I have no doubt, that some reduction is necessary. In short, in order to meet the psychological problem which confronts American business, I believe we should eliminate the inequity and the unfairness which in my judgment now prevail in connection with this corporate tax.

Therefore, I do not agree that we should follow a course of watchful waiting. We have watched and waited long enough in connection with observing the results of this tax; and in my opinion we can now reach the conclusion that some reduction of the 52-percent corporate tax is deserved now.

Mr. President, it is true that a cut in corporate taxes may increase our national deficit for a short period of time; but I am convinced that the resulting increase in the economic productive power of the Nation within the next few years, if there is a cut in the 52-percent corporate tax, will make it much easier to balance our budget and to pay on our national debt, than it would if we refused to reduce the 52-percent corporate tax.

As I go across the country and listen to complaints of businessmen, who have just as sincere an interest in the economic stability of this country as does any public official or taxpayer within any other tax bracket, I have become convinced that the high corporate tax is proving to be a very serious obstacle in the way of expanding our economy.

GENERAL TAX CUT DUE FOR ALL BRACKETS

Likewise, a reduction in the income tax, with equal emphasis on a reduction in the lower income bracket, appears to me to be meritorious. I have advocated this for years. Some years ago, I proposed an increase in the present personal exemption from $600 to $800, or even to $1,000.

Let it be kept in mind that businessmen do not expand when there is already idle plant; nor will they expand if consumption of their product or service is sagging because of lack of buying power among the general public.

In 1958, I believe it was, a proposal I joined in offering for an increase in the personal exemption to $1,000 was modified to be an $800 exemption; and we got a vote on it, but lost. I thought then that we were right; and economic events since then have proved that we were right. And, Mr. President, we are right tonight in advocating that the personal exemption under the income tax be increased by anywhere from $800 to $1,000.

It is generally accepted that any tax saving in the middle and lower income brackets will flow immediately into the stream of commerce. It will increase the ringing of the cash registers in every business establishment on every Main Street of America, because such tax savings will be tax savings for the mass of the consumers in the United States, and they will spend those tax savings. They will buy the refrigerators they have been waiting to buy, but for which they have not heretofore had the necessary funds; or they will buy various other pieces of household equipment which they have wished to buy, but have been waiting to purchase. They will buy such consumers goods immediately.

When it comes to an economic shot in the arm for our economy, I do not know of any aid which will produce affirmative and favorable results quicker than this proposal—which some of us have been making for some time, now—to make such an increase in the personal exemption under the Federal income tax.

Such a tax-cut incentive will increase the purchasing power of the rank and file consumers of America; and, here again, another economic law comes into effect. The increase of purchasing power among the mass of the people has an accelerating effect upon economic expansion far above the dollar value of the increased purchases. Much of what we do or fail to do here in the Senate and much of what is done or is failed to be done in the House of Representatives will have either affirmative or negative effects on the economy of the country.

FOREIGN AID REDUCTION NEEDED

Mr. President, this leads me to make a suggestion in regard to how we can prepare to meet the increased deficit which will confront us if this year we deny to the Treasury of the United States the use, for tax purposes, of a certain portion of the income of the people of the United States.

It is interesting to read in the press this morning, and also from the report of his press conference yesterday, that the President of the United States urged immediately consideration of his foreign aid program. The article states:

> The President plugged first for the foreign aid authorization which was passed by the Senate. * * *
>
> Aid programs make great demands on our people, he acknowledged, but he urged Congress to keep these facts in mind:
>
> Almost half of the money is for military assistance and defense of countries directly threatened by aggression or subversion.
>
> More than 80 percent of the economic assistance proposed is in the form of loans, not grants, and will be repaid in dollars.
>
> More than four-fifths of the total will be spent here in the United States on goods and services supplied by American business and workers.

In my judgment, that report is, at least, a most inadequate analysis of the situation that confronts us in connection with the foreign aid program. After reading that report, I thought it was important that at least the CONGRESSIONAL RECORD contain, for reference on the part of those who want to refer to it, some pertinent facts about our foreign aid program.

I know that when one talks about the foreign aid program and suggests some savings in regard to it, he must expect to subject himself to a certain amount of criticism on the part of those who think the foreign aid program is a sacred cow in American politics and must not be subjected to any criticism.

As a member of the Foreign Relations Committee, I have been saying for a number of years that our foreign aid program needs a drastic overhauling. I have been saying for years that the foreign aid program has been used by some business segments as a subsidy for American business. It is interesting that, by coincidence, the President of the United States, in his press statement yesterday, at least gave note to business support of foreign aid on the part of businesses that participate in the foreign aid program, when he said that more than four-fifths of the money will be spent in the United States on goods and services supplied by American business and workers.

It does not follow, from that statement, that this helps to develop a healthy economy in the United States, for if we are to expand our economy, we must expand it in various ways for the benefit of all the American people, and not merely those working in defense plants, the goods of which go to foreign soil.

So, in order to develop that thesis, I wish to place in the Record a few pertinent facts which I think the American people need to know, facts which are not emphasized enough in public discussion.

Mr. PROXMIRE. Mr. President, will the Senator yield on that point?

Mr. MORSE. I yield.

Mr. PROXMIRE. First, I highly commend the Senator for his speech. I tried to get a copy of it, but was unable to do so.

Mr. MORSE. There are no copies of it.

Mr. PROXMIRE. That is the reason.

The Senator from Oregon is absolutely correct when he points out that there can be some real savings in the foreign aid program, particularly in the military assistance aspects of foreign aid, in view of the fact that some of our allies of Western Europe are enjoying a rapid increase in their standard of living. In most of those countries the tax burden is lower, on a per capita or income basis, than is ours. They can well afford to carry more of the burden, and they should. The free world would be stronger if they were to get into the act more.

Mr. MORSE. That is exactly the thesis of my speech. That is the thesis I intend to emphasize. It is the thesis we must keep in mind when we talk about how we are going to get the money which will be necessary in order to plug the deficit that a tax cut at this time is bound to create temporarily.

Mr. PROXMIRE. I hesitate to interrupt the Senator from Oregon at another point in his speech, but this subject has been extremely interesting to me. I have spoken on this subject several times. I should like to stress one point.

It is interesting that at a time when leading economists and other distinguished persons, including the Senator from Oregon, as well as the chamber of commerce and the AFL-CIO, are calling for a tax cut, the Federal Reserve Board is following a policy of making credit as tight as possible, and is lowering the reserves of our banking system from $500 million to $300 million. Interest rates have gone up during the month of June on every obligation one can name. The Federal Reserve Board is placing tight credit brakes on our economic system.

It would appear that if we are to have a tax cut, it will be the first time in the history of the Nation when two segments of our economy are going in opposite directions, where one horse is going north and the other horse is going south. This is taking place because the Federal Reserve Board is helping to bring about tight money, tight credit, and high interest rates, at a time when many Members of the Senate, including other officials, think we ought to have a tax cut. Does it make any sense?

Mr. MORSE. The Senator is absolutely correct. I agree with the criticism he is making. An economy is not expanded in that way. The purchasing power of the masses and of consumers is not increased in that way. I want the Senator from Wisconsin to know that I share in the statement he has made.

The Senator from Wisconsin said he did not have a copy of my speech. The speech I am making is a part of a report I have been in the process of writing as a trustee of a trust fund, as I discuss some of the economic problems facing the trust fund and other trust funds of this country unless something is done about the tax structure of our Nation.

The continuation of our tax structure with all its inequities will work a hardship on many trust funds in this country if we do not proceed to adopt some of the tax reforms I am suggesting this afternoon.

That is why the Senator from Wisconsin could not get a copy of the speech. It is not in prepared form. I hold in my hand a rough draft of the report. I have spoken on the subject matter extemporaneously in other parts of the country. I believe the time has come to put in the Record statistical material in connection with the speech I am making.

Mr. PROXMIRE. I thank the Senator.

Mr. MORSE. Mr. President, one of the problems we need to consider, not only in connection with the tax program of our country, but our general economic status, is the matter of our foreign aid program. Our foreign aid program, from 1946 through 1961, totaled, in round numbers, $90 billion.

I have voted for that program in the Senate most of the time because I recognized that it was necessary to rehabilitate the war-torn countries of Europe and to help raise the standard of living in the underdeveloped areas of the world where people are still free, if we are to check the spread of communism among the have-not people of the world. However, in my judgment, the time has come for a great reduction in foreign aid, both military and economic, particularly among those countries which we have helped rehabilitate.

That is, for example, among the NATO countries, which are now in a better economic condition than they were in before the war. I think it is interesting to note, as the Senator from Wisconsin pointed out, that they resist paying their fair share of the cost of NATO. There is no good reason why Great Britain, France, Norway, West Germany, and the other NATO members should not pay a much higher percentage of the cost of NATO than they are now paying, and thereby make it possible for us to reduce our contributions to NATO. Yet, these countries resist increasing their payments, and leave the impression with many that NATO is more for the defense of the United States than for the other members of NATO. The fact is, the United States needs NATO less than any other nation in it. Obviously, if the Russians start to move in Europe, it is the European nations which will first be affected.

The heavy foreign aid program is having a serious effect on the balance-of-payments problem as far as the U.S. economy is concerned. The outflow of gold from the United States to help elsewhere in the world has weakened our economy and must be stopped.

The point of view that I express on foreign aid is unpopular in those circles in which people have not taken the time to study the economic effect of continuing heavy foreign aid programs with countries which have reached the point of economic recovery to such a degree that they could now help themselves. It is beginning to be recognized by more and more Americans that the national debt of the United States is greater than the national debt of all the rest of the non-Communist areas combined. The main reason for that being true is that we as taxpayers have been willing to increase our own national debt in order to provide an economic recovery for our allies who now have little national debt compared with ours.

MORE LOANS, FEWER GRANTS

In my judgment, the American people have the right to have our foreign aid program thoroughly reevaluated. If we are to keep our economy strong, then I think we must say to the foreign governments to which we give finanical aid that more of our aid money must be made available in the form of repayable loans and less and less of it in the form of outright grants. It is true that for some humanitarian purposes—such as health programs, food for drought areas, some educational projects, malaria and other disease epidemic control, and similar humanitarian programs—we shall have to expect to continue grants.

What I am talking about is a matter of emphasis in connection with our foreign aid program. At the present time our foreign aid program, economic and military, takes the form of two-thirds grants and one-third loans. In my judgment, we should strive to have at least 75 percent of our foreign aid take the form of repayable loans and not more than 25 percent take the form of outright grants. As Senators know, I am chairman of the Latin American Affairs Subcommittee of the Foreign Relations Committee of the U.S. Senate. Our committee has been very much interested in the Alliance for Progress program, and I am an enthusiastic supporter of the objectives of the Alliance for Progress program. Nevertheless, here again, as I have made clear time and time again, our Alliance for Progress program should stress loans rather than grants. We cannot buy friends with grants in Latin America or anywhere else in the world. However, we can earn the respect and confidence of millions of people in the underdeveloped areas of the world if we demonstrate that we are willing to help them develop their own economies by lending them some funds to be added to their own on a repayment basis. Thus, I am a strong supporter of the development of home loan and building associations throughout Latin America, as well as of land reform.

There are millions of people in Latin America, and for that matter elsewhere in the world, who are literally serfs to the soil. They have nothing to lose from communism. They provide a fertile seedbed for Communist propaganda. Our foreign aid program, in my judgment, should be designed to be of assistance to the masses of the people in Latin America and elsewhere, and to businessmen in each of the countries who are willing to invest in the economic potential of their countries on a repayment loan basis.

What I am saying, in effect, is that our foreign aid program should emphasize the exportation of economic freedom for the individual from the United States to the foreign country in the form of loans, and American economic know-how for the development of a free enterprise system as a form of an economy in each of the countries we aid. It should never be overlooked that we cannot export a potential ideology called political freedom into any underdeveloped country where 90 percent of the people are illiterate and a large majority of them poverty stricken.

What I seek is a loan program for specific economic projects, accompanied by a line of credit arrangement which will require that the line of credit can be drawn on as the project develops. This is preferable, in my judgment, to a general loan to a foreign government to be used as that government wants to use it. We owe an obligation to the American taxpayers to protect our tax dollars that go into an American loan by insisting that the money be assigned to a specific project, be it a hotel, mill, cheese factory, hospital, road, or any other project that a priority list for a country indicates the country must have if it is to strengthen economic freedom for the people of the country. I say, "Give me a people who are economically free and I will give you a people who will insist upon political freedom as well." Sometimes I put it this way, "Give me a society with private homeownership in the city and family farmownership in the country, and I will give you a society about which you don't have to worry as far as communism or any other form of totalitarianism is concerned."

In my judgment, a reevaluation of our foreign aid program is essential to any program of tax reform in the United States. Likewise, I consider it essential to the strengthening of our American economy. At the level of citizen statesmanship, I respectfully suggest that it is very important that the American people make perfectly clear to their Government that the time has come for tax reform, and that one way to meet the temporarily increased deficit which would be created by a tax reform program is through a reevaluation of our entire foreign aid program.

THE SUGAR ACT

Mr. MORSE. Mr. President, yesterday on the floor of the Senate I made a few comments about what I consider to be the basic problem in connection with our Sugar Act, which carries with it American premium payments to a good many countries around the world, whereby the American taxpayer in effect pays a higher price for the sugar than he would have to pay if we should let the world market prevail.

The reason for premium payments in the first place was that during the war we had to have an assurance of a quick, adequate supply of sugar at home—not in the Union of South Africa; not in Ireland; not in Australia, or Formosa or any of the other remote areas where we now grant a premium price for sugar.

I shall reiterate only a part of the speech which I made yesterday. I pointed out that I hope, in the future, the payment of a premium sugar price in any underdeveloped country under the Sugar Act will be conditioned upon benefits to the people who produce the sugar. The premium price for sugar should be dependent upon a procedure which guarantees that a substantial part of the premium price will accrue to the benefit of the producers of the sugar, not to the benefit of the oligarchs of the sugar mills who take their huge profits out of sugar—in many of the Latin American countries, for example—and invest them not in the economic future of their countries but in New York and Swiss banks.

I do not know of a word which more accurately describes one of the results of our Sugar Act than the word "racket," because in a very real sense it has become a racket of lobbyists and oligarchs at the expense of the American taxpayers. "But," one might say, "Mr. Senator, you finally voted for the bill." I did, because I think, considering the overall problem, it will produce less injustice than if we did not have a bill at all. It will produce fewer foreign policy problems than if we did not have the bill at all.

The proposal had the great advantage, at least, of taking a better account, a more generous account, of the problems facing American sugar producers both of beet and cane sugar.

But let us not forget that in our own country the justification for the premium price to our own domestic producers is that they must maintain high labor standards; they must maintain minimum wages; and observe similar labor standards fixed by the Department of Agriculture. But we have no such control in the underdeveloped countries in which as the testimony before us showed, in some instances sugar is produced at a cost of a few cents a pound.

Earlier today in the Committee on Foreign Relations—and I think I violate no confidence by pointing this out because the statistic is easily accessible—we were told that in some Latin American countries coffee is being produced at a cost of 7 to 8 cents a pound. We know what we are expected to pay for the coffee.

So we must come to grips with the problem in connection with our Alliance for Progress program, including commodity stabilization, and see to it that if we are to invest many millions of dollars of the American taxpayers' money in connection with the program, at least two major reforms should take place quickly. First, the emphasis should be overwhelmingly in support of loans and not of grants. Second, we should insist that if we are to make even loans, there must be some assurance given, some conditions attached, and some reforms adopted on the part of the recipient country that will give the benefits of our foreign aid program to the mass of the people of those countries.

Mr. President, we increase the danger of communism by strengthening oligarchs. We increase the danger of communism if we make the wealthy oligarchs more wealthy, by giving them more money to invest in New York and Swiss banks.

In my judgment, we owe both a moral and a legal duty to the American taxpayer to see to it that such conditions as these to which I allude are imposed as conditions precedent to loans or to grants in connection with our foreign aid program. We should do it, too, before we commit American consumers to paying any more premium prices for sugar or similar commodities.

We had better start thinking about doing it, because I point out that the public debt of the free world at the end of 1960 was $504 billion. The public debt of the United States was $295 billion. The combined public national debt of all the countries of the free world totaled $209 billion, as against the public debt of the United States of $295 billion.

Many Americans do not realize that the public debt of the United States is much greater than the public debt of all the rest of the free world combined. As I said previously, one of the reasons for that is that as taxpayers we in this country have really helped to pay off the public debt of many other countries. We have rehabilitated Europe in no small measure with American tax dollars. We provided those countries with the Marshall plan and the point 4 program. By so doing there is no doubt that we saved all of Europe from being trampled underfoot by the heels of communism and Marxism.

But memories are short. We are having serious troubles now in getting allies who have as much stake in freedom as we have to recognize that there is a mutuality of responsibility in the defense of freedom, and that the time has come when the American taxpayer has the right to say to his Government, "We think we are entitled to a tax reform program now. We think we are entitled to some savings in our foreign aid program now." Therefore, I think it is a great mistake for the administration to take the position that we should proceed with the foreign aid program for fiscal year 1963 before we proceed with the tax program.

At least, I think it is a mistake for the administration to take the position that we are going to proceed with the foreign aid program and leave under a policy of watchful waiting the question of the tax program until the next session of Congress. I respectfully say to my administration that I do not think the American people are in a mood to "buy" such a policy.

FOREIGN AID STATISTICS

At the close of the fiscal year 1962, our national debt was edging up toward $300 billion. Since the close of World War II, in the fiscal year 1946, we have spent about $90 billion in foreign aid, including Public Law 480 funds, through the fiscal year 1961. Grants of military aid during that time came to about $29 billion; loans of military aid came to about $84 million. What a significant and vital statistic that is. The only difficulty obtaining public comprehension of a statistic like that is that the average layman finds it very difficult, as we do in the Senate, to think in terms of a billion dollars. Yet I would have the American people know that since the fiscal year 1946 we have granted and given away $29 billion in the form of military aid.

Our loans in military aid have been only $84 million. That is pretty dramatic proof of the fact that our whole policy has been one of granting and giving away and not expecting repayment.

Someone might ask me the question, "Do you not realize that all this period of time freedom was in great jeopardy and still is?"

Certainly I do. I have voted for the military aid program until recent years. In recent years, in the Foreign Relations Committee, along with some able colleagues, I have joined in a drive to cut down on grants and increase loans. I have supported amendments in the Committee on Foreign Relations, some of which have been adopted, that have resulted in cutting down some of the grants, and urging an increase in some of the loans.

What I wish to stress in my speech today is that the time has come for a cutback in the grants, and for saying to allies that have economically recovered, "The time has come for you to pay a larger share of the cost of protecting freedom."

As I speak here this afternoon, we should keep in mind the fact that we are paying, and have paid for a long time, practically all the military cost of the Lao Government that we have been supporting. As I speak this afternoon, I ask Senators to keep in mind the fact that most of the defense cost of South Vietnam is being paid by the American taxpayer. As I speak here this afternoon, keep in mind the fact that most of the defense cost in Thailand is being paid for by the America taxpayer. Am I guilty of some lack of consideration for allies? If I ask the question, am I guilty of an unkind remark about allies? What about Australia, New Zealand, Canada, Great Britain, France, West Germany, Italy, Norway, the Netherlands, and the other parts of the free world that the facts show are in good economic condition?

What about SEATO? We do not find the members of SEATO rushing in with their millions to help pay for the defense of freedom in Southeast Asia. There are tokens here and there, gestures here and there, words of encouragement now and then. There is no materiality.

The time has come for American voters to check up on American foreign policy. The time has come for American citizens generally to make perfectly clear to both the legislative and the executive branches of their Government, that necessary steps must be taken to strengthen the greatest defense weapon we have, which is our economy itself.

We do not strengthen that defense weapon; the economy itself, by following a course of action which we have been following in respect to foreign aid. Too much of it is going into grants and too little of it is going into loans, with a serious failure on the part of our allies to do their share.

Let us take a look at the vital statistics with respect to economic aid. Economic aid since fiscal 1946 has totaled $61.5 billion, of which $40.5 billion has been in grants, and $21 billion in loans.

Senators will see now why for some years in the Foreign Relations Committee the senior Senator from Oregon has been saying to his colleagues on the committee—and more and more of them have been supporting him—that our goal ought to be 75 percent loans and 25 percent grants. I take that position in regard to the totality of the aid program, both military and economic. In my judgment our total foreign aid program ought to be a minimum of 75 percent in loans and 25 percent in grants.

Even in the economic field we have not come even close to 50–50, because since 1946 it has been $61.5 billion total, with $41.5 billion in grants and only $21 billion in loans.

Our aid to so-called underdeveloped areas since fiscal 1946 to the beginning of 1962 has totaled about $48,400 million, of which $30,400 million was economic, and $13 billion military.

Of all the expenditures for defense by members of the North Atlantic Treaty Organization, about 9 percent came from U.S. military aid in 1958, and about 4 percent in 1960. That is, for all their own defense outlays. When we come to the infrastructure of NATO, that is, infrastructure expenditures which involve all the nations combined, we find that the United States has been paying about 38 percent of the cost.

In my judgment, we cannot justify that percentage of cost on the part of the United States in view of the present economic conditions of Great Britain, France, Italy, West, Germany, Portugal, The Netherlands, and Canada. Those allies should be paying more of the cost of defending freedom, which is just as vital to their survival as it is to the United States.

So I say most respectfully that in my judgment the time has come for the American people to demand an accounting in regard to the fiscal policies of our government. When it is said we cannot have a tax reduction program now, the statement must be made, "Prove it. Justify a program of watchful waiting."

The more we look at the foreign aid program the more the evidence mounts that justifies my premise that we ought to act on a tax program now. Even in connection with our 1962 proposals that the President is asking for, we find no equity to the taxpayers in connection with the ratio of loans as against grants.

Contrary to the 80-percent figure he was quoted as using in his press conference, the percentage of loans in 1962 economic assistance is only about 60 percent of the total economic aid.

Without taking more time in regard to the statistics, I ask unanimous consent to insert in the RECORD at this point the statistics dealing with our foreign aid program through 1961.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Fiscal years 1946–61

	Millions
Military aid:	
Loans	$84.0
Grants	28,797.6
Economic aid:	
Loans	21,122.3
Grants	40,391.2
NATO—Military:	
Grants	16,070.8
Loans	36.6
Economic:	
Grants	16,651.0
Loans	9,506.1

Mr. MORSE. What all this shows is that we can have a tax program now by way of the type of reductions that I have suggested which would help the economy of this country, put men back to work, increase the purchasing power, and encourage business to expand their individual establishments, if we have the will to sit down in this session of Congress in the weeks immediately ahead and give heed to what I am satisfied, once the American people comprehend such facts as I have given this afternoon, will be their clear demand for a tax reform program now.

I have not said anything in the speech about a general plugging of many tax loopholes which exist in our tax structure. I shall reserve comment on that subject matter for a later speech.

It is the second topic that confronts us in regard to a tax reform program. We need not only to reduce taxes along the lines that I have suggested this afternoon, and to reevaluate our foreign-aid program in order to take care of the increasing deficits which will exist for a temporary time following the tax reduction, but we also need to save millions of dollars for the American taxpayers by seeing to it that those who are now escaping taxes and who ought to be required to pay the taxes, pay them, and that we plug up what is referred to as the inequitable loopholes in the present tax structure.

In closing my remarks on this subject, I am perfectly aware of the fact that the speech I have made will not be at all popular in some circles. However, I am interested only in the question of whether the facts prove me right. I am satisfied that the premises I have laid down in the speech are sound for the economy of this country. I am making a plea to my administration that it proceed with a tax reduction program bill prior to adjournment, and give Congress an opportunity at least to stand up and be counted on that program before adjournment.

FOREST ACCESS ROADS

Mr. MORSE. Mr. President, on March 1, I spoke in the Senate lauding the excellent opinion given on February 1 by Attorney General Kennedy on the question of access to the national forests.

Since that time this opinion has been attacked by the National Lumber Manufacturers Association.

This was a landmark decision—cogently written, sound and persuasive. It was not dashed off lightly by the staff of the Attorney General, but had been given careful consideration, not only by Attorney General Kennedy, but also by Mr. Katzenbach and Mr. Byron White—now Justice White of the U.S. Supreme Court.

For the benefit of the lumber industry, I discussed the meaning of this decision. It is not necessary to repeat this discussion today. Instead, I intend to speak on the incorrect allegations of the National Lumber Manufacturers Association that 39 million acres of private land will have its value impaired by the Attorney General's opinion and the equally incorrect allegation that the Government is denying access to these 39 million acres of private property.

To do this properly requires some background data and some discussion of events. Shortly after March 15 there came to my office an attractive brochure which contained no identifying marks as to origin, but clearly was the product of the National Lumber Manufacturers Association.

The booklet was entitled "Material on Government Denial of Access Rights to Private Property." I ask unanimous consent that the brief summary in that brochure be printed at this point in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF ACCESS RIGHTS PROBLEM

The value of 39 million acres of land owned by individual companies, towns, and States within the boundaries of national forests was seriously impaired by an opinion of Attorney General Robert Kennedy released on February 20, 1962.

For 65 years, since 1897, owners of property in national forests have had the right to cross Federal lands to get to their property. The Attorney General now says they have no such right unless they live on the land under the settlement laws of the United States. There probably are few if any such persons alive today.

The justification for the reversal of the legal interpretation of the act of June 4, 1897, which assured access to these lands, is stated to be, the need for the Federal Government to be able to require private owners to give access to Federal land across theirs—in exchange for a right to cross Federal land to their own. This reason is used in spite of the existence of the power of the Federal Government to condemn needed rights-of-way. The many thousands of owners of the affected 39 million acres have no power of condemnation.

This book is designed to put into one place all of the essential facts and arguments essential to an understanding of the problem.

In order to avoid a total disruption of the values of land and improvement in forested regions of the United States—mortgage security, taxing bases—the interpretation of the 1897 law which has existed for 65 years must be restated by the Congress.

Mr. MORSE. Mr. President, a letter dated March 9 was sent to me by the executive vice president of the National Lumber Manufacturers Association. I ask unanimous consent that this letter, an attached brief of National Lumber Manufacturers Association, and my reply of March 15 be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

NATIONAL LUMBER
MANUFACTURERS ASSOCIATION,
Washington, D.C., March 9, 1962.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR MORSE: The lumber industry is very grateful for the assistance which you have given to finding solutions to problems relating to Government timber. Your support for analysis and action on the positive recommendations made by the lumber industry to the Secretary of Agriculture is most helpful and genuinely appreciated. There is an additional matter of utmost importance on which we also need your assistance.

The issuance by the Attorney General of the United States of an opinion relating to the rights of private property owners within the boundaries of national forests to reach their lands has been met with uniform dismay by the forest industry. We have been aware of your sincere interest in the subject matter of this opinion for a number of years. However, your statement to the Senate on March 1 is difficult for us to understand.

The reason which you gave to the Senate for the action which you took to secure a reinterpretation of the act of June 4, 1897, was that "some persons in the timber industry in the five States from California around to Montana have locked up more than 700 million board feet of annual allowable cut * * * in the aggregate, more than 55 billion board feet of timber is in an economic icebox."

This is not a new charge, but we felt that it had been laid to rest by an extensive investigation into the allegation during the fall of 1960. In a letter to me dated October 10, 1960, the Chief of the Forest Service replied to our question about charges that the lumber industry was blocking access to 40 billion board feet of national forest timber. He stated, "This letter has the effect, it seems to us, of inferring that we have informed the committees of Congress that private timber owners are unreasonably blocking access to this 40 billion board feet of national forest timber. If that is the impression held by your group, we think we should point out that we have not said this, to congressional committees or to anyone else. Our people do not know of any statements in hearings or made to committee members or staffs in which Forest Service people made such a statement."

As you know a major segment of our industry is entirely dependent upon Forest Service timber for its raw material. Therefore, we are particularly anxious to learn of any situation of which you have information that would suggest that anyone in our industry is blocking access to Forest Service timber. We know of no such situations, but I assure you that this association and its members are anxious to take whatever proper steps they can to remove any impediment to the sale of the full allowable cut of timber on all national forest lands.

Your comments to the Senate indicate that you have not seen the presentation made by the lumber industry to the Attorney General of the United States concerning this problem. I am therefore enclosing a copy of our brief.

We urge that you supply us with any information that you have that will substantiate your feeling regarding private timber owners so that we can assist you and all interested agencies of Government in resolving any such cases promptly.

Sincerely,

MORTIMER B. DOYLE,
Executive Vice President.

RIGHTS-OF-WAY OVER NATIONAL FOREST LANDS

Within the boundaries of the national forests in the United States there are 220 million acres of land. Approximately 181 million acres of this land are owned by the Federal Government and administered by the U.S. Forest Service. The remaining 39 million acres lying within the boundary of national forests are owned by private individuals or by States and their subdivisions. The pattern of ownership of private lands within the boundaries of the national forests is such that much of it is entirely surrounded by federally owned national forest lands.

Inasmuch as access to the federally surrounded private lands within the national forests must of necessity be across lands owned by the Federal Government, the nature of the rights of access by these private owners is of paramount importance. The purpose of this paper is to examine the existing rights of access, both in statutes and under the common law.

STATUTORY RIGHT OF ACCESS

The act of June 4, 1897 (30 Stat. 36; 16 U.S.C. 478) contains the statutory language assuring to private owners of land within the boundaries of the national forests access to and from their lands across intervening Federal lands.

"Nothing in this act shall be construed as prohibiting the egress or ingress of actual settlers residing within the boundaries of national forests, or from crossing the same to and from their property or homes; and such wagon roads and other improvements may be constructed thereon as may be necessary to reach their homes and to utilize their property under such rules and regulations as may be prescribed by the Secretary of the Interior. Nor shall anything herein prohibit any person from entering upon such national forests for all proper and lawful purposes, including that of prospecting, locating, and developing the mineral resources thereof. Such persons must comply with the rules and regulations covering such national forests."

By act of Congress, jurisdiction over the national forests was transferred from the Secretary of the Interior to the Secretary of Agriculture in 1905.

ADMINISTRATIVE INTERPRETATION OF ACT OF JUNE 4, 1897

Since June of 1897, the departments of Government charged with administering the act of June 4, 1897, have interpreted the language above to preserve the right of ingress and egress to all owners of land within the boundaries of the national forests. Although the first regulations pursuant to the act, issued by the Interior Department in June 1897 (24 I.D. 588) merely restated the text of the statute quoted above pertaining to ingress and egress, the actual practice of the Secretary of the Interior, and the Secretary of Agriculture after 1905, was to permit without distinction access across national forests land owned by the Federal Government to all owners of property within the boundaries of the national forests as a matter of right.

The Department of Agriculture in its regulations, 36 C.F.R., 1949 ed., 251.5(d) recognized this statutory right in the following language:

"The right to construct or use roads on national forest land for purposes of ingress and egress to and from privately owned property within the exterior boundaries of a national forest reserved from the public domain will be recognized when (1) the applicant is the owner of such property, (2) a roadway across such forest land is necessary to enable the applicant to reach or utilize his property therein, and (3) the construction and use of the roadway is in accordance with the rules and regulations governing the occupancy, use, and preservation of the national forest."

By letter dated June 10, 1955, to Mr. Arthur Perlman, staff director, Public Works and Resources Subcommittee, the position of the Department of Agriculture was made clear by its General Counsel, Robert L. Farrington:

"In addition, the Secretary through the Forest Service recognizes a statutory right of persons owning land within the national forests to have a roadway across such land for ingress and egress purposes. The basis of such recognition is the interpretation of that part of the 1897 act to which you referred; namely, section 478 of title 16, United States Code. The enjoyment of such a right is subject as to all persons to reasonable rules and regulations issued by the Secretary, as provided by the statute. It has been our informal view that this right is not an exclusive one; that is, one which permits the person enjoying the ingress and egress road to prohibit the reasonable use of such road by others. At the same time, the right may not be defeated through regulations unreasonably limiting it or making it dependent upon the landowner giving a consideration therefor; such as, for instance, using a connecting roadway over his own land. Regulations reasonably governing road locations and standards of construction would be considered proper limitations on the right.

"As you indicated, this office has informally interpreted the act of June 4, 1897, as recognizing a right of ingress and egress across national forest lands reserved from the public domain in all persons owning land within the exterior borders thereof. In so doing, consideration was given to the legislative history of the act and the intent of Congress, keeping in mind such decisions as *Humphrey's Executor* v. *United States* (295 U.S. 602, 625 (1935)), *Holy Trinity Church* v. *United States* (143 U.S. 457 (1892)), and *United States* v. *American Trucking Association* (310 U.S. 534, 543 (1940)).

"As we have indicated above, this office has informally expressed the view that the right of ingress and egress which is held by owners of lands within the national forests is recognized by statute and is not a permissive right dependent upon the discretion of the Secretary of Agriculture."

For 64 years the agencies of Government charged with administration of the act of June 4, 1897, have interpreted that statute to grant a statutory right of ingress and egress over Federal land to the owners of private land within the exterior boundaries of the national forests. However, in recent years, efforts have been made to change the 64-year-old interpretation so as to deny ingress and egress to private owners of property within the exterior boundaries of national forests unless such owners actually reside on their land.

ADMINISTRATIVE CONSTRUCTION OF STATUTE AS PRECEDENT FOR JUDICIAL CONSTRUCTION

The general rule is that the practical interpretation of a statute by the executive department charged with its administration or enforcement is entitled to the highest respect, and though not controlling, if acted upon for a number of years, will not be disturbed except for very cogent and persuasive reasons. Mr. Justice Cardozo in *Norwegian Nitrogen Products Co.* v. *United States* (288 U.S. 294, 77 L. Ed. 796, 53 S. Ct. 350), stated the rule as follows:

"True indeed it is that administrative practice does not avail to overcome a statute so plain in its commands as to leave nothing for construction. True it also is that administrative practice, consistent and generally unchallenged, will not be overturned except for very cogent reasons if the scope of the command is indefinite and doubtful. The practice has peculiar weight when it involves a contemporaneous construction of a statute by the men charged with the responsibility of setting its machinery in motion, of making the parts work efficiently and smoothly while they are yet untried and new."

This quoted language has been cited with approval and quoted recently in *Farmers Cooperative Co.* v. *C.I.R.* (CCA 8), 288 F. (2d) 315 (1961) (denying Commissioner's attempt to change his longstanding practice of treating noncash patronage dividends of a nonexempt co-op deductible) and in *Bernstein* v. *Ribicoff,* 192 F. Supp. 138 (1961) (involving construction of Social Security Act as to deductions from benefits for earnings from partnership though claimant rendered no substantial service).

The general rule and the reasons therefore have been stated in various ways and reference is made to the cited annotations for exhaustive treatment. The strongest language found is in *International Milling Co.* v. *United States,* 27 F. Supp. 592, wherein it is said:

"It is a well settled doctrine that much weight will be given to a long continued construction of an indefinite or ambiguous statute by the executive department charged with its administration. (Citing *National Lead Co.* v. *United States,* 252 U.S. 140, 145, 40 S. Ct. 237, 64 L. Ed. 496.) One important reason for this rule is that where the practice is long continued Congress must be presumed to be aware of the administrative practice and by failing to take any legislative action has evidence that this practice was in accordance with the intention of the legislators."

The cases cited above would seem to indicate that the general rule of statutory construction is applicable in consideration of the act of June 4, 1897. It is argued by opponents to the 64-year-old interpretation of the act of June 4, 1897, that the Department of Agriculture has misinterpreted the intent of Congress. Even conceding that the language is ambiguous, by application of the general rule of statutory construction, the courts in construing the act of June 4, 1897, would be required to give the highest respect to the existing 64-year-old administrative interpretation of the act.

Were it to be determined that the 64-year-old interpretation of the act of June 4, 1897, was clearly erroneous and not just an interpretation of an ambiguous statute, it would appear that the conclusion would be the same. Courts are reluctant to overturn even erroneous interpretations of statutes where action has been taken in reliance thereon.

The facts are that much of the 39 million acres of land within the exterior boundaries of the national forests which are owned by private persons or by States and their subdivisions is completely surrounded by federally owned land. Were there to be no access to privately owned lands across Federal lands, such private land would have virtually no value. Since 1897, the value of non-Federal land within the exterior boundaries of the national forests has been determined on the basis of free and assured access to that property across adjacent and intervening Federal lands. Inasmuch as private citizens do not have the power to condemn a right-of-way across intervening federally owned national forest land, the value of their property is dependent upon existing free access by statute or common law. These lands have been bought and sold in reliance on an existing right-of-way. Entire communities dependent upon forest industries for employment have grown up in areas where continued activity is dependent upon the existing rights-of-way.

To bind the Government to an erroneous administrative interpretation of a statute, the courts have applied a doctrine which has been loosely termed "quasi estoppel." This doctrine was relied upon in *Stockstrom* v. *Commissioner* (190 F. 2d. 283). While the courts have refused to recognize an estoppel against the Government in cases where an agent has acted without authority, there is a large body of opinion indicating that an estoppel will lie against the Government where an agent has acted within his authority. Commentators have said:

"The suggestion that the Government cannot be estopped because of its agent's lack of authority to bind the Government implies that a Government agent who possesses sufficient authority can make utterances which would form the basis of a valid estoppel. This implication appears to be well grounded, there now being a respectable collection of Federal cases in which public officials have been held to possess sufficient authority to make statements which have caused the Government to be estopped." (Pillsbury, "Estoppel Against the Government," the Business Lawyer, April 1958, p. 511.)

And:

"However the case may be with respect to unauthorized conduct, estoppel clearly may be based upon authorized conduct. From the Supreme Court's oft-repeated formulation of the immunity from estoppel in terms of administrative action that the law does not sanction or permit, it may be inferred that Government is bound by actions within the scope of the agent's authority. A steadily growing number of Federal courts have properly so held, for the sole tenable argument for the immunity derives from separation of powers considerations which have no play where administrative action is authorized by Congress. In such cases, the Government should be and is estopped." (Berger, "Estoppel Against the Government," 21 U. Chi. L. Rev. 680–687 (1954)).

Instances in which Federal courts have recognized estoppel against the Government are as follows:

1. *U.S.* v. *Willamette Wagon Road Company* (54 F. 807), involved an act of 1866, whereby certain sections of public lands were granted to the State of Oregon to aid in the construction of a wagon road. Power was conferred upon the legislature to dispose of the lands as the work progressed, upon the issuance of a certificate by the State Governor to the Secretary of the Interior that any 10 miles of road were completed. In 1870, defendant corporation fraudently procured certificates from the Governor by representing that the road was completed, when in fact it was not, and patent issued. Thereafter, defendants Weill and Cahn purchased these lands from the corporation. Action was brought by the United States against these defendants for forfeiture of the lands granted and cancellation of the patents. By way of of defense, Weill and Cahn argued that the Government should be estopped, inasmuch as the patents had been issued after due examination by the Secretary of the Interior, they had relied thereon and had paid taxes and other expenses on said land. In holding that the Government was estopped, the court said at pages 811–812:

"The Government is not ordinarily bound by an estoppel * * * while it is true that for the neglect or the illegal or unauthorized acts of its agents the Government should not ordinarily be estopped to show the truth, there is good authority, based upon sound reasoning, to support the doctrine that where the Government has acted by legislative enactment, resolution, or grant, or otherwise than through unauthorized or illegal acts of its agents, and the parties dealing with the Government have relied upon the same, and in good faith have so changed their relation to the subject matter thereof that it would be inequitable to declare such action or grant illegal, the Government will be estopped."

2. In *U.S.* v. *Stinson* (125 F. 907), the Government was estopped from asserting the invalidity of original patents against the patentee's subsequent grantee under circumstances similar to those in Willamette Wagon Road. The Court said at p. 910:

"When the Government seeks its rights at the hands of a court, equity requires that the right of others, as well, should be protected. The substantial considerations underlying the doctrine of estoppel applied to Government as well as to individuals."

(For other instances in which the Government has been held estopped, see *Hommer* v. *U.S.*, 204 F. 898; *Ritter* v. *U.S.*, 28 F. 2d 265; *Lindsey* v. *Hawes*, 2 Black (U.S.) 554; *Walker* v. *U.S.* 139 F. 409; *U.S.* v. *Denver and R.G.W.R. Co.*, 16 F. 2d 374; *Dayton Airplane Co.* v. *U.S.* 21 F. 2d 673.)

In consideration of the act of June 4, 1897, it must be concluded that the 64-year-old interpretation of the statute by the Departments of the Interior and Agriculture constituted a proper exercise of authority which directly affects the interest of the owners of land within the exterior boundaries of the National Forests, which led these private owners to change their position in reliance thereon so as to result in marked change of position. Were this interpretation to be reversed, all values of such property would be destroyed as they have existed at least for this 64-year-old period.

FEDERAL STATUTES ARE CONSTRUED IN THE LIGHT OF THE COMMON LAW

The text writers agree that where statutory construction is appropriate Federal acts are construed with reference to the common law existing at the time of enactment. When the act of June 4, 1897, was passed, it reserved the right of ingress and egress to those owning property within the boundaries of the national forests. This reservation of rights was not the creation of a new right of ingress and egress, it merely preserved a preexisting common law right. This right arose out of the application of the common law doctrine of ways-of-necessity. Thus, where sections of the public domain were granted to private persons by the Federal Government in such a way that the only access to such property was over lands retained by the Federal Government, a common law right-of-way of necessity was granted for the benefit of the land sold. This right-of-way was not a personal right held by the owners of the land sold but rather a right appurtenant to the land conveyed.

In view of the existing common law doctrine, the statute in question, the act of June 4, 1897, was properly construed by the administrative agencies charged with its enforcement in such a way as to be consistent with the existing common law.

In Sutherland, "Statutory Construction" (third ed.), section 5301, page 3, it is stated:

"Where the language of the statute is subject to reasonable doubt, reference to common-law principles may provide a valuable clue as to whether a particular situation is controlled by the statute, and so all legislation must be interpreted in the light of the common law and scheme of jurisprudence existing at the time of its enactment. The common law, which has been molded into a logical classification of subject matter, provides one of the most reliable backgrounds upon which an analysis of the purpose and objectives of a particular statute can be determined."

And further, in section 5302, page 6:

"In some cases the scope of the statute may be extended, and in others reduced by the operation of the common law."

Crawford, in his work "The Construction of Statutes," section 228, page 423, sets forth the rule as follows:

"If a statute is ambiguous or its meaning uncertain, it should be construed in connection with the common law in force when the statute was enacted. This is the rule whether the statute is simply declaratory of the common law, or whether it abrogates, modifies, or alters it in any way. And there is a presumption that the lawmakers did not intend to abrogate or alter it in any manner, although where the intention to alter or repeal is clearly expressed, it must be given effect by the courts."

A recent Supreme Court case announcing the rule is *Herd Co.* v. *Krawill Machinery Corporation* (359 U.S. 297, 79th S. Ct. 766, 3 L. Ed. (2d) 820 (1959)). The question presented was whether section 4(4) of the Carriage of Goods by Sea Act (46 U.S.C. 1304(5)), limiting liability of an ocean carrier to $500 per package also applied to limit liability of a negligent stevedore. The act defines carrier and makes no mention of stevedore. The stevedore contended the statute should be construed so as to include the carrier's agents as well as the carrier.

Mr. Justice Whittaker said:

"Any such rule of law, being in derogation of the common law must be strictly construed, for 'no statute is to be construed as altering the common law, farther than its words import. It is not to be construed as making any innovation upon the common law which it does not fairly express.' *Shaw* v. *North Pennsylvania R. Co.*, 101 U.S. 557, 565, 25 L. Ed. 892, 894; see *Texas & P.R. Co.* v. *Abilene Cotton Oil Co.*, 204 U.S. 426, 437, 51 L. Ed. 553, 557, 27 S. Ct 350, 9 Ann. Cas. 1075" (p. 825.)

"Under the common law as declared by this Court, petitioner was liable for all damages caused by its negligence unless exonerated therefrom, in whole or in part, by a constitutional rule of law. No statute has limited its liability, and it was not a party to nor a beneficiary of the contract of carriage between the shipper and the carrier, and hence its liability was not limited by that contract. It follows that petitioner's common law liability for damages caused by its negligence was in no way limited, and the judgment below so holding was correct and must be affirmed" (p. 827).

United States v. *Sanges* (144 U.S. 310, 12 S. Ct. 609, 36 L. ed. 445 (1892)) was a prosecution for murder. A demurrer to the indictment was sustained and the Government brough a writ of error. The issue was whether the Judiciary Act of 1891 confers authority on the United States to sue out a writ of error in a criminal case. The act provides:

"Appeals or writs of error may be taken from the district court or from the existing circuit courts direct to the Supreme Court * * * in any case that involves the construction or application of the Constitution of the United States."

The Court stated the rule to be:

"This statute, like all acts of Congress, and even the Constitution itself, is to be read in the light of the common law, from which our system of jurisprudence is derived (*Charles River Bridge* v. *Warren Bridge*, 36 U.S. 11 Pet. 420, 545 (9:773, 827); *Rice* v. *Minnesota & N.W.R. Co.*, 66 U.S. 1 Black, 358, 374, 375 (17:147, 151, 152); *United States* v. *Carll*, 105 U.S. 611 (26:1135); *Ex parte Wilson*, 114 U.S. 417, 422 (28:89, 91); 1 Kent, Com. 366). As aids, therefore, in its interpretation we naturally turn to the decision in England and in the several States of the Union, whose laws have the same source" (p. 446).

"The Court then reviewed the common law rule in the several States to the effect that the State cannot appeal unless a statute expressly authorizes it and announced that it cannot be presumed that Congress intended to make so serious and far reaching an innovation in the criminal jurisprudence of the United States."

In an earlier case the Supreme Court applied the rule in an ejectment action wherein the defendant claimed title from a grant by the territorial legislature of Minnesota, the grant having been made before the territory had received title from the United States (*Rice* v. *Minn. & N.W.R.R. Co.* 66 U.S. 358, 1 Black 358, 17 L. Ed. 147 (1861)). The Court indicated the universal rule to be that if the grantor has no title at the time of the grant, the grantee takes nothing. "Even the defendants admit that such was the rule at common law." In denying defendants contention that the common law rule was not applicable, the Court said:

"One of the reasons assigned is, that there is no common law of the United States and, consequently, that the rule just mentioned is inapplicable to cases of this description. Jurisdiction, in common law cases, can never be exercised in the Federal courts, unless conferred by an act of Congress, because such courts are courts of special jurisdiction, and derive all their powers from the Constitution, and the laws of Congress passed in pursuance thereof. Rules of decision, also, in cases within the 34th section of the Judiciary Act, are derived from the laws of the States; but in the construction of the laws of Congress, the rules of the common law furnish the true guide; and the same remark applies in the construction of the statutes of a State, except in cases where the courts of the State have otherwise determined" (p. 152).

United States v. *Sischo* (262 Fed. 1001 (1919)) was an action to recover a penalty imposed under an act which prohibited importation of smoking opium and also penalized importation of merchandise not manifested. The act defined merchandise as "goods, wares, and chattels of every description capable of being imported." The penalty for failure to manifest was based on the value of goods so imported. The Court held that smoking opium was not merchandise within the meaning of the statute thus the penalty for not manifesting same was not applicable. The Court said:

"Statutes are construed with reference to the common law. In construing statutes in derogation of the common law, there should be no further or greater departure than the statute expressly declares. A statute, the effect of which is to recognize rights of property or value in an outlawed thing, a nuisance per se, a thing malum in se, is certainly in derogation of the common law. Before it can be given such effect, it must clearly so declare" (p. 1015).

The Sischo, supra, case was affirmed by the ninth circuit in 270 Fed. 958, and reversed in 262 U.S. 165, 67 L. Ed. 925. The reversal was based on the Supreme Court's view that the language of the statute taken in its natural sense, i.e., "Taking the phrase simply for what it says to a plain mind," included smoking opium. The Supreme Court of the United States apparently concluded that the statute was not ambiguous and that there was no room for statutory construction.

Other authorities either recognizing or applying the rules in dissimilar factual situations are *Isbrandtsen Co.* v. *Johnson* (343 U.S. 779, 72 S. Ct. 1011, 96 L. Ed. 1294); *United States* v. *Wong Kim Ark* (169 U.S. 649, 18 S. Ct. 456, 42 L. Ed. 890); *United States* v. *San Jacinto Tim. Co.* (125 U.S. 273, 8 S. Ct. 850, 31 L. Ed. 747), and see McCaffrey, "Statutory Construction," section 45.

COMMON LAW DOCTRINE OF WAYS OF NECESSITY

Underlying the reservation of rights in the act of June 4, 1897, and constituting an even broader and more fundamental right is the doctrine of easements of necessity or ways of necessity. The U.S. Government, in order to encourage settlement of the territories which have now become the Western States, made various land grants to individuals and to companies. However, when it divided portions of the public lands into sections and granted some of these sections to private persons, the U.S. Government failed to reserve public rights-of-way so as to permit access to or between the sections remaining under Federal ownership. Thus, situations have arisen where there is private land that cannot be reached without crossing public land and, conversely, there is public land that cannot be reached without crossing private lands. Under the common law, the doctrine of ways of necessity can be traced back into the English common law where in the case of *Darcy* (Lord) v. *Askwith, Hobart* (235 (1618)), the Court held, "Note that the law is that anyone who grants a thing to someone is understood to grant that without which the thing cannot be or exist."

This quoted statement has application in the situation where a grantor conveys land to his grantee which is entirely surrounded by land retained by the grantor. Where no provision was made in the grant to the grantee to have a way of ingress and egress to his land, courts have found that the grantee could have a way of necessity over other lands of the grantor, "for otherwise he could not have any profit of his land." The doctrine of ways of necessity is based on the public policy that the general social interest favors the occupancy and utilization of land rather than it should lie idle. Since there is no private power of eminent domain under which a private landowner could condemn a right-of-way for private purposes across surrounding land, the doctrine of ways of necessity has provided the practical solution.

In legal theory a way of necessity is an easement arising from an implied grant or an implied reservation in a last deed. The existence of necessity is the factor controlling the determination of whether a way of necessity will be implied by the courts. Alternative routes which are merely difficult to use or which would require expenditures of large sums of money to make usable will not be sufficient to require a court to find a way of necessity. Inasmuch as a way of necessity is in fact in derogation of the actual terms of the grant, strict necessity is required.

The right-of-way from necessity has been recognized by the common law virtually from its inception. Its application to land originally owned by the United States, for the benefit of land sold by the United States to private persons, was set forth first in 1848 in the case of *Snyder* v. *Warford*, 11 Mo. 511.

CASES INVOKING THE WAYS OF NECESSITY DOCTRINE

The first reported case in the United States applying the doctrine of ways of necessity to the Federal Government was *Snyder* v. *Warford* (11 Mo. 511), in which the court held as follows:

"The United States being a proprietor of a section of land, entirely surrounded by eight other sections, sells the sections so surrounded; the purchaser acquires, by the common law, a right-of-way to the land he has bought, as a necessary incident of the grant. The case is not altered by the United States selling the surrounding land to different individuals. The purchasers take it subject to the burden imposed on it while it belonged to the Government, the original proprietor. * * *

"In the present case, we have a great landed proprietor, the United States, owning an extensive tract of country parceled out for sale by surveys not leaving any space between the parcels for the public use.

"The grantee of one tract, or, close, as it is called by the law writers, can have no access to or egress from his land except by way over the tracts contiguous to and surrounding it. He has an estate as absolute and unrestricted as that of his neighbors, the adjoining proprietors, or the United States, if the adjoining lands are unsold. Yet this estate and these rights are but empty names unless he can get to and from his land, and this he cannot do, by a physical necessity unless by a way passing over the adjoining lands."

In the case of *Harris* v. *Siebern* (46 Mont. 226, 127 P. 323), it was held that in a grant by the United States of odd-numbered sections of land, there was implied reservation of a way of necessity in favor of the United States for the benefit of private persons desiring to settle on the land retained, or to go thereon for proper purposes as to search for minerals or graze cattle.

In 1891 the Supreme Court of Tennessee decided *Bearne* v. *Coal Creek M and M Co.*, 18 S.W. 402. Although this case discussed the way of necessity over Government lands and in dictum indicated that no such way could arise, the case was decided on other grounds. It was found that a unity in title existed in a private company from whom the plaintiff acquired his tract so that a way of necessity across the surrounding private land was found.

In 1906, the *Bully Hill Copper Mining and Smeltering Co.* v. *Bruson*, 187 P. 237 was decided. The court in its decision based its finding upon the fact that there was no necessity for a right-of-way. Strict necessity had not been proved and there was nothing to show that the defendant could not get to the main highway across his own lands.

On October 27, 1913, the U.S. District Court, Southern District of California, decided the case of *United States* v. *Rindge*, 1208 F. 611. While there were discussions by the court in this case of reservations by the Government of ways of necessity in favor of the public, the court actually decided that no way of necessity could be implied on the grounds that no necessity existed. There was in fact another way out.

On February 27, 1927, the Texas Supreme Court decided the case of *State of Texas* v. *Black Brothers*, 116 Te. 615, 297 S.W. 213, 53 A.L.R. 1181. The court decided that a strict necessity did not exist in this case because of the existence in the State of a right to exercise its power of eminent domain whereby it could have acquired a right-of-way. The part of the court's decision dealing with the necessity follows:

"This court has strongly emphasized that strict necessity is the basis for any such right as that here asserted. The same necessity does not exist in the case of the sovereign as in the case of the individual owner. As long as title remains in the State and as long as mineral development may be authorized for the benefit of the State and all her people, there can be no doubt that the State, in the exercise of the power of eminent domain in such mode as the legislature may authorize, can obtain any and all reasonable rights-of-way. * * * The existence of the power would seem to negative the strict necessity on which the implication of the reservation of the right-of-way by the State must be grounded."

In the case of *Curtin* v. *Benson*, 222 U.S. 78, (1911), the Supreme Court found a want of power in the Secretary of the Interior or the superintendent of the Yosemite National Park to limit the uses to which lands in the park held in private ownerships could be put, and stated that the United States could exercise neither the rights of a proprietor or the powers of a sovereign, "to destroy essential uses of private property" and that; "the right of access * * * (is) * * * of the very essence" of Curtin's ownership. The Court ruled that the Secretary's order requiring owners within the park to obtain permission to take livestock across park lands "* * * is an absolute prohibition of use. It is not a prevention of a misuse or illegal use but the prevention of a legal and essential use, an attribute of its ownership, one which goes to make up its essence and value. To take it away is practically to take his property away, and to do that is beyond the power even of sovereignty, except by proper proceedings to that end."

The case of *Andrew Bydlon, et al.* v. *United States*, No. 421–55, in the U.S. Court of Claims, decided July 15, 1959, ruled that the regulation of airspace over national forest lands so as to effectively bar access to privately owned land within the national forest constituted a taking of private property requiring payment by the Federal Government of just compensation. The opinion of the Commissioner in that case which was approved by the court includes these statements:

"The way of necessity to and from their properties was a property right whose deprivation by Government action can be a taking. * * *

"A private easement is property within the meaning of the law as much as the physical substance from which it springs. * * *

"It is no longer the rule that there must be a physical invasion of property to constitute a taking. * * *

"If such rights are divested or impaired by the sovereign, just compensation must be paid."

The most recent case on this point was decided on May 12, 1961, by the U.S. District Court Judge Dennis F. Donovan, in the case of *George E. Mackie* v. *the United States*, in the U.S. District Court, District of Minnesota, fifth division. The court stated the situation to be as follows:

"The question here to be decided is whether the limitations imposed by defendant (the United States) on plaintiff's access to his property constituted a 'taking' thereof within the meaning of the fifth amendment to the Constitution of the United States for which plaintiff must be compensated.

"Plaintiff claims the right to use the Gun Lake road on the basis of an implied easement by way of necessity, arising out of the conveyance from the United States by patent to plaintiff's grantor. The implied easement is a creature of the common law, based upon the theory that one who conveys property to another intends to include in the conveyance whatever is necessary for its beneficial use and enjoyment. Plaintiff contends that his property is useless without the use of the road by which to gain access thereto and such easement is of necessity thereby implied. If such is the case, then there would be no doubt that the action of the defendant (United States) in closing the road is a 'taking' for which he is entitled to compensation.

"There is one further essential element to an easement by implication, however, the absence of which in the instant case is fatal to plaintiff's cause. In order to establish an implied easement by way of necessity, plaintiff must show more than inconvenience resulting from a denial."

In this case the court found that the plaintiff, Mackie, had an alternative route for getting to his land.

CONCLUSION

From the foregoing, it would appear that in a court review of the existing administrative interpretation of the act of June 4, 1897, the court would conclude that in the absence of a legislative change, the 64-year-old interpretation by the Departments of Interior and Agriculture must be followed.

Moreover, where the owner of private property within the exterior boundaries of the national forests can trace his title to one who acquired title from the Federal Government, so as to establish a unity in title, he may have a common law way of necessity across adjacent Federal land. This common law right-of-way is an easement constituting a private property right which is protected by the fifth amendment to the U.S. Constitution. As such, it cannot be taken without payment of just compensation. Consequently, administrative reinterpretation of the act of June 4, 1897, so as to destroy existing rights-of-way across Federal lands for the benefit of private lands within the exterior boundaries of the national forests would appear to be an unwarranted act.

March 15, 1962.

Mr. Mortimer B. Doyle,
National Lumber Manufacturers Association,
Washington, D.C.

Dear Mr. Doyle: I have your letter of March 9, which for some reason did not reach my office until March 15, referring to my March 1 remarks on forest access roads. Those remarks encompassed a number of points beyond the very limited one raised by your letter. I suggest you reread those remarks.

On page 3268 of the Record I said: "I therefore urge the timber industry and its spokesmen to work cooperatively with the Secretary of Agriculture to achieve the real goal of the policy issue in question—the operation of all of our national forests with the highest regard for the public interest and the achievement on commercial timberlands in public ownership of the best type of management, so as to produce an abundant and reasonably priced supply of forest products to meet the continuous needs of the American people."

I am interested in solutions, not semantics.

Forest Service timber allowable cuts not available either because of a lack of access, tree planting or stand improvement, or lackadaisical attention to sales plans leaves that timber in an economic icebox.

You can cite all the letters from the Forest Service that you desire to the effect they have not characterized the actions of some of the industry as locking up or blocking timber. They do not have to characterize the situation. The Forest Service has pointed out time and again that there are roads which have been built through the national forest by private timber interests which are not available for use to meet national forest needs. The Forest Service politely says that they are negotiating for road use but in some cases these negotiations drag on for years. The Forest Service points out that they may have to condemn to obtain access but, until they do, national forest timber stands unused. The Forest Service can use any term it wants to describe its predicament. I have never contended that the Forest Service has characterized the action of some in the industry with any term of approbation.

The choice of words to describe the situation is mine and mine alone. You questioned my description of the situation. I simply say to you that the public interest requires that the public's resources be managed for the public's use. I know that too many lumbermen in my State have been forced out of business. Strong bidding for public timber goes on as the remaining firms fight for survival. Loggers and sawmill workers are unemployed. Capital invested in plants, in homes, and communities is being jeopardized and even destroyed.

You say that your "association and its members are anxious to take whatever proper steps they can to remove any impediment to the sale of the full allowable cut of timber on all national forest lands."

I make these suggestions: In 1960, appearing before the Senate Committee on Agriculture and Forestry on S. 1797 you used the term "landlocked" in describing the possible situation of private lands surrounded by Federal lands. I would like to know of any instances where the Forest Service has withheld the use of a national forest road where such a road could serve a private owner and the road was designed for the type of use desired. I know of no case where the owners of private lands have been "landlocked"—to use your term—and I point out to you that the 1897 act does not apply to the fairly substantial national forest holdings purchased under the Weeks law.

National forest timber today is not traveling over about 1,500 miles of roads constructed by private industry through the national forests. My second suggestion is that you find out why these 1,500 miles of road are not available for use.

In view of the problems confronting the lumber industry, I can see no reason why a situation should have developed where 1,500 miles of road through national forest lands have been conceived, planned, designed, constructed and still are not used to manage intermingled Federal resources while private timber pours out.

My view has been and continues to be that both the industry and the Government agencies have a responsibility to fulfill. If this responsibility were being fulfilled many of the problems which we have today would not be with us.

Sincerely yours,

Wayne Morse.

Mr. MORSE. Mr. President, the National Lumber Manufacturers Association's spokesmen objected to my use of the terms "locked up" and "economic icebox." I used these terms to describe the problems confronting our economy when national forest timber is not permitted to travel over private logging roads, which are constructed through and traverse the national forests in situations where they are the only roads available for timber hauling.

On February 21, this lumber association descended en masse on Secretary Freeman asking for four changes in forest policy which they claimed would make more timber available. Access and access roads were not on their list. They want more timber, higher allowable cuts and lower stumpage costs but they also seem to argue against vigorous steps to unlock available national forest timber.

In their March brochure the lumbermen said that "the value of 39 million acres of land owned by individual companies, towns, and States within the boundaries of the national forests was seriously impaired" by the Attorney General's opinion.

This was a serious charge. In my letter to Mr. Doyle I asked the National Lumber Manufacturers Association to do two things—one was to substantiate their contention that the Forest Service has withheld the use of a national forest road where such a road could serve a private owner and the road was designed for the type of use required.

Second, I asked Mr. Doyle to tell me why today there are 1,500 miles of private roads traversing the national forests—roads which give access to 55 billion board feet of timber and 700 million board feet of allowable cut—and these roads are not available for the removal of national forest timber.

In 3 months I have had no reply from the National Lumber Manufacturers Association on either point.

I thought it only fair to let the Forest Service set forth the facts as it sees them. Therefore, on April 12 I wrote to Secretary Freeman and on June 11 I received a response. I ask unanimous consent that both letters be printed at this point in the Record.

There being no objection, the letters were ordered to be printed in the Record, as follows:

April 12, 1962.

Hon. Orville Freeman,
Secretary of Agriculture,
Department of Agriculture, Washington, D.C.

Dear Mr. Secretary: In connection with the question of ingress and egress to the national forest, I have a brochure prepared and distributed apparently by the National Lumber Manufacturers Association which contains the attached statement.

As you perhaps have heard, the four Pacific Northwest Senators, at the request of the Weyerhaeuser Co., had a meeting to discuss access to the national forests. Messrs. Crafts and Greeley were also in attendance.

In view of their contention that the value of 39 million acres of private land is seriously impaired by the Attorney General's decision I consider it highly important that the facts be available at the earliest opportunity on the extent to which this statement may or may not be correct.

I would therefore like to request that you have the Forest Service prepare the necessary data covering at least the following points:

1. To what extent do private landowners within the national forests already have the necessary access to their lands? Is this access afforded over their own lands, other private lands or public roads as distinct, but including, national forest roads?

2. There are situations where private landowners need access over national forest lands but the Forest Service does not need access over the private lands. What is the approximate acreage that would fall in this category?

3. There are situations where private landowners need access across national forest lands and the Forest Service needs access across the lands of these private owners. Approximately what acreage would fall in this category? Are the types of landowners involved here identifiable as to size of holding and type of enterprise?

4. For all practical purposes, what is the approximate total acreage and what are the types of landowners who already have assured access either in fact or by virtue of their situation under the law?

5. Am I correct in the view that the Attorney General's opinion applies only to those national forest situations where the land originally came from the public domain? What acreage of private inholdings is thus not touched upon by the Attorney General's opinion? What is the legal situation on those lands not covered by the Attorney General's opinion?

It may be desirable to present the statistical material on a State-by-State or a regional basis, but I would specifically desire for my own use that the data for Oregon be presented. I would also desire that the technical people who are preparing this data consult with my staff so that the material is prepared in a way which is fully responsive to the need and with the minimum of unnecessary effort on the part of the Forest Service.

I recognize that the preparation of this material may present some significant workload problems, but I believe that as we proceed, this material is essential to dealing with the contentions which we may face in regard to either possible legislation or the development of reasonable regulations.

Will you advise me on when the information requested may be available?

Sincerely,

WAYNE MORSE.

U.S. DEPARTMENT OF
AGRICULTURE, FOREST SERVICE,
Washington, D.C., June 11, 1962.

Hon. WAYNE L. MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: Secretary Freeman has requested the Forest Service to reply to your letter of April 12 to him. This letter, and the subsequent conferences with members of your staff, concerns the matter of ingress and egress to the national forests. With your April 12 letter there was enclosed a brochure which you indicate was apparently distributed by the National Lumber Manufacturers Association. The brochure includes a statement that "the value of 39 million acres of land owned by individual companies, towns, and States within the boundaries of national forests is seriously impaired by an opinion of February 1, 1962, from the Attorney General's Office."

For reasons hereafter set forth we think the statement is not correct on two counts. First, we do not believe the opinion by the Attorney General will operate so that the value of private land will be "seriously impaired." Second, the implication that 39 million acres of private land are affected by the February 1 opinion is not correct.

The Attorney General's opinion becomes operative only when (1) a private party applies to the Secretary of Agriculture for a right to cross national forest land, and (2) the Department needs to cross the lands of the applicant. Thus it will apply only to those who need and want roads. It is axiomatic that the presence of a road enhances the value of the resources on a piece of property. Intensive timber, grazing, and recreational use require access and access is also essential to mining. Roads add to the value of property. They further add to the value if they are properly constructed and used. The value of a piece of property designed for use can be seriously impaired if it lacks access, if it is served by a poor road, or if the property is cut up by more roads than are needed to serve the area. The Attorney General's opinion will help to prevent this.

As far as we can determine the only group whose property values might be impaired are those persons owning land within the national forest who seek a wilderness environment. It is unlikely that such persons would be applicants for a road across national forest land. Roads crossing such lands would more probably result from national forest needs under circumstances where the Attorney General's opinion would be inapplicable.

Except for those lands designated as wilderness areas, the national forests were created by the Congress and are managed by the Forest Service under law to achieve broad public use. When national forest purposes require access across private lands within the forest held for private wilderness we would exert every reasonable effort to assist these private owners in realizing their desire. We value wilderness. However, if it were essential and in the public interest to secure access across such private lands we would cross. However, we would exercise care and restraint so as to assist the owner as much as possible in protecting the intangible value of wilderness. With the possible exception of persons seeking wilderness, access, and this means roads, is desired by those who seek to use their private lands and those who have a right to use the national forest.

The Department intends to properly discharge its financial obligations to contribute the fair share of road costs and use attributable to national forest purposes. Thus, where the right of a private owner to cross national forest lands is conditions upon his providing the Government with the rights it needs, the Government, by paying its proper share of the costs, will be reducing the cost to the applicant when compared to the cost if the road was constructed and used solely by the applicant. The result will be a just enhancement of the value of the private property coincident with a similar result on the public lands. We know of no evidence which suggests that roads impair property values.

The matter of what acreage is actually affected by the Attorney General's opinion is discussed in some detail below. It is considerably less than the figure of 39 million mentioned in the brochure. There is only a minor part of the 23 million acres within the eastern national forests, perhaps 100,000 acres, to which it might apply. Of the 16 million acres of in-holdings within the western national forests, much of it has existing access. We believe there is a total of almost 5 million acres of it to which the opinion could apply. From our experience we expect that a substantial number of owners whose ownership comprises part of the 5 million acres will be willing to participate in joint arrangements for road construction and use. Later in this letter we set forth certain estimates for the State of Oregon. These estimates show that the opinion may similarly affect 680,000 acres of private land in Oregon. The roads that would go through this private land would ultimately provide access to about 4 million acres of national forest land. We are not now able to give a reasonable estimate of how much national forest land, for the Nation as a whole, will be provided with access by road systems which must cross private land. We believe the figure is substantially larger than the 5 million acres of private land the road systems would have to cross, but is less than the ratio of 4 million to 680,000 estimated for Oregon.

We set forth below the pertinent facts for the Nation and for Oregon as you requested.

We assume the 39 million acre figure is taken, directly or indirectly, from the tables on page 1 of the official publication "National Forest Areas," copy enclosed. Footnote 3 on page 2 notes that the 39 million acres contain "land within the unit boundaries in private, State, county and municipal ownership, and Federal lands over which the Forest Service has no jurisdiction."

By footnote on page 1 of the February 1 opinion, the Attorney General states that the opinion does not apply to land acquired by the United States under the Weeks Act. The national forests of the three eastern regions are almost entirely the product of such acquisition. The total area of non-Federal lands in the eastern national forests is, with rare exceptions, already served by public road systems or routes in existence before the forests were established. Perhaps as much as 1 million acres of non-Federal lands within the eastern national forests are within or adjacent to lands now having national forest status that were reserved from the public domain. Five eastern States contain some public domain-derived national forest lands.

Within the western regions there are about 16 million acres of the 39 million total.

Our most recent estimate of lands within the boundaries of western national forests which belong to other Federal agencies, States, counties, and municipalities is 1 million acres. Cooperation in developing road systems with States, counties, and local units of government has long been the Federal policy. When the Forest Service needs a right-of-way across such lands it readily obtains one if State laws permit rights-of-way to be granted. In the few States without such authority condemnation is required, and this is the practice. Thus, it appears such lands will not be affected by the Attorney General's opinion.

Approximately 4 million acres out of the 16 million are in small ownerships. Generally in the West, the public roads that go inside national forest boundaries approach the national forest land through areas of predominantly private lands in the smaller ownerships. They are lands settled in the early days including 13,000 homesites under the act of June 11, 1906. In order for these lands to be settled and to remain in settlement, roads to them or close to them were essential. It is estimated that perhaps as much as 15 percent of the area of these small ownerships are served by national forest roads while 5 percent may now be without a road of any kind. The balance is served by public roads other than national forest.

It has been our experience that most owners of small properties within the forests are eager to have a road. Historically most of them have willingly or even eagerly donated, or conveyed for a nominal price, any needed right-of-way to the United States. We think, however, the Attorney General's opinion will come into use in obtaining rights-of-way from such owners in a relatively small number of cases.

Another estimated 3 million acres out of the total 16 million acres are in private ownerships used almost entirely for domestic stock grazing or as dude ranches. Owners of such land rarely need roads other than the public roads which serve their headquarters or which connect to the private roads that serve ranch headquarters. A number of such owners do not want any other roads. They usually are willing to reciprocate in permitting horse or foot trails across their lands. Generally the rights-of-way needed by the United States must be acquired by negotiated purchase or condemnation because the owners in most of these cases will have no need to build a road across the national forest lands. When these owners need a road across national forest land to move timber or for other commercial hauling the Attorney General's opinion will be useful in obtaining access. In such instances reciprocal rights of substantially similar value may equitably be obtained by the United States.

The remaining 8 million acres located in the Western States are almost entirely in larger ownerships being utilized or held primarily for timber production.

Of this about 3 million acres are in solid blocks or in varied patterns of private ownership. Probably in one-third of these areas of solid ownership the owners do not require crossing any national forest lands for development and use of their properties. In these instances the Forest Service will need to acquire the interests it needs in the private roads or across the lands leading toward the more remote national forest lands. We anticipate that in these circumstances such roads as are required by the United States will need to be acquired by negotiated purchase or condemnation. In portions of the other two-thirds of these areas, there are circumstances such that the Attorney General's opinion will be helpful. We are not able to accurately estimate this acreage equivalent at this time because our ability to use the reciprocity authority in individual cases will turn on timing, or the detailed locations of roads, or the suitability of incorporating in one set of negotiations access problems situated at widely separate points.

The remaining approximately 5 million acres are made up of large ownerships in checkerboard land-grant patterns where, in our judgment, cooperation or reciprocity is vital to management and use of national forest lands. As soon as the easement granting authority of the Department of the Interior can be effectively used to meet the cooperator's need for easements across the national forest lands, we anticipate that much of this remaining area can be managed under agreements for cooperative construction and joint use of roads. It has been in such areas that numerous agreements have been made in the last 6 or 7 years which provide access to some 24 billion board feet of Government timber in these checkerboards. These same agreements provide access to about 1 million acres of the privately owned intermixed land.

This leaves about 4 million acres of checkerboard private lands in primarily large forest ownerships. There are some private or public roads presently leading into these areas. The Attorney General's opinion will affect most of this land. However, the Northern Pacific Railway Co. owning nearly a million acres of it has historically cooperated in developing many areas by joining with the Forest Service in road construtcion and use in the past. The owner has expressed a firm policy of continuing such cooperation in the future. Quite a few of the other owners have also entered into cooperative road agreements in other checkerboard areas and will undoubtedly do so in additional areas owned by them in the future.

If these estimates are reasonable, and we believe they are, there would be the following acres of land, privately owned by category as shown below, to which the Attorney General's opinion would appear to be applicable:

	Acres
1. 5 percent of the acreage in small ownerships	200,000
2. 10 percent of the ranch properties	300,000
3. Part of the areas in solid or nearly solid blocks of larger ownerships	400,000
4. The 4 million acres primarily in large ownerships in checkerboard areas	4,000,000
5. Some portion of the acreage adjacent to the public domain-derived national forest lands in the East	100,000
Estimated total	5,000,000

Oregon is one of the States which had a land-grant checkerboard pattern and other comparable characteristics of the heavily timbered States of the West. Much of the original privately owned checkerboard land-grant area within the national forests has been acquired in the 1¼ million acres added to the national forests by land exchanges between 1924 and 1955.

In Oregon the current landownership statistics are about as follows:

	Acres
(a) Gross area within national forest boundaries	17,290,000
(b) Total non-Federal lands within unit boundaries	1,830,000
(c) Owned by States, counties, municipalities	260,000
(d) Owned by small private owners	270,000
(e) Ranch properties	180,000
(f) Large timber ownerships	[1] 920,000
(g) Private land covered by cooperative road agreements	[2] 200,000

[1] Includes 100,000 acres of checkerboard.

[2] Includes 75,000 acres of checkerboard.

These statistics, while not precise, indicate the principal ownership categories.

The following discussion develops in more detail the facts as fully as we know them for the national forests of Oregon.

The private land within the national forests totals some 1,570,000 acres or 9 percent of the gross area of the national forests. About 270,000 acres or 17 percent of the private land is in ownerships of less than 500 acres each. Most of these properties are served by roads which are either county roads or the status of the rights-of-way assures continued access. It is estimated that about 30,000 acres of the land in small ownerships are without a road. We believe some small ownership acreage is served by roads in a status which could be affected by the Attorney General's opinion, but considerable local study would be needed to determine the number. The small owners here as elsewhere in the West are generally eager to have a road that serves their land and as a result a large majority of them contribute rights-of-way or convey them at nominal cost if to do so brings a road to their land at an earlier date.

Ranch properties account for about 11 percent of 180,000 acres of the private land within the national forests of Oregon. Here, as elsewhere in the West, the ranch headquarters are generally served by public roads or by private roads connecting with public roads. Except for ranch areas having commercially valuable timber to harvest the rancher does not generally need access roads across national forest land. It is estimated that about 30,000 acres of such ranch property may be affected by the Attorney General's opinion at such time as the ranch owners may in the future require access across national forest land for harvesting their timber.

Of the 1,120,000 acres in private forest landownerships larger than 500 acres, some 200,000 acres in 12 units are already committed by cooperative agreements between the Forest Service and the owners to joint construction and use of roads. These agreements provide access to about 300,000 acres of national forest lands. Cooperators with the Forest Service in such agreements include: Pope & Talbot, Inc., U.S. Plywood, South Coast Lumber Co., South Oregon Plywood, Inc., Evans Products Co., Myron Flesor, Weyerhaeuser Co., Crown Zellerbach Corp., Willamette Valley Lumber Co., City of Portland, Hill Interests, Santiam Lumber Co., and Elk Lumber Co. Some of these agreements will periodically need to be updated to serve the expected increased use of the national forests.

This leaves about 920,000 acres of private land in larger ownerships within the Oregon national forests. Most of it could be affected by the Attorney General's opinion. However, it is found in two quite different categories. There are about 100,000 acres of privately owned forest lands in typical checkerboard pattern in areas on the Siskiyou, Rogue River, Deschutes, and Malheur Forests. Most of this land would be affected by the Attorney General's opinion. The remaining 820,000 acres of larger private forest landownerships are made of patterns which vary from a small percentage of irregular but intermingled private lands to large blocks of solid private forest lands. Some of the large owners, including the Medford Corp. on the Rogue River and Brooks Scanlon on the Deschutes have historically granted adequate rights-of-way on request. Some of the large blocks of solid ownership have been quite fully developed by private roads which do not cross national forest lands. About 85 percent of these private lands have some road development. In a few the private roads were completed and the private timber has mostly been harvested without crossing national forest lands. However, because there is some national forest land in the areas in this category, most of them will be affected by the Attorney General's opinion to some extent in the future. Many areas involve more than one owner. Not all landowners in these units are likely to be affected, since some will never need to cross national forest land.

Some of the transportation systems required for future access to national forest lands involve single private owners. In many of them there are from two to five or more large private forest owners involved.

In summary it is estimated that the total private lands which may be affected by the Attorney General's opinion within the national forests in Oregon total about two-thirds of a million acres. About 600,000 acres are in larger forest landownerships; 40,000 acres are now in smaller ownerships and some 30,000 acres are in larger ranches.

We expect to successfully conclude cooperative agreements with most forest landowners with whom there is a mutual need for roads to harvest and manage timber. With the great diversity in ownership relationships characterizing Oregon's national forests, the Attorney General's opinion will need to be applied with considerable care. We believe it provides an important aid in the program underway for effectively solving many of the difficult access problems in Oregon.

The foregoing discussion presents our analysis of the broad categories of problem situations for the national forest system as a whole and for the national forests in Oregon. In answer to your specific numbered questions for the United States as a whole, we submit the following:

1. It is estimated that private landowners now have access by some kind of road to about 35 million acres of their lands inside national forest boundaries. Of this over 3 million acres of such private lands are served only by Forest Service roads. About 4 million acres of it is served by private roads of which about one-third do not cross national forest lands. The remainder of the 35 million acres is served by roads which are county or State or are in mixed status with national forest cooperation. Some of the roads here included as county have status only through prescriptive use over private lands. We do not have records indicating whether access is available over lands of the road owner or over other private lands. Hence we have no basis on which to answer this part of question 1. It is evident that many properties now accessible by road will require additional roads or better roads for full utilization of the property.

2. In situations where private landowners need access over national forest lands but the Forest Service does not need access over the private lands, the acreage is insignificant, probably less than 1 percent.

3. As to the approximate acreage where private landowners need access across national forest lands and the Forest Service needs access across the lands of these private owners, about 5 million acres of private lands are involved. The types of landowners and approximate acreages have been previously discussed. The summary is as follows:

Kind of owners:	*Acres*
Small private owners	200,000
Ranches	300,000
Large private ownerships of solid and irregular patterns	400,000
Large private ownerships in checkerboards	4,000,000
Lands adjacent to public domain-derived national forest lands in the East	100,000
Total	5,000,000

4. According to our analysis, the total acreage of nonnational forest land already having assured access in fact or by virtue of their situation under the law is about 34

million acres. The types of landowners have been previously discussed. They include nearly all the small owners, the public agencies, most large ranch properties and about half of the large forest landownerships. All the remaining private land is assured of access, provided the owners grant consent to easements across their land for national forest access when it is needed.

5. You are correct in the view that the Attorney General's opinion applies only to those national forest situations where the land originally came from the public domain. Therefore, about 23 million acres of private inholdings are not touched upon by the Attorney General's opinion. The legal situation on such lands remains unchanged.

Concerning Oregon, answers to your questions are estimated as follows:

1. Access available to private lands within national forest boundaries, exclusive of access provided by Forest Service roads, is about 1 million acres. Of this 260,000 acres are served by State and county roads. The remainder is served by private roads of which about 180,000 acres are served by roads which do not cross national forest lands. This means the private roads to over a half million acres cross some national forest land. There is an additional 330,000 acres of private land served by national forest roads.

2. Situations where private landowners need access over national forest lands but the Forest Service does not need access over the private lands are insignificant. We think less than 1 percent of the private land is in this category.

3. Approximate acreage where private landowners need access across national forest lands and the Forest Service needs access across some of the lands of these private owners by types of landowners and acreages:

Small private	30,000
Ranches	30,000
Large ownerships private forest land	620,000
Total	680,000

4. The approximate acreage and types of landowners who already have assured access either in fact or by virtue of their situation under the laws are:

State and county	260,000
Small private	240,000
Ranches	150,000
Large private	500,000
Total	1,150,000

5. We agree with your view that the Attorney General's opinion applies only to those national forest situations where the land originally came from the public domain. Lands of Weeks law origin in Oregon are a small portion of the total. For these lands in Oregon, it is deemed to be advisable and necessary to apply uniform policies to the national forest lands of both categories. Interior Department authority to issue easements, however, cannot be used on Weeks law lands.

Mr. William Berg, of your staff, asked how much national forest area is dependent upon obtaining access across intermingled private land. Access to much of the national forest land in Oregon will require crossing only small parcels or tracts of private land. Until final road locations are made it is impossible to say whether the road must cross a particular tract. If a reasonable and economical route can be found which avoids crossing private land, it is followed in road construction. Thus it is not feasible to provide a reasonable estimate of the national forest area to which access may require easements from the small tract owners.

On the other hand, a portion of most larger private ownerships within the national forests must be crossed to obtain access to the related national forest lands. This is simply because it is harder to locate roads to avoid large tracts. It is estimated that access to some 4 million acres of national forest lands in Oregon will at some time in the future require crossing such private lands.

An important but minor part of the right-of-way acquisition required to make the national forests of Oregon accessible will involve crossing private lands outside of the boundaries and situated between the public roads and the national forests. The majority of such owners do not own lands within any national forest. Most Oregon landowners are easy to work with in obtaining rights-of-way for roads needed for national-forest access. As an example, in developing the road up the Rogue River 44 rights-of-way will soon have been obtained through amiable negotiations while only 3 so far have had to be acquired by condemnation. As a matter of fact, in bringing about the construction of 22,000 miles of the national forest development road system already built in Oregon, only four condemnation cases were necessary in acquiring the private-land rights-of-way. There are about 30,000 miles of forest-development road needed to complete the system. While more condemnations will no doubt be necessary in the future than in the past, since rights-of-way are becoming generally more difficult to obtain, this record indicates excellent response on the part of Oregon landowners.

We have since March 16 operated under the Attorney General's opinion. The authority of the regional foresters to issue stipulations under departmental regulation (36 C.F.R. 251.5, sec. (d)) was withdrawn. The regional foresters were at the same time instructed to apply the Attorney General's opinion in cases where an applicant to cross national-forest land is in a position to convey corresponding or reciprocal rights needed by the United States to cross the applicant's lands. Where the value of the right needed by the United States is greater than the value of that applied for, the regional foresters are to either arrange for payment to provide for substantially similar values or to reduce the amount of right-of-way to be required, whichever course best serves the public interest in the individual case. Problem cases are to be referred to this office for advice pending issuance of new regulations.

There is no change in our longstanding policy of obtaining permanent rights for those roads which provide permanent access to national-forest lands. Those rights need to be of such character as to serve multiple-use needs of the tributary national-forest lands.

Sincerely yours,

Edward P. Cliff,
Chief.
By A. W. Greeley.

Mr. MORSE. Mr. President, meetings were held in March and April by the northwest Senators, first with the Weyerhaeuser Co. officials at their request; later with the National Lumber Manufacturers Association.

The Forest Service was at both meetings. Out of these meetings flowed one important result. The Forest Service promised to issue by May 1, 1962, a policy statement as a step toward developing the regulations to implement the Attorney General's decision. This, the Forest Service did.

I ask unanimous consent that this letter be printed in the Record at this point, along with my letter of June 6 to the Chief of the Forest Service and his June 16 reply.

There being no objection, the letters were ordered to be printed in the Record, as follows:

U.S. Department of
Agriculture, Forest Service,
Washington, D.C., May 1, 1962.

Mr. Mortimer Doyle,
Executive Vice President, National Lumber Manufacturers Association, Washington, D.C.

Dear Mr. Doyle: We promised to get into your hands early in May a letter outlining, in general terms, how we expect to proceed in utilizing the February 1, 1962, ingress-egress opinion of the Attorney General.

We are preparing material for discussion drafts dealing with this subject and some of the related road matters that necessarily need to be covered in such discussions. We plan to circulate this material in the form of discussion drafts after it has been prepared and discussed within the Department, and then to participate in discussions with whatever group or committee you may select and also other groups, if other groups desire discussions. These steps would precede decisions by the Secretary as to the final form the policies and instructions will take.

In our judgment, the opinion will not have the large impact on privately owned lands within the national forests that some members of the forest-products industry have been assuming. A footnote on page 1 of the opinion states that it does not apply to land acquired by the United States under the Weeks Act. Most of the national forests of the three eastern regions were so acquired. Although five Eastern States contain some public domain derived national forests, we regard this as a policy problem primarily applicable to the western national forests. We foresee no early changes in existing practices for the eastern national forests. Our tabulations of national forest areas list approximately 23 million acres as the area of nonnational forest land situated within the exterior boundaries of the national forests of the three eastern regions. At most there is only a small acreage in the five Eastern States where there would be any likely change because of this opinion. For special situations such as the boundary waters canoe area in Minnesota there has been and will continue to be the special restrictive policy required there.

Those who are interested in and concerned about road policies in the eastern and southern national forests should realize also that the Attorney General's opinion does not have any effect on roads, or segments of roads, that have already acquired standing as public roads.

The extension of this opinion makes no change in our longstanding policy of obtaining permanent rights for those roads which provide permanent access to national forest lands. These rights need to be of such character as to serve multiple-use needs of the tributary national forest lands.

The pattern of road construction and use which we see as most desirable in most of the western national forests where there is intermixed national forest and privately owned land consists of single road systems serving major drainages, each jointly constructed, used, maintained, and financed. As you may know, cooperative agreements now in effect will involve such construction and financing of some 2,000 miles of road which will involve overall total costs of around $25 million. There probably are some circumstances which justify dual road systems. These will be treated as special cases. In the main, our policy thinking has been directed toward a pattern of single road systems.

Consequently, it is our intention to so use the Attorney General's opinion as to bring about, as much as possible, joint construction and use agreements for roads and road systems that are to be extended into or through areas of mixed ownership. We plan that when an owner of land within a national forest applies for permission to cross national forest land to reach his holdings, and it is apparent that mutual needs exist, we will promptly start negotiations with that owner looking toward the working out of an agreement by which the work he desires to do will be done under a cooperative agreement which will bring into being a jointly financed and used road in which both parties have and retain ownership rights. This is consistent with our objective of permanent access rights for permanent management of public properties, and with the presumption in most cases that the other party also will desire permanent rights of access to his property. This is also consistent with what we have been attempting to accomplish in the 70 such agreements so far executed for joint roads.

To meet the needs, when it is apparent that the gathering of necessary information and the negotiations over terms of an agreement may not be successful, or will unreasonably delay construction, we are trying to develop several means to meet our responsibility to act on the application (1) when the rights desired by the United States are of value substantially similar to the rights desired by the applicant, or are of less value, we will propose to authorize use of the national forest land subject to the grant to the United States by the applicant of the rights desired by the United States. Ordinarily this would mean that the applicant would not be authorized to go upon the national forest land to construct the road until the exchange of rights has been arranged for, (2) when the rights desired by the United States are greater than whatever usage meets the test of substanitally similar value, the policy we are developing will be to issue one of the following types of permit for the road construction on the national forest land desired by the applicant:

(a) A permit specifying road location and standards to run for a period of time sufficient to permit completion of negotiations for cooperative construction and use of the road, or the system of which it is a part, which permit may, in accordance with the terms of the cooperative agreement covering construction and use of the road which is to be developed while the permit is in effect, be converted to an ownership right for the interest described in the agreement. This permit, if not superseded by an agreement, will not be automatically renewed at expiration; but it may be renewed if, at the end of the specified time there is a determination by the Chief of the Forest Service that good faith negotiations have been conducted, or that equity to the other party warrants further extension.

(b) A permit for construction referring to and conditioned upon execution of an attached simple agreement designed to mature by supplementary action into a permanent cooperative arrangement for sharing costs and use of the road or system. The short form agreement would provide for sharing costs, set up the basis for sharing, recovery of any excess costs, maintenance, minimum standards, for supplementing the agreement, easements from the cooperator and easements from the United States.

(c) For minor and simple projects a permit may be issued conditioned upon delivery to the United States within a reasonable specified time of the rights desired by the United States. Such permit would contain provisions for recovery of excess costs or values by the permittee. The excess of costs or values would be estimated by the Forest Service when the permit is issued but the amount would be subject to reappraisal by standard methods when construction is completed at the initiative of either party.

(d) When none of the above prove satisfactory in cases with widely divergent values, upon a determination by the Chief, Forest Service, the rights to be required by the United States will be reduced to values substantially similar to those applied for and the remainder of the rights required by the United States will be acquired by condemnation or, if possible, by negotiated purchase.

As you are aware the situations we face are widely varied. If possible the solution used in an individual case will be the one best suited to the private applicant, providing that solution fits reasonably well the needs of the United States. It is our belief we will need to increase the use of appropriated funds for purchase of private road interests in order to simplify methods and reduce delays.

If mutual needs for the road to be constructed do not exist, a permit for the desired right-of-way will be issued upon application.

Where joint construction and financing cannot be otherwise achieved, it will be our aim to provide the road by use of appropriated funds for construction or purchase, or by construction in connection with a timber sale, and to recapture the share of the cost properly chargeable to other benefiting parties by collecting share cost charges for use of the road by such benefiting parties.

We have been actively working with Department of the Interior personnel to develop a procedure for use of that Department's authority to grant easements across public-domain-derived national forest lands. This work is rather well along and results appear to be encouraging. If we can get these procedures worked out, we will be prepared as a policy matter to use the procedure to obtain Department of the Interior easements for the private ownership interest in those segments of roads built under cooperative agreement that cross such national forest land. We would not seek Department of the Interior easements for roads not constructed under such agreements.

We acknowledge that there will be a good many problems that come because of interests in land or timber owned by third parties, especially a third party owner of a right to cut timber who lacks authority to speak for or to commit the owner of the land. It is quite possible that such third party owners of some partial interest may encounter delays in obtaining action on applications to build roads across national forest lands.

It is our intention to work these policy matters out so that continued ingress and egress by owners of land within national forests over the roads and trails on routes heretofore used by them for access to their property will be continued subject to applicable regulations of the Secretary. The exceptions that we foresee would be the changes in conditions of use of roads that might come about as a result of exchange of road use, through negotiated cooperative agreements, or by Government acquisition of needed property rights existing in private roads.

We know this letter does not answer all the major questions your members may be anxious to have answered. Some obvious ones are:

1. How will we determine values?

We have previously talked with your group about using engineering estimates to determine road replacement costs which, once determined, would ordinarily comprise the price tag for that road or road segment. We continue to consider this the proper approach.

2. Suppose there is strong disagreement over values or other conditions we propose to insist upon.

As this pattern of operation is being developed, we aim to make some use of outside appraisers for determining road values. We can also anticipate some circumstances in which it would be to the interest of the Government to seek advice on values or use conditions from outside experts who might also be acceptable as advisers to industry members who are in disagreement. Formal disagreement, however, would have to utilize the regular, established appeal procedure.

3. How rapidly is the Forest Service moving into use of the authority discussed in the Attorney General's opinion?

We have withdrawn authority from field offices to issue stipulations under regulation U-14. We have issued interim instructions to the regions for operating under the opinion. We are hopeful that procedures will be worked out with the Department of the Interior concerning issuance of easements within a matter of weeks. We do not contemplate significant changes in the pattern of agreements for joint construction and use of roads of which a sufficient number have now been worked out so that we believe a workable format and substance have been evolved. We are aggressively continuing the development of a large number of such cooperative agreements which were in the pipeline when the Attorney General's opinion was received and which, we anticipate, can be pushed on through rather promptly.

We will be in touch with you further when we have material for the discussion drafts ready.

Sincerely yours,

Edward P. Cliff, *Chief.*
By W. S. Swingler.

June 6, 1962.

Mr. Edward P. Cliff,
Chief of the Forest Service
Washington, D.C.

Dear Mr. Cliff: Thank you very much for your May 11 letter outlining the steps you propose in implementing the Attorney General's decision on ingress and egress. I should appreciate your keeping me advised on developments and the reaction that you receive from various industry groups.

Informal advice available to me indicates that some in the industry take serious exception to the substance of your letter of May 1, which was addressed to the National Lumber Manufacturers Association. I would be particularly interested in the specific points which seemed to raise a problem in their minds.

With kindest regards.

Sincerely,

Wayne Morse.

U.S. Department of Agriculture,
Forest Service,
Washington, D.C., June 16, 1962.

Hon. Wayne Morse,
U.S. Senate.

Dear Senator Morse: Thank you for your letter of June 6 commenting on our letter of May 11 concerning implementation of the Attorney General's ingress and egress opinion.

By a letter which arrived late this week we have been informed concerning two points on which industries' spokesmen take serious exception to the substance of our May 1 letter to Mr. Doyle of the National Lumber Manufacturers Association. One of the provisions in our May 1 letter, which is repeated in the last paragraph on page 2 of our May 11 letter to you, provides that when the rights desired by the United States are of value substantially similar to the rights desired by the applicants or are of less value, we will propose to authorize use of the national forest land subject to grant to the United States of the rights desired by the United States. Our letter then goes on to say that "ordinarily this would mean that the applicant would not be authorized to go upon the national forest land to construct the road until the exchange of rights has been arranged for."

We understand the industry objection to this provision is that Forest Service procedures in cases in the past have been so slow that this provision would work an unreasonable difficulty upon owners who have an urgent need to reach their timber.

We understand that the other main objection is to the statement contained in our May 1 letter, and likewise in the May 11 letter, which provides that "formal disagreement, however, would have to utilize the regular established appeal procedure." We understand that the objection of the forest industry to this provision is that this procedure would deny to a road owner the right to have a court determination of value in the event of dispute.

We agree that it is possible to interpret this one sentence in the May 1 letter in the manner in which it has been interpreted by the industry spokesmen. The substance of our May 1 letter, however, emphasizes our desire that the principal attention be given to bringing about joint construction and use agreements for roads and road systems through areas of mixed ownership. In substance, the letter points out that we intend to make use of outside appraisers for determining road values where this appears to be desirable and also to seek advice from outside experts on values and road-use conditions. As a matter of practical operating of this program, we believe that there could well be quite a few cases in which the value of the property to be acquired by the Government will have to be determined by a court in a condemnation action. It is our intention for the Government to pay for its share of property rights acquired in road systems.

At this stage of developing the instructions, however, we are not prepared to make a firm commitment that in every case where there is a disagreement about values we will be prepared to take the case to court in a condemnation action. We assume, based on prior discussions, that the industry spokesmen's objection on this point would be removed were we to now feel that we could make a policy commitment to utilize condemnation in every case where there is a disagreement over values of the rights the Government desires to acquire. Whether we can make this commitment or not is the subject of consideration within the Department now.

Sincerely yours,

EDWARD P. CLIFF, *Chief.*
By A. W. GREELEY.

Mr. MORSE. Mr. President, against this background I ask unanimous consent to include in the RECORD a brief statement from the National Lumber Manufacturers Association newsletter of Friday, May 11, 1962:

Court Tests of Ingress-Egress Opinion: The board also endorsed the Forest Management Committee's recommendation that NLMA seek the cooperation of owners of land and timber within the boundaries of national forests in the development and prosecution of judicial proceedings contesting the validity of the opinion of the Attorney General with respect to ingress and egress across national forest lands.

I want to make perfectly clear my position. In my judgment, the spokesmen for the lumber industry are following the wrong course in their opposition to this access policy. They are off on a wrong tangent because access must be obtained—roads must be constructed and timber must be managed if this industry is going to survive competition both at home from substitutes and from lumber coming in from abroad.

The lumbermen are trying to set up a mammoth strawman with a horrible face to try to scare people into thinking that the Attorney General's opinion takes away private property rights. They will not succeed. The Attorney General's opinion protects private property rights while at the same time protecting the public interest in the national forests and their use.

The lumber association is in error in alleging that 39 million acres of private land are involved. Here are the precise words of the Forest Service in their letter to me dated June 11:

> The matter of what acreage is actually affected by the Attorney General's opinion is discussed in some detail below. It is considerably less than the figure of 39 million mentioned in the brochure. There is only a minor part of the 23 million within the eastern national forests, perhaps 100,000 acres, to which it might apply. Of the 16 million acres of inholdings within western national forests, much of it has existing access.
>
> We believe there is a total of almost 5 million acres of it to which the opinion could apply. From our experience we expect that a substantial number of owners whose ownership comprises part of the 5 million acres will be willing to participate in joint arrangements for road construction and use. Later in this letter we set forth certain estimates for the State of Oregon. These estimates show that the opinion may similarly affect 680,000 acres of private land in Oregon. The roads that would go through this private land would ultimately provide access to about 4 million acres of national forest land. We are not now able to give a reasonable estimate of how much national forest land, for the Nation as a whole, will be provided with access by road systems which must cross private land. We believe the figure is substantially larger than the 5 million acres of private land the road systems would have to cross, but is less than the ratio of 4 million to 680,000 estimated for Oregon.

Let us examine the allegations that 39 million private acres will be affected. According to the Forest Service the decision may affect 5 million private acres. Who owns these lands? Eighty-eight percent or 4.4 million acres are owned by large companies.

In Oregon the opinion may affect 680,000 acres of private land, of which 620,000 acres are held by large companies. This 680,000 acres of private land in Oregon is the key to access to 4 million acres of national forest land in Oregon.

Mr. President, if we are to get access, if we are to reach the allowable cut, if we are to check disease, if we are to get out windblown timber, I most respectfully say that the lumber companies should follow the Attorney General's decision and grant reciprocity of access, just as many of the same companies do in connection with Bureau of Land Management timber.

What they fail to say in their attack on the Attorney General's opinion is that all the Attorney General has done in his opinion by way of sound public policy is to say that the Forest Service should follow in this respect the same policy as that followed by the Interior Department in connection with Bureau of Land Management timber.

There is nothing new about this policy. It has been followed by the Bureau of Land Management for years. So I say to lumbermen who are objecting to the opinion of the Attorney General, show us how you have been damaged, how many of your rights have been denied; how any great wrong has been done you or the public by a policy that has been followed by the Department of the Interior for years.

What has happened is that some of the complainants have negotiated agreements and understandings with the Bureau of Land Management through the Department of the Interior to the mutual satisfaction of all concerned.

All that I am doing is asking, in the interest of all concerned, that they follow the same policy with respect to Forest Service lands.

What is the real effect upon private land? All the opinion says is that when a private timber company wants to cross the national forest with a road and—and I stress this—when the Government needs to get its timber out, or otherwise use the forest, then the Government may say, "Mr. Lumbermen, in order for you to get a permit to cross this land, which belongs to all the American people, we must also get for all the American people the right to cross your land."

In other words, there should be the doctrine of reciprocity, the requirement of mutuality. I say this is necessary so that the people can have use of their forests, too.

I particularly emphasize that the opinion does not permit the Government to get a free ride over the private land or private road, nor can the private party get a free ride at the Government's expense.

I did not ask the Forest Service to set forth the national ratio of national forest land served by the Attorney General's opinion to the 5 million private acres. The Forest Service reports that in Oregon each acre of private land controls the access to about 6 acres of national forest. On a national basis, this would suggest that the 5 million private acres control access to possibly 20 million acres of national forest. However, the Forest Service does not have a national figure; thus, it has not made an estimate.

The point is that the Attorney General's decision will make it possible for the Forest Service to get needed access to a tremendous acreage of the national forest.

It is not the Government which is denying access on the part of private owners to their lands.

It is interesting to observe what the Chief of the Forest Service has to say about the NLMA argument. He does not agree that the opinion by the Attorney General will seriously impair private land values; and I quote from his letter of June 11:

> The Attorney General's opinion becomes operative only when (1) a private party applies to the Secretary of Agriculture for a right to cross national forest land, and (2) the Department needs to cross the lands of the applicant. Thus it will apply only to those who need and want roads. It is axiomatic that the presence of a road enhances the value of the resources on a piece of property. Intensive timber, grazing, and recreational use require access and access is also essential to mining. Roads add to the value of property. They further add to

> the value if they are properly constructed and used. The value of a piece of property designed for use can be seriously impaired if it lacks access, if it is served by a poor road, or if the property is cut up by more roads than are needed to serve the area. The Attorney General's opinion will help to prevent this.
>
> As far as we can determine the only group whose property values might be impaired are those persons owning land within the national forest who seek a wilderness environment. It is unlikely that such persons would be applicants for a road across national forest land. Roads crossing such lands would more probably result from national forest needs under circumstances where the Attorney General's opinion would be inapplicable.

For the last several months the lumber industry has been urging both the Congress and the administration to do something to stem the flow of lumber into this country from Canada. The National Lumber Manufacturers Association has been one of the prime urgers. Its representatives confer with the Congress and the executive agencies. Tariffs, quotas, "buy American" bills, changes in FHA standards, and changes in Forest Service policy are just a few of their suggestions.

And, Mr. President, let me say to the members of the National Lumber Manufacturers Association that I think they are right in most of the positions they take in connection with our problem with Canada.

On May 9 they addressed to the President a plaintive telegram complaining that neither Secretary Freeman nor Secretary Hodges has listened to their pleas. On June 28 they sent to the President another request for tariffs and quotas.

It is difficult to understand how the same lumber spokesmen can, on the one hand, urge that the President cut back Canadian lumber imports and urge that the Forest Service improve its timber sale program and its allowable cuts, while on the other hand they vow to fight action taken by the Government to improve access to the timber they seek and need so badly. Mr. President, of the many things which we should do in connection with the matter of Canadian competition, one is to see to it that the Forest Service provides access, by forest roads, to the timber, so that it can make sales up to the allowable cut that a sound conservation program would permit.

I intend to serve the legitimate interests of the lumber industry; but I intend to fight the selfish interests of the few who wish to delay the Government in its efforts to make timber available from the national forests.

The lumbermen's association will try to paint a picture of the small tree farmers and ranchers whose mortgages are supposedly in jeopardy and whose land values are faced with total disruption or will be seriously impaired.

But the record should be clear that this is not the case. Nothing in the Attorney General's opinion will have such a result. Under this opinion, the Forest Service did not receive authority to take property without just compensation.

Here let me quote the letter:

> The Department intends to properly discharge its financial obligations to contribute the fair share of road costs and use attributable to national forest purposes. Thus, where the right of a private owner to cross national forest lands is conditioned upon his providing the Government with the rights it needs, the Government, by paying its proper share of the costs, will be reducing the cost to the applicant when compared to the cost if the road was constructed and used solely by the applicant. The result will be a just enhancement of the value of the private property coincident with a similar result on the public lands. We know of no evidence which suggests that roads impair property values.

It is completely unrealistic to think that an Attorney General's opinion would be intended to overturn or could overturn a constitutional provision as basic as just compensation. The National Lumber Manufacturers Association is tilting at a windmill.

If the lumber association wants to fight out this issue in the courts or in the Halls of Congress it is at perfect liberty to do so. In the process, however, it will jeopardize the ability of this industry to receive favorable consideration in connection with many things that need to be done in order to assure economic health. This will not occur because others will be mean or vindictive. It will occur because the lumbermen's association will be exposing again its special-interest bias to serve a few big companies, and in the process will cast a dark shadow over all of its activities.

This association cannot criticize the President and the Secretary of Agriculture for an alleged failure to recognize lumber problems and forest-management needs, while at the same time it opposes the placing of the keystone of sound forest management into the national forest policy structure.

It is an uncontroverted fact that effective forest management premised upon the harvest and use of timber simply cannot be accomplished without roads. This does not mean a few roads; it means a full road network, well planned and designed, and brought into being as rapidly as possible.

If half of a 200,000-acre working circle is without roads the timber in that area is unavailable. Insects can chew the wood, disease can strike the trees, and fire can sweep the forest. If roads are not available, forest management opportunities to stop these losses are not at hand. Without roads, it is impossible to conduct thinnings, salvage dead and down timber, remove mature trees, or harvest the allowable cuts. If we are to make the most of our wood supply, so that our mills will have an abundant supply of timber at reasonable prices, ingress and egress roads are a basic necessity.

I serve notice here and now, so there will be not the slightest chance of misunderstanding of my position. I intend to support a proper forest-access program and a progressive forest-road construction program. This is what the overwhelming majority of the timber operators and conservationists in Oregon want.

Since 1950, the Bureau of Land Management access policy in Oregon has been parallel with the principles embodied in the Attorney General's ruling. Oregon lumbermen have shown over the last decade, by signing many such agreements with BLM, that they agree this policy is reasonable and proper. Today, over 400 million board feet of the allowable cut on the Oregon and California lands—almost half of it—gets to market because the Bureau of Land Management has access agreements.

I intend to press for every possible step which will help our entire timber industry. The selfish action of a few will not influence my course even toward other proposals they may make which are reasonable and proper.

However, as we proceed on the matter of access, I intend that the Record will be clear and visible so that the people of my State may judge for themselves what the facts are and where the public's interest is. Lumbermen with selfish designs will not fool the people.

EXPORT OF THE LAND-GRANT IDEA — OPPORTUNITIES AND CHALLENGES—ADDRESS BY PAUL S. TAYLOR

Mr. MORSE. Mr. President, Dr. Paul S. Taylor, chairman of the Institute of International Studies at the University of California at Berkeley, in a May 1, 1962 speech at the Ohio State University, took the opportunity provided by that forum to speak of the land-grant university idea and its continuing importance in the world today. The land-grant colleges concept is a truly American contribution to the field of education. As Dr. Taylor aptly points out:

> The land-grant university idea is practical, flexible, adaptable and useful. It includes the theoretical and liberal, while stressing the applied and practical. It can be used as an instrument to build governments in nations that now lack the requisites of a viable government, capable of carrying through the measures necessary to their survival. This, indeed, is a first task now laid out before us: to learn how to help new or inadequate governments—are these a score or two in number?—to develop the administrative machinery, to create the body of personnel with technical competence, knowledge, organizing ability, the capacity for leadership, the morale, the clarity and consistency of purpose and the experience to enable them to build a popular government that can build an educational system, guide an investment program, carry through social reforms, that is to say, in the words of an acute observer (J. K. Galbraith), to escape from the self-reinforcing bind of its own backwardness. This task is great and broad enough to enlist all the purpose and all the disciplines of a land-grant State University."

The land-grant college is a democratic institution based upon the fundamental premise that there ought to be equality of educational opportunity, and it is devoted to the concept that all fields of knowledge are worthy of cultivation, the practical as well as the theoretical.

In this age whose paramount challenge is the building of viable political structures in the underdeveloped areas of the world, to the end that these governments can provide the human needs of their peoples, the land-grant college approach offers a challenging solution to the extremely difficult problem of bringing to all men the tremendous new vistas opened by technology and science. May I also point out that the needs of the community of free nations, as is suggested by Dr. Taylor, can and should be reflected in the curriculum of our own institutions to the end that they, in serving our people, may also serve the men and women in other lands.

Mr. President, I ask unanimous consent that Dr. Taylor's challenging address, entitled, "Export of the Land-Grant Idea—Opportunities and Challenges", be printed at this point in my remarks.

Mr. President, I should also like to take this opportunity to express to Mr. Jay Richter my appreciation for his courtesy in having brought Dr. Taylor's address to my attention. I extend to him and to all who are working with him in the land-grant centennial program my best wishes.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

EXPORT OF THE LAND-GRANT IDEA—OPPORTUNITIES AND CHALLENGES

(Address by Paul S. Taylor, Chairman, Institute of International Studies, University of California, Berkeley, Calif., delivered on May 1, 1962, at the International Symposium on "The Role of Food in World Peace," at the Ohio State University—in observance of the centennial of the Nation's 68 land-grant universities and colleges)

At this midpoint in the international symposium on "The Role of Food in World Peace," it occurs to me that I may be the only person on the program who is not expected to talk about food or perhaps even peace. Indeed, I observed earlier from the prospectus that amid such keywords as "food," "peace," "abundance," "nutrition," "hunger," "turmoil," and "exploding population," the keyword assigned to me is "idea," a century-old idea. But yesterday at luncheon, and at the afternoon directors' panel, I caught phrases that appeared to bring my subject—as I shall view it—to the family circle of this symposium. These phrases are from my quickly taken notes:

Peoples' machinery, so people can get the benefit of technology.

Food should be regarded only as a part of aid. We should give more attention to institutional factors standing in the way of progress. Progress can be achieved only by self-help with assistance from the outside.

Technology alone does not assure social, economic, and political well-being. Social adjustment to technological change is essential.

There must be an end to the domination of the many producers by the privileged few.

Attitudes of officials should reflect the feelings of people.

From observations such as these I find support for the selections from the land-grant idea to which I have chosen to invite special attention during the next few minutes. It is my thesis that in respect to institutional factors particularly, the land-grant idea is not out of date. We are not celebrating a mere coincidence of the calendar, the lapse of an exact 100 years. The idea inherited from 1862 is useful today for our relations with developing nations around the world. It is in tune with our times.

Even if my assigned subject is not food, I would like to recall a fact or two. In the beginning, almost all of the people of the United States made their living from the soil. The many fed themselves, and from a modest surplus they fed a few others. Now the relationship has been reversed; the very few feed the very many. One farmworker produces food enough today for himself and 25 others. With only about 6 percent of the world's population, this country achieves about 16 percent of the world's annual food production. (USDA, "World Food Budget Report," 1962–66, p. 9.) The college and university system founded on the land-grant idea of 1862 is not the only reason for this remarkable growth in productive capacity, but it is surely among the really important reasons. Nor is its influence on food production confined to this country. We are not only shipping food abroad, but men the land-grant system of colleges and universities has trained are carrying improved techniques to the villagers of developing areas on three continents. Along with the techniques, they spread ideas also, of the dignity of labor, of democratic education, and of a free spirit of inquiry.

Even if the label on my subject is not peace, peace is related to the land-grant idea. The generation that secured passage of the Morrill Act and founded colleges and State universities with grants of land from the public domain knew both breaches of domestic tranquility by enraged farmers and laborers, and outright civil war. They saw a relation between peace and education in agriculture and the mechanic arts, and said so.

In 1877, for example, a year when Federal troops were called out because of great and violent strikes of employees against their employers, President Charles F. Aiken, of Maine State College, spoke on "The Education of Farmers and Mechanics." In this address he said:

"We cannot expect that free institutions in a republic, which have taken root in intelligence and are nourished by a pure morality, will flourish when education is neglected by the great mass of the people. The laborer, without mental power that comes alone through a thorough education, is not prepared to meet the responsibilities of a citizen, nor to enjoy the prerogatives of a freeman. * * * Nor is it enough to have workmen who are skilled in their several departments of labor. Skill gives facility of performance—education, power of thought * * * if boards of arbitration are to settle the question that may arise between employers and workmen, education is necessary to protect the interests of the laborer in these adjudications. None but the educated will submit their interests to the decision of others, and none but educated laborers can wisely determine what awards to give. The board might as well be entirely composed of capitalists, as to be a mixed commission, made up of educated capitalists and ignorant workmen—for the unenlightened would only be ciphers to give weight and force to a one-sided decision of their associates * * * and all the evils of combinations and agreements, by which contending parties are selfishly struggling for their respective interests, are more and more to be apprehended.

"Nor is the danger of strikes and combinations confined to mechanics. Farmers are called upon to enter into combinations to protect their interests against powerful monopolies or combinations of those who stand between the producer and the consumer. And uneducated farmers may be instigated to acts as unreasonable as those which ignorant mechanics have blandly done when roused to frenzy by the supposed injustice of their employers. Selfish demagogs are ready to stir up the passions of grangers, and induce them to commit acts of injustice or folly, if the agitators are to be benefited. Sovereigns of industry may be patronized by greedy cormorants, who would ride into power and office on the tide of excitement; what care they for the destruction of the whirlwind, if they are lifted into notoriety?" ("Agriculture of Maine," 1877, pp. 221, 222, 224, 225.)

In short, the president of Maine State College viewed the education of farmers and mechanics as an ingredient necessary to maintenance of internal political stability. This same problem, if I am not mistaken, stares out at us daily from the pages of our newspapers, in reports of current events around the world.

In 1862 Congress passed a bill proposed by Congressman Justin Smith Morrill, of Vermont, offering Federal land grants to colleges "where the leading object shall be without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts * * * in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life."

The principles on which the colleges and State universities have come to rely for the achievement of their purposes under the Morrill Act are simple, serviceable, and enduring: to advance knowledge through research, to transmit it through teaching, to extend it to the whole people.

I might speak with propriety of a number of significant aspects of the land-grant system of colleges and universities. Opportunities to export the idea can be cited without number in great fields of knowledge such as agriculture and education. However, I shall not place my emphasis on these today, valuable and challenging as they are. Neither is my concern now with those momentous contributions of science and engineering nourished in land-grant institutions that have so affected the balancing of power among the nations of the earth in the last 20 years, and now reach out for mastery of moon and space, still with an eye to the balance of power.

Instead, I invite your attention to some less dramatic but I think not less challenging opportunities for export of the land-grant university idea that lie within the concerns of social science. These, equally along with the applications in the fields of agricultural and mechanic arts, lie within the original purview of peoples' colleges—colleges that from the first were planned to include instruction in "political economy, the true principles of law, the theory and art of governing, and in all those studies and sciences which any student may desire to master, or which may tend to secure his moral, civil, social, and industrial perfection as a man." (Jonathan B. Turner, 1850.)

Daniel Coit Gilman was called in 1872 to organize and direct a new land-grant university in California, as its second president. Recognized today by historian Earle D. Ross as one of the triumvirate of the land-grant movement, along with Andrew D. White and Francis A. Walker, Gilman recognized California then as a newly developing area and "was impressed with the strategic opportunity to train formulators and directors of public opinion in a region where the economy and society were still in the plastic stage." (Earle D. Ross, "Contributions of Land-Grant Education to History and the Social Sciences, in Agricultural History," vol. 34, No. 2, 1960, p. 51.) Later, after further presidential experience at Johns Hopkins, Gilman wrote:

"Thus I say that the study of history—not as dry annals, but as the record of living forces and human experience, the study of political economy, of social science, of civil liberty, and of public law, should be made attractive by the voices of original and profound teachers, who can gather up the wisdom of the old and apply to the requirements of the new generation."

Tracing my theme to its origins, I go back to May 13, 1850, to the address of Prof. Jonathan B. Turner, of Illinois, entitled "A Plan for a State University for the Industrial Classes." The "first labor" of "the industrial classes," said Turner, is "to supply a vacuum from fountains already full, and bring the living waters of knowledge within their own reach. Their second is, to help fill the fountains with still greater supplies. They desire to depress no institution, no class whatever; they only wish to elevate themselves and their pursuits to a position in society to which all men acknowledge they are justly entitled." Such a State university would be no expensive luxury and financial drain. "It is believed by many intelligent men," Turner said, "that from one-third to one-half the annual products of this State are annually lost from ignorance. * * * And it can scarcely be doubted that in a few years the entire cost of the whole institution would be annually saved to the State in the above interests alone, aside from all its other benefits, intellectual, moral, social, and pecuniary."

The land-grant university idea is practical, flexible, adaptable, and useful. It includes the theoretical and liberal, while stressing the applied and practical. It can be used as an instrument to build governments in nations that now lack the requisites of a viable government, capable of carrying through the measures necessary to their survival. This, indeed, is a first task now laid out before us: to learn how to help new or inadequate governments—are these a score or two in number?—to develop the administrative machinery, to create the body of personnel with technical competence, professional knowledge, organizing ability, the capacity for leadership, the morale, the clarity and consistency of purpose and the experience to enable them to build a popular government that can build an educational system, guide an investment program, carry through social reforms, that is to say, in the words of an acute observer (J. K. Galbraith), to escape from the self-reinforcing bind of its own backwardness. This task is great and broad enough to enlist all the purpose and all the disciplines of a land-grant State University.

The land-grant system of colleges and universities is not unaware of its opportunities in developing nations, nor the challenge these present. University contracts for educational service in 37 foreign countries, numbered 101 at the close of 1961, financed by the Agency for International Development alone, and were participated in by 58 universities. The cost of financing these contracts was a little over $100 million; the services were rendered in 11 countries of Africa, 10 of Latin America, 8 of the Near East and South Asia, 7 of the Far East, and 1 of Europe. These efforts are valuable and their cost slight in comparison to their yield, but in my opinion they are neither extensive enough nor broad enough in concept, to transplant the land-grant university idea fast enough and to nativize it in developing nations.

It is easy to put one's finger on plausible reasons why our universities do not do more, nor move faster. They are faced with expanding student enrollment and shortage of faculty. The obligations we carry at home cannot be shrugged off. High standards of instruction and of faculty selection and promotion are not achieved overnight, and these must not be undermined thoughtlessly; the equitable bearing of teaching responsibilities among members of the same faculty is also a proper consideration to place on the scales when decisions on policy are made. Yet surely there are ways of meeting the challenge abroad more adequately, without damage to our responsibilities on campus. We can work for greater financial support for enlarged faculty with international concerns; Federal land-grants furnish a good precedent. It may be possible to enlarge faculty resources also by blurring the line between academic personnel competent to give Foreign Service and Government Foreign Service personnel of undoubted academic competence. We can explore ways to incorporate and evaluate foreign experience in the academic careers of our colleagues, especially in the careers of young men who fear that our measurement of their progress by conventional rules retards their academic advancement. We must enlarge at its source the reservoir of academic personnel with active international interest.

Other obstacles or problems could be mentioned, but none, I believe, that clarity of purpose and sufficient motivation cannot overcome.

The land-grant idea is democratic, an expression in terms of education of the democratic spirit of the mid-19th century. Congressman Justin Smith Morrill told the House on April 20, 1858 that

"The prosperity and happiness of a large and populous nation depend: (1) upon the division of the land into small parcels; (2) upon the education of the proprietors of the soil."

The report of the Committee on Policy of the Maine State Board of Agriculture the following year expressed skepticism of technical education for, and in the hands of a few:

"In England," said the 1859 report, "the landholder may have his thousands of acres under cultivation. He wants a superintendent of such immense estates. He must be a man educated to agriculture as a science, and as a profession. This superintendent calls to his aid the poor farmers, who are hired at the lowest possible price, to carry on the labor under his direction. These are virtually slaves to the better educated men.

"But we find a different state of things in this Republic. Equality of thought, and equality in social and intellectual position seems to be the watchword in agriculture here. Adopting the European method of cultivation, we must virtually reduce to servitude nineteen-twentieths of our rural populations for the advantage of the other twentieth. The heart of every American freeman revolts at such a thought.

"We must then come to the conclusion, that the genius of our institutions will not admit the introduction of agricultural schools and colleges on the same basis as in Europe." ("Agriculture of Maine," 1859, pp. 30, 31.)

The industrial classes, Turner had said, sought no schools to train them "into a sort of genteel farmers, or rather overseers of farmers." "In our country we have no aristocracy," he said. By spreading education the industrial classes would avoid forming " a ruling caste or class." These classes, comprising "more than four-fifths" of the population, wanted "liberal education for their own class, and adapted to their own pursuits * * * an industrial literature adapted to their professional wants * * * a university * * * in each of the States, with their consequent subordinate institutes, lyceums, and high schools in each of the counties and towns."

The State university, Turner said, should be placed "at once and forever beyond all legislative and ecclesiastical control," and "directly in the hands of the people, and the whole people." It was to be independent and free to offer its critical judgments to the new society that supported it.

And to assure the personal, as well as institutional, independence and freedom necessary to discharge a land-grant state university's essential functions, Turner stipulated that "the professors * * * should * * * not only be men of the most eminent, practical ability in their several departments, but their connection with the institution should be rendered so fixed and stable as to enable them to carry through such designs as they may form, or all the peculiar benefits of the system would be lost."

A great idea is not bound by its own epoch. Like the Constitution of the United States it holds capacity for growth, for change within continuity. Prof. Jonathan Baldwin Turner's State university idea of 1850 appears to describe fitly the institutions his successors have created from his, and Congressman Justin Smith Morrill's beginnings.

The Morrill Act was not a gesture separate from the society that gave it birth. Rather it was part and parcel of the young democracy, and intended, with other contemporary measures, to assure the future of the nation as a democracy. It is no accident that the same hand that signed the Morrill Act to democratize education on July 2, 1862 had signed the Homestead Act on May 20 a few weeks earlier, a measure to democratize landownership, and would sign the first Emancipation Proclamation a few weeks later on September 22 to democratize human relations throughout the land. All three measures had been blocked by the planters' South; secession released this obstruction and they became law.

The Nation was engaged in a great Civil War in 1862. It was testing whether a nation dedicated to the proposition that all men are created equal could long endure. We, too, are living in an era of wars and revolutions. We are committed once more to assure that government of the people, by the people, and for the people shall not perish from the earth.

These are strong reasons why we are bound more closely to the generation of the Morrill Act than we often realize, and why the land-grant instrument given to us is so well fitted to serve current needs in the developing nations. The conditions out of which the Morrill Act, the Homestead Act and the Emancipation Proclamation issued have much in common with conditions prevalent in developing nations. The aspirations these acts express find response in developing nations today. This may be one of our greatest assets around the world and in remote parts. In the United Nations military zone of Korea I asked a Korean general in 1958 if it was true, as I had been told, that Asians, including Koreans, cannot govern themselves because "Asians must be told." His reply was simple and direct. "The Korean people," he said, "want government of the people, by the people, and for the people." When Asian generals take government over to themselves, they couple their seizures of power now with promises to return it to civil authorities, to build "basic democracy," and they may even suggest timing of steps looking toward the end of their own authority. In these ways they acknowledge the lasting power of the democratic professions embodied in the trio of 1862—the Morrill Act, the Homestead Act, and the Emancipation Proclamation.

I offer some specific comparisons between then and now, beyond those of war, revolution and democratic purpose. The United States was 80 percent "rural" when the Morrill Act was passed. Today South America's people are about 60 percent "agricultural"; those of Asia are about 70 percent "agricultural"; and those of Africa are more "agricultural" than those of Asia.

The gulf in technology between the United States when men were planning land-grant colleges a hundred years ago, and the nations developing now, is not very great. Often I have stood in the fields of Asia and Latin America, looking with wonder at bullocks, at water buffaloes, at wooden plows, at wooden harrows, at strokes of the hand cutting stalks with knife blades curved outside the knuckles, at sickles, at stones sloped so that when beaten with bunches of straws the kernels roll down from the heads, at baskets for winnowing by tossing grain in the wind. It has required an effort to remember what I had been told as a child of technology on my own grandfather's farm in southern Wisconsin during the very years when the Morrill Act was being agitated for passage. When my grandfather broke sod, he plowed with oxen, he sowed broadcast by hand, he reaped with a cradle, he threshed with a flail, and he, too, winnowed in the wind. Horses came later to replace Buck and Bright, the oxen, and later the machines—mower, reaper, and thresher.

Technology must have been about the same in Ohio as in southern Wisconsin. This morning at your historical museum on this campus, I saw a display of two slender-bladed sickles, a plow with cast iron share and wooden mold-board, and a room full of wooden pitchforks and handrakes. Opposite the sickles was this inscription:

"The good life, stable government, comfortable homes, free schools, open churches took shape in the wilderness."

I hope you invite visitors to Columbus from developing countries to see the museum rooms where these primitive American farm tools are displayed. It should hearten them. And I recommend equally a thoughtful last visit to the same museum by Americans departing on foreign missions of technical assistance.

Today we see the differences in technology as glaring, and so do the rural folk of developing nations. And seeing our technology they want all its visible fruits. A villager in East Pakistan, bare to the waist and barefooted, told me unhesitatingly in 1955 when I asked him what he wanted: "a motorcar and a suit of clothes." This aspiration makes the "revolution of rising expectations." The means of its achievement are less clear than the goal.

To teach men the means of gaining their ends is not simple. Often the means proposed are resisted. Anthropologists detail at length the resistances to technological change by contemporary traditional cultures, even when in principle they welcome it. Prof. George M. Foster opens his latest book on this subject with a Korean fable:

"Once upon a time a monkey and a fish were caught up in a great flood. The monkey, agile and experienced, had the good fortune to scramble up a tree to safety. As he looked down into the raging waters, he saw a fish struggling against the swift current. Filled with a humanitarian desire to help his less fortunate fellow, he reached down and scooped the fish from the water. To the monkey's surprise, the fish was not very grateful for this aid" (Traditional Cultures: and the Impact of Technological Change," p. 1).

Resistance to changing technology is neither new nor confined to Asia, Africa and Latin America. Some of our own farmers in the United States resisted technology, too, when it injected itself into their 19th-century traditional society. The 1858 proceedings of the Board of Agriculture of the State of Maine record this comment:

"The most of the middle-aged farmers of the present day can remember the advent of the cast iron plow—and with what caution and distrust it was at first received. It has worked its way into favor so thoroughly that a wooden mold-board plow sheathed with nail plates is becoming a curiosity" (p. 154).

Resistance gives way to acceptance generally.

Whether in 19th-century United States or in 20th-century developing nations, a low stage of technology necessitates arduous human effort, and extends its demands for labor to women as well as men. In 1862 women labored in the fields in the United States, milked cows, helped in the harvests, and carried heavy burdens of homemaking besides, including home-manufacture for home use. Facilities and appliances to help them were few. Tasks were much the same as those to which women put their hands today and bend their backs in many parts of the world—except perhaps milking cows, for in many developing countries milk cows are still an uncommon luxury.

The United States of 1862 resembled the developing countries of 1962 in lack of education. Less than 57 percent of all children of elementary and secondary school age in the United States in 1862 actually were enrolled in a public school; a mere 2 percent of these had reached secondary school. Less than 2 percent of young persons of college age were enrolled in an institution of higher learning. Bachelor's degrees were conferred on only 9,371 students in the United States in 1870, and one doctorate. (Last year the statewide University of California conferred 6,974 bachelor's degrees, and 888 doctorates.)

The widespread lack of formal education in the United States in 1862 is matched today in many—although not all—developing countries. Illiteracy marks three-fourths of the total population of many countries and a nation of 80 million people may have the services of perhaps 2,500 physicians.

In many developing countries, particularly in South Asia, custom withholds approval from the education of girls. Three years ago I asked a villager in South Asia the needs, if any, of his village. His reply was instant: the villagers need "a school, so that their children will not grow up like animals." I asked if he wanted a school for boys, and was assured he did. I asked if he wanted a school for girls. The answer came instantly, "No, this is not customary." Pressing the point through my interpreter, I asked, "then you want a school for your boys so that they will not grow up like animals, but you are willing that your girls shall grow up like animals without school?" The laughter from the circle of men from the neighboring village where a newly built school had just enrolled its first girls as pupils, ended the colloquy in a mood of neighborly good feeling that forecast the spread of "progress" to another South Asian village.

Whether girls should or should not be educated used to be a matter for argument in our country, too, and the education of women in the United States still lagged behind that of men in the 1860's. The New England Farmer of 1834 may have been ahead of its time in printing this statement from the Portland (Maine) Courier:

"Girls must know something more than merely to read and write; they can't have too much arithmetic; and a knowledge of all the English branches of education will make them contented at home, prevent gadding, tattling and romping." (Apr. 23, 1834.)

When the Morrill Act created land-grant colleges, those institutions promptly and uniformly became coeducational, like the new village school in south Asia. Within 8 years of passage of the Morrill Act, when the colleges of the United States conferred 9,371 bachelor's degrees in 1870, nearly one in seven of the recipients was a woman.

Perhaps we really are closer to the rural populations of developing nations than either they, or we, are accustomed to recognize. Perhaps it may not require another century for them to close the gulf in condition that the past century has opened between us. Perhaps the generation that gave us the Morrill Act, the Homestead Act and the Emancipation Proclamation, living under conditions approximating those of developing countries, understood them more easily than we, and we would do well to make conscious effort to see present problems through its more practiced eyes.

I suggested earlier that a principal—perhaps the principal—challenge and opportunity of the land-grant idea, above and beyond the offering of specific services in agricultural science and technology, economic planning, or medicine, is to assist developing nations to build their own governments, adequate to meet their own needs and purposes.

I offer two further suggestions for export of the land-grant State university idea that hold possibilities of aiding governments of developing nations to meet common and often critical problems.

Among the institutions of chief importance to rural societies in whatever times and whatever nations, is landownership. Ownership of land, by its concentration or wide distribution, exerts a powerful influence on the relations between man and man, and on the relations between men and government. Indeed, it has been a cardinal article of faith in this country, at least, that wide distribution of landownership is related closely to popular government, the latter being founded on the former. Daniel Webster spoke more than myth when he said at the bicentennial of the landing of the Pilgrims:

"Their situation demanded a parceling out and division of the lands; and it may be said fairly, that this necessary act fixed the future frame and form of their Government. The character of their political institutions was determined by the fundamental laws respecting property. The right of primogeniture * * * was * * * abolished. The entailment of estates, long trusts, * * * were * * * seldom made use of. On the contrary, alienation of the land was every way facilitated. The consequence of all these causes has been a great subdivision of the soil, and a great equality of condition; the true basis most certainly of popular government."

In this present age of revolutions, the destructive effect on popular government and political stability of inequitable land tenure has been plainly visible time and again. When the President speaks of it, and we read him in the daily newspaper and see him on television, we are being reminded of what we knew, or should know from history, including our own history. Mexico began before the First World War to move through one stage after another of agrarian revolution. In 1917 the appeal of the slogan "Peace, Bread and the Land" enabled Russian Bolsheviks to consolidate their power in the cities. In China during two decades, agrarian unrest paved the road for eventual revolution. In 1954 agrarian unrest fed uprisings in Guatemala. An inequitable agrarian structure in Cuba gave an opening for seizure and consolidation of revolutionary power in 1959.

The loss of Cuba to the free world, as the event appears to us, was not owing to any deficiency in scientific or engineering knowledge, or failure of faculty in these departments in land-grant institutions to live up to their responsibilities. No missile gap was to blame. No military weakness was at fault; our advisers were there. The critical weakness of an inequitable land tenure system was in a field claimed by the social sciences. Indeed, a distinguished social scientist, W. Arthur Lewis, principal of University College in the West Indies, had pointed out this weakness in a 1950 report to the Caribbean Commission, and the United Nations had republished his warnings 2 years later. "The sugar industry in the west Indies," Lewis wrote, "has reached a political impasse. It cannot continue on its present basis because that gives too much political offense. This state of tension is a luxury which the West Indies cannot afford. New forms of organization must be tried, and must be tried urgently." (U.N.: Land reform, defects in agrarian structure as obstacles to economic development," p. 22.) The warning went unheeded.

Within the present year, an appropriations subcommittee of the U.S. Senate has repeated Lewis' warning. As if echoing Daniel Webster's thesis of 1820, the report demands of Latin American nations as a condition of receiving American aid and in order to make certain "our money will (not) go 'down the drain,'" that "land reforms must be undertaken," and "democratic institutions must be strengthened." ("Special report on Latin America," 87th Cong., 2d sess., p. 1.)

Has Cuba today a lesson for land-grant institutions? Or for statesmen who make the decisions of government? Generations of scholars in history and in social science have known and described the concentration of landownership in Latin America, not overlooking its harshness and dangers. Do we give too little attention to what some scholars already know? Do we place too few resources at their disposal? Are the compartments between scholars in our colleges and universities too many and the walls between them too high? Do we encourage and support too meagerly those who would study land reform in the spirit of the Morrill Act and develop practical applications to solve practical problems?

When our society attaches sufficient importance to applied research, resources are found and results follow. The changes in proportioning of expenditures within more than one university budget that began early in World War II, and the impressive output of the world famous scientific laboratories supported by bulging Federal grants—not of land but of dollars—have furnished dramatic evidence for two decades of how much can be accomplished with purpose and resources. Is this a departure from the proper functions of a State land-grant university? I think not. "Basic and applied science today," says the Glenn Seaborg report of 1960, "are distinguished less by method and content than by motivation. Part of the strength of American science stems from close intellectual intercourse between basic and applied scientists. Very often, indeed, the same man can be both pure scientist and engineer, as he works on different problems or on different parts of one problem. We do not believe in any artificial separation between basic and applied research or between science and engineering. The fact that a scientific advance is useful does not make it unscientific." ("Scientific Progress, the Universities, and the Federal Government," statement by the President's Science Advisory Committee, Nov. 15, 1960, p. 4.)

Have social scientists in our land-grant institutions, dedicated as these are to practical education, asked or been invited to make studies and help to prepare programs so that, despite our adequacy in science and military hardware, the rug will not be pulled out from under again in developing countries because of their inadequate social institutions?

A common and serious weakness among developing nations is the absence of a firm bond between people and government. We do not readily grasp this, for our own emotional attachments to Uncle Sam are historic and strong, and we absorb them from childhood. But the fact is plain to be seen that governments of many countries speak for their people in little more than a formal and superficial sense. Their durability—and the durability of their agreements—is limited because of this weakness in attachment between government and people. The people, in other words, are not and do not feel themselves to be participants in self-government. They are not incorporated into their own nations as full-fledged citizens.

Within recent years some social scientists have been developing hypotheses that relate to this problem. A team under leadership of the anthropologist Prof. George M. Foster, sent to three Asian countries in 1955 to evaluate their programs intended to reach the villages and develop their villages, returned to make this report:

"In undertaking programs of community development the governments of the three countries are combatting a long-held and deep-seated conviction of villages, particularly in India and Pakistan, that no government really has their welfare at heart and deserves their wholehearted support. This division between people and government is far older than agitation founded on conflicting philosophies that divide the world today.

"The present governments are setting their faces toward closure of this age-old division between people and government. They are laying hold of community development programs as a device, not only for extending social benefits into rural areas and rectifying past inequities, but of binding government and people together in a sustained common effort for common benefit."

That statement concerns the importance to governments in the developing nations of reaching their own people in the huts and villages. Four years later the political scientist Prof. Robert A. Scalapino directed an analysis at the importance to the United States of reaching as many people in developing nations as possible. Reporting to the Senate Foreign Relations Committee on east Asian countries, he said:

"In the mid-20th century, it is no longer sufficient to do business merely with the government in power. Success, perhaps survival, depends upon 'doing business' with as many of the people within a society as can be reached."

Our newly formed Peace Corps has among its primary concerns the creation, in even remote villages of a favorable image of Americans as peaceful, friendly, and helpful people. Community development has among its highest concerns the substitution of an image of their own government as a helpful partner and friend, to replace an existing image dominated too largely by tax gatherer and policeman.

Inquiry touching problems in this area is beginning. Social scientists from numerous disciplines are seeking together to discover how programs under the broad rubric of community development can solve the practical problems of binding people and governments together through shared planning, shared decisions, and shared effort. It may be possible to open fresh channels between governments and people in developing nations that will serve as alternative, or supplement, to the formal democratic political apparatus of parties, platforms, promises, and ballots so traitional and familiar in the West. There may be more than one way to grow the roots of democracy in nations where its traditions have been lacking. Search for a way to do it, search for practical answers, is worthwhile, even imperative. It merits the best efforts of social scientists working in the same spirit that scholars at Morrill Act universities have sought answers to a need for better seed corn and better animals for a century.

Changing times bring fresh problems and new awareness. A distinguished graduate in science from one of our land-grant universities returned recently from his native Middle East, to serve as visiting professor at his American alma mater. With his former science professor he came to the office of a social scientist to say:

"When I, and my countrymen, came to study here, your university gave us excellent training in agronomy, irrigation, engineering, soils, and similar subjects. When we returned home we found our problems were also with people, in conducting programs of land reform, land settlement, and community development. For this you gave us no help."

I have suggested some directions of current social science research on my own land-grant campus and doubtless on others, each effort intended to improve applications to foreign practical problems. These do not constitute a catalog of research but they afford examples of what goes on in the tradition of the Morrill Act. They offer a practical answer to an observation in a recent report on "The University and World Affairs:"

"At this time of profound change, the social sciences should pay special attention to the 'phenomena of emergence,' recognizing that they may have to deal with a chaotic body of new material instead of dealing only with phenomena for which a large body of well-established factual material exists."

We should not aim to supply specific services to developing nations indefinitely without giving them also the means of solving their own problems. The best foreign application that can be made of our land-grant idea is to export and transplant it, i.e., to share it with developing nations, enabling them to establish a land-grant university system of their own. Our struggling universities of the 19th century benefited directly from the heritage of the great universities of Britain, Germany, France, and Austria, adapting to our own needs what we could learn from them. Universities established in the land-grant tradition in any of the developing nations can themselves find the ways to educate their own industrial classes, to solve their own inadequacies of land tenure, to develop their own villages, to build viable governments of their own people, by their own people, and for their own people.

In assisting developing nations to do this, our own land-grant universities will be fulfilling—yes, even preserving—their heritage from the Morrill Act. And they will be doing something about food, and with food, too, and about internal stability and world peace.

ADJOURNMENT TO MONDAY

Mr. MORSE. Mr. President, in accordance with the previous order, I move that the Senate stand in adjournment until Monday at 12 o'clock noon.

The motion was agreed to; and (at 6 o'clock and 10 minutes p.m.), under the previous order, the Senate adjourned until Monday, July 9, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 6, 1962:

NARCOTICS BUREAU

Henry L. Giordano, of Maryland, to be Commissioner of Narcotics.

U.S. DISTRICT JUDGES

Mitchell H. Cohen, of New Jersey, to be U.S. district judge for the district of New Jersey, vice Richard Hartshorne, retired.

Stanley A. Weigel, of California, to be U.S. district judge for the northern district of California, vice Louis E. Goodman, deceased.

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

Erskine W. Bonds, Docena, Ala., in place of J. A. Hyde, transferred.

ALASKA

Marshall C. Higginbotham, Aniak, Alaska, in place of I. A. Begin, resigned.

ARKANSAS

Buel E. Walton, Black Oak, Ark., in place of W. L. Walton, deceased.

William P. Nash, Jr., Emerson, Ark., in place of E. G. Gunnels, retired.

Zeek W. Taylor, Marmaduke, Ark., in place of Elmer McHaney, retired.

Metra L. McCluskey, Poplar Grove, Ark., in place of Myrtle Kirk, retired.

Daniel K. Nall, Sheridan, Ark., in place of R. L. Slaughter, retired.

CALIFORNIA

Kennard C. Bratten, Denair, Calif., in place of Gene Martin, removed.

Majorie R. Estes, Georgetown, Calif., in place of G. P. Morgan, retired.

Robert B. Molsberry, Kings Beach, Calif., in place of C. E. Howard, resigned.

Evelyn R. Shearin, Maxwell, Calif., in place of H. B. Stites, retired.

William H. Lawrence, San Jose, Calif., in place of L. J. Worden, retired.

Melvin C. Manley, Selma, Calif., in place of G. P. Hobson, retired.

FLORIDA

Ruth P. Akins, Bell, Fla., in place of Ruth Akins, retired.

Evelyn V. Morrow, Deerfield Beach, Fla., in place of E. V. Morrow, resigned.

James E. Workman, Jr., Jacksonville, Fla., in place of G. C. Blume, deceased.

GEORGIA

Lucius V. Jolly, Kingston, Ga., in place of N. O. Branson, retired.

ILLINOIS

James C. Hobbs, Abingdon, Ill., in place of J. W. Lucas, resigned.

James E. Case, Arcola, Ill., in place of F. D. Knaus, transferred.

Myrtle M. Hensley, Cooksville, Ill., in place of O. L. Dean, deceased.

Leo J. Conroy, Emington, Ill., in place of M. E. Conroy, retired.

James Bassi, Granville, Ill., in place of F. D. Ballerine, transferred.

Bessie L. Finley, La Rose, Ill., in place of L. M. Gibbs, retired.

Richard J. Thilmony, Loda, Ill., in place of H. E. Goodell, retired.

James C. Moore, McClure, Ill., in place of Ivory Bunch, retired.

Lane Stewardson, Shelbyville, Ill., in place of C. C. Klauser, retired.

Wendell D. Marshall, Tonica, Ill., in place of J. P. Arkels, deceased.

INDIANA

Earl W. Mayfield, French Lick, Ind., in place of C. H. Apple, retired.

Herbert D. Jackson, Hamilton, Ind., in place of T. R. Teegardin, retired.

Leathel Beckham, Whitestown, Ind., in place of E. M. Miller, retired.

IOWA

Effner L. Opsal, Armstrong, Iowa, in place of M. E. Daries, removed.

John F. Vondra, Fairfax, Iowa, in place of Florence Fox, retired.

Leo M. DeWitt, Jewell, Iowa, in place of A. E. Allen, retired.

James S. Morrow, Mondamin, Iowa, in place of D. M. Beaman, retired.

KANSAS

Francis P. McGaughey, McCracken, Kans., in place of R. M. Plotner, retired.

KENTUCKY

Douglas J. Wiles, Cloverport, Ky., in place of R. H. Miller, deceased.

James D. Byrum, Earlington, Ky., in place of J. C. Bassett, retired.

Ronald G. Burchett, Grahn, Ky., in place of R. B. Phillips, transferred.

Robert L. Smith, Owenton, Ky., in place of H. C. Thomas, transferred.

LOUISIANA

Robert J. Christ, Lake Charles, La., in place of W. B. Nash, deceased.

MAINE

James H. Davis, Bucksport, Maine, in place of A. M. McCann, retired.

MICHIGAN

Marvin R. Ebert, Cedar Springs, Mich., in place of H. M. Stark, transferred.

Velma R. Benac, Hillman, Mich., in place of G. R. Sabourin, resigned.

Herbert C. Fowle, Hillsdale, Mich., in place of G. A. Duncan, resigned.

John S. Elmore, Hope, Mich., in place of B. L. Havens, retired.

Harold J. Niemitalo, Kaleva, Mich., in place of J. E. Rengo, retired.

Aloysius J. Roggenbuck, Moran, Mich., in place of I. J. Gille, retired.

Edmund Schiller, New Era, Mich., in place of C. M. Russell, retired.

Lindsay T. Hawkins, Rogers City, Mich., in place of L. D. Larke, resigned.

MINNESOTA

Clarence L. Luepke, Arlington, Minn., in place of J. M. Donlin, retired.

Norman E. Schmidt, Circle Pines, Minn., in place of L. D. Murphy, resigned.

Albert L. Sanford, Dakota, Minn., in place of A. C. Reetz, deceased.

Harold G. Hage, Hanska, Minn., in place of H. P. Becken, retired.

Howard R. Christensen, Hartland, Minn., in place of I. C. Stensrud, retired.

Robert E. Davis, Magnolia, Minn., in place of G. B. Davis, transferred.

Alphonse E. Janson, New Munich, Minn., in place of H. J. Worms, removed.

David T. Elsberry, Nisswa, Minn., in place of L. S. Brown, retired.

Dale C. Roth, Plato, Minn., in place of H. B. Roth, retired.

Helen E. Sutherland, Warba, Minn., in place of J. D. Mellinger, resigned.

MISSOURI

Linden E. Fish, Lee's Summit, Mo., in place of J. F. Stevenson, retired.

Clyde J. Cook, Morley, Mo., in place of Emma Beardslee, retired.

William J. Lawrence, Mountain Grove, Mo., in place of H. M. Lower, deceased.

Karl E. Harbstreet, Urich, Mo., in place of J. L. Gates, retired.

MONTANA

Loetta D. Boyd, Brockton, Mont., in place of J. E. Elgie, resigned.

Earnest A. Fogle, Jordan, Mont., in place of H. M. West, retired.

Donald E. Overs, Stockett, Mont., in place of O. S. Dahl, retired.

NEBRASKA

Harold E. Jones, Diller, Nebr., in place of Lissa Fanders, retired.

Kenneth C. Sears, Lyons, Nebr., in place of F. L. Orr, deceased.

NEW JERSEY

Bruce E. Thorn, Sea Girt, N.J., in place of R. W. Wilson, removed.

Lawrence H. Friedman, Teaneck, N.J., in place of J. F. Carroll, removed.

NEW MEXICO

Oleta V. Cloud, Capitan, N. Mex., in place of J. A. Kent, who failed to return from military duty.

Mary F. Fuller, Corona, N. Mex., in place of B. H. Roberts, resigned.

NEW YORK

Olive E. Westcott, Cleveland, N.Y., in place of E. A. Westcott, Jr., retired.

Clifford J. Vincent, Jr., East Berne, N.Y., in place of Flavia O'Brien, retired.

Augustine J. Matone, Haverstraw, N.Y., in place of E. A. Ganson, resigned.

Samuel M. Horwitt, Hillsdale, N.Y., in place of M. A. Wilber, removed.

Mary V. Quigley, Mottville, N.Y., in place of J. F. Quigley, retired.

NORTH CAROLINA

Bessie W. Finch, Asheboro, N.C., in place of W. C. Craven, removed.

Thomas M. Dunn, Laurinburg, N.C., in place of J. F. Inman, retired.

Atlas T. White, Saint Pauls, N.C., in place of B. R. Stone, resigned.

Eunice E. Ludlum, Shallotte, N.C., in place of I. B. Parker, retired.

OHIO

George W. Solander, Flat Rock, Ohio, in place of Kathryn Solander, retired.

Phyllis V. Pierce, Guysville, Ohio, in place of V. B. Klingenberg, retired.

William W. Johnson, Lakemore, Ohio, in place of B. R. Murphey, retired.

Carl G. Stockwell, Lynchburg, Ohio, in place of E. S. Reames, retired.

Edwin A. Molitor, Milford, Ohio, in place of F. W. White, retired.

Charles H. Hannah, Oxford, Ohio, in place of R. M. Beal, retired.

Charles W. Welch, Somerset, Ohio, in place of O. T. Van Sickle, deceased.

Carl F. Hissong, Vickery, Ohio, in place of M. L. Bluhm, deceased.

John F. Sawmiller, Waynesfield, Ohio, in place of L. L. Newland, deceased.

OKLAHOMA

Mildred M. Carr, Catoosa, Okla., in place of N. M. Foster, retired.

PENNSYLVANIA

Harold L. Adams, Berwick, Pa., in place of D. C. Reese, retired.

Mabel A. Simpson, Enon Valley, Pa., in place of P. N. Lindner, resigned.

RHODE ISLAND

Loren A. Andrews, Hope Valley, R.I., in place of J. W. Breckenridge, resigned.

SOUTH CAROLINA

William C. Fortner, Easley, S.C., in place of W. C. Johnson, retired.

SOUTH DAKOTA

Roy A. Norton, Gary, S. Dak., in place of R. H. Benner, retired.

George F. Linehan, Oglala, S. Dak., in place of D. E. Linehan, retired.

Alyce V. Merrill, Pine Ridge, S. Dak., in place of H. J. Hagel, transferred.

TENNESSEE

T. Julian Liggett, Columbia, Tenn., in place of O. L. Hardison, retired.

TEXAS

John H. Lambert, Abernathy, Tex., in place of W. A. Richter, resigned.

Varner Stevens, Childress, Tex., in place of J. A. Hilburn, retired.

Frank A. Yeager, Galveston, Tex., in place of R. A. Stewart, retired.

Laura A. Williams, Glen Flora, Tex., in place of Ivah Smith, retired.

Edmond F. Jackson, Honey Grove, Tex., in place of W. O. Cravens, retired.

Harris C. Curtis, Jasper, Tex., in place of H. R. Hancock, transferred.

Thomas B. Baker, Kenedy, Tex., in place of E. D. Holchak, retired.

Lloyd J. Kuykendall, Kopperl, Tex., in place of G. C. Lain, retired.

Ruby L. Hart, Nash, Tex., in place of E. B. Pounds, retired.

Troy I. Crawford, Pasadena, Tex., in place of C. T. Coolidge, retired.

Dorothy M. Childress, Selman City, Tex., in place of E. A. Sutherlin, retired.

Jack C. Christian, Tenaha, Tex., in place of J. R. Christian, retired.

Emily G. Foster, Toyahvale, Tex., in place of J. B. McCutcheon, transferred.

UTAH

Claude E. Scovill, Orangeville, Utah, in place of E. R. Curtis, retired.

VIRGINIA

Edward W. Burge, Fort Monroe, Va., in place of A. C. Thompson, transferred.

Fonso F. Sutherland, Haysi, Va., in place of I. M. Baker, retired.

Caroline W. Dozier, Toano, Va., in place of W. E. Hankins, retired.

WEST VIRGINIA

John W. Zimmerman, Hico, W. Va., in place of R. A. McVey, transferred.

EXTENSIONS OF REMARKS

Great Lakes: A Vacation "Mecca"

EXTENSION OF REMARKS

OF

HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Friday, July 6, 1962

Mr. WILEY. Mr. President, the American people—blessed with a rich, bountiful heritage and an unparalleled way of life—enjoy greater and greater opportunity not only to work and live, but also to enjoy leisure time.

In a broadcast over Wisconsin radio stations, I was privileged to discuss opportunities for even better recreation, not only for the citizens, individually, but also for economic rewards.

I ask unanimous consent to have this address printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

WILEY URGES GREAT LAKES RECREATION DEVELOPMENT PROGRAM, OUTLINES STEPS FOR EXPANDING TOURISM IN WISCONSIN

Senator ALEXANDER WILEY, in a weekend broadcast over Wisconsin stations, cited tourism as a "promising economic opportunity of the future.

There follows a text of Senator WILEY'S comments:

"The tourist industry—for Wisconsin and the Nation—promises a tremendous economic opportunity: If we further develop our tourist attractions; if we provide the necessary accommodations and services to make expanded travel in Wisconsin a more wonderful experience; and if we tell our story to the Nation and to the world.

"Blessed with a bountiful outdoor heritage, our outstanding attractions include: Over 8,800 lakes; about 9,000 miles of streams; invaluable National and State forests and parks; a scenic urban-rural landscape; a long shoreline in the Great Lakes—America's fourth seacoast; and other attractive natural and historical sites.

"GREAT LAKES: A VACATION MECCA

"As a whole, the Great Lakes region—the largest fresh-water reservoir in the world—also could, if fully developed, become a vacationing mecca for the people of the Nation and the world.

"A beautiful, picturesque water garden—stretching 2,300 miles from Superior to the St. Lawrence Seaway—the lakes offer a tremendous potential for development of lakes' water tours, skiing, boating, fishing, swimming, and just enjoying its beauty and serenity.

"Through the Great Lakes Commission and other bilateral and multilateral efforts—the Lake States are now cooperating to promote industrial and commercial progress.

"The creation of a special Great Lakes recreational program could also, I believe, result in tremendous economic rewards in the future.

"Around the lakes exists the greatest agricultural-industrial complex in the world. Here, too, live a majority of our people.

"A recreational program, then, would attract citizens of the Great Lakes States, themselves; as well as visitors from elsewhere in the Nation, Canada, and, yes, the Western Hemisphere and other areas of the world.

"By participation in such a Great Lakes program we, in Wisconsin, could attract more than our share of the visitors. The result, I believe, would be a substantial increase in the $600 million now brought in by the tourist industry.

"DEVELOPMENT OF WISCONSIN VACATION SPOTS

"For a more dynamic, and profitable program, however, further efforts are needed, right here in Wisconsin, to expand tourism. Among other steps, these include: (1) Further beautifying our resorts, parks, lakes, and streams, shores and other vacation sites; (2) maintaining good stocks of fish in our lakes and streams; (3) further improving our accommodations for boating, hiking, skiing, camping, and other outdoor activities; (4) promoting all-year-round—not just seasonal—activities, including winter sports, such as skiing and skating, and perhaps bringing back such colorful pastimes as hayrides and sleighrides; (5) encouraging and supporting our historical societies and others who are interested in restoration of historical symbols of the settling and development of the State of Wisconsin (such as early townsites, wagon trails, etc.); (6) encouraging the State legislature to proclaim Badger Days for celebration of centennials or other anniversaries; (7) expanding cooperative citizen, business, community, State efforts to tell the story of Wisconsin to attract more visitors from sister States and the world.

"Expansion of the tourist industry will not, of course, be accomplished automatically or magically. Rather, it will require hard work; investment of time, effort and money—for example, by local people in local projects—for further development of our recreational resources; and imaginative, creative salesmanship.

"CONCLUSION

"The further promotion of tourist trade, would mean benefits now, as well as for the future.

"The challenge involves not only cashing in on the economic rewards, but also providing more people of America—and the world—the opportunity to see and enjoy the friendly hospitality and scenic, educational, and inspirational environment of Wisconsin's vacationland," Senator WILEY concluded.